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Gov. John Bel Edwards

Televised Speech to the Citizens of Louisiana on the State's Budget Crisis

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AUTHENTICITY CERTIFIED: Text version below transcribed directly from audio

Tonight I speak to you as no other Louisiana governor has ever spoken to our state, because the challenges have never been so great, nor the impacts so severe for all of us who live, work, or go to school here.

Just as importantly, though, I speak to you as a fellow Louisianan, a small business owner, a concerned husband, and a father.

Since I took office exactly one month ago today, I have met with business and industry, working families, educators, and parents to share the news of our budget crisis and to discuss workable solutions. I have also met with legislators from across the state -- north and South, urban and rural, Republicans and Democrats and Independents to seek their ideas and to share my own so that we can get down to the business of solving this massive problem as quickly as possible.



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I have also received devastating facts from our state's economists showing that we are in a -- in an unprecedented position. We've faced crises in the past. When flood waters rose and damaging winds bruised and battered us, we pulled together as one Louisiana. People from every walk of life, black and white, urban and rural, joined hands and resolved to get our state back on its feet.

Once again, we must focus on solutions and not allow party labels and bickering to pull us apart. This Sunday, just three days from now, state lawmakers will convene in a special legislative session. For the next three weeks, we will take on the difficult task of correcting the largest budget deficit in our state's history.

We know that behind every budget number are real Louisiana citizens. People like Braden Wilson: Braden is nine years old and suffers from Leigh's Disease. He's been bedridden since birth and requires around the clock care. There's nothing in the world Braden's mom, Kodi, wouldn't do for her family, and as a father of three I understand that. But the Wilsons and thousands of others like them are at risk of going bankrupt if the state program they rely on to help pay for Braden's care is severely cut. It's called the NOW Waiver program and they can't get by without it. It is one of many that will take a major hit if we do not solve our budget problems.

I will also tell you about cuts we are facing that, without your support to fix, will close down higher education institutions all across our state. As I sit here with you tonight, we now have a more than 940 million dollar budget deficit for this current fiscal year, ending June 30th. In the year that starts July 1st, we are facing a 2 billion dollar budget deficit. And because the Louisiana Constitution does not allow us to fix either of these budget deficits in the regular legislative session, we have just three weeks, starting this Sunday, to make the changes we need.

We will not be paralyzed in fear by the size of this challenge, nor should we falsely claim "the sky is falling." But this is a historic fiscal crisis, the likes of which our state has never seen and absolute candor is required.

First of all, how did we get here? While my predecessor inherited a billion dollar surplus when he became Governor, I've been left with almost a billion dollar deficit for this year alone and a two billion dollar deficit for next year. For seven years in a row, the state has had growing budget deficits. Year after year, the previous administration made temporary fixes using one-time funds to patch recurring expenses, knowing that eventually the well would run dry. And it has.



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This year's 940 million dollar budget deficit is made up of two different categories:

First, the Revenue Estimating Conference -- the panel of economists and financial experts our legislature relies on -- met yesterday and told us that we are 570 million dollars short of the revenue we originally expected for the year. That's the first part of the problem. And it's due, in part, to the drop in oil prices and a slowdown in sales and corporate tax collections. In fact, we're paying out more in credits and refunds to corporations this year than we're collecting from them in taxes. This is not sound financial policy.

The other part of our 940 million dollar budget problem this year is 370 million dollars in commitments we made that we don't have the funds to pay for. This is partly due to irresponsible budgeting by the previous administration. They failed to account for how many people would need access to public health care, how many students would qualify for TOPS, how many people would enroll in our public schools, and how many state inmates would be housed by our sheriffs, among other failures. Now the money is not there to pay those bills.

I know we've all heard alarming talk about budgets before, but this is our reality. There are some who will try to downplay the severity of our problems for political gain. Some will claim our state's economists' numbers are false. Others will say we simply need to cut our way out of this mess. Remember, for eight years we've had a conservative Governor with a conservative Legislature. If stabilizing the budget were as easy as cutting spending and simply reducing state contracts, that would've been done already. But it hasn't.

Today, the stakes are far too high for Washington-style politics, or for a crisis in leadership. I recall saying two things our state would never run out of were gumbo and gumption. Now is the time for both.

To stabilize our state's budget we should not shy away from the fiscal right-sizing that is needed. For me "right sizing" requires that we get both the spending and the revenue right. Focusing on one without the other would be irresponsible.

