

State Senator Robert Mayer The Mayer Memo

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Missouri's Smart Money Management Will Lessen Impact of Economic Downturn

JEFFERSON CITY — The unanticipated degree of the U.S. economy's downturn and how it will affect Missouri is the major topic of discussion and deliberation for state lawmakers and will continue to be the focus of activity when the General Assembly convenes on Jan. 7. We know we face some difficult choices, and we also know we are in a better situation than most states to weather the current economic crisis.

The Missouri Constitution requires state lawmakers to balance the budget. Over the past few years, the state Legislature did that — and more. Through careful and judicious fiscal management, the General Assembly turned a \$1.1 billion deficit into three surpluses in a row and wisely spent your state tax dollars while expanding important programs, keeping education a priority, and NOT raising taxes. In recent years, we have been one of the few states recognized for successful management of state dollars and for NOT spending every penny of taxpayers' money — something that is very unusual in government.

I don't think anyone could have predicted the degree to which the U.S. economy has tumbled. Before the economic picture drastically changed, Missouri began the fiscal year with a \$835 million surplus and projected it would end the fiscal year with \$340 million still in reserve — giving the state enough to cover any shortfall from this budget year.

Now, as we enter the second half of the state's fiscal 2009 year, some estimate a budget deficit as high as \$342 million. That number, of course, can change, depending on whether the economy improves or gets worse. What we do know is that we will very likely face some weighty decisions for the remainder of this fiscal year and as we begin preparing the 2010 state budget in January. The Senate Appropriations Committee, of which I am vice-chair, worked toward those important decisions when it met Dec. 9-11 to receive public testimony from various state departments on their respective budget requests.

I want you to know that the General Assembly has been very proficient in budgeting your tax dollars, and here are some examples. Our state's constitutionally required Rainy Day Fund — also known as the budget reserve fund — has grown by more than \$90 million in the last four years to its current \$555 million balance. It's an emergency savings account for the state that, with rare exception, is used for major catastrophic natural disasters. We've also left money in the bank to begin each of the last three fiscal years, leaving the highest ever savings balance in Missouri history — \$200 million — in fiscal year 2008.

While it is clear that the anticipated Fiscal Year 2009 ending balance will be much reduced, Missouri's large beginning balances and fiscal discipline that created planned surpluses should prevent us from facing a catastrophic shortfall. You can be assured smart money management in Missouri has kept us from the massive withholdings that are occurring in other parts of the country just to make ends meet. You can also be assured that your state Legislature is doing all it can to fight any worsening of the economy to make sure Missourians continue to thrive.

As always, 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 phone at 1-877-291-5584.

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