

**Impact of an \$20.8M State General Fund and \$1.8M Statutory Dedicated Fund Reduction on  
LSU Campuses in the Remainder of FY 2016  
February 12, 2016**

Campus	Additional Notes
<p><b>LSU A&amp;M</b></p> <p><u>SGF Reduction: \$6,384,560</u></p> <p><u>Stat Ded Reduction: \$610,007</u></p>	<p><b><u>Impact of Prior Cuts:</u></b></p> <p>Since FY 2009, continuous cuts to LSU’s state appropriated funds combined with annual increases in state unfunded mandates have materially eroded the financial resources supporting LSU’s core missions of instruction, research, and service. LSU’s annual state funding per FTE student ranks near the bottom of its SREB peers while LSU’s graduation rates have been equal to or exceeded the SREB average. This level of performance cannot be sustained with current funding levels, much less with the potential of another midyear budget.</p> <p>The following are a few facts about the Flagship:</p> <ul style="list-style-type: none"> <li>• Over the past six years, state general fund support to LSU, including the SAVE statutory dedicated funds, has been cut <b>55%</b>, from <b>\$254 million</b> to <b>\$114 million</b>.</li> <li>• Including all means of financing at LSU, state general funds (including the SAVE funds) account for only <b>11%</b> of its annual funding, nationally one of the lowest levels of state contributions for a public flagship university.</li> <li>• While tuition increased each year, the continued increases in mandated costs (retirement, health insurance, etc.) resulted in a net cut of approximately \$25 million outside of the other cost pressures the University faced through annual inflationary expenses.</li> <li>• To answer the Legislature’s call for more need-based aid to improve access for Louisiana’s talented students, LSU’s Pelican Promise program provided \$16 million in financial assistance in FY16 alone.</li> <li>• Since FY 2009, LSU has <b>eliminated 180 faculty positions and 170 staff positions</b> in the operating budget.</li> <li>• LSU has <b>eliminated or consolidated 35 degree programs</b> since spring 2009.</li> <li>• LSU and System administration were consolidated to increase efficiency.</li> </ul>

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	<p><b><u>Impact of an FY 2016 Third-Quarter Reduction:</u></b></p> <p>LSU enrolled more than 29,300 students this spring semester. The impact of the proposed cut in state general and statutory dedicated funds equates to a \$7 million cut to LSU. Cuts of this magnitude during the latter part of the third quarter of the fiscal year will have a devastating impact on LSU students, faculty, staff and the state. Since the proposed cuts are occurring this late in the fiscal year, the degrees of freedom to address any reduction has been vastly diminished.</p> <p>At this point in the fiscal year, the university has to operate under the following practical restraints:</p> <ul style="list-style-type: none"> <li>• cannot do selective furloughs;</li> <li>• generation of savings from staff and faculty lay-offs do not generate much savings;</li> <li>• the reduction of courses and sections after students have begun the semester will devastate student academic schedules leading to reduction in graduation rates;</li> <li>• and dramatically increasing student fees after financial plans and loans have been established by students and their parents for the semester puts an undue financial burden on the back of the LSU students.</li> </ul> <p>LSU is a large dynamic organization that follows state and university processes that have set timelines and procedures that must be followed while trying to achieve any targeted reductions. The proposed cut will not only impact this fiscal year but will have lasting implications into future years. The reputation and trust of the state’s flagship university will forever be tarnished by the actions that will be necessary to achieve these cuts.</p> <p>This budget cut scenario would result in the following:</p>

