



Executive Budget

Fiscal Year 2018-2019

House Committee on Appropriations

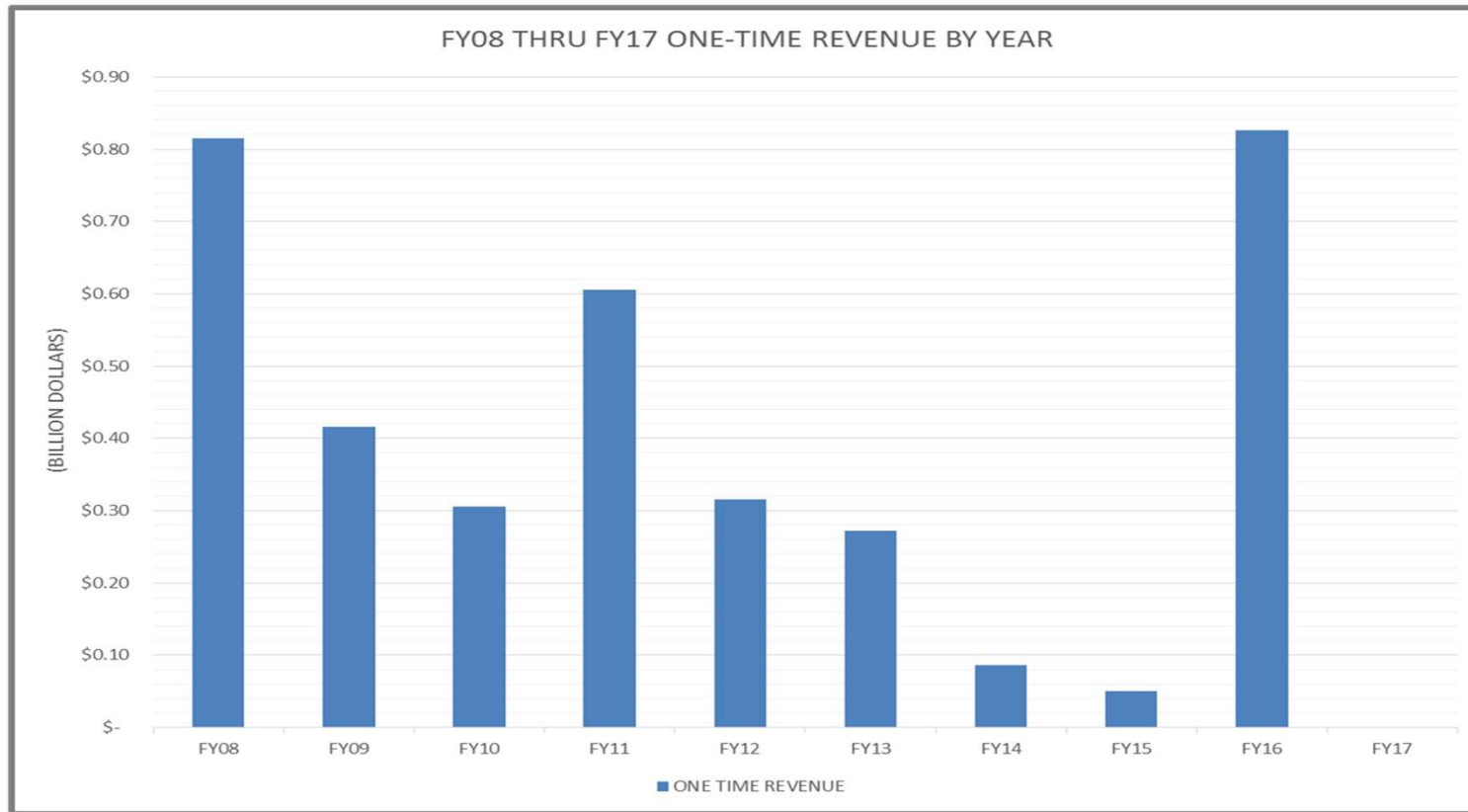
March 13, 2018

John Bel Edwards
Governor

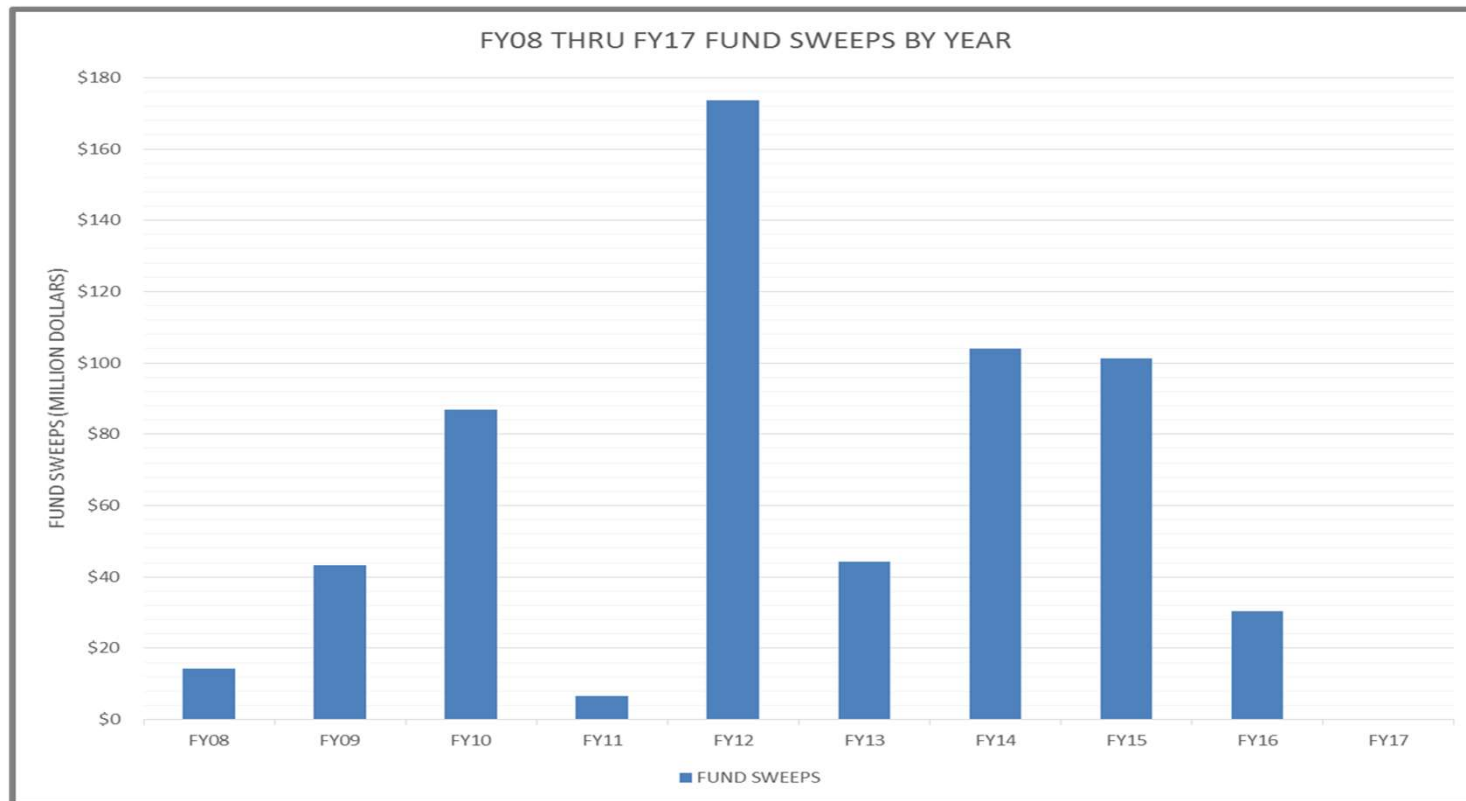
A New Day

- No more use of one-time money to fund recurring expenses
- No more fund sweeps
- Honest and transparent budget practices
- Surplus—not deficit—is the goal

Historical Use of One-time Money



Historical Use of Fund Sweeps



Use Current Year Excess for One-Time Needs



- Use of Department of Revenue excess fees and self generated funds in the current year to fund multi-year costs for implementing additional agencies in LaGov project and the budget module—total requirement of \$30 million
- Use of excess funds from the last REC forecast to pay at least two years of FEMA debt payments—total of \$46 million to pay FY 19 and FY 20. To liquidate all outstanding FEMA debt will cost \$67 million

