

For Immediate Release

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For More Information, Contact:

Janet Bauer, 503-873-1201
Chuck Sheketoff, 503-873-1201

House Budget Plan Would Harm Oregon's Vital Services

(Silverton) – The five-year budget plan approved by the U.S. House Budget Committee last week “is badly out of step with the priorities of Oregonians,” according to the Oregon Center for Public Policy, a non-profit think tank. The House is planning to vote on the measure tomorrow or Thursday.

The House budget plan would provide domestic discretionary programs with \$10.3 billion less funding in 2007 than is needed simply to keep pace with inflation. Discretionary programs are the part of the budget that includes Head Start, K-12 education, student loans for higher education, veteran's medical care, law enforcement, transportation, nutrition supports, affordable housing, environmental protection, and medical research.

“This reduction means that services in Oregon would need to be reduced, or fewer people would be served by these programs,” stated Janet Bauer, the federal budget coordinator at the Oregon Center for Public Policy. “In future years, the House budget would cut these vital discretionary programs by even larger amounts than the President's budget proposes,” she added.

“The House Budget Committee plan is badly out of step with the priorities of Oregonians,” said Charles Sheketoff, OCPP executive director. “These cuts will hit Oregon hard, making it even more difficult to educate our children, provide adequate public safety services, and care for our veterans, seniors and other vulnerable citizens,” he added.

The House budget plan undermines a cornerstone of Oregon's welfare-to-work effort. Currently, families leaving welfare for work can maintain Oregon Health Plan Medicaid benefits for up to one year. In a departure from the President's budget, the House budget eliminates this welfare-to-work health care program.

Environmental programs that protect the health of Oregonians would also see significant cuts under the House plan. According to the public policy research institute, federal funds that ensure safe drinking water in Oregon would be cut by 14 percent in 2007. Air quality programs would be cut by 16 percent. “With thirteen Oregon communities at risk of failing to meet federal air quality standards, Oregon can ill afford the House Budget Committee's proposal,” said Bauer.

“Overall, the House budget plan would be more harmful to Oregon than the President's budget and the budget plan recently approved by the Senate,” said Bauer. “Over the next five years, the House budget calls for even larger funding cuts in domestic discretionary programs than the other two plans.”

The House budget plan would:

- **Reduce funding for domestic discretionary programs.** Funding would be cut by \$10.3 billion in fiscal year 2007 and by \$167 billion over five years, compared to the 2006 funding levels adjusted for inflation.

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- **Require cuts in entitlement programs.** Of the \$6.8 billion over five years in cuts that would be required, some \$4 billion would have to come from programs overseen by the Ways and Means Committee. The committee's programs include the Earned Income Tax Credit for low-income working families, the Supplemental Security Income Program for low-income people who are elderly or have a disability, child support assistance for low-income parents, and the Social Services Block Grant, which helps fund a range of services for low-income, elderly, and disabled individuals.
- **Provide large, unpaid-for tax cuts, mostly for the wealthy.** These tax cuts would likely cost much more than the House's estimate of \$228 billion over the next five years, primarily because the House's estimate does not include the cost of extending relief from the Alternative Minimum Tax (AMT) after 2006. If AMT relief were extended through 2011, as virtually every lawmaker and analyst expects, the cost of the House tax cuts would more than double.
- **Increase the federal deficit by at least \$254 billion over the next five years.** The savings from the program reductions in the House budget would be used not to reduce the deficit, but instead to offset a portion of the plan's tax cuts, as well as the increases in defense spending it calls for. Overall, the House budget plan would increase the deficits compared to what the deficits would be if current policy were not changed. Moreover, the actual increase in the deficit under the House plan is likely to be much more than \$254 billion, because the House Budget Committee has understated the true price tag of the tax cuts.

"Given the widespread harm that the House budget plan would cause in Oregon, our Congressional delegation should reject this misguided proposal when they vote this week," stated Bauer. "We need our entire delegation to stick together and protect Oregon and the nation from the House Budget Committee plan," she concluded.

The ***Oregon Center for Public Policy*** uses research and analysis to advance policies and practices that improve the economic and social opportunities of all Oregonians.