

FY 2004 State Budget Highlights



Louisiana State Senate
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Executive Summary

Balancing the FY04 Budget

The total means of financing for FY04 is roughly \$16.8 billion, which includes approximately \$6.5 billion in State General Fund. As the session began, the outlook for the budget was grim at best. The state was facing a significant structural deficit – the difference between available revenue and the continuation budget in this case – of roughly \$600 million.

When the Executive Budget was proposed, the Department of Health and Hospitals (DHH), along with the LSU Health Care Services Division (HCSD), was targeted for the largest percentage of cuts. As proposed, the FY04 budget for DHH would have been \$1.4 billion less than the previous fiscal year. HCSD was short roughly \$100 million. Furthermore, many of the health care and hospital proposals contained in the Executive Budget could not feasibly be implemented within one fiscal year and effect the budgetary savings necessary to keep the budget in balance. Most notably, the proposed budget would have required the closure of a number of public facilities serving the disabled and/or mentally ill, a massive downsizing of the state acute care hospitals, and deep cuts in the reimbursement rates paid to providers such as nursing homes and private hospitals. Conversely, Higher Education contained over \$70 million in budget enhancements for FY04.

As the session progressed and budget negotiations continued, it became obvious that cuts of the aforementioned magnitude would seriously impair the ability of health care agencies to provide vital services and that constructing a “workable” budget would require an additional \$250 million to \$300 million in revenue just to fund minimal budgetary requirements not contained in the Governor’s Executive Budget.

On the same day the House Appropriations Committee passed out a very lean budget proposal, which included a 50 percent reduction in the Urban and Rural Affairs Programs, significant budget reductions in Higher Education and Health Care funding, and a one-year defeasance plan, Congress passed a “Temporary State Fiscal Relief” package to assist states in meeting budgetary constraints in the *Jobs and Growth Tax Relief Reconciliation Act of 2003*. The relief package contained nearly \$300 million dollars specifically earmarked by formula for Louisiana. The Legislature proposed utilizing the entire amount of the state’s relief package over both the FY03 and FY04 budget cycles mainly to offset potential major budget reductions in DHH and HCSD, commonly referred to as the Charity Hospital System. The “Temporary State Fiscal Relief” package contained two parts -

1. A Temporary Increase of the Medicaid Federal Medical Assistance Percentage (FMAP) – As a portion of the relief package offered to states by the federal government, the federal government would contribute an extra 2.95 percent in the costs states incur operating their Medicaid programs over the final two quarters of Federal FY03 and the first three quarters of Federal FY04.

- In FY03, this portion of the relief package amounted to an additional \$25.9 million in Federal Funds for the Medicaid program.
 - In FY04, the state received an additional \$111.2 million in Federal Funds for the Medicaid program.
2. Temporary State Fiscal Relief Grants Based on Population – For the second portion of the relief package enacted by Congress, states would receive a set grant amount based on the state’s relative population for the provision of general government services and to assist in the costs to comply with unfunded federal mandates in Federal FY03 and Federal FY04.
- In FY03, this portion of the relief package amounted to an additional \$9.4 million in Federal Funds for the state.
 - In FY04, the state received an additional \$142.6 million in Federal Funds.

As a result of the influx of federal dollars, the state was in a position to adopt a three-year \$95.4 million defeasance plan instead of the one-year or two-year plan in the amount of \$66.4 million. The plan provides for prepayment of debt service on selected bonds for FY’s ‘04, ‘05, and ‘06. The defeasance plan will reduce debt service costs that must be paid by the State General Fund in the amounts of \$46.4 million in FY04, \$30 million in FY05, and \$21 million in FY06 (with the actual debt service savings totaling roughly \$97.1 million). Monies utilized to provide for the defeasance include:

- Mineral Audit Settlement Fund - \$66.4 million;
- FY02 surplus in the amount of \$13.5 million;
- Non-recurring revenue as recognized by the Revenue Estimating Conference in the amount of \$6.1 million; and,
- \$9.4 million available in State General Fund in FY03 due to the influx of Federal Flexible Grants.

While the fiscal relief package from the federal government helped to offset significant budget cuts, it was still necessary to strike a balance between Higher Education enhancements, and, in fact, any enhancements, versus base Health Care funding. After numerous adjustments, DHH received a major restoration that left it with moderate budget growth to cover crucial unfunded mandates and the Charity Hospital System received \$35.6 million. Higher Education, which started out in the Executive Budget with approximately \$74 million in enhancements, ended the session with roughly \$57 million in remaining enhancements.

The final budget balancing mechanism implemented was an across-the-board cut of \$17.3 million in State General Fund. This cut translates into a percentage reduction of approximately 0.8 percent. The cut was applied proportionally to all departments based on the amount of discretionary general fund dollars included in their operating budgets.

A sampling of significant Senate action taken on the FY04 Budget included the following:

- An additional \$30 million for a \$100 million state debt defeasance plan (a compromise plan worked out during conference committee between the House and Senate called for a reduced amount of an additional \$25 million which provided for a \$95.4 million state debt defeasance plan);
- Restoration of \$35.6 million in the LSU Health Care Services Division's budget;
- A total of \$8.7 million, of which \$6 million was State General Fund, in budget restorations for the LSU Health Sciences Center – Shreveport;
- Funding of Medicaid outliers payments to hospitals in the total amount of \$17.5 million (\$4.5 million State General Fund);
- Funding of DNA testing in the amount of \$4 million;
- Restoration of \$500,000 to the Councils on Aging and Senior Centers; and,
- Funding for the operation of regional crime labs in the amount of \$500,000.

Budget Overview

The following sections, in departmental order, highlight some of the major initiatives contained in the FY04 budget.

Economic Development

- DED received enhanced funding for a number of projects in Act 14:
 - \$800,000 for Gene Therapy Lab for operating expenses;
 - \$292,750 for Wet Lab operations in New Orleans and Shreveport;
 - \$641,666 transferred from Temporary Assistance for Needy Families (TANF) Program for the Microenterprise Program;
 - \$100,000 for the Essence Music Festival;
 - \$715,521 in the Marketing Fund for advertising;
 - \$3.5 million in Louisiana Economic Development Fund (LEDF) debt service funding for UNO Center of Excellence at Northrup Grumman Ship Systems Avondale Project (first year of a 20 year commitment); and,
 - \$500,000 for the National Centers for Security Research and Training for chemical and bio-terrorism training and research.
- Act 14 contains funding for a variety of other economic development initiatives:
 - \$4.96 million in bond debt for the 7th year of a 20 year commitment for the UNO Research and Technology project at Avondale;
 - \$1.7 million in small business bonding and business development activities;
 - \$4.3 million to the Louisiana Technology Park in Baton Rouge (commitment through FY08);
 - \$1.8 million in sports initiatives;
 - \$2.4 million supporting state, regional, and federal partnerships;
 - \$96,000 for economic development activities associated with the military segment of the state's economy: \$50,000 for a liaison with the federal government and \$46,000 for a study assessment; and,
 - \$302,860 for foreign representatives in the Far East, Europe, and Latin America.

Corrections

Youth Services

- The department is scheduled to close 238 beds at juvenile institutions in FY04, with an anticipated reduction of about \$2.5 million State General Fund for FY04 as a result of these various closures. The department is making an effort to shift juveniles from secure facilities to community-based programs, thus resulting in fewer beds needed.
- In the Office of Youth Development – Contract Services Program, \$3 million in State General Fund has been built into the base of this office’s budget to fund juvenile residential and day treatment programs, which in previous years had been placed in the budget via line-item legislative amendments. The Department will seek competitive bids for services to address these needs.
- The Contract Services Program received \$500,000 in State General Fund for “alternative treatment, residential, and non-residential programs.”
- The House of Representatives added \$250,000 in State General Fund in the Office of Youth Development for the New Orleans Youth Foundation.

Prison Construction

- The department has \$2 million in State General Fund built into its budget for two major prison dorm construction projects for FY04.
- A 192-bed dorm at the Louisiana Correctional Institute for Women is scheduled to be completed in December 2003. This dorm will require 47 positions.
- A dorm is also being constructed at Jetson Correctional Center for Youth to replace a dorm that burned down in 2000. This new dorm will contain 72 beds and will require 50 positions.

Other Adjustments

- Act 14 contains \$170,000 in State General Fund for a new district adult probation and parole office to serve Ascension, Assumption, and St. Landry parishes to be headquartered in Donaldsonville.
- Inflation adjustments of 2 percent were provided for both Winn and Allen Correctional Centers. The cost for these adjustments was \$320,982 for each institution.
- The Office of Youth Development will receive \$2 million in Interagency Transfers from the Department of Social Services in Federal Title IV-E Funds. This funding will be distributed to local juvenile courts to assist with the cases of juveniles who meet the requirements for the Federal Title IV-E program (typically non-adjudicated delinquents).

Public Safety

DNA Testing/Crime Labs

- Act 14 contains a total of \$11 million of funding for DNA testing and crime labs from the following sources:
 - \$4 million in State General Fund per Act 487 (SB 346) of the 2003 Regular Session of the Legislature for DNA testing of felons;
 - \$3.4 million in state funding (fees and self-generated) built into the base budget for forensic testing and CODIS database samples;
 - \$650,000 from surplus funds from the House of Representatives for “no-suspect rape kits” (1083 samples);
 - \$2.5 million in Federal Funds for “no-suspect backlog kits” (about 2,000); and,
 - \$500,000 in State General Fund to help fund regional crime labs.

Other Adjustments

- Senate Finance Committee added \$1.5 million from the Insurance Fraud Fund for 13 positions in the Office of State Police to perform criminal investigations, per the request of the department. This funding was necessary due to an insufficient number of investigators for insurance fraud cases. The department was investigating 150 cases per year, yet receiving 200 new cases per year. Thus, a backlog of about 50 cases per year has been piling up with no staff available to investigate.
- The Office of State Police also received \$21.3 million in Interagency Transfers from the Department of Military Affairs for homeland security activities and domestic preparedness grants to local governments. (See complete section on Homeland Security for additional details.)

Health and Hospitals

- The overall FY04 budget growth for the Department of Health and Hospitals is approximately 10 percent (*including over \$341 million in Medicaid financing mechanisms*) from a department budget of \$5.45 billion in December 2002 to \$5.98 billion appropriated in Act 14 of 2003.
- The department will experience, from the funding levels described above, a portion of the 0.8 percent cut in discretionary spending amounting to a cut of approximately \$5 million state funds and \$20 million in total funding in a manner to be determined by the department and as approved by the Division of Administration.

Medicaid Administration and Services

- The total budget for Medicaid Administration and Services for FY04 is \$5.0 billion, including \$341 million in financing mechanisms that will generate over \$240 million in state matching funds.
- The Legislature provided \$4.5 billion for the delivery of medical services to Medicaid enrollees and the uninsured in FY04, thereby stabilizing funding in FY04 with a \$184 million or 4 percent increase over FY03.
 - Specifically, the increases/decreases in Medicaid's programs for medical services range from approximately plus 13 percent to minus 21 percent.
 - The Payments to Private Providers Program is increasing by \$278 million (10 percent) to \$3.193 billion.
 - The Payments to Public Providers Program is increasing by \$53 million (10 percent) to \$584 million.
 - The Medicare Buy-Ins Program is increasing by \$13 million (13 percent) to \$117 million.
 - The Uncompensated Care Costs Payments Program is decreasing by \$160 million (minus 21 percent) to \$606 million.
- The FY04 Medicaid budget includes \$28 million for the creation of a new optional state plan service, Personal Care Attendant (PCA) Services, to expand the state's offering of community-based alternatives to nursing home services per the *Barthelemy v. Hood* lawsuit settlement agreement entered into by DHH. As the Legislature did not agree with the *Barthelemy v. Hood* Settlement Agreement that an expansion of state plan services is best course of action, the Senate amended language into Act 14 directing DHH to seek court approval to provide PCA Services through a controllable waiver program rather than as a state plan option with potentially unlimited enrollment and costs. Further, language added in Act 14 directs DHH to delay PCA state plan service provision until October 1, 2003, if the court does not permit the implementation of the waiver alternative.

Public Health Services

- In FY04, the budget for the Office of Public Health (OPH) will increase by \$28.6 million (11 percent over the FY03 level) to total \$296.1 million.
- The largest portion of this increase is \$16 million associated with the consolidation of the ChildNet program in OPH. ChildNet is a program for at-risk infants and toddlers age 3 and under offering physical, speech, occupational, and other therapies.

Mental Health Services

- In FY04, the budget for the Office of Mental Health (OMH) and the three Mental Health Areas will increase by \$8.3 million (3.3 percent over the FY03 level) to total \$253.9 million.

Developmental Disabilities Services

- In FY04, the budget for the Office for Citizens with Developmental Disabilities (OCDD) and the various Developmental Disabilities Centers (DD Centers) will increase by \$10.9 million (4.9 percent over the FY03 level) to total \$234.2 million.

Addictive Disorders Services

- In FY04, the budget for the Office for Addictive Disorders (OAD) will remain virtually constant increasing only by \$0.5 million (0.75 percent, over the FY03 level) to total \$69.1 million.

Social Services

Child Care Assistance Program

- The Office of Family Support received \$5 million in State General Fund to match \$16.8 million in federal funds for the Child Care Assistance Program for FY04.
- This funding was necessary to shore up this program, which helps low-income parents afford child care by paying a subsidy towards their weekly or monthly costs.

Temporary Assistance for Needy Families (TANF)

- TANF initiatives are funded at approximately \$117 million for FY04.
- It is important to note that the current fiscal year, FY04, will be the last “big year” for TANF initiatives. The large pot of unexpended funds from prior years that has been used for cash assistance will be gone in FY05.
- As such, more current year TANF money will be needed to pay for cash assistance and less will be available for initiatives.
- The amount of TANF funding available for initiatives for FY05 is expected to be around \$22 million. *(see following chart for list of FY04 TANF initiatives).*

FY04 TANF Initiatives	
<u>Literacy</u>	
Public Pre-K	\$ 39,000,000
Private Pre-K	\$ 8,500,000
Drop-out Prevention	\$ 4,500,000
After School	\$ 9,500,000
Adult Literacy	\$ 1,500,000
Truancy	\$ 2,430,193
TOTAL LITERACY	\$ 65,430,193
<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
Domestic Abuse	\$ 3,166,666
Community Response	\$ 3,000,000
Fatherhood Initiatives	\$ 750,000
Family Strengthening	\$ 500,000
CASA	\$ 4,830,000
Drug Courts	\$ 5,000,000
Substance Abuse	\$ 4,166,666
At-risk Children/Mental Health	\$ 1,750,000
Abortion Alternatives	\$ 1,500,000
TOTAL FAMILY STABILITY	\$ 31,163,332
<u>Other</u>	
DOA Oversight	\$ 1,600,000
Caseworker Training	\$ 750,000
TOTAL OTHER	\$ 2,350,000
GRAND TOTAL	\$ 117,835,191

Higher Education

- Higher Education was appropriated \$2.1 billion for FY04 or about 5 percent greater than the FY03 budget. The State General Fund appropriation increased by about 7 percent over the current budget.
- This appropriation includes the Board of Regents, the Louisiana State University system, the Southern University system, the University of Louisiana system, and the Louisiana Community and Technical Colleges system.

Operating Expenses

- State General Fund appropriations to Higher Education that are not typically provided to state agencies include: \$3.6 million for the cost to annualize FY03 classified state employee merit increases; \$6 million for FY04 classified state employee merit increases; \$11.2 million for risk management increases; and \$15.9 million for group insurance increases.

Enhancements

- The major programmatic enhancements to Higher Education funded by State General Fund in FY04 totaling approximately \$57 million are summarized below.

Higher Education State General Fund Enhancements in Act 14	
Annualize FY 03 classified state employee merit increases	\$3,622,389
FY 04 classified state employee merit increases	\$6,037,940
Risk Management adjustment (\$17.1M total)	\$11,198,942
Group insurance adjustment (\$17.1M total)	<u>\$15,947,595</u>
Total Statewide Adjustments	\$36,806,866
HIED Performance Pool (FY03: \$6.4M)	\$5,250,000
Endowed Chairs and Professorships (\$6M 8g per year)	\$2,000,000
Community and Technical College Pool (FY03: \$7.6M Base)	\$5,000,000
Health Care Workforce Development	\$2,700,000
Gene Therapy Research Consortium	\$610,180
Barataria-Terrebonne National Estuary Program (State Match)	\$250,000
Faculty recruitment at LSUHSC at N.O. and Shreveport	\$1,500,000
Pennington for new bio-imaging center and expansion	\$1,000,000
LSUHSC-NO for Dept. of Psychiatry (FY03: Sched. 01)	\$310,000
UL-Monroe for Pharmacy & Health Sciences	\$1,500,000
McNeese-Women's softball facility and gender equity	<u>\$150,000</u>
Total Higher Education Specific Adjustments	\$20,270,180
COMBINED TOTAL	<u>\$57,077,046</u>

Other Adjustments

- The appropriation also continued funding of \$4 million in State General Fund for the Governor's Biotechnology Initiatives.
- Despite the Senate adding \$5.1 million State General Fund and \$3.7 million in additional Medicaid claims in Act 14 to the LSU Health Sciences Center – Shreveport for the operation of University Hospital to offset the reduction from the FY03 base budget, these actions leave HSC-S with a remaining budget problem of roughly \$2.8 million in FY04.
- Under the provisions of Act 872 and Act 906 of the 2003 Regular Session, E. A. Conway Medical Center in Monroe was transferred to the HSC-S on July 1, 2003.
- A total of \$10 million in Fees and Self-generated Revenues was added due to tuition increases and projected enrollment increases at various community colleges.
- The new Louisiana Delta Community College received \$0.4 million for rent and expenses at its location on the University of Louisiana – Monroe campus.

Special Schools and Commissions

- TOPS received an additional amount of \$9.9 million to fund an increase in the number of TOPS awards and to cover the state's portion of a 3 percent annual tuition increase at various colleges and universities.

K-12 Education

Minimum Foundation Program (MFP)

- The budget for the MFP increased by \$64.9 million for FY04.
- Of this amount, \$45.9 million is for normal growth and \$19 million incorporates the FY03 pay raise for support workers into the MFP permanently
- Under the FY04 MFP, if teachers are employed in a school district where teacher pay raises are provided, the state-wide average raise could approach nearly \$350. These are not across-the-board raises. Some districts will receive no funds for raises, and other districts will distribute these funds at their own discretion. The distribution of funds will be based primarily on student enrollment.
- The FY04 MFP utilizes \$142.6 million in federal funds from the state fiscal relief package recently passed by Congress.

Accountability

- Act 14 contains an additional \$5 million for the K-12 Accountability Awards Program.
- Funding for accountability initiatives such as remediation and LEAP 21 tutoring increased by \$2 million for FY04.

Other Adjustments

- The amount of \$1 million was added for the Distinguished Educators Program.
- Act 14 contains an additional \$1 million for the Learning Intensive Networking Communities for Success (LINCS) Program to certify teachers on the web.
- Over \$1 million was added to provide stipends for school counselors, teachers, and school psychologists who receive professional certification.

LSU Health Sciences Center – Health Care Services Division

- HCSD is currently working to finalize a budget for FY04 that will be presented to the LSU Board of Supervisors for approval at its August 2003 meeting.
- Assuming near constant earnings in non-state funded revenues, the preliminary estimate for HCSD's FY04 total budget is \$803 million, including the \$35.6 million State General Fund the Senate added to partially offset the reduction from the FY03 base budget.
- In addition, Act 432 (FY03 Supplemental Appropriation Act, originally HB 1968 of the 2003 Regular Session) restored \$14.4 million to HCSD's restricted account.
- Under the management authority granted in Act 906 of the 2003 Regular Session, HCSD may be able to offset, to a degree, reduced revenues by charging non-indigent patients for care, reduce services up to 35 percent to correspond to anticipated revenue collections, and E. A. Conway Medical Center in Monroe was transferred to the LSU Health Sciences Center – Shreveport on July 1, 2003.
- Another component of HCSD's FY04 budget is \$33 million in State General Fund appropriated to fund the costs of providing medical services to state and local inmates at its facilities.

FY04 State Budget Highlights

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- Restoration of \$35.6 million in the LSU Health Care Services Division's budget;
- A total of \$8.7 million, of which \$6 million was State General Fund, in budget restorations for the LSU Health Sciences Center – Shreveport;
- Funding of Medicaid outliers payments to hospitals in the total amount of \$17.5 million (\$4.5 million State General Fund);
- Funding of DNA testing in the amount of \$4 million;
- Restoration of \$500,000 to the Councils on Aging and Senior Centers; and,
- Funding for the operation of regional crime labs in the amount of \$500,000.

The Revenue Picture

FY04 Revenue

- The revenue estimate for FY04 is \$6.479 billion. This forecast is technically \$5 million below the official forecast for FY03, which is \$6.484 billion. The FY03 forecast, however, includes \$86.4 million from the Budget Stabilization Fund. If the “Rainy Day” funds are removed, FY04 recurring revenue is roughly \$82 million more than FY03.
- When the Executive Budget was presented, the Administration included several contingent revenue sources - some of which were utilized and some that were not.

Contingent Revenues Proposed in Executive Budget

\$70 million	Use of Medicaid Trust Fund for the Elderly capital gains and principal
\$22.5 million	Revise inflation projection on tobacco trust funds (results in more available for expenditure)
\$5 million	Increase in ICF/MR per bed provider fee
\$74 million	Federal aid to states proposed by President Bush
\$200 million	Federal revenue to be generated by consultants
\$46 million	Debt defeasance using mineral funds for
	\$20.2 million – Capital Outlay
	\$10.0 million – Accountability Rewards
	\$ 7.0 million – Endowed Chairs
	\$ 2.0 million – Technology Innovation Fund
	\$ 6.9 million – IT upgrades and other one-time costs

- The Legislature did not utilize \$70 million in the Medicaid Trust Fund for the FY04 budget.
- The Legislature did use a modest \$6 million in the Medicaid Trust Fund to balance the FY03 budget via the Supplemental Appropriation Bill.
- The Legislature did statutorily define an inflation calculation and formula to be applied against investment earnings relative to the Millennium Trust Fund. Passage of the Act generated roughly \$31 million in revenues for state expenditures.
- The Legislature did not implement the ICF/MR per bed provider fee increase.
- The State did receive State Fiscal Relief from the federal government in the amount of \$289 million.
- The State did not receive \$200 million in federal revenue generated by consultants.
- The Legislature did develop a defeasance plan in the amount of \$95.4 million – spread over three fiscal years with a total savings of \$97.1 million in future debt payments – rather than the \$46 million plan spread over two years. Further, the allocation of the funds were spread throughout the budget and were not allocated as originally presented in the Executive Budget.

