

**FISCAL YEAR 2016 - 2017**  
**FIVE YEAR BASE LINE PROJECTION SYNOPSIS**  
**AND**  
**EXISTING OPERATING BUDGET FY 2015 - 2016**  
**VERSUS**  
**CONTINUATION FY 2016 - 2017**

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

|  | Current<br>Fiscal Year<br>2015-2016 | Projected<br>Fiscal Year<br>2016-2017 | Projected<br>Fiscal Year<br>2017-2018 | Projected<br>Fiscal Year<br>2018-2019 | Projected<br>Fiscal Year<br>2019-2020 |
|--|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>REVENUES:</b>                                     |                                     |                                       |                                       |                                       |                                       |
| Taxes, Licenses & Fees                               | \$10,963,800,000                    | \$11,162,900,000                      | \$11,555,500,000                      | \$11,689,300,000                      | \$12,079,900,000                      |
| Less Dedications                                     | (\$2,482,200,000)                   | (\$2,179,700,000)                     | (\$2,212,100,000)                     | (\$2,237,800,000)                     | (\$2,267,700,000)                     |
| Undesignated Fund Balanced                           | (\$117,077,518)                     | \$0                                   | \$0                                   | \$0                                   | \$0                                   |
| Carry Forward Balances                               | \$11,874,873                        | \$0                                   | \$0                                   | \$0                                   | \$0                                   |
| Act 121 of 2015 RLS (Funds Bill) - Transfer of Funds | \$30,300,000                        | \$0                                   | \$0                                   | \$0                                   | \$0                                   |
| Mid-Year Deficit - Action by JLCB on 11/20/2015      | \$106,447,816                       | \$0                                   | \$0                                   | \$0                                   | \$0                                   |
| Mid-Year Deficit - Budget Stabilization Fund         | \$28,164,341                        | \$0                                   | \$0                                   | \$0                                   | \$0                                   |
| <b>TOTAL REVENUES</b>                                | <b>\$8,541,309,512</b>              | <b>\$8,983,200,000</b>                | <b>\$9,343,400,000</b>                | <b>\$9,451,500,000</b>                | <b>\$9,812,100,000</b>                |
| <b>ANNUAL GROWTH RATE</b>                            |                                     | <b>5.17%</b>                          | <b>4.01%</b>                          | <b>1.16%</b>                          | <b>3.82%</b>                          |
| <b>EXPENDITURES:</b>                                 |                                     |                                       |                                       |                                       |                                       |
| General Appropriation Bill (Act 16 of 2015 RLS)      | \$8,041,802,994                     | \$9,669,255,204                       | \$10,111,047,850                      | \$10,433,377,313                      | \$10,744,751,218                      |
| Ancillary Appropriation Bill (Act 46 of 2015 RLS)    | \$0                                 | \$0                                   | \$0                                   | \$2,668,062                           | \$6,484,178                           |
| Non-Appropriated Requirements                        | \$285,155,251                       | \$496,564,823                         | \$521,060,030                         | \$542,037,786                         | \$570,140,087                         |
| Judicial Appropriation Bill (Act 66 of 2015 RLS)     | \$159,838,908                       | \$159,838,908                         | \$159,705,289                         | \$159,704,887                         | \$159,704,469                         |
| Legislative Appropriation Bill (Act 76 of 2015 RLS)  | \$73,352,811                        | \$73,352,811                          | \$73,281,028                          | \$73,281,162                          | \$73,281,282                          |
| Special Acts   | \$0                                 | \$13,400,000                          | \$13,400,000                          | \$13,400,000                          | \$13,400,000                          |
| Capital Outlay Bill (Act 26 of 2015 RLS)             | \$0                                 | \$0                                   | \$0                                   | \$0                                   | \$0                                   |
| <b>TOTAL EXPENDITURES</b>                            | <b>\$8,560,149,964</b>              | <b>\$10,412,411,746</b>               | <b>\$10,878,494,197</b>               | <b>\$11,224,469,210</b>               | <b>\$11,567,761,234</b>               |
| <b>ANNUAL GROWTH RATE</b>                            |                                     | <b>21.64%</b>                         | <b>4.48%</b>                          | <b>3.18%</b>                          | <b>3.06%</b>                          |
| Midyear Adjustments after 12/1/2015                  | \$0                                 | \$0                                   | \$0                                   | \$0                                   | \$0                                   |
| Preamble Adjustment                                  | (\$18,840,452)                      | (\$18,840,452)                        | (\$18,840,452)                        | (\$18,840,452)                        | (\$18,840,452)                        |
| <b>PROJECTED BALANCE</b>                             | <b>\$0</b>                          | <b>(\$1,410,371,294)</b>              | <b>(\$1,516,253,745)</b>              | <b>(\$1,754,128,758)</b>              | <b>(\$1,736,820,782)</b>              |

