

THE MISSOURI BUDGET FISCAL YEAR 2012 SUMMARY

I. OVERVIEW

Even though Missouri is in better shape than most other states, tough budget challenges remain. Improvements in the national economy will help revenues end their downward spiral, which culminated in an historic decline of 9.1 percent in Fiscal Year 2010. Revenue forecasters expect modest increases for Fiscal Years 2011 and 2012, but not enough to prevent additional cuts. Fiscal restraint is necessary to keep the Missouri budget balanced. Governor Nixon's Fiscal Year 2012 Budget continues his focus on getting Missourians back to work by: increasing investment in job training; streamlining economic incentives; making government smarter and more efficient; investing in education; and balancing the budget without raising taxes.

Jobs

Governor Nixon's top priority is to turn Missouri's economy around by creating jobs.

When employers are determining where to create jobs and expand their operations, economic incentives can play a critical role. Missouri has a diverse array of economic incentives that help attract new businesses to the state, and help existing Missouri businesses grow.

Some of these incentives were created decades ago. It is time to update, clarify, and streamline these incentive programs to make them easier and more effective for businesses. Based on recommendations from the Missouri Strategic Incentive for Economic Growth, Governor Nixon's Compete Missouri proposal would do just that.

Compete Missouri would streamline the state's six primary economic incentive programs to provide enhanced opportunities for businesses

that locate or expand operations in Missouri. The proposal also includes the Show-Me Fund, which would provide timely incentives to help finalize economic development projects that would significantly benefit the state, while maintaining strict accountability to the taxpayers. Compete Missouri also includes a first-ever benefit for existing Missouri employers. To qualify for incentives under Complete Missouri, employers must provide good-paying jobs with health care benefits.

In May 2010, Governor Nixon appointed business, labor, local government, and education leaders from across the state to work with his Economic Development Director to refine the state's economic development efforts to ensure the best return on investment to the state. The strategic initiative's charge was to develop a five-year economic plan for the State of Missouri. The final result will be a road map to jobs, economic growth and prosperity for years to come that will:

- Attract, develop and retain a workforce with the education and skills to succeed in a 21st-Century economy.
- Support local economic development organizations in the retention and expansion of existing businesses and employers.
- Optimize its policies to best support the growth of high-value targeted business sectors.
- Invest in technology and innovation to attract, launch and sustain the growth companies of the future.
- Aggressively market the state to domestic and select international audiences.
- Develop a foreign trade initiative.
- Encourage small- and minority-business development and entrepreneurship.
- Provide the infrastructure necessary for companies and communities to be successful.

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The objectives formed the basis of Governor Nixon's Compete Missouri and Missouri Training Advantage proposals.

The Fiscal Year 2012 Budget provides:

- \$14.5 million for the Missouri Customized Job Training Program, including an increase of \$5 million.
- \$16 million for the Missouri Community College New Jobs Training Program, which provides assistance to businesses expanding Missouri's workforce.
- \$10 million for the Missouri Community College Job Retention Training Program, which provides general skill and industry-specific occupational training for Missouri businesses.
- \$20.8 million for biodiesel and ethanol production incentives.

Education

Governor Nixon knows the value of a quality public education. He is committed to improving the success of our students through graduation and beyond. State support for Missouri's public schools remains a priority. The Governor's budget protects critical funding for the Foundation Formula and First Steps and provides additional funding for the Transportation and Parents as Teachers Programs.

Over the past 17 years, Missouri's successful A+ Scholarship Program has provided two years of study - tuition free - for eligible students at Missouri community colleges and career/technical schools. Next year, participation is projected to increase by approximately 12 percent, with a record 14,500 students expected to receive A+ awards.

In 2010, Governor Nixon appointed a task force, which included community college representatives and legislators, to examine the criteria for A+ scholarships to ensure that the program is being operated as fairly and efficiently as possible.

In addition, Governor Nixon is recommending expansion of the A+ Scholarship Program to all qualified Missouri public school students with expected family contributions below \$8,000 (approximately \$55,000 in adjusted gross

income), even if they do not attend an A+ school. It is important to assist hard-working students who, without this funding, would find it very difficult to afford the cost of a higher education.

The Governor recognizes in these difficult economic times, some families are struggling to pay for higher education costs. Even with the challenging budget situation, in addition to the increased funding for A+ Scholarships, the Governor recommends a modest increase in funding for the Access Missouri Financial Assistance and Bright Flight Scholarship Programs.

The Fiscal Year 2012 Budget provides:

Elementary and Secondary Education

- \$2.9 billion to maintain funding for the Foundation Formula for elementary and secondary education, with the anticipated carryover of \$112 million of state and/or local funds by schools.
- \$144.7 million for early childhood special education, a \$9.5 million increase.
- \$97.8 million for school transportation, a \$7.5 million increase over available funding.
- \$30 million for the First Steps Program.
- \$16 million for the Parents as Teachers Program, a \$3 million increase.

Higher Education

- \$847.7 million for colleges and universities.
- \$64.8 million for the Access Missouri scholarship program to provide need-based scholarships to eligible Missouri residents, a \$2 million increase over available funding.
- \$14.3 million for the Academic Scholarship program (Bright Flight) to provide scholarships for Missouri's brightest high school graduates, a \$2 million increase over available funding.
- \$30.4 million for the A+ Program, an \$8 million increase, including \$1M for qualifying low income students no matter which public high school they attend.
- \$1 million to add nursing faculty at public four-year institutions—the first year of a

three year, \$3 million commitment by the State Board of Nursing to build on the successful Caring for Missourians initiative.

Efficient Government

Governor Nixon has made reviewing the operations of state government for efficiency and effectiveness of state services a priority. This year the Governor will improve the return on each taxpayer dollar in the following areas – administrative costs, healthcare expenditures, tax credits, and revenue collections.

Administrative Costs

The Governor continues to save taxpayer dollars and make government leaner. His Fiscal Year 2012 budget recommendations include continued downsizing of the state workforce by over 860 employees bringing the total reduction to 3,300 positions. Over the next year, state agencies will pursue additional savings and efficiencies in the following areas:

- Converting all adult correctional institution canteen systems to a computerized pre-order process system, saving over \$720,000 and reducing 29 staff.
- Consolidating administrative functions for Department of Mental Health regional offices, saving \$818,374 and reducing 24 staff.
- Consolidating and privatizing mail processing and case opening activities in the child support program, resulting in the reduction of 51 positions.
- Privatizing call center activities for the Family Support Division in the Department of Social Services, resulting in the reduction of 102 positions.
- Reducing travel and professional service costs, saving \$1.6 million.

