



House Floor Action on House Bill 1 and FY15 Supplemental Appropriations



Louisiana Senate Committee on Finance

Presented by Senate Fiscal Services Staff
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Additional Revenue Available for House Floor Deliberation on HB1

- On May 14, the Revenue Estimating Conference recognized \$79.3 million in SGF along with additional statutory dedications as recurring for FY16, so this amount of revenue was available as the House began floor deliberations on HB1.
- Additional REC revenue was allocated for debt service (\$63.4 million); DHH (\$37 million); MFP (\$50.2 million); and hospitals (\$17.7 million).

Funding from House measures in Senate	Preamble Reductions and Bond Premiums	May REC FY16 SGF Forecast + Lottery Proceeds	May REC FY16 SD Forecast	DHH Reallocation from equipment	Funding Based on contingent "Future Revenue"	Total
\$615,000,000	\$34,665,701	\$84,200,000	\$84,993,008	\$40,000,000	\$123,497,607	\$982,356,316

The House funded higher education and portion of DHH/Medicaid (\$41 m.).

The House funded DHH/Medicaid.

The House funded debt service and DHH/Medicaid.

The House funded MFP, partnership hospitals, and DHH/Medicaid.

The House funded DHH/Medicaid.

The House funded partnership hospitals, legacy costs, and Shreveport operations.

Revenue-raising Measures

- On May 18, the Senate Committee on Revenue and Fiscal Affairs reported favorably eleven instruments designed to raise revenue to address the projected FY16 budget shortfall.
- These measures have been dual-referred to Finance Committee.

Bill No.	Author	Summary	Fiscal Impact
HB 119	Ritchie	Levies an additional tax on cigarettes and dedicates the proceeds of the tax.	+\$68 million SD RV
HB 218	Broadwater	Provides with respect to the net operating loss deduction for purposes of the corporate income tax.	+\$29 million GF RV
HB 402	Stokes	Adds requirements for eligibility for the income tax credit for taxes paid in other states.	+\$34 million GF RV
HB 549	Thibaut	Modifies exemptions, suspensions, and special rates from 7-1-15 to 6-30-17.	No Impact GF RV
HB 624	Jackson	Reduces the amounts of certain corporate income tax exclusions and deductions.	+\$194 million GF RV
HB 629	Jackson	Reduces income and corporation franchise tax credits.	+\$213 million GF RV
HB 635	Jackson	Reduces all tax rebates.	No Impact in 2016.
HB 779	Ponti	Provides with respect to the solar energy systems tax credit.	+\$15 million GF RV
HB 805	Adams	Provides for the carry forward rather than the refund of a certain portion of the tax credits for ad valorem taxes paid to local governments.	+\$111 million GF RV
HB 829	Robideaux	Provides relative to the motion picture investor tax credit. [\$200 m. program cap]	See Fiscal Note.
HCR 8	Montoucet	Suspends the exemption for business utilities as to the 0.97% state sales and use tax levy.	+\$103 million GF RV

Significant House Action on HB1

- The House floor added \$31.1 million as an additional item in the supplementary section (Section 19), which is based on new revenue being raised by the Senate.
- DHH contains a Medicaid expenditure of \$26.2 million out of Overcollections Fund which has no revenue source.
- The House floor adopted an amendment that reduced administrative expenditures in the Office of Public Health by \$25.8 million and cut 351 authorized positions.
 - This funding was used for ...
 - Organ Donor Awareness in OMV
 - New Opportunity Waiver Program
 - Greater New Orleans Community Health Connection
 - Uncompensated Care Costs Program
 - Payments to Private Providers for costs of treating hemophilia (allocation item for this also)
 - Southeastern Louisiana University for the Louisiana Small Business Development Center
 - Agriculture and Forestry Pass-Through Funds for the Health Food Retail Act.
- The House floor adopted an amendment that cut \$2.5 million SGF from the Executive Office and moved it to State Police to cover costs for state troopers traveling with the governor out of state.
- General Government restoration for shortfalls, such as those in Agriculture and Forestry, Secretary of State, and Culture, Recreation, and Tourism, was not included in any House floor amendments.

Major House Amendments in Education

Higher Education (HIED)

- Deleted governor's original proposed \$372.1 million (SGF) supplementary budget recommendation for HIED tied to converting refundable tax credits to non-refundable tax credits.
- Provided for new \$573.6 million (SGF) supplementary budget recommendation for HIED tied to enactment of proposed \$615 million (SGF) House revenue package.
- New \$573.6 million (SGF) supplementary budget recommendation for HIED included both the governor's original proposed \$372.1 million and the following items totaling \$201.5 million:
 - \$102.2 million (SGF) to reverse the governor's original proposed reduction to HIED.
 - \$70.0 million (SGF) to restore SGF portion of the governor's original proposed LaGRAD Tuition MOF Swap.
 - \$ 24.3 million (SGF) to reverse the governor's original proposed HIED GEMS Savings.
 - \$ 5.0 million (SGF) to provide for OSFA operating expenses.
- **Other HIED amendments include:**
 - \$0.5 million (SGF) for the Louisiana Tumor Registry at LSUHSC-NO with funds derived from reducing state officials' travel budgets.
 - \$0.4 million (SGF) for SLU's Louisiana Small Business Development Center.
 - \$2.8 million (IAT) from the Louisiana Racing Commission to provide support for HIED institutions.
 - **(\$0.3 million)** (IAT) from the MFP for the LSU and SU laboratory schools.
 - \$2.0 million (FSGR) for UL-Lafayette to reflect anticipated revenue collections.

