



# FY16 Executive Budget

## Schedule 19A Higher Education



Louisiana Senate  
Finance Committee  
April 16, 2015

# FY16 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
- 19-674 Louisiana Community and Technical Colleges Board of Supervisors

# Audit Findings

## Louisiana State University and A&M College EVALUATION OF SCHOLARSHIP ADMINISTRATION • MAY 28, 2014

The audit found that the determining factors of academic excellence, special talent, and financial need for Board of Supervisors (BOS) scholarship awards were not defined by specific criteria, the documentation did not indicate which determining factor(s) were met by award recipients, and BOS scholarship documentation was not adequately retained or recorded. In addition, the information contained in the BOS Scholarship Report submitted to the Legislature on July 25, 2013, pursuant to Louisiana Revised Statute 17:1608, was not accurate and complete. The statute requires the board to annually report to the Legislature every scholarship awarded by a member of the management board for the preceding academic year.

## South Louisiana Community College INADEQUATE COLLECTION PROCEDURES OVER STUDENT ACCOUNTS RECEIVABLE • DECEMBER 24, 2014

The College did not establish the terms and/or conditions for payment at the time student receivable accounts were created and did not perform collection follow-up procedures on past-due student accounts generated from the fall 2012 to spring 2014 semesters, with outstanding student account balances totaling \$1.5 million.

# FY16 Executive Budget

## Schedule 19A — Higher Education Statistics (FY 13-14)

▪ System wide fall student headcount enrollment (total)	221,110
▪ System wide completers	
▪ Certificate	9,387
▪ Associate's Degree	5,758
▪ Bachelor's Degree	18,281
▪ Master's Degree	4,928
▪ Doctoral Degree	544
▪ System wide number of instructional faculty	9,152
▪ Year 1 to Year 2 Freshman Retention Rate at same school	73%
▪ Cohort Graduation Rate within six (6) years	43%
▪ System wide number of executive/managerial staff in areas other than academic colleges/schools	1,081

# Higher Education

## FY15 EOB vs. Proposed FY16 Budget (w/Supplementary)

<b>Total Funding</b>	<b>FY15 EOB as of 12-1-14</b>	<b>FY16 Recommended</b>	<b><i>Difference</i></b>
HIED	\$ 2,623,438,270	\$ 2,412,147,450	<i>\$(211,290,820)</i>

<b>Total Positions</b>	19,972	19,483	<i>(489)</i>
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**Other Charges Positions: 0**

### FY16 Non-Discretionary Funding

Total Non-Disc.: \$79,471,063

**Percent Non-Disc: 3.3%**

Total Non-Disc. SGF: \$78,906,141

Non-Disc. T.O.: 0

### FY16 Discretionary Funding

Total Discretionary: \$2,332,676,387

**Percent Discretionary: 96.7%**

Total Discretionary SGF: \$684,083,927

Discretionary T.O.: 19,483

# Higher Education

## Non-Discretionary/Discretionary Funding by Agency

### **Non-Discretionary Funding:**

\$78.9 m. — Board of Regents

\$0.0 m. — LUMCON

\$0.6 m. — OSFA

\$0.0 m. — LSU System

\$0.0 m. — SU System

\$0.0 m. — UL System

\$0.0 m. — LCTC System

### **Discretionary Funding:**

\$819.9 m. — Board of Regents

\$9.6 m. — LUMCON

\$116.1 m. — OSFA

\$559.0 m. — LSU System

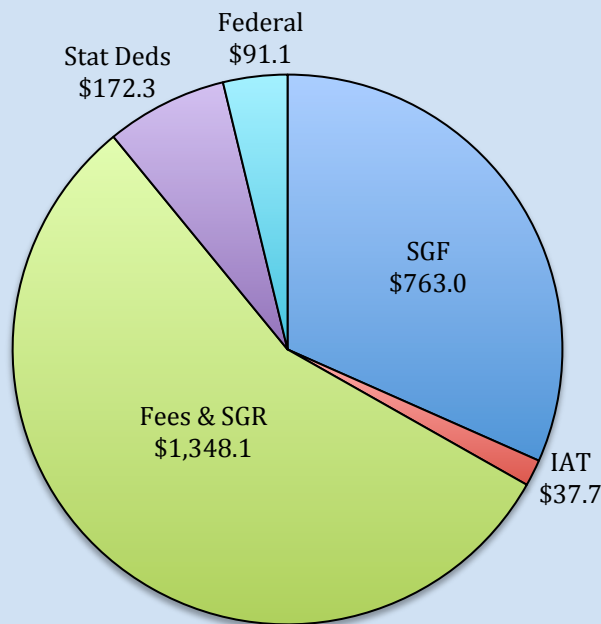
\$85.3 m. — SU System

\$552.1 m. — UL System

\$190.8 m. — LCTC System

# FY16 HIED Means of Finance

**FY16 Total Means of Finance**  
(In Millions)



## Major Non-SGF Sources of Funding:

### Interagency Transfers

- Board of Regents - \$24 m from DOA/CDBG for WISE.

### Fees & Self-generated Revenues

- Tuition and Fees - \$1,180 m at public institutions of higher education.

### Statutory Dedications

- TOPS Fund [C] - \$56 m for awards.
- SELF Fund [S] - \$46 m for faculty salaries.
- 8(g) Fund [C] - \$28 m for research, endowed chairs, scholars, and graduate student recruitment.
- Tobacco Tax Health Care Fund [S] - \$25 m for cancer research, smoking cessation.
- Workforce Training Rapid Response Fund [S] - \$10 m for high-demand workforce training programs.

### Federal Funds

- Federal Family Education Loans Program - \$56 m for student loan claims payments, account maintenance, default aversion and administrative costs.
- USDA grants - \$17 m for agricultural extension stations, cooperative extension services and forestry research.

# FY15 Existing Operating Budget vs. FY16 Recommended

## Schedule 19A HIED — Total Expenditures

<b>Expenditure Category</b>	<b>FY15 Existing Operating Budget</b>	<b>FY16 Recommended Budget</b>	<b>Difference</b>
Personal Services	\$1,636,577,719	\$0	(\$1,636,577,719)
Operating Expenses	\$200,607,842	\$0	(\$200,607,842)
Professional Services	\$28,926,652	\$0	(\$28,926,652)
Other Charges	\$736,903,675	\$2,412,147,450	\$1,675,243,775
Acquisitions & Major Repairs	\$20,422,382	\$0	(\$20,422,382)
<b>Total Expenditures</b>	<b>\$2,623,438,270</b>	<b>\$2,412,147,450</b>	<b>(\$211,290,820)</b>



# FY16 Higher Education

## Selected Standard Statewide Adjustments

### **Annualization of FY15 Mid-Year Reduction Plan**

**Performance/Salary Adjustments**

**Retirement Adjustments**

**Group Insurance Adjustments (tied to OGB rate increase)**

*Note: Pursuant to Division of Administration, Office of Planning and Budget policy, standard statewide adjustments are usually absorbed by Higher Education agencies and not displayed in the Governor's Executive Budget proposal.*

### **Other:**

Acquisitions and Major Repairs

Risk Management

Office of Technology Services

**(\$24.3 million) SGF — GEMS Savings (procurement)**

**(489) T.O. — Elimination of vacant positions**

# FY16 HIED State General Fund (Direct):

Base Level Funding

- +\$924 m – Existing Operating Budget FY 14-15
- +\$60 m – Increases
- -\$594 m – Decreases

**HIED State General Fund (Direct) Base = \$391 m**

# FY16 Higher Education

Net State General Fund (Direct) Decrease: **-\$533 m**

Increases: +\$60 m

- +\$34 m - TOPS adjustment
- +\$24 m - TOPS MOF Swap
- +\$1.8 m - OSFA MOF Swap
- +\$0.2 m - ULL PTAC

Decreases: **-\$594 m**

- **-\$372 m - Supplementary**
- **-\$102 m - HIED Reduction**
- **-\$70 m - Tuition Swap**
- **-\$24 m - GEMS Savings**
- **-\$11 m - WISE adjustment**
- **-\$6 m - Competitive Core**
- **-\$4.5 m - SU System**
- **-\$2 m - HBCU STEM**
- **-\$1 m - SELF Swap**
- **-\$0.1 m - Carryforwards**

# **Board of Regents:**

## **Earmarks on \$391 m SGF Base**

- \$228 m – TOPS (plus \$56 m TOPS Fund)
- \$26 m – GO Grants
- \$1.7 m – START Earning Enhancements
- \$5.7 m – WISE (plus \$24 m CDBG funding)
- \$5 m – OSFA administrative costs
- \$0.2 m – ULL PTAC

**Total Earmarks on Base = \$267 m**

*(represents 68% of HIED \$391 m SGF Base)*

# Board of Regents: FY 15-16 Discretionary Unencumbered SGF

- +\$391 m – HIED SGF Base
- -\$267 m - Earmarks (68% of Base)  
\$124 m – Subtotal
- -\$79 m – Non-discretionary SGF in HB 1  
\$45 m – Discretionary Unencumbered SGF

# FY16 Higher Education

## Supplementary Budget Recommendations

- A supplementary recommendation of **\$372,099,328** from converting refundable tax credits to non-refundable tax credits is included in the Total Recommended amount.
- These items are contingent upon legislative approval.
- If approved, the supplementary budget recommendations would reduce HIED's State General Fund (Direct) cut to **-\$161 m.**
- **-\$533 m + \$372 m = -\$161 m SGF**

# Board of Regents: Suggested SGF Adjustments

(assuming approval of Supplementary \$372 m)

- +\$102 m – HIED State General Fund (Direct) reduction
- +\$70 m – La GRAD Act Tuition Swap
- +\$24 m – GEMS Procurement Savings
- +\$22 m – Fully fund WISE at \$40 m
- +\$6 m – LCTCS Competitive Core funding
- +\$5 m – OSFA administrative costs
- +4.5 m – SU System FY 14-15 assistance
- +\$2 m – HBCU STEM funding

**Total Adjustments = \$236 m**

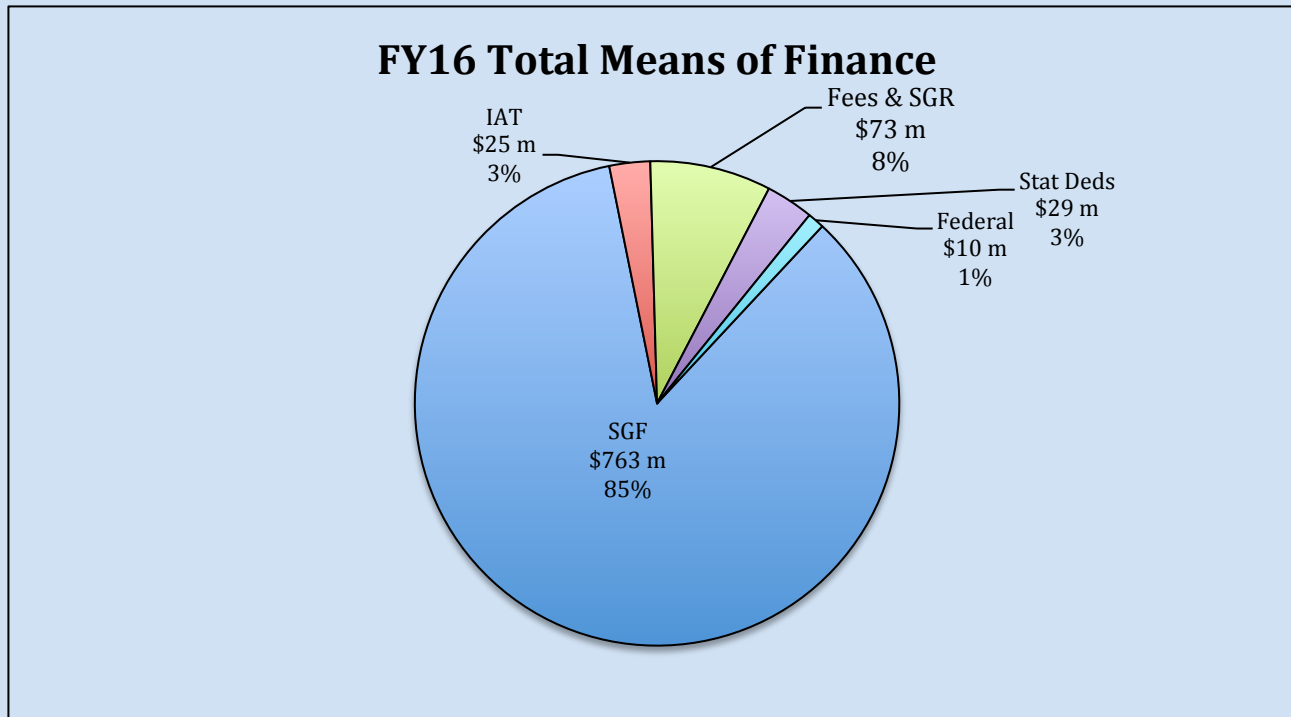
**Supplementary \$372 m + Adjustments \$236 m = \$608 m**

# HIED

## 19-671 Board of Regents

Total Funding	FY15 EOB as of 12-1-14	FY16 Recommended	Difference
HIED - BOR	\$ 90,709,604	\$ 898,812,364	\$ 808,102,760

Total Positions	262	19,483	19,221
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FY16 Non-Discretionary	FY16 Discretionary
\$78,906,141	\$819,906,223



# HIED

19-671 Board of Regents

Significant FY16 Budget Issues in HIED – BOR:

**FY 14-15 State General Fund (Direct) = \$31.1 m**

**Portion of -\$533 m SGF reduction to HIED = -\$22.5 m**

**Sub-Total: Portion of \$391 m SGF Base = \$8.6 m**

**Portion of +\$372 m SGF Supplementary per BOR = +\$8.6 m**

**Total: FY 15-16 SGF per BOR = \$17.2 m**

**Net SGF Loss per BOR= -\$13.9 m (-45%)**

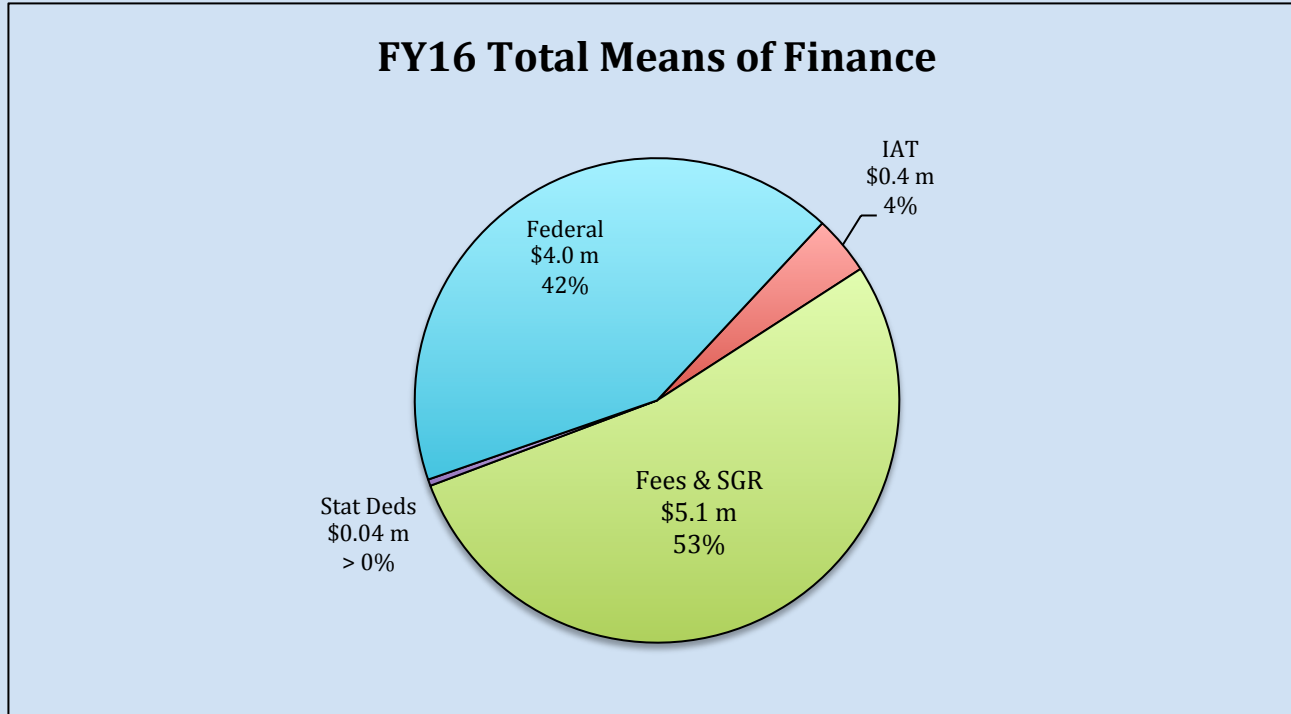
**What is the impact of the net SGF loss?**

