

FISCAL YEAR 2014 - 2015
FIVE YEAR BASE LINE PROJECTION SYNOPSIS
AND
EXISTING OPERATING BUDGET 2013 - 2014
VERSUS
APPROPRIATED 2014 - 2015

**FIVE YEAR BASE LINE PROJECTION
STATE GENERAL FUND SUMMARY
APPROPRIATED**

	Prior Fiscal Year 2013-2014 **	Current Fiscal Year 2014-2015	Projected Fiscal Year 2015-2016	Projected Fiscal Year 2016-2017	Projected Fiscal Year 2017-2018
REVENUES:					
Taxes, Licenses & Fees	\$10,314,000,000	\$10,640,400,000	\$10,900,600,000	\$11,138,100,000	\$11,352,600,000
Less Dedications	(\$1,998,100,000)	(\$1,957,900,000)	(\$1,978,800,000)	(\$1,990,400,000)	(\$2,245,400,000)
Carry Forward Balances	\$21,781,323	\$0	\$0	\$0	\$0
Act 597 of 2012 RLS - (Funds Bill) - Transfer of Funds	\$0	\$0	\$0	\$0	\$0
Act 23 of 2012 RLS- Use of Capital Outlay	\$0	\$0	\$0	\$0	\$0
Act 420 of 2013 RLS (Funds Bill) - Transfer of Funds	\$33,701,856	\$0	\$0	\$0	\$0
Acts 423 and 425 of 2013 RLS - Tax Credit Suspension/Elimination	\$25,600,000	\$0	\$0	\$0	\$0
Act 14 of 2013 RLS (General Appropriation Bill) - Transfer of Funds	\$4,201,724	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$8,401,184,903	\$8,682,600,000	\$8,921,800,000	\$9,147,700,000	\$9,107,200,000
ANNUAL GROWTH RATE		3.35%	2.75%	2.53%	-0.44%
EXPENDITURES:					
General Appropriation Bill (Act 15 of 2014 RLS)	\$7,799,309,314	\$8,322,889,450	\$9,417,323,336	\$9,760,466,846	\$10,256,036,187
Ancillary Appropriation Bill (Act 45 of 2014 RLS)	\$0	\$0	\$5,774,004	\$9,779,532	\$13,993,140
Non-Appropriated Requirements	\$416,436,412	\$206,170,216	\$485,036,720	\$527,776,629	\$551,405,994
Judicial Appropriation Bill (Act 65 of 2014 RLS)	\$147,338,908	\$155,338,908	\$155,285,937	\$155,286,560	\$155,287,207
Legislative Appropriation Bill (Act 75 of 2014 RLS)	\$69,263,933	\$73,352,811	\$73,309,836	\$73,309,903	\$73,309,979
Special Acts	\$0	\$0	\$18,460,529	\$18,460,529	\$18,460,529
Capital Outlay Bill (Act 25 of 2014 RLS)	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$8,432,348,567	\$8,757,751,385	\$10,155,190,362	\$10,545,079,999	\$11,068,493,036
ANNUAL GROWTH RATE		3.86%	15.96%	3.84%	4.96%
Midyear Adjustments after 12/1/2013	(\$33,328,453)	\$0	\$0	\$0	\$0
FY12-13 Revenue not Carried Forward into FY 13-14	\$411,744	\$0	\$0	\$0	\$0
Preamble Adjustment		(\$75,659,793)	(\$75,659,793)	(\$75,659,793)	(\$75,659,793)
PROJECTED BALANCE	\$1,753,045	\$508,408	(\$1,157,730,569)	(\$1,321,720,206)	(\$1,885,633,243)

