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TO: The Honorable James R. Fannin, Chairman of the Joint Legislative Committee on the Budget
Honorable members of the Joint Legislative Committee on the Budget
The Honorable John A. Alario, Senate President
The Honorable Chuck E. Kleckley, Speaker of the House
Honorable members of the Louisiana Legislature
The Honorable Bobby Jindal, Governor

FROM: John D. Carpenter, Legislative Fiscal Officer

DATE: February 5, 2014

SUBJECT: Report of the LFO pursuant to Act 424 of the 2013 Regular Legislative Session

Pursuant to Section 1 of Act 424 of the 2013 Regular Legislative Session, the Legislative Fiscal Office (LFO) is required to review the proposed executive budget for the ensuing fiscal year and report to the Joint Legislative Committee on the Budget (JLCB), the state legislature and the governor whether the budget recommended appropriations out of the state general fund and dedicated funds for health care (09-DHH) and higher education (19A-Higher Education, 19E-HCSD) in FY 15 have been reduced from the FY 14 existing operating budget (as of January 24, 2014).

For purposes of Act 424, "general fund and dedicated funds" is assumed to have the meaning ascribed to that phrase in Article VII, Section 10(J) of the Louisiana Constitution. That definition specifically excludes self-generated revenue (SGR) collections from Higher Education (see below).

Article VII, Section 10 (J)

(J) Definition of Funds. For the purposes of this Article, the state general fund and dedicated funds shall be all money required to be deposited in the state treasury, except that money the origin of which is:

- (1) The federal government*
- (2) Self-generated collections by an entity subject to the policy and management authority established by Article VIII, Sections 5 through 7.*
- (3) A transfer from another state agency, board, or commission.*
- (4) The provisions of this Paragraph shall not apply to or affect funds allocated by Article VII, Section 4, Paragraphs (D) and (E).*

According to Table 2B, the level of HCSD funding is \$23.7 M less in the FY 15 executive budget than the current operating budget. This is due to the privatization of the state's public hospital system. The privatization resulted in the FY 15 executive budget nonrecurring one time funding for termination pay for HCSD employees and the privatization of W.O. Moss Regional Medical Center and Washington St. Tammany Regional Medical Center.

As presented in Table 1, the LFO reports that the recommended appropriations contained in the executive budget submitted by the governor exceed the appropriations for schedule 09, Department of Health & Hospitals in the existing operating budget for the current year as of January 24, 2014.

TABLE 1

09-DHH	FY 14 Current	FY 15 Exec Budget	Total
SGF	\$2,294,331,091	\$2,255,318,153	(\$39,012,938)
SGR	\$216,923,182	\$200,459,586	(\$16,463,596)
Dedications	\$657,188,068	\$902,200,090	\$245,012,022
Total	\$3,168,442,341	\$3,357,977,829	\$189,535,488

As presented in Table 2C, the LFO reports that the recommended appropriations contained in the executive budget submitted by the governor are in an amount less than the appropriations for schedule 19, Higher Education and LSU Health Sciences Center Health Care Services Division by approximately \$11.2 M.

NOTE: Pursuant to Article VII, Section 10(J), the LFO calculations exclude self-generated revenues from Higher Education/Health Sciences Center (HIED/HCSD). To the extent the self-generated revenues (SGR) were included above, the negative \$11.2 M total would equate to a positive \$152.4 M. In comparing FY 14 existing operating budget SGR for HIED/HCSD. The FY 15 executive budget includes an additional \$163.6 M in SGR.

TABLE 2A

19-HIED	FY 14 Current	FY 15 Exec Budget	Total
SGF	\$524,820,869	\$900,075,117	\$375,254,248
Dedications	\$594,669,343	\$231,982,145	(\$362,687,198)
Total	\$1,119,490,212	\$1,132,057,262	\$12,567,050

TABLE 2B

19-HCSD	FY 14 Current	FY 15 Exec Budget	Total
SGF	\$7,612,504	\$3,860,659	(\$3,751,845)
Dedications	\$20,000,000	\$0	(\$20,000,000)
Total	\$27,612,504	\$3,860,659	(\$23,751,845)

TABLE 2C

19-HIED/HCSD TOTAL	FY 14 Current	FY 15 Exec Budget	Total
SGF	\$532,433,373	\$903,935,776	\$371,502,403
Dedications	\$614,669,343	\$231,982,145	(\$382,687,198)
Total	\$1,147,102,716	\$1,135,917,921	(\$11,184,795)

FY 14 current is from the LFO database & FY 15 Exec Budget is from the Governor's FY 15 Executive Budget Document.