

FY 2017 Overview

Governor's Recommendations

Governor Nixon has led the state through difficult fiscal times and put Missouri back on track by employing fiscal responsibility, improving the state's economy and increasing state government efficiency. Over the past seven years, the Governor made it a priority to preserve the state's AAA bond rating with all three national rating agencies. Governor Nixon's Fiscal Year 2017 budget makes strategic investments while maintaining strict fiscal responsibility.

General revenue collections increased in Fiscal Year 2015. Net collections grew by 8.8 percent over the previous year. This was the first fiscal year where collections were above the peak achieved in Fiscal Year 2008 in real terms. With the U.S. economy continuing to expand, moderate revenue growth is expected over the next eighteen months. Revenues are estimated to grow by 2.8 percent in Fiscal Year 2016 and increase moderately to 4.1 percent growth in Fiscal Year 2017. This reflects solid growth in income and sales taxes. However, that growth will be offset by weak growth in corporate taxes, largely the result of the ongoing phase-out of franchise tax, a new corporate income allocation method, and income tax cuts enacted by the General Assembly.

For Fiscal Year 2017, Governor Nixon recommends the following increases:

Economy

- \$10 million to assist new and emerging high-tech companies through the Missouri Technology Corporation.
- \$5 million for critical upgrades at Missouri's port facilities.
- \$3 million to enhance tourism efforts to showcase Missouri, for a total of \$28.4 million.
- \$3.9 million to complete biodiesel producer incentive payments.
- \$2 million for research and development to increase the productivity of Missouri's beef industry.
- \$1.9 million for Biofuel Infrastructure Partnership grants to match private investments by motor fuel retailers.
- \$1.3 million to implement the Missouri Dairy Revitalization Act.

Education

Pre-K through 12 Education

- \$85 million for the foundation formula, for a total of \$3.4 billion, including additional support for pre-school education access for approximately 2,811 children at unaccredited and provisionally-accredited school districts and charter schools. Funding for the foundation formula has increased by over \$400 million under Governor Nixon's leadership.
- \$21.2 million for Early Childhood Special Education, for a total of \$170.8 million.
- \$5 million for school transportation, for a total of \$105.3 million.
- \$4.2 million for performance-based assessments.
- \$3.2 million to assist low-performing schools in improving student outcomes.

Higher Education

- \$55.6 million, a six percent increase in performance-based funding. Based on this funding level, two- and four-year institutions have agreed to freeze tuition.
- \$4 million for the Access Missouri program.
- \$2.5 million for the A+ program.
- \$500,000 for the Bright Flight scholarship program.
- \$3 million for a new satellite dental program in Joplin, through a partnership between the University of Missouri-Kansas City and Missouri Southern State University.
- \$2 million to enhance and expand nursing education programs.

Disaster Recovery

- \$3 million to aid in the state's disaster recovery efforts, including recovery from the recent historic flooding.

Mental Health

- \$45.2 million for rebasing to ensure that all providers of developmental disability services are paid fairly. Rebased is designed to equalize payments between providers performing similar services because rates were established many years ago and have not been increased with the rate of inflation or to meet an individual's needs.
- \$44.2 million to increase rates paid for services provided to people with severe substance use disorders, adults with mental illness, children with severe emotional disturbances, and people with intellectual and developmental disabilities.
- \$32.4 million to assist individuals who are in a crisis situation while transitioning between family, group-home, and community care settings.
- \$18.6 million to expand access to autism services for low-income individuals, to expand the University of Missouri Thompson Center for Autism, to launch a new autism clinic at Truman State University, and to expand services provided at the Mercy Kids Autism Center in St. Louis and St. Charles counties.

