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For more information:
Amy Blouin, Executive Director: 314-518-8867
Or Heather Lasher Todd, Communications Director: 314-348-1742

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Governor Nixon Announces Over \$300 Million in Further FY2011 Budget Cuts

Scholarships, mental health services, state jobs and transportation programs receive significant cuts while \$15 million incentive to Ford is still being considered

St. Louis, MO – Missouri Governor Jay Nixon today announced an additional \$301.4 million in budget cuts for fiscal year 2011 (FY 2011), which begins on July 1, 2010. These significant cuts are in addition to at least \$650 million in cuts for FY 2011 already made by Governor Nixon and the State Legislature, and come at a time when the Governor has announced his interest in holding a special legislative session to approve \$15 million per year in tax incentives for Ford Motor Company at the expense of state employees' retirement benefits.

"These cuts to critical services, which come on the heels of massive cuts made during the legislative session, will have a particularly significant impact on Missouri families with school-aged children," said Amy Blouin, Executive Director of the Missouri Budget Project. "College scholarships, school transportation, and virtual schools for children with a disability all received devastating reductions in funding. In addition, cuts to critical health programs will also affect many Missourians, including those in rural areas who use Federally Qualified Health Centers, and anyone seeking mental health services."

The budget cuts announced today by the Governor include, but are not limited to, a \$1.3 million cut out of the \$2 million budget for the Primary Care Resource Initiative of Missouri, which trains primary care providers including doctors, nurses and dentists to work in underserved areas of the state; cuts to school transportation funding of \$70 million out of a \$152.8 million budget; a one-third reduction of the budget for virtual schools for children with a disability; a one-fourth cut of the budget for the "Bright Flight" scholarship program for Missouri students; a 10 percent cut for Missouri's Federally Qualified Health Care Centers; a complete elimination of the budget for KCATA transportation in Kansas City; and major cuts to the Missouri Departments of Health & Senior Services including a 10 percent cut to Area Agencies on Aging and to Mental Health, which have already faced significant previous decreases to their budgets and staff.

"These cuts will not only decrease the necessary services Missouri provides residents, but they will also cost the state jobs through direct elimination of state jobs, and reductions in investments in private agencies and organizations that provide services. In addition, cuts to scholarships, education and recruitment will have a significant impact on the ability of Missourians to be fully prepared for economic recovery with a well-trained workforce. The impact of these cuts on jobs and the economy is exacerbated because they come on top of cuts in the current year's budget that eliminated 2,200 state employee positions, and they contribute to Missouri's already high level of unemployment," Blouin said.

These new budget cuts follow announcements by Governor Nixon that he is considering calling a special legislative session to consider two proposals that would expand spending on tax incentives for Ford Motor Company by \$15 million per year for 10 years and pay for this increase through significant cuts to retirement benefits for state employees.

“These proposals are particularly concerning as Ford Motor Company recently announced first quarter 2010 profits of \$2.1 billion, while Missouri’s state employees remain the lowest paid in the nation and our state continues to face massive cuts to critical state programs,” Blouin said. “It is irresponsible to continue devastating cuts to our state’s budget, and to consider expanding spending on tax credits, without a broader look at balanced solutions to Missouri’s budget process, including closing corporate tax loopholes and updating our tax structure to include new revenue from online purchases.”

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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, public education and advocacy. More information is available at www.mobudget.org.