FY19 : THE FACTS



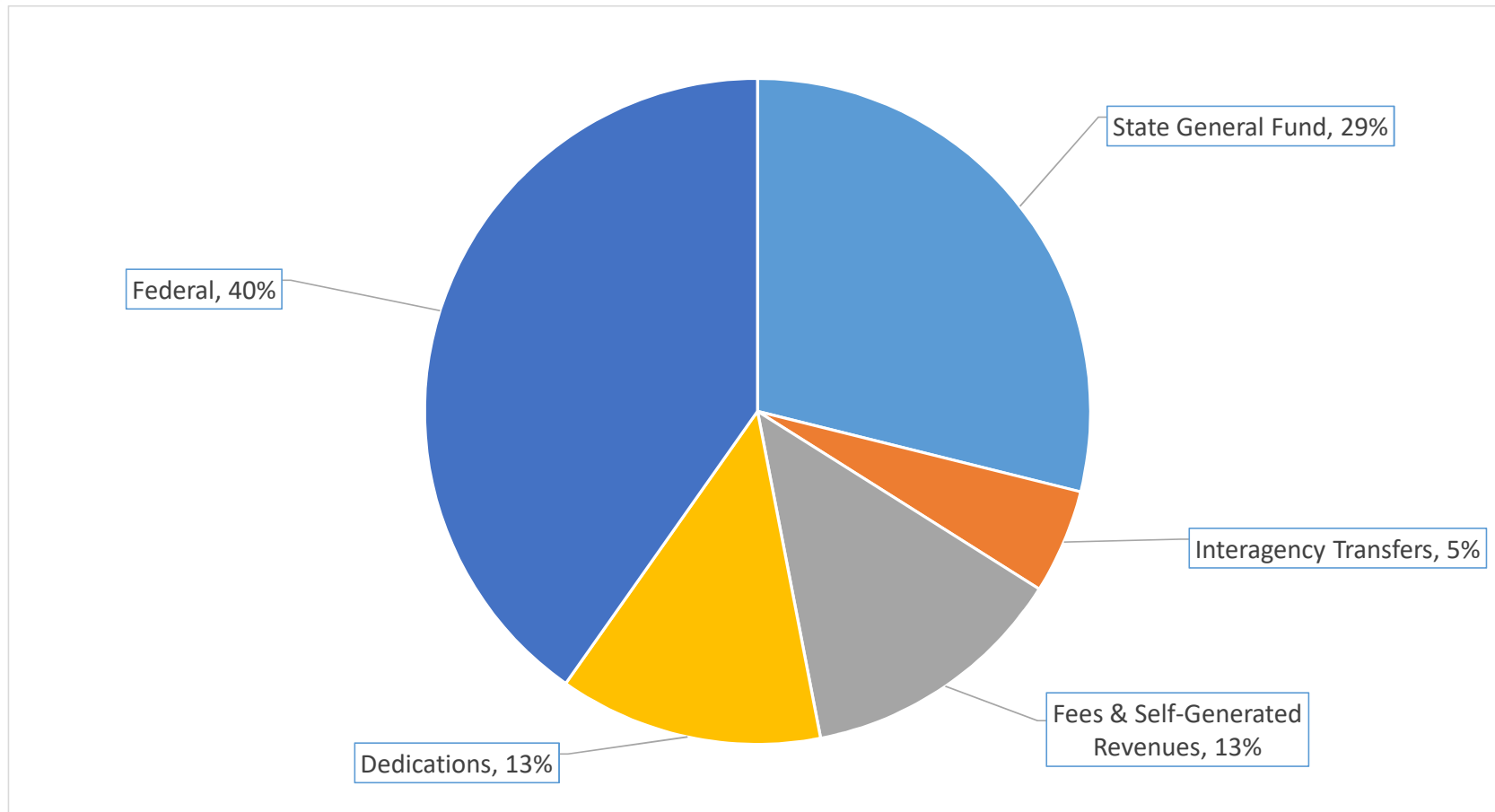
- Temporary taxes expire
- Gov. Edwards submitted a balanced budget, which means the state general fund was reduced by \$994 million that rolls off
- The legislature must enact an itemized budget that reflects this reduction of available revenue based on the recent failure to approve replacement revenue

