FY15 Executive Budget

Schedule 19A — Higher Education

Louisiana Senate Finance Committee
April 14, 2014
FY15 Executive Budget
Schedule 19A — Higher Education Agencies

- 19-671  Board of Regents
- 19-674  Louisiana Universities Marine Consortium
- 19-661  Office of Student Financial Assistance
- 19-600  Louisiana State University Board of Supervisors
- 19-615  Southern University Board of Supervisors
- 19-620  University of Louisiana Board of Supervisors
- 19-649  Louisiana Community and Technical Colleges Board of Supervisors
# FY15 Total Higher Education

## FY15 Total MOF

**FY15 Total MOF (In Millions of $)**

- Federal: $101.5 (4%)
- Fees & SGR: $1,373.4 (52%)
- IAT: $15.0 (1%)
- SGF: $900.1 (34%)
- Stat Deds: $232.0 (9%)

## FY15 Discretionary Funding

- Total Discretionary: $2,552,277,889
- Total Disc. SGF: $830,707,759
- Discretionary T.O.: 19,972

## FY15 Non-Discretionary Funding

- Total Non-Disc.: $69,728,910
- Total SGF Non-Disc.: $69,367,358
- Non-Disc. T.O.: 0

## FY15 Authorized Other Charges Positions:

<table>
<thead>
<tr>
<th>Total Funding</th>
<th>FY14 EOB as of 12-1-13</th>
<th>FY15 Recommended</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIED</td>
<td>$ 2,633,386,949</td>
<td>$ 2,622,006,799</td>
<td>$ (11,380,150)</td>
</tr>
<tr>
<td>Total Positions</td>
<td>20,472</td>
<td>19,972</td>
<td>(500)</td>
</tr>
</tbody>
</table>

**FY15 Total Higher Education Total & Funding**

- Total & Funding FY14 as of 12-1613: $2,633,386,949
- FY15 Recommended: $2,622,006,799
- Difference: $ (11,380,150)

**FY15 Authorized Other Charges Positions:** 0
# HIED

**Budgeted v. Recommended**

(in millions)

<table>
<thead>
<tr>
<th>Means of Financing</th>
<th>12/1/13</th>
<th>FY15</th>
<th>+ / -</th>
</tr>
</thead>
<tbody>
<tr>
<td>State General Fund (Direct)</td>
<td>$525</td>
<td>$900</td>
<td>$375</td>
</tr>
<tr>
<td>Interagency Transfers</td>
<td>$111</td>
<td>$15</td>
<td>$(96)</td>
</tr>
<tr>
<td>Fees &amp; Self-generated Revenues</td>
<td>$1,280</td>
<td>$1,373</td>
<td>$94</td>
</tr>
<tr>
<td>Statutory Dedications</td>
<td>$595</td>
<td>$232</td>
<td>$(363)</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$123</td>
<td>$102</td>
<td>$(21)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2,633</strong></td>
<td><strong>$2,622</strong></td>
<td><strong>$(11)</strong></td>
</tr>
</tbody>
</table>
HIED FY15 Budget Highlights

*(major increases)*

- **+$88M** – Tuition increases pursuant to LA GRAD Act *(FSGR)*
- **+$40M** – Workforce and Innovation for a Stronger Economy *(WISE)* (+$7M SGF; +$33M SD) [See HB1033 by Speaker Kleckley]
- **+$18M** – TOPS awards projected by OSFA *(SGF)*
- **+$6M** – Equity funding for “rapid growth” schools *(SD)*
- **+$5M** – Medical School funding for LSUHSC-S *(FSGR)*
- **+$3M** – Projected collections for LSU A&M *(FSGR)*
- **+$2M** – Facility and technology upgrades at SU A&M and Grambling State *(SGF)*
- **+$1M** – MFP funding for LSU, SU Lab Schools *(IAT)*
- **+$1M** – Louisiana Quality Education Support *[8(g)]* Fund *(SD)*
HIED FY15 Budget Highlights

