

## **Highlights of HAFC Substitute for HB2, 2019 General Appropriations Act**

HB2 sub along with HB1 the legislative feed bill makes FY20 recurring General Fund appropriations of \$7.013 billion. This is an increase of \$684 million or 10.8 percent over the FY19 General Fund operating budget.

**Public Education.** HB2 sub makes FY20 General Fund appropriations for public education of \$449 million or 16 percent over the FY19 operating budget. Total General Fund appropriations for public education of \$3.25 billion are 47.5 percent of total FY20 General Fund appropriations. HB2 sub makes large strides to address the court decision in Yazzie/Martinez with 6 percent compensation increases to school employees, a more than doubling of the at-risk formula factor to 0.25, large investments in extended learning time for at risk children, and increases for prekindergarten. HB5 implements public school funding formula changes in conjunction with HB2.

**Higher Education.** HB2 sub makes appropriations to higher education institutions and the Department of Higher Education of \$848 million including compensation increases to average 4 percent. This total is \$44.5 million or 5.7 percent over the FY19 operating budget. The funding includes a 2 percent increase in the instruction and general funding formula, a \$2.8 million increase for athletics and \$1.5 million for dual credit programs.

**Health and Human Services.** The General Fund appropriation to Medicaid is \$979 million, up \$45 million or 4.8 percent. This includes \$30 million due to a reduced federal medical assistance percentage for the adult expansion population. The General Fund appropriations to the Health Department are up \$20 million or 6.8 percent, almost entirely for the developmental disabilities program to serve clients on the waiting lists, for provider rate adjustments, and for the family infant toddler program. The General Fund appropriation to the Children Youth and Families Department is up \$29 million or 10.4 percent with significant increases for child protective services and prekindergarten.

**Corrections.** The General Fund appropriation for the Corrections Department is up \$14.2 million or 4.6 percent with increases for overtime costs, vacant positions, and transitional living programs.

**Special and Supplemental Appropriations.** HB2 sub has special and supplemental appropriations of \$165 million including \$32 million for information technology, \$14 million for LEDA projects, \$5 million for job training, \$2.5 million for homeless and probation housing programs, \$5 million for state vehicles, \$26.5 million for public school instructional materials, and \$25 million to college scholarship funds.

**Transportation.** Assuming the senate adds equal amounts for transportation projects, HB2 sub includes \$256 million for major investment projects that should boost economic growth, along with \$98 million for maintenance projects in the six highway districts and \$53 million to the local governments road fund.

**General Fund Reserves.** Assuming \$150 million to pay part of the backlog for film credits, \$700 million for capital projects and approximately \$60 million in a supplemental appropriations bill, ending General Fund balances are estimated at \$1.58 billion or 22.4 percent.

## FY20 Recurring General Fund

(in millions)

