

**Cutting Off Connecticut:
The Upcoming Republican Budget and its
Potential Impact on Connecticut**



Prepared by the
Office of Congressman Chris Murphy
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The United States is facing a critical moment in our history. The economy is very slowly recovering from the worst economic downturn since the Great Depression, and far too many Connecticut residents are looking for a job or having difficulty paying their bills. Some of the core functions of government are to keep the streets safe, provide quality education to our youth, and ensure a safety net for those who are struggling. Despite these responsibilities, **the new Republican majority in the House of Representatives wants to cut federal programs that are critically important to hard working Americans by potentially taking us back to the funding levels of Fiscal Year 2006 or 2008.** This report outlines what the impact could be in Connecticut.

Study Highlights

- **Home heating assistance.** The Republican plans could cut funding for the Low Income Home Energy Assistance program to Connecticut by as much as 39%, potentially resulting in more than 27,000 households going without heating assistance.
- **Education support for kids with disabilities.** Funding for special education through the Individuals with Disabilities Education Act could be cut by 8% - the amount needed to provide services to more than 8,000 special needs students in Connecticut.
- **Direct assistance to towns for schools.** If the Republican plans are successful, Connecticut could lose more than 13% of their Title I education funding, potentially cutting extra academic support for more than 15,000 Connecticut students.
- **Higher education grants.** The maximum amount for federal Pell grants, which provide low-income students with needed funding for college, could be cut by as much as 27%, or \$1,500, down from \$5,550 to \$4,050. With the cost of college tuition on rise, this could mean that fewer Connecticut students will be able further their education.
- **Community programming support.** A potential 10% cut to Community Services Block Grant funding could mean the elimination of summer youth development activities, or fewer senior center lunches for those in need, or reduced access to preschool and school readiness programs.
- **Early childhood education.** Potential funding cuts to early childhood education could impact the 30 Head Start centers in Connecticut serving over 8,000 kids.
- **Affordable housing grants.** Connecticut could see a 36% cut to affordable housing and hurt the state's ability to provide affordable housing in our current recession.
- **Crime fighting funding.** Funding for criminal justice programs under the Justice Assistance Grant program could be cut by as much as 66%, hindering local police departments.

Introduction

While the Bush Administration, and the Republicans in control of Congress at the time, spent trillions on wars abroad with no concrete plan to end our commitments of troops and resources, we still had a commitment to fund domestic priorities. But back then, money went out the Treasury

door with no offset in the federal budget. The record surpluses of the Clinton years were quickly turned into record deficits.

When Democrats took control of Congress, we began to restore fiscal order in Washington, by enacting pay-as-you-go standards that mandated that new spending be offset in the overall budget.

The new Republican majority has chosen to ignore their own spending history, and now want to cut only non-defense spending while providing tax breaks for the wealthy, which will have devastating results for the nation and for Connecticut. While it is clear that the Republicans plan on gutting many key federal programs, the final number is still fluid with several competing Republican plans being proposed by the day. For example, the new Budget Committee Chairman Paul Ryan recently announced that he will be looking to reduce federal non-defense discretionary spending to Fiscal Year (FY) 2008 levels, which means billions in cuts - \$74 billion below the FY2011 budget request by the Obama Administration, and \$32 billion below the current funding level.

Another plan being pushed by the conservative Republican Study Committee is even more destructive for Connecticut families. This group wants to cut \$100 billion this fiscal year, and then limit federal spending for the next 10 years to the FY2006 level. A recent study found that if these proposals are enacted, 1 million Americans may lose their jobs, including 4,000 FBI agents, 70,000 teachers and school aides, and 161,600 small business workers.

With our nation facing large budget deficits, it is clear that we have tough choices to make into the future. I support a 1% cut in the budget including our defense programs, which makes up 20% of the federal budget. But the Republicans are going too far by trying to balance the budget on the backs of the middle class and low-income Americans. Additionally, by only targeting non-security discretionary spending the Republicans will fail to make a serious dent in the federal deficit and do not even touch wasteful defense spending such as the alternate engine to the F-35 Joint Strike Fighter, which could cost nearly \$3 billion to complete.

