Executive Budget
Fiscal Year 2023-2024
Joint Legislative Committee on the Budget
February 17, 2023

John Bel Edwards
Governor
The Way We Were
Deficit Amounts FY 08-09 to FY 15-16

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
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<tbody>
<tr>
<td></td>
<td>($341.00)</td>
<td>($828.00)</td>
<td>($107.98)</td>
<td>($471.07)</td>
<td>($165.46)</td>
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<td>Year</td>
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<td>2008</td>
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<td>2015</td>
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<td>2016</td>
<td>$0</td>
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</table>
FY 15-16 REC Forecast

• The Revenue Estimating Conference met on February 10, 2016 and lowered the current year forecast by $570M.

• Budget development identified $470M in shortfalls based on the use of one-time money.

• The FY 15-16 projected imbalance exceeded $940M.
FY 16-17 Executive Budget

$2B Shortfall
Here Comes the Sun
Budget Surplus FY 16-17 to FY 21-22

FY 2017: $122,619,960
FY 2018: $308,053,201
FY 2019: $534,509,518
FY 2020: $270,434,310
FY 2021: $699,219,731
FY 2022: $726,560,516
Fund Sweeps FY 16-17 to FY 22-23
Pennies from Heaven
### Where are the Pennies?

<table>
<thead>
<tr>
<th>FY 21-22 Surplus</th>
<th>$726.5M</th>
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<tbody>
<tr>
<td>FY 22-23 Excess</td>
<td>$928.5M</td>
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<tr>
<td>TOTAL</td>
<td>$1.655B</td>
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<tr>
<td>FY 23-24 REC Forecast Change</td>
<td>$608M</td>
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American Rescue Plan Expenditures and Inflation Reduction Plan

Federal Relief Funding

The American Rescue Plan (ARP) Act of 2021 allocated $3.011B to Louisiana from the Coronavirus State Fiscal Recovery Fund. In Fiscal Year 2021-2022, the state initially utilized $1.63B of that funding. The remaining $1.38B was allocated in various bills for state initiatives in Fiscal Year 2022-2023.

| $300M – Unemployment Compensation Fund |
| funds used to pay unemployment benefits |
| $450M – Water Sector Program |
| grants for repairs, improvements, and consolidation of community water and sewer systems |
| $334.3M – Infrastructure Projects |
| $100M – Various Initiatives |
| $100M – Various Initiatives |
| $200M – Various Initiatives |
| $125M – Various Initiatives |

- Early Childhood Supports & Services Program Fund ($27M)
- to re-establish the program within the Department of Health (LDH)
- Workforce Training & Rapid Response Fund ($25M)
- for the Louisiana Community and Technical College System to expand healthcare workforce training programs
- Matching Funds Fund ($23.7M)
- for the LDH and Department of Environmental Quality to match required funds for drinking water and clean water revolving loan programs
- Rural Primary Care Physicians Development Fund ($8M)
- for rural physician tuition reimbursements
- Fisheries Hurricane Cleanup Fund ($5M)
- for the Department of Wildlife and Fisheries (LDWF) to match federal funds to clean up boats and debris after Hurricane Ida
- Reading Enrichment & Academic Deliverables (R.E.A.D.) Program ($5M)
- to provide books and reading materials to students
- Continuum of Care Fund ($3M)
- for the Department of Children and Family Services to provide telecare and assist women with unplanned pregnancies
- Small Business Innovation Research Grants ($1.8M)
- for the Department of Economic Development (LED) to provide assistance to certain businesses who have applied for or received certain federal grants
- Louisiana Wireless Information Network Tower ($1.5M)
- to provide communication and information sharing during emergencies and weather events

Prepared by House Legislative Services, Louisiana House of Representatives
Unappropriated ARP

• $2 Million from primarily interest earnings
Edwards Era Accomplishments through FY 22-23

