

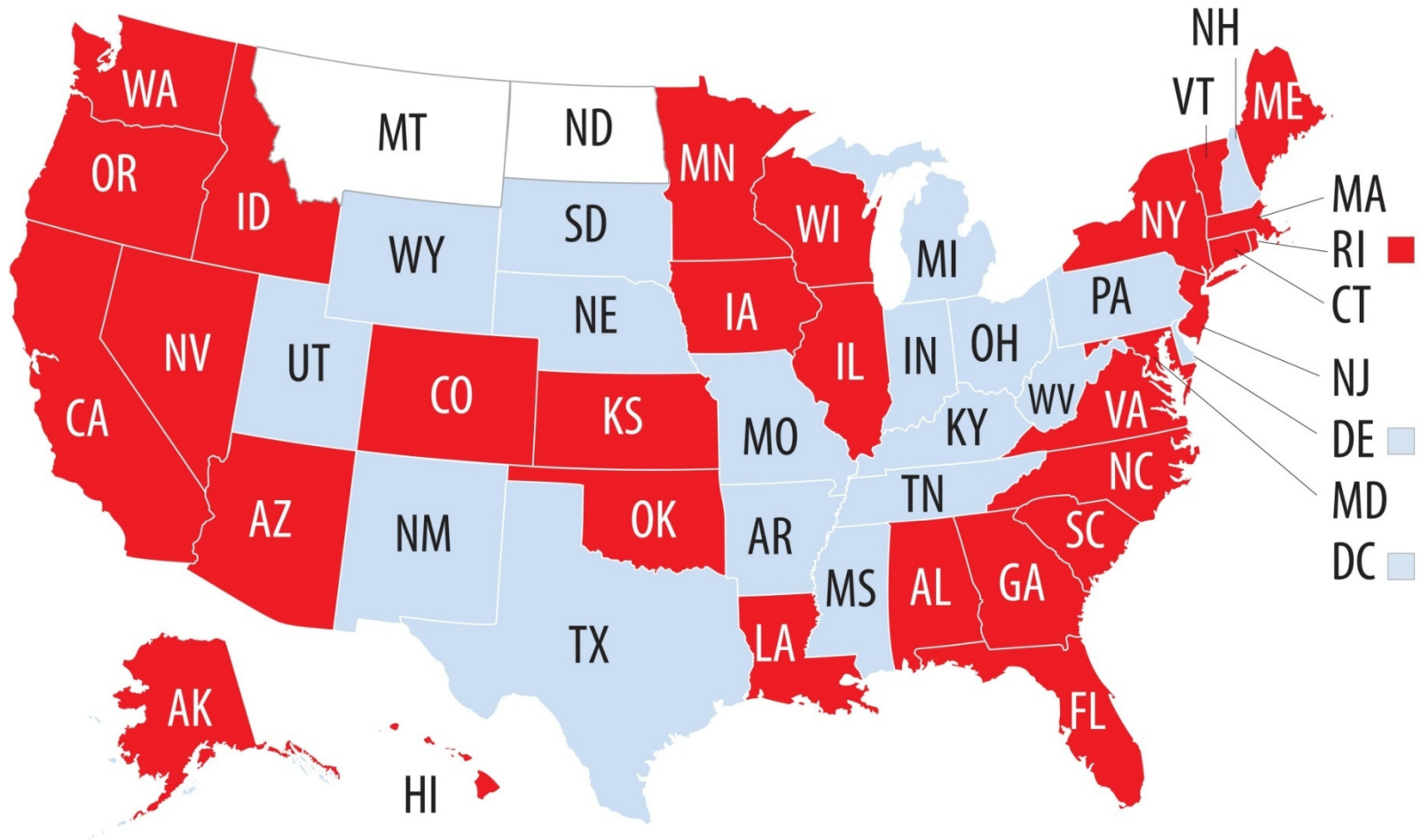
LOUISIANA AT THE CROSSROADS

*RESPONSIBLE RESPONSES TO
LOUISIANA'S FISCAL CRISIS*

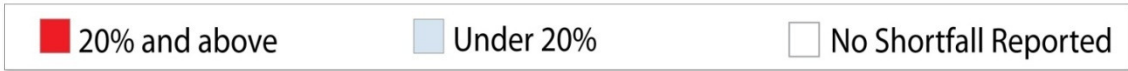


Louisiana Budget Project

48 States Face Budget Shortfalls.



Shortfalls as share of FY09 General Fund Expenditures.

