



Budget Chronology FYs 14 and 15 and FY16 Governor's Executive Budget Proposal



Louisiana Senate Committee on Finance

Presented by Senate Fiscal Services Staff
April 15, 2015

Chronology of Budget Events for 2014, 2015, and 2016

FY14 Year End Balance, FY15 Existing Budget, and FY16 Recommended

October FY14 Year-End Surplus

- In October 2014, the Division of Administration announced year-end cash balances contained within the general fund that had previously not been recognized.
- The amount totaled almost \$346 million. Without the \$346 million, the year-end balance would reflect a deficit of \$167.3 million.
- The availability of the previously unaccounted revenue leaves a balance of \$178 million in additional revenue —> surplus.
- In January 2015, REC recognized the revenue as non-recurring; therefore, it is limited to the six purposes outlined in the La. Constitution.

FY14 Surplus

Expenditure of Non-Recurring State Funds

[La. Const. Art. VII, Sect. 10(D); R.S. 39:34]

- 1). "Retiring or for the defeasance of bonds ...
- 2). Providing for payments against the unfunded accrued liability ...
 - *In FY14 and FY15, no less than 5 percent of any designated non-recurring funds shall be dedicated to the UAL of LASERS and Teachers' Retirement; from FY16 and beyond, the amount increases to 10 percent.*
- 3). Providing funding for capital outlay projects ...
- 4). Providing for allocation or appropriation for deposit into the Budget Stabilization Fund ... 25 percent shall be deposited in the Stabilization Fund.
- 5). Providing for highway construction for which federal matching funds are available ...
- 6). Deposits into the Coastal Protection and Restoration Fund ..."

Chronology of Budget Events for 2014, 2015, and 2016

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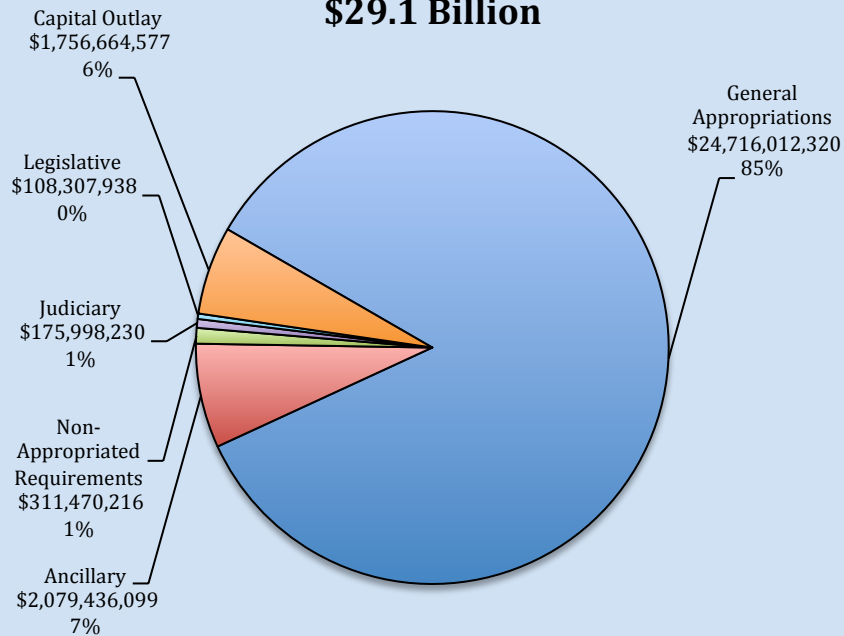
FY15 Total Budget as enacted was \$29.1 billion.

➤ Total included the General Operating Budget — HB1 (Act 15 of the 2014 R.S.), and the Capital Outlay, Legislative, Judicial, Non-Appropriated Requirements, and Ancillary budgets.

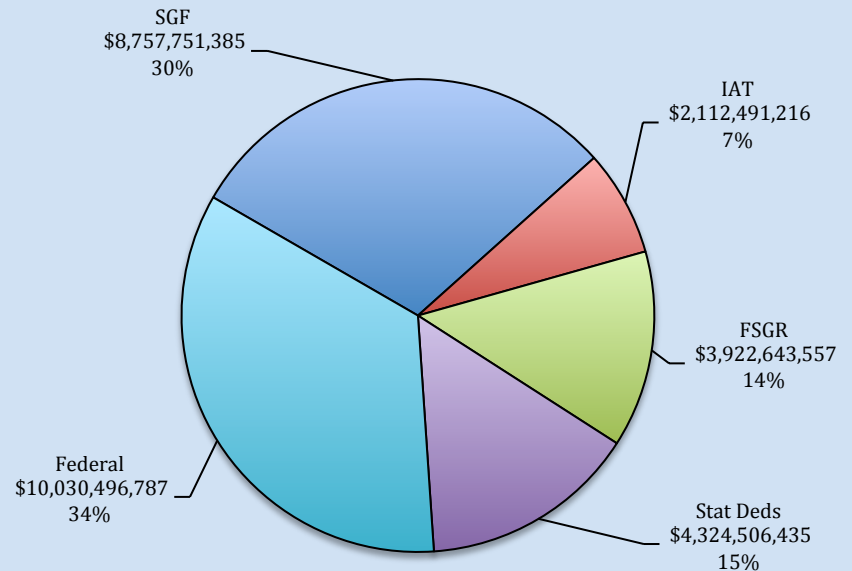
Means of Finance for the FY15 Total State Budget included:

➤ \$8.8 billion State General Fund; \$2.1 billion Interagency Transfers; \$3.9 billion Fees and Self-generated Revenues; \$4.3 billion for Statutory Dedications; and \$10 billion Federal.

**FY15 Total Enacted
\$29.1 Billion**



**FY15 Enacted MOF
\$29.1 Billion**



Chronology of Budget Events for 2014, 2015, and 2016

FY14 Year End Balance, FY15 Existing Budget, and FY16 Recommended

July Preamble Reductions

**FY15 Started with a Cut of \$75.7 million to Balance the
State Budget**

- As enacted, HB1 contained a \$75.7 million Preamble reduction (immediate reduction of SGF).
- The commissioner testified the reductions would be achieved through GEMS efficiencies. (Governmental Efficiencies Management Support).
- In December 2014, the Division of Administration testified that GEMS efficiencies have resulted in savings of \$50.2 million.
- The April 2015 fiscal status statement shows that \$35.6 million has been reduced; roughly \$40.7 million must still be reduced.

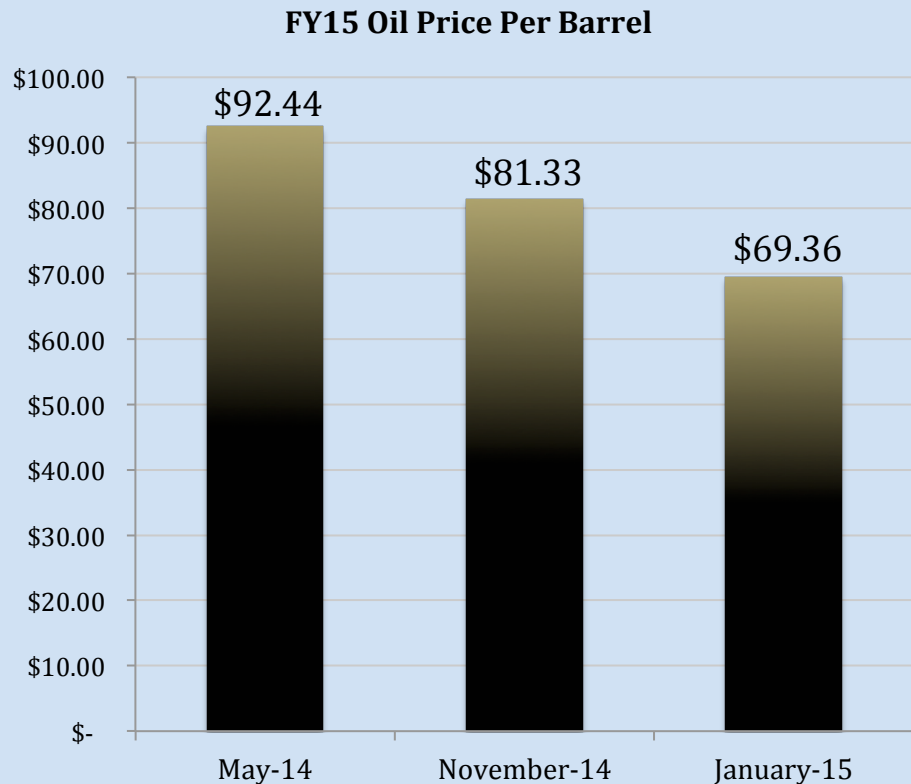
FY15 Existing Budget

**November 2014 REC Forecast
Revisions**

**December 2014 Deficit
Elimination Plan**

In November, the REC met and reduced the current year forecast by \$171 million and the FY16 estimate by \$201 million.

1st Deficit Elimination Plan



- The Division of Administration presented a deficit elimination plan that relied significantly on other means of financing sources in the amount of **\$137 million**, such as:
 - \$34.2 million — 2013 Tax Amnesty Fund (DHH);
 - \$28.6 million — Overcollections Fund – FY14 unappropriated SGR/IAT Reversions (DHH);
 - \$15 million — Insurance Verification Fund (DHH);
 - \$12.4 million — Overcollections Fund – FY14 unappropriated SGF Reversions (DHH);
 - \$12 million — Risk Management (DHH).
- Approximately **\$37 million** of the plan represents State General Fund, Fees and Self-generated Revenues, Statutory Dedications, and Federal Funds.

FY15 Existing Budget

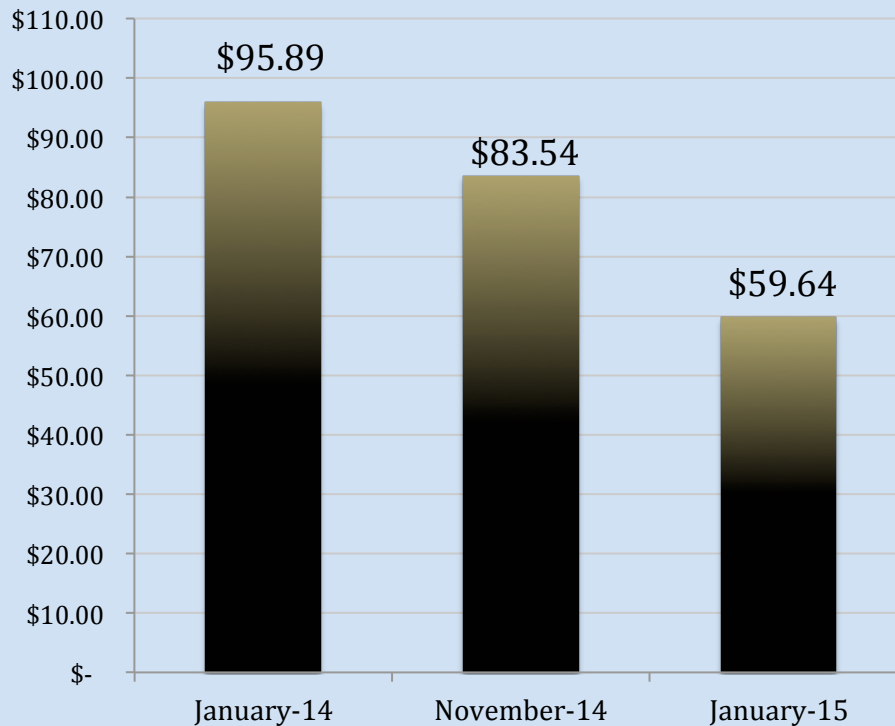
January 2015 REC Forecast
Revisions

February 2015 Deficit
Elimination Plan

On January 26, REC met and further reduced the current year forecast by \$103.5 million and the FY16 estimate by \$203.8 million.

