

FY 2005 State Budget Highlights



*Louisiana State Senate
July 28, 2004*

Sen. Donald E. Hines, President

Sen. Diana E. Bajoie, Pres. Pro Tem

FY 2005 State Budget Highlights



Prepared by the Senate Fiscal Services Division

July 28, 2004

Senator Francis Heitmeier
Finance Committee Chairman

Senator Joe McPherson
Finance Committee Vice-Chairman

Senate Fiscal Services

Contact List for Budget Analysts, Including Primary Agency Assignments

Sherry Phillips-Hymel, Chief Budget Analyst and Division Director <i>State Budget, Revenue Estimating Conference, Joint Legislative Committee on the Budget</i>	225-342-8894
Kari Belvin Couvillon, Budget Analyst <i>Social Services/TANF, Corrections, Public Safety, Youth Services, Natural Resources, Wildlife and Fisheries</i>	225-342-0759
Craig Gannuch, Budget Analyst <i>Higher Education, Transportation, Saints/Hornets</i>	225-342-2372
Heather Hoolahan, Budget Analyst <i>Medicaid/Health and Hospitals, Graduate Medical Education, Charity Hospital System</i>	225-342-0607
Jay Lueckel, Senior Budget Analyst <i>Executive, Economic Development, Labor, Group Benefits</i>	225-342-0647
Linda Nugent, Senior Analyst <i>Finance Committee, Bond Commission</i>	225-342-8892
David Ray, Senior Budget Analyst <i>K-12 Education, TOPS/Special Schools and Commissions, Community and Technical Colleges, Retirement, Civil Service,</i>	225-342-6212

Table of Contents

Executive Summary

Balancing the FY05 Budget1
Budget Overview4

FY05 State Budget Highlights

Balancing the FY05 Budget13
The Revenue Picture17
 FY05 Revenue17
 Tobacco Settlement Funds19
Legislation Passed During the 2004 Regular Session
 With General Fund Expenditure Impact23
Legislation Passed During the 2004 Regular Session
 With General Fund Revenue Impact24
FY05 Budget Summary - Means of Financing and Expenditures25

Departmental Budget Overview31
Executive31
 Louisiana Stadium and Exposition District/Saints/Hornets.....33
Veterans Affairs37
Elected Officials38
Economic Development45
Culture, Recreation and Tourism48
Transportation and Development49
Public Safety and Corrections - Corrections Services53
Public Safety and Corrections - Public Safety Services55
Public Safety and Corrections - Youth Services57
Health and Hospitals59
Social Services63
Natural Resources66
Revenue67
Environmental Quality68
Labor69
Wildlife and Fisheries71
Civil Service72
Retirement Systems73
Higher Education74
Special Schools and Commissions79
K-12 Education81

LSU Health Sciences Center - Health Care Services Division.....	84
Other Requirements	86
Homeland Security - Summary of Total FY05 Funding	89
 General Appropriation Act Gubernatorial Veto Messages	90
 Other FY05 Appropriation Acts	
And Significant Related Legislation	92
FY05 Ancillary Appropriation Act - Act 4	92
FY05 Legislative Appropriation Act - Act 6	93
FY05 Judicial Appropriation Act - Act 5	94
FY05 Revenue Sharing Act – Act 590	95
FY05 Special Funds Act – Act 585	96
FY04 Supplemental Appropriation Act - Act 446	97
 Significant Legislation Handled in Senate Finance Committee	
During the 2004 First Extraordinary	
And Regular Sessions of the Legislature	100
 Oversight Responsibilities of	
Joint Legislative Committee on the Budget in FY05	102
Joint Legislative Committee on the Budget Requirements in Act 1	102
2004 Enacted Legislation with an Impact	
Upon the Joint Legislative Committee on the Budget	113

Executive Summary

Balancing the FY05 Budget

The Total FY05 State Budget

As passed by the Legislature, the FY05 total budget is approximately \$17.5 billion, including \$6.8 billion in State General Fund.

The budget increased approximately \$600 million from the FY04 existing operating budget (EOB) of \$16.9 billion. The increase is split almost evenly between a growth of about \$300 million in both the State General Fund and the various statutory dedications.

Federal funding decreased in FY05 as compared to FY04. In FY04, the state received a large influx of federal dollars when Congress provided the states with general and Medicaid fiscal relief packages. Such funding was not continued for FY05.

Since 1996, the state budget has grown by approximately \$5 billion. The FY05 budget represents growth at a rate slightly less than the annual average growth over the last eight years.

The FY05 Executive Budget as Proposed

When the budget was proposed in February, there was a \$564 million shortfall in revenues to meet continuation expenditure needs. As introduced, Act 1 (HB 1) of the 2004 Regular Legislative Session, the General Appropriation Act, contained two primary supplemental sections: one section was contingent on the renewal of the sales tax on business utilities, and the second section was contingent on an increase in the deposits allowed into the State General Fund from mineral revenues.

For the most part, items funded through the supplemental sections were scattered throughout the Executive Budget in an amount that was approximately 7 percent for each department, where applicable. In most cases, this represented a direct correlation between discretionary general fund dollars available and the proportion of supplemental funding contained in a budget unit.

For instance, Higher Education and the Department of Health and Hospitals (DHH) had the highest dollar levels of supplemental funding. Higher Education had approximately \$83 million in supplemental recommendations, and DHH had roughly \$79 million. In the case of DHH, the supplemental state dollars were further matched with federal dollars and generated roughly \$224 million for expenditures on health care services.

The bills that renewed the sales tax and increased the cap on mineral revenues were enacted into law during the 2004 First Extraordinary Session. The combined total of the two pieces of legislation generated nearly \$211 million in state funds for HB 1's original supplemental sections.

Although the supplemental funding mechanisms were enacted, several key budget areas remained unfunded as the House began deliberations on the budget. These expenditure items are typically referred to as "unmet needs." Further, other budget items were contingent on the passage of legislation as introduced in the 2004 Regular Session that mitigated the costs of these obligations. However, when the legislation was amended in such a manner that resulted in increased costs for FY05, these items required State General Fund appropriations in Act 1, such as the legislation on the retirement systems.

The table below highlights some of the unmet needs that remained after the FY05 Executive Budget was introduced.

Major Unmet Needs Not Addressed by the Executive Budget for FY05

Various Programs Previously Funded from "Surplus" TANF Funds In prior years, TANF has funded a variety of programs, including Drug Courts, CASA, Teen Pregnancy, After-School Tutorials, Truancy Programs, Job Skills/Training, Substance Abuse, and Domestic Abuse.	\$97 million
LSU Health Sciences Center - Health Care Services Division	\$59 million
Retirement Systems	\$49 million
Medicaid Program Preliminary review of the Executive Budget indicated unfunded needs in the Medicaid program totaled roughly \$160 million. This total included approximately \$48 million in State General Fund.	\$48 million
Minimum Foundation Program (MFP)	\$22.5 million
Final Judgments Against the State	\$20 million
TOPS Additional funding was needed due to expected tuition increases.	\$8.5 million

Increases in Revenue Estimates for Fiscal Year 2004 and Fiscal Year 2005

Addressing the unmet needs became easier when the Revenue Estimating Conference (REC) met in May and increased revenue estimates for both FY04 and FY05. The estimate increases were primarily attributable to greater mineral revenues resulting from higher oil prices. The average price per barrel of oil was well over \$30 for FY04 and is estimated to be over \$28 for FY05. Additionally, increases in the price for natural gas contributed to even higher severance tax collections for both FY04 and FY05.

For FY04, REC increased revenue estimates by \$197 million. Of this amount, \$51 million was already incorporated into the budget for FY05 in the Supplemental Section of the original version of HB 1. Thus, approximately \$146 million remained for other unmet needs.

For FY05, REC increased revenues estimates by \$268 million. Of this amount, \$160 million was already incorporated into the FY05 budget in the Supplemental Section of the original version of HB 1, tied to the renewal of the sales tax on business utilities. Thus, approximately \$108 million was available for other unmet needs in FY05.

This resulted in the availability of roughly \$255 million in additional revenues for both the FY04 Supplemental Appropriation Act (Act 446) and the FY05 General Appropriation Act (Act 1). Act 446 provided for the deposit of FY04 revenues into various statutorily dedicated funds with these revenues being rolled over into FY05 to finance expenditures in the current fiscal year.

Legislative Action on the Budget

As a result of the increase in revenues recognized at the May REC meeting, significant restorations and some enhancements were made to the proposed FY05 budget by the Legislature.

Major items restored or enhanced by the Legislature in the FY05 budget included the following adjustments (the amounts below do not represent total funding for any one program; instead, the amounts represent the total funding restored or enhanced by the Legislature during the process):

Department of Health and Hospitals	\$105.3 million
Includes \$43.8 million for the Medicaid program; \$1.7 million to fund the Health Insurance Flexibility and Accountability Initiative; and \$4.6 million to restore funding for four inpatient psychiatric units slated for closure in FY05 due to a lack of funding.	
LSU Health Sciences Center - Health Care Services Division	\$59.1 million
Ensures stability in service offerings at the eight hospitals in the Division, including such services as dental clinics, emergency room beds, surgery beds, and primary care clinics.	
Restoration of TANF Initiatives	\$30.0 million
Includes programs such as After-School Tutorials, Teen Pregnancy Prevention, Drug Courts, Non-medical Substance Abuse services, CASA, etc.	
Higher Education Mandated Costs	\$25.8 million
Full Funding of the Minimum Foundation Program	\$22.5 million
TOPS Funding for Tuition Increases	\$8.5 million
LSU Health Sciences Center - E. A. Conway Medical Center	\$5.5 million
Sheriffs' Housing of State Inmates	\$4.0 million
Health Care Workforce Development – Board of Regents	\$3.0 million
Truancy Means of Financing Substitution	\$2.4 million
Louisiana Special Education Center Acquisitions, Major Repairs	\$1.8 million
City of New Orleans for Public Services due to the presence of land-based Casino in New Orleans	\$1.0 million
LSU Health Sciences Center – Shreveport	\$1.0 million
SenioRx Program Statewide Implementation	\$1.0 million

Budget Overview

The following sections highlight some of the major initiatives contained in the FY05 budget.

Health Care Services

Louisiana's Medicaid Program

- Overall, the Medicaid program is funded at \$5.141 billion for reimbursements to health care providers of medical services to Medicaid clientele and the uninsured in FY05, with \$301.8 million in growth over the FY04 operating budget.
- Specific services were targeted for enhancements –
 - \$76.4 million for re-basing reimbursement rates for nursing home services (pending prior approval from the federal Centers for Medicare and Medicaid Services).
 - \$40.0 million to fully fund “outlier” payments in FY05 to cover the costs of extraordinary care for Medicaid patients exceeding the normal reimbursement rates.
 - \$4.4 million for increases in the reimbursement rates for pediatric dental services.
 - \$3.7 million for 66 “emergency” slots in the New Opportunities Waiver program, bringing the total number of slots available in FY05 to 4,642.
 - \$1.8 million for an additional 230 slots in the various Medicaid Home and Community-based Services Waiver programs pursuant to the settlement agreement in the *Barthelemy v. Hood* lawsuit.

Charity Hospitals

(LSU Health Sciences Center – Health Care Service Division)

- The Health Care Services Division (HCSD) faced a \$59.1 million shortfall in revenues for projected expenditures in FY05 in the original version of the budget.
- A series of steps were necessary to stall HCSD's projected downsizing in FY05 until the state could develop a plan for the future provision of health care services in Louisiana.
 - The Legislature appropriated \$13.0 million for additional Medicaid claims payments to help HCSD narrow its budgetary gap. This action was based on HCSD's leadership committing itself to aggressively certifying a greater percentage of its hospitals' patient base for Medicaid eligibility.

- By reprioritizing spending on Uncompensated Care Costs (UCC) payments, HCSD will receive an additional \$18.7 million in UCC payments in FY05. To accomplish this, the state will delay implementing a plan to spread UCC payments between both state and non-state hospitals providing services to the uninsured. Further, the state will attempt to maximize every dollar available under the cap on federal financial participation in UCC payments.
- Finally, a \$27.4 million State General Fund appropriation covers the final portion of the funding necessary to restore the remainder of HCSD services originally slated for closure in this year's budget.
- These additions by the Legislature result in a total FY05 estimated operating budget of \$846.2 million for HCSD (not including pass-through funding). Thus, the proposed downsizing of emergency room services, closures of operating room beds, and closures or reductions in clinic-based services, including dental clinics, should not be necessary in FY05.

Social Services

Temporary Assistance to Needy Families (TANF) Initiatives

- In the original version of HB 1, only two Temporary Assistance to Needy Families (TANF) initiatives were to receive funding in FY05: Public Pre-K (LA4) at \$35 million, and Private Pre-K at \$8.5 million. Only \$20 million of this funding was from the so-called "TANF surplus" of prior years, while the remainder came from the FY05 TANF block grant and the State General Fund.
- As the bill moved through the legislative process, the House provided \$20 million additional TANF dollars and \$5 million State General Fund as match for the maintenance of effort (MOE) to fund historical TANF initiatives from prior years: \$9.5 million for after-school tutoring; \$5.5 million for teen pregnancy prevention; \$5 million for drug courts; \$2.3 million for substance abuse counseling through the Office for Addictive Disorders; and \$2.7 million for mental health screening for at-risk children in the Office of Mental Health.
- On the Senate side, only two TANF changes were made. The substance abuse counseling program received an additional \$1.9 million increase to restore it to the FY04 level of \$4.2 million. Also, an additional \$3.0 million means of financing substitution was made in LA4, increasing State General Fund and decreasing TANF funding. The "freed-up" TANF funds were used to fund the Court-Appointed Special Advocates (CASA) program.
- It should be noted that although the prior-year TANF surplus money totaled only \$20 million, an additional \$28.5 million in TANF funds were used for the FY05 initiatives. The additional funding will be coming out of the state's FY05 block grant. This could lead to the creation of a sizable deficit in the Child Care Assistance Program for FY06, because a portion (up to 20 percent) is taken off the top of the TANF block grant and transferred to

Child Care each year. Since this money was used for the TANF initiatives programs for FY05, it will not be available for Child Care for FY06.

FY05 TANF Initiatives in Act 1

Public Pre-K (LA4) (\$17.0 million TANF; \$18.0 million State General Fund; and \$14.0 million in 8(g) funds)	\$49.0 million
Private Pre-K	\$8.5 million
After-School Programs	\$9.5 million
Teen Pregnancy Prevention	\$5.5 million
Court-Appointed Special Advocates (CASA)	\$3.0 million
Drug Courts	\$5.0 million
Substance Abuse Non-Medical Treatment Services (\$4.2 million State General Fund)	\$4.2 million
Non-Medical Mental Health Services for At-risk Children and their Families (\$2.7 million State General Fund)	\$2.7 million

Community Services

- The Child Welfare Services Program in the Office of Community Services has received an additional \$4.9 million for FY05, due to increased caseload and attorney fees.

Educational Services

K-12 Education

- The Legislature fully funded the Minimum Foundation Program (MFP) formula for providing basic state aid to local schools. The MFP is funded at \$2.6 billion for FY05, an increase of about \$61.0 million over the budget for FY04.
- Still, school districts will have to absorb the rising costs of retirement and health insurance, estimated to be \$130.0 million.

- Act 1 also contains \$49.0 million to continue the LA4 Program's public school classes for 4-year-olds. The following revenues in FY05 will fund LA4: State General Fund (\$18.0 million); TANF (\$17.0 million); and 8(g) Fund (\$14.0 million). Previously, TANF funding comprised most of this program's means of financing.
- Further, the Legislature has once again provided \$8.5 million in TANF money for private school pre-K classes in FY05.
- The After School Enrichment Program received \$9.5 million in TANF funding in FY05, the same as in FY04.
- Another TANF-funded initiative, the Teen Pregnancy Prevention Program administered by the Department of Education, is financed at \$5.5 million in FY05. This amount represents a \$1 million decrease in funding from FY04.
- An additional \$2.2 million has been appropriated for Type 2 Charter Schools in order to provide for increased student enrollment in FY05. It is anticipated that 3,400 students will attend eight (8) Type 2 Charter Schools in FY05, at a cost of \$22.4 million.
- Act 1 provides \$1.7 million in new funding for nationally certified teachers, school psychologists and school counselors.
- The new Recovery School District has been established and funded at \$1.6 million in order to assist failed schools.
- The Jobs for America's Graduates Program (JAG LA) is funded at \$0.5 million in FY05.

TOPS, Tuition and Fees

- The Tuition Opportunity Program for Students (TOPS) is fully funded at \$113.8 million for 41,000 students in FY05, enough to cover the three percent tuition increase expected at the state's public colleges and universities (discussed below). This tuition increase received Joint Legislative Committee on the Budget approval in May, and funding was provided to cover the TOPS portion in Act 1.
- Act 788 (HB 1062) of the 2004 Regular Legislative Session allows the state's colleges and universities to impose up to a four percent "operational fee" in addition to the earlier approved three percent tuition increase (referenced above). The fee is not a cost payable by the state under a TOPS award. Both the fee increase and the earlier three percent tuition hike are intended to offset increased mandated costs throughout Higher Education and fund educational enhancements at the various campuses.

Higher Education

- The Legislature appropriated an additional \$40.2 million to Higher Education in Act 1 to cover increasing mandated costs such as retirement contributions, health insurance contributions and merit increases.
- Act 1117 of the 2001 Regular Session of the Legislature allowed each higher education management board to raise tuition and mandatory attendance fees by 3 percent annually through July 1, 2005. These increases are subject to approval by the Joint Legislative Committee on the Budget (JLCB). The three-percent tuition increase beginning in FY05 was approved at the May JLCB meeting and later covered under the TOPS appropriation in Act 1.
- As previously stated, Act 788 allows each higher education management board to assess an operational fee at each institution in an amount not to exceed four percent of the current total charges for tuition and fees. The fee is not a cost payable by the state under TOPS. This increase is in addition to the three percent tuition increase approved by JLCB in May. Language in Act 788 directs that these funds are first used for mandated costs at each institution.
- Both the fee increase and the earlier three percent tuition hike are intended to offset increased mandated costs throughout Higher Education and fund educational enhancements at the various campuses.
- The budget for the Board of Regents includes \$3.2 million from the Higher Education Initiatives Fund for the Louisiana Optical Network Initiative (LONI), a statewide fiber optic network that would allow the networking of computers with other research universities. Act 2, the Capital Outlay Act, also contains \$8.5 million (\$5 million in non-recurring State General Fund and \$3.5 million in Priority 1 General Obligation Bonds) for library and scientific acquisitions, including LONI.
- Act 1 continues \$5.0 million in funding for the Community and Technical Colleges Development Pool Fund.
- Act 1 contains \$3 million in the Board of Regents' budget for the Health Care Workforce Development initiative.
- The Library and Scientific Acquisitions Fund is funded at \$2.9 million in Act 1, and at \$8.5 million in Act 2 (the Capital Outlay Act). A portion of the Fund's Act 2 appropriation can be used for LONI (see above).

Public Safety and Corrections Services

Corrections Services

- The most significant change in the Department of Corrections for FY05 is the separation of correctional systems between the adult and juvenile populations. For all legal and budgetary purposes, these are now two separate entities.
- Another important issue in both Adult and Juvenile Corrections has been the closure of the Swanson Correctional Center for Youth – Madison Parish Unit (formerly known as Tallulah Correctional Center for Youth). Adult Corrections plans to take over the facility to establish the Steve Hoyle Rehabilitation Center. This center will house approximately 250 young adult inmates with substance abuse problems. Approximately \$13.7 million has been budgeted for this project.

Public Safety Services

- For FY05, \$13.8 million in new federal homeland security funds have been provided for the Office of State Police, in addition to \$21.3 million that was built into the base budget. These funds will be received from the Department of Military Affairs, Office of Emergency Preparedness. This funding will be used to enhance ongoing homeland security efforts and to provide for the purchase of specialized equipment for local governments.
- Act 1 contains an increase of \$0.7 million in statutory dedications from the Sex Offender Registry Technology Fund for modifications to the Sex Offender and Child Predator Registry.

Youth Services

- Juveniles have been transferred from Swanson-Madison to other juvenile institutions and elsewhere in the correctional system. Pursuant to Acts 14 and 1225 of 2003, these juveniles' education funding, formerly budgeted in the Department of Education, Special School District #2 (Swanson-Madison), has followed them. For FY05, approximately \$3.7 million of this money has been transferred from SSD#2 to Youth Services.

Sherriffs' Housing of State Inmates

- The FY05 budget contains \$151.8 million for the state to contract with sheriffs to house state inmates in local prisons at a daily rate of \$22.39 for an estimated 18,500 inmates (funding of these payments is located in Schedule 20-451).

General Government Services

Executive

- The FY05 budget contains \$8.5 million in funding for the Urban Grants program and \$7.6 million for the Rural Development Grants program.
- The Department of Military Affairs received an additional \$15.4 million in federal funds in FY05 for the Law Enforcement Terrorism Prevention Program and the Urban Area Security Initiatives in Baton Rouge.
- Overall, funding for the various Senior Centers, Councils on Aging, and other Senior programs in the Office of Elderly Affairs increased by \$1.7 million in FY05 due to a number of legislative line-item appropriations.
- In FY05, funding for the Louisiana Indigent Assistance Board increased by \$1.5 million. Of this amount, district indigent defender boards received \$1.0 million in formula grants. The remaining \$0.5 million funds the provision of trial, appellate, and post-conviction services to indigent defendants in capital cases.
- The budget for the SenioRx Drug Assistance Program increased by \$1.0 million in FY05 to expand the program from regional pilot programs to a statewide initiative, thereby increasing the total budget for the SenioRx program to \$1.4 million.
- The Office on Women's Policy received an additional \$0.8 million in State General Fund in FY05 for continuation of the children's services domestic violence contracts, which were formerly funded through the TANF program.

Economic Development

- The FY05 budget contains \$10.0 million for the creation of the Governor's Economic Development Rapid Response Program to provide a pool of funding for securing economic development opportunities for the state.
- Act 585 (HB 619) of the 2004 Regular Legislative Session provides for a loan in an amount not to exceed \$7.5 million from the Louisiana Economic Development Fund to the Louisiana Stadium and Exposition District (LSED) for the purpose of meeting the FY04 payment obligation for the New Orleans Saints. The bill further provides for the repayment of the loan in the future from revenues received by LSED in excess of the revenues generated in FY05, adjusted by a factor equal to the Consumer Price Index.
- The funding for the three wet lab facilities increased by \$1.9 million to total \$2.2 million in FY05. These facilities, located in Baton Rouge, New Orleans and Shreveport, provide the necessary laboratory environment for start-up biotech enterprises to conduct research and development activities.

- The funding for the Good Manufacturing Practices (GMP) Facilities in New Orleans and Shreveport increased by \$1.1 million to total \$1.9 million in FY05. These facilities support core labs to advance the manufacturing of gene therapies under FDA-required conditions.

Culture, Recreation and Tourism

- The FY05 budget contains \$2.0 million and 19 positions for the operating expenses of the South Toledo State Park that is scheduled to open in August 2004.

Labor

- In Act 1, the department is directed to identify and train persons eligible for training services funded from the Workforce Development Training Account (WDTA) of the Incumbent Worker Training Program (IWTP), as funded by private entities. The training plan must be submitted to and approved by both the Commissioner of Administration and the Joint Legislative Committee on the Budget (JLCB). Further, Act 1 requires that Labor submit monthly reports to JLCB in order to verify that the health care worker training plan specified has begun.
- In FY05, the Incumbent Worker Training Program is a separate program within the Office of Workforce Development, comprised of 31 positions and \$41.6 million. This new program was carved out of the Job Training and Placement Program within the Office of Workforce Development.
- The Office of Workforce Development in FY05 will redesign and automate the Unemployment Insurance Tax and Benefits System, spending an additional \$5.3 million of statutorily dedicated funds.
- The FY05 budget contains \$3.3 million in TANF funding for administration, operation costs, and implementation costs of the Strategies to Empower People (STEP) Program.
- House Bill 1 directs the department to identify \$3.0 million of the Department of Labor's FY05 budget for post-release skills programs to enable newly released inmates to gain employment and life skills. **Vetoed – July 14, 2004**

Other Government Services

Retirement Systems

- School boards and state government will not have to pay as much as earlier anticipated to make employer's contributions to the state retirement systems, because the Legislature passed Act 588 (SB 622) of the 2004 Regular Session to refinance about \$1.7 billion of debt in the retirement systems for teachers and state employees. The passage of this bill will save local school systems \$52.0 million in FY05. Still, school districts will struggle to meet

retirement costs that are rising from 13.8 percent of payroll in FY04 to 15.5 percent in FY05, an increase of almost \$50.0 million. The situation, however, would have been far worse had the Legislature not agreed to the plan for requiring retirement system debt to be paid back by 2029. The bill places a long-term financial burden on the state, adding about \$6.4 billion to the systems' Unfunded Accrued Liability (\$3.7 billion for state employees and \$2.7 billion for teachers).

