Louisiana Public Postsecondary Education

Operating Budget Review

September 21, 2016

In February 2016, Projected FY17 SGF Deficit

FIVE YEAR BASE LINE PROJECTION
STATE GENERAL FUND SUMMARY
CONTINUATION

REVENUES:	Current Fiscal Year 2015-2016	Projected Fiscal Year 2016-2017	Projected Fiscal Year 2017-2018	Projected Fiscal Year 2018-2019	Projected Fiscal Year 2019-2020
Taxes, Licenses & Fees	$10,414,700,000	$10,399,600,000	$10,572,400,000	$10,574,700,000	$10,777,000,000
Less Dedications	($2,475,000,000)	($2,160,200,000)	($2,172,900,000)	($2,195,600,000)	($2,221,500,000)
Undesignated Fund Balanced	($117,077,518)	$0	$0	$0	$0
Carry Forward Balances	$11,874,873	$0	$0	$0	$0
Act 121 of 2015 RLS (Funds Bill) - Transfer of Funds	$30,300,000	$0	$0	$0	$0
Mid-Year Deficit - Action by JLCB on 11/20/2015	$106,447,816	$0	$0	$0	$0
TOTAL REVENUES	**$7,971,245,171**	**$8,239,400,000**	**$8,399,500,000**	**$8,379,100,000**	**$8,555,400,000**
ANNUAL GROWTH RATE		**3.36%**	**1.94%**	**-0.24%**	**2.10%**
EXPENDITURES:					
General Appropriation Bill (Act 16 of 2015 RLS)	$8,041,802,994	$9,669,255,204	$10,111,047,850	$10,433,377,313	$10,744,751,218
Ancillary Appropriation Bill (Act 46 of 2015 RLS)	$0	$0	$0	$2,668,062	$6,484,178
Non-Appropriated Requirements	$285,155,251	$496,564,823	$521,060,030	$542,037,786	$570,140,087
Judicial Appropriation Bill (Act 66 of 2015 RLS)	$159,838,908	$159,838,908	$159,705,289	$159,704,887	$159,704,469
Legislative Appropriation Bill (Act 76 of 2015 RLS)	$73,352,811	$73,352,811	$73,281,028	$73,281,162	$73,281,282
Special Acts	$0	$13,400,000	$13,400,000	$13,400,000	$13,400,000
Capital Outlay Bill (Act 26 of 2015 RLS)	$0	$0	$0	$0	$0
TOTAL EXPENDITURES	**$8,560,149,964**	**$10,412,411,746**	**$10,878,494,197**	**$11,224,469,210**	**$11,567,761,234**
ANNUAL GROWTH RATE		**21.64%**	**4.48%**	**3.18%**	**3.06%**
Midyear Adjustments after 12/1/2015	$0	$0	$0	$0	$0
Preamble Adjustment	($18,840,452)	($18,840,452)	($18,840,452)	($18,840,452)	($18,840,452)
PROJECTED BALANCE	**($570,064,341)**	**($2,154,171,294)**	**($2,460,153,745)**	**($2,826,528,758)**	**($2,993,520,782)**

Source: 5-Year Base Line Projection presented to the JLCB at the February 2016 Meeting

$2B Solution?

Raised $1.672B and did not fund $290M of anticipated FY17 expenditures

1st Special Legislative Session
- Raised approximately $1.3B in revenues

2nd Special Legislative Session
- Raised approximately $372M in revenues

Remaining Pieces of Solution:
- $290M of FY17 expenditures not funded *(example: not fully funding TOPS in FY17)*

- *Of the $1.3B raised during the 1st Special Legislative Session, Higher Education was appropriated a total of $216M*
- *Of the $372M raised during the 2nd Special Legislative Session, Higher Education was appropriated a total of $78.4M*

