

Targeting Savings in 2009 Budget

Making Government More Efficient and Effective While Spending Less Money

Just like any Louisiana family or small business, state government has to live within its means. Eliminating the \$341 million deficit for FY 09 is a first step in an effort to right-size state government, to maximize efficiencies, to eliminate non-essential expenditures, and to begin identifying savings that can be sustained in preparation for the much larger projected shortfall in FY 10.

To eliminate the \$341 million FY 09 deficit, departments were asked to identify efficiencies and cost-saving measures. For many departments, these savings came as a result of freezing operational expenses in travel, supplies, acquisitions, operational services and professional services, and halting or delaying the implementation of certain new initiatives.

Other savings were achieved through reductions or eliminations in lower-performing programs. These were strategic and programmatic shifts that focused on streamlining government services and producing more efficiencies in operations. In short – the goal is to make government do more with less. In some areas of government, cost savings were achieved by stopping the creation or expansion of new programs. State government has to be able to afford the programs we already have.

In addition to the savings achieved through the hiring freeze, savings in personnel costs associated with these cost-saving measures and targeted program eliminations in low-performing areas were achieved through the elimination of some vacant positions, as well as, in some instances, the elimination or the shifting of filled positions.

While reductions in government spending are essential to making government more efficient, the administration will continue to pursue strategic new programs and initiatives focused on moving the state forward and making Louisiana the best place in the world to raise a family and have a great career.

National Landscape: Nation Facing Significant Budget Cuts from Coast to Coast

The country is currently undergoing the most difficult economic situation in several generations and no state is immune to the results of this national economic downturn. The Center on Budget and Policy Priorities said on December 23rd that at least 44 states are facing shortfalls in their budgets for this year and at least 38 states anticipate deficits for fiscal year 2010 and beyond. The Center reported that 14 states have already raised taxes or taken other revenue raising measures to make up their shortfalls.

In the area of health care, at least 19 states have already proposed or implemented cuts affecting low-income children's - or their families' - eligibility for health insurance or reduced their access to health care services. New York plans to cut \$1 billion from hospitals, nursing homes and health care providers; California is proposing the removal

of more than 100,000 children from their health care program; Washington state is considering dropping dental coverage for poor adults; and Florida plans to eliminate hearing aides, eyeglasses and prescription drugs from the state's Medicaid program.

At least 20 states are cutting K-12 and early childhood education and 26 states are cutting higher education funding. Rhode Island and New York are implementing mid-year tuition hikes on students and Washington state officials are considering slashing school funding by \$1 billion. Hawaii lawmakers are proposing to reduce education spending by closing public schools for six days and requiring teachers to work without pay for four days out of the school year. In California, Governor Schwarzenegger proposed cutting funding for K-12 and community colleges by \$2.5 billion. In New York, Governor David Paterson proposed cutting \$700 million from education, and Michigan has eliminated a college scholarship program.

Some of the cuts in other states outside the areas of education and health care are just as serious. The Center reports that 34 states are reducing their state workforces and governors in 12 states have called for across-the-board cuts. Massachusetts is considering \$1 billion in public safety cuts that include cutting funding for the Massachusetts Sex Offender Registry Board; and New Hampshire is suspending jury trials for a month to save the state money.

Strategic Reductions: Aimed at Mitigating Health Care and Higher Education Impact

As has been widely noted, general fund expenditures in health care and higher education in Louisiana are the most "vulnerable" because they make up a sizable amount of the discretionary or "unprotected" portion of the general fund.

There have been news reports that current year cuts for these two areas could be in the \$160 million range for DHH, and the \$109 million range for higher education; however, the administration worked to make strategic reductions in every department in order to mitigate the level of reductions in health care and higher education. As a result of these efforts, current year spending reductions for DHH are **\$118 million**, and higher education's necessary cost-savings measures were reduced by half – down to **\$55.2 million**.

Health Care Spending Reductions

The state's health care budget saw a substantial increase in FY 09 over the previous year's funding due to significant investments in mental health care and Medicaid; and therefore, the net budget, including the \$118 million spending reduction for FY 09, remains substantially larger than the year before.

For instance, this year's budget includes the expansion of mental health service funding by more than \$89 million for direct service programs, a more than \$10 million investment in the LaCHIP program to expand health insurance for Louisiana children, and programs

previously funded by now-expired Social Services Block Grants. Also this fiscal year, the Medicaid budget grew by more than \$550 million - including federal dollars - primarily to pay for the annualized cost of provider rate increases passed during the 2007 regular legislative session – rate increases that amounted to more than \$1 billion annually and included increases to physician services, nursing homes and hospitals. The Medicaid growth also included service utilization increases typical of annual Medicaid program growth.

While there were no enrollment reductions in the Medicaid or LaCHIP programs (and LaCHIP enrollment is still ongoing) as part of these cost savings measures, certain reductions to provider rates and programs were necessary in the current fiscal year in order to reduce spending to sustainable levels and prepare for what will likely be additional budget constraints in FY 10. The 3.5 percent rate reduction for hospitals, for example, will only take effect for nearly half of this fiscal year and therefore will have a limited impact on hospital expenditures for this fiscal year, while the full savings of this reduction will be realized in FY 10.

Several principles guided DHH’s rationale for reductions in the current fiscal year, including the department’s goals for:

- **Mitigating the impact of this year’s Medicaid rate reductions on children, the elderly and the developmentally disabled, and ensuring access to physicians and critical services is maintained.**

DHH’s proposed rate reductions for the current fiscal year do not include any cuts to rural hospitals, rural health clinics or federally qualified health centers, physician services, LSU charity hospitals, dentists, pharmacy dispensing fees, nursing homes, Early and Periodic Screening Diagnosis and Treatment Services for children (EPSDT), emergency and non-emergency transportation services for Medicaid consumers and home health services.

- **Improving the efficiency of the Medicaid program.**

DHH proposes several policy changes as part of the department’s cost-savings plan aimed at eliminating inefficiencies in Medicaid that are costing taxpayers tens of millions of dollars each year. For example, more than \$60 million each year is currently being spent for inpatient institutional admissions and lengths of stay that do not meet current clinical criteria. Moreover, there is currently no prior authorization for certain outpatient procedures that may be duplicative or unnecessary in accordance with accepted clinical standards; and in some cases, because the state’s billing and payment system updates have not been automated, the state may be improperly paying multiple times for some services.

- **Focusing programmatic changes on reducing administrative costs, programs that were not yet implemented, programs that were under-utilized or programs where other services already existed to serve consumers.**

The department worked to first reduce administrative costs in the current year through freezing funded vacant positions and reducing spending on supplies and other administrative expenditures.

Where the department is implementing a programmatic reduction, there is either an existing alternative for those in the program, the program itself is not heavily utilized, or those in the program will continue to receive services while the amount of new individuals entering the program is limited. In the Access to Recovery Program, for example, individuals currently being served will continue their treatments until completion, and there will be no reduction to the federally funded Access to Recovery program for adults and juveniles re-entering the community from the criminal justice system.

DHH has already begun working to identify strategic recurring cost-saving measures and rate reductions to implement in FY 10 when there will likely be even greater reductions in state revenue. The department is also developing plans to use possible federal Medicaid funding passed by Congress to help offset reductions in FY 10, with the important understanding that this federal funding would be one-time money, and that identifying recurring program savings is essential to ensuring the state continues to spend within its means. (NOTE: Louisiana's federal matching rate for Medicaid is expected to decrease from 72 percent to 68 percent beginning in October 2009, meaning hundreds of millions of dollars to the state will be lost. Under the provisions currently being considered by Congress, the match rate may increase, but decrease to the 68 percent by January 2010.)

