

THE MISSOURI BUDGET FISCAL YEAR 2013 SUMMARY

I. OVERVIEW

Missouri continues to be in better financial shape than many other states as it recovers from the national economic recession.

Although state revenue collections remain down sharply from three years ago, Governor Nixon and the General Assembly worked together to ensure the budget remained in balance.

The national recession created challenging budget times for all states. Some states ignored the problem, spent more money than they had, and racked up huge deficits. Also, over 30 states raised taxes over the past few years. Missouri did things differently, balancing its budget while holding the line on taxes.

Since taking office, Governor Nixon has cut spending by \$1.6 billion. These decisions to reduce spending were tough, but necessary to ensure resources remained available for high priority items, like funding for K-12 Classrooms.

Governor Nixon's Fiscal Year 2013 Budget priorities are getting Missourians back to work through strategic investments; prioritizing funds for education, including record funding for the state's K-12 foundation formula; ensuring that adequate funding is available to aid in disaster recovery; and continuing his efforts in fiscal discipline and streamlining government, making it smarter and more efficient.

Jobs

Governor Nixon's top priority is to create jobs for Missourians. His focus on improving the state's economic development tools and planning for future economic needs is working - Missouri businesses are hiring again.

In 2010 the Governor introduced the Strategic Initiative for Economic Growth after working with numerous business, labor, local

government and education leaders. Building on this initiative, Governor Nixon announced a Missouri Works strategy that will:

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

The Fiscal Year 2013 Budget provides:

- \$4 million to provide loans or other investment tools to help high-tech businesses create jobs through the Missouri Science and Innovation Reinvestment Act (MOSIRA).
- \$14.9 million for the Missouri Customized Job Training Program to provide training assistance to eligible businesses to retrain workers in existing jobs or train workers in newly created jobs.
- \$500,000 for the Show Me-Heroes Program to provide on-the-job training opportunities for National Guard and reserve personnel and active-duty personnel who recently left service.
- \$1.1 million to promote Missouri exports in regional, national, and international marketplaces to attract capital investments.
- \$10 million for the State Small Business Credit Initiative to increase the amount of private capital made available to small businesses to create Missouri jobs.
- \$16 million for the Missouri Community College New Jobs Training Program, which provides assistance to businesses expanding Missouri's workforce.

Education

Governor Nixon knows the importance of a quality public education. In today's competitive economy, education is the key to finding a good job. Governor Nixon is dedicated to ensuring that every Missouri child has access to a world-class education.

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

For Elementary and Secondary Education, the Fiscal Year 2013 Budget provides:

- \$3.009 billion for the state's foundation formula, a record amount, including a \$5 million increase.
- \$144.7 million for the Early Childhood Special Education program.
- \$99.8 million for the School Transportation program to maintain current available funding.
- \$52.3 million for the state board operated schools, including a \$4.5 million increase.
- \$32.4 million for the First Steps program, including a \$2 million increase.
- \$14 million for the Parents as Teachers program to maintain current available funding.

While universities in other states were increasing tuition by double digits, Missouri kept tuition flat in 2009 and 2010 at all our public colleges and universities. Last year they held tuition down again. This self-discipline helped make Missouri a national leader in affordable education.

The Governor recognizes in these difficult economic times some families are struggling to pay for higher education. Missouri's scholarship programs are important in keeping the state's best and brightest students in the state and assisting families in ensuring their children have access to higher education. Missouri's major scholarship programs are:

- A+ Scholarship Program—provides two years of tuition-free study for eligible students at Missouri community colleges and career/technical schools.
- Academic (Bright Flight) Scholarship Program—provides scholarships to graduating high school seniors scoring in the top three percent on academic achievement tests.
- Access Missouri Financial Assistance program—provides need-based scholarships to eligible Missouri students.

For Higher Education, the Fiscal Year 2013 Budget provides:

- \$741.7 million for colleges and universities.
- \$62.8 million to maintain level funding for the Access Missouri Scholarship program and assist an estimated 62,000 students.
- \$29.4 million to maintain level funding for the A+ Scholarship program and assist an estimated 13,750 students.
- \$13.3 million to maintain level funding for the Academic Scholarship program (Bright Flight) and assist an estimated 7,100 students.

Disaster Recovery

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

- New Year's Eve, December 31, 2010-Tornados—the National Weather Service confirmed twelve tornado tracks in eastern Missouri.
- January 31, 2011-Blizzard—a severe winter storm and blizzard dropped over 23 inches of snow throughout the state.
- May 22, 2011-Tornado—the Joplin tornado was the deadliest in the state's history and among the most devastating in the nation. The losses were staggering; thousands left homeless, more than 7,000 homes and hundreds of businesses damaged or destroyed. More than a thousand people were injured. One hundred and sixty-one lost their lives.
- Spring 2011-Flooding—due to above average snow fall and releases from upper Missouri River reservoirs, more than 500 miles of Missouri River experienced

flooding from the Iowa border to St. Louis. Flooding in southeast Missouri put farms, homes and prime farmland underwater after the intentional breach of the Birds Point levee by the U.S. Army Corps of Engineers.

- Spring 2011-Tornados—On April 22nd two tornados crossed the St. Louis metro area including the St. Louis Lambert International Airport, impacting thirteen Missouri counties. On May 25th Sedalia was struck by a tornado that caused extensive damage to the city.

These disasters touched virtually the entire state and will require continued resources and assistance from the state with long-term recovery efforts. The Fiscal Year 2013 Budget ensures that the state continues to commit the resources necessary to help communities recover from disasters.

Fiscal Discipline

Early decisive action by Governor Nixon headed off the financial meltdowns other states have experienced. Over the last three years, at least 31 states have increased taxes and numerous states have had their credit rating downgraded. Fiscally conservative management helped Missouri retain its AAA credit rating from all three rating agencies – one of only a few states in the nation with this superb rating. The AAA rating tells businesses that Missouri is a good place to locate, to expand and to invest.

Each year Governor Nixon has made it a priority to instill fiscal discipline--reviewing operations of state government to ensure that state agencies are smaller, smarter and more efficient. Efficiencies include the consolidation of state agencies, sale of state property, reduction in the state's vehicle fleet, coordination of various cost containment plans, implementation of numerous technology initiatives, and reductions in the state's workforce.

Missouri must continue to downsize government in Fiscal Year 2013 due to declining one-time federal funding. Missouri carefully planned a stair-step approach to the use of these federal stabilization funds, reducing the amount used each of the last two years. In Fiscal Year 2013, these funds will be phased out. Carefully planned reductions in state spending by the Governor and legislature

have allowed a gradual path to lower spending without the turmoil seen in other states.

