



Column For Week of: March 31, 2008

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Budget Writers Face Tough Task

Slowing Economy Presents Challenges

The Missouri House spent most of the last week working on the \$23 billion state budget, and now it's up to the Senate to address or change their proposal. Crafting the state budget is the one constitutional duty Missouri lawmakers must perform each year, and it's a challenging process in any year. However, because of the slowdown in the national economy caused by the sub-prime housing crisis, the increasing costs of gas and food and the decrease in the value of the dollar, budget writers in state capitols across the country are having a tough time trying to structure a budget to meet present and future needs. We face many of those same challenges here in Missouri.

First of all, although you have likely heard a number of politicians and the governor talk about how fortunate Missouri is to have a budget surplus – the fact is there was no budget surplus. There was money withheld from programs. We have used much of that to fill the need of funding the shortfalls or neglectful budgeting by departments. Now we're being asked to find \$200 million in budget cuts this year.

We've heard how policies and programs have created thousands of good-paying jobs in Missouri over the past few years. But the U.S. Bureau of Labor Statistics paints a much different picture, especially from January of 2007 to January of 2008. During that one-year period, Missouri's unemployment rate rose steadily to its current rate of 5.5%, compared to the current national unemployment rate of 4.8%.

Frankly, I'm getting tired of hearing politicians brag about all of the new quality jobs created. The facts say otherwise.

The Bureau of Labor Statistics finds Missouri has lost 16,700 manufacturing jobs since January of 2005. The Medicaid cuts cost the state \$700 million over two years in federal matching funds. That loss is estimated to have cost Missouri at least \$1.4 billion in economic activity, including 20,000 new health care jobs.

The Corporation for Enterprise Development, an independent non-profit group, recently gave Missouri a "D" in its national economic assessment, based on Missouri's high unemployment rate, low annual wage growth and poor housing market. In 2004, Missouri received a "B" from CFED.

This just confirms what Missouri families are feeling first hand. It's harder for regular folks to afford health care, it's more difficult to buy a home, and credit card debt is going through the roof. Missourians are working harder but having a tough time making ends meet.

I'm also tired of hearing how the government has "saved" our state economy without increasing taxes, but that depends on your definition of taxes. In 1999, when Democrats were in the majority, state sales taxes on food were eliminated. Taxes on pensions and retirement were reduced last year under a Republican-controlled legislature. But over the past four years, lawmakers have approved multiple "fee increases" for various programs, which is basically the same thing as raising taxes, only you can call it something different. I don't think Missourians are fooled one bit. Have your local taxes gone down lately? How about your property taxes?

No one likes to pay taxes, but it is part of the social compact we make with each other to provide for the common good. Missouri has one of the lowest tax burdens of any state in the nation, which is all fine and good if the state is meeting its obligations to its citizens. I'm not sure we can say that when 400,000 Missourians lack access to health care, or when our colleges and universities are forced to raise tuition to the point where many students can no longer afford to go to school.

I serve on the Senate Appropriations Committee and will work diligently to make sure the state budget reflects our values.

Contact Me

As always, I appreciate hearing your comments, opinions and concerns. Please feel free to call me in Jefferson City at (573) 751-2108. You can also write to me at Frank Barnitz, Missouri Senate, State Capitol, Jefferson City, MO 65101.

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