Oil Prices included in the REC official forecast

\$48.02

\$54.09

\$59.34

\$63.49

\$66.34

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

|  | <b>Current<br/>Fiscal Year<br/>2015-2016</b> | <b>Ensuing<br/>Fiscal Year<br/>2016-2017</b> | <b>Projected<br/>Fiscal Year<br/>2017-2018</b> | <b>Projected<br/>Fiscal Year<br/>2018-2019</b> | <b>Projected<br/>Fiscal Year<br/>2019-2020</b> |
|--|--|--|--|--|--|
| <b>REVENUES:</b>   |  |  |  |  |  |
| Taxes, Licenses & Fees:  |  |  |  |  |  |
| Corporate Franchise & Income   | \$588,100,000                                | \$621,500,000                                | \$692,800,000                                  | \$539,300,000                                  | \$601,100,000                                  |
| Individual Income  | \$3,054,800,000                              | \$3,221,500,000                              | \$3,351,800,000                                | \$3,439,500,000                                | \$3,576,400,000                                |
| Sales, General & Motor Vehicle   | \$3,283,800,000                              | \$3,268,300,000                              | \$3,336,900,000                                | \$3,426,600,000                                | \$3,530,900,000                                |
| Sales, Suspension of Exemptions 2)   | \$0  | \$0  | \$0  | \$0  | \$0  |
| Mineral Revenues   | \$706,200,000                                | \$731,600,000                                | \$793,800,000                                  | \$846,800,000                                  | \$883,200,000                                  |
| Gaming Revenues  | \$921,700,000                                | \$900,700,000                                | \$904,400,000                                  | \$908,100,000                                  | \$911,700,000                                  |
| Other  | \$2,409,200,000                              | \$2,419,300,000                              | \$2,475,800,000                                | \$2,529,000,000                                | \$2,576,600,000                                |
| <b>TOTAL TAXES, LICENSES, &amp; FEES</b>   | <b>\$10,963,800,000</b>                      | <b>\$11,162,900,000</b>                      | <b>\$11,555,500,000</b>                        | <b>\$11,689,300,000</b>                        | <b>\$12,079,900,000</b>                        |
| <b>LESS DEDICATIONS</b>  | <b>(\$2,482,200,000)</b>                     | <b>(\$2,179,700,000)</b>                     | <b>(\$2,212,100,000)</b>                       | <b>(\$2,237,800,000)</b>                       | <b>(\$2,267,700,000)</b>                       |
|  |  |  |  |  |  |
| <b>TOTAL REVENUE</b>   | <b>\$8,481,600,000</b>                       | <b>\$8,983,200,000</b>                       | <b>\$9,343,400,000</b>                         | <b>\$9,451,500,000</b>                         | <b>\$9,812,100,000</b>                         |
|  |  |  |  |  |  |
| <b>ANNUAL GROWTH RATE</b>  | <b>0.50%</b>                                 | <b>5.91%</b>                                 | <b>4.01%</b>                                   | <b>1.16%</b>                                   | <b>3.82%</b>                                   |
|  |  |  |  |  |  |
| <b>OIL PRICE</b>   | <b>\$48.02</b>                               | <b>\$54.09</b>                               | <b>\$59.34</b>                                 | <b>\$63.49</b>                                 | <b>\$66.34</b>                                 |
|  |  |  |  |  |  |
| <b>NOTES:</b>  |  |  |  |  |  |
|  |  |  |  |  |  |
| <b>Source: The official forecast adopted by the Revenue Estimating Conference on November 16, 2015</b> |  |  |  |  |  |

