



KATRINA AND IRAQ WAR DEMONSTRATE MISGUIDED FEDERAL PRIORITIES

HIGH COST TO NATION AND UNITED STATES

September 2005

Americans have an historic opportunity to examine federal spending priorities in the face of Hurricane Katrina's aftermath and the Iraq War.

Investment in infrastructure and disaster preparation prior to Katrina could have saved lives and money. But each year since taking office, the Administration proposed significant cuts in the Army Corps of Engineers' civil works budget. Relevant to the current crisis, the budget for the Southeast Louisiana Flood Control project has been continuously cut since 2002. Now, the economic damage across the Gulf Coast is at least \$100 billion while the level of upheaval and loss for hundreds of thousands of people defies calculation.

As this predicted catastrophe unfolds, Congress considers further divestment in our communities. The House of Representatives has already passed a \$300 million cut in the Army Corps of Engineers' civil works budget for next year. Congress also proposes to cut \$35 billion over the next five years in programs serving low-income families, thousands of whom are in more desperate need than ever.

While the demand for federal resources reaches unprecedented levels, the Iraq War

Your tax dollars. Your choices?

- ◆ Amount spent *each day* on the Iraq War: **\$220 million**
- ◆ Average federal tax break this year for millionaires: **\$103,000**
- ◆ House of Representatives cut in Army Corps of Engineers' budget next year: **\$300 million**
- ◆ House cut in low-income home energy assistance next year: **\$197 million**

Cost of Iraq War to United States:

- \$204.6 billion in taxpayer money
- 1,907 soldiers lives lost
- 14,479 soldiers wounded
- 145,097 National Guard and reserve troops activated (prior to Katrina)

drains billions in tax dollars. Congress has allocated \$205 billion so far to wage the Iraq War through fiscal year 2005. It will cost another \$70 - \$80 billion for every year thereafter if U.S. involvement and the situation in Iraq remain the same.

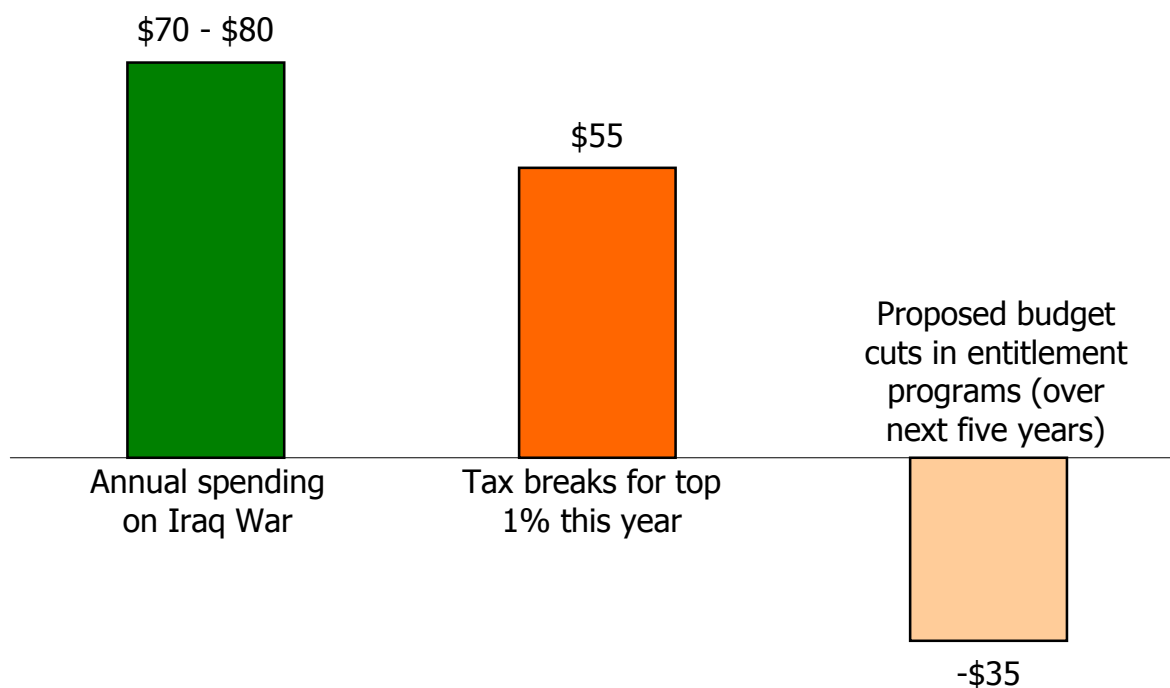
Notes: Text: Proposed and historical cuts in the Army Corps of Engineers budget are based on the *Budget of the U.S. Government, FY2006* and other years; House cut in Corps budget is based on Energy & Water appropriation report; proposed budget cuts in entitlement programs are from the Center on Budget and Policy Priorities, 'Reconciliation bills would increase the deficit and favor the well-off,' Sept. 8, 2005; cost of Iraq War is based on the four pieces of legislation that Congress has passed allocating money for the war; annual amount for continuing the war is based on what has been allocated. *Top box:* House cuts based on appropriations reports and *Budget, FY2006*; amount spent each day on the Iraq War is based on the total divided by the number of days of war through FY2005; average tax breaks for millionaires is from the Tax Policy Center, table T05-0066. *Bottom box:* State cost of war breakdowns are based on each state's contribution to the federal funds budget according to IRS data; fatality information is from Iraq Coalition Casualty Count; number wounded is from the DoD's Directorate for Information Operations and Reports; NG and reserve troops are as reported by the Department of Defense as of Aug. 24, 2005.

WHAT'S NEXT ON THE PRIORITY LIST?

Hurricane Katrina did more than cause death and destruction. It exposed the deep pockets of poverty and inequality that exist in the nation. Current budget priorities only threaten to widen the gap further.

This year, Congress has proposed legislation that would cut \$35 billion in Medicaid, Food Stamps, Student Loans and other critical entitlement programs over the next five years. These budget cuts would almost exclusively impact low- and middle-income families. At the same time, Congress also proposes to give yet another \$70 billion in tax breaks over the next five years. More than half of the tax cut benefits would go to people with incomes over \$1 million.

Selected spending and tax priorities (in billions of dollars)



Notes: Proposed budget cuts and new tax breaks are from the Center on Budget and Policy Priorities, 'Reconciliation bills would increase the deficit and favor the well-off,' Sept. 8, 2005; tax breaks for top 1% this year are based on tax work done by the CBPP and the Tax Policy Center.

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