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President's Budget Slashes Programs for Low-Income Missourians Already Hit Hard

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The President's Fiscal Year 2009 budget proposal would provide \$20.5 billion less funding than the 2008 level for a broad range of domestic discretionary programs that include childcare, public education, heating and housing subsidies, as well as environmental programs. This proposed budget reduces programs and services that saw significant cuts in the FY 2008 budget, resulting in a negative impact to areas that are already operating below optimum funding levels.

Examples of the impact the proposed FY 2009 cuts could have to Missouri services, already impacted by significant cuts in prior years, can be seen in the table below.

K-12 education funding is particularly noteworthy given the No Child Left Behind Act. After *No Child Left Behind* was enacted, Congress increased funding for education for several years. However, since 2004, funding has failed to keep up with inflationary needs, resulting in perpetual decreases in funding and an inability for states to implement the program effectively. In 2008, K-12 education funding, nationwide, is now 8.9 percent below the 2004 level in inflation-adjusted dollars. Further, K-12 funding in the proposed 2009 budget would fall 9.1 percent below the 2004 funding level when adjusted for inflation.

President's Budget Cuts: Impact on Missouri 2009 (represented in millions)		
Programs and services affected	Funding Level Compared to 2008	Funding Level Compared to 2001
<i>Funding Levels Adjusted for Inflation unless otherwise noted</i>		
Education and Early Childhood Education		
K-12 Education ¹		-\$120.7
Vocational and Technical Education	-\$25.8	\$31.2
Head Start		\$10.9
Job Training		
Adult Employment and Training	-\$3.0	-\$8.9
Dislocated Workers Employment and Training	-\$3.7	-\$7.5
Youth Activities	-\$2.0	-\$10.1
Housing, Community Development and Social Services		
Child Care and Development Block Grant	-\$0.7	-\$7.4
Community Services Block Grant	-\$18.4	-\$20.2
Public Housing Capital Fund	-\$7.4	-\$26.5
Low Income Energy Assistance	-\$14.3	-\$28.1
Social Services Block Grant <i>*Not adjusted for inflation</i>	-\$9.7	

The Impact the President's FY 2009 Budget Would Have on Missourians

Missouri has experienced devastating cuts to critical services for low-income families since 2001, including some of the deepest cuts in the nation to our Medicaid program. Further, Missouri is projected to be approaching a *\$555 million state budget shortfall by FY 2010*. Cuts in federal funding would place an increased burden on all state services.

The loss of federal dollars for vital services would require additional cuts to health care, public housing, K-12 education, and childcare, resulting in further declines in Missouri's infrastructure,

¹ Includes Education for the Disadvantaged, Special Education, School Improvements, and Impact Aid.

economy and workforce. Further, cuts to federal-state programs would be contrary to the intent of the recently passed Economic Stimulus Act. Services must be sustained and fostered in order to assist families and industries in the state to overcome the economic downturn.

The following describes the impact of the current FY 2009 budget proposal on Missouri:

- **Health Care for Low Income Missourians**

With the additional cuts proposed under the FY 2009 budget, cuts to Medicare will equal \$91 billion over the next five years, while total cuts to Medicaid will equal \$14 billion over the next five years. These cuts will come in the way of increased premiums to beneficiaries and reduced reimbursements to health care providers. **The Medicare funding cuts would impact 890,000 Missourians, while cuts to Medicaid would impact 725,000 Missourians.**²

- **Public Housing Cuts Impact Missourians**

Through the Dept of Housing and Urban Development (HUD), the Public Housing Capital Fund provides funds to states according to need in order to maintain and improve existing public housing units. Under the President's proposed FY 2009 budget, the HUD public housing capitol fund program would be cut by \$461 million and the Section 8-voucher program cut by \$771 million.³ **In Missouri, this would result in \$26.5 million less than 2001 funding levels and \$7.4 million less than 2008 levels. A reduction in the Section 8 voucher program will impact around 1,800 Missouri families who will already be affected by cuts to healthcare, food assistance and other critical services.**⁴

- **K-12 Education: Preparing Missouri's Future Workforce**

The K-12 Education funding proposed in the President's 2009 budget is \$120.7 million below 2001 funding levels and \$57.6 million below 2004 funding levels. Career and Technical Education Funding would be cut \$25.8 below 2008 funding levels in the proposed 2009 budget.⁵

- **Child Care: Supporting Missouri's Workforce**

The 2009 funding levels for the Childcare and Development Block Grant, which is the primary source of federal funding to states to support low-income working families by subsidizing quality, safe and affordable childcare, is \$9 million below the peak funding level year of 2002 and \$7.4 million below the 2001 funding level.⁶

