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



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October 27, 2017

Mr. Jay Dardenne
Commissioner of Administration
Claiborne Building, 7th Floor
Baton Rouge, LA 70802

Dear Commissioner Dardenne:

In accordance with RS 39:32.1(F), the Board of Regents approved the required initial public postsecondary education formula funding budget request for FY 2018-2019 at its October 26th board meeting. This is the third year our formula process has been expanded to include separate formulas for the 4-Year, 2-Year and certain specialized units (Ag Centers, Health Science Centers and Pennington Biomedical Research Center). Additionally, this request includes the funding needs of the non-formula units (Boards, LOSFA Program, LUMCON Program, SU Law Center) for the ensuing fiscal year. The annual operational plan documents were also submitted to your office as requested.

The total projected state general fund cost to fully fund Higher Education in FY 2018-2019 is approximately \$1.761B, which equates to approximately \$756M of additional state general fund need above the current FY 2017-2018 base level funding. However, because it is an unrealistic expectation to request \$756M in one year, the FY2018-2019 Higher Education budget request includes an additional \$191.6M for a total request of approximately \$1.2B.

The breakdown of the \$191.6M request, which assumes all higher education entities will retain their current FY 2017-2018 level with no funding being non-recurred during the FY 2018-2019 budget development process, is as follows:

- \$96.5M for 2 year and 4 year institutions to increase the outcomes and cost portions of the formula by 5 percentage points, while still preventing drastic shifts in funding among the 2 year and 4 year institutions (pursuant to Act 462 of 2014) and will address specific funding requests by each of the four systems;
- \$37.8M to fund individuals eligible for Go Grants in accordance with each institutions' current packaging policy level;

- \$17.3M to fund the average increase in state mandated costs from FY09 to FY18 in order to retain state funding dollars for their intended purposes including instruction, research and graduating students to respond to the state's workforce needs;
- \$2.5M for open source documents and eTextbooks that will reduce cost of attendance for students;
- \$1.3M for Louisiana Optical Network Initiative (LONI) to begin replacement of computing system to meet the state's research demands in material science, bioinformatics/biosciences, and emerging machine learning for more complex computation and storage as well as new technology to take advantage of elastic resources in the cloud;
- \$36.2M for specialized units to increase research and public service productivity at the LSU and SU Agricultural Centers, enhance instruction and research capacity at the LSU Health Science Centers and Pennington Biomedical and increase instruction capacity at the SU Law Center.

Additionally, with the Fiscal Year 2016-2017 budget surplus funds, the Board of Regents requests that \$53M of the available surplus funds be utilized for deferred maintenance at state public, postsecondary institutions.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Rallo".

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

c: Honorable John Bel Edwards, Governor
Richard Lipsey, Chairman
Board of Regents

JCR:mjl