



PARticles

Public Affairs Research Council of Louisiana, Inc.

Cover Story

This edition of *PARticles* contains articles PAR has issued, beginning April 10, 1991, along with notations of later developments.

PAR issues its articles every other week. These are then published four times a year in *PARticles*.

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Statewide Teacher Evaluation Essential For the Children, Teachers and Us (April 10, 1991)

The fate of the newly initiated state teacher evaluation program will be decided in the 1991 regular session.

The program should be retained to help the children, teachers, the state and its people. Retention means the state must assure the program is fair and effective in achieving its goals.

The program got off to a bumpy start this fall for one fifth (9,000) of the public school teachers. The Governor recommended corrective changes for a variety of problems and the State Board of Elementary and Secondary Education (BESE) unanimously approved them.

More improvements are contemplated. However, some teacher representatives have stated nothing short of abolishing the Louisiana Teacher Evaluation Program (LaTEP) will satisfy them.

The first evaluations show more than 90% of teachers were rated satisfactory, including 26% rated superior. Less than 10% were found "not yet satisfactory."

A teacher "not yet satisfactory" has two more years, with remediation, to become satisfactory, or three more years if he or she chooses to throw out this year's evaluation.

The goal of the state evaluation program is to help all teachers improve and thus enhance student learn-

ing. The uniform criteria and procedures will permit analysis of teacher strengths and weaknesses so improvements can be made, particularly in college teaching training programs.

The state certifies teachers as it does other professions to protect the public. Louisiana's state evaluation program is to determine if teachers *can* teach effectively, not whether they do so continuously.

Local evaluation should be more frequent to assist in personnel decisions--should new teachers acquire tenure and should tenured teachers be dismissed, transferred or promoted.

Teachers should welcome rather than fear the state teacher evaluation program. The evaluation results should upgrade the tarnished public image of teachers, strengthen public support for better teacher pay, and attract more competent students into teaching. Those teachers rated "superior" can earn extra pay for extra duties--an option they will lose if the state program is abolished.

The program was suspended for a year while it is to be critiqued, revamped and tested. The approved budget provided some funding for these activities.

Superboard for Higher Education: The Only Solution?

(April 24, 1991)

A superboard for public higher education has become a perennial legislative issue. This year is no exception.

Four proposed constitutional amendments have been introduced to create a single board and abolish the three management boards--LSU, Southern and Trustees.

All four proposals would keep authority now held by the Board of Regents and add to it. One of the proposals, HB 153, would retain the Board of Regents and give it more power to coordinate, but delegate management responsibility to campus heads instead of management boards or a single board.

The higher education board structure among the 50 states is mixed: 23 states have a single board, 23 states have a coordinating board, and four states have no statewide board. There is no correlation between quality institutions and board structure, since there are states with highly rated state universities in each group.

A single board could expedite attainment of a more rational, quality system of public higher education--but only if other essential factors exist. Board members, their officers and campus heads must be of high calibre and committed to quality education. The funding level must be high enough to acquire quality faculty, graduate students, facilities and equipment. The board must be able to

withstand unwise political pressures of a governor or the Legislature.

If the present management boards are continued, the Board of Regents needs more authority to make tough decisions. This includes authority to assure its recommended funding formula is maintained and funds are distributed equitably according to the formula, to stop new projects of low priority that will cause unduly high future costs, and to establish statewide student policies on selective admissions and tuition.

All proposed constitutional amendments to create a superboard failed.

Weaning the PSC From Outside Consultants

(May 8, 1991)

PAR examined the operation of the Public Service Commission in 1985. The study found the PSC lacking in expert staff to perform its basic ratemaking function, overstaffed in the five district offices (which are located for the convenience of the commissioners, not the public), and almost totally dependent on outside consultants for legal and analytical expertise in major utility rate cases. In 1983, \$1.7 million in consultant fees, mostly for two firms, were charged to the utility companies.

PAR recommended abolishing the district offices and centralizing the staff, expanding the central staff to include the technical expertise normally found in a PSC (legal, auditing

and analytical), phasing out the use of outside consultants, and assessing utilities the full cost of utility regulation.

