

State Senator Robert Mayer The Mayer Memo

Senator Robert Mayer - Serving Butler, Dunklin, New Madrid, Pemiscot, Ripley, Stoddard & Wayne Counties



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Senator Examines State Budget Outlook

Missouri's most recent leading economic indicators point to a good deal of uncertainty regarding the state's budget for the remainder of Fiscal Year 2010 and for Fiscal Year 2011. As our nation grapples with the worst economic conditions in a generation and our state deals with falling revenues and nearly double-digit unemployment, balancing the state's budget will be more challenging than in past years, including the budget shortfalls from earlier this decade.

Already, the governor has vetoed \$105 million in spending — and withheld \$325 million (primarily in capital improvements) — from the FY 2010 budget. Those actions were required to balance the state budget for a budget scenario in which revenues declined by only one percent. Given the 5.6 percent decline in state revenues at the end of August, additional withholding could be likely before the current budget year ends on June 30 or could translate into a reduction in state spending in the FY 2011 budget, which lawmakers will begin drafting in January.

As vice-chairman of the Senate Appropriations Committee and a member of the appropriations conference committee that negotiates the state budget, I understand the budgetary challenges that lie ahead. With a record of fiscally responsible budgeting over the past several years, our state has weathered the economic crisis better than most, without tax increases and minimizing the loss of vital programs and services. With the current lagging economy, however, crafting the state's 2010-2011 budget will likely mean some very tough budget decisions in order to ensure that we balance spending with state revenues as required by our state constitution.

The next few years will be made yet more challenging by the phase-out of the federal budget stabilization funds. Even if we assume a turnaround in the economy and increased state revenue collections in FY 2011 and FY 2012, there will likely be a significant gap between available revenue and normal spending growth. It often takes six to 18 months for such increases to be received and implemented in the state budget.

Our state like many others faces challenging financial times. With continued conservative, fiscally responsible management of our state's dollars, we can — and will — keep Missouri on a strong fiscally sound path as we work to recover from this economic crisis.

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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