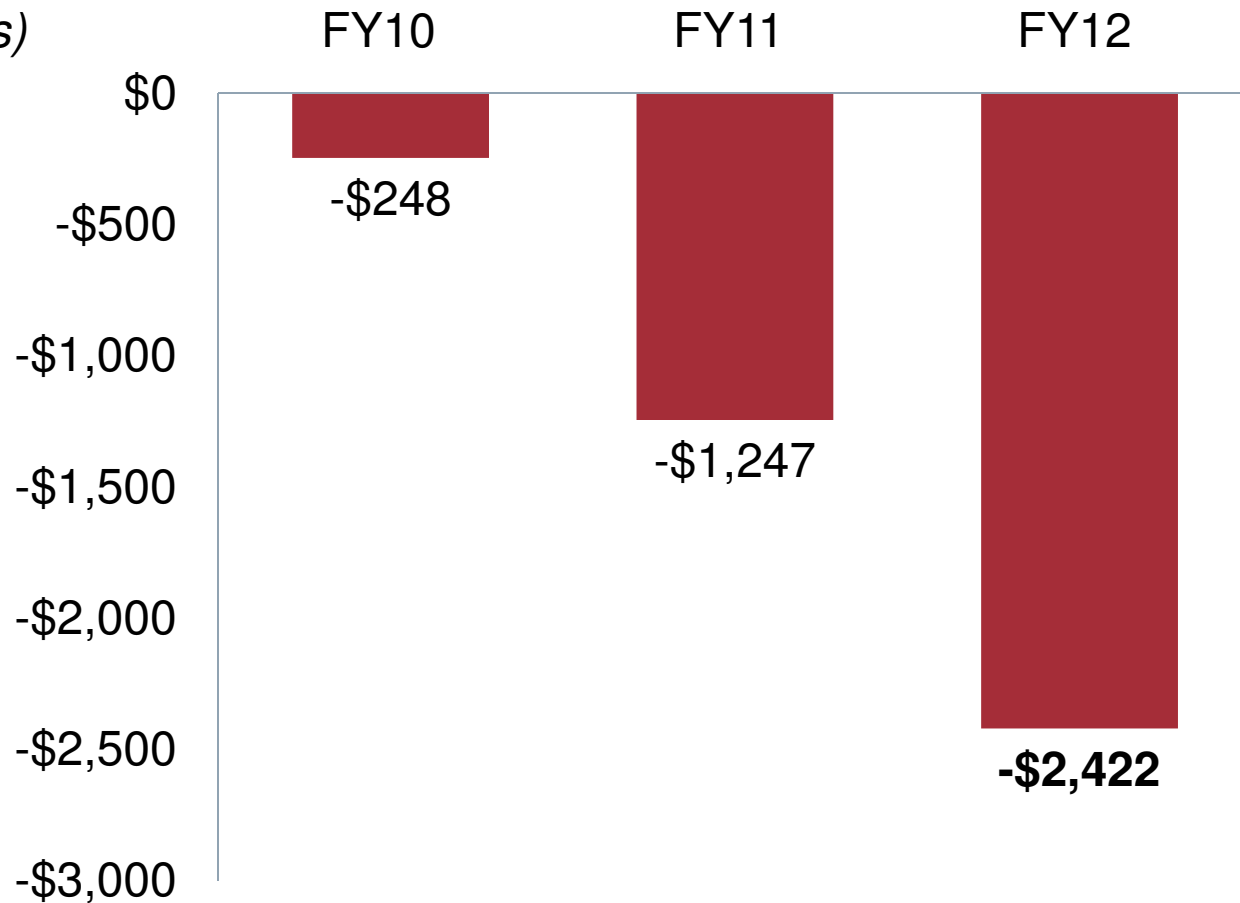


3-Year Base Line Projection

<i>(in millions)</i>	FY10	FY11	FY12
State General Fund Revenue	\$8,851	\$8,021	\$8,204
State General Fund Expenditure	\$9,046	\$9,163	\$10,522
MFP & Retirement rate adjustments	\$53	\$104	\$104
Cumulative Balance	\$(248)	\$(1,247)	\$(2,422)

3-Year Cumulative Shortfall

(in millions)



