

Budget Stabilization Fund - Overview

- Also called the **Rainy Day Fund**
- Established by Constitution (Article 7, Section 10.3) and Revised Statute (R.S. 39:94).
- Money in the fund is available for appropriation to cover fiscal shortfalls as identified by the official forecasts adopted by the Revenue Estimating Conference.

Money in the fund can be used in two situations:

- For Next Fiscal Year - If the official forecast of recurring money for the next fiscal year is less than the official forecast of recurring money for the current fiscal year an amount equal to 1/3 of the rainy day funds may be appropriated after the consent of 2/3 of the elected members of each house.
- For Current Fiscal Year - If a deficit for the current year is projected due to a decrease in the official forecast, an amount equal to 1/3 of the rainy day funds not to exceed the projected deficit may be appropriated after the consent of 2/3 of the elected members of each house.

Restrictions:

- The amount used in current fiscal year and next fiscal year can not exceed 1/3 of the fund balance.
- No appropriation or deposit can be made into the Fund if it would cause the balance to exceed 4% of total states revenues for the previous fiscal year.

Budget Stabilization Fund - Funding

Fiscal Year 2018-2019 Surplus is \$534 million

- **25% to Budget Stabilization equals \$133,627,380**

Where does money in fund come from?

- At least \$25 million from any source must be deposited into the fund annually.
- All money available from appropriation from funds in excess of expenditure limit.
- Excess mineral revenue.
- 25% of money designated by REC as non-recurring.
- Money appropriated by legislature.

The chart to the right illustrates the year-end balance and uses of the Budget Stabilization Fund since Fiscal Year 2000-01. The Budget Stabilization Fund was created in FY 1998-99 with an initial balance of \$23.5 million from 25% of the FY 1997-98 surplus.

FISCAL YEAR	BALANCE	AMOUNT USED
2000-01	\$196,700,380	\$0
2001-02	\$266,173,483	\$0
2002-03	\$191,140,116	(\$86,387,000)
2003-04	\$239,343,931	\$0
2004-05	\$461,661,504	\$0
2005-06	\$681,908,535	(\$153,887,168)
2006-07	\$682,714,462	\$0
2007-08	\$775,593,291	\$0
2008-09	\$853,719,306	\$0
2009-10	\$643,857,588	(\$284,573,102)
2010-11	\$646,129,954	\$0
2011-12	\$442,933,620	(\$204,700,000)
2012-13	\$443,868,563	\$0
2013-14	\$444,505,134	\$0
2014-15	\$469,872,015	\$0
2015-16	\$358,982,172	(\$156,624,005)
2016-17	\$286,793,436	(\$99,000,000)
2017-18	\$321,070,308	\$0
2018-19	\$405,283,104	\$0
2019-20	*\$409,255,106	\$0

* Balance as of February 11, 2020



Budget Stabilization Fund – Current Situation

\$405 million

**Available Amount As of July 1, 2019 Certified by
Revenue Estimating Conference**

\$135 million – 1/3 of balance available for use in Fiscal Year 2020

\$535 million Surplus from last year

- \$134 million or 25% must be deposited to Budget Stabilization Fund
- Will be transferred to Budget Stabilization Fund in Funds Bill (currently HB 305 of the 2020 Regular Session)
- New balance will be \$543 million
- New balance available for use once certified by Revenue Estimating Conference at beginning of FY2021