



Executive Budget

Fiscal Year 2021-2022

Joint Legislative Committee on the Budget

February 26, 2021

John Bel Edwards
Governor





Revenue Estimates for FY 2020-2021

	Division of Administration
Taxes, Licenses & Fees	\$12,644.4
Dedications	(\$2,497.1)
State General Fund Direct	\$10,147.3

In
Millions

The DOA revenue forecast was used in preparation of the Proposed Budget last year because it was the lower of the two forecasts.





Revised Revenue Estimates for FY 2020-2021

	Prior Forecast	Revised Official Forecast May 2020
Taxes, Licenses & Fees	\$12,576.3	\$11,518.2
Dedications	(\$2,532.2)	(\$2,379.0)
State General Fund Direct	\$10,044.1	\$9,139.2

In
Millions

Official forecast reduced state general fund direct by \$904.9 million





Revised Revenue Estimates for FY 2021-2022

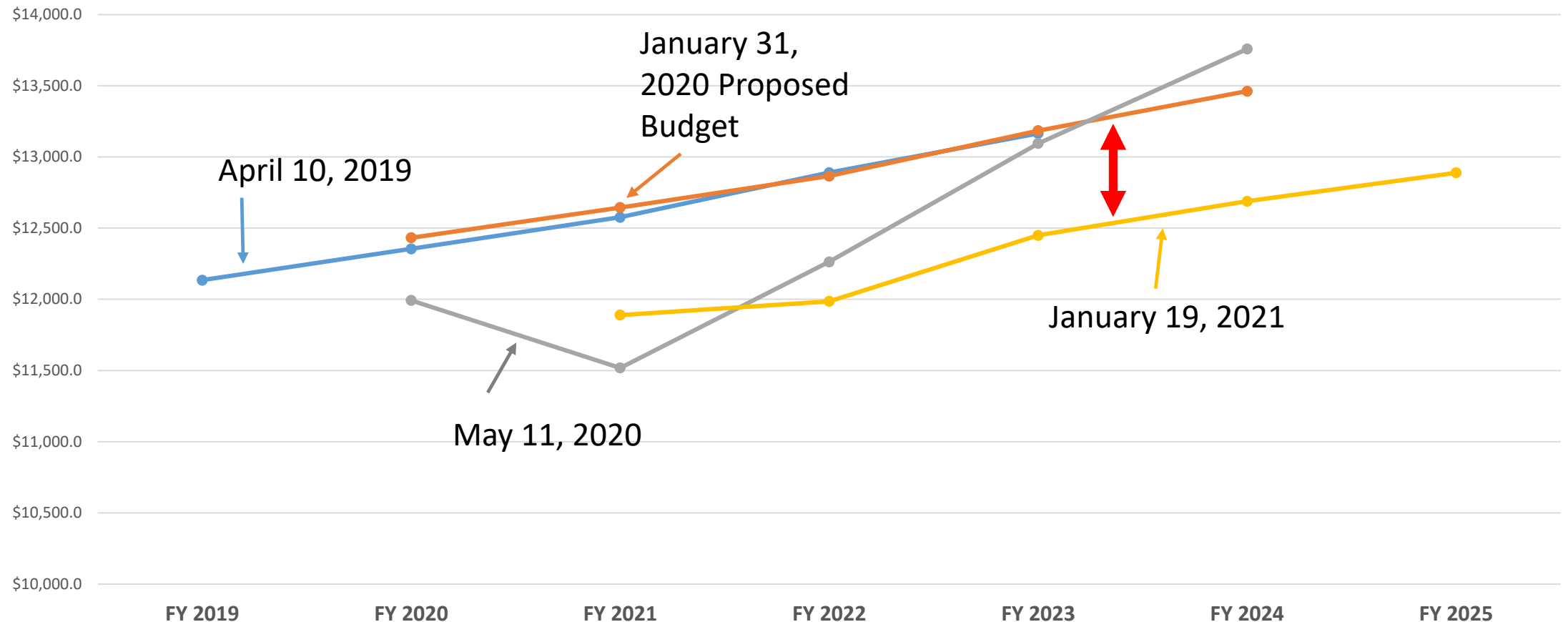
	Official Forecast Adopted July 30, 2020	Revised Official Forecast Adopted January 19, 2021
Taxes, Licenses & Fees	\$12,243.7	\$11,985.6
Dedications	(\$2,447.9)	(\$2,418.3)
State General Fund Direct	\$9,795.8	\$9,567.3

In
Millions

Official forecast reduced state general fund direct by \$228.5 million



Revenue Outlook Before Pandemic and Now: Taxes, Licenses and Fees

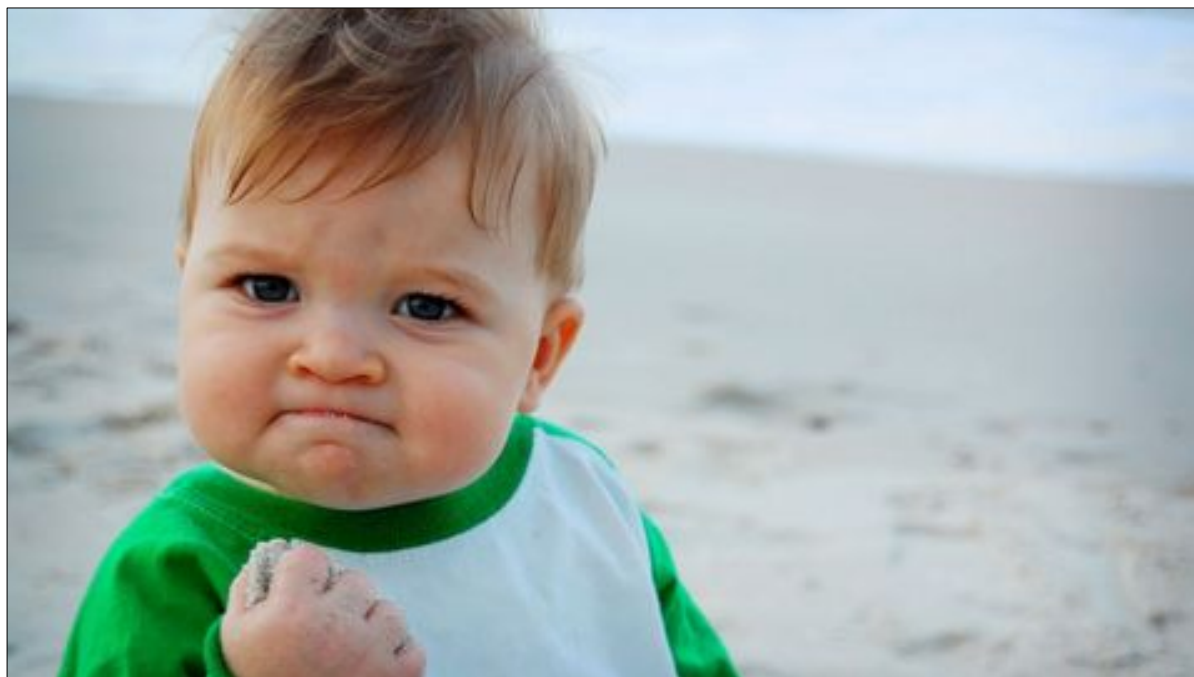




A Very Tough Year... We Endured:

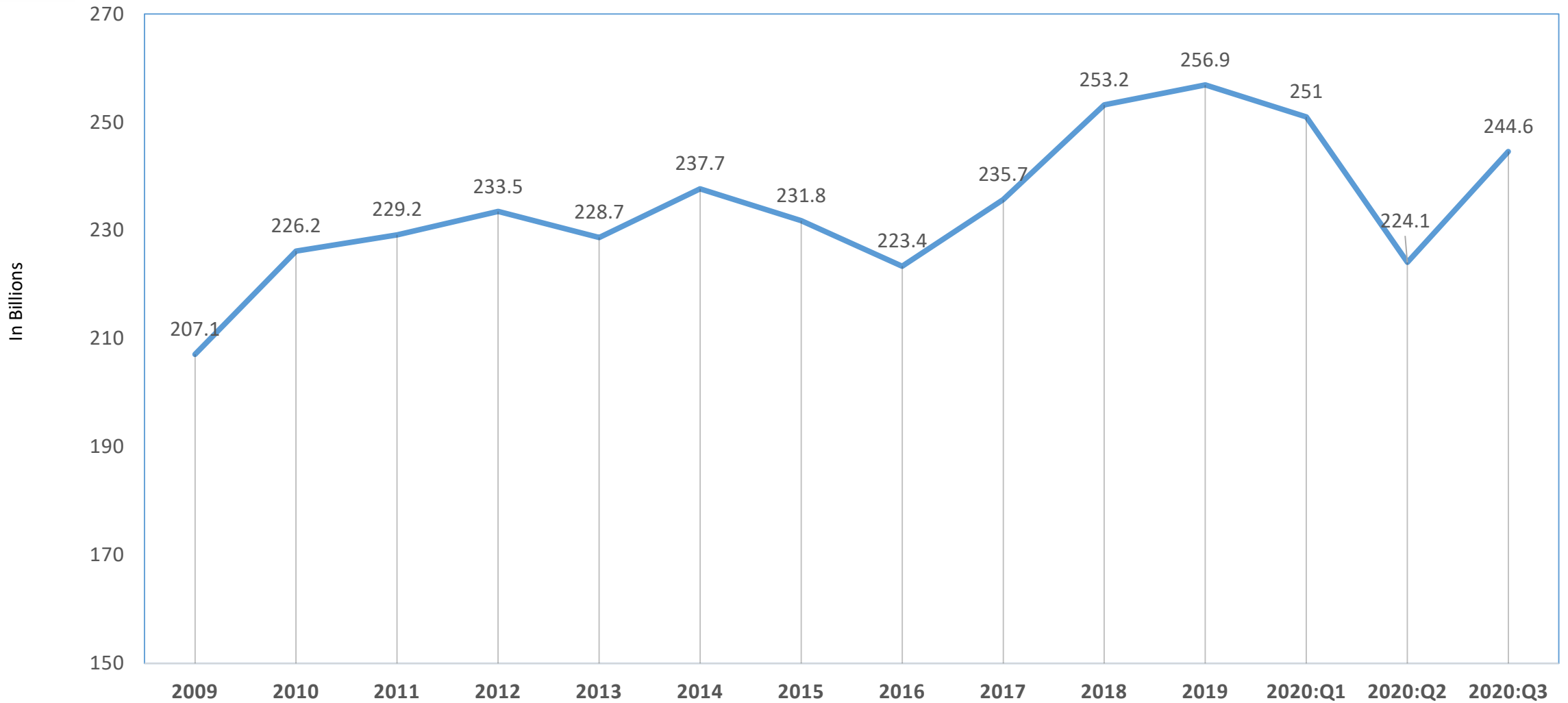
- A record number of seven named storms impacted the State of Louisiana this year and we are still recovering – Cristobal, Marco, Laura, Sally, Beta, Delta and Zeta
- We were one of the first states severely impacted by Covid – over 400,00 cases and over 9,000 deaths
- Recently impacted by an ice and snow storm and still recovering
- Tom Brady

What's Next? Locusts?