# HIED

## 19-674 Louisiana Universities Marine Consortium

Total Funding	FY15 EOB as of 12-1-14	FY16 Recommended	Difference
HIED - LUMCON	\$ 11,846,069	\$ 9,550,893	\$ (2,295,176)

Total Positions	74	-	(74)
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FY16 Non-Discretionary	FY16 Discretionary
\$0	\$9,550,893

# HIED

19-674 Louisiana Universities Marine Consortium

Significant FY16 Budget Issues in HIED – LUMCON:

**FY 14-15 State General Fund (Direct) = \$2.3 m**

**Portion of -\$533 m SGF reduction to HIED = -\$1.8 m**

**Sub-Total: Portion of \$391 m SGF Base = \$0.5 m**

**Portion of +\$372 m SGF Supplementary per BOR = +\$1.4 m**

**Total: FY 15-16 SGF per BOR = \$1.9 m**

**Net SGF Loss per BOR = -\$0.4 m (-19%)**

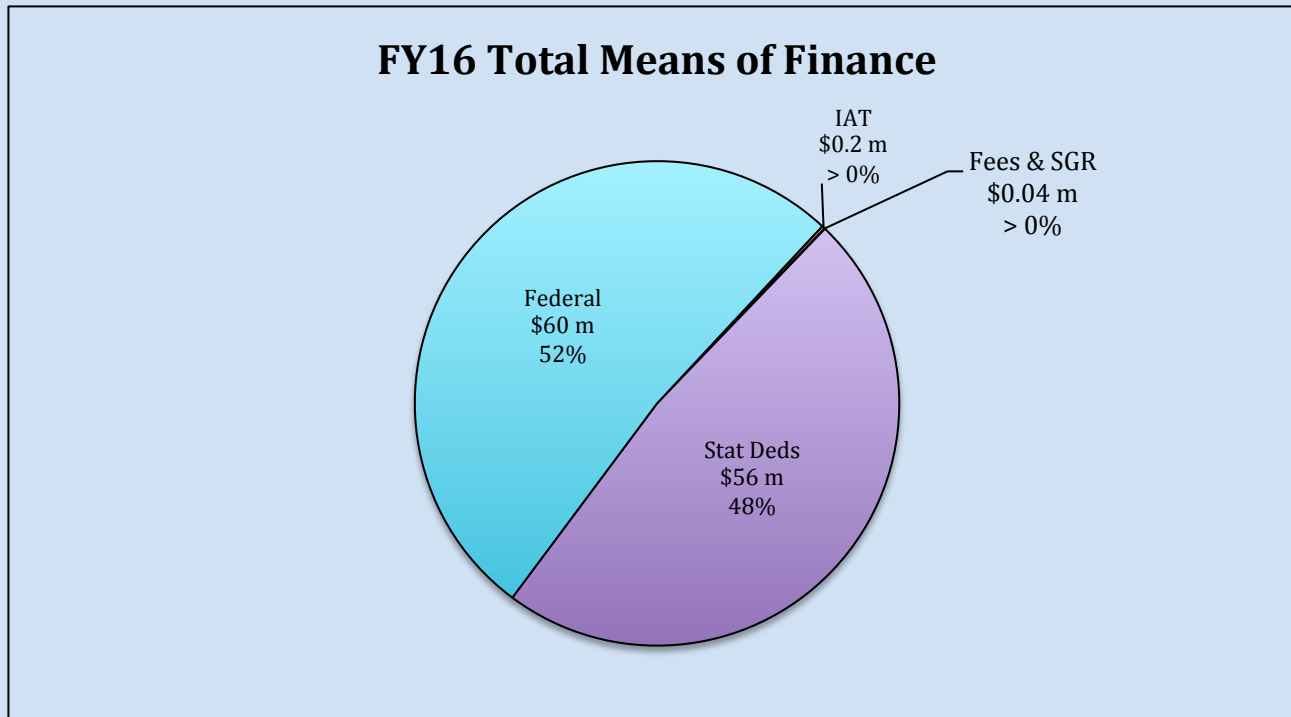
**What is the impact of the net SGF loss?**

# HIED

## 19-661 Office of Student Financial Assistance

Total Funding	FY15 EOB as of 12-1-14	FY16 Recommended	Difference
HIED - OSFA	\$ 344,622,485	\$ 116,670,356	\$ (227,952,129)

Total Positions	84	-	(84)
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FY16 Non-Discretionary	FY16 Discretionary
\$564,922	\$116,105,434

# HIED

19-661 Office of Student Financial Assistance

Significant FY16 Budget Issues in HIED – OSFA:

**FY 14-15 State General Fund (Direct) = \$196.2 m**

**TOPS MOF Swaps and Scholarships/Grants Adjustment = +\$65.2 m**

**Sub-Total: Portion of \$391 m SGF Base = \$261.4 m**

**Portion of +\$372 m SGF Supplementary per BOR = \$0.0 m**

**Total: FY 15-16 SGF per BOR = \$261.4 m**

**Net SGF Gain per BOR = +\$65.2 m (+33%)**

**What is the status of OSFA administrative costs?**

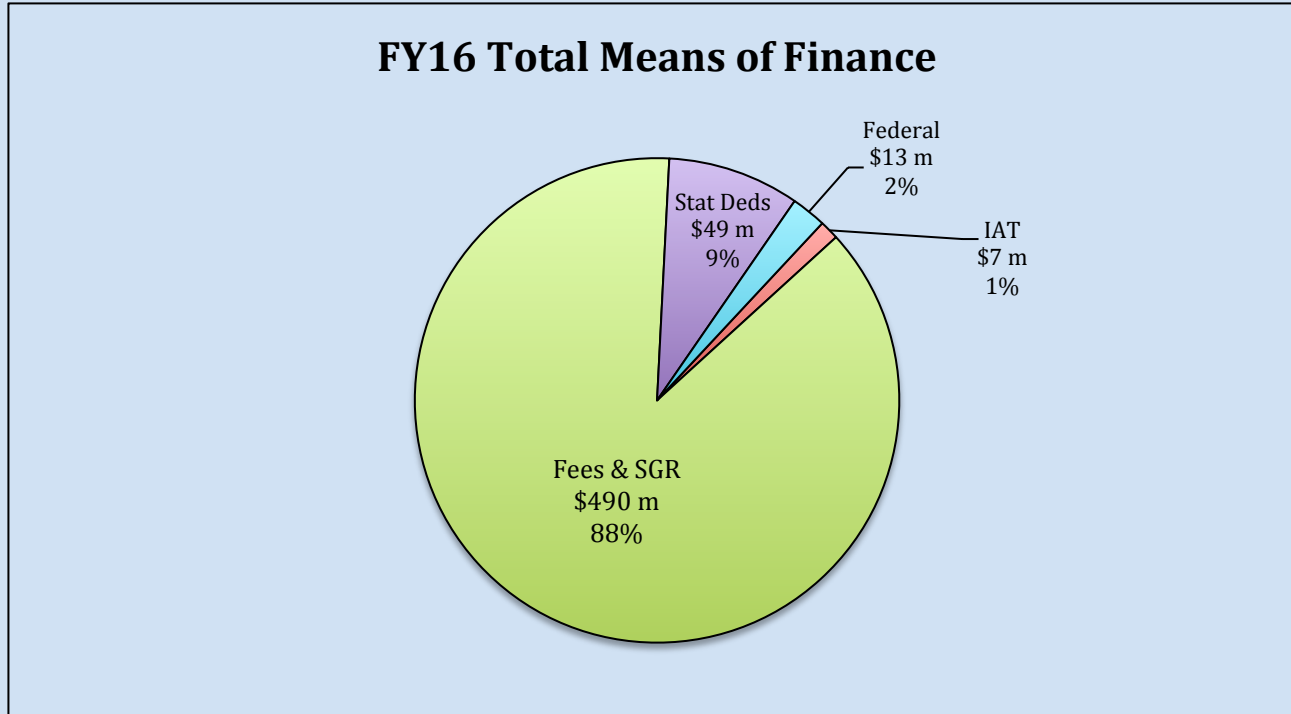
**What is the funding forecast for TOPS in coming years?**

# HIED

## 19-600 Louisiana State University Board of Supervisors

Total Funding	FY15 EOB as of 12-1-14	FY16 Recommended	Difference
HIED - LSU System	\$ 971,917,724	\$ 558,954,945	\$ (412,962,779)

Total Positions	7,892	-	(7,892)
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FY16 Non-Discretionary	FY16 Discretionary
\$0	\$558,954,945

# HIED

19-600 Louisiana State University Board of Supervisors

Significant FY16 Budget Issues in HIED – LSU System:

**FY 14-15 State General Fund (Direct) = \$313.9 m**

**Portion of -\$533 m SGF reduction to HIED = -\$258.5 m**

**Sub-Total: Portion of \$391 m SGF Base = \$55.5 m**

**Portion of +\$372 m SGF Supplementary per BOR = +\$167.0 m**

**Total: FY 15-16 SGF per BOR = \$222.5 m**

**Net SGF Loss per BOR = -\$91.4 m (-29%)**

**What is the impact of the net SGF loss on system institutions and agencies?**

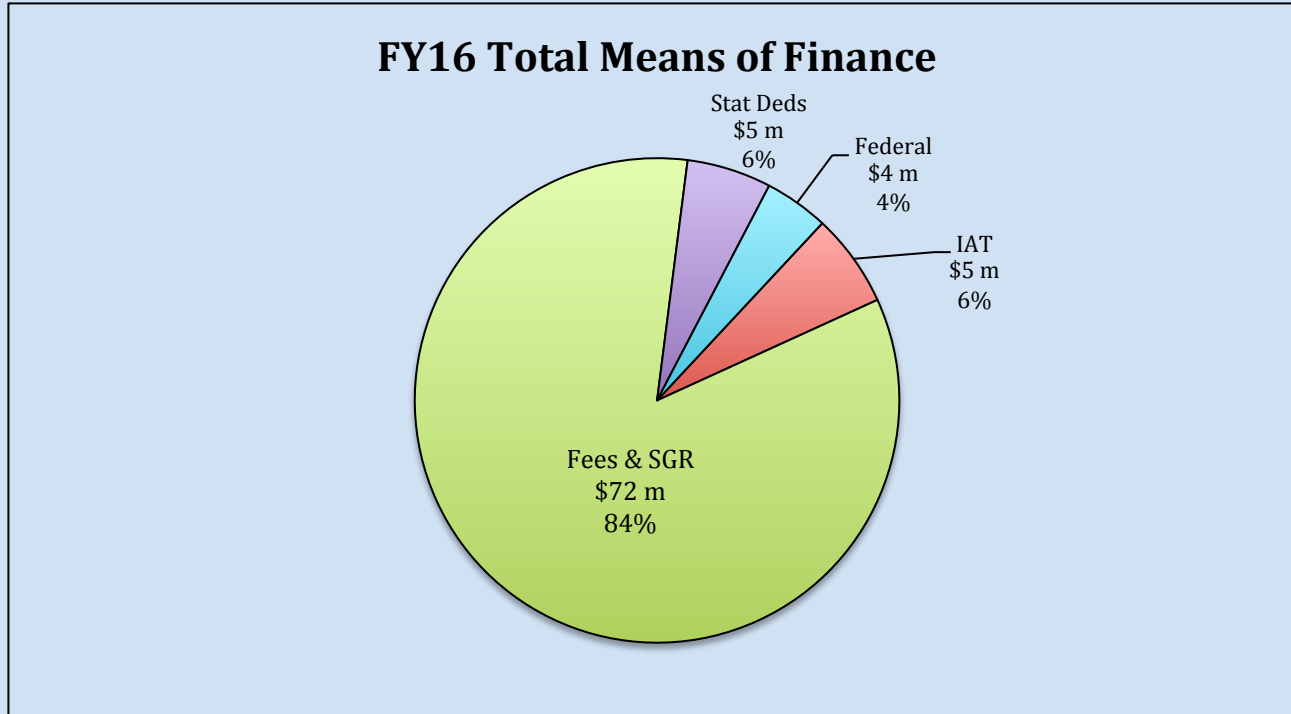
**What is the impact of the consolidation of LSU A&M with the LSU System Office and the Paul M. Hebert Law Center?**

# HIED

## 19-615 Southern University Board of Supervisors

Total Funding	FY15 EOB as of 12-1-14	FY16 Recommended	Difference
HIED - SU System	\$ 128,458,744	\$ 85,309,897	\$ (43,148,847)

Total Positions	1,734	-	(1,734)
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FY16 Non-Discretionary	FY16 Discretionary
\$0	\$85,309,897



# HIED

## 19-615 Southern University Board of Supervisors

Significant FY16 Budget Issues in HIED – SU System:

