



Fiscal Year 2018-2019

June 2018

**John Bel Edwards**  
**Governor**



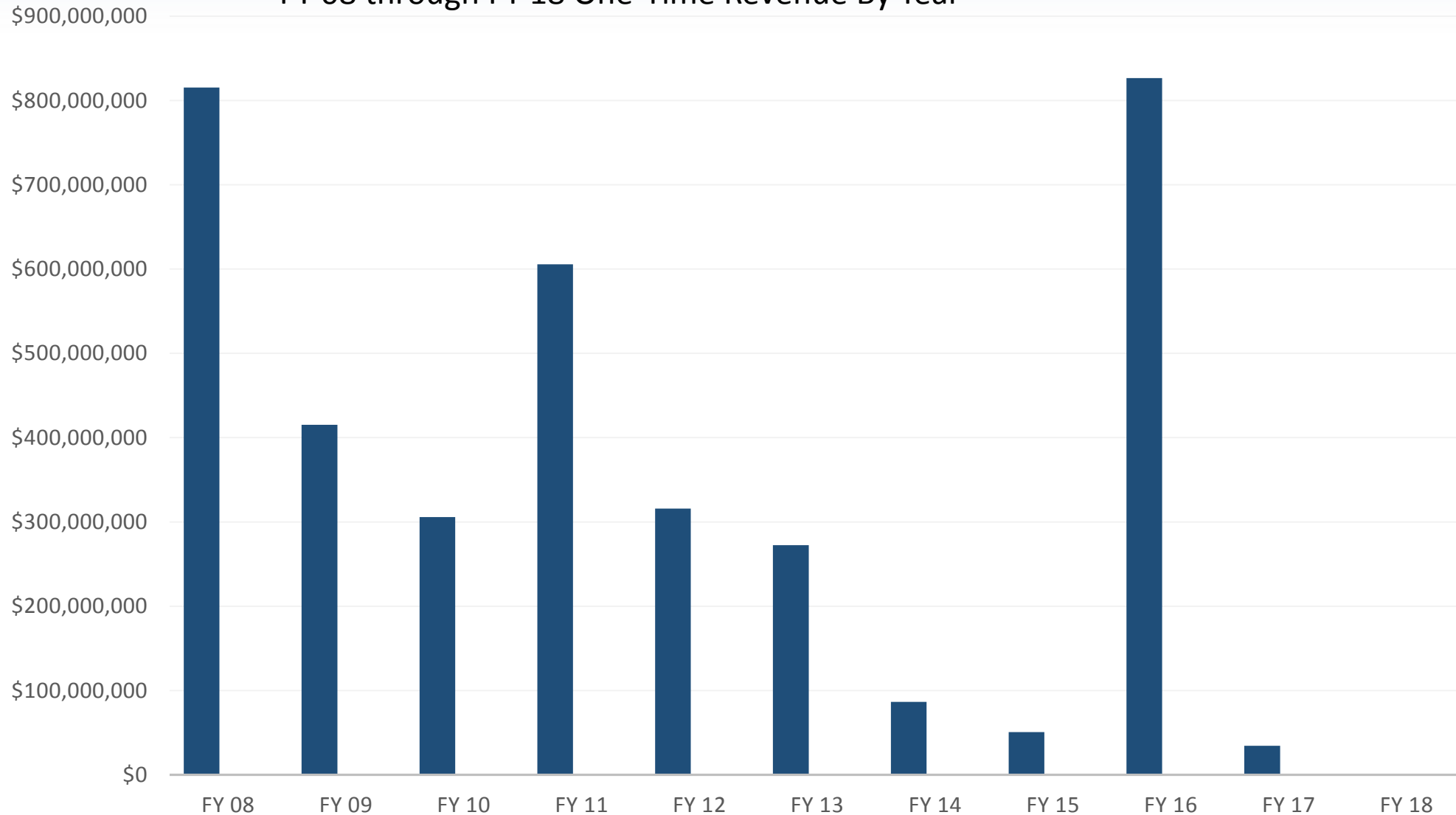
# A New Day

- 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



# Historic Use of One-time Money

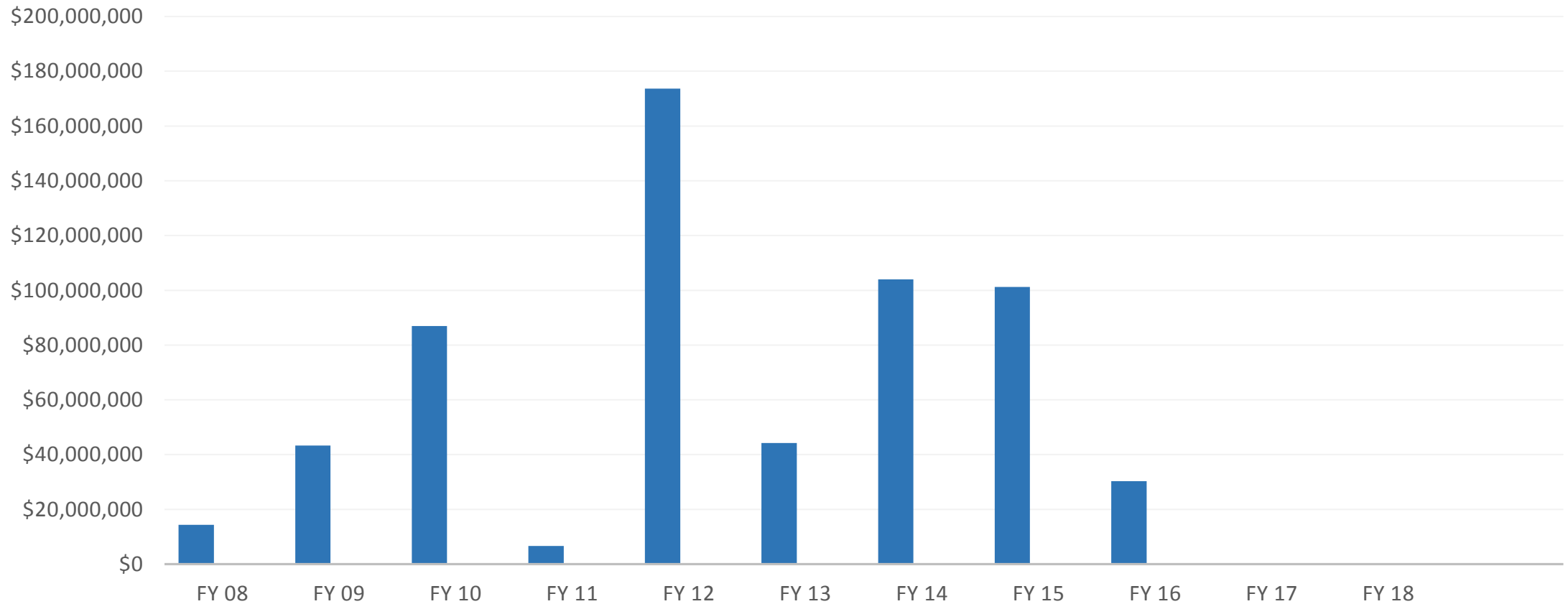
FY 08 through FY 18 One-Time Revenue By Year