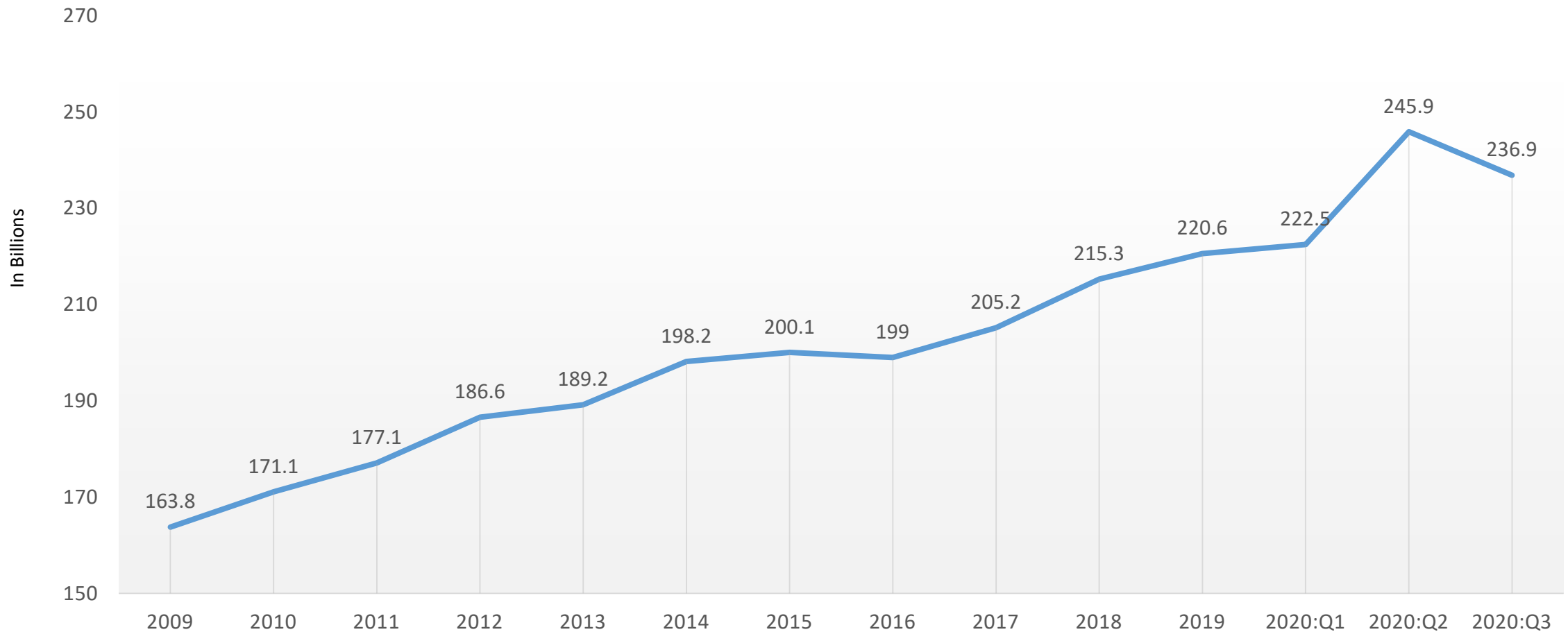


We are Tough.
We are Resilient.
We are Optimistic.

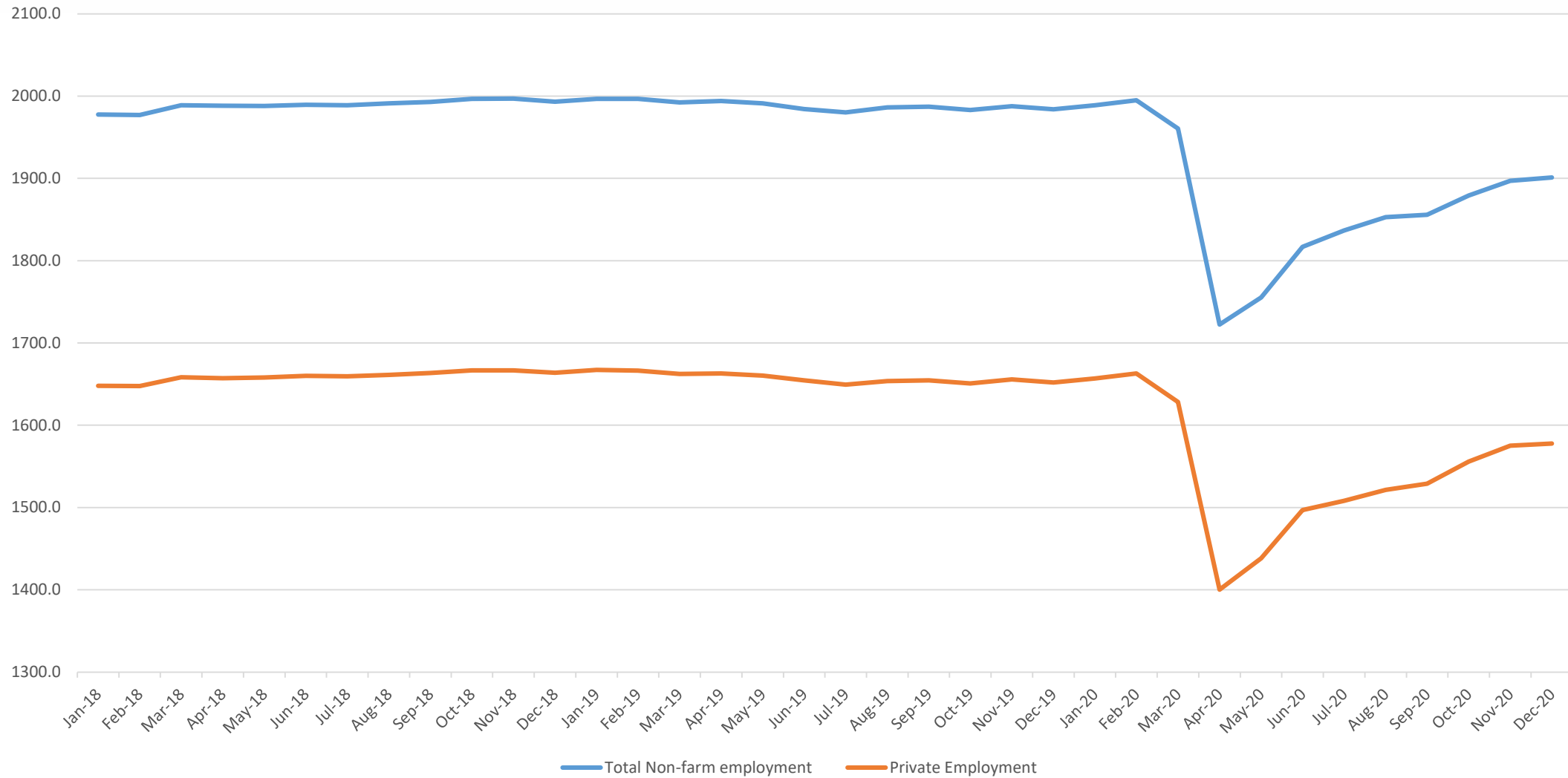
Louisiana Annual Gross Domestic Product (GDP): 2009-2020