2nd Deficit Elimination Plan

FY16 Oil Price Per Barrel



- This decline in the official forecast initiated the necessity of a second mid-year reduction for FY15.
- This second mid-year deficit elimination plan proposed \$103.5 million in potential solutions through targeted reductions in contracts, travel and operating services as well as strategic program reductions and continued efficiencies at state agencies. Overall, this plan included:
 - **\$60.66 million** in agency reductions — of which \$21 m. is SGF.
 - The largest reductions are DOTD (\$16.7 m.); DHH (\$13 m.); CRT (\$3.5 m.); DOA (\$2.5 m.); DEQ (\$2.5 m.); LDR (\$2.2 m.); and Agriculture (\$2 m.).
 - **\$42.84 million** in revenue opportunities.
 - \$11.1 m. from LDR excess collections; \$9 m. from Medicaid Trust Fund for the Elderly; \$8.2 m. in Riverboat Funds; \$8 m. from DEQ; and \$4.2 m. from telephone co. property assessment.

Fiscal Year 2015 Supplemental Items

| | |
|---|----------------------|
| MFP | \$36 million |
| Medicaid | \$12 million |
| TOPS | \$5 million |
| Local Housing of State Adult Offenders | \$3.1 million |

Deficit Drivers:

One-Time Money and Declines in the Official Forecast Produced the \$1.6 Billion Shortfall

One-Time Money

\$1.2 billion in one-time money has been utilized in the budget.

The LFO estimated at the end of the 2014 Regular Session, there was almost \$1 billion in one-time money supporting the FY15 Budget.

Examples include:

- Medicaid Trust Fund for the Elderly — \$234 m.
- Practice of advance debt payment using non-recurring money — \$210 m.
- Use of Overcollections Fund — \$260 m.
(Funded with pharmaceutical settlements, property sales, GO Zone bond repayments, various fund sweeps, etc.)
- 2013 Tax Amnesty — \$150 m.
- Utilization of bond premiums — \$34.2 m.
- Elimination of mid-year deficits with one-time revenue options.

Deficit Drivers:

One-Time Money and Declines in the Official Forecast Produced the \$1.6 Billion Shortfall

Official Forecast

In May 2014, oil was forecast at \$92.44/barrel for FY15.

- In January 2015, it dropped to \$69.36 for FY 15 and \$59.64 for FY16.

The cumulative drop in mineral revenue is ...

- \$275 million reduction in FY15 from the original forecast.
- \$376 million reduction in FY16 from the original forecast.

No other revenue sources have increased to offset reductions of this magnitude.

FY15-FY19 Five-Year Base Line Projection SGF (Continuation)

| FIVE YEAR BASE LINE PROJECTION STATE GENERAL FUND SUMMARY CONTINUATION | | | | | |
|--|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | Current Fiscal Year 2014-2015 | Projected Fiscal Year 2015-2016 | Projected Fiscal Year 2016-2017 | Projected Fiscal Year 2017-2018 | Projected Fiscal Year 2018-2019 |
| REVENUES: | | | | | |
| Taxes, Licenses & Fees | \$10,391,900,000 | \$10,534,100,000 | \$10,877,400,000 | \$11,222,100,000 | \$11,634,000,000 |
| Less Dedications | (\$2,006,300,000) | (\$2,017,100,000) | (\$2,046,100,000) | (\$2,371,200,000) | (\$2,084,000,000) |
| Carry Forward Balances | \$11,239,379 | \$0 | \$0 | \$0 | \$0 |
| Revenue Transferred to the General Fund by Acts of the Legislature | \$22,500,000 | \$0 | \$0 | \$0 | \$0 |
| Per action by JLCB on 12/18/2014 on the Mid-Year Deficit | \$17,332,443 | \$0 | \$0 | \$0 | \$0 |
| Per action by JLCB on 02/20/2015 on the 2nd Mid-Year Deficit | \$31,556,470 | \$0 | \$0 | \$0 | \$0 |
| Per action by JLCB on 02/27/2015 on the 2nd Mid-Year Deficit | \$939,570 | \$0 | \$0 | \$0 | \$0 |
| TOTAL REVENUES | \$8,469,167,862 | \$8,516,900,000 | \$8,831,400,000 | \$8,850,900,000 | \$9,550,100,000 |
| ANNUAL GROWTH RATE | | 0.56% | 3.69% | 0.22% | 7.90% |
| EXPENDITURES: | | | | | |
| General Appropriation Bill (Act 15 of 2014 RLS) | \$8,299,155,544 | \$9,395,514,551 | \$9,703,159,986 | \$10,112,494,789 | \$10,429,729,956 |
| Ancillary Appropriation Bill (Act 45 of 2014 RLS) | \$0 | \$29,608,736 | \$51,023,577 | \$70,289,521 | \$90,746,852 |
| Non-Appropriated Requirements | \$206,170,216 | \$473,712,343 | \$476,988,673 | \$458,230,630 | \$447,469,386 |
| Judicial Appropriation Bill (Act 65 of 2014 RLS) | \$155,338,908 | \$155,422,556 | \$155,351,819 | \$155,352,335 | \$155,352,872 |
| Legislative Appropriation Bill (Act 75 of 2014 RLS) | \$73,352,811 | \$73,419,975 | \$73,289,879 | \$73,288,306 | \$73,286,926 |
| Special Acts | \$0 | \$18,600,000 | \$18,600,000 | \$18,600,000 | \$18,600,000 |
| Capital Outlay Bill (Act 25 of 2014 RLS) | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL EXPENDITURES | \$8,734,017,479 | \$10,146,278,161 | \$10,478,413,934 | \$10,888,255,581 | \$11,215,185,992 |
| ANNUAL GROWTH RATE | | 16.17% | 3.27% | 3.91% | 3.00% |
| Midyear Adjustments after 12/1/2014 | (\$224,163,109) | \$0 | \$0 | \$0 | \$0 |
| Preamble Adjustment | (\$40,686,508) | (\$40,686,508) | (\$40,686,508) | (\$40,686,508) | (\$40,686,508) |
| PROJECTED BALANCE | \$0 | (\$1,588,691,653) | (\$1,606,327,426) | (\$1,996,669,073) | (\$1,624,399,484) |
| Oil Prices included in the REC official forecast | \$69.36 | \$59.64 | \$64.28 | \$66.06 | \$70.11 |

As of April 15, 2015 JLCB meeting; includes second FY15 mid-year reduction.

FY14 Year End Balance, FY15 Existing Budget, and FY16 Recommended

- Total included the General Operating Budget — HB1 (Act 15 of the 2014 R.S.), and the Capital Outlay, Legislative, Judicial, Non-Appropriated Requirements, and Ancillary budgets.

- \$9.0 billion State General Fund; \$2.2 billion Interagency Transfers; \$3.8 billion Fees and Self-generated Revenues; \$3.6 billion for Statutory Dedications; and \$9.7 billion Federal.

FY15 EOB vs. FY16 Executive Budget

| Means of Finance | FY15 Existing Operating Budget (as of 12-1-14) | FY16 Executive Budget Proposal |
|--------------------------------|--|--------------------------------|
| State General Fund | \$8,734,000,000 | \$9,042,800,000 |
| Fees & Self-generated Revenues | \$2,528,800,000 | \$2,294,500,000 |
| Statutory Dedications | \$4,505,700,000 | \$3,534,500,000 |
| Interim Emergency Board | \$200,000 | \$0 |
| <u>Federal Funds</u> | <u>\$10,076,100,000</u> | <u>\$9,726,300,000</u> |
| TOTAL | \$25,844,800,000 | \$24,598,200,000 |
| Total Authorized Positions | 53,120 | 52,393 |

Governor's FY16 Executive Budget Proposal

Presented to JLCB in February

Currently in Appropriations as
HB1 Original 

HLS 15RS-454

ORIGINAL

2015 Regular Session

HOUSE BILL NO. 1

BY REPRESENTATIVE FANNIN

APPROPRIATIONS: Provides for the ordinary operating expenses of state government for Fiscal Year 2015-2016

1 AN ACT
2 Making annual appropriations for Fiscal Year 2015-2016 for the ordinary expenses of the
3 executive branch of state government, pensions, public schools, public roads, public
4 charities, and state institutions and providing with respect to the expenditure of said
5 appropriations.
6 Be it enacted by the Legislature of Louisiana:
7 Section 1. The appropriations in this Act from state revenue shall be payable out of the
8 sources specified and shall be limited by the provisions of Article VII, Section 10(D) of the
9 Louisiana Constitution.
10 Section 2. All money from federal, interagency, statutory dedications, or self-generated
11 revenues shall be available for expenditure in the amounts herein appropriated. Any increase
12 in such revenues shall be available for allotment and expenditure by an agency on approval
13 of an increase in the appropriation by the commissioner of administration and the Joint
14 Legislative Committee on the Budget. Any increase in such revenues for an agency without
15 an appropriation from the respective revenue source shall be incorporated into the agency's
16 appropriation on approval of the commissioner of administration and the Joint Legislative
17 Committee on the Budget. In the event that these revenues should be less than the amount
18 appropriated, the appropriation shall be reduced accordingly. To the extent that such funds
19 were included in the budget on a matching basis with state funds, a corresponding decrease
20 in the state matching funds may be made. Any federal funds which are classified as disaster
21 or emergency may be expended prior to approval of a BA-7 by the Joint Legislative

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HB No. 1 Formatting Changes FY15 to FY16 – In Accordance with Provisions of RS 39:51

FY15 Format Required:

In the event the Legislative Fiscal Office reports that the budget estimate as provided by the Governor provides for appropriations out of the state general fund and dedicated funds for the ensuing fiscal year for health care as contained in Schedule 09, DHH and for higher education as contained in Schedule 19, Higher Education and Louisiana State University Health Sciences Center Health Care Services Division, in amount less than the appropriations for either purpose as contained for the same schedules in the existing operating budget for the current fiscal year as of the day the Executive Budget is submitted to the Joint Legislative Committee on the Budget, the governor shall cause a General Appropriation Bill to be introduced which shall provide separate recommendations for discretionary and nondiscretionary expenditures and the means of financing such expenditures which are subject to appropriation.

The General Appropriation Bill reflected a Performance-based budget with specific appropriations for each agency and its programs to include key objectives and key performance indicators therefor.

| HB NO. 1 | | ENROLLED |
|----------|--|---------------|
| 1 | 03-132 NORTHEAST LOUISIANA WAR VETERANS HOME | |
| 2 | EXPENDITURES: | |
| 3 | Northeast Louisiana War Veterans Home - Authorized Positions (149) | |
| 4 | Nondiscretionary Expenditures | \$ 34,585 |
| 5 | Discretionary Expenditures | \$ 10,215,985 |
| 6 | Program Description: To provide medical and nursing care to eligible Louisiana veterans in an effort to return the veteran to the highest physical and mental capacity. The war home, located in Monroe, Louisiana, opened in December 1996 to meet the growing long-term healthcare needs of Louisiana's disabled and homeless veterans. | |
| 11 | Objective: Through the Northeast La War Veterans Home activity, to maintain an occupancy rate of no less than 97% on nursing care units. | |
| 12 | Performance Indicators: | |
| 13 | Percentage of occupancy - nursing care | 94% |
| 14 | Average daily census - nursing care | 146 |
| 15 | Average cost per patient day | \$196.43 |
| 16 | Average state cost per patient day | 0 |
| 17 | | |
| 18 | TOTAL EXPENDITURES | \$ 10,250,570 |
| 19 | MEANS OF FINANCE (NONDISCRETIONARY): | |
| 20 | State General Fund by: | |
| 21 | Fees & Self-generated Revenues | \$ 11,749 |
| 22 | Federal Funds | \$ 22,836 |
| 23 | TOTAL MEANS OF FINANCING (NONDISCRETIONARY) | \$ 34,585 |
| 24 | MEANS OF FINANCE (DISCRETIONARY): | |
| 25 | State General Fund by: | |
| 26 | Interagency Transfers | \$ 88,716 |
| 27 | Fees & Self-generated Revenues | \$ 2,781,401 |
| 28 | Federal Funds | \$ 7,345,868 |
| 29 | TOTAL MEANS OF FINANCING (DISCRETIONARY) | \$ 10,215,985 |
| 30 | 03-134 SOUTHWEST LOUISIANA WAR VETERANS HOME | |
| 31 | EXPENDITURES: | |
| 32 | Southwest Louisiana War Veterans Home - Authorized Positions (148) | |
| 33 | Nondiscretionary Expenditures | \$ 11,958 |
| 34 | Discretionary Expenditures | \$ 10,418,988 |
| 35 | Program Description: To provide medical and nursing care to eligible Louisiana veterans in an effort to return the veteran to the highest physical and mental capacity. The war home, located in Jennings, Louisiana, opened in April 2004 to meet the growing long-term healthcare needs of Louisiana's disabled and homeless veterans. | |
| 36 | | |
| 37 | | |
| 38 | | |
| 39 | | |
| 40 | Objective: Through Southwest La War Veterans Home activity, to maintain an occupancy rate of no less than 94% on nursing care units. | |
| 41 | Performance Indicators: | |
| 42 | Percentage of occupancy - nursing care | 95% |
| 43 | Average daily census - nursing care | 146 |
| 44 | Average cost per patient day | \$195.00 |
| 45 | Average state cost per patient day | 0 |
| 46 | | |
| 47 | TOTAL EXPENDITURES | \$ 10,430,946 |
| 48 | MEANS OF FINANCE (NONDISCRETIONARY): | |
| 49 | State General Fund by: | |
| 50 | Fees & Self-generated Revenues | \$ 3,728 |
| 51 | Federal Funds | \$ 8,230 |
| 52 | TOTAL MEANS OF FINANCING (NONDISCRETIONARY) | \$ 11,958 |