*(major decreases)*

- **-$117M** – Adjustment for public/private partnerships
  (-$0.5M SGF; -$97M IAT; -$1M FSGR; -$18MFF)

- **-$40M** – Non-recur one-time funding for deferred maintenance and general operations at campuses in the LSU, SU, UL and LCTC Systems *(SD)*

- **-$7.5M** – Non-recur one-time funding for Special Legislative Projects *(SLPs)* at SU System campuses *(SGF)*

- **-$4M** – Non-recur one-time funding for termination pay at North Louisiana LSU hospitals *(SD)*
HIED FY15: **+$18.7M** in Significant Statewide Adjustments

*(only one adjustment is reflected in FY15 EXB; net = +$22.4M)*

+**$7.4M** — Classified State Employees’ Performance Adjustment

+**$10.7M** — LASERS Rate and Base Adjustments

-**$6.5M** — TRSL Rate and Base Adjustments

+**$8.4M** — Group Insurance Rate and Base Adjustments for Active Employees and Retirees

-**$3.7M** — Non-Recurring Carryforwards *(reflected in Executive Budget)*

+**$1.9M** — Risk Management

+**$1.1M** — Legislative Auditor Fees

-**$0.5M** — Various Adjustments: Rent in State-Owned Buildings; Capitol Park Security; UPS Fees; Civil Service Fees; Office of Computing Services Fees; and Treasury Fees

Source: DOA/OPB estimates per Legislative Information Request.
How Could the $88M Be Spent?

• Not all colleges and universities may reach their LA GRAD performance targets in order to qualify for increasing tuition.
• Historically, not all tuition budgeted is necessarily collected, so an estimated $2.1 million may not be realized.
• None of the net $22.4 million in significant statewide adjustments are funded. (Does not include Federal Funds)
• HB6 (Rep. Pearson) would require public colleges and universities to increase faculty retirement contributions by as much as $13.9 million (if fully implemented immediately).
• A 1% faculty member performance adjustment (pay raise) would cost $13 million; a traditional 4% raise could cost $51.8 million.
• All of these items could cost a total of $90.3 million.
HIED — Audit Issues, Findings

- **TOPS** has cost Louisiana nearly $1.6 billion; half of TOPS students lose awards.
- **SU Law Center** failed to deposit more than $280,000.
- $50,000 stolen from **Louisiana Tech** athletic ticket operations.
- **UL-Lafayette** failed to deposit $2 million in revenues in a timely manner.
- **New Iberia Research Center** employees stole $26,000 in assets.
- **Baton Rouge Community College** overpaid employees $500,000.
- **Bossier Parish Community College** gave students “an unknown number of” excessive financial aid refunds.
HIED Major FY15 Budget Issues

1. What level of **state funding** is necessary for Louisiana Higher Education to improve the state’s economic and social well-being? *Key FY15 topics: WISE; equity funding; facility and technology upgrades.*

2. What **tuition levels** are appropriate given the costs of Higher Education in Louisiana? *Key FY15 topic: LA GRAD Act-driven tuition increases.*

3. What level of **student financial assistance** is necessary to provide greater Higher Education access to Louisiana’s traditionally underserved students and students from low- and moderate-income families? *Key FY15 topics: TOPS sustainability and GO Grant stagnancy.*
HIED FY15 Budget Issue #1:

What level of state funding needs to be appropriated for Louisiana Higher Education to improve the state’s economic and social well-being?

Louisiana’s appropriated “state funding” for Higher Education = State General Fund (Direct) + Statutory Dedications

Since FY09, Louisiana’s appropriated state funding for Higher Education has dropped by 36%: from $1.77 billion to $1.13 billion, about -$637 million.

