

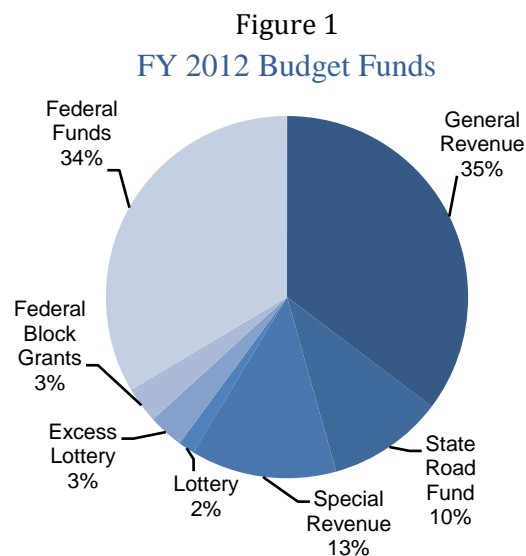
April 2011

## FY 2012 Budget Update

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On March 24, 2011, Acting Governor Tomblin signed into law the state budget for Fiscal Year 2012. The governor's budget proposal, introduced on January 12, 2011, survived the legislative process relatively intact. The final budget, like the governor's proposal, contained no major cuts or new taxes and the state remains in a fiscally stable position.

The FY 2012 budget totals \$11.3 billion, including both state and federal appropriated funds. Figure 1 breaks down the funding sources for the FY 2012 budget. Total state appropriations – including General Revenue, Lottery Funds, Special Revenue and State Road – are \$65 million above the governor's proposed budget. Major changes from the governor's proposal include \$18 million in vetoes and increases in appropriations from Special Revenue and Excess Lottery, and the promotion of the Department of Veterans' Assistance to a cabinet level department.



Source: WVCBP Analysis of West Virginia State Budget Office Data

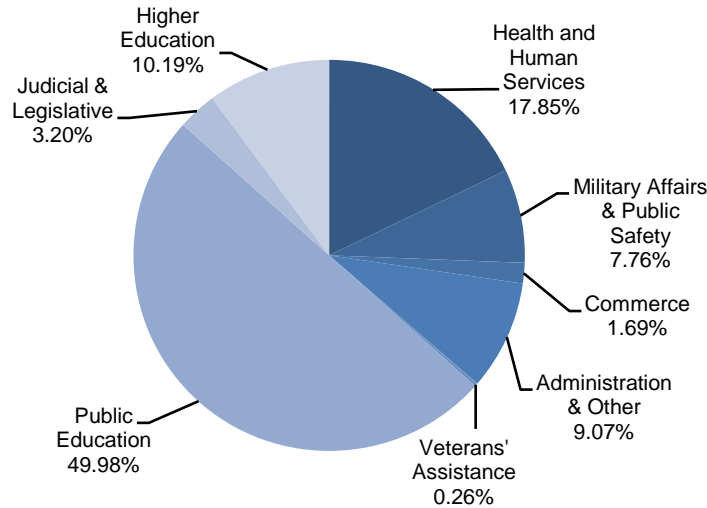
Note: Excess Lottery amounts do not double count transfer to General Revenue

### Base Budget Changes

Discretionary spending, or appropriations not tied to specific funding streams or constitutional or statutory requirements, comes primarily from the base budget, which includes the General Revenue Fund, Lottery

and Excess Lottery Funds. Figure 2 is a breakdown of the total appropriations in the base budget. Half of the base budget, \$2.26 billion, is related to public education, while Health and Human Services comprises nearly 18 percent or \$807.5 million. Higher education accounts for \$460.8 million. The FY 2012 base budget totals \$4.52 billion, approximately 0.4 percent larger than the governor’s proposal (Table 1).

Figure 2  
Base Budget Appropriations, FY 2012



Source: WVCBP Analysis of West Virginia State Budget Office Data

Table 1  
Base budget changes from governor’s proposal

Fund Source	FY12 Proposal	FY12 Enrolled	Difference	% Change
General Revenue	\$4,015,621,000	\$4,001,353,800	-\$14,267,200	-0.4%
Lottery	\$163,764,000	\$166,305,107	\$2,541,107	1.6%
Excess Lottery	\$325,166,848	\$355,255,292	\$30,088,444	9.3%
<b>Total</b>	<b>\$4,504,551,848</b>	<b>\$4,522,914,199</b>	<b>\$18,362,351</b>	<b>0.4%</b>

Source: WVCBP Analysis of West Virginia State Budget Office Data; FY12 Enrolled includes vetoes

As Table 1 shows, the \$30 million increase in Excess Lottery appropriations is the biggest change from the governor’s proposal. This increase includes a \$6,000,000 increase for the West Virginia Infrastructure Council, from \$40 million to \$46 million, and a \$24.2 million appropriation for the State Department of Education Retirement Systems that was not included in the governor’s proposal.