While the budget process is just beginning in Washington and final numbers aren't available yet, this report uses historical data to determine the potential impact these proposed cuts would have on the State of Connecticut.

How Connecticut Fares by the Numbers

(funding levels in millions)

Program	2010	2008	2006	2010 vs. 2008 Percent Cut	2010 vs. 2006 Percent Cut
Low Income Heating Assistance (LIHEAP)	\$107.8	\$65.6	\$65.0	-39%	-39%
Special education funding (IDEA)	\$143.7	\$139.7	\$131.8	-3%	-8%
Criminal Justice (JAG)	\$3.2	\$1.1	\$2.2	-66%	-31%
CSBG	\$8.4	\$7.8	\$7.6	-7%	-10%
Affordable Housing (HOME)	\$21.1	\$18.9	\$13.4	-10%	-36%
Head Start	\$53.7	\$52	\$51.3	-4%	-3%
Education (Title I)	\$114.8	\$115.5	\$100.4	1%	-13%
Pell Grants (maximum total award)	\$5,550	\$4,731	\$4,050	-14%	-27%

Keeping Connecticut Families Warm

The Low Income Home Energy Assistance Program

This winter in Connecticut has been incredibly harsh. Home heating assistance dollars are literally keeping people alive, and charities like Operation Fuel and others are filling in the gaps when federal funds are exhausted.

The Low Income Home Energy Assistance Program (LIHEAP) is a block grant program administered by the Department of Health and Human Services (HHS) under which the federal government gives annual grants to states to operate multi-component home energy assistance programs for needy households. To qualify, a household's income must fall under 150% of the federal poverty line, or under 200% of the poverty line for seniors and the disabled. Nationally, this funding helps approximately 5.5 million households. In Connecticut this year, this funding will help an estimated 118,000 residents get through the cold New England winter.

States may use LIHEAP funds to help households pay for heating and cooling costs, for crisis assistance, and weatherization improvements. According to the most recent data available from HHS, the bulk of the funding goes to pay for heating assistance, followed by crisis assistance.

In FY2009 and FY2010, Congress fulfilled its obligation to those who need this crucial assistance, providing \$5.1 billion each year (the maximum allowed by law), nearly double what it was in FY2008. Federal funding for Connecticut was \$65.6 million in 2008, and leapt to \$107.8 million in 2010.

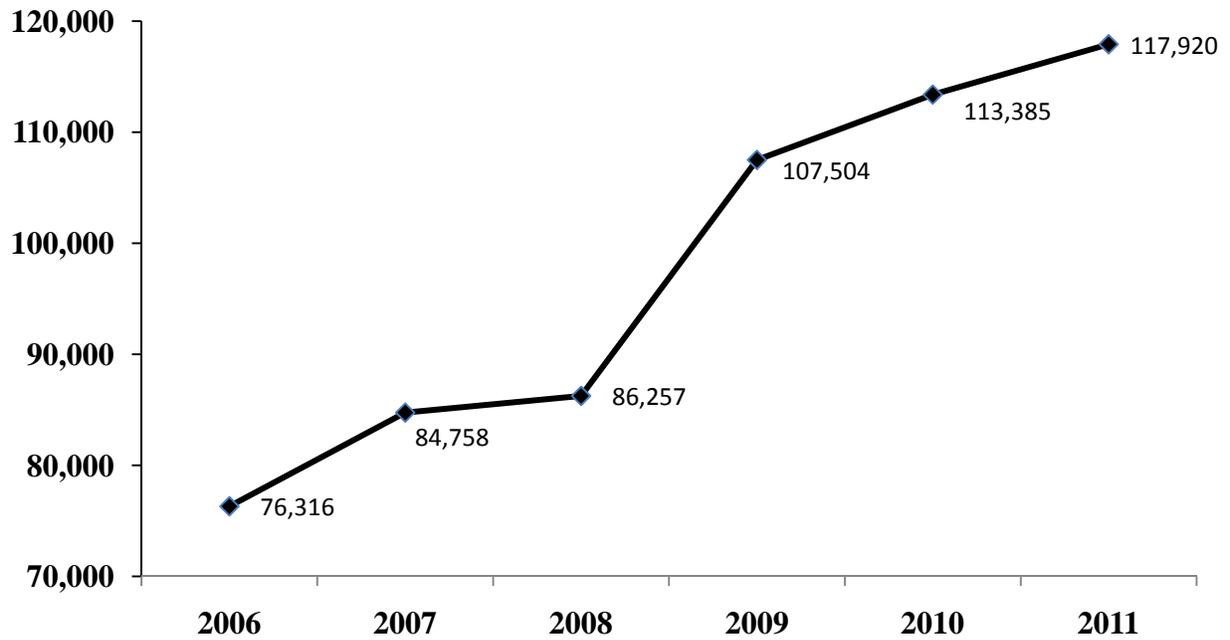
The potential impact of Republican budget cuts in Connecticut is clear – if they succeed in going back to FY08 levels, **Connecticut could face a cut of over \$42 million in LIHEAP funding (a 39% cut)**. The state served 113,385 households in FY10 but only 86,257 households in FY08 (a 31% increase), **so cuts in Washington could result in more than 27,000 households going without heating assistance.**

