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FOR IMMEDIATE RELEASE

New Details Show Bush Administration Budget Inflicts Increasing Pain on Missouri Over Next Five Years

St. Louis, MO – Newly available information shows that Missouri would experience large and growing cuts in federal funding over the next five years under the Administration's fiscal year 2007 budget, the Missouri Budget Project warned today. If enacted, these cuts would weaken critical services for low income Missourian who bore the brunt of balancing the state budget last year. They also place significant new burdens on the state's budget. And is spite of these cuts, the Administration's proposed budget as a whole *increases* the deficit.

The Missouri Budget Project called on the Missouri congressional delegation to reject harmful cuts that shift costs onto our state budget, while providing tax breaks for the wealthy. Congress should instead produce a budget that is both fair and fiscally responsible.

The Administration's budget calls for $183 billion in cuts in domestic discretionary (non-entitlement) programs over the next five years, more than 90 percent of which would take place after 2007. Yet the true impact of these cuts — on services, and ultimately on the residents of Missouri and other states — was hidden. In a break with standard budgeting practice, the Administration did not provide funding levels in its official budget documents for specific programs for years after 2007, though it counts on cuts in 2008-2011 to hit the budget's deficit targets.

The Washington, DC-based Center on Budget and Policy Priorities, however, has just issued a report that shows how the budget would affect specific programs, as well as each state, over the next five years. The report is based on data from an Administration computer run that apparently was released inadvertently.

"There's an old saying that the devil's in the details, and that's certainly the case with this budget," said Ruth Ehresman, policy analyst for the Missouri Budget Project. "Now those details are coming out, and they show that under this budget, Missouri would lose tens of millions in education funding; 7,800 low-income Missouri women, infants, and children would be kicked off the WIC program; and $44.3 million would be cut in energy assistance — even as the federal government gives out hundreds of billions of dollars in tax cuts, mostly for higher-income households. Those choices don't reflect the values of ordinary Missourians."

The budget would:

- Cut federal funding for **K-12 education** for Missouri by $135.4 million from 2007 to 2011, with the reduction reaching more than 8 percent in 2011.

- Wipe out 75% of Missouri's federal funding for **vocational education** in 2011.

- Slice Missouri's federal funding for the **WIC program** (the Special Supplemental Nutrition Program for Women, Infants, and Children) by $35.9 million, which would mean 7,800 fewer people could be served in 2011.

- Cut Missouri's federal **child care** funding by $19.4 million over five years, translating to a cut of 14 percent in 2011.

- Cut federal funding received by Missouri from the part of the budget that includes **Head Start, services for abused and neglected children, and other community and social services** by $152 million over five years, or a reduction of 19 percent in 2011. This means that between 1,800 and 2,200 fewer Missouri children could participate in Head Start. This account includes the elimination of the community services block grant, which funds community action agencies.

- Dramatically reduce federal funding to **repair public housing** in Missouri by $34.7 million over five years, a 23 percent reduction in 2011.

- Sharply pare back Missouri's funding for the Community Development Block Grant formula grant program, which funds numerous economic development activities (such as **improvements to roads and other infrastructure**) and housing-related activities (such as **rehabilitation of blighted buildings and assistance for the homeless**); by $99 million over five years, a 31 percent reduction in 2011.

- Cut federal **energy assistance for low-income Missouri households** by $44.3 million over five years, a 29 percent reduction in 2011.

(All cuts are compared to 2006 funding levels adjusted only for inflation.)

"Missouri is just coming out of a severe budget crisis, and there is continued pressure to cut services that make sure that children are safe and get a good start in life, that support working families who are trying to make it, and help struggling seniors and individuals with disabilities. Cuts like these will make it impossible to make needed investments in education, health care, transportation and other critical services." said Ehresman. While Congress funds discretionary programs one year at a time, the five-year cuts in the President's budget are critically important because the budget also proposes to cap overall discretionary funding for each of the next five years. The caps are based on the funding limits shown in the budget. Thus, if Congress chooses not to make any particular cut outlined above, it will have to compensate by making still deeper cuts in another area.

Moreover, these cuts do not solve the federal budget problem. The deficit continues to grow because the President's calls for tax cuts that are even larger than the program cuts.

"This budget chose to cut back on education, child care, heating assistance, and many other services struggling Missourians need, while making room for tax cuts that mostly benefit affluent households," added Ehresman. "That's the wrong choice for Missouri and for our country. Congress should reject the priorities of this budget and adopt a more fair and balanced approach."