

# FY15 Executive Budget

## Schedule 19A — Higher Education

Louisiana Senate Finance Committee

April 14, 2014



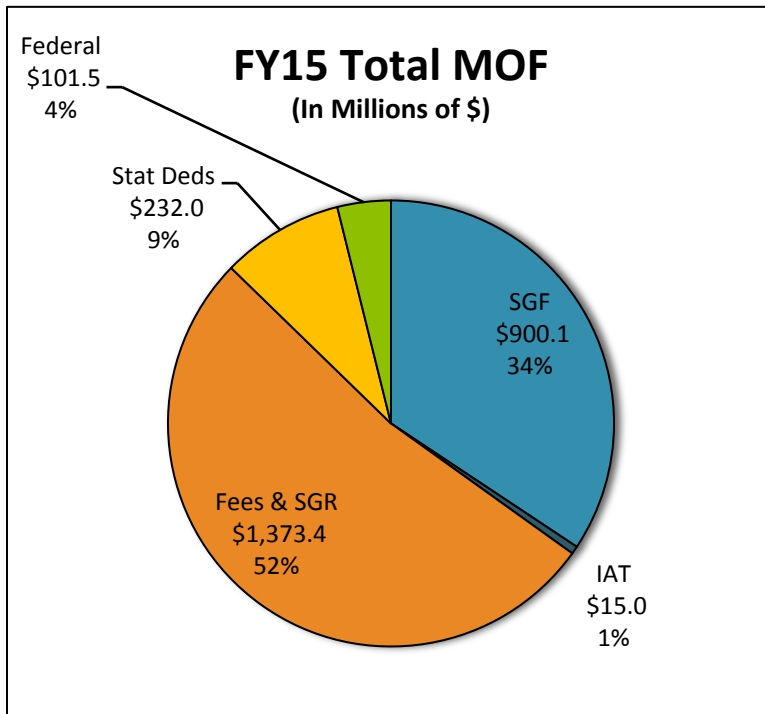
# FY15 Executive Budget

## 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

Total Funding	FY14 EOB as of 12-1-13	FY15 Recommended	<i>Difference</i>
HIED	\$ 2,633,386,949	\$ 2,622,006,799	\$ (11,380,150)
Total Positions	20,472	19,972	(500)
<b>FY15 Authorized Other Charges Positions: 0</b>			



## 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

# HIED

## Budgeted v. Recommended (in millions)

Means of Financing	12/1/13	FY15	+ / -
State General Fund (Direct)	\$525	\$900	\$375
Interagency Transfers	\$111	\$15	<b>\$(96)</b>
Fees & Self-generated Revenues	\$1,280	\$1,373	\$94
Statutory Dedications	\$595	\$232	<b>\$(363)</b>
Federal Funds	\$123	\$102	<b>\$(21)</b>
<b>TOTAL</b>	<b>\$2,633</b>	<b>\$2,622</b>	<b>\$(11)</b>

# HIED FY15 Budget Highlights

## *(major increases)*

- **+\$88M** – **Tuition increases** pursuant to LA GRAD Act (*FSGR*)
- **+\$40M** – **W**orkforce and **I**nnovation for a **S**tronger **E**conomy (**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

# 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:

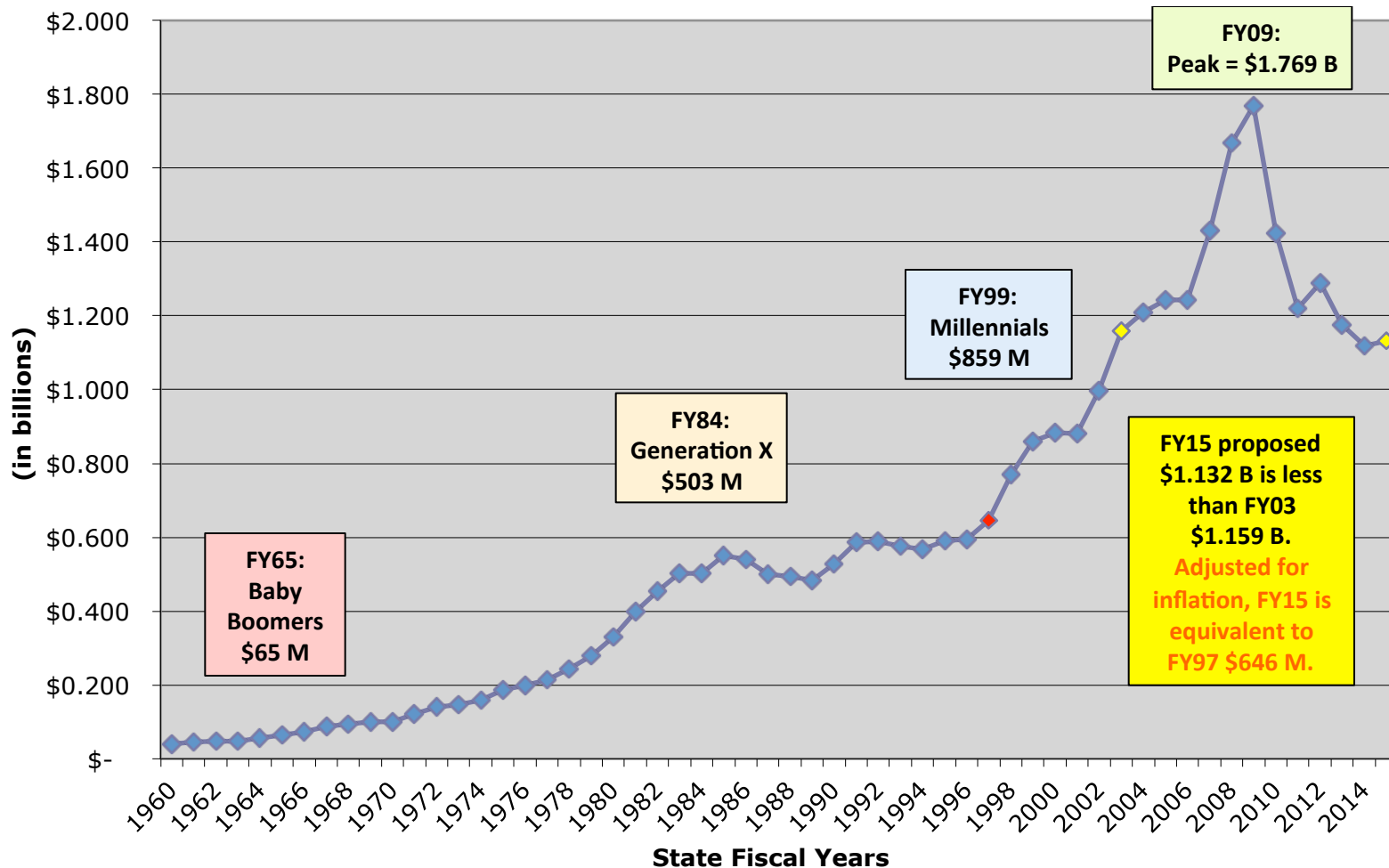
What level of **state funding** needs to be appropriated for Louisiana Higher Education to improve the state's economic and social well-being?

