

Budget Brief



www.wvpolicy.org

April 2012

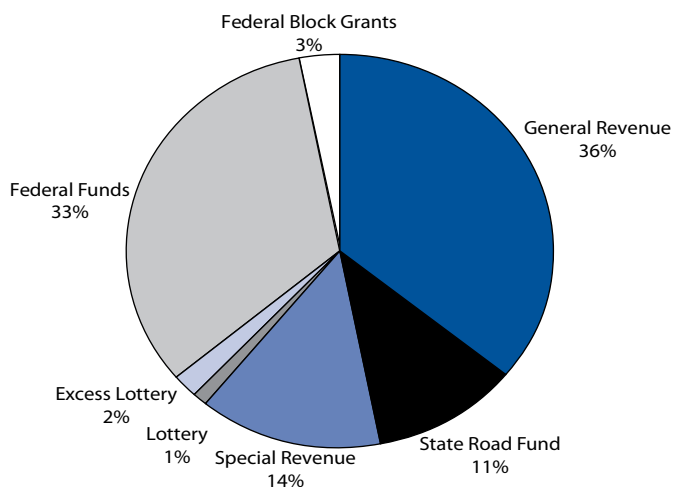
FY 2013 Budget Update

Sean O'Leary

On March 21, 2012, Governor Earl Ray Tomblin signed the Fiscal Year 2013 state budget into law. Few changes were made from the governor's budget proposal, which was introduced at the start of the legislative session, with the final budget reduced by \$4.6 million, a decrease of 0.04 percent. The final budget represents a total increase of approximately 1.6 percent or \$200 million over the FY 2012 budget.

The FY 2013 budget totals \$11.5 billion, including both state and federal appropriated funds. **Figure 1** breaks down the funding sources in the FY 2013 budget. State appropriations - including General Revenue, Lottery Funds, Special Revenue, and State Road - totaled \$7.3 billion, while appropriations from federal sources totaled \$4.1 billion. Major changes from the governor's proposed budget include \$13 million in vetoes and an additional \$10 million to the Department of Health and Human Services.

Figure 1
FY 2013 Budget Funds



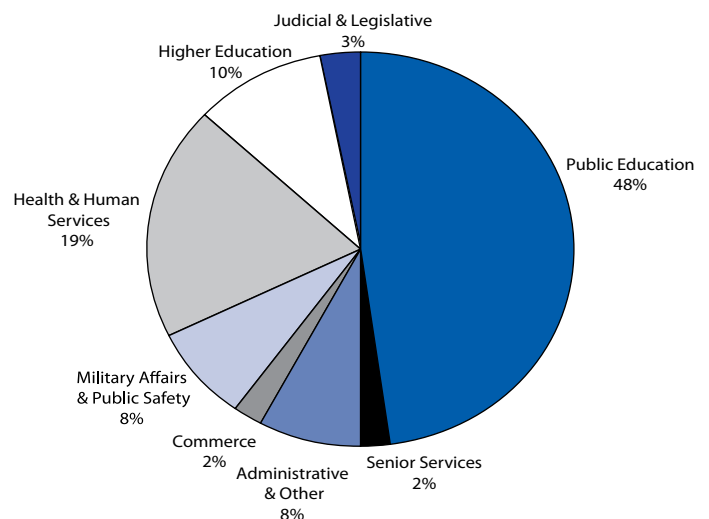
Source: WVCBP Analysis of WV State Budget Office Data
Note: Excess Lottery Amounts do not double count transfer to General Revenue

Base Budget Reductions Due to Minor Changes

The base budget is made up of General Revenue, Lottery, and Excess Lottery Funds and is the state's primary source of discretionary spending, appropriations not tied to specific funding streams or constitutional or statutory requirements.

The FY 2013 base budget totals \$4.49 billion, just 0.04 percent, or \$2.2 million, less than the governor's proposal (**Table 1**). Overall, the FY 2013 base budget increased by \$95.9 million or 2.2 percent over FY 2012. Public education makes up nearly half, at \$2.16 billion (**Figure 2**).

