

BUSINESS REPORT

On the roads again



By Steve Clark (Contact)

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LSU System President John Lombardi, never a man afraid to speak his mind, ruffled some feathers recently by publicly criticizing a proposed transportation funding plan that backers say is sorely needed to address Louisiana's massive road construction and repair backlog.

Legislation that would have dedicated nearly a half-billion dollars from the state's discretionary general fund to "roads only" was shot down at the end of last session in the face of opposition from Gov. Kathleen Blanco. Proponents, however, think the legislation has a good chance of being resurrected under the administration of Gov.-elect Bobby Jindal, who supports the idea of using tax revenue from car and truck sales to fix the state's ailing highways and bridges.

Lombardi says a massive set-aside for roads might work in times of surplus—such as the state is enjoying now—but could harm higher education and public health care in lean times if budgets have to be trimmed. The way the state constitution is written, higher education and health care are the first to feel the knife come budget-cutting time. Better roads are a critical need, but so are health care and higher education, Lombardi says.

"I think this year we'll be able to do all three," he says. "I don't think it's about this year. I don't even think it's about next year. We'll probably be all right next year. But three or four years down the line we might not be all right."

Pulling \$456 million from the state's \$3.7 billion discretionary general fund could mean a 12% cut for higher education in a lean year, according to LSU projections. If higher education were protected, every other state agency could see a 25% hit, Lombardi says.

As he sees it, the problem with setting a huge chunk of money just for roads is that it's an overly simplistic solution to a complex problem. Louisiana already dedicates a huge percentage of its budget compared to most other states, Lombardi says, which basically lets legislators off the hook when it comes to dealing with difficult budget issues.

"When you sequester money, you take away both the authority and responsibility of your elected officials to make choices," Lombardi says. "That's not really in the best interests of the state. The best interest of the state is that the people we elect truly engage and feel responsible for trying to solve whatever problems are presented."

Jim Brandt, president of the Public Affairs Research Council, says dedicating large amounts of the budget in general reduces the state's options in times of economic trouble.

"Good government policy sort of suggests that you don't dedicate your funds generally," he says. "The notion is that in government, like in business, you need flexibility to respond to change in priorities and conditions."

Lombardi and others in have been right to raise the issue, Brandt says, noting that while health care and higher education are both technically unprotected from cuts, higher education is actually the more vulnerable target since cuts to health care are so painful: For every dollar cut from public health care, the state loses three dollars in federal funding.

"Which then means essentially you've only got one thing left on the table, and that's higher education," Brandt says.

In heady days such as these, with a projected \$2.1 billion state surplus on top of last year's \$3 billion surplus, taking \$400 million or so off the table might not seem like a big deal—though nobody expects the current "fiscal bliss" to last forever, he says.

While there's no question roads are critical for economic development, the state should tread carefully in terms of additional dedications, especially with talk of speeding up the elimination of some taxes, Brandt says. If Louisiana does implement a transportation dedication, a statutory dedication would allow more flexibility than a constitutional dedication if things don't work out, in that it would be easier to undo.

Jennifer Marusak, spokeswoman for Driving Louisiana Forward, a group of contractors and chambers of commerce pushing the roads proposal, says the immediate goal is a statutory dedication—though she wouldn't rule out a later push for a constitutional dedication.

Marusak says she disagrees with Lombardi on the subject as much as she agrees with Jindal, who says higher education and health care don't have to be hurt by dedicating road funds. It's a matter of the governor and Legislature setting priorities and funding them accordingly, she says.

"We know we need additional recurring funding for transportation," Marusak says. "We obviously have some suggestions on how to do that, but it's ultimately going to be up to them on what's the best route to take."

Despite her group's disagreement with Lombardi, Marusak says "there's always room for flexibility." She cited the phase-in aspect of the compromise bill that nevertheless died in the Legislature. Brandt thinks Jindal will be mindful of the big picture budget-wise, and praises his choice of Angèle Davis as commissioner of administration.

Davis, currently serving as secretary of culture, recreation and tourism, will be responsible for the day-to-day operations of state government and the state budget. Brandt says she has loads of experience with budget issues as well as the "consequences of dedicated funds."

Lombardi says it's LSU's obligation as a major institution to speak out on public issues and provide information to help people make decisions, adding that the discussion on road funding

that need to happen has begun. He has no doubt LSU will be able to work with Jindal on the issue.

"He's very smart and very capable," Lombardi says. "I think as he and his staffers get into this conversation and they start looking at how they can achieve all their objectives, I think they'll want to have a more nuanced and sophisticated approach to these problems. We tried to provide a frame of reference for that conversation. The issue is to try to get people to recognize that simple solutions to complicated problems are rarely effective in the long term."