*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)***

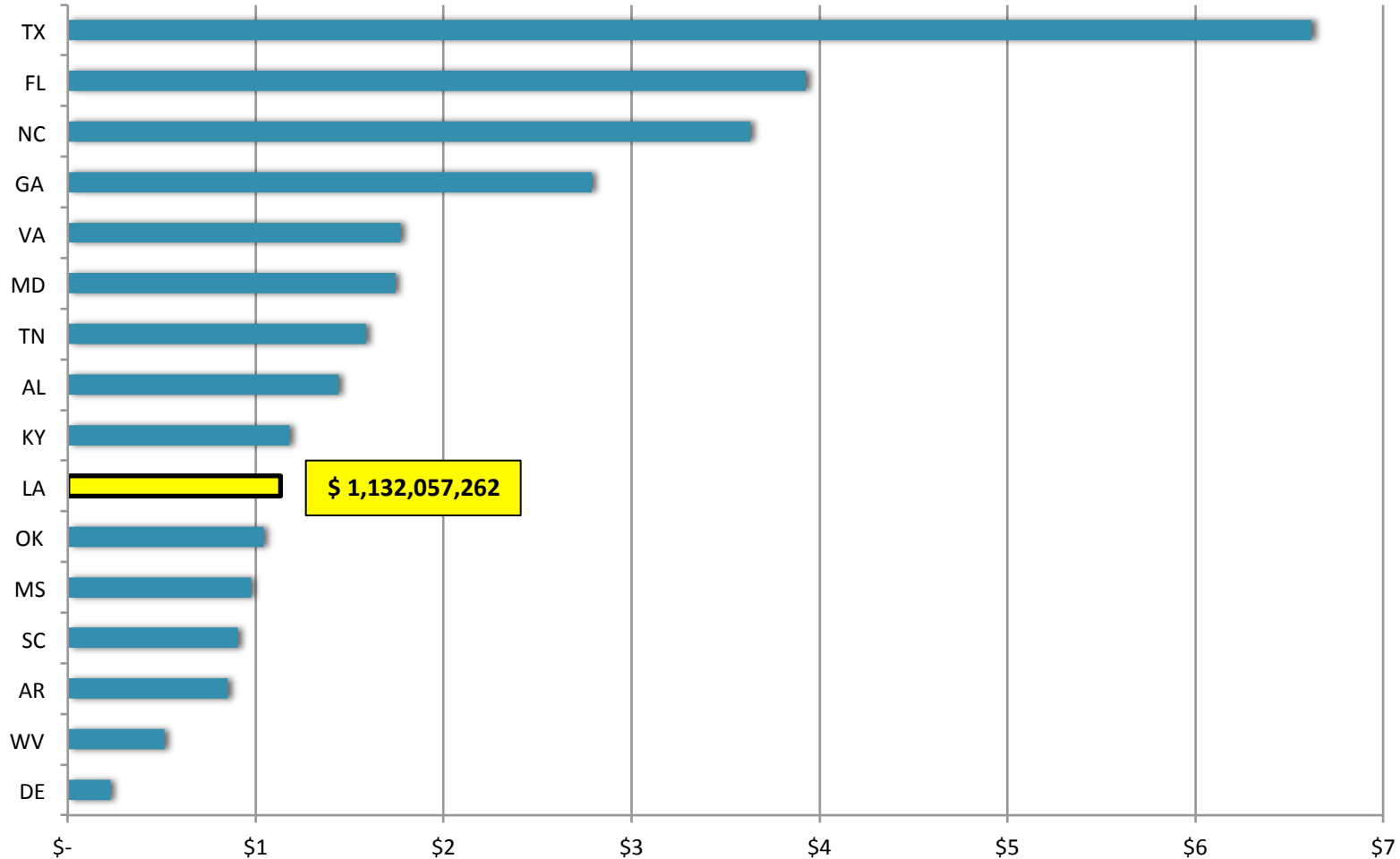
# Appropriation of LA State Funding for HIED Operating Expenses, FY1960 – FY2015 in nominal (unadjusted) dollars



