

# REVENUE STABILIZATION LAW

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THE BUDGET ITSELF IS GUIDED BY THE REVENUE STABILIZATION ACT WHICH IS TYPICALLY ONE OF THE LAST ITEMS PASSED EVERY SESSION



# REVENUE STABILIZATION ACT

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**THE STATE ADOPTED THIS METHOD OF BUDGETING IN 1945 AS A WAY TO PREVENT DEFICIT SPENDING, REDUCE FUNDING INSTABILITY DUE TO A CHANGING ECONOMY, AND ASSURE AGENCIES HAD AN EVEN CASH FLOW**



# REVENUE STABILIZATION LOOKS LIKE THIS:

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– First: Forecast Income



– Then off the top deductions



– Then first allotment (A)



– Then next allotment(s) / rainy day– as needed



# CRAFTING THE RSA

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## TO CRAFT THE REVENUE STABILIZATION ACT, THE LEGISLATURE WITH CONSULTATION WITH THE GOVERNOR:

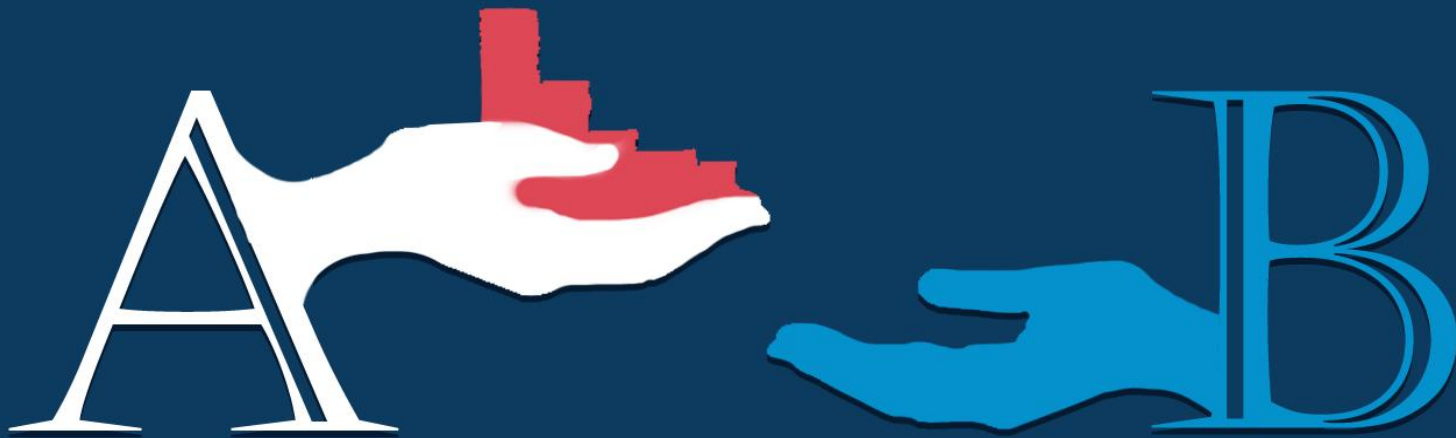
- Determines the Maximum General Revenue support to be distributed over the next fiscal year
- Determines the maximum amount each general revenue fund is to receive from general revenues for the next fiscal year
- Determines the number of priority categories (A, B, C...)
- Sets the next level of support required for each general fund and designate it as "A"
- Sets the next level of support for each fund and designates it as the next priority (A-1 or B)
- Continues the steps until the maximum level is reached.

# REVENUE FLOW

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AS REVENUES FLOW, AGENCIES ARE FUNDED IN ORDER OF PROGRAM PRIORITIES, WITH CATEGORY 'A' BEING FUNDED FIRST.

IN THE EVENT THAT 'A' PRIORITIES ARE FULLY FUNDED, REVENUES BEGIN TO FLOW TO THE NEXT CATEGORY AND SO ON.



# BUDGET CUTS

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IN THE EVENT THAT STATE REVENUES FALL SHORT OF EXPECTATIONS, THE CHIEF FISCAL OFFICER CAN ORDER ANY CUTS.

ANY BUDGET CUTS WOULD BEGIN IN REVERSE ORDER

BUDGET

