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November 1, 2019

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 FY20-21 at its October 23rd meeting. In order to fully fund the state share of the public higher education enterprise, \$1.8B in state support is required. This would be an increase of over \$700M above the FY20 appropriation of \$1.06B. Understanding the limited nature of public dollars, **the Board of Regents requests an increase of \$155.6M in State General Funds for FY20-21 to support our goal of increasing talent development through targeted investments in higher education innovation (\$109.3M) and our strong commitment to affordability for students and families (\$46.3M).**

As you are aware, the Board of Regents recently set a new strategic vision through the adoption of our Master Plan, *Louisiana Prospers: Driving Our Talent Imperative*. The plan includes a robust attainment goal of 60% of working-age adults holding a postsecondary education credential by the year 2030. Reaching that goal, thus meeting the demands of a rapidly changing economy, will require the state to more than double the number of credentials produced annually from 40,000 to more than 85,000 over the next 11 years. Affirming the potential impact of our vision, Moody's Investor Services recently issued a report stating that "Louisiana's Plan for Higher Education, if accomplished, will mean 'greater economic competitiveness' and will be 'credit positive' for the state moving ahead." In other words, improved outcomes for higher education mean improved outcomes for Louisiana's economy.

Louisiana, like many other states across the country, saw higher education funding decreased substantially over the last decade. As you know, our state funding has declined by 45% (\$708M) since FY09 and self-generated revenue (tuition and fees) increased by 114% (\$822M). We recognize and appreciate the support of the Governor and the Legislature last year in providing the first base funding increase in ten years and call on both to build on that momentum. We can lift families out of poverty and increase Louisiana's prosperity when we make strategic investments in education.

Currently, Louisiana ranks 48th nationally in educational attainment (percent of adults 25-64 with associate's degree or higher, NCHEMS Information Center: US Census Bureau), 43rd in public higher education appropriations per FTE (State Higher Education Executive Officers [SHEEO]) and 49th in total educational revenue per FTE (sum of educational appropriations and net tuition, SHEEO). To drive the necessary improvements our state deserves, we must focus on two areas; innovation to transform pathways from poverty to prosperity so citizens can get good jobs and affordability so fewer students and families accrue debt.

By making college more affordable through proven national best practices such as funding need-based aid, expanding dual enrollment opportunities and investing in affordable textbooks, Louisiana can improve attainment while reducing the financial burden on students.

To improve results, seed transformational change and support our faculty we believe the targeted innovation and affordability strategies listed below provide a prudent reinvestment package for higher education.

Innovation Reinvestment Package (\$109.3M):

- **Drive Improved Student Outcomes - \$28.7M**
 - The Board of Regents will support its focus on talent development by leveraging our funding formula to reward improved student success and research through a 5-percentage-point increase in outcomes funding while meeting the mandates pursuant to Act 462 of 2014.
- **Seed Innovation and Support Accreditation - \$10.0M**
 - The Board will provide funds to drive the transformational system change called for in the Master Plan by focusing on improved student success and better workforce alignment, as well as supporting ongoing accreditation needs for institutions. Currently, Central LA Technical Community College, Northshore Technical Community College, and Northwest LA Technical Community College are 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-coordinated plan to support innovation and/or accreditation.
- **Fund Annual Mandated Cost Increases - \$18.3M**
 - Since FY09, mandated costs have increased by a total of \$219.9M, an average annual increase of \$18.3M. Higher education is the only state entity that does not have its mandated cost increases reflected in the executive budget. This increase will allow us to retain state dollars for instruction, research and graduating students to respond to the state's workforce needs.
- **Return Faculty Pay to SREB average - \$36.3M**
 - In order to increase salaries to the SREB average for professors, associate professors, assistant professors, and instructors, the cost to the state would be \$36.3M. This cost is based on current salaries of instructional staff. The amount also includes the

increased cost of benefits associated with salary increases. The last time Louisiana's faculty salaries were at the SREB average was 2008.

- **Support Specialized Institutions - \$10.0M**
 - Additional funding will increase research and public service productivity at the LSU and SU Agricultural Centers, as well as enhance instruction and research capacity at the LSU Health Sciences Centers and Pennington Biomedical.
- **Expand Nurse Capitation Program - \$5.0M**
 - Increased funding to the capitation program will allow postsecondary institutions to expand the current capacity of nursing and high-demand allied health programs, building on this year's critical state investment.
- **Focus on Coastal Marine Consortium (LUMCON) - \$1.0M**
 - Increases will provide for the required match to the Barataria-Terrebonne National Estuary Program (BTNEP) (\$0.6M), faculty hires (\$0.3M) and operational needs (\$0.1M).

Affordability Reinvestment Package (\$46.3M):

- **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 and currently institutions can fund a minimum of \$300 and maximum of \$3,000. The additional monies are based on fully funding the ranges for each institution. NOTE: To fund GO Grants at the maximum award amount of \$3,000 per student, the total cost would be \$164.4M. This amount is based on current GO Grant funding of \$28.6M and the additional \$136M needed in FY21.
- **TOPS Increases - \$8.8M**
 - Increases for TOPS will cover the increase in participation projections of approximately 1,600 students.
- **Dual Enrollment – TBD**
 - Providing high school students with increased access to dual enrollment will allow students to enter colleges and universities with postsecondary credits, increasing their likelihood of college enrollment and completion while decreasing college costs and time to degree. The Dual Enrollment Task Force, created by Act 128 of the 2019 Regular Legislative Session, is scheduled to complete its work by February 2020 and issue recommendations to the Governor and Legislature.
- **Increase Textbook Affordability - \$2.5M**
 - Funding will enable the statewide library network (LOUIS) to continue providing open source documents and eTextbooks to institutions, reducing the cost of attendance for students.

- **START Saving Program Increases - \$1.0M**
 - Increases to the START Saving Program will provide required earnings enhancements to accounts.

Additionally, related to the FY18-19 budget surplus funds, the Board of Regents requests that \$150M of the available dollars be utilized for deferred maintenance projects at the state's public postsecondary institutions. Addressing deferred maintenance needs totaling more than \$1.7B at our colleges and universities and allowing for immediate repairs across the state will help mitigate long-term damage caused by years of neglect.

Thank you for your consideration of these critical issues on behalf of our students and our postsecondary community. We are committed to increasing talent development in Louisiana and are grateful for your support of our efforts. Should you have any questions, please feel free to contact me.

Sincerely,



Kim Hunter Reed, PhD
Commissioner of Higher Education

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

KHR:mjl