

January 19, 2011

Overview of the Fiscal Year 2012 Budget

Missouri's economy is beginning to recover from the national and international downturn that began in 2007. Job growth is anticipated in 2011 and 2012. However, the budget outlook for the upcoming fiscal year is still challenging, as revenue collections are projected to be about \$700 million below their level three years ago. The Governor's priorities are creating jobs, making government smarter and more efficient, balancing the budget without raising taxes, and investing in strong communities that attract good jobs.

The Governor has already implemented cost saving strategies that save millions of taxpayer dollars. These initiatives include consolidating agencies, reducing state office and warehouse space, modernizing the state employee retirement system, reducing travel costs, cutting the state's energy bill, reducing the cost of health care, and downsizing the number of state positions by 2,500.

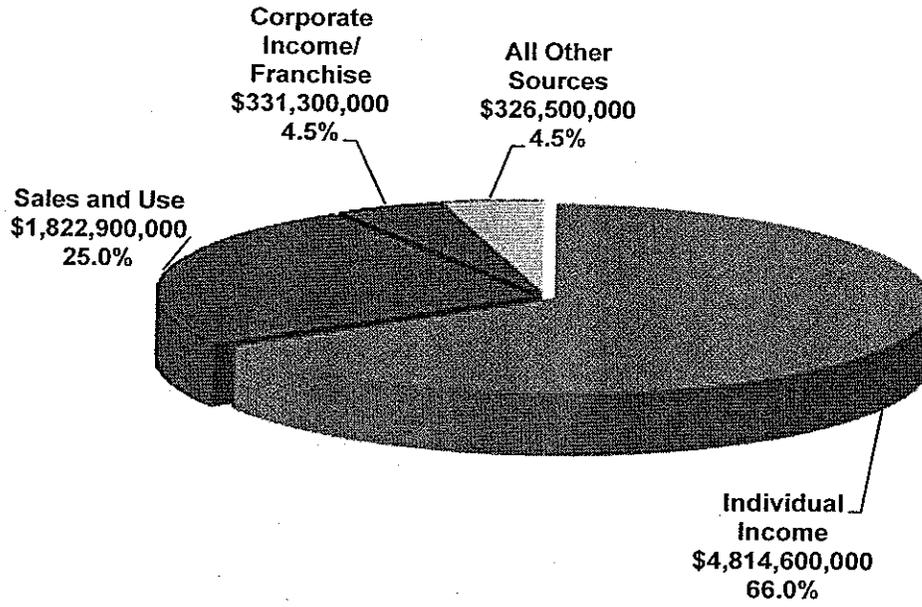
The Fiscal Year 2012 consensus revenue estimate assumes \$7.295 billion in net general revenue collections, which is estimated growth of 4 percent. Improving revenue collections are offset by a reduction in available federal funding requiring additional spending reductions. The budget for Fiscal Year 2012 includes continued downsizing of state positions by 863, bringing the total since the Governor took office to over 3,300 positions. Workforce reductions are never easy, but they have helped Missouri balance its budget and avoid the fiscal crises taking place in other states.

- The Fiscal Year 2012 budget is balanced through the following components, total \$704.4 million:
 - \$270.8 million by making the Fiscal Year 2011 expenditure restrictions permanent.
 - \$112.2 million by partnering with K-12 schools to carryover funds from Fiscal Year 2011.
 - \$67.4 million through cost containment in the Medicaid Program.
 - \$64.9 million through use of federal stabilization dollars in FY 2012.
 - \$53.6 million for a reduction of 7 percent for four-year higher education institutions.
 - \$38.1 million by further reductions to staff and other administrative savings.
 - \$37.1 million in lowered debt costs, due to refinancing that will lower interest costs.
 - \$25.6 million in additional debt collections, other DOR efforts, and use of other funds.
 - \$20.0 million from increased general revenue from a tax amnesty plan.
 - \$10.2 million for a reduction of 7 percent for community and technical colleges.
 - \$4.5 million from recommendations on sunsets and reduced caps from the Tax Credit Review Commission.

- Items that are prioritized in Governor Nixon's Fiscal Year 2012 budget include:
 - Level funding for the Foundation Formula over Fiscal Years 2011 and 2012, with carryover.
 - \$7.5 million increase in available funding to schools for transportation, bringing the total to \$97.8 million.
 - \$9.5 million increase for the Early Childhood Special Education Program, bringing the total to \$144.7 million.
 - \$8 million increase for A+ scholarships, including \$1 million to serve eligible low-income students from all public high schools, bringing total funding to \$30.4 million.
 - \$2 million increase in available funding for Bright Flight, bringing the total to \$14.3 million.
 - \$2 million increase in available funding for Access Missouri Scholarships, bringing the total to \$64.8 million.
 - \$2 million for the Arts, Historic Preservation, Humanities, Public Broadcasting and Libraries.
 - \$5 million increase for Customized Training, bringing the total to \$14.5 million.
 - \$2 million increase for Veterans Homes operating costs needed to make up for a declining balance in the Veterans Homes fund, bringing the total general revenue to \$17.4 million.
 - \$50.8 million to maintain funding to counties for prisoner per diems and assessment maintenance.
 - \$1.6 million increase for the Partnership for Hope Program; this will be matched by \$1.6 million local funds and \$5.6 million federal funds.
 - \$7.7 million to maintain funding for local public health agencies.
 - \$9.5 million to maintain grants to Area Agencies on Aging for congregate meal and other services to seniors.
 - \$4 million to maintain funding for grants to 76 local domestic violence shelters.