		Exec Rec Total	LFC Rec Total	LFC Over (Under)	H AFC Change from LFC	H AFC Total
<b>Appropriations</b>						
<b>Public School Support</b>						
	SEG*	\$ 3,049.5	\$ 3,048.5	\$ (1.0)	\$ 22.62	\$ 3,071.1
	Categorical	\$ 130.0	\$ 96.7	\$ (33.3)	\$ 6.20	\$ 102.9
	Related	\$ 111.8	\$ 58.1	\$ (53.7)	\$ 5.00	\$ 63.1
924	Public Education Dept.	\$ 13.2	\$ 14.5	\$ 1.3	\$ -	\$ 14.5
	<b>Total Public Education</b>	<b>\$ 3,304.5</b>	<b>\$ 3,217.8</b>	<b>\$ (86.7)</b>	<b>\$ 33.82</b>	<b>\$ 3,251.6</b>
<b>Higher Education</b>						
	I&G	\$ 660.5	\$ 664.5	\$ 4.0	\$ (4.10)	\$ 660.4
	Other Categorical	\$ 125.3	\$ 123.2	\$ (2.1)	\$ 4.30	\$ 127.5
	Higher Education Department	\$ 44.4	\$ 36.8	\$ (7.6)		\$ 36.8
	<b>Total Higher Ed.</b>	<b>\$ 830.2</b>	<b>\$ 824.5</b>	<b>\$ (5.7)</b>	<b>\$ 0.20</b>	<b>\$ 824.7</b>
200	Courts	\$ 176.2	\$ 176.9	\$ 0.7	\$ 0.13	\$ 177.0
250	District Attorneys	\$ 76.3	\$ 76.0	\$ (0.3)	\$ 0.15	\$ 76.2
280	Public Defender	\$ 53.9	\$ 54.2	\$ 0.3		\$ 54.2
333	TRD	\$ 56.4	\$ 61.1	\$ 4.7	\$ 0.70	\$ 61.8
341	Department of Finance & Admin	\$ 16.7	\$ 15.0	\$ (1.7)	\$ 0.30	\$ 15.3
344	DFA (Special Approps)	\$ 5.8	\$ 5.2	\$ (0.6)		\$ 5.2
350	General Services Department	\$ 16.9	\$ 14.5	\$ (2.4)	\$ 0.40	\$ 14.9
418	Tourism	\$ 20.0	\$ 14.7	\$ (5.3)	\$ 1.00	\$ 15.7
419	Economic Development Dept	\$ 15.2	\$ 12.9	\$ (2.3)	\$ 0.38	\$ 13.3
505	Cultural Affairs Department	\$ 33.3	\$ 31.4	\$ (1.9)	\$ 0.25	\$ 31.7
521	Energy, Minerals & Natural Res Dept	\$ 24.0	\$ 21.3	\$ (2.7)	\$ 0.80	\$ 22.1
550	State Engineer	\$ 18.6	\$ 18.6	\$ -		\$ 18.6
624	Aging & Long-Term Care Dept.	\$ 46.8	\$ 45.3	\$ (1.5)	\$ 0.50	\$ 45.8
630	Medicaid & Medicaid BH	\$ 1,012.1	\$ 989.8	\$ (22.3)	\$ 5.50	\$ 995.3
630	Other Human Services	\$ 108.0	\$ 107.0	\$ (1.0)		\$ 107.0
631	Workforce Solutions Dept	\$ 10.7	\$ 9.8	\$ (0.9)		\$ 9.8
665	Department of Health	\$ 318.0	\$ 311.1	\$ (6.9)	\$ 1.00	\$ 312.1
667	Environment Department	\$ 12.0	\$ 12.0	\$ -		\$ 12.0
690	Children, Youth & Families Dept	\$ 316.3	\$ 308.5	\$ (7.8)	\$ 0.50	\$ 309.0
770	Department of Corrections	\$ 321.4	\$ 319.1	\$ (2.3)	\$ 0.50	\$ 319.6
790	Department of Public Safety	\$ 127.6	\$ 124.4	\$ (3.2)	\$ 0.50	\$ 124.9
	All Other Agencies	\$ 141.3	\$ 135.7	\$ (5.6)	\$ 1.04	\$ 136.7
	Comp All Other Public Employees 4%**	\$ 45.1	\$ 54.5	\$ 9.4		\$ 54.6
	ERB Higher Ed/PERA (Employer State Plan	\$ 4.8	\$ 10.3	\$ 5.5	\$ (5.50)	\$ 4.8
	House/Senate Adds	\$ 25.0	\$ 31.5	\$ 6.5	\$ (1.50)	\$ 30.0
	<b>Subtotal Recurring</b>	<b>\$ 7,137.1</b>	<b>\$ 7,003.1</b>	<b>\$ (134.0)</b>	<b>\$ 40.7</b>	<b>\$ 7,043.3</b>

\*SEG includes ERB-Exec .5% (\$8.5), LFC 1% (\$16.9)

\*\*Comp includes 2% additional for judges

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Highlevel of HAFC Action and Legislative Budget Scenario FY19-FY20

