

House Committee on Education

MINUTES

January 22, 2013

Compiled by Louisiana Senate Staff

Respectfully submitted,

Chairman Raymond E. Garofalo
House Committee on Education

Date approved: _____

The committee has acknowledged on _____, that these minutes were prepared in accordance with the rules of the Senate.

LOUISIANA STATE SENATE

Senate Committee on Education

Senator Conrad Appel
Chairman

Senator Eric LaFleur
Vice Chairman

Senate Committee Staff

Jeanne C. Johnston
Senior Analyst

Tamara Heidenthal
Committee Secretary



House Committee on Education

Rep. Stephen Carter
Chairman

Rep. Patrick Jefferson
Vice Chairman

House Committee Staff

Nancy Jolly, Senior
Legislative Analyst

Elizabeth Borne'
Legislative Analyst

Jackie Snowden
Committee Secretary

Committee on Education

UNAPPROVED MINUTES

January 22, 2013

I. CALL TO ORDER

The Senate Committee on Education and the House Committee on Education met jointly on Tuesday, January 22, 2013, in House Committee Room 1 at the State Capitol building in Baton Rouge, Louisiana. Senator Conrad Appel, the chairman of the Senate Committee on Education, called the meeting to order at 1:30 PM.

II. ROLL CALL

The secretary called the roll and the following was established:

Senate Members Present:

Senator Conrad Appel
Senator Dan Claitor
Senator Jack Donahue
Senator Elbert Guillory
Senator Mack "Bodi" White

Senate Members Absent:

Senator Eric LaFleur
Senator Mike Walsworth

Senate Staff Present:

Jeanne Johnston, Senior Analyst
Tamara Heidenthal, Committee Secretary

House Members Present:

Representative Stephen Carter
Representative Christopher Broadwater
Representative Henry Burns
Representative Thomas Carmody
Representative Simone Champagne
Representative John Bel Edwards
Representative Jerome Richard
Representative Robert Shadoin
Representative Jeff Thompson

House Members Absent:

Representative Stuart Bishop
Representative Cameron Henry
Representative Paul Hollis
Representative Patrick Jefferson
Representative Nancy Landry
Representative Edward Price
Representative John Schroder
Representative Patricia Haynes Smith
Representative Alfred Williams

House Staff Present:

Nancy Jolly, Senior Legislative Analyst
Elizabeth Borne', Legislative Analyst
Jackie Snowden, Committee Secretary

Witnesses:

Barbara Goodson, Board of Regents
Jim Purcell, Board of Regents
Beth Scioneaux, Louisiana Department of Education
Larry Tremblay, Board of Regents

III. APPROVAL OF MINUTES

Senator Appel offered a motion to approve the minutes from the meeting on December 8, 2011, when the Senate Committee on Education met jointly with the House Committee on Education. There being no objection, the minutes were approved.

IV. DISCUSSION

Discussion Item (1) Pursuant to Article VII, Section 10.8(C)(3)(g) of the state constitution and R.S.17:3805, to consider for legislative approval the plans submitted by schools and school systems for the expenditure of Education Excellence Fund (EEF) monies.

Senator Appel explained that the Education Excellence Fund (EEF) is part of the constitutionally established Millennium Trust Fund which was created in 1999 as part of the "Tobacco

Settlement". These funds are allocated to both public and nonpublic schools, including charter schools. The funds may only be utilized for instructional enhancement activities in grades Pre K-12, and they cannot be used to replace or supplant the Minimum Foundation Program (MFP), capital outlay, or salary increases.

Each school system or eligible school is required to submit an annual plan to the Louisiana Department of Education (DOE) with an outline of the proposed expenditures for their share of the EEF. Schools and districts can choose to accumulate and carry their fund balances over to be used for larger projects and future initiatives, but will not be required to submit a plan to DOE. The expenditure plans that are submitted will be reviewed by DOE to ensure compliance with the constitutional and statutory provisions. DOE will then submit the expenditure plans to the Senate Committee on Education and the House Committee on Education for approval. The constitution requires both committees to approve the proposed EEF expenditure plans before the funds can be distributed to local schools and districts.

Senator Appel invited the DOE staff to the witness table to present the expenditure plans to the committees and to answer questions.

Beth Scioneaux represented DOE and explained that the funding availability is \$67,404,005.32 for the expenditure plan requests for Fiscal Year (FY) 2013. Local school systems and charter schools receive 85% of the appropriation, based upon the number of students within the most recent MFP budget letter. The remaining 15% will be distributed to approved non-public schools, based upon the number of students as reported for the previous school year. The districts can choose to place the expenditure funds into a regular account or an investment account. The regular account allows a school system to draw the funds annually, while an investment account allows a school system to invest the funds with the treasury and utilize the gained interest to pay for specific district projects; 42 school systems opted into the investment account this year.

The monies appropriated have restricted use as outlined in state law. The funds can be utilized for early childhood education programs, remedial instruction, assistance for students who fail to achieve the required state assessment scores, or other educational programs approved by the legislature. 194 expenditure plans were submitted this year with 40% to be used toward remedial instruction and assistance, 10% to be used toward early childhood programs, and the remaining 50% to be used toward other expenditures such as technology, instructional supplies, assessments, professional development, and curriculum development. She explained that the committees received a handout which specifically identifies the EEF recipients by parish, breaks down the expenditure plan activities for FY 2011-2012, and funding for the FY 2012-2013 expenditure plans. She concluded by asking the committees for approval of the expenditure plans.

Representative Broadwater asked Beth Scioneaux to define the "teacher quality" category.

Beth Scioneaux explained that the category may include teacher tool kits to recruit and retain qualified teachers, which is a way to increase the number of qualified teachers in the classroom.

Senator Claitor asked if any of the Tobacco Settlement funds are in jeopardy if the attorney general's office does not follow through with its responsibilities as it relates to the funds.

Beth Scioneaux responded that the funds are not in jeopardy, because they were provided to be allocated to the school districts.

Representative Broadwater made a motion on behalf of the House Committee on Education to approve the EEF expenditure plans, as presented. Representative Thompson seconded the motion to approve. There being no objection, the motion was adopted.

Senator Donahue made a motion on behalf of the Senate Committee on Education to approve the EEF expenditure plans, as presented. There being no objection, the motion was adopted.

Discussion Item (2) To hear a presentation and receive information from the Board of Regents concerning the various means of financing for public postsecondary education, including the funding formula to equitably distribute funds to institutions of postsecondary education as provided in the Master Plan for Postsecondary Education pursuant to Article VIII, Section 5(D)(4) of the state constitution.

Jim Purcell, Commissioner of Higher Education, explained that the Board of Regents has the constitutional responsibilities of statewide planning, budgetary, coordination, and providing leadership and direction to the legislature and the governor's office.

Higher education funding has changed significantly since Fiscal Year (FY) 2008. The funding appropriations during FY 2008 was approximately \$1.5 billion dollars, compared to the funding appropriation during FY 2012 which was approximately \$983 million. Several things have happened during those five years. In FY 2008 and FY 2009, the Louisiana Office of Student Financial Assistance (LOSFA) and the Taylor Opportunity Program for Students (TOPS) was not funded through the higher education budget, but was added to the higher education budget in FY 2010, which added a cost of \$158 million to the budget without the provision of state support. Consequently, all entities under the higher education budget have absorbed the cost. In FY 2011, LOSFA/TOPS had \$84,337,798 allocated to the budget, because of a constitutional amendment

that was effective for two years. The amendment directed a portion of the tobacco fund to support TOPS.

The state general fund dedication for higher education declined \$625 million dollars from July 1, 2008 to July 1, 2012. The Board of Regents funding budget has declined \$35,612,585 over five years. Consequently, some educational programs have been eliminated.

The Board of Supervisors (BOS) budget within the Louisiana Community and Technical College System (LCTCS) increased \$1,604,349 over five years, as a result of increased efficiencies. The Baton Rouge Community College (BRCC) within the LCTCS had a 52% state funding budget cut, which translated to a decline of \$11,070,679 within their budget over five years. The total LCTCS budget has declined \$70,790,565 over the last five years.

The BOS budget within the Louisiana State University (LSU) system declined \$6,605,378 over five years. The LSU A&M campus, within the LSU system, had a 43.5% state funding budget cut, which translated to a decline of \$102,218,691 within their budget over five years. The total LSU system budget has declined \$235,027,624 over the last five years.

The BOS budget within the Southern University (SU) system declined \$1,188,649 over five years. The Southern A&M campus within the SU system had a 46.8% state funding budget cut, which translated to a decline of \$24,803,103 within their budget over five years. The total SU System budget has declined \$41,456,996 over the last five years.

The BOS budget within the University of Louisiana (UL) system declined \$8,109,072 over five years. McNeese State within the UL system had a 49% state funding budget cut, which translated to a decline of \$21,152,214 within their budget over five years. The total UL system budget has declined \$241,846,388 over the last five years.

The state general fund portion for higher education has declined \$625,512,854 since July 1, 2008. However, the mandated costs have increased \$124,746,110. The overall higher education budget has declined \$750,258,964 since 2008, and mandated costs have raised 25% over the last four years. Mandated costs include assessment costs from the office of risk management, civil service costs, legislative auditor costs, retirement costs, and insurance costs. Currently, 73% of the state general funds allocated to institutions (\$607 million out of \$834 million) were expended on mandated costs, because personnel centered agencies are more heavily impacted by mandated cost increases. Higher education reduced their staff by 6.34% in effort to reduce their budget shortfall, even though agency budgets usually include mandated costs.

Since 2008, the Granting Resources and Autonomy for Diplomas Act (GRAD Act) authorized gross tuition increases of \$397,000,000. The deduction of scholarships and exemptions was \$66,000,000. Therefore, the net tuition increase was \$331,000,000, but according to the higher education accounting spreadsheet, only 83% of tuition are actual dollars.

Since July 1, 2008, the state general fund for higher education has declined approximately \$625,000,000. The gross tuition has increased \$397,000,000 minus \$66,000,000 from scholarships and exemptions, which created a net tuition increase of \$331,000,000. The net change in revenue was a net deficit of \$294,000,000. The state mandated costs also increased \$125,000,000. Both must both be subtracted from the net tuition increase. Therefore, the overall impact of the total operating budget was a deficit of \$419,000,000. However, none of these numbers quantify the fiscal impact of the mid-year budget cuts, which include the \$22 million and the 10% enrollment increases which recently occurred this past December.

The Southern Regional Education Board (SREB) compares the southern regional states. When Louisiana's two-year colleges were compared to the SREB average, they were ranked among the bottom and had both low state support and low tuition. However, tuition equalization legislation was passed in 2011, which should bring Louisiana's community colleges much closer to the SREB average.

When Louisiana's four-year colleges were compared to the SREB average, they were ranked among the bottom and had both low state support and low tuition. Louisiana is being asked to provide the same types of services as universities in other states, but without the state support that other states receive.

The dollar amounts allocated to the higher education formula have also changed over the years. Only 60% of the \$983 million general fund actually went into the formula this year, compared to 71% of the \$1.5 billion general fund in 2008, and the general fund has been reduced by 33.4%, agencies and boards have been reduced by 62.6%, professional schools have been reduced by 32.5%, and the remainder of the formula has been reduced by 44%. The funding formula helps pay for high cost programs by directing funds towards those programs and applying a multiplier to the credit hours produced. Historically, every \$3 the state contributed the student contributed \$1, but recently the 3-1 match has flipped to a 1-3 match. The formula is no longer effective when the foundation becomes tuition dominated. The slides below explain the formula in greater detail.

Why does the revenue source change campus operations?



- In state funding models, distribution of available state funding is based upon the cost of course credit hours taught at the different institutions (instructor salaries, supplies, etc).
- A higher proportion of state funding is given for courses in high cost programs. For example, in Louisiana a Freshman English credit hour is given a weight of 1 and a PhD Physics course has a weight of 20.
- When there are less state dollars, campuses have difficulty maintaining support for high-cost programs.

-
- Using 75% state and 25% tuition funding model:
 - 1 English credit state funded at a weight of 1 *\$75 = \$75
 - Add tuition of \$25 = \$100
 - 1 PhD Physics credit is state funded at a weight of 20 *\$75 = \$1,500
 - Add tuition of \$25 = \$1,525

Why does the revenue source change campus operations?