Non-Recurring Revenue in the FY04 Budget and The Use of FY02 Surplus and Budget Stabilization Fund Balances

- The FY04 budget contains anywhere from \$300 - \$575 million in non-recurring monies depending on who is conducting the classification of recurring vs. non-recurring. Even the lowest estimate is disturbing if one considers that the projected growth in revenue estimated at \$275 million for FY05 is not even enough to cover the minimal amount considered to be non-recurring let alone inflation and statewide workload increases. The bullets below provide a few of the items classified as non-recurring in the FY04 budget:
 - State Fiscal Relief funds in the amount of \$254 million;
 - Funding associated with the two-year window in federal statutes allowing the payment of 175% of uncompensated care costs in the amount of \$196.8 million in FY04 and FY05;
 - Bond Sale Premium in the amount of \$28.9 million;
 - Use of Fund Balances as contained in Act 560 of the 2003 Regular Session in the amount of \$6 million; and,
 - Use of state general fund via the Louisiana Medical Assistance Trust Fund in the amount of \$9.7 million.
- Another serious issue relative to the use of non-recurring revenue in the budget is the use of Temporary Assistance for Needy Families (TANF) fund balances from previous allocations. In the current fiscal year, Louisiana received and appropriated \$117 million in TANF Funds. Next year, the state is estimated to receive \$22 million – a decline of \$95 million. The summary below details the history of TANF allocations.

Temporary Assistance for Needy Families — Non-Recurring Funding Issue

- In FY01, the state had a TANF carryover balance from prior fiscal years of about \$189 million.
- Beginning in FY02, a total of \$69.95 million in new allocations was provided from TANF for programs designed to prevent low-income families from becoming dependent on government assistance and to help those families already receiving assistance leave the welfare rolls.
- In FY03, TANF initiatives received increased allocations totaling \$125.7 million.

- For FY04, the state has allocated \$117.8 million for these initiatives. Over time, some programs, such as Public Pre-K, have seen their allocations increase significantly (from \$15 million in FY02 to \$39 million in FY04), while other programs have been eliminated completely by FY04, such as housing assistance.
- **For FY05, approximately \$22 million in TANF funding will be available for expenditure on initiatives.**
- The dramatic decrease in available funding is due to the fact that the large unexpended balance, which Louisiana was able to build from 1996 to 2001 has been spent down on initiatives. This means that more current year TANF funding will be needed in FY05 and beyond to fund cash assistance payments, thus leaving a comparatively small amount for initiative programs.

* Note: The amounts allocated for FY02 through FY04 equal more than the \$189 million carryover balance from FY01 because as the state was beginning to spend down its prior years' balance, it was also accruing some portion of its current year funding into the carryover balance up to FY03. Fiscal Year 05 will be the first year with no carryover balance available.

Use of FY02 Surplus and Budget Stabilization Fund Balances

- The FY02 year-end balance indicated a surplus in the amount of \$18.1 million. As required by the Constitution, 25 percent of the surplus was deposited into the Budget Stabilization Fund (Rainy Day Fund) in the amount of \$4.6 million. The remaining amount (\$13.5 million) was utilized in the defeasance plan.
- The deposit of \$4.6 million into the Rainy Day Fund brings the balance of that fund up to approximately \$191 million.

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

Tobacco Settlement Funds

Settling the Tobacco Lawsuit

- In the late 1990's, Louisiana joined in a nationwide suit to sue the tobacco industry for the costs incurred to 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. Unites 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 \$953 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 and/or will receive 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 will be 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 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:
 - 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:
 - 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:
 - 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 (SB 1025) 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.
- Act 1136 (HB 1819) of the 2003 Regular Session provides that the maximum amount of security to be posted in all appeals in civil litigation relating to the Master Settlement Agreement also applies to affiliates of a signatory to the agreement and all defendants. In addition, Act 1136 also authorizes the securitization of the remaining portion of the tobacco settlement proceeds subject to 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. Act 1136 went one step further than Act 1210 in that Act 1136 directed that all proceeds from such a securitization to be deposited into the Millennium Trust Fund, except for an amount to be deposited in the Louisiana Fund as determined by the state treasurer and commissioner of administration as necessary to fund appropriations from the Louisiana Fund for the impacted fiscal year.
- Act 1300 (SB 213) of the 2003 Regular Session is a constitutional amendment establishing the Louisiana Coastal Restoration Fund that will 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. The electors will vote on this constitutional amendment at the same time as the gubernatorial primary election in 2003 and, if ratified by the voters, will be effective on January 1, 2004.

SUMMARY OF TOBACCO SETTLEMENT PROCEEDS EXPENDITURES

EXPENDITURES BY FUND	FY 2001	FY 2002	FY 2003	FY 2004
LOUISIANA FUND				
Settlement Enforcement by the Attorney General	\$350,000	\$350,000	\$362,074	\$341,260
LaCHIP	\$13,000,000	\$15,407,900	\$374,444	\$0
Medicaid	\$31,000,000	\$19,222,100	\$5,800,000	\$247,033
School-Based Health Centers	\$5,760,863	\$6,620,000	\$6,620,000	\$6,884,800
Public Health Smoking Prevention and Cessation Grants	\$500,000	\$600,000	\$600,000	\$500,000
Starting Points Preschool Program	\$1,489,137	\$1,489,137	\$1,489,137	\$1,489,137
Higher Education Health Care Science Grants	\$13,165,000	\$17,767,277	\$11,340,000	\$4,905,739
LSU Health Sciences Center - New Orleans	\$0	\$3,100,000	\$0	\$0
LSU Health Sciences Center - Shreveport	\$0	\$3,500,000	\$0	\$0
LSU Health Sciences Center - Health Care Services Division - Disease Management Program	\$0	\$3,550,000	\$3,494,000	\$0
TOTAL	\$65,265,000	\$71,606,414	\$30,079,655	\$14,367,969
EDUCATION EXCELLENCE FUND				
Fund Investment Fees	\$0	\$0	\$257,033	\$257,033
Per Pupil Allocation to Special Schools Operated by the State	\$255,000	\$543,139	\$394,349	\$396,850
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
TOTAL	\$14,555,604	\$117,659,810	\$20,486,542	\$16,432,185
HEALTH EXCELLENCE FUND				
Fund Investment Fees	\$0	\$0	\$257,033	\$257,034
LaCHIP	\$0	\$200,000	\$11,389,190	\$0
Medicaid	\$0	\$0	\$3,811,443	\$10,625,094
Higher Education Health Care Science Grants	\$300,000	\$1,400,000	\$300,000	\$5,624,261
TOTAL	\$300,000	\$1,600,000	\$15,757,666	\$16,506,389
TOPS FUND				
Fund Investment Fees	\$0	\$0	\$257,033	\$257,033
TOPS	\$300,000	\$2,114,941	\$13,684,158	\$16,606,511
TOTAL	\$300,000	\$2,114,941	\$13,941,191	\$16,863,544

Source: Louisiana Office of Planning and Budget

2003 Regular Session Key Legislation with General Fund Expenditure Impact

The following chart exhibits legislation passed during the 2003 Regular Session that had 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 14.

2003 Regular Session	FY04	FY05	FY06	FY07	FY08
Executive Department					
Act 388 - Establishes the Law Enforcement Executive Management Institute in the Office of the Governor. Fully funded for FY04 in Act 14.	(\$114,500)	(\$113,288)	(\$115,460)	(\$117,718)	(\$120,067)
Act 848 - Creates the Louisiana Senior Rx Program in the Office of Elderly Affairs. Funded at \$500,000 for FY04 in Act 14.	(\$1,500,256)	(\$1,560,266)	(\$1,622,677)	(\$1,687,584)	(\$1,755,087)
Secretary of State					
Act 142 - Establishes the Help Louisiana Vote Fund. This act could result in an increase in State General Fund expenditures for a required federal match in future years. Department of State is using reimbursement payments from the federal government from voting systems previously purchased by the state to satisfy the required federal match in FY04.	(\$806,455)	(\$483,873)	INCREASE	INCREASE	INCREASE
Act 586 - Establishes the Tioga Heritage Park and Museum within the Department of State. Funded at \$25,000 for FY04 in Act 14.	(\$78,708)	(\$55,196)	(\$56,743)	(\$58,352)	(\$60,026)
Department of Public Safety and Corrections					
Act 487 - Provides relative to the taking or drawing of DNA samples from arrested or convicted felons. Funded at \$4,000,000 for FY04 in Act 14.	(\$4,957,559)	(\$4,845,331)	(\$4,845,331)	(\$4,845,331)	(\$4,845,331)
Act 1024 - Authorizes the use of electronic monitoring equipment in certain domestic violence cases. This act could result in minimal increases in expenditures for the Department of Public Safety and Corrections.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
Act 1225 - Provides with respect to reform of juvenile justice.	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN
Department of Health and Hospitals					
Act 207 - Requires DHH to create an optional Medicaid program allowing the disabled to buy-in Medicaid coverage so as to return to work and maintain eligibility. Funded at \$1.7 million for FY04 in Act 14 with State General Fund and Federal Funds.	(\$472,217)	(\$2,123,485)	(\$2,842,283)	(\$3,291,001)	(\$3,668,001)
Act 655 - Authorizes DHH to seek certification as a substance abuse/addiction treatment facility accreditation body. Funded at \$80,000 for FY04 in Act 14 with Interagency Transfers and Federal Funds.	(\$85,746)	(\$175,375)	(\$179,414)	(\$183,615)	(\$187,984)

Act 801 - Creates the Louisiana Seniors Pharmacy Assistance Program. This act will not be implemented in FY04 due to lack of funding in Act 14.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
Act 900 - Grants eligibility for facility need review process for a 50-bed addition at certain facilities with not less than 150 beds and not more than 180 beds.	(\$101,387)	(\$417,714)	(\$626,571)	(\$645,368)	(\$664,730)
Special Schools and Commissions					
Act 982 - Provides for the Teach Louisiana First Program to reduce the shortage of certified teachers in certain public schools. Funded at \$200,000 for FY04 in Act 14 with Federal Funds.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
Department of Education					
Act 511 - Provides a salary supplement to school psychologists who obtain a national certification when funds are available. Fully funded for FY04 in Act 14.	(\$96,000)	(\$240,000)	(\$480,000)	(\$480,000)	(\$480,000)
Act 937 - Provides a salary supplement for certain school social workers that have met the requirements and acquired the credential issued by the National Association of Social Workers. This act will not be implemented in FY04 due to lack of full funding in Act 14.	(\$75,000)	(\$467,500)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)
Act 944 - Provides for a claims process for payment of earned but unpaid wages and benefits of former employees of the Northwood Preparatory High School. Fully funded for FY04 in Act 14 with unexpended funds reappropriated from FY03.	(\$300,000)	-	-	-	-
Act 952 - Provides a salary supplement for certain school speech-language pathologists and audiologists who have acquired certain credentials. This act will not be implemented in FY04 due to lack of full funding in Act 14.	(\$600,000)	(\$1,500,000)	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)
<p>Note: The dash (-) denotes cells intentionally left blank.</p> <p>Source: Legislative Fiscal Notes</p>					

Legislation Passed During the 2003 Regular Session with General Fund Revenue Impact

The following chart exhibits legislation passed during the 2003 Regular Session that had 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 fiscal note estimate of \$500,000 or more. The total fiscal impact of all instruments enacted during the 2003 Regular Session is approximately \$81.4 million dollars in FY04.

2003 Regular Session					
	FY04	FY05	FY06	FY07	FY08
Tax/Severance Tax					
Act 1 - Changes the source of price data used to annually adjust the severance tax on natural gas.	\$50,300,000	-	-	-	-
Tax Exemptions					
Act 141 - Provides for direct payment numbers for private, non-profit, tax-exempt organizations.	(\$570,000)	(\$570,000)	-	-	-
Act 560 - Provides for the reinvestment of cash collateral by the treasurer.	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Gaming					
Act 352 - Authorizes slot machine gaming at an eligible live horse racing facility in Orleans Parish and specifies fund dedications in St. Landry and Bossier parishes.	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)

Note: The dash (-) denotes cells intentionally left blank.

Source: Legislative Fiscal Notes

Note: Act 11 provides for the method of determination of the amount of estimated aggregate earnings from investment of the Millennium Trust that is available for appropriation. While the legislation did not provide for direct deposit into the General Fund, the legislation did provide an additional \$31.5 million for general expenditures in health care and education.

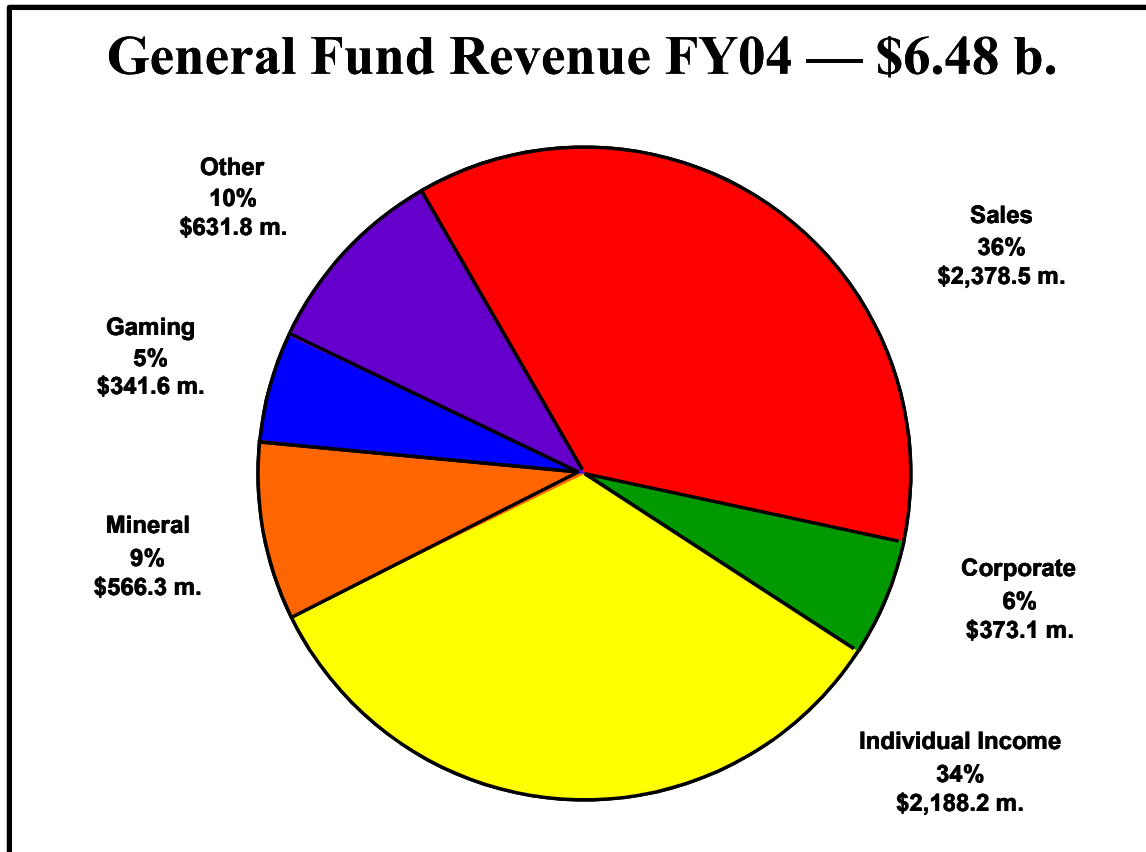
FY04 Budget Summary

Means of Financing and Expenditures

State General Fund Revenue Sources

The official State General Fund revenue estimate adopted by the Revenue Estimating Conference at its June 20, 2003, meeting is \$6.479 billion. This represents a decrease of \$5 million over the last official forecast for FY03.

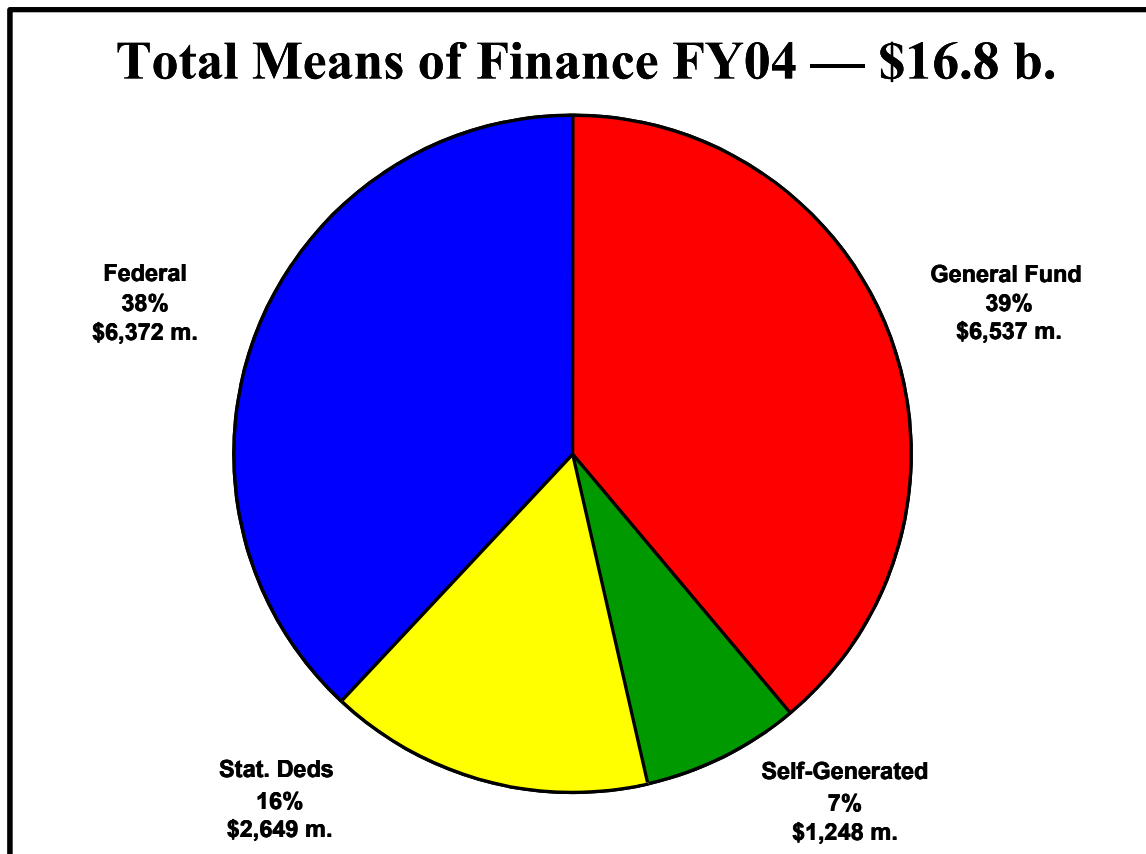
Of the \$6.479 billion estimate, sales and use taxes comprise the largest source (36 percent or \$2.4 billion) of monies in the General Fund. Revenues from individual income taxes account for the next largest source generating 34 percent, or \$2.2 billion. Other major sources include mineral revenues, which make up 9 percent, or \$566 million, corporate income tax which accounts for about 6 percent, or \$373 million, and gaming monies which amount to a little more than 5 percent, or \$342 million. (The \$342 million reflected for gaming revenue is only a portion of the roughly \$700 million generated by gaming activities across the state. The difference is deposited into various special funds such as the \$128 million deposited into the Support Education in Louisiana First (SELF) Fund.) A variety of smaller sources provide nearly 10 percent of the total (roughly \$632 million).



Total Means of Financing for FY04

The total means of financing supporting state spending in FY04 is \$16.778 billion, which is an increase of slightly more than \$261 million (1.6 percent) over FY03. State General Fund and Federal Funds account for 77 percent of the monies supporting state FY04 expenditures.

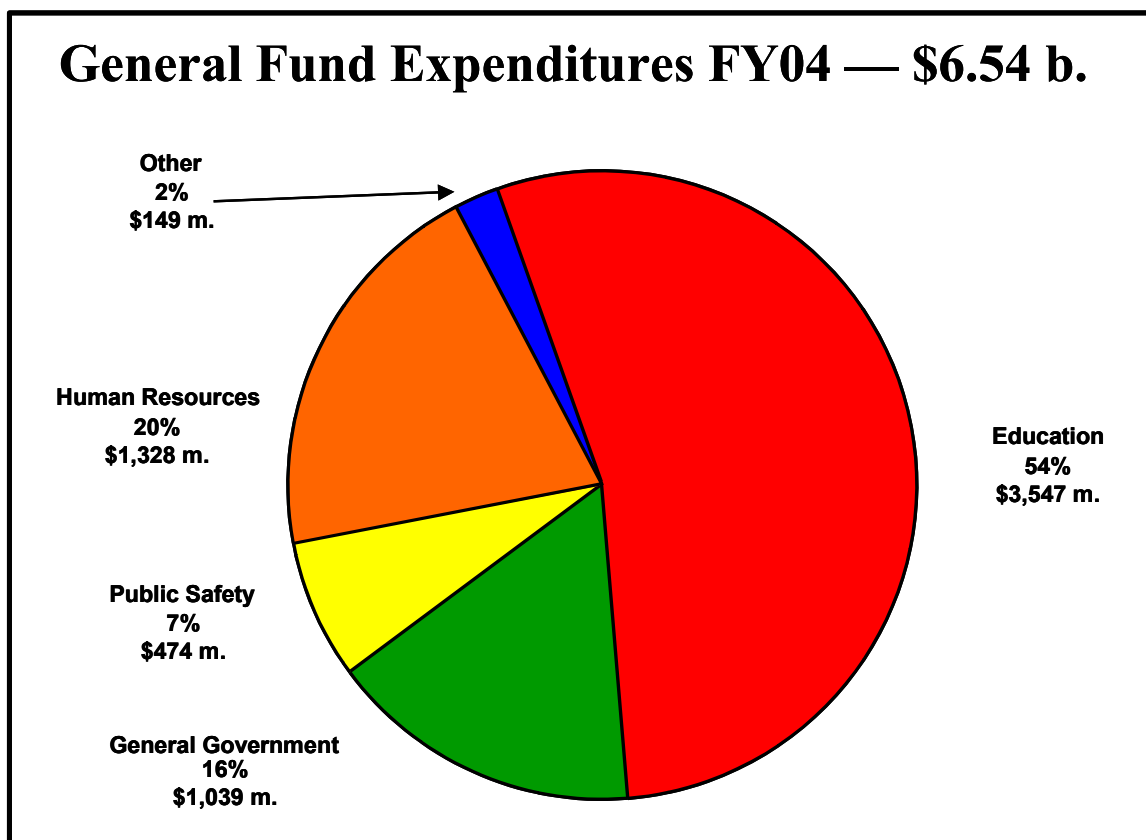
The State General Fund comprises 39 percent or \$6.5 billion of the FY04 total budget. Federal Funds provide 38 percent of the total, or \$6.4 billion. Statutory Dedications make up 16 percent, or \$2.7 billion. The smallest group of monies supporting the budget is Fees and Self-generated Revenues, which amount to 7 percent of the total, or \$1.3 billion.



