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# Congressional Progressive Caucus

*Rep. Peter DeFazio, Chairman*



**Executive Committee**  
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## Congressional Progressive Caucus Budget Resolution Summary

**Overall budget framework:** The Congressional Progressive Caucus (CPC) uses the Congressional Budget Office (CBO) re-estimation of the President's budget as our baseline. Therefore, increases reflected below are increases to the President's requests.

The Caucus does not consider the Republican resolution to reflect a realistic level of spending because it provides only \$289.2 billion for non-defense discretionary programs. This is a reduction of \$19 billion (6.3 percent) below the level CBO estimates is needed to maintain current services in FY2001.

In general, the CPC alternative uses the Congressional Budget Office (CBO) re-estimation of the President's budget as our baseline. The CPC budget maintains fiscal discipline by following the President's general framework for debt reduction. The CPC reserves the Social Security surplus to pay down our national debt and extend the solvency of Social Security. The CPC budget also reserves a portion of the non-Social Security surpluses to pay down debt and extend the solvency of Medicare. In addition, the CPC supports the use of additional non-Social Security surpluses to create a Medicare prescription drug benefit.

The CPC also maintains fiscal discipline by offsetting the increases we make in priority areas such as education, housing, health care, veterans care, and social services, with reductions in spending at the Pentagon, reducing waste and fraud in the Medicare program, cutting corporate welfare, and making targeted tax reforms. These reforms impact only large corporations and the wealthiest Americans.

The CPC maintains the President's framework for tax cuts. The budget includes targeted tax cuts such as the expansion of the Earned Income Tax Credit (EITC), the increase of the Dependent Care Tax Credit, the \$3,000 long-term care tax credit, among others. The CPC budget also makes the Dependent Care Tax Credit refundable.

## Organizations Endorsing the Alternative Federal Budget Proposal

Business Leaders for Sensible Priorities Action Fund  
 Service Employees International Union  
 National Priorities Project  
 Coalition on Human Needs  
 Women's Action for New Directions (WAND)  
 Women's Legislators' Lobby (WiLL)  
 NETWORK: A National Catholic Social Justice Lobby  
 National American Indian Housing Council  
 National Association of WIC Directors  
 Food First/Institute for Food and Development Policy  
 The Arc of the United States  
 National Low-Income Housing Coalition  
 Center for Community Change  
 Food Research and Action Center  
 Utica Citizens in Action  
 National Black Child Development Institute

## **NEW INITIATIVES AND PROGRAM INCREASES**

### **Function 050: National Defense**

Function 050 includes funding for the Department of Defense, nuclear weapons-related work of the Department of Energy, and the defense activities in various other agencies such as the Coast Guard and the Federal Bureau of Investigations. Savings listed in parentheses are for FY01. Unless otherwise noted, estimates are courtesy of CBO.

**National Guard Youth Challenge program (+\$110M):** This is a 22-week quasi-military program for drug-free 16 to 18-year old high school dropouts who are unemployed and not currently involved with the legal system. Over 13,000 cadets have graduated from the program nationally, 72 percent have obtained a GED and 96 percent went on to further education (academic or vocational).

### **Function 300: Natural Resources and the Environment**

Function 300 includes programs in a variety of federal agencies concerned with the development and management of the nation's land, water, and mineral resources; recreation and wildlife areas; and environmental protection and enhancement.

**Land and Water Conservation Fund (+\$450M):** The President's Lands Legacy initiative fully funds the federal portion of LWCF, but shortchanges the state half by deducting other aspects of LL from the \$450M level. The Caucus supports fully funding the state portion at \$450M

### **Function 450: Community and Regional Development**

Federal support for community and regional development helps economically distressed urban and rural communities. Major agencies and programs included in this function are the Empowerment Zones, CDBG, the Economic Development Administration, the Appalachian Regional Commission, rural development programs at USDA, the Bureau of Indian Affairs, FEMA, and the SBA's disaster assistance loan program.

**Rebuild America's Infrastructure Initiative (+\$15-20B):** This initiative would provide state and local governments with the funds need to rebuild schools, bridges and roads, water treatment and sewer systems, and to provide funds for new school construction, mass transit systems and expanding the information superhighway to underserved populations.

