



Bobby Jindal
Governor



Paul W. Rainwater
Commissioner of Administration

STATE OF LOUISIANA

Senate Finance Committee Briefing

Commissioner of Administration Paul Rainwater

October 1, 2010



STATE OF LOUISIANA

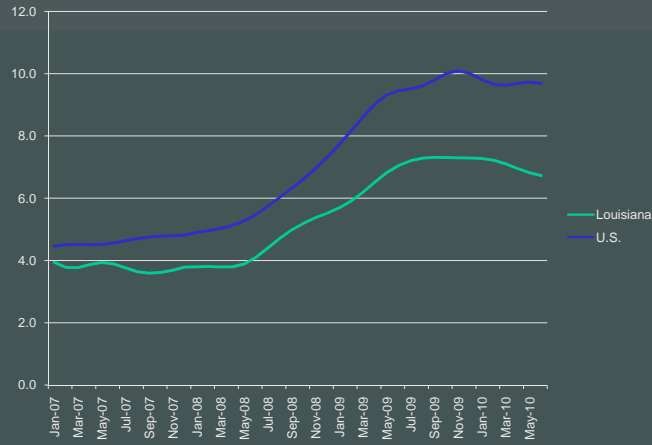


Presentation Overview

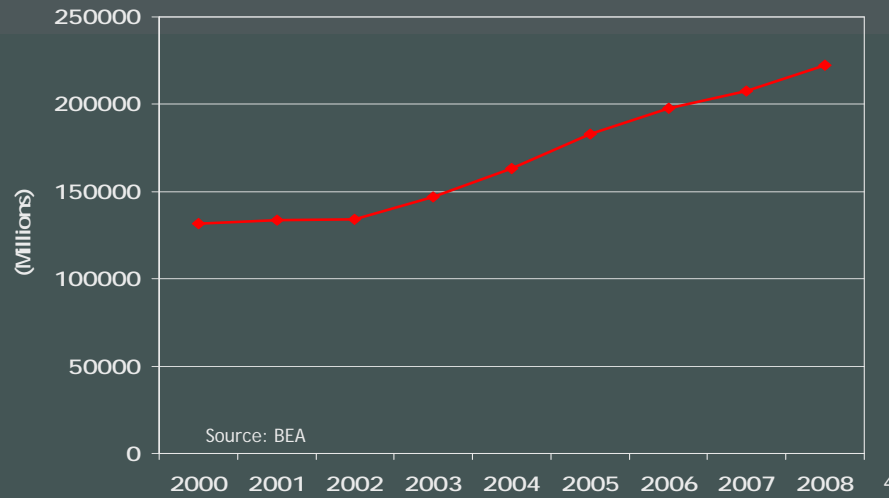
- Louisiana's Economy
- Budget Status
- Oil Spill



Monthly Unemployment Rate - LA & U.S.



State Domestic Product (nominal)





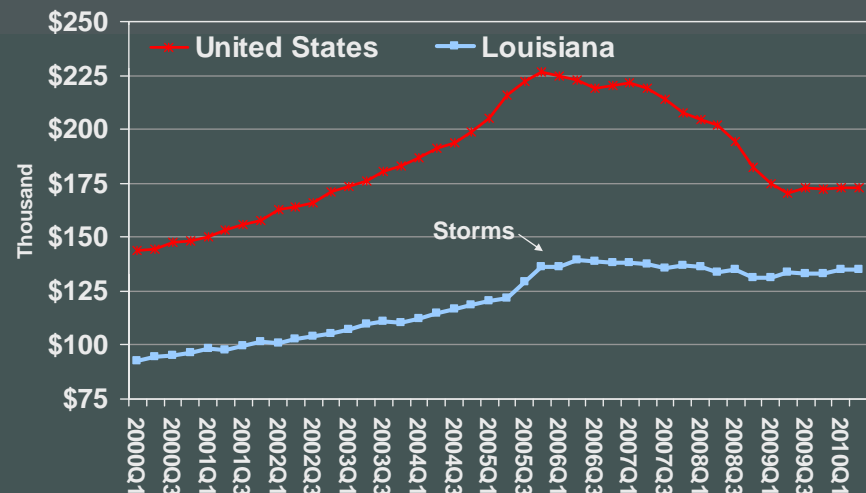
State Domestic Product

	Louisiana	Change	U.S.	Change
<u>Nominal</u>				
2008	222 B	--	14.4 T	--
2009	220 B	(1%)	14.1 T	(2%)
2010	234 B	6%	14.6 T	3.5%



