



News from . . .

# Senator Dianne Feinstein

of California

---

## Senator Feinstein's Statement on President Bush's FY2005 Budget February 2, 2004

“President Bush, in presenting his \$2.4 trillion budget for Fiscal Year 2005, has failed to level with the American people. His spending plan does not protect our seniors and will force our children and grandchildren to pay the bill for ballooning deficits.

The Budget acknowledges the problems seniors will face, noting that ‘the impact of lower birth rates and longer life expectancy will begin to take a visible toll on both Social Security and Medicare. The result of this demographic shift is a steady worsening of the finances of the Social Security and Medicare programs.’ But the Budget does not shore up these critical programs. In fact it takes an additional \$154 billion from the Social Security Trust Fund to help balance the books.

At the same time, the President wants to make his tax cuts, which are one of the major reasons for the growing deficits and are skewed to help the wealthy, permanent at a projected cost of more than \$900 billion over the next decade. I strongly oppose making these tax cuts permanent and believe it is foolhardy and will result in huge, ballooning deficits.

Overall, this President has presided over the greatest fiscal reversal in our nation's history – leading us from a \$5.6 trillion 10-year budget surplus when he took office to a projected \$5.8 trillion projected debt at the end of five years, based on the new White House Budget. And by using a five-year figure, instead of the traditional 10-year figure, the Administration is hiding the full impact of the escalating deficits.

In FY2004 alone, the Congressional Budget Office predicts the deficit will be \$477 billion and the White House Office of Management and Budget believes it will be \$521 billion.

Indeed, when President Bush presented his first Budget in 2001, he committed to retiring \$1 trillion in debt over the next four years, but this commitment has turned to dust. Now, the White House is trying to convince Congress and the American people that it can trim the annual deficit to \$364 billion in FY2005 and by half in the next five years.

It is becoming increasingly clear that the President's Budget is built on a house of cards. For instance, the Budget does not include money for ongoing operations in Iraq and Afghanistan, and defense officials say they are still not certain how much they will need to fund those operations. The Administration requested an \$87-billion supplemental appropriation for Iraq and Afghanistan last fall, and is expected to ask for at least \$50 billion in supplemental spending after the elections. Not to include these costs in the Budget is another instance of failing to accurately detail the full deficit created by the Administration's spending plan.

If the federal government were a business, I don't believe the board of directors or the stockholders would allow the Chief Executive Officer to get away with such a flawed fiscal

strategy. It is time for the President to reestablish credibility in the budget process and restore trust in our nation's government.

Upon early review, there is mixed news in terms of the spending priorities and the impact of the Budget on Californians. (My staff is doing an intensive analysis and further details will be available as we study the Budget further.)

The President proposes to entirely eliminate categorical funding for the State Criminal Alien Assistance Program (SCAAP). This also happened last year and ultimately the program was funded at approximately \$298 million by Congress. Without such funding, states will not be reimbursed their share of incarcerating undocumented criminal aliens. So the cutback would hurt California far more than any other state because an estimated 40 percent of the criminal aliens reside in California.

The President budgeted \$15 million for CALFED, which is the same as last year, and \$6 million more than was appropriated. But it is imperative that Congress move forward with an authorization bill to help ensure that adequate funds are provided in the future.

While the Administration says that there is \$760 million in the President's budget for hazardous fuel reduction to reduce the risk of catastrophic wildfire, this is based on a broader definition of hazardous fuel reduction than has been used in the past. This figure is not comparable to the \$760 million authorization for hazardous fuel reduction that Senator Wyden and I inserted into the Healthy Forests bill.

The President's budget includes \$476 million in funds for the "hazardous fuels" accounts in the Forest Service and Department of the Interior budgets, up from \$444 million last year. The added \$32 million is welcome, but I am concerned that it appears to have come at the cost of reduced funding assistance to states and communities to clear dangerous brush on state and private lands. I intend to study the President's fuel reduction budget closely and have more detailed comments in the days to come.

For education, the President is seeking \$13.34 billion in Title I funding for low-income students, which is a \$1 billion increase over 2004 funding. But this still leaves behind 2.4 million students who could be fully served if the program were funded at the authorized level. California typically receives roughly 14% of Title I funding to improve educational opportunities for low income children and will receive \$1.9 billion. If the President were to fully fund Title I, California would likely receive an additional \$1 billion and serve an additional 332,751 children.

For homeland security, \$47.4 billion is budgeted, representing a 9.7 % increase over the \$41.3 billion appropriated in FY04. This is significant, but it still may be inadequate to fully fund such priorities as port security, airline security and other infrastructure protection in the war on terror.

It is disheartening that the Budget includes \$10.2 billion for a missile defense system – a \$1.2 billion increase over last year billion despite the fact that this is an untested system that relies on untested technology.

And I am also disappointed to see increased funding for research and development of new nuclear weapons, something that I strongly oppose. This is not in the best national security interest at this time. For the Robust Nuclear Earth Penetrator: \$27.6 million is budgeted, \$21 million more than appropriated in FY04, a 268% increase; for Advanced Weapons Concepts: \$9 million, which is

\$3 million more than appropriated, a 50% increase; and for the Modern Pit Facility: \$29.8 million, which is \$19 million more than appropriated, a 175.7% increase.

In last year's State of the Union, President Bush vowed to increase funding for HIV/AIDS by \$15 billion over five years, yet the Administration sought \$2 billion in 2004 and is seeking only \$2.7 billion for FY2005.

I am pleased, however, that the Administration is including a tripling of the State Department's budget for halting the proliferation of small arms and light weapons around the world, from \$3 million to \$9 million. The White House has finally come to recognize the importance of an issue that I have advocated for the past several years, one that is increasingly important as both a force protection issue for our men and women in uniform and in the global war on terror."