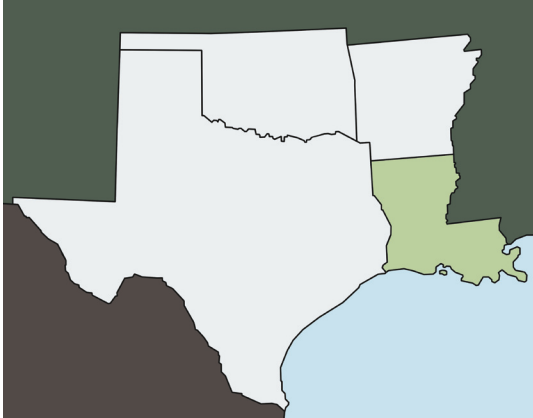


LOUISIANA Budget Report Card



ALTHOUGH IT FINISHED fiscal 2017 with a budget surplus, Louisiana dealt with a revenue shortfall during the year by moving money to its general fund from the rainy day fund and other special funds to pay for ongoing expenditures. The move was one of many budget maneuvers during fiscal 2016 through 2018 that left the state with a D average, the second-lowest grade possible, in the category.

Louisiana also used cash generated from a bond refinancing to cover operating costs in fiscal 2017, although less than it did in 2016. Further, \$61 million in planned Medicaid spending deferred in 2016 was deferred again, to fiscal 2019.

The state did poorly in legacy costs, as well, posting a D average for the three years studied. It had a pension funded ratio of 65.6 percent as of 2017, about three percentage points below the US total. It also fell short in funding other postemployment benefits (OPEB), primarily health care. In 2017, for instance, it funded less than a third of the actuarially determined contribution for OPEB.

In contrast to budget maneuvers and legacy costs, Louisiana's reserve fund practices earned it an A average in that category. The state has clear policies governing the disbursement and replenishment of reserve fund dollars. For example, reserves cannot be tapped unless the official revenue forecast for the current year is less than the previous year's revenues or if a deficit is projected because of a decrease in the official forecast. In addition, a two-thirds vote of the legislature is required to use the fund.


WEST SOUTH CENTRAL STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Arkansas	D	A	C	C	D
Louisiana	B	D	D	A	B
Oklahoma	B	B	A	A	B
Texas	C	B	D-	A	B
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at VolckerAlliance.org.


LOUISIANA Budget Report Card

BUDGET FORECASTING					
		2016	2017	2018	
	CATEGORY GRADE	B	B	B	
	Consensus Revenue Forecasts	✓	✓	✓	
	Multiyear Expenditure Forecasts	✗	✗	✗	
	Multiyear Revenue Forecasts	✓	✓	✓	
	Revenue Growth Projections	✓	✓	✓	
3-YEAR AVERAGE B			3-YEAR TREND —		

BUDGET MANEUVERS					
		2016	2017	2018	
	CATEGORY GRADE	D	D	C	
	Deferring Recurring Expenditures	✗	✗	✗	
	Revenue and Cost Shifting	✗	✗	✗	
	Funding Recurring Expenditures with Debt	✗	✗	✓	
	Using Asset Sales and Up-Front Revenues	✓	✓	✓	
3-YEAR AVERAGE D			3-YEAR TREND ↗		

LEGACY COSTS					
		2016	2017	2018	
	CATEGORY GRADE	D	D	D	
	Public Employee OPEB Funding	✗	✗	✗	
	Public Employee Pension Funding	✓	✓	✓	
	Public Employee Pension Funded Ratio*	60%	66%	66%	
3-YEAR AVERAGE D			3-YEAR TREND —		

RESERVE FUNDS					
		2016	2017	2018	
	CATEGORY GRADE	A	A	A	
	Positive Reserve or General Fund Balance	✓	✓	✓	
	Reserve Funds Disbursement Policy	✓	✓	✓	
	Reserve Funds Replenishment Policy	✓	✓	✓	
	Reserves Tied to Revenue Volatility	✓	✓	✓	
3-YEAR AVERAGE A			3-YEAR TREND —		

TRANSPARENCY					
		2016	2017	2018	
	CATEGORY GRADE	B	B	B	
	Consolidated Budget Website	✓	✓	✓	
	Provides Debt Tables	✓	✓	✓	
	Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗	
	Discloses Tax Expenditures	✓	✓	✓	
3-YEAR AVERAGE B			3-YEAR TREND —		

KEY

✓	Followed best practice
✗	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* SOURCE Bloomberg; 2017 data also used for 2018.