



STATE OF LOUISIANA

Budget Situation Update

Joint Legislative Committee on the Budget

November 20, 2008

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Commissioner of Administration



Base Line Projection - State General Fund

	Projected Fiscal Year 2009-2010	Projected Fiscal Year 2010-2011	Projected Fiscal Year 2011-2012
TOTAL REVENUES	\$9,325,900,000	\$9,338,100,000	\$9,509,300,000
TOTAL EXPENDITURES	\$10,213,523,622	\$10,452,190,776	\$10,655,181,035
PROJECTED BALANCE	(\$887,623,622)	(\$1,114,090,776)	(\$1,238,741,851)
REVENUE IMPACTS of ACTS of 2008 REGULAR SESSION	(\$380,062,000)	(\$272,062,000)	(\$283,062,000)
PROJECTED BALANCE	(\$1,267,685,622)	(\$1,386,152,776)	(\$1,521,803,851)

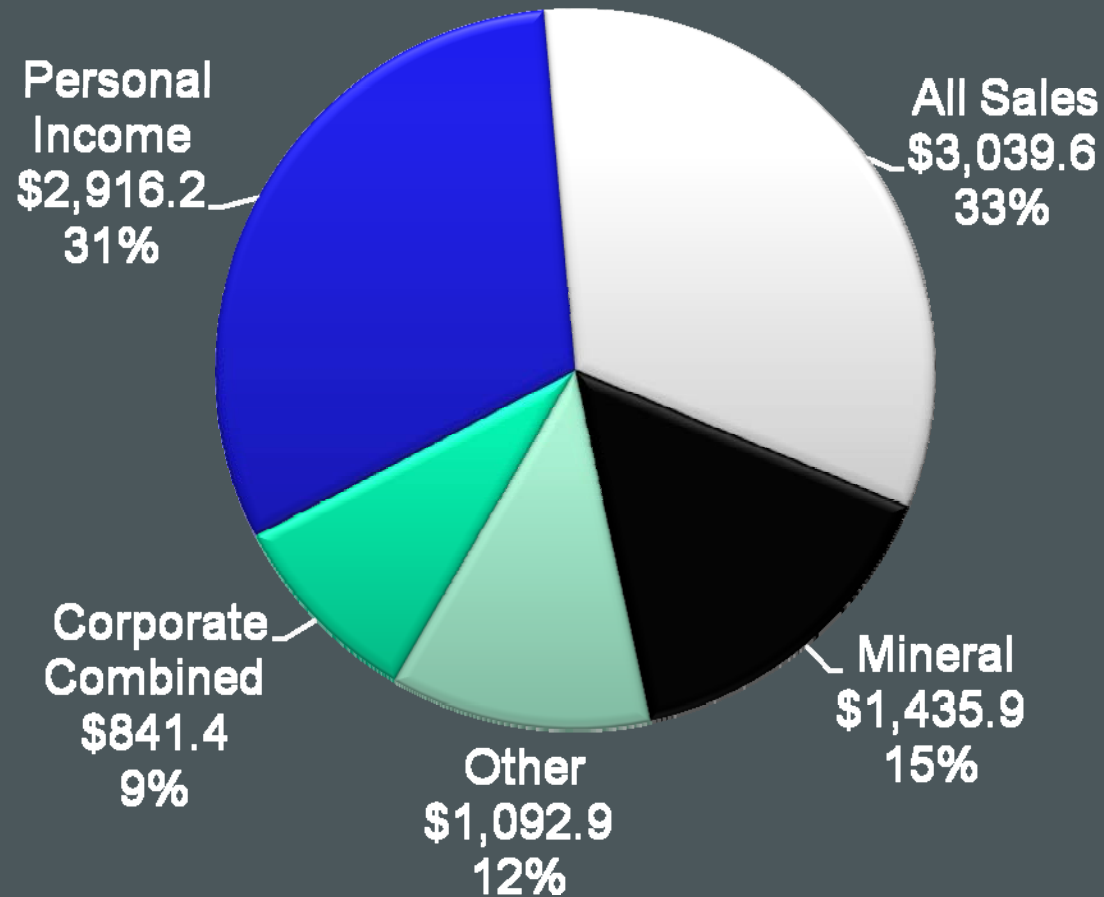


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State General Fund Revenue (million)





Budget Situation in Other States

- “Mid-year shortfalls have opened up in the budgets of at least 27 states.”
- “In total, 39 states [including Louisiana] are facing fiscal stress in their FY2009 and/or FY2010 budgets. Because economic conditions remain unsettled, it is highly likely that budget gaps will grow.”

