

FINANCE COMMITTEE
Wednesday, March 21, 2001

The Finance Committee met on Wednesday, March 21, 2001, at 11:00 a.m. in the State Office Building Auditorium. Chairman Roland Toups called the meeting to order. The roll was called and a quorum was established with Executive Committee members.

COMMITTEE MEMBERS PRESENT

Roland Toups, Chair
Pat Strong, Vice Chair
Clifford Smith
Sherman Ruth
Harrison Baptiste

OTHER BOARD MEMBERS PRESENT

Herschel Abbott, Jr.
Scott Brame
Richard D'Aquin
Reggie Dupré
Frances Henry

COMMITTEE MEMBERS ABSENT

Norbert Simmons
Ron Roberts
Virgil Robinson
Laura Leach
Tex Kilpatrick
Greg Risher

STAFF MEMBERS PRESENT

E. Joseph Savoie
Michael Galloway
Rich Griswold
Donald J. Vandal
Louise Moore

GUESTS PRESENT

Appendix A

FY 2001-2002 GOVERNOR'S EXECUTIVE BUDGET RECOMMENDATIONS

Mr. Michael Galloway, Associate Commissioner for Finance, stated that the General Appropriations Bill (HB 1) for FY 2001-2002 has been filed for the upcoming legislative session. The state general fund appropriation for the current fiscal year is \$865.0 million. The Bill as introduced, contains \$909.9 million in state funds or a net increase of approximately \$44.9 million. Attached is a summary of the major adjustments from the current appropriations to the proposed appropriation for the next fiscal year (Appendix B).

The major additions are \$25 million for the Governor's Information Technology Initiative, \$12 million for library and scientific equipment, \$3.1 million for Pennington Biomedical Research Center, \$891,000 for four additional programs at LSU-Alexandria senior college and \$424,130 for additional state match for Southern University Land Grant Program.

Mr. Galloway noted that there is an additional \$23 million in the supplementary section of the Bill, if enhanced revenue measures are realized. These revenues would be used to fund endowed chairs and professorships.

Dedicated revenues of \$1.5 million from the Higher Education Initiatives Fund will fund library and scientific equipment.

UTILITIES COST SURVEY FOR LOUISIANA'S PUBLIC POSTSECONDARY INSTITUTIONS

Next, Mr. Galloway presented a utilities survey of Louisiana's Public postsecondary institutions to the Committee. The survey provides a comparison of institutional utilities cost, detailed by the cost of electricity and natural gas, cost per KWH and mcf, and cost per gross square foot. The total energy cost for higher education has increased from \$49.9 million last year

to this year's projected cost of approximately \$79.1 million or a \$29.2 million increase. When viewed as a percentage, electricity cost increased by 45.3% while the consumption rate increased 11.6%. Gas cost increased by 111.7% while consumption rate was up 7.6%. The number of gross square feet of space increased only 3.7%. Most of the energy cost increase can be attributed to the increase in the cost of electricity and natural gas. The cost of natural gas has fallen from its high of more than \$10 to the \$5 to \$6 range. However, this is about double the cost from last year. While the institutions have implemented various measures to keep consumption rates down they are having a difficult time dealing with these steep increases.

BUDGET ADJUSTMENT (BA-7) LSU HEALTH SCIENCES CENTER-SHREVEPORT

Mr. Galloway explained that the LSU Health Sciences Center-Shreveport requested a budget adjustment of \$6 million due to increased revenues over the original budget. Of this amount \$3.5 million is from commercial insurance and \$2.5 million is from Medicare. These funds will pay for utilities and supply cost increases.

After discussion, the Committee took the following action:

On motion of Regent Strong, seconded by Regent Dupré, the Finance Committee voted unanimously to recommend to the Board of Regents to approve the BA-7 for the LSU Health Sciences Center-Shreveport in the amount of \$6,000,000.

SECOND DISTRIBUTION OF THE EMERGING COMMUNITY COLLEGE FUND

The Board approved the first distribution of the pool fund earlier this year. Of the \$1.5 million appropriated a balance of \$428,399 remained for the second distribution. The Louisiana Community and Technical College System Board has approved and forwarded a request for the remaining pool funds.

After discussion, the Committee took the following action:

On motion of Regent Dupré, seconded by Regent Strong, the Finance Committee voted unanimously to recommend to the Board of Regents to approve the second distribution of emerging community college pool funds in the amount of \$428,399 as contained in appendix C.

ADJOURNMENT

There being no further business, the Committee adjourned at 11:15 a.m.