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

Efforts to continue the Governor's fiscal discipline plan include – reductions in administrative costs and efficiencies in healthcare and revenue collections.

➤ Administrative Costs

The Governor's Fiscal Year 2013 budget recommendations require state agencies to continue to utilize resources efficiently to reduce administrative costs including personal service, travel, supplies, and professional development, saving \$29.3 million general revenue. His Fiscal Year 2013 budget includes reducing the state workforce by over 800 positions, bringing the total reduction to over 4,100 positions.

Employee Compensation--Governor Nixon knows that state employees must be adequately compensated, especially now that duties have shifted and employees are asked to do more to continue providing vital services. The Governor's Fiscal Year 2013 budget includes a two percent pay raise for all state employees, beginning January 1, 2013. The cost of the pay plan for Fiscal Year 2013 is \$23.6 million, including \$10.9 million general revenue.

Employee Benefits—state employees are provided a generous benefit plan. The Governor's Fiscal Year 2013 budget includes full funding of the actuarially required contribution to the Missouri State Employees Retirement System. His budget also includes level funding to the Missouri Consolidated Health Care Plan to ensure state employees are provided adequate health care benefits at reasonable costs.

➤ Healthcare Expenditures

The Governor continues to effectively manage the health care expenditures of the state through decisions that ensure the most efficient use of healthcare resources and dollars. The Fiscal Year 2013 budget will expand upon efficiencies already achieved by:

- Addressing individuals with chronic conditions through disease management, decreasing the cost of care, long term. As the first state approved for the health home model by the federal Centers for Medicare and Medicaid Services, Missouri will better coordinate the care of 38,000 individuals with multiple chronic illnesses or serious mental illnesses, driving down their expected health care costs by \$44.6 million in the first year.
- Implementing efficiency measures in rates paid to managed care companies, resulting in lower required capitated payments. These efficiency adjustments include: adjusting rates to ensure plans are only paying for clinically appropriate settings of care, managing inpatient hospital admissions, adjusting how high cost births are paid, and reducing administrative costs. These efforts will save an estimated \$101.3 million in Fiscal Year 2013.
- Reducing the cost of prescription drugs. Over the next year, ten prescription drugs will become available to the market in a generic version. The cost savings realized as a result of Medicaid clients utilizing generic versions of these prescription drugs will allow the state to save approximately \$77.5 million in Medicaid pharmaceutical costs. In addition, the MO HealthNet Division continues to improve collections of pharmaceutical rebates, generating \$51.5 million for the budget in Fiscal Year 2013.
- Establishing a partnership between the state, privately owned long-term care facilities, and publicly operated long-term care facilities, Missouri will see

increased federal earnings to be used to improve the quality of life for citizens utilizing long-term care services and supports.

- Reducing the use of high cost hospital services delivered in the emergency room for non-emergency situations and improving management of high cost pregnancies leading to better health outcomes for clients and avoiding unnecessary charges.

➤ 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. Many changes have been implemented but others require legislative enactment. The Governor supports legislation for:

- Centralized Debt Collection—it is the mission and primary responsibility of the Department to collect taxes owed to the state. Other state agencies collect debts and fees as a secondary function. Centralizing collection responsibilities into one state agency will increase efficiencies and debt collections owed to the state. This change will generate \$1 million, including \$750,000 general revenue in Fiscal Year 2013 and over \$4 million in subsequent years.
- Federal Vendor Offset—the Department will establish reciprocal agreements with the federal government to offset vendor payments for any type of debt. This change will generate \$7 million, including \$5.7 million general revenue in Fiscal Year 2013 and \$5 million annually thereafter.
- No Tax Due—any taxpayer renewing a business or professional license with the state will have to present a no tax due certificate from the Department as a prerequisite to licensure. Delinquent

taxpayers can enter into a payment plan agreement. This change will generate \$4.5 million, including \$4.1 million general revenue in Fiscal Year 2013 and over \$18 million annually thereafter.

- **Administrative Garnishments**—the Department will be able to issue garnishments directly to banks and employers instead of filing them with the circuit court, which requires service by the county sheriff. This will streamline the current process and generate \$1.5 million general revenue in Fiscal Year 2013 and \$3 million annually thereafter.
- **Certified Mail and 1% Collection Costs**—allows the Department to send correspondence through first class mail rather than certified mail and to retain 1% of the cost of collection of taxes the Department collects on behalf of localities. These changes will generate \$850,000 general revenue in Fiscal Year 2013 and over \$1 million annually thereafter.

➤ Tax Amnesty

Governor Nixon also supports legislation to increase state revenue collections from a tax amnesty program which allows taxpayers who owe the State of Missouri delinquent taxes to pay the taxes owed and may be excused from penalties and interest that have accrued. Amnesty will be provided on a one-time, limited basis for taxpayers not previously identified as delinquent by the Department of Revenue. This initiative is estimated to increase collections by \$61.4 million in Fiscal Year 2013 including \$51.8 million general revenue.

II. REVIEW OF THE FISCAL YEAR 2012 BUDGET

After two years of significant declines, general revenue collections improved in Fiscal Year 2011, with 4.9 percent growth. However, the revenue collected was still below the original forecast for Fiscal Year 2011 and \$900 million below collections three year ago.

The continued slow revival of the U.S. economy points to modest revenue growth

over the next eighteen months, but economic struggles early in calendar year 2011 resulted in slow revenue growth early in Fiscal Year 2012. The revised Consensus Revenue Estimate for Fiscal Year 2012 is for an increase of 2.7 percent and Fiscal Year 2013 is expected to improve by 3.9 percent. Even if this growth rate is achieved, general revenues will remain more than \$418 million below actual collections in Fiscal Year 2008.

The Governor exercised his Constitutional duty to control the rate of spending by restricting \$111 million to ensure the Fiscal Year 2012 budget remains balanced. The restrictions are necessary due to continued uncertainty about revenue collections and because legislation to increase general revenue collections that were assumed when the Fiscal Year 2012 budget was approved, including a tax amnesty provision, did not pass. The Governor will continue to monitor the budget and take additional actions if needed.

III. THE ECONOMIC OUTLOOK

U.S. Economic Position

Calendar Year 2011 began with a sense of optimism. The pervasive financial panic that contributed to the Great Recession had been alleviated in large part, and household balance sheets continued to improve. Business investment and consumer spending showed evidence of an upturn.

