

FY15 Executive Budget

HB1026 (Funds Bill)/HB1 Re-engrossed
FY14 Fiscal Status

Louisiana Senate Finance Committee

May 12, 2014



FY15 Executive Budget

HB1026 (Funds Bill)

Major changes in HB1026:

House Appropriations Committee action on HB1026:

1. Removed use of Convention Center funds in the amount of \$50 million.
2. Eliminated deposit and withdrawal of money into and out of the Coastal Protection and Restoration Fund.
3. Decreased the amount transferred into the Overcollections Fund from the Employment Security Administration Account by \$3.5 million. The original amount to be transferred to Overcollections had been \$7.35 million.

House Floor action on HB1026:

1. Created the Competitive Core Growth Fund whereby 15.25 percent of the WISE Fund is transferred into the CCGF to be allocated to postsecondary institutions to better align them with the minimum postsecondary education funding formula implementation rate.
2. The same amendment also created the Science, Technology, Engineering, and Math (STEM) Fund whereby 5 percent of the WISE Fund would be allocated to Southern University (\$1 million) and Grambling State University (\$1 million) for STEM upgrades.

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HB1 Re-engrossed

Major changes in the FY15 Executive Budget were necessary due to two factors:

1. House Appropriation Committee eliminated the use of the Convention Center Funds and other smaller revenue sources that were identified as non-recurring (mortgage settlements), thereby eliminating the transfer of non-recurring revenue in the Overcollections Fund into the Coastal Protection and Restoration Fund.
2. Recognition of shortfalls in the proposed budget totaling almost \$74 million, such as ...
 - \$50 million needed for the MFP
 - \$14.9 million for TOPS
 - \$7 million for Local Housing of State Adult Offenders
 - \$1 million for elections
 - \$700,000 for the Youth Challenge Program

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HB1 Re-engrossed Preamble

Preamble Cuts — House Appropriations Committee added several preamble cuts to HB1 totaling roughly \$140 million in State General Fund:

\$75,659,793 SGF — Non-specified cuts across HB1.

\$25 million SGF — Reduction in total dollar value of contracts.

\$12 million SGF — Reduction based on historical differences between budget authority of each budget unit and the actual expenditures of the budget unit.

\$17,470,496 SGF — Reduction of funding from vacant positions (includes authorization to reduce positions associated with the funding).

\$1,970,000 SGF — Reduction to program expenditures for overtime.

\$6,895,000 SGF — Reduction based on additional savings due to optimization of IT resources.

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HB1 Re-engrossed Preamble — Adjustments tied to the Cuts

\$75,659,793 SGF — This reduction addresses the shortfall the commissioner will attend to via the GEMS efficiencies:

Agency	FY15 Savings	Total Net Position Change
Corrections	\$9.408 million	0
Juvenile Justice	\$1.280 million	(82)
Public Safety	\$7.139 million	(54)
Health & Hospitals	\$4.996 million	2
DOTD	\$10.852 million	8
Risk Management	\$12.565 million	(2)
Procurement	\$17.963 million	0
Facilities	\$4.130 million	0
Econ. Development	\$321,000	0
DOA	\$685,000	(12)
Statewide	\$4.562 million	0
TOTAL	\$73.9 MILLION	(140)

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HB1 Re-engrossed Preamble — Adjustments tied to the Cuts

Reductions below address the Convention Center Fund elimination:

\$25 million SGF — Reduction in total dollar value of contracts.

\$12 million SGF — Reduction based on historical differences between budget authority of each budget unit and the actual expenditures of the budget unit.

\$17,470,496 SGF — Reduction of funding from vacant positions (includes authorization to reduce positions associated with the funding).

Reductions below are tied to an \$8.865 million increase to the State Police salary pay grid:

\$1,970,000 SGF — Reduction to program expenditures for overtime.

\$6,895,000 SGF — Reduction based on additional savings due to optimization of IT resources.

