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Balancing the Missouri Fiscal Year 2010 Budget: A Summary of the Vetoes and Withholds

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Due to declining revenues, Governor Nixon recently announced vetoes and withholds in the Missouri Fiscal Year 2010 (FY 2010) budget that began on July 1st. The budget passed by the General Assembly in May was based on a revenue estimate that was higher than what actual revenue collections have been. Rather than increasing by 1 percent, it is likely that state revenue could decrease by 1 percent in the coming year.¹ The revenues for Fiscal Year 2009 (which ended June 30, 2009) decreased 6.8 percent from the previous year, as of June 29th. Because the Missouri Constitution requires a balanced budget, the revenue decline required the Governor to take action to balance the Fiscal Year 2010 budget.

On June 24th, the Governor announced line item vetoes of slightly more than \$105 million from the budget. By vetoing these line items, the funding is removed from the FY 2010 budget. Governor Nixon also withheld approximately \$325 million within other line items. If revenue improves during the coming months, some or all of this funding could be restored to the budget.

The following provides a summary of the Governor's vetoes and withholds in the regular budget bills, House Bills 1-13, and in the special budget bill, House Bill 22, which utilized federal stabilization funds for one-time expenses.

Summary of House Bills 1 – 13 Vetoes

The Governor vetoed \$22.839 million in House Bills 1 – 13 combined. The largest amount vetoed, \$12.065 million, was in the Department of Social Services' budget. The following summarizes the total veto by Department. A detailed table is included at the end of this analysis.

- Department of Elementary and Secondary Education (House Bill 2): Total veto of \$1.355 million impacting teacher training, charter school evaluation and technology
- Department of Higher Education (HB 3): Total veto of \$2.352 impacting MO Research & Education Network, and University of Missouri hospitals and clinics
- Department of Revenue (House Bill 4): Total veto of \$3.368 million impacting the rolling stock tax credit, and Lottery Commission personal service
- Department of Transportation (House Bill 4): Total veto of \$33,000 impacting administration expense and equipment
- Department of Agriculture (House Bill 6): Total veto of \$867,000 impacting veterinary student loan program staff & expenses, Agri-Business Development division director salary, international marketing, livestock feed and crop loan, meat/poultry processing facility inspector, an animal disease control veterinarian, and three large scale inspection trucks

¹ Linda Luebbering, Budget Director. Presentation to Kansas City Round Table for Children, June 5, 2009

- Department of Public Safety (House Bill 8): Total veto of \$437,000 impacting Capitol Police Highway Fund, Alcohol & Tobacco Control staff & expenses, Veterans Commission staff & expenses
- Department of Corrections (House Bill 9): Total veto of \$360,000 impacting Specialty Vehicle and Community Justice program
- Department of Mental Health (House Bill 10): Total veto of \$244,000 impacting Deputy Director salary and administrative expenses², Comprehensive Psychiatric Services administrative expenses³, Boone County legal fees, and Developmental Disabilities administrative expenses⁴
- Department of Health and Senior Services (House Bill 10): Total veto of \$525,000 impacting Area Health Education Centers' PRIMO program and Public Health lab staff⁵
- Department of Social Services (House Bill 11): Total veto of \$12.065 million impacting care coordination program, telemonitoring, dental rate increase⁶
- Elected Officials, Judiciary and General Assembly (House Bill 12): Total veto of \$232,000 impacting Attorney General 2nd Injury Fund new staff, Supreme Court law library and performance measure evaluation
- Real Estate (House Bill 13): Total veto of \$1 million impacting rent shortfalls and contingency needs

Funds withheld in the operating budget (House Bills 1-13)

In addition to the vetoes, the Governor instructed the Department Directors to withhold an additional \$60 million from their budgets in salaries, expenses, contracts and grants. Generally, the Department Directors have the discretion to identify programs from which funds are withheld.

Vetoes in HB22

The Governor also vetoed \$82.2 million in HB22, the capital improvement projects bill funded primarily with Federal Budget Stabilization Funds. Of this, \$76.0 million was from the Federal Budget Stabilization Fund, \$10.6 million was other federal funds, and \$3.9 million was other funds.

The vetoes include:

- \$50,000 in Federal Budget Stabilization Fund (FBSF) for University of Missouri Hospital and Clinic improvements
- \$5 million in FBSF for community college maintenance and repair
- Improvements for a variety of higher education facilities located in counties across the state
- \$275,000 in FBSF for pseudoephedrine tracking system
- \$12.6 million in FBSF for ethanol incentive payments
- \$10.0 million in FBSF for highway access to the old state penitentiary
- \$24.7 million in FBSF for a statewide interoperable communications system
- \$146,000 in FBSF and \$261,000 in other federal funds for a pediatric nursing rate increase
- \$4.0 million total vetoed, of which \$2 million was from the FBSF, for the participant case management program
- \$4.5 million in FBSF for a Southeast Missouri State business incubator

² The vetoed funds would have replaced a 10 percent administrative general revenue core reduction

³ Ibid

⁴ Ibid

⁵ This would have funded a Medical Laboratory Technician at the Poplar Bluff Satellite Laboratory

⁶ Not all the funds for a dental rate increase were vetoed. The budget signed by the Governor still contains a 2 percent rate increase.

