

Strong Leadership for Missouri

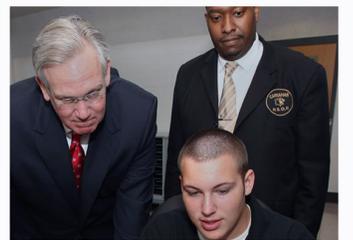
Missouri Budget and Legislative Priorities



FISCAL YEAR 2013



Jeremiah W. (Jay) Nixon
Governor





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GOVERNOR OF MISSOURI
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January 17, 2012

TO THE GENERAL ASSEMBLY AND THE PEOPLE OF MISSOURI:

Over the past three years, we have worked together to create jobs, grow our economy and keep our fiscal house in order. Our hard work is paying off.

The unemployment rate is at its lowest point in three years. We continue to sell more Missouri-made goods around the world, supporting thousands of jobs here at home. Our investment in worker training is enhancing the skills of tens of thousands of people. And groups like the U.S. Chamber of Commerce are pointing to Missouri as a top state for business growth and development.

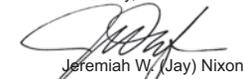
None of that would have been possible without our laser-like focus on fiscal discipline. Together, we have balanced the budget for the past three years, and we have held the line on taxes. As a result of our relentless fiscal discipline, Missouri is one of only a few states to hold a spotless AAA credit rating from all three ratings firms.

As we prepare for the Fiscal Year 2013 budget, our top priorities will continue to be creating jobs for Missourians, growing our economy and keeping our fiscal house in order. While we project continued improvement in state revenues, we must remain vigilant about fiscal discipline and sound management. We will continue to operate a smarter, smaller and more efficient state government. Under the budget I present this year, the state workforce will be smaller than at any time since 1997. In Fiscal Year 2013, we must work together to keep our economy growing by:

- **Implementing Missouri Works:** This is our comprehensive strategy to grow automotive supplier jobs in Missouri; sell more Missouri-made goods overseas; train more workers for high-tech careers; hire more veterans; jumpstart innovation in science and technology; target high-growth industries; and create jobs in rural communities;
- **Making government more efficient:** We will continue to use technology to enhance services and cut costs, streamline operations, and make government smarter and smaller;
- **Investing in education:** We will provide record funding for K-12 education and support our state scholarship programs, including Access Missouri, Bright Flight and A+;
- **Helping communities recover from natural disasters;** and
- **Balancing the budget while holding the line on taxes.**

When the people of Missouri work together, we can accomplish anything. As we have each of the past three years, I look forward to working with you to create jobs, maintain fiscal discipline and grow our economy. Together, we will keep Missouri moving forward.

Sincerely,



Jeremiah W. (Jay) Nixon
Governor



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The State of Missouri makes every effort to provide program accessibility to all citizens without regard to disability. Hearing-impaired citizens may call the Office of Administration, Division of Budget and Planning through Relay Missouri: 800-735-2466.

STRONG LEADERSHIP FOR FISCAL DISCIPLINE



“ We’ve kept our fiscal house in order, saving taxpayers millions every year through strict financial controls, rigorous cost reductions and smarter, more efficient government. ”

~ Governor Jay Nixon

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Governor Nixon has brought people together to move Missouri forward. The Governor has balanced the budget while holding the line on taxes. Governor Nixon has cut state spending every year and has used technology to make government smarter and more efficient.

✧ **Balanced** the budget without raising taxes

✧ **Cut \$1.6 billion** in state spending

✧ **Retained** Missouri’s AAA bond rating

✧ **Trimmed** the state’s payroll by more than **4,100** positions

✧ Put more services online to **save time and money** for taxpayers

✧ **Reduced** the administrative costs of state government

To the Left: Governor Nixon delivers his State of the State Address to the legislature

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Governor Nixon hosts a roundtable discussion with local entrepreneurs in Springfield

A Smaller, Smarter and More Efficient State Government

Governor Nixon will continue to provide strong leadership and the fiscal discipline necessary to keep Missouri’s budget balanced and our state moving forward.

Governor Nixon has worked with the General Assembly every year to balance the budget and hold the line on taxes; together, they accomplished this by making difficult cuts and ensuring state government is smaller, smarter and more efficient.

Among other actions, the Governor’s administration has:

- Cut spending by \$1.6 billion.
- Reduced the state workforce by more than 4,100 positions.
- Consolidated state offices to reduce administrative costs and overhead.
- Launched a comprehensive review of higher education degree programs with low enrollment and completion rates; 118 underperforming programs were eliminated by Missouri’s public colleges and universities.
- Reviewed agency procurement contracts and eliminated automatic contract increases, identifying more than \$15.6 million in savings.

- Cut \$512 million in overhead and administration at the Department of Transportation and put that money toward roads, bridges and infrastructure projects.
- Saved more than \$2.1 million on state agency utility bills – 5.5 percent over two years.
- Improved the state’s Internet and web technology to place more forms and services online for Missouri citizens, earning a Top-10 State for E-Government designation.



