



February 2006

Governor Blunt's Fiscal Year 2007 Budget: Summary of Proposed Funding for Services

Missouri's general revenue situation is improving. As announced by the Governor's office in January 2006, the state is expected to receive \$250 million more revenue in the current fiscal year than what was anticipated.

In addition, the consensus revenue estimate indicates that general revenue is expected to grow by about 4.5 % in the next fiscal year (July 1, 2006- June 30 2007 - Fiscal Year 2007), or by an additional \$300 million. While this growth is a positive sign of an improving economy, it falls short of meeting the need to adequately fund services vital to the well-being of moderate and low-income families. Following are examples of some unmet needs:

- The damaging cuts made to Medicaid over the past several years are not addressed. The Governor states that his budget provides an additional \$275 million for Medicaid, but none of this restores the severe cuts to eligibility made in the last several years.
- The Governor's budget reflects small increases in spending on education. Higher education will receive a 2 percent increase as compared to last year, but Missouri's public colleges will still be well below 2001 funding levels and another tuition increase is projected for the University of Missouri system next year. While the Governor has proposed a \$167 million increase in K-12 funding, Missouri is approximately \$791 million under the level that is constitutionally required.
- While funding for Parents As Teachers is modestly increased, this does not address the critical need for quality child care for low- income working families.
- Reimbursement rates for residential treatment for children who are abused / neglected and/or have serious mental health needs are increased, but funding for other critically important parts of the child protection system is not included.

A summary of some recommended increases and cuts to Missouri's budget for Fiscal Year 2007 follows. The Missouri Budget Project tried to select programs and services we thought would be of highest interest to those concerned about the budget's impact on individuals with middle- and low-incomes. Additional information about the Governor's budget can be found at <http://www.oa.mo.gov/bp/budg2007/>.

Department of Elementary and Secondary Education

Recommendations to increase

Parents as Teachers	\$1 mil
Foundations Formula (from other funds)	\$122.2 mil

Recommendations to cut

School Food Program	\$75,648
First Steps	\$50,000

Many line items have money reallocated to or from other sources. In part this is due to SB 287 (passed in 2005).

The Children's Services Commission is moved from the Office of Administration to DESE.

Department of Higher Education

Recommendations to increase

Funding for public 4-year institutions	\$14.4 mil
Funding for public community colleges	\$2.7 mil

Department of Mental Health

Recommendations to increase

Medicaid case growth in Division of Comprehensive Psychiatric Services	\$4.9 mil
17.35 staff to support and sustain comprehensive mental health systems	\$2.9 mil
Funding and 25.5 staff for Fulton State Hospital	\$1.9 mil
Funding and 48.25 staff for the Missouri Sexual Offender Treatment Center	\$1.7 mil
\$15/day rate increase residential treatment providers	\$553,000
Medicaid case growth in Division of Mental Retardation & Developmental Disabilities	\$14.9 mil

Recommendations to cut

Core cuts in Division of Comprehensive Psychiatric Services and 20.99 core staff reductions	\$6.4 mil
Core cuts and 220 core staff reductions in Division of Mental Retardation & Developmental Disabilities	\$1.0 mil

Department of Health and Senior Services

Recommendations to increase

Aids Drug Assistance program	\$2.4 mil
Tobacco cessation (funded from Tobacco Settlement money)	\$1.0 mil
\$1/hr increase for in-home and community-based care providers	\$27.0 mil
Medicaid caseload growth in in-home and community based care	\$16.1 mil
Supplemental payment for in-home and community- based care	\$7.0 mil
Senior meals	\$1.1 mil

Recommendations to cut

Core reductions and 3 staff reductions in Division of Community & Public Health	\$3.2 mil
Core reductions and 11.62 staff reductions in Division of Senior & Disability Services	\$10.0 mil

The Missouri Senior Rx Program is transferred to the Department of Social Services.

