

FINANCE COMMITTEE REPORT

Wednesday, June 21, 2006

The Finance Committee met on Wednesday, June 21, 2006, at 9:05 a.m. in the Louisiana Purchase Room of the Claiborne Building, 1201 North Third Street, Baton Rouge, Louisiana.

Chair Harold M. Stokes called the meeting to order. The roll was called and a quorum was established.

COMMITTEE MEMBERS PRESENT

Harold M. Stokes, Chair
William D. "Billy" Blake, Vice Chair
Scott O. Brame
Robert W. Levy
W. Clinton Rasberry, Jr.
Mary Ellen Roy
James Roy - LSU System
Walter Guidry - SU System
Winfred Sibille - UL System

COMMITTEE MEMBERS ABSENT

Artis L. Terrell, Jr.
Virgil Robinson, Jr.
John E. Delaney - LCTCS

OTHER BOARD MEMBERS PRESENT

Roland M. Toups
Frances T. Henry
Pat A. Strong
Richard E. D'Aquin
Ingrid T. Labat
William Clifford Smith
Stanley J. Jacobs
Terry Landry, Jr., Student Member

STAFF MEMBERS PRESENT

E. Joseph Savoie
Donald J. Vandal
Wendy C. Simoneaux
Louise Moore

GUESTS PRESENT

See Appendix A.

UPDATE ON STATE BUDGET FOR POSTSECONDARY EDUCATION, FY 2006-07

Mr. Donald J. Vandal, Deputy Commissioner for Finance and Administration, indicated to the committee that the Legislature adjourned on Monday, June 19th and finalized amendments to House Bill No. 1, the General Appropriations Bill, that day. Mr. Vandal then went on to summarize the major additions and targeted areas addressed by the Governor and the Legislature in regards to Postsecondary Education as reflected in Appendix B.

Mr. Vandal also indicated to the committee that it is estimated that in excess of \$40 million dollars in recurring funds has been added to Postsecondary Education from where the budget had started at the beginning of FY 2005-2006. Mr. Vandal concluded by indicating that the budget status, as evidenced by the above summary of action, had much improved from earlier projections and that higher education should be appreciative of the Governor and Legislature for keeping Postsecondary Education as a top priority.

FORMULA REVISIONS, STATUS AND ON-GOING REVIEW

Mr. Vandal gave the committee a short history of the Board of Regents Funding Formula and an overview of some of the issues that staff have confronted in the implementation of the formula since its 2001 revision. Mr. Vandal advised the committee that the staff will be preparing a comprehensive list of major issues that need to be addressed in the formula, but that staff was bringing to committee for its consideration at this time some relatively minor changes and clarifications to the funding formula, as reflected in Appendix C.

After discussion, the Finance Committee took the following action:

On motion of Regent Brame, seconded by Regent Levy, the Finance Committee unanimously recommended the Board approve the proposed changes and clarifications to the Louisiana Public Postsecondary Education Funding Formula as

reflected in Appendix C.

FUNDING ALLOCATIONS REQUIRING BOARD OF REGENTS PLANS

Mr. Vandal indicated that there were six various appropriations of funds in House Bill No. 1 that require allocation plans approved by the Board of Regents. Mr. Vandal then discussed each of the appropriations and provided the committee explanations of the status of plans for each.

A. Faculty Pay Plan

An amount of \$31,167,478 for faculty salary increases was appropriated and Mr. Vandal reviewed proposed guidelines for the pay plan as reflected in Appendix D. He further indicated that the collection of salary base data had been disrupted this year by the disasters, and that a recent effort has been underway to complete an updated salary data collection. Although that data is very close to being finalized, the data is not quite complete at this time. It is hoped that the process of collecting, editing and verifying the data will be finished within the next week or so.

After discussion, the Finance Committee took the following action:

On motion of Regent Levy, seconded by Regent Raspberry, the Finance Committee unanimously recommended the Board approve the guidelines of faculty salary proposal as reflected in Appendix D; and also, the Board authorize the Chair of the Board of Regents, the Chair of the Finance Committee, and the Commissioner of Higher Education, acting jointly, to approve the final dollar allocation for the pay plan distribution.

