Nixon’s budget belt-tightening includes cuts from student busing, state scholarships

By JASON NOBLE

JEFFERSON CITY | Gov. Jay Nixon on Thursday approved the state’s next budget, but not before slashing $281 million, including big cuts to schools and higher education, social services, and Kansas City public transit.

The cuts come in addition to the hundreds of millions wrung out of state government by lawmakers this spring and bring total state spending below $23 billion — roughly $1 billion less than the budget Nixon first proposed in January.

Nixon, a Democrat, said this latest round of state belt-tightening has required him to “punch a new hole in the belt,” a metaphor he has used often this year.

“Here in Missouri we balance our budget, in good times and in bad — when it’s easy and when it’s hard,” he said. “These restrictions are an important step to help us meet that obligation.”

Forcing Nixon’s hand, officials said, is that state tax collections have been slow to recover from the recession, and savings anticipated by the budget failed to pass the General Assembly.

The cuts affect spending for the fiscal year that begins July 1, and could be reversed if revenues exceed projections — although budget officials aren’t expecting that will happen.

“We are hopeful this…will be sufficient for fiscal year 2011 and that we will not have to do additional restrictions,” said state Budget Director Linda Luebbering. “But, of course, we will monitor it every month, and the governor will take additional action if necessary to keep the budget in balance.”

The biggest single reduction — $70 million — will affect subsidies local school districts use to help pay student transportation costs. The state had reimbursed districts for about 40 percent of busing costs, Luebbering said. Now that payment will drop below 30 percent.

The state cuts may dent the Kansas City School District’s effort to trim its busing costs, though the district’s transportation plan is still taking shape.
The district budgeted $16 million for transportation last year and has carved out the same amount in next year’s budget. The state reimbursed about $7 million of that, said Gene Kieczykowski, the district’s transportation director. But that could fall by roughly $1.5 million, according to the state’s projections.

The district hopes to trim its transportation costs because fewer schools will likely mean fewer students per bus. Some students may end up spending more time on the bus, Kieczykowski said, but the district expects to keep to its maximum ride length of 50 minutes, with most pupils on buses for 20 to 25 minutes.

In the Kearney School District, the state cutbacks will eliminate about $200,000 of the district’s $1 million transportation budget, said Assistant Superintendent Randy Smith. However, Smith said the district had anticipated additional state cuts and will fill the gap with savings from reduced staff, frozen salaries and textbook purchases, as well as the elimination of seventh-grade athletics.

At the Fort Osage School District, which covers roughly 320 square miles and includes both suburban Independence and rural Jackson County, officials couldn’t immediately estimate the impact of the slashes. But fewer routes and longer rides are possible.

District spokeswoman Stephanie Smith said shifting additional local tax dollars to transportation will likely leave fewer resources for students and teachers. “I would contend that any cut to education affects kids in the classroom,” she said.

Higher-education institutions won’t escape the latest round of cuts. But funding to public universities won’t be cut beyond the 5.2 percent reduction passed by lawmakers, preserving a deal reached between Nixon and university administrators to hold the line on in-state undergraduate tuition.

Two major state scholarships, however, will be squeezed. The state’s Bright Flight scholarship for high-achieving students will be cut by 25 percent, reducing grants to students from $2,000 to $1,500 a year.

Access Missouri, the scholarship program for students from low-income and working-class families, will be cut by $50 million from an initial appropriation of nearly $83 million.

State officials, however, said that could be blunted by a new, $30 million scholarship program initiated by the Missouri Higher Education Loan Authority, which will serve the same pool of recipients as Access Missouri.

The scholarship cuts will put college out of reach for many students and leave the state unprepared to meet employers’ workforce demands, said Marianne Inman, chairwoman of Independent Colleges and Universities of Missouri, an association of private schools.
“The magnitude of the reduction to our state’s only need-based financial aid program is a disservice not only to financially deserving students but to Missouri’s workforce development initiatives,” Inman said in a statement.

The reduced scholarships also might force some current students to drop out, said Joe Karl, a senior at the University of Missouri, and legislative director of the university’s student lobbying organization.

“If you’re a junior and, in the worst-case scenario, had to drop out, the state loses three years of prior investment in your education,” Karl said.

Cuts to social services will run into the tens of millions of dollars and touch everything from meals for seniors and substance-abuse counseling, to reimbursement rates for Medicaid providers and inspections of nursing homes and child-care centers.

The Missouri Budget Project, which advocates for services to the poor, called the cuts “devastating.”

