

**JOINT LEGISLATIVE COMMITTEE ON THE BUDGET
GENERAL FUND FISCAL STATUS STATEMENT
FISCAL YEAR 2017-2018
(\$ in millions)**

August 11, 2017

**AUGUST 2017
Over/(Under)
JULY 2017**

GENERAL FUND REVENUE

	<u>JULY 2017</u>	<u>AUGUST 2017</u>	<u>AUGUST 2017 Over/(Under) JULY 2017</u>
Revenue Estimating Conference, May 16, 2017	\$9,442.200	\$9,442.200	\$0.000
Total Available General Fund Revenue	<u>\$9,442.200</u>	<u>\$9,442.200</u>	<u>\$0.000</u>

APPROPRIATIONS AND REQUIREMENTS

Non-Appropriated Constitutional Requirements

Debt Service	\$416.183	\$416.183	\$0.000
Interim Emergency Board	\$1.721	\$1.721	\$0.000
Revenue Sharing	\$90.000	\$90.000	\$0.000
Total Non-Appropriated Constitutional Requirements	<u>\$507.904</u>	<u>\$507.904</u>	<u>\$0.000</u>

Appropriations

General (Act 3 of 2017 2nd ELS)	\$8,718.791	\$8,718.791	\$0.000
Ancillary (Act 48 of 2017 RLS)	\$0.000	\$0.000	\$0.000
Judicial (Act 68 of 2017 RLS)	\$151.531	\$151.531	\$0.000
Legislative (Act 78 of 2017 RLS)	\$62.473	\$62.473	\$0.000
Capital Outlay (Act 4 of 2017 2nd ELS)	\$1.500	\$1.500	\$0.000
Total Appropriations	<u>\$8,934.295</u>	<u>\$8,934.295</u>	<u>\$0.000</u>

Total Appropriations and Requirements

	<u>\$9,442.198</u>	<u>\$9,442.198</u>	<u>\$0.000</u>
--	---------------------------	---------------------------	-----------------------

General Fund Revenue Less Appropriations and Requirements	<u>\$0.002</u>	<u>\$0.002</u>	<u>\$0.000</u>
--	-----------------------	-----------------------	-----------------------

II. FY 2016-2017 Fiscal Status Summary:

In accordance with Act 1092 of the 2001 Regular Session and Act 107 of the 2002 First Extraordinary Session (R.S. 39:75), the first budget status report presented after October 15th shall reflect the fund balance for the previous fiscal year.

III. Current Year Items Requiring Action

IV. Horizon Issues Not Contained in 5-Year Plan

FISCAL YEAR 2017 - 2018
FIVE YEAR BASE LINE PROJECTION SYNOPSIS
AND
EXISTING OPERATING BUDGET FY 2016 - 2017
VERSUS
APPROPRIATED FY 2017 - 2018

This page has been intentionally left blank.



