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November 4, 2020

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 2021-22 at its October 21st meeting. **The Regents request the restoration of the \$21.7M SGF reduction and the \$100M in SGF replaced with CARES Act funding in FY 2020-21. Coupled with the \$17.8M necessary to cover legacy and mandated cost increases, this Budget Stabilization Package would maintain the higher education enterprise at the current funding level.**

To further support our goal of increasing talent development, the Regents request a priority reinvestment in higher education (\$114.5M) and other key items (\$3.1M) described below. We believe this investment would significantly advance our mission of expanding education while accelerating the state's economic renewal. Both are critical for Louisiana.

As you are aware, the Board of Regents 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 10 years.

In addition to driving the Master Plan goals, higher education is essential to recovery from both the pandemic and Hurricanes Laura, Delta and Zeta. In the years following Hurricane Katrina, the state of Louisiana significantly expanded its investment in the education of our citizens, increasing state higher education funding by 43% from FY06 to FY09. The same need to reinvest in our people through increased access to higher education holds true today.

Higher education benefits our state and graduates in numerous ways of particular importance at this time – improving employment opportunities, our tax base and lifetime wages while decreasing the need for public assistance.

As Moody's Investors Service noted, "if the strategic plan meets objectives, Louisiana will benefit from greater economic competitiveness, a credit positive for the state"; therefore, the reinvestment package for higher education in response to COVID-19 and three hurricanes addresses both stability and affordability.

To improve results, seed transformational change and support our faculty, we believe the targeted priorities listed below provide a prudent