

L E G I S L A T I V E   B U D G E T   B O A R D

# Summary of Conference Committee Report for House Bill 1

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SUBMITTED TO THE CONFERENCE COMMITTEE FOR HOUSE BILL 1



# INTRODUCTION

The House Bill 1 Conference Committee’s recommended appropriations for state government operations for the 2004–05 biennium total \$117.4 billion from all fund sources. The recommendations provide a \$1,602 million, or 1.4 percent, increase from the 2002–03 biennial level.

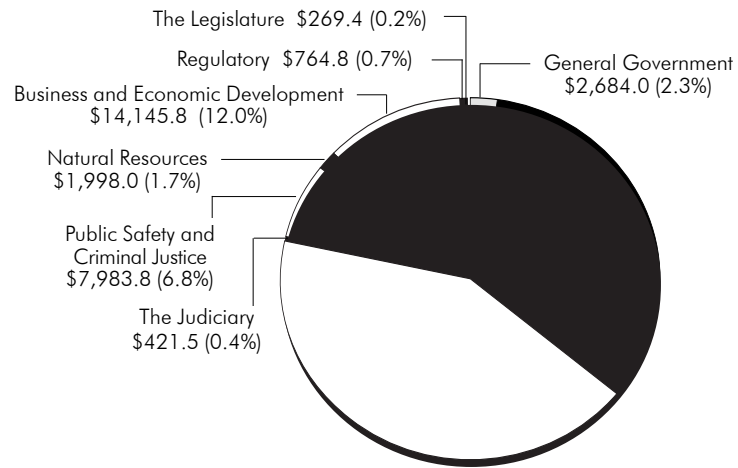
General Revenue funding, including funds dedicated within the General Revenue Fund, totals \$63.5 billion for the 2004–05 biennium, a decrease of \$2.2 billion, or 3.4 percent, from the anticipated 2002–03 biennial spending level. Figures 1 and 2 show the 2004–05 recommendations by government function.

The Conference Committee’s recommendations include \$58.2 billion in “pure” General Revenue Funds (see Table 2 on Page 4).

## 2004–05 BIENNIAL RECOMMENDATIONS

**FIGURE 1  
ALL FUNDS**

IN MILLIONS **TOTAL = \$117,408.9 MILLION**

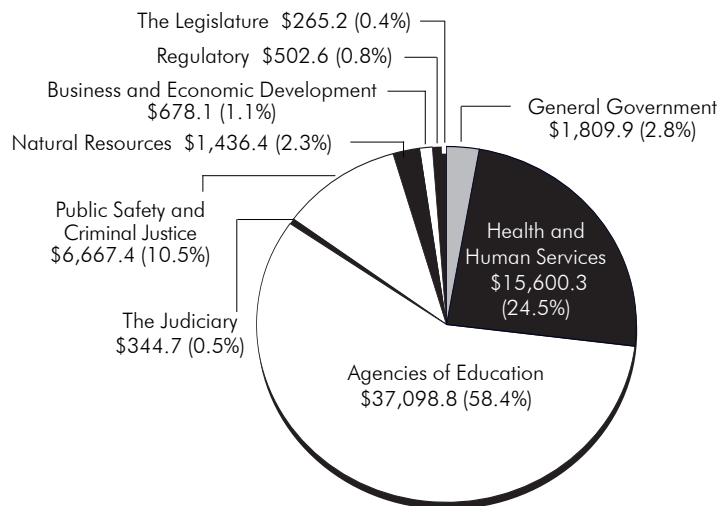


General Provisions = -\$737.5 (-0.6%)

NOTES: Excludes interagency contracts.  
Totals may not add because of rounding.

**FIGURE 2  
GENERAL REVENUE AND  
GENERAL REVENUE–DEDICATED FUNDS**

IN MILLIONS **TOTAL = \$63,546.2 MILLION**



General Provisions = -\$857.1 (-1.3%)

NOTE: Totals may not add because of rounding.