Percent of Total Budget

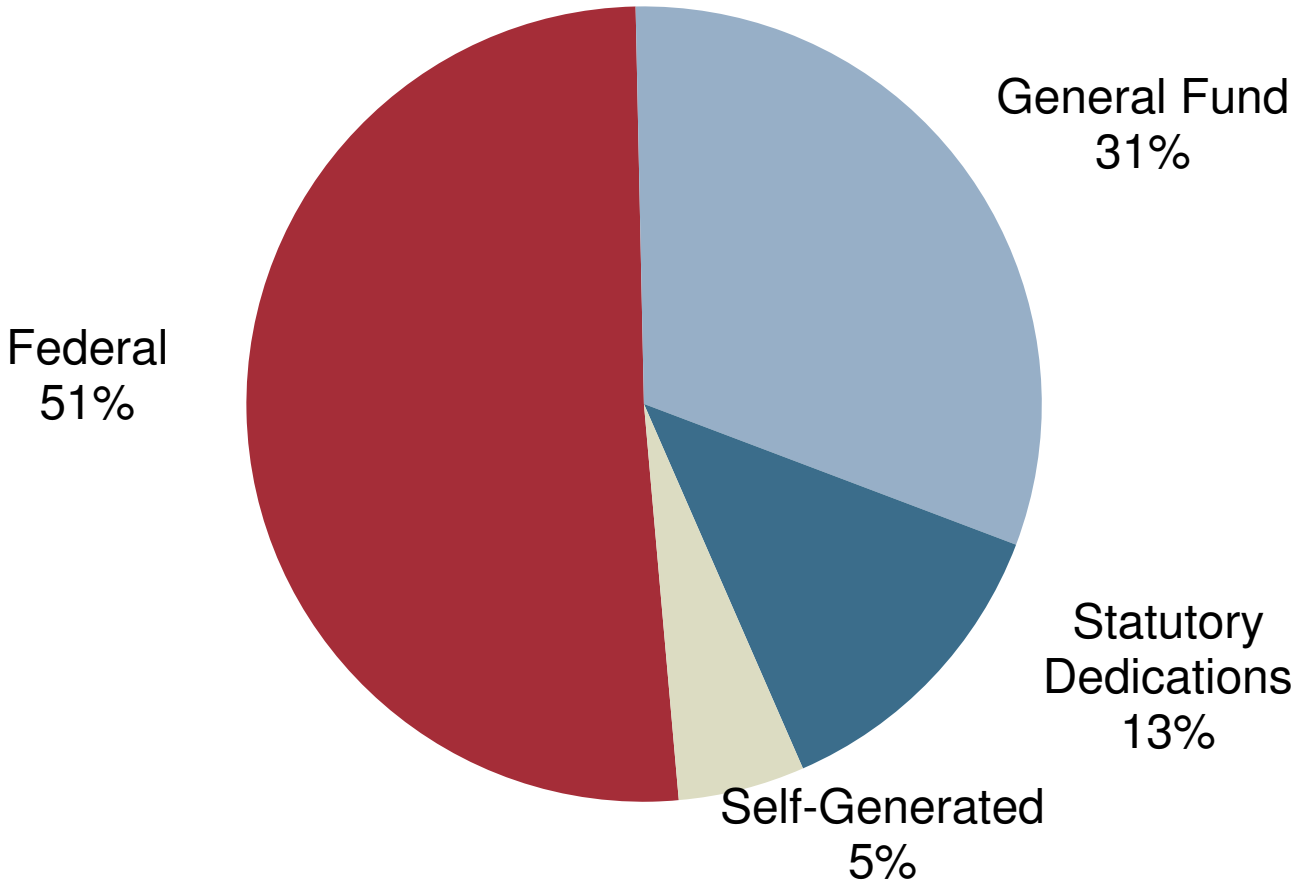
$$\text{\$2.4 billion} \div \text{\$29 billion} = \text{8\%}$$

