

President Bush's Budget and Kansas

February 2, 2004

In his State of the Union address, President Bush laid out ambitious goals for the future, behind which all Americans can unite, and urged the Nation to move forward with the work that still needs to be done. Today, President Bush announced his Fiscal Year 2005 budget, a plan to help make America a more secure, more prosperous, and more hopeful country.

- **The President's budget addresses key priorities while restraining overall spending.** The budget provides substantial increases to improve our Nation's security and win the War on Terror. It also increases funding for key priorities such as economic growth and job creation, education, and affordable health care. At the same time, the budget restrains spending in other areas of government – keeping non-defense, non-homeland security Federal spending growth to less than 1% (less than the rate of inflation) and staying on course to cut the deficit in half within 5 years.

President Bush's budget is focused on:

- **Winning the War on Terror by Defeating Terrorists and Their Supporters:** President Bush's FY 2005 budget includes \$401.7 billion for the Department of Defense, a 35% increase over FY 2001 levels and a 7% increase over the FY 2004 enacted level. These funds are giving America's armed forces the tools they need to win the War on Terror, while modernizing our military to meet the emerging threats of the 21st century. Since FY 2001, President Bush has improved the quality of life for military personnel and their families by providing pay raises of more than 21% and increasing the quality of housing and covering housing costs for personnel who choose to live off-base. His budget also includes \$10.3 billion to develop missile defenses for our homeland, U.S. forces deployed abroad, and our allies.
- **Protecting America by Securing Our Homeland:** The President's budget for FY 2005 proposes a 9.7% increase in government-wide homeland security funding, nearly tripling the FY 2001 levels – even when homeland security funding for the Department of Defense and Project BioShield are excluded.
- **Strengthening Our Economy:** The President's budget proposes to continue the strong pro-growth policies that are creating jobs and opportunities for the American people. The budget would make permanent the tax relief he signed into law, which doubled the child tax credit; reduced the marriage penalty; phases out the death tax; lowered rates on capital gains, stock dividends, and small businesses to create incentives for job creation; and lowered rates for every American who pays income taxes. And it provides more than \$500 million for the President's *Jobs for the 21st Century* initiative to give current and future workers the skills they need to secure jobs in the highest-demand, highest-growth sectors, while helping to create those jobs by making the research and experimentation tax credit permanent.
- **Supporting Key Priorities Like Education, Health Care, and Helping Americans Most in Need:** The President's budget includes substantial increases for key National priorities, including strengthening public schools through the No Child Left Behind Act (including a \$1 billion increase for high-poverty schools, a 52% increase since 2001); providing funding for Medicare prescription drugs; making healthcare insurance more affordable with new tax credits; and providing support to local charities that are helping to solve some of America's most pressing social problems.

Protecting Our Homeland: While 28 months have passed since September 11, 2001, President Bush will not allow our Nation to return to a sense of complacency and false security.

- The President's budget includes a 10% increase over FY 2004 for the Department of Homeland Security, a doubling of funding for DHS programs since FY 2001. These funds include a \$900 million (20%) increase over last year for aviation security and transportation security; a \$450 million (5%) increase for border security; \$1.9 billion for port security efforts and a \$490 million (9%) increase for the Coast Guard; and a \$65 million (123%) increase for the BioWatch network of sensors to detect a terrorist release of biological pathogens.
- The budget includes \$2.6 billion for Department of Justice counterterrorism operations, a 19% increase over FY 2004 levels, including a \$1.9 billion (60%) increase over FY 2001 levels for FBI counterterrorism operations.

- Since 2001, the Federal government has provided more than \$13 billion to help state and local governments prepare to respond to potential terrorist threats. The President's budget proposes an additional \$3.6 billion for first-responder grants and \$1.3 billion for state, local, and hospital bioterrorism preparedness grants.
- The budget includes \$568 million (190% increase) to improve America's food and agriculture security by increasing detection capabilities and developing counter-measures against potential attacks.

Strengthening Our Economy: Despite the series of shocks that slowed the economy, including a sharp drop in the stock market beginning in 2000, the terrorists attacks of 9/11, corporate scandals, and war, America's economy is strong and getting stronger.

The tax relief proposed and signed into law by President Bush was the right action at the right time for our economy. The results of this decisive action are clear. Economic growth in the second half of 2003 was the fastest in nearly 20 years. New home construction in 2003 was the highest in 25 years; homeownership levels are at historic highs; manufacturing activity is increasing; inflation and interest rates are low; and a quarter million jobs were created in the last half of 2003. And the President's tax relief agenda has resulted in significant benefits for the residents of Kansas:

- More than 975,000 taxpayers in Kansas have seen their income tax bills reduced.
- Over 245,000 small business taxpayers in Kansas have additional tax savings to invest in new equipment, expand facilities and hire additional workers.
- More than 340,000 married couples in Kansas are benefiting from marriage penalty relief.
- Over 250,000 families in Kansas have benefited from the increase in the child tax credit from \$600 to \$1,000.