FY04 Appropriations

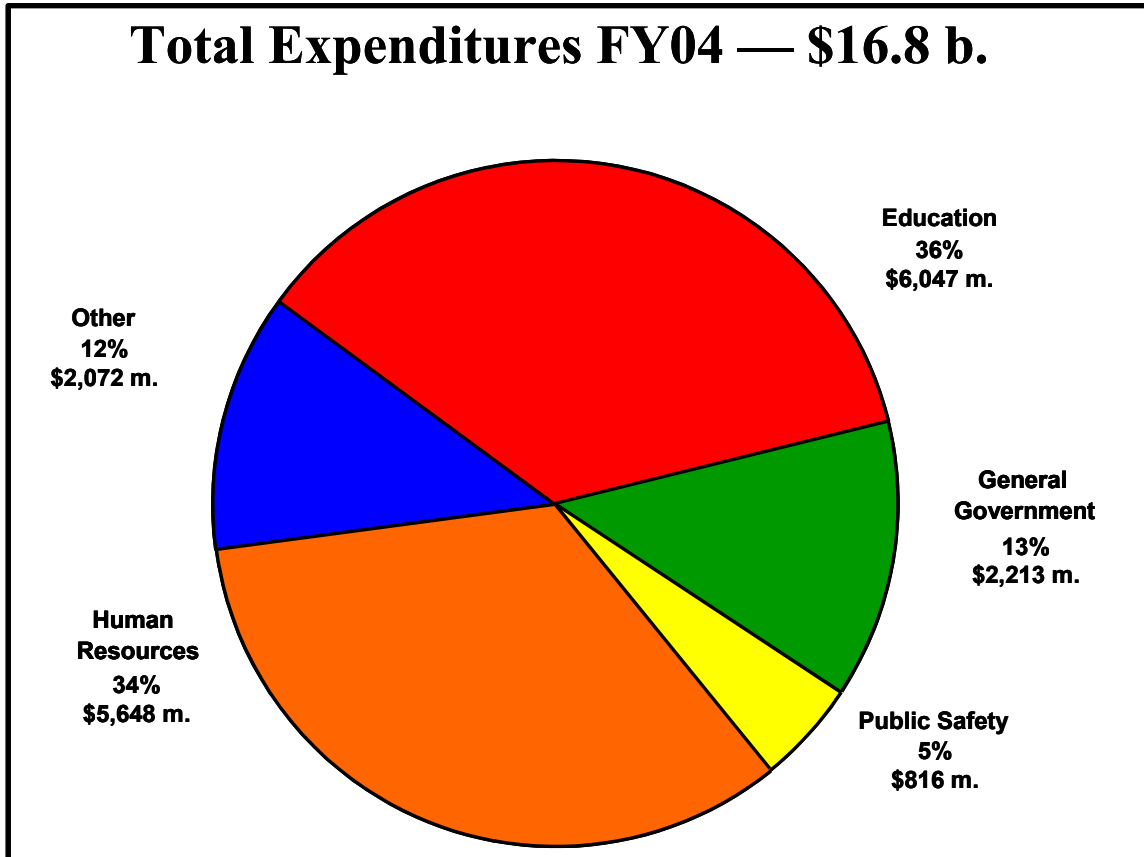
In terms of expenditures, education and health and human services account for the majority of state spending in FY04.

Relative to the \$6.536 billion State General Fund budget, spending on education accounts for over 54 percent, or \$3.5 billion. Slightly more than 20 percent, or \$1.3 billion, of the State General Fund spending is for health and human resources. Spending on general government agencies amounts to 16 percent, or a little more than \$1 billion. Public safety functions cost roughly 7 percent (\$474 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 (\$149 million) of the total.



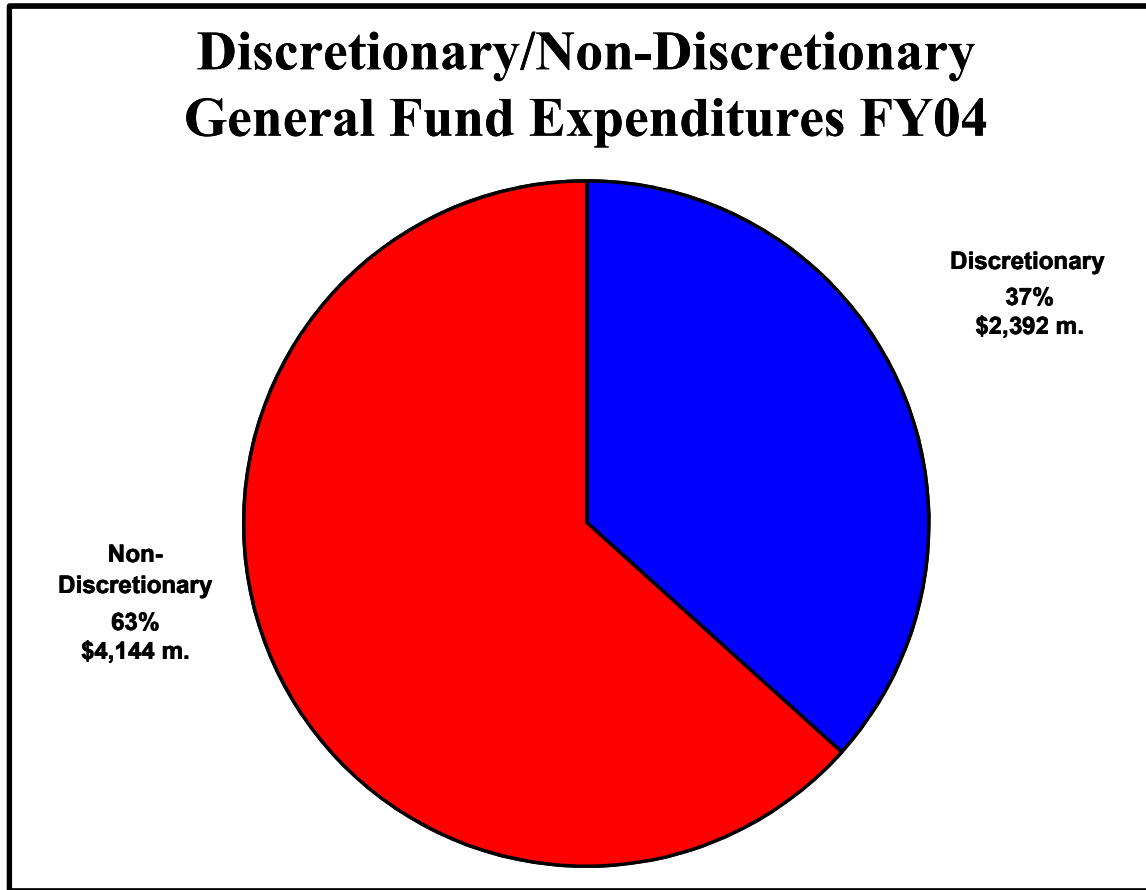
Total Expenditures FY04

When considering the total state budget of \$16.778 billion, expenditures for education amount to nearly 36 percent (or \$6.0 billion) and spending on health and human resources accounts for about 34 percent (\$5.6 billion). Spending on general government, public safety functions and other areas is reflected in the chart below.

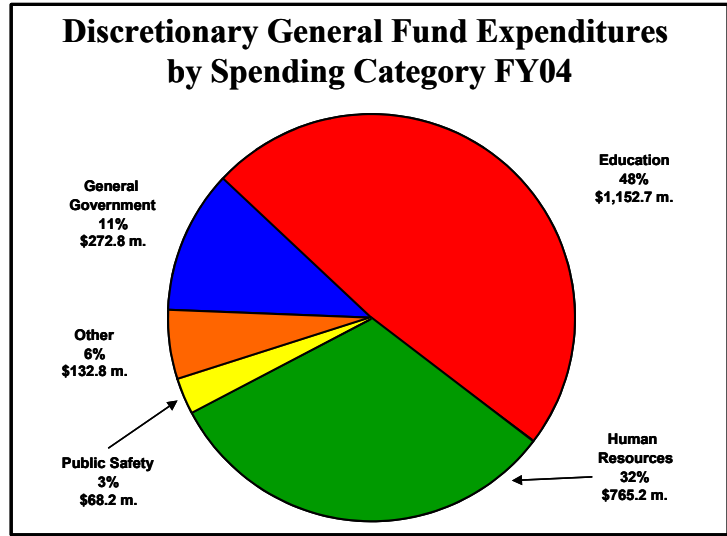


Discretionary, Non-Discretionary General Fund Expenditures

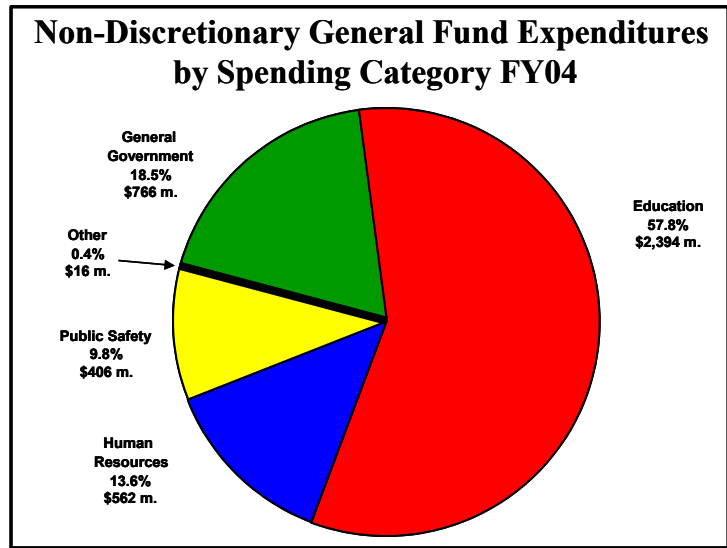
The following chart displays the spending associated with the portions of the State General Fund budget which are discretionary (37 percent or \$2.4 billion) and which are non-discretionary (63 percent or \$4.1 billion).



Nearly half of the \$2.4 billion in general fund discretionary spending goes to education expenditures (48 percent or \$1.2 billion). The next largest piece, 32 percent or \$765 million, is spent on health care and social services.



Almost 58 percent of the mandated spending in the budget is for education, primarily the Minimum Foundation Program. Health and social services only account for less than 14 percent or \$562 million of non-discretionary spending.



Departmental Budget Overview

Executive Department

FY04 Appropriation Level

Executive	State General Fund	\$134,855,093
	Total Means of Financing	\$549,198,844

The total means of financing for the Executive Department is funded at 85.1 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) was decreased by 54 positions to 2,301 for FY04.

Executive Office

- Act 14 contains an additional \$2 million in TANF funding for the Private Pre-K Initiatives. This brings total funding for the program to \$8.5 million.
- \$140,000 was added to the La. Indigent Defense Board for legal services associated with juveniles per the Consent Judgment signed by the Department of Corrections.
- \$110,000 was added for the Louisiana Special Olympics Delegation to attend Summer Games in Ireland.

Urban Affairs and Rural Development

- The FY04 budget includes \$8.2 million in funding for the Urban Grants Program and \$8.9 million for the Rural Development Grants. The funding reflects the continuation of the FY03 budget reduction to the Urban Program and reductions from interest earnings in the Rural Fund.

Division of Administration

- Office of Facility Planning and Control received an additional \$3.8 million for operation and maintenance as well as security of various state buildings both inside and outside of the Capitol Park.
- The Office of Facility Planning and Control also received an additional \$0.3 million for workload increases as a result of growth in the number of non-state entities' capital outlay projects.
- For FY04, the Louisiana Technology Innovations Fund will receive \$2 million. This is a \$3 million decrease from FY03.
- Information Technology (IT) expenditures will increase \$3.3 million in FY04 for hardware and software upgrades, increases in maintenance contracts, consolidation of IT functions statewide, BRASS database implementation for the Office of Planning and Budget, and increases in statewide e-mail services for participating state agencies.

Office of Military Affairs

- The Office of Military Affairs received \$34.5 million in Federal Funds for homeland security activities. Over \$21 million of this funding will be transferred to the Office of State Police in the Department of Public Safety for homeland security activities and domestic preparedness grants for local entities.
- A total of \$2.1 million in Federal Funds was placed in the Military Affairs Program for facility renovations at the Gillis Long Center to support the Southeast Anti-terrorism Regional Training Academy, including five (5) positions.
- A total of \$11.7 million in Federal Funds was provided for hazard mitigation projects resulting from Hurricane Lili and Tropical Storm Isidore.
- Two line-item amendments from State General Fund were provided: \$40,000 for the Youth Challenge Program and \$200,000 for the Military Base Consolidation Project.

Workforce Commission Office

- Two (2) positions were added to the Workforce Commission per Act 58 (SB574) of the 2003 Regular Session of the Legislature, which created the Strategies to Empower People (or STEP) program in the Department of Social Services. This program will replace the FIND Work program in DSS and will be the mechanism through which welfare recipients will be transitioned to the workforce. These positions mirror two positions added in the Office of Workforce Development in the Department of Labor for the same purpose. All four positions are to be funded from Temporary Assistance for Needy Families (TANF) money.
- A line-item amendment from State General Fund was provided for the Computers for Louisiana's Kids Program in the amount of \$300,000.

Office of Women's Services

- TANF funding for the domestic violence program in the Office of Women's Services is provided at \$1.67 million for FY04. (See the Department of Social Services for a full breakdown of FY04 TANF initiatives).

Louisiana Stadium and Exposition District

Budget Status

- The appropriation to the Louisiana Stadium and Exposition District of \$49.8 million is approximately 8 percent greater than the budget for the prior fiscal year. At the current appropriation level, a deficit of greater than \$4 million is projected for the current fiscal year. A table may be found at the end of this section that provides greater detail regarding District expenditures.
- The main revenues to the District include receipts from a 4 percent hotel occupancy tax levied in Orleans and Jefferson Parishes and self-generated revenues from events held at the Louisiana Superdome and New Orleans Arena. The District also receives funding from both the Sports Facility Assistance Fund (players' tax) and from the New Orleans Sports Franchise Fund (derived from a portion of a one-percent hotel occupancy tax in Orleans Parish).
- The appropriation includes \$1.5 million in estimated players tax revenues from the Sports Facility Assistance Fund. These funds may only be used for renovation of the Superdome, stadium development, development and promotion of the District, and for payment of contractual obligations. Receipts from this fund are derived from the income earned in Louisiana at District facilities by nonresident professional athletes.
- The total appropriation includes a line-item appropriation of \$350,000 in State General Fund for the Greater New Orleans Sports Foundation. This expenditure was previously funded through two revenue sources in New Orleans: as a line-item in the District operating budget paid only after all operating expenses are satisfied and from the one-percent hotel tax that now benefits the Sports Franchise Fund.

Operating Deficits

- A budget deficit will directly impact the ability of the State to meet the contractual obligations made with both the New Orleans Saints and New Orleans Hornets sports franchises. Refusal or failure to meet these obligations would jeopardize the agreements made with both franchises.

FY03 Operating Deficit

- The Louisiana Stadium and Exposition District experienced a \$6.6 million operating deficit for the prior fiscal year.
- The main reasons for the deficit were a 3 percent decline in hotel occupancy taxes, significant increases in insurance costs, and the lack of naming rights proceeds for the Superdome and Arena.

Self-generated revenue from events and players tax receipts were, however, higher than originally budgeted.

- In order to reduce the prior year deficit, the District deferred insurance costs, eliminated the annual payment to the Greater New Orleans Sports Foundation, and used the Renewal and Replacement Fund (for capital expenditures). After those measures were taken, a deficit in the \$2 million range remained.
- In June, the Interim Emergency Board moved to allow the Governor to renegotiate the current stadium management agreement. The new contract would allow the state, at its option, to draw up to \$3 million from SMG as a capital contribution from the manager. In return, the new contract would extend SMG management for six years beyond the current contract set to expire on June 30, 2006, and allow SMG to earn back any capital contribution through higher caps on its management fees over the life of the contract. The state subsequently requested \$2 million from SMG to meet FY03 contractual obligations.

FY04 Projected Operating Deficit

- Although the current year appropriation assumes an 8 percent increase in hotel occupancy tax collections in Orleans and Jefferson Parishes, it is unclear whether that rate of growth will be realized given the rate of current collections and the state of the economy. The prior year collections from the tax are anticipated to be about 3 percent less than actual collections in the previous year.
- ***Even with an 8 percent growth rate built into the budget, the District is expecting a greater than \$4 million shortfall in revenues.***
- The factors which may contribute to the magnitude of the deficit will likely include the rate of collections of the hotel occupancy tax, the ability of the District to secure proceeds from the naming rights to the Louisiana Superdome and the New Orleans Arena, and any increase that may be realized in risk management premiums.

New Orleans Saints

- The New Orleans Saints are projected to receive inducements from the state in the amount of \$22.6 million from two sources:
 - \$7.6 million in lease related entitlements such as parking, suites, advertising, concessions; and
 - \$15 million from the 2004 Inducement Payment per the agreement approved during the 2002 Regular Session.
- The average attendance at the Louisiana Superdome for New Orleans Saints home games during the 2002 season was 65,847 per game or a 7.9 percent increase over the 61,050 average attendance in the 2001 season.

- The construction of the indoor football training facility for the Saints pursuant to Act 164 of the First Extraordinary Session of 2002 is complete. This facility was offered as part of the agreement reached during the 2002 Regular Session in order to retain the Saints football franchise in New Orleans.

New Orleans Hornets

- The New Orleans Hornets inducement agreement approved during the during the 2002 Regular Session is anticipated to provide the franchise the following incentives in FY04:

Staffing Costs (43-Game Home Schedule)	\$1,100,000
Hornets Lease Entitlements	\$2,700,000
Guaranteed Naming Rights	<u>\$1,575,000</u>
Total Cost to State	\$5,375,000

- Actual attendance at the New Orleans Arena during the first season of the New Orleans Hornets was greater than originally projected. The average turnstile attendance for the home game schedule was 15,200 patrons per game, an amount greater than the 11,000 average patrons per game projected for a successful season. The original proposal had also projected that an average attendance of 8,000 patrons or less per game would force the State to forego the \$1 million in rent it would have otherwise received per the guaranteed attendance provisions of the agreement.
- The District expects attendance for the 2003-04 Hornets season to be at or above the levels experienced last season.

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

Expenditure Item	FY 2004
Salaries and Benefits for Superdome and Arena Operations *	\$10,300,000
Saints Lease Related Entitlements	\$10,593,000
Saints Inducements	\$10,500,000
Hornets Lease Related Entitlements	\$2,580,000
Management Fee	\$2,500,000
Marketing Fund	\$2,041,000
Utilities	\$3,500,000
Other Operating Expenses	\$1,060,420
Contractual Obligations	\$650,000
Advertising and Public Relations for Promoting Events	\$270,000
Total Other Charges	\$43,994,420
Risk Management Premiums	\$3,896,181
<i>LSED Operating Expenses</i>	
Legal Services - on-going construction of capital projects litigation	\$389,093
Legal Services - construction of capital projects	\$189,562
Legal Services Consultant	\$145,000
Management Consultant	\$42,745
Financial and Accounting Consultant	\$42,000
Architectural Inspections	\$30,000
Total Professional Services	\$838,400
Other Expenditures	\$1,076,600
Total Budget	\$49,805,601
Debt Service (Not in Expenditure Authority, Matures 2026)	\$14,239,000
TOTAL EXPENDITURES	\$64,044,601
Estimated Additional Amount Required to Meet Saints and Hornets Contractual Obligations (Estimated Inducements Less Budget Authority for Inducements)	
	\$4,302,000

* The amount of \$3 million is reimbursable from events held at District facilities.

Louisiana Commission on Law Enforcement and the Administration of Criminal Justice (LCLE)

LCLE received two line-item amendments in Act 14:

- \$350,000 in State General Fund for the LSA NET homicide investigator training seminars; and,
- \$114,500 in State General Fund for the establishment of the Law Enforcement Management Institute, including one (1) position, per Act 388 (SB 849) of the 2003 Regular Session of the Legislature.

Department of Veterans Affairs and the War Veterans Homes

- The amount of \$50,000 was added to the Department of Veterans Affairs for a Veterans Assistant Counselor for Bienville and Claiborne Parishes.
- Despite the reductions proposed in the Governor's Executive Budget for the two veterans' homes, the budget for Louisiana War Veterans Home will increase 1.1 percent and Northeast Louisiana War Veterans Home by 1.7 percent.
- An initial appropriation of \$400,000 State General Fund and 19 positions was provided for the Southwest War Veterans Home in Jennings that will open in FY05.

Office of Elderly Affairs

The Office of Elderly Affairs received several amendments from State General Fund for a variety of incentives:

- \$75,000 – Senior Center Outreach Entity (SCORE);
- \$150,000 – Seven Ward/Polet Land Senior Center, Inc., for a weatherization program;
- \$100,000 – Jefferson Parish Council on Aging;
- \$250,000 – Restoration of executive order cuts for statewide Councils on Aging;
- \$250,000 – Partial restoration of executive order cuts for statewide Senior Centers;
- \$50,000 – St. Landry Parish Sheriff's Triad Program for the Elderly;
- \$500,000 – Implementation of the Louisiana Elderly Medication Program and one (1) position, per Act 848 (SB 1132) of the 2003 Regular Session of the Legislature;
- \$25,000 – LaSalle Parish Council on Aging;
- \$25,000 – Franklin Parish Council on Aging;
- \$60,000 – Milan Broadmore Senior Transportation Project;
- \$250,000 – Renovation and remodeling of homes for the elderly in New Orleans; and,
- \$160,000 – Martin Luther King, Jr. Homemaker Program of New Orleans for elderly services.

Elected Officials

Secretary of State

FY04 Appropriation Level

State	State General Fund	\$5,705,765
	Total Means of Financing	\$42,062,768

The total means of financing for the Department of State is funded at 281.7 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) was increased by 1 position to 184 for FY04.

Help America Vote Act (HAVA)

- The Department of State's dramatic increase in funding is due to a sweeping reform bill to overhaul federal elections.
- In response to the problems associated with the 2000 presidential election, Congress passed the Help America Vote Act (HAVA) to provide some form of continuity across the states during federal elections. In order to receive an additional \$25.0 million in federal funding in Act 14 to implement HAVA's provisions, the Department of State had to draft a state plan to impose and enforce the new law's following provisions:
 - A computerized statewide voter registration database
 - Polling place accessibility for disabled voters
 - Voting equipment overhaul
 - Minimum standards for voting machines
 - Provisional ballots
 - Fraud prevention measures
 - Complaint processes for voters
 - Poll-worker training
 - Improved voter education
 - Outreach efforts to high school and college students

- HAVA requires Louisiana to replace lever voting machines in 50 parishes by 2006. Further, the state may have to replace machines in an additional twelve (12) parishes to fully comply with HAVA. Federal funding for HAVA will continue through FY05.

Merger with the Department of Elections and Registration

Pursuant to the provisions of Act No. 451 of the 2001 Regular Session of the Legislature, the Department of Elections and Registration shall be merged with the Department of State no later than January 12, 2004. In order to effect the consolidation of functions required under the law, the following items are appropriated in Act 14:

- \$0.2 million in one-time funding to cover the consolidation of the two agencies’ data circuits and replace their routers
- \$0.2 million to renovate office space
- \$0.2 million to convert and rewrite the Department of Elections and Registration’s computer program code
- \$0.1 million to relocate the Department of Elections and Registration’s phone system

Upcoming Election Expenses

- Act 14 provides an additional \$0.7 million for additional election printing costs for the gubernatorial general election in 2003 and the presidential preference primary election in 2004.

Attorney General

FY04 Appropriation Level		
Justice	State General Fund	\$12,938,082
	Total Means of Financing	\$38,083,264

The total means of financing for the Department of Justice is funded at 102.3 percent of the department’s FY03 operating budget.

The department’s Table of Organization (T.O.) was increased by 1 position to 458 for FY04.

- The Office of Attorney General received \$0.4 million for the office’s move from the State Capitol to the new Livingston Building in Capitol Park.