Healthcare Expenditures

Governor Nixon has lowered health care costs and improved client outcomes. The primary factor driving rising health care costs is the growing number of chronic conditions. This is true for both the Medicaid Program and the plan that covers state employees. Five percent of Medicaid participants account for fifty percent of program expenditures. Addressing

individuals with chronic conditions through disease management and wellness programs has been proven to decrease the cost of care, long-term. The Governor's administration will implement several ongoing initiatives to address high-cost users and improve the health of Medicaid clients and state employees.

- The health care plan for state employees will provide better disease management and wellness programs to ensure that health care for state workers remains affordable for Missouri taxpayers.
- The state, partnering with Community Mental Health Centers, will provide regular case management services to the 3,700 Medicaid clients currently not receiving disease management services for their chronic health conditions.
- Primary care providers that qualify as a medical home will improve the health care management of Medicaid clients who have two or more chronic conditions. They will provide primary-based care that can be accessed 24 hours a day, seven days a week preventing unnecessary hospitalizations and emergency room visits. In addition to saving long-term costs and improving health outcomes, the state will earn additional federal funds to pay for these services.
- Medicaid's monitoring and compliance functions, currently in three departments, will be consolidated into a single unit within the Department of Social Services to increase the efficiency of provider monitoring and assist providers with compliance.

Tax Credits

In July 2010, Governor Nixon appointed a Tax Credit Review Commission to review the state's 61 tax credit programs and make recommendations for greater efficacy and enhanced return on investment. Twenty-five business, community and legislative leaders served on the commission. The Governor supports the implementation of key recommendations, such as placing a sunset on all state tax credit programs so that they are subject to periodic and regular reviews. Governor

Nixon will work with legislators on both sides of the aisle to ensure that we use these financial tools wisely, effectively and efficiently to achieve our economic goals.

Revenue Collections

The Department of Revenue is charged with collecting taxes and debt owed to the State of Missouri. Every year millions of dollars of revenue elude state coffers as legitimate tax debts go unpaid. Governor Nixon directed the department to conduct a thorough review of its operations and shift savings to enhance its revenue collection efforts. The review and changes will result in increased collections for the state. To further improve the state's collection of outstanding debt owed to the state, the Governor's budget includes \$5 million to implement a modern, efficient collections information technology system, estimated to bring in additional revenues that will pay for the system and return tens of millions of additional revenue each year. All costs will be covered by the improved collections that result from the new system.

Governor Nixon also proposes legislation to increase state revenue collections, including:

- Tax Amnesty – Allows taxpayers who owe the State of Missouri delinquent taxes to pay the taxes owed. Amnesty will be provided on a one-time, limited basis for taxpayers not previously identified by the Department of Revenue. The initiative is estimated to increase collections by more than \$20 million in general revenue in Fiscal Year 2012.
- No Tax Due & Administrative Garnishments – No tax due requires all businesses to pay all tax debt as a condition of licensure, employment, or payment from the state. Administrative garnishments will allow the state to issue a payment obligation directly to the employer instead of filing it with the circuit court. This will streamline the current process, increasing revenue collections by \$6 million in Fiscal Year 2012 and more than \$20 million annually thereafter.
- Centralized State Collections—It is the Department of Revenue's primary mission to collect taxes owed to the

state. Other agencies collect debts and fees for programs throughout state government, although it is not their primary responsibility. Centralizing collection responsibilities into one state agency will increase efficiencies and debt collections owed to the state by a net \$1 million in Fiscal Year 2012 and over \$6 million annually thereafter.

- Reciprocal Offsets—If authorized, the Department of Revenue can establish agreements with other government agencies to recoup debt owed to the State of Missouri. The Department will establish reciprocal agreements with other states to offset motor fuel and sales tax payments, and the U.S. Treasury to offset vendor payments for any type debt. This initiative is estimated to increase revenue collections over \$9 million in Fiscal Year 2012.

II. REVIEW OF THE FISCAL YEAR 2011 BUDGET

The revised revenue estimate for Fiscal Year 2010 (a decline of 6.4%) reflected the sharpest anticipated decline in revenues since the consensus revenue process was adopted in the early 1990s. In fact, the actual decline was even worse, as general revenue collections declined an astounding 9.1 percent.

Fortunately, the slow revival of the U.S. economy points to modest revenue growth over the next eighteen months. The revised Consensus Revenue Estimate for Fiscal Year 2011 calls for 3.6 percent growth but because of the lower previous-year base, the result is a downward adjustment of \$206 million from the original estimate. Even if this growth rate is achieved, revenues will remain more than \$980 million below actual collections in Fiscal Year 2008.

To address the revenue shortfall and mandatory supplemental spending, Governor Nixon has exercised his constitutional authority to restrict expenditures by \$300 million to ensure that the state's expenses do not exceed its available resources in Fiscal Year 2011. He is poised to make additional restrictions if it becomes necessary.

III. THE ECONOMIC OUTLOOK

U.S. Economic Position

The “Great Recession” ended in June of 2009, but the recovery from that economic storm has been agonizingly slow. A tepid recovery was not a surprising result, given the pervasive panic in global financial industries and the dramatic reduction of both business investment and consumer spending. Nevertheless, calendar year 2010 began with renewed growth as businesses started to rebuild their depleted inventories.

Unfortunately, substantial growth in final demand did not materialize, and economic growth sputtered mid-year. With unemployment hovering just below 10 percent, consumers continued to save money at the highest rates since the early 1990s. Corporations remained reluctant to hire employees despite surging profits. The housing market continued to struggle with record foreclosure rates and low prices.

Developments in the spring exacerbated the anxiety. The biggest issue was the escalating crisis surrounding the public debt of certain euro-zone countries. The looming threat of a default by a sovereign nation led to rising bond yields and stock market declines. Eventually, Greece and Ireland received international assistance in return for adopting severe fiscal “austerity measures”.

Other events also contributed to general economic uneasiness:

- The Deepwater Horizon Oil Rig exploded in the Gulf of Mexico. Although the impact on oil markets turned out to be smaller than feared, local gulf economies were severely constrained through the summer and many remain in peril.
- The Flash Crash in the stock market. On May 6, the Dow Jones declined over 1,000 points in a matter of minutes, only to recover a large portion of that within the next few minutes. The events reintroduced fears of a runaway market decline. Markets declined through the summer in the wake of the flash.
- Fiscal stimulus began drawing to a close. Projects funded by the American Recovery and Reinvestment Act of 2009 began winding down.

