

THE MISSOURI BUDGET FISCAL YEAR 2011 SUMMARY

I. OVERVIEW

Even though Missouri is in better shape than most other states, tough budget challenges remain. The national and international economic crisis has caused revenue to continue its downward spiral, reaching historic rates of decline in the previous and current fiscal years. The decline in revenues has been so severe that collections will remain below Fiscal Year 2006 levels. Revenue forecasters predict a modest increase for Fiscal Year 2011 but not enough to prevent additional cuts and continue the fiscal restraint necessary to keep the Missouri Budget balanced.

Governor Nixon's Fiscal Year 2011 Budget continues his commitment to provide resources necessary to foster job creation for Missouri's economy; maintain funds for elementary and secondary education; make higher education more affordable; improve the delivery of health care to Missourians; and make state government more efficient.

Economy

Governor Nixon's top priority is to turn Missouri's economy around by creating jobs. Missouri must encourage entrepreneurship and small-business growth; enhance workforce training; and embrace emerging science and technology — critical industries of tomorrow. Last fall, the Governor led a listening tour around the state to hear directly from local Missouri businesses, both large and small, about their needs, their aspirations and their challenges. The feedback from that tour formed the framework of the Governor's 2010 Jobs Plan. The plan will:

- Put Missouri companies at the front of the line for financial incentives;
- Create a reinvestment fund to attract the best and brightest researchers, innovators and entrepreneurs in emerging technology fields with high-paying jobs; and

- Establish a pool of funds to train hundreds of mid-level workers in high-tech fields.

The Fiscal Year 2011 Budget provides:

- The resources necessary to implement and administer the Governor's 2010 Jobs Plan: the Missouri First Initiative and the Missouri Science and Innovation Reinvestment Act.
- \$16.4 million for the Missouri Customized Job Training Program, including an increase of \$2.4 million.
- \$16.3 million for the Community College New Jobs Training Program, which provides assistance to businesses expanding Missouri's workforce.
- \$10 million for the Job Retention Training Program, which provides general skill and industry-specific occupational training for Missouri businesses.
- \$34.2 million to fully fund biodiesel incentives to benefit the state's agricultural economy and Missouri farmers, including an increase of \$9 million.

Education

Governor Nixon knows the value of a quality public education and is committed to maintaining state support to Missouri's public schools. The Governor also recognizes that education beyond the senior year of high school is critical to prepare Missourians for 21st-Century jobs. The Governor's priorities in education include:

- Record funding for Missouri's elementary and secondary classrooms through the Foundation Formula;
- Freezing college tuition for the second year in a row so more families can afford a higher education; and

- Extending the A+ scholarship program to all qualifying students regardless of the public school they attend.

The Fiscal Year 2011 budget provides:

Elementary and Secondary Education

- \$3.02 billion to fund the Foundation Formula for elementary and secondary education classrooms, a record amount.
- \$37.5 million for the Career Ladder Program, which enhances career development and compensation for participating teachers.
- \$49.4 million to fund Missouri's School for the Blind in St. Louis and School for the Deaf in Fulton, and Missouri's schools for the severely disabled around the state, including an additional \$200,000 of federal grant funds.
- \$426.6 million for school transportation and food services.
- \$30.4 million for the First Steps Program.
- \$26.8 million for the Parents as Teachers Program.
- \$370.5 million for early childhood special education and special education grants, including \$11.6 million in new funding.
- \$29.3 million to help local school districts with the costs of educating children with special needs, including \$3.4 million in new funding.
- \$50.1 million for Career Education programs, including career-technical, adult, and community education opportunities.

Higher Education

- \$911 million for colleges and universities—for the second straight year, each public college and university has agreed not to raise tuition or education-related fees.
- \$96 million for the Access Missouri scholarship program to provide need-based scholarships to eligible Missouri residents.

- \$16 million for the Academic Scholarship program (Bright Flight) to provide scholarships for Missouri high school graduates scoring in the top three percent of all Missouri students taking the American College Test or Scholastic Aptitude Test.
- \$25 million for the Missouri Promise Program to provide qualified students, at all public high schools not just A+ designated high schools, with a scholarship for two years to any public community college.

Health care

Over the past year, Governor Nixon has worked to improve the delivery of health care to Missourians, including the creation of an advisory board to promote the use of secure electronic health information. In addition, the Governor proposes requiring health insurance carriers to provide coverage to children for the diagnosis and treatment of autism spectrum disorders.

Due to the recession unemployment has increased Medicaid caseloads, contributing to the increased cost of the Medicaid program, requiring an additional \$276 million to cover needy families at a time when state revenues are declining at a record pace. Governor Nixon's administration is working with program providers and national experts to lower costs and improve client outcomes.

Through these efforts, \$121 million general revenue will be saved without changing eligibility or eliminating services. The measures will provide even greater cost avoidance in future years. They will focus on several key initiatives, across all services and provider types, for example:

- Focusing on high-cost users – Better management of very high-cost clients across all service areas will reduce costs, and lead to better health outcomes for clients.
- Improving coordination of benefits with other insurers – Some Medicaid clients are eligible for other insurance coverage, including Medicare. Policies will be changed to make sure other insurers pay these costs where appropriate.

- Enhancing service review – Missouri will improve its review of services across multiple providers. Precertification of imaging services will be required; a third party contractor will perform the intake and assessment of clients for long-term care services; use of telephony will ensure home and community-based services are appropriately paid; and better management of psychotropic prescriptions will be achieved through clinical review.
- Ensuring provider rates are efficient – Some Medicaid rates in Missouri are higher than Medicare rates or higher than typical rates paid by private insurers. Provider rates in these very limited areas will be reduced. In addition, changes will be made to improve the efficiency of rates paid to managed care plans.

The Fiscal Year 2011 Budget provides:

- \$8.0 billion, including an increase of \$389.5 million, to maintain all services and eligibility levels in the Medicaid Program.
- \$44 million to continue funding to local Area Agencies on Aging.
- \$8.7 million for core public health functions provided through local health departments.
- \$84.9 million, including an increase of \$6.9 million, to serve children with autism spectrum disorders.
- \$4.3 million for state employee insurance coverage of applied behavior analysis for dependents with autism spectrum disorders.

Efficient Government

Governor Nixon manages his administration efficiently and responsibly. During his first year in office, he has faced historic economic challenges. State revenue collections in Fiscal Year 2009 were down more than \$550 million from the previous year -- the largest drop in revenue in at least 30 years. Recent estimates for Fiscal Year 2010 predict another dramatic decline of \$480 million. Decisive action by Governor Nixon and the legislature headed off the meltdowns other states have experienced. Missouri also avoided tax increases and cuts in critical services. Fiscally conservative management helped Missouri keep its

spotless, Triple-A credit rating. In October 2009, Moody's Investors Service identified Missouri as one of the top states positioned to lead the economic recovery.