# CHANGES BY METHOD OF FINANCING AND FUNCTION

The House Bill 1 Conference Committee's recommendations for the 2004–05 biennium include the following funding changes from the 2002–03 biennium:

## GENERAL REVENUE FUNDS

- ◆ a \$2.6 billion, or 4.3 percent, decrease in General Revenue Funds. As depicted in Figure 3, General Revenue Funds make up 49.5 percent of the recommended budget;

## GENERAL REVENUE–DEDICATED FUNDS

- ◆ a \$334.4 million, or 6.6 percent, increase in General Revenue–Dedicated Funds. General Revenue–Dedicated Funds make up 4.6 percent of the recommended budget;

## FEDERAL FUNDS

- ◆ a \$2.2 billion, or 5.9 percent, increase in Federal Funds. Federal Funds make up 33.4 percent of the recommended budget; and

## OTHER FUNDS

- ◆ a \$1.7 billion, or 13 percent, increase in Other Funds. Other Funds make up 12.5 percent of the recommended budget.

The recommendations result in major funding changes for the following functions:

## PUBLIC EDUCATION

- ◆ a \$875.2 million, or 3.4 percent, decrease in General Revenue and General Revenue–Dedicated Funds; a \$1.3 billion, or 22.8 percent, increase in Federal Funds; and a \$770.1 million, or 52.9 percent, increase in Other Funds;

## HIGHER EDUCATION

- ◆ a \$144 million, or 1.1 percent, decrease in General Revenue and General Revenue–Dedicated Funds; and a \$302.9 million, or 9.3 percent, increase in Other Funds;

## PUBLIC SAFETY AND CRIMINAL JUSTICE

- ◆ a \$299.8 million, or 4.3 percent, decrease in General Revenue and General Revenue–Dedicated Funds; a \$131.6 million, or 33.8 percent, decrease in Federal Funds; and a \$100.6 million, or 10.5 percent, increase in Other Funds;

## NATURAL RESOURCES

- ◆ a \$108.4 million, or 7 percent, decrease in General Revenue and General Revenue–Dedicated Funds; and a \$33.2 million, or 11.6 percent, decrease in Federal Funds;

## BUSINESS AND ECONOMIC DEVELOPMENT

- ◆ a \$74.2 million, or 9.9 percent, decrease in General Revenue and General Revenue–Dedicated Funds; a \$45.4 million, or 0.6 percent, increase in Federal Funds; and a \$261.1 million, or 4.2 percent, increase in Other Funds;

## HEALTH AND HUMAN SERVICES

- ◆ a \$100.9 million, or 0.7 percent, increase in General Revenue and General Revenue–Dedicated Funds; and a \$944.5 million, or 4.1 percent, increase in Federal Funds;

## REGULATORY

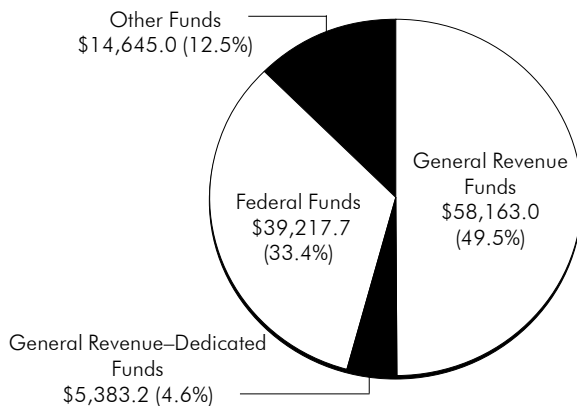
- ◆ a \$22.7 million, or 4.7 percent, increase in General Revenue and General Revenue–Dedicated Funds; and a \$30.8 million, or 13.6 percent, increase in Other Funds; and

## GENERAL GOVERNMENT

- ◆ a \$26.4 million, or 1.5 percent, increase in General Revenue and General Revenue–Dedicated Funds; and a \$72.2 million, or 11.1 percent, decrease in Federal Funds.

**FIGURE 3  
BIENNIAL RECOMMENDATIONS FOR 2004–05  
BY FUND SOURCE**

IN MILLIONS TOTAL = \$117,408.9 MILLION



NOTES: Excludes interagency contracts.  
Totals may not add because of rounding.

# RECOMMENDATIONS BY METHOD OF FINANCING

TABLES 1 THROUGH 6 compare the House Bill 1 Conference Committee's recommendations for the 2004–05 biennium with estimated 2002–03 expended/budgeted levels.

The tables show the budgets by government function for All Funds, General Revenue Funds, General Revenue–Dedicated Funds, General Revenue and General Revenue–Dedicated Funds, Federal Funds, and Other Funds.

For definitional purposes, the term “General Revenue Funds” includes primarily the nondedicated portion of the General Revenue Fund and three education funds—the Available School Fund, the State Textbook Fund and the Foundation School Fund.