The average LIHEAP benefit could decrease by \$125, or 16%, per household – it was \$862 in FY10 and only \$737 in FY08.

There are an estimated 460,000 LIHEAP-eligible households in Connecticut – and the program will only be able to serve an estimated 118,000 households this winter.

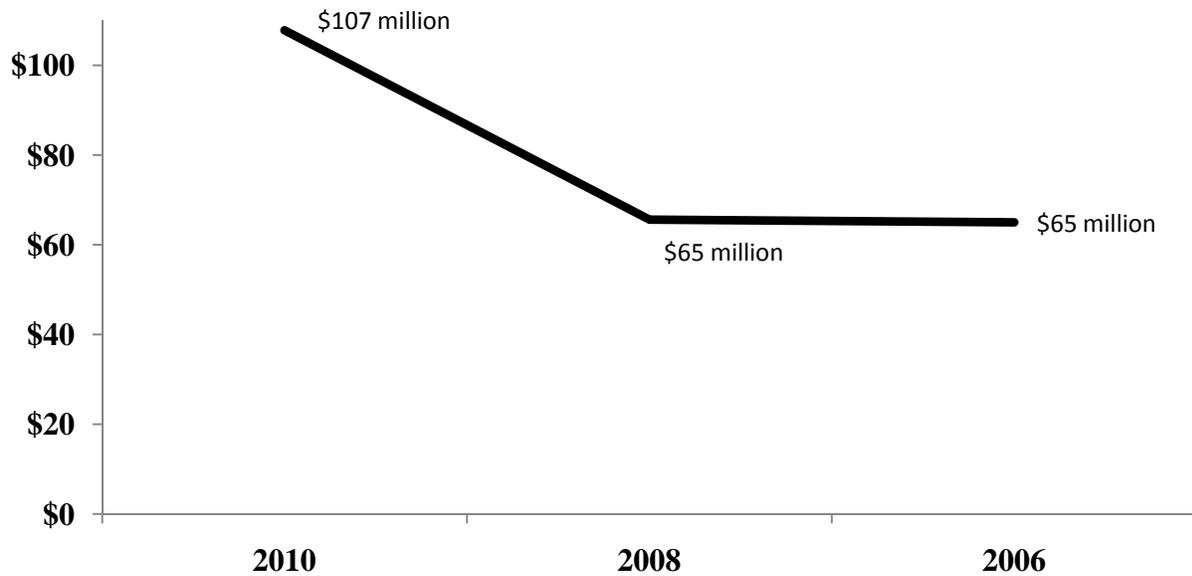
Average Connecticut home heating oil prices are already 28% higher than they were at this time last year – and yet Republicans could cut assistance in half.

