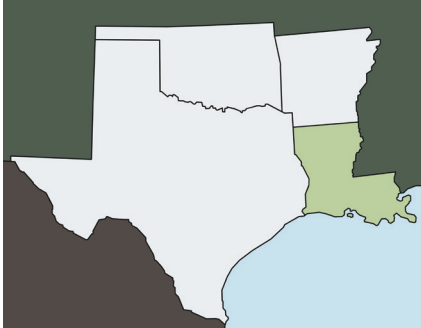


LOUISIANA Budget Report Card



WHILE LOUISIANA FREQUENTLY resorted to budget maneuvers to achieve balance for fiscal 2015 through 2019, a lessening of reliance on one-time measures in the later years of the study period buoyed its performance enough to leave the state with a C average for the category. An increase in sales tax rates, combined with deep cuts in agency spending, helped reduce Louisiana’s use of maneuvers.

Still, in 2017 alone, Louisiana deferred \$152 million of Medicaid reimbursements to future years; used cash generated from a bond refinancing to cover operating expenses; and transferred money to the general fund from other funds. Over the next two years, the state continued to push Medicaid reimbursements into the future.

Louisiana scored worse in legacy costs, averaging a D. While it provided annual funding for pensions in line with actuarial recommendations, its pension funding ratio of 67 percent in 2019 was 4 percentage points below the total for all states. Louisiana also failed to make annual actuarially recommended contributions for other postemployment benefits (OPEB), primarily health care.

In contrast, Louisiana earned a top A average in reserve funds. As part of an effort to protect itself from the revenue swings that afflict states producing oil and natural gas, it has established solid policies for its Budget Stabilization Fund, including rules for disbursements and replenishments. The state also takes revenue volatility into account by tying deposits to the rainy day fund to excess revenues from severance taxes.


WEST SOUTH CENTRAL STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Arkansas	D	A	C	C	D
Louisiana	B	C	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: Preparing for the Storm* at VolckerAlliance.org.


LOUISIANA Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	B	B	B	B	B						
Consensus Revenue Forecasts	✓	✓	✓	✓	✓						
Multiyear Expenditure Forecasts	X	X	X	X	X	●	●	●	●	●	
Multiyear Revenue Forecasts	✓	✓	✓	✓	✓						
Revenue Growth Projections	✓	✓	✓	✓	✓						
5-YEAR AVERAGE						B					

BUDGET MANEUVERS							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	C	D	D	B	B						
Deferring Recurring Expenditures	X	X	X	X	X						
Revenue and Cost Shifting	X	X	X	✓	✓				●	●	
Funding Recurring Expenditures with Debt	✓	X	X	✓	✓	●					
Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓		●	●			
5-YEAR AVERAGE						C					

LEGACY COSTS							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	D	D	D	D	D						
Public Employee OPEB Funding	X	X	X	X	X						
Public Employee Pension Funding	✓	✓	✓	✓	✓						
Public Employee Pension Funded Ratio*	64%	60%	66%	68%	67%	●	●	●	●	●	
5-YEAR AVERAGE						D					

RESERVE FUNDS							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	A	A	A	A	A						
Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓	●	●	●	●	●	
Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓						
Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓						
Reserves Tied to Revenue Volatility	✓	✓	✓	✓	✓						
5-YEAR AVERAGE						A					

TRANSPARENCY							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	B	B	B	B	B						
Consolidated Budget Website	✓	✓	✓	✓	✓						
Provides Debt Tables	✓	✓	✓	✓	✓	●	●	●	●	●	
Discloses Deferred Infrastructure Replacement Costs	X	X	X	X	X						
Discloses Tax Expenditures	✓	✓	✓	✓	✓						
5-YEAR AVERAGE						B					

KEY

✓	Followed best practice
X	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.

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