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**For Immediate Release**

**Missouri Would Lose Hundreds of Millions in Funding  
Under Proposed Federal Budget for Fiscal Year 2008**

President Bush's proposed Federal budget for Fiscal Year 2008 will shift more costs for Medicaid to Missouri and will reduce by nearly \$182 million Federal grants to Missouri including funding for law enforcement, transportation, health care, child care and the environment.

The budget, released on February 5, also calls for making the President's tax cuts permanent. Under current law, nearly all provisions of the 2001 and 2003 tax cuts are scheduled to expire at the end of 2010. "The President emphasizes the importance of fiscal responsibility but his budget would lead to both short and long-term deficits. It would also make the problem of income inequality much worse," says Amy Blouin, Executive Director of the Missouri Budget Project, a fiscal analysis organization.

“The proposed Federal budget clearly has misplaced priorities. It weakens vital services like health care to pay for tax cuts that provide windfall gains to the very wealthy while saddling future generations with large debts,” Blouin says.

President Bush has stated his goal to balance the budget by 2012, which will require substantial cuts to domestic programs. The budget proposes funding cuts amounting to almost \$150 billion over the next five years in an array of domestic non-entitlement programs, including education programs, veterans’ programs, environmental programs, and others. The savings that would be achieved by these cuts in each of the next five years would be less than the cost of the tax cuts just for households with incomes above \$1 million, according to the Center on Budget & Policy Priorities

The Federal budget includes significant shortfalls in healthcare funding. “The budget provides inadequate funds for children’s health insurance, placing health coverage for many low-income children at risk and undermining efforts to cover more uninsured children. In addition, the President proposes roughly \$26 billion in Medicaid cuts over five years, which would shift considerable costs to states,” Blouin says.

Medicaid provides health insurance to low-income children, parents, seniors, and people with disabilities. At least four-fifths of the proposed Medicaid spending cuts would be achieved by shifting costs from the federal government to the states. “The Federal Medicaid cuts will be particularly hard on Missouri since the state has already cut health coverage to more than 250,000 low-income Missourians in recent years,” Blouin says.

Under the proposed Federal budget, Missouri would lose \$181,883,113 in Grants in Aid for 2008 compared to the 2006 level, after adjustment for inflation, according to the Center on Budget & Policy Priorities. “At a time when 125,000 Missouri children lack health insurance,

274,000 families can't always afford enough food, and 270,000 Missouri families pay more than half of their income for rent, action is required to help working families meet basic needs and give their children a decent start in life," Blouin says.

The reductions in grant funds to states are spread throughout a wide range of budget categories and programs. In some cases nominal funding is slated for a cut. In others, the proposed funding fails to keep pace with the cost of the program. Examples of grants that are being cut include:

- The **Commodity Supplemental Food Program**, which provides nutritional food packages for less than \$20 a month to more than 400,000 low-income elderly people;
- **Energy Assistance** to help low-income households pay heating bills;
- **Education** programs, including funding for special education, the Safe and Drug Free Schools grant and School Improvement Programs;
- **Community Oriented Policing Services**, State and Local Law Enforcement Assistance, and Juvenile Justice programs;
- The Environmental Protection Agency's **State and Tribal Assistance Grants**, which helps states implement air and water quality standards.

"The Federal cuts would make it harder for our state to make progress, as more state resources would have to be diverted to fill in the holes created by Federal funding cuts," Blouin says. "We call on our representatives in Congress to take a different approach and help create a budget that reflects Missouri's true values. Congress should invest in critical priorities like children's health insurance, food stamps for the hungry, child care for working parents, and affordable housing."

*The Missouri Budget Project is a nonpartisan, nonprofit fiscal analysis organization that provides information on the state's budget and tax policy options and their impact on low and moderate income Missourians.*