B. Library and Scientific Acquisitions

Mr. Vandal then went on to discuss the allocation of \$7,500,000 in Library and Scientific Acquisition funding as reflected in Appendix E. After discussion, the Finance Committee took

the following action:

On motion of Regent Levy, seconded by Regent Raspberry, the Finance Committee unanimously recommended the Board approve the distribution of the Library and Scientific Acquisition funding as reflected in Appendix E.

C. Resolve Accounts Receivable & Non-reimbursable Expenses

Mr. Vandal next apprised the committee of the distribution of the funds to address accounts receivable and other disaster related unreimbursed expenses as reflected in Appendix F.

Mr. Vandal reiterated that these dollars should resolve any remaining issues that institutions have in relation to the disasters and that institutions must write off any additional problems that these funds do not cover.

After discussion, the Finance Committee took the following action:

On motion of Regent Levy, seconded by Regent Blake, the Finance Committee unanimously recommended the Board approve the distribution of the Accounts Receivable and Other Disaster - Related Unreimbursed Expenses funding as reflected in Appendix F and that as a condition of the funding, the institutions are to write off any remaining balances due to the enrollment of displaced students.

D. Uncertain Enrollment, Financial Stability, and Recovery Efforts and Community and Technical College and Academic Learning Center Development

Mr. Vandal then informed the committee that there were two additional pools of funds that were designed to address “uncertain enrollment, financial stability, and recovery efforts” and for continued development of the community and technical colleges and the learning centers.

Mr. Vandal indicated that additional time was needed to develop strategies with respect to the effective use of these funds and that meetings with the systems to discuss these issues would take place. Further, some of the decisions on the allocation of these funds will also depend upon the

enrollment levels realized by schools in the fall semester. Staff will bring forth allocation plans after those issues have been considered and assessed.

Mr. Vandal did, however, ask that the Board approve an allocation amount to the University of New Orleans to rectify an incorrect assumption of enrollment for the current year that was used in regards to the FY 2005-2006 mid-year budget reductions.

After discussion, the Finance Committee took the following action:

On motion of Regent Levy, seconded by Regent Brame, the Finance Committee unanimously recommended the Board approve the distribution of \$1,781,722 from the Uncertain Enrollment, Financial Stability, and Recovery Efforts funds to the University of New Orleans.

F. Pathways to Construction Employment Initiative

Mr. Vandal introduced Dr. Walter Bumphus, Mr. Jim Henderson, and Mr. Jim Owens to give a presentation on the allocation model proposed for the Pathways to Construction Employment Initiative as reflected in Appendix G.

After a lengthy discussion, the Finance Committee took the following action:

On motion of Regent Levy, seconded by Regent Brame, the Finance Committee unanimously recommended the Board approve the allocation model as reflected in Appendix G for the Pathways to Construction Employment Initiative.

LONI SUPER COMPUTING

Mr. Vandal next updated the committee on funding provided to further enhance computing capability of the LONI network. Expected benefits of the funding include a significant, and much needed increase in the computational resources for academic research, including the ability to do hurricane tracking and storm surge modeling, and to provide

connection of the state's computing services.

REPORT FROM DEPUTY COMMISSIONER

Mr. Vandal informed the committee of several ongoing issues that staff is working on, including the funding formula, the Funds Flow and Benchmarking project for the LSU Health Science Centers, and the need to establish a task force to review the Board's current Athletic Policy.

OTHER BUSINESS

Mr. Vandal then provided the committee information from the State's website on Disaster

Recovery Housing Program as requested by Chair Toups.

Mr. Toups then urged the Finance Committee to recommend to the Board that a resolution be adopted thanking the Governor and Legislature for their continued support of Postsecondary Education. After discussion, the Finance Committee took the following action:

On motion of Regent Rasberry, seconded by Regent Brame, the Finance Committee unanimously recommended the Board adopt a resolution thanking the Governor and Legislature for their continued support of Postsecondary Education.

ADJOURNMENT

There being no further business to come before the committee, the committee adjourned at 10:37 a.m.