Bobby Jindal
Governor

Kristy H. Nichols
Commissioner of Administration

STATE OF LOUISIANA

Executive Budget

Fiscal Year 2014-2015

Joint Legislative Committee on the Budget

January 24, 2014

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Governor

2014-2015 Executive Budget

- Increases Higher Education funding;
- Increases K-12 Education funding;
- Increases Healthcare funding without cuts to provider rates and services;
- Funds performance adjustments to eligible state employees;
- Does not raise taxes and is not dependent on the passage of other legislation.

Job Creation and Economic Growth

- Louisiana now has more jobs, more people, and higher incomes than at any point in the state's history;
- 2013 Kauffman Index of Entrepreneurial Activity – Ranked Louisiana among the Top 10 states with the highest rate of entrepreneurial activity;
- Louisiana ranked as No.1 exporting state in the nation;
- Louisiana ranks No. 6 nationally and No. 2 in the South for employment growth since January 2008;
- Per capita income has grown by $4,255 during the past five years – its highest level ever;
- State's GDP – grown by $36 billion – a rate of growth 50 percent faster than the national GDP.

2013—
A Record Year for Economic Development

- IBM's selection of Baton Rouge for an 800-job technology center;
- AAR Corporation's 750 job aircraft maintenance, repair, and overhaul (MRO) in Lake Charles;
- Teleperformance's 740-job expansion in Shreveport;
- Bell Helicopter's 115 job assembly facility in Lafayette;
- Gulf Coast Spinning's 307-job manufacturing facility in Bunkie;
- Danos headquarters and manufacturing expansion (426 new jobs) in Houma.

Job Creation and Capital Investment

- For 39 consecutive months, Louisiana has experienced private sector job growth and an unemployment rate that remains below that of the Southern region and the United States.
- From November 2012 to November 2013, Louisiana's work force grew by 20,500 jobs - the 29th consecutive month of year-over-year employment growth in the state;
- Since January 2008, Louisiana has added 50,800 private-sector jobs, making the overall growth rate of private-sector employment rise to 3.2 percent – a rate that ranks the state fourth best in the nation (excluding D.C.) and second best in the South.
- The total number of employees in the executive branch of state government has decreased by 28,678, or 28.4 percent. This represents the smallest number of state government employees in over 20 years.

COMPARISON: FY 13-14 Budgeted to FY 14-15 Executive Budget

Total Funding and Positions

(Exclusive of Double Counts) (Exclusive of Contingencies)

	As of 12/01/2013 Budgeted 2013-2014	Executive Budget 2014-2015	Executive Budget Over/(Under) Budgeted	Percent of Change
STATE GENERAL FUND, DIRECT	$8,431.5	$8,617.6	$186.1	2.21%
STATE GENERAL FUND BY:				
FEES & SELF-GENERATED REVENUES	$2,282.0	$2,454.9	$173.0	7.58%
STATUTORY DEDICATIONS	$4,489.7	$4,031.7	($458.0)	-10.20%
INTERIM EMERGENCY BOARD	$.9	$.0	($.9)	-100.00%
TOTAL STATE FUNDS	$15,204.0	$15,104.2	($99.7)	-0.66%
FEDERAL FUNDS	$10,410.6	$9,886.6	($524.0)	-5.03%
GRAND TOTAL	$25,614.5	$24,990.8	($623.7)	-2.43%
TOTAL AUTHORIZED POSITIONS	54,210	53,109	(1,101)	-2.03%
TOTAL AUTHORIZED OTHER CHARGES POSITIONS	-	1,900	-	-
TOTAL NON-FTE POSITIONS	-	1,500	-	-

NOTE: Positions are authorized, not filled positions.

