



April 26, 2009

## Short on cash, long on innovation

Louisiana lawmakers will enter the 60-day legislative session facing major fiscal challenges. These monetary issues will require much deliberation and compromise and will be a major focus of reports coming out of Baton Rouge the next two months.

We at Blueprint Louisiana recognize the difficult choices ahead. We can't fathom an outcome right now that doesn't touch the lives of some citizens.

But the difficult budget outlook doesn't mean we shouldn't continue to promote good ideas to improve our state. As our motto says, "Let's create the state we deserve."

That's why Blueprint wants to build on last year's progress. One way we can do that is with the continued interest and involvement of citizens around the state. This critical mass of support is essential to keeping the attention of our elected officials, who thus far have been hugely supportive of the Blueprint Agenda.

So what's left to do?

- We need to find some additional funding for LA 4, the state's very successful and acclaimed pre-kindergarten program, to expand the program to more of our children.
- We are very grateful for Gov. Bobby Jindal's pledge to use a considerable portion of the \$865 million Fiscal Year 2008 surplus for additional transportation needs and coastal restoration and hurricane protection projects. In addition, these issues need sustainable funding solutions.
- We support using some of the remaining FY08 surplus to create a couple of centers of excellence within the Louisiana Community and Technical College System to meet workforce needs in key, in-demand sectors.
- We must begin the pursuit of a health care redesign in the state to better serve the uninsured and more efficiently utilize providers and available funding. While we await some decisions at the federal level, the state has put forth its Louisiana Health First plan, and we need continual dialogue on this important subject. Louisiana is long overdue in addressing its health-care challenges, so we believe the time for health-care reform is now.

And what's next?

Blueprint recently added a "New Economy" component to our reform agenda. Louisiana's economy is currently driven mostly by industry sectors that, while they remain essential to our economy, are not growing sectors. These industries have experienced a shift toward fewer employees through improved efficiencies, lower fixed costs and more investment overseas. While many other states have increased their focus on knowledge-based industry sectors that will grow substantially in the coming decades, Louisiana has lagged in this pursuit. We have little internal capacity to grow jobs in these new economy sectors.

A July 2007 report by the National Governors Association summarizes it well: "Economic strategy was somewhat easier in past generations. The destiny of states was largely shaped by their natural assets: a pleasant climate, abundant natural resources, availability of land, coastal locations and so on. Though these continue to be important factors for the states, it has become abundantly clear that 21st century places will succeed because of the assets they create, not the assets they inherit."

We're proposing two steps to help Louisiana build a knowledge-based, innovation-driven economy: (1) Shift to a performance-based formula to fund higher education to reward the results we need to transform our economy, and (2) Create a Louisiana Research Alliance to guide state investments to support diversification and growth of Louisiana's economy.

The proposed new funding formula places a much-needed priority on the benefits to the state and individuals who obtain a degree or certificate. By putting more emphasis on degrees and certificates, in addition to workforce alignment and external research, the funding formula will help Louisiana meet the challenge of competing and succeeding in a global, knowledge-based economy.

We also note that a phased-in approach to the new funding formula is reasonable, establishing the needed reform while recognizing the challenging fiscal conditions that have signaled proposed cuts to higher education funding.

In addition, the creation of a Louisiana Research Alliance (modeled after the highly-successful Georgia Research Alliance) would be an important addition to Louisiana's economic development initiatives. It can help elevate the importance of research and development, technology and innovation to Louisiana's economic future. This must include attracting and recruiting top-flight faculty, enhancing research in

