

LCAO calls upon House to reject budget process bill

May 19, 2004

Dear Representative:

The undersigned members of the Leadership Council of Aging Organizations (LCAO) are writing to express our concerns on legislation that will make major changes in the budget process. We are following up on our letter of March 22, 2004 that expressed opposition to both the committee-reported House Budget Resolution and the Spending Control Act of 2004 (H.R. 3973).

H.R.3973, as reported out of the Budget Committee, would apply pay-as-you-go (PAYGO) rules only to entitlements, exempting the tax cuts in the FY05 Budget Resolution, as well as any future tax cuts, from having to be offset. H.R. 3973 would also require binding caps on discretionary programs for the next five years, with the cap for each year to be set according to levels contained in the Budget Resolution as agreed to by the House and Senate in conference. The House FY05 Resolution cuts \$113 billion, which will affect most domestic discretionary programs outside of homeland security, including veterans' health care, medical research and housing programs. These cuts are unacceptable. Further, it is offensive that such cuts would be made while tax cuts to the upper income would continue; this is hardly the "shared sacrifice" approach taken by the Congress when it imposed the discretionary spending caps in 1990 and 1993.

It has been reported that the serious flaws of H.R. 3973 could be further expanded by the Rules Committee or on the floor with proposals drawn from one or more of the following:

- The Family Budget Protection Act, H.R. 3800;
- The Deficit Control Act of 2004, H.R. 3925; and/or
- A Bush Administration proposal transmitted to Congress on April 2, 2004.

Provisions in H.R. 3800 and H.R.3925 would pose additional threats to domestic discretionary programs by applying a "sub cap" to non-defense discretionary programs --allowing funds to be shifted from domestic to defense programs but not vice versa-- and by lowering the budget "baseline" for discretionary programs by setting the baseline at the previous year's level without any adjustment for inflation. Both of these concepts are unacceptable and would result in drastic reductions in essential domestic programs.

Both H.R. 3800 and H.R.3925 contain nearly identical "entitlement cap" provisions that require massive cuts in entitlements outside of Social Security, totaling \$1.8 trillion over the next ten years. Here are several examples of cuts if this \$1.8 trillion was achieved by reducing all non-Social Security entitlements equally:

- Nearly \$800 billion in Medicare;
- Nearly \$400 billion in Medicaid;
- \$53 billion in veteran's benefits.

Even if this entitlement cap proposal is not offered as part of the budget process bill, we expect that it will be included in future efforts to control the deficit. We ask that you clearly and publicly reject this concept.

Thus, we ask you to reject H.R.3973 in its current form and to reject amending it with the proposals described above.

Thank you for considering our views of these issues.

Sincerely,

AFL-CIO

Alliance for Retired Americans

AFSCME Retiree Program

American Federation of Teachers

American Association for International Aging

American Public Health Association

American Society on Aging

Association for Gerontology and Human Development
in Historically Black Colleges and Universities

Association of Jewish Aging Services of North America

B'nai B'rith International

Eldercare America

FamiliesUSA

International Union, UAW

National Academy of Elder Law Attorneys

National Association of Nutrition and Aging Services Programs

National Association of Professional Geriatric Care Managers

National Association of Retired and Senior Volunteer Program Directors

National Association of Senior Companion Project Directors

National Association of Social Workers

National Committee to Preserve Social Security and Medicare

National Council on the Aging

National Senior Citizens Law Center

Volunteers of America