Department of Social Services, Family Support Division and the Children's Division

Recommended increases

Mentoring for youth	\$200,000
Increase blind pensions from \$510 to \$541/month	\$1.4 mil
Cost to continue the FY 06 supplemental funding for adoption & guardianship subsidies	\$6.9mil
\$10/day rate increase for residential treatment providers	\$5.9 mil
Children's Treatment services (this increase still leaves the line item slightly below its FY 2005 expenditure)	\$1.2 mil

Recommended cuts

Core reductions, including 10 staff in the Family Support Division	\$4.3 mil
Performance based contracts (since the \$1.2 mil reduction is offset in the Children's Treatment Services line item, it appears this is really a reallocation, although it isn't described as such)	\$1.2 mil

Two notable line items that received only slight increases are *Child Welfare Accreditation* and *Purchase of Child Care*.

HB 1453 (2004) directed the Children's Division to become accredited within 5 years. Last year the Governor increased funding to enable the Division to achieve this. Without an incremental increase in this year's budget, it is unlikely that the additional progress will be made.

Missouri's eligibility criteria for subsidized child care consistently keeps Missouri at the bottom in comparison to the other states. Without a substantial increase, eligibility will fall even lower in the next fiscal year.

Department of Social Services, Division of Medical Services

Recommended increases

Increased health technology	\$50.0 mil
Federally Qualified Health Centers	\$700,000
Growth in costs of existing Medicaid programs	\$164.5 mil
Medicaid caseload growth	\$93.1 mil
Managed care (includes a 14% pharmacy trend factor; an 8% non-pharmacy trend factor)	\$80.5 mil
Pharmacy (due to new drugs, therapy and inflation)	\$79.4 mil
Drugs that are not included in Medicare Modernization Act Part D	\$44.1 mil
Increased pharmacy costs for the elderly and individuals with a disability	\$20.6 mil
Medicare A and B premiums	\$15.4 mil

Recommended cuts

Core reductions in pharmacy related to federal changes	\$78.8 mil
Core reductions	\$133.3 mil

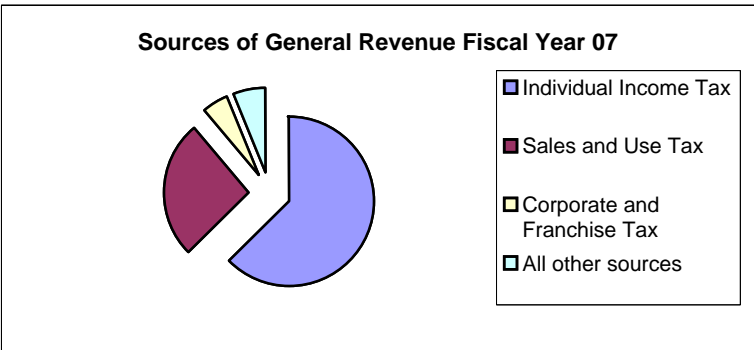
See following pages for overview of Governor Blunt's budget

Governor Blunt's Budget - An overview

February, 2006

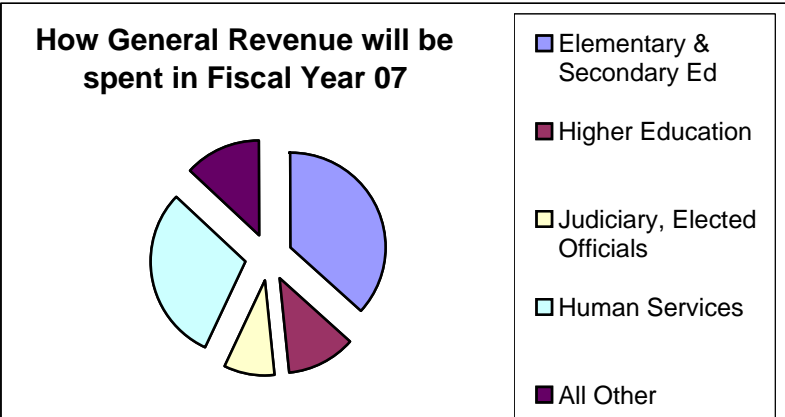
Sources of General Revenue

Individual Income Tax	62.4%
Sales and Use Tax	26.4%
Corporate and Franchise Tax	5.2%
All other sources	6.0%