FY 2012 CONSENSUS REVENUE ESTIMATE

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



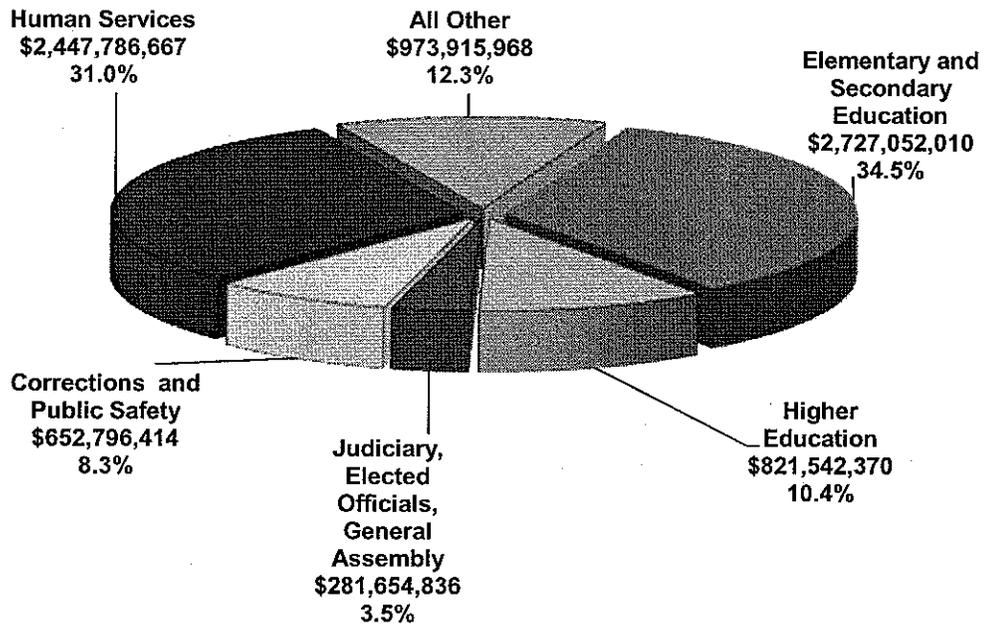
CONSENSUS REVENUE ESTIMATE
FOR FY 2012 AND REVISED FOR FY 2011
GR COLLECTIONS - NET OF REFUNDS

	Actual FY 2008 \$(Mills)	Actual FY 2009 \$(Mills)	FY 2009 % Change	Actual FY 2010 \$(Mills)	FY 2010 % Change	Estimate FY 2011 \$(Mills)	FY 2011 % Change	Estimate FY 2012 \$(Mills)	FY 2012 % Change
Individual Income	\$5,210.1	\$4,876.0	-6.4%	\$4,433.7	-9.1%	\$4,572.4	3.1%	\$4,814.6	5.3%
Sales	\$1,931.1	\$1,813.1	-6.1%	\$1,731.7	-4.5%	\$1,770.0	2.2%	\$1,822.9	3.0%
Corporate	\$459.3	\$358.1	-22.0%	\$287.8	-19.6%	\$310.1	7.7%	\$331.3	6.8%
County Foreign	\$185.9	\$189.6	2.0%	\$177.1	-6.6%	\$194.2	9.7%	\$185.5	-4.5%
All Other	\$217.5	\$214.0	-1.6%	\$144.0	-32.7%	\$170.3	18.3%	\$141.0	-17.2%
Total	\$8,003.9	\$7,450.8	-6.9%	\$6,774.3	-9.1%	\$7,017.0	3.6%	\$7,295.3	4.0%