**FIVE YEAR BASE LINE PROJECTION
STATE GENERAL FUND SUMMARY
APPROPRIATED**

	Prior Fiscal Year 2016-2017	Current Fiscal Year 2017-2018	Projected Fiscal Year 2018-2019	Projected Fiscal Year 2019-2020	Projected Fiscal Year 2020-2021
REVENUES:					
Taxes, Licenses & Fees	\$11,795,800,000	\$11,981,000,000	\$10,909,100,000	\$11,109,800,000	\$11,254,700,000
Less Dedications	(\$2,511,700,000)	(\$2,538,800,000)	(\$2,541,200,000)	(\$2,554,300,000)	(\$2,573,500,000)
Undesignated Fund Balance - June 30, 2016	(\$313,815,008)	\$0	\$0	\$0	\$0
Carry Forward Balances	\$18,559,757	\$0	\$0	\$0	\$0
Mid-Year Deficit - Action by JLCB on 12/15/2016	\$9,870,971	\$0	\$0	\$0	\$0
Budget Stabilization Fund (SCR 2 of the 2017 1st ES)	\$99,000,000	\$0	\$0	\$0	\$0
Fund Transfers (Act 1 of the 2017 1st ES)	\$27,609,365	\$0	\$0	\$0	\$0
Additional Revenues (GO Zone)	\$18,390,775	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$9,143,715,860	\$9,442,200,000	\$8,367,900,000	\$8,555,500,000	\$8,681,200,000
ANNUAL GROWTH RATE		1.70%	-11.38%	2.24%	1.47%
EXPENDITURES:					
General Appropriation Bill (Act 3 of 2017 2nd ELS)	\$8,931,338,334	\$8,718,790,619	\$9,160,732,790	\$9,352,712,638	\$9,700,263,575
Ancillary Appropriation Bill (Act 48 of 2017 RLS)	\$0	\$0	\$10,439,786	\$21,793,434	\$33,659,735
Non-Appropriated Requirements	\$493,172,949	\$507,903,581	\$497,590,388	\$497,961,551	\$461,845,731
Judicial Appropriation Bill (Act 68 of 2017 RLS)	\$151,530,944	\$151,530,944	\$151,471,453	\$151,471,022	\$151,470,570
Legislative Appropriation Bill (Act 78 of 2017 RLS)	\$66,017,530	\$62,472,956	\$62,450,251	\$62,450,057	\$62,449,890
Special Acts	\$0	\$0	\$6,050,000	\$6,050,000	\$6,050,000
Capital Outlay Bill (Act 4 of 2017 2nd ELS)	\$0	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
TOTAL EXPENDITURES	\$9,642,059,757	\$9,442,198,100	\$9,890,234,668	\$10,093,938,702	\$10,417,239,501
ANNUAL GROWTH RATE		-2.07%	4.75%	2.06%	3.20%
Mid-Year Adjustment After 12/1/2016	(\$36,325,536)	\$0	\$0	\$0	\$0
1st Mid-Year Deficit Plan BA-7s Approved by Governor and/or JLCB	(\$302,794,037)	\$0	\$0	\$0	\$0
2nd Mid-Year Deficit Plan BA-7s - Act 1 of the 2017 1st Extraordinary Session	(\$158,977,523)	\$0	\$0	\$0	\$0
PROJECTED BALANCE	(\$246,801)	\$1,900	(\$1,522,334,668)	(\$1,538,438,702)	(\$1,736,039,501)

Oil Prices included in the REC official forecast

\$48.13

\$51.14

\$51.12

\$51.56

\$52.22

**FIVE YEAR BASE LINE PROJECTION
STATE GENERAL FUND REVENUE**

	Prior Fiscal Year 2016-2017	Current Fiscal Year 2017-2018	Projected Fiscal Year 2018-2019	Projected Fiscal Year 2019-2020	Projected Fiscal Year 2020-2021
REVENUES:					
Taxes, Licenses & Fees:					
Corporate Franchise & Income	\$412,100,000	\$338,500,000	\$201,300,000	\$211,900,000	\$199,000,000
Individual Income	\$2,881,300,000	\$3,016,500,000	\$3,076,800,000	\$3,208,200,000	\$3,302,200,000
Sales, General & Motor Vehicle	\$4,258,500,000	\$4,336,300,000	\$3,344,000,000	\$3,392,100,000	\$3,434,400,000
Sales, Suspension of Exemptions 2)	\$0	\$0	\$0	\$0	\$0
Mineral Revenues	\$585,900,000	\$530,800,000	\$509,100,000	\$472,400,000	\$454,000,000
Gaming Revenues	\$881,100,000	\$865,000,000	\$865,000,000	\$865,000,000	\$865,000,000
Other	\$2,776,900,000	\$2,893,900,000	\$2,912,900,000	\$2,960,200,000	\$3,000,100,000
TOTAL TAXES, LICENSES, & FEES	\$11,795,800,000	\$11,981,000,000	\$10,909,100,000	\$11,109,800,000	\$11,254,700,000
LESS DEDICATIONS	(\$2,511,700,000)	(\$2,538,800,000)	(\$2,541,200,000)	(\$2,554,300,000)	(\$2,573,500,000)
FUND TRANSFER	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$9,284,100,000	\$9,442,200,000	\$8,367,900,000	\$8,555,500,000	\$8,681,200,000
ANNUAL GROWTH RATE		1.70%	-11.38%	2.24%	1.47%
OIL PRICE	\$48.13	\$51.14	\$51.12	\$51.56	\$52.22
NOTES:					
Source: The official forecast adopted by the Revenue Estimating Conference on May 16, 2017.					

