



NEWS RELEASE

LOUISIANA HOUSE OF REPRESENTATIVES

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House Approves Use of Rainy Day Fund

BATON ROUGE – Members of the Louisiana House of Representatives have given the approval to use money from the Rainy Day Fund, formally known as the Budget Stabilization Fund, to help cover the state's budget shortfall.

The House voted 87-13 to use the money. Five members did not vote. The Senate voted 38 - 0 with 1 member not voting. A two-thirds vote of each House was needed in order to tap the fund.

On last month, the governor's office asked state legislators to approve the withdrawal of \$28.2 million from the fund. Jindal's staff said without the use of the "rainy day" money, additional cuts to higher education budgets would have to be made.

Under state law, higher education and health care are not protected from cuts, as are some other budget items. Therefore, they usually bear the brunt of budget cuts.

House Speaker Chuck Kleckley said he was pleased with the decision by House members.

“Under the circumstances, I believe the House has chosen the best possible way to proceed to cover the budget shortfall. More cuts at this time would be devastating, especially to higher education and health care,” said Kleckley.

The Budget Stabilization Act or Rainy Day Fund was passed by the Legislature in 1997, and approved by voters in 1998. It was established as an emergency fund to be used to stabilize the budget and avert reducing services or raising taxes when there are temporary revenue shortfalls.

Before money from the Rainy Day Fund can be used, two-thirds of the members of each house of the Legislature must approve. Ballots were mailed to legislators on Monday, November 23, asking for permission to use money from the fund.

Under the law, to use the Rainy Day Fund legislators may vote in person or by returning the ballots by mail or fax. They had until 5 p.m. December 8 to vote. The Clerk of the House opened and counted the ballots today, also according to law.

According to the Constitution, only one-third of the fund may be used in a year to cover a shortfall not to exceed the projected deficit amount. Currently the fund's balance is \$515 million.

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