- \$13.9 million to ensure there is no waiting list for Medicaid eligible individuals with developmental disabilities needing in-home services.
- \$11.6 million to cover additional disabled individuals who qualify for Medicaid services as a result of the Missouri Achieving a Better Life Experience (ABLE) program.
- \$11.3 million for case management services and to transition individuals to the appropriate settings.
- \$9.4 million to provide additional comprehensive psychiatric care, access to alcohol and drug abuse treatment, and access to treatment for substance use disorders.
- \$5.4 million to provide early intervention, treatment, and community services to individuals with serious mental illness aged 21 to 35.
- \$1.6 million to expand emergency room enhancement projects aimed at treating individuals with mental illness in a more appropriate setting.

Opportunity

- \$11 million to offer job training and work readiness programs for low-income individuals.
- \$500,000 to assist low income students in obtaining certifications and job preparation opportunities in the technology field.
- \$130,774 to implement the recommendations on law enforcement training standards.

Families

- \$78.6 million for the state's Home and Community-Based Services Program.
- \$17.3 million to provide dental care to low-income Missourians.
- \$16.3 million to provide services for victims of child abuse and neglect committed to the state's custody and to increase the rates paid to providers of these children.
- \$13.7 million to provide rate increases to child care providers.
- \$6 million to provide life sustaining HIV medications to low-income Missourians.
- \$2.7 million to expand the Medically Fragile Adult Waiver program.
- \$2.7 million for prevention, basic health care, and emergency response services provided through the state's Local Public Health Agencies.
- \$2 million to ensure child care providers are complying with safety requirements.
- \$902,262 to provide genetic testing and follow-up services to newborns and their families.
- \$818,712 for increased operational costs at veterans' homes.
- \$500,000 for the development and design of a new veterans' home.

Outdoors

- \$10.6 million to enhance and improve Missouri state parks.
- \$10.1 million to help stabilize stream bank erosion, assist landowners with erosion control and water quality needs facing the state's agricultural land, and update the state plan for surface water and groundwater resources.

Leadership

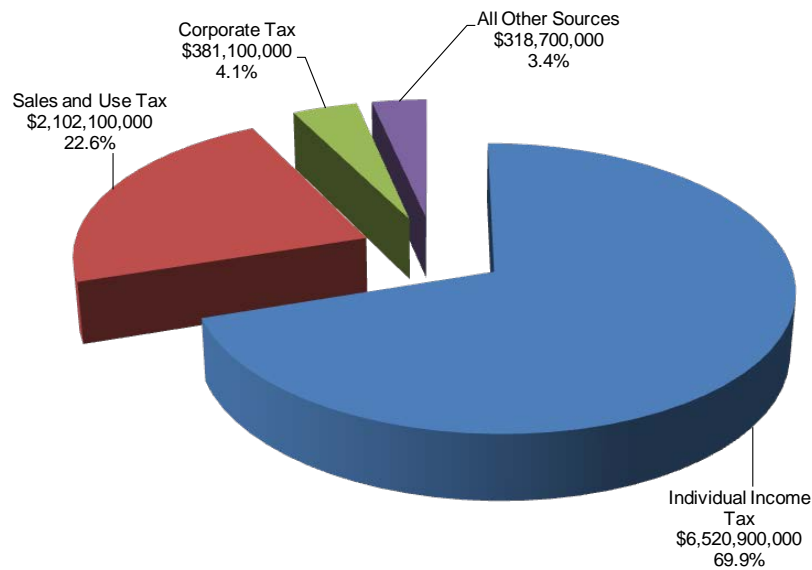
- Balancing the state budget without a tax increase.
- Reducing the state workforce by over 5,100 positions since taking office.
- \$54.1 million for a two percent pay increase for state employees.
- \$1.5 million to hold health care premiums at the current rate for state employees.
- \$2 million to enhance the cyber security initiatives to protect the state's networks and information systems.

