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How Missouri is Utilizing Federal Economic Recovery Funding: A Summary of the Fiscal Year 2010 Budget Bills and Recovery Funding Measures passed by the General Assembly

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This following summarizes and describes how the Missouri Legislature chose to utilize the funding provided by the *American Recovery and Reinvestment Act of 2009* in its Fiscal Year 2010 State Budget. On Feb 17, 2009, President Obama signed into law the *American Recovery & Reinvestment Act* (ARRA). A major component of this legislation was to provide states with the financial resources needed to maintain adequate state budgets and to provide overall economic stimulus for a struggling U.S. economy. This report describes the allocation of the ARRA funding through each state Department. The spending allocations are all for the FY 2010 budget.

Summary of Funding Through the ARRA to Missouri¹

The funding provided to Missouri through the ARRA is allocated in Three Major Categories:

Federal Funds Appropriated Through **House Bill 21: Total Funds \$2,655,560,502**

Federal Budget Stabilization Funds Appropriated Through **House Bill 22** for Capital Improvements: **Total Funds \$381,256,352**

Federal Budget Stabilization Funds Appropriated Through the “normal state Budget Bills”, **House Bills 1 through 13: Total Funds \$783,341,748**

Total Expended through All Bills: \$3.82 Billion

¹ Note: This analysis uses the totals found in the bills as passed by the General Assembly. If the Governor vetoes any of these expenditures the bill totals would be adjusted.

Section I: Federal Recovery Funding in House Bill 21

The vast majority of funds allocated through HB 21 are federally funded grants to support specific services that Missouri State lawmakers had little discretion over. Examples of these grant funds include:

- \$256.9 million in Individuals with Disabilities Act funding for Special Education programs through local school districts;
- \$695.9 million for Highway Construction and Repair that will be allocated through MODOT;
- \$225 million for Broadband Technology enhancement in rural areas of the state;
- \$2.1 million for Senior Nutritional Services; and
- \$42.6 million for Child Care Services.

House Bill 21: Summary by Department

Elementary & Secondary Education \$522.2 million (DESE)

- Individuals with Disabilities Act-Part B (Special Education Programs): \$256.9 million
- Title 1 Education for the Disadvantaged/School Improvement: \$215.8 million
- Vocational Rehabilitation: \$12.5 million
- Enhancing Education through Technology: \$10.7 million
- First Steps: \$8.6 million
- All Other:\$13.5 million

The bulk of the DESE allocations are for funding educational opportunities for economically disadvantaged and at-risk children and those with diverse disabilities. An \$8.5 million allocation is for the *First Steps* program which helps children (age birth to three) and supports very young children with developmental disabilities to prepare them for learning.

Department of Higher Education \$99 million

This funding can be directed by the Missouri Department of Higher Education and/or passed through to Missouri's higher education institutions to improve faculty recruitment efforts and develop the activities and programs offered by their various departments.

Department of Highways & Transportation (MODOT) \$802.1 million

- Highway, Road & Bridge Construction and Maintenance Program: \$695.9 million
- National Discretionary Program: \$34.5 million
- Aviation Program: \$33.0 million
- Transit Program: \$22.8 million
- Rail Program: \$11.0 million
- Waterways Program: \$4.9 million

The vast majority of the MODOT allocation (about 87 percent) goes towards highway maintenance and construction programs. The National Discretionary Grants will be awarded to state and local transit agencies on a competitive basis for various types of transportation infrastructure including freight and passenger rail services. The Transit Program grants are

designated for rural transit capital projects only. The Rail Program is for the development of high speed passenger rail service and for improvements of existing passenger rail service.

Office of Administration (OA) \$265.8 million

- Rural Development and Broadband Technology: \$225.0 million
- Health Information Technology: \$16.8 million
- Construction of Science Research Facilities: \$11.9 million
- All Other: \$16.2 million

The majority of the funding, 83 percent, is targeted for expanding broadband technology in rural areas of the state. The second largest portion is designated to develop a statewide system for the exchange of health information. The “all other” category is primarily for assistance in paying for state employee fringe benefits, such as health insurance expenses.

Department of Agriculture \$10.55 million

This funding could be used directly by the Department of Agriculture, potentially to improve data collection systems, and/or passed through to local producers.