**FY 14-15 State General Fund (Direct) = \$45.9 m**

**Portion of -\$533 m SGF reduction to HIED = -\$38.2 m**

**Sub-Total: Portion of \$391 m SGF Base = \$7.6 m**

**Portion of +\$372 m SGF Supplementary per BOR = +\$23.0 m**

**Total: FY 15-16 SGF per BOR = \$30.6 m**

**Net SGF Loss per BOR = -\$15.3 m (-33%)**

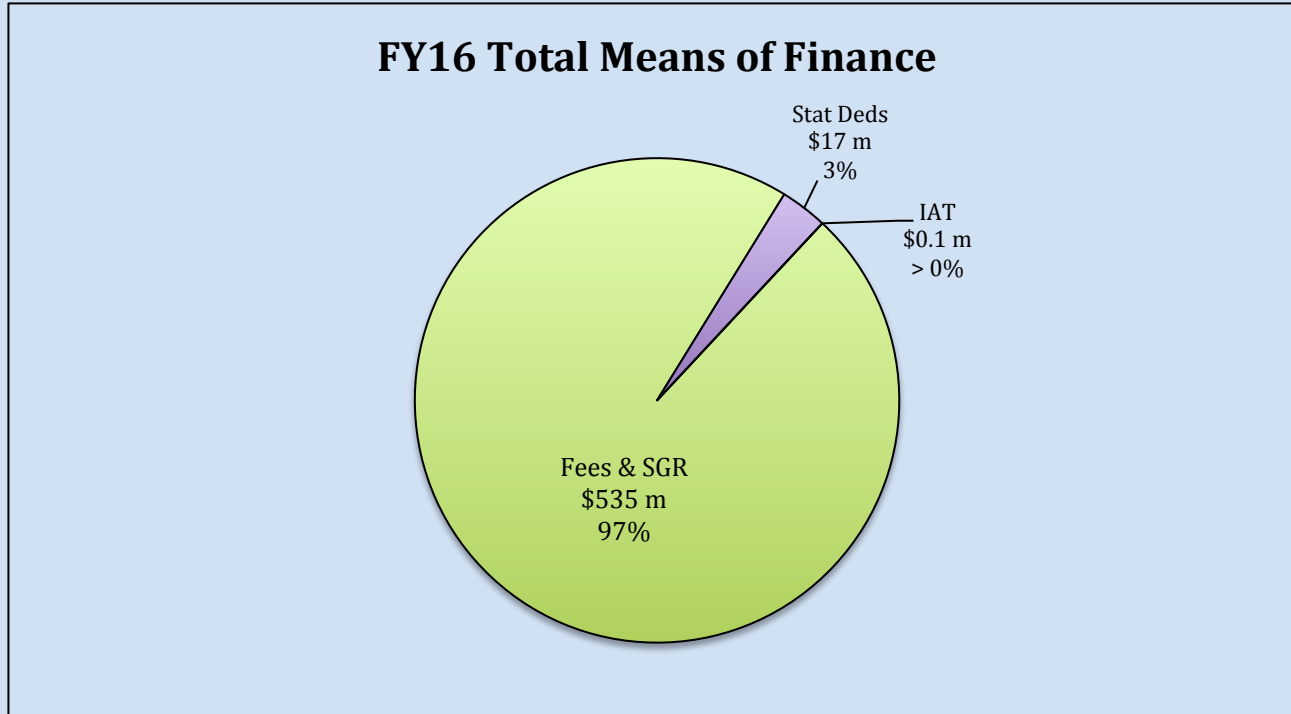
**What is the impact of the net SGF loss on system institutions and agencies?**

# HIED

## 19-620 University of Louisiana Board of Supervisors

Total Funding	FY15 EOB as of 12-1-14	FY16 Recommended	Difference
HIED - UL System	\$ 768,969,047	\$ 552,087,872	\$ (216,881,175)

Total Positions	6,949	-	(6,949)
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FY16 Non-Discretionary	FY16 Discretionary
\$0	\$552,087,872

# HIED

19-620 University of Louisiana Board of Supervisors

Significant FY16 Budget Issues in HIED – UL System:

**FY 14-15 State General Fund (Direct) = \$218.5 m**

**Portion of -\$533 m SGF reduction to HIED = -\$180.9 m**

**Sub-Total: Portion of \$391 m SGF Base = \$37.6 m**

**Portion of +\$372 m SGF Supplementary per BOR = +\$112.6 m**

**Total: FY 15-16 SGF per BOR = \$150.1 m**

**Net SGF Loss per BOR = -\$68.4 m (-31%)**

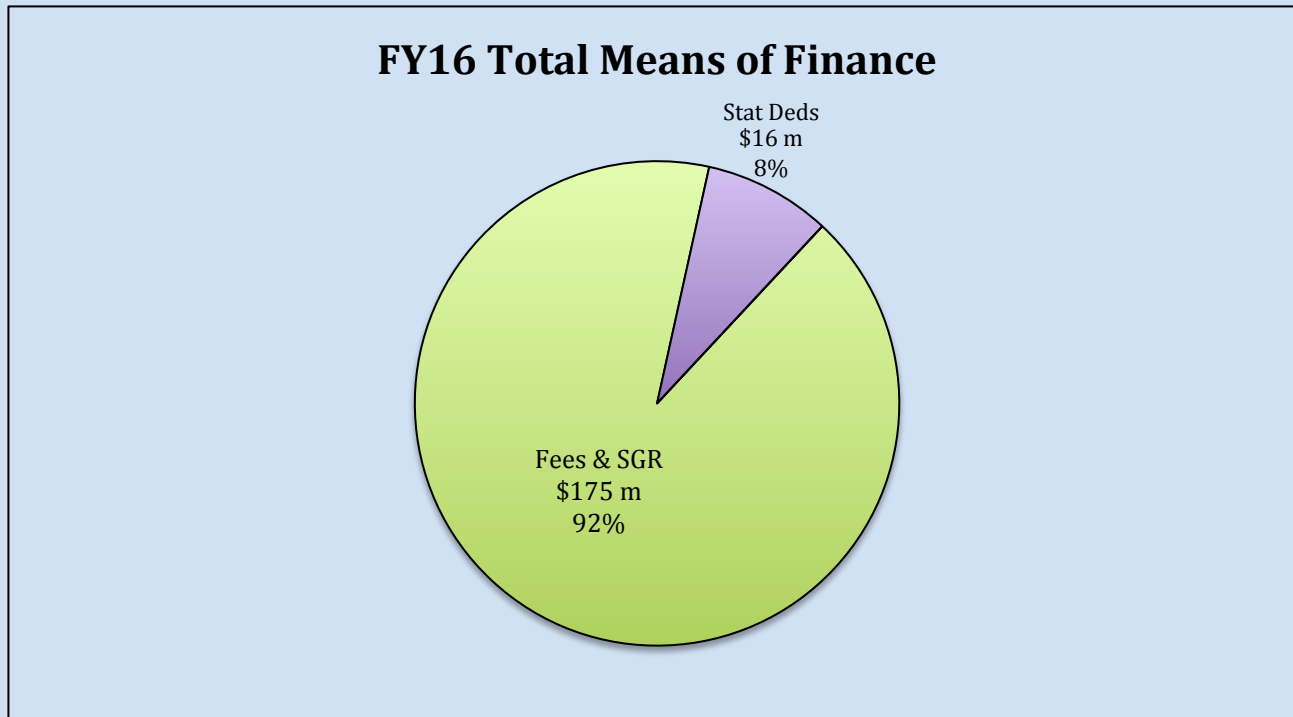
**What is the impact of the net SGF loss on system institutions and agencies?**

# HIED

## 19-649 La. Community and Technical Colleges Board of Supervisors

Total Funding	FY15 EOB as of 12-1-14	FY16 Recommended	Difference
HIED - LCTC System	\$ 306,914,597	\$ 190,761,123	\$ (116,153,474)

Total Positions	2,977	-	(2,977)
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FY16 Non-Discretionary	FY16 Discretionary
\$0	\$190,761,123

# HIED

19-649 Louisiana Community and Technical Colleges Board of Supervisors

Significant FY16 Budget Issues in HIED – LCTC System:

**FY 14-15 State General Fund (Direct) = \$116.2 m**

**Portion of -\$533 m SGF reduction to HIED = -\$96.5 m**

**Sub-Total: Portion of \$391 m SGF Base = \$19.8 m**

**Portion of +\$372 m SGF Supplementary per BOR = +\$59.5 m**

**Total: FY 15-16 SGF per BOR = \$79.3 m**

**Net SGF Loss per BOR = -\$36.9 m (-32%)**

**What is the impact of the net SGF loss on system institutions and agencies?**

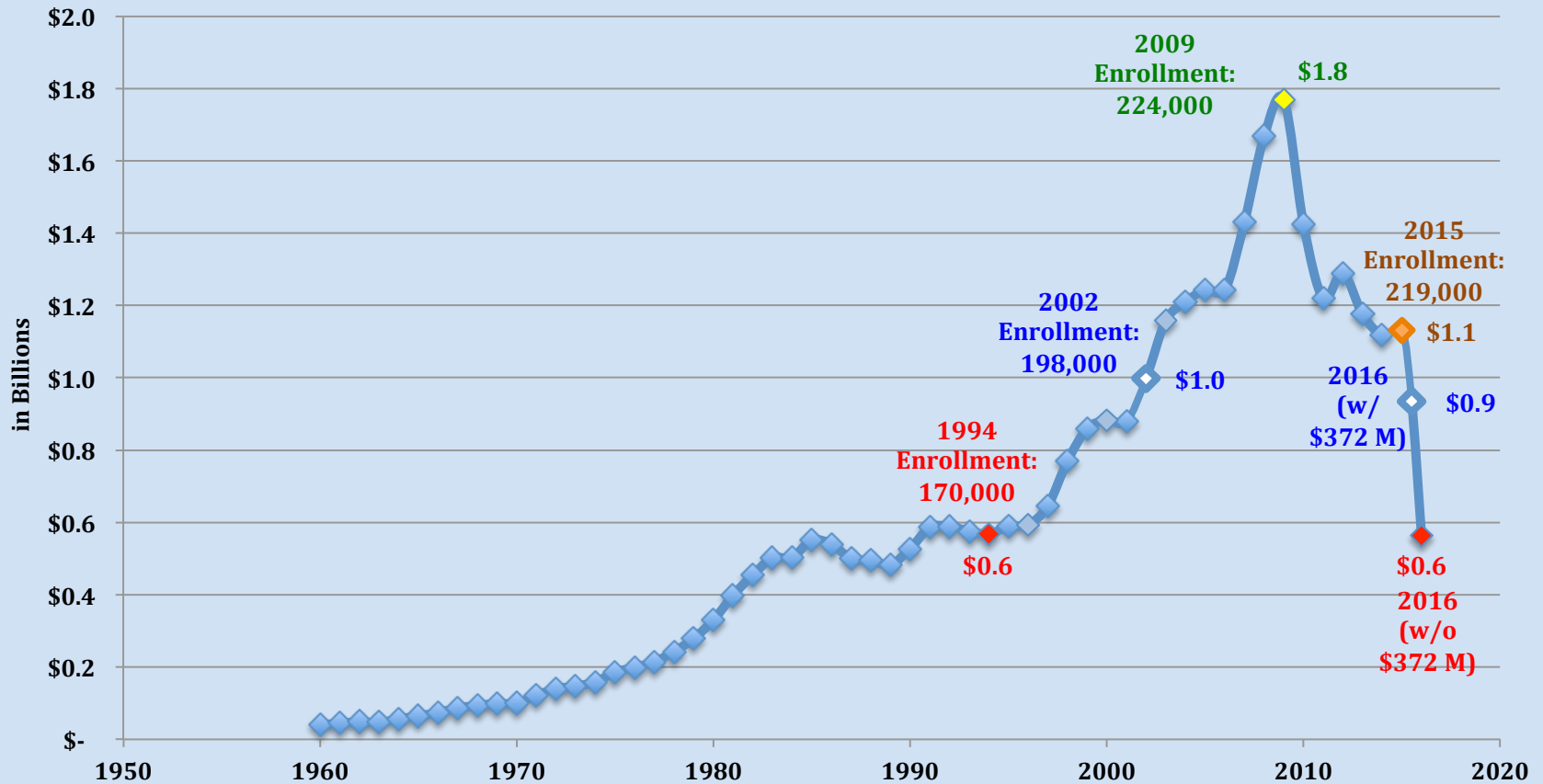
# Issue: State Appropriations

- “State Tax Funds” = State General Fund (Direct) + Statutory Dedications
- LA FY 15-16 State Tax Funds = \$391 m [SGF Base] + \$172 m [SDs] = \$563 m
- \$563 m + \$372 m Supplementary = \$935 m Potential State Tax Funds

## Sources:

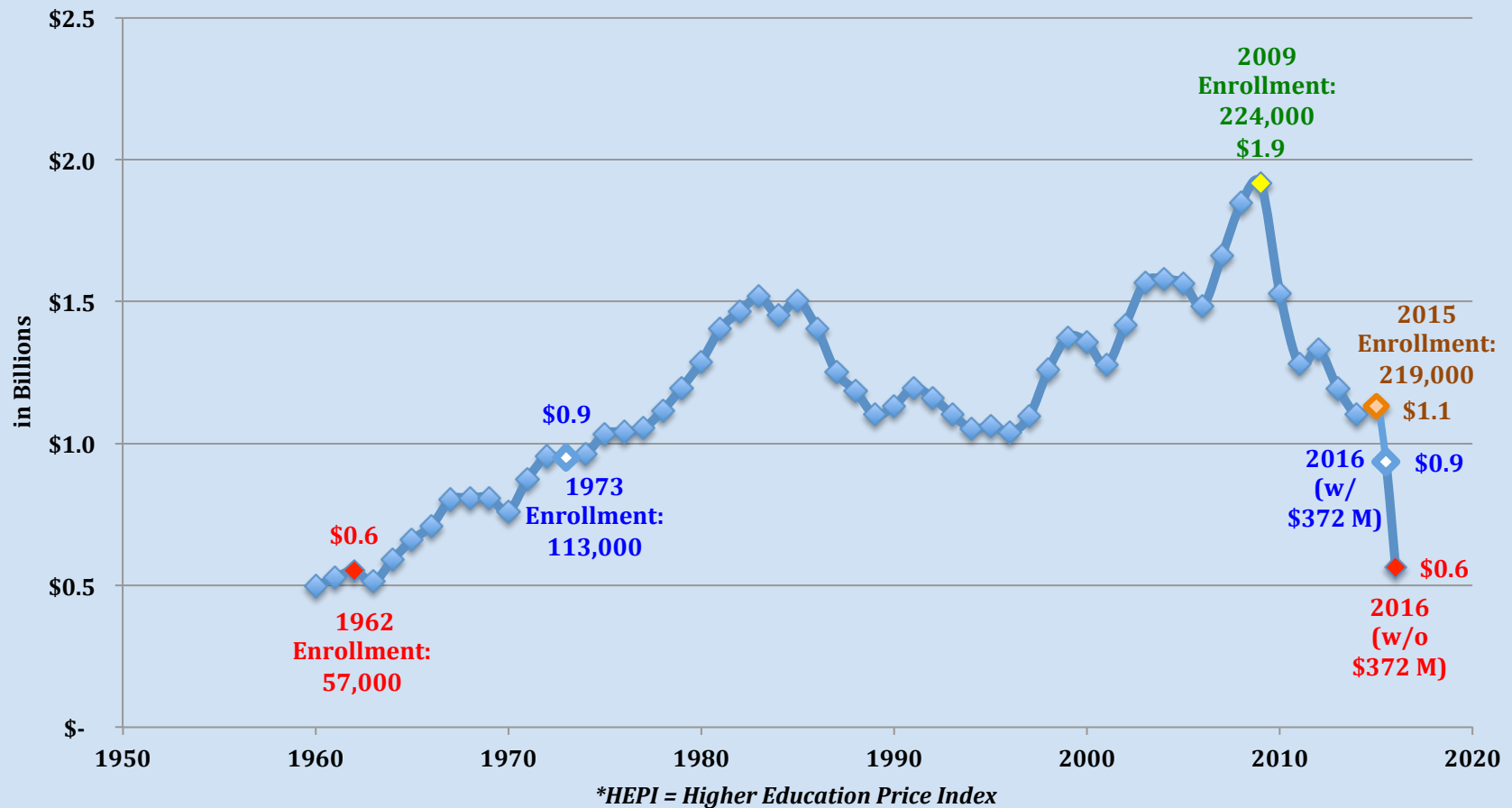
1. Illinois State University, College of Education. *Grapevine Survey, Fiscal Year 2014-15: An Annual Compilation of State Fiscal Support of Higher Education.*
2. U.S. Department of Education, National Center for Education Statistics. *Digest of Education Statistics.*
3. Commonfund Institute. *Higher Education Price Index.*