Figure 2
Base Budget Appropriations, FY 2013



Source: WVCBP Analysis of WV State Budget Office Data

As **Table 1** shows, the overall changes from the governor's proposal were minor, with the largest being a \$1.6 million reduction to general revenue. The overall reduction of \$1.6 million in general revenue was the result of numerous minor changes, both increases and decreases. These changes include a total decrease of \$7 million for the legislative, judicial, and executive appropriations, a \$2 million increase for a technology systems specialist for the State Department of Education, a \$11.4 million decrease in State Aid for Schools, mostly due to a reduced payment to the retirement

system's unfunded liability, and a \$10 million increase to the Department of Health and Human Services.

The increase to the Department of Health and Human Services includes a \$4.8 million increase for Medical Services, from \$221.9 million to \$226.7 million, and a \$5 million appropriation for Substance Abuse Continuum Care that was not in the governor's proposal.

Table 1
Base Budget Changes From Governor's Proposal

| Fund | FY13 Proposal | FY 13 Enrolled | Difference | % Change |
|-----------------|-----------------|-----------------|--------------|----------|
| General Revenue | \$4,149,751,000 | \$4,147,950,999 | -\$1,800,001 | -0.04% |
| Lottery | \$145,025,203 | \$145,025,203 | \$0 | 0.00% |
| Excess Lottery | \$198,374,890 | \$197,964,890 | -\$410,000 | -0.21% |
| Total | \$4,493,151,093 | \$4,490,941,092 | -\$2,210,001 | -0.05% |

Source: WVCBP analysis of WV State Budget Office Data; FY13 Enrolled includes vetoes.

Governor Vetoes

Before approving the final budget, Governor Tomblin vetoed several items, reducing the budget by about \$13 million. Table 2 shows the reductions from the governor's vetoes.

Table 2
Vetoes to FY 2013 Enrolled Budget

| Agency | Item | Enrolled Amount | Reduction | Final Amount |
|--|---------------------------------------|-----------------|-------------|--------------|
| WV Development Office | Current Expenses | \$3,395,169 | \$250,000 | \$3,145,169 |
| Division of Health – Central Office | Health Right Free Clinics | \$5,000,000 | \$250,000 | \$4,750,000 |
| Division of Human Services | Sexual Assault and Prevention | \$500,000 | \$250,000 | \$250,000 |
| WV State Police | Personal Services | \$46,664,205 | \$807,500 | \$45,856,705 |
| WV State Police | Employee Benefits | \$10,257,264 | \$242,500 | \$10,014,764 |
| Lottery Commission – Excess Lottery Revenue Fund Surplus | Teachers' Retirement Savings Realized | \$38,000,000 | \$9,939,000 | \$28,061,000 |
| Division of Labor - Contractor Licensing Board Fund | Equipment | \$510,000 | \$510,000 | \$0 |
| Racing Commission – General Administration | Current Expenses | \$1,254,164 | \$696,800 | \$557,364 |
| WV Development Office | Unclassified | \$810,000 | \$410,000 | \$400,000 |
| Total Veto Reductions: \$13,355,800 | | | | |

Source: WVCBP Analysis of Governor Earl Ray Tomblin's veto letter to Secretary Natalie Tennant, March 21, 2012.

Supplemental Appropriations

Throughout the year the Legislature passes bills which increase spending authority above the levels contained in the budget. These bills are known as supplemental appropriations. A supplemental appropriation raises the “spending ceiling” on a particular budget item. This does not necessarily mean that the amount of the supplemental appropriation will be spent in this fiscal year, only that the amount authorized to be spent has been raised. Supplemental appropriations are typically made when an item requires immediate funding and is too urgent postpone until the enactment of the next year’s budget.

Table 3 lists the supplemental appropriations passed during the 2012 Regular Legislative Session.

