LOUISIANA AT THE CROSSROADS
RESPONSIBLE RESPONSES TO LOUISIANA’S FISCAL CRISIS
48 States Face Budget Shortfalls.

Shortfalls as share of FY09 General Fund Expenditures.

- Red: 20% and above
- Blue: Under 20%
- White: No Shortfall Reported
# 4-Year Base Line Projection

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td>State General Fund Revenue</td>
<td>$9,490</td>
<td>$8,851</td>
<td>$8,021</td>
<td>$8,204</td>
</tr>
<tr>
<td>State General Fund Expenditure</td>
<td>$9,475</td>
<td>$9,046</td>
<td>$9,163</td>
<td>$10,522</td>
</tr>
<tr>
<td>Adjustments</td>
<td>$15</td>
<td>$53</td>
<td>$104</td>
<td>$104</td>
</tr>
<tr>
<td>Cumulative Balance</td>
<td>$0</td>
<td>($248)</td>
<td>($1,247)</td>
<td>($2,422)</td>
</tr>
</tbody>
</table>
$2.4 \text{ billion} \div $29 \text{ billion} = 8\% \\
3\text{-year Cumulative Shortfall} \quad \text{Total FY10 Budget} \\
Percent of total FY10 budget to be cut over 3 years
FY10 Total Means of Financing

- General Fund: 31%
- Federal: 51%
- Statutory Dedications: 13%
- Self-Generated: 5%
Percent of State General Fund Spending

\[ \frac{\$2.4 \text{ billion}}{\$9 \text{ billion}} = 27\% \]

3-year Cumulative Shortfall \quad FY10 State General Fund

Percent of FY10 state general fund to be cut over 3 years
Percent of Recurring Discretionary Spending

\[
\frac{\$2.4 \text{ billion}}{\$3.3 \text{ billion}} = 73\%
\]

3-year Cumulative Shortfall
FY10 Discretionary Funds (minus one-time funds for Capital Outlay)
Percent of FY10 recurring discretionary fund to be cut over 3 years
FY10 Discretionary Expenditures

- Human Resources: 35%
- Education: 35%
- Business & Infrastructure: 21%
- Environment & Natural Resources: 1%
- General Government: 4%
- Public Safety: 4%
## Fiscal Effect of Stelly Repeals

<table>
<thead>
<tr>
<th></th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>5-Year Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess Itemized Deductions</td>
<td>$157</td>
<td>$190</td>
<td>$308</td>
<td>$332</td>
<td>$357</td>
<td>$1,344</td>
</tr>
<tr>
<td>Bracket Changes</td>
<td>$0</td>
<td>$0</td>
<td>$359</td>
<td>$251</td>
<td>$262</td>
<td>$872</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td>$157</td>
<td>$190</td>
<td>$667</td>
<td>$583</td>
<td>$619</td>
<td>$2,216</td>
</tr>
</tbody>
</table>
## FY11 Executive Budget
*(in millions)*

<table>
<thead>
<tr>
<th>Department</th>
<th>State General Fund</th>
<th></th>
<th>Total Means of Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>$3,250</td>
<td>+1.93%</td>
<td>$5,470</td>
</tr>
<tr>
<td>Health &amp; Hospitals</td>
<td>$1,684</td>
<td>+15.57%</td>
<td>$7,726</td>
</tr>
<tr>
<td>Higher Education</td>
<td>$1,098</td>
<td>-13.24%</td>
<td>$2,944</td>
</tr>
<tr>
<td>Social Services</td>
<td>$188</td>
<td>+.43%</td>
<td>$989</td>
</tr>
<tr>
<td><strong>Total State Budget</strong></td>
<td><strong>$8,025</strong></td>
<td><strong>-11.29%</strong></td>
<td><strong>$28,905</strong></td>
</tr>
</tbody>
</table>
Increases Since Pre-Katrina FY05-FY10

- State General Fund
- Medicaid
- LACHIP
- Food Stamps
- Community & Technical Colleges

Increase Percentages:

- 0%
- 10%
- 20%
- 30%
- 40%
Spending Reverts to Pre-Katrina Levels (in 2009 dollars)

- State General Fund
- Total State Budget Less Hurricane Disaster Recovery Funding
- Total State Budget
SGF Spending on Human & Educational Services (in 2009 dollars)

- FY05
- FY06
- FY07
- FY08
- FY09
- FY10
- FY11
We Need a Balanced Approach
Balanced Approach

1. Streamline tax exemption budget
5-Year Tax Exemption Budget

$7.1 BILLION
Balanced Approach

1. Streamline tax exemption budget
2. Reconsider Stelly Repeals
Balanced Approach

1. Streamline tax exemption budget
2. Reconsider Stelly Repeals
3. Review Louisiana’s tax structure
State & Local Taxes in 2007

Shares of family income for non-elderly taxpayers

- Lowest 20%
- Second 20%
- Middle 20%
- Fourth 20%
- Next 15%
- Next 4%
- TOP 1%

- Sales & Excise
- Property
- Income
- Federal Offset
- Total (inc. Federal Offset)
2009 State Tax Increases.

Lawmakers in 35 states have enacted or are considering proposals to increase taxes and fees.

Note: Status as of October 14, 2009.

Governors that Supported Tax Increases by Party

- Republican: 55%
- Democrat: 75%
Thank you!

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