The Plan, based on a model developed by the Jerome Levy Economics Institute, would provide state and local governments with zero interest loans for infrastructure programs for the next 10 years. The principle of the loans would be repaid by the state and local governments in yearly installments, the duration of which would depend on the type of project. In no case, however, would it exceed 30 years. Congress would define eligible projects by type and would require that half the funds be used for school repair and school construction (This would be in addition to the school construction and renovation proposal offered by the President).

It is estimated that each state would have access to about \$185 per capita, per year for 10 years for infrastructure improvement. The cost of the program is the yearly cost of subsidizing the zero interest loans. That cost would be between \$15 billion and \$20 billion per year.

## Function 500: Education, Training, Employment, and Social Services

This function includes funding for the entire Department of Education, social services programs within the Department of Health and Human Services, and employment and training programs within the Department of Labor.

**Social Services Block Grant (SSBG) (+\$680M):** The President requested only \$1.7B for SSBG, the same level as FY00 and cut the amount states could transfer from TANF to SSBG from 10 percent to 4.25 percent. The Caucus supports funding SSBG at \$2.38B, the originally authorized FY01 level, while maintaining the 10 percent transfer from TANF into SSBG. The SSBG funds are distributed to states by formula and are used to provide a wide range of social services, usually to low-income families, including child care, child welfare, elder care, drug abuse prevention and treatment activities, employment services and services for the disabled.

### **Administration for Children and Families' Violence Against Women programs (+\$60.3M):**

Grants to combat violence against women: \$237M (+\$17M compared to the President) Grants to encourage arrest policies: \$63M (+\$29)

Domestic violence and stalker reduction: \$3M (+\$3M - the President provided zero funding)

Rural domestic violence enforcement: \$35M (+10M)

Victims of Child Abuse Grants: \$10M for court appointed special advocate program (+1M) and \$2.3M for training of judicial personnel (+\$300,000)

### **Other Administration for Children's and Families social services programs (+\$11M):**

Grants for battered women's shelters: \$120M (+\$3M)

Runaway youth prevention: \$22M (+\$7M)

National Domestic Violence hotline: \$3M (+1M)

**Community Based Family Resources and Support Grant Program (+\$100M):** This is the only federal funding source dedicated to local communities for prevention of child abuse and neglect.

**Title V Juvenile Delinquency Programs (+\$230M):** This programs fund community-based juvenile crime prevention programs ranging from mentoring, parent assistance, to anti-truancy programs. These funds give local communities the autonomy to tailor a unique crime prevention plan such as curriculum for a court school.

**Head Start (+\$5.2B):** The President has proposed increasing Head Start by \$1B over the FY00 level for total of \$6.3B in FY01. However, increasing funding by \$6.2B over the FY00 level would fully fund Head Start, which the Caucus supports. Therefore, the Caucus proposes a total of \$11.5B (+\$5.2B as compared to the President's request).

**21<sup>st</sup> Century Community Learning Centers (CCLCs) (+\$1B):** The President has proposed \$1B in funding in FY01 for CCLCs, more than double this year's level. However, this will still leave millions of children without access to adequate after-school programs. Therefore, the Caucus supports adding \$1B. This additional money will also be available to community-based organizations (CBOs), which are currently excluded from any funding, on a competitive basis with schools.

**Summer Youth Employment (+\$500M):** The President has requested an increase of \$1B (2.1 percent above FY00 levels) for youth programs consolidated by the Workforce Investment Act. This includes both JTPA and summer youth employment. The Caucus supports an additional \$500M targeted specifically at summer youth employment.

**GEAR-UP (+\$250M):** The President has proposed \$325M, an increase of \$125M (or 62 percent) over FY00 levels. GEAR-UP provides mentoring and tutoring services to help 1.4 million students prepare to go to college. The Caucus supports further increasing the program by \$250M

**Educational technology (+\$1.1B):** The President has proposed increasing educational technology programs by \$903M. This includes increases for the Technology Literacy Challenge Fund, the Next Generation Technology Innovation program (replaces Technology Innovation Challenge Grants and Star Schools), teacher training, and technology centers in low-income neighborhoods. The Caucus supports further increasing these programs by \$1.1B

## Function 550: Health

In Function 550, discretionary programs include most federal health programs that provide direct health care services. Other health care programs in the function include national biomedical research, protecting the health of the general population and workers in their places of employment, providing health services for under-served populations, and promoting training for the health care workforce. Major mandatory programs in Function 550 include Medicaid and CHIP.

