



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **SB 113** SLS 11RS 176  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> May 13, 2011	11:57 AM	<b>Author:</b> CROWE
<b>Dept./Agy.:</b>		<b>Analyst:</b> Travis McIlwain
<b>Subject:</b> Federal Funds - Projected Deficit		

FUNDS/FUNDING

OR SEE FISC NOTE GF RV

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Constitutional amendment to authorize limited redirection and transfer of funds supporting appropriations and allocations from the state general fund and dedicated funds in certain circumstances. (2/3 CA13s1(A))

Proposed constitutional amendment provides that at the monthly Joint Legislative Committee on the Budget (JLCB) meeting, the Division of Administration shall report the balance of budgeted federal funds to the committee. In addition, if the budget status report indicates that a deficit has been caused by a reduction in federal funds, the JLCB shall immediately notify the governor that a projected deficit exists. Proposed constitutional amendment is contingent upon voter approval at the statewide election to be held October 22, 2011. The companion to this legislation is SB 114, which is the proposed Title 39 statutory changes.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
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	2011-12	2012-13	2013-14	2014-15	2015-16	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

There is no anticipated direct material effect on governmental expenditures as a result of this measure. This bill adds another provision in Title 39 by which a projected deficit is designated in the current fiscal year and in the subsequent fiscal year. The proposed constitutional amendment will be considered by voters at the statewide election to be held on October 22, 2011. The Secretary of State may incur minimal ballot printing costs associated with this measure. However, as a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments for the fall statewide elections.

REVENUE EXPLANATION

This bill creates an additional condition by which a deficit would trigger the governor’s and/or legislature’s interim budget balancing powers and trigger subsequent fiscal year capabilities for the “next fiscal year.”

On a monthly basis, the Division of Administration (DOA) presents to the JLCB the State General Fund Fiscal Status Statement for the current fiscal year, which compares current year revenue collections (as adopted by the latest Revenue Estimating Conference estimate) and current year SGF appropriated levels. If there is a reduction in the SGF revenue forecast, the JLCB then notifies the governor of a deficit in the current year. A deficit in the current year is defined by a reduction in SGF revenues, not federal funds. This bill seeks to include federal funds reduction as a condition of current deficit.

The DOA also presents the 5-year Outlook, which is a comparison of continuation budget in subsequent fiscal years to the latest adopted revenue forecast in those subsequent fiscal years. Any potential reduction in federal funds in subsequent fiscal years that may require a state general fund substitution will be reflected in the 5-Year Outlook. Thus, if this legislation had already been enacted, it is possible that the loss of American Recovery & Reinvestment Act federal funding in FY 12 that is associated with the projected FY 12 deficit of \$1.6 billion, may have triggered the governor’s interim budget balancing powers to prevent a subsequent fiscal year deficit.

NOTE: Due to the majority of federal funds being on a reimbursement basis, it may be difficult for the DOA to project federal funds on a monthly basis. Also, the Revenue Estimating Conference (REC) projects state general fund revenue collections and significant statutory dedication collections, and does not project federal funds. R.S. 39.2(11.1) defines “projected deficit” as the excess of appropriations and non-appropriated requirements over the official forecast for any fund during the fiscal year. The official forecast only includes the state general fund and various significant statutory dedications. Thus, federal funds are not included within the projected deficit definition within Title 39.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	<div></div> <div>H. Gordon Monk</div> <div>Legislative Fiscal Officer</div>
		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	