3-year Cumulative Shortfall

Total FY10 Budget

Percent of total
FY10 budget to be
cut over 3 years

FY10 Total Means of Financing



Percent of State General Fund Spending

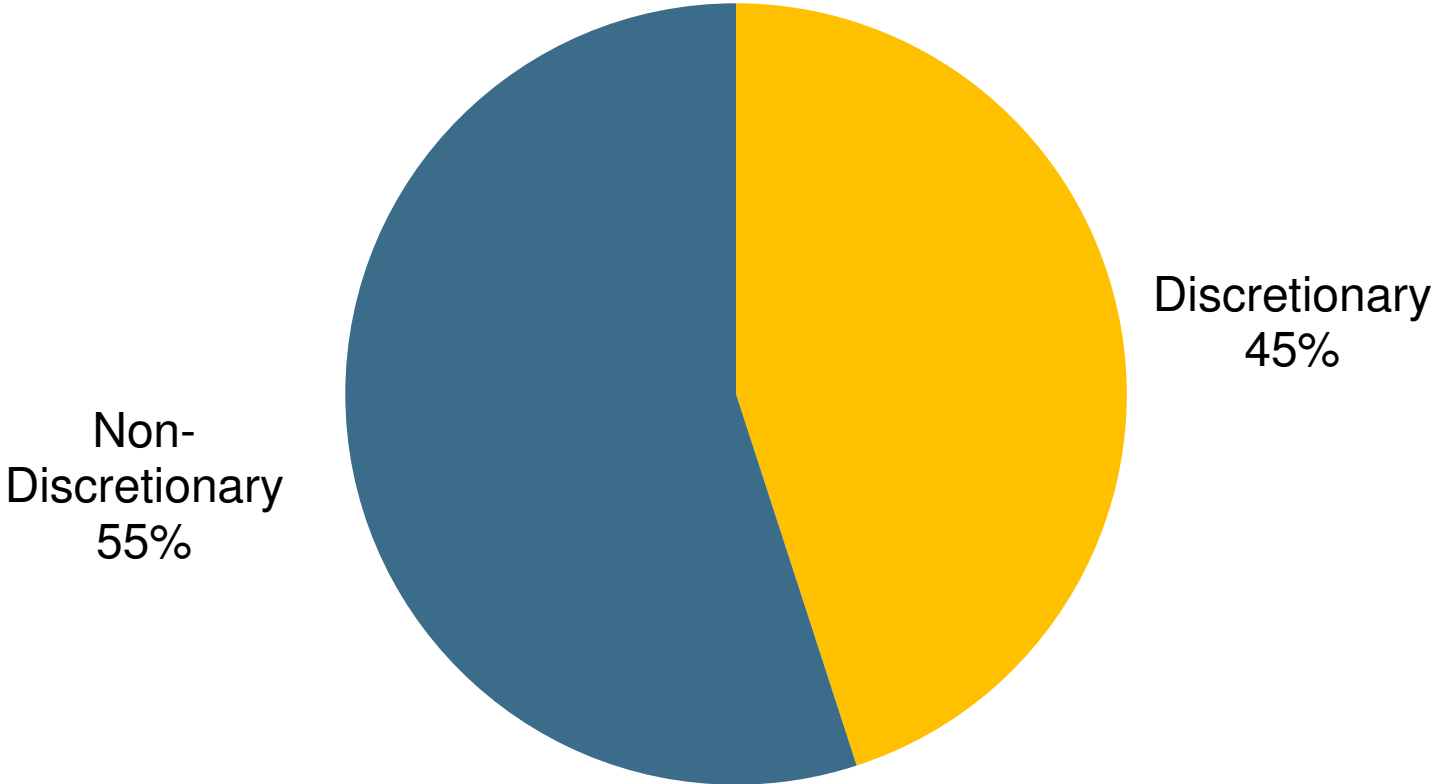
$$\text{\$2.4 billion} \div \text{\$9 billion} = \text{27\%}$$