Through the summer there was little improvement in employment, and prices continued to flirt with a deflationary trend. This concerned the Federal Reserve enough that it embarked on a second round of bond buying (or quantitative easing) while remaining committed to leaving its target interest rate at virtually zero for the foreseeable future.

Federal tax policy added yet another level of uncertainty throughout the autumn, as the

Economic Projections			
	Increase by Calendar Year		
<u>U.S.</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	2.9 %	3.4 %	3.8 %
Employment	(0.5) %	1.5%	2.6 %
Unemployment Rate	9.7 %	9.1 %	8.2 %
Personal Income	3.0 %	4.6 %	3.3 %
Consumer Expenditures	3.5 %	4.9 %	4.1 %
Consumer Prices	1.6 %	1.4 %	1.0 %
<u>MISSOURI</u>			
Employment	(1.0) %	(0.7) %	2.0%
Personal Income	2.3 %	4.2 %	2.6 %

question of whether or not to continue the low tax rates introduced in 2001 and 2003 was debated. It was clear that allowing all of those tax cuts to expire at the end of 2010 as legislated would be a significant drag on the economy.

A compromise was reached in December in the form of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. Provisions of this act included:

- The extension of the current marginal tax rates for two additional years
- Extension of emergency unemployment benefits for thirteen months
- A one-year, two percent reduction in the FICA payroll tax rate for employees
- A provision allowing businesses to immediately deduct 100 percent of certain fixed investment costs.

Consumers now have greater certainty (especially those needing unemployment assistance), and both consumers and businesses have additional income for investment and spending.

The outlook for 2011 and 2012 is promising, as the economy appears poised for much quicker, self-sustaining growth. Forecasters are anticipating real economic growth to exceed 4 percent by the middle of the year. With businesses having ample cash and low financing available, capital investment will reignite. Consumer and business demand will increase sufficiently that producers will no longer be able to rely solely on productivity gains, and will look to hire once again. Despite this growth, the unemployment rate will decline only slightly in 2011, but the decline will accelerate in 2012. Inflation is expected to remain low.

There are numerous risks to this outlook, none greater than those poised by the very housing markets which sparked the Great Recession. Foreclosures continue at a near-record pace, and many homes remain vacant. Homebuyers are scarce as job growth remains uncertain, and what few there are often buy distressed properties instead of new ones. Prices are down an average of 30 percent since peaking in 2006. With low prices, low interest rates and better job prospects, the fragile housing market may revive, but healing will remain slow.

Sovereign debt issues remain problematic for many European countries. If not resolved, financial turmoil will grow, perhaps damaging global market systems. Should these troubles result in an outright European recession, the impacts would surely reach stateside.

There are some risks of higher inflation including rising demand for commodities in developing nations, which is already resulting in higher prices for gasoline and metals. The ultimate result may be drastically higher inflation that the Federal Reserve cannot curtail. Inflation at this level would have negative impacts on the economy, especially if wages and other forms of income are too slow to adjust. In such an event, consumers may be unable to purchase desired goods and services, and firms may choose not to make investments because of declining purchasing power and uncertainty about future prices. The Federal Reserve remains confident that it will be able to reabsorb the money supply quickly enough to prevent a cycle of deleterious inflation.

Missouri Economic Position

There are some positive signs in the Missouri economy. Recent indicators have been mixed but are consistent with a nascent recovery, and mirror national trends. New unemployment claims are down. However, according to U.S. Bureau of Labor Statistics' data through the twelve months ending November 2010, the state lost 19,400 jobs, a decline of 0.7 percent. Similarly, the state has lost 153,800 jobs since peaking in February 2008, a loss of 5.5 percent. Missouri's unemployment rate reached 9.7 percent in the summer of 2009, the highest level in over twenty-six years, and has declined only a few basis points since then. Missouri's unemployment rate has remained below the national rate for the last fifteen months. Despite this, personal income growth has accelerated recently, with wages growing markedly in the third quarter. Export growth has been robust in 2010. Missouri's economy is expected to gradually rebound over the next eighteen months. Job growth will be weak in early 2011. Data on outputs and new orders suggest the state's manufacturers will begin hiring, slowly at first but gaining steam into 2012. Increased production will lead to increased earnings and consumer spending. Missouri's housing market will continue to lack vitality, but remains

relatively stable compared to the US as a whole, lessening some of the related downside risks.

Downside risks include the continued struggles of domestic automobile manufacturers, should consumers continue to avoid debt-financed purchases, as well as risks in export markets stemming from global financial uncertainties.

IV. REVENUE PROJECTIONS FOR FISCAL YEARS 2011 AND 2012

Revenue forecasting is challenging under the best of circumstances, and becomes even more difficult when the questions are about the strength of an economic recovery that has thus far been slow to ignite. Nonetheless, the Governor and legislative leaders once again reached a consensus revenue estimate for Fiscal Years 2011 and 2012.

Following the unprecedented decline of 9.1 percent in Fiscal Year 2010, improved collections are expected for Fiscal Year 2011. The revised revenue estimate calls for growth of 3.6 percent. Modest growth in income and sales taxes will be augmented by healthy corporate taxes resulting from record profits in the past several quarters. Spring individual income taxes may continue to show evidence of the major capital losses incurred in equity markets in 2008, despite the gains in 2009 and 2010. State tax changes in the form of income tax relief for seniors and veterans will continue to curtail revenue growth. Tax credit redemptions will remain strong.

General revenue growth in Fiscal Year 2012 will depend on the specifics of the emerging economic turnaround, particularly the timing of job market improvements. However, economic growth is expected to become self-sustaining by summer of 2011. Concurrent employment and consumer spending gains will boost revenue growth to 4.0 percent.

V. FEDERAL EDUCATION JOBS AND MEDICAID ASSISTANCE ACT

This past August the federal government passed the Education Jobs and Medicaid Assistance Act. Among its provisions were:

- Funding for states to distribute to local school districts for saving or creating education jobs.

- Extending, for six months on a phased-down basis, the enhanced Federal Medicaid Assistance Percentage (FMAP) previously approved in the American Recovery and Reinvestment Act of 2009.

Education Jobs Fund

Missouri's allocation of these funds is \$189.7 million. States must distribute the funds to schools during the current school year, which means they must be distributed during Fiscal Year 2011. Therefore, Governor Nixon is requesting approval from the General Assembly of a supplemental appropriation. It is anticipated that this will allow schools to carry over state and/or local funds to be used during the Fiscal Year 2012 budget.