Oil Prices included in the REC official forecast

\$99.80

\$95.80

\$95.89

\$94.99

\$94.90

** Final reconciliation of FY 13-14 has not been completed as of 8/8/2014.

**FIVE YEAR BASE LINE PROJECTION
STATE GENERAL FUND REVENUE**

	Current Fiscal Year 2013-2014	Ensuing Fiscal Year 2014-2015	Projected Fiscal Year 2015-2016	Projected Fiscal Year 2016-2017	Projected Fiscal Year 2017-2018
REVENUES:					
Taxes, Licenses & Fees:					
Corporate Franchise & Income	\$279,500,000	\$350,800,000	\$363,000,000	\$380,000,000	\$370,300,000
Individual Income	\$2,811,500,000	\$2,932,400,000	\$3,107,700,000	\$3,254,800,000	\$3,399,300,000
Sales, General & Motor Vehicle	\$2,976,000,000	\$3,075,800,000	\$3,153,200,000	\$3,219,300,000	\$3,283,700,000
Sales, Suspension of Exemptions 2)	\$0	\$0	\$0	\$0	\$0
Mineral Revenues	\$1,403,500,000	\$1,317,000,000	\$1,295,700,000	\$1,268,400,000	\$1,250,200,000
Gaming Revenues	\$862,600,000	\$844,500,000	\$848,700,000	\$851,100,000	\$853,400,000
Other	\$1,980,900,000	\$2,119,900,000	\$2,132,300,000	\$2,164,500,000	\$2,195,700,000
TOTAL TAXES, LICENSES, & FEES	\$10,314,000,000	\$10,640,400,000	\$10,900,600,000	\$11,138,100,000	\$11,352,600,000
LESS DEDICATIONS	(\$1,998,100,000)	(\$1,957,900,000)	(\$1,978,800,000)	(\$1,990,400,000)	(\$2,245,400,000)
TOTAL REVENUE	\$8,315,900,000	\$8,682,600,000	\$8,921,800,000	\$9,147,700,000	\$9,107,200,000
ANNUAL GROWTH RATE	0.50%	4.41%	2.75%	2.53%	-0.44%
OIL PRICE	\$99.80	\$95.80	\$95.89	\$94.99	\$94.90
NOTES:					
Source: The official forecast adopted by the Revenue Estimating Conference on June 19, 2014.					

STATE
State of Louisiana
Baseline Projection - Statewide
APPROPRIATED

DI Description	Existing Oper Budget as of 12/01/13	Total Executive Legislative Adjustments	Projected Fiscal Year 2015 - 2016	Projected Fiscal Year 2016 - 2017	Projected Fiscal Year 2017 - 2018
Existing Oper Budget as of 12/01/13	\$8,431,496,459	\$8,431,496,459	\$8,431,496,459	\$8,431,496,459	\$8,431,496,459
STATEWIDE STANDARDS					
Annualize Classified State Employees Performance Adjustment		\$0	\$10,545,131	\$21,512,067	\$32,917,681
Annualize Unclassified State Employees Merits		\$0	\$113,969	\$232,497	\$355,766
Annualize Unclassified Teacher Merits		\$0	\$263,064	\$536,651	\$821,181
Classified State Employees Performance Adjustment		\$25,389,306	\$64,536,192	\$98,753,027	\$134,338,536
Unclassified State Employees Performance Adjustment		\$341,909	\$697,494	\$1,067,303	\$1,451,904
Unclassified Teacher Performance Adjustment		\$789,192	\$1,609,952	\$2,463,542	\$3,351,275
Civil Service Training Series		\$1,373,937	\$1,373,937	\$1,373,937	\$1,373,937
Louisiana State Employees' Retirement System Rate Adjustment		\$36,787,540	\$36,787,540	\$36,787,540	\$36,787,540
Louisiana State Employees' Retirement System Base Adjustment		(\$1,372,550)	(\$1,372,550)	(\$1,372,550)	(\$1,372,550)
Teachers Retirement System of Louisiana Rate Adjustment		\$254,486	\$254,486	\$254,486	\$254,486
Teachers Retirement Base Adjustment		(\$117,543)	(\$117,543)	(\$117,543)	(\$117,543)
Group Insurance Rate Adjustment for Active Employees		\$3,538,836	\$6,923,805	\$6,923,805	\$6,923,805
Group Insurance Rate Adjustment for Retirees		\$3,403,631	\$6,216,082	\$6,216,082	\$6,216,082
Group Insurance Base Adjustment		(\$2,344,181)	(\$2,344,181)	(\$2,344,181)	(\$2,344,181)
Group Insurance Base Adjustment for Retirees		(\$51,778)	(\$51,778)	(\$51,778)	(\$51,778)
Salary Base Adjustment		\$22,741,153	\$22,741,153	\$22,741,153	\$22,741,153
Attrition Adjustment		(\$16,902,629)	(\$16,902,629)	(\$16,902,629)	(\$16,902,629)
Personnel Reductions		(\$12,745,602)	(\$12,745,602)	(\$12,745,602)	(\$12,745,602)
Non-Recurring Acquisitions & Major Repairs		(\$783,494)	(\$783,494)	(\$783,494)	(\$783,494)
Non-recurring Carryforwards		(\$20,517,470)	(\$20,517,470)	(\$20,517,470)	(\$20,517,470)
Inflation		\$0	\$14,963,235	\$29,950,208	\$45,353,767
Medical Inflation		\$0	\$62,029,131	\$118,470,827	\$171,054,331
Risk Management		\$4,169,359	\$5,774,004	\$9,779,532	\$13,993,140
Legislative Auditor Fees		\$501,299	\$1,655,480	\$1,721,700	\$1,790,568
Rent in State-Owned Buildings		\$814,861	\$829,946	\$849,367	\$871,111

