Missouri’s 2012 Legislative session ended May 18th with the passage of only 116 bills. As with all sessions, bills were divided into two general categories – budget bills and issue based bills.

Specific information on current budget decisions is outlined within each priority area (below), but because the Legislature developed the budget based on a few revenue assumptions that did not occur, we expect the Governor to make significant reductions through vetoes or withhold.

CHILD CARE ISSUES

FY 2013 Budget Highlights: For years, early childhood programs and veterans services have competed for money brought into the state by casino boarding fees. This year, however, legislators changed that by dedicating the gaming money for veterans and allocating a separate pot of money for early childhood. Unfortunately, during the separation, the Legislature cut early childhood money by nearly $10 million.

Funding was eliminated for three child care related programs including:

1. Accreditation Facilitation (grants to help child care facilities gain accreditation)
2. Early Childhood Start-Up/Expansion (grants to community agencies to increase infant and toddler care)
3. Missouri Early Head Start (the federal program still exists but the 360+ infants and toddlers on the state program will lose their slots).

This is a devastating blow to Missouri’s low-income children (including children served through LFCS’ Elm Point and Hilltop child care centers). LFCS will continue to work with statewide partners to address this issue moving forward.

After several years being debated among Missouri legislators, Sam Pratt’s Law (House Bill 1323) was passed. Sam Pratt’s law will allow the Department of Health and Senior Services to close down any child care provider who is under investigation for child abuse and neglect. Unfortunately, Nathan’s Law was not as successful. Nathan’s Law (which would have limited the number of children a child care provider could care for without having to be licensed) had several hearings but lacked support from legislators and did not move forward. LFCS will continue to work with child care advocates across the state to ensure that all Missouri children are protected.

As part of HB 1323, the Legislature also enacted the Low-Wage Trap Elimination Act which creates a child care subsidy pilot program for parents to continue to receive subsidies while sharing in the costs of the benefits. While this is a wonderful concept, it is “subject to appropriation” and considering Missouri’s budget predicament, it is unlikely to be funded in the near future.

CHILD WELFARE ISSUES

FY 2013 Budget Highlights: The Children’s Division Pool funding was maintained at last year’s level. This funding item, which was cut during initial budget debates, allows the Children’s Division flexibility in responding to the specialized needs of children in the foster care system. Funding for field staff positions within the Children’s Division was cut (and not restored). The Children’s Division hopes to achieve the reduction through attrition, but we’ll have to wait and see what the true impact of this will be.
CHILD WELFARE ISSUES CONT.

Last year, LFCS was able to help pass an updated Adoption Records bill, which removed barriers for adoptees (and their descendents) to search, but created an unexpected issue around birth parent confidentiality. LFCS worked with Senator Lamping to address this issue during the 2012 session, however, the bill did not pass. We will continue to work over the summer to build momentum around this issue and will file legislation again next year.

Thanks to the passage of House Bill 1576, foster parents now have the option to purchase health insurance through that state (see “Health Care Issues” below).

Another bill (House Bill 1577) provides important benefits to children in foster care by addressing issues related to school transitions, including requiring districts to facilitate different educational requirements to help children in foster care stay on course to graduate.

House Bill 1278 to reauthorize many of the social service tax credits did not pass and the Pregnancy Resource Center tax credit will expire this summer (see “Budget & Revenue Issues” below).

Last year, Missouri’s Alternatives to Abortion program (which helps fund LFCS’ crisis pregnancy services) was moved from the Department of Health and Senior Services to the Office of Administration, and we are happy to report that the transition went smoothly and LFCS has a great working relationship with the Office of Administration. This year, the Legislature allocated additional money ($50,000) for an Alternative to Abortion Awareness Program. The details of how that program will be implemented are yet to be determined.

LFCS also worked closely with the Adoption & Foster Care Coalition and the Missouri Catholic Conference to successfully oppose numerous bills that would have slowed down the adoption process and had potential unintended consequences related to quality of services.

HEALTH CARE ISSUES

FY 2013 Budget Highlights: While there was some debate regarding benefits for blind individuals, the issue was resolved and Missouri’s health care budget remained relatively stable this year.

Thanks to the passage of House Bill 1576, Missouri’s foster parents who care for children with special needs (related to sexual abuse, serious physical abuse, or severe chronic neglect) now have the option to purchase health insurance through the Missouri Consolidated Health Care Plan if they do not have access to health care through their employer or their spouses’ employer.