FY16 Format Requires:

In the event the Legislative Fiscal Office reports that the budget estimate as provided by the Governor provides for appropriations out of the state general fund and dedicated funds for the ensuing fiscal year for health care as contained in Schedule 09, DHH and for higher education as contained in Schedule 19, Higher Education and Louisiana State University Health Sciences Center Health Care Services Division, in amount less than the appropriations for either purpose as contained for the same schedules in the existing operating budget for the current fiscal year as of the day the Executive Budget is submitted to the Joint Legislative Committee on the Budget, the governor shall cause a General Appropriation Bill to be introduced which shall provide separate recommendations for discretionary and nondiscretionary expenditures and the means of financing such expenditures which are subject to appropriation.

The General Appropriation Bill shall reflect specific appropriations for each agency and its programs:

- **The bill shall include the allocation of expenditures, itemized by category for each agency, as recommended for the ensuing fiscal year in the supporting document.**
- The allocation of expenditures shall not apply to any agency or program in Schedule 19, Higher Education, or Louisiana State University Health Sciences Center Health Care Services Division.
- **Programmatic structure and performance indicators as the commissioner of administration deems appropriate shall be included in the supporting document.**

| | | |
|----------------|--|----------------------|
| HLS 15RS-454 | | ORIGINAL HB NO. 1 |
| 1 | 01-102 OFFICE OF THE STATE INSPECTOR GENERAL | |
| 2 | EXPENDITURES: | |
| 3 | Administrative - Authorized Positions (16) | |
| 4 | Nondiscretionary Expenditures | \$ 54,895 |
| 5 | Discretionary Expenditures | \$ 1,879,078 |
| 6 | <i>Program Description: The Office of the State Inspector General's mission as a</i> | |
| 7 | <i>statutorily empowered law enforcement agency is to investigate, detect, and prevent</i> | |
| 8 | <i>fraud, corruption, waste, inefficiencies, mismanagement, misconduct, and abuse in</i> | |
| 9 | <i>the executive branch of state government. The office's mission promotes a high</i> | |
| 10 | <i>level of integrity, efficiency, effectiveness, and economy in the operations of state</i> | |
| 11 | <i>government, increasing the general public's confidence and trust in state</i> | |
| 12 | <i>government.</i> | |
| 13 | TOTAL EXPENDITURES | \$ 1,933,973 |
| 14 | MEANS OF FINANCE (NONDISCRETIONARY): | |
| 15 | State General Fund (Direct) | \$ 54,895 |
| 16 | TOTAL MEANS OF FINANCING (NONDISCRETIONARY) | \$ 54,895 |
| 17 | MEANS OF FINANCE (DISCRETIONARY): | |
| 18 | State General Fund (Direct) | \$ 1,873,748 |
| 19 | Federal Funds | \$ 5,330 |
| 20 | TOTAL MEANS OF FINANCING (DISCRETIONARY) | \$ 1,879,078 |
| 21 | BY EXPENDITURE CATEGORY: | |
| 22 | Personal Services | \$ 1,650,409 |
| 23 | Operating Expenses | \$ 48,971 |
| 24 | Professional Services | \$ 20,150 |
| 25 | Other Charges | \$ 214,443 |
| 26 | Acquisitions/Major Repairs | \$ 0 |
| 27 | TOTAL BY EXPENDITURE CATEGORY | \$ 1,933,973 |
| 28 | 01-103 MENTAL HEALTH ADVOCACY SERVICE | |
| 29 | EXPENDITURES: | |
| 30 | Administrative - Authorized Positions (34) | |
| 31 | Nondiscretionary Expenditures | |
| 32 | Discretionary Expenditures | |
| 33 | <i>Program Description: Provides trained representation to every adult and juvenile</i> | |
| 34 | <i>patient in mental health treatment facilities in Louisiana at all stages of the civil</i> | |
| 35 | <i>commitment process and ensure that the legal rights of all persons with mental</i> | |
| 36 | <i>disabilities are protected. Also provides legal representation to children in child</i> | |
| 37 | <i>protection cases in Louisiana.</i> | |
| 38 | TOTAL EXPENDITURES | \$ 3,384,823 |
| 39 | MEANS OF FINANCE (NONDISCRETIONARY): | |
| 40 | State General Fund (Direct) | \$ 2,803,727 |
| 41 | State General Fund by: | |
| 42 | Interagency Transfers | \$ 174,555 |
| 43 | Statutory Dedications: | |
| 44 | Indigent Parent Representation Program Fund | \$ 406,541 |
| 45 | TOTAL MEANS OF FINANCING (NONDISCRETIONARY) | \$ 3,384,823 |
| 47 | MEANS OF FINANCE (DISCRETIONARY): | |
| 48 | TOTAL MEANS OF FINANCE (DISCRETIONARY) | \$ 0 |
| Page 14 of 232 | | |

Positions Reductions

- Total T.O. for FY15 is 53,120 and is reduced to 52,393 for FY16 in the Executive Budget.
- Reductions for FY16 include the elimination of 727 T.O. positions, of which 68 will be true layoffs.

| Historical Trends | FY07 Actual | FY09 Actual | FY11 Actual | FY13 Actual | FY14 Actual |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Appropriated State Employees | 90,482 | 94,145 | 83,047 | 61,755 | 56,762 |

Note:

- In FY10, approximately 1,400 funded and authorized, but unfilled, positions were eliminated.
- For FY11, almost 3,000 positions were eliminated. Those were primarily vacant-but-funded positions with nearly 2,000 of those being in the Department of Health and Hospitals.
- In FY12, about 6,000 positions in Higher Education that were fully funded by restricted monies were moved off-budget. An additional 4,000 funded positions were eliminated primarily in Higher Education, Corrections, and the Department of Children and Family Services.
- In FY13, nearly 6,400 funded positions were eliminated primarily in Higher Education, Corrections, and the Department of Health and Hospitals.
- For FY14, about 6,000 positions were eliminated due to cooperative endeavor agreements creating public-private partnerships for six of the seven public hospitals.
- ***From FY08 to February 28, 2015, about 8,400 state employees have been actually laid-off.***

Employment Terminology

- Below are the definitions of various employment categories. "Other Charges FTE" would fall within the category/definition of "Non-TO FTE." All of the definitions below are based on Civil Service documents provided during the Streamlining Commission.

"Authorized positions" means the number of positions approved by the legislature in an appropriation bill to be funded by the salaries continuing category of the accounting system for the state. The number may be adjusted during a fiscal year in accordance with procedures provided by law. *(Source: La. R.S. 39:2)*

"Table of Organization" or "T.O." – The number of Authorized Positions as provided for in the General Appropriations Bill. *(Source: Civil Service White Paper on Employee Counts and Positions)*

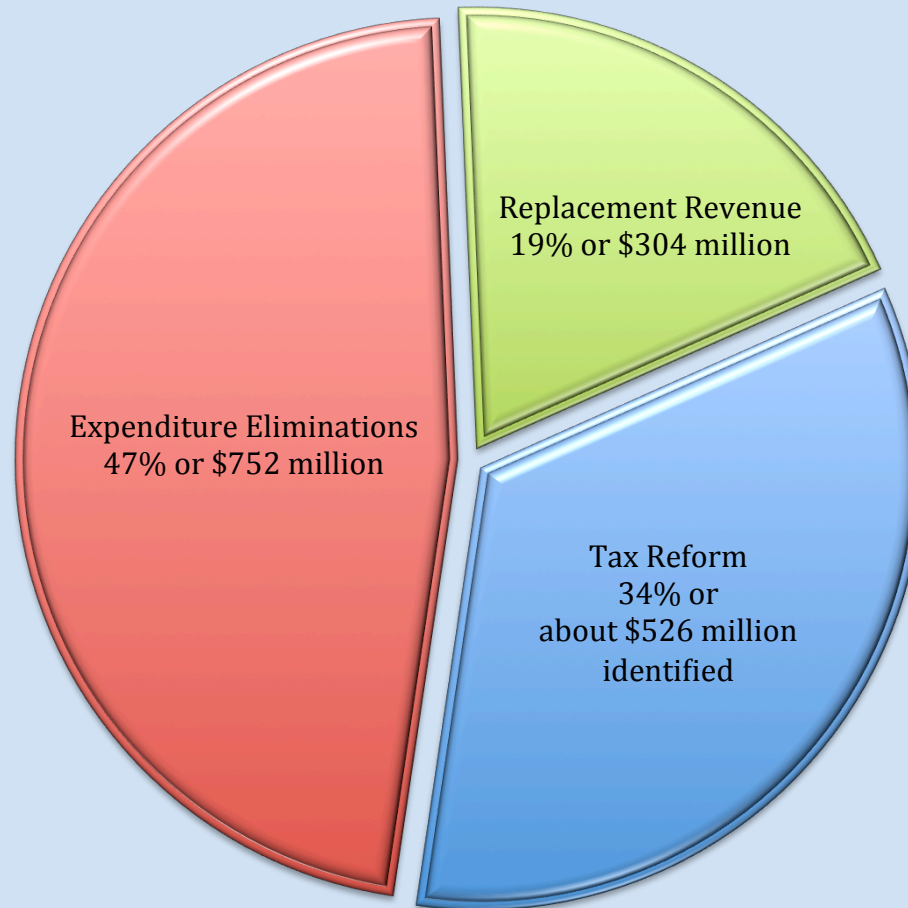
Employee Count ("Headcount") – The number count of individuals currently reported as employed. *(Source: Civil Service White Paper on Employee Counts and Positions)*

Full-Time Equivalents ("FTEs") – The number of full-time (40 hours/week) positions represented by aggregating the assigned work hours reported for current employees. *(Source: Civil Service White Paper on Employee Counts and Positions)*

Non-T.O. FTEs – These are non-authorized positions within a budget unit that are paid through a variety of sources. Most of these positions are in the Other Charges category of an agency's budget. Examples of Non-TO FTEs would include student workers, restricted appointments, temporary workers, seasonal workers, grant funded positions, and board members. *(Source: Civil Service White Paper on Employee Counts and Positions)*

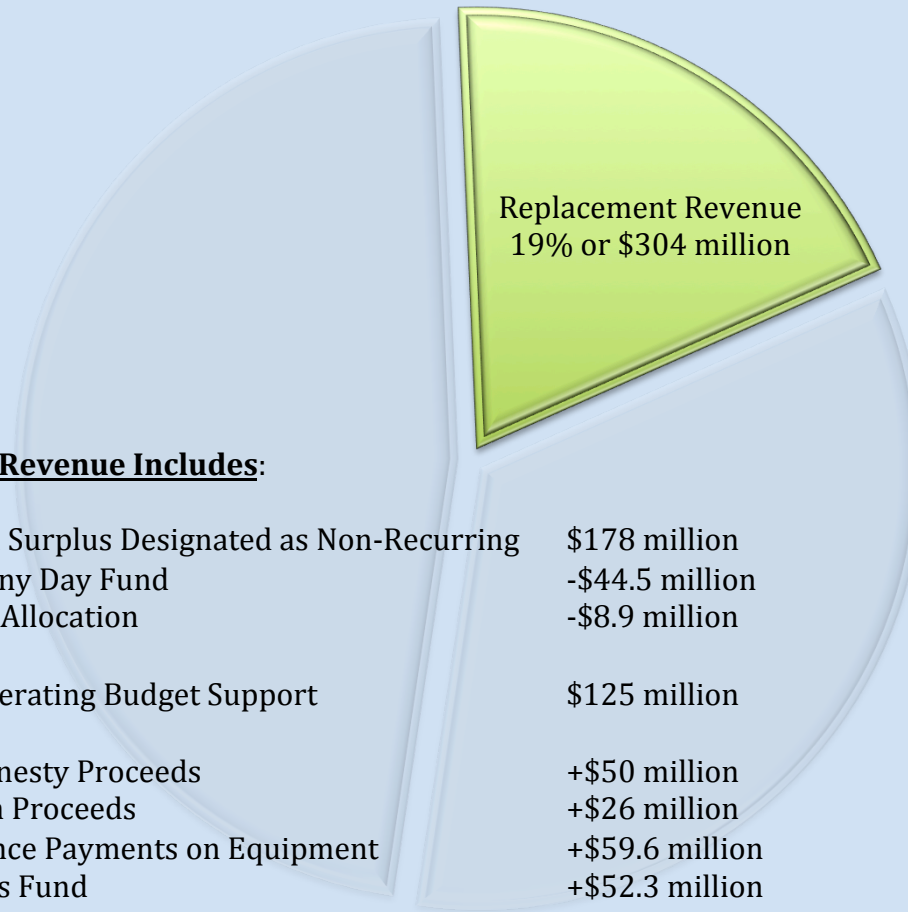
Governor's Recommendation to Eliminate the Shortfall

\$1.6 Billion Shortfall for FY16



Governor's Recommendation to Eliminate the Shortfall

\$1.6 Billion Shortfall for FY16

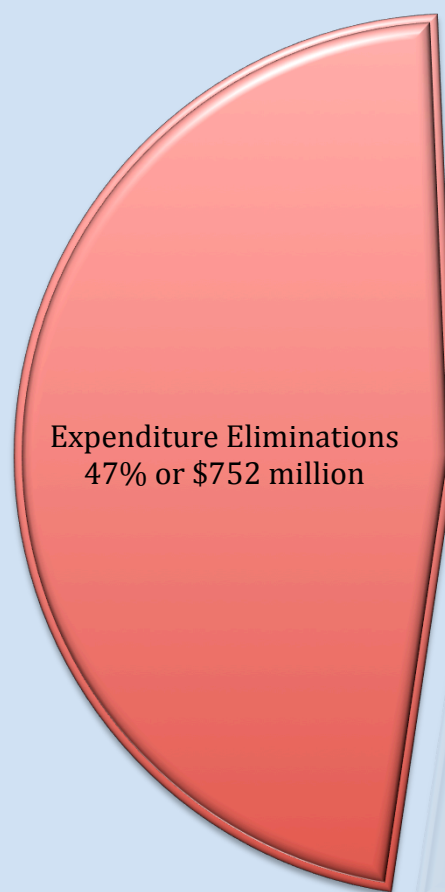


Replacement Revenue Includes:

| | |
|---|----------------------|
| FY14 Year-end Surplus Designated as Non-Recurring | \$178 million |
| 25 Percent Rainy Day Fund | -\$44.5 million |
| 5 Percent UAL Allocation | -\$8.9 million |
| Balance for Operating Budget Support | \$125 million |
| Additional Amnesty Proceeds | +\$50 million |
| Bond Premium Proceeds | +\$26 million |
| Hospital Advance Payments on Equipment | +\$59.6 million |
| Overcollections Fund | +\$52.3 million |
| Total | \$313 million |

Governor's Recommendation to Eliminate the Shortfall

\$1.6 Billion Shortfall for FY16



Expenditure Eliminations Include:

Agency Reductions of **30%** or **\$480 million**.

- Primarily in Higher Education and DHH.

Continuation Expenses of **10%** or **\$160 million**.

- Merits — \$22 million
- Medical Inflation — \$77 million
- Non-Medical Inflation — \$17 million
- Attrition — \$18 million
- Group Benefits — \$25 million (MOF swap)

Efficiencies of **7%** or **\$112 million**.

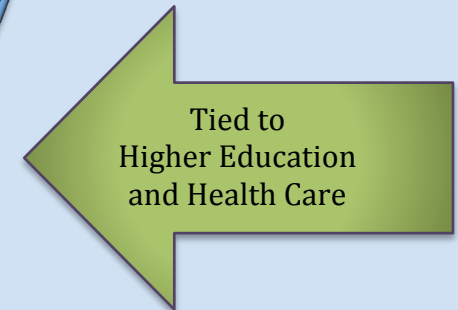
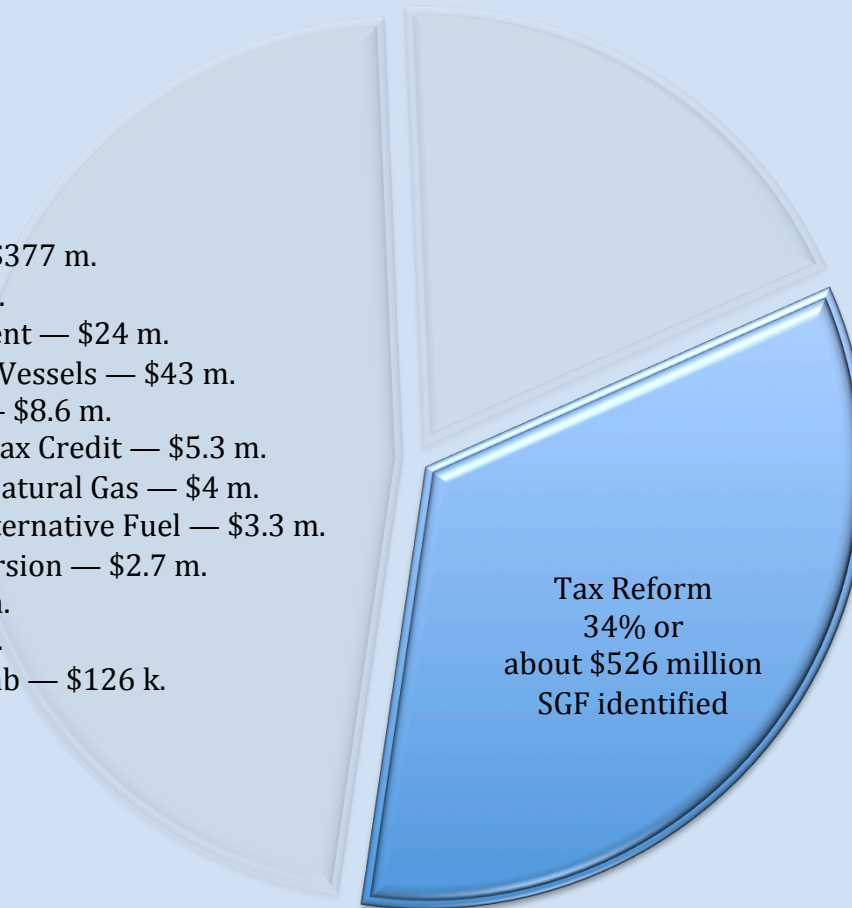
- Agency Specific Savings
- Statewide Procurement
- Statewide Human Capital Management

Governor's Recommendation to Eliminate the Shortfall

\$1.6 Billion Shortfall for FY16

Tax Reform Includes:

- Inventory Tax Credit — \$377 m.
- Wind and Solar — \$57 m.
- Research and Development — \$24 m.
- Ad Valorem for Offshore Vessels — \$43 m.
- Musical and Theatrical — \$8.6 m.
- Telephone Co Property Tax Credit — \$5.3 m.
- Ad Valorem for Certain Natural Gas — \$4 m.
- Vehicle Conversion to Alternative Fuel — \$3.3 m.
- Sugarcane Trailer Conversion — \$2.7 m.
- Milk Producers — \$1.4 m.
- Angel Investor — \$878 k.
- Historic Residential Rehab — \$126 k.



FY16 Executive Budget - Supplementary Recommendations

Supplementary Funding Recommendations in the Medical Vendor Payments Budget

| State General Fund | Federal Funds | Total | Description |
|----------------------|----------------------|----------------------|--|
| \$6,582,420 | \$10,817,580 | \$17,400,000 | Partial funding (ten points of the actuarial sound range) of the per-member-per-month payments to the Bayou Health plans. |
| \$4,606,298 | \$7,570,011 | \$12,176,309 | Funding for supplemental payments for Graduate Medical Education costs at hospitals. |
| \$35,224,019 | \$57,887,318 | \$93,111,337 | Approximately one-third (33%) of the funding for full-Medicaid pricing (FMP) payments to the former LSU hospitals now operating under the public-private partnership agreements. |
| \$3,028,108 | \$4,976,407 | \$8,004,515 | Approximately one-third (33%) of the funding for upper payments limit (UPL) payments to the former LSU hospitals now operating under the public-private partnership agreements. |
| \$189,150 | \$310,850 | \$500,000 | Ten percent of the funding for payments under Low-Income Needy Care Collaboration Agreements (LINCCA) for services provided at Lallie Kemp Regional Medical Center. |
| \$1,248,390 | \$2,051,610 | \$3,300,000 | Ten percent of the funding for full-Medicaid pricing (FMP) payments to rural hospitals. |
| \$2,194,140 | \$3,605,860 | \$5,800,000 | Two percent of the funding for the various home-and-community-based (HCBS) waiver programs, including the Children's Choice, Adult Day Health Center, Residential Options, Supports, Community Choices, and New Opportunity Waivers. |
| \$1,097,070 | \$1,802,930 | \$2,900,000 | Two percent of the funding for the Program for All-Inclusive Care for the Elderly (PACE) and long-term care - personal care services. |
| \$794,430 | \$1,305,570 | \$2,100,000 | Two percent of the funding for optional ambulatory surgical center, hemodialysis, and in-patient mental health services. |
| \$10,289,760 | \$16,910,240 | \$27,200,000 | Two percent of the funding for federal-or-court-mandated hospital, physician, laboratory, x-ray, medical transportation, home health, adult dental, Early Steps therapy, Early and Periodic Screening, Diagnosis and Treatment (EPSDT), case management, physical therapy, occupational therapy, and specialized behavioral health services. |
| \$30,000 | \$270,000 | \$300,000 | Two percent of the funding for federal-mandated Family Planning services. |
| \$65,283,785 | \$107,508,376 | \$172,792,161 | Subtotal Payments to Private Providers |
| \$1,267,369 | \$2,086,346 | \$3,353,715 | Approximately 12.5 percent of the funding for Uncompensated Care Costs (UCC) payments for uninsured health care services provided by Lallie Kemp Regional Medical Center. |
| \$87,275,518 | \$143,673,193 | \$230,948,711 | Approximately one-third (33%) of the funding for UCC payments for uninsured health care services provided at the former LSU hospitals now operating under the public-private partnership agreements. |
| \$88,542,887 | \$145,759,539 | \$234,302,426 | Subtotal Uncompensated Care Costs Payments |
| \$153,826,672 | \$253,267,915 | \$407,094,587 | Total FY16 Supplementary Budget Recommendations for the Medicaid Program |

These items are contingent upon the conversion of refundable tax credits to non-refundable tax credits.