Unfortunately, global events impacted markets and supply chains early in the calendar year hindered economic growth in the U.S.:

- **Government Protests** – a series of protests and demonstrations in North African nations turned violent and led to major governmental changes in Tunisia, Egypt, and Libya. Protests later spread across the Middle East. These regional uncertainties resulted in a substantial increase in global commodity prices, especially oil.
- **Japanese Earthquake and Tsunami** – on March 11, 2011, a magnitude 9.0 earthquake occurred off the northeastern coast of Japan. The quake, the fifth-largest in the world since 1900, triggered tsunami waves that obliterated entire towns and caused extensive damage to infrastructure in northern Japan. The wave

Economic Projections			
	Increase by Calendar Year		
<u>U.S.</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Real GDP	1.7 %	2.4 %	3.2 %
Employment	1.0 %	1.0%	1.3 %
Unemployment Rate	9.0 %	8.9 %	8.8 %
Personal Income	4.8 %	4.5 %	5.4 %
Consumer Expenditures	4.8 %	4.4 %	4.0 %
Consumer Prices	3.2 %	1.9 %	1.5 %
<u>MISSOURI</u>			
Employment	0.2 %	0.3 %	0.7%
Personal Income	3.9 %	3.5 %	5.0 %

also severely damaged nuclear reactors in the region, resulting in meltdowns and dangerous radiation leaks. In the aftermath, global supply chains (particularly those with the U.S. motor vehicle industry) were disrupted for several months, and manufacturers, suppliers, and retailers were unable to obtain needed finished goods or equipment.

- Deepening Euro Crisis – the looming threat of a default by a sovereign nation in the Euro Zone continued to roil financial markets. The fiscal “austerity measures” the Greek government attempted to adopt have been difficult to implement and have been met with great public discord. This contributed to increased fears of default in a much larger Euro Zone nation such as Italy or Spain. This in turn made it difficult for these nations to obtain financing, exacerbating the crisis. American financial markets have suffered as a result.

The uneasiness increased stateside during the summer as a political stand-off over the debt ceiling nearly left the federal government unable to pay its bills. The compromise solution included the creation of a Joint Select Committee on Deficit Reduction. In the event the recommendations of this Committee were not adopted, automatic across-the-board spending cuts would occur beginning in early 2013. The Committee disbanded without

making recommendations. Due to the uncertainty in Washington, one ratings agency downgraded the nation’s debt, and financial markets tumbled.

Despite all the upheaval, the economy appears to be gaining momentum. Commodity prices have eased and the supply bottlenecks in Japan have been largely corrected. The unemployment rate continues to edge lower as economic growth accelerates. Through November, employment had increased 1.2 percent over the previous twelve months. The unemployment rate decreased to 8.7 percent, its lowest level in over two years. Consumer confidence is improving, and personal income and consumer spending are increasing accordingly.

The economy is poised for growth, and the outlook over the next two years is promising. Businesses have ample financing available, and the Federal Reserve continues to hold interest rates down. This should spark additional investment in equipment and eventually labor. Consumers will feel more comfortable releasing pent-up demand, and the recovery will become self-sustaining. Forecasters are anticipating real economic growth to improve modestly during the first half of 2012, but accelerate to rates well above trend by the end of 2013.

There are numerous risks to this outlook, and each has the potential to have a dramatic negative impact.

- Should the European Union fail to get its finances in order, repercussions will quickly radiate throughout the global economy. The biggest impact in the U.S. will likely be wealth and banking impacts as financial markets tumble, but the ensuing recession in Europe would also hurt U.S. exporters.
- There is great uncertainty about the direction of federal fiscal policy. The federal Deficit Reduction Committee failed to make budget recommendations, so substantial spending cuts are currently scheduled for 2013 at the same time that lower tax rates adopted and renewed over the last decade are set to expire. Excessive fiscal restraint could substantially slow growth.
- Businesses may be extremely reluctant to make significant investments until federal budget policy is settled. While profits have been healthy and there is ample financing available, the uncertainty may dampen appetites for risk.
- The housing industry in the U.S. continues to be depressed. Foreclosures continue at a near-record pace, and many homes remain vacant. Prices are down an average of one-third since peaking in 2006. With low prices, low interest rates, and job prospects slowly improving, the fragile housing market may revive, but healing will remain slow.
- Geopolitical conflicts, especially in the Persian Gulf, could have a powerful impact on oil prices.

Missouri Economic Position

Like the nation's, Missouri's economy struggled to gain much upward momentum in 2011. In addition, the state was hit with a series of natural disasters that caused significant damage, including tornados in Joplin and St. Louis, floods in the Northeast and the Bootheel, and a mid-winter blizzard that briefly closed interstate highways.

Recent indicators have been mixed but are showing slow growth. Initial and continued

unemployment claims have fallen to levels much closer to those before the recession. Employment data reported by the U.S. Bureau of Labor Statistics is mixed. According to preliminary payroll data, through the twelve months ending November 2011, the state gained only 1,400 jobs. In contrast, preliminary household data shows the state gained 92,800 jobs over the same period, an increase of 3.4 percent. This difference is not unusual during an economic recovery, especially if there is an increase in self-employment that the payroll survey would not include. In addition, the payroll data is also showing an increase of 11,500 manufacturing jobs over that same period, a sign that economic production is increasing in the state. Missouri's unemployment rate declined to 8.2 percent, the lowest rate in nearly two years. Despite this, personal income growth has slowed recently, with wage growth decelerating in the third quarter. Export growth has been robust in 2011.

Missouri's economy is expected to grow at a quickening pace over the next eighteen months as durable goods producers continue to increase their output. The housing market will continue to lack vitality, but remains relatively stable compared to the U.S. as a whole, mitigating some of the related downside risks. Job growth will be slow in early 2012, but will accelerate into 2013. Downside risks are similar to those of the nation as a whole.

IV. REVENUE PROJECTIONS FOR FISCAL YEARS 2012 AND 2013

Revenue forecasting is challenging under the best of circumstances, and becomes even more difficult when the questions are about the strength of an uneven economic recovery. Nonetheless, the Governor and legislative leaders once again reached a consensus revenue estimate for the Fiscal Years 2012 and 2013.

Continued modest growth is expected for Fiscal Year 2012. The revised revenue estimate calls for growth of 2.7 percent, which is subdued as a result of the national economic struggles through the spring and summer. Nevertheless, it is expected that improving growth in income and sales taxes will augment slowing corporate tax growth. The impacts of the newly enacted phase-out of corporate franchise tax may be evident as early as Fiscal Year 2012. Further, 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 2013 will depend on the specifics of the emerging economic turnaround, and the avoidance of the global risks previously outlined. However, improving employment and consumer spending gains are expected to boost revenue growth to 3.9 percent in Fiscal Year 2013. Even if this growth rate is achieved, general revenues will remain more than \$418 million below actual collections in Fiscal Year 2008.

