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Report Highlights

Constitutional and Statutory Dedications

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Why We Conducted This Review

We conducted this review to provide information on dedications established in the Louisiana Constitution and Revised Statutes and to discuss and provide recommendations for the challenges the Legislature faces in reviewing these dedications.

What We Found

Louisiana has 370 dedications that were established to ensure funding for governmental programs and activities by assigning, or dedicating, uses for specific sources of revenue. Twenty-six dedications are established in the Louisiana Constitution, and 344 are established in the Louisiana Revised Statutes. For fiscal year 2014, which was the most recent and complete financial information available from the Department of the Treasury, spending from dedications totaled approximately \$4.3 billion, or 16% of total expenditures. Of this amount, \$2.3 billion (54.3%) was from constitutional dedications, and \$2.0 billion (45.7%) was from statutory dedications. We found that:

- Most dedications are funded through taxes and assessments, with 108 dedications totaling approximately \$859 million in revenue in fiscal year 2014.
- The purpose of most dedications is to support local governments and environmental protection, but dedications pertaining to infrastructure had the largest expenditures in fiscal year 2014.
- Dedications are the primary source of funding for some agencies. For example, 98% of the Public Service Commission and 92% of the Department of Transportation and Development's expenditures were from dedications in fiscal year 2014.
- Twenty-one dedications have had no financial activity since they were established.

To improve the current dedication review process, the Legislature should consider:

- *Developing standardized criteria for evaluating dedications*
- *Adding sunset provisions to help ensure all dedications are reviewed periodically*
- *Improve transparency and accountability by requiring that the LaTRAC database contain additional information on how agencies spend dedications to ensure that these funds are used for their intended purposes*

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What We Found (Cont.)

- Some dedications divert money from the state General Fund, giving them priority access to funding which may hinder budget flexibility.
- The Legislature authorized over \$530 million to be transferred (or “swept”) from dedications between the 2011 and 2015 sessions to resolve budget issues.

Top Constitutional and Statutory Dedications by Expenditures Fiscal Year 2014			
Established in Constitution	Expenditures	Established in Revised Statutes	Expenditures
Transportation Trust Fund	\$1,389,209,476	Overcollections Fund	\$442,345,887
Louisiana Lottery Proceeds Fund	\$158,751,696	2013 Amnesty Collections Fund	\$292,860,822
Louisiana Medical Assistance Trust Fund	\$157,857,986	Medicaid Trust Fund for the Elderly	\$183,598,573
TOPS Fund	\$138,176,865	Support Education in Louisiana First Fund	\$146,954,368
Coastal Protection and Restoration Fund	\$131,307,232	Clean Water State Revolving Fund	\$64,176,017

Source: Prepared by legislative auditor's staff using information from the Fiscal Year 2016 Executive Budget Supporting Document.