General Revenue Funds also include the dedicated portions of some taxes that have historically counted as General Revenue.

The term “General Revenue–Dedicated Funds” includes those funds that were rededicated under House Bill 3050, Seventy-fourth Legislature, 1995; House Bill 2948, Seventy-fifth Legislature, 1997; House Bill 3084, Seventy-sixth Legislature, 1999; House Bill 3088, Seventy-seventh Legislature, 2001; and all other dedicated accounts within the General Revenue Fund.

## 2004–05 BIENNIAL RECOMMENDATIONS

**TABLE 1  
ALL FUNDS**

IN MILLIONS				
FUNCTION	EXPENDED/ BUDGETED 2002–03*	CONFERENCE RECOMMENDED 2004–05	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I - General Government	\$2,546.0	\$2,684.0	\$138.1	5.4
Article II - Health and Human Services	38,711.4	39,786.2	1,074.8	2.8
Article III - Agencies of Education	48,753.2	50,092.8	1,339.6	2.7
Public Education	32,711.4	33,894.4	1,183.0	3.6
Higher Education	16,041.8	16,198.4	156.7	1.0
Article IV - The Judiciary	422.9	421.5	(1.3)	(0.3)
Article V - Public Safety and Criminal Justice	8,314.6	7,983.8	(330.8)	(4.0)
Article VI - Natural Resources	2,135.6	1,998.0	(137.6)	(6.4)
Article VII - Business and Economic Development	13,913.5	14,145.8	232.3	1.7
Article VIII - Regulatory	712.8	764.8	52.0	7.3
Article IX - General Provisions	0.0	(737.5)	(737.5)	NA
Article X - The Legislature	297.2	269.4	(27.8)	(9.4)
Total	\$115,807.1	\$117,408.9	\$1,602.0	1.4

\*Includes \$1,444 million in reductions and \$503 million in supplemental appropriations from the Economic Stabilization Fund (i.e., General Revenue Funds) pursuant to House Bill 7 (assumes \$769 million in additional Federal Funds tied to supplemental appropriations).  
 NOTES: Tobacco Settlement receipts are allocated to Articles II, III, and VII.  
 Excludes interagency contracts.  
 Totals may not add because of rounding.  
 Biennial change and percentage change calculated on actual amounts before rounding.

# RECOMMENDATIONS BY METHOD OF FINANCING

## 2004-05 BIENNIAL RECOMMENDATIONS

**TABLE 2  
GENERAL REVENUE FUNDS**

IN MILLIONS				
FUNCTION	EXPENDED/ BUDGETED 2002-03*	CONFERENCE RECOMMENDED 2004-05	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I - General Government	\$1,397.8	\$1,391.0	\$(6.8)	(0.5)
Article II - Health and Human Services	14,844.5	14,672.6	(171.9)	(1.2)
Article III - Agencies of Education	35,661.1	34,535.0	(1,126.1)	(3.2)
Public Education	25,427.6	24,474.8	(952.8)	(3.7)
Higher Education	10,233.4	10,060.2	(173.3)	(1.7)
Article IV - The Judiciary	333.6	318.2	(15.4)	(4.6)
Article V - Public Safety and Criminal Justice	6,859.1	6,611.8	(247.4)	(3.6)
Article VI - Natural Resources	590.8	510.0	(80.8)	(13.7)
Article VII - Business and Economic Development	382.9	310.5	(72.4)	(18.9)
Article VIII - Regulatory	382.0	401.6	19.6	5.1
Article IX - General Provisions	0.0	(852.8)	(852.8)	NA
Article X - The Legislature	293.8	265.2	(28.6)	(9.7)
Total	\$60,745.4	\$58,163.0	\$(2,582.4)	(4.3)

\*Includes \$1,267 million in reductions and \$503 million in supplemental appropriations from the Economic Stabilization Fund (i.e., General Revenue Funds) pursuant to House Bill 7.  
 NOTES: Tobacco Settlement receipts are allocated to Articles II, III, and VII.  
 Totals may not add because of rounding.  
 Biennial change and percentage change calculated on actual amounts before rounding.

