



# LOUISIANA'S COMEBACK AGENDA

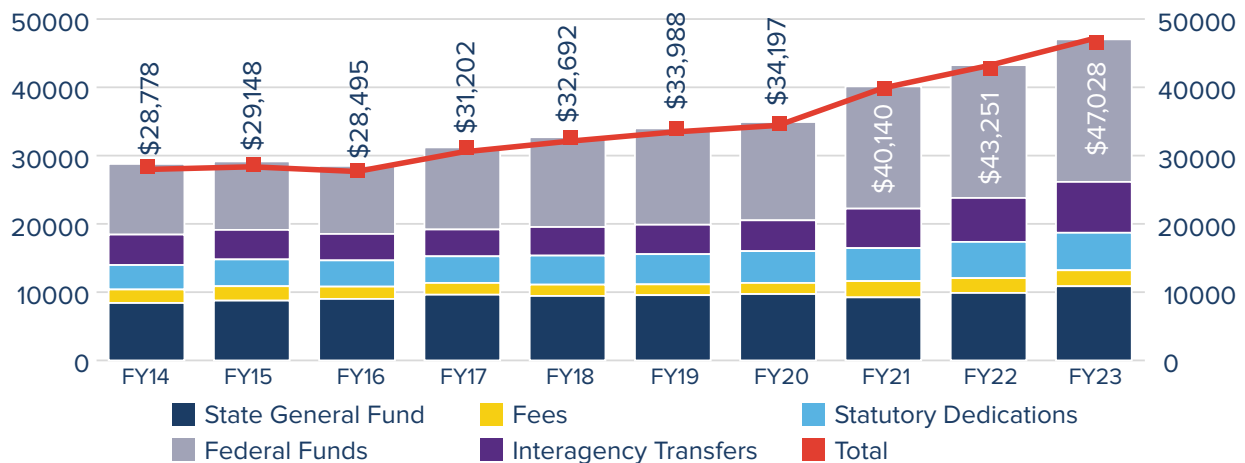
## Budget Responsibly



With the state economy struggling and tens of thousands of Louisianans moving out of state, families and businesses are hungry for relief and an assurance that state government will use tax dollars responsibly. Budget reform must accompany tax reform to create fiscal stability while easing the tax burden on Louisiana citizens.

### PROBLEMS

- Unsustainable budget growth:** The total state budget has grown 63% over the last decade to \$47 billion in fiscal year 2023.