STATE
State of Louisiana
Baseline Projection - Statewide
APPROPRIATED

DI Description	Existing Oper Budget as of 12/01/13	Total Executive Legislative Adjustments	Projected Fiscal Year 2015 - 2016	Projected Fiscal Year 2016 - 2017	Projected Fiscal Year 2017 - 2018
STATEWIDE STANDARDS					
Maintenance in State-Owned Buildings		(\$124,657)	(\$127,437)	(\$130,419)	(\$133,758)
Capitol Park Security		\$17,773	\$18,337	\$18,766	\$19,246
Capitol Police		\$56,706	\$57,971	\$59,327	\$60,846
UPS Fees		\$58,495	\$59,749	\$61,147	\$62,713
Civil Service Fees		\$615,878	\$352,078	\$360,317	\$369,541
State Treasury Fees		(\$12,291)	(\$12,565)	(\$12,859)	(\$13,188)
Office of Computing Services Fees		(\$342,476)	(\$458,332)	(\$469,057)	(\$481,065)
Administrative Law Judges		(\$153,595)	(\$157,020)	(\$160,694)	(\$164,808)
TOTAL MEANS OF FINANCING SUB ADJUSTMENT		\$173,821,679	\$898,145,119	\$920,386,178	\$919,195,422
TOTAL NEW AND EXPANDED ADJUSTMENT		\$40,367,425	\$70,384,850	\$77,777,275	\$85,169,700
TOTAL NON-RECURRING OTHER ADJUSTMENT		(\$9,800,740)	(\$9,800,740)	(\$9,800,740)	(\$9,800,740)
TOTAL OTHER ADJUSTMENTS ADJUSTMENT		\$31,593,125	\$458,536,751	\$616,432,435	\$929,168,266
TOTAL OTHER ANNUALIZATIONS ADJUSTMENT		\$3,270,571	\$41,354,859	\$80,164,138	\$119,993,416
TOTAL OTHER TECHNICAL ADJUSTMENTS ADJUSTMENT		(\$1,304,893)	(\$1,304,893)	(\$1,304,893)	(\$1,304,893)
TOTAL WORKLOAD ADJUSTMENT		\$42,921,664	\$84,165,821	\$125,404,143	\$169,094,863
TOTAL ADJUSTMENTS		\$326,254,926	\$1,723,693,902	\$2,113,583,540	\$2,636,996,576
TOTAL		\$8,757,751,385	\$10,155,190,361	\$10,545,079,999	\$11,068,493,035

