



STATE OF LOUISIANA
LEGISLATIVE FISCAL OFFICE
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TO: The Honorable James R. Fannin, Chairman Joint Legislative Committee on the Budget (JLCB)
 Honorable Members of the Joint Legislative Committee on the Budget (JLCB)

FROM: John D. Carpenter, Legislative Fiscal Officer

DATE: February 18, 2015

SUBJECT: FY 15 Mid-Year Reduction Analysis (Round 2)

The Revenue Estimating Conference (REC) met on 1/26/2015 and reduced the state tax revenue forecasts for the second time this fiscal year. The State General Fund (SGF) reduction totaled \$126 M; the REC also recognized an increase in Transportation Trust Fund transfers into the SGF in the amount of \$22.5 M, which had been approved as part of the FY 12 Deficit Reduction Plan (December 2011). As a result, the net SGF reduction totaled \$103.5 M. In response, the Division of Administration (DOA) offered a second mid-year deficit elimination plan on 2/6/2015, which anticipates expenditure reductions totaling \$67 M and revenue offsets totaling \$42.8 M. The plan is being presented to the Joint Legislative Committee on the Budget (JLCB) for approval.

The Legislative Fiscal Office has reviewed the proposed adjustments and is providing highlights of the adjustments. The review is broken down into 3 categories as follows: 1) Reductions, which will be approved in-house by the Office of Planning & Budget (OPB) under the authority of the Governor's Executive Order; 2) Reductions, which will be implemented through a combination of both OPB and JLCB actions; and 3) Resources that are being utilized as offsets. Additionally, this memo provides a summary of budget reductions to the Elected Officials. In addition, the LFO is providing an update on the FY 16 implications of the FY 15 mid-year solution (Round 2). Table 6 is an updated version of the LFO's FY 16 financing replacement list.

Table 1 below reflects the net SGF and Non-SGF reductions to alleviate the FY 15 deficit (Round 2). The net impact after accounting for the resource offsets is an aggregate reduction of \$60.6 M.

Table 1				
NET SGF REDUCTIONS AND NET NON-SGF REDUCTIONS TO ALLEVIATE FY 15 DEFICIT (ROUND 2)				
FY 15 SGF Revenue Forecast Reduction (1/26/2015)			(\$126,000,000)	Total SGF Revenue Reduction
TTF Transfer into the SGF (FY 12 Deficit Reduction Plan)			\$22,500,000	TTF Transfer to SGF
Net FY 15 SGF Mid-Year Deficit Problem (Round 2)			(\$103,500,000)	
	Executive Order	JLCB	Total	Action Needed
SGF Reductions	(\$67,066,176)	(\$3,937,784)	(\$71,003,960)	
Statutorily Dedicated Fund Reductions	\$0	(\$26,433,740)	(\$26,433,740)	
SGR Reductions	\$0	(\$6,022,345)	(\$6,022,345)	
IAT Reductions	\$0	(\$39,955)	(\$39,955)	
Sub-Total of Reductions	(\$67,066,176)	(\$36,433,824)	(\$103,500,000)	
Offset: Military Federal Funds	\$0	\$1,394,617	\$1,394,617	JLCB Approval
Offset: Concealed Handgun Funds	\$0	\$939,570	\$939,570	JLCB Approval
Offset: LDR Self-generated Revenues (Overcollections Fund)	\$0	\$11,100,000	\$11,100,000	JLCB Approval
Offset: DEQ Motor Fuels Underground Tank Fund (Overcollections Fund)	\$0	\$8,000,000	\$8,000,000	JLCB Approval
Offset: Riverboat Gaming Enforcement Funds (Overcollections Fund)	\$0	\$8,200,000	\$8,200,000	JLCB Approval
Offset: Telephone Company Property Assessment Relief Fund (Overcollections Fund)	\$0	\$13,206,438	\$13,206,438	JLCB Approval
Offset: Construction Litigation Funds (DOA Auxillary Program)	\$43,000	\$0	\$43,000	Executive Order
Sub-Total of Revenue Offsets	\$43,000	\$42,840,625	\$42,883,625	
TOTAL NET IMPACT OF PLAN	(\$67,023,176)	\$6,406,801	(\$60,616,375)	

