



Legislative Update

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LEGISLATURE RETURNS TO SESSION

The House and Senate have largely been out of session since the regularly scheduled break during the week of March 23-27. Both chambers will return to session activity next week on April 27.

While a primary goal is to complete next year's budget by the Constitutional deadline of May 8, legislators will also be trying to make up for lost time in passing various other legislation. The Association urges Missouri NEA members to follow key legislative activity during the remaining three weeks of session by following the daily and weekly Legislative Updates. MNEA members will need to contact legislators if priority education bills advance in the remainder of session.

Some legislative leaders are eager to finish action on their top priorities, including SJR 38 (Hegeman), a joint resolution that seeks to undermine the ethics and redistricting reforms of CLEAN Missouri. SJR 38 has already been approved by the Senate and would only require House approval in the remaining weeks, assuming the House makes no changes to the language. The Association strongly opposes SJR 38.

CORONAVIRUS CONTINUES TO AFFECT LEGISLATIVE PROCESS AND CAPITOL ACCESS

Legislators will still be observing social distancing while in the Capitol. Senate committee hearings will only take place in the Senate chamber itself and the joint committee room on the first floor of the Capitol. Members of the public will be allowed in the Capitol and will be screened regarding any possible symptoms or contacts.

GOVERNOR REITERATES PLAN TO "REOPEN" MISSOURI ON MAY 4

The Governor stated again on April 24 that his office plans to lift the current statewide stay at home order on May 4 and allow businesses to reopen with certain restrictions. The Governor mentioned that his order may not apply in the same way in all areas of the state, depending upon the level of impact of COVID-19 pandemic. Additional details regarding guidance for various businesses to reopen will be provided next week. Local health and medical officials in many areas have cautioned against prematurely relaxing the stay at home requirements and social distancing requirements, as this could trigger a second wave of infections. Local governments will still have authority to enact local requirements regarding quarantine and other restrictions.

GOVERNOR PARSON WITHHOLDS ADDITIONAL \$47 MILLION FROM STATE BUDGET INCLUDING CUTS TO K-12 EDUCATION

In anticipation of a significant state revenue shortfall during the remainder of the current fiscal year due to the COVID-19 pandemic, Governor Parson announced \$47 million in additional expenditure restrictions on April 20.

About half of these withholds will affect K-12 schools. About \$15.9 million is being withheld from the school formula. This funding was approved in HB 2014 (Smith), the supplemental budget bill, and was included to fund prior year formula recalculations. The other significant restriction in K-12 education was a withhold of \$7.1 million for pupil transportation. Restrictions to K-12 funding total \$23.6 million.

The Governor's budget office anticipates at least \$500 million in state revenue shortfall in the remainder of this fiscal year, but expects that federal funds from the recently approved federal stimulus package will make up for some of the revenue gap for this fiscal year.

BUDGET ACTION

The House bills for next year's budget (HBs 2001-2013) will be taken up by the House next week. The House Budget Committee completed its versions prior to leaving on spring break and the revenue outlook for next year has significantly declined due to the COVID-19 pandemic. Both of the major sources of state general revenue, sales taxes and personal income taxes, are expected to be significantly reduced by economic shutdown and loss of employment caused by the pandemic.

The Governor announced that his office expects about \$700 million in cuts will be needed to balance the budget next year. Other budget analysts expect that even more cuts may be needed and could reach \$1 billion. Since the Budget Committee has already produced HCS versions of the budget bills, the House may waive the rule against offering a floor substitute and allow substitute versions to be offered when the budget bills are taken up next week.

While the effects of the pandemic are significant and unexpected, they also highlight the lack of resilience in the state budgeting process caused by the cumulative effect of harmful state tax cuts in recent years. These tax cuts have reduced the state's ability to invest in public education and other vital services while also maintaining responsible levels of budget reserve funds.

The time is long overdue for the legislature to change course, stop cutting necessary taxes and enact positive tax and revenue policies that will meet the needs of Missourians. These policies should ensure the state has ongoing capacity to adequately invest in public education and other vital services. State policy should also ensure that responsible and adequate levels of budget reserve funds are available and ready for use to maintain state operations and vital services in the context of a significant economic downturn.

"WORKING GROUP" ON FEDERAL STIMULUS FUNDING

Gov. Parson established an “informal working group” to provide recommendations on how to best spend billions of dollars in federal stimulus money. The group is chaired by State Treasurer Scott Fitzpatrick and includes representation from state agencies and legislative budgeting committees. The group is expected to hold public meetings to discuss how the state can best use its projected \$2.38 billion in federal funds. Last week, Missouri received the first installment, \$1.18 Billion in federal funding to help tackle the many issues caused by this virus. Stay tuned to the Legislative Update as this process continues.

The final version of HB 2014 includes numerous amendments provided by Governor Parson to increase COVID-19 related spending in HB 2014. The amendments primarily create significant new authorization for expenditure of federal funds anticipated under the recently-approved federal CARES Act relating to the impact of COVID-19. The bill includes \$300 million in CARES funds federal spending authority for K-12 public schools. Roughly \$210 million of this is expected to be provided to public schools through Title I funding to be used for various COVID-19 funding needs.

The House adopted special operating procedures regarding social distancing in order to meet April 8 and take up and pass the Senate version of HB 2014. The procedures provided that no more than ten individuals could be on the House floor at any one time. Members were called from their offices in groups of four and allowed into the chamber one at a time to vote. Most House members wore face masks while in the chamber.

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