STATE
State of Louisiana
Baseline Projection - Statewide
Appropriated

DI Description	Existing Oper Budget as of 12/01/16	Total Executive Legislative Adjustments	Projected Fiscal Year 2018 - 2019	Projected Fiscal Year 2019 - 2020	Projected Fiscal Year 2020 - 2021
Existing Oper Budget as of 12/01/16	\$9,642,059,757	\$9,642,059,757	\$9,642,059,757	\$9,642,059,757	\$9,642,059,757
STATEWIDE STANDARDS					
State General Fund (SGF) reduction in accordance with the Louisiana Constitution, Article VII, Section 11(A).		(\$11,762,061)	(\$11,762,061)	(\$11,762,061)	(\$11,762,061)
Annualize Classified Civil Service Pay Plan		\$0	\$15,179,631	\$15,179,631	\$15,179,631
Annualize Unclassified Civil Service Pay Plan		\$0	\$2,721,144	\$3,137,399	\$3,570,304
Classified State Employees Civil Service Pay Plan		\$15,179,631	\$15,179,631	\$15,179,631	\$15,179,631
Unclassified State Employees Civil Service Pay Plan		\$0	\$0	(\$0)	(\$0)
Unclassified Teacher Civil Service Pay Plan		\$0	\$0	(\$0)	\$0
Civil Service Market Rate Adjustment		\$0	\$40,248,894	\$81,705,255	\$124,405,306
Market Rate Annualization		\$0	\$0	\$3,354,074	\$6,808,771
Civil Service Training Series		\$1,812,044	\$1,812,044	\$1,812,044	\$1,812,044
Related Benefits Base Adjustment		\$20,723,562	\$20,723,562	\$20,723,562	\$20,723,562
Retirement Rate Adjustment		\$14,102,050	\$14,102,050	\$14,102,050	\$14,102,050
Group Insurance Rate Adjustment for Active Employees		\$0	\$3,792,963	\$7,775,574	\$11,957,316
Group Insurance Rate Adjustment for Retirees		\$0	\$3,525,971	\$7,228,240	\$11,115,623
Salary Base Adjustment		\$5,623,714	\$5,623,714	\$5,623,714	\$5,623,714
Attrition Adjustment		(\$17,376,033)	(\$17,376,033)	(\$17,376,033)	(\$17,376,033)
Personnel Reductions		(\$457,658)	(\$457,658)	(\$457,658)	(\$457,658)
Non-Recurring Acquisitions & Major Repairs		(\$4,355,464)	(\$4,355,464)	(\$4,355,464)	(\$4,355,464)
Non-recurring Carryforwards		(\$18,559,757)	(\$18,559,757)	(\$18,559,757)	(\$18,559,757)
Inflation		\$0	\$13,453,981	\$26,902,370	\$40,595,493
Medical Inflation		\$0	\$75,725,645	\$129,466,563	\$185,459,123
Risk Management		\$813,997	\$3,120,852	\$6,789,620	\$10,586,796
Legislative Auditor Fees		\$387,879	\$403,394	\$419,530	\$436,311
Rent in State-Owned Buildings		\$40,338	\$41,484	\$42,612	\$43,579
Maintenance in State-Owned Buildings		(\$555,810)	(\$555,810)	(\$555,810)	(\$555,810)