In the General Revenue fund, the Children’s Health Insurance Agency received a \$497,035 appropriation for Autism Spectrum Disorder coverage, bringing its total to \$10.9 million, while the Division of Miners’ Health, Safety, and Training saw its appropriation increase by \$748,013 from the governor’s proposal, up to a total of \$12.8 million. The State Department of Education also saw a new appropriation, \$2.2 million for Local Solutions Dropout Prevention and Recovery, which was not in the governor’s proposal.

Before he approved the final budget, Acting Governor Tomblin vetoed several items, reducing the budget by about \$18 million. Table 2 shows these reductions.

Table 2  
Vetoed to FY 2012 Enrolled Budget

Agency	Item	Enrolled Amount	Reduction	Final Amount
Dept. of Agriculture	Bee Research	\$86,894	\$10,000	\$76,894
WV Conservation Agency	Marlinton Flood Wall (R)	\$1,500,000	\$750,000	\$750,000
WV Development Office	Unclassified	\$4,061,785	\$500,000	\$3,561,788
WV Development Office	Chemical Alliance Zone	\$100,000	\$54,400	\$45,600
WV Development Office	Local Economic Development Assistance (R)	\$7,677,000	\$3,777,000	\$3,900,000
WV Development Office	I-79 Development Council	\$65,050	\$15,000	\$50,050
Occupational Safety and Health Fund	Personal Services	\$200,000	\$200,000	\$0
Occupational Safety and Health Fund	Employee Benefits	\$100,000	\$100,000	\$0
Occupational Safety and Health Fund	BRIM Premium	\$1,500	\$1,500	\$0
State Department of Education	Educational Program Allowance	\$350,000	\$100,000	\$250,000
State Aid to Schools	Improved Instructional Programs	\$44,369,840	\$5,841,043	\$38,528,797
Dept. of Education and the Arts	National Youth Science Camp	\$350,000	\$60,000	\$290,000
Division of Health	Center for End of Life	\$500,000	\$250,000	\$250,000
Consolidated Medical Service Fund	Behavioral Health Program – Unclassified (R)	\$62,937,972	\$500,000	\$62,437,972
Division of Human Services	Unclassified (R)	\$15,552,857	\$100,000	\$15,452,857
Tax Division	Unclassified (R)	\$8,099,623	\$30,000	\$8,069,623
State Budget Office	Pay Equity Reserve	\$600,000	\$100,000	\$500,000
Higher Education Policy Commission	Glenville State College	\$7,197,804	\$100,000	\$7,097,804
Higher Education Policy Commission	West Virginia University	\$116,372,285	\$100,000	\$116,272,285
Department of Education and the Arts	Governor’s Honor Academy	\$489,358	\$89,358	\$400,000
Department of Education and the Arts	Literacy Project	\$425,000	\$75,000	\$350,000
Division of Culture and History	Grants for Competitive Arts Program	\$1,250,000	\$228,750	\$1,021,250
Division of Homeland Security and Emergency Management	Surplus	\$5,000,000	\$5,000,000	\$0
Agricultural Disaster and Mitigation	Surplus	\$500,000	\$500,000	\$0
<b>Total Veto Reductions: \$18,232,051</b>				

**Source:** WVCBP analysis of Governor Earl Ray Tomblin’s veto letter to Secretary of State Natalie Tennant, March 23, 2011.

## Supplemental Appropriations

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

Table 3 lists the supplemental appropriations passed during the 2011 Legislative Session.

Table 3  
FY 2011 Supplemental Appropriations

Bill	Subject	Department	Fund	Total	Year Implemented
S.B. 254	Community Development, Energy Assistance	Multiple	Federal Block Grants	\$20,000,000	FY11
S.B. 255	Governor’s Office, Rehabilitation Services, Medical Services, Health Care Authority, Port Authority	Multiple	Federal	\$247,044,000	FY11
S.B. 342	Civil Contingent Fund	Executive	General Revenue	\$8,000,000	FY11
S.B. 617	Education and the Arts, Safe Drinking Water	Multiple	Federal	\$12,350,000	FY11
S.B. 618	Highways	Transportation	Road	\$219,200,000	FY11
S.B. 619	Corrections, State Police, Debt Reduction, Railroad,	Multiple	Special	\$11,067,695	FY11
S.B. 620	Auditor, Agriculture, Ethics Commission, Public Defender, Education, Medical Service, Burials, Parole Board, Corrections, Veterans, Higher Education	Multiple	General Revenue	\$41,432,695	FY11

Source: West Virginia Legislature 2011 Regular Session

The supplemental appropriations demonstrate the continued use of federal economic stimulus funds to help stabilize the current state budget. Supplemental appropriation S.B. 618 contains \$160 million in federal stimulus funds, while S.B. 255 contains \$2 million in federal stimulus funds.

