

COMMENTARY

INSIDE REPORT

Another view of state needs and cutbacks

As the Legislature convenes for a session dominated by budget problems, the state and its institutions face the difficult challenge of determining what is a “sustainable” future for Louisiana.



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Cutting back to a “sustainable” level of spending, in a favorite word of Gov. Bobby Jindal, might get ugly.

Even as the cutbacks fall on the deserving and undeserving alike, it’s helpful to remember — despite the protestations of the current leadership — that the problem is not caused just by reckless spending during the boom in revenue as a result of hurricane recovery spending and record-high oil prices.

The proposed cutbacks “might be warranted if Louisiana’s problems were the result of overspending in the past,” a new independent report says. “But, in fact, Louisiana’s budget problems are not due to out-of-control spending. The reality is that Louisiana has insufficient state revenues to meet growing needs.”

That report by the Louisiana Budget Project itemized the growth in state obligations during the time when the “unsustainable” spending was taking place.

Over five years, “families using food stamps increased 20 percent. Medicaid enrollments increased 13 percent from pre-Katrina levels,” the report said.

At the same time, there was significant growth in higher education, particularly in Louisiana’s community colleges: “The number of enrolled students at four-year institutions increased 3 percent between 2004 and 2009, from 214,144 to 220,381. At community colleges, enrollment increased 37 percent during the same time period, from 50,920 to 69,940.”

Those facts suggest, in the view of the Budget Project’s analysts, that returning state spending to pre-Katrina levels would take a huge toll not only on the poor, who need help most during a recession, but also on the student bodies which are the seed corn for economic growth in the future.

The Budget Project is a four-year-old project of the Louisiana Association of Nonprofit Organizations and is part of a network of state think tanks associated with the Washington-based and liberal-leaning Center on Budget and Policy Priorities.

The report notes that the cuts in income taxes that preceded the recession have made the problem worse, and that Louisiana is a leader in granting tax exemptions and tax breaks to businesses.

Whether those are today useful or not is rarely examined, even as 89 percent of potential state revenue under current law is exempted.

The Budget Project also noted many other states, from California to New York — and even the Republican-governed Mississippi — have mitigated the impact of budget cuts by raising new revenue.

Still, the report also notes — as does Jindal, frequently — that part of the problem is a flawed federal formula for Medicaid reimbursement, part of Louisiana’s legacy from the terrible hurricane year of 2005.

“These reductions in federal aid will hit state services hard,” the report said of that and other federal-aid issues in Jindal’s budget.

The Budget Project’s full report is available at <http://www.labudget.org>.

The Budget Project’s focus on the effects of state spending — or cutbacks — on lower- to moderate-income families is a helpful addition to state policy discussions, which usually are driven by lobbyists for well-heeled interests and lawmakers who slavishly do their bidding.

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