STATE
State of Louisiana
Baseline Projection - Statewide
Appropriated

DI Description	Existing Oper Budget as of 12/01/16	Total Executive Legislative Adjustments	Projected Fiscal Year 2018 - 2019	Projected Fiscal Year 2019 - 2020	Projected Fiscal Year 2020 - 2021
STATEWIDE STANDARDS					
Capitol Park Security		\$686	\$705	\$725	\$741
Capitol Police		\$198,719	\$204,363	\$209,921	\$214,686
UPS Fees		\$6,897	\$7,093	\$7,286	\$7,451
Civil Service Fees		\$78,129	\$80,348	\$82,533	\$84,407
State Treasury Fees		(\$98,070)	(\$98,070)	(\$98,070)	(\$98,070)
Office of Technology Services (OTS)		\$2,270,306	\$2,334,783	\$2,398,289	\$2,460,165
Administrative Law Judges		(\$377,382)	(\$377,382)	(\$377,382)	(\$377,382)
Office of State Procurement		(\$425,179)	(\$425,179)	(\$425,179)	(\$425,179)
TOTAL MEANS OF FINANCING SUB ADJUSTMENT		(\$69,049,433)	(\$109,923,835)	(\$52,992,813)	(\$33,502,566)
TOTAL NEW AND EXPANDED ADJUSTMENT		\$12,619,167	\$27,235,011	\$16,663,741	\$16,084,991
TOTAL NON-RECURRING OTHER ADJUSTMENT		(\$143,538,738)	(\$143,564,454)	(\$146,398,738)	(\$146,398,738)
TOTAL OTHER ADJUSTMENTS ADJUSTMENT		\$171,152,797	\$231,511,947	\$288,163,442	\$318,373,596
TOTAL OTHER ANNUALIZATIONS ADJUSTMENT		(\$55,030,037)	\$87,588,664	(\$51,497,228)	(\$49,697,092)
TOTAL OTHER TECHNICAL ADJUSTMENTS ADJUSTMENT		\$0	\$0	\$0	\$0
TOTAL WORKLOAD ADJUSTMENT		(\$123,285,951)	(\$8,987,260)	\$109,767,331	\$253,920,263
TOTAL ADJUSTMENTS		(\$199,861,657)	\$248,174,911	\$451,878,943	\$775,179,745
TOTAL		\$9,442,198,100	\$9,890,234,668	\$10,093,938,700	\$10,417,239,502

STATE
State of Louisiana
Baseline Projection of Significant Items
Appropriated

DI Description	Total Executive Legislative Adjustments	Projected Fiscal Year 2018 - 2019	Projected Fiscal Year 2019 - 2020	Projected Fiscal Year 2020 - 2021
Elections Expense	(\$1,945,185)	(\$321,749)	\$3,252,580	\$280,000
Local Housing _State Offenders	\$20,472,168	\$17,290,412	\$13,498,590	\$12,429,995
Medicaid Payments	(\$412,101,791)	(\$184,855,126)	(\$111,508,056)	\$90,475,779
Taylor Opp Program_Students	\$84,226,371	\$85,709,683	\$87,140,905	\$89,630,585
Minimum Foundation Program	\$80,832,311	\$100,059,504	\$129,782,184	\$159,504,864
Bridge and Road Hazards	\$0	\$6,050,000	\$6,050,000	\$6,050,000

Notes:

The 'Existing Operating Budget as of 12/1/2016' represents the budgeted amount as of December 1, 2016 for FY 2016-2017.

The column labeled 'Total Executive Legislative Adjustments' represents the Continuation Level for FY 2017-2018.

The section labeled 'Statewide Standards' are statewide adjustments and to the extent necessary are made to all appropriations.

Growth rates are not applied to Salaries (Object Codes 2100/2130/3670/5200). Implementation of the new civil service pay plan and the annualization of the new plan are included as specific items and flatlined for the out years. The Market Rate Adjustment and the Annualization of the Market Rate Adjustment are included as specific items allowing for a 3% growth rate per year for eligible employees. Implementation of the new civil service pay plan and market rate adjustments are included for Unclassified Employees only to the extent a structured salary schedule exists relative to the unclassified employees.

Acquisitions and Major Repairs - Comprised of Replacement Equipment, Major Repairs to existing property, and other needed equipment and major repairs but not included as a Workload adjustment, Annualization adjustment, or New or Expanded adjustment.

The Annual Growth Rate, Inflation, forecast for the Projected Years is based upon the Moody's Economy.com forecast of June 2017. The projected fiscal years' growth rate of the implicit price deflator for total consumption expenditures is 2.47%, 2.84%, 2.72%, and 2.27% for fiscal years 2017-2018 through 2020-2021, respectively.

Group Benefits Adjustments

For the Group Insurance Premiums in FY 2017-2018, no premium rate change has been enacted for plan year 2018. Hence, there will be no growth for plan year 2018. At Continuation, the Office of Group Benefits (OGB) Policy and Planning Board were in discussions regarding plan changes to Magnolia Local Plus, so no growth rate was factored at the time. For Appropriated, there were no plan changes and it was determined that the projected growth rate is 5% by the actuary. The 5% rate is based on a combination of the medical and pharmaceutical rates. In addition, the projected 5% growth rate is if "the group benefits" environment remains the same. Thus, the growth rate projections do not factor in changes to federal or state law, national or regional healthcare trends, benefits offered, or premium rates. The FYE 2017 financials, which are preliminary, show the FYE fund balance at \$163.6M. The five-year projections, that the actuary provided, show the projected FYE18 fund balance to be \$196.9M. Note, these figures are based on OGB accrual financials through May, and do not factor in June's experience.

