

Regular Session, 2011

SENATE BILL NO. 113

BY SENATORS CROWE, ADLEY, ALARIO, APPEL, BROOME, CLAITOR,
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Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FUNDS/FUNDING. 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))

A JOINT RESOLUTION

Proposing to amend Article VII, Section 10(F)(2)(a) and (b) and to add Article VII, Section 10(F)(4)(g) of the Constitution of Louisiana, relative to the expenditure of state funds; to authorize the limited redirection and transfer of funds supporting appropriations or allocations from the state general fund and dedicated funds, including those constitutionally protected or mandated, to be used for other nonmandatory purposes under certain circumstances; to prohibit the limited redirection and transfer of certain funds; and to specify an election for submission of the proposition to electors and provide a ballot proposition.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 10(F)(2)(a) and (b) and to add Article VII, Section 10(F)(4)(g) of the Constitution of Louisiana, to read as follows:

ARTICLE VII

§10. Expenditure of State Funds

Section 10.

* * *

(F) Projected Deficit.

* * *

(2)(a) Notwithstanding any other provision of this constitution to the contrary, adjustments to any constitutionally protected or mandated allocations or appropriations, and transfer of monies associated with such adjustments, are authorized when state general fund allocations or appropriations have been reduced in an aggregate amount equal to at least seven-tenths of one percent of the total of such allocations and appropriations for a fiscal year **or when there is a decrease in recurring federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures.** Such adjustments may not exceed five percent of the total appropriation or allocation from a fund for the fiscal year. For purposes of this Subsubparagraph, reductions to expenditures required by Article VIII, Section 13(B) of this constitution shall not exceed one percent and such reductions shall not be applicable to instructional activities included within the meaning of instruction pursuant to the Minimum Foundation Program formula. Notwithstanding any other provisions of this constitution to the contrary, monies transferred as a result of such budget adjustments are deemed available for appropriation and expenditure in the year of the transfer from one fund to another, but in no event shall the aggregate amount of any transfers exceed the amount of the deficit.

(b) Notwithstanding any other provision of this constitution to the contrary, for the purposes of the budget estimate and enactment of the budget for the next fiscal year, when the official forecast of recurring revenues for the next fiscal year is at least one percent less than the official forecast for the current fiscal year **or when there is a decrease in recurring federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures,** the following procedure may be employed to avoid a budget deficit in the next fiscal year. An amount not to exceed five percent of the total appropriations or allocations

1 for the current fiscal year from any fund established by law or this constitution shall
2 be available for expenditure in the next fiscal year for a purpose other than as
3 specifically provided by law or this constitution. For the purposes of this
4 Subsubparagraph, an amount not to exceed one percent of the current fiscal year
5 appropriation for expenditures required by Article VIII, Section 13(B) of this
6 constitution shall be available for expenditures for other purposes in the next fiscal
7 year. Notwithstanding any other provisions of this constitution to the contrary,
8 monies made available as authorized under this Subsubparagraph may be transferred
9 to a fund for which revenues have been forecast to be less than the revenues in the
10 current fiscal year for such fund. Monies transferred as a result of the budget actions
11 authorized by this Subsubparagraph are deemed available for appropriation and
12 expenditure, but in no event shall the aggregate amount of any such transfers exceed
13 the amount of the difference between the official forecast for the current fiscal year
14 and the next fiscal year.

15 * * *

16 (4) The provisions of Subparagraphs (1) and (2) of this Paragraph shall not
17 be applicable to, nor affect:

18 * * *

19 (g) The Medicaid Trust Fund for the Elderly created under the
20 provisions of R.S. 46:2691 et seq.

21 * * *

22 Section 2. Be it further resolved that this proposed amendment shall be submitted
23 to the electors of the state of Louisiana at the statewide election to be held on October 22,
24 2011.

25 Section 3. Be it further resolved that on the official ballot to be used at said election
26 there shall be printed a proposition, upon which the electors of the state shall be permitted
27 to vote FOR or AGAINST, to amend the Constitution of Louisiana, which proposition shall
28 read as follows:

29 To authorize adjustments of up to five percent of constitutionally protected

1 and mandated allocations and appropriations if aggregate reductions of
2 seven-tenths of one percent of allocations and appropriations from the state
3 general fund have been made or when there is a decrease in federal financial
4 participation in state assistance expenditures for non-discretionary state
5 general fund expenditures; to authorize, for the purposes of the budget
6 estimate and enactment of the budget for the next fiscal year, that if the
7 official recurring revenue forecast for the next fiscal year is at least one
8 percent less than the forecast for the current fiscal year or when there is a
9 decrease in federal financial participation in state assistance expenditures for
10 non-discretionary state general fund expenditures, an amount not to exceed
11 five percent of the monies appropriated from any funds established by law
12 or constitution shall be available for appropriation in the next fiscal year for
13 a purpose other than as specified by law or constitution; to prohibit
14 adjustments of allocations and appropriations from the Medicaid Trust Fund
15 for the Elderly. (Amends Article VII, Section 10(F)(2)(a) and (b) and adds
16 Article VII, Section 10(F)(4)(g))

The original instrument was prepared by Martha Hess. The following digest,
which does not constitute a part of the legislative instrument, was prepared
by Michelle Broussard-Johnson.

DIGEST

Crowe (SB 113)

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 constitution authorizes the governor, with legislative approval, to reduce up to 5% of appropriations or allocations from the state general fund and dedicated funds in any fiscal year in which a deficit is projected and reductions of at least seven-tenths of 1% in appropriations from the state general fund have already occurred. Further provides that such reductions to the Minimum Foundation Program (MFP) shall be limited to 1% and shall not be applicable to instructional activities.

Proposed constitutional amendment retains present constitution and authorizes the reduction in appropriations or allocations from the state general fund and dedicated funds when there is a decrease in recurring federal financial participation in state assistance expenditures for non-discretionary state general fund expenditures.

Present constitution authorizes the legislature to reduce the monies appropriated or allocated for mandatory expenditures or allocations by up to 5%, making those funds available for other, nonmandatory expenditures if the official revenue forecast for the next year is at least

1% less than for the current year.

Proposed constitutional amendment retains present constitution and authorizes the reduction of monies appropriated or allocated for mandatory expenditures or allocations, making those funds available for other, nonmandatory expenditures when there is a decrease in recurring federal financial participation in state assistance expenditures for non-discretionary state general fund expenditures.

Present constitution provides that these provisions 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; and (5) the Millennium Trust, except for appropriations from the trust. Proposed constitutional amendment retains present constitution.

Proposed constitution amendment retains present constitution and adds the Medicaid Trust Fund for the Elderly to the list of funds that are exempt from adjustment.

Specifies submission of the amendment to the voters at the statewide election to be held on October 22, 2011.

(Amends Const. Art. VII, Sec. 10(F)(2)(a) and (b))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the original bill.

1. Authorizes adjustments in current year when there is a decrease in federal financial participation in state assistance expenditures for non-discretionary state general fund expenditures rather than when a deficit is caused by a reduction in federal funds.
2. Authorizes procedure to avoid budget deficit in next fiscal year when there is a decrease in federal financial participation in state assistance expenditures for non-discretionary state general fund expenditures rather than when a deficit is caused by a reduction in federal funds.
3. Exempts the Medicaid Trust Fund for the Elderly from any adjustments.

Senate Floor Amendments to engrossed bill.

1. Clarifies that federal financial participation only applies to recurring federal money.