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Missouri State Auditor

Governor's Withholdings and Estimated Appropriations

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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Governor's Withholdings and Estimated Appropriations

Background

The state fiscal year begins on July 1 each year. Funding is provided annually to state agencies through the appropriation process. Appropriations provide a cap to the amount of spending for various components of agency operations. The Missouri Constitution separates the powers of state government into 3 branches: legislature, executive, and judiciary. It requires the Governor to submit to the General Assembly a proposed budget, and it authorizes the General Assembly to make specific appropriations. The Constitution forbids any state revenue from being diverted or withdrawn from the state treasury unless it is in accordance with an appropriation made by law. The Governor has the power to veto any portion of an appropriation bill, but the General Assembly may override a veto with a two-thirds majority in each house. The Constitution also gives the Governor the power to (1) control the rate at which any appropriation is expended during the year by allotment or other means, and (2) reduce the expenditures below appropriated amounts (withhold) when actual revenues are less than the revenue estimates upon which the appropriations were based.

Amounts withheld by the Governor cannot be spent unless released by the Governor. There are two types of withholdings, reserves and restrictions. State law requires 3 percent of each appropriation be set aside as a reserve fund and expended only with approval of the Governor. Governor withholdings in excess of the 3 percent reserves are referred to as restrictions. The Governor made withholdings during fiscal years 2013 and 2012. For the General Revenue Fund (GRF), the Governor subsequently released all fiscal year 2013 restrictions, but net fiscal year 2012 restrictions totaled approximately \$53.3 million.

General Revenue Fund Restrictions and Appropriations

The Governor's actions to restrict fiscal year 2012 GRF expenditures violated the Missouri Constitution because actual revenues exceeded estimated revenues. Lawful mechanisms that would preserve the constitutionally-mandated separation of powers were available to address any crisis impacting the budget. When a significant event occurs that requires additional spending authority, all or most of that funding can be included in the next year's budget. For example, in fiscal year 2012, the Governor restricted approximately \$172 million (excluding the \$56 million Facilities Maintenance Reserve Fund transfer restriction) to pay for disaster recovery related to spring 2011 flooding and a massive tornado that struck the City of Joplin on May 22, 2011, but less than \$7.8 million was actually spent on these disasters that year. The Governor could have lawfully reduced planned spending by vetoing line item budget items (subject to a potential override vote of the General Assembly). In addition, if additional spending authority is needed during a budget year, the Governor could recommend a supplemental appropriation(s), or utilize the Budget Reserve Fund.

If approved by voters in November, House Joint Resolution No. 72 will narrow the Governor's ability to violate constitutional provisions by giving the General Assembly the power to override the Governor's restrictions.

Estimated (E) Appropriations
and Documentation

The use of E appropriations violated state law and allowed the Governor to spend from certain appropriations with no spending limits. Certain appropriations have been designated with an "E" because they are hard to estimate and/or could vary based on external factors. In fiscal year 2013, expenditures from 16 of 64 GRF E appropriations exceeded appropriation amounts in approved house bills by \$35 million, while in fiscal year 2012, 26 of 79 exceeded approved amounts by \$59 million. In June 2012, the Cole County Circuit Court ruled that the use of E appropriations specifically violates Article IV, Section 23, of the Constitution, which states each appropriation shall specify the amount and purpose of the appropriation. The Office of Administration (OA) does not prepare formal documentation or calculations to support the need for restrictions and does not use a formula to establish restriction amounts. According to the state Budget Director, the Governor and OA prioritize programs and restrict those of lower priority, and consider the programs' other funding sources when deciding upon restrictions. In fiscal year 2012, the Governor's most significant unrestored restrictions included \$13.9 million from the Department of Social Services Medicaid appropriations, and \$17 million from colleges and universities.

Accounting for Governor
Withholdings

The OA has not recorded Governor withholding activities in the state's accounting system, SAM II, in a fully transparent manner. OA personnel record both reserve and restriction amounts in the "reverted" field in SAM II, making it impossible for users to separately identify reserves and restrictions. In addition, offsetting adjustments when the agencies redistribute reserve funds from one appropriation to another, are not separately identified. OA personnel prepare spreadsheets to separately record reserves, restrictions, and releases of restrictions, but these spreadsheets do not reflect the release of reserves or offsetting adjustments. Section 37.070.1, RSMo, requires each state department to carry out its mission with full transparency to the public.

Because of the limited objectives of this review, no overall rating is provided.

Governor's Withholdings and Estimated Appropriations

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Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
and
Douglas Nelson, Commissioner
Office of Administration
Jefferson City, Missouri

We have audited certain aspects related to Governor's Withholdings and Estimated Appropriations in fulfillment of our duties under Chapter 29, RSMo. The objectives of our audit were to determine:

1. Amounts restricted and subsequently released from General Revenue Fund appropriations during the fiscal years ended June 30, 2013, and 2012.
2. Whether actual General Revenue Fund revenues exceeded the consensus revenue estimates.
3. Whether amounts restricted from appropriated expenditures were accurately calculated and adequately supported.
4. Whether methods used to make withholdings and the utilization of estimated appropriations comply with applicable legal provisions.

We determined (1) all fiscal year 2013 amounts restricted were subsequently released, but fiscal year 2012 net General Revenue Fund restrictions totaled approximately \$53.3 million; (2) actual General Revenue Fund revenues exceeded consensus revenue estimates in both years; (3) documentation to support the amounts restricted was not maintained; and (4) fiscal year 2012 restrictions and the utilization of estimated appropriations appear to violate constitutional provisions. We also determined the restrictions appear to circumvent the separation of powers of the Missouri Constitution, and withholding activities are not recorded in a fully transparent manner in the state's accounting system.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.



Thomas A. Schweich
State Auditor

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Governor's Withholdings and Estimated Appropriations

Introduction

Background

Funding is provided annually to agencies of state government through the appropriation process. Appropriations provide a cap to the amount of spending for the various components of agency operations for the fiscal year, which begins each July 1st.

Constitutional provisions

Various sections of the Missouri Constitution establish the roles of the Governor and General Assembly related to setting appropriations for the upcoming fiscal year as follows.

