

THE STATE OF THE STATES UNDER BUSH

HOW BUSH'S POLICIES HAVE FAILED THE WORKING FAMILIES OF NORTH CAROLINA

"As late as [24 hours before Bush's economic plan was made public], the nation's governors were assured that the president's plan would include \$6 billion in state aid. But the provision was dropped in the final package." [[Washington Post](#), 1/10/03]

In just two years, President Bush's economic policies have taken the federal budget from record surpluses to deficit spending, which will last for the "foreseeable future." Under the Bush administration, the slowing economy has resulted in over 2.3 million lost jobs, 2.7 million people have become unemployed, personal incomes have dropped, and health care coverage is declining as prescription drug costs rise. And Bush's latest tax proposal is poised to make this bad situation worse. The president's economic proposals offer no aid to states and his plan will put the squeeze on state budgets already suffering from the worst fiscal crisis in sixty years. Bush's plans also do little for working families hurt by the recession and fail to ensure that more people do not join the ranks of the unemployed. States are being forced to cut programs, eliminate jobs, and tap into rainy day funds as a result of Bush's failed policies.

Here's How Bush's Policies Have Failed North Carolina's Working Families

- Under Bush's new tax plan, 1,992,800 taxpayers in North Carolina would receive \$100 or less; of those, 1,268,900 would get nothing at all.
- More than 68,800 jobs have been lost in North Carolina; unemployment is 6.1%, up 36% since Bush took office.
- In 2001, 1,167,000 had no health insurance in North Carolina, a number expected to rise because of Bush's recession.

State Budgets: Bush Tax Plan Exacerbates \$88 Billion Deficits

➤ **State Budgets Facing "Most Dire Fiscal Situation Since World War II."**

The bipartisan National Governors Association (NGA) released its *Fiscal Survey of the States* showing that the states are "fac[ing] the most dire fiscal situation since World War II." The nonpartisan Center on Budget and Policy Priorities (CBPP) estimated that for the fiscal year beginning July 1, 2003, 44 states will be facing budget deficits totaling \$71 to \$87.8 billion and accounting for 14.5 to 18 percent of states' total budgets. [NGA Press Release, 11/25/02, <http://www.nga.org>; CBPP Fact Sheet, 1/23/03, <http://www.cbpp.org/12-23-02sfp.htm>]

North Carolina Facing \$2 Billion Budget Gap; White House Eliminated State Aid from Bush Tax Plan. The CBPP report estimated that North Carolina will have a \$2 billion budget gap in FY 2004, 14.6 percent of North Carolina's entire budget. The Bush plan failed to include funding to close state budget deficits. The [Washington Post](#) reported, "As late as Monday morning [24 hours before Bush's plan was made public], the nation's governors were assured that the president's plan would include \$6 billion in state aid. But the provision was dropped in the final package." The \$6 billion would have accounted for less than one percent of the total \$674 billion package ultimately proposed by Bush. [[Washington Post](#), 1/10/03; CBPP Fact Sheet, 1/23/03, <http://www.cbpp.org/12-23-02sfp.htm>]

Bush Plan Eliminates Taxes on Dividend Income, Further Draining State Budgets of Over \$4 Billion. The centerpiece of Bush's economic plan is a provision to eliminate the amount of tax paid by individuals on stock dividends. The cost of this measure would be \$20 billion in 2003 and \$364 billion over ten years. This tax plan could drain \$4.3 billion from 43 states and the District of Columbia that tax dividends on the state level. The Center on Budget and Policy Priorities calculated that if the Bush dividend tax plan were in effect in 2000, North Carolina would have lost \$132 million in revenue. [CBPP Fact Sheet, 1/16/03, <http://www.cbpp.org>]

Bush Tax Plan: North Carolina's Working Families See Little or No Benefit

➤ **Bush's New Tax Plan Skewed to the Wealthy; Leaves Behind 1,992,800 North Carolina Taxpayers.**

On January 7, 2003, Bush introduced a \$674 billion tax plan that speeds up tax cuts from his 2001 plan and features an elimination of the dividend tax. This plan is heavily skewed toward the wealthy with nearly two-thirds (60.1%) of the benefits in 2003 going to the wealthiest 10 percent of taxpayers. Overall 64 million Americans would receive \$100 or less from the plan. In North Carolina, 1,992,800 would receive \$100 or less and of those, 1,268,900 would get nothing. [White House Fact Sheet, 1/7/03; Citizens for Tax Justice Fact Sheet, 1/8/03; 1/27/03, <http://www.ctj.org>]

➤ **Bush Touted Average Tax Cut of \$1,083; Middle-Class North Carolina Taxpayers Average Far Less.**

Bush touted his new tax cut package and its large average cuts. "These tax reductions will bring real and immediate benefits to middle-income Americans. Ninety-two million Americans will keep an average of \$1,083 more of their own money," Bush said. In reality, a small number of wealthy taxpayers would get large tax cuts, while the remainder would get far less than Bush claimed. In North Carolina, the average tax cut for the top 1 percent would be \$21,562 while the average tax cut for the middle 20 percent of taxpayers would be \$257. [Bush Remarks in Chicago, Illinois, 1/7/03; CTJ Fact Sheet, 1/27/03, <http://www.ctj.org>]

Workers: Unemployment is Skyrocketing

➤ **North Carolina Unemployment Rate Increased 36 Percent during Bush's Presidency, 63,398 More Unemployed.**

Since Bush took office, the North Carolina unemployment rate has increased by 36 percent. In November 2002, North Carolina's unemployment rate was 6.1 and 63,398 more people became unemployed. Nationwide, in December 2002, 1.86 million people experienced long-term unemployment. This figure, which measures workers unemployed for more than 27 weeks, has skyrocketed by 186 percent since Bush took office. [Bureau of Labor Statistics, www.bls.gov]

Health Care: Increasing Number of Uninsured

➤ **More Than 14.4 Percent of North Carolina Residents Uninsured in 2001, Number Expected to Rise in Coming Years.**

In 2001, the number of Americans without health insurance increased by 1.4 million to 41.6 million. In North Carolina, 14.4 percent (1,167,000) were uninsured in 2001. An analysis by the Commonwealth Fund shows that the number of uninsured will continue to rise in a weakened economy. “About 30 to 40 percent of workers who lose their jobs lose their health insurance as well. The uninsured rate among unemployed adults is nearly three times as high as the uninsured rate in the general population.” [Census Bureau, Historical Health Insurance Tables, Table HI-4, <http://www.census.gov/hhes/www/hlthins.html>; Commonwealth Fund, “How The Slowing U.S. Economy Threatens Employer-Based Health Insurance,” 11/01, <http://www.cmwf.org>]

7.5 Percent of Low-Income Children in North Carolina Have No Health Insurance.

Nationally, nearly one in ten low-income children has no health insurance. In North Carolina, 7.5 percent of children below 200 percent of poverty have no health coverage—a conservative estimate. [Census Bureau, Low Income Uninsured Children by State, Three-Year Average 1999-2001, <http://www.census.gov>]