FY16 Executive Budget - Supplementary Recommendations

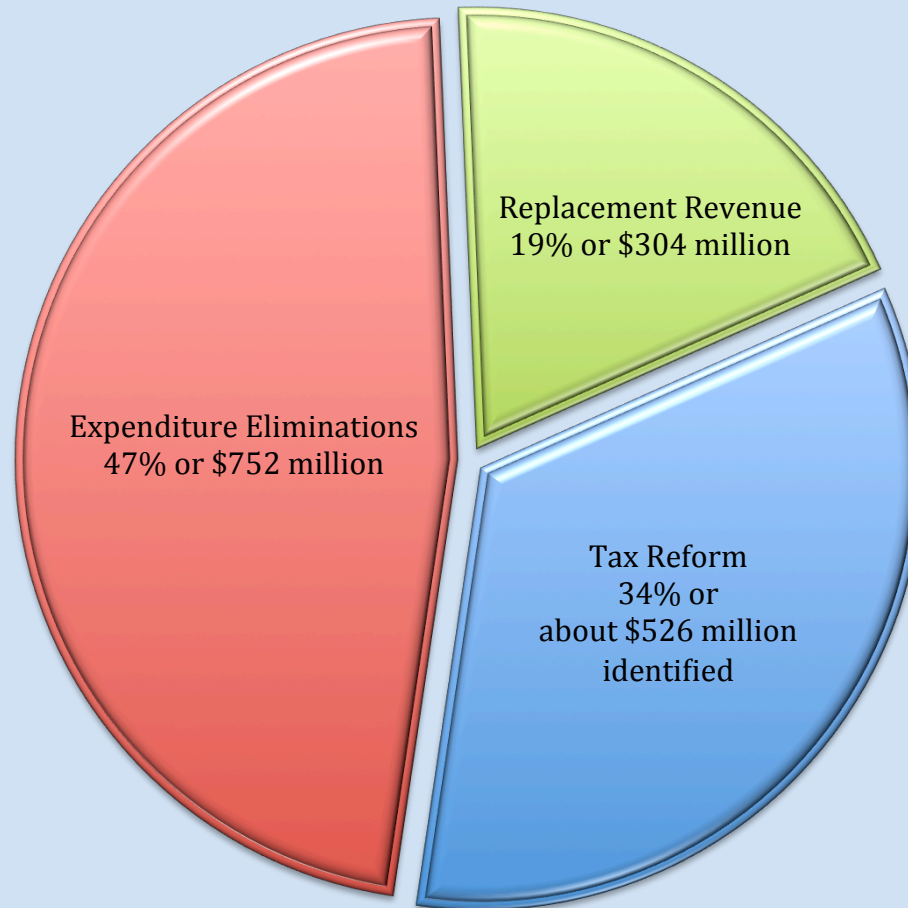
Supplementary Funding Recommendations in Higher Education

| State General Fund | Total | Description |
|--------------------|---------------|--|
| \$372,099,328 | \$372,099,328 | Partial funding of the following functions: instruction; research; public service; academic support; student services; institutional services; scholarships and fellowships; plant operations and maintenance; hospital operations; and athletics. |

These items are contingent upon the conversion of refundable tax credits to non-refundable tax credits.

Governor's Recommendation to Eliminate the Shortfall

\$1.6 Billion Shortfall for FY16



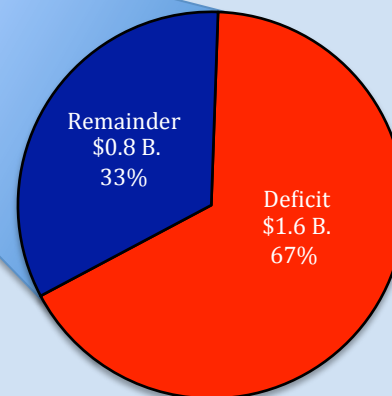
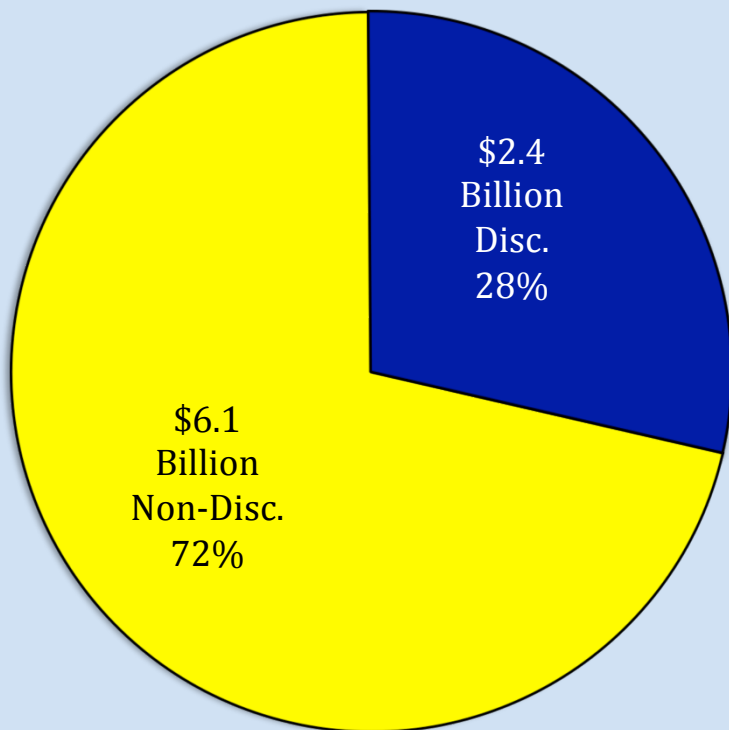
Can a \$1.6 Billion Reduction in Expenditures Be Made?

Non-Discretionary SGF Requirements for FY16

Total Non-discretionary SGF \$6,070,707,852

SGF Official Revenue Estimate \$8,516,900,000

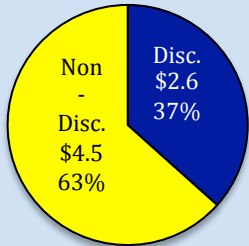
Supplementary Revenue — Credits \$525,926,000



