FOCUS ON THE FISC

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FROM THE DESK OF THE FISCAL OFFICER

Your Legislative Fiscal Office is pleased to present the latest edition of Focus on the Fisc. This issue provides information on the FY 15 Mid-Year Deficit Elimination Plan and how it affected various agencies. It also contains articles related to costs associated with Sexual Assault Forensic Exams and Fontainebleau State Park Cabin Repairs.

The February issue of Focus on the Fisc will discuss in detail the results of the January Revenue Estimating Conference.

John D. Carpenter

FOCUS POINTS

Revenue Estimating Conference Meeting, 1/26/2015
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The Revenue Estimating Conference (REC) met on Monday, January 26, 2015 and reduced the state tax revenue forecasts for the second time this fiscal year. While the bulk of the budget funding problem for next fiscal year is not related to oil prices, the steep decline in those prices since the current fiscal year began is exacerbating the FY 16 problem and is a major contributor to the FY 15 drop in revenue forecasts. At the general fund tax receipt bottom line, the REC adopted a reduction of $126.0 M for FY 15, and a reduction of $203.8 M for FY 16. Comparable reductions are made in the forecast baseline through FY 19. These reductions largely reflect a new lower oil price baseline that drops sharply in FY 15 from $81.33 to $69.36 per barrel, bottoms out in FY 16 from $83.54 to $59.64 per barrel, and then climbs to a new equilibrium near $70 per barrel by FY 19. This new price path for oil amounts to nearly a $12 per barrel drop since the last REC meeting in November, and a $23 per barrel drop since the May 2014 meeting which was held before prices began their precipitous drop.

The current mineral revenue drop is only partially offset by an upgrade to the forecast for general sales tax receipts, which finally appear to be gaining some growth traction this fiscal year after three years of essentially no growth. No changes occur in the forecasts of corporate tax or personal income tax. Riverboat gaming receipts were revised upward largely on the early-December opening of the new venue in Lake Charles. In addition, the REC recognized a $22.5 M transfer of Transportation Trust Fund monies to the general fund in FY 15 which was authorized by executive order in FY 12 to address a deficit in that year. Other positive and negative adjustments are made to various revenue sources, but these largely net out against themselves leaving the bulk of the mineral revenue drop at the bottom line of each fiscal year.

Changes were also adopted to various statutory dedications that are not directly related to general fund revenue but are part of the ad hoc funding utilized to sustain the budget. Major changes to these funds in that context include a $97 M increase in Overcollections Fund resources from various other funds. To the extent these increases materialize and are utilized to finance the current general fund downgrade they will likely add to the amount of funds that will have to be replaced in the FY 16, already in excess of $1 B.

FY 15 Mid-Year Deficit Reduction Plan (Round 1)
Legislative Fiscal Office Staff
Note: The following articles on pages 4 – 6 are all associated with the mid-year deficit reduction plan stated below.

On 11/14/2014 the Revenue Estimating Conference (REC) adopted a revised revenue forecast reducing FY 15 SGF revenues by $171 M. On 12/18/2014, the Division of Administration (DOA) presented the FY 15 Mid-Year Deficit Reduction Plan to the Joint Legislative Committee on the Budget (JLCB) to address the shortfall. The proposed plan uses specific SGF expenditure reductions of $34.6 M in contracts, operating expenses such as supplies and travel, and salaries and related benefits due to the elimination of 162 vacant positions. Other reductions were made to programs with projected excess funds due to lower than anticipated participation and utilization rates, as well as reductions to operating expenses of some elected officials (Commissioner of Agriculture & Forestry and the Commissioner of Insurance).

Additionally, the plan uses $135.9 M in "excess" revenues from the Overcollections Fund, Tax Amnesty collections, other various unobligated fund balances and projected end of year fund balances from various other funds as well as reallocation of other appropriated resources. This refinancing of existing expenditures, ultimately resolves 80% of the $171 M deficit.