Department of Natural Resources (DNR) \$416.7 million

- Weatherization, Energy Efficiency & Renewable Energy Funding: \$227.7 million
- Drinking Water and Clean Water Grants: \$119.5 million
- Drinking Water Grants: \$41.7 million
- Diesel Emission Reduction: \$12.9 million
- All Other: \$14.9 million

The largest allocation is to fund weatherization of homes to make them more energy efficient. This would include the cleaning and tuning of HVAC systems. The next largest spending category is for enhanced funding for wastewater treatment and drinking water facilities. The DNR would allocate these funds to municipal and local governments for this purpose. The last major allocation is funding to reduce air pollution that is associated with diesel engines.

Department of Conservation \$18.55 million

- ARRA Grants: \$11.1 million
- Fire Management, Wood to Energy, And Various Forestry Activities: \$7.5 million

This funding is targeted for forestry management, improving fisheries and providing grants to rural school districts for the purpose of installing boilers that burn wood.

Department of Economic Development: \$177.8 million

- Workforce Investment Act; Adult, Youth & Dislocated Workers: \$67.9 million
- Economic Development – Neighborhood Stabilization: \$60.2 million
- Emerging Industry Competitive Grants: \$22.5 million
- Community Development Block Grants: \$7.1 million
- Employment Service: \$8.1 million
- Dislocated Worker Assistance: \$6.0 million
- All Other: \$6.0 million

The Workforce Investment funding is targeted for employment training programs for low income youth, adults and for dislocated workers along with resources to connect businesses with the

skilled workers needed for their business. The Neighborhood Stabilization funding will be used to purchase and rehabilitate foreclosed on homes and for down payment assistance for home buyers. Emerging industry grants will be used for worker training and placement for jobs in high growth industrial sectors. The Community Development Block Grants are to be used for public infrastructure and redevelopment activities. Employment Service funding is to assist the general public with outreach to employers for job orders and job matching.

Department of Labor & Industrial Relations \$2.2 million

Approximately \$1.2 million of this allocation will be used to defray the administrative cost for DOLIR as it incurs additional expenses associated with increased demand within the state Unemployment Insurance program.

Department of Public Safety \$42.9 million

- ARRA Grants: \$10.0 million
- Byrne/JAG Grant Program: \$27.9 million
- Violence Against Women: \$2.9 million
- All Other: \$2.1 million

The most significant portion of funding for DPS is the *Byrne Memorial Justice Assistance Grant Program*. These funds may be used for a wide variety of law enforcement activities. These include drug and gang task forces, prosecution and court enhancements, prevention and education programs and drug treatment programs. The funds would be allocated to local law enforcement agencies. The ARRA grants would be flexible funding for a variety of public safety efforts such as enhanced training and purchases of equipment and supplies.

Department of Corrections (DOC) \$1.8 million

This funding is ARRA grants that will be used to enhance DOC efforts to reduce recidivism and for other activities.

Department of Mental Health \$3 million

This money is for ARRA grants. No specific uses have been identified.

Department of Health & Senior Services (DHSS) \$47 million

- Chronic Disease Prevention/Management: \$18.4 million
- WIC Technology Upgrade/Caseload Growth: \$9.5 million
- ARRA Grants: \$10.0 million
- Immunization Projects: \$3.0 million
- Senior Nutrition Services: \$2.1 million
- All Other: \$4.0 million

The largest allocation to the DHSS is for chronic disease prevention/management. Within this category, funds would be allocated for tobacco prevention and cessation programs. The DHSS would partner with local public health agencies in these efforts. A \$9.5 million allocation is targeted to update and improve the administration of the “Women, Infants and Children’s Nutrition Program” (WIC) and to provide adequate funds for anticipated caseload growth. Enhanced funding for Senior Nutrition programs and for increasing immunization rates for certain at risk populations is also included.

Department of Social Services (DSS) \$239.3 million

- Health Technology: \$68.1 million
- Child Care and Related Services: \$42.6 million
- Community Services Block Grant: \$30.4 million
- DSH Cap Increase: \$25.0 million
- ARRA Grants: \$15.0 million
- Emergency Shelter Grants: \$13.2 million
- For Enhanced Medicaid Match: \$12.0 million
- TANF: \$11.2 million
- Food Stamp Administration: \$7.1 million
- Child Support Enforcement: \$7.8 million
- All Other: \$7.0 million

The DSS was allocated funding to support a variety of critical needs. The single largest allocation is \$68.1 million to implement an “Electronic Health Record” system that will be used to gather and store health records for individuals receiving health care through Medicaid. \$42.5 million in federal funding was provided for enhance child care services and increase access to Early Childhood Education programs through the Child Care Development Block Grant. It is anticipated that a small portion of this funding will offset reductions to Child Care Assistance that were made in House Bill 11.