Federal Reform Giveth and Taketh Away



- Federal tax reform results in a potential increase in state tax revenue
- Federal taxes are deductible on state tax returns. As the federal deduction decreases, it is projected that state taxes will increase
- Changes in revenue must be recognized by the Revenue Estimating Conference

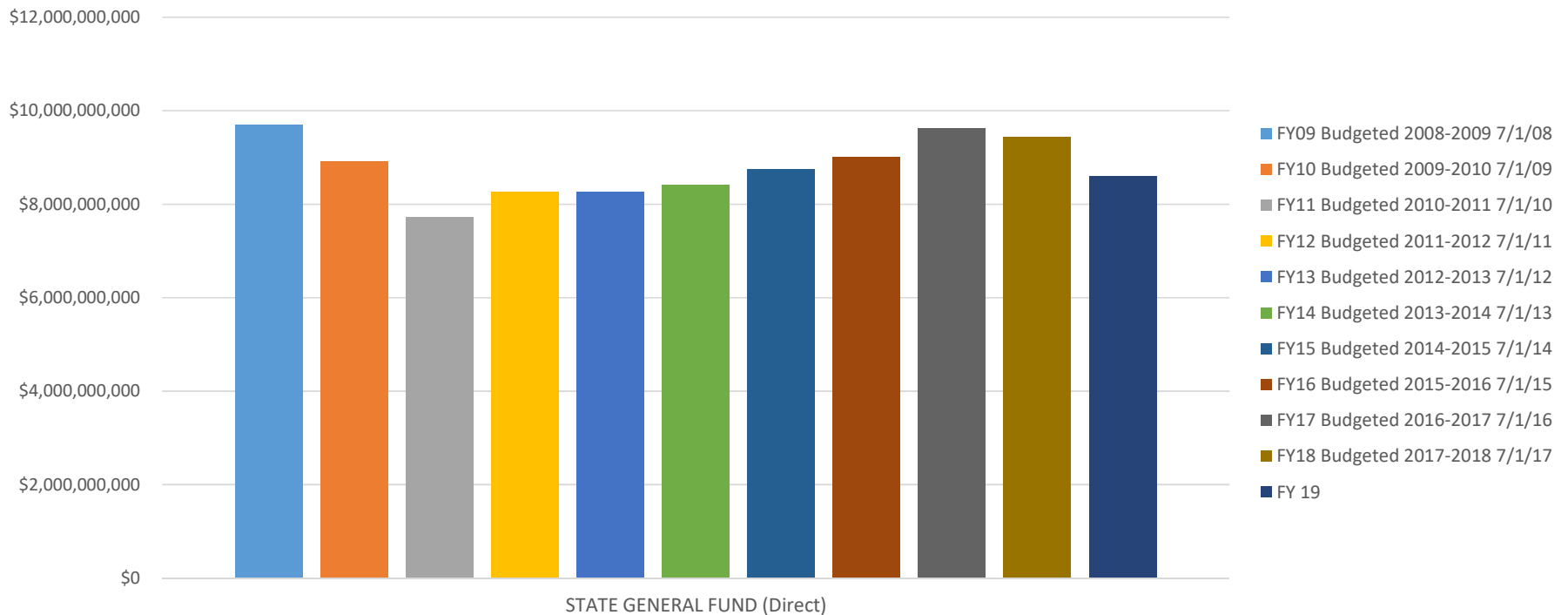
Means of Financing as of July 1, 2017



General Fund Budget



The State General Fund gradually increased during the Jindal years at the same time one-time money and fund sweeps were used to avoid budget cuts.



Reduction in State Workforce



July 1 of FY	No. of Employees
FY 08	100,473
FY 12	83,351
FY 16	66,511
FY 17	68,552
FY18 (through December)	66,099

NOTES: This includes all departments including Higher Education, even though Higher Education was exempt from hiring freezes and employee count totals under the now-expired Grad Act.

This is a “body count” that includes part-time employees, most of whom are in Higher Education. The FTE count would be lower.