Since taking office, Governor Nixon has kept the budget balanced without raising taxes while protecting vital services in education, health care, and public safety. This was accomplished by cutting \$600 million from the budget; eliminating 1,800 positions from the workforce; reducing costs by utilizing technology, renegotiating contracts and leases; and reducing energy consumption.

The Fiscal Year 2011 budget reflects general revenue core reductions of \$253 million. These actions are necessary to preserve scarce revenues for the most vital services. In addition, the administration has reviewed state agency staffing and expenses leading to significant savings, including:

- Permanently reducing the state workforce by an additional 550 positions in Fiscal Year 2011, bringing the total reduction to nearly 1,800 since the Governor took office.
- Reducing energy use in state buildings through operational improvements, equipment retrofits, and other measures.
- Combining state agency functions, reducing costs and increasing efficiency. The Department of Natural Resources merged the Field Services Division into the existing Division of Environmental Quality. The Division of Youth Services regionalized bill payment processes and maintenance functions. The Department of Social Services will transfer its mail services to the existing mail operations of the Office of Administration. The Department of Mental Health's Social Rehabilitation Unit will be transferred to the Department of Corrections to improve operations and services.
- Reducing facility costs through lease negotiation, reduced rates, downsized leased facilities, and consolidated staff in state-owned buildings.
- Improving administration of the state's health care plan that provides benefits to state employees and retirees. Coordination of benefits with other insurance providers will be improved and enrollee eligibility for benefits will be reviewed, saving \$6.5 million in general revenue. Future

initiatives will ensure that state employee health care remains affordable.

- Authorizing additional collection tools to assist the Department of Revenue (DOR) in maximizing efficiency in its collection of delinquent and existing taxes. General revenue is estimated to increase by \$26.3 million in Fiscal Year 2011. These tools include allowing DOR to:
 - ◆ Issue administrative garnishments directly to employers instead of through the courts.
 - ◆ Place liens against workers' compensation benefits.
 - ◆ File claims for delinquent taxes in a probate estate.
 - ◆ Extend the length of delinquent assessments from three years to four years.
- Governor Nixon changed the way Missouri manages local motor vehicle license offices by ending the system of political patronage and implementing a competitive bidding process. In 2009, the 183 motor vehicle license offices agreed to return over \$800,000 to the state. Governor Nixon proposes reinvesting these savings in the Veteran's Survivors Grant Program, Line of Duty Compensation Program, National Guard Tuition Assistance Program, and Military Family Relief Program.

II. REVIEW OF THE FISCAL YEAR 2010 BUDGET

Fiscal Year 2010 revenue growth was expected to be stronger than Fiscal Year 2009. Just twelve months ago, general revenue collections (net of refunds) for Fiscal Year 2010 were projected to grow by 1.0 percent over then-estimated Fiscal Year 2009 revenues. Even before Fiscal Year 2010 began in July of 2009, it was clear this would not be the case, and the damage to revenues would continue well into Fiscal Year 2010.

The adjusted Consensus Revenue Estimate for Fiscal Year 2010 shows a huge \$793 million downward adjustment from the original estimate. Rather than the 1.0 percent increase in revenues originally forecast, Fiscal Year 2010 revenues are now expected to fall 6.4 percent, rivaling the record decline of 6.9 percent in FY 2009.

Governor Nixon has implemented an aggressive plan to bring costs down to ensure that the state's expenses do not exceed its

available resources in Fiscal Year 2010. Through his constitutional veto and withholding powers, he has cut the current budget \$600 million and is poised to make additional reductions as necessary.

III. THE ECONOMIC OUTLOOK

U.S. Economic Position

The fallout from the economic storm of 2007 and 2008 has been so severe that many are referring to this downturn as the "Great Recession". The bursting of the housing bubble and the ensuing panic in global financial industries led businesses to halt investment in new facilities and inventory. Consumers reduced spending, raising their rate of saving to the highest level in twelve years. In the wake of the recession which began in December 2007, national unemployment has risen to over 10 percent for the first time in twenty-five years.

After the 2007 implosion of the subprime mortgage system and the resulting market turmoil in 2008, federal agencies took actions to stave off an economic depression. The U.S. Treasury was given broad powers to administer the \$700-billion Troubled Asset Relief Program (TARP). The Federal Reserve took unprecedented action and set its target interest rate at essentially zero and took other efforts to ease the market, such as the acquisition of Fannie Mae and Freddie Mac assets.

In February of 2009, the President and Congress enacted the American Recovery and Reinvestment Act (ARRA). This legislation provided numerous forms of fiscal assistance to create jobs, encourage investment, and assist those impacted by the recession. Major provisions of the bill included: the "Making Work Pay" tax credit for individuals; extended unemployment insurance compensation; homebuyer tax credits; business incentives for infrastructure investment; and assistance for state governments to stabilize their budgets.

Consumers, despite the ARRA-induced paycheck boost, continued to pull back spending as incomes shrank and property wealth declined. With financial markets still dysfunctional, and capital difficult to access, both residential and business investment declined, fueling the acceleration of closures and layoffs that began in 2008. The woes of the housing market continued in 2009, as well.

Economic Projections			
	Increase by Calendar Year		
<u>U.S.</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	(2.5) %	3.3 %	4.4 %
Employment	(3.7) %	(0.1)%	2.9 %
Unemployment Rate	10.2 %	9.6 %	8.0 %
Personal Income	(1.8) %	2.8 %	5.3 %
Consumer Expenditures	(0.3) %	4.4 %	4.3 %
Consumer Prices	(0.3) %	2.0 %	1.1 %
<u>MISSOURI</u>			
Employment	(2.6) %	(1.0) %	1.7 %
Personal Income	1.0 %	1.9 %	3.7 %

Home prices fell about 4 percent during the year, and have fallen nearly 10 percent since peaking in mid-2007. The issuance of new building permits fell dramatically, down over 40 percent for the year.

The domestic auto industry has been injured by the recession. The reduction in consumer spending, difficulties acquiring financing, and record-high energy prices in 2008 hastened their decline. Chrysler entered bankruptcy in April 2009, emerging a few months later as a “new” Chrysler partially owned by the Italian automaker Fiat, and financed with a U.S. government loan. General Motors entered bankruptcy in June 2009 and emerged a month later owned by the U.S. and Canadian governments. Both firms sharply reduced their number of franchise dealers across the country, as well as their production levels. To date, only Ford Motor Company has had sufficient liquidity to avoid the fate of its competitors.

Because of the lack of economic activity, the job market has been hit hard. Over the last twelve months, employment has declined by nearly 4.8 million and nearly 7.2 million since the onset of the recession. The unemployment rate peaked at 10.2 percent in October, the highest rate since April 1983. By the fall of 2009, wage income had fallen by nearly four percent.