Risk Management Adjustments

- A. Amortization of past liabilities is not included in the premiums billed. Amortization of unfunded accrued liabilities would increase premiums by \$99.6 million per year for 10 years.
- B. FY17-18 premiums will decrease 1.8% for \$182.53 million in total means of financing (State General Fund at \$101.28 million, a \$3.35 million decrease over FY16-17). The Office of Risk Management projects an average increase of 3.5% in FY 18-19, FY 19-20, and FY 20-21. In FY 18-19 the estimated increase over FY 16-17 is \$3.04 million in total means of financing (\$3.12 million increase in State General Fund). In FY 19-20 the estimated increase over FY 16-17 is \$9.65 million in total means of financing (\$6.79 million increase in State General Fund). In FY 20-21 the estimated increase over FY16-17 is \$16.50 million in total means of financing (\$10.59 million increase in State General Fund). The Statewide Property Excess insurance total limit in FY 17-18 is as follows: Catastrophe limit of \$400 million per occurrence for named hurricane above the self-insured retention; \$800 million per occurrence for all other perils (excluding named hurricane, flood and earthquake) above the self-insured retention; \$325 million per occurrence for flood above the self-insured retention. Self-Insured retention (SIR) per occurrence - \$50 million each occurrence self-insured retention for Named Hurricane, \$50 million self-insured retention for flood and windstorm, \$10 million for all other perils and earthquake (with a \$5 million SIR for Higher Education all other perils losses only). This property coverage does not include Louisiana State University – Baton Rouge Campus, LSU Board of Supervisors, and Paul Hebert Law Center. The market has provided reduced rates for the FY 17-18 policy period based on lower-than-average claims experience, although the high windstorm risk of the gulf south and worldwide catastrophes have financially impacted the international insurance market and continue to impact the placement of the State of LA property Program.
- C. The stated assumptions do not attempt to anticipate legislative changes in tort liability and payments.

- D. Department of Transportation and Development - There is no funding provided for the payment of Road and Bridge Hazard premiums. The payments of Claims and other costs paid by the Office of Risk Management for Road and Bridge Hazards in prior years have exceeded premium collections by \$329.9 million, through June 30, 2017. ORM processes Road and Bridge Hazard claims, but no longer pays those claims from the Self Insurance Fund. The 5-Year average on claims payable is \$6.05 million. Revised Statute 48:78 prohibits the use of the Transportation Trust Fund for this purpose. The 5-Year average on claims payable for Road and Bridge Hazards for out years is in Special Acts.
- E. Recommended funding for Road and Bridge Hazard administrative expenses and related matters in fiscal year 2017-2018 totals \$9,839,752 in Fees and Self-generated Revenues (via the Self-Insurance Fund) to the Office of Risk Management.
- F. Currently no premiums are collected for the payment of Survivor Benefits paid to surviving family members of police and firefighters killed in the line of duty. The 3-Year average for claims paid in prior years is \$3,170,833. The 5-Year average for claims paid in prior years is \$3,149,500. In FY16-17, as of June 30, 2017, twenty-two (22) claims were paid totaling \$5,812,500. The Office of Risk Management was appropriated \$5,000,000 in FY 2017-2018 for Survivor Benefits payments and for payment of insurance premiums, and co-pay and deductible payments for disabled firemen and law enforcement officers approved under Act 391 of 2017's Regular Session. The average time for the Survivor Benefit Board to receive documentation and approve claims for the last three years has been 10 ½ months. The Office of Risk Management processes the approved claims for payment within 5 days of receipt

Election Expenses

The total estimated cost of election expenses including ballot printing in FY 2017-2018 is \$15.6 million. Scheduled elections are an Open Primary/Orleans Municipal Primary, Open General/Orleans Municipal General, Municipal Primary, and Municipal General. The total estimated cost of election expenses including ballot printing in FY 2018-2019 is \$17.3 million. There is a Open Primary/Congressional, Open General/Congressional, Municipal Primary, and Municipal General. The total estimated cost of election expenses including ballot printing in FY 2019-2020 is \$20.8 million. Elections include an Gubernatorial Primary, Gubernatorial General, Presidential Preference/Municipal Primary, and a Municipal General. The total estimated cost of election expenses including ballot printing in FY 2020-2021 is \$17.9 million. There is an Open Primary/Presidential/Congressional, an Open General/Presidential/Congressional, a Municipal Primary, Municipal General, and a special statewide election for State Treasurer.

