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KENNEDY CALLS FOR BUDGET THAT MEETS AMERICA'S NEEDS
(As Prepared for Delivery on Senate Floor)

Money isn't everything, but it's a measure of a nation's priorities. Budgets are moral documents. They represent who we are, and what we value.

Just six weeks ago, the President delivered a State of the Union Address that gave hope to many of us in Congress for a budget that meets the needs of the American people.

The President told us that night that "a hopeful society comes to the aid of fellow citizens in times of suffering and emergency – and stays at it until they're back on their feet."

But the budget before us tells a different story.

It fails to meet our security needs. Americans are looking for real security in the face of terrorism. We've seen a failed response to Hurricane Katrina, failure in Iraq, a failing grade from the 9/11 Commission, failure on the security of our ports, failure in curbing nuclear power in Iran and North Korea – failure after failure when it comes to our national security. But you would never know it from this budget. Does it prepare us for the next disaster? Does it support a winning strategy in Iraq? Does it fully invest in the recommendations of the 9/11 Commission? Does it secure our ports and inspect every shipping container crossing our shores? When it comes to nuclear weapons, does it provide the resources needed for real nonproliferation?

The answer to each one of these questions is no. The Administration and Republicans may talk about national security. But the real record is one of mistake and failure.

This budget is a failure, too, when it comes to meeting the needs of our families here at home. When it comes to healing the sick, helping the poor, feeding the hungry, caring for the poor, the elderly, or the disabled, this budget falls short. When it comes to strengthening our economy, opening the doors of opportunity, creating new jobs, and equipping America to compete in the global economy, this budget again falls short. Instead, it cuts vital programs that people rely on, and offers even more tax cuts to the wealthy.

Franklin Roosevelt had it right. "The test of our progress is not whether we add more to the abundance of those who have much," he said. "It is whether we provide enough for those who have too little." This budget does none of that.

Countless families are facing serious problems. They're being hit on all sides with higher health costs, higher heating costs, higher college costs, and higher gas prices. Their jobs and their pensions are in danger. Their savings are at an all-time low. They're caught in a prescription drug nightmare because of a bill that put the drug industry and the insurance industry ahead of patients.

These are hard-working men and women who play by the rules and take care of their families, but this budget lets them down.

Instead of investing in education, it cuts school programs.

Instead of helping the elderly with their heating bills, it slashes funding for low-income heating programs.

Instead of training workers for new jobs, it eliminates job training and vocational education programs.

Instead of helping our young people afford college, it cuts college aid.

But it provides for \$1.7 trillion in tax cuts over ten years. Those are the wrong priorities for America.

Compare that to recent cuts to Medicaid. Compare that with the \$379 million cut in heating assistance for the poor. Compare that with cuts to education. Compare that with the \$456 million needed to help disadvantaged high school students reach college under the TRIO Upward Bound and Talent Search programs. Compare that with the \$630 million needed to fund essential anti-poverty programs through the Community Services Block Grant.

HEALTH

A budget is a statement of priorities, and we have seen where this Administration's priorities are on health. Time and again, this Administration and its allies in Congress have put the needs of the special interests in the insurance industry and the pharmaceutical industry above those of patients.

The Republican Medicare bill forced seniors into confusing private drug plans instead of the Medicare program they know and trust.

The budget legislation enacted earlier this year made massive cuts to Medicaid.

The budget submitted to Congress compounds these errors with major reductions in Medicare, Medicaid and essential health programs. Let me describe each of these irresponsible proposals, and the harm they will do to patients.

The Medicaid program is key to promoting a real culture of life in America. Medicaid provides care to a third of all mothers giving birth, including the prenatal and pediatric care their children need to be healthy.

Mere hours after the President had declared in the State of the Union Address that the government would meet its responsibility to provide health care for the poor and the elderly, the President signed a bill to impose draconian cuts on the Medicaid program.

According to CBO, that bill will cause 45,000 poor Americans to lose coverage over the next five years, and 65,000 will lose coverage within 10 years. About 60 percent of those losing coverage will be children. Because of these Medicaid cuts, 13 million Medicaid beneficiaries will have to pay more for their prescriptions over the next five years, and 20 million will have to pay more over the next ten years.

We know what happens when low income Americans are forced to pay more for their health care – they go without needed care, or lose coverage entirely. That's not a theory – it's fact. In Maryland, a quarter of families subject to increased premiums for Medicaid disenrolled. In Oregon, higher costs caused disenrollment, and 67 percent of those who disenrolled became uninsured.

When co-payments rise for the poorest patients, health declines. A study in the Journal of the American Medical Association shows that increased co-payments for medications for poor families caused an 88 percent increase in adverse events, such as heart attacks and strokes, and caused a 78 percent increase in emergency room visits. When Texas forced CHIP enrollees to make higher payments, coverage declined dramatically.

