

Working Toward a Balanced Budget

President Reagan once quipped that comparing the spending habits of Congress to those of drunken sailors wasn't fair to sailors because at least they were spending their own money. The battle to keep government spending in check didn't end with President Reagan. It must be fought in every generation. Left to themselves, government programs take on lives of their own and soon become entitlements—demanding ever-larger sums of money to support them.

Unfortunately, it is far easier for politicians to put off difficult decisions about cutting programs in order to spare themselves the inevitable backlash from those whose pet projects are affected. Congress continues to saddle our children and grandchildren with tremendous debt so that they can placate today's voters. Much of the latest rounds of deficit spending (i.e. the so-called "stimulus" packages) have been given to the states to fund a variety of projects. State leaders have enthusiastically taken this "free" money to fill gaping budget shortfalls so that they, too, do not have to get their own financial houses in order, but the day of reckoning cannot be put off forever.

Next week (July 1st) marks the beginning of Missouri's next fiscal year (FY 2010). Only a few short months ago, Missouri was looking at a more than \$800 million surplus, but then estimates had to be revised due to the faltering economy to a \$260 million shortfall.

To get through the just-ending FY 2009, the budget depended on \$250 million in federal stimulus spending. For the fiscal year that starts on Wednesday, the Legislature allocated almost \$800 million in stimulus funds—and spent all but 25 percent of the rest

on special projects. Using these temporary funds to try to prop up ongoing programs led me to vote "no" on many budget bills.

Lawmakers built the FY 2010 budget on projections of a 1 percent growth rate, but in reality, the economy would have to grow by 3 or 4 percent in FY 2010 to stay even with those projections. Though cutting the budget may be difficult, it's truly necessary. The new budget increases spending by 3 percent even as revenues decrease by 4 percent—possibly even more. By using the stimulus money to avoid putting our financial house in order, we have set ourselves up to make painful decisions down the road; some tough years could lie ahead.

So now lawmakers are waiting to see how the governor will proceed with the budget between now and July 1st. Unlike regular bills, the governor has line-item veto authority in budget bills, which he is reportedly preparing to use because the estimated revenue drop has caused the budget to be out of balance—possibly as much as \$371 million.

Another issue that has resurfaced in recent weeks is a bond proposal to pay for capital building projects on public university campuses across the state—some of which may be vetoed to save money in the budget. Many lawmakers were reluctant to take on more debt in a recession, and a similar proposal didn't pass during the recently ended legislative session. Now, the governor is working on a consensus with lawmakers to try to revive the bill, which could mean a special session to once again consider the bonding proposal. We are in the early stages of discussion and a lot of questions still need to be answered before we proceed any further. I will keep you updated as this issue progresses.

If you have any 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.gov or by phone at (888) 711-9278. My web address is <u>http://www.senate.mo.gov/bartle</u>

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