—“State Budget Troubles Worsen,” Center on Budget and Policy Priorities, October 24, 2008



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Projected Imbalance of Revenues and Expenditures FY 2009-2010

(million)

\$ 9,325.9 REC Fiscal Year 2010 Forecast (5/9/08)
(\$376.6 Projected Rev. Forecast Decline)

\$10,213.5 5-Year Baseline Expenditure Projection

(\$ 887.6) Projected Imbalance, 5-Year Baseline

(\$ 380.1) Revenue Impact of 2008 Regular Session

(\$ 1,267.7) Projected Imbalance



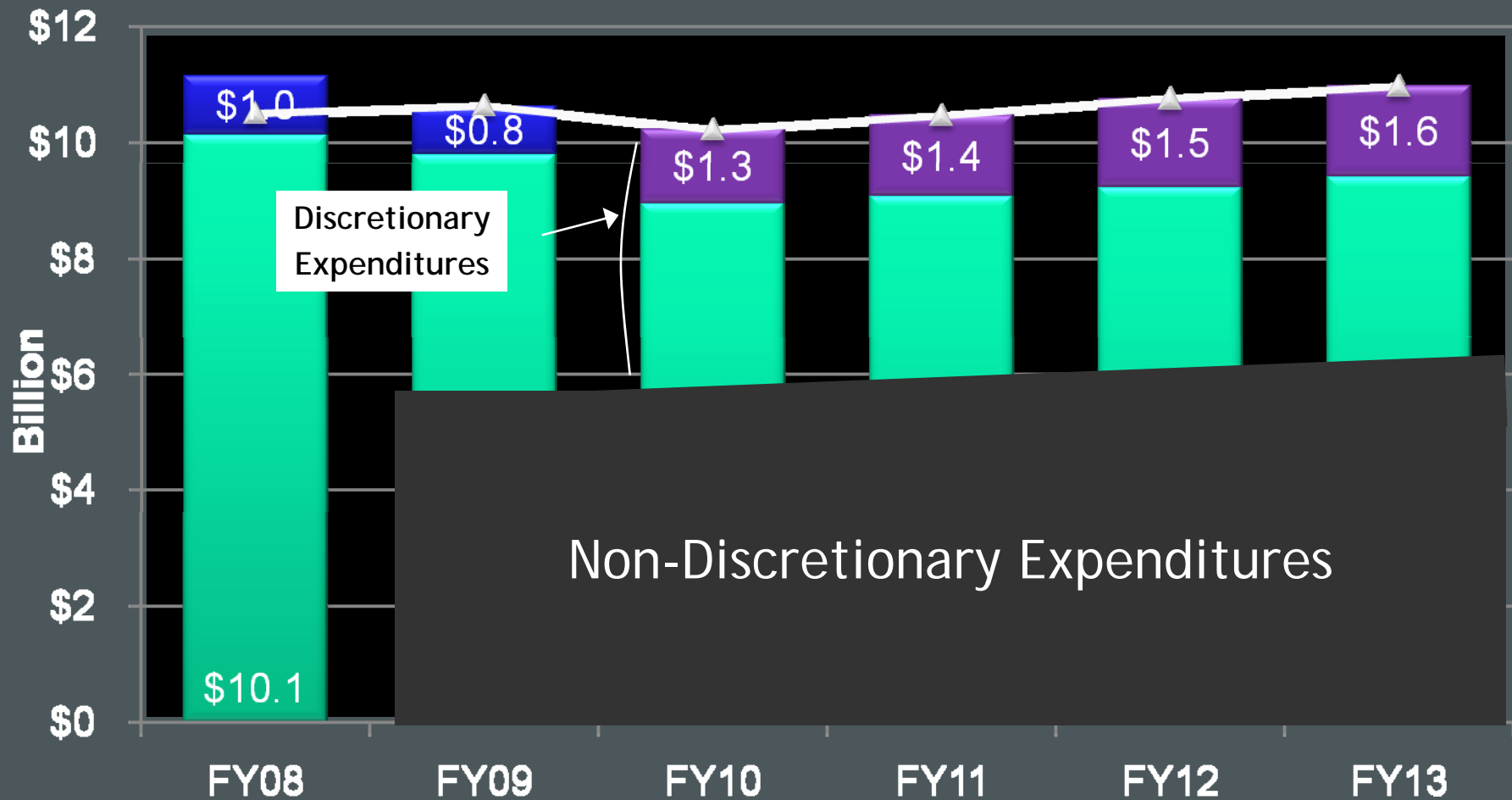
Major Drivers that Contribute to the Projected Imbalance

