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November 1, 2018

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 budget request for FY 2019-2020 at its October 24th board meeting. The Board of Regents requests an increase of \$167.7M in State General Fund for FY2019-2020 to increase affordability for students and families (\$115.7M) and to support targeted reinvestments in higher education (\$52.0M).

Over the last 11 years, as a result of state fund decreases of 48% (\$740M) coupled with increased mandated cost, Louisiana has seen a dramatic shift in who bears the cost for college. Our self-generated revenue (tuition and fees) have increased by 107% (\$750M). In order to ensure Louisiana's population is prepared to participate in and contribute to the economy, postsecondary access and completion is necessary for all of Louisiana's population.

The need for targeted reinvestment is clear. Louisiana ranks 49th nationally in educational attainment (percent of adults 25-64 with associate's degree or higher) *NCHEMS Information Center: US Census Bureau*, 49th in public higher education appropriations per FTE *State Higher Education Executive Officers (SHEEO)* and 48th in total educational revenue per FTE (sum of educational appropriations and net tuition) *SHEEO*. By making college more affordable through proven national best practices such as tuition buy-downs, funding need-based aid, and investing in open educational resources to reduce the cost of attendance, Louisiana can improve affordability and reduce debt to our students.

Affordability Package (\$115.7M):

- **Tuition/Fee Buy-down Program - \$60.4M**
\$60.4M in state funds would be needed to buy-down tuition/fees by 10% if implemented across higher education institutions. This increase in state funds directly improves affordability to students by allowing colleges and universities to cover increasing costs including mandated costs with a goal of not increasing fees in FY20.
 - **Historical context:** The GRAD Act was implemented in 2010 and the Board of Regents entered into six-year performance agreements with each institution. In the agreements, the institutions committed to meeting specific performance

objectives in exchange for increased tuition authority and eligibility to participate in certain autonomies. During this time period, as institutions met their performance objectives, tuition was increased and State General Fund was decreased. The agreements ended in August 2017 and were not renewed by the institutions.

- Act 680 of 2016 would have granted management boards with the authority to increase tuition and fees without legislative approval. The constitutional amendment was submitted for statewide vote on November 8, 2016 and failed by a vote of 57% to 43%.
- Act 293 of 2017 reauthorized management boards the authority to increase fees at institutions for 3 years. The fee authority sunsets on June 30, 2020.
- Since FY09, mandated costs have increased by a total of \$189.9M, an average annual increase of \$17.3M. Higher education is the only state entity that does not have its mandated cost increases reflected in the executive budget. This will retain state funding dollars for their intended purposes including instruction, research and graduating students to respond to the state's workforce needs.
- **Full Funding of GO Grants - \$34.0M**
 - Need-based aid is essential to improving student access and success in postsecondary education.
 - To fully fund the current financial aid packaging policy, an additional \$34.0M would be required. Each institution sets its own award range. The additional funds are based on fully funding the ranges for each institution. Currently, institutions can fund a minimum of \$300 and maximum of \$3,000.
 - NOTE: To fund GO Grants to the maximum award amount of \$3,000 per student, the total cost would be \$164.4M. This amount is based on the current GO Grant funding of \$28.6M and the additional \$136M is needed in FY20.
- **Faculty Pay Increases - \$12.0M**
 - To provide all faculty within higher education institutions with a \$1,000 pay raise would be \$12.0M including benefits. Increasing faculty pay is critical in order to attract and retain faculty in a highly competitive environment.
 - **NOTE:** In order to increase salaries to the SREB average for professors, associate professors, assistant professors, and instructors, the cost for the state would be \$42.3M. This cost is based on current salaries of instructional staff. The increase also includes the increased cost of benefits associate with salary increases. The last time that LA's faculty salaries were at the SREB average was 2008.
- **TOPS Increases - \$6.8M**
 - Increases for TOPS to cover increased student participation projections and administration expenses associated with operating LOSFA scholarship programs.
- **Open Source Documents and eTextbooks - \$2.5M**
 - For LOUIS to continue providing open source documents and eTextbooks to institutions that will reduce the cost of attendance for students.

Reinvestment Package (\$52.0M):

- **Outcomes Investment - \$32M**
 - This will allow the Board of Regents to continue our focus on improved outcomes through the funding formula, supporting a 5 percentage point increase while

preventing drastic shifts in funding among the 2 year and 4 year institutions (pursuant to Act 462 of 2014).

- **Specialized Institutions - \$10.0M**
 - Increased funding will allow for increased 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.
- **Innovation Fund - \$10.0M**
 - To provide funds to drive innovation in public postsecondary education focused on system change, improved student outcomes, and better workforce alignment, as well as supporting ongoing accreditation needs for institutions. Currently, Central LA Technical Community College and Northshore Technical Community College are both seeking Southern Association of Colleges and Schools (SACS) accreditation. Funds could be deposited into the Higher Education Initiatives Fund and distributed based on a BOR plan to support innovation and/or accreditation.

Additionally, with the Fiscal Year 2017-2018 budget surplus funds, the Board of Regents requests that \$65M of the available surplus funds be utilized for deferred maintenance at state public, postsecondary institutions. It is critical that we accelerate our efforts to address the significant maintenance needs on our campuses, neglecting these immediate repairs is exacerbating the cost for these improvements.

Thank you for your consideration of these critical issues on behalf of our students and our postsecondary community. Should you have any questions, please feel free to contact me.

Sincerely,

Kim Hunter Reed, Ph.D.
Commissioner of Higher Education
Board of Regents

c: Hon. John Bel Edwards, Governor, State of Louisiana
Hon. Eric LaFleur, Chairman, Senate Finance Committee
Hon. Cameron Henry, Chairman, House Appropriations Committee
Robert Levy, Chairman, Board of Regents

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