STATE
State of Louisiana
Baseline Projection of Significant Items
APPROPRIATED

DI Description	Total Executive Legislative Adjustments	Projected Fiscal Year 2015 - 2016	Projected Fiscal Year 2016 - 2017	Projected Fiscal Year 2017 - 2018
Elections Expense	\$8,707,075	\$11,837,290	\$9,309,042	\$3,461,981
Ballot Printing	\$758,516	\$1,053,516	\$798,298	(\$41,484)
Local Housing _State Offenders	\$10,090,114	\$22,520,969	\$21,228,594	\$21,228,594
Medicaid Payments	(\$21,530,437)	\$743,642,464	\$901,518,528	\$1,216,681,921
Econ Development Commitments	(\$15,729,981)	\$28,815,865	\$28,815,865	\$28,815,865
Taylor Opp Program_Students	\$94,023,325	\$146,270,051	\$179,536,172	\$214,358,316
HIED Overcollections Fund	\$294,265,343	\$294,265,343	\$294,265,343	\$294,265,343
Minimum Foundation Program	\$51,323,398	\$112,149,047	\$138,986,547	\$165,754,047
State Debt Service	(\$210,266,196)	\$68,600,308	\$111,340,217	\$134,969,582
Bridge and Road Hazards	\$0	\$18,460,529	\$18,460,529	\$18,460,529

Notes:

The 'Existing Operating Budget as of 12/1/2013' represents the budgeted amount as of December 1, 2013 for FY 2013-2014.

The column labeled 'Total Executive Legislative Adjustments' represents the Appropriated Level for FY 2014-2015.

The section labeled 'Statewide Standards' are statewide adjustments and to the extent necessary are made to all appropriations.

Growth rates are not applied to Salaries (Object Codes 2100/2130/5200). Annualization Performance Adjustments and Performance Adjustments are computed separately as specific items allowing a 4% growth rate per year for eligible employees. Performance Adjustments are included for Unclassified Employees only to the extent a structured salary schedule exists relative to the unclassified employees.

Acquisitions and Major Repairs - Comprised of Replacement Equipment, Major Repairs to existing property, and other needed equipment and major repairs but not included as a Workload adjustment, Annualization adjustment, or New or Expanded adjustment.

The Annual Growth Rate, Inflation, forecast for the Projected Years is based upon the Moody's Economy.com forecast of June 2014. The projected fiscal years' growth rate of the implicit price deflator for total consumption expenditures is 2.06%, 2.23%, 2.34%, and 2.56% for fiscal years 2014-2015 through 2017-2018, respectively. The projected fiscal years' growth rate of the implicit price deflator for medical care consumption expenditures is 3.53%, 3.93%, 4.05%, and 4.17%, for fiscal years 2014-2015 through 2017-2018, respectively.

Group Benefits Adjustment

Group Insurance Premiums in FY 14-15 increases 5% for both active employees and retirees. This is reflected by a \$9.0 million (\$3.5 million in State General Fund) increase for active employees, and a \$8.9 million (\$3.4 million in State General Fund) increase for Retirees, for an overall increase of \$17.9 million (\$6.9 million in State General Fund) over FY 13-14. This follows premium decreases of 7.11% in FY13 and 1.77% in FY14, which had a overall decrease of \$55.3 million (\$26.3 million decrease in State General Fund).