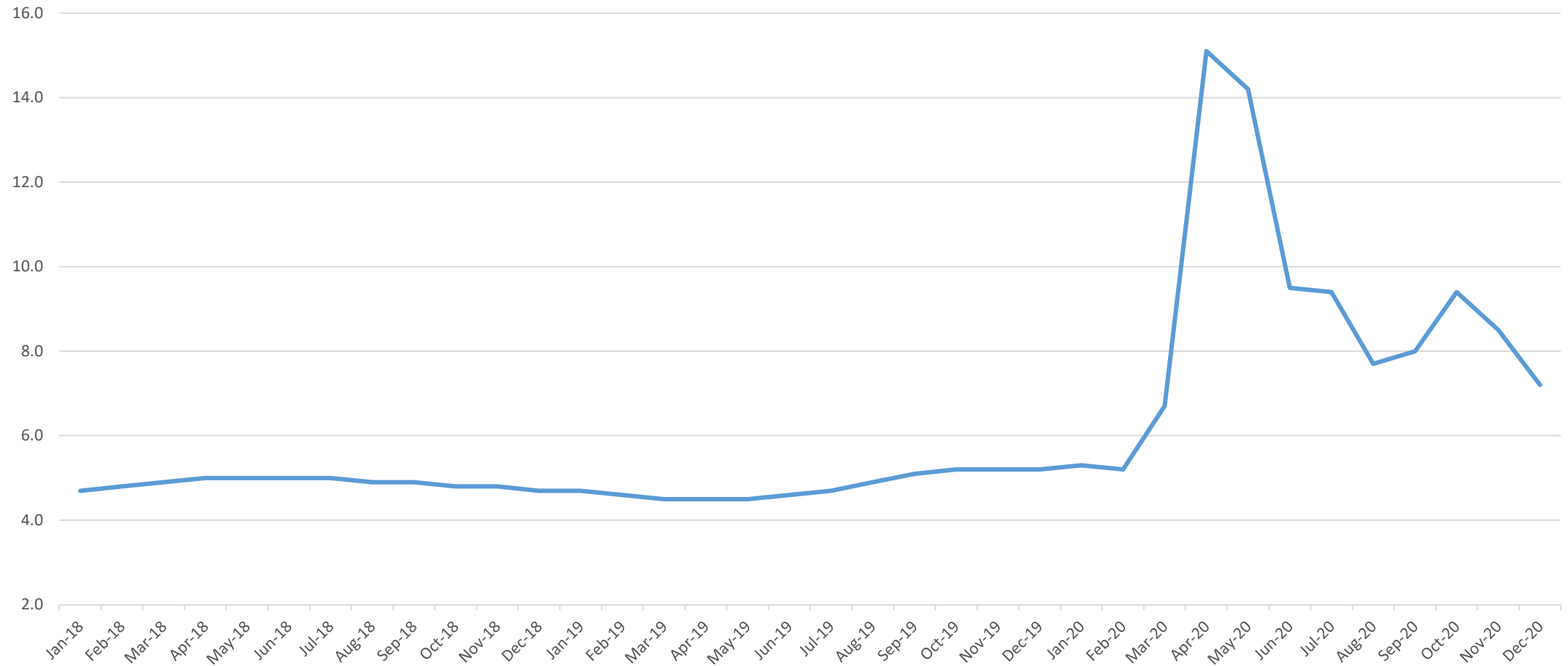
Louisiana Annual Personal Income: 2009-2020



Louisiana Total Non-Farm Employment and Private Employment



Louisiana Unemployment Rate





Rating Agency Review

On February 12, 2021, Moody's Rating Agency revised Louisiana's outlook from Stable to Positive.

Louisiana's **positive outlook reflects** the significant progress the state has made restoring its financial reserves and liquidity in recent years by **aligning revenue and spending** in a post-energy boom era, rebuilding borrowable funds and generating budgetary surpluses in consecutive years. We expect that the state, through **careful fiscal management** and with the help of federal stimulus aid, will be able to sustain its progress despite the impacts of the coronavirus. The state's recovery, however, depends in part on the recovery of New Orleans (A2 stable), the state's largest city and a popular tourism destination.



New Economic Activity and Investment

Year	Number of Project Wins	Capital Investment	New Jobs	Retained Jobs
2016	36	\$22.15 billion	6,908	4,807
2017	45	\$4.64 billion	13,964	7,987
2018	47	\$6.73 billion	7,188	8,095
2019	83	\$8.45 billion	12,331	15,581
2020	58	\$12.7 billion	11,600	8,600
Total	269	\$54.67 billion	51,991	45,070



DOTD Accomplishments *(1 of 2)*

- Projects Let January 2016 through December 2020

Number of projects let:	1,533
Total Cost:	\$3,851,114,004.46
Miles of road affected:	4,882.62

- DOTD was awarded a \$135 million INFRA grant in FY 2020 for LA 1 Phase 2 from Golden Meadow to Leeville.
- During FY 2019-2020, DOTD procured its first contract management at risk (CMAR) contract for use on bridge construction projects associated with the Comite River Diversion Canal culminating in the execution of a Phase 1 Pre-Construction Agreement with a successful proposer on June 29, 2020.
- DOTD is processing request for TIFIA loans to leverage the funds provided in Act 443 of 2019 regular session (BP settlement funds) in order to deliver projects more quickly. DOTD expects to close on the first of six TIFIA loans starting in mid-2021.



DOTD Accomplishments *(2 of 2)*

- Major highway projects receiving bids in FY 2020

LA 23: Belle Chasse Bridge & Tunnel	\$169,994,000.00
I-10: Texas State Line - East of Coone Gully	\$152,221,212.63
I-10 / Loyola Interchange Improvement	\$125,590,956.80
I-10: LA 328 to LA 347	\$87,775,590.13
I-12: LA 21 to US 190	\$59,153,689.68
I-12: US 190 to LA 59	\$54,508,158.47
I-10: Northeast Drain Canal Bridge Replace	\$28,813,338.27
LA 24 & LA 316: Company Canal Bridge	\$27,887,516.09
I-20 Mississippi River Bridge at Vicksburg Rehab	\$27,711,842.51
Amite River Bridge Near French Settlement	\$19,727,849.61
I-20: US 80 Overpass - Crawford Street Overpass	\$14,414,646.45
LA 20 Bayou Chevreuil Bridge	\$11,690,767.39

- Multimodal Commerce projects in FY 2020

114 airport projects

10 port projects completed, 21 under construction, and 39 in design

5 on-going waterway/channel deepening projects*



Mississippi River Deepening

The USACE received \$377 million for Construction in the Gulf and the FY 2020 work plan is approved for \$85.35 million for the Mississippi River Deepening project; and the President's Budget for FY 2021 is programmed for an additional \$45.707 million for a total federal share of \$131.057 million. The total cost of the MR Deepening Project with utility relocation is approximately \$262.28 million.

1. Project Summary as follows:
 - Phase 1 (SW Pass) – Project is 50% complete – 75/25 split and state funds have been expended
 - Phase 2 (Utility Relocation) - 50/50 split between Utilities & DOTD
 - Phase 3 (NO to Baton Rouge) –75/25 split. Portions of Phase 3 will start July 2021 with the project being completed by 2023.
2. The state match requirement: **The dredging is \$43.69 million and utility relocation is \$43.84 million for a total of \$87.53 million.**
3. Funding Requirement: DOTD's state match funding balance consists of \$2 million SGF surplus plus \$2 million from the United Soybean Association. \$28 million (\$15 million CLOC and \$10.5 million SGF) has been expended. **DOTD requesting to convert \$55.5 million from P5 to P1** to meet the programmed State match requirements.



DOTD GARVEE Bond Projects

- I-220/I-20 Interchange at Barksdale Air Force Base
- I-10/Loyola Drive Interchange improvements in Kenner
- I-10 Corridor reconstruction and widening in Baton Rouge
- Belle Chase Bridge and Tunnel Replacement in Plaquemines Parish



FY20/21 Bond Refinancing

- From April 2020 through January 2021, DOTD has refinanced \$1.4 billion bonds from Gas & Fuels, Louisiana Transportation Authority (LTA), and State Highway Improvement Fund (SHIF) for a total Present Value savings of over \$185 million to reduce debt service obligations.
- In February 2021, DOTD will refinance \$136 million of Unclaimed Property (UCP) bonds for an estimated Present Value savings of over \$11 million to reduce debt service obligations.



2020 A RECORD YEAR: 49 PROJECTS IN CONSTRUCTION

15 New Construction Starts: \$406 Million Total Value
12 Projects Completed: \$186 Million Total Value
Miles of Levees Improved: 13+ miles
Sediment Dredged: 9.4+ Million Cubic Yards
Acres Created: 1,885 acres (3 square miles)



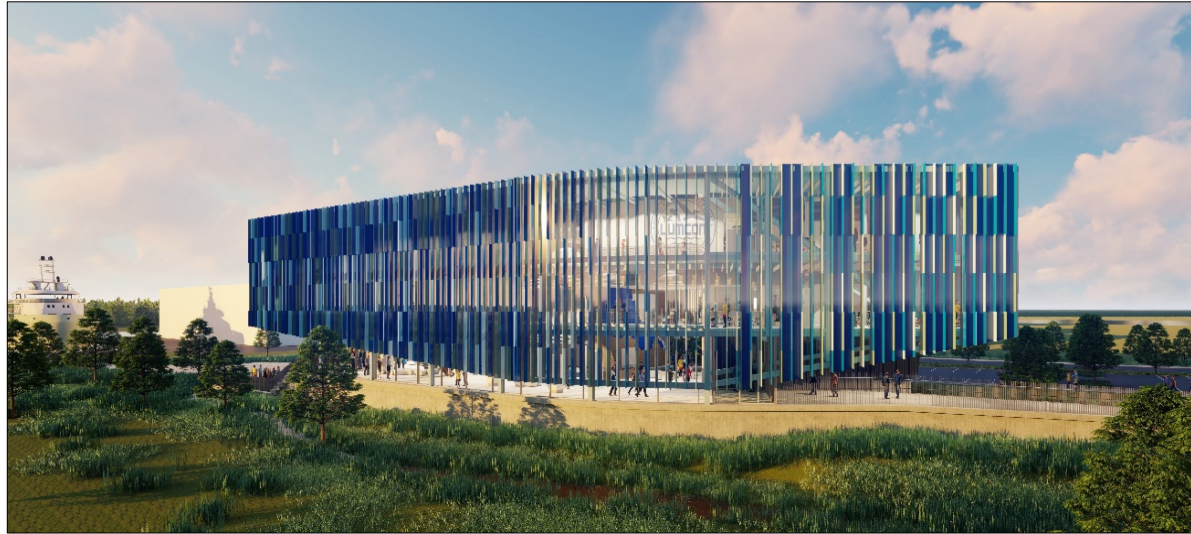
MAJOR PROJECT ANNOUNCEMENTS, INCLUDING:

River Reintroduction into Maurepas Swamp	(\$130 Million RESTORE)
Upper Barataria Basin Marsh Creation, Marine Mammals, Oysters	(\$205 Million NRDA)
Spanish Pass and Lake Borgne	(\$215 Million NRDA)
Terrebonne Basin Ridge, Grand Chenier Ridge Marsh, Isle au Pitre and HNC Bird Islands, Head of Passes	(\$235 Million NRDA)



Supporting the Health Care Surge

- 7,500 health care graduates finishing early or on-time in Louisiana public and private institutions, including:
 - 719 medical and pharmacy degrees
 - 2,109 certificate/technical diplomas (e.g., EMT, LPN)
 - 1,156 associate's degrees (e.g., respiratory care therapist, nursing, occupational and physical therapy assistant)
 - 1,601 bachelor's degrees (e.g., allied health, registered nurse)
 - 809 master's, doctoral, and professional degrees (e.g. nurse practitioner, physical therapy)



LUMCON's **Blue Works** will stimulate, coordinate, and facilitate scientific research among marine science and education programs in Louisiana, as well as provide Houma and south Louisiana with a unique resource for advancing the STEM disciplines that will become increasingly vital to the continued growth and expansion of the coastal Louisiana economy.



