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Blanco legacy includes record rise in debt

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Unless Gov. Kathleen Blanco's rosy revenue projection scenarios turn out to be true, the massive debt increases during her administration could be a sour legacy that plagues state finances for years.

Blanco and the Legislature pushed state spending to an alltime high of about \$30 billion in the 2008 budget, and, to go with that, a record per capita debt of more than \$1,300 for every man, woman and child in the state, adjusted for population decreases from hurricanes Katrina and Rita.

The governor vigorously defends both, claiming it is all based on sound financial forecasts of state revenues. Among the projects being financed by the increased debt are a speed up of road construction, which she said would have taken decades to complete without it.

Newly re-elected State Treasurer John Kennedy said the debt increase could limit the projects that can be built in the next governor's administration and could run the state up against its limits on debt if the state's income is less rosy than projected.

"All we need is a hiccup in revenues . . . and we'll have a very serious situation with our debt," Kennedy said in an Associated Press story. Louisiana per capita debt at least doubled during Blanco's term.

Jim Brandt, president of the nonpartisan Public Affairs Research Council, told the Associated Press he doesn't believe Louisiana is in a debt crisis, but that PAR is closely watching the numbers.

Louisiana's state debt was in sharp decline in the decade preceding Blanco's administration.

The administration of Gov. Mike Foster reduced the state's per capita debt steadily until the end of his second term, when it started creeping up.

When Blanco came into office, the per capita debt was \$642 per state resident.

Blanco's financial advisers said Foster left about \$24 million to cover the costs of ongoing construction projects, which was not near enough to pay for his administration's obligations.

Some economists predict revenue increases will continue, and so the obligations of the Blanco administration can be met.

However, the state treasurer continues to be skeptical.

"I hope they're right. I just don't believe it," Kennedy said.

What does seem certain is the Blanco administration's big spending and the record debt will continue to have major financial impact on the state long after it is gone — for good or bad.