

Representative Jerome Zeringue
Chairman



Representative Francis Thompson
Vice Chairman

Fiscal Year 2023 Executive Budget Review HB 1 Preamble

House Committee on Appropriations
House Fiscal Division

March 7, 2022

Stephanie Little, Attorney

Why is the preamble important?

- It is law.
- Consequently, provisions of the preamble can override provisions in the Revised Statutes.

How many preambles are there?

- **Main preamble**
- **Schedule 8** - Corrections Services & Youth Services in the Department of Public Safety and Corrections -
- **Schedule 9** - Department of Health
- **Schedule 10** - Department of Children and Family Services
- **Schedule 19** - Higher Education

What is in the main preamble?

Generally, it is administrative provisions for implementing the appropriations in the bill.

Can be loosely grouped into 6 categories:

- Administrative provisions
- Contingencies
- Reports
- Post-Act changes
- Emergencies
- BA-7s

Administrative Provisions

- **Section 1:** Appropriations in this Act are payable out of the sources specified.
- **Section 7:** To conform with federal law, and in accordance with an agreement executed with the federal government, the state treasurer is authorized to release checks drawn on federally funded appropriations prior to the receipt of funds from the U.S. Treasury.
- **Section 8(A):** Figures in parentheses following the designation of a program are the total authorized positions for that program. If there are no figures following a department, agency, or program, the commissioner has the authority to set the number of positions.
- **Section 18(D):** All departments receiving an appropriation in HB 1 are required to spend all other means of finance prior to spending any State General Fund (Direct), whenever possible, and must reverse warrant any State General Fund (Direct) if any other means of finance becomes available prior to the end of the fiscal year to the greatest extent permissible by law.

Contingencies

- What happens if we are more operationally efficient than planned?
- What happens to appropriations that are vetoed?
- What happens if there is a competing Act of the legislature that impacts appropriations in this bill?
- What happens if health insurance or retirement suddenly get more expensive than we expected?

Reports

CURRENT & LAST YEAR'S BILL:

- Cost reports regarding agency versus agency litigation. (Section 3(D))
- Updated performance objectives and indicators for the budget units in the executive budget supporting documents. (Section 5(B))
- Prior year balances report to JLCB for certain departments. (Section 18(C))

LAST YEAR'S BILL:

- Monthly status report to JLCB of all COVID federal funds. (19(A) - vetoed)
- Monthly report to JLCB detailing each agency's prior calendar month expenditures, by category. (19(B) - vetoed)

Post-Act Changes to Appropriations:

- **Section 3(A)** authorizes the governor, with approval of JLCB, to transfer the functions of any department, agency, program, or budget unit for the purpose of “economizing the operations of state government”.
 - Only applies to portions of the executive branch administered by the Governor. Does not apply to other statewide elected officials and cannot violate Title 36 of the La. Revised Statutes
- **Section 8** authorizes the commissioner to make changes to funding or positions in certain circumstances.
- **Section 10** authorizes gubernatorial reductions to appropriations and disapproval of warrants drawn upon the state treasury in the face of a deficit.

Emergencies

Disaster or emergency federal funds may be expended prior to approval of a BA-7 if the Secretary of the department spending the funds certifies to the governor that any delay would be detrimental to the state.

If JLCB finds that such funds were not needed for emergency expenditures, approval to spend the funds may be withdrawn and any balance remaining shall not be expended.

BA-7s

- A mechanism to change a budget unit's authority to spend money.
- Section 2 grants authority to change appropriations for federal funds, interagency transfers, statutory dedications, or fees & self-generated revenues.
 - Applies to increases to an appropriation and to completely new appropriations from that fund source.
 - Requires approval of both the commissioner and JLCB.
- Other changes could impact general fund appropriations.
 - Carryforward BA-7s (Title 39)
 - Conforming changes made pursuant to authority granted in HB 1 to transfer functions or positions.

Thank you for your attention!