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JFAC COMMITTEE MEETING MINUTES

1/9/13

The hearing was held in Room C310, Statehouse, commencing at 8:00 a.m. and concluding at 11:08 a.m. with Chairman Bell presiding.

Roll Call:

Senators: Cameron, Keough, Mortimer, Vick, Nuxoll, Johnson, Bayer, Thayn, Schmidt, Lacey

Representatives: Bell, Bolz, Eskridge, Thompson, Gibbs, Stevenson, Miller, Youngblood, Ringo, King

Absent: Senator Vick

OVERVIEW OF JOINT FINANCE AND APPROPRIATION COMMITTEE OPERATION AND STAFF SUPPORT

Presenter: Ray Houston, Principal Analyst

- ❖ State Government Structure
 - State Government Organization Chart
 - General Fund Request Comparison
 - General Fund Recommendation Comparison by Agency
 - All Funds Request Comparison by Agency
 - All Funds Recommendation Comparison by Agency

Presenter: Matt Ellsworth, Senior Analyst

- ❖ Budget Structure – Building Blocks
 - Decision Unit Budget Model
 - Layout of Budget Book
 - Review Department and Division Summary
 - Agency Profiles
 - Comparative Report
 - Legislative Budget Book Report

Presenter: Robyn Lockett, Analyst

- ❖ Personnel Structure in State Government
 - FTP Summary and CEC History
 - Defining the workforce
 - State Controller's Office "Rainbow Report"
 - Requirements in State Law Regarding Workforce

- Division of Human Resources Recommendation
- Governor's Recommendation
- Legislature's role in setting compensation and benefits
- Full Time Position (FT) Caps in Appropriation Bills

Presenter: Ray Houston, Principal Analyst

- ❖ Budget Hearing Process
 - Review guidelines sent to agencies
 - Five Budget Questions to ask Directors during Budget Hearing
 - What is being requested and why?
 - How will you implement the program?
 - What is the source of funding for the request?
 - What is the current budget for this activity?
 - What are the impacts if this request is not funded?
 - Summary
 - Make the most of the budget hearing time
 - Work with the analyst on a motion sheet

Presenter: Cathy Holland-Smith, Division Manager

- ❖ Budget Setting Process
 - Preparing Motion for Budget Setting Statewide Decisions
 - Review levels for FT 2013 and FT 2014
 - JFAC adjusted maintenance items for all agencies
 - Benefit costs
 - CEC
 - Inflation
 - Replacement items, etc.
 - Prepared motion
 - Role of Analyst
 - Role of Chairmen and Vice Chairmen with prepared motions
 - Early morning meetings during budget setting
 - Budget setting process in the committee room
 - Developing the budget setting schedule

Presenter: Keith Bybee, Principal Analyst

- ❖ General Fund Daily Update
 - General Fund revenue estimates
 - General Fund daily update

Presenter: Cathy Holland-Smith, Division Manager

- ❖ Review of Rules Governing the Joint Finance Appropriations Committee

Presenter: Richard Burns, Principal Analyst

- ❖ Bill Construction
- ❖ Unity of subject and title, the one subject rule
- ❖ Effective dates
- ❖ Legislative Intent
- ❖ Statement of Purpose and Fiscal Note
- ❖ Flow Chart
 - JFAC action
 - Analyst drafts appropriation bill and SOP/FN and submits to bill Coordinator
 - Bill Coordinator reviews and submits to Data Center for RS number and proofing
 - Data Center returns RS packet to Coordinator who delivers copy to analyst
 - JFAC Co-Chairs determine chamber of origin and bill sponsors
 - Bill Coordinator provides committee secretaries the RS packet and copies of the SOP/FIN
 - Analyst submits to Division Administrator for review and to Coordinator for final approval
 - Analyst reviews and sends copies to agency and DFM for their examination and sign-off
 - Committee secretaries then introduce the RS in the appropriate chamber and obtain a bill number
 - Committee secretaries create a bill packet for sponsors and deliver to analyst
 - Analyst drafts sponsor sheet for inclusion in bill packet and returns to secretary
 - Secretary delivers bill packet to sponsor; sponsor returns packet to secretary once the chamber takes action

Presenter: Paul Headlee, Principal Analyst

- ❖ Laws affected by Propositions 1,2, and 3
- ❖ Propositions 1,2,and 3 and the relative fiscal impact on FT 2013 Public Schools Appropriation
 - Proposition 1 – S1108 Labor Laws – low
 - Proposition 2 – S1100 Pay for Performance Bonuses
 - Proposition 3 –S1184 Technology and 1:1 Mobil Devices – high
 - SB 1410 – FY 2013 Public Schools Appropriation Bill
 - Not directly impacted by Propositions 1,2, and 3, but there are significant indirect impacts
- ❖ FY 2013 Public Schools Appropriation S1410
 - General Fund, \$1,279,818,600
 - Dedicated Funds, \$220,121,100
 - Federal Funds, \$220,121,100

