

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 63** SLS 15RS 98

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 20, 2015 5:37 PM	Author: CROWE
Dept./Agy.: Division of Administration (DOA)	Analyst: Travis McIlwain
Subject: Federal Funds - Projected Deficit	

FUNDS/FUNDING EG SEE FISC NOTE GF RV See Note Page 1 of 1
 Authorizes limited redirection and transfer of funds supporting appropriations and allocations from the state general fund and dedicated funds in certain circumstances. (2/3-CAs10(F)(1)) (See Act)

Current law provides that the Division of Administration (DOA) shall submit a budget status report monthly to the Joint Legislative Committee on the Budget (JLCB). Proposed law retains current law and provides that the budget status report shall include a section with a report of federal revenues supporting state assistance programs and describing any issues that may materially impact the budgetary soundness during the current fiscal year. Proposed bill defines a decrease in federal revenues supporting state assistance programs to mean an action caused by the US Congress or by the federal government in the amount of 1% or more impacting the federal financial participation. Proposed bill provides for another condition establishing when a budget deficit exists in the current year and in the budget year. If there a decrease in federal revenues supporting state assistance programs in the current year/next year causing an increase in state funding needed to maintain the current level of total funding, then a deficit iss established. 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 bill provides for the projected decrease in federal revenues associated with state assistance programs be incorporated into the monthly SGF Fiscal Status Statement as well as the 5-Year Baseline Budget Projection and the Continuation Budget.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

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 SGF Fiscal Status Statement any issues that may impact the budgetary soundness of the state relative to federal revenues supporting state assistance programs. The DOA/Office of Planning & Budget (OPB) already reports monthly to the JLCB the SGF Fiscal Status Statement. This bill provides for additional information be presented by OPB within the existing monthly report, which is anticipated to result in no additional costs to the state.

In addition to the SGF Fiscal Status Statement, the DOA/OPB also presents the monthly the 5-year Outlook, which is a comparison of the anticipated continuation budget expenditures in subsequent fiscal years to the latest adopted revenue forecast in those subsequent fiscal years. Any potential reduction (known at the time) in recurring federal revenues supporting state assistance programs that may require a SGF substitution is already currently reflected in the 5-Year Outlook and Continuation Budget.

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." The additional condition is when there is a decrease in federal revenues supporting state assistance programs. This bill appears to target any decrease in Federal Medical Assistance Percentages (FMAP) or any other federal financial participation decrease that would require additional SGF to keep the current level of total funding support. Currently a deficit is based strictly upon SGF revenue projections.

<input type="checkbox"/> Senate	<input type="checkbox"/> <u>Dual Referral Rules</u>	<input type="checkbox"/> House	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 Gregory V. Albrecht Chief Economist
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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}		