

High Level Overview

Mr. Chairman, last week this committee adopted the 2nd Committee Substitute for the operating budget, Version F of HB 69.

The CS you have in front of you, Version L, is what we refer to as CS 3.

Before I explain the changes from CS 2 to CS 3, just a reminder of what was in CS 2.

CS 2, Version F of HB 69, adopted last week, contained FY22 operating items and FY21 supplemental operating and capital items.

The new CS in front of you, Version L (which we refer to as CS 3), also contains those same operating and supplemental items, but has added American Rescue Plan Act (ARPA) funds, a few operating and supplemental changes, plus has added the capital budget, SB 50 Version D, that this committee went over yesterday afternoon.

I will highlight the changes in a minute, but first would like to go over the structure of the bill so members and the public know which sections of the bill to look at when they are trying to locate an appropriation item.

Structure of the Bill

The bill has been divided into sections and grouping to attempt to make it easier to understand for members and the public.

The Numbers Section

Sections 1-3 are the regular operating budget, which contains the recommendations from all of the finance subcommittees (See pages 2-49)

Sections 4-6 are the numbers section operating supplemental items. (See pages 50-55.)

Sections 7-9 are the numbers section for FY22 capital items (see pages 56-86)

Sections 10-12 are the numbers section for capital supplemental items. (See pages 87-95)

The Language Sections

The bulk of supplemental language items have been grouped together at the beginning of the language section. These varying supplemental language appropriations could be for either operating or capital items, as well as direct or 'inflexible' ARPA, CRRSAA, CARES or from other federal acts that require appropriation to be accepted.

Sections 13 –49 of the language section are the bulk of those varying language supplemental items for FY21 I just referred to.

Most of the remaining sections (50-73) are mainly more 'normal' or 'usual' FY22 language appropriations.

The Substance of the bill

There are many reports that describe in varying degrees of detail the funding laid out in the CS before you. For anyone interested, there will be even more detailed reports posted on legislative finance's website after this hearing.

Mr. Chairman, I will go over verbally at a high-level the dollars and fund sources appropriated in this bill. I will list out in a minute all of the reports you have in front of you and may reference them but I do not intend for members to try and look at each of the reports while I am speaking, that would just lead to confusion. I am also going to use round numbers.

Totals

FY22 Operating totals:

All Funds	10.23 billion
UGF	4.51 billion
Federal funds	3.28 billion

FY21 Operating supplemental totals:

All Funds	1.28 billion
UGF	66.6 million
Federal funds	1.1 billion

FY22 Capital totals:

All Funds	2.33 billion
UGF	274.7 million
Federal funds	1.9 billion

FY21 Capital supplemental totals:

All Funds	639.5 million
UGF	15.7 million
Federal funds	577.6 million

FY22 Operating and Capital totals:

All Funds	12.56 billion
UGF	4.78 billion
Federal funds	5.18 billion

Mr. Chairman you have a packet of 5 reports and spreadsheets on your desk that outline in much greater detail all of the dollars and fund sources associated with this Committee Substitute.

Changes to the Operating

FY22

- Fish and Game – Commercial Fisheries – Statewide Fisheries Management **\$800.0 UGF** one time increment.
 - This is to cover the negative account balance projected as a result of several years of deficit spending against the CFEC fund.

LANGUAGE SECTION

- AMHS 18-Month Plan
 - Reduce AMHS UGF from \$66 million to \$61 million (a negative \$5 million)

ARPA ADDITIONS: 'CSLRF' or 'flexible' fund uses

See the attached colored spreadsheet

Mr. Chairman there is a spreadsheet in your packet (labeled #2) with all of the additions to the bill that use CSLRF or 'flexible' ARPA funds.

I will highlight a couple of the significant uses and members can look at the spreadsheet at their leisure.

- Fund Transfers – new subsection \$500 million of UGF revenue replacement
 - The sum of \$500,000,000 in federal receipts received from the American Rescue Plan Act: Title IX, Committee on Finance, Subtitle M, Coronavirus State and Local Fiscal Recovery Funds, Section 9901, is appropriated to the general fund for **general fund revenue replacement**.
- Health and Social Services – Public Health – Emergency Programs **\$30,000.0 ARP CSLRFR** one time increment
 - This is to cover a full year of FY22 COVID-19 health related costs.
- Grants to tourism and other businesses to offset revenue loss - **\$280 million**

Capital budget, SB 50 Version D added

As I stated earlier Mr. Chairman, we have added the substance of SB 50, version D of the capital budget that the committee reviewed yesterday.