RÉSUMÉ DIGEST

ACT 1 (HB 1) **2020 First Extraordinary Session** **Zeringue**

Appropriates $34.8 billion for Fiscal Year (FY) 2020-2021, of which $8.5 billion is State General Fund (direct) (SGF). SGF decreased by $487 million when compared to the FY 2019-2020 existing operating budget as of December 1, 2019. Overall, FY 2020-2021 total General Appropriation Bill (GAB) funding is $4.6 billion more than FY 2019-2020.

Other means of financing for FY 2020-2021 include: interagency transfers at $1.6 billion, or $681.3 million more than FY 2019-2020; fees and self-generated revenues at $3.1 billion, or $195.7 million more than FY 2019-2020; statutory dedications at $4 billion, or $956.7 million more than FY 2019-2020; and federal funding at $17.5 billion, or $3.2 billion more than FY 2019-2020.

Effective July 1, 2020.

VETO MESSAGE:

"Please be advised that I have signed House Bill 1 of the 1st Extraordinary session with several line item vetoes.

Veto. no. 1: I have vetoed lines 29-31 on page 12 of the bill. These items, in violation of Article 10, Section 10 of the Louisiana Constitution, encroach upon the exclusive constitutional authority of the State Civil Service Commission to regulate the compensation of employees in the classified service and meet its duty to maintain a uniform pay and classification plan. In implementing the compensation redesign plan in 2017, the State Civil Service Commission sought to rectify the drain upon the state's financial resources caused by employee turnover and inability to recruit qualified personnel. The market adjustment required by Civil Service Rule 6.32 is a critical component in the state's ability to maintain a skilled workforce to provide quality service to our citizens. Additionally, the elimination of market adjustments would impact the dedicated public health, public safety, public works and other such frontline personnel designated as essential to our efforts to combat the coronavirus pandemic, many of whom would be ineligible for the tax credit programs or CARES Act allocations passed in this legislative session.

Veto no. 2: I have vetoed lines 1-17 on page 13 of the bill. These items represent negative appropriations to the executive branch which were not consistently applied to the legislative and judiciary branches. Further, should the Civil Service Commission decline to approve any requests by agencies for reductions in market adjustments for classified employees, these reductions would have to be absorbed elsewhere in agency budgets, which would necessarily affect critical services.

Veto no. 3: I have vetoed lines 18-31 on page 13 and lines 1-21 on page 14 of the bill. These items represent negative appropriations to the executive branch which were not consistently applied to the legislative and judiciary branches. These appropriations sequester funds with a promise of a "reconsideration" by October 15, 2020. It should be and is the duty of the Governor to manage the appropriated funds to executive branch agencies. I have directed the Commissioner of Administration to adopt a deficit avoidance plan that would have executive branch agencies reduce their expenditures of their appropriated funds by 10% in the event that state revenues come in below the forecast adopted by the Revenue Estimating Conference. I would expect that the legislative and judiciary branches would enact similar plans so that all three branches of government could assist in reductions if necessitated by a midyear deficit.

Veto no. 4: I have vetoed lines 25-27 on page 67 of the bill. The Fire Marshal did not request this appropriation and will delay any new acquisitions. While the State Fire Marshal is undoubtedly in need of some of these acquisitions or starting these major repairs, they will need to be delayed because of the state's financial circumstances. Further, no other agency under my direction is seeking to add additional acquisitions in this fiscal year.

Veto no. 5: I have vetoed lines 15-32 on page 72 of the bill. This is an unconstitutional attempt to enact substantive law in an appropriation bill in violation of Article 3, Section 16(C) of the Louisiana Constitution. Further, it does not comply with Centers for Medicare and Medicaid Services (CMS) guidelines as it requires LDH to check income eligibility for individuals who are not enrolled at the time of the quarterly income check. Lastly, this change would cost LDH an unappropriated amount of $42 million ($10.5 in state general fund) in upfront costs.

Veto no. 6: I have vetoed lines 33-47 on page 72 of the bill. This is an unconstitutional attempt to enact substantive law in an appropriation bill in violation of Article 3, Section 16(C) of the Louisiana Constitution. Further, this requirement for the state to send ineligibility letters the day after the COVID19 disenrollment restrictions are lifted does not account for the six-month time period that will be required to properly determine if Medicaid beneficiaries are ineligible after the COVID-19 emergency terminates.

Veto no. 7: I have vetoed lines 20-24 on page 90 of the bill. This is an unconstitutional attempt to enact substantive law in an appropriation bill in violation of Article 3, Section 16(C) of the Louisiana Constitution. Further, this item appears to violate federal regulations in that it may improperly reduce the funds which must be returned to CMS from non-custodial child support collections used to reimburse Medicaid costs. While this would provide needed funds to DCFS, the legislature cannot vitiate the obligations LDH has to CMS.

Veto no. 8: I have vetoed line 36 on page 154 of the bill. This line item appropriation of $7,042,800 appears to give vast discretion to the Treasurer to decide where to allocate a wholly new appropriation for local governments. Thus, the appropriation is in violation of Article 3, Section 16(A) of the Louisiana Constitution which requires that an appropriation be specific. Further, there are no conditions on the appropriation in the bill and no direction of whether this is tied to COVID-19 expenses or for other reimbursements. This substantial sum should be available for appropriation by the legislature in a supplemental bill later in the fiscal year with some greater accountability and transparency as to where the funds will be directed."