# Higher Education State Funding

LA FY15 v. SREB States FY14

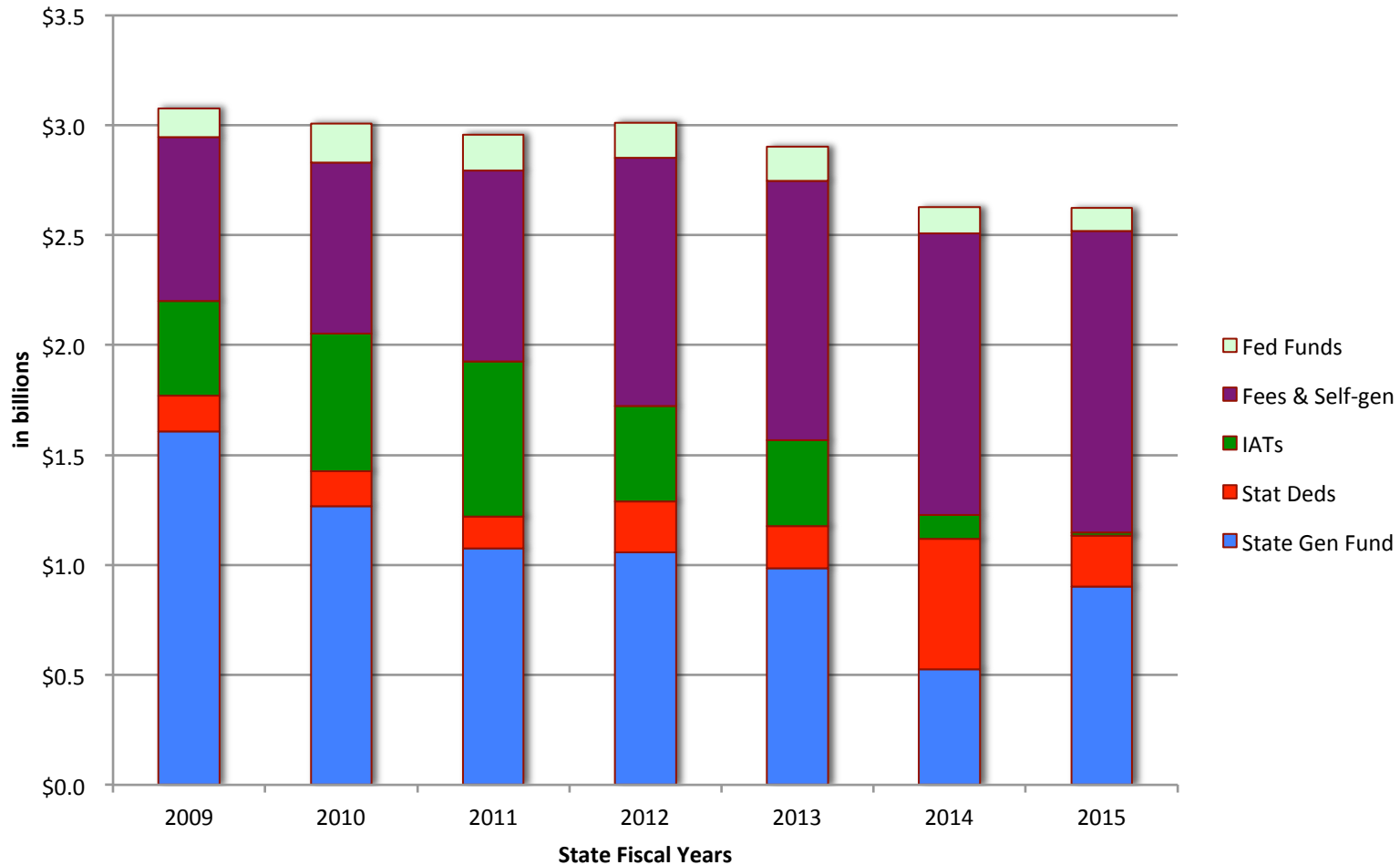
*(in billions)*



# 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

# LA HIED Appropriated MOF



# 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.

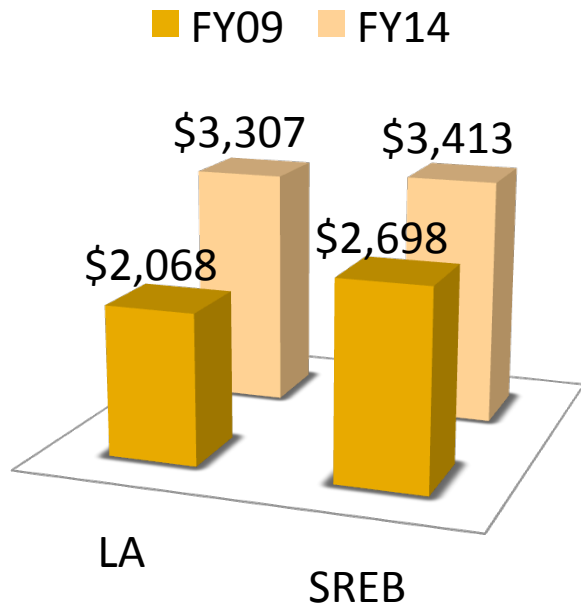


# HIED FY15 Budget Issue #2:

What **tuition levels** are appropriate given the costs of Higher Education in Louisiana?

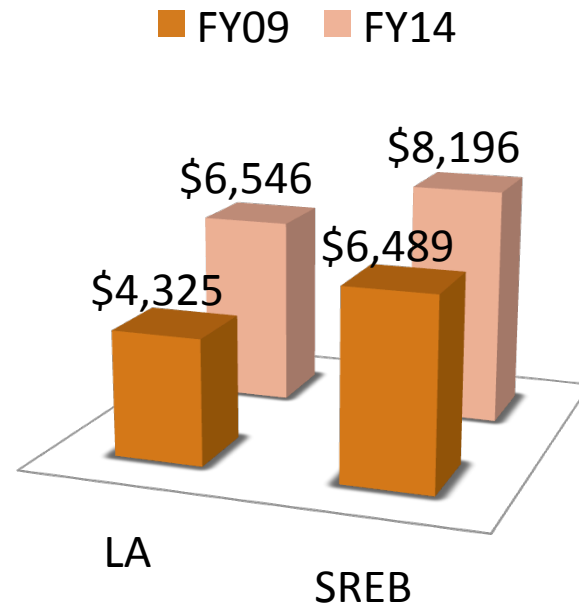
LA Public **2-Yr** In-State Tuition & Fees 5-Yr % Change = **60%**

Staff FY15 Projection:  
LA \$3,544 v. SREB \$3,607



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

Staff FY15 Projection:  
LA \$7,072 v. SREB \$8,665

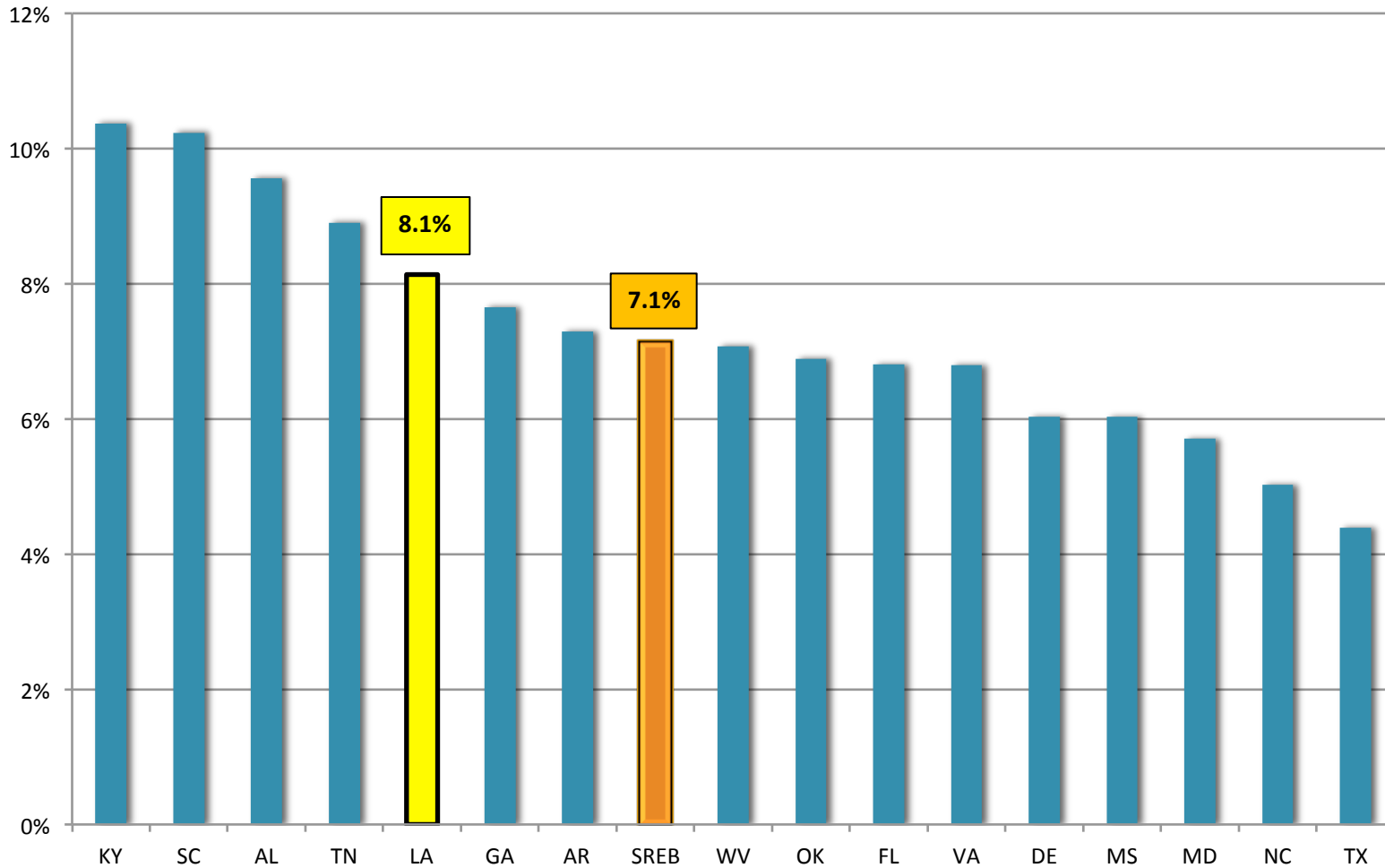


# Why Tuition Levels Matter

- 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.