**Rape prevention grants (Centers for Disease Control and Prevention) (+\$8M):** \$88M (+8M as compared to the President's request).

**Include \$50M each (\$200M total) for outreach** for the following programs: Children's Health Insurance Program (CHIP); Qualified Medicare Beneficiary (QMB); transitional funds for Medicaid recipients who are also welfare-to-work recipients; and for HHS for mental health outreach for the elderly.

### Older Americans Act programs (+\$291M):

Supportive Services: \$550M (+\$100M)

State and local innovations (includes money for mental health outreach to seniors): \$65M (+\$29M)

Nutrition programs: \$650M (+128M)

Preventive health services: \$50M (+\$34M)

### The Office of Research on Minority Health (ORMH) at the National Institutes of Health (+\$69M):

ORMH should be elevated to the Center for Research on Minority Health (CRMH). This elevation would give (ORMH) more authority over minority health research performed at NIH and allow ORMH to make grants to Historically Black Colleges and Universities and other minority serving institutions. Funding should be \$100M. The President proposed \$31M for FY01.

### Increased funding for programs under the purview of the Health Resources and Services

**Administration (HRSA) (+\$186.5M):** HRSA improves access to essential services for millions of medically underserved because they are uninsured, live in areas where health care is scarce, or have HIV/AIDS or other health problems:

Health professions training program: \$108.5M (+\$5.5M)

Community Health Centers: \$1.25B (+\$181M)

**Rural Health/Telehealth (+\$25M):** the President proposed a \$19M decrease in rural health/telehealth. The Caucus supports a \$25M increase.

**Communities of Color HIV/AIDS Initiative (+\$200M):** \$200M targeted toward CDC and HRSA to help reduce the disproportionate impact of HIV/AIDS in minority communities.

**National Center for Complementary and Alternative Medicine (+\$10M):** Increase funding by \$10M.

### Mental health care services (+243M):

Mental Health Services Block Grant (+120M)

New Targeted Mental Health Capacity Expansion (+20M)

Children's Mental Health Services: (+63M)

PATH Homeless formula grants (+40M)

**National Health Service Corps (+33M):** The National Health Service Corps provides scholarships to individuals who commit to providing health care in underserved areas.

## **Function 570: Medicare**

This function includes only the Medicare program. Discretionary funds are used to administer and monitor the Medicare program. Medicare benefits comprise almost all of the mandatory spending in this function.

**Comprehensive home health care reform (+10B):** This will make a down payment on comprehensive health care reform along the lines proposed in H.R. 1917 - Rep. McGovern and H.R. 2361 - Rep. Sanders. This funding would include \$250M for home health outliers, which will go toward medically ill, complex home health patients.

## Function 600: Income Security

This function consists of a range of programs that provide cash or near-cash assistance to low-income persons, and benefits to certain retirees, persons with disabilities, and the unemployed. Major federal entitlement programs included in Function 600 are: SSI, food stamps, TANF, and child care. Section 8 housing and other housing assistance programs account for the largest share of discretionary spending. Other key discretionary programs include WIC, LIHEAP, and the CCDBG.

**New Incremental Section 8 Vouchers (+\$780M):** Provide \$780M in increased funding for new or “incremental” Section 8 vouchers to increase the FY01 budget request of \$690M to \$1.47B. This additional \$780M would serve an additional 121,000 (?) Section 8 housing recipients.

**Housing Opportunities for People with AIDS (+\$28M):** Provide \$28M in increased funding for the HOPWA program to increase the FY01 budget request from \$260M to \$282M. Housing provided with HOPWA funds provides the basis to assist the lowest income individuals access appropriate care and establishes a base to maintain severe therapies and medical treatment.

**Homeless (+\$320M):** Provide \$320M in increased funding for the Continuum of Care Homeless Assistance Grant program to increase the FY01 budget request from \$1.2B to \$1.52B. This would serve additional individuals who are homeless and provide them with either transitional or permanent sleeping arrangements.