Table 1 below provides a brief summary of the plan, which breaks down the total SGF reductions that will be completed via the governor's unilateral budget balancing authority (Executive Order BJ 2014-18), those adjustments that were approved by the JLCB, and those adjustments that have not yet been approved by the legislature pending recognition by the REC. Also included within the summary table is a listing of those resources and/or reallocations that are being proposed to **offset** such SGF reductions via MOF swaps or through reallocation of existing dollars. Due to this reallocation and the maximization of other revenue sources (mostly anticipated resources), the total net impact of this plan is a net reduction of $34.6 M with the governor reducing SGF $153.1 M and the JLCB reducing a total $17.4 M ($78,501 – SGF, $15 M – statutorily dedicated funds, $2.3 M – SGR). In addition, the JLCB appropriated $92.7 M of other resources to offset the SGF reduction and will likely appropriate another $43.2 M of resources which were recognized by REC on 1/26/15.

Table 1
NET SGF REDUCTIONS AND NET NON-SGF REDUCTIONS TO ALLEVIATE FY 15 DEFICIT

	Exec. Order	JLCB	Pending Legislative Approval	TOTAL	LEGISLATIVE ACTION NEEDED
SGF Reductions	($153,080,648)	($78,501)	$0	($153,159,149)	**$153.1 M SGF Reduction is anticipated to be reduced via Executive Order.*
Statutorily Dedicated Fund Reductions	$0	($15,015,098)	$0	($15,015,098)	**$15.1 M statutorily dedicated funds & $2.3 M SGR reductions*
SGR Reductions	$0	($2,317,345)	$0	($2,317,345)	*require JLCB approval.*
Sub-Total of Reductions (1)	**($153,080,648)**	**($17,410,944)**	**$0**	**($170,491,592)**	
Offset: DOA Existing SGR Freed-Up & State Land Funds	$0	$1,820,251	$0	$1,820,251	JLCB Approval
Offset: 2013 Tax Amnesty Fund Proceeds	$0	$23,448,257	$10,705,103	$34,153,360	JLCB Approval & $10.7 M pending JLCB Approval
Offset: Health Excellence Fund	$0	$6,601,110	$0	$6,601,110	JLCB Approval
Offset: Medical Assistance Trust Fund	$0	$4,900,000	$0	$4,900,000	JLCB Approval
Offset: Overcollections Fund (SGF Reversions)	$0	$12,400,000	$0	$12,400,000	JLCB Approval
Offset: Overcollections Fund (SGR/IAT Reversions)	$0	$28,600,000	$0	$28,600,000	JLCB Approval
Offset: Overcollections Fund (FEMA Reimbursements)	$0	$6,000,000	$0	$6,000,000	JLCB Approval
Offset: Insurance Verification Fund Anticipated Proceeds	$0	$0	$15,000,000	$15,000,000	Pending JLCB Approval
Offset: Risk Mgmt Proceeds	$0	$0	$12,000,000	$12,000,000	Pending JLCB Approval
Offset: Riverboat Gaming Enforcement Fund	$0	$0	$5,000,000	$5,000,000	Pending JLCB Approval
Offset: Resources from LA Office Building Corporation	$0	$0	$473,213	$473,213	Pending JLCB Approval
Offset: TOPS Fund	$0	$4,946,681	$0	$4,946,681	JLCB Approval
Offset: Lottery Fund Anticipated Proceeds	$0	$1,123,045	$0	$1,123,045	JLCB Approval
Offset: Mineral & Energy Operations Fund	$0	$688,365	$0	$688,365	$325,046 JLCB Approval
Offset: SGR from LED Debt Service	$0	$1,500,000	$0	$1,500,000	$78,501 JLCB Approval
Offset: Education Excellence Fund	$0	$669,411	$0	$669,411	JLCB Approval
Sub-Total of Revenue Offsets (2)	**$0**	**$92,697,120**	**$43,178,316**	**$135,875,436**	
TOTAL NET IMPACT OF PLAN	**($153,080,648)**	**$75,286,176**	**$43,178,316**	**($34,616,156)**	

(1) The Sub-Total of Reductions represents the total budgetary reductions to eliminate the $171 M FY 15 Mid-year Deficit.
(2) The Sub-Total of Revenue Offsets represents the refinancing of reductions by utilizing "identified" monies to offset the budgetary reductions.

