



House Bill 2 relates to House Bill 1. General fund operating appropriations for most legislative agencies are contained in House Bill 1, the “Feed Bill.”

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY10	FY11	FY12		
	\$31.0		Nonrecurring	General Fund
	(\$31.0)		Nonrecurring	Juvenile Adjudication Fund

(Parenthesis ( ) Indicate Revenue Decreases)

**SOURCES OF INFORMATION**

LFC Files

**SUMMARY**

Synopsis of SFC Amendments

The Senate Finance Committee Amendments strike Sections 4 through 10 and Section 12 in their entirety; replaces with new sections and adds a new section called “Transfer Authority”.

CSHB2 as amended by SFC along with HB1 include recurring general fund appropriations of \$5.276 billion for FY11, \$305 million greater than recurring revenues. This reflects \$154 million of revenue increases and \$149 million of spending reductions from HB2 as sent over by the House.

SFC amendments to HB2 reduced Section 4, FY11 recurring General Fund appropriations by \$149 million. The Senate amendments include a spending reduction of 1.43 percent or \$54.5 million to state agencies, public schools and higher education institutions but provide flexibility for all entities to decide how the reductions are made. Also, the Senate amendments include a 1 percent retirement swap from the employer to the employee for all PERA and ERB employees with a total saving of \$27.4 million and leaves total compensation unchanged.

Public Schools – SFC amendments reduce public schools by \$53 million, including \$29 million to restore an FY10 cut and \$15 million for insurance.

Higher Education – SFC amendments reduce higher education funding by \$6 million by raising the tuition credit slightly and rolling back the increases to research and public service projects.

SFC amendments also reduce agency spending by \$9 million including use cash balances of the Attorney General’s consumer settlement fund and includes savings identified in the “Committee on Government Efficiency” report.

SFC inserts language in the Department of Health Developmental Disability Program limiting expenditures for the Jackson lawsuit for plaintiff legal costs and related expenses to \$100 thousand. This could free up approximately \$4.8 million that would be required to be used for

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reducing the developmental disabilities Medicaid waiting list. This would be matched with federal Medicaid funds of approximately \$24 million.

Transfer Authority – a new section, allows the Governor with State Board of Finance approval, to transfer up to \$83 million first from the tax stabilization reserve fund if the Governor determines that revenue and transfers are not sufficient to meet appropriations in FY10 or FY11. Then, if revenue and transfers are still not sufficient to meet appropriations in FY10 or FY11, the Governor with State Board of Finance approval, may transfer up to \$49 million from the appropriation contingency fund (education lock box) to supplant general fund appropriations to the state equalization guarantee distribution.

The appropriations in Sections 4, 5, 6 and 7 can be summarized as follows:

(dollars in thousands)

Agency	General Fund	Other State Funds	Internal Service Funds/InterAgency Trnsfrs	Federal Funds	Total
<b>SECTION 4 FY11 Operating</b>					
<b>Recurring:</b>					
Legislative	4,120.0	-	-	-	4,120.0
Judicial	202,764.5	19,799.5	9,800.1	2,218.4	234,582.5
General Control	180,731.9	733,833.4	522,055.8	17,738.8	1,454,359.9
Commerce & Industry	51,809.6	46,185.4	16,690.0	680.5	115,365.5
Agric., Enrgy & Ntrl Res	72,953.0	88,537.0	22,191.5	36,165.8	219,847.3
Health, Hospitals & Human Svcs	1,253,952.3	287,685.6	255,760.0	4,226,966.9	6,024,364.8
Public Safety	377,317.7	31,643.6	12,651.8	65,162.5	486,775.6
Transportation	-	402,492.8	-	366,684.2	769,177.0
Other Education	31,290.0	19,704.0	1,840.6	54,091.0	106,925.6
Higher Education	791,280.4	1,376,120.6	44,302.7	613,539.3	2,825,243.0
Public School Support	2,387,661.9	850.0	-	536,180.0	2,924,691.9
<b>Total Sec 4 Recurring</b>	<b>\$ 5,353,881.3</b>	<b>\$ 3,006,851.9</b>	<b>\$ 885,292.5</b>	<b>\$ 5,919,427.4</b>	<b>\$ 15,165,453.1</b>
<b>Recurring:</b>					
<b>Appropriation Reductions-Section10</b>					
Sand 1.43% comp equivalent w/flexibility	(54,541.6)				(54,541.6)
Retirement Swap - 1% (SB246)	(27,381.8)				(27,381.8)
Eliminate Return to Work	(4,000.0)				(4,000.0)
Eliminate Employee Assistance Program	(200.0)				(200.0)
Reduce DoIT Telecom Rates	(500.0)				(500.0)
GSD Risk Insurance Premium Reductions	(1,978.6)	-	-	-	(1,978.6)
Reduce DoIT HRMS Rate Reductions	(366.8)	-	-	-	(366.8)
Vacant exempt positions savings	(3,142.3)	-	-	-	(3,142.3)
	<b>\$ (92,111.1)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (92,111.1)</b>
<b>TOTAL RECURRING</b>	<b>\$ 5,261,770.2</b>	<b>\$ 3,006,851.9</b>	<b>\$ 885,292.5</b>	<b>\$ 5,919,427.4</b>	<b>\$ 15,073,342.0</b>
<b>Nonrecurring: Sections 5, 6 &amp; 7</b>					
Specials	1,550.0	4,279.7	-	36,022.6	41,852.3
Specials - Education Lock Box	10,000.0	-	-	-	10,000.0
Data Processing	-	11,630.0	-	-	11,630.0
Supplemental & Deficiency	-	-	-	3,700.0	3,700.0
<b>Total Nonrecurring</b>	<b>\$ 11,550.0</b>	<b>15,909.7</b>	<b>-</b>	<b>39,722.6</b>	<b>\$ 67,182.3</b>

Synopsis of Original Bill

House Appropriations and Finance Committee Substitute for House Bills 2,3,4,5 and 6 appropriates money from the general fund, other revenue, internal services funds/interagency

transfers, and federal funds for the FY11 operation of state agencies, higher education and public schools.

