

# Iowa Fiscal Partnership *backgrounder*

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## HIDDEN SACRIFICE

### Analysis Discovers Big Cuts Ahead for Iowa in Bush Budget

Behind the curtains of President Bush's five-year plans for domestic services are substantial cuts to Iowans. These were not evident from the widely circulated budget plans for 2007; unlike traditional practice, the administration did not release its five-year numbers. Thanks to the Center on Budget and Policy Priorities, which obtained and analyzed a less well-circulated administration computer run, a glimpse of the Iowa impact is available. In the context of proposed tax cuts, it illustrates the choices at stake.

#### ***TAX CUTS WOULD FORCE BIGGER DEFICITS DESPITE SPENDING CUTS***

- Overall, the budget would increase the federal deficit, both short term and long term.
- The five-year plan would cut the domestic discretionary budget (annually appropriated services outside defense and international affairs) by \$183 billion below 2006 funding, adjusted for inflation. Of those cuts, \$167 billion would occur after 2007. By 2011, this spending would be about \$57 billion (13 percent) below the amount needed to keep pace with inflation.
- The proposed cuts in domestic spending would not reduce the deficit in the president's plan; they are less than \$285 billion in tax cuts proposed by the president.
- Tax cuts proposed by the president would benefit high-income people; several domestic spending cuts are in services for low-income people. The president's proposals, for example, would mean:
  - 4,000 fewer Iowa participants would be served in the special supplemental nutrition program for women, infants and children (WIC) in 2011 than 2006.
  - 3,400 fewer Iowa participants in the Commodity Supplemental Food Program for the Elderly in 2007 than in 2006 (420,000 fewer nationally)
  - 800 to as many as 1,100 fewer Head Start participants by 2011.
- Combined with proposed spending increases in military and homeland security spending, the deficit would be about \$200 billion worse than currently expected.

#### ***PROJECTED CUTS FOR IOWA UNDER THE PRESIDENT'S FY07 BUDGET***

ELEMENTARY AND SECONDARY EDUCATION	K-12 Total	Education for Disadvantaged	Special Education	School Improvement	Impact Aid
Five-Year Cuts 2007-2011	\$75.9 million	+\$12.3 million*	\$56.4 million	\$ 31.4 million	\$ 0.4 million
Cuts in 2011 Alone	\$27.7 million	\$ 1.5 million	\$17.6 million	\$ 8.5 million	\$ 0.1 million
OTHER SERVICES		In 2007	In 2011	5-Year Total	
Vocational and Adult Education		\$ 14.2 million	\$ 16.1 million	\$ 76.1 million	
Special Sup. Nutrition – Women, Infants and Children		\$ 0.7 million	\$ 6.1 million	\$ 19.6 million	
Child Care and Development Block Grant		\$ 0.4 million	\$ 2.8 million	\$ 9.1 million	
Children and Families Services (includes CSBG)		\$ 8.1 million	\$ 16.5 million	\$ 65.1 million	
Community Services Block Grant (CSBG) only		\$ 7.1 million	\$ 7.7 million	\$ 36.9 million	
Public Housing Capital Fund		\$ 0.8 million	\$ 1.5 million	\$ 6.1 million	
Community Development Block Grant		\$ 9.1 million	\$ 14.2 million	\$ 60 million	
Low Income Home Energy Assistance			\$ 12.9 million	\$ 35.6 million	
EPA Clean Water/Drinking Water Revolving Funds		\$ 3.4 million	\$ 6.4 million	\$ 25.7 million	
Social Services Block Grant		\$ 5.0 million			

\* increase

#### **The Iowa Policy Project**

318 2nd Ave. N,  
Mount Vernon, IA 52314  
(319) 338-0773 • www.iowapolicyproject.org

#### **Child & Family Policy Center**

1021 Fleming Building • 218 Sixth Ave.  
Des Moines, IA 50309  
(515) 280-9027 • www.cfpciowa.org