Governor Nixon directs state agencies to cut energy usage

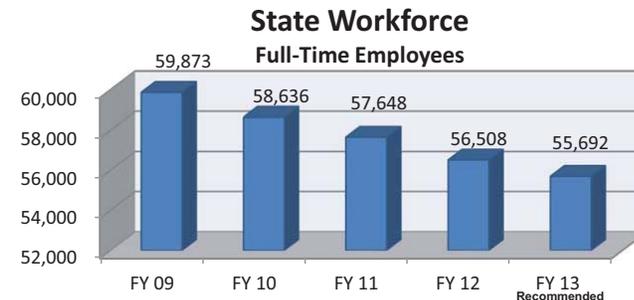


Governor Nixon signs an Executive Order

Sound Fiscal Management

Early, decisive action by Governor Nixon headed off the financial meltdowns other states have experienced. Over the last three years, over 30 states have increased taxes and numerous states have had their credit ratings downgraded. Fiscally conservative management helped Missouri retain its AAA credit rating from all three rating agencies – one of only a few states in the nation. The AAA rating tells businesses that Missouri is a good place to locate, to expand and to invest.

The Governor’s recommendations for Fiscal Year 2013 will ensure Missouri’s budget remains balanced while holding the line on taxes. This includes tough decisions to reduce the size of the state workforce. Including his recommended budget for Fiscal Year 2013, Governor Nixon will have reduced the state workforce by more than 4,100 positions; today’s workforce is the smallest since 1997. Workforce reductions are not easy, but they are vital to avoid the fiscal downgrades taking place in other states.



STRONG LEADERSHIP IN JOBS



“ We will fight every single day, for every single job, to keep our state economy moving forward. ”

~ Governor Jay Nixon

Governor Nixon's top priority is to create jobs for Missourians. Over the past three years, the state has added manufacturing jobs; increased Missouri exports; secured investments by Ford and General Motors to build the cars of the future in Missouri; sharpened incentives to help employers create jobs; and made investments to help expand small businesses.

➤ Missouri **rated** as one of the **top U.S. states** for business

➤ Began **phase-out** of the state's **corporate franchise tax** over five years

➤ Signed the Missouri Automotive Manufacturing Jobs Act and announced **historic investments** by Ford and General Motors to save thousands of jobs and **create** more than **3,200 new jobs**

➤ Worked with more than 600 business leaders to develop the **Missouri Strategic Initiative for Economic Growth**

➤ **Signed** the Missouri Science and Innovation Reinvestment Act to create **jobs** through emerging, **high-tech companies**

➤ Signed **\$4.6 billion** in agreements to **export** more Missouri goods to China

To the Left: Governor Nixon hosts a business roundtable discussion in St. Peters

Governor Nixon's top priority since taking office continues to be creating jobs for Missourians. The Governor has focused on improving the state's economic development tools and planning for future economic needs. The state's economy is starting to improve and Missouri businesses are hiring again. Missouri exports also are increasing dramatically, creating billions of dollars in economic activity and supporting thousands of Missouri jobs.

Missouri Works

In 2010, the Governor unveiled the Strategic Initiative for Economic Growth, after working with hundreds of business, labor, local government and education leaders from across the state. The result was an economic plan that will serve as a blueprint to transform the state's economy over the next five years. Building on this initiative, Governor Nixon has announced Missouri Works, a comprehensive strategy that will:

- Grow more automotive supplier jobs in Missouri.
- Sell more Missouri-made goods overseas.
- Train more workers for high-tech careers.
- Hire more Missouri military veterans.
- Jumpstart innovation in science and technology.
- Target high-growth industries.
- Create jobs in rural communities.

Grow more automotive supplier jobs in Missouri

With Ford and General Motors both making historic investments to create more than 3,200 new jobs in Missouri, Governor Nixon's strategy capitalizes on this landmark opportunity to help existing suppliers grow and attract new automotive suppliers to Missouri. Automotive suppliers are located in every corner of Missouri, from Dexter to Joplin and Perryville to Troy. As Ford and General Motors prepare to manufacture new products in Kansas City and Wentzville, Missouri

has an unprecedented opportunity to help existing suppliers grow and attract suppliers during this critical transformation of the auto industry through a smart, strategic investment. Incentives will only be available once suppliers have met strict investment and job-creation requirements.

Sell more Missouri-made goods overseas

Expanding Missouri exports to other countries has been a top priority for Governor Nixon from day one. Missouri exports were up \$1.2 billion in the first three quarters of 2011, on top of 35 percent growth in 2010. Some of Missouri's largest exports include chemicals, electrical components, and copper and other alloys. Last October, Governor Nixon led a delegation of more than 60 Missouri business and agricultural leaders to China to close a series of agreements to sell \$4.6 billion in Missouri goods to Chinese consumers – increasing Missouri's exports to China by more than \$1 billion over the next three years. Under Missouri Works, the state of Missouri will help small- and medium-sized businesses become exporters by establishing a "one-stop shop" for Missouri entrepreneurs who want to create or expand their export business, providing seamless assistance and resources from across state government to businesses of all sizes. Missouri Works also will establish an International Exports



Governor Nixon along with Ford leaders announce a historic investment in the Kansas City assembly plant.



