

April 7, 2017



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Friends,

This week the House discussed and debated the Fiscal Year 2018 state operating budget for several hours on both Tuesday and Thursday before giving final approval to the \$27.7 billion spending plan and sending it to the Senate. The House version of the budget includes record levels of funding for public K-12 education, fully funding the school foundation formula for the first time. It also restores a proposed cut to school transportation funding, and adds dollars to higher education above what was recommended by the governor. The plan approved by the House also restores a cut proposed by the governor that would have impacted 20,000 seniors and disabled Missourians who currently qualify for state-funded in-home care and nursing home services.

We faced the challenge of creating a fiscally responsible budget that invests in the state's priorities while also dealing with the reality of sluggish revenue growth. Not only were lawmakers able to bridge a \$500 million shortfall in the budget while still making record investments in education, we were also able leave \$200 million on the bottom line to allow for emergency spending needs.

The House-approved spending plan also emphasizes transparency by eliminating "E"s from the budget. The "E"s represents an open-ended spending limit on funds in which legislators expect money beyond what they allocate might be needed before the next budget is created. As an example, the budget eliminates the "E" from the state's legal expense fund, which lawmakers later learned had paid out millions in settlements for harassment lawsuits. The fund now has an exact dollar figure for its funding, which will require agencies to come before the legislature to explain why they need additional dollars for court settlements.

Part of the work done by the House Budget Committee and House members was to find additional dollars to restore cuts proposed by the governor. The budget chairman noted the House was able to restore many of the spending cuts proposed by the governor to balance the budget, and House members did it while spending less than the total amount recommended by the governor in his spending plan.

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Highlights include:

- An additional \$48 million that will fully fund the School Foundation Formula for public K-12 education for the first time. The FY 2018 budget proposal appropriates more than \$6 billion in total for the Department of Elementary and Secondary Education.
- Lawmakers found an additional \$25 million to restore a cut proposed by the governor to public school transportation.
- House members also restored \$21 million in cuts proposed by the governor to higher education. Two-year and four-year institutions with the exception of the University of Missouri system will see a portion of the proposed cut restored. The UM System will receive additional dollars above the governor's recommendation in the form of funding for collaborative projects with other higher education institutions.
- The House version of the budget restores \$600,000 in funding from a proposed cut to independent living centers, which help people with disabilities to increase their independence and their opportunity to participate in day-to-day life within their communities.
- The budget plan passed by the House also restores \$1.4 million in funding for brain injury services provided by the Department of Health that have been withheld in previous budget cycles.
- House members restored funding to help implement the system of voter identification that was approved by Missouri voters last year. The House version of the budget includes nearly \$3 million in funding for the program.
- The House budget plan also restores half of a cut proposed by the governor to reimbursement rates for Medicaid providers.

Other funding highlights for the FY 2018 spending plan include:

- \$12.3 million increase for early childhood special education.
- An additional \$1.3 million in funding for the state's Area Agencies on Aging for use in the Meals on Wheels program that provides meal assistance to seniors.
- An increase of \$15.4 million in funding for the state employee pension system, which brings the plan to a record level of state support.
- \$157 million to fund the Excellence in Mental Health Pilot Project. Missouri is one of a handful of states participating in the program to increase access to community mental health and substance abuse treatment services.
- \$1 million in additional funding for an opioid abuse prevention grant program.
- \$1 million for grants to volunteer firefighter associations to help offset the increasing costs of workers' compensation premiums.
- \$250,000 to upgrade the state's Amber Alert system to allow it to be integrated with the Silver Alert System and the Blue Alert System.
- \$500,000 added to pilot a program to promote STEM (science, technology, engineering and math) education in middle schools.
- \$250,000 to be utilized for tutoring grants for math and science in provisionally accredited school districts.

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- \$4 million in additional funding for Bright Flight scholarships.
- \$62 million in new funding for road construction.
- \$25 million new federal dollars for rail, port, and freight program expansion.

The budget bills now move to the Senate for consideration. The budget must be completed by Friday, May 5, which gives the House and Senate one month to reach an agreement on the final spending plan.

Warmest regards,

Donna