

**Division of Administration
Presentation
on**

**CONSTITUTIONAL STRATEGIES
TO ADDRESS
\$1.5B REVENUE SHORTFALL
RESULTING FROM
HURRICANES KATRINA AND RITA**

**WHAT HAPPENS ONCE A GENERAL FUND
DEFICIT IS DECLARED?**

- Upon official notification of a projected deficit, the Governor may cut an amount not to exceed 3% of the general fund budget in each Executive Branch budget unit. *R.S. 39:75.C.*
- After cutting an amount equal to 0.7% of the total General Fund appropriation, the Governor's authority to cut general fund increases to a maximum of 5%. Additionally, the Governor may cut 5% of appropriated dedicated funds and constitutional mandates and 1% of non-instructional funding in MFP. *Article VII, Section 10F*
- If the deficit is not eliminated within 30 days, a Special Session must be convened. *Article III, Section 2(B)*
- 1/3 of the Budget Stabilization Fund can be used to address the FY 2005-2006 deficit. *R.S. 39:10.3*

EXCEPTIONS – 5% SGF CUT

- Debt Service
- Non-Discretionary Funding in Avoidance of Court Order
- Minimum Foundation Program (MFP)
- Election Expenses

ALSO NOT INCLUDED

- *Judiciary Branch*
- *Legislative Branch*

EXCEPTIONS – 5% SGF CUT (by Department)

Dept	Total	Exceptions	Amount	Available SGF
State	30,651,964	Election Expenses	9,705,720	20,946,244
Econ Dev	39,689,286	Debt Service (UNO/Avondale, Union Tank Car)	5,400,000	34,289,286
Corrections	399,465,144	Incarceration, Rehab, Health Services	346,300,000	53,165,144
Youth Services	123,094,866	Incarceration, Rehab, Health Services	81,700,000	41,394,866
DHH	1,403,062,888	Court Orders	3,900,000	1,399,162,888
DSS	211,155,741	Debt Service	950,000	210,205,741
Retirement	1,281,350	Retirement	1,281,350	0
Higher Ed	1,105,223,718	Debt Service, Desegregation Settlement	4,340,227	1,100,883,491
Education	2,687,578,611	MFP	2,462,000,000	225,578,611
Other Req	304,997,805	Debt Service/ SHSI	174,470,993	130,526,812
Non-Approp	255,121,720	Non-Appropriated / Debt Service	255,121,720	0
Judiciary	107,167,672	Judiciary	107,167,672	0
Legislative	60,166,040	Legislative	60,166,040	0
Total	\$7,296,700,402		\$3,512,503,722	\$3,784,196,680

5% SGF CUT (by Department)

Dept	Total SGF	5% Cut
Executive	152,294,342	7,614,717
Veterans	7,080,930	354,047
Justice	15,138,025	756,901
Agriculture	31,673,563	1,583,678
State	30,651,964	1,532,598
Lt Gov	1,776,149	88,807
Treasury	1,074,009	53,700
Econ Dev	39,689,286	1,714,464
CRT	48,308,763	2,415,438
DOTD	1,740,000	87,000
Corrections	399,465,144	2,658,257
Pub Safety	6,533,853	326,693
Youth Svcs	123,094,866	2,069,743
DHH	1,403,062,888	69,958,144
DSS	211,155,741	10,510,287
Natural Resources	7,384,801	369,240
Revenue	32,107,262	1,605,363

Dept	Total SGF	5% Cut
DEQ	7,099,513	354,976
Labor	375,000	18,750
Wildlife	150,000	7,500
Civil Service	2,220,040	111,002
Retirement	1,281,350	0
Higher Ed	1,105,223,718	55,044,175
Other Ed	161,805,332	8,090,267
Education	2,687,578,611	11,278,931
HCSD	78,166,380	3,908,319
Other Req	304,997,805	6,526,341
Ancillary	123,135	6,157
Non-Approp	255,121,720	0
Judiciary	107,167,672	0
Legislative	60,166,040	0
Capital Outlay	12,992,500	649,625
Total	\$7,296,700,402	\$189,209,834

