



February 26th, 2015

Commissioner Kristy Nichols
Louisiana Division of Administration
1201 North 3rd Street
Baton Rouge, La 70802

Re: Fiscal Year 2015 mid-year budget reductions

Dear Commissioner Nichols:

This diverse group of partners is writing you today to voice our sincere concerns over the proposed approach to eliminating the mid-year deficit of \$103.5 million. Though we greatly appreciate the administration's sensitivity towards protecting the Coastal Fund and commitment to avoid funding cuts in the next fiscal year, serious concerns remain over the current proposed reductions to the Coastal Protection and Restoration Authority (CPRA). While we are pleased that these cuts won't have a programmatic impact on CPRA, the partners herein view this budget action as a potential threat to future coastal restoration funds and the state's current restoration efforts: **in light of the coastal crisis facing the state, the Coastal Fund should be consistently protected.**

The implications of this budget approach set an unhealthy and unsustainable precedent for coastal restoration in Louisiana, as the budget reduction for CPRA will be a direct result of diverting monies from the Coastal Fund. Our state is on the verge of making great strides in restoring and rebuilding the coastline, thanks in large part to the forthcoming RESTORE Act and GOMESA dollars which will be deposited into the Coastal Fund: however, in light of the White House's recent attempt to reallocate offshore oil sharing revenues away from Louisiana, these dollars are not certain, and any appearance of differing priorities or divergent use of restoration dollars will send a clear signal to Washington that our state is not to be trusted.

In addition to these long-term impacts are also immediate threats to the critical work underway. CPRA's budget is currently supported, in part, by mineral revenues which have declined significantly with the price of oil. According to the Revenue Estimating Conference, CPRA's budget will be reduced by approximately \$4.5 million over the next two years—reducing the \$29.5 million CPRA received from taxes and severance penalties in 2014 to \$25 million. With vital infrastructure projects, plans and studies costing hundreds of millions of dollars, the state cannot afford to jeopardize its current restoration progress.

The partners listed herein represent an array of interests—from business to the environment to government affairs—and all recognize the vital importance and challenge of maintaining fiscal solvency at the state level; however, the economic risk both now and in the future of reallocating any amount of money from the Coastal Fund is simply not worth the return on investment. We appreciate and sincerely thank you for your leadership on this issue.

cc: Senator Jack Donahue and Representative James R. "Jim" Fannin