- A \$10.4 million appropriation is contained in Act 1 to offset increased employer contributions for retirement benefits for most state agencies. It should be noted, however, that higher education institutions, including all state colleges and universities, the LSU Health Sciences Center campuses (in New Orleans, Shreveport and Monroe), and HCSD will receive none of these funds since the Legislature already addressed their retirement needs along with other mandated costs. Only those higher education institutions without student-based revenues will participate in the funding pool.

FY05 State Budget Highlights

Balancing the FY05 Budget

The Total FY05 State Budget

As passed by the Legislature, the FY05 total budget is approximately \$17.5 billion, including \$6.8 billion in State General Fund.

The budget increased approximately \$600 million from the FY04 existing operating budget (EOB) of \$16.9 billion. The increase is split almost evenly between a growth of about \$300 million in both the State General Fund and the various statutory dedications.

Federal funding decreased in FY05 as compared to FY04. In FY04, the state received a large influx of federal dollars when Congress provided the states with general and Medicaid fiscal relief packages. Such funding was not continued for FY05.

Since 1996, the state budget has grown by approximately \$5 billion. The upcoming budget represents growth at a rate slightly less than the annual average growth over the last eight years.

The FY05 Executive Budget as Proposed

When the budget was proposed in February, there was a \$564 million shortfall in revenues to meet continuation expenditure needs. As introduced, Act 1 (HB 1) of the 2004 Regular Legislative Session, the General Appropriation Act, contained two primary supplemental sections: one section was contingent on the renewal of the sales tax on business utilities, and the second section was contingent on an increase in the deposits allowed into the State General Fund from mineral revenues.

For the most part, items funded through the supplemental sections were scattered throughout the Executive Budget in an amount that was approximately 7 percent for each department, where applicable. In most cases, this represented a direct correlation between discretionary general fund dollars available and the proportion of supplemental funding contained in a budget unit.

For instance, Higher Education and the Department of Health and Hospitals (DHH) had the highest dollar levels of supplemental funding. Higher Education had approximately \$83 million in supplemental recommendations, and DHH had roughly \$79 million. In the case of DHH, the supplemental state dollars were further matched with federal dollars and generated roughly \$224 million for expenditures on health care services.

The bills that renewed the sales tax and increased the cap on mineral revenues were enacted into law during the 2004 First Extraordinary Session. The combined total of the two pieces of legislation generated nearly \$211 million in state funds for HB 1's original supplemental sections.

Although the supplemental funding mechanisms were enacted, several key budget areas remained unfunded as the House began deliberations on the budget. These expenditure items are typically referred to as "unmet needs." Further, other budget items were contingent on the passage of legislation as introduced in the 2004 Regular Session that mitigated the costs of these obligations. However, when the legislation was amended in such a manner that resulted in increased costs for FY05, these items required State General Fund appropriations in Act 1, such as the legislation on the retirement systems.

The table below highlights some of the unmet needs that remained after the FY05 Executive Budget was introduced.

Major Unmet Needs Not Addressed by the Executive Budget for FY05

Various Programs Previously Funded from "Surplus" TANF Funds In prior years, TANF has funded a variety of programs, including Drug Courts, CASA, Teen Pregnancy, After-School Tutorials, Truancy Programs, Job Skills/Training, Substance Abuse, and Domestic Abuse.	\$97 million
LSU Health Sciences Center - Health Care Services Division	\$59 million
Retirement Systems	\$49 million
Medicaid Program Preliminary review of the Executive Budget indicated unfunded needs in the Medicaid program totaled roughly \$160 million. This total included approximately \$48 million in State General Fund.	\$48 million
Minimum Foundation Program (MFP)	\$22.5 million
Final Judgments Against the State	\$20 million
TOPS Additional funding was needed due to expected tuition increases.	\$8.5 million

Increases in Revenue Estimates for Fiscal Year 2004 and Fiscal Year 2005

Addressing the unmet needs became easier when the Revenue Estimating Conference (REC) met in May and increased revenue estimates for both FY04 and FY05. The estimate increases were primarily attributable to greater mineral revenues resulting from higher oil prices. The average price per barrel of oil was well over \$30 for FY04, and is estimated to be over \$28 for FY05. Additionally, increases in the price for natural gas contributed to even higher severance tax collections for both FY04 and FY05.

For FY04, REC increased revenue estimates by \$197 million. Of this amount, \$51 million was already incorporated into the budget for FY05 in the Supplemental section of the original version of HB 1. Thus, approximately \$146 million remained for other unmet needs.

For FY05, REC increased revenues estimates by \$268 million. Of this amount, \$160 million was already incorporated into the FY05 budget in the Supplemental Section of the original version of HB 1, tied to the renewal of the sales tax on business utilities. Thus, approximately \$108 million was available for other unmet needs in FY05.

This resulted in the availability of roughly \$255 million in additional revenues for both the FY04 Supplemental Appropriation Act (Act 446) and the FY05 General Appropriation Act (Act 1). Act 446 provided for the deposit of FY04 revenues into various statutorily dedicated funds with these revenues being rolled over into FY05 to finance expenditures in the current fiscal year.

Legislative Action on the Budget

As a result of the increase in revenues recognized at the May REC meeting, significant restorations and some enhancements were made to the proposed FY05 budget by the Legislature.

Major items restored or enhanced by the Legislature in the FY05 budget included the following adjustments (the amounts below do not represent total funding for any one program; instead, the amounts represent the total funding restored or enhanced by the Legislature during the process):

Department of Health and Hospitals	\$105.3 million
Includes \$43.8 million for the Medicaid program; \$1.7 million to fund the Health Insurance Flexibility and Accountability Initiative; and \$4.6 million to restore funding for four inpatient psychiatric units slated for closure in FY05 due to a lack of funding.	
LSU Health Sciences Center - Health Care Services Division	\$59.1 million
Ensures stability in service offerings at the eight hospitals in the Division, including such services as dental clinics, emergency room beds, surgery beds, and primary care clinics.	
Restoration of TANF Initiatives	\$30.0 million
Includes programs such as After School Tutorials, Teen Pregnancy Prevention, Drug Courts, Non-medical Substance Abuse services, CASA, etc.	
Higher Education Mandated Costs	\$25.8 million
Full Funding of the Minimum Foundation Program	\$22.5 million
TOPS Funding for Tuition Increases	\$8.5 million
LSU Health Sciences Center - E. A. Conway Medical Center	\$5.5 million
Sheriffs' Housing of State Inmates	\$4.0 million
Health Care Workforce Development – Board of Regents	\$3.0 million
Truancy Means of Financing Substitution	\$2.4 million
Louisiana Special Education Center Acquisitions, Major Repairs	\$1.8 million
City of New Orleans for Public Services due to the	

presence of land-based Casino in New Orleans	\$1.0 million
LSU Health Sciences Center – Shreveport	\$1.0 million
SenioRx Program Statewide Implementation	\$1.0 million

The Revenue Picture

FY05 Revenue

The official FY05 State General Fund revenue estimate, as adopted by the Revenue Estimating Conference at its May 14, 2004 meeting, is \$6.8 billion. This represents an increase of \$268 million over the last official forecast for FY05, which was adopted at the December 16, 2003 meeting. The estimate increases were primarily attributable to greater mineral revenues resulting from higher oil prices.

Supplemental Revenue Sources in Act 1

- Act 1 (HB 1) of the 2004 Regular Session of the Legislature, the General Appropriation Act, contained two primary supplemental sections when introduced: one section was contingent on the renewal of the sales tax on business utilities, and the second section was contingent on an increase in the deposits allowed into the State General Fund from mineral revenues.
- For the most part, items funded through the supplemental sections were scattered throughout the Executive Budget in an amount that was approximately 7 percent for each department, where applicable. In most cases, this represented a direct correlation between discretionary general fund dollars available and the proportion of supplemental funding contained in a budget unit.
- The bills that renewed the sales tax and increased the cap on mineral revenues were enacted into law during the 2004 First Extraordinary Legislative Session. The combined total of the two pieces of legislation generated nearly \$211 million in state funds for HB 1's original supplemental sections.

Non-recurring Revenues in the FY05 Budget

- The FY05 budget contains upward of \$500 million in revenues that could be considered non-recurring. This estimate is similar to the FY04 budget, as well as other preceding fiscal years. The list below provides a few of the items that could be classified as non-recurring in the FY05 budget:
 - Use of approximately \$209 million State General Fund via the Louisiana Medical Assistance Trust Fund;

- Funding associated with the final year under federal statutes allowing the payment of 175 percent of uncompensated care costs in excess of \$200 million;
- Use of Temporary Assistance to Needy Families (TANF) fund balances from previous allocations to fund nearly \$20 million for the last of the TANF initiatives; and,
- Use of year-end fund balances in excess of \$35 million.

Use of FY03 Surplus and Budget Stabilization Fund Balances

- The FY03 year-end balance indicated a surplus of \$23.1 million. As required by the Constitution, 25 percent of the surplus was deposited into the Budget Stabilization Fund (Rainy Day Fund), amounting to approximately \$6.0 million. The remaining amount (\$17.1 million) was utilized in the Capital Outlay Act (Act 2 [HB 2] of the 2004 Regular Legislative Session) to fund capital outlay projects.
- The deposit of approximately \$6.0 million into the Rainy Day Fund brings the balance of that fund up to an estimated \$200.7 million.
- Since inception, Mineral Revenue in excess of the cap has contributed roughly 43 percent toward the total balance in the Budget Stabilization Fund. Other sources of revenues deposited into the fund include:
 - Year-end Undesignated Fund Balances;
 - Interest Earnings;
 - One-time Casino Proceeds;
 - Legal Settlements; and,
 - Tax Amnesty Program Proceeds.
- The Budget Stabilization Fund has been utilized once since its inception in FY99, when \$86.3 million was used in FY03.

BUDGET STABILIZATION FUND	
Fiscal Year 98-99	\$ 23,604,791
Fiscal Year 99-00	\$ 59,464,829
Fiscal Year 00-01	\$ 196,700,379
Fiscal Year 01-02	\$ 266,173,483
Fiscal Year 02-03*	\$ 186,633,366
Fiscal Year 03-04	\$ 191,464,554

Fiscal Year 04-05	\$ 200,666,022
-------------------	----------------

*Note: First withdrawal from the Rainy Day Fund in the amount of \$86 million

Tobacco Settlement Funds

Settling the Tobacco Lawsuit

- In the late 1990s, Louisiana joined in a nationwide suit to sue the tobacco industry for the costs incurred by the states for treating smoking-related illnesses. In 1998, in an unprecedented victory, the states won the suit and are now receiving payments in perpetuity from the tobacco companies as specified in the Master Settlement Agreement.

Trusting the Tobacco Settlement Proceeds

- The Louisiana Legislature proposed a constitutional amendment to trust the monies received from the Master Settlement Agreement similar to the manner in which the state chose to trust monies received in the settlement agreement between the State of Louisiana v. United States relative to monies attributable to mineral production activities or leasing activities on the Outer Continental Shelf. Monies from that settlement are deposited in the Louisiana Education Quality Trust Fund, commonly referred to as the 8(g) settlement, which has a current balance of \$964 million.
- The amendment to trust the tobacco settlement proceeds was ratified by the Louisiana voters in October 1999.

The Trust Funds

The Millennium Trust

- The Millennium Trust received the following allocations from tobacco settlement proceeds:
 - In FY01, 45 percent of the total monies received that year.
 - In FY02, 60 percent of the total monies received that year.
 - In FY03, and each year thereafter, 75 percent of the total monies received that year.
 - For FY01 through FY03, 10 percent of the total monies received in the Millennium Trust were credited to the Education Excellence Fund for various educational purposes.
- The Millennium Trust Fund is divided into three individual funds:
 - The **Health Excellence Fund** receives one-third of the Settlement Agreement proceeds deposited each year into the Millennium Trust and one-third of all investment earnings on the investment of the Millennium Trust. Appropriations from the Health Excellence Fund are restricted to investment earnings and shall only be spent on:

- Initiatives to ensure optimal development of Louisiana’s children through the provision of appropriate health care.
- The **Education Excellence Fund** receives one-third of the Settlement Agreement proceeds deposited each year into Millennium Trust and one-third of all investment earnings on the investment of the Millennium Trust. Appropriations from the Education Excellence Fund are restricted to investment earnings and shall only be spent on:
 - Initiatives and funding for public and private elementary and secondary schools.
- The **TOPS Fund** receives one-third of the Settlement Agreement proceeds deposited each year into Millennium Trust and one-third of all investment earnings on the investment of the Millennium Trust. Appropriations from the TOPS Fund are restricted to investment earnings and shall only be spent on:
 - Support of state programs for financial assistance for students attending Louisiana institutions of postsecondary education.

The Louisiana Fund

- The Louisiana Fund receives all monies remaining after the mandated deposits into the Millennium Trust Fund.
- Appropriations from the Louisiana Fund are restricted to:
 - Initiatives to ensure the optimal development of Louisiana’s children through enhancement of educational opportunities and the provision of appropriate health care, which includes, but is not limited to:
 - Early childhood intervention programs targeting children from birth through age four, including programs to reduce infant mortality;
 - Support of state programs for children’s health insurance; and,
 - School-based health clinics, rural health clinics, and primary care clinics.
 - Initiatives to benefit the citizens of Louisiana with respect to health care through pursuit of innovation in advances of health care science, provision of comprehensive chronic disease management services and expenditures for capital improvements for state care facilities.
 - Provision of direct health care services for tobacco-related illnesses.
 - Initiatives to diminish tobacco-related injury and death to Louisiana’s citizens through educational efforts, cessation assistance services, promotion of a tobacco-free lifestyle

and enforcement of the requirements of the Settlement Agreement by the Attorney General.

Securitization of the Tobacco Settlement Proceeds

- Act 1145 of the 2001 Regular Session provided for the securitization of a portion of Louisiana's tobacco settlement. The purpose of securitizing a portion of the monies was to hedge the prospect of tobacco companies going bankrupt and the state losing future prospective earnings.
 - In November of 2001, the state executed the securitization of 60 percent of tobacco settlement monies and netted approximately \$1.2 billion.
 - All proceeds from the sale were deposited into the Millennium Trust and allocated as specified in the Constitution.
- Act 1210 of the 2003 Regular Session authorizes, after June 30, 2003, the securitization of the remaining portion of the tobacco settlement proceeds subject to the approval of the State Bond Commission, the Joint Legislative Committee on the Budget, and by a majority vote of the Legislature, if the Legislature is in session, or by mail ballot during the interim.
- Effective on January 1, 2004, as ratified by the voters on November 4, 2003, the Louisiana Coastal Restoration Fund was established and can be funded with up to 20 percent of the revenues received as a result of a securitization of tobacco settlement proceeds occurring after July 1, 2003, in the event the federal government appropriates funding for coastal restoration from which Louisiana will receive some portion.
 - The amount to be transferred from the Millennium Trust Fund shall be limited to the funding necessary to match the maximum amount of federal funding available to Louisiana and shall not, in any case, exceed 20 percent of revenues realized by the securitization.
 - The transfer shall be spread evenly across the three special funds comprising the Millennium Trust Fund – one-third from the Health Excellence Fund, one-third from the Education Excellence Fund and the final one-third from the TOPS Fund.
- At this time, there has not been an additional securitization of the remaining tobacco settlement proceeds.

SUMMARY OF TOBACCO SETTLEMENT PROCEEDS EXPENDITURES

EXPENDITURES BY FUND	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
LOUISIANA FUND					
Settlement Enforcement by the Attorney General	\$350,000	\$350,000	\$362,074	\$341,260	\$350,000
LaCHIP	\$13,000,000	\$15,407,900	\$374,444	\$0	\$2,343,018
Medicaid	\$31,000,000	\$19,222,100	\$5,800,000	\$247,033	\$2,907,249
School-Based Health Centers	\$5,760,863	\$6,620,000	\$6,620,000	\$6,884,800	\$7,160,192
Public Health Smoking Prevention and Cessation Grants	\$500,000	\$600,000	\$600,000	\$500,000	\$500,000
Starting Points Preschool Program	\$1,489,137	\$1,489,137	\$1,489,137	\$1,489,137	\$0
Higher Education Health Care Science Grants	\$13,165,000	\$17,767,277	\$11,340,000	\$4,691,161	\$2,129,666
LSU Health Sciences Center - New Orleans	\$0	\$3,100,000	\$0	\$0	\$0
LSU Health Sciences Center - Shreveport	\$0	\$3,500,000	\$0	\$0	\$0
LSU Health Sciences Center - Health Care Services Disease Management Program	\$0	\$3,550,000	\$3,494,000	\$0	\$0
TOTAL	\$65,265,000	\$71,606,414	\$30,079,655	\$14,153,391	\$15,390,12
EDUCATION EXCELLENCE FUND					
Fund Investment Fees	\$0	\$0	\$257,033	\$257,033	\$257,033
Per Pupil Allocation to Special Schools Operated by the State	\$256,000	\$543,139	\$394,349	\$396,850	\$393,735
K-12 Educational Programs Operated by Local Schools (Includes the Allocations for Public, Private, and Charter Schools)	\$14,300,604	\$117,116,671	\$19,835,160	\$15,778,302	\$12,452,518
TOTAL	\$14,556,604	\$117,659,810	\$20,486,542	\$16,432,185	\$13,103,28
HEALTH EXCELLENCE FUND					
Fund Investment Fees	\$0	\$0	\$257,033	\$257,034	\$257,034
LaCHIP	\$0	\$200,000	\$11,389,190	\$0	\$0
Medicaid	\$0	\$0	\$3,811,443	\$10,625,094	\$7,637,893
Higher Education Health Care Science Grants	\$300,000	\$1,400,000	\$300,000	\$5,624,261	\$5,270,483
TOTAL	\$300,000	\$1,600,000	\$15,757,666	\$16,506,389	\$13,165,41
TOPS FUND					
Fund Investment Fees	\$0	\$0	\$257,033	\$257,033	\$257,033
TOPS	\$300,000	\$2,114,941	\$13,684,158	\$16,606,511	\$12,846,271
TOTAL	\$300,000	\$2,114,941	\$13,941,191	\$16,863,544	\$13,103,30

Source: Louisiana Office of Planning and Budget

Legislation Passed During the 2004 Regular Session with General Fund Expenditure Impact

The following chart exhibits legislation passed during the 2004 Regular Session that has a significant impact on State General Fund expenditures. The chart is not inclusive of all legislation passed with a State General Fund impact, but does present those instruments that had a key budgetary effect or were cited in Act 1.

2004 Regular Session Key Legislation with General Fund Expenditure Impact					
2004 Regular Session	FY05	FY06	FY07	FY08	FY09
HB20 (Act 740) - Designates Dr. Martin Luther King Jr.'s birthday as a mandatory state holiday. The fiscal impact is not expected to be great, but funding would be needed for overtime and compensatory time earned for those state workers who may have to work during this holiday.	Increase	Increase	Increase	Increase	Increase
HB225 (Act 747) - Requires benefits paid to at least equal a member's accumulated contributions in the teachers' retirement system. The actuarial cost impact for this legislation could have a five-year cost range of \$4.6 m. to \$10.2 m., depending on retirement patterns.	Increase	Increase	Increase	Increase	Increase
HB344 (Act 751) - Authorizes LaChoice as a pilot program established by the Department of Insurance. Implementation of a pilot program could have a fiscal impact on SGF expenditures, depending on how the product is designed, including up to \$1.2 m. per year by FY09.	Increase	Increase	Increase	Increase	Increase
HB1295 (Act 280) - Provides relative to the federal-state agreement for state employee insurance benefits. To the extent that state and local gov't entities choose to conduct referendums for Medicare-only or Social Security coverage and these referendums are adopted, state and local expenditures could increase.	Increase	Increase	Increase	Increase	Increase
HB1413 (Act 812) - Increases the number of asst. district attorneys in the 1st, 2nd, 4th, 7th, 16th, 17th, 19th, 22nd, 23rd, 24th, 26th, 32nd, 36th, and 40th JDCs, for a total of 25 attorneys.	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
SB408 (Act 644) - Creates the Women's Health Commission within the Dept. of Health and Hospitals. Cost estimates include salaries and related benefits for a director and secretary for the commission, as well as as operating expenses and equipment. Estimates do not extend beyond FY07 because this measure calls for statutory authority of this commission to end on Oct. 1, 2006.	\$ 117,299	\$ 113,430	\$ 18,596	\$ -	\$ -
SB493 (Act 660) - Abolishes the Medicaid School-Based Administrative Claiming Trust Fund and provides for direct reimbursement of monies to public schools. Elimination of the fund will allow DHH to reimburse school systems directly, without having to perform administrative duties that are required by the State Treasurer's Office.	Minimal Impact	Minimal Impact	Minimal Impact	Minimal Impact	Minimal Impact
SB561 (Act 693) - Authorizes a parish board of election supervisors to schedule two commissioners to serve for half of an election day and receive half a full day's pay, and increases certain commissioners' salaries. For one statewide election, the total maximum cost would be \$492,975. It is impossible to know how many elections could be held in a given yr.	\$ -	\$ -	Increase	Increase	Increase
SB654 (Act 675) - Provides for eligibility for FITAP benefits and removes restriction on earned income disregard for TANF. This legislation will result in increased costs to the Department of Social Services due to increases in the FITAP caseload. DSS anticipates up to \$6.9 m. in fiscal impact over five years. Most of this increase will be federal funds, but a portion will be State General Fund due to required state match for	Increase	Increase	Increase	Increase	Increase
SB842 (Act 705) - Budget Highlights Acadiana Gulf of Mexico Access Channel. The total five-year costs associated with this measure could be as high as \$207 m., including both state and federal funding.	\$ 900,000	\$ 2,900,000	\$ 12,500,000	\$ 21,000,000	\$ 2,600,000

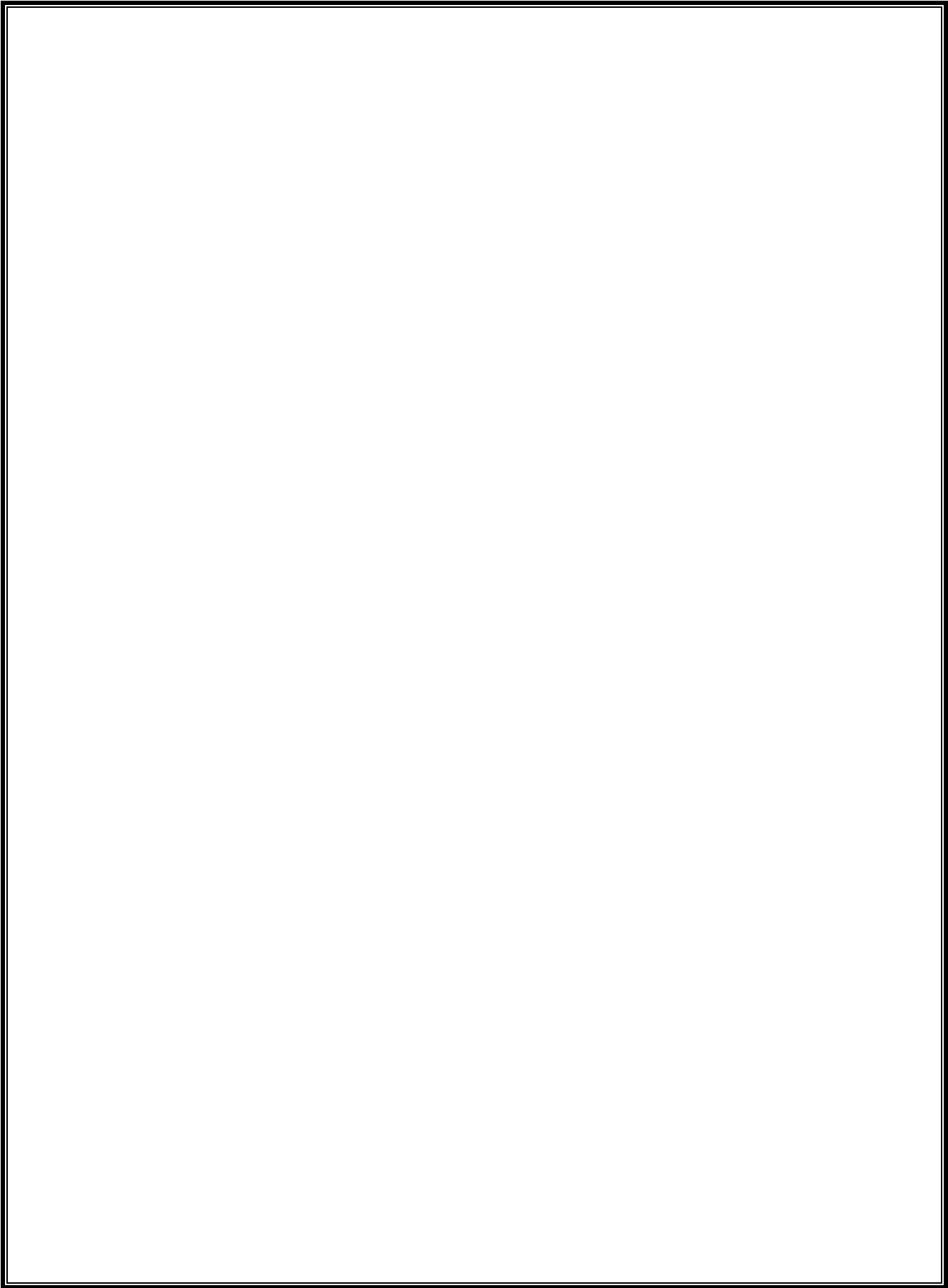
Legislation Passed During the 2004 Regular Session with General Fund Revenue Impact

The following chart exhibits legislation passed during the 2004 Regular Session that has a significant impact on State General Fund revenue. The chart is not inclusive of all legislation passed with a fiscal note, but does present those instruments that had a key revenue impact.