SGF(D) (-$709 million) offset by Stat Deds (+$71 million)
Appropriation of LA State Funding for HIED Operating Expenses, FY1960 – FY2015 in nominal (unadjusted) dollars

Source: Grapevine, Illinois State University, Center for the Study of Education Policy
Higher Education State Funding
LA FY15 v. SREB States FY14
(in billions)

Source: Grapevine, Illinois State University, Center for the Study of Education Policy
Requested: +$99,550,000
in State General Fund (Direct)*

1. **+$36M** to bring 2- and 4-year institutions to a 65% formula implementation rate
2. **+$17M** for Specialized Units --- Medical Schools, Agricultural Centers, Law Centers
3. **+$3.3M** for Pennington Biomedical Research Center to open its facility and hire research teams
4. **+$0.75M** for LUMCON to stabilize operations
5. **+$30M** for Workforce and High Demand Program Backlogs
6. **+$2M** for LONI Network Debt Service
7. **+$0.5M** for LOUIS: Louisiana Library Network Enhancement Request
8. **+$10M** for Higher Education Deferred Maintenance Revolving Loan Fund

*Board of Regents: FY15 Requested New or Expanded Adjustments, in priority order.*
What Drove the Increases in Fees & Self-generated Revenues?

• Like most states, in times of fiscal stress, Louisiana covers lost state funding for higher education by raising tuition and fees.

• Unlike most states, however, Louisiana’s management boards and individual public institutions of higher education are not legally permitted to raise tuition and fees on their own --- the Constitution requires a 2/3 vote of the Legislature to do so.

• The Legislature passed the Louisiana Granting Resources and Autonomies for Diplomas Act (LA GRAD) whereby institutions commit to meeting specific performance objectives in exchange for increased tuition authority and eligibility to participate in certain autonomies.
**HIED FY15 Budget Issue #2:**
What tuition levels are appropriate given the costs of Higher Education in Louisiana?

**LA Public 2-Yr In-State Tuition & Fees 5-Yr % Change = 60%**

Staff FY15 Projection:

- LA $3,544 v. SREB $3,607

<table>
<thead>
<tr>
<th>Year</th>
<th>LA</th>
<th>SREB</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09</td>
<td>$2,068</td>
<td>$3,307</td>
</tr>
<tr>
<td>FY14</td>
<td>$2,698</td>
<td>$3,413</td>
</tr>
</tbody>
</table>

**LA Public 4-Yr In-State Tuition & Fees 5-Yr Change = 51%**

Staff FY15 Projection:

- LA $7,072 v. SREB $8,665

<table>
<thead>
<tr>
<th>Year</th>
<th>LA</th>
<th>SREB</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09</td>
<td>$4,325</td>
<td>$6,546</td>
</tr>
<tr>
<td>FY14</td>
<td>$6,489</td>
<td>$8,196</td>
</tr>
</tbody>
</table>

Source: College Board, Trends in College Pricing 2013
Why Tuition Levels Matter

- **Affordability** continues to be one of the most significant barriers to enrollment in higher education institutions in Louisiana.

- **Tuition and Fees as a Percent of Median Family Income** describes the cost of a college or university education relative to the economic position of Louisiana’s citizens.

- This measure includes only the cost of **in-state tuition and fees** for one year.

- It does not include the cost of **room and board**.
SREB States:

FY14 **2-Year** Tuition and Fees as a Percent of Median Family Income

Sources: College Board; U.S. Bureau of the Census
SREB States:
FY14 4-Year Tuition and Fees as a Percent of Median Family Income

Sources: College Board; U.S. Bureau of the Census.
HIED FY15 Budget Issue #3:

What level of student financial assistance is necessary to provide greater Higher Education access to Louisiana’s traditionally underserved students and students from low- and moderate-income families?

