
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 114)

Present law defines "proposed deficit" to mean the excess of appropriations and non-appropriated requirements over the official forecast for any fund during the fiscal year.

Proposed law retains present law but provides that for purposes of determining if adjustments are authorized by the constitution or statute, "projected deficit" 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 nondiscretionary state general fund expenditures.

Present law provides that the division of administration shall submit a budget status report monthly to the Joint Legislative Committee on the Budget which shall indicate the balance of the budget for the state general fund and dedicated funds by comparing the official forecast for these funds to the total authorized appropriations from each fund.

Present law provides that if the budget status report indicates that the total appropriation from any fund will exceed the official forecast for that fund, the Joint Legislative Committee on the Budget shall immediately notify the governor that a projected deficit exists for that fund.

Proposed law retains present law and provides that if the governor receives notification that a projected deficit exists for that fund or if there is a decrease in the recurring federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures in the next fiscal year causing an increase in state funding needed to maintain the current level of expenditures for those state assistance expenditures for nondiscretionary state general fund expenditures, the governor shall have interim budget balancing powers to adjust the budget.

Present law 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 law retains present law and provides that if the official revenue forecast for the next fiscal year is at least 1% less than for the current year or if there is a decrease in the recurring federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures in the next fiscal year causing an increase in state funding needed to maintain the current level of expenditures for those state assistance expenditures for nondiscretionary state general fund expenditures, the governor and legislature may follow certain procedures to avoid a budget deficit.

Section 1 of the Act which authorizes the reduction of appropriations or allocations from the state general fund and dedicated funds if there is a decrease in the recurring federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures a reduction in federal funds, becomes effective and operative if the amendment of Article VII, Section 10 of the constitution of Louisiana contained in the Act which originated as SB 113 of the 2011 RS is adopted at the congressional election to be held on October 22, 2011, and at the same time as such proposed amendment becomes effective. Sections 2 and 3 of the Act, which are the effective date provisions, become effective on July 1, 2011.

(Amends R.S. 39:2(11.1), 75(C)(intro para), 75(E)(intro para), and adds R.S. 39:2(40.1) and 75(F))

Summary of Amendments Adopted by Senate

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

1. Revises definition of projected deficit.
2. Removes provisions regarding the budget status report and the official forecast containing information on the balance of budgeted federal funds.
3. Authorizes adjustments in current year when there is a decrease in federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures rather than when a deficit is caused by a reduction in federal funds.
4. Authorizes procedure to avoid budget deficit in next fiscal year when there is a decrease in federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures rather than when a deficit is caused by a reduction in federal funds.
5. Provides that a decrease in the federal financial participation in state assistance expenditures for nondiscretionary state general fund expenditures shall be incorporated into the continuation and five-year base line budget projection for the next fiscal year.
6. Technical amendments.

Senate Floor Amendments to engrossed bill.

1. Technical corrections made.
2. Defines recurring federal financial participation.

