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The Stouffer Report: Despite Budget Cuts, Missouri Remains in Good Shape

We are seeing the results of the bad economy that has gripped Missouri for the past year. Fortunately, we are required by state law to have a balanced budget, and this has been the driving force behind the cuts the governor has had to make in the past few weeks.

Last month, Missouri started the second quarter of fiscal year 2010. Our fiscal year starts on July 1. Already, the governor has cut more than \$600 million from the state's \$23 billion budget. Some 204 million of these dollars were chipped away in October.

The budget decisions the governor has been making are necessary. In fact, I would go as far as to say they are the exact decisions the General Assembly should have made when putting together the budget. I hope we do not ignore these discussions when we start working on the fiscal year 2011 budget. The first budget hearings will start in December. Already, we are hearing budget shortfalls could be in the \$500 million to \$1 billion range.

At the end of the first quarter of the fiscal year (September 30), state revenues were down roughly 10 percent over projections. Now, we are looking at the potential for anywhere from a 4 to an 8 percent shortfall for the remainder of the

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-  Local News
-  Visit the Capitol
-  My Legislation
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current fiscal year, which will end on June 30, 2010. The governor and the state's budget director both believe these will be the last of the cuts. But, if revenues come in lower than the revised estimates, more withholdings may be necessary.



Having said all of this, Missouri is still in better shape than other states, such as Illinois and California. We have not been writing IOUs to creditors or sending state employees home on furlough. I do not think it will come to that. Because of fiscal responsibility for the past four years, we are able to weather the current storm much better than most states in the country.

Also, we have not had to raise taxes just to pay for existing projects and programs. This is very important to me.

The cuts the governor has made are necessary. I have to say, again, he has been making the tough decisions the Legislature should have started making during the budget process last year. We will make it through this crisis, I have no doubt. I pray the folks who make these decisions in the [Senate Appropriations Committee](#) will take a long look at what needs to be done, not only for the short-term, but for the long-term as well.

Senator Stouffer serves the counties of Carroll, Chariton, Cooper, Howard, Lafayette, Macon, Ray, Saline, and a part of Clay.

If you have questions or comments about this or any other issue, please call toll free (866) 768-3987 or by e-mail at bstouffer@senate.mo.gov.

bstouffer@senate.mo.gov | www.senate.mo.gov/stouffer
State Capitol, Room 332, Jefferson City, MO 65101 | (866) 768-3987