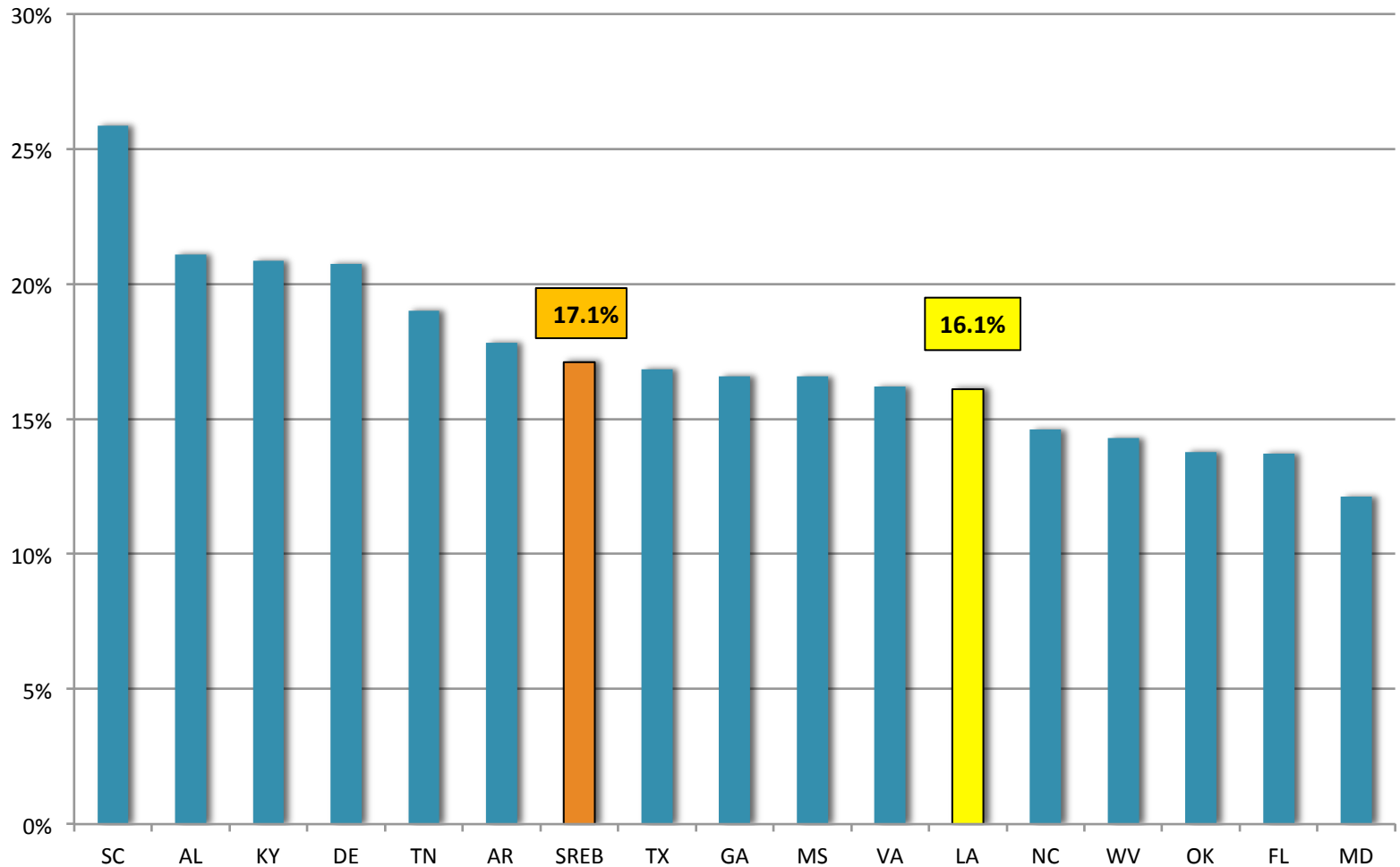
# SREB States:

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



# SREB States:

FY14 4-Year Tuition and Fees as a Percent of Median Family Income



# 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.”<sup>1</sup>

# Why State Grants Matter

## Taylor Opportunity Program for Students (TOPS)

Based on academic merit.

FY15 Funds budgeted:  
\$235,092,694

FY15 Estimated number of recipients:  
52,074

FY15 Estimated average aid per recipient:  
\$4,869

## Louisiana GO Grants

Based on need.

