



February 14, 2025

Many were hopeful that the Chiefs were going to win the Super Bowl for the third time in a row and were preemptively planning for a short week in order to head to Kansas City and participate with the parade and other celebratory events! Alas, the Chiefs did not prevail, and all returned to the Capitol Monday although despondent, ready for a busy legislative week.

However, by end of Monday, reports were coming in predicting heavy snow fall and plunging temperatures throughout the state. While the week was not cut short for celebratory activities, to keep members and staff safe, legislative activity was ultimately put on hold. The House canceled all floor and committee activities for Wednesday, while the Senate braved the inclement weather and conducted business per usual. With only one chamber operating, Capitol halls were much quieter than usual.

Committee Reports

Employment Security

The House Committee on Government Efficiency convened Tuesday afternoon to consider passage of HB 202, sponsored by Representative David Casteel (R-High Ridge). The bill establishes the "Employment Security Program Integrity Act of 2024" to establish methods to ensure identity verification and outlines the responsibility of companies regarding new hires and their wages. During committee discussion, a committee substitute was adopted to add clarifying language and rearranged two sections to ensure consistency throughout the bill. Once modified, the committee passed the bill by an 11-6 vote.

Budget Update

DESE

On Monday the Department of Elementary and Secondary Education (DESE) presented their FY26 budget request to the House Budget Committee, outlining their priorities for education spending and childcare programs in the state. Of note, the Department outlined several changes to the FY26 budget proposal, including:

- A recalculation of the State Adequacy Target (SAT), which occurs every two years and is a benchmark for the minimum amount to be spent per pupil in public education throughout the state, increasing from \$6,760 to \$7,145.
- A \$15 million increase to the small schools' grants program for school districts with fewer than 350 students as required by the passage of SB727 in 2024.

- \$55.8 million for school district programs offering instruction to children at or below 185% of the Federal Poverty Level (FPL) in the year prior to Kindergarten.
- \$20 million for capital improvements and operations at the state's 34 career and technical centers.
- \$5.3 million for the state to employ regional school district reading and instructional intervention coaches to assist teachers in identifying and implementing successful reading and literacy instruction strategies.
- \$20.7 million increase for the state to provide therapies and services to children aged 3-21 with severe disabilities or special needs.
- \$10 million in federal childcare development block grant fund to provide competitive grant awards to business and community partners providing innovative childcare solutions; and
- \$7 million for the Charter School Capital Improvement Fund.

Additionally, members of the Committee spent a significant amount of time discussing the effect of declining lottery and gaming revenues on funding for education. Specifically, the Committee expressed concern over the relatively small amount of funding the implementation of sports betting is expected to generate for the state and what impact the potential expansion of Video Lottery Terminals will have on revenue generated by casinos in the state. Currently, approximately \$1.5 million is expected to be generated by sports betting in the state, although the amount varies based on a percentage of profit made by sports betting entities.

SOS, Labor, Commerce, Eco Devo

On Tuesday the House Budget Committee heard budget presentations from the Secretary of State and Departments of Labor and Industrial Relations, Commerce and Insurance, and Economic Development. These budgets remained relatively stagnant over FY24, although the proposals include some changes, including:

- \$50,000 to adjust the salaries of the Department of Labor and Industrial Relations Administrative Law Judges to align with the salary of Associate Circuit Court Judges.
- \$10,000 to increase the salary of the Director of the Department of Labor and Industrial Relations.
- \$10,000,000 for incentives to advanced manufacturers of semiconductors or critical electronic infrastructure.
- \$1,450,000 for the Missouri Main Street Program to enhance community and economic revitalization efforts across the state.
- \$6,000,000 for the Upskilling Credentialing Fund to reimburse employers for eligible training costs for upskilling credentials in high needs fields.
- \$1,000,000 increase to the Missouri Tourism Fund; and,
- \$3,000,000 for marketing and promotion of the 2026 FIFA World Cup.

On Wednesday the House Budget Committee heard from the Attorney General, Department of Social Services - MO HealthNet, and Department of Conservation, and the Office of Prosecutorial Services.

AGO

Attorney General Andrew Bailey presented his office's proposed budget to the Committee, asking for nearly \$2 million in increases to various operational costs outside of direct salaries for attorneys.

Specifically, his office cited increased costs associated with assisting in the transition of St. Louis City Circuit Attorney Gabe Gore and new initiatives to assist local prosecutors in combating sexual abuse and exploitation. Following his presentation, Bailey was questioned by Committee members over his announced lawsuit against Starbucks, alleging the company was violating the state's Human Rights laws. Bailey also provided an overview of the state's share of settlement dollars received from national settlements with JUUL and an additional \$1.2 million being found in a tobacco settlement escrow account and returned to the state general revenue fund. Finally, Bailey requested \$425,600 to hire an additional 4 attorneys in the Solicitor General's Section for the purpose of "defending the state against Constitutional challenges."

Prosecution Services

The Missouri Office of Prosecuting Services (MOPS) also presented their FY26 budget request, asking for a \$265,000 increase to hire 2 attorneys and 1 legal assistant for the statewide conviction review unit, which assists every county other than St. Louis city, St. Louis County, and Jackson County in reviewing criminal convictions.

