

Rescission and Federal Fund Reduction Language **DRAFT**

Current Law

Rescission is based on consensus revenue forecast. If there is a reduction in revenues, EBoard adopts new revenue forecast and rescission process is used via Sec of Administration and JFC.

Joint Fiscal Committee:

Authority to reduce spending authority via approval of a rescission plan prepared by Administration. (Administration can implement plan if under 1% reduction in revenues, JFC must approve 1%-4%, above 4% only GA can take action.)

For Emergencies:

Emergency Board:

Authority to make expenditures necessitated by unforeseen emergencies and transfer funds appropriated to one agency or department to another. Emergency Board can make expenditures or transfers up to 2% of current fiscal year General Fund appropriations – roughly \$44 million in the fiscal year 2025 budget as enacted.

Proposal for Reduction in Federal Funds

Appropriation in Big Bill to SOA for possible cuts in federal funding as part of the contingent appropriations at year end.

1. Use federal \$ in Big Bill as a base to determine if there is a reduction in federal funding that impacts FY2026 appropriations (federal funding for each government function total)
 - a. JFC receives updates on federal funds July, Sept, Nov from SOA
 - b. Eboard is convened to adopt new federal fund consensus if federal funds drop more than **1% OR \$15 million** (whichever is less) in each governmental function total
2. If reduction is less than **1% or \$15 million** (whichever is less)
 - a. SOA informs JFC of actions
3. If reduction is **1%-4% or \$15-\$50 million** (whichever is less)
 - a. SOA prepares plan
 - b. JFC approves reductions to spending authority and provides recommendation to Eboard
 - c. Eboard transfers funds from the Appropriation for federal funding cuts to the agreed upon agencies/departments
4. If reduction is more **than 4% or more than \$50 million** (whichever is less)
 - a. GA must reconvene