



January 31, 2025

That's a wrap on week 4! Committees are officially in full swing, bills are still being filed daily and referred to the various committees, and this week the general assembly also took a timeout from committee activity to join Governor Mike Kehoe while he delivered his first State of the State Address.

While this week seemed busy, Capitol regulars are anxiously awaiting the impending floor debates which are expected as early as next week.

Committee Updates

Fiduciary Duties of Public Employee Retirement Systems

The House Pensions Committee convened Thursday morning to discuss HB 657, sponsored by Representative Bill Owen (R-Springfield). The bill expands the fiduciary duties of trustees of public employee retirement systems to exclude consideration of social, environmental, or noneconomic factors, goals, mandates, or motivations when considering investments on behalf of the system's members. Additionally, the bill requires proxy voting to be conducted solely by internal public employee retirement system staff or an investment manager who has committed in writing to solely act in the best economic interests of the plan and its participants, without consideration of social, political, ideological, environmental, or other noneconomic goals. The Public School and Education Employee Retirement System of Missouri, the Missouri Local Government Employee Retirement System, MOSERS, the MODOT and Patrol Employee Retirement System, and FGA Action testified in support of the bill. The Missouri Sierra Club testified in opposition to the bill.

Public Employee Plan Protocols

The House Pensions Committee convened on Thursday morning to discuss HB 735 and HB 686, sponsored by Representatives Dirk Deaton (R-Seneca) and Mike Steinmeyer. The bills are identical and prohibit any public employee retirement system from contributing or expending system funds to advocate, support, or oppose the passage or defeat of a ballot measure or candidate for public office or to pay any debt or obligation for a committee supporting or opposing a ballot measure or candidate. Additionally, the bill establishes a methodology for the Missouri State Employee Retirement System to recover overpayments made to a plan beneficiary and reinstates a time period for a retirement system plan member to elect to receive a lump sum of a deferred annuity in lieu of

retirement plan annuities. The Public School and Education Employee Retirement System of Missouri, and the MODOT and Patrol Employee Retirement System testified in support saying the provisions offer clarity to systems and codify statute for transparency and to set expectations. No opposing testimony was presented.

State of the State Address

On Tuesday Governor Mike Kehoe delivered his first State of the State Address to the Missouri General Assembly, outlining his legislative priorities for the 2025 Legislative Session and proposed \$53.7 billion budget for Fiscal Year 2026 (FY26), which begins July 1. A link to full State of the State Address can be found [here](#).

Governor Kehoe's priorities emphasize a focus on public safety and improving outcomes for Missouri's children and families, beginning with access to high quality early childhood education options and educational choice for K-12 students, while also ensuring communities have reliable infrastructure and promote a business friendly, growth-centered environment.

Specific priorities announced during the Address included:

Education

- \$200 million increase to the Education Foundation Formula
- \$376 million to fully fund the state's share of the transportation funding, including \$15 million in new funding
- \$50 million in new funding for the Empowerment Scholarship Account (ESA) program
- \$33.4 million for teacher baseline salary grants to ensure school districts pay the minimum teacher salary
- \$1.8 million the establishment of a statewide longitudinal data system
- \$10 million for childcare innovation grants
- \$3.3 million to develop a new Foundation Formula calculation system, including the signing of Executive Order 25-14 establishing the *School Funding Modernization Task Force* to recommend changes to the Foundation Formula to better serve students and families (more below)

Health and Public Safety

- \$2.7 million for the Children's Health Insurance Program Immunization Initiatives
- \$2.5 million to fund the elected Sheriff's Retirement System
- \$4 million for fentanyl testing in wastewater systems of public schools
- \$3.8 million for the 988 Crisis Hotline
- \$3.75 million to expand the number of community behavioral health liaisons

State Infrastructure

- \$129.9 million to provide state employees a 1% pay increase for every 2 years of service, up to 10 years

- \$6.3 million for information technology infrastructure enhancements at the Family Support Division
- \$238.5 million to expand services to adults and children with developmental, physical, or behavioral health needs in residential, in-home, and center-based programs
- \$161.5 million for childcare subsidy payments, including beginning payments on the first of each month beginning July 1

Additionally, Gov. Kehoe announced the signing of three Executive Orders meant to modernize state government and improve the regulatory environment for Missouri's citizens, including:

- [Executive Order 14](#) – Establishing the *Missouri School Funding Modernization Task Force* to develop recommendations for potential state funding models for K-12 education.
- [Executive Order 15](#) – Directing the Office of Childhood within the Missouri Department of Elementary and Secondary Education to improve the state regulatory environment for child care facilities and homes.
- [Executive Order 16](#) – Establishing the *Governor's Workforce of the Future Challenge* for the Missouri Department of Elementary and Secondary Education, with the Missouri Department of Education and Workforce Development, to improve existing career and technical education delivery systems.

A summary of Governor Kehoe's budget and legislative priorities can be viewed [here](#).

Governor Kehoe's full FY26 Executive Budget Proposal can be viewed [here](#).

Tidbits

- The Kansas City Chiefs are heading to back to the Superbowl! They will head to New Orleans to play February 9th.
- The Department of Corrections leaders will hold a ribbon-cutting today for Missouri's prison nurseries. The effort was led by non-profit group Missouri Appleseed, citing research showing the recidivism among women participants in other states had declined, as well as studies highlighting the importance of mother-infant bonding in improving outcomes for children.
- Governor Mike Kehoe released his \$2.1 billion supplemental budget, and it shows a shortfall in Medicaid and education funding. A supplemental budget is a tool for policymakers to address needs that arise after the fiscal year has begun to help government continue to operate through June 30th. To keep Missouri operating it will cost an additional \$2.1 billion more than lawmakers budgeted last year, which is due to lowballed spending estimates, a decline in lottery sales, and new programs in education that were not accounted for.
- Demolition has begun on the Lakewood Resort Timeshares which is the next step for Osage Beach's \$500 million Oasis at Lakeport project. This will open access to the area's power grid and allow for construction of a parking garage. The plans include amusement park rides, an indoor water park and a Marriot Hotel. The demolition is expected to take about six weeks and the park will have a soft opening at the end of the year with a full opening at the beginning of 2026.

Links to Hearing Schedules:

[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

Custom Bill Track Link

Your custom webpage URL for bill tracking is <https://govwatch.net/report/LGKp>

As a reminder, this is a hotlink and updates automatically as things are added, progress, or change.

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