

## OVERVIEW

Louisiana’s economy works best when it works for everyone - when all citizens, regardless of their race or ZIP code, have the opportunity to reach their highest potential. This can only happen when everyone has access to good schools with highly qualified teachers, safe communities with good roads and public transit and a strong safety net to help people when they fall on hard times.

The Louisiana Legislature began its 2022 session with an historic opportunity to make long-overdue investments in the Pelican State’s people and communities. A combination of surplus dollars, federal pandemic relief money and a surge in state tax collections left legislators with unprecedented amounts of revenue to distribute among Louisiana’s many needs.

This translated to pay raises for public school teachers, college faculty and some health-care workers. It meant significant new funding for colleges and universities, an \$84 million investment in early childhood education and new dollars for literacy programs in public schools.

After financing ongoing programs in the state operating budget, legislators were left with more than \$3.6 billion in extra cash - money that’s not needed to pay for ongoing government expenses such as health care and education - that could be spent with few restrictions. Legislators used that money to make major new investments in transportation and coastal restoration, paid back the federal government for costs associated with natural disasters and made some overdue investments in education, including early childhood.

WHERE DID THE MONEY GO?			
CATEGORY	AMOUNT	NOTES	SOURCE
Special funds	\$901 million	Includes bridge projects, early childhood, tourism incentives and matching funds to draw down additional federal dollars	Excess, ARPA
Construction projects	\$807 million	Includes maintenance on college campuses, matching funds for federal infrastructure law	Surplus, excess and ARPA
Unemployment Trust Fund	\$500 million		ARPA
Water system upgrades	\$460 million		ARPA, excess
Disaster debt repayment	\$361 million	Does not include \$400 million required by Act 448 from 2021.	Excess
Constitutional obligations	\$245 million	25% of surplus must go to "rainy day" fund and 10% to pay retirement debt	Surplus
Miscellaneous	\$164 million	Includes \$500,000 to study paid family leave and \$225,000 for an anti-poverty council	Excess
Coastal restoration	\$120 million	Funds projects in the Coastal Master Plan	Surplus
Higher education	\$50 million	Does not include faculty pay raises, deferred maintenance and other operating costs	Excess
Health care workforce training	\$32 million	Includes \$25 million for workforce training and \$8 million for rural primary care physicians	ARPA
Early childhood supports & services	\$27 million	Provides early intervention, screening and supports for children 0-5	ARPA
<b>Total</b>	<b>\$3.67 billion</b>		

Source: [Legislative Fiscal Office](#)

Louisiana Budget Project | [labudget.org](http://labudget.org)

But lawmakers also used \$500 million to bail out corporations that pay into the state unemployment compensation trust fund, while ignoring the need for new investments in emergency housing for low-income families, hurricane preparedness, student loan forgiveness and direct assistance to families in need.

Beyond the budget, legislators approved legislation to [help college students struggling with food insecurity](#), created [new protections for college students who take out federal or private loans](#) and raised the minimum amount that people can collect in unemployment benefits.

They also rejected bills that would have taken Louisiana in the wrong direction by restricting how America's history of racism can be taught in public schools, and whether students could learn about differences in gender identification and sexual orientation. A bill that would have expanded predatory payday lending by allowing for [larger loans and triple-digit interest rates](#) squeaked through the House and Senate but was [vetoed by Gov. John Bel Edwards](#).

Finally, legislators wisely resisted the political temptation to use Louisiana's strong revenue picture as an excuse to cut taxes for individuals and corporations - which would have resulted in major revenue losses and made it much more difficult to fund essential programs in future years. But even without new tax cuts, providing adequate state services will get significantly harder in the years to come. That's because a temporary, \$0.045 sales tax is set to expire in June 2025, creating a fiscal cliff that will cost the state [more than \\$400 million](#) a year. Additionally, vehicle sales tax revenue that is currently used to pay general expenses [will be diverted](#) into a road construction fund starting in the 2022-23 fiscal year, making budgeting more difficult.

While no one knows exactly where Louisiana's economy is headed, [state economists predict](#) that revenues have peaked in the 2021-22 fiscal year, and will decrease slightly in the coming years. If Louisiana wants to continue making the kinds of investments in education, health care and infrastructure that they did this session, they must find ways to replace the revenue that is being lost by reforming our state's tax structure to [make it less regressive](#) and more fair, adequate and sustainable.