- When state funding changes, the ability to supplement high cost programs is reduced.
- Using the current Louisiana cost structure of 32% paid by the state and 68% paid by the student, the following scenario occurs:

- 1 English credit is state funded at a weight of 1* \$32 = \$32
 - Add tuition of \$68 = \$100
- 1 PhD physics credit is state funded at a weight of 20 *\$32 = \$640
 - Add tuition of \$68 = \$708

While the cost for PhD Physics is still \$1525, the possible revenue is \$708. *How does a campus keep offering high cost courses and programs?*

A campus can only continue offering high cost courses and programs within an underfunded formula by cutting corners and expenses within the less expensive courses and redirect those funds towards more expensive courses. Other examples for cutting expenses could include increasing the class sizes, implementing alternative instruction, hiring adjunct faculty, and utilizing fewer classroom materials. However, these cost savings may not necessarily produce desired outcomes. Students may take longer to graduate because courses are not offered as frequently, instruction quality decreases when student volume increases, and there may be a decline in the support services available to high risk students. A larger production of general education has been produced within the past decade because the formula ensures that the expensive programs are funded to produce the credentials needed within our economy.

Institutions need to be more entrepreneurial by seeking academic and administrative efficiencies to maximize effectiveness. Institutions can enable higher education to move forward and help our students succeed by aligning curriculums with workforce needs to prepare our students to meet those needs, directing more research toward business and industry needs, and increasing student access.

The higher education community has made many key initiatives and efforts towards higher education transformation in Louisiana. The Board of Regents has expanded their academic program review process to increase institutional efficiencies, both pedagogically and fiscally, through the consolidation of multi-campus collaborations for institutions with duplicated academic offerings. Technology has been incorporated into instruction and organizational management to produce greater institutional efficiencies. Experiential learning has been incorporated into technical and academic programs through the utilization of learning assessments, internships, practicums, and co-op experiences with the goal to provide greater connections between higher education, business, and industry.

The Board of Regents' tuition policy needs a 2/3 majority vote by the legislature to be approved. The legislature's support of the Board of Regents' tuition policy will allow management boards to make tuition adjustments for each institution, move towards the SREB average, and become more market driven. The tuition policy will not mandate management boards to take any specific actions, but the policy will allow differential tuition for high demand and high cost programs, and allow per-credit-hour tuition. However, TOPS recipients will not be eligible for the per-credit-hour tuition.

The chart below shows the projected skill sets that our educated workers will need, according to the workforce cabinet.

The Increase in Degree Production needed to meet the state's need for education workers by region

Additional Awards Needed After Meeting GRAD Act
 Completer Goals

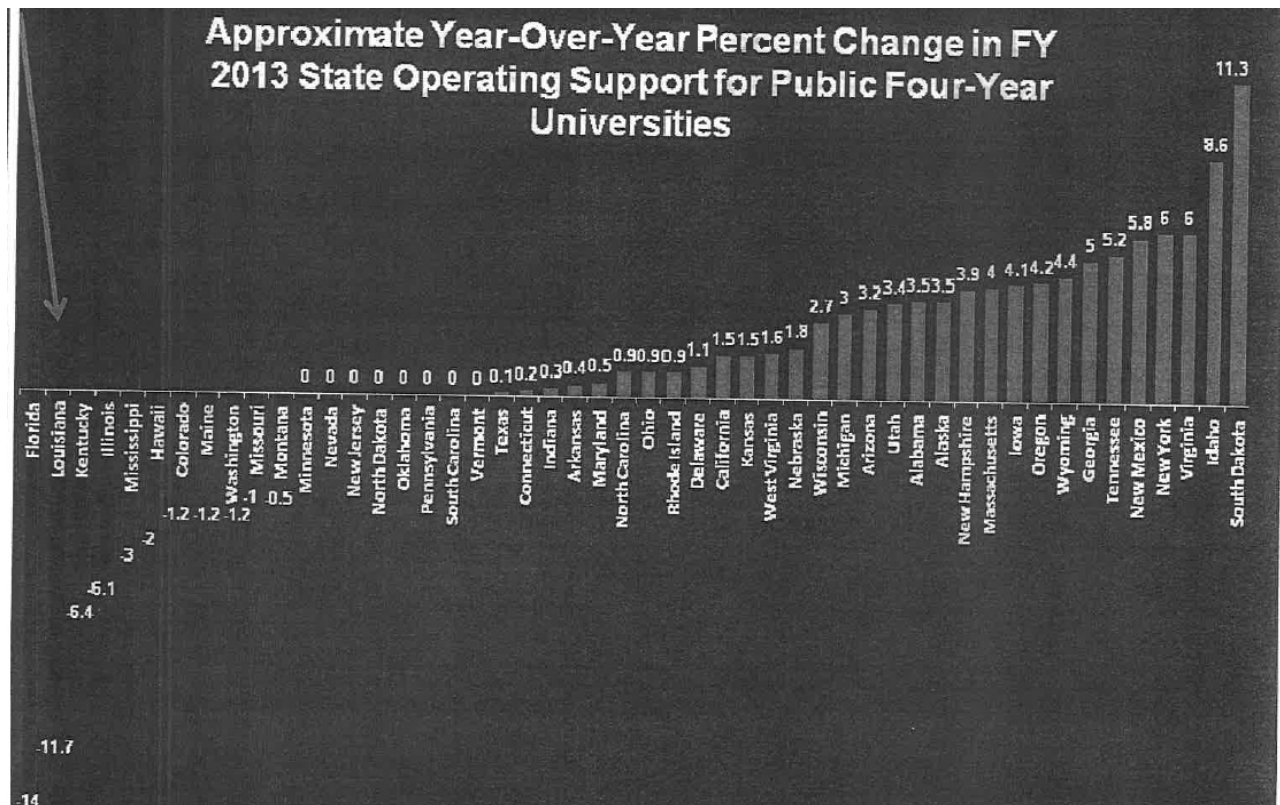
Region of Inst	Additional Awards Needed EACH YEAR											
	Cert/Diploma		Associate		Bacc/Post-Bacc		Total Undergrads		Cert/ Diploma	Associate	Bacc/ Post- Bacc	Total Undergrads
New Orleans (1)	10%	3,120	28%	10,923	10%	7,241	13%	18,168	57	199	132	330
Baton Rouge (2)	22%	6,981	12%	4,611	41%	29,620	33%	47,478	127	84	539	863
Houma (3)	3%	1,061	5%	2,037	5%	3,411	5%	6,509	19	37	62	118
Lafayette (4)	24%	7,650	12%	4,653	12%	8,609	14%	21,273	139	85	157	369
Lake Charles (5)	7%	2,108	9%	3,639	6%	4,138	6%	9,218	38	66	75	168
Alexandria (6)	8%	2,557	4%	1,417	1%	582	3%	3,665	46	26	11	67
Shreveport (7)	18%	5,817	27%	10,613	20%	14,557	21%	29,902	106	193	265	544
Monroe (8)	8%	2,417	4%	1,537	5%	3,839	6%	7,923	44	28	70	144
GRAND TOTAL	100%	31,711	100%	39,429	100%	71,997	100%	143,137	577	717	1,309	2,602

