



BOBBY JINDAL
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OFFICE OF THE GOVERNOR

June 15, 2012

Mr. Alfred W. Speer
Clerk of the House of Representatives
State Capitol
Baton Rouge, Louisiana 70802

Mr. Glenn Koeppe
Secretary of the Senate
State Capitol
Baton Rouge, Louisiana 70802

RE: House Bill No. 1 of the 2012 Regular Session of the Legislature provides for the ordinary operating expenses of state government for Fiscal Year 2012-2013

Dear Gentlemen:

As authorized by Article III, Section 18(B), and more particularly, Article IV, Section 5(G)(1) of the Constitution of Louisiana, I have exercised my right to veto 10 items of the General Appropriation Bill. I respectfully request that you deliver on my behalf the following message to the members of the Legislature:

This budget builds on our efforts to reform and restructure government to improve the delivery of services, save taxpayer dollars and position our state for more economic growth. It also represents a prudent approach that balances spending restraint with practical solutions that protect critical services like higher education and healthcare.

The budget reduces the number of appropriated state government positions by 6,177, which brings the total number of positions reduced since 2008 to 16,058. Since January 2008, the total number of state employees has already been reduced from more than 100,000 to less than 88,000 – the lowest level in more than 20 years, even before the new position reductions authorized by this budget.

The state General Fund portion of the budget is \$22 million less than the current-year budget. Total state funding included in the budget is \$100 million less than the current year.

I have vetoed the following items in House Bill No. 1:

Veto Message No. 1

Page 54, lines 45-51, and Page 55, lines 1-15:

This will reduce funding to streamline the department by realigning its expenditures to spending patterns based on a three-year average and will help to comply with the \$15 million preamble adjustment, and reflects the fact that the department has four funded vacant positions; therefore, I am vetoing this item.

Veto Message No. 2

Page 75, lines 4-6:

This activity has been adequately funded and this veto will help to comply with the \$15 million preamble adjustment; therefore, I am vetoing this item.

Veto Message No. 3

Page 76, lines 39-41:

This item exceeds the projected revenue available from the official Revenue Estimating Conference forecast and any unobligated fund balance; therefore, I am vetoing this item.

Veto Message No. 4

Page 93, lines 1-40:

The consolidation of J. Levy Dabadie Correctional Center into Avoyelles Correctional Center allows the state to streamline the Department of Corrections while still providing the same services and will help to comply with the \$15 million preamble adjustment; therefore, I am vetoing this item.

Veto Message No. 5

Page 130, lines 7-20:

This language is unnecessary to achieve the goals and objectives of the department; therefore, I am vetoing this item.

Veto Message No. 6

Page 130, lines 30-34:

The Department of Health and Hospitals needs to have flexibility in implementing reimbursement methodologies; therefore, I am vetoing this item.

Veto Message No. 7

Page 130, lines 39-46:

Requiring this approval before rules can be promulgated would cause delays in the implementation of the service, reduce budgeted savings by increasing the expenses of the initiative, and cause the budget to be out of balance; therefore, I am vetoing this item.

Veto Message No. 8

Page 130, lines 47-50:

The implementation of this amendment would limit the budgetary discretion of the department during fiscally challenging times; therefore, I am vetoing this item.

Veto Message No. 9

Page 131, lines 19-21:

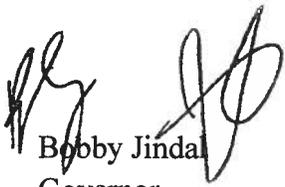
This amendment would increase the expenses of the program and cause the budget to be out of balance; therefore, I am vetoing this item.

Veto Message No. 10

Page 282, lines 23-30:

House Bill No. 183 of the 2012 Regular Session of the Louisiana Legislature was not enacted into law; therefore, I am vetoing this item.

Sincerely,


Bobby Jindal
Governor

Note: The original veto message appears in a text box. The descriptions of the vetoed items in italics and the copy of vetoed lines from the bill are not part of the original veto message and were added by House Legislative Services staff.

Veto Message No. 1

Page 54, lines 45-51, and Page 55, lines 1-15:

This will reduce funding to streamline the department by realigning its expenditures to spending patterns based on a three-year average and will help to comply with the \$15 million preamble adjustment, and reflects the fact that the department has four funded vacant positions; therefore, I am vetoing this item.

This reduces two separate line items appropriations in the Department of Treasury totaling \$511,279 in Fees and Self-generated revenues for a statewide retirement adjustment.

