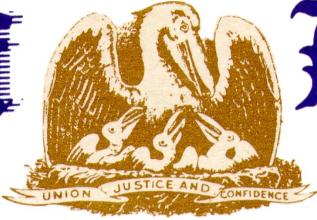


State of Louisiana



EXECUTIVE DEPARTMENT

EXECUTIVE ORDER NO. BJ 2008-14

CAPITAL OUTLAY REFORM

WHEREAS, Article VII, Section 11(C) of the Constitution of Louisiana requires the governor to submit to the legislature a proposed five-year capital outlay program and request implementation of the first year of the program (the capital outlay bill);

WHEREAS, the Constitution of Louisiana requires that prior to inclusion in the capital outlay bill, each capital improvement project shall be evaluated through a feasibility study which must include an analysis of need and estimates of both construction and operating costs;

WHEREAS, Article VII, Section 6 of the Constitution of Louisiana further provides that the capital outlay bill shall provide the nature and location, the amount allocated to each, and the priority for each capital improvement project. This section further limits the amount of net state tax supported debt which may be issued in any fiscal year;

WHEREAS, the governor as chief executive officer of the state is charged with submitting to the legislature an operating budget and capital budget under La. Const. Article IV, Section 5, which budgets cannot exceed the official forecast of the Revenue Estimating Conference or the expenditure limit under La. Const. Article VII, Section 11;

WHEREAS, Article VII, Section 6(F) of the Constitution of Louisiana provides for a limitation on the amount of net state tax supported debt which may be issued by the state in any fiscal year and further the capital outlay bill for many years has contained a limitation on the amount of cash lines of credit which shall be granted or general obligation bonds which shall be authorized or issued in any fiscal year;

WHEREAS, the amount of Priority 5 non-cash lines of credit authorized by the legislature and granted by the State Bond Commission has steadily increased in the last four years resulting in a commitment facing the new governor and legislature of over One Billion Four Hundred Million Dollars; and

WHEREAS, this current over-commitment of lines of credit has created an untenable situation that requires the institution of proper controls in order to prevent a recurrence of this situation in the future;

NOW THEREFORE, I, BOBBY JINDAL, Governor of the state of Louisiana, by virtue of the authority vested by the Constitution and the laws of the state of Louisiana, do hereby order and direct as follows:

SECTION 1: Capital Outlay Program:

- A. The current capital outlay development system has created an untenable situation that must be transformed to insure that state funds directed to capital outlay include only those projects that meet the requirements of the constitution and laws of this state and accordingly I hereby direct the Division of Administration to do the following:
1. Develop standards for feasibility analysis as well as policies and procedures for feasibility analysis of all projects for which funding is requested through the state capital outlay program; and

2. Develop policies and procedures that insure that the capital outlay bill, in Priorities 1, 2 and 5 does not exceed both the limitation on the issuance of general obligation bonds and the constitutional limitation of net state tax supported debt by no more than can be reasonably managed;
- B. I hereby officially recognize and endorse the self-imposed General Obligation Bond Cap of \$200,000,000, adjusted for construction inflation since 1994, and order the imposition of this Bond Cap on all cash lines of credit submitted to the State Bond Commission by the Division of Administration.
- C. I hereby direct that the capital outlay bill shall not include any new project for a non-state entity which does not provide for a local or other match which is not less than twenty-five percent of the total cost of the project, unless it is demonstrated that the match requirement exceeds the resources available for the project or that the project is of such an emergency nature that the health and safety of its citizens would be at risk. In order to insure this, I direct the Division of Administration to do the following:
1. Develop a needs-based formula to be used to demonstrate lack of available resources; and
 2. Develop rules pursuant to the Administrative Procedures Act to define acceptable match requirements and limitations.
- D. I hereby direct the Division of Administration to develop rules pursuant to the Administrative Procedures Act to accomplish the following:
1. Establishing a system for comparatively evaluating projects requested through the capital outlay program based on the merits of projects and a priority ranking of such projects;
 2. Developing rules pursuant to the Administrative Procedures Act to establish standards for feasibility analysis of projects;
 3. Developing rules pursuant to the Administrative Procedures Act to establish standards for architectural programming; and
 4. Providing that targets for general obligation bond funding will be limited to 80% state and 20% non-state projects.
- E. I further declare that I will not submit, nor will I support, the submission of any project to the State Bond Commission that circumvents the capital outlay program as provided in the constitution and laws of this state.

SECTION 2:

This Order is effective upon signature and shall continue in effect until amended, modified, terminated or rescinded by the governor, or terminated by operation of law.

IN WITNESS WHEREOF, I have set my hand officially and caused to be affixed the Great Seal of the state of Louisiana, at the Capitol, in the city of Baton Rouge, on this 8th day of April, 2008.



/S/ Bobby Jindal
GOVERNOR OF LOUISIANA

ATTEST BY
THE GOVERNOR

/S/ Jay Dardenne
SECRETARY OF STATE