**Senior Housing Security Plan (+\$71M):** Provide \$71M in increased funding for the Senior Housing Security Plan to increase the FY01 budget request from \$779M to \$850M. This funding would supplement existing Section 202 Supportive Housing for the Elderly program and work with local non-profits to develop affordable housing designed to meet the needs of seniors, particularly their limited mobility.

**Disabled Housing (+\$51M):** Provide \$51M in increased funding for the Disabled Housing program to increase the FY01 budget from \$210M to \$261M. This funding would expand HUD’s funding for housing designed for Americans living with disabilities who frequently have difficulties finding affordable housing tailored to their needs.

**Public Housing (+\$1B):** Provide \$1B in increased funding for the Public Housing Capital Fund to increase the FY01 budget request from \$2.955B to \$3.955B. Based on a national sample, the current modernization backlog is \$20B and growing approximately \$2B per year. These funds may be used to support the following activities: develop, finance, or modernize public housing; reducing vacancies; deferred maintenance; planned code compliance; management improvements; demolition and replacement; resident relocation; home ownership; capital expenditures for security and safety, and other specified activities.

**Preserve Affordable Housing (+\$500M):** Fund \$500M for preservation grants for non-profit and tenant ownership with local matching funds.

**Fund New Affordable Housing Projects (\$2B):** Fund \$2B for new grants for a production program for permanently affordable housing (Senator Kerry bill).

**The Hunger Relief Act (+\$651):** The President has included a portion of this legislation in his budget submission including permitting states to count vehicle value using TANF rules and restores food stamp eligibility to some legal immigrants: people who were in the U.S. by August 22, 1996, would be eligible once they turn 65, and adult legal immigrants who were in the U.S. before August 22, 1996 who are currently living with eligible children. Beyond this, the Caucus would include other Hunger Relief Act provisions:

Fully restore food stamp eligibility for all legal immigrants and conduct comprehensive food stamp outreach along the lines of the FORK Act proposals (the President has included \$10M for outreach, but hasn’t specifically targeted to the FORK Act proposals).

Allow low-income people who spend more than 50 percent of their income on housing to receive food stamp benefits at a level that more accurately reflects their needs by increasing the excess shelter cap and then indexing it to inflation.

**Increase the authorization for TEFAP to \$120M**

**Total:** Clinton's budget includes roughly \$1.85B in Hunger Relief Act provisions while the entire bill costs \$2.5B. Therefore the Caucus proposal would cost an additional \$651M.

**Child Care (+\$2B):** The President has proposed increasing the CCDBG by \$817M for a total of \$2B in FY01. The Caucus supports increasing the CCDBG by \$2B for a total of \$4B.

## Function 700: Veterans' Benefits and Services

Function 700 includes the programs under the Department of Veterans Affairs (VA), such as veterans compensation and pensions, education and rehabilitation benefits, medical care, and housing programs.

**Medical Research (+\$65M):** The Administration proposes to freeze VA medical research funding. Given inflation and required salary increases, flat funding is like a 10 percent cut. In the interests of maintaining a strong medical and research program, the Caucus supports an additional appropriation of \$65M, as recommended in the Independent Budget (IB) proposal developed by dozens of veterans advocacy organizations.

**Veterans' health care (+\$540M):** The Administration has called for an increase in veterans' health care funding of \$1.36B (If you include the MCCF receipts, which result from VA billing private insurers for some care, the total Administration request is \$20.9B). The IB recommends a minimum \$1.9 billion increase, all through appropriations (i.e. without counting MCCF receipts). The Caucus supports this increase and recommends increasing the account by \$540M.

**State Veterans Home Construction Grant program (+\$80M):** The Caucus is concerned about the Administration's proposed \$30M reduction in this program from FY00 enacted levels. This is particularly disturbing in light of the passage of the Millennium Health Care Act last year, which requires the VA to fund a list of long-pending projects and to revise the priorities for the awarding of new grants. This cut back would defer for yet another year up to \$17M in Congressionally approved projects, and another \$70M in applications submitted by states which have already appropriated their 35 percent share of the funding. In order to help alleviate the backlog, the Caucus supports increasing this account by \$80M for a total of \$140M.