Medicaid Reimbursements

The Education Jobs and Medicaid Assistance Act extended the temporary increases in the FMAP through June 30, 2011. The enhanced rate is reduced from 6.2 percentage points to 3.2 percentage points in the first quarter of the extension and 1.2 percentage points in the second quarter. The unemployment add-on bonuses and foster care/adoption assistance payments remain unchanged.

Missouri is expected to receive \$209.3 of additional federal match dollars.

VI. REVENUE LIMITATION AMENDMENT

Article X of the Missouri Constitution establishes a revenue and spending limit on state government. The limit is 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 2010 were below the total state revenue limit by nearly \$4.2 billion.

The Office of Administration projects that total state revenues will not exceed the total state revenue limit in Fiscal Years 2011 or 2012. 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 legislation was approved to increase taxes without a vote of the people. Pursuant to

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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.

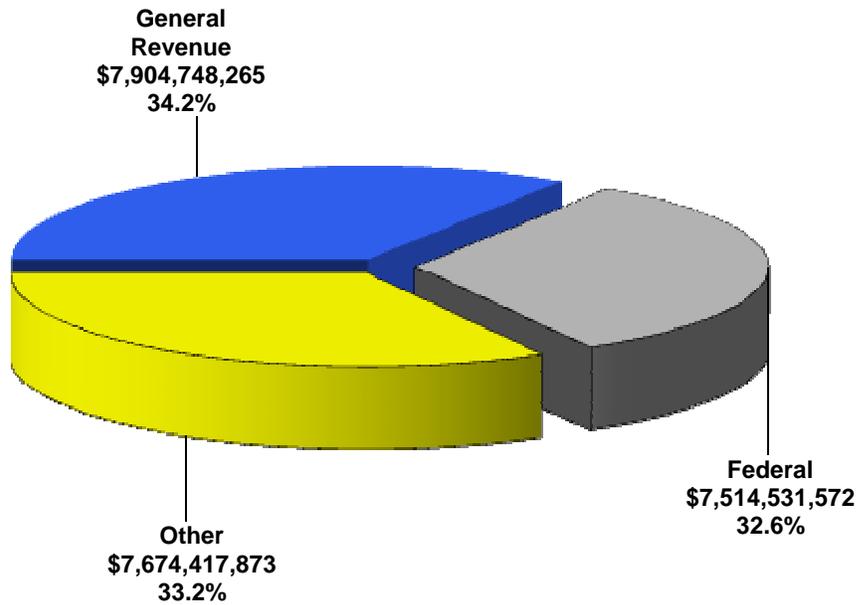
For Fiscal Year 2010, these calculations were \$97.3 million for the personal income amount and \$96.0 million for the one percent of total state revenues amount. Legislative actions in the 2010 session resulted in an increase of \$1.9 million in state revenues, which is clearly below the constitutional limit.

For Fiscal Year 2011, the calculations are \$103.4 million for the personal income amount and \$87.2 million for the one percent of total state revenues amount.

