



Highlights of the Governor’s Fiscal Year 2009 Budget

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A less than packed house was present to listen to Governor Blunt’s State of the State address on January 15. But there was the promise of something for just about everyone in his budget request. The following summary highlights some of Governor Blunt’s requests which, if entirely funded, will result in a budget crisis that surpasses the pain of balancing the budget in 2005.

The Missouri Budget Project is concerned that even without the Governor’s overly-optimistic budget request, the state is setting the stage for a budget crisis in FY 2010, just 18 months away. The Governor’s Budget has a net increase of nearly \$600 million¹ over the FY 2008 budget. What is cause for concern is that the FY2009 budget contains a beginning balance of \$500 million², as well as \$161 million³ in “lapsed” funds (money appropriated, but not spent) in FY2008. Much of the \$500 million is available because of the funding cuts for Medicaid in 2005. It is not really excess revenue. Fast forward to FY 2010 and the projected beginning balance is only \$50 million⁴! Economic indicators suggest that there will not be sufficient revenue growth in Missouri to balance the FY2010 budget. That means there will need to be significant tax increases or significant budget cuts.

New decision items in Governor Blunt’s budget totaled an amazing **\$778.8million** in general revenue. Table 1. below summarizes these.

Table 1.	
Governor Blunt’s Recommended General Revenue New Decision Items (in millions of dollars)	
*Source: Handout distributed to the Senate Appropriations Committee 1/16/08	
Elementary and Secondary Education	\$163.4
MO HealthNet (formerly known as Medicaid)	100.4
Insure Missouri (newly proposed insurance for some low income Missourians.	27.4
Health Care Technology	7.0
Mental Health Services	12.0
Health and Senior Services	10.9

¹ The Missouri Budget, Fiscal Year 2009, Governor Matt Blunt, 1/15/08

² ibid

³ ibid

⁴ ibid

Missouri Consolidated Health Plan (health insurance for legislators and state employees)	28.5
Autism resources	4.5
Elementary and Secondary Education	163.4
Higher education institutions	54.2
Higher education scholarships	52.9
Provider rates	48.8
Public Safety	13.9
Chillicothe Correctional Center	13.2
Inmate health care	10.9
Pay plan increases (a 3% increase for all state employees and within grade increases for some positions)	49.7
Capital improvements	17.6
Alternative fuels	16.2
Facilities maintenance and repair	75.3
Cultural partners	11.3
Debt service	5.7
Tourism	4.0
Other	39.9
/	\$778.8

In addition to the new decision items, the Govern recommended increases in many current budget items. Table 2. summarizes some of the significant increases.

Table 2.	
Summary of Governor Blunt's Recommended Budget Increases (in millions)	
<i>*Source: See Table 1. Amounts include general revenue, federal funding and "other" funds.</i>	
<i>PreK-12 Education</i>	
Foundation Formula	\$121.3
Title 1 School Improvement	10.0
Wage increase for sheltered workshops	5.2
Early childhood special education	2.5
Parents as Teachers	2.0
Early Head Start	1.0
<i>Higher Education</i>	
Ellis Fischel Cancer Center (UM-Columbia) and Pharmacy and Nursing Building (UM-Kansas City)	46.2
Additional funding for colleges and universities	40.2
Need-based scholarships	27.9
<i>Health and Mental Health Care</i>	
Insure Missouri	347.6
Mo HealthNet select provider reimbursement increases	112.8
Pharmacy benefits	73.3
MO HealthNet rate increase for physicians	52.8

Rate increase for nursing facilities	26.2
Dental and optical services as required in SB577	24.6
Women’s health services as required in SB577	13.0
Establish Health care “homes”	22.8
Increase rates for community mental health providers	7.4
Expand autism services	7.4
Rate increase for dental care providers	7.0
Coverage to children required in SB577	4.8
Rate increase for in-home service providers for seniors	25.1
Tobacco cessation services for those insured with MOHealthNet	8.6
<i>Non-health services for children</i>	
Maintain child care eligibility at 127% of FPL (\$21,000/year for a family of 3) and initiate a transitional benefit for families up to 150% of FPL	8.5
Increase reimbursement for foster and adoptive parents of children who were abused/neglected	2.5
Rate increase for residential care providers	3.0
Substance abuse for families whose children are at risk of entering the child protection system	2.3
<i>Energy/Environment</i>	
Improvement to state conservation areas	36.0
Biodiesel production incentives	15.0
Ethanol production incentives	1.2
<i>Transportation</i>	
Road construction projects	483.0
Highway guard cables, reflective striping and signage	22.0
<i>Other</i>	
Veterans’ homes and services to veterans	9.0
Homeland security – enhanced communication systems	29.9

Proposed additional tax expenditures will decrease revenue

In addition to calling for increased spending, Governor Blunt proposes a variety of tax incentives for Missouri citizens and businesses. These include⁵:

Accelerate the provisions of HB44 (2007), and eliminating the phase in for exempting military pensions from state income tax. The estimated cost is \$22.5 million.

Increase the cap on the Missouri Agricultural and Small Business Development Authority Tax Credits. Estimated cost: \$6 million.

⁵ Ibid, p. 5

Establish tax credits for investors who provide venture capital to high-tech companies. Estimated cost: \$5 million.

Establish tax credits for renewable fuel usage. Estimated cost: \$2.8 million.

Establish a Show Me Green tax holiday week for purchase of ENERGY STAR appliances. Estimated cost: \$.8 million.