- Pass-through funding of \$0.3 million was added for civil legal services for the poor. These funds shall be divided equally among four (4) regional legal services corporations across the state. These funds have previously been appropriated through Schedule 20 - Other Requirements.

Commissioner of Elections

FY04 Appropriation Level		
Elections and Registration	State General Fund	\$29,605,659
	Total Means of Financing	\$32,424,618

The total means of financing for the Department of Elections and Registration is funded at 106.5 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) was decreased by 9 positions to 91 for FY04.

Election Expenses

- The amount of \$2.2 million was added for election expenses related to pay increases for commissioners and commissioners-in-charge as well as new precincts established as a result of reapportionment.
- A total of \$1.2 million was added to pay merit increases, retirement, and overtime expenses for both classified and unclassified employees in local Registrar of Voters' offices across the state.
- A reduction of \$0.4 million was made to non-recur supplies not required for older voting machines that have recently been replaced.

Merger with the Secretary of State

- Removed from the budget in FY04 was \$0.3 million to non-recur rent, reduce salaries, and eliminate 6 positions.

Lieutenant Governor

FY04 Appropriation Level

Lieutenant Governor	State General Fund	\$1,097,041
	Total Means of Financing	\$6,040,429

The total means of financing for the Office of the Lieutenant Governor is funded at 96.6% of the department's FY03 operating budget.

The department's Table of Organization (T.O.) remained the same at 9 positions for FY04.

The small decrease is a net result of increased personnel and operational costs and reductions associated with annualizing cuts made to comply with Executive Order MJF – 2002 – 29 and the removal of funding in the FY03 base budget carried forward from FY02 into FY03.

Treasurer

FY04 Appropriation Level

Treasu ry	State General Fund	\$ 1,146,619
	Total Means of Fina ncing	\$14,438,859

The total means of financing for the Department of the Treasury is funded at 98.5% of the department's FY03 operating budget.

The department's Table of Organization (T.O.) was decreased by 1 position to 54 for FY04.

The small decrease is a net result of increased operational costs and reduced personnel costs as well as reductions associated with annualizing cuts made to comply with Executive Order MJF – 2002 – 29.

Pubic Service Commission

FY04 Appropriation Level		
Public Service Commission	State General Fund	\$ 0
	Total Means of Financing	\$7,881,040

The total means of financing for the Department of the Treasury is funded at 111.2% of the department’s FY03 operating budget.

The department’s Table of Organization (T.O.) remained the same at 122 positions for FY04.

The increase is associated with growing personnel costs and other statewide/operational adjustments such as payroll, rent, moving expenses, risk management premiums, information technology, and telecommunications management.

Commissioner of Agriculture

FY04 Appropriation Level		
Agriculture and Forestry	State General Fund	\$26,327,798
	Total Means of Financing	\$97,346,802

The total means of financing for the Department of the Agriculture and Forestry is funded at 87.8% of the department’s FY03 operating budget.

The department’s Table of Organization (T.O.) was increased by 1 position to 831 for FY04.

Despite increased funding for personnel and operational costs and an additional \$5 million in State General Fund restored by the Legislature to offset cuts proposed in the Governor’s Executive Budget, the overall budget for this department still decreased dramatically due to reductions in a series of statutory dedications –

- \$12.3 million reduction in the Boll Weevil Eradication Fund,
- \$2.3 million reduction in funding for the Formosan Termite Project, and,
- \$1.3 million reduction in the Forestry Productivity Fund.

Commissioner of Insurance

FY04 Appropriation Level

Insurance	State General Fund	\$	0
	Total Means of Financing	\$24,214,359	

The total means of financing for the Department of Insurance is funded at 102.3 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) remained the same at 273 positions for FY04.

The small increase is associated with personnel costs and other statewide/operational adjustments such as information technology upgrades and increased costs for telecommunications management.

Economic Development

FY04 Appropriation Level

Economic Development	State General Fund	\$29,332,353
	Total Means of Financing	\$59,466,362

The total means of financing for the Department of Economic Development is funded at 84.2 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) was increased by 1 position to 101 positions for FY04.

Budget Reductions

- The funding reductions are largely the result of the completion of multi-year funding commitments or the completion of projects funded with non-recurring prior year monies.
 - Due to the completion of Phase III of the UNO/Navy Project, \$3 million in State General Fund was removed from DED's budget for FY04. This completes the fourth and final year of the state's commitment totaling \$61 million over the three phases of the contract.
 - Further, a reduction of \$14.3 million across various means of financing was made in response to the completion of projects funded by non-recurring prior year monies in the Louisiana Economic Development Corporation (LEDC) Financial Assistance Program, the Economic Development Award Program (EDAP), and the Workforce Development and Training Program.

Budget Enhancements

- Enhancements funded include (State General Fund unless otherwise indicated):
 - \$800,000 for Good Manufacturing Practices (GMP) facilities at Gene Therapy Labs for operating expenses;
 - \$292,750 for Wet Lab operations in New Orleans and Shreveport;
 - \$500,000 to the National Center for Security Research and Training (NCCSRT) for chemical and bio-terrorism training and research;
 - \$100,000 for the Essence Music Festival;
 - \$715,521 for marketing education, advertising, promotion, and marketing (Marketing Fund); and,
 - \$3.5 million in LEDF debt service funding for the UNO Center of Excellence at Northrop Grumman Ship Systems Avondale Project (first year of a 20 year commitment).

- The Louisiana Technology Park (LTP) received \$4.3 million to meet the fourth year of a \$37 million, multiple-year commitment by the state for a commercial data center and technology business incubator located at Bon Carre' in Baton Rouge. LTP and six partners recently purchased Bon Carre' Mall with plans to complete the renovation and redesign of the center. Additionally, Cox Cable has agreed to become a tenant occupying the old Montgomery Ward portion of the mall. Cox will be relocating from the old Rebel Shopping Center location on Florida Boulevard in Baton Rouge. Most recently, Total Football Network (TFN) has finalized an agreement with the Bon Carre' partners, the Tech Park, and the Department for TFN to establish its the base of operations for broadcast and production for the new 24 hours each day, seven days each week football network at the Bon Carre' park.
- Act 24, the FY04 Capital Outlay Act, provides \$4.7 million in funding (\$4.3 in State General Fund) for the Economic Development Award Program (EDAP), including the Louisiana Opportunity Fund for infrastructure program and projects.
- The UNO/Avondale Research and Technology project contract was funded at \$4.96 million for the seventh year of a \$50.2 million commitment to fund the construction of a 200,000 square foot ship design facility for Avondale Corporation.
- Several regional economic development organizations received funding for FY04: MetroVision (New Orleans) – \$450,000; Macon Ridge (Northeast Louisiana) – \$250,000; South Louisiana Economic Council – \$150,000; Southwest Louisiana Partnership for Economic Development - \$250,000; Consortium for Education, Research, and Technology of North Louisiana (CERT) - \$200,000; and Partnership for Greater Baton Rouge – \$350,000.

- Sports initiatives were funded as follows:

Sugar Bowl	\$1,100,000
NCAA Women's Final Four	\$500,000
New Orleans Bowl	\$350,000
Bayou Classic	\$100,000
Independence Bowl	\$375,000
Red Fish Tournament	\$37,500
Bass Fishing Tournaments	\$25,000
Hot Air Balloon Championships	\$30,000
FORE! Kids Foundation/Golf Classic	\$250,000

- The budget includes \$641,666 in federal funding from Temporary Assistance for Needy Families block grant funds for the Micro-enterprise Development Program.

Culture, Recreation and Tourism

	FY04 Appropriation Level	
Culture, Recreation and Tourism	State General Fund	\$43,379,707
	Total Means of Financing	\$66,874,016

The total means of financing for the Department of Culture, Recreation and Tourism is funded at 95.1 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) was decreased by 5 positions to 689 for FY04.

State Library

- The FY04 budget includes a \$1.5 million appropriation for state aid to public libraries.

State Parks

- The costs to annualize funding begun in FY03 for new cabins at both the Lake D'Arbonne and Caney Creek State Parks, the opening of the Poverty Park State Park, and a new visitor center at the Audubon State Historic Site is \$0.9 million in State General Fund for FY04.
- The Office of State Parks will spend an additional \$1.3 million in State General Fund to maintain operations in FY04.

Bicentennial Celebration

- The Office of the Secretary received a \$1.2 million appropriation to support the closing phases of the Louisiana Purchase Bicentennial Celebration.

Tourism

- Due to reductions in the projections for sales tax collections in the official revenue forecast adopted by the Revenue Estimating Conference, the Office of Tourism will reduce its marketing initiatives by \$2.0 million. These activities are funded by a 0.03 percent sales and use tax levied by the Louisiana Tourism Promotion District.

Cultural Development

- The Arts program is maintained in FY04 with a \$5.8 million appropriation.

Transportation and Development

FY04 Appropriation Level

Transportation and Development	State General Fund Total Means of Financing	\$ 1,498,671 \$396,385,024
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The total means of financing for the Department of Transportation and Development is funded at 99.9 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) was decreased by 9 positions to 5,271 for FY04.

- The capital programs administered by the department received a similar appropriation for highways, ports, aviation and flood control compared to the prior fiscal year.
- Some of the major expenditures funded through the general operating budget include: federal transit funds for assistance to the Metropolitan Planning Organizations for transit planning (\$1.6 million), federal transit funds for operating support to the rural transit systems (\$5.5 million), federal transit funds for vehicles for rural transit systems (\$1 million), the Metropolitan Planning Organizations for highway planning (\$5.6 million including a \$2.3 million increase), transportation research activities at Louisiana Universities, \$3.9 million, and city street maintenance, mowing, and rest area security (\$2.9 million).
- The table below provides a comparison of State General Fund expenditure items funded through the Department of Transportation and Development budget in Fiscal Years 2003 and 2004:

SGF EXPENDITURES	FY03	FY04
Zachary Taylor Parkway Commission	\$66,721	\$0
Poverty Point Reservoir Commission	\$94,166	\$50,000
Amite River Basin Commission	\$188,330	\$200,000
Fifth Levee District	\$141,248	\$150,000
Grand Bayou Reservoir	\$137,813	\$0
St. Landry Soil & Water Conservation District	\$94,166	\$0
Lafayette Expressway Commission	\$0	\$285,000
Relocation of DOTD Bldg. in Livingston	\$0	\$200,000
Louisiana Airport Authority	\$425,341	\$425,341
Millennium Port Authority	\$188,330	\$188,330
Executive Order MJF - 2002-29 (Cuts)	\$82,795	\$0
TOTAL	\$1,418,910	\$1,498,671

- The Parish Transportation Program was appropriated \$39.2 million in Transportation Trust Funds-Regular for the following expenditures: Parish Road Program, \$31.2 million; Mass Transit Program, \$5 million; and the Off-system Roads and Bridges Match Program, \$3 million. The appropriation for each program is identical to the amount provided in the prior fiscal year.
- The Department continued to inform the Legislature about the inability of the current financing mechanism for transportation and development to meet the demands. Construction inflation of about 4.5 percent continues to outpace the growth of revenues to fund the programs (about 2 percent). This is an issue the Legislature may face in future fiscal years.
- The Senate Finance Committee amended the capital outlay budget for certain DOTD priority programs to reflect a reduction in the official forecast adopted last month by the Revenue Estimating Conference. The following table compares the prior year capital outlay program to the program funded for the current fiscal year.

**Capital Outlay Comparison
Major Department of Transportation and Development Programs
FY03 and FY04**

Program	FY 03 Act 23 of 2002	FY 04 Act 24 of 2003
Highway Program		
TTF-Federal	\$450,000,000	\$449,000,000
TTF-Regular	\$102,100,000	\$108,400,000
Total	\$552,100,000	\$557,400,000
Secretary's Emergency Fund for Bridge Damages & Other Reimb (SGR)	\$9,000,000	\$15,000,000
Federal Funds	\$0	\$5,000,000
	\$9,000,000	\$20,000,000
TIMED Program	\$75,100,000	\$80,000,000
Hazard Elimination Projects (IAT)	\$14,000,000	\$16,000,000
Port Priority Program (TTF-Regular)	\$20,000,000	\$20,000,000
Flood Control Program (TTF-Regular)	\$10,000,000	\$10,000,000
Aviation Program		
TTF-Federal	\$1,000,000	\$1,000,000
TTF-Regular	\$4,000,000	\$6,700,000
G.O. Bonds - Priority 1	\$960,000	\$700,000
	\$5,960,000	\$8,400,000
Rural Devpmnt Bridge & Hwy Repairs Grant Program (SGF-Non-Rec)	\$2,000,000	\$0
Rural Parish Road Repair Program (SGF-Non-Rec)	\$6,000,000	\$0

Note: The FY03 TTF-Federal appropriation to the Highway Program was \$335 million, however, the larger number in this table represents the current budget.

Public Safety and Corrections - Corrections Services

FY04 Appropriation Level

	State General Fund	\$469,797,297
Corrections Services	Total Means of Financing	\$532,774,829

The total means of financing for the Department of Public Safety and Corrections - Corrections Services is funded at 102.3 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) was decreased by 122 positions to 7,918 for FY04.

Institution or Program	Total Funding
Administration	\$ 43,074,159
Phelps Correctional Center	\$ 16,360,090
Louisiana State Penitentiary	\$ 98,128,497
Avoyelles Correctional Center	\$ 19,496,093
La. Correctional Institute for Women	\$ 17,281,586
Winn Correctional Center	\$ 16,738,938
Allen Correctional Center	\$ 16,761,711
Dixon Correctional Institute	\$ 28,050,181
Work Training Facility - North	\$ 7,478,748
Hunt Correctional Center	\$ 40,569,717
Wade Correctional Center	\$ 29,532,939
Washington Correctional Institute	\$ 21,596,995
Adult Probation and Parole	\$ 45,205,415
Office of Youth Development	\$ 129,132,134
Adult Community-Based Rehabilitation	\$ 3,367,626

Adult Services

- The amount of \$170,000 in State General Fund was appropriated for a new district probation and parole office to serve Ascension, Assumption, and St. Landry parishes. It is to be headquartered in Donaldsonville.
- A line-item amendment was placed in Adult Community-Based Rehabilitation Programs for \$200,385 in State General Fund for the Lafayette Community Correctional Center work release program.
- Two percent inflation adjustments were provided for both Winn and Allen Correctional Centers. The cost for these adjustments was \$320,982 per institution.

Youth Services

- The amount of \$3 million in State General Fund has been built into the base of the Office of Youth Development's budget to fund juvenile residential and day treatment programs, which had previously been placed in the budget via line-item legislative amendments. The Department will seek competitive bids for services to address these needs.
- One line-item amendment for \$250,000 in State General Fund was placed in the Office of Youth Development, however, by the House of Representatives for the New Orleans Youth Foundation.
- The department is scheduled to close 238 beds at juvenile institutions in FY04, with an anticipated reduction of about \$2.5 million State General Fund for FY04 as a result of these various closures. The department is making an effort to shift juveniles from secure facilities to community-based programs, thus resulting in fewer beds needed.
- A total of \$2 million in interagency transfers will be received by the Office of Youth Development from Federal Title IV-E Funds from the Department of Social Services. This funding will be distributed to local juvenile courts to assist with the cases of juveniles who meet the requirements for the Federal Title IV-E program (typically non-adjudicated delinquents). Of this funding, \$52,188 was allocated for administrative expenses in the Field Services Program.
- An additional line-item amendment for \$500,000 in State General Fund was also provided to the Contract Services Program for "alternative treatment, residential, and non-residential programs."

Prison Construction

- The department has \$2 million in State General Fund built into its budget for two major prison dorm construction projects for FY04.
- A 192-bed dorm at the Louisiana Correctional Institute for Women is scheduled to be completed in December 2003. This dorm will require 47 positions.
- A dorm is also being constructed at Jetson Correctional Center for Youth to replace a dorm that burned down in 2000. This new dorm will contain 72 beds and will require 50 positions.

Public Safety and Corrections - Public Safety Services

FY04 Appropriation Level		
Public Safety Services	State General Fund	\$4,500,000
	Total Means of Financing	\$329,038,387

The total means of financing for the Department of Public Safety and Corrections – Public Safety Services is funded at 116.4 percent of the department’s FY03 operating budget.

The department’s Table of Organization (T.O.) was increased by 20 positions to 2,888 for FY04.

DNA Testing/Crime Labs

- Act 14 contains approximately \$11 million in total funding for DNA testing and crime labs. The funding is broken down as follows:
 - \$3.4 million in state funding (fees and self-generated) built into the base budget for forensic testing and CODIS database samples;
 - \$650,000 from surplus funds from the House of Representatives for “no-suspect rape kits” (1083 samples);
 - \$2.5 million in Federal funds for “no-suspect backlog kits” (about 2,000);
 - \$4 million in State General Fund per Act 487 (SB 346) of the 2003 Regular Session of the Legislature for DNA testing of felons; and,
 - \$500,000 in State General Fund to help fund regional crime labs.

Criminal Investigations

- Senate Finance Committee added \$1.5 million from the Insurance Fraud Fund for 13 positions in the Office of State Police to perform criminal investigations, per the request of the department. This funding was necessary due to an insufficient number of investigators for insurance fraud cases.
- The department was investigating 150 cases per year, yet receiving 200 new cases per year. Thus, a backlog of about 50 cases per year has been piling up with no staff available to investigate.

Other Adjustments

- The Office of State Police also received \$21.3 million in Interagency Transfers from the Department of Military Affairs for homeland security activities and domestic preparedness grants to local governments funded by a federal grant. Of this funding, \$65,000 was allocated for hazardous materials training activities at the Louisiana State Police Emergency Response Training Center.

- A total of approximately \$3.3 million in Statutory Dedications was added to the Office of State Police for a) expenses related to the Louisiana Downs Racing Facility, including nine positions (\$475,017 from the Pari-Mutuel Live Racing Facility Gaming Control Fund); and b) the purchase of a new video gaming monitor and control system for the Gaming Enforcement Program (\$2.9 million from the Video Draw Poker Fund).
- The Office of State Police also received a small line-item appropriation in the amount of \$78,310 in Federal funds to the Criminal Investigations Program for the acquisition of portable radios and accessories.
- The Office of the State Fire Marshal received a line-item appropriation of \$37,900 in Statutory Dedications from the Louisiana Alarm Regulatory Trust Fund, including one position, for licensing of locksmiths, due to passage of Act 576 (HB 310) of the 2003 Regular Session of the Legislature.
- The Liquefied Petroleum Gas Commission received a line-item appropriation of \$25,219 in Statutory Dedications from the Liquefied Petroleum Gas Commission Rainy Day Fund to provide funding for related benefits in Personal Services.

Health and Hospitals

FY04 Appropriation Level

Health & Hospitals	State General Fund	\$1,070,985,353
	Total Means of Financing	\$5,982,402,706

The total means of finance for the Department of Health and Hospitals (DHH) is funded at 109.8 percent of the department's FY03 operating budget (including \$341 million in Medicaid financing mechanisms).

The department's Table of Organization (T.O.) increased by 51 positions to 12,842 for FY04.

Louisiana's Medicaid Program

- The total budget for Medicaid Administration and Services for FY04 is \$5.0 billion (\$794.1 million State General Fund), including \$341 million in financing mechanisms that will generate over \$240 million in state matching funds.
- The amount of \$500,000 has been appropriated to Medical Vendor Administration to develop and submit a proposal to the federal government for the approval of a program to provide health insurance options to the medically indigent via a Health Insurance Flexibility and Accountability (HIFA) Waiver in the Medicaid program.
- The Legislature provided \$4.5 billion for the provision of medical services to Medicaid enrollees and the uninsured in FY04, thereby stabilizing funding in FY04 with a \$184 million or 4 percent increase over FY03:
 - \$61 million for private and public providers of medical services to both Medicaid clientele and the uninsured
 - \$73 million for the various existing Home and Community-Based Waiver Programs – MR/DD, Children's Choice, Adult Day Health Care, and Elderly and Disabled Adult
 - \$28 million for the creation of a Medicaid State Plan Optional Personal Care Attendants Services Program
 - This program is a result of the settlement entered into by DHH on the "Barthelemy v. Hood" lawsuit.
 - *Barthelemy* contends that Louisiana's Medicaid program violates the Americans with Disabilities Act (ADA) by not providing viable community-based alternatives to nursing facility services for the elderly and disabled.

- As the legislature was not a party to the settlement of the case, the legislature, via Act 14, has expressed its intent that the state provide waiver services rather than state plan services and has directed DHH to petition the federal court to amend the settlement agreement to spend the entire \$28.2 million on the expansion of home and community-based waiver services, which DHH has already done.
- In any event, Act 14 directs DHH to delay the provision of Personal Care Attendant Services until October 1, 2003.
- \$9 million for the Behavioral Management Program for autistic individuals beginning January 1, 2004
- \$13 million for an increase in the cost of Medicare premiums for the state Medicare Buy-Ins program enrolling Medicaid/Medicare dual eligibles in the Medicare program for primary health insurance.

Public Health Services

- For FY04, the Office of Public Health's budget is \$296.1 million and contains 2,041 authorized positions. This is an increase of \$28.6 million (11 percent) and 15 positions over FY03.
- The largest portion of this increase is the \$16 million increase associated with the consolidation of the ChildNet program in OPH. ChildNet is a program for at-risk infants and toddlers age 3 and under offering physical, speech, occupational, and other therapies.
- OPH anticipates an increase of 7,000 Women, Infants, and Children (WIC) clients in FY04. As such, the budget contains an additional \$6 million for this program.
- In FY04, OPH will expand the Nurse Home Visitation Program statewide at a cost of \$2 million. This program provides the services of nurses to first time "at-risk" mothers throughout their pregnancies and the first two years of the baby's life. The services provided by the nurses focus on educating the mothers on health, parenting, school readiness, and home safety. The program is limited to women with an income less than 133 percent of the federal poverty limit.
- In Act 24, the Capital Outlay Appropriation Act, OPH received \$20.2 million in funding for a new central laboratory - \$6.0 million in Priority 2 and \$14.2 million in Priority 5 General Obligation Bonds.

Mental Health Services

- In FY04, the budget for the office of Mental Health (OMH) and the three Mental Health Areas will increase by \$8.3 million or 3.4 percent over the FY03 level to total \$253.9 million, as reflected in the following table.

AGENCY		FY 2003		FY 2004		DIFFERENCE		PERCENT CHANGE	
		Funding	Pos.	Funding	Pos.	Funding	Pos.	Funding	Pos.
09-330	OMH	\$17,589,470	61	\$17,407,679	61	(\$181,791)	0	-1.03%	0.00%
09-331	Area C	\$46,872,562	682	\$48,475,326	681	\$1,602,764	(1)	3.42%	-0.15%
09-332	Area B	\$96,981,665	1,530	\$100,416,962	1,529	\$3,435,297	(1)	3.54%	-0.07%
09-333	Area A	\$84,241,552	1,282	\$87,645,146	1,282	\$3,403,594	0	4.04%	0.00%
TOTAL		\$245,685,249	3,555	\$253,945,113	3,553	\$8,259,864	(2)	3.36%	-0.06%

Services for the Developmentally Disabled

- In FY04, the budget for the Office for Citizens with Developmental Disabilities (OCDD) and the various Developmental Disabilities Centers (DD Centers) will increase by \$10.9 million or 4.9 percent over the FY03 level to total \$234.2 million, as reflected in the following table.