FY 16 Impact of FY 15 Mid-Year Reduction Plan
Utilizing the $135.9 M of other available resources for the FY 15 Mid-Year Deficit Reduction Plan will result in a like amount of FY 16 SGF need unless other funding sources are identified or the expenditures these

resources are supporting are reduced.

During the 2014 Legislative Session, the Legislative Fiscal Office (LFO) reported to the legislature the significant financing decisions that will have to be made in FY 16 relative to the current structure of the FY 15 operating budget. The LFO provided a list of potential significant FY 16 financing replacements that will have to be made as a result of the proposed FY 15 budget that equated to $991 M. Table 2 below provides an updated list that reflects an increase to $1.125 B. In addition, to the extent that additional resources are budgeted as a result of the REC meeting on 1/26/15 and become part of an additional mid-year deficit reduction, this $1.125 B replacement amount will increase in FY 16.

The $135.9 M increase is due to adjustments made in the FY 15 Deficit Reduction Plan. Even though the SGF revenue forecast was reduced by $171 M in November 2014, the mid-year solution only results in a net budgetary reduction of $34.6 M. Approximately 80% of the solution involves MOF swaps replacing SGF that use one-time resources that will likely require another revenue source in FY 16.

Note: *The FY 16 Continuation Budget, which has an anticipated $1.6 B SGF imbalance, includes the items on the list provided on the next page. The Continuation Budget is a planning tool that compares projected SGF revenue with projected SGF expenditures necessary to sustain the current year's state operations and service delivery (FY 15 in this case) in subsequent fiscal years (FY 16 – FY 19 in this case). Projected SGF expenditures attempt to account for employee payroll growth, general and medical inflation, changes in program utilization, funding mandates and changes in federal financing availability. This is not the budget goal for the ensuing fiscal years, and not all of these adjustments are funded each year. However, the continuation budget exercise provides the SGF dollar equivalent of funding decisions the legislature must make to continue the current slate of state government operations, activities and services. The Executive Budget proposal is ultimately the budget goal and incorporates those portions of continuation costs that are supported by the administration as well as any number of administration budget initiatives not contained in the continuation budget exercise. Until an Executive Budget proposal is submitted, the ensuing year's budget is discussed in continuation budget terms.*

Table 2

Program	Potential Financing Replacement in FY 16 *(in millions)*	FY 15 Funding Sources
MVP - Overcollections Fund	$266.3	$266.3 M REC Recurring Overcollections Fund - funds sweeps, various DOA SGR resources, Pharmaceutical Settlements, Self Insurance Fund, and Go Zone Bond Repayments. These resources are utilized to fund recurring Medicaid expenditures (09-306).
MVP - Medicaid Trust Fund for the Elderly	$232.7	Monies will be exhausted in FY 15 and other resources will have to be identified in FY 16.
MVP - 2013 Tax Amnesty Fund	$156.5	Remaining Phase I & projected Phase II resources. Phase III collections are anticipated to be approximately $100 M.
Advanced Debt Payment - SGF	$210.0	REC Non-Recurring Revenues & other revenues - LA Housing Corporation ($25 M), DOJ Mortgage Settlement Funds ($4.6 M) and SGF savings and reductions included in Act 55 (HB 1094) of 2014 ($7.4 M) along with FY 13 Prior Year Surplus and FY 12 Rescinded Capital Outlay Projects are being utilized to fund the advance debt payment. The use of these resources frees up SGF that would otherwise have been utilized on GO bond debt payments. This budget mechanism is essentially a mechanism to get non-recurring resources into the state's operating budget.
Bond Premium - SGF	$34.2	In FY 14 the state sold GO bonds that generated a bond premium. Much like the advanced debt payment discussed above, utilizing these resources reduces the amount of SGF allocated for debt payments. This resource basically frees-up a like amount of SGF to expend elsewhere in the FY 15 operating budget.
Department of Revenue	$20.0	SGF need due to exhausting all retained SGR proceeds from the Tax Amnesty Program.
TOPS Fund	$22.0	Remaining proceeds from the Tobacco Refinancing. These funds will have to be replaced in FY 16 from the TOPS Fund in the TOPS Program.
Health Insurance High Risk Pool	$16.0	Senate Finance Committee amendments provide for the remaining proceeds from the LA Health Insurance High Risk Pool to be transferred to the Mega-Project Development Fund once the plan has paid all of its current obligations. This risk pool is no longer needed due to Affordable Care Act (ACA) requirements. These funds are utilized to pay economic development obligations in lieu of utilizing SGF.
WISE Fund	$23.2	$12.15 M of CDBG Program Income and $11 M of non-recurring Overcollections Fund resources are being utilized to fund the WISE Initiative (HB 1033) for FY 15. These resources will have to be replaced in FY 16 as the current version of Act 803 of 2014 (HB 1033) contemplates an annual program with at least $40 M of appropriated resources obligated for this initiative.
LA Lottery Reserves	$9.0	Senate Floor amendment to Act 646 (Funds Bill) provides for the LA Lottery Corporation to transfer $9 M of its reserves to the State Treasury for deposit into the LA Mega-project Development Fund. These funds are utilized to pay economic development obligations in lieu of utilizing SGF.
FY 15 Deficit Reduction Plan (Round 1)	$135.9	The plan uses $137.2 M in "excess" revenues from the Overcollections Fund, Tax Amnesty collections, other various unobligated fund balances and projected end of year fund balances from various other funds as well as reallocation of other appropriated resources. This budget mechanism, or refinancing of existing expenditures, ultimately resolves 80% of the $171 M deficit. A Means of Financing (MOF) Swap will replace cuts made to the appropriated SGF budget with revenues from some of these fund balances once these resources have been recognized by the REC. The significant sources of funds include: $34.2 M - Tax Amnesty collections, $6.6 M - Health Excellence Fund, $4.9 M - Medical Assistance Trust Fund, $41 M - SGF/SGR/IAT reversions, $15 M - Insurance Verification Fund, $12 M - ORM, and $5 M - Riverboat Gaming Enforcement.
TOTAL	**$1,125.8**	