- Capital Investment Grants increased from $4.6B in FY 16-17 to $20.7B in FY 21-22.
- Lowest unemployment in history.
- Diversification: LNG manufacturing, water management, cybersecurity.
- Hudson Initiative applications increased by 300%.
- Veterans’ initiative almost doubled from FY 20-21 to FY 21-22.
- ITEP changes meant greater than $750M for local governments.
- Unprecedented commitment to coastal restoration.
Edwards Era Accomplishments through FY 22-23

- $2.98B in additional dollars for transportation.
- $100M invested in Early Childhood Education.
- Pay increases for certified and non-certified school personnel and higher education faculty.
- $328M recurring dollars for higher education from FY 16-17 to FY 22-23.
- More than $800M to modernize legacy IT systems.
- ESF17 (cyber response and protection) has stopped numerous cyber attacks and responded to emergencies in all 64 parishes.
What’s Next?
Fiscal Year 21-22 Surplus
$726.5M
Use of Non-Recurring State Funds

Article VII, Section 10 appropriation of money in the official forecast designated as non-recurring shall be made only for:

- Deposits into the Budget Stabilization Fund (25% shall be deposited into the fund)
- Payments against the unfunded accrued liability (10% shall be appropriated)
- Retiring or the defeasance of bonds
- Funding for capital outlay projects
- Highway construction for which federal matching funds are available
- Deposit into the Coastal Protection and Restoration Fund
<table>
<thead>
<tr>
<th>Fund/Category</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Rainy Day Fund</td>
<td>$181,630,129</td>
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<tr>
<td>Unfunded Accrued Liability</td>
<td>$72,652,052</td>
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<tr>
<td>DOTD</td>
<td>$157,412,779</td>
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<tr>
<td>CPRA</td>
<td>$157,412,778</td>
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<tr>
<td>Deferred Maintenance FP&amp;C</td>
<td>$157,412,778</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$726,520,516</strong></td>
</tr>
</tbody>
</table>
Budget Stabilization Fund – Beginning Balances
(July 1 of Fiscal Year)

*Includes anticipated deposit of $180M of FY22 Surplus.
Revenue Stabilization Fund
Balance Determined during Fiscal Year End Process

Deposit of $230M
Deposit of $802M

Created by Act 679 of the 2016 Regular Session
FY 22-23 Excess

$928.5M
No one-time money is used for recurring expenditures, but it is wise to use some recurring money for one-time expenditures.
FY 22-23 Recommendations for Supplemental and Funds Bills
FY 22-23 Supplemental and Funds Bills

• $20.5M – Road Home Program closeout costs

• $100M – FEMA repayments for cost share obligations from various storms dating back to Katrina (current estimate)

• $84M – Acquisitions and Major Repairs (*using excess funding for one-time expenses*)

• $36M – Hurricane Ida and other emergency non-congregate shelter expenses (current estimate)
FY 22-23 Supplemental and Funds Bills

• $340M – DOTD Highway Program
  • $95M for state match for federal programs
  • $195M cost overruns for ARP funded projects
  • $50M for federal funding opportunities

• $7M – DNR requirements for federal grant funding including contractor expenses for HALO project

• $15M – LA Cancer Research Center equipment purchases for researcher packages
FY 22-23 Supplemental and Funds Bills

- Excess State General Fund Transfers:
  - $100M – Higher Education Initiatives Fund for various programs, including allied health and nursing programs, cybersecurity, high demand worker training for 2-4 year institutions, campus security statewide
  - $10M – Voting Technology Fund for new voting system
  - $38M – White Lake Property Fund restoration of the shoreline
  - $28.3M – Oyster Resource Management Account for Oyster Strategic Plan Initiatives
  - $26M – Early Childhood Education Fund
FY 23-24 Executive Budget
Revised Revenue Estimates for FY 23-24