AGENCY		FY 2003		FY 2004		DIFFERENCE		PERCENT CHANGE	
		Funding	Pos.	Funding	Pos.	Funding	Pos.	Funding	Pos.
09-340	OCDD	\$36,746,926	190	\$35,733,333	190	(\$1,013,593)	0	-2.76%	0.00%
09-342	Metropolitan DC (Includes Peltier-Lawless DC)	\$31,034,164	688	\$31,961,517	688	\$927,353	0	2.99%	0.00%
09-344	Hammond DC	\$36,828,283	802	\$38,703,351	802	\$1,875,068	0	5.09%	0.00%
09-346	NW DC	\$15,271,207	398	\$16,029,022	398	\$757,815	0	4.96%	0.00%
09-347	Pinecrest DC (Includes Columbia DC)	\$83,824,825	1,986	\$91,133,841	1,986	\$7,309,016	0	8.72%	0.00%
09-348	Ruston DC	\$8,157,710	218	\$8,840,428	218	\$682,718	0	8.37%	0.00%
09-349	SW DC	\$11,424,093	271	\$11,775,226	271	\$351,133	0	3.07%	0.00%
TOTAL		\$223,287,208	4,553	\$234,176,718	4,553	\$10,889,510	0	4.88%	0.00%

Services for persons with Addictive Disorders

- In FY04, the budget for the Office for Addictive Disorders (OAD) will remain virtually constant increasing only by \$0.5 million or 0.75 percent, over the FY03 level to total \$69.1 million and 472 positions.

Social Services

FY04 Appropriation Level

Social Services

State General Fund
Total Means of Financing

\$188,487,601

\$978,570,334

The total means of financing for the Department of Social Services is funded at 84.8 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) was decreased by 187 positions to 5,324 for FY04.

Significant Budget Items for FY04

- The Office of Family Support received \$5 million in State General Fund to match \$16.8 million in federal funds for the Child Care Assistance Program for FY04. This funding was necessary to shore up this program, which helps low-income parents afford child care by paying a subsidy towards their weekly or monthly costs. The department's budget had been cut by \$10 million in State General Fund overall in the Governor's Executive Budget, so the \$5 million appropriation restored half of the original cut.
- Three line-item amendments were placed in the Office of Secretary for youth/community programs: \$100,000 for the Louisiana Hope Institute; \$50,000 for Heritage Youth, Inc.; and \$25,000 for the Booker T. Washington Community Outreach Project.
- One line-item amendment was placed in the Office of Family Support for the Berachah Community Development Corporation for the Teen Pregnancy Prevention and Marriage Education Program for \$50,000 in State General Fund.
- One line-item amendment was placed in the Office of Community Services for operational expenses of the Hope House Children's Advocacy Centers in Washington and St. Tammany parishes for \$55,000 in State General Fund.
- Also in the Office of Community Services, \$2 million in Federal Funds was earmarked for transfer to the Department of Corrections for distribution to local juvenile courts. This money will be used to assist with those juveniles who meet the qualifications for Federal Title IV-E money (typically non-adjudicated delinquents).
- One line-item amendment was placed in Rehabilitation Services for personal care attendant services for \$42,465 in State General Fund.
- Act 58 (SB 574) of the 2003 Regular Session of the Legislature created the Strategies to Empower People (or STEP) program in the Department of Social Services. This program will replace the

FIND Work program in DSS and will be the mechanism through which welfare recipients will be transitioned to the workforce. Two (2) positions were added in both the Workforce Commission and in Workforce Development in the Department of Labor to help administer these new changes. All four positions are to be funded from Temporary Assistance for Needy Families (TANF) money.

Temporary Assistance for Needy Families (TANF)

- TANF initiatives are funded at approximately \$117 million for FY04 (see chart below). It is important to note that FY04 will be the last “big year” for TANF initiatives. The large pot of unexpended funds from prior years that have been used for cash assistance will be gone in FY05. As such, more current year TANF money will be needed to pay for cash assistance and less will be available for initiatives. The amount of TANF funding available for initiatives for FY05 is expected to be around \$22 million.

FY04 TANF Initiatives	
<u>Literacy</u>	
Public Pre-K	\$ 39,000,000
Private Pre-K	\$ 8,500,000
Drop-out Prevention	\$ 4,500,000
After School	\$ 9,500,000
Adult Literacy	\$ 1,500,000
Truancy	\$ 2,430,193
TOTAL LITERACY	\$ 65,430,193
<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
Domestic Abuse	\$ 3,166,666
Community Response	\$ 3,000,000
Fatherhood Initiatives	\$ 750,000
Family Strengthening	\$ 500,000
CASA	\$ 4,830,000
Drug Courts	\$ 5,000,000
Substance Abuse	\$ 4,166,666
At-risk Children/Mental Health	\$ 1,750,000
Abortion Alternatives	\$ 1,500,000
TOTAL FAMILY STABILITY	\$ 31,163,332
<u>Other</u>	
DOA Oversight	\$ 1,600,000
Caseworker Training	\$ 750,000
TOTAL OTHER	\$ 2,350,000
GRAND TOTAL	\$ 117,835,191

Natural Resources

FY04 Appropriation Level		
Natural Resources	State General Fund	\$8,408,213
	Total Means of Financing	\$133,970,667

The total means of financing for the Department of Natural Resources is funded at 75.8 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) was increased by 12 positions to 505 for FY04.

- The decrease in the department's budget is due mainly to non-recurring carry forwards totaling about \$65 million. These non-recurring carry forwards consist of statutory dedications from the Wetland Conservation and Restoration Fund and federal dollars from the Coastal Wetlands Planning Protection and Restoration Act (CWPPRA) as several coastal restoration projects were completed in FY03.
- Act 14 restored the Office of State Lands back to the Division of Administration, along with its full funding of \$3.5 million in Fees and Self-generated Revenues and 24 positions. The House of Representatives had placed an amendment transferring \$3.5 million in Fees and Self-generated Revenues to move the State Lands Office from the Division of Administration to the Office of the Secretary, including 23 positions. One position had been deleted.
- A recurring theme during the 2003 Regular Session of the Legislature was the need for more emphasis to be placed on restoration of Louisiana's coastline. An amendment was placed in Act 14 for a total of \$30.7 million (\$23 million in Statutory Dedications from the Wetland Conservation and Restoration Fund and \$7.7 million in Federal Funds) for expenses related to implementing a coast-wide feasibility study, including nine 9 positions.
- A total of \$315,103 in State General Fund and four 4 positions was restored to the Ground Water Resources Commission in the Office of Conservation in Act 14.
- Other significant budget items include the following amendments:
 - A line-item amendment for \$53,891 in State General Fund in the Office of the Secretary for expenses related to an increase in coastal projects, including 1 position.
 - An amendment for \$62,055 (\$32,560 in Statutory Dedications from the Oil and Gas Regulatory Fund and \$29,495 in Federal Funds) in the Office of Conservation for 1 position for enforcement of the Integrity Management Program for Hazardous Liquids Operators due to passage of Act 711 (HB 1323) of the 2003 Regular Session of the Legislature.

- An amendment for \$490,780 (\$340,400 in Statutory Dedications from the Oil and Gas Regulatory Fund and \$150,380 in Federal Funds) in the Office of Conservation for 4 positions for review and assessment of pipeline operators' risk analysis and integrity management plans for intrastate pipelines located in Louisiana due to passage of Act 879 (HB 1327) of the 2003 Regular Session of the Legislature.
- An amendment for operational expenses and 5 positions in the amount of \$175,899 in Statutory Dedications from the Mineral Resources Audit and Collection Fund in the Office of Mineral Resources.

Department of Revenue

FY04 Appropriation Level

Revenue	State General Fund	\$42,143,474
	Total Means of Financing	\$81,147,757

The total means of financing for the Department of Revenue is funded at 98.3 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) was decreased by 35 positions to 942 for FY04.

Use of the Tax Amnesty Program Proceeds

- The Department of Revenue received an additional \$32.7 million in State General Fund in FY04 to cover existing services that were funded with Tax Amnesty Program proceeds in previous fiscal years.

The Tax Integration System

- The Department of Revenue will spend \$4.1 million in State General Fund in FY04 for the second phase of the Tax Integration System and the associated costs.

Environmental Quality

FY04 Appropriation Level

Environmental Quality	State General Fund	\$12,927,087
	Total Means of Financing	\$138,856,714

The total means of financing for the Department of Environmental Quality is funded at 108.6 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O) was increased by 8 positions to 1,010 for FY04.

- The Office of Environmental Assessment received additional funding of \$0.6 million in Statutory Dedications from the Environmental Trust Fund and 2 positions in the base budget for vehicle emissions inspection and maintenance as part of the implementation of new, federally mandated, on-board diagnostic test requirements in the Baton Rouge area. This is in response to Baton Rouge being classified as an ozone non-attainment area.
- The department received a line-item amendment for \$0.3 million in Statutory Dedications from the Environmental Trust Fund, including 6 positions, to establish a Criminal Investigation Section in the Office of the Secretary. A large part of the need for this section is due to reports of widespread fraud with the Waste Tire Program. People in other states have been bringing in waste tires from their state to Louisiana to collect on a \$2 per tire disposal fee, which has depleted the balance of the Waste Tire Fund.
- A total of \$0.3 million in statutory dedications and Federal Funds was added to move 4 positions for the community outreach section in the Office of the Secretary.

Labor

FY04 Appropriation Level

Labor	State General Fund	\$2,070,428
	Total Means of Financing	\$229,208,736

The total means of financing for the Department of Labor is funded at 55.5 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) was increased by 2 positions to 1,208 for FY04.

- The Department of Labor had significant overall reductions in Statutory Dedications (-\$109.2 million) and in Federal Funds (-\$72.5 million). This is due mainly to non-recurring carry-forwards (-\$110.1 million total); non-recurring of the final Welfare-to-Work grant which ended in January 2003 (-\$8.5 million total); decreasing of Federal Funds to more accurately reflect historical spending patterns of the department (-\$31.6 million); and non-recurring of the Reed Act (-\$26.5 million Statutory Dedications).
- A total of \$874,460 in Statutory Dedications and Federal Funds was added for AST costs (Administrative, Services and Technical) in the Office of Workforce Development.
- A couple of amendments from State General Fund were added in the Office of Workforce Development:
 - \$400,000 — New Orleans Computer Technical Village; and,
 - \$300,000 — New Orleans Opportunities Industrialization Center.
- Two (2) positions were also added to the Office of Workforce Development per Act 58 (SB 574) of the 2003 Regular Session of the Legislature, which created the Strategies to Empower People (STEP) program in the Department of Social Services. This program will replace the FIND Work program in DSS and will be the mechanism through which welfare recipients will be transitioned to the workforce. These positions mirror 2 positions added in the Workforce Commission for the same purpose. All 4 positions are to be funded from Temporary Assistance for Needy Families (TANF) money.

Wildlife and Fisheries

FY04 Appropriation Level

Wildlife and Fisheries	State General Fund	\$0
	Total Means of Financing	\$96,176,162

The total means of financing for the Department of Wildlife and Fisheries is funded at 120.0 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) remained the same at 792 positions for FY04.

Pay Raise For Enforcement Agents Statewide

- Wildlife agents were provided a 10 percent pay raise during the course of the FY03 budget cycle. Funding for the annualization of the pay raise for FY04 is from statutory dedications.
- The source of revenue for the statutory dedication had previously been deposited into the State General Fund from the Atchafalaya Wildlife Management Area (WMA) mineral revenue. The Division of Administration diverted \$9 million of what would have been State General Fund into the Conservation Fund last fall when the mineral contract expired on the WMA and was renewed with the stipulation that the money generated go into the Conservation Fund. A portion of the Conservation Fund is now available to the department for the pay raise, although without initial legislative approval.

Federal Funding for Hurricane Related Damages to Coastal Fisheries Habitats

- Through line-item amendments, the department has approximately \$11.6 million in Federal Funds appropriated to provide direct assistance to coastal fisheries habitats, shrimpers, and the seafood industry due to hurricane-related damages.
- Federal funding of approximately \$1.4 million has also been provided for development of short-term and long-term oyster reef restoration projects.

Other Significant Budget Adjustments

- A line-item amendment was provided in the Office of the Secretary in the amount of \$50,000 in Statutory Dedications from the Conservation Fund to the Louisiana Charter Boat Association for printing and distribution of materials promoting Louisiana's charter boat industry.
- A line-item amendment allocating \$100,000 from the Office of Fisheries for aquatic weed control at Bayou Desiard in Ouachita Parish was vetoed by the governor because funds were already provided for eradication of aquatic weeds in the base budget.

Department of Civil Service

FY04 Appropriation Level

Civil Service	State General Fund	\$1,844,649
	Total Means of Financing	\$12,966,492

The total means of financing for the Department of Civil Service is funded at 104.0 percent of the department's FY03 operating budget. This department includes State Civil Service, Municipal Fire and Police Civil Service, Ethics Administration, State Police Commission, and the Division of Administrative Law.

The department's Table of Organization (T.O.) was decreased by 7 positions to 174 for FY04.

There are no major budgetary changes for this department.

Retirement Systems

FY04 Appropriation Level

Retirement	State General Fund	\$1,066,108
	Total Means of Financing	\$1,066,108

The total means of financing for the Retirement Systems is funded at 9.4 percent of the systems' FY03 operating budget. These systems include the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System (TRS). This appropriation is only for the administrative costs of operating these retirement systems.

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

Act 14 contains \$33.8 million in Schedule 20 for the increases in retirement costs for state agencies that was allocated to the agencies by the Division of Administration and approved by the Joint Legislative Committee on the Budget at its July meeting.

Act 14 reflects a \$10.3 million decline in Unfunded Accrued Liability (UAL) payments to two (2) state retirement systems: the Louisiana State Employees' retirement System (LASERS) and the Teachers' Retirement System (TRS). The Public Retirement Systems Actuarial Committee voted in May 2003 to apply \$11.0 million in Texaco Settlement Funds to the two (2) systems' UAL payments. As a result, \$4.9 million in UAL payments were completely eliminated for LASERS, and \$5.4 million in payments were eliminated for the TRS. The TRS is still appropriated \$1.1 million for UAL payments in FY 03-04.

Higher Education

FY04 Appropriation Level

Higher Education	State General Fund	\$1,045,584,118
	Total Means of Financing	\$2,230,161,267

The total means of financing for Higher Education is funded at 110.8 percent of the FY03 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 higher education Table of Organization (T.O.) was decreased by 8 positions to 161 for FY04.

Funding of Statewide Adjustments

Group Insurance Adjustment

- A total appropriation of \$17.1 million department wide to Higher Education for the group insurance adjustment included \$15.9 million in State General Fund. These funds are provided for the purpose of funding the increase in group health insurance premiums for employees.

Risk Management Adjustment

- Higher Education was appropriated \$11.2 million department wide in State General Fund for the purpose of funding the risk management adjustment for the current fiscal year. The total amount of funding provided for the increase in risk management premiums is \$17.1 million.

Annualization of FY03 Classified State Employee Merit Increases

- An appropriation of \$3.6 million in State General Fund was made department wide to Higher Education for the costs to annualize FY03 classified state employee merit increases. The Executive Budget provided \$4,967,078 for this activity, but that amount was reduced during the legislative process. These costs represent that portion of merit increases that were given in the previous fiscal year that will be paid in the current fiscal year.

FY04 Classified State Employee Merit Increases

- Higher Education was appropriated \$6 million department wide in State General Fund for the purpose of funding classified state employee merit increases for the current fiscal year. This amount represents full funding of this activity as requested in the Executive Budget. These costs represent that portion of merit increases that will be granted to classified state employees during the current fiscal year.

Academic Excellence Fee

- Act 1132 of 2003 Regular Session authorizes the Southern University System, the Louisiana State University System, the University of Louisiana System, and the Louisiana Community and Technical College System to assess an academic excellence fee for students effective for the Fall of 2003.
 - For the four-year universities, the fee per student shall not exceed \$10 per credit hour and shall not exceed \$120 per academic session. For the community and technical colleges, the fee per student may not exceed \$7.50 per credit hour and shall not exceed \$90 per academic session. The fee will not be payable by the state on behalf of any student receiving an award under the Tuition Opportunity Program for Students.
 - According to the Fiscal Note, this measure is anticipated to increase self-generated revenues by about \$37.7 million for imposing the maximum fee as follows: LSU System, \$15.5 million; Southern University System, \$3.2 million, University of Louisiana System, \$16 million, and the Louisiana Community and Technical College System, \$3 million. The Fiscal Note assumes that no Louisiana Technical College students will pay the fee and that twenty-five percent of the community colleges will have the fee waived due to hardship.
- Act 963 of 2003 authorizes the Southern University and Louisiana State University Systems to impose an increase in the facilities use and maintenance fee at Southern University at New Orleans and the University of New Orleans, respectively.
 - The fee may be increased by \$60 per semester for full-time students and applied proportionally for part-time and summer session students. The fee will not be payable by the state on behalf of any student receiving an award under the Tuition Opportunity Program for Students.
 - According to the Fiscal Note, an assessment of the maximum fee increase will increase self-generated revenues by \$2.2 million per year as follows: Southern University at New Orleans, \$400,000; and the University of New Orleans, \$1.8 million.

Higher Education Performance and Quality Improvement Distribution Pool

- The Board of Regents was appropriated \$5.25 million in Higher Education Performance and Quality Improvement Distribution Pool funds for the current fiscal year. These funds will be distributed in accordance with a plan developed and adopted by the Board of Regents and approved by the Division of Administration. These funds will be used to assist the four-year

institutions with implementation of admissions criteria framework established by the Master Plan for Public Post-Secondary Education. Emphasis will be placed on the roles of the universities in each system and will be provided to stabilize budgets, increase accountability, and for the achievement of the goals established in the plan.

Community and Technical Colleges Pool

- The amount of \$5 million was appropriated to the Community and Technical Colleges Development Pool Fund. These funds will be allocated for the further development of community and technical colleges and academic centers to be distributed in accordance with a plan developed by the management boards and the Board of Regents and approved by the Division of Administration. These funds will be provided for the growth in the existing community colleges and for the enrollment, expansion, and development of new community colleges around Louisiana. This fund may aid in the development and operation of the Delta Community College in northeast Louisiana and the growing enrollment from 3,000 to 4,300 students at the Baton Rouge Community College. The amount of \$7.6 million was provided from the community and technical colleges pool in the prior fiscal year.

Health Care Workforce Development

- The Board of Regents was appropriated \$2.7 million for Health Care Workforce Development. These funds are intended to support the activities of the Healthworks Commission created by Act 157 of the 2002 First Extraordinary Session of the Legislature. The Commission was created to address health care workforce and education issues. The Commission is required to study and make recommendations on at least the following workforce and education issues related to recruitment, program capacity, and access. The funding provided for Health Care Workforce Development shall be as follows:

Institution	Purpose	Amount
Delgado Community College	Nurse and allied health workforce training	\$1,600,000
La. Health Works Commission	Two positions and expenses	\$100,000
Southeastern La. University	Nurse and allied health programs	\$300,000
LSU, SU, UL, LCTCS Schools	Health and Nursing Education Programs	\$700,000
Total		\$2,700,000

University of Louisiana at Monroe – Funding for Pharmacy and Health Sciences

- The appropriation for the University of Louisiana at Monroe included enhanced funding of \$1.5 million in State General Fund for the Pharmacy Program. The amount of \$1 million was added in the Executive Budget for additional costs associated with the Pharmacy and Health Sciences programs to include funding for the retention and recruitment of faculty and program accreditation. Another \$500,000 was added by line-item amendment for operating expenses of the Pharmacy Program. The program needs at least 12.5 full time equivalent faculty positions to meet clinical rotation needs.

Faculty Recruitment at the LSU Health Sciences Centers

- The LSU Board of Supervisors will distribute a State General Fund appropriation of \$1.5 million for faculty recruitment packages between the LSU Health Sciences Center – New Orleans and LSU Health Sciences Center – Shreveport. Both campuses have or anticipate having administrative and faculty positions vacant in FY04.

Endowed Chairs and Professorships

- Endowed Chairs and Professorships received a \$2 million enhancement in State General Fund in addition to the \$6 million in Louisiana Quality Education Support (8g) Funds appropriated annually for this activity. These funds are used to match private donations for Endowed Chairs and Professorships at the various higher education institutions.

Pennington Biomedical Research Center

- An additional \$1 million was appropriated to the Pennington Biomedical Research Center to support a new bio-imaging center and for expanding activities in the four research priorities of nutrition and chronic disease, functional foods, health and performance enhancement, and obesity research. A recommendation of \$1.8 million for these activities was made through the Executive Budget, but this amount was reduced to \$1 million during the legislative process.

Gene Therapy Research Consortium

- The general appropriation act contained an additional \$610,180 in State General Fund for the Gene Therapy Research Consortium. The total amount of funding included in the budget for the Consortium is \$3.1 million. The additional funding will be used for salaries, supplies, and other operating expenses associated with the implementation of three new core facilities funded through prior year capital construction projects. These facilities include the histology core and the research trials units at the Louisiana State University Health Sciences Center at Shreveport and the stem cell pre-GMP lab at Tulane University. Funds will also be used for staff and faculty recruitment at each of the three primary universities. An additional \$800,000 in State General Fund is included in the budget of the Department of Economic Development for Gene Therapy Lab operating expenses.

Governor's Biotechnology Initiative

- The appropriation to the Board of Regents for the Governor's Biotechnology Initiative was continued at the prior year funding level of \$4 million. In the prior fiscal year, the amount of \$4 million was appropriated for the Governor's Biotechnology Initiative and for Health Care Workforce Development. Of the prior year appropriation, the amount of \$3.75 million was expended on the biotechnology initiatives and the remainder was split between Delgado Community College and Southeastern Louisiana University on Health Care Workforce Development.

- The biotechnology initiative will provide funds 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 biotechnology initiative funding will provide for investment in faculty, facilities and research equipment at institutions with expertise in biotechnology research. These funds will be allocated based upon a competitive, peer-reviewed evaluation process.
- The amount of \$1 million is allocated in the Board of Regent’s budget for neurobiotechnology initiatives at the LSU Health Sciences Center – New Orleans.

Governor’s Information Technology Initiative

- The appropriation to Higher Education includes continued funding of \$17.5 million in State General Fund for the Governor’s Information Technology Initiative. This level of funding was provided for recurring operational expenses in the prior fiscal year.
- An additional \$1 million in State General Fund was included for Internet 2 connectivity at the research schools.
- The Capital Outlay Act, Act 24 of 2003, contains \$3 million in bond financing in the Board of Regents for this initiative. The Governor’s Information Technology Initiative was first funded in FY02 through the General Appropriation Act. The table below provides a summary of the historical funding for this initiative:

Fiscal Year	HB 1 Recurring Expenditures	HB 1 Non-Recurring Expenditures	HB 2 Non-Recurring Expenditures	HB 2 Bond Financing	Total
2002	\$17,500,000	\$5,000,000	\$0	\$0	\$22,500,000
2003	\$17,500,000	\$0	\$5,000,000	\$0	\$22,500,000
2004	\$18,500,000	\$0	\$0	\$3,000,000	\$21,500,000
Total					\$66,500,000

Notes: FY 2002: Act 12 of 2001 included \$17.5 million in State General Fund for the Board of Regents that was budgeted to the various systems by a series of three (3) BA-7's during the fiscal year. The Act further contained \$5 million in non-recurring funds from the Higher Education Initiatives Fund, Library and Scientific Acquisitions Account (page 184).

