



# THE PRESIDENT'S BUDGET: MORE FOR TAX CUTS AND WAR; FAILURE TO INVEST IN NORTH CAROLINA'S FUTURE

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As the economy falters, President Bush's proposed budget for Fiscal Year 2009 would ignore the needs of Americans by cutting basic services, increasing tax cuts for the wealthy and pushing military spending to historical highs. It would allow billions more for the war in Iraq at the expense of investments in North Carolina's future.

## War, Military Costs Would Escalate

- Pentagon spending would increase by \$35 billion, to \$541 billion, higher than at any time since World War II. At the same time, Federal Aid to State and Local Governments would fall by \$19.2 billion.
- The war in Iraq has already cost \$522.5 billion -- \$14.1 billion from North Carolina. The Pentagon has acknowledged that full war funding for 2009 will reach \$170 billion, of which an estimated \$139 billion will go towards Iraq.

### Cost of Iraq War to North Carolina <sup>1</sup>

- ◆ Already appropriated: \$ 14.1 billion
- ◆ Fiscal Year 08 request still pending: \$ 2.3 billion
- ◆ Fiscal Year 09 projection: \$ 3.8 billion
  
- ◆ **Total: \$ 20.2 billion**

## Public Investment and the People of North Carolina Would Suffer <sup>2</sup>

The budget would cut back over 100 federal programs to address community needs. Here's the impact of just four of those programs to North Carolina:

- \$ 18.2 million in cuts for Community Development Block Grants, which benefit 41 communities;
- \$ 5.9 million in cuts for Low-income Home Energy Assistance;
- \$ 15.8 million in cuts for Social Services Block Grants; and
- \$ 8.1 million for Section 8 Housing Choice Vouchers.

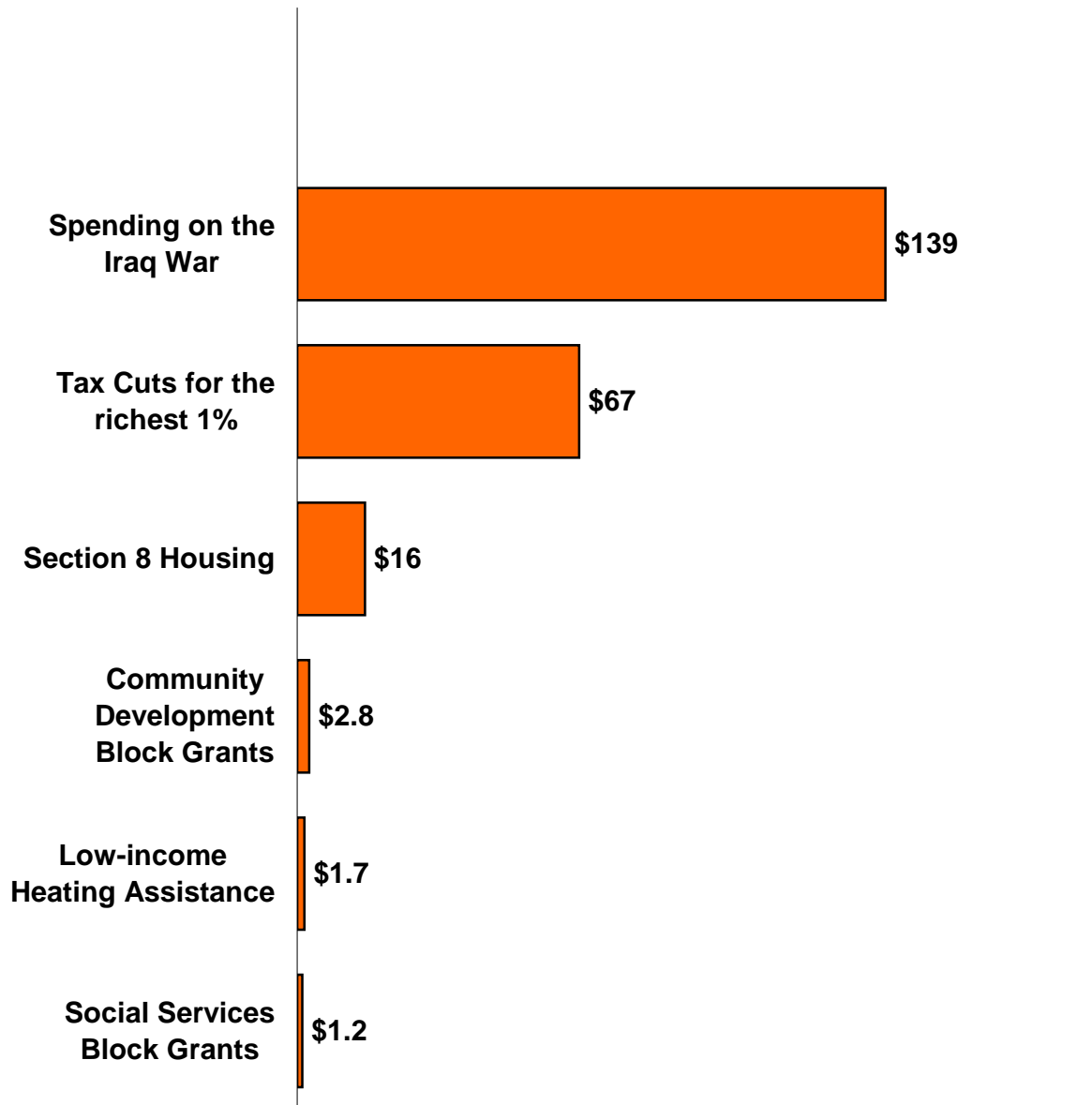
The total amount of these cuts, \$48 million, equals what U.S. taxpayers will spend on the Iraq war in 72 minutes.