Education Spending Reductions

Though the reduction for higher education was reported to be initially targeted at \$109 million, strategic reductions throughout the budget lowered this target to a savings of \$55.2 million from higher education – around half of the reported \$109 million.

In particular, while officials initially discussed achieving savings for the state by cutting Louisiana's community and technical colleges by \$14.18 million, and cutting Pennington Biomedical Research Center by \$1.3 million, the administration's final plan to address the \$341 million revenue shortfall in FY 09 will have NO reduction of general fund dollars for Louisiana's community and technical colleges and Pennington. The reductions also do NOT affect the MFP formula for funding K-12 education.

The strategic decisions to avoid cutting Louisiana's community and technical colleges, which are some of the fastest growing in the nation, and economic development initiatives like Pennington Biomedical Center reflect the administration's commitment to keeping Louisiana growing while decreasing government spending, and requiring the state to live within its means, just like any Louisiana family or business.

The mid-year funding reduction of \$55.2 million means that higher education still

received an overall increase in state general fund and overall funding dollars in the current year budget. Higher education formula funding was increased from \$1,358,649,447 in FY07-08 to \$1,405,422,312 in FY08-09. Institutions were to use this funding to provide merit pay increases and to meet inflationary costs. Prior to this mid-year adjustment, FY 09 total general fund direct investments for higher education increased by \$64.4 million for a total of \$1.476 billion.

Additionally, LSU received over \$25 million for the planning and construction of a chemistry building and \$10 million for the roof replacement and repairs to veterinary facilities through capital outlay. LSU also received \$10.4 million towards the new chemistry building and \$4.54 million for the LSU Veterinary School's large animal disease isolation unit through supplemental appropriations this year.

Key higher education investments in the current year included:

- \$34.7 million toward full formula funding for every college and university
- \$10 million for workforce training “rapid response” at two-year institutions
- \$4 million for dual enrollment
- \$3 million for the Fast Start job-specific training initiative
- \$8 million for endowed chairs and professorships
- An additional \$650,000, for a total of \$120 million, for continued full funding of TOPS
- An additional \$9.2 million, for a total of \$24.2 million, to fund Go Grants, the state’s need-based financial aid program
- \$75 million toward deferred maintenance for higher education facilities
- \$50 million in capital investments for Pennington Biomedical Research Center
- \$10.7 million in general fund for merit increases
- \$208.7 million in Priority 1 and Priority 2 capital outlay investments for higher education

The administration has made substantive increases in investments to K-12 education also, which are not affected by FY 09 cost savings measures. These increases include \$70.1 million toward teacher pay raises this year, giving each teacher an increase of \$1,019 (\$1,176 with related benefits); \$12.6 million in new funding for the Ensuring Literacy and Numeracy for All initiative; and a \$500,000 increase in funding for Teach for America for a total of \$968,468. Additionally, the budget also included increases of \$10 million for flexible pay for rural school districts, and \$90 million for the Minimum Foundation Program (MFP) school funding formula for public elementary and secondary schools.

Statutory Dedications

As Governor Jindal said, the administration would take the approach that “everything is on the table” in order to identify needed savings for the state, which includes finding savings in statutory dedications.

The administration reviewed all statutory dedications when formulating cost-savings

plans for FY 09, but excluded certain funds where reductions would be counterproductive or unhelpful to the goal of alleviating the impact of general fund cuts, including:

- Funds dedicated to a state entity that was already anticipating a shortfall in the current year, such as the LSED
- Funds that if reduced would impact a master settlement agreement such as those Tobacco Settlement Funds in the Attorney General's Office
- Sales tax dedications
- Legislative and judicial branch funds
- Fiduciary funds (money that does not belong to the state but is held in trust for a group)
- State emergency response fund and LA Interoperability Communication Fund
- Transportation and highway improvement funds
- Funds dealing with public health, hurricane recovery, and education
- Funds that included federal funds
- Debt service funds
- MFP school funding formula
- Certain public safety funds
- Those that are constitutionally or otherwise protected
- Deeds for donation funds (funds the state received from a foundation or non-profit to be used for a specific designated purpose)

RS 39:75 allows reductions to be made to statutory dedications. Using the flexibility provided by this provision, the administration's FY 09 savings plan calls for **reductions of \$24,378,056 in statutory dedications**. The recommended reductions in statutory dedications, as a portion of the overall \$341 million budget deficit elimination plan, helped mitigate general fund cuts to other areas not statutorily protected, particularly health care and higher education.

Even more statutory dedication savings are anticipated for FY 10.

Government Personnel, Programs, and Offices

This budget reduction plan reflects the freezing of more than 1,000 vacant government positions statewide. This is in addition to the elimination of close to 1,000 funded positions in the existing budget. Given the projected shortfall for the coming fiscal year, it is likely that many of these 1,000 positions for FY 09 will be eliminated to generate further savings.

The Department of Public Safety has already begun a reduction in middle management positions, eliminating two Lt. Colonel positions in the Office of State Police. Also, the Office of Management and Finance will eliminate one IT Deputy Director position, and the Office of Motor Vehicles will eliminate four middle management positions.

In addition to hiring freezes and other expenditure freezes, the plan also includes the closure of offices, the elimination of programs, and a total of 335 layoffs as part of departmental cost-savings measures, which includes 163 permanent full-time employees,

102 WAE employees, and 70 probationary appointments. This figure does not include layoffs that may be included in the budget reduction plans of statewide elected officials, nor the elimination of filled student worker positions certain departments will undertake.

The Department of Veterans Affairs will implement a layoff plan for 12 administrative positions. The Department of Corrections will stop the expansion of its Skilled Nursing Facility at the Elayn Hunt Correction Center and eliminate 70 probationary appointments to the program. DOC will sell the Steve Hoyle Rehabilitation Center in Tallaluh to a private entity, resulting in a loss of 151 full-time state employees (the facility may then be operated as a federal detention center and administered by a contract firm, which will be required to hire back former employees as needed). Corrections will also eliminate 102 filled "When Actually Employed" (WAE) positions department-wide.

Concerning programs, the Department of Public Safety will cancel the implementation of the Next Generation Vehicle Project, an over-budget and behind-schedule contract for the Office of Motor Vehicles. The department will instead move forward with upgrading its existing mainframe. Additionally, the Department of Environmental Quality will close its office in Mandeville and continue operations from their other existing offices.

Completing the Process

The \$341 million budget deficit elimination plan outlined today is a complete package put together strategically and thoughtfully to protect state priorities, while reducing state spending to an affordable level. As RS 39:75 dictates, today the Governor issued an Executive Order by his own authority to immediately reduce up to three percent of the general fund by budget unit. By this Executive Order, the administration cut \$162,544,637. The administration also announced that they have been working closely with legislative leadership and they expect to present a plan to the Joint Legislative Committee on the Budget on January 9, 2009 to seek approval for the remaining \$178,403,597 in savings needed for FY 09.

Implications for FY10

To the greatest extent possible, agencies are preparing to translate cuts made in the current fiscal year into sustained savings for FY 10. Also, for FY 10 savings, many of the positions that are frozen under the current hiring freeze will be eliminated.