The Community Services Block Grant program is expected to receive \$30.4 million. This money would in turn be passed through to Missouri Community Action Agencies to assist families that are faced with unemployment, in need of housing and nutritional services. A \$13.2 million allocation is made for the new “Homeless Prevention and Rapid Re-Housing Program”. This program is designed to assist homeless people and to help low income residents who are in danger of becoming homeless.

Several service areas were provided enhanced funds to help meet the increased demand that results from heightened caseloads due to the recession:

- The “Temporary Assistance to Needy Families” (TANF) program will receive \$11.2
- The Supplemental Nutrition Assistance Program (SNAP – formerly known as Food Stamps) will receive an addition \$7.1 million to cover enhanced administrative costs
- \$7.8 million in enhanced funding is allocated to enhance child support enforcement efforts as expanded caseloads are anticipated.

Judiciary: \$6.8 million: Intended for general improvements in Judiciary services.

Section II: Federal Recovery Funding in House Bill 22

House Bill 22 provides funds for a variety of Capital Improvement Projects. Capital improvement appropriations are generally made for a **two-year period**. It is anticipated that approximately \$348.3 million of the projects will be started within Fiscal Year 2010 (July 1, 2009 – June 30, 2010). The remainder of the projects, about \$33.0 million, will be funded the following fiscal year, FY 2011. Below are the allocations from the Federal Budget Stabilization Fund shown ranked by dollar total with a brief description of the project.

Table 1: Summary of House Bill 22 Capital Improvement Projects

| Department | Total 2 Year Appropriation | Brief Project Description |
|-------------------|-----------------------------------|---|
| OA | \$111,700,000 | Statewide Interoperable Communications System |
| DED | \$50,000,000 | MO Job Creation Fund |
| DHE | \$31,182,000 | Renovation of Ellis Fischel Medical Education Center at UM-Columbia |
| DHE | \$28,130,767 | Renovation of Benton and Stadler Halls at UM -STL |
| DAG | \$23,000,000 | For the MO Qualified Ethanol Producer Incentive Fund |
| DHE | \$19,228,211 | Facilities Improvements at MO State Univ. |
| DHE | \$13,000,000 | Maintenance & repairs ant Community Colleges |
| MODOT | \$12,000,000 | Aid For St. Louis Public Transit System |
| DED | \$12,000,000 | For trade zone facilities to focus on marketing MO Products |
| DHE | \$10,222,081 | Facilities Improvements at Truman State Univ. |
| MODOT | \$10,000,000 | Improved Highway Access to MO State Penitentiary Site |
| OA | \$9,300,000 | For DMH to plan improvements at Bellefontaine MHC |
| DHSS | \$7,909,073 | Rate Increase for In-Home Services |
| DNR | \$7,821,249 | Cleanup of Hazardous Waste Sites |
| DHE | \$6,500,000 | For renovations at UM- Hospitals and Mid-MO MHC |
| DHE | \$4,500,000 | Facilities Improvements at Southeast MO State Univ. |
| DHE | \$3,059,191 | UM Outreach/Education Center in Lawrence County |
| DHE | \$2,998,232 | UM Agro-Forestry Education Center in Howard County |
| DED | \$2,500,000 | For plant research facility in Mexico, Missouri |
| DESE | \$2,250,000 | Funding for Safe Schools |
| DSS | \$2,000,000 | Case Management Services for MO Health Net Recipients |
| Pub Def | \$2,000,000 | For Representation Outside State Public Defender System |
| DHE | \$1,859,737 | For Greenley Learning & Discovery Park at UM |
| DHE | \$1,726,810 | For Delta Research Center at the University of MO |
| DSS | \$1,326,926 | Increase Clothing & Diaper Allowance for children in Foster Care |
| OA | \$886,455 | For developing a pseudo-ephedrine tracking website |
| DHE | \$671,256 | UM Education Center in Grundy County |
| DHE | \$600,000 | UM Swine Research Center in Callaway County |
| DHE | \$579,754 | UM Education Center in Atchison & Holt Counties |
| DHE | \$527,101 | UM Education Center in Crawford County |
| DESE | \$500,000 | Outreach to prevent dropouts in St. Louis |
| DNR | \$500,000 | Renovation of Jackson County Courthouse |
| OA | \$434,215 | For developing a 2010 Census website |
| DHSS | \$292,291 | Rate Increase for Pediatric Nurses |
| DSS | \$51,003 | Rate Increase for In-Home Services |
| Total | \$381,256,352 | |

Section III: Federal Recovery Funding Used to Maintain Missouri’s Regular Budget Bills

This section outlines the Federal Economic Recovery & Reinvestment Act funding that was utilized by Missouri’s General Assembly to stabilize the annual state budget. Without the use of these funds, significant cuts to ongoing, core services would have been required. The combined total of Federal Economic Recovery funding that was utilized in the annual budget bills for FY 2010 is \$783.34 million. The vast majority of this, or 86 percent, was allocated to public education including K – 12 Education and Higher Education.