# Historic Use of Fund Sweeps

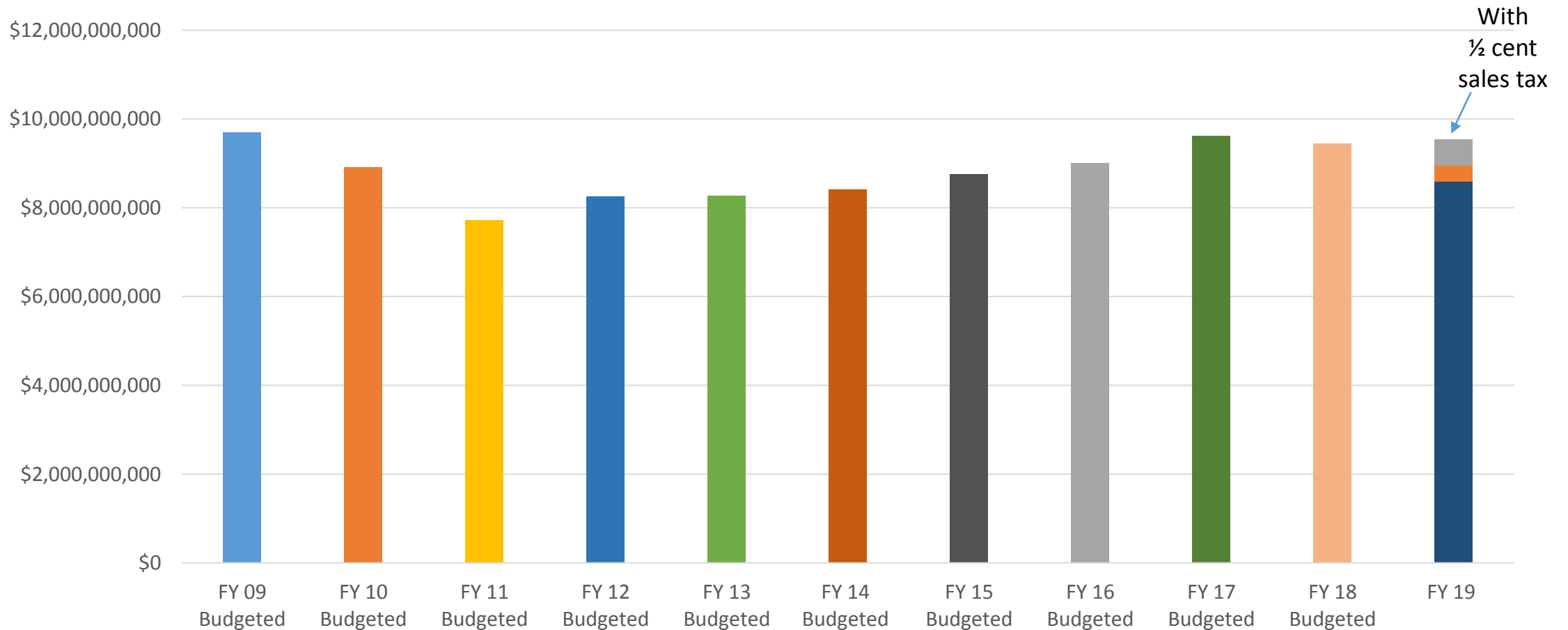
FY 08 THROUGH FY 18 FUND SWEEPS BY YEAR





# General Fund Budget

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





# Reduction in State Workforce

July 1 of Fiscal Year	No. of Employees
FY 08	100,473
FY 12	83,351
FY 16	66,511
FY 17	68,552
FY 18 (as of June 2018)	66,127

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.

# Fiscal Year 2019 — General Fund Forecast



- 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
<b>TOTAL</b>	<b>\$3,383,727,965</b>	<b>\$4,103,811,983</b>	<b>\$4,108,572,680</b>



# 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
<b>TOTAL</b>	<b>\$6,696,374,018</b>	<b>\$4,435,727,282</b>	<b>\$3,417,172,605</b>

# 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 positions in ROV offices based on parish growth)	\$0.2 million
Allen Correctional Facility— annualization of funding for 150 positions needed to change operations from a privately-run to a state-run 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
<b>Total</b>	<b>\$260.9 million</b>



# 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



# Budget Calculations

- Two budget calculations are required by law to predict the cost of providing current services in future years. These calculations are referred to as a Standstill Budget and a Continuation Budget. The components included in each calculation are approved by legislative staff and executive staff. The legislative staff includes House Fiscal, Senate Budget and Legislative Fiscal Office.

FY 2019 Continuation Budget	\$10,083,530,983
FY 2019 Standstill Budget	\$ 9,757,416,666
Governor's Requested Budget	\$ 9,561,093,125



# Summary of Cliff Calculation

- \$1.4 billion Temporary revenue measures enacted in 2015 and 2016 expiring on June 30, 2018
- \$1.12 billion Executive Budget calculation of funding requirements to provide comparable services in FY 2019. \$260 million in increased costs are included due to contractual obligations, mandated costs and legal settlements
- -\$994 million REC forecast comparing FY 2018 to FY 2019

Even though state government needs \$1.12 million to continue the same level of service in FY 2019, the governor determined that the state could enact cuts and pronounced the “cliff” to be the \$994 million.