# Appropriation of LA State Tax Funds\* for HIED Operating Expenses, FY60 - FY16 in nominal (unadjusted) dollars at Original HB 1



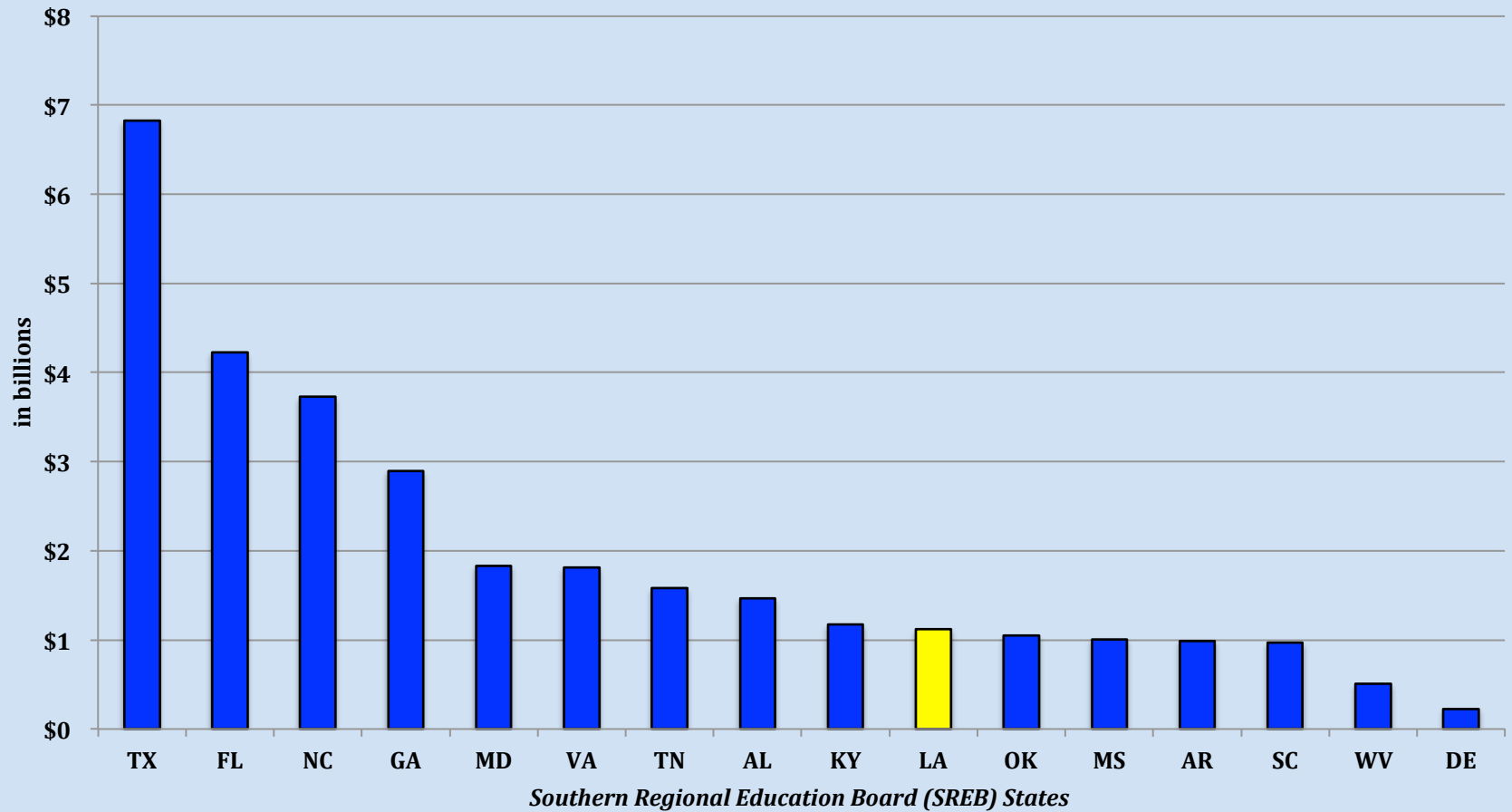
\*Grapevine Survey: State Tax Funds = State General Fund (Direct) + Statutory Dedications

# Appropriation of LA State Tax Funds for HIED Operating Expenses, FY60 – FY16 in HEPI\*-adjusted 2015 dollars at Original HB 1

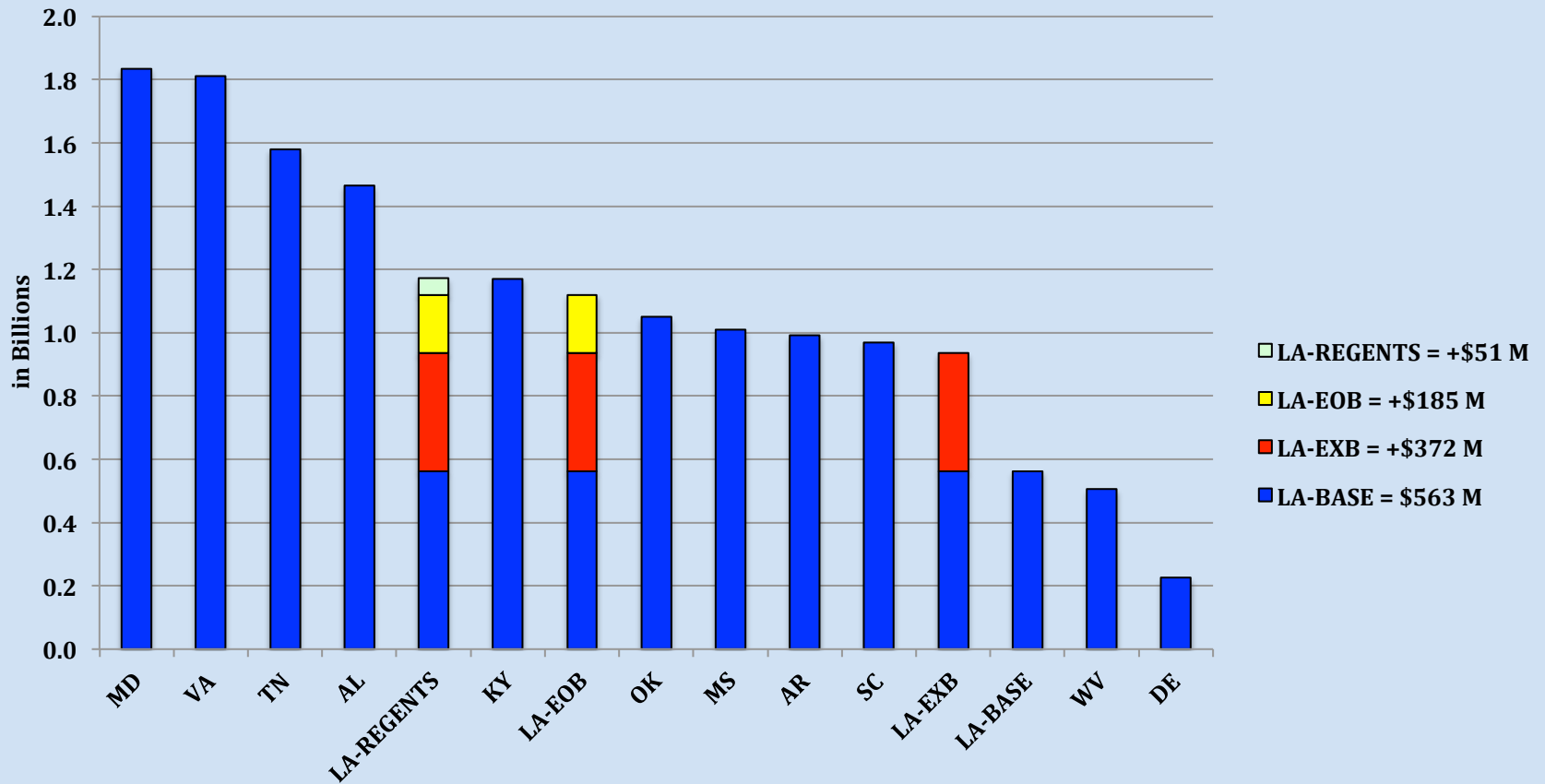




# State Fiscal Support for Higher Education Fiscal Year 2014-2015



# State Fiscal Support Scenarios for Louisiana Higher Education LA (FY 15-16) v. SREB Non-"Mega" States (FY 14-15)



SREB "Mega" States Excluded: TX, FL, NC and GA

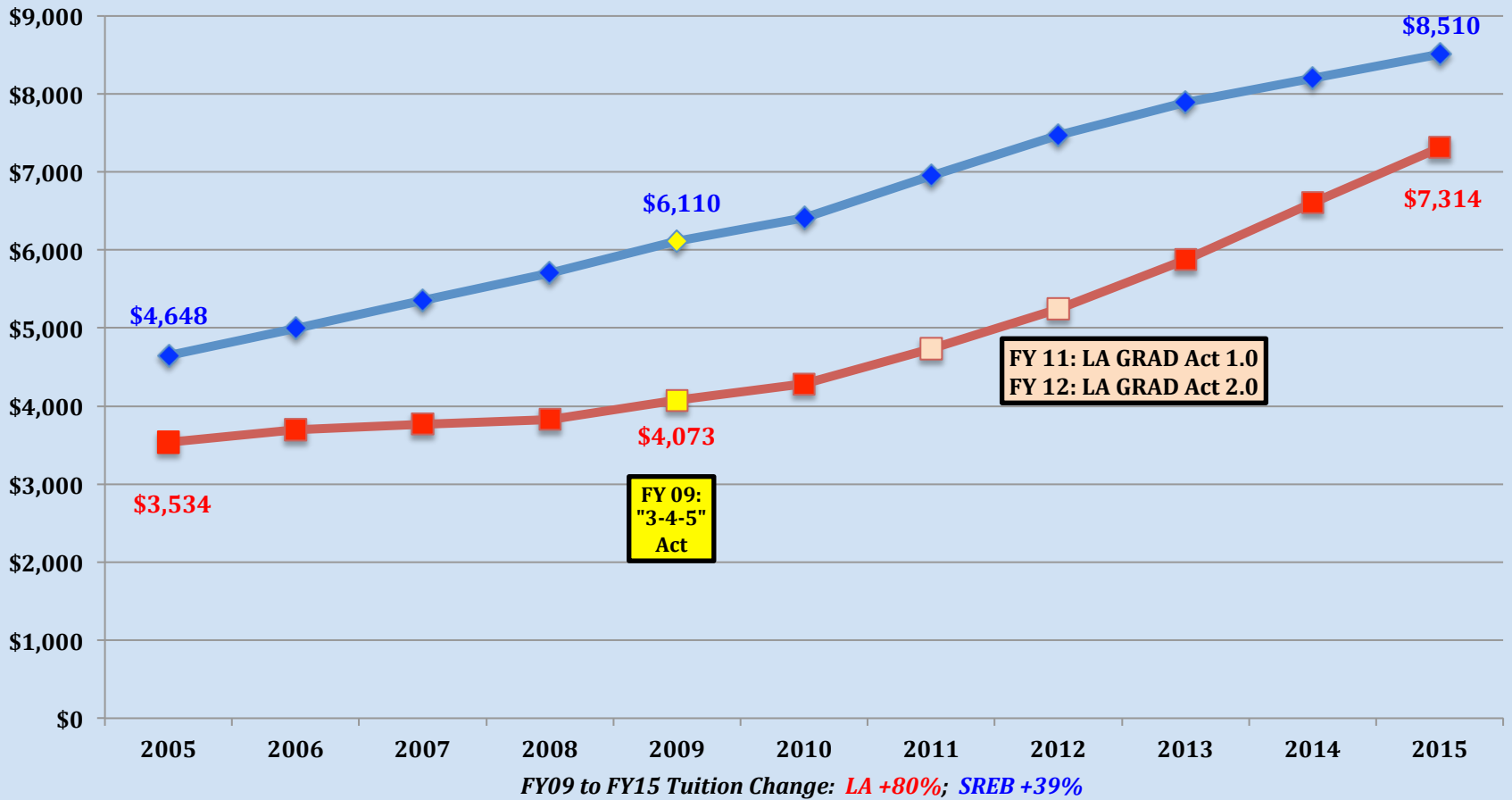
# Issue: Tuition

- BOR: only \$36 m of \$70 m “swap” of LA GRAD tuition increases for SGF may materialize.
- Was Median Household Income (currently \$39,622 in LA) factored into tuition increases pursuant to R.S. 17:3139.5(3)?
- Do the tuition increases impact affordability and accessibility?

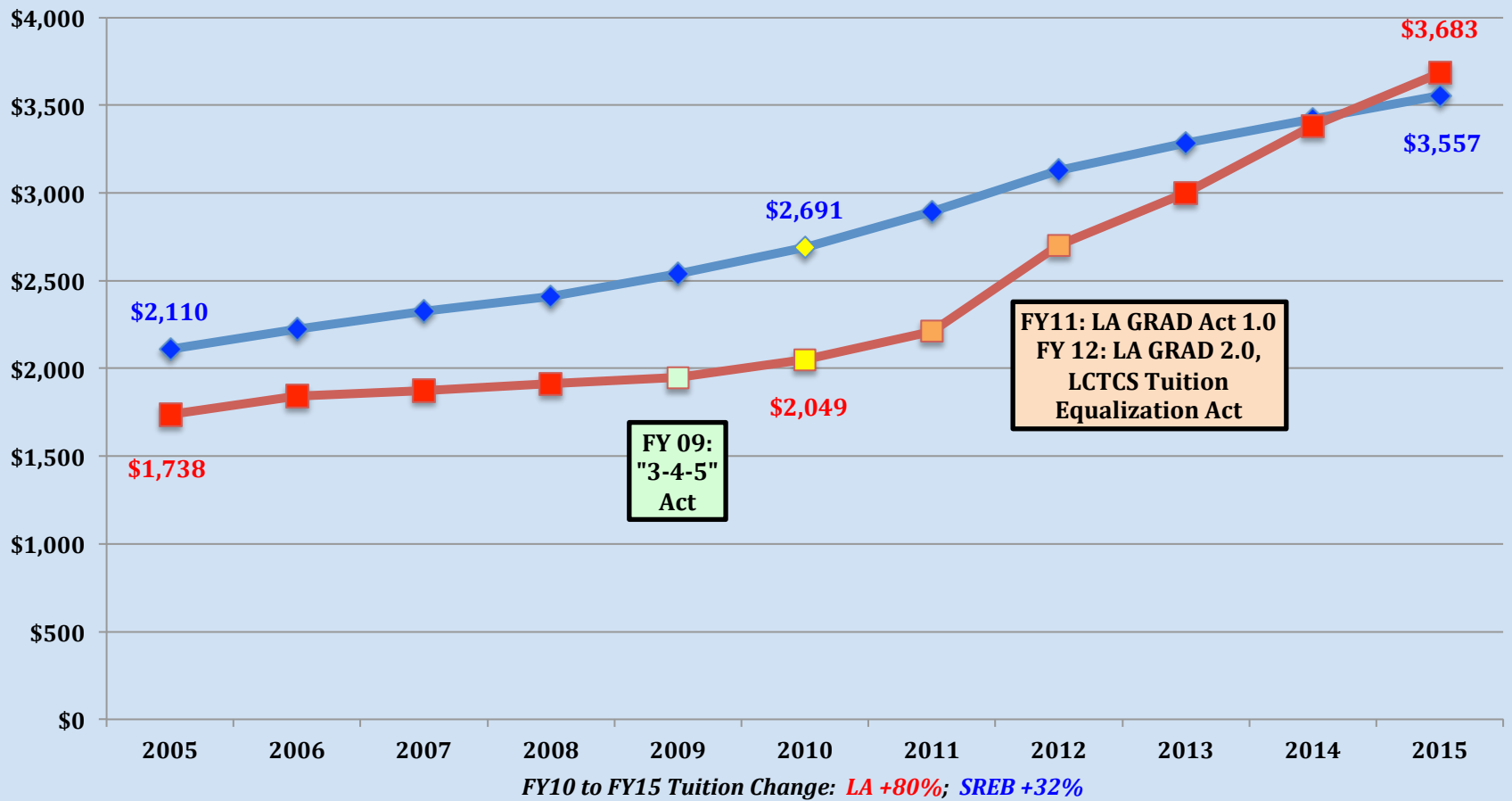
## Sources:

1. U.S. Census Bureau. *Median Household Income by State as of March 2014*.
2. U.S. Department of Education, National Center for Education Statistics. *Integrated Postsecondary Education Data System*.

