



PRINCIPLES FOR AN EQUITABLE RECOVERY

A toolkit for state budget negotiations during the 2020 special session of the Louisiana Legislature



The Covid-19 pandemic has touched everyone in Louisiana by now. Tens of thousands of families have seen loved ones get sick or die, while many more people have seen their jobs and income disappear. Recovering from this crisis will require our people and our government - federal, state and local - to pull together to ensure that all Louisianans have the support they need. Our state budget - supported by the taxes paid by citizens and corporations - is an important tool for making that happen.

The choices our policymakers make in the weeks and months ahead will help determine if we create a more equitable economy that gives every Louisianan, regardless of their race or ZIP code, an equal chance to fulfill their potential, or if we double down on policies that favor the most fortunate. The Louisiana Budget Project and the Invest in Louisiana campaign created this toolkit to help Louisiana citizen-activists better understand the choices we face and the principles that should guide policymakers as they make budget and revenue decisions.

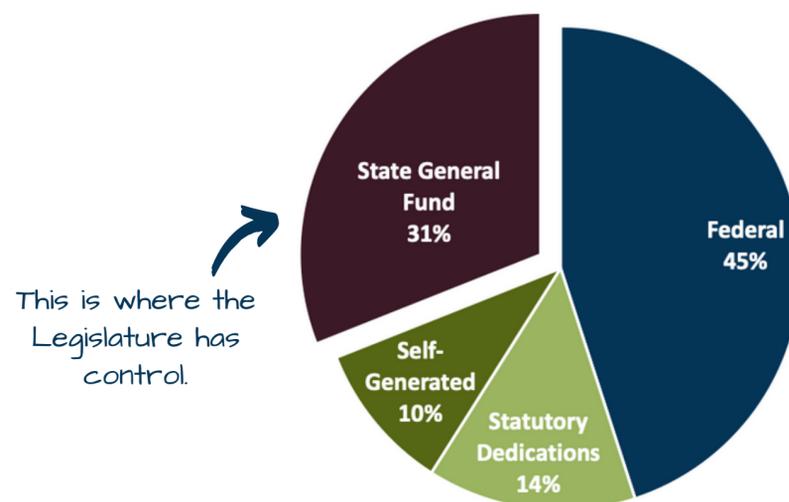
Click [here](#) for more resources that can help make the case for a more equitable recovery.



The Louisiana state budget is \$31 billion, so cutting \$1 billion should be easy, right? Wrong.

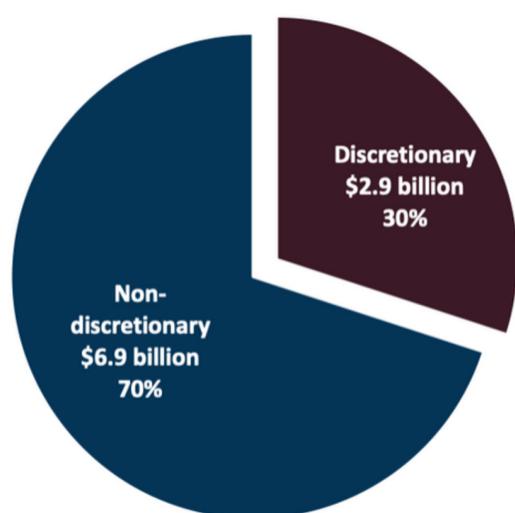
During times of crisis, the need for state-funded social services goes up, while tax revenues go down. The state cannot spend more than it takes in, unlike the federal government, so any tax giveaway for big business and industry is one less dollar that Louisiana will have for higher education and healthcare when our citizens need it most. **The total state budget may be \$31 billion, but the Legislature only has control over a small percentage of that, which is why any tax giveaway would be devastating.** It's more important than ever to protect our current revenue sources and even consider new ones that will allow Louisiana to make new investments that will help our state bounce back from the recession.

FY 2020 State Budget: \$31 billion



FY 2020 State General Fund: \$9.8 billion

Legislators can't touch this. It pays for our K-12 schools, debt service, district attorneys, federal mandates and other constitutionally protected services.