Revenue

- Revenue Estimating Conference (REC) Forecast: $8.618 billion, or $78.4 million, over the previous official forecast of $8.539 billion;
- REC also adopted a forecast for statutory dedications and fees and self-generated revenues;
- No one-time money for recurring expenses;
- Only spending $119 million of the $132 million in non-recurring revenue REC recognized for FY15;
- Recurring revenue for FY14 recognized by REC – $28 million set aside for supplemental needs, such as an increase in the MFP/student count of $26.5 million;
- Use of Non-recurring revenue:
  - $210 million defeasance or retirement of debt
  - $51 million to the Coastal Protection and Restoration Fund
  - $25 million to the Budget Stabilization Fund (rainy day fund)
  - $14 million for the unfunded accrued liability of the public retirement systems

Expenditure Limit

Expenditure Limit for FY 2013/14	$12,916,140,954
Growth Factor	3.48%
Expenditure Limit for FY 2014/15	$13,365,694,497
Appropriations Acts and Other Requirements	$11,949,711,976
Over/(Under) Expenditure Limit	($1,414,224,500)

Mandatory Adjustments

- Retirement rate adjustment —$37 million State General Fund, $93 million total
- Election and balloting expenses—$9.4 million total, all State General Fund
- $10.9 million State General Fund for Medicare Part D or "Clawback" payments for prescription drugs for dual eligibles (those eligible for Medicare and Medicaid).
- Decline in the community hospital stabilization fund—$16.4 million.
- FMAP rate change for Title XIX and UCC rate change—$56.8 million
- LSU-HCSD claim lag funds—$19.6 million State General Fund.

Investments in K-12 Education

- Number of failing schools in Louisiana has been cut in half;
- High school graduation rate has reached an all-time high of 72.3 percent;
- Teacher salaries have increased by $2,000 over the past five years;
- School funding has increased by more than $300 million;
- College credits earned through AP exams increased by 25 percent to more than 1,000 credits – the largest increase in state history;
- More Louisiana students are now qualifying for college.

Investments in K-12 Education

Minimum Foundation Program

- Minimum Foundation Program (MFP) will be increased to its highest level ever — by its largest annual increase since 2009;
- MFP Task Force's recommendation for an additional $12 million is budgeted;
- Total MFP investment stands at $3.54 billion — an increase of $99.8 million or 2.9 percent over last year;
- MFP increase of $415.1 million or 13.28 percent over January 2008.

Investments in K-12 Education

Course Choice

- The continued access for students to Advanced Placement (AP) courses, career and technical education opportunities, core academic and test preparation courses, and other college credit courses will be sustained with an investment of $3.5 million.

Investments in K-12 Education

Louisiana Scholarship Program

- Since its inception in 2008-2009 school year, more than 6,700 students have received an equal opportunity to escape a failing school through the Louisiana Scholarship Program;
- These scholarships for low-income families will increase by $3 million for a total of $46 million invested into the program which expands the program to serve more than 8,100 students.

Investments in Higher Education

- Higher education has changed its focus toward student success measures specifically directed at student graduation rates, retention, and completion;
- As a result of this change, an increase of $141.5 million will be invested in the colleges and universities of Louisiana;
- Total funding for higher education (after adjustments for items of non-recurring one-time expenditures and the public-private partnerships with the LSU System) for the FY 15 budget is $2.3 billion - an increase of 6.6 percent from last year.

Investments in Higher Education

Workforce and Innovation for a Stronger Economy Fund – the WISE Plan

- Strengthens the critical linkage between college coursework and employment needs in the State of Louisiana;
- Investment of $40 million;
- Colleges/Universities must receive a 20 percent private industry match accompanied by a proposal as to how the funds will be invested in meeting the future workforce needs of Louisiana based on data-driven occupational forecasting.

Investments in Higher Education

Competitive Core Funding

- $6.1 million
- These dollars will help institutions whose enrollment has grown faster than the Board of Regents funding formula to have the core resources to be able to compete for the WISE Fund

Investments in Higher Education

Technology/STEM

- STEM – Science – Technology – Engineering – Mathematics;
- Investment of $2 million to Southern University and the STEM programs at Grambling State University for facility and technology upgrades.

LSU Ag Center

- $5 million investment in the LSU Ag Center

Investments in Higher Education

Taylor Opportunity Program for Students (TOPS)

- More than $82.5 million of continued investments will fully fund the Taylor Opportunity Program for Students (TOPS) – includes $17 million projected growth;
- Projected number of TOPS recipients for FY 15 is 52,074, with a total funding of $235.1 million;
- A $26.4 million investment in Go Grants - Louisiana's needs-based scholarship program.