Most economic data suggest the Great Recession ended in summer of 2009. Equity markets began anticipating this recovery in March: the S&P 500 closed 2009 with its index 63 percent higher than its lowest point on March 5th. The budding recovery has been sparked by wholesalers and retailers wishing to partially restock their depleted inventories. Unemployment insurance claims have fallen from summer peaks. The pace of layoffs and employment declines has abated. Consumer confidence indices are showing improvement. Energy prices have remained relatively low after peaking in summer 2008. For 2009, gasoline averaged roughly two-thirds of its 2008 average, hovering around \$2.40 per gallon.

Adding support to the recovery is the expected stimulus from the ARRA, since many of the programs were designed to provide assistance at the end of 2009 and into 2010, at just the time the recession was projected to be the deepest. Many of the infrastructure projects expected to create jobs are just beginning.

Credit conditions appear to be markedly improving. Credit spreads have sharply declined from their peaks in 2008. While banks are still tightening lending conditions, they are doing so much less sharply. These facts, together with recovering equity and housing wealth, may persuade consumers to be less

cautious in spending, especially for durable goods such as autos and appliances.

As a result, housing markets might begin to recover soon as well. The steady decline in the issuance of building permits has flattened, and in some states it has turned upward. Much of this is likely due to the ARRA homebuyer credits, which were recently extended to include some purchases in 2010. Mortgage rates remain at historical lows and the oversupply of houses has decreased.

Even with the economic turn-around, it will be several months before the job market fully reverses and begins to grow again. Typically, unemployment rises for several months after a recession ends. This will be true in this recession as well, as many firms are presently operating at levels substantially less than full capacity. Firms will seek to increase the productivity of their current workforce before investing further in human capital.

Despite the outlook for growth, the Federal Reserve appears to be in no hurry to raise target interest rates. The substantial slack in the economy leaves producers with little pricing power. Thus, the risk of unreasonable inflation is slim and interest rate increases will not occur until at least late 2010.

Thus, the outlook for 2010 and 2011 is generally positive, as the economy appears ready to grow again. However, the recovery will be tentative and fragile for the next several months, and is predicated on the slow-down of job losses, and eventual resumption of hiring. Current declines in initial unemployment insurance claims are encouraging, but continuing, extended, and emergency claims remain persistently high. Recent growth in consumer spending and investment must be sustained, and business investment must awaken to ensure a reversal in the job market.

There are risks to this outlook. Current growth is supported by both fiscal and monetary policy. Questions remain as to the sustainability of the recovery when this support ends, especially if it is withdrawn too quickly.

While the financial system has improved, it is still impaired by issues facing smaller banks. It remains difficult for smaller banks to get the capitalization needed to support loan and credit activity at the local level. It will be difficult for the recovery to gain footing without the free flow of credit.

Foreclosures remain at record highs, although the number was declining in late 2009. Should foreclosures not decrease home prices will slide anew.

Missouri Economic Position

The Missouri economy peaked in Calendar Year 2007, but has been mired in the national recession since. According to U.S. Bureau of Labor Statistics' data through the twelve months ending November 2009, the state lost 70,100 jobs, a decline of 2.5 percent. Similarly, the state has lost over 89,000 jobs since peaking in January 2008, a loss of 3.2 percent. Missouri's unemployment rate reached 9.5 percent in November, the highest level in over twenty-six years. Claims for unemployment insurance peaked in the spring at levels, when comparing thirteen week averages to the previous year, roughly 75 percent higher than during the 2001 downturn. Personal income during Calendar Year 2009 declined by 1.0 percent. Further, when transfer payments, inflationary effects, and one-time adjustments are excluded, personal income has contracted for seven of the last eight quarters. This fact is perhaps the most indicative of the depth of this recession.

Missouri's economic outlook over the next two years is similar to that of the nation. Employment is expected to decline by 1.0 percent in 2010, while personal income growth will rebound to only 1.9 percent. Housing construction continues to decline, although permit issuances have bounced from recent lows. Growth is expected to rebound in 2011; however, to rates closer to historical averages. Downside risks include the continued struggles of domestic automobile manufacturers. Conversely, other durable goods and agricultural exports may be boosted, as the value of the dollar has declined relative to broad indices of international currencies.

IV. REVENUE PROJECTIONS FOR FISCAL YEARS 2010 AND 2011

Revenue forecasting is challenging under the best of circumstances and is even more difficult when the questions become – as they are for Fiscal Year 2011 – whether a stumbling national economy will recover and when. Because of the economic factors the level of certainty about the new estimate is low. Nonetheless, the Governor and legislative leaders once again reached a consensus revenue estimate for the next eighteen months.

Following the unprecedented decline of 6.9 percent in Fiscal Year 2009, a second straight historic drop in net general revenue collections is now expected for Fiscal Year 2010. The revised revenue estimate calls for a decline of 6.4 percent, the largest forecasted decline since the consensus process started in 1992. No major source of revenue is showing growth in the current fiscal year. Indeed the largest source of revenue, individual withholding, declined eleven of twelve months in Calendar Year 2009. Spring individual income taxes will be adversely impacted by meager dividend and interest income, and may continue to show evidence of the major capital losses incurred in equity markets in 2008, despite the gains in 2009. Sales tax, while showing monthly volatility, has declined nine straight quarters. State tax changes in the form of income tax relief for seniors and veterans will continue to curtail revenue growth. Tax credit redemptions are expected to remain strong, although growth may not be as strong as previous years.

General revenue growth in Fiscal Year 2011 will depend on the specifics of the emerging economic turnaround, particularly the timing of job market improvements. Because growth is not expected to fully rebound until next winter, it may be difficult for Fiscal Year 2011 collections to gain much upward momentum. Below-average growth of only 3.6 percent is anticipated.

V. AMERICAN RECOVERY AND REINVESTMENT ACT

Last February, in response to the national economic crisis, the federal government passed the American Recovery and Reinvestment Act of 2009 (ARRA). It provided states Budget Stabilization Funds to prevent cuts in essential government services that would deepen the recession. The Budget Stabilization Funds were disbursed to states through two mechanisms—1) education and government services funds, and 2) Medicaid reimbursements.

Education and Government Services Funds

Missouri's allocation of these funds is \$921 million and is available for state Fiscal Years 2009, 2010 and 2011. The bulk of the funds (81.8%) must be used exclusively for education. The remaining 18.2% may be used to prevent cuts in education but may also be used to prevent cuts in other essential government services.

To qualify, Missouri provided assurances in its application that it will:

1. Commit to advancing education reform in four specific areas:
 - a. Achieving equity in teacher distribution;
 - b. Improving collection and use of data;
 - c. Enhancing the quality of standards and assessments; and
 - d. Supporting struggling schools.
2. Commit to maintenance of effort (MOE) levels by spending in Fiscal Years 2009, 2010, and 2011 at least as much as was spent in Fiscal Year 2006.