Department of Health & Hospitals (DHH)
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Medicaid Mid-year Deficit Solution
The Mid-Year Deficit Reduction Plan (Round 1) for Medical Vendor Payments (MVP) includes a reduction of $127,441,478 in SGF. Although the plan reduced SGF by $127 M, $126,445,728 (99% of the cut) was proposed to be restored with various Statutory Dedication means of finance to offset the SGF reduction in FY 15.

($127,441,478)	Total SGF reduction in MVP (09-306)
$126,445,728	Statutory Dedication funding used to offset SGF cut
($995,750)	**Net cut resulting in payment reduction to providers**

The specific Statutory Dedication revenues used to replace SGF reductions are reflected below:

$34,153,360	Excess Amnesty Collections
$7,919,155	Health Excellence Fund
$4,900,000	Medical Assistance Trust Fund
$79,473,213	Excess Statutory Dedicated revenue from the Overcollections Fund
$126,445,728	**Statutory Dedication revenue used to offset SGF cut**

However, the BA-7 originally proposed reflecting the above solution was amended in Joint Legislative Committee on the Budget. The amended BA-7 reduced the Statutory Dedication restorations used to offset the $127 M SGF cuts by approximately $44 M as a result of certain funds proposed to be used in the BA-7 not being recognized by the Revenue Estimating Conference (REC) prior to BA-7 approval. The Statutory Dedication revenues reduced in the amended and approved BA-7 include both Amnesty revenue collections and Overcollections Fund revenues in the amount of $70.4 M, in addition to $1.3 M in Health Excellence Fund revenues projected over anticipated collections in FY 15.

Based on the revenues amended from the original MVP BA-7 being recognized at the 1/26/15 REC meeting, the only actual cut to Medical Vendor Payments will be $995,750 as proposed in the original BA-7 request. The cut will result in a reduction in payments to certain hospitals that receive Disproportionate Share Hospital (DSH) payments, and payments to Pediatric Day Health Care providers.

In FY 16, $126 M in additional SGF or other like revenues will be required to be added to Medical Vendor Payments (to be used as a state match source) in order to maintain the level of services supported by this level of revenue offset in FY 15.