Legislation Passed During the 2004 Regular Session with General Fund Revenue Imp:

Bill No.	Status	Summary	FY05	FY06	FY07	FY08	FY09
HB 466	ACT 92	FUNDS/FUNDING: Provides relative to competitive bidding for certificate of deposit and share accounts.	\$135,000	\$190,000	\$244,000	\$300,000	\$352,000
HB 505	ACT 330	REVENUE DEPARTMENT: Provides relative to fees charged by third party payment processors for the Department of Revenue.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
HB 648	ACT 839	FUNDS/FUNDING: Provides relative to the presumption of abandonment of intangible property.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
HB 671	ACT 586	FUNDS/FUNDING: Create the Department of Justice Legal Support Fund.	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
HB 797	ACT 770	INSURANCE/AUTOMOBILE: Provides for a discount automobile liability insurance for active military personnel paid by a credit on the premium taxes.	\$0	(\$800,000)	(\$1,600,000)	(\$1,600,000)	(\$1,600,000)
HB 1478	VETOED	ECONOMIC DEVELOPMENT: Expands definition of "new direct job" in Quality Jobs Program Act to include contractor's employees in certain circumstances.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE
HB 1696	ACT 900	TAX RETURN: Changes provision authorizing refund credit for overpayment of individual income tax and specifies interest due on such refund.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
SB 363	ACT 638	SCHOOLS: Provides for the state to discharge certain debts owed the state by the city of Baker school board	(\$44,583)	(\$7,617)	(\$7,617)	(\$7,617)	(\$7,617)

Source: Legislative Fiscal Notes



FY05 Budget Summary - Means of Financing and Expenditures

State General Fund Revenue Sources for FY05

The official FY05 State General Fund revenue estimate, as adopted by the Revenue Estimating Conference at its May 14, 2004 meeting, is \$6.8 billion. This represents an increase of \$268 million over the last General Fund official forecast for FY05, which was adopted on December 16, 2003.

Overall, the estimated increase in revenue projections for FY05 was primarily attributable to greater mineral revenues resulting from higher oil prices. The average price per barrel of oil was well over \$30 for FY04, and it is estimated to be over \$28 for FY05. Additionally, increases in the price for natural gas contributed to even higher severance tax collections for FY05.

Of the \$6.8 billion estimate, sales taxes comprise the largest source (36 percent or \$2.4 billion) of monies in the General Fund.

Revenues from individual income taxes account for the next largest source, generating 34 percent, or \$2.3 billion. Another major source of revenue is mineral revenues, which make up 11 percent, or \$779 million. Corporate income tax accounts for about 6 percent, or \$405 million, and gaming monies amount to a little more than 5 percent, or \$371 million. (The \$371 million reflected for gaming revenue is only the State General Fund portion of the roughly \$742.3 million generated by gaming activities across the state. The difference is deposited into various dedicated funds, such as the \$135 million deposited into the Support Education in Louisiana First (SELF) Fund.) A variety of smaller sources provide nearly 8 percent of the total state revenues (roughly \$525 million).

Total Means of Financing for FY05

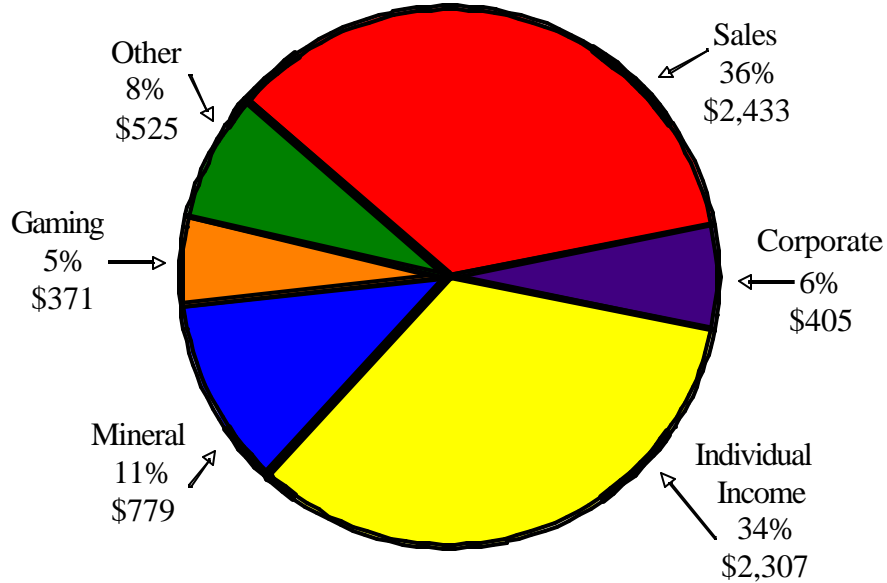
The total means of financing supporting state spending in FY05 is \$17.5 billion, which is an increase of slightly more than \$600 million (4 percent) over FY04. State General Fund and Federal Funds account for 75 percent of the monies supporting state FY05 expenditures.

The State General Fund comprises 39 percent, or \$6.8 billion of the FY05 total budget. Federal Funds provide 36 percent of the total, or \$6.3 billion. Statutory Dedications make up 18 percent,

or \$3.1 billion. The smallest group of monies supporting the budget is Fees and Self-generated Revenues, which amount to 7 percent of the total, or \$1.3 billion.

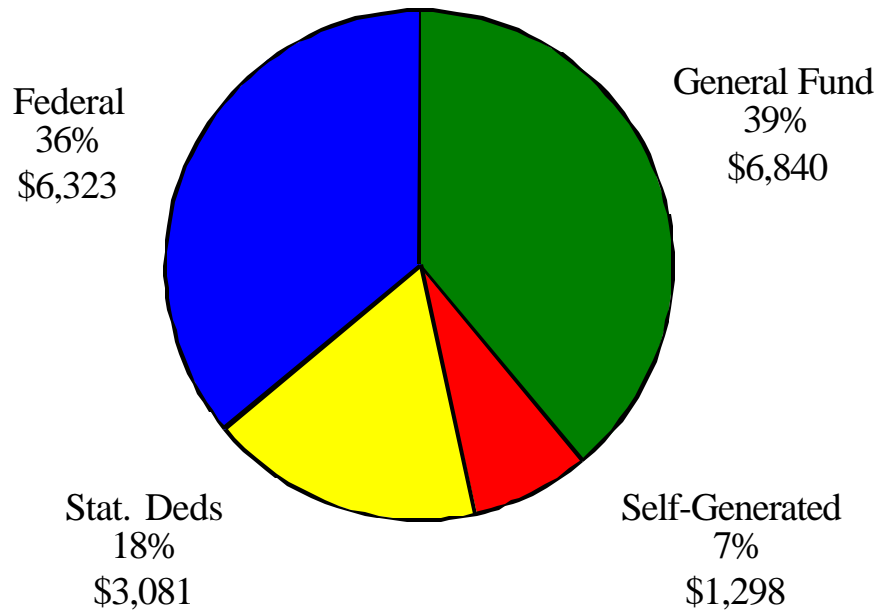
General Fund Revenue FY05 N \$6.8 billion

(in million \$)



Total Means of Financing FY05 N \$17.5 billion

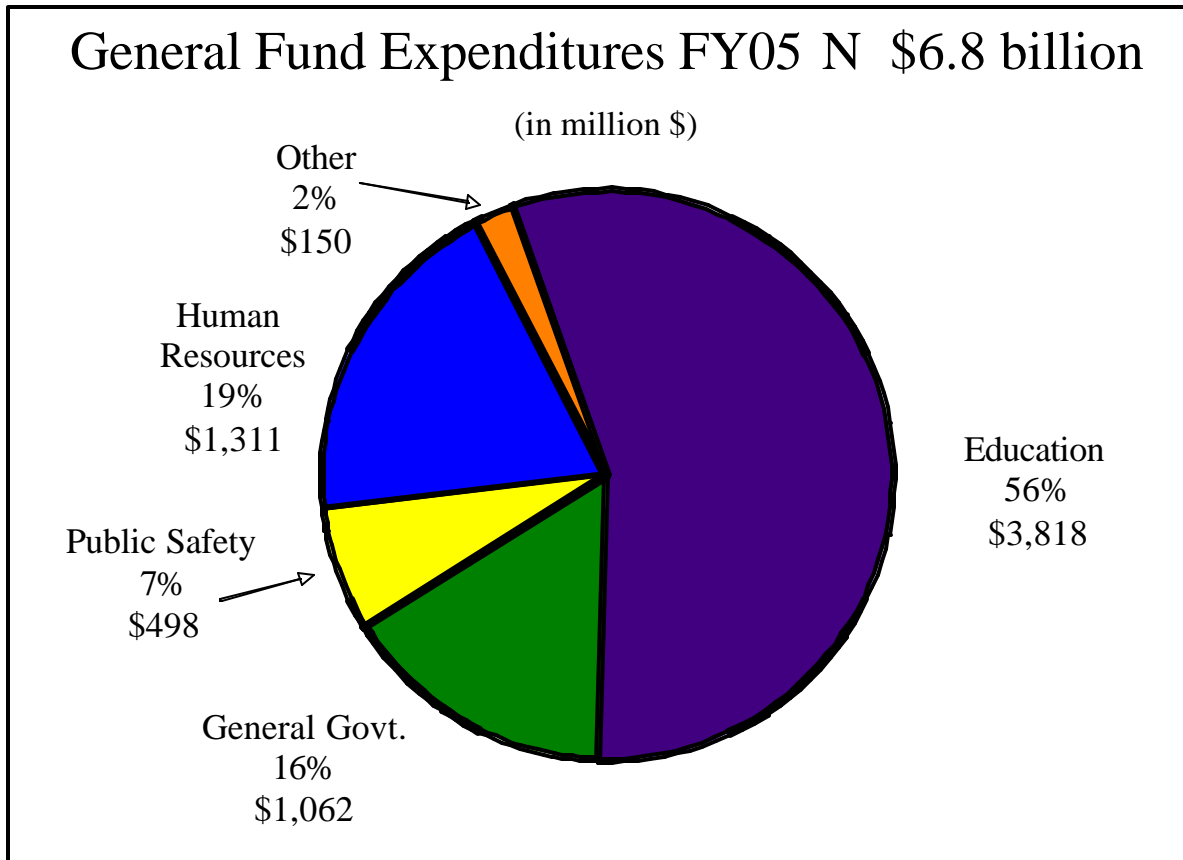
(in million \$)



General Fund Expenditures for FY05

In terms of expenditures, education and human resources account for the majority of General Fund spending in FY05.

Relative to the \$6.8 billion State General Fund budget, spending on education accounts for over 56 percent, or \$3.8 billion. Slightly more than 19 percent, or \$1.3 billion, of the State General Fund spending is for human resources (health and social services). Spending on general government amounts to 16 percent, or about \$1.1 billion. Public safety functions cost roughly 7 percent (\$498 million) of the General Fund; and spending on other various functions such as economic development and infrastructure amount to a little more than 2 percent (\$150 million) of the total.

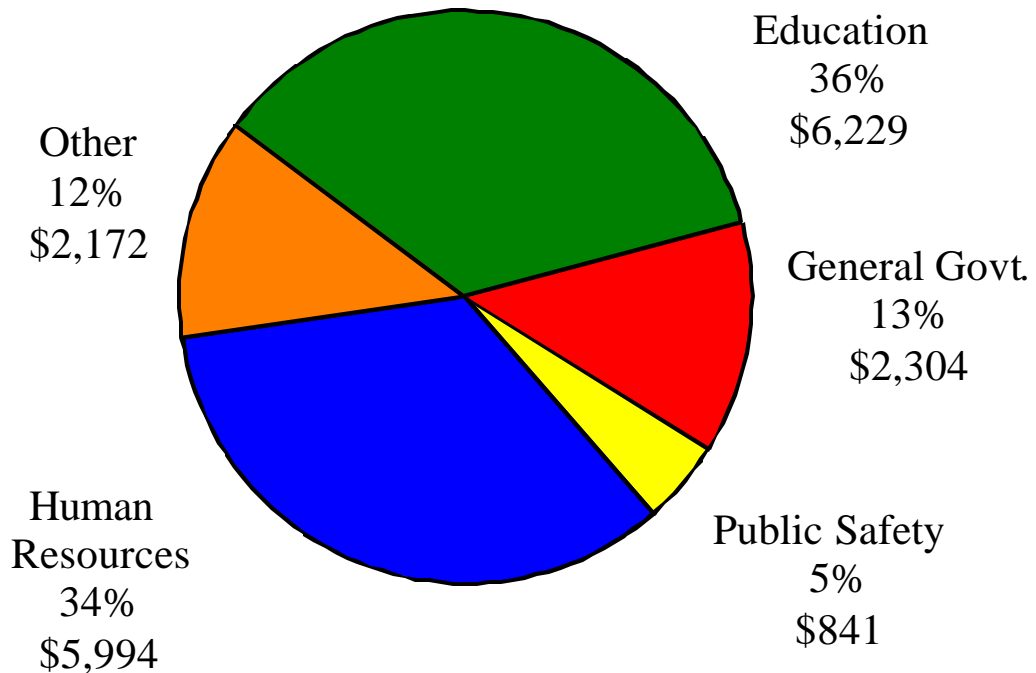


Total Expenditures for FY05

When considering the total state budget of \$17.5 billion, expenditures for education amount to nearly 36 percent (or \$6.2 billion) and spending on human resources (health and social services) accounts for about 34 percent (or \$6.0 billion). Spending on general government, public safety functions and other areas is reflected in the chart below.

Total Expenditures FY05 N \$17.5 billion

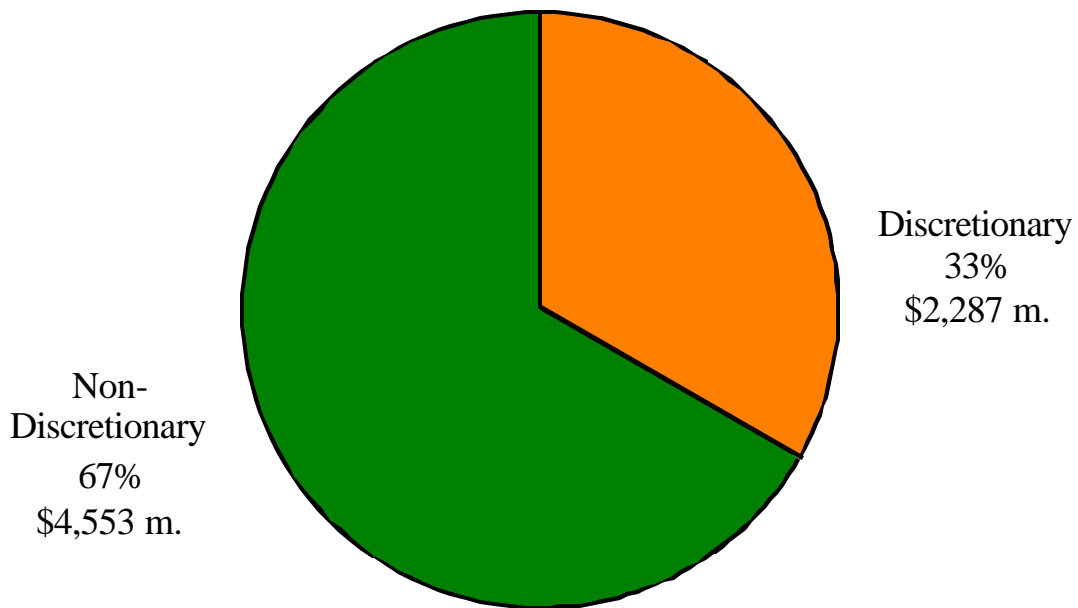
(in million \$)



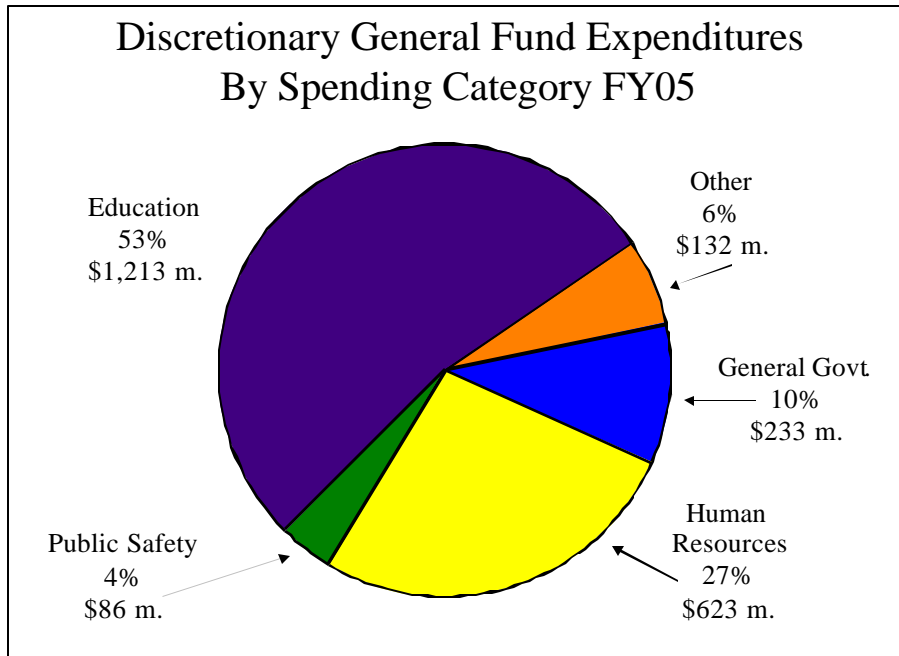
Discretionary and Non-Discretionary General Fund Expenditures for FY05

The following chart displays the spending associated with the portions of the State General Fund budget which are discretionary (33 percent, or \$2.3 billion) and which are non-discretionary (67 percent, or \$4.6 billion).

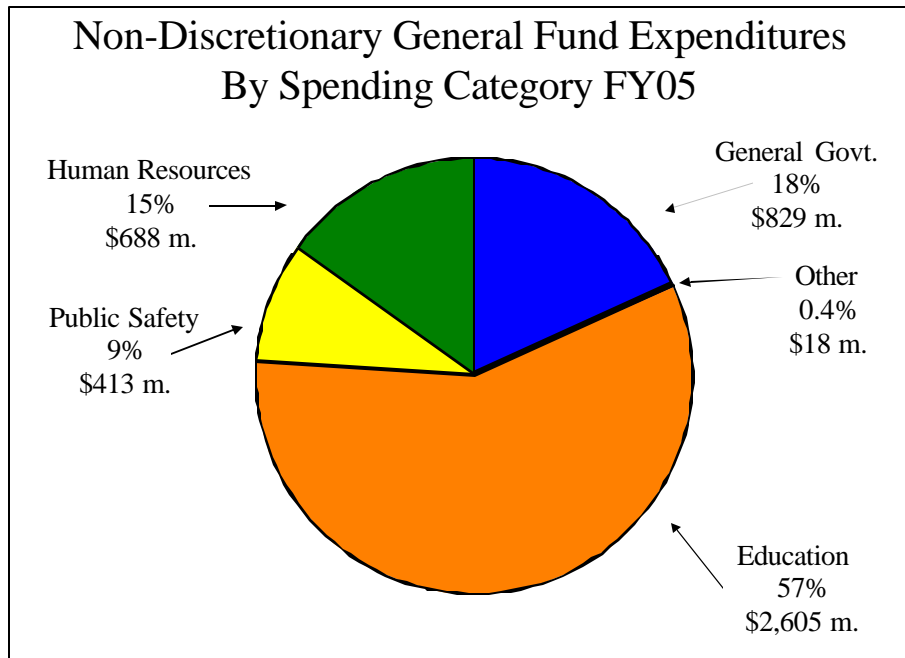
Discretionary/Non-Discretionary General Fund Expenditures FY05



More than half of the \$2.3 billion in general fund discretionary spending goes to education expenditures (53 percent or \$1.2 billion). The next largest piece, 27 percent or \$623 million, is spent on human resources (health and social services).



Approximately 57 percent of the mandated spending in the budget is for education, primarily the Minimum Foundation Program. Spending on human resources (health and social services) account for about 15 percent or \$688 million of non-discretionary spending.



Departmental Budget Overview

Executive Department

FY05 Appropriation Level

Executive	State General Fund	\$141,448,024
	Total Means of Financing	\$549,860,134

The total means of financing for the Executive Department is funded at 97.2 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) increased by 31 positions to 1,946 for FY05.

Executive Office

- In FY05, funding for the Louisiana Indigent Assistance Board increased by \$1.5 million. Of this amount, district indigent defender boards received an additional \$1.0 million in formula grants based on caseload, income, reserve funds, and number of jury trials. The remaining \$0.5 million is to be used for trial, appellate, and post-conviction services for indigent defendants in capital cases.
- A total of \$0.8 million from the Environmental Education Fund was provided for the Keep Louisiana Beautiful project. Act 527 of 2003 Regular Session requires the funds to be used for making public service announcements and driver education relative to anti-littering enforcement activities
- A transfer of \$0.2 million in Rural Development Fund monies from the annual allocation of Terrebonne and Lafourche Parishes was provided to Medical Vendor Payments as state match for Uncompensated Care Costs payments to the Leonard J. Chabert Medical Center.

- Funding of the Private Pre-K Program was continued at the prior year level of \$8.5 million from Temporary Assistance to Needy Families (TANF).

Urban Affairs and Rural Development

- The FY05 budget contains \$8.5 million in funding for the Urban Grants program and \$7.6 million for the Rural Development Grants program.

Division of Administration

- The Commissioner of Administration received a total of \$2.5 million out of the statutorily dedicated 2004 Overcollections Fund for the compromise or settlement of the claim against the state in the suit entitled “Gordean Adella Wingfield, et al. v. State of Louisiana through DOTD and Wilson Trailer Company, Inc.”
- Funding totaling \$0.3 million was added to comply with the provisions of Act 919 of 2001 Regular Session requiring identification and mapping of all state waterbottoms.
- The FY05 budget includes \$0.5 million for security at the new Supreme Court building in New Orleans, including nine (9) Public Safety Officer positions and five (5) unarmed contract officers.
- A total of \$0.1 million was provided for a statewide NSF check collection project with the Louisiana District Attorneys Association.
- The Community Development Block Grant (CDBG) Program was appropriated \$0.2 million for four (4) positions to expand the Louisiana Assistance Resource Center (LARC). Information in the LARC database will be used to assist communities in identifying various federal funding sources and providing technical assistance for the development of grant proposals for such monies.

Military Affairs

- The Department of Military Affairs received an additional \$15.4 million in FY05 for the Law Enforcement Terrorism Prevention Program (\$8.3 million) and the Urban Area Security Initiatives in Baton Rouge (\$7.2 million).
- Including the new funding for Terrorism Prevention and Baton Rouge Security Initiatives, Federal Homeland Security funding totals \$51.1 million in the FY05 budget. Of the \$51.1 million total, \$42.3 million (82.8 percent) goes exclusively to Louisiana local governments mainly for purchasing equipment supporting homeland security or anti-terrorist activities. These monies for equipment flow through State Police, which assists local governments in such procurement. Funding for specific components is as follows:
 - Homeland Security Grants Program (HSGP) totals \$28.0 million, of which \$19.2 million is for local governments to procure equipment;

- Law Enforcement Terrorism Prevention Program (LETPP) totals \$8.3 million, of which \$6.6 million is for equipment for local governments;
- Urban Area Security Initiative (UASI) -
 - Baton Rouge Area (East Baton Rouge, West Baton Rouge, East Feliciana, West Feliciana, Iberville, Livingston, Ascension, and Pointe Coupee parishes) - \$7.2 million, of which \$6.4 million is for equipment for local governments and
 - New Orleans Area (Orleans, Jefferson, Plaquemines, and St. Bernard parishes) - \$7.1 million, of which \$6.4 million is for equipment for local governments; and,
- Citizen Corps totals \$0.6 million, of which \$0.5 million goes to local governments for planning activities.

Workforce Commission Office

- The Workforce Commission's FY05 budget is significantly less due to the completion of \$11.8 million in workforce training initiatives serving 3,200 participants, which were funded in prior fiscal years through the TANF Initiatives program.
- Act 1 contains \$90,000 from the Department of Social Services to support the Strategies to Empower People (STEP) program, which assists recipients of the Family Independence Temporary Assistance (FITAP) with educational, training, and work-related activities.