- Article II, Section I, separates the powers of the state government into 3 branches - legislature, executive, and judiciary, and Article IV, Section I, vests supreme executive power with the Governor, and Article III, Section I, vests legislative power with the General Assembly.
- Article IV, Section 24, requires the Governor to submit to the General Assembly, within 30 days of it convening (usually in January each year), a budget for the ensuing fiscal year that contains the estimated available revenues, a complete and itemized plan of proposed expenditures of the state, and any recommendations of laws necessary to provide sufficient revenues to meet expenditures.
- Article IV, Section 23, authorizes the General Assembly to make appropriations and requires each appropriation bill specify the amount and purpose of each appropriation.
- Article IV, Section 26, authorizes the Governor to veto any portion of an appropriation bill while approving other portions of the bill. The Governor is required to attach a statement of the items or portions of items to which he objects.
- Article III, Section 32, allows the General Assembly to vote to override a Governor's veto, with a two-thirds majority needed in each house.
- Article IV, Section 27, grants the Governor the power (1) to control the rate at which any appropriation is expended during the year by allotment or other means, and (2) to reduce the expenditures below appropriated amounts (withhold) when actual revenues are less than the revenue estimates upon which the appropriations were based.
- Article IV, Section 27(a), establishes the Budget Reserve Fund. The Governor may request the General Assembly to appropriate emergency funds from this fund with certain restrictions, if there is a budget need due to a disaster.
- Article IV, Section 27(b), requires an annual transfer from the General Revenue Fund (GRF) to the Facilities Maintenance Reserve Fund



Governor's Withholdings and Estimated Appropriations Introduction

(FMRF) equal to one percent of the net GRF revenue collections of the preceding year. This section allows the Governor to reduce or eliminate the amount of the transfer during any year, or following a year the Governor made withholdings. The FMRF is to be used for maintenance, repair, or renovation of state facilities.

- Article IV, Section 28, and Article III, Section 36, provide that no state revenue may be diverted or withdrawn from the state treasury unless it is in accordance with an appropriation made by law.

House Joint Resolution No. 72

In May 2014, the General Assembly passed House Joint Resolution No. 72 (HJR 72), which proposes to amend Article IV, Sections 24 and 27 of the Constitution. These proposed amendments will be presented to state voters in November 2014.

If approved by voters, HJR 72 will not change existing state law which limits the Governor's authority to make restrictions, but will (1) prohibit the Governor from including new revenues that are dependent on proposed legislation in revenue estimates contained in the recommended budget, (2) require the Governor to notify the General Assembly of any expenditure restrictions, and (3) allow the General Assembly to override those restrictions with a two-thirds vote.

General Revenue Fund

The GRF is the chief operating fund of the state and accounts for all current financial resources not required by law or administrative action to be accounted for in another fund. Individual income and sales and use taxes comprise most of the receipts of the GRF. GRF collections occur throughout the year with collections in April typically being larger than other months as it coincides with the filing deadline for individual income taxes. Most state agencies receive funding (appropriations) from the GRF. During fiscal years 2013 and 2012, appropriations of the GRF represented about one-third of total appropriations from all funds, with federal and other restricted funds representing about two-thirds of the total.

Consensus revenue estimates

Since the early 1990s, the state has used a consensus revenue estimate (CRE) to estimate GRF revenues. The CRE was an amount agreed upon by the Governor and the General Assembly, based on recommendations prepared by the state Budget Director and the Directors of the House Appropriations and Senate Appropriations Committee Staff. The CRE would comprise a significant portion of the resources available from the GRF for appropriations by the General Assembly. A meeting was held in December each year to agree upon a CRE for the next fiscal year's budget and to revise the CRE for the current fiscal year. While these parties agreed on the CRE for fiscal years 2012 through 2014, they did not agree to a CRE for fiscal year 2015. The initial and revised CRE for fiscal years 2013 and 2012 are presented on Appendix A.



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Governor's GRF Summary

The GRF budgets prepared by the Governor and submitted to the General Assembly included a summary analysis of the GRF activities for the previously ended fiscal year and estimates for the current and upcoming fiscal years. The summaries include beginning balances, sources (revenues) and uses (appropriations), and ending balances. The principal funding sources included in the analyses are the CRE, except for fiscal year 2015 when the CRE was not agreed upon and revenues were estimated by the Governor. The analyses also consider lapsed appropriation amounts, transfers, and expenditure restrictions. The data pertaining to fiscal years 2013 and 2012 included in the Governor's GRF Summary for fiscal years 2012 through 2015 are shown at Appendix A.

While the CRE was developed jointly by the Governor and General Assembly, the Governor estimates and adds other GRF revenues to CRE amounts. The Governor's budgets for fiscal years 2013 and 2012 included "other collections" from proposed legislation for tax amnesty and other legislation to enhance revenues. The legislation for most of these items was not approved by the General Assembly and consequently, the Governor reduced the revenue estimates for those items in the subsequent years' budgets.

Governor withholdings

Amounts withheld from appropriations by the Governor cannot be spent unless released by the Governor. There are two primary types of withholdings, reserves and restrictions. OA staff enter both reserves and restrictions in the "reverted" field in the state's accounting system, SAM II.

Reserves

Section 33.290, RSMo, provides that 3 percent of each appropriation, except for those for salaries fixed by law, shall be set aside as a reserve fund and expended only with approval by the Governor. An OA official indicated the 3 percent reserve is routinely applied to all appropriations at the beginning of each fiscal year, except for certain appropriations exempted from reserves. Exempt appropriations are those used:

- To pay debt.
- To refund overpayments.
- As maintenance of effort or matching for a federal program.
- To make court-ordered payments.
- To pay another state agency for a mandatory service.
- For a Governor determined high priority.
- To pay statutory salaries.
- To generate revenues.
- To make mandatory payments.
- In entirety every year (exempting the reserve avoids the need for supplemental appropriations).
- To fund elected officials, the General Assembly, or the judicial branch.



Governor's Withholdings and Estimated Appropriations Introduction

OA officials allow agencies to redistribute (offset) their total reserve amounts among their appropriations, as long as the total reserve amount is not changed. In addition, OA officials indicated reserve amounts can be increased throughout the year when it is determined appropriated amounts are not needed, such as contracts that are not awarded, proposed legislation that does not pass, or identification of other funding sources. Additionally, OA officials will release all or part of a reserve for some appropriations when determined necessary.

Restrictions

Governor withholdings beyond the 3 percent reserves are referred to as restrictions. To support restrictions imposed, the OA prepares documents listing restrictions, amounts, and a brief explanation of each restriction. Similar documentation is prepared for most restriction releases.

During fiscal years 2013 and 2012 the Governor made withholdings on appropriations of the GRF and other funds as noted below.

Appropriations and withholdings (millions)

		General Revenue Fund		Other Funds	
		Fiscal Year 2013	Fiscal Year 2012 ¹	Fiscal Year 2013	Fiscal Year 2012 ¹
Appropriation Authority ²	\$	10,834.4	10,937.1	24,753.9	25,967.8
Withholdings					
Restrictions		81.9	113.2	9.3	117.3
Restrictions released		(81.9)	(59.9)	(8.4)	(9.7)
Net restrictions		0	(53.3)	(.9)	(107.6)
Reserves					
Reserves		79.0	80.5	14.0	111.1
Reserves released		(13.7)	(6.1)	(5.4)	(18.7)
Net reserves		(65.3)	(74.4)	(8.6)	(92.4)
Available Appropriations	\$	10,769.1	10,809.4	24,544.5	25,767.8

¹ Fiscal year 2012 restrictions made in June 2011, excluding the \$56 million restriction of the FMRF transfer, totaled approximately \$172 million.