Six years later, some 30 employees still are spread out among the five district offices, each run by a commissioner. The meager central technical staff includes one attorney, three rate auditors, a two-man rates and tariffs section, and an Economics and Rate Analysis Division with no one in it. The outside consultants still receive huge fees which do not show up in the department budget because they still are paid directly by the utilities.

HB 207, authored by Representative Laborde, would require the

PSC to staff up its Economics and Rate Analysis Division and new legal services and hearing examiner divisions. The bill would require the PSC to wean itself from the use of outside consultants within five years.

The PSC staffing is inadequate to carry out basic regulatory functions such as compliance auditing, checking actual rates of return for utilities, properly representing the state before federal agencies, analyzing industry trends, and developing general regulatory policies. It is time the PSC developed the in-house capacity to manage these functions on a regular basis, not just when consultants can be brought in for major rate cases.

HB 1998, substitute for HB 207, failed.

A Saner Policy for Surplus Funds Use

(May 22, 1991)

An election-year tradition is developing in Louisiana. Unfortunately, it's a tradition that's very costly to the taxpayers after the election is over.

In each of the last three gubernatorial election years, nonrecurring revenue sources have been used to prop up spending for the last year of an administration, leaving the incom-

ing administration with the problem of replacing them.

In 1983, \$410 million in nonrecurring funds were used to balance the budget, and over \$850 million in new taxes were enacted the next year. In 1987, super-inflated revenue estimates were used to balance the

budget and in 1988, a \$1 billion bond sale was used to dig our way out of debt. In 1991, the state spending plan approved by the Louisiana House and up for consideration by the Senate uses not only \$426 million in surplus funds and \$85 million intended for the state's self-insurance program, but also pledges 21 years of revenues to meet one year's constitutional obligation of \$64 million to state retirement systems. In 1992, the Legislature again will face massive cuts or tax increases to replace these funding schemes. Our cash reserves set aside to meet cash flow obligations will be seriously depleted, and the state may be forced to borrow funds to pay its bills before next year is over. Finally, the state's improved bond rating may be in jeopardy.

It is obvious that the temptation to avoid difficult decisions in an election year overrides sound, rational budget practices. A constitutional amendment is needed to prohibit the use of nonrecurring surplus funds for ongoing operations of state government. Specifically, surplus funds should be used first to establish a cash flow reserve at a level specifically established by the Legislature. The use of any remaining surplus funds should be limited to capital outlay needs, such as repair and maintenance of existing facilities and for new construction.

The latter also would address another serious problem. Per capita state debt in Louisiana is \$2,775, which is \$1,581 more than the national average. Our neighboring states of Texas (\$392), Mississippi (\$514) and Arkansas (\$735) have done a far superior job of living within their means. If we don't have the cash, Louisiana can't continue to borrow and pass on the costs to future generations.

The approved state budget was balanced through use of \$600 million in surplus funds and other nonrecurring revenue. A proposed constitutional amendment to prohibit this practice failed.

State Budget Reforms Continue (June 5, 1991)

Three Senate bills, already approved by the Senate, would add important components to recent state budget reforms which include requirements for a balanced state budget. Their objectives are to assure that decisions affecting the state budget are enlightened, not made in the dark.

- SB 962 would create a commission to establish and maintain a state management information system to provide data so state needs could be assessed and policies formulated.

- SB 963 would require continuing five-year projections of state revenues and expenditures so policymakers could assess the future impact of their decisions.

- SB 1023 would provide for a more comprehensive and effective system of financial-compliance and performance audits. The legislative auditor already has legal responsibility for both types of audits but has concentrated only on financial-compliance audits. These examine agency books and other records for accuracy and legal compliance. A performance audit involves in-depth study and evaluation of a selected program to determine if it is accomplishing its intended purpose, is carried out in an efficient and cost-effective manner, and whether it should be modified or eliminated.