**STATE**  
**State of Louisiana**  
**Baseline Projection - Statewide**  
**Continuation**

| DI Description  | Existing Oper<br>Budget<br>as of 12/01/15 | Total<br>Continuation<br>Adjustments | Projected<br>Fiscal Year<br>2017-2018 | Projected<br>Fiscal Year<br>2018 - 2019 | Projected<br>Fiscal Year<br>2019 - 2020 |
|---|---|--------------------------------------|---------------------------------------|---|---|
| Existing Oper Budget as of 12/01/15                           | \$8,560,149,964                           | \$8,560,149,964                      | \$8,560,149,964                       | \$8,560,149,964                         | \$8,560,149,964                         |
| <b>STATEWIDE STANDARDS</b>                                    |   |                                      |                                       |   |   |
| Annualize Classified State Employees Performance Adjustment   |   | \$1,462,563                          | \$6,192,132                           | \$12,631,949                            | \$19,329,359                            |
| Annualize Unclassified State Employees Performance Adjustment |   | \$0                                  | \$146,079                             | \$298,001                               | \$456,000                               |
| Annualize Unclassified Teacher Performance Adjustment         |   | \$106,924                            | \$218,125                             | \$333,774                               | \$454,049                               |
| Classified State Employees Performance Adjustment             |   | \$24,106,257                         | \$49,176,764                          | \$75,250,092                            | \$102,366,353                           |
| Unclassified State Employees Performance Adjustment           |   | \$1,134,835                          | \$2,315,063                           | \$3,542,501                             | \$4,819,036                             |
| Unclassified Teacher Performance Adjustment                   |   | \$387,261                            | \$790,012                             | \$1,208,874                             | \$1,644,490                             |
| Civil Service Training Series                                 |   | \$1,007,652                          | \$1,007,652                           | \$1,007,652                             | \$1,007,652                             |
| Louisiana State Employees' Retirement System Rate Adjustment  |   | (\$2,557,103)                        | (\$2,557,103)                         | (\$2,557,103)                           | (\$2,557,103)                           |
| Louisiana State Employees' Retirement System Base Adjustment  |   | \$15,767,310                         | \$15,767,310                          | \$15,767,310                            | \$15,767,310                            |
| Teachers Retirement System of Louisiana Rate Adjustment       |   | (\$685,536)                          | (\$685,536)                           | (\$685,536)                             | (\$685,536)                             |
| Teachers Retirement Base Adjustment                           |   | (\$5,123,874)                        | (\$5,123,874)                         | (\$5,123,874)                           | (\$5,123,874)                           |
| Group Insurance Rate Adjustment for Active Employees          |   | \$7,662,617                          | \$15,708,365                          | \$24,156,400                            | \$33,026,837                            |
| Group Insurance Rate Adjustment for Retirees                  |   | \$7,420,116                          | \$15,211,238                          | \$23,391,916                            | \$31,981,627                            |
| Group Insurance Base Adjustment                               |   | \$9,894,296                          | \$9,894,296                           | \$9,894,296                             | \$9,894,296                             |
| Group Insurance Base Adjustment for Retirees                  |   | \$7,937,349                          | \$7,937,349                           | \$7,937,349                             | \$7,937,349                             |
| Salary Base Adjustment  |   | (\$6,481,875)                        | (\$6,481,875)                         | (\$6,481,875)                           | (\$6,481,875)                           |
| Acquisitions & Major Repairs                                  |   | \$11,705,542                         | \$12,034,468                          | \$12,363,009                            | \$12,659,721                            |
| Non-Recurring Acquisitions & Major Repairs                    |   | (\$1,451,540)                        | (\$1,492,328)                         | (\$1,533,069)                           | (\$1,569,862)                           |
| Non-recurring Carryforwards                                   |   | (\$11,874,873)                       | (\$11,874,873)                        | (\$11,874,873)                          | (\$11,874,873)                          |
| Inflation   |   | \$12,178,360                         | \$24,698,932                          | \$37,551,573                            | \$50,631,171                            |
| Medical Inflation   |   | \$62,725,288                         | \$135,336,575                         | \$203,450,118                           | \$274,633,068                           |
| Risk Management   |   | (\$4,581,390)                        | (\$1,019,005)                         | \$2,668,062                             | \$6,484,178                             |
| Legislative Auditor Fees                                      |   | (\$571,269)                          | (\$594,120)                           | (\$617,885)                             | (\$642,600)                             |
| Rent in State-Owned Buildings                                 |   | (\$525,787)                          | (\$540,562)                           | (\$555,319)                             | (\$568,647)                             |
| Maintenance in State-Owned Buildings                          |   | \$544,563                            | \$588,673                             | \$604,743                               | \$619,257                               |