Election and ballot expenses include the cost of the commissioners, deputy custodians, janitors, drayman, clerk of court, registrar of voters, parish board of election supervisor, and precinct rentals. The cost of election expenses and ballot printing fluctuates because of the cyclical nature of the types and number of elections held. Additionally, the costs of elections increased due to Acts 135 and 167 of the 2008 Regular Session, which established a permanent program to conduct early voting at additional locations and extended hours of early voting in all parishes, respectively. Act 134 of the 2008 Regular Session eliminated the July election date for proposition only elections; citing that it would be more cost efficient for localities to hold propositions elections on dates that coincide with other available elections. Given this, the cost of municipal elections increased slightly to accommodate this change. Municipal elections cost distribution depends on what issues are on the ballot. For gubernatorial, congressional, legislative, constitutional amendment, and judges, the state pays the first 50%.

Local Housing of State Adult Offenders

The FY 2017-2018 Appropriated Budget for Local Housing of State Adult Offenders is \$175.2 million, an increase of \$18.2 million, including an increase in State General Fund (Direct) of \$20.5 million. Adjustments to State General Fund (Direct) include \$2.3 million needed due to a projected decline in revenue deposited into the Statutorily Dedicated Insurance Verification System Fund, \$11.9 million needed to realign payments to local sheriffs to the per-diem rate set by R.S. 15:824B(1)(a), and \$468,127 due to a projected increase in the number of offenders participating in a Transitional Work Program. In addition, \$5.8 million was appropriated for expenditures incurred in FY 2016-2017 for which funding was not provided in Act 2 of the 2017 2nd Extraordinary Session.

FY 2018-2019 - projections indicate an increase in State General Fund (Direct) of \$17.3 million; specific adjustments include an increase of \$2.3 million due to declining revenues deposited into the Statutorily Dedicated Insurance Verification System Fund; an increase of \$4.4 million for the housing of approximately 500 offenders reassigned from Allen Correctional Center; an increase of \$11.9 million to realign the per-diem paid to local sheriffs for housing offenders; an increase of \$468,127 for a projected increase in the number of offenders participating in a work-release program; and a decrease of (\$1.8 million) due to sentencing reforms enacted during the 2017 Regular Session.

FY 2019-2020 - projections indicate an increase in State General Fund (Direct) of \$13.5 million; specific adjustments include an increase of \$2.3 million due to declining revenues deposited into the Statutorily Dedicated Insurance Verification System Fund; an increase of \$4.4 million for the housing of approximately 500 offenders reassigned from Allen Correctional Center; an increase of \$11.9 million to realign the per-diem paid to local sheriffs for housing offenders; an increase of \$468,127 for a projected increase in the number of offenders participating in a work-release program; and a decrease of (\$5.6 million) due to sentencing reforms enacted during the 2017 Regular Session.

FY 2020-2021 - projections indicate an increase in State General Fund (Direct) of \$12.4 million; specific adjustments include an increase of \$2.3 million due to declining revenues deposited into the Statutorily Dedicated Insurance Verification System Fund; an increase of \$4.4 million for the housing of approximately 500 offenders reassigned from Allen Correctional Center; an increase of \$11.9 million to realign the per-diem paid to local sheriffs for housing offenders; an increase of \$468,127 for a projected increase in the number of offenders participating in a work-release program; and a decrease of (\$6.7 million) due to sentencing reforms enacted during the 2017 Regular Session.

Note: The savings amounts noted above resulting from 2017 sentencing reforms are inclusive of reinvestment amounts per Act 261 of 2017 (\$4.3 million in FY19; \$13.1 million in FY20; \$15.6 million in FY21).

