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**BOARD OF REGENTS**

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*William Clifford Smith*  
*Harold M. Stokes*  
*Artis L. Terrell, Jr.*

*Chris L. Jividen, Student Member*

**FINANCE COMMITTEE REPORT**

**Wednesday, December 7, 2005**

The Finance Committee met on Wednesday, December 7, 2005 at 10:37 am in the Iowa Room of the Claiborne Building, 1201 North Third Street, Baton Rouge, Louisiana. Vice Chair William D. Blake called the meeting to order. The roll was called, and a quorum was established.

**COMMITTEE MEMBERS PRESENT**

William D. Blake, Vice Chair  
Scott Brame  
Robert Levy  
W. Clinton Rasberry, Jr.  
Artis Terrell  
James Roy, LSU System  
Jimmy Long, UL System  
John Delaney, LCTC System  
Lea M. Polk, SU System

**OTHER BOARD MEMBERS PRESENT**

Roland Toups  
Harold M. Stokes  
Richard D'Aquin  
Ingrid T. Labat  
Stanley Jacobs  
Pat Strong  
Reggie Dupre  
Clifford Smith  
Chris L. Jividen

**COMMITTEE MEMBERS ABSENT**

Virgil Robinson, Jr.

**STAFF MEMBERS PRESENT**

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

**GUESTS PRESENT**

Appendix A

**REVIEW OF BUDGET REDUCTION PLAN AND ISSUES**

Deputy Commissioner Vandal recounted the official actions taken by the Governor and the legislature in regards to hurricane related budget reductions in the months following the two natural disasters. Mr. Vandal explained that in exchange for being exempt from the Governor's executive order KBB-2005-38, which imposed a spending and hiring freeze, the postsecondary community agreed to self impose a targeted savings plan of approximately \$25M. Subsequently, the Governor issued executive order KBB-2005-82 which directed the Board of Regents to formulate a plan to reduce Postsecondary Education \$66,599,093 in state general fund appropriations and also reduced several statutory dedicated funds appropriated to the institutions by 5% for an additional savings of \$4,824,098. Mr. Vandal proceeded to explain that a special session of the legislature was convened on November 5th and the legislature in HB 156 further reduced line item appropriations that were added by the legislature in the 2005 Regular Session. These items totaled an additional \$2,927,719 in general funds and \$190,000 in statutory dedicated funds.

Deputy Commissioner Vandal next explained the methodology that the Board of Regents, in conjunction with, the postsecondary system offices used in devising the plan to allocate the general fund cuts mandated by executive order KBB-2005-82 (Appendix B). Mr. Vandal further explained that in addition to the transparent cuts addressed in Appendix B, there are also several other reductions that Louisiana Postsecondary institutions will ultimately endure. These reductions include self generated tuition loss and the loss of funding from the SELF fund which is a statutory dedicated fund whose appropriation will be effected by tax revenue loss. Mr. Vandal then brought to the attention of the committee, a schedule that was prepared by the

legislative staff (Appendix C), which summarizes all of the mandatory budget reductions discussed above.

Mr. Toups then asked Commissioner Savoie to comment on the next steps that would be taken in dealing with the aftermath of hurricanes Katrina and Rita. Dr. Savoie stated that the Board of Regents and system leadership would use this time as an opportunity to review, evaluate and consider various ways that Postsecondary Education in Louisiana could be made more efficient and effective.

### **OTHER BUSINESS**

Mr. Vandal then advised the committee that the distribution of the performance and growth pool that was approved by the committee in August would have to be reconsidered in light of the current situation. After a brief discussion of items that the Finance staff of the Board of Regents are continuing to address such as the new funding formula, the comprehensive study of funding for specialized institutions, and the tuition and financial aid policies, the meeting was adjourned at 11:43 am.