3-year Cumulative Shortfall

FY10 State General Fund

Percent of FY10
state general fund to
be cut over 3 years

Discretionary vs. Non-Discretionary



Percent of Discretionary Spending

$$\text{\$2.4 billion} \div \text{\$4 billion} = \text{60\%}$$

3-year Cumulative Shortfall

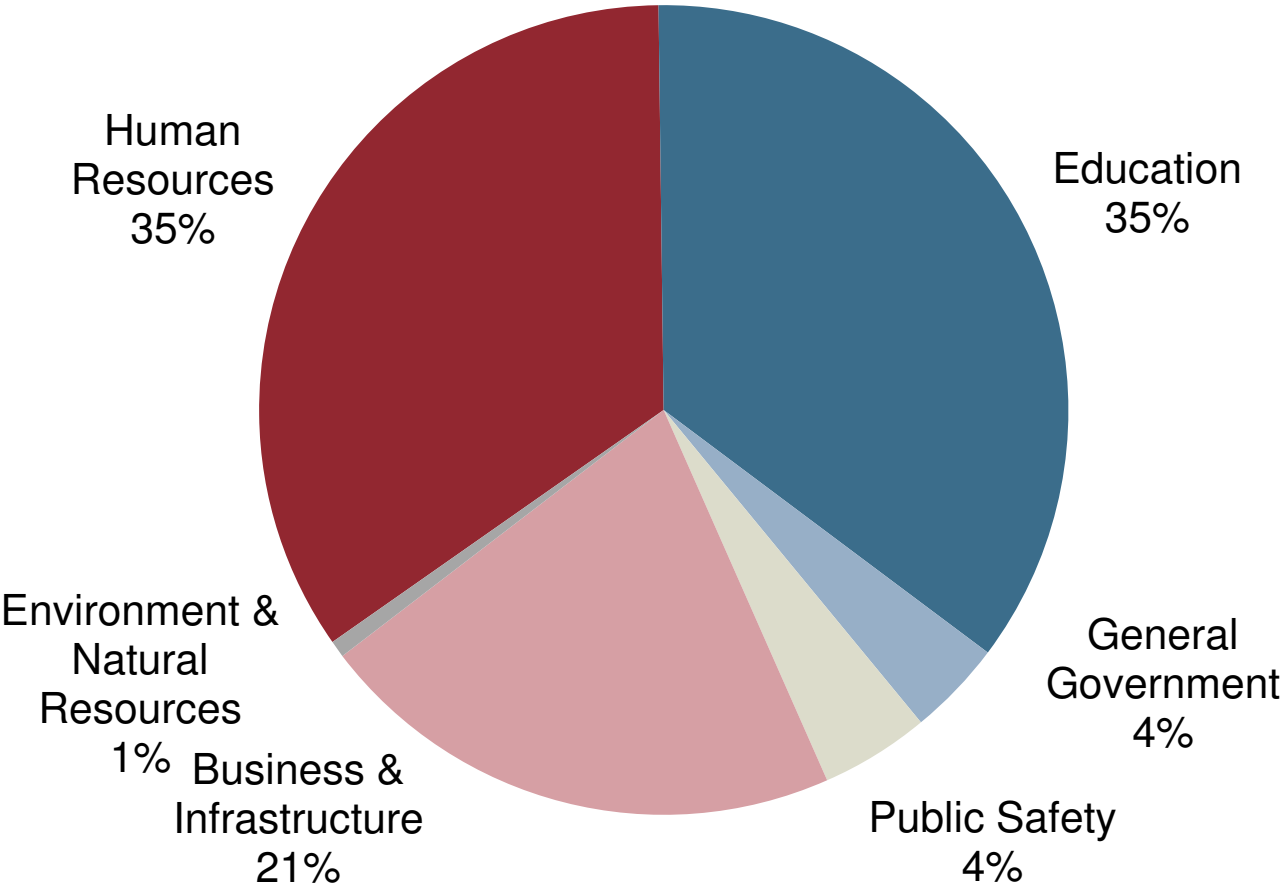
FY10 Discretionary Funds

Percent of FY10
discretionary fund to
be cut over 3 years

Percent of Recurring Discretionary Spending

$$\begin{array}{ccc} \$2.4 \text{ billion} & \div & \$3.3 \text{ billion} = 73\% \\ \text{3-year Cumulative Shortfall} & & \text{FY10 Discretionary Funds} \\ & & \text{(minus one-time funds for} \\ & & \text{Capital Outlay)} \\ & & \text{Percent of FY10} \\ & & \text{recurring discretionary} \\ & & \text{fund to be cut over 3} \\ & & \text{years} \end{array}$$

