

STATE SENATOR

JACK
GOODMAN

DISTRICT 29

THE FISCAL NOTE

BALANCING THE BUDGET • PROTECTING TAXPAYERS • REBOOTING GOVERNMENT

LEGISLATURE PASSES FISCALLY RESPONSIBLE BUDGET

Like most states across the nation this year, Missouri confronted a historic budget crisis with severely declining revenue, but continued demand for government programs and services. As session progressed, it became increasingly clear that unprecedented revenue shortfalls would force the Legislature to make very difficult decisions to preserve the future economic stability of our state.

The Missouri General Assembly is constitutionally mandated to pass a balanced, responsible and realistic state budget each year by a certain deadline (this year's was May 7). As a starting point for determining the state budget, legislators considered the governor's budget proposal, which he submitted to the Legislature at the beginning of this year.

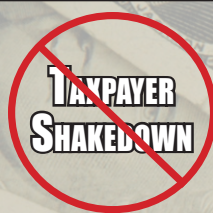
Unfortunately, the budget scenario originally presented by the governor did not prove to be accurate. One problem was the governor's reliance on overly optimistic revenue projections for the remainder of the current and upcoming fiscal years. The other problem was the governor's ill-advised dependence on \$300 million in additional, unrealized federal funds. To date, no bill guaranteeing extra money has been passed by Congress, and quite frankly, it would be the height of irresponsibility for state lawmakers to continue relying on the federal bailouts as a legitimate funding source, rather than reducing the ongoing

cost of government.

Without the hypothetical \$300 million in the governor's original budget proposal, funding for state departments, programs and services was especially tight. For FY 2010, which ended June 30, 2010, net general revenue collections declined 9.1 percent compared to FY 2009, from \$7.45 billion last year to \$6.77 billion this year.

Ultimately, the Legislature reduced the FY 2011 budget by nearly \$500 million from the budget proposal offered by the governor in January (FY 2011 runs July 1, 2010, through June 30, 2011). These cuts were needed because, unlike the federal government, Missouri lawmakers are required by law to ensure that the state does not spend beyond its means. The recession has left legislators with no choice but to reduce costs. As a lawmaker who was present for the last round of drastic budget cuts, I can assure any doubters that, regardless of party, it is gut-wrenching to consider cutting programs and services that people truly rely on. These are the types of decisions that were required of us this session.

Here in Missouri, the Legislature maintained its commitment to fiscal responsibility. Although budget cuts are painful, we must never forget our duty to thoroughly examine every single taxpayer-provided dollar state government spends to determine if that expenditure is vital to Missourians. I feel fortunate to have so many like-minded, fiscally conservative colleagues who refuse to vote for job-killing taxes and who are willing to shoulder tough budget decisions to ensure the state's future prosperity.



At the end of June, the governor called a special session to pass tax credits for a specific auto company and its suppliers, as well as state employee pension reform — two issues that failed to reach a consensus during the regular session. This time around, both bills were ultimately sent to the governor's desk,

though I, along with a few of my colleagues, did our best to stand against HB 2, the \$150 million tax credits package.

I appreciate the value of the jobs and economic activity that a large industry brings to our state, but the government should treat everyone with an even hand. Many employers in the 29th District are struggling to maintain payroll without cutting jobs. If one of these small- or medium-sized businesses told the governor they would leave the state if the taxpayers didn't bail

them out, it wouldn't matter. These businesses lack the same bargaining strength as major national corporations. I hate to see any job lost, but I do not think government can or should be all things to all people. I do, however, think government should be the same thing to all people. Government must stop the practice of choosing winners and losers by giving perks to some at the expense of others.

It is also significant to remember that this tax incentive would come in a year when the governor has withheld funds from infrastructure and education, expenditures that I consider to be more sound and appropriate investments of taxpayer dollars than investing in select private companies. Instead, we should pursue job creation by maintaining an educated workforce, solid infrastructure and the tax and regulatory relief that encourages all to privately invest in Missouri jobs.

PROTECTING TAXPAYERS' RIGHTS

An old battle continued in the Legislature this year over taxpayers' rights. I was right at the heart of debate, fighting for the proper use of taxpayer dollars and standing firm against taxpayer subsidies for illegal drug use among welfare recipients.