² Biennial appropriations for capital improvements, except for the appropriated transfers for the FMRF, are presented entirely in the first year of the biennial period.

Our analysis of GRF activities noted the OA established the withholdings at the beginning of each year and releases were made primarily during the second half of the fiscal year. All restrictions were released during fiscal year 2013. During fiscal year 2012, the Governor released approximately half of the restrictions, leaving approximately \$53 million in monies not released and not available for expenditure. Most of the restriction releases in fiscal year 2012 pertained to the appropriated transfer to the FMRF (\$56 million), which was released entirely in accordance with Article IV, Section 27(b) of the Constitution. Detailed schedules of GRF restrictions, reserves, and releases are included in Appendix B and Appendix C.



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Allotments

Section 33.290, RSMo, requires departments, within 2 weeks after approval of appropriation bills, to submit to the OA Budget Director requested allotments by quarterly periods for approval by the Governor. OA staff allot the appropriations, net any withhold amounts, into quarterly installments. OA staff enter these quarterly amounts into the "allotment" field in SAM II. Expenditures during any quarter cannot exceed the total allotments year-to-date for any appropriation. For most appropriations, the OA allots 40 percent to first quarter and 20 percent to each of the 3 succeeding quarters during the fiscal year. Section 33.290, RSMo, provides that at the end of a quarterly period, the Governor may reduce the allotments of any department if it appears revenues for the fund for the fiscal year will be less than revenue estimates.

Estimated appropriations

Appropriation bills passed by the General Assembly and signed by the Governor designate certain appropriations as estimated (E) appropriations. Expenditures for E appropriations can exceed the appropriation amount without further legislative approval. E appropriations are utilized as a budgetary practice for those appropriations where the amount is difficult to estimate and/or could vary based on external factors. E appropriations are included in the appropriation bills approved by the Governor and the General Assembly. A \$1 E appropriation is typically used for expenditures that cannot be readily estimated such as tax refunds, disasters, and costs of the National Guard when ordered by the Governor to respond to emergency situations. In addition, many E appropriations have no net budgetary effect as they involve refunds or transfers of related receipts.

Extraordinary circumstances

Several extraordinary occurrences affected the GRF budget during the 2 state fiscal years ended June 30, 2013. In Spring 2011, immediately preceding fiscal year 2012 and while fiscal year 2012 appropriations bills were being legislated, the state experienced major natural disasters brought by floods and tornadoes, including the Joplin tornado. In addition, during fiscal years 2013 and 2012, the state's economy was recovering from the 2007 to 2009 recession; and according to the fiscal year 2015 budget summary, in fiscal year 2013, GRF revenues increased at the fastest rate in almost 20 years.

Court Decisions

The State Auditor filed a petition in August 2011 in Cole County Circuit Court contending the Governor unconstitutionally withheld more than \$170 million from fiscal year 2012 appropriations (including \$300,000 from the Auditor's appropriations) prior to the beginning of the fiscal year and reallocated the withholdings to E appropriations.

In June 2012, the Cole County Circuit Court (*Schweich v. Nixon*, 11 AC-CC00567) ruled the Governor may:



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- control the rate of expenditures in any manner he chooses, by spending it all on one day or waiting to the end of the year to release it all or anything in between, regardless of whether revenues are lesser than budgeted.
- withhold expenditures below appropriations any time where actual revenues are less than revenue estimates.
- not increase or pay expenditures for any E appropriation beyond the numerical amount of that appropriation.

On appeal, the Supreme Court dismissed the Auditor's petition without prejudice, and ruled, in October 2013, the Auditor had standing to bring the case with respect to withholdings from the Auditor's budget. With respect to withholdings of other agencies' budgets, the Court held the Auditor had no standing at that time because the 2012 fiscal year had not ended before he brought the suit, and the Constitution does not allow the Auditor to conduct pre-audits of other state official's spending. Additionally, the court ruled the challenge regarding the withholdings from the Auditor's appropriations could not be brought before the end of the year as it could not be determined before year-end whether the Governor was reducing the Auditor's budget or merely controlling the rate of expenditure (*Schweich v. Nixon*, 408 S.W. 32 769 (Mo. 2013)).

Scope and Methodology

We reviewed and analyzed the withholdings of the GRF for the 2 fiscal years ended June 30, 2013. The methodology to accomplish our objectives included:

1. Interviewing key personnel from the OA.
2. Reviewing appropriations and withholdings data from the SAM II system, and the OA's data and documentation regarding expenditure restrictions and reserves, and separately identifying restriction and release, reserve and release, and reserve offset activities.
3. Reviewing and evaluating certain applicable legal provisions.
4. Reviewing state budgets and appropriation house bills.
5. Reviewing other records as necessary.

We also determined the amounts of withholdings and releases from other funds, but our audit primarily focused on the GRF due to the size of the fund and its pervasive effect on the operations throughout much of the state government, and because CRE only relates to the GRF.

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1. General Revenue Fund Restrictions and Appropriations

The Governor's actions to restrict fiscal year 2012 General Revenue Fund (GRF) expenditures violated constitutional provisions because actual revenues exceeded estimated revenues. Lawful constitutional mechanisms were available that could have been utilized to address unforeseen circumstances impacting the budget, and would have provided the separation of powers provided for in the Constitution.

Restrictions

The Governor ordered restrictions totaling approximately \$82 million and \$113 million for the fiscal years 2013 and 2012. Approximately \$70 million and \$56 million of these amounts were restrictions related to the Facilities Maintenance Reserve Fund (FMRF) transfers as allowed by Article IV, Section 27(b), of the Constitution. While the Governor subsequently released all fiscal year 2013 restrictions, he released only \$60 million (including all of the FMRF related restrictions) of the fiscal year 2012 restrictions. The Governor ordered the fiscal year 2012 restrictions in June 2011, and the fiscal year 2013 restrictions in June 2012, before the fiscal years had begun. These restrictions were entered as reverted amounts in SAM II, reducing applicable appropriations by those amounts.

Actual revenues exceeded revenue estimates for fiscal years 2013 and 2012, as noted in the following table.

Estimated and Actual Revenues (millions)

	Fiscal Year 2013			Fiscal Year 2012		
	Initial	Revised	Actual ¹	Initial	Revised	Actual ¹
	Estimate	Estimate		Estimate	Estimate	
Consensus Revenue Estimate (CRE) \$	7,586	7,692		7,295	7,301	
Other collections ²	90	19		59	0	
Total CRE and other collections \$	7,676	7,711	8,083	7,354	7,301	7,341

¹ OA officials were unable to separately identify actual revenues for CRE and other collections.

