

4-4-20 Coronavirus (COVID-19) Fiscal Impact

Louisiana's state budget for FY 20 and the proposed budget for FY 21 will both be severely impacted by the repercussions of coronavirus disease-2019. Both the expenditure side and the revenue side will be dramatically altered.

Expenditures

Current Year FY 20: The state has started tracking additional encumbered expenditures in the current year that are related to Covid-19, and there is a daily report that details obligated amounts by department and by expenditure category. As of 4/4/20, obligations totaled \$578 million, with most from the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) in the supplies category (\$545 million) (see attachment #1).

The Governor's Office of Planning and Budget is actively monitoring agencies' FY 20 budgets to ensure that they have sufficient budget authority to accommodate these additional expenditures. GOHSEP received a \$100 million seed for Federal Funds and is operating under emergency authority to expend Federal Funds. To the extent additional budget authority is necessary, this could be adjusted through a BA-7 by the Joint Legislative Committee on the Budget or through a supplemental appropriations bill in the current year.

Next Year FY 21: House Bill 105 had contemplated an additional \$307 million in State General Fund, largely in the Dept. of Health for means of finance swaps, and in education/higher education for various enhancements (see attachment #2).

Approximately 75% of the State General Fund is allocated to education and healthcare (See attachment #3).

Revenues

Current Year FY 20: The revenue forecast from the January Revenue Estimating Conference (that was not adopted) showed the Division of Administration estimate of \$170 million excess over the current \$9.7 billion State General Fund and the Legislative Fiscal Office estimate of \$236 million over the current \$9.7 billion SGF; however, this is sure to be downgraded due to the current decline in economic activity and the reduction in oil prices which are at \$25 per barrel as of 4/1/20. The current REC official forecast has oil at \$59 per barrel in FY 20 and \$60 per barrel in FY 21. Each \$1 change in the price per barrel for a full year equates to roughly \$10-\$12 million in annual revenue to the State General Fund. Mineral revenues account for about 6.5% of the state's total general fund revenues.

Next Year FY 21: The official forecast for State General Fund for FY 21 is \$10 billion which is what HB 105 used to fund expenditures from the general fund, including various enhancements to areas such as education/higher education and for statewide mandated cost increases such as health insurance. The Revenue Estimating Conference is contemplating meeting in mid-May to adjust the forecast, and the legislative and governor's economists are working on the revenue outlook for the current and next fiscal years based on numerous uncertainties that could make accurate projections improbable. There could be significant adjustments to many revenue sources depending on the length of the Coronavirus and the return to normal activity. Due to these uncertain and rapidly changing developments, the Revenue Estimating Conference could choose to make estimates on a broad basis to the total general fund line in terms of percentage drops and then return on a frequent basis to monitor monthly/quarterly impacts.

See attachment #4 or go to the Legislative Fiscal Office website under Legis.la.gov for latest revenue estimates.

Watching the January REC meeting, specifically the summary of revenue for the Legislative Economist, Greg Albrecht, is a great tool to learn about the revenue Louisiana receives to fund government operations. Click on the link for the January REC meeting at

https://house.louisiana.gov/H_Video/VideoArchivePlayer?v=house/2020/jan/013_1_20_REC and proceed to the 27 minute time of the meeting.

Federal Assistance

The federal government has passed and is currently considering additional legislation to assist states and individuals with regard to the Covid-19 emergency. The U.S. Senate recently approved a \$2 trillion relief package that includes funds for local governments, education stabilization, disaster relief, funds for the Centers for Disease Control, election security, business lending, direct payments of \$1,200 to individuals, etc. (Coronavirus Aid, Relief, and Economic Security Act – see attachment #5 and <https://www.ncsl.org/ncsl-in-dc/publications-and-resources/coronavirus-stimulus-bill-states.aspx>).