V. 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 2011 were below the total state revenue limit by over \$3.8 billion.

The Office of Administration projects that total state revenues will not exceed the total state revenue limit in Fiscal Years 2012 or 2013. 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 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.

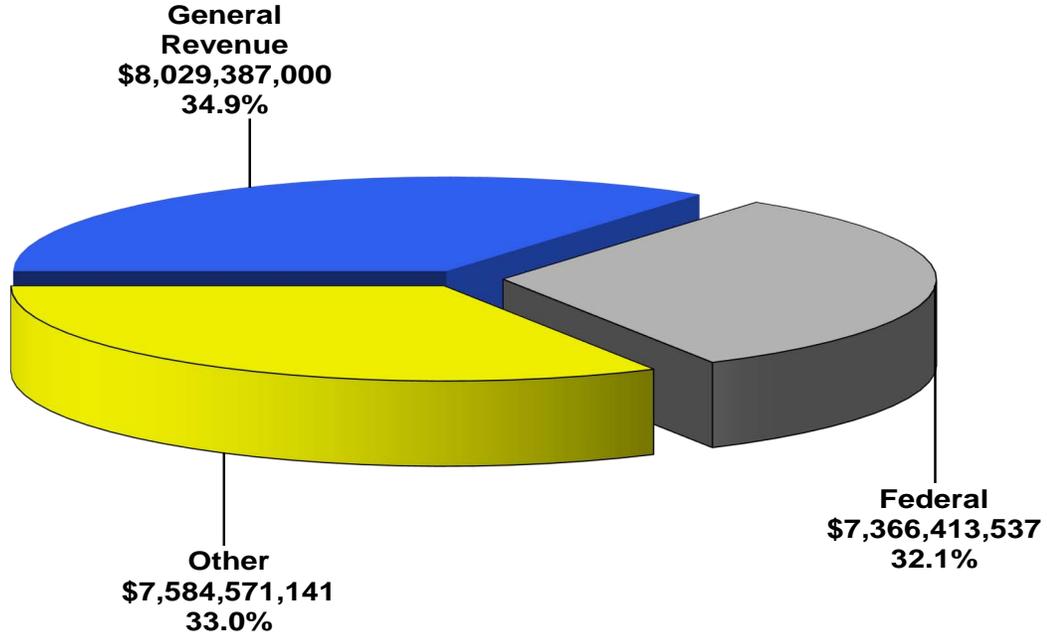
For Fiscal Year 2011, these calculations were \$103.4 million for the personal income amount and \$87.2 million for the one percent of total state revenues amount. Legislative actions in the 2011 session resulted in a decrease of \$98.1 million in state revenues when the provisions are fully implemented.

For Fiscal Year 2012, the calculations are \$103.2 million for the personal income amount and \$80.2 million for the one percent of total state revenues amount.

