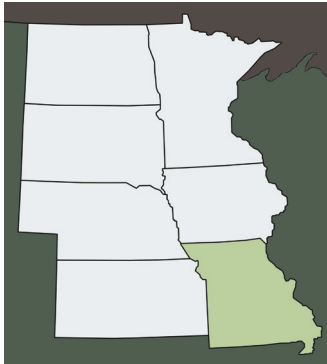


MISSOURI Budget Report Card



MISSOURI IS A STUDY in contrasts. Though it got the lowest possible average grade of D-minus in budget forecasting for fiscal 2015 through 2019, it also earned a top A average in budget maneuvers by avoiding the use of one-time measures to achieve balance. It is the only state to have such an extreme gap in grades in these two categories.

Only two other states – Alabama and North Dakota – did as poorly as Missouri in budget forecasting. While it produced revenue forecasts via the consensus method in 2016 and 2019, it failed to do so in the other years studied. In 2017 and 2018, for example, the governor and legislature declined to accept figures produced by executive and legislative branch experts and University of Missouri representatives. The state also consistently failed to issue long-term revenue and expenditure estimates, with projections covering only one fiscal year beyond the budget period.

The state scored a B average in reserve funds, missing an A because its rainy day fund policies failed to consider the volatility of the state’s revenues, a practice that was in place in twenty states in 2019. Missouri added small amounts to its Budget Reserve Fund each year. It held \$651 million in 2019, equivalent to 6.8 percent of general fund expenditures.

Missouri averaged a C in legacy costs, a category including public worker pensions and other postemployment benefits (OPEB), primarily health care. The mark reflected a failure to fund OPEB in line with actuarially determined contributions. The state has steadily provided annual contributions for pensions in line with actuaries’ determinations, however, and its pension funding ratio was 78 percent in 2019, 7 percentage points above the total for all states.


WEST NORTH CENTRAL STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Iowa	C	A	A	B	C
Kansas	D	D	D	D	B
Minnesota	B	A	C	A	B
Missouri	D-	A	C	B	C
Nebraska	B	A	A	C	B
North Dakota	D-	B	D	A	C
South Dakota	B	A	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: Preparing for the Storm* at VolckerAlliance.org. © 2021 VOLCKER ALLIANCE INC.


MISSOURI Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	D	D	D	D	D						
Consensus Revenue Forecasts	X	✓	X	X	✓						
Multiyear Expenditure Forecasts	X	X	X	X	X						
Multiyear Revenue Forecasts	X	X	X	X	X						
Revenue Growth Projections	X	X	X	X	X		●			●	
5-YEAR AVERAGE							●	●	●		

BUDGET MANEUVERS							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	B	A	A	A	A						
Deferring Recurring Expenditures	✓	✓	✓	✓	✓		●	●	●	●	
Revenue and Cost Shifting	X	✓	✓	✓	✓	●					
Funding Recurring Expenditures with Debt	✓	✓	✓	✓	✓						
Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓						
5-YEAR AVERAGE											

LEGACY COSTS							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	C	C	C	C	C						
Public Employee OPEB Funding	X	X	X	X	X						
Public Employee Pension Funding	✓	✓	✓	✓	✓		●	●	●	●	
Public Employee Pension Funded Ratio*	81%	77%	78%	78%	78%		●	●	●	●	
5-YEAR AVERAGE											

RESERVE FUNDS							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	B	B	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	X	X						
5-YEAR AVERAGE											

TRANSPARENCY							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	C	C	C	C	C						
Consolidated Budget Website	✓	✓	✓	✓	✓						
Provides Debt Tables	✓	✓	✓	✓	✓						
Discloses Deferred Infrastructure Replacement Costs	X	X	X	X	X	●	●	●	●	●	
Discloses Tax Expenditures	X	X	X	X	X						
5-YEAR AVERAGE											

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.

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