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FISCAL IMPACT REPORT

ORIGINAL DATE 2/20/19

SPONSOR HAFC LAST UPDATED _____ HB 2&3/HAFCS

SHORT TITLE General Appropriation Act of 2019 SB _____

ANALYST Fernandez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$6,997,502.8	Recurring	General Fund
	\$4,121,786.1	Recurring	Other State Funds
	\$626,800.8	Recurring	Internal Service/Inter-Agency Transfers
	\$7,340,956.5	Recurring	Federal Funds
\$165,080.6		Nonrecurring	General Fund
\$15,735.5		Nonrecurring	Other State Funds
\$1,052.6		Nonrecurring	State Lands Maintenance Fund (sec7)
\$1,090.1		Nonrecurring	Public Property Reserve, Public Liability, and Workers' Compensation Funds (sec 7)
\$99.0		Nonrecurring	Internal Service/Inter-Agency Transfers
\$16,283.2		Nonrecurring	Federal Funds
\$279,000.0		Nonrecurring	General Fund (Spec Trans Apprs)

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with HB333 and SB254,
Relates to House Bill 1.

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Appropriations and Finance Committee Substitute for House Bills 2 and 3 appropriates money from the general fund, other revenue, internal services funds/interagency transfers, and federal funds for the FY20 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 – 4)
- Section 4, Fiscal Year 2020 Appropriations (pages 5 - 171);
- Section 5 Special Appropriations (pages 171 - 185);
- Section 6, Supplemental and Deficiency Appropriations (pages 185 - 188);
- Section 7, Data Processing Appropriations (pages 188 - 193);
- Section 8, Compensation Appropriations (pages 193 – 196);
- Section 9, Special Transportation Appropriations (pages 196 – 197);
- Section 10, Additional Fiscal Year 2019 Budget Adjustment Authority (pages 197 - 200);
- Section 11, Certain Fiscal Year 2020 Budget Adjustments Authorized (pages 200 - 211);
- Section 12, Fund Transfers (211 - 212);
- Section 13, Transfer Authority (213) and
- Section 12, Severability (page 213).

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
SECTION 4 FY20 Operating Recurring:					
Legislative	5,165.7	-	-	-	5,165.7
Judicial	307,434.5	21,663.1	11,410.9	6,117.5	346,626.0
General Control	141,796.2	1,527,137.3	53,059.9	15,733.9	1,737,727.3
Commerce & Industry	59,491.3	76,850.4	94,233.7	810.0	231,385.4
Agric., Enrgy & Ntrl Res	73,017.3	85,452.7	19,890.5	40,014.3	218,374.8
Health, Hospitals & Human Svcs	1,815,228.5	287,715.5	372,734.3	6,143,635.8	8,619,314.1
Public Safety	461,015.8	26,642.1	24,348.0	78,053.1	590,059.0
Transportation	-	510,219.0	3,519.4	401,542.8	915,281.2
Other Education	76,385.6	40,080.4	5,288.4	41,119.2	162,873.6
Higher Education	824,650.8	1,516,025.6	42,315.7	613,929.9	2,996,922.0
Public School Support	3,173,981.9	30,000.0	-	-	3,203,981.9
Compensation	59,335.2	-	-	-	59,335.2
Total Sec 4 Recurring	\$ 6,997,502.8	\$ 4,121,786.1	\$ 626,800.8	\$ 7,340,956.5	\$ 19,087,046.2
TOTAL RECURRING					
	\$ 6,997,502.8	\$ 4,121,786.1	\$ 626,800.8	\$ 7,340,956.5	\$ 19,087,046.2
Nonrecurring: Sections 5, 6 & 7					
Specials	146,514.9	10,441.3	99.0	-	157,055.2
Special Transportation Appropriations	279,000.0	-	-	-	279,000.0
Data Processing *	-	2,142.7	-	16,283.2	18,425.9
Supplemental & Deficiency	18,565.7	5,294.2	-	-	23,859.9
Total Nonrecurring	\$ 444,080.6	17,878.2	99.0	16,283.2	\$ 478,341.0

*Note: In Section 7, \$31,986.4 of the total Other State Funds is an appropriation from the General Fund to the Computer System Enhancement Fund and is not included in this spreadsheet in order to avoid double counting.

Unless otherwise indicated or provided by law, appropriations from the general fund revert to the general fund at the end of FY20. Exceptions include higher education institutions and public schools.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 2 conflicts with House Bill 333 and Senate Bill 254. 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

Highlights of HAFCS Committee Substitute to HB 2 & 3:

Public Education. Fiscal Year 2020 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. The substitute bill 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. The substitute bill 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. The substitute bill 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, the substitute bill 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.

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