<table>
<thead>
<tr>
<th></th>
<th>Forecast May 9, 2022</th>
<th>Official Forecast December 15, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes, Licenses &amp; Fees</td>
<td>$13,673.3</td>
<td>$14,461.1</td>
</tr>
<tr>
<td>Dedications</td>
<td>($2,839.2)</td>
<td>($3,019.0)</td>
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<tr>
<td>State General Fund Direct</td>
<td>$10,834.1</td>
<td>$11,442.1</td>
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</tbody>
</table>

Official forecast increased state general fund direct by $608M.
## FY 23-24 Budget Comparisons

<table>
<thead>
<tr>
<th></th>
<th>FY 22-23 Existing Operating Budget</th>
<th>FY 23-24 Executive Budget</th>
<th>Over/Under Budgeted</th>
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</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$11,270.5</td>
<td>$11,442.1</td>
<td>$171.6</td>
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<tr>
<td>Fees/Self-Generated</td>
<td>$3,663.7</td>
<td>$3,679.8</td>
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<tr>
<td>Statutory Dedications</td>
<td>$7,682.7</td>
<td>$6,818.2</td>
<td>($864.5)</td>
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<tr>
<td>Federal Funds</td>
<td>$23,537.9</td>
<td>$23,754.7</td>
<td>$216.7</td>
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<tr>
<td><strong>Total</strong></td>
<td>$46,154.9</td>
<td>$45,694.8</td>
<td>($460.1)</td>
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</table>

Exclusive of double counts
State General Fund

- Department of Education: 37%
- Louisiana Department of Health: 25%
- Higher Education: 11%
- Non-Appropriated Requirements: 5%
- Corrections Services: 5%
- Other Requirements: 5%
- Other SGF Agencies, Legislative and Judicial Branches of Government: 12%
- Other SGF Agencies, Legislative and Judicial Branches of Government: 12%
- Louisiana Department of Health: 25%
- Department of Education: 37%
## FY 23-24 Executive Budget

**Investing in the Future**

<table>
<thead>
<tr>
<th>Major Increases</th>
<th>General Fund</th>
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<tbody>
<tr>
<td>K-12 Teacher Pay Increases @ $2,000/$1000</td>
<td>$196.5</td>
</tr>
<tr>
<td>Higher Education faculty pay increase, statewide costs</td>
<td>$56.5</td>
</tr>
<tr>
<td>Higher Education (formula funding, specialized units funding, Go Grants, LSU-HSC-S Medical School, Pennington)</td>
<td>$57.0</td>
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<tr>
<td>Cyber Assurance Program - Cybersecurity Initiatives</td>
<td>$53.2</td>
</tr>
<tr>
<td>Department of Education - Early Childhood – increased state investment above pre-pandemic levels</td>
<td>$51.7</td>
</tr>
<tr>
<td>Supplemental Pay to Local Law Enforcement (20% increase)</td>
<td>$23.4</td>
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<tr>
<td>LA School Safety Initiatives</td>
<td>$8.97</td>
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</table>
## General Fund Investment

### Department of Education

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>K-12 teacher and support worker pay raise</td>
<td>$196.5M</td>
</tr>
<tr>
<td>Early Childhood increased state investment above pre-pandemic levels</td>
<td>$51.7M</td>
</tr>
<tr>
<td>Camera maintenance and storage costs for special education classroom cameras</td>
<td>$800,000</td>
</tr>
<tr>
<td>Teacher certification application reviews/renewals additional staff support to reduce backlog</td>
<td>$559,752</td>
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## General Fund Investment
### Higher Education

<table>
<thead>
<tr>
<th>Category</th>
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<tr>
<td>Faculty/Staff pay increase/related benefits</td>
<td>$37.5M</td>
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<tr>
<td>Formula funding</td>
<td>$28M</td>
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<tr>
<td>Mandated cost increases and LSU First</td>
<td>$19M</td>
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<tr>
<td>Go Grants</td>
<td>$15M</td>
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<tr>
<td>LSU-HSC-S Medical School</td>
<td>$12M</td>
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<tr>
<td>Pennington faculty recruitment/retention</td>
<td>$2M</td>
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<tr>
<td>LUMCON BlueWorks operations</td>
<td>$2M</td>
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</table>
Higher Education

Specialized Institutions (Actuals)
The current year budget and the Executive Budget for FY 23-24 include the scheduled reduction in FMAP in accordance with federal rules. These funds have the intended purpose of covering costs for the department as the Medicaid rolls are reduced.
• General Fund increased by $205M, Medical Assistance Trust Fund increased by $84.3M and federal funds increased by $161.3M.