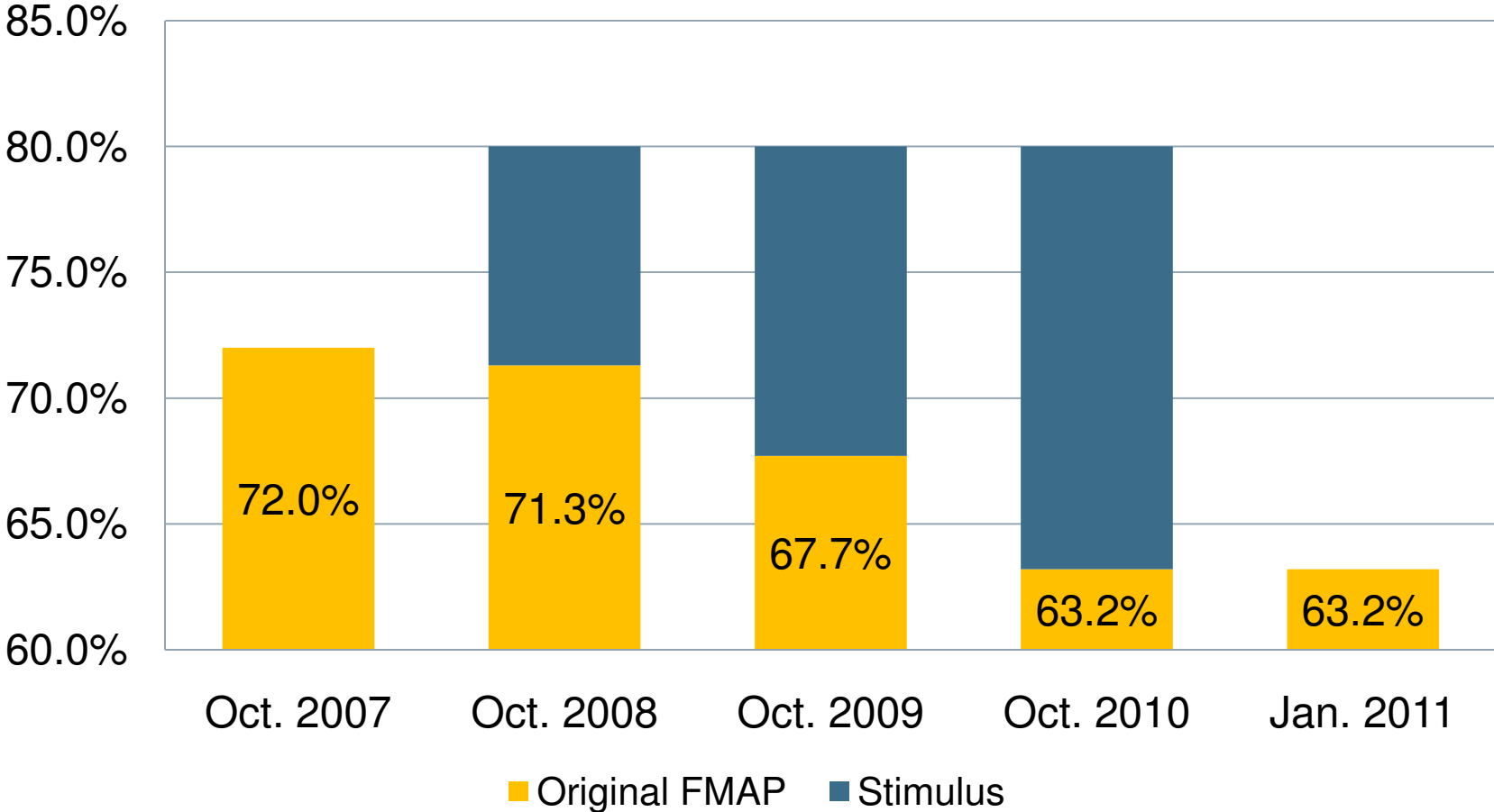
FY10 Discretionary Expenditures



Unaddressed Obligations

Highway Backlog	\$14.0 billion
Retiree Group Benefits	\$12.0 billion
Risk Management	\$1.2 billion
Deferred Maintenance - Higher Education	\$1.8 billion
Deferred Maintenance - State Buildings	\$2.5 billion
Medicaid Overbilling	\$0.7 billion
TOTAL UNADDRESSED NEEDS	\$32.2 BILLION

FMAP Rate Change



Louisiana Statistics

- Health
 - 47th among all states in terms of health outcomes
- Wealth
 - 48th among all states for median household income
 - 18% of citizens live below the federal poverty level
- Education
 - 20% of population over 25 lacks high school diploma
 - 80 % of population over 25 lacks bachelor's degree