The aggregate numbers show what is needed to be produced by 2025, (31,711 diplomas; 39,429 associate degrees; 71,997 baccalaureate and post-baccalaureate degrees; and 143,137 total undergraduate degrees).

The last four numbers in boxes represent the additional graduates per year that are needed to be produced to address the "changing worker" within our state (577 diplomas; 717 associate degrees; 1,309 baccalaureate and post-baccalaureate degrees; and 2,602 total undergraduate degrees).

Many jobs are now connected to export industries such as agriculture, natural resources, and manufacturing. In 1967, nearly 80% of export industries employed persons with a high school diploma or less education. In 2007, nearly 60% of export industries employed persons with an associate degree or higher education.

However, the context of our economy has changed. In 1970, 74% of the middle class had a high school diploma or less education. In 2007, only 39% of middle class had a high school diploma or less education. The middle class family income range is \$35,000-\$91,000. Nationally, 60% of jobs will require a postsecondary credential by 2018. Unless there are systemic changes, Louisiana will rank 6th in the national percentage of jobs for high school dropouts; 5th in the national percentage of jobs requiring high school graduates; 50th in the nation for jobs requiring an associate degree; 45th in the nation for jobs requiring college graduation; 47th in the nation for jobs requiring graduate degrees, and next to last in the percentage of jobs requiring postsecondary education. A better economy can be built, if we prepare for the future and reinvest in higher education through state and individual support. The chart below illustrates the year-to-year percentage change of state support for four-year universities:



The good news is that Louisiana has a Master Plan to move our state forward. The Master Plan provides hard targets for many state goals and allows 15% of any institution's funding to be based on 6-year performance agreements related to institution specific outcomes. Louisiana has a clear articulation policy, and the U.S. Department of Commerce administered an "A" to Louisiana for providing a policy environment that will create positive change.

The chart below shows exactly how the funding formula works:

Derivation of Lower Level Undergraduate Liberal Arts Student Credit Hour Value

Basic Factor Chart

Faculty Benefits Rate: Teachers Rate - 26.38%

Avg Class Size: LA Undergraduate Liberal Arts Average Class Size, 4 Yr & 2 Yr Avg (Weighted)

By SREB Category	4 Yr-1	4 Yr-2	4 Yr-3	4 Yr-4	4 Yr-5	4 Yr-6	2-Yr (Grp7)	Tech (Grp8)	Vet (Grp9)
SREB Avg Faculty Salary ¹	\$84,691.30	\$75,916.65	\$63,725.11	\$62,091.46	\$59,024.51	\$57,514.56	\$51,830.61	\$44,097.22	\$84,691.30
LA TRSL Avg Faculty Benefits ²	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%
Liberal Arts Salary % ³	88%	88%	88%	88%	88%	88%	94%	94%	88%
Average Faculty Salaries + Benefits *	94,189	84,430	70,871	69,055	65,644	63,964	61,573	52,386	94,189
LA Undergraduate Avg Class Size ⁴	26	26	26	26	26	26	26	26	26
Full-Time Student Workloads ⁵	30	30	30	30	30	30	30	30	30
Instruction/Departmental Research Value									
Academic Support/Services ⁶	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%
Instruction/Dept Research Amount *	120.76	108.24	90.86	88.53	84.16	82.01	78.94	67.16	120.76
Academic Support/Services Amount *	37.44	33.55	28.17	27.44	26.09	25.42	24.47	20.82	37.44
Total Amount *	158.20	141.79	119.03	115.97	110.25	107.43	103.41	87.98	158.20
Total Base SCH Value *	158.20	141.79	119.03	115.97	110.25	107.43	103.41	87.98	158.20

1- SREB All Ranks Average Salary 2010-11; Table 143-145 SREB State Data Exchange

2 - Department of Administration Teachers Retirements System of Louisiana (TRSL) Benefits Rate.

3 - College and University Professional Association (CUPA) Faculty Salary Study by Discipline

4 - LA Public Institution Avg. Liberal Arts Class Size, Undergraduate Only, 2-Year Avg. (No Tech.) & 4-Year Avg; LA Board of Regents' Student Credit Hour (SCH) Data System

5 - SREB Undergraduate Full-Time Workload - 30 annual credit hours

The GRAD Act is designed to help institutions become successful by achieving the four performance objectives which are increasing student success, providing easier articulation and transfer, aligning education with the workforce and economic needs, and increasing institutional efficiency and accountability. The GRAD Act also gives institutions the authority to raise tuition up to 10%, if the designated performance benchmarks are met. The Board of Regents has incorporated a separate component within the funding formula authority to support the GRAD Act, by allowing 15% of the state funding to be contingent on GRAD Act performance targets. The GRAD Act also allows institutions to be eligible for autonomy so that they can be free of certain regulations that may interfere with their efficiencies. 97% of the 36 institutions that participated in the GRAD Act last year passed, with 16 of the institutions obtaining a perfect score.