K-12 Education

Students across Louisiana are benefitting from in-person instruction.

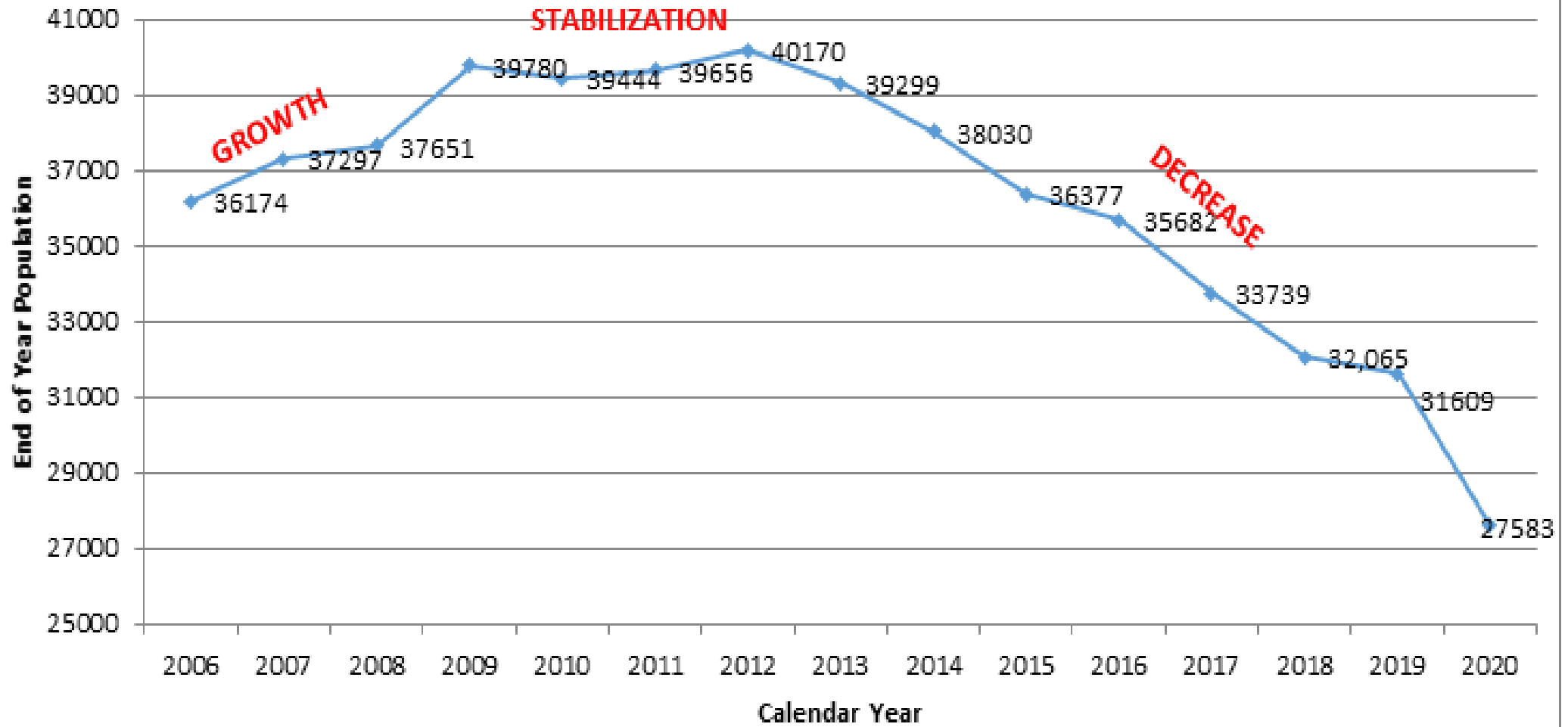
Not only have all of our school systems reopened, but around 65% of Louisiana students are benefitting from in-person instruction.

At the height of the pandemic, 70% of our early childhood centers were closed due to COVID-19. Today, only 2% are closed because of the pandemic.

Thanks to our partnership with medical professionals and the hard work of our educators, our mitigation efforts are working and our schools have not been found to be super spreaders of the virus.

During the December 2020 BESE meeting, a medical expert testified that schools following our mitigation efforts are among the safest environments in Louisiana.

Prison Population



**FY20 Surplus
\$270 Million**

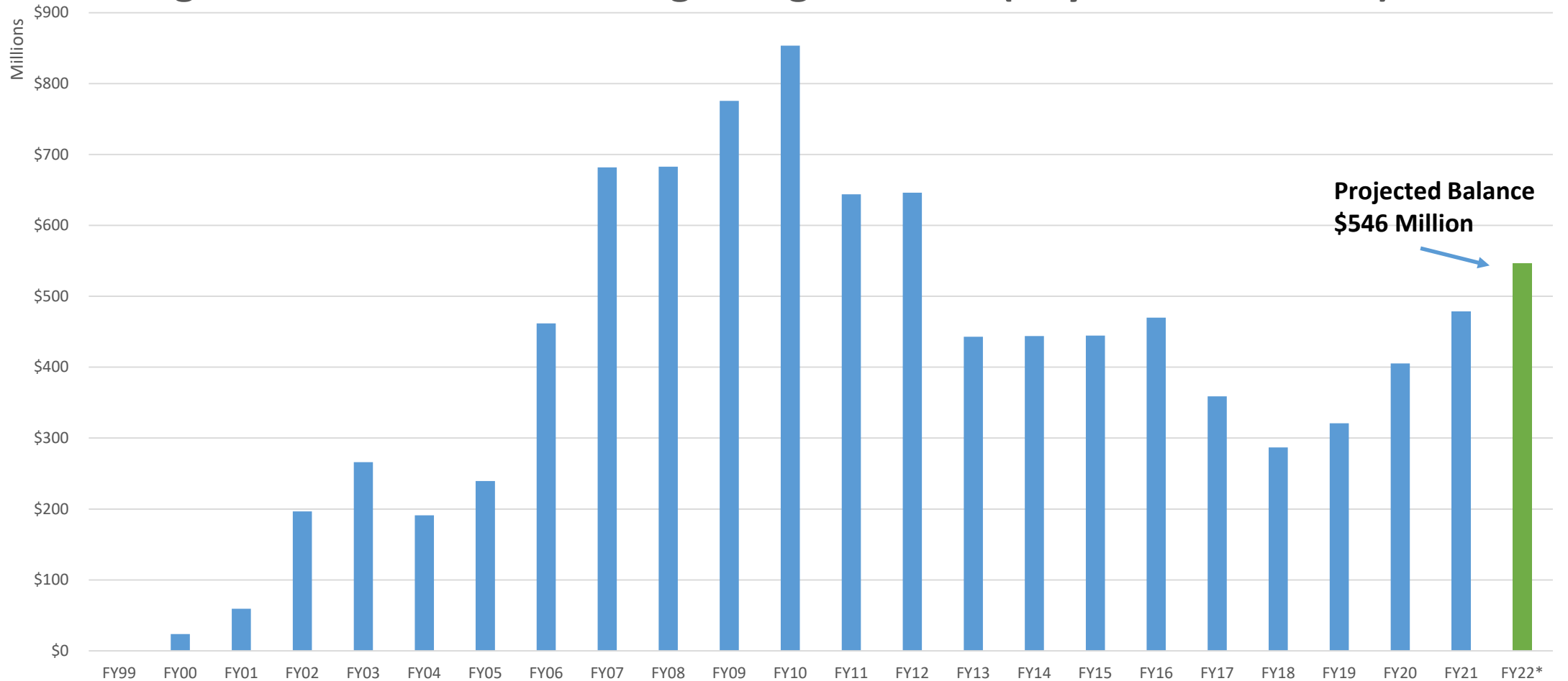


Use of Non-Recurring State Funds

Article VII, Section 10 appropriation of money in the official forecast designated as nonrecurring shall be made only for:

- Deposits into the Budget Stabilization Fund (25% shall be deposited into the fund)
- Payments against the unfunded accrued liability (10% shall be appropriated)
- Retiring or the defeasance of bonds
- Funding for capital outlay projects
- Highway construction for which federal matching funds are available
- Deposit into the Coastal Protection and Restoration Fund

Budget Stabilization Fund - Beginning Balances (July 1 of Fiscal Year)

