



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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Louisiana Needs Better Choices to Succeed

(Baton Rouge – April 27, 2011) Governor Bobby Jindal opened the 2011 Regular session of the Legislature yesterday repeating his mantra of no new taxes. According to the governor, “Tax increases kill jobs. Tax increases kill opportunity. Tax increases hurt economic development. Tax increases hurt our ability to attract new businesses into Louisiana.”

“The governor has it exactly wrong,” said Edward Ashworth, Director of the Louisiana Budget Project. “And the proof’s in the pudding.”

According to the Louisiana Budget Project, since Gov. Jindal took office in 2008 and championed the 2007 and 2008 tax cuts, largest in the state’s history, Louisiana’s unemployment rate has gone from 4 to 8.1 percent. “The state has lost over 16,000 manufacturing jobs. Louisianans continue to be among the least healthy (ranking 49th) and poorest educated (ranking 49th) in the country,” Ashworth noted.

Louisiana’s college-educated young adults have been voting with their feet, leaving the state for better opportunity elsewhere, the Budget Project noted. “The state’s lagging growth, reflecting Louisiana’s relative unattractiveness as a place for businesses and people to locate, live, and work, resulted in the loss of a congressional seat in Washington,” Ashworth said. He pointed out that noted Louisiana political analyst, Elliott Stonecipher, has warned that, if the state does not change the path it is presently following, it risks becoming a state of senior citizens and poor people.

The Budget Project is part of a coalition, Better Choices for a Better Louisiana, that is calling for a more balanced approach to resolving Louisiana’s fiscal crisis. “Louisiana needs better choices and we need them NOW,” Ashworth said. “Cutting taxes in Louisiana has not enhanced the state’s attractiveness to new businesses or families because it hurts the ability of the state to provide high-quality services such as education, health care, and transportation. “

In a recent report, the Center on Budget and Policy Priorities portrays this way of thinking as a “zero-sum game.” When a state cuts taxes, it generally has to offset the loss in revenue by making a spending cut for a program or service. Tax cuts designed to encourage businesses to hire workers can have exactly the opposite effect, leading to layoffs of workers in both the public and the private sector. According to the Budget Project, we are seeing this effect in the governor’s budget, in which he proposes to balance the budget, in part, by cutting over 2,000 state employees, suspending merit-based salary increases, and raising the amount workers contribute to their retirement by 37.5 percent.

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More than \$1 billion in budget cuts means the cancellation of contracts with private vendors that build our roads and highways, fewer grants to nonprofit organizations that provide direct services to those in need, the loss of good-paying state jobs in communities that need them, and layoffs for professors and scientists who promote innovation by publishing research, generating federally funded projects, and seeking patents.

“The Governor’s ideological stance against any tax increase puts the future of Louisiana’s economy in jeopardy,” Ashworth concluded. “The governor’s proposal to continue to defer needed investments in education, economic development, health care, and infrastructure improvements means Louisiana stays at the top of the bad lists and the bottom of the good lists.”

The Baton Rouge-based 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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