**STATE**  
**State of Louisiana**  
**Baseline Projection - Statewide**  
**Continuation**

| DI Description                          | Existing Oper<br>Budget<br>as of 12/01/15 | Total<br>Continuation<br>Adjustments | Projected<br>Fiscal Year<br>2017-2018 | Projected<br>Fiscal Year<br>2018 - 2019 | Projected<br>Fiscal Year<br>2019 - 2020 |
|---|---|--------------------------------------|---------------------------------------|---|---|
| <b>STATEWIDE STANDARDS</b>              |   |                                      |                                       |   |   |
| Capitol Park Security                   |   | (\$9,106)                            | (\$8,148)                             | (\$8,370)                               | (\$8,571)                               |
| Capitol Police                          |   | (\$18,872)                           | (\$18,872)                            | (\$18,872)                              | (\$18,872)                              |
| UPS Fees                                |   | \$2,794                              | \$2,873                               | \$2,951                                 | \$3,022                                 |
| State Treasury Fees                     |   | \$5,888                              | \$5,888                               | \$5,888                                 | \$5,888                                 |
| TOTAL MEANS OF FINANCING SUB ADJUSTMENT |   | \$843,898,733                        | \$868,309,427                         | \$867,786,841                           | \$878,789,022                           |
| TOTAL NON-RECURRING OTHER ADJUSTMENT    |   | (\$55,073,125)                       | (\$55,073,125)                        | (\$55,073,125)                          | (\$55,073,125)                          |
| TOTAL OTHER ADJUSTMENTS ADJUSTMENT      |   | \$670,940,854                        | \$896,280,711                         | \$1,021,182,287                         | \$1,121,784,365                         |
| TOTAL OTHER ANNUALIZATIONS ADJUSTMENT   |   | \$13,178,299                         | \$18,789,308                          | \$20,268,995                            | \$21,748,682                            |
| TOTAL WORKLOAD ADJUSTMENT               |   | \$249,148,631                        | \$323,402,415                         | \$407,544,565                           | \$496,173,477                           |
| <b>TOTAL ADJUSTMENTS</b>                |   | <b>\$1,852,261,782</b>               | <b>\$2,318,344,234</b>                | <b>\$2,664,319,245</b>                  | <b>\$3,007,611,271</b>                  |
| <b>TOTAL</b>                            |   | <b>\$10,412,411,746</b>              | <b>\$10,878,494,198</b>               | <b>\$11,224,469,209</b>                 | <b>\$11,567,761,235</b>                 |

**STATE**  
**State of Louisiana**  
**Baseline Projection of Significant Items**  
**Continuation**

| DI Description               | Total<br>Continuation<br>Adjustments | Projected<br>Fiscal Year<br>2017-2018 | Projected<br>Fiscal Year<br>2018 - 2019 | Projected<br>Fiscal Year<br>2019 - 2020 |
|------------------------------|--------------------------------------|---------------------------------------|---|---|
| Elections Expense            | (\$2,672,580)                        | (\$10,302,423)                        | (\$3,314,329)                           | \$110,886                               |
| Medicaid Payments            | \$975,876,063                        | \$1,239,789,179                       | \$1,367,478,711                         | \$1,492,766,274                         |
| Office of Revenue MOF Sub    | \$51,804,416                         | \$51,163,475                          | \$51,675,110                            | \$52,191,861                            |
| Econ Development Commitments | \$4,078,152                          | (\$462,001)                           | (\$1,120,911)                           | (\$11,239,045)                          |
| DEQ Means of Financing Sub   | \$0                                  | \$0                                   | \$6,568,278                             | \$15,596,883                            |
| Taylor Opp Program_Students  | \$33,144,416                         | \$40,884,998                          | \$46,855,372                            | \$52,617,110                            |
| SAVE Credit Program          | \$350,000,000                        | \$350,000,000                         | \$350,000,000                           | \$350,000,000                           |
| Minimum Foundation Program   | \$41,147,143                         | \$77,916,778                          | \$114,701,544                           | \$151,486,128                           |
| State Debt Service           | \$211,409,572                        | \$235,904,779                         | \$256,882,535                           | \$284,984,836                           |
| Bridge and Road Hazards      | \$13,400,000                         | \$13,400,000                          | \$13,400,000                            | \$13,400,000                            |