FY 2003: Act 13 of 2002 continued funding of \$17.5 million in recurring State General Fund for the initiative. Act 23 of 2002, the capital outlay act, contained \$5 million in State General Fund non-recurring revenues for the initiative (page 65).

FY 2004: Act 14 of 2003 continues the \$17.5 million in recurring State General Fund for the initiative and provides an additional \$1 million for Internet 2 connectivity at the research schools. Neither the appropriations bill nor the capital outlay act contain any non-recurring cash for this initiative; however, the capital outlay act, Act 24 of 2003, does contain \$3 million in bond financing in the Board of Regents (page 70).

Aid to Independent Colleges

- The amount of \$4.3 million is appropriated for eligible Louisiana 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 for these activities in the prior fiscal year.

Tobacco Tax Health Care Fund Increases

- The LSU Health Sciences Center – New Orleans (HSC-NO) will receive an additional \$6.6 million in 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 in FY04. Also, \$8.25 million in unspent funds from FY03 will be carried forward into FY04. This will bring the total expenditures from the fund for the Louisiana Cancer Research Center to \$26.3 million.
- Further, a portion of the \$26.3 million from the fund supporting the Louisiana Cancer Research Center is a dedication of approximately \$7.3 million for general smoking prevention, treatment, and cessation programs benefiting the overall health of Louisiana's citizens, including the creation of smoking prevention mass media programs and evidence-based tobacco control programs within the public hospital system and the public school system. The dedication specifies that Southern University will participate in the planning and expenditure of the funds dedicated to creating these programs.
- The LSU Health Sciences Center – Shreveport (HSC-S) will receive an additional \$2.6 million in revenues from the Tobacco Tax Health Care Fund to support its Cancer Center in FY04. This will bring the total expenditures from the fund for HSC-S to \$7 million.
- The Louisiana State University Agricultural Center will receive an increase of \$1.4 million to \$2.6 million in total funding from the Tobacco Tax Health Care Fund for operational expenses.

Provision of Health Care Services at the LSU Health Sciences Center – Shreveport

University Hospital

- The LSU Health Sciences Center – Shreveport (HSC-S) will have to closely monitor expenditures in FY04 at University Hospital.
- Due to the use of short-term financing mechanisms in the Medicaid program and the federally imposed cap on federal matching funds for the provision of health care services for the uninsured, HSC-S faced a reduction of \$8.9 million in FY04 and unfunded costs over \$5.7 million for a total budget problem of \$14.6 million in the early phases of the appropriation process.
- The Senate added \$5.1 million State General Fund and \$3.7 million in additional Medicaid claims in Act 14 to partially offset this reduction.

- Further, Act 432 (FY03 Supplemental Appropriation Act, originally HB 1968) restored \$3 million to HSC-S's restricted account.
- These actions leave HSC-S with a remaining budget problem of roughly \$2.8 million.

Prisoner Health Care Services

- Act 14 includes \$4.7 million State General Fund to fund the provision of medical services for state inmates as the federal government ceased providing federal financial participation through the Disproportionate Share Payments program for inmate health care in FY03.

Transfer of E. A. Conway Medical Center

- Under the provisions of Act 872 and Act 906 of the 2003 Regular Session, E. A. Conway Medical Center in Monroe was transferred to the HSC-S on July 1, 2003.

Significant Capital Outlay Projects for Higher Education Institutions

- Act 24 of 2003, the Capital Outlay Act, contains \$37.8 million in Health Education Authority of Louisiana (HEAL) revenue bonds for the planning and construction of a Cancer Consortium Building that will house the Louisiana Cancer Research Center of the Louisiana State University Health Sciences Center – New Orleans and Tulane University Health Sciences Center.
- On the LSU Health Sciences Center – Shreveport campus, \$58.0 million is budgeted in federal funds and revenue bonds for a Clinical and Research Institute and \$23.1 million for an Ambulatory Care Building in Priority 1 General Obligation Bonds in Act 24.
- The capital outlay appropriation for the Board of Regents included \$15 million for Library, Institutional, and Scientific Equipment Acquisitions. This appropriation included \$7.3 million in State General Fund, \$4.2 million in State General Fund non-recurring revenues, and \$3.5 million in Priorities 2 and 5 General Obligation Bonds.

Special Schools and Commissions

FY04 Appropriation Level

Other Education	State General Fund	\$134,301,709
	Total Means of Financing	\$240,307,306

The total means of financing for Special Schools and Commissions is funded at 104.7 percent of the schools' and commissions' FY03 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.) remained constant at 1,045 positions for FY04.

Tuition Opportunity Program for Students (TOPS)

- The FY04 appropriation for TOPS is \$103 million.
- The amount of \$9.9 million was added for funding to TOPS based on a projected 800 additional scholarship awardees and a 3.0 percent tuition increase at the state's colleges and universities.
- This additional amount increases TOPS to \$203.8 million for FY04. TOPS awardees will total 38,255 in FY04.

Department of Education

FY04 Appropriation Level

Education	State General Fund	\$2,367,213,628
	Total Means of Financing	\$3,670,047,874

The total means of financing for the Department of Education (DOE) is funded at 101.3 percent of the department's FY03 operating budget.

The department's Table of Organization (T.O.) was reduced by 18 positions to 1,019 for FY04.

Minimum Foundation Program (MFP)

- Act 14 provides over \$2.5 billion in funding for the Minimum Foundation Program (MFP) pursuant to HCR 235, the state's K-12 spending formula crafted by the Board of Elementary and Secondary Education (BESE) and approved by the Louisiana Legislature. The formula is based on a school district's enrollment, wealth, and how much money it raises locally.
- The FY04 MFP, with an additional \$64.9 million in funding, reflects a 2.3 percent increase in basic state aid to public schools over the FY03 level. The MFP's per pupil amount increases by 2.75 percent from \$3,276 in FY03 to \$3,366 in FY04, accounting for \$38 million of the total increase in the MFP.
- Whereas HCR 235's formula is \$8.4 million higher than the \$2.5 billion appropriated level, the formula's "more or less estimated" price tag in Act 14 is flexible, and the formula is based on schools' estimated enrollments and needs. Statewide enrollment is expected to drop by 9,000 students in FY04, and this estimate will likely change in January 2004, when actual enrollment figures are compiled.
- The FY04 MFP includes an increase of \$45.9 million for school districts to be divided between teacher pay raises and other expenses. Of this amount, an estimated \$24.8 million will be used to increase teacher pay in 51 of the state's 68 school districts. These pay increases are not across-the-board raises, and school districts have the discretion to determine how the funds are to be distributed. In the last year, the seventeen (17) school districts not receiving money in FY04 for teacher pay raises experienced major enrollment drops, increases in local wealth, or other technicalities related to the MFP formula's complex components. The Department of Education has informed school districts that teacher pay raises cannot be implemented until after actual enrollment figures are compiled and the final MFP budget is released in January or February 2004.
- Approximately \$21.1 million of the \$45.9 million increase in the MFP will be used to pay for other operating expenses. School districts, however, maintain that higher insurance and retirement costs

alone will cost \$116 million in FY04. As a result, many districts will balance their FY04 budgets by hiring fewer teachers, placing more students in classrooms, or trimming other operating expenses.

- The FY04 MFP also includes \$19 million, first enacted in FY03 as a one-time bonus, for pay raises for support workers such as bus drivers, teachers' aides, custodians, cooks, clerks and other non-teaching staff. The Department of Education will allocate these funds to the school districts based on estimated FY04 student enrollment.
- The FY04 MFP also includes \$1.1 million for a new provision to facilitate the transfers of students from failing schools to better performing schools.
- The FY04 MFP utilizes \$142.6 million in federal funds under the terms of the Jobs and Growth Tax Relief Reconciliation Act of 2003. These funds are part of the \$20 billion state fiscal relief package passed by Congress in May 2003.
- Act 432, which makes supplemental appropriations for FY03, appropriates \$3.8 million for partial restoration of funding to sixteen (16) local school districts impacted by reductions in the MFP formula for FY02. This is the second of three (3) such appropriations.

LA 4 Pre-Kindergarten Program

- The LA 4 Early Childhood Education Program is funded at \$39.0 million in Act 14 with federal Temporary Assistance for Needy Families (TANF) funds. LA 4 targets at-risk 4-year-olds and is intended to play an essential role in improving the educational performance of the state's public schools, especially in high-poverty areas.
- The Governor's Executive Budget had originally proposed that the program be funded in FY04 at \$40 million, an increase of \$10 million over FY03. At \$40 million, existing programs in nineteen (19) school districts were to be expanded, and new programs in three (3) districts were to be implemented. At one point in the legislative budgetary process, LA 4 was reduced by \$4.75 million and the TANF funds were reallocated to public housing, shelters for battered women and substance abuse clinics. Department of Education officials maintain that LA 4's final \$39.0 million appropriation in Act 14 will allow for the enrollment of 2,000 more students.

Accountability

Act 14 appropriates a total of \$50 million for School Accountability initiatives in FY04. The following significant changes in accountability are as follows:

- Taken together, the High Stakes Summer School Remediation Program and the LEAP 21 Tutoring Program were budgeted at \$14.9 million in FY03. The Governor's Executive Budget recommended that these two (2) program be budgeted at \$21.3 million in FY04, reflecting a 43 percent increase. Act 14 appropriates nearly \$17 million for these two programs, a 14 percent increase over the FY03 level. This lower level of funding reflects recent LEAP 21 testing trends in that whereas 96,000 students required remediation in FY03. The Department of Education estimates that only 88,000 will require remediation in FY04.

- Further, \$1.5 million from the Academic Improvement Fund is appropriated in Act 14 for High Stakes Remediation and LEAP 21 Tutoring.
- The Governor vetoed language in Act 14 that would have authorized the Commissioner of Administration to reduce spending in the High Stakes Summer School Remediation Program and the LEAP 21 Tutoring Program in school districts where students performed better than expected on the LEAP 21 standardized test. Rather than cutting funds for the two programs, the Governor's veto message maintained that the unexpended funds should be used to improve passage rates on the test.
- Act 14 provides \$5 million for the K-12 Accountability Awards program for high-performing schools. The Governor's Executive Budget had originally sought \$10 million for this purpose.
- The Distinguished Educators Program is enhanced by \$1 million in Act 14. The Governor's Executive Budget earlier proposed a \$2 million increase.
- Act 14 appropriates an additional \$1 million for the Learning Intensive Networking Communities for success (LINCS) Program to facilitate certifying teachers online.

Professional Development

- Over \$1 million is appropriated in Act 14 to provide stipends for school counselors, teachers, and school psychologists who receive professional certification.

Federal Funding

- The Governor vetoed spending authorization for \$65.2 million in Federal Funds for programs designed to help disabled and disadvantaged students throughout the state's school systems. The Governor's veto message cited the Department of Education's historical \$100 million excess budget authority in the federal Title I and Individuals with Disabilities Education Act (IDEA) programs over the last few years and maintained that the additional \$65.2 million "unnecessarily increases the overall size of the state's budget".
- The U.S. House of Representatives recently voted to increase federal financing for public education by 4.1 percent in FY04. Title I, which targets low-income students, would increase by \$11.7 million in Louisiana if the Congressional bill is enacted into law. Similarly, Louisiana's IDEA allocation would increase by more than \$14 million.

Charter Schools

- Act 14 provides \$20.0 million for Type 2 charter school funding for FY04. This represents a \$2.0 million decrease from the amount appropriated for FY03. Most of the Type 2 charter school funding (\$19.5 million) is distributed to nine (9) schools through a funding formula devised by the Department of Education. The remaining \$0.5 million is earmarked for two (2) charter schools in the New Orleans area: SABIS/Milestone (\$332,594) and the International School of Louisiana (\$142,406). Act 14 mandates that the SABIS/Milestone charter school must be reorganized in order to receive any state funding. This reorganization was achieved by July 1, 2003.

LSU Health Sciences Center – Health Care Services Division

FY03 Appropriation Level

Health Care Services Division	State General Fund Total Means of Financing	\$68,121,034 \$68,121,034
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The total means of financing for LSU Health Sciences Center-Health Care Services Division is funded at 220.7 percent of the department’s FY03 operating budget.

There is no Table of Organization (T.O.) for this department.

Budget Status

- The LSU Health Sciences Center – Health Care Services Division (HCSD) will restructure service provision across its facilities in FY04 in response to a \$50 million budget reduction from its mid-year FY03 base budget.
- Due to the use of short-term financing mechanisms in the Medicaid program and the federally imposed cap on federal matching funds for the provision of health care services for the uninsured, HCSD faced a reduction of \$98 million in FY04 in the early phases of the appropriation process.
- The Senate added \$35.6 million State General Fund in Act 14 to partially offset this reduction.
- Further, Act 432 (FY03 Supplemental Appropriation Act, originally HB 1968 of the 2003 Regular Session) restored \$14.4 million to HCSD's restricted account.
- Assuming constant earnings in non-state funded revenues, HCSD's estimated budget is \$803 million for FY 2004 or -6.6 percent below the final projection of revenues and expenditures for FY03.
- HCSD is currently working to finalize a budget for FY04 that will be presented to the LSU Board of Supervisors for approval at its August 2003 meeting.

Unfunded Mandates

- No adjustments were made to compensate in the budget for the increased costs of operating these facilities upon which HCSD has no control such as employee merit increases, the increased costs of group insurance premiums, or the ever growing costs of medical and pharmaceutical goods and supplies.

- These costs amount to roughly \$20 million and HCSD will have to achieve operating efficiencies to absorb these costs thereby growing HCSD's \$50 million budget shortfall into a \$70 million budget problem.

Augmenting Administrative and Financial Management Flexibility

- Act 906, originally Senate Bill 867 of the 2003 Regular Session, overhauled the governing statutes for the Health Care Services Division.
- This act removes the statutory right to open access to broad-based care in the HCSD facilities while still guaranteeing emergency care to anyone. As such, HCSD will be able to offset, to a degree, reduced revenues by charging non-indigent patients for care. The act defines indigent patients as "any person whose income is below two hundred percent of the federal poverty level and is uninsured."
- Prior to the passage of Act 906, HCSD needed legislative approval to grow any facility's expenditures greater than 2 percent or reduce any facility's expenditures more than 10 percent.
- Under Act 906, the 2 percent growth cap was eliminated. Further, HCSD may reduce expenditures up to 35 percent of a facility's budget in one fiscal year with limits on reductions in subsequent fiscal years without prior legislative approval.
- Legislative approval is required before any emergency room or an entire facility may be closed completely.
- Finally, the act authorized the transfer of E. A. Conway Medical Center in Monroe from HCSD to the LSU Health Sciences Center – Shreveport on July 1, 2003. Of the \$73.0 million originally appropriated to HCSD, approximately \$4.9 million will be transferred with E.A. Conway Medical Center to HSC-S.

Paying for Prisoner Health Care Services

- Act 14 contains \$32.6 million State General Fund for the expenditures associated with the provision of health care services to state and local inmates at the HCSD facilities.
- The State General Fund is necessary as the federal government stopped providing federal financial participation through the Disproportionate Share Payments program for inmate health care prior to the commencement of SFY03.

Disease Management Program

- HCSD will spend \$4.5 million State General Fund on its Disease Management Program in FY04. This is an increase of \$1 million from the FY03 base budget for this program.

- The Disease Management Program targets symptom and illness management through the use of treatment protocols emphasizing preventive care, the instructing of patients on the proper use of pharmaceutical goods and services for their illness, and the case management of patients' care.
- The diseases/conditions targeted by HCSD are congestive heart failure, HIV/AIDS, diabetes, asthma, and cancer. The new \$1 million will be used to augment the operations of the various outpatient pharmacies run by HCSD at its facilities.

Other Requirements

State Aid to Local Government Entities

- A total of \$7.8 million is appropriated to various public and quasi-public entities for local governmental purposes.

Sheriffs' Housing of State Inmates

- A total of \$147.8 million State General Fund was provided for housing approximately 18,000 state inmates in local facilities for FY04. Funding is provided for these inmates in the amount of \$22.39 per day.

Supplemental Payments to Law Enforcement Personnel

- A total of \$70.7 million in State General Fund was provided for Supplemental Pay for local law enforcement officers for FY04. Municipal police, firefighters, and deputy sheriffs receive \$300 per month in supplemental pay, while constables and justices of the peace receive \$75 per month.

Municipal Police	\$23,240,088
Firefighters	\$18,007,488
Constables and Justices of the Peace	\$720,000
Deputy Sheriffs	\$28,762,776

Homeland Security Funding in FY04

In FY04, the state will spend about \$57 million (mostly Federal Funds) on Homeland Security Initiatives in various departments.

Military Affairs

- The Office of Military Affairs received \$34.5 million in Federal Funds for homeland security activities. Over \$21 million of this funding will be interagency transferred to the Office of State Police in the Department of Public Safety for homeland security activities and domestic preparedness grants for local entities.

Office of State Police

- The Office of State Police received \$21.3 million from the Department of Military Affairs as a part of the federally funded activities Military Affairs coordinates for homeland security activities and domestic preparedness grants to local governments.

DHH Office of the Secretary

- DHH will carry forward \$1.9 million of a Federal grant received in FY03 for the multi-year development of a bio-terrorism response plan. This project is a cooperative endeavor uniting DHH with the Louisiana Hospital Association and the LSU Health Sciences Center.

Office of Public Health

- Continued into FY04, the OPH budget contains \$20.5 million and 44 positions to detect and/or respond to a bio-terrorism event.

Office of Mental Health

- \$300,000 and 4 positions are continued in OMH's budget for FY04 to train mental health professionals for mass crisis.

FY04 Gubernatorial Veto Messages

July 15, 2003

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

Mr. Michael S. Baer, III
Secretary of the Senate
State Capitol
Baton Rouge, Louisiana 70804

RE: **House Bill No. 1** of the 2003 Regular Session of the Legislature
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 right to veto 6 items or provisions of the general appropriation bill.

VETO MESSAGE NO. 1:
Page 17, Lines 1 through 6

This language requires that the Division of Administration transfer \$10,000 to the Department of Natural Resources through Interagency Transfers for development and implementation of the Integrated Statewide Information Systems (ISIS) upload utility program for entry of the Fiscal Year 2003-2004 budget into the Advantage Financial System. The Division of Administration is responsible for providing ISIS support. However, the Division of Administration will not be involved in the development of this utility program, nor will the Division of Administration be able to provide IT support for the program. This project may also conflict with other IT projects involving ISIS. If funded, it should be the responsibility of the user agencies to fund the project.

Mr. Speer and Mr. Baer
Page Two
July 15, 2003

VETO MESSAGE NO. 2:

Page 153, Lines 7 through 11

This amendment provides \$152,506 in additional state general fund support for salaries and related benefits for two additional tax commissioners for the Louisiana Tax Commission. Funding for this amendment is contingent upon passage of House Bill No. 987 during the 2003 Regular Session. Since House Bill No. 987 failed to pass, there is no need for this appropriation.

VETO MESSAGE NO. 3:

Page 166, Lines 44 through 45

This amendment in the Office of Fisheries provides that \$100,000 of the funds appropriated to this agency shall be expended on aquatic weed control at Bayou Desiard in Ouachita Parish. This would provide excess funding for treating aquatic weeds in Bayou Desiard. Increased funding for eradicating noxious aquatic weeds in Louisiana waterways was provided in the 2003-2004 executive budget recommendations, and should be adequate to cover Bayou Desiard cost.

VETO MESSAGE NO. 4

Page 241, Lines 20-27

This item is language that authorizes and directs the commissioner of administration to unallot, in certain circumstances, funds appropriated for High Stakes Remediation and LEAP 21 Tutoring per the review and approval of the **Joint Legislative Committee on the Budget**. Funds appropriated for these purposes are used by local school districts to improve the passage rate on the high stakes LEAP tests and are not intended to be unallotted using a per pupil formula. Using such a formula to unallot funds as directed in this language conflicts with the original intent of this funding which is to provide both additional assistance to those students who may be at risk of failing the LEAP test on their first try and the most effective summer school remediation efforts possible. In fact, rather than unallot funds from districts that have outperformed their projected failure rates, we should reward them with flexibility to re-invest saved funds into further enhancing the effectiveness of tutoring and remediation programs.

Mr. Speer and Mr. Baer
Page Three
July 15, 2003

VETO MESSAGE NO. 5:

Page 243, Lines 15 through 23

This item would provide \$65,174,952 to the Disadvantaged or Disabled Student Support Program from Title I and Individuals with Disabilities Education Act (IDEA) federal funds. Analysis of federal funds in Subgrantee Assistance indicates a history of excess budget authority averaging \$100.2 million per year over the last three fiscal years - meaning approximately 15 percent of the appropriated amount in this category has been left unspent. Based upon this analysis, this additional budget authority is not needed and unnecessarily increases the overall size of the state's budget. In fact, this type of excess budget authority has led to a situation in which state budget authority has exceeded expenditures by an average of over \$500 million per year over the past three years.

VETO MESSAGE NO. 6:

Page 264, Lines 28 through 33

This amendment provides \$200,000 from statutory dedications for the New Orleans Business and Industrial District for cleaning of district properties. Funding for this amendment is contingent upon passage of House Bill No.1817 during the 2003 Regular Session. Since House Bill No. 1817 failed to pass, there is no need for this appropriation.