Fiscal Impact

- FY11
 - Second half of the year FMAP = 63.2%
 - Cost = \$400 Million
- FY12
 - Entire year FMAP = 63.2%
 - Cost = \$900 Million
- Total Cost Over 2 Years = \$1.3 Billion

Effects of Budget Cuts

- Less access to healthcare
 - Fewer hospitals
 - More pressure on emergency room facilities
- Less rich college curriculum
- Elimination of state homes for developmentally disabled
- Less funding for adult literacy programs
- Bad roads getting worse



We Need a Balanced Approach

5-Year Tax Exemption Budget



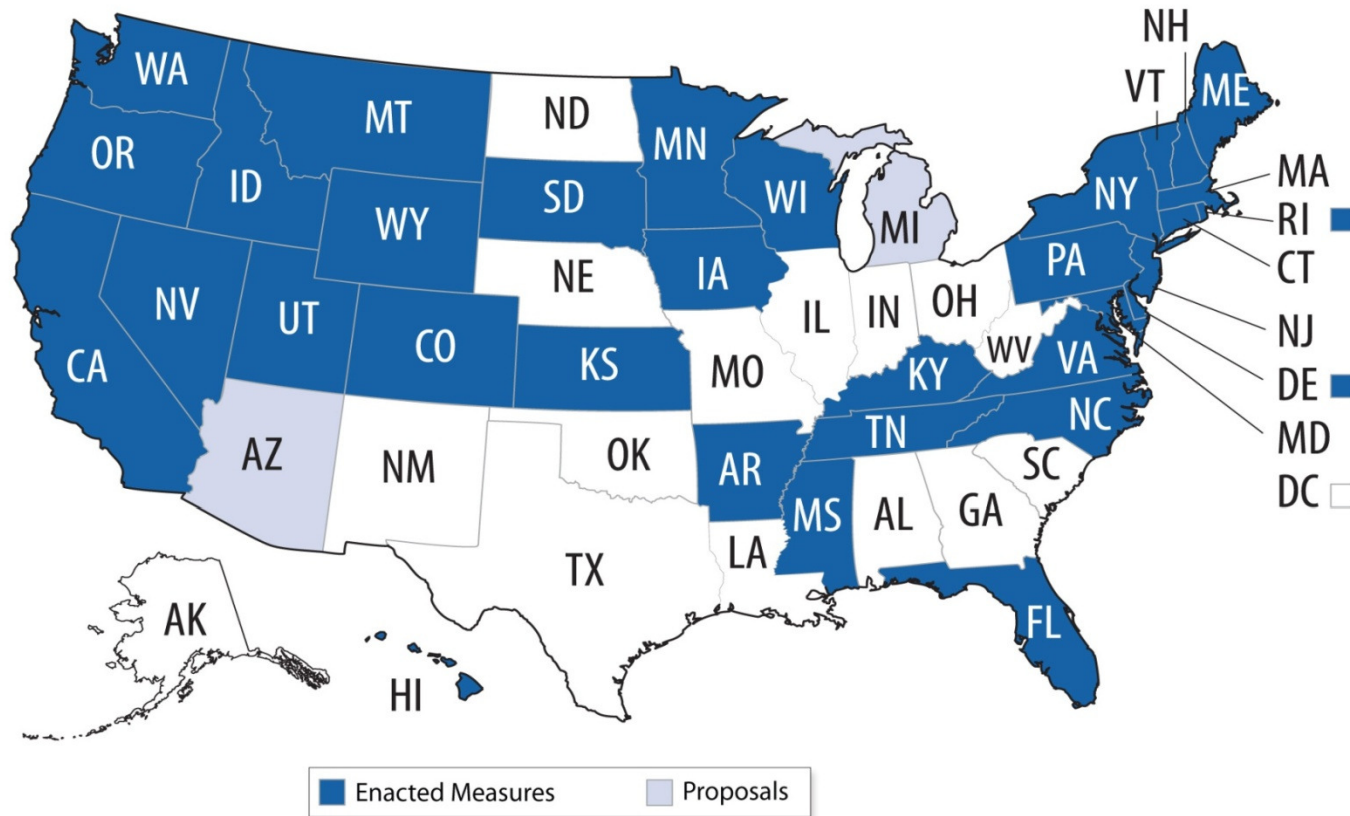
\$6.5 BILLION

Fiscal Effect of Stelly Repeals

<i>(in millions)</i>	FY08	FY09	FY10	FY11	FY12	5-Year Total
Excess Itemized Deductions	\$157	\$190	\$308	\$332	\$357	\$1,344
Bracket Changes	\$0	\$0	\$359	\$251	\$262	\$872
Total Cost	\$157	\$190	\$667	\$583	\$619	\$2,216

2009 State Tax Increases.

Lawmakers in 35 states have enacted or are considering proposals to increase taxes and fees.