Risk Management Adjustment

a - Amortization of past liabilities is not included in the premiums billed. Amortization of unfunded accrued liabilities would increase premiums by \$96.8 million per year for 10 years.

b - FY14-15 premiums decreases 0.3% for \$212.4 million in total means of financing (State General Fund at \$110.5 million, a \$4.2 million increase over FY13-14). The Office of Risk Management projects an average increase of 3.5% in FY 15-16, FY 16-17, and FY 17-18. In FY 15-16 the estimated increase over FY 13-14 is \$7.5 million in total means of financing (\$5.8 million increase in State General Fund). In FY 16-17 the estimated increase over FY 13-14 is \$15.2 million in total means of financing (\$9.8 million in State General Fund). In FY 17-18 the estimated increase over FY13-14 is \$23.3 million in total means of financing (\$14 million in State General Fund). The Statewide Property Excess insurance total limit (including flood) in FY 13-14 is \$250 million per occurrence -- \$50 million self-insured retention for flood and windstorm, \$10 million self-insured retention for all other perils, and \$200 million in commercial excess coverage, with additional \$50,000,000 excess of \$200,000,000 for all risks excluding flood and earthquake and additional \$100,000,000 excess of \$250,000,000 for fire only. This coverage does not include Louisiana State University - Baton Rouge campus. Higher limits are not available in the insurance market as a result of the high windstorm risk of the gulf south, including losses sustained in Hurricanes Katrina, Rita, Gustav, and Ike, and losses from other worldwide catastrophes that financially impact the international market.

c - The stated assumptions do not attempt to anticipate legislative changes in tort liability and payments.

d - Department of Transportation and Development - There is no funding provided for the payment of Road and Bridge Hazard premiums. Claims paid by the Office of Risk Management for Road and Bridge Hazards in prior years have exceeded premium collections by \$335.3 million, through June 2014. ORM processes Road and Bridge Hazard claims, but no longer pays those claims from the Self Insurance Fund. The 5-Year average on claims payable each year is \$18.6 million. Revised Statute 48:78 prohibits the use of the Transportation Trust Fund for this purpose. The 5-Year average on claims payable for Road and Bridge Hazards for out years are in Special Acts.

e - Appropriated funding for Road and Bridge Hazard administrative expenses and related matters in fiscal year 2014-2015 totals \$9,539,752 in Fees and Self-generated Revenues (via the Self-Insurance Fund) to the Office of Risk Management. The appropriated funding for Road and Bridge Hazard non-litigated small claims payments in fiscal year 2014-2015 is \$100,000 in Fees and Self-Generated Revenues (via the Self-Insurance Fund) to the Office of Risk Management.

f - Currently no premiums are collected for the payment of Survivor Benefits paid to surviving family members of police and firefighters killed in the line of duty. The Office of Risk Management has been appropriated \$2,950,000 for Survivor Benefits payments for FY 14-15, based upon the 3-Year average of \$2,436,667 in claims paid in prior years. The 5-Year average for claims paid in prior years is \$2,412,000. As of June 30, 2014, \$3,700,000 in claims have been paid for FY 13-14.

Election Expenses

In FY 2014-2015, there are two statewide elections including an open primary and general/congressional and primary and general municipal elections. The total estimated cost of election expenses in FY 2014-2015 is \$15.9M. In FY 2015-2016, there are three statewide elections including an open gubernatorial primary and general and presidential preference. Municipal elections include a municipal primary and municipal general. The total estimated cost of election expenses in FY 2015-2016 is \$19M. In FY 2016-2017, there are two statewide elections including an open primary and general/presidential/congressional and two scheduled dates for municipal primary & general elections. The total estimated cost of election expenses in FY 2016-2017 is \$16.4M. In FY 2017-2018, there will be an open primary and open general election, an Orleans municipal/parochial primary and general election and a municipal primary and general election with a total estimated cost of election expenses of \$10.6M.