(million)

- \$ 380.1 Revenue impact of 2008 Regular Session
- \$ 376.6 Projected revenue forecast decline
- \$ 207.6 Medicaid FMAP rate change
- \$ 76.6 Medical Vendor Payments
- \$ 75.0 MFP (current projection)
- \$ 28.2 Higher Education formula funding
- \$ 58.7 Annualize NOW Waivers, Local Housing, TOPS, GO Grants, Stipends for National Certified Personnel
- \$??? Cost Share for FY09 Storms due in FY10



Five Year Budget Outlook



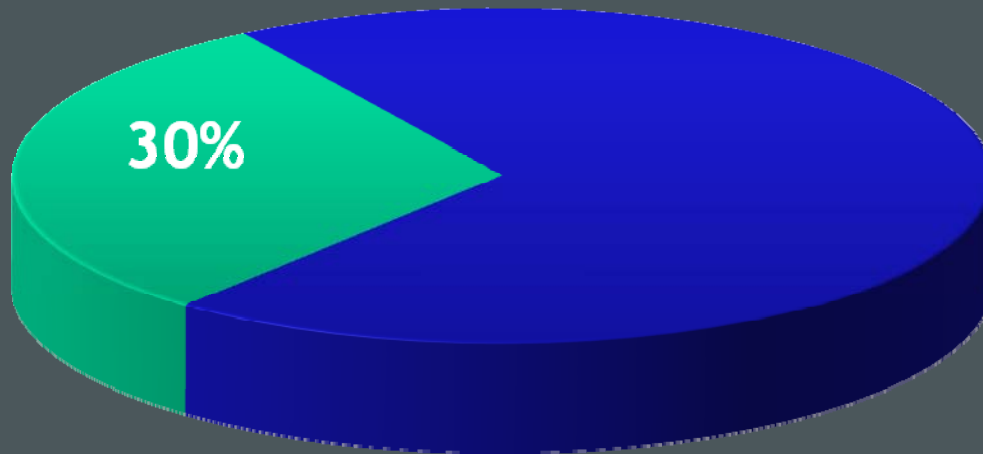


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Shortfall as Percentage of Discretionary General Fund





Non-discretionary Expenditures (examples)

- Constitutional - IEB, elections/ballot printing, revenue sharing, severance tax dedications to parishes, TIME projects
- Unavoidable Obligations - group benefits for retirees, maintenance of state buildings
- Statutory Obligations - TOPS, local housing
- Federal Mandate - Medicaid entitlements
- Debt Service - state-owned buildings, Union Tank Car, C.G Rail facility, Northrop Grumman facility
- Legislative and Judicial appropriations

