

RÉSUMÉ DIGEST

ACT 14 (HB 69)

2016 Second Extraordinary Session

Henry

Appropriates supplemental funding, and provides for means of financing substitutions and other budgetary adjustments for the operation of various departments for Fiscal Year 2016-2017. Provides for net increases (decreases) as follows: State General Fund (Direct) by \$125,000,000 Interagency Transfers by \$9,000,000; Fees & Self-Generated Revenues by \$8,881,976; Statutory Dedications by \$244,261,795; and Federal Funds by \$281,255,373.

Effective July 1, 2016.

VETO MESSAGE

"Please allow this letter to inform you that I have signed House Bill No. 69 from the 2016 Second Extraordinary Session. However, as explained more fully below, I have also exercised my line item veto authority granted to me by La. Const. Art. 5, Section (G)(1) to veto two items in this bill.

LINE ITEM VETO MESSAGE NO. 1:

Page 5, lines 2-4.

This appropriation takes \$250,000 from the Office for Citizens with Developmental Disabilities and appropriates it to the Arc Caddo-Bossier for the Goldman School. Instead of funding the Goldman School with its own state general fund allocation, this appropriation takes away needed funding from the Louisiana Department of Health. In so doing, this will force a reduction in Early Steps, a vital program for children up to the age of three who have a medical condition likely to result in a developmental delay, or who have developmental delays.

LINE ITEM VETO MESSAGE NO. 2:

Page 12, lines 35-39 and Page 13, lines 1-6.

Section 3 of this bill is a conditional appropriation. It directs, in the form of "supplementary budget recommendations" only, that if excess revenues are realized, any funds "available for appropriation" are to be split evenly among TOPS, the Board of Regents for higher education funding, and the Louisiana Department of Health (LDH). While I have consistently supported fully funding TOPS, higher education, and LDH, and, in fact, presented a plan to the Legislature that provided for full funding, I am not willing to support a budget gimmick that relies upon unrealized funds to provide for contingent funding for agencies and departments. As such, I have vetoed this item.

From the beginning of my administration, I have made it clear that I will not continue the practice of presenting, or signing, dishonest budgets. Providing for a potential appropriation of money on the mere hope that new revenues will be recognized is a continuation of this previous practice. I presented a plan that would have fully funded TOPS and LDH (along with higher education, which was fully funded in HB 69), provided the Legislature raised sufficient revenues to fund these vital programs and departments. The Legislature chose not to follow this plan or present a plan of its own, and is instead relying on this language to make it appear that there could possibly be full funding in this fiscal year. The truth is that the Legislature did not fully fund TOPS or LDH, and there will be significant cuts as a result. I have pledged to be straightforward and honest in providing realistic budgetary expectations for our state government and our citizens. This means the budget must reflect the actual revenue.

Further, the revenue collections for the current fiscal year are less than expected, and we are likely to end this fiscal year in a deficit. I am bound by the Louisiana Constitution to provide a balanced budget that eliminates this deficit. Thus, if additional revenue is recognized, I am obligated to ensure that these funds are first allocated to the appropriations affected by a deficit before they can be committed elsewhere. This language in HB 69 seemingly prevents the use of any additional

revenues for the elimination of the deficit, and thus it is not consistent with the requirements in La. Const. Art. 7, Section 10.

Lastly, I would like to inform you of the reasons why I have decided *not* to veto the provision in HB 69 which "front loads" the TOPS appropriation. I strongly believe it is bad fiscal policy to budget for less than a full year of expenses and provide for higher funding to TOPS in the fall semester than the spring semester. This scheme does not give students the ability to fully prepare for the spring semester and significantly complicates applications for financial aid. However, because any veto of this language in HB 69 would likely lead to litigation that would cause significant uncertainty and chaos mere weeks before the fall semester begins, I will allow this provision to become law.

However, I do think it is important to point out that in addition to the fact that this provision is bad policy, it is also bad arithmetic. The TOPS appropriation in HB 1 of the 2016 Regular Session, which did not provide for a "front loading" condition, provided for a total of \$141.5 million in funding. This appropriation thus provides for \$70.7 million from HB 1 for TOPS in the fall semester. The total TOPS appropriation in HB 69 was for \$67,887,110. Even by allocating the entire amount of HB 69 TOPS funding for the fall semester, this will only provide a total of \$138.6 million in TOPS funding for the fall semester. This is more than \$10 million short of the \$150 million currently projected as necessary to fully fund TOPS awards for the fall semester. This shortage does not account for increased tuition that will be exercised by some universities for the 2016-2017 academic year pursuant to the GRAD Act. Thus, while the language in HB 69 states that "the monies appropriated herein shall be used to fully fund the TOPS award for the fall semester," this is a mathematical impossibility. Students should thus be prepared for cuts to TOPS awards in the fall semester, with cuts that grow significantly worse in the spring semester. "