**Montgomery G.I. Bill (MGIB) and other Education Assistance programs (+\$125M):** The MGIB basic benefit has eroded. According to the College Board, in academic year 1998-99, the MGIB covered only 54 percent of tuition and expenses for a commuter student at a four year public college. Further, the VA Committee has noted that Survivors' and Dependents' Educational Assistance benefits have also not kept pace with college costs. Current benefits only cover 49 percent of the cost of a four year public school. Therefore, the Caucus supports providing \$125M in both 2001 and 2002 to fund a basic benefit increase and other improvements.

**Repeal rounding down COLA compensation (+\$16M in FY01):** The Administration has proposed making the rounding down of veterans' COLAs permanent. The Caucus proposes repealing this decision. We should not be balancing the budget on the backs of our veterans. This would cost \$100M over 5 years.

**Atomic Veterans Compensation (+\$17M in FY01):** The Senate passed legislation twice last year to provide presumptive VA disability benefits for atomic veterans who contract lung, colon, and brain cancers. A Wellstone amendment to the Defense Authorization Bill adding these conditions to the VA presumptive-list of radiogenic diseases was dropped in Conference. Scientists believe there is strong evidence for a link between the three cancers and exposure to low-level ionizing radiation. The VA has opposed adding these conditions even though the VA's own Undersecretary for Health in 1998 strongly supported adding these and seven other radiogenic diseases to its list of presumptively service-connected diseases. The Caucus supports adding three cancers to the list of presumptive ailments eligible for VA disability benefits.

**Elimination of the requirement that veterans' military retired pay be offset by an amount equal to their VA disability compensation (+\$840M)(H.R. 1764):** This legislation provides limited authority for concurrent receipt of military retired pay and veterans' disability compensation in the case of certain disabled military retirees who are over the age of 65.

**Increase funding for the Intensive Psychiatric Community Care program (+8M):** This program provides mental health and substance abuse services to dual diagnosis veterans, including homeless veterans.



**VA Long-term care (+250M):** This will fully fund the House version of the Millennium Health Care bill for FY01.

## **Function 750: Administration of Justice**

The Administration of Justice function consists of federal law enforcement programs, litigation, judicial activities, correctional operations, and state and local justice assistance.

**Fair Housing Enforcement (+\$50M):** Provide \$50M in increased funding for Fair Housing Enforcement to increase the FY01 budget request from \$50M to \$100M. These funds would be equally distributed between FHIP and FHAP programs. This significant increase would be effectively utilized by the local government and private non-profit fair housing organizations for both housing industry and consumer education as well as enforcement activities. For example, although HUD funded fair housing organizations investigate and address 20,000 complaints each year, HUD estimates that more than 2M Americans annually suffer instances of housing discrimination, thus violating their rights.

**Edward Byrne Memorial State and Local Law Enforcement Assistance program (+\$36M):** This program provides grants to local public and private agencies, institutions and organizations or individuals to fund new or continuing demonstration programs that focus on crime-related areas, including juvenile crime prevention.

## **PROGRAM REDUCTIONS OR ELIMINATIONS**

### Function 050: National Defense

Function 050 includes funding for the Department of Defense, nuclear weapons-related work of the Department of Energy, and the defense activities in various other agencies such as the Coast Guard and the Federal Bureau of Investigations. Savings listed in parentheses are for FY01. Unless otherwise noted, estimates are courtesy of CBO.