FY 2013 TOTAL OPERATING BUDGET

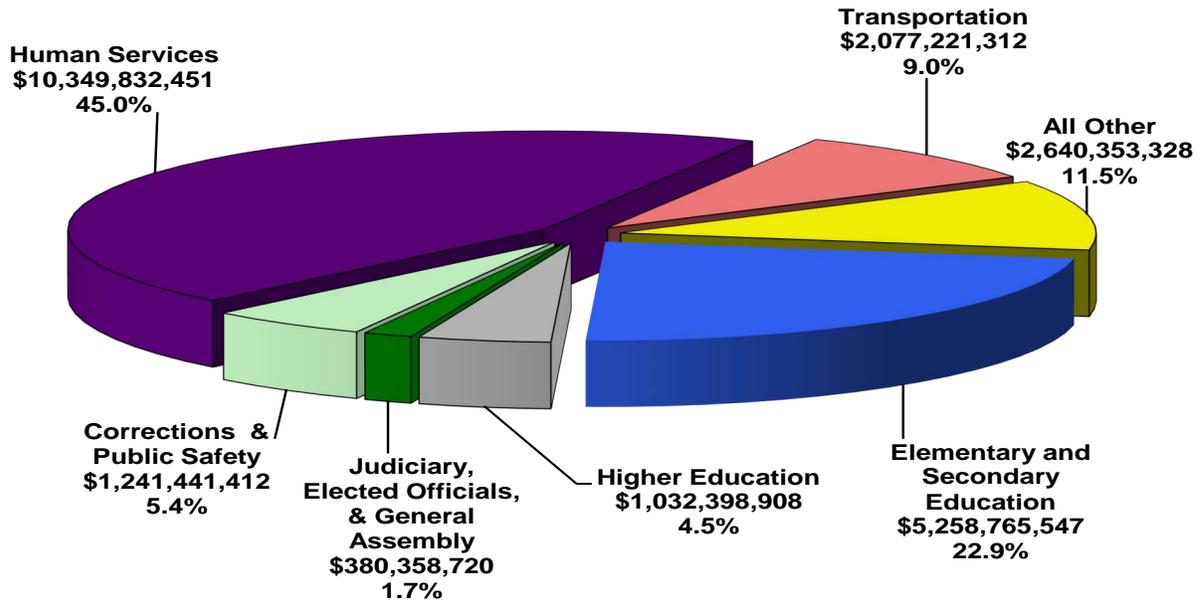
SOURCES OF FUNDS

Total Funds* \$22,980,371,678



GOVERNOR'S RECOMMENDED OPERATING BUDGET—ALL FUNDS

Total Appropriations* \$22,980,371,678



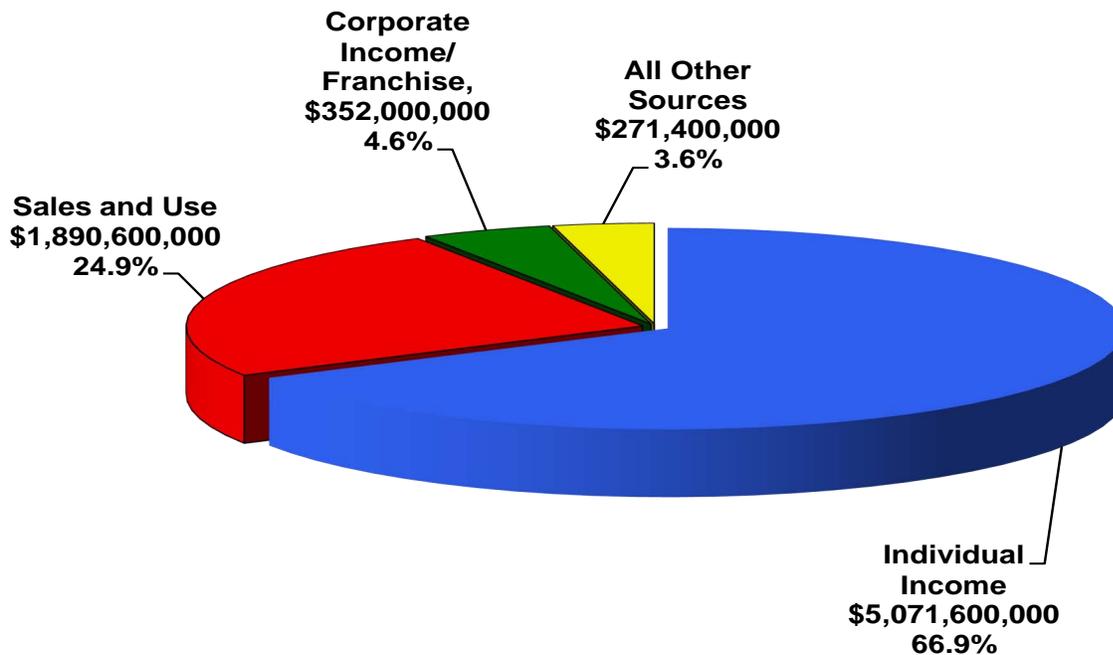
*Excludes refunds

GENERAL REVENUE RECEIPTS AND ESTIMATES

	Actual Receipts FY 2011	Consensus Estimate FY 2012	Consensus Estimate FY 2013
<u>Collections</u>			
Individual Income Tax	\$ 5,632,978,448	\$ 5,835,000,000	\$ 6,084,700,000
Sales and Use Tax	1,809,696,986	1,875,000,000	1,940,600,000
Corporate Income/Franchise Tax	537,296,030	530,000,000	520,000,000
County Foreign Insurance Tax	211,208,380	190,000,000	200,000,000
Liquor Tax	25,351,064	25,500,000	26,000,000
Beer Tax	8,222,901	8,200,000	8,200,000
Interest on Deposits and Investments	7,268,426	6,000,000	6,000,000
Federal Reimbursements	62,599,074	31,300,000	26,300,000
All Other Sources	151,907,005	149,900,000	151,700,000
Total General Revenue Collections	8,446,528,314	8,650,900,000	8,963,500,000
Refunds	(1,336,921,422)	(1,350,000,000)	(1,377,900,000)
Net General Revenue Collections	\$ 7,109,606,892	\$ 7,300,900,000	\$ 7,585,600,000
Net Growth Rate		2.7%	3.9%

FY 2013 CONSENSUS REVENUE ESTIMATE

Net General Revenue \$7,585,600,000



GENERAL REVENUE SUMMARY

RESOURCES	FY 2011	FY 2012	FY 2013
Beginning Balance	\$ 52,430,354	\$ 168,931,183	\$ 0
Previous Year's Lapse ¹	108,467,368	208,140,134	125,627,411
Revenue Collections	8,446,528,314	8,650,900,000	8,963,500,000
Refunds	(1,336,921,422)	(1,350,000,000)	(1,377,900,000)
Federal Budget Stabilization Receipts	572,388,526	277,269,999	0
Other Collections ²	0	0	90,350,000
Transfers to Fund	143,815,319	144,984,904	222,867,915
Total Resources Available	\$ 7,986,708,459	\$ 8,100,226,220	\$ 8,024,445,326
OBLIGATIONS			
Operating Appropriations	\$ 7,843,850,498	\$ 7,908,511,628	\$ 7,998,199,499
Disaster Recovery Appropriations ³	11,193,634	72,000,001	31,187,501
Supplemental/Estimated Appropriations	140,514,209	92,302,576	0
Capital Appropriations	72,000,000	89,632,154	70,000,000
Expenditure Restrictions/Confirmed Lapse ⁴	(249,781,065)	(62,220,139)	(75,000,000)
Total Obligations	\$ 7,817,777,276	\$ 8,100,226,220	\$ 8,024,387,000
Ending Balance	\$ 168,931,183	\$ 0	\$ 58,326

NOTES TO GENERAL REVENUE SUMMARY

¹Unexpended 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.

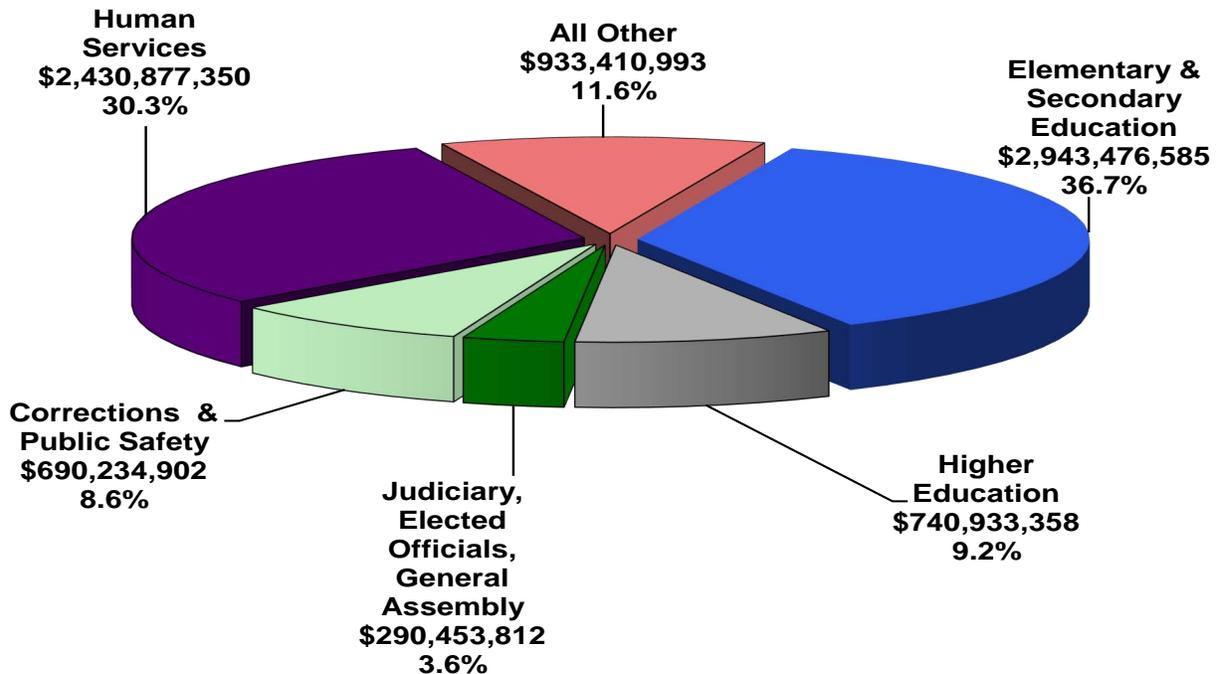
²Includes tax amnesty, centralized debt collection, integrated tax system, federal reciprocity, and other collection initiatives.

