

**Missouri Budget Project E-News
Federal and State Policy Update
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- 1. Highlights of the Senate Appropriations Committee Actions**

TOTAL REDUCTION FROM GOVERNOR'S ORIGINAL RECOMMENDATION: \$506.3 million.

The bills will be taken up on the Senate floor next week. Amendments will undoubtedly be offered. Line items on which the Senate position differs from the House position will be discussed in a Conference Committee. The line items below are likely to be in conference, since the Senate usually did not concur with the House on them. Both the House and Senate must approve the report from the Conference Committee before the budget bills are sent to the Governor for his signature. The Governor has line item veto power, but may not increase any line item.

All cuts indicated below are General Revenue, unless otherwise indicated.

Department of Elementary and Secondary Education

- The Foundation formula was approved at the FY2010 appropriated level, about \$105 mil below the expected FY2011 appropriation.
- Career Ladder: Eliminated program; House position was \$37.5 mil
- Parents As Teachers: Cut \$13.7 mil from House position of \$27.8 mil
- Independent Living Centers: Cut \$650,000; House did not cut this

Department of Higher Education

- Bright Flight (Academic-based scholarships): Cut \$7.5 mil. House increased by \$7.5 mil
- Access scholarships (Need based scholarships): Cut \$13 mil. House cut \$7 mil
- MoreNet: Cut \$1.7 mil
- Cut 10 percent of UMC Telemedicine, UM hospitals and clinics, Missouri Rehab center, Spinal Cord Injury program, Missouri Kidney program
- Cut Missouri Institute for Mental Health by 50 percent (\$500,000)

Department of Mental Health

- Ten percent cuts were made to Comprehensive Psychiatric Services, Alcohol and Drug Abuse and Developmental Disability programs, primarily by reducing services to non-Medicaid individuals.
- Caseload growth was cut across the board by 33 percent.
- Growth in medication costs were cut by 50 percent across the board.
- Shelter Plus Care grants (housing and wrap around services for veterans with a mental illness): Cut \$400,00 from the FY2010 level, concurring with the House position
- Alcohol and Drug Abuse Treatment: Cut by about \$1.2 mil
- Adult Community Programs: Cut by about \$2.8 mil
- Developmental Disabilities Community Programs: Cut by \$1.5 mil.
- Autism Waiver: The Senate concurred with the House in not providing funding to expand the autism waiver for children eligible for Medicaid (Funding would have expanded it to 462 children in FY2011. 150 children are currently eligible.
- The Nevada Habilitation Center will be closed, as a residential center. Day treatment will continue and clients will be shifted to other settings.

Department of Health & Senior Services

- Minority Health: Cut \$300,000 from the House position, for a total cut of about 50 percent

Department of Social Services

- Subsidized child care: The Senate replaced \$4.0 mil of the \$7.5 mil that the House proposed cutting with federal money. So the Senate position prevents the loss of additional federal money.
- Rehab & Specialty Services: Cut \$147,000 GR (will also lose \$258,000 in federal funds). Currently ophthalmologists receive higher reimbursement rate for the same services provided by optometrists. This reduces that rate reimbursement for ophthalmologists to that of optometrists.
- Managed care: Cut by \$10 million
- The Department of Social Services will institute a managed care expansion in FY 2011. The Department and Governor's office will begin working with stakeholders immediately to be able to implement a plan in FY 2012.
- Federally Qualified Health Centers: The Senate restored the full \$95.5 mil appropriated I FY2010.

2. Supplemental Appropriations bill moves forward

The House passed HB2014, the supplemental appropriations bill for the current year. The biggest point of contention between the House and Senate was how the pain of budget cuts would be spread across Missouri's school districts. HB2014 is \$43 million short of the funding appropriated for FY2010. Debate focused on whether every school district will have their funding cut by the same amount, or whether the "formula" districts would absorb the cuts. When the funding formula was approved in 2003, it set apart a class of school districts that were designated as "hold harmless", meaning they would not get decreased funding under the new formula. The final word: "hold harmless" districts are protected by language in the bill. The "formula" districts will absorb the cuts. The bill goes to the Governor for his signature – or his veto.

3. Action on other bills

HB2399 (Hobbs) was heard in the H Committee on Job Creation and Economic Development on 4/7. The Governor's proposal to curb growth of tax credits was attached to this economic develop bill. The packed hearing lasted 3 hours and there was overwhelming opposition to the bill by a variety of individuals and groups that were lobbying in support of a wide array of tax credits. There appeared to be little support in the Committee to rein in tax credits, and it appears unlikely that the proposal in its current form would be voted out of Committee. [Click here to read more about the Senate's thinking on this issue.](#)

HJR87 (Icet), which is a TABOR constitutional amendment, was heard in the S Ways & Means Committee on 4/7.

SJR29 (Purgason), the mega sales tax constitutional amendment was debated on the Senate floor on Wednesday evening, but no action was taken.

It is likely that **HB2302 (Sutherland)**, a bill that would allow taxing internet purchases (called the streamlined sales tax) will be voted on in Committee next week.

4. Committee Hearings

Most Committees haven't posted hearings for next week at this time. The House Budget Committee continues to review tax credits, and will meet on Tuesday, 4/13 at 8 AM in HR3.