President Bush's FY 2005 budget includes his call to Congress to secure these positive economic trends for the future by making the tax relief permanent – so families and businesses can plan and invest with confidence.

Promoting Accountability and Results in America's Public Schools: President Bush's FY 2005 budget represents a 4 9% increase in Federal funding for elementary and secondary education since FY 2001. Through the No Child Left Behind Act, these historic levels of support are combined with an unprecedented commitment to achieving high standards and accountability to ensure that America's schools are producing real results for every child.

- The President's budget includes an additional \$1 billion in Title I funding for disadvantaged students (for a total representing a 52% increase since FY 2001) and \$138 million for reading programs (for a total that represents more than a 400% increase over FY 2001). Kansas would receive more than **\$80 million** in Title I funding for the No Child Left Behind Act in FY 2005, a **28.4%** increase over FY 2001.
- The President is also committed to ensuring that children with special needs receive a quality education. His budget provides an additional \$1 billion for special education programs (for a total increase of 75% since FY 2001). As a result of the President's budget, Kansas would receive more than **\$103 million** for Individuals with Disabilities Education Act (IDEA) special education funding, a **9%** increase over FY 2004 and a **71%** increase over FY 2001.

Making Health Care More Affordable and Accessible: President Bush's budget would help extend the benefits of modern medicine throughout our country, help to control the rising costs of medical care, and give more Americans access to healthcare insurance.

- **Strengthening Medicare:** The President's Budget would implement the new Medicare prescription drug law. Starting this year, seniors can choose to receive a drug discount card that will save 10-25% off the retail price of most prescription drugs – and millions of low-income seniors can get an additional \$600 to buy medicine. Beginning next year, seniors will have new coverage for preventive screenings against diabetes and heart disease, and seniors just entering Medicare can receive wellness exams. And in January of 2006, seniors can get prescription coverage with real health coverage choices under Medicare. For a modest monthly premium, most seniors who do not have prescription drug coverage could see their drug bills cut roughly in half.
- **Addressing the Rising Cost of Health Care:** President Bush has outlined a number of proposals to address the rising cost of health care. His budget includes proposals to make health insurance more affordable and accessible. It would

provide lower-income Americans a refundable tax credit so millions can buy their own basic health insurance coverage. It also enables individuals who buy catastrophic health care coverage as part of their new Health Savings Accounts to deduct 100% of the premium, whether or not they itemize deductions from their taxes. The budget includes a plan to computerize more health records to reduce health care costs and improve care. The President also proposes to enable small businesses to band together and negotiate for lower health coverage costs for their workers.

Building a Better and More Compassionate America for All

- **Veterans:** The President's FY 2005 budget for VA medical care is over 40% larger than when he took office – enabling a million more patients to receive treatment. He has also implemented changes to ensure that veterans receive timely and quality medical care, shortened the time needed to process a veteran's disability claims, and put VA on track to eliminate the waiting lists for veterans in need of medical care this year. The President's FY 2005 budget provides more than **\$699 million** for veterans in Kansas, an **8%** increase over FY 2004.
- **Medicaid:** Medicaid assists one-fourth of the Nation's children and it is the largest single purchaser of maternity care and nursing home/long-term care services. The President's FY 2005 budget provides more than \$183 billion for Medicaid in FY 2005, including more than **\$1 billion** in Kansas.
- **Women, Infants, and Children (WIC) Program:** The President's Budget strongly supports the Women, Infants, and Children nutrition program, providing almost \$4.8 billion for WIC services for an estimated 7.8 million people nationwide per month. Kansas is estimated to receive approximately **\$34 million** in WIC funding.
- **Helping Americans Most in Need:** The President is fully committed to empowering more of America's faith-based and community groups to address some of our toughest social problems and help those most in need.
 - His budget includes a new four-year, \$300 million initiative to bring faith-based and community groups together with Federal agencies to help recently released prisoners make a successful transition back to society and long-term employment – reducing the chance that they will commit crimes again. This four-year, \$300 million initiative will provide basic job training and placement, transitional housing, and mentoring.
 - His budget also provides \$150 million as part of a three-year program for mentoring disadvantaged youth and children of prisoners, and \$200 million as part of a three-year effort to provide treatment for addicts including through faith-based and community drug treatment programs.

Budget Items of Special Interest to Kansas

- **Expanding Homeownership Opportunities in Rural Areas:** The President's budget supports rural homeownership through the Department of Agriculture with \$2.7 billion in home loan guarantees for low to moderate-income rural residents and \$1.1 billion in direct loans for very low to low-income borrowers who are unable to secure a mortgage through a conventional lender. In the FY 2005 budget, these loans are expected to provide 42,800 homeownership opportunities to rural families across America.
- **Energy Assistance for low-income Americans (LIHEAP):** The President's Budget provides \$2 billion in total funding for the Low Income Home Energy Assistance Program, including a \$100 million increase in contingency funds which will allow the Administration to respond to both winter and summer emergencies. LIHEAP helps eligible families pay the costs of heating and insulating their homes in the winter, and cooling their homes in the summer. Kansas will receive more than \$15 million under the President's FY 2005 budget.