

## **EXECUTIVE SUMMARY**

### **Finance Committee**

**March 23, 2016**

### **III. Review and Acceptance of the Preliminary FY 2016-2017 Funding Recommendation**

The FY 17 Executive Budget was presented with a \$180.3 M reduction to colleges, universities, specialized institutions and boards, and \$233.2 M to LOSFA and TOPS in order to balance to the estimated \$2 B SGF shortfall. The Revenue Estimating Conference (REC) met last week and revised the revenue estimate to account for various revenue measures enacted by the legislature during the 1st Special Legislative Session of 2016. By accounting for these various revenue bills that raised approximately \$1.26 B for FY 17, the latest shortfall calculation for FY 17 has been reduced from approximately \$2.0 B to approximately \$747 M. Therefore, the preliminary budget proposal the board approved in October 2015 does not resemble the current fiscal reality.

This preliminary recommendation is based on distributing available funds in the executive budget through the outcomes-based funding formula models for 2 and 4-year institutions and a pro-rata distribution for the specialized institutions. With regard to the 2 and 4-year institutions, 70% of the distribution is based on each institution's existing operating budget base, 15% is based on cost, and 15% is based on outcomes.

The final distribution will be determined by the funds appropriated in the enrolled version of the appropriations bill (HB 1) and will be presented for approval at the June 2016 meeting. The Table of Organization (T.O.) was eliminated in the executive budget. Staff will work with the systems to allocate the position reduction and present a recommendation to the Board at the June meeting.

#### **RECOMMENDATION:**

**Senior Staff recommends approval of the preliminary distribution which allocates available funding in accordance with the formulas methodology listed above.**

### **IV. Budget Adjustment (BA-7) #4 (Increase of New Fees) and Budget Adjustment (BA-7) #5 (Increase in Fees & Self-generated Revenues) for the Southern University Board of Supervisors**

#### **BA-7 #4 SUMMARY:**

The purpose of this BA-7 request is to increase self-generated revenue (SGR) budget authority for the SU System pursuant to Act 377 (HB 152) of 2015 in the aggregate amount of \$1,651,586. The specific fee increase, which was not initially included in the FY 16 budget, is being requested at the following institutions: SU Shreveport - \$806,659, SU Law Center - \$321,511, SU A&M - \$523,416. Pursuant to Act 377, 5% of the fee increases have to be allocated for need-based scholarships. Based upon the information provided to the Board of Regents, of the approximately \$1.65 M requested, \$81,052 is being set aside for scholarships.

*Note:* Due to language contained in the Higher Education preamble within Act 16 of 2015 (HB 1) (page 114, lines 42 – 46), upon approval of the Board of Regents this BA-7 request will be

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processed as an in-house budget adjustment and will not require Joint Legislative Committee on the Budget (JLCB) approval.

#### *\$806,659 SU Shreveport (SUSLA)*

The specific revenues generated for SU Shreveport are borne by a maintenance and accreditation fee, which is currently \$8 per credit hour for the accreditation fee and \$7 per credit hour for the maintenance fee. According to SU Shreveport, these self-generated resources will be utilized for the SU Shreveport Connect Program. This program is designed for students who not meet the admission requirements to gain acceptance into SU A&M or SU New Orleans (SUNO). Students participating in this program will take courses on the 4-year campus by SUSLA instructors. Once a participating student completes 12 college-level credit hours (including a C or better in college-level English and Math) and has a GPA of 2.0 or better, the student will be eligible to transition to one of the 4-year schools in the SU System. According to SUSLA, \$38,881 of the requested \$806,659 SGR will be allocated for scholarships, while the remaining funds will be utilized for various operating costs associated with this program including personal costs, related benefits and various other operating services expenditures.

#### *\$321,511 SU Law Center*

The specific revenues generated for the SU Law Center are borne by the Student Success Fee, which is currently \$258 per full time student and pro-rated for part-time students (\$21.50/ 1credit hour). According to the Law Center, these self-generated resources will be utilized for a bar review program (Barbri Bar Review), Assessment & Teacher System (Barbri Bar Review) and a professional services contract with a psychometrician (Dr. Rodger Bolus), who provides exam weighted averages for the Law Center, which allows the school to compare students' progress on a level playing field. The amount allocated for these various services is \$305,511. In addition, pursuant to Act 377 (HB 152) \$16,000 of these resources will be allocated for scholarships. To the date, the Law Center has collected approximately \$300,000 of the requested fees from the Fall and Spring semesters. The remaining \$20,000 of fee revenues is anticipated to be collected during the upcoming summer semester.

#### *\$523,416 SU A&M*

The specific revenues generated for SU A&M are borne by a University Support Fee in the amount of \$4 per credit hour not to exceed an aggregate amount of \$96 per student over a two semester timeframe (or 24 credit hours). Pursuant to Act 377 5% of these funds, or \$26,171, will be allocated for scholarships with the remaining funds being utilized for the personal services costs of 7 full time faculty positions from various colleges/ departments including College of Education, Arts & Humanities, College of Nursing & Allied Health and College of Sciences & Agriculture. The aggregate expenditure breakdown of the faculty positions is as follows: \$365,500 – salaries, \$131,745 – related benefits.

#### **RECOMMENDATION:**

**Senior staff recommends approval of this BA-7 request.**

**BA-7 #5 has been withdrawn**