In addition, the FY 2012 budget contains \$313.8 million in federal economic stimulus funds.

## Bills Passed with Fiscal Impact

The Legislature passed 191 bills in the 2011 regular session, 35 of which contained fiscal notes. Fiscal notes are the “price tags” attached to legislative bills that inform legislators and the public of the estimated cost to the state in either expenditure increases or revenue losses. Fiscal notes usually get attached to a bill when taxes or fees are assessed or a new program, service or fund is being created.

This legislative session's largest fiscal note was for the one-time salary enhancements for state employees at \$66 million for FY 2012.

Table 4  
FY Enrolled Bills with Fiscal Impact

Bill #	Subject	Fund	FY 2011	FY 2012	Full Impact
<b>S.B. 35</b>	<b>Tax credit for nonfamily adoptions</b>	<b>General</b>			<b>-\$250,000</b>
S.B. 96	Requiring all prosecuting attorneys to be full time	Other	-\$200,320		\$0
S.B. 193	Law-enforcement training	Multiple		-\$182,500	-\$182,500
S.B. 228	Creating dropout prevention program	General		-\$1,200,000	-\$1,200,000
S.B. 238	Upgrading Director of Veterans' Assistance to Secretary Status	General		-\$40,000	-\$40,000
<b>S.B. 243</b>	<b>Increasing tax credit limit for Neighborhood Investment Program</b>	<b>General</b>		<b>-\$500,000</b>	<b>-\$500,000</b>
S.B. 243	Increasing tax credit limit for Neighborhood Investment Program	Other		\$20,000	\$20,000
S.B. 330	Hiring additional staff in Higher Education Policy Commission	General		-\$500,000	-\$500,000
S.B. 435	Authorizing Insurance Commissioner actions	Special	-\$5,000		\$0
<b>S.B. 436</b>	<b>Continue personal income tax adjustment</b>	<b>General</b>			<b>-\$500,000</b>
S.B. 492	Establishing a hospital Medicaid upper payment level program	Special		\$27,140,000	\$27,200,000
S.B. 544	Municipal Policemen and Firemen pension and relief	Other		-\$60,000	\$0
S.B. 550	Casino Reinvestment Act	Multiple		\$9,143,000	\$9,143,000
H.B. 2368	Creates barber's apprentice program	Special	-\$2,000	-\$60,000	\$10,000
H.B. 2522	Creates dispute resolution for nursing homes	Multiple		-\$73,065	-\$73,065
H.B. 2525	Requires license for practice of social work	Multiple		-\$78,365	-\$78,365
H.B. 2532	Requires permit fee for zip line	Multiple	-\$92,414	-\$92,414	-\$92,414
H.B. 2693	Provides autism coverage	Multiple		-\$637,816	-\$637,816

Table 4 (continued)  
 FY Enrolled Bills with Fiscal Impact

Bill #	Subject	Fund	FY 2011	FY 2012	Full Impact
H.B. 2763	Unemployment Insurance overpayment	Other	-\$560,571	-\$560,571	-\$560,571
H.B. 2818	Increases expenses paid for crime victims' compensation	Special	-\$99,000	-\$99,000	-\$99,000
H.B. 2845	Creates lifetime senior hunting license	Special		\$179,000	\$179,000
H.B. 2879	One-time salary supplement	Multiple		-\$66,483,780	
H.B. 2955	Replaces synthetic fuel tax	Special		\$1,663,500	\$1,663,500
H.B. 2958	Increase staff at racing commission	Other		\$696,800	\$696,800
H.B. 2959	Increase funding for racing commission	Other		\$375,000	\$375,000
H.B. 2986	Fire permit revenue	Special		\$124,250	\$124,250
H.B. 3028	Maternal Mortality Review Team	General		-\$108,257	-\$108,257
H.B. 3054	DNA testing fees	Special		\$20,000	\$20,000
H.B. 3094	DHHS compensation for personal property loss	General		-\$10,000	-\$10,000
H.B. 3145	One-time bonus to certain retirees	Multiple		-\$262,000	-\$1,272,000
H.B. 3163	Manage workers' compensation for state agencies	Special		-\$1,440,000	-\$1,440,000
H.B. 3205	Reducing jail sentences for completing rehab and education programs	Special		-\$600,000	-\$600,000
H.B. 3271	Provides workers' compensation to volunteer fire departments	Special	-\$1,400,000	-\$1,400,000	-\$1,400,000

**Tax Bills in BOLD**

Source: West Virginia Legislature 2011 Regular Session