	FY19 HAFC			FY20 HAFC		
	FY19 LFC Rec.	FY19 Exec. Rec.	Action & Scenario	FY20 LFC Rec.	FY20 Exec. Rec.	Action & Scenario
<b>Recurring Revenue</b>						
Dec 2018 Estimate	\$ 7,590	\$ 7,590	\$ 7,590	\$ 7,433	\$ 7,433	\$ 7,433
Tax Stabilization*	\$ -	\$ -	\$ -	\$ (300)	\$ -	\$ -
Proposed Tax Changes	\$ -	\$ -	\$ -	\$ -	\$ 35	\$ -
<b>Total Recurring</b>	<b>\$ 7,590</b>	<b>\$ 7,590</b>	<b>\$ 7,590</b>	<b>\$ 7,133</b>	<b>\$ 7,468</b>	<b>\$ 7,433</b>
HB2 Recurring Available				\$ 793	\$ 1,128	\$ 1,093
<b>Nonrecurring Revenue</b>						
Film backlog, etc	\$ -	\$ (300)	\$ -	\$ -	\$ -	\$ (150)
<b>Total Revenue</b>	<b>\$ 7,590</b>	<b>\$ 7,290</b>	<b>\$ 7,590</b>	<b>\$ 7,133</b>	<b>\$ 7,468</b>	<b>\$ 7,283</b>
<b>Recurring Appropriations</b>						
Additional School Spending				\$ 417	\$ 503	\$ 451
Additional Other Spending				\$ 225	\$ 279	\$ 238
HB 2: House/Senate Additions				\$ 32	\$ 25	\$ 30
2019 Session Feed Bill	\$ 10	\$ 10	\$ 10			
<b>Subtotal: New HB2 recurring</b>	<b>\$ 10</b>	<b>\$ 10</b>	<b>\$ 10</b>	<b>\$ 674</b>	<b>\$ 808</b>	<b>\$ 718</b>
<b>TOTAL Recurring</b>	<b>\$ 6,340</b>	<b>\$ 6,340</b>	<b>\$ 6,340</b>	<b>\$ 7,003</b>	<b>\$ 7,137</b>	<b>\$ 7,043</b>
Recurring Over(Under)				\$ 130	\$ 331	\$ 390
<b>Nonrecurring Appropriations</b>						
Specials & Supplementals	\$ 83	\$ 147	\$ 119			
LEDA (special) **	\$ 4	\$ 75	\$ 30			
IT	\$ 25	\$ 32	\$ 32			
Roads -Major Projects	\$ 150	\$ 300	\$ 150	\$ 100		\$ 106
Roads-Formula (State)	\$ 98		\$ 98			
Roads-Formula (Local)	\$ 53		\$ 53	*		*
House/Senate Non-Recurring	\$ 30		\$ 30			
Statewide Capital	\$ 303		\$ 400			
House/Senate Capital	\$ 300		\$ 300			
Misc. capital projects	\$ -	\$ 368	\$ -			
HB 2: Fund Transfers ***	\$ 240	\$ 25	\$ 165	\$ 130		\$ 30
<b>Subtotal: New Nonrecurring</b>	<b>\$ 1,285</b>	<b>\$ 947</b>	<b>\$ 1,376</b>	<b>\$ 230</b>	<b>\$ -</b>	<b>\$ 136</b>
<b>Total Nonrecurring</b>	<b>\$ 1,334</b>	<b>\$ 995</b>	<b>\$ 1,424</b>	<b>\$ 230</b>	<b>\$ -</b>	<b>\$ 136</b>
<b>Total Appropriations</b>	<b>\$ 7,674</b>	<b>\$ 7,335</b>	<b>\$ 7,764</b>	<b>\$ 7,233</b>	<b>\$ 7,137</b>	<b>\$ 7,179</b>
<b>Total Revenue, Less Total Spending</b>	<b>\$ (84)</b>	<b>\$ (45)</b>	<b>\$ (174)</b>	<b>\$ (100)</b>	<b>\$ 331</b>	<b>\$ 104</b>
<b>General Fund Reserves</b>						
Beginning Balances	\$ 1,194	\$ 1,194	\$ 1,194	\$ 1,281	\$ 1,289	\$ 1,224
"Rainy Day" Transfers	\$ 123	\$ 123	\$ 146	\$ 147	\$ 416	\$ 206
HB2: Transfers from Approp. Account	\$ 40		\$ 40	\$ 115		\$ 25
Transfer to/from Operating Reserve	\$ (84)	\$ (45)	\$ (174)	\$ (100)	\$ 62	\$ 104
Other Net Reserve Changes	\$ 8	\$ 8	\$ 18	\$ 23	\$ 20	\$ 22
Subtotal: Additional Reserve Transfers	\$ 87	\$ 86	\$ 30	\$ 185	\$ 497	\$ 357
<b>Ending Reserves</b>	<b>\$ 1,281</b>	<b>\$ 1,289</b>	<b>\$ 1,224</b>	<b>\$ 1,466</b>	<b>\$ 1,787</b>	<b>\$ 1,581</b>
Percent of Recurring Approp.	20.2%	20.3%	19.3%	20.9%	25.0%	22.4%
Amount Above (Below) 20% Reserves			\$ (44)			\$ 172

\* Includes \$133M recurring for the road fund

\*\* HAFC Action includes \$14 million for LEDA; highlevel assumes Senate will add \$16 million for a total of \$30 million

\*\*\* Executive Recommendation includes \$25 million in special appropriations to reinstate the college affordability fund; included here as a fund transfer to allow for similar comparison to LFC recommendation