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**Federal House Budget Plan Threatens
Health Care Coverage for Missouri's Low-Income Children**

St. Louis, Missouri – The five-year budget plan approved March 29 by the House Budget Committee fails to include funding needed to prevent children and parents in low-income working families from losing health coverage said Ruth Ehresman, Director of Health and Budgetary Policy for the Missouri Budget Project.

“Missouri is one of 17 states slated to experience a shortfall in the State Children’s Health Insurance Program next year. It is critical that funding be restored to enable Missouri to continue serving children currently insured through SCHIP,” Ehresman said. “Without additional SCHIP funding next year, the number of uninsured children in Missouri may well rise. Children and low-income Missourians were hit hard by Missouri’s budget cuts last year. This House budget proposal will inflict additional harm.”

The funding not included in the House budget was requested by the President, and was included in the Senate budget proposal. This funding would plug a 2007 shortfall in SCHIP and extend the component of Medicaid that continues health coverage for up to a year for families that work their way off welfare.

The five-year budget plan approved by the House is “badly out of step with Americans’ wishes and needs,” Ehresman said. She said Missouri Representative Jo Ann Emerson, along with 22 other moderate Republicans, signed a letter to the Speaker of the House indicating their “strong reservations voting for any budget that would result in real cuts in a number of programs.”

“We commend Congresswoman Emerson for her stand and appreciate her firm position on this important issue,” Ehresman said.

“Missourians want a federal budget that is fair and that shows fiscal responsibility. They are concerned about our country’s growing deficits and they don’t want more unaffordable tax cuts that lead to cuts in critical government services and higher deficits that weaken our economy,” Ehresman said. “The House budget plan shows that leaders haven’t heard these messages, so it’s important that House members hear them as they consider this budget and decide to do what is best for their communities and their constituents.”

The House budget plan shortchanges domestic discretionary programs, the part of the budget that includes education, veterans’ medical care, law enforcement, transportation, environmental protection, and medical research. It provides \$9 billion less funding next year than is needed simply to keep pace with inflation. This reduction means that services would have to be reduced and/or fewer people would be served by these programs in coming years. In later years the House proposal would cut this part of the budget by even larger amounts than the President’s budget proposes.

In addition to these short-term deficiencies, the House budget proposal would propel the country into a deficit of at least an additional \$256 billion over the next five year than if current policies continued. This is due to more than \$200 billion in tax cuts — most of which would go to high-income households.

“Overall, the House budget plan would be more harmful than the President’s budget and the budget plan recently approved by the Senate,” Ehresman said. “Over the next five years, the House budget calls for even larger funding cuts in domestic discretionary programs than the other two plans, so the resulting cuts in services likely would be even more severe and widespread.”

The House budget plan would:

- **Reduce funding for domestic discretionary programs.** Funding would be cut by \$9 billion in fiscal year 2007 and \$169 billion over five years, compared to the 2006 funding levels adjusted for inflation.
- **Require cuts in entitlement programs.** Of the \$7 billion over five years in cuts that would be required, some \$4 billion would have to come from programs overseen by the Ways and Means Committee. The committee’s programs include the Earned Income Tax Credit for low-income workers, the Supplemental Security Income Program for low-income people who are elderly or have a disability, child support assistance for low-income parents, and the Social Services Block Grant, which helps fund a range of services for low-income, elderly, and disabled individuals.
- **Provide large, unpaid-for tax cuts, mostly for the wealthy.** These tax cuts would likely cost much more than the House’s estimate of \$228 billion over the next five years, mostly because the House’s estimate does not include the cost of extending relief from the Alternative Minimum Tax (AMT) after 2006. If AMT relief were extended through 2011, as virtually every lawmaker and analyst expects, the cost of the House tax cuts would more than double.

- **Increase the federal deficit by at least \$256 billion over the next five years.** The savings from the program reductions in the House budget would be used *not* to reduce the deficit, but instead to offset a portion of the plan's tax cuts, as well as its increases in defense spending. Overall, the House budget plan would increase the deficit over the next five years by \$256 billion compared to what deficits would be if current policy was left unchanged. Moreover, the actual increase in the deficit under the House plan is likely to be much more than \$256 billion, because the House Budget Committee has understated the true price tag of the tax cuts.

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