Governor Nixon and the First Lady tour Ripple Glass in Kansas City

Coordinator within the Missouri Department of Agriculture and commit resources to open Missouri export offices in China, Southeast Asia and South America.

Train more workers for high-tech careers

Missouri Works calls for continued investment in worker training, especially in computers, technology and other skills that are vital for modern manufacturing careers. Last year, the Governor's budget increased the state's investment in worker training by 50 percent. This positive investment provided training opportunities for nearly 37,000 Missourians at more than 300 businesses. Missouri Works sustains that record level of investment.

Hire more Missouri military veterans

From his first day in office, Governor Nixon has been committed to making Missouri a great place for veterans to live. In 2009, the Governor signed legislation to phase out Missouri state taxes on military retirement income gradually by 2016. In 2010, Governor Nixon launched Show-Me Heroes, an initiative to encourage Missouri employers to reach out to, recruit and interview military veterans for job openings. To date, Show-Me Heroes

has helped secure employment for more than 1,000 veterans. The Missouri Works strategy will expand the mission of Show-Me Heroes to provide on-the-job training opportunities for recently separated veterans, including National Guard and reserve personnel and active-duty personnel who recently left service.

Jumpstart innovation in science and technology

Last year, leaders on both sides of the aisle worked together to pass the landmark Missouri Science and Innovation Reinvestment Act, or MOSIRA. This act establishes a fund to help create careers in high-tech, high-growth industries. To jumpstart the vital work of this fund, Governor Nixon's Fiscal Year 2013 budget includes \$4 million to provide an immediate investment to help high-tech businesses create jobs. These funds will be invested through the Missouri Technology Corporation as loans or other investments in emerging high-tech businesses.