But this debate is not about statistics – it's about the impact that these reductions will have on people.

A single mother with two children, who makes \$8 an hour, currently pays \$3 when she visits the doctors and does not have any cost-sharing when her children go to the pediatrician. Under the new law, when her child goes to the pediatrician with an ear infection, she may be charged \$20. When she goes to a doctor for treatment and tests for diabetes, she will be charged \$50. She will have to pay as much as \$832 a year.

A single mother with 2 children earning \$25,000 a year now pays no premiums or cost-sharing for her children's medical care and pays \$3 co-payments for herself. Under the new law, she will now be charged monthly premiums for Medicaid coverage for herself and her children. Even if she manages to pay the premiums, she may now have to pay \$40 for a pediatrician visit, and she will have to pay as much as \$1,250 a year for Medicaid.

For a single mother of two earning minimum wage, the new Medicaid law imposes additional cost sharing on her children. They would now face co-payments for certain prescription drugs -- and these co-payments would for the first time be indexed to the rate of medical inflation, which is higher than general inflation. And on minimum wage, her income won't even keep up with inflation since the minimum wage hasn't increased since 1997.

To add to these damaging reductions, the President's budget proposes another \$14 billion in reductions to Medicaid.

The Senate budget resolution has not adopted these serious cuts, but time and again, we have seen how House-Senate conference reports follow the Administration's proposal rather than the Senate measure.

The President's budget also proposes \$36 billion in Medicare cuts over the next five years and \$105 billion over the next ten years. This means higher premiums for seniors and the disabled and will result in reductions in the quality of care at hospitals and home health agencies.

In Massachusetts, President Bush's Medicare proposals will mean that our hospitals will have to cut their budgets by more than \$400 million, home health agencies by \$50 million and nursing homes by \$150 million.

Again, the Senate resolution has not adopted these reductions, but we know where the conference report is likely to end up.

In addition, the budget resolution includes a deeply troubling procedural barrier to fixing the problems in the Medicare drug program. The Republican budget effectively torpedoed any sensible measure to improve the benefit provided to seniors by requiring any such improvements to overcome a point of order.

The budget resolution tries to convince us that the cuts in public health programs have been avoided, but no sleight of hand should be allowed to conceal the truth. Essential public health programs from disease prevention to medical research will see massive cuts.

For many years, Congress has been committed to investments in NIH research. But President and Republican majority have abandoned that pledge by reducing funds for life-saving medical research for the last three years. This year, the President wants to keep the NIH budget flat for the second year in a row. That hasn't happened in more than half a century.

18 of the 19 NIH institutes will suffer cuts compared to the rate of inflation, which means that NIH

will fall behind in the race for new cures. Research projects on cancer, heart disease, mental health, diabetes will be abandoned. We don't yet know what the House will do, but I fear that their cuts to life-saving medical research will be even more draconian than President Bush's.

While the NIH budget languishes, other countries are increasing their investment in research. India, for example, just announced a 16% increase in its R&D programs, much of which will be devoted to the life sciences.

It's not just medical research that will suffer. Programs at CDC and other public health agencies have been cut back or eliminated entirely. Again, don't let anyone tell you that these reductions won't have real consequences.

Under these reductions, Massachusetts would lose millions of dollars for programs that protect the health and safety of our people. The cuts meant that 17 rape crisis centers across the state would face significant financial hardship, and our programs on violence prevention and suicide would be eliminated.

The cuts mean that programs to keep our children healthy would be eliminated. Programs to screen newborns as early as possible for hearing loss would be eliminated and so would our state oral health program. Although we are living with the threat of natural and man-made disaster, the proposed cuts would compromise our state Emergency Medical Services and impair the system's ability to function as a safety net for catastrophe.

The President proposed to slash funding for international family planning and reproductive health programs by \$80 million, a worldwide cut of 20 percent. A culture of life should help women to deliver and raise healthy babies. Instead, cuts in these programs will result in more unintended pregnancies. The world's poorest women and families will suffer because of these reductions based in ideology and not science.

Achieving a vision of a more just and fair America means more than holding on to the hard-won gains of the past. The basic test of any budget is whether it takes action to secure a better future – and this budget fails that test.

It includes no real proposals to stop the increase in the rising numbers of Americans without health care coverage – much less to achieve assured access to health care for all Americans. There is only the empty gesture of a reserve fund with no funding, which is constrained to provide no net increase in our investment to guarantee health care for all Americans.

I hear my Republican colleagues speak often of a culture of personal responsibility – but where is their sense of responsibility for the fact that the number of the uninsured has increased by 6 million since the year President Bush was elected? This budget should make serious proposals to see that the 46 million Americans who lack health insurance entirely – and the millions more who are under-insured – can look forward to the day when America sees health care as a right, not a privilege.