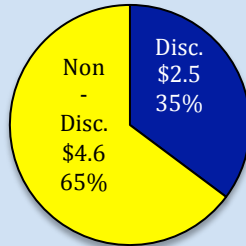
Discretionary/Non-Discretionary History

in \$ Billions

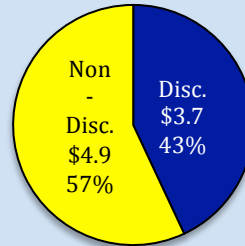
FY06 Recommended



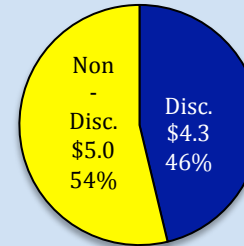
FY07 Recommended



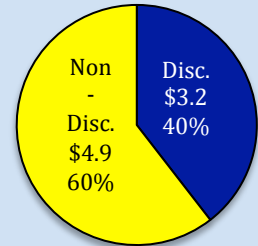
FY08 Recommended



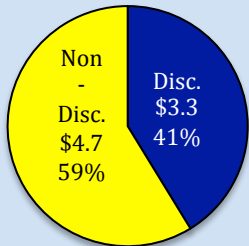
FY09 Recommended



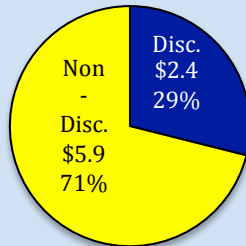
FY10 Recommended



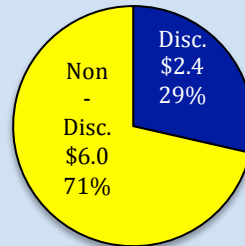
FY11 Recommended



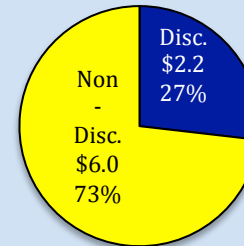
FY12 Recommended



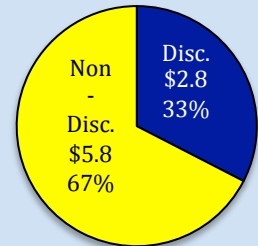
FY13 Recommended



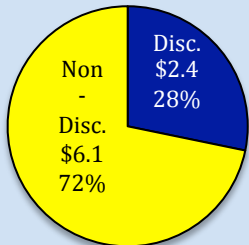
FY14 Recommended



FY15 Recommended



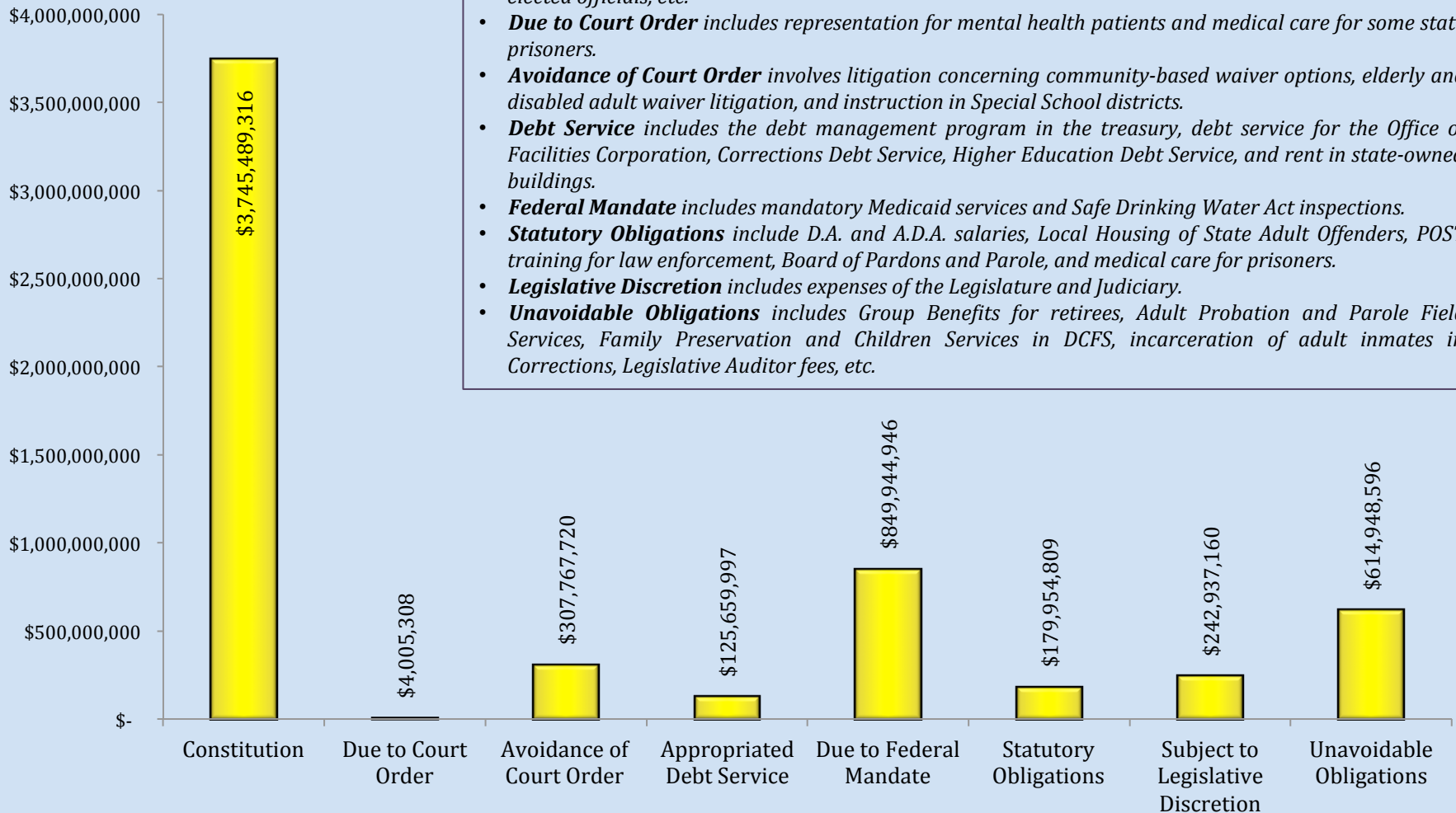
FY16 Recommended



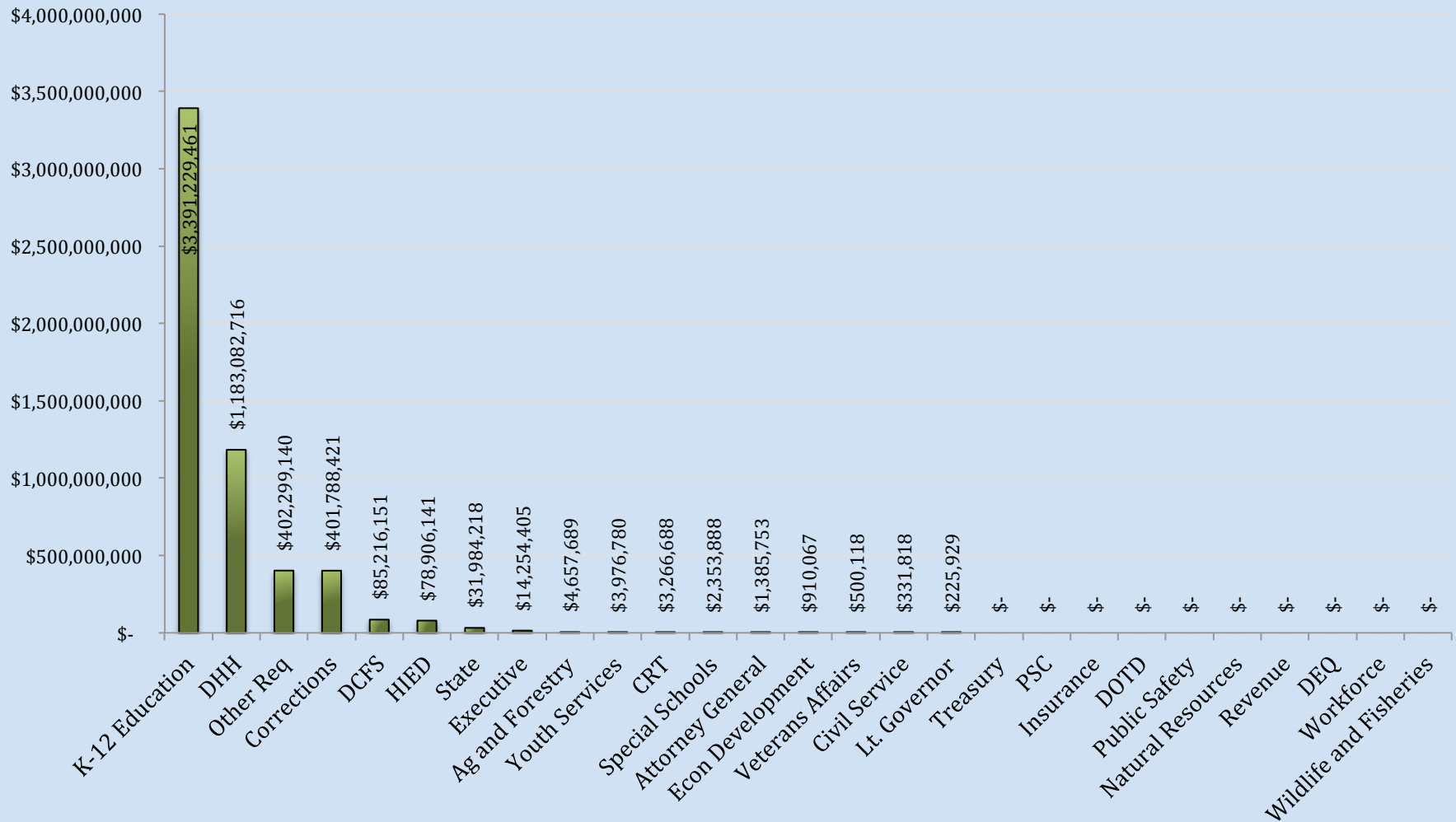
| Fiscal Year | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Recommended SGF in \$ Billions | \$7.1 | \$7.1 | \$8.6 | \$9.3 | \$8.1 | \$8.0 | \$8.3 | \$8.4 | \$8.2 | \$8.6 | \$8.5 |
| Discretionary | \$2.6 | \$2.5 | \$3.7 | \$4.3 | \$3.2 | \$3.3 | \$2.4 | \$2.4 | \$2.2 | \$2.8 | \$2.4 |
| Non-Discretionary | \$4.5 | \$4.6 | \$4.9 | \$5.0 | \$4.9 | \$4.7 | \$5.9 | \$6.0 | \$6.0 | \$5.8 | \$6.1 |

FY16 Recommended Non-Discretionary SGF by Requirement Categories

- **Constitution** requirements include MFP, costs of elections and ballot printing, salaries of statewide elected officials, etc.
- **Due to Court Order** includes representation for mental health patients and medical care for some state prisoners.
- **Avoidance of Court Order** involves litigation concerning community-based waiver options, elderly and disabled adult waiver litigation, and instruction in Special School districts.
- **Debt Service** includes the debt management program in the treasury, debt service for the Office of Facilities Corporation, Corrections Debt Service, Higher Education Debt Service, and rent in state-owned buildings.
- **Federal Mandate** includes mandatory Medicaid services and Safe Drinking Water Act inspections.
- **Statutory Obligations** include D.A. and A.D.A. salaries, Local Housing of State Adult Offenders, POST training for law enforcement, Board of Pardons and Parole, and medical care for prisoners.
- **Legislative Discretion** includes expenses of the Legislature and Judiciary.
- **Unavoidable Obligations** includes Group Benefits for retirees, Adult Probation and Parole Field Services, Family Preservation and Children Services in DCFS, incarceration of adult inmates in Corrections, Legislative Auditor fees, etc.



FY16 Recommended Non-Discretionary SGF by Department*



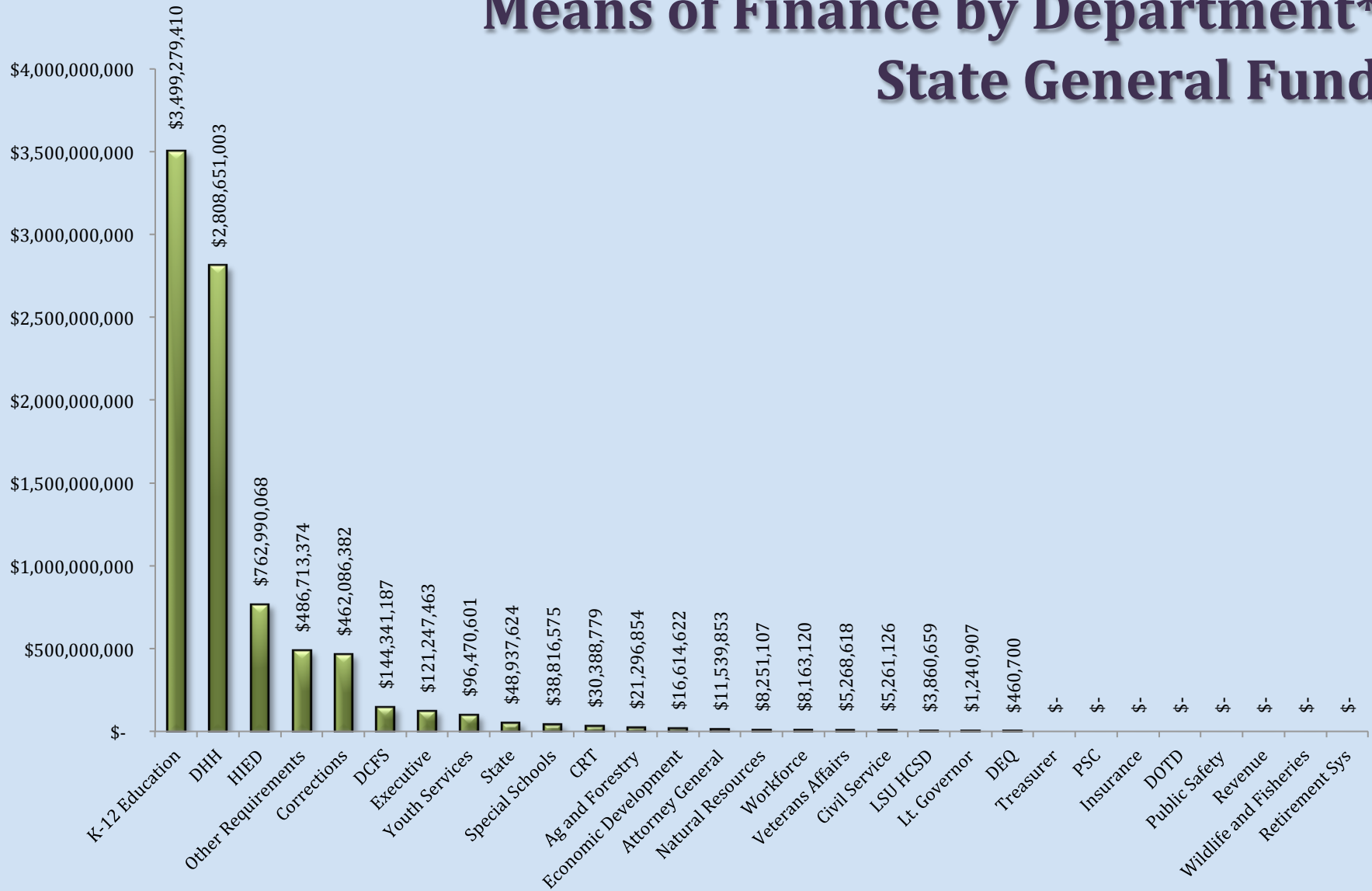
*HB1 only.

