

For Immediate Release

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# SHARING A VIEW OF THE STATE

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Issues and Comments – 33<sup>rd</sup> Senatorial District

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*Senator*

## ***Chuck Purgason***

Another session of the Missouri General Assembly has begun in Jefferson City with another year of budget and legislative agendas being put forward. This is shaping up to be a very tough year when it comes to the budget of the state.

To give a brief history of the last two years of our budget, we began the 2010 budget year looking at an \$800 million revenue shortfall to try to manage. But as you remember the federal government came to the state's rescue by sending us around \$2 billion of budget stabilization funds.

These funds did nothing to fix our budget problems, but only delayed tough decisions that will have to be made by the legislature in future years when that credit card can no longer be used. Around half the money was used to cover shortfalls in the 2010 budget with approximately \$900 million dollars carried over in reserve to help cover some of the 2011 budget shortfall that is expected this year.

With that in mind, the 2011 budget we will begin working on is expected to begin with an over \$1 billion shortfall. So even with the \$900 million of federal money, the state will still be in position of cutting at least over \$100 million from this budget.

The biggest problem of all, however, is the 2012 budget which we will begin working on next year. We will have no reserve funds and an estimated shortfall of over \$1 billion if the economy does not make a tremendous turnaround and get back to good positive growth.

Will the economy turn around to save severe budget shortfalls? Let's look at some other numbers. Every year before the legislature begins its annual session, the House and Senate budget chairs and their budget staffs, the Governor and his staff, and other economists meet and come up with a consensus budget revenue estimate. This estimate of state income is what the Governor and the House and Senate base the coming year's budget on. They then write the budget based on those numbers.

It was quite a shock to me when the estimate was based a 3.6% growth in revenue. When you think of the past down turn in the economy and the things that caused this downturn, what problems have been fixed? We still have job losses, the banks still have toxic assets, banks are

still not loaning money, businesses are not expanding, home foreclosures and bankruptcies are still happening, our federal Government has spent, promised and printed over \$12 trillion, the problems we had a year ago are still with us, and unemployment is still rising.

Remember, the people who now say we are coming out of a recession are the same people who did not see this one coming. If we allow ourselves to base our budget on unrealistic growth, we will cause more problems when funds needed for our state obligations are withheld because of nonexistent growth in revenues. I believe a more accurate growth would be at break even especially when this year's growth is at -10.6%. This means we would require a turnaround of 14.2% to balance the state's budget figures.

Until we face the fact that our national philosophy of borrowing our way to prosperity is proven to be a failure we will continue to struggle as a state and continue to dig ourselves into a hole that it will be impossible to climb out of.

As always, I appreciate hearing your comments, opinions and concerns. I can be reached in Jefferson City at (573)751-1882, e-mail to [chuck.purgason@senate.mo.gov](mailto:chuck.purgason@senate.mo.gov) or regular mail at 201 West Capitol Avenue, Room 420, Jefferson City, MO 65101.

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