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## BGR Media Release

*For Immediate Release – November 1, 2017*

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### **BGR Examines New Orleans' Savings Fund Charter Amendment on the November 18 Ballot**

Today BGR releases *On the Ballot: New Orleans Savings Fund Charter Amendment, November 18, 2017*. On November 18, New Orleans voters will decide whether to establish the Savings Fund of the City of New Orleans in the City's home rule charter. The Savings Fund would set aside a portion of the City's general financial reserve and safeguard it for emergencies and other financial crises. The City Council could appropriate money from the Savings Fund by a two-thirds majority vote if the City faces an emergency that threatens lives or property, a serious economic downturn or a federal mandate. The report and a one-page summary are available on BGR's website, [www.bgr.org](http://www.bgr.org).

#### **BGR Position**

**FOR.** The proposed charter amendment to establish the Savings Fund is a sensible approach to safeguarding recent improvements in the City's financial position. Setting aside a portion of the General Fund balance for fiscal emergencies will help make sure the money is available when the City needs it. The conditions for the use of the Savings Fund generally align with best practice recommendations. The proposal provides flexibility in replenishing the Savings Fund after an appropriation if the City remains in financial duress. It also allows the City Council to increase the size of the fund as the City's financial position allows.

However, the proposal has some flaws. The overly broad federal mandate provision could put the City in a perpetual state in which it could tap the Savings Fund and avoid replenishing it. Also, the lack of limitations on the duration of declarations of emergencies or economic downturns increases the risk that the declarations will persist after conditions have improved. Both scenarios could result in misuse of the fund. The requirement of a super-majority council vote for appropriations from the Savings Fund offers a check on misuse. Still, it is imperative that the council adhere to the amendment's clear intent and limit appropriations to times when the City faces a critical financial need.

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*BGR is a private, nonprofit, independent research organization. Since its founding in 1932, it has been dedicated to informed public policy-making and the effective use of public resources in the Greater New Orleans area. For more information, call 525-4152 or visit BGR's website, [www.bgr.org](http://www.bgr.org).*