Election expenses include the cost of the commissioners, deputy custodians, janitors, drayman, clerk of court, registrar of voters, parish board of election supervisor, and precinct rentals; however, it does not include the cost of ballot printing and precinct supplies. The cost of election expenses and ballot printing fluctuate because of the cyclical nature of the types and number of elections held. Additionally, the costs of elections increased due to Acts 135 and 167 of the 2008 Regular Session, which established a permanent program to conduct of early voting at additional locations and extended hours of early voting in all parishes, respectively. Act 134 of the 2008 Regular Session eliminated the July election date for proposition only elections; citing that it would be more cost efficient for localities to hold propositions elections on dates that coincide with other available elections. Given this, the cost of municipal elections increased slightly to accommodate this change. Municipal elections cost distribution depends on what issues are on the ballot. For gubernatorial, congressional, legislative, constitutional amendment, and judges, the state pays the first 50%.

Ballot Printing

In FY 2014-2015, there are two statewide elections including an open primary and general/congressional and municipal elections. The total estimated cost of ballot printing in FY 2014-2015 is \$1,055,000. In FY 2015-2016, there are three statewide elections including an open gubernatorial primary and general and presidential preference. Municipal elections in FY 2015-2016 include a municipal primary and municipal general. The total estimated cost of ballot printing in FY 2015-2016 is \$1,350,000. In FY 2016-2017, there are two statewide elections including an open primary and general/presidential/congressional and two scheduled dates for municipal primary & general elections. The total estimated cost of ballot printing in FY 2016-2017 is \$1,094,782. In FY 2017-2018, there will be an open primary and open general election, an Orleans municipal/parochial primary and general election and a municipal primary and general election with a total estimated cost of ballot printing of \$255,000.

Local Housing of State Adult Offenders

The FY14-15 Appropriated Budget for Local Housing of State Adult Offenders is \$180.9 million State General Fund (Direct), which includes an increase of \$10.9 million over EOB. The FY15 adjustments include an increase of \$7m for the housing of parole detainees per Act 652 of the 2014 Regular Session of the Legislature, and a net increase of \$3m in order to fund the projected number of offenders being housed in local jail and Transitional Work Program facilities. In FY15-16 an additional \$12m will be needed in order to fund the projected number of offenders and to provide funding to the sheriff's for the housing of parole detainees. The projected funding for FY16-17 and FY17-18 reflects a decrease in order to fund occupancy projections and parole detainees. These projections show a slight overall decrease in the number of offenders from 20,695 in FY15-16 to 20,648 in FY16-17 & FY17-18.

