Republican Budget
Fails to Extend Solvency of Social Security and Medicare and Dramatically Cuts Key Priorities
March 18, 1999

Building on the success of six years of fiscal discipline and the virtuous economic cycle it created, President Clinton has proposed a budget that includes a more than $3.4 trillion debt reduction lock-box that extends the solvency of Social Security until 2055 and extends Medicare's solvency for more than a decade. It invests in education and a cleaner environment, and provides a pro-savings tax cut to help American families build wealth through new Universal Savings Accounts (USAs). The Republicans have responded by proposing a budget that:

- Fails to extend the solvency of Medicare and Social Security.
- Forces dramatic cuts in key priorities -- more than 10% in 2000 and more than 20% in 2004.
- Chooses instead a large tax cut targeted <u>away</u> from the middle class.

Fails to Extend Medicare Solvency

A year ago, in a radio address response [February 7, 1998], Chairman Domenici said, "*I believe that we should save Medicare first.*" In the Senate Budget Committee, he said, *"for every dollar you divert to some other program you are hastening the day when Medicare falls into bankruptcy."* [Committee on Budget Mark-up, March 18, 1998] President Clinton's plan allocates 15 percent of the surplus over 15 years (or $686 billion) to Medicare, and extends its solvency by more than a decade. Congressional Democrats share the President's determination to allocate 15 percent of the surplus for Medicare. However, the Republican budget:

- Does not extend Medicare solvency by one day.
- Does not set aside even one penny of the surplus to strengthen Medicare.

Fails to Extend Social Security Solvency

- The Republican budget would do nothing to extend the solvency of Social Security. President Clinton's plan, according to the Social Security's independent actuary, extends the solvency of Social Security until 2055. Even if the Republican budget carries out any debt reduction, it does not apply the benefits of this debt reduction to Social Security. The solvency of Social Security is not extended by one day. At the same time, the Republicans are placing top priority on a tax cut that explodes in cost right when the baby boom approaches retirement.
- The Republican lock-box's debt mechanism would "*preclude the United States from meetings its future obligations to repaying maturing debt and to honor payments -- including benefit payments -- and could also run the risk of worsening a future economic downturn.*" [letter from Secretary Rubin to Senator Daschle, March 17, 1999].

Forces Dramatic Cuts in Key Priorities: More than 10% in 2000 and roughly 25% in 2004

The Republican budget dramatically cuts the funds available for key domestic priority programs that have in the past received bipartisan support. The severity of these required cuts demonstrates that the Republican budget is unrealistic and unworkable. After factoring in Republican commitments made in their budget -- on tax cuts, defense, education, NIH -- **remaining programs would be slashed more than 10 percent in 2000 and more than 20 percent in 2004.** If cut across-the-board, the Republican budget could mean that in 2000 alone:

- Up to <u>100,000 children</u> would <u>lose</u> access to **Head Start.**
- About <u>2,700 **FBI agents**</u> would be <u>cut.</u>

- More than 1.2 million low-income women, infants, and children would lose **WIC** nutrition assistance.
- More than **73,000 summer jobs** and training opportunities would be eliminated for low-income young people.
- Implementation of IRS organizational restructuring, which was mandated by bipartisan IRS Reform, would be delayed one year.
- 1,000 meat and poultry inspectors would be laid off or furloughed, undermining **food safety**.
- Cuts to Health Resources and Services Administration's **health services** for women and children, uninsured people and people with AIDS could prevent 2.9 million people from receiving health care services.
- Tenant-based **rental assistance** would be denied to 1,300 families. Funds wold be lost for new construction, rehabilitation, or acquisition of over 10,000 affordable housing units.
- About 1,350 **Border Patrol** agents would be cut and the number of detention beds to incarcerate criminal aliens and illegal border crossers would be reduced by 5,200.
- 7,500 low-income older Americans would lose their part-time jobs.
- Funding would be eliminated for the clean-up of 21 Superfund toxic waste sites -- needlessly jeopardizing public health for citizens living near affected sites and making it more difficult to meet the 900 site cleanup goal in 2002.
- The National Park Service budget would be cut by $215 million. Most seasonal workers could not be hired, resulting in widespread cutbacks in visitor services, seasonal programs, and hours of operations at 378 park units serving almost 300 million visitors annually.

By 2004, the above cuts would be twice as severe -- more than 20 percent across the board. More than 200,000 children would lose access to Head Start, and more than 6,000 FBI agents would be cut -- and so on down the line.