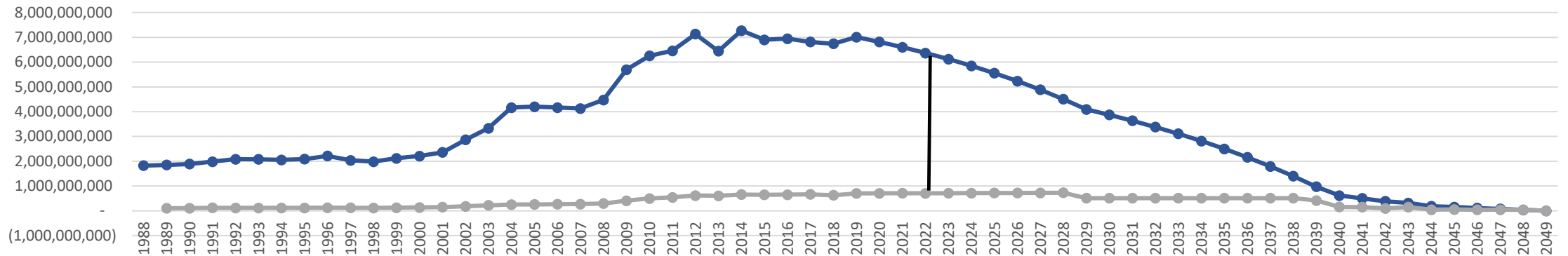


***Includes anticipated deposit of 25% of FY20 Surplus.**

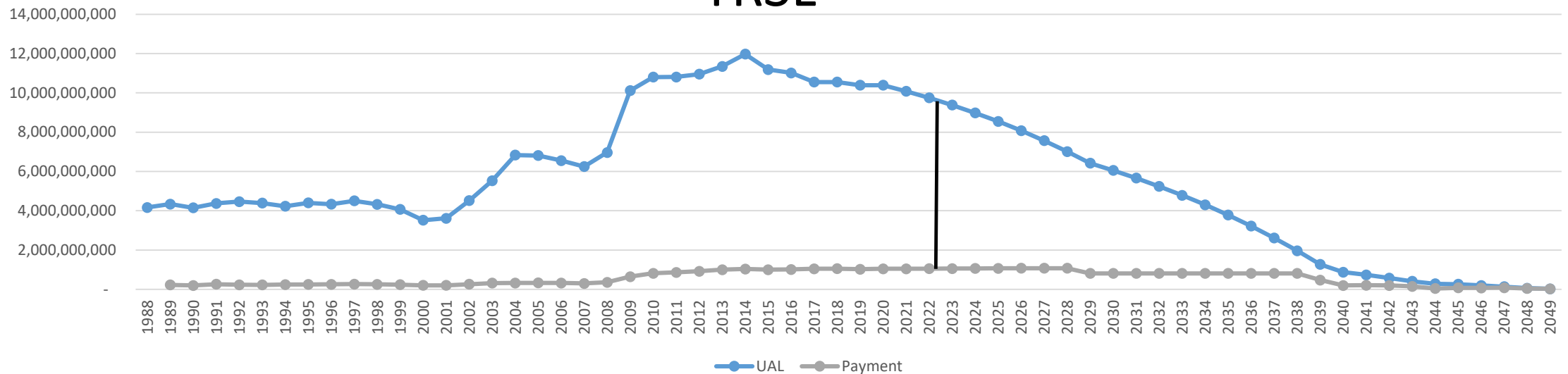
Historical and Projected UAL and UAL Payments



LASERS



TRSL





FY 2020-2021 Supplemental Bill

- The Revenue Estimating Conference met January 19, 2021 and revised the forecast upward by \$292.4 million
- Appropriations will be included in the Supplemental Bill to cover expenses associated with the current year disasters (hurricanes, ice and Covid-19), corrections, local housing, wildlife and fisheries, public safety and judgments

FY 2021-2022 Executive Budget

FY 2021-2022 Budget Comparisons

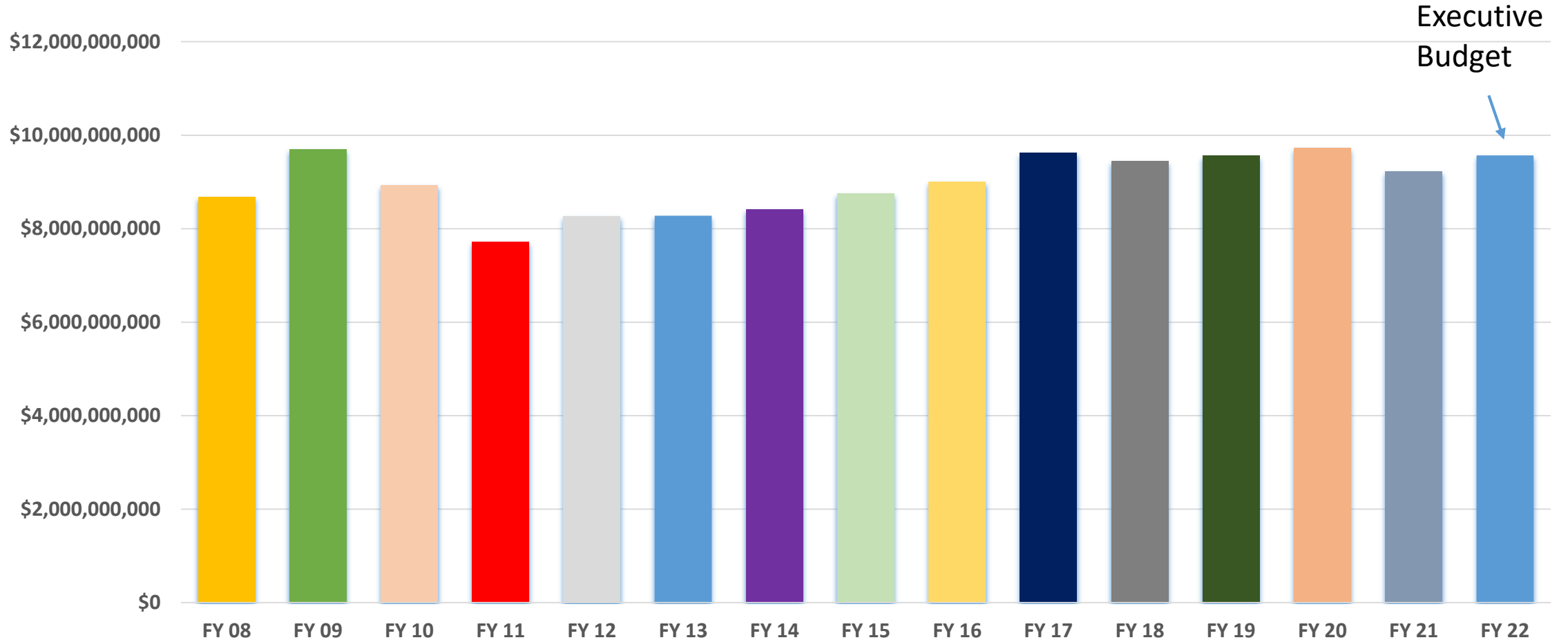


	FY 2020-2021 Existing Operating Budget	FY 2021-2022 Executive Budget	Over/Under Budgeted
General Fund	\$9,314.0	\$9,567.3	\$253.3
Fees/Self- Generated	\$3,202.0	\$3,297.0	\$95.0
Statutory Dedications	\$5,832.4	\$5,084.8	(\$747.7)
Federal Funds	\$18,055.6	\$18,641.3	\$585.7
Total	\$36,404.1	\$36,590.4	\$186.4

In
Millions

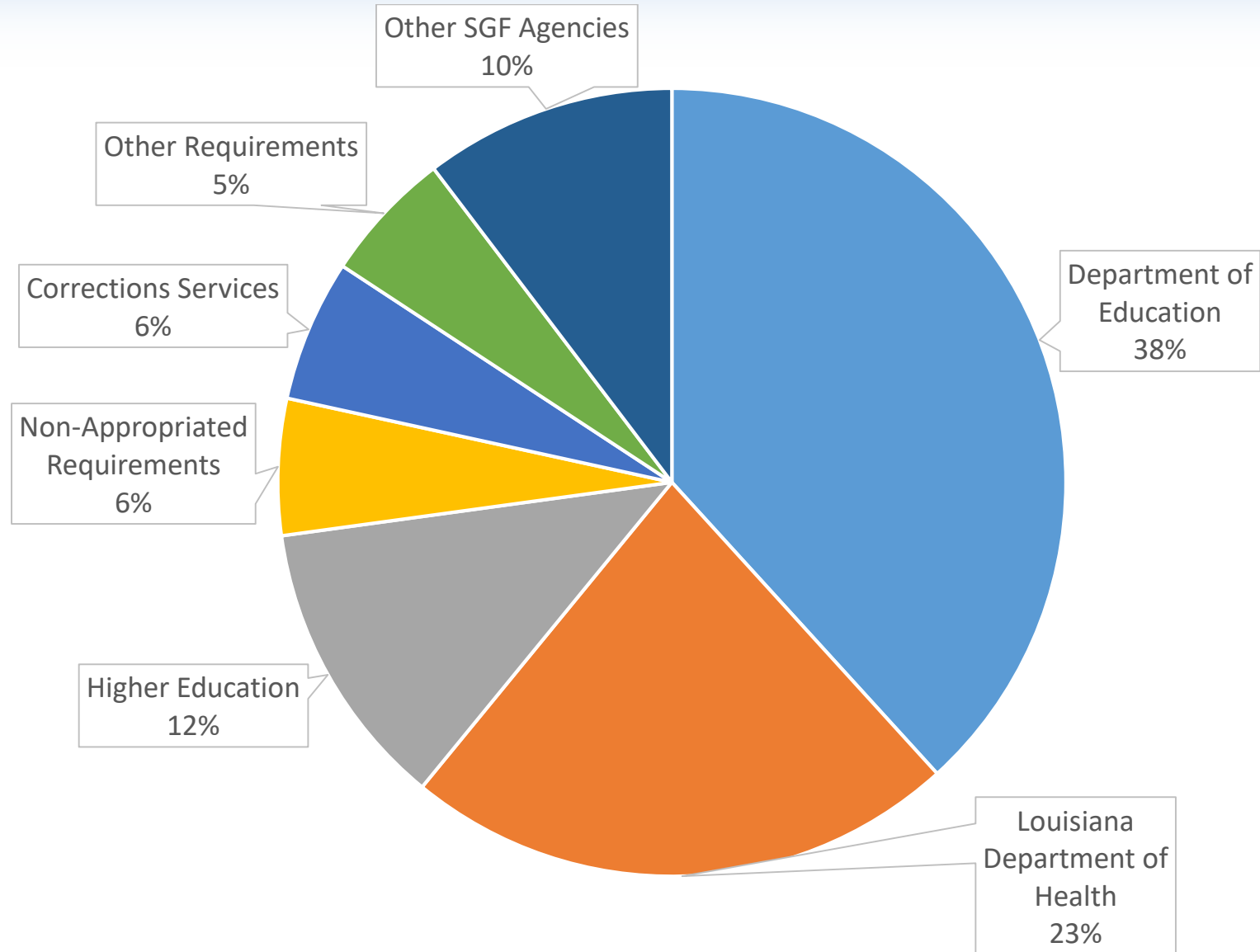
Exclusive of double counts

General Fund Budget



General Fund Budgeted July 1

State General Fund





FY 2021-2022 Executive Budget

Building the Budget

Funds not available:

- \$522.1 million from the Coronavirus Relief Fund (CARES)
- \$90 million from the Budget Stabilization Fund
- \$309.3 MOF swaps utilized in FY 2021 (MATF, Lottery and Medicaid Trust Fund for the Elderly)

- \$921.4 million – not available



FY 2021-2022 Executive Budget

First Step

Funds that are available:

- \$406.9 million growth in General Fund Direct
- \$113.1 million in Lottery Proceeds MOF swap
- \$366.1 million in MATF MOF swap
- \$241.9 million in eFMAP July to December 2021

- \$1.128 billion — available



FY 2021-2022 Executive Budget

Second Step – Investing in the Future

Major Increases	General Fund
GOHSEP	\$11.5
Net change in Debt Service– GO and Levee	\$14.3
TOPS and Go-Grants	\$23.2
Statewide Adjustments including Market Increases	\$25.3
Department of Education	\$40.0
Higher Education	\$56.4
Corrections and Local Housing	\$59.4
Total	\$206.9

In
Millions



General Fund Investment

GOHSEP

- \$11.5 million to transfer the LWIN system from Public Safety/State Police including investments in new technology
- LWIN is a statewide communication system used by state first responders, including local police, fire and sheriffs' offices
- The investment in this communication system began following Hurricane Katrina when it became evident that first responders were unable to share information



General Fund Investment Debt Service

- Net \$14.3 million in non-appropriated for 2021 general bond sale and for first interest payment to bond out the Corps of Engineers cost share liability
- In December 2021, Congress authorized a forgiveness of the construction interest charged on the Hurricane Storm Damage and Risk Reduction System (HSDRRS) with requirements:
 - Initial principal payment of \$400 million prior to September 30, 2021
 - Remaining principal to be paid by September 30, 2023

Corps of Engineers Payment

	USACE Federal Deferred Payment Plan	State Bond Payment Plan with 3rd payment	State Bond Payment Plan without 3rd payment
Total Amount Financed	\$1,741,118,980	\$1,158,614,321	\$1,158,614,321
Interest Rate	4.375% and adjusted every 5 years	~ 3 %	~ 3 %
Term	30 years	20 years	20 years
Payment Amount to Federal Govt. beginning October 2021		FY 22 bond sale \$400 million	FY 22 bond sale \$400 million
		FY 23 year bond sale \$400 million	FY 23 year bond sale \$400 million
	\$100,908,641 annually	FY 24 year bond sale \$358 million*	FY 24 year bond sale \$358 million*
Estimated State Debt Service Payments		FY 22 \$ 4,700,000	FY 22 \$ 4,700,000
		FY 23 \$ 31,400,000	FY 23 \$ 31,400,000
		FY 24 \$ 57,700,000	FY 24-42 \$ 52,400,000
		FY 25 - 42 \$ 76,700,000	FY 43 \$ 26,500,000
		FY 43 \$ 50,800,000	
		FY 44 \$ 24,300,000	
Total Cost to State	\$3,027,259,217	\$1,548,800,000	\$1,058,100,000
Estimated Savings for State with Bond Sale Plan		\$1,478,459,217.00	\$1,969,159,217.00



General Fund Investment Statewide Adjustments

- \$25.3 million for net Statewide Adjustments includes funding for Civil Service Market Rate Adjustments, premium increase for state group benefits effective January 1, 2022, and risk management premium increases



General Fund Investment Department of Education

- Minimum Foundation Program is fully funded by maximizing the use of dedicated funds
- Student count during FY 2021 is lower than expected and the projection for FY 2022 is estimated to be impacted as well
- \$40 million in the MFP for teacher and support worker pay raise



General Fund Investment

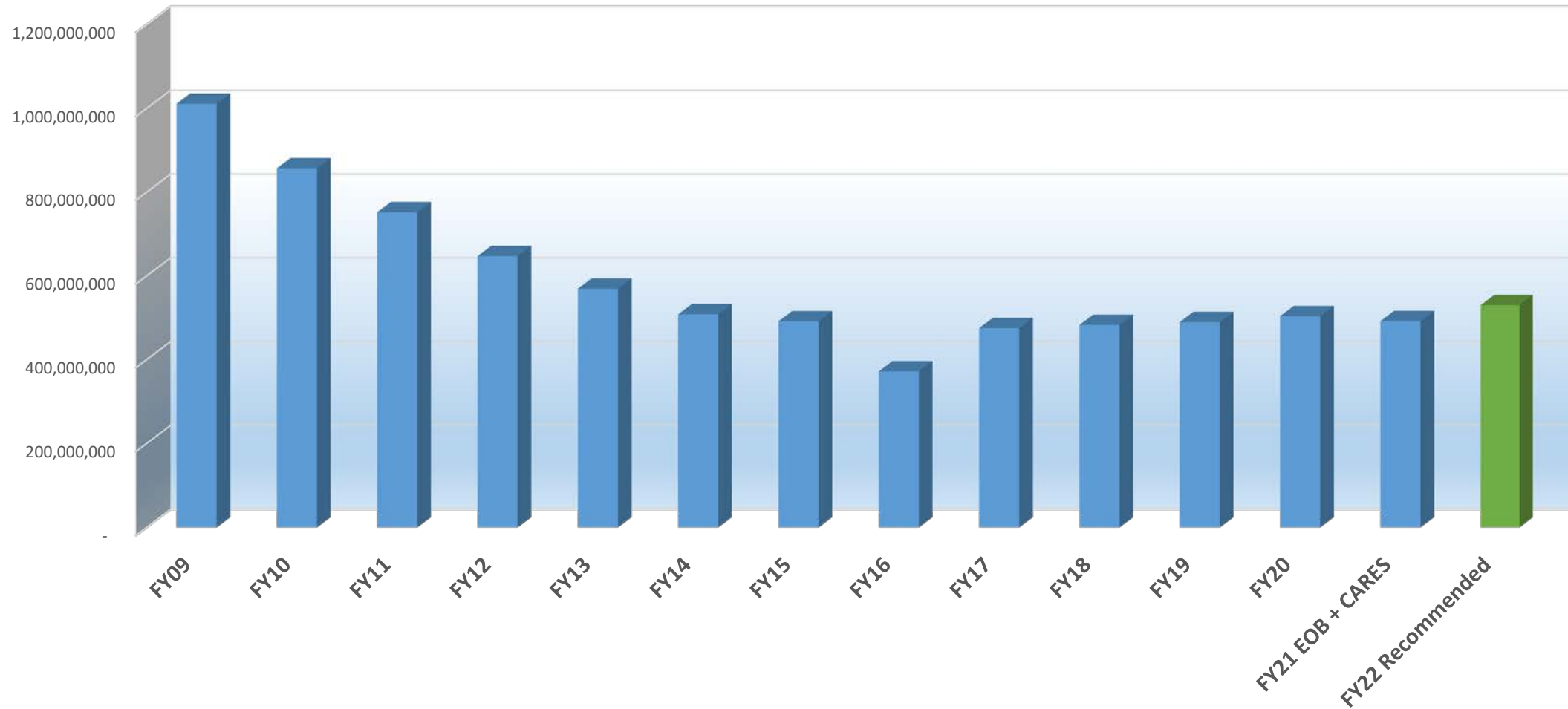
Higher Education including TOPS and GO Grants

- Mandated costs — \$15.6 million
- Faculty pay increases — \$19.8 million
- Formula increases — \$15.5 million
- Specialized Units (health science centers, agriculture departments and Pennington) — \$5.5 million
- GO Grants are increased by \$11.1 million to match increase in TOPS funding
- TOPS increased by \$12.1 in General Fund with \$1.1 to replace decrease from the TOPS fund – net change of \$11.1