² Amounts estimated by the Governor.

The OA Budget Director explained the OA and the Governor monitor the state's budget on an on-going basis and the restrictions were necessary to balance the budget because of a number of reasons, including the occurrence of unforeseen circumstances requiring additional expenditures. However, the Constitution allows expenditure restrictions only when revenue shortfalls occur. The Missouri Supreme Court, in three prior cases, has upheld such permanent restrictions only in cases involving actual revenues coming in below the CRE for that fiscal year.¹

¹ *State ex re. Liberty School District v. Holden*, 121 S.W.3d 232, 233 (Mo. banc 2003)
Missouri Health Care Association v. Holden, 89 S.W.3d 504, 512 (Mo. 2002)
State ex re. Sikeston R-VI School District v. Ashcroft, 828 S.W.2d 372, 376 (Mo. banc 1992)



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The Cole County Circuit Court ruled the Governor can make restrictions at any time of the year as long as the revenues received to date have not exceeded estimates; and release funds at the time revenues received to date equal or exceed estimates. The court explained in a perfectly balanced budget, this would occur on the last day of the fiscal year. Furthermore, the Missouri Supreme Court ruled the determination of revenue shortfalls cannot be made until the fiscal year has ended. However, from a financial management standpoint, it is not fiscally prudent to wait until the fiscal year has ended to determine whether shortfalls have occurred and restrictions/releases are needed.

Constitutional mechanisms for addressing budgetary needs

State law outlines lawful mechanisms to address budgetary needs.

The most obvious mechanism for reducing the budget provided for in the Constitution is the Governor's veto power. The Governor may veto line item budget items, subject to a potential override vote of the General Assembly. The Governor generally vetoes some budget items each year. In fiscal years 2013 and 2012, the Governor vetoed appropriated expenditures totaling \$240,000 and \$30,000, respectively. According to the state Budget Director, the Governor and the OA prefer to use the restriction process, rather than the veto process, because of their ability to release funds restricted later in the fiscal year. By approving budget items and not exercising the veto power, and instead restricting and not releasing the associated appropriations even when revenues exceed estimates, the Governor is effectively vetoing the budget items and precluding the General Assembly from overriding the veto, which circumvents the separation of powers of the Missouri Constitution.

The constitutional means for providing additional spending authority after the budget is approved is the supplemental appropriation process in which the Governor recommends and General Assembly approves supplemental appropriations. When additional spending authority is needed, this process should be utilized rather than spending from estimated appropriations (see MAR finding number 2), because it provides for separation of powers. Approximately \$23 million of the \$39 million (59 percent) in supplemental GRF appropriations recommended by the Governor were approved by the General Assembly in fiscal year 2013, and approximately \$70 million of \$72 million (97 percent) in fiscal year 2012.

When a significant event occurs that requires additional spending authority, all or most of that funding can be included in the next year's budget, without the need for supplemental appropriation(s) in the current year. For example, in fiscal year 2012, the Governor restricted approximately \$172 million (includes approximately \$117 million in non-GRF restrictions but excludes the \$56 million FMRF transfer restriction) to pay for disaster recovery related to spring 2011 flooding and a massive tornado that struck the City of Joplin on May 22, 2011. However, according to officials of the Department



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of Public Safety, State Emergency Management Agency, less than \$7.8 million was spent related to these disasters during that year.

A final means available for funding emergency expenses, including disaster-related expenses, is to utilize the Budget Reserve Fund. This means is not the optimal means, but is available and should be considered only when the above three options are not feasible. This option requires the Governor to request an emergency appropriation and two-thirds of the members of each house of the General Assembly to approve it. During fiscal years 2012 and 2013, the Governor made no requests for emergency appropriations from the Budget Reserve Fund.

During fiscal year 2012, any of the above mechanisms were available to address the state's budgetary needs; however, the Governor utilized unconstitutional restrictions and E appropriations (see MAR finding number 2) instead.

HJR No. 72

HJR 72 includes provisions which narrow the Governor's ability to violate constitutional provisions by providing the General Assembly the power to override the Governor's restrictions. If approved by the voters in November 2014, HJR 72 will require the Governor to notify the General Assembly of any restrictions imposed as a result of actual revenues being less than revenue estimates upon which the appropriations were based, and provides for an override of those restrictions with a two-thirds vote in both the House and the Senate. HJR 72 would also prevent the Governor from estimating revenues in the budget dependent on proposed legislation.

Conclusions

Fiscal prudence, including close monitoring of the state budget and taking necessary actions in response to changes, is necessary; however, these procedures should be performed in compliance with constitutional provisions. The failure to adhere to constitutional provisions regarding the Governor's authority to restrict funds circumvents the checks and balances provided for in the Constitution, and could result in the Governor controlling certain appropriations without input or approval from the General Assembly. By determining which appropriations are subjected to restrictions and determining the amount of those restrictions, the Governor can effectively veto parts of appropriations and circumvent the legislative process.

Utilizing veto powers, requesting appropriations from the Budget Reserve Fund, and requesting supplemental appropriations involve both the Governor and the General Assembly in the budgetary decisions, and provides greater accountability and transparency for decisions related to revenue shortfalls or funding unanticipated obligations.

Recommendation

The Governor and the Office of Administration should ensure expenditure restrictions are imposed in accordance with state law.



Governor's Withholdings and Estimated Appropriations Management Advisory Report

Auditee's Response

Expenditure restrictions placed on appropriations by Governor Nixon have been in accordance with state law.

In several places, the audit conveys inaccurate information regarding the consensus revenue estimate (CRE) and its relevance to the Governor's responsibility to ensure the budget remains balanced. First, it is important to understand that the CRE is not created by statute or the constitution and does not legally bind anyone - Governor or General Assembly - in the budget writing process. Moreover, contrary to the audit's suggestion, the CRE is not an agreement between the Governor and the General Assembly. At no point does the General Assembly approve the CRE. Instead, in some years, the Governor and the chairs of the House Budget Committee and Senate Appropriations Committee agree to a revenue estimate as a matter of convenience for the budget process. Furthermore, the audit erroneously suggests that the CRE is equal to the amount of revenue that is available for the state budget. It is not. It is instead simply an estimate of net general revenue collections and does not include multiple other sources of revenue that make up the total revenue available for expenditure. The Governor's responsibility to ensure there is a balanced budget must take all sources of revenue into account.