Chooses Instead a Large Tax Cut Targeted Away from the Middle Class

The Republican budget reserves the on-budget surplus for a tax cut. Moreover, any increase later this year in CBO's surplus projections would also go for a tax cut. In a list of possible tax cuts, the first one listed is the flagship Republican tax cut -- an across-the-board income tax cut. As noted by a wide range of observers, this tax cut would be targeted away from the middle class and disproportionately benefit taxpayers with extremely high incomes:

- Citizens for Tax Justice found that the top one percent of taxpayers, who have incomes above $301,000, would receive a tax cut of $20,697, compared to just $99 a year for the bottom 60 percent of families.
- The Joint Tax Committee estimates that 48 million families would receive no tax cut at all.
- As Representative Nancy Johnson (R-CT) has said, *"when you do an across-the-board cut it tends to help the top earners the most."* [Washington Post, February 23, 1999]. And as Commentator George Will has observed: *"if you cut taxes across the board, the lion's share of the money is going to go to upper-income people."* [ABC's This Week, 2/14/99]

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PROGRAMMATIC IMPACT OF FY 2000 REPUBLICAN BUDGET PLAN

Based on the assumptions of the Republican plan, as expressed in the pending Senate Budget Resolution, NDD budget authority would have to be reduced by $26.9 billion in order to fund defense and elementary education spending above a freeze and remain within the FY 2000 cap. In order to achieve that level of reductions, NDD non-protected budget authority would have to be cut across-the-board by 12.2 percent.

While these cuts could be distributed in various ways (e.g., larger cuts for some programs and lesser cuts for others), assessing how the total aggregate reduction would apply across-the-board illustrates how serious the effect could be. Illustrative examples of a 12.2 percent cut follow.

The Republican plan is approximately $14 billion short in outlays to allow the defense funding levels to be enacted. If additional NDD cuts were required in FY 2000 to allow defense to be funded at the levels specified in the resolution, the cut to non-protected programs would double to 24.3 percent, as would the impact.

If the Republican plan is carried out over five years, the across-the-board cut to non-protected non-defense discretionary programs would rise to 27.8 percent by FY 2004 - - a reduction from a freeze of 27.8 percent. Programmatic impacts would be more than double the reductions shown below by FY 2004.

AGRICULTURE

- **Food safety** would be undermined with the layoff or RIF of an estimated 1,000 meat and poultry inspectors, or a six-week furlough, which would result in the slowdown of production, or even rotating shut-downs, in some meat, poultry slaughter and processing plants across the country.

  The Republican plan could also deny vital investments proposed for the President's **Food Safety Initiative**. This could mean a delay of USDA's modernization of the Federal meat and poultry inspection system, as well as reduced funding for mandatory improvements in State inspection systems, including upgraded State lab testing for pathogens.

  Furthermore, a 27.8 percent cut in FY 2004 would cause nearly 3,000 RIFs, or a 16 week furlough of meat and poultry inspectors, severely damaging the nation's meat industry and consumer goods.

- FTEs in **USDA county offices** would be reduced by 6,000, or 16 percent, because of the need to absorb pay raises. This would cause widespread RIFS and result in severe disruptions in assistance provided to farmers during a year in which the farm sector is expected to experience continued stress and the need for USDA program assistance will be great.

  Furthermore, if funding is cut by 27.8 percent in FY 2004 it would cause over 12,000 FTEs to be cut from county offices, a 33 percent reduction. This could cause over a third of county offices to close, severely reducing service and credit to farmers.

- **WIC** funding would be cut to below FY 1995 levels, a reduction of over $660 million from the FY 2000 Budget. Based on a 7.5 million full participation level, over 1.2 million low income women, infants, and children would lose nutrition assistance each month. Furthermore, if the Republican plan were assumed to continue through FY 2004, funding for the program would be reduced by $1.3 billion below the FY 2000 Budget level, cutting approximately 2.1 million participants from the program.

- Funding for the **National Forest System** (NFS) would be cut by about $160 million, reducing staff by about 1,700 FTEs (ten percent). This would decrease environmental restoration projects, pushing greater economic burdens for protecting species on private lands, force the closure of Forest Service facilities that cannot be safely maintained and reduce recreational opportunities, reduce supervision and visitor personal safety in forests, and cause delays in granting permits for various forest uses.

  A 27.8 percent cut in FY 2004 would mean a reduction of $360 million, reducing staff by nearly 4,000 (23 percent), causing severe environmental degradation, reduced recreational opportunities on our national forests, and closure at many areas and facilities within national forests that could not be safely operated or maintained. In addition, the effort to reduce the backlog of Forest Service deferred maintenance would be eliminated.