While current year savings begin to maximize government efficiency, FY 10 will require even more strategic and deep cuts through program reforms, eliminations and policy changes. Secretaries, agency heads and state leaders are already examining their programs for strategic ways to reduce costs while not eliminating their services wherever possible.

****Below is a breakdown of cost savings by department/agency amounting to total savings of more than \$316 million, which added to the more than \$24 million in savings from statutory dedications, totals the necessary more than \$340.9 million in savings for FY 09.*****

Agriculture and Forestry
TOTAL SAVINGS = \$2,732,951

This figure represents a targeted equitable share of discretionary general fund savings. The Agriculture and Forestry department has agreed to and is responsible for the implementation of these cost savings.

Attorney General's Office
TOTAL SAVINGS = \$1,388,370

This figure represents a targeted equitable share of discretionary general fund savings. The Attorney General's Office has agreed to and is responsible for the implementation of these cost savings.

HIED Debt Service
TOTAL SAVINGS = \$12,608,893

This savings relates to funding for debt service payments for various LCTCS projects as specified in Act 391 of the 2007 Regular Session. The \$200 million in appropriation-backed debt for LCTCS has been delayed until August, and the debt-service savings helped to offset the need for general fund cuts to LCTCS.

Debt Service and Maintenance
TOTAL SAVINGS = \$7,884,341

This savings related to the reduction in Debt Service payments for Federal City in FY 09. Rather than \$90 million in debt issued, only \$25 million in bonds were sold to satisfy cash flow for the construction schedule. This amount met the requirements of the Navy and will allow the project to begin construction on time and without any delays.

General Obligation Debt Service
TOTAL SAVINGS = \$20 Million

This savings resulted from the state delaying issuing \$500 million in General Obligation bonds during the fall of 2008 until late spring of 2009, due to external, unfavorable market conditions. The delay caused no impact on cash flow or any additional delays of projects.

Department of Corrections
TOTAL SAVINGS = \$11,032,707

**Stop Expansion of the Skilled Nursing Unit at Elayn Hunt Correctional Center
Savings = \$2.7 Million**

This unit is new and is not operational today. The original expansion plan called for five new cellblocks for mental health, intake, visitation, assisted living, and an infirmary; and instead, the revised expansion plan will consist of the Mental Health Cell Block. The inmates who were scheduled to transfer to the other cellblocks in the Skilled Nursing Unit will remain in place where they are already budgeted. As a result of this reduction, the department is entering into discussions with LSU-Health Care Services Division to potentially partner on medical services. The 53 positions associated with the Skilled Nursing Unit were not filled, pursuant to the November 2008 hiring freeze.

**Reduce Skilled Nursing Unit Probationary Appointments by 70
Savings = \$1.5 Million**

Because the facility will not be fully expanded under the cost-savings measures detailed above, these 70 probationary positions are no longer necessary. Approximately 100 staff will stay on for the Mental Health Cell Block and other functions, but 70 staff will be released.

**Sell the Steve Hoyle Rehabilitation Center in Tallulah
Savings = \$2 Million**

This facility will be sold to a private entity and most likely operated as a federal detention center administered by a contract firm. The department will absorb the 240 offenders currently housed at the facility today. This institution was chosen for sale due to the high per-inmate, per-day costs (\$102/day versus an average \$44/day cost across state institutions), the ease in absorbing the offender population, and interested third-party buyers. The department will lay off 151 employees upon closure of the facility, and DOC will require the contract firm operating the facility to hire Steve Hoyle employees under the terms of the sale.

**Hiring Freeze
Savings = \$1,972,707**

This savings is the result of freezing 53 vacant positions in DOC, without compromising public safety.

**Eliminate the Student Worker Program
Savings = \$210,000**

DOC currently has 70 student workers that will be released. This will save the department money while helping to avoid layoffs of full-time staff.

**Decrease Overtime Use
Savings = \$1 Million**

Through better management of overtime and more use of compensation time, the department will decrease its overtime budget by 10 percent.

**Eliminate “When Actually Employed” Workers
Savings = \$800,000**

The Department has 102 “When Actually Employed” workers today. These are hourly employees that are used to fill gaps. This workforce reduction will save the department money while helping to avoid layoffs of full-time staff.

**Negotiate Lower Pharmaceutical Prices
Savings = \$500,000**

The department is collaborating with LSU to expand a federal discount pharmaceutical program to include psychotropic and other high-dollar medications. This could save the department up to 60 percent of its current pharmaceutical costs.

**Freeze Administrative Positions
Savings = \$200,000**

This savings is the result of freezing 11 vacant administrative positions, which will save the department money while helping to avoid layoffs of full-time staff.

**Limit Travel Expenses
Savings = \$100,000**

The Department will severely limit all out-of-state travel and tightly control in-state travel.

**Charge a Small Fee for Community Service by Inmates
Savings = \$50,000**

Correctional institutions provide various maintenance and community clean-up services at no charge today for universities, school districts, local government and private entities. The department will implement a nominal fee to re-coup costs for transportation and other expenses related to this service.

**Department of Economic Development
TOTAL SAVINGS = \$1,005,750**

**Hiring Freeze
Savings = \$105,750**

These savings are the result of freezing two vacant positions within the department.

**Reduction in the Regional Awards and Matching Grant Program (RAMGP)
Savings = \$900,000**

The Tier II program has an unencumbered balance of over \$1.1 million for FY09, so LED can limit the number of approved grant applications from now through the end of the year with a reduction of \$900,000.

NOTE: Looking forward to FY2010, LED will begin designing a more restricted program that funds only the highest quality projects with significant regional impact.

Department of Education
TOTAL SAVINGS = \$11,146,641

Hiring Freeze
Savings = \$1,599,085

This savings is the result of freezing 91 vacant positions.

Database Resource
Savings = \$150,000

This savings is from funds for an internet database for instructional materials that can instead be provided through school districts with MFP funds.

Unclaimed Funding in the Professional Improvement Program (PIP)
Savings = \$1.3 Million

The Professional Improvement Program was established to compensate teachers as a result of their successful completion of a five-year development plan. This amount of savings represents unclaimed funding based on the prior year's unused funds.

Unclaimed Funds for National Teacher Certification Stipends
Savings = \$500,000

This program provides stipends for teachers who have earned the National Board Teacher Certification and this amount of savings represents an estimation of unclaimed funding based on the prior year's unused funds.

Uncommitted Funds for the Louisiana Leadership Excellence Program
Savings = \$277,000

This savings is the total amount uncommitted to date in the current fiscal year for this program.

Community Based Tutorial Programs Funded with TANF Funds
Savings = \$420,122

This is a community based after-school tutorial program. BESE contends that there is no evidence available that this program has successful outcomes and accountability is

difficult to ensure. Additionally, there is around \$7.6 million available in TANF funding for this activity.

20 Percent Cost-Savings from K-12 Accountability Rewards

Savings = \$4,669,291

This savings maintains fiscal incentives for schools that meet their growth targets while achieving cost savings within the department.

Jobs for America's Graduates Funded with TANF Funds

Savings = \$900,000

This is a dropout prevention/recovery and workforce preparation program for at-risk youth and funding will be replaced with federal TANF funds.

HIPPY/Home Instruction Program

Savings = \$758,252

This program provides funds to children from ages three to five as prescribed by HIPPY USA. Savings are achieved by reducing general fund dollars to the program, as other services are already provided for childhood development through state LA-4 and HeadStart programs.