It is very important to connect funding to outcomes and Louisiana's efforts have been recognized nationally. The GRAD Act has 62 measures which vary by each institution's specific role, scope, and mission. The measurements fall into three categories which are descriptive, tracked, and targeted measurements. The most targeted measurements are within the student success objectives which are focused on retention rates, graduation rates, and completers. An institution must pass the student success objectives to pass the GRAD Act. The detailed chart below illustrates the specific performance objectives and measurements of each institution:

GRAD Act Performance Measures

Attachment A

GRAD Act Performance Objectives/Elements/Measures	Measure Category*	Institution Level				
		4-Year University	2-Year College	Technical College	Law Center	Health Sciences Center
a. Implement policies established by the institution's management board to achieve cohort graduation rate and graduation productivity goals that are consistent with institutional peers.		✓	✓	✓	✓	✓
i. 1st to 2nd year retention rate.	Targeted	✓	✓	n/a	✓	✓
ii. 2nd to 3rd year retention rate.	Targeted	✓	n/a	n/a	n/a	n/a
iii. Fall to spring retention rate.	Targeted	n/a	n/a	✓	n/a	n/a
iv. Same institution graduation rate.	Targeted	✓	✓	n/a	✓	✓
v. Graduation productivity.	Targeted	optional	optional	optional	optional	optional
vi. Award productivity.	Targeted	optional	optional	optional	optional	optional
vii. Statewide graduation rate.	Targeted	optional	optional	optional	optional	optional
viii. Percent of freshmen admitted by exception.	Descriptive	✓	n/a	n/a	n/a	n/a
ix. Median professional school entrance exam score.	Targeted	n/a	n/a	n/a	✓	✓
b. Increase the percentage of program completers at all levels each year.		✓	✓	✓	n/a	✓
i. Percent change in program completers.	Targeted	✓	✓	✓	n/a	✓
c. Develop partnerships with high schools to prepare students for postsecondary education.		✓	✓	✓	n/a	n/a
i. Number of high school students enrolled.	Descriptive	✓	✓	✓	n/a	n/a
ii. Number of semester credit hours in which high school students enroll.	Descriptive	✓	✓	✓	n/a	n/a
iii. Number of semester credit hours completed by high school students.	Descriptive	✓	✓	✓	n/a	n/a
d. Increase passage rates on licensure and certification exams and workforce foundational skills.		✓	✓	✓	✓	✓
i. Passage rates on licensure/certification exams.	Tracked	✓	✓	✓	✓ Targeted	✓ Targeted
ii. Number of students receiving certifications.	Tracked	✓	✓	✓	n/a	n/a
iii. Number of students assessed and receiving WorkKeys certificates.	Tracked	n/a	✓	✓	n/a	n/a
iv. Other assessments and outcome measures for workforce foundational skills to be determined.	Tracked	n/a	✓	✓	n/a	n/a

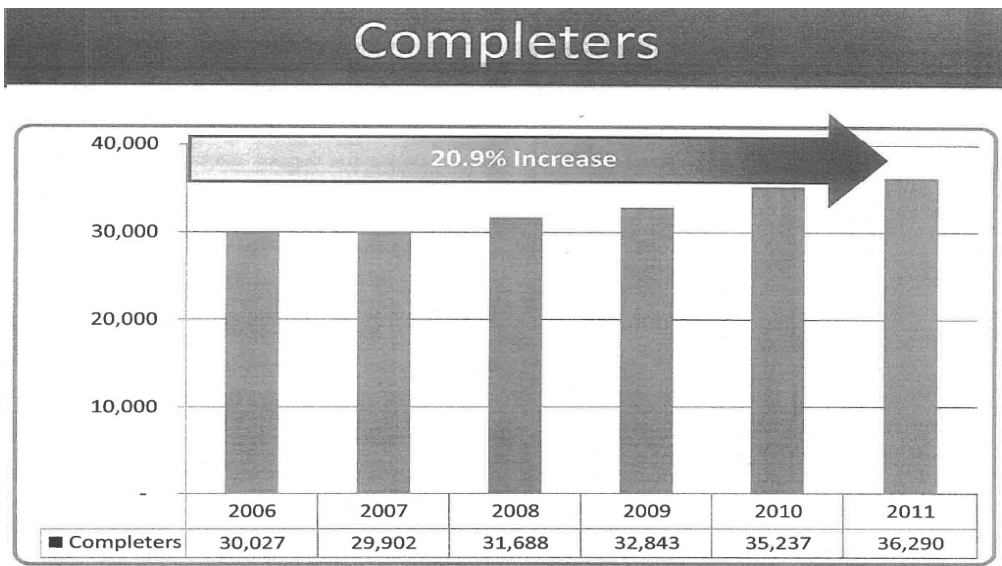
Student Success [1]

Performance Objectives
 Institution must pass Student Success Objective to retain tuition authority/autonomies

Measures

Elements
 Data and narratives

GRAD Act Performance Objectives/Elements/Measures	Measure Category*	Institution Level				
		4-Year University	2-Year College	Technical College	Law Center	Health Sciences Center
a. Eliminate academic programs offerings that have low student completion rates as identified by the Board of Regents or are not aligned with current or strategic workforce needs of the state, region, or both as identified by the Louisiana Workforce Commission and Louisiana Economic Development.		✓	✓	✓	n/a	✓
i. Number of programs eliminated.	Descriptive	✓	✓	✓	n/a	✓
ii. Number of programs modified or added.	Descriptive	✓	✓	✓	n/a	✓
iii. Percent of programs aligned with workforce and economic development needs.	Descriptive	✓	✓	✓	n/a	✓
b. Increase use of technology for distance learning to expand educational offerings.		✓	✓	✓	n/a	✓
i. Number of course sections with 50% and with 100% instruction through distance education.	Tracked	✓	✓	✓	n/a	✓
ii. Number of students enrolled in courses with 50% and with 100% instruction through distance education.	Tracked	✓	✓	✓	n/a	✓
iii. Number of programs offered through 100% distance education.	Tracked	✓	✓	✓	n/a	✓
c. Increase research productivity especially in key economic development industries and technology transfer at institutions to levels consistent with the institution's peers.		flagship and research	n/a	n/a	n/a	✓
i. Percent of research/instructional faculty holding active research and development grants/contracts.	Tracked	flagship and research	n/a	n/a	n/a	✓
ii. Percent of research/instructional faculty holding active research and development grants/contracts in Louisiana's key economic development industries.	Tracked	flagship and research	n/a	n/a	n/a	✓
iii. Dollar amount of research and development expenditures.	Tracked	flagship and research	n/a	n/a	n/a	✓
iv. Dollar amount of research and development expenditures in Louisiana's key economic development industries.	Tracked	flagship and research	n/a	n/a	n/a	✓
v. Number of intellectual property measures which are the result of research productivity and technology transfer efforts.	Tracked	flagship and research	n/a	n/a	n/a	✓
d. To the extent that information can be obtained, demonstrate progress in increasing the number of students placed in jobs and in increasing the performance of associate degree recipients who transfer to institutions that offer academic undergraduate degrees at the baccalaureate level or higher.		✓	✓	✓	n/a	✓
i. Percent of completers found employed.	Tracked	✓	✓	✓	n/a	n/a
ii. Increasing the performance of associate degree recipients who transfer.	see elements 2.b. and 2.d.	see elements 2.b. and 2.d.	see elements 2.b. and 2.d.	see elements 2.b. and 2.d.	n/a	n/a
iii. Placement rate of graduates.	Targeted	n/a	n/a	n/a	✓	✓
iv. Placement of graduates in postgraduate training.	Targeted	n/a	n/a	n/a	n/a	✓



The completers in our state have increased 20%.