  Timber sales management funding would be reduced by about $30 million, decreasing timber sales by 400 million board feet (15 percent). Without compensation from alternative sources, rural communities would suffer. This production decrease would reduce the incomes of rural, resource-dependent communities, both by reducing the payments to States (based on revenues derived from the sale of timber from Federal lands), and by reducing rural employment.

  A 27.8 percent cut in FY 2004 would result in Forest Service timber sales management funding would being cut over $60 million, reducing timber sales by nearly 1 billion board feet (37 percent).

EDUCATION

- **Work Study** would be cut by $106 million from the FY 1999 level of $870 million, to the lowest level since FY 1996. The number of students served would decrease by 112,000, from 930,000 in FY 1999. If the Republican plan were assumed to continue through FY 2004, over a quarter of a million fewer students (257,000) would have the chance to work their way through college than in FY 1999.

- **TRIO** funding would decrease by $73 million, from $600 million in FY 1999. As a result, approximately 117,000 fewer students would receive college preparation and support services in FY 2000 than in FY 1999. By FY 2004, the Republican plan would cut 224,000 disadvantaged students from TRIO programs.

- **GEAR-UP** would be reduced $15 million, from $120 million in FY 1999. This funding level would not be sufficient to fund non-competing continuation awards from FY 1999. Approximately 5,900 fewer low-income students would receive early intervention services in FY 2000 than in FY 1999. The Republican plan would further cut GEAR-UP so that more than 36,000 fewer students would receive services in 2004 than in 1999. Because GEAR-UP services begin in middle school and follow students through high school, these cuts mean that every year, low-income students who participated in GEAR-UP in the previous year may no longer receive services.

ENERGY

- A $1.1 billion cut in discretionary spending on **energy programs** would require wholesale cancellation of entire categories of energy programs. The alternative of attempting to cut all programs by nearly 40 percent would be even more severe, since continuing to fund remaining infrastructure costs would mean that little or no funds would be available for useful work on any programs in function 270. Three different examples of actions that could save approximately $1.1 billion are:

    (1) Elimination of all Federally supported research and development on **fossil energy, nuclear energy, and solar and renewable energy technologies**. Such action would mortgage our future energy security.

    (2) Elimination of all **energy conservation grants** and Federally supported research and development on energy conservation and solar and renewable energy. Such action would assure that the United States could not meet its goals to reduce carbon dioxide emissions to slow the rate of climate change.

    (3) A halt in the **environmental cleanup** of all of the Department of Energy's non-defense facilities combined with cessation of all work on the potential use of the Yucca Mountain, NV site as a repository for high level

radioactive waste. Such action would abrogate the Government's legal commitments to those environmental cleanup and waste disposal activities.

- Science programs at the **Department of Energy** would be reduced from $2.7 billion in FY 1999 to under $2.6 billion in FY 2000. (The President's budget request for FY 2000 proposes over $2.8 billion for these programs.) This reduction would terminate construction of the Spallation Neutron Source in Tennessee and/or slow the research effort to sequence the human genome. Such consequences would jeopardize important investments in science and technology to improve human health and US technological competitiveness

HEALTH AND HUMAN SERVICES

- **Head Start** funding would be less than FY 1998 levels, a reduction of $1.1 billion from the FY 2000 Budget. A reduction of this magnitude would roll back all expansion progress made under the Clinton Administration, cutting services to up to 100,000 children, and making it practically impossible to reach the goal of serving one million children in Head Start by 2002. By 2004, Head Start enrollment would drop below FY 1999 levels by over 230,000 children.

- The **Child Care and Development Block Grant (CCDBG)** would be reduced by $122 million, eliminating child care assistance for up to 34,000 low-income children. By 2004, the number of children receiving assistance would drop below FY 1999 levels by up to 79,000 children.

- HRSA's **health care and services for women and children, uninsured people and people with AIDS** would be seriously reduced -- possibly preventing 2.9 million people from receiving health services. By 2004, over 6.6 million fewer people would be served due to these cuts.

- SAMHSA funding would be reduced, with severe cuts to the **Mental Health Block Grant and the Substance Abuse Block Grant**, denying substance abuse treatment to over 47,000 people. If the Republican plan were to continue through 2004, almost 110,000 people would be denied substance abuse treatment services.

