

STATE OF THE UNION PREVIEW: The Budget

The President is expected to tout his new \$1.5 billion marriage initiative, his recent Mars proposal, and his \$1- billion-over-5-years AIDS commitment – all while promising to cut the record deficit in half.

DEFICIT

“Bush will discuss his \$2.3 trillion budget for fiscal 2005 on Feb. 2. In it, he will call for limiting spending growth for most government programs to under 4 percent and for cutting the deficit in half over five years.”

- Reuters, [1/17/04](#)

FACT: The President’s proposal to cut the deficit in half deliberately “omits a number of likely costs” such as the continued cost of Iraq and its own defense spending plans. All told, he is proposing roughly \$3 trillion in new tax cuts and spending, including \$1 trillion to make his tax cuts permanent, \$1 trillion to privatize Social Security, \$273 billion for an untested national missile defense system, \$50 billion more for war in Iraq, \$1.5 billion to promote marriage, and a Mars proposal that could cost \$500 billion. The result is that the deficit is predicted to be “in the range of \$500 billion in 2009” – not even near half of what it currently is.

- Brookings Institution/Goldman Sachs, [1/16/04](#); Wash Times, [1/20/04](#); NY Times, [1/20/04](#); Ctr. for Arms Control, [1/14/01](#); Defense News, [1/20/04](#); Seattle Times, [1/20/04](#)

MARS

“Bush will propose a five-year, \$1 billion increase in NASA's budget, which is now about \$15 billion, as part of a new initiative aimed at sending American spacecraft back to the moon and on to Mars.”

- SF Chronicle, [1/20/04](#)

FACT: Getting to Mars will cost a lot more than \$1 billion a year. In 1989, when a similar idea was floated by Bush's father, experts estimated it would cost about \$500 billion – which is about \$700 billion in today’s dollars. In fact, \$1 billion is so small, it would barely cover the cost of two normal space shuttle missions. By contrast, "the original Apollo program cost \$150 billion to \$175 billion in 2003 dollars."

- AP, [1/12/04](#); USA Today, [1/13/04](#)

AIDS

“Bush is also expected to propose \$2.7 billion in his 2005 budget to combat global AIDS -- disappointing advocacy groups which had hoped for at least \$3 billion.”

- ABC News, [1/20/04](#)

FACT: Despite pledging \$15 billion over the next five years to fight AIDS, President Bush's 2004 budget "only sought \$2 billion for the year" for AIDS - 33% less than the \$3 billion needed. When the Senate voted to increase the President's budget, the White House "repeated its strong opposition to any funding beyond \$2 billion." Now he is once again proposing a bill that falls short of his \$3-billion-a-year promise.

- LA Times, [10/31/03](#)

STATE OF THE UNION PREVIEW: The Economy

The President is proposing \$1 trillion in new income tax cuts for the wealthy, along with other tax cuts aimed at the highest income Americans. At the same time, he will tout a tiny \$120 million for job training, ignoring the fact that he has proposed slashing job training by almost \$1 billion during his term.

JOB TRAINING

“Bush will announce \$120 million in grants for job training at community colleges, and expand further on the plan in a trip to Toledo, Ohio, on Wednesday.”

- Reuters, [1/20/04](#)

FACT: Over the last three years, Bush has proposed almost \$1 billion in cuts to job training, including a \$300 million (25%) cut to vocational education and community colleges and the total elimination of the \$225 million Youth Opportunities Grants program. Congress obliged the President, eliminating the youth grants, and freezing the funding for federal job training and vocational education.

- House Approps Comm., [2/3/03](#); House Education Comm., [3/3/03](#); Volunteers of America, [2004](#)

TAX CUTS

“President Bush will call on Congress to make his tax cuts permanent in tonight's State of the Union address, saying permanent tax cuts will keep the economy healthy and create tax revenues that reduce the deficit.”

- Wash Times, [1/20/04](#)

FACT: First and foremost, “without the tax cut, the economy would have still have had 6% real growth.” Secondly, the “Congressional Budget Office says the new tax cuts will cost \$1 trillion” – a cost that has not been factored into the President’s proposal to supposedly cut the deficit in half. Finally, the tax cut is not helping average people: a new poll shows that more than 4 in 5 Americans said their tax burden had not been eased by Bush’s tax cuts. In the most recent Bush tax cut, a person making over \$1 million received an average tax cut of more than \$22,000, while a person making \$35,000 per year a tax cut of \$47.

- CBS, [1/11/04](#); Wash Times, [1/20/04](#); NY Times poll, [1/18/04](#); CTJ, [5/22/03](#)

“OWNERSHIP SOCIETY”

“The main White House thrust will be to push for two large, new, tax-free savings accounts: a Lifetime Savings Account that would allow anyone to save \$7,500 tax-free and withdraw the money for any purpose, and a Retirement Savings Account that would allow anyone to set aside an additional \$7,500 each year for retirement.

- ABC News, [1/20/04](#)

FACT: "An analysis of the proposal for Lifetime Savings Accounts found that after 25 years, the top 5% of the population would be receiving 50% of the tax benefits. The bottom 60% would receive just 4% of the benefits." In fact, the 95% of Americans who currently do not save enough to max out on their current savings account would see no benefit.

