

Political Horizons for Nov. 16

Budget cuts in store for La.

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One of those often quoted “Capitol wags” told a good tale he readily admits hearing from another “knowledgeable insider.”

Unlike most of the stories traded in the State Capitol’s ground floor coffee shop, this one seems prescient, particularly in describing Louisiana’s coming fiscal predicament in relation to the economic crisis the rest of the nation is experiencing now.

It’s like being on a train, the story goes, in which the people at the front are describing for the people in the back what the view looks like around the corner.

Meaning, it’s just a matter of months for Louisiana.

In fact, after years of arguing how to spend massive budget surpluses, Louisiana lawmakers must start arguing over what to cut.

A downturn in the national economy, a drop in the price of oil and the accumulation of special-interest tax breaks have formed a cornucopia of decreased revenues that now require Gov. Bobby Jindal to find \$1.3 billion to pay the bills for the year starting July 1, 2009.

Jindal already has asked his agency heads to look for places to cut spending — perhaps up to 30 percent of their existing budgets. The administration is also considering hiring freezes.

And Jindal wants to change the state constitution.

“There needs to be the ability to be more flexible and more efficient with government services. It’s not right that we always have to look at health care and higher education as the first places to cut to balance the budget,” Jindal said in an interview last week.

Many individual items in Louisiana’s annual budget have spending that is dedicated in law, leaving administrators and legislators little discretion.

About \$5.3 billion of the \$9.7 billion that state taxpayers contribute to the running of state government is mandated — lawmakers can't touch it. That leaves about \$4.4 billion from which all the cuts must come.

"We do have too much dedicated revenue and it decreases the state's flexibility. It tees up higher education and health because they are not protected," said Jim Brandt, head of the Public Affairs Research Council of Louisiana, a nonprofit group that follows government issues.

For instance, budget analysts are looking at trimming about \$325 million of the \$1.47 billion state taxpayers contribute to LSU, Southern University, Baton Rouge Community College and the other higher education institutions.

Another \$288 million would come from the \$2.2 billion in state dollars to handle medical care and health programs.

"Those are the last places, rather than the first places, we need to be making reductions if we want to move our state forward," said Jindal, noting that recent U.S. Census Bureau surveys show the continuing trend of highly educated and well-paid people in their prime taxpaying years leaving the state.

"It's a trust issue," Brandt said. "I understand the rationale for protecting some of those funds in the constitution because if not, the Legislature would take and grab the money."

Voters approved the lottery, for instance, based on promises that the money would go for education, only to discover that it's being used for almost everything but.

"It is possible," Jindal said, "to amend the constitution to give lawmakers and administrations the flexibility they need to balance the budget without cutting higher education and health care while at the same time appropriately protecting areas that should be protected. I don't think it should be a blank check for policymakers. I think taxpayers are right to be skeptical at times of what happens in Baton Rouge, but I do think there is a way to amend the constitution to give that needed flexibility while keeping those checks and balances."

Barry Erwin of Council for A Better Louisiana, another nonprofit group that follows government decisions, is not so sure. "The answer clearly is to go in the other direction and undedicate some of these things. The problem is that people may not have an appetite for these things," he said.

Mark Ballard is editor of the Capitol news bureau.