Uncommitted Funds for the High School Redesign – Senior Project

Savings = \$300,000

This savings represents the amount for the program that is currently uncommitted.

Unused Funds for Nonpublic Textbooks

Savings = \$257,639

This savings is from unused funds after having paid for textbooks, library books, and other materials of instruction for nonpublic schools.

Unused Funds for Textbooks

Savings = \$15,252

This amount represents unused funds for paying school districts to purchase textbooks for nonpublic schools.

Department of Environmental Quality

TOTAL SAVINGS = \$1,815,028

Closing the Mandeville Office

Savings = \$11,914

The Mandeville Office was opened in October 2005 strictly as a temporary satellite office, since the main office for the Southeast region in Harahan was not operational due to the devastating impact of Hurricane Katrina. On average, the Mandeville office houses 20-25 staff, which will now operate out of the original Harahan office. No staff are eliminated by this change and services for the Southwest region will continue seamlessly. The closure will save \$58,885 over the remaining 2.5 years of the original lease contract (\$11,914 for 2009).

Reducing Acquisitions

Savings = \$246,609

DEQ has reduced their acquisition budget in the current year (FY 2009) by five percent. (Examples of acquisitions include computer equipment replacements and field equipment.)

Reducing the Vehicle Replacement Budget

Savings = \$635,820

DEQ has cut 100% of their Vehicle Replacement budget, meaning the department will not replace any vehicles in their current fleet in FY 2009.

Hiring Freeze

Savings = \$920,685

This savings is the result of freezing 20 vacant positions across offices/programs that will have the least impact on the department's core mission of permitting, enforcement, and surveillance activities.

Department of Health and Hospitals

TOTAL SAVINGS = \$118,070,508

Means of Financing

Savings = \$17,544,028

This \$17.5 million means-of-finance adjustment makes optimal use of available federal dollars.

Utilization Reduction

Savings = \$56,623,228

This savings is the result of a decrease in utilization that resulted from Hurricanes Gustav and Ike, and certain other departmental reductions of spending since that time.

Delay Implementation of Pilot Program

Savings = \$258,210

This savings results from delaying implementation of a pilot program passed this year by the legislature, which has not yet been implemented.

Helicopter Services
Savings = \$500,000

Funding was added to the budget just this year to help pay for helicopter services with state general fund dollars that would not be matched with any federal dollars. While these new payments are not being initiated, emergency and non-emergency transportation for Medicaid is not being reduced at this time.

Residential Options Waiver
Savings = \$666,817

The Residential Options Waiver is a new waiver program, which, when fully funded, will provide additional options for people with disabilities who may not need the full range of services available in the New Opportunities Waiver. DHH will continue to seek federal waiver approval for this program.

Adult Residential Care Waiver
Savings = \$489,907

The Adult Residential Care Waiver is a new waiver program, which, when fully funded, will provide alternatives to nursing home services. Ultimately, the program will provide more home and community-based options for seniors. DHH will continue to seek federal waiver approval for this program.

State General-Funded Waiver Slots
Savings = \$937,022

This savings is a result of freezing additional state general fund waiver allocations for the New Opportunity Waiver and the Elderly and Disabled Adults Waiver programs. NOW slots funded with statutorily dedicated funds will not be frozen and the department will continue to sign up people for the waiver.

Hospital Clinical Utilization Criteria
Savings = \$1,300,135

Louisiana Medicaid currently utilizes 1995 inpatient clinical criteria along with limited customized clinical criteria when reviewing requests for hospital admissions and length of stay. These savings will result from the implementation of the most up-to-date clinical criteria in assessing requests for hospital admissions and length of stay.

Nursing Home “Leave Day” Policies
Savings = \$494,012

Nursing homes are currently paid by the state at the rate of 100 percent of the regular nursing home rate for up to 15 days per year when the nursing home patient is away from the nursing home for home visitation, and at a rate of 75 percent of the regular rate for days, up to seven days per occurrence, when the patient is away from the nursing home for a hospital stay. Effective March 1, 2009, the payment for hospital leave days and home leave days will be paid at the rate of 10 percent of the regular nursing home rate plus the nursing home provider fee for nursing homes under 90 percent occupancy. For homes with occupancy above 90 percent, the state will pay 90 percent of the nursing home's regular rate plus the nursing home provider fee.

“Leave Days” Reimbursement Policy for Intermediate Care Facilities for the Developmentally Disabled
Savings = \$113,201

Facilities will be reimbursed by the state at 75 percent of the daily rate for holding an empty bed rather than 100 percent of the rate.

Drug Prescriptions for Adults
Savings = \$7,574,160

Beginning March 1, 2009, DHH will pay for a maximum of five prescriptions per calendar month, instead of the current eight per month, with some exemptions and opportunity for exceptions based on clinical evidence. The following recipient categories are exempt from the monthly prescription limit: people under the age of 21; people living in long-term care such as nursing homes and ICF-MR facilities; and pregnant women. Prescribing practitioners will be allowed to request prior authorization for all other recipients who are not exempt from the five prescription monthly service limitation. Recipients may receive more than five prescriptions per month if the prescribing practitioner provides medical information justifying the medical necessity for any additional prescriptions based on established clinical criteria. This will help to reduce the over-utilization of certain services that can actually harm patients.

Implement Diagnostic Utilization Management
Savings = \$358,625

Beginning April 1, 2009, Louisiana Medicaid will implement a diagnostic utilization management program to ensure appropriate utilization of costly radiology and diagnostic services by Medicaid providers. This program will consist of the development, implementation, and operation of a prior authorization system for outpatient diagnostic and radiology services and the performance of utilization studies to ensure appropriate use of services. This will help to reduce the over-utilization of certain services that can actually harm patients; for example, the patient who visited emergency rooms and outpatient centers 30 times and received more than 60 unnecessary CAT scans, exposing him to levels of radiation exceeding 18,000 X-Rays.

Hospice Payments for Nursing Home Care

Savings = \$184,591

In addition to paying hospice providers for hospice services, DHH currently pays hospice providers that have hospice patients in nursing homes for nursing homes' room-and-board rates. The hospice providers then pay the room-and-board rate to the nursing homes. Effective March 1, 2009, the room-and-board rate for hospice providers will be paid by the state at 95 percent of the nursing home room-and-board rate.

Private Provider Reimbursement Rates

Savings = \$5,109,387

A 3.5 percent rate reduction will be applied to specific Medicaid providers effective February 1, 2009, applicable to current fees on file. This action results in reduced payments to specified providers, including but not limited to providers of durable medical equipment, hemodialysis, laboratory services, mental health rehabilitation, hospitals and long-term personal care services. This reduction does NOT affect physicians; pharmacy dispensing fees; rural hospitals; LSU charity hospitals; dentists; high-Medicaid hospitals; children's Early Periodic Screening, Diagnosis and Treatment or EPSDT services; home health; medical transportation providers for emergent and non-emergent transportation; rural health clinics or federally qualified health clinics; and nursing homes.

High-Medicaid Hospital Pool

Savings = \$21,518

The high-Medicaid hospitals will continue to be paid for treating the high volume of Medicaid, but \$75,000 (three percent) will be removed from the high-Medicaid rate pool, generating state match savings of \$21,518.

Medicaid Administration

Freeze Hiring for Vacant Positions

Savings = \$846,333

This savings is the result of freezing 27 vacant positions, as the department continues to identify ways to operate more efficiently while meeting federal requirements and public needs.

