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Jindal proposes \$25.5B budget for next year

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BATON ROUGE — State agencies could be forced to make up to 2,700 layoffs, state workers would see higher retirement costs and more private companies would be hired to run public services, under a \$25.5 billion budget proposed today by Gov. Bobby Jindal.

The state's budget for the fiscal year that begins July 1 would remain nearly flat, with a slight \$61 million decrease. A patchwork of one-time money, increased federal cash and growth in the state general fund make the numbers work.

To balance the budget, Jindal's 2012-13 spending plan relies on expectations that lawmakers will pass a package of retirement changes that shrink benefits for some workers, increase payments by thousands of rank-and-file state employees and push back their retirement age. The retirement savings to state agencies would fill gaps in services and programs.

Jindal proposes selling a state prison in Avoyelles Parish, hiring a private company to run a state employee health care plan in the Office of Group Benefits and privatizing two facilities that care for developmentally disabled people in Hammond and Bossier City. The operations of ferries in Gretna, Algiers and Chalmette also would be turned over to private firms.

Two ferries in south Louisiana at Edgard and White Castle would be closed. State prisons in Pineville and Keithville would be shuttered, and the inmates at J. Levy Dabadie Correctional Center and Forcht-Wade Correctional Center would be shifted to other facilities.

The privatization moves and closures would eliminate thousands of state jobs.

"In order to balance this budget it meant holding the line on certain anticipated cost increases while also finding savings across the budget. I think we have done a strong job," said Jindal's chief budget architect, Commissioner of Administration Paul Rainwater.

The presentation of the governor's 2012-13 spending plan kicks off annual budget negotiations with lawmakers. A final version

of next year's budget likely won't be complete until early June.

"About 70 percent of this I agree with. Thirty percent is kind of leaving a bad taste in my mouth," said Rep. James Armes, D-Leesville, summing up his assessment of the Jindal budget.

Twenty-nine percent of the proposal presented to the Joint Legislative Committee on the Budget would be spent on education and 38 percent for health care and social services.

"We are making strategic and targeted reductions throughout the budget," Rainwater said.

Nearly every state department faces reductions, except for health care services. Public colleges will keep their current level of funding, when



factoring in already approved tuition increases. Counseling and treatment programs for at-risk youth would be cut.

The Department of Health and Hospitals' spending would jump by 8 percent to \$9 billion, but Jindal administration officials said that doesn't keep up with medical inflation. The state's Medicaid program for the poor, elderly and disabled is growing, along with its price tag.

Nursing homes would get new money. Doctors and private hospitals that care for Medicaid patients would get fewer dollars for those services, through cuts in their provider rates.

Louisiana's general fund is expected to grow by \$129 million next year, but that's not enough to cover inflationary costs. The state was estimated to be short \$895 million of what it would need in general fund to cover all current programs and services.

So Jindal proposed cuts in education and social services, a reworking of state spending to draw down additional federal matching dollars and the elimination of nearly 6,400 jobs. Most of the jobs are at public colleges, state-run health care facilities and prisons. More than 2,700 of those jobs are currently filled.

Even before those job cuts, the state has nearly 14,000 fewer full-time employees than when Jindal took office four years ago, the lowest number in two decades.

Jindal doesn't recommend giving state agencies any extra money to cover merit raises for employees, doesn't include any dollars for inflationary growth in the public school education funding formula and assumes certain midyear budget cuts will continue into the next year.

Funding for the state's free college tuition program — TOPS — would grow to \$168 million to add new students and account for impending college tuition increases, but needs-based aid in the state's Go Grant program would stay flat at \$26 million.

The governor's budget relies on \$230 million in one-time money for ongoing expenses, nearly all of that plugged into health care to get \$506 million in additional federal matching money. For that budget maneuver to work, lawmakers would have to agree to take dollars from a series of protected funds across state agencies and boards.

Jan Moller, who heads the Louisiana Budget Project, which looks at how government spending affects low- to moderate-income families, called Jindal's proposal an "unbalanced budget that would kill jobs, raise payroll taxes on hard-working state employees and cut services essential to protecting the middle class and building a strong economy."

Lawmakers questioned why Jindal targeted only rank-and-file state employees in his retirement change proposals, and not school employees and law enforcement officers.

They also raised complaints that the increased retirement payments from state workers wouldn't be used to pay down a multibillion dollar retirement debt but would instead be used to lessen department costs.

The House Appropriations Committee will begin combing through the Jindal budget recommendations within days, before the regular legislative session starts March 12.

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