# Bush budget targets the poor

## Part three of five articles on Bush's 2004 budget proposal

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*This is the third in a series of articles on the social implications and political significance of the Bush administration's fiscal 2004 budget plan. Part one,* "The Bush budget: blueprint for a right-wing assault on the working class*", was posted on February 11. Part two,* "Welfare for the wealthy: the Bush tax plan*", was posted on February 12. Over the next two days, the WSWS will publish detailed analyses of the budget's implications for the federal Medicare and Medicaid health insurance programs, and its consequences for public education.*

While seeking an unprecedented $1.5 trillion in new tax cuts, largely benefiting the richest Americans, the Bush administration has used its 2004 budget plan to propose a wide array of attacks on the poorest sections of the working class, with outright cuts in some programs, tightened eligibility requirements for others, and the shifting of much of the remaining social welfare system from federal to state responsibility.

The new budget incorporates proposals for a crackdown on the poorest American families, with stepped-up enforcement of eligibility requirements for the Earned Income Tax Credit (EITC), school lunches, Medicaid and other means-tested programs, under conditions where, even without such measures, millions who are eligible for these benefits do not at present receive them.

One item in the budget plan speaks volumes about the class interests served by the Bush program. The Internal Revenue Service is to spend an additional $100 million and hire 650 more officers to go after tax cheats. The target is not millionaire fraudsters or corporations that shift their headquarters to Bermuda or the Cayman Islands to avoid paying taxes, but rather the millions of low-paid workers who collect the Earned Income Tax Credit—a tax subsidy available only to those who are working but still not making enough to live on.

Treasury officials declared that between 27 and 32 percent of EITC payments were made to ineligible recipients. Tighter enforcement of the eligibility rules would save $9.3 billion—a drop in the bucket compared to the enormous tax handouts to the wealthy, but a significant loss to millions of poorly paid working people.

Poor children receiving subsidized or free school lunches are another top target of the Bush fraud squad. Administration spokesmen said there was growing concern over "erroneous payments" for school lunch programs, with as many as a quarter of the 28 million children in the program deemed ineligible.

The new budget includes a requirement that every parent whose children receive subsidized lunches submit documentation to qualify, including welfare records and pay stubs. Currently parents report their incomes to the schools and school officials do random checks to confirm eligibility. The demand for documentation will be especially onerous because families eligible for school lunches frequently have literacy and immigration problems.

The Bush administration has announced plans that would complete the destruction of welfare begun by Clinton in the 1996 "welfare reform" law. The financial boom of the late 1990s concealed the impact of welfare reform for a time. Welfare rolls dropped sharply and even with reduced budgets, states were able to avoid benefit cuts and provide child care and other services needed by recipients seeking jobs. But the onset of recession has put hundreds of thousands of former welfare recipients on the unemployment lines, swelling the demand for what is now called Temporary Assistance to Needy Families (TANF).

The Department of Health and Human Services announced plans in December to toughen the work requirement to 40 hours a week, with no allowance for training or education, as part of legislation renewing the welfare reform law. The Congressional Budget Office estimated that to meet the new work requirements an additional $8 billion to $11 billion in new child care assistance would be needed. The new Bush budget

proposes no increase at all.

Instead, the budget would actually cut the number of children receiving subsidized child care under all federal programs, from 2.5 million to 2.3 million over the next several years. Presently only one in seven eligible children receives such assistance, and that proportion will drop further. The Bush budget also freezes the TANF block grant to the states, as well as the Child Care and Development block grant and the Social Services block grant.

One of the most cynical moments last month's State of the Union speech came when Bush announced a $450 million program for mentoring the children of prisoners—a pretense of compassion for prison inmates by a man who, as Texas governor, presided over more than 150 executions.

The budget document delivered to Congress February 3 tells the real story. Of the proposed $450 million to mentor the children of prisoners, only $50 million would be spent in fiscal 2004, up $25 million from the current year. This will be more than offset by a cut of $64 million from all other mentoring programs for poor children. For all of Bush's simulated compassion, his government will spend $39 million less for such programs overall.

In some areas, any posture of compassion was dispensed with. The Bush budget simply eliminates the Hope VI program, which has demolished 115,000 dilapidated public housing units over the past 10 years and built 60,000 new ones. Despite record levels of homelessness and a shortage of affordable housing in both urban and rural areas, administration officials claim there is no longer any need for this program.

Bush employs the political technique of the Clinton welfare reform in many other areas of social policy dealing with the poor. He offers to hand over responsibility for programs to the states, with much rhetoric about guaranteeing flexibility and rewarding innovative approaches, but with a ruthless bottom line: the states will be provided with a fixed amount of money, but when that is used up, the program comes to a halt, no matter what the social need.

The biggest single transfer of authority relates to Medicaid, the joint federal-state program that pays for health care for the poor. We will examine this question in the next part of this series. Other programs that will be shifted to the states include the subsidized housing program, known as Section 8, with a budget of $13.6 billion, and even the successful and popular early childhood program, Head Start.

In each case the formula is the same: states will be offered more control over the guidelines for these programs in return for accepting fewer federal dollars. In some cases, the deal is particularly insidious, with a small boost in funding now, offset by a long-term cap on spending that guarantees eventual phasing out of the program altogether. With states currently facing a combined budget gap of $26 billion, and a shortfall of $68 billion for the new fiscal year, many state governments may be tempted to take the money and run.

Robert Greenstein of the Center for Budget and Policy Priorities called the plan "a fundamental change in how the federal government finances health care for the low income population ... the additional flexibility would largely be the flexibility to make deeper cuts."

The administration is not only seeking to end any pretense of income redistribution or the amelioration of poverty as a goal of federal policy, it actually redefines the concept of poverty out of existence, claiming that social mobility between income brackets is so great that it is meaningless to investigate how federal policies affect different income groups.

The Economic Report of the President, released February 7 by the White House Council of Economic Advisers, claims: "The use of annual income in analyzing the distributional effects of the current tax system and proposed changes overstates the extent of inequality among taxpayers.... Annual consumption rather than annual income might be a better proxy for economic well-being."

Thus, if one family consumes a given amount by going heavily into debt, while another consumes the same amount with a healthy surplus left over for investment, the two families are to be considered equally well off, according to Bush's economic advisers. Savings and investment would no longer be considered, effectively throwing a protective shield over the enrichment of a privileged minority through the exploitation of the vast majority of the population—those who comprise the working class.