I sponsored SB 615 to allow drug testing of work-eligible recipients of Temporary Assistance for Needy Families (TANF) if there is reasonable suspicion that a recipient is using drugs. If an individual tests positive for a controlled substance, he or she would be ineligible for benefits under the program for three years and would be referred to a substance abuse treatment program. Dependents of a person who tests positive for drug use would continue to receive benefits through a third-party payee. Thus, innocent family members would not be penalized, but drug users would not be able to get their hands on the money.

Of course, we want to curb illegal drug use in Missouri, but this bill is about more than the war on drugs. Taxpayers have a reasonable expectation that their hard-earned dollars should not be used to foot the bill for illegal behavior. Many Missourians already feel as though the federal government is recklessly spending their tax dollars on bank bailouts, special interest projects and "job creation" bills that do not actually create sustainable jobs. Sometimes it seems like government is interested in helping everyone except the taxpayer who pays bill. Here in Missouri, the Legislature must take steps to protect taxpayers' rights. I believe one guarantee that should be made to Missourians is that their hard-earned tax dollars will not subsidize drug use by those on government programs.

Simple drug tests are required for many jobs across the state. It is fundamentally unfair to take money from taxpayers who must pass drug tests at their jobs, then give that money to potential drug users. Additionally, the TANF program was designed to help people transition back to work. If recipients cannot pass a simple drug test, the stated goal of getting the recipient back to work cannot be achieved and the entire program becomes a failure.

Drug testing would also help separate the people who are abusing the system from those who really need help getting back on their feet. Unfortunately, SB 615 did not receive final approval this year. However, protecting the taxpayer from reckless government spending will remain one of my highest priorities next year.



REBOOTING GOVERNMENT

The severe, worldwide economic downturn and resulting state budget crisis requires your Missouri government to do more than merely cap spending. We must rethink how government works and make meaningful changes to improve efficiency and effectiveness with fewer resources. This session, the Missouri Senate worked to advance this goal through its "Rebooting Government" initiative, designed to collect and implement citizen-submitted ideas to cut costs and improve government efficiency.

The Missouri Senate devoted real time to reviewing hundreds of ideas it received from Missourians for downsizing and streamlining government. Several senators presented strategies implementing the best of the suggested solutions through legislation.

In all, it was estimated that Rebooting Government recommendations could have saved Missouri taxpayers between \$690 million and \$790 million per year. Although many of the reforms encountered stiff resistance, it was a worthwhile exercise for legislators to step back and take a fresh look at old practices, and reassess whether Missouri can afford to keep doing business as usual. As further budget reductions will likely be required next year, the Legislature must continue the pursuit of strategic restructuring to enhance efficiency and ensure it is rendering the best product for the least cost to the taxpayers supporting the operation of Missouri government.

PENSION REFORM

One positive outcome of the special session was the successful passage of state employee pension reform, a move that is expected to save around \$660 million over the next 10 years. This measure was necessary, as we simply cannot sustain the costs of the system in its current form. We had to move toward a plan the taxpayers could afford and that was sustainable so the state could keep its promise to its employees. The legislation we passed during the special session will create a different retirement plan for any person who becomes a new state employee on or after January 1, 2011.

Members of this new plan will contribute 4 percent of their pay to the retirement system and must work for the state for at least 10 years to be vested. Also, to be eligible for normal retirement under this plan, employees will be required to reach age 67 and have at least 10 years of service, or reach age 55 with the sum of their age and service equaling at least 90. These meaningful changes will help ensure that the system doesn't crash down around us as we work toward an economic recovery.

While I am pleased that we made changes that will create a more sustainable pension system, I will not support any future moves to alter the retirement system currently in place for teachers. The Public School Retirement System (PSRS) and Public Education Employee Retirement System (PEERS) together comprise the largest retirement system in Missouri, and should not be subject to changes by the Legislature, as they have already proven they are successful on their own. The legislation we passed during the special session will not affect PSRS/PEERS, but if any such proposal springs up next year, I will stand firmly against it.

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