- **CDC** funding would be reduced by roughly $320 million, cutting childhood immunization funding, reducing funding for HIV prevention and breast and cervical cancer screening. By 2004, these programs would be reduced by $726 million under the Republican plan.

- **LIHEAP** funding would be cut to below FY 1998 levels, a reduction of $134 million from the FY 2000 Budget. This reduction would require a rescission since FY 2000 LIHEAP funds were advance appropriated ($1.1 billion) in the FY 1999 L/HHS/Ed appropriations bill. Over 600,000 low income families could lose their energy assistance as a result of these reductions. By FY 2004, low income energy assistance could drop by about 1.4 million families, compared with FY 1999 levels.

HOUSING AND URBAN DEVELOPMENT

- A reduction of this magnitude in HUD's **discretionary housing program** puts low-income tenants at risk of losing their housing subsidy and virtually eliminates the Administration's efforts to assist more needy families with children and the elderly. In addition, the Administration's successful effort to reform public housing by tearing down abandoned buildings and vacant units and replacing them with good quality, low-density housing would be jeopardized.

  Such a cut in the **HOME** block grant to cities and States would, by the year 2004, decrease aid for new construction, rehabilitation, or acquisition of 82,000 affordable housing units and deny tenant-based rental assistance to over 10,000 families. Community Development Block Grants (CDBG), the most flexible source of Federal funds that mayors and Governors use to meet the development needs of low-income communities, would also be reduced.

INTERIOR (DOI)

- **Total DOI funding** would be cut by about $850 million. Because most of DOI expenses are for salaries and related expenses, such cuts would likely require employee reductions or furloughs, for Park rangers, BIA school teachers, wildland firefighters, and other on-the-ground staff.

  Furthermore, if the Plan were assumed to continue, total DOI funding would be cut by $2.1 billion in FY 2004. Such reduced funding would require 25,000 FTEs be eliminated. Land management functions protecting species and natural resources could be curtailed in many areas,
  and services to recreational visitors would be severely limited. Commercial users of federal land could have their operations hampered by delayed approval of permits and necessary safety reviews.

- **National Park Service** (NPS) operations would be cut by $215 million, eliminating increases to improve facilities maintenance and support expanding operational needs at new or growing parks. NPS would not hire most seasonal workers, resulting in widespread cutbacks in visitor services, seasonal programs, and hours of operation at 378 park units serving almost 300 million visitors annually.

In 2004, the effect of the Plan would be to cut NPS funding by $575 million, requiring the closure of many smaller parks, closure of backcountry areas in larger parks, and elimination of all efforts to reduce the NPS facilities maintenance backlog. Support for new and expanding park needs would not be possible.

- **Bureau of Land Management** (BLM) operations would be cut by $142 million, delaying the approval of about 300 (out of 3,000 total) grazing permits up for renewal in FY 2000. Reductions in wildland firefighting program could lead to a higher number of fires getting out of control. BLM would close some areas to public access, impacting some of the 65 million annual recreational visitors.

  In 2004, the Plan would cut BLM funding by $350 million, causing significant delays in approving needed resource and land use permits (coal, grazing, timber, and oil and gas). Many areas would be closed to public use. Severe reductions in the wildland firefighting program would jeopardize lives and property throughout the west.

- **Fish and Wildlife Service** (FWS) operations would be cut by $98 million, delaying the implementation of dozens of habitat conservation plans, which private landowners and communities are relying on to proceed with development activities. Some of the 516 wildlife refuges would be closed to visitors, while others would curtail hours of operations, affecting many of the 34 million annual visitors that enjoy birding, hunting, and fishing at refuges.

  In 2004, the Plan would reduce FWS by $265 million, curtailing work on all new habitat conservation plans, closing many refuges, and leaving other refuges greatly unstaffed. Enforcement of import and export trade restrictions on endangered species would be severely reduced, further threatening already rare species like tigers, elephants, and pandas.

JUSTICE

- The **Drug Enforcement Agency** (DEA) would be cut $100 million from the FY 1999 appropriated (non-VCRTF) level of $819 million. This cut would result in a reduction of approximately 780 DEA agents in FY 2000 and a reduction of approximately 1,700 agents by 2004.

- The **Immigration and Naturalization Service (INS)** would be cut $147 million from the FY 1999 appropriated (non-VCRTF) level of $1.2 billion in the enforcement account. This cut could result in a reduction of approximately 1,350 Border Patrol agents or a reduction of approximately 5,200 detention beds necessary to incarcerate criminal aliens and illegal border crossers. If the Republican plan were to continue through FY 2004, the programmatic effect would be a reduction of approximately 3,000 Border Patrol agents or an average annual reduction of approximately 8,000 immigration detention beds.