As part of a previous stimulus package the federal government temporarily increased the federal share of Medicaid payments (FMAP) by 6.2% from January 1st, 2020 to the last quarter of the declared emergency. This will provide additional federal dollars for the Medicaid Program (estimated \$280 million SGF savings) that could offset costs associated with Covid-19.

Budget Stabilization (Rainy Day) Fund

The current balance in the fund is \$405 million. Only 1/3 or \$135 million can be used up to the amount of a decrease in revenues.

Money in the fund can be used in two situations:

- For Current Fiscal Year (FY20) - If a deficit for the current year is projected due to a decrease in the official forecast, an amount equal to 1/3 of the rainy day funds not to exceed the projected deficit may be appropriated after the consent of 2/3 of the elected members of each house.
- For Next Fiscal Year (FY21) - If the official forecast of recurring money for the next fiscal year is less than the official forecast of recurring money for the current fiscal year an amount equal to 1/3 of the rainy day funds may be appropriated after the consent of 2/3 of the elected members of each house.

\$535 million Surplus from last year:

- \$134 million or 25% must be deposited to Budget Stabilization Fund.
- Will be transferred to Budget Stabilization Fund in Funds Bill (currently HB 305 of the 2020 Regular Session).
- New balance will be \$543 million.
- New balance available for use once certified by Revenue Estimating Conference at beginning of FY2021.

Attachment #1 - Current Covid-19 Expenditures

Event Name: 20-008 Coronavirus- Statewide- 2020												Cost Estimates Cumulative through: 4/4/2020	
												Total State Agency Cost Estimates	
												Cost Share Estimates	
												Est. Federal Share	\$433,788,361
												Est. State/Local Share	\$144,596,120
												Total Cost	\$578,384,481
State Agency Information													
Department	Personnel Services	Travel	Operating Services	Supplies	Professional Services	Other Charges	Acquisitions	Repairs	Equipment Usage	Other	Totals	Loss of Revenue	
LA - Attorney General											\$0		
LA - Board of Regents	\$107,999	\$2,214	\$239,168	\$953,845	\$471	\$17,055	\$808,770		\$124,158		\$2,051,668	\$13,497,478	
LA - Board of Tax Appeals											\$0		
LA - Civil Service	\$109,914										\$109,914		
LA - Department of Agriculture and Forestry				\$1,411							\$1,411	\$39,141	
LA - Department of Children and Family Services	\$408,988	\$1,037	\$455,615	\$88,973							\$952,612		
LA - Department of Social Services											\$0		
LA - Department of Corrections	\$176,062			\$2,730,029							\$2,906,091	\$19,023	
LA - Lt. Governor / Dept of Culture Recreation and Tourism	\$17,801		\$8,421	\$22,808		\$1,824	\$1,500	\$46,540			\$98,284	\$4,497,809	
LA - Department of Economic Development											\$0		
LA - Department of Education	\$871,288	\$5,000	\$11,179	\$5,000	\$1,680,998						\$2,573,461		
LA - Department of Environmental Quality	\$15,708			\$598							\$16,306		
LA - Department of Health and Hospitals	\$2,922,320	\$5,738	\$2,839,774	\$1,768,356	\$447,515	\$9,757,333	\$828,514		\$85,742	\$39,425	\$18,292,717	\$198,474	
LA - Department of Insurance											\$0		
LA - Department of Natural Resources	\$4,682										\$4,682		
LA - Department of Public Safety	\$238,773	\$522		\$39,838		\$1,321			\$253,588		\$534,040	\$5,426,397	
LA - Department of Revenue				\$3,280	\$104,000						\$107,280		
Development											\$0		
LA - Department of Veterans Affairs	\$8,838			\$80,933			\$28,189				\$115,940		
LA - Department of Wildlife and Fisheries											\$0		
LA - Division of Administration	\$848,623			\$165,219	\$48,888	\$124,879	\$2,220,814				\$3,408,401		
LA - DOA Office of Telecommunication											\$0		
LA - Governor's Office of Coastal Protection and Restoration	\$69,870										\$69,870		
LA - Office of Elderly Affairs											\$0		
LA - GOHSEP	\$50,000			\$544,800,049							\$544,850,049		
LA - Office of Juvenile Justice	\$128,354			\$20,273							\$148,627		
LA - Legislative Auditor											\$0		
LA - Office of the Governor											\$0		
LA - Public Service Commission					\$5,000						\$5,000		
LA - Secretary of State				\$13,862		\$167,000					\$180,862		
LA - State Military Department	\$1,332,737	\$223,355	\$407,723	\$87,472					\$108,243		\$2,159,530		
LA - State Treasurers Office			\$1,152	\$593							\$1,744		
LA - Workforce Commission											\$0		
Total	\$7,307,756	\$237,865	\$3,763,022	\$550,578,319	\$2,286,847	\$10,069,212	\$3,483,767	\$46,540	\$571,729	\$39,425	\$578,384,481	\$23,678,321	
Percent of Total Cost Estimates													
	1.26%	0.04%	0.63%	95.19%	0.40%	1.74%	0.60%	0.01%	0.10%	0.01%			
												\$602,062,802	