**Approved by Jt. Legislative Comm. on the Budget**  
Date: 01-29-16

**Notes:**

The 'Existing Operating Budget as of 12/1/2015' represents the budgeted amount as of December 1, 2015 for FY 2015-2016.

The column labeled 'Total Continuation Adjustments' represents the Appropriated Level for FY 2016-2017.

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 November 2015. The projected fiscal years' growth rate of the implicit price deflator for total consumption expenditures is 2.37%, 2.81%, 2.73%, and 2.40% for fiscal years 2016-2017 through 2019-2020, respectively.

**Group Benefits Adjustments**

Group Insurance Premiums in FY 2016-2017 increases 5% for both active employees and retirees. This is reflected by a \$14 million (\$7.8 million in State General Fund) increase for active employees, and a \$13.4 million (\$7.7 million in State General Fund) increase for Retirees, for an overall increase of \$27.4 million (15.5 million in State General Fund) over FY 2015-2016. The out years projection of State General Fund needs in FY 2018-2019 through FY 2019-2020 includes a rate increase of 5% each year. The premium rate increase is subject to change. Office of Group Benefit and its actuary will be working with the Group Benefits Estimating Conference, Group Benefits Policy and Planning Board, the Commissioner of Administration, and legislative oversight committees to determine if adjustment to existing premium rates is needed for FY 2016-2017, per Act 146 of the 2015 Regular Legislative Session.

**Risk Management Adjustments**

- A. Amortization of past liabilities is not included in the premiums billed. Amortization of unfunded accrued liabilities would increase premiums by \$98.5 million per year for 10 years.
- B. FY 2016-2017 premiums will increase 0.06% for \$185.88 million in total means of financing (State General Fund at \$101.78 million, a \$4.58 million decrease over FY 2015-2016, largely due to the premium decrease on Higher Education and LSU Health Care Service Division). The Office of Risk Management projects an average increase of 3.5% in FY 2017-2018, FY 2018-2019, and FY 2019-2020. In FY 2017-2018 the estimated increase over FY 2015-2016 is \$6.34 million in total means of financing (\$1.02 million decrease in State General Fund). In FY 2018-2019 the estimated increase over FY 2015-2016 is \$13.08 million in total means of financing (\$2.67 million increase in State General Fund). In FY 2019-2020 the estimated decrease over FY 2015-2016 is \$20.05 million in total means of financing (\$6.49 million increase in State General Fund). The Statewide Property Excess insurance total limit in FY 2015-2016 are as follows: catastrophe limit of \$400 million per occurrence for named windstorm above the self-insured retention; \$800 million per occurrence for all other perils (excluding named windstorm, flood and earthquake) above the self-insured retention; \$325 million per occurrence for flood above the self-insured retention. Self-insured retention per occurrence -- \$50 million self-insured retention for flood and windstorm, \$10 million for all other perils and earthquake. This property coverage does not include Louisiana State University - Baton Rouge campus, LSU Board of Supervisors, and Paul Hebert Law Center. Limits for July 1, 2015 were increased as available in the insurance market at the time of placement. Although the market has provided reduced rates and higher capacity for the FY 2015-2016 placement, high windstorm risk of the gulf south and worldwide catastrophes that financially impact the international insurance market continue to impact the placement of the State of Louisiana property program.
- 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. The payments of Claims and other costs paid by the Office of Risk Management for Road and Bridge Hazards in prior years have exceeded premium collections by \$332.9 million, through June 30, 2015. 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 is \$13.4 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 is in Special Acts.
- E. Recommended funding for Road and Bridge Hazard administrative expenses and related matters in fiscal year 2016-2017 totals \$9,839,752 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 3-Year average for claims paid in prior years is \$2,736,667. The 5-Year average for claims paid in prior years is \$2,252,000. As of June 30, 2015, \$1,975,000 in claims have been paid for FY 2014-2015. The Office of Risk Management has been recommended \$5,000,000 for Survivor Benefits payments for FY 2016-2017, based upon a relatively high volume of new claims. The Office of Risk Management currently has seventeen (17) open claims submitted in calendar years 2013-2015. Nine older claims also remain open. Thirteen new claims have been reported in calendar year 2015, with three of those already closed. Typically, there are 9-10 reported in a given calendar year. The average time to close claims for the last two years has been 8 1/2 months.

