



Governor Edwards' Plan to Stabilize the FY17 Budget Deficit of \$304M

SUMMARY

- The FY17 budget was crafted without any one-time money, necessitating \$800M in recurring dollars; thus, the FY17 budget fell \$326M short of funding expenditures necessary to maintain real FY16 spending levels.
- The FY17 general fund budget already has been adjusted by \$313M to resolve the FY16 deficit. The Executive Department, including the Governor's Office and Division of Administration, was reduced by \$17M as part of the foregoing budget adjustments.
- There is no money in the FY17 budget for inflation or merit pay for state employees.
- The FY17 budget does not include any funds for flood related expenses; departments and agencies have advanced \$246M in unbudgeted dollars for flood response; ninety percent will be reimbursed by the federal government but mostly not in this fiscal year.
- These further adjustments to the budget come on the heels of eight consecutive years of no growth in revenue; nevertheless, mandated costs continued to rise and we have been forced to make up for the loss in revenue.
- Gov. Edwards' plan to resolve the budget deficit of \$304M includes tapping the Budget Stabilization Fund (Rainy Day Fund) in the amount of \$119.6M and making cuts across a broad spectrum of the state general fund, including, but not limited to, the Louisiana Department of Health, the legislature, the judiciary, and statewide elected officials.
- Governor Edwards' plan does not include cuts to K-12 education (the per pupil allocation of the MFP), higher education, waiver programs, the Department of Corrections, or the Department of Children and Family Services.
- Governor Edwards' plan does not include proposals to raise taxes or fees.

THE PLAN

Budget Stabilization Fund (Rainy Day Fund) ~ \$119.6M

- One-third of the Rainy Day Fund, or \$119.6M, will be used to offset the FY17 deficit. The Rainy Day Fund has a balance of \$360M and will receive a deposit of \$25M in FY17. The Fund was tapped four times during the previous administration in the amount of \$517.4M.

Go Zone Bond Revenues ~ \$9.7M

- The state has received past due payments of \$9.7M in reimbursements for recurring Gulf Opportunity (GO) Zone bond financing. The Gulf Opportunity Zone Act is a federal law established after Hurricanes Katrina and Rita to assist Gulf States in their rebuilding efforts through tax exempt bond financing and other tools.

Louisiana Judiciary ~ \$3.78M

- This cut represents a 2.5% reduction to the \$151.5M state general fund appropriation to the judicial branch.

Louisiana Legislature ~ \$1.65M

- This cut represents a 2.5% reduction to the \$66M state general fund appropriation to the legislative branch.

Louisiana Legislative Auditor ~ \$8M

- The Louisiana Legislative Auditor has a balance of \$8M in excess funds that will be cut. This reduction does not impact the operations of the agency.

Attorney General's Office – Escrow Account (AWP Pharmaceutical) ~ \$3.98M

- The Attorney General's Office has an escrow balance of \$3.98M in funds from the state's settlement with AWP Pharmaceutical. This transfer of funds will not impact the operations of the agency.

Attorney General's Office ~ \$1.94M

- The net reduction of \$1.94M represents a 5% reduction in statutory dedications, a backfill of \$228,556 through a means of finance adjustment, and the additional transfer of \$1.1M from the Louisiana Fund.

Lieutenant Governor's Office ~ \$53,365 (Net Reduction – \$0)

- This reduction is a means of financing adjustment. The state general fund will be reduced in the amount of \$53,365 and replaced through an interagency transfer from the Office of Tourism using Tourism Promotion District funding.

Department of the State Treasury ~ \$500,000 (Net Reduction – \$0)

- This reduction is a means of financing adjustment. Bond Commission fees in the amount of \$500,000 will be reduced from Fees & Self-generated Revenue and will be replaced through a means of finance adjustment with funds from the Debt Management Program.

Department of Insurance ~ \$715,162

- This reduction is a result of attrition savings. It represents a 2.5% reduction to Fees & Self-generated Revenue for the Department of Insurance.

Office of Elderly Affairs ~ \$37,750

- This reduction of \$37,750 in statutory dedications for the Orleans Parish Council on Aging includes a cut of \$5,000 from the New Orleans Urban Tourism Hospitality Training in Economic Development Foundation Fund and \$32,750 from the New Orleans Area Economic Development Fund.

Louisiana Commission on Law Enforcement ~ \$251,674

- This reduction of \$251,764 in statutory dedications includes an unused balance of \$521 from the Innocence Compensation Fund, an unused balance of \$237,403 for training activities from the Crime Victims Reparation Fund, and an unused balance of \$13,750 from the Drug Abuse Education and Treatment Fund.

Louisiana Economic Development – Office of the Secretary ~ \$977,369

- This reduction of \$977,369 is the result of attrition savings in the amount of \$223,934 in state general fund. There is also a reduction of \$753,435 to the statutory dedication from the Louisiana Economic Development Fund, which will result in a cut to the professional and consulting contracts associated with the State Economic Competitiveness (SEC) programs used to develop plans for improving competitiveness of industry-specific growth sectors.

Louisiana Economic Development – Office of Business Development ~ \$490,695

- This state general fund reduction of \$390,695 is the result of attrition savings. There is also a \$100,000 reduction to the Marketing Fund statutory dedication, which will reduce marketing initiatives and include a pro-rata cut to the Marketing Education Retail Alliance (MERA), District 2 Enhancement Corporation, and Louisiana Council on Economic Education.

Department of Culture, Recreation & Tourism

Office of State Parks ~ \$865,231 (Net Reduction - \$0)

- This state general fund reduction in the amount of \$865,231 is a means of financing adjustment. The reduction will be substituted with statutory dedications from the State Parks Improvement and Repair Fund in the Parks and Recreation Program.

Department of Culture, Recreation & Tourism – Office of Tourism ~ \$720,237*

- The Revenue Estimating Conference recognized additional revenues in the amount of \$720,237 that will be used to backfill the state general fund reductions outlined below within the Department of Culture, Recreation & Tourism in the Marketing Program.

Department of Culture, Recreation & Tourism

Office of the Secretary ~ \$161,511 (Net Reduction - \$0)

- This state general fund reduction of \$161,511 is a means of financing adjustment. The reduction of funds will be replaced through an interagency transfer from the Office of Tourism using Tourism Promotion District Funding in the Management and Finance Program.

Department of Culture, Recreation & Tourism

Office of the State Library of Louisiana ~ \$191,276 (Net Reduction - \$0)

- This state general fund reduction in the amount of \$192,276 is a means of financing adjustment. The reduction will be substituted with an interagency transfer from the Office of Tourism using Tourism Promotion District Funding in the Library Services Program.

Department of Culture, Recreation & Tourism

Office of State Museum ~ \$193,334 (Net Reduction - \$0)

- This state general fund reduction in the amount of \$193,334 is a means of financing adjustment. The reduction will be substituted with an interagency transfer from the Office of Tourism using Tourism Promotion District Funding in the Museum Program.

Department of Culture, Recreation & Tourism

Office of Cultural Development ~ \$120,751 (Net Reduction - \$0)

- This state general fund reduction in the amount of \$120,751 is a means of financing adjustment. The reduction will be substituted with an interagency transfer from the Office of Tourism using Tourism Promotion District Funding in the Cultural Development Program.

Department of Transportation & Development – Administration ~ \$1,325

- This reduction of \$1,325 of Fees and Self-generated Revenues are within the Office of Management and Finance and will not have an impact on the agency.

Department of Transportation & Development – Engineering and Operations ~ \$1.45M

- This net reduction of \$1.45M represents reductions to Statutory Dedications and Fees and Self-generated Revenues. Statutory Dedication reductions include:
 - LTRC Transportation Training and Education Center Fund reduction of \$36,229, which will be backfilled from an existing fund balance;
 - Crescent City Transition Fund reduction of \$69,384, which will be backfilled from an existing fund balance;
 - New Orleans Ferry Fund reduction of \$41,500, which will be backfilled from an existing fund balance;
 - Right of Way Permit Processing Fund reduction of \$29,149 in the Engineering Program, which will have a minimal impact;
 - Louisiana Highway Safety Fund reduction of \$7,609, decreasing funding for the acquisition of permanent radar speed displays on Interstates;
 - Louisiana Bicycle and Pedestrian Safety Fund reduction of \$293, which will be backfilled from an existing fund balance;
 - Reduction of \$1,421,204 of Fees and Self-generated Revenues, which will impact the acquisitions of equipment through the department’s buyback program.
 - Reductions by Program include Engineering (\$72,987); Office of Planning (\$293); and Operations (\$1,532,088).

Office of State Police – Operational Support Program ~ \$7.38M

- This reduction of \$7.38M in Fees & Self-generated Revenues is a result of delaying the implementation of system enhancements including Computer Aided Dispatch (CAD), Records Management System (RMS), and eCitation.

Office of State Fire Marshal – Fire Prevention Program ~ \$900,503

- This reduction in statutory dedication of \$900,503 is from the Two Percent Fire Insurance Fund. There was a savings realized in this Fund by applying dividends directly to the current year's obligations for the payment of group and workers' compensation insurance for volunteer firefighters. These funds would typically be returned to the fund and redistributed to local fire departments.

Office of Juvenile Justice ~ \$4.46M

- This reduction includes a \$4M savings in the Contract Services Program for the Coordinated System of Care. It also represents increased caseload for probation and parole officers. These caseloads will increase from 1 officer to 28 youths to 1 officer to 40 youths for a total savings of \$467,000 from the following programs: North Region (\$155,666); Central/Southwest Region (\$155,667) and Southeast Region (\$155,667).

Louisiana Department of Health – Jefferson Parish Human Services Authority ~ \$1.37M

- This reduction is a result of savings from vacancies (\$702,689), means of finance adjustments replacing state general fund dollars with self-generated revenues (\$491,860), pharmacy savings (\$35,000), an elimination of the remaining unassigned Behavioral Health Individual Family Support funds (\$23,609), and delaying the replacement of an existing cooling tower (\$120,000).

Louisiana Department of Health – Florida Parishes Human Services Authority ~ \$657,315

- This reduction is a result of savings from vacancies in the amount of \$517,315, and reductions in travel, maintenance, IT and equipment in the amount of \$140,000.

Louisiana Department of Health – Capital Area Human Services District ~ \$1.29M

- This reduction is a result of savings from vacancies (\$323,484), means of finance adjustments replacing state general fund revenues with Fees and Self-generated Revenue (\$675,644), and cost savings as a result of Medicaid Expansion for indigent clients (\$291,500).

Louisiana Department of Health – Metropolitan Human Services District ~ \$430,787

- This reduction is a result of the elimination of a vacancy in the amount of \$67,412, contract reductions and eliminations in the amount of \$138,375, and a reduction of slots for Community Based Psychiatric Supports and Treatments in the amount of \$225,000.

Louisiana Department of Health – Medical Vendor Administration ~ \$3.9M

- This reduction includes cuts to various contracts based on year-to-date utilization and delayed implementation, resulting in a savings of \$3.8M and a reduction of the Coordinated System of Care (CSOC) daily rate by 10% effective 3/1/17 in the amount of \$111,690.

Louisiana Department of Health – Medical Vendor Payments ~ \$111.6M

- This state general fund reduction includes a combination of expenditure reductions, revenue solutions and leveraging other Means of Financing.
 - Expenditure reductions includes decreasing state general fund need due to an increase in MCO premium tax resulting from increased enrollment into Medicaid expansion; MCO rates for Medicaid expansion population decreasing based on utilization; reduction to the high Medicaid pool in both UCC/DSH and UPL; eliminate GME payments; shift June 2017 MCO Dental payment to July 2017; and reduce PPPs by .99% through June 2017.
 - Revenue solutions includes increasing the amount Local Governing Entities contribute to the overall Medicaid program from 15% to 22.5%; NO Medical Schools increasing Physician Services contract to Fair Market Value at OLOL and Lafayette General.
 - Leveraging other Means of Finance includes increasing the Louisiana Fund appropriation by \$1.1M; realizing additional revenue over current REC projections for the Tobacco Tax.

Louisiana Department of Health

Office of the Secretary, Management and Finance Program ~ \$442,533

- This cut includes reductions to various contracts managed by the Office of Technology Services in the amount of \$250,000, a reduction in the department's overtime budget in the amount of \$135,000, and an elimination of two positions, saving \$57,533.

Louisiana Department of Health

South Central Louisiana Human Services Authority ~ \$856,368

- This reduction includes a means of finance adjustment. There will be a one-time replacement of state general fund dollars with self-generated revenue in the amount of \$620,000, and a delayed implementation of crisis continuum teams, resulting in \$236,368 in savings.

Louisiana Department of Health – NE Delta Human Services Authority ~ \$397,129

- This cut includes contract reductions in the amount of \$185,869 and attrition savings in the amount of \$211,260.

Louisiana Department of Health

Office of Aging and Adult Services Administration Protection and Support Program ~ \$459,811

- This cut includes a reduction in travel for Adult Protective Services in the amount of \$8,500, a reduction in professional services by reducing the number of surveys for waiver participants for a savings of \$30,000, and a reduction in the Traumatic Head and Spinal Cord program in the amount of \$421,311.

Louisiana Department of Health

Louisiana Emergency Response Network Board ~ \$27,625

- This reduction includes programmatic implementation delays in the amount of \$21,688 and a reduction in supplies in the amount of \$5,937.