Vetoed Lines:

Page 54, lines 45-51:

"Provided, however, that the following is appropriated for a statewide retirement adjustment:

EXPENDITURES:

| | |
|--|------------------|
| Administrative Program | \$ 156,355 |
| Financial Accountability and Control Program | \$ 136,678 |
| Debt Management Program | \$ 54,308 |
| Investment Management Program | \$ <u>50,965</u> |

TOTAL EXPENDITURES \$ 398,306"

Page 55, lines 1-15:

"MEANS OF FINANCE:

State General Fund by:

| | |
|--------------------------------|-------------------|
| Fees & Self-generated Revenues | \$ <u>398,306</u> |
|--------------------------------|-------------------|

TOTAL MEANS OF FINANCING \$ 398,306

Provided, however, that the following is appropriated for a statewide retirement adjustment:

EXPENDITURES:

| | |
|--|------------------|
| Administrative Program | \$ 45,576 |
| Financial Accountability and Control Program | \$ 36,711 |
| Debt Management Program | \$ 15,830 |
| Investment Management Program | \$ <u>14,856</u> |

TOTAL EXPENDITURES \$ 112,973

MEANS OF FINANCE:

State General Fund by:

Fees & Self-generated Revenues \$ 112,973

TOTAL MEANS OF FINANCING \$ 112,973"

Veto Message No. 2

Page 75, lines 4-6:

This activity has been adequately funded and this veto will help to comply with the \$15 million preamble adjustment; therefore, I am vetoing this item.

This reduces \$100,000 in State General Fund (Direct) from the Department of Culture, Recreation and Tourism for the Council for the Development of French in Louisiana (CODOFIL).

Vetoed Lines:

"Payable out of the State General Fund (Direct)
to the Administrative Program for the Council for the
Development of French in Louisiana (CODOFIL) \$ 100,000"

Veto Message No. 3

Page 76, lines 39-41:

This item exceeds the projected revenue available from the official Revenue Estimating Conference forecast and any unobligated fund balance; therefore, I am vetoing this item.

This reduces \$2 million in Fees and Self-generated Revenues from the Marketing Program in the Department of Culture, Recreation and Tourism .

Vetoed Lines:

"Payable out of the State General Fund by
Fees and Self-generated Revenues to the
Marketing Program for expenses \$ 2,000,000"

Veto Message No. 4

Page 93, lines 1-40:

The consolidation of J. Levy Dabadie Correctional Center into Avoyelles Correctional Center allows the state to streamline the Department of Corrections while still providing the same services and will help to comply with the \$15 million preamble adjustment; therefore, I am vetoing this item.

This reduces \$8.2 million total (\$6.5 million State General Fund, \$322,000 Interagency Transfers, \$1.3 million Fees and Self-generated Revenues) and 107 positions from the Department of Corrections for J. Levy Dabadie Correctional Center.

Vetoed Lines:

"08-412 J. LEVY DABADIE CORRECTIONAL CENTER

EXPENDITURES:

Administration - Authorized Positions (7) \$ 1,955,838

Program Description: *Provides institutional support services including American Correctional Association (ACA) accreditation reporting efforts, heating and air conditioning service contracts, risk management premiums, and major repairs.*

Objective: Review processes and innovations in the industry to ensure that the safest, most economical, efficient and effective services are provided in all institutions in order to qualify for ACA accreditation every three years.

Performance Indicator:

Percentage of unit that is ACA accredited 100%

Incarceration - Authorized Positions (99) \$ 5,627,092

Program Description: *Provides security services related to the custody and care of 300 minimum custody offenders; and maintenance and support of the facility and equipment.*

Objective: Minimize security breaches by maintaining an offender per Correctional Security Officer ratio of 4.3 through 2016.

Performance Indicators:

Number of offenders per Correctional Security Officer 4.5
Average daily offender population 300

Objective: Ensure offender education regarding disease management in order to reduce by 1% the percentage of offender with communicable diseases by unit by 2016.

Performance Indicator:

Percentage of offender population diagnosed
with a chronic disease 25.0%
Percentage of offender population diagnosed
with a communicable disease 6.9%

Auxiliary Account - Authorized Positions (1) \$ 573,744

Account Description: *Funds the cost of providing an offender canteen to allow offenders to use their accounts to purchase canteen items. Also provides for expenditures for the benefit of the offender population from profits from the sale of merchandise in the canteen.*

TOTAL EXPENDITURES \$ 8,156,674

MEANS OF FINANCE:

State General Fund (Direct) \$ 6,528,408

State General Fund by:

Interagency Transfers \$ 322,513

Fees & Self-generated Revenues \$ 1,305,753

TOTAL MEANS OF FINANCING \$ 8,156,674"

Veto Message No. 5

Page 130, lines 7-20:

This language is unnecessary to achieve the goals and objectives of the department; therefore, I am vetoing this item.

This is language in the Department of Health and Hospitals regarding the use of a \$54 million appropriation (the appropriation was not vetoed) from the Community Hospital Stabilization Fund and matching federal funds. The language would have stipulated the funding was to be used first for implementing certain reimbursement methodologies for Medicaid inpatient hospital services, then, if funding remains, supplemental payments to non-state hospitals receiving certain certifications.