Attachment #2 – FY 21 State General Fund Budget Major Enhancements

MAJOR ITEMS FUNDED WITH SGF

Department of Education (+\$91M SGF)

- \$25M - Increase funding for Early Childhood Services
- \$66M - MFP
 - \$39M - Base per pupil increase (1.375%)
 - \$27M - Special needs weight, local and community development incentives

Higher Education (+\$40M SGF)

- \$11M - Statewide adjustments for mandated costs
- \$10M - Funding Formula
- \$10M - Specialized Units
- \$ 5.6M - TOPS
- \$ 1.0M - Increase in Go Grants (from \$28M to \$29M)

Attachment #3 – State General Fund Allocations

COMPARISON OF STATE GENERAL FUND

DEPT	Existing FY 19-20	State Budget FY 20-21	Difference
LDH	\$2,461,281,530	\$2,602,762,784	\$141,481,254
Education	\$3,719,235,313	\$3,834,712,474	\$115,477,161
Higher Ed	\$1,062,048,947	\$1,102,320,008	\$40,271,061
DED	\$20,634,834	\$33,486,331	\$12,851,497
Youth Services	\$122,055,552	\$128,335,494	\$6,279,942
Executive	\$137,921,962	\$142,889,309	\$4,967,347
Judicial	\$151,460,091	\$155,111,092	\$3,651,001
Veterans	\$6,580,688	\$8,993,420	\$2,412,732
Sec State	\$52,719,555	\$55,092,517	\$2,372,962
DCFS	\$208,169,246	\$209,862,876	\$1,693,630
LSU HCSD	\$23,981,083	\$24,766,943	\$785,860
Civil Service	\$5,609,518	\$5,942,975	\$333,457
Nat Resources	\$7,962,984	\$8,211,691	\$248,707
Special Schoools	\$47,032,129	\$47,220,367	\$188,238
CRT	\$32,613,265	\$32,798,095	\$184,830
Lt Governor	\$1,092,973	\$1,124,810	\$31,837
Ag and Forestry	\$18,787,387	\$18,802,786	\$15,399

DEPT	Existing FY 19-20	State Budget FY 20-21	Difference
Workforce	\$8,595,933	\$8,595,933	\$0
Legislative	\$62,472,956	\$62,472,956	\$0
Public Safety	\$100,000	\$0	(\$100,000)
Attorney Gen	\$17,354,514	\$16,494,397	(\$860,117)
Corrections	\$516,828,343	\$513,060,584	(\$3,767,759)
Other Req	\$512,305,416	\$502,441,514	(\$9,863,902)
Non-Approp	\$539,966,015	\$528,600,644	(\$11,365,371)
TOTAL	\$9,736,810,234	\$10,044,100,000	\$307,289,766