GENERAL REVENUE RECEIPTS AND ESTIMATES

	Actual Receipts FY 2015	Revenue Estimate FY 2016	Revenue Estimate FY 2017
Collections			
Individual Income Tax	\$ 6,890,815,625	\$ 7,221,100,000	\$ 7,566,100,000
Sales and Use Tax	2,014,363,065	2,073,300,000	2,137,100,000
Corporate Income/Franchise Tax	558,629,128	539,100,000	520,000,000
County Foreign Insurance Tax	239,199,446	255,000,000	266,000,000
Liquor Tax	27,591,588	28,300,000	29,500,000
Beer Tax	7,708,889	7,800,000	7,900,000
Interest on Deposits and Investments	4,517,089	6,000,000	7,600,000
Federal Reimbursements	5,791,778	9,900,000	14,600,000
All Other Sources	183,242,649	154,900,000	158,100,000
 Total General Revenue Collections	 9,931,859,256	 10,295,400,000	 10,706,900,000
 Refunds	 (1,222,692,108)	 (1,339,300,000)	 (1,384,100,000)
 Net General Revenue Collections	 \$ 8,709,167,148	 \$ 8,956,100,000	 \$ 9,322,800,000
 Net Growth Rate		2.8%	4.1%

FY 2017 REVENUE ESTIMATE

Net General Revenue \$9,322,800,000



GENERAL REVENUE SUMMARY

RESOURCES

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Beginning Balance	\$ 18,310,187	\$ 12,620,958	\$ 51,857,254
Previous Year's Lapse ¹	170,500,000	264,972,144	230,901,177
Revenue Collections	9,931,859,256	10,295,400,000	10,706,900,000
Refunds	(1,222,692,108)	(1,339,300,000)	(1,384,100,000)
Collection Reductions ²	0	0	(10,000,000)
Collection Additions	0	0	133,700,000
Transfers to Fund	123,748,982	114,800,000	77,000,000
Total Resources Available	\$ 9,021,726,317	\$ 9,348,493,102	\$ 9,806,258,431

OBLIGATIONS

Operating Appropriations	\$ 8,734,913,177	\$ 8,854,825,360	\$ 9,633,728,780
Capital Appropriations	205,700,000	93,825,000	83,900,000
Capital Reappropriations	0	40,373,991	37,501,177
Supplemental	128,602,078	307,942,906	0
Increased estimates	6,796,304	45,800,000	50,300,000
Expenditure Restrictions	(66,906,200)	(46,131,409)	0
Total Obligations	\$ 9,009,105,359	\$ 9,296,635,848	\$ 9,805,429,957
Ending Balance	\$ 12,620,958	\$ 51,857,254	\$ 828,474

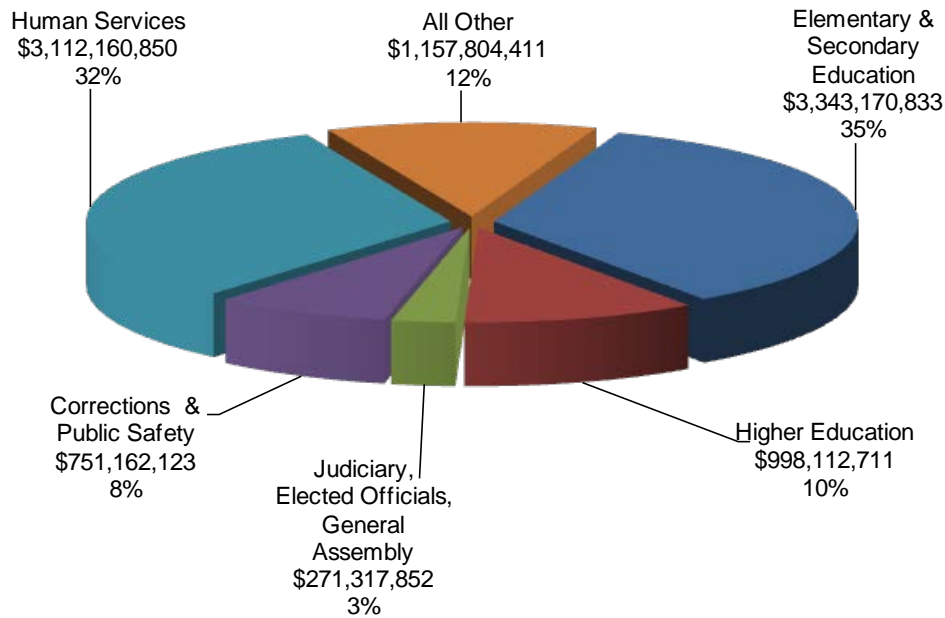
NOTES TO GENERAL REVENUE SUMMARY

(1) Unexpended appropriations are counted as a resource in the next fiscal year to avoid premature commitment of uncertain resources until actual lapses are known. This includes reserves authorized by Section 33.290, RSMo.