Funds withheld in HB22

Additional funds withheld in HB22 include:

- \$91.3 million for MOHELA projects
- \$50.0 million for the Missouri Job Creation Fund
- \$47.8 million for maintenance and repair for state buildings
- \$21.5 million for in-home provider rate increase
- \$16.1 million for various Veteran's Homes projects
- \$12.2 million for various Department of Natural Resources projects
- \$10.5 million for lottery funded Vocational-Technical School projects
- \$10.0 million trade zone facilities

Fiscal Year 2010 veto items in House Bills 1-13 (regular budget bills), in millions of dollars						
		General Revenue	Federal Budget Stabilization	Federal Funds	Other Funds	Total
<i>Department of Elementary and Secondary Education (House Bill 2)</i>						
Teacher training					.155	.155
Charter school evaluation			.200			.200
Education technology			1.000			1.000
	<i>subtotal</i>		<i>1.2 00</i>		<i>.155</i>	<i>\$1.355 mil</i>
<i>Department of Higher Education (House Bill 3)</i>						
MO Research & Education Network			2.012			2.012
U of MO hospitals and clinics		.341				.341
	<i>subtotal</i>	<i>.341</i>	<i>2.012</i>			<i>\$2.352 mil</i>
<i>Department of Revenue (House Bill 4)</i>						
Rolling stock tax credit			3.000			3.000
Lottery Commission personal service					.368	
	<i>subtotal</i>		<i>3.000</i>		<i>.368</i>	<i>\$3.368 mil</i>
<i>Department of Transportation (House Bill 4)</i>						
Administration expense and equipment					.033	
	<i>subtotal</i>				<i>.033</i>	<i>\$.033 mil</i>
<i>Department of Agriculture (House Bill 6)</i>						
Veterinary student loan program staff & expenses		.035				.035
Agri-Business Development division director salary		.046				.046

International marketing		.075				.075
Livestock feed and crop loan		\$1				\$1
Meat/poultry processing facility inspector		.037		.037		.074
Animal disease control veterinarian		.068				.068
Three large scale inspection trucks			.569			.569
	<i>subtotal</i>	<i>.261</i>	<i>.569</i>	<i>.037</i>		<i>\$.867 mil</i>
<i>Department of Public Safety (House Bill 8)</i>						
Capitol Police Highway Fund					.084	.084
Alcohol & Tobacco Control staff & expenses		.194				.194
Veterans Commission staff & expenses		.160				.160
	<i>subtotal</i>	<i>.354</i>			<i>.084</i>	<i>.437</i>
<i>Department of Corrections (House Bill 9)</i>						
Specialty Vehicle			.110			.110
Community Justice program					.250	.250
	<i>subtotal</i>		<i>.110</i>		<i>.250</i>	<i>\$.360 mil</i>
<i>Department of Mental Health (House Bill 10)</i>						
Deputy director salary and administrative expenses ⁷				.063		.063
Comprehensive Psychiatric Services administrative expenses ⁸				.092		.092
Boone County legal fees		.030				.030
Developmental Disabilities administrative expenses ⁹				.059		.059
	<i>subtotal</i>	<i>.030</i>		<i>.214</i>		<i>\$.244 mil</i>
<i>Department of Health and Senior Services (House Bill 10)</i>						
Area Health Education Centers' PRIMO program			.500			.500

⁷ The vetoed funds would have replaced a 10 percent administrative general revenue core reduction

⁸ Ibid

⁹ Ibid

Public Health lab staff ¹⁰		.025				.025
	<i>subtotal</i>	<i>.025</i>	<i>.500</i>			<i>\$.525 mil</i>
<i>Department of Social Services (House Bill 11)</i>						
Care coordination program		3.000		5.375		8.375
Telemonitoring			.200			.200
Dental rate increase ¹¹		1.250		2.239		3.490
	<i>subtotal</i>	<i>1.250</i>	<i>.200</i>	<i>7.615</i>		<i>\$12.065 mil</i>
<i>Elected Officials, Judiciary and General Assembly (House Bill 12)</i>						
Attorney General 2 nd Injury Fund new staff					.042	.042
Supreme Court law library			.100			.100
Performance measure evaluation			.090			.090
	<i>subtotal</i>		<i>.190</i>		<i>.042</i>	<i>\$.232 mil</i>
<i>Real Estate (House Bill 13)</i>						
Rent shortfalls and contingency needs		.500		.500		\$1.000 mil
	<i>Total vetoed</i>					<i>\$22.839 mil¹²</i>

Source: Office of Administration and Senate Research

The mission of the Missouri Budget Project is to advance public policies that improve economic opportunities for all Missourians, particularly low and middle income families, by providing reliable and objective research, analysis and advocacy. Contact the MBP through our website at www.mobudget.org

¹⁰ This would have funded a Medical Laboratory Technician at the Poplar Bluff Satellite Laboratory

¹¹ Not all the funds for a dental rate increase were vetoed. The budget signed by the Governor still contains a 2 percent rate increase.

¹² Differences in sums are due to rounding