Investments in Healthcare

Waivers

- Invests $26 million to expand home and community-based waivers;
- FY 15 Budget includes more than $606 million in spending on waivers – increase of almost 6 percent when compared to the current year budget;
- DHH can begin filling over 2,250 previously frozen waiver slots (including all legislatively authorized slots), adding 200 new NOW waiver slots, and reducing the current waiting list by over 4,000 individuals.

Investments in Healthcare

- Most significant change over the past year has been the shift from the antiquated model of a government-run public hospital system to a system that embraces the ingenuity and efficiency of experienced private partners;
- The new model of Public-Private Partnerships sustains access to safety net care while supporting and improving graduate medical education in Louisiana;
- Investment of more than $25.6 million for the new LSU Public-Private Partnerships.

Investments in Healthcare

LSU – Our Lady of the Lake (Baton Rouge)

- In its first year of operation - more than 100,000 patients;
- New around-the-clock urgent care center in North Baton Rouge has treated more than 23,000 patients;
- Mid City Pharmacy has filled more than 63,000 prescriptions - reducing the wait time for prescriptions from ten days to ten minutes.

Investments in Healthcare

DHH

- Services for pregnant women between 133% and 200% of Federal Poverty Level is $5.1 million
- LSU-HSC Shreveport medical center — $8 million
- Rural hospital rebasing and move from UPL to DSH — $1 million
- Hospice CMS mandated rate increase of 1.6% —$500,000
- $9.3 million to provide Applied Behavior Analysis Services to people with Autism
- Dental plans for Medicaid enrollees served through the Bayou Health managed care plan. Investment of $6.8 million resulting in the leveraging of $20.4 million in federal funds match for long-term sustainability

Investments in Public Safety

- An additional $1.2 million invested in the Columbia Center for Youth;
- New cadet classes of the Louisiana State Police Training Academy — investment of $10 million;
- $1.7 million invested in a class of LDWF agents;

Other Key Investments

Performance Adjustments

- Excellence in public service is a necessity in order for critical services to be provided to the citizens of Louisiana
- Performance adjustments of more than $60 million for all eligible state employees

Other Key Investments

- Investment of $1.4 million for public libraries
- An additional investment of $150,000 for the Council for the Development of French in Louisiana (CODOFIL)
- Investment of $746,000 to the New Orleans Center for the Creative Arts for the expansion of the campus and new positions to provide a full-day high school degree program for grades 9-12
- $6.5 million to Councils on Aging and elderly services across the state

Efficiencies in State Government

- Consolidation of the Office of State Purchasing and centralization of procurement in the Division of Administration project — savings of more than $1.6 million;
- The Department of Children and Family Services (DCFS) established regional training hubs — saving approximately $465,000;
- DCFS also saved $2.2 million in TANF funds that were re-directed to the LA4 program in the Department of Education (DOE).

Efficiencies in State Government

IT Consolidation

Office of Technology Services

- Leverage economies of scale;
- Improved resource utilization;
- Efficiencies in management and process;
- Reductions in duplication to bring about a 20% reduction in overall expenditures.

Efficiencies in State Government

IT Consolidation

- Computer software, hardware, and maintenance
- Project Management Office
- Increased Impact of Technology

Efficiencies in State Government

GEMS

- Government Efficiencies Management Support
- Comprehensively applies data analytics to state government processes
- Works to find data-driven solutions to problems

Efficiencies in State Government

GEMS—DHH

- Electronic Visit Verification - $500,000
- Case Management for Pharmaceuticals - $154,000
- Pediatric Day Care Facilities - $150,000
- Elimination of Preprocessing Claims - $750,000
- Occupancy Bed Rate - $2.5 million
- TOTAL: $4.05 million

Efficiencies in State Government

GEMS

- Takes into consideration the findings of the Streamlining Commission
- Focusing on the most expensive and expansive areas of state government
- $500 million in savings

Efficiencies in State Government

Office of Group Benefits

- Increase in quality and confidence
- The Affordable Care Act
- 5% increase:
  - ACA fees/taxes and plan expansion
  - State mandates
  - Medical inflation
  - Scheduled administrative increases

Budget Information Online

Budget and Supporting Document

www.doa.louisiana.gov/opb/pub/ebsd.htm

Online State Spending Database

www.latrac.la.gov