**Election Expenses**

The total estimated cost of election expenses including ballot printing in FY 2016-2017 is \$17.6 million. There are two statewide elections including an open primary/presidential/congressional, open general/congressional, as well as a municipal primary, and a municipal general. The total estimated cost of election expenses including ballot printing in FY 2017-2018 is \$9.9 million. There are also two statewide elections including an open primary, open general, as well as a municipal primary, and a municipal general. The total estimated cost of election expenses including ballot printing in FY 2018-2019 is \$16.9 million. There are two statewide elections including an open primary/congressional and open general/congressional. There are also two scheduled dates for a municipal primary and a municipal general. The total estimated cost of election expenses including ballot printing in FY 2019-2020 is \$20.4 million. There are two statewide elections including an open primary/gubernatorial and an open general/gubernatorial. There are also scheduled dates for a presidential preference, municipal primary, and municipal general.

Election and ballot 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. The cost of election expenses and ballot printing fluctuates 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 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%.

**Medical Vendor Payments**

The Continuation Budget for FY2016-2017 for Medical Vendor Payments is \$9.3 billion, of which, \$2.8 billion is State General Fund. The Continuation 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 November 2015. The rates are as follows: FY 2017-2018 = 3.76%; FY 2018-2019 = 4.09% and FY 2019-2020 = 4.12%. Applying these rates against the total State General Fund, the required amount of State General Fund for the out years is: FY 2017-2018 - \$72.5 million; FY 2018-2019 - \$140.5 million; and FY 2019-2020 - \$211.7 million.

