

MINUTES

BOARD OF REGENTS

January 10, 2013

The Board of Regents met in session at 10:05 a.m., Thursday, January 10, 2013, in the Louisiana Purchase Room, Claiborne Building, 1201 North Third Street, Baton Rouge, Louisiana. Chairman Robert Levy called the meeting to order.

SWEARING-IN CEREMONY OF NEWLY APPOINTED AND REAPPOINTED BOARD MEMBERS

Dr. Uma Subramanian, General Counsel for the Board of Regents, administered the oaths of office to newly appointed members Mr. Joel Dupré, Mr. Richard Lipsey, and Mr. Edward Markle, along with reappointed members Mr. Mark Abraham and Mr. Robert Levy.

ROLL CALL

Executive Assistant Carolyn Blanchard called the roll and a quorum was established.

Present for the meeting were:

W. Clinton Rasberry, Jr., Chair
Joseph Wiley, Vice Chair
Mark Abraham
Robert Bruno
Joel Dupré
William Fenstermaker
Robert Levy
Richard Lipsey
Edward Markle
Albert Sam II

Absent from the meeting were:

Charlotte Bollinger, Secretary
Raymond Brandt
Joseph Farr
Chris Gorman
Matthew Jewell
Roy Martin III

PUBLIC COMMENTS

Chairman Levy noted that no written requests were received for public comments and asked whether the audience had any comments at the time. There were none.

APPROVAL OF THE MINUTES OF DECEMBER 6, 2012

On motion of Regent Fenstermaker, seconded by Regent Rasberry, the Board voted unanimously to approve the minutes of December 6, 2012.

INSTALLATION FOR 2013

Board Officers (Chair, Vice Chair and Secretary)

It was noted that the newly appointed officers for 2013 would be sworn in by Dr. Subramanian. She administered the oaths of office to Regent W. Clinton Rasberry, Jr. as Chair and Regent Joseph Wiley as Vice Chair. Regent Charlotte Bollinger was absent and will be sworn in as Secretary at a later date.

Regent Levy turned the gavel over to Chair W. Clinton Rasberry, Jr. In turn, Chair Rasberry presented Regent Levy with a token of appreciation for his guidance as Chair during the last two years. Chair Rasberry said there has never been a servant who has given more or been more informed about the enterprise of Louisiana public higher education than Regent Levy. He stressed Regent Levy's unwavering dedication and the debt of gratitude owed to him by this Board and the State. Regent Bruno welcomed the newly appointed Board members and also applauded Regent Levy's continued presence on the Board.

Members to Serve on the Executive Committee

Chair Rasberry next requested that members of the Executive Committee be sworn in by Dr. Subramanian as follows: Regents William Fenstermaker, W. Clinton Rasberry, Jr., Albert

Sam II, and Joseph Wiley. Regents Charlotte Bollinger, Joseph Farr and Roy Martin III were absent and will be sworn in at a later date.

Representatives to Serve on the Louisiana Student Financial Assistance Commission

Regent Raymond Brandt and Dr. Larry Tremblay, Deputy Commissioner for Planning, Research and Academic Affairs, will be sworn in at a later date to serve as the Regents' representatives on the Louisiana Student Financial Assistance Commission for 2013.

Representatives to Serve on the Board of Regents' Proprietary Schools Advisory Commission

Dr. Subramanian will administer the oath of office at a later date to Regent Chris Gorman to serve as one of the Regents' representatives on the Board of Regents' Proprietary Schools Advisory Commission for 2013. Earlier in the week, Mr. Richard D'Aquin was sworn in as the other representative for the Commission.

RECOGNITION OF OUTGOING MEMBERS OF THE BOARD OF REGENTS

Chair Rasberry recognized the solid leadership of outgoing members: Mrs. Maurice Durbin, Mrs. Donna Klein, and Dr. Harold Stokes. Dr. Stokes attended the meeting and was presented a token of appreciation for his service. He noted that there are challenges ahead and encouraged the newly appointed members to listen to their experienced Board members and the staff. He commented that Isaac Newton once said, "If I have seen further, it is by standing on your shoulders, the shoulders of giants." Dr. Stokes thanked the Board for allowing him to serve with them -- the "giants of Louisiana."