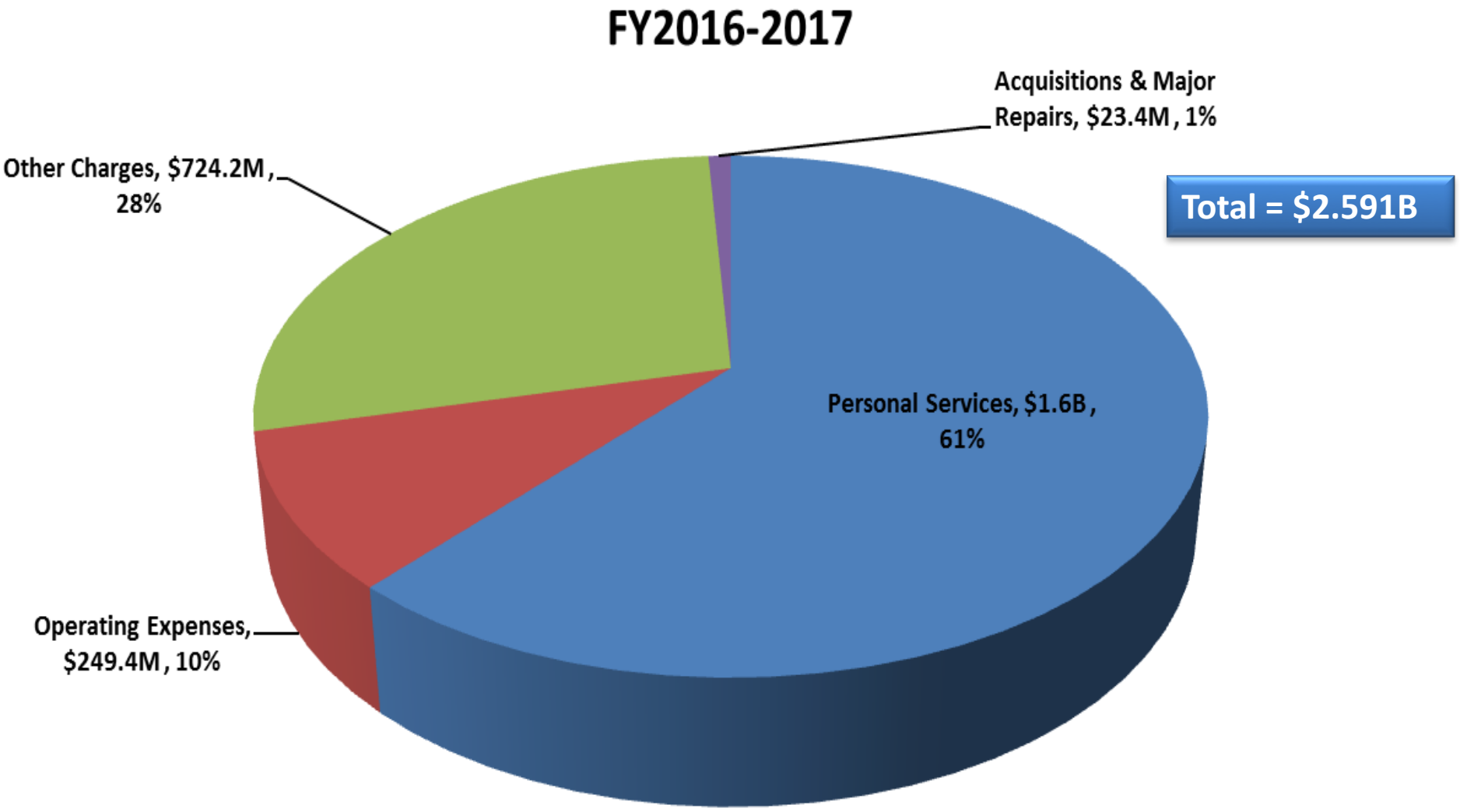
FY 2016-2017 Higher Education Budget Overview

Beginning Operating	FY 2016	FY 2017	Difference	% Change
State General Fund (SGF)	$652,511,193	$919,280,212	$266,769,019	41%
Statutory Dedications*	$533,675,165	$175,521,643	($358,153,522)	-67%
Interagency Transfers (IAT)	$37,546,031	$26,416,875	($11,129,156)	-30%
Self-generated Revenues (SGR)	$1,326,614,704	$1,389,630,995	$63,016,291	5%
Federal	$83,058,059	$79,903,497	($3,154,562)	-4%
Total	**$2,633,405,152**	**$2,590,753,222**	**($42,651,930)**	**-2%**
State Funds (SGF + Statutory Dedications)	*$1,186,186,358*	*$1,094,801,855*	*($91,384,503)*	*-8%*

**A major funding source in FY 2016 is the Student Assessment for a Valuable Education (SAVE) Credit Program. The amount allocated was $350M, which was deposited into the Higher Education Initiatives Fund for higher education SGF equivalent expenses. During FY 2017 budget development process, the Division of Administration eliminated SAVE budget authority (Higher Education Initiatives Fund) and increased SGF by a like amount.*