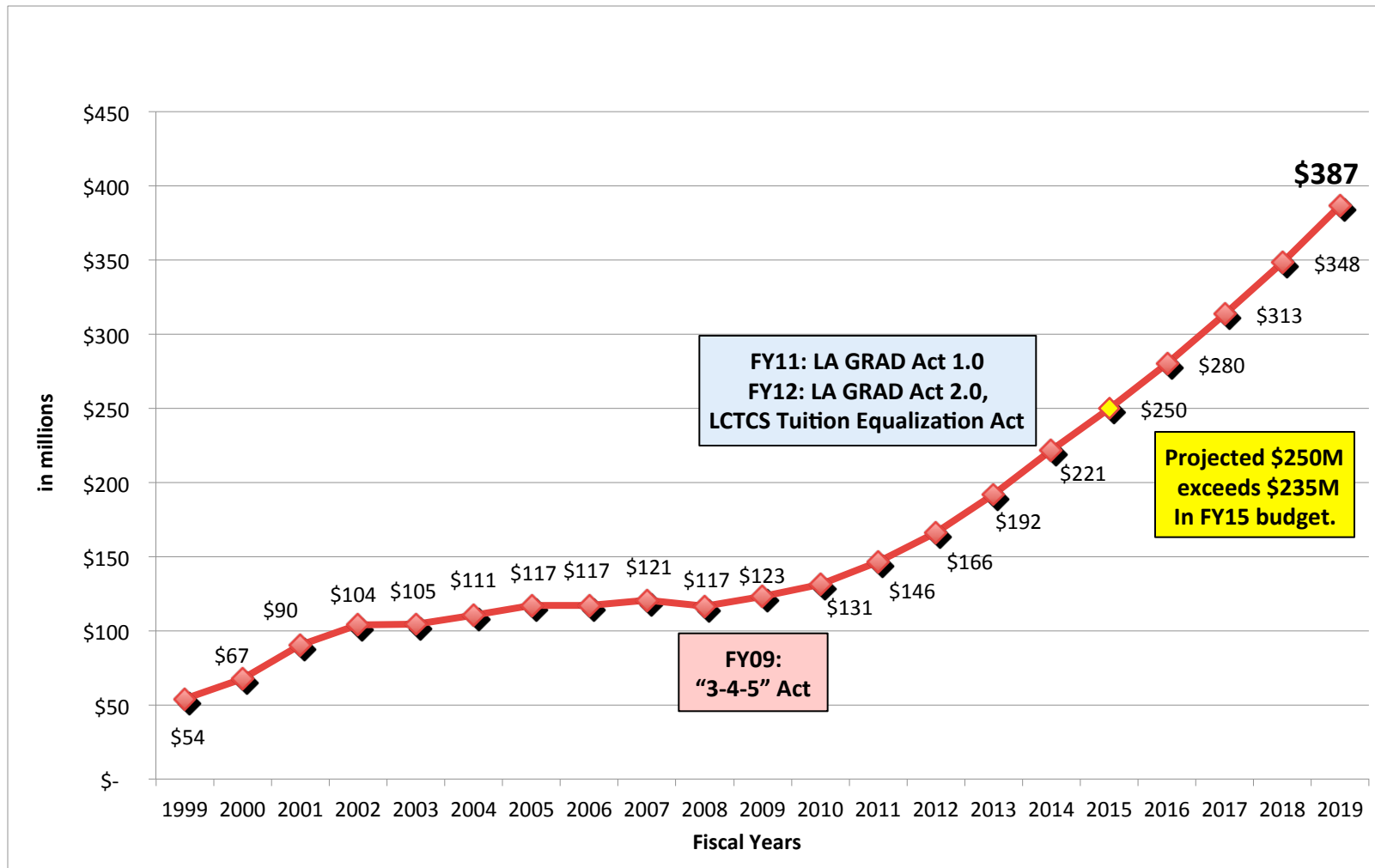
FY15 Funds budgeted:  
\$26,429,108

FY15 Estimated number of recipients:  
37,683

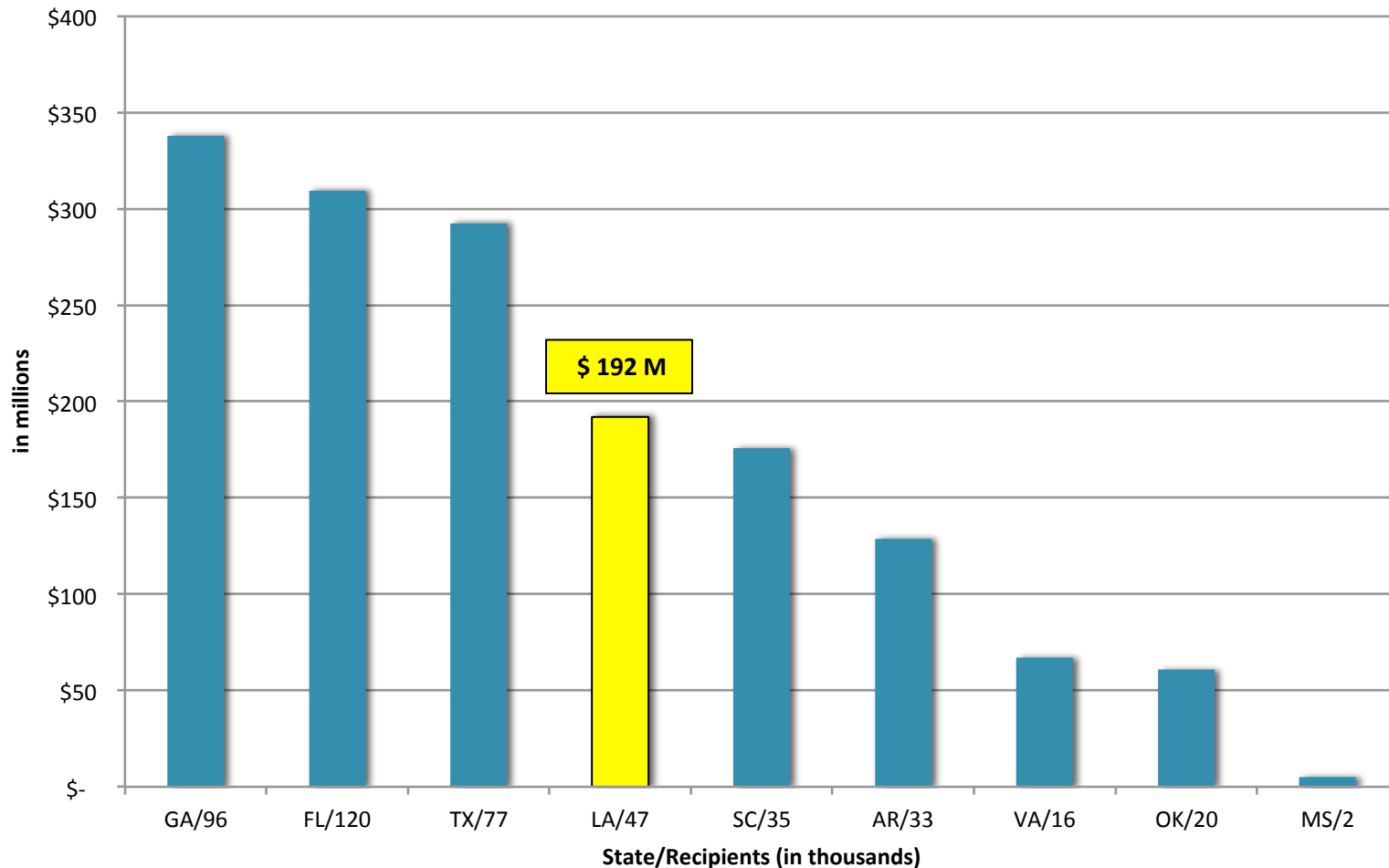
FY15 Estimated average aid per recipient:  
\$701