The audit incorrectly indicates that the CRE is relevant to determining when the gubernatorial powers outlined in Article IV, Section 27 of the Constitution are triggered. This assertion is completely wrong. First, the CRE did not exist at the time Article IV, Section 27 was inserted in our Constitution and clearly is not a trigger contemplated by the framers of the Constitution. Moreover, the audit's assumption that the CRE is somehow equal to the amount of appropriations is wholly false. The General Assembly can appropriate more or less than the CRE. In addition, legislation passed during the legislative session - and after a CRE is determined - impacts revenue collection and is not accounted for in the CRE and frequently is not accounted for in the final budget. The Governor's authorities established in Article IV, Section 27 involve analyzing actual appropriations and the availability of revenue and are not founded on an estimate made several months before the start of a fiscal year.

The audit asserts that vetoes, supplemental appropriations, and the Budget Reserve Fund would have been better ways to deal with budget shortfalls than expenditure reductions. While the auditor is entitled to his opinion, it is not the auditor's responsibility to make such policy decisions. Moreover, this assertion is inaccurate for several reasons.

- *The suggestion that the use of supplemental budget appropriations is a tool to address budget shortfalls illustrates a fundamental lack of understanding of the budget process. Supplemental budget appropriations provide additional spending authority. In a time of budget shortfalls, the problem is a lack of revenue not spending*



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authority. Creating more spending authority does not mitigate the need for expenditure restrictions when revenue is short but instead creates a larger shortfall and the need for more expenditure restrictions.

- *Line item vetoes are one method of reducing expenditures, but can only be used prior to a budget being enacted, not during a fiscal year. In addition, once an appropriation is vetoed, it is permanently extinguished. A line item veto does not provide flexibility to release money in the event revenue collections increase as the fiscal year progresses. Finally, it should be noted that vetoes can be used to reduce spending regardless of whether or not there is a revenue shortfall.*
- *While borrowing from the Budget Reserve Fund (BRF) is an option to find additional funding, such an action, which would require the concurrence of both the Governor and General Assembly, would put the state into debt. Such an approach is short-sighted and would merely push the fiscal problem into the next fiscal year when repayment of borrowed BRF dollars would need to start to be repaid.*

As a final note, the audit editorializes that HJR 72, which is to appear on the November 2014 ballot, is designed " ... to prevent the Governor from violating constitutional provisions." In fact, HJR 72 does not say that and the courts of this state have repeatedly ruled that the current and previous governors have acted within their constitutional authority when controlling the rate of expenditures to maintain balanced budgets.

Auditor's Comment

The Governor's response is clearly an attempt to muddy the issues at hand and to avoid agreeing on any measure designed to support compliance with constitutional provisions. The Governor argues the CRE is not relevant to the determination that actual revenues are less than budget revenue estimates. However, the revenue estimates (which include CRE) presented in the budgets, are the only documented revenue estimates prepared and retained by the Governor; the practice of utilizing the CRE in the budget process has existed for over 20 years; and the CRE has been recognized in Missouri Supreme Court cases challenging restrictions made by past Governors. In fact, the Governor while he was Attorney General, successfully argued on behalf of former Governor Holden ". . . that the only relevant estimate of revenues for constitutional withholding purposes is the consensus revenue estimate of general revenue . . ." [*Missouri Health Care Association v. Holden*, 89 S.W.3d 504, 510 (Mo. banc 2002)]. The Governor's assertion the SAO does not understand the concept of the CRE is inaccurate. Pages 5 and 6 of this audit report outline the CRE process, and page 6 clearly indicates additional amounts are added to the CRE to arrive at the total estimated amount that appropriations were based on. Finally, the Governor's response says the audit report points out better ways to deal with budgetary shortfalls than expenditure reductions; however, this report actually points out **lawful** ways to address budgeting needs.



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2. Estimated (E) Appropriations and Documentation

The use of estimated appropriations violated state law. In addition, the OA did not prepare documentation to support the need for the expenditure restrictions imposed during the 2 years ended June 30, 2013.

E appropriations

The use of E appropriations violated state law and allowed the Governor to spend from certain appropriations with no spending limits.

In fiscal year 2013, expenditures from 16 of 64 GRF E appropriations having budgetary effect exceeded appropriation amounts in approved house bills by approximately \$35 million, or 46 percent. Similarly, in fiscal year 2012, expenditures from 26 of 79 GRF E appropriations exceeded appropriations by approximately \$59 million, or 36 percent.

In June 2012, the Cole County Circuit Court ruled that the use of E appropriations specifically violates the Article IV, Section 23, of the Constitution which states each appropriation shall specify the amount and purpose of the appropriation, and that allowing E appropriations permits the Governor to amend appropriation amounts without the separation of powers doctrine set out in the Constitution.

Documentation

The OA does not prepare formal documentation or calculations to support the need for restrictions, and does not use a formula to establish restriction amounts. Instead the Governor's office and the Budget Director negotiate restriction amounts and the amounts are ultimately based on what the Governor believes is necessary.

According to the state Budget Director, when making decisions regarding which appropriations to restrict and restriction amounts, the Governor and the OA prioritize programs, and restrict those of lower priority. In addition, the state Budget Director indicated the Governor and the OA consider programs' other funding sources when making these decisions. For example, restrictions were imposed on certain higher education institutions in 2012, because these institutions had imposed tuition increases, and could therefore handle the appropriation restrictions better than other agencies without such revenue sources. The restrictions imposed and reasons provided by the OA for some of the most significant restrictions are noted below:

- For both fiscal years 2013 and 2012, the Governor restricted most or all of the appropriated transfer from the GRF to the FMRF. These restrictions were included in the Governor's budget summaries for those years. For fiscal year 2013, the entire \$70 million appropriation was restricted; and for fiscal year 2012, approximately \$56 million of the appropriated \$71 million was restricted. OA officials explained the restriction was needed to balance the budget and was authorized by Article IV, Section 27(b) of the Constitution.



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- For fiscal year 2012, the Governor restricted college and university GRF appropriations at or below initial Governor-recommended appropriation amounts. The General Assembly had approved appropriations totaling approximately \$785 million, or \$12 million more than the approximately \$773 million recommended by the Governor. Governor-imposed restrictions on these appropriations totaled approximately \$17 million. According to OA officials, restrictions that reduced the available appropriation to amounts below the initial Governor-recommended appropriations were imposed on certain colleges and universities that had implemented tuition increases. For fiscal year 2013, the Governor imposed restrictions totaling about \$9 million on these appropriations, effectively reducing the available appropriations to fiscal year 2012 levels. The 2013 restrictions imposed on the GRF appropriations represented about 1 percent of the total GRF and Lottery Fund appropriations for each institution.
- For the other fiscal year 2013 restrictions and many of the other fiscal year 2012 restrictions, the Governor restricted appropriations to the Governor-recommended amount or the previous year's appropriation or expenditure amount. For example, restrictions totaling about \$13.9 million were imposed in fiscal year 2012 on Department of Social Services Medicaid appropriations, reducing those appropriations to fiscal year 2011 spending levels.