Adjustments Processed as In-House BA-7s

Under the authority of the Executive Order, OPB will process in-house BA-7s reducing SGF expenditures a total of \$67 M. While the majority of the reductions were achieved primarily through targeted contract reductions, travel and operating services, less prevalent were savings achieved through attrition, hiring freeze and not filling vacant positions. Significant reductions include:

- Office of Public Health (\$1,705,122) – The majority of the deficit reduction in OPH eliminates a quarterly payment enhancement of \$1.5 M to Federally Qualified Health Centers (FQHCs). During the 2015 Legislative Session, approximately \$6 M of SGF was placed in OPH’s budget for enhanced payments to FQHCs. These funds provided services to the uninsured in FQHCs. The funding is allocated to FQHCs based on the number of uninsured patient visits for each clinic qualified to receive funding (excluding federally qualified health clinics in the Greater New Orleans Community Health Connection (GNOCHC). Traditionally, FQHCs are reimbursed on a per visit basis under a Prospective Payment System (PPS) with Title 19 Medicaid funds through Medical Vendor Payments (MVP) program. FQHCs will continue to receive their mandated reimbursement rates, which are higher than standard Medicaid reimbursement for standard physician visits.
- Supplemental Pay to Law Enforcement Personnel (\$3,000,000) – Supplemental Pay to law enforcement personnel is reduced a total of \$3 M. Through 7 months of payments, fewer eligible municipal police and firefighters have received supplemental pay than anticipated. These groups were appropriated \$72.3 M for supplemental pay and are projected to receive \$68.2 M based on the latest recipient count. The projected number of eligible Municipal Police Supplemental Pay participants decreased from 6,413 to 5,825 and the projected number of eligible Firefighters Supplemental Pay participants decreased from 5,637 to 5,442. The \$3 M decrease will leave approximately \$1.1 M in the event of more eligible recipients for the remainder of the year.
- DOA Debt Service & Maintenance (\$1,800,000) – The majority of the SGF reduction within DOA Debt Service & Maintenance is due to a bond refunding of existing debt. The DOA recently completed a partial refunding for 2007 Hurricane Recovery Bonds, which resulted in approximately \$1.6 M of annual debt service payment savings. The remaining SGF reduction is attributable to \$50,000 energy savings, \$328,000 of Alvarez & Marsal (A&M) contract savings (work order is duplicative of HCR 112 of 2014 study requirements), and remaining savings coming from attrition.

Adjustments Implemented through a combination of JLCB approval and In-House BA-7s

BA-7’s on the 2/20/2015 JLCB agenda require approval for an additional \$36.4 M in reductions. Many of these BA-7s have a corresponding reduction, which will be approved by OPB in house. The LFO analysis references those BA-7s, which have companions and identifies the full amount of the reduction. The LFO would like to draw attention to the following:

- Transportation Trust Fund (TTF) – Regular (BA-7 #15, #18, & #39) – Approximately \$16.7 M reduction in TTF-Regular to DOTD, including \$14.6 M to the capital outlay appropriation. The LFO assumes these reductions will be allocated to the Highway Priority Program. DOTD reports that the DOA will authorize the use of an additional \$5.5 M TTF-Regular recognized by the Revenue Estimating Conference (REC), \$5 M in proceeds from surplus property sales and \$500,000 in revenues from advertising on DOTD assets to backfill \$11 M of the proposed \$14.6 M capital outlay reduction in a subsequent action. This plan will require additional legislative action either through budget adjustment by the JLCB or supplemental appropriation by the legislature. The current REC estimate for the TTF adopted on 1/16/2015 exceeds the recommendation used in constructing the current year budget allocations (adopted on 5/19/2014) by a total of \$18.2 M. Of the \$18.2 M projected revenue growth, a separate action on the BA-7 agenda (BA-7 #18) allocates and appropriates \$6 M of that amount to the Office of State Police leaving an undesignated balance of \$12.2 M. The proposed reductions assume GEMS related savings of \$3 M in cost overrun reductions via implementation of a Quality Assurance & Control Engineering Team and \$500,000 by utilizing DOTD personnel in place of outside design and construction engineers. Table 2 is a summary of the aggregate TTF resources being utilized to solve for the two mid-year plans along with the existing TTF funds currently budgeted within State Police. As reflected in Table 2, a total of \$100 M of TTF resources may be utilized in non-DOTD related expenditures.

