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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 2/4/16  
**LAST UPDATED** 2/15/16

**SPONSOR** HAFC **HB** 2 & 4/ HAFCS/aSFC  
**SHORT TITLE** General Appropriation Act of 2016 **SB** \_\_\_\_\_  
**ANALYST** Lucero

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
(\$31,000.0)	\$6,213,318.0	Recurring	General Fund
	\$4,079,870.5	Recurring	Other State Funds
	\$502,013.3	Recurring	Internal Service/Inter-Agency Transfers
	\$7,635,765.5	Recurring	Federal Funds
\$69,518.0		Nonrecurring	General Fund
\$46,380.4		Nonrecurring	Other State Funds
\$23,840.0		Nonrecurring	Internal Service/Inter-Agency Transfers
\$120,004.2		Nonrecurring	Federal Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

House Bill 2 and 4/HAFCS/aSFC conflicts with Senate Bill 158 which represents the Legislative Finance Committee recommendation for funding operations of state government. The bill relates to House Bill 1 (the “Feed Bill”) which funds the operations of most legislative agencies and House Bill 311 which sweeps cash balances from accounts, transfers funds from the tax stabilization reserve to the general fund operating reserve, and diverts additional tobacco permanent fund revenues to the program fund for appropriation to Medicaid.

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of SFC Amendments to HAFC HB2 Substitute

The Senate Finance Committee amendments to House Appropriations and Finance Committee Substitute for House Bills 2 and 4 appropriates money from the general fund, other revenue, internal services funds/interagency transfers, and federal funds for FY17, except as otherwise

## House Bill 2 and 4/ HAFCS/aSFC– Page 2

specifically stated in the bill, for the operation of state agencies, higher education and public schools.

Recurring general fund appropriations total \$6.228 billion, a decrease of \$7 million, or -0.11 percent, over the previous General Appropriation Act (GAA). Nonrecurring general fund appropriations total \$69.5 million. Fiscal year end 2017 reserves are projected to be 5.7 percent.

Senate amendments reduce FY17 recurring general fund appropriations by \$88 million from the level authorized in the House's version of the bill. Senate amendments authorize the governor to reduce all agency general fund appropriations in FY17 an additional \$62 million, or about 1 percent, if projected revenues continue to fall.

Senate amendments reduce all FY16 general fund appropriations in agency operating budgets, including the Legislature, but exempts Medicaid and the developmental disabilities waiver program, by \$31 million, or approximately 0.6 percent. Senate Amendments authorize expansive agency operating budget adjustment authority (BAR) that allows budget transfers between programs and personal services and employee benefits, contractual services, and other categories for FY16 and FY17 to help the governor manage the reduced operating budget levels.

Notable general fund spending increases include \$20.8 million for Medicaid; \$8.5 million for rising prison populations, inmate healthcare costs, and to address an out-of-date salary structure for guard staff; \$5 million to reduce public safety officer vacancies and turnover, phase three of a pay plan adjustment, and replace forfeiture revenue; and \$4.6 million to support more children in the state's care, decrease caseloads, and expand early prekindergarten. General fund decreases include \$12.2 million for the Department of Health that was offset by increased revenue from improved Medicaid reimbursements and patient revenue and \$20.13.1 million in higher education institutions.

The SFC amended bill provides \$198.7 million for special, supplemental, and deficiency appropriations, including \$69.3 million from the general fund and \$129.4 million from other revenues. A significant portion of the funding, \$130 million, is to supplement a projected shortfall for Medicaid, including \$18 million from the general fund. General fund special appropriations include \$13 million to the Corrections Department for inmate population growth, the treatment of hepatitis C, and other costs; \$4 million for the Job Training Incentive Program (JTIP); \$4 million for the Department of Health to comply with a settlement agreement and lawsuit; \$1.2 million for the Department of Public Safety to process backlogged rape kits; and \$2 million to support public school districts experiencing shortfalls.

