



For more information:
Amy Blouin, Executive Director,
314-518-8867, or
Traci Gleason, Director of Communications, 816-872-8133

*For Immediate Release:
August 8, 2012*

Reducing Federal Deficits Without Significant Revenue Would Cost Missouri Billions
Ryan Budget Cuts Would Be Three Times Bigger Than Automatic Cuts Scheduled for January

If significant new revenue isn't included, efforts to reduce federal deficits would almost certainly damage Missouri'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, Missouri would lose an estimated 22% or \$382 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.

"A deficit reduction plan that doesn't include new revenue as well as spending cuts will damage Missouri's ability to educate our children, build roads and bridges, and have clean water and safe communities – all key elements of a strong future economy," said Amy Blouin, Executive Director of the Missouri Budget Project. "Deficit reduction should strengthen our economy, not weaken our economic future."

Federal funding for states, counties, and cities very likely would be decimated by a cuts-only approach to deficit reduction in the next decade. There is 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.

These cuts would add to the deep cuts that Congress already made to state and local aid last year. Missouri has also made deep cuts to education and other services vital to economic growth.

-- more --

Ryan Budget Cuts to Federal Funding for Missouri 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.

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

- **Education.** Head Start, teacher quality programs, special education, and schools in high-poverty areas likely would face deep cuts.
- **Transportation.** Likely cuts would hurt Missouri’s ability to build and repair roads, bridges, airports, and public transportation systems. These cuts could be devastating to Missouri, where more than 4,000 (17 percent) of bridges are considered structurally deficient.
- **Public safety.** Missouri 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.** Missouri likely would be less able to provide rental assistance and heating and cooling assistance for low-income people, many of them elderly.
- **Workforce.** Missouri would have fewer resources for workforce training and placement services and childcare assistance for low-income working parents.
- **Health.** Funding cuts would hinder Missouri’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 to enact a deficit-reduction package that includes new revenue and replaces the automatic budget cuts scheduled for January,” said Blouin. “However, it should avoid any plans that would deepen cuts in federal aid to states and undermine our state’s economic future.”

###

The Center’s full report can be found at:

<http://www.cbpp.org/cms/index.cfm?fa=view&id=3816>.