## **BUDGET AND TAXES WERE STABLE WITH NEW INVESTMENTS MADE IN SOME AREAS**

Louisiana has experienced growth in employment, personal income and consumer spending, and rising energy prices. This economic activity has helped drive tax revenues to record levels, and resulted in a nearly \$40 billion state operating budget for the 2022-23 fiscal year that includes pay raises for educators and health care workers, new dollars for early childhood education, and keeps other programs operating at or above their current levels.

But the bigger task for state policymakers was how to distribute the extra "one-time" money that was available, which should not be used for ordinary operating expenses because it won't be available in future years. This money came in three buckets: A \$700 million surplus left over from the 2020-21 budget, \$1.385 billion in unspent pandemic relief funding from the American Rescue Plan Act (ARPA) and \$1.6 billion in "excess" revenue - money the state expects to collect in the current (FY22) fiscal year



*Executive Director Jan Moller testifies against legislation that would force lawmakers to make unnecessary budget cuts by limiting what they could appropriate each year from the state general fund.*

but hadn't been allocated to operating expenses.

With this \$3.6 billion in mind, the Louisiana Budget Project partnered with advocates and community organizations from across the state to develop a [Recovery Agenda for Louisiana](#) that outlined ways that the discretionary dollars could be used to center low-income families, communities of color and others who were disproportionately affected by the pandemic and its aftermath.

[Instead of directing dollars to emergency housing, direct aid to families and other recovery needs](#), legislators mostly went along with the [governor's recommendations](#), which included major infrastructure investments and the unemployment trust fund bailout. However, two Recovery Agenda proposals were included in [a supplemental spending bill](#): a \$225,000 appropriation for the Empowering Families to Live Well Council, which is intended to help the state advance policies that address poverty, and \$500,000 for an actuarial study of a [paid family and medical leave program](#).

Legislators also steered dollars to a fund that supports screening, evaluation and treatment for children from birth to age 5 who experience behavioral or other problems; re-entry services for people leaving prison and more than \$100 million for “pet” projects directed by legislators for their districts.

Legislators showed noteworthy restraint when it came to taxes. Although the session was supposed to steer clear of tax policy, legislators introduced several bills to cut tax revenue, arguing that the temporary tax surplus was an opportunity to make permanent tax cuts. None of these measures made it to Gov. John Bel Edwards' desk.

But House and Senate leaders have indicated they want to revisit the tax cut issue during next year's fiscal session. Doing so could lead Louisiana down the dangerous path it followed in the years after Hurricane Katrina, when two major income-tax cuts contributed to a decade of chronic budget shortfalls that led to steep budget cuts.

Instead of cutting taxes, legislators should work together to address the upcoming financial cliff by replacing the lost tax revenue with other revenue or by eliminating wasteful deductions, credits and other tax breaks.

TAX BILLS		
<a href="#">House Bill 80</a> (98% Budget Restriction)	This bill forced the Legislature to make unnecessary budget cuts by limiting what they could appropriate each year from the state general fund.	Failed
<a href="#">House Bill 438</a> (Temporary Sales Tax Cut)	This bill incrementally reduced the 0.45% temporary sales tax in preparation for its roll off in 2025. This would have led to a \$435M 5-year reduction in state revenue.	Failed
<a href="#">House Bill 943</a> (Individual Income Tax Reduction)	This bill reduced tax liability for all brackets of the individual income tax and the tax of estates and trusts by 0.25%. This cut would have resulted in a \$1.1B 5 year reduction in state revenue.	Failed
<a href="#">House Bill 1018</a> (Temporary Sales Tax Fund)	This bill created a Temporary Sales Tax Fund to collect the temporary 0.45% sales tax until its roll off in 2025. While the annual \$400M in state revenue currently goes to the state general fund, this bill would have dedicated that revenue to certain roads and bridges.	Failed

<p><a href="#">Senate Bill 151</a> (Constitutional Amendment ITEP)</p>	<p>This bill created a constitutional amendment making permanent Gov. Edwards' 2016 Executive Order that requires local approval of the Industrial Tax Exemption Program (ITEP). The amendment allowed local governments autonomy over whether to give away local property tax dollars to businesses in their jurisdiction. Local governments have granted the vast majority of ITEP renewals since the implementation of the executive order in 2016.</p>	<p>Failed</p>
--	--	---------------

**EDUCATION RECEIVES OVERDUE FUNDING, BUT INSUFFICIENT TO THE NEED**

The state budget bill includes a \$1,500 pay raise for public school teachers, and an extra \$750 per year for school bus drivers, cafeteria workers and other support staff. But legislators refused the governor's request to boost the raises to \$2,000 and \$1,000, respectively, when additional money was recognized by the Revenue Estimating Conference, leaving [Louisiana teachers well below the Southern and national average](#).