Vetoed Lines:

"Provided, however, that the \$54,117,352 appropriated above shall only be utilized by the department for the purposes of implementing a diagnosis-related group (DRG) reimbursement methodology for Medicaid inpatient hospital services that does not result in aggregate reductions in payments to non-state hospitals and, to the greatest extent possible, maintaining the Medicaid reimbursement rates for inpatient and outpatient hospital services at the amounts in effect on June 30, 2012. Provided, further, that, only in the event funding is available after implementing the diagnosis-related group methodology and fully funding the Medicaid reimbursement rates for inpatient and outpatient hospital services at the amounts in effect on June 30, 2012, the department shall make supplemental Medicaid payments to any non-state hospital that has achieved certification from the American Academy of Surgeons verifying it as a Level II Trauma Center operating in the state as of November 8, 2011, in an amount not to exceed a total of \$698,812, of which \$200,000 is State General Fund by Statutory Dedication out of the Community Hospital Stabilization Fund."

Veto Message No. 6

Page 130, lines 30-34:

The Department of Health and Hospitals needs to have flexibility in implementing reimbursement methodologies; therefore, I am vetoing this item.

This is language in the Department of Health and Hospitals that would have stipulated reimbursement rates in effect on January 1, 2009, for private Intermediate Care Facilities for individuals with Developmental Disabilities that are of a specific bed count were to be maintained.

Vetoed Lines:

"Provided, however, that of the total appropriated herein for the Payments to Private Providers Program, the department shall maintain the Medicaid reimbursement rate paid to the private providers of Intermediate Care Facilities for people with Developmental Disabilities which have downsized from over 100 beds to less than 35-bed facilities prior to December 31, 2010, at the reimbursement rate in effect on January 1, 2009."

Veto Message No. 7

Page 130, lines 39-46:

Requiring this approval before rules can be promulgated would cause delays in the implementation of the service, reduce budgeted savings by increasing the expenses of the initiative, and cause the budget to be out of balance; therefore, I am vetoing this item.

This is language in the Department of Health and Hospitals that would have required review and approval by the Joint Legislative Committee on the Budget on the department's plans to transition pharmaceutical goods and services from the current fee-for-service model to a managed care model prior to promulgating rules.

Vetoed Lines:

"Provided, however, that the department shall prepare a report on its plans for the transition of pharmaceutical goods and services provided under the state's Medicaid program from its current fee-for-service model to a managed care model for the review and approval of the Joint Legislative Committee on the Budget prior promulgating rules to effect such change. Such report shall include explanations of patient access and safety protections, including but not limited to continuity of care, coverage of medications for patients with chronic disease, and review of medical appropriateness of all formulary management tools and quality limitations."

Veto Message No. 8

Page 130, lines 47-50:

The implementation of this amendment would limit the budgetary discretion of the department during fiscally challenging times; therefore, I am vetoing this item.

This is language in the Department of Health and Hospitals that would have provided that the 10 hospitals administered by LSU be paid federal funds for allowable expenditures that they incur and certify, which are in excess of amounts appropriated in HB 1.

Vetoed Lines:

"Notwithstanding any provision of this Act to the contrary, the ten hospitals administered by the Louisiana State University Board of Supervisors shall be paid federal funds for expenditures incurred and certified in excess of the amounts appropriated within this Act for Title XIX Medicaid services and uncompensated care allowable costs."

Veto Message No. 9

Page 131, lines 19-21:

This amendment would increase the expenses of the program and cause the budget to be out of balance; therefore, I am vetoing this item.

This is language in the Department of Health and Hospitals that would have provided for adjustments to the Medicaid preferred drug list to limit brand name drug products in each therapeutic category.

Vetoed Lines:

"Provided, further, that the preferred drug list may be adjusted to limit brand name drug products in each therapeutic category to not less than two brand products where available while ensuring appropriate access to medically necessary medication."

Veto Message No. 10

Page 282, lines 23-30:

House Bill No. 183 of the 2012 Regular Session of the Louisiana Legislature was not enacted into law; therefore, I am vetoing this item.

This reduces an appropriation of \$3.6 million from the Casino Support Services Fund pursuant to the Casino Support Services contract; an appropriation for \$3.6 million from State General Fund (Direct) pursuant to the contract remains.

Vetoed Lines:

"Payable out of the State General Fund by Statutory Dedications out of the Casino Support Services Fund to the Parish of Orleans pursuant to the Casino Support Services contract between the State of Louisiana, and through its governing authority, the city of New Orleans, in the event that House Bill 183 of the 2012 Regular Session of the Louisiana Legislature is enacted into law

\$ 3,600,000"