• $110.7M from the final Public Health Emergency (PHE) enhanced rate is included in the budget for one-time expenses associated with disenrollment.
Medical Vendor Payments
## General Fund Investment

### Department of Children and Family Services

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Family First continuation of funding for keeping children in their homes rather than foster homes</td>
<td>$3.5M</td>
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<tr>
<td>Larger emergency shelter in Mansfield for broader functionalities</td>
<td>$1.7M</td>
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<tr>
<td>Increase in boarding rates for transitional living placements of children ages 16 to 21</td>
<td>$239,587</td>
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Additionally, converted 71 job appointments into full-time T.O. staff in the Division of Child Welfare. The Table of Organization is fully funded.
• Post-pandemic, the current number of youth being served by OJJ (custody and supervision) has increased to 2,885 youth statewide.

• Secure care placement, the most expensive level of OJJ care, has increased by 10.71%. OJJ saw an increase from 56 admissions in the fourth quarter of 2021 to 62 admissions in the fourth quarter of 2022.

• OJJ opened and operates secure care transitional treatment units at Acadiana St. Martinville and Bridge City West Feliciana to ensure youth engaging in violent and aggressive behavior can receive intensive self-regulatory, coping and social skills needed to successfully reintegrate back into the general population at one of the secure care facilities.
• HCR 121 of the 2017 Regular Session identified 157 legacy IT systems and infrastructure at operational risk with a project replacement cost of over $1B.

• 80 systems have been or are actively being modernized to reduce technical debt by $782M.

• Over 5,000 servers and over 80% of legacy hardware have been migrated to modernized OTS line of service infrastructure reducing technical debt by an additional $60M.
Emergency Support Function -17: Cyber Incident Management and Response

Multi-Agency Partnership: OTS (primary agency), Louisiana Military Department (primary agency), Governor’s Office of Homeland Security and Emergency Preparedness (“GOHSEP”), and Louisiana State Police Cyber Crime Unit (“CCU”).

Co-Leads: Dustin Glover, State Chief Cyber Officer, and LTC Stephen Durel, deputy J36 at Louisiana National Guard.

ESF-17 **Response** Statistics

- **112 entities assisted in 54 cyber emergencies.**
- Responded to incidents in all **64 parishes**.
- Reimaged, configured, and/or rebuilt over: **75,000 endpoints** and **5,000 servers**.
- Deployed over **120 next generation firewalls** and over **25,000 units of endpoint protection software statewide**.

ESF-17 **Prevention** Statistics

- **Winter 2022**: stopped attempted cyber-attack on medical centers (treatment and educational).
- **Fall 2022**: stopped attempted cyber-attack on parish school district.
- **Summer 2022**: ESF-17 informed city of malicious cyber activity – City stopped activity with professional vendor.
- **Spring 2022**: stopped ransomware attack on large metropolitan hospital system.
- **Fall 2021**: Stopped cyber-attacks on two Sheriffs during Hurricane Ida.

“Prevention” includes stopping malicious encryption, data loss, and/or preserving operations.
Looking Forward to the Future
• HALO – the application is due early April 2023, and a decision by the federal government is expected during the summer. Approximately $50M would be the grant allocated to DNR. No state match is required.

