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OUR VIEW

# Don't mess with fund set for tough time

In times of drought, it is refreshing to talk about rainy days. The Louisiana Legislature always is thirsty from fiscal droughts and hoping for an unexpected revenue shower.

It got that shower when the Revenue Estimating Conference came up with \$192 million in new money to spend in the current fiscal year and \$169 million for the fiscal year that begins July 1.

That latter figure is what can be spent from a much higher figure -- \$373 million in more-than-expected funds. The state Constitution requires revenue from mineral sources that exceeds \$850 million be put into the so-called Rainy Day Fund.

Higher oil prices are giving the state a refreshing revenue shower these days. That has happened in the past. The state then built the expectation of those funds into its recurring budget, and legislators seemed shocked when an oil-revenue returned. Hence, the creation of the Rainy Day Fund approved by Louisiana's voters.

Millions are starting to pile up in that fund, making it an attractive target for lawmakers trying to fund teacher pay raises and health care.

Senate Bill 228 by Sen. Don Hines, D-Bunkie, targets the fund. It would lower the maximum amount allowed to accumulate in the fund. Right now the maximum is \$743.5 million; the bill would reduce that to \$425 million. The numbers are decided by a constitutional requirement that caps the Rainy Day Fund at 4 percent of the state budget. That budget is \$18.7 billion at the moment.

Much of the total state budget comes from federal contributions to such things as Medicaid. Hines' bill would remove the federal dollars from the calculation for the Rainy Day Fund. Doing that would result in a much lower fund cap.

The lowered cap would free up about \$200 million for legislators to spend in the next session. Given the state's long tradition of spending "new" money frivolously, you can imagine how another \$200 million might get spent.

The state has critical issues that need increased and sustained attention and money. Those needs start with education and health care, two quality-of-life factors that go hand in hand.

The Rainy Day Fund, as constructed now, would provide only a few million in any one year to plug serious budget holes, should revenue shortfalls trigger use of the fund. Shortchanging the fund now would make that fund much less useful later.

Both the Louisiana Association of Business and Industry and the Public Affairs Research Council have advised against reducing contributions to that fund. We agree.

Louisiana voters took wise action in putting the Rainy Day Fund in the state Constitution. That should have made it more difficult to make the changes proposed in SB 228.

The bill is moving through the Legislature with little opposition. It is a tempting move, but lawmakers should take the long view. They have already been blessed with a revenue boost once this session.

Lawmakers should reject Senate Bill 228. Let's preserve the Rainy Day Fund.