Table 2	Round 1	Round 2	Total
TTF Operating Expenditure Reductions (BA-7# 15)	(\$6,104,000)	(\$2,071,000)	(\$8,175,000)
TTF Capital Outlay Expenditure Reductions (BA-7 #39)	\$0	(\$14,580,498)	(\$14,580,498)
TTF State Police Budget Authority Increase (BA-7 #18)	\$0	(\$6,000,000)	(\$6,000,000)
TTF SGF Transfer (FY 12 Mid Year Deficit Plan)	\$0	(\$22,500,000)	(\$22,500,000)
SUB-TOTAL	(\$6,104,000)	(\$45,151,498)	(\$51,255,498)
TTF EOB for State Police (before \$6 M Increase)			(\$59,872,208)
Potential Backfill of Capital Outlay Reductions (requires legislative action)			\$11,038,498
Total Anticipated Net FY 15 TTF Resources Not Being Expended in DOTD and/or in the Highway Priority Program			(\$100,089,208)

- Department of Public Safety (BA-7 #18) – Within the Office of State Police, two means of finance swaps take place involving the TTF, Riverboat Gaming Enforcement Fund and Concealed Handgun Permit Fund. As a result of additional TTF monies, the Riverboat Gaming Enforcement Fund appropriation within the Traffic Enforcement Program will be reduced by \$6 M and TTF-Regular will be increased by a like amount. In addition, Riverboat Gaming Enforcement Fund within the Operational Support Program will be reduced by \$939,000 and Concealed Handgun Permit Fund will be increased by a like amount. The \$6 M in Riverboat Gaming Enforcement Fund will likely be placed in the Overcollections Fund to be used by DHH – MVP to offset a portion of a \$42 M SGF reduction.
- Medical Vendor Payments (BA-7 #24) – The BA-7 increases Statutory Dedications in the amount of \$40,506,438. The source of Statutory Dedications includes various revenue sources projected to be collected in the Overcollections Fund. The specific sources that will be deposited into the Overcollections Fund include 1) \$11,100,000 in fees and self generated revenue from the LA Department of Revenue; 2) \$13,206,438 in available fund balance from the Telephone Company Property Assessment Relief Fund; 3) \$8 M from the DEQ Motor Fuels Underground Tank Fund; and 4) \$8,200,000 in Riverboat Gaming Enforcement Fund. This revenue will be utilized to offset a larger reduction in SGF in Medical Vendor Payments. The OPB will process a companion BA-7 reducing \$42,925,118 in SGF in house under the Governor’s Executive authority. *The full mid-year impact to Medical Vendor Payments is a net reduction of \$2,418,680.*

(\$42,925,118) SGF Reduction (OPB Approval)
 \$40,506,438 Statutory Dedication Increase (JLCB Approval Required)
 (\$2,418,680) Net Mid-Year Reduction to the MVP

The net reduction (\$2,305,190) to Medical Vendor Payments (Medicaid) will result in elimination of Disproportionate Share Hospital (DSH) payments for uncompensated care costs to eligible hospitals with Medical Emergency Room Extension (MHERE) programs, and a reduction in supplemental Medicaid payments to eligible Major Teaching hospitals related to extraordinary costs incurred for Medicaid patients diagnosed with hemophilia (\$113,490).