Department of Environmental Quality
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The Mid-Year Deficit Reduction Plan (Round 1) includes $2,134,809 in reductions for the Department of Environmental Quality (DEQ) from all means of finance, including a reduction of $9,908 in SGF, reductions totaling $2,124,901 from statutorily dedicated funds, and elimination of ten (10) vacant positions. The reductions in statutorily dedicated funds represent 2% of DEQ's Statutory Dedications budget authority. These mid-year reductions are from the following broad categories:

1. Savings of $52,100 from a 1% reduction in contracts department wide with savings taken from the Environmental Trust Fund.

2. Savings of $1,146,217 per Executive Order BJ 2014-16, Executive Branch Expenditure Freeze with savings taken from the following funding sources: SGF ($9,908), Environmental Trust Fund ($379,369), Hazardous Waste Site Cleanup Fund ($51,890), Lead Hazard Reduction Fund ($2,000), Oil Spill Contingency Fund ($3,123), Motor Fuels Underground Tank Fund ($473,142) and the Waste Tire Management Fund ($226,785).

3. Savings of ($936,492) per Executive Order BJ 2014-1 - Limited Hiring Freeze including ten vacant positions department wide with savings taken from the Environmental Trust Fund.

DEQ does not anticipate any significant operational impacts from most of the budget reductions described above. However, DEQ reports that the reduction of $473,142 to the Motor Fuels Underground Storage Tank Trust Fund may reduce resources for remediation of leaking underground motor fuel storage tanks. Fund revenues are derived from a fee imposed on the first sale of bulk motor fuel (wholesalers) and from an annual fee per tank on owners of underground tanks storing new or used motor oil. DEQ uses the fund to reimburse program participants for costs to remediate sites contaminated by leakage of motor fuels. This budget reduction is not likely to have an impact in FY 15 because the fund had unobligated balance of $11.8 M on 9/30/2014 (latest date available). However, LDEQ reports that the fund acts as in insurance pool to fund remediation costs for leaking storage tanks and the fund may face a shortfall in the future due to this reduction.

DEQ also reports that the reduction of $226,785 in the Waste Tire Management Fund may decrease resources to pay waste tire processors. These fees are derived from fees paid from new and used tire sales. The fund has a current balance of approximately $911,000 in early January 2015 prior to application of the mid-year budget reduction. However, the fund started the fiscal year with a beginning balance of approximately $360,000. Furthermore, payments to processers generally exceed revenues collected from fees on tire sales during colder months. As such, the fund has faced cash shortfalls in previous fiscal years. The budget reduction increases the likelihood of a cash shortfall in the fund in FY 15. If the fund runs low on cash, DEQ prorates payments to waste tire processors.

Higher Education Taylor Opportunity Program for Students (TOPS)
Charley Rome, Fiscal Analyst, romec@legis.la.gov

The Mid-Year Deficit Reduction Plan (Round 1) included a MOF swap replacing SGF ($4,946,681) with a like amount from the statutorily dedicated TOPS Fund for TOPS awards. The reduction in the TOPS Fund is based on $7,498,361 in excess funds carried forward from FY 14 and a reduction in the Revenue Estimating Conference (REC) projection for the TOPS Fund of $2,551,680 producing a net estimated balance in the TOPS Fund of $4,946,681 in FY 15. Using TOPS funds in the current year leaves less resources to fund a $22 M SGF MOF Swap in FY 16 replacing tobacco restructuring/refinancing proceeds.

Department of Education
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Student Scholarships for Educational Excellence Program
As a result of the lower than projected enrollment, the Student Scholarships for Educational Excellence Program (SSEEP) budget was reduced $3,765,411 or 8% of the total budget. However, based on actual expenditures for the first two quarters, the annualized cost of the program is projected to be $40.8 M resulting in an additional $1.6 M in excess program funding in the DOE budget.

SSEEP, or voucher program, allows selected students to attend participating non public schools with tuition expenses paid by the state. To be eligible for a scholarship, a student must have a family income that does not exceed 250% of the federal poverty guidelines and must be entering kindergarten or enrolled in a public school which has a C, D or F letter grade for the most recent year of the school and district accountability program.

2013-2014 School Year
For FY 14, the Department of Education (DOE) received 11,916 applications for vouchers; there were 8,515 vouchers awarded (72% of total applications) and of those awarded, 6,778 were actually used by students (80% of the total awarded and only 56% of the total applications). The average tuition paid was $5,311 per student. The DOE was budgeted $43.2 M for the program; actual expenditures were $36 M with the remaining $7.2 M used in the supplemental bill to fund shortfalls in the MFP.

