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Gloom and Opportunity

The recently concluded session of the Louisiana Legislature will rank among the most acrimonious and disappointing ever — until next year. That's the consensus among veteran Capitol observers, including the Council for A Better Louisiana (CABL) and the Public Affairs Research Council (PAR). Both watchdog groups have noted lawmakers' — and Gov. Bobby Jindal's — failure to address the state's ongoing revenue and budget crisis head on. Moreover, lawmakers failed to enact (or Jindal quashed) significant reforms in governmental ethics and transparency laws, and, in the words of PAR, "Little was done either to implement or to develop solutions to widely acknowledged problems in the state's public health care system." These are tough times for Louisiana.

Ironically, the City of New Orleans fared well. Mayor Mitch Landrieu took office five weeks into the session and had little time to put forth a comprehensive package of bills. Despite tough fiscal times statewide, state Rep. Walt Leger III ushered through bills to annualize state reimbursement for city expenses related to Harrah's Casino (about \$3.6 million). State Sens. Ed Murray and J. P. Morrell likewise led efforts to expedite recovery efforts and fight blight. The city's success proves that, even in the worst of times, opportunities exist to make significant progress.

That's an important lesson for next year, when federal stimulus dollars run out and the state's fiscal picture gets even worse. That scenario, combined with the end of the post-Katrina boom and a worldwide recession, caused state officials to dub the coming 2011-12 fiscal year "the cliff." It's a fitting metaphor, because unless lawmakers and Jindal take drastic steps to curb spending — and spend more wisely — state government will go into fiscal free fall a year from now.

To put things in perspective, Louisiana's operating budget was \$29.6 billion in fiscal year 2009-10, of which nearly half came from taxes and fees paid by Louisiana taxpayers. The rest came from the federal government. Over a three-year period starting in 2009, total state and federal revenues have fallen or will fall by more than \$3.5 billion. "It is impossible to address that large of a financial problem — particularly with some areas of the budget more or less off limits — without expecting severe

impacts in those areas that aren't protected," wrote CABL president Barry Erwin. We agree.

As gloomy as that picture looks, it doesn't take into account the disastrous economic impact of the BP oil gusher and President Obama's offshore drilling moratorium. On top of that, next year is an election year *and* the year in which lawmakers must redraw their districts to reflect massive post-Katrina population shifts. Truly, next year's session promises to be as ugly as it gets.

Even in the face of such doom and gloom, there is opportunity. Lawmakers and the governor can face fiscal realities and make significant long-term changes in the way state government operates. Such changes will not come easily. Health care and higher education, the two least-protected areas of the state budget, need to be overhauled from top to bottom. There's no delicate way to put it: Louisiana cannot afford as many four-year colleges and universities as it has now, nor can it afford to maintain the nation's only statewide charity hospital system.

The past practice of tinkering around the budgetary edges won't get Louisiana through the tough times that lie ahead. Some public colleges and universities may have to close or merge. Others may have to change their missions significantly and cut entire academic programs. The state undoubtedly will have to overhaul its public hospitals, particularly the Charity hospital system. One idea worth considering is morphing them into regional or even parish-operated hospitals — supported by local as well as state taxes so they become self-sustaining. These notions represent seismic shifts in Louisiana's budgetary priorities, and they will require bold leadership by the governor and legislative leaders. Unfortunately, House and Senate leaders this year spent too much time fighting over budgetary philosophies and not enough time working on a common purpose.

"Louisiana will fall off the cliff next year — if not sooner — and the implications of that for higher education and health care services are dire," PAR noted after the session ended. As we rush headlong toward that cliff, Louisiana needs boldness from its leaders more than ever.