Office of Women's Policy

- The Office on Women's Policy received an additional \$0.8 million in State General Fund in FY05 for continuation of the children's services domestic violence contracts, which were formerly funded through the TANF program.
- Funding totaling \$50,000 was added for the Faith House Battered Women's Shelter in Lafayette, and \$0.1 million was added for Faith House outreach offices in Vermilion, Acadia, Evangeline, and St. Landry Parishes.

Louisiana Stadium and Exposition District (LSED)

Budget Status

- The total means of financing for the Louisiana Stadium and Exposition District is funded at 100.5 percent of the District's FY04 operating budget. The appropriation to the District is approximately \$50.0 million.
- At the current appropriation level, an operating deficit of about \$15.9 million is projected for FY05. The projected budget deficit will directly impact the ability of the State to meet

contractual obligations made with both the New Orleans Saints and New Orleans Hornets sports franchises for FY05. This projected deficit was not addressed by the \$7.5 million loan to the district from the Louisiana Economic Development Fund. That loan only addressed the deficit for FY04.

- The calculation of the net operating deficit includes both operating expenditures and the contractual obligations made with the New Orleans Saints and the New Orleans Hornets sports franchises.
- The New Orleans Saints are projected to receive inducements from the state in the amount of \$23.7 million from two sources in FY05: \$8.7 million in lease-related entitlements such as suite license fees, concessions and merchandise, parking, and advertising; and \$15.0 million from the 2005 Inducement Payment per the agreement approved during the 2002 First Extraordinary Session.
- The New Orleans Hornets inducement agreement approved during the 2002 First Extraordinary Session is anticipated to provide the franchise with \$4.8 million for FY05: Staffing Costs (43-Game Home Schedule), \$1.1 million; Hornets Lease Entitlements, \$2.0 million; and Guaranteed Naming Rights, \$1.7 million.
- A table may be found at the end of this section that provides greater detail regarding District operating revenues and expenditures.

FY04 LSED Operating Deficit

- Debate during the legislative session centered on the estimated shortfall in the \$15.0 million incentive payment owed to the New Orleans Saints for FY04. The projected shortfall of \$7.4 million is based on a net operating deficit of \$10.2 million less the deferment of the Renewal and Replacement Fund expenditures, \$2.3 million; and payment to the Greater New Orleans Sports Foundation, \$0.5 million.
- The main reasons for the deficit are static hotel occupancy sales tax collections, significant increases in risk management premiums, and the lack of naming rights proceeds for the Superdome and Arena.
- Act 585 (HB 619) of the 2004 Regular Legislative Session provides for a loan not to exceed \$7.5 million from the Louisiana Economic Development Fund to the District to meet the current year contractual obligations with the New Orleans Saints. The Act provides for repayment of the loan over an eight-year period from excess revenues received by the District over the FY05 receipts adjusted by a factor equal to the consumer price index. It is unclear as to whether future receipts to the District will be sufficient to repay the loan within the specified time period.

Anticipated FY05 LSED Operating Deficit

- The estimated shortfall of \$9.35 million in the Saints Incentive Payment is due to both the lack of surplus funds from District operations and the lack of naming rights proceeds. Surplus funds from operations are intended to meet Saints and Hornets contractual obligations, but stagnant hotel occupancy sales tax collections and increases in expenditures (including the deferment of \$2.0 million in certain expenditures from last fiscal year) will likely cause the District to experience a deficit in operations.
- The Governor's Office has indicated its intent to renegotiate the current stadium agreement with the New Orleans Saints to avoid future deficits. Under the current agreement, the Saints Incentive Payment increases to \$23.5 million by FY11.

**Louisiana Stadium and Exposition District
Summary of FY04 and FY05 Budget**

Sources and Uses of Funds	Current Projection FY04	Current Projection FY05
<u>Section 1 - Facilities Operating Revenues</u>		
State General Fund (GNO Sports Foundation)	\$ 350,000	\$ 50,000
General Sales Tax on Hotel Room Rentals (4%)	\$ 30,500,000	\$ 30,500,000
Self-generated Revenue - Superdome & Arena	\$ 22,445,000	\$ 22,797,000
Sports Facility Assistance Fund (Players Tax)	\$ 1,000,000	\$ 1,040,000
New Orleans Arena Naming Rights Proceeds	\$ -	\$ -
2003 Seed Advance	\$ 1,860,000	\$ -
Total Revenue	\$ 56,155,000	\$ 54,387,000
<u>Section 2 - Facilities Operating Expenditures</u>		
Salaries & Related Benefits - Superdome and Arena	\$ 10,300,000	\$ 10,500,000
Saints Lease Related Entitlements (Original Incentives)	\$ 8,500,000	\$ 8,670,000
Hornets Lease Related Entitlements (Arena)	\$ 2,016,000	\$ 2,016,000
Hornets Naming Rights Guarantee	\$ 1,575,000	\$ 1,653,750
Debt Service	\$ 14,239,000	\$ 14,239,000
Other Operating Expenditures	\$ 19,573,462	\$ 19,081,922
Expenditure of FY04 Obligations that were deferred to reduce the FY04 projected shortfall in the Saints Payment	\$ -	\$ 2,000,000
Total Obligations	\$ 56,203,462	\$ 58,160,672
Surplus or Deficit (Excluding Saints Obligations)	\$ (48,462)	\$ (3,773,672)
<u>Section 3 - Saints Retention Guarantees (2002)</u>	\$ 15,000,000	\$ 15,000,000
<i>Less Items to Offset Saints Obligations:</i>		
Non-resident Players Tax Credits	\$ -	\$ -
Louisiana Superdome Naming Rights Proceeds	\$ -	\$ -
New Orleans Sports Franchise Fund (1%)	\$ 4,600,000	\$ 4,600,000
Rent Credit Against Saints Retention Gty.	\$ 800,000	\$ 800,000
Suites Credit Against Saints Retention Gty.	\$ 250,000	\$ 250,000
Use of Available Surplus Funds	\$ -	\$ -
Deferment of Certain FY04 Facilities Operating Expenditures	\$ 2,000,000	\$ -
Total Offsets to Saints Obligations	\$ 7,650,000	\$ 5,650,000
Estimated Saints Incentive Payment Shortfall	\$ 7,350,000	\$ 9,350,000
Cash Surplus or Deficit After Saints Obligations	\$ (7,398,462)	\$ (13,123,672)
<u>Section 4 - Facility Viability Expenditures</u>		
Renewal & Replacement Fund - Superdome	\$ 2,300,000	\$ 2,300,000
Greater New Orleans Sports Foundation	\$ 500,000	\$ 500,000
Total Facility Viability Expenditures	\$ 2,800,000	\$ 2,800,000
Net Surplus or Deficit After Viability Obligations	\$ (10,198,462)	\$ (15,923,672)

Elderly Affairs

- The budget for the SenioRx Drug Assistance Program grew by \$1.0 million for FY05 to expand the program from regional pilot programs to a statewide initiative, thereby increasing the total budget for the SenioRx program to \$1.4 million.
- Funding of \$0.4 million was added to the Administrative Program for remodeling and renovation of homes for the elderly and disabled in New Orleans (\$0.2 million); elderly home improvement and maintenance in District 2 (\$15,000); and the MLK Homemaker and Renovation Project (\$0.2 million).
- Funding of \$0.3 million was provided for various Councils on Aging, as follows: Acadia Parish - \$5,000; Concordia Parish - \$40,000; Jackson Parish - \$20,000; Jefferson Parish - \$25,000; Morehouse Parish - \$46,500; Ouachita Parish - \$50,000; St. Mary Parish - \$75,000; and Vermilion Parish - \$5,000.
- A total of \$0.4 million was provided for various Senior Centers (SC), as follows: Senior Center Outreach Entity (SCORE) - \$0.1 million; Estelle Community SC - \$50,000; Harmony House - \$75,000; Marrero/Harvey SC - \$0.1 million; Milan Broadmore SC - \$40,000; Pete Sanchez SC - \$15,000; and West Ouachita SC - \$30,000.

Department of Veterans Affairs

FY05 Appropriation Level

Veterans Affairs	State General Fund	\$ 9,219,451
	Total Means of Financing	\$22,816,295

The total means of financing for the Department of Veterans Affairs is funded at 129.9 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) increased by 148 positions to 556 for FY05.

Opening of Southwest Louisiana War Veterans Home

- The Southwest Louisiana War Home in Jennings is a 165-bed facility that began operations on July 1, with residents expected in November. The 30 percent increase in the department's FY05 budget is largely attributable to the \$4.3 million increase provided for the opening of this home (146 positions were added). This funding level is 80 percent of the requested amount when the facility is fully operational for a complete fiscal year.

Department of Veterans Affairs

- A total of \$55,000 was added for a Veterans Affairs Officer to serve Bienville and Claiborne Parishes.

Louisiana War Veterans Home

- Approximately \$0.1 million was provided to make up for a shortfall in the payment of provider fees to the Department of Health and Hospitals.

Northeast Louisiana War Veterans Home

- Federal funds and other means of financing were utilized to reduce State General Fund reliance by \$0.2 million.

Elected Officials

Secretary of State

FY05 Appropriation Level

State	State General Fund	\$34,957,941
	Total Means of Financing	\$98,072,693

The total means of financing for the Department of State is funded at 131.0 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) increased by 8 positions to 284 for FY05.

Help America Vote Act (HAVA)

- Most of the increased funding for the Department of State is due to an additional \$22.4 million in federal Help America Vote Act (HAVA) funds to provide some form of continuity across the state during upcoming federal elections. These funds are deposited into the Help Louisiana Vote Fund (HLVF) and are treated as statutory dedications.
- The HLVF's Voting Access Account will use \$0.3 million in additional funding to provide federal elections assistance to disabled individuals.

Museums

- An additional \$0.2 million was added to the Museum and Other Operations Program for: general operating expenses; the Mansfield Women's College Museum; the Northeast Louisiana Delta African-American Heritage Museum; the Louisiana State Exhibit Museum in Shreveport; and the Louisiana Marine and Fisheries Museum in Jean Lafitte.

Attorney General

FY05 Appropriation Level

Justice	State General Fund	\$14,121,143
	Total Means of Financing	\$41,796,038

The total means of financing for the Department of Justice is funded at 107.7 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) increased by 7 positions to 465 for FY05.

Assistant Attorneys General (AAGs)

- The Department of Justice's budget was increased by \$0.9 million to augment each AAG's salary by approximately 7.5 percent to make the salaries comparable with those for classified attorneys under the State Civil Service pay scale.

Criminal Law and Medicaid Fraud

- Over \$0.6 million and seven (7) positions were added by the Legislature for: (1) the prosecution and investigation of criminal insurance fraud matters; and (2) the continuance of the federal Internet Crimes Against Children grant.

Department of Justice Legal Support Fund

- Act 586 (HB 671) of the 2004 Regular Session creates the Department of Justice Legal Support Fund in the state treasury. The department shall use the fund's monies for the purposes of defraying the costs of the following: expert witnesses; consultants; contract legal counsel; technology; specialized employee training and education; and public education initiatives. The law requires that the department should annually allocate a sufficient amount of its operating budget to ensure that the balance in the fund equals \$0.5 million.
- For FY05, the establishment of this fund will require that a portion of the Department of Justice's general fund appropriation must be deposited into the new fund, equating to a means of financing substitution. Depending on the level of use of these monies by the department, it is possible that less than \$0.5 million of future operating budgets will need to be deposited into the fund in future years.

Civil Law

- The Legislature added an additional \$0.1 million for the Community Living Ombudsman Programs in the Alexandria and Lake Charles regions.

Lieutenant Governor

FY05 Appropriation Level

Lieutenant Governor	State General Fund	\$1,271,011
	Total Means of Financing	\$6,214,399

The total means of financing for the Office of the Lieutenant Governor is funded at 98.5 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) remained the same at 9 positions for FY05.

Lieutenant Governor's Satellite Office

- A major change in the FY05 budget is the additional funding of roughly \$68,000 to expand the efforts of the satellite office in New Orleans. Previously, the office only handled local issues with limited staff. The additional funding will allow the Lieutenant Governor to conduct work related activities out of a New Orleans office when necessary. There is no additional staff associated with this expansion.

Treasurer

FY05 Appropriation Level

Treasury	State General Fund	\$ 1,122,946
	Total Means of Financing	\$15,137,920

The total means of financing for the Department of the Treasury is funded at 104.9 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) increased by 1 position to 56 for FY05.

Administration Program

- For FY05, funding for the Unclaimed Property Program increased by \$0.1 million for expenses related to ten (10) part-time employees to process unclaimed property holder reports and claim requests.

Financial Accountability Program

- Document imaging costs increased by \$0.1 million for FY05.
- The Securities Lending Program's budget increased by \$41,930 to fund retiree insurance premiums in FY05.

Public Service Commission

FY05 Appropriation Level

Public Service Commission	State General Fund Total Means of Financing	\$ 0 \$8,573,099
--------------------------------------	--	-----------------------------

The total means of financing for the Public Service Commission is funded at 108.2 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) remained the same at 122 positions for FY05.

Increases in Operating Expenses

- The increased funding for the Public Service Commission in FY05 occurred mainly as a result of the net of statewide Personal Services adjustments for expenses such as merit increases, Civil Service training series, retirement rates, group insurance, salary base adjustments, attrition, and salary funding from other line items.

Commissioner of Agriculture

FY05 Appropriation Level

Agriculture and Forestry	State General Fund	\$ 28,171,066
	Total Means of Financing	\$108,785,339

The total means of financing for the Department of Agriculture and Forestry is funded at 112.0 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) remained the same at 831 positions for FY05.

Changes in Means of Financing

- The Department of Agriculture and Forestry received increases in general fund revenue as a result of means of financing substitutions for FY05 during the legislative process.
 - State General Fund revenue in the amount of \$2.4 million was substituted for Louisiana Agricultural Finance Authority (LAFA) funds when LAFA funds were determined to be needed for additional debt service payments for boll weevil eradication.
- Additionally, the department increased expenditure authority from statutory dedications and federal funds in excess of \$6.0 million.
- The Department also received an increase in state general fund appropriations as a means of financing substitution in the Supplemental Appropriation Act for FY04 in the amount of \$2.4 million and with a total State General Fund increase of \$6.0 million (see the overview of the FY04 Supplemental Appropriation Act beginning on page 97).

Commissioner of Insurance

FY05 Appropriation Level

Insurance	State General Fund	\$ 0
	Total Means of Financing	\$26,943,769

The total means of financing for the Department of Insurance is funded at 110.5 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) increased by 4 positions to 277 for FY05.

Increases in Operating Expenses

- As recommended by the Office of Information Technology, the Department of Insurance will invest an additional \$1.4 million in FY05 to replace or upgrade computer hardware and software.
- To comply with state law requiring the examination of domestic insurance companies at least once every five years, the Department of Insurance will spend an additional \$0.8 million in FY05 on operational costs necessary to perform these examinations of domestic companies.

Economic Development

FY05 Appropriation Level

Economic Development	State General Fund	\$40,272,841
	Total Means of Financing	\$65,777,447

The total means of financing for the Department of Economic Development is funded at 65.9 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) decreased by 1 position to 100 positions for FY05.

Departmental Funding Overview

- For FY05, a total of \$65.8 million has been appropriated for DED. This is a reduction of \$34 million from FY04. The reductions relate to several major adjustments, including:
 - Liquidation of prior year Louisiana Economic Development Corporation (LEDC) carry-forward funds (\$25.1 million);
 - Non-recurring of the remaining fund balance associated with FY04 LEDC projects (\$12.5 million);
 - Reduction of various non-recurring line-item appropriations (\$2.4 million); and,
 - Elimination of the Microenterprise Initiative (\$0.7 million) which was funded with Temporary Assistance to Needy Families (TANF) monies from DSS.
- Various adjustments were made adding new State General Fund monies to the FY05 budget.
 - \$10.0 million was added for the governor's Economic Development Rapid Response Program to provide a pool of funding for securing economic development opportunities for the state.
 - \$1.9 million was added for the annualization of wet labs in Shreveport, New Orleans, and Baton Rouge. These facilities will provide the necessary laboratory environment for start-

up biotech enterprises to conduct research and development activities. FY05 funding totals \$2.2 million for the labs.

- Of the monies appropriated, \$0.9 million is budgeted for the Shreveport lab, which is scheduled to be operational in February of 2005; \$0.9 million is budgeted for the Baton Rouge lab, which is scheduled for a March 2005 opening. Of the monies budgeted for Shreveport and Baton Rouge, \$0.5 million is allocated for each lab for completion of the buildout of the facilities and the rest is for hiring an Incubator Manager, Administrative Assistant, and Lab Manager at each lab.
- The opening of the New Orleans Wet Lab will be delayed until July 2005 since the existing building originally designed to house the lab was recently found to be unsuitable for reconstruction and will need to be demolished and rebuilt. However, of the \$0.4 million budgeted for FY05, \$0.3 million is projected to be expended in FY05 for hiring lab management staff, facilities, and start-up costs.
- \$1.1 million was added for the annualized costs of the Good Manufacturing Practices Facility (GMP) in New Orleans. The funding for the Good Manufacturing Practices (GMP) Facilities in New Orleans and Shreveport totals \$1.9 million in FY05. These facilities support core labs to advance the manufacturing of gene therapies under FDA-required conditions.
- Also added in Act 1 was \$0.3 million in dedicated funds to the Small Business Bonding Program to bring the total funding of the program to \$1.2 million in FY05.
- Act 1 provides \$4.1 million for various regional and local economic development efforts throughout the state.
 - Projects receiving funding include: FORE Kids Foundation-HP Golf Classic (\$0.3 million); the Bayou Classic (\$0.1 million); the National Hot Air Balloon Championship (\$50,000); the Redfish Tour (\$75,000); the BR Convention and Visitor Bureau for the Sports Initiative (\$25,000); and the Essence Music Festival (\$0.1 million).
- A number of projects have their funding continued in FY05:
 - \$4.7 million for the 8th year of a 15-year, \$50 million commitment for UNO/Avondale design and construction of 12 new PD-17 class naval vessels;
 - \$2.4 million for the Louisiana Technology Park;
 - \$3.5 million to the UNO Center of Excellence for the second year of a 20-year commitment for debt service on infrastructure improvements at Northrup Grumman Ship Systems (NGSS) - Avondale Operations;

- As in past years, funding was included in the budget for the Sugar Bowl (\$1.1 million); Independence Bowl Foundation (\$0.4 million); and the New Orleans Bowl, Inc. (\$0.3 million); and,
- \$0.5 million for the National Center for Security Research and Training (NCSRT) for grants to serve as local match to leverage federal dollars for homeland security projects.

Act 585 of the 2004 Regular Legislative Session

- Act 585 (HB 619) of the 2004 Regular Session provided for various fund transfers and adjustments to dedicated funds in the state treasury. Two provisions affected dedicated Louisiana Economic Development Corporation (LEDC) monies, as follows:
 - Transfers \$2.0 million of LEDC funds for deposit into the State General Fund.
 - Provides for a loan in an amount not to exceed \$7.5 million from the Louisiana Economic Development Fund to the Louisiana Stadium and Exposition District (LSED) for the purpose of meeting the FY04 payment obligation for the New Orleans Saints. The Act further provides for the repayment of the loan in the future from revenues received by LSED in excess of the revenues generated in FY05, adjusted by a factor equal to the Consumer Price Index. The payment to the Saints was effected prior to June 30, 2004, as provided by the Act.

Culture, Recreation and Tourism

FY05 Appropriation Level

Culture, Recreation and Tourism	State General Fund	\$46,180,763
	Total Means of Financing	\$72,778,387

The total means of financing for the Department of Culture, Recreation and Tourism is funded at 107.5 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) increased by 48 positions to 738 for FY05.

Tourism

- In FY05, the Department of Culture, Recreation and Development will fund almost \$1.0 million in local tourism initiatives throughout the state.

State Library

- The FY05 budget includes a \$1.5 million appropriation for state aid to public libraries. The funds are distributed to parish libraries on a formula basis and are used for purchasing books and covering operating costs. There is also a \$1.9 million appropriation for T1 lines for statewide public library connection to LaNet – the internet.

State Parks

- The Office of State Parks operates over 30 properties and has a total budget of approximately \$25.6 million. State Parks will spend an additional \$2.0 million in FY05 for operating expenses associated with the South Toledo Bend State Park opening in August 2004. The opening will necessitate 19 new positions.

State Museums

- The FY05 budget includes an additional \$0.6 million for the operating expenses and 18 positions for the operations of the new Capitol Park Museum scheduled to open in May 2005.

State Cultural Development

- The FY05 budget maintains funding for the Arts program at \$5.8 million.

Transportation and Development

FY05 Appropriation Level

Transportation and Development	State General Fund	\$ 850,000
	Total Means of Financing	\$418,067,309

The total means of financing for the Department of Transportation and Development is funded at 100.9 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) decreased by 40 positions to 5,231 for FY05.

Operating Budget

- The Department continued to inform the Legislature about the inability of the current financing mechanism to meet the need for highway and other infrastructure improvements, but the newly appointed secretary indicated that internal efficiencies must be achieved before a request for additional funding would be made.
- Construction inflation of about 4.5 percent continues to outpace the nearly 2 percent annual growth in the state-generated revenues available to fund transportation programs. The Legislature may face this funding issue in future fiscal years.
- The department will mainly fund transportation and infrastructure needs through a combination of dedicated state and federal funding. The state portion of funds is derived from the following sources: the Transportation Trust Fund-Regular, a 16-cents-per-gallon tax on gasoline and motor fuels and from the motor vehicle license tax; the Transportation Trust Fund-TIMED account, a four-cents per gallon tax on gasoline and motor fuels; and Self-generated Revenues from permit and other fees levied by the department. Again, the revenue generated from state sources for transportation needs does not keep pace with the demand for improvements. The majority of federal funding through the Transportation Trust Fund-Federal is received from the 18.4-cents-per-gallon federal gasoline and motor fuels tax that is returned to the state through a distribution formula established by the federal government.
- Some of the major expenditures funded through the general operating budget include: federal aid to local governments for specially equipped vehicles for the elderly and disabled transit programs, \$3.0 million; federal funds for operating assistance for rural transit systems, \$3.7 million; federal funds for capital assistance to the rural and elderly and disabled transit

programs, \$1.7 million; the Job Access/Reverse Commute Program for low income and general public employment opportunities, \$1.0 million; Southern Rapid Rail Transit Commission, \$1.0 million; Metropolitan Planning Organizations to maintain current transportation plans and programs for urbanized areas, \$3.9 million; and transportation research activities at Louisiana universities, \$2.8 million.

- The appropriation to the department includes an increase of \$20.0 million in Transportation Trust Funds-Federal that are available as indirect cost reimbursements to the department for operating costs incurred on federal projects. In addition, the amount of \$5.0 million in Transportation Trust Funds-Regular was transferred to the capital outlay budget to provide additional state matching funds for federal programs. The combination of these two adjustments is anticipated to result in a greater amount of funds available for federal-aid highway projects.
- The amount of \$15.0 million is appropriated for contract maintenance, which includes mowing and litter removal, rest area operations, rest area security, and city signals. The prior year budget for contract maintenance was \$15.5 million.

State General Fund Pass-Through Items

- There is a relatively small amount of State General Fund that is annually passed through the department for certain regional initiatives or projects. The table below provides a comparison of these items for both FY04 and FY05:

State General Fund Pass-Through Items	FY04	FY05
Lafayette Expressway Commission	\$ 285,000	\$ 250,000
Zachary Taylor Parkway Commission	\$ -	\$ 75,000
Relocation of DOTD Bldg. in Livingston	\$ 200,000	\$ 200,000
Fifth Levee District	\$ 150,000	\$ 50,000
Poverty Point Reservoir Commission	\$ 50,000	\$ 50,000
Louisiana Airport Authority	\$ 425,341	\$ 100,000
Traffic Control on U.S. 167 in Evangeline Parish	\$ -	\$ 25,000
West Baton Rouge for matching funds for grant	\$ -	\$ 100,000
Amite River Basin Commission	\$ 200,000	\$ -
Millennium Port Authority	\$ 188,330	\$ -
TOTAL	\$ 1,498,671	\$ 850,000

Status of TEA-21 Reauthorization (Federal Highway Funding)

- The Transportation Equity Act for the 21st Century (TEA-21) authorized the federal surface transportation programs for highways, highway safety, and transit for the six-year period from 1998 through 2003. This federal spending plan provides the main source of federal funding for highway construction and maintenance and must be reauthorized every six years. The TEA-21 authorization has been extended three times since last fall while Congressional debate occurs on transportation spending priorities. The state has received about \$450 million annually in such aid over the last two fiscal years.
- Both the United States Senate and United States House of Representatives versions of the spending reauthorization plan provide for highway and transit federal spending over a six-year period. Under either proposal, Louisiana is anticipated to receive a greater share of federal revenues for highway construction and maintenance as reflected in the current state Capital Outlay Act. These federal dollars are received by the state into the Transportation Trust Fund-Federal account.
- Key factors for the state relate to both the minimum guarantee for the distribution of formula funds and direct appropriations for any high priority corridors (Interstate 49 North, Interstate 49 South, Louisiana Highway 1, and a future corridor to be designated as Interstate 69).

