

## Jindal panel hears budget ideas

**Paying debt, capital outlay overhaul urged**

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**By Jan Moller**

BATON ROUGE -- State lawmakers should overhaul the way money gets distributed to construction projects and apply a chunk of Louisiana's \$1 billion budget surplus to paying down debt in the state retirement systems, an advisory group to Gov.-elect Bobby Jindal was told Wednesday.

Government also needs to become more transparent and make better use of data when making spending decisions, according to testimony presented to Jindal's "government and fiscal reform" advisory council.

"The budget is the most significant policy document of state government," said Bob Keaton, a retired state budget analyst who now works for Louisiana State University.

The advisory council is one of nine groups, each with dozens of members, appointed by Jindal to collect public testimony and make hiring and policy recommendations as his administration prepares to take control of state government Jan. 14. Although the administration has no obligation to act on the fiscal panel's advice, its work will be closely watched as Jindal prepares his first budget after a campaign in which he frequently labeled state spending as "out of control."

State jobs campaign point

Jindal never promised to cut spending, but he frequently criticized the 2007 Legislature for adding more than 1,100 new state jobs without a comprehensive plan. Louisiana already has more state workers per capita than its Southern peers, and the state's budget has grown rapidly in recent years. But Keaton said the jobs figure is "skewed" by the fact that Louisiana operates a statewide public hospital system. In other states, public hospitals are usually operated at the city or county level, so their workers are not state employees.

Many of the jobs added this year were simply restoring jobs that had been cut in the wake of the 2005 hurricanes, Keaton said, while much of the growth in state spending is the result of more than \$8 billion in recovery aid from Washington. The state had 79,133 employees before Hurricane Katrina and currently has 78,944, officials said.

Louisiana can save plenty of money in future years if legislators are willing to use part of its budget surpluses to pay down some of the \$11 billion in debt that has piled up in the Louisiana State Employees Retirement System and the Teachers Retirement System. The debt is scheduled to be paid back, with interest, by 2029, but the state can save hundreds of millions of dollars in future interest costs by making early payments on the principal.

In some areas, such as government transparency, Louisiana already has adequate regulations on the books but needs to do a better job of implementing them, said Maurice McTigue, a senior research fellow at George Mason University.

"In Louisiana, we find that disclosed reports are often scattered through a variety of state Web sites and the information is not presented in a useful format," McTigue stated in written testimony.

"Unfortunately, poor implementation of good rules causes Louisiana's results to suffer, despite some of its positive statutory requirements."

As an example, McTigue cited the performance goals included in the state budget for state departments and agencies. All too often, the agencies are allowed to change those performance measures midway through the budget cycle, making them less useful as a tool to evaluate whether an agency is doing its job, McTigue said.

One way to fix the problem would be for the Legislative Fiscal Office to deny agencies' requests to change the performance measures, he said.

#### Capital outlay criticized

Jindal also was urged to overhaul the capital outlay process that allocates money for construction projects. Currently, legislators stuff far more projects into the annual construction bill than the state can afford to finance in a fiscal year, leaving it up to the State Bond Commission to decide which projects get money.

The result is a system in which the real power of the purse belongs to the bond panel, which is dominated by allies of the governor, rather than with the Legislature.

"What's happened here is that the Legislature has sort of abdicated a sacred right to the Bond Commission," Keaton said.

Dennis Stine, chairman of the advisory panel who served as commissioner of administration under Gov. Buddy Roemer, said the state also needs to do a better job of prioritizing its construction needs so that its borrowing authority is used to finance state projects rather than those that are purely local in nature. Only about half the capital outlay budget goes to state projects.

"Quite frankly the GO (general obligation) bonds of this state need to be used for the general services of this state," Stine said.

Jennifer Pike, research director for the Public Affairs Research Council, said the state should send aid to localities using a needs-based formula, instead of the current process of lawmakers earmarking money for local projects through "member amendments" -- \$62 million of which made it into the 2007-08 budget.

Jindal has called for increased disclosure requirements for such amendments so that taxpayers will have a better idea of how the money is spent and who benefits.

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