- The **Federal Bureau of Investigation (FBI)** would be cut $337 million from the FY 1999 appropriated (non-VCRTF) level of $2.8 billion. This cut could result in a reduction of approximately 2,700 FBI agents in FY 2000 and a reduction of approximately 6,300 agents by FY 2004.

- The **Federal Prisoner Detention** program run by the U.S. Marshals Service would be cut by $52 million from the FY 1999 appropriated (non-VCRTF) level of $425 million. This cut would result in a reduction of approximately 2,400 criminal detention beds in FY 1999. If the Republican plan were to continue through FY 2004, the programmatic effect would be an average annual reduction of approximately 3,800 criminal detention beds.

LABOR

- A $644 million reduction to **Training and Employment Services** and a $1.5 billion cut if the Republican plan were assumed to continue through FY 2004, would have the following implications:

    -- **Dislocated Worker Assistance** would be cut $171 million the FY 1999 level, denying training, job search assistance, and support services to about 90,200 dislocated workers. In FY 2004, the Republican plan would deny services to over 205,000 dislocated workers.

    -- About 73,100 **training and summer job opportunities for low-income youth** would be eliminated. In FY 2004, over 160,000 low-income youth would be denied training and summer job opportunities.

    -- Approximately 46,600 fewer **low-income adults** would receive training and related assistance than assumed in the President's FY 2000 request. About 40 percent of program participants have been welfare recipients in previous years. In FY 2004, over 106,000 individuals would be denied training and employment services under the Workforce Investment Act.

    -- This reduction could terminate **Jobs Corps** planned 4-center expansion, reduce program effectiveness due to the postponement of needed repairs, termination of efforts to relocate dilapidated centers, and termination of efforts to modernize the vocational training program; and/or force Job corps to close 5-6 centers in 2000. This cut could eliminate about 5,000 residential training slots for extremely disadvantaged youth in 2000. In 2004, this could result in over 11,000 students being denied the opportunity to participate in Job Corps.

- **Employment Service**. A reduction in budget authority of $140 million would seriously harm labor exchange and job search assistance for unemployed workers and veterans as well as threaten State administration of the One-stop Career Center system. If the Republican plan were to continue through FY 2004, the availability of staff-assisted services for job seekers and employers would be significantly restricted, and labor market information could not be kept up-to-date.

- **Community Service Employment for Older Americans**. About 7,500 low-income older Americans could lose their part-time jobs in FY 2000 alone. If the Republican plan were to continue through FY 2004, over 17,000 low-income seniors would be denied job opportunities.

- **Enforcement Agencies**

  -- The Wage and Hour Division would conduct approximately 6,600 fewer compliance actions than in FY 1999 and would not be able to fund the Child Labor initiative, which expands enforcement and compliance assistance in agriculture and garment industries, with a special emphasis on child labor. Furthermore, if the Republican plan were assumed to continue, the programmatic effect in FY 2004 would be that approximately 16,000 fewer compliance actions would be conducted.

  -- The Pension and Welfare Benefits Administration would respond to approximately 49,200 fewer inquiries from participants, beneficiaries, and employers about pension and health benefit plans. By FY 2004, about 112,000 fewer inquiries would be answered.

  -- OSHA would be reduced by $43 million below FY 1999, resulting in approximately 4,400 fewer Federal compliance inspections in FY 2000 and over 9,000 in FY 2004.

INTERNATIONAL AFFAIRS

- The cut of over $3 billion recommended for **function 150** in the Senate Republican budget resolution would impair the President's ability to use foreign policy as a tool to increase U.S. national security and prosperity, his ability to help our friends and neighbors in the world to support our policy initiatives and provide markets for our goods, and his ability to respond to global crises and contingencies. Furthermore, if the Republican plan were to continue through FY 2004, the cuts required would cripple the ability of the U.S. to carry out foreign policy as we now know it, requiring retrenchments that are unlikely to be supported by Congress or by the American people.

- A cut of over $120 million to **U.S. assistance programs to the NIS** would undermine efforts to promote democracy and economic reform in the region and, even more critical given the economic situation in Russia, would put our threat reduction initiative at risk. Cuts to request for programs like the international science centers that provide work for NIS weapons scientists (who are not being paid by their governments) would increase the chances that they go to work for rogue states.