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	<ul style="list-style-type: none"> <li>• <b>Equivalent to an increase in student fees of almost \$300 per student in this semester.</b> Additional substantial increases in the following years would be required to compensate for reduced enrollment in the future, which would result from both an enrollment cap to protect academic quality and an anticipated loss of potential students and faculty due to negative publicity from continued budget cuts.</li> <li>• <b>Equivalent to a 4.5% reduction in number of undergraduate students.</b> Ensuring academic quality in the face of these potential reductions would require a severe enrollment cap enforced by substantially higher entrance requirements. This will limit access to the flagship and reduce the number of graduates in STEM fields, business, education, agriculture, law, and other critical areas needed to grow and fuel our state’s economic engine, further compounding Louisiana’s existing workforce shortages. Unfortunately this would be coupled with a significant increase in tuition and fees for those who are ultimately admitted to make up for lost revenue.</li> <li>• <b>Equivalent to 60 faculty lines or 4% of the faculty positions in the operating budget at LSU.</b> This would require a total of <b>115 courses to be eliminated</b>. Diversity in career opportunities provided by an LSU degree would be severely limited and campus buildings would close to save on operating and maintenance costs. The potential elimination of faculty positions on the LSU campus would <b>reduce external research productivity by approximately \$4.1 million</b> for the remainder of this fiscal year.</li> <li>• <b>Equivalent to 115 staff lines or approximately 14% of the staff positions in the operating budget at LSU.</b> Teaching, research, and service cannot take place on a college campus without staff. Staff members support campus operations by processing financial aid, providing counseling and mentoring, offering additional tutoring, providing safety and security, maintaining an information technology system necessary for a modern research university, conducting grant processing, and maintaining facilities and grounds, among others. The decrease in staff positions will have an immediate and direct negative impact on the productivity of LSU’s students and faculty.</li> </ul> <p>The preceding outline focuses only on cuts to the state general fund, but there will be</p>

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	<p>reverberations felt in other revenue sources. LSU estimates a <b>loss of approximately 1,300 students</b>, which would result in a <b>reduction of more than \$8 million in gross tuition and fees</b> (freshman and graduate students considering not attending LSU, and transfer outs). Fewer students affect the viability of support auxiliary services common at LSU’s competitors: dining options, residential maintenance, and student employment activities.</p> <p>Over the past six years, <b>LSU has eliminated 35 academic programs</b>. At the same time, LSU has attracted more qualified students, and departments adjusted to growing student enrollment without concomitant increases in state general funds. Additional cuts would strain existing resources and cause catastrophic effects on quality. This would lead to the flagship being unable to live up to its mission of providing a comparable student experience as its national peers.</p> <p><b><u>Perspective:</u></b></p> <p>LSU serves a leadership position within Louisiana.</p> <ul style="list-style-type: none"> <li>• In spite of nine budget reductions in seven years, LSU is graduating more students than ever and has a graduation rate above the national peer average. LSU recruited students in a more competitive marketplace while simultaneously raising the academic credentials of the incoming class and racially diversifying the freshman class and overall enrollment to historic levels.</li> <li>• After federal sequestration negatively affected R&amp;D nationally, LSU’s research is once again on a growth trajectory. Its research portfolio is more diversified with more federal partners and industry investors. Not only that, LSU faculty are providing national research leadership in infectious disease, coastal restoration, genetic sequencing, energy extraction, cybersecurity, natural science, transportation, landscape architecture, and supercomputing. Many of these same fields relate to Louisiana’s greatest challenges.</li> <li>• To address facility demands in light of limited capital outlay, LSU raised half of the</li> </ul>

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	<p>construction costs for a new Business Complex and a new Engineering Complex. Industry is willing to support LSU as they see it in their best interest to properly educate their future workforce.</p> <ul style="list-style-type: none"> <li>• LSU made significant moves to be more self-sufficient and efficient. LSU consolidated a number of executive-level administrative positions through the consolidation of the flagship and former system administrations. Under the GRAD Act, LSU is accessing administrative flexibilities (i.e., procurement, risk management, and investment) common at other universities, but historically not permitted at LSU. Last year, LSU brought to the forefront the subsidization of other employers through the pension system, which was corroborated by the legislative actuary, but no corrective action was taken. LSU will continue to work to be administratively lean. In addition, the Paul M. Hebert Law Center was brought back under the auspices of the flagship, providing a number of administrative efficiencies and multiple opportunities for enhanced academic collaboration (e.g., a 3+3 program where students complete a bachelor’s and law degree in six vs. seven years, joint graduate-JD programs) for the benefit of LSU students.</li> <li>• LSU Athletics has contributed to the academic enterprise during this time. With only two revenue-generating sports, LSU Athletics is able to support all of its sports, and provide for academics while taking NO state funds and NO student athletic fees (no financial burden to families). LSU Athletics is one of only three such self-sufficient instances in the United States. It does not drain money better spent on our students’ educational experience.</li> </ul> <p><i>What is the reward for greater performance? What is the reward for being more efficient and self-sufficient?</i></p> <p>Of greatest concern is the quality of the academic experience LSU students receive, but how does one measure that? There is no real-time metric, sign, or flashing light that indicates academic quality is decreasing. The signs come when it’s too late – when graduates compete for their first jobs, or when our best faculty are lured away to other universities. Considering the facts already provided, there is no great leap required to believe that this potential budget cut would</p>

