

CAPITAL OUTLAY BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2024

STATUS AS OF DECEMBER 14, 2023

ECONOMIC ADVISORY SERVICES

**Informational Report
January 17, 2024**

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January 17, 2024

The Honorable J. Cameron Henry, Jr.,
President of the Senate
The Honorable Phillip R. DeVillier,
Speaker of the House of Representatives

Dear Senator Henry and Representative DeVillier:

This informational report provides the results of our analysis of the state's capital outlay budget for the fiscal year ending June 30, 2024, as contained in Act 465 of 2023 (House Bill 2). This report is intended to provide timely information related to an area of interest to the legislature or based on a legislative request. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the Office of Facility Planning and Control, State Bond Commission, and House and Senate fiscal staffs for their assistance during this project.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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CAPITALOUTLAY2024



Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



FY 2024 Capital Outlay Budget Status as of December 14, 2023

January 2024

Audit Control # 42240002

Overview

This report provides updates on the status of the state's capital outlay budget for fiscal year 2024 provided in Act 465 (House Bill 2) of the 2023 Regular Session, incorporating lines of credit and priority changes approved through December 14, 2023. Overall, capital outlay funding in Act 465, net of line-item vetoes, totaled \$11.6 billion across all means of finance. The largest source of funding was general obligation bonds, which accounted for \$7.7 billion of capital outlay funding. The largest recipient of funding was state government entities, which were appropriated \$8.5 billion. Exhibit 1 provides an overview of funding by means of finance and type of recipient.

The data contained in this report are also available as a Tableau dashboard that can be accessed using the following link:

<https://LLA.La.gov/go/CapitalOutlayDashboard>



Exhibit 1
FY 2024 Capital Outlay Budget
Act 465 (House Bill 2) of the 2023 Regular Session
After November 2023 Interim Emergency Board Priority Changes

Means of Finance		State Projects	Non-State, Local Government	Non-Government Entities	Grand Total
General Obligation Bonds	Priority 1	\$863,584,507	\$475,428,139	\$101,868,915	\$1,440,881,561
	Priority 2	\$48,146,000	\$42,285,000	\$11,310,000	\$101,741,000
	Priority 5	\$4,013,904,900	\$1,892,034,794	\$265,844,750	\$6,171,784,444
General Fund, Capital Outlay Savings Fund	Capital Outlay Savings Fund	\$21,585,000	\$53,070,000	\$15,982,000	\$90,637,000
	General Fund	\$85,900,000	\$73,869,000	\$7,050,000	\$166,819,000
	General Fund Non-Recurring*	\$324,741,985	\$122,770,900	\$24,516,000	\$472,028,885
All Federal (Transportation Trust Fund and Other)	Federal Funds	\$164,814,831	\$0	\$0	\$164,814,831
	Federal Funds via Interagency Transfers	\$76,471,000	\$0	\$0	\$76,471,000
	Transportation Trust Fund-Federal	\$984,550,550	\$0	\$0	\$984,550,550
All Other		\$1,927,506,031	\$0	\$50,000,000	\$1,977,506,031
Grand Total		\$8,511,204,804	\$2,659,457,833	\$476,571,665	\$11,647,234,302

* Act 465, Section 8(T) provides that "State General Fund (Direct) Non-Recurring" appropriations are supplemental appropriations for fiscal year 2022-23.

Source: Prepared by legislative auditor's staff using information from the Office of Facility Planning and Control, Interim Emergency Board, and Act 465 of 2023 (House Bill 2).

Interim Emergency Board Updates

After the capital outlay bill has been passed by the Legislature and signed into law by the Governor, state law¹ allows for some types of adjustments to the budget to be made by the Interim Emergency Board (IEB). The IEB consists of the Governor, Lieutenant Governor, Treasurer, Senate President, House Speaker, and the chairmen of the Senate Finance and House Appropriations committees, or their designees. The IEB's powers include the ability to modify the scope of a project or to re-designate the priority of general obligation bond proceeds appropriated for a specific project. In addition, the IEB can change the recipient agency for a line item, if the agency originally specified in the bill consents.² In exercising these powers, the IEB must obtain the approval of a majority of both houses of the Legislature via electronic or mailed ballots. In November 2023, the IEB met and approved \$293.7 million in priority changes, impacting 98 projects. A majority of both houses

¹ R.S. 39:461.4, Act 465 of 2023, §1.

² In September 2023, the IEB met and approved entity changes for five projects with \$85.5 million in capital outlay funding. These changes are already incorporated into the "original appropriation" column in Exhibit 2.

of the Legislature subsequently approved these changes by remote balloting. Exhibit 2 shows original amounts appropriated (net of line-item vetoes), the effect of IEB priority changes, and the resultant current appropriation amount.