But, I want you to understand that, if left unresolved -- if the legislature does not choose a way to raise additional dollars to strengthen the budget, and very soon, we will face unimaginable cuts to vital state services. Here are some examples:



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Our health care system is on the verge of imploding. The Department of Health and Hospitals is already facing severe cuts. And without new revenue, those cuts will be catastrophic. With larger cuts looming next year, safety net hospitals will close, starting in places like Lake Charles, Alexandria, and Bogalusa.

The health care services that are in jeopardy literally mean the difference between life and death. Funding for vital services like hospice care and end-stage kidney dialysis would be impacted.

The New Opportunity Waiver, also known as the NOW waiver, which provides much-needed help for families with developmental disabilities like Kodi Wilson's, whom I told you about earlier, is under consideration for painful cuts and could be offered to far fewer people.

I don't say this to scare you. But I am going to be honest with you. No more tricks. No more smoke. And no more mirrors.

Let's talk about our universities, community, and technical colleges.

The Louisiana TOPS scholarship fund is now so depleted that, if the legislature does not raise revenue, fewer high school students will receive awards and current recipients are in jeopardy of losing their existing scholarships for next year.

Even with additional revenue, higher education this year will need to cut 42 million dollars. This will be combined with a 28 million dollar cut in TOPS scholarship funds that the universities will have to absorb -- resulting in the largest mid-year cut in Louisiana history. However, if there is no new revenue raised this year, higher education will face catastrophic cuts over the next four months. And that comes on the heels of the largest disinvestment in higher education in the nation over the last eight years.

As I mentioned earlier, if the legislature fails to act and if we are forced to proceed with these cuts, the LSU Ag Center and parish extension offices in every parish and the Pennington Biomedical Research Center will close by April 1st. And the LSU main campus in Baton Rouge will run out of money after April 30th, as will the Health Sciences Center in Shreveport and LSU Eunice. There is no money left for payroll after those dates. The Southern University System, and University of Louisiana System, and the Louisiana Community and Technical College System are in the same boat. Without legislators approving new revenue this special session, some campuses will be forced to declare financial bankruptcy, which would include massive layoffs and the cancellation of classes.



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If you are a student attending one of these universities, it means that you will receive a grade of incomplete ["I"], many students will not be able to graduate, and student athletes across the state at those schools will be ineligible to play next semester. That means you can say farewell to college football next fall.

The development of our technical and community college system has been one of our greatest points of progress in the last two decades. The current budget realities will decimate these institutions as they are already preparing to lay off 1200 employees at a time when business and industries primary concern is the development of a world class workforce.

These are not scare tactics. This is reality. An unstable state budget will not only hurt children and working families in our state, it will devastate communities, businesses, and local government as well.

So, where do we go from here?

While I did not create the problem before us, as your governor, it is my job to fix it -- and that is what I intend to do. And I am fully aware that I did not campaign on a platform of raising taxes, but the state's deficit is now more than twice as big as anyone ever anticipated. So clearly, when the facts surrounding the problem change so dramatically, so must the solutions.

Here's what I need you to do: We cannot solve this problem without support from you for the measures I am proposing to stabilize our budget. First of all, I am proposing significant cuts, including a hiring freeze across state government, a reduction in state contracts, and I am making more than 160 million dollars in cuts to state government spending. I also propose to use 128 million dollars from the rainy day fund and 200 million dollars in non-coastal BP payments to the state to reduce the current year deficit.

Beyond those painful cuts and other proposals to fill our current 940 million dollar deficit, and next year's two billion dollar deficit, I am proposing a set of revenue-raising measures to stabilize our budget. These proposals include further reducing tax credits, suspending corporate tax deductions, and adding one penny of sales tax to our state's four cent sales tax. I am proposing this penny as a bridge that will give us time to stabilize and restructure our state's tax code. When that restructuring is complete, this penny sales tax will be removed. As part of this restructuring, I am also proposing an increase in alcohol and cigarette taxes.



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So, as we begin this very hard work, I need you to call your representatives and your senators. You can find out how to do that using a link on the governor's office website at gov.louisiana.gov. Tell your legislators we need a responsible fix for this budget -- a balance of necessary cuts and responsible revenue that will make our budget realistic and our state strong. When you hear others talk about solutions, demand specifics. Together, we will solve this historic problem.

In Louisiana, we are resilient, and we are determined to meet any challenge that comes our way. We are experienced at working together in the face of great adversity, and I know our -- our brightest days are ahead. As we begin this critical work together, please join me in praying for our state. And I'm asking that you please pray for me and for all of our elected officials.

God bless you and your family.

God bless the great state of Louisiana.

And God bless the United States of America.

Thank you all and good night.