Pharmacy Prior-Authorization Contract Savings

Savings = \$500,000

DHH has determined that these funds are not needed in the prior-authorization contract and they can be removed without impacting its current function.

Claims-Payment Contract

Savings = \$2,420,515

The state will reduce administrative portions of the Unisys contract related to administrative services that were funded but not yet implemented.

Office of the Secretary

Freeze Hiring for Vacant Positions

Savings = \$549,974

This savings is the result of freezing 11 vacant positions, as the department continues to identify ways to operate more efficiently while meeting public needs.

Eliminate Administrative Cost Associated with One Position for Stroke Program

Savings = \$36,000

This savings comes from the elimination of administrative costs associated with one additional position for public stroke education that was cut in the FY 09 budget. Any associated costs that may be incurred will be paid through federal grants from within the Chronic Disease Unit.

Eliminate Costs for the Now Defunct Louisiana Diabetes Advisory Council's Spring Retreat

Savings = \$29,000

This savings is from funds set aside for the now defunct Louisiana Diabetes Initiatives Council's retreat in spring 2009.

Reduce Administrative Costs

Savings = \$882,481

This savings results from terminating or reducing the number of student workers; eliminating less critical job appointments; reducing out-of-state travel; and reducing the budget for supplies. There is also savings in contracts and professional services.

Office of Aging and Adult Services

Freeze Hiring for Vacant Positions

Savings = \$822,995

This savings is the result of freezing 12 positions that are either vacant now or are expected to be vacant through attrition later in the year.

Office Equipment

Savings = \$37,293

OAAS will achieve savings by delaying the replacement of computers and other office equipment.

**Eliminate Certain Budgeted Training Costs for Training No Longer Available
Savings = \$237,000**

OAAS will generate savings from training and technical assistance that is no longer available for adult day health care providers, and will generate administrative savings from the Single Point of Entry (SPOE) initiative. SPOE is a single point of entry program combining information and services such as referrals, intake and Medicaid eligibility screening, nursing home admissions, plus departmental and other community services under one roof through a local Council on Aging. The program has been implemented, but there are administrative costs, which were not necessary for the current fiscal year.

Louisiana Emergency Response Network (LERN)

**LERN Call Center
Savings = \$592,211**

The Louisiana Emergency Response Network operates two 24-hour call centers. A needs review determined that LERN operators can effectively work from the existing call centers and handle call volume for all nine regions of the state.

Office of Public Health

**Freeze Hiring for Vacant Positions
Savings = \$2,011,502**

This savings is the result of freezing 71 vacant or other budgeted positions in the Office of Public Health, as the office continues to identify ways to operate more efficiently while meeting public needs.

**Building Inspections
Savings = \$149,659**

Inspections will continue at a rate that ensures public safety.

**Retail Food Monitoring
Savings = \$224,486**

Self-generated funds from the department are projected to be higher than expected in the current year, which will offset the need for these state general funds.

**Eliminate Non-Critical Testing Contract Proposal
Savings = \$37,414**

This savings is a result of not initiating a contract for analytical services that can be performed by a DHH lab, which will be fully functional and certified beginning in

February 2009. Hurricane Katrina destroyed the DHH chemical lab in New Orleans, and since, costly outside services have been required for some analysis the new DHH lab will now be capable of performing.

Sewage Treatment and Disposal Monitoring
Savings = \$37,414

Self-generated funds are higher than expected for the current fiscal year, and will offset need for these state general funds.

State Emergency Response Fund
Savings = \$74,829

The state has been using state general funds to pay for the supply of Blackberries assigned to public health officials during disasters, and now these services will be paid through program-specific grants.

Genetics Program
Savings = \$224,486

This savings is the result of a contract reduction that shifts the testing and analysis of certain diseases to state public health labs.

Family Planning Outreach
Savings = \$374,144

Savings results from reducing contracts and increasing efficiencies within the department.

Delay Expansion of Birth Defects Monitoring
Savings = \$374,144

The department will delay the expansion of birth defects surveillance monitoring, but this will not impact existing observation and treatment.

Office for Citizens with Developmental Disabilities

Freeze hiring for vacant positions
Savings = \$1,880,073

This savings is the result of freezing 46 vacant positions, as the department continues to meet public needs with existing resources and to identify ways to operate more efficiently.

Psychological Evaluations
Savings = \$161,648

Based on projected need for the remainder of this year, OCDD anticipates being able to provide the necessary evaluations with funds remaining.

**Service Contracts for Consulting
Savings = \$352,912**

This savings results from scaling back contracts for consultants for waiver services.

**Vocational Services
Savings = \$900,000**

Because more services are now being provided through waivers, state general funds that were previously reserved for providing vocational services were reduced accordingly.

Office for Addictive Disorders

**Freeze Hiring for Vacant Positions
Savings = \$435,635**

This savings is the result of freezing six vacant positions, as the department continues to meet public needs with existing resources and identify ways to operate more efficiently.

**Reduce Access to Recovery (ATR) Voucher Program by 30 Percent
Savings = \$2,700,000**

This savings results from decreasing the size of the Access to Recovery program, which will continue to keep 70 percent of its funding for this year - fully funding all vouchers already committed so individuals currently being served will continue their treatments until completion; and there will be no reduction to the federally funded Access to Recovery program for adults and juveniles re-entering the community from the criminal justice system. (This program was originally funded with federal grant dollars. When the grant ended, the state allocated SSBG dollars to sustain the program. The SSBG dollars expired in November, and the program is now funded with state general fund dollars.)

Office of Mental Health

This year's budget for mental health services increased by \$89 million when including additional services or costs funded by Medicaid, the Office of Mental Health and the Human Services Districts. The reductions in the Office of Mental Health are focused on scaling back expansions that have not yet been fully implemented, or are not high utilization services.

**Freeze Hiring for Vacant Positions
Savings = \$2,703,213**

This savings is the result of freezing 80 vacant positions, as the department continues to identify ways to operate more efficiently and meet public needs with existing resources.

New Mental Health Programs

Savings = \$ 4,051,500

This savings results from delaying funding for the establishment of a receiving center in the greater New Orleans area, and the reduction of funding for other services not yet implemented in the current year.

Stop Expansion of Adult Respite Care Beds

Savings = \$249,999

This removes funding for the expansion of six new program beds at the New Orleans Adolescent Hospital.

Terminate Counseling Contract for People Impacted by Katrina and Rita in Monroe Area

Savings = \$52,500

Terminate contract for post Hurricane counseling services in Monroe, initiated following Hurricanes Katrina and Rita. Residents may continue to receive counseling on a sliding or reduced fee scale through local vendors including ULM.

Inpatient Facility-Contracted Services

Savings = \$993,791

This savings results from the reduction or elimination of certain allied health and supporting contracts at state psychiatric hospital facilities. To the extent these services are needed for Medicaid-funded patients, they will remain available through Medicaid.

Eliminate Duplicative or Underutilized Programs Formerly Funded with Federal Social Service Block Grants

Savings = \$952,516

State funds of \$390,000 will be saved by eliminating the expansion of two, state-funded transitional housing programs in Region 3 (south Louisiana—Houma/Thibodaux area). Region 3 will be allocated federally supported public housing vouchers in early 2009, which will provide for these resources.

\$129,601 will be saved in Region 6 (Alexandria area) by eliminating contracts for ancillary therapies and programs related to Huey P. Long's acute unit. After December 31, 2008, these services will be provided by LSU Health Services in Shreveport.