EXCEPTIONS – 5% STAT DED CUT

- Debt Service
- Federal Funds deposited into Dedications
- Minimum Foundation Program (MFP)
- Royalties and Severance Taxes to Parishes

ALSO NOT INCLUDED

- *Legislative Branch (No Stat Deds)*
- *Judiciary Branch*

5% STAT DED CUT (by Department)

Dept	Total Stat_Ded	5% Cut
Executive	49,267,067	2,463,353
Justice	8,642,107	432,105
Agriculture	42,202,267	942,453
State	48,389,559	2,004
Insurance	1,081,322	54,066
PSC	8,873,497	443,675
Treasury	6,338,335	316,917
Econ Dev	46,462,076	2,148,104
CRT	40,000	2,000
DOTD	391,003,007	14,870,372
Pub Safety	164,645,909	8,232,295
Youth Services	3,000,000	150,000
DHH	493,446,416	24,672,321
DSS	7,501,857	375,093
Natural Resources	76,821,924	2,701,096

Dept	Total Stat_Ded	5% Cut
Revenue	485,000	24,250
DEQ	123,096,136	6,154,807
Labor	124,967,915	5,983,396
Wildlife	63,359,630	2,810,482
Civil Service	1,307,402	65,370
Higher Ed	142,000,173	7,065,009
Other Ed	53,383,671	910,482
Education	242,508,665	1,425,433
Other Req	216,696,184	10,834,809
Ancillary	89,000,000	0
Non-Approp	107,900,000	0
Judiciary	7,926,123	0
Capital Outlay	807,197,639	11,858,507
Total	\$3,327,543,881	\$104,983,399

RAINY DAY FUND

- Estimated Balance as of 6/30/05: \$461M
- Constitution restricts draw-down to only 1/3 of the balance in a fiscal year
- 1/3 of \$461M = \$153M

SUMMARY

Steps Not Requiring Legislative Session:

189,209,834	5% SGF Cut
104,983,399	5% Dedication Cuts (Constitutional & Statutory)
5,345,000	Cuts to Constitutional Allocation: Revenue Sharing / IEB
8,017,108	Cuts to Constitutional Appropriation: 1% Non-Instructional MFP
153,000,000	1/3 of Rainy Day Fund (Ballot)
\$460,510,341	TOTAL

Steps Requiring Legislative Session:

308,000,000	Balance of Rainy Day Fund (Constitutional Amendment)
150,000,000	FY04-05 Surplus (Constitutional Amendment)
581,489,659	Additional Cuts by Legislature
\$1,500,000,000	TOTAL

SGF Cuts to Fix the \$1.5B Hole

The Biggest Cuts

Department	Total SGF	5% of Available SGF	15.4% of Available SGF	Total SGF Cuts	What's Left in SGF after Cuts
DHH	1,403,062,888	69,958,144	214,999,066	284,957,210	1,118,105,678
Higher Ed	1,105,223,718	55,044,175	169,164,666	224,208,840	881,014,878
Education	2,687,578,611	11,278,931	34,663,005	45,941,936	2,641,636,675
DSS	211,155,741	10,510,287	32,300,769	42,811,057	168,344,684
Other Ed	161,805,332	8,090,267	24,863,435	32,953,701	128,851,631
Executive	152,294,342	7,614,717	23,401,951	31,016,668	121,277,674
HCSD	78,166,380	3,908,319	12,011,252	15,919,571	62,246,809
Corrections	399,465,144	2,658,257	8,169,496	10,827,754	388,637,390
CRT	48,308,763	2,415,438	7,423,252	9,838,690	38,470,073
Youth Services	123,094,866	2,069,743	6,360,844	8,430,588	114,664,278
Revenue	32,107,262	1,605,363	4,933,687	6,539,050	25,568,212
Total	6,402,263,047	175,153,641	538,291,423	713,445,065	5,688,817,982