

## 2017 YEAR IN REVIEW

Just as every house needs a solid foundation, so too does state government. But in Louisiana, the foundation right now is shaky, as chronic budget shortfalls and an unstable tax structure threaten to undermine our recent economic gains and make it harder for struggling families to reach their full potential.

At the Louisiana Budget Project we aim to change this by using research, outreach and advocacy to help break down policy barriers. Support from people like you helped LBP engage and inform the policy debates at the state Capitol and beyond, making sure the needs of low-income families were considered and that building a strong economy doesn't have to be a "race to the bottom."

By these measures, 2017 was a productive year:

- Our [Blueprint for a Stronger Louisiana](#) report by Nick Albares was the basis of the [Invest in Louisiana](#) campaign, which showed how Louisiana's tax structure is broken, and proposed common-sense ways we can put the budget back on track and start investing in our people.
- We teamed up with the [Louisiana Partnership for Children and Families](#) on a statewide tour to educate local leaders about the ways that budget and tax reform can help children and families succeed.
- We fought against attempts to undermine the [Medicaid expansion](#) that has seen more than 400,000 Louisianans get health care coverage.
- When politicians in Washington, D.C. proposed to repeal the health care reforms, LBP's Jeanie Donovan showed how these bills would affect Louisiana. Jeanie's report, [AHCA and Louisiana](#), laid the foundation for a series of town hall meetings around the state.
- The [State of Working Louisiana](#) showed, through facts and figures, how Louisiana's economy is doing through the eyes of its workers.
- Our [Daily Dime](#) newsletter, published each weekday morning, keeps policy leaders and everyday citizens informed about issues that affect low-income families and children.

LBP will continue to fight for hard-working Louisianans, but we need your support. Policy change doesn't happen overnight. Our team continues to do the independent, nonpartisan research and outreach to make sure policymakers have the facts they need to make stronger decisions.

Please consider a contribution to LBP, which will help support the hard work of LBP's staff and ensure that the needs of low-income families are considered in policy debates at the state Capitol and beyond.



### BOARD SPOTLIGHT: Christopher K. Odinet

The Horatio C. Thompson endowed assistant professor of law at the Southern University Law Center.

In order for Louisiana to get back on solid financial footing, lawmakers will need to make important policy decisions that are based in facts and sound analysis. The Louisiana Budget Project provides these vitals tools that will help our state achieve economic prosperity for all of its citizens.

**That's why I'm a proud supporter.**



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## FROM THE DIRECTOR



*Facts still matter.* John Adams remarked that facts are stubborn things. While our second president uttered those words more than 200 years ago, they have seldom been more relevant than today.

Some people in Baton Rouge would have you believe that the only way to balance our state budget problems is with even deeper cuts to things like education and child welfare; that businesses will only locate here if we provide massive tax breaks, and that Louisiana can't afford to continue Medicaid health coverage for hard-working families that need it. *The facts tell a very different story - the one we strive to tell every day at the Louisiana Budget Project. But we cannot do it without you.*

Our goal is pretty simple: To promote policy changes that create a thriving economy that lifts all Louisiana families; one where every citizen, regardless of circumstance, has the tools to reach their full potential. But we all know that's not always the case in Louisiana. Far too many families, particularly people of color, are still held back by economic and structural barriers: An upside-down tax structure that asks more of the poor than the rich; the largest disinvestment in public higher education of any state; and a massive backlog of needed investments in schools, roads and other infrastructure.

Through independent research, advocacy and education, LBP shines a light on these policy issues and seeks to engage citizens like you on policy solutions that help all families, not just the few at the top.

This year, with the support of our Board, LBP began its first-ever strategic long term planning process to chart our path for the next three years. The plan that emerged will guide us through the challenging terrain ahead, and help us become known throughout Louisiana as the leading non-partisan fiscal policy organization. Our board and staff look forward to implementing this plan in 2018 and beyond.

But without supporters like you, our organization could not continue to fight on behalf of hard-working Louisiana families. *It's important to remember that when your arguments are based in knowledge, not fear, you will ultimately win.* As always, we thank for your continued support of LBP and we look forward to 2018.

Sincerely,  
Jan Moller

## MEDICAID EXPANSION BY THE NUMBERS

Louisiana became the 31st state to expand Medicaid eligibility to low-income adults in 2016. With the stroke of Gov. John Bel Edwards' pen on an executive order, Louisiana adults earning below 138 percent of the federal poverty line (\$33,948 for a family of four) became eligible for preventive care, cancer treatment, mental health services and other needed medical care. As we approach the two-year anniversary of Edwards' landmark executive order, the data shows that Medicaid expansion saving lives strengthening local economies and reducing strain on the state budget:

### Health impacts:

450,000 - Louisianans that have gained coverage since July 1, 2016  
12.5 - percent of Louisianans who are uninsured, down from 21.7 percent in 2013  
264 - cases of breast cancer detected as a result of breast cancer screenings  
5,130 - cases of colon cancer averted as a result of colon polyps removed  
4,591 - cases of diabetes diagnosed  
13,841 - adults receiving outpatient or residential substance abuse treatment  
44,706 - adults receiving mental health services.