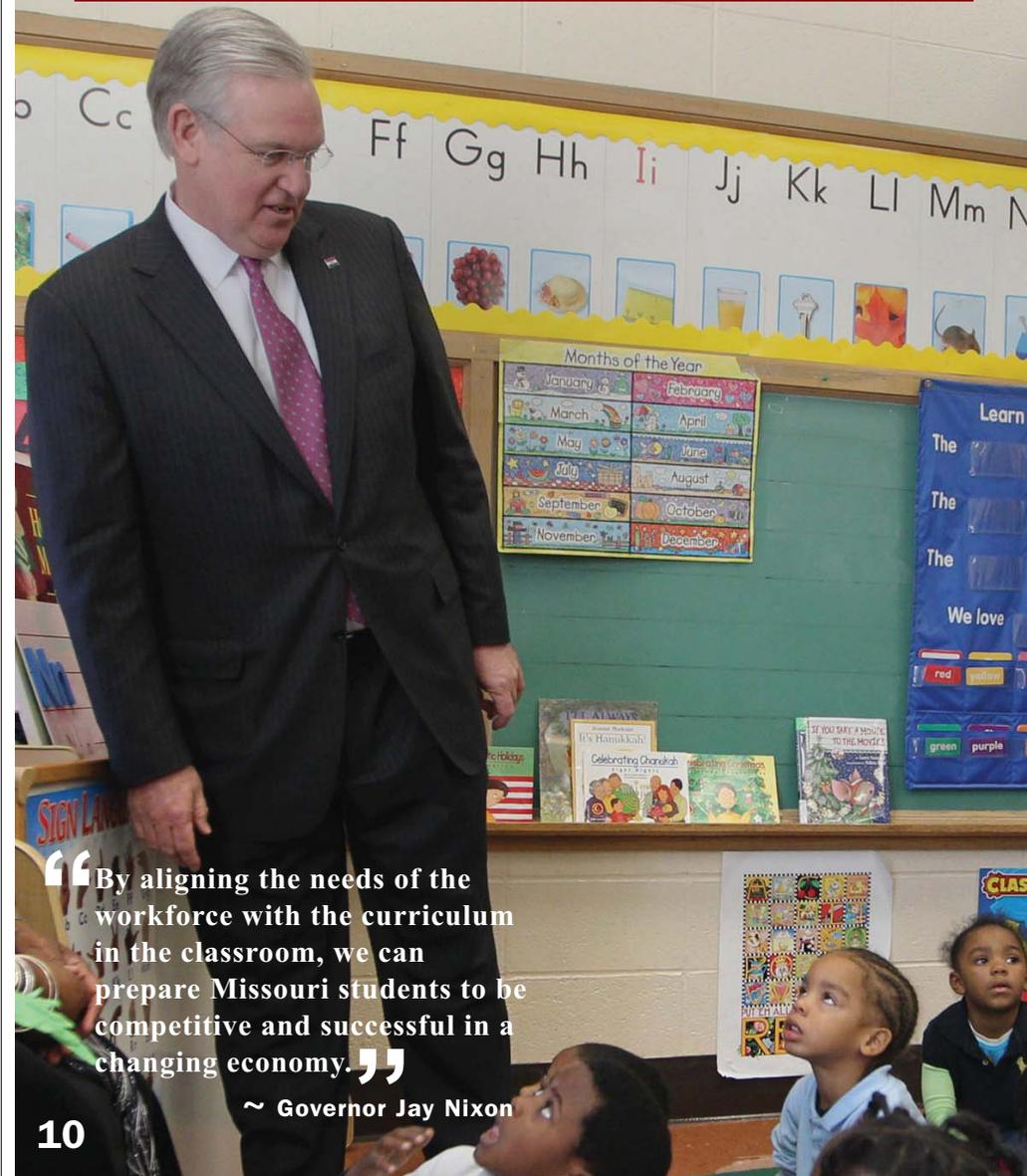
Target high-growth industries

The Strategic Initiative identified seven targeted industries ripe for growth and expansion in Missouri: advanced manufacturing; energy solutions; bioscience; health sciences and services; information technology; financial and professional services; and transportation and logistics. Under Missouri Works, Missouri will refocus existing economic incentives on these targeted industries, ensuring that the state is investing in high-growth businesses that will create career opportunities for Missourians.

Create jobs in rural communities

Missouri Works includes specific incentives to support job-creation by small businesses in rural Missouri. These performance-based incentives are conditioned on strict job-creation requirements.

STRONG LEADERSHIP IN EDUCATION



“By aligning the needs of the workforce with the curriculum in the classroom, we can prepare Missouri students to be competitive and successful in a changing economy.”

~ Governor Jay Nixon

Governor Nixon knows the importance of a quality public education and believes that every Missouri child deserves a first-rate educational experience. The Governor's budget provides record funding for K-12 classrooms this year, and he is providing stable funding for college scholarships to help prepare Missouri students for the career opportunities of tomorrow.

- Secured a tuition freeze at higher education institutions for two years in a row
- Provided record funding for K-12 classrooms
- Invested millions in job training programs at Missouri community colleges to create the workforce of tomorrow
- Launched and expanded the Caring for Missourians initiative to increase the number of students preparing for high-demand health care careers
- Expanded A+ Scholarship funding to record levels so every student who earns the scholarship receives the funding they deserve

To the Left: Governor Nixon tours a preschool classroom in St. Louis

Governor Nixon knows the importance of a quality public education. In today's competitive economy, education is the key to finding a good job. Governor Nixon is dedicated to ensuring that every Missouri child has access to a world-class education. We must ensure students have the right skills to compete in the new economy.

Record Funding for K-12 Classrooms

Across the nation, numerous states have balanced their budgets by cutting K-12 education. Under Governor Nixon's leadership, state support for Missouri's public elementary and secondary schools remains a top priority. The Governor's Fiscal Year 2013 budget includes a \$5 million increase to the Foundation Formula, providing record funding for K-12 classrooms.

K-12 Education Reforms

Every child deserves a top-notch teacher in schools where leaders are held accountable for academic performance and financial integrity. To guarantee that every child has the chance to excel, Governor Nixon calls on the legislature to address several priority issues in education, including:

Charter School Accountability

Although many charter schools provide students with a rich learning experience, a number of schools have come under fire for failing academically or becoming financially insolvent, leaving students and their parents stranded. Governor Nixon supports legislation to strengthen accountability for charter schools.

High Quality Teachers and School Leaders

Governor Nixon believes that outstanding teachers are the key to student achievement. Those who devote their lives to education deserve our respect, our esteem, and our support. Missouri also needs policies that encourage them to teach in public schools



Governor Nixon and the First Lady visit the Otterville School District

with the greatest need, like urban and rural areas. Once teachers are on the job, they need to be accountable for results.

Pathways to Higher Education

For the past three years, Governor Nixon has focused on putting the dream of a college degree within reach for more Missouri families. While universities in neighboring states were increasing tuition by double digits, Missouri kept tuition flat in 2009 and 2010 at the state's public colleges and universities. Last year, the Governor challenged schools to continue to hold down tuition. In addition, the Governor will maintain funding for the scholarship programs relied on by more than 75,000 students. The response to these affordability initiatives has been tremendous. Enrollment in state colleges and universities has surged by more than 31,000 students over the past three academic years – setting statewide records each fall. However, there is more work to be done to ensure Missouri's higher education institutions are helping students obtain their degree and career goals and working with businesses to meet employer requirements.

Higher Education Reform

Higher education attainment is directly linked to future economic success. By the next decade, nearly two-thirds of all jobs in the United States will require a career certificate or college degree. Currently, 37 percent of Missouri adults have an associate degree or higher. While enrollment is up statewide, for too many students the path through college ends with no degree.

Missouri must do more to assist students in making the transition from high school to higher education and ensure efficient completion of student academic goals.

