Office of the Commissioner
State of Louisiana
Division of Administration

JOHN BEL EDWARDS
GOVERNOR

JAY DARDENNE
COMMISSIONER OF ADMINISTRATION

February 11, 2016

Dr. Joseph C. Rallo
Commissioner of Higher Education
Louisiana Board of Regents
PO Box 3677
Baton Rouge, LA 70821-3677

Dear Dr. Rallo:

As you know, yesterday the Revenue Estimating Conference increased the projected revenue shortfall for the current fiscal year by an additional $570 million. Accordingly, when this projected deficit is added to the expenditure shortfalls that exist in the current budget, we now are facing a $943 million problem that must be resolved before the end of the fiscal year.

Even if new revenue is realized by the legislature, we do not anticipate funding the expenditure shortfalls with a supplemental appropriation bill. This means that the approximate $26 million shortfall in TOPS will not be funded. For this reason, I am advising you that the Board of Regents should notify all systems and campuses that are expecting TOPS funding that they will not receive the final distribution for the fiscal year. Even if the legislature adopts the revenue proposals suggested by the Governor, the shortfall in expenditures cannot be addressed because the legislature's constitutional obligation is to first satisfy any deficit in the budget. Only if revenues beyond those suggested by the Governor are realized can any portion of the final TOPS distribution be considered.

Unfortunately, the projections for FY17 are even more dire. We must submit a balanced budget based on the revenue projections from the REC. The Conference has determined that FY17 revenue will be $743 million less than originally anticipated. Thus, the FY17 budget is now approximately $2 billion less than needed. The executive budget that I will present to the Joint Legislative Committee on the Budget on Saturday will propose funding only the statutory dedication to TOPS from the Tobacco Trust Fund. There will be no state general fund dollars for TOPS unless the legislature adopts the Governor's proposed revenue and unless our institutions of higher education can find a way to maintain their operation given the anticipated cuts in the current fiscal year as well as in the proposed FY17 budget.

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I greatly regret having to deliver this news to you, but these unprecedented problems force us to take this action. Please don't hesitate to contact me if you have any questions or if you would like to discuss this matter in more detail.

With best regards, I am

Very truly yours,

Jay Dardenne
Commissioner of Administration

JD/si