

## Stimulus Funding & the MO Budget: What's in it for MO Kids?

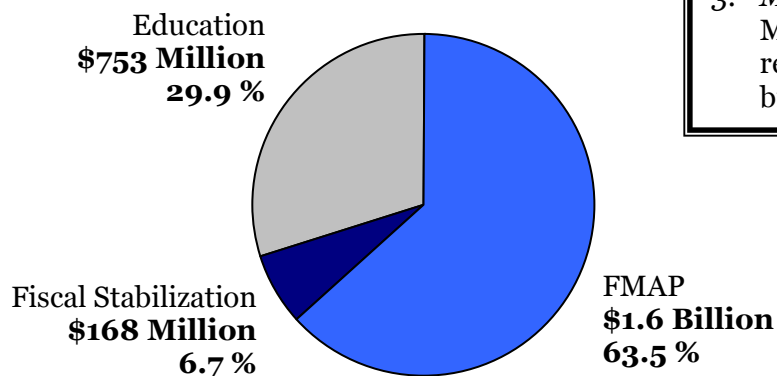
At the beginning of the 2009 legislative session, Missouri faced a \$261 million shortfall in this year's budget and up to a \$1 billion shortfall in the FY '10 budget which begins July 1, 2009. Following congressional passage of the American Recovery & Reinvestment Act in February, Missouri lawmakers worked quickly to determine what funding would be available to Missouri and how it could (and should) be used.

Thanks to a carryover of reserve funds from previous years and the influx of federal stimulus dollars, Missouri was able to balance the state budget with relatively few cuts to public education and critical safety net services. Unfortunately for Missouri's children and families, the economic recession and looming state budget deficits also meant that Missouri was unable to progress from its rankings near the bottom in the country on issues like child care, youth tobacco prevention, support for foster families, and health care.

### Three Types of Federal Recovery Funding

1. **Budget Stabilization:** Flexible funding to fill state budget shortfalls and prevent cuts to education and social service programs.
2. **Federal Stimulus:** Funding designated for specific programs or purposes with little flexibility.
3. **Competitive Grants:** Nearly 1/3 of federal recovery funding is available only on a competitive grant basis for states, local governments, and community organizations.

### Breakdown of Available MO Budget Stabilization Funding in FY '09– FY'11



### 1 Budget Stabilization

**How Much for MO?** \$2.52 billion over two years

**Appropriated this Year:** \$1.26 billion

**Budget Bills:** House Bills 1-13, 15, 21, & 22

**How was it used?** Most of the funding was used for education, safety net services, and one-time capital improvement projects. Partnership for Children was successful in advocating for \$1.6 million in one-time stabilization funds to increase the foster care clothing & diaper allowance from 35% of the federally recommended level to 65%.

#### Three Types of Budget Stabilization:

1. **Education Stabilization:** Must be used to maintain K-12 and Higher Education funding levels
2. **Fiscal Stabilization:** Can be used to supplant state general revenue anywhere in the budget.
3. **Medicaid (FMAP):** Increased federal match for Medicaid can be used to supplant state general revenue but states must maintain current eligibility & services for Medicaid.

MO lawmakers used **\$1.26 billion** in budget stabilization funding through the budget process this year — this leaves approximately **half** of the funding to fill any budget shortfall next year.

## **2** Federal Stimulus

**How Much for MO?** More than \$2.6 billion over two years

**Appropriated this Year:** \$2.6 billion

**Budget Bills:** House Bills 14, 15, & 21

**How was the funding used?** MO lawmakers mostly passed through these federal funds to designated programs, allowing state departments and the Governor's office to work out the details as more guidance comes down from the federal government.

### **Stimulus Funding for MO Children & Families:**

- **Special Education:** \$256.9 M
- **Title I Education:** \$215.8 M
  - **KCMSD:** \$14.3 M
- **First Steps:** \$8.6 M
- **Education for Homeless Children:** \$1.3 M
- **WIC Nutrition Program:** \$10.5 M
- **Community Services Block Grant:** \$30.4 M
- **Immunization Projects:** \$3 M
- **Child Support Enforcement:** \$12 M
- **Child Care Services:** \$42.6 M

### **Federal Stimulus Funding for Child Care**

Missouri will receive between **\$38 and \$43 million** over two years just for child care services, a 20% increase over current state funding.

#### **This funding could be used to:**

- Temporarily expand eligibility for child care assistance to help parents remain or get back into the workforce.
- Provide quality improvement or start up and expansion grants to child care providers.
- Expand higher-ed scholarships for early childhood teachers
- Provide one-time reimbursement bonuses to child care providers serving children on state assistance.
- Upgrade technology used to administer the child care assistance program and to coordinate professional development for providers.

## **3** Competitive Grants

**How Much for MO?** Too early to say

### **Grant Opportunities:**

- Internet crimes against children task force programs, training, or research
- Local youth mentoring initiatives
- Statewide educational longitudinal data systems
- Developing performance-based teacher compensation systems
- Improving professional development opportunities for new teachers
- Neighborhood stabilization for areas highly impacted by foreclosure
- Early Head Start expansion
- Technical assistance to community groups interested in seeking grants under the Recovery Act.

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### ***Partnership for Children***

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