• The state Energy Office will apply this summer for two additional grants for energy efficiency and weatherization.
  • HOMES rebate from the Inflation Reduction Act for energy efficiency updates for single family homes or multi-family buildings – $107M.
  • High Efficiency Electric Home Rebates – provides point of sale rebates for qualified electrification projects – $106M.

• The first tranche of the formula grant for orphan wells and remediation is included in the FY 23-24 budget ($25M).
Conservation Fund
The Louisiana Universities Marine Consortium serves as a hub for all post-secondary campuses in the state offering marine education & research programs, as well as a stand-alone marine lab and research facility providing both a field and laboratory research & education site in Cocodrie on the coast and a maritime research & outreach facility in Houma.

**LUMCON MISSION:** promote, facilitate and conduct research and education collaborations among Louisiana’s universities in marine and coastal sciences relevant to the sustainability of coastal and marine environments of the Gulf of Mexico

**LUMCON VISION:** Our coasts and oceans revitalized through innovation, collaboration, and community action

Members of the Consortium include:

- Centenary University
- Dillard University
- Grambling State University
- Louisiana State University-Alexandria
- Louisiana State University-Baton Rouge
- Louisiana State University-Eunice
- Louisiana State University-Shreveport
- Louisiana Tech University
- Loyola University of Louisiana
- McNeese State University
- Nicholls State University
- Northwestern State University
- Southeastern Louisiana University
- Southern University-Baton Rouge
- Southern University-New Orleans
- Southern University-Shreveport
- University of Louisiana-Lafayette
- University of Louisiana-Monroe
- University of New Orleans
- Tulane University
- Xavier University of Louisiana
- Louisiana Community and Technical College System

Additionally, LUMCON faculty and staff collaborated with representatives of more than 400 colleges, universities, not-for-profit institutions, international federal and state agencies in 2022.
Louisiana’s Investment in Marine Science

Over the past five years, Louisiana has made significant investments in the future of the marine sciences in Louisiana, including:

- **$37M expansion of LUMCON facilities at the Houma Maritime Campus**
  - World-class education and research facility (top left), opens in mid-2023
  - Marine Operations Center including vessel slip and bulk-heading of property to support vessel fleet, opens in 2024

- **$42M replacement (bottom left) for Research Vessel (R/V) Pelican**
  - R/V Pelican has served as the flagship of Louisiana’s research fleet as the workhouse of the Gulf as the most heavily used vessel of its size class in the national academic research fleet for almost 40 years
  - Design of the Pelican’s replacement (left) is complete, construction completion expected in 2025.
Louisiana Cancer Research Center
Faculty Engagement and Alignment

• LCRC membership includes more than 150 researchers representing strong inter- and intra-disciplinary activity across the member institutions.

• Under the leadership of the CEO/Executive Director, LCRC recently added faculty from across the state from Louisiana Tech, ULM, ULL, LSU Shreveport, Pennington and Dillard with additional new memberships in process. They will now have access to developmental funds, seminars and leadership opportunities.

• LCRC maintains shared resource cores that support laboratory, clinical and population sciences research. Many of these can be used regardless of physical location of the researcher.

• Strengths include molecular genetics and signaling, proteomics, immunology, infection and inflammation, viral oncology, drug discovery and minority health and health disparities.
<table>
<thead>
<tr>
<th>Year</th>
<th>Department</th>
<th>Agency</th>
<th>Employee</th>
<th>Job Title</th>
<th>Retirement System</th>
<th>Employee Classification</th>
<th>Hourly Rate</th>
<th>Total Compensation</th>
<th>Employer Payroll Benefit Cost</th>
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<tbody>
<tr>
<td>2022</td>
<td>EXECUTIVE DEPT</td>
<td>Gov-Executive Office</td>
<td>JOHN EDWARDS</td>
<td>GOVERNOR OF STATE</td>
<td>Louisiana State Employees' Retirement System</td>
<td>Elected</td>
<td>$60.19</td>
<td>$127,407.48</td>
<td>$66,603.23</td>
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