# TOPS Funding History

## Actual FYs 99-13; Projected FYs 14-19



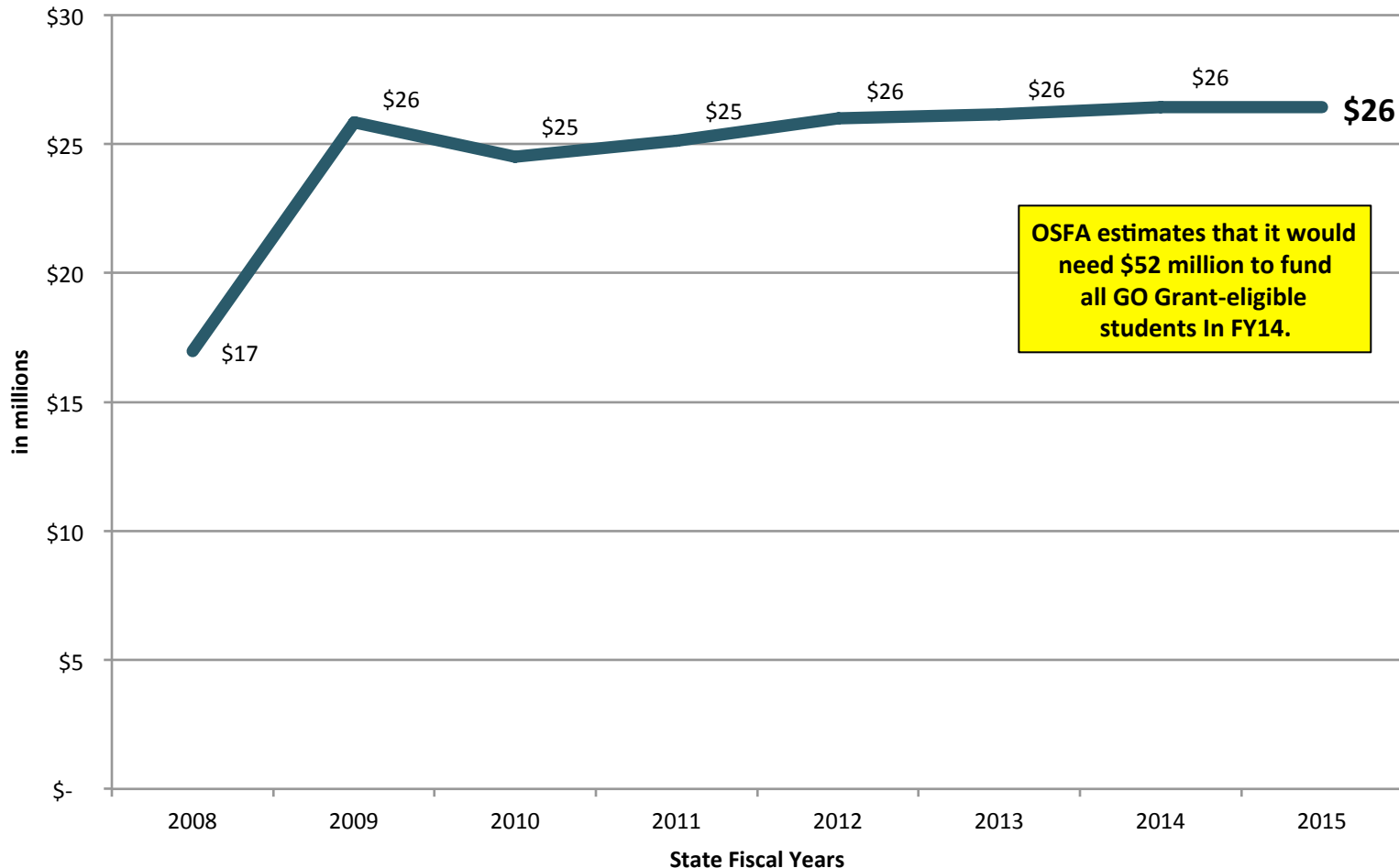
# FY13: SREB State-Supported, Merit-Based Scholarship Programs Similar to TOPS