³Includes appropriations for the State's Emergency Management Agency within the Department of Public Safety and the National Guard within the Governor's Office.

⁴The FY 2013 amount includes \$70 million expenditure restriction applied to the Facilities Maintenance Reserve Fund as authorized in Article IV, Section 27(b) of the Missouri Constitution and \$5 million confirmed lapse in the Judiciary.

GOVERNOR'S RECOMMENDED OPERATING BUDGET—GENERAL REVENUE

Total Appropriations* \$8,029,387,000



*Excludes refunds

THE MISSOURI BUDGET

FY 2013 BUDGET SUMMARY

House Bill	FY 2011 Expenditures	FY 2012 Appropriations	Governor's Recommendation FY 2013
1	<u>Public Debt</u>		
General Revenue	\$ 33,224,652	\$ 75,335,644	\$ 45,168,930
Federal Funds	0	0	0
Federal Stabilization	0	0	0
Other Funds	4,358,761	2,030,806	2,425,406
Total	\$ 37,583,413	\$ 77,366,450	\$ 47,594,336
2	<u>Elementary and Secondary Education</u>		
General Revenue	\$ 2,645,098,628	\$ 2,749,599,010	\$ 2,943,476,585
Federal Funds	899,919,996	981,586,860	977,388,317
Federal Stabilization	377,897,451	64,918,743	0
Other Funds	1,224,379,674	1,470,310,553	1,337,900,645
Total	\$ 5,147,295,749	\$ 5,266,415,166	\$ 5,258,765,547
3	<u>Higher Education</u>		
General Revenue	\$ 820,413,483	\$ 834,133,784	\$ 740,933,358
Federal Funds	4,007,448	7,268,774	6,271,020
Federal Stabilization	41,442,153	0	0
Other Funds	269,000,859	313,921,077	285,194,530
Total	\$ 1,134,863,943	\$ 1,155,323,635	\$ 1,032,398,908
4	<u>Revenue</u>		
General Revenue	\$ 76,064,817	\$ 75,481,322	\$ 90,149,786
Federal Funds	3,610,956	6,865,545	6,869,632
Federal Stabilization	0	0	0
Other Funds	368,171,446	351,225,010	350,401,450
Total	\$ 447,847,219	\$ 433,571,877	\$ 447,420,868
4	<u>Transportation</u>		
General Revenue	\$ 9,258,305	\$ 9,094,129	\$ 9,094,129
Federal Funds	62,569,476	116,946,746	107,939,794
Federal Stabilization	0	0	0
Other Funds	2,440,234,921	2,131,752,017	1,960,187,389
Total	\$ 2,512,062,702	\$ 2,257,792,892	\$ 2,077,221,312
5	<u>Office of Administration</u>		
General Revenue	\$ 148,598,766	\$ 116,167,198	\$ 112,519,746
Federal Funds	53,670,045	74,104,464	74,232,623
Federal Stabilization	454,950	0	0
Other Funds	59,813,351	56,145,301	56,092,938
Total	\$ 262,537,112	\$ 246,416,963	\$ 242,845,307
5	<u>Employee Benefits</u>		
General Revenue	\$ 529,519,698	\$ 494,438,215	\$ 496,403,471
Federal Funds	177,936,112	175,358,959	179,033,930
Federal Stabilization	89,411	0	0
Other Funds	150,636,399	144,573,725	154,974,710
Total	\$ 858,181,620	\$ 814,370,899	\$ 830,412,111

THE MISSOURI BUDGET

FY 2013 BUDGET SUMMARY

House Bill	FY 2011 Expenditures	FY 2012 Appropriations	Governor's Recommendation FY 2013
6	<u>Agriculture</u>		
General Revenue	\$ 17,408,516	\$ 26,244,449	\$ 14,567,578
Federal Funds	2,493,370	4,475,585	4,488,200
Federal Stabilization	0	0	0
Other Funds	12,704,739	19,616,014	20,667,876
Total	\$ 32,606,625	\$ 50,336,048	\$ 39,723,654
6	<u>Natural Resources</u>		
General Revenue	\$ 8,695,626	\$ 9,098,158	\$ 9,459,195
Federal Funds	34,061,343	44,513,863	44,261,056
Federal Stabilization	0	0	0
Other Funds	179,765,681	256,195,821	253,337,611
Total	\$ 222,522,650	\$ 309,807,842	\$ 307,057,862
6	<u>Conservation</u>		
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Federal Stabilization	0	0	0
Other Funds	122,381,689	145,467,841	146,151,362
Total	\$ 122,381,689	\$ 145,467,841	\$ 146,151,362
7	<u>Economic Development</u>		
General Revenue	\$ 35,657,433	\$ 39,690,102	\$ 39,439,579
Federal Funds	152,259,632	174,105,100	183,013,606
Federal Stabilization	0	0	0
Other Funds	31,950,295	51,028,105	54,269,379
Total	\$ 219,867,360	\$ 264,823,307	\$ 276,722,564
7	<u>Insurance, Financial Institutions and Professional Registration</u>		
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	1,164,607	3,112,803	3,109,290
Federal Stabilization	0	0	0
Other Funds	30,215,534	36,991,595	37,064,622
Total	\$ 31,380,141	\$ 40,104,398	\$ 40,173,912
7	<u>Labor and Industrial Relations</u>		
General Revenue	\$ 1,916,010	\$ 1,822,336	\$ 1,749,360
Federal Funds	38,170,014	48,189,442	48,557,107
Federal Stabilization	0	0	0
Other Funds	49,383,024	62,269,681	62,504,014
Total	\$ 89,469,048	\$ 112,281,459	\$ 112,810,481
8	<u>Public Safety</u>		
General Revenue	\$ 57,575,272	\$ 55,697,789	\$ 83,512,373
Federal Funds	165,671,030	115,503,598	117,239,497
Federal Stabilization	0	0	0
Other Funds	319,586,155	371,272,190	368,438,313
Total	\$ 542,832,457	\$ 542,473,577	\$ 569,190,183