² Senator Charles E. Schumer, Chairman; Congresswoman Carolyn B. Maloney, Vice Chair, The Joint Economic Committee; *"Bush's Budget Again Ignores Missouri Middle Class Families"*, February 4, 2008

³ Ibid

⁴ Sharon Parrott, Kris Cox, Danilo Trisi, and Doug Rice, Center on Budget and Policy Priorities, *"Bush Budget Would Cut Domestic Discretionary Programs By \$20 billion in 2009"*, February 20, 2008. *State-by-State Tables.*

⁵ Ibid

⁶ Ibid

Nationally, approximately 2.7 million low-income children receive childcare subsidies through this funding.⁷ In Missouri, according to the recent Missouri Kids Count 2007 Data Book, 41,295 low-income children received childcare subsidies.

Under the President's proposed 2009 budget, funding for childcare would fall \$474 million (18.7 percent) below the 2002 funding level. At this funding level, 2009 would be the 8th consecutive year in which funding has been frozen or reduced as compared to the prior year.⁸ The President's own budget analysis indicates that 200,000 children would lose assistance as compared to 2007 under this plan.⁹

Funding for Head Start, a federally funded, comprehensive preschool program for low-income children, would fall \$925 million (12 percent) below the 2002 level. **In Missouri, it would fall \$16 million below the 2002 level.**¹⁰ These cuts are occurring at a time when need has increased. The number of low-income children under the age of five who qualify for access to Head Start has risen by 493,000 children between 2002 and 2006, the last year data was available.¹¹

The proposed decrease in funding for 2009 is contrary to the funding priorities outlined in the recent Head Start Reauthorization. In December 2007, the President signed the Head Start Reauthorization bill that expanded the number of children served by Head Start and provided new federal investments to enhance program quality. Further, the reauthorization established a new standard that would require every Head Start classroom to employ teachers with a Bachelor's Degree. The reauthorization also called for raising Head Start funding to accomplish these goals. Unfortunately, the President's 2009 Budget does not provide the funding needed to meet the reauthorization requirements.

- **Community Assistance Programs Support Low-Income Missourians**

Community Development Block Grants, which provide funding to states and local community action agencies to support housing related activities, assistance for the homeless and commodity supplemental food programs for low-income seniors, could see a \$43.9 million cut below 2001 funding levels in FY 2009.¹²

The Low-Income Home Energy Assistance Program (LIHEAP), a federal block grant that provides states with grants to help low-income families pay their heating and cooling bills, helped roughly 5.8 million low-income households pay their heating and cooling bills in 2007. The President's proposed funding level for 2009 is set at the same amount

⁷ Sharon Parrott, Kris Cox, Danilo Trisi, and Doug Rice, Center on Budget and Policy Priorities, "*Bush Budget Would Cut Domestic Discretionary Programs By \$20 billion in 2009*", February 20, 2008.

⁸ Ibid

⁹ Ibid

¹⁰ Sharon Parrott, Kris Cox, Danilo Trisi, and Doug Rice, Center on Budget and Policy Priorities, "*Bush Budget Would Cut Domestic Discretionary Programs By \$20 billion in 2009*", February 20, 2008, *State by State Tables*.

¹¹ Sharon Parrott, Kris Cox, Danilo Trisi, and Doug Rice, Center on Budget and Policy Priorities, "*Bush Budget Would Cut Domestic Discretionary Programs By \$20 billion in 2009*", February 20, 2008

¹² Ibid

as 2001, despite the fact that home energy costs have risen 65 percent since that time.¹³ In real terms, **the President's 2009 proposed budget would result in cuts to Missouri funding of \$14.3 million as compared to 2008 levels, resulting in 28,800 fewer Missouri households receiving LIHEAP funding.**¹⁴

Conclusion

Under the President's proposed FY 2009 budget, Missouri policy makers will be faced with an increased funding burden and the dilemma of further cuts to critical services such as health care, education, and childcare. Missouri's Congressional Delegates have the ability to ameliorate the impact by ensuring adequate funding levels in the federal FY 2009 budget.

The Mission of the Missouri Budget Project is to advance public policies that improve economic opportunities for all Missourians, particularly low and middle income families, by providing reliable and objective research, analysis and advocacy. Contact the MBP through our website at www.mobudget.org

¹³ Sharon Parrott, Kris Cox, Danilo Trisi, and Doug Rice, Center on Budget and Policy Priorities, "Bush Budget Would Cut Domestic Discretionary Programs By \$20 billion in 2009", February 20, 2008,

¹⁴ Sharon Parrott, Kris Cox, Danilo Trisi, and Doug Rice, Center on Budget and Policy Priorities, "Bush Budget Would Cut Domestic Discretionary Programs By \$20 billion in 2009", February 20, 2008, *State by State Tables*.