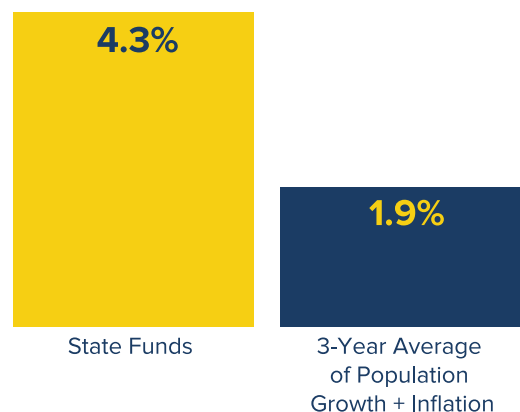


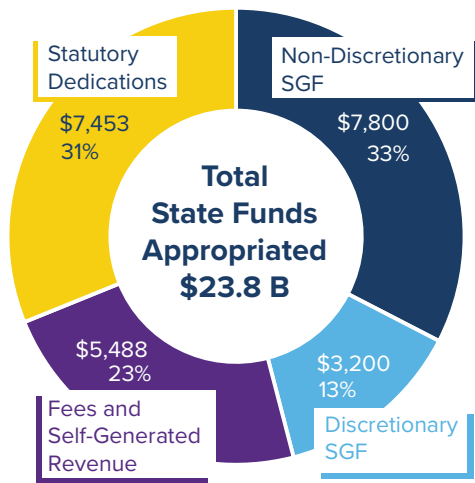
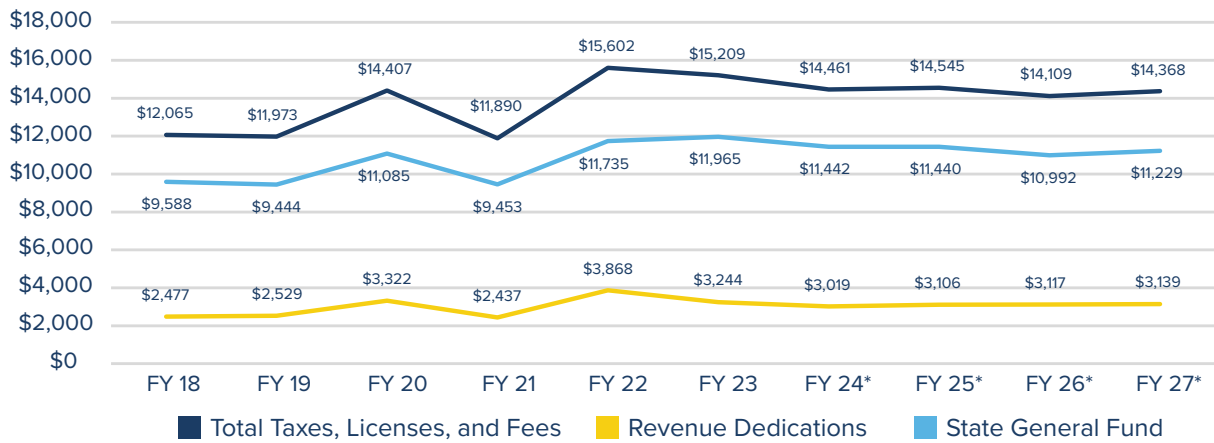
- Ineffective expenditure limit:** Over the last decade, expenditure of state funds grew nearly 2.5 times faster than it would have with a limit based on population growth and inflation.

- Inefficient budgeting practices:** Budgets simply build on top of each other each year and do not consider policy priorities or whether programs are efficient or achieving positive outcomes

- Budget silos:** The state's budget also contains many constraints that reduce flexibility and lack sufficient oversight.

- Statutes dedicate portions of revenue to specific purposes before they can even be budgeted. These silos account for nearly one-quarter of the state's total tax collections.





b. Thirty-one percent of state funds are dedicated for a specific purpose in 35 funds found in the Louisiana Constitution and 436 funds found in the state’s statutes.

c. Non-discretionary expenses are mandated spending. They further reduce budget flexibility, leaving just 13% of the total state funds that are available to address other priorities.

5. **Local dependency:** The state provides more than \$4 billion, nearly 40% of the state’s general fund dollars each year, for local government functions.

6. **Pork and “member projects:”** The capital outlay program funds large capital projects of public necessity, but it also funds local earmarks, political subdivisions, and non-governmental organizations.

## SOLUTIONS

To achieve and sustain a more responsible state budget, Louisiana lawmakers must:

1. **Budget more responsibly** and identify true spending priorities through routine performance audits of agencies and programs and the use of more responsible budgeting practices that consider need, priority status, and outcomes.
2. **Increase budget flexibility** by freeing up dedicated funding, allowing the needs of each area of state government to stand on its own merit.
3. **Pass a more responsible budget and state spending limit** to effectively constrain spending to better mirror the average taxpayer’s ability to pay for it.
  - a. **Enact a responsible budget limit** that sets a maximum amount of funds that lawmakers can budget in the next fiscal year using a growth factor of population growth plus inflation.
  - b. **Enact a stronger expenditure limit** that sets a maximum amount of funds that the state can spend in the next fiscal year. The current limit uses personal income growth as the growth factor, which is ineffective and vastly overstates the average taxpayer’s ability to pay for it. Using population growth plus inflation is a more accurate measure that will more effectively limit spending to what taxpayers can afford.
4. **Restructure the state-local government relationship** to lessen local reliance on state taxpayers.
5. **Refocus the capital outlay program** to fund only essential government projects.



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