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December 6, 2016

The Honorable Representative Cameron Henry  
Chairman, House Appropriations Committee  
Louisiana State Capitol Building, 11<sup>th</sup> Floor  
Baton Rouge, LA 70802

Dear Chairman Henry:

In response to the FY 18 Budget Request questions you posed on September 21, 2016, please find this letter as our effort to provide you and your committee members with the answers you have requested.

- What budget adjustments have been made since the initial appropriation to your department? How much in each means of finance has been appropriated to each agency since the initial appropriation? *The only JLCB approved additional budget adjustment to date for all of higher education was an approved Carry Forward BA-7 in the total amount of \$994,845 for the Board of Regents (19-671) for various contractual obligations defined as bona fide obligations as defined in R.S. 39:82. The majority of these obligations are associated with the contractor currently converting the Board of Regents' information system from a traditional mainframe system to an updated .net system.*
- Do your spending and staffing levels match the priorities of your department? *Higher education spending and staffing levels match priorities and missions as best possible with limited state resources. The net state general fund levels have been reduced approximately \$364M and Higher Education has lost approximately 5,000 positions which are critical to instruction, student support, and deferred maintenance over the past 9 years. From a cost formula perspective, the 2 year/4 year institutions are underfunded by approximately \$579M. Based upon the latest cost formula, which considers SREB average faculty salary and related benefits, class size as well as instructional square feet, the total 2 year/4 year total cost is approximately \$1.062B, while the current year (FY17) state general fund level for the 2 year/4 year institutions is only \$483M.*
- Provide Top 5 performance measures that give the outcomes in your department. How do you rank nationally based on these priority measures? *Pursuant to the requirements of Act 462 of 2014, the Board of Regents implemented the outcomes based funding formula for FY17. The formula utilizes the following outcome measures: retention & progression,*

*completers as opposed to graduation rates, cross enrollment students, transfers from 2 year to 4 year institutions, completers in programs leading to 4 & 5 star jobs, undergraduate adult completers age 25 and above, grant funded research, time-to-award for students earning Associate Degree & Bachelor Degree, enrollment and completion of Pell students.*

- Provide a list of all sources of revenue that are not appropriated. These funds could include restricted or off budget accounts. Also, please provide the amount anticipated to be used in FY17, the amount in FY18 and any balance or reserve amount for each source or revenue. *This information can be found for all higher educational units with the BOR-3 forms. This information can be found on our website, [http://www.regents.la.gov/assets/docs/Finance\\_and\\_Facilities/Summary\\_BOR3\\_FY17.xls](http://www.regents.la.gov/assets/docs/Finance_and_Facilities/Summary_BOR3_FY17.xls)*
- During the 2016 session, what did the department testify would be the effects of the FY17 budget on services, staffing and contracts? *The Board of Regents and management boards FY17 appropriation is within 3% of the FY 16 budget for most institutions. Therefore, services, staffing and contracts were not materially reduced as a result of the enacted FY17 budget.*
- Compared to FY16, what reductions, including services, staffing and contracts, have been made in the department in FY17? *Each system president will be available to answer and address the specific impacts to their various institutions and campuses.*
- What reductions would the department make if there are mid-year reductions to the FY 17 budget? *To date, no reductions have been made in FY 17. For specific campus impacts, input from the various Higher Education system offices would be required.*
- Provide a brief overview of the FY 18 budget request compared to FY 17 by budget unit. What increases are requested in FY 18 and why are the increases necessary, including any new or expanded programs or services to additional populations? Are there any reductions in the FY 18 budget requests, including those as a result of annualizing reductions made in FY 17? *Attached is a copy of a letter provided to the Division of Administration and Commissioner Dardenne concerning the FY18 Higher Education Funding request. As is stated in the letter, the total projected state general fund (SGF) cost to fully fund Higher Education in FY18 from a formula perspective is approximately \$1.749B (an \$830M increase of SGF). However, because it is unrealistic expectation to request \$830M in one year, the FY18 Higher Education budget request only includes an additional \$100M plus \$88.8M to fully fund TOPS above the current floor in place.*
- Has the department added any positions, including classified, unclassified, and other charges positions, in FY 17? If so, how many and what positions? Did the department request additional positions in the FY 18 budget request? If so, how many and what positions. *Although Higher Education does not have specific TO positions, our website*

does provide a weekly snapshot of FTE positions within Higher Education. The link to this information is, <http://www.regents.la.gov/page/forms-and-reports>

- Provide a summary of changes in salaries from FY 16 to FY 17, including performance adjustments, promotions, or any other changes in salaries. Provide a summary of requested changes in salaries from FY 17 to FY 18, including performance adjustments, promotions, or any other changes in salaries. *In light of the personnel challenges the institutions are facing at the campus level relative to retaining quality professors and instructors, at the urging of the higher education systems, the Board of Regents requested an exemption from the Governor's Executive Order JBE 2016-32, which freezes merit pay. However, such a request was denied by the Division of Administration. As result of this action, there are no merit increases for all of higher education in the current year.*

Each system president will be in attendance at the December 14<sup>th</sup> hearing should you or any other member have specific institutional questions.

If you have any questions, please feel free to contact me.

Sincerely,



Joseph C. Rallo, Ph.D.  
Commissioner of Higher Education  
Board of Regents

c: Richard Lipsey, Chairman Board of Regents  
System Presidents

JCR:jtm