

**SENATE FISCAL AGENCY
MEMORANDUM**



DATE: May 10, 2011
TO: Members of the Senate
FROM: Ellen Jeffries, Director
RE: Senate Passage of FY 2011-12 Appropriation Bills

The Senate versions of the Fiscal Year (FY) 2011-12 appropriation bills were passed by the Senate on April 26 and 27, 2011. The 16 appropriation bills passed by the Senate encompass all State departments and budget areas except for Capital Outlay. The 16 bills include Adjusted Gross appropriations of \$45.6 billion and State General Fund/General Purpose (GF/GP) appropriations of \$8.1 billion. Table 1 compares the FY 2011-12 GF/GP Senate-passed appropriations to the FY 2010-11 year-to-date amounts and to the FY 2011-12 amounts recommended by the Governor.

As Table 1 indicates, the FY 2011-12 Senate-passed GF/GP appropriations are \$196.6 million or 2.4% less than FY 2010-11, and \$25.4 million or 0.3% less than the FY 2011-12 Governor's recommendation. The Senate-passed budget adds \$900,000 to the Governor's GF/GP recommendation for the Department of Agriculture but reduces the Governor's budget by \$332.1 million GF/GP in 10 other budget areas, resulting in a GF/GP reduction of \$331.2 million. A portion of the \$331.2 million (\$305.8 million) is shifted to the Higher Education budget to offset the transfer of \$499.7 million in School Aid Fund (SAF) revenue back to the K-12 budget. The GF/GP appropriation for the K-12 budget is reduced by \$193.9 million from the Governor's recommended amount, so that in combination with \$305.8 million from GF/GP reductions, \$499.7 million GF/GP can replace \$499.7 million SAF in Higher Education and \$499.7 million SAF can be shifted back to the K-12 budget.

Table 2 provides an updated summary of the Senate-passed FY 2011-12 GF/GP revenue, expenditures, and year-end balance. Regarding revenue, the Senate-passed bills assume an FY 2011-12 beginning balance of \$50.0 million, adjustments to the Governor's original tax reform plan of a negative \$114.2 million, and a transfer of \$15.0 million in Comprehensive Transportation Fund revenue to the General Fund. The Senate-passed expenditures reflect the \$331.2 million in GF/GP reductions and the fund shifts between the Higher Education and K-12 budgets that were mentioned previously. The adjustments in revenue and expenditures result in a projected FY 2011-12 year-end GF/GP balance of \$136.0 million.

Table 3 outlines the Senate-passed FY 2011-12 School Aid Fund revenue, expenditures, and year-end balance. The Senate changes to the Governor's SAF revenue include adjustments to the Governor's original tax reform plan of a negative \$85.6 million and the fund shifts between the Higher Education and K-12 budgets which result in net revenue of \$220.2 million for K-12. The Senate-passed bill spends \$200.2 million to reduce the Governor's per-pupil cut from \$300 to \$170, adds \$1.5 million for school bus inspections, saves \$175.0 million by paying one-half of the foundation amount for half-day kindergarten, and creates a \$200.0 million funding pool for K-12 best practices and other incentive funding adjustments. This would result in a projected FY 2011-12 year-end SAF balance of \$89.0 million.

As funding updates become available, we will provide them to all members of the Senate. In the meantime, if you have any questions, please contact me.

/kjh
Attachments

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Table 1

Senate-Passed FY 2011-12 General Fund/General Purpose (GF/GP) Appropriations (Actual Dollars)							
Department/Budget Area	FY 2010-11 Year-To-Date	FY 2011-12 Governor's Recommendation	Senate Funding Changes	Fund Shift School Aid and GF/GP	FY 2011-12 Senate-Passed	Senate % Change to Governor	Senate % Change to FY 2010-11
Agriculture and Rural Development	\$30,297,100	\$27,102,700	\$900,000		\$28,002,700	3.3%	-7.6%
Attorney General	28,559,400	28,117,600			28,117,600	0.0%	-1.5%
Capital Outlay	2,500	0			0	na	-100.0%
Civil Rights	10,975,700	9,827,200	100		9,827,300	0.0%	-10.5%
Community Colleges	295,880,500	100,000,000	(10,000,000)		90,000,000	-10.0%	-69.6%
Community Health	2,421,483,700	2,701,084,900	(60,000,000)		2,641,084,900	-2.2%	9.1%
Corrections	1,917,879,500	1,929,836,200	(75,324,500)		1,854,511,700	-3.9%	-3.3%
Education	21,914,100	18,644,200	(150,000)		18,494,200	-0.8%	-15.6%
Environmental Quality	25,322,500	21,491,600			21,491,600	0.0%	-15.1%
Executive	4,630,800	4,399,200			4,399,200	0.0%	-5.0%
Higher Education	1,543,378,500	564,032,500		499,719,500	1,063,752,000	88.6%	-31.1%
Human Services	924,018,100	1,096,478,200	(86,246,800)		1,010,231,400	-7.9%	9.3%
Judiciary	152,073,100	152,876,900	(342,600)		152,534,300	-0.2%	0.3%
Legislative Auditor General	11,155,000	10,597,000			10,597,000	0.0%	-5.0%
Legislature	100,574,300	98,573,400			98,573,400	0.0%	-2.0%
Licensing and Regulatory Affairs	47,607,900	43,536,300			43,536,300	0.0%	-8.6%
Military and Veterans Affairs	36,424,700	33,044,900			33,044,900	0.0%	-9.3%
Natural Resources	15,986,900	13,716,200			13,716,200	0.0%	-14.2%
School Aid	18,642,400	412,542,400		(193,900,000)	218,642,400	-47.0%	1072.8%
State	13,910,800	11,286,200	(100)		11,286,100	0.0%	-18.9%
State Police	260,383,200	261,676,000			261,676,000	0.0%	0.5%
Technology, Management, and Budget	299,748,800	313,357,800	(5,000,000)		308,357,800	-1.6%	2.9%
Transportation	0	0			0	na	na
Treasury-Debt Service	42,118,300	125,413,500			125,413,500	0.0%	197.8%
Treasury-Operations	56,038,000	60,271,300	(50,400)		60,220,900	-0.1%	7.5%
Treasury-Revenue Sharing	0	0			0	na	na
Treasury-Strategic Fund Agency	22,781,500	72,716,700	(55,000,000)		17,716,700	-75.6%	-22.2%
Other Post-Employment Benefits Payment	0	200,000,000	(40,000,000)		160,000,000	-20.0%	na
Employee Concessions	0	(180,000,000)			(180,000,000)	-0.0%	na
Total GF/GP Appropriations	\$8,301,787,300	\$8,130,622,900	(\$331,214,300)	\$305,819,500	\$8,105,228,100	-0.3%	-2.4%