In response to Missouri's higher education agenda and strategic plan for economic growth, the University of Central Missouri created the Innovation Campus, a new partnership combining community, state, business and educational resources. The Governor supports this idea and calls upon other institutions to develop their own version of this innovative model that will:

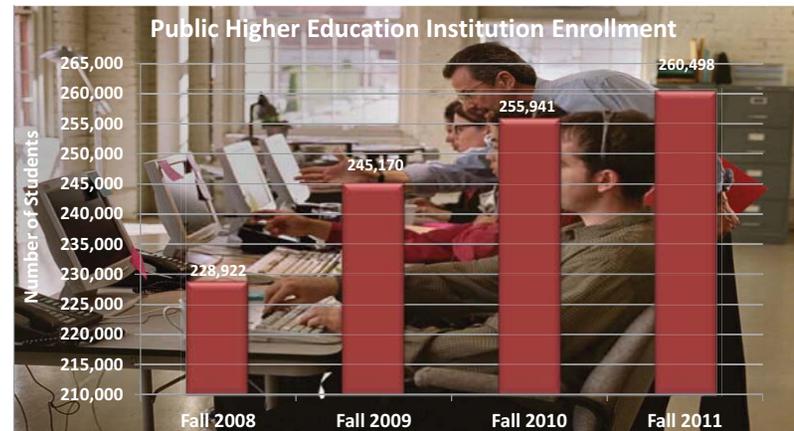
- Shorten the time it takes to earn a baccalaureate degree.
- Allow students to graduate debt-free.

- Revise the curriculum to include apprenticeship training.
- Leverage financial support from the private sector.
- Give students the practical education they need to step right into the jobs of tomorrow's economy.

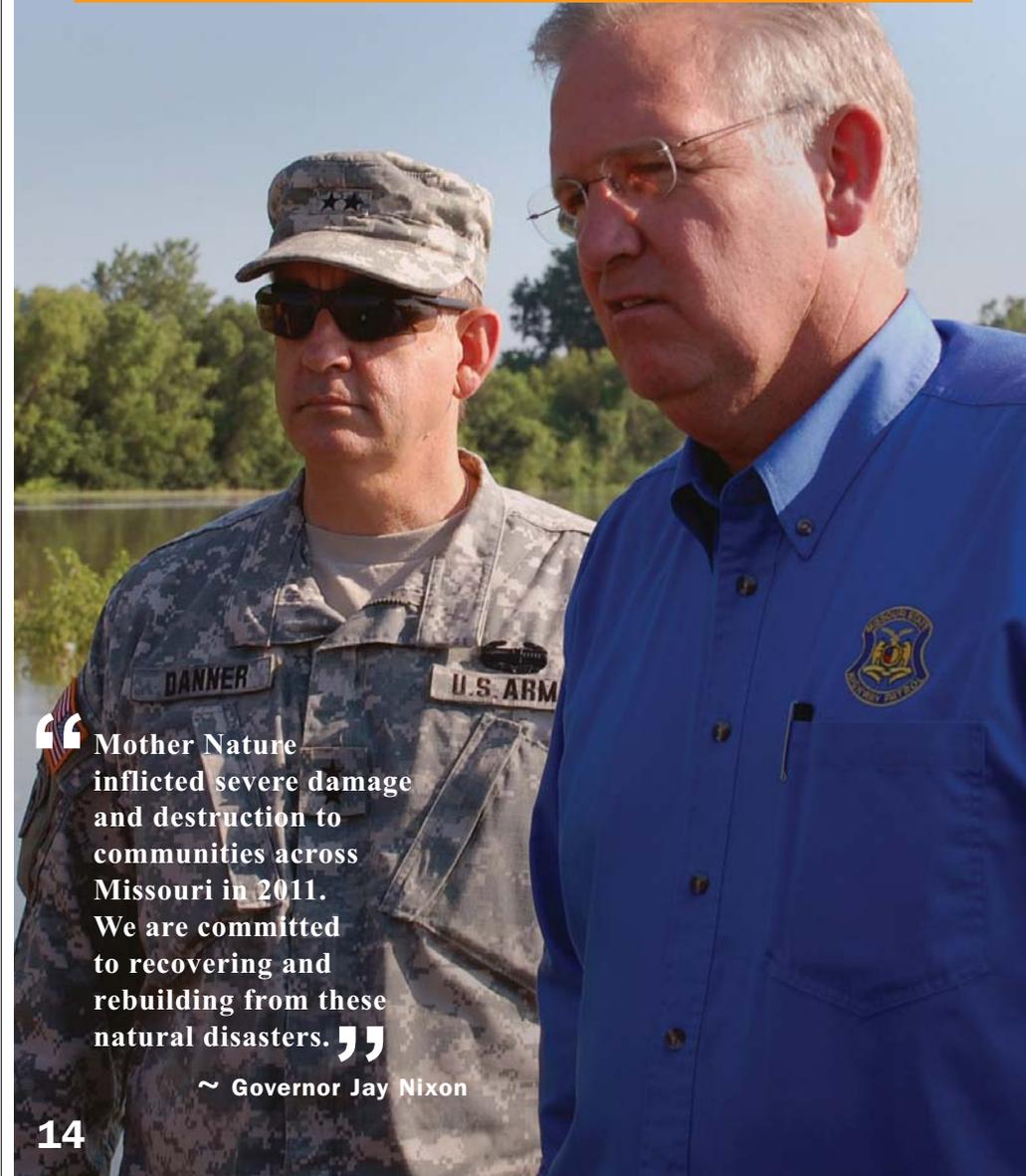
Stable Funding for Higher Education Scholarships

In these difficult economic times, some families are struggling to pay for higher education. Missouri's scholarship programs are important in keeping the best and brightest students in the state and assisting families with continued access to higher education for their children. Governor Nixon is committed to ensuring \$105.5 million in level funding for the following state scholarship programs:

- The A+ Scholarship Program
- The Bright Flight Program
- The Access Missouri Financial Assistance Program
- Advanced Placement Scholarships



STRONG LEADERSHIP IN DISASTER RECOVERY



“ Mother Nature inflicted severe damage and destruction to communities across Missouri in 2011. We are committed to recovering and rebuilding from these natural disasters. ”

~ Governor Jay Nixon

The State of Missouri has been hit with devastating natural disasters over the past three years. Governor Nixon has issued 37 Executive Orders and Emergency Declarations, visited affected communities to oversee the state's response and ensured ongoing support is available to impacted victims and communities.