\$275,940 will be saved by closing three under-utilized acute psychiatric beds in Region 7 (Shreveport). (Only one person currently receives services in this unit.)

\$156,975 will be saved in Region 7 by eliminating the contract for intensive family and individual counseling for at-risk families, as well as respite services and out-of-home activities. This program, currently serving four families, will be converted to an evidence-based practice model for functional family therapy.

Department of Natural Resources
TOTAL SAVINGS = \$1,959,852

Hiring Freeze
Savings = \$259,852

This savings is the result of freezing 14 vacant positions throughout the department that will have the least impact on permit processing and coastal restoration.

Mineral Resources Operations Fund Subsidizes the Office of Conservation
Savings = \$1.7 Million

The Department of Natural Resources examined its non-general fund income streams to determine if any could be redirected to non-traditional areas of the department. DNR determined that the Mineral Resources Operations Fund (made of fees and self-generated revenue paid by the oil and gas industry when producing oil and gas from state land and water bottoms) will subsidize the Office of Conservation. This transaction will reduce the general fund support to the Office of Conservation by \$1.7 million dollars and substitute \$1.7 million from the Mineral Resources Operations Fund.

(NOTE: There will be a similar adjustment to DNR's budget next year to once again effect a \$1.7 million general fund reduction from continuation and the department feels confident that this income stream can be maintained for at least five years.)

Department of Public Safety
TOTAL SAVINGS = \$5,840,693

Cancel Over-Budgeted and Behind-Schedule IT Project
Savings = \$2.5 Million

Colonel Mike Edmondson inherited the Next Generation Motor Vehicle Project, which is now estimated to cost \$10 million more than originally budgeted and is taking far longer than initially scheduled. Instead, DPS will upgrade the existing mainframe.

Reduce the Purchase of Supplies by 10%
Savings = \$1.4 Million

After a review of needs and potential duplication, general office supplies and individualized clothing will be reduced by 10 percent. In 2009-10, it is possible that these supplies can be reduced even further. Supplies associated with enforcement will not be reduced as a result of this adjustment.

Hiring Freeze**Savings = \$940,693**

This savings is the result of freezing 47 vacant positions without compromising public safety.

Reduce Management Positions**Savings = \$500,000**

In recent years, the Department has become unnecessarily top-heavy. After a review of needs and duplication, supervision will move out of headquarters and into the field. As a result, the Office of State Police has eliminated two Lieutenant Colonel positions. The Office of Management Finance will eliminate a Deputy Director for IT position, and the Office of Motor Vehicles will eliminate four middle management positions.

Reduce Aviation Maintenance Budget Costs**Savings = \$500,000**

Each helicopter in the State Police fleet must undergo regular maintenance based on the number of hours flown, and the department has determined that these services can still be performed as needed while producing a savings of \$500,000.

Department of Revenue
TOTAL SAVINGS = \$3,393,660

Hiring Freeze**Savings = \$1,107,973**

This savings is the result of freezing 22 vacant positions that have the least impact on tax collection, the regulation of charitable gaming, alcoholic beverage and tobacco, and oversight with respect to real property valuations.

Louisiana Tax Commission**Savings = \$60,687**

This savings is the result of freezing one vacant position at the LA Tax Commission.

Reducing Travel**Savings = \$100,000**

The department's in-state travel budget is being reduced by \$50,000 to limit the amount of travel associated with training and conferences only to what is absolutely necessary, and out-of-state travel is being reduced by \$50,000, as these training trips are not a department priority.

Operating Services Reductions
Savings = \$300,000

Postage and shipping services will be below budgeted for this fiscal year.

Maintaining Current Automatic Call Distribution Telephone System
Savings = \$500,000

The department will not implement additional functionalities in the Automatic Call Distribution telephone system and maintain the current system for a savings of \$500,000.

Reduction in Supplies
Savings = \$100,000

This savings will be achieved by eliminating the replacement of supply items purchased by employees. These items are not related to general office supplies and have no impact on the ability to serve the general public. (Examples: office items employees use to organize their work spaces.)

Reduction in Web Professional Services
Savings = \$225,000

The savings identified relate to a reduction in acquiring services for web application development and electronic filing solutions. The department was able to negotiate the cost for these services below the prices specified in the CSSA Agreement for the State.

Audit System Solution
Savings = \$1 Million

The savings are a result of LDR having identified a solution for its audit tracking and case management system that costs approximately one-half of the amount appropriated. The solution purchased satisfies all of the requirements specified by Field Audit Services Division of the Agency at the reduced cost.

Department of Social Services
TOTAL SAVINGS = \$20,445,097

Hiring Freeze
Savings = \$2,944,680

This savings is the result of freezing of 63 vacant positions in the Office of Family Support, 35 vacant positions in the Office of Community Services, and 10 vacant positions in Louisiana Rehabilitation Services.

Reduce Funding For Underutilized Parent Assistance Program
Savings = \$300,000

This program provides cash assistance for two-parent families and serves a limited number of citizens. The program is underutilized and has been for the last two fiscal years. The savings made from this program will save the state money while maintaining the current level of services.

**Reduce Funding For Office of Community Services Supplies and Travel
Savings = \$520,000**

This savings comes from a reduction in the budget for office supplies and travel in the Office of Community Services.

**Reduce Professional Services Contract In Office Of Community Services
Savings = \$40,000**

These savings come from the shifting of services from contractors to DSS staff.

**Reduce the Need for Expenditure of State Funds for Child Care Licensing
Savings = \$362,500**

When Child Care Licensing was transferred from the Office of the Secretary to the Office of Family Support, state general funds accompanied this move to OFS. In evaluating operating expenses, the amount budgeted was greater than needed for expenditures and this savings represents a return of the excess funds.

**Cost Reduction For Information Technology, Mail and Printing Services
Savings = \$500,000**

When DHH and DSS split, DSS retained responsibility for Information Technology, mailroom and printing services. Because of this, DSS received state general funds to cover the cost of DHH's system. The cost was estimated to be higher than it actually is and therefore the department will reduce state general funds needed with no reduction in services.

**Additional Hiring Freeze within DSS
Savings = \$322,572**

In addition to the hiring freeze savings, the agency will freeze an additional six to seven positions as they become vacant each month for the remainder of FY 09.

**Reduce Professional Services Contract for Foster Care
Savings = \$15,000**

This is a reduction to the balance of a consultant contract for foster care. These services will be performed by current staff.

Reduce Funding For Supplies and Travel
Savings = \$25,382

This savings is the result of reducing the budget for travel and supplies throughout the department.

Reduce Funding For Louisiana Rehabilitation Services Supplies and Travel
Savings = \$13,632

This savings is a result of a reduction in the budget for office supplies and travel in the Louisiana Rehabilitation Services office.

Eliminate Unnecessary Temporary Job Appointments
Savings = \$100,000

It was a human resources practice to hire workers and place them in Job Appointments pending the completion of background checks and training, at which time they would be placed in a permanent position. However, due to the permanent positions being eliminated during the FY 09 budget development and not allotted as a result of the hiring freeze, there is no longer a need for those temporary job appointments.

Reduce Funding For Office of Community Services Office Equipment
Savings = \$75,000

This savings is a result of reducing the purchases of office equipment.