Major House Amendments in Education

Department of Education (LDOE)

- \$50.3 million (SD) in Overcollections Fund to fully fund BESE's proposed MFP formula for FY 15-16.
 - **(\$4.1 million)** (SGF) reduction to the Student Scholarships for Educational Excellence Program.
 - \$5.9 million (MOF Substitution) --- Louisiana Lottery Proceeds Fund (SD) for SGF in the MFP.
 - **(\$0.2 million)** (SGF) from LDOE State Activities for DHH Early Steps (\$100 K); CRT CODOFIL (\$50 K); and BESE youth suicide prevention program (\$50 K).
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- The House did not add any funding for the Department of Education for testing and accountability.

Major House Amendments in General Government

Executive Department:

Reduced funding to the LYFE Program (formerly known as the Abstinence Program) by \$200,000 for use by the Indigent Defender Board.

Tax Commission:

Reduced \$400,000 SGF for use to partially fund Early Steps. This would be coming out of a \$4.3 million budget.

La. State Racing Commission:

Reduced of \$2.8 million in Fees and Self-generated Revenues from a \$12.5 million total budget transferred to the Board of Regents.

CDBG in Health Care:

Used Community Development Block Grant funds, which requires submission of Action Plan Amendments:

- \$3.7 million Medical Vendor – Payment to Private Providers
- \$8 million – GNOCHC – Medical Vendor
- \$76,417 – Medical Vendor – Payments to Private Providers
- \$6.1 million – OPH – FQHCs

Department of Economic Development

- Reduced SGF to the department by \$945,000.
 - These funds were transferred to DHH and LSUHSC-NO.

Department of Ag & Forestry

- Reduced DHH-OPH by \$25.8 million and transferred a portion, \$250K. SGF, to Schedule 20-941 for implementation of the Healthy Food Retail Act of 2009.

Supplementary SGF Provided for Health Care and Medical Education

Section 18:

Dependent upon the enactment of HBs 119, 218, 402, 549, 624, 629, 635, 779, 805, 829, and/or HCR 8.

DHH	SGF	Federal Funds	Total
Medical Vendor Payments — Payments to Private Providers	\$17,573,757	\$28,880,795	\$46,454,552
Medical Vendor Payments — Uncompensated Care Costs Payments	\$23,834,880	\$39,237,044	\$63,071,924
Total MVP	\$41,408,637	\$68,117,839	\$109,526,476
HIGHER EDUCATION (via the Board of Regents)			
	SGF	Federal Funds	Total
LSU Health Sciences Center — New Orleans	\$56,123,555	\$0	\$56,123,555
LSU Health Sciences Center — Shreveport	\$36,367,436	\$0	\$36,367,436
Total HIED	\$92,490,991	\$0	\$92,490,991

Contingency SGF Provided for Health Care and Medical Education

Section 19:

Contingent upon the enactment of HBs 119, 218, 402, 549, 624, 629, 635, 779, 805, 829, and/or HCR 8, and the generation of additional revenue beyond what is appropriated via supplementary funding in Section 18.

DHH	SGF	Federal Funds	Total
Medical Vendor Payments — Payments to the LSU CEA partner hospitals			
Payments to Private Providers	\$16,193,344	\$26,612,219	\$42,805,563
Uncompensated Care Costs Payments	\$19,801,044	\$32,596,532	\$52,397,576
Total MVP	\$35,994,388	\$59,208,751	\$95,203,139
Legacy Costs of the Privatized LSU Hospitals			
LSU Health Sciences Center — Shreveport	\$19,767,183	\$0	\$19,767,183
LSU Health Care Services Division	\$36,636,036	\$0	\$36,636,036
Total Legacy Costs	\$56,403,219	\$0	\$56,403,219
Operating Costs of the LSU Health Sciences Center — Shreveport	\$31,100,000	\$0	\$31,100,000

SGF Unfunded Needs in Health Care and Medical Education

(Not in Supplementary nor Contingent Sections)

Restoration of SGF Eliminated for FY16

DHH	SGF	Federal Funds	Total
LSU Physician Payments			
Medicaid LSU Physician Payments — FFS Claims and Supplemental (UPL)	\$9,644,434	\$15,849,707	\$25,494,141

Unaddressed Items for FY16

DHH Medicaid Program	SGF	Federal Funds	Total
Medicaid Federally Mandated Rate Increases	\$3,168,979	\$5,207,915	\$8,376,894
Medicaid Projected Utilization and Cost Increases	\$146,123,068	\$240,139,337	\$386,262,405

REC Action May 14, 2015 and Supplemental Appropriations

- The Revenue Estimating Conference increased the estimate for FY15 by \$99.4 million recurring.
- The Supplemental Appropriations Bill (HB 800 by Rep. Fannin) makes final appropriations adjustments for FY15. The bill was reported off the House floor on May 21 and is pending Senate introduction.

Identified SGF Needs	Amount
MFP Shortfall	\$32,368,393
DHH Deficit Backfill	\$12,000,000
Voting/Redistricting Suit Federal DOJ	\$500,000
DHH UPL Need Children's Lease	\$7,967,400
Local Housing of State Adult Offenders shortfall	\$3,077,579
Innocence Compensation Fund	\$50,000
Total Needed for FY15:	\$55,963,372

- The remaining \$44 million above the \$55.96 million will be used through a series of MOF adjustments to be available for the ensuing fiscal year.
- Therefore, additional revenue available for FY16 is the combination of the \$79.3 million plus the \$44 million not utilized in FY15.
- HAC eliminated \$10 million funded in FY15 for legacy costs incurred by the LSU Health Care Services Division.