(2) Collection Reductions reflect the anticipated loss of athletes' and entertainers' tax due to the relocation of the St. Louis Rams.

FY 2017 GOVERNOR'S RECOMMENDED OPERATING BUDGET GENERAL REVENUE

Total Appropriations* \$9,633,728,780



*Excludes refunds

BUDGETED FULL TIME EQUIVALENT (FTE) SUMMARY											
									Gov Rec	Change	Change
Department	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	16 to 17	09 to 17
Elementary and Secondary Education	1,830	1,746	1,717	1,711	1,690	1,694	1,696	1,694	1,694	0	(136)
Higher Education	76	76	76	76	76	79	80	80	80	(1)	4
Revenue	1,583	1,463	1,418	1,443	1,403	1,374	1,317	1,318	1,329	11	(254)
Transportation	6,947	6,617	6,617	6,417	5,813	5,653	5,654	5,656	5,656	0	(1,291)
Office of Administration	2,086	2,033	2,204	2,254	2,176	2,179	1,940	1,889	1,891	2	(194)
Agriculture	401	391	393	410	413	414	426	438	441	3	40
Natural Resources	1,814	1,796	1,782	1,784	1,755	1,757	1,694	1,700	1,702	2	(112)
Conservation	1,872	1,844	1,844	1,843	1,813	1,813	1,813	1,813	1,813	0	(59)
Economic Development	978	976	967	967	934	909	945	893	895	2	(83)
Insurance, Financial Inst., Prof. Reg.	534	545	550	583	578	580	585	592	597	5	63
Labor and Industrial Relations	866	832	828	824	824	823	826	821	828	7	(38)
Public Safety	5,035	5,033	4,974	4,962	4,971	5,008	5,041	5,025	5,052	27	16
Corrections	11,431	11,329	11,152	11,047	11,039	11,023	11,256	11,244	11,244	0	(187)
Mental Health	8,676	8,292	7,874	7,440	7,414	7,445	7,417	7,256	7,235	(20)	(1,441)
Health and Senior Services	1,914	1,894	1,834	1,727	1,788	1,789	1,766	1,758	1,760	2	(154)
Social Services	8,178	8,093	7,760	7,355	7,220	7,158	6,961	6,935	6,852	(83)	(1,326)
Elected Officials	975	987	992	993	986	964	964	976	962	(14)	(14)
Judiciary	3,405	3,406	3,406	3,406	3,406	3,407	3,425	3,422	3,430	8	25
Public Defender	560	572	572	587	587	587	587	587	587	0	27
General Assembly	712	711	688	680	686	687	689	689	689	0	(23)
Total	59,873	58,636	57,648	56,510	55,571	55,343	55,081	54,786	54,737	(48)	(5,135)