- Cuts of over $400 million in our **development and humanitarian assistance** will jeopardize the President's pledge to provide more assistance to countries in Africa implementing economic and democratic reforms and will reduce our ability to continue to assist the Central American countries devastated by Hurricane Mitch or countries affected by future unforeseen disasters. The cuts could also reduce refugee admissions by 25,000 and require a retrenchment in other refugee assistance. Furthermore, if the Republican plan were assumed to continue through FY 2004, USAID would have to downsize, resulting in a serious reduction in its ability to fulfill its mandate due to mission closures, a loss of technical expertise, and insufficient funding for vital programs. In addition, the cuts could reduce refugee admissions by 55,000.

- If the **Export-Import Bank** is cut by over $100 million, the Bank would have to reduce the total value of exports if can support by over $2 billion. A cut of this size would undermine U.S. exporters that depend on Export-Import Bank for support, particularly small businesses and exporters who depend on those markets affected by the financial crises in Asia and Latin America. Furthermore, if the Republican plan were assumed to continue through FY 2004, Eximbank's support of exports would by reduced by an additional $2-3 billion.

- A cut to **overseas security programs** would have an immediate impact by forcing a reduction in the number of guards at our overseas facilities, increasing the security risk to personnel from a terrorist attack. This reduction would cut about $65 million and reverse security measures put in place after the bombings of our embassy facilities in Nairobi and Dar es Salaam. If the Republican plan were assumed to continue through 2004, construction of secure facilities planned to address terrorist threats could not go forward.

- **State Department operations** would be cut by over $300 million, forcing severe reductions to personnel, operations and investment. These reductions would require the Department to cut passport and visa services, producing large backlogs and delays for the traveling public, furlough employees for up to 40 days and implement reductions in force, and potentially close up to 40 overseas posts. If the Republican plan were assumed to continue through 2004, cuts would force the wholesale closure of posts and drastic cut backs in passport and visa services. The impact would extend beyond the Department itself to Defense, Justice and other departments and agencies that rely on State to provide facilities, security and administrative support services.

- The **Wye River** advanced appropriation for FY 2000 was requested to honor the President's commitment to help Israel and the Palestinian Authority cover many of the basic costs of implementing the Wye River agreement, and to support Jordan for King Hussein's pivotal role in concluding the agreement. A cut of over $60 million in the Wye River package would seriously weaken U.S. credibility as facilitator in the peace process and could jeopardize the viability of the agreement.

TRANSPORTATION

- A cut of this magnitude would force cuts of $679 million in **Federal Aviation Administration (FAA) operations** and $255 million in critical **air traffic control** modernization. Air travel would be delayed and critical modernization technologies would not be deployed. FAA would be unable to invest in vital safety and security improvements, including the hiring of 100 new maintenance technicians and new security staff. In addition, more than 2,200 air traffic controller positions would be cut. FAA would need to reduce, significantly, other staff, including aircraft inspectors and other essential safety and security personnel. By FY 2004, over 4,000 controller positions would be cut.

- FAA could not maintain a sufficient **capital modernization** schedule to meet rapidly growing air traffic, and would need to slow replacement of aging, outdated equipment and development of efficiency-enhancing technologies. It could not continue to rapidly develop and deploy critical controller workstation replacement projects such as STARS, or modern weather detection and evaluation tools that are necessary to ensure safety in an increasing congested air traffic environment.

TREASURY

- **IRS** would be reduced $1.415 billion below the FY 2000 Budget. Implementation of the new organizational structure mandated by the IRS Restructuring and Reform Act of 1998 would be delayed for a year. FTEs would be reduced by 5,000 and the rest of IRS's employees would endure up to six weeks of furloughs. Congressionally mandated service enhancements would be eliminated for the year. Customer service would suffer (e.g., millions of taxpayer calls would not be answered), and direct enforcement revenue would decline by at least $2 billion.

  Furthermore, if the Republican plan were assumed to continue through FY 2004, IRS would need to shrink by some 26,000 employees (out of 95,000) through RIFs and attrition. This would require a dramatic reduction in customer service functions and compliance enforcement. The results would include hardships for taxpayers as lack of customer support made voluntary compliance more difficult and significant declines in revenue resulting from lower voluntary compliance and only minimal enforcement efforts.