Medical Vendor Payments

The Appropriated Budget for FY 2017-2018 for Medical Vendor Payments is \$12 billion, of which, \$1.9 billion is State General Fund. The budget is based on the following facts:

- A. For the Medical Vendor Payments program, growth for the out years is measured using the chained price index for Medical Services as published by Moody, as of June 2017. The rates are as follows: FY 2018-2019 = 3.64%; FY 2019-2020 = 3.97% and FY 2020-2021 = 3.96%. Applying these rates against the total State General Fund, the required amount of State General Fund for the out years is: FY 2018-2019 - \$75.7 million; FY 2019-2020 - \$129.5 million; and FY 2020-2021 - \$185.5 million.
- B. Means of Financing Substitutions replacing State General Fund with non-recurring revenue which allows for services to continue at current level. These Means of Financing Substitutions result in a net decrease in State General Fund of \$79.7 million for FY 2017-2018, and include:
 1. \$24.5 million State General Fund (Direct) increase due to a means of financing substitution replacing Medicaid Trust Fund for the Elderly (MTFE) since nursing homes were rebased in FY 17.
 2. \$12.9 million State General Fund (Direct) increase due to replacement of CPEs.
 3. \$10.5 million State General Fund (Direct) increase due to a means of financing substitution replacing Health Trust Fund due to less MTFE interest appropriated and projected fund balance at the end of FY 18.
 4. \$3.4 million State General Fund (Direct) increase due to a means of financing substitution replacing Health Excellence Fund based on the REC forecast.
 5. (\$90.6) million replacing State General Fund (Direct) due to the FMAP rate changing from 62.26% in FY 17 to 63.34% for Title XIX in FY 18.
 6. (\$25) million replacing State General Fund (Direct) with Fees and Self-generated Revenues for increased local contributions to the Medicaid program.
 7. (\$12.9) million replacing State General Fund (Direct) with Tobacco Tax Medicaid Match Fund based on the REC forecast.
 8. (\$1.7) million replacing State General Fund (Direct) with Louisiana Fund based on the REC forecast.
 9. (\$1.1) million replacing State General Fund (Direct) with Louisiana Fund transferred from the Attorney General's office.
- C. The following adjustments also increased the need for State General Fund in the following amounts: Supplemental Payments, \$119.7 million; Medicare Part A&B Premiums, \$12.9 million; Clawback growth, \$12.2 million; Applied Behavior Analysis, \$9.2 million; Utilization/Pharmacy Utilization, \$3.6 million; Home and Community Based Services, \$3.6 million; Rural Health Clinics (RHCs) & Federally Qualified Health Clinics (FQHCs) - New Clinics, Medicare Economic Index (MEI), & Annualization, \$3.4 million; Long Term Personal Care Services (LT-PCS) Enrollment Growth, \$1.4 million; Program for All-Inclusive Care for the Elderly (PACE), \$1 million. The following adjustments reduced the need for State General Fund (Direct): Managed Care Organization (MCO) savings, (\$195.4) million; HB-1 Reductions, (\$176.7) million; FMAP rate change, (\$90.6) million; Annualization of FY 17 Reductions in FY 18, (\$82.9) million; Disproportionate Share Hospital (DSH) savings, (47.6) million.
- D. Increases in Medicaid payments for the out years include, in FY 2018-2019, June FY 18 Checkwrite pushed to FY 19, \$140.9 million; State General Fund (Direct) need over the UCC Cap, \$51.7 million; Clawback Growth, \$33.4 million; MCO growth, \$30.1 million; Home and Community Based Services (HCBS) growth, \$12.9 million; Replacement of Medicaid Trust Fund for the Elderly, \$8.7 million; Long Term - Personal Care Services (LT-PCS) Enrollment Growth, \$6.5 million; Medicare Part A&B Premiums, \$5.2 million; Utilization/Pharmacy Utilization, \$5 million; RHC & FQHC - New Clinics, MEI, & Annualization, \$2.8 million; Applied Behavior Analysis, \$1 million. FMAP rate change will reduce the State General Fund (Direct) need in FY 2018-2019 by \$56.2 million. In FY 2019-2020, State General Fund (Direct) need over the UCC Cap, \$96.4 million; Clawback growth, \$69 million; MCO growth, \$65.9 million; CHIP Phase-down, \$57 million; HCBS growth, \$26.5 million; Medicare Part A&B Premiums, \$17.9 million; CEA inflation, \$10.5 million; Utilization/Pharmacy Utilization, \$10.4 million; LT-PCS Enrollment Growth, \$10.1 million; RHCs and FQHCs - New Clinics, MEI, and Annualization, \$5.7 million; Applied Behavior Analysis, \$2.1 million. FMAP rate change will reduce the State General Fund (Direct) need in FY 2019-2020 by \$56.2 million. In FY 2020-2021, Clawback growth, \$124.5 million; State General Fund (Direct) need over the UCC Cap, \$111.2 million; MCO growth, \$102.6 million; CHIP Phase-down, \$76.5 million; HCBS Growth, \$40.9 million; Medicare Part A&B Premiums, \$30.7 million; Replacement of Medicaid Trust Fund for the Elderly, \$23.9 million; CEA inflation, \$20.5 million; Utilization/Pharmacy Utilization, \$16 million; LT-PCS Enrollment growth, \$13.9 million; RHCs and FQHCs - New Clinics, MEI, and Annualization, \$8.5 million; Applied Behavior Analysis, \$3.2 million; Program for All Inclusive Care for the Elderly (PACE) growth, \$1.2 million. FMAP rate change will reduce the State General Fund (Direct) need in FY 2020-2021 by \$56.2 million.

