LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **SB 34** SLS 09RS 253
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action: **w/ HSE COMM AMD**
Proposed Amd.:
Sub. Bill For.:

Date: June 17, 2009 10:52 AM
Author: CHAISSON
Dept./Agy.:
Subject: Funds
Analyst: Travis McIlwain

FUNDS/FUNDING RE1 SEE FISC NOTE SD EX See Note

Authorizes limited redirection and transfer of funds supporting appropriations and allocations from the state general fund and dedicated funds in certain circumstances. (See Act)

Current law limits the reduction to any constitutionally protected or mandated allocations or appropriations to the lesser of 5% or the amount of the budget deficit, and only when state general fund allocations or appropriations have been reduced by at least 7/10 of 1%, or 0.7% (R.S. 39:75(C)(2)(b)). There is a 1% reduction limit to the Minimum Foundation Program (MFP) with no reductions in instructional activities and an exclusion for certain funds. If the official forecast for the next fiscal year is at least 1% less than for the current fiscal year, 5% of constitutionally protected or mandated allocations or appropriations in the current fiscal year shall be available for general use in the next fiscal year. The 1% limitation associated with the MFP applies in this case, as well. Proposed law changes the allowable reductions in constitutionally protected or mandated allocations or appropriations in both cases above from 5% to 10% within Title 39. Current law provides that in no event shall the cumulative percentage reduction in the constitutionally or statutorily protected or mandated appropriations, allocations or expenditures from any fund exceed 5% in any two consecutive fiscal years. **(Cont. on Page 2)**

EXPENDITURES	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**5 -YEAR TOTAL**
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**5 -YEAR TOTAL**
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

EXPENDITURE EXPLANATION

When the legislature notifies the governor of a current year deficit, this legislation will allow the legislature to reduce up to 10% of constitutionally protected or mandated allocations or appropriations and state general fund appropriations as opposed to 5%, to balance a current year budget deficit. Current legislation with adopted House Appropriations Committee amendments excludes those funds derived from the imposition, assessment or collection of a fee from the additional 5% of reduction authority. Proposed legislation also seeks to include federal stimulus monies within the adopted revenue forecast for FY 09-FY 13.

10% Statutory Dedicated Funds and State General Fund Reduction

For example, HB 1 has approximately $3.7 billion of total statutory dedications budgeted for FY 10 (ENROLLED), but approximately 90 funds that currently total $729.2 million are excluded from the additional 5% reduction this bill allows. Current legislation with adopted House Appropriations Committee amendments excludes those funds derived from the imposition, assessment or collection of a fee from the additional 5% of reduction authority. Thus, leaving approximately $36.5 million of potential monies that would otherwise be available to balance a deficit. To reduce the FY 09 deficit, the governor and legislature reduced statutory dedicated expenditure authority in the amount of $24.4 million, which at the time (January 2009) represented a 0.64% reduction of the total appropriated statutory dedicated budget authority of $3.8 billion. This legislation also allows for the state general fund to be reduced an additional 5%, or up to 10%.

Inclusion of federal stimulus monies within the adopted revenue forecast

By including the federal stimulus monies within the adopted revenue forecast from FY 09 - FY 13 will increase the overall monies available for expenditure, but could also presumably allow for the trigger of certain budget balancing items such as the governor's 3% interim budget balancing powers and the 5%-10% reduction in dedicated funds in FY 13, which is the anticipated fiscal year the federal stimulus monies will likely be completely expended.

Repeal R.S. 39:75(F)

This bill will allow the governor and/or legislature additional flexibility in balancing a budget deficit by repealing R.S. 39:75 (F), which repeals the 5% limit on the cumulative percentage reduction in any 2 consecutive fiscal years. To the extent a midyear budget reduction requires the use of all 5% of statutory dedications to alleviate a current year deficit, under current law the ensuing year budget reductions are likely confined to undedicated funds. This measure repeals this limitation.

REVENUE EXPLANATION

This legislation provides for the federal stimulus monies to be included within the adopted revenue forecast. Currently, the state's revenue estimate only consists of state general fund dollars. Presumably, as federal monies are depleted, the overall revenue forecast will decrease, which will allow for the trigger of certain budget balancing items such as the governor's 3% interim budget balancing powers and the 5%-10% reduction in dedicated funds and state general fund. **(Cont. Page 2)**

Senate — Dual Referral Rules
- [ ] 13.5.1 >= $500,000 Annual Fiscal Cost
- [ ] 13.5.2 >= $500,000 Annual Tax or Fee Change

House
- [ ] 6.8(F) >= $500,000 Annual Fiscal Cost
- [ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk

H. Gordon Monk
Legislative Fiscal Officer

Louisiana Legislative Fiscal Office Fiscal Notes

Fiscal Note On: **SB 34** SLS 09RS 253
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action: **w/ HSE COMM AMD**
Proposed Amd.:
Sub. Bill For.:

Date: June 17, 2009 10:52 AM
Author: CHAISSON
Dept./Agy.:
Subject: Funds
Analyst: Travis McIlwain

CONTINUED EXPLANATION from page one:

LEGISLATION EXPLANATION CONTINUED:

This bill repeals the 5% limit on the cumulative percentage reduction in any two consecutive fiscal years and effectively allows a 5% reduction in dedicated funds in any fiscal year or up to the amount of the budget deficit. Proposed legislation provides that any adjustments in excess of 5% shall not be effective unless approved by the Joint Legislative Committee on the Budget (JLCB) and subsequently the legislature by a favorable vote of the majority. Proposed legislation provides for the funding received from the American Recovery and Reinvestment Act of 2009 to be included within the adopted revenue forecast from FY 09 - FY 13. Allowing the governor/legislature the ability reduce dedicated budget authority from 5% to 10% will not take effect until Article VII, Section 10(F)(2)(a) and (b) of the constitution, which originated as SB 1 of the 2009 Regular Legislative Session, is adopted by the voters.

REVENUE EXPLANATION CONTINUED:

However, for purposes of determining if the budget stabilization fund is accessible, the federal stimulus monies shall NOT be considered a part of the official forecast. If the stimulus dollars, which are currently being utilized in FY 10 to replace state general fund, were not included within the adopted revenue forecast, based upon the latest projection, the governor/legislature would not have the ability to access the budget balancing tools addressed by this bill because state general funds are anticipated to grow every year from $8.1 billion in FY 10 to $8.9 billion in FY 13, except the budget stabilization fund (Rainy Day Fund).

According to the Division of Administration (DOA), the amount of federal stimulus dollars that could be included within the revenue forecast from FY 10 to FY 12 is as follows: FY 10 - $1,009,049,805, FY 11 - $1,006,875,944, FY 12 - $230,000,000.

Senate	Dual Referral Rules	House
☐ 13.5.1 >= $500,000 Annual Fiscal Cost		☐ 6.8(F) >= $500,000 Annual Fiscal Cost
☐ 13.5.2 >= $500,000 Annual Tax or Fee Change		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk

H. Gordon Monk
Legislative Fiscal Officer