

Weekly Report
Week of 1-12

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The newspapers have been full of stories about the plight of Missouri's budget and, in particular, its effect on our schools---and for good reason: these are challenging times for the Governor, state legislators and local school leaders. For the past three years, Missouri state government has faced a money crunch unlike any since the early 1970s. Over the course of the next few weeks, I am going to share with you some insight about where we are, how we got here and my plan of action for this new legislative session. Today, I begin with a discussion of the events that have led up to the budget crunch.

Most of the 1990s were boom years, big boom years. In fact, as we have now learned, the American economy in the 1990s was standing on a very unstable foundation: a dramatically overvalued stock market that became a bubble ready for popping. Books were being written about how the economy might never go into recession—a thought that now seems very silly. The economy was ripe for a downturn.

When Missouri taxpayers were reaping huge capital gains on their stock holdings and getting big raises and when Missouri companies were enjoying expanding business, Missouri state government was also awash in money. Tax revenues expanded spectacularly in the 1990s. Money poured into government coffers.

What happened to all that money? Missouri spent it. Missouri's state budget grew substantially. The Missouri General Assembly gave large increases to schools each year. For example, in 1999, the legislature approved a state budget that was 10.91 percent higher than the year before. The legislature gave an even bigger increase, 13.42%, to our schools. The following year, in 2000, we gave schools a 9.25 percent increase. Over the 1990s, the average increase each year for our schools was just a hair over 9 percent. This was a great investment in the future of our state.

When economic times were good in the 1990s, Missouri also dramatically expanded its spending on programs like Medicaid while at the same time it cut taxes. Remember when the sales tax on food was eliminated? The reason Missouri was able to expand its spending while cutting its taxes was because the people and companies that pay taxes in Missouri were doing very well.

I came into the legislature in 1999, just as the days of steadily increasing government revenues were about to end. I wish I could say that I foresaw just how dramatically things would turn. I did not, but I did have a strong sense that Missouri's spending had grown out of control. In the late 90s, I voted against further increases for social services because I believed that further growth in many of these programs would ultimately threaten school funding, which has indeed happened.

In next week's column, we will visit about what happened to the state budget when the economic downturn hit.

If you have comments or questions about this week's column or any other matter involving state government, please do not hesitate to contact me. You can reach my office by e-mail at matt_bartle@senate.mo.us. Also, you can read any of the bills I file on my website at: <http://www.senate.state.mo.us/04info/members/mem08.htm>). Thank you again for making it possible for me to serve in the Missouri Senate.