

SENATE CONCURRENT RESOLUTION NO. 42

BY SENATOR CHAISSON

A CONCURRENT RESOLUTION

To make available for appropriation from the Budget Stabilization Fund the sum of \$198,396,069.63, not to exceed one-third (1/3) of the balance of the Budget Stabilization Fund due to the reduction of the revenue forecast for the current fiscal year in the amount of \$319,000,000 as adopted by the Revenue Estimating Conference and recognized by the Joint Legislative Committee on the Budget at their meetings of April 14, 2010.

WHEREAS, the state of Louisiana has been and continues to experience a severe financial crisis due to the national economic downturn and the recession occurring within the United States; and

WHEREAS, the state has made extensive budgetary reductions in response to the national economic downturn and recession; and

WHEREAS, economic conditions have resulted in the state receiving significantly lower revenues causing corresponding decreases in the official forecasts of the Revenue Estimating Conference; and

WHEREAS, the original budget for Fiscal Year 2008-2009 was enacted based upon the May 9, 2008, Revenue Estimating Conference general fund revenue official forecast of \$9,705,500,000, which forecast was decreased by \$340,900,000 at the December 15, 2008 meeting of the Revenue Estimating Conference; and

WHEREAS, the mid-year deficit of \$340,900,000 in Fiscal Year 2008-2009, was eliminated through a Deficit Reduction Plan proposed by the governor, and approved by the Joint Legislative Committee on the Budget on January 9, 2009, which plan while reducing expenditures in all budget units of the state, fell most heavily on the largely discretionary budgets of higher education and health care; and

WHEREAS, the Revenue Estimating Conference at its meetings of December 15, 2008, February 18, 2009, and May 21, 2009, did reduce the Fiscal Year 2009-2010 official forecast by a total of \$156,700,000; and

WHEREAS, the balance in the Budget Stabilization Fund as of July 1, 2008, was certified to be \$775,593,291.05 with one-third determined to be \$258,531,097.02; and

WHEREAS, two-thirds of the elected members of each house of the legislature did, pursuant to House Concurrent Resolution No. 236 of the 2009 Regular Session, authorize the Revenue Estimating Conference to incorporate \$86,177,032.33 from the Budget Stabilization Fund into the Fiscal Year 2009-2010 official forecast of recurring money to offset proposed budget reductions in excess of \$200,000,000 to higher education; and

WHEREAS, in the 2009 Regular Session, the legislature did authorize the Revenue Estimating Conference to incorporate \$86,177,032.33 from the Budget Stabilization Fund and did enact other cost saving measures including reductions to higher education and health care, such that the state of Louisiana began Fiscal Year 2009-2010 with a budget in balance with the Revenue Estimating Conference official forecast; and

WHEREAS, at the August 17, 2009 meeting of the Revenue Estimating Conference, the balance in the Budget Stabilization Fund as of July 1, 2009, was certified to be \$853,719,305.89 with one-third determined to be \$284,573,101.96; and

WHEREAS, in Fiscal Year 2009-2010 the fiscal problems persisted and on December 17, 2009, the Revenue Estimating Conference met and the official forecast for Fiscal Year 2009-2010 was reduced yet again by the amount of \$197,000,000, which reduction was recognized by the Joint Legislative Committee on the Budget at its meeting of December 17, 2009; and

WHEREAS, the mid-year revenue shortfall of \$197,000,000 and expenditure reductions of \$52,000,000 combined for a total mid-year deficit of \$248,000,000 in Fiscal Year 2009-2010, which was eliminated through a Deficit Reduction Plan proposed by the governor, and approved by the Joint Legislative Committee on the Budget on December 18, 2009, which plan while reducing expenditures in all budget units of the state, again fell disproportionately heavily on higher education with an \$83,000,000 reduction and a reduction in health care funding in the amount of \$108,000,000; and

WHEREAS, at its meeting of April 14, 2010, the Revenue Estimating Conference reduced the official forecast for Fiscal Year 2009-2010, for a second time during Fiscal Year 2009-2010, by reducing the official forecast by an additional \$319,000,000; and

WHEREAS, the official forecast for Fiscal Year 2009-2010, has been reduced during the fiscal year in the total amount of \$516,000,000; and

WHEREAS, on April 14, 2010, the Joint Legislative Committee on the Budget received a budget status report at its April 14, 2010 meeting, indicating that a projected deficit of \$319,000,000 exists in the State General Fund for Fiscal Year 2009-2010, based on the revised official forecast of revenue available for appropriation adopted by the Revenue Estimating Conference on April 14, 2010, compared to total appropriations; and

WHEREAS, as a result of the actions of the Revenue Estimating Conference and the notification by the Joint Legislative Committee on the Budget, the Fiscal Year 2009-2010 budget will have to be reduced by an additional \$319,000,000 and there are only two and one-half months remaining in the fiscal year to eliminate the deficit which through normal budget reductions could cause the closure of certain programs and multiple layoffs and furloughs of state employees; and

WHEREAS, Article VII, Section 10.3 of the Constitution of Louisiana establishes the Budget Stabilization Fund in the state treasury and in Subparagraph(C)(2) thereof provides that if a deficit for the current fiscal year is projected due to a decrease in the official forecast, an amount equal to one-third of the fund not to exceed the projected deficit may be appropriated after the consent of two-thirds of the elected members of each house of the legislature; and

WHEREAS, Article VII, Section 10.3(C)(3) of the Constitution of Louisiana provides that in no event shall the amount included in the official forecast for the next fiscal year plus the amount appropriated in the current fiscal year exceed one-third of the fund balance at the beginning of the current fiscal year; and

WHEREAS, one-third of the balance in the Budget Stabilization Fund of \$284,573,101.96 less the \$86,177,032.33 incorporated into the Fiscal Year 2009-2010 budget, leaves \$198,396,069.63 of the Budget Stabilization Fund available for appropriation for the Fiscal Year 2009-2010 projected deficit; and

WHEREAS, subsequent to obtaining the consent of two-thirds of the elected members of each house of the legislature for the use of \$198,396,069.63 from the Budget Stabilization Fund, the legislature shall appropriate such amount for use in Fiscal Year 2009-2010.

THEREFORE, BE IT RESOLVED that pursuant to Article VII, Section 10.3 of the constitution and R.S. 39:94, the Legislature of Louisiana does hereby consent to make available for appropriation from the Budget Stabilization Fund the sum of \$198,396,069.63, not to exceed one-third (1/3) of the balance of the Budget Stabilization Fund, due to the reduction of the revenue forecast for the current fiscal year in the amount of \$319,000,000 as adopted by the Revenue Estimating Conference and recognized by the Joint Legislative Committee on the Budget at their meetings of April 14, 2010.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES