



# 2012 Fiscal Briefing

Presented by:  
House Legislative Services  
Fiscal Division  
February 6, 2012



# Objectives of Briefing

- Inform about functions of Fiscal Division
  - Provide high level overview of appropriations and capital outlay processes and the state's major sources of revenue
  - Provide information on significant fiscal issues for upcoming session
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# Fiscal Division Functions

- Staff for Appropriations and Ways and Means
    - Draft legislative instruments
    - Committee staffing
    - Budget Analysis
    - Research
  - Provide confidential assistance to all House members
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# STATE BUDGET INFORMATION

Presented by:  
George Silbernagel



# TOTAL STATE BUDGET

TOTAL STATE BUDGET COMPARISON FROM FY 11 TO FY 12 EXECUTIVE BUDGET				
Means of Finance	FY 10-11 as of 12/1/10	FY 11-12 Executive Budget	Change	Percent Change
State General Fund	\$7,735,489,104	\$8,288,833,837	\$553,344,733	7.2%
Interagency Transfers	\$3,838,793,023	\$3,166,738,439	-\$672,054,584	-17.5%
Fees and Self-generated Rev	\$2,941,082,700	\$3,260,005,443	\$318,922,743	10.8%
Statutory Dedications	\$4,727,807,215	\$3,793,550,819	-\$934,256,396	-19.8%
IEB	\$1,116,594	\$0	-\$1,116,594	-100.0%
<u>Federal Funds</u>	<u>\$11,921,364,175</u>	<u>\$10,983,139,414</u>	<u>-\$938,224,761</u>	<u>-7.9%</u>
<b>TOTAL</b>	<b>\$31,165,652,811</b>	<b>\$29,492,267,952</b>	<b>-\$1,673,384,859</b>	<b>-5.4%</b>



# TOTAL STATE BUDGET

TOTAL STATE BUDGET COMPARISON FROM FY 11 TO FINAL ENACTED BUDGET				
Means of Finance	FY 10-11 as of 12/1/10	FY 11-12 as Enacted	Change	Percent Change
State General Fund	\$7,735,489,104	\$8,261,291,581	\$525,802,477	6.8%
Interagency Transfers	\$3,838,793,023	\$3,168,753,223	-\$670,039,800	-17.5%
Fees and Self-generated Rev	\$2,941,082,700	\$3,428,989,813	\$487,907,113	16.6%
Statutory Dedications	\$4,727,807,215	\$3,940,992,970	-\$786,814,245	-16.6%
IEB	\$1,116,594	\$0	-\$1,116,594	-100.0%
<u>Federal Funds</u>	<u>\$11,921,364,175</u>	<u>\$11,105,220,637</u>	<u>-\$816,143,538</u>	<u>-6.8%</u>
<b>TOTAL</b>	<b>\$31,165,652,811</b>	<b>\$29,905,248,224</b>	<b>-\$1,260,404,587</b>	<b>-4.0%</b>



# TOTAL STATE BUDGET

FY 11-12 EXISTING OPERATING BUDGET (EOB)				
Means of Finance	FY 11-12 as Enacted	FY 11-12 EOB (12/31/11)	Change	Percent Change
State General Fund	\$8,261,291,581	\$8,107,535,419	-\$153,756,162	-1.9%
Interagency Transfers	\$3,168,753,223	\$3,205,150,622	\$36,397,399	1.1%
Fees and Self-generated Rev	\$3,428,989,813	\$3,442,794,404	\$13,804,591	0.4%
Statutory Dedications	\$3,940,992,970	\$4,075,139,654	\$134,146,684	3.4%
IEB	\$0	\$511,853	\$511,853	N/A
<u>Federal Funds</u>	<u>\$11,105,220,637</u>	<u>\$11,214,317,488</u>	<u>\$109,096,851</u>	<u>1.0%</u>
<b>TOTAL</b>	<b>\$29,905,248,224</b>	<b>\$30,045,449,440</b>	<b>\$140,201,216</b>	<b>0.5%</b>

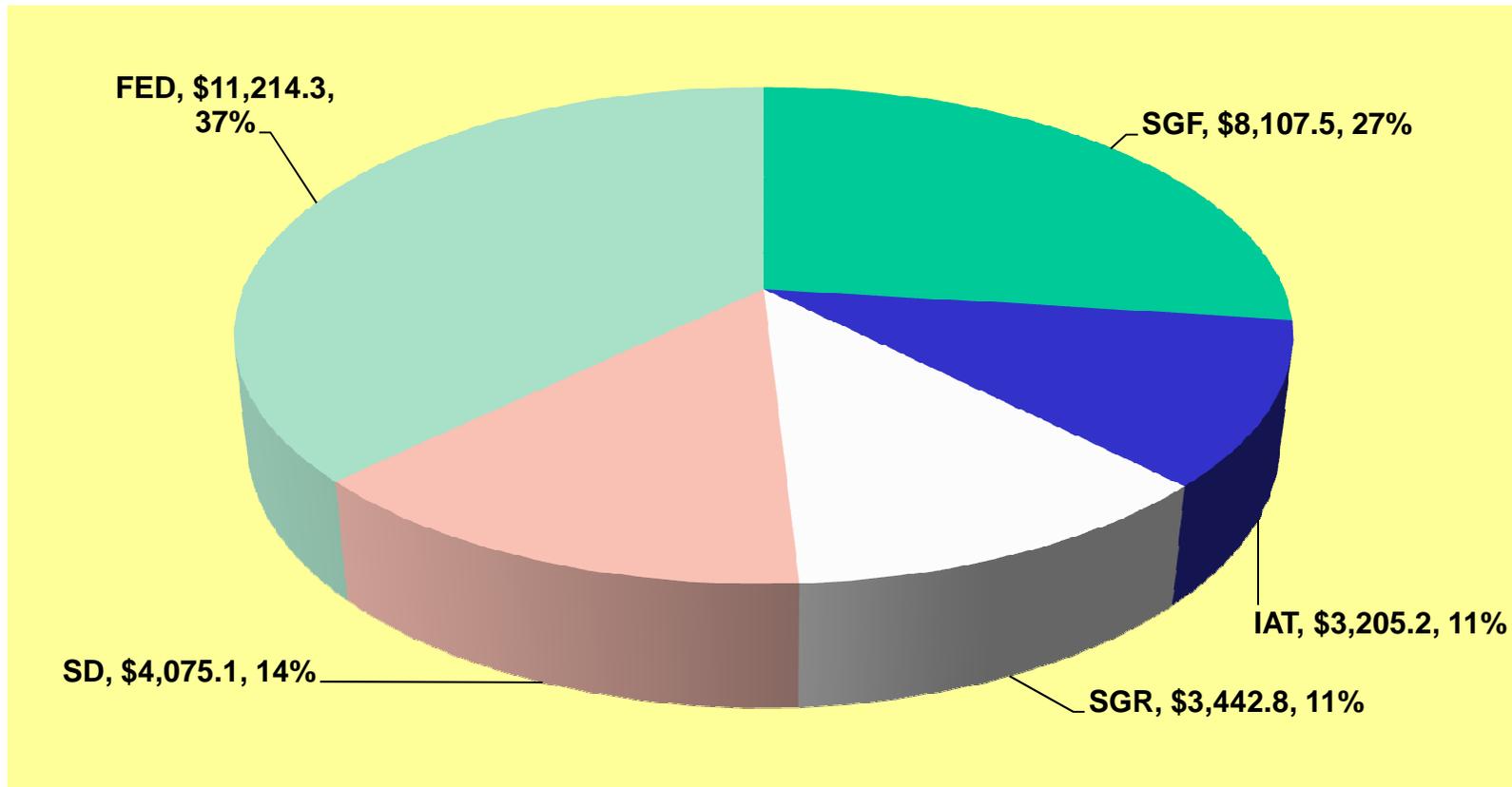


## **FY 11-12 MID-YEAR DEFICIT**

- December 14, 2011 Meeting of the Revenue Estimating Conference
- Official FY 11-12 Forecast Revised Downward by \$197.8 million
- Prior-Year FY 10-11 Deficit Existed of \$13.8 million
- MFP Additional Cost of \$42.7 million
- Administration had a \$251.3 million problem
- BJ Executive Order 2011-25 ordered \$141 million in reductions and recommended \$110 million in savings to the Joint Legislative Committee on the Budget

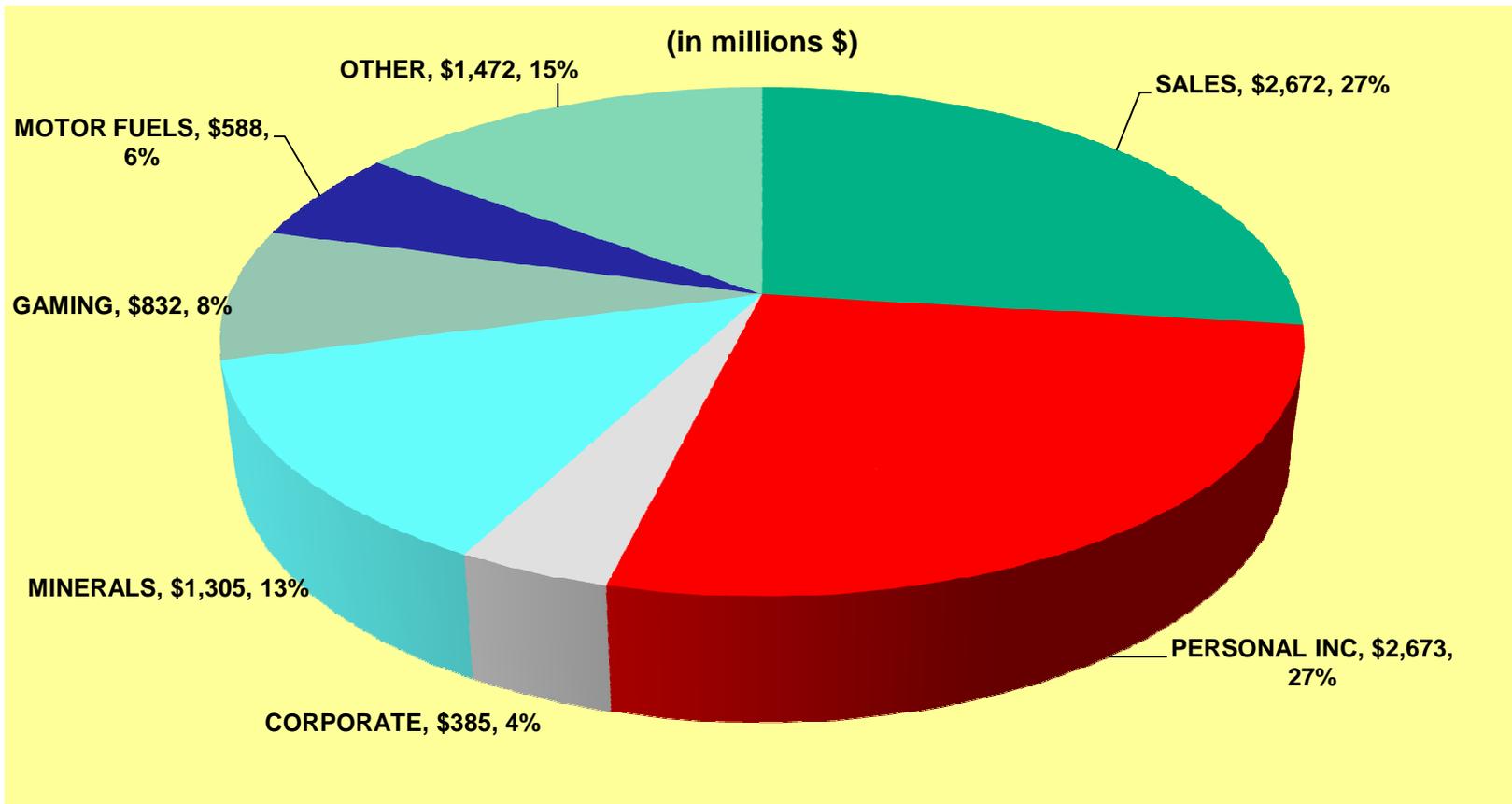


## FY 11-12 State Budget (in millions \$)





# FY 11-12 Total Taxes, Licenses and Fees





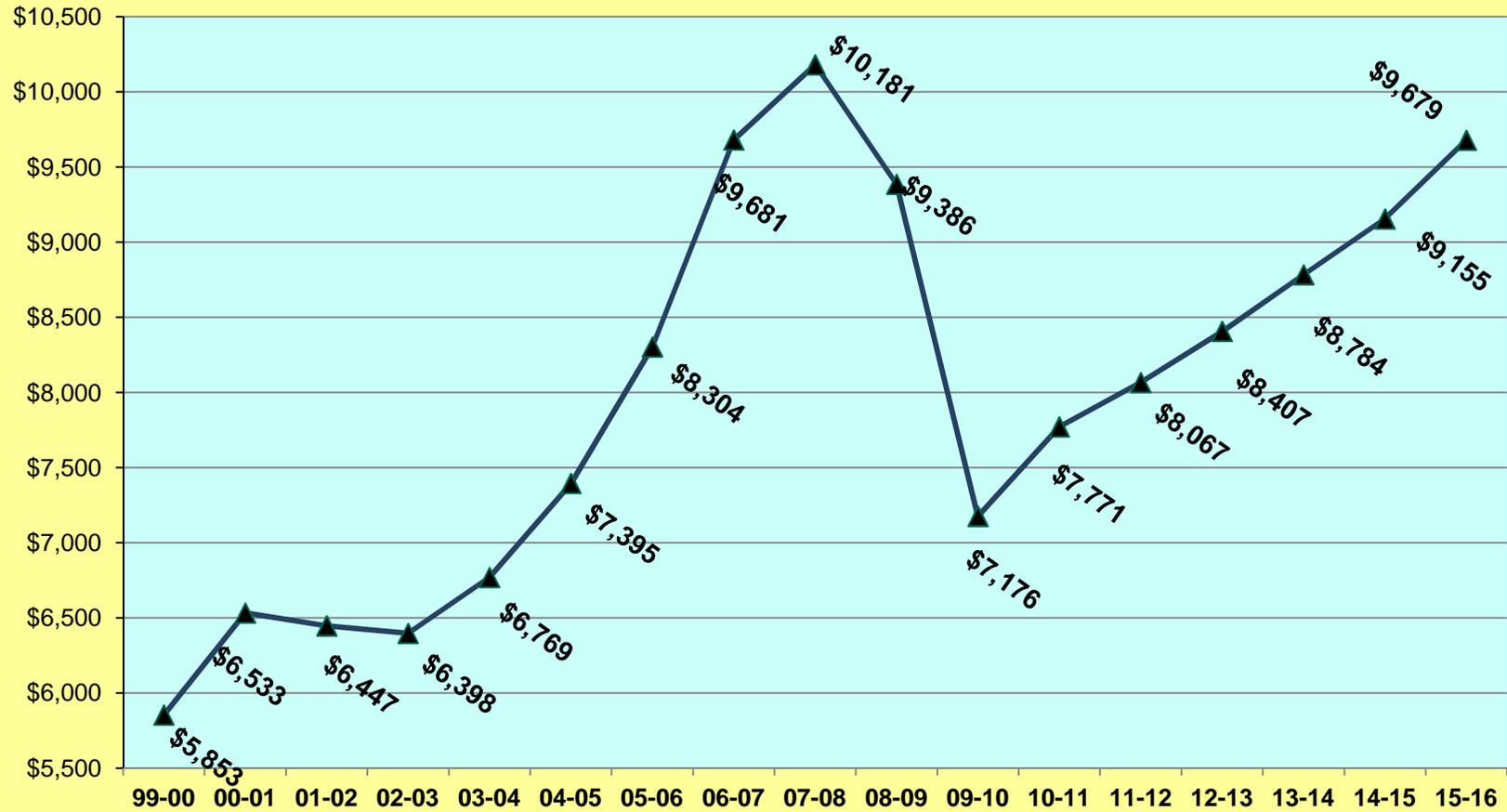
## SGF Revenues

(in millions \$)	FY08	FY12	FY13
SGF-direct	10,180.9	8,067.0	8,407.0

- SINCE FY 08:
- FY13 General Sales Tax down \$100 million (-4%)
- FY13 Personal Income Tax down \$293 million (-9%)
- FY13 Corporate Business down \$705 million (-65%)
- FY13 Minerals down \$661 million (-33%)
- Overall, FY13 down 15% from FY08

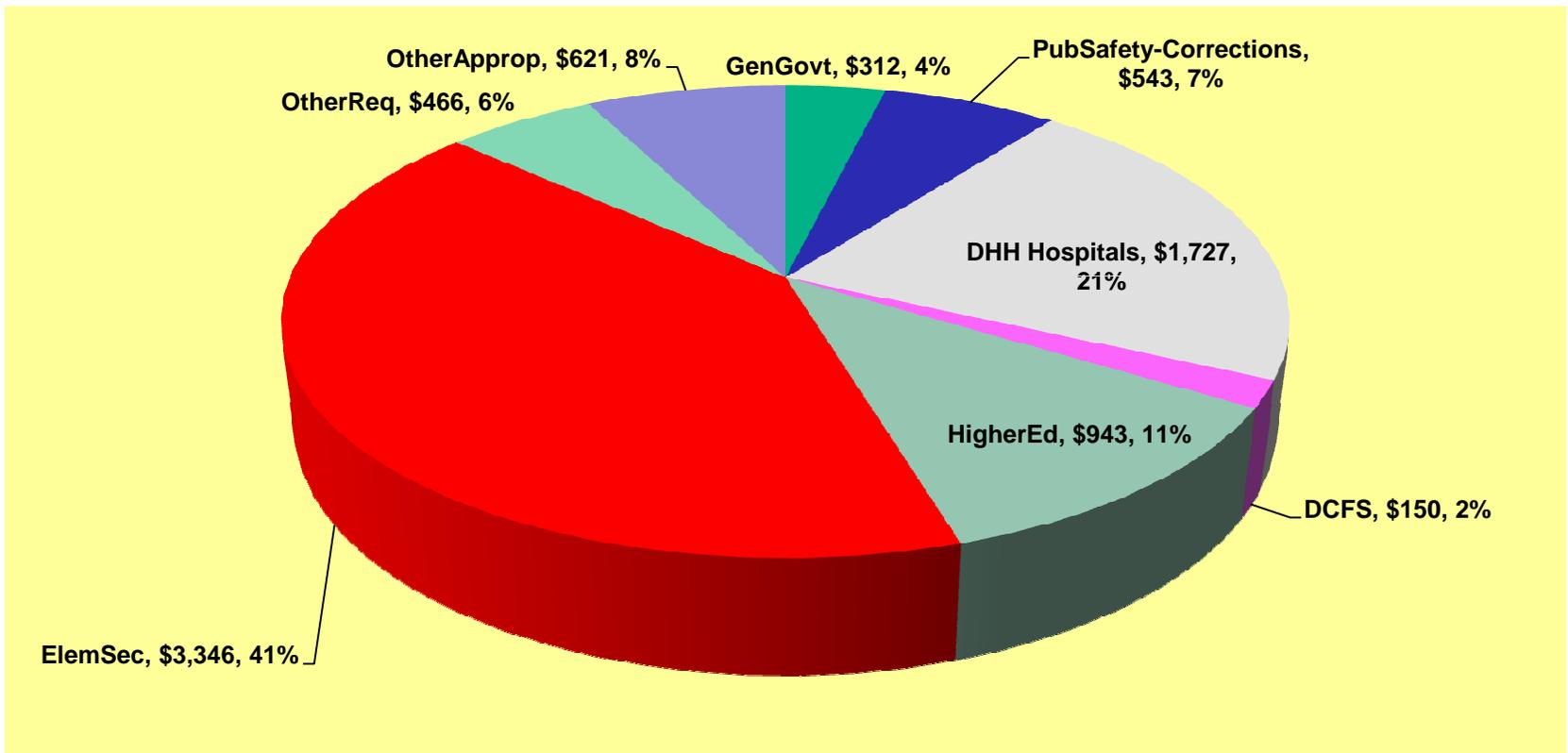


### SGF Direct (in millions \$)



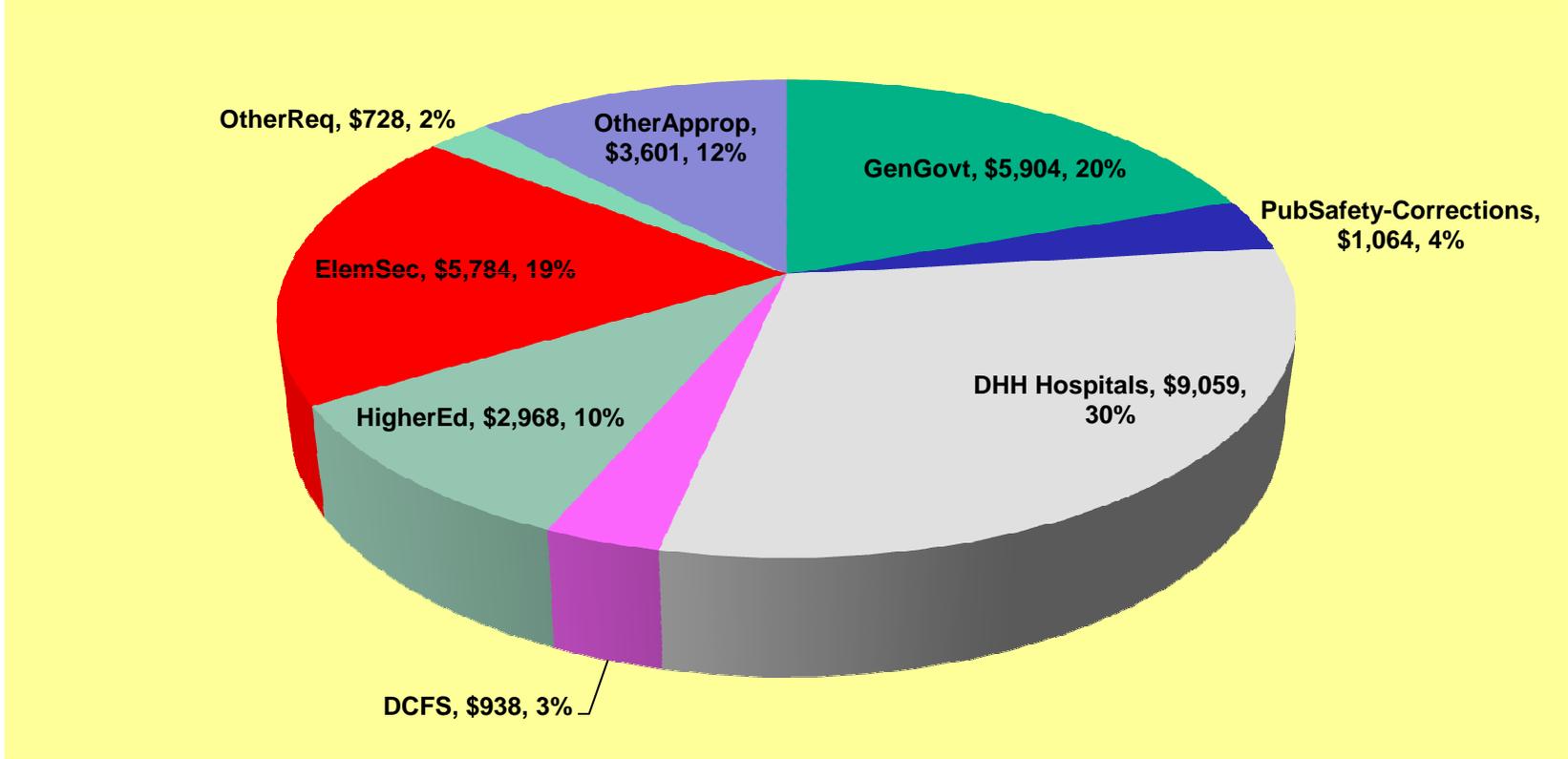


## FY 11-12 SGF MAJOR EXPENDITURES (in millions \$)





# FY 11-12 TOTAL MAJOR EXPENDITURES (in millions \$)





## **FY 12-13 CONTINUATION HISTORY**

- CONTINUATION PROJECTION AS DEVELOPED BY THE DIVISION OF ADMINISTRATION
- \$8.407 Billion State General Fund Revenue
- \$9.301 Billion State General Fund Expenditures
- \$894 Million State General Fund Shortfall
- The Continuation Projection assumes that inflation, merits and similar items along with replacement of one-time Federal and other nonrecurring funds will be funded with SGF



## **FY 12-13 CONTINUATION HISTORY**

- What Other Factors Will Impact the SGF Deficit?
- 1) The Mid-Year Deficit Reductions have not been considered in FY 12-13 projections
- 2) MFP Enrollment may be greater than what is projected
- 3) Other Funds may be substituted for SGF
- 4) Merits, Retirement, Inflation and other operating costs may be passed on to agencies without additional funding



**11-12 Appropriated Discretionary SGF  
(\$2.3 billion - 28% of Total SGF)**

**Public Safety,  
\$120,175,097, 5%**

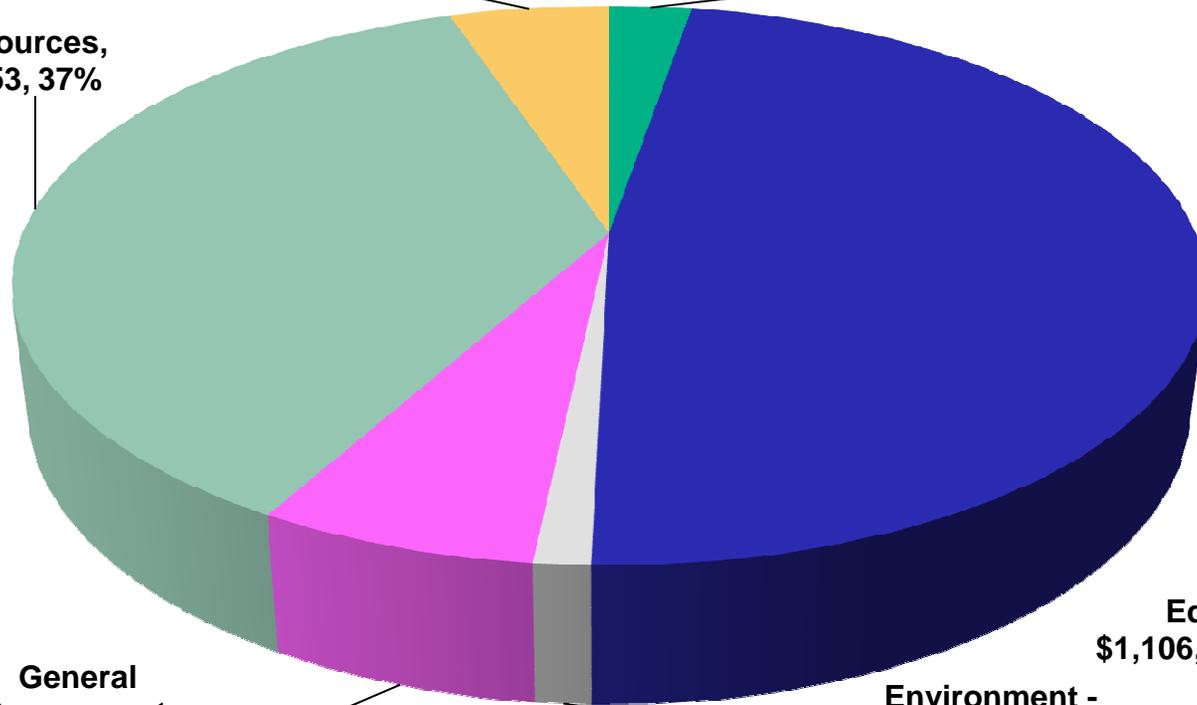
**Business -  
Infrastructure,  
\$61,873,819, 3%**

**Human Resources,  
\$851,732,353, 37%**

**General  
Government,  
\$148,424,787, 6%**

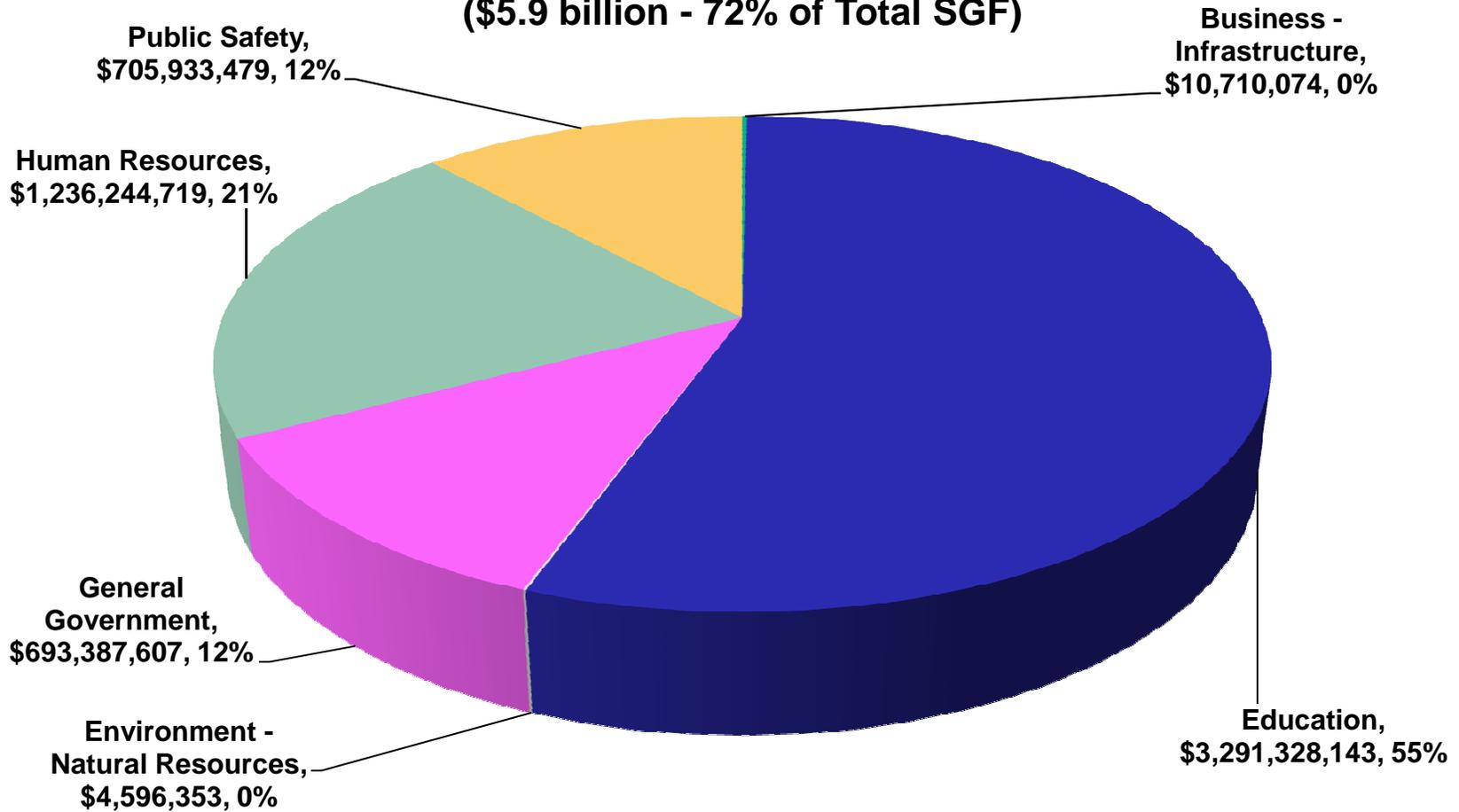
**Environment -  
Natural Resources,  
\$30,041,303, 1%**

**Education,  
\$1,106,843,847, 48%**





### 11-12 Appropriated Non-Discretionary SGF (\$5.9 billion - 72% of Total SGF)





## 11-12 Appropriated Non-Discretionary SGF Categories (in millions \$)

Constitution	\$3,703
Federal Mandate	\$873
Unavoidable Obligations	\$556
Statutory Obligations	\$251
Avoidance of Court Order	\$246
Other Appropriation Bills	\$219
Appropriated Debt Service	\$90
Due to Court Order	<u>\$4</u>
Total	\$5,942



## State Employment Data

- State Full-Time Equivalent Employment as of December 2007 – 93,554
- State Full-Time Equivalent Employment as of May 2011 – 82,842
- Change during the First Term – 10,712 Full-Time Equivalent Reduction



## Five Year Revenue Forecast (in millions \$)

	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Revenues	\$8,067	\$8,407	\$8,784	\$9,155	\$9,679
Change		\$340	\$378	\$371	\$524
Percent		4.2%	4.5%	4.2%	5.7%

- The Five Year Revenue Forecasts are as adopted at the REC December 2011 meeting



## Five Year Revenue and Expenditure Projections (in millions \$)

	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Revenues	\$8,067	\$8,407	\$8,784	\$9,155	\$9,679
Expenditures		\$9,301	\$9,482	\$9,749	\$10,345
Difference		-\$894	-\$698	-\$594	-\$666

- The Revenues are as adopted at the REC December 2011 meeting
- The Expenditures are as calculated by the Office of Planning and Budget, Division of Administration



# Revenue

Presentation by  
Alison Pryor and Elise Read  
House Committee on Ways and Means Staff

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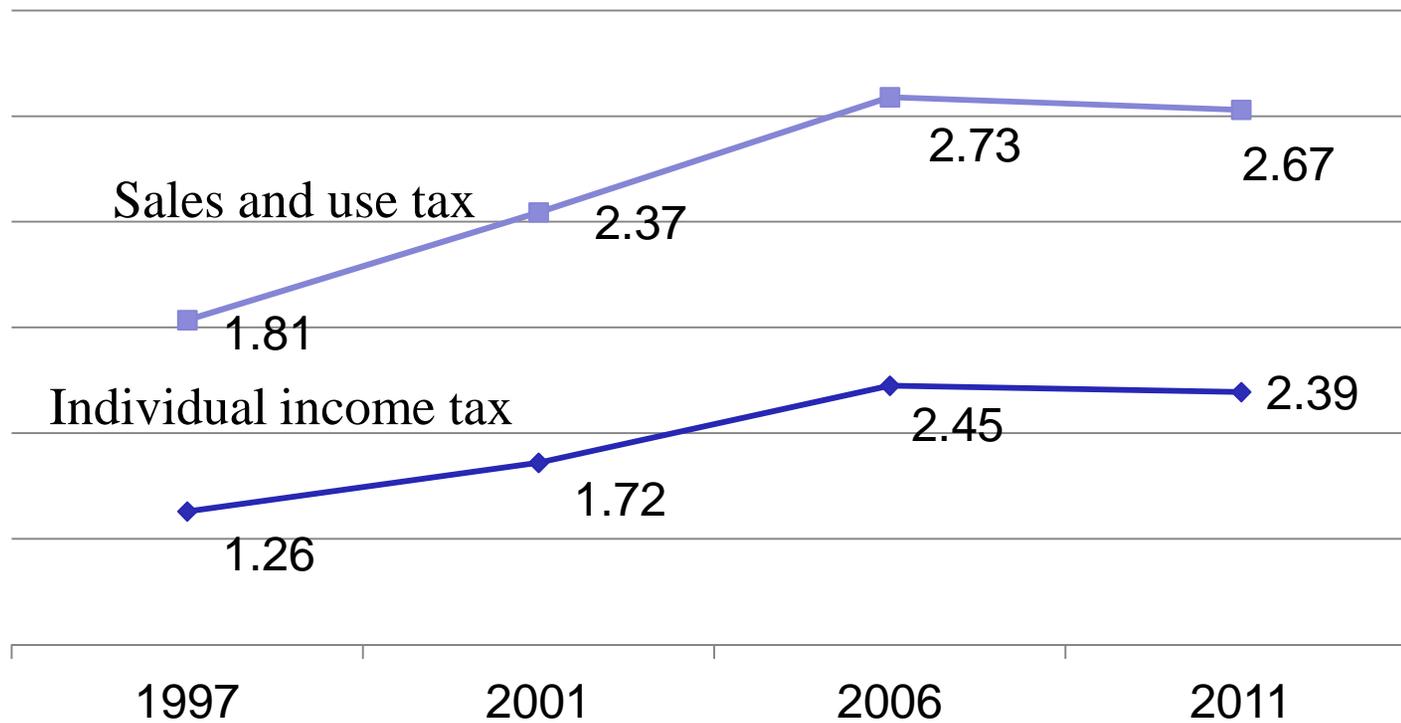
## Major Sources of State Revenue (FY11)

- Sales and use tax \$2.6 B
- Individual income tax \$2.4 B
- Gaming \$822 M
- Severance tax \$759 M
- Gasoline and special fuels tax \$607 M
- Mineral lease royalties, etc. \$546 M
- Corporation income and franchise tax \$262 M



# 15-Year History of Primary Revenue Sources

Sales and use tax and Individual income tax (in billions)





# Per Capita Total State Tax Collections – All States (FY10)

## For all taxes:

US average \$2,286

Highest: Alaska \$6,361... Lowest: So. Carolina \$1,471

***Louisiana is #36 at \$1,932***

## For all taxes except severance:

US average \$2,251

Highest: Vermont \$4,013 ... Lowest: So. Carolina \$1,471

***Louisiana is #37 at \$1,764***



# Per Capita Total State Tax Collections – Neighboring States (FY10)

	<u>All taxes</u>	<u>All taxes excluding severance</u>
Arkansas	\$ 2,496	\$ 2,474
Mississippi	\$ 2,113	\$ 2,082
Louisiana	\$ 1,932	\$ 1,764
Alabama	\$ 1,712	\$ 1,693
Texas	\$ 1,567	\$ 1,498



## **Sales and Use Tax \$2.6 B (FY11)**

- 4% of the sales price or cost of tangible personal property sold, consumed, or stored for use in La., leases and rentals of tangible personal property and sales of certain services.
- Nearly 200 exemptions and exclusions, some of the largest are the constitutional prohibitions on state sales taxes on food for home consumption, prescription drugs, and residential utilities.



## **LA Individual Income Tax \$2.4 B (FY11)**

- Tax rates levied upon federal AGI of single filers:
  - 2% on first \$12,500 of taxable income
  - 4% on next \$37,500 of taxable income
  - 6% on the taxable income over \$50,000

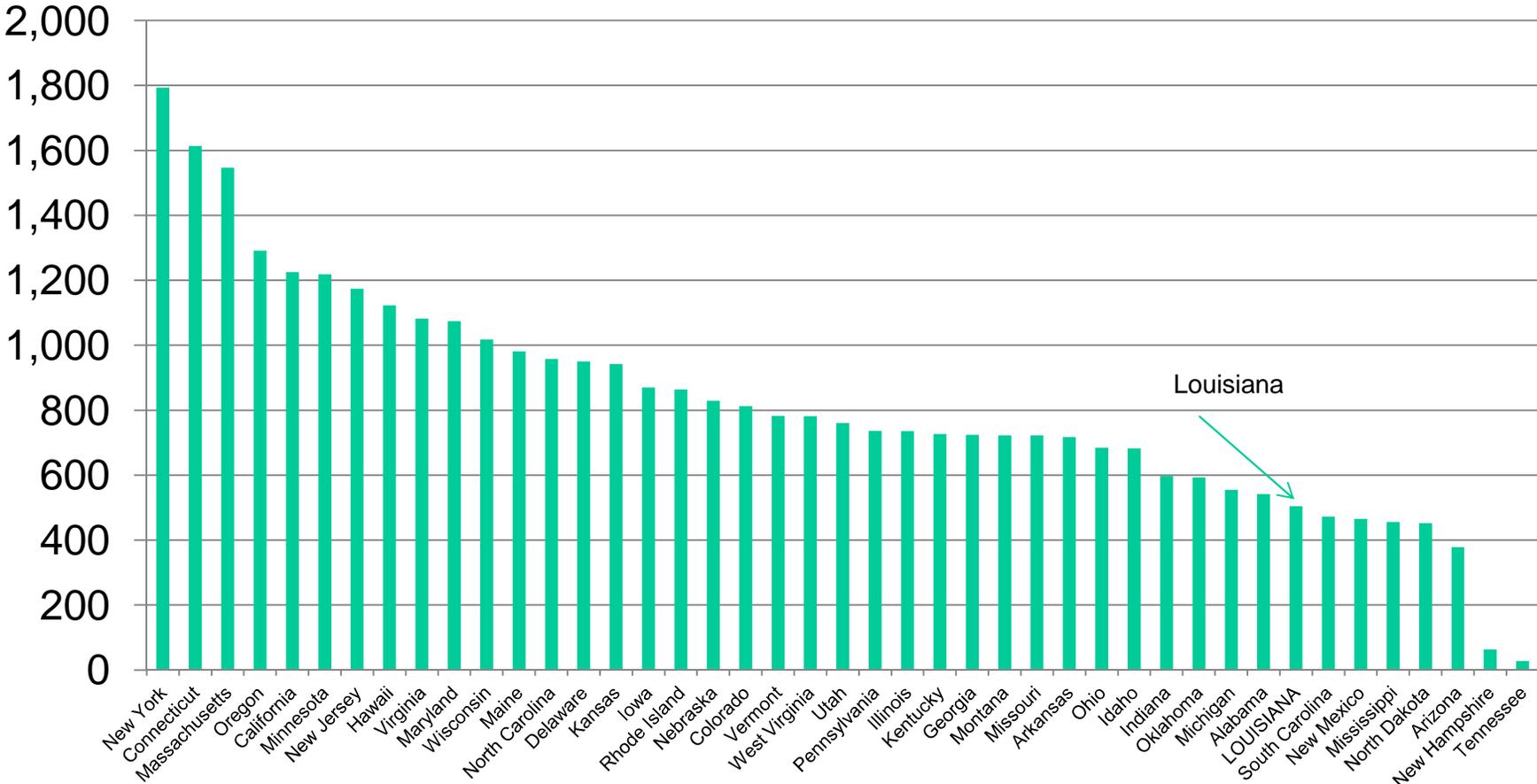
2 million returns per year:

*Those below \$50K = 66% of returns and 17% of the total tax liability*

*Those above \$100K = 13% of returns and 56% of the total tax liability*



# Per capita individual income tax by state





# Gaming Revenues \$ 822 M (FY11)

Revenues are derived from various fees and taxes on the proceeds from the following types of gaming:

- Riverboat
- video draw poker
- race track slots
- charitable gaming
- lottery
- land-based casino

Over 40% of the total is attributable to riverboat gaming.



## **Severance Tax \$ 759 M (FY11)**

- Levied upon the severance or extraction of certain minerals and other natural resources from the soil or ground.
- Tax rate is dependent upon the resource severed.
- Oil, gas, minerals and timber



# **Gasoline and Special Fuels Taxes \$ 607 M (FY11)**

- Gasoline and diesel sold in or imported into La.
- Rate is 20 cents per gallon.
- Revenues are deposited into the Transportation Trust Fund (“TTF”). Use of this revenue is constitutionally restricted for construction and maintenance of highways and bridges in the state and federal system, flood control, ports, airports, public transit, state police traffic control, and the Parish Transportation Fund.



# **Mineral Leasing Activity:**

## **Royalties and Bonuses \$ 546 M (FY11)**

- These are NOT taxes. Source of revenue is the leasing of state land to private parties for oil and gas exploration.
- Royalties-  
Bid on at the lease sale and can not be less than 1/8 of the value of production.
- Bonuses-  
All oil and gas leases provide for a bonus which is bid on at the time the lease is given.



# Corporation Income and Franchise Taxes

## \$ 262 M (FY11)

- Corporation income tax is levied upon the La. taxable income of corporations.

*Taxable income is the net income earned or derived from sources within the state, after adjustments, less federal income tax deductions.*

- Rates:

4% on first \$25,000 of taxable income

5 % of the next \$25,000 of taxable income

6% of the next \$50,000 of taxable income

7 % of the next 100,000 of taxable income

8% of taxable income over \$200,000



# Corporation Franchise Tax

- Tax is levied upon the taxable capital of corporations, including capital stock, surplus, and undivided profits.
- Rate is:
  - \$1.50 per \$1,000 (up to \$300,000)
  - \$3.00 per \$1,000 (above \$300,000)



# State Appropriations Process

Presentation by  
Peter Conroy and Nancy Keaton,  
House Appropriations Committee staff

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## How does this process work?

### What's my role as a legislator?

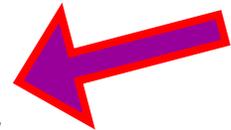
- **Governor** submits budget to legislature prior to regular session - - becomes appropriation bills
- **Legislature** changes and votes during regular session
  - **Members** propose changes via amendment process
- **Executive branch** implements, with oversight by legislative committee (Joint Legislative Committee on the Budget)



# Fiscal Years

Fiscal years run from July 1 to June 30

*We are in the middle of FY11-12 . . .*



You will see proposals to amend this budget during the 2012 Regular Session

Also in the Regular Session you will be adopting the budget for FY12-13



# Topics of Discussion

## FY 12/13 Budget

- Discussion of development of budget for fiscal year beginning July 1, 2012:
  - What has happened or will happen prior to the 2012 Regular Session?
  - What happens during the session?
  - What happens after the session?



# Prior to Session

- Agencies prepare initial budget requests by mid-November
- “Continuation budget” presented to Joint Legislative Committee on the Budget
- Division of Administration prepares Executive Budget



# Prior to Session

- **By February 10, 2012-**
  - Executive Budget presented to Joint Budget Committee
  - General Appropriation Bill submitted by governor that conforms to Executive Budget
- Copies available online at <http://www.doa.louisiana.gov/OPB/pub/ebsd.htm>

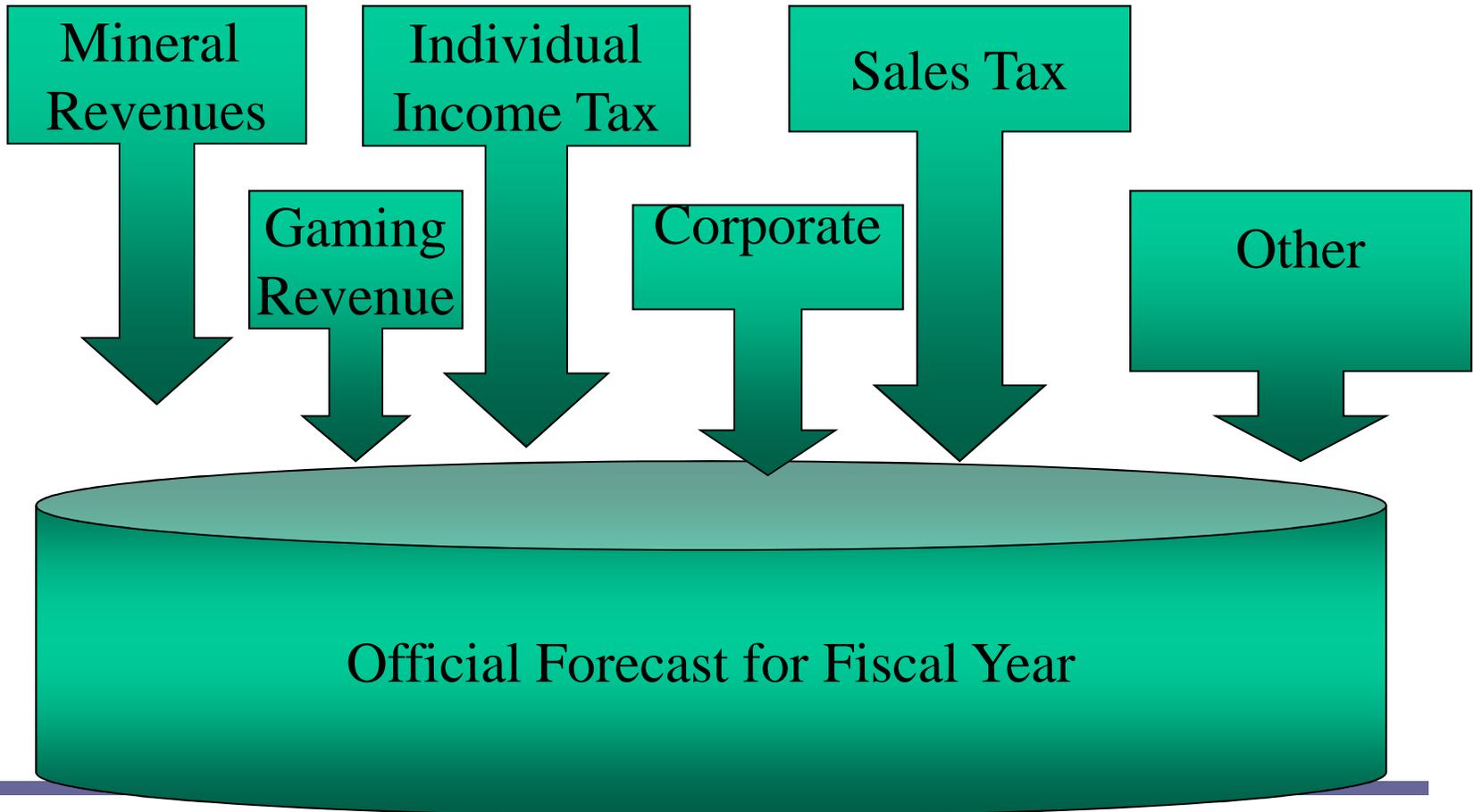


# Executive Budget Limitations

- Budget may not spend more than is available - the Revenue Estimating Conference Official Forecast
- Budget growth is restricted - may not propose to spend over the expenditure limit

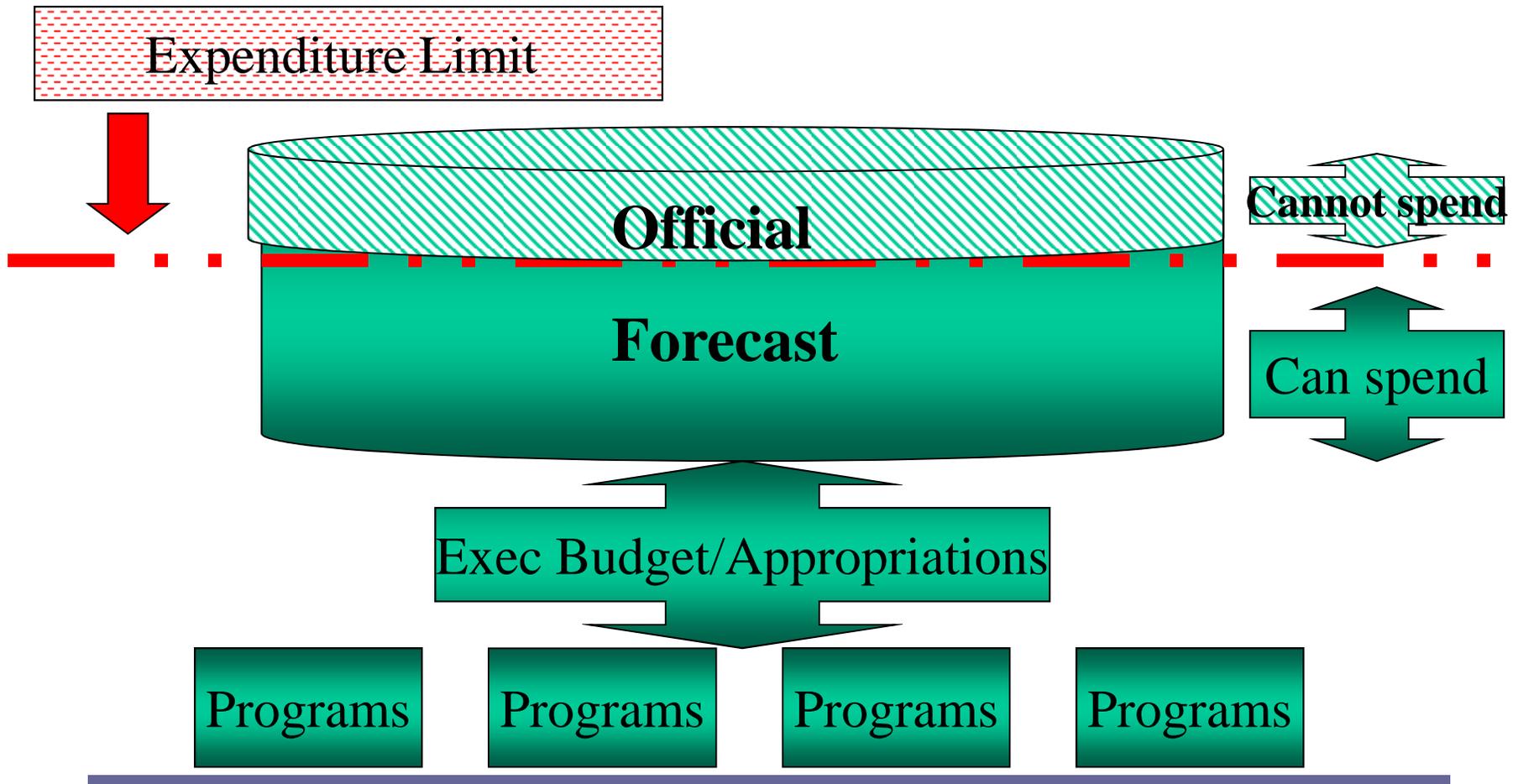


# Official Forecast





# Expenditure Limit





# During Session - Appropriation Bills

- Governor submits General Appropriation Bill (House Bill No. 1) that conforms to Executive Budget for Executive Branch
- Must originate in the House
- Appropriations are for no more than one year



# Appropriation Bills

- Separate bills for Executive, Legislative, and Judicial Branches
- Bills supplementing the budget of the current year are referred to as supplemental appropriation bills



# Components of HB 1

- Preamble
- Agency appropriations by Schedule
- Line item amendments
- Children's Budget
- Comparative Statement
- Addenda and other supplemental material required by law and by rule



# Line Item Amendments

- **From** a specified source, such as State General Fund (Direct)
- **To** a specific program or entity
- **For** a particular purpose
- **For** a specific amount
- Supplemental information form required for Nongovernmental Organizations (NGO's)



# Committee Hearings

- All appropriation bills are heard by the House Appropriations Committee (HAC)
- Amendments adopted in committee
- Committee amendments offered on behalf of administration
- Committee amendments only offered by committee members



# House Floor Debate

## -Committee of the Whole

- HB1 is considered in “Committee of the Whole”
  - Speaker appoints a chairman
  - Discussion proceeds in schedule order
  - Bill author amendments considered initially; other sets of amendments are considered when discussing the schedule



# House Floor Debate

- House concludes “Committee of the Whole”
- House votes to adopt Committee of the Whole report
- Floor amendments may be offered on third reading and final passage, generally in order submitted to desk



# Senate Action

- Referred to Senate Finance Committee
- Debate by schedule on Senate floor, but not committee of the whole
- Bill returned to the House w/Amendments
  - House prepares summary of Senate amendments
  - May prepare unofficial enrollment

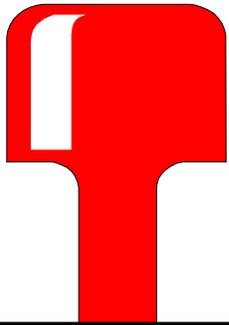


# Returned to House

- If Senate amendments are rejected by the House
  - HB 1 sent to conference committee of three Representatives and three Senators
  - Report of conference committee must be adopted by both chambers for HB 1 to pass
- If Senate amendments are accepted by the House
  - HB 1 is adopted and sent to the Governor



# Gubernatorial Action



Line Item Veto

- Governor can veto bills
- Governor can veto “line-items” in appropriation bills
- Legislature can override veto by 2/3 vote



# After Session

- Legislative Fiscal Office prepares summary of appropriations (July 31, 2012)
- Governor prepares state budget document (October 1, 2012)
- **Fiscal Year Ends (June 30, 2013)**
- Comprehensive Annual Financial Report (CAFR) due (December 31, 2013)



# Joint Legislative Committee on the Budget

- Interprets legislative intent respecting all fiscal and budgetary matters of the state
- Reviews monthly budget status statement
- Approves budget changes (BA-7s)
  - Adjustments in non-SGF appropriations
  - Transfers of monies between programs
- Approves capital outlay change orders
- Assorted functions prescribed by law



# Capital Outlay Process

Presentation by  
Alison Pryor and Elise Read  
House Committee on Ways and Means Staff

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# What is “capital outlay”?

Defined by state statute as expenditures for acquiring lands, buildings, equipment, or other permanent properties, or for their preservation or development or permanent improvement.



# How do I get my capital outlay project funded?

- Entity submits an application to the Division of Administration (DOA)
- Inclusion in the Capital Outlay Bill (HB 2)
- State Bond Commission (SBC) line of credit approval (applies for bond funding only)
- Cooperative Endeavor Agreement
- Administration of the Project



# Request Process

Entity requesting funding submits a capital outlay request electronically to the DOA by November 1<sup>st</sup> deadline.

Application *includes* a letter of support from either the senator or representative from whose district the proposed project is to be located.

**DOA is strictly enforcing this deadline.**



# Request Process

Opportunities for late approval of applications:

- Project is for a non-state entity with a total project cost of less than \$1M and the project is approved by the Joint Legislative Committee on Capital Outlay (JLCCO) no later than Feb. 1<sup>st</sup>.
- Project is an emergency project recommended in writing by the commissioner of administration.
- Project is an economic development project recommended in writing by the secretary of the Department of Economic Development.



# Capital Outlay Bill

## Capital Outlay Bill – HB 2

Executive branch begins developing the Original bill in November.  
Statute requires the Original bill to be introduced in the House by  
the 8<sup>th</sup> day of the Regular Session.

### House Action:

House Ways and Means Committee – bond funding amendments

House Appropriations Committee – cash funding amendments

House Floor – both bond and cash funding amendments



# Sample HB 2 appropriation:

## 50/M65 DERIDDER

(725) Community Recreational Building and Shelter,  
Planning and Construction  
(Beauregard)

Payable from General Obligation Bonds

Priority 1	\$	500,000
Priority 2	\$	500,000
Priority 5	\$	<u>1,975,000</u>
Total	\$	<u><u>2,975,000</u></u>



# Priorities – What do they mean?

## Priority 1 – Cash line of credit

- Continuation of an existing cash line of credit (old money).

## Priority 2 – New appropriation

- *Must* receive a cash line of credit from the SBC in the year it is appropriated in order for it to be considered *approved* funding for the project.

## Priority 5 – New appropriation or continuation of an existing non-cash line of credit

- New appropriation *must* receive a non-cash line of credit from the SBC in order for it to be considered approved funding for the project.
- Continuation of an existing non-cash line of credit (trailing funds).

## Priorities 3 and 4 – lowest category of funding

- P3 and P4 only considered for funding after P1 and P2.



# Implementation of the Capital Outlay Act

1. In July, the DOA sends appropriation letters to entities with projects contained in HB 2 as enacted.
  - Entities submit requests for a line of credit and their co-op data forms.
2. DOA prepares and submits recommendations for lines of credit to the JLCCO prior to submission to the SBC.
3. SBC considers the line of credit recommendations from the DOA.
  - If a project receives a line of credit, the project is considered “funded” for the amount of the line of credit.



# State Bond Commission

If the DOA does ***NOT*** recommend a project for a line of credit ***or*** if the SBC does not approve a line of credit recommendation for the project it is as if the appropriation ***never existed***. The entity must resubmit its capital outlay application by the November 1<sup>st</sup> deadline in order to be considered for funding in the next fiscal year.



# Debt

Presentation by  
Sharon Perez  
Public Finance Specialist

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# Net State Tax Supported Debt

Article VII, Section 6(F) of the State Constitution limits the amount of net state tax supported debt (“NSTSD”) that may be issued in any fiscal year.

Debt service payments on NSTSD cannot exceed 6% of the General fund and dedicated fund revenue estimates each fiscal year.

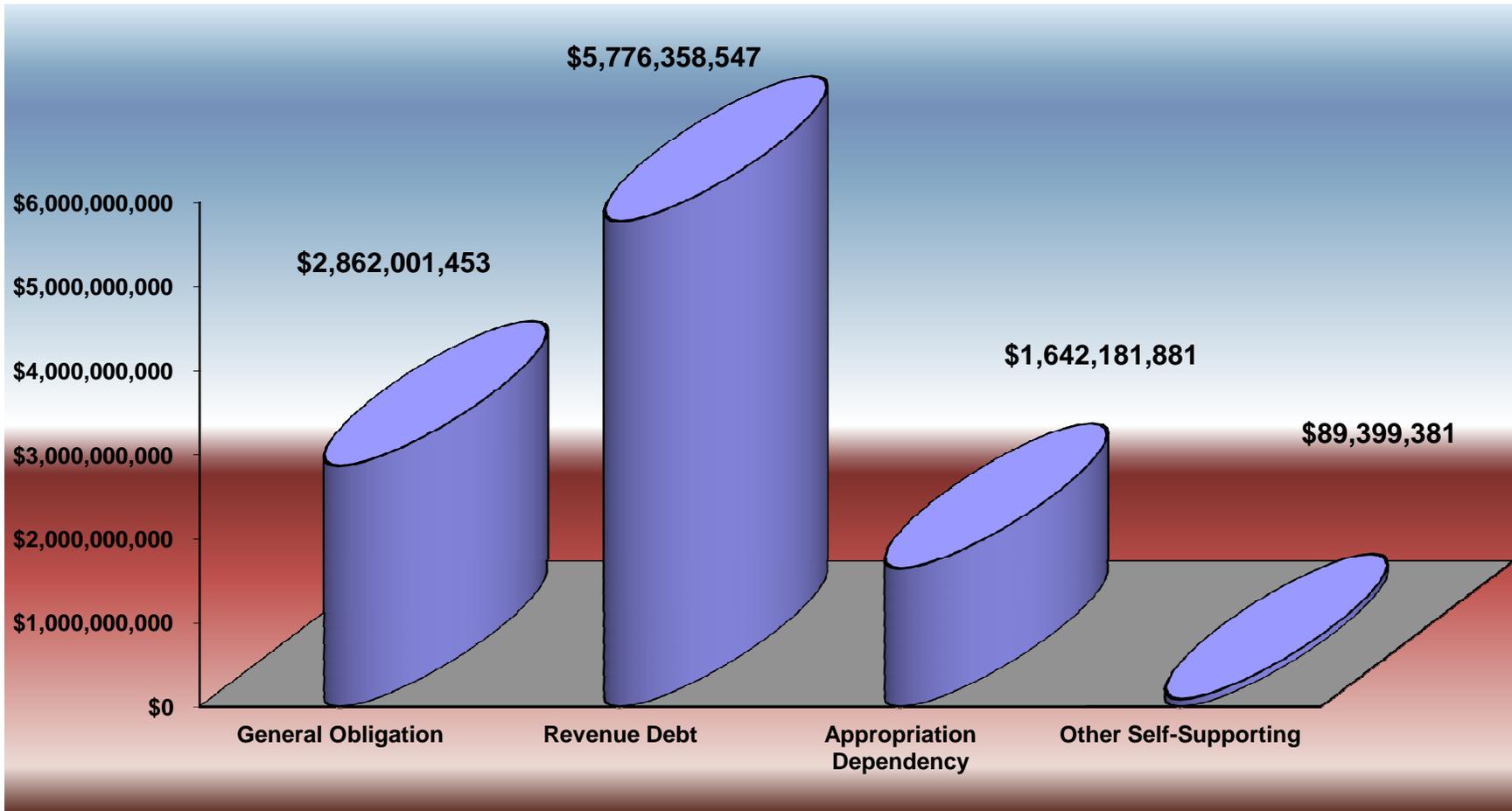


## **What is included in “net state tax supported debt”?**

- General Obligation Bonds secured by the full faith and credit of the State
- Revenue Bonds - secured by statewide tax revenues or statewide special assessments (Gasoline and Fuels Tax Revenue Bonds)
- Appropriation Dependency Debt - secured by capital leases of immovable property payable by the State or appropriations of the State
- Other Self-Supporting Debt (bonds secured by self-supported revenues which may not be sufficient to pay debt service)



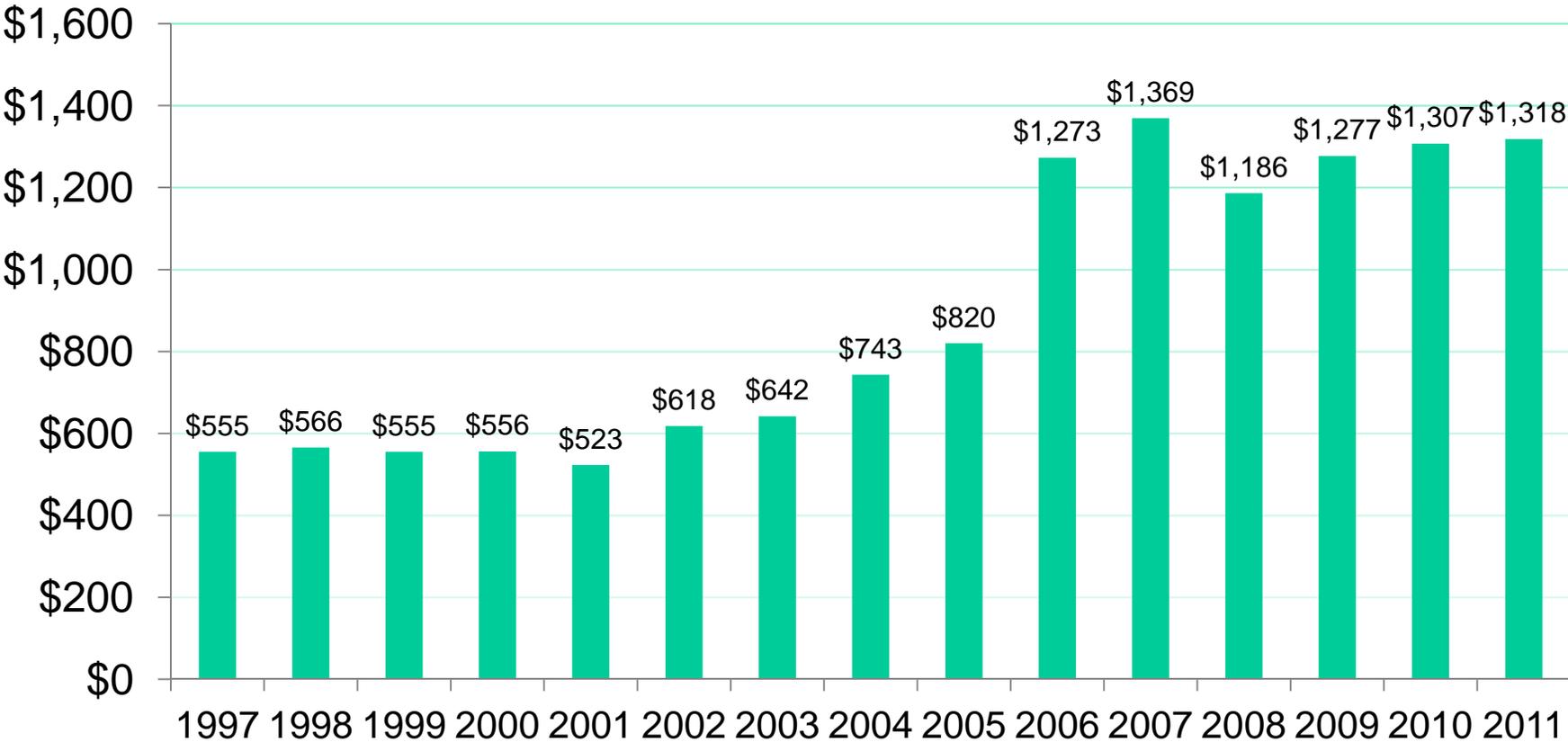
## NET STATE TAX SUPPORTED DEBT Total Outstanding December 31, 2011 Principal and Interest



Source: State Bond Commission



# NSTSD PER CAPITA



Source: State Bond Commission



# LUNCH





# Fiscal Issues





# Department of Health and Hospitals

Presentation by  
Chris Keaton and Nancy Keaton

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## BIGGEST CONSUMERS OF BUDGET DOLLARS

FISCAL YEAR 11-12 (Numbers in Billions)

DEPARTMENT	TOTAL	STATE EFFORT	FEDERAL
HEALTH AND HOSPITALS	\$8.2	\$2.6	\$5.2
ELEMENTARY EDUCATION	\$5.6	\$3.6	\$1.4
HIGHER EDUCATION	\$3.0	\$2.4	\$0.2
SUBTOTAL	\$16.9	\$8.6	\$6.8
TOTAL BUDGET	\$29.9	\$15.1	\$11.1

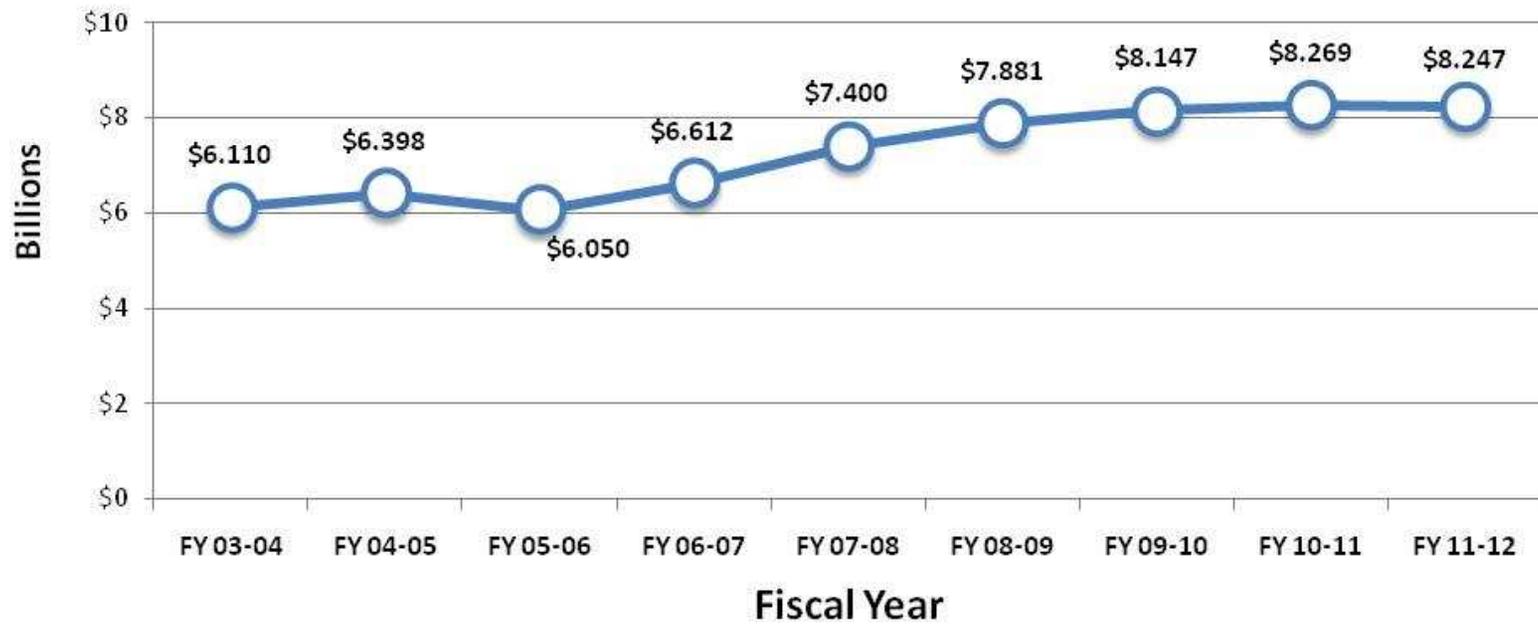


DHH COMPARED TO TOTAL STATE BUDGET  
 FY 2011-12 (MOF Numbers in Thousands)

MEANS OF FINANCE	DHH	TOTAL STATE BUDGET	% OF TOTAL STATE BUDGET
State General Fund	\$1,724,052	\$8,261,292	21%
Interagency Transfers	\$500,786	\$3,168,753	16%
Fees and Self-gen. Rev.	\$178,160	\$3,428,990	5%
Statutory Dedications	\$656,413	\$3,940,993	17%
Federal Funds	\$5,187,225	\$11,105,221	47%
<b>TOTAL MOF</b>	<b>\$8,246,636</b>	<b>\$29,905,249</b>	<b>28%</b>
Authorized Positions	8,458	72,682	12%

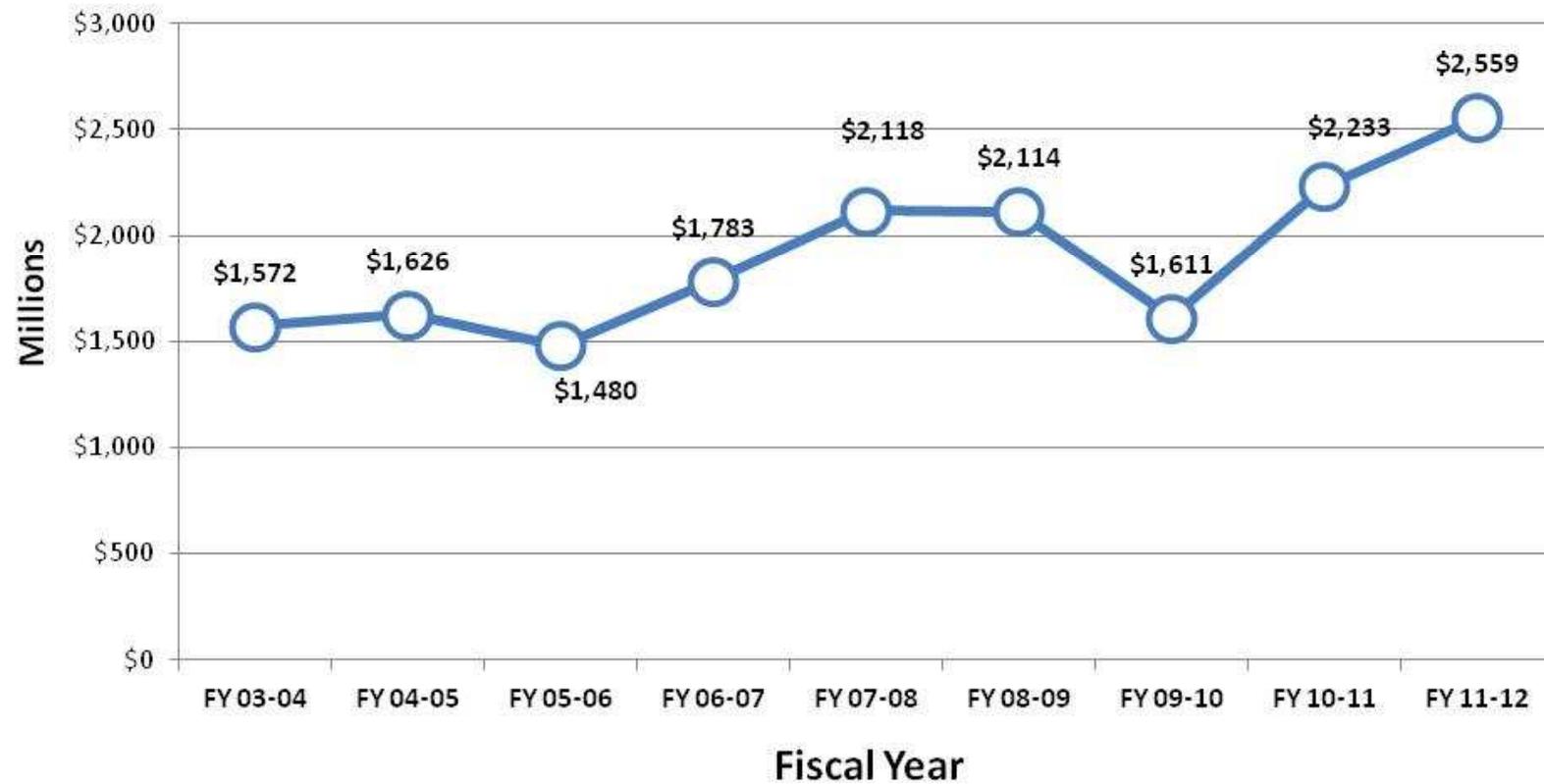


## DEPARTMENT OF HEALTH & HOSPITALS (Total Funding)





## DEPARTMENT OF HEALTH & HOSPITALS (Total State Effort)





# MEDICAID

- Medicaid is a means-tested, open-ended entitlement public assistance program established in 1965 by Title XIX of the Social Security Act.
- While Medicaid is for certain people and families with low incomes and resources, poverty alone does not necessarily qualify someone for Medicaid.
- Medicaid is jointly funded by the state and federal government, but it is managed by the states.
- About 29% of Louisiana's population was enrolled in Medicaid during State Fiscal Year 2009-10.



# MEDICAID

MEANS OF FINANCE	DHH	MEDICAID	% OF DHH BUDGET
State General Fund	\$1,724,052,808	\$1,336,196,005	78%
Interagency Transfers	\$500,786,941	\$84,108,109	17%
Fees and Self-gen. Rev.	\$178,160,269	\$132,461,427	74%
Statutory Dedications	\$656,413,452	\$611,220,985	93%
Federal Funds	\$5,187,225,886	\$4,880,185,231	94%
<b>TOTAL MOF</b>	<b>\$8,246,639,356</b>	<b>\$7,044,171,757</b>	<b>85%</b>



## Federal Medical Assistance Percentage (FMAP)

- The FMAP is the percentage the federal government will match on state money spent on Medicaid.
- The FMAP is inversely proportional to a state's average personal income relative to the national average.
- In Fiscal Year 2011-2012, the FMAP for Louisiana is 69.34% for non-administrative Medicaid expenditures except the Disproportionate Share (DSH), or Uncompensated Care Costs (UCC), program. The rate for UCC services is 61.09%.
- For every dollar spent by the state the federal government matches approximately \$2.



## Factors that Affect Medicaid Spending in Louisiana

- Louisiana has a disproportionate number of people living in poverty. Per US Census Bureau, Louisiana ranks second in the nation in the number of people (17.3%) living below the poverty level.
- Hurricanes in 2005 and 2006 have affected federal participation levels.
- Federal government provided stimulus funds through the American Recovery and Reinvestment Act in 2009 and 2010.
- National recession has led to increased unemployment, increased Medicaid enrollment, and decreased state tax revenues.



## How Does Louisiana's Medicaid Program Compare

- Louisiana typically ranks higher than other southern states in Medicaid expenditures per capita.
- Louisiana typically ranks lower than other southern states in average Medicaid payment per recipient.
- Louisiana has a higher number of Medicaid recipients per 100,000 population.
- Louisiana has the 2<sup>nd</sup> lowest administrative costs as a percentage of Medicaid payments in the south at approximately 3%.



## COORDINATED CARE NETWORK

- Bayou Health will begin February 2012
- DHH moving from a fee for service system to privately managed care insurance for Medicaid recipients.
- Approximately 900,000 of the 1.2 million Medicaid enrollees will be covered under the plan.



# State Retirement Issues

Presentation by  
George Silbernagel

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# Four State Retirement Systems

- Teachers' Retirement System of Louisiana
- La. State Employees' Retirement System
- Louisiana School Employees' Retirement System
- State Police Pension and Retirement System



## Comparative Information State Retirement Systems

	Teachers' Retirement System of Louisiana	Louisiana State Employees' Retirement System of Louisiana	Louisiana School Employees' Retirement System	Louisiana State Police Pension and Retirement System	TOTAL
<b>Total Members</b>	161,138	100,766	26,541	2,273	290,718
<b>Annual Benefits (in millions \$)</b>	\$1,472	\$842	\$129	\$36	\$2,479
<b>Valuation of Assets (in millions \$)</b>	\$13,286	\$8,763	\$1,350	\$401	\$23,800
<b>Unfunded Actuarial Accrued Liability (in millions \$)</b>	\$10,811	\$6,458	\$905	\$339	\$18,512
<b>Total Payroll (in millions \$)</b>	\$3,903	\$2,409	\$297	\$59	\$6,667
<b>Funded Percentage</b>	55%	58%	60%	54%	
<i>information as reported by the systems as of June 30, 2011</i>					
<i>E:\JanBriefing-Retirement.xls]Sheet1</i>					

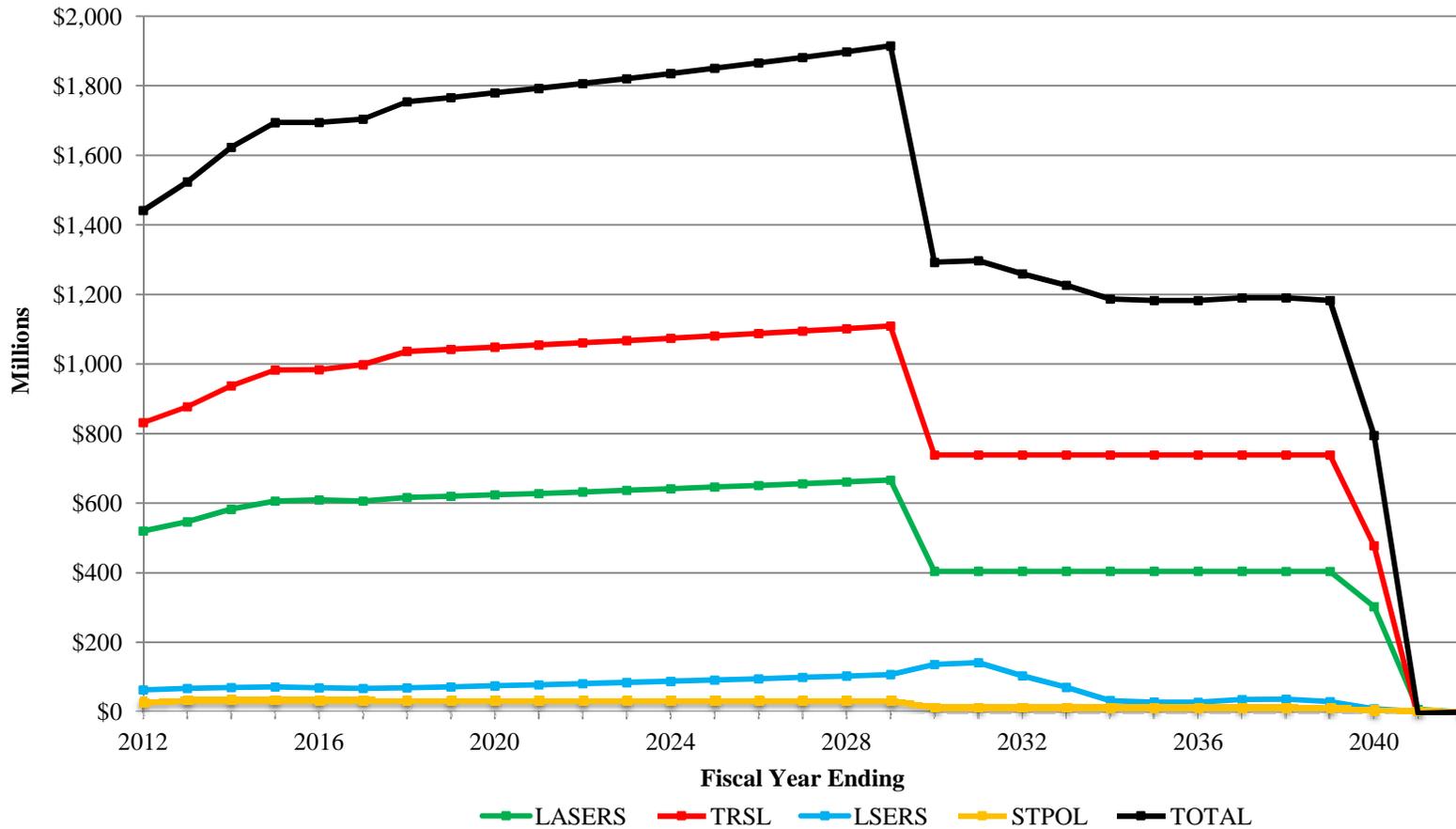


## Comparative Information State Retirement Systems

FY 11-12	Teachers' Retirement System of Louisiana	Louisiana State Employees' Retirement System of Louisiana	Louisiana School Employees' Retirement System	Louisiana State Police Pension and Retirement System
<b>Employee Contribution Rate Range</b>	5.0% to 9.1%	7.0% to 11%	7.5% and 8.5%	8.5% and 9.5%
<b>Employer Contribution Normal Rate</b>	5.8%	7.0%	9.5%	17.6%
<b>Employer Contribution UAL</b>	17.9%	18.9%	19.1%	38.3%
<i>information as reported by the systems as of June 30, 2011 and contained in the Legislative Auditor Informational Report , May 2011</i>				



## Annual Payments toward Amortization of the UAL for the Four State Retirement Systems (Legislative Auditor Chart)





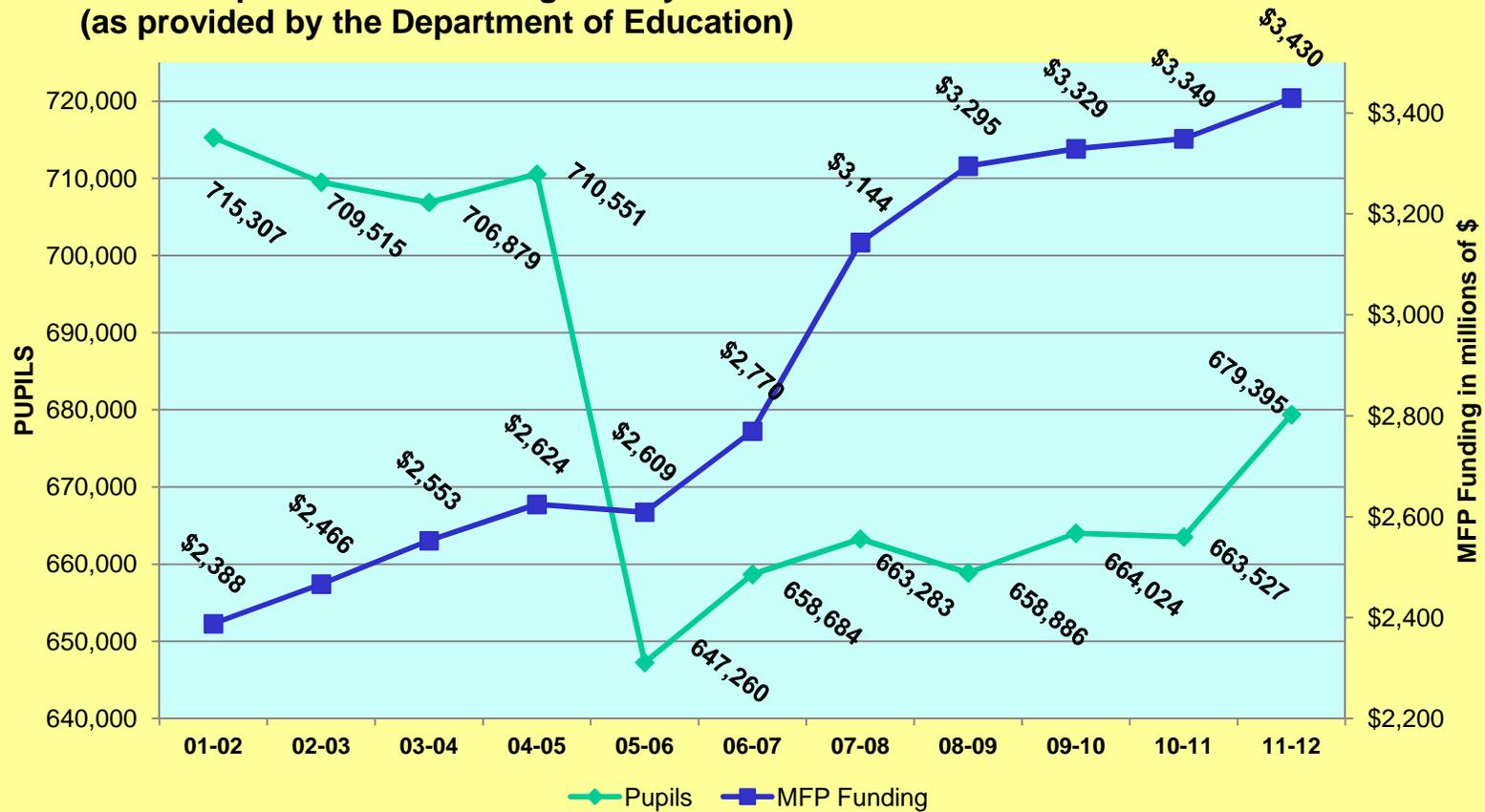
# K – 12 Education

Presentation by  
George Silbernagel

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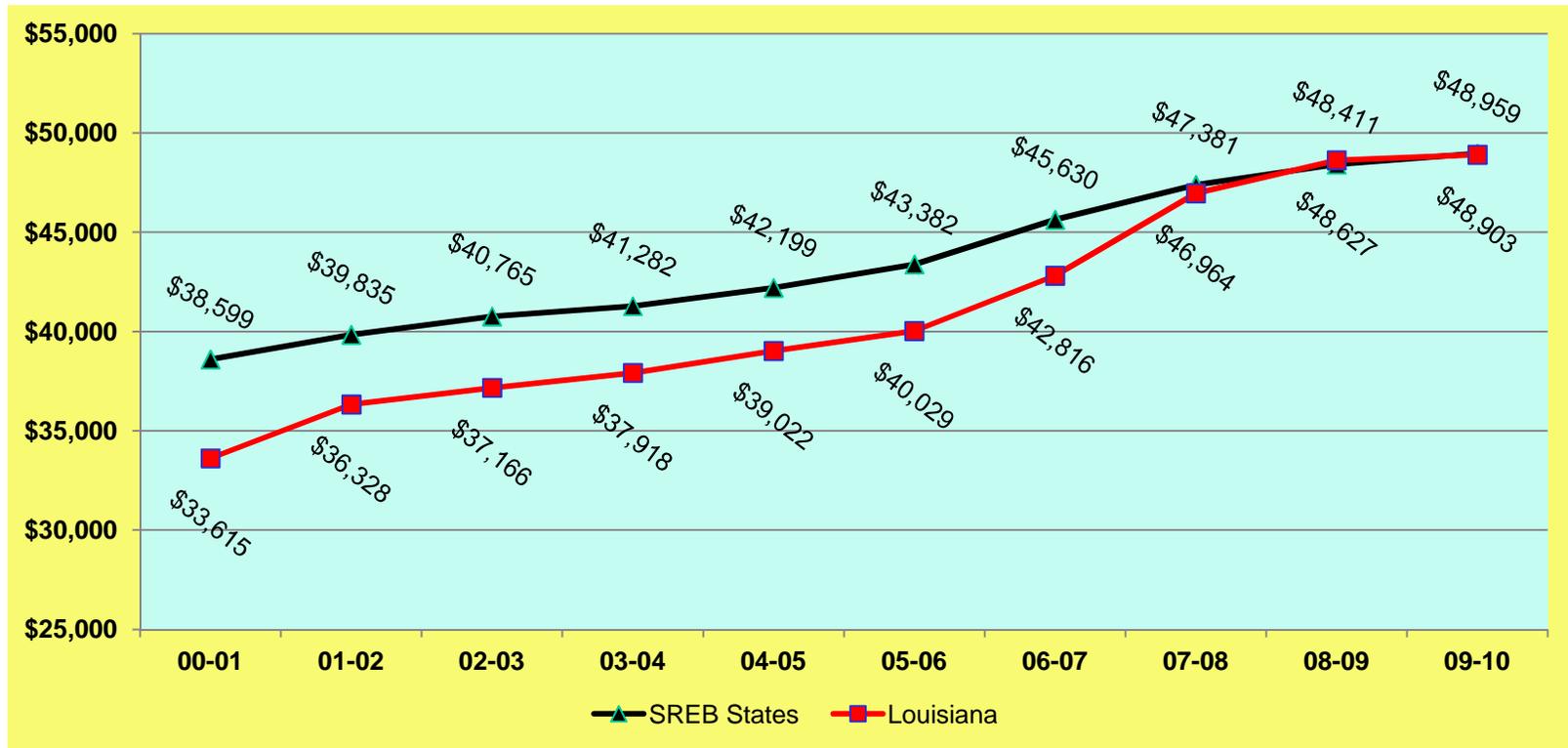


**Pupil and MFP Funding History**  
 (as provided by the Department of Education)





# SREB and Louisiana Average Teacher Salaries





## 08-09 K-12 Revenues National Center for Education Statistics

<b>08-09 K-12 PER PUPIL REVENUES</b>				
	Local	State	Federal	Total
LA	\$4,520	\$5,461	\$1,846	\$11,827
SREB	\$4,383	\$4,624	\$1,063	\$10,070
LA as a Percent of SREB	103%	118%	174%	117%



# LOUISIANA DEPARTMENT OF CORRECTIONS

Presentation by  
Paul Prejean

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# Louisiana Department of Corrections

- Louisiana has the highest incarceration rate in the country with over 40,000 state inmates which equates to 884 inmates per 100,000 population.
- The budget for the Department of Corrections is \$492.6 million, of which \$432.9 million is State General Fund. Funding for Local Housing of Adult offenders is an additional \$145 million in State General Fund, bringing the total amount to house inmates in the state of Louisiana to \$637.6 million.
- Local Housing of Adult Offenders is projecting an \$18 million dollar shortfall.
- Louisiana has the lowest cost per offender to house. However, due to the large number of offenders Louisiana also has the highest cost in the nation to house offenders.



# Louisiana Department of Corrections

- State jails house over 18,000 offenders or 47% of the prison population and local jails house over 21,000 offenders or 53% of the prison population.
- The Department projects the number of inmates to increase to over 42,000 by 2015.
- The average cost to house an inmate in a state facility is \$53.86 per day/\$19,659 per year.
- The cost to house an offender in a local jail is \$24.39 per day/\$8,902 per year.



# Louisiana Department of Corrections

- There are 4.7 offenders per security officer in state facilities. The southern average is 5.7
- Turnover rate is 23%
- The average salary of a corrections officer in Louisiana is approximately \$33,670 compared to the southern average of \$33,080.



# Louisiana Department of Corrections

- Average age of an inmate is 32.6 years.
- 94% of the inmates are male.
- The average sentence for males is 14.3 years and 7.5 years for females.
- Offenders distribution by crime type:

	<u>Male</u>	<u>Female</u>
Violent crimes	41%	29%
Drug crimes	27.5%	36%
Property crimes	18%	25%
Other crimes	13.5%	10%

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# Transportation

Presentation by  
Daniel Waguespack

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# Transportation

- Department of Transportation and Development (DOTD) scope of responsibility includes:
  - **Roadway**
    - 16,666 miles of roadway
    - 895 miles of interstate
  - **Bridges**
    - 13,204
  - **Airports**
    - 62 general aviation airports
    - 7 commercial airports
  - **Ports, Public Transit, Freight Rail, Public Works, Waterways**
  - **Nine District Operations Offices**
    - 3.6 million acres mowed annually
    - 71,000 cubic yards of litter collected
    - Rest areas
    - Ferry service locations
    - Over 3,000 highway-rail crossing
    - Over 3,000 traffic signals
    - Over 1,000,000 traffic signs
    - Over 745 buildings

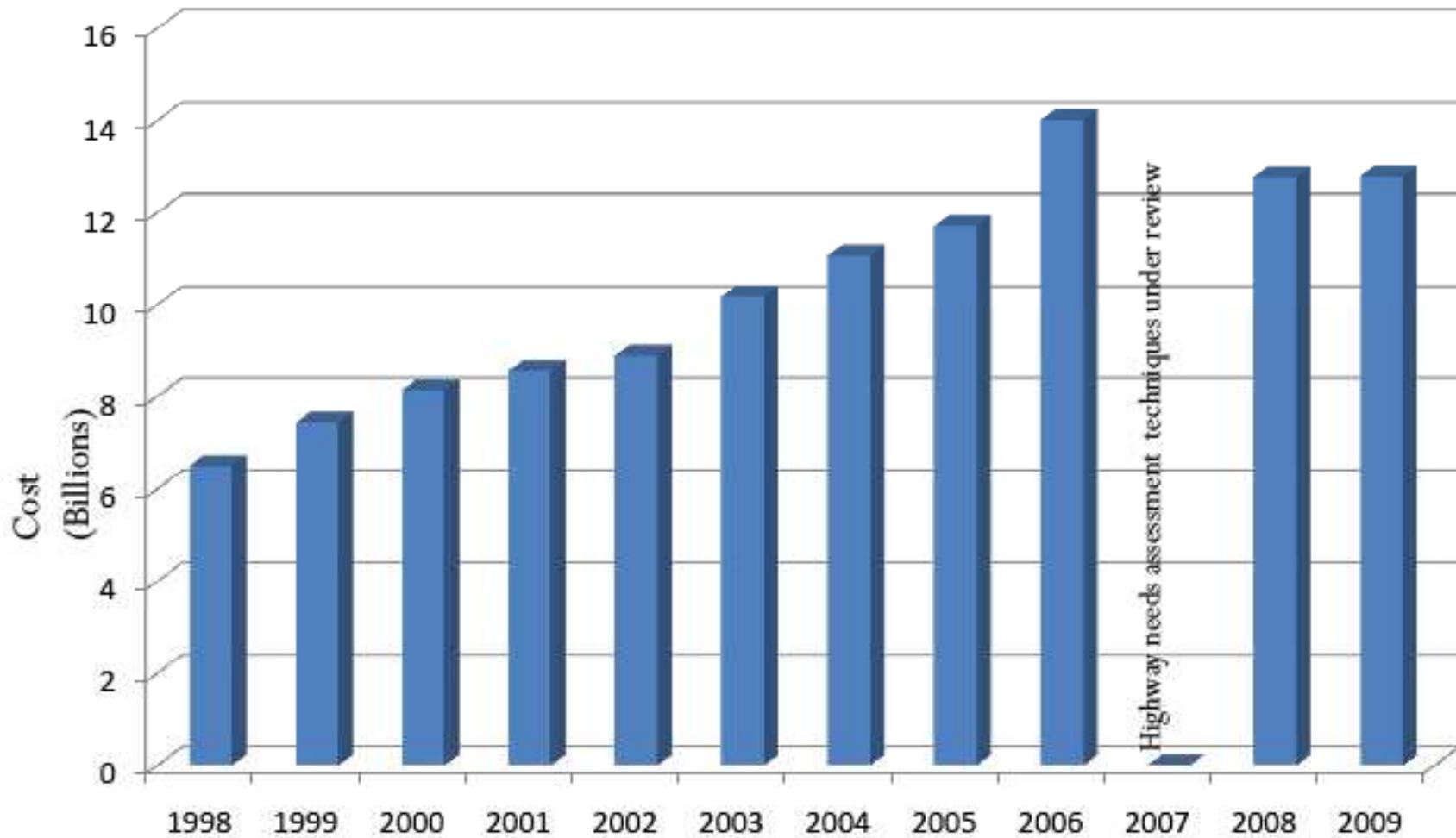


# Transportation Funding Issues

- Funding and the pace of inflation.
- Roadway system's increased congestion further adding to the deterioration.
- Long-term federally funded transportation program.
- Backlog of unfunded needs.



# Backlog of Unfunded Needs



Source: DOTD

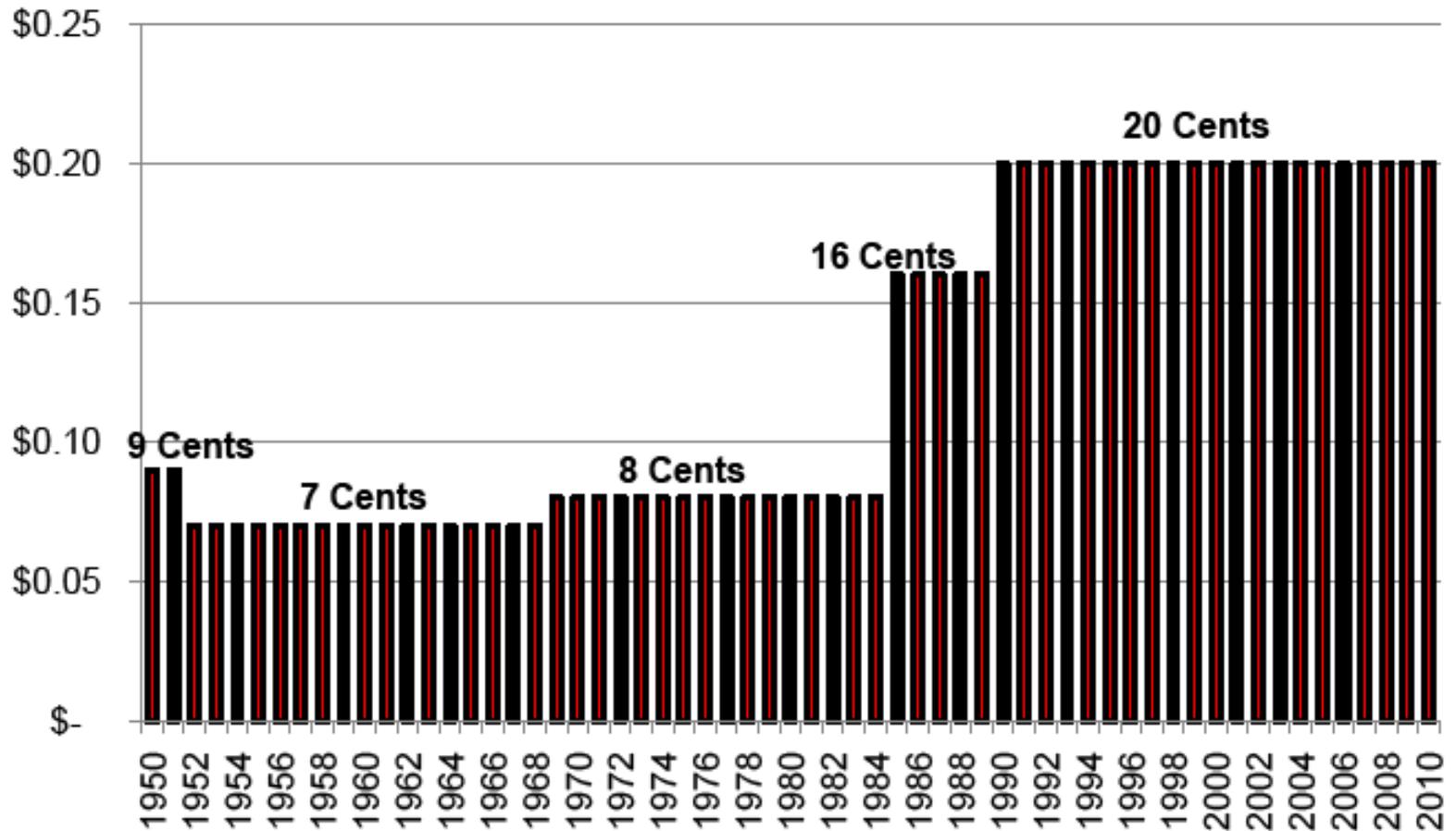


# Majority of Transportation Funding

- Transportation Trust Fund – Regular
  - Source: State tax – (20 cents) 16 cents per gallon on gasoline and special fuels and 4 cents for the TIMED program, vehicle license fees, weights permits and fines, interest earning, and a portion of motor vehicle sales taxes that are currently suspended.
- Transportation Trust Fund – Federal
  - Source: Federal tax, 18.4 cents per gallon on gasoline and special fuels.
  - The trust fund is to be used exclusively for highway construction and maintenance, the highway priority program, statewide flood control, ports and airports priority programs, transit, state police traffic control and the Parish Transportation Fund.

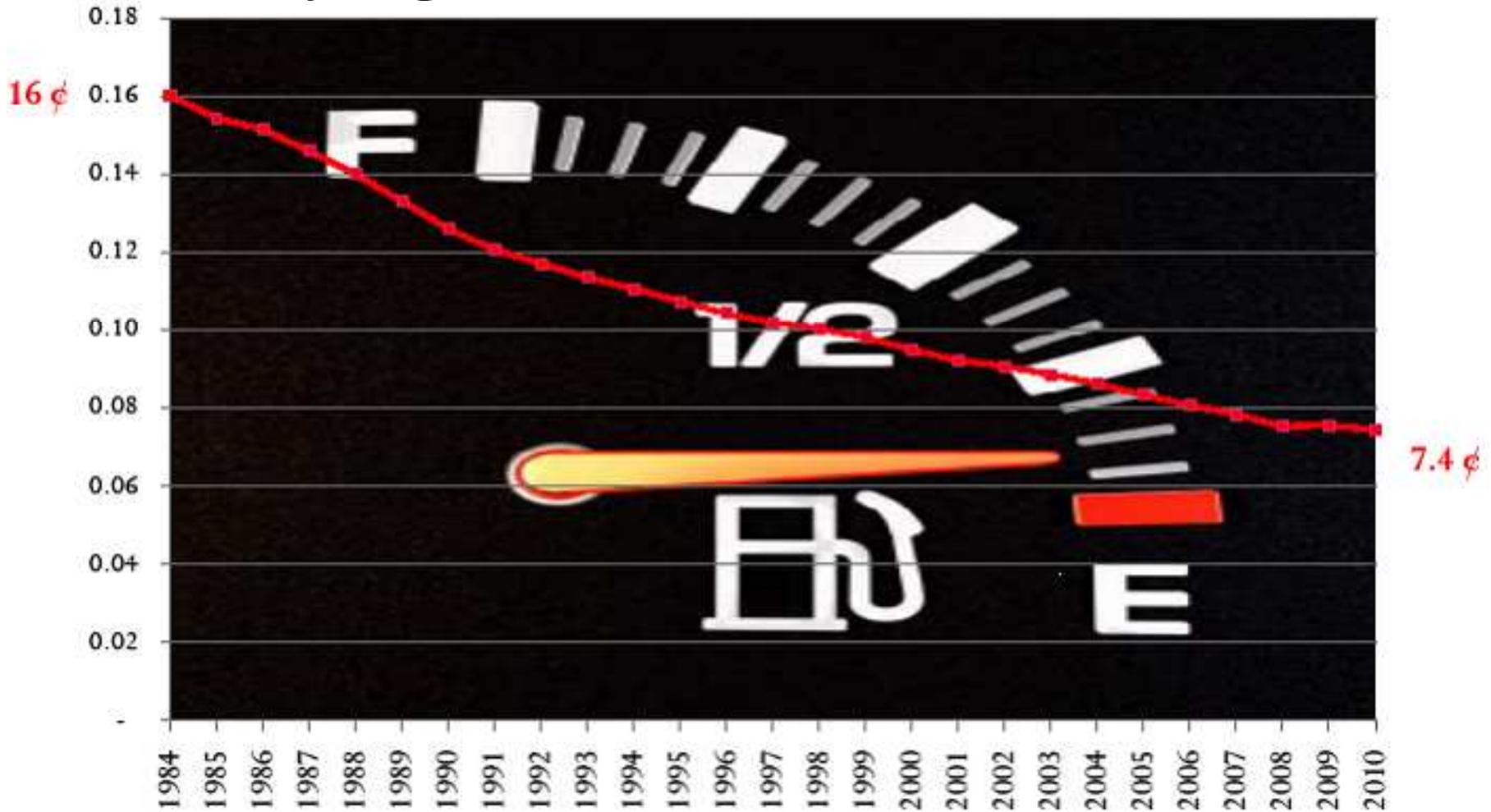


# History of State Motor Fuel





# Buying Power of 16-Cent Gas Tax



Source: DOTD



# Motor Vehicle Sales Tax

- Act 11 of the 2008 Second Extraordinary Session provides that motor vehicle sales tax would begin to accrue to the Transportation Trust Fund and be phased in over 7 years.
- However the 7 year phase-in is suspended until the State General Fund returns to the FY08 level (\$9.7 billion).
- Revenue Estimating Conference projects the State General Fund will hit FY08 levels in FY16 and motor vehicle sales taxes to be around \$350 million at that time.
- Therefore, unless the statute is amended, it is unlikely that these funds will be available to the Transportation Trust Fund in the near future.



# Higher Education

Presentation by  
Mark Antoon

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# HIED Structure

- The Board of Regents (BOR)
  - The University of Louisiana System (UL)
  - The Louisiana State University System (LSU)
  - The Southern University System (SU)
  - The Louisiana Community and Technical College System (LCTCS)
  - Louisiana Universities Marine Consortium (LUMCON)
  - Louisiana Office of Student Financial Assistance (OSFA)
-



## **FY 12 HIED Funding By Means of Finance**

• SGF	\$ 943,359,360
• IAT	\$ 434,180,190
• SGR	\$1,128,899,300
• SD	\$ 231,774,247
• FF	\$ 158,783,006
<b>Total</b>	<b>\$2,896,636,743</b>

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- (taken from the FY 12 Appropriation Letters sans mid-year cut)



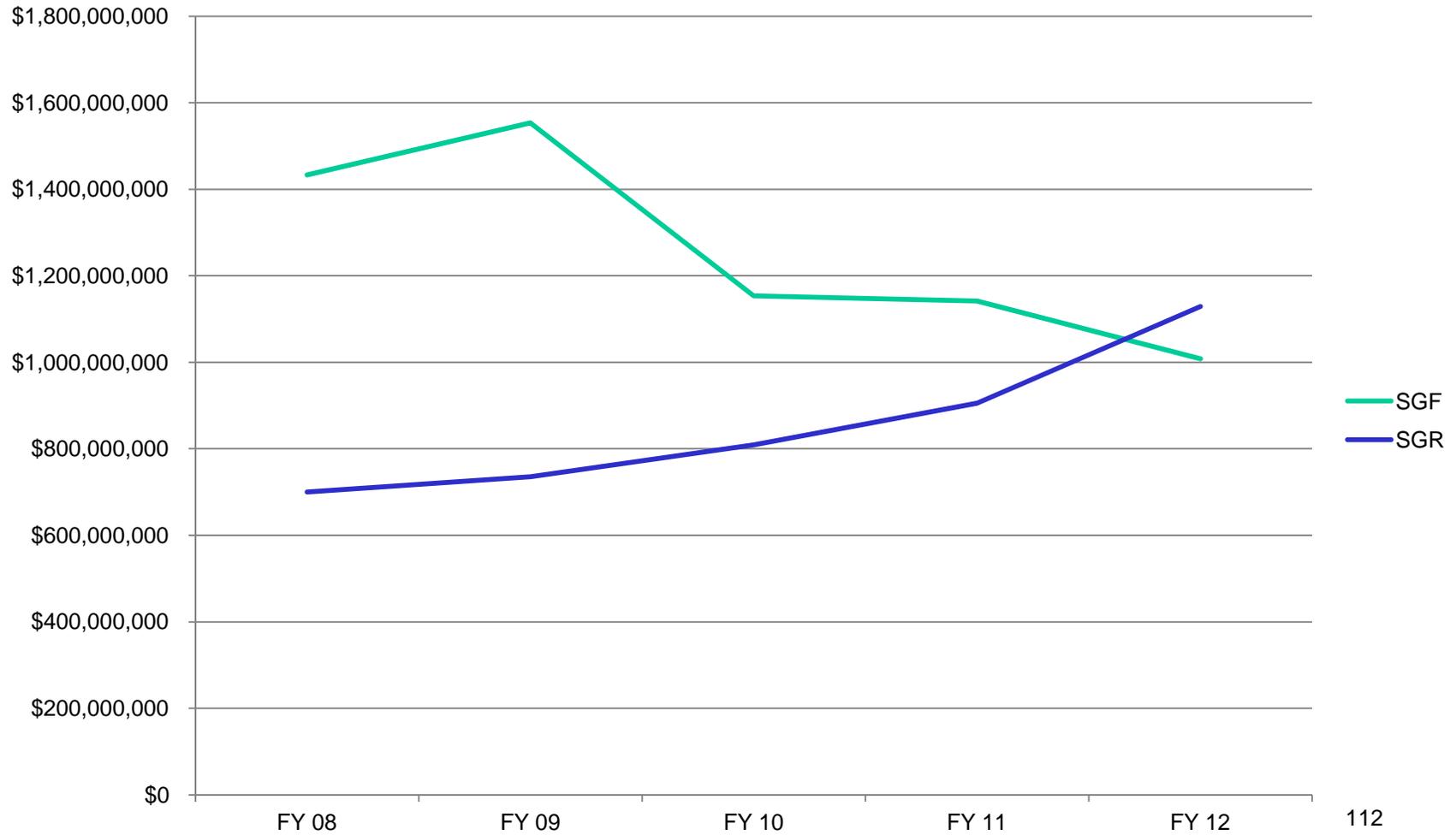
## Significant HIED Funding Changes

- Self-Generated Revenues are replacing State General Funds as the largest percentage of funding for colleges and universities. State support now amounts to approximately 45% of HIED revenues while Self-Generated Revenues similarly amount to 55% of such revenues.

LaGRAD Act will allow colleges and universities to continue to raise tuition 10% annually until the SREB Average Tuition per institution class is met.

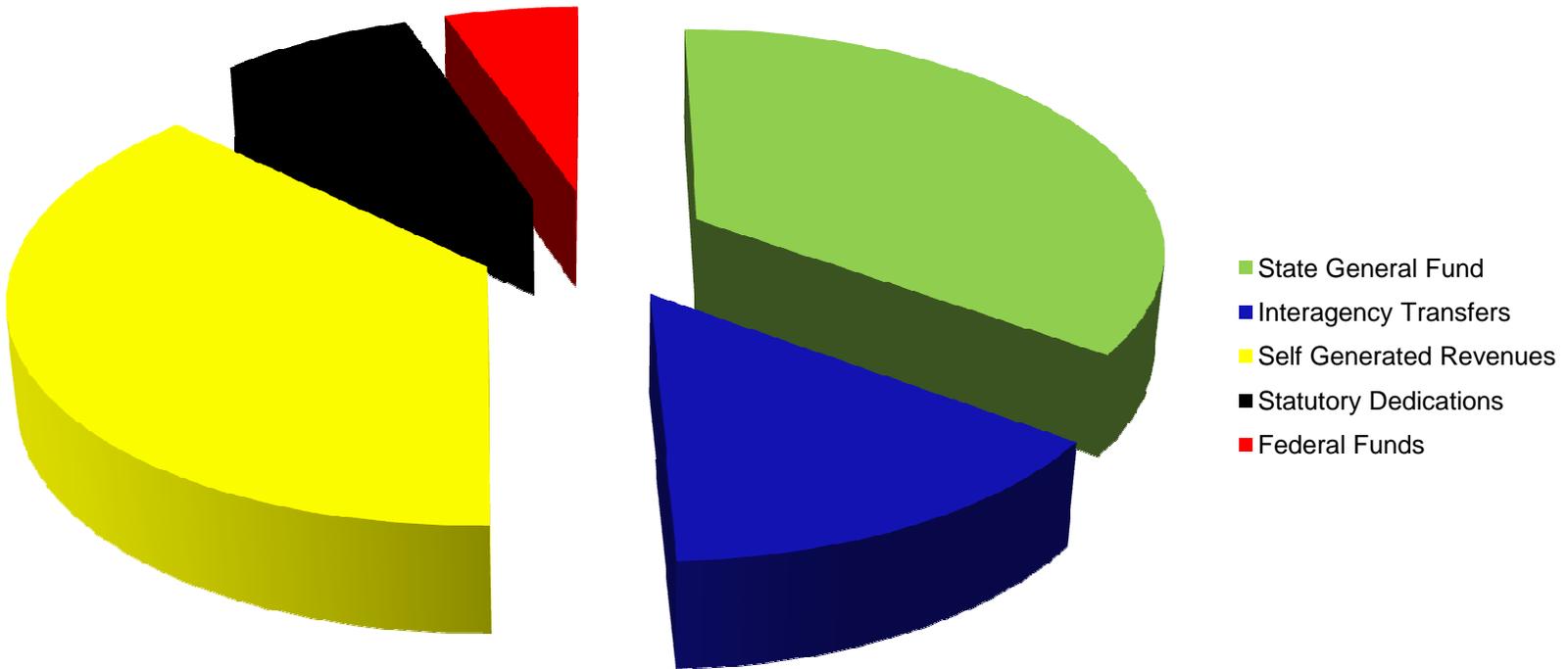


# State General Fund vs Self-Generated Revenue



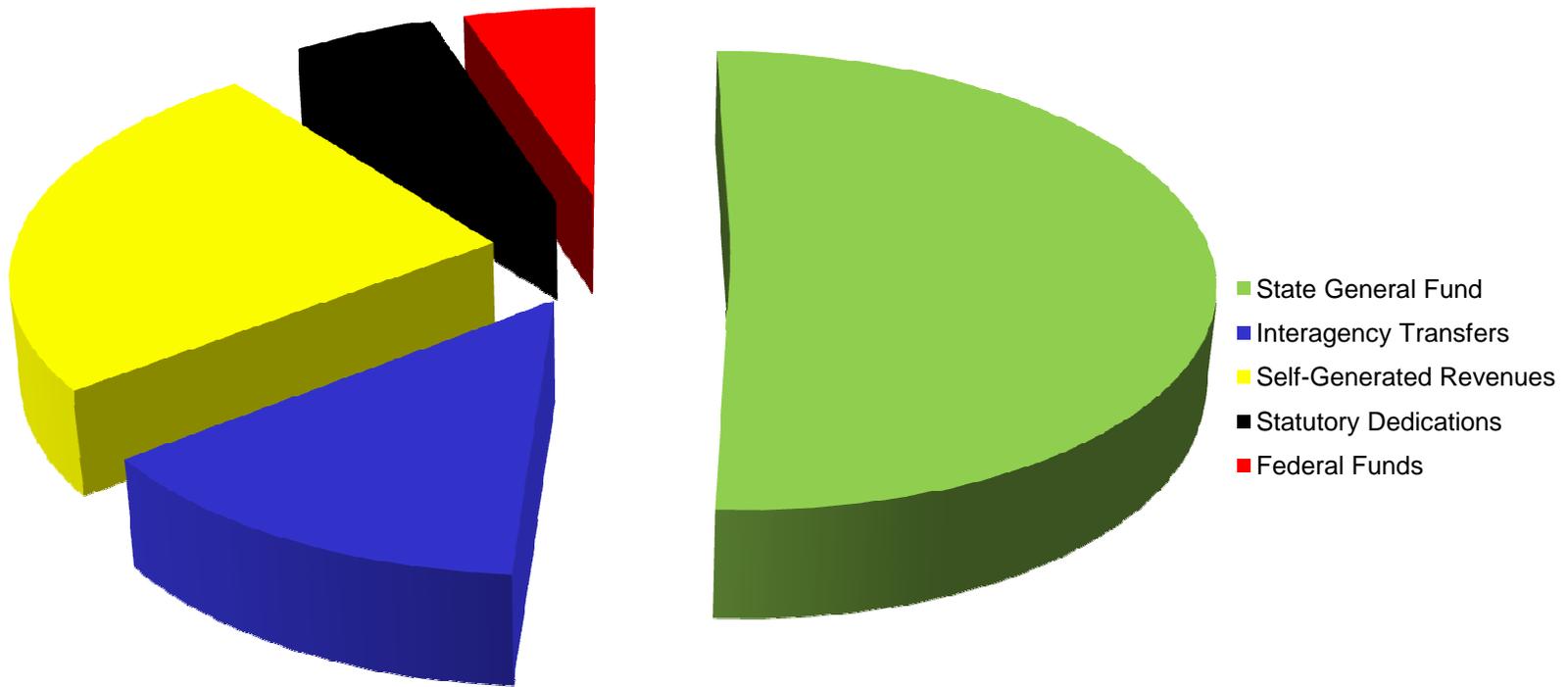


# FY 12 HIED Funding by MOF





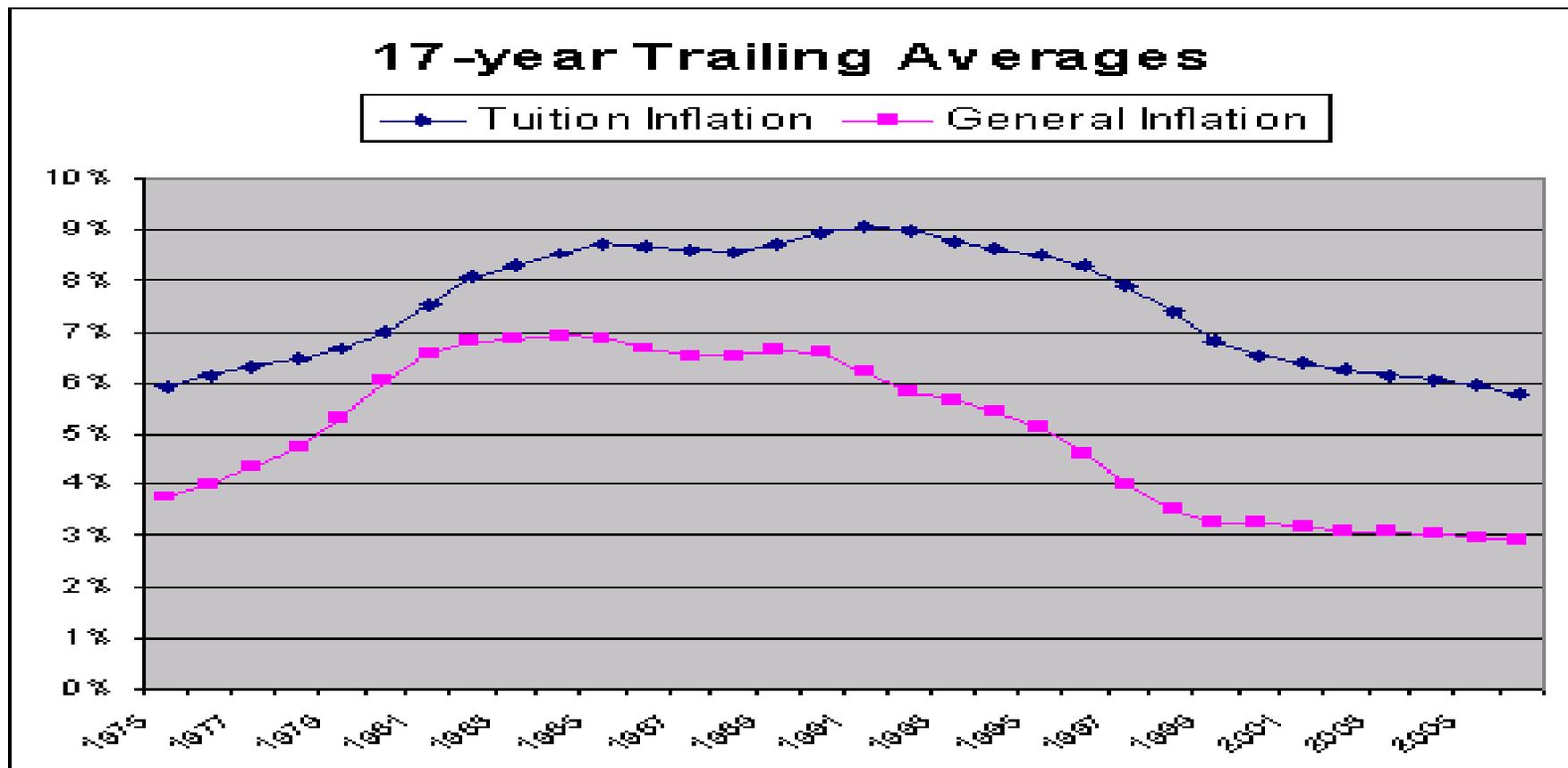
# FY 08 HIED Funding by MOF





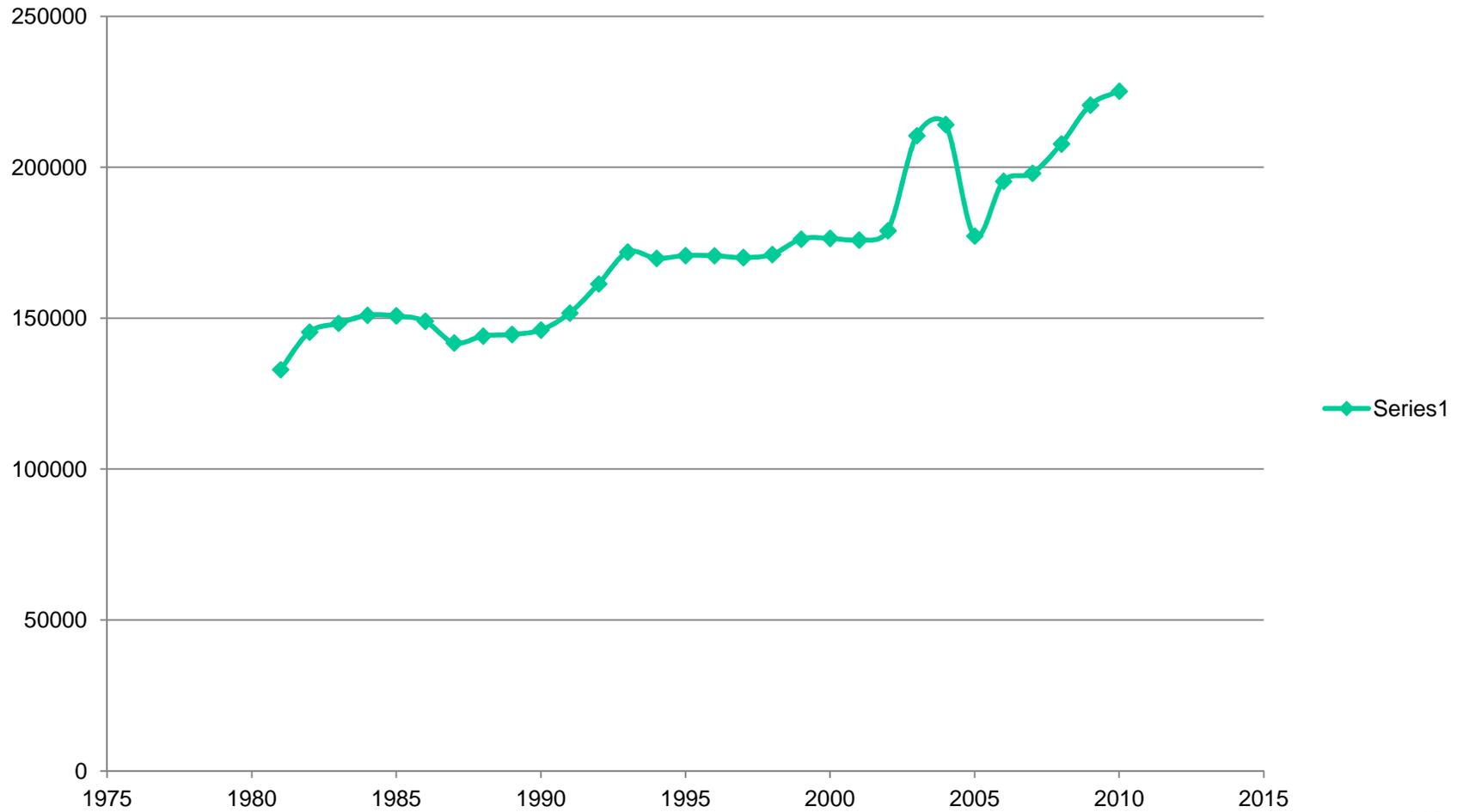
# Historical Tuition Inflation

(Taken from FinAid.org)





# Enrollment History





# Student Progression

- The 6-year progression rate for 4-year students who begin at a 4-year institution is 41%.
- The 3-year progression rate for 2-year students seeking to earn an associate degree is approximately 6%.



## Other Noteworthy Items

- The 3-year progression rate for 2-year students who begin at a community college and who subsequently move to a 4-year institution statewide is 6.4%.
- Higher education agencies use different budget request forms and have been doing so for sometime. Such forms have limited expenditure detail explanations.



# Louisiana SREB Rankings

Out of 16 states which comprise the Southern Regional Education Board (SREB), below are Louisiana rankings in selected areas:

- 6<sup>th</sup> among southern states in per capita income - \$38,446 per person.
- 11<sup>th</sup> in the percentage of the adult population that has earned a bachelor's degree or higher - 20.8% of citizens hold a college degree.
- 10<sup>th</sup> in total HIED enrollment – 252,000 students enrolled.



## **Louisiana SREB Rankings Cont'd**

- 16<sup>th</sup> in median tuition - \$4,016 annually for undergraduate students.
- 15<sup>th</sup> in HIED participation – 5.5% of the population are enrolled at a college or university.
  - 16<sup>th</sup> in 4-year graduation rates – 15.2% of first time freshmen graduate in 4 years.



# TOPS Program

- The Taylor Opportunity Program for Students (TOPS) is funded at \$154.4 million for approximately 44,000 awards for FY 12. There is no State General Fund in the program at this point- it is completely funded with the TOPS Fund (\$82.2 million) and Overcollections Fund (\$72.2 million) Statutory Dedications.
- For every 10% tuition increase at the colleges and universities, the state effort for TOPS is anticipated to increase by approximately \$8 million.