- **Customs** would be reduced by $226 million below the FY 1999 enacted level of $1,854 million, not including the emergency supplemental, with a 12.2 percent cut. In order to keep trade and people moving across the borders, the majority of the cuts would be to narcotics enforcement activities -- essentially grounding Customs air and marine fleet. Pilots, agent, and inspectors, staffing would be reduced by up to 1000 FTE and Customs would need to implement a two week furlough for roughly half of the remaining staff. Without additional investment in Customs trade processing system, Customs and the trade community would risk increased and more severe "brown-outs" in the system, which could result in tens of millions of dollars in lost revenue to the Federal Government and billions of dollars of goods held up at the Nation's borders.

  A 27.8 percent cut in FY 2004 would reduce Customs by $515 million below the FY 1999 enacted level and would have significant impacts on border operations. Customs would discontinue its air and marine program and drastically reduce investigative activities. With an overall staffing reduction of nearly 30 percent, Customs would have a much less significant presence at the border in the face of increasing levels of international trade. The reduction in personnel and absence of funding for Customs' trade processing system would result in more severe "brown-outs" in the system leading to hundreds of millions of dollars in lost revenue to the Federal Government and the trade community, much greater wait times at the border, and significant increases in illegal activity, including narcotics smuggling and trade violations.

CORPS OF ENGINEERS

- Funding for Army Corps of Engineers' projects would be reduced $476 million in FY 2000 and by 2004 the reduction would be over $1 billion, which could potentially delay completion of needed harbor-deepening projects for the Ports of New York and New Jersey and Houston-Galveston, delay critical flood protection for Grand Forks, ND, and other communities across the Nation, and postpone important environmental restoration efforts in the Florida Everglades and on the Columbia and Snake Rivers in the Northwest. However, in the outyears the impacts would be much more severe, as some projects would have to be terminated, all other projects' completions schedules would be delayed several years, and operation and maintenance would be restricted such that maritime and inland waterway traffic could experience significant delays.

FEMA

- **FEMA's** Emergency Food and Shelter Program operations would be cut by $12 million in FY 2000, resulting in 3.2 million fewer meals being served and almost one-half million fewer shelter nights being made available to the Nation's poor and needy. By FY 2004, the cuts would result in a cumulative loss of 26 million meals and 3.7 million shelter nights from the FY 1999 enacted level.

NASA

- **NASA's** FY 1999 funding level would be reduced from $13,665 million to $11,998 million, NASA's lowest budget level in constant dollars since FY 1989. Depending on the exact cuts, the impacts would take one of two forms:

  -- Termination of the **International Space Station**, which would disrupt agreements with foreign partners and end a major program for the aerospace industry, and the delay or termination of a half-dozen missions that provide data for Earth and Space Science researchers in the academic community.

  -- A 29 percent cut to NASA's science and technology programs to protect the **International Space Station**, which would require the termination of all new activities in these programs to sustain only those missions in operation or close to launch. Furthermore, if the Republican plan were assumed to continue through FY 2004, NASA would have to make difficult choices to terminate missions that are currently operational.

NATIONAL SCIENCE FOUNDATION (NSF)

- **NSF** would be cut $456 million and would not be able to fund approximately 1,400 new individual research grants and would not achieve its performance goal of having 30 percent of its competitive research grants going to new investigators. NSF might not be able to support 2,350 graduate student fellowships and traineeships in science, mathematics, and engineering education. This cut would be a major setback in the funding of basic research priorities since NSF is a primary government source of basic research funding across all disciplines. Furthermore, if the Republican plan were assumed to continue through FY 2004, funding constraints could become so severe that promising students would choose not to pursue scientific careers with potential severe impacts on the Nation's scientific workforce.

SMALL BUSINESS ADMINISTRATION (SBA)

- **SBA's** 7(a) General Business Loan program volume would be reduced by $874 million to $9.6 billion, below the FY 1999 enacted level of $10 billion. At this lower program volume, approximately 4,400 qualified small business owners would be denied access to credit on reasonable terms. Furthermore, if the Republican plan were assumed to continue through FY 2004, program volume would be reduced by almost $2 billion, denying access to credit to 10,000 qualified small business owners.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFI)

- The **CDFI** would be reduced by over $11 million, with the result that 16 fewer community development institutions (CDFIs) would receive capital funding and 12 fewer financial institutions would receive Bank Enterprise Act grants. Furthermore, a 27.8 percent decrease in FY 2004, would reduce CDFI's funding by $26 million, eliminating federal assistance to 37 CDFIs and 28 commercial CDFI lenders.

