

Louisiana legislators plan deep cuts to education, health care

By Tom Hall
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A special session of the Louisiana state legislature was convened in the state capital of Baton Rouge on Sunday to outline plans to close an estimated \$2.9 billion budget shortfall through the end of the fiscal year 2017. With the state constitution requiring the legislature to pass a balanced budget every year, deep cuts in spending are expected, particularly targeting state health care and post-secondary education programs.

In his speech to the opening session, newly-elected Democratic governor John Bel Edwards called the deficit the largest in the history of the state, and called on lawmakers to stop postponing “tough decisions” and embrace “fiscal responsibility.” His has proposed a budget including \$138 million in cuts and an increase in the sales tax and other regressive forms of taxation alongside a partial rollback of corporate tax credits enacted under Edward’s predecessor, Republican governor Bobby Jindal.

Health care and education are some of the few areas of the state’s \$25 billion budget that are not constitutionally protected from cuts, and funding for both has been savaged in the aftermath of the 2008 financial crisis. Since 2008, Louisiana has led the nation in cuts to public university funding, at a staggering 55 percent, leaving many post-secondary institutions barely operable. The state’s Charity Hospital network, which provided free health care for the indigent, one of the few remaining social reforms enacted by the Depression-era governor Huey Long, was sold off at fire sale prices to private entities in 2013. The sale was done in such haste that some of the winning bidders had not even bothered to entirely fill out their applications.

The cuts now being considered, however, go far beyond those enacted over the past eight years. Public

university funding has already been severely impacted. The Taylor Opportunity Program for Students (TOPS), a major state-run scholarship fund for in-state students, suddenly shut off all payments to students last week, placing tens of thousands of students in danger of being unable to pay their tuition. Funding was later restored at only 80 percent of its earlier level. Edwards’ proposed cuts to TOPS funding next year are so deep they would reduce the number of eligible students by 80 percent.

Universities throughout the state are faced with the possibility of having to shut down classes entirely. Nicholls State University has announced contingency plans to close the school three weeks early in the spring in order to shoulder the cost of expected budget cuts. For the second straight year, Louisiana State University’s flagship campus in Baton Rouge is faced with the prospect of closing for the fall semester (the university narrowly avoided an 80 percent cut in state funding last year when the state legislature came up with one-time sources to fund the school for the present academic year). Edwards has even warned that the LSU football team, a multimillion-dollar business in its own right whose funding has skyrocketed even as education has been slashed, might be forced to cancel its 2016 season if a budget agreement is not reached.

Under Edward’s proposal, health care spending would be cut by \$64 million. However, because the state also receives matching funds from the federal government for health care spending, the actual budget shortfall would be even higher, estimated at \$169.4 million. The cuts under this “best case” scenario would be so severe that the private groups that operate the state’s “safety net” hospitals have threatened to simply walk away from their contracts with the state. In response to claims by state officials that the hospitals

had to take a “haircut” in order to keep the hospitals open, the CEO of Lafayette General Health system retorted, “The only haircut I can think of is a Michael Jordan look done by a nasty, rusty razor blade.”

Many of these hospitals are in rural areas where they are the only viable health care option for local residents. However, hospitals in major urban areas would also receive severe cuts. The University Medical Center in New Orleans, which was built after Hurricane Katrina to replace the city’s Charity Hospital and only opened last year, faces \$44 million in cuts alone.

There are two main factors, which have produced the current deficit. The first is the fall in state tax revenues as a result of the collapse in household income and consumer spending due to stagnant wages, and widespread unemployment and poverty. Real unemployment, which includes workers who have dropped out of the workforce and those working part-time for economic reasons, is 11.1 percent, and the state ranks 44th nationally in median household income. The state economy, which is highly dependent on the oil industry, has also been hard-hit by the collapse in global oil prices, leading to layoffs and bankruptcies in oil and related industries. “For all practical purposes, Louisiana is in its own recession. The employment numbers are so bad,” state economist Greg Albrecht told a panel of legislators last week.

The other factor is the continuing fallout from the policies of the previous Jindal administration, which effectively looted health care, education, and other areas of the budget in order to pay off major corporations through massive tax credits, which now outstrip the actual revenue the state takes in through corporate tax. One of the largest of these was a tax credit program for the film industry, which gave a way \$222 million in 2014 alone. For years, Jindal sought to conceal the devastating impact of these credits by tapping various one-time sources of funding to close an ever-widening state deficit. Those sources, however, have now essentially been exhausted, mere months after Jindal was term-limited out of office.

In his eight years as governor, Jindal sought to appeal to the right-wing Tea Party fanatics, religious fundamentalists, and other elements of the extreme Republican right. While Edwards is now posing as an opponent of the legacy of the Jindal administration, he and other state Democrats either acquiesced or

contributed to this noxious political climate. The son of a rural sheriff, Edwards ran a right-wing gubernatorial campaign in the fall in which he touted his career in the military, pledged not to raise taxes (which he is now being compelled to renege on) and competed with Republican frontrunner David Vitter in scapegoating Syrian refugees, of which 14 live in the state of Louisiana.

The final budget will likely be even more onerous than Edwards’ initial proposal. It has little chance of passing the state legislature in its current form, where Republican majorities in both houses are insisting on even more draconian cuts, including to public pensions. “We need to focus on the cuts before we move forward,” House Appropriations Committee chairman Cameron Henry told the *New Orleans Times-Picayune*. It is likely that the state legislature will act out its own version of the Kabuki theater, which has predominated in recent years at the federal level, in which a “reasonable compromise” is reached that contains historic cuts to social spending.

The budget crisis in Louisiana is only one of the most extreme manifestations of the social disaster facing American workers throughout the country. They are the result of decades of bipartisan policies—accelerated after the Crash of 2008—aimed at forcing the working class to pay for a crisis it did not create.

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