- \$11.1 M LA Department of Revenue (LDR) SGR (BA-7 #24) – Included in the backfill revenue of BA-7 #24 is \$11.1 M of LDR SGR that is presumed available due to the REC recognized SGR less appropriated within the LDR. It is anticipated that the upcoming funds bill (2015 Legislative Session) will include this transfer, which will occur only if the funds are available in excess of the appropriation once FY 15 is closed.

Resources utilized as offsets

As noted in Table 1, the proposed adjustments include an increase of \$42.9 M, the majority of which is being deposited into the Overcollections Fund (\$40.5 M). The DOA proposes using these funds as a means of finance swap in the Medical Vendor Payments Program in the amount of \$40.5 M (see explanation on BA-7# 24). Table 3 provides an updated Overcollections Fund summary based upon the latest adopted revenue forecast and the various resources utilized in Round 1 and proposed resources to be utilized in Round 2.

(Table 3) Overcollections Fund	REC Forecast (1/26/2015)*	Round 1 Plan**	Round 2 Plan	Total Budgeted	Recognized FY 15 Resources Still Available
Self Insurance Fund	\$12,000,000	\$12,000,000	\$0	\$12,000,000	\$0
Insurance Verification Fund	\$15,000,000	\$15,000,000	\$0	\$15,000,000	\$0
Riverboat Gaming Enforcement	\$13,200,000	\$5,000,000	\$8,200,000	\$13,200,000	\$0
LA Office of State Building	\$500,000	\$473,213	\$0	\$473,213	\$26,787
LDR SGR	\$11,100,000	\$0	\$11,100,000	\$11,100,000	\$0
Motor Fuels Underground Tank Fund	\$8,000,000	\$0	\$8,000,000	\$8,000,000	\$0
Employment Security Administration Account	\$3,540,000	\$0	\$0	\$0	\$3,540,000
Penalty & Interest Account	\$4,200,000	\$0	\$0	\$0	\$4,200,000
Telephone Community Property Assessment Relief Fund	\$30,000,000	\$0	\$13,206,438	\$13,206,438	\$16,793,562
TOTAL	\$97,540,000	\$32,473,213	\$40,506,438	\$72,979,651	\$24,560,349

*The sources listed are those items anticipated to be collected above and beyond the \$102.24 M of FY 14 resources recognized as recurring.

**Although the approximately \$32.5 M of resources were officially recognized at the last REC meeting (1/26/2015), these resources have not yet been appropriated to date and will likely be appropriated in the FY 15 supplemental appropriations bill. In addition, there is \$10,705,143 of Tax Amnesty resources (revenue offset to FY 15 SGF reductions in the Medicaid Program) that are included in the Round 1 Plan that have not been appropriated. These resources will likely be appropriated in the FY 15 supplemental appropriations bill.

Additionally, a \$1.4 M MOF swap in Military Affairs replaces SGF with Federal Funds, \$939,570 from the Concealed Handgun Permit Fund will replace a reduction to the Riverboat Gaming Enforcement Fund in the Office of State Police and a \$6 M MOF swap in TTF will replace funds from

the Riverboat Gaming Enforcement Fund in the Office of State Police. These “freed-up” Riverboat Gaming Enforcement Fund resources are being budgeted in the Medicaid Program. This budgetary mechanism represents \$6 M of the \$8.2 M being deposited into the Overcollections Fund (see BA-7 #18 description on pages 2 and 3 of this document).

Elected Officials

Table 4 provides a summary of the total reductions to expenditures proposed that will impact all the elected officials.

