



Regents Recap

Regents Approves Funding Formula

Expresses Proposed Executive Budget Concerns

BATON ROUGE, La – The Board of Regents approved the distribution of funding to public colleges and universities using the funding formula. The allocation recommendation will now be sent to the Legislature for approval.

Commissioner Purcell emphasized that budget allocations for both non-formula and formula funding units are derived from the individual adjustments included in the Executive Budget, annualization of the 2012 mid-year budget reduction, and any reductions in general fund attributable to increases in tuition.

Once these adjustments are complete, an individual institution's budget is derived by the funding model cost calculations, the reallocation of funding due to the 4% hold harmless calculation, and the implementation of three strategic performance initiatives which include low-income students, research and workforce development.

“We worked closely with our systems to ensure fairness and equity in the distribution of funds,” said Purcell. Historically, the BoR has never used non-recurring funds in its funding formula; however, out of necessity, the FY 13-14 funding formula will include both general fund dollars and Overcollections Fund dollars, a significant portion of which are non-recurring funds. All of the funds distributed to formula units in the current FY12-13 budget, \$582M, are state general funds.

In this proposed FY 13-14 budget recommendation, approximately \$496M is budgeted to flow to the formula units by combining the state general fund and the Overcollections Funds included in the executive budget. The FY 13-14 formula will be funded with 32% state general funds and 68% Overcollections funds.

Even with the inclusion of non-general fund dollars, the amount utilized in the funding formula will decline \$85 million or 14.6% from the previous year. It is important to note that the \$85 million reduction for the two and four year institutions is the annualization of the formula unit mid-year reduction (\$15M) and the gross tuition swap based on anticipated GRAD Act tuition increases (\$70M).

During the meeting, several Regents members expressed their concerns about the proposed FY13-14 Executive Budget, which is the source of funds in the funding formula.

“Funding challenges in higher education are a national trend, and we are appreciative of the administration for making careful decisions on our behalf,” said Regents Chairman “Bubba” Rasberry. “However, we are concerned about such as large portion of our funding being allocated from Overcollections Fund, and that higher education is the only agency whose proposed budget is built on these contingencies.”

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Regents Members

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Matthew L. Jewell

Student

James E. Purcell

*Commissioner of Higher
Education*

The Overcollections Fund includes revenue from sources such as the New Orleans Convention Center, anticipated property sales, and pending lawsuit settlements to name a few. These funds are considered non-recurring and contingent sources of revenue. The Executive Budget specifically states that should any of these FY13-14 funds not materialize, the budget for higher education would be reduced by that amount.

Today, the Legislative Fiscal Office also expressed concerns pertaining to higher education's usage of Overcollections Fund in the budget. "There are significant risks associated with these funds materializing; even if all come to fruition, there is still a concern for FY14-15 and future years."

Proposed FY13-14 Funding Distribution

Using all means of finance, the following initial recommendations were made to the Legislature as a result of the formula distribution:

| | |
|---------------|-------------|
| LSU System: | 573,078,013 |
| SU System: | 117,965,863 |
| UL System: | 895,709,429 |
| LCTCS System: | 361,658,681 |

Regents Highlights

- ✓ The Board of Regents approved the adjustments resulting from Final Review of Board of Regents' Curriculum Inventory as they relate to GRAD Act Targeted Measures.
- ✓ The Board of Regents approved the TOPS Equivalency Course Request.
- ✓ The Board of Regents approved the following proposed new academic programs:
 - Associate of Science in Nursing (SLCC)
 - Associate of Applied Science in Technical Studies (NTCC)
 - Associate of Applied Science in Criminal Justice (CLTCC)
 - Associate of Applied Science in Helicopter Pilot Operations (BRCC)
 - Bachelor of Fine Arts in Digital Media (LSUS)
 - Bachelor of Science in Information Technology (SLU)
 - Graduate Certificate in Hazards Policy Studies
- ✓ The Board of Regents approved the following Consent Agenda items:
 - ULM – Request for Full Approval-Small Business Management Institute
 - SUSLA – Request to Convert the CTS in Web Development and the CTS in Computer Information Systems to CAS Degrees
- ✓ The Board of Regents approved the following Small Capital Projects Report
 - Louisiana Tech University – Biomedical Engineering Third Floor Partial Completion
 - LSU A&M – Acadian Hall Apartment Renovation
 - LSU and A&M- Herget Hall Bathroom Shower Repairs
 - LSU and A&M - LeJeune Hall Roof Replacement
 - LSU and A&M - Louise Garig Hall Roof Replacement
 - LSU and A&M – Middleton Library Modification for the Shell Tutorial Center
 - LSU and A&M – Virginia Rice Williams Hall General Classroom 102 & 103 Renovations
 - LSU HSC-S – Virology Laboratory Renovations - Northwestern State University – Construction of Parking Lot for Student Services Center and Caspari
 - Southeastern Louisiana University – Security Cameras Campus Expansion
 - University of New Orleans – Renovation of Northeast Section of Library's First Floor
- ✓ The Board of Regents received updates pertaining to the 2013 Legislative Session
- ✓ In addition to pursuing the tuition bill, the Board of Regents passed a motion to direct the Board's counsel to explore the possibility of obtaining a court ruling on whether tuition increases are subject to legislative approval by two-thirds vote under the constitution, and to coordinate with the counsel for all management boards, the Attorney General's office, and the Governor's office.