Exhibit 2 Interim Emergency Board Re-designations of Funding Priority Fiscal Year 2024				
Agency Type	Means of Finance	Original Appropriation (Net of Line-Item Vetoes)	IEB Priority Changes (Nov. 2023 Meeting)	Current Appropriation
State	Priority 1	\$1,021,747,157	(\$158,162,650)	\$863,584,507
	Priority 2	48,146,000	0	48,146,000
	Priority 5	3,855,742,250	158,162,650	4,013,904,900
	All Other	3,585,569,397	0	3,585,569,397
	Total	\$8,511,204,804	\$0	\$8,511,204,804
Local	Priority 1	\$597,983,336	(\$122,555,197)	\$475,428,139
	Priority 2	42,285,000	0	42,285,000
	Priority 5	1,769,479,597	122,555,197	1,892,034,794
	All Other	249,709,900	0	249,709,900
	Total	\$2,659,457,833	\$0	\$2,659,457,833
Non-Government Organizations	Priority 1	\$114,839,915	(\$12,971,000)	\$101,868,915
	Priority 2	11,310,000	0	11,310,000
	Priority 5	252,873,750	12,971,000	265,844,750
	All Other	97,548,000	0	97,548,000
	Total	\$476,571,665	\$0	\$476,571,665
All Agency Types	Priority 1	\$1,734,570,408	(\$293,688,847)	\$1,440,881,561
	Priority 2	\$101,741,000	\$0	\$101,741,000
	Priority 5	\$5,878,095,597	\$293,688,847	\$6,171,784,444
	All Other	\$3,932,827,297	\$0	\$3,932,827,297
	Total	\$11,647,234,302	\$0	\$11,647,234,302

Source: Prepared by legislative auditor's staff using information from the Office of Facility Planning and Control, Interim Emergency Board, and Act 465 of 2023 (House Bill 2).

Lines of Credit

For projects receiving appropriations of general obligation bond proceeds (Priority 1, 2, and 5), the enactment of this appropriation in the capital outlay act is not the last step needed for the project to receive capital outlay funding. General obligation bond appropriations are not funded until they receive lines of credit. Lines of credit must be approved by the State Bond Commission before recipient entities can let contracts and pay project expenses from their general obligation bond appropriations. There are two types of lines of credit:

- **Cash lines of credit** allow the recipient entity to spend appropriated funds in the current fiscal year. Cash lines of credit are generally only granted for Priority 1 and Priority 2 appropriations.
- **Non-cash lines of credit** enable the recipient entity to let construction contracts that will not require cash expenditures during the current fiscal year. Non-cash lines of credit are generally only granted for Priority 5 appropriations.

Lines of credit are not granted automatically, and Act 465 of 2023 limits the amount that the State Bond Commission can approve in cash lines of credit in fiscal year 2024 to \$1,451,887,938. Since the Act 465 appropriated \$1,734,570,408 in Priority 1 general obligation bond funds, this means that not all Priority 1 appropriations can be funded with cash lines of credit in fiscal year 2024. Exhibit 3 below shows the amount of cash and non-cash lines of credit approved as of December 14, 2023, in comparison to the amounts of Priority 1, 2, and 5 funding appropriated in Act 465.

Exhibit 3				
Line of Credit Authorizations for General Obligation Bond Projects				
Fiscal Year 2024				
Means of Finance	General Obligation Priority and Line of Credit Type			Total
	Priority 1	Priority 2	Priority 5	
State Government Agencies				
Lines of Credit Jul. 2023	\$608,864,276	\$0	\$1,834,877,022	\$2,443,741,298
Lines of Credit Oct. 2023	251,840,352	0	900,244,228	1,152,084,580
Lines of Credit Dec. 2023	0	0	907,078,650	907,078,650
Lines of Credit Total	860,704,628	0	3,642,199,900	4,502,904,528
Current G.O. Bond Appropriation	863,584,507	48,146,000	4,013,904,900	4,925,635,407
Local Government Agencies				
Lines of Credit Jul. 2023	364,370,239	0	759,353,037	1,123,723,276
Lines of Credit Oct. 2023	104,939,689	0	181,198,950	286,138,639
Lines of Credit Dec. 2023	0	0	457,064,397	457,064,397
Lines of Credit Total	469,309,928	0	1,397,616,384	1,866,926,312
Current G.O. Bond Appropriation	475,428,139	42,285,000	1,892,034,794	2,409,747,933
Non-Governmental Organizations				
Lines of Credit Jul. 2023	46,433,515	0	59,013,750	105,447,265
Lines of Credit Oct. 2023	55,435,400	0	47,720,000	103,155,400
Lines of Credit Dec. 2023	0	0	89,911,000	89,911,000
Lines of Credit Total	101,868,915	0	196,644,750	298,513,665
Current G.O. Bond Appropriation	101,868,915	11,310,000	265,844,750	379,023,665
All Agency Types Total				
Lines of Credit Jul. 2023	\$1,019,668,030	\$0	\$2,653,243,809	\$3,672,911,839
Lines of Credit Oct. 2023	\$412,215,441	\$0	\$1,129,163,178	\$1,541,378,619
Lines of Credit Dec. 2023	\$0	\$0	\$1,454,054,047	\$1,454,054,047
Lines of Credit Total	\$1,431,883,471	\$0	\$5,236,461,034	\$6,668,344,505
Current G.O. Bond Appropriation	\$1,440,881,561	\$101,741,000	\$6,171,784,444	\$7,714,407,005
<p>Note: Current G.O. Bond Appropriation refers to general obligation bond funds appropriated in Act 465 of 2023, net of IEB priority changes adopted at its November 2023 meeting.</p> <p>Source: Prepared by legislative auditor's staff using information from the Office of Facility Planning and Control, Interim Emergency Board, State Bond Commission, and Act 465 of 2023 (House Bill 2).</p>				