More Connecticut Families Qualifying for Heating Assistance



Less Heating Assistance Funding Would be Available under Republican Plans

(in millions)



Fulfilling our Commitment to Educating Kids with Disabilities

The Individuals with Disabilities Education Act

The Individuals with Disabilities Education Act (IDEA) is the major federal funding source for the education of children with disabilities. States accepting IDEA funds must provide a free, appropriate public education for all children with disabilities and ensure that each child has an individualized program so that the student receives an education that best suits his or her needs in the least restrictive environment.

According to the National Education Association (NEA), if cuts the Republicans have proposed were enacted it would mean a loss of \$1.56 billion within the IDEA state grants. Congress would be shirking its responsibility to help states and municipalities educate students with disabilities – reducing our commitment to cover 40 percent of this cost to just 15 percent.

On the state level, Connecticut could face a reduction of up to 8 percent from \$144 million in FY2010 to \$132 million in FY2006.

According to the Connecticut State Department of Education, 70% of local school districts' IDEA funds are for personnel including special education teachers, paraprofessionals, school psychologists, school social workers, occupational therapists, physical therapists and speech and language pathologists. The Department reports that if IDEA funds are rolled back to FY2008 levels, then local school districts in Connecticut will have their budgets reduced by \$3.5 million, translating into a reduction of approximately 55 full-time equivalent positions. Additionally, reverting back to FY2006 levels could mean a cut of \$9.6 million for the state's local school districts, resulting in potentially 200 fewer full-time positions.

Importantly, the services that IDEA funds support are required by law to be provided to students with special needs. This means that a reduction in IDEA funds cannot result in the reduction of services to these children. Instead, the NEA has determined that cuts to grants to states under IDEA (Part B) to FY2008 levels alone would mean that **the cost to educate 8,316 special needs students in Connecticut would be shifted to the state and local school districts.**

Below is a snapshot provided by the Connecticut State Department of Education showing the cuts districts across the state would face if IDEA Part B funding was brought back down to FY2006 levels:

- Waterbury: \$395,506
- New Britain: \$219,404
- Danbury: \$172,462
- Hartford: \$511,310
- Bridgeport: \$391,562
- New Haven: \$413,327

Helping States and Municipalities Fund School Districts

The Elementary and Secondary Education Act

The primary source of federal aid to K-12 education is the Elementary and Secondary Education Act (ESEA), particularly its Title I, Part A program of Education for the Disadvantaged. The program provides federal financial assistance to school districts and schools with a large proportion of poor and low-achieving children so that they have every chance to succeed.

Already acutely underfunded below levels set by the No Child Left Behind Act, the total level for Title I –A grants was \$14.4 billion in FY2010. In FY2008, there was \$13.9 billion allocated nationwide, and in FY2006, \$12.7 billion.

These funds are particularly vital to Connecticut, a state fighting to close the largest achievement gap in the country. Yet, if the Republican plans are successful, Connecticut could lose more than \$14 million or 13% of its Title I funding, straining already stretched state and local education budgets and putting kid's futures in jeopardy.

As the neediest and poorest schools and school districts get the most Title I funding, they will also be hit hardest by any potential cuts. **For example, according to the Connecticut State Department of Education we could see the following cuts if Title I funding went back to FY2006 levels:**

- Waterbury: \$1,338,342
- New Britain: \$734,553
- Danbury: \$216,071
- Hartford: \$2,254,124
- Bridgeport: \$1,550,311
- New Haven: \$1,469,166

Especially in these hard economic times, it is unlikely that schools and districts will be able to supplement these funds with state or local dollars. In fact, the NEA estimates that extra academic support could be reduced or eliminated for 15,860 Connecticut students.

Importantly, these potential cuts would come despite results of studies such as the 2009 Program for International Student Assessment (PISA) that show that the U.S. is falling behind in providing our youth with a quality education. If the Republicans go forward with these cuts it will show that they are clearly disinterested in developing a globally competitive and innovative workforce.