Medical Vendor Payments

- I. The Appropriated Budget for FY14-15 for Medical Vendor Payments is \$8.1 billion, of which, \$1.9 billion is State General Fund. The Appropriated Budget is based on the following facts:
 - A. For the Medical Vendor Payments program, growth for the out years is measured using the chained price index for Medical Services as published by Moody, as of June 2014. The rates are as follows: FY 2015-2016 = 3.93%; FY 2016-2017 = 4.05% and FY 2017-2018 = 4.17%. Applying these rates against the total State General Fund, the required amount of State General Fund for the out years is: FY 2015-2016 - \$61.7 million; FY 2016-2017 - \$118 million; and FY 2017-2018 - \$170.4 million.
 - B. Means of Financing Substitutions replacing State General Fund with non-recurring revenue which allows for services to continue at current level. These Means of Financing Substitutions result in a net increase in State General Fund of \$46.2 million for FY 14-15, and include:
 1. \$62.4 million State General Fund decrease due to being replaced with 2013 Amnesty Collections Fund.
 2. \$56.8 million replacing federal Funds due to the FMAP rate changing from 62.96% in FY 14 to 62.06% for Title XIX in FY 15.
 3. \$19.6 million replacing one-time LSU Health Care Services Division Claims lag funds.
 4. \$16.4 million replacing one-time GO Zone funds used as match for the Medical Assistance Trust Fund.
 5. \$6.3 million State General Fund decrease due to increases in Third Party Liability funds and prior year pharmaceutical drug rebates.
 - C. The following adjustments also increased the need for State General Fund in the following amounts: Utilization, \$6.4 Million; Pharmacy Utilization, \$17.6 million; Cooperative Endeavor Agreement growth, \$25.6 million; Clawback payments for dual eligibles, \$10.9 million; Long Term Personal Care Services growth, \$9.9 million; and Applied Behavior Analysis Services from the Chisholm v. Kliebert case, \$9.3 million.
 - D. Increases in Medicaid payments for the out years include \$765.2 million in FY2015-2016 due to replacement of \$266 million from the Overcollections Fund, \$156.5 million for replacement of the 2013 Amnesty Collections Fund, \$232.9 million for replacement of Medicaid Trust Fund for the Elderly, \$44 million for utilization, \$20 million to annualize new waiver slots added, \$15.3 million for Long Term Care Personal Care Services utilization, \$11.7 million for Clawback, \$13 million for pharmacy utilization, \$9.5 million for the Cooperative Endeavor 'Agreements, \$3.5 million for the Health Trust Fund, \$3.1 million for decreasing Third party Liability Collections, \$2 million for Medicare Part A and Part B, and \$1.7 million for 'Federally Qualified Health Centers and Rural Health Centers. There is also a savings of \$17.5 million due to a positive change in the FMAP rate. In FY2016-2017, there will be an additional need of \$23.9 million for Uncompensated Care Costs that are above the Federal UCC program cap. In FY2017-2018, there will be a need of \$256 million to provide for Uncompensated Care Costs that are above the Federal UCC program cap.
 - E. Act 646 of the 2014 session provides for deposits into the Medicaid Trust Fund for the Elderly from proceeds of the Deepwater Horizon litigation. If these proceeds should materialize during the out years it will lessen the need for State General Fund.

Economic Development Debt Service and Project Commitments

The projections for FY 14-15 through FY 17-18 are based upon Debt Service Payments and Commitments to companies and projects that are vital to the state's economic development. The total State General Fund is as follows: FY 14-15, \$3,454,154 and FY 15-16 through FY 17-18, \$48 million each fiscal year. Adjustments for FY 15-16 through FY 17-18 include the replacement of the use of Statutory Dedications including \$26.2 million in the Louisiana Mega-project Development Fund, \$3 million from the Rapid Response Fund and \$2m from the Louisiana Economic Development Fund. An additional \$13.4 million in State General Fund is provided for project commitments.

Taylor Opportunity Program for Students (TOPS)

The projections for the out years are based on anticipated retention rates and the projected number of high school graduates. Act 741 of the 2010 Regular Session provided for tuition increases of 10% beginning in FY 12-13, based on certain performance criteria being met. The projected number of participants from 2016 through 2018 was obtained from the agency. Funding associated with the FY13-14 Existing Operating Budget is \$217.5 million, of which \$75.9 million is State General Fund (Direct). The projected awards for FY15 is 52,322 for a total need of \$249,995,430 of which \$169,900,750 is State General Fund; awards for FY16 is 53,512 for a total need of \$280,217,370, of which \$222,147,476 is State General Fund; awards for FY17 is 54,568 for a total need of \$313,479,005, of which \$255,413,597 is State General Fund; and awards for FY18 is 55,292 for a total need of \$348,292,612, of which \$290,235,741 is State General Fund (Direct). State General Fund (Direct) utilized to replace \$22,300,000 in one-time revenue from the Tobacco Arbitration. State General Fund was also used to replace Tobacco Refinance savings: FY15 is \$45,000,000; and FY16 - FY18 is \$67,000,000.

HIED Overcollections Fund

The FY 13-14 budget provided \$294.3 million in revenues out of Statutory Dedications from the Overcollections Fund for recurring Higher Education expenditures. For FY 14-15 through FY 17-18, State General Fund (Direct) is used to replace the \$294.3 million in Statutory Dedications from the Overcollections Fund used to fund recurring expenditures.

