



May 2, 2012
Revised May 3, 2012

CORRECTED

Missouri's FY 2013 Budget: Conference Committee "Cheat Sheet"

Amy Blouin, Executive Director

As is often the case during budget negotiations, funding items can shift from one department to another. In our zeal to get out the timeliest information, we included incorrect information in this analysis specific to early childhood education funding. The following provides corrected information. Our apologies for this error.

Missouri's ongoing fiscal crisis has led to much debate in the State Capitol over possible reductions in the state's fiscal year 2013 operating budget. The Missouri Senate's refusal to pass a tax amnesty measure that would generate \$70 million for the budget is further compounding budget negotiations and may result in the need for further reductions.

Both legislative chambers have now approved their versions of the operating budget, and the conference committee will begin meeting this week to negotiate the differences between the budget bills. **Both chambers funded the K-12 school funding formula at slightly more than \$3 billion and protected higher education funding at current levels**, rejecting the Governor's initial recommendation to reduce funding for Missouri public colleges by approximately \$100 million.

One of many items to be negotiated by the conference committee concerns **funding for salary increases for state employees**, who have not had pay increases in several years. The House recommended a two percent salary increase for state employees who earn less than \$70,000 per year, while the Senate budget included a two percent raise for state employees earning \$45,000 per year or less. This universal funding item impacts all budget bills.

The following provides additional detail on other major differences that will need to be resolved in conference.

Departments of Social Services and Mental Health Funding

Corrected Section

Early Childhood Development Education and Care Funding (ECDECF):

The funding category sets aside a portion of gaming proceeds to fund targeted early education services for children from birth to three years old. The funds are distributed in the following categories:

- *Accreditation*: Provides technical assistance to help child care centers achieve accreditation of child care programs and enhanced subsidy rates for child care centers that are accredited;
- *Early Childhood Startup Grants*: Supports organizations and individuals establishing or expanding early learning or quality child care programs that serve children receiving subsidized child care;

- *Early Head Start/Child Care Partnership*: Supports a broad range of child care, parent education, developmental screenings, and other supports for children in low income families. Services are required to meet federal Early Head Start performance standards; and
- *Stay At Home Parent Program*: Provides early childhood development education to parents with limited incomes who want to care for their children in their homes.

These funds have been administered jointly by the Department of Social Services and the Department of Elementary and Secondary Education. **The Senate bill moves the programs under the direction of the Department of Elementary and Secondary Education (DESE) and moves an additional Preschool Project from DESE to the Office of Administration** However, the Senate’s proposal also moved \$1 million in ECDECF funds to increase the **Parents as Teachers** program, funded through the Department of Elementary and Secondary Education budget.

Budget Detail	House Funding	Senate Funding
Early Childhood Development and Education Funding Combined Total	Total: \$12,912,900 in the Department of Social Services Budget	Total: \$14,357,481 in ECDECF funding moved to DESE Budget
1. Accreditation	\$3,074,500	Program allotments were not specified
2. Early Childhood Startup Grants	\$3,689,400	
3. Early Head Start	\$3,074,500	
4. Stay at Home	\$3,074,500	

Subsidized Child Care:

Missouri currently provides subsidized child care for children in families up to 125 percent of the poverty level, with additional transitional assistance available up to 137 percent of the poverty level. The program served 49,999 children in FY 2011. Missouri utilized a portion of federal stimulus funding (from the American Recovery and Reinvestment Act of 2009, or ARRA) to fund the program in the current year. In order to maintain the same eligibility levels, the state must replace \$5 million in ARRA funds with general revenue.