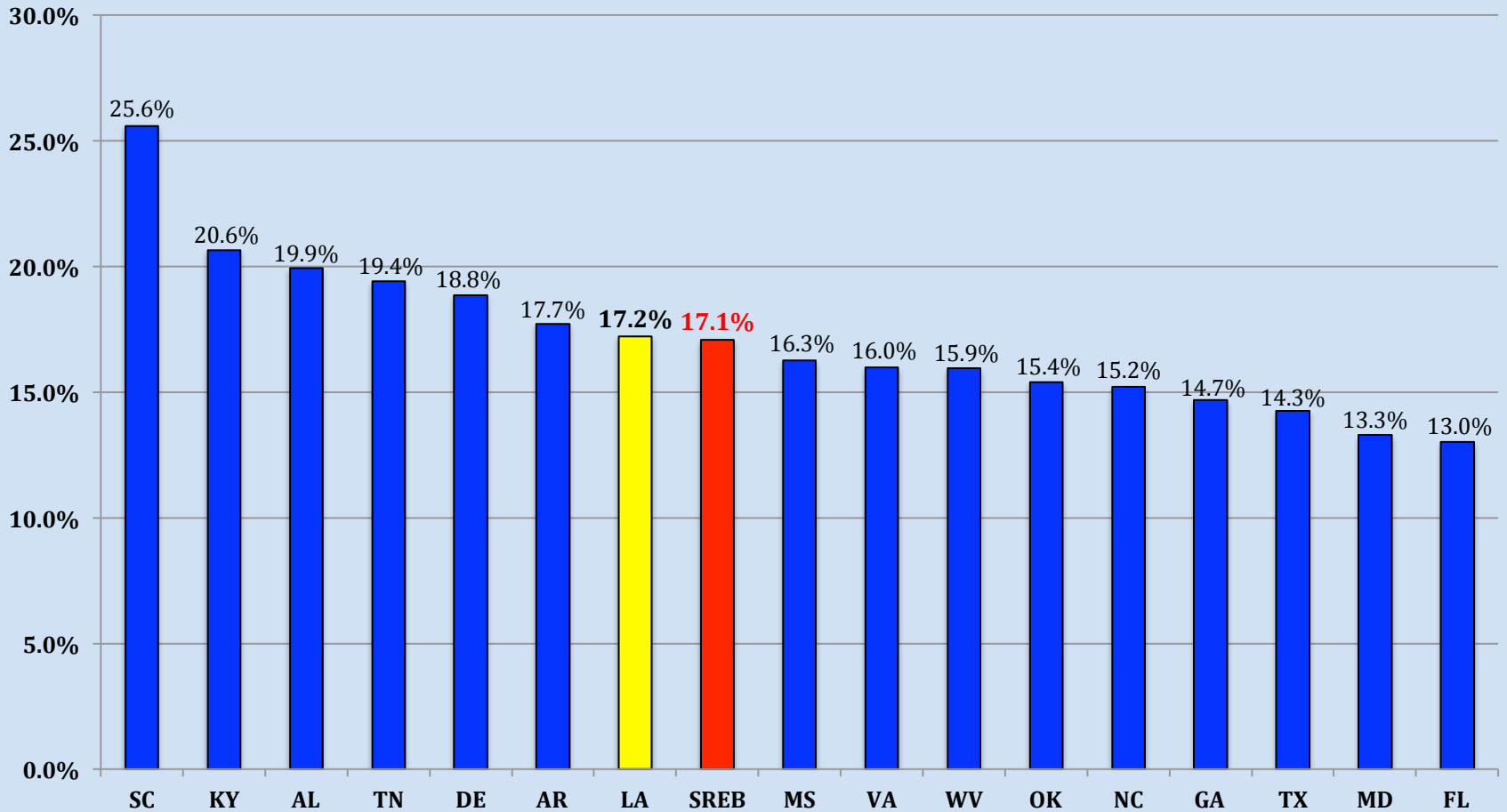
# Average Weighted Public 4-Year Published Tuition and Fees in Current Dollars, LA v. SREB, Fiscal Year 2004 - 2005 to Fiscal Year 2014 - 2015



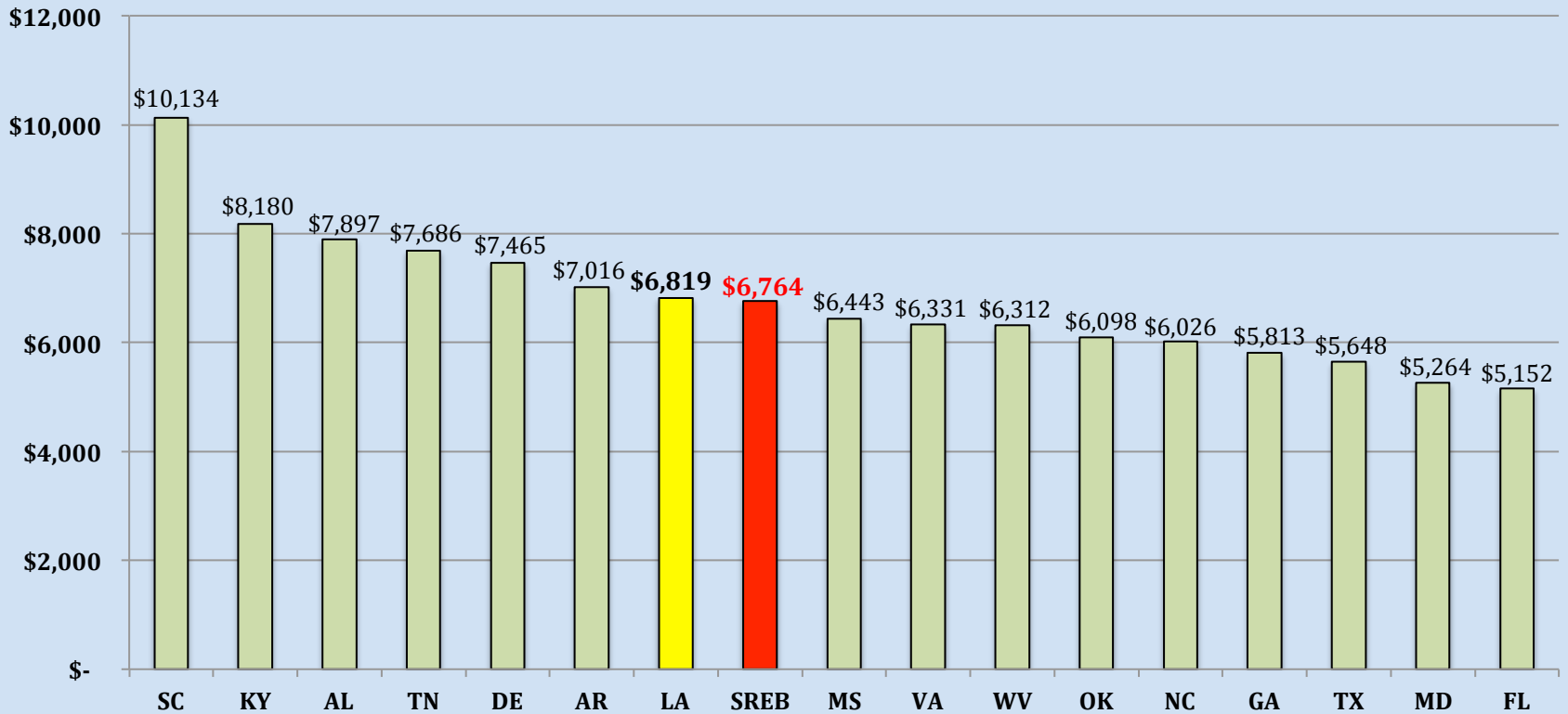
# Average Weighted 2-Year Published Tuition and Fees in Current Dollars, LA v. SREB, Fiscal Year 2004 - 2005 to Fiscal Year 2014 - 2015



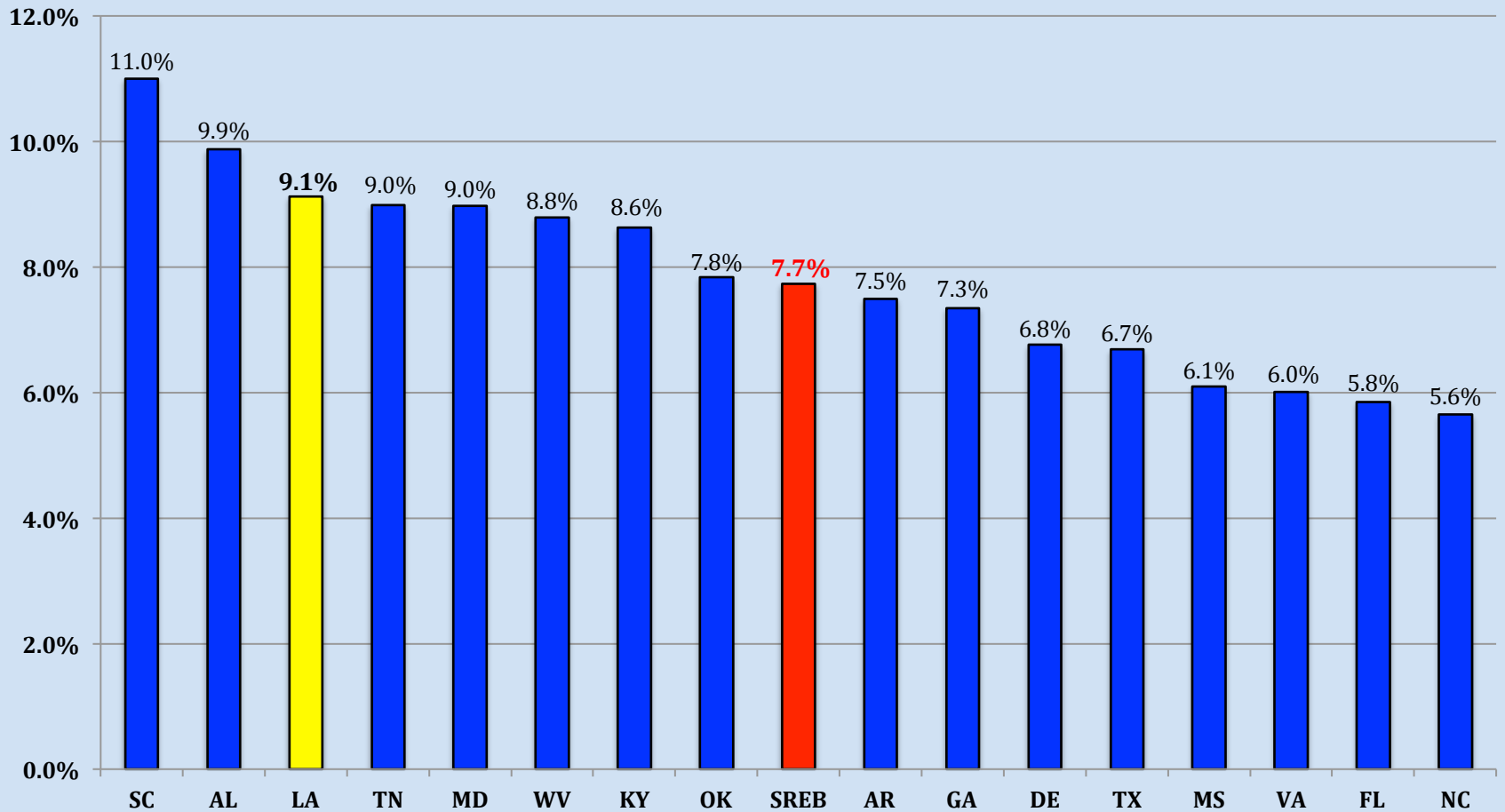
# Fiscal Year 2014 – 2015 Average 4-Year Tuition and Fees as a Percent of Median Household Income