- Established the Missouri Disaster Recovery Jobs Program to create temporary jobs for unemployed workers
- Activated the Governor's Faith-Based Community Service Partnership for Disaster Recovery to respond in the wake of multiple disasters
- Advocated for the rebuilding of Birds Point levee to safe levels for farmers and communities after it was intentionally breached by the U.S. Army Corps of Engineers
- Established Jumpstart Joplin to support the construction and rehabilitation of homes for working families and provided new business recovery resources for Joplin employers
- Directed the Missouri National Guard to coordinate and supervise the state's efforts in responding to historic Missouri River flooding

To the Left: Governor Nixon tours flood-fighting efforts in Carroll County

There have been numerous major, severe-weather events since Governor Nixon took office, impacting more than 90 percent of Missouri's counties. Particularly devastating were the severe storms, flooding and tornadoes that struck during the first half of 2011:

- On New Year's Eve, December 31, 2010, the National Weather Service confirmed twelve tornado tracks in Missouri.
- A severe winter storm and blizzard struck the state on January 31, dropping over 23 inches of snow throughout much of the state.
- Two tornadic supercells crossed the Greater St. Louis Metropolitan Area during the evening hours of Good Friday, April 22.
- Sedalia was struck by a tornado on May 25.
- Due to releases from upper-Missouri River reservoirs, Missouri experienced record flooding across the state.
- Flooding in Southeast Missouri put farms, homes and 130,000 acres of prime farmland underwater after the U.S. Army Corps of Engineers authorized an intentional breach of the Birds Point levee.



Fort Leonard Wood commander Major General David Quantock briefs Governor Nixon

These disasters touched virtually the entire state and will require continued resources and assistance with long-term recovery efforts. The Governor took immediate action in the state's response to these events, including:

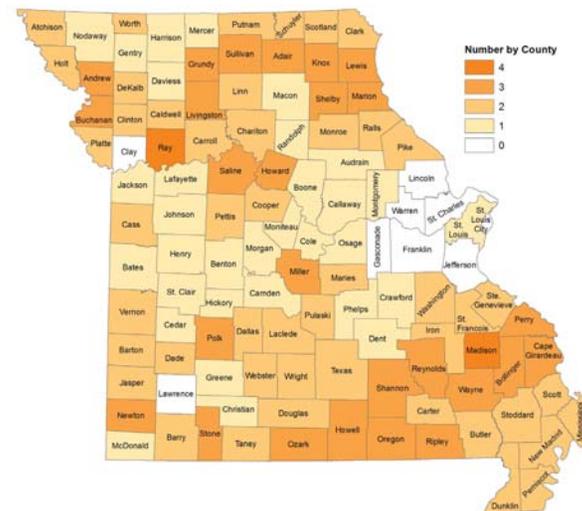
- Directing the Missouri National Guard and the Highway Patrol to coordinate and supervise numerous state efforts.
- Activating the Missouri State Emergency Operations Plan, allowing state agencies to assist local jurisdictions with emergency preparation and response efforts, as well as with debris removal and cleanup.
- Assisting local communities and businesses with the cost of recovery efforts.
- Advocating for flood control efforts on waterways that impact Missouri and rebuilding damaged levees.
- Safely shutting down I-70 and portions of I-44 and successfully evacuating all motorists from the highway.

Joplin, Missouri

At 5:41 p.m. on May 22, the clocks stopped in Joplin as an EF-5 tornado devastated neighborhoods, businesses, schools and hospitals. The Joplin tornado was the deadliest in modern record-keeping history. The losses were staggering: thousands of people homeless and thousands more unemployed; more than 7,000 homes and hundreds of businesses damaged or destroyed; more than a thousand injured; and 161 lives lost. Governor Nixon immediately worked to deploy every available resource to assist the Joplin community. Governor Nixon:

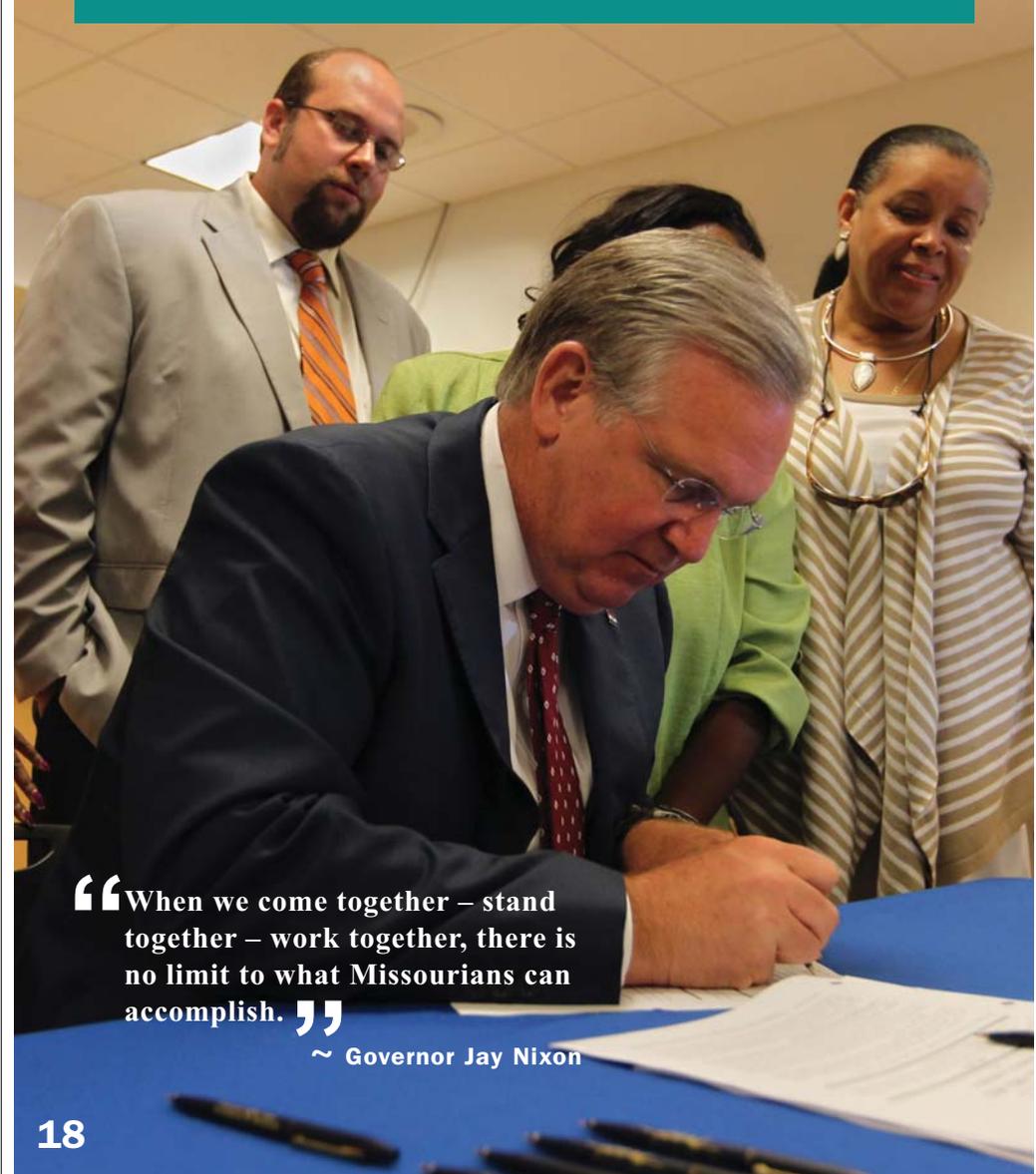
- Ordered the Department of Public Safety and the Highway Patrol to take over the process of locating unaccounted-for individuals and notifying the families of those who were deceased.

Declared Disasters in Missouri Since 2009



- Awarded \$75 million in new economic recovery resources to help businesses rebuild and start hiring again.
- Established Jumpstart Joplin to deploy up to \$122 million to support the construction and rehabilitation of homes for the city's working families.
- Directed the Department of Revenue to issue duplicate or replacement driver's licenses, license plates and tabs, lost or destroyed and to waive all state fees/charges.
- Ordered the Director of the Department of Insurance, Financial Institutions and Professional Registration to temporarily waive, suspend and/or modify regulations to best serve the interests of citizens impacted by the tornado.
- Authorized the Joplin Public School System to immediately rebuild, restore and/or renovate damaged or destroyed buildings. The district was also authorized to house district programs without requiring advertisement for bids.
- Opened the State Resource, Recovery and Rebuilding Center to serve as a one-stop shop for Joplin residents to address assistance needs and other issues.
- Committed state resources to ensure efficient completion of debris removal after the conclusion of the federal Expedited Debris Removal Program.
- Allocated \$2 million for the Joplin Child Trauma Treatment Center.
- Invested \$1.5 million to help the Joplin School District meet its financial obligations for the 2011-2012 school year.
- Issued an Executive Order to temporarily waive certain rules and regulations which allowed medical practitioners to dispense necessary medications.
- Announced a new playground for children and families living in temporary Federal Emergency Management Agency housing.
- Initiated a coordinated effort to replace the community's lost trees.
- Announced a \$500,000 private donation to rebuild and refurbish the Joplin High School science lab.

BIPARTISAN ACCOMPLISHMENTS



“When we come together – stand together – work together, there is no limit to what Missourians can accomplish.”