“Cuts to critical health programs will affect many Missourians, including those in rural areas who use Federally Qualified Health Centers, and anyone seeking mental health services,” Budget Project Executive Director Amy Blouin said in a statement.

Another casualty of the spending cuts is the Kansas City Area Transportation Authority, which had its $3 million state appropriation axed.

ATA officials said they were disappointed with the governor’s action, but had not counted on the money in their budget planning and won’t have to cut bus service.

“We would certainly hope that the economy’s going to recover well enough that we have an opportunity to get that money later in the state fiscal year,” said General Manager Mark Huffer.

The state funds were meant to ease tensions that arose a year ago, when Kansas City failed to secure mass-transit assistance while cross-state counterpart St. Louis received $12 million.

State workers also will take a hit. The budget cuts Nixon outlined will lead to the elimination of 250 positions, although it is unclear how many of those will be layoffs. The job cuts are in addition to roughly 1,000 included in the budget passed by lawmakers last month, and brings the total number of state jobs lost since Nixon took office to 2,450.

In addition to the budget cuts, Nixon promised a slowdown in tax-credit awards that could save the state $47 million. The credits, which excuse a recipient’s tax burden in exchange for economic or socially beneficial activities, cost the state roughly $600 million a year and have come under heavy criticism.

Luebbering, the budget director, said the state would save money by scrutinizing applications more closely and awarding credits only to projects that promise the best return on investment.
Meanwhile, negotiations continued Thursday on a special legislative session to consider a tax-incentive package for the Ford Motor Co.'s Claycomo plant and reforms to the state pension system.

Lawmakers and the governor's office have been conferring throughout the week to reach consensus on the special session. House leaders from both parties expressed doubt that their caucuses could support the proposed pension reforms.

But Nixon apparently was undeterred and said a formal call for the session could come today.

A special session would cost $125,000 a week, Luebbering said.
Nixon signs new budget; education leads program cuts

NO MU Mention

By DAVID A. LIEB, The Associated Press
June 17, 2010 | 4:48 p.m. CDT

JEFFERSON CITY — Education took a big hit Thursday in Missouri’s latest round of budget cuts, as Gov. Jay Nixon halved busing aid to public schools and significantly reduced college scholarships for the upcoming academic year.

Other cuts will affect people with chronic health problems, the mentally ill, the disabled who receive in-home services and developers who depend on state tax credits. An additional 255 state jobs will be eliminated, raising the total to about 2,500 positions since January 2009.

Nixon said the cuts are necessary because Missouri’s tax revenue has continued to fall short of projections and because legislators failed to pass several moneysaving measures that had been assumed in their $23.3 billion budget.

Nixon signed the budget Thursday, allowing it to take effect July 1. But he announced about $300 million of reductions in general revenue expenses, including about $280 million in state program cuts and $20 million that will be offset by increased federal funding.

The cuts for the 2011 fiscal year come in addition to about $900 million in budget cuts enacted during the 2010 fiscal year, which runs through June 30.

"Some might say we've been belt-tightening," Nixon said. "We may have had to punch another hole in the belt this time."

State lawmakers, education officials and advocacy groups reacted with a mixture of outrage and understanding.
"Gov. Nixon dealt tens of thousands of students from working and low-income Missouri families a devastating blow" by cutting scholarships, the Independent Colleges and Universities of Missouri said in a statement.

The Missouri School Boards' Association expressed gratitude that Nixon didn't cut any of the $3 billion of basic aid to public schools. But "more kids may end up needing to walk to school or being transported by their parents" because of the busing cuts, association spokesman Brent Ghan said.

Senate Appropriations Committee Chairman Rob Mayer, R-Dexter, said the cuts to college scholarships and school busing are the hardest to accept. The busing cuts could especially affect rural K-12 school districts whose boundaries span many miles.

"However, I understand when you have revenues that just aren't at the levels you predicted, you have to take some drastic measures," Mayer said.

The biggest cuts announced Thursday include:

- $70 million from school transportation aid, meaning districts in the 2010-2011 academic year will get less than half the amount they were supposed to get in 2009-2010 before that also was cut. The latest reductions will lower the state's busing reimbursement rate to about one-quarter of schools' actual costs, the School Boards' Association said.

- $50 million from the Access Missouri college scholarship program, which had been budgeted to get $83 million next school year. The program offers financial-need based scholarships of up to $4,600 a year for students at private institutions, $2,150 for students at state universities and $1,000 for those at community colleges. The cut is estimated to reduce those scholarships to $1,000 at private institutions, $500 at state universities and $150 at community colleges, state budget director Linda Luebbering said.