- Section 1, Short Title (page 1);
- Section 2, Definitions (pages 1 - 3);
- Section 3, General Provisions (pages 3 – 6)
- Section 4, Fiscal Year 2011 Appropriations (pages 6 - 216);
- Section 5 Special Appropriations (pages 216 - 218);
- Section 6, Supplemental and Deficiency Appropriations (pages 218 - 219);
- Section 7, Data Processing Appropriations (pages 219 - 223);
- Section 8, Additional Fiscal Year 2010 Budget Adjustment Authority (pages 223 - 226);
- Section 9, Certain Fiscal Year 2011 Budget Adjustments Authorized (pages 226 - 234);
- Section 10, Appropriation Reductions (pages 234 -235);
- Section 11. Fiscal Year 2010 Reversions to Implement Executive Order 2009-044 (page 236); and
- Section 13, Severability (page 236).

**FISCAL IMPLICATIONS**

The appropriations contained in this bill can be summarized as follows:

(dollars in thousands)

Agency	General Fund	Other State Funds	Internal Service Funds/InterAgency Trnsfrs	Federal Funds	Total
<b>SECTION 4 FY11 Operating</b>					
<i>Recurring:</i>					
Legislative	4,120.0	-	-	-	4,120.0
Judicial	202,739.5	19,799.5	9,800.1	2,218.4	234,557.5
General Control	185,101.9	729,833.4	521,855.8	17,738.8	1,454,529.9
Commerce & Industry	52,229.6	46,122.5	16,690.0	680.5	115,722.6
Agric., Enrgy & Ntrl Res	73,865.5	88,260.7	22,191.5	36,165.8	220,483.5
Health, Hospitals & Human Svcs	1,255,561.6	286,447.5	255,760.0	4,226,966.9	6,024,736.0
Public Safety	379,260.2	30,143.6	12,651.8	65,162.5	487,218.1
Transportation	-	402,492.8	-	366,684.2	769,177.0
Other Education	32,451.6	19,704.0	1,840.6	54,091.0	108,087.2
Higher Education	797,007.1	1,374,930.6	44,302.7	602,601.8	2,818,842.2
Public School Support	2,439,615.9	850.0	-	536,180.0	2,976,645.9
<b>Total Sec 4 Recurring</b>	<b>\$ 5,421,952.9</b>	<b>\$ 2,998,584.6</b>	<b>\$ 885,092.5</b>	<b>\$ 5,908,489.9</b>	<b>\$ 15,214,119.9</b>
<i>Recurring:</i>					
<b>Appropriation Reductions-Section10</b>					
Eliminate Return to Work	(4,000.0)	-	-	-	(4,000.0)
Eliminate Employee Assistance Program	(200.0)	-	-	-	(200.0)
Reduce DoIT Telecom Rates	(500.0)	-	-	-	(500.0)
GSD Risk Insurance Premium Reductions	(1,978.6)	-	-	-	(1,978.6)
Reduce DoIT HRMS Rate Reductions	(366.8)	-	-	-	(366.8)
Vacant exempt positions savings	(3,976.4)	-	-	-	(3,976.4)
	<b>\$ (11,021.8)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (11,021.8)</b>
<b>TOTAL RECURRING</b>	<b>\$ 5,410,931.1</b>	<b>\$ 2,998,584.6</b>	<b>\$ 885,092.5</b>	<b>\$ 5,908,489.9</b>	<b>\$ 15,203,098.1</b>
<i>Nonrecurring: Sections 5, 6 &amp; 7</i>					
Specials	1,550.0	4,279.7	-	-	5,829.7
Specials - Education Lock Box	6,000.0	-	-	-	6,000.0
Data Processing	-	11,630.0	-	-	11,630.0
Supplemental & Deficiency	-	-	-	3,700.0	3,700.0
<b>Total Nonrecurring</b>	<b>\$ 7,550.0</b>	<b>15,909.7</b>	<b>-</b>	<b>3,700.0</b>	<b>\$ 27,159.7</b>

Unless otherwise indicated, appropriations from the general fund revert to the general fund at the end of FY11 unless otherwise indicated or provided by law. Exceptions include higher education institutions and public schools.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Bill 2 conflicts with House Bill 7 and Senate Bill 228. These bills represent the Legislative Finance Committee’s recommendations for funding operations of state government.

House Bill 2 relates to House Bill 1. General fund operating appropriations for most legislative agencies are contained in House Bill 1, the “Feed Bill.”

**OTHER SUBSTANTIVE ISSUES**

Section 11 directs state agencies listed in Subsection A of Section 1 of Executive Order 2009-044 to revert amounts identified in the Executive Order as well as furlough savings. This section is necessary for state agencies that have non-reverting status.

CTF/svb:mt