Education
January 22, 2013
14

Louisiana's colleges and universities understand that they need to adapt to the new funding realities and be more efficient today compared to a few years ago. Our institutions need to be focused on the state's workforce. Stable funding for higher education is necessary to enable our citizens and economy to thrive.

The Moody's Investor Service (Moody's) had a bit of bad news for colleges and universities who thought they could ride out the current revenue challenges by becoming like another institution. The bad news is that the grass isn't greener on anybody else's quads and the U.S. higher education sector has hit a critical juncture in the evolution of its business model. Universities must address these challenges by utilizing technology to cut costs, create efficiencies, demonstrate value, reach new markets, and prioritize programs. The disruption in the funding model has created tension on campuses related to each institution's priorities. As a result, college and university leaders have adapted new approaches to campus management. Southeastern University in Hammond has gone from 10 academic deans to five, and 24 department heads to nine. LSU has contemplated reorganization, and Southern University along with the LCTCS have centralized many of their backroom functions.

Senator Appel asked why there is such a huge differential between Jim Purcell's statistics and the statistics from the University of Illinois, based upon the U.S. Department of Commerce, when both sets of statistics are related to the state general fund total for FY 2012. According to Jim Purcell's statistics, the total state general fund for FY 2012, including LOSFA/TOPS was \$983,310,509. However, the study from the University of Illinois indicated that the state contribution for FY 2012 was approximately \$300 million dollars higher than \$983,310,509. Therefore, the state general fund total for FY 2012 was \$1.29 billion, which actually gave the state approximately \$282 per capita expenditure. According to these statistics, Louisiana should be ranked within the upper-middle portion of the spectrum of state contributions when compared nationally.

Barbara Goodson represented the Board of Regents and explained that she has not seen the University of Illinois study, but she believes the differential may be based upon the money from the Millennial Trust Fund and other statutory dedications. The statistics from the Board of Regents are based upon the exact budgeted numbers from the state general fund.

Senator Appel stated that the extra estimated \$300 million dollars were real dollars available for our institutions to spend.

Barbara Goodson responded that the Millennial Trust Fund goes to TOPS, and the money is recognized as self-generated revenue by the institution.

Education
January 22, 2013
15

Barbara Goodson identified the differentiation in statistics between the Board of Regents and the University of Illinois as being the statutory dedications of \$298 million dollars for the higher education institutions in FY 2012.

Senator Appel asked if the money is available for the institutions to utilize.

Barbara Goodson explained that the money is available, but some of the money is dedicated for specific uses as defined within the statute.

Senator Appel explained that he asked the Board of Regents for specific information before the meeting, but never received the information. He asked for the total revenue sources available for expenditures by the universities in our state. The committees need to know how much money is truly available for the institutions to spend, including tuition, and how that amount compares to past years.

Discussion Item (3) To hear a presentation and receive information from the Board of Regents concerning the status of implementation of the Louisiana Granting Resources and Autonomy for Diplomas Act (GRAD Act).

Senator Appel asked Jim Purcell to identify the postsecondary institution's state funding allocation percentages that are based upon performance and cost.

Jim Purcell responded that 15% of an institution's state funding is based upon performance.

Senator Appel asked how performance is defined.

Jim Purcell responded that the Board of Regents' formula defines performance. He explained that the end-of-course (EOC) tests impact the funding of all universities and community colleges, with the exclusion of the technical colleges.

Senator Appel asked if there are any postsecondary institutions, including professional schools, that have not entered into the GRAD Act performance agreement with the Board of Regents.

Jim Purcell replied "no".

Education
January 22, 2013
16

Senator Appel asked if any institutions have failed to meet their performance targets within the GRAD Act.

Jim Purcell explained that during the first year of the GRAD Act, all institutions met their performance targets. During the second year of the GRAD Act, 29 out of 30 institutions met their performance targets, and 16 institutions scored a perfect score. The institution that did not meet the GRAD Act performance targets will need to catch up on the performance measurements this year in order to move forward.

Senator Appel asked if the Board of Regents has changed or modified the performance objectives in any way.

Jim Purcell explained that the Board of Regents gave institutions credit for making progress towards their annual target.

Senator Appel asked for a simplistic breakdown of the percentages and the points allocated within the GRAD Act. He asked what percentage of the targets are considered to be subjective.

Larry Tremblay represented the Board of Regents and responded to Senator Appel's question. He explained that many of the targets and expectations cannot be measured. For example, an institution may be expected to work with the local school districts. The institution will submit a plan to the Board of Regents outlining the way they intend to work with the local school districts, and the institution will also submit a report to the Board of Regents about the work that has been done with the local school districts.

Senator Appel asked if institutions are eligible to earn approximately 75% of the performance funds by simply entering into the GRAD Act agreement with the Board of Regents, without having to pass the GRAD Act performance measurements.

Jim Purcell responded that the institution will lose part of the GRAD Act by not passing the performance measurements. The institution that fails the GRAD Act performance measurements must identify the area of failure, submit an improvement plan, and utilize 75% of the funds towards improving the institution.

Senator Appel asked if there have been significant increases in the numbers related to student retention, graduation, and completion.

Jim Purcell explained that it is a six-year initiative, but they have seen growth in graduation and completion rates.

Education
January 22, 2013
17

Senator Appel asked if Jim Purcell feels very comfortable stating that Louisiana will reach their six-year targets.

Jim Purcell responded that the targets that have been identified will be reached.

