



Gibbons Capitol Report
January 12, 2006

Missouri's Economy is On the Move

For the first time since 2001, Missouri will begin with a balanced budget this year, bringing in an estimated \$245 million more than expected. While we're not out of the woods yet, this improving economy means we're getting closer to a balanced budget that will allow us to maintain programs while we continue substantial reforms. The measures we passed last session have helped our economy and now we are able to provide the services Missourians need, and deserve, without a tax increase.

This balanced budget stems from years of hard work. We have changed the way we build our budget by not using one-time money and living within the means of our taxpayers leading us to a healthier budget. We've also passed performance based budgeting changing the culture of how we look at budgets and holding departments accountable for their service to the people of Missouri.

It also stems from our courage to make some very difficult decisions. Healthcare costs in Missouri were growing at a rate we could not sustain. Taxpayers would have to support a \$1 billion tax increase every few years to fund healthcare services for one out of every six Missourians. To make sure our limited funding went to those who needed it most, we passed legislation cracking down on fraud. To date since these changes, the Department of Social Services has recovered a total of \$138 million in fraud in the Medicaid system. An estimated \$104 million was recovered through annual reverification of Medicaid recipients, meaning those who earn too much or who don't live in our state will no longer take taxpayer money and medical benefits from those who need our help.

Moreover, these growth predictions are based on our growing economy. 2005 has been a year that's seen more jobs for the people of our state. Unemployment in Missouri is back down to where it was before the world changed on Sept 11, 2001. More than 28,000 new jobs have been created this past year, including at least 1,100 in manufacturing and 1,000 in construction.

Workers' compensation rates are coming down. The state's largest carrier, Missouri Employee Mutual Insurance Company, has announced a five percent decrease in premiums effective this month.

So what does this mean for the average Missourian? It means small businesses like Hellebusch Tool and Die, a manufacturing company in Washington, Missouri, have decided to add new jobs this year. The president of Hellebusch, Wally Hellebusch, says the changes we made in the workers' compensation laws allowed his company to expand.

In neighboring St. Louis County, the Chrysler Group has committed at least \$1 billion in new investment in its plants and equipment bringing 21st century manufacturing to their operations in Fenton. Their cutting edge technology will allow trucks, vans, and cars to be built on the same line, at the same time, based upon demand, without the need to retool, making Chrysler in Fenton a global leader in this technology. This massive investment ensures the two plants' futures and the jobs of thousands of highly skilled, well paid Missouri workers.

The Quality Jobs Act from 2005 has played a major role in this breathtaking news as have the reforms to our workers' compensation law and our civil justice system. For small businesses like Hellebusch Tool and Die to giant multi-national corporations like Chrysler, it is clear Missouri's economy is on the move. And with that, more people are working at good jobs. The essential hope in the American Dream is that tomorrow will be better and that our dreams can be achieved. This exciting economic news shows that this hope is grounded in reality, that the people are building on a firmer foundation, our tomorrows are looking better and our dreams can come true.