Elected Officials Impact (Table 4)	FY 15 Mid-Year Reduction (Round 1)	FY 15 Mid-Year Reduction (Round 2)	TOTAL	Round 2 BA-7 Numbers
Secretary of State	\$0	(\$931,593)	(\$931,593)	In-house BA-7
Attorney General	\$0	(\$1,535,655)	(\$1,535,655)	BA-7 #4
Lt. Governor	\$0	(\$74,143)	(\$74,143)	In-house BA-7
Culture, Recreation & Tourism	(\$185,469)	(\$3,488,871)	(\$3,674,340)	BA-7 #s 9, 10, 11, 12, 13, 14
State Treasurer	\$0	(\$491,102)	(\$491,102)	BA-7 #5
Public Service Commission	\$0	(\$12,750)	(\$12,750)	BA-7 #6
Agriculture & Forestry	(\$208,316)	(\$2,006,308)	(\$2,214,624)	BA-7 #7 & In-house BA-7
Commissioner of Insurance	(\$232,771)	(\$1,383,935)	(\$1,616,706)	BA-7 #8
TOTAL EXPENDITURE REDUCTION	(\$626,556)	(\$9,924,357)	(\$10,550,913)	

- *Secretary of State (In House BA-7)* – Reductions to the Elections Program will result in postponing a special BESE election in March 2015 to instead coincide with regularly scheduled elections in October 2015, a hiring freeze for the Registrar of Voters, and a layoff of five filled positions in Voter Outreach Services. Operations in the Old State Capitol and the State Museum in Shreveport will be reduced to 3 days per week, smaller museums will be opened one day per week only, and there will be a layoff of 26 filled positions.
- *Attorney General (BA-7# 4)* – The \$1.5 M reduction to the Attorney General’s Office reduces the statutorily dedicated LA Fund by \$1.1 M, Video Draw Poker Fund by \$100,000 and self-generated revenue by \$335,000. The \$1.1 reduction to the LA Fund prolongs technology upgrades related to Tobacco Arbitration, but does not affect the department in FY 15 as a result of delayed litigation. The \$100,000 reduction in the Video Draw Poker Fund is excess budget authority and the \$335,000 reduction to SGR is excess budget authority on legal representation fees paid by state boards and commissions. The AG is the legal representative of state boards and commissions.
- *State Treasurer (BA7-# 5)* – The most significant reduction will impact the Debt Management Program in the amount of \$441,000. According to State Treasury, reductions will impact general network and website support, court reporting services for the Bond Commission meetings, software maintenance, acquisitions and renegotiating the current contract with Lamont. Lamont is currently the state’s financial advisor with a current total contract value of \$550,000. In addition, State Treasury anticipates renegotiating the state’s Central Banking Services contract (Chase Bank) that will result in anticipated current year expenditure savings in the amount of \$30,816. Chase Bank holds all the state’s bank accounts. Acquisitions are being reduced within the Administrative Program in the amount of \$19,286.
- *Public Service Commission (BA-7 #6)* – This reduction represents savings from supplies and maintenance costs from vehicles that are considered underutilized (low mileage). Funds from the reductions were intended to pay for fuel and maintenance for Administrative, Support Services, Motor Carrier Registration, and District Offices vehicle usage in the Public Service Commission.
- *Agriculture and Forestry (BA-7 #7)* – The Department has issued an early retirement incentive and will refrain from filling 36 vacant positions (6.5% of its workforce). Reductions to funding associated with the replacement of hardware and software will result in delays to the IT solution for online applications and payments. Reduced funding for fuel and aviation maintenance will impact wildfire detection and prevention efforts, as planes will be grounded until resources become available.
- *Commissioner of Insurance (BA-7 #8)* – The second round of deficit reductions will reduce budget authority in the LA Department of Insurance (LDI) by \$1,383,935 (\$1,308,368 SGR, \$75,567 Statutory Dedications). In the Administrative Program, LDI will eliminate one unidentified vacant administrative position and associated personal services expenditures, will delay software upgrades (professional services) that were planned in the current year and will delay microfilming documents via Interagency Payments to the Secretary of State until funds are available. In the Market Compliance Program, LDI will eliminate six vacant positions (2 Insurance Supervisors, 2 Insurance Specialists, 1 Insurance Tech, and 1 Attorney) along with associated personal services expenditures, and will eliminate or reduce some planned accounting and auditing contract activities to examine insurance firms as well as reducing contract legal services. The department will prioritize expenditures on these activities and utilize internal resources to the degree possible given its remaining budget allocation.
- *Lt. Gov./Culture, Recreation & Tourism (BA-7 #s 9, 10, 11, 12, 13 & 14)* – CRT will be losing a total of \$3.4 M across all departments resulting in a loss of 111 positions (106 from Parks, 5 from Library) and reduced operating hours for Parks, Museums, and State Library. State Library, Lt. Governor, Cultural Development, and Museums will cut educational resources, programs, and overall services provided. Tourism (\$78,870) and Parks (\$418,486) will lose additional repair and maintenance funding for their respective facilities statewide. Tourism will reduce marketing contracts by approximately \$700,000 and supplies for promotional