**TABLE 3  
GENERAL REVENUE-DEDICATED FUNDS**

IN MILLIONS				
FUNCTION	EXPENDED/ BUDGETED 2002-03*	CONFERENCE RECOMMENDED 2004-05	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I - General Government	\$385.7	\$419.0	\$33.3	8.6
Article II - Health and Human Services	654.9	927.7	272.8	41.7
Article III - Agencies of Education	2,457.0	2,563.8	106.9	4.3
Public Education	165.4	243.0	77.6	46.9
Higher Education	2,291.5	2,320.8	29.3	1.3
Article IV - The Judiciary	21.9	26.5	4.6	20.8
Article V - Public Safety and Criminal Justice	108.0	55.6	(52.4)	(48.5)
Article VI - Natural Resources	954.0	926.4	(27.6)	(2.9)
Article VII - Business and Economic Development	369.4	367.5	(1.9)	(0.5)
Article VIII - Regulatory	97.9	101.0	3.1	3.2
Article IX - General Provisions	0.0	(4.3)	(4.3)	NA
Total	\$5,048.8	\$5,383.2	\$334.4	6.6

\*Includes \$177 million in reductions pursuant to House Bill 7.  
 NOTES: Tobacco Settlement receipts are allocated to Articles II, III, and VII.  
 Totals may not add because of rounding.  
 Biennial change and percentage change calculated on actual amounts before rounding.

# RECOMMENDATIONS BY METHOD OF FINANCING

## 2004-05 BIENNIAL RECOMMENDATIONS

**TABLE 4  
GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS**

IN MILLIONS				
FUNCTION	EXPENDED/ BUDGETED 2002-03*	CONFERENCE RECOMMENDED 2004-05	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I - General Government	\$1,783.5	\$1,809.9	\$26.4	1.5
Article II - Health and Human Services	15,499.4	15,600.3	100.9	0.7
Article III - Agencies of Education	38,118.1	37,098.8	(1,019.2)	(2.7)
Public Education	25,593.1	24,717.9	(875.2)	(3.4)
Higher Education	12,525.0	12,381.0	(144.0)	(1.1)
Article IV - The Judiciary	355.5	344.7	(10.8)	(3.0)
Article V - Public Safety and Criminal Justice	6,967.1	6,667.4	(299.8)	(4.3)
Article VI - Natural Resources	1,544.8	1,436.4	(108.4)	(7.0)
Article VII - Business and Economic Development	752.3	678.1	(74.2)	(9.9)
Article VIII - Regulatory	479.9	502.6	22.7	4.7
Article IX - General Provisions	0.0	(857.1)	(857.1)	NA
Article X - The Legislature	293.8	265.2	(28.6)	(9.7)
Total	\$65,794.2	\$63,546.2	\$(2,248.1)	(3.4)

\*Includes reductions of \$1,267 million in General Revenue Funds and \$177 million in General Revenue-Dedicated Funds pursuant to House Bill 7.  
 NOTES: Tobacco Settlement receipts are allocated to Articles II, III, and VII.  
 Totals may not add because of rounding.  
 Biennial change and percentage change calculated on actual amounts before rounding.

**TABLE 5  
FEDERAL FUNDS**

IN MILLIONS				
FUNCTION	EXPENDED/ BUDGETED 2002-03*	CONFERENCE RECOMMENDED 2004-05	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I - General Government	\$653.0	\$725.2	\$72.2	11.1
Article II - Health and Human Services	22,778.8	23,723.3	944.5	4.1
Article III - Agencies of Education	5,928.6	7,214.4	1,285.8	21.7
Public Education	5,661.2	6,949.2	1,288.0	22.8
Higher Education	267.4	265.2	(2.2)	(0.8)
Article IV - The Judiciary	<0.1	<0.1	<0.1	0.5
Article V - Public Safety and Criminal Justice	388.9	257.3	(131.6)	(33.8)
Article VI - Natural Resources	285.4	252.2	(33.2)	(11.6)
Article VII - Business and Economic Development	7,006.1	7,051.5	45.4	0.6
Article VIII - Regulatory	6.9	5.5	(1.4)	(20.9)
Article IX - General Provisions	0.0	(11.6)	(11.6)	NA
Total	\$37,047.7	\$39,217.7	\$2,170.0	5.9

\*Includes \$769 million in supplemental appropriations pursuant to House Bill 7.  
 NOTES: Totals may not add because of rounding.  
 Biennial change and percentage change calculated on actual amounts before rounding.