Medicaid Reimbursements

The ARRA includes Budget Stabilization Funds delivered to the states through temporary increases in the Federal Medicaid Assistance Percentage (FMAP). States spend their own money on Medicaid services and are reimbursed by the federal government based on percentages that change each year to reflect the relative costs of each state's low-income health care needs. Missouri's Medicaid reimbursement percentage is approximately 64%, *i.e.*, for every \$100 Missouri spends on Medicaid services, the federal government reimburses the state \$64.

States receive an enhanced increase to their reimbursement rate of 6.2 percentage points, plus an additional increase based on each state's unemployment rate. Based on recent, actual expenditures, these increased rates will yield an additional \$1.4 billion in federal reimbursements over 27 months.

There are no restrictions on how these additional reimbursements may be spent. However, states are not entitled to any of these funds if their Medicaid eligibility rules are more restrictive than those in effect on July 1, 2008, and no funds attributable to the increased FMAP may be deposited or credited into any state reserve or rainy day fund. States must spend the funds prior to September 2011.

It is likely the federal healthcare reform bill currently being deliberated by Congress will contain a provision to extend the enhanced FMAP adjustment another six to nine months, thereby increasing the estimate of additional reimbursements to the state by \$300-\$450 million.

VI. REVENUE LIMITATION AMENDMENT

Article X of the Missouri Constitution establishes a revenue and spending limit on state government. The limit is about 5.6 percent of Missouri personal income, based on the relationship between personal income and total state revenues when the limit was established and approved by voters in November 1980. Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 2009 were below the total state revenue limit by nearly \$2.6 billion.

The Office of Administration projects that total state revenues will not exceed the total state revenue limit in Fiscal Years 2010 or 2011. These preliminary calculations are subject to change as actual state revenue collections become known and as the federal government revises its estimates of Missouri personal income. These projections could change if the General Assembly were to pass legislation to increase taxes without a vote of the people. Pursuant to Article X of the Missouri Constitution, revenue approved by the voters is not subject to the revenue and spending limit.

In addition, Article X, Section 18(e) of the Missouri Constitution states the General

Assembly shall not increase taxes or fees in any fiscal year, without voter approval, that in total produce net new annual revenues greater than \$50 million, adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the General Assembly's action, whichever is less.

"Net new annual revenues" is defined as the net increase in annual revenues produced by the total of all tax or fee increases by the General Assembly in a fiscal year, less refunds and less all contemporaneously occurring tax or fee reductions in that same fiscal year.

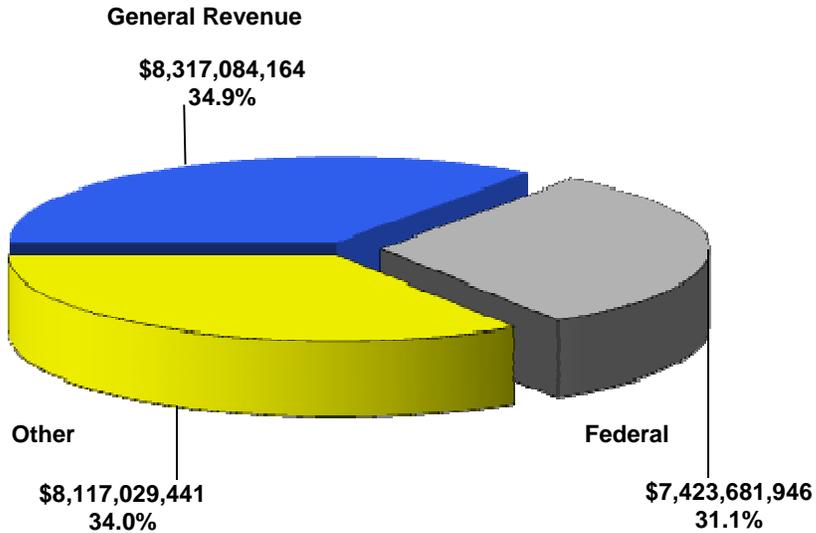
For Fiscal Year 2009, these limits were \$92.2 million for the personal income amount and \$89.9 million for the one percent of total state revenues amount. Legislative actions in the 2009 session resulted in a reduction of \$92.4 million in state revenues, which is clearly below the constitutional limit.

For Fiscal Year 2010, the limits are calculated at \$97.3 million for the personal income amount and \$96.0 million for the one percent of total state revenues amount.