Table 2

FY 2011-12 General Fund/General Purpose Revenue, Expenditures, and Year-End Balance (Millions of Dollars)	
	Senate-Passed
Beginning Balance.....	\$50.0
Consensus Revenue Estimate	\$7,294.1
<u>Other Revenue Adjustments:</u>	
Revenue Sharing Savings.....	\$635.7
Tax Code Reforms	339.8
Shift Short Term Borrowing Costs to School Aid Fund	20.0
Tax Amnesty.....	(49.8)
Unclaimed Property Reforms	35.0
Liquor Reforms	9.1
Northville Sale (Balloon Payment, Oct. 14, 2011)	6.5
Subtotal Other Revenue Adjustments	\$996.3
Total Governor's GF/GP Revenue.....	\$8,340.4
<u>Senate Adjustments to Governor's GF/GP Revenue:</u>	
Updated Estimate of Tax Code Reform	(\$114.2)
Transfer Comprehensive Transportation Fund Revenue to General Fund.....	15.0
Total Senate Revenue Adjustments	(\$99.2)
Total Senate GF/GP Revenue	\$8,241.2
Total Governor's GF/GP Appropriations	\$8,130.6
<u>Senate Adjustments to Governor's GF/GP Appropriations:</u>	
Senate Subcommittee Reductions	(\$331.2)
Replace \$499.7 million School Aid Fund with General Fund in Higher Education	499.7
Reduce GF/GP Grant to K-12	(193.9)
Total Senate Appropriation Adjustments	(25.4)
Total Senate GF/GP Appropriations	\$8,105.2
Projected Year-End GF/GP Balance	\$136.0

Table 3
FY 2011-12 School Aid Fund
Revenue, Expenditures, and Year-End Balance
(Millions of Dollars)

	Senate-Passed
Beginning Balance.....	\$507.0
Consensus Revenue Estimate	\$11,193.7
<u>Other Revenue Adjustments:</u>	
General Fund/General Purpose Grant	\$18.6
Federal Ongoing Aid.....	1,653.3
Tax Restructuring Plan	(593.9)
Additional GF/GP to Partially Offset Tax Restructuring	393.9
Partially Fund Community Colleges with School Aid Fund	(195.9)
Partially Fund Higher Education with School Aid Fund	(699.7)
Nontax Revenue Adjustments	(8.0)
Subtotal Other Revenue Adjustments	\$568.3
Total Governor's K-12 School Aid Fund Revenue	\$12,269.0
<u>Senate Adjustments to Governor's SAF Revenue:</u>	
Updated Estimate of Tax Code Reform	(\$85.6)
Partially Reverse Shift of SAF to Higher Education	499.7
Eliminate Some of the Additional GF/GP Grant	(193.9)
Total Senate Revenue Adjustments	\$220.2
Total Senate K-12 School Aid Fund Revenue.....	\$12,489.2
Total Governor's K-12 School Aid Fund Appropriations	\$12,173.5
<u>Senate Adjustments to Governor's SAF Appropriations:</u>	
Reduce Per Pupil Cut from \$300 to \$170.....	\$200.2
School Bus Inspections	1.5
Pay 1/2 Foundation Amount for Half-Day Kindergarten	(175.0)
Best Practices and Other Adjustments.....	200.0
Total Senate Appropriation Adjustments.....	\$226.7
Total Senate K-12 School Aid Fund Appropriations.....	\$12,400.2
Projected Year-End School Aid Fund Balance.....	\$89.0