FY16 Recommended Discretionary SGF by Department*



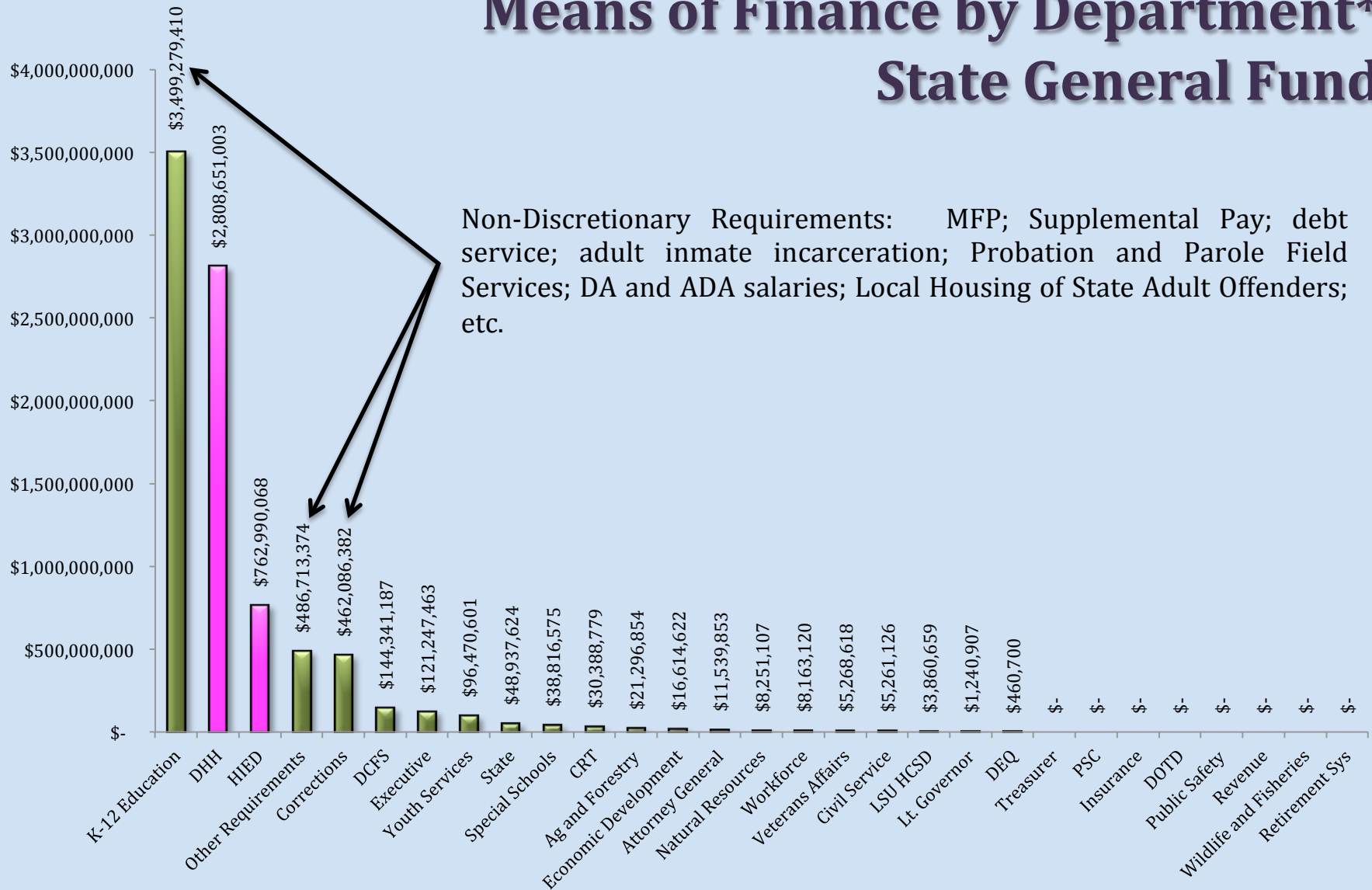
*HB1 only.

FY16 Recommended Means of Finance by Department* State General Fund



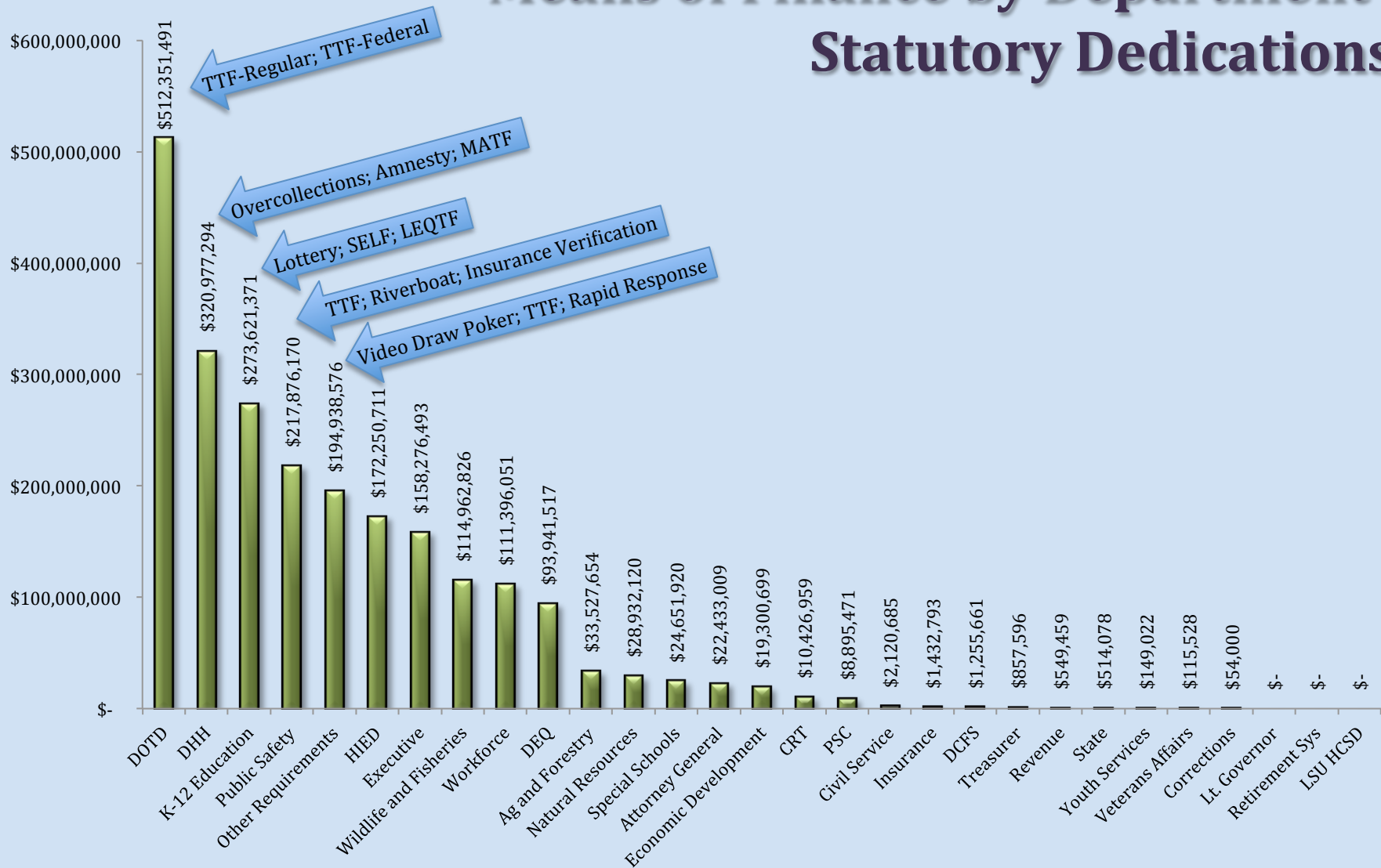
*HB1 only.

FY16 Recommended Means of Finance by Department* State General Fund



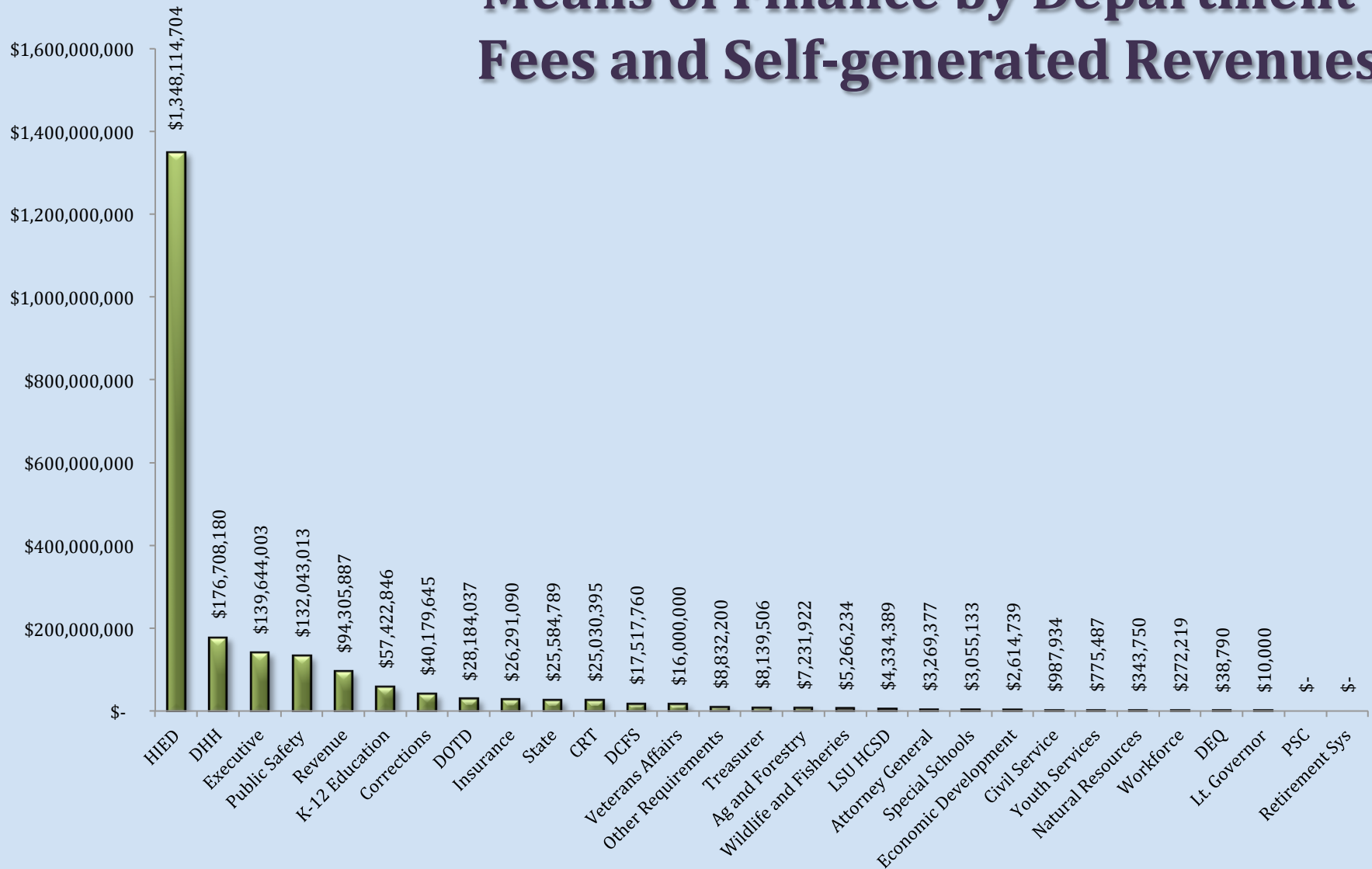
*HB1 only.