FY 2011 TOTAL OPERATING BUDGET

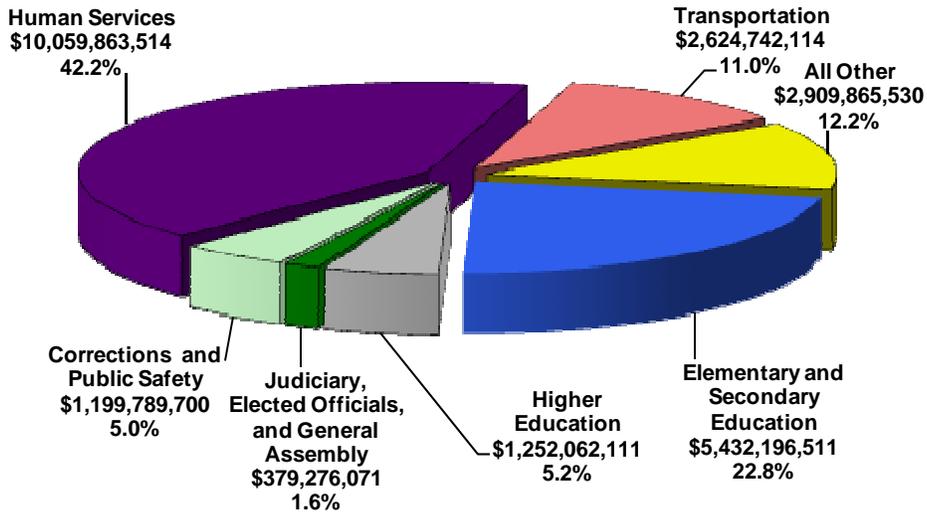
SOURCES OF FUNDS

Total Funds* \$23,857,795,551



GOVERNOR'S RECOMMENDED OPERATING BUDGET—ALL FUNDS

Total Appropriations* \$23,857,795,551



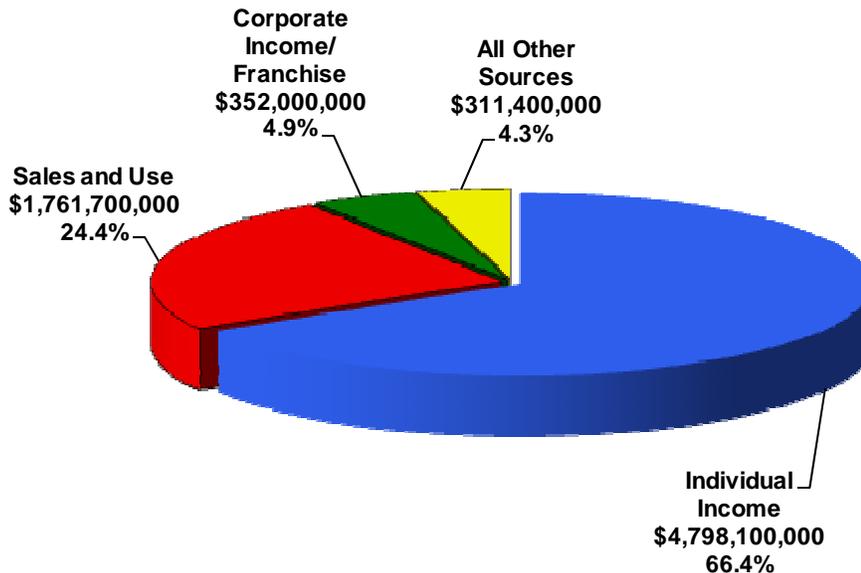
*Excludes refunds

GENERAL REVENUE RECEIPTS AND ESTIMATES

	Actual Receipts <u>FY 2009</u>	Consensus Estimate <u>FY 2010</u>	Consensus Estimate <u>FY 2011</u>
<u>Collections</u>			
Individual Income Tax	\$ 5,935,194,860	\$ 5,638,600,000	\$ 5,840,500,000
Sales and Use Tax	1,883,719,016	1,784,300,000	1,830,700,000
Corporate Income/Franchise Tax	528,279,599	480,400,000	524,000,000
County Foreign Insurance Tax	203,801,149	208,000,000	215,000,000
Liquor Tax	26,892,668	27,900,000	29,000,000
Beer Tax	8,849,672	8,600,000	9,000,000
Interest on Deposits and Investments	32,685,825	12,000,000	14,000,000
Federal Reimbursements	114,007,409	72,000,000	55,000,000
All Other Sources	<u>158,243,383</u>	<u>150,100,000</u>	<u>140,000,000</u>
 Total General Revenue Collections	 8,891,673,581	 8,381,900,000	 8,657,200,000
 Refunds	 <u>(1,440,854,291)</u>	 <u>(1,411,000,000)</u>	 <u>(1,434,000,000)</u>
 Net General Revenue Collections	 \$ 7,450,819,290	 \$ 6,970,900,000	 \$ 7,223,200,000
 Net Growth Rate		 -6.4%	 3.6%

FY 2011 CONSENSUS REVENUE ESTIMATE

Net General Revenue \$7,223,200,000



GENERAL REVENUE SUMMARY

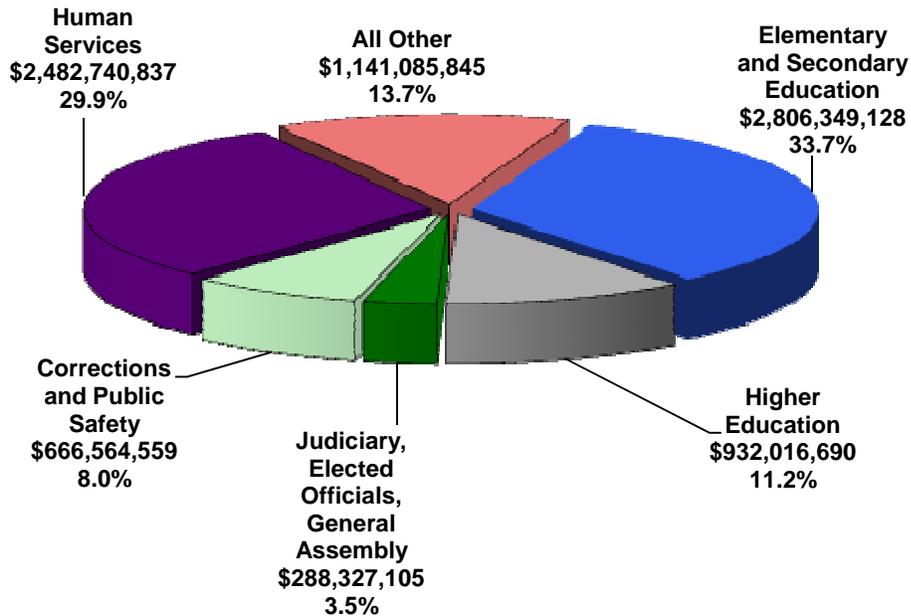
<u>RESOURCES</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Beginning Balance	\$ 545,131,560	\$ 8,787,067	\$ 16,286
Previous Year's Lapse ¹	290,692,220	254,411,536	99,809,434
Revenue Collections	8,891,673,581	8,381,900,000	8,657,200,000
Refunds	(1,440,889,670)	(1,411,000,000)	(1,434,000,000)
Revenue Collection Compliance			26,271,000
Federal Budget Stabilization Receipts	250,000,000	250,000,000	900,600,000
Transfers to Fund	<u>175,103,408</u>	<u>243,700,000</u>	<u>182,500,000</u>
Total Resources Available	\$ 8,711,711,099	\$ 7,727,798,603	\$ 8,432,396,720
<u>OBLIGATIONS</u>			
Operating Appropriations	\$ 8,639,388,717	\$ 7,802,206,989	\$ 8,317,084,164
Supplemental/Estimated Appropriations	101,131,499	93,168,682	95,000,000
Capital Appropriations	149,132,086	36,712,614	72,000,000
Expenditure Restrictions	<u>(186,728,270)</u>	<u>(204,305,968)</u>	<u>(52,000,000)</u>
Total Obligations	\$ 8,702,924,032	\$ 7,727,782,317	\$ 8,432,084,164
Ending Balance	\$ 8,787,067	\$ 16,286	\$ 312,556

NOTES TO GENERAL REVENUE SUMMARY

(1) Unexpended appropriations are counted as a resource in the next fiscal year to avoid premature commitment of uncertain resources until actual lapses are known. This includes reserves authorized by Section 33.290, RSMo.