2014-2015 School Year
For FY 15, the budget was increased to $46.2 M based on a DOE projected enrollment of 8,130 students with an average tuition of $5,577. As of December 2014, the DOE had received 13,000 applications and had awarded 9,100 vouchers (70% of total applications). Of those awarded, only 7,362 are actually being used by students (80% of total awarded and 56% of the total applications). For the first two quarters of the year (July through December) the DOE paid an average tuition amount of $5,545 for a total of $20.2 M or $40.4 M on an annualized basis. The result is a projected surplus of $5.7 M, $3.7 M of which was used to address the mid-year deficit leaving a potential balance of $2 M in the DOE operating budget.

LA Economic Development (LED) Debt Service & State Commitments
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The Mid-Year Deficit Reduction Plan (Round 1) includes a $1.5 M decrease in SGF and $648,085 decrease in funding from the statutorily dedicated Rapid Response Fund. The LA Department of Economic Development (LED) Debt Service & State Commitments (Schedule 20) provides funding for economic development projects throughout the state and the Rapid Response Fund specifically provides funding for industrial or business development projects that promote cluster economic development and that require state assistance to create or retain jobs. The Rapid Response Fund currently has an unobligated balance of $8.9 M. LED will absorb the $648,085 mid-year reduction in the Rapid Response Fund from the fund's current unobligated balance of $8.9 M. Furthermore, LED will fund a $1.5 M payment to IBM that was funded with SGF prior to the Mid-Year cut with unobligated Rapid Response Funds until receiving a $1.5 M SGR payment from City of Baton Rouge for IBM that is due in June. When the SGR payment from Baton Rouge for IBM is collected in June, the intent is to appropriate these funds in the Supplemental Bill to replenish the $1.5 M paid to IBM from the Rapid Response Fund. However, LED is currently negotiating with companies for new economic development projects and use of unobligated Rapid Response Funds to absorb mid-year budget cuts may result in a shortfall in the fund by the end of FY 15.

GENERAL GOVERNMENT

Potential Costs of Paying for Sexual Assault Forensic Exams Under Executive Order BJ 2014-17
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In November 2014, Gov. Bobby Jindal signed Executive Order BJ 2014-17, which mandates that hospitals can no longer bill victims of sexual assault for medical services related to the standard forensic exam that each victim receives. The Louisiana Coalition on Law Enforcement's (LCLE) Crime Victim Reparations Board (CVRB) will now assume certain medical costs deemed standard by the Department of Health and Hospitals (DHH) related to sexual assault Forensic Medical Exams (FME). With LCLE assuming theSE costs for Louisiana's FME Program, net state expenditures will significantly increase.

CVRB receives its funding through a combination of fees levied on criminal court cases, as well as funding from federal grants, court-ordered restitution from criminals, donations, and interest. Currently CVRB has a cash balance of $1.5M and an unencumbered appropriation of $2.4 M for FY 15.

CVRB was not liable to pay all medical costs related to hospitals or health care facilities performing forensic exams in the past. Previously medical facilities would bill sexual assault victims, their insurance, or another third party payer for medical services related to FMEs. CVRB was only liable for costs brought to their attention by victims filing a claim for reparations, as is the process for victims of all other forms of crime. Over the last 16 months, CVRB only paid five awards for claims on medical services related to FMEs at an average cost of $2,700 per claim, or $13,500.

A proposed rule by CVRB would allow sexual assault victims to assign their right to collect medical expenses associated with FMEs to the facilities in which they are performed. It is important to note that the aforementioned rule will only cover medical expenses *related* to the FME. Currently state law mandates that parish coroners or the parish governing authority must cover non-medical service expenses related to the FME, such as the purchase of rape kits, as it is for evidence collection and preservation purposes.