Where is the personal responsibility to admit that the Medicare drug program is flawed, and that this budget should take steps to improve it? This budget should be a first step to a stronger America for seniors, but again it fails the test by shirking the responsibility of improving the Medicare drug benefit.

America can do better. The Senate should have the opportunity to consider a budget that moves our nation forward to a day when every American – whether rich or poor, rural or urban, young or old – can be assured of quality health care. Sadly, this budget fails to make the progress that Americans deserve.

EDUCATION

This Budget Resolution also fails to make education a priority.

In this shrinking world, education is an even greater priority than ever before. Our budget should reflect that.

As a nation, we must invest in Americans by ensuring access to the highest quality educational opportunities. We must make the American worker and manager the best educated, best trained, and most sophisticated in the world. We need to nourish the capacities of every person in the nation.

In his State of the Union address, the President acknowledged the important role of education in maintaining our ability to compete in a shrinking world economy. Yet the President's budget proposes the biggest cut to education in the 26-year history of the Department of Education.

The Senate Resolution we are debating this week claims to add \$1.5 billion for special education over the President's numbers, but it is a shell game because the overall funds available under this budget matches the President's. If we are serious about education, we need to commit new resources to it.

Even if we assume this increase for special education is real, this Budget Resolution is \$4.8 billion short of the level Congress agreed to when the program was reauthorized in 2004. It is time for Congress to live up to its promises to disabled students and our nation's schools.

To be successful in the 21st century global economy, we must begin by ensuring our youngest students are ready to learn. Research shows that every \$1 invested in high quality early education yields a \$13 public benefit, yet this resolution provides no increase in Head Start funding, not even to cover inflation. This means 19,000 children will be eliminated from Head Start classrooms, and hundreds of thousands who are eligible for services will not be enrolled. In Massachusetts, 15,000 eligible preschoolers will be without services.

Our ability to compete also depends on leaving no child behind, yet the promises in the law have been underfunded to the tune of \$55.7 billion under President Bush.

His 2007 budget – and the budget pending before us -- flat-funds Title I grants to school districts, leaving 3.7 million children without the services promised under the law.

This budget is \$12.3 billion less than the amount promised when we passed the Act.

Under this budget resolution, 29 states will lose Title I funding, including Massachusetts, and another seven will be flat-funded.

We can't reform education without the resources needed to pay for the reforms. Promises alone won't provide the qualified teachers, high standards in every classroom, good after-school activities, and the range of supplemental services that every good school needs if it's to provide the right help for students who need it.

More than ever, schools are struggling to make adequate yearly progress, implement new standards, and phase in new assessments under the No Child Left Behind Act. More than ever, they need the resources promised by the President and Congress to meet these challenges.

Our ability to compete depends on helping all students build skills through career and technical education and improving access to college. Yet this budget assumes cuts to job training programs and elimination of Perkins vocational education, GEAR UP, TRIO Upward Bound and Talent Search.

These programs work. Let me give you just one example:

Maria Loza, a GEAR Up student since the 7th grade, attended East Boston High School. Through GEAR Up, she received tutoring for school work and the SAT, and she visited college campuses and learned about the programs different colleges offer. She was so impressed by her experience that she became a GEAR Up tutor herself. Maria says, “Everyone who worked in GEAR Up was a positive influence...GEAR Up gave me confidence and never doubted the fact that I could be valedictorian. Their kindness and help has countered the negativity I've seen in my short life and I am indebted to them.” Maria now attends Boston University on a full scholarship.

Our ability to compete depends on ensuring cost is not a barrier to getting a college degree, yet this Resolution proposes no increase in the Pell grant.

In his campaigns, President Bush pledged to increase the maximum Pell grant to \$5,100, but his budget would leave it frozen at \$4,050 for the fifth year in a row – as the cost of college has continued to rise.

Since the President took office, the gap between the cost of attendance at a 4 year public college and the maximum Pell grant has increased from \$5,282 to \$8,077. In the current school year, the maximum Pell covers only a third of the cost of going to college.

On two separate occasions last year, the Senate voted to immediately increase the maximum grant for Pell recipients to \$4,500. Twice, this proposal was rejected by Republican conferees. Instead, in a back-room deal, they cooked up a misguided plan that leaves 90% of Pell recipients without an extra nickel of aid. In Massachusetts, over 70,000 students are left with no additional assistance.

Later in this debate, I will offer an amendment – with my colleague Senator Menendez – that will ensure an increase in the Pell grant and provide increases in other programs that help Americans can afford to go to college and attain the American Dream.

Every student ready for college should have that opportunity.

From our earliest days as a nation, education has been the engine of the American dream, and we can't let it stall. We can give children, parents, schools, communities and states the support they need to re-fuel this unique engine and keep our country great in the years ahead.

This budget should embrace this challenge and reflect the nation's priorities. I hope as this debate progresses my colleagues in the Senate will join me to make this happen.

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