Gov. Edwards’ Special Address to the State As Prepared For Delivery:

Good evening,

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 former 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, democrats and independents to seek their ideas and share my own so that we can get down to the business of solving this mammoth problem as quickly as possible.

I have also received devastating facts from our state's economists showing that we are 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 grueling 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 9 years old and suffers from Leigh's Disease. He has 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 survive 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 budget deficit for this current fiscal year, ending June 30. In the year that starts July 1, we are facing a $2 billion budget deficit. And because the Louisiana Constitution does not allow us to fix either of these budget deficits in the regular legislative session this year, 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 would 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 $1 billion dollar surplus when he became Governor, I've been left with almost a $1 billion deficit for this year alone and a $2 billion deficit 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.

This year's $940 million 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 short of the revenue we originally expected for the year. That's the first part of the problem. This is 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 are collecting from them in taxes. This is not sound financial policy.

The other part of our $940 million 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 8 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 work would have been done, 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 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 - very soon, we will face unimaginable cuts to vital state services. Here are some examples.

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 program, 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 mirrors.

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

The Louisiana TOPS scholarship fund is now so depleted that fewer high school students will receive awards and current recipients are in jeopardy of losing their existing scholarships.

Even with additional revenue, higher education this year will need to cut $42 million. This will be combined with a $28 million 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 4 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 we are forced to proceed with these cuts, the LSU Ag Center and parish extension offices in every parish, and 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.

If you are a student attending one of these universities, it means that you will receive a grade of incomplete, 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 1,200 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.

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'm making more than $160 million in cuts to state government spending. I also propose to use $128 million from the rainy day fund and $200 million 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 deficit, and next year's $2 billion 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 a part of this restructuring, I am also proposing an increase in alcohol and cigarette taxes.

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 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 brightest days are ahead of us.

As we begin this critical work together, please join me in praying for our state, and I'm asking you to 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.