Nixon also cut one-quarter of the $16.4 million budget for the Bright Flight scholarship, which is awarded based on students' scores on college entrance exams.
Part of the state scholarship cuts are expected to be offset with a one-time, $30 million scholarship grant from the Missouri Higher Education Loan Authority. That grant was approved last week but details remain to be worked out.

- $47 million of reductions to Missouri's tax credit programs, which provide about $600 million annually of incentives, largely for developers and various social causes. Luebbering said much of the savings will come by applying a greater cost-benefit scrutiny to applicants; some tax credits might not be issued while others might be delayed.

A case-management program for Medicaid patients with chronic health problems will be sharply scaled back to serve only those with the highest medical costs. Although they will remain on Medicaid, the number of patients receiving case management will fall from about 163,000 to 3,400.

The governor cut payment rates by 2 percent for drug and alcohol abuse counselors, psychologists and others serving the mentally ill and in-home care providers for the disabled. Nixon also cut funding for local public health clinics, agencies that serve the elderly and state inspectors for hospitals and nursing homes.

Nixon eliminated state aid for several programs, including a character education initiative, a student loan program for future health care professionals and training grants for adults who want to start agricultural businesses. He also ended state funding for MOREnet, which provides high-speed Internet connections to schools and libraries.
As we recover from the near-death experience of the athletic conference formerly known as the Big 12, let's take a break from speculation and recrimination long enough to tackle the important question so far unanswered: What are we going to call the No Longer Quite So Big 12?

Now that it's left with only 10 members, logic suggests a swap with the group that lured away the Nebraska Bugeaters. Of course, a conference that didn't change its name when it expanded from 10 to 11 members probably won't see any reason to switch just because it adds another. So MU isn't likely to become a member of the Big Ten that way, either.

I have a suggestion that would reflect the reality revealed so vividly by the maneuvering of the past week. Instead of the Big 12-2, let's call it The Longhorns and the Shorthorns.

In case you've had more important things to worry about lately, allow me to explain.

Ever since the late and lamented Big 8 expanded into Texas, the Longhorns of Austin have been first among equals. The South Division (the Texas and Oklahoma schools) has dominated the conference, athletically, financially and politically. The Longhorns lead the South.

So, once Nebraska broke up the party by joining the Big 10 and Colorado fled west, the fate of the Big 12 rested with Texas. All reports suggest that the Pac-10 expected Colorado to be followed by the Texas and Oklahoma schools (less Baylor, the red-headed stepchild nobody really wants).

There's still some uncertainty and at least a hint of disagreement about the "gentlemen's agreement" negotiated by Big 12 commissioner Dan Beebe, but it's clear that he saved the day — and his job — by outbidding the Pac-10 for the affections of the Longhorns. The herd of would-be defectors fell in behind their bell steers and decided to stay home.

Texas, Oklahoma and Texas A&M will continue to get the biggest shares of the TV revenue pot that now must be split only 10 ways. Texas gets the right to set up its own TV network. And, depending on who you believe, the Left-Out Five (MU, KU, K-State, Iowa State and Baylor) may even have agreed to turn over to the southerners their share of the going-away penalty paid by Nebraska and Colorado.

There's no doubt, then, that our Tigers are among the Shorthorns. That's painful enough to us ordinary fans, but it must be agonizing to Mike Alden, Brady Deaton and Gov. Nixon, all of whom appeared to believe just a few weeks ago that MU was likely to be invited to join the Big Ten. Indeed, Nebraskans blamed MU's apparent lack of loyalty for the uncertainty that led to the departures.

We may never know whether our leaders were misled by winks and whispers or by wishful thinking. At Wednesday's press conference, Chancellor Deaton and Athletic Director Alden grinned manfully as they insisted that we're now in the best of all possible athletic worlds. They accepted no blame, though Mr. Alden did concede that his handling of the affair might have been less than masterful.

He also noted that MU can only claim a bigger slice of TV revenue by strengthening its nonconference football schedule and winning more games. Gary Pinkel might have wrecked his motorcycle when he heard that.

Chancellor Deaton said, "We're committed to the Big 12 for the foreseeable future, and we are in this for the long haul."

Of course, when you're a Shorthorn in the Longhorns' corral, the long haul sometimes leads to the packing house.