After trying unsuccessfully to pass a State-Based Health Insurance Exchange bill in 2011, legislators refocused their efforts in a different direction this year. Instead of trying to design and implement a Health Insurance Exchange (or Marketplace) for Missouri families to purchase private health insurance, the Legislature spent their time pushing bills that would create barriers to establishing such a plan. [Under the Affordable Care Act, each state is required to provide a Health Insurance Marketplace, however, states are given the option to create their own state specific plan or use one developed by the federal government.]
The Budget Facts

**Overall State Spending**
43rd lowest per capita nationally

**Elementary & Secondary Education Spending**
37th lowest per capita

**Higher Education Spending**
42nd lowest per capita

**Medicaid Spending**
Lowest eligibility under federal law for low income parents.

Missouri Budget Project, March 2012

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**HEALTH CARE ISSUES CONT.**

The passage of Senate Bill 464, which 1) prohibits the Governor and/or state agencies from moving to establish a competitive marketplace and 2) allows individuals to sue state departments and state employees working to establish them, has serious repercussions for Missouri. Not only does this bill delay necessary preparation that Missouri needs to complete, virtually ensuring that Missouri’s marketplace will be created by Washington bureaucrats rather than Missouri citizens; it also threatens state money that is so desperately needed, by sanctioning lawsuits against the state that taxpayers will be on the hook for.

This is expected to be on the ballot in either August or November and we hope you will give careful consideration to the impact this could have on the state.

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**BUDGET AND REVENUE ISSUES**

**Budget Highlights:** Over the last 3 years, Missouri has balanced the budget by cutting almost $3 billion from services, and the outlook for FY2013 is not much better. Estimates from the Missouri Budget Project, project a $150 - $200 million shortfall. (Potential problems with the budget include an optimistic revenue estimate, inadequate provisions for reserves, and a reliance on unusually strong growth in lottery proceeds).

In addition to actual budget cuts, many nonprofit organizations have been hit by the Legislature’s inability to pass legislation to reauthorize successful tax credit programs like the Children in Crisis program and Pregnancy Resource Centers. Both of these programs will expire this summer, leaving agencies without an efficient fundraising tool, and the State without a cost effective program to serve vulnerable populations. LFCS does not believe that Missouri can continue to cut services while still providing for the well being of our state; legislators need to look at other options to raise much needed revenue.

Some of the other budgetary issues LFCS has been partnering with key allies across the state on, include: the Tax Payers Bills of Rights (TABOR), the Everything Sales Tax, the Sales Tax Streamlined Sales and Use Tax Agreement / Market Place Fairness Act (internet sales tax) and the Tobacco Tax, all of which failed to pass this year.

LFCS opposed both TABOR and the Everything Sales Tax as we believe that both of these bills would be detrimental to the State and to the families that live here. Neither bill passed.

If passed, the **Taxpayers Bill of Rights Bill (TABOR)** would have placed a spending lid on what the State could spend on certain services and programs to run the State, which, as you can see from the box to your right, is not an issue. Missouri continues to rank at the bottom of the country for spending on these important services and it shows.

Likewise, the **Everything Sales Tax**, if passed, would have slowly phased out state income tax and replaced it with a much larger sales tax placed on everything individuals purchase in Missouri (including all services). Not only would this proposal place an added burden on low income Missourians, it is also projected to reduce Missouri’s already declining (and much needed) revenue.
LFCS supported both the Market Place Fairness Act (internet sales tax) and the Tobacco Tax as two viable options to raise revenue and protect Missouri businesses and Missouri citizens. Neither bill passed.

The Market Place Fairness Act would provide Missouri with the tools to efficiently collect sales taxes due on purchases made through online retail and would meet the goal of leveling the playing field between Missouri’s bricks and mortar retailers and their online competitors. Recent research from the University of Missouri’s Truman School of Public Affairs indicates that the state of Missouri will lose up to $1.4 billion in revenue over the next three years due to not collecting sales taxes owed for purchases made through online retail. Currently, 24 other states have adopted the agreement.

Another revenue generator that failed to pass was the tobacco tax. Missouri has the lowest tobacco tax of any state in the country at 17 cents (the national average is $1.46) and has some of the highest smoking rates, lung cancer rates, and heart disease rates in the country. While legislation to update the tobacco tax went nowhere again this year; a coalition of agencies led by the American Cancer Society of Missouri collected the necessary signatures to put a proposal to raise the tax by 90 cents (still below the national average) on the ballot. This proposal would raise around $400 million; the majority of which would be earmarked for education (the remaining 20% would go to prevention and quit assistance).

The Tobacco Tax is expected to be on the ballot this November and we hope you will give careful consideration to the impact this could have on the state.

For more information about any of the above topics, or more information about how to get involved in Advocacy, please contact Anne Silea at 314-787-5100.