Current Revenue Estimating Forecast

The FY 19 budget must be based on the REC estimate, requiring reductions in programs funded in FY 18 and limiting any new expenditures.

	Fiscal Year 2018	Fiscal Year 2019
General Fund	\$9,594,900,000	\$8,601,300,000
Loss of Revenue		(\$993,600,000)



In FY 19, based on the current REC forecast, the State General Fund drops

- The expiration of temporary taxes drops the General Fund from \$9.6 billion to \$8.6 billion
- However, non-discretionary expenditures limit the universe from which cuts can be made

Constitutional Non-Discretionary Expenditures



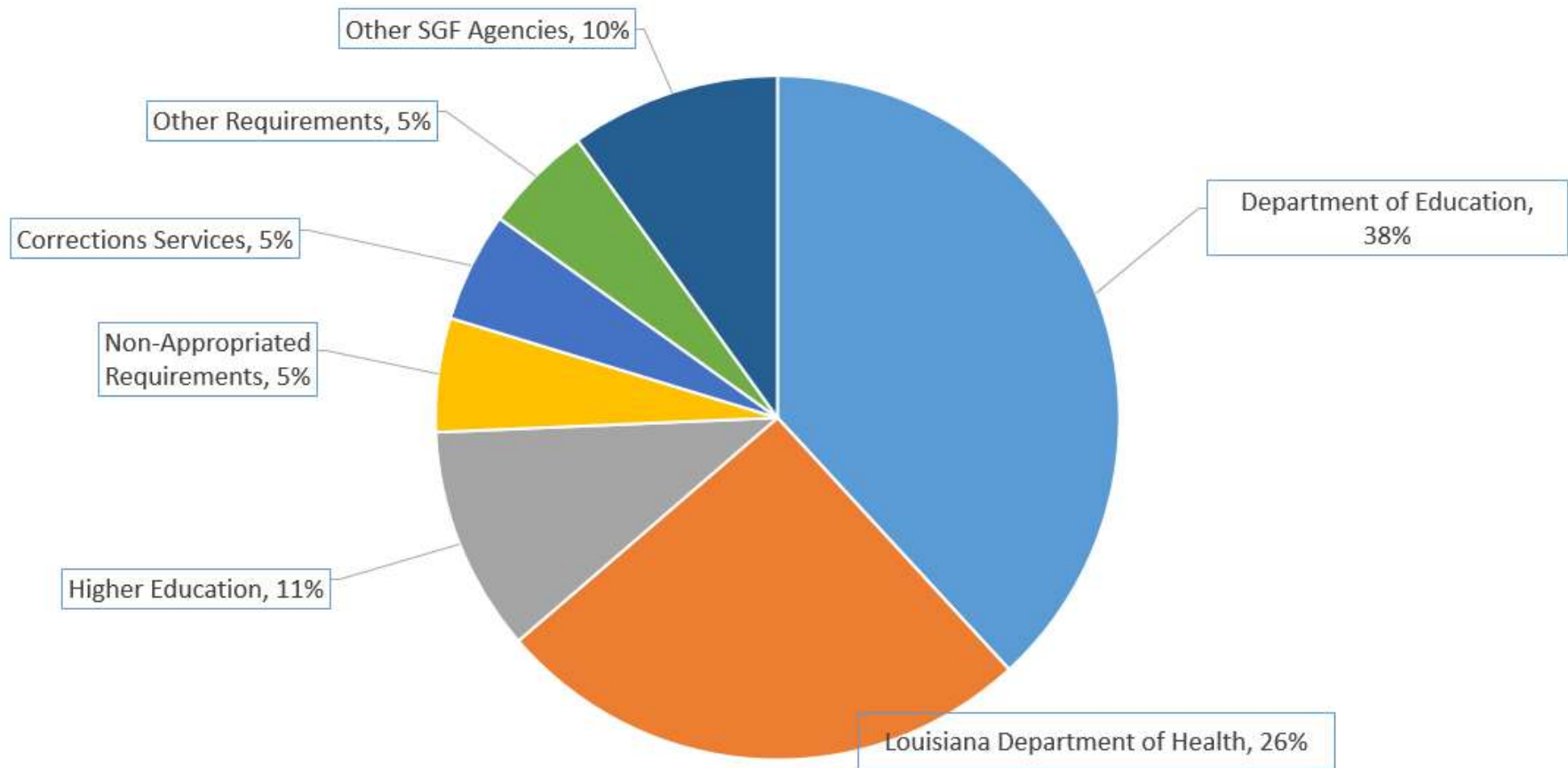
	FY 2008	FY 2018	FY 2019
General Fund	\$10,492,708,192	\$9,442,198,100	\$8,601,300,000
Constitutional:			
MFP	\$2,883,673,021	\$3,458,986,781	\$3,458,294,214
Elections	\$29,355,939	\$15,630,400	\$14,565,870
General Obligation Debt Service	\$281,870,005	\$416,182,719	\$422,650,513
Supplemental pay for law enforcement	\$98,829,000	\$123,012,083	\$123,062,083
Revenue sharing	\$90,000,000	\$90,000,000	\$90,000,000
TOTAL	\$3,383,727,965	\$4,103,811,983	\$4,108,572,680