REPORTS AND RECOMMENDATIONS BY THE COMMISSIONER OF HIGHER EDUCATION

Chair Rasberry said the report Commissioner Purcell would give today was requested by the Board so newly appointed members would understand the challenges ahead and then collectively all Board members could make informed decisions for the future of higher education.

Commissioner of Higher Education Jim Purcell spoke on two topics: (1) mid-year cuts and higher education budgets and (2) human capital development approaches and understanding the Louisiana context for future action.

Commissioner Purcell said the Regents is constitutionally vested with budgetary responsibility. He noted that the \$22 million dollar mid-year cut in State General Funds was distributed via a 2.6% prorata share. The Taylor Opportunity Program for Students (TOPS) was not cut. The Board of Regents budget has gone from \$50 million in 2008 to \$14 million this year. Many of the Regents' initiatives have been reduced or eliminated during this period. System by system Dr. Purcell reviewed the budget for the last five years. He noted that even with GRAD Act tuition increases, the deficit in funding has not been fully replaced. Commissioner Purcell did mention that enrollment has increased 10% since 2008 despite the decline in funding. Currently \$607 million or 73% of the \$834 million of state General Funds are allocated to mandated costs.

Commissioner Purcell next spoke about human capital development. He said Louisiana has both low state support and low tuition. Two-year institutions have been allowed to charge tuition at the SREB average. He said the Regents will be seeking legislation this spring to allow the same for the four-year institutions. Dr. Purcell said a recent report indicated that Louisiana has provided lower than expected levels of support for higher education in the past two decades.

He quoted a remark from Anthony Carneval of Georgetown University, who said "that over the long term, slow and consistent increases in state postsecondary attainment can attract high value added industries. But in the short term, the available jobs determine the demand for postsecondary talent." Commissioner Purcell said the State's investment in higher education yields both a private return for the student and a public return for its citizens of the state. By 2018, 52% of all jobs in Louisiana will require some postsecondary training. In the numbers of jobs for high school dropouts, high school graduates and those with associate degrees, Louisiana is ranked in the top five, whereas the State ranks toward the bottom for jobs for college graduates and those with postgraduate credentials.

He said that for people and communities to thrive in the new economy, access to a good college and good health care is critical. He made observations about Louisiana's educational attainment of persons 25 years and over and the median income versus poverty rate in the state by parish.

Chair Rasberry said the cuts for our campuses are alarming. He said there is no particular reason, person, entity or institution to blame for the situation Louisiana is in. The Board must be interested in what we can do in the future and how the Regents can get there. He asked "What is the core of higher education that must be preserved?" He examined a few institutions that are dealing with significant cumulative reductions since 2008. Chair Rasberry said that if we do not invest in education, the end results will be poverty, crime and a stagnant recovery.

A question and answer session followed.

Regent Bruno asked if statewide approval is needed for states that have a local option. Dr. Purcell said that in other states the community colleges have local support. Dr. Subramanian

said that local support would not be deterred by state law, but would need to the local government to voluntarily make the funds available to higher education.

Regent Sam requested the Commissioner to address the appropriations for TOPS and how they impact the higher education budget. Deputy Commissioner Barbara Goodson said it is a general misconception that TOPS is provided in addition to any other revenue the institution receives. It is self-generated revenue. For the last several years, higher education has been given a pool of money to disperse to the institutions, from which TOPS obligations are paid first. This shrinks the amount of available revenue to be dispersed.

Regent Sam asked how the \$22 million budget cut will be handled. Commissioner Purcell said mid-year cuts are problematic since good budgeting requires knowing how much money you will have for the entire year. Ms. Goodson said the mid-year cut was handled on a prorata basis, except for TOPS, which was not cut. Sixty percent came out of salaries and mandated costs, with the remainder from reductions in travel, operating services, supplies, other charges, and acquisitions. She said the institutions do not have money for deferred maintenance on older buildings.

Regent Abraham inquired if the total postsecondary education operating budget for 2008-2012 has remained the same. Commissioner Purcell said that though the total budget has remained somewhat level, mandatory costs have gone up 25 percent. TOPS and the budget for the Louisiana Office of Student Financial Assistance have been added to higher education's budget rather than being funded over and above funding for the institutions as was the case until 2010. Regent Abraham asked for a chart to reflect the exceptions. Chair Rasberry said these data will be tracked during the year.