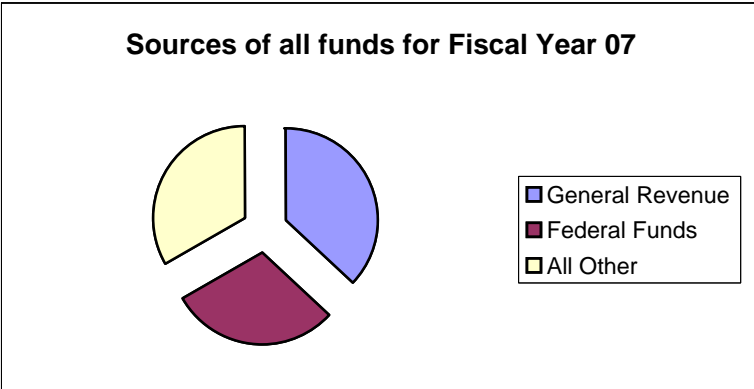
How General Revenue will be spent in Fiscal Year 07

Elementary & Secondary Ed	35.4%
Higher Education	11.3%
Judiciary, Elected Officials	8.4%
Human Services	28.8%
All Other	12.7%



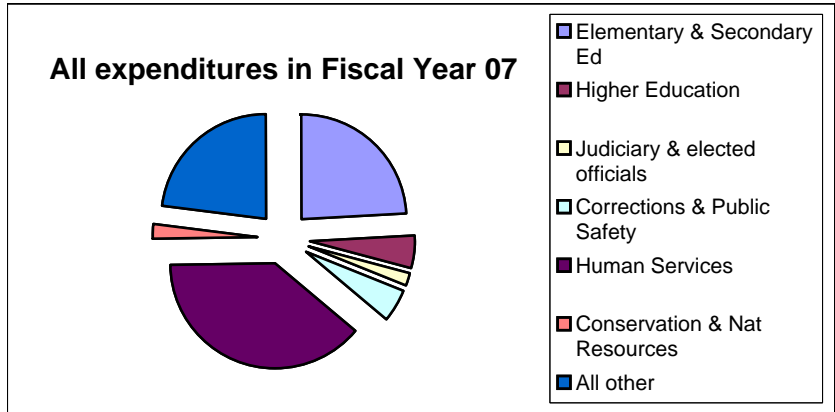
Sources of all funds for Fiscal Year 07

General Revenue	37.0%
Federal Funds	29.8%
All Other	33.2%



All expenditures in Fiscal Year 07

Elementary & Secondary Ed	24.1%
Higher Education	5.1%
Judiciary & elected officials	1.8%
Corrections & Public Safety	5.0%
Human Services	38.8%
Conservation & Nat Resources	2.2%
All other	23.0%



Changes from Fiscal Year 06 to Fiscal Year 07 by Department

Please note that this includes Federal funds as well as state general revenue and other funds

in millions	FY 06 Appropriation	Governor's 07 budget	% change
Public debt	\$105.9	\$97.6	-8%
Elementary & Secondary Ed	\$4,843.5	\$5,038.9	4%
Higher Education	\$1,046.0	\$1,062.6	2%
Department of Revenue	\$428.2	\$412.6	-4%
Transportation	\$1,725.6	\$2,620.4	52%
Office of Administration	\$172.1	\$312.0	81%
Employee Benefits	\$764.5	\$814.3	7%
Agriculture	\$37.6	\$42.1	12%
Natural Resources	\$327.0	\$324.1	-1%
Conservation	\$137.2	\$141.8	3%
Economic Development	\$271.7	\$286.2	5%
Insurance	\$14.5	\$13.6	-6%
Labor & Industrial Relations	\$165.4	\$153.2	-7%
Public Safety	\$387.3	\$413.1	7%
Corrections	\$567.7	\$640.6	13%
Mental Health	\$971.2	\$994.8	2%
Health & Senior Services	\$830.3	\$822.1	-1%
Social Services	\$5,941.1	\$6,297.1	6%
Elected Officials	\$162.2	\$130.0	-20%
Judiciary	\$162.5	\$174.0	7%
Public Defender	\$0.3	\$0.3	0%
General Assembly	\$31.2	\$32.1	3%
Statewide Leasing	\$43.4	\$70.1	62%

Sources:

The Missouri Budget Project,
Governor Matt Blunt

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