### Budget impacts:

\$4 billion - new revenues for health care providers  
\$199 million - state savings in fiscal year 2017  
\$350 million - expected state savings in fiscal year 2018  
1,000 - new jobs directly created by expansion



# ASK AN ANALYST: THE FISCAL CLIFF

Louisiana is facing a \$1.5 billion budget shortfall in 2018 - a "fiscal cliff" which could hurt public schools, universities, public safety and health care programs that are important for a thriving economy. Unlike earlier budget crises, which were caused in part by downturns in the state economy, this latest problem is mostly self-inflicted. Senior Policy Analyst Nick Albares explains:

## What is the 'fiscal cliff,' and how big is it?

The budget shortfall is best explained as the gap between how much the state will collect in taxes in the 2018-19 budget year, and what it will cost to keep state government programs running at current levels after adjusting for things like inflation and unavoidable costs (such as an increase in public school enrollment). The shortfall right now is projected at \$1.52 billion.

The reason people are calling it a "fiscal cliff" is because most of the shortfall is due to more than \$1 billion in temporary tax measures that are set to expire on June 30, 2018. This overall shortfall is 15 percent of the entire state general fund budget.

## How did we get here?

Louisiana's current budget crisis can be traced back to 2007 and 2008, during the post-Katrina economic boom, when state government had large budget surpluses. The Legislature responded by passing income tax cuts that drained about \$800 million a year from the state tax base. These tax cuts, combined with the economic slowdown during the Great Recession, created the "structural budget deficit" - an ongoing gap between the tax revenue the state collects and the cost to keep basic government services going at current levels.

For several years the state dealt with these structural deficits in two ways: By making deep budget cuts that affected most areas of state government. And by tapping into various reserve funds ("one-time money") and using other budget gimmicks to cover the annual gap between revenues and expenses.

In 2015 and 2016, the state had run out of budget gimmicks and the Legislature had no choice but to raise revenues. They did this by closing some loopholes, reducing some tax breaks and by raising the state sales tax by 1 percent (the "clean penny"). But the biggest tax changes, including more than \$1 billion in sales taxes, were temporary. The temporary sales tax meant that Louisiana consumers now pay the highest overall sales tax rate in the country.

## How do we fix this?

Several organizations, including LBP, have studied this issue and reached the same basic conclusion: Louisiana needs to reduce the sales tax by phasing out the "clean penny," and make up the difference through income taxes. While the state has the highest-in-the-nation sales tax, our income taxes are relatively low compared to other states. There are many ways to do this, but one of the easiest fixes is to eliminate the state deduction for federal income taxes, which cost the state nearly \$1 billion per year in lost revenue. By doing away with income-tax breaks that mainly benefit the most powerful in the state, we can move towards a stable budget and tax system that funds important state priorities.



### Thanks to your support, in 2017 LBP:



...was mentioned in **more than 250 new stories**

...was cited in **7 editorials**

...published or influenced **19 opinion pieces**

...appeared on **TV or radio 15+ times**



... tax recommendations were **presented by the House Fiscal Division** to a group of bipartisan legislators in preparation for the 2018 legislative session.

*We believe that is not Cassidy's intention, but we also believe that he should look at what happened to an earlier federal block grant, Temporary Assistance for Needy Families. As the **Louisiana Budget Project** documented, Louisiana fleeced this program for other purposes, diverting vast amounts of money to state programs to finance tax cuts under former Gov. Bobby Jindal."*  
(The Advocate, September 24, 2017)

THE  
**ADVOCATE**

*The Advocate editorial board echoes LBP's concerns for Sen. Bill Cassidy's proposal to repeal the Affordable Care Act's Medicaid expansion with block-grant funding for states.*



## SHARING KNOWLEDGE, BUILDING POWER

Knowledge is power, so your investment in LBP went a long way this year to strengthening the fight for economic justice in Louisiana. Thanks to your support, LBP has convened hundreds of thought leaders in policy, politics and advocacy at a variety of events, sharing critical analysis and strategy to advance the issues most essential to Louisiana's fairer, more prosperous future.



LBP senior policy analyst Nick Albares (far left) takes part in an LBP sponsored town hall event that outlined the damaging effects of repealing the Affordable Care Act while also highlighting the monumental gains made through Louisiana's Medicaid expansion.



Fr. Rick Andrus, Pastor, St. Paul the Apostle Catholic Church; Together Baton Rouge, speaks at a press conference put together by LBP and Care South. Fr. Andrus examined the moral components of providing quality healthcare.



Dozens of advocates, community activists and policy leaders listen to Jan Moller describe how LBP strives to deliver fact-based analysis to promote new investments in Louisiana's communities.



A group of tax reform stakeholders joined LBP at the state Capitol to hear Michael Mazerov, a Senior fellow at the Center on Budget and Policy Priorities, present his recommendations for how to fix Louisiana's broken tax system.