# Fiscal Year 2014 – 2015 Average 4-Year Tuition and Fees weighted based on LA Median Household Income

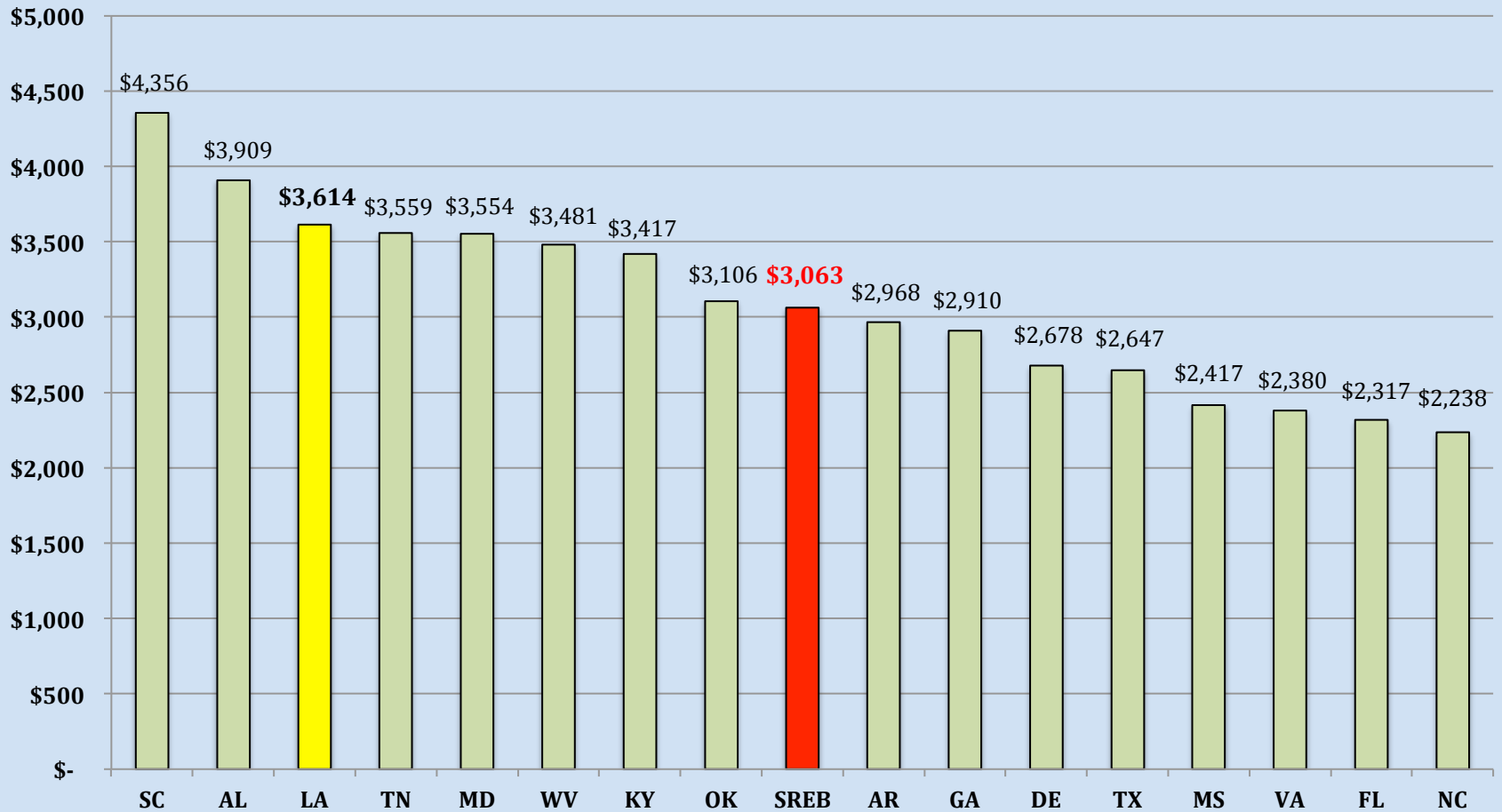


# Fiscal Year 2014 – 2015 Average 2-Year Tuition and Fees as a Percent of Median Household Income

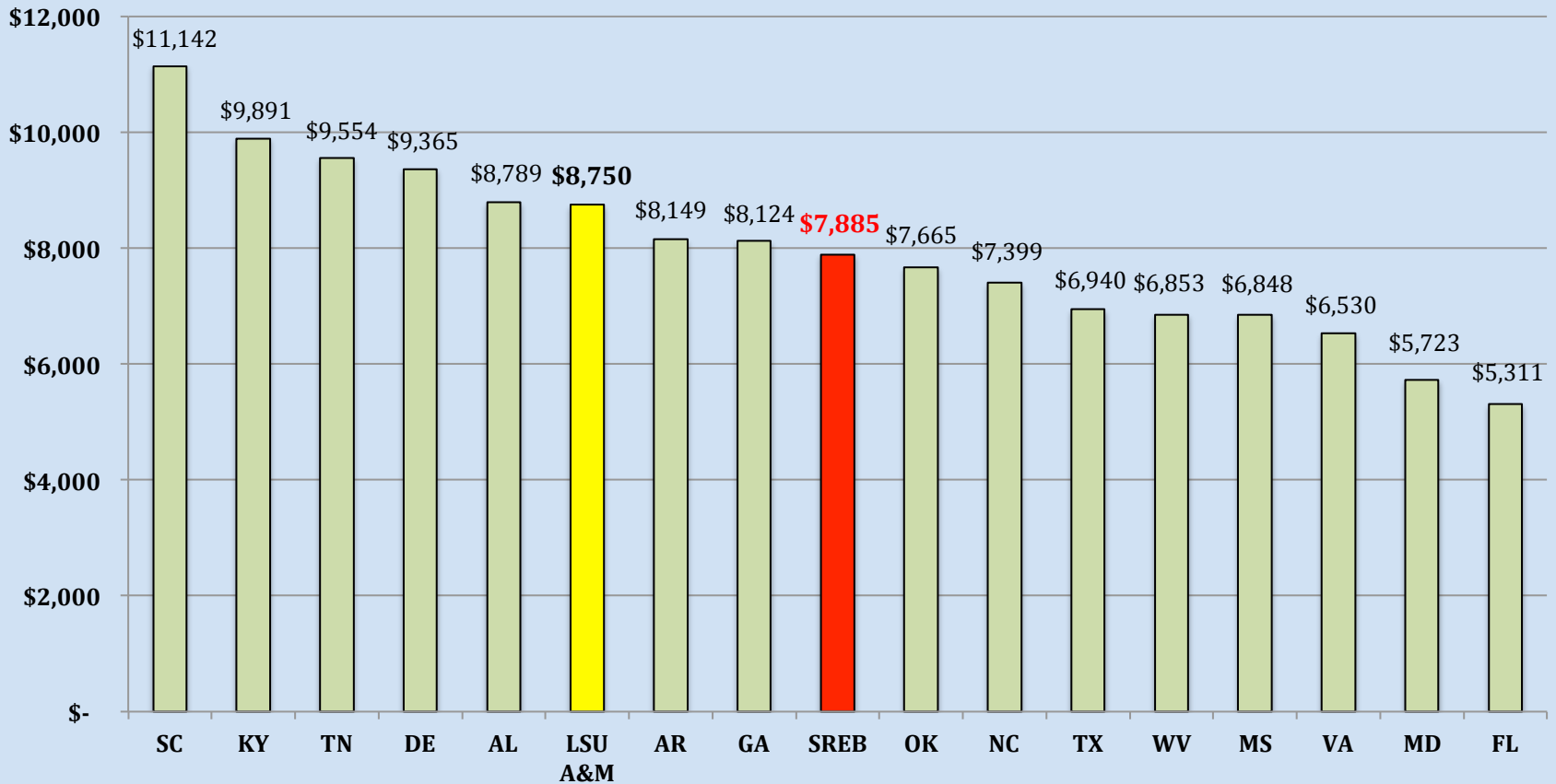




# Fiscal Year 2014 – 2015 Average 2-Year Tuition and Fees weighted based on LA Median Household Income

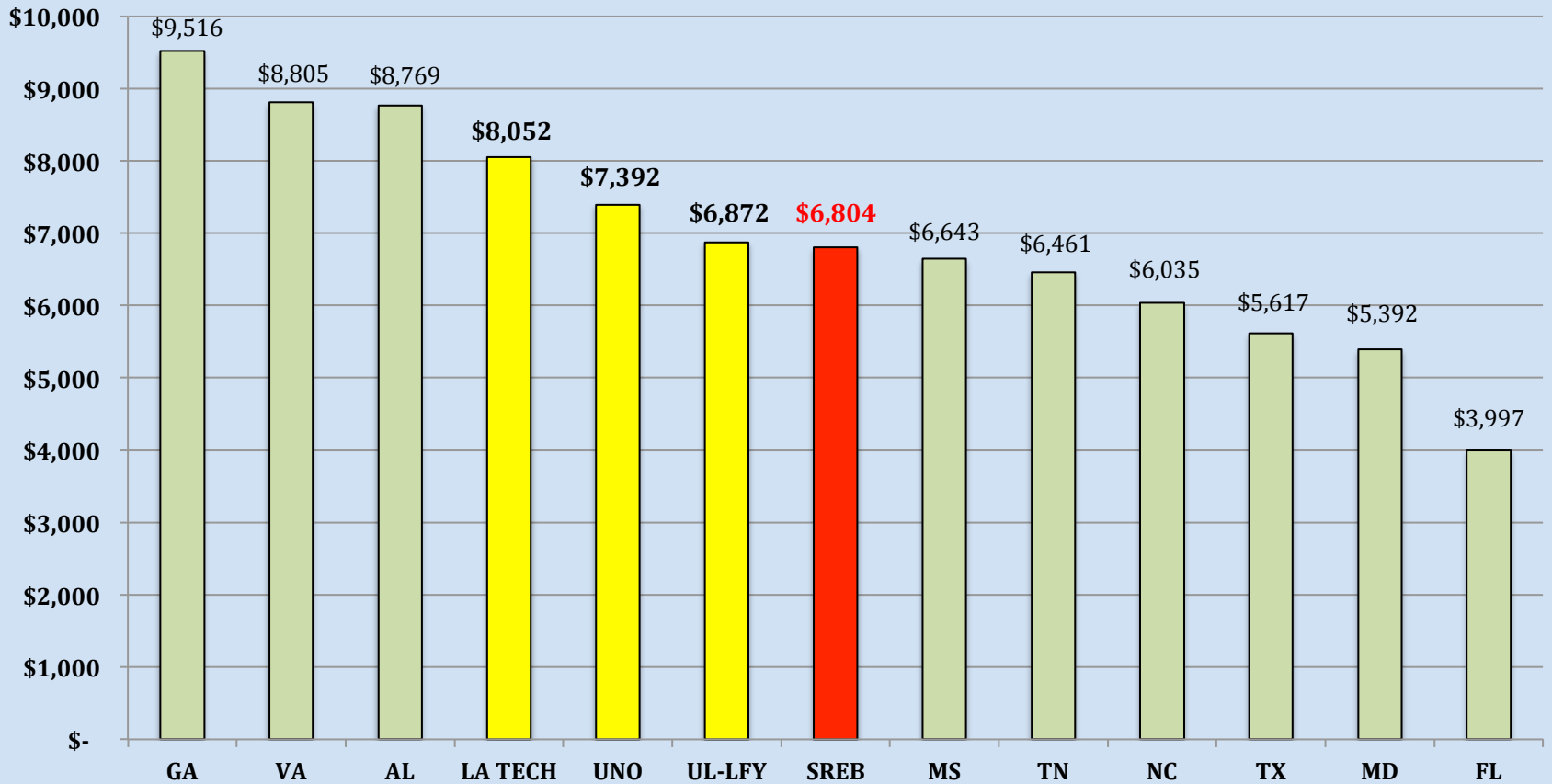


# Fiscal Year 2014 – 2015 Average Four-Year 1 Tuition and Fees weighted based on LA Median Household Income



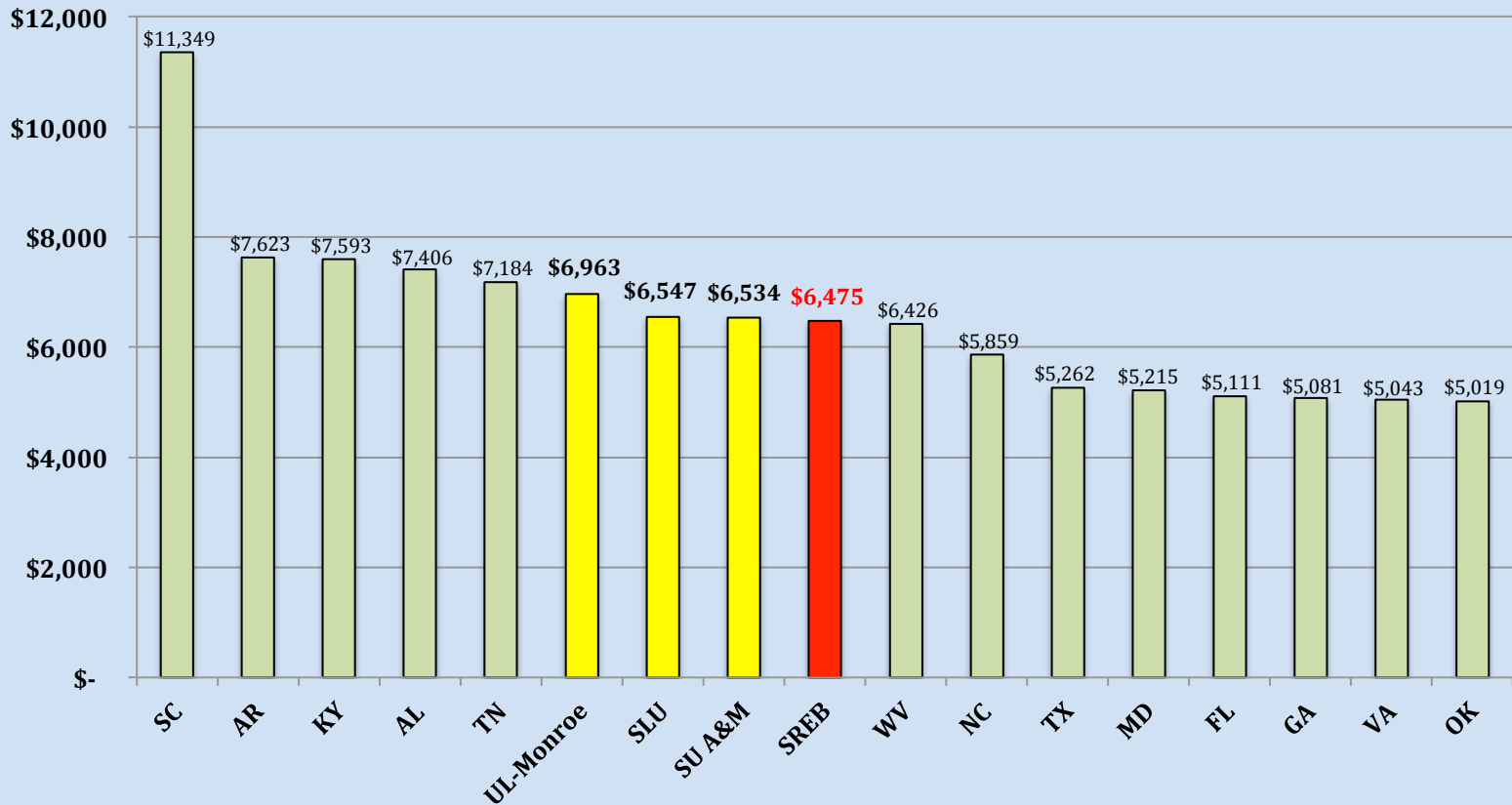
*LSU A&M exceeds SREB average by 11%*

# Fiscal Year 2014 - 2015 Average Four-Year 2 Tuition and Fees weighted based on LA Median Household Income



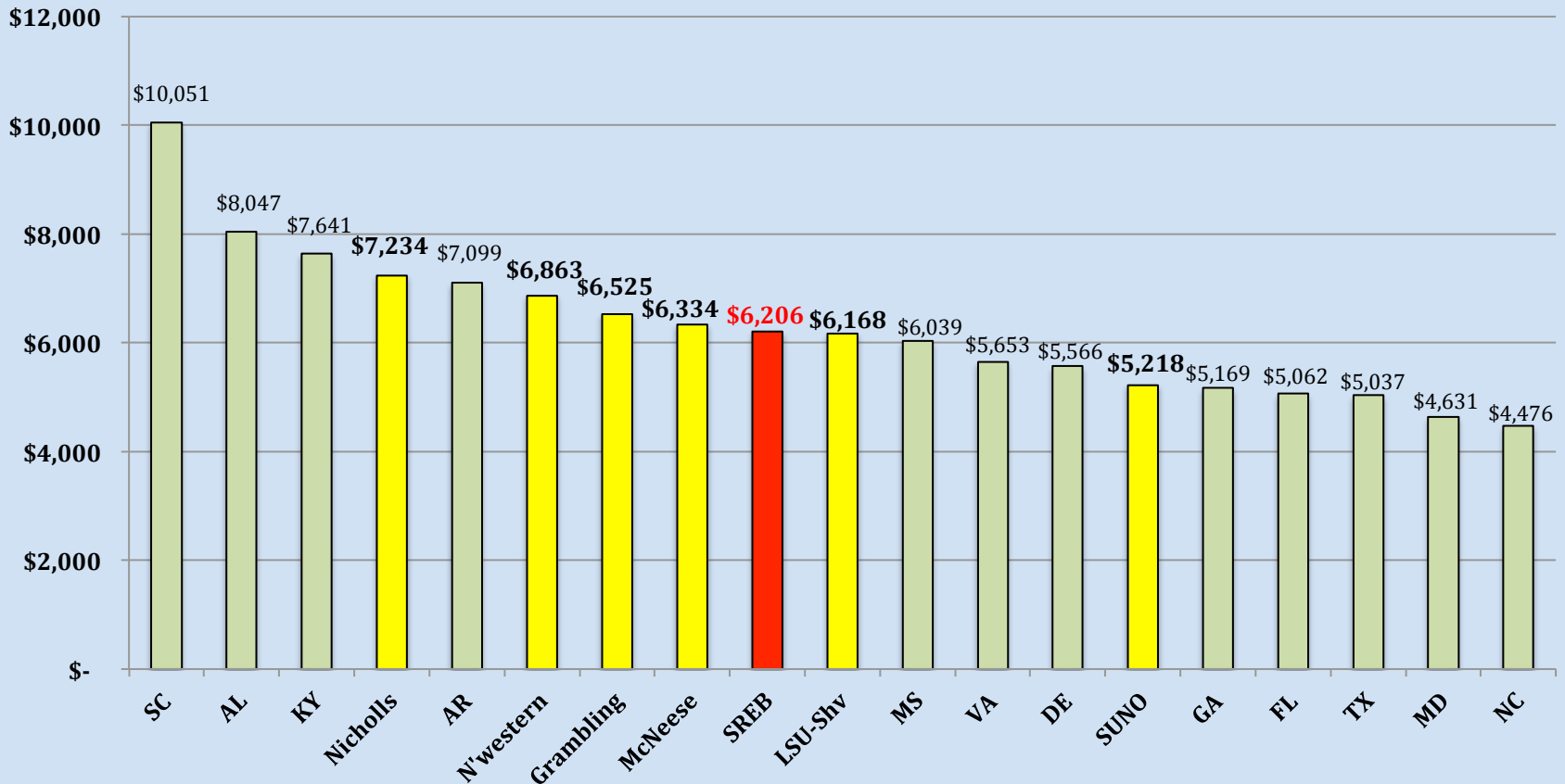
*LA institutions exceed SREB average by 1% - 18%*

