

Flawed Budget Package Hurts Critical Programs, Increases Federal Deficit

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Washington, DC — In what is expected to be a late-night vote, Republican Leadership has begun debate on a deeply flawed budget package that will likely require twisted arms and backroom deals just to persuade their own members to vote in favor of the bill. The legislation would cut funding for vital programs like, student aid, Medicaid, and foster care, while ultimately increasing the fiscal deficit.

“The American people want courage, leadership and shared sacrifice. This bill is shortsighted, narrowly targeted and driven by ideology instead of good policy,” said Congresswoman Matsui. “Congress needs to go back to the drawing board, put all of the options on the table and establish a real long-term budget that makes sense for the American people. Because what we are doing today hurts the programs the American people rely on.”

The bill, H.R. 4241, cuts nearly \$50 billion in funding for programs such as Medicaid, food stamps, child support enforcement and student loans. Adding insult to injury, the Republican leadership plans to soon take up a package of tax cuts, which is larger than the spending cuts, meaning the total budget package will actually increase the federal deficit by as much as \$20 billion.

The Republican plan would hit California particularly hard. For example, reductions in federal funding for child support enforcement programs will cost the state an estimated \$3 billion over ten years and 4,000 children in California will lose funding for foster care.

Student loan programs would be cut by \$14.3 billion, which will likely raise loan fees and increase the average loan costs for a student by approximately \$5,800. California students are already being pinched by steadily rising fees at the University of California and California State University are, making Congress’s actions that much more painful.

Nationally, funding for Medicaid, one of the government’s most effective and efficient programs, would be cut by about \$11 billion.

“The full reconciliation package that the Republicans are advocating passes more debt on to future generations, while making it more difficult for working families to achieve the American Dream,” said Matsui. “This does not reflect the values and priorities of our constituents and Congress needs to step back, reflect on what we’re doing here, and start over.”

To reestablish the fiscal responsibility of the 1990s, Democrats have proposed a budget that will reinstitute rules that require Congress to find offsets for new spending and tax cuts. And the Democratic plan would balance the budget by 2012 without the draconian spending cuts proposed by the Republican leadership.

In order to persuade hesitant Republicans to vote in favor of the bill, GOP leadership dropped a provision that would open coastal areas and Alaska’s Arctic National Wildlife Refuge to oil and gas exploration. However, should the bill pass, these provisions may be restored during conference negotiations.

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