E. Act 646 of the 2014 session provides for deposits into the Medicaid Trust Fund for the Elderly from proceeds of the Deepwater Horizon litigation. If these proceeds should materialize during the out years it will lessen the need for State General Fund.

Taylor Opportunity Program for Students (TOPS)

Due to the legislative intent of Act 18 of 2016, the FY2017-2018 TOPS projections are based upon the amount needed to fully fund the award at the FY2016-2017 level. The agency is projecting the full funding amount for FY18 to be approximately \$291.2M for 52,350 awards. Please note that Act 44 of 2017 modified the language contained in Act 18 of 2016 that provides for the TOPS award to be equal to the tuition charged during the 2016-2017 academic year (\$291.2 M for FY18). The agency is projecting a 0.5% increase in the number of awards for FY19 (\$292.8M for 52,669 awards) and FY20 (294.3M for 52,908 awards), a 0.9% increase in the number of awards for FY21 (296.8M for 53,342 awards) and a 0.8% increase in the number of awards for FY22 (\$299.3M for 53,751 awards). These projected award increases are built into the projection.

Minimum Foundation Program (MFP)

Summary:

FY 2017-2018 Appropriation Budget contains an increase of \$80.8 million State General Fund and a total increase of \$48.7 million. FY 2018-2019 through FY 2020-2021 out-year student count projections are based on a five year October 1 student enrollment average of 5,655, using the average state cost per pupil of \$5,256, is an estimated cost of \$29.7 million.

Specific Adjustments:

FY 2017-2018 - Appropriation Budget is \$3.59 billion State General Fund and a total cost of \$3.72 billion with a student count of 694,773. Base per pupil amount is \$3,961. The State General Fund increase of \$80.8 million consists of the following: \$18.1 million increase based on the anticipated student growth; a means of finance substitution increasing State General Fund by \$32.2 million and decreasing Statutory Dedications in Lottery Proceeds Fund (-\$26.6 million) and decreasing Support Education in Louisiana First (SELF) Fund (-\$5.6 million) based on the Revenue Estimating Conference (REC); \$5.1 million increase for adjustments to the tax base data; \$7.4 million increase, in accordance with the revised FY 2017-2018 MFP Formula in accordance with HCR 7 of the 2017 Regular Session of the Legislature, providing Livingston, East Baton Rouge, and Tangipahoa Parish school systems additional funding to mitigate temporary declines in student enrollment due to the August 2016 floods; and \$18.0 million for an \$8.0 million increase for high-need students and \$10.0 million increase for additional high school courses.

Out-Year Projections:

FY 2018 - 2019 - Projections include an additional \$29.7 million of State General Fund attributed to the student count projected growth; \$3.0 million savings in State General Fund due to an increase in the SELF Fund projection; and a \$7.4 million decrease in State General Fund due to one time expenditures related to the August 2016 floods. The total increase of State General Fund is \$100.1 million based upon a student count projection of 700,428.

FY 2019 - 2020 - Projections include an additional \$29.7 million of State General Fund attributed to the student count projected growth. The total increase of State General Fund is \$129.8 million based upon a student count projection of 706,083.

FY 2020 - 2021 - Projections include an additional \$29.7 million of State General Fund attributed to the student count projected growth. The total increase of State General Fund is \$159.5 million based upon a student count projection of 711,738.

Road and Bridge Hazard Claims (Special Acts)

Projections are based on 5 years of average claim payments of approximately \$6.05 million. No funding for Road and Bridge Hazard Claims is appropriated in FY 2017-2018.