**Cancel production of the Air Force's F-22 Fighter (BA -\$3.06B, O -\$655M)**

**Cancel the Army's Crusader artillery program (BA -\$201M, O -\$117M)**

**Discontinue production of Trident D5 missiles after 2000 (BA -\$670M, O -\$240M)**

**Cancel the Army's Abrams tank upgrade program (BA -\$525M, O -\$85M)**

**Cancel the Army's Comanche helicopter program (BA -\$42M, O -\$71M)**

**Reduce nuclear delivery systems within overall limits of START II (BA -\$670M, O -\$240M)**

**Eliminate two Army National Guard Combat Divisions (BA -\$247M, O -\$218M)**

**Reduce procurement of the Virginia Class new attack submarine (BA 0, O 0)**

**Reduce the number of aircraft carriers to 10 and air wings to 9 (BA -\$4.4B, O -\$850M)**

**Use Marine Corps squadron to fill out Navy air wings (BA -\$129M, O -\$103M)**

**Defer purchases of the Marine Corps' V-22 Osprey during the 2004-09 period (BA 0, O 0)**

**Create common NATO airlift and cut U.S. C-17 costs (BA 0, O 0)**

**Cut requirements for pilots in non-flying positions (BA -\$145M, O -\$115M)**

**Have DOD and VA purchase prescription drugs jointly (BA -\$26M, O -\$21M)**

**Close and realign additional military bases (BA 0, O 0)**

**Eliminate the Selective Service System, maintaining it only in deep standby status as it was from 1976-1980 (BA -\$4M, O -\$3M)**

**Reduce total force from 2.3 million to 2 million = 1.2 million active, 0.8 million reservists (BA -\$2.3B [1.4 in Mil.Pers., 1.0 in O&M], courtesy of CRS)**

**Defer procurement of C-130 tactical airlift planes by postponing additional procurement until after 2005 (BA -\$208M, O -\$37M)**

**Eliminate the President's proposed increase in funding for National Missile Defense (NMD) (BA -\$200M, O -\$210M)**

**Decrease the intelligence budget by five percent (the overall intelligence budget number is classified, but based on the one time it was made public a few years ago, the budget is approximately \$28B. Therefore, cutting it 5 percent would yield savings of \$1.4B)**

## **Function 150: International Affairs**

This function includes funding for operation of U.S. embassies and consulates throughout the world, military assistance to allies, aid to developing nations, economic assistance to fledgling democracies, promotion of U.S. exports abroad, U.S. payments to international organizations, and peacekeeping efforts.

**Eliminate the Export-Import Bank, Overseas Private Investment Corporation, and the Trade and Development Agency (BA -\$829M, O -\$158M)**

## **Function 250: General Science, Space, and Technology**

This function includes funding for NASA, NSF, and the general sciences programs within the Department of Energy

**Cancellation of the International Space Station program (BA -\$1.3B, O -\$913M)**

## **Function 270: Energy**

Function 270 includes energy-related programs including research and development, environmental clean-up, and rural utility loans. Most programs are within DOE, though the rural utility loans are through USDA.

**Eliminate the Nuclear Energy Research Initiative (BA -\$22M, O -\$22M)**

**Eliminate the Nuclear Energy Plant Optimization program (BA - \$5M, O -\$5M)**

**Eliminate support for diesel engine research for cars and light trucks (BA - \$49M, O -\$49M)**

**Eliminate the National Ignition Facility (BA -\$74M, O -\$48M)**

**Eliminate the Tokamak Fusion Reactors (BA -\$39M, O - \$20M)**

**Nuclear Waste Fund fee adjustment - index the fee paid by nuclear utilities to inflation (BA - \$11M, O -\$11M)**

**Eliminate funding for the MOX (mixed oxide) program (BA -\$15M, O -\$10M)**

**Close the Savannah River Reprocessing site as originally scheduled in 2002 (?)**

## **Function 300: Natural Resources and the Environment**

This function includes programs in a variety of federal agencies concerned with the development and management of the nation's land, water, and mineral resources; recreation and wildlife areas; and environmental protection and enhancement.

**Reauthorize holding fees and charge royalties for hardrock mining on federal lands (\$36M)**

**Eliminate the Animas La Plata water project (BA -\$2M, O -\$1M)**

**Allow the Department of the Interior's Minerals and Management Service to go ahead with corrections to the oil royalty valuation (\$36M)**

## **REVENUE OPTIONS**

**Repeal section 921 of the Internal Revenue Code regarding Foreign Sales Corporations (FSCs) and treat FSCs like other foreign subsidiaries (\$1.3B)**

**Eliminate the tax deductibility of business and entertainment expenses (\$2.3B)**

**Eliminate the tax deductibility of CEO compensation that is greater than 25 times the lowest paid worker in the company (\$1.1B)**

**Eliminate the special tax treatment of capital gains and instead tax as ordinary income (\$804M)**

**Eliminate the tax deductibility of tobacco advertising, marketing, and promotion (\$209M)**

**Make foreign subnational taxes deductible rather than creditable (\$2.4B)**

**Eliminate the source rule exception for inventory sales of multinational corporations (\$1.2B)**