GOVERNOR'S RECOMMENDED OPERATING BUDGET—GENERAL REVENUE

Total Appropriations* \$8,317,084,164



*Excludes refunds

THE MISSOURI BUDGET

FY 2011 BUDGET SUMMARY

House Bill	FY 2009 <u>Expenditures</u>	FY 2010 <u>Appropriations</u>	Governor's Recommendation <u>FY 2011</u>
1	<u>Public Debt</u>		
General Revenue	\$ 86,364,184	\$ 83,604,814	\$ 74,891,457
Federal Funds	0	0	0
Federal Stabilization	0	0	0
Other Funds	<u>7,905,575</u>	<u>8,447,482</u>	<u>3,463,215</u>
Total	\$ 94,269,759	\$ 92,052,296	\$ 78,354,672
2	<u>Elementary and Secondary Education</u>		
General Revenue	\$ 3,017,346,002	\$ 2,469,116,803	\$ 2,806,349,128
Federal Funds	888,305,923	970,980,627	1,017,828,377
Federal Stabilization	0	524,041,206	218,345,962
Other Funds	<u>1,321,018,688</u>	<u>1,458,793,085</u>	<u>1,389,673,044</u>
Total	\$ 5,226,670,613	\$ 5,422,931,721	\$ 5,432,196,511
3	<u>Higher Education</u>		
General Revenue	\$ 995,568,860	\$ 921,114,922	\$ 932,016,690
Federal Funds	3,221,433	6,168,003	6,168,003
Federal Stabilization	0	146,334,912	39,952,504
Other Funds	<u>222,285,476</u>	<u>232,096,466</u>	<u>273,924,914</u>
Total	\$ 1,221,075,769	\$ 1,305,714,303	\$ 1,252,062,111
4	<u>Revenue</u>		
General Revenue	\$ 84,233,523	\$ 81,169,861	\$ 74,437,839
Federal Funds	3,674,829	6,669,721	6,865,546
Federal Stabilization	0	2,571,865	0
Other Funds	<u>349,947,127</u>	<u>345,649,948</u>	<u>350,363,570</u>
Total	\$ 437,855,479	\$ 436,061,395	\$ 431,666,955
4	<u>Transportation</u>		
General Revenue	\$ 12,511,456	\$ 8,292,923	\$ 13,394,880
Federal Funds	75,460,687	75,123,802	75,181,950
Federal Stabilization	0	5,500,000	0
Other Funds	<u>2,342,079,428</u>	<u>2,177,296,168</u>	<u>2,536,165,284</u>
Total	\$ 2,430,051,571	\$ 2,266,212,893	\$ 2,624,742,114
5	<u>Office of Administration</u>		
General Revenue	\$ 187,345,669	\$ 163,643,426	\$ 157,213,787
Federal Funds	65,776,479	72,282,150	72,282,150
Federal Stabilization	0	7,455,942	528,000
Other Funds	<u>59,360,275</u>	<u>62,231,217</u>	<u>63,880,818</u>
Total	\$ 312,482,423	\$ 305,612,735	\$ 293,904,755
5	<u>Employee Benefits</u>		
General Revenue	\$ 531,421,848	\$ 579,070,313	\$ 584,842,514
Federal Funds	142,995,920	193,301,281	212,894,534
Federal Stabilization	0	12,422,975	0
Other Funds	<u>144,848,848</u>	<u>170,394,165</u>	<u>182,204,180</u>
Total	\$ 819,266,616	\$ 955,188,734	\$ 979,941,228

THE MISSOURI BUDGET

FY 2011 BUDGET SUMMARY

House Bill		FY 2009 <u>Expenditures</u>	FY 2010 <u>Appropriations</u>	Governor's Recommendation <u>FY 2011</u>
6	<u>Agriculture</u>			
	General Revenue	\$ 44,132,894	\$ 9,907,564	\$ 44,340,263
	Federal Funds	1,866,279	3,598,225	4,145,134
	Federal Stabilization	0	37,515,000	0
	Other Funds	10,489,092	14,121,325	14,528,318
	Total	\$ 56,488,265	\$ 65,142,114	\$ 63,013,715
6	<u>Natural Resources</u>			
	General Revenue	\$ 13,012,877	\$ 12,053,568	\$ 9,772,970
	Federal Funds	34,242,849	42,629,014	44,426,749
	Federal Stabilization	0	730,364	0
	Other Funds	310,453,378	262,445,420	256,815,232
	Total	\$ 357,709,104	\$ 317,858,366	\$ 311,014,951
6	<u>Conservation</u>			
	General Revenue	\$ 0	\$ 0	\$ 0
	Federal Funds	0	0	0
	Federal Stabilization	0	0	0
	Other Funds	132,541,287	145,534,841	145,534,841
	Total	\$ 132,541,287	\$ 145,534,841	\$ 145,534,841
7	<u>Economic Development</u>			
	General Revenue	\$ 57,094,015	\$ 55,133,360	\$ 61,403,533
	Federal Funds	140,241,150	198,991,112	164,191,113
	Federal Stabilization	0	18,565,679	0
	Other Funds	57,250,209	65,357,654	57,142,339
	Total	\$ 254,585,374	\$ 338,047,805	\$ 282,736,985
7	<u>Insurance, Financial Institutions and Professional Registration</u>			
	General Revenue	\$ 0	\$ 0	\$ 0
	Federal Funds	1,090,562	700,000	700,001
	Federal Stabilization	0	0	0
	Other Funds	29,365,262	35,958,839	36,439,040
	Total	\$ 30,455,824	\$ 36,658,839	\$ 37,139,041
7	<u>Labor and Industrial Relations</u>			
	General Revenue	\$ 2,371,808	\$ 2,254,942	\$ 2,215,539
	Federal Funds	32,356,369	47,167,731	47,967,730
	Federal Stabilization	0	0	0
	Other Funds	82,217,019	81,555,533	81,674,604
	Total	\$ 116,945,196	\$ 130,978,206	\$ 131,857,873
8	<u>Public Safety</u>			
	General Revenue	\$ 83,739,018	\$ 66,264,818	\$ 57,575,975
	Federal Funds	196,295,070	130,479,901	113,063,687
	Federal Stabilization	0	1,074,325	0
	Other Funds	273,654,503	313,895,137	356,563,182
	Total	\$ 553,688,591	\$ 511,714,181	\$ 527,202,844

