

HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 507 by Representative Daniel

BUDGETARY CONTROLS: (Constitutional Amendment) Authorizes budget adjustments in certain circumstances

Synopsis of Senate Amendments

1. With respect to the exemption from budget reductions for expenditures for instructional activities under the Minimum Foundation Program, specifies that "instructional activities" shall mean those activities included within the meaning of "instruction" pursuant to the MFP formula.

Digest of Bill as Finally Passed by Senate

Present constitution authorizes the legislature to establish a procedure to determine a projected deficit and a method for adjusting appropriations to eliminate the deficit.

Present law provides for notification to the governor by the Joint Legislative Committee on the Budget of a deficit and authorizes the governor to reduce appropriations for any program appropriated from a fund in a deficit posture in an amount not to exceed 10% for the budget unit.

Proposed constitutional amendment retains present constitution and adds that such law may include methods for adjusting constitutionally protected or mandated appropriations or allocations. Once enacted, such law may not be changed except by a specific legislative instrument receiving a favorable vote of two-thirds of the elected members of each house of the legislature. Further, notwithstanding the provisions of present constitution with respect to the limitations related to subject matter for annual sessions of the legislature, such law may be introduced and considered in any regular session of the legislature.

Proposed constitution authorizes adjustments to any constitutionally protected or mandated allocations or appropriations, and any transfer of funds associated therewith, when total state general fund allocations or appropriations have been reduced in an aggregate amount equal to at least 0.70% of the total of such appropriations or allocations for that fiscal year. Such adjustments are limited to 5% of the total appropriation or allocation from a fund in the current fiscal year; however, adjustments to the Minimum Foundation Program are limited to 1%, and then only to expenditures excluding "instructional activities" as such activities are defined in the MFP formula. Monies transferred as a result of such budget adjustments are deemed available for appropriation in the year of the transfer, but in no event shall the aggregate amount of any transfers exceed the amount of the deficit.

Proposed constitution provides a procedure for avoiding a budget deficit in the next fiscal year if the official revenue forecast for the next fiscal year is at least 1% less than the official forecast for the current fiscal year. An amount equal to no more than 5% of the total appropriations or allocations for the current fiscal year from any fund established by law or present constitution may be transferred to a fund for which revenues have been forecast to be less than the revenues in the current fiscal year. Such monies would be available for expenditure in the next fiscal year for a purpose other than as specifically provided by law or present constitution, but in no event shall the aggregate amount of any transfers exceed the amount of the difference between the official forecast for the current fiscal year and the next fiscal year. Further, an amount equal to no more than 1% of the current fiscal year appropriation for the Minimum Foundation Program would be available for expenditure for other purposes in the next fiscal year.

Proposed constitutional amendment authorizes the legislature to provide for implementation of these provisions.

Proposed constitutional amendment shall not be applicable to, nor affect (1) the Bond Security and Redemption Fund or any bonds secured thereby, or any other funds pledged as security for bonds or evidences of indebtedness; (2) the severance tax and royalty allocations to parishes (Art. VII, §4(D) and (E)); (3) state retirement contributions; (4) the Louisiana Education Quality Trust Fund; (5) the Millennium Trust, except for appropriations from the trust; and (6) monies not required to be deposited into the state treasury.

Provides for submission of the proposed amendment to the voters at the statewide election to be held on November 5, 2002.

(Amends Const. Art. VII, §10(F))