Missouri Budget Project E-News
Federal and State Policy Update
April 30, 2010

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Federal issues

1. Sign- on letter supporting funds for low income housing

The National Low Income Housing Coalition is distributing the sign on letter below. Affordable housing is even more critical during these times of high unemployment and under-employment. If you would like to add your organization's name to this letter (please do so if you are able!), click here.

We, the undersigned organizations, urge Congress to act soon to provide the initial funding for the National Housing Trust Fund (NHTF). ***We are requesting $1.065 billion be provided immediately to the NHTF: $1 billion to capitalize the NHTF and $65 million for project-based vouchers to couple with NHTF capital grants.***

The NHTF was created in the Housing and Economic Recovery Act of 2008 (HERA) to address the severe shortage of rental homes that are affordable for the lowest income families, but it has not yet been funded. The President proposed funding for the NHTF in his FY10 and FY11 budget requests.

In the United States today, there are only 37 rental homes available and affordable for every 100 households with incomes below 30% of their area median. A scarcity of housing that the poorest families can afford is the principal cause of homelessness in the United States.

Investment in the NHTF will create good jobs. Every $1 billion provided to the Trust Fund will support the immediate construction of 10,000 rental homes, creating 15,100 new construction jobs and 3,800 new jobs in ongoing operations.

We urge Congress to provide this badly needed funding at the soonest possible opportunity.

State issues

1. House and Senate approve budget bills

The House and Senate approved the Conference Committee reports for the budget bills. In the House, the votes were primarily along party lines, with Republicans voting "yes" and Democrats voting "no". In the Senate, the vote was also largely along party lines, although there was more cross over than in the House.

Click here to see a record of the House votes. Click here to see a record of the Senate votes.

The Conference Committee reports mostly took the Senate position, which generally reflected deeper cuts than those proposed by the House. A total of about $484 million was cut from the budget the Governor proposed in January. He had asked the General Assembly to cut $500 million. Budget Director, Linda Luebbering, said in an interview earlier this week that it is likely the Governor will have to make cuts in next year's budget. The Governor made 5 rounds of budget cuts during the current fiscal year, cutting more than $900 million in order to balance the budget.

Here's the bottom line on what happened.

In education: Elementary and secondary schools' funding will be flat going into the next fiscal year. Implementing full funding of the foundation formula would have meant an increase of a little over $100 million. The Career Ladder program was funded, but will likely not be funded by the state next year. Parents as Teachers took a big hit, with an allocation that is less than half of what was appropriated last year. Higher education's budget was cut by about 5 percent

In health and mental health: Mental Health services took deep cuts, as did the Department of Health and Senior Services. The core budget for the Area Associations on Aging (AAA) was cut by $1.4 million. Older Adult Transportation services were cut by about $900,000, per the Governor's recommendation, Home and Community based services for seniors and individuals with a disability whose income is too high to qualify for Medicaid were cut, as were mental health services for individuals not eligible for Medicaid. Many of the individuals who have lost services, who will lose them, or who will never have them are very poor, since Missouri's Medicaid eligibility is so low.

In social services: The Conference Committee report took the Senate recommendation to cut subsidized child care by only $3 million. Under the House proposal to cut $7.4 million, the state would have lost an additional $38 million in federal funds The Governor proposed eliminating $1.4 million for the Missouri Mentoring Partnership, but the Conference Committee restored these funds. Federally Qualified Health Centers (which provide health care to low income and uninsured Missourians) were cut by $1.4 million. Grants to assist Rural Health Clinics in expanding services were eliminated. $700,000 was appropriated in FY2010.

After the Governor signs the final budget bills, the Missouri Budget Project will provide a summary of changes. The Governor may veto line items, but may not add money to any line item.

2. **Lukewarm efforts to pass legislation to capture savings or increase revenue**

As stated last week, a number of bills must be passed to make the statutory changes that are assumed in the budget (e.g. savings in Medicaid). These do not appear to be on a fast track, with only 2 weeks remaining in the session.

SB1007 (Dempsey), which proposes to save money in the Medicaid program, was passed by the Senate and sent to the House on 4/29.

SJR44 (Shields), which eliminates the names of the state departments in the Missouri Constitution, was referred to the House Committee on Higher Education, and will be heard on 5/4 at 8 AM in HR6. Passage of this would open the door to a referendum which, if passed, would allow state departments to be consolidated or re-organized.

HB2245 (Bivens), which is a vehicle for slowing down implementation of the Foundation Formula for elementary and secondary schools, was narrowly passed by the House on 4/29.

No action was taken this week on **SB905 (Bray)** and **HB2302** (Sutherland), both of which would tax internet sales the same way that bricks and mortar sales are taxed. Nor was action taken on any other bills that would provide much-needed revenue next year. Balanced solutions were needed for this year's budget, and will be even more important in the next.

Proposals to curb tax credits appear stalled by Senator Crowell in the Senate and by majority leadership in the House.