Regents' Programmatic Actions

- ✓ The Board of Regents approved the initial license for the Relay Graduate School of Education.
- ✓ The Board of Regents approved the following license renewals:
 - Pearl River Community College
 - Southern Arkansas University
 - Texas Christian University
 - Texas Wesleyan University
- ✓ The Board of Regents approved the license renewals of the Proprietary Schools Advisory Commission.

THE FACTS:

LOUISIANA BOARD OF REGENTS 2013 LEGISLATIVE AGENDA

Tuition Authority to Management Boards

What is the purpose of this legislation?

This legislation will authorize management boards to set tuition at their institutions pursuant to BoR Tuition Policy, once the policy is approved by the legislature by the constitutionally required two-thirds vote.

Why give tuition setting authority to management boards?

Management boards are in the best position to assess the need for increased tuition at any of their member institutions, based on facts specific to that institution.

Will systems be mandated to increase tuition if this legislation passes?

No, management boards may decide to not increase tuition, not charge per-credit or not charge differential tuition. Management boards may also decide to increase tuition at one institution and not another.

Why tuition increases?

Louisiana institutions need some means to increase their self-generated revenues. Louisiana tuition is substantially low compared to peer institutions. The tradition of low tuition is not sustainable in view of the immediate concerns over declining state funds for the next year and the changing paradigm that is likely to continue into the foreseeable future.

Will management boards have limitations on increasing tuition rates?

Yes, any tuition increase must conform to the BoR policy, which caps general undergraduate tuition at SREB levels, adjusted for state poverty index, and allows differential tuition and per-credit tuition

What is the model for other states?

Louisiana is one of three states that requires legislative approval for tuition adjustments and is the only state that requires a two-third vote from the House and Senate.

Employer Contribution (SB 16)

What is the purpose of this legislation?

This legislation has been filed on behalf of all higher education boards by the BoR and seeks to restore Optional Retirement Plan employer contribution levels to prior years' levels (5.6%).

What is the history of the Optional Retirement Plan?

Historically, the Optional Retirement Plan (similar to 401k), has been tied to the defined benefits plan. In 2012, employer contribution for ORP was tied to the newly created "cash balance plan."

Why is this legislation important?

This legislation would reset employer contribution levels for Optional Retirement Plan from the revised level of 1.8%, to the prior years' levels of 5.6%, and would be tied to a defined benefits plan. Even at 5.6%, employer contribution for ORP is the lowest in the South.

What would happen if this legislation does not pass?

Should this legislation fail the Optional Retirement Plan employer contribution levels would remain at 1.8% unless the Cash Balance Plan is suspended by law or invalidated by courts. This could potentially impact Louisiana's competitiveness to attract qualified employees.

Louisiana

Board of Regents

P.O. Box 3677

Baton Rouge, LA

70821-3677

Phone:

225.342.4253

E-Mail:

bor.publicaffairs@la.gov

Web Site:

www.regents.la.gov



Regents Quick Pics

Council of Student Body Presidents' Trip to Washington D.C.



Council of Student Body Presidents on the steps of the Capitol.



The group visiting the Library of Congress

March Board Meeting



Dr. Tom Layzell presenting "Making Governance Work" during today's Board Development.



Regent members Markle and Levy discussing legislative proposals.

About Regents

The Board of Regents, a state agency created by the 1974 Louisiana Constitution, coordinates all public higher education in Louisiana. The Board of Regents believes that a robust public postsecondary education system is critical in order to enhance Louisiana's social and economic environment. Through statewide academic planning and review, budgeting and performance funding, research, and accountability, Regents strives to ensure that all students have access to high-quality educational opportunities.

Regents Recap is produced by the Louisiana Board of Regents Office of Public Affairs

For more information or to be added to our distribution list, contact Dr. Katara A. Williams at 225.342.4253 or Katara.williams@la.gov.

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