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TO: The Honorable Cameron Henry, Chairman of the Joint Legislative Committee on the Budget
The Honorable Eric Lafleur, Vice-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 Taylor Barras, Speaker of the House
Honorable members of the Louisiana Legislature
The Honorable John Bel Edwards, Governor

FROM: John D. Carpenter, Legislative Fiscal Officer

DATE: March 4, 2019

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 20 have been reduced from the FY 19 existing operating budget (as of December 1, 2018). **In order to complete this evaluation, the LFO has utilized the proposed budget as submitted by the governor in lieu of an executive budget which he did not submit for FY 20.**

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). **While no official forecast of SGR and Statutory Dedications is available for FY 20, the proposed budget utilized information from the recommended revenue estimates that were not adopted by the Revenue Estimating Conference (REC).**

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).

As presented in Table 1, the LFO reports that the recommended appropriations contained in the proposed budget submitted by the governor are in an amount more than the appropriations for schedule 09, Department of Health & Hospitals in the existing operating budget for the current year as of December 1, 2018 by approximately \$190.6 M.

Health Care
TABLE 1

09-LDH	FY 19 Current	FY 20 Proposed	Difference
SGF	\$2,482,536,143	\$2,493,402,155	\$10,866,012
SGR	\$538,898,298	\$704,135,536	\$165,237,238
Dedications	\$890,492,234	\$904,996,542	\$14,504,308
Total	\$3,911,926,675	\$4,102,534,233	\$190,607,558

As presented in Table 2C, the LFO reports that the recommended appropriations contained in the proposed budget submitted by the governor are in an amount more than the appropriations for schedule 19, Higher Education and LSU Health Sciences Center Health Care Services Division in the existing operating budget for the current year as of December 1, 2018 by approximately \$30.6 M.

Higher Education
TABLE 2A

19-HIED	FY 19 Current	FY 20 Proposed	Difference
SGF	\$1,014,826,798	\$1,040,713,592	\$25,886,794
Dedications	\$148,331,426	\$153,553,223	\$5,221,797
Total	\$1,163,158,224	\$1,194,266,815	\$31,108,591

TABLE 2B

19-HCSD	FY 19 Current	FY 20 Proposed	Difference
SGF	\$24,427,906	\$23,981,083	(\$446,823)
Dedications	\$0	\$0	\$0
Total	\$24,427,906	\$23,981,083	(\$446,823)

TABLE 2C

19-HIED/HCSD TOTAL	FY 19 Current	FY 20 Proposed	Difference
SGF	\$1,039,254,704	\$1,064,694,675	\$25,439,971
Dedications	\$148,331,426	\$153,553,223	\$5,221,797
Total	\$1,187,586,130	\$1,218,247,898	\$30,661,768

FY 19 Current is from the LFO database & FY 20 Proposed is from the Governor's FY 20 Proposed Budget Document.