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Karen Pittman's Column

By Karen Pittman, November 2005

I thought nothing could be more sobering than the photos and stories that continue to pour forth from Hurricanes Katrina and Rita. That was before I sat through the powerful plenary session on the future of children and family policy at the recent annual conference of Grantmakers for Children, Youth and Families. Bob Greenstein, founder and director of the Center on Budget and Policy Priorities, presented charts showing diminishing funding for domestic programs for years to come. Christine Ferguson, director of the newly created Children's Investment Project (housed within America's Promise) provided rich contextual analysis. The somberness of Greenstein's message was no surprise. His nonpartisan think tank has cranked out budget and tax analyses for almost 25 years. The frankness of Ferguson's message, however, was.

The moderate Republican and 25-year public policy veteran — who worked for the late Sen. John Chafee of Rhode Island, ran that state's human services department and served as public health commissioner in Massachusetts — spoke from her heart to reinforce Greenstein's warnings with her own: Some disasters are preventable. We have to invest in prevention. We have to do it now. Ultimately, Greenstein and Ferguson said the same thing: We have trimmed the budget to the point of real danger. We have cut basic and preventive services to the point that we risk doing long-term damage to our country's ability to bounce back from disaster or to seize opportunities for progress because of the steady erosion in our human capital base. The estimated federal price tag on the full response to Katrina is about \$240 billion with interest. There is no doubt that we must find some level of funding for this task. Most citizens believe this is one of the fundamental reasons we have a federal government: to share the burden across states at times when disaster strikes, be it earthquakes, floods, storms, droughts or terrorism. The question is where to find the money in a budget already stretched thin. Defense? No. Social Security? Already in deep trouble. Medicare? No. Medicaid? Perhaps. Domestic programs? Hmm... The hodgepodge mix of hundreds of federal programs, each with its own committed advocates, makes this relatively small part of the budget an easy target. No doubt, there will be a few winners in the next round of budget battles. A few new programs or a few old favorites will be saved at the last minute to great applause, just as the 21st Century Learning Centers program was last year after being zeroed out in early drafts of the president's proposed budget. Nevertheless, dozens of other programs were cut last year. And that was before Katrina. What about taxes? Specifically, what about the recently activated tax cuts? Repealing the cuts that went into effect in 2003 or, more conservatively, reconsidering those about to be activated, isn't the same as raising taxes. If belt-tightening needs to happen across the board, those whose belts have just been loosened should not be spared. Consider a few facts, courtesy of Greenstein:

- The cost of the tax cuts over the next five years, with interest, is estimated to be \$2.43 trillion, ten times the cost of Katrina.
- The annual cost of the tax cuts is more than four times that of the entire federal education budget.
- The Congressional Budget Office believes that the tax cuts made by the federal government in recent years "will probably have a net negative effect on saving, investment, and capital accumulation over the next ten years."

- Federal revenues over the past few years have run at 15 percent to 16 percent of the gross domestic product (GDP), lower than any year since 1975. At this rate — and given the likelihood that Medicaid, Medicare, Social Security, defense spending and interest on the debt will continue to take up larger portions of the budget — the total in federal funds available for discretionary programs will be cut in half by 2015 and completely eliminated by about 2022.

Slowly but surely over recent years, thanks to all of our efforts, the wisdom of shifting federal and state program dollars upstream — from punishment and deep-end treatment to prevention, preparation and participation — was settling in. All of this work, however, was based on the availability of discretionary money. What happens if there isn't any? I haven't quite figured out what it means to be a player in the tax and budget policy game as opposed to the children, youth and families supports game. Like many, I have been more of a commentator than a front-line advocate. But if there was ever a need for a centrist-oriented group like the Children's Investment Project headed by Ferguson, it is now. It is time for the moderate middle of both parties to reclaim the debate. We found ways to tackle deficits under President Clinton and the first President Bush that didn't eliminate safety nets and cripple preventive investments.

Once again, we need to find our way back to the middle ground.

Read More:

The Nation's Fiscal Challenges — and Their Implications for Children and Families. Robert Greenstein, Center on Budget and Policy Priorities; September 2005. Retrieved October 31, 2005, from www.gcyf.org/Annual/Year%202005/Greenstein%20-%20Tuesday%20plenary.ppt.

Investing in Youth Poll. EDK Associates Inc., with input from the Forum for Youth Investment; 2005. Retrieved October 31, 2005, from www.forumfyi.org/Files/EDKPoll.pdf.

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