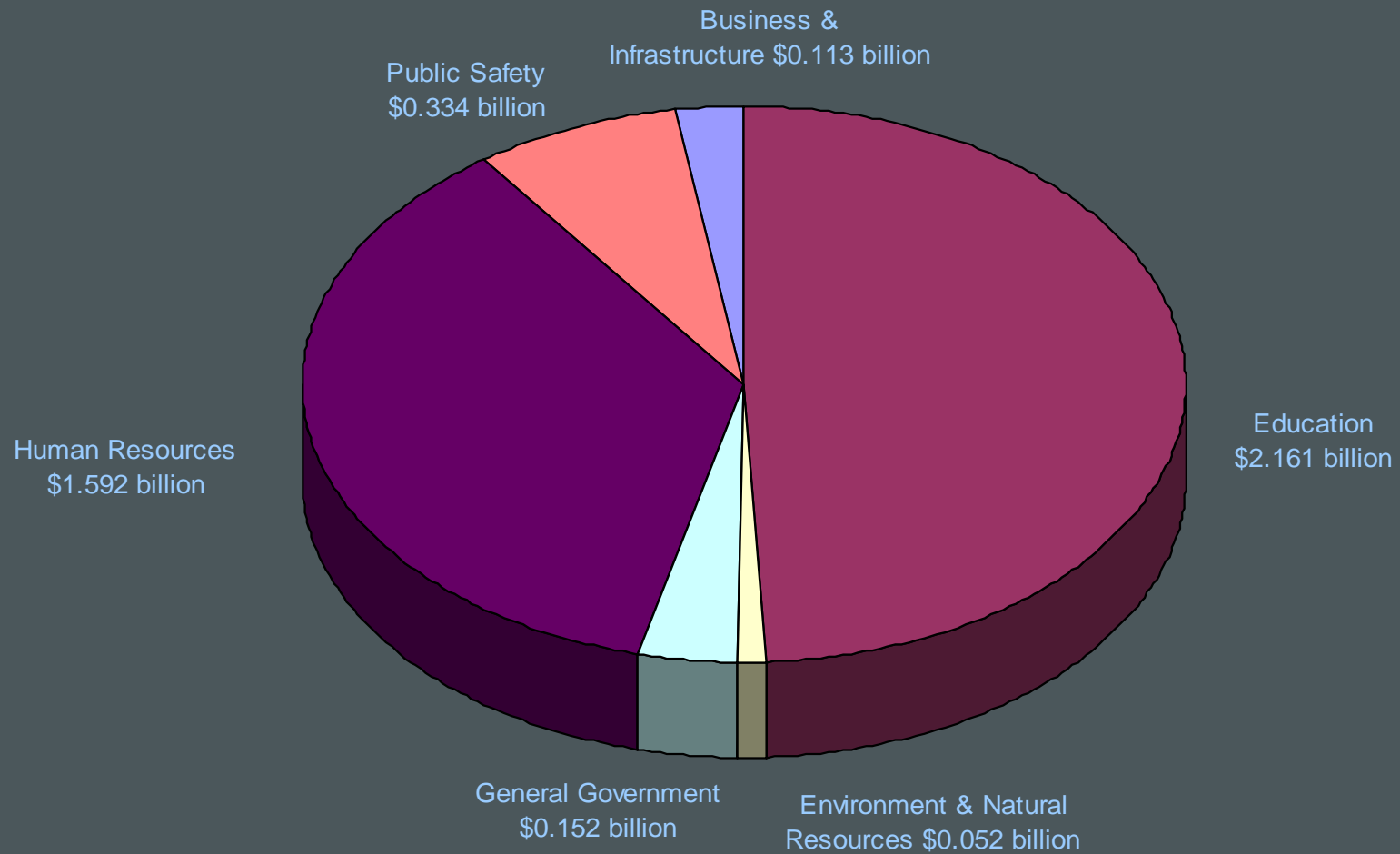


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Discretionary State General Fund Expenditures by Functional Area Enacted for FY 2008-2009 (Total \$4.4 billion)





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Proactive Steps and Lasting Reforms

- Hiring Freeze
- Efficiencies and Cost-Saving Measures
- Policy Changes
- Program Eliminations
- Activity Performance Review
- Budget Flexibility Reform