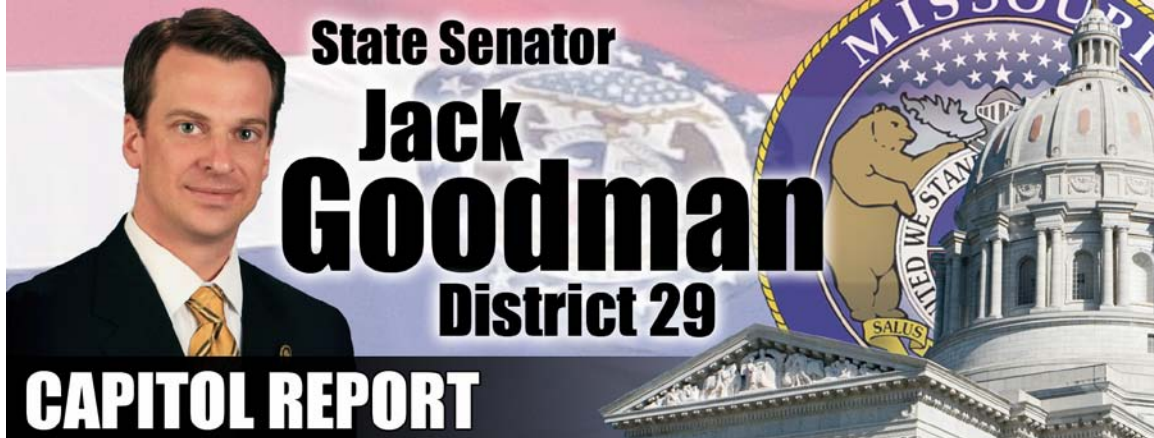


April 15, 2010



CAPITOL REPORT

Senator Jack Goodman – Serving Barry, Lawrence, McDonald, Ozark, Stone and Taney Counties

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Budget Crisis Requires Tough Decisions

Like most states across the nation, Missouri has had to confront a historic budget crisis where funding is scarce, but demand for government programs and services remains high. As session has progressed, it has become increasingly clear that unprecedented revenue shortfalls will force the Legislature to make some very difficult decisions to preserve the future economic stability of our state.

The Missouri General Assembly has the constitutionally mandated and critically important task of creating and passing a balanced, responsible and realistic state budget each year by a certain deadline (this year's is May 7). The budget we completed this week was for fiscal year 2011, which begins July 1, 2010, and runs through June 30, 2011. As a starting point for determining our state budget, legislators considered the governor's budget proposal, which he submitted to the Legislature at the beginning of this year.

Unfortunately, the budget scenario we worked with just a few months ago no longer applies. Part of this problem was caused by overly optimistic revenue projections for the remainder of the current fiscal year as well as for the upcoming fiscal year. The other part resulted from Governor Nixon's ill-advised dependence on an infusion of \$300 million in additional federal funds into the state budget. To date, no bill guaranteeing extra money has been signed into law by Congress, and quite frankly, it would be the height of irresponsibility for state lawmakers to continue relying on the federal bailouts as a legitimate funding source. The people of Missouri will not be served well in the long run if we expand government only to be unable to sustain its growth in future years.

Without the hypothetical \$300 million in the governor's original budget proposal, funding for state departments, programs and services has become especially tight. This situation has been further complicated by the recent announcement of a 13.3 percent revenue decline. For the current FY 2010, state budget officials estimate that net general revenue collections will ultimately decline to \$6.73 billion—a \$700 million decrease from FY 2009

collections and the largest in state history. The governor has already cut or vetoed more than \$850 million from the current budget, and more cuts are probably in store just to keep us balanced.

The FY 2011 budget—just passed by the Senate—was reduced by \$500 million from the budget proposal offered by the governor in January. These cuts were required because, unlike the federal government, Missouri lawmakers are required by law to ensure that we do not spend beyond our means. The recession has left us with no choice but to reduce costs. As a lawmaker that was present for the last round of drastic budget cuts, I can assure any doubters that, regardless of party, it is gut-wrenching to consider cutting programs and services that people truly rely on. These are the types of decisions that were required of us this week. The state budget will now continue through the legislative process. It will be considered again by the House, and most likely addressed again by a conference committee of House and Senate members before each chamber has one more opportunity to approve or reject any changes.

Here in Missouri, we maintained our commitment to fiscal responsibility. Although budget cuts are painful, lawmakers must never forget our duty to thoroughly examine every single dollar our state government spends to determine if that expenditure is vital to Missourians. I feel fortunate to have so many like-minded colleagues who are committed to not raising job-killing taxes on Missourians just to dig ourselves out of a hole, and who are willing to shoulder tough budget decisions to ensure our state's future prosperity.

As always, I welcome your ideas, questions and concerns about Missouri government. You may contact me at the State Capitol as follows: (573) 751-2234, jack.goodman@senate.mo.gov or by writing to Senator Jack Goodman, Missouri State Capitol, Room 331-A, Jefferson City, MO 65101.

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