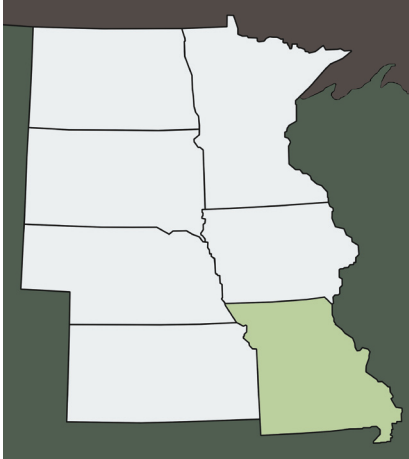


MISSOURI Budget Report Card



MISSOURI WAS ONE OF THREE states in fiscal 2016 through 2018 to receive a D-minus average in budget forecasting—the lowest grade possible (Alabama and North Dakota rounded out the list). Missouri’s shortcomings in the category included failing to make multiyear projections for revenues or expenditures and not using consensus revenue estimates.

During the budget process for fiscal 2018, staff from the house, senate, University of Missouri, and the governor’s Division of Budget and Planning developed a revenue growth estimate for the year of 3.8 percent. Neither the governor nor the legislature accepted the figure, however, and the governor’s budget recommendation was based on estimates from executive branch staff.

Despite the absence of multiyear forecasting, Missouri consistently avoided using one-time actions to achieve balance and earned an A average in budget maneuvers as a result. But it averaged only a C in transparency, as it did not disclose tax expenditures or the cost of deferred infrastructure replacement. The last estimate of tax expenditures was in 2009, when a report on the topic was produced by the University of Missouri Economic and Policy Analysis Research Center.


WEST NORTH CENTRAL STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Iowa	C	A	A	B	C
Kansas	D	D	D	D	B
Minnesota	B	A	D	A	B
Missouri	D-	A	C	B	C
Nebraska	B	A	A	C	B
North Dakota	D-	B	D	A	C
South Dakota	B	B	A	B	B
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at VolckerAlliance.org.


MISSOURI Budget Report Card

BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	D	D	D
	Consensus Revenue Forecasts	✓	X	X
	Multiyear Expenditure Forecasts	X	X	X
	Multiyear Revenue Forecasts	X	X	X
	Revenue Growth Projections	X	X	X
3-YEAR AVERAGE D		3-YEAR TREND ↘		

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	A	A	A
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	✓	✓	✓
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Up-Front Revenues	✓	✓	✓
3-YEAR AVERAGE A		3-YEAR TREND —		

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	C	C	C
	Public Employee OPEB Funding	X	X	X
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	77%	78%	78%
3-YEAR AVERAGE C		3-YEAR TREND —		

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	X	X	X
3-YEAR AVERAGE B		3-YEAR TREND —		

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	C	C	C
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X
	Discloses Tax Expenditures	X	X	X
3-YEAR AVERAGE C		3-YEAR TREND —		

KEY

✓	Followed best practice
X	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg; 2017 data also used for 2018.