

House budget reflects misplaced priorities

by Paul Braun, State Budget and Tax Policy Analyst

The state budget is supposed to reflect Louisiana's priorities. As the annual legislative session reached the halfway point this week, the budget bill crafted by House conservatives fails to prioritize teachers, people with Medicaid coverage and parents with preschool children.

The changes made by the House¹ took a sensible budget proposal from Gov. John Bel Edwards and threw it into chaos, largely to avoid a politically difficult vote to exceed a self-imposed limit on spending.

Specifically, the House budget plan cut \$51 million the governor had proposed spending on early care and education programs, along with \$150 million to provide \$2,000 pay raises for K-12 public school teachers across (and \$1,000 pay raises for school support workers). Instead of making these needed investments in education, the House chose to funnel that money into the state pension plans for teachers and state employees.

HOUSE LAWMAKERS' SPENDING PRIORITIES	
Gov. John Bel Edwards Budget Proposal	House-Approved Budget for FY 24
\$2,000/yr Pay Raise for K-12 Teachers, 1,000 for Support Staff	\$950 Million in Early Debt Payments to Retirement Systems
\$52 million investment in early childhood education	\$53 Million in Pet Projects in Lawmaker's Districts
Maintains Federally Approved Timeline for Medicaid "Unwinding"	Compresses Timeline for Medicaid Unwinding
\$114 Million to Higher Education, For Pay Raises and Other Initiatives	Halves Direct Appropriation for Higher Education, Sends Other Half to Retirement Systems
	*\$95 Million in Unspecified Cuts

*The House-approved budget returns to Bobby Jindal-era budgeting by directing the Division of Administration, not lawmakers who crafted the plan, to implement a \$95 million across-the-board cut to state agencies.

While House leaders have argued that the advanced debt payments could free up individual school districts to raise teacher pay, that is not guaranteed. District leaders would ultimately decide how to spend the savings, and differences in each district's retirement debt obligations mean that some parishes will have less money to work with. That's a far cry from the across-the-board raises included in Edwards' proposal.

Louisiana's teachers are among the lowest-paid in the South - earning, on average, \$3,000 per year below the Southern regional average and nearly \$13,000 per year less than the national average.² The

¹ House Bill 1, re-engrossed. <https://legis.la.gov/legis/ViewDocument.aspx?d=1319108>

² Southern Regional Education Board teacher compensation dashboard. <https://www.sreb.org/interactive/teacher-compensation-dashboard>

low pay [contributes to a shortage](#) of certified teachers in classrooms, and teachers leaving the profession after only a few years.

The appropriation for the state's early childhood education system would have partially filled a \$200 million hole in the agency's budget for the upcoming fiscal year, when temporary federal funds expire. As many as 5,000 young children, aged 0-4, will lose access to affordable high-quality early childhood education programs if the \$51 million cut stands.

Research has shown that quality child care programs come with a high return on public investments, putting children on a path to a brighter future.³

While cutting money for young children, House members added \$53 million to [pet projects](#) in their home districts.

The House budget also reduces the time and resources requested by the Louisiana Department of Health to update the state's Medicaid rolls to comply with changing federal rules, a process known as "unwinding." The decreased funding and shorter timeline comes with consequences that will affect families across Louisiana.

The health department, relying on federal guidance, has said it will take a full year to review every Medicaid patient's eligibility after such reviews were halted during the pandemic. If the process is hurried, it is likely that many people will lose coverage even if they are still eligible - simply because they couldn't be located or did not respond quickly enough to attempts to contact them. Many people may not realize they are uninsured until they go to the doctor, or pick up a prescription.

The state will bear the costs of this hasty decision through uncompensated care payments and poor health outcomes one way or another.

None of this is necessary. Louisiana has enough revenue available to fund teacher raises, maintain early childhood programming, continue rebuilding long-neglected infrastructure needs and put money away for a rainy day. All that is required is a two-thirds vote to raise the expenditure limit.

Senate President Page Cortez has already endorsed this [approach](#), saying the \$1.8 billion in unexpected revenues available to lawmakers this budget cycle could, and should, be put toward generational investment in Louisiana's critical needs.

How a state chooses to raise revenue - and divide that money among various needs - is a clear declaration of its priorities. While the pension plans for teachers and state workers are important, there already are mechanisms in place to pay back debt that was incurred decades ago. Paying off some of these debts early will have no effect on any teacher's retirement benefits - which are guaranteed in state law - but it would mean that teachers across the state would not get a small raise to help them keep up with the rising cost of living.

The good news is that the legislative session is only at the halfway point. The Senate is now reviewing the budget, and still has a chance to prioritize Louisiana's teachers, Medicaid patients and families with young children.

³ University of Pennsylvania, Center for High-Impact Philanthropy, <https://www.impact.upenn.edu/early-childhood-toolkit/why-invest/what-is-the-return-on-investment/>