## Wealthy Would Get Huge Tax Breaks

- If made permanent, the Bush tax cuts would cost \$2.4 trillion over ten years. <sup>3</sup>
- Seventy-four percent of the benefits would go to the richest one-fifth of Americans. <sup>4</sup>
- Tax cuts for the top one percent of households will average \$60,000 per year. <sup>5</sup>

# Selected Federal Spending Priorities, Proposed FY 2009 U.S. Expenditures

(in billions of dollars)<sup>6</sup>



**Notes:** <sup>1</sup>NPP's estimate of the cost of the Iraq War includes only incremental *budgetary* costs, not interest costs or future costs. The number for funds already allocated is based on NPP analysis of legislation appropriating funding for the Iraq War. Iraq War costs for the remainder of fiscal year 2008 are from an NPP analysis of the *Budget of the United States Government, Fiscal Year 2009, Supplemental Proposals*. Projected war costs for fiscal year 2009 are based on testimony by Defense Secretary Robert Gates before the Senate Armed Services Committee on February 6, 2009. NPP estimates assume the same allocation of funds to Iraq and Afghanistan as proposed in the President's Supplemental Budget for the remainder of fiscal year 2008. <sup>2</sup>State-level cuts are based on tables in the *Budget of the United States Government, Fiscal Year 2009, Analytical Perspectives*, Ch 8. Number of potential Community Development Block Grants communities are from HUD. The rate of inflation used was 2.1%, the CPI in *Analytical Perspectives*, Ch. 12. <sup>3</sup>Greenstein, Horney, and Kogan, *The Dubious Priorities of the President's FY 2009 Budget*, Center on Budget and Policy Priorities, February 4, 2008. <sup>4</sup>Ibid. <sup>5</sup>Arone-Dine, *The Skewed Benefits of the Tax Cuts*, Center on Budget and Policy Priorities, February 4, 2008. <sup>6</sup>Tax cuts for richest 1% are based on Urban Institute/Brookings Institution Tax Policy Center calendar year estimates applied to fiscal year 2009. Community Development Block Grants assist local governments with community and economic development projects that primarily benefit low- and moderate-income people. Social Services Block Grants provide states with funds for childcare and employment services, admissions or referrals for institutional care, services to prevent neglect or exploitation, and other community services.