Approved by Jt. Legislative Comm. on the Budget  
 Date: 01-29-16

- 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 \$372.4 million for FY 2016-2017, and include:
1. \$128.1 million State General Fund (Direct) increase due to a means of financing substitution replacing one time Disproportionate Share Hospitals (DSH) Hospital audit funding.
  2. \$114.6 million State General Fund (Direct) increase due to a means of financing substitution replacing one time Overcollections Fund.
  3. \$75 million State General Fund (Direct) increase due to a means of financing substitution replacing 2013 Amnesty Collections Fund.
  4. \$58.1 million State General Fund (Direct) increase due to a means of financing substitution replacing Medical Assistance Trust Fund (MATF).
  5. \$9.1 million State General Fund (Direct) increase due to Interagency Transfers (IAT) associated with Coordinated System of Care (CSoC) from the Office of Juvenile Justice (OJJ) and Department of Children and Family Services (DCFS) being replaced.
  6. \$7.5 million State General Fund (Direct) increase due to replacement of IAT authority associated with Greater New Orleans Community Health Connection (GNOCHC).
  7. \$5.3 million State General Fund (Direct) increase due to replacement of CPEs.
  8. (\$17.9) million replacing State General Fund (Direct) due to the FMAP rate changing from 62.17% in FY 16 to 62.26% for Title XIX in FY 17.
  9. (\$1) million replacing State General Fund (Direct) due to a means of financing substitution increasing Tobacco Tax Medicaid Match Fund.
- C. The following adjustments also increased the need for State General Fund in the following amounts: Restored funding for Fraud Initiatives, \$262.3 million; Bayou Health Capitation Payments, \$195.3 million; UPL/FMP payments to partner hospitals, \$38.2 million; Domestic Service Worker (DSW) overtime, \$21 million; Home and Community Based Services, \$20.2 million; Utilization, \$19.6 million (Pharmacy: \$15.1M; Utilization: \$4.5M); Medicare Part A&B Premiums, \$14.2 million; Increased CSoc enrollment, \$10.8 million; Program for All-Inclusive Care for the Elderly (PACE) annualization, \$4.1 million; Rural Health Clinics (RHCs) & Federally Qualified Health Clinics (FQHCs) - New Clinics, Medicare Economic Index (MEI), & Annualization, \$3.6 million; LT-PCS Utilization, \$2.3 million; and Clawback, \$2.3 million.
- D. Increases in Medicaid payments for the out years include, in FY 2017-2018, State General Fund (Direct) need over the UCC cap, \$155.9 million; Clawback Growth, \$36 million; Replacement of Medicaid Trust Fund for the Elderly, \$24.9 million; Utilization, \$20.3 million (Pharmacy: \$15.8 million; Utilization: \$4.5 million); Cooperative Endeavor Agreement inflation, \$11.6 million; Annualization of Home and Community Based Services, \$6.5 million; RHC & FQHC - New Clinics, MEI, & Annualization, \$2.8 million; LT-PCS enrollment Growth, \$2.8 million; Medicare Part A&B Premiums, \$1.4 million; and Hospice Rate Adjustment, \$1 million. In FY 2018-2019, State General Fund (Direct) need over the UCC cap, \$200.9 million; Clawback Growth, \$66 million; Utilization, \$40.6 million (Pharmacy: \$31.6 million; Utilization: \$9 million); Replacement of Medicaid Trust Fund for the Elderly, \$24.9 million; Cooperative Endeavor Agreement inflation, \$23.5 million; Nursing Home Rebasing, \$10.7 million; Annualization of Home and Community Based Services, \$6.5 million; LT-PCS enrollment Growth, \$5.7 million; RHC & FQHC - New Clinics, MEI, & Annualization, \$5.6 million; Medicare Part A&B Premiums, \$4.1 million; Hospice Rate Adjustment, \$2 million; and Rural Hospital Inflation, \$1.1 million. In FY 2019-2020, State General Fund (Direct) need over the UCC cap, \$244.9 million; Clawback Growth, \$93.2 million; Utilization, \$60.9 million (Pharmacy: \$47.3 million; Utilization: \$13.6 million); Replacement of Medicaid Trust Fund for the Elderly, \$36.5 million; Cooperative Endeavor Agreement inflation, \$35.7 million; Medicare Part A&B Premiums, \$17.5 million; LT-PCS enrollment Growth, \$8.5 million; RHC & FQHC - New Clinics, MEI, & Annualization, \$8.4 million; Annualization of Home and Community Based Services, \$6.5 million; Hospice Rate Adjustment, \$3 million; and Rural Hospital Inflation, \$1.7 million.
- 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.

#### Department of Revenue

The anticipated General Fund need for the Tax Collection Program can be attributed to the loss of carry over revenue from Tax Amnesty. FY 17-18 General Fund need is estimated to be \$51,163,475, FY 18-19 General Fund need is estimated to be \$51,675,110 and FY 19-20 is estimated to be \$52,191,861. The projections for the out years includes expenditures and a small growth factor is provided for each out year. The revenue collections decline from FY16 to FY17 as the Amnesty Program ends. Then there is a conservative 1% growth in revenue collections for each of the out years.

#### **Economic Development Debt Service and Project Commitments**

The projections for FY 16-17 through FY 19-20 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 for FY 16-17 is \$32.9 million, FY 17-18 \$28.3 million, FY 18-19 \$27.7 million, and FY 19-20 \$17.6 million. For FY 17 through FY20, Statutory Dedications totaling \$10.06 million is also provided. The total funding for each fiscal year is as follows; FY 16-17 is \$42.9 million, FY 17-18 \$38.4 million, FY 18-19 \$37.7 million and FY 19-20 \$27.6 million.

#### **Department of Environmental Quality**

The Anticipated General Fund need results from Statutory Dedication Environmental Trust Fund projections that show the department's out-year revenue collections will not cover estimated expenditures in the out-years of FY 18-19 and FY 19-20.

