

# 2021 POLICY PRIORITIES



April 2021

Louisiana families have suffered greatly as a result of the Covid-19 economic crisis. [More than 200,000 people](#)<sup>1</sup> have lost their jobs, and more than [9,800](#)<sup>2</sup> lives have been lost to the virus as of early March. These [job losses](#)<sup>3</sup> and [deaths](#)<sup>4</sup> have disproportionately hit communities and people of color, immigrants and people who were already struggling to make ends meet before the pandemic.

The Louisiana Budget Project supports policy changes that create a stronger economy that works for everyone. This starts with a stable, adequate and fair tax structure that can support investments in people and communities that need help the most. It continues with common sense investments in our workers, children, health care system and local and state economies that put people first.

We all rely on the state budget for [investments in our communities](#)<sup>5</sup> now more than ever.

These are some of the policy solutions that LBP and the [Invest in Louisiana](#)<sup>6</sup> campaign will be tracking in the 2021 legislative session:

## BUDGET AND TAXES:

Once every other year, Louisiana has the opportunity to make our tax system more fair and equitable through a legislative fiscal session. Our elected leaders can make our tax system work for everyone by doing the following:

- Create a [Child Tax Credit](#)<sup>7</sup> for households earning less than \$100,000 per year to help families, especially those with young children, afford the costs of raising children.
- Permanently expand Louisiana's [Earned Income Tax Credit](#)<sup>8</sup> from 5% to 10% to help low-income working families keep more of what they earn.
- [As part of a broader tax reform](#),<sup>9</sup> roll back the temporary \$0.45 of sales tax to make our tax structure more fair and [less regressive](#).<sup>10</sup>
- End the [deductibility of federal income taxes on state returns](#).<sup>11</sup> Louisiana is one of only three states that allows this unorthodox tax break, which costs the state more than [\\$870 million](#)<sup>12</sup> per year in foregone individual and corporate income tax.
- Roll back ineffective tax subsidies, including the Motion Picture ([\\$180 million](#)<sup>13</sup>) and [Quality Jobs](#)<sup>14</sup> tax credit ([\\$140 million](#)<sup>15</sup>) programs.
- End the excess itemized deduction that primarily benefits the wealthiest households in Louisiana costing the state over [\\$200 million](#)<sup>16</sup> per year.
- Enact [combined reporting](#),<sup>17</sup> which would prevent large national and international corporations from lowering their state tax liability by using certain states as tax shelters.
- [Decouple from federal Opportunity Zones](#)<sup>18</sup> established in the federal Tax Cuts and Jobs Act of 2017 (TCJA) and stop subsidizing investors outside of Louisiana.

## PROTECTING WORKERS:

The Covid-19 pandemic has shown how fragile the household economies of our essential workers really are. These common sense reforms will help us rebuild stronger:

- [Establish a state minimum wage](#)<sup>19</sup> of at [\\$15 per hour](#)<sup>20</sup> by 2025, starting with an immediate increase to \$11 per hour and gradual increase to the 2025 wage. The state minimum wage should then automatically increase with the cost of living.
- End preemption: [Allow cities and parishes](#)<sup>21</sup> to [establish wage](#)<sup>22</sup> and [benefit policies](#)<sup>23</sup> on their own, even if they are more generous than the state minimums.
- Establish a state [paid family and medical leave](#)<sup>24</sup> program in connection with the birth or adoption of a child, an illness or the need to care for an ailing family member.
- Reinstate an apprenticeship tax credit to encourage businesses to provide training for prospective workers.
- Reform Louisiana's [unemployment insurance system](#)<sup>25</sup> to ensure that workers who lose their jobs through no fault of their own receive weekly benefits equal to at least 50% of the median wage in Louisiana.
- Establish a [work-sharing program](#)<sup>26</sup> that gives employers an alternative to lay-offs during economic downturns.
- Impose meaningful penalties on employers that break the law by [misclassifying employees as independent contractors](#),<sup>27</sup> bringing Louisiana in line with the practices of all other states.
- Require that data on Louisiana's workforce be disaggregated by race. [The current diversity report](#)<sup>28</sup> only categorizes data as "white" and "minority."

## HELPING CHILDREN:

Louisiana must invest in its youngest residents to ensure a stable and bright future for the state. We can make sure our children have what they need to succeed through these investments:

- Budget: Invest at least [\\$86 million](#)<sup>29</sup> in state support for high-quality early care and education programming, which would benefit children ages 0-3 from low-income families.
- Mandate that [base per pupil spending](#)<sup>30</sup> in the Minimum Foundation Program (MFP) keep up with inflation as it did before 2008.
- [Restructure Louisiana's Temporary Assistance for Needy Families](#)<sup>31</sup> (TANF) program to provide more cash assistance to families with extremely low incomes.
- Budget: Fully fund Go Grant need-based scholarships at [\\$164.4 million](#)<sup>32</sup> to make college and other post-graduate training accessible, especially as laid off workers look to retrain after Covid.

## PROTECTING HEALTH CARE

Covid-19 has laid bare the racial and ethnic health inequities in our state, and shown the importance of Medicaid and Medicaid expansion in providing coverage. State policymakers should:

- [Protect Medicaid coverage for everyone who is eligible](#),<sup>34</sup> and ensure that no one loses coverage because of bureaucratic paperwork errors, especially as the Public Health Emergency comes to an end and enrollment protections expire.
- Join states and localities across the country in [declaring](#)<sup>35</sup> [racism a public health emergency](#)<sup>36</sup> in Louisiana and take steps to address the racial and ethnic disparities laid bare by Covid-19.

## EQUITABLE ECONOMICS

We must ensure a strong economy by making sure it works for everyone. Here are some ways we can recover and rebuild better:

- Invest in [affordable high speed broadband internet](#)<sup>33</sup> throughout the state.
- Invest in affordable housing, and help ensure that low- and middle-income Louisianans stay housed especially as people rebuild their lives and savings amid the economic impacts of Covid.
- Rein in [predatory payday lending](#) by capping annual interest rates at 36%, and by curbing late fees and other costs that borrowers face when taking out short-term loans.

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