Senator Appel stated that the SREB has predicted approximately 2/3 of our high school graduates will need remediation upon entering college when the Common Core State Standards are implemented in 2014. He asked what is being done to prevent this from happening.

Jim Purcell explained that a two-year piloted intervention mechanism is already in place to address remediation. It will enhance tutoring and instruction for the student within the classroom, instead of placing the student into a separate remediation course.

Senator Appel asked if Jim Purcell agreed that approximately 2/3 of our student graduates will need remediation in 2014.

Jim Purcell agreed with the SREB prediction and explained that the Common Core State Standards have incorporated an assessment to indicate whether the students are college ready. K-12 education has also started administering the ACT test to students in 8th grade, 10th grade, and 11th grade to ensure that our K-12 instruction is in alignment with college expectations.

Senator Appel asked if all programs with low completer rates which are not in alignment with our workforce needs have been eliminated. He asked where we are on the time line to complete the process.

Jim Purcell stated that a huge effort has been made to reduce the programs that are below the performance numbers and over 100 programs have been eliminated. He explained that some of the low completers are within areas of the state with high worker demands. The Board of Regents is trying to align programs to produce the graduates needed in the workforce.

Senator Appel asked what is being done to eliminate duplicative degree programs in the state on a regional basis.

Jim Purcell responded that the funding formula makes it difficult for institutions to provide expensive programs. Therefore, most institutions need inexpensive programs to generate revenue and redirect those revenues to provide funding for the more expensive programs.

Education
January 22, 2013
18

Senator Appel asked if we have set the performance bar too low for our postsecondary education institutions, based upon the GRAD Act.

Jim Purcell responded that all of our institutions still have a long way to go, but they are moving in the right direction. The Master Plan targets are more aggressive than the GRAD Act targets and the institutions are expected to meet those targets, with or without the GRAD Act component.

Representative Carter asked Jim Purcell if there is a plan to increase graduation rates and reduce attrition.

Jim Purcell responded that the Master Plan includes performance targets to increase graduation rates.

Representative Carter stated that many of the elements common to an outcomes-based funding formula are already included within the GRAD Act. He asked if the already existing elements can be used as the foundation for creating a new higher education funding formula.

Jim Purcell responded that the Board of Regents is already working with system representatives to make adjustments to the current funding formula. All of the campuses would like to be rewarded for providing graduates to meet workforce needs, increasing industry research, and having high risk student populations. All of these components are similar to the Tennessee Outcomes-Based Funding Formula. Performance should be an important element of the formula, but he does not believe the whole formula should be connected to performance. For example, the Tennessee model only allows additional funding if student numbers increase in the institution. He believes institutions should be rewarded upon producing graduates to meet the economy needs.

Representative Carter explained that last year's data showed that very few institutions provided hardship waivers to our students. He asked what progress has been made to provide hardship waivers to our students.

Jim Purcell stated that the legislation related to hardship waivers was nebulous and he recommended that the amount within waivers be quantified moving forward.

Representative Carmody asked if the legislature should even be considering increasing tuition autonomies of individual institutions. He believes the efforts of the legislature may be better spent assisting institutions to compete with other institutions in the state which will allow students to identify the institution that will give them the best return for their educational investment.

Education
January 22, 2013
19

Jim Purcell explained that he is a believer in the capitalist model and the entrepreneurial spirit is needed among our campuses. For example, the European Union offers courses to other states and uses those revenues to fund the education for the people within their community. Just like the European Union, LSU recently signed a contract to expand their distance learning programs. Southern has a good reputation in the south for offering good programs, Grambling has a national reputation, and approximately 1/3 of Northwestern's credit hours are from out-of-state which has helped maintain the viability of the campus.

Representative Carmody explained that those who originally voted for the GRAD Act had hoped that the institutions would receive an infusion of additional finances, but unfortunately the budget constraints have affected the institutions.

Jim Purcell explained that there are only three states in the nation where tuition authority rests within the legislature, and only one state requires a 2/3 vote of the legislature. The remaining 47 states have placed the tuition authority with the institution or the management board.

Representative Richard stated that Louisiana had two opportunities within the past three years to merge schools. He asked if "merging" schools would save dollars.

Jim Purcell responded that a merger may not provide better cost savings, because the institutions are currently creating efficiencies that would have the same effects as a merger.

Representative Richard asked if the Board of Regents has the authority to merge schools.

Jim Purcell explained that the Board of Regents is required to review and make recommendations to the legislature, but the legislature will vote to make the decision.

Representative John Bel Edwards explained that after five years of tuition increases, Southeastern is still behind the SREB average. He asked if Southeastern has been able to come close to the SREB average, after 50% tuition increases over five years.

Barbara Goodson responded that the institution continues to lag behind the SREB average, because the SREB average is continuously moving.

Representative John Bel Edwards asked if we should think of funding as being an absolute dollar amount that we want to achieve over time, instead of chasing after the SREB average. The state should be able to identify the type of education to be delivered and compare the cost against an absolute dollar amount, instead of the SREB average.

Education
January 22, 2013
20

Jim Purcell explained that more state support will provide more stability for our institutions. If the state gave the institutions a stable number for several years, then institutions would have additional revenues to invest into interventions which would allow our students to be more successful.

Representative John Bel Edwards explained that when he voted for the GRAD Act, he thought supplemental money would be available to higher education in addition to the state general fund for institution improvements. Instead, over the past four years, tuition has increased at an average of \$80 million dollars per year, and the state general fund support has decreased by \$125 million dollars per year. He asked how higher education will be helped if the legislature increased tuition again.

Jim Purcell explained that the hope is to have stabilized state dollars. All the cuts performed in the back offices are beginning to impact students. Students are beginning to recognize that they are receiving less services and resources than what has been available to them in the past.

Representative John Bel Edwards explained that there has been a lot of talk about the word "hope" regarding what the future will bring, but we "know" the state budget is projected to be reduced by \$1.2 billion dollars next year. The committees are continuously receiving presentation after presentation about the GRAD Act goals being met, with the exception of one institution. Therefore, the fact that students are not receiving the education they should for their investments is not at the forefront of the committees' consciousness. The Board of Regents continues to send the message that our institutions are performing well and there is an increase in graduation, completion, and retention rates. Consequently, the legislature needs to be given a clear picture about what is actually happening, because it seems that both the institutions and the students are being stressed. Under these circumstances, the Board of Regents is asking a lot when they are asking the legislature to increase tuition.

