

**ADVISORY GROUP ON** Efficiency and Benchmarking **PROPOSAL#:** AGEB # 15A  
**SUBJECT:** Statutory Fund Dedications **DATE ADOPTED BY ADVISORY GROUP:** 9-21-09  
**COMMISSION ACTION:** AMENDED/ADOPTED **DATE:** 10-27-09

RECOMMENDATION: To sunset and abolish all special funds in the State Treasury and the statutes establishing such special funds, with some exceptions, as of June 30, 2011, after a full and comprehensive review of the Joint Legislative Committee on the Budget by December 31, 2010.

Summary Description/Nature of Change	Key Implementation Responsibilities	Need	Action Needed	Benefit/Saving	Done/Study
<p>To sunset and abolish all special funds in the State Treasury and the statutes establishing such special funds, with some exceptions, as of June 30, 2011, after a full and comprehensive review of the Joint Legislative Committee on the Budget by December 31, 2010.</p> <p>Funds meeting the following criteria would be excepted:</p> <ul style="list-style-type: none"> <li>(1) Funds protected by the Constitution.</li> <li>(2) Funds established solely as a requirement of grants, donations, or other forms of assistance.</li> <li>(3) Funds established solely as a requirement of court or regulatory agency orders or judgments.</li> <li>(4) Funds established solely as a requirement of contracts of the state or of its agencies, boards, or commissions, including contracts related to the issuance of bonds, notes, and other indebtedness.</li> <li>(5) Funds provided by law for money received by a state board, agency, authority, or commission which is mainly composed of and represents members of a trade, business, or professional association from fees or assessments paid by the members.</li> <li>(6) Funds provided for by law related to the judiciary.</li> <li>(7) Funds provided for by law related to retirement funds.</li> </ul>	Legislature	<p>Increase flexibility to balance the state budget in times of revenue decline and allow for more equitable competition of finite dollars among all state budget units. Incentivizes government to fund true priorities, thus saving money.</p>	Statutory amendment.		

AGEB # 15 - Original recommendation

AGEB # 15A - Recommendation amended by the Streamlining Government Commission on 10-27-09

The Louisiana Streamlining Government Commission recognizes that the statutorily established special funds in the State Treasury, now numbering in excess of 300 such funds, severely restrict the ability of the Legislature and the Governor to balance the state budget in years when the state general fund revenues decline, as the state is now and will be facing for at least the next several years. This large group of special funds also unreasonably limits the amount of general fund revenues annually available for all state budget units to fairly compete for and results in major, inequitable budget cuts to certain large units, such as higher education and healthcare, over and over in times of revenue shortfalls.

As an example of the amounts of monies in and revenues dedicated to these special funds, they held in the aggregate approximately \$3.15 billion in monies at the end of the most recent fiscal year, June 30, 2009, and the revenue that flowed into them during that fiscal year was approximately \$1.36 billion.

The monies held in and the revenues that flow to these statutorily established special funds should be returned to the general fund in any government streamlining or reorganization to alleviate coming budget shortfalls and to permit equitable competition for them among all state budget units.

For these reasons, the Louisiana Streamlining Government Commission recommends to the Louisiana Legislature and the Governor that all of these special funds in the State Treasury and the statutes establishing them, except for those established by the Constitution, relating to the judiciary or that otherwise would not be available for general fund use, be sunsetted and abolished as of June 30, 2011, and further directing the State Treasurer to deposit all monies held in such funds as of that date, and all future revenues that would have flowed to them, into the state general fund for the benefit of all state budget units.