# Fiscal Year 2014 - 2015 Average Four-Year 3 Tuition and Fees weighted based on LA Median Household Income



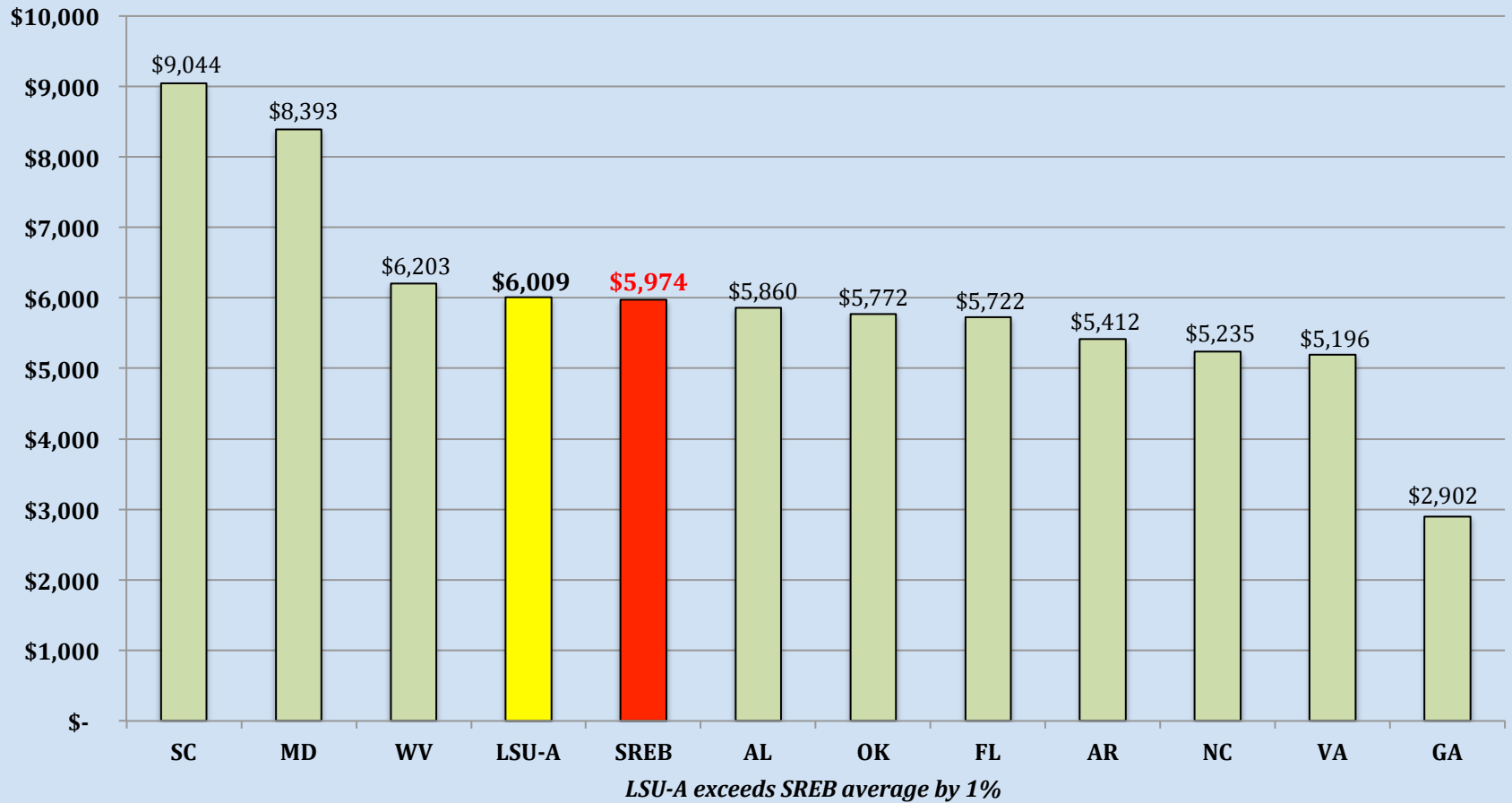
*LA institutions exceed SREB average by 1% - 8%*

# Fiscal Year 2014 - 2015 Average Four-Year 4 Tuition and Fees weighted based on LA Median Household Income

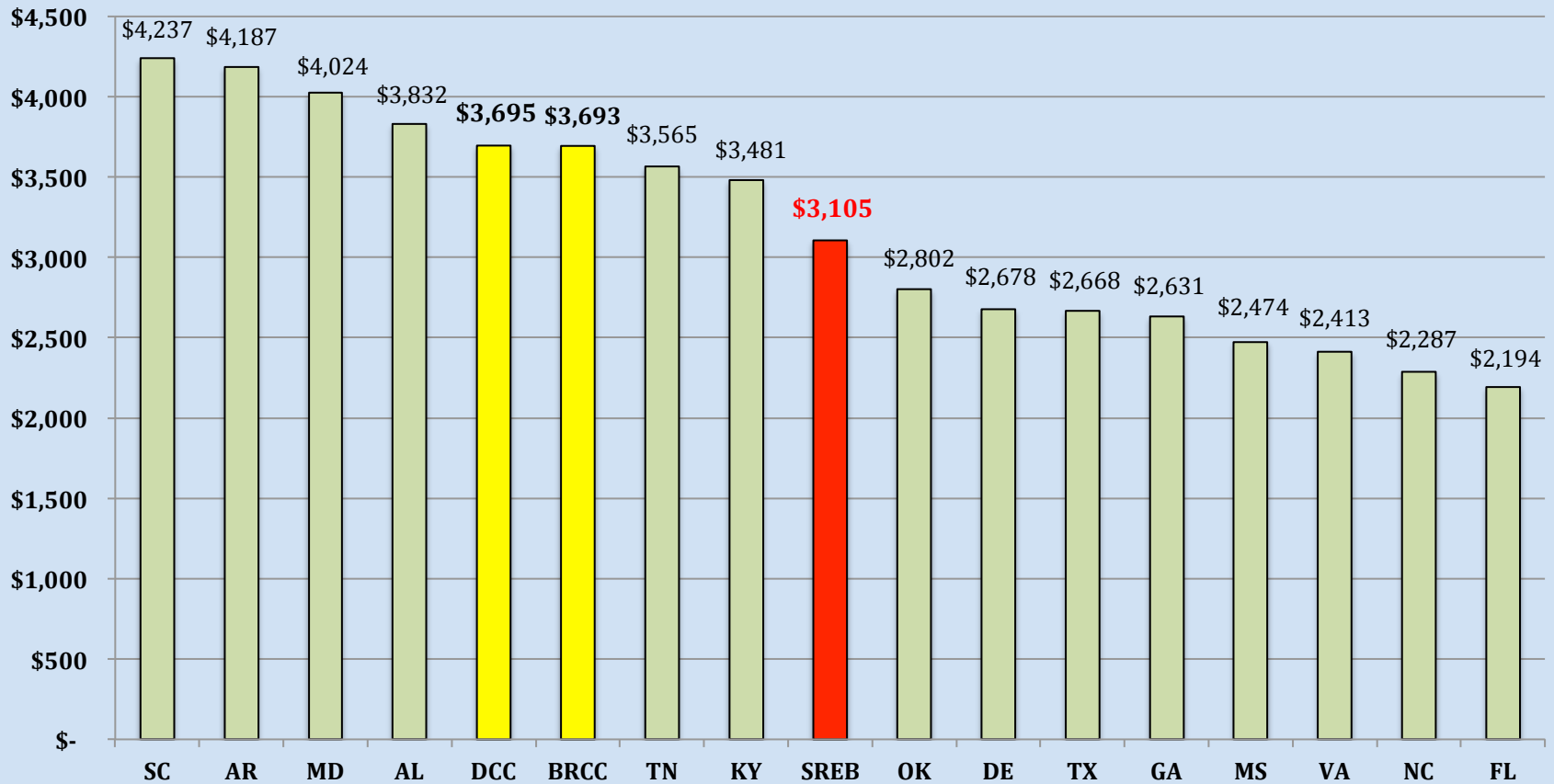


*LA: 4 institutions exceed SREB average by 2% - 17%; 2 institutions are less than SREB average by 1% - 16%*

