



Jindal wants ‘flexibility’ for budget

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The state’s mounting fiscal problems underscore the need to pass a series of “budget flexibility” proposals that would ease higher education and health care cuts, Gov. Bobby Jindal said Monday.

Without the changes, Jindal said higher education and health care would remain unprotected and “get a disproportionate level of the cuts.”

“Now is the year to do something,” Jindal said.

One proposed constitutional amendment would allow state government to cut dedicated state funds by up to 10 percent — instead of 5 percent now —in times of financial distress. A similar effort failed last year.

Other proposals would free up for spending more dollars in trust funds earmarked for health care and higher education. Today, only interest earnings are spent.

Another measure would allow the state’s rainy day fund to be accessed when federal revenues decline below a certain level. Today, the trigger is a reduction in state revenues.

The Jindal-backed propositions require a two-thirds vote of the Legislature as well as voter approval.

Jindal has met opposition from the Louisiana Association of Business and Industry and the Public Affairs Research Council of Louisiana — a governmental research group.

The various initiatives won’t protect the state budget from further reductions caused by additional state and federal revenue reductions, Jindal said.

He said it would create a little more budget flexibility to allow off-limits dollars to go to health care and higher education.

“We are still facing significant budget problems,” Jindal told reporters during a Monday morning press briefing on his legislative agenda for the week.

Jindal said his administration expects the Revenue Estimating Conference on Wednesday to reduce its forecast of revenues available for spending in the fiscal year that ends June 30.

“We do expect there to be a significant shortfall,” said Jindal, who declined to put a number on the anticipated problem.

The shortfall will be addressed with a supplemental appropriations bill instead of an executive order because lawmakers are in session, Jindal said.

Estimates of the current year shortfall have ranged from \$200 million to \$400 million.

Senate leaders are advocating use of rainy day funds to help fill any gap in the current budget year.

It would be difficult to make major cuts in the last ten weeks of the current fiscal year, they said.

Some \$172 million is available from the rainy day fund that allows use of up to one-third of the funds. "Obviously, every option needs to be on the table until we know what the size of the shortfall is," said Jindal.

If the administration and Legislature opt to use rainy day dollars, Jindal said, it is not a panacea for budget problems. "It just exacerbates next year's problem," he said. "It makes a short-term problem that much worse, that much harder."