FY 2012 TOTAL OPERATING BUDGET

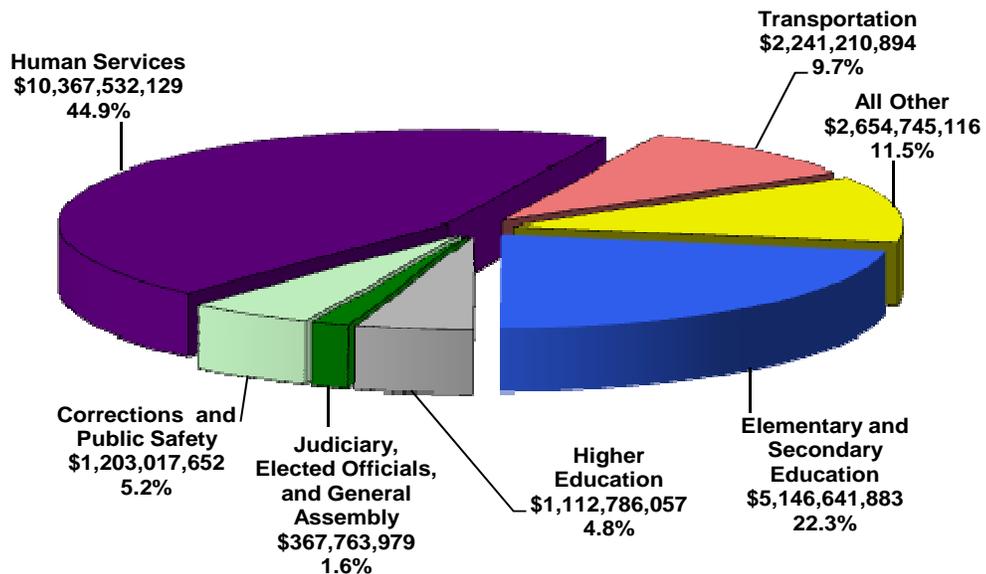
SOURCES OF FUNDS

Total Funds* \$23,093,697,710



GOVERNOR'S RECOMMENDED OPERATING BUDGET—ALL FUNDS

Total Appropriations* \$23,093,697,710



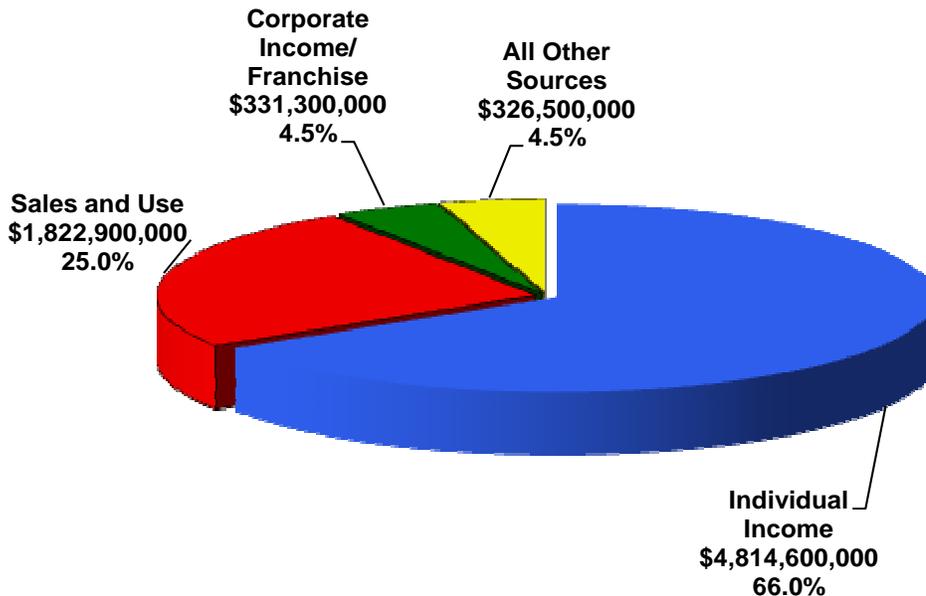
*Excludes refunds

GENERAL REVENUE RECEIPTS AND ESTIMATES

	Actual Receipts <u>FY 2010</u>	Consensus Estimate <u>FY 2011</u>	Consensus Estimate <u>FY 2012</u>
<u>Collections</u>			
Individual Income Tax	\$ 5,483,884,463	\$ 5,637,400,000	\$ 5,904,600,000
Sales and Use Tax	1,791,663,893	1,830,000,000	1,884,900,000
Corporate Income/Franchise Tax	502,173,943	540,100,000	569,300,000
County Foreign Insurance Tax	194,198,220	213,200,000	205,000,000
Liquor Tax	27,946,832	28,500,000	30,000,000
Beer Tax	8,286,676	8,700,000	8,800,000
Interest on Deposits and Investments	12,319,106	11,000,000	13,000,000
Federal Reimbursements	62,736,109	107,300,000	80,400,000
All Other Sources	<u>160,341,271</u>	<u>142,300,000</u>	<u>137,700,000</u>
 Total General Revenue Collections	 8,243,550,513	 8,518,500,000	 8,833,700,000
 Refunds	 <u>(1,469,220,721)</u>	 <u>(1,501,500,000)</u>	 <u>(1,538,400,000)</u>
 Net General Revenue Collections	 \$ 6,774,329,792	 \$ 7,017,000,000	 \$ 7,295,300,000
 Net Growth Rate		 3.6%	 4.0%

FY 2012 CONSENSUS REVENUE ESTIMATE

Net General Revenue \$7,295,300,000



GENERAL REVENUE SUMMARY

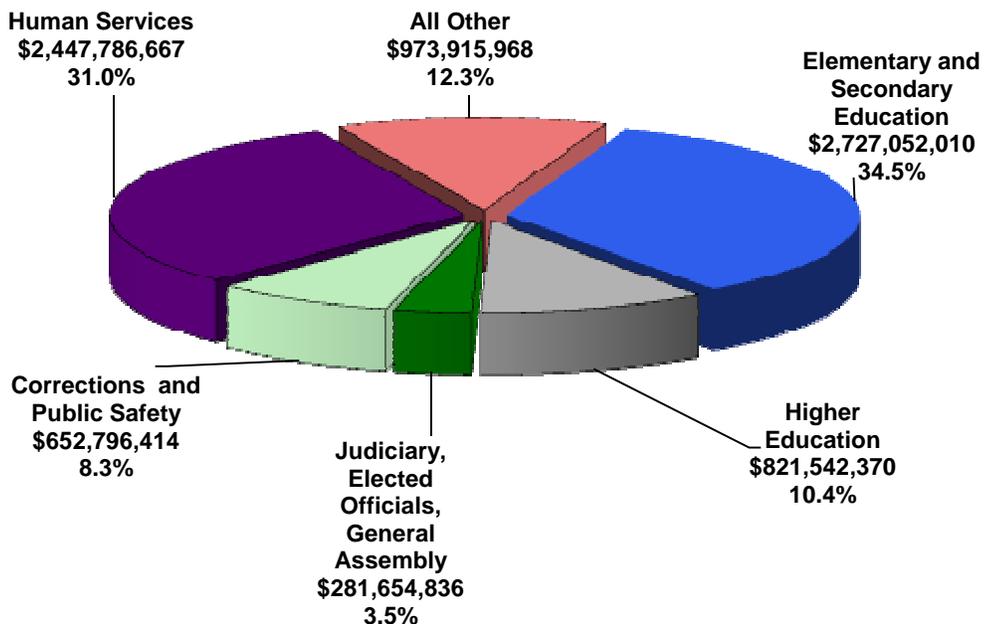
RESOURCES	FY 2010	FY 2011	FY 2012
Beginning Balance	\$ 8,787,067	\$ 52,430,354	\$ 155,234,746
Previous Year's Lapse ¹	254,411,536	108,647,368	133,032,471
Revenue Collections	8,243,550,513	8,518,500,000	8,833,700,000
Refunds	(1,469,220,721)	(1,501,500,000)	(1,538,400,000)
Federal Budget Stabilization Receipts	370,678,649	572,388,526	277,270,000
Other Collections ²	0	0	58,600,000
Transfers to Fund	298,981,076	150,733,430	120,189,683
Total Resources Available	\$ 7,707,188,120	\$ 7,901,199,678	\$ 8,039,626,900
OBLIGATIONS			
Operating Appropriations	\$ 7,802,206,989	\$ 7,832,850,499	\$ 7,904,748,265
Supplemental/Estimated Appropriations	128,186,136	126,332,610	120,000,000
Capital Appropriations	36,712,614	72,000,000	71,132,154
Expenditure Restrictions ³	(312,347,973)	(285,218,177)	(56,257,759)
Total Obligations	\$ 7,654,757,766	\$ 7,745,964,932	\$ 8,039,622,660
Ending Balance	\$ 52,430,354	\$ 155,234,746	\$ 4,240

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.
- (2) Includes tax amnesty, centralized debt collection, integrated tax system, federal reciprocity, and other collection initiatives.
- (3) The FY 2012 expenditure restriction is applied to the Facilities Maintenance and Reserve Fund as authorized in Article IV, Section 27(b) of the Missouri Constitution.

