

For Immediate Release

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SHARING A VIEW OF THE STATE

Issues and Comments – 33rd Senatorial District

Senator

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When we were all growing up, we remember hearing the story about an emperor who wanted a new set of clothes. It is the story of the ruler of a distant land who was so vain and so consumed by his appearance that he had a different suit for every hour of the day.

One day a group (just for fun, let's call them politicians) arrived in town, claiming to be gifted weavers. They convinced the Emperor that they could weave the most wonderful cloth, which had a magical property. The clothes made from this material were only visible to those who were completely pure in heart and spirit.

The Emperor was impressed and ordered the weavers to begin work immediately. The politicians, who had a deep understanding of human nature, began to feign work on empty looms. Advisor after advisor went to view the new clothes and all came back talking about the beauty of the cloth on the looms even though none of them could see a thing. Finally a grand procession was planned for the Emperor to display his new finery.

The Emperor went to view his clothes and was shocked to see absolutely nothing, but he pretended to admire the fabulous cloth, inspected the clothes with awe, and, after disrobing, went through the motions of carefully putting on a suit of the new garments.

Under a royal canopy the Emperor appeared to the admiring throng of his people --- all of whom cheered and clapped because they all knew the rogue weavers' tale and did not want to be seen as less than pure of heart. But the bubble burst when an innocent child loudly exclaimed, for the whole kingdom to hear, that the Emperor had nothing on at all. He had no clothes.

I am reminded of this story as I work on the budget for the State of Missouri. To be honest, I am proud of the way the Appropriations Committee works to craft a budget for the State of Missouri. For the most part, both sides of the aisle work together to come up with a budget that we can all live with.

The last few years we have reduced the size of government and balanced the budget without raising taxes. We have weaned ourselves off the use of one time funds that were so often used for on-going expenses and we have put the State back into a position of getting our financial foundation back onto solid footing.

I am reminded of the above story when I hear politicians in the state talking about a budget surplus. In reviewing the state budget up and down, I must tell you the truth --- there is no budget surplus.

The past two budget cycles, we crafted a state budget based on an average of 4% growth in state revenues. In reality, we grew at about a 6% rate and this gave the state around \$500 million extra that went into our checking account. This is the surplus that everyone is talking about.

Now for the reality of it all. This year's budget calls for us to spend \$8.393 billion. But the collections that we can use in this year's resources are \$8.080 billion. We are "balanced" because we are dipping into our savings account from previous budget years. In this year's budget we are spending \$313 million more than we are bringing in.

Our mandatory growth in this year's budget, which includes Medicaid and School Foundation Formula, is \$394 million. Our discretionary spending is \$258 million. This is a total of \$652 million in new spending.

With all the talk of our "budget surplus," bills have been filed to reduce taxes and increase tax credits. It is fine for government to reduce taxes and send money back to the people who make it. But you cannot reduce taxes and increase your budget at the same time. Proposed tax cuts must be coupled with spending cuts. To do otherwise will put our state back into the budget crisis that we had just a few short years ago. Hopefully, as we move through the budget this year, we will begin seeing the reality of our state budget not the smoke and mirrors that brings out the politician in all of us.

I welcome your opinions and suggestions. 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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