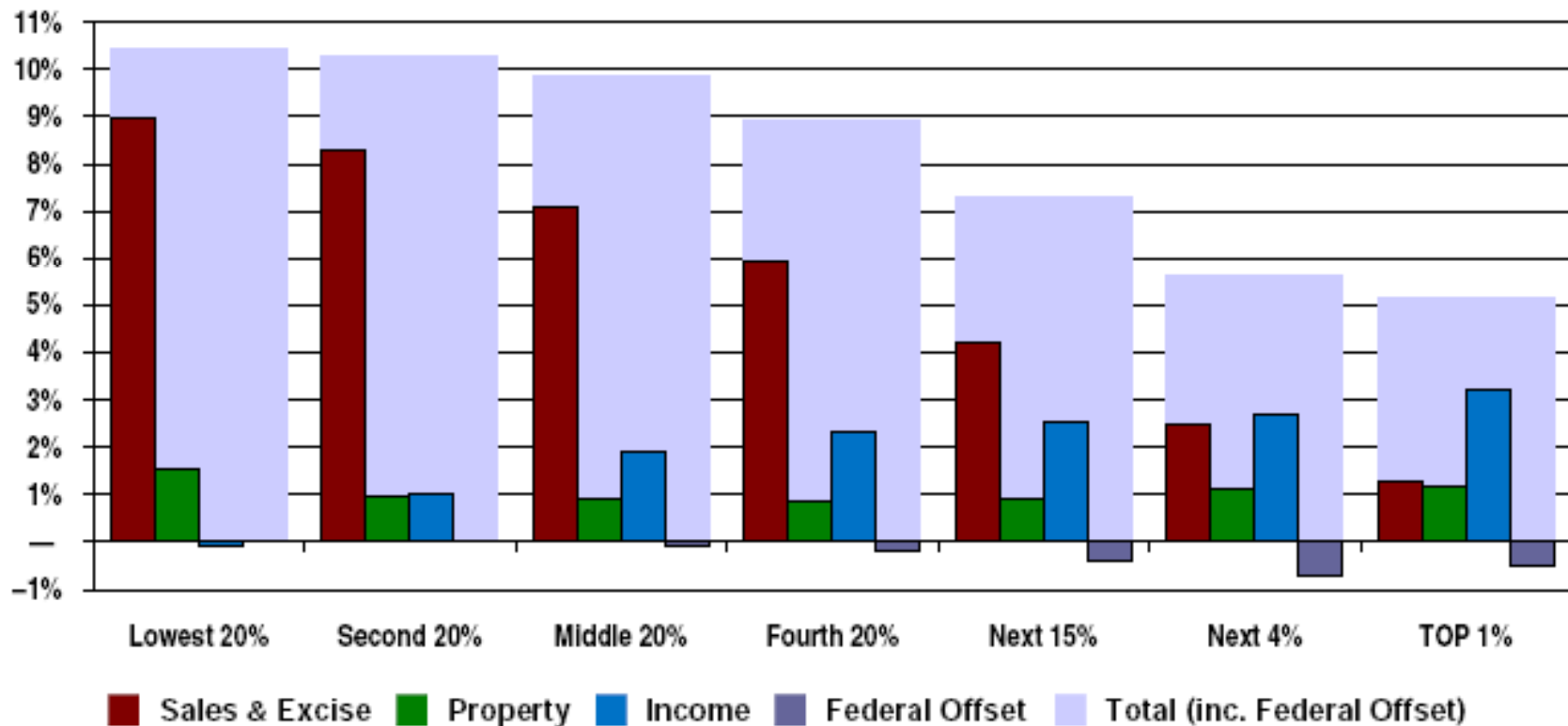
Note: Status as of October 14, 2009.


Governors that Supported Tax Increases by Party

Republican	55%
Democrat	75%

State & Local Taxes in 2007

Shares of family income for non-elderly taxpayers





Thank you!
Questions?

www.labudget.org