Refocus Eligibility Formula for Rehabilitation Program
Savings = \$2,197,360

After Hurricane Katrina, Louisiana Rehabilitation Services (LRS) was granted a federal waiver for the state match. This waiver allowed LRS to expand its Vocational Rehabilitation Program to serve all five levels of disabilities (most-significantly disabled to non-significantly disabled). However, this waiver was received for one year only. Due to timing of drawing federal funds and recording state expenditures, LRS was able to prolong the use of this one-time funding into FY 08. In the past 10 years, funding was more often than not limited to those clients that were most significantly disabled and only extended to clients whose disabilities were not as significant, as funding was available. Expansions were reversed when warranted. To avoid funding continuing operations with one-time funds, the agency will refocus on the most significantly disabled clients and remove this program expansion. This will not affect existing clients; rather it will be phased in as new clients are accepted.

Reduce the Need for Expenditure of State Funds for TANF
Savings = \$4.5 Million

Currently, the department uses funding from the Louisiana Department of Education and

the Office of Juvenile Justice (OJJ) to draw down Temporary Assistance to Needy Families (TANF) federal funding. The percentage of OJJ youth in non-residential treatment that meets TANF eligibility criteria is higher than expected. As a result, OJJ is spending more to treat youth in a non-residential setting than in previous years, thus reducing DSS' need to expend state dollars to draw down TANF funds.

**Utilizing Federal Dollars For Early Child Care and Education
Savings = \$3,550,000**

Quality early childcare and education have been demonstrated to result in better long-term outcomes for children. In order to maintain this as a priority, DSS leveraged current federal Child Care Development Fund monies and was able to reduce the state funding required in both SFY 2009 and 2010.

**Utilizing Federal Grant Funds For Child Abuse Programs
Savings = \$500,000**

The department will substitute Child Abuse/Neglect grant (CAN grant) funds for state general funds. The department receives the CAN grant for the primary purpose of developing, strengthening, and carrying out child abuse and neglect prevention and treatment programs. The agency will utilize these federal funds on programs that are currently funded with state general fund to save state money without any reduction in services.

**Utilizing TANF Dollars For Child Safety Program
Savings = \$1,478,971**

The department has increased services to prevent the removal of children from their homes over the last four years. This has resulted in a decreased utilization of more costly interventions such as residential placements. In order to maintain the department's priority to ensure the safety of children in the most cost efficient manner possible, the department has increased the allocation of federal TANF funding for these services thereby reducing the impact on the state general fund.

**Using Accumulated funds for Support Enforcement Services (SES) Expenses
Savings = \$3 Million**

The federal government provides the department incentive funds to help with the enforcement of child support collections. Over the years, DSS has accumulated a balance in SES incentive funds, which DSS will use to replace state general funds used to pay administrative expenses in SES.

**Department of Transportation
TOTAL SAVINGS = \$6,806,761**

Change of Financing for LA SWIFT

Savings = \$2,040,732

DOTD will replace State General Fund dollars in FY 09 for the LA SWIFT transit program with revenues from the Transportation Trust Fund (TTF). This program was funded with carry forward dollars and would have eventually required an alternative source of funding.

Change of Financing for 15% of Maintenance Contracts

Savings = \$4,766,029

DOTD will reduce State General Fund dollars for 15 percent of maintenance contracts and Trust Fund (TTF) dollars will be used in some instances, while other maintenance contracts will be prioritized. These programs were funded with carry forward dollars and would have eventually required an alternative source of funding.

Department of Veterans Affairs

Total Savings = \$1,454,402

LA Veterans Honor Medals

Savings = \$100,000

The department is executing the new LA Veterans Honor Medals program in a fiscally responsible manner that will save the state \$100,000 allotted to the program for the distribution of medals to veterans.

Hiring Freeze

Savings = \$398,435

This savings is the result of freezing three noncritical vacant positions in the department.

Reduce State Funding for State War Veterans Homes by Utilizing Non-State Dollars

Savings = \$955,967

A total of \$442,487 will be reduced from non-critical needs, and using non-state funding will offset the remaining balance of \$513,480 in cost-savings. First, \$304,580 will be generated from increased federal revenue from the Medicare program within the five state war veterans' homes. Second, war veterans' home will receive an additional \$100,000 in cost-of-living allowance adjustments. Third, the LVDA will use empty beds in certain homes and receive substantial funding through a federal VA grant by implementing a homeless veterans housing program with the potential to provide shelter to 30 of the state's homeless veterans per day. This initiative will account for increased federal revenue in the amount of \$108,900 over a 120-day period beginning March 1, 2009. This cost savings plan will necessitate the layoffs of 12 administrative positions.

Division Of Administration

TOTAL SAVINGS = \$4,683,189

Hiring Freeze

Savings = \$3,042,375

This savings is the result of DOA holding 42 positions vacant for the remainder of the year.

Freeze in Travel

Savings = \$300,000

Reduce conference and non-emergency travel.

Freeze in Supplies

Savings = \$450,000

Reduce expenditures for operating supplies such as paper and office products.

Freeze in Operating Services

Savings = \$253,814

Reduce printing costs, dues and eliminate on-hold music.

Freeze In Professional Services

Savings = \$435,000

Reduce outside legal contracts and consulting services.

Freeze In Acquisitions

Savings = \$202,000

Reduce computer replacement purchases and file cabinet replacements.

Governor's Office Of Homeland Security & Emergency Preparedness

TOTAL SAVINGS = \$591,000

Reduce Operating Expenditure Costs

Savings = \$591,000

The Operations Section manages the response to disasters and emergencies throughout the state. In FY 09, funds were budgeted to print the State Emergency Operations Plan (EOP) and Supplement 6. Instead of providing a hard copy to the affected users as originally planned, GOHSEP will instead make this information available via the internet, as appropriate, or on computer media. This will represent savings of \$30,000.

For the first time ever, GOHSEP purchased commodities to house in strategic locations for distribution during emergencies or disasters during FY07-08. These resources were exhausted during Hurricanes Gustav and Ike in September 2008, requiring additional

commodities to be purchased. In addition, FEMA donated commodities to GOHSEP after the hurricanes, resulting in \$300,000 in savings.

GOHSEP will seek to reduce the number of Blackberries to essential employees only, and this will result in savings of \$30,000.

Service for emergency communication equipment will be funded through Homeland Security Grants for approximately \$73,000. This service includes satellite service for the satellite phones in the parishes, RapidComms, Mobile Command Post and Mobile Command Center. These RapidComms, Mobile Command Post and Mobile Command Center are mobile communications for deployment into the field during emergency events.

GOHSEP's document imaging system uses hosted storage to store images off-site. In order to reduce costs, GOHSEP will bring those images in-house and create copies for backup purposes to be stored off-site. GOHSEP will maintain storage space for all applications including document imaging and this move will save approximately \$8,000 for FY 09.

GOHSEP has funding for major repairs included in our budget for FY09, but the department will maintain existing operations in certain areas and create a savings of \$150,000.

Higher Education
TOTAL SAVINGS = \$55,182,262

Board of Regents

Savings = \$2,414,629

This figure represents a smaller reduction relative to higher education's original share of discretionary general fund spending. The Board of Regents is responsible for the implementation of these cost savings.

LSU System

Savings = \$28,971,658

This figure represents a smaller reduction relative to higher education's original share of discretionary general fund spending. The LSU System is responsible for the implementation of these cost savings.

SU System

Savings = \$4,091,255

This figure represents a smaller reduction relative to higher education's original share of discretionary general fund spending. The SU System is responsible for the

implementation of these cost savings.