The SFC amendment to the HB2 Substitute appropriates \$61 million for information technology (IT) projects, including \$12.6 million from the general fund and \$48.4 million from other funding sources. General fund IT projects include \$5 million to replace the state's ONGARD oil and gas system, \$2.8 million for the Human Services Department's Medicaid Management Information System, \$600 thousand to continue the implementation of a one-stop business portal, \$500 thousand for Department of Health network infrastructure upgrades, and \$2.4 million for the Corrections Department's offender management system.

Senate amendments remove the limitation on the amount of fund balance that can be transferred from the operating reserve and appropriation contingency fund to the appropriation account in order to meet adjusted FY16 and FY17 general fund appropriation levels.

Section 1, Short Title;

Section 2, Definitions ;

Section 3, General Provisions;

Section 4, Fiscal Year 2017 Appropriations;

Section 5 Special Appropriations;

Section 6, Supplemental and Deficiency Appropriations;

Section 7, Data Processing Appropriations;

Section 8, Additional Fiscal Year 2016 Budget Adjustment Authority;

Section 9, Certain Fiscal Year 2017 Budget Adjustment Authority;

Section 10. Fiscal Year 2016 Operating Budget and Allotment Adjustments;

Section 11. Appropriation Adjustments;

Section 12. Fiscal Year 2017 Operating Budget and Allotment Adjustments;

Section 13, Transfer Authority;

Section 14, Severability.

**FISCAL IMPLICATIONS**

	General Fund	Other State Funds	Internal Service Funds/ InterAgency Trnsfrs	Federal Funds	Total
Legislative	\$ 4,195.8	\$ -	\$ -	\$ -	\$ 4,195.8
Judicial	\$ 275,950.4	\$ 22,135.1	\$ 10,939.9	\$ 2,536.7	\$ 311,562.1
General Control	\$ 130,602.6	\$ 1,484,917.8	\$ 67,377.8	\$ 14,215.1	\$ 1,697,113.3
Commerce and Industry	\$ 50,980.0	\$ 70,988.4	\$ 21,421.4	\$ 3,427.2	\$ 146,817.0
Ag, Energy & Ntrl Res	\$ 68,541.3	\$ 102,393.5	\$ 12,742.9	\$ 36,047.7	\$ 219,725.4
Health, Hospitals & Human Svcs	\$ 1,664,105.0	\$ 347,962.2	\$ 329,244.1	\$ 6,004,651.5	\$ 8,345,962.8
Public Safety	\$ 431,595.9	\$ 34,776.8	\$ 12,430.6	\$ 53,289.1	\$ 532,092.4
Transportation	\$ -	\$ 458,633.2	\$ -	\$ 408,919.8	\$ 867,553.0
Other Education	\$ 110,841.0	\$ 27,144.9	\$ 3,536.0	\$ 31,573.4	\$ 173,095.3
Higher Education	\$ 828,473.5	\$ 1,525,243.2	\$ 44,320.6	\$ 666,902.7	\$ 3,064,940.0
Public School Support	\$ 2,648,032.5	\$ 5,675.4	\$ -	\$ 414,202.3	\$ 3,067,910.2
<b>Total Recurring</b>	<b>\$ 6,213,318.0</b>	<b>\$ 4,079,870.5</b>	<b>\$ 502,013.3</b>	<b>\$ 7,635,765.5</b>	<b>\$ 18,430,967.3</b>
Specials	\$ 45,031.3	\$ 12,740.0	\$ 2,840.0	\$ -	\$ 60,611.3
Supplemental & Deficiency	\$ 24,486.7	\$ 953.4	\$ 21,000.0	\$ 91,644.2	\$ 138,084.3
Data Processing	\$ -	\$ 32,687.0	\$ -	\$ 28,360.0	\$ 61,047.0
<b>Total Nonrecurring</b>	<b>\$ 69,518.0</b>	<b>\$ 46,380.4</b>	<b>\$ 23,840.0</b>	<b>\$ 120,004.2</b>	<b>\$ 259,742.6</b>

Unless otherwise indicated in the bill, appropriations from the general fund revert to the general fund at the end of FY17, or unless otherwise indicated or provided by law. Exceptions include higher education institutions and public schools.