Note: \$75.4 million of State General Fund carryforwards are removed from FY20 Existing Operating Budget
 Source: DOA Mid-Year Adjustment Tracking Report and FY21 Proposed Budget and Supporting Documents

Attachment #4 – REC for FY20

Schedule A

REVENUE ESTIMATING CONFERENCE
FISCAL YEAR 20 FORECAST
(In Million \$)

REVENUE SOURCE / DEDICATIONS	Actual Collections FY19	Official Forecast 4/10/2019	Proposed DOA Forecast 1/31/2020	Proposed LFO Forecast 1/31/2020	DOA +/- Official Forecast	LFO +/- Official Forecast
Alcoholic Beverage	37.7	38.3	38.0	38.1	(0.3)	(0.2)
Beer	38.4	39.3	38.5	37.8	(0.8)	(1.5)
Total Corp Fran. & Inc.	630.5	400.0	475.0	500.0	75.0	100.0
Gasoline & Special Fuels	635.5	655.6	635.0	626.3	(20.6)	(29.3)
Hazardous Waste	2.6	3.1	3.1	2.9	(0.0)	(0.2)
Individual Income	3719.4	3,512.9	3685.1	3,811.9	172.2	299.0
Natural Gas Franchise	0.8	0.7	0.7	0.7	0.0	-
Public Utilities	7.7	8.0	7.6	7.0	(0.4)	(1.0)
Auto Rental Excise	7.4	7.0	7.0	7.5	-	0.5
Sales Tax - General	3459.8	3,470.5	3546.3	3,465.1	75.8	(5.4)
Severance	524.6	558.4	453.1	448.9	(105.3)	(109.5)
Supervision/Inspection Fee	8.6	8.7	8.7	8.7	-	-
Tobacco	284.8	293.6	268.7	276.3	(24.9)	(17.3)
Unclaimed Property	15.0	40.2	40.0	41.1	(0.2)	0.9
Miscellaneous Receipts	6.8	6.1	6.3	6.8	0.2	0.7
Total-Dept. of Revenue	9,379.6	9,042.4	9,213.0	9,279.1	170.5	236.7
Royalties	181.3	175.9	156.5	137.1	(19.4)	(38.8)
Rentals	1.2	1.2	1.6	3.4	0.4	2.2
Bonuses	13.6	6.7	7.0	1.5	0.3	(5.2)
Mineral Interest	0.8	0.3	1.0	1.0	0.7	0.7
Total-Natural Res.	196.8	184.1	166.1	143.0	(18.0)	(41.1)
Interest Earnings (SGF)	6.1	1.0	7.0	6.1	6.0	5.1
Interest Earnings (TTF)	7.9	7.0	6.0	7.9	(1.0)	0.9
VAR,INA/Hosp Leases/LA1 Tolls	204.1	215.5	208.3	212.8	(7.2)	(2.7)
Agency SGR Over-collections	16.5	12.9	17.0	16.5	4.1	3.6
Bond Reimbs / Traditional & GOZ	16.7	18.2	17.8	17.8	(0.4)	(0.4)
Quality Ed. Support Fund	41.0	45.3	40.0	42.1	(5.3)	(3.2)
Lottery Proceeds	181.6	168.5	169.1	169.1	0.6	0.6
Land-based Casino	63.1	60.4	63.4	63.8	3.0	3.4
Tobacco Settlement	111.0	107.7	107.6	107.7	(0.1)	-
DHH Provider Fees	161.4	163.5	164.4	167.8	0.9	4.3
Total Treasury	809.3	800.0	800.6	811.6	0.6	11.6
Excise License	914.8	958.7	947.4	966.5	(11.3)	7.8
Ins. Rating Fees (SGF)	72.0	74.8	72.0	74.7	(2.8)	(0.1)
Total-Insurance	986.7	1,033.5	1,019.3	1,041.2	(14.2)	7.7
Misc. DPB Permits	16.7	17.1	10.0	8.3	(7.1)	(8.8)
Titles	23.0	23.4	23.6	23.5	0.2	0.1
Vehicle Licenses	124.6	128.5	123.0	125.5	(5.5)	(3.0)
Vehicle Sales Tax	450.3	459.2	446.4	450.6	(12.8)	(8.6)
Riverboat Gaming	404.5	423.1	385.0	395.4	(38.1)	(27.7)
Racetrack slots	54.0	52.9	50.0	53.5	(2.9)	0.6
Video Draw Poker	194.3	190.2	195.0	199.3	4.8	9.1
Total-Public Safety	1,267.4	1,294.4	1,233.0	1,256.1	(61.4)	(38.3)
Total Taxes, Lic., Fees	12,639.9	12,354.4	12,432.1	12,531.1	77.7	176.7
Less: Dedications	(2,584.0)	(2,020.7)	(2,514.2)	(2,538.0)	115.4	91.1
Less: NOW Waiver Fund Allocation	(15.0)	-	(23.2)	(32.1)	(23.2)	(32.1)
STATE GENERAL FUND REVENUE - DIRECT	10,040.8	9,724.8	9,894.7	9,960.4	169.9	235.7
Oil Price per barrel	\$61.75	\$59.42	\$56.12	\$54.85	(\$3.30)	(\$4.57)