Note: *The FY17 SGF appropriated level of $919.3M represents approximately 10% of the total SGF forecasted to be available for current year, FY17 ($919.3M/$9.6B = 10%). For context, in FY09 SGF represented approximately 18% of the total SGF appropriated to Higher Education in the General Appropriations Bill.*

FY 2016-2017 Higher Education Budget Overview
Expenditures By Object



Major FY17 SGF Adjustments to HIED

Major FY17 Executive Budget SGF Adj. (February 2016)

- $350M SGF – MOF Swap SAVE Credit
- ($51.3M) SGF – Non-recur various legislative line items appropriated for FY16
- ($233M) SGF – No SGF in FY17 Executive Budget for TOPS Program
- ($180.3M) SGF – Division of Administration (DOA) calculated 24% reduction to SGF for Higher Education to balance the FY17 Executive Budget

Major FY17 SGF Adj. Post 1st Special Legislative Session (March 2016)

- $125.2M SGF – Restoration of funding for Higher Education
- $50M SGF – Restoration of funding for TOPS Program
- $4M SGF – Pennington Biomedical
- $4M SGF – LSU Ag Center
- $1M SGF – SU Ag Center

Major FY17 SGF Adjustments to HIED

Major FY17 SGF Adj. Post Regular Legislative Session (June 2016)

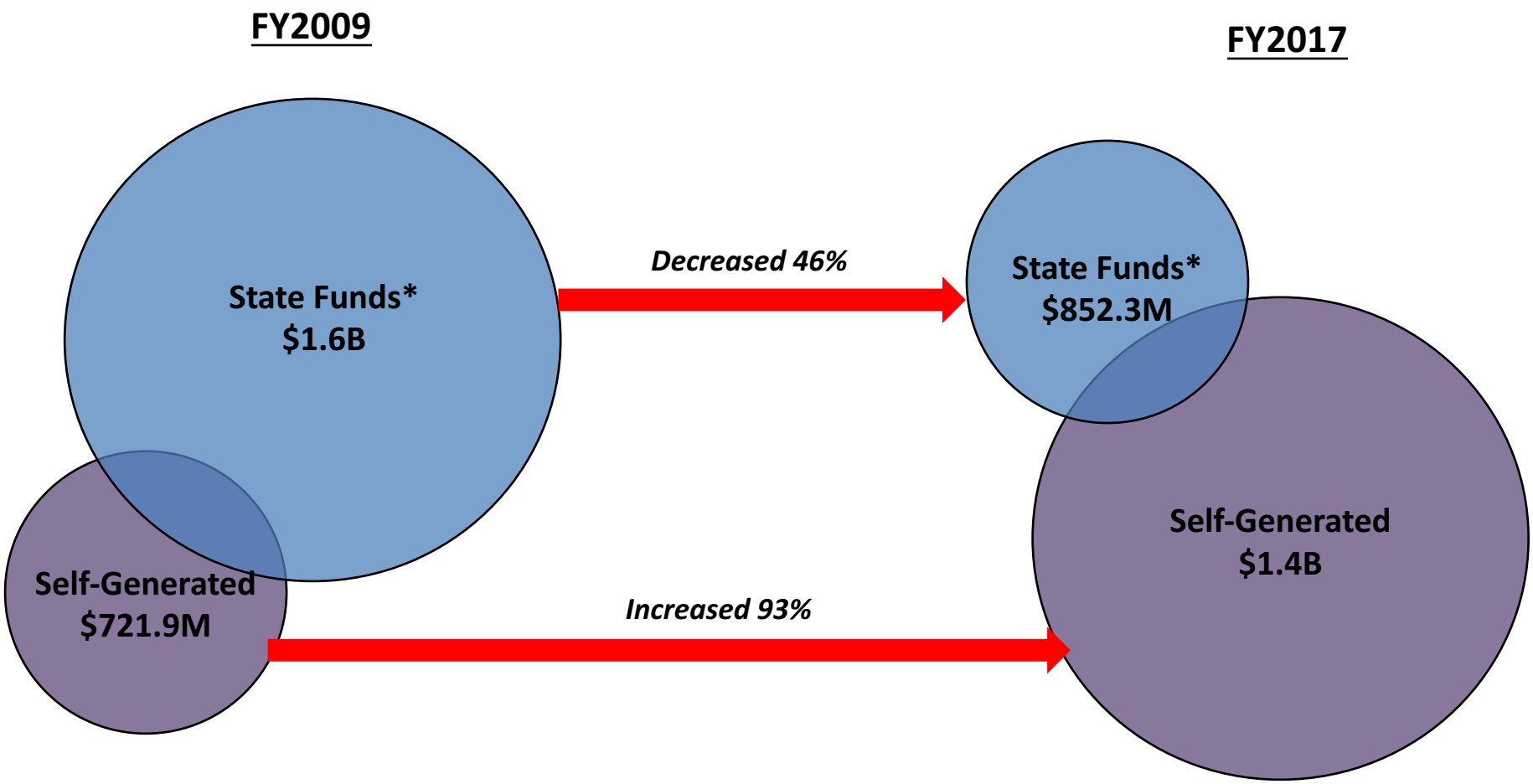
- $31.2M SGF – Restoration of funding for TOPS Program
- $525K SGF – Tumor Registry, Legislative Line Item
- $300K SGF – BRCC Legislative Line Item