Capital Outlay Programs

- The administrative oversight of the capital outlay programs is provided through the operating budget. The capital programs, summarized in a table at the end of this section, include the highway, aviation, flood control, port development priority programs and the Transportation Infrastructure Model for Economic Development Program (TIMED).

Department of Transportation and Development
Comparison of Major Capital Outlay Programs for FY04 and FY05

Program	FY04 Act 24 of 2003	FY05 Act 2 of 2004
Highway Program		
Transportation Trust Funds-Federal	\$ 449,000,000	\$ 534,000,000
Transportation Trust Funds-Regular	\$ 108,400,000	\$ 104,300,000
Total	\$ 557,400,000	\$ 638,300,000
Secretary's Emergency Fund for Bridge Damages and Other Reimbursements (Self-generated Revenues)		
Act 446 of 2004 - Supplemental Appropriation (SGR)	\$ 15,000,000	\$ 25,000,000
Federal Funds	\$ 8,000,000	\$ -
	\$ 5,000,000	\$ 5,000,000
	\$ 28,000,000	\$ 30,000,000
Transportation Infrastructure Model for Economic Development (TIMED) Program		
Hazard Elimination Projects (Interagency Transfers)	\$ 80,000,000	\$ 61,900,000
Hazard Elimination Projects (Interagency Transfers)	\$ 16,000,000	\$ 18,000,000
Port Priority Program (TTF-Regular)	\$ 20,000,000	\$ 20,000,000
Flood Control Program (TTF-Regular)	\$ 10,000,000	\$ 10,000,000
Aviation Program		
Transportation Trust Funds-Federal	\$ 1,000,000	\$ 1,000,000
Transportation Trust Funds-Regular	\$ 6,300,000	\$ 5,460,000
General Obligation Bonds - Priority 1	\$ 700,000	\$ 700,000
	\$ 8,000,000	\$ 7,160,000
Non-Federal Aid Eligible Highways (TTF-Regular)	\$ -	\$ 17,000,000

Notes: About \$7.1 million is available for transfer from the Louisiana Highway Safety Commission to the department for Hazard Elimination Projects.

Act 446 of 2004, pursuant to the Louisiana Constitution relative to the appropriation of funds from the sales taxes collected on aviation fuel, reduced the appropriation for Aviation Improvements to \$6.3 million to reflect estimated tax receipts.

The FY05 appropriation for the TIMED program was adjusted to reflect the debt payment for the current fiscal year.

Public Safety and Corrections – Corrections Services

FY05 Appropriation Level

Corrections Services	State General Fund	\$382,472,864
	Total Means of Financing	\$429,175,475

The total means of financing for the Department of Public Safety and Corrections – Corrections Services is funded at 106.2 percent of the department’s FY04 operating budget.

The department’s Table of Organization (T.O.) increased by 76 positions to 6,344 for FY05.

Separation of Adult and Juvenile Corrections

- The most significant change in the Department of Corrections for FY05 has been the separation of the adult and juvenile correctional systems. For all legal and budgetary purposes, juvenile corrections is now considered an autonomous entity. This section will deal with changes to adult corrections. Juvenile corrections can be found in Schedule 08C – Youth Services.

Creation of the Steve Hoyle Rehabilitation Center

- Another important issue in both adult and juvenile corrections has been the closure of the Swanson Correctional Center for Youth – Madison Parish Unit (formerly known as the Tallulah Correctional Center for Youth). Since this institution is now closed to juveniles, Adult Corrections plans to take over the facility to establish the Steve Hoyle Rehabilitation Center.
- This center will house approximately 250 young adult inmates with substance abuse problems. Approximately \$13.7 million was budgeted for this project for FY05, which includes operational costs, as well as debt service and insurance on the facility.

Non-recurring TANF Funding and Transfers to Youth Services

- Other major changes include a decrease of \$3.2 million for non-recurring TANF funding, and a decrease of \$1.7 million in Interagency Transfers due to the realignment of staff and funding due to the separation of youth corrections from adult corrections.
- Group Benefits funding for retirees in the Office of Youth Development in the amount of \$2.9 million has also been moved from adult corrections to juvenile corrections.

Transfer of Dialysis Treatment

- Corrections had a long-standing agreement with Earl K. Long Medical Center (EKLMC) in Baton Rouge to provide dialysis treatment for inmates at Dixon Correctional Institute. This situation was problematic for both correctional officials and hospital personnel. Inmates had to be transported to EKLMC for treatment, which involved shifting prison guards out of the institution to drive inmates to the hospital and to guard them at that facility. This placed a strain on the guards remaining at the institution as they had to perform their own duties, as well as cover for the guards who were involved in the inmate transport. Hospital officials also had to be concerned about the security of regular patients as well as insuring enough of their staff was on hand to provide the dialysis treatment for the inmates.
- To help improve this arrangement, \$2.3 million was provided to transfer dialysis treatment to DCI in FY05.

Annualization of Dorm Expansions

- In the FY05 budget, Corrections has approximately \$1.7 million for the annualization of dorm expansions at both the Louisiana Correctional Institute for Women (192 beds) and at David Wade Correctional Center (80 beds). These beds were added in FY04 in response to increased inmate population at those facilities.

Pilot Program for Technical Probation and Parole Violators

- Compared to other states, Louisiana is very strict in the length of time it re-sentences technical probation and parole violators. It is not uncommon for a technical violator to receive a 24-month sentence, whereas, in many states, the length of re-sentencing is less than half that amount. This adds up to increased costs for the correctional system.
- To help alleviate this problem, Adult Probation and Parole has \$0.6 million budgeted for FY05 to begin a 200-bed pilot program for technical probation or parole violators, which is designed to cut the costs associated with these offenders. Under this plan, the potential per diem cost could be as little as \$8.22 (\$600,000/200 offenders/365 days), whereas the average per diem cost of a state-operated secure facility is about \$44.

Restoration of GED Funding

- For FY05, approximately \$1.2 million has been transferred to adult corrections from the community and technical college system to reinstate GED and development studies in prisons. The community and technical college system canceled this funding in FY04 because officials deemed it was “not a part of the core mission” of that system.

Facility Name Change

- One other change of note is that the former Work Training Facility – North, located in Pineville, has been renamed the J. Levy Dabadie Correctional Center.

Public Safety and Corrections – Public Safety Services

FY05 Appropriation Level

Public Safety Services	State General Fund	\$ 100,000
	Total Means of Financing	\$327,910,544

The total means of financing for the Department of Public Safety and Corrections – Public Safety Services is funded at 96.0 percent of the department’s FY04 operating budget.

The department’s Table of Organization (T.O.) increased by 10 positions to 2,898 for FY05.

Homeland Security Funding

- For FY05, \$13.8 million in new federal homeland security funds has been provided for the Office of State Police, in addition to \$21.3 million that was built into the base budget. These funds will be received from the Department of Military Affairs, Office of Emergency Preparedness.
- This funding will be used to enhance ongoing homeland security efforts and to provide for the purchase of specialized equipment for local governments.

Crime Labs

- In the FY05 budget, the Office of State Police has \$13.1 million in total funding for the State Police Crime Lab and related services. There were no additional legislative appropriations to the State Police Crime Lab for FY05.

New Video Poker Computer System

- In FY05, \$2.9 million from prior-year unexpended Video Draw Poker funds are budgeted for the acquisition of a new video poker computer system in State Police. The old system is outdated and unable to keep up with the demands placed on it.

Improvements to the Sex Offender and Child Predator Registry

- An increase of \$0.6 million in statutory dedications from the Sex Offender Registry Technology Fund is provided for FY05 for modifications to the Sex Offender and Child Predator Registry. These changes are designed to help law enforcement officials do a better job of tracking sexual offenders and child predators.

Changes to the Open Container Law

- Act 15 (SB 341) of the 2004 Regular Session of the Legislature prohibits passengers in motor vehicles from possessing open containers of alcoholic beverages. For a number of years, Louisiana's open container law was deemed too lax by federal standards, and the state had to divert some of its highway construction money to hazard mitigation projects via the Louisiana Highway Safety Commission.
- The enactment of this legislation could help the state retain highway construction funding in future years, but it is only one piece of the puzzle. The state's repeat offender DWI laws have also been deemed too lax by federal standards. It is unknown at this time exactly how the federal government will react to this change in state law.

Public Safety and Corrections – Youth Services

FY05 Appropriation Level

Youth Services	State General Fund	\$115,614,778
	Total Means of Financing	\$133,501,683

The total means of financing for the Department of Public Safety and Corrections – Youth Services is funded at 103.5 percent of the department’s FY04 operating budget.

The department’s Table of Organization (T.O.) decreased by 288 positions to 1,362 for FY05.

Budgetary Autonomy for Youth Services

- A new budget entity, Youth Services has been split apart from adult corrections for FY05. In FY04, this entity was the Office of Youth Development and part of the overall Department of Corrections.
- Youth Services comprises all administrative functions of the juvenile correctional system, all juvenile secure institutions, juvenile probation and parole, and community-based care programs for juveniles.

Transfer of Special School District #2 Funding

- Due to the closure of the Swanson Correctional Center for Youth – Madison Parish Unit (formerly the Tallulah Correctional Center for Youth), juveniles have been transferred to other institutions and elsewhere in the correctional system. As such, the education funding that had been associated with Special School District #2 (Swanson-Madison) has followed them, as provided for in Acts 14 and 1225 of 2003.
- For FY05, approximately \$3.7 million of this money has been transferred from SSD#2 to Youth Services for the continued educational needs of juvenile inmates.

Transfer of Juvenile Grants

- As part of the creation of Youth Services, administration of juvenile grants, including 32 positions and \$2.6 million, has been transferred from adult corrections for FY05. These grants provide funding for a community-based system of residential and non-residential facilities that offer care services for juveniles.

Transfer of Title IV-E Funding

- For FY05, a total of \$1.2 million in federal Title IV-E funds has been transferred to Youth Services from the Department of Social Services for non-adjudicated delinquents. This funding is provided for increases to contract per diems and for additional beds.

Health and Hospitals

FY05 Appropriation Level

Health and Hospitals	State General Fund	\$1,079,612,367
	Total Means of Financing	\$6,366,490,812

The total means of financing for the Department of Health and Hospitals is funded at 106.4 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) decreased by 359 positions to 12,483 for FY05.

New Regional Services Districts

Florida Parishes Human Services Authority

- Act 594 of the 2003 Regular Session of the Legislature created the Florida Parishes Human Services Authority (FPHSA) comprising the parishes of Livingston, St. Helena, St. Tammany, Tangipahoa, and Washington.
- The Florida Parishes Human Services Authority will acquire the responsibility for the provision of community-based services in the fields of mental health and developmental disabilities, and the residential and community-based services for addictive disorders. Further, FPHSA received authority for the gradual assumption of certain public health functions based on feasibility determinations.
- With regard to funding guarantees, the authorizing legislation provides that the services transferred to the new entity "shall be funded at least at the same level and from the same means of financing as provided for similar programs funded through the department budget in other parishes or regions of the state."
- For FY05, FPHSA's initial appropriation level is \$16.5 million, based on the estimated costs for these services in the area encompassed by the FPHSA as compared to the corresponding FY05 funding levels for these services statewide.
- Although FPHSA does not have any authorized positions, a total of 146 positions were transferred to FPHSA from the DHH agencies that were responsible for these services in FY04.

Metropolitan Human Services District

- The Metropolitan Human Services District (MHSD) includes the parishes of Orleans, St. Bernard and Plaquemines pursuant to its authorizing legislation, Act 846 of the 2003 Regular Session.
- MHSD will acquire the responsibility for the provision of community-based services in the fields of mental health and developmental disabilities, and the residential and community-based services for addictive disorders.
- MHSD's budget was developed using the same strategy as was used for FPHSA operating under the same legislated mandate for equal funding for services in the District as compared to the state.
 - For FY05, MHSD's initial appropriation level is \$26.3 million, based on the estimated costs for these services in the area encompassed by the MHSD as compared to the corresponding FY05 funding levels for these services statewide.
 - Although MHSD does not have any authorized positions, a total of 173 positions were transferred to MHSD from the DHH agencies that were responsible for these services in FY04.

Louisiana's Medicaid Program

- Overall, the Medicaid program is funded in FY05 at \$5.141 billion for reimbursements to health care providers of medical services to Medicaid clientele and the uninsured, with \$301.8 million in growth over FY04.
- Specific services were targeted for enhancements –
 - \$76.4 million for the re-basing reimbursement rates for nursing home services (pending prior approval from the federal Centers for Medicare and Medicaid Services).
 - \$10.4 million to fund increases in the reimbursement rates for community homes for the developmentally disabled.
 - \$4.4 million for increases in the reimbursement rates for pediatric dental services.
 - \$3.7 million for 66 "emergency" slots in the New Opportunities Waiver program, bringing the total number of slots available in FY05 to 4,642.
 - \$1.8 million for an additional 230 slots in the various Medicaid Home and Community-based Services Waiver programs per the settlement agreement in the *Barthelemy v. Hood* lawsuit.

- Funding for other Medicaid services grew for FY05 due to increased costs for the provision of these services and/or growth in the utilization of the services by Medicaid enrollees. This growth is based on comparisons of FY04 projected expenditures as of April 30, 2004, and FY05 projected expenditures as of the end of the legislative session:
 - \$98.0 million for pharmaceutical goods and services;
 - \$40.0 million for projected “outlier” payments to cover the costs of extraordinary care for Medicaid patients exceeding the normal reimbursement rates;
 - \$23.0 million for physicians services;
 - \$22.3 million for the various Home and Community-Based Services Waiver programs for elderly and/or disabled individuals;
 - \$10.1 million for Federally Qualified Health Centers (FQHCs) and rural health clinics (RHCs);
 - \$8.8 million for inpatient mental health services;
 - \$6.7 million for nursing home services;
 - \$6.1 million for community homes for the developmentally disabled; and,
 - \$4.1 million for the provision of durable medical equipment.
- The program to buy qualified individuals dually eligible for both Medicare and Medicaid coverage into the Medicare program as the primary source of health insurance coverage required an additional \$27.0 million for FY05 due to increases in Medicare Part A and B premiums.
- Between the Medicaid administration and payments programs, approximately \$1.7 million will be spent during the course of FY05 on administrative costs and for services associated with the programs to be offered under the Health Insurance Flexibility and Accountability (HIFA) Waiver.

Public Health Services

- In FY05, the budget for the Office of Public Health (OPH) is \$314.9 million, an increase of \$18.0 million over FY04.
- In FY05, funding for the Early Steps program, the early intervention program for infants and toddlers (birth to three) with special needs and their families, increases by \$9.7 million to total \$26.7 million.

- In an effort to stabilize funding for public health services in FY05, an additional \$6.3 million was appropriated to OPH for operating costs to ensure continuation of services.
- OPH projects that the increase in Women, Infants, and Children (WIC) clients experienced in FY04 will continue into FY05. As such, an additional \$5.2 million has been budgeted for the WIC program in FY05, resulting in a total budget of \$89.8 million for WIC administration and services.

Mental Health Services

- Overall, spending on Mental Health Services will increase \$11.6 million in FY05 to total \$266.6 million.

AGENCY		FY 2004		FY 2005		DIFFERENCE		PERCENT CHANGE	
		Funding	Pos.	Funding	Pos.	Funding	Pos.	Funding	Pos.
09-330	OMH	\$18,407,679	61	\$20,427,280	76	\$2,019,601	15	10.97%	24.59%
09-331	Area C	\$48,475,326	681	\$48,582,449	642	\$107,123	(39)	0.22%	-5.73%
09-332	Area B	\$100,454,187	1,529	\$105,870,533	1,522	\$5,416,346	(7)	5.39%	-0.46%
09-333	Area A	\$87,651,066	1,282	\$91,687,661	999	\$4,036,595	(283)	4.61%	-22.07%
TOTAL		\$254,988,258	3,553	\$266,567,923	3,239	\$11,579,665	(314)	4.54%	-8.84%

Developmental Disabilities Services

- Overall, spending on Developmental Disabilities Services will increase \$10.1 million in FY05 to total \$243.8 million.

AGENCY		FY 2004		FY 2005		DIFFERENCE		PERCENT CHANGE	
		Funding	Pos.	Funding	Pos.	Funding	Pos.	Funding	Pos.
09-340	OCDD	\$36,233,353	190	\$36,028,973	153	(\$204,380)	(37)	-0.56%	-19.47%
09-342	Metropolitan DC (Includes Peltier-Lawle	\$31,802,356	688	\$32,871,972	687	\$1,069,616	(1)	3.36%	-0.15%
09-344	Hammond DC	\$38,511,500	802	\$40,887,749	808	\$2,376,249	6	6.17%	0.75%
09-346	NW DC	\$15,947,949	398	\$16,900,944	398	\$952,995	0	5.98%	0.00%
09-347	Pinecrest DC (Includes Columbia E	\$90,680,734	1,986	\$95,257,164	1,984	\$4,576,430	(2)	5.05%	-0.10%
09-348	Ruston DC	\$8,796,877	218	\$9,490,939	228	\$694,062	10	7.89%	4.59%
09-349	SW DC	\$11,790,092	271	\$12,387,530	271	\$597,438	0	5.07%	0.00%
TOTAL		\$233,762,841	4,553	\$243,825,271	4,529	\$10,062,430	(24)	4.30%	-0.53%

Addictive Disorders Services

- Overall, spending on Addictive Disorders Services will decrease approximately \$1.8 million in FY05 to total \$67.6 million.

Social Services

FY05 Appropriation Level

Social Services	State General Fund	\$204,013,714
	Total Means of Financing	\$915,895,651

The total means of financing for the Department of Social Services is funded at 85.2 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) remained the same at 5,324 positions for FY05.

FY05 TANF Initiatives

- To begin the budget deliberations for FY05, the Legislature looked at how to fill the deficit created by the non-recurrence of about \$97 million in Temporary Assistance to Needy Families (TANF) funds from FY04. Compounding this problem was the fact that only about \$20 million of TANF surplus funding remained to be used for traditional "TANF Initiatives."
- For FY05, about \$48.5 million in TANF funding was ultimately budgeted for initiatives. As previously mentioned, only about \$20 million of the total is true TANF surplus funding. The remainder is coming from FY05 TANF block grant funding and other funding sources, such as State General Fund and 8(g) education funds. (See the following chart for further information.)

TANF Initiatives N FY04 vs. FY05 Comparison

FY04 Initiatives		FY05 Initiatives	
		Means of Financing	
		TANF	State Gen. Fund
<u>Literacy</u>			
Public Pre-K ⁽¹⁾	\$ 39,000,000	\$ 17,000,000	\$ 18,000,000
Private Pre-K	\$ 8,500,000	\$ 8,500,000	\$ -
Drop-out Prevention	\$ 4,500,000	\$ -	\$ -
After School	\$ 9,500,000	\$ 9,500,000	\$ -
Adult Literacy	\$ 1,500,000	\$ -	\$ -
Truancy	\$ 2,430,193	\$ -	\$ -
TOTAL LITERACY	\$ 65,430,193	\$ 35,000,000	\$ 18,000,000
<u>Employment</u>			
Job Skills	\$ 11,750,000	\$ -	\$ -
Microenterprise Development	\$ 641,666	\$ -	\$ -
Incarcerated Job Skills	\$ 2,000,000	\$ -	\$ -
Post-release programs	\$ 4,500,000	\$ -	\$ -
TOTAL EMPLOYMENT	\$ 18,891,666	\$ -	\$ -
<u>Family Stability</u>			
Teen Pregnancy	\$ 6,500,000	\$ 5,500,000	\$ -
Domestic Abuse	\$ 3,166,666	\$ -	\$ -
Community Response	\$ 3,000,000	\$ -	\$ -
Fatherhood Initiatives	\$ 750,000	\$ -	\$ -
Family Strengthening	\$ 500,000	\$ -	\$ -
CASA	\$ 4,830,000	\$ 3,000,000	\$ -
Drug Courts	\$ 5,000,000	\$ 5,000,000	\$ -
Substance Abuse/DHH-OAD	\$ 4,166,666	\$ -	\$ 4,166,666
Housing Initiatives	\$ -	\$ -	\$ -
At-risk Children/DHH-OMH	\$ 1,750,000	\$ -	\$ 2,750,000
Abortion Alternatives	\$ 1,500,000	\$ -	\$ -
TOTAL FAMILY STABILITY	\$ 31,163,332	\$ 13,500,000	\$ 6,916,666
<u>Other</u>			
DOA Oversight	\$ 1,600,000	\$ -	\$ -
Caseworker Training	\$ 750,000	\$ -	\$ -
Initiative Implementation	\$ -	\$ -	\$ -
TOTAL OTHER	\$ 2,350,000	\$ -	\$ -
GRAND TOTAL	\$ 117,835,191	\$ 48,500,000	\$ 24,916,666
		TANF	SGF (Direct)

(1) Public Pre-K funding for FY05 also includes \$14 m. of 8(g) funds for a grand total of \$49 m. for this program.

Other Considerations for TANF Funding

- It should be noted that FY05 is the final year for the TANF initiatives program to bear any resemblance to the programs established from FY02 through FY04. These were the years when there was a large surplus balance available that allowed for the expenditure of TANF block grant funding on initiatives. This surplus will be gone for FY06.
- Additionally, it is anticipated that by using FY05 TANF block grant funding for current initiatives (approximately \$28.5 million), in addition to the \$20 million in TANF surplus funding, a shortfall is being created in the Child Care Assistance Program (CCAP) for FY06. This problem has been created because typically about 20 percent is taken off the top of the TANF block grant for transfer to CCAP. Because this funding was instead used to fund TANF initiatives in FY05, it is expected to cause a gap for FY06 in CCAP.

Increased Funding for Child Welfare Services

- The Child Welfare Services Program in the Office of Community Services received approximately \$4.9 million in additional funding for FY05, due to increased caseload and attorney fees. The total budget of the Child Welfare Services Program is \$211.4 million for FY05. This program is responsible for the state's foster care system, as well as child protection activities and adoption services, among other functions.

Louisiana 211 Information and Referral System

- A total of \$0.7 million in State General Fund was budgeted in the Office of the Secretary for the Louisiana 211 Information and Referral System. This system is a single point-of-entry for citizens to access information on services offered by non-profit agencies across the state, particularly in major cities.

Natural Resources

FY05 Appropriation Level

Natural Resources	State General Fund	\$ 8,293,813
	Total Means of Financing	\$138,033,446

The total means of financing for the Department of Natural Resources is funded at 73.6 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) increased by 7 positions to 512 for FY05.

Contract Auditors

- For FY05, \$0.2 million in Statutory Dedications from the Mineral Resources Operation Fund was added for contract auditors in the Mineral Resources Management Program.

Louisiana Rural Water Association

- As a result of legislative action on Act 1, \$0.2 million in State General Fund has been added to DNR's FY05 budget for the Louisiana Rural Water Association's Energy Conservation Program.

Ongoing Hydrilla Eradication Efforts

- A total of \$75,000 in State General Fund has been provided in DNR's base budget for continued eradication of hydrilla in Henderson Lake. Hydrilla is a type of aquatic vegetation that grows in thick mats, choking out other forms of plant life, causing difficulty for people trying to fish in the lake, and potentially clogging boat roads to the point where they are unusable.



Revenue

FY05 Appropriation Level

Revenue	State General Fund	\$42,229,217
	Total Means of Financing	\$88,090,443

The total means of financing for the Department of Revenue is funded at 108.5 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) increased by 9 positions to 951 for FY05.

Increases and Changes in Means of Financing

- A \$3.0 million means of financing substitution reducing state general fund and increasing fees and self-generated revenues was adopted due to an increase in late payment/delinquent fees available to the department in the Tax Collection Program.
- The department will spend an additional \$1.6 million for information technology projects – Integrated Tax System - designed to streamline and enhance the productivity of tax collections.
- Additional State General Fund in the amount of \$1.6 million has been provided to cover overtime expenses for both permanent and temporary employees during peak department work periods.
- \$0.3 million in Fees and Self-generated Revenues has been provided to develop a Disaster Recovery Business Contingency Plan as mandated by the Division of Administration and recommended by the Legislative Auditor in the department's annual audit.
- The Louisiana Tax Commission, as directed by Act 448 (HB 1700) of the 2004 Regular Session, requires the commission to create a statewide ad valorem tax assessment database for publication on the internet. The estimated cost for the project is roughly \$0.2 million.



Environmental Quality

FY05 Appropriation Level

Environmental Quality	State General Fund	\$ 7,570,000
	Total Means of Financing	\$141,492,230

The total means of financing for the Department of Environmental Quality is funded at 102.0 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) increased by 11 positions to 1,021 for FY05.