To generate a potential range of costs for CVRB related to BJ 2014-17, a reasonable estimate of rapes must be generated. According to the FBI's Uniform Crime Reporting (UCR) database, Louisiana had 1,619 rapes in 2013. However, victims do not necessarily report rapes to law enforcement in all cases. The Rape, Abuse, and Incest National Network (RAINN), the largest anti-sexual violence organization in the United States, estimates 68% of rapes go unreported. As a result, the number of cases that CVRB may be liable to pay out is uncertain based upon historical data.

However, using data available at this time, it is possible to begin drawing conclusions about the potential fiscal impact of CVRB paying for medical services related to the FME program in Louisiana by examining the costs it has paid on average for medical services occurring at the time of FMEs ($2,700 per case), as well as the model of the State of Kentucky's Sexual Assault Program. Kentucky's statistical profile in the categories of population, rapes reported to law enforcement, and rapes per 100,000 inhabitants in 2013 are quite similar to Louisiana's during the same period. See Table 3 below for a comparison.

Kentucky's Sexual Assault Program has many of the features in place that BJ 2014-17 tasks state agencies to create for Louisiana, including a standardized FME protocol and standardized rape kit as noted in the Kentucky Administrative Regulations. Kentucky has also standardized pay rates for services included in their FME protocol, totaling a chargeable max of $1,995 that hospitals can bill its Crime Victims Compensation fund. Removing non-medical service expenses such as the examination facilities fee ($250) and an examiner fee ($200), Kentucky has a chargeable max of $1,545 for purely medical expenses. The following figures represent Kentucky's chargeable max for medical expenses of $1,545 and Louisiana's average award of $2,700 for medical expenses at financial exposure levels of 100%, 75%, and 50% multiplied by the reported number of rapes in Louisiana (Table 4).

Table 3

State	Population	Rape (Revised definition)[1]	Rapes/100,000 inhabitants
Kentucky	4,395,295	1,611	36.7
Louisiana	4,625,470	1,619	35

[1] The revised UCR definition of rape is defined as "Penetration, no matter how slight, of the vagina or anus with any body part or object, or oral penetration by a sex organ of another person, without the consent of the victim."

Furthermore, using assumptions from other sources, such as RAINN's estimation that 68% of rapes go unreported, it is possible to extrapolate a potential maximum exposure. By using RAINN's figure on the unreported percentage of rapes, it is possible to generate a reasonable estimation of the true number in Louisiana in 2013. If 1,619 is the reported number of rapes at a rate of 32%, then the **estimated** number of rapes in Louisiana is 5,059. Using the generated number of rapes, the amounts of financial exposure change dramatically using both Kentucky's Sexual Assault Program and Louisiana's average payout models (Table 5).

Table 4

Potential Financial Exposure Ranges Based Upon Known Cases of Rape

Model	Max Charge	100% Exposure	75% Exposure	50% Exposure
Kentucky	$1,995	$3,229,905	$2,422,429	$1,614,953
LA CVRB Payout Avg.	$2,700	$4,371,300	$3,278,475	$2,185,650

Table 5

Potential Financial Exposure Based Upon Estimated Cases of Rape

Model	Max Charge	Max. Exposure	75% Exposure	50% Exposure
Kentucky	$1,995	$7,816,155	$5,862,116	$3,908,078
LA CVRB Payout Avg.	$2,700	$13,659,300	$10,244,475	$6,829,650

These are not authoritative figures for the potential costs of Louisiana funding the FME program, and come with a number of caveats. First, the $2,700 per-case average payout for FMEs by CVRB is derived from only five cases, which may be too small of a sample to be representative of a true per-case cost statewide. Next, the figures given only represent a range of potential costs based upon the data available at this time. The range of potential costs between $2.1 M and $13.7 M only serve as an estimation. LCLE has not provided the LFO with any data or information indicating that CVRB will hit the maximum exposure point for paying claims on medical services related to FMEs. To the extent that the number in reported rapes increased beyond the known figure of 1,619, the total cost would increase beyond the projected minimum of $2.1 M reflected in this report. Lastly, DHH has not established which medical procedures will be deemed "standard" as they relate to sexual assault victims, and as a result pay rates for these "standard" services are unable to be established. DHH and the Department of Public Safety have convened a task force meeting in an attempt to determine a standard FME protocol which may look quite different from Kentucky's current model.