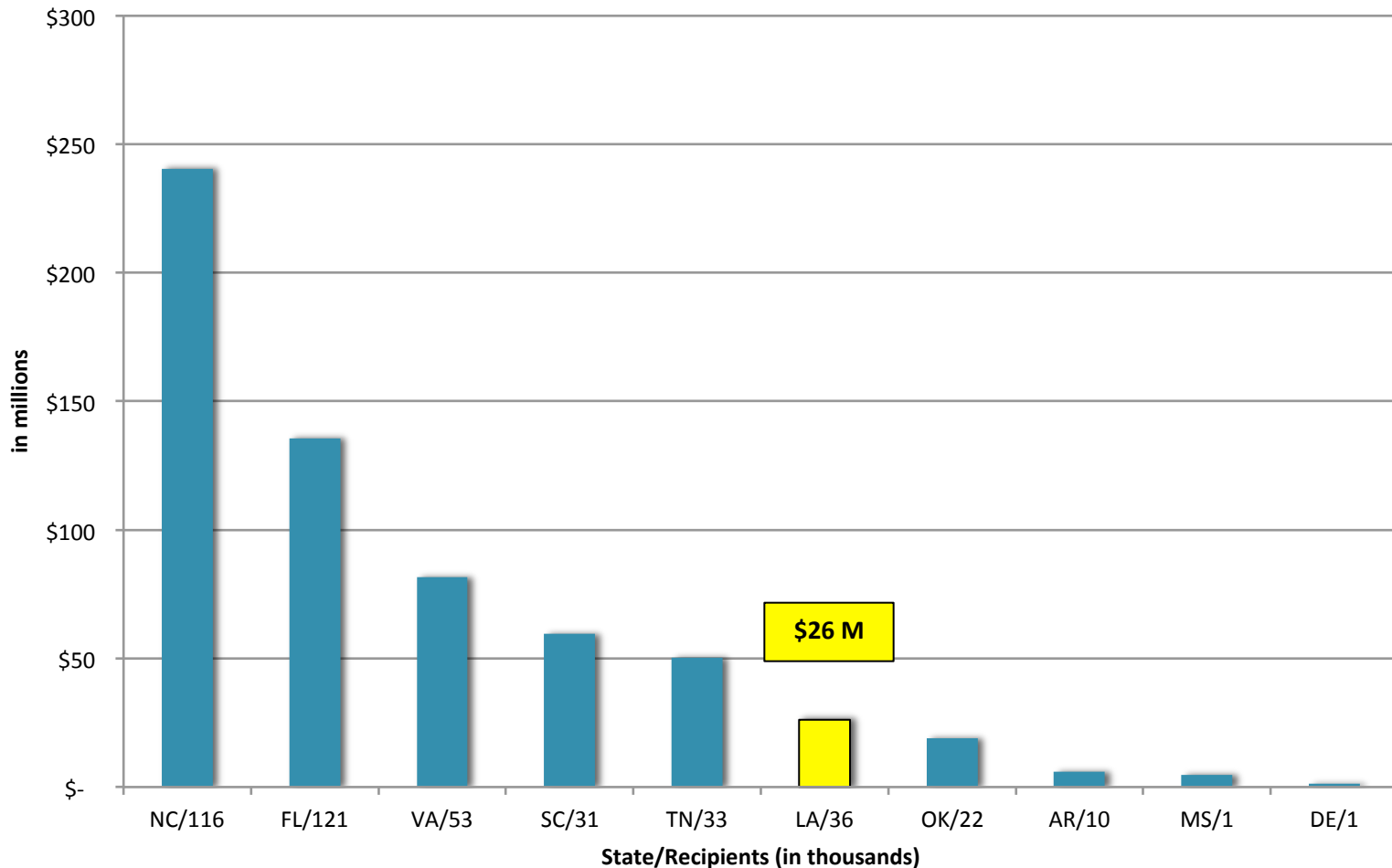


# GO Grant Funding History

## Actual FYs 08-13; Budgeted FYs 14-15



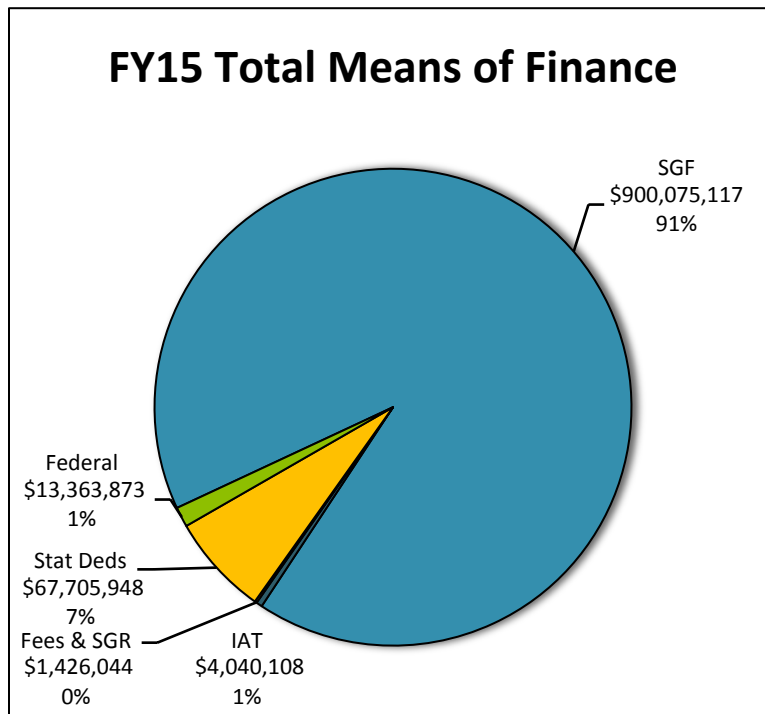
# FY13: SREB State-Supported, Need-Based Programs Similar to GO Grants



# HIED

## 19-671 Board of Regents

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



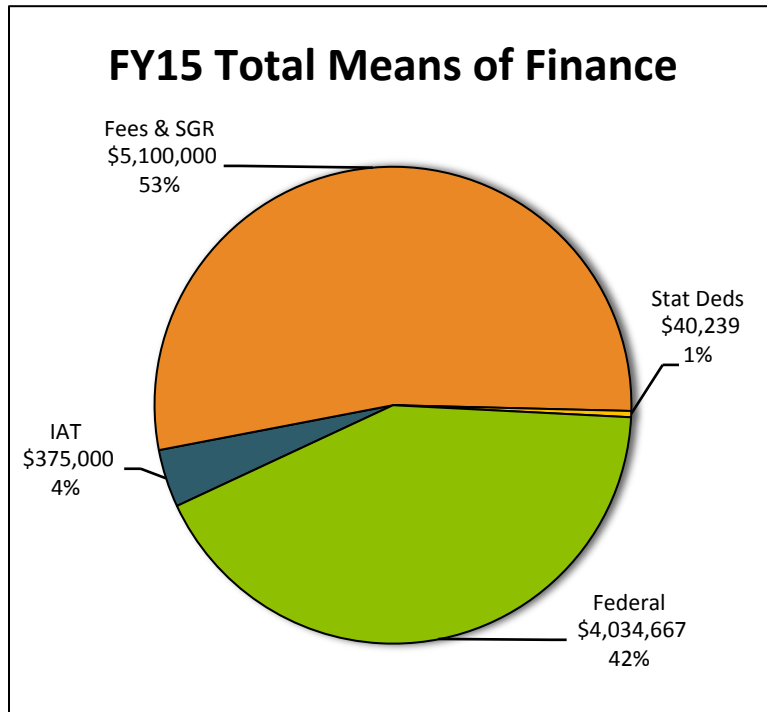
- The mission of the Board of Regents is to plan, coordinate and have budgetary responsibility for all public postsecondary education as constitutionally mandated.
- The Board of Regents has one program: the Board of Regents.
- Current DOA practice places all HIED SGF and T.O. in the Board of Regents'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

FY15 Non-Discretionary	FY15 Discretionary
\$69,367,358	\$917,243,732

# HIED

## 19-674 Louisiana Universities Marine Consortium

Total Funding	FY14 EOB as of 12-1-13	FY15 Recommended	Difference
LUMCON	\$ 11,885,758	\$ 9,549,906	\$ (2,335,852)
Total Positions	74	-	(74)



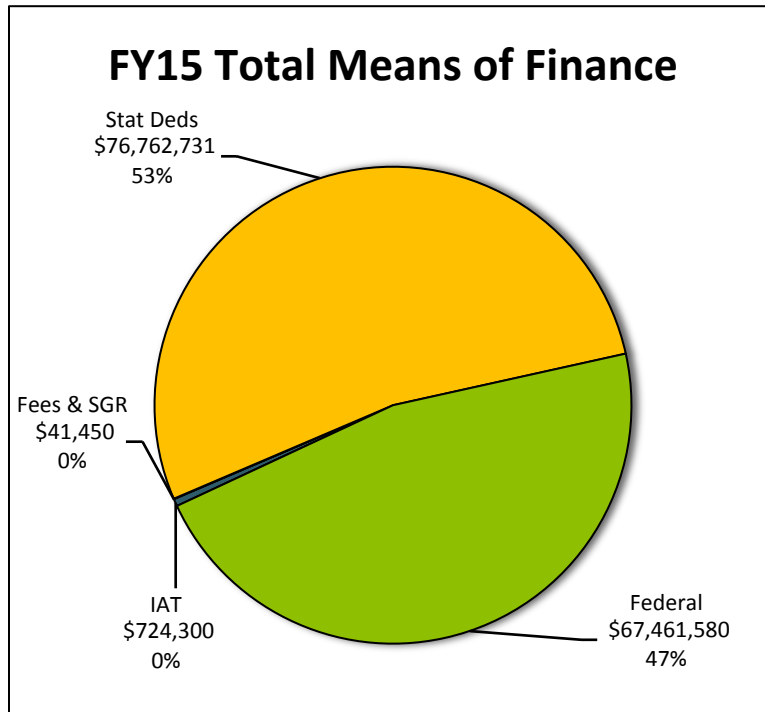
- The mission of LUMCON is to conduct research and education programs directly relevant to Louisiana's needs in marine and coastal science.
- LUMCON has two programs: the Louisiana Universities Marine Consortium and the Auxiliary Account.

FY15 Non-Discretionary	FY15 Discretionary
\$0	\$9,549,906

# HIED

## 19-661 Office of Student Financial Assistance

Total Funding	FY14 EOB as of 12-1-13	FY15 Recommended	Difference
Bd. of Regents	\$ 315,960,060	\$ 144,990,061	\$ (170,969,999)
Total Positions	84	-	(84)



- 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.

