The Finance Committee met on Wednesday, August 26, 2009, at 4:06 p.m. in the Claiborne Building, Louisiana Purchase Room, in Baton Rouge, Louisiana. Committee Chair Brame called the meeting to order. The roll was called and a quorum was established.

Committee Members Present
Scott Brame, Chair
Victor Stelly, Vice Chair
Richard D’Aquin
W. Clinton Rasberry, Jr.
Mary Ellen Roy
Harold Stokes
Stevie Smith, LCTC System
Walter Guidry, Jr., SU System
Mildred Gallot, UL System

Staff Members Present
Wendy Simoneaux
Donald Vandal

Other Board Members Present
Artis Terrell, Jr.
Charlotte Bollinger
Donna Klein
Marc Guichard
Robert Levy
Joe Wiley
Maurice Durbin

Committee Members Absent
Ingrid Labat
LSU System Representative

Guests
Appendix A
CONSIDERATION OF THE DISTRIBUTION OF THE BUDGET STABILIZATION FUND APPROPRIATION

Mr. Donald J. Vandal, Deputy Commissioner for Finance and Administration, stated that the adopted and final version of the State budget provided an amount of $86,177,032 from the Budget Stabilization Fund (the “Rainy Day Fund”) to the Board of Regents for allocation and use for higher education institutions and initiatives to reduce the impact of originally proposed State funding reductions. He continued by saying that this source of additional funding, in conjunction with additional State General Fund separately appropriated in the amount of $13,500,000 and funding in the amount of $6,500,000 appropriated from the Higher Education Initiatives Fund account, combined to provide a total of $106,177,032 to restore funding for higher education institutions and programs. Mr. Vandal noted that these provisions were included in Act 122 (House Bill No. 881, not in House Bill No. 1) of the 2009 Regular Session, which originated as the Supplemental Appropriations Bill for FY2008-09, but which was amended to include a section of FY2009-10 appropriations. He said the Budget Stabilization funds were appropriated on a contingent basis and subject to recognition in the official revenue estimate by the Revenue Estimating Conference (REC) which occurred on Monday, August 17th.

Mr. Vandal explained that in the case of each of the appropriations of funds cited above, the Legislature stipulated that the funding “shall be distributed in accordance with a plan developed and adopted by the Board of Regents and implemented by the Division of Administration.”

Deputy Commissioner Vandal further discussed the fact that the requirement for plans developed and adopted by the Board of Regents is similar to and complimentary with the actions taken by the Board at the June meeting approving the distribution of the
$189.7 million in federal Fiscal Stabilization “stimulus” funding and $29 million of State General Fund appropriated for the same purpose.

**On motion of Regent Rasberry, seconded by Regent Stelly, the Finance Committee voted unanimously to recommend the Board approve the distribution of the restoration funds from HB881 of the 2009 Regular Session as reflected in Appendix B.**

**REVIEW OF POSTSECONDARY EDUCATION BUDGET STATUS, FY 2009-2010**

Mr. Vandal reviewed a number of schedules which presented the final posture of the budgets for FY2009-10. He emphasized that a high-level overview of the Louisiana Postsecondary Education budget for FY2009-10 (excluding the transfer of the Louisiana Office of Student Financial Assistance, ‘LOSFA”, into higher education organizationally) indicates that State General Fund support has declined by 22.0% but, after considering federal stimulus funding, the effective funding reduction amounts to 8.7% overall. He continued by saying that the statutory dedicated state funds are declining by 2% and Self-Generated Revenue support (primarily tuition and fees) are increasing by 6.3% overall. Mr. Vandal said the total Means of Financing reduction is a net 2.7% decline in total support of the operating budget.

He reviewed the detailed individual budget amounts for each system and institution for FY 2009-10 and compared it to the amounts for FY 2008-09 (after the mid-year reductions were imposed). He referred to several schedules which reflected these comparisons oriented by system structure as well as by sector (i.e., two-year institutions, four-year institutions, specialized units and boards).

Mr. Vandal said that since the outlook for future budget years remains very uncertain, it is imperative that the staff discuss emerging issues and likely scenarios to assist in formulating longer range plans.
CONSIDERATION OF USE OF “LIBRARY, INSTRUCTIONAL AND SCIENTIFIC EQUIPMENT” BALANCE OF FUNDS

Mr. Vandal began this discussion by informing the Finance Committee that Regents’ staff was contacted by the Office of Facility Planning regarding some remaining, unspent balances of funds appropriated originally to higher education in 1999 for Library, Instructional and Scientific Equipment acquisitions through the capital outlay bill of that year. He said after attempting to reconcile from the overall allocation of that funding by institution with where funds had been left unspent, it was recognized that the more important issue should be how best to use the funds in today’s circumstances. Mr. Vandal continued by stating that an agreement was secured from the Office of Facility Planning to reallocate the available funds in the amount of $687,324 to a use consistent with the appropriation purpose in order to make best use of the funds.

Deputy Commissioner mentioned that in an effort to enhance the statewide library capability through LOUIS, the central, electronic library network for higher education, which benefits the entire postsecondary education community, it has been determined that the acquisition of additional resources for LOUIS would constitute a meaningful and valuable use of these funds. He said that Regents’ staff has been working with the Library Network staff to identify specific library resources of value that could be acquired with the funds.

After further discussion on the specific use of the available funds,

On motion of Regent D’Aquin, seconded by Regent Stelly, the Finance Committee voted unanimously to recommend the Board approve the redistribution of $687,327 in 1999 Library, Instructional and Scientific Equipment acquisition dollars remaining from the original allocation to enhance the statewide library capability through LOUIS, the central, electronic library network for higher education.
REPORT FROM DEPUTY COMMISSIONER

Mr. Vandal then shared with the Committee highlights from preliminary budget reduction summaries received by the institutions that indicate that the budget reductions are being implemented in accordance with the Board of Regents guidelines and core functions of instruction and student support are being protected. In addition, Mr. Vandal commended the institutions on an overall increase in the scholarships and fellowships function, noting that in these difficult times, the students must also be protected.

Mr. Vandal then briefed the Committee on the status of the Board of Regents’ Endowment Survey, noting that the Investment Policy Advisory Committee is recommending extension of the inflation adjusted baseline suspension that will expire on June 30, 2010 and that further information would be forthcoming at a future meeting.

ADJOURNMENT

There being no further business to come before the Committee, Chair Brame declared the meeting adjourned at 4:55 p.m.