



Legislature Passes Supplemental Budget

HB 2014 Provides Funding for the Remainder of this Fiscal Year

The House and Senate came into the Capitol for limited activity this week to pass the FY 2020 supplemental budget. The supplemental budget bill, [HB 2014](#), provides funding authority for the remainder of the fiscal year, which ends June 30.

Before the COVID-19 pandemic, HB 2014 totaled \$361 million. In March, the House included an additional \$33 million of federal spending authority for coronavirus response. Budget leadership said this was their best estimate at the time but acknowledged changes may be needed in the Senate. After the House initially approved HB 2014, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the \$2 trillion COVID-19 stimulus package.

This week, the Senate Appropriations Committee met on Tuesday and incorporated the Governor's [recommended amendments](#), with a few changes, into the supplemental budget. This added billions in spending authority for federal COVID relief funds the state may receive, much of which was passed in the CARES Act.

The House and Senate met on Wednesday to pass the bill and send it to the Governor's desk. The Legislature discouraged the public from entering the building, limited the number of staff on the premises, and Representatives voted a few members at a time to maintain social distancing. The truly agreed and finally passed version of the supplemental budget totals \$6.2 billion. The COVID-related federal spending authority in HB 2014 includes:

- \$300 million for distribution to public schools.
- \$1.071 billion for distribution to local governments.
- \$90 million to increase reimbursement to nursing homes to compensate for COVID-related expenses.
- \$900,000 for suicide prevention initiatives.
- \$20 million for assistance to child care providers.
- \$140 million general revenue and \$1.288 billion federal for state agency expenses related to the pandemic.
- Language requiring 25% of certain CARES Act funding to go to local governments based on population within 10 days of receipt. St. Louis County and Jackson County are exempt as they will receive funds directly because of their population size (over 500,000).

Dan Haug, the Administration's Budget Director, described the supplemental budget as a "belt-and-suspenders" approach to allow the state to maximize federal funds that may be available. For example, \$200 million was allocated to higher education institutions. Haug said this will likely go directly to institutions, but the money is appropriated so it can be expended if needed. \$1.5 billion was added for K-12 education in case money is allocated in a future federal COVID relief bill. The Administration stated they are waiting on federal guidance to confirm how some funds will be distributed and what expenses will be allowable. The language in the supplemental bill is broad and provides the Governor significant discretion, within federal parameters. Haug said it is virtually impossible the state will spend all the federal money before June 30, so much of this would also be considered as part of the FY 2021 operating budget.

Additionally, the Legislature truly agreed and finally passed [HB 2456](#), sponsored by Representative Cody Smith (R-Carthage). This extends the sunset on Missouri's provider taxes, which are essential to drawing down federal dollars to fund the state Medicaid program.

In another significant COVID-related announcement, on Thursday afternoon, Governor Parson [declared](#) public and charter schools will remain closed for the remainder of the school year. Activities, such as meal delivery and remote academic engagement, will continue.

There are many variables impacting how the remainder of this session, and any possible special sessions, will play out. Modeling from the University of Washington now shows Missouri's COVID-19 cases may peak around April 19. If this prediction is borne out, there are discussions about the General Assembly possibly reconvening for the last few weeks of session, perhaps the last week of April until adjournment on May 15. In such a scenario, the Legislature could move bills fairly close to passage, such as legislation to modify punitive damages and create a statewide prescription drug monitoring program. It is also possible they could attempt to pass a broader array of bills by sending legislation to conference with omnibus amendments.

The FY 2021 operating budget also must be passed, and there are divergent opinions on whether this should be done during regular session or a special session in the summer. If a special session occurs, there is a push to include the "Wayfair" fix to ensure the state and local governments can collect sales/ use tax on online purchases. Especially given the spike in online shopping during the stay-at-home order, this is a priority for many stakeholders.

The outcome of this session is still uncertain, and we will provide more information as it becomes available. However, we wanted to make you aware of the possibility that further legislative action could be considered this session.