The Senate did not include the \$5 million in general revenue for child care in its budget recommendation, which would prevent the state from drawing down an additional \$5 million in federal funds. If not replaced, the reduction would reduce the poverty level cutoff for the full child care benefit from 125 to 112 percent, resulting in 1,530 children losing their child care benefits. In addition, the transitional benefits would be reduced from 137 percent of the federal poverty level to 124 percent, resulting in an additional 3,150 children impacted.¹

Budget Detail	House Funding	Senate Funding
Purchase of Child Care “New Decision Item” to replace ARRA funding	\$5,000,000 general revenue \$5,000,000 federal funding <u>Combined Total:</u> \$10,000,000	<u>\$0 Combined Total</u>

¹ Missouri Department of Social Services estimate

Health Care Services for Blind:

Missouri currently provides medical assistance to approximately 2,800 blind Missourians. The House budget would eliminate the program, requiring blind Missourians to meet eligibility standards for other Medicaid programs including Medical Assistance for People with Disabilities. The House provided \$6 million to create a transitional benefits program for those not eligible for other Medicaid categories. The Senate's budget restored funding for the existing program at FY 2012 levels.

Budget Detail	House Funding	Senate Funding
Blind Health Care Services	\$6 million new transitional program	\$28,112,915

Child Protection and Foster Care Services:

The number of children in state custody has increased in recent years from 9,870 in FY 2011 to a projected 11,141 in FY 2013. As a result, several areas of child protection services require increased funding in order to provide the existing level of services to the number of children in need. These increases are referred to as "new decision items" in the budget.

The House budget funded several categories of "new decision items" at 75 percent of the budget request. The Senate funded the services at 100 percent of the request. The specific monetary differences are detailed in the table below.

Budget Detail	House Funding	Senate Funding
Foster Care Services, increased cost to continue current services	\$2,553,062 general revenue \$1,705,590 federal funding <u>Combined Total:</u> <u>\$4,258,652</u>	\$3,404,083 general revenue \$2,274,120 federal funding <u>Combined Total:</u> <u>\$5,678,203</u>
Residential Treatment, increased cost to continue current services	\$1,544,254 general revenue \$1,789,628 federal funding <u>Combined Total:</u> <u>\$3,333,882</u>	\$2,059,005 general revenue \$2,386,171 federal funding <u>Combined Total:</u> <u>\$4,445,176</u>

Missouri also provides a wide array of family supportive services for children in at-risk environments. These services include family and individual therapy, crisis intervention services, residential treatment, respite care and more. Because the needs of children can change during a year, the state has maintained flexible funding in a **Children's Program Pool** that can be directed to the services children need. The Senate eliminated the category of funding.

Budget Detail	House Funding	Senate Funding
Children's Program Pool	\$5,022,385 general revenue \$6,773,261 federal funding <u>Combined Total</u> <u>\$11,795,646</u>	\$0

Mental Health Services:

As with children's services, mental health services have experienced increased costs due to a larger population in need of services. The House budget funded at 75 percent of the requested increase the costs for community mental health services for children and adults with mental health needs and those with developmental disabilities. The Senate budget funds the request at 100 percent.

Budget Detail	House Funding	Senate Funding
Comprehensive Psychiatric Services, ADA and Developmental Disabilities Services, <i>increased cost to continue current services</i>	\$10,273,424 general revenue \$16,325,909 federal funding <u>Combined Total</u> <u>\$26,599,333</u>	\$13,328,373 general revenue \$21,490,646 federal funding <u>Combined Total</u> <u>\$34,819,019</u>

In addition, the Department of Mental Health requested additional funding to cover increases in food costs at state operated facilities and community comprehensive psychiatric services facilities. The House funded the increased cost at 75 percent, the Senate at 100 percent.

Budget Detail	House Funding	Senate Funding
Food Costs, <i>increased cost to continue current services</i>	\$123,874 general revenue \$21,519 federal funding <u>Combined Total</u> <u>\$145,393</u>	\$165,167 general revenue \$28,692 federal funding <u>Combined Total</u> <u>\$193,859</u>

Conference Negotiations

House and Senate conferees could begin meeting at any time to iron out the budget differences. The legislature is required to approve the budget by Friday, May 11, 2012, at which time the budget will be sent to the Governor.

More detail on the differences between the House and Senate budget bills is available on the Senate Appropriations Committee website at:
www.senate.mo.gov/12info/comm/aprp.htm