Appendix A contains definitions of terms used throughout this report, and Appendix B contains detailed appropriation and line of credit amounts by recipient entity, project, and means of financing. In addition, the data contained in this report are also available as a Tableau dashboard that can be accessed using the following link:

<https://LLA.La.gov/go/CapitalOutlayDashboard>



Informational reports are intended to provide more timely information than standards-based performance audits. While these informational reports do not follow *Governmental Auditing Standards*, we conduct quality assurance activities to ensure the information presented is accurate.

APPENDIX A: DEFINITIONS

BDS Number. An identification number assigned to each project included in the capital outlay bill. The same project may have a different BDS number from one year to the next.

Capital Outlay Budget. The state's five-year plan for capital improvements, such as acquiring, developing, preserving, or improving lands, buildings, equipment, or other permanent properties. The Division of Administration prepares the budget, which is submitted by the Governor to the Legislature for enactment. (La. Const. Art. VII § 11(C), R.S. 39:2(9), R.S. 39:101, *et seq.*)

General Obligation Bonds. Bonds or other evidences of indebtedness secured by the full faith and credit of the state, payable from the Bond Security and Redemption Fund.

Interim Emergency Board. State board comprised of the Governor, Lieutenant Governor, State Treasurer, Senate President, House Speaker, and chairmen of the Senate Finance and House Appropriations committees. The board meets during the interim between sessions and may reassign general obligation bond funding for capital outlay projects to a higher or lower priority or modify the project description or recipient agency, but only if a majority of legislators in each house indicate their approval via electronic balloting (La. Const. Art. VII §7; R.S. 39:461 *et seq.*; Act 465 of 2023, §1).

Line of Credit. An approval for funding by the State Bond Commission to a capital outlay recipient agency for a specific project and dollar amount. Lines of credit come in two forms:

- **Cash Line of Credit.** This allows the capital outlay recipient agency to spend appropriated funds in the current fiscal year. Cash lines of credit are generally only granted for Priority 1 and Priority 2 appropriations. See also Louisiana Administrative Code 71:III.103(P).
- **Non-Cash Line of Credit.** This allows the capital outlay recipient agency to let contracts that will not require spending of appropriated funds during the current fiscal year. Non-cash lines of credit are generally only granted for Priority 5 appropriations.

Null Projects. Projects that were deemed null by the Division of Administration because they did not fully submit a capital outlay request by June 15, 2023. For fiscal year 2024, the two projects deemed null were:

- 50/MT8, Turkey Creek, Elevated Water Tank at Leisure Lane and Connecting Water Main, Planning and Construction, \$2,125,000 total (see pp. B.613-614).
- 50/N41, East Baton Rouge Metropolitan Airport, Wildlife Hazard Mitigation, Planning, Environmental, Design, and Phases I and II, Planning and Construction, \$2,313,000 total (see p. B.656).

Priority 1, 2, and 5. General Obligation Bond funding appropriated in the Capital Outlay Act (Act 465 of 2023, or House Bill 2). No Priority 3 or 4 funds were appropriated in fiscal year 2024.

State Bond Commission. 14-member panel comprised of 13 elected executive and legislative officials serving ex-officio (or their designees), as well as the Commissioner of Administration. Commission approval is required for all state and local bond issuances in Louisiana, and for the authorization of lines of credit for capital outlay projects with appropriations of general obligation bonds (La. Const. Art. VII §8; R.S. 39:1401 et seq.; Act 465 of 2023, §1).