FY16 Recommended Means of Finance by Department* Statutory Dedications



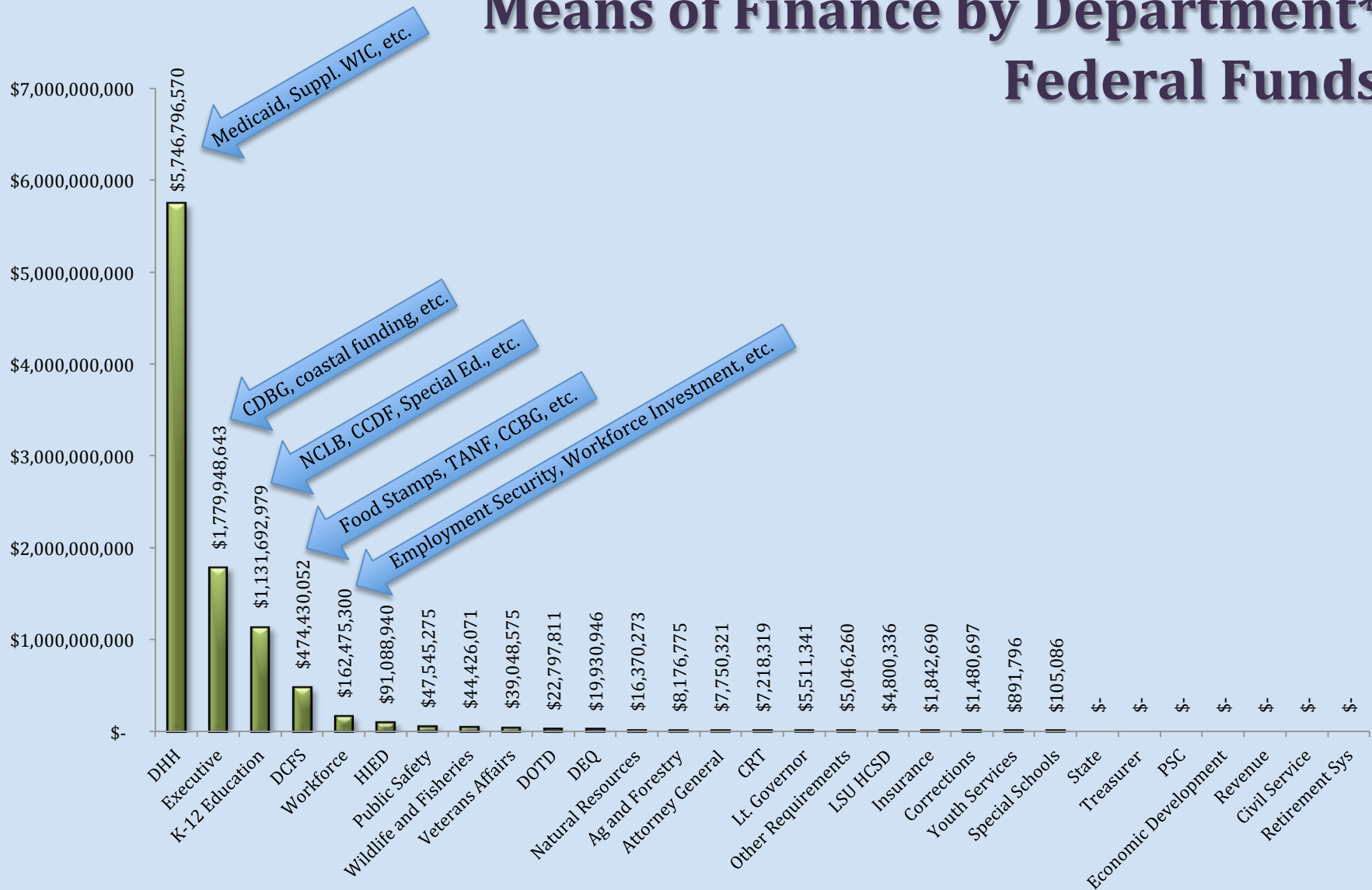
*HB1 only.

FY16 Recommended Means of Finance by Department* Fees and Self-generated Revenues



*HB1 only.

FY16 Recommended Means of Finance by Department* Federal Funds



*HB1 only.

Reductions, Eliminations, Privatizations, Substitutions, and Consolidations over the Previous Seven Years

K-12

2.75 percent growth factor for the MFP eliminated in FY10 until FY14 Floor Amendment in the amount of \$69 million
Stipends for Teachers
State Activity Programs for K-12/additional Math and Reading Programs
Non-public Transportation funding

Higher Education

State General Fund support for Higher Education by a total of almost \$700 million
Tuition Increases Implemented
No Merit Increases for majority of Higher Education for several years

Public Safety and Corrections

Closure of adult prisons — Phelps Correctional Center, Dabadie Correctional Center, and Forcht-Wade Correctional Center
Reduction of over 230 positions in Motor Vehicles/Instituted Public Tag Agent program
Closure of Jetson Center for Youth

DHH

Privatization of Developmental Centers
Privatization of Public Hospitals
Closure of the Hainkel Home, New Orleans Adolescent Hospital, and Southeast Hospital

Statewide

Information Technology Consolidated
Procurement Practices Consolidated
Privatization of Risk Management
Consolidation of Human Capital Management
Funding adjustments for Group Benefits
Merit Increases eliminated

Revenue Options

All FY14 Refundable Tax Credits

| Tax Credit | FY14 TEB Amount | Tax Liability Offset | Amount Refunded |
|---|-----------------|----------------------|-----------------|
| Inventory Tax Credit* | \$452,676,421 | \$75,961,191 | \$376,715,230 |
| Wind & Solar - Total | \$63,441,215 | \$6,280,828 | \$57,160,387 |
| Ad Valorem Credit for Offshore Vessels* | \$56,406,978 | \$13,356,040 | \$43,050,938 |
| Research & Development | \$24,380,813 | \$794,852 | \$23,585,961 |
| Earned Income Credit | \$47,849,737 | \$26,450,670 | \$21,399,067 |
| Citizens Insurance Credit | \$45,677,785 | \$33,546,054 | \$12,131,731 |
| Musical & Theatrical | \$8,754,604 | \$185,497 | \$8,569,107 |
| Child Care Refundable | \$13,773,978 | \$5,278,644 | \$8,495,334 |
| Digital Interactive Media | \$6,685,889 | \$6,963 | \$6,678,926 |
| School Readiness - Directors & Staff | \$8,114,353 | \$2,303,078 | \$5,811,275 |
| Ad valorem Credit for Telephone Co Property* | \$22,643,842 | \$17,381,873 | \$5,261,969 |
| School Readiness Child Care Provider | \$4,662,556 | \$256,260 | \$4,406,296 |
| Ad Valorem Credit for Certain Natural Gas* | \$4,534,210 | \$551,179 | \$3,983,031 |
| Vehicle Conversion to Alternative Fuel | \$4,148,005 | \$878,471 | \$3,269,534 |
| Sugarcane Trailer Conversion** | \$2,744,431 | \$23,053 | \$2,721,378 |

*Credits for ad valorem property taxes paid by taxpayers to local taxing authorities. Since these credits are administered through the state's income tax system, the amount refunded is determined by comparing the credit amount against taxpayers' state income tax liabilities, not the local property tax payments.

**By statute, the Sugarcane Transport Credit was sunset on December 31, 2013.

BOLD TEXT means the tax credit was listed on the tax reform pie piece shown earlier in the presentation.

All FY14 Refundable Tax Credits

(continued)

| Tax Credit | FY14 TEB Amount | Tax Liability Offset | Amount Refunded |
|--------------------------------------|-----------------|----------------------|-----------------|
| School Readiness Refundable | \$2,383,775 | \$85,643 | \$2,298,132 |
| Milk Producers | \$1,555,702 | \$112,401 | \$1,443,301 |
| Angel Investor*** | \$1,568,555 | \$690,898 | \$877,657 |
| Digital Interactive Media & Software | \$752,312 | \$328,766 | \$423,546 |
| School Readiness Business Supported | \$624,842 | \$275,367 | \$349,475 |
| School Readiness Fees & Grants | \$596,792 | \$250,030 | \$346,762 |
| Quality Jobs Rebate | \$2,529,606 | \$2,236,046 | \$293,560 |
| Retention & Modernization | \$180,941 | \$18 | \$180,923 |
| Technology Commercialization | \$201,377 | \$27,030 | \$174,347 |
| Historic Residential Rehab | \$275,657 | \$149,345 | \$126,312 |
| La Hunting & Fishing Licenses | \$131,204 | \$107,302 | \$23,902 |
| Mentor-Protégé | \$15,584 | \$7,250 | \$8,334 |
| Insurance Credit | \$34,939 | \$26,899 | \$8,040 |
| TOTAL | \$777,346,103 | \$187,551,648 | \$589,794,455 |

*** Changed to refundable in 2013 session.

BOLD TEXT means the tax credit was listed on the tax reform pie piece shown earlier in the presentation.

Additional Revenue Recommendations Provided by the DOA in the Executive Budget Presentation

Unclaimed Lottery Proceeds

Could generate between **\$6 million and \$9 million** in additional recurring dollars for the MFP from unclaimed lottery proceeds.

Other Options

- Sale of surplus property – partnerships: **\$17 million**
- Public-Private Partnerships Opportunities:
 - Properties that the state does not want to dispose will be considered for any Public-Private Partnership opportunities.
- Comprehensive energy performance and enhancement projects are also under consideration.
- Non-essential or under-utilized properties are identified for surplus property sales with many others currently under consideration for FY 16.

Autonomies

- Advanced Degree Tuition - **\$10 million**
- Risk Management Autonomy - **\$5 to \$10 million**

Additional Revenue Recommendations Provided by the DOA in the Executive Budget Presentation

Helping families reduce the cost of higher education

- Tax credits (SAVE Initiative)

Securitizing Remaining Tobacco Settlement

Operating Cost Efficiencies

- Efficiencies in agencies funded by FSGR have created savings that can't be used in the Executive Budget
- **\$8.5 million** estimated, including:
 - Treasury - **\$935,217**
 - Insurance - **\$3.1 million**
 - Tourism - **\$2.1 million**
 - Public Safety - **\$2.3 million**

Cost of Doing Business Adjustments

Over the past two decades, inflation and growth have increased the cost of doing business all over the country.

Adjusting some of the fees collected by state agencies to cover the increase in costs could generate **\$25 million to \$75 million** for the state. (*See following slide*).

Cost of Doing Business Adjustments

| Agency Cost of Doing Business Adjustments | Budget Fund | Revenue FY16 |
|---|--|---------------------|
| Economic Development — Increases in fees for entertainment and business incentive programs. | Self-generated | \$1,900,000 |
| Natural Resources — Office of Conservation: Increases in Application, Pipeline, Regulatory and Class I Injection Wells fees; creation of new Application fees; and acreage fees; Office of Coastal Mgt: Increases in non-residential applications for excavation or filling and the cost for Consistency Determination Review. | Oil & Gas Regulatory Fund/Coastal Resources Trust Fund | |
| Environmental Quality — Creation of and increases in fees for permits, license, registrations, and certifications; processing documents; and annual maintenance for hazardous waste treatment, storage and disposal facilities. | Environmental Trust Fund | \$4,384,472 |
| Health and Hospitals — Office of Public Health: Increases in and creation of fees for certificates and endorsement; duplicate documents; operator exams and applications; updates to education/experience; processing of NSF checks and late fees; reciprocity; and reinstatement. Note: revenues will not be realized until FY17; however, legislation is necessary during the 2015 Regular Session. | Self-generated | \$0 |
| Transportation and Development — Increases in fees for ferry toll fare and billboard permits; creation of fees for materials and testing; commercial driveway permits; engineering services, operation, and maintenance of 20 state-owned dams; inspections of water wells; and inspection fees for approximately 145 non-state-owned dams. | Self-generated | \$2,162,929 |
| Public Safety — State Police and Motor Vehicles — Increases in fees for vehicle certificate of title; online driving record; trailer stamps; vehicle use — escort; annual licensing for storage facilities; Motor Vehicle Inspection Station licenses; permits for medical window tints and gaming applications; creation of fees for commissions granting arrest powers; inspections of vehicles for owners applying for a salvage, reconstructed, or assembled title. | FSGR/OMV Tech Fund/Towing & Storage Fund/Riverboat Gaming Fund | \$39,502,260 |
| Revenue — Increases in fees for penalties due to late payments, negligence, NSF checks, or failure to keep adequate records; increase in garnishment fees; and creation of fees to set up payment installment agreements and administering Offer in Compromise applications. | Self-generated | \$13,200,000 |
| Division of Administration — Office of State Lands — Adjustment to the rate charged for 20-year pipeline right-of-way lease. | Self-generated | \$116,000 |
| | TOTAL | \$74,136,778 |

2015 Regular Session - Legislation Filed

| House Bills | HCRs | Senate Bills | SCRs | Total |
|-------------|------|--------------|------|-------|
| 779 | 47 | 272 | 37 | 1,135 |

| Finance | Revenue and Fiscal Affairs | Appropriations | Ways and Means |
|---------|-------------------------------|----------------|-------------------|
| 27 | 67 | 74 | 226 |

As of April 15, 2015.

Revenue Options

Included in the governor's Executive Budget is his tax credit reform proposal, which includes items categorized as "expenditures." These are defined as items that exceed an individual's or business's tax liability. In total, supplemental recommendations represent **\$500 million** and are primarily in two areas, Higher Education and DHH.

SB 543 of the 2014 Regular Session required specified incentive expenditures to be forecast by the REC separately from the forecasts of revenue available for appropriation, and for these expenditure forecasts to be stated in the executive budget, beginning with FY16. The governor vetoed this bill.

- It has been filed again as **SB 222 for the 2015 Regular Session**.