Major FY17 SGF Adj. Post 2nd Special Legislative Session (June 2016)

- $67.9M SGF – Restoration of funding for TOPS Program (Fall Semester Only)
- $58.6M SGF – Restoration of funding for Higher Education
- $4.25M SGF – SU System Legislative Line Item Amendment
- $1.25M SGF – Grambling Legislative Line Item Amendment
- $1.0M SGF – LSU Medical School, New Orleans Legislative Line Item Amendment
- $4.0M SGF – LSU Medical School, Shreveport Legislative Line Item Amendment

Higher Education Means of Finance

(Excludes Board of Regents LOSFA Program, 19-671-2000 & Hospitals)



*State Funds = (State General Fund + Statutory Dedications)

Louisiana Higher Education: The True Picture

Higher Education Institutions (Excluding LOSFA and Hospitals)

Fiscal Year	Total State Funds	Self Generated Funds	Federal Funds and Interagency Transfers	Total
FY 08-09	*$1,571,583,691*	*$721,868,856*	*$142,575,679*	**$2,436,028,226**
			FY 08-09 Mandated Costs Paid Back To The State	($445,116,071)
			**FY 08-09 Scholarships and Fellowships*	($110,069,018)
			Dollars available for operations	**$1,880,843,137**

Fiscal Year	Total State Funds	Self Generated Funds	Federal Funds and Interagency Transfers	Total
FY 16-17	*$852,272,018*	*$1,389,538,245*	*$55,570,405*	**$2,297,380,668**
			†FY 15-16 Mandated Costs Paid Back To The State	($561,284,067)
			**FY 16-17 Scholarships and Fellowships*	($215,139,268)
			Dollars available for operations	**$1,520,957,333**
			Change in 9 years: $359.9M Less for operations†	**($359,885,804)**

*Institutions provide scholarships/fellowships to attract the best students and to abide by legislative mandates at the expense of not receiving all budgeted tuition/fees.

†FY 16-17 mandated costs are not available yet. The figures above assume no change in mandated costs from FY 15-16.

Note: Self generated funds include $123 million of TOPS awards in FY 09 and $209 million in FY 17.

FY 2016-2017 Higher Education
State General Fund (SGF)

