

REPORT OF CONFERENCE COMMITTEE

MADAM PRESIDENT AND MR. SPEAKER:

We, the undersigned conferees, have had under consideration the amendments to the following entitled BILL:

S. B. No. 2008: State agency budgets; authorize flexibility in transfers and expenditures due to Hurricane Katrina emergency.

We, therefore, respectfully submit the following report and recommendation:

1. That the House recede from its Amendment No. 1.
2. That the Senate and House adopt the following amendment:

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

10 **SECTION 1.** Section 27-104-17, Mississippi Code of 1972, is
11 amended as follows:

12 27-104-17. (1) An allotment period shall be one-half (1/2)
13 of twelve (12) months, and expenditure one-half (1/2) of the
14 appropriated amount, unless otherwise specified in the
15 appropriation bill or justified by the agency to the Department of
16 Finance and Administration, and the first allotment period shall
17 commence on July 1. Estimates shall be filed with the Department
18 of Finance and Administration not later than the first day of the
19 month preceding the beginning period.

20 Provided further, that the Department of Finance and
21 Administration may, in its discretion, restrict an agency to
22 monthly allotment period when it becomes evident that an agency's
23 rate of expenditure to date indicates this restriction will be
24 necessary to prevent depletion of its appropriation prior to the
25 close of the fiscal year or when the condition of the State
26 General Fund requires monthly monitoring and control of the rate
27 of General Fund expenditures.

28 (2) Except as otherwise provided in subsection (3), and
29 unless otherwise specified in the agency appropriation bill, in
30 the event any emergency or unforeseen circumstances shall arise,

31 the agency head may authorize increases in major objects of
32 expenditure within each specific budget within each appropriation
33 bill in total amounts not to exceed ten percent (10%) of the
34 appropriated amount of each object, provided that other major
35 objects of expenditure are decreased by a corresponding dollar
36 amount. No transfers shall be authorized which increase or
37 decrease the major object of expenditure "Salaries, Wages and
38 Fringe Benefits," or which increase the major object of
39 expenditure "Capital Outlay - Equipment." The agency head shall
40 submit written justification for the transfer to the Legislative
41 Budget Office, the Department of Finance and Administration, and
42 the State Auditor, on or before the fifteenth of the month prior
43 to the effective date of the transfer. The transfer shall be
44 effective the first working day of the month following timely
45 submissions required herein. In cases of extreme hardship,
46 certified in writing by the agency head and submitted with timely
47 submissions required herein, the Executive Director of the
48 Department of Finance and Administration, in his discretion, may
49 authorize an earlier effective date for the transfer.

50 (3) From and after passage and until June 30, 2006, due to
51 the unforeseen financial circumstances caused by Hurricane
52 Katrina, the agency heads of the following state agencies, with
53 the approval of the Department of Finance and Administration, may
54 authorize increases in major objects of expenditure within each
55 specific budget within each appropriation bill, provided that
56 other major objects of expenditure are decreased by a
57 corresponding dollar amount: State Contractors Board, State
58 Veterans' Affairs Board, State Board of Engineers and Land
59 Surveyors, State Board of Animal Health, State Pharmacy Board,
60 Mississippi Nursing Board, Port of Gulfport, Mississippi
61 Department of Employment Security, Mississippi Insurance
62 Department, Mississippi Department of Mental Health, Mississippi

63 Department of Finance and Administration, Mississippi Department
64 of Human Services, Mississippi Emergency Management Authority
65 (MEMA), Mississippi Department of Health, Mississippi Department
66 of Marine Resources, Mississippi Gaming Commission, State Tax
67 Commission, Mississippi Department of Rehabilitation Services,
68 Mississippi Gulf Coast Coliseum, Secretary of State, Mississippi
69 Department of Archives and History, Mississippi Department of
70 Transportation, and the Office of State Aid Road Construction of
71 the Mississippi Department of Transportation. The agency head
72 shall submit written justification for the transfer(s) to the
73 Department of Finance and Administration, the Legislative Budget
74 Office and the State Auditor on or before the fifteenth of the
75 month prior to the effective date of the transfer. The transfer
76 shall be effective the first working day of the month following
77 timely submissions and approval required herein. In cases of
78 extreme hardship, certified in writing by the agency head and
79 timely submitted as required herein, the Executive Director of the
80 Department of Finance and Administration, in his discretion, may
81 authorize an earlier effective date for the transfer.

82 **SECTION 2.** Section 27-104-21, Mississippi Code of 1972, is
83 amended as follows:

84 27-104-21. (1) All general and special fund agencies shall,
85 upon making application for federal funds, forward a summary of
86 such applications to the Legislative Budget Office. The
87 Legislative Budget Office shall have an opportunity to review such
88 applications and make its comments thereon to the Executive
89 Director of the Department of Finance and Administration and the
90 state agency making application. Unless otherwise specified in
91 the appropriation bill, the Executive Director of the Department
92 of Finance and Administration shall have the authority to approve
93 escalations in a budget using one hundred percent (100%) federal
94 money.