Department of Conservation

The Missouri Department of Conservation, which is funded outside of General Revenue by a 1/8 of one percent tax on goods and services and reauthorized every 10 years, also presented their \$240.9 million budget for protection and management of fish, wildlife and forestry resources in the state. Included in the proposal are \$26.1 million in Governor-recommended new decision items, largely from the state employee pay plan increase proposed. The Department also provided an update on efforts to preserve habitats for wildlife and to increase public use of conservation sites and opportunities for Missouri citizens to participate in conservation, specifically increasing the quail population. Members of the Committee also asked specific questions about the state's efforts to combat chronic wasting disease among deer, why raccoons cannot be kept as domestic companions, and how the department works with MODOT to remove the carcasses of deceased animals from state roadways. Finally, the Department described various capital improvements and construction projects underway across the state. The Department is estimating a surplus of \$60 million for the Commission Fund at the end of FY25, with approximately \$88 million remaining in the reserve fund for projects.

DSS / MO HealthNet

The Department of Social Services MoHealthNet Division, the state's Medicaid Program, presented their FY26 budget to the House Budget Committee on Wednesday afternoon. Todd Richardson, Director of MoHealthNet, informed the Committee that the federal enhancement to the matching funds to administer the program, known as the *Enhanced FMAP*, will gradually decline over the next several years due to end of federal health emergency when the match was increased, dropping it approximately .75% this year, requiring a larger General Revenue contribution to the program. While applications for new participants in the program are coming in relatively flat over pre-pandemic years, MoHealthNet will need an increase of approximately \$350 million General Revenue in FY27 to make up for the loss of federal matching funds for the expansion population. The Committee also discussed how the state's voter-approved increase to the Minimum Wage will affect enrollment eligibility and whether the Department had made projections on the impact higher wages will have on participation in the program. The Committee also heard from Dr. Josh Moore, Director of the MoHealthNet Pharmacy Benefit Program,

who provided an update on MoHealthNet's Pharmacy Benefit coverage plan. Moore said beginning in January, certain obesity management and weight-loss drugs require an underlying health condition certified by a physician for coverage and the Department has worked over the last year with pharmacies and providers to emphasize their use of preferred drugs to manage the program's expenses. Moore also told the Committee that Federal mandates prohibit state Medicaid programs from requiring the use of generics so long as a medication has been FDA-approved and many brand-name medications offer state discounts or rebates under the wholesale market price to be the program's preferred product, making the savings greater. Moore also updated the Committee on the program's flexibility on prior authorizations, reporting that the number of prior authorization requirements has gone down because of strategic use of preferred drugs and feedback from providers on how to streamline the program. MoHealthNet also provided an update on the school-based health program, which is a \$140 million appropriation largely funded by Federal matching funds but providing access to basic and routine care for students in rural and underserved communities. Finally, MoHealthNet provided an overview of a \$390 million request for the CHIPS Program, the state Medicaid program for low-income children. The program cost is a result of the federal implementation of required 12-month continuous coverage, although overall spending on the CHIPS program is down slightly from previous years as enrollment has leveled. MoHealthNet also provided a brief update on enrollment eligibility verification, which will be presented in greater detail as part of the larger DSS budget.

Tidbits

- The Missouri Film Office and the Business Opportunities Division of the Missouri Department of Economic Development announced this week that the Motion Media Production Tax Credit program authorized nearly \$12.4 million in production incentives for 39 projects. These included 15 narrative feature films, four documentary feature films, two narrative shorts, two documentary shorts, nine unscripted TV series, one scripted TV series pilot, one animated TV series, four commercials, and one web series. The 39 productions that qualified for Missouri's film incentive spent more than \$33.5 million while filming in the Show-Me State in 2024.
- The MO Supreme Court heard arguments Tuesday over whether a school district's denial of multi-stall bathrooms and locker rooms to a transgender student a form of sex discrimination and the case may decide if the Missouri Human Rights Act covers legal sex, such as when a birth certificate is amended after gender transition or is limited to sex as assigned at birth. The case has appeared before the Higher Court previously and the judges ruled that the plaintiff had a right to a jury trial. You can view the full case [here](#).
- A major soybean research project on ways to help farmers combat diseases that affect soybean crops, which collaborates with the University of Missouri, will shut down April 15 due to President Donald Trump's dismantling of funding to the U.S. Agency for International Development. In Missouri, soybeans cover more than 5 million acres of the state every year and are the No. 1 crop in Missouri, leading in both acreage and value, according to the Missouri Soybean Center. The economic health of Missouri depends on the growth of soybeans because the yearly on-farm value of soybeans is greater than \$2.5 billion.

Hearing Schedules

House
Senate

Chamber Floor Calendars

House
Senate

Upcoming Dates of Interest

- February 26, 2025 – State of the Judiciary Address
- February 28, 2025 – Last day to file legislation
- March 14-21, 2025 – Legislative Spring break
- April 21, 2025 – Easter holiday – no session
- May 9, 2025 – Last day to pass the FY26 budget
- May 16, 2025 – Last day of the 2025 legislative session
- September 10, 2025 – Veto session

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