

Immediate Release

August 8, 2012

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West Virginia Requires a Balanced Approach to the Federal Deficit *Ryan Budget Cuts Would Be Three Times Bigger Than Automatic Cuts Scheduled for January*

[Charleston, WV] – If significant new revenue isn't included, efforts to reduce federal deficits would almost certainly damage West Virginia's economic recovery and future economic growth by drastically cutting federal investments in schools, roads and bridges, safe communities, and disaster relief.

The House-passed budget from Congressman Paul Ryan is an example of the kind of approach Congress would take if it rejects deficit reduction that includes revenues. Under Ryan's plan, West Virginia would lose an estimated 22% or \$195 million in federal funding for education, clean water, law enforcement, and other state and local services in 2014 alone, according to a report released today by the Center on Budget and Policy Priorities, a non-partisan policy research organization based in Washington, D.C. Ryan's plan also would shift other very large costs to states by reducing sharply federal funding for Medicaid (in addition to repealing the health reform law), and likely by cutting deeply funding for highway construction and other transportation projects

"Deficit-reduction shouldn't come at the expense of West Virginia's economic future," said Ted Boettner, Executive Director of the West Virginia Center on Budget and Policy. "If Congress doesn't take a balanced approach that includes revenues as well as spending cuts it will damage our ability to educate our children, build roads and bridges, and have clean water and safe communities – all key elements of a strong future economy."

Federal funding for states, counties, and cities very likely would be decimated by an unbalanced approach to deficit reduction in the next decade. That's because there's broad bipartisan agreement that significant deficit reduction is needed, but federal policy makers also agree in broad terms that deficit-reduction savings from other major parts of the budget – defense, Medicare and Social Security – should be limited during that period. Federal funding for states and local areas would thus be one of the few remaining sources of large potential savings.

These cuts likely would bring federal aid to state and local governments to historic lows. By 2021, under the Ryan budget, federal grant programs for states, counties, and cities likely would be less than half the average of the last 35 years.

Ryan Budget Cuts to Federal Funding for West Virginia Far Worse Than "Sequestration"

The funding cuts to states, counties, and cities under the Ryan budget proposal would far exceed the automatic cuts scheduled to begin in January, often referred to by the term sequestration. In 2014, the Ryan budget cuts would be three times as deep, inflicting far more damage than sequestration. In later years, as the sequestration cuts diminish but the Ryan cuts remain as deep, the difference would be even larger.

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Specifically, the Ryan budget proposal likely would reduce federal funding in these areas in West Virginia:

- **Education.** Head Start, teacher quality programs, special education, and schools in high-poverty areas likely would face deep cuts.
- **Transportation.** Likely cuts would hurt West Virginia’s ability to build and repair roads, bridges, airports, and public transportation systems.
- **Public safety.** West Virginia would likely have less funding for disaster assistance and grants programs that help local police departments hire, train, and equip officers.
- **Community development.** Funds that help improve water and sewer systems and revitalize deteriorating neighborhoods likely would face cuts.
- **Housing.** West Virginia likely would be less able to provide rental assistance and heating and cooling assistance for low-income people, many of them elderly.
- **Workforce.** West Virginia would have fewer resources for workforce training and placement services and child care assistance for low-income working parents.
- **Health.** Funding cuts would hinder West Virginia’s ability to keep community health centers open, provide mental health and substance abuse services, and give nutrition support to low-income mothers and young children.

“Congress should enact a balanced deficit-reduction package that includes new revenue and replaces the automatic budget cuts scheduled for January,” continued Boettner. “However, it should avoid any unbalanced plans that would deepen cuts in federal aid to states and undermine our state’s economic future.”

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The Center’s full report can be found at: <http://www.cbpp.org/cms/index.cfm?fa=view&id=3816>

The West Virginia Center on Budget and Policy (www.wvpolicy.org) is a public policy research organization that is nonpartisan, nonprofit, and statewide. The Center focuses on how policy decisions affect all West Virginians, especially low- and moderate-income families.