Sincerely,

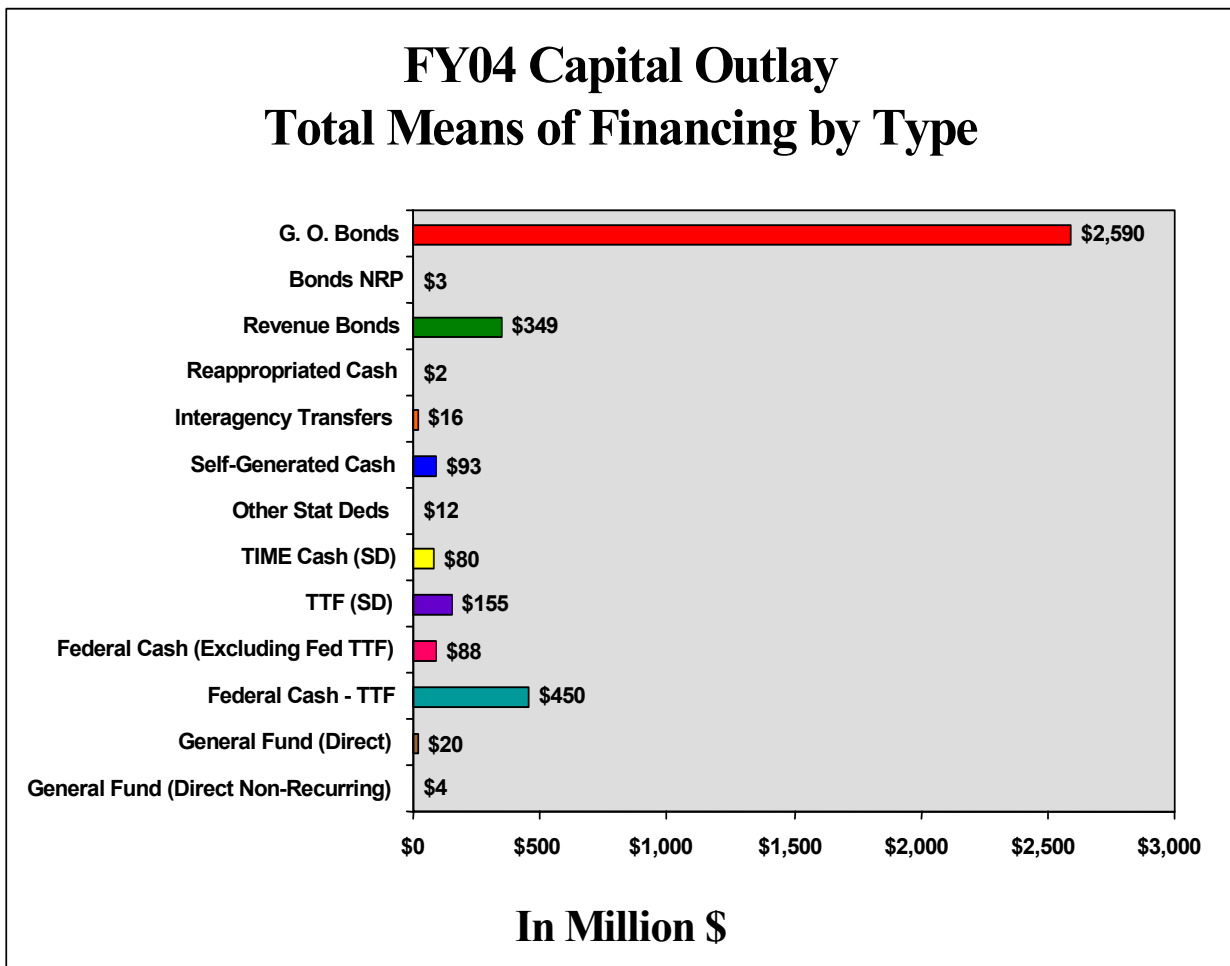
M. J. "Mike" Foster, Jr.

jw

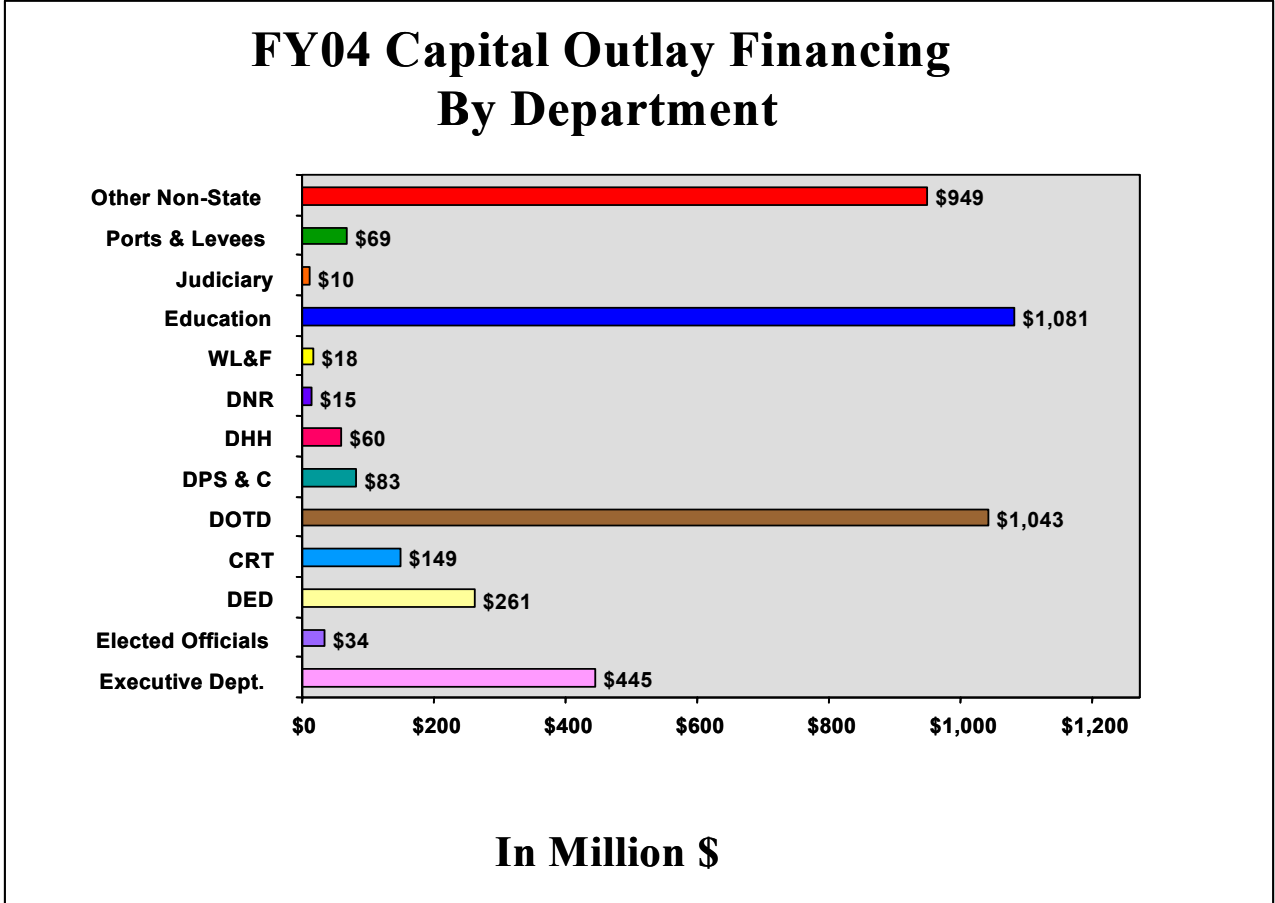
FY04 Capital Outlay Act 24 (HB 2)

The FY04 Capital Outlay Act (Act 24) contains appropriations in the amount of roughly \$3.86 billion. The primary funding source for the capital outlay program is General Obligation Bonds, followed by Transportation Trust Funds and Revenue Bonds. Additionally, Act 24 includes \$24.6 million in State General Fund, of which \$4.2 million is non-recurring.

Statutory Dedications include \$361,000 from the Economic Development Award Program (EDAP) - Louisiana Opportunity Fund; \$4.9 million from the State Parks preventative Maintenance/Major Repairs and Improvements Fund; \$154.8 million from the 16¢ dedicated Transportation Trust Fund; \$1.5 million from the Rockefeller Wildlife Refuge and Game Preserve Fund; \$1.3 million from the Conservation Fund; \$950,000 from the Louisiana Duck Stamp Fund; \$1.75 million from the Wildlife Habitat Natural Heritage Trust Fund; \$250,000 from the Rockefeller Wildlife Refuge Trust and Protection Fund; and \$1.2 million from the Artificial Reef Development Fund.



The distribution of capital outlay by expenditure category is represented in the chart below. The largest recipients of capital outlay funds are Higher Education, Department of Transportation and Development and Other Non-State entities (includes parishes, municipalities and other non-state entities whose monies do not go to either police juries or municipal governing authorities), respectively.



The section below lists selected projects by department and represents some of the major initiatives under planning, design and/or construction. The amounts listed indicate the state portion only for each project and does not include total dollars.

EXECUTIVE -

Capitol Complex	\$20,590,000
Funding continues for the \$320 million government building boom known as the Capitol Complex project. The complex is the development of state office buildings in downtown Baton Rouge, with the purpose being efficiency through consolidation and cost savings by canceling and avoiding leases by relocating state employees from leased space to state owned buildings.	
Statewide Roofing, Waterproofing, and Related Repairs and Equipment Replacement	\$19,000,000

Compliance with the Americans with Disabilities Act	\$12,120,000
Technical College Campus Buildings Major Repairs, Equipment Replacement and Site Work	\$19,000,000
Third Street Art Block Project	\$25,765,000
Department of Military Affairs (various projects)	\$16,385,000
Louisiana Stadium and Exposition District	\$ 6,500,000
Department of Veterans' Affairs (various projects)	\$21,350,000

ELECTED OFFICIALS -

Old State Capitol Renovations	\$ 6,655,000
Eddie Robinson Museum (Lincoln)	\$ 5,500,000
Agri & Forestry – Fire Suppression Equipment	\$ 500,000

ECONOMIC DEVELOPMENT -

Louisiana Gene Therapy Research Consortium	\$16,445,000
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The Louisiana Gene Therapy Research Consortium is a center which will develop, support, leverage and expand gene therapy medical research throughout Louisiana and create a critical mass of scientists, state-of-the art laboratories and research equipment in Louisiana, which will attract millions of dollars of research grants from sources outside Louisiana.

Acadiana Immersion Technology Center (AITC)	\$18,000,000
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The AITC is a multi-company merger of Acadiana's core industries, institutions, strengths, and technology in compliance with DED's Vision 20/20.

Wet-Lab Business Incubators	\$18,000,000
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WetLab Incubators (Shreveport, Baton Rouge, New Orleans) will enable the development and operation of wetlab incubators to support the biomedical, environmental and food related DED Vision 20/20 technology clusters at each of the three research centers in the state. Each of the wet-labs is expected to create 10 new jobs by the establishment of 20 companies.

Economic Development Award Program, Including	
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The Louisiana Opportunity Fund for Infrastructure	\$ 4,700,000
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Steel Mill Project (statewide)	\$10,000,000
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National Finance Center	\$ 5,000,000
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Homeland Security and Environmental Technical Center	\$ 6,500,000
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Dock Improvements (various parishes)	\$29,850,000
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\$8 million of these funds are being used to provide infrastructure and dry dock associated with the location of new Bollinger Shipyard projects. Bollinger is required to create 510 new jobs in Louisiana within 12 months of the date of the cooperative endeavor with the state. Bollinger is also required to maintain a minimum average annual employment level in Louisiana of 2,955 jobs through June 30, 2013. Bollinger is also required to match the state's investment with equivalent investments of its own funds by making at least an additional \$8 million in capital improvements, over and above the funds provided by the State for the Drydock at the shipyards.

TRANSPORTATION AND DEVELOPMENT -

Highway Program (Up to \$4 million for Secretary's Emergency Fund)	\$557,400,000
Secretary's Emergency Fund for Bridge Damages	\$ 20,000,000
TIME Program	\$ 80,000,000
I-49 from Shreveport to Arkansas Line	\$ 10,000,000
Port Construction and Development Priority Program	\$ 20,000,000
Statewide Flood Control Program	\$ 10,000,000
Bundicks Lake Level Control Structure	\$ 13,400,000
Westbank Hurricane Protection Project	\$ 36,000,000
Morganza to Gulf of Mexico Flood Control	\$113,395,000
Comite River Diversion Canal	\$ 29,980,000
State Aviation and Airport Improvement Program	\$ 8,400,000

HEALTH AND HOSPITALS -

Redevelopment of Hot Wells	\$ 10,000,000
New Office of Public Health Central Laboratory	\$ 20,200,000

NATURAL RESOURCES -

Atchafalaya Basin Protection and Enhancement	\$ 14,580,000
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WILDLIFE AND FISHERIES –

Wildlife Land Acquisition	\$ 10,250,000
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HIGHER EDUCATION –

Louisiana State University and Agricultural and Mechanical College

Choppin Hall Annex Chemistry Lab Building	\$ 12,000,000
Engineering and Chemistry Buildings	\$ 29,195,000
Parking Facilities	\$ 18,500,000
Residential College One	\$ 29,100,000
Music and Dramatic Arts Facilities	\$ 22,100,000
Student Union Renovation and Addition	\$ 13,300,000

Louisiana State University at Alexandria

Multi-Purpose Academic Center	\$ 12,400,000
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University of New Orleans

Student Housing Renovation	\$ 12,805,000
Business Administration Building	\$ 21,070,000
Campus Parking Garage	\$ 21,700,000

Louisiana State University Health Sciences Center - New Orleans

Human Development Center	\$ 16,335,000
Cancer Prevention Pavilion	\$ 22,355,000
Charity Hospital Nursing Building Renovations (LSU Health Sciences Center Shreveport)	\$ 19,150,000
Clinical and Research Institute	\$ 32,927,000
Allied Health Facility	\$ 12,205,000
Ambulatory Care Building	\$ 23,085,000

Louisiana State University Health Sciences Center – New Orleans -Health Care Services Division

Critical Care Center Charity Hospital	\$142,000,000
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Louisiana State University Agricultural Center

Animal and Food Science Facilities	\$ 16,130,000
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Southern University – Baton Rouge

Center for Technology and Information Systems	\$ 10,805,000
Dorm Renovation or Construction, Phase III	\$ 13,505,000

University of Louisiana System Board of Supervisors

Land Acquisitions	\$ 5,000,000
Major Repairs and Reroofing, ADA Compliance and Life Safety Code Corrections to Campus Buildings	\$ 11,220,000

Grambling State University

Health and Physical Education and Recreation Assembly Center	\$ 23,750,000
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McNeese State University

Shearman Fine Arts Building Renovation and Addition	\$ 12,770,000
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University of Louisiana at Monroe

Health Sciences Building Renovation and Expansion	\$ 14,675,000
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University of Southeastern Louisiana

Academic and Laboratory Facility	\$ 12,550,000
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University of Louisiana at Lafayette

F. G. Mouton Hall Renovation and Expansion	\$ 10,195,000
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River Parishes Community College

General Purpose Building	\$ 13,500,000
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Louisiana Delta Community College

Campus Development	\$ 13,950,000
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Board of Regents

Library, Instructional and Scientific Equipment	
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Acquisitions	\$ 15,000,000
Land Acquisition for Post Secondary Educational Institutions	\$ 11,000,000
System-Wide Telecommunications Wiring and Equipment	\$ 10,000,000

JUDICIARY –

400 Royal Street Building Renovation	\$ 10,410,000
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NON-STATE ENTITIES –

Bayou Dechene Reservoir (Caldwell)	\$ 10,315,000
Performing Arts Center (Jefferson)	\$ 20,000,000
Seapoint Container Handling Transshipment Facility (Plaquemines)	\$ 20,000,000
Riverside Centroplex Arena and Theatre Renovations (Baton Rouge)	\$ 26,500,000
Lincoln Beach Restoration and Site Improvements (New Orleans)	\$ 10,130,000
Airport to CBD Light Rail Line (New Orleans)	\$ 82,500,000
Shreveport Convention Center Complex	\$ 12,000,000
Port-de-Luce Reservoir (Winn)	\$ 9,600,000
The Audubon Institute – Audubon 2000 Renovations (New Orleans)	\$ 29,300,000
Ernest N. Morial New Orleans Exhibition Hall Authority Phase IV	\$100,000,000
Baton Rouge Metro Airport – North and East Side Infrastructure and Development	\$ 10,500,000
National D-Day Museum Expansion (New Orleans)	\$ 30,000,000
Health Education Authority of Louisiana – Cancer Consortium Building (Orleans)	\$ 37,822,000

(Note: Listing only includes selected projects greater than \$10 million for non-state entities.)

FY04 Ancillary Enterprises Act 44 (HB 1779)

The Ancillary Appropriation Act provides for the operations of certain enterprise operations, internal service funds, and auxiliary accounts for certain state institutions and agencies. The State Group Benefits Program Office, Risk Management, and the Office of Telecommunications Management comprise the largest budget entities.

State Group Benefits Program

- Total funding for State Group Benefits is \$934.1 million, which includes \$99.4 million for a 12.4 percent rate increase.
- This budget completes the three-year phase-in increasing the employer share to 75 percent of the PPO premium amount.

Office of Risk Management (ORM)

- Total funding for Risk Management for FY04 is \$174.7 million.
- The funding supports coverage for the state to pay claims relative to losses for medical malpractice, property, comprehensive general liability, personal injury, miscellaneous torts, and professional legal defense costs associated with risk litigation.
- The amount appropriated for payment of claims from premiums charged to State agencies more closely reflects anticipated needs than in the previous years. In the last three fiscal years, the State has appropriated various amounts from the Office of Risk Management reserve fund to the operating budget of the agency to meet claims in each respective year. The balance in the reserve fund had reached \$173 million in FY00, but will begin FY04 with about \$2.5 million.

Office of Telecommunications Management (OTM)

- Total funding for OTM is \$62.7 million.

FY03 Supplemental Appropriations Act 432 (HB 1968)

The use of “Rainy Day” funds to offset a potential state deficit and a portion of the “Temporary State Fiscal Relief” funding appropriated by the federal government provided the two main funding sources for the FY03 Supplemental Appropriations Act.

When the official revenue forecast projected revenues collections in the General Fund below the level appropriated in the FY03 budget, the Legislature acted by approving the use of \$86 million from the Budget Stabilization Fund to eliminate a deficit and maintain state expenditures.

Then, as FY03 was drawing to a close, Congress passed the Jobs and Growth Tax Relief Reconciliation Act of 2003, which included an appropriation \$20 billion nationwide for temporary fiscal relief for state governments. The relief was aimed at the Medicaid program, unfunded federal mandates, and general government services. The amount of \$35.3 million, out of almost \$300 million in relief monies for Louisiana, were appropriated in FY03.

In addition, Act 432 directed the defeasance of \$95.4 million in state debt and funded a variety of state obligations that developed during the course of FY03.

Finally, Act 432 reorganized the means of finance in FY03 in various agencies across state government to maximize all revenues available to Louisiana in both FY03 and FY04 in response to the bleak revenue outlook for these two fiscal years.

Supplemental Appropriations and Budget Reductions for FY03

Act 432 provided funding from various Means of Financing for numerous items arising during the course of the fiscal year as well making the necessary budget reductions to balance the FY03 budget. The following major expenditure items include:

- \$26 million State General Fund to the Emergency Preparedness Program to match FEMA monies for the costs associated with Tropical Storm Isidore and Hurricane Lili;
- \$17.4 million from the Education Excellence Fund either to local school districts or to state schools, charter schools and private schools only in the event a rehearing is granted and the Louisiana Supreme Court overturns the trial court judgment in the *East Baton Rouge Parish School Board and Calcasieu School Board v. Murphy J. “Mike” Foster, Jr., et al.* lawsuit;
- \$15.3 million State General Fund to HCSD for medical care for state prisoners;
- \$9.7 million State General Fund for deposit into the Louisiana Medical Assistance Trust Fund;
- \$3.7 million State General Fund for partial restoration of reductions in the MFP in FY02;
- \$3 million State General Fund for additional costs of housing state inmates in local jails.

- \$9.1 million to DOE for distribution to city, parish, and other local school systems from the Education Excellence Fund;
- \$2.2 million to DOTD for the Port Allen and Morley railroad bridges; and,
- \$2 million to DOR to offset a shortfall in penalty collections.
- Act 432 also incorporated the appropriation of the \$86.4 million from the Budget Stabilization Fund to offset a shortfall in the State General Fund.
- In addition, this legislation directed the use of \$95.4 million in non-recurring monies for debt defeasance.
- The larger set of budget reductions included a reduction of \$54.6 million State General Fund in conjunction with \$89.6 million in matching Federal Funds appropriated in the FY03 General Appropriation Act, Act 13 of the 2002 Regular Session, relative to freeze orders issued during the fiscal year.
- A smaller set of budget reductions totaled \$8.2 million State General Fund and was targeted at specific agencies or expenditures.

State Fiscal Relief Per the Federal Jobs and Growth Tax Relief Reconciliation Act of 2003

- Federal Temporary State Fiscal Relief Funds in the amount of \$9.4 million were utilized in FY03 to reduce a like amount of State General Fund for the provision of essential government services or to cover state costs of complying with any federal mandate.
- The Medicaid program realized \$25.9 million in additional federal funds per the enhancement of the Federal Medical Assistance Percentage (FMAP) thereby freeing State General Fund originally appropriated in Act 13 for FY03 Medicaid expenditures to match additional expenditures in the Medicaid program and reduce the dependence on other means of finance:
 - \$14.4 million was returned to HCSD's restricted account that was to be used as match for additional Medicaid payments to the charity hospitals.
 - \$3 million was returned to LSU HSC-S that was to be used as match for Medicaid cost report payments.
 - \$11.9 million in Federal Funds were added to match \$4.1 million in excess State General Fund generating a total of \$16 million for the payment of Medicaid cost reports to non-state hospitals.
 - \$10.3 million in Federal Funds were added to match \$3.6 million in excess State General Fund generating a total of \$13.9 million for Medicaid "outlier" payments to hospitals.
 - \$1.5 million in Federal Funds were added to match \$0.5 million in excess State General Fund generating a total of \$2 million to fund a special pool for Medicaid "outlier" payments to hospitals.

Means of Financing Substitutions

In the individual departments, Act 432 realigned revenue sources either to adjust for higher or lower than anticipated revenue collections in fees and/or statutory dedications, to incorporate additional federal funding, or to maximize non-State General Fund monies wherever possible:

- \$2.2 million swap of Fees and Self-generated Revenues for Transportation Trust Fund monies in DOTD's budget for the District Operations Program;
- \$11.3 million swap among State General Fund, Fees and Self-generated Revenues, State Police Salary Fund, and the Riverboat Gaming Enforcement Fund in DPS's budget for operational expenses of the Office of Management and Finance and the State Police for its Traffic Enforcement, Criminal Investigations, Operational Support, and Gaming Enforcement Programs;
- \$7 million swap of State General Fund for Medicaid Trust Fund for the Elderly monies to support implementation of the Medicaid case-mix reimbursement methodology for long-term care facilities;
- \$6 million swap of Louisiana Fund monies for Health Excellence proceeds for the Louisiana Children's Health Insurance Program (LaCHIP);
- \$4.8 million swap of State General Fund for Health Trust Fund and Health Excellence Fund monies in the financing of the Medicaid Payments to Private Providers Program;
- \$2 million swap of State General Fund and Federal Funds for Fees and Self-generated Revenues in DSS's budget for the Client Services Program; and,
- \$2.9 million swap of State General Fund for Interagency Transfers and Federal Funds in LSU HSC-Shreveport's budget for personnel costs.

Significant Legislation Handled in Senate Finance Committee During the 2003 Regular Session

Act 11 (House Bill 1887 by Representatives LeBlanc and DeWitt and Senators Dardenne and Schedler) provides procedures for the calculation of an inflation factor and the subsequent appropriation from the Millennium Trust. Prior law failed to specify the calculation method for allocating interest for appropriation. Under Act 11, the amount available for appropriation is derived by a formula established by law. The formula is the amount of estimated aggregate investment earnings recognized by REC less the product of the inflation factor determined by the REC multiplied by the amount of aggregate investment earnings for the previous fiscal year. The change was made effective for FY03 and thereafter.

Act 487 (Senate Bill 346 by Senator Dardenne) provides for DNA sampling and testing of persons arrested for or convicted of a felony. To cover the expenses associated with the passage of this legislation, \$4 million was appropriated in Act 14.

Act 1210 (Senate Bill 1025 by Senator Dardenne) provides for securitizing the entire income stream from the tobacco settlement by the State Bond Commission, subject to approval of the Joint Legislative Committee on the Budget and a majority of the Legislature. Currently, 60 percent of the settlement proceeds have been sold. The Act authorizes the sale of the remaining 40 percent. All net proceeds, less financing costs, are transferred to the Millennium Trust.

