

Week of March 8, 2010



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Historic Budget Shortfall Means Tough Choices

With the hope of an additional \$300 million in federal stabilization funds coming to Missouri a distant reality, on top of unprecedented revenue shortfalls, our state is in a historic budget situation. How we proceed from here may determine Missouri's economic stability for years to come, which is why the Legislature has the critically important task of creating a responsible, realistic state budget for the upcoming fiscal year 2011.

Without the \$300 million that was worked into the governor's original budget proposal, as well as a decline in revenues of 12.7 percent from this time last year, funding for state departments, programs and services will be especially tight, and tough decisions will need to be made. In addition to concerns over how to streamline government, we are also in a race against time because Missouri's constitution requires the Legislature to submit a balanced budget to the governor by May 7. When lawmakers return to Jefferson City on March 15 after our mid-session recess, we must be prepared to make cuts on a much broader scale than previously thought, especially given the overly optimistic revenue projections we were originally using to create a budget for FY 2011 just a few months ago.

As a member of the Senate Appropriations Committee, I have been listening to testimony from various state departments over the last several weeks. They have described their financial situations and the potential cuts that could be made for their departments to run more effectively and efficiently with fewer resources. The testimony is providing us with valuable insight that will help guide the decisions that we wish we didn't have to make, but are necessary to ensure Missouri will regain its footing. We are all committed to creating a budget that will maximize the efficiency of state programs and services without further jeopardizing Missouri's financial well-being. I'm particularly concerned about the funding available for education in the coming years, and I hope we continue to maintain our commitment to fully funding our state's public schools. This may require more significant cuts in other areas, but we cannot short-change our children by taking away crucial learning opportunities from them.

We are leaving no rock unturned as we work to fulfill our constitutional requirement of creating a balanced budget, but we must come to grips with the fact that serious cuts are unavoidable. The governor will soon provide the Legislature with an updated budget plan, and I am confident that we will reach a compromise that best serves the people of Missouri. This time, however, our actions will need to amount to more than just a few cuts here and there—otherwise we will find ourselves in a deeper hole in the next few years as the economy begins to recover. We must instead completely rethink how government works, and make dramatic changes to restructure and streamline its operation. Unlike the federal government, we cannot deficit-spend: we must submit a balanced budget by May 7. And because we have decided not to raise taxes, some very tough decisions are in store.

I feel fortunate to have so many like-minded colleagues who are committed to the Legislature upholding its financial responsibility and not raising taxes on Missourians. Make no mistake about it: our state's budget predicament is serious. It is not, however, impossible to fix. And although it does appear bleak in Missouri, we are still in much better shape than most other states. We have maintained AAA bond rating status (one of only seven states to hold this coveted rating by all three bond-rating agencies), and our budget gap pales in comparison to states such as California, Nevada and Illinois. The economy will always have its highs and lows, but it is how we handle the lows that will define Missouri's hopeful future.

As always, please feel free to contact me or my staff with any questions or concerns at any time. We look forward to hearing your comments and suggestions and trying to answer any questions you may have. You can reach us by phone at 866-277-0882 (toll-free) or 573-751-2272, or by fax at 573-526-7381.

Senator David Pearce serves Bates, Cass, Johnson and Vernon counties in the 31st State Senatorial District.

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