Brownfields Cleanup Revolving Loan Fund Program

- Act 655 (SB 468) of the 2004 Regular Session created the Brownfields Cleanup Revolving Loan Fund Program, which is to be administered by the Department of Environmental Quality. "Brownfields" are properties that are contaminated or potentially contaminated, thus making them less desirable for development. The fund is to be capitalized by federal grants and state appropriations when available, and monies are to be credited directly into the fund.
- The purpose of the program is to provide low-cost loans, to assist with remediation of brownfields, to fund brownfield-related programs, and to develop and operate the revolving loan program.
- This measure is not anticipated to cause any state general fund impact. Matching funding from the state for federal grants (typically a 20 percent match) is expected to come from statutory dedications out of the Hazardous Waste Site Cleanup Fund.

Brownfields Remediation

- For FY05, a total of \$0.3 million in Federal Funds has been provided for further development and operation of the state Voluntary Remediation Program and the federal Brownfields Initiatives in accordance with the Small Business Liability Relief and Brownfields Revitalization Act of 2002.

Louisiana Environmental Laboratory Accreditation Program

- For FY05, \$0.3 million in Statutory Dedications from the Environmental Trust Fund has been provided for three positions for the Louisiana Environmental Laboratory Accreditation Program (LELAP). This program is designed to audit, monitor, and certify 300 active laboratories.

Labor

FY05 Appropriation Level

Labor	State General Fund	\$ 600,000
	Total Means of Financing	\$250,375,642

The total means of financing for the Department of Labor is funded at 108.8 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) remained the same at 1,208 positions for FY05.

Health Care Worker Training with the Board of Regents

- In conjunction with the Board of Regents Health Care Workforce Development Program, Act 1 directs the department to identify and train persons eligible for training services funded from the Workforce Development Training Account (WDTA) of the Incumbent Worker Training Program (IWTP), as funded by private entities. The training plan must be submitted to and approved by both the Commissioner of Administration and the Joint Legislative Committee on the Budget (JLCB) no later than August 31, 2004. Further, Act 1 requires that Labor submit monthly reports to JLCB.

Office of Workforce Development

- For FY05, the Incumbent Worker Training Program was created as a separate program within the Office of Workforce Development, comprised of 31 positions and \$41.6 million. This new program was carved out of the Job Training and Placement Program within the Office of Workforce Development.
- An additional \$5.3 million from statutorily dedicated funds has been provided for Phase I of a comprehensive redesign and replacement for electronic automation of the existing Unemployment Insurance Tax and Benefits System, including database design, imaging and document management, and a remittance process application.
- The FY05 budget contains \$3.3 million in TANF funding for administration, operation costs, and implementation costs of the Strategies to Empower People Program (STEP). This annualizes the funding for this program and the four (4) positions begun in FY04.
- The Secretary is directed to identify and use \$3.0 million of the Department of Labor's FY05 budget to develop and implement a competitive grants program for post-release skills

programs to enable newly released inmates to gain employment and life skills. **Vetoed - July 14, 2004**

- Funding was added to the Administrative Program for the New Orleans Computer Technical Village (\$0.3 million) and to the Job Training and Placement Program for the New Orleans Opportunities Industrialization Center (\$0.3 million).

Office of Workers' Compensation

- For FY05, the Occupational Safety and Health Act – Consultation (OSHA-C) Program (13 positions and \$0.8 million total funding) was created within the Office of Workers' Compensation to provide more efficient tracking of federal and state funds for this purpose. Previously, the OSHA-C budget and personnel were part of the Administration Program.
- The April 2004 BA-7 increasing the budget authority for the Louisiana Workers' Compensation Second Injury Board Fund by \$6.3 million was incorporated into the FY05 budget, and annual budget authority of \$36 million for the payment of claims under the Injured Worker Reemployment Program was provided.
- Funding of \$0.2 million from the Louisiana Workers' Compensation Administration Fund was provided for a study of Louisiana's health care costs in workers' compensation claims. The results of the study will be used to determine if any adjustments to the reimbursement schedule of claims is needed.

Wildlife and Fisheries

FY05 Appropriation Level

Wildlife and Fisheries	State General Fund	\$ 80,000
	Total Means of Financing	\$88,304,918

The total means of financing for the Department of Wildlife and Fisheries is funded at 90.5 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) increased by 2 positions to 794 for FY05.

Aquatic Weed Eradication

- A total of \$80,000 in State General Fund was provided for aquatic weed eradication at Chicot State Park. During early budget action, this funding had been provided in the Department of Culture, Recreation, and Tourism. It was moved to DWF during conference committee deliberations.

Oyster Clutch Development Project

- Funding in the amount of \$0.1 million in the Public Oyster Seed Ground Development Account was added for FY05 to annualize a BA-7 for an oyster clutch development project. A clutch is a hard surface on a water bottom that oysters attach to for growth.

Charter Boat Association

- For FY05, \$50,000 in Statutory Dedications out of the Conservation Fund was allocated to the Louisiana Charter Boat Association for printing and distribution of materials promoting the state's charter boat industry.

Civil Service

FY05 Appropriation Level

Civil Service	State General Fund	\$ 2,080,414
	Total Means of Financing	\$13,837,905

The total means of financing for the Department of Civil Service is funded at 106.8 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) increased by 2 positions to 176 for FY05.

Major Budgetary Changes

- Most of this department's changes in funding are due to standard statewide adjustments.
- Two (2) positions were added to the T.O. for the Municipal Fire and Police Civil Service due to an increase in the number of jurisdictions served.

Retirement Systems

FY05 Appropriation Level

Retirement Systems	State General Fund	\$1,752,134
	Total Means of Financing	\$1,752,134

The total means of financing for the Retirement Systems is funded at 164.3 percent of the systems' FY04 operating budget. These systems include the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System (TRS).

This appropriation only reflects state contributions to the TRSL for the LSU unfunded liability program, supplementary allowances provided by various legislation, and supplemental payments to LSU Cooperative Extension retirees.

There is no Table of Organization (T.O.) for either of these systems.

General Retirement Issues

- School boards and state government will not have to pay as much as earlier anticipated to make employer's contributions to the state retirement systems, because the Legislature passed Act 588 (SB 622) during the 2004 Regular Session to refinance about \$1.7 billion of debt in the retirement systems for teachers and state employees. The enactment of this bill will save local school systems \$52.0 million in FY05. Still, school districts will struggle to meet retirement costs that are rising from 13.8 percent of payroll in FY04 to 15.5 percent in FY05, an increase of almost \$50.0 million. The situation, however, would have been far worse had the Legislature not agreed to the plan for requiring retirement system debt to be paid back by 2029. The Act places a long-term financial burden on the state, adding about \$6.4 billion to the systems' Unfunded Accrued Liability (\$3.7 billion for state employees and \$2.7 billion for teachers).
- A \$10.4 million appropriation is contained in Act 1's Other Requirements, Miscellaneous Funds (Schedule 20-XXX) to partially offset a \$23.0 million increase in employer contributions for retirement benefits for most state agencies. It should be noted, however, that higher education institutions, including all state colleges and universities, the LSU Health Sciences Center campuses (in New Orleans, Shreveport and Monroe), and HCSD received none of these funds since the Legislature already addressed their retirement needs along with

other mandated costs. Only those higher education institutions without student-based revenues are participating in the funding pool.

Higher Education

FY05 Appropriation Level

Higher Education	State General Fund	\$1,061,896,319
	Total Means of Financing	\$2,341,816,028

The total means of financing for Higher Education is funded at 105.4 percent of the FY04 operating budget.

This appropriation includes the Board of Regents, the Louisiana Universities Marine Consortium (LUMCON), and boards and institutions under the management of the Louisiana State University System, the Southern University System, the University of Louisiana System, and the Louisiana Community and Technical Colleges System.

The Table of Organization (T.O.) for Higher Education remained the same at 159 positions for FY05.

Funding of Statewide Adjustments

- The Executive Budget did not provide \$40.2 million in additional funding to Higher Education institutions for statewide adjustments for merit increases, group insurance, and retirement costs.
- Instead, this funding was provided during the budget process from two sources: \$25.8 million in State General Fund and \$14.4 million in Self-generated Revenues from tuition and fee increases in FY05. Both the operational fee assessment and tuition increase are intended to offset increased mandated costs throughout Higher Education as well as fund educational enhancements (see the two following sections for additional information).

Three Percent Tuition Increase

- Act 1117 of the 2001 Regular Session of the Legislature allowed each higher education management board to raise tuition and mandatory attendance fees by three percent annually through July 1, 2005. These increases are subject to approval by the Joint Legislative Committee on the Budget, which approved the increase for this coming fall semester at its May meeting.

- This tuition increase is expected to generate \$15.0 million for the various Higher Education institutions in FY05.
- The three percent tuition increase for FY05 was covered by the state under Tuition Opportunity Program for Students (TOPS) awards in Act 1.

Four Percent Operational Fee

- Act 788 (HB 1062) of the 2004 Regular Session allows each higher education management board to assess an operational fee at each institution in an amount not to exceed four percent of the tuition and fee amount. Currently, the assessment of this fee is projected to generate roughly \$18.0 million for Higher Education in FY05.
- Language in the Act provides that the funds are to be used for mandated costs and enhancements of instructional programs at each institution.
- This fee assessment is in addition to the three percent tuition increase recently approved by the Joint Legislative Committee on the Budget.
- The fee is not a cost payable by the state under a Tuition Opportunity Program award.

Community and Technical Colleges Pool

- The amount of \$5.0 million from the Higher Education Initiatives Fund was appropriated to the Board of Regents for the Community and Technical Colleges Development Pool Fund. Act 446 of the 2004 Regular Session, the FY04 Supplemental Appropriation Act, appropriates \$5.0 million from the State General Fund to the Higher Education Initiatives Fund to fund this activity.
- These funds will be allocated for the further development of community and technical colleges and academic centers. The funding will be distributed in accordance with a plan developed by the management boards and the Board of Regents and approved by the Division of Administration.

Additional Support for the Medical School at the LSU Health Sciences Center - Shreveport

- A direct appropriation of an additional \$1.0 million in State General Fund for the operating expenses of the School of Medicine at the LSU Health Sciences Center – Shreveport is included in the budget for FY05.

Louisiana Optical Network Initiative (LONI)

- The appropriation to the Board of Regents includes \$3.2 million from the Higher Education Initiatives Fund for the Louisiana Optical Network Initiative (LONI). The funds will be expended on a statewide, fiber optic network to allow the networking of computers with other research universities across the country. The initiative provides the capital costs for

Louisiana universities to gain access to national Internet (I2), a parallel Internet system reserved exclusively for university and scientific research. Act 446 of the 2004 Regular Session, the FY04 Supplemental Appropriation Act, provided \$3.2 million from the State General Fund to the Higher Education Initiatives Fund for this initiative.

- Act 2, the Capital Outlay Act, also contains \$8.5 million to the Board of Regents, including \$5 million in non-recurring State General Fund and \$3.5 million in General Obligation Bonds (Priority 1), for Library, Instructional and Scientific Equipment acquisitions, including LONI.

Health Care Workforce Development

- The amount of \$3 million in State General Fund was provided to the Board of Regents for Health Care Workforce Development. The funds will be distributed in accordance with a plan adopted by the Board of Regents and approved by the Division of Administration. The appropriation represents a \$0.3 million increase over the FY04 budget for this activity, which provided \$1.6 million to Delgado Community College, \$0.1 million for the Louisiana Healthworks Commission, \$0.3 million to Southeastern Louisiana University, and \$0.7 million for nursing and allied health programs.
- In conjunction with the Board of Regents Health Care Workforce Development Program, the Department of Labor is directed to identify and train persons eligible for training services funded from the Workforce Development Training Account (WDTA) of the Incumbent Worker Training Program (IWTP), as funded by private entities. The training plan must be submitted to and approved by both the Commissioner of Administration and the Joint Legislative Committee on the Budget (JLCB) no later than August 31, 2004. Further, HB 1 requires that the Department of Labor submit monthly reports to the JLCB.

Library and Scientific Acquisitions

- Higher Education received an appropriation of \$5.0 million for Library and Scientific Acquisitions. The appropriation is split between the General Appropriation Act and the Capital Outlay Act. Additionally, the Capital Outlay Act contains \$8.5 million for Library and Scientific Acquisitions and the Louisiana Optical Network Initiative.

Endowed Chairs and Professorships

- The appropriation to the Board of Regents for Endowed Chairs and Professorships is \$7.8 million from the Louisiana Quality Education Support (8g) Funds. These funds are used to match private donations for Endowed Chairs and Professorships at the various higher education institutions.

Faculty Recruitment at the LSU Health Sciences Centers

- The LSU Health Sciences Center – New Orleans received an additional \$0.5 million in faculty recruitment funding for FY05. The new funds for FY05 will be spent on recruitment

of four faculty members for the new School of Public Health to fund salaries, fringe benefits, moving expenses, and office furniture. This appropriation brings the total funding in FY05 for faculty recruitment packages at the LSU Health Sciences Center – New Orleans to \$1.5 million.

- At the LSU Health Sciences Center – Shreveport, funding for faculty recruitment is continued at \$0.5 million for FY05.

Tobacco Tax Health Care Fund Expenditures at the LSU Cancer Centers

- In FY05, the LSU Health Sciences Center – New Orleans received a total of \$17.8 million from the Tobacco Tax Health Care Fund to support the Louisiana Cancer Research Center of the LSU Health Sciences Center – New Orleans/Tulane University Health Sciences Center.
- Further, a portion of the \$17.8 million from the fund supporting the Louisiana Cancer Research Center is a dedication of approximately \$7.2 million for general smoking prevention, treatment, and cessation programs benefiting the overall health of Louisiana's citizens.
- The LSU Health Sciences Center – Shreveport (HSC-S) received \$6.9 million in revenues from the Tobacco Tax Health Care Fund to support the Feist-Weiller Cancer Center in FY05.

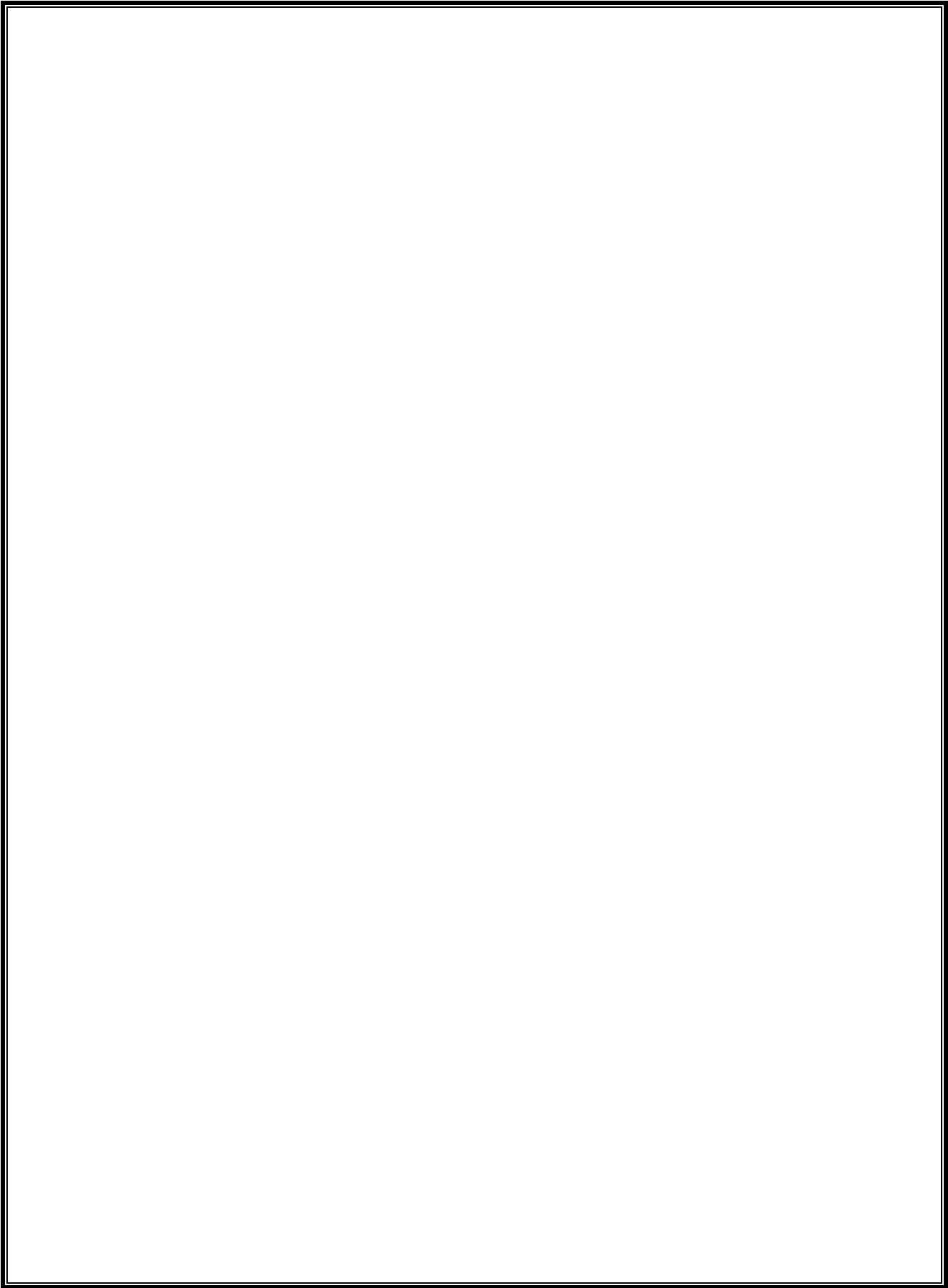
Continued Funding for Prior Year Initiatives

Truancy Assessment and Service Centers

- The Truancy Assessment and Service Centers are funded statewide through Louisiana State University in Baton Rouge at the prior year funding level of \$4.3 million. In order to compensate for the loss of \$2.4 million in Temporary Assistance to Needy Families funds, the program is appropriated \$1.0 million in State General Fund and \$1.4 million in State General Fund surplus funds from the Supreme Court. The budget of the Board of Regents contains \$1.9 million in State General Fund for the Truancy program that will be transferred to the university.
- Truancy Assessment and Service Centers identify high-risk students, conduct assessments to determine student needs, and require participation of the child and family in appropriate interventions. The goal of the program is to reduce school drop outs and delinquent behavior.

Governor's Biotechnology Initiative

- The General Appropriation Act provides continued funding of \$3.7 million to the Board of Regents for the Governor's Biotechnology Initiative. These expenditures provide funding to universities to enhance research capacity in emerging fields that are tied to the state's economic development efforts outlined in *Vision 20/20*. The funding is intended to invest in faculty, facilities, and research equipment at institutions with expertise in biotechnology research.



Governor's Information Technology Initiative

- The Governor's Information Technology Initiative received an appropriation of \$22.2 million between the General Appropriation Act and the Capital Outlay Act. This amount includes \$18.5 million in continued funding through the operating budget. The \$18.5 million appropriation to the institutions includes \$1 million for Internet 2 connectivity at the research schools. The Capital Outlay Act provides \$3.7 million in General Obligation Bonds (Priority 1) as follows: Louisiana State University at Baton Rouge, \$0.7 million; and the Board of Regents, \$3.0 million. The appropriation to Louisiana State University is the only change in appropriation level from the prior fiscal year.

Aid to Independent Colleges

- The amount of \$4.3 million is appropriated to the Board of Regents for eligible resident students at the following colleges and universities: Centenary College, Dillard University, Louisiana College, Loyola University, Our Lady of Holy Cross, Tulane University, Tulane University Health Sciences Center, Xavier University, Our Lady of the Lake College, and St. Joseph Seminary College. This level of funding was provided in the prior fiscal year.

Budget Reductions for the Louisiana Community and Technical College (LCTC) System

- \$10.1 million in surplus TANF funding for Job Skills training was eliminated from the LCTC System's budget for FY05.
- In Act 1, \$1.2 million has been transferred from the Louisiana Technical College and SOWELA Technical Community College to the Department of Public Safety and Corrections for GED/developmental studies at state correctional facilities.

Special Schools and Commissions

FY05 Appropriation Level

Other Education	State General Fund	\$150,723,735
	Total Means of Financing	\$264,552,755

The total means of financing for Special Schools and Commissions is funded at 110.1 percent of the schools' and commissions' FY04 operating budgets.

These agencies include: the Louisiana School for the Visually Impaired (LSVI); the Louisiana School for the Deaf (LSD); the Louisiana Special Education Center (LSEC); the Louisiana School for Math, Science and the Arts (LSMSA); the Office of Student Financial Assistance (OSFA); the Louisiana Educational Television Authority (LETA); the Council for the Development of French in Louisiana (CODOFIL), the Board of Elementary and Secondary Education (BESE); the Louisiana Systemic Initiatives Program (LaSIP); and the New Orleans Center for Creative Arts – Riverfront (NOCCA-R).

The schools' and commissions' Table of Organization (T.O.) increased by 33 positions to 1,078 for FY05.

Tuition Opportunity Program for Students (TOPS)

- The Tuition Opportunity Program for Students (TOPS) is fully funded at \$113.8 million for 41,000 students in FY05, enough to cover the three percent tuition increase expected at the state's public colleges and universities. This tuition increase received Joint Legislative Committee on the Budget approval in May 2004, and funding was provided to cover the TOPS portion in Act 1. TOPS, therefore, is funded at about \$10.0 million more in FY 05 than in FY04.
- The Legislature enacted only minor changes in TOPS eligibility requirements, thus helping to contain the program's costs.
- Act 788 (HB 1062) of the 2004 Regular Session allows the state's colleges and universities to impose up to a four percent "operational fee" in addition to the earlier approved three percent tuition increase. The fee shall not be a cost payable by the state under a TOPS award, which is estimated to be as high as \$18 million. Both the fee increase and the earlier three

percent tuition hike are intended to offset increased mandated costs throughout Higher Education and fund educational enhancements at the various campuses.

Louisiana Special Education Center (LSEC)

- The LSEC, located in Alexandria, provides instructional and residential services to cerebral palsied or physically disabled students between the ages of 3 and 30. LSEC is slated to receive an additional \$4.8 million in FY05, due mainly to the annualization of Medicaid per diem rate increases. Further, the facility has been appropriated additional funding due to prior year Medicaid overcollections and the opening of its new Transitional Family Life Training Center for fifteen (15) students.

Board of Elementary and Secondary Education (BESE)

- Due to increased interest earnings, an additional \$4.1 million has been appropriated for the Louisiana Quality Education Support [8(g)] Fund for FY05. BESE will use these funds to: (1) assist local school districts with additional funds to provide universal Pre-K education; (2) support the expansion of the state reading program into grades 4 – 12; and (3) fund other statewide elementary and secondary education initiatives.

Education

FY05 Appropriation Level

Education	State General Fund	\$2,605,545,756
	Total Means of Financing	\$3,725,209,316

The total means of financing for the Department of Education is funded at 101.5 percent of the department's FY04 operating budget.

The department's Table of Organization (T.O.) decreased by 128 positions to 891 for FY05.

Minimum Foundation Program (MFP)

- The Legislature fully funded the MFP formula for providing basic state aid to local schools. The MFP is funded at \$2.6 billion for FY05, an increase of about \$61.0 million over the budget for FY04.
- Revisions to the FY05 MFP formula include:
 - Changing the time of final allocations from mid-year in February to the beginning of the fiscal year in July, facilitating stable budget practices at the local level.
 - Providing for a mid-year funding adjustment for districts with a student count increase of 50 students or one (1) percent.
 - Providing for mid-year one-time funding adjustments for increased local revenues from new voter referendums.
- Senate Concurrent Resolution 122, the MFP resolution, continues the following school funding practices:
 - Increasing the weighted per pupil amount by 2.75 percent (\$93) and providing weights for certain categories of students (at-risk, vocational education, special education, and gifted/talented) and small school districts.
 - Rewarding approximately 40 cents on the dollar to local school systems contributing more local funds to the cost of education by raising local tax revenues.

- Continuing “hold harmless” funding and prior year pay raises for teachers, support workers, and foreign associate teachers.
- Requiring that 70 percent of MFP expenditures be on instructional activities.
- Requiring that 50 percent of MFP “growth funds” (approximately \$25 million total, or about \$350 on the average for each teacher) be dedicated to teacher pay raises in all districts, with each district having the flexibility to decide how to distribute the raises. Public school teachers earned an average of \$36,878 during FY03. The regional average for that year was \$40,771. The national average was \$45,822. In recent years, teacher salaries in Louisiana have differed by up to \$13,000 between some rural and urban school districts.
- Still, school districts will have to absorb the rising costs of retirement (\$70.0 million) and health insurance (\$60.0 million).

LA4 Pre-Kindergarten Program

- Act 1 also contains \$49.0 million to continue the LA4 Program’s public school classes for 4-year-olds. The following revenues in FY05 will fund LA4: State General Fund (\$18.0 million); TANF (\$17.0 million); and the 8(g) Fund (\$14.0 million). Previously, TANF funding comprised most of this program’s means of financing.
- More than 6,000 students in 22 of the state’s 68 public school districts will be educated in the component of LA4 funded by State General Fund and TANF in FY05. The 8(g) component, known as Starting Points, could serve up to as many as 2,500 students.
- Further, the Legislature has once again provided \$8.5 million in TANF money for private school pre-K classes for about 2,000 students in FY05. (The Office of the Governor administers this component.)

