



MBP EMAIL UPDATE

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I. The Federal Economic Stimulus Legislation & Financial Bailout

The Missouri Budget Project's position on the Financial Bailout: The economic situation facing the nation is clearly grave. In Missouri, approximately 190,000 individuals are currently unemployed, more than 740,000 families were living in poverty in 2007 and the state median income was \$5,000 lower in 2007 than it was in 2001, prior to the last recession. The breakdown of Wall Street comes on top of this crisis. If left unchecked, economists throughout the country believe that the financial situation will lead to a severe erosion of the national economic base, leading to a severe recession, rapid increase in unemployment, shrinking retirement accounts, lack of business capital and further instability of employment. Many economists believe that the potential crisis could not only be significant and long-term, but equal to the depth of the great depression.

While no one is happy about the situation, doing nothing would be intolerable and lead to more significant harm for Missouri's low and middle income families. As a result, the MBP encourages swift passage of the financial bailout bill. The Senate passed a revised version of the bailout bill on October 1st, and the MBP urges Missouri House members to take similar action.

At the same time, we can not forget Missouri's families and the needs of real people.

The U.S. House last week took action to shore up critical services for families who are struggling as a result of the economic crisis with the passage of a **second Economic Stimulus bill**. The bill includes:

- A temporary increase in federal matching funds for Medicaid, strengthening the health insurance program *and* state budgets. As state budgets tighten during times of economic strain, the additional federal resources would help to strengthen and balance Missouri's budget.
- Adds an additional extension of seven weeks to unemployment benefits.
- Increases funding for Food Stamps.

The Missouri Budget Project encourages similar swift action by the U.S. Senate to pass the House version of the Economic Stimulus package in order to ensure that the needs of real Missourians are met during this crisis.

II. How the Financial Situation Impacts the State Budget

As the economy struggles, so too does the Missouri Budget. Sales taxes, corporate income tax and individual income tax all tend to shrink with economic downturns. Following the 2001 stock market crash, Missouri

revenue lost ground and a fiscal crisis began in the state. This occurs at the same time that the needs have increased for public services as families struggle to meet their needs.

The most recent state general revenue figures show that at the end of **September, Missouri revenue for fiscal year 2009 has declined by -.9% as compared to the last fiscal year.**

The MBP will continue to monitor the revenue situation. However, a decline in expected revenue could result in a fiscal crisis even sooner than expected. The revenue situation makes passage of the federal economic stimulus bill, and increased federal funding for Medicaid, all the more crucial. Increased federal funds would go far in protecting Missouri's budget outlook.

III.MBP "Survey Monkey" Survey Reminder

Don't forget to take the MBP's online survey. As we prepare for 2009, the Missouri Budget Project is very interested in how we can make our work more useful to you. You should be able to press your "Control" key and the link below and go to the Survey directly. If you have trouble opening the link, please try copying the following into your URL line:

http://www.surveymonkey.com/s.aspx?sm=2fnanig_2bwBXMMUVpMY_2bGisw_3d_3d

IV. MASW Conference on Economic Issues: October 22 & 23 in Columbia

The Missouri Association for Social Welfare's Annual Conference is coming quickly. It looks to be very timely as the focus will be on the Economic Situation. The Missouri Budget Project is honored to be presenting on the economic conditions and wages in Missouri at this event.

Details and for registration: <http://www.masw.org/>

As Always, Contact any of the MBP Team Members with Any Questions

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