
OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM

TO: GOVERNOR
FROM: RILEY
SUBJECT: HB 776
DATE: 3/20/01
CC: COLE
GILBERT
SIMMONS

HB 776

The House declined to concur with the Senate's strike all of HB 776 and invited conference. Representatives Capps, Frierson and Warren have been named House conferees.

HB 776 as passed by the House, limits the appropriation of Education Enhancement Funds that are derived from the unencumbered ending cash balance to non-recurring expenditures. HB 776 also diverts for one year, until July 1, 2002, Education Enhancement Funds that are allocated for the purchase of textbooks and a portion of the Education Enhancement Funds that are allocated for classroom supplies to the support of educational programs. HB 776 also requires DFA to requisition the State Treasurer to transfer \$8,000,000 out of the Workers' Compensation Self-Insurance Fund into the a new Special Fund known as the Budget Contingency Fund for the support of workforce training programs under community and junior colleges. The transfer of \$8,000,000 shall not occur unless the Sine Die Fund Revenue Estimate for fiscal year 2001 is not achieved.

The Senate's strike all of HB 776 also diverts for one year, until July 1, 2002, Education Enhancement Funds that are allocated for the purchase of textbooks and a portion of the Education Enhancement Funds that are allocated for classroom supplies to the support of educational programs. The Senate strike all also provides that state GO bonds may be issued to provide funds for the payment of allocations of Mississippi Adequate Education Program funds to school districts for capital expenditures which have not been pledged for debt. The strike all also deletes the HB 400 provision that requires 50% of the unencumbered year-end cash balance be transferred into the Education Enhancement Fund and provides that any unencumbered year-end cash remain in the General Fund.

Representative Frierson said that he introduced HB 776 to eliminate HB 400 money being appropriated to education, especially in salaries, because he feels HB 400 funds contributed to the fiscal situation we're facing now. Frierson said that MDE, junior colleges and IHL agreed with him, but that the House didn't, so he agreed to limit expenditures to non-recurring expenses. He said that the sub-committee inserted the diversion of supplies and textbook funds to the Minimum Program following the FY 01 cuts because the Appropriations Committee said that the sub-committee had to identify alternative funds in its own budget to cover the reductions and the sub-

committee didn't know where else to get the money. He said the diversion has a year-to-year repealer in order to have enough money for the Minimum Program until we are out of the crunch. Frierson said that HB 776 restores the FY 01 deficits and balances FY 02, including the teacher pay raise. Frierson said that if you veto HB 776, you kill MDE's entire budget.

According to Senator Bryan, the House is simply trying to find money for the budget. He said HB 776 takes all of the textbook funds and some of the supply funds for program expenses. He said the bill operates under giving schools more flexibility in spending, but that this flexibility will be taken away somewhere else. Senator Bryan said that the Senate version of HB 776 deletes all references to half of the unencumbered ending cash balance being directed towards education. Senator Bryan said that both the House and Senate versions are very front door approaches to dismantling the Adequate Education Program and Education Enhancement Funds. He said that the Senate version allows districts to issue twenty-year capital improvement bonds in order to subsidize one year's operating expenses.