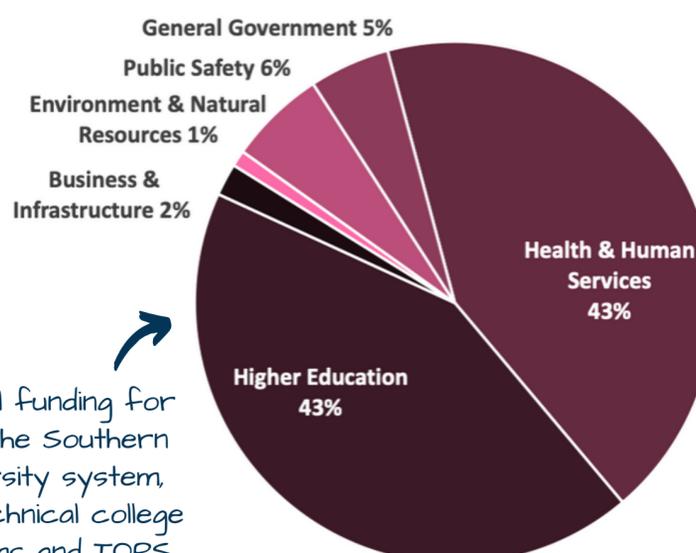


The Legislature has two basic options during a budget shortfall. It can make cuts from the State General Fund (SGF) or it can raise more revenue to adequately fund the budget. Other sources of revenue such as federal dollars, statutory dedications and self-generated revenue are protected. Federal CARES Act dollars will go a long way in helping Louisiana fund services this year, but this is one-time money. Of the \$9.8 billion general fund, \$6.9 billion of that is non-discretionary - meaning its untouchable. **This leaves just \$2.9 billion available for making cuts during a crisis.**

FY 2020 Discretionary Budget: \$2.9 billion

These discretionary dollars provide essential services for Louisianans. **The dollars keep our public universities afloat, administer our SNAP program and improve public health.** When the Legislature makes a \$1 billion cut, it can only come from this \$2.9 billion.

But cutting the budget isn't our only option, we can also raise smart and strategic revenue to invest in the people of our state.



Crucial funding for LSU, the Southern University system, our technical college systems and TOPS lives here.

Our principles

A balanced approach

Unlike the federal government, Louisiana must balance its budget every year. This is more difficult in a recession, when demand for state services go up while the revenue to pay for them goes down. Just as people often look for new ways to bring in money when they hit hard times financially, Louisiana should look for new ways to increase revenue to fund vital services.

The Legislature should consider suspending or repealing unproductive and unorthodox tax breaks, such as the film tax credit, the inventory tax credit and the state deduction for federal income taxes. Doing this will help sustain important services and increase investments in things like education and training that drive our economy forward.

Use all available resources

Louisiana families are facing an unprecedented economic crisis, and will need every available resource to recover and thrive. The economic downturn has sharply reduced the revenue the state gets from sales taxes, oil production, gambling and other sources, which are used to fund vital investments in education, healthcare and other services. But Louisiana cannot weather this crisis in isolation.

A full recovery will require a sustained commitment from the federal government to provide targeted aid where it's needed most - for working people who've lost their jobs through no fault of their own, families and children in need of food assistance and state and local governments that face massive budget gaps. It also means the Legislature should resist efforts to put artificial caps on how much the state can spend each year. This won't stimulate the economy, and only means less money to fund critical investments that can move our economy forward.

No new tax breaks

The only way to weather this economic crisis is by pulling together. That means everyone must do their part - and pay their fair share - in order to respond to the public health crisis, protect the well-being of our neighbors and preserve Louisiana's Main Street businesses.

But the Legislature is going in the opposite direction and proposing massive new tax breaks for corporations. These moves are irresponsible and would further deplete the limited resources available in our recovery. Our critical investments in education and training, healthcare, public safety and other priorities are already threatened by a budget crisis, and these new tax breaks would make it worse. The Legislature's first priority should be to help those who've been hurt most by this pandemic - not the state's largest corporations.

People focused recovery



The people of Louisiana - not powerful corporations - need to be the first priority in the state's recovery. The Legislature can put the people of Louisiana first by improving the state's unemployment benefits program, giving workers access to paid family, sick and medical leave and funding income and work support programs.

An economic downturn is not an excuse to forget who is the most vulnerable and who will suffer the most without additional resources. A state budget reflects the priorities of a state. Lawmakers have an opportunity to show all Louisianans what their priorities are.

Prioritize racial equity



Black Louisianans account for 53% of all the state's Covid-19 deaths, while only making up 33% of the population, and are more likely than whites to have lost their job during the pandemic. It's just the latest evidence that decades of policy neglect and disinvestment has taken a deep toll on black and brown communities.

Louisiana's recovery must prioritize the communities that have made the biggest sacrifice, and continue to suffer from inadequate housing, poor health outcomes and jobs that don't pay enough to support a family. Any recovery plan should be aimed at reducing the barriers these families face in getting back on their feet.