m

GOVERNOR'S RECOMMENDED OPERATING BUDGET—GENERAL REVENUE

Total Appropriations \$7,904,748,265



FY 2012 BUDGET SUMMARY

	<u>FY 2010</u> <u>Expenditures</u>	<u>FY 2011</u> <u>Appropriations</u>	<u>Governor's</u> <u>Recommendation</u> <u>FY 2012</u>
<u>Total Operating Budget</u>			
General Revenue	\$ 7,530,333,493	\$ 7,947,581,134	\$ 7,904,748,265
Federal Funds	6,818,022,943	7,341,792,427	7,449,612,829
Federal Stabilization	811,411,324	287,037,940	64,918,743
Other Funds	<u>7,458,891,954</u>	<u>8,133,616,197</u>	<u>7,674,417,873</u>
Total	\$ 22,618,659,714	\$ 23,710,027,698	\$ 23,093,697,710
<u>Capital Improvements-</u>			
<u>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	\$ 8,019,581,134	\$ 7,975,880,419
Federal Funds	6,821,295,925	7,341,955,670	7,449,801,077
Federal Stabilization	831,809,995	307,382,656	64,918,743
Other Funds	<u>7,465,699,060</u>	<u>8,169,569,253</u>	<u>7,712,265,682</u>
Total	\$ 22,660,561,482	\$ 23,838,488,713	\$ 23,202,865,921

5

BUDGETED FULL TIME EQUIVALENT (FTE) SUMMARY						
Department	FY 2009	FY 2010	FY 2011	FY 2012	Change 11 to 12	Change 09 to 12
Elementary and Secondary Education	1,830.21	1,746.21	1,717.26	1,711.26	(6.00)	(118.95)
Higher Education	75.67	75.67	75.67	75.67	-	-
Revenue	1,582.96	1,462.99	1,418.35	1,427.85	9.50	(155.11)
Transportation	6,947.00	6,616.68	6,616.68	6,416.68	(200.00)	(530.32)
Office of Administration	2,085.96	2,033.32	2,203.07	2,280.92	77.85	194.96
Agriculture	400.55	391.06	393.31	399.81	6.50	(0.74)
Natural Resources	1,813.94	1,795.56	1,782.06	1,784.06	2.00	(29.88)
Conservation	1,871.61	1,843.81	1,843.81	1,843.81	-	(27.80)
Economic Development	977.87	976.37	967.37	965.37	(2.00)	(12.50)
Insurance, Financial Inst., Prof. Reg.	534.15	545.15	550.15	571.15	21.00	37.00
Labor and Industrial Relations	865.96	831.86	827.86	826.06	(1.80)	(39.90)
Public Safety	5,035.23	5,032.78	4,973.91	4,961.41	(12.50)	(73.82)
Corrections	11,430.63	11,328.74	11,151.85	11,046.85	(105.00)	(383.78)
Mental Health	8,676.04	8,291.79	7,873.94	7,441.49	(432.45)	(1,234.55)
Health and Senior Services	1,914.40	1,893.77	1,833.65	1,727.92	(105.73)	(186.48)
Social Services	8,178.08	8,093.20	7,759.68	7,378.18	(381.50)	(799.90)
Elected Officials	975.02	987.02	992.02	992.02	-	17.00
Judiciary	3,405.05	3,406.05	3,406.05	3,406.05	-	1.00
Public Defender	560.13	572.13	572.13	587.13	15.00	27.00
General Assembly	712.34	711.34	688.17	685.17	(3.00)	(27.17)
Total	59,872.80	58,635.50	57,646.99	56,528.86	(1,118.13)	(3,343.94)
With FY 11 Expd Restrictions			57,391.86	56,528.86	(863.00)	

FEDERAL STABILIZATION AND EDUCATION JOBS FUNDS (\$s in millions)

	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>Total</u>
<u>Resources</u>					
Enhanced FMAP	\$432.1	\$702.8	\$605.8	\$0.0	\$1,740.7
Education Stabilization	\$0.0	\$753.2	\$0.0	\$0.0	\$753.2
General Purpose Stabilization	\$0.0	\$167.6	\$0.0	\$0.0	\$167.6
Education Jobs	\$0.0	\$0.0	\$189.7	\$0.0	\$189.7
Total	\$432.1	\$1,623.6	\$795.5	\$0.0	\$2,851.2
<u>Estimated Expenditures</u>					
Enhanced FMAP	\$255.8	\$611.7	\$595.9	\$277.3	\$1,740.7
Education Stabilization	\$0.0	\$530.0	\$158.3	\$64.9	\$753.2
General Purpose Stabilization	\$0.0	\$88.5	\$79.1	\$0.0	\$167.6
Education Jobs	\$0.0	\$0.0	\$189.7	\$0.0	\$189.7
Total	\$255.8	\$1,230.2	\$1,023.0	\$342.2	\$2,851.2
<u>Balance</u>					
Enhanced FMAP	\$176.3	\$91.1	\$9.9	(\$277.3)	\$0.0
Education Stabilization	\$0.0	\$223.2	(\$158.3)	(\$64.9)	\$0.0
General Purpose Stabilization	\$0.0	\$79.1	(\$79.1)	\$0.0	\$0.0
Education Jobs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$176.3	\$393.4	(\$227.5)	(\$342.2)	\$0.0
Balance Cumulative	\$176.3	\$569.7	\$342.2	\$0.0	
% Spent of Total	9%	43%	36%	12%	100%