



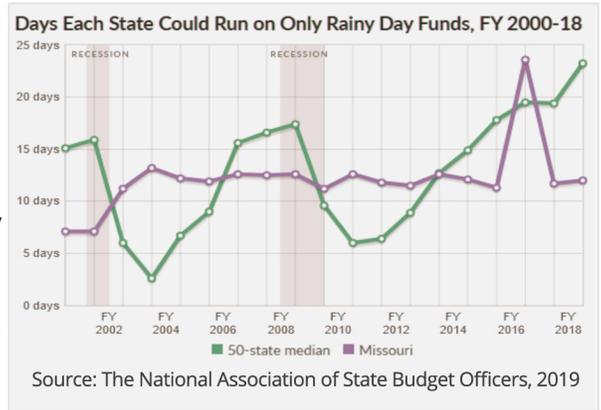
At a Glance:
 A new cash reserve savings fund that protects funding priorities and ensures financial stability.

STATE SAVINGS: CASH OPERATING EXPENSE FUND



Issue:

The State of Missouri's current rainy day fund leaves the state vulnerable to economic downturns, does not allow the state to act quickly during times of natural disasters, and contains bureaucratic barriers. Currently, the State of Missouri's rainy day fund falls below other states' reserve fund averages and has burdensome restrictions that prohibit the funds use in times of need. While the State of Missouri can still boast a AAA credit rating, the state budget is susceptible to instability in the economy and unforeseen disasters. Historically, these scenarios have led to critical programs being cut and funds being withheld or all together left out of the state budget.



SB 872 and HB 2172 create a new Cash Operating Expense Fund designed to strengthen Missouri's long-term financial health. Notably, this legislation is a result of Governor Mike Parson's emphasis on long-term fiscal responsibility and stability.

Solution:

SB 858 and HB 2189 will provide Missouri greater security in times of economic downturn, low revenue, or declared disaster by responsibly saving for Missouri's future with the formation of a new Cash Operating Expense Fund, which is subject to appropriation. The fund will receive revenue through appropriations by the General Assembly or through lapsed appropriations from the Governor's Office. Once the Cash Operating Expense Fund has exceeded 2.5% of the previous year's net general revenue collections, the excess will transfer to the Governor's Transportation Cost-Share Program and the Office of Administration for bond debt retirement.

Potential Impact:

- The Cash Operating Expense Fund would:
- Enable the State of Missouri to act quickly during a declared disaster and provide crucial assistance to local communities
 - Invest in critical infrastructure projects WITHOUT raising taxes
 - Provide Missouri with financial stability in times of an economic downturn
 - Protect budget priorities like education funding, infrastructure, and public safety

MISSOURI BOND DEBT TOTAL: \$2,726,635,138

CASH OPERATING EXPENSE FUND AT  **2.5% OF TOTAL STATE REVENUE IN SAVINGS**

2 FEDERAL DISASTER DECLARATIONS **AFFECTED 86** COUNTIES & CITY OF ST. LOUIS

COST-SHARE PROGRAM **\$50 MILLION**
 =
\$135 MILLION IN NEW PROJECTS

NET GENERAL REVENUE COLLECTIONS

FISCAL YEARS 2008-2019