Louisiana has made a number of attempts at program evaluation by establishing an office of management and finance in each department, assigning responsibility to the State Budget Office and the Legislative Fiscal Office, enacting a sunset law to periodically review departments and their agencies, and creating various task groups on reorganization and legislative oversight. For the most part, few program changes have been made as a result of these efforts.

Yogi Berra said: "If you don't know where you're going, you may end up somewhere else." The three Senate bills, if properly implemented, would provide a driver's manual, a road map and warning signs so the state can get where it wants to go in safe condition. Proper implementation will require staff experts in program evaluation specifically assigned to this function.

The Senate bills follow longstanding PAR recommendations for a comprehensive state management information system, a long-range operating budget for planning purposes, and effective and continuing program evaluation.

The three reforms were approved.

Stop Legislative Suspension of Laws By Resolution (June 19, 1991)

The Legislature has been flexing its muscles by using its constitutional authority to suspend controversial laws by concurrent resolution.

Louisiana's constitution gives the Legislature sole authority to suspend any law for any reason. It may do so by act or concurrent resolution. The major difference is a bill, which can become an act, is subject to guber-

natorial veto; a resolution is not. A law can be suspended year after year. State sales tax exemptions have been suspended annually since 1986, by both act and resolution.

Laws usually are suspended to allow time to study problems due to faulty drafting, conflict with federal law or regulations, or an unanticipated harmful impact on those af-

ected by the law. The suspended law can be studied and repealed or amended at the next session. The Legislature started suspending laws by resolution because it was a quicker way to handle problems, but this no longer is true. It takes a minimum of five days for the Legislature to pass either a bill or resolution.

Since Louisiana's first constitution of 1812, the Legislature has been given sole authority to suspend laws. This is to protect the people against a

governor who might suspend laws and rule by executive order.

Louisiana's constitution provides for traditional checks and balances between the Legislature and governor. The Legislature can approve bills, but they do not become law unless the governor signs them or allows them to become law without his signature. The governor can veto a bill but the Legislature can void the veto through an override, which it recently did.

Since its inception, PAR has recommended a strong and independent Legislature to counter Louisiana's traditional powerful governor, but that does not mean upsetting the balance of powers.

The constitution should be amended to repeal legislative authority to suspend laws by resolution, but continue to allow suspension by act, limited to one time and one year.

The Budget-Cutting Option (July 3, 1991)

Citizens of Louisiana expect a straightforward, honest answer on resolving state budget problems from candidates who desire to be the next governor or a member of the state Legislature. Quality versus quantity of programs and more efficient ways to provide services should be our number one goal. However, candidates running strictly on a platform of "no new taxes" are either ignorant of the state's financial situation, are dishonest about it, or favor massive budget cuts. Candidates who favor either the budget-cutting option or new taxes should present their ideas to the voters.

The state budget will be balanced this year by using over \$600 million in surplus or other nonrecurring funds and \$300 million in sales taxes,

primarily on food and utilities, that expire at the end of the year. Estimates of the gap between state revenues and the cost of just continuing existing programs exceed \$900 million for the next fiscal year.

The task of cutting spending to eliminate this \$900 million gap would be difficult even if there were no limitations. However, state constitutional provisions, federal court orders and contractual obligations effectively eliminate 70% (\$3.76 billion) of state budgeted funds from cuts. The remaining state general fund portion of the budget, 30%, or \$1.63 billion, could be cut by the Governor and Legislature. Each 10% cut would generate an estimated \$163 million in savings. The major cuttable programs

include higher education, vo-tech schools and charity hospitals.

Options for balancing the budget through either cuts or increased taxes are neither simple nor without major obstacles. Some programs should be turned over to local governments, but the constitution limits their ability to fund them. Decisions to eliminate or revise state programs are hindered by the lack of program evaluations. Across-the-board cuts penalize the best programs the same as the worst.

Solving the budget crisis through cuts alone is "mission impossible" as few would tolerate cuts of 50% in our colleges, vo-tech schools and charity hospitals. New taxes alone, without a major restructuring at the state and local level of both taxes and spending, would be a stopgap solution which would guarantee future financial crises.



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