
Overview of Senate Finance Committee Budget Recommendations SB 800

February 6, 2011

Senate Finance Committee Recommendations

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- Objectives:
 - Direct general fund resources to core areas of education, health care, and public safety.
 - Make pre-payment of \$100 million to reduce VRS rate deferral.
 - Support recommendations that retain jobs and spur job creation.
- Strategies/Resources
 - Redirect \$150 million GF proposed for transportation to education, health care, and public safety.
 - Governor's February revenue revision of \$152 million.

Recommended Net Budget Actions: Changes to SB 800, as Introduced

	(\$ in millions)	<u>FY 2010-12</u>
K-12 Public Education		\$ 100.6
Health and Human Resources		114.3
Higher Education (above \$80 million in SB 800)		19.8
Public Safety		37.8
Eliminate 2% Reduction in Take-Home Pay; ORP Reduction		40.1
Rainy Day Fund Reserve		20.3
Economic Development		11.3
Comp Board - Sheriffs		6.5
Capital Outlay		5.9
Natural Resources		5.4
Other Education		1.3
Judicial Balances Restored \$4.8 million		Balances
State Bar \$2.5 million Restored		Transfers
Transportation - Redirect GF		(150.0)
Unemployment Interest Payment Contingent		(8.9)
Other Savings Redirected		<u>(29.1)</u>
Total		\$ 175.3

Proposed VRS/Employee Compensation Actions

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- Begin early repayment of VRS rate deferral by increasing VRS contribution rate for FY 2012 by 2.4% over FY 2011 = \$100 million GF.
 - For state employees: \$69.3 million GF.
 - For teachers: \$31.0 million GF.
- Reverse proposed requirement that employees pay 5% toward retirement, offset by 3% pay increase.
 - Eliminates 2% reduction in take-home pay.
 - Reverse proposed reduction in contribution rate to Optional Retirement Plans.
 - \$58 million in spending to reverse these actions.

Recommended Resource Adjustments

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- Revenue Forecast: Governor's interim forecast adds \$65.0 million in FY 2011, and \$87.0 million in FY 2012.
 - Adjustment based on “money in the bank”, primarily withholding, rather than a change in the fundamental economic forecast assumed in the budget as introduced.
- Includes change to federal tax conformity adopted last year, to extend the Cancellation of Debt provision to a portion of taxable year 2010 income.
 - Results in a downward adjustment of \$14.9 million in FY 2011, which is offset by a positive \$7.4 million in FY 2012 and FY 2013.
- Reduces transfers to the GF by \$18.2 million due to reversal of employee compensation actions proposed in budget as introduced.