FY15 Non-Discretionary	FY15 Discretionary
\$361,552	\$144,628,509

# OSFA — Audit Issues, Findings

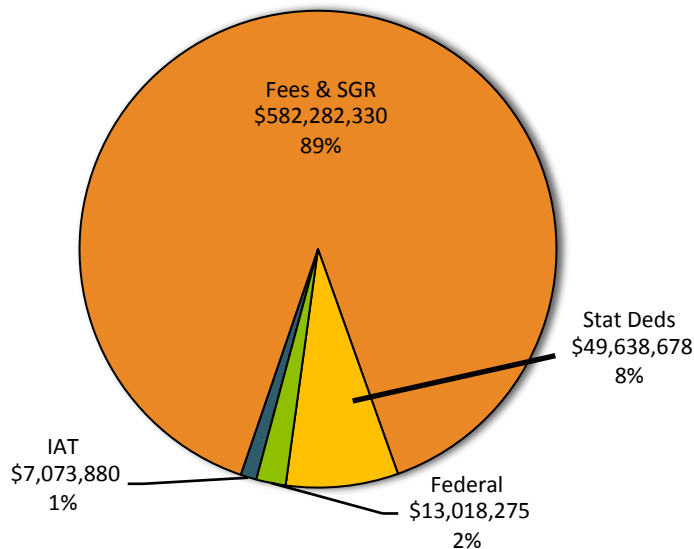
- Louisiana spent approximately \$1.57 billion on TOPS from FY99 through FY12.
- Annual expenditures have increased by approximately 213% from \$53.4 million in FY99 to \$166.9 million in FY12.
- In addition, Louisiana spent approximately \$165 million on TOPS awards for 42,301 students who had their 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

Total Funding	FY14 EOB as of 12-1-13	FY15 Recommended	Difference
LSU System	\$ 1,057,359,089	\$ 652,013,163	\$ (405,345,926)
Total Positions	8,299	-	(8,299)

### FY15 Total Means of Finance



- 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.

FY15 Non-Discretionary	FY15 Discretionary
\$0	\$652,013,163

# 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

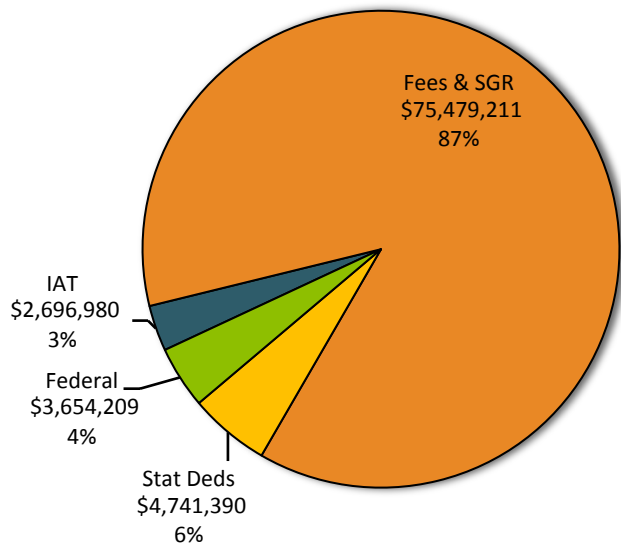


# HIED

## 19-615 Southern University Board of Supervisors

Total Funding	FY14 EOB as of 12-1-13	FY15 Recommended	Difference
SU System	\$ 141,280,449	\$ 86,571,790	\$ (54,708,659)
Total Positions	1,777	-	(1,777)

### FY15 Total Means of Finance



- 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.

FY15 Non-Discretionary	FY15 Discretionary
\$0	\$86,571,790

# 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

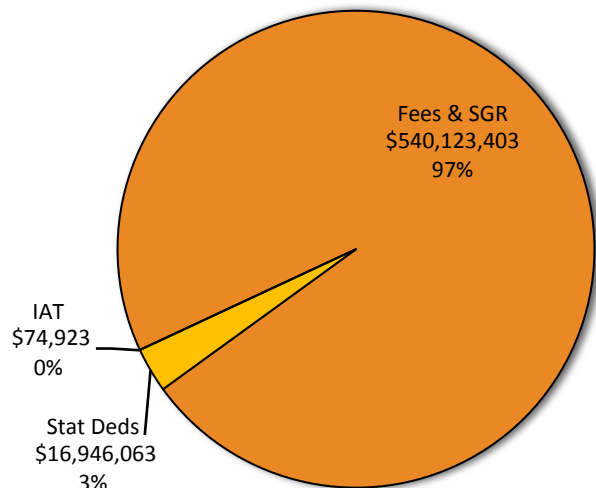
- Approximately \$283,000 in checks, cash, and money orders were not deposited into the Law Center's bank account.

# HIED

## 19-620 University of Louisiana Board of Supervisors

Total Funding	FY14 EOB as of 12-1-13	FY15 Recommended	Difference
UL System	\$ 751,769,542	\$ 557,144,389	\$ (194,625,153)
Total Positions	7,124	-	(7,124)

### FY15 Total Means of Finance



- 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.

FY15 Non-Discretionary	FY15 Discretionary
\$0	\$557,144,389

# 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

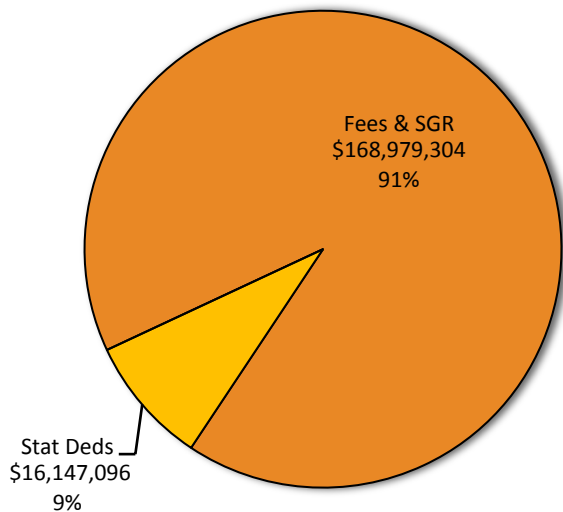
- Audit procedures performed on 45 receipts at three of the University's collection points disclosed that seven receipts totaling \$1,998,322 were not deposited timely.
- The New Iberia Research Center (NIRC) lacked controls to prevent or timely detect approximately \$26,000 in misappropriated assets.

# HIED

## 19-649 LA Community & Technical Colleges Bd. of Supervisors

Total Funding	FY14 EOB as of 12-1-13	FY15 Recommended	Difference
LCTC System	\$ 294,452,458	\$ 185,126,400	\$ (109,326,058)
Total Positions	3,052	-	(3,052)

### FY15 Total Means of Finance



- 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.

FY15 Non-Discretionary	FY15 Discretionary
\$0	\$185,126,400



# 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
- LCTCOnline

# 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.