Schedule B

**REVENUE ESTIMATING CONFERENCE
FISCAL YEAR 21 FORECAST
(In Million \$)**

REVENUE SOURCE / DEDICATIONS	Official Forecast 4/10/2019	Proposed DOA Forecast 1/31/2020	Proposed LFO Forecast 1/31/2020	DOA +/- Official Forecast	LFO +/- Official Forecast
Alcoholic Beverage	39.0	38.0	39.1	(1.0)	0.1
Beer	39.1	38.5	37.6	(0.6)	(1.5)
Total Corp Fran. & Inc.	400.0	475.0	506.0	75.0	106.0
Gasoline & Special Fuels	665.1	637.5	635.4	(27.6)	(29.7)
Hazardous Waste	3.1	3.0	3.0	(0.1)	(0.1)
Individual Income	3,611.2	3,784.4	3,912.7	173.2	301.5
Natural Gas Franchise	0.7	0.7	0.7	0.0	-
Public Utilities	8.0	7.6	7.0	(0.4)	(1.0)
Auto Rental Excise	7.0	7.0	7.5	-	0.5
Sales Tax - General	3,513.9	3,616.7	3,505.3	102.8	(8.6)
Severance	581.4	478.3	418.8	(103.1)	(162.6)
Supervision/Inspection Fee	8.7	8.7	8.7	-	-
Tobacco	293.5	268.7	276.6	(24.8)	(16.9)
Unclaimed Property	39.7	40.0	36.5	0.3	(3.2)
Miscellaneous Receipts	6.1	6.8	6.8	0.7	0.7
Total-Dept. of Revenue	9,216.5	9,410.9	9,401.7	194.4	185.2
Royalties	185.1	166.4	137.9	(18.7)	(47.2)
Rentals	1.2	1.6	3.4	0.4	2.2
Bonuses	6.7	4.0	1.5	(2.7)	(5.2)
Mineral Interest	0.3	1.0	1.0	0.7	0.7
Total-Natural Res.	193.3	173.0	143.8	(20.2)	(49.5)
Interest Earnings (SGF)	1.0	7.0	6.1	6.0	5.1
Interest Earnings (TTF)	7.0	6.0	7.9	(1.0)	0.9
VAR,INA/Hosp Leases/LA1 Tolls	218.2	209.8	208.3	(8.4)	(9.9)
Agency SGR Over-collections	12.9	13.0	16.5	0.1	3.6
Bond Reimbs / Traditional & GOZ	18.2	17.5	17.5	(0.7)	(0.7)
Quality Ed. Support Fund	47.8	40.0	46.2	(7.8)	(1.6)
Lottery Proceeds	158.7	168.0	158.8	9.3	0.1
Land-based Casino	60.4	63.4	63.8	3.0	3.4
Tobacco Settlement	107.8	107.3	107.8	(0.5)	-
DHH Provider Fees	166.5	168.1	169.1	1.6	2.6
Total Treasury	798.5	800.0	802.0	1.5	3.5
Excise License	983.6	950.6	986.4	(33.0)	2.8
Ins. Rating Fees (SGF)	75.4	70.9	75.2	(4.5)	(0.2)
Total-Insurance	1,059.0	1,021.5	1,061.6	(37.5)	2.6
Misc. DPS Permits	17.2	11.0	8.3	(6.2)	(8.9)
Titles	23.9	24.1	24.0	0.2	0.1
Vehicle Licenses	130.4	123.6	128.9	(6.8)	(1.5)
Vehicle Sales Tax	466.3	450.2	449.8	(16.1)	(16.5)
Riverboat Gaming	429.5	385.0	403.7	(44.5)	(25.8)
Racetrack slots	53.1	50.0	54.8	(3.1)	1.7
Video Draw Poker	188.6	195.0	197.8	6.4	9.2
Total-Public Safety	1,309.0	1,238.9	1,267.3	(70.1)	(41.7)
Total Taxes, Lic., Fees	12,576.3	12,644.4	12,676.5	68.1	100.2
Less: Dedications	(2,532.2)	(2,497.1)	(2,471.0)	35.2	61.3
Less: NOW Waiver Fund Allocation	-	-	-	-	-
STATE GENERAL FUND REVENUE - DIRE	10,044.1	10,147.3	10,205.5	103.2	161.4
Oil Price per barrel	\$60.00	\$57.49	\$55.98	(\$2.51)	(\$4.02)