• “Recent increases in tuition levels, accelerated by declining state funding to institutions, have combined with stagnant or falling household incomes to make it more difficult for many college students to finance postsecondary education. In this environment, state grant programs are more important than ever. These funds have the potential to make college possible for many students who could not otherwise afford to enroll.” 1
# Why State Grants Matter

<table>
<thead>
<tr>
<th><strong>Taylor Opportunity Program for Students (TOPS)</strong></th>
<th><strong>Louisiana GO Grants</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on academic merit.</td>
<td>Based on need.</td>
</tr>
<tr>
<td>FY15 Funds budgeted: $235,092,694</td>
<td>FY15 Funds budgeted: $26,429,108</td>
</tr>
<tr>
<td>FY15 Estimated number of recipients: 52,074</td>
<td>FY15 Estimated number of recipients: 37,683</td>
</tr>
<tr>
<td>FY15 Estimated average aid per recipient: $4,869</td>
<td>FY15 Estimated average aid per recipient: $701</td>
</tr>
</tbody>
</table>

**Note:** TOPS estimates from OSFA; GO Grant estimates from Senate Fiscal Services Division.
TOPS Funding History
Actual FYs 99-13; Projected FYs 14-19

Source: OSFA website and TOPS projections as of 04/01/14
FY13: SREB State-Supported, Merit-Based Scholarship Programs Similar to TOPS

<table>
<thead>
<tr>
<th>State</th>
<th>Recipients (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GA/96</td>
<td>$192 M</td>
</tr>
<tr>
<td>FL/120</td>
<td>$300</td>
</tr>
<tr>
<td>TX/77</td>
<td>$330</td>
</tr>
<tr>
<td>LA/47</td>
<td>$150</td>
</tr>
<tr>
<td>SC/35</td>
<td>$100</td>
</tr>
<tr>
<td>AR/33</td>
<td>$50</td>
</tr>
<tr>
<td>VA/16</td>
<td>$25</td>
</tr>
<tr>
<td>OK/20</td>
<td>$20</td>
</tr>
<tr>
<td>MS/2</td>
<td>$2</td>
</tr>
</tbody>
</table>

Source: National Association of State Student Grant & Aid Programs, State Data Quick Check
GO Grant Funding History
Actual FYs 08-13; Budgeted FYs 14-15

OSFA estimates that it would need $52 million to fund all GO Grant-eligible students in FY14.

Source: OSFA website and GO Grant projections as of 04/01/14.
FY13: SREB State-Supported, Need-Based Programs Similar to GO Grants

Source: National Association of State Student Grant & Aid Programs, State Data Quick Check
HIED
19-671 Board of Regents

<table>
<thead>
<tr>
<th>Total Funding</th>
<th>FY14 EOB as of 12-1-13</th>
<th>FY15 Recommended</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bd. of Regents</td>
<td>$ 60,679,593</td>
<td>$ 986,611,090</td>
<td>$ 925,931,497</td>
</tr>
<tr>
<td>Total Positions</td>
<td>62</td>
<td>19,972</td>
<td>19,910</td>
</tr>
</tbody>
</table>

FY15 Total Means of Finance

- The mission of the Board of Regents is to plan, coordinate and have budgetary responsibility for all public postsecondary education as constitutionally mandated.
- The Board of Regents has one program: the Board of Regents.
- Current DOA practice places all HIED SGF and T.O. in the Board of Regents’ budget to be distributed later.

<table>
<thead>
<tr>
<th>FY15 Non-Discretionary</th>
<th>FY15 Discretionary</th>
</tr>
</thead>
<tbody>
<tr>
<td>$69,367,358</td>
<td>$917,243,732</td>
</tr>
</tbody>
</table>
The mission of LUMCON is to conduct research and education programs directly relevant to Louisiana’s needs in marine and coastal science.

LUMCON has two programs: the Louisiana Universities Marine Consortium and the Auxiliary Account.
HIED
19-661 Office of Student Financial Assistance

<table>
<thead>
<tr>
<th>Total Funding</th>
<th>FY14 EOB as of 12-1-13</th>
<th>FY15 Recommended</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bd. of Regents</td>
<td>$315,960,060</td>
<td>$144,990,061</td>
<td>$ (170,969,999)</td>
</tr>
<tr>
<td>Total Positions</td>
<td>84</td>
<td>-</td>
<td>(84)</td>
</tr>
</tbody>
</table>

**FY15 Total Means of Finance**

- **Stat Deds**: $76,762,731 (53%)
- **Fees & SGR**: $41,450 (0%)
- **IAT**: $724,300 (0%)
- **Federal**: $67,461,580 (47%)

- OSFA’s mission is to manage and administer the federal and state student financial aid programs which are assigned to the Louisiana Student Financial Assistance Commission (LASFAC) and the Louisiana Tuition Trust Authority (LATTA).