Legislators rejected several bills aimed at dictating how teachers can talk about racism, gender identity, sexual orientation and similar issues in their classroom - mimicking hot-button debates that have taken place in other states. However, they passed a bill [excluding income data from TOPS reporting](#) limiting the information regularly reported to lawmakers and the public. They also rejected a bill that would have barred public colleges and universities from [withholding transcripts](#) from students who have overdue tuition or fees. This means struggling students and former students will continue to be locked out of access to their earned academic credits. Ironically, lawmakers did pass legislation making it easier for these credits to transfer from a two-year college to a four-year university within the state.

Fortunately, lawmakers passed [student loan protection bills](#) in direct response to industry abuses revealed after years of state and federal investigations— including by [Louisiana's own Office of the Attorney General](#). Louisiana federal and private student loan borrowers now have common sense protections in a “Borrower Bill of Rights” and more insight and reporting in the private student loan industry.

Looking ahead, the Legislature has a substantial opportunity to aggressively invest in our education system from cradle-to-career. From raising teacher pay to the Southern Regional average of \$55,205 to fully funding need-based financial aid - it's clear that lawmakers have a lot more work to do.

<b>K-12 EDUCATION</b>		
<a href="#">House Bill 824</a> (ESA - Public School Funding)	This bill created an Education Savings Account (ESA) program allowing any parent to take public dollars equal to the state's per pupil spending and deposit it into an account to pay for private school tuition and educational services. By not targeting these bills to students and families in financial need, this bill would have adversely impacted our state's ability to provide a high-quality public education to all students.	Failed
<a href="#">House Bill 195</a> (Menstrual Products)	This bill required public schools to provide free menstrual products for students.	Failed
<a href="#">House Bill 649</a> (Corporal Punishment)	This bill prohibited the use of corporal punishment in Louisiana's K-12 schools unless a parent provides written permission to the school.	Failed
<a href="#">House Bill 747</a> ("CRT")	This bill required Dr. Martin Luther King's "I Have a Dream" speech to be taught to all high school students, and restricted the curriculum that could be used to teach students about issues of structural racism.	Failed
<a href="#">House Bill 819</a> (Extended Leave)	This bill provided extended maternal and infant health leave to public K-12 school employees, in addition to teachers, by allowing school systems to adopt policies to do so. It also would have allowed employees to appeal sabbatical leave denials to the school board, as opposed to just the superintendent.	Failed
<a href="#">House Bill 837</a> ("Don't Say Gay")	This bill would have barred public school employees from discussing any aspect of their sexual orientation or gender identity.	Failed
<a href="#">Senate Bill 47</a> (Prekindergarten Instruction)	This bill required each public school board to develop a mixed provider delivery model for full-day, year-round, high-quality prekindergarten instruction.	Passed

<b>HIGHER EDUCATION</b>		
<a href="#">House Bill 183</a> (Transcript Withholding)	This bill required Louisiana's higher education institutions to eliminate the practice of withholding academic transcript as a means to collect student debts.	Failed
<a href="#">House Bill 610</a> (Student loan Bill of Rights)	Establishes a student loan "Borrower Bill of Rights" into state law imposing best practices and business standards already in effect in other states to ensure that borrowers receive accurate and meaningful assistance with their loans.	Passed
<a href="#">House Bill 789</a> (Private student loan industry)	This bill sheds much-needed light on the private student loan industry, which currently operates with limited federal or state oversight. The Louisiana Office of Financial Institutions will analyze and publish the data so that consumers and policymakers can make informed decisions.	Passed
<a href="#">Senate Bill 76</a> (Fee Notice)	This bill required Louisiana's public colleges and universities to ensure that graduate students who seek employment as research or teaching assistants are made aware of their entire tuition and fee obligations before accepting their position.	Passed
<a href="#">Senate Bill 81</a> (TOPS Data)	This bill removed the requirement that household income data of TOPS recipients be reported in the annual TOPS report provided to legislators and the public.	Passed

<a href="#">Senate Bill 261</a> (Postsecondary Pathways)	This bill ensured that all college credit earned by a student on the pathway to an associate's degree will transfer seamlessly to any four-year public university, saving students both time and money.	Passed
---	---	--------

## IMPORTANT SAFETY NET PROGRAMS HELP LOUISIANA FAMILIES MAKE ENDS MEET, THOUGH BARRIERS REMAIN

Before and during the pandemic, Louisiana's safety-net programs, including the Supplemental Nutrition Assistance Program (SNAP), Medicaid and the Special Nutrition Program for Women, Infants and Children (WIC), among others, have provided critical support to people facing economic hardship.

