



Louisiana Budget Project

PROVIDING INDEPENDENT,
NONPARTISAN research and analysis
of Louisiana fiscal issues and their
impact on low and moderate
income residents.

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JINDAL BUDGET FAILS TO ADDRESS STATE'S REVENUE SHORTFALL AND CONTINUES STATE ON PATH OF DECLINING SERVICES

(Baton Rouge – March 11, 2011) Today the governor unveiled his plan to close the \$1.6 billion dollar budget gap for the upcoming fiscal year that begins July 1, 2011. Once again, the governor relies on cuts to vital state programs to fix what is a shortfall in revenues caused by massive tax decreases that primarily benefited the well-to-do.

Jindal's proposed \$24.9 billion dollar budget for next year includes:

- 2,000 state workers losing jobs
- Cutting funding for charity hospitals
- Charging Louisiana families more for a college education
- Making financially strapped local school districts pay more to run their schools
- Raiding the Millennium Trust Fund (tobacco settlement money) to pay for TOPS, the state's merit-based college scholarship program that primarily benefits students from families making \$75,000 or more
- Charging state employees 37.5% more for their pension plan

Louisiana continues to be one of the poorest, unhealthiest, and least educated states in the country. State institutions that address those problems have had their budgets cut repeatedly.

"The governor's proposed budget for FY2012 doesn't begin to undo the severe damage already done to vital Louisiana institutions and the state's future," Ashworth said.

Refusing to consider revenue increases will continue to impede the state's ability to grow and prosper. "We're eating our seed corn when we cut pro-business initiatives like the Department of Economic Development's Rapid Response Program," noted Ashworth about a state program whose budget was reduced by over a third.

The Budget Project supports a more balanced approach to solving Louisiana's fiscal crisis, one that includes securing additional revenue rather than relying solely on spending cuts.

Potential sources of new revenue include the \$7.1 billion the state spends on 441 tax exemptions. This so-called tax-code spending almost equals what the state raises and spends from income and sales taxes, but has little legislative or public oversight.

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Ashworth said that by repealing the 2007 tax cut that primarily benefited upper income people and cost the state over \$300 million last year, all the money that has been cut from LSU's budget could be replaced.

Citing another example, Ashworth noted that "Eliminating the \$164 million dollar film tax credit that benefits Hollywood moguls would pay for the salaries of thousands of state employees whose jobs are now on the chopping block."

The Louisiana Budget Project provides independent research and analysis of Louisiana fiscal issues and their impact on low and moderate income residents. For more information on LBP, visit www.labudget.org.

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