Barbara Goodson explained that the focus is on net tuition. It has been said that tuition has replaced the general funds that were removed from the higher education budget in the past. However, there are many factors affecting institutions, therefore it is not a dollar-for-dollar exchange.

Representative John Bel Edwards asked if the state general fund would be replaced even if institutions received all the tuition increases.

Jim Purcell responded that the state general fund would still not be replaced even if institutions were credited with all the tuition increases.

Education
January 22, 2013
21

Representative Simone Champagne asked how the state currently stands regarding salaries.

Jim Purcell responded that the salaries will be discussed during tomorrow's board meeting, but they have received information showing that the salaries in Louisiana are below both the SREB and national averages.

Representative Simone Champagne asked what dollar calculation is represented by the reduction of 2,606 staff members.

Barbara Goodson explained that the numbers correspond to the 2011 data, and they are recalculating the amount based on the 2012 data. The institutions did not have the funds to fill approximately 1,500 vacant positions this year.

Representative Simone Champagne explained that a lot of the mandated costs come from salaries. Therefore, she suspects that there should be a significant savings.

Senator Claitor asked Jim Purcell to identify the institution that did not pass the GRAD Act.

Jim Purcell replied that the school was LSU Eunice.

Senator Claitor asked Jim Purcell to identify the 16 institutions that scored 100% on the GRAD Act.

Jim Purcell replied that he did not have the names of the institutions with him, but he can provide that information to the senator.

Senator Claitor stated that he could not identify the names of the institutions within the submitted report.

Jim Purcell explained that he can provide the information to identify the institutions. The submitted report only indicated how many institutions passed and failed the GRAD Act.

Senator Claitor stated that he believes the information is important and a supplement to the actual publication needs to be provided to the public.

Education
January 22, 2013
22

Senator White asked Barbara Goodson if the universities have restricted use for tuition money.

Barbara Goodson explained that institutions have discretion to move tuition dollars as they see fit.

Senator White understood that the TOPS tuition fee never actually goes to the student, except maybe in the form of a tax form. He asked if the university almost directly draws the TOPS tuition fee from a state account.

Jim Purcell explained that the TOPS tuition fee goes to the financial aid office and the university considers it to be revenue.

Senator White asked if the university has restricted use for the TOPS tuition fee.

Barbara Goodson clarified that the TOPS tuition fee is tuition.

Senator White asked why the Board of Regents sometimes communicates that the funds are restricted, because both the student tuition money and the TOPS tuition fees are not restricted.

Jim Purcell explained that TOPS was not included within the higher education budget prior to 2010. However, \$132 million is being allocated to TOPS within the current higher education budget. This means \$132 million is basically being taken from the institutions with fewer students receiving TOPS to ensure that the institutions with students receiving TOPS have funds available to them. It is actually a redistribution of funds based on cost that is redirected to students, and the two-year institutions and community college systems are most heavily impacted.

Representative Thompson asked how institutions will be able to fund medical schools. There is no amount of tuition increases that will ever offset the operation costs of a medical school.

Jim Purcell replied that those entities must be funded outside of the formula with an awareness of the high costs. These entities are not in the formula, but they have still absorbed budget cuts.

Representative Thompson stated that the approximate cost per student is \$7,800, but systems are being funded under half of that cost. He asked how this problem is going to be fixed.

Jim Purcell explained that the Board of Regents provides a funding formula that they think is appropriate and that formula is distributed to the systems. The management boards determine the costs.

Education
January 22, 2013
23

Representative Broadwater asked for an update on what is being done to promote distance learning within our universities.

Jim Purcell replied that many distance learning conferences have been established to help institutions understand the distance learning process, and the Board of Regents has brought people into the institutions to help the campuses maximize quality courses at a high volume.

Representative Broadwater asked if there has been a correlation between our need-based grants and the tuition increases over the last four to five years.

Jim Purcell responded that efforts have been made to maximize the impact of the need-based GO Grant in Louisiana. A recent study has indicated that students who received financial assistance in an amount equal to 60% of need have increased retention rates and grade point averages after being granted a GO Grant. This study has compelled the Board of Regents to change how the GO Grants are implemented for the purpose of allowing more students to be successful. The Board of Regents hopes that the initiative being implemented at the state level will encourage institutions to consider how financial aid is administered.

Representative Henry asked if the state has ever identified the amount of money needed to operate the institutions in our state, instead of comparing our state against the SREB average or the operating expenses of other state institutions.

Jim Purcell explained that formula has a cost-based foundation, and has been funded at 60% need. Therefore, our institutions can survive on less than 100% of need, because they are currently running at 60%. However, our institutions need more support to thrive and for the students to become more successful.

Representative Henry explained that his constituents are wondering why our state has to keep up with other states, instead of simply identifying our state goals and making every effort to achieve those goals.

Jim Purcell explained that the two-year college systems were given the ability to move tuition rates up to the SREB average, which has provided them with flexibility to build a product for the market demands within the community.

Senator Appel asked Jim Purcell to identify the degree that has the largest number of graduates in Louisiana.

Jim Purcell responded that most students in Louisiana graduate with general studies degree.

Education
January 22, 2013
24

Senator Appel asked if technological degrees should be more heavily emphasized, because of the global competition and the need to raise our success rates.

Jim Purcell agreed that because of the job opportunities in our economy, we should be more focused on science, technology, engineering, and mathematic degrees. However, the general studies degree curriculum in Louisiana is far more strict and robust compared to other states.

Senator Appel asked if there is any statistical data available to support the idea that enhanced expenditures result in better institutional performance. He explained that after Hurricane Katrina there was an increase in expenditures for higher education and he asked that the data be studied.

Barbara Goodson stated that she would look at the data.

Senator Appel stated that he would like to have the total sources of funds for each institution prior to Katrina, so that the true amount of money can be analyzed. He would like to see the amount the institutions received and the amount the institutions spent.

Jim Purcell responded that he will send a document showing all funding sources for each institution.

V. OTHER BUSINESS

VI. CLOSING REMARKS

VII. ANNOUNCEMENTS

VIII. ADJOURNMENT

Representative Broadwater made a motion to adjourn. There being no objection, the meeting was adjourned at 3:40 P.M.

Chairman, Senator Conrad Appel

Approved