This legislative session saw several bills that broadened access to government programs that support Louisianans with low-incomes, including by providing state funding to help SNAP (Food Stamp) recipients buy more healthy fresh produce, by laying the groundwork for [addressing hunger on our state's college campuses](#) and by making it easier for Louisiana to provide grocery assistance over the summer to families with kids who qualify for free meals in school.



LBP Policy Intern Kimberly Hayes speaks in favor of a bill that would create a "hunger free campus" designation for Louisiana colleges and universities that meet certain criteria.

An effort to help working families by having the state cover low-income parents' share of the cost of reduced-price school meals died in Senate finance, leaving families on the economic margins [more vulnerable](#) when federal funding for universal free school meals expires. Legislators also attempted to impose harsh time limits on some SNAP recipients this year, an effort that died in committee.

In a state that consistently faces poverty rates that are at or near the worst level in the nation, a strong safety net is critical to helping people struggling to get by. In future sessions, legislators will have opportunities to strengthen the programs that help millions of Louisianans to meet their basic needs, including by improving access, investing in more adequate benefits and providing more support through Child Tax Credits and Earned Income Tax Credits.

SAFETY NET		
<a href="#">House Bill 396</a> (SNAP Time Limits)	SNAP (also called Food Stamps) has harsh time limits for some recipients if they can't prove to the state that they worked at least 80 hours each month. Louisiana has long had waivers from these time limits because of our high state unemployment rates. This bill would have taken away those waivers and would have required that future waivers be approved by the Legislature.	Failed
<a href="#">House Bill 888</a> (Hunger Free Campuses)	This bill creates a "Hunger Free Campus" designation for Louisiana's colleges and universities, recognizing campuses that take steps to address hunger on campus and creating a grant program to expand on those efforts.	Passed
<a href="#">House Bill 979</a> (P-EBT Issuance)	The Pandemic-EBT program distributed more than \$811 million in food assistance benefits to nearly 1 million students in the 2020-21 school year and summer. This bill allowed Louisiana to continue issuing those benefits to eligible students automatically, ensuring easier access to groceries for families in need.	Passed
<a href="#">House Concurrent Resolution 57</a> (SNAP Match)	This resolution created a new, \$1 million state-funded program to match SNAP benefits at additional Louisiana farmers markets, helping people with low-incomes purchase fresh fruits and vegetables.	Passed
<a href="#">Senate Bill 236</a> (School Meals)	This bill eliminated the co-pay for reduced-price school meals faced by students from low-income working families that earn too much to qualify for free meals, but less than they need to get by.	Failed
<a href="#">Senate Bill 259</a> (Fraud Reporting)	This bill created a new annual report to the Legislature on fraud and fraud prevention measures in Louisiana's benefits programs for people with low-incomes. Overly aggressive fraud prevention measures often create hurdles to benefits access. LBP worked to amend the bill in committee to require reporting on key measures of program access as well.	Passed

## ECONOMIC JUSTICE OFFERS SOME VICTORIES WITH MUCH WORK REMAINING

Payday loans cause significant harm to low-income Louisiana families, [trapping them in a cycle of debt and draining millions in fees from household budgets each year](#). Despite [public support to reign in the industry](#), legislators rejected a popular rate cap bill, and approved a [new predatory lending product](#) with [triple-digit interest rates](#). Responding to [consumer advocacy groups](#) led by LBP, Gov. John Bel Edwards rightly vetoed the harmful bill.

Louisiana remains one of five states without a state minimum wage law after legislators voted down [six bills for a state minimum wage](#). Those included two constitutional amendments, which would have given voters the opportunity to decide for themselves whether or not to create a state minimum wage. The Legislature has now rejected 48 minimum wage



Director of Public Affairs and Outreach Davante Lewis testifies against legislation that would expand predatory lending in Louisiana. Senate Bill 381 was vetoed by Gov. John Bel Edwards.

bills since 2009, the last time the federal minimum wage was increased (tipped wages haven't been increased since 1996).

Fortunately, lawmakers did not pass particularly harmful changes to the state's [unemployment insurance \(UI\) benefits](#) and passed the first increase for the minimum weekly UI benefits in decades. They also advanced an important resolution requesting a study on baby bonds, [which could have profoundly positive impacts for Louisiana's poorest children](#).