- CBPP, [1/20/04](#); CAP Analysis

STATE OF THE UNION PREVIEW: Health Care & Retirement

The President is expected to propose new tax breaks for “Health Savings Accounts” despite the fact that these accounts could result in higher health care costs for the average American. He is also expected to propose dealing with the 43 million uninsured by offering them small tax credits – all while proposing \$1 trillion to privatize Social Security.

HEALTH SAVINGS ACCOUNTS

“Mr. Bush also intends to highlight health savings accounts, which allow workers to place money into accounts tax free and withdraw the money tax free to use for medical expenses, subject to a number of limits. While the Medicare overhaul bill last year contained a provision creating a version of the accounts, the Administration is considering calling for an expansion of the program, which is now limited to people who have deductibles of \$1,000 or more for individuals and \$2,000 or more for families.”

- NY Times, [1/20/04](#)

FACT: The creation of “Health Care Savings Accounts” provides an “incentive to shift more costs to workers, who may be asked to ‘match’ their employer’s contribution to a HSA with its high deductibles and high co-payments.” Workers “in the higher tax brackets would secure large deductions for deposits into HSAs.” As a result, they will “weaken traditional employer-based insurance” and “place older and sicker workers at risk.” Experts believe premiums for comprehensive employer-based health insurance could “more than double.”

- Urban Institute, [11/21/03](#); CBPP, [12/2/03](#)

THE UNINSURED

Bush is expected to discuss “a plan for \$89 billion in health care tax credits to help the nation’s swelling ranks of uninsured, now more than 46 million people.”

- ABC News, [1/20/04](#)

FACT: The new tax breaks rely on savings, so “the very people who lack the decent health insurance are short of adequate earnings from which to take out savings.” Thus, “most of the tax breaks will go to people who don’t really need them, while those who rely on genuine help will come up short.” And while the President is proposing \$3 trillion in new tax cuts and spending, HHS Secretary Tommy Thompson still insists that health care for all Americans by 2010 is “not realistic.”

- American Prospect, [12/24/03](#); NYT, [1/15/04](#); CAP, [1/20/04](#)

SOCIAL SECURITY

“When he delivers the State of the Union address Tuesday, President Bush will push Congress to privatize Social Security.”

- CNN, [1/19/04](#)

FACT: Under the Administration’s current plan “workers aged 35 today who retire at age 65 and do not choose the private accounts would have their Social Security benefits reduced 17%” from what they are promised now. Further, for someone born today, “benefits would be 41% lower compared to what current law” promises. Social Security privatization “is risky and involves trading some of today’s inflation protected, lifetime guaranteed benefits for an account subject to market risk and not guaranteed to last a lifetime or keep pace with inflation.”

- NYT, [1/20/04](#); CBPP, [6/18/02](#); AARP [Fact Sheet](#)

STATE OF THE UNION PREVIEW: National Security

The President is expected to ignore his 2003 State of the Union claims about Iraq having nuclear weapons. However, he is expected to tout David Kay's weapons inspection report – despite the fact that the report definitively states no WMD have been found. He is also expected to announce more funds for Afghanistan – though not nearly what the World Bank said was necessary to secure the situation.

IRAQ

“The President is not expected to revisit his 2003 State of Union claims on Iraq and WMD.” He is “likely to steer clear of new predictions that American inspectors will find weapons of mass destruction in Iraq,” but he “will mention the search by CIA weapons inspector David Kay.”

- *SF Chronicle*, [1/20/04](#); *Newsday*, [1/20/04](#)

FACT: In nearly 10 months, “not a single item has been found in Iraq from a long and classified intelligence list of weapons of mass destruction.” Kay reported that “we have not uncovered evidence that Iraq undertook steps to build nuclear weapons or produce fissile material.” He also said there has not been evidence of “mobile biological production efforts” and that “Iraq did not have a large, ongoing, centrally controlled chemical weapons program after 1991.”

- *Newsday*, [1/20/04](#); *David Kay report*, [10/2/03](#)

AFGHANISTAN

“Bush is expected to nearly double U.S. aid to Afghanistan to nearly \$1 billion in his budget for fiscal year 2005. The country has been hit by a new wave of violence from Taliban elements and possibly al Qaeda despite the U.S.-led invasion.”

- *SF Chronicle*, [1/20/04](#)

FACT: In 2002, President Bush promised a “Marshall Plan” for Afghanistan. But his 2003 budget then omitted Afghanistan funding completely (the Administration later found \$300 million). Last year's budget request was just \$687 million. And this new incremental increase does not come close to meeting Afghanistan's real needs, considering a World Bank/UNDP assessment that Afghanistan requires \$10.2 billion in its first five years. To compare, last year the federal government appropriated around \$810 in aid per Iraqi. This year's request amounts to only \$34.82 per Afghani.

- *BBC*, [2/13/03](#); *2004 Budget*, [3/6/03](#) *Senate Testimony*, [10/16/03](#)