

Mailing:

P.O. Box 66558
Baton Rouge, LA 70896

Physical:

8281 Goodwood Blvd.
Baton Rouge, LA 70806

Phone: 225-929-5266

Fax: 225-925-2711

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Contact: Edward Ashworth, 225.929.5266, x224
225.907.3035 (cell)

BUDGET ANALYSTS FIND STATE REVENUES STILL SHORT OF NEEDS

BATON ROUGE—The Louisiana Budget Project (LBP) released a review of Governor Jindal's 2011 Executive Budget today. The report finds that the Administration's proposed spending cuts are an inadequate response to a growing need for state services.

While LBP agrees that reduced spending is necessary for responsible budgeting in a tight economy, analysts at the nonpartisan research group highlight missed opportunities to balance budget cuts with new or recovered tax revenues that would better address the state's fiscal crisis.

According to LBP, a stated Administration budgetary goal to "realign the size and cost of government to more sustainable, pre-Katrina levels" does not reflect the expansion of post-Katrina demand for government services as documented by increased use of food stamps (up 20%), Medicaid (up 13%) and higher education (up 3% and 37% in four-year and community college enrolment, respectively).

The report cites Louisiana's unemployment rate, a gross indicator of numerous potential service needs, as rising nearly two percentage points since before Hurricane Katrina.

The Executive Budget proposes numerous potentially controversial cuts. The LBP report cites its elimination of state funding for stipends teachers receive by obtaining National Board Certification. The \$5,000 stipends, designed to improve teacher quality, are required by state law. Cutting them from the budget, says LBP, would make them "an unfunded state mandate that districts must cover out of their budgets which, in many cases, are already stretched."

The Executive Budget's use of one-time tax-amnesty and FY09 surplus funds to partially offset billions of dollars in projected revenue reductions over the next year provides only a limited solution, say LBP analysts: "[This approach] does not solve the long-term shortfall in recurring revenues and simply pushes the problem into the next fiscal year."

More sustainable alternatives they suggest include closing certain tax loopholes, improved tax collection and allowing use of "rainy day" and



www.labudget.org

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restricted funds under circumstances LBP sees as warranted by the ongoing fiscal crisis.

The Baton Rouge-based LBP provides independent research and analysis of Louisiana fiscal issues and their impact on low and moderate income residents. For a copy of the full report and more information on LBP, visit www.labudget.org.