Attachment #5 – NCSL Overview of Federal Stimulus (see link for more details)



StateFed

All Documents

Overview

The U.S. Senate approved an estimated \$2 trillion stimulus package to battle the harmful effects of the COVID-19 pandemic, though concerns with the unemployment provisions remain. A few highlights of what's included in the package:

- Creates a \$150 billion Coronavirus Relief Fund for state, local and tribal governments. [See estimated state allocations](#) courtesy of Federal Funds Information for States.
- Provides \$30 billion for an Education Stabilization Fund for states, school districts and institutions of higher education for costs related to the coronavirus.
- Provides \$45 billion for the Disaster Relief Fund for the immediate needs of state, local, tribal and territorial governments to protect citizens and help them respond and recover from the overwhelming effects of COVID-19.
- Provides \$1.4 billion for deployments of the National Guard. This level of funding will sustain up to 20,000 members of the National Guard, under the direction of the governors of each state, for the next six months in order to support state and local response efforts.
- Provides an additional \$4.3 billion, through the Centers for Disease Control and Prevention, to support federal, state and local public health agencies to prevent, prepare for, and respond to the coronavirus.
- Extends Real ID deadline for full implementation by states from Oct. 1, 2020, to Sept. 30, 2021.
- Provides \$25 billion for transit systems. These funds would be distributed through existing formulas including the [Urbanized Area Formula Grants](#) and [Formula Grants for Rural Areas](#) using fiscal year 2020 apportionment formulas.
- Provides \$400 million in election security grants to prevent, prepare for, and respond to coronavirus in the 2020 federal election cycle. States must provide an accounting to the Election Assistance Commission of how the funds were spent within 20 days of any 2020 election.
- Expands unemployment insurance from three to four months, and provides temporary unemployment compensation of \$600 per week, which is in addition to and the same time as regular state and federal UI benefits.
- Establishes a \$500 billion lending fund for businesses, cities and states.
- Provides a \$1,200 direct payment to many Americans and \$500 for each dependent child.