- **OSFA has four programs**: Administration/Support Services; Loan Operations; Scholarships/Grants; and the TOPS Tuition Program.

<table>
<thead>
<tr>
<th>FY15 Non-Discretionary</th>
<th>FY15 Discretionary</th>
</tr>
</thead>
<tbody>
<tr>
<td>$361,552</td>
<td>$144,628,509</td>
</tr>
</tbody>
</table>
• Louisiana spent approximately $1.57 billion on TOPS from FY99 through FY12.
• Annual expenditures have increased by approximately 213% from $53.4 million in FY99 to $166.9 million in FY12.
• In addition, Louisiana spent approximately $165 million on TOPS awards for 42,301 students who had their awards cancelled from academic years 2002-2003 through 2008-2009.
• Of those students, 23,676 (56%) had their awards cancelled in the first year of postsecondary education.
HIED
19-600 Louisiana State University Board of Supervisors

<table>
<thead>
<tr>
<th>Total Funding</th>
<th>FY14 EOB as of 12-1-13</th>
<th>FY15 Recommended</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>LSU System</td>
<td>$1,057,359,089</td>
<td>$652,013,163</td>
<td>$(405,345,926)</td>
</tr>
<tr>
<td>Total Positions</td>
<td>8,299</td>
<td>-</td>
<td>(8,299)</td>
</tr>
</tbody>
</table>

The LSU System’s mission is to create an environment of learning and exploration so as to provide the state’s citizens with the opportunities and benefits from a full-scale university and a land grant institution.

The LSU System contains eleven different entities serving an enrollment of 43,200, with 2-year and 4-year institutions, agricultural and biomedical research centers, medical centers, a law school and two public hospitals entering into public-private partnerships.

<table>
<thead>
<tr>
<th>FY15 Non-Discretionary</th>
<th>FY15 Discretionary</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$652,013,163</td>
</tr>
</tbody>
</table>
19-600 LSU System Institutions

- LSU Board of Supervisors
- LSU – A & M College
- LSU – Alexandria
- LSU Health Sciences Center – New Orleans
- LSU Health Sciences Center – Shreveport
- E. A. Conway Medical Center
- LSU – Eunice
- LSU – Shreveport
- LSU Agricultural Center
- Paul M. Hebert Law Center
- Pennington Biomedical Research Center
HIED
19-615 Southern University Board of Supervisors

<table>
<thead>
<tr>
<th>Total Funding</th>
<th>FY14 EOB as of 12-1-13</th>
<th>FY15 Recommended</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>SU System</td>
<td>$141,280,449</td>
<td>$86,571,790</td>
<td>$54,708,659</td>
</tr>
<tr>
<td>Total Positions</td>
<td>1,777</td>
<td>-</td>
<td>(1,777)</td>
</tr>
</tbody>
</table>

**FY15 Total Means of Finance**

- **Fees & SGR**: $75,479,211 (87%)
- **IAT**: $2,696,980 (3%)
- **Stat Deds**: $4,741,390 (6%)
- **Federal**: $3,654,209 (4%)

**FY15 Non-Discretionary**

<table>
<thead>
<tr>
<th>FY15 Non-Discretionary</th>
<th>FY15 Discretionary</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$86,571,790</td>
</tr>
</tbody>
</table>

- The SU System is the only historically black university system in America.

- The SU System has a diverse enrollment of 13,400 and provides graduate and undergraduate level education through quality 2-year, 4-year, graduate, professional and research programs among its five Louisiana campuses.
19-615  SU System Institutions

- SU Board of Supervisors
- SU – A & M College
- SU – Law Center
- SU – New Orleans
- SU – Shreveport, Louisiana
- SU – Agricultural Research and Extension Center
SU Law Center — Audit Issues, Findings

- Approximately $283,000 in checks, cash, and money orders were not deposited into the Law Center’s bank account.

