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Fiscal Year 21-22 HB1 Budget Review Preamble

House Committee on Appropriations
House Fiscal Division

March 25, 2021

HB1 PREAMBLE - OVERVIEW

What is the Preamble?

- The main Preamble can be found at the beginning of each general appropriation bill (HB1).
- It contains general guidelines for appropriations within the bill and is also where statewide mandates, reductions, and reporting requirements for the division of administration are placed.

HB1 PREAMBLE - OVERVIEW

Why is it important?

- It is law, just like any other bill the legislature passes.
- Provisions in the Preamble can override provisions in the Revised Statutes.

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What are some provisions in the Preamble?

- There are many general administrative provisions for implementing the appropriations in the bill.
- Using Act 1 from the 2020 1st E.S. as an example:
 - Section 5(C) provides that the “discretionary” and “nondiscretionary” designations you will see in this year’s bill are for informational purposes only.
 - Section 8(D) requires any mid-year increases in health insurance costs to be covered.
 - Section 9 provides that if the governor vetoes an item and the legislature does not overturn the veto, then an amount equal to the vetoed expenditure will be withheld from the department/agency/program’s funds.

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Why do we see so many reports in JLCB?

- There are several reporting requirements that the legislature has chosen to include in the Preamble.
- Some of the requirements are driven by current circumstances, such as monthly reporting from the division on its deficit avoidance plan (Section 21) and a monthly status report of all federal funds related to COVID-19 (Section 2(B)).

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Can changes be made to appropriations once the bill has been enacted?

- Section 3(A) authorizes the governor, with approval of JLCB, to transfer the functions of any department, agency, program, or budget unit for the purposes of “economizing the operations of state government”.
 - Note: does not apply to functions of departments, agencies, programs, or budget units of statewide elected officials and cannot violate Title 36 of the La. Revised Statutes.
- Section 8(A) authorizes the commissioner to make changes to funding or positions in certain circumstances.

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Where do BA-7s come from?

- BA-7s are the name of the form the administration uses to make changes to agencies' budget authority.
- The reason the administration can make changes to agencies' budget authority throughout the year is because of language in Section 2(A) of the Preamble.
- The BA-7 language only applies to federal, interagency, statutory dedications, and self generated revenues.
- It does NOT include state general fund revenue.

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BA-7 Preamble Language:

- Section 2(A) provides that any increases in federal, interagency, statutory dedications, or self generated revenues from the amount appropriated in HB 1 or any increase in such revenues for an agency without an appropriation from the respective revenue source shall be available for allotment and expenditure by an agency on approval of an increase in the appropriation by the commissioner of administration and the Joint Legislative Committee on the Budget.

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How are agencies able to spend federal funds prior to approval of a BA-7?

- Present law (R.S. 39:134) states that federal funds can only be expended by an agency pursuant to a specific appropriation by the legislature.
- Present law delegates that authority to the Joint Legislative Committee on the Budget only if the legislature is not in session and new or additional federal funds are available at a time which precludes their appropriation by the legislature in session.

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Federal Funds Preamble Language:

- Section 2(A) provides that “Any federal funds which are classified as disaster or emergency may be expended prior to approval of a BA-7 by the Joint Legislative Committee on the Budget upon the secretary's certifying to the governor that any delay would be detrimental to the state. The Joint Legislative Committee on the Budget shall be notified in writing of such declaration and shall meet to consider such action, but if it is found by the committee that such funds were not needed for an emergency expenditure, such approval may be withdrawn and any balance remaining shall not be expended.”

HB1 PREAMBLE

What are the next steps?

- The division of administration provides the Preamble as part of the HB1 submission.
- The administration will present any Preamble changes at the next House Committee on Appropriations budget hearing.