

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 114** SLS 11RS 336

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 18, 2011	12:37 PM	<b>Author:</b> CROWE
<b>Dept./Agy.:</b>		<b>Analyst:</b> Travis McIlwain
<b>Subject:</b> Federal Funds - Projected Deficit		

FUNDS/FUNDING

EG SEE FISC NOTE FF RV See Note

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Authorizes limited redirection and transfer of funds supporting appropriations and allocations from the state general fund and dedicated funds in certain circumstances. (2/3-CA7s10(F)(1))

Proposed legislation amends within Title 39 the definition of "projected deficit" by additionally stating it shall include a reduction in federal funds when such reduction requires an increase in state funding needed to maintain the current level of those state assistance expenditures for non-discretionary state general fund expenditures. Proposed bill provides for another parameter of when a budget deficit exists in the current year and in the budget year. The additional parameter is if there a decrease in federal financial participation in state assistance expenditures for non-discretionary state general fund expenditures in the current year/next year causing an increase in state funding needed to maintain the current level of total funding, then there is a deficit. This would allow the governor and/or legislature the ability to utilize certain interim budget balancing powers and also trigger subsequent fiscal year capabilities for the next fiscal year. Proposed legislation is contingent upon voter approval at the statewide election to be held October 22, 2011. The companion to this legislation is SB 113, which is the proposed constitutional amendment.

<b>EXPENDITURES</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>REVENUES</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

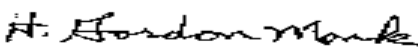
**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. However, this bill does require the Division of Administration (DOA) to include within its monthly 5-year baseline budget projection decreases in the federal financial participation in state assistance expenditures for non-discretionary state general fund expenditures.

In addition to the fiscal status of the SGF, the DOA presents monthly 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. However, this report does not currently delineate non-discretionary versus discretionary, which would likely result in some additional workload within the Office of Planning & Budget.

**REVENUE EXPLANATION**

This bill changes the definition of "projected deficit" and 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." The additional condition is when there is a decrease in federal financial participation in state assistance expenditures for non-discretionary state general fund expenditures in the current year or in the subsequent fiscal year. This bill appears to target any decrease in Federal Medical Assistance Percentages (FMAP) or any other federal financial participation decrease that are considered non-discretionary expenditures and would require additional SGF. Currently a deficit is based upon SGF revenue projections.

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