In fiscal year 2012 few restrictions were released, except for the FRMF transfer, which was released in full. In fiscal year 2013, all restrictions were released, with most releases made during February, May, and June 2013. OA officials indicated restrictions were released when it was prudent to do so based on revenues, available cash and appropriations.

To document compliance with constitutional provisions and ensure transparency of budgetary decisions, documented analyses should be prepared and retained to support the need for the restrictions.

Recommendation

The Governor and the Office of Administration discontinue proposing the use of E appropriations. In addition, the OA should prepare and retain documentation to support the need for any expenditure restrictions imposed.

Auditee's Response

The Governor and Office of Administration only use E appropriations that have been authorized by the General Assembly. The FY2015 appropriations bills, approved by the General Assembly, include over 100 lines with "E" appropriations. The Office of Administration only authorizes use of "E" appropriations based on the General Assembly's actions. Also, the audit references a ruling from the Cole County Circuit Court, a ruling that was vacated by the Missouri Supreme Court when it dismissed a case brought by the Auditor. Finally, the OA does maintain adequate documentation to



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support the need for expenditure restrictions and such documentation was made available during the audit.

Auditor's Comment

The Governor's assertion that E appropriations are solely authorized by the General Assembly is disingenuous, as the budgets the Governor submitted to the General Assembly each year included E appropriations. In addition, while OA personnel did provide us with annual expenditure restriction/line item veto reports showing amounts and comments supporting appropriations restricted, at no point during the audit did they provide any calculations or other documentation to support (1) that actual revenues did not exceed estimated revenues, or (2) how the amounts restricted from each appropriation were determined.

3. Accounting for Governor Withholdings

The OA has not recorded Governor withholding activities in SAM II in a fully transparent manner.

Expenditure reserves and restrictions are not separately identified within SAM II. OA personnel record both reserve and restriction amounts in the "reverted" field in SAM II. Consequently, it is impossible for users to separately identify reserves and restrictions. In addition, offsetting adjustments to reserve amounts, for agency redistributions of reserve amounts among appropriations, are not separately denoted in the system. Consequently, reserves and restrictions cannot be effectively tracked by agencies, OA, and other users of SAM II.

OA personnel prepare spreadsheets to separately record reserve, restriction, and releases of restriction transactions; however the release of reserve transactions or offsetting reserve activity are not recorded on the spreadsheets. As a result, neither SAM II nor OA spreadsheets provide complete and transparent information regarding Governor withholdings.

Section 37.070.1, RSMo, requires that it shall be the policy of each state department to carry out its mission with full transparency to the public. Any data collected in the course of its duties shall be made available to the public in a timely fashion, and any data, reports, or other information resulting from any activities conducted by the department in the course of its duties shall be easily accessible by any member of the public. To allow for more complete and transparent information regarding expenditure reserve and restriction transactions, appropriate modifications should be made to the SAM II. Such modifications should provide for separate recording of reserves, restrictions, releases, and offsetting reserve activity. In July 2014, the OA implemented SAM II enhancements to separately account for restrictions and reserves; however, the modifications will not provide a separate accounting for offsetting reserve activity.



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Recommendation

The Office of Administration utilize the modifications to SAM II to separately record reserves, restrictions, and releases. The OA should consider further modifications to SAM II to separately account for offsetting reserve activity transactions.

Auditee's Response

The Office of Administration has made modifications to the SAM II system to separately record reserves and restrictions and has begun using and will continue to use this modified accounting. The OA will consider further modifications to the accounting system to separately account for offsetting reserve activity and will make such modifications when it is determined such modifications would be economically viable.

Appendix A

Governor's Withholdings and Estimated Appropriations
 Consensus Revenue Estimates and Budget Summary - General Revenue Fund

	Year Ended June 30,					
	2013			2012		
	Initial Estimate ⁵	Revised Estimate ⁶	Actual ⁷	Initial Estimate ⁸	Revised Estimate ⁵	Actual ⁶
Consensus Revenue Estimates						
COLLECTIONS						
Individual Income Tax	\$ 6,084,700,000	6,103,000,000	6,367,971,141	5,904,600,000	5,835,000,000	5,844,676,938
Sales and Use Tax	1,940,600,000	1,915,000,000	1,897,543,412	1,884,900,000	1,875,000,000	1,873,305,715
Corporate Income/Franchise Tax	520,000,000	485,000,000	525,678,994	569,300,000	530,000,000	502,854,351
County Foreign Insurance Tax	200,000,000	200,000,000	191,234,333	205,000,000	190,000,000	191,832,380
Liquor Tax	26,000,000	26,000,000	26,075,287	30,000,000	25,500,000	25,579,812
Beer Tax	8,200,000	8,300,000	8,044,713	8,800,000	8,200,000	8,151,881
Interest on Deposits and Investments	6,000,000	7,000,000	7,038,083	13,000,000	6,000,000	7,091,824
Federal Reimbursements	26,300,000	21,400,000	18,433,426	80,400,000	31,300,000	16,490,091
All Other Sources	151,700,000	206,000,000	220,027,379	137,700,000	149,900,000	149,293,401
Total General Revenue Collections	8,963,500,000	8,971,700,000	9,262,046,768	8,833,700,000	8,650,900,000	8,619,276,393
REFUNDS	(1,377,900,000)	(1,280,000,000)	(1,179,360,199)	(1,538,400,000)	(1,350,000,000)	(1,278,687,045)
Net General Revenue Collections	\$ 7,585,600,000	7,691,700,000	8,082,686,569	7,295,300,000	7,300,900,000	7,340,589,348
Budget Summary						
RESOURCES						
Beginning Balance	\$ 0	64,351,126	64,056,028	155,234,746	168,931,183	168,931,183
Previous Year's Lapse ¹	125,627,411	139,820,067	139,663,383	133,032,471	208,140,134	208,140,137
Revenue Collections	8,963,500,000	8,971,700,000	9,262,046,768	8,833,700,000	8,650,900,000	8,619,276,393
Refunds	(1,377,900,000)	(1,280,000,000)	(1,179,360,199)	(1,538,400,000)	(1,350,000,000)	(1,278,687,045)
Federal Budget Stabilization Receipts	0	0	0	277,270,000	277,269,999	277,269,999
Other Collections ²	90,350,000	19,200,000	0	58,600,000	0	0
Transfers to Fund	222,867,915	182,755,695	184,808,379	120,189,683	144,984,904	150,105,240
Total Resources Available	8,024,445,326	8,097,826,888	8,471,214,359	8,039,626,900	8,100,226,220	8,145,035,907
OBLIGATIONS						
Operating Appropriations	7,998,199,499	8,013,807,330	8,013,807,330	7,904,748,265	7,908,511,628	7,909,511,629
Disaster Recovery Appropriations ³	31,187,501	0	0	0	72,000,001	0
Supplemental/Estimated Appropriations	0	58,546,813	57,668,344	120,000,000	92,302,576	134,881,752
Capital Appropriations	70,000,000	70,000,000	70,000,000	71,132,154	89,632,154	89,632,154
Expenditure Restrictions/Confirmed Lapse ⁴	(75,000,000)	(44,527,255)	0	(56,257,759)	(62,220,139)	(53,340,754)
Total Obligations	8,024,387,000	8,097,826,888	8,141,475,674	8,039,622,660	8,100,226,220	8,080,684,781
Ending Balance	\$ 58,326	0	329,738,685	4,240	0	64,351,126

Notes to Budget Summary:

- ¹ Unexpended appropriations are counted as a resource in the next fiscal year to avoid premature commitment of uncertain resources until actual lapses are known. This amount includes reserves authorized by Section 33.290, RSMo.
- ² Includes tax amnesty, centralized debt collection, integrated tax system, federal reciprocity, and other collection initiatives.
- ³ Includes appropriations for the State's Emergency Management Agency within the Department of Public Safety and the National Guard within the Governor's Office.
- ⁴ Initial amounts for fiscal years 2013 and 2012 include expenditure restrictions applied to the Facilities Maintenance Reserve Fund and the initial amount for fiscal year 2013 includes \$5 million confirmed lapse in Judiciary appropriations.

Sources:

- ⁵ Governor's 2013 budget
- ⁶ Governor's 2014 budget
- ⁷ Governor's 2015 budget
- ⁸ Governor's 2012 budget

Appendix B-1

Governor's Withholdings and Estimated Appropriations
 Appropriations and Withholdings - General Revenue Fund
 Year Ended June 30, 2013

	Appropriation Authority	Restrictions			Reserves			Reserve Offsets ¹			Available Appropriation
		Withheld	Released	Net	Withheld	Released	Net	Withheld	Released	Net	
Agriculture	\$ 14,847,497	0	0	0	297,536	0	297,536	1,528	(1,528)	0	14,549,961
Attorney General	14,733,807	0	0	0	23,984	0	23,984	0	0	0	14,709,823
Corrections	656,393,734	0	0	0	15,701,277	(2,594,221)	13,107,056	3,498,633	(3,498,633)	0	643,286,678
Economic Development	39,308,142	0	0	0	1,105,095	(246,797)	858,298	0	0	0	38,449,844
Elementary and Secondary Education	2,922,130,260	200,000	(200,000)	0	4,085,874	0	4,085,874	312,845	(312,845)	0	2,918,044,386
Governor	6,576,033	0	0	0	10,692	0	10,692	0	0	0	6,565,341
Health and Senior Services	273,259,145	814,098	(814,098)	0	1,513,671	(70,454)	1,443,217	169,638	(169,638)	0	271,815,928
Higher Education	850,556,119	8,876,560	(8,876,560)	0	31,514,836	(8,801,095)	22,713,741	16,683	(16,683)	0	827,842,378
Judiciary	173,205,453	0	0	0	71,575	0	71,575	0	0	0	173,133,878
Labor and Industrial Relations	2,139,935	0	0	0	54,336	0	54,336	16,604	(16,604)	0	2,085,599
Legislature	34,681,272	0	0	0	56,402	0	56,402	0	0	0	34,624,870
Lieutenant Governor	447,722	0	0	0	1,051	0	1,051	0	0	0	446,671
Mental Health	827,722,158	304,301	(304,301)	0	8,033,793	(588,597)	7,445,196	4,085,249	(4,085,249)	0	820,276,962
Natural Resources	11,361,072	30,000	(30,000)	0	302,097	0	302,097	88,642	(88,642)	0	11,058,975
Office of Administration	1,118,122,769	70,305,000	(70,305,000)	0	2,464,491	(30,000)	2,434,491	857,864	(857,864)	0	1,115,688,278
Public Defender	36,321,545	721,071	(721,071)	0	0	0	0	0	0	0	36,321,545
Public Safety	67,579,535	100,000	(100,000)	0	1,138,666	(299,544)	839,122	4,676	(4,676)	0	66,740,413
Revenue	1,471,627,200	0	0	0	5,398,901	(191,129)	5,207,772	360,000	(360,000)	0	1,466,419,428
Secretary of State	24,193,397	0	0	0	52,216	0	52,216	3,000	(3,000)	0	24,141,181
Social Services	2,265,797,262	282,440	(282,440)	0	7,139,660	(866,298)	6,273,362	10,686	(10,686)	0	2,259,523,900
State Auditor	6,665,056	0	0	0	6,815	0	6,815	0	0	0	6,658,241
State Treasurer	7,388,602	0	0	0	0	0	0	0	0	0	7,388,602
Transportation	9,344,129	250,000	(250,000)	0	43,324	0	43,324	0	0	0	9,300,805
Total	\$ 10,834,401,844	81,883,470	(81,883,470)	0	79,016,292	(13,688,135)	65,328,157	9,426,048	(9,426,048)	0	10,769,073,687

¹ Agency redistributions of reserve amounts.

Appendix B-2

Governor's Withholdings and Estimated Appropriations
 Appropriations and Withholdings - General Revenue Fund
 Year Ended June 30, 2012