services by \$336,500, while Cultural Development will reduce funding for marketing outreach programs for small communities. The Office of the Secretary will cut \$17,500 in SGR from the Seafood Promotion Board, reducing outreach efforts for LA seafood by the Board.

Summary of Both FY 15 Mid-Year Deficit Reduction Plans

Table 5 provides a summary table of both FY 15 Mid Year Plans. This table is a brief illustration of the mechanism by which the aggregate \$297 M FY 15 SGF revenue reduction has been solved.

TOTAL SOLUTION FOR \$297 M FY 15 SGF REVENUE FORECAST REDUCTIONS (Table 5)	
TTF SGF Transfer (FY 12 Mid-Year Deficit Reduction Plan)	(\$22.500)
Total SGF Reductions (total of \$178.8 M in revenue offsets)	(\$224.163)
Total SGR Reductions	(\$8.340)
Total Statutorily Dedicated Fund Reductions	(\$41.449)
Total IAT Reductions	(\$0.040)
TOTAL	(\$296.492)

Note: The reason the total SGF reductions depicted above do not equate to \$297 M is due to approximately \$508,000 of FY 15 SGF resources still being available as was illustrated in the Division of Administration (DOA) presented SGF fiscal status statement at the October 2014 JLCB meeting, which is 1 month prior to the SGF FY 15 revenue forecast being reduced.

FY 16 Impact of Round 2 Plan

Utilizing the \$42.9 M of other available resources for the FY 15 Mid-Year Deficit Reduction Plan will result in a like amount of FY 16 SGF need unless another source is identified or the expenditures these resources are supporting are reduced. Table 6 is an updated version of the LFO's FY 16 financing replacement list.

Table 6 can be found on the next page.