THE MISSOURI BUDGET

FY 2011 BUDGET SUMMARY

House Bill	FY 2009 Expenditures	FY 2010 Appropriations	Governor's Recommendation FY 2011
9	<u>Corrections</u>		
General Revenue	\$ 586,923,288	\$ 604,146,521	\$ 608,988,584
Federal Funds	4,763,648	6,841,995	10,434,834
Federal Stabilization	0	750,000	0
Other Funds	<u>42,426,136</u>	<u>52,824,936</u>	<u>53,163,438</u>
Total	\$ 634,113,072	\$ 664,563,452	\$ 672,586,856
10	<u>Mental Health</u>		
General Revenue	\$ 605,649,896	\$ 594,823,914	\$ 594,741,954
Federal Funds	493,242,634	568,563,321	585,980,668
Federal Stabilization	0	5,891,995	0
Other Funds	<u>40,408,421</u>	<u>42,271,054</u>	<u>44,577,524</u>
Total	\$ 1,139,300,951	\$ 1,211,550,284	\$ 1,225,300,146
10	<u>Health and Senior Services</u>		
General Revenue	\$ 248,628,623	\$ 247,247,017	\$ 260,274,465
Federal Funds	612,679,775	619,002,497	650,455,128
Federal Stabilization	0	2,027,500	0
Other Funds	<u>23,801,178</u>	<u>24,275,597</u>	<u>25,644,597</u>
Total	\$ 885,109,576	\$ 892,552,611	\$ 936,374,190
11	<u>Social Services</u>		
General Revenue	\$ 1,433,790,546	\$ 1,516,013,903	\$ 1,627,724,418
Federal Funds	3,530,536,160	3,998,634,263	4,096,056,544
Federal Stabilization	0	2,587,500	0
Other Funds	<u>1,945,510,674</u>	<u>1,945,406,004</u>	<u>2,174,408,216</u>
Total	\$ 6,909,837,380	\$ 7,462,641,670	\$ 7,898,189,178
12	<u>Elected Officials</u>		
General Revenue	\$ 54,299,806	\$ 48,189,352	\$ 48,611,852
Federal Funds	10,737,073	23,621,404	22,484,598
Federal Stabilization	0	1,100,000	0
Other Funds	<u>43,052,392</u>	<u>45,512,192</u>	<u>44,365,721</u>
Total	\$ 108,089,271	\$ 118,422,948	\$ 115,462,171
12	<u>Judiciary</u>		
General Revenue	\$ 166,217,860	\$ 162,749,121	\$ 169,227,216
Federal Funds	5,672,637	10,408,187	10,408,187
Federal Stabilization	0	6,647,949	0
Other Funds	<u>12,505,336</u>	<u>10,292,941</u>	<u>10,292,942</u>
Total	\$ 184,395,833	\$ 190,098,198	\$ 189,928,345
12	<u>Public Defender</u>		
General Revenue	\$ 33,998,192	\$ 34,207,100	\$ 36,207,100
Federal Funds	30,906	125,000	125,000
Federal Stabilization	0	0	0
Other Funds	<u>1,686,240</u>	<u>2,980,263</u>	<u>2,980,263</u>
Total	\$ 35,715,338	\$ 37,312,363	\$ 39,312,363

THE MISSOURI BUDGET

FY 2011 BUDGET SUMMARY

House Bill	FY 2009 Expenditures	FY 2010 Appropriations	Governor's Recommendation FY 2011
12	<u>General Assembly</u>		
General Revenue	\$ 32,533,823	\$ 34,373,472	\$ 34,280,937
Federal Funds	0	0	0
Federal Stabilization	0	344,597	0
Other Funds	<u>194,274</u>	<u>292,255</u>	<u>292,255</u>
Total	\$ 32,728,097	\$ 35,010,324	\$ 34,573,192
13	<u>Real Estate</u>		
General Revenue	\$ 102,891,031	\$ 108,829,275	\$ 118,573,063
Federal Funds	21,680,977	23,507,968	23,195,547
Federal Stabilization	0	0	0
Other Funds	<u>12,194,567</u>	<u>13,099,626</u>	<u>12,931,904</u>
Total	\$ 136,766,575	\$ 145,436,869	\$ 154,700,514
14	<u>Operating Supplemental</u>		
General Revenue		\$ 86,168,682	
Federal Funds		186,620,232	
Federal Stabilization		112,994,110	
Other Funds		<u>44,138,436</u>	
Total		\$ 429,921,460	
	<u>Total Operating Budget</u>		
General Revenue	\$ 8,380,075,219	\$ 7,888,375,671	\$ 8,317,084,164
Federal Funds	6,264,871,360	7,185,416,434	7,164,855,480
Federal Stabilization	0	888,555,919	258,826,466
Other Funds	<u>7,465,195,385</u>	<u>7,554,870,584</u>	<u>8,117,029,441</u>
Total	\$ 22,110,141,964	\$ 23,517,218,608	\$ 23,857,795,551
21	<u>Federal Budget Stimulus</u>		
General Revenue	\$ 0	\$ 0	
Federal Funds	12,105,781	2,410,638,276	
Federal Stabilization	5,817,550	84,720,999	
Other Funds	<u>0</u>	<u>160,201,228</u>	
Total	\$ 17,923,331	\$ 2,655,560,503	
22	<u>Capital Improvements- One Time Projects</u>		
General Revenue	\$ 22,836,518	\$ 36,712,614	\$ 72,000,000
Federal Funds	9,251,227	16,703,326	163,243
Federal Stabilization	0	284,900,842	20,344,716
Other Funds	<u>36,582,424</u>	<u>51,633,240</u>	<u>35,953,056</u>
Total	\$ 68,670,169	\$ 389,950,022	\$ 128,461,015
	<u>GRAND TOTAL</u>		
General Revenue	\$ 8,402,911,737	\$ 7,925,088,285	\$ 8,389,084,164
Federal Funds	6,286,228,368	9,612,758,036	7,165,018,723
Federal Stabilization	5,817,550	1,258,177,760	279,171,182
Other Funds	<u>7,501,777,809</u>	<u>7,766,705,052</u>	<u>8,152,982,497</u>
Total	\$ 22,196,735,464	\$ 26,562,729,133	\$ 23,986,256,566

THE MISSOURI BUDGET

FY 2011 FTE SUMMARY

House Bill	FY 2009 Budget	FY 2010 Budget	Governor's Recommendation FY 2011
1 <u>Public Debt</u>			
General Revenue	0.00	0.00	0.00
Federal Funds	0.00	0.00	0.00
Federal Stabilization	0.00	0.00	0.00
Other Funds	0.00	0.00	0.00
Total	0.00	0.00	0.00
2 <u>Elementary and Secondary Education</u>			
General Revenue	964.45	880.45	849.95
Federal Funds	853.76	853.76	876.76
Federal Stabilization	0.00	0.00	0.00
Other Funds	12.00	12.00	12.00
Total	1,830.21	1,746.21	1,738.71
3 <u>Higher Education</u>			
General Revenue	16.50	16.50	17.00
Federal Funds	7.08	7.08	6.58
Federal Stabilization	0.00	0.00	0.00
Other Funds	52.09	52.09	52.09
Total	75.67	75.67	75.67
4 <u>Revenue</u>			
General Revenue	1,122.67	1,011.20	1,015.20
Federal Funds	6.74	6.74	11.74
Federal Stabilization	0.00	0.00	0.00
Other Funds	453.55	443.55	438.55
Total	1,582.96	1,461.49	1,465.49
4 <u>Transportation</u>			
General Revenue	2.00	0.00	0.00
Federal Funds	17.98	17.98	17.98
Federal Stabilization	0.00	0.00	0.00
Other Funds	6,927.02	6,598.70	6,598.70
Total	6,947.00	6,616.68	6,616.68
5 <u>Office of Administration</u>			
General Revenue	816.93	771.79	766.29
Federal Funds	342.22	342.22	342.22
Federal Stabilization	0.00	1.50	0.00
Other Funds	926.81	917.81	1,125.81
Total	2,085.96	2,033.32	2,234.32
6 <u>Agriculture</u>			
General Revenue	195.56	189.94	187.71
Federal Funds	32.86	31.36	35.36
Federal Stabilization	0.00	0.00	0.00
Other Funds	172.13	169.76	174.27
Total	400.55	391.06	397.34

