

THE MISSOURI BUDGET FISCAL YEAR 2018 SUMMARY

I. OVERVIEW

Missouri's budget is suffering from reduced revenue due to poor economic growth. Revenue is being drained by special interest tax credits and the faster-than-projected growth in health care expenditures, driven in part by the national impact of Obamacare. Governor Greitens' Fiscal Year 2018 budget makes more than \$572 million in cuts across state government and reduces the state's workforce by 188 positions. The Governor is committed to making the budget cuts necessary to balance the state's budget and retain Missouri's AAA credit rating. Governor Greitens is committed to making the tough decisions necessary to bring high-paying jobs to Missouri while spending our tax dollars more wisely.

Maintaining Funding for K-12 Classrooms

The Governor supports Missouri families' priorities like K-12 education. This budget maintains funding to classrooms and improves the quality of the state's education system. State funding provides support to local school districts educating more than 885,000 Missouri students. Governor Greitens' Fiscal Year 2018 budget includes \$3.3 billion for the school foundation formula, ensuring that classroom funding is protected.

Advanced Placement Classes for High School Students

Governor Greitens believes every Missouri child has the right to a first-rate education. Over half of Missouri school districts do not offer a single Advanced Placement class in key areas such as physics or chemistry. The Missouri Virtual Instruction Program (MoVIP) offers online courses to give students access to a wide range of high-quality courses; it provides an interactive online learning

environment that can be accessed anytime, anywhere. The Governor's budget includes \$2 million to expand course access through MoVIP so that children across the state can use technology to access Advanced Placement classes.

Vulnerable Children

Governor Greitens promised to be a champion for Missouri's most vulnerable citizens. He believes that all children can achieve the American dream and live a life of meaning and purpose. The Governor's budget includes additional funding for programs that support children with special needs, including:

- \$13 million to cover the costs of providing special education services to students with disabilities through the High Need Fund, which provides instruction, tuition, assistive technology, supportive services, and transportation.
- \$12.4 million to serve additional children and reduce the caseload standard for special education teachers who provide instruction and therapy to young children with disabilities through the Early Childhood Special Education Program.
- \$10.7 million to care for children who have been abused or neglected and removed from their homes, including services for children with emotional and psychological difficulties, and expenses for children in adoptive and guardianship care placements.
- \$1.8 million to find and support adoptive homes for hard-to-place children in foster care and assist adoption resource centers in finding them permanent homes.

Supporting Missourians with Developmental Disabilities

The goal for children and individuals with a developmental disability is to enable them to live independently and productively. The Department of Mental Health serves more than 35,000 consumers with developmental disabilities. To improve their lives, Governor Greitens' budget includes additional funding totaling \$33.8 million to serve 1,472 additional individuals through case management, transitional services, and crisis residential placements.

Protecting Victims of Domestic Violence and Sexual Assault

In the midst of a recent rise in incidents of domestic violence, Governor Greitens is committed to providing services and support to victims of sexual assault and domestic violence. Although more than 35,000 victims received services in their communities last year, there were still more than 22,000 requests that were not met because of a lack of capacity or resources. The Governor recommends \$750,000 to provide additional services for victims of sexual and domestic violence, and their children. Funding will ensure prompt distribution of state assistance to individuals, programs, and shelters across the state.

Public Safety

Governor Greitens is committed to making Missouri a state where every citizen feels that they are safe and protected. The Governor will ensure that Missouri's law enforcement community has the training, resources, and support they need to protect themselves and to build strong relationships in their communities. To keep our communities safe, support victims of crime, and ensure that those who protect us have the resources they need, Governor Greitens' budget includes:

- \$250,000 to establish a Blue Alert system so the state can find and bring swift justice to anyone who assaults a law enforcement officer.
- \$1 million to equip the Missouri State Highway Patrol's Drug and Crime Control Division.

- \$1 million to decrease the backlog of cases at the state's Crime Lab.
- \$690,000 to provide TASERs and body armor to ensure troopers are protected and have the nonlethal tools they need.

Fighting the Opioid Epidemic

In 2015, drug overdoses accounted for more than 52,000 deaths nationally, including 1,066 Missourians. Opioids are the main driver of drug overdose deaths and misuse of opioids such as oxycodone, hydrocodone, codeine, and morphine has skyrocketed. Additionally, misuse of opioids is strongly linked to heroin addiction. Missouri's Department of Mental Health has received federal grant funding to work with local communities to reduce the number of overdose-related deaths; the department is applying for additional funding to expand access to prevention, treatment, and recovery services. Governor Greitens' Fiscal Year 2018 budget includes \$11 million to coordinate these efforts and combat this epidemic in Missouri.

Cyber Security

One of the state's most challenging responsibilities is to ward off threats to its information technology and data systems. Other states' systems have been infiltrated by cybercriminals attempting to steal information and disrupt state business. Governor Greitens will take the steps necessary to be a national leader in cyber security. The Governor recommends an additional \$2 million to protect against potential threats, attacks, and breaches.