GOVERNOR'S RECOMMENDED OPERATING BUDGET—GENERAL REVENUE

Total Appropriations* \$7,904,748,265



*Excludes refunds

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FY 2012 BUDGET SUMMARY

House Bill	FY 2010 Expenditures	FY 2011 Appropriations	Governor's Recommendation FY 2012
1 <u>Public Debt</u>			
General Revenue	\$ 80,520,878	\$ 34,891,457	\$ 75,335,644
Federal Funds	0	0	0
Federal Stabilization	0	0	0
Other Funds	<u>8,181,550</u>	<u>13,463,215</u>	<u>2,030,806</u>
Total	\$ <u>88,702,428</u>	\$ <u>48,354,672</u>	\$ <u>77,366,450</u>
2 <u>Elementary and Secondary Education*</u>			
General Revenue	\$ 2,554,445,355	\$ 2,720,046,017	\$ 2,727,052,010
Federal Funds	886,431,127	997,828,378	981,586,860
Federal Stabilization	492,367,662	246,557,436	64,918,743
Other Funds	<u>1,294,772,491</u>	<u>1,398,673,044</u>	<u>1,373,084,270</u>
Total	\$ <u>5,228,016,635</u>	\$ <u>5,363,104,875</u>	\$ <u>5,146,641,883</u>
3 <u>Higher Education</u>			
General Revenue	\$ 865,827,465	\$ 911,637,406	\$ 821,542,370
Federal Funds	4,041,870	6,168,003	7,268,774
Federal Stabilization	141,950,288	39,952,504	0
Other Funds	<u>232,719,568</u>	<u>273,724,914</u>	<u>283,974,913</u>
Total	\$ <u>1,244,539,191</u>	\$ <u>1,231,482,827</u>	\$ <u>1,112,786,057</u>
4 <u>Revenue</u>			
General Revenue	\$ 70,882,549	\$ 71,461,586	\$ 80,539,880
Federal Funds	3,330,445	6,865,545	6,865,545
Federal Stabilization	5,462,769	0	0
Other Funds	<u>360,749,104</u>	<u>353,363,570</u>	<u>353,097,010</u>
Total	\$ <u>440,424,867</u>	\$ <u>431,690,701</u>	\$ <u>440,502,435</u>
4 <u>Transportation</u>			
General Revenue	\$ 6,306,017	\$ 15,334,842	\$ 9,294,129
Federal Funds	93,366,444	75,181,950	100,164,748
Federal Stabilization	5,500,000	0	0
Other Funds	<u>2,452,288,722</u>	<u>2,536,127,492</u>	<u>2,131,752,017</u>
Total	\$ <u>2,557,461,183</u>	\$ <u>2,626,644,284</u>	\$ <u>2,241,210,894</u>
5 <u>Office of Administration</u>			
General Revenue	\$ 160,016,427	\$ 149,923,090	\$ 118,246,897
Federal Funds	55,567,315	72,282,149	72,030,935
Federal Stabilization	7,266,853	528,000	0
Other Funds	<u>65,552,078</u>	<u>63,880,818</u>	<u>60,328,550</u>
Total	\$ <u>288,402,673</u>	\$ <u>286,614,057</u>	\$ <u>250,606,382</u>
5 <u>Employee Benefits</u>			
General Revenue	\$ 544,305,488	\$ 532,813,437	\$ 497,956,215
Federal Funds	175,041,383	196,247,991	177,358,959
Federal Stabilization	3,866,033	0	0
Other Funds	<u>153,445,115</u>	<u>170,627,563</u>	<u>145,573,725</u>
Total	\$ <u>876,658,019</u>	\$ <u>899,688,991</u>	\$ <u>820,888,899</u>

THE MISSOURI BUDGET

FY 2012 BUDGET SUMMARY

House <u>Bill</u>	FY 2010 <u>Expenditures</u>	FY 2011 <u>Appropriations</u>	Governor's Recommendation <u>FY 2012</u>
6 <u>Agriculture</u>			
General Revenue	\$ 9,180,831	\$ 22,847,496	\$ 25,037,319
Federal Funds	2,415,135	4,317,568	4,475,585
Federal Stabilization	30,411,080	0	0
Other Funds	9,967,390	14,518,318	19,563,633
Total	\$ 51,974,436	\$ 41,683,382	\$ 49,076,537
6 <u>Natural Resources</u>			
General Revenue	\$ 9,537,018	\$ 9,038,406	\$ 9,304,428
Federal Funds	31,358,152	44,426,749	44,529,253
Federal Stabilization	0	0	0
Other Funds	203,229,594	256,815,232	256,231,161
Total	\$ 244,124,764	\$ 310,280,387	\$ 310,064,842
6 <u>Conservation</u>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Federal Stabilization	0	0	0
Other Funds	130,105,985	145,534,841	145,534,841
Total	\$ 130,105,985	\$ 145,534,841	\$ 145,534,841
7 <u>Economic Development</u>			
General Revenue	\$ 31,192,285	\$ 38,882,809	\$ 41,000,983
Federal Funds	158,468,807	164,142,199	164,124,647
Federal Stabilization	14,515,374	0	0
Other Funds	33,619,707	53,752,363	53,157,678
Total	\$ 237,796,173	\$ 256,777,371	\$ 258,283,308
7 <u>Insurance, Financial Institutions and Professional Registration</u>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	996,159	1,700,000	3,112,803
Federal Stabilization	0	0	0
Other Funds	29,991,079	36,439,040	37,079,977
Total	\$ 30,987,238	\$ 38,139,040	\$ 40,192,780
7 <u>Labor and Industrial Relations</u>			
General Revenue	\$ 2,038,100	\$ 1,982,423	\$ 1,893,302
Federal Funds	39,188,333	47,950,558	48,189,442
Federal Stabilization	0	0	0
Other Funds	53,801,536	62,508,565	62,269,681
Total	\$ 95,027,969	\$ 112,441,546	\$ 112,352,425
8 <u>Public Safety</u>			
General Revenue	\$ 59,620,063	\$ 54,268,676	\$ 56,463,293
Federal Funds	225,848,119	113,090,687	115,503,598
Federal Stabilization	1,854,526	0	0
Other Funds	278,507,329	356,463,182	370,272,188
Total	\$ 565,830,037	\$ 523,822,545	\$ 542,239,079