# TOPS Program

- In FY 13, TOPS costs are projected to rise to approximately \$168 million primarily because of tuition increases and carryforward awards from previous fiscal years.
- By FY 2017, the TOPS program is anticipated to cost \$233 million under the present eligibility rules and expected tuition increases authorized by the LaGRAD Act.



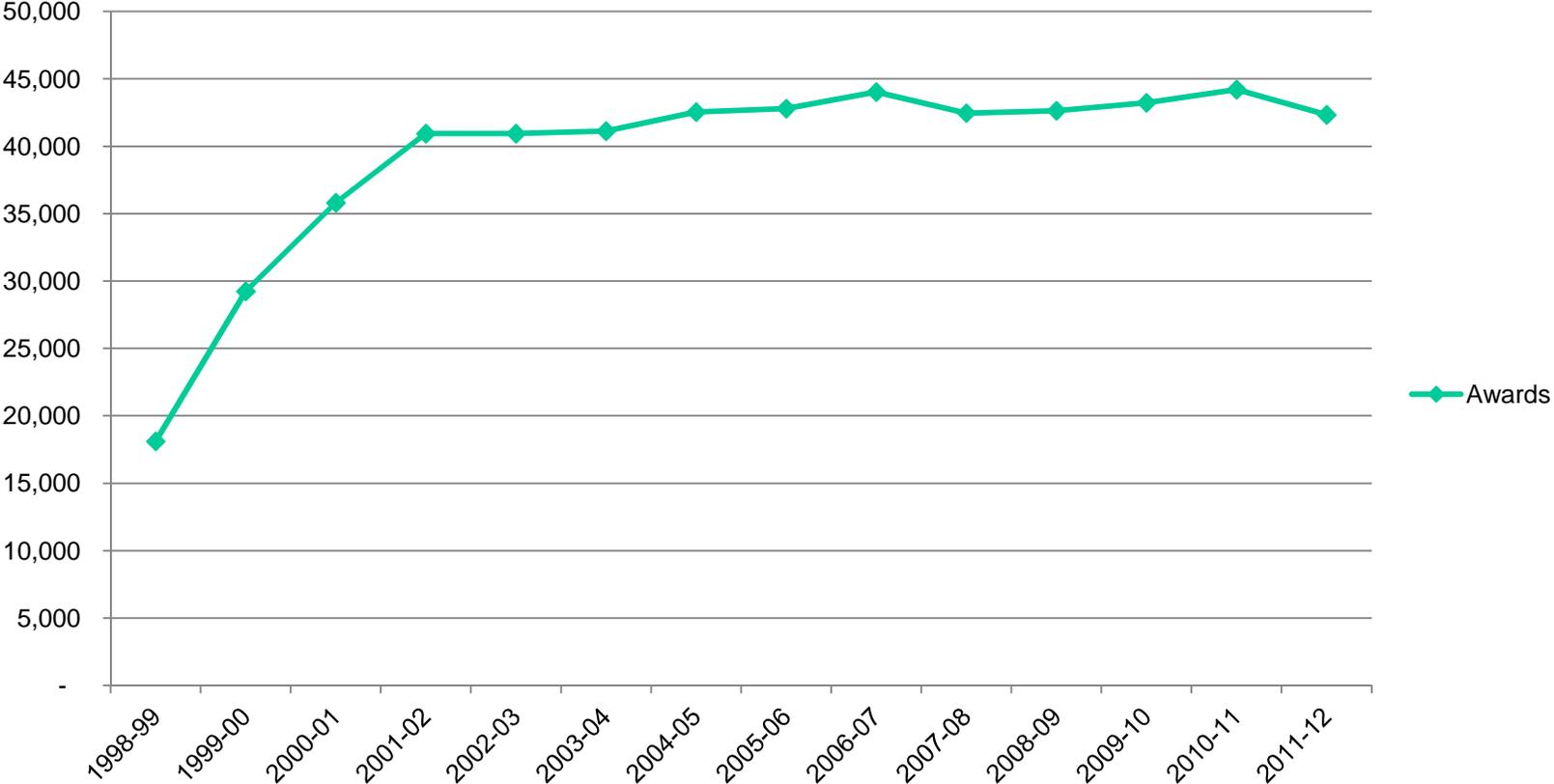
# **FY 2007 Cohort TOPS Progression**

- By the end of the cohort's Freshmen year, approximately 29% of students had their awards cancelled or suspended.
- By the end of the cohort's 4-year eligibility, approximately 50% of the students had their awards cancelled or suspended.
- FY 07 was the year selected for this analysis because it was the first full four-year cohort after Hurricanes Katrina and Rita.



# Number of TOPS Awards since Inception

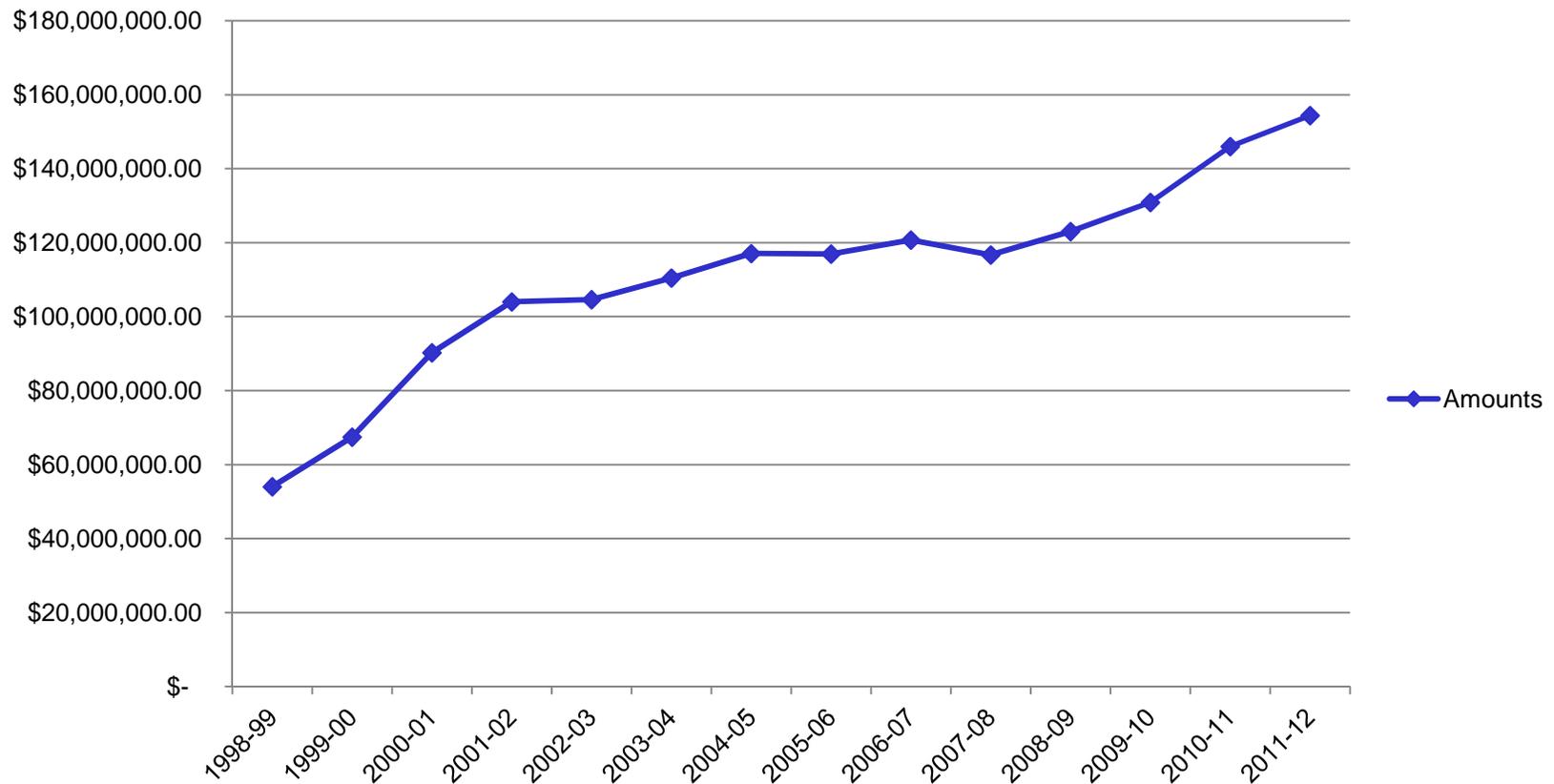
Awards





# TOPS Funding Since Inception

## Amounts





# Department of Children and Family Services

Presentation by  
Eddriene Sylvester

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# ISSUES

- Reorganization
- Modernization Project
- Priority Initiatives



# REORGANIZATION

- Act 877 of the 2010 Regular Legislative Session renamed and reorganized the department
- Prior and current structure of the department
- Consolidation and transferring of functions



**Department of Social Services**  
(previous structure)

**Office of the Secretary**

- Administration and Executive Support

**Office of Family Support**

- Administration and Support
- Client Services
- Client Payments

**Office of Community Services**

- Administration and Support
- Child Welfare Services

**LA Rehabilitation Services**

- Administration and Support
- Vocational Rehabilitation Services
- Specialized Rehabilitation Services



**Department of Children and  
Family Services**  
(Consolidation)

**Office for Children  
and Family Services**

- **Administrative and Executive Support**
- **Prevention and Intervention**
- **Community and Family Services**
- **Field Services**



## **MODERNIZATION PROJECT**

- Transforms the service delivery of the Office of Children and Family Services to allow clients multiple ways to apply for services and access services.
- Clients will no longer have to visit a physical office or travel to multiple locations to do business with the Office of Children and Family Services.
- Five years to fully implement project (\$134 million cost over the five years).



## Priority Initiatives

- Child Development and Early Learning services
- Child Support Enforcement
- Child Welfare
- Crisis Intervention
- Economic Stability
- Licensing



## **FY 11-12 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) INITIATIVES**

- Jobs for America's Graduates (JAGS)
- Microenterprise
- Court Appointed Special Advocates (CASA)
- Drug Courts
- LA4
- Individual Development Accounts (IDA)
- Child Protection Investigation and Family Services
- Family Violence
- Homeless
- Nurse Family Partnership
- Early Childhood Supports
- Substance Abuse



## **NUMBER OF FAMILIES RECEIVING SERVICES** **(As of December 2011)**

379,138	Food Stamps
25,176	Child Care Assistance
4,294	Foster Children
1,224	Child Abuse Cases
\$29.9 million	Child Support Collections

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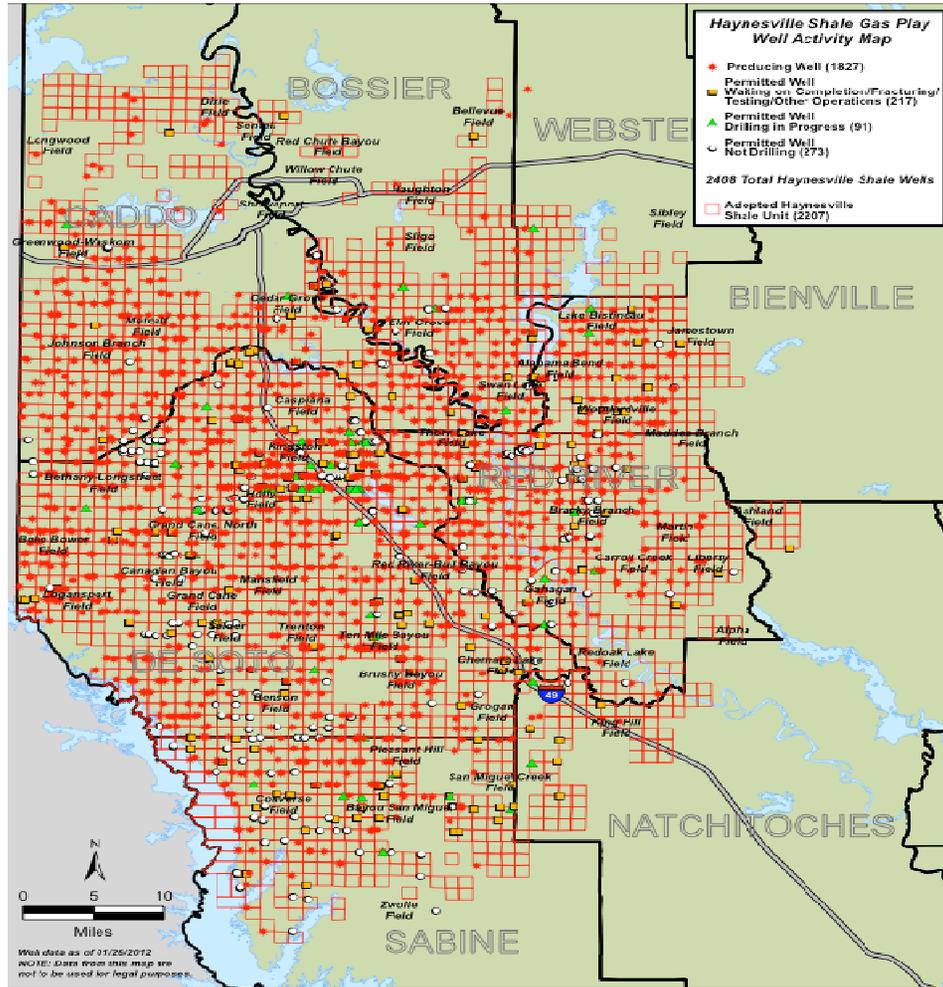


# Haynesville Shale

Presentation by  
Pearce Cinman

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Department of Natural Resources  
 - as of January 27, 2012

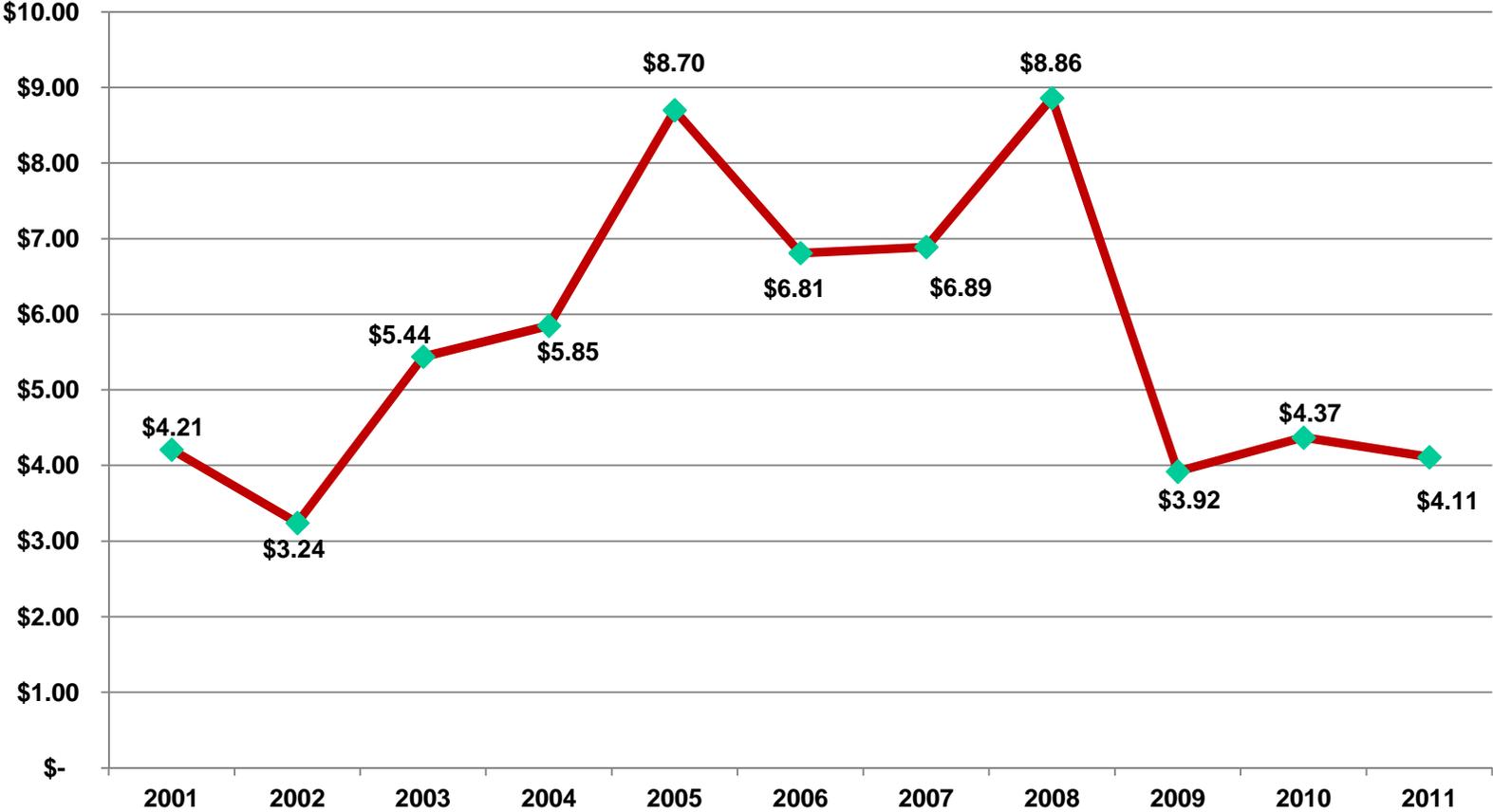


# Haynesville Shale

- Drilling begins in 2008
- Louisiana Natural Gas production currently at highest rate in nearly 30 years
- Potential Concerns
- As of January 2012...



# Yearly Average Price of Natural Gas





## 2008 Louisiana Natural Gas Spot Market Prices

	Low	High	Ave.
January	7.66	8.16	7.78
February	8.15	8.35	8.24
March	9.14	9.27	9.23
April	9.86	10.02	9.94
May	11.08	11.19	11.14
<b>June</b>	<b>12.28</b>	<b>12.48</b>	<b>12.35</b>
July	11.80	11.96	11.87
August	8.45	8.70	8.52
September	7.65	8.02	7.77
October	6.75	6.93	6.85
November	6.41	6.61	6.51
December	6.01	6.13	6.08
<b>2008 Average</b>	<b>8.77</b>	<b>8.99</b>	<b>8.86</b>



# Tuscaloosa Marine Shale

- Location of play
- Believed to be primarily an oil producing formation
- Concerns
- 10 wells permitted in the last year



End of Presentation

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