



Shaping Policy...
Creating Opportunities

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NEW MISSOURI BUDGET PROJECT ANALYSIS INDICATES ECONOMIC CRISIS FOR FAMILIES WAS DECADE IN THE MAKING

*True Recovery will require economic growth and implementation of state policies to ensure
economic prosperity is broadly shared*

St. Louis, MO - A new report from the non-profit, non-partisan Missouri Budget Project shows that while the current economic recession has caused significant hardship in our state, the decline for Missouri's working families started years ago, beginning with the economic downturn in 2001. Missourians saw little gain during the past ten years, even during recovery periods in the middle of the decade, and actually were worse off prior to the current recession than they were in 2000.

The median income in Missouri fell from \$53,330 to \$46,906, a decline of more than \$6,000 between 2000 and 2008, when adjusted for inflation. This was the third largest decline in median income in the nation, according to the U.S. Census Bureau. Even during the periods of economic recovery in our nation over the last decade, Missouri's median income remained below the 2000 levels. At the high point of recovery from 2005-2006, Missouri's median income was \$47,321 when adjusted for inflation.

The number of Missourians living in poverty has also increased steadily since 2000, and reached 13.1 percent - or 780,000 individuals - in 2008. The number of Missourians receiving Supplemental Nutrition Assistance Program (SNAP) benefits (formerly Food Stamps) more than doubled over the last decade.

Impact of Economic Recession

The current recession has left Missourians even further behind, and early signs of national economic recovery have yet to impact Missouri's weak economy. The number of Missourians facing unemployment reached 9.5 percent in August 2009, nearly three times the level of 2000. More than 285,000 Missourians were unemployed in August 2009. During the first quarter of Fiscal Year 2010 (July 1 - September 30, 2009), state net General Revenue collections dropped by 10 percent compared to the previous year.

The cumulative effects of growing unemployment and lost wages have pushed many families to the economic brink. With nothing left to squeeze from the family budget, and no job on the horizon, an increasing number of Missouri families must turn to public support.

There has been dramatic growth in the number of Missourians using the Supplemental Nutrition Assistance Program. In the year 2000, about 417,000 Missourians were enrolled in this program. By 2007, that number had roughly doubled to about 824,000. The current economic downturn has seen another surge. As of June 2009, 1,071,194 Missourians were utilizing SNAP benefits, a 19 percent increase since June of 2008.

Use of Missouri's Medicaid program, Missouri Health Net, is also on the rise, despite significant changes in eligibility requirements in 2005. In June 2008, Missouri Medicaid enrollment stood at about 832,000. As of June 2009, this number had climbed to 871,081, or an increase of 4.7 percent for the year.

Recovery for Missouri Families

Although the current recession has left Missourians even further behind, the economic crisis for Missouri families was a decade in the making. As a result, if Missouri is to overcome the cumulative impact of the last ten years of decline, families will need a period of strong, sustained economic growth combined with implementation of state policies to ensure that the economic recovery is broadly shared.

“State lawmakers can help to ensure that a strong foundation is created to allow all Missourians to grow and prosper,” said Amy Blouin, Executive Director of the Missouri Budget Project. “Lawmakers must ensure adequate revenue for the variety of public services that families depend upon in good times and bad, such as education and investments in public transportation. Additional investments should be made in supports such as child and health care, which provide critical work support for families and businesses.”

In addition, lawmakers should also consider enacting a State Earned Income Tax Credit to encourage workforce participation and allow families at the most fragile end of the income scale to keep more of their income until they attain economic stability.

Finally, state legislators should also take advantage of opportunities to expand unemployment insurance. In 2009 the legislature did authorize a temporary expansion of benefits offered through the federal government, but did not pass a permanent expansion of unemployment insurance. In the upcoming legislative session, they have a chance to protect more Missouri workers who face long odds in the current job market.

To read the full report, visit:

<http://www.mobudget.org/files/Missouri%20Families%20Face%20Decade%20of%20Economic%20Decline%20October%202009.pdf>