95 [From and after passage and until June 30, 2006, this
96 subsection (2) shall read as follows:]

97 (2) The Executive Director of the Department of Finance and
98 Administration shall have the authority to approve escalations of
99 funds and employee positions in the following budgets using one
100 hundred percent (100%) federal or other special source funds
101 available and necessary to assist agencies with any unforeseen
102 financial circumstances specifically related to Hurricane Katrina:
103 State Gaming Commission, State Tax Commission, State Contractors
104 Board, State Architecture Board, State Veterans' Affairs Board,
105 Port of Gulfport, Mississippi Forestry Commission, Mississippi
106 Department of Insurance, Mississippi Department of Environmental
107 Quality, Mississippi Department of Health, Mississippi Department
108 of Finance and Administration (excluding rent), State Veterans'
109 Home Purchase Board, Mississippi Department of Human Services,
110 State Board of Engineers and Land Surveyors, Mississippi
111 Department of Transportation, and the Office of State Aid Road
112 Construction of the Mississippi Department of Transportation. New
113 employee positions funded one hundred percent (100%) by or from
114 federal funds may be authorized by the Executive Director of the
115 Department of Finance and Administration subject to the rules and
116 regulations of the State Personnel Board. No federal or other
117 special source funds may be expended for programs or activities
118 other than those which have been authorized by act of the
119 Legislature or which are encompassed by a state agency's program
120 structure as provided by law, provided, however, that any
121 expenditures related to a Hurricane Katrina relief program shall
122 be specifically authorized. The Executive Director of the
123 Department of Finance and Administration shall immediately send
124 notice of the approval of such budget escalation to the
125 Legislative Budget Office. The Executive Director of the
126 Department of Finance and Administration shall ensure that the

127 Legislative Budget Office receives timely, detailed and accurate
128 information about the amount and use of federal and special source
129 hurricane relief funds by state agencies.

130 **[From and after July 1, 2006, this subsection (2) shall read**
131 **as follows:]**

132 (2) New employee positions funded one hundred percent (100%)
133 by or from federal funds may be authorized by the Executive
134 Director of the Department of Finance and Administration subject
135 to the rules and regulations of the State Personnel Board. No
136 federal funds may be expended for programs or activities other
137 than those which have been authorized by act of the Legislature or
138 which are encompassed by a state agency's program structure as
139 provided by law. The Executive Director of the Department of
140 Finance and Administration shall immediately send notice of the
141 approval of such budget escalation to the Legislative Budget
142 Office. The Executive Director of the Department of Finance and
143 Administration shall ensure that the Legislative Budget Office
144 receives timely, detailed and accurate information about the
145 amount and use of federal funds by state agencies.

146 (3) The Department of Finance and Administration shall
147 require, by rule and regulation, that each agency receiving
148 federal funds shall apply for federal reimbursement for state
149 central services costs in accordance with Office of Management and
150 Budget Circular A-21 or A-87, which reimbursement shall be
151 deposited directly into the Statewide Cost Allocation Fund, which
152 is hereby established within the State Treasury. An agency's
153 failure to timely apply for such reimbursement shall be condition
154 sufficient to authorize the Department of Finance and
155 Administration to transfer an amount equal to not less than fifty
156 percent (50%) nor more than one hundred percent (100%) of the
157 total amount designated to such agency in the applicable fixed
158 cost agreement of the state central service cost allocation plan.

159 These funds shall be transferred from any available funds within
160 such agency into the Statewide Cost Allocation Fund upon execution
161 of a requisition for issuance of warrant by the Executive Director
162 of the Department of Finance and Administration. Any funds on
163 hand in said Statewide Cost Allocation Fund at the end of the
164 fiscal year shall lapse into the State General Fund.

165 **SECTION 3.** This act shall take effect and be in force from
166 and after its passage.

**Further, amend by striking the title in its entirety and
inserting in lieu thereof the following:**

1 AN ACT TO AMEND SECTION 27-104-17, MISSISSIPPI CODE OF 1972,
2 TO AUTHORIZE ADDITIONAL TRANSFERS BETWEEN MAJOR BUDGET CATEGORIES
3 BY CERTAIN STATE AGENCIES DUE TO FINANCIAL CIRCUMSTANCES CAUSED BY
4 HURRICANE KATRINA; TO AMEND SECTION 27-104-21, MISSISSIPPI CODE OF
5 1972, TO AUTHORIZE THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION TO
6 ESCALATE AND EXPEND CERTAIN FEDERAL OR SPECIAL SOURCE FUNDS DUE TO
7 FINANCIAL CIRCUMSTANCES CAUSED BY HURRICANE KATRINA; AND FOR
8 RELATED PURPOSES.

CONFEREES FOR THE SENATE

CONFEREES FOR THE HOUSE

X (SIGNED)
Gordon

X (SIGNED)
Stringer

X (SIGNED)
Little

X (SIGNED)
Read

X (SIGNED)
Thames

X (SIGNED)
Miles