

For Immediate Release

April 12, 2006

SHARING A VIEW OF THE STATE

Issues and Comments – 33rd Senatorial District

Senator

Chuck Purgason

The Senate Appropriations Committee will vote out our state budget this week. The budget will be debated by the full Senate next week as the process moves forward with just over a month left in this legislative session. It has been a long process since beginning in January and it is quite a relief to begin the final stages of finalizing this year's budget.

I cannot express to you how much better this budget cycle has gone as compared to last year's. As you remember, we were in a severe budget shortfall last year that required us to reduce the size and scope of our state government simply to be able to meet our constitutional obligation of producing a balanced budget. One of the things that have made the budget process easier is the weaning of our state budget off the use of one time funds for ongoing and long-term expenses. This policy caused our budget committees to continually come up with mandatory spending obligations with the use of funds that we would receive for only one year.

But remembering how much easier this budget cycle is we cannot be lulled into a false sense of security. I believe that in order to continue to keep our budget in the black and to be able to fund high priority items such as education, health care costs, and job creation we must start looking several years into our budget cycle rather than just looking from one year to the next. If you look at some of our long-term liabilities, we must begin to plan now for some of these growing and ongoing expenses.

In this year's budget, even with the reduction of the social service programs last year, our social programs grew at a rate of over \$275 million. Next year's estimate of this growth will be \$340 million. Other expenses that must be planned for include the new Medicare prescription drug plan that was passed by our federal government. This program will cost the state around \$30 million next year.

The new federal program passed by our United States Congress, the National ID program, mandated to be implemented by the state in May of 2008 will cost us another estimated \$40 million. Additional expenses include another \$90 million to fund the foundation formula that supports elementary and secondary education and programs.

These expenses alone amount to at least \$500 million in new revenue expenditures for next year's budget. This will require a revenue growth of around 5% just to meet these mandatory expenses. The estimate does not include higher health care costs for state employees, increases to higher education, transportation, or any increase in operational, wage, and benefit costs for all employees or program costs for our state departments. Also, the growth of many federal programs will put an increasing burden on our state finances.

When the state must meet a balanced budget requirement while the federal government can borrow billions of dollars to cover cost overruns, it puts a major strain on our budget stability. With the aging of our population and the strains being put on our health care systems, we must learn to work in partnership at both the state and federal levels to insure a vibrant and growing economy that deals with vision and long-term planning rather than with what just gets us through the next election cycle.

As always, I welcome your comments. You may reach me at 573-751-1882, e-mail to chuck.purgason@senate.mo.gov, or write to me at the Missouri Senate, State Capitol, Room 420, Jefferson City, MO 65101. If you would like to receive these newsletters electronically, please call or e-mail my office.

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