George Kennedy is a former managing editor at the Missourian and professor emeritus at the Missouri School of Journalism.
Reformers blast runaway spending in college sports

NO MU Mention

By ALAN SCHER ZAGIER/The Associated Press
June 17, 2010 | 6:40 p.m. CDT

With spending on big-time college sports continuing to escalate and TV networks lining up to break the bank, a group of university presidents and campus leaders says it’s past time for more of that money to end up in the classroom.

The Knight Commission on Intercollegiate Athletics released its latest call for a range of financial and academic reforms Thursday. Among its recommendations: NCAA schools should set aside at least 20 percent of the postseason money received from the football Bowl Championship Series for academic use.

The timing of the report, titled "Restoring the Balance: Dollars, Values and the Future of College Sports," couldn’t have been better.

Just this week, the Big 12 Conference staved off a Pac-10 raid that would have meant not only the league’s demise but also the likely creation of at least one 16-team conference based on the ability to attract lucrative television deals rather than regional links and historic rivalries.

For now, the Pac-10 will grow by just two teams, Colorado and Utah, with the Big Ten luring Nebraska from a leaner Big 12.

"This report is particularly timely given the commercially driven agenda of conference realignment," said William Kirwan, chancellor of the University System of Maryland and co-chairman of the Knight panel. "There is every reason to believe that the current direction of big-time college sports is leading us to even greater imbalances in the fiscal priority for athletics over academics."
The 22-member commission, which includes current and former chancellors and presidents from Bowling Green, Florida, Georgetown, Georgia, Michigan, Southern Methodist and UCLA, knows it can't completely halt that train.

Instead, the panel wants athletic programs that are often flush with cash to lend a hand to the rest of campus — particularly amidst a historic recession that has led many schools to dramatically increase tuition while firing professors or turning away from admission otherwise-qualified students.

The report notes that from 2005 to 2008, athletics spending increased at more than twice the rate of academic spending at nearly all of the 103 Football Bowl Subdivision schools. On average, Football Bowl Subdivision schools spend more than six times as much on athletics per capita than on academics. And most schools are forced to tap general university funds to balance their athletics budgets.

In addition to redistributing Bowl Championship Series money, the report also suggests changing the revenue distribution formula from NCAA men's basketball tournaments to give more emphasis to academic success instead of on-court performance. The NCAA recently announced a new 14-year, $10.8 billion deal with CBS Sports and Turner Broadcasting for the March Madness tournament.

The Knight panel also wants to limit participation in NCAA championships to schools where at least 50 percent of a team's athletes are on track to graduate — an idea similar to one endorsed earlier this year by Education Secretary Arne Duncan but quickly shot down by several prominent basketball coaches.

Interim NCAA president Jim Isch attended the commission's Washington announcement. He said the NCAA and its members are "overwhelmingly in concert" with the Knight report but expressed reservations about several specific proposals, including the 50-percent graduation requirement.

That figure corresponds to a score of 925 on the NCAA's Academic Progress Rate. Teams falling below that score generally face a penalty of reduced scholarships, though postseason bans are possible. The Knight panel wants the Academic Progress Rate standards to apply in real time, rather than after the fact.
"Our current penalty structure that accounts for improvement is fair and has the desired effect — an emphasis on academic success," Isch said in a written statement. "As simple as it sounds, we don't think establishing a specific postseason penalty trigger of 925 for all teams is fair — especially to those teams that are improving."

Isch also said NCAA committees are reviewing revenue distribution and "the entire Academic Performance Program, including the penalty structure, filters and Academic Progress Rate benchmarks."

The report also urges NCAA schools to publicly share more of their financial data on athletics spending and establish limits on the number of athletics employees not directly working as coaches or in academic support or health and safety roles. Examples of those jobs include video coordinators and directors of sports operations.

Because amateur student athletes are prohibited from earning money by playing sports, the NCAA should prohibit the use of their identities in video games and other commercial endeavors. Such unapproved use of player images is the subject of an antitrust lawsuit against the NCAA and two of its business partners by a group of former college athletes.

Commission member Len Elmore, a former college and professional basketball player, said the panel recognizes the importance of college sports — to a degree.

"There must be a bright line between college and professional sports," he said. "We're not saying that there cannot be an investment in sports. We are saying that the investment needs to be put in perspective."

Since its formation in 1989, the Knight Commission has seen some of its recommendations embraced by NCAA members, with other reports merely gathering dust on the bookshelf.

But the broader economic meltdown provides a better opportunity to push for meaningful reform, said Kirwan.

The time is right," he said. "The larger fiscal crisis gives this report special currency and importance."