Other Non-Discretionary Expenditures



	FY 2008	FY 2018	FY 2019
General Fund after Constitutional Requirements	\$7,108,980,227	\$5,338,386,117	\$4,492,727,320
Court Order	\$383,707,751	\$329,720,489	\$332,445,894
Appropriated Debt Service	\$23,511,446	\$151,984,223	\$123,370,828
Federal Mandate	\$5,387,012	\$420,954,123	\$619,737,993
TOTAL	\$6,696,374,018	\$4,435,727,282	\$3,417,172,605

FY 2018 State General Fund



The FY 19 Executive Budget which we do not support, do not endorse, and hope will never be enacted.

NO CUTS



- Department of Children and Family Services
- Workforce Commission (Louisiana Rehabilitation Services)
- Department of Veterans Affairs
- Department of Military Affairs
- Department of Transportation and Development
- Department of Wildlife and Fisheries
- Department of Environmental Quality
- Department of Insurance
- Inspector General
- Public Defender Board
- Mental Health Advocacy
- Coastal Protection and Restoration Authority
- LA Stadium and Exposition District
- Racing Commission
- Office of Financial Institutions
- Division of Administrative Law
- Department of Civil Service (including Board of Ethics)



New Major Expenditures Requiring Cuts Elsewhere

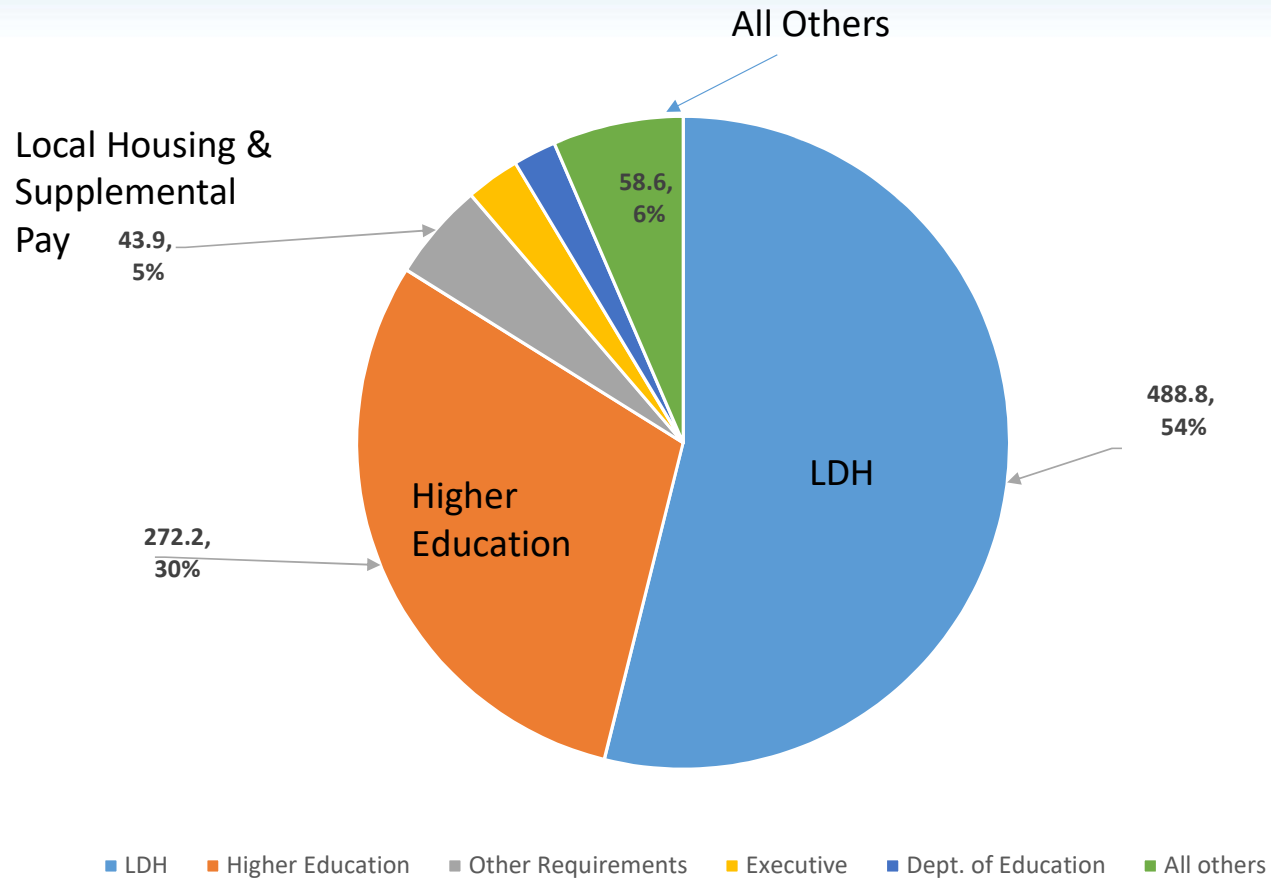
Civil Service Pay Plans	\$36.1 Million
DOS - New Election system hardware and software	\$3.0 Million
DOS - Election expenses	\$1.6 Million
DOS - ROV personnel increase (additional 6 ROVs based on parish growth)	\$0.2 Million
Allen Correctional Facility - Annualization of funding an 150 authorized TO needed in FY 19 to operate as a state-owned facility. Total cost for this facility is \$14.3 million of state general fund, \$15.6 million total funds.	\$0.8 Million
LDH - MCO adjustment (PMPM payment for the eligible population)	\$156.5 Million