TABLE 6

<u>Program/Source</u>	<u>Potential Financing Replacement in FY 16</u> <i>(in millions)</i>	<u>FY 15 Funding Sources</u>
MVP - Overcollections Fund	\$266.3	\$266.3 M REC Recurring Overcollections Fund - funds sweeps, various DOA SGR resources, Pharmaceutical Settlements, Self Insurance Fund, and Go Zone Bond Repayments. These resources are utilized to fund recurring Medicaid expenditures (09-306).
MVP - Medicaid Trust Fund for the Elderly	\$232.7	Monies will be exhausted in FY 15 and other resources will have to be identified in FY 16.
MVP - 2013 Tax Amnesty Fund	\$156.5	Remaining Phase I & projected Phase II resources. Phase III collections are anticipated to be approximately \$100 M.
Advanced Debt Payment - SGF	\$210.0	REC Non-Recurring Revenues & other revenues - LA Housing Corporation (\$25 M), DOJ Mortgage Settlement Funds (\$4.6 M) and SGF savings and reductions included in Act 55 (HB 1094) of 2014 (\$7.4 M) along with FY 13 Prior Year Surplus and FY 12 Rescinded Capital Outlay Projects are being utilized to fund the advance debt payment. The use of these resources frees up SGF that would otherwise have been utilized on GO bond debt payments. This budget mechanism is essentially a mechanism to get non-recurring resources into the state's operating budget.
Bond Premium - SGF	\$34.2	In FY 14 the state sold GO bonds that generated a bond premium. Much like the advanced debt payment discussed above, utilizing these resources reduces the amount of SGF allocated for debt payments. This resource basically frees-up a like amount of SGF to expend elsewhere in the FY 15 operating budget.
Department of Revenue	\$20.0	SGF need due to exhausting all retained SGR proceeds from the Tax Amnesty Program.
TOPS Fund	\$22.0	Remaining proceeds from the Tobacco Refinancing. These funds will have to be replaced in FY 16 from the TOPS Fund in the TOPS Program.
Health Insurance High Risk Pool	\$16.0	Senate Finance Committee amendments provide for the remaining proceeds from the LA Health Insurance High Risk Pool to be transferred to the Mega-Project Development Fund once the plan has paid all of its current obligations. This risk pool is no longer needed due to Affordable Care Act (ACA) requirements. These funds are utilized to pay economic development obligations in lieu of utilizing SGF.
WISE Fund	\$23.2	\$12.15 M of CDBG Program Income and \$11 M of non-recurring Overcollections Fund resources are being utilized to fund the WISE Initiative (HB 1033) for FY 15. These resources will have to be replaced in FY 16 as the current version of Act 803 of 2014 (HB 1033) contemplates an annual program with at least \$40 M of appropriated resources obligated for this initiative.
LA Lottery Reserves	\$9.0	Senate Floor amendment to Act 646 (Funds Bill) provides for the LA Lottery Corporation to transfer \$9 M of its reserves to the State Treasury for deposit into the LA Mega-project Development Fund. These funds are utilized to pay economic development obligations in lieu of utilizing SGF.
FY 15 Deficit Reduction Plan (Round 1)	\$135.9	The plan uses \$137.2 M in "excess" revenues from the Overcollections Fund, Tax Amnesty collections, other various unobligated fund balances and projected end of year fund balances from various other funds as well as reallocation of other appropriated resources. This budget mechanism, or refinancing of existing expenditures, ultimately resolves 80% of the \$171 M deficit. A Means of Financing (MOF) Swap will replace cuts made to the appropriated SGF budget with revenues from some of these fund balances once these resources have been recognized by the REC. The significant sources of funds include: \$34.2 M - Tax Amnesty collections, \$6.6 M - Health Excellence Fund, \$4.9 M - Medical Assistance Trust Fund, \$41 M - SGF/SGR/ IAT reversions, \$15 M - Insurance Verification Fund, \$12 M - ORM, and \$5 M - Riverboat Gaming Enforcement Fund.
FY 15 Deficit Reduction Plan (Round 2)	\$42.9	The plan includes an increase of \$42.9 M, the majority of which is being deposited into the Overcollections Fund (\$40.5 M). The DOA proposes using these funds as a Means of Finance (MOF) swap in the Medical Vendor Payments Program in the amount of \$40.5 M Table 2 provides an updated Overcollections Fund summary based upon the latest adopted revenue forecast and the various resources utilized in round 1 and proposed resources to be utilized in round 2. Additionally, a \$1.4 M MOF swap in Military Affairs replaces SGF with Federal Funds, \$939,570 in Concealed Handgun Permit Funds will replace a reduction within the Riverboat Gaming Enforcement Fund in the Office of State Police and a \$6 M MOF swap in TTF will replace Riverboat Gaming Enforcement Funds in the Office of State Police. These "freed-up" Riverboat Gaming Enforcement Fund resources are being budgeted in the Medicaid Program. This budgetary mechanism represents the \$6 M of the \$8.2 M being deposited into the Overcollections Fund.
TOTAL	\$1,168.7	FY 16 POTENTIAL REPLACEMENT NEED