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BUDGET DEAL INCREASES DEFICIT, CUTS SERVICES FOR LOW-INCOME MINNESOTANS, AND CUTS TAXES FOR WEALTHY

(St. Paul) – The Minnesota Council of Nonprofits (MCN), representing over 1,500 nonprofit organizations statewide, expressed its disappointment today over last night's votes by the U.S. House and Senate approving the Budget Conference Report for Fiscal Year 2006. The Budget Resolution sets parameters for federal spending and tax policies, which will now be worked out in more detail through House and Senate committees. The final budget passed the House by a vote of 214-211 and passed the Senate by a vote of 52-47.

"This budget agreement is fiscally irresponsible because it will actually **increase** the size of the federal deficit by \$168 billion over five years, largely because it includes \$106 billion in new tax cuts that disproportionately go to the wealthiest people in America," said Nan Madden, MCN's Minnesota Budget Project Director.

"This budget is irresponsible because at the same time it includes new tax cuts, it also includes up to \$10 billion in cuts to Medicaid alone, as well as cuts to Food Stamps. Additionally, budget cuts domestic discretionary programs, including education, housing, veteran's health care, environmental protection, and other key human services, by \$23 billion in 2006 and up to \$59 billion in 2010 — a reduction of 13.5%," said Madden.

On April 6, MCN sent a letter to Minnesota Senators Mark Dayton and Norm Coleman, signed by 113 Minnesota organizations, urging the senators to reject any budget cuts to Medicaid and to keep any cuts to Food Stamps, the Earned Income Tax Credit (EITC), and other services for low- and moderate-income Minnesotans as low as possible.

"By approving this Budget agreement, Congress has failed to provide a fair and balanced approach to deficit reduction," said Steve Francisco, MCN's Federal Budget Campaign Coordinator. "Instead, they have passed a budget that will increase the number of Minnesotans without access to health care, will increase the number of families without access to Food Stamps, and will increase the financial burdens of state and local governments to make up for these cuts at the federal level."

In March, the House and Senate passed significantly different budget resolutions. The House-passed Budget Resolution called for \$15 to \$20 billion in cuts to Medicaid, which provides health care to thousands of elderly, children, low-income families, and people with disabilities. The

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Senate-passed Budget Resolution included an amendment, supported by Minnesota's two senators, which called for no cuts to Medicaid. "For Senate leaders to come back with an agreement to cut up to \$10 billion over five years from Medicaid is a big disappointment and an abandonment of the Senate's earlier position," said Francisco. "In Minnesota, some 580,000 people receive health care funded in part by Medicaid. Clearly, with cuts of this size, some Minnesotans are going to lose their access to health care for themselves and their children, and pressures on the state's budget and health care system will increase," said Francisco.

House and Senate committees will now work over the next four months to pass appropriations bills and finally an omnibus reconciliation bill implementing the terms of the Budget Resolution's spending and tax provisions by mid-September.

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