Median Existing Home Price

National Association of Realtors





Economic Development

- On Sept 15, Governor Jindal announced that Nucor selected St. James Parish as the location for a multi-phase iron and steel project.
- Estimated to be a capital investment of \$3.4 billion.
- Could create 1,250 new, direct jobs averaging at least \$75,000 per year, plus benefits.
- This will be one of the largest industrial projects in Louisiana history.

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Economic Development

- **August:** Blade Dynamics announced that it will manufacture advanced wind turbine blades and wind turbine components at the Michoud Assembly Facility in New Orleans. With investment funding from Dow Venture Capital and American Superconductor Corp., Blade Dynamics has committed to create 600 new, direct jobs by 2015.
- **July:** Globalstar Inc. announced the relocation of its corporate headquarters to Covington, LA, from Milpitas, CA. The company will also relocate a variety of other global business functions to Covington, including product development, finance, accounting, sales, marketing, corporate communications, and customer care. Globalstar has committed to relocate or create more than 200 new jobs by 2013, and Globalstar's total Louisiana employment will increase by more than 500 by 2019.

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Recent Rankings

- **June 2010:** The U.S. Chamber named Louisiana the best U.S. export performer for 2009, based on four separate measures of export activity.
- **May 2010:** According to the Kauffman Index of Entrepreneurial Activity, Louisiana jumped from 18th for 2008 to 8th for 2009, with a rate of 430 entrepreneurs out of every 100,000 state residents.
- **April 2010:** TechAmerica's *Cyberstates* report ranked Louisiana 3rd in the nation for tech job wage growth, an increase of 1.4 percent from 2007 to 2008.
- **April 2010:** The American Legislative Exchange Council has continued to boost Louisiana's rank on the ALEC-Laffer Competitiveness Index. Louisiana jumped from 18th in 2009 to 16th in 2010 for its Economic Outlook, based on its tax rates, business costs, and other indicators.

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Current-year (FY 11) Budget Status

- The FY 11 Budget includes General Fund Direct funding of \$7.7 billion, a decrease of \$1.3 billion, or 14.6 percent, compared to \$9.0 billion in General Fund Direct funding in the FY 10 budget.
- The FY 11 Budget includes total funding of \$25.5 billion, a decrease of \$4.2 billion, or 14.2 percent, compared to the FY 10 Total Budget of \$29.7 billion.

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Position and Employee Reductions

- **Positions.** The current-year budget reduced the number of fulltime appropriated positions (T.O.) in the executive branch by 3,037. Following prior reductions of 3,326 fulltime appropriated positions through budgetary actions in FY 09 and FY 10, the FY 11 budget brings the total to **6,363** fulltime appropriated positions reduced since the beginning of Governor Jindal's administration.
- **Fulltime Employees.** According to the Office of Planning and Budget, the number of fulltime employees at all appropriated agencies in the Executive Branch of government as of August 27, 2010 is 82,891. By way of comparison, the number of fulltime employees at all appropriated agencies in the Executive Branch of government as of December 31, 2007 was 89,371 – which equates to a reduction of **6,480** fulltime employees over that time period.

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Historical Budget Data

- The Total State Budget for FY 08, as of January 2008, was \$34.36 billion, compared to a Total State Budget appropriated for FY 11 of \$25.49 billion – a reduction of \$8.87 billion, or 26 percent, over that time period.
- State General Fund for FY 08, as of January 2008, was \$8.68 billion, compared to a State General Fund appropriated for FY 11 of \$7.72 billion – a reduction of \$957 million, or 11 percent, over that time period.