THE MISSOURI BUDGET

FY 2012 BUDGET SUMMARY

House Bill	FY 2010 Expenditures	FY 2011 Appropriations	Governor's Recommendation FY 2012
9	<u>Corrections</u>		
General Revenue	\$ 576,372,859	\$ 593,435,940	\$ 596,333,121
Federal Funds	3,180,893	10,434,834	10,003,791
Federal Stabilization	695,520	0	0
Other Funds	38,590,431	56,163,438	54,441,661
Total	\$ 618,839,703	\$ 660,034,212	\$ 660,778,573
10	<u>Mental Health</u>		
General Revenue	\$ 572,325,127	\$ 575,426,388	\$ 562,326,162
Federal Funds	568,818,994	578,775,972	633,713,469
Federal Stabilization	7,266,807	0	0
Other Funds	34,260,043	44,827,524	42,948,339
Total	\$ 1,182,670,971	\$ 1,199,029,884	\$ 1,238,987,970
10	<u>Health and Senior Services</u>		
General Revenue	\$ 235,377,590	\$ 247,405,720	\$ 252,977,240
Federal Funds	672,546,894	647,854,155	683,546,632
Federal Stabilization	21,615,888	0	0
Other Funds	21,698,294	25,644,597	18,676,450
Total	\$ 951,238,666	\$ 920,904,472	\$ 955,200,322
11	<u>Social Services</u>		
General Revenue	\$ 1,372,999,748	\$ 1,458,352,466	\$ 1,632,483,265
Federal Funds	3,863,082,596	4,011,581,216	4,344,786,997
Federal Stabilization	70,704,787	0	0
Other Funds	1,980,142,473	2,186,658,673	2,196,073,575
Total	\$ 7,286,929,604	\$ 7,656,592,355	\$ 8,173,343,837
12	<u>Elected Officials</u>		
General Revenue	\$ 50,303,822	\$ 45,840,381	\$ 44,810,381
Federal Funds	9,919,560	22,484,598	19,639,231
Federal Stabilization	965,005	0	0
Other Funds	49,370,237	43,993,721	42,304,463
Total	\$ 110,558,624	\$ 112,318,700	\$ 106,754,075
12	<u>Judiciary</u>		
General Revenue	\$ 158,983,384	\$ 169,074,144	\$ 169,074,144
Federal Funds	3,703,911	10,408,187	10,474,989
Federal Stabilization	6,633,935	0	0
Other Funds	13,794,938	10,292,942	10,292,942
Total	\$ 183,116,168	\$ 189,775,273	\$ 189,842,075
12	<u>Public Defender</u>		
General Revenue	\$ 34,207,096	\$ 34,707,100	\$ 34,707,100
Federal Funds	0	125,000	125,000
Federal Stabilization	0	0	0
Other Funds	1,340,716	2,980,263	2,980,263
Total	\$ 35,547,812	\$ 37,812,363	\$ 37,812,363

THE MISSOURI BUDGET

FY 2012 BUDGET SUMMARY

House <u>Bill</u>	FY 2010 <u>Expenditures</u>	FY 2011 <u>Appropriations</u>	Governor's Recommendation <u>FY 2012</u>
12 <u>General Assembly</u>			
General Revenue	\$ 33,307,423	\$ 33,213,211	\$ 33,063,211
Federal Funds	0	0	0
Federal Stabilization	334,797	0	0
Other Funds	<u>157,550</u>	<u>292,255</u>	<u>292,255</u>
Total	\$ 33,799,770	\$ 33,505,466	\$ 33,355,466
13 <u>Real Estate</u>			
General Revenue	\$ 102,583,968	\$ 112,267,504	\$ 115,307,171
Federal Funds	20,716,806	23,195,547	22,111,571
Federal Stabilization	0	0	0
Other Funds	<u>12,606,024</u>	<u>12,931,904</u>	<u>12,457,475</u>
Total	\$ 135,906,798	\$ 148,394,955	\$ 149,876,217
14 <u>Operating Supplemental</u>			
General Revenue	\$	\$ 106,332,610	\$
Federal Funds		305,241,492	
Federal Stabilization		1,489,649	
Other Funds		<u>14,694,723</u>	
Total	\$	\$ 427,758,474	\$
<u>Total Operating Budget</u>			
General Revenue	\$ 7,530,333,493	\$ 7,939,183,109	\$ 7,904,748,265
Federal Funds	6,818,022,943	7,340,302,778	7,514,531,572
Federal Stabilization	811,411,324	288,527,589	0
Other Funds	<u>7,458,891,954</u>	<u>8,134,372,197</u>	<u>7,674,417,873</u>
Total	\$ 22,618,659,714	\$ 23,702,385,673	\$ 23,093,697,710
21 <u>Capital Improvements- One-Time Projects</u>			
General Revenue	\$ 11,423,009	\$ 72,000,000	\$ 71,132,154
Federal Funds	3,272,982	163,243	188,248
Federal Stabilization	20,398,671	20,344,716	0
Other Funds	<u>6,807,106</u>	<u>35,953,056</u>	<u>37,847,809</u>
Total	\$ 41,901,768	\$ 128,461,015	\$ 109,168,211
<u>GRAND TOTAL</u>			
General Revenue	\$ 7,541,756,502	\$ 8,011,183,109	\$ 7,975,880,419
Federal Funds	6,821,295,925	7,340,466,021	7,514,719,820
Federal Stabilization	831,809,995	308,872,305	0
Other Funds	<u>7,465,699,060</u>	<u>8,170,325,253</u>	<u>7,712,265,682</u>
Total	\$ 22,660,561,482	\$ 23,830,846,688	\$ 23,202,865,921

*The Governor Recommends Fiscal Year 2012 amount does not include the anticipated funding that school districts will carryover from Fiscal Year 2011.

THE MISSOURI BUDGET

FY 2012 FTE SUMMARY

House Bill	FY 2010 <u>Budget</u>	FY 2011 <u>Budget</u>	Governor's Recommendation <u>FY 2012</u>
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	880.45	828.50	822.50
Federal Funds	853.76	876.76	876.76
Federal Stabilization	0.00	0.00	0.00
Other Funds	12.00	12.00	12.00
Total	1,746.21	1,717.26	1,711.26
3 <u>Higher Education</u>			
General Revenue	16.50	17.00	17.00
Federal Funds	7.08	6.58	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	1,011.20	963.06	980.56
Federal Funds	8.24	11.74	11.74
Federal Stabilization	0.00	0.00	0.00
Other Funds	443.55	443.55	435.55
Total	1,462.99	1,418.35	1,427.85
4 <u>Transportation</u>			
General Revenue	0.00	0.00	0.00
Federal Funds	17.98	17.98	17.98
Federal Stabilization	0.00	0.00	0.00
Other Funds	6,598.70	6,598.70	6,398.70
Total	6,616.68	6,616.68	6,416.68
5 <u>Office of Administration</u>			
General Revenue	771.79	752.04	751.67
Federal Funds	342.22	342.22	341.19
Federal Stabilization	1.50	0.00	0.00
Other Funds	917.81	1,108.81	1,188.06
Total	2,033.32	2,203.07	2,280.92
6 <u>Agriculture</u>			
General Revenue	189.94	189.19	84.51
Federal Funds	31.36	35.36	37.36
Federal Stabilization	0.00	0.00	0.00
Other Funds	169.76	168.76	277.94
Total	391.06	393.31	399.81