UL System

Savings = \$19,704,720

This figure represents a smaller reduction relative to higher education's original share of discretionary general fund spending. The UL System is responsible for the implementation of these cost savings.

Lieutenant Governor's Office/CRT
TOTAL SAVINGS = \$5,627,799

Lieutenant Governor's Office

Savings = \$121,766

This figure represents a targeted equitable share of discretionary general fund savings. The Lieutenant Governor's Office has agreed to and is responsible for the implementation of these cost savings.

Department of Culture, Recreation and Tourism

Savings = \$5,506,033

This figure represents a targeted equitable share of discretionary general fund savings in the budget unit of the Office of the Secretary of Culture, Recreation and Tourism, the Office of the State Library, the Office of the State Museum, the Office of State Parks, the Office of Cultural Development, and the Office of Tourism. The Department of Culture, Recreation and Tourism has agreed to and is responsible for the implementation of these cost savings.

Local Government Assistance Program
TOTAL SAVINGS = \$500,000

This savings represents five percent of the \$10 million in general fund dollars allocated to the Local Government Assistance Program (LGAP). Current year funding for projects is not yet obligated and this savings will not reduce any ongoing or current program commitments.

Louisiana Educational TV Authority
TOTAL SAVINGS = 9,065

This savings is the result of a hiring freeze for one position.

Louisiana Workforce Commission
TOTAL SAVINGS = \$1,017,500

The Louisiana Workforce Commission (LWC) is reducing its FY 09 general funds by \$1,017,500. The saving are from expenditures associated with Act 743 that created the

LWC. Most of the savings are in the areas of training, consulting services, staffing, signage and printing. The LWC has identified several more cost-effective options for carrying out necessary components of workforce reform. The savings in staffing are a result of not filling certain positions for the entire year and LWC does not anticipate any reduction in services as a result of these savings.

New Orleans Center for the Creative Arts
TOTAL SAVINGS = \$173,340

This savings is the result of freezing four positions within the department.

Office of the Governor
TOTAL SAVINGS = \$958,000

Hiring Freeze
Savings = \$208,000

This savings is the result of freezing three vacant positions (special counsel, two administrative assistant positions).

Reduced Operating Expenses and Professional Services
Savings = \$250,000

The Governor's Office will cut operating expenses such as out of state travel by \$100,000 and acquisitions by \$50,000. Professional services will be reduced by \$100,000.

Uncommitted Funding For High School Redesign Program
Savings = \$500,000

This savings represents an amount uncommitted to date in the current year for local school districts to travel to model high schools throughout the country and other activities surrounding the initiative.

Office of the Inspector General
TOTAL SAVINGS: \$25,000

This savings represents a \$25,000 reduction in the contract professional services budget.

Office of Juvenile Justice
TOTAL SAVINGS = \$11,744,321

Hiring Freeze
Savings = \$8,369,453

This savings is the result of freezing 65 vacant positions at OJJ that will not compromise public safety.

**Release a Projected Budget Surplus in the LSU-Health Sciences Center Contract
Savings = \$1,514,597**

Because the population at Jetson Center for Youth in Baton Rouge has been reduced from over 200 youth to fewer than 99, there is a budget surplus for medical services at Jetson. This surplus can be released to the State General Fund without any impact on youth.

**Reduce Professional Services
Savings = \$300,000**

In recent years, OJJ used consultants for strategic planning, drafting policies and procedures, contract monitoring, grant development, and other administrative functions. This capacity has since been built internally, and these services are no longer needed.

**Scale Down the contract with the Volunteers of America Program in New Orleans
Savings = \$38,804**

This contract was budgeted for 127 OJJ-adjudicated youth, yet only 35 slots are filled today. This reduction will limit this program to 64 slots. All youth currently participating will remain in the program, and no child will lose services.

**Scale Down Three Residential-Shelter and Shelter Foster Care Contracts in Baton Rouge
Savings = \$68,895**

Three contracts in this area are not utilized by any youth adjudicated to OJJ custody. If shelter services are required by OJJ youth, other existing contracts can be used instead.

**Release the Surplus from the Options Foundation contract in Hammond
Savings = \$344,992**

The Options Foundation ended its day treatment program in August 2008 due to escalating administrative costs and inflation. Youth were transferred to other services in the region at that time. These funds are surplus and will be released to the State General Fund.

**Streamline Two Contracts for Residential and Day Treatment Programs in Thibodaux
Savings = \$100,610**

One residential contract has never been activated because the facility is not yet constructed. Therefore, no youth will be affected. Another day treatment contract is not utilized by OJJ-adjudicated youth, but does serve youth referred by courts or schools in the area. These slots will be limited to five in the future, but no youth today will lose services.

Streamline Three Contracts for Residential Treatment, Prevention, and Diversion Programs in Lafayette

Savings = \$251,526

One residential provider has proven unable to meet the basic terms of their contract. Existing youth will finish their stay there, but no new youth will be placed in the program. Another residential provider with an OJJ contract has never opened its doors, as the facility is not adequately prepared. No youth are in the program today, and none will be affected. A third program for prevention and diversion is not utilized by any OJJ-adjudicated youth, but by troubled children in the area on a voluntary basis. The contract will be limited, but not rescinded.

Streamline Two Residential, Prevention, and Diversion Programs in Lake Charles.

Savings = \$121,218

One contract for residential services has been scaled down at the request of the provider. Another program for prevention and diversion is not utilized by any OJJ-adjudicated youth, but by troubled children in the area on a voluntary basis. The contract will be limited, but not rescinded.

Streamline Two Contracts for Residential and Day Treatment Programs in Alexandria

Savings = \$237,048

Two contracts, one of which deals with intervention and the other with youth treatment, will be limited to restrain future growth, but no services to youth currently in the programs will be eliminated.

Streamline a Day Treatment Program in Shreveport

Savings = \$56,110

This day treatment contract is not utilized by OJJ-adjudicated youth, but does serve youth referred by courts or schools in the area. These slots will be limited to five in the future, but no youth today will lose services.

Streamline Two-Day Treatment, Prevention, and Diversion Programs in Monroe

Savings = \$341,068

The Options Foundation ended its day treatment program in August 2008 due to escalating administrative costs and inflation. Youth were transferred to other services in the region at that time. These funds are surplus and will be released to the State General Fund. Another contract for prevention and diversion is not utilized by any OJJ-adjudicated youth, but by troubled children in the area on a voluntary basis. The contract will be limited, but not rescinded.

Office of Student Financial Assistance (LOSFA)
TOTAL SAVINGS = \$3,142,577

This savings is the result of a hiring freeze for six positions (\$21,212), and LOSFA having sufficient funds to cover student loan default (risk) fees for the remainder of FY 09, which will therefore have no impact on students (\$3,121,365). Note: Default fees of one percent are required for student loans and the state began paying this fee for students from the general fund a few years ago.

Sabine River Authority
TOTAL SAVINGS = \$1 Million

This savings is the result of using self-generated revenues in the place of state general fund dollars.

Secretary of State
TOTAL SAVINGS = \$4,213,831

This figure represents a targeted equitable share of discretionary general fund savings. The Secretary of State's Office has agreed to and is responsible for the implementation of these cost savings.

State Treasurer
TOTAL SAVINGS = \$116,640

This figure represents a targeted equitable share of discretionary general fund savings. The State Treasurer's Office has agreed to and is responsible for the implementation of these cost savings.

###