



President Obama's spending plan will hurt local Community Action Agencies



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President Obama on Monday unveiled [his budget](#) for the 2012 fiscal year, which makes cuts to programs he favors, raises taxes on the rich and spends \$1.1 trillion more than the government is expected to take in.

The \$3.7 trillion budget ignores the major tenets of the president's own deficit commission, which recommended much deeper cuts, especially in the area of entitlement spending.

Many Republicans dismissed the president's plan as not going far enough. The 2012 budget would make it the fourth year in a row the country had a deficit of more than \$1 trillion.

U.S. Rep. [Tim Walberg](#), R- Tipton, called the plan a "bloated, deficit-increasing budget" that is the exact opposite of what is needed to help the economy grow and create jobs.

"The president's budget spends too much, taxes too much and borrows too much. ... The federal government must learn to live responsibly within its means. If the president is unwilling or unable to lead, I will work with congressional leadership to pass a budget that cuts spending, stops tax increases and reforms government so that the private sector can create jobs and grow the economy again," Walberg wrote.

Education is clearly a top priority in the budget, and Obama calls for the creation of several new programs. The president proposes spending \$900 million on K-12 school districts through an initiative that aims to improve student achievement. Another new program would spend \$350 million to administer an early learning challenge fund for states that want to improve the quality of their early childhood programs.

Obama also wants to spend \$80 million to prepare 100,000 new science, technology, engineering and mathematics teachers over the next decade.

However, he plans to also make college loans more expensive for graduate students by allowing interest to accrue while they are in school.

The president's budget would raise taxes on wealthier Americans by not allowing them to deduct their charitable donations and home mortgage interest.

Many of the cuts in the budget are to programs Obama has previously championed. He wants to cut funding in half for low-income heating assistance and for Community Action Agencies.

“We were really disappointed,” said Marsha Kreucher, CEO of the Jackson area’s Community Action Agency. “The funding we get is really important to us. It’s our base funding to allow us to do everything we do.”

Kreucher said the funds are often used as seed money to start projects such as Partnership Park and to help save the homes of people facing foreclosure.

“It will be painful for us if it happens, but it won’t close our doors,” she said.

Such a cut would likely mean staff layoffs, she said. Her agency serves Jackson, Lenawee and Hillsdale counties.

It receives about \$500,000 annually in Community Service Block Grant funding, she said, which accounts for about 5 percent of its budget.

Obama’s plan would be to make the remaining CSBG funding available through competitive bidding, so only the highest-performing Community Action Agencies will receive funding.

“I think we are a very strong Community Action Agency,” Kreucher said. “It’s hard to imagine we wouldn’t be competitive.”

Community Development Block Grant funding, also on the chopping block, can be used for a number of things, including helping communities hit hard by the foreclosures crisis and helping people purchase homes. The president’s budget would cut CDBG funding by \$300 million, while increasing funding to combat homelessness by \$577 million.