Regent Wiley said that while we have had significant decreases in state funding, we have had increases in enrollment and completions. This causes a dilemma when you go to the Legislature for additional funding. He noted that there have not been any closures of institutions for a lack of funding. State legislators and citizens do not see a significant negative impact. He said the challenge becomes identifying what each institution needs that it does not have and how to pay for those needs. He suggested that the institutions supply the answers to these questions. Tuition in Louisiana is much lower than other SREB states, and the deficit could be made up by increasing tuition to the SREB average.

Regent Fenstermaker said you cannot solve any problems without identifying the problems, and that the goal of the Board of Regents is to assist the campuses to achieve success. He mentioned that hospitals have found a solution through privatization. Regent Fenstermaker said ways to privatize certain parts or all of the universities should be considered. His challenge to the Board of Regents is to find a way to provide higher education with the revenue it needs, whether through private sources or the state. Commissioner Purcell said that Louisiana needs to have higher education that is more market-driven. Proposed legislation would allow for more control by the local management boards. The GRAD Act allows for more autonomies for the institutions to take over certain activities that would normally be charged as costs to the state.

Regent Dupré said that data shows that 73% of current state funds are allocated as mandated costs. He inquired about a business model of variable cost versus a fixed cost standard. He asked to see more data on how such a model could fill the educational void with variable costs that become self-generated. Commissioner Purcell spoke on differential tuition and charging per credit hour.

Chair Rasberry said an objective of the Board will be to develop that exact model for the future. He said they must take into consideration that while higher education has a business factor, its function is primarily academic.

BOARD OF REGENTS' RESPONSE TO HOUSE RESOLUTION 110 OF THE 2012
REGULAR SESSION OF THE LOUISIANA LEGISLATURE

Dr. Larry Tremblay introduced Mr. George Eldridge, Legal Counsel for the Louisiana Office of Student Financial Assistance, before he spoke regarding House Resolution 110 of the 2012 Regular Session of the Louisiana Legislature. He said HR 110 requested that the Board of Regents study the residence requirements for a student to qualify for TOPS when the student has a parent who is a member of the military and who is transferred by the military to Louisiana and is not a Louisiana resident. Dr. Tremblay discussed whether such laws and policies are fair, equitable, and consistent with residency requirements imposed by other states with merit-based scholarship programs.

After further discussion,

On motion of Regent Wiley, seconded by Regent Levy, the Board voted unanimously to adopt the Board of Regents' Response to House Resolution 110 of the 2012 Regular Session of the Louisiana to maintain the current TOPS residency requirements and all the provisions which have been made to alternatively determine residency for dependents of members of the armed forces and authorize the Commissioner of Higher Education to make any non-substantive changes necessary prior to its transmittal to the appropriate House and Senate Committees.

BOARD OF REGENTS' RESPONSE TO SENATE RESOLUTION (SR) 120 OF THE 2012
REGULAR SESSION OF THE LOUISIANA LEGISLATURE

Dr. Kerry Davidson, Deputy Commissioner for Sponsored Programs, stated that the Senate requested the Board of Regents to develop a strategy to attract more students to, and

graduate more students from, the state's colleges and universities in the fields of Science, Technology, Engineering, and Math (STEM).

Dr. Davidson thanked Dr. Jeanne Burns, Associate Commissioner for Academic and Student Affairs for Teacher Education and Dr. Lisa Smith Vosper, Associate Commissioner for Workforce Education and Training, who worked with the Sponsored Programs staff in writing the response to the Legislature related to SR 120.

Dr. Davidson addressed two questions in response to the resolution – what STEM jobs are available or needed, in what regions, industries, or agencies and what curricula, training, and incentives are required to fill the STEM positions identified.

He next reviewed the staff findings as listed below:

- ❖ Multiple agencies, including the Regents, collect insightful and relevant data regarding STEM workforce needs and STEM educational opportunities;
- ❖ The Regents help coordinate workforce studies and serve as the annual repository for complete data across all disciplines and all post-secondary campuses;
- ❖ The Regents monitor workforce demands in relation to curricula trends through the exercise of its academic review and approval process; and
- ❖ The Regents track trends among STEM graduates statewide.