Table 3
FY 2012 Supplemental Appropriations

| Bill | Subject | Department | Fund | Total | Year Implemented |
|-----------|--|----------------|----------------------|---------------|------------------|
| S.B. 650 | Human Services | HHR | General Revenue | \$582,983,377 | FY12 |
| S.B. 673 | Corrections | MAPS | General Revenue | \$212,859 | FY12 |
| S.B. 677 | Medical Services | HHR | General Revenue | \$3,700,000 | FY12 |
| S.B. 678 | Agriculture, Finance, Public Defender, Forestry, Natural Resources, Education, Culture and History, Environmental Protection, Health, Medical Service Fund, Human Services, Corrections, Veterans, Higher Education, | Multiple | General Revenue | \$104,895,396 | FY12 |
| H.B. 4652 | CHIP, Environmental Protection, Health Central Office, Safe Drinking Water, Human Services, Coal Heritage Highway | Multiple | Federal | \$155,675,000 | FY12 |
| H.B. 4656 | TANF | HHR | Federal Block Grants | \$29,443,282 | FY12 |
| H.B. 4657 | Employee Pension Fund. Purchasing, Oil and Gas Permit Processing, Stream Restoration, Mountaintop Removal, WV Works, State Police Academy, Racing Commission, State Board of Examiners, Consumer Advocate | Multiple | Special | \$41,366,262 | FY12 |
| H.B. 4658 | Highways | Transportation | Road | \$88,000,000 | FY12 |

Source: West Virginia Legislature 2012 Regular Session

Bills Passed with Fiscal Impact

The Legislature passed 214 bills in the 2012 regular session, 20 of which contained fiscal notes, or price tags which are attached to legislative bills to inform legislators and the public of the estimated cost to the state in either expenditure increases or revenue losses. Fiscal notes are usually attached to a bill when taxes or fees are assessed or a new program, service, or fund is being created.

| Bill | Subject | Fund | Impact |
|------------------|--|----------------------|---------------------|
| S.B. 153 | Increasing tax credits for apprenticeship training in construction trades | General | -\$600,000 |
| S.B. 166 | Making disarming or attempting to disarm correctional officer felony | General | Unknown |
| S.B. 362 | Authorizing bond issuance for Cacapon Resort State Park and Beech Fork State Park capital improvements | Excess Lottery | -\$3,000,000 |
| S.B. 410 | Requiring backup withholding from certain gambling prizes | General | \$3,000,000 |
| S.B. 437 | Relating generally to substance abuse | General | -\$250,000 |
| S.B. 469 | Relating generally to other post-employment benefits. | General | -\$35,000,000 |
| S.B. 478 | Creating apprentice hunting and trapping license | Special | \$154,000 |
| S.B. 555 | Providing contractor exception to sales and use tax exemption for nonprofit youth organization | General | Unknown |
| S.B. 579 | Increasing special reclamation tax on clean coal mined | Special | \$17,000,000 |
| S.B. 650 | Supplemental Appropriations from GR to DHHR | Transfer | \$28,500,000 |
| H.B. 4007 | Relating to Unemployment Benefits to spouses of military | Special | -\$41,500 |
| H.B. 4015 | Creating the Herb Henderson Office of Minority Affairs | General | -\$661,000 |
| H.B. 4062 | Creating an in-home direct care workforce registry | General | -\$105,000 |
| H.B. 4070 | Changing basis for paying county salary supplement equivalent pay rate for division of rehabilitation teachers | Federal | -\$42,857 |
| H.B. 4086 | Certain property capital addition to a manufacturing facility | Local/General | Unknown |
| H.B. 4087 | Continuing the discontinuance of severance taxes on severing timber | Special | -\$1,000,000 |
| H.B. 4281 | Increasing supplemental pay for State Police | General | Unknown |
| H.B. 4567 | Permitting the Harrison County Commission to levy a special district tax | Local | Unknown |
| H.B. 4605 | Providing for pre-marital education option to applicants for marriage licenses | Special | \$216,597 |
| H.B. 4626 | Increasing state police supervisors to nineteen | General | -\$42,894 |

Source: West Virginia Legislature 2012 Regular Session – Tax Bills in Bold