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For Immediate Release

Missouri's New Budget Falls Short Of Adequately Funding Education, Healthcare

The Fiscal Year 2007 Missouri budget passed last week by the Legislature and awaiting Governor Matt Blunt's signature reflects a healthy growth rate, but falls short of restoring adequate funding for critical state services which were cut significantly during the economic downturn of 2001-04, according to the Missouri Budget Project.

"While state general revenue for the year beginning July 1 shows an 8.6 percent growth rate, more than half of that comes from a \$300 million surplus from the current fiscal year which is being carried over to the 2007 budget," say Amy Blouin, Executive Director of the Missouri Budget Project, a nonprofit fiscal analysis organization.

“A large portion of the carryover of funds comes from the severe Medicaid cuts made in the 2005 legislative session, resulting in 90,000 low-income Missourians losing health care coverage,” Blouin says.

“When you take into account the 2006 surplus, the actual revenue growth rate is 4.5 percent, rather than 8.6 percent. While this is still considered a healthy increase, Missourians should be aware that the state still has unmet funding needs, particularly in education and healthcare,” Blouin says.

Funding for K-12 education received a \$128 million increase for 2007, which still leaves schools \$675 million below the estimated funding to meet the requirements of the school funding formula.

While funding for Missouri’s public colleges and universities received a two percent increase, the appropriation for Fiscal Year 2007 is still below that of 2002.

In healthcare, more than 250,000 low-income Missourians lost insurance through Medicaid since 2002. “Last year the legislature made the most severe Medicaid cuts in the nation. Some very minimal restorations are being considered for working people with disabilities, but this falls way short of undoing the harm to low-income working parents, the elderly and children,” Blouin says.

“We know from multiple surveys that Missourians say healthcare and education are the most valued and important services government provides. These critical areas are also what drive economic development,” Blouin says. “For Missouri to remain fiscally healthy and for the state to attract businesses which employ our citizens, we must make the investments today which will reap future benefits,” Blouin says.

The Missouri Budget Project is a statewide, nonprofit, nonpartisan organization that informs the public about the state's budgetary and tax policy options and their impact on low-income Missourians.