

**2011 SS HB1/PSS2
Briefing Summary**

Section 1 of Bill - the intent is to keep parameters of the Enacted Budget.

1. Decreases SFCC appropriation by \$7,800,000 in FY 2011.
2. Increases Medicaid Benefits appropriation by \$166,591,600 in FY 2011 and reduces the appropriation by \$97,295,800 in FY 2012. (\$69,795,800 for 50% of the Governor's estimated savings and \$27,500,000 that was transferred to FY 2011 to pay bills.)
3. Increases the nine postsecondary institutions' appropriations in total by \$18,900,000 in FY 2011 and reduces their FY 2012 appropriations by \$18,900,000 plus the across-the-board reductions.
4. Deletes Medicaid Benefits budget surplus.
5. Medicaid savings utilization language.
6. Medicaid face-to-face interviews.
7. Mandates an aggregate of \$168,900,000 of expenditure reductions in FY 2012 through operating efficiencies including contract reductions and non-merit personnel savings. In addition, mandates that all reductions shall result in annual recurring savings and that no debt service or savings from debt restructuring shall be used to comply with this measure.
8. Books an additional \$22,400,000 General Fund revenue in FY 2011.
9. Limits the total amount of General Fund debt restructuring to \$202,853,800 for the biennium. This is the amount the budget was predicated on. This cost \$67,000,000 in FY 2012.
10. Limits the total amount of Road Fund debt restructuring to -0- in FY 2011 and \$53,000,000 in FY 2012.
11. Mandates any debt service savings be transferred to the Budget Reserve Trust Fund.
12. Includes Additional Reporting Requirements language.

13. Includes Legislative Intent language.

14. Budget is balanced by making across-the-board cuts of 0.355% in FY 2011 and 1.74% in FY 2012 with the following exceptions:

LGEDF
LGEAF
Teachers' Retirement
Vocational Rehab
Finance Debt Service
Judicial Retirement
Judicial Court Facilities

Special Circumstances

SFCC: \$7,800,000 in FY 2011 and 1.74% in FY 2012

LARS: Adjusted for Teachers' Health Insurance and then reduced

SEEK: -0- in FY 2011 and a net reduction of 0.812% in FY 2012

Postsecondary Education (including KHEAA): -0- in FY 2011 and reduced 1.74% in FY 2012

State Salary and Compensation Fund: -0- in FY 2011 and 1.74% in FY 2012

State Group Health Insurance: -0- in FY 2011 and 1.74% in FY 2012

SEEK and Postsecondary Education (including KHEAA) - No cuts in FY 2011, initially no cuts in FY 2012, then on January 30, 2012 the appropriations will be reduced 1.74%, net cut to SEEK 0.812%.

LARS - No Education Flexibility language regarding Kindergarten Aids, Maximum Class Size, and Preschool Education.

Provides for LRC to contract with a major accounting firm to work with the CFG to evaluate and estimate Managed Care savings in FY 2012. This is to be updated by January 2, 2012. This is paid as a Necessary Governmental Expense.

15. Additional reporting requirements specifically for Managed Care savings.

16. Appropriates the reductions from SEEK and Postsecondary Education to Medicaid Benefits.

17. Authorizes the LRC to contract for an accounting firm to assist with evaluating all expenditure reductions.

18. Restoration of Education Funding: The Act is predicated on the Governor achieving 50% of the savings - \$69,800,000 in FY 2012. If savings are greater,

then the intent is to rescind the January 30, 2012 mandated education reductions.

19. Federal Health Patient Protection and Affordable Care Act receipts - \$29,000,000 to date.
20. Repeals the Governor's ability to furlough with the effective date of this Act.
21. Provides for three fund transfers - \$4,600,000.
22. Transportation Cabinet - Increases the Debt Service budget unit by \$32,500,000 in FY 2011.
23. Transportation Cabinet - Reduces the Highways budget unit by \$32,500,000 in FY 2011.
24. Transportation Cabinet - Reduces the language regarding State Supported Construction by \$32,500,000 in FY 2011.
25. Transportation Cabinet - Conforms the Biennial Highway Construction Program language by reducing it by \$32,500,000 in FY 2011.
26. Mandates that the Judicial Branch participate in the reductions with the exceptions of Judicial Retirement and the Local Facilities fund.
27. Mandates that the Legislative Branch participate in the across-the-board reductions.
28. No pay for legislators during veto period for 2011 Special Session - new language.
29. Includes an Emergency Clause.