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	<p>fundamentally harm the student experience and alter our ability to serve the state.</p> <p>The budget cut scenarios and associated outcomes described are unacceptable for the state’s flagship university which represents Louisiana’s national academic reputation. In fact, this exercise and this response are harmful as it is a sign to prospective students and current professors that Louisiana public higher education continues to be an unstable place in which to obtain a high-quality academic experience or build a professional career. The academic marketplace operates differently than most – right now, many of our potential students and faculty are making critical decisions about where they will go for their education or their career. By the time solutions are reached by the Legislature, we will have lost many of them due to ongoing uncertainty. If the state wants LSU to maintain its historic mission of providing a top-quality, nationally competitive education, the state must either provide greater support or greater authority to continue in this role.</p> <ul style="list-style-type: none"> <li>• A number of peer universities have deployed more severe measures to cope with continued state disinvestment: enrollment limits on certain high-cost programs, differential tuition on high-cost programs, and adopting differential academic standards by program. If the state is not able to invest in LSU, it should: approve full tuition and fee authority,</li> <li>• remove the statutory non-resident fee requirement as it did for historically black universities last session,</li> <li>• give LSU authority to contract services currently required by other state agencies,</li> <li>• adjust (similar to re-financing) the UAL payment of the pension system for all employers,</li> <li>• and free LSU from the capital outlay approval threshold for non-state funded projects.</li> </ul> <p>These are but a few ideas that would preserve the missions expected of LSU.</p> <p>The governor shared his philosophy that the state should reinvest in higher education and not rely so heavily on student fees. We wholeheartedly agree. Nationally, Louisiana ranks 48<sup>th</sup> in degree</p>

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	<p>attainment. We only limit our ability to raise this ranking if we continue to raise the price of a college education in the state. But, we have to ensure that the degree they earn is a quality credential – one that immediately communicates its holder is well-educated and qualified for whatever field or task they engage upon.</p> <p>LSU has produced many of our state’s and nation’s leaders. It will take the steps necessary to protect that legacy into the future and to continue serving its students and its state.</p>
<p><b><i>LSU at Alexandria</i></b></p> <p><u><i>SGF Reduction: \$286,410</i></u></p> <p><u><i>Stat Ded Reduction: \$9,267</i></u></p>	<p>We have analyzed our current financial situation and at this time project that we would be able to absorb the \$295,677 cut and continue to meet all payroll and other critical obligations through fiscal year-end.</p>
<p><b><i>LSU at Eunice</i></b></p> <p><u><i>SGF Reduction: \$255,566</i></u></p> <p><u><i>Stat Ded Reduction: \$8,625</i></u></p>	<p>The potential reduction of \$264,191 for the 2015-16 academic year would be devastating for LSU Eunice. The university employs 68 full-time faculty, 84 staff and just over 50 adjunct instructors serving a total student body of 2,500. LSUE is comprised of a rural student population and is located in an underserved region of the state. LSUE provides “access and opportunity” to the state’s flagship university, since over 50% (the highest transfer rate of all two-year institutions in Louisiana) transfer to complete baccalaureate degrees at four-year institutions.</p> <p>Spring enrollment has increased just over 5% as compared to the spring of 2015, and applications for the fall of 2016 are up 50% when compared to January of 2015. An 11% cut over the next four months would curtail our progress and further place an already insecure university in significant financial distress. Tuition and fees increases could not begin to cover the shortfall since LSUE has one of the lowest rates in the state. It would take almost 100 new students enrolled in at least twelve hours this semester to generate the needed revenue.</p>