TANF Education Initiatives

- The After School Enrichment Program is slated to receive \$9.5 million in TANF funding in FY05, the same level as in FY04.
- Another TANF-funded initiative, the Teen Pregnancy Prevention Program, will be financed at \$5.5 million next year. This represents, however, a \$1.0 million decrease from FY04.

Type 2 Charter Schools

- An additional \$2.2 million has been appropriated for Type 2 Charter Schools in order to provide for increased student enrollment in FY05. It is anticipated that 3,400 students will attend eight (8) Type 2 Charter Schools in FY05, at a cost of \$22.4 million.

Certified Professionals

- Act 1 provides \$1.7 million in new funding for nationally certified teachers, school psychologists and school counselors.

Recovery School District

- The new Recovery School District has been established and funded at \$1.6 million and two (2) positions in order to assist failed schools.

Jobs for America's Graduates Louisiana

- The Jobs for America's Graduates Program (JAG LA) will be funded at \$0.5 million in FY05.

Special School Districts

- Special School District #1 eliminated 42 instructional positions due to a decrease in the number of students served.
- Special School District #2 was eliminated, with its \$5.0 million budget and 92 positions, due to the FY04 closure of the Tallulah Facility, as mandated by Act 1225 of the 2003 Regular Session. Most of the funding and some of the positions were transferred to the new Office of Youth Services in the Department of Public Safety and Corrections.

LSU Health Sciences Center – Health Care Services Division

FY05 Appropriation Level

Health Care Services Division	State General Fund	\$27,765,870
	Total Means of Financing	\$27,765,870

The total means of financing for the LSU Health Sciences Center – Health Care Services Division is funded at 40.8 percent of the division’s FY04 operating budget.

Per R.S. 17:1519.6(A), only State General Fund will be appropriated to the Health Care Services Division. All other means of financing are deposited directly into the Health Care Services Fund without appropriation. The current estimate of the total FY05 budget for the Health Care Services Division, after incorporating all legislative action on the budget, is \$846.5 million.

There is no Table of Organization (T.O.) for the division.

Stabilization of Funding for the Operation of the Charity Hospitals

- The Health Care Services Division (HCSD) faced a \$59.1 million shortfall in revenues for projected expenditures in FY05 in the original version of the budget.
- A series of steps were necessary to stall HCSD’s projected downsizing in FY05 until the state could develop a plan for the future provision of health care services in Louisiana.
 - The Legislature appropriated \$13.0 million for additional Medicaid claims payments to help HCSD narrow its budgetary gap. This action was based on HCSD’s leadership committing itself to aggressively certifying a greater percentage of its hospitals’ patient base for Medicaid eligibility.
 - By reprioritizing spending on Uncompensated Care Costs (UCC) payments, HCSD will receive an additional \$18.7 million in UCC payments in FY05. To accomplish this, the state will delay implementing a plan to spread UCC payments between both state and non-state hospitals providing services to the uninsured. Further, the state will attempt to maximize every dollar available under the cap on federal financial participation in UCC payments.
 - Finally, a \$27.4 million State General Fund appropriation covers the final portion of the funding necessary to restore the remainder of HCSD services originally slated for closure in next year’s budget.

- These additions by the Legislature result in a FY05 estimated budget of \$846.2 million for hospital operations. Thus, the proposed downsizing of emergency room services, closures of operating room beds, and closures or reductions in clinic-based services, including dental clinics, should not be necessary in FY05.

Paying for Prisoner Health Care Services

- Building from the FY04 budget for the expenditures associated with the provision of health care services to state and local inmates at the HCSD facilities, HCSD's total FY05 budget contains \$34.2 million for the estimated costs of providing these services.
- This is a reduction of \$2.1 million from the FY04 budget, as the provision of outpatient dialysis services for inmates will be transferred from Earl K. Long Medical Center to Dixon Correctional Institute in FY05.
- Total state funding of these services became necessary after the federal government stopped providing federal financial participation through the Disproportionate Share Payments program for inmate health care prior to the commencement of FY03.

Funding for Cancer Services

- The FY05 budget contains an additional \$0.3 million in pass-through funding for the Breast and Cervical Cancer Screening Program.

Other Requirements

Sheriffs' Housing of State Inmates

- Sheriffs' Housing is budgeted at \$151.8 million for FY05. This funding is expected to cover approximately 18,500 state inmates housed in local facilities.
- Parish sheriffs and local law enforcement are paid \$22.39 per day by the state to house state inmates in local jails or other detention centers.

Parish Transportation Program

- The Parish Transportation Program will provide \$39.2 million in state funding to local governments for general road improvement programs, mass transit, and for matching funds for off-system roads and bridges. The source of funding for the program is statutory dedications from the Transportation Trust Fund-Regular as follows: Parish Road Program, \$31.2 million; Mass Transit Program, \$5.0 million; and the Off-system Roads and Bridges Match Program, \$3.0 million.
- The Louisiana Constitution provides that no less than one cent of the tax on gasoline and special fuels shall be appropriated to the Parish Transportation Fund. The current appropriation exceeds the minimum amount required of about \$27.0 million annually. The appropriation for each of the Parish Transportation programs is identical to the amount provided over the last three fiscal years.

Parish Road Program

- The Parish Road Program provides \$31.2 million, distributed to all parishes on a per capita basis, to local governing authorities for maintenance and repair of roads in a general road improvement program.

Mass Transit Program

- The Mass Transit Program provides nearly \$5 million to certain parishes and municipalities with mass transit programs. The law provides for a base amount to certain governments and the remainder of funds distributed at one dollar per capita plus an amount per passenger on a graduated schedule based on the number of annual passengers. The Public Transportation Program within the Department of Transportation and

Development receives two and one-half percent of the amount allocated for mass transit services to purchase equipment, typically passenger vans, for elderly and disabled program transit providers.

Off-system Roads and Bridges Match Program

- The Off-system Roads and Bridges Match Program provides \$3.0 million to local governments to match federal aid for off-system railroad crossings and bridges.

District Attorneys and Assistant District Attorneys

- Funding the provisions of Act 812 (HB 1413) of the 2004 Regular Session, which increased the maximum number of assistant district attorneys allowed as recommended by the Governor's Advisory and Review Commission on District Attorneys, an additional \$0.7 million was included in Act 1 for an additional 25 Assistant District Attorneys.

Higher Education – Debt Service and Maintenance

- Approximately \$3.5 million was added for indebtedness and maintenance on community colleges maintained by the Louisiana Community and Technical Colleges Board of Supervisors in FY05.

Two Percent Fire Insurance Fund

- Appropriations from the Fund increased by \$2.9 million in FY05 to reflect changes in the Official Forecast adopted May 14, 2004, by the Revenue Estimating Conference. These funds will provide additional aid to local entities for fire protection.

State Aid To Local Governments

- Act 1 includes funding for various local governmental and other entities in the amount of \$10.8 million.

Supplemental Pay to Law Enforcement Personnel

- Supplemental pay is budgeted at \$71.4 million for FY05. Law enforcement personnel who meet qualification standards are compensated at the rate of \$300 per month for police, firefighters, and deputy sheriffs, and \$75 per month for constables and justices of the peace.
- Also for FY05, a board of review was established to oversee the eligibility for supplemental pay for deputy sheriffs. This board shall be composed of the commissioner of administration, or his designee; a member of the Louisiana Sheriffs' Association selected by the president of that organization; and the state treasurer, or his designee. This board will also be charged with establishing criteria for eligibility for deputy sheriffs.

DOA – Debt Service and Maintenance

- An additional \$1.2 million was added for bond indebtedness, operating and maintenance costs for buildings owned by the Office of Facilities Corporation in FY05.

DOA – Unemployment Insurance Payments

- Act 1 provides \$600,000 in funding for employees formerly working at the Swanson Correctional Center-Madison Parish Unit at Tallulah, Corrections Services, Office of Youth Development not offered and accepting employment at the Hoyle Rehabilitation Center for adult offenders at Tallulah.

Miscellaneous Funds

- A \$10.4 million appropriation is contained in Act 1 to offset increased employer contributions for retirement benefits for most state agencies. It should be noted, however, that higher education institutions, including all state colleges and universities, the LSU Health Sciences Center campuses (in New Orleans, Shreveport and Monroe), and HCSD will receive none of these funds since the Legislature already addressed their retirement needs along with other mandated costs. Only those higher education institutions without student-based revenues will participate in the funding pool.

Homeland Security Funding in FY05

In FY05, the state will spend about \$68.8 million (mostly Federal Funds) on Homeland Security Initiatives in various departments.

Department of Military Affairs

- The Office of Military Affairs received \$51.1 million in federal funds for homeland security activities. Roughly \$41.9 million of this funding has been interagency transferred to the Office of State Police in the Department of Public Safety for homeland security activities and the purchase of specialized equipment for local entities.

Office of State Police

- For FY05, \$13.8 million in new federal homeland security funds have been provided for the Office of State Police, in addition to \$21.3 million that was built into the base budget. These funds will be received from the Department of Military Affairs, Office of Emergency Preparedness. This funding will be used to enhance ongoing homeland security efforts and to provide for the purchase of specialized equipment for local governments.

Office of Public Health

- Continued into FY05, the OPH budget contains \$17.4 million and 83 positions to detect and/or respond to a bio-terrorism event.

Office of Mental Health

- The OMH budget contains continued funding in FY05 of \$300,000 and 4 positions to train mental health professionals for mass crisis.

FY05 Gubernatorial Veto Messages

July 13, 2004

Mr. Alfred W. Speer
Clerk of the House of Representatives
State Capitol
Baton Rouge, Louisiana 70804

Mr. Glenn Koepp
Secretary of the Senate
State Capitol
Baton Rouge, Louisiana 70804

Re: House Bill No. 1 by Representative Alario
An Act making appropriations for the ordinary expenses of the executive branch of state government, pensions, public schools, public roads, public charities, and state institutions and providing with respect to the expenditure of said appropriations.

Dear Gentlemen:

As authorized by Article III, Section 18(B), and more particularly, Article IV, Section 5(G)(1) of the Constitution of Louisiana, I have exercised my authority to veto two items or provisions of the General Appropriation Bill.

VETO MESSAGE NO. 1:

Page 166, Lines 40-44:

This language directs the Department of Labor to identify and use \$3 million of the appropriated budget to develop and implement a competitive grants program to provide skills programs for newly released inmates. This is a permissible expenditure of Workforce Investment Act (WIA) funds. However, federal guidelines do not allow the state to dictate expenditure priorities to the Local Workforce Investment Boards, to which the majority of these funds are directed. For this reason, I am vetoing this language. However, my administration is committed to work with the local boards and encourages them to provide funding for these worthwhile programs.

Mr. Speer and Mr. Koeppe
Page Two
July 13, 2004

VETO MESSAGE NO. 2:

Page 284, Lines 37 through 42:

The language in this section authorizes the commissioner of administration, in the event additional revenues become available, to make the necessary adjustments to provide for employer contributions for retirement benefits for all departments and agencies of the state, including higher education institutions. Article VII, Section 10(E), of the Louisiana Constitution of 1974 provides that "Appropriations by the legislature...shall not exceed the official forecast in effect at the time the appropriations are made." An appropriation such as this is inconsistent with the intent of this constitutional provision. If additional revenue becomes available, it should be appropriated to address needs that exist at the time it is recognized. Further appropriation of funds, which may or may not become available, can represent a hollow promise to those expecting such appropriations.

Sincerely,

Kathleen Babineaux Blanco
Governor

jw

Other FY05 Appropriation Acts and Significant Related Legislation

FY05 Ancillary Appropriation Act Act 4 (House Bill No. 1483)

- The Ancillary Appropriation Act totals \$1.45 billion for FY05. Act 4 provides for expenses incurred by agencies that generate their own income.
- Act 4 reflects a \$132.8 million increase over FY04.
- Almost all of this increase is due to a projected rate increase of 15 percent in the Office of Group Benefits, a mandated cost to be incurred by state agencies and institutions.

FY05 Legislative Appropriation Act Act 6 (House Bill No. 1542)

- The Legislative Expenses Act makes appropriations for the expenses of the legislature for the FY05 fiscal year.
- The Act provides roughly \$56.8 million from the State General Fund for the salaries and allowances of members, officers, and staff of the House and Senate.

House of Representatives	\$25,179,235
Senate	\$15,254,561
Auditor	\$ 6,220,000
Legislative Fiscal Office	\$ 2,011,879
Louisiana Law Institute	\$ 872,829
Legislative Budgetary Control Council	\$ 6,805,300
Legislative Actuary	<u>\$ 440,672</u>
Total State General Fund	\$56,784,476

- The FY04 Legislative Expenses Bill totaled about \$52.9 million, which is about 7 percent less than the FY05 total of \$56.8 million.

FY05 Judicial Appropriation Act Act 5 (House Bill No. 1482)

- Act 5 of the 2004 Regular Session of the Legislature appropriates \$112.0 million from the following sources: \$101.1 million in State General Fund; \$5 million in Interagency Transfers (TANF from DSS); and \$5.9 million in statutory dedications from the Judges' Supplemental Compensation Fund (\$4,000,000), Trial Court Case Management Fund (\$1,918,226), and the Patient's Compensation Fund (\$10,000).
- The FY05 Judicial appropriation represents an increase of almost \$1.4 million from the FY04 budget of \$110.7 million.
- Act 5 includes \$6.0 million more in State General Fund than the FY04 budget and \$5.0 million in TANF funding was continued for Drug Court operations.
- The Court Appointed Special Advocates (CASA) program, which was formerly funded through the Judicial Expense Act, is funded for FY05 through the Department of Social Services in Act 1.
- Amendments in the House Committee on Appropriations deleted the funding of \$2.0 million for a five percent judge's pay raise.

FY05 Revenue Sharing Act Act 590 (House Bill No. 1485)

- Act 590 provides for the state's \$90.0 million revenue sharing distribution for FY05. The Revenue Sharing Fund is a special constitutional fund in the state treasury. Annually, \$90.0 million is allocated from the State General Fund to the Revenue Sharing Fund.
- Allocation and distribution of the Revenue Sharing Fund to parishes and their tax recipient bodies is based:
 - 80 percent on population (\$72.0 million); and
 - 20 percent on the number of homesteads (\$18.0 million).
- Act 590 is the same as FY04's Revenue Sharing Act, except for authorizing new tax recipient bodies and millages in the following parishes: Caddo, East Baton Rouge, Vermilion, and Washington.

FY05 Special Funds Act Act 585 (House Bill No. 619)

- Act 585, as introduced, authorized monies in the Higher Education Initiatives Fund to be appropriated to either specific higher education institutions or the Board of Regents (prior law made the funds available exclusively for the Board of Regents).
- During the legislative process, the bill was amended to allow for the transfer of certain fund balances, including a total of \$10.4 million from the Fraud Detection Fund, Incentive Fund, Mineral Resources Operating Fund, and the Insurance Fraud Investigation Fund to the Louisiana Medical Assistance Trust Fund to be carried forward into FY05 as state matching funds in the Medicaid Program. It also provided for \$2.0 million to be transferred from the Louisiana Economic Development Fund to the State General Fund to be used in FY05.
- Additionally, overcollections of \$3.2 million from the Office of Financial Institutions are to be transferred into the 2004 Overcollections Fund to be appropriated for nonrecurring purposes in FY05; the Fund is to be abolished on June 30, 2005. Any unexpended balance in the Louisiana Fire Marshal Fund attributable to collections from FY04 is to be transferred to the State General Fund. The Act also authorized certain funds generated by the Louisiana Tax Commission to remain in the newly created Tax Commission Expense Fund at the end of a fiscal year.
- Act 585 also provided for a loan, not to exceed \$7.5 million, from the Louisiana Economic Development Fund to the Louisiana Stadium and Exposition District (LSED) for the purpose of paying a contractual obligation to the Saints football team. The loan is to be repaid from revenues received by the LSED that exceed the amount of revenues received by the district in FY05, together with a growth factor equal to the CPI.

FY04 Supplemental Appropriation Act Act 446 (House Bill No. 1628)

- Act 446 provided \$259.3 million for supplemental appropriations for FY04, of which \$235.0 million is State General Fund.
- The main source of funding for the FY04 Supplemental Appropriation Act was the additional \$197.0 million in State General Fund revenues for FY04 recognized by the Revenue Estimating Conference at its May 2004 meeting.
- Act 446 authorized additional expenditures, budget reductions, means of financing substitutions, the payment of judgments, and changes in capital outlay projects in FY04, as well as generated fund balances that were carried forward into FY05.
- Overall, an additional \$21.6 million in expenditures were authorized in Act 446:
 - \$4.4 million for additional costs of housing state inmates in parish jails due to higher than anticipated population levels;
 - \$3.7 million for the final payment on the restoration of funding to local school districts impacted by inadvertent reductions in the Minimum Foundation Program (MFP) in FY02;
 - \$3.6 million for operating expenses in the Department of Agriculture and Forestry;
 - \$3.2 million for operating services at the Pinecrest Developmental Center;
 - \$2.2 million for additional Medicaid payments to the Louisiana Special Education Center;
 - \$1.6 million for the payment of prior year Medicaid cost report settlements to the Charity Hospital System (LSU Health Sciences Center – Health Care Services Division); and,
 - \$1.1 million in the Office of Community Services of the Department of Social Services for legal representation for indigent parents in child protection proceedings.

- Overall, approximately \$7.8 million in expenditures in FY04 were reduced per Act 446 to generate revenues for other expenditures in FY04 and FY05:
 - \$3.3 million in State General Fund was reduced from the Office of State Police;
 - \$3.1 million in State General Fund was reduced from various adult and juvenile correctional programs - \$2.1 million from Office of Youth Development, \$0.6 million from Allen Correctional Center, and \$0.4 million from funding for adult community-based rehabilitation programs; and,
 - \$1.4 million in State General Fund was reduced from the School Accountability and Improvement Program in the Department of Education.
- Various means of financing substitutions authorized in Act 446 resulted in a net decrease of \$2.7 million in State General Fund, with net increases occurring in numerous statutorily dedicated funds.
- A total of \$12.1 million was appropriated in Act 446 to pay various final consent, stipulated, and other judgments against the state in FY04, including recommendations to pay rendered by the Board of Tax Appeals.
 - In addition, \$4,300 was appropriated to pay Terry Haire's legal expenses as recommended by the Attorney Fee Review Board.
- Changes in capital outlay projects totaled \$11.1 million:
 - \$8.0 million in Fees and Self-Generated Revenues for supplemental funding of the Department of Transportation and Development Secretary's Emergency Fund for bridge damages and other projects;
 - \$2.3 million for various additional appropriations from the interest earnings from the investment of general obligation bond or note proceeds in the Comprehensive Capital Outlay Escrow Account; and,
 - Approximately \$0.7 million to fund three capital outlay change orders.
- In addition, Act 446 authorized a net decrease of \$0.4 million for aviation improvements as a result of changes made to the appropriations from the Transportation Trust Fund – Regular in the FY04 Capital Outlay Act (Act 24) by Act 446. This adjustment was made to reflect the annual estimated revenue to be derived from the state taxes to be collected on aviation fuel.
- Act 446 appropriated \$222.6 million in State General Fund and \$0.5 million from the Pari-Mutuel Live Racing Facility Gaming Control Fund into a variety of statutorily dedicated funds to be either utilized for various purposes in FY04 or carried forward into FY05 to fund expenditures during this fiscal year:

- Roughly \$208.7 million in State General Fund was deposited into the Louisiana Medical Assistance Trust Fund to be utilized as state matching funds for the Medicaid program in FY05;
- A total of \$8.2 million in State General Fund was appropriated into the Higher Education Initiatives Fund;
- The Criminal Identification Trust Fund received \$3.3 million in State General Fund;
- Act 446 also appropriated \$2.1 million in State General Fund to the Youthful Offender Management Fund; and,
- Roughly \$0.5 million from the Pari-Mutuel Live Racing Facility Gaming Control Fund went to the Beautification and Improvement of New Orleans City Park Fund (\$0.2 million), St. Landry Parish Excellence Fund (\$0.3 million), and Higher Education Initiatives Fund for the Southern University Urban Tourism and Marketing Program (\$50,000).
- Finally, Act 446 voided two appropriations in Act 14 of 2004 -
 - A \$0.2 million appropriation for expenses related to the relocation of a DOTD building in Livingston Parish was nullified, and
 - A \$0.1 million appropriation from the Vernon Parish Community Improvement Fund was voided.

Significant Legislation Handled in the Senate Finance Committee during the 2004 First Extraordinary and Regular Sessions of the Legislature

Act 11 (Senate Bill 8 by Senator Heitmeier) of the First Extraordinary Session of 2004 increases the base amount of mineral revenues to be deposited in the Budget Stabilization Fund from \$750 million to \$850 million. Created in the state Constitution in 1990, the “Rainy Day” fund receives 25 percent of any nonrecurring revenue and any mineral revenue in excess of \$750 million. The Constitution also provides that the base figure of \$750 million may be increased every ten years by a 2/3 vote of the Legislature, and the increase shall not exceed 50 percent of the Consumer Price Index (CPI) increase for the previous ten years.

The Revenue Estimating Conference forecast a significant increase in mineral revenue this past spring, and Act 11 allowed approximately \$100 million additional revenues to flow into the State General Fund instead of the Rainy Day fund, helping the state deal with a projected budget shortfall in FY05.

Act 869 (House Bill 1256 by Representative Alario) of the Regular Session of the Legislature made several changes relative to performance-based energy efficiency contracts. It requires that the guarantee of energy savings contained in such contracts ensure, at a minimum, a total annual savings sufficient to fully fund any financing arrangement entered into to fund the contract. The Act also requires proposers to “unbundle”, or itemize, costs in their bids.

Additionally, Act 869 restructures the way responses to Requests for Proposals (RFPs) are evaluated in that the initial evaluation is completed by the originating agency before the responses are sent to the Department of Natural Resources. It reserves the award of any contract to the commissioner of administration, who is also authorized to hire a third-party evaluation consultant.

To fund the cost associated with this process, a proposer must pay 2-1/2 percent of the value of a contract at the time the contract is executed. The Act “grandfathers” in companies and contracts already in the process and further requires a payment of only one percent.

Senate Bill 41 by Senator McPherson requires the state and any of its departments and agencies to provide prior written notification to the Joint Legislative Committee on the Budget when compromising or settling a claim in which the state has an interest that equals or exceeds

\$2.5 million (excluding claims covered by the Office of Risk Management). **Vetoed – July 14, 2004**

Senate Bill 72 by Senator McPherson requires the state and any of its departments and agencies to provide written notice to Joint Legislative Committee on the Budget of any pending claim against the state that may equal or exceed \$2.5 million. **Vetoed – July 14, 2004**

Act 585 (House Bill 619 by Representative Alario) of the 2004 Regular Session of the Legislature, as introduced, authorized monies in the Higher Education Initiatives Fund to be appropriated to either specific higher education institutions or the Board of Regents (prior law made the funds available exclusively for the Board of Regents). During the legislative process, the bill was amended to allow for the transfer of certain fund balances, including a total of \$10.4 million from the Fraud Detection Fund, Incentive Fund, Mineral Resources Operating Fund, and the Insurance Fraud Investigation Fund to the Louisiana Medical Assistance Trust Fund to be carried forward into FY05 as state matching funds in the Medicaid Program. It provided for \$2.0 million to be transferred from the Louisiana Economic Development Fund to the State General Fund to be used in FY05.

Additionally, overcollections of \$3.2 million from the Office of Financial Institutions are to be transferred into the 2004 Overcollections Fund to be appropriated for nonrecurring purposes in FY05; the Fund is to be abolished on June 30, 2005. Any unexpended balance in the Louisiana Fire Marshal Fund attributable to collections from FY04 is to be transferred to the State General Fund. The Act also authorized certain funds generated by the Louisiana Tax Commission to remain in the newly created Tax Commission Expense Fund at the end of a fiscal year.

Act 585 also provided for a loan, not to exceed \$7.5 million, from the Louisiana Economic Development Fund to the Louisiana Stadium and Exposition District (LSED) for the purpose of paying a contractual obligation to the Saints football team. The loan is to be repaid from revenues received by the LSED that exceed the amount of revenues received by the district in FY05, together with a growth factor equal to the CPI.

Joint Legislative Committee on the Budget Requirements in Act 1

Throughout the General Appropriation Act (Act 1), there are appropriations contingent upon or preamble provisions specifying Joint Legislative Committee on the Budget (JLCB) action or review. As warranted, notification to, submission of reports to, and/or review by JLCB may be necessary from departments and/or the Division of Administration. The following section lists such matters and provides page and line numbers in Act 15 for easy reference.