HIGHER EDUCATION INSTITUTIONS				
GOVERNOR'S RECOMMENDED FY 17 FUNDING				
Institution	FY 17 Core Funding	FY 17 Budget Increase	FY 17 Total Funding	% Change
Crowder College	5,328,413	416,055	5,744,468	7.81%
East Central College	5,600,984	350,254	5,951,238	6.25%
Jefferson College	8,185,955	395,756	8,581,711	4.83%
Metropolitan Community College	33,928,842	1,622,404	35,551,246	4.78%
Mineral Area College	5,621,183	274,830	5,896,013	4.89%
Moberly Area Community College	5,972,439	380,639	6,353,078	6.37%
North Central Missouri College	2,717,562	208,249	2,925,811	7.66%
Ozarks Technical Community College	12,806,395	1,009,038	13,815,433	7.88%
St. Charles Community College	8,854,417	560,236	9,414,653	6.33%
St. Louis Community College	47,243,876	2,919,860	50,163,736	6.18%
State Fair Community College	6,033,944	381,920	6,415,864	6.33%
Three Rivers Community College	5,076,932	323,016	5,399,948	6.36%
Community College Subtotal	147,370,942	8,842,257	156,213,199	6.00%
State Technical College of Missouri	5,483,992	329,040	5,813,032	6.00%
University of Central Missouri	57,399,456	3,163,714	60,563,170	5.51%
Southeast Missouri State University	47,307,674	3,129,255	50,436,929	6.61%
Missouri State University	80,684,077	5,682,361	86,366,438	7.04%
Missouri State University - West Plains	5,817,867	256,533	6,074,400	4.41%
Lincoln University	18,900,792	1,041,764	19,942,556	5.51%
Truman State University	43,110,124	2,376,122	45,486,246	5.51%
Northwest Missouri State University	32,223,806	1,420,876	33,644,682	4.41%
Missouri Southern State University	24,415,963	1,345,746	25,761,709	5.51%
Missouri Western State University	22,523,461	1,259,702	23,783,163	5.59%
Harris-Stowe State University	10,319,388	113,756	10,433,144	1.10%
University of Missouri	434,261,572	26,828,021	461,089,593	6.18%
Four-Year Institution Subtotal	782,448,172	46,946,890	829,395,062	6.00%
Two- and Four-Year Institutions Total	929,819,114	55,789,147	985,608,261	6.00%

**EXPANDING AND REFORMING MEDICAID
GENERAL REVENUE BUDGET SUMMARY**

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
People Served	293,157	299,083	305,009	310,056	310,056	310,056	310,056	310,056
	\$s in Mils	\$s in Mils	\$s in Mils	\$s in Mils	\$s in Mils	\$s in Mils	\$s in Mils	\$s in Mils
New Cost	(\$33.2)	(\$98.4)	(\$119.5)	(\$162.2)	(\$196.8)	(\$204.1)	(\$212.9)	(\$221.1)
Savings	\$100.0	\$194.6	\$245.9	\$252.8	\$249.3	\$261.4	\$272.8	\$282.0
Admin Cost	(\$1.5)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)
Net Savings	\$65.3	\$95.3	\$125.6	\$89.7	\$51.6	\$56.4	\$59.1	\$60.1
New Revenue	\$36.6	\$50.9	\$50.8	\$50.7	\$51.2	\$53.1	\$55.4	\$57.7
Net Positive Impact	\$101.9	\$146.2	\$176.4	\$140.4	\$102.8	\$109.5	\$114.5	\$117.7

Updated: January 2016

SUPPLEMENTAL RECOMMENDATIONS FISCAL YEAR 2016

	<u>GENERAL REVENUE</u>	<u>FEDERAL FUNDS</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>
Department of Elementary and Secondary Education	\$ 19,522,174	\$ 200,000	\$ 5,261,000	\$ 24,983,174
Department of Revenue	1,701,264	0	1,000,000	2,701,264
Office of Administration	3,125,106	0	0	3,125,106
Department of Agriculture	74,143	1,916,856	0	1,990,999
Department of Natural Resources	44,425	0	4,350,000	4,394,425
Department of Economic Development	0	141,989	0	141,989
Department of Labor and Industrial Relations	0	0	22,916,230	22,916,230
Department of Corrections	1,767,705	0	0	1,767,705
Department of Mental Health	5,922,512	2,101,024	0	8,023,536
Department of Health and Senior Services	4,509,986	33,271,503	0	37,781,489
Department of Social Services	271,275,591	116,916,399	0	388,191,990
Office of the State Court Administrator	0	0	462,589	462,589
TOTAL	<u>\$ 307,942,906</u>	<u>\$ 154,547,771</u>	<u>\$ 33,989,819</u>	<u>\$ 496,480,496</u>