THE MISSOURI BUDGET

FY 2013 BUDGET SUMMARY

House Bill	FY 2011 <u>Expenditures</u>	FY 2012 <u>Appropriations</u>	Governor's Recommendation <u>FY 2013</u>
9	<u>Corrections</u>		
General Revenue	\$ 570,832,074	\$ 595,281,878	\$ 606,722,529
Federal Funds	3,018,269	10,003,791	10,027,583
Federal Stabilization	0	0	0
Other Funds	<u>41,198,950</u>	<u>54,441,661</u>	<u>55,501,117</u>
Total	\$ 615,049,293	\$ 659,727,330	\$ 672,251,229
10	<u>Mental Health</u>		
General Revenue	\$ 574,287,217	\$ 575,479,258	\$ 600,827,041
Federal Funds	562,289,338	632,094,832	672,934,552
Federal Stabilization	0	0	0
Other Funds	<u>45,788,399</u>	<u>42,469,399</u>	<u>43,427,054</u>
Total	\$ 1,182,364,954	\$ 1,250,043,489	\$ 1,317,188,647
10	<u>Health and Senior Services</u>		
General Revenue	\$ 253,066,396	\$ 260,631,836	\$ 275,383,403
Federal Funds	680,104,281	697,909,685	732,526,785
Federal Stabilization	0	0	0
Other Funds	<u>13,089,556</u>	<u>18,676,450</u>	<u>18,627,990</u>
Total	\$ 946,260,233	\$ 977,217,971	\$ 1,026,538,178
11	<u>Social Services</u>		
General Revenue	\$ 1,426,384,001	\$ 1,594,286,317	\$ 1,554,666,906
Federal Funds	3,814,602,313	4,213,136,913	4,146,072,503
Federal Stabilization	0	0	0
Other Funds	<u>2,075,679,912</u>	<u>2,137,799,078</u>	<u>2,305,366,217</u>
Total	\$ 7,316,666,226	\$ 7,945,222,308	\$ 8,006,105,626
12	<u>Elected Officials</u>		
General Revenue	\$ 50,566,173	\$ 44,296,948	\$ 49,542,193
Federal Funds	12,766,173	19,974,231	19,933,406
Federal Stabilization	0	0	0
Other Funds	<u>51,317,204</u>	<u>42,282,788</u>	<u>42,447,188</u>
Total	\$ 114,649,550	\$ 106,553,967	\$ 111,922,787
12	<u>Judiciary</u>		
General Revenue	\$ 163,584,166	\$ 170,073,644	\$ 173,877,559
Federal Funds	3,620,117	10,474,989	10,514,504
Federal Stabilization	0	0	0
Other Funds	<u>11,684,660</u>	<u>10,292,942</u>	<u>13,610,326</u>
Total	\$ 178,888,943	\$ 190,841,575	\$ 198,002,389
12	<u>Public Defender</u>		
General Revenue	\$ 34,457,092	\$ 34,707,100	\$ 34,961,291
Federal Funds	1,643	125,000	125,000
Federal Stabilization	0	0	0
Other Funds	<u>1,773,789</u>	<u>2,980,263</u>	<u>2,981,451</u>
Total	\$ 36,232,524	\$ 37,812,363	\$ 38,067,742

THE MISSOURI BUDGET

FY 2013 BUDGET SUMMARY

House Bill	FY 2011 Expenditures	FY 2012 Appropriations	Governor's Recommendation FY 2013
12 General Assembly			
General Revenue	\$ 31,614,905	\$ 32,645,341	\$ 32,072,769
Federal Funds	0	0	0
Federal Stabilization	0	0	0
Other Funds	138,114	292,255	293,033
Total	\$ 31,753,019	\$ 32,937,596	\$ 32,365,802
13 Real Estate			
General Revenue	\$ 109,112,931	\$ 115,307,171	\$ 114,859,219
Federal Funds	20,286,942	22,022,899	21,875,132
Federal Stabilization	0	0	0
Other Funds	12,551,455	12,457,475	12,706,520
Total	\$ 141,951,328	\$ 149,787,545	\$ 149,440,871
14 Operating Supplemental			
General Revenue	\$	\$ 72,302,576	\$
Federal Funds		62,878,278	
Federal Stabilization		0	
Other Funds		493,371	
Total	\$	\$ 135,674,225	\$
Total Operating Budget			
General Revenue	\$ 7,597,336,161	\$ 7,981,814,205	\$ 8,029,387,000
Federal Funds	6,692,223,105	7,420,652,357	7,366,413,537
Federal Stabilization	419,883,965	64,918,743	0
Other Funds	7,515,804,567	7,734,985,418	7,584,571,141
Total	\$ 22,225,247,798	\$ 23,202,370,723	\$ 22,980,371,678
19 Capital Improvements - One-Time Projects*			
General Revenue	\$ 33,231,831	\$ 89,632,154	\$ 70,000,000
Federal Funds	41,073,645	188,248	845,291
Federal Stabilization	27,346,715	0	0
Other Funds	63,571,015	42,347,810	39,330,221
Total	\$ 165,223,206	\$ 132,168,212	\$ 110,175,512
Federal Stimulus*			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	604,724,975	0	0
Federal Stabilization	19,958,970	0	0
Other Funds	87,071,790	0	0
Total	\$ 711,755,735	\$ 0	\$ 0
GRAND TOTAL			
General Revenue	\$ 7,630,567,992	\$ 8,071,446,359	\$ 8,099,387,000
Federal Funds	7,338,021,725	7,420,840,605	7,367,258,828
Federal Stabilization	467,189,650	64,918,743	0
Other Funds	7,666,447,372	7,777,333,228	7,623,901,362
Total	\$ 23,102,226,739	\$ 23,334,538,935	\$ 23,090,547,190

* Reappropriations are recognized in the budget in the first year they are appropriated. Expenditures from reappropriations are recognized in the year in which the expenditure occurred.