#### **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. The projected number of participants from 2017 through 2020 was obtained from the agency. Funding associated with the FY15-16 Existing Operating Budget is \$265.2 million, of which \$200 million is State General Fund (Direct). The projected awards for FY17 is 57,586 for a total need of \$293.5 million of which \$233.5 million is State General Fund (Direct); awards for FY18 is 58,876 for a total need of \$300.8 million, of which \$241 million is State General Fund (Direct); awards for FY19 is 60,049 for a total need of \$307.4 million, of which \$247 million is State General Fund (Direct); and awards for FY20 is 61,198 for a total need of \$313.9 million, of which \$252.7 million is State General Fund (Direct). Not included in the FY15-16 Existing Operating Budget is a projected shortfall for TOPS awards in the range of \$26 million. The FY18-FY20 numbers do account for the FY16 shortfall.

#### **Student Assessment for a Valuable Education (SAVE) Credit Program**

For FY17 through FY20, \$350 million in State General Fund is being provided to replace Statutory Dedications from the Higher Education Initiatives Fund provided in FY16 associated with the Student Assessment for a Valuable Education (SAVE) Credit Program. This means of financing substitution is necessary to reflect the out-year forecast by the Revenue Estimating Conference (REC), which did not include a projection for the SAVE Credit Program for FY17 through FY20.

#### **Minimum Foundation Program (MFP)**

In FY 2015-2016, \$20.7 million is required to fund the preliminary October 1, 2015 student count increase of 4,622.

FY 2018 through FY 2020 out year student count projections are based on a four (4) year October 1 student enrollment average.

FY 2016-2017 - Continuation budget is \$3.432 billion State General Fund and a total cost of \$3.699 billion with an estimated student count of 697,988. Base per pupil amount is \$4,015. The state general fund increase of \$41.1 million consists of the following: \$20.7 million increase based on the October 1, 2015 student count; and a net means of finance substitution increases State General Fund by \$20.4 million and decreases Statutory Dedications in Lottery Proceeds Fund (-\$21.6 million) and increases Support Education in Louisiana First (SELF) Fund (+\$1.2 million).

FY 2017-2018 - Projections include an additional \$77.9 million State General Fund need which includes a net \$20.1 million and decreases Statutory Dedications in Lottery Proceeds Fund (-\$21.6 million) and increases Support Education in Louisiana First (SELF) Fund (+\$1.5 million), as well as \$57.8 million increase in student count of 7,146 based on October 1 student count historical analysis. The total cost of \$3.736 billion is based upon a student count projection of 705,134

FY 2018-2019 - Projections include an additional \$114.7 million State General Fund need which includes a net \$19.7 million and decreases Statutory Dedications in Lottery Proceeds Fund (-\$21.6 million) and increases Support Education in Louisiana First (SELF) Fund (+\$1.9 million), as well as \$94.96 million increase in student count of 7,146 based on October 1 student count historical analysis. The total cost of \$3.773 billion is based upon a student count projection of 712,280.

FY 2019-2020 - Projections include an additional \$151.5 million State General Fund need which includes a net \$19.4 million and decreases Statutory Dedications in Lottery

Proceeds Fund (-\$21.6 million) and increases Support Education in Louisiana First (SELF) Fund (+\$2.2 million), as well as \$132.1 million increase in student count of 7,146 based on October 1 student count historical analysis. The total cost of \$3.810 billion is based upon a student count projection of 719,426.

**Debt Service**

Debt Service increased by \$211.4 million for FY 2016-2017 and is associated with the following changes; Defeasance of debt in FY 2014-2015 (\$125 million), Funding requirements for debt service in FY 2016-2017 (\$28.3 million), Bond premium savings utilized in FY 2015-2016 (\$39.6 million) and funding for a new bond sale in FY 2016-2017 (\$18.6 million). The projections for FY17-FY19 include the replacement of the \$125 million for the defeasance of debt in FY 2014-2015, Bond premium savings utilized in FY 2015-2016 \$39.6 million. The projections also include adjustments to balance to the current bond schedule for FY18 of \$10.2 million, FY19 -\$584,557 and FY20 -\$4.2 million and funding for a new bond sale for each fiscal year for FY18 of \$61.17 million, FY19 \$92.91 million and FY20 \$124.65 million. Actual debt service will be subject to the structure and timing of the bonds sold.

**Road and Bridge Hazard Claims (Special Acts)**

Projections are based on 5 years of average claim payments of approximately \$13.4 million. No funding for Road and Bridge Hazard Claims is appropriated in FY 2015-2016.

**Approved by Jt. Legislative Comm. on the Budget**  
**Date:** 01-29-16 Reg