# Fiscal Year 2014 – 2015 Average Four-Year 6 Tuition and Fees weighted based on LA Median Household Income

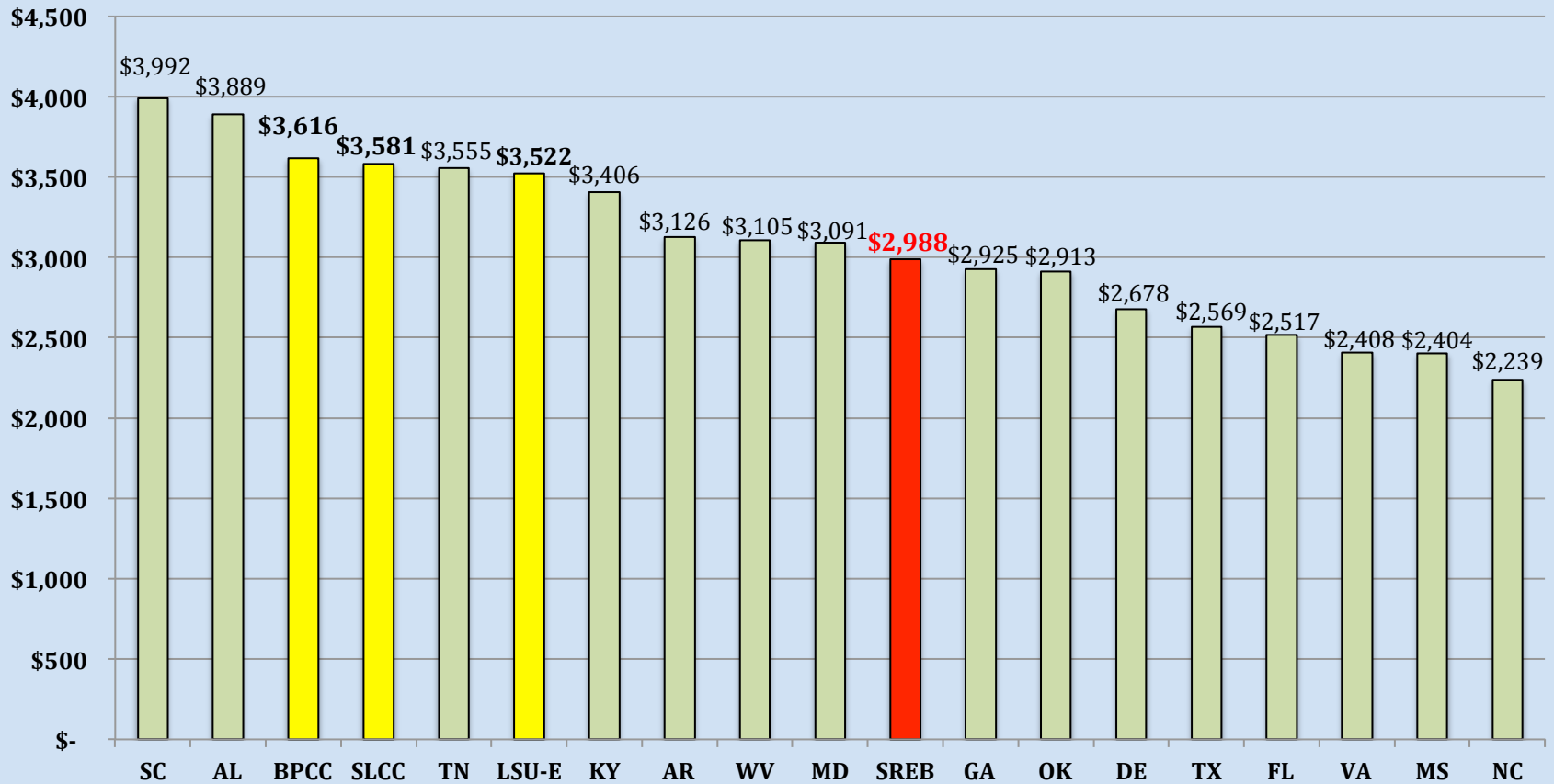


# Fiscal Year 2014 - 2015 Average Two-Year 1 Tuition and Fees weighted based on LA Median Household Income



*LA institutions exceed SREB average by 19%*

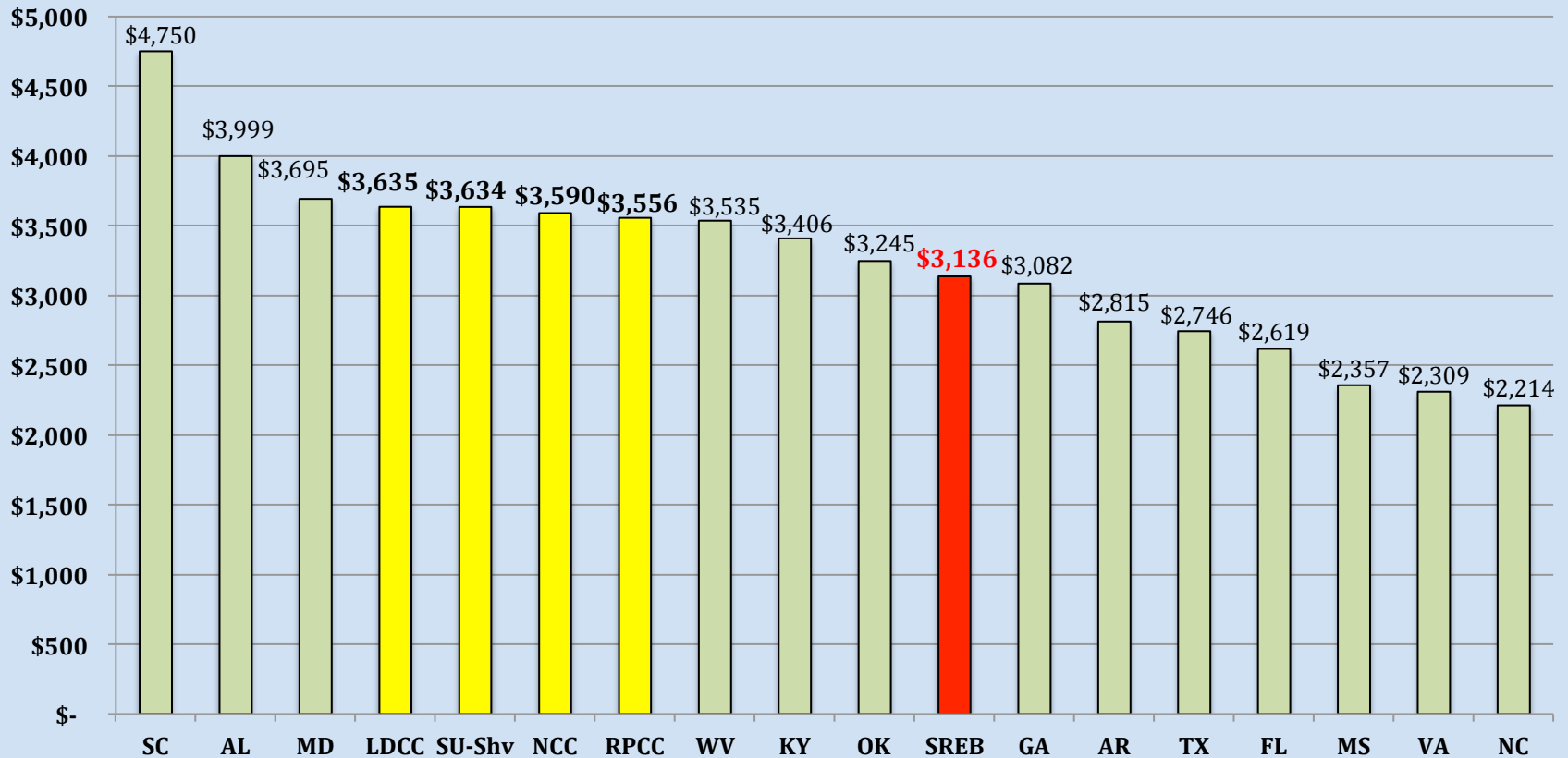
# Fiscal Year 2014 - 2015 Average Two-Year 2 Tuition and Fees weighted based on LA Median Household Income



*LA institutions exceed SREB average by 18% - 21%*

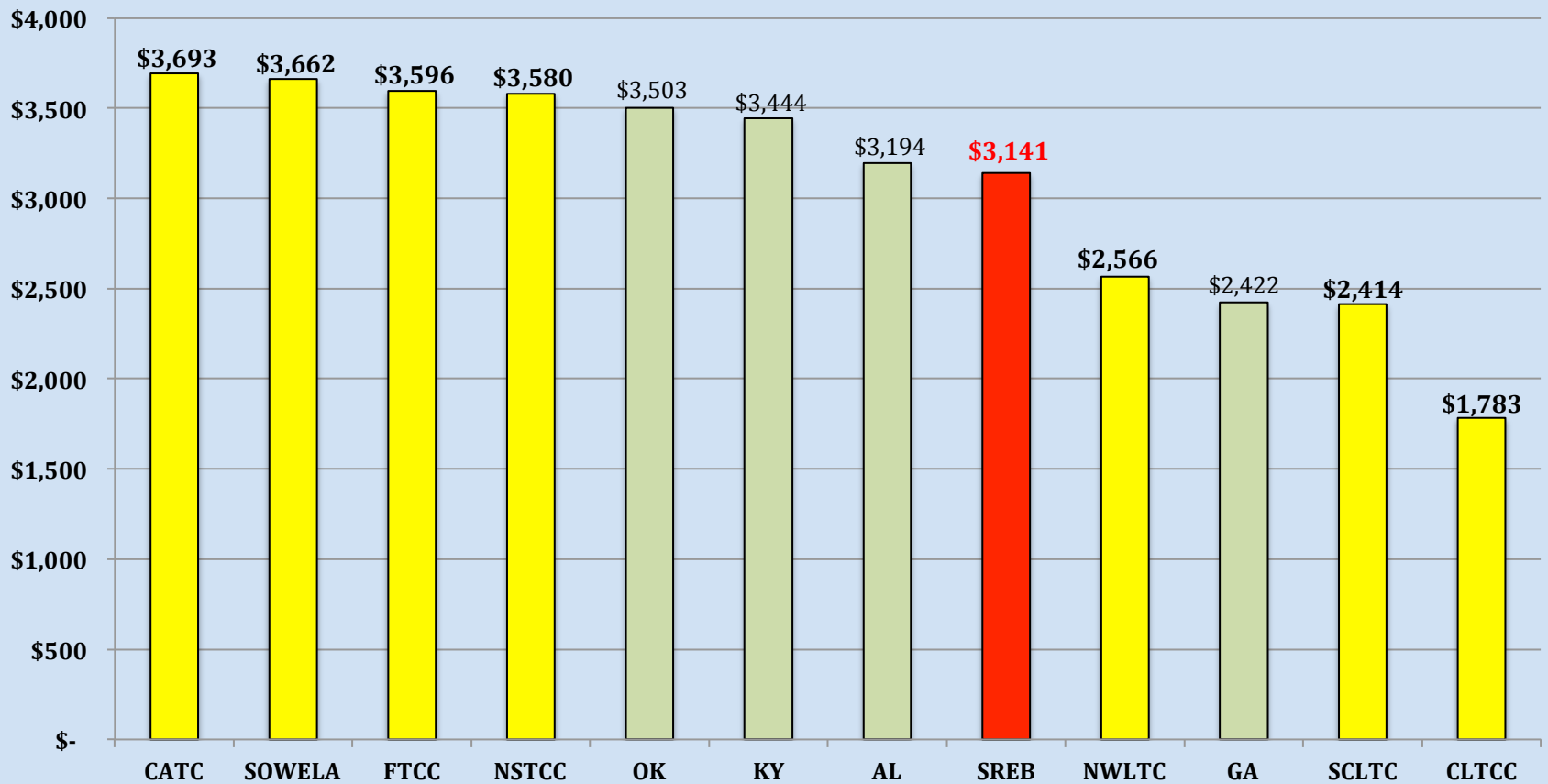


# Fiscal Year 2014 - 2015 Average Two-Year 3 Tuition and Fees weighted based on LA Median Household Income



*LA institutions exceed SREB average by 13% - 16%*

## FY 2014 - 2015 Average Technical Institute or College 1 Tuition and Fees weighted based on LA Median Household Income



*LA: 4 institutions exceed SREB average by 14% - 18%; 3 institutions are less than SREB average by 18% - 43%*

# Issue: Tuition

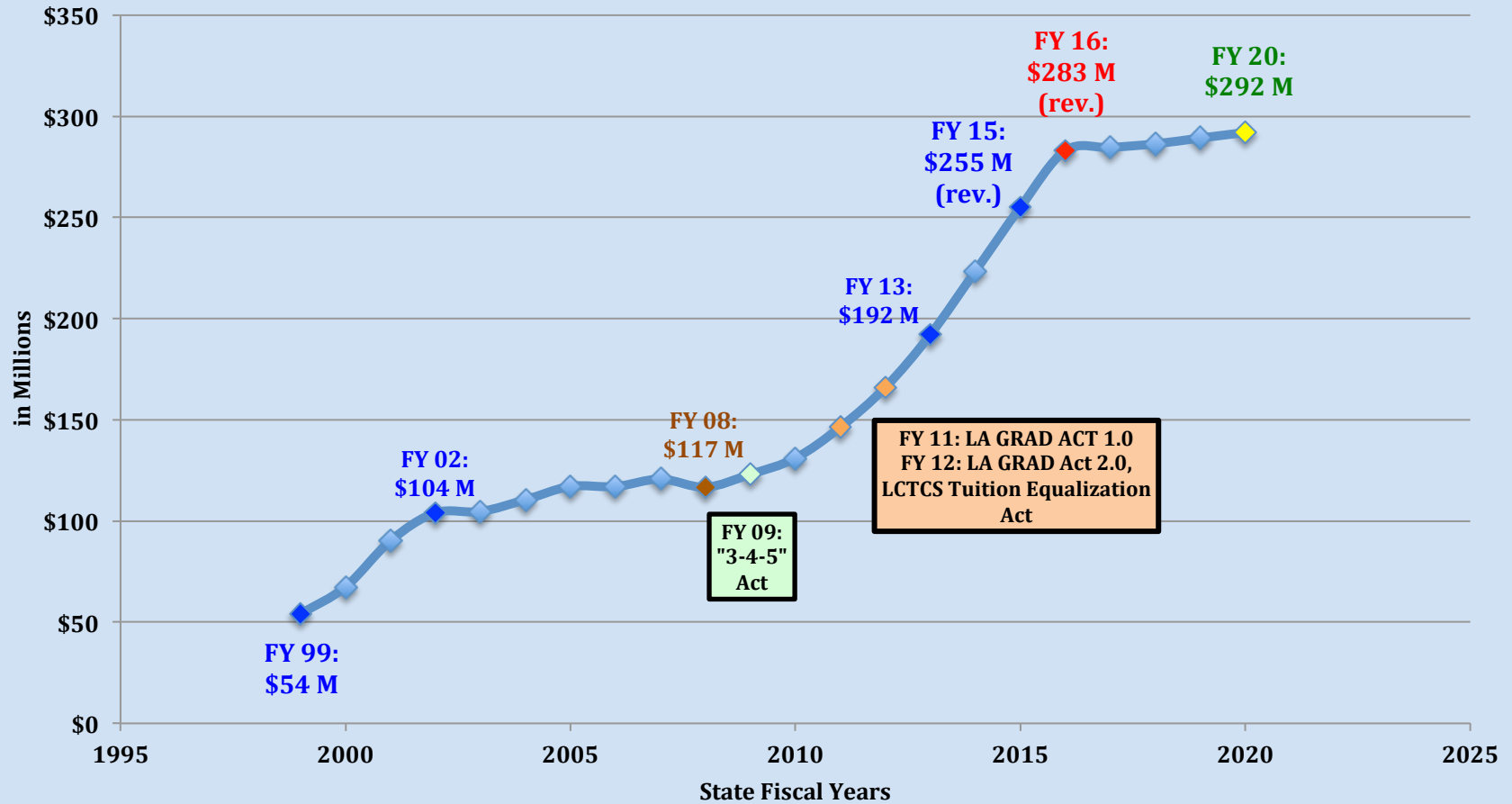
- R.S. 17:3139.5(3)(b) provides that upon reaching the average tuition and fee amounts of its SREB peer institutions, the LA institution shall be authorized to “increase tuition and fee amounts as necessary to maintain tuition and fee amounts as close to that average **as practical.**”

# Issue: Financial Aid

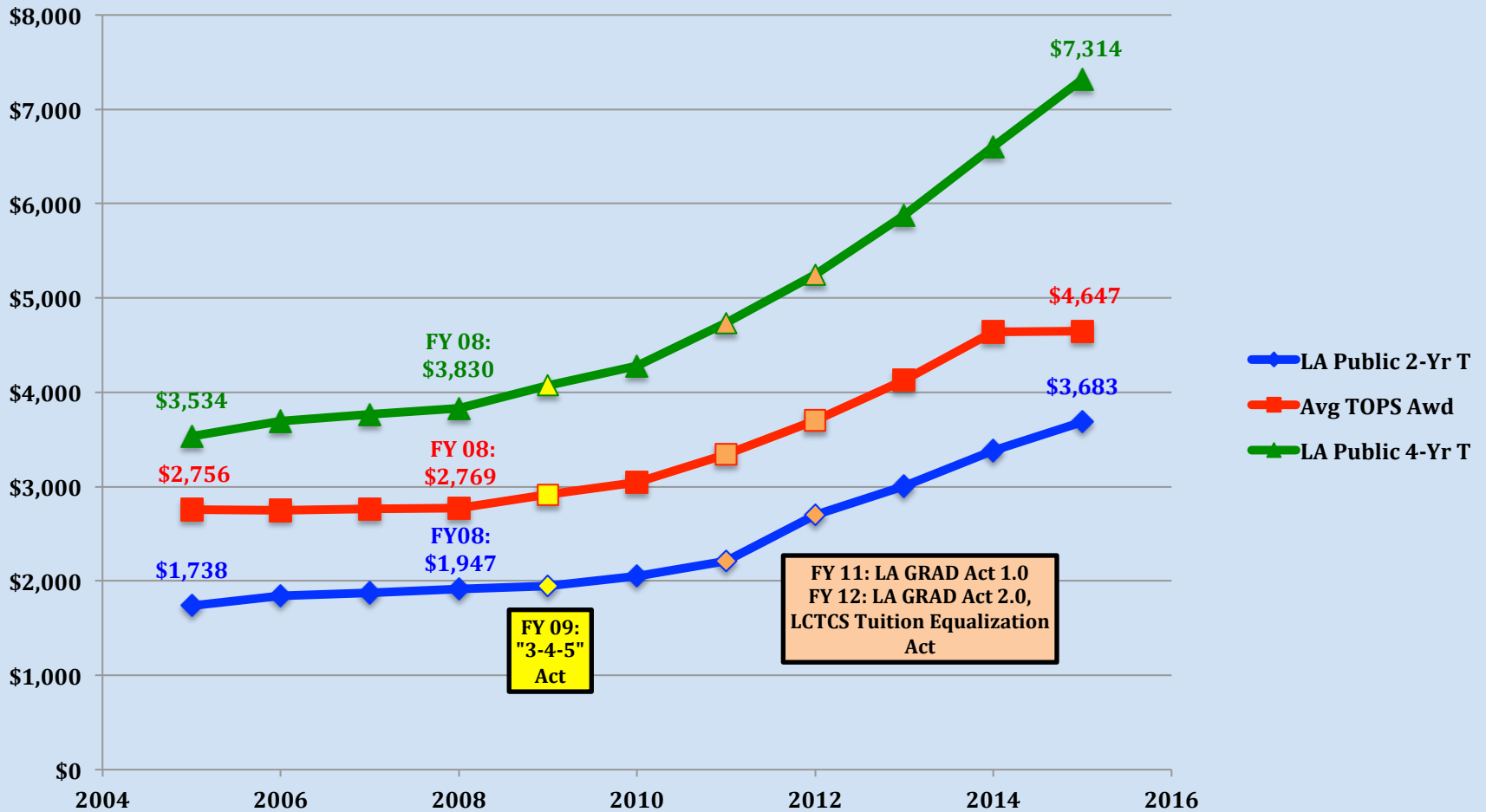
- FY 14-15 Taylor Opportunity Program for Students (TOPS): \$250 m appropriated; OSFA's latest projection = \$255 m
- FY 15-16 Taylor Opportunity Program for Students (TOPS): \$284 m in HB 1; OSFA's latest projection = \$283 m
- FY 15 -16 GO Grants: \$26 m in HB 1 (no change from FY 14 – 15)

# Taylor Opportunity Program for Students (TOPS) Funding History

## Actual FYs 1999 - 2014; Projected FYs 2015 - 2020



# Average Weighted TOPS Award v. Average Weighted Tuition: Fiscal Year 2004 - 2005 to Fiscal Year 2014 - 2015



# GO Grants Funding History

Actual FYs 2008 – 2014; Projected FYs 2015 - 2016