Preamble

- **Page 1, lines 13, 15-16, 20-21, and 22**

Section 2. All money from federal, interagency, statutory dedications, or self-generated revenues shall be available for expenditure in the amounts herein appropriated. Any increase in such revenues shall be available for allotment and expenditure by an agency on approval of an increase in the appropriation by the commissioner of administration and the **Joint Legislative Committee on the Budget**. Any increase in such revenues for an agency without an appropriation from the respective revenue source shall be incorporated into the agency's appropriation on approval of the commissioner of administration and the **Joint Legislative Committee on the Budget**. In the event that these revenues should be less than the amount appropriated, the appropriation shall be reduced accordingly. To the extent that such funds were included in the budget on a matching basis with state funds, a corresponding decrease in the state matching funds may be made. Any federal funds which are classified as disaster or emergency may be expended prior to approval of a BA-7 by the **Joint Legislative Committee on the Budget** upon the secretary's certifying to the governor that any delay would be detrimental to the state. The **Joint Legislative Committee on the Budget** shall be notified in writing of such declaration and shall meet to consider such action, but if it is found by the committee that such funds were not needed for an emergency expenditure, such approval may be withdrawn and any balance remaining shall not be expended.

- **Page 2, line 9**

Section 3.A. Notwithstanding any other law to the contrary, the functions of any department, agency, program, or budget unit of the executive branch, except functions in departments,

agencies, programs, or budget units of other statewide elected officials, may be transferred to a different department, agency, program, or budget unit for the purpose of economizing the operations of state government by executive order of the governor. Provided, however, that each such transfer must, prior to implementation, be approved by the commissioner of administration and **Joint Legislative Committee on the Budget**. Further, provided that no transfers pursuant to this Section shall violate the provisions of Title 36, Organization of the Executive Branch of State Government.

- **Page 3, line 7**

B. Unless explicitly stated otherwise, each of the program objectives and the associated performance indicators contained in this Act shall reflect the key performance standards to be achieved for the 2004-2005 Fiscal Year and shall constitute the set of key objectives and key performance indicators which are reportable quarterly for Fiscal Year 2004-2005 under the Louisiana Governmental Performance and Accountability Act, particularly R.S. 39:2(23) and (24) and R.S. 39:87.3. In the event that a department, agency, program, or governing board or commission is directed by language in this Act to prepare and submit new or modified performance information, including but not limited to key and supporting objectives, performance indicators, and performance standards, such submission shall be in a format and method to be determined by the commissioner of administration. Unless otherwise specified in this Act, the submission of new or modified performance information shall be made no later than August 15, 2004. Such performance information shall be subject to the review and approval of both the Division of Administration and the Performance Review Subcommittee of the **Joint Legislative Committee on the Budget**.

- **Page 3, lines 12 and 15**

Section 6. Unless expressly provided in this Act, funds cannot be transferred between departments or schedules receiving appropriations. However, any unencumbered funds which accrue to an appropriation within a department or schedule of this Act due to policy, programmatic, or cost-saving/avoidance measures may, upon approval by the commissioner of administration and the **Joint Legislative Committee on the Budget**, be transferred to any other appropriation within that same department or schedule. Each request for the transfer of funds pursuant to this Section shall include full written justification. The commissioner of administration, upon approval by the **Joint Legislative Committee on the Budget**, shall have the authority to transfer between departments funds associated with lease agreements between the state and the Office Facilities Corporation.

- **Page 4, lines 6-7**

(3) The commissioner of administration, upon approval of the **Joint Legislative Committee on the Budget**, shall have the authority to transfer positions between departments, agencies, or programs or to increase or decrease positions and associated funding necessary to effectuate such transfers.

- **Page 4, lines 21-22**

(5) The number of authorized positions approved in this Act for each department, agency, or program may also be increased by the commissioner of administration when sufficient documentation of other necessary adjustments is presented and the request is deemed valid. The total number of such positions so approved by the commissioner of administration may not be increased in excess of three hundred fifty. However, any request which reflects an annual aggregate increase in excess of twenty-five positions for any department, agency, or program must also be approved by the **Joint Legislative Committee on the Budget**.

- **Page 7, line 22**

Section 15. Any unexpended or unencumbered reward monies received by any state agency during Fiscal Years 2002-2003 and 2003-2004 pursuant to the Exceptional Performance and Efficiency Incentive Program may be carried forward for expenditure in Fiscal Year 2004-2005, in accordance with the respective resolution granting the reward. The commissioner of administration shall implement any internal budgetary adjustments necessary to effectuate incorporation of these monies into the respective agencies' budgets for Fiscal Year 2004-2005, and shall provide a summary list of all such adjustments to the Performance Review Subcommittee of the **Joint Legislative Committee on the Budget** by September 15, 2004.

- **Page 8, lines 3, 4, 5, 7, 10, and 12**

Section 17. All BA-7 budget transactions, including relevant changes to performance information, submitted in accordance with this Act or any other provisions of law which require approval by the **Joint Legislative Committee on the Budget** or joint approval by the commissioner of administration and the **Joint Legislative Committee on the Budget** shall be submitted to the commissioner of administration, **Joint Legislative Committee on the Budget** and Legislative Fiscal Office a minimum of sixteen working days prior to consideration by the **Joint Legislative Committee on the Budget**. Each submission must include full justification of the transaction requested, but submission in accordance with this deadline shall not be the sole determinant of whether the item is actually placed on the agenda for a hearing by the **Joint Legislative Committee on the Budget**. Transactions not submitted in accordance with the provisions of this Section shall only be considered by the commissioner of administration and **Joint Legislative Committee on the Budget** when extreme circumstances requiring immediate action exist.

- **Page 9, line 14**

B.(1) No funds appropriated in this Act shall be transferred to a public or quasi-public agency or entity which is not a budget unit of the state unless the intended recipient of those funds presents a comprehensive budget to the legislative auditor and the transferring agency showing all anticipated uses of the appropriation, an estimate of the duration of the project, and a plan showing specific goals and objectives for the use of such funds, including measures of performance. In addition, and prior to making such expenditure, the transferring agency shall require each recipient to agree in writing to provide written reports to the transferring agency at least every six months concerning the use of the funds and the specific goals and objectives for

the use of the funds. In the event the transferring agency determines that the recipient failed to use the funds set forth in its budget within the estimated duration of the project or failed to reasonably achieve its specific goals and objectives for the use of the funds, the transferring agency shall demand that any unexpended funds be returned to the state treasury unless approval to retain the funds is obtained from the division of administration and the **Joint Legislative Committee on the Budget**. Each recipient shall be audited in accordance with R.S. 24:513. If the amount of the public funds received by the provider is below the amount for which an audit is required under R.S. 24:513, the transferring agency shall monitor and evaluate the use of the funds to ensure effective achievement of the goals and objectives.

Executive Department

Division of Administration

- Page 14, line 37

Objective: The Office of Facility Planning and Control (OFPC) will analyze 100% of the information in the Energy Use and Cost Database received from agencies in the first two quarters of FY 04-05 to identify facilities with elevated energy use and costs and prepare a report for the **Joint Legislative Committee on the Budget** and the Legislative Fiscal Office by June 30, 2005.

Performance Indicator:

Percentage of information analyzed in database and developed into an Energy Report

100%

Department of Public Safety and Corrections – Corrections Services

Preamble

- Page 72, lines 25-26

Notwithstanding any law to the contrary, the secretary of the Department of Public Safety and Corrections – Corrections Services may transfer, with the approval of the Commissioner of Administration via midyear budget adjustment (BA-7 Form), up to twenty-five (25) authorized positions and associated personal services funding from one budget unit to any other budget unit and/or between programs within any budget unit within this schedule. Not more than an aggregate of 100 positions and associated personal services may be transferred between budget units and/or programs within a budget unit without the approval of the **Joint Legislative Committee on the Budget**.

C. Paul Phelps Correctional Center

- **Page 76, lines 14 and 18-19**

The Secretary of Corrections Services shall submit to the Commissioner of Administration and the **Joint Legislative Committee on the Budget** adjustments to performance indicators and performance standards related to Adult Basic Education and GED instruction by August 15, 2004. Prior to termination of any Adult Basic Education or GED instructional services in this facility, the Department of Public Safety and Corrections-Corrections Services shall notify the Commissioner of Administration and the **Joint Legislative Committee on the Budget**.

Louisiana State Penitentiary

- **Page 77, lines 40 and 44-45**

The Secretary of Corrections Services shall submit to the Commissioner of Administration and the **Joint Legislative Committee on the Budget** adjustments to performance indicators and performance standards related to Adult Basic Education and GED instruction by August 15, 2004. Prior to termination of any Adult Basic Education or GED instructional services in this facility, the Department of Public Safety and Corrections-Corrections Services shall notify the Commissioner of Administration and the **Joint Legislative Committee on the Budget**.

Avoyelles Correctional Center

- **Page 79, lines 8 and 12-13**

The Secretary of Corrections Services shall submit to the Commissioner of Administration and the **Joint Legislative Committee on the Budget** adjustments to performance indicators and performance standards related to Adult Basic Education and GED instruction by August 15, 2004. Prior to termination of any Adult Basic Education or GED instructional services in this facility, the Department of Public Safety and Corrections-Corrections Services shall notify the Commissioner of Administration and the **Joint Legislative Committee on the Budget**.

Louisiana Correctional Center for Women

- **Page 80, lines 23 and 27-28**

The Secretary of Corrections Services shall submit to the Commissioner of Administration and the **Joint Legislative Committee on the Budget** adjustments to performance indicators and performance standards related to Adult Basic Education and GED instruction by August 15, 2004. Prior to termination of any Adult Basic Education or GED instructional services in this facility, the Department of Public Safety and Corrections-Corrections Services shall notify the Commissioner of Administration and the **Joint Legislative Committee on the Budget**.

Dixon Correctional Institute

- **Page 83, lines 24 and 28-29**

The Secretary of Corrections Services shall submit to the Commissioner of Administration and the **Joint Legislative Committee on the Budget** adjustments to performance indicators and performance standards related to Adult Basic Education and GED instruction by August 15, 2004. Prior to termination of any Adult Basic Education or GED instructional services in this facility, the Department of Public Safety and Corrections-Corrections Services shall notify the Commissioner of Administration and the **Joint Legislative Committee on the Budget**.

J. Levy Dabadie Correctional Center

- **Page 84, lines 33 and 37-38**

The Secretary of Corrections Services shall submit to the Commissioner of Administration and the **Joint Legislative Committee on the Budget** adjustments to performance indicators and performance standards related to Adult Basic Education and GED instruction by August 15, 2004. Prior to termination of any Adult Basic Education or GED instructional services in this facility, the Department of Public Safety and Corrections-Corrections Services shall notify the Commissioner of Administration and the **Joint Legislative Committee on the Budget**.

Elayn Hunt Correctional Center

- **Page 86, lines 8 and 12-13**

The Secretary of Corrections Services shall submit to the Commissioner of Administration and the **Joint Legislative Committee on the Budget** adjustments to performance indicators and performance standards related to Adult Basic Education and GED instruction by August 15, 2004. Prior to termination of any Adult Basic Education or GED instructional services in this facility, the Department of Public Safety and Corrections-Corrections Services shall notify the Commissioner of Administration and the **Joint Legislative Committee on the Budget**.

David Wade Correctional Center

- **Page 87, lines 40 and 44-45**

The Secretary of Corrections Services shall submit to the Commissioner of Administration and the **Joint Legislative Committee on the Budget** adjustments to performance indicators and performance standards related to Adult Basic Education and GED instruction by August 15, 2004. Prior to termination of any Adult Basic Education or GED instructional services in this facility, the Department of Public Safety and Corrections-Corrections Services shall notify the Commissioner of Administration and the **Joint Legislative Committee on the Budget**.

Washington Correctional Institute

- **Page 90, lines 15 and 19-20**

The Secretary of Corrections Services shall submit to the Commissioner of Administration and the **Joint Legislative Committee on the Budget** adjustments to performance indicators and

performance standards related to Adult Basic Education and GED instruction by August 15, 2004. Prior to termination of any Adult Basic Education or GED instructional services in this facility, the Department of Public Safety and Corrections-Corrections Services shall notify the Commissioner of Administration and the **Joint Legislative Committee on the Budget**.

Department of Public Safety and Corrections – Youth Services

Preamble

- **Page 99, lines 52-53**

Notwithstanding any law to the contrary, the deputy secretary of the Department of Public Safety and Corrections-Youth Services, with the approval of the commissioner of administration, may transfer via midyear budget adjustment (BA-7 Form) up to twenty-five (25) authorized positions and associated personnel services funding between programs within this Schedule. Not more than an aggregate of 50 positions and associated personnel services funding may be transferred between programs without the approval of the **Joint Legislative Committee on the Budget**.

Department of Health and Hospitals

Preamble

- **Page 103, line 19**

For Fiscal Year 2004-2005, cash generated by each budget unit within Schedule 09 may be pooled with any other budget unit within Schedule 09 to avoid a cash deficit. No budget unit may expend more revenues than are appropriated to it in this Act except upon the approval of the Division of Administration and the **Joint Legislative Committee on the Budget**, or as may otherwise be provided for by law.

- **Page 103, line 34**

The secretary shall implement reductions in the Medicaid program as necessary to control expenditures to the level approved in this Schedule. Notwithstanding any law to the contrary, the secretary is hereby directed to utilize various cost-containment measures to accomplish these reductions, including but not limited to precertification, preadmission screening, diversion, fraud control and utilization review, and other measures as allowed by federal law. Notwithstanding any law to the contrary and specifically R.S. 39:82(E), for Fiscal Year 2004-2005 any over-collected funds, including interagency transfers, fees and self-generated revenues, federal funds, and surplus statutory dedicated funds generated and collected by any agency in Schedule 09 during Fiscal Year 2003-2004 may be carried forward and expended in Fiscal Year 2004-2005 in

the Medical Vendor Program. Revenues from refunds and recoveries in the Medical Vendor Program are authorized to be expended in Fiscal Year 2004-2005. No such carried forward funds, which are in excess of those appropriated in this Act, may be expended without the express approval of the Division of Administration and the **Joint Legislative Committee on the Budget**.

- **Page 103, lines 41-42**

Notwithstanding any law to the contrary, the secretary of the Department of Health and Hospitals may transfer, with the approval of the commissioner of administration via midyear budget adjustment (BA-7 Form), up to twenty-five (25) authorized positions and associated personal services funding from one budget unit to any other budget unit and/or between programs within any budget unit within this schedule. Not more than an aggregate of 100 positions and associated personal services may be transferred between budget units and/or programs within a budget unit without the approval of the **Joint Legislative Committee on the Budget**.

- **Page 103, line 50**

In the event this Act provides for increases or decreases in funds for agencies within Schedule 09 which would impact services provided by 09-300 (Jefferson Parish Human Services Authority), 09-301 (Florida Parishes Human Services Authority), 09-302 (Capital Area Human Services District), and 09-304 (Metropolitan Human Services District), the commissioner of administration is authorized to transfer funds on a pro rata basis within the budget units contained in Schedule 09 in order to effect such changes. The commissioner shall provide written documentation of all such transfers approved after the initial notifications of the appropriation to the **Joint Legislative Committee on the Budget**.

- **Page 104, lines 2-3**

Provided, however, that the department shall submit a plan detailing the programmatic allocations of appropriations for the Medical Vendor Program in this Act to the **Joint Legislative Committee on the Budget** for its review no later than September 1, 2004, and monthly thereafter. The report shall present a detailed account of actual Medical Vendor Program expenditures for Fiscal Year 2003-2004 from schedule 09-306; this report shall include the department's most recent projection of comparable Medical Vendor Program expenditures for Fiscal Year 2004-2005.

Medical Vendor Payments

- **Page 112, line 49**

D. Intergovernmental transfers with state agencies. The department is authorized and directed to develop and implement an intergovernmental transfer program for state and private facilities providing residential care for the mentally retarded. Upon implementation, the secretary shall report quarterly to the **Joint Legislative Committee on the Budget** as to the amounts received.



Department of Social Services

Preamble

- **Page 137, lines 12-13**

Notwithstanding any law to the contrary, the secretary of the Department of Social Services may transfer, with the approval of the commissioner of administration, via midyear budget adjustment (BA-7 Form), up to twenty-five (25) authorized positions and associated personnel services funding from one budget unit to any other budget unit and/or between programs within any budget unit within this Schedule. Not more than an aggregate of 100 positions and associated personnel services funding may be transferred between budget units and/or programs within a budget unit without the approval of the **Joint Legislative Committee on the Budget**.

Higher Education

Board of Regents

- **Page 180, lines 39 and 41**

Provided, however, that the above referenced healthcare workforce training program shall be in conjunction with a healthcare workforce training program coordinated by the Department of Labor and private providers which pay into the Workforce Development Training Account for eligible recipients. The plan shall be approved by the commissioner of administration and the **Joint Legislative Committee on the Budget** no later than August 31, 2004, and shall provide that the Department of Labor shall submit monthly reports to the **Joint Legislative Committee on the Budget**.

Louisiana State University Board of Supervisors

- **Page 183, lines 24-25**

Out of the funds appropriated herein to the LSU Board of Supervisors, the following amounts shall be allocated to each higher education institution. The State General Fund and Total Financing allocation shall only be changed upon approval of the **Joint Legislative Committee on the Budget**.

Southern University Board of Supervisors

- **Page 196, lines 14-15**

Out of the funds appropriated herein to the Southern University Board of Supervisors the following amounts shall be allocated to each higher education institution. The State General Fund and Total Financing allocation shall only be changed upon approval of the **Joint Legislative Committee on the Budget**.

University of Louisiana Board of Supervisors

- **Page 203, line 28**

Out of the funds appropriated herein to the University of Louisiana Board of Supervisors (ULS), the following amounts shall be allocated to each higher education institution. The State General Fund and Total Financing allocation shall only be changed upon approval of the **Joint Legislative Committee on the Budget**.

Louisiana Community and Technical Colleges Board of Supervisors

- **Page 213, line 21**

Out of the funds appropriated herein to the Board of Supervisors of Community and Technical Colleges, the following amounts shall be allocated to each higher education institution. The State General Fund and Total Financing allocation shall only be changed upon approval of the **Joint Legislative Committee on the Budget**.

- **Page 213, lines 27-28**

Provided, however, that of the funds appropriated herein for vocational-technical training at state secure adult correctional facilities, such programs shall be provided at a level not below that which was provided in July, 2003. Further provided, that prior to termination or reduction of any vocational-technical training as required by this Act, a plan shall be submitted to the Department of Public Safety and Corrections-Corrections Services, the commissioner of administration, the Board of Regents, and the **Joint Legislative Committee on the Budget** for review and approval.

Department of Education

Subgrantee Assistance

- **Page 249, lines 56-57**

Provided, however, that of the State General Fund (Direct) appropriated for Type 2 Charter Schools, the amount of \$22,253,523 is to be allocated to existing Type 2 Charter Schools. After allocations are made for existing Type 2 Charter Schools and funds are available, the Board of Elementary and Secondary Education may make allocations to other approved Type 2 Charter Schools, subject to review and revision by the **Joint Legislative Committee on the Budget**.

Recovery School District

- Page 251, line 37

Provided, however, that performance data for the Recovery School District shall be provided to the **Joint Legislative Committee on the Budget** no later than August 15, 2004.

Minimum Foundation Program

- Page 252, line 58 and page 253, line 1

If a student reported in the October 1, 2003 MFP Student Count transfers to a Type 2 Charter School as of October 1, 2004 for whom funding is contained in the appropriation herein, the commissioner of administration is authorized, with the approval of the **Joint Legislative Committee on the Budget**, to transfer the state per pupil amount for that student to Subgrantee Assistance for Type 2 Charter Schools.

Other Requirements

XXX Funds

- Page 284, line 38

Provided, however, that in the event additional revenues become available, and in accordance with a plan submitted to and approved by the **Joint Legislative Committee on the Budget**, the commissioner of administration is hereby authorized and directed to make the necessary adjustments to provide for increased employer contributions for retirement benefits for all departments and agencies of the state, including the higher education institutions excluded above. **Vetoed – July 14, 2004**

2004 Enacted Legislation with an Impact upon the Joint Legislative Committee on the Budget

In addition to the requirements in Act 1 relative to the Joint Legislative Committee on the Budget (JLCB), there were a number of bills passed by the Legislature during the 2004 Regular Session that also require action by the Budget Committee.

Bill No.	Act No.	Author	Impact	Effective Date
HB619	Act 585	Alario	<p>Provides for the use of monies appropriated from the Higher Education Initiatives Fund and transfers various state fund balances to the Medical Assistance Trust Fund; to provide for the transfer of certain monies to the General Fund; to provide for the use of unexpended balances in the Tax Commission Expense Fund; to establish the 2004 Overcollections Fund as a special fund in the state treasury; to provide for the deposit, investment and use of monies in the 2004 Overcollections Fund; to provide for an effective date; and to provide for related matters.</p> <p>Relative to the Higher Education Initiatives Fund, requires the Board of Regents to develop regulations and guidelines for the distribution and allocation of monies appropriated to the board which shall be subject to approval by the Joint Legislative Committee on the Budget.</p>	Gov. Signature
HB1200	Act 275	LaFleur, et al.	<p>Requires each state and statewide public retirement system to submit its proposed annual operating budget to the Joint Legislative Committee for Review.</p> <p>Provides that the operating budgets of state public retirement systems shall be subject to the approval of the Joint Legislative Committee on the Budget and at no time shall a state system make any expenditures or obligate itself for items which deviate from its approved budget.</p> <p>Authorizes state public retirement systems to submit a proposed modification to its approved annual operating budget to the Joint Legislative Committee on the Budget for review and approval any time during the fiscal year. Authorizes statewide systems to submit modifications to its operating budget to the committee any time during the fiscal year for its review.</p> <p>Establishes submission dates for state and statewide retirement system budgets, as well as required information.</p>	Gov. Signature
HB1256	Act 869	Alario, et al.	<p>Requires performance-based energy contracts to be reviewed, approved, and overseen by the office of facility planning and control, division of administration, according to regulations it promulgates.</p> <p>Requires the Commissioner of Administration to submit proposed initial rules to the Joint Legislative Committee on the Budget no later than August 1, 2004, for the adoption of rules under the Administrative Procedure Act.</p>	Gov. Signature
FY05 Budget Highlights			<p>to submit such Page 120</p>	Senate Fiscal Services



Bill No.	Act No.	Author	Impact	Effective Date
HB1276	Act 7	Montgomery, et al.	<p>Creates youth services as a separate organizational entity within the Department of Public Safety and Corrections, comprised of the office of youth development (moved from Corrections Services) and a new office of management and finance for youth services.</p> <p>Provides for the transfer of various powers and duties to Youth Services on the effective date of the Act. Requires the development of a plan to effectuate such transfer which plan shall provide for the least possible increased cost in providing such functions. When completed the plan shall be submitted to the Governor, the Commissioner of Administration, and the Joint Legislative Committee on the Budget. The plan shall be implemented after approval by the Governor and the committee. As soon as possible after approval of the plan, it shall be published in the State Register.</p>	Gov. Signature
SB118	Act 613	McPherson	<p>Relative to the White Lake Property Advisory Board, creates the White Lake Property Fund in the state treasury. Provides for monies which flow into the fund and uses of monies in the fund.</p> <p>Provides for the Department of Wildlife and Fisheries to administer, control and manage the White Lake Property. Subject to recommendation by the Advisory Board, the department may enter into cooperative endeavor agreements to fulfill its duties and each such agreement shall be subject to review by the Joint Legislative Committee on the Budget.</p>	1-Jan-05
SB164	Act 178	N. Gautreaux	<p>Relative to sexually violent predators and sexual offenders, provides that such offenders remain at least 1,000 feet away from certain locations and provides for certain conditions for probation.</p> <p>Requires the Department of Public Safety and Corrections to implement a pilot program using a location tracking and crime correlation based electronic monitoring supervision program for sex offenders and certain violent offenders. Requires the department to report the evaluation of the pilot program to the Joint Legislative Committee on the Budget, Senate and House standing committees not later than 30 days prior to the 2005 Regular Session.</p>	15-Aug-04
SB275	Act 629	Nevers	<p>Relative to the Louisiana State University Health Sciences Center-New Orleans, provides for certain reports and specific information to be supplied to certain committees.</p> <p>Requires Louisiana State University Health Sciences Center-New Orleans to provide the House and Senate health and welfare committees the same quarterly information submitted to the Joint Legislative Committee on the Budget.</p>	15-Aug-04
SB778	Act 802	Barham	Relative to certain public retirement systems, to require approval of the annual operating budgets of the Louisiana State Employees' Retirement System, the Teachers' Retirement System of Louisiana, the State Police Pension and Retirement System, and Louisiana School Employees' Retirement System by the Joint Legislative Committee on the Budget.	Gov. Signature
SB842	Act 728	Romero	<p>Relative to the Acadiana Gulf of Mexico Access Channel (AGMAC) Deepening Project, provides for the duties of the Department of Transportation and Development as the assuring and coordinating agency.</p> <p>Requires that DOTD shall submit any contract relative to providing local assurances and cooperation between the State and the United States of America to the Joint Legislative Committee on the Budget for approval.</p>	Gov. Signature