Higher Education



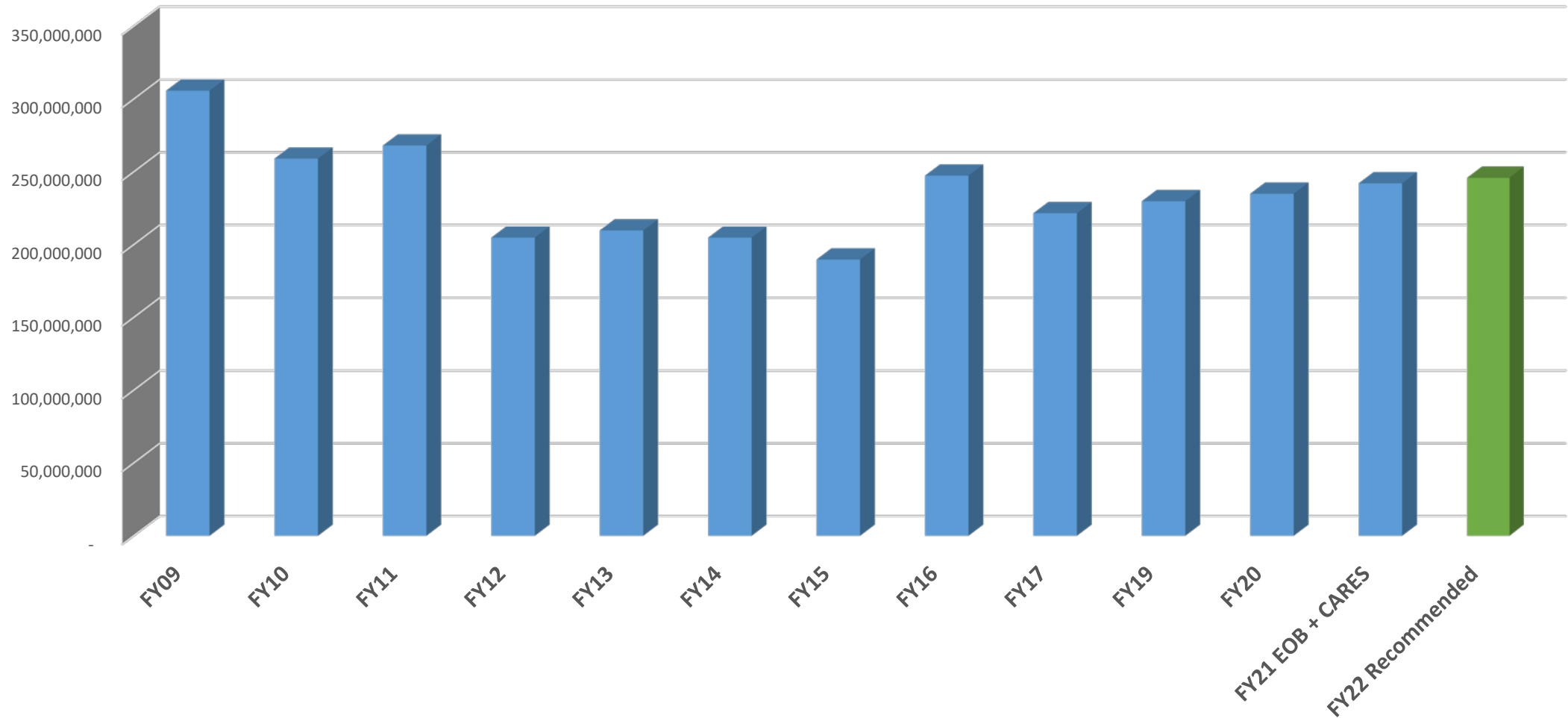
2YR/4YR Institutions (Actuals)



Higher Education



Specialized (Actuals)





General Fund Investment Corrections and Local Housing

- \$35.6 million for Corrections to fund salary costs, supplies and offender medical normally required each year in Supplemental Bill
- \$23.8 million for local housing adult inmates

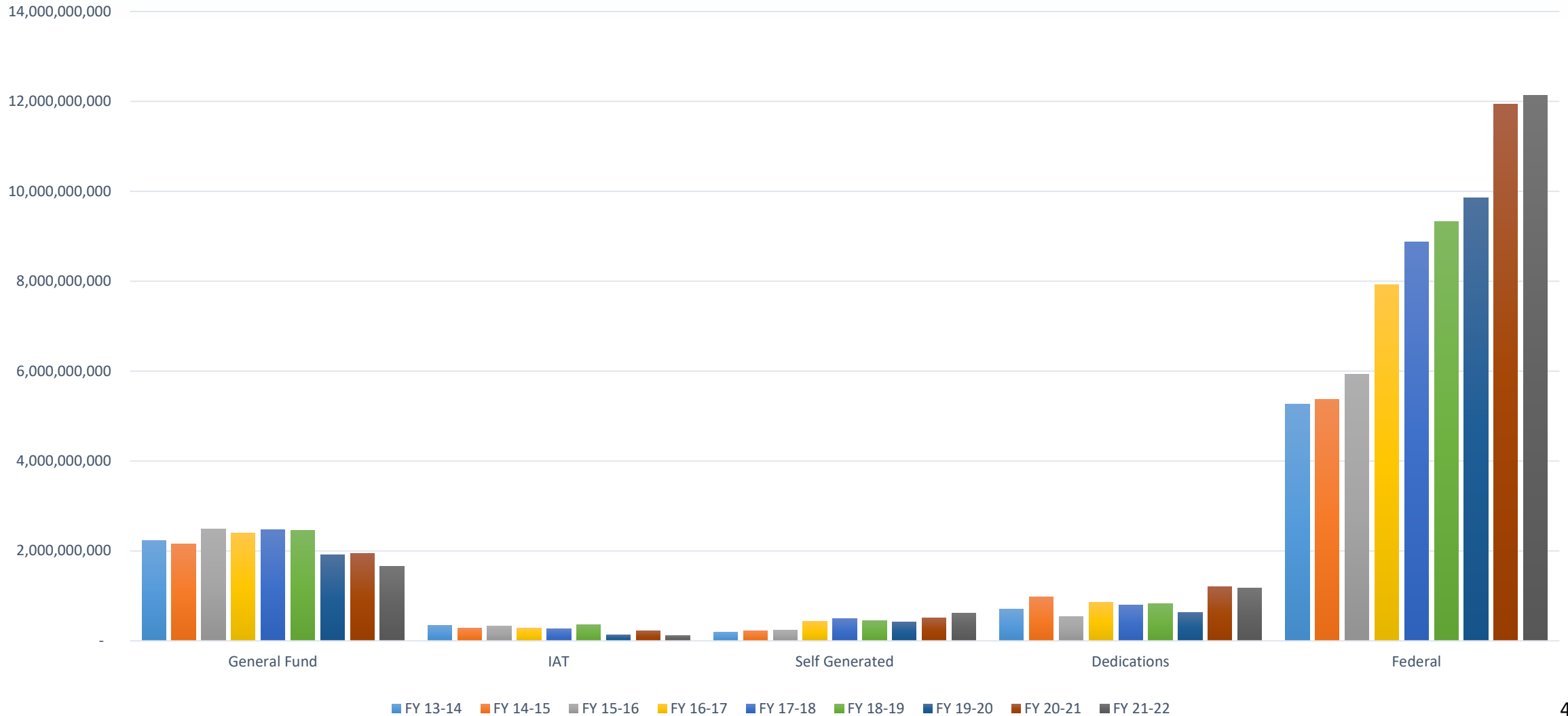


Louisiana Department of Health

- Executive Budget maximizes statutory dedications and MOF swaps.
- Health Emergency Medicaid Assistance enhanced rate is included through calendar 2021 based on communication from the Biden administration provided to all states.
- Money Follows the Patient model is NOT included at this time. LDH is currently communicating with CMS .



