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Proposal to Cap State Spending Would Damage Missouri's Economy *Similar measure unworkable in Colorado*

Today, the House of Representatives passed HJR 43, a proposal to cap state spending growth that would severely damage Missouri's economy and its ability to create jobs and fund critical services like education. Once the state returns to pre-recession revenue levels, the spending lid would take effect the following year, making it unlikely that Missouri would ever be able to restore funding for higher education, or meet the needs of changing demographics such as baby boomers entering retirement. As a result, Missouri's priorities would be pit against each other, with services for seniors competing with services for kids and economic development for more limited funds.

"The risks inherent in a constitutional spending cap would make it more difficult for Missourians to obtain quality educations and compete in the global economy," said Amy Blouin, Executive Director of the Missouri Budget Project. "State investments in these services build the foundation for economic growth today and in the future, and this growth would be put at risk."

The measure is also unnecessary – Missouri's constitutional provision known as the Hancock amendment already limits the growth in state revenue. Moreover, a similar measure in Colorado had devastating effects, prompting the business community there to work to end the spending cap.

"Our state must maintain the flexibility to fund critical investments like education, transportation, and public safety," continued Blouin. "Abandoning those commitments by artificially limiting spending will undermine our economy and hold jobs back."

While HJR 43 is wrongheaded, Missouri can take steps to strengthen its reserve fund and promote fiscal responsibility, including requiring that any expansion in services or reduction in tax base is fully paid for by other cost-saving actions; extending the repayment period for the existing state rainy day fund, as proposed by the House Special Committee on Disaster Recovery; and investing in the reserve fund through the annual appropriations process.

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