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	<p>LSUE’s current financial position is unstable at best. The university generates about \$6.9 million in tuition and fees and receives about \$4.8 million from Louisiana SGF and Statutory Dedications that together total \$11.7 million. Personnel costs exceed \$10.2 million and represent 84% of the university’s total expenses. LSUE would deplete any remaining reserves and implement a series of reductions and furloughs of employees.</p> <p><b><u>Reduction in Force:</u></b></p> <ul style="list-style-type: none"> <li>• LSUE would implement an <b>immediate reduction in force of five professional and faculty positions</b>. We would replace the faculty lines with adjunct instructors and shift sections to remaining faculty members as overload sections.</li> <li>• LSUE would <b>immediately furlough 3 classified staff positions</b>.</li> </ul> <p>The impact of these reductions extends beyond the immediate need to generate revenue. It will further discourage faculty and staff who have not had the benefit of salary increases over the last seven years. It will also impact the recruitment and retention of quality instructors, professors and administrators for the future. Students will become disengaged and may no longer attend without appropriate support from the university.</p> <p><b><u>Reduction in Courses and Programs:</u></b></p> <ul style="list-style-type: none"> <li>• LSUE would reduce course sections by at least 10% (<b>40 sections eliminated</b>.)</li> <li>• The reductions in courses and programs may place regionally and nationally accredited programs at risk.</li> </ul> <p>The elimination of course sections and programs is detrimental to the university and to the state of Louisiana. Approximately 50% of students in St. Landry, Evangeline, and Acadia Parishes attend college the fall semester following graduation. Over 70% of these students are considered</p>



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	<p>economically disadvantaged and at least half of them are living at or below the national poverty level. It is imperative that LSUE remain viable. Students in Southwest Louisiana deserve to have access to a high quality higher education, so that they can become productive, taxpaying citizens.</p> <p><b><u>Increase in Student Fees/Decrease in Student Services:</u></b></p> <ul style="list-style-type: none"> <li>• LSUE would increase student fees to offset part of the reduction.</li> <li>• LSUE would curtail student support services such as tutoring and advising.</li> </ul> <p>In addition, LSUE’s physical plant that serves the entire campus community would continue to suffer from a lack of routine maintenance, repair and revitalization. Scientific equipment and laboratory space is outdated and in some cases poses safety risks. Increases in student fees and reductions in student services are temporary fixes.</p> <p>Overall, LSUE could not withstand an 11% cut in state appropriations and could not meet payroll obligations after May 31, 2016. It would devastate the university’s ability to recruit and retain students, faculty and staff. While we are working diligently to create business and industry partnerships, to cultivate friends and donors to the university and to seek alternate revenue sources, we cannot overcome the sudden shortfall mid-year. The people of South Louisiana deserve to have access to a high-quality, high-value post-secondary education.</p>
<p><b><i>LSU at Shreveport</i></b></p> <p><u><i>SGF Reduction: \$390,236</i></u></p> <p><u><i>Stat Ded Reduction: \$21,811</i></u></p>	<p>LSU Shreveport will handle the budget reduction as follows:</p> <ol style="list-style-type: none"> <li>1. Freeze all open General Fund positions through 6/30/16.</li> <li>2. Reduce budgets for General Fund scholarships that were not awarded.</li> <li>3. Reduce all other expenditures (student workers, operating services, travel, and supplies) throughout the campus.</li> </ol>