THE MISSOURI BUDGET

FY 2013 FTE SUMMARY

House Bill	FY 2011 Budget	FY 2012 Budget	Governor's Recommendation FY 2013
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	828.50	822.50	814.50
Federal Funds	876.76	876.76	864.26
Federal Stabilization	0.00	0.00	0.00
Other Funds	12.00	12.00	12.00
Total	1,717.26	1,711.26	1,690.76
3 <u>Higher Education</u>			
General Revenue	17.00	17.00	17.00
Federal Funds	6.58	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	963.06	992.06	977.26
Federal Funds	11.74	11.74	11.74
Federal Stabilization	0.00	0.00	0.00
Other Funds	443.55	439.55	422.55
Total	1,418.35	1,443.35	1,411.55
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	6,398.70	5,794.70
Total	6,616.68	6,416.68	5,812.68
5 <u>Office of Administration</u>			
General Revenue	752.84	729.04	649.04
Federal Funds	342.22	341.47	341.47
Federal Stabilization	0.00	0.00	0.00
Other Funds	1,108.81	1,183.06	1,181.06
Total	2,203.87	2,253.57	2,171.57
6 <u>Agriculture</u>			
General Revenue	189.19	94.51	87.14
Federal Funds	35.36	37.36	37.36
Federal Stabilization	0.00	0.00	0.00
Other Funds	168.76	277.94	287.51
Total	393.31	409.81	412.01

THE MISSOURI BUDGET

FY 2013 FTE SUMMARY

House Bill	FY 2011 Budget	FY 2012 Budget	Governor's Recommendation FY 2013
6 <u>Natural Resources</u>			
General Revenue	133.04	133.04	133.04
Federal Funds	414.80	399.15	391.49
Federal Stabilization	0.00	0.00	0.00
Other Funds	1,234.22	1,251.87	1,246.53
Total	1,782.06	1,784.06	1,771.06
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	1,843.81	1,842.81	1,812.81
Total	1,843.81	1,842.81	1,812.81
7 <u>Economic Development</u>			
General Revenue	50.35	38.35	20.83
Federal Funds	618.91	618.91	589.91
Federal Stabilization	0.00	0.00	0.00
Other Funds	298.11	310.11	325.63
Total	967.37	967.37	936.37
7 <u>Insurance, Financial Institutions and Professional Registration</u>			
General Revenue	0.00	0.00	0.00
Federal Funds	0.00	21.00	21.00
Federal Stabilization	0.00	0.00	0.00
Other Funds	550.15	562.15	564.15
Total	550.15	583.15	585.15
7 <u>Labor and Industrial Relations</u>			
General Revenue	33.71	29.91	29.91
Federal Funds	615.85	617.14	616.61
Federal Stabilization	0.00	0.00	0.00
Other Funds	178.30	177.01	178.54
Total	827.86	824.06	825.06
8 <u>Public Safety</u>			
General Revenue	1,009.13	1,005.56	570.93
Federal Funds	385.29	385.54	394.54
Federal Stabilization	0.00	0.00	0.00
Other Funds	3,579.49	3,569.31	4,012.94
Total	4,973.91	4,960.41	4,978.41
9 <u>Corrections</u>			
General Revenue	10,834.45	10,741.45	10,741.45
Federal Funds	52.00	52.00	52.00
Federal Stabilization	0.00	0.00	0.00
Other Funds	265.40	253.40	253.40
Total	11,151.85	11,046.85	11,046.85

THE MISSOURI BUDGET

FY 2013 FTE SUMMARY

House Bill	FY 2011 Budget	FY 2012 Budget	Governor's Recommendation FY 2013
10 <u>Mental Health</u>			
General Revenue	6,131.98	4,938.99	4,970.62
Federal Funds	1,701.96	2,475.50	2,452.98
Federal Stabilization	0.00	0.00	0.00
Other Funds	40.00	26.00	20.00
Total	7,873.94	7,440.49	7,443.60
10 <u>Health and Senior Services</u>			
General Revenue	634.12	622.64	658.94
Federal Funds	1,066.94	972.43	1,003.62
Federal Stabilization	0.00	0.00	0.00
Other Funds	132.59	131.85	130.65
Total	1,833.65	1,726.92	1,793.21
11 <u>Social Services</u>			
General Revenue	2,110.50	1,861.34	1,824.84
Federal Funds	5,078.15	4,923.80	4,876.80
Federal Stabilization	0.00	0.00	0.00
Other Funds	571.03	570.04	565.04
Total	7,759.68	7,355.18	7,266.68
12 <u>Elected Officials</u>			
General Revenue	668.83	667.83	660.83
Federal Funds	105.51	107.51	105.51
Federal Stabilization	0.00	0.00	0.00
Other Funds	217.68	217.68	219.68
Total	992.02	993.02	986.02
12 <u>Judiciary</u>			
General Revenue	3,244.30	3,244.30	3,244.30
Federal Funds	101.25	103.25	103.25
Federal Stabilization	0.00	0.00	0.00
Other Funds	60.50	58.50	58.50
Total	3,406.05	3,406.05	3,406.05
12 <u>Public Defender</u>			
General Revenue	570.13	585.13	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	587.13	587.13
12 <u>General Assembly</u>			
General Revenue	686.92	678.92	677.92
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	688.17	680.17	679.17

THE MISSOURI BUDGET

FY 2013 FTE SUMMARY

House Bill	FY 2011 Budget	FY 2012 Budget	Governor's Recommendation FY 2013
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	0.00	0.00
Other Funds	0.00	0.00	0.00
Total	<u>0.00</u>	<u>1.50</u>	<u>0.00</u>
<u>Total Operating Budget</u>			
General Revenue	28,858.05	27,202.57	26,663.68
Federal Funds	11,431.30	11,969.62	11,887.10
Federal Stabilization	0.00	0.00	0.00
Other Funds	17,358.44	17,337.32	17,141.03
Total	<u>57,647.79</u>	<u>56,509.51</u>	<u>55,691.81</u>

**SUPPLEMENTAL RECOMMENDATIONS
FISCAL YEAR 2012**

	<u>GENERAL</u> <u>REVENUE</u>	<u>FEDERAL</u> <u>FUNDS</u>	<u>OTHER</u> <u>FUNDS</u>	<u>TOTAL</u>
Department of Elementary and Secondary Education	\$ 31,000,000	\$ 81,849	\$ 0	\$ 31,081,849
Department of Revenue	3,410,792	0	11,091	3,421,883
Department of Transportation	0	4,000,000	0	4,000,000
Department of Economic Development	0	0	300,000	300,000
Department of Insurance, Financial Institutions and Professional Registration	0	0	89,736	89,736
Department of Public Safety	0	124,567	68,243	192,810
Department of Corrections	3,425,212	0	0	3,425,212
Department of Mental Health	1,753,277	922,132	0	2,675,409
Department of Health and Senior Services	22,210,398	12,786,694	0	34,997,092
Department of Social Services	10,502,897	44,963,036	24,301	55,490,234
TOTAL	\$ 72,302,576	\$ 62,878,278	\$ 493,371	\$ 135,674,225

Note: Amounts exclude double-counts - Sections 14.005 and 14.045