STATE OF LOUISIANA
Legislative Fiscal Office
BATON ROUGE

Post Office Box 44097
Capitol Station
Baton Rouge, Louisiana 70804
Phone: 225.342.7233

Alan M. Boxberger
Legislative Fiscal Officer

TO: The Honorable Clay Schexnayder, Speaker of the House of Representatives
Honorable Members of the House of Representatives

FROM: Alan M. Boxberger, Legislative Fiscal Officer
Evan Brasseaux, Deputy Fiscal Officer

DATE: June 5, 2023

SUBJECT: House Rule 7.19, HB 1 Reengrossed after Senate Action

Pursuant to House Rule 7.19, the Legislative Fiscal Office (LFO) is required to submit a report to the House of Representatives, which indicates whether the appropriation bill appropriates one-time money within the Reengrossed version of House Bill 1 (HB 1) after Senate action. The LFO is providing this information for HB 1 – Reengrossed as it returns from the Senate.

HR 7.19 One-Time Money List

Pursuant to HR 7.19(C)(2), appropriations from one-time money for ordinary recurring expenses may not exceed the projected growth of the state general fund from the fiscal year for which the appropriation is proposed and the subsequent fiscal year according to the most recent official forecast. The threshold calculation is the difference between the official SGF revenue forecast adopted by the Revenue Estimating Conference (REC) on May 18, 2023, for FY 24 of $11,925.4 M and for FY 25 of $11,891.5 M, which equates to $33.9 M of SGF revenue loss. The amount of one-time funds, as defined by HR 7.19, allowed to be appropriated in HB 1 for FY 24 expenditure is ($0). **After adopted Senate amendments to HB 1, the LFO has determined there is no one-time money as defined in House Rule 7.19 in HB 1 Reengrossed after Senate action.**

FY 23 Replacement Financing Decision List

Although HB 7.19 contains a definition of "one-time money", the rule itself is not indicative of the financing decisions that will have to be made in FY 25 relative to the current structure of the FY 24 proposed operating budget. Due to this issue, the LFO not only provides the HR 7.19 list to comply with the House Rule, but also provides details of significant potential FY 25 financing replacements that will have to be made as a result of the proposed FY 24 budget.

Approximately $110.7 M in funds that may not be available in the future are proposed to support recurring expenditures in HB 1 for FY 24 and beyond. The $110.7 M is associated with the FY 24 projected emergency Federal Medical Assistance Percentage (eFMAP) for Medicaid, which will be in effect for the first two quarters of FY 24 (2.5% for the first quarter and 1.5% for the second). The eFMAP reduces the state match obligation, allowing these SGF savings to be used for other fungible purposes within the state budget. To the extent the activities supported by this savings should continue into future fiscal years, these dollars would have to be replaced in FY 25.

The current REC forecast for FY 25 is projected to decline by approximately $33.9 M from FY 24 to a total of $11,891.5 M SGF. SGF appropriations as returned from the Senate total $11.814 M, $77.5 M less than projected revenue. Therefore, this leaves $67.1 M ($110.7 M eFMAP + $33.9 M revenue decline - $77.5 M space below revenue forecast) base spending and forecasted revenue decline that cannot be used for recurring expenditures in FY 25. However, the amount of non-recurring SGF expenditures funded with recurring revenues are sufficient to offset these amounts in their entirety; these include but are not limited to:

$9.8 M for acquisitions and major repairs
$44.6 M for Medicaid unwind
$56.8 M for Higher Education one-time initiatives
$111.2 M non-recurring expenditures

If you have any questions about any of the information presented in this memo, please contact me by email at boxbergera@legis.la.gov or by phone at 225-342-7233.