Paying for College

Pell Grants

A college degree is becoming increasingly necessary in our economy. The federal Pell Grant Program provides need-based grants to low-income undergraduate students to promote access to higher education. Grant amounts are dependent on a number of factors, including the student's

expected family contribution, the tuition for the institute of higher education, and whether the student is full-time.

Recognizing the importance of Pell Grants to our nation's long-term success, the maximum grant award grew by \$1,500 to \$5,550 (a 37% increase) during the Democratic control of Congress between 2007 and 2010.

The federal Pell Grant program is estimated to provide over \$32 billion in aid to approximately 8.3 million undergraduate students in academic year 2010-2011. Yet the Republicans want to turn back the clock two years when only 5.6 million students received an award, and the maximum Pell Grant award was \$4,731 – 14% less. Even more disturbing is the prospect of the potential to revert to 2006 when the maximum award was \$4,050. **For Connecticut students, this could mean a 27% cut to their Pell grant, from \$5,550 to \$4,050.**

With the cost of tuition on the rise, and too many families out of work or underemployed, a college degree will become unattainable for more and more Connecticut residents. America needs a well-educated workforce to meet the challenges of a 21st century globalized economy. Cutting student aid is not the way to do it.

Eradicating Poverty in Connecticut Cities and Towns

Community Services Block Grant

The Community Services Block Grant (CSBG) provides funds to alleviate the causes and conditions of poverty in communities. Targeted toward low-income individuals and at-risk youth, CSBG funds are required to be used to provide services and activities addressing employment, education, better use of available income, housing, nutrition, emergency services and/or health.

Importantly, CSBG funds are often leveraged to encourage the state, foundations, corporations and individual funders to support programs that successfully provide jobs, educate children, care for our elderly and house our homeless and disabled, as well as invest in new programs that show the promise of even greater results, such as asset development and financial literacy education.

Nationally, CSBG was funded at \$700 million in FY2010 and Connecticut received \$8.4 million. Under the Republican plans, Connecticut could lose up to \$840,000, or 10%, to provide baseline services to the state's neediest people. These cuts would come at a time when Connecticut's poverty rate is 23% and nearly 4,000 people use emergency shelters across the state each day. Additionally, nearly 10% of Connecticut residents are unemployed. In the past year, Connecticut has also experienced a 12% increase in the number of the uninsured. If these cuts were realized, fewer of Connecticut's neediest people would be able to access services and these statistics would certainly get worse.

In real terms, according to the Connecticut Association for Community Action, the Republican-proposed cuts could mean the elimination of summer youth development or after school programs for needy kids, fewer senior center lunches for those in need, reduced access to preschool or school readiness programs. A myriad of jobs would be cut and our most vulnerable populations would be left out in the cold.

Putting Kids on the Path to Educational Success

The Head Start Program

Head Start is a federal program that has provided comprehensive early childhood development services to low-income children since 1965. Preschool-aged children are exposed to activities to aid their development, education, health, nutrition, and social skills, and are intended to prepare low-income children to enter kindergarten. The program is administered by HHS, and the funds are provided directly to local grantees, rather than through states.

Access to affordable quality early childhood development is critical. Center-based child care for one child costs between \$3,000 and \$13,000 per year, and child care is often a top budget item for a family. This financial obstacle creates a huge disparity, as studies show that four-year-olds living below the poverty line are already 18 months behind their peers.

However, Head Start programs already routinely turn away eligible families because they just don't have the funding to meet the growing demand. Yet, under the Republican plan, nationally Head Start would be cut from \$7.2 billion to \$6.7 billion in annual funding.

In Connecticut, the funding could be cut by as much as \$2.4 million, or 4%. With over 30 Head Start centers in Connecticut serving over 8,000 kids, the Republican plan would likely widen the state's dismal achievement gap and cause hardworking childcare providers to lose their jobs.

Head Start programs in Connecticut and across the nation are perpetually forced to cap enrollment and close their doors to eligible children due to a lack of funds. For example, in 2010 Danbury's Head Start program had a waitlist of 181 eligible kids, while the Community Renewal Team's Head Start program in Hartford and the Thames Valley Council for Community Action Head Start program in Norwich had waitlists of 135 and 120 children, respectively. Yet the Republicans think cutting funding for a program that reduces long-term costs – such as by preventing children from needing special education services in the future – is a smart idea.