THE MISSOURI BUDGET

FY 2012 FTE SUMMARY

House Bill	FY 2010 <u>Budget</u>	FY 2011 <u>Budget</u>	Governor's Recommendation <u>FY 2012</u>
6 <u>Natural Resources</u>			
General Revenue	146.54	133.04	133.04
Federal Funds	377.38	414.80	399.15
Federal Stabilization	0.00	0.00	0.00
Other Funds	<u>1,271.64</u>	<u>1,234.22</u>	<u>1,251.87</u>
Total	1,795.56	1,782.06	1,784.06
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	<u>1,843.81</u>	<u>1,843.81</u>	<u>1,843.81</u>
Total	1,843.81	1,843.81	1,843.81
7 <u>Economic Development</u>			
General Revenue	71.32	50.35	36.35
Federal Funds	618.91	618.91	618.91
Federal Stabilization	0.00	0.00	0.00
Other Funds	<u>286.14</u>	<u>298.11</u>	<u>310.11</u>
Total	976.37	967.37	965.37
7 <u>Insurance, Financial Institutions and Professional Registration</u>			
General Revenue	0.00	0.00	0.00
Federal Funds	0.00	0.00	21.00
Federal Stabilization	0.00	0.00	0.00
Other Funds	<u>545.15</u>	<u>550.15</u>	<u>550.15</u>
Total	545.15	550.15	571.15
7 <u>Labor and Industrial Relations</u>			
General Revenue	36.71	33.71	31.91
Federal Funds	616.60	615.85	617.14
Federal Stabilization	0.00	0.00	0.00
Other Funds	<u>178.55</u>	<u>178.30</u>	<u>177.01</u>
Total	831.86	827.86	826.06
8 <u>Public Safety</u>			
General Revenue	1,099.61	1,009.13	1,006.56
Federal Funds	383.29	385.29	385.54
Federal Stabilization	0.00	0.00	0.00
Other Funds	<u>3,549.88</u>	<u>3,579.49</u>	<u>3,569.31</u>
Total	5,032.78	4,973.91	4,961.41
9 <u>Corrections</u>			
General Revenue	10,994.09	10,834.45	10,741.45
Federal Funds	62.50	52.00	52.00
Federal Stabilization	4.75	0.00	0.00
Other Funds	<u>267.40</u>	<u>265.40</u>	<u>253.40</u>
Total	11,328.74	11,151.85	11,046.85

THE MISSOURI BUDGET

FY 2012 FTE SUMMARY

House Bill	FY 2010 Budget	FY 2011 Budget	Governor's Recommendation FY 2012
10 <u>Mental Health</u>			
General Revenue	6,635.07	6,131.98	4,939.99
Federal Funds	1,554.99	1,701.96	2,475.50
Federal Stabilization	61.73	0.00	0.00
Other Funds	40.00	40.00	26.00
Total	8,291.79	7,873.94	7,441.49
10 <u>Health and Senior Services</u>			
General Revenue	709.24	634.12	623.64
Federal Funds	1,079.94	1,066.94	972.43
Federal Stabilization	0.00	0.00	0.00
Other Funds	104.59	132.59	131.85
Total	1,893.77	1,833.65	1,727.92
11 <u>Social Services</u>			
General Revenue	2,270.79	2,110.50	1,884.34
Federal Funds	5,249.37	5,078.15	4,923.80
Federal Stabilization	0.00	0.00	0.00
Other Funds	573.04	571.03	570.04
Total	8,093.20	7,759.68	7,378.18
12 <u>Elected Officials</u>			
General Revenue	668.83	668.83	668.83
Federal Funds	100.51	105.51	105.51
Federal Stabilization	0.00	0.00	0.00
Other Funds	217.68	217.68	217.68
Total	987.02	992.02	992.02
12 <u>Judiciary</u>			
General Revenue	3,106.33	3,244.30	3,244.30
Federal Funds	101.25	101.25	103.25
Federal Stabilization	137.97	0.00	0.00
Other Funds	60.50	60.50	58.50
Total	3,406.05	3,406.05	3,406.05
12 <u>Public Defender</u>			
General Revenue	570.13	570.13	585.13
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	572.13	572.13	587.13
12 <u>General Assembly</u>			
General Revenue	710.09	686.92	683.92
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	711.34	688.17	685.17

THE MISSOURI BUDGET

FY 2012 FTE SUMMARY

House Bill	FY 2010 Budget	FY 2011 Budget	Governor's Recommendation FY 2012
14 <u>Operating Supplemental</u>			
General Revenue	0.00	0.80	0.00
Federal Funds	0.00	0.00	0.00
Federal Stabilization	0.00	0.00	0.00
Other Funds	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	0.00	0.80	0.00
 <u>Total Operating Budget</u>			
General Revenue	29,888.63	28,858.05	27,235.70
Federal Funds	11,405.38	11,431.30	11,965.84
Federal Stabilization	205.95	0.00	0.00
Other Funds	<u>17,135.54</u>	<u>17,358.44</u>	<u>17,327.32</u>
Total	58,635.50	57,647.79	56,528.86

**SUPPLEMENTAL RECOMMENDATIONS
FISCAL YEAR 2011**

	<u>GENERAL REVENUE</u>	<u>FEDERAL EDUCATION JOBS FUNDS</u>	<u>FEDERAL FUNDS</u> ²	<u>OTHER FUNDS</u>	<u>TOTAL</u> ³
Department of Elementary and Secondary Education ¹	\$ 5,444,000	\$ 189,727,725	\$ 3,271,500	\$ 5,444,000	\$ 203,887,225
Department of Higher Education	0	0	1,489,649	3,528,000	5,017,649
Department of Revenue	5,019,005	0	0	0	5,019,005
Office of Administration	51,379	0	0	537,983	589,362
Department of Public Safety	2,040,826	0	0	0	2,040,826
Department of Mental Health	2,845,244	0	996,654	0	3,841,898
Department of Health and Senior Services	20,582,545	0	44,097,879	0	64,680,424
Department of Social Services	<u>70,349,611</u>	<u>0</u>	<u>67,147,734</u>	<u>10,628,740</u>	<u>148,126,085</u>
TOTAL HOUSE BILL 14	\$ 106,332,610	\$ 189,727,725	\$ 117,003,416	\$ 20,138,723	\$ 433,202,474

¹ The DESE appropriation total includes the \$5,444,000 general revenue transfer and the appropriation authority for the Early Childhood, Special Education Program.

² DHE federal appropriations are Federal Budget Stabilization Funds.

³ Excludes refunds and other items not included in Executive Budget totals.