

TO: Concerned LWVMO members
FROM: Nancy Copenhaver, Legislative Director
DATE: June 19, 2010
RE: Special Session

The following information comes via Otto Fajen with Missouri NEA. Although League may not have specific positions on these particular issues, I know our members are concerned and want to be informed, so I will forward information regarding the special session as it becomes available. Keep in mind that a special session called by the Governor can only deal with issues involved in the "call" and is costly to the state, so it will no doubt be very brief.

GOVERNOR CALLS SPECIAL SESSION ON TAX GIVEAWAY AND STATE PENSION CUTS

Missouri Gov. Jay Nixon issued a proclamation on June 18, calling for a special session to begin on June 24 to resurrect an attempted legislative deal that failed on the last day of the Regular Session. The special session would revive the attempt to tie action on the state employee pension bill, SB 714 (Crowell)/HB 2357 (Jason Smith), with passage of a new generation income tax giveaway for a car manufacturing plant, SB 773 (Dempsey)/HB 1675 (Nolte).

The state employee retirement language included many new provisions affecting new state employees under the MOSERS and MPERS pension plans. The bill would affect new hires at state four-year colleges and universities (other than the University of Missouri) as they are in MOSERS.

The bill would not affect PSRS or PEERS employees, and the proclamation specifically bans consideration of any bill that would include PSRS or PEERS.

The retirement language would revise the defined benefit (DB) pension plan for new state employees by: 1) replacing the "Rule of 80" with the "Rule of 90", 2) raising the normal retirement age to 62 for legislators, elected officials and Highway Patrol officers and to age 67 for other state employees, 3) increasing the vesting period from 5 to 10 years and 4) requiring a 4% employee contribution into the plan. The bill also establishes a Missouri State Retirement Investment Board to manage the assets of MOSERS and MPERS.

The new generation tax incentive would let manufacturers keep some or all of the state income tax withholdings they normally would send to the state on behalf of their employees if they invest a certain amount of money on factory improvements for new products. Although it also could apply to other companies, the prime target of the bill is the Ford assembly plant in Claycomo.

This effort to fund further corporate tax breaks at the expense of Missouri's state employees, the lowest paid state employees in the nation is not necessary. There is no

need for emergency action to cut state employee benefits and enact more corporate welfare.

GOVERNOR WITHHOLDS \$301 MILLION FROM FY 2011 BUDGET

On June 17, Governor Jay Nixon announced over \$300 million in state funding withholds, also known as “expenditure restrictions,” in anticipation that state revenues during the coming fiscal year will not meet the revenue forecast on which the budget was made. Roughly half of the withholds from next year’s appropriations were taken from education funding.

The cuts include \$70 million taken from pupil transportation, \$50 million from the Access Missouri Scholarship program, elimination of the entire \$6.8 million state funding for MORENet, elimination of the entire \$6.4 million for the Regional Professional Development Centers and a cut of \$4.1 million or 25% from the Bright Flight Scholarship program.

These harmful cuts will cost the state jobs and reduce educational services to students across the state. The massive cut to pupil transportation will push districts to either reduce pupil transportation services or to layoff other staff and reduce other services to students. The reduction to Access Missouri Scholarships will make it harder, and in many cases impossible, for students to continue with their plans to attend college this fall.

This situation again clarifies that the most critical failure of this legislative session was inaction on comprehensive, common sense improvements to the state’s revenue system, such as a progressive income tax, taxation of online sales and tax credit accountability.

The legislature should be called in to act quickly, not to cut state employee benefits and enact new tax breaks, but rather to provide the revenues the state needs to fund public schools, public higher education and other vital services. The state budget should not be balanced solely by cutting our investment in public education and other vital public infrastructure and services.