Federal Recovery Funding Used Within the FY 2010 Budget by Department

House Bill 2: Department of Elementary & Secondary Education (DESE) \$525.2 million

The single largest allocation of additional Federal funds is \$516.9 million to enhance the funding of the state’s basic aid distribution program for local school districts, generally referred to as the Foundation Formula. A \$5.3 million allocation is made to the *Rebuild Missouri Schools Fund*.

House Bill 3: Department of Higher Education (DHE) \$148.3 million

The \$148.3 million of enhanced Federal funding will be distributed to both Missouri’s Two Year and Four Year Public Universities:

- Community Colleges (2 Year Institutions): \$15.0 million
- Linn State Technical College: \$0.9 million
- Univ. of Central Missouri: \$7.8 million
- Southeast Missouri State University: \$6.5 million
- Missouri State University: \$12.1 million
- Lincoln University: \$3.0 million
- Truman State University: \$5.7 million
- Northwest MO State University: \$4.2 million
- Missouri Southern State University: \$3.9 million
- Missouri Western State University: \$3.4 million
- Harris- Stowe State University: \$1.7 million
- University of Missouri (All Campuses): \$74.1 million
- University of Missouri Hospital & Clinics: \$6.6 million

These funds are available for both on-going operations as well as one time uses.

House Bill 4: Department of Revenue (DOR) \$5.57 million

These funds are to be used by the DOR for two types of property tax credits: To help fund the “Homestead Preservation Credit” for qualified seniors and people with permanent disabilities; and to help fund the “Railroad Rolling Stock Tax Credit”, to offset for expenses incurred in Missouri by freight railroads for manufacturing, maintaining or improving their rolling stock.

House Bill 4: Department of Transportation (MODOT) \$5.5 million

These funds are allocated to MODOT to fund passenger rail service.

House Bill 5: Office of Administration (OA) \$19.88 million

The primary uses of these funds are \$4.1 million for Expense and Equipment for the OA division of Information Technology, a \$3.1 million allocation to replace state owned vehicles and \$12.4 million to defray the costs of employee benefits.

House Bill 6: Department of Agriculture \$38.08 million

The Agriculture funding is allocated \$12.5 million to the Missouri Qualified Fuel Ethanol Producer Incentive Fund and \$25.0 million to the Missouri Qualified Biodiesel Producer Incentive Fund for a total of \$37.5 million.

House Bill 6: Department of Natural Resources (DNR) \$730,364

The \$730,364 allocation is to the Hazardous Waste Fund

House Bill 7: Department of Economic Development (DED) \$18.56 million

The allocations made to the DED go for three main uses:

- \$11.1 million to the MO Job Development Fund
- \$4.4 million to the MO Technology Investment Fund
- \$3.1 million to the Division of Tourism to supplement tourism promotion funding

House Bill 8: Department of Public Safety \$1.07 million

\$775,600 of the funding is for enhanced support for the Missouri National Guard.

House Bill 9: Department of Corrections \$860,000

\$750,000 of this funding is for funding the “St. Louis Re-Entry Program”.

House Bill 10: Department of Health & Senior Services (DHSS) \$2.52 million

The majority of this funding, \$2.2 million, is targeted for enhanced funding for the Division of Community and Public Health.

House Bill 10: Department of Mental Health (DMH) \$5.89 million

The DMH allocation goes to three primary uses. These are:

- \$1.25 million for the MO Health Net mental health partnership technology initiative
- \$2.0 million for adult community programs
- \$2.0 million for improving personnel standards at Developmental Disabilities Habilitation Centers

House Bill 11: Department of Social Services (DSS) \$2.78 million

The bulk of the DSS allocation is \$2.2 million to fund clinical services management related to the administration of the MO Health Net Pharmacy program.

House Bill 12: Elected Officials, Judiciary & Public Defender Commission \$8.28 million

The primary use of the funds allocated by House Bill 12 is \$6.7 million in enhanced funding for the state court system. A \$1.5 million allocation is made to Elected Officials and the General Assembly.

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