<b>ECONOMIC JUSTICE</b>		
<a href="#">House Bill 229</a> (Minimum Wage)	A constitutional amendment to establish a state minimum wage, initially set at \$11.65 an hour starting July 1, 2023. The measure allows for the state to raise the minimum wage statutorily going forward.	Failed
<a href="#">House Bill 311</a> (Minimum Wage)	Establishes a \$10 an hour state minimum wage beginning Jan. 1, 2023. The minimum wage would then increase to \$12 an hour on Jan. 1, 2024.	Failed
<a href="#">House Bill 472</a> (Tipped Minimum Wage)	This bill raised the tipped minimum wage in Louisiana to \$4.26 an hour for tipped workers. It would also require that employers cover the difference between this wage and the federal minimum wage if enough tips are not collected during a shift.	Failed
<a href="#">House Bill 880</a> (Minimum Wage)	Created a state minimum wage, which would rise to \$15 an hour by 2026 in stages (\$10 an hour in 2023, \$12 in 2024, \$13.50 in 2025, and finally, \$15 in 2026).	Failed
<a href="#">House Bill 1013</a> (Minimum Wage)	Sets a \$9 an hour minimum wage for all state employees, including judicial and legislative employees.	Failed
<a href="#">Senate Bill 269</a> (Minimum Wage)	A constitutional amendment to establish a \$10.25 minimum wage starting in 2023, and indexed to inflation in future years.	Failed
<a href="#">House Bill 308</a> (Minimum UI Benefit)	Raised the minimum UI benefit from \$10 to \$35 a week.	Passed
<a href="#">House Bill 506</a> (Minimum UI Benefit)	Raised the minimum UI benefit from \$10 to \$50 a week.	Failed
<a href="#">House Bill 657</a> (UI Reform)	Increased maximum weekly UI benefits but at a steep price, as unemployment benefits would be capped at 12 weeks, instead of the 26-week maximum in current law.	Failed
<a href="#">Senate Bill 381</a> (Payday Loan Expansion)	Allowed lenders to offer 3- to 12-month term installment loans up to \$1,500. Also permits lenders to charge an annual interest rate of up to 36% and monthly maintenance fees worth up to 13% of the original loan amount, neither of which were previously allowed under Louisiana's usury laws. The law "caps" charges at 100% of loan value - meaning a \$1,500 loan could cost consumers up to \$3,000.	Vetoed
<a href="#">House Bill 675</a> (Payday loan rate cap)	Instituted a 36% APR cap, inclusive of all fees and charges, for a payday loan	Failed
<a href="#">House Concurrent Resolution 94</a> (Baby Bonds Study)	Requested a study regarding the potential establishment of a "baby bonds" program for children born to low- to moderate-income parents that could be used for postsecondary education, the purchase of a home, or formation of a business.	Passed

## LOOKING AHEAD

When lawmakers reconvene next year the economic picture will likely look different. Revenue growth is expected to slow and the half-penny sales tax expiration and vehicle sales tax diversion will be a year closer. However, the needs in the state are unlikely to have changed substantially. In order to follow through on the important down payments that were made this year in areas like early childhood education and teacher pay, lawmakers will have an opportunity to take up meaningful tax reform.

It is essential that tax reform supports Louisiana families and communities, especially Black and Brown communities who have [paid more than their fair share](#) and born the brunt of the Covid-19 pandemic. Legislators can correct our [regressive tax structure that asks the most of those with the least](#) and [Invest in Louisiana](#) through meaningful tax reform.

The Louisiana Budget Project will share much more on an equitable tax structure leading up to next year's legislative fiscal session.

### **ABOUT LBP**

*The Louisiana Budget Project (LBP) monitors and reports on public policy and how it affects Louisiana's low- to moderate-income families.*

*We believe that the lives of Louisianans can be improved through profound change in public policy, brought about by: creating a deeper understanding of the state budget and budget-related issues, looking at the big picture of how the budget impacts citizens, encouraging citizens to be vocal about budget issues that are important to them, and providing insight and leadership to drive the policy debate.*

*LBP's policy research is made possible by generous support from the Annie E. Casey Foundation, the W.K. Kellogg Foundation, the Ford Foundation, the Mary Reynolds Babcock Foundation, the Conrad Hilton Foundation and individual donors. LBP would like to thank the Center for Responsible Lending, the Institute on Taxation and Economic Policy, and the Economic Policy Institute, among others, for research and technical assistance. LBP is a member of the State Priorities Partnership, coordinated by the Center on Budget and Policy Priorities, and the Economic Analysis and Research Network, managed by the Economic Policy Institute.*