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<p><b><i>LSU Ag Center</i></b></p> <p><u><i>SGF Reduction: \$3,687,209</i></u></p> <p><u><i>Stat Ded Reduction: \$170,321</i></u></p>	<p>For FY16, a \$3.857 million reduction would require use of funds that have been accumulated in this fiscal year to pay for costs that will be due beginning July 1, 2016. These include graduate assistant salaries, research operating costs, parish extension agents, etc.</p> <p>This plan will require equivalent cuts in personnel beginning July 1, 2016 to make up these funds. We anticipate <b>loss of 67 additional FTEs</b>. This will come on top of 106 FTEs already lost in FY16. This is in addition to 400 FTEs lost since 2008. Many extension offices and research stations no longer have essential personnel for core programs. Departments already lack personnel in the necessary disciplines to conduct and teach core research and extension programs and courses.</p>
<p><b><i>Pennington Biomedical Research Center</i></b></p> <p><u><i>SGF Reduction: \$905,849</i></u></p> <p><u><i>Stat Ded Reduction: \$3,253</i></u></p>	<p>Response for proposed reduction totaling \$909,102 to our SGF appropriation and statutory dedications in the current fiscal year (to be realized before June 30, 2016):</p> <ul style="list-style-type: none"> <li>• Eliminate vacant positions (6.2 FTE)</li> <li>• Consolidate space to reduce energy consumption</li> <li>• Freeze expenditures for operating services and supplies</li> <li>• Decrease support for clinical trial projects</li> <li>• Decrease programmatic support for research programs</li> </ul> <p>The impact of these reductions will likely require curtailing research activities to a point that will result in a reduction in F&amp;A recovery revenues that we rely on for general operating expenses. The impact will also certainly be felt beyond June 30. The reductions made to the clinical research infrastructure will reduce or eliminate opportunities to generate new revenue streams via our recently implemented patient-based programs. We will also have to reduce staff support and direct support for basic and clinical research projects for faculty. Such activities will greatly impair scientific productivity resulting in diminishing chances of obtaining extramural support from federal and foundation sources greatly exacerbating the current funding situation.. .</p>

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<p><b><i>HSC – New Orleans</i></b></p> <p><u><i>SGF Reduction: \$4,052,812</i></u></p> <p><u><i>Stat Ded Reduction: \$668,333</i></u></p>	<p>The statutory dedicated funds from the tobacco tax is a pass through to Louisiana Cancer Research Consortium (LCRC), which was established to build a consortium cancer center worthy of such official designation by the National Cancer Institute. Its mission is to develop a coordinated cancer research and education program that will optimize discovery and development of innovative cancer therapies; lead to innovative clinical treatment programs offering new opportunities for early detection, treatment, and prevention of cancer in the region. In addition there is also pass through funding to the LCRC for smoking cessation programs and the \$525,684 reduction would come from those endeavors.</p> <p>The statutory dedicated funds from the Support Education in Louisiana First fund is dedicated to faculty salaries and benefits pursuant to a statute enacted in 2001. The reduction of \$142,649 would have to come from faculty salaries and benefits.</p> <p>The general fund reduction of \$4,052,812 which is a 10.3% reduction on the Health Sciences Center’s total general fund would be distributed pro-rata to the University’s various schools and divisions for specific reduction plans for University consideration. However, as stated previously, the types of services that could be affected include but may not necessarily be limited to our various centers of excellence, institutional aid for students, faculty and staff, area health education centers, undergraduate programs, maintenance, security, and administrative support.</p>

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<p><b><i>HSC – Shreveport</i></b></p> <p><u><i>SGF Reduction: \$4,877,758</i></u></p> <p><u><i>Stat Ded Reduction: \$297,203</i></u></p>	<p>With this scenario, LSUHSC-S is facing a \$5.2M reduction in State revenue between May 1, 2016 and June 30, 2016, and would not be able to make June payroll.</p> <p>Notes:</p> <p>(1) The projection of revenues and expenses for the second half of 2016 is based on actuals of the first half of 2016.</p> <p>(2) This cash flow projection model does not assume liquidation of investments.</p> <p>(3) We assume that LSUHSC-S’s hospital partner BRFH will experience a reduction of revenue from the State resulting in BRFH not being able to make service payment to LSUHSC-S of \$20,931,016 from March 1, 2016 to June 30, 2016. Therefore LSUHSC-S also will not make BRI building lease payment of \$2,690,240 to BRFH in the same period in this cash flow projection model.</p> <p>(4) It should be noted that LCME requires the LSUHSC-S to have a cash balance of \$50 - \$55M to maintain accreditation in good standing. This projected cash flow model indicates that the cash balance of LSUHSC-S will drop to \$36,659,694 by the end of May, 2016, below the LCME accreditation level.”</p>