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Governor's Vetoes and Restrictions Span Entire Budget

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Governor Nixon today announced over \$144 million in general revenue line item vetoes and restricted another \$641 million from the fiscal year 2015 budget until funds are available. The budget actions resulted from the passage of an unbalanced FY 2015 budget and a flurry of tax cuts passed in the final days of the 2014 legislative session.

As of June 19th, state general revenue for the current fiscal year grew by 0.62 percent for the year to date compared to the previous year – well below the 2.8 percent estimate that was assumed when the current year's budget was developed. In addition, the state faces a backlog in individual income tax refunds, and has delayed payment on these refunds due to cash flow issues. **As a result, Missouri is likely to end the budget year \$100-150 million under expected levels.**¹

In addition, tax breaks passed on the last day of the legislative session are expected to cost about \$250 million in general revenue in fiscal year 2015. Combined, these dynamics result in significantly less revenue available for services in FY 2015.

Some notable spending restricted until funds become available:

Missouri State Budget FY 2015 ² Significant <u>General Revenue</u> Spending Restrictions			
Budget Categories	FY 2015 Approved Budget Increase	Governor's Restriction	FY 15 GR Available
K-12 Education - Foundation Formula	\$100.2 million	\$100.2 million	\$2.857 billion
K-12 Education – Transportation	\$15 million	\$15 million	\$31.025 million
Parents as Teachers	\$1 million	\$1 million	\$10 million
Missouri Preschool Program	\$3.064 million	\$3.064 million	\$1 million
Higher Education "Performance" Funding: Distributed to Missouri's public colleges and universities based on performance indicators	\$43.396 million	\$43.396 million	\$0
"Bright Flight" and "Access Missouri" Scholarship Programs	\$20 million	\$16 million	\$60.34 million

¹ For more information on current state revenues see "State General Revenue Declines Sharply: Could Lead to Budget Reductions," Missouri Budget Project, May 16, 2014

Adult Therapies in Medicaid	\$7.3 million	\$7.3 million	\$0
Restoration of Adult Dental Services	\$17.8 million	\$17.8 million	\$0

Some notable vetoes in the Governor's action include:

- Mental Health Provider Rate Increase - \$12.4 million
- Provider Rate Increase for Home and Community Based Services - \$5.3 million
- Area Agencies on Aging Increase - \$450,000
- Utilicare Increase - \$4 million
- Long Term Care & Home Health Provider Rate Increases - \$9.5 million