# Revenue Activity for FY 2018-2019

- -\$994 million      Difference in REC forecast from FY 18 to FY 19
- +\$346 million      Change in the forecast primarily due to changes at the federal level pertaining to income tax
- -\$648 million      Cliff calculation for 2<sup>nd</sup> special session
- +\$79.8 million      Revenues and funds generated during 2<sup>nd</sup> session
- -\$568.2 million      Remaining cliff calculation

HB 12 by Leger would have produced \$507 million for the General Fund. The governor has agreed to reduce the budget from the \$568.2 million originally requested to solve the cliff and has agreed to reduce the ask to \$507 million. This will require additional cuts but will provide an adequate level of government services.



# Budget Reductions

- In the compromise budget passed during the 2<sup>nd</sup> special Session, there will be significant reductions in government spending
  - \$66.7 million in the Base Medical Vendor Payments Budget
  - \$56.4 million in cuts to agencies in order fund other priorities
  - \$15 million in funding requirements not included by Legislature
  - \$20 million in specific agency obligations identified after the executive budget was prepared
  - \$158 million in Budget Reductions



# What is at Risk

- \$255 million still unfunded as part of the across the board reduction of 24 per cent
- \$251 million in additional reduction to state agencies
- \$506 million in cuts to agencies if revenue is not generated





# What is at Risk

Services	Amount
Formula funding for Higher Education	-\$92,418,736
TOPS, Go Grants and accreditation requirements	-\$90,502,682
Corrections, OJJ, Sheriff's housing	-\$133,661,094
DCFS	-\$34,358,743
Dept. of Ed and Special Schools	-\$43,192,950
Public Defender, Supplemental Pay	-\$38,051,965
General Government, Elected Officials	-\$74,112,882
Funding at Risk	-\$506,299,054



# Dollars to be Raised for FY 2018-2019

- Special Session #2
  - HB 18 by Jackson \$33.6 million
  - SB 2 by Claitor (BP funds) \$46.2 million
- Anticipated Special Session #3
  - Half Cent Sales tax \$507 million
- TOTAL \$586.8 million

NOTE: The request for \$586.8 million is far less than the original ask of \$648 million