



Rainy day fund needs protecting

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If Louisiana ever faced a rainy day, to paraphrase Gov. Kathleen Blanco, this would be a monsoon.

In a bit of fiscal sobriety a few years ago, state lawmakers had the good sense to propose and the voters confirm a so-called rainy day fund to be tapped when times are lean or, in this instance, a crisis occurs.

To balance the state's budget due to a post-hurricane \$1 billion shortfall -- likely a wishful-thinking amount -- the state is able to pull out \$154 million, or one-third of the total fund, this year. As the special session winds down, some legislative leaders were scrambling to increase the amount the Legislature could pull from the constitutionally established fund. The method: Lower the cap on the fund through fiscal redefinitions.

If the measure, Senate Bill 105 and a hijacked and expanded House Bill 140, haven't already been killed in the final frenzy toward today's 6 p.m. session-ending deadline, it should be.

Good government watchdog PAR, the Public Affairs Research Council, calls the tactic a budget gimmick designed to alleviate legislator pain at making \$600 million in steep cuts to the state budget. Among the cuts were the urban and rural development funds, considered slush funds by many, that allow legislators to sprinkle favors and dollars across their districts. SB 105 would allow lawmakers to restore \$194 million in cuts.

Council for a Better Louisiana says SB 105 is a step in the wrong direction, taking the fund from "one of the most fiscally sound in the country to one that is mediocre." The plan now calls for a percentage of the previous year's total state revenue receipts to be put into the fund. SB 105 would redefine what those revenue receipts would include, thereby lowering the amount put in and freeing up more revenue for the general fund.

SB 105 had moved easily out of the Senate. And Monday, senators were reshaping House Bill 140 along similar lines. HB 140 had only sought to exclude federal relief dollars from total state revenues in calculating rainy day deposits.

Lawmakers are under pressure from all directions -- it's not always frills, but education and health care they are being forced to trim. But as HB 140's hijacking shows, can they be trusted to do the right thing, to apply any additional dollars to the most urgent or highest priority needs? That wariness is a healthy skepticism, often a cynicism, Louisianans have developed over the years watching state government at work.

The mechanism may face constitutional questions, but it certainly infringes on the spirit of the amendment approved by voters who thought they were locking in a prudent fiscal public policy, never imagining lawmakers could simply redefine the

rules to suit their needs.

This rainy day fund is doing what it was supposed to do, providing partial relief from fiscal crisis. But this rainy day likely will continue into several lean seasons. State government must continue the heavy lifting of shifting around dollars to meet the new equilibrium based on population losses and shifts and damaged economies. Raiding the fund and delaying tough decisions now does the state no long-term favors.