Providing affordable housing options in Connecticut

The HOME Investment Partnership

HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. These resources are often used in partnership with local nonprofit groups to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership. Funds are also used to provide direct rental assistance to low-income people.

The Department of Housing and Urban Development (HUD) establishes HOME Investment Trust Funds for each grantee, providing a line of credit that the jurisdiction may draw upon as needed.

The program's flexibility allows states and local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancement, rental assistance, or security deposits.

According to Connecticut's Partnership for Strong Communities, wages in Connecticut have not kept pace with the rise in median home price. The state's median household income cannot afford a median priced home in 94 of Connecticut's 169 municipalities. Additionally, one must earn \$23 per hour in Connecticut to afford a typical 2-bedroom apartment, which is beyond the wage earned by for 337 of the 683 occupations tracked by the CT Department of Labor.

Yet Republicans in the House plan to cut the program by \$50 million, from \$1.82 billion down to \$1.7 billion. **This reduction could translate into a 36% cut in Connecticut and hurt the state's ability to provide affordable housing in our current recession.**

According to the Connecticut Department of Economic and Community Development's 2010-11 Action Plan for Housing and Community Development, the state plans to use HOME funds produce up to 125 units of new multifamily housing in areas of need each year over the next five years. Yet, a cut back to FY2006 levels could mean that at least 45 fewer units would be constructed per year for Connecticut families.

Such a cut to the HOME Investment Partnership and other affordable housing programs such as Section 8 vouchers, could mean more and more people in Connecticut become homeless. In Connecticut alone, there are already over 33,000 people who experience homelessness each year, including 13,000 children. Homelessness is associated with many long-term negative effects on families that draw on already limited resources. The lack of stability can cause one to miss too much work and get fired, or cause a child's educational performance to plummet and require special education. Moreover, pre-existing physical and mental health problems often become exacerbated by living in the streets, causing expensive visits to emergency rooms.

Republicans don't understand that cutting this funding will only increase our deficit over time. Just a small investment in affordable housing helps low-income families stay afloat, especially in these tough economic times.

Assisting State and Local Law Enforcement

The Justice Assistance Grant

The Justice Assistance Grant (JAG) program, administered by the Bureau of Justice Assistance is the leading source of federal justice funding to state and local jurisdictions. The JAG Program provides state and local governments with critical funding necessary to support a range of program areas including law enforcement, prosecution and court systems, prevention and education, corrections, drug treatment and enforcement, planning, evaluation, technology improvement, and crime victim and witness initiatives. In short, JAG grants work to keep our streets and communities safe.

Each state receives a minimum base allocation that is augmented based on need, which is determined through a formula. The JAG formula takes into account (1) the state's share of the national population and (2) the state's share of the country's violent crime statistics as determined

by the FBI. Once the state funding is calculated, 60 percent of the allocation is awarded to the state and 40 percent is directly allocated to local government.

Nationwide, funding for JAG programs was \$519 million in FY2010, a significant increase from the \$170.4 million FY2008 funding level. **But Republicans in the House plans could cut Connecticut's piece of the pie by 66%, from \$3.2 million down to its FY2008 allocation of \$1.1 million.** Yet in reality, such a move would mean fewer cops on the beat, and the end of public safety efforts ranging from drug enforcement, to juvenile risk reduction centers, to identity theft assistance for seniors and students. Additionally, it could mean vital efforts to upgrade law enforcement communication systems would be truncated even though tragic events like the September 11th terrorists attacks highlighted the extent to which our emergency response systems are disconnected and outdated.

Methodology

Rep. Chris Murphy's office worked with the Connecticut Office of Policy and Management and the Congressional Research Service and to compile how much funding was provided for each program nationally and for the State of Connecticut. Using this historical data, we assumed that each program would be similarly funded. However, until the federal spending bills are finalized, it is difficult to tell the exact impact for Connecticut for each program.

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