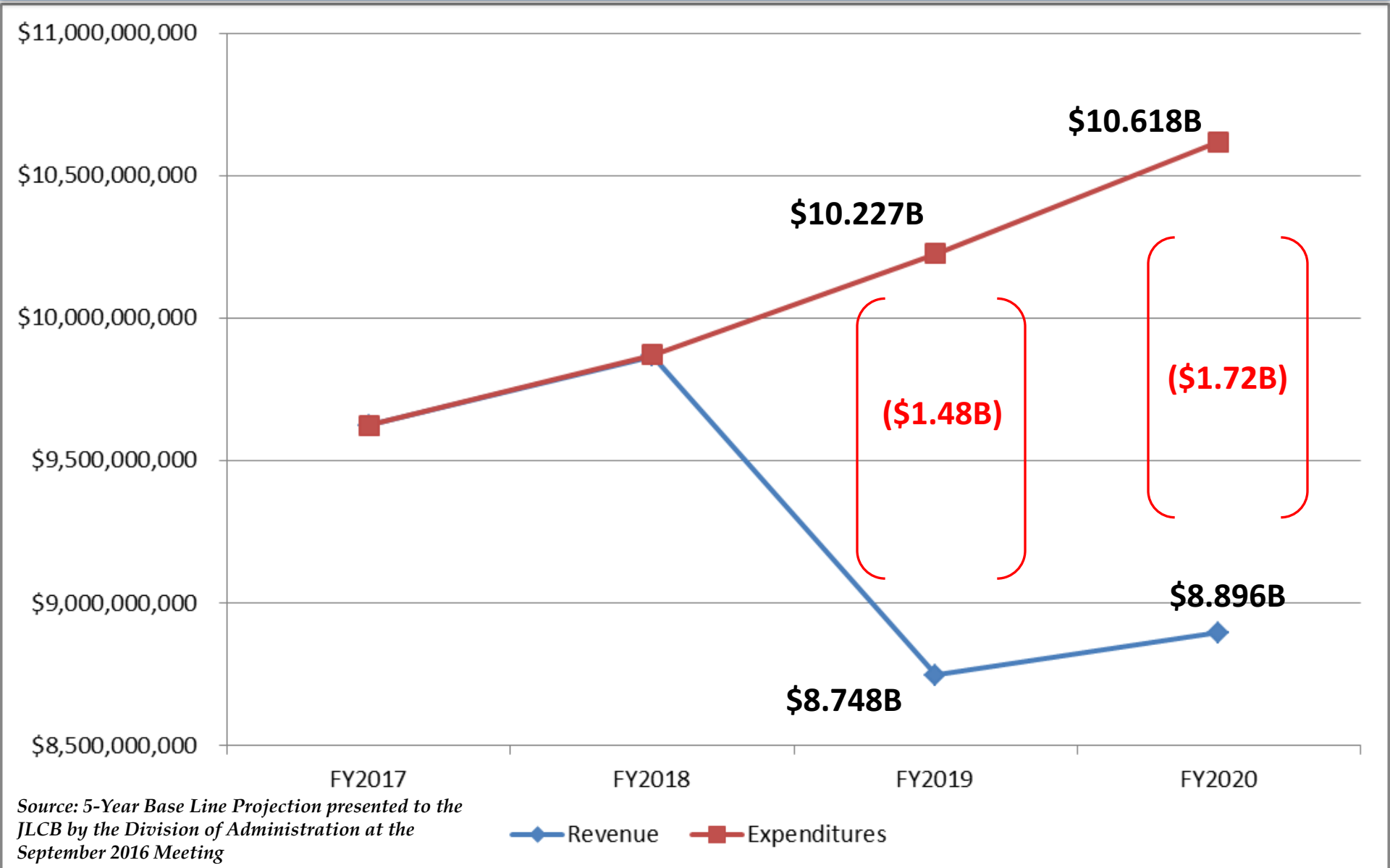
Beginning Operating - SGF/SGF Equivalent	FY 2016	FY 2017	Difference	% Change
Board of Regents	$14,143,657	$14,046,612	($97,045)	-1%
Board of Regents - LOSFA Program	$233,220,234	$182,208,087	($51,012,147)	-22%
Board of Regents - LUMCONProgram	$2,295,176	$2,279,428	($15,748)	-1%
LSU System	$373,477,241	$348,303,880	($25,173,361)	-7%
UL System	$218,601,857	$213,024,999	($5,576,858)	-3%
LCTCS	$116,084,441	$115,721,328	($363,113)	0%
SU System	$44,688,586	$43,695,878	($992,708)	-2%
Total	**$1,002,511,192**	**$919,280,212**	**($83,230,980)**	**-8%**

- *The significant SGF change from FY16 to FY17 within the LSU System is due to a $31.1M SGF legislative line item amendment appropriated in FY16 for the LSU Shreveport Medical School, while the FY17 legislative line item amendment was a net $4M SGF.*

- *Due to not fully funding the TOPS Program for FY17, the significant SGF change from FY16 to FY17 is within the LOSFA Program. Due to Fall semester front loading provisions, TOPS is funded for the Fall Semester at 93.06% and is anticipated to be funded at $47.63% for the Spring Semester 2017. Based upon projections during the 2017 legislative sessions, the FY17 total TOPS need is approximately $297.1M. Based upon the latest 5-Year Baseline Projection presented to the Joint Legislative Committee on the Budget (JLCB) by the Division of Administration (DOA), the additional FY18 SGF need for the TOPS Program is projected to be approximately $95M SGF. Please note that this projection is understated as the tuition increases in effect for FY17 are not included in the calculation.*

State General Fund Five-Year Base Line Projection

Fiscal Cliff: Approximately $1.1B in revenues are sunsetting in FY 19



Source: 5-Year Base Line Projection presented to the JLCB by the Division of Administration at the September 2016 Meeting