# RECOMMENDATIONS BY METHOD OF FINANCING

## 2004-05 BIENNIAL RECOMMENDATIONS

**TABLE 6  
OTHER FUNDS**

IN MILLIONS				
FUNCTION	EXPENDED/ BUDGETED 2002-03	CONFERENCE RECOMMENDED 2004-05	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I - General Government	\$109.4	\$148.9	\$39.5	36.1
Article II - Health and Human Services	433.2	462.7	29.5	6.8
Article III - Agencies of Education	4,706.5	5,779.6	1,073.1	22.8
Public Education	1,457.2	2,227.3	770.1	52.9
Higher Education	3,249.4	3,552.3	302.9	9.3
Article IV - The Judiciary	67.4	76.8	9.5	14.1
Article V - Public Safety and Criminal Justice	958.5	1,059.1	100.6	10.5
Article VI - Natural Resources	305.4	309.5	4.1	1.3
Article VII - Business and Economic Development	6,155.1	6,416.2	261.1	4.2
Article VIII - Regulatory	226.0	256.8	30.8	13.6
Article IX - General Provisions	0.0	131.3	131.3	NA
Article X - The Legislature	3.4	4.2	0.8	23.5
Total	\$12,964.9	\$14,645.0	\$1,680.1	13.0

NOTES: Tobacco Settlement receipts are allocated to Articles II, III, and VII.  
Excludes interagency contracts.  
Totals may not add because of rounding.  
Biennial change and percentage change calculated on actual amounts before rounding.



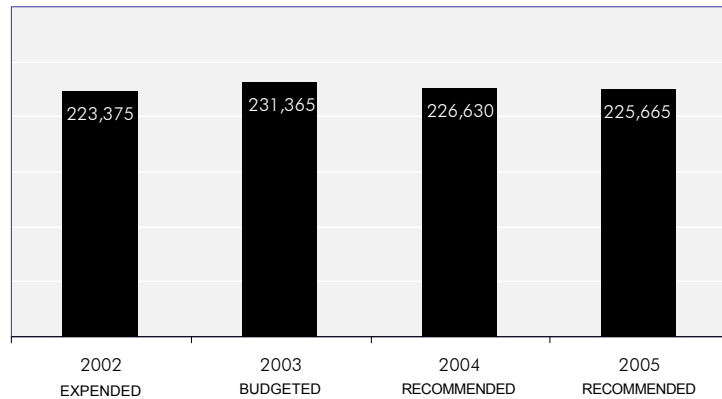
# FULL-TIME-EQUIVALENT POSITIONS

Recommendations provide for 226,630 full-time-equivalent (FTE) positions in 2004 and 225,665 in 2005. As shown in Figure 4, the 2005 amount represents a decrease of 5,699 FTE positions from the 2003 budgeted level.

The General Appropriations Act (GAA) for the 2002–03 biennium established FTE limitations, or “caps,” for all agencies.

For fiscal year 2003, the statewide number of budgeted positions exceeds the total cap for all agencies by 1,415 FTEs, (see Table 7) primarily because of increases in higher education staff and faculty.

**FIGURE 4  
FULL-TIME-EQUIVALENT POSITIONS**



**TABLE 7  
FULL-TIME-EQUIVALENT POSITIONS**

IN MILLIONS				
FUNCTION	EXPENDED	BUDGETED	CONFERENCE RECOMMENDED	
	2002	2003	2004	2005
Article I - General Government	8,974	9,268	9,374	9,376
Article II - Health and Human Services	50,042	50,262	48,133	47,036
Article III - Agencies of Education	79,061	82,984	81,726	82,132
Article IV - The Judiciary	1,297	1,337	1,318	1,318
Article V - Public Safety and Criminal Justice	52,912	55,916	54,654	54,755
Article VI - Natural Resources	8,367	8,600	8,582	8,584
Article VII - Business and Economic Development	19,256	19,374	19,318	19,287
Article VIII - Regulatory	3,467	3,622	3,734	3,745
Article IX - General Provisions	0	0	(210)	(567)
Grand Total	223,375	231,365	226,630	225,665
FTE Cap	229,627	229,950	226,630	225,665
Difference (total minus cap)	(6,252)	1,415	NA	NA

NOTES: Totals may not add because of rounding.