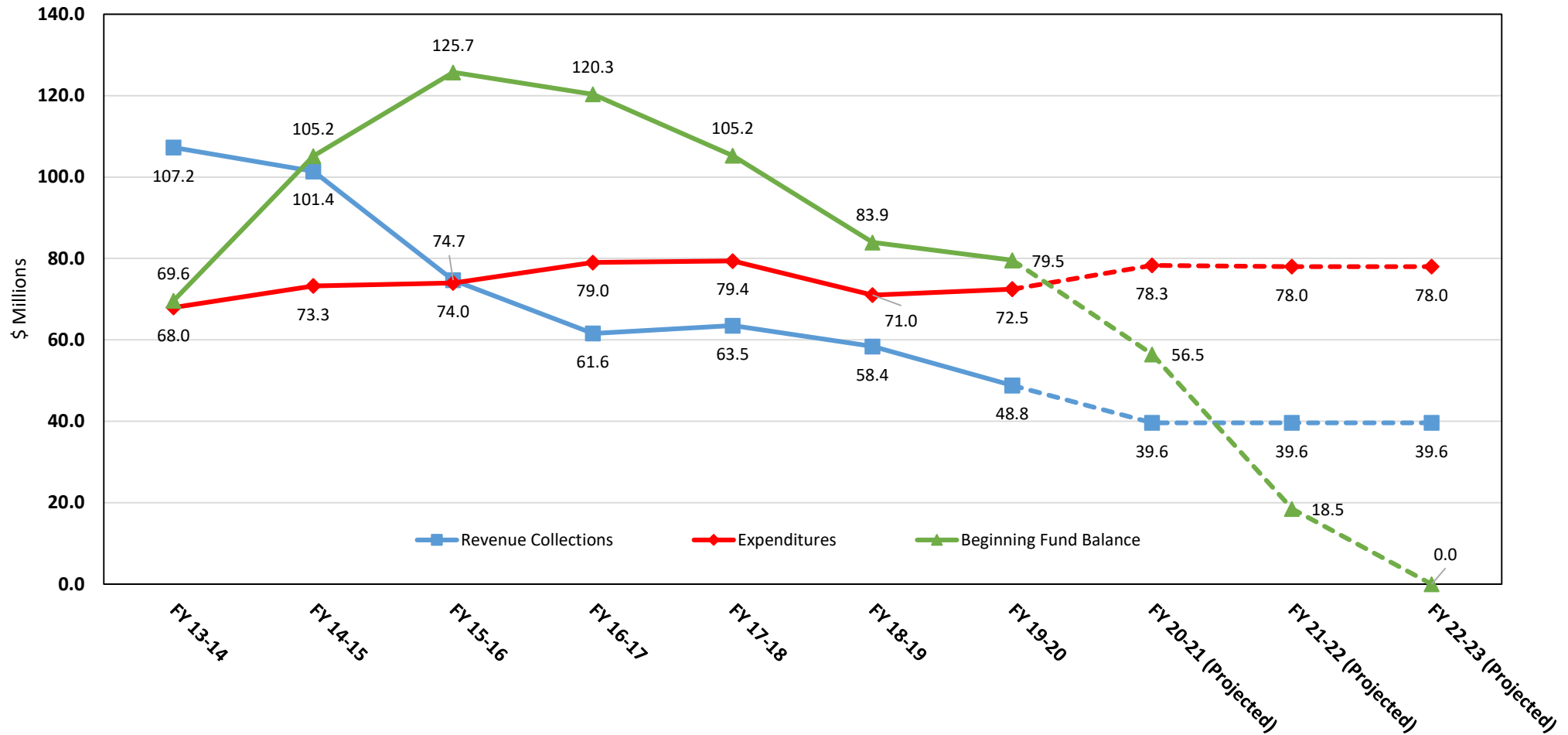
Medical Vendor Payments



Conservation Fund



Conservation Fund FY 2022 Development





Office of Technology Services

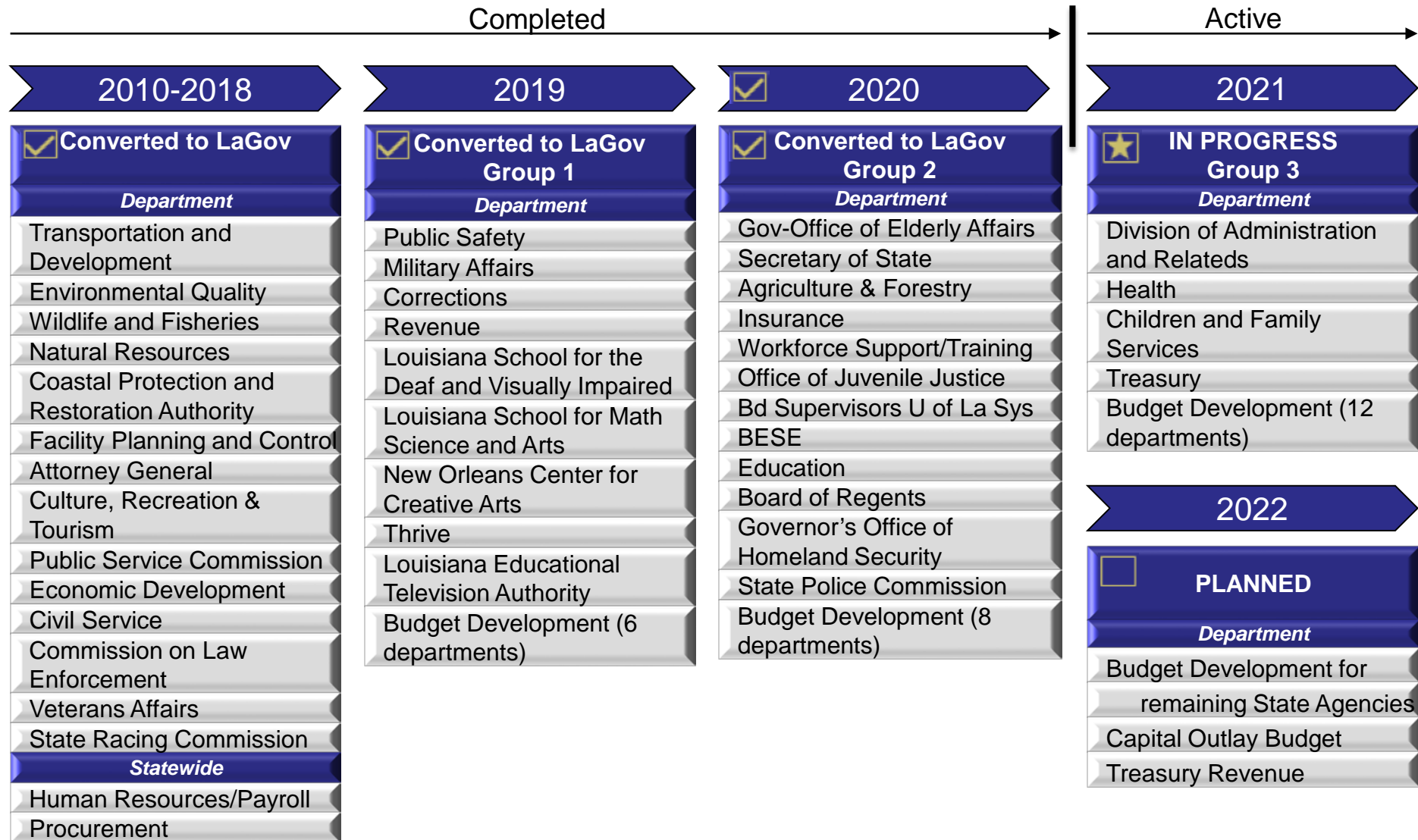
- HCR 121 of the 2017 Regular Session charged OTS with the responsibility to evaluate the status of technology systems within the Executive Branch of state government
- 157 legacy systems identified as operational risks due to aging, outdated technology and the inability to maintain continued support
- Projected replacement cost about \$1 billion



Modernization Projects Update

- Projects completed representing a \$370 million reduction in the legacy backlog. These include:
 - LDH Medicaid eligibility and Enrollment (LaMeds) system
 - DCFS SNAP/TANF system (Lite)
 - LDH WIC system (PHAME)
 - UPGRADE TO THE Driver's License credential production system
- Active legacy modernization projects represent another \$210 million reduction in the backlog and \$135 million in the early planning stages
- Remaining legacy modernization is approximately \$285 million

LaGov Implementation Timeline





Broadband

- Using existing positions to create an Office of Broadband Development and Connectivity within the Division of Administration to emphasize the importance of a successful statewide broadband effort
- Funding to be provided by Governor's GEER allocation and Interagency Transfers from the Department of Education
- Initiating evaluation of innovative emerging technology to expand broadband availability and access to students throughout the state



Cyber

- Emergency Support Function 17 (ESF-17) responsible for responding to cyber events during declared cyber emergencies
- ESF-17 has responded to over 31 cyber events from July 2019 to present
- Operations restored in 27 state and local government agencies that experienced cyber events
- Cyber response resources include up to 50 state employees and 100 members of the Louisiana National Guard
- Key Dates:
 - Cyber Security Commission formed in December 2017
 - First large scale cyber event impacted K-12 schools districts in July 2019
 - ESF-17 response authorized by the governor in August 2019

Comparison of State General Fund at EOB Freeze to Recommended

(Exclusive of Contingencies and Inclusive of Double Counts)

Department Name	EOB Freeze 12/1/2020	Executive Budget	Recommended Over/(Under) EOB Freeze	Percent Change
Executive	158,328,207	162,412,555	4,084,348	2.58%
Veterans Affairs	12,109,919	12,424,118	314,199	2.59%
Secretary of State	55,118,702	51,764,463	(3,354,239)	(6.09%)
Attorney General	16,818,450	16,375,198	(443,252)	(2.64%)
Lieutenant Governor	1,102,663	1,094,165	(8,498)	(0.77%)
State Treasurer	0	0	0	-
Public Service Commission	0	0	0	-
Agriculture & Forestry	18,432,561	19,723,864	1,291,303	7.01%
Commissioner of Insurance	0	0	0	-
Economic Development	35,557,397	35,542,914	(14,483)	(0.04%)
Culture, Recreation & Tourism	38,307,177	33,037,143	(5,270,034)	(13.76%)
Transportation & Development	8,367,500	0	(8,367,500)	(100.00%)
Corrections Services	312,846,443	557,008,281	244,161,838	78.05%
Public Safety Services	2,100,000	0	(2,100,000)	(100.00%)
Youth Services	91,088,916	127,744,184	36,655,268	40.24%
Health & Hospitals	2,358,189,351	2,170,140,459	(188,048,892)	(7.97%)
Children & Family Services	211,525,892	216,604,881	5,078,989	2.40%
Natural Resources	8,050,003	7,933,771	(116,232)	(1.44%)
Revenue	0	0	0	-
Environmental Quality	0	529,624	529,624	100.00%

Comparison of State General Fund at EOB Freeze to Recommended

(Exclusive of Contingencies and Inclusive of Double Counts)

Department Name	EOB Freeze 12/1/2020	Executive Budget	Recommended Over/(Under) EOB Freeze	Percent Change
Workforce Commission	10,645,933	9,595,933	(1,050,000)	(9.86%)
Wildlife & Fisheries	100,000	0	(100,000)	(100.00%)
Civil Service	5,825,958	6,076,537	250,579	4.30%
Retirement Systems	0	0	0	-
Higher Education	973,664,133	1,138,912,417	165,248,284	16.97%
Other Education	48,335,685	47,154,666	(1,181,019)	(2.44%)
Dept. of Education	3,725,887,125	3,658,887,403	(66,999,722)	(1.80%)
Health Care Services Division	24,766,943	24,983,780	216,837	0.88%
Other Requirements	459,950,092	518,139,805	58,189,713	12.65%
General App. Bill	\$8,577,119,050	\$8,816,086,161	\$238,967,111	2.79%
Ancillary	0	0	0	-
Non-Appropriated	521,124,619	535,462,529	14,337,910	2.75%
Judicial App. Bill	154,508,439	154,508,439	0	-
Leg. App. Bill	61,242,871	61,242,871	0	-
Special Acts	0	0	0	-
Capital Outlay	0	0	0	-
Other App. Bills & Requirements	\$736,875,929	\$751,213,839	\$14,337,910	1.95%
Total State Requirements	\$9,313,994,979	\$9,567,300,000	\$253,305,021	2.72%

Significant Issues



Challenges on the Horizon

- Corps of Engineers payment
- Medicaid rule changes with Money Follows the Patient
- Conservation Fund
- Replacing federal dollars
- Unemployment Trust Fund