Dr. Davidson said the Board of Regents could coordinate efforts to address the resolution as follows:

1. Monitor STEM workforce needs by job category and region of the State;
2. Monitor progress of educational initiatives – by region and statewide – which impact STEM workforce needs;
3. Monitor progress and completion rates – by campus, region, and statewide – of students majoring and graduating in STEM disciplines; and
4. Render a report to the Legislature and other key stakeholders which addresses items 1-3, above, in 2016 and every three years thereafter.

A question and answer session followed.

Regent Bruno inquired how can Louisiana attract more people into the STEM fields. Dr. Davidson said that we do not have an immediate answer without an understanding of the many

initiatives underway and their impacts. Regent Bruno suggested giving prospective students of STEM the information needed to draw them to Louisiana institutions. Dr. Davidson said the Star Rating System indicates the best jobs available in the state. He said there are numerous individual programs at the high school and postsecondary levels that focus on STEM.

On motion of Regent Lipsey, seconded by Regent Fenstermaker, the Board voted unanimously to adopt the Board of Regents' Response to Senate Resolution 120 of the 2012 Regular Session of the Louisiana, forward to the Legislature Items 1-4 as listed above and the full report developed in response to Senate Resolution 120, and authorize the Commissioner of Higher Education to make any non-substantive changes necessary prior to the report's transmittal to the appropriate House and Senate Committees.

UPDATE ON CAMPUS DEFERRED MAINTENANCE ISSUES

Ms. Barbara Goodson, Deputy Commissioner for Finance and Administration, presented data that indicate the cost for deferred maintenance for the University of Louisiana System is \$96,085,880; for the Louisiana State University System is \$969,965,587; for the Southern University System is \$277,500,000; and for the Louisiana Community and Technical College System is \$189,332,601, for a total of approximately \$1.5 billion statewide. Current needs include, but are not limited to, re-paving of roadways and streets; upgrades to fire alarm systems, lighting, HVAC and control systems; roof repair and replacements; and facility painting, waterproofing and interior renovations.

Ms. Goodson next introduced Mr. Steve Lasavio, Project Manager and Architect in the Office of Facility Planning and Control. He updated the Board on the progress of rebuilding Southern University at New Orleans (SUNO) since Hurricane Katrina in 2005. He said that SUNO's maintenance, cafeteria, and health and physical education buildings have been

completed, along with the housing complex, Information Technology Center and Business School. Mr. Lasavio reviewed the upcoming projects to be completed during 2013 and 2014.

Chairman Rasberry asked that the Regents devise a way to track maintenance issues that could possibly trigger an infraction of the American with Disabilities Act or cause some fire safety/drainage issues.

APPROVAL OF A B-7 FOR THE LOUISIANA OFFICE OF STUDENT FINANCIAL ASSISTANCE

Ms. Goodson requested approval of a BA-7 for the Louisiana Office of Student Financial Assistance. She said the mid-year budget adjustment is to add federal revenue and expenditure authority as follows:

- \$2,222,633 for administration and support of the GEAR UP program;
- \$45,907,615 for the Loan Operations program; and
- \$878,635 for the Scholarship/Grants program.

On motion of Regent Levy, seconded by Regent Fenstermaker, the Board of Regents approved the BA-7 for the Louisiana Office of Student Financial Assistance for:

**\$2,222,633 for the administration and support of the GEAR UP program;
\$45,907,615 for the Loan Operations program; and
\$878,635 for the Scholarship/Grants program.**

OTHER BUSINESS

Chair Rasberry next acknowledged the work of Dr. Kim Hunter Reed, who was Chief of Staff at the Board of Regents for the last four years. He mentioned that she was an asset to the Regents' team and was a major contributor to many of the higher education advancements in the State. Chair Rasberry said she was leaving the Regents to advance her career in the national education policy sector. He then presented her with a token of appreciation for her service to higher education.

Dr. Reed said she was grateful to have served at the Board of Regents on two occasions. She thanked Regent Levy for his dedication and motivation and noted the new leadership of Regent Rasberry. She said she appreciated each Board member, and the staff was special.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:10 p.m.