Act 1300 (Senate Bill 213 by Senator Dardenne) is a proposed constitutional amendment that creates the Louisiana Coastal Restoration Fund in the state treasury. The proposed amendment requires the treasurer to transfer into the fund up to 20 percent of the proceeds received as a result of any future securitization, based on the following criteria: 1) written certification of federal fund availability; 2) transfer from the funds only in the amounts necessary to match federal funds and not to exceed 20 percent in the aggregate of the securitization; and 3) transfers from the Health Excellence, Education Excellence, and TOPS funds in equal thirds.

Joint Legislative Committee on the Budget Requirements in Act 14

Throughout Act 14, there are appropriations contingent upon or preamble provisions specifying Joint Legislative Committee on the Budget action or review. As warranted, notification to, submission of reports to, and/or review by the Joint Legislative Committee on the Budget may be necessary from departments and/or the Division of Administration. The following section lists such matters and provides page and line numbers in the General Appropriation Act (Act 14) for easy reference.

Preamble

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

Section 2.A. 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 4**

B. The commissioner of administration is hereby authorized and directed, pursuant to a plan submitted to and approved by the **Joint Legislative Committee on the Budget**, to reduce the State General Fund (Direct) appropriations contained in this Act by a total amount of \$142,568,000 and to increase the Federal Funds means of financing for such appropriations by a like amount. Such adjustments in means of financing may only be made for purposes which provide essential government services or which cover state costs of complying with any federal intergovernmental mandate (as defined in Section 421(5) of the Congressional Budget Act of 1974) to the extent that the mandate applies to the state, and the federal government has not provided funds to cover the costs. Such adjustments must be consistent with the certifications provided by the state to the secretary of the Treasury that the proposed use of funds to be received by the state under Federal Temporary State Fiscal Relief in Federal Fiscal Years 2003 and 2004 are consistent with federal requirements.

- **Page 2, line 21**

Section 3.A. Notwithstanding any other law to the contrary, the functions of any department, agency, programs, or budget units of 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, lines 17 and 21**

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 2003-2004 Fiscal Year and shall constitute the set of key objectives and key performance indicators which are reportable quarterly for Fiscal Year 2003-2004 under the Louisiana Governmental Performance and Accountability Act, Act, particularly R.S. 39:2(23) and (24) and R.S. 39:87.3. Agencies with supporting objectives, performance indicators, and performance standards designated as "To be established" in the Executive Budget shall submit the actual values for such objectives, performance indicators, and performance standards associated with the financing and key performance data contained in this Act to the Division of Administration, Office of Planning and Budget, and the Performance Review Subcommittee of the **Joint Legislative Committee on the Budget** no later than August 15, 2003. The changes to supporting performance data will be submitted in a format to be determined by the commissioner of administration. Such performance data 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 26 and 29**

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 27-28**

(3) 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 5, lines 6-7**

(6) 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 8, line 11**

Section 15. Any unexpended or unencumbered reward monies received by any state agency during Fiscal Years 2001-2002 and 2002-2003 pursuant to the Exceptional Performance and Efficiency Incentive Program may be carried forward for expenditure in Fiscal Year 2003-2004, 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 2003-2004, 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, 2003.

- **Page 8, lines 22, 23, 24, 26, and 29 and Page 9, line 1**

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 10, line 2**

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.

Division of Administration

- **Page 15, line 25**

Objective: The Office of Facility Planning and Control (OFPC) will analyze 100 percent of the information in the Energy Use and Cost Database received by agencies in FY 03-04 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, 2004.

Performance Indicator:

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

100%

Secretary of State

- **Page 32, line 36**

04-139 SECRETARY OF STATE

The authority and responsibility for the administration of the appropriation contained in Schedule 04-144 shall be transferred to the Secretary of State upon the expiration of the term of office of the Commissioner of Elections in office on the effective date of this Act or upon a vacancy in the office of the Commissioner of Elections, whichever occurs first, pursuant to the provisions of Act No. 451 of the 2001 Regular Session of the Legislature. Upon the expiration of the term of office of the Commissioner of Elections in office on the effective date of this Act or upon a vacancy in the office of the Commissioner of Elections, whichever occurs first, the State Treasurer is authorized to transfer funding and the commissioner of administration is authorized to transfer authorized positions between Schedule 04-144 and Schedule 04-139 to effect the consolidation of functions required to implement Act No. 451 of the 2001 Regular Session of the Legislature with approval of the commissioner of administration and the **Joint Legislative Committee on the Budget**.

Department of Public Safety and Corrections

CORRECTIONS SERVICES

- **Page 73, lines 18-19**

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**.

PUBLIC SAFETY SERVICES

- **Page 98, lines 22-23**

Payable out of the State General Fund (Direct) for operations of the State Crime Laboratory, provided, however, that none of the funding appropriated herein shall be used for costs not directly related with the State Crime Laboratory; the Department of Public Safety and Corrections, Public Safety Services shall also develop a plan for equitable distribution of the funds appropriated herein to crime laboratories in the state and said plan shall be submitted to the **Joint Legislative Committee on the Budget** for its review and approval

\$ 500,000

Department of Health and Hospitals

- **Page 103, line 30**

For Fiscal Year 2003-2004, 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 45**

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 2003-2004 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 2002-2003 may be carried forward and expended in Fiscal Year 2003-2004 in the Medical Vendor Program. Revenues from refunds and recoveries in the Medical Vendor Program are authorized to be expended in Fiscal Year 2003-2004. 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, line 53**

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 104, line 7**

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) and 09-302 (Capital Area 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 9-10**

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, 2003, and monthly thereafter. The report shall present a detailed account of actual Medical Vendor Program expenditures for Fiscal Year 2002-2003 from schedule 09-306; this report shall include the department's most recent projection of comparable Medical Vendor Program expenditures for Fiscal Year 2003-2004.

- **Page 104, lines 15-16**

The secretary, with the concurrence of the commissioner of administration and the **Joint Legislative Committee on the Budget**, shall have the authority to consolidate the Patient Care and Community Support programs, when such consolidation supports the transfer of residents in facilities with 16 or more beds to appropriate placements that utilize home or community-based care services, or increases family and provider capacity to maintain persons with complex medical or behavioral needs in a community setting.

- **Page 104, line 24**

Provided, however, that the department shall develop and submit a plan, detailing both the programmatic and financial implications, for downsizing the state institution-based services for the developmental disabled to the House and Senate Committees on Health and Welfare as well as the **Joint Legislative Committee on the Budget** no later than December 31, 2003. In the formulation of this plan, the department shall seek the input of family members of individuals residing in each of the state developmental centers.

- **Page 104, lines 29-30**

Provided, however, that the performance data which coincides with the appropriations contained herein shall be submitted no later than August 15, 2003 by the secretary to the commissioner of administration and the Performance Review Committee of the **Joint Legislative Committee on the Budget** for approval and incorporation into the Fiscal Year 2003-2004 budget. All key and supporting objectives, performance indicators and performance standards for Fiscal Year 2003 2004 shall be included in this submission.

- **Page 104, lines 36-37**

The secretary is authorized to fully implement the Nursing Home Intergovernmental Transfer Program as authorized by R.S. 46:2692 and in accordance with the Cooperative Endeavor Agreements between DHH and the qualifying nursing facilities. The department shall submit a written report to the Intergovernmental Transfer Subcommittee of the **Joint Legislative Committee on the Budget** after each quarterly intergovernmental transfer.

- **Page 110, lines 43-44**

Provided, however, that of the funds appropriated herein for the Payments to Private Providers Program, the Department of Health and Hospitals shall maintain a prescription drug limit for Medicaid recipients of no more that eight per month, unless the recipient's physician specifically overrides this limit. Further, the department shall report to the **Joint Legislative Committee on the Budget** no later than October 15, 2003, the impact resulting from the current monthly prescription limit and whether or not the department plans to implement lower prescription limits or other cost containment measures.

- **Page 111, line 30**

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.

- **Page 111, lines 37-38**

The department shall cooperate with any public agency other than a public hospital that provides health care services to Medicaid recipients and that desires to certify that such expenditures are eligible for federal financing participation. It shall assist any such public agency in identifying and meeting federal or other requirements to qualify for receipt of federal funds based on certification. In the event that a public agency qualifies for federal funds as a result of such certifications, DHH shall, with approval of the **Joint Legislative Committee on the Budget**, claim federal funds based on these certifications and pay such amount to the certifying public agency.

- **Page 112, line 17**

Provided, however, that the commissioner of administration shall reduce the total appropriation contained herein for the Payments to Private Providers Program by \$21,130,068, of which \$5,390,280

shall be State General Fund (Direct) and \$15,739,788 shall be Federal Funds, and such reduction shall be allocated as follows: \$9,653,810 shall be reduced from the allocation for Behavior Management Services and the department is hereby directed to develop administrative rules and take other actions necessary to provide these services as of January 1, 2004; \$500,000 shall be reduced from the allocation for other private providers services; \$1,577,052 shall be reduced from the allocation for the Assisted Living Program, thereby eliminating all funding allocated for Assisted Living Services; and \$9,399,206 shall be reduced from the allocation for the Personal Care Attendant State Plan Options Services and the department is hereby directed to develop administrative rules and take other actions to provide these services as of October 1, 2003, upon first receiving the approval of the **Joint Legislative Committee on the Budget** to proceed in offering Personal Care Attendant State Plan Options Services at that time.

- **Page 113, lines 10-11**

Provided, however, it is the intent of the legislature to provide waiver services whenever possible rather than state plan option services. Provided, further, that the Department of Health and Hospitals shall seek approval from the federal court in the case of "Barthelemy v. Hood" to shift the amounts allocated in the Payments to Private Providers Program for personal care attendant services from state plan option services to waiver services. Should the court fail to approve the plan for a full waiver program, then the **Joint Legislative Committee on the Budget**, in conjunction with the Department of Health and Hospitals, shall develop and adopt a plan in accordance with the court's orders.

Department of Social Services

- **Page 138, lines 47-48, and 50**

These funds shall be expended in accordance with an implementation plan, which provides for geographically balanced distributions, needs assessment, program evaluation recommendations, and encourages the use of faith-based and community-based collaborative in the implementation of new initiatives and existing initiatives. Agencies responsible for administering TANF-Funded Initiatives shall develop measurable and reportable performance indicators that will be tracked and documented as part of their overall record of program effectiveness. Such implementation plan shall be approved by the Division of Administration no later than August 1, 2003 and the **Joint Legislative Committee on the Budget** upon request, after approval of Implementation Plan from the Division of Administration. The Division of Administration in collaboration with the Department of Social Services shall report to the **Joint Legislative Committee on the Budget** regarding the status of TANF-Funded Initiatives, upon request.

- **Page 139, lines 6-7**

The Department of Social Services shall provide the Division of Administration Federal reporting form titled ACF-196, which accounts for the Temporary Assistance to Needy Families Block Grant expenditures, on a quarterly basis prior to federal submission deadline for joint approval. A copy of approved ACF-196 shall be submitted to the **Joint Legislative Committee on the Budget** prior to federal submission deadline.

Higher Education - Preamble

- **Page 173, line 19**

Provided, however, that general performance information associated with Alternative Teacher Certification shall be submitted no later than August 15, 2003, by the Board of Regents to the commissioner of administration and the Performance Review Subcommittee of the **Joint Legislative Committee on the Budget** for approval and incorporation into the Fiscal Year 2003-2004 budget. This information shall be submitted in conformance with the forms and guidelines established by the Division of Administration.

- **Page 174, line 5**

The commissioner of administration, upon final approval of the Board of Regents, is hereby authorized to transfer and create separate budget allocations under the Louisiana Community and Technical College Board of Supervisors for the SOWELA and L. E. Fletcher campuses of the Louisiana Technical College. The establishment of the SOWELA and L. E. Fletcher campuses as separate allocations is to be associated with the development of these campuses as technical community colleges. This transfer shall include all funding and performance information associated with each campus. The performance information for the respective campuses shall be consistent with the current performance objectives and indicators for both technical and community colleges. Performance information shall be submitted no later than August 15, 2003, by the respective campuses, as well as related adjustments for the Louisiana Technical College, to the commissioner of administration and the Performance Review Committee of the **Joint Legislative Committee on the Budget** for approval and incorporation into the Fiscal Year 2003-2004 budget. This information shall be submitted in conformance with the forms and guidelines established by the Division of Administration.

LSU Board of Supervisors

- **Page 178, lines 20-21**

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 190, lines 44-45**

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 197, line 12**

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**.

Community and Technical College Board of Supervisors

- **Page 207, line 20**

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**.

Department of Education

- **Page 241, line 27 - MJF VETO NO. 7**

Provided, however, in the event the Board of Elementary and Secondary Education's LEAP for the 21st Century High Stakes Testing Policy provides that students scoring at or above the Approaching Basic level on the English Language Arts and Mathematics components may be promoted to the fifth grade or the ninth grade, as applicable, the commissioner of administration is hereby authorized and directed to determine the amount of savings resulting from such policy and unallot from the State General Fund (Direct) appropriated herein for High Stakes Remediation and LEAP 21 Tutoring the amount of such savings, subject to the review and approval of the Joint Legislative Committee on the Budget.

- **Page 241, lines 32-33**

Provided, however, that of the State General Fund (Direct) appropriated for Type 2 Charter Schools, the amount of \$19,540,487 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**.

- **Page 243, lines 22–23 – MJF VETO NO. 5**

Payable out of Federal funds for the Disadvantaged or Disabled Student Support Program from Title I and Individuals with Disabilities Education Act Federal Funds; provided, however, that prior to the expenditure of such funds, the Department of Education shall submit a detailed plan for the

- **Page 245, lines 23-24**

If a student reported in the October 1, 2002 MFP Student Count transfers to a Type 2 Charter School as of October 1, 2003 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.

- **Page 249, line 6**

In the event the student juvenile offender population at Special School District #1 Instruction or Special School District #2 Instruction is reduced due to a transition to other secure and non-secure facilities, any reduction in the operating expenses of Special School District #1 or Special School District #2 resulting from those actions shall be transferred to the Department of Public Safety and Corrections, Office of Youth Development, subject to the review and approval of the **Joint Legislative Committee on the Budget**, and shall only be used for the purpose of enhancing the community-based system of care for juvenile offenders.

- **Page 249, lines 9-10**

No later than the seventh of each month, Special School Districts shall submit to the **Joint Legislative Committee on the Budget** a monthly enrollment and expense report indicating the total number of students at both Special School District #1 Instruction and Special School District #2 Instruction, the number of students enrolled in special education programs, and the monthly budgeted and actual expenditures for the previous month.

Other Requirements

- **Page 273, lines 13-14**

Provided, however, that the commissioner of administration is hereby authorized and directed to make the necessary adjustments to all appropriations in this Act and the Ancillary Appropriation Act which originated as House Bill No. 1779 of the 2003 Regular Session of the Legislature for agency, program or budget units for the purpose of allocating these funds in accordance with a plan submitted to and approved by the **Joint Legislative Committee on the Budget**.

2003 Enacted Legislation with an Impact upon the Joint Legislative Committee on the Budget

In addition to the requirements in Act 14 relative to the Joint Legislative Committee on the Budget (JLCB), there were a number of bills passed by the Legislature during the 2003 Regular Session of the Legislature that also require action by the Budget Committee.

Bill No.	Act No.	Author	Impact	Effective Date
HB29	Act 390	Rep. Salter	Repeals R.S. 38:2241.2, which required DOTD to present quarterly reports to JLCB on all construction projects for which a final engineering estimate had not been completed within 45 days of the acceptance of the project.	Gov. Signature
HB1052	Act 1055	Rep. LeBlanc	Provides for the JLCB or Litigation Subcommittee of JLCB to be allowed to obtain dollar amounts billed by and paid to contract attorneys and experts in defense of claims against the state that the chairman, vice chairman or subcommittee deems necessary to perform functions and duties relative to performance evaluation or determination of budget policy.	Gov. Signature
HB1068	Act 1057	Rep. LeBlanc	Authorizes the Division of Administration to submit recommendations requesting the JLCB to adjust performance data for executive branch agencies. Authorizes the JLCB to approve any adjustment to agencies it deems appropriate. Also provides that an agency which needs judicial review of an adjudication, but does not prevail shall pay court cost for the other party.	Gov. Signature
HB1387	Act 1271	Rep. Lancaster	Provides that any agency required to make payments for litigation expenses under final disposition of a judicial review shall do so out of its regular operating budget and shall submit a detailed report of all such payments from the prior fiscal year to its legislative oversight committees and to the JLCB no later than Nov. 15 of each year.	Gov. Signature
HB1403	Act 959	Rep. Alario	Provides for any university or higher education facility to undertake any new construction, maintenance, or repair project not exceeding \$5 million solely funded from self-generated revenues, grants, donations, or local or federal funds without being included in the capital outlay bill, provided the project is approved by the appropriate management board, the Board of Regents, the division of administration, the office of facility planning and control, and the JLCB. This exemption applies only to projects that could not be accomplished in the normal capital outlay process due to timing or funding constraints.	Gov. Signature

Bill No.	Act No.	Author	Impact	Effective Date
HB1536	Act 1105	Rep. LeBlanc	Provides that the Board of Regents develop a state tuition and fee policy which shall be applicable to each public postsecondary education institution and system in the state and that the Board of Regents and each of the management boards report annually to the JLCB no later than Feb. 1 of each year on the status of the implementation of the state tuition and fee policy.	Gov. Signature
HB1633	Act 1281	Rep. Murray, et al.	Provides that if a new casino support services contract is not in place between the gaming control board and the governing authority of the parish where the official gaming establishment is located by March 31 of any year, the contract currently in effect shall be submitted to the JLCB for approval of the amount of the contract at the next meeting of the committee. If the JLCB approves the contract, it shall remain in full force and effect. If the JLCB disapproves or does not act on the contract, it shall be null, void, and of no effect.	Became Law Without Gov. Signature
HB1756	Act 734	Rep. Peychaud, et al.	Provides for the creation of the Louisiana Housing Trust Fund, and for the Louisiana Housing Finance Agency to submit rules and regulations for such fund to the JLCB for review.	Gov. Signature
HB1819	Act 1136	Rep. Walsworth	Provides that the maximum amount of security to be posted in all appeals in civil litigation relating to the Master Settlement Agreement also applies to affiliates of a signatory to the agreement and all defendants. Act 1136 also authorizes the securitization (sale) of the remainder of the tobacco settlement proceeds, requires approval of the State Bond Commission, the JLCB, and the majority of the legislature, in session or by mail ballot. Provides for deposit of any securitization to be deposited into the Millennium Trust Fund. (Securitization also authorized by Act 1210 of 2003.)	Gov. Signature (July 2, 2003)
HB1852	Act 1141	Rep. Carter, et al.	Authorizes imposition of additional costs and service charges in all cases in the 19th JDC for the purpose of retiring debt associated with the planning and construction of a facility housing the 19th JDC, the clerk of court, and the EBR Family Court. Prohibits expenditure of such monies unless approved by the JLCB and State Bond Commission.	Effective August 15, 2003
HB1949	Act 983	Rep. Peychaud	Relative to the promulgation of certain rules and regulations by the Louisiana Housing Finance Agency which are exempt from Administrative Procedure Act requirements, new law requires the agency to submit rules affecting the La. Housing Trust Fund, the Low Income Energy Assistance (LIHEAP) program, the Weatherization Program (WAP), and Section 8 Contract Administration Program to the JLCB for review.	Gov. Signature (July 1, 2003)

Bill No.	Act No.	Author	Impact	Effective Date
HB2018	Act 1225	Rep. Landrieu, et al.	Enacts the Juvenile Justice Reform Act of 2003 and creates the Juvenile Justice Reform Act Implementation Commission. Also provides for the closure of the Swanson Correctional Center for Youth-Madison Parish Unit at Tallulah as a facility for juveniles and requires the submission of such closure plans developed by DPS&C to the governor, the Juvenile Justice Reform Act Implementation Commission, and JLCB on or before August 1, 2003. Also requires submission of a plan for the transitioning of the youths from Swanson facility to the JLCB no later than August 1, 2003. Requires the Juvenile Justice Reform Act Implementation Commission to submit any recommendations regarding suggested executive or legislative action and funding needs for juvenile facilities or services to the governor, legislature, and the JLCB prior to the 2004 Regular Session of the Legislature.	Effective August 15, 2003
SB86	Act 801	Sen. Hines, et al.	Creates the Louisiana Seniors Pharmacy Assistance Program under the secretary of DHH for the purpose of providing financial assistance to certain eligible senior citizens for the purchase of prescription drugs. Requires the JLCB and the Senate and House committees on Health and Welfare to approve the maximum annual drug benefit proposed by the secretary. Implementation is dependent upon appropriation of funds.	Gov. Signature (July 1, 2003)
SB231	Act 1178	Sen. Theunissen, et al.	Relative to the School and District Accountability Rewards Fund, authorizes the Department of Education to use monies appropriated from the fund in accordance with a plan BESE submits to the JLCB for review and approval.	Gov. Signature
SB305	Act 207	Sen. Schedler, et al.	Establishes the Louisiana Medicaid Buy-In Program for Persons with Disabilities. Beginning January 1, 2004, and semiannually thereafter, requires DHH to submit information to the JLCB and Senate and House Health and Welfare committees on the status of the program, including the number of enrollees, the estimated cost, estimated value of FICA taxes paid by program participants, and any recommendations for expanding coverage in the buy-in program.	Effective August 15, 2003
SB382	Act 813	Sen. Schedler, et al.	Expands health care for the low-income uninsured through a Health Insurance Flexibility and Accountability (HIFA) demonstration initiative. Directs DHH to apply to the federal Centers for Medicare and Medicaid Services (CMS) for a waiver plan, including cost estimates. Submission of the plan is contingent upon the approval of the plan by the JLCB.	Effective August 15, 2003

Bill No.	Act No.	Author	Impact	Effective Date
SB749	Act 767	Sen. Hainkel, et al.	Creates the Louisiana Arts and Entertainment Industry Development Fund under the La. Economic Development Corporation (LEDC) for establishing a program for development and promotion of certain music enterprises. Requires LEDC to report each February 15 to DED and the JLCB identifying each business or venture receiving monies from the fund and the amounts received.	Effective August 15, 2003
SB828	Act 352	Sen. Boissiere, et al.	Relative to the Pari-mutuel Live Racing Facility Economic Redevelopment and Gaming Control Act, requires JLCB to approve any amendment to the provisions of the Amended and Renegotiated Casino Operating Contract entered into and amended through March 31, 2001 to be consistent with the provisions of Section 1 of this Act.	Effective August 15, 2003
SB1011	Act 989	Sen. Michot, et al.	Provides for the award of performance-based energy efficiency contracts. Requires the commissioner of administration, in consultation with DNR, to promulgate rules for implementation which must be submitted to the JLCB for review and approval before such rules may be adopted and promulgated.	Effective August 15, 2003
SB1025	Act 1210	Sen. Dardenne, et al.	Authorizes sale of all remaining tobacco settlement proceeds and requires JLCB and a majority of the Legislature (in session or by mail ballot) to approve the State Bond Commission's declaration to sell the remaining proceeds.	Effective July 1, 2003
SB1088	Act 1270	Sen. McPherson, et al.	Relative to the Disability Services and Supports System Planning Group, requires that expenditures proposed by the consumer task force be submitted to the JLCB for approval prior to payment.	Effective August 15, 2003