Helping Missourians with Mental Health Disorders

Governor Greitens understands the challenges of those facing mental health issues through his work with wounded veterans; he knows the importance of support for those facing mental illness. Integration and coordination of behavioral health and physical health services is important, along with deploying best practices to support a path to recovery. Each year, Missouri's Department of Mental Health Division of Behavioral Health serves more than 130,000 individuals through state-operated facilities and contracts with private organizations and individuals; with a focus on

preventing, treating, and improving the public's understanding regarding mental illness and substance use disorders. To strengthen Missouri's mental health system, the Governor's Fiscal Year 2018 budget includes:

- \$115.5 million to participate in the Excellence in Mental Health Act. Missouri is one of eight states selected to participate in a federal demonstration program – the Certified Community Behavioral Health Clinic Prospective Payment System Demonstration. The project will develop a system to serve individuals with serious mental illness and substance use disorders while promoting the delivery of efficient and effective care. Funding includes \$79.5 million for community programs for adults with mental illness and \$25.5 million to treat youth with emerging mental health issues.
- \$13.8 million to assist 2,363 additional clients through the Community Psychiatric Rehabilitation and Comprehensive Substance Treatment and Rehabilitation programs.

Veterans

Missourians must never forget those who sacrificed to keep our nation safe and those who are currently in harm's way. Governor Greitens has made it his mission to make Missouri the best state in the country for veterans to live, work, build businesses, and raise their families; he has the backs of those who put their lives on the line for us. To ensure support for Missouri veterans, the Governor's Fiscal Year 2018 budget includes \$5.5 million to:

- Ensure veterans' home residents are provided the quality care they deserve and veterans with service-related disabilities have access to services.
- Build needed ancillary facilities at veterans' homes and cemeteries.

Funding for the Public Defender

Missouri needs a justice system that does justice by all of our people. As a constitutional conservative, Governor Greitens believes that every citizen has the right to a fair trial and adequate legal representation. The

Governor's Fiscal Year 2018 budget restores \$2.5 million in funding restricted by the previous administration, which will provide caseload relief for the public defender system.

Veterans' Courts and Drug Courts

Governor Greitens is an advocate for helping Missourians with mental health and substance use issues so they can be healthy, law-abiding citizens. Specialty courts seek to help low-level criminal defendants suffering from an underlying mental health, social, or substance use problem from becoming repeat offenders. The Governor's budget recommends \$2.5 million to expand drug courts and veterans' treatment courts in Missouri to help adults and veterans struggling with mental health and substance use issues.

State Employees

Governor Greitens has committed to shrinking the state workforce and retaining the state's best and brightest employees; however, this will take time to implement. Unfortunately, the current revenue situation does not allow a pay raise for the state's workforce; however, the Governor is committed to maintaining the state's benefits package for its hard-working public servants. Other states across the country are jeopardizing state employee retirement benefits by not adequately funding their pension systems. To support Missouri's public servants, the Governor recommends \$56.8 million to:

- Fully fund the contribution rate for the state's primary employee pension system; and
- Maintain the state's share of employee health care benefits, keeping costs to employees flat.

Department of Corrections

Governor Greitens is committed to reforming Missouri's correctional system. Corrections officers do hard work under difficult circumstances and Governor Greitens will stand up for them. People who are in prison should have a clear plan, from the day they enter, about what direction their lives will take the day they leave. When individuals get out of prison, we want them to go to work, to pay their

| Economic Projections | | | |
|-----------------------------|----------------------------------|--------------------|--------------------|
| | Increase by Calendar Year | | |
| <u>U.S.</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| Real GDP | 1.8 % | 2.6 % | 2.5 % |
| Employment | 1.7% | 1.5% | 1.5 % |
| Personal Income | 4.3 % | 4.2 % | 4.7 % |
| Consumer Expenditures | 2.7 % | 3.1 % | 3.1 % |
| Consumer Prices | 1.3 % | 2.7 % | 2.5 % |
| <u>MISSOURI</u> | | | |
| Employment | 1.1 % | 1.4 % | 1.2% |
| Personal Income | 3.4 % | 4.8 % | 5.2 % |

fair share in taxes, to take care of their children, and to set a good example. To accomplish this and protect all of our citizens, our correctional system needs to ensure offenders are ready to become productive members of our communities once they are released. The Governor's Fiscal Year 2018 budget includes:

- \$2 million to reduce recidivism rates by assisting offenders in partnering with agencies and community groups so they transition successfully from custody to productive citizens.
- \$300,000 to protect Department of Corrections' employees with updated body armor for staff who intervene in high-risk situations.

II. REVIEW OF FISCAL YEAR 2016 REVENUE

Net general revenue collections increased in Fiscal Year 2016 by 0.9 percent over the previous year. This fell well short of the revised growth estimate for Fiscal Year 2016 of 2.8 percent.

With the U.S. economy continuing to expand, moderate revenue growth is expected over the next eighteen months. Revenues are estimated to grow by 3.0 percent in Fiscal Year 2017 and increase moderately to 3.8 percent growth in Fiscal Year 2018.