LDH - ELMHS - implementation of phase 2 of the Cooper/Jackson settlement at ELMHS; \$2/hr premium pay for therapeutic guards and nurses; additional positions due to being cited by CMS)	\$10.1 Million
DCFS - Integrated Eligibility IT Project - Phase 2	\$13.6 Million
DCFS - CCWIS IT Project - Phase 2 (Child Welfare Reporting System)	\$6.9 Million
DCFS - State Central Registry regarding reported child abuse or child neglect offenders appeal process (Act 348 of 2017 RLS)	\$6.0 Million
MFP - October 2017 student count adjustment	\$9.8 Million
LED Debt Service Commitments	\$16.3 Million
Total	\$260.9 Million

LDH Major Expenditures Requiring Cuts Elsewhere



Non-Expansion Per Member Per Month Payments (PMPM)	
Mandated by ACA – Health Insurer Provider Fee	\$48.6 Million
Applied Behavioral Analysis (Mandatory) and Physician Payments	\$23.9 Million
PMPM Actuary Rate Increase (Mandated by CMS)	\$19.4 Million
Enrollment Increases	\$26.1 Million
Means of Finance adjustments due to decrease in IGT-funded Hospital FMP and pre-payments	\$41.3 Million

General Fund Reductions in FY19 Executive Budget



Items Not Funded



	FY19
Acadiana Juvenile Justice Facility	\$14 Million
Debt Service for new bond sale	\$6 Million
No General Fund Acquisitions/Major Repairs	\$30 Million



Economic Impact

- Significant budget reductions in programs and services will impact the following:
 - Employment loss in both the private and public sector
 - State gross domestic product will decrease
 - Personal income will decrease
 - Population loss
 - Increased utilization of Unemployment Compensation Fund

Now it is Your Turn...



For those of you who have been saying we should cut the budget, show the people of Louisiana your cuts ... and examine the impact.