# PERFORMANCE MEASURES AND TARGETS

There are four types of performance measures used in the appropriations process: outcome, output, efficiency, and explanatory. Each type of measure serves a different purpose:

- ◆ outcome measures are used to assess an agency’s effectiveness in serving its key customers and in achieving its mission, goals, and objectives. They also are used to direct resources to strategies with the greatest effect on the most-valued outcomes;
- ◆ output measures are used to assess workload and the agency’s efforts to address those demands;

- ◆ efficiency measures are used to assess the cost efficiency, productivity, and timeliness of agency operations; and
- ◆ explanatory measures are used to define the agency’s operating environment and to explain factors that are relevant to the interpretation of other agency measures.

Performance measures contained in the General Appropriations Act are designated as key measures. For key outcome, output, efficiency and explanatory performance measures, a

target is established for each year of the biennium for which funds are appropriated.

As shown in Table 8, the recommended appropriations for the 2004–05 biennium contain 2,227 key performance measures, which represents a 7.8 percent increase in the total number of key performance measures from the 2002–03 biennial level and a 3.5 percent increase from the 2000–01 biennial level.

**TABLE 8  
PERFORMANCE MEASURES, BY TYPE**

TYPE OF MEASURE	NUMBER OF MEASURES			
	APPROPRIATED			CONFERENCE RECOMMENDED 2004–05
	1998–99	2000–01	2002–03	
<b>KEY</b>				
Outcome (results/impact)	1,012	902	830	965
Output (volume)	1,123	828	819	812
Efficiency	491	300	291	304
Explanatory	143	121	125	146
Total	2,769	2,151	2,065	2,227

# CONFERENCE COMMITTEE RECOMMENDATIONS

Tables 9 and 10 compare the Conference Committee's recommended All Funds and General Revenue Funds for the 2004–05 biennium with the House and Senate versions of House Bill 1.

**TABLE 9  
ALL FUNDS**

IN MILLIONS			
FUNCTION	HOUSE RECOMMENDED 2004–05	SENATE RECOMMENDED 2004–05	CONFERENCE RECOMMENDED 2004–05
Article I - General Government	\$2,567.5	\$2,498.5	\$2,684.0
Article II - Health and Human Services	39,576.8	41,061.7	39,786.2
Article III - Agencies of Education	49,358.3	49,038.4	50,092.8
Public Education	33,753.5	32,876.8	33,894.4
Higher Education	15,604.6	16,161.7	16,198.4
Article IV - The Judiciary	418.2	422.5	421.5
Article V - Public Safety and Criminal Justice	7,856.8	8,008.9	7,983.8
Article VI - Natural Resources	1,969.5	1,984.5	1,998.0
Article VII - Business and Economic Development	14,199.6	14,227.0	14,145.8
Article VIII - Regulatory	895.8	728.1	764.8
Article IX - General Provisions	(173.6)	(566.9)	(737.5)
Article X - The Legislature	275.8	274.5	269.4
Total	\$116,944.5	\$117,677.1	\$117,408.9

NOTES: Tobacco Settlement receipts are allocated to Articles II, III, and VII.  
Totals may not add because of rounding.  
Biennial change and percentage change calculated on actual amounts before rounding.

**TABLE 10  
GENERAL REVENUE FUNDS**

IN MILLIONS			
FUNCTION	HOUSE RECOMMENDED 2004–05	SENATE RECOMMENDED 2004–05	CONFERENCE RECOMMENDED 2004–05
Article I - General Government	\$1,408.7	\$1,364.7	\$1,391.0
Article II - Health and Human Services	14,927.7	15,541.0	14,672.6
Article III - Agencies of Education	33,977.0	33,702.3	34,535.0
Public Education	24,451.3	23,616.7	24,474.8
Higher Education	9,525.7	10,085.6	10,060.2
Article IV - The Judiciary	311.9	316.6	318.2
Article V - Public Safety and Criminal Justice	6,634.7	6,681.4	6,611.8
Article VI - Natural Resources	517.8	506.4	510.0
Article VII - Business and Economic Development	323.0	289.1	310.5
Article VIII - Regulatory	398.5	389.8	401.6
Article IX - General Provisions	(167.3)	(380.9)	(852.8)
Article X - The Legislature	271.6	270.3	265.2
Total	\$58,603.4	\$58,680.6	\$58,163.0

NOTES: Tobacco Settlement receipts are allocated to Articles II, III, and VII.  
Totals may not add because of rounding.  
Biennial change and percentage change calculated on actual amounts before rounding.