	Appropriation Authority	Restrictions			Reserves			Reserve Offsets ¹			Available Appropriation
		Withheld	Released	Net	Withheld	Released	Net	Withheld	Released	Net	
Agriculture	\$ 26,758,185	120,000	0	120,000	798,455	(266,250)	532,205	1,585	(1,585)	0	26,105,980
Attorney General	14,568,471	0	0	0	26,951	0	26,951	0	0	0	14,541,520
Corrections	649,433,636	2,000,000	0	2,000,000	17,517,828	(1,473,500)	16,044,328	4,655,305	(4,655,305)	0	631,389,308
Economic Development	40,526,287	875,000	(267,690)	607,310	1,189,778	0	1,189,778	0	0	0	38,729,199
Elementary and Secondary Education	2,785,716,059	2,050,000	0	2,050,000	13,316,451	(3,604,872)	9,711,579	7,054	(7,054)	0	2,773,954,480
Governor	9,042,104	0	0	0	10,418	0	10,418	0	0	0	9,031,686
Health and Senior Services	284,056,031	1,566,620	(941,620)	625,000	1,614,635	0	1,614,635	15,467	(15,467)	0	281,816,396
Higher Education	834,653,796	19,825,300	0	19,825,300	24,520,331	(205,036)	24,315,295	0	0	0	790,513,201
Judiciary	172,505,441	6,000,000	(400,000)	5,600,000	70,398	0	70,398	2,750,599	(2,750,599)	0	166,835,043
Labor and Industrial Relations	1,971,236	0	0	0	89,448	0	89,448	1,799	(1,799)	0	1,881,788
Legislature	34,538,840	760,780	(306,876)	453,904	56,805	0	56,805	0	0	0	34,028,131
Lieutenant Governor	442,807	0	0	0	1,058	0	1,058	0	0	0	441,749
Mental Health	790,806,280	150,000	0	150,000	8,033,611	(108,579)	7,925,032	2,739,343	(2,739,343)	0	782,731,248
Natural Resources	10,989,305	0	0	0	290,801	(20,884)	269,917	47,321	(47,321)	0	10,719,388
Office of Administration	1,101,711,557	57,329,470	(56,257,759)	1,071,711	1,792,315	(31,822)	1,760,493	1,321,673	(1,321,673)	0	1,098,879,353
Public Defender	34,707,100	0	0	0	0	0	0	0	0	0	34,707,100
Public Safety	93,925,600	709,000	(216,781)	492,219	2,052,687	(87,149)	1,965,538	349,172	(349,172)	0	91,467,843
Revenue	1,625,512,518	3,579,708	0	3,579,708	1,499,570	(368,597)	1,130,973	0	0	0	1,620,801,837
Secretary of State	24,418,103	0	0	0	48,779	0	48,779	0	0	0	24,369,324
Social Services	2,375,916,791	16,978,102	(1,512,500)	15,465,602	7,543,725	0	7,543,725	8,321,000	(8,321,000)	0	2,352,907,464
State Auditor	6,892,755	300,000	0	300,000	7,114	0	7,114	0	0	0	6,585,641
State Treasurer	7,851,865	0	0	0	0	0	0	0	0	0	7,851,865
Transportation	10,191,896	1,000,000	0	1,000,000	35,824	0	35,824	0	0	0	9,156,072
Total	\$ 10,937,136,663	113,243,980	(59,903,226)	53,340,754	80,516,982	(6,166,689)	74,350,293	20,210,318	(20,210,318)	0	10,809,445,616

¹ Agency redistributions of reserve amounts.

Appendix C

Governor's Withholdings and Estimated Appropriations
Expenditure Restrictions and Releases - General Revenue Fund

	Year Ended June 30,					
	2013			2012		
	Initial Restriction	Funds Released	Net Restriction	Initial Restriction	Funds Released	Net Restriction
AGRICULTURE						
Veterinary Student Loan	\$ 0	0	0	120,000	0	120,000
CORRECTIONS						
Corrections Overtime	0	0	0	2,000,000	0	2,000,000
ECONOMIC DEVELOPMENT						
Community Development Corporations	0	0	0	200,000	0	200,000
Film Commission	0	0	0	175,000	0	175,000
Trade Zone Facilities	0	0	0	500,000	(267,690)	232,310
ELEMENTARY AND SECONDARY EDUCATION						
Parents as Teachers	0	0	0	2,050,000	0	2,050,000
Scholars and Fine Arts Academies	200,000	(200,000)	0	0	0	0
HEALTH AND SENIOR SERVICES						
Alzheimer Non Profit Organizations	0	0	0	250,000	0	250,000
Area Agency on Aging Contracts	0	0	0	941,620	(941,620)	0
Area Health Education Centers	200,000	(200,000)	0	375,000	0	375,000
Core Public Health	564,098	(564,098)	0	0	0	0
Safe-Care Program Expansion	50,000	(50,000)	0	0	0	0
HIGHER EDUCATION						
Access Missouri Scholarship	0	0	0	1,000,000	0	1,000,000
Bright Flight Scholarship	0	0	0	2,000,000	0	2,000,000
Higher Education Institutions	8,476,559	(8,476,559)	0	16,775,300	0	16,775,300
Higher Education Institutions-Equity	300,001	(300,001)	0	0	0	0
Missouri Research and Education Network	0	0	0	50,000	0	50,000
State Historical Society	100,000	(100,000)	0	0	0	0
JUDICIARY						
Circuit Courts	0	0	0	6,000,000	(400,000)	5,600,000
LEGISLATURE						
House and Senate	0	0	0	760,780	(306,876)	453,904
MENTAL HEALTH						
Alcohol and Drug Abuse Offender Treatment Pilot	264,876	(264,876)	0	0	0	0
Eating Disorders Council	39,425	(39,425)	0	150,000	0	150,000
NATURAL RESOURCES						
Land Survey Restoration Project	30,000	(30,000)	0	0	0	0
OFFICE OF ADMINISTRATION						
Administrative Hearing Commission	30,000	(30,000)	0	0	0	0
Alternatives to Abortion Awareness	50,000	(50,000)	0	0	0	0
Facilities Maintenance Reserve Fund Transfer	70,000,000	(70,000,000)	0	56,257,759	(56,257,759)	0
Lease Purchase Debt Service	0	0	0	871,711	0	871,711
Office of Child Advocate	100,000	(100,000)	0	100,000	0	100,000
State Capitol Commission	125,000	(125,000)	0	100,000	0	100,000
PUBLIC DEFENDER						
Extraordinary/Conflict Case Expenses	721,071	(721,071)	0	0	0	0
PUBLIC SAFETY						
Air Search and Rescue	0	0	0	15,000	0	15,000
Boonville Readiness Center	0	0	0	316,000	(16,781)	299,219
Community Intervention	100,000	(100,000)	0	178,000	0	178,000
Firefighter Training	0	0	0	200,000	(200,000)	0
REVENUE						
Department of Revenue Taxation	0	0	0	3,579,708	0	3,579,708
SOCIAL SERVICES						
Children's Treatment Services	0	0	0	1,600,000	0	1,600,000
Crisis Care	0	0	0	800,000	(800,000)	0
Domestic Violence	0	0	0	712,500	(712,500)	0
Foster Care Outdoor Program	76,220	(76,220)	0	0	0	0
Foster Care Psychotropic Tracking	90,000	(90,000)	0	0	0	0
Hand Up Pilot Project	40,000	(40,000)	0	0	0	0
Medicaid	0	0	0	13,865,602	0	13,865,602
Pace Rate Increase	76,220	(76,220)	0	0	0	0
STATE AUDITOR						
State Auditor	0	0	0	300,000	0	300,000
TRANSPORTATION						
Port Financial Assistance	250,000	(250,000)	0	1,000,000	0	1,000,000
Total	\$ 81,883,470	(81,883,470)	0	113,243,980	(59,903,226)	53,340,754