NATIONAL SERVICE

- The **Corporation for National and Community Service** would be cut by $79 million, eliminating some 6,400 AmeriCorps and 61,000 National Senior Service Corps volunteer participants who meet serious community needs such as literacy, health services, natural disaster response, and public safety. In 2004, this would result in almost 15,000 students unable to participate in AmeriCorps and almost 140,000 seniors unable to volunteer through the National Senior Service Corps.

ENERGY AND ENVIRONMENT

- **EPA's Operating Program**, the heart of the Nation's environmental protection efforts, would be cut $425 million. Such a reduction would severely constrain EPA's program to mitigate global climate change through research and improvements in energy efficiency; hamper implementation of the multi-agency Clean Water Action Plan to prevent pollution run-off and protect public health; and potentially cause major reductions-in-force of Agency enforcement and other staff.

  Furthermore, by 2004 initiative funding for the Clean Water Action Plan and the Climate Change Technology Initiative would be eliminated and EPA would have to cut up to 5,000 staff with devastating impacts on environmental enforcement, research and other activities to protect our nation's environment.

- **EPA's Superfund** program would be cut by $183 million. This would eliminate funding for cleanups at approximately 21 sites during FY 2000, thereby, needlessly jeopardizing public health for citizens living near affected sites and making it more difficult to meet the 900 site cleanup goal in 2002.

  In FY 2004, EPA's Superfund program would be cut by about $420 million, eliminating cleanups at approximately 30 new sites. During FY 2000-04, EPA Superfund program would be cut by a total of $1.5 billion. This would eliminate initiative of cleanups at approximately over 135 sites (92% of all EPA-lead cleanups planned for this time period). In FY 2003 and FY 2004, it would also become necessary to terminate other activities funded through the Superfund program. Even if no funding were provided for any new Superfund cleanups in FY 2003-04, and EPA's brownfields program was also eliminated, it would still be necessary to stop some ongoing Superfund cleanups, reduce oversight of private party-lead cleanups, and conduct fewer responses to hazardous materials emergencies.

- The **Climate Change Technology Initiative** (CCTI) would be undermined, severely hampering on-going programs in DOE and EPA. The progress of the Partnership for a New Generation of Vehicles towards its FY 2000 and FY 2004 goals will be jeopardized, support for a wide range of American industries trying to improve their energy efficiency will be curtailed, and partnerships with building developers and owners to reduce wasted energy will be cut back in DOE and EPA. About 9,400 fewer low-income homes will be weatherized through DOE grants, and recent progress in reducing the Federal Government's own energy bills will be undone.

  If the Republican plan is continued through 2004, conservation and renewable energy efforts will be severely crippled, and the Partnership for a New Generation of Vehicles will not achieve its goal of having production prototype 80 mpg sedans developed by the end of 2004. The low-income home weatherization program will be further impacted, with over 21,500 homes not being weatherized annually, relative to the current number.

DRUG INTERDICTION AND SOURCE COUNTRY PROGRAMS

In aggregate, the plan would reduce funding by $288 million (three percent) for interdiction and source country programs.

- State's **International Programs** would be cut $29 million from the 2000 request, essentially freezing funding at the FY 1999 base level of $236 million. Source country eradication and alternative development operations and inter-regional aviation missions in Peru, Bolivia, and Columbia would decline.

- **Interdiction Activities** would be cut $220 million from the 2000 request, five percent below the FY 1999 base level of $1,804 million. The ability of the Coast Guard, Customs, and INS to shield our borders from drug smugglers would diminish.

  -- Customs would be cut at least $84 million from the 2000 request, 16 percent below the FY 1999 base level of $689 million. In order to keep trade and people moving across the borders, Customs would have to take the majority of the cuts to its narcotics enforcement activities -- essentially grounding Customs air and marine fleet. Furthermore, if the Republican plan were continued, Customs would reduce enforcement staff, including agents and inspectors, by up to 30 percent, which would result in significant increases in illegal activity and narcotics smuggling.

  -- INS would be cut $51 million from the 2000 request, four percent below the FY 1999 base level of $415 million. The Administration's efforts to upgrade technology and modernize the Border Patrol along the U.S.-Mexican border would be eliminated. A continuation of the Republican plan would decrease the Boarder Patrol's training and recruiting of agents and its technology deployment.

-- Coast Guard would be cut $61 million from the 2000 request, one percent above the FY 1999 base level of $500 million. The cut would force the CG to lay up vessels and aircraft activated with 1999 supplemental funds, which would reduce the seizure rate of maritime drug shipments. In addition, if the Republican plan were continued, CG would be forced to lay up existing vessels and scale back its operating hours.