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Strategic Reductions

- At Louisiana Economic Development department - eliminated the "traditional" Workforce Development and Training Program, which, with the creation of the new Fast Start Program, was determined to be duplicative.
- At the Division of Administration - eliminated the Office of Electronic Services and merging it with the Office of Information Technology and the Office of the Chief Information Officer, as well consolidating the State Grants Management Office (SGMO) within the CDBG program. Privatized claims management and loss prevention services within Office of Risk Management, which will result in estimated savings of at least \$20 million over five years.
- In the Office of the Governor - moved the Louisiana State Board of Cosmetology out of the office to function independently as do other boards and commissions.
- At the Department of Health and Hospitals - merged all mental health units into programs under the Office of Mental Health state office. Expanded the Medicaid "Work at Home" telecommuting program, which creates a fully functional worksite from the employee's home, to reduce administrative costs and boost productivity.
- At the Department of Environmental Quality - privatized their lab activity.

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Strategic Reductions

- At the Louisiana Tax Commission - eliminated the Legal Section of the agency and outsourcing its legal work.
- The Department of Social Services has been undertaking a major reorganization that will consolidate its current four offices into one, while also pursuing a departmental modernization initiative.
- DSS, DHH and the Office of Juvenile Justice are coordinating for youth mental health services whereby they can leverage Medicaid reimbursable dollars (\$1.1 million in savings)
- Veteran Affairs will be partnering with private physicians at Louisiana's Veterans homes (\$1.1 million)
- Corrections is privatizing pharmacy services at all facilities (\$800,000)
- Corrections is consolidating administrative services at all facilities and units will be consolidated on a regional basis (\$1 million)
- And, video technology will be used to provide for monitoring of offenders from a central location (\$1.2 million)
- DOTD is eliminating its photogrammetry airplane (\$292,000) and the Melville ferry (\$213,039)

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FY 12 Budget Development

- Addressing a projected \$1.6 billion General Fund shortfall
- Proactive engagement with departments
- Prioritized funding requests

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Oil Spill Status

- The spill was permanently sealed on Sunday, September 19.
- The deepwater drilling moratorium continues to stay in effect without clarity as to when it will end.
- Kenneth Feinberg took control of business and individual claims on August 23.
- BP continues to handle government claims.
- BP is funding the Deepwater Horizon Oil Spill Trust for \$20 billion
 - \$3 billion was deposited into the Trust in August.
 - \$2 billion more is scheduled to be deposited by year end.
 - \$1.25 billion will be deposited each quarter thereafter for 2011, 2012, and 2013

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Oil Spill Funds

There are 3 ways in which the State is receiving monies:

- **The National Pollution Fund Center (NPFC):** Funds are dispersed by FOSC (Coast Guard) from the Oil Spill Liability Trust Fund for oil removal activities only.
- **Natural Resource Damage Assessment (NRDA):** Negotiated settlement between the State and BP through the NRDA process for compensation of injuries to the natural resources.
- **Direct Payments from BP:** For increased public services and loss of government revenue, and any ancillary repercussions of the oil spill.

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Oil Spill Funds Received

The State has received \$330.7 million through the following:

- \$12.5 million NPFC funding
- \$10 million in NRDA funding
- \$15 million in Tourism Grants
- \$15 million Behavioral Health Grant
- \$25 million in a Responsible Party Grant
- \$13.2 million for a Fisheries Monitoring Program
- \$240 million for sand berm construction

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Oil Spill Claims

Business and Individuals in Louisiana have received the following:

- BP: \$153,232,283 with claimants of 35,012
- GCCF: \$261,388,150 through 11,710 payments



Oil Spill - State Efforts

- We have engaged 12 Technical Assistance Providers to work with disaffected businesses . These include:
 - Catholic Charities Archdiocese of New Orleans (CCANO)
 - Greater New Orleans, Inc. (GNO Inc.)
 - Mary Queen of Viet Nam Community Development Center (MQCDC)
 - Operation HOPE (OpHOPE)
 - Seedco Financial Services (SFS)
 - South Louisiana Economic Council (SLEC)
- We hired CCMSI to provide proactive risk management and claims solutions.
- We are setting up a "permanent" interagency Cabinet Working Group.