Louisiana Department of Health – Acadian Area Human Services District ~ \$720,729

- This reduction is a result of attrition savings in the amount of \$298,367, a \$25,000 cut in the district's supply budget, and a reduction in acquisitions and major repairs in the amount of \$239,910. There will be a means of finance adjustment providing a one-time replacement of state general fund dollars with self-generated revenues in the amount of \$157,452.

Louisiana Department of Health – Office of Public Health ~ \$367,027

- This reduction includes attrition savings in the Public Health Services Program in the amount of \$342,713, a contract reduction in the amount of \$13,689, and a \$10,625 reduction to operating service and equipment replacement.

Louisiana Department of Health – Office of Behavioral Health~ \$2.87M

- This reduction includes \$25,000 in employee travel and attrition savings in the amount of \$376,539, and a contract elimination totaling \$39,800. There is a reduction in pharmaceutical supplies due to year end utilization in the amount of \$200,000, a reduction of \$557,146 in the Eliminating Access to Recovery program, and a reduction in the amount of \$1,675,854 in the Eliminating Care Authorization Management Activity program.

Louisiana Department of Health

Office for Citizens w/Developmental Disabilities Community Based Program ~ \$742,501

- This reduction includes the elimination of the Greater New Orleans Resource Center Dental Services in the amount of \$63,160, attrition savings in the amount of \$118,982 and a delay in the implementation of the Request for Services Registry in the amount of \$560,399.

Louisiana Department of Health

Imperial Calcasieu Human Services Authority ~ \$243,858

- This reduction is the result of attrition savings in the amount of \$243,858.

Louisiana Department of Health – Central La. Human Services District ~ \$852,656

- This reduction is the result of attrition savings in the amount of \$331,531, a contract termination totaling \$21,125, and a reduction of \$500,000 in funding for residential treatment facilities for youth and adults with addictive disorders.

Louisiana Department of Health – Northwest La. Human Services District ~ \$511,427

- This reduction is the result of attrition savings in the amount of \$218,400, a reduction of \$80,000 for operating services and supplies expenditures, a reduction in unobligated flexible family funds and individual and family supports totaling \$163,027, a contract reduction savings of \$35,000, and a \$15,000 reduction in outreach services for the homeless.

Department of Natural Resources

Office of Conservation ~ \$665,394 (Net Reduction - \$0)

- This reduction in statutory dedications includes a reduction of 5% or \$12,500 in the Underwater Obstruction Removal Fund, and a reduction of \$652,895 in the Oil and Gas Regulatory Fund. These reductions can be backfilled through a means of finance adjustment utilizing a balance in the funds in the Oil and Gas Regulatory Program.

Department of Natural Resources

Office of Coastal Restoration and Management ~ \$132,189 (Net Reduction - \$0)

- This reduction in statutory dedication is a 5% reduction to the Coastal Resources Trust Fund, which amounts to \$132,189. This reduction can be backfilled through a means of finance adjustment utilizing a balance in the fund in the Coastal Management Program.

Department of Revenue – Office of Revenue ~ \$2M

- This reduction includes cuts to various contracts, including the Tax Collections Program Tier One Call Center Contract (\$900,000) and Louisiana District Attorney Association contract (\$50,000). Further cuts include reduced funding for the Multi-State Tax Commission project (\$150,000), cuts in supplies (\$50,000), and attrition savings (\$850,000).

Department of Environmental Quality

Office of Management and Finance ~ \$2.12M (Net Reduction - \$0)

- This cut represents the remaining reduction amount to reach 5% in the Environmental Trust Fund to be backfilled with a balance in the fund.

Department of Wildlife & Fisheries – Office of Fisheries ~ \$548,535

- This reduction is the result of hiring and expenditure freeze reductions in the Artificial Reef Development Fund.

Department of Education ~ \$1.25M

- This reduction of \$1.25M is to the department's Subgrantee Assistance Program. There will be a \$250,000 reduction in state general fund dollars from the School & District Supports Program due to reduced teacher enrollment in the Professional Improvement Program (PIP).
- There will also be a \$1M reduction in state general fund from the Student-Centered Goals Program as follows: (1) \$500,000 from the LA-4 Preschool activity due to enrollment being less than anticipated in the current school year; (2) \$500,000 from the Nonpublic Schools Early Childhood Development (NSECD) activity due to enrollment being less than anticipated in the current school year. These reductions will have no impact on students or local school districts. No existing students will lose a slot in LA-4 or NSECD.

Department of Transportation & Development – Capital Outlay/Non-State ~ \$2.94M

- This cut represents a reduction of \$2.94M from the State Highway Improvement Fund, which will be backfilled from an existing undesignated balance in the fund.

TOTAL REDUCTIONS TO STATE GENERAL FUNDS ~ \$304,224,464