- Total \$1,566,813,100

❖ Fiscal Impact of Propositions 1,2, and 3 on the FY 2013 Public Schools Appropriation (S1410)

Programs/Provisions Repealed (savings)		In FY 2013 Budget	Expended in FY 2013	Remaining in Appropriation
<u>Prop</u>	<u>Bill</u>			
2	S1110 Pay for Performance	\$38,774,600	(\$38,774,600)	\$0
3	S1184 Staffing (Use it/Lose it)	24,599,200	0	24,599,200
3	S1184 Dual Credit Program	842,400	(11,000)	831,400
3	S1184 1:1 Mobile Devices	2,558,800	0	2,558,800
3	S1184 Math/Science Teachers	4,850,000	0	4,850,000
3	S1184 Freeze Ed. Credits	4,000,000	0	4,000,000
3	S1184 Technology	<u>13,613,900</u>	<u>(4,989,300)</u>	<u>8,624,600</u>
		\$89,238,900	(\$43,774,900)	\$45,464,000

Programs/Provisions Reinstated (cost)

<u>Prop</u>	<u>Bill</u>			
3	S1184 Salary Reduction (1.67%)	(\$14,764,500)		
3	S1184 Natl. Board Certification	(111,000)		
3	S1184 ID Digital Learning Acad.	0		
1	S1108 Teacher Early Retirement	<u>0</u>		
		(\$14,875,500)		(\$14,875,500)

Net Amount Remaining in Appropriation \$30,588,500

- ❖ What happens to the \$30+ million in FY 2013
 - Option 1 – No additional legislative action
 - If, no further legislative action is taken
 - Then, the \$30+ million remains in the appropriation until the end-of-the year reconciliation (June 30, 2013)
 - If, funds remain after the end-of-the year reconciliation
 - Then, those remaining funds are transferred into the Public Education Stabilization Fund (PESF)
 - Current balance in PESF is \$49 million
 - ❖ Propositions 1,2, and 3 repealed #37+ million of funding disbursements to school districts in the 2012-2013 school year
 - Staffing flexibility (Use it /Lose it Provision), \$24.6M
 - Dual credit for Early Completers Program, \$80K
 - Funding for additional math and science teachers, \$4.66
 - Re-freezing of education credits on salary table, \$4M
 - Classroom technology (second distribution, \$4.1
 - Total--\$37.44M
- ❖ What happens to the \$30+ million in FY 2013
 - Option 2 – Distribute to school districts

- Legislative action is taken to distribute the \$30+ million to school districts in FY 2013 to address funding disbursements repealed by Propositions 1, 2, and 3.
 - 2.4% of the districts' general fund appropriation
- ❖ Fiscal Impact of Propositions 1, 2, and 3 on the FY 2013 Public Schools Appropriation (S1410) if certain programs are reinstated

Repealed (savings)	In FY 2013 Budget	Expended in FY 2013	Cost to Reinstate for FY 2013	Remaining in Appropriation
Pay for Performance	\$38,774,600	(\$38,774,600)	\$0	\$0
Staffing (Use it/Lose it)	24,599,200	0	(24,599,200)	0
Dual Credit Program	842,400	(11,000)	(80,000)	751,400
1:1 Mobile Devices	2,558,800	0	0	2,558,800
Math/Science Teachers	4,850,000	0	(4,664,000)	186,000
Re-freeze Ed. Credits	4,000,000	0	(4,000,000)	0
Technology	<u>13,613,900</u>	<u>(4,989,300)</u>	<u>(4,100,400)</u>	<u>4,524,200</u>
	\$89,238,900	(\$43,774,900)	(\$37,443,600)	\$8,020,400

Reinstated (cost)

Salary Reduction (1.67%)	(\$14,764,500)	
Natl. Board Certification	(111,000)	
ID Digital Learning Acad.	0	
Teacher Early Retirement	<u>0</u>	
	(\$14,875,500)	(\$14,875,500)

Net Amount Withdrawn from PESF (\$6,855,100)

- ❖ What happens to the \$30+ million in FY 2013
- Option 3 – Purposes other than Public Schools
 - Legislative action is taken to redirect the funds for purposes other than Public Schools
 - Would require a 2/3rd majority vote by JFAC to reopen the FY 2013 Public Schools budget

ADJOURNED

Maxine Bell, Chairman

Kathryn Yost, Secretary