It is also important to note that CVRB has standing federal assistance in carrying out its duties. For every dollar approriated for CVRB in a particular fiscal year, it receives 60 cents from the federal Office for Victims of Crime (OVC) in the next fiscal year by way of the Victims of Crime Act. Therefore, increased state expenditures in a particular fiscal year related to medical services for sexual assault victims receiving FMEs may result in additional federal funding.

Due to the number of unknowns within this issue, fiscal analysis will likely change as the agencies responsible devise and implement policies pursuant to Executive Order BJ 2014-17.

Fontainebleau State Park Cabin Repairs
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Since their completion in 2005 the cabins on the banks of Lake Pontchartrain in Fontainebleau State Park have not been consistently open due to hurricane damage. Just as the cabins were completed and set to be open, Hurricane Katrina heavily damaged the cabins. Repairs to the cabins were completed in 2008 and the cabins remained open until Hurricane Isaac struck in 2012. Damages to the cabins and the secondary structures surrounding the cabins from Isaac was estimated to be $2.63 M by the Office of State Parks (OSP), $1.86 M of which was attributed solely to the cabins. Incorrect assessments by insurance adjusters, damage to necessary on-site facilities, and interagency disputes over what party would be responsible for repairs lead to delays in the project spanning over the next two years. After corrections were made and some assignment of responsibility agreed to, a $1.4 M contract has been approved to begin the first portion of reconstruction (Phase I – see below).

Due to the Office of Risk Management (ORM) being the FEMA applicant for all permanent repairs, ORM wanted to complete all repairs covered by State insurance before having FEMA cover non-insured damages. This caused various delays that have resulted in the cabins still not being open. The cabin structures were covered by the ORM policy, but the access board walks and utilities that had been destroyed would presumably not be covered due to their close proximity to the water, a condition that defies ORM standards of coverage. This would mean the Office of State Parks (OSP) would be responsible for covering approximately $140,000 of the repairs with possible FEMA reimbursement. OSP has had difficulty in funding the $140,000 for repairs as a result of budget reductions and a fund trasnfer from the State Parks Repair and Improvement Fund. Since FY 12, approximately $29 M of $38 M in revenues from the State Parks Repair and Improvement Fund has been transferred from the fund for use elsewhere in the state's operating budget. In addition, there is a chance that the reimbursements provided by FEMA may not fully cover the expenses OSP would have to take on for the project.

Despite other disputes, OSP and ORM did agree that the reconstruction should take place in two phases as some repairs would be more straightforward than others, providing an opportunity to work through early coordination of funding and scope for the rest of the project. Phase I would consist of the cabins and walkways leading to the cabins with an estimated cost of $1,437,000, in which ORM will pay $1,299,522 and OSP will pay $137,478. At the time of this report, the repairs for Phase I are approximately 80% completed with an estimated finishing date in early March 2015. Phase II would cover secondary structures like the Visitor's Center, maintenance building and other structures that worked in support of the cabins. Phase II is still in the design phase meaning the full scope of work is still being determined and cost estimates are unknown at this time. According to OSP estimates, the repair costs will be approximately $990,000, while adjusters from ORM estimate the repairs to be $286,000.

In addition to the interoffice coverage disputes, the floodwaters destroyed the walkways leading to the cabins and ruined the utilities and sewage facilities at the site. With no proper walkways to reach the cabins and no utilities to connect equipment, contractors faced a difficult time properly assessing the damage. The scope of work contained errors of what materials had been used to construct the cabins as well as outright omissions of other items damaged in the storms. The scope of work is an assessment from an insurance adjuster that provides the cornerstone from which the complete project costs will be estimated. As a result, the initial adjusters report for Phase I estimated costs at $421,000 while OSP estimated the damages at $1.8 M. These inaccuracies lowered replacement costs and lead to disputes over how much was to be budgeted for reconstruction.

With Phase I of the project anticipated to be finished in early March 2015, it will become necessary to hire new personnel to manage the cabins once they reopen. According to the FY 16 OSP budget request, 2 TO positions will be needed at an estimated cost of $157,000 for salaries and related benefits. It is unknown at this time if these requested expenditures will be funded in FY 16. In addition, it is also unknown if ORM or OSP will seek FEMA reimbursement for the repairs for Phases I or II.