Source: LLA Key Programmatic Issues and Financial-Related Findings
HIED
19-620 University of Louisiana Board of Supervisors

<table>
<thead>
<tr>
<th>Total Funding</th>
<th>FY14 EOB as of 12-1-13</th>
<th>FY15 Recommended</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>UL System</td>
<td>$ 751,769,542</td>
<td>$ 557,144,389</td>
<td>$(194,625,153)</td>
</tr>
<tr>
<td>Total Positions</td>
<td>7,124</td>
<td>-</td>
<td>(7,124)</td>
</tr>
</tbody>
</table>

- The UL System is a public, multi-campus university system dedicated to the service of 89,400 enrolled students.
- The UL System offers a broad spectrum of educational opportunities ranging from technical training at the associate level to research at the doctoral level. It encompasses nine diverse higher education institutions.

<table>
<thead>
<tr>
<th>FY15 Non-Discretionary</th>
<th>FY15 Discretionary</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$557,144,389</td>
</tr>
</tbody>
</table>
19-620 UL System Institutions

- UL Board of Supervisors
- Nicholls State University
- Grambling State University
- Louisiana Tech University
- McNeese State University
- UL – Monroe
- Northwestern State University
- Southeastern Louisiana University
- UL – Lafayette
- University of New Orleans
Louisiana Tech University — Audit Issues, Findings

- The university did not have adequate controls over monies collected at several locations on campus, such as proper segregation of duties, resulting in a $50,891 theft.
UL - Lafayette — Audit Issues, Findings

• Audit procedures performed on 45 receipts at three of the University’s collection points disclosed that seven receipts totaling $1,998,322 were not deposited timely.

• The New Iberia Research Center (NIRC) lacked controls to prevent or timely detect approximately $26,000 in misappropriated assets.
HIED
19-649 LA Community & Technical Colleges Bd. of Supervisors

<table>
<thead>
<tr>
<th>Total Funding</th>
<th>FY14 EOB as of 12-1-13</th>
<th>FY15 Recommended</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCTC System</td>
<td>$294,452,458</td>
<td>$185,126,400</td>
<td>$(109,326,058)</td>
</tr>
<tr>
<td>Total Positions</td>
<td>3,052</td>
<td></td>
<td>(3,052)</td>
</tr>
</tbody>
</table>

• The LCTC System provides strategic management and support for 70,800 students at 13 community and technical colleges.

• LCTC institutions award associates degrees, technical diplomas, and industry-based certificates in programs that are aligned with business and industry and local economies, which lead students to good paying middle class jobs.

<table>
<thead>
<tr>
<th>FY15 Non-Discretionary</th>
<th>FY15 Discretionary</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$185,126,400</td>
</tr>
</tbody>
</table>
19-649 LCTC System Institutions

• LCTC Board of Supervisors
• Baton Rouge Community College
• Delgado Community College
• Nunez Community College
• Bossier Parish Community College
• South Louisiana Community College
• River Parishes Community College
• Louisiana Delta Community College
• Louisiana Technical College
• SOWELA Technical Community College
• L. E. Fletcher Technical Community College
• Northshore Technical Community College
• Central Louisiana Technical Community College
• LCTCSONline
Baton Rouge Community College — Audit Issues, Findings

• Baton Rouge Community College overpaid 95 faculty members more than $500,000 and is not adequately monitoring the recoupment of these overpayments.
Bossier Parish Community College — Audit Issues, Findings

• The college disbursed an unknown number of refunds to students in excess of the amounts they were due.
• An audit sample of 19 students with outstanding balances revealed excessive refunds totaling $40,151.
• The college subsequently billed students for outstanding balances but was unable to determine which portion of the outstanding balances related to the excessive refunds.
• This issue resulted, in large part, from a lack of understanding of how to use the new LCTCS accounting system.

Source: LLA Key Programmatic Issues and Financial-Related Findings