~ Governor Jay Nixon

During his first three years in office, Governor Nixon has strived to work across party lines to move Missouri forward by maintaining fiscal discipline, protecting priorities like K-12 classrooms, aggressively seizing opportunities to create jobs and grow the state's economy, and working to improve the lives of Missouri families.

- ✧ **Balanced** the budget without raising taxes
- ✧ Continued the **nationally recognized** State Parks Youth Corps program, providing valuable work experience for young people and enhancing Missouri's state parks and historic sites
- ✧ Signed legislation providing insurance coverage for the most effective **treatment** for children with **Autism Spectrum Disorders**
- ✧ Unveiled the **Partnership for Hope** program to support Missouri families caring for loved ones with developmental disabilities
- ✧ Signed legislation reauthorizing **Missouri Rx** to help low-income **seniors** and those with disabilities afford essential **prescription medicine**
- ✧ Signed landmark legislation to take repeat drunk drivers off the roads and **strengthen DWI enforcement**

To the Left: Governor Nixon signs legislation reauthorizing the Missouri Rx Program

Coverage for Autism Treatment Services

Working together, the Governor and the legislature enacted landmark legislation to ensure that children with autism will get the medical care they need and deserve. It ended the long-standing insurance company practice of denying coverage for medically necessary, evidence-based Applied Behavior Analysis (ABA), a therapy considered by experts to be a vital tool in creating better outcomes for children with autism or related disorders. Now, more than 1.6 million Missourians have plans that cover scientifically proven treatments for autism.

The law also provides for the licensure of behavior analysts and assistant behavior analysts, professionals who work with autistic clients. Governor Nixon will work with the General Assembly to pass legislation in 2012 to help increase access to care by expanding the number of licensed professionals working with children with autism in Missouri.

Partnership for Hope

Working together, Missouri’s leaders have changed the lives of more than 1,300 individuals across the state. The demand for home- and community-based services for individuals with developmental disabilities previously resulted in a large backlog of Missouri families waiting for help. Priority had been given to individuals in crisis, such as individuals who were homeless or whose primary caregiver had passed away. In 2010, the state announced the Partnership for Hope to provide families with services sooner than previously possible, delaying or avoiding the need for residential or institutional programs in many cases. Bipartisan support for the program has enabled its expansion. Governor Nixon will work with the General Assembly this session to continue to expand this life-changing program.

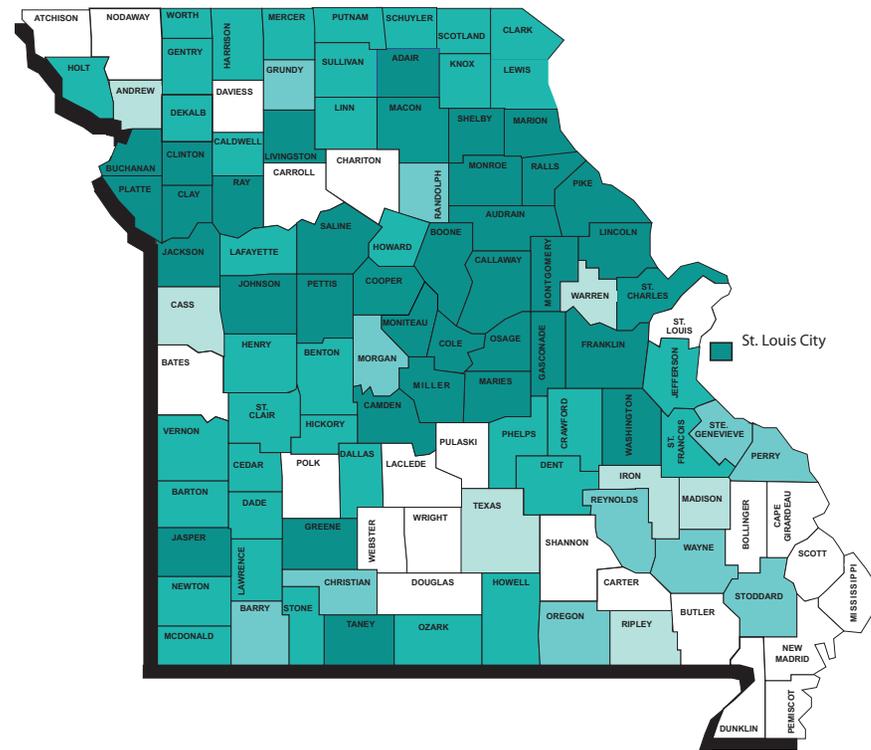


Governor Nixon visits with individuals at Community Opportunities for People with Developmental Disabilities in Lincoln County

Ethics Reform

Throughout his career in public service, Governor Nixon has been a strong proponent of transparent and accountable government. To strengthen the credibility of Missouri’s elected officials and the confidence of those they serve, Governor Nixon proposes meaningful and comprehensive ethics reform for Missouri’s elected officials, including strict contribution limits.

Partnership for Hope Waiver



- Original counties participating in the Partnership for Hope Waiver
- Counties added to the Partnership for Hope Waiver February 2011
- Counties added to the Partnership for Hope Waiver September 2011
- Counties added to the Partnership for Hope Waiver January 2012



PRODUCED JANUARY 2012