THE MISSOURI BUDGET

FY 2011 FTE SUMMARY

House Bill	FY 2009 Budget	FY 2010 Budget	Governor's Recommendation FY 2011
6 <u>Natural Resources</u>			
General Revenue	164.92	146.54	133.04
Federal Funds	362.89	377.38	414.80
Federal Stabilization	0.00	0.00	0.00
Other Funds	1,286.13	1,271.64	1,234.22
Total	1,813.94	1,795.56	1,782.06
6 <u>Conservation</u>			
General Revenue	0.00	0.00	0.00
Federal Funds	0.00	0.00	0.00
Federal Stabilization	0.00	0.00	0.00
Other Funds	1,871.61	1,843.81	1,843.81
Total	1,871.61	1,843.81	1,843.81
7 <u>Economic Development</u>			
General Revenue	81.60	71.32	71.32
Federal Funds	619.49	618.91	618.91
Federal Stabilization	0.00	0.00	0.00
Other Funds	276.78	286.14	286.14
Total	977.87	976.37	976.37
7 <u>Insurance, Financial Institutions and Professional Registration</u>			
General Revenue	0.00	0.00	0.00
Federal Funds	0.00	0.00	0.00
Federal Stabilization	0.00	0.00	0.00
Other Funds	534.15	545.15	550.15
Total	534.15	545.15	550.15
7 <u>Labor and Industrial Relations</u>			
General Revenue	42.71	36.71	33.71
Federal Funds	637.19	616.60	615.85
Federal Stabilization	0.00	0.00	0.00
Other Funds	186.06	178.55	178.30
Total	865.96	831.86	827.86
8 <u>Public Safety</u>			
General Revenue	1,126.11	1,099.61	1,067.74
Federal Funds	380.99	383.29	384.29
Federal Stabilization	0.00	0.00	0.00
Other Funds	3,528.13	3,549.88	3,553.88
Total	5,035.23	5,032.78	5,005.91
9 <u>Corrections</u>			
General Revenue	11,100.73	10,994.09	10,978.09
Federal Funds	62.50	62.50	52.00
Federal Stabilization	0.00	0.00	0.00
Other Funds	267.40	267.40	265.40
Total	11,430.63	11,323.99	11,295.49

THE MISSOURI BUDGET

FY 2011 FTE SUMMARY

House <u>Bill</u>	FY 2009 <u>Budget</u>	FY 2010 <u>Budget</u>	Governor's Recommendation <u>FY 2011</u>
10 <u>Mental Health</u>			
General Revenue	8,012.41	6,635.07	6,271.59
Federal Funds	637.63	1,554.99	1,626.67
Federal Stabilization	0.00	61.73	0.00
Other Funds	26.00	40.00	40.00
Total	8,676.04	8,291.79	7,938.26
10 <u>Health and Senior Services</u>			
General Revenue	732.89	709.24	674.22
Federal Funds	1,081.14	1,079.94	1,079.94
Federal Stabilization	0.00	0.00	0.00
Other Funds	100.37	104.59	104.59
Total	1,914.40	1,893.77	1,858.75
11 <u>Social Services</u>			
General Revenue	2,790.77	2,270.79	2,123.45
Federal Funds	4,814.26	5,249.37	5,100.20
Federal Stabilization	0.00	0.00	0.00
Other Funds	573.05	573.04	571.03
Total	8,178.08	8,093.20	7,794.68
12 <u>Elected Officials</u>			
General Revenue	662.83	668.83	668.83
Federal Funds	100.51	100.51	105.51
Federal Stabilization	0.00	0.00	0.00
Other Funds	211.68	217.68	217.68
Total	975.02	987.02	992.02
12 <u>Judiciary</u>			
General Revenue	3,243.30	3,106.33	3,246.30
Federal Funds	101.25	101.25	101.25
Federal Stabilization	0.00	137.97	0.00
Other Funds	60.50	60.50	60.50
Total	3,405.05	3,406.05	3,408.05
12 <u>Public Defender</u>			
General Revenue	558.13	570.13	570.13
Federal Funds	0.00	0.00	0.00
Federal Stabilization	0.00	0.00	0.00
Other Funds	2.00	2.00	2.00
Total	560.13	572.13	572.13
12 <u>General Assembly</u>			
General Revenue	711.09	710.09	709.92
Federal Funds	0.00	0.00	0.00
Federal Stabilization	0.00	0.00	0.00
Other Funds	1.25	1.25	1.25
Total	712.34	711.34	711.17

THE MISSOURI BUDGET

FY 2011 FTE SUMMARY

House Bill	FY 2009 Budget	FY 2010 Budget	Governor's Recommendation FY 2011
14 <u>Operating Supplemental</u>			
General Revenue	0.00	0.00	0.00
Federal Funds	0.00	1.50	0.00
Federal Stabilization	0.00	5.25	0.00
Other Funds	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	0.00	6.75	0.00
<u>Total Operating Budget</u>			
General Revenue	32,345.60	29,888.63	29,384.49
Federal Funds	10,058.49	11,405.38	11,390.06
Federal Stabilization	0.00	206.45	0.00
Other Funds	<u>17,468.71</u>	<u>17,135.54</u>	<u>17,310.37</u>
Total	59,872.80	58,636.00	58,084.92

**SUPPLEMENTAL RECOMMENDATIONS
FISCAL YEAR 2010**

	<u>GENERAL REVENUE</u>	<u>FEDERAL BUDGET STABILIZA- TION FUNDS</u>	<u>FEDERAL FUNDS</u>	<u>OTHER FUNDS</u>	<u>TOTAL*</u>
Department of Elementary and Secondary Education	\$ 86,168,682	\$ 4,490,222	\$ 28,700,000	\$ 23,000,010	\$ 142,358,914
Department of Revenue	0	2,974,158	53,030	0	3,027,188
Office of Administration	0	25,000	0	0	25,000
Department of Insurance, Financial Institutions and Professional Registration	0	0	0	5,000	5,000
Department of Labor and Industrial Relations	0	175,000	0	0	175,000
Department of Public Safety	0	1,099,947	0	4,207,940	5,307,887
Department of Corrections	0	280,641	0	0	280,641
Department of Mental Health	0	2,712,493	996,701	1,525,484	5,234,678
Department of Health and Senior Services	0	21,031,404	37,651,179	1	58,682,584
Department of Social Services	0	80,169,612	119,219,322	15,400,001	214,788,935
Judiciary	0	35,633	0	0	35,633
TOTAL HOUSE BILL 2014	\$ 86,168,682	\$112,994,110	\$186,620,232	\$ 44,138,436	\$ 429,921,460

*Excludes refunds and other items not included in Executive Budget totals.