Minimum Foundation Program (MFP)**Overview:**

FY16 through FY18 student enrollment projections and associated expenditures are based on a historical analysis.

FY 2014-2015:

FY 2014-2015 Appropriated is \$3.302 billion State General Fund and a total cost of \$3.594 billion with an estimated student count of 685,805. Base per pupil amount is \$3,961. This includes a normal growth factor of 2.75%.

The net state general fund increase of \$54.8 million consists of the following: \$25.6 million net increase for the October 1, 2013 and the estimated February 1, 2014 student count of an additional 5,354 students; \$28.8 million decrease in State General Fund and a net increase in Statutory Dedications in Lottery Proceeds Fund and Support Education In Louisiana First Fund revenue forecasts as of 05/19/14; and a decrease of \$6.9 million for 1,355 students moving from the MFP to the Student Scholarships for Educational Excellence Program (SSEEP); \$12.0 million increase in accordance with the MFP Task Force recommendations for career education, special education and technology; \$50.3 million increase to comply with the formula as adopted by BESE for the following expenses: \$25.3 million for additional students to be funded, \$2.3 million for new students added to the formula from state schools, \$2.0 million for Type 2 Charter schools, and \$20.5 million for local tax adjustments; \$888,915 decrease in accordance with amendments adopted in the revised MFP Formula; and \$3.5 million increase due to the transfer of the Course Choice program from Subgrantee Assistance budget unit to the MFP budget unit in accordance with the MFP Resolution.

FY 2016-2018 Recurring Adjustments:

Decrease of \$6.9 million for students moving from the MFP to SSEEP; \$12.0 million increase in accordance with the MFP Task Force recommendations; \$50.3 million increase to comply with the formula as adopted by BESE; \$888,915 decrease in accordance with amendments adopted in the revised MFP Formula; and \$3.5 million increase for the transfer of Course Choice to the MFP budget unit.

FY 2015-2016:

Projections include an additional \$115.6 million State General Fund need including a \$3.5 million to replace Lottery Proceeds Fund and SELF revenues; \$54.1 million for student count cost increase for a total cost of \$3.706 billion based upon a student count projection of 691,305.

FY 2016-2017:

Projections include an additional \$142.5 million State General Fund need including a \$1.8 million to replace Lottery Proceeds Fund and SELF revenues; \$82.6 million for additional student cost increase for a total cost of \$3.734 billion based upon a student count projection of 696,805.

FY 2017-2018:

Projections include an additional \$169.3 million State General Fund need including a net \$54,064 to replace Lottery Proceeds Fund and SELF revenues; \$111.1 million for additional student cost increase for a total cost of \$3.763 billion based upon a student count projection is 702,305.

Debt Service

Debt Service decreased by \$210.3 million for FY 2014-2015 and is associated with savings from the following; Defeasance of debt in FY 2013-2014 (-\$210 million), Funding requirements for debt service in FY 2014-2015 (\$35.3 million) Funds for a bond sale in FY 2014-2015 (\$7.4 million), Bond premium savings utilized in FY 2014-2015 (-\$41.4 million), Bond refunding savings utilized in FY 2014-2015 (-\$1.5 million). The projections for FY16-FY18 include the replacement of the \$210 million for the defeasance of debt in FY 2013-2014, Bond premium savings utilized in FY 2014-2015 \$41.4 million and \$1.5 million in bond refunding savings utilized in FY 2014-2015. In addition, FY16-FY18 includes funding for a new bond sale each fiscal year, \$7.4 million for new bonds each year and \$34.1 million in the annualization of the previous year's bond sale for a total of \$41.5 million. The projections also include adjustments to balance to the current bond schedule for FY16 of -\$15.5 million, FY17 -\$14.7 million and FY18 -\$32.1 million.

Road and Bridge Hazard Claims (Special Acts)

Projections are based on 5 years of average claim payments of approximately \$18.6m.