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HB1 Re-engrossed Preamble

Preamble Cuts — On the House Floor, other amendments were made to the Preamble:

\$1 million in SGF is to be reduced from the total dollar value of contracts within the budget with the funding to be used for School of Pharmacy operations at the University of Louisiana-Monroe.

Other adjustments made by the House:

There was a \$44 million double count in Amnesty funds. This discrepancy was addressed by using \$28 million from the Overcollections Fund (undesignated), \$15 million in bond premiums, and about \$1 million from the \$75.659 million Preamble cut.

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Significant Adjustments from HB1 Original to Re-engrossed

Executive Department

Executive Office

- (\$200,000 SGF) House Appropriations Committee Amendment— reduced the funding allocated to the Louisiana Youth for Excellence (LYFE) program.
 - According to the Executive Office while this program is primarily funded by federal funds, it requires a 43% state match. The effect of this reduction is to remove all SGF matching funds therefore the state would no longer be eligible to for the Title V grant since there would be no state match.
 - The \$200,000 reduction is used with monies cut from the La. Tax Commission to provide funding for the Office of Workforce Development Program for La. Rehabilitation Services.

Louisiana Tax Commission

- (\$562,000 SGF) House Appropriations Committee Amendment — reduced the funding allocated to the La. Tax Commission.
 - According to the commission, this 13% reduction in funding will necessitate a reduction of 7 positions, including 2 positions which were added in the Executive Recommendation to address findings by the Legislative Auditor relative to assessment of public service properties and appeals by property owners about property assessments throughout the state. The commission indicates it will not have the personnel to be able to address the audit findings and may be further hampered in meeting existing workload requirements.
 - The \$562,000 reduction is used with monies cut from the LYFE program in the Executive Office to provide funding in the amount of \$762,000 for the Office of Workforce Development Program for La. Rehabilitation Services.

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Executive Department, continued

Division of Administration

- (\$12,150,000 SGF) House Appropriations Committee Amendment— reduced the funding allocated to the Executive Administration Program.
 - Monies used in companion amendment in the Department of Health and Hospitals, Medical Vendor Payments Program, Payments to Private Providers Program for home and community-based waiver services.
 - \$12.2 million of program income from CDBG-Disaster Recovery Unit Farm and Agribusiness Recovery loan programs funding from Hurricanes Gustav and Ike was to be utilized for this purpose.
 - However, a House Floor amendment provides for the use of \$6.1 million in IAT funds – provided the Division of Administration shall submit an Action Plan Amendment to HUD for the reallocation of such monies for approval for the Uncompensated Care Costs Program for the Greater New Orleans Community Health Connection.
 - And a House Floor amendment provides for the use of \$6.1 million in IAT funds – provided the Division of Administration shall submit an Action Plan Amendment to HUD for the reallocation of such monies for approval for the Public Health Services Program for services to uninsured in federally qualified health clinics.
- (\$3,722,315 SGF) House Floor Amendment – reduced the funding to the Executive Administration Program.
 - There was a similar amount appropriated in House Appropriations Committee Schedule 20-950 Judgments for payment of a suit entitled “Louisiana Probation and Parole Officers Association v. The Louisiana State Legislature”.

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Executive Department, continued

Department of Military Affairs

- \$750,000 SGF — Adds funding for expenses associated with the U.S. Department of Defense transition and support and to help establish necessary infrastructure for the operating environment in the Military Affairs Program.
- \$700,000 SGF — Provides funding for the Youth Challenge Program in the Education Program.

Office of Elderly Affairs

- \$6.5 million Stat Deds — Replaces funding out of the Overcollections Fund in the Parish Councils on Aging Program (\$5 million) and the Senior Centers Program (\$1.5 million) with State General Fund.
- \$2.6 million SGF and (22) T.O. — Transfers funding and 22 positions to Elderly Affairs from DHH for the Elderly Protective Services Program.

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Department of Economic Development

Office of Business Development

- (\$10.0 million) Statutory Dedications — Transfers \$10 million out of the Rapid Response Fund from the LED-Office of Business Development to Schedule 20-931 — LED Debt Service and State Commitments.
- \$525,000 SGF – Provides additional state general fund for economic development in support of defense communities impacted by fluctuations due to federal base realignment and closure.

Department of Culture, Recreation and Tourism

Office of State Library

- \$1.4 million SGF — Substitutes state general fund for Overcollections Fund to support State Aid to Local Libraries.

Department of Public Safety and Corrections — Public Safety Services

Office of State Police

- \$8.865 million SGF — Adds funding for adjustments to the salary pay grid. [Tied to Preamble reductions involving overtime and IT optimization].

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Department of Health and Hospitals

Medical Vendor Payments

- \$6.1 million IAT — Adds federal Community Development Block Grant (CDBG) funding via the Division of Administration (DOA) for the Greater New Orleans Community Health Connection (GNOCHC) waiver. This funding is contingent upon the approval of such expenditures by the U.S. Department of Housing and Urban Development (HUD). In addition, CMS would also need to approve an extension of this waiver and, if approved, \$16 million in matching federal funds would also need to be appropriated to the Medicaid program.
- \$5.3 million Total — Restores funding for reimbursements rates for hospitals to stop the implementation of triage rates for non-emergent care in an Emergency Department and sub-acute care rates in lieu of the current non-differentiated rate structure for these levels of care. There is a companion amendment reducing SGF in DOE - State Activities to provide the state match for this restoration. (\$2 million SGF & \$3.3 million Federal Funds)
- \$0 Total — Substitutes \$17 million SGF and \$27.6 million out of the Overcollections Fund for (\$44.6 million) out of the 2013 Amnesty Collections Fund as this amount of tax amnesty proceeds will not be realized in FY15. [\$17 million SGF & (\$17 million) Stat Deds]
- \$0 Total — Substitutes SGF for IAT of CDBG funds as state match for augmentations in funding for Medicaid home and community-based waiver services. There is a companion amendment reducing SGF in the DOA's budget to provide the state match for these services. [\$12.1 million SGF & (\$12.1 million) IAT]

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Department of Health and Hospitals, continued

Medical Vendor Payments, continued

- \$0 Total — Moves \$4 million SGF from the Payments to Private Providers program to the Uncompensated Care Costs program to fund an extension of GNOCHC waiver in lieu other Medicaid services. This is in addition to the \$6.1 million of CDBG funding also added by the House. Again, an extension of the the GNOCHC waiver would require CMS approval. When matching federal funds are considered, both the decrease to Privates and the increase to UCC total \$10.5 million.
- (\$9.2 million) Total — Reduces funding for the Payment to Private Providers program. [(\$3.5 million) SGF & (\$5.7 million) Federal Funds]

Office of Public Health

- \$6.1 million IAT — Adds CDBG funding via the DOA for the provision of health care services to the uninsured at the Federally Qualified Health Centers (FQHCs) throughout the state. This funding is contingent upon the approval of such expenditures by HUD.

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Department of Health and Hospitals, continued

Office of Aging and Adult Services

- (\$2.6 million) SGF & (22) T.O. — Transfers the Elderly Protective Services program out of the Office of Aging and Adult Services and back into the Office of Elderly Affairs (OEA). There is a companion amendment to OEA to receive the program.

Office for Citizens with Developmental Disabilities

- \$250,000 SGF — Adds funding for the Louisiana Assistive Technology Access Network (LATAN).

Developmental Disabilities Council

- \$170,000 SGF — Adds funding for the Families Helping Families Centers.

Human Services Authorities and Districts

- \$1.1 million SGF — Adds funding for the Individual and Family Support program for the disabled at three of the human services authorities/districts — \$490,000 for Florida Parishes HSA, \$555,000 for Capital Area HSD, and \$40,000 for Acadiana Area HSD.

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Significant Adjustments from HB1 Original to Re-engrossed

Louisiana Workforce Commission

Office of Workforce Development

- \$762,000 SGF — Provides funding for Louisiana Rehabilitation Services.

Office of 2nd Injury Board

- \$3.5 million Stat Deds — Provides funding out of the Workers' Compensation Second Injury Fund for the payment of worker's compensation claims.

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Higher Education

Higher Education Preamble

- Provides that the Commissioner of Higher Education's total compensation cannot be expended without prior JLCB approval.

Board of Regents

- \$39 million MOF Swap: SGF for Statutory Dedications, Overcollections Fund for WISE Initiative [\$33 million] and equity funding for rapidly growing schools [\$6 million].
- \$15 million SGF to fully fund TOPS at \$250 million.
- \$0.4 million SGF for LSU A&M's Cain Center for Quality Science and Mathematics Council and UL-Lafayette's Louisiana Procurement Technical Assistance Center.

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Higher Education, continued

LSU System

- \$8 million IAT — Adjusts the LSU Health Sciences Center - Shreveport's budget to properly reflect the funding for legacy and other operational costs being provided in FY15 via the Department of Health and Hospitals.
- (\$3 million) FSGR — Eliminates residual budget authority for E. A. Conway Medical Center that is not necessary in FY15 as this hospital transitioned to private management under a public-private partnership arrangement on 10/1/2013.
- \$1 million FSGR to provide funding for operating expenses at LSU-Shreveport.

UL System

- \$1 million SGF for UL-Monroe School of Pharmacy operations.
- (\$6.7 million) FSGR net adjustments among various UL System institutions to properly align expenditures with projected revenue collections.

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Special Schools and Commissions

Louisiana Schools for the Deaf and Visually Impaired

- \$55 k. for continued funding for a certificated teacher pay raise and employer retirement contributions as provided by a specific appropriation in FY 13-14.

Louisiana Special Education Center

- \$10 k. for continued funding for a certificated teacher pay raise and employer retirement contributions as provided by a specific appropriation in FY 13-14.

Louisiana School for Math, Science and the Arts

- 6 additional Authorized Other charges positions.

Louisiana Educational Television Authority

- \$0.4 million MOF Swap: SGF for FSGR for Broadcasting Program. (See LDOE, State Activities.)

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Department of Education

State Activities

- \$4 million MOF Swap: SGF for Statutory Dedications, Overcollections Fund to improve program quality and provide support for choice programs.
- (\$3.7 million) SGF to authorize and direct the Commissioner of Administration to reduce SGF to provide funding for other budgetary purposes:
 - \$0.4 million for LETA Broadcasting Program;
 - \$250 k. for LDOE, Subgrantee Assistance for George Rodrigue Foundation for the Arts, Inc.;
 - \$1 million for LDOE, Nonpublic Educational Assistance, Required Services Program;
 - \$2 million for DHH, Medical Vendor Payments, Payments to Private Providers Program.
- Language provides that no funds shall be expended for contracts for college and career readiness testing unless LDOE has issued a RFP for such contract pursuant to state law.

Subgrantee Assistance

- Reallocates previously discretionary SGF expenditures to nondiscretionary category: Professional Improvement Program [\$5.8 million] and Extended School Year Program [\$3 million].
- Allocates \$376 k. SGF for additional funding for the School Choice Pilot Program.
- \$250 k. for the George Rodrigue Foundation for the Arts, Inc. (See State Activities, above.)
- Language requires LDOE to present IDEA High School Risk Pool Grant allocations to JLCB for approval before distribution.

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Department of Education, continued

Subgrantee Assistance, continued

- Earmarks \$2.2 million SGF previously designated for SSEEP tuition inflation for technology improvements related to online assessments in Grades 3 through 8 in: city, parish and local school systems; special schools; lab schools; and charter schools.

Recovery School District

- Reallocates: previously nondiscretionary SGF expenditures to discretionary category (Legislative Auditor Fees); previously discretionary IAT and FSGR expenditures to nondiscretionary category (Retirees' Group Insurance).

Minimum Foundation Program

- \$50.2 million SGF to fully fund MFP pursuant to BESE's proposed formula for FY 14-15. (Formula later rejected by Senate Education Committee, so FY 11-12 MFP formula kicks in.)

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Department of Education, continued

Minimum Foundation Program, continued

- Earmarks \$70.7 million SGF for a certificated classroom teacher pay raise, employer retirement contributions and other expenses as provided by specific appropriation in FY 13-14. (Since FY 11-12 MFP formula kicks in, no 2.75% growth factor is provided for FY 14-15 MFP. \$70.7 million outside of the FY 14-15 MFP formula dollars [based on FY 11-12 formula] equates to a 2.75% increase.)
- Earmarks \$14 million SGF for a pro rata share of increased Teacher Retirement System of Louisiana (TRSL) employer retirement contributions by: city, parish and local public school systems; special schools, lab schools; and charter schools. (Since FY 11-12 MFP formula kicks in, this \$14 million is outside of the FY 14-15 MFP formula dollars [based on FY 11-12 formula].)

Nonpublic Educational Assistance

- \$1 million SGF provided for reimbursement to non-discriminatory state-approved non-public schools.

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Department of Education, continued

Special School District

- Provides \$38 k. SGF for a certificated classroom teacher pay raise, employer retirement contributions and other expenses as provided by specific appropriation in FY 13-14.

LSU Health Care Services Division

Administration and General Support

- \$10 million IAT — Adjusts the Health Care Services Division's budget to properly reflect the funding for legacy and other operational costs being provided in FY15 via the Department of Health and Hospitals.

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Other Requirements

Local Housing of State Adult Offenders

- \$7 million SGF — Adds funding for housing parolees who are arrested pending their parole revocation hearing (contingent upon enactment of HB562 of the 2014 Regular Session).

LED Debt Service and State Commitments

- \$10 million Statutory Dedications — Transfers funding out of the Rapid Response Fund from the LED - Office of Business Development to LED Debt Service and State Commitments.
- \$3.4 million Statutory Dedications – Substitutes funding out of the Rapid Response Fund for state general fund.
- \$1.7 million Statutory Dedications – Substitutes funding out of the Mega-Project Development Fund for state general fund.

State Aid to Local Government Entities

- \$3.6 million in statutory dedications - House Appropriations Committee amendment provides for the Casino Support Services Fund to fund the Casino Support Services contract in the event that HB389 of the 2014 Regular Session is enacted into law.
- \$3.6 million in statutory dedications out of the Overcollections Fund - House Appropriations Committee amendment provides for the Casino Support Services contract in the event that HB389 of the 2014 Regular Session is NOT enacted into law.

FY15 Executive Budget

Significant Adjustments from HB1 Original to Re-engrossed

Other Requirements, continued

Judgments

- \$3.7 million House Appropriations Committee amendment – provided funding in Schedule 20-950 Judgments for payment of a suit entitled “Louisiana Probation and Parole Officers Association v. The Louisiana State Legislature”
 - (\$3.7 million SGF) was reduced from the Division of Administration Executive Administration Program by a House Floor amendment.

20-XXX Funds

- \$498,000 SGF added to the Administration Program in House Appropriations Committee amendment – directs the state treasurer to transfer the monies into the Innocence Compensation Fund in LCLE.
- \$11 million in statutory dedications from the Overcollections Fund in House Floor amendment – directs the state treasurer to transfer out of Overcollections Fund from nonrecurring sources in the amount of \$11 million into the Budget Stabilization Fund.

FY14 Fiscal Status

Current-Year Items Requiring Action:

Minimum Foundation Program	\$55.8
Taylor Opportunity Program for Students (TOPS)	\$10.626
Secretary of State — Registrar of Voters (ROVs) and Elections expenses	\$4.354
Local Housing of State Adult Offenders	\$8.754
TOTAL CURRENT-YEAR ITEMS:	\$79.534

(in \$ millions)