

From: **Erin Brower**

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Subject: Early Learning Conference Call Notes 4-21-14

To: Erin Brower

Early Learning Call Notes 4/21/14

Due to Easter holiday, the MO Legislature will go in Tuesday at 4.

- Tax (Jay Hardenbrook)
 - SB 509 has been sent to Gov; he will veto on the final day he has to consider it in order to rally the votes to prevent an override
 - 11 days until veto deadline
 - Gov was on the phone all day Friday with different groups urging them to oppose the veto override
 - The bill has a \$620M fiscal; Missouri Budget Project = closer to \$800M (this is 1/10 of GR budget)
 - Legislators are saying K-12 will be okay, so we need to ratchet up childhood, mental health, etc. on the chopping block
 - Please do LTEs, contact legislators
 - Jay Hardenbrook jhardenbrook@mobudget.org; Jessica Adams jadams@mobudget.org; and Traci Gleason Tgleason@mobudget.org will help you contact the media
 - Need all hands on deck
 - Override starts in the Senate: Rs have a 1 vote super majority; if all Rs support the override, the bill will go on to the House;
 - A few of the 15 House Rs who supported the veto last year have dropped off due to the nature of their elections: Reps Walker; Wood
 - The rest of the 15 will likely support the veto
 - Mass pressure on Senate: target Ryan Silvey; David Pearce; Gary Romine (retired HS math teacher); Dixon & Wasson (Springfield/Green County – both committed to K-12 and mental health)
 - The bill contains a \$150M trigger – however, the trigger **does not count for inflation or typical revenue growth**; plus the foundation

forumula is currently \$650M underfunded; if this bill passes, we will never be able to fully fund the formula

- It's important to note that unlike KS, MO has the Hancock amendment, thus we cannot fix any mistakes they are wrong, b/c of the Hancock w/o a vote of the people (KS does not have this problem; had to immediately go back and fix their issues after they cut taxes)
- Jason Dalen: expecting an announcement this morning from Gov re: major flaw in the bill

- **Talking points on SB 509 Trigger**

§ The \$150 million trigger in the bill is so small it wouldn't keep up with inflation. We are very likely to see this very small growth in state revenue that would trigger the tax cuts.

§ The \$150 million trigger ignores the fact that we are already underfunding the foundation formula for K-12 education by more than \$600 million right now, funding for higher education has less state funding today than it did a decade ago, and the state has serious infrastructure needs.

§ The state could easily see a \$150 million bump in state revenue because of one-time events such as a legal settlement in the state's favor that would have little long-term impact on the state budget. For example, in Fiscal Year 2013, Missouri received a \$38.6 million mortgage settlement payment. Although a one-time, extraordinary, revenue gain, that payment would count toward the \$150 million trigger. In addition, also in Fiscal Year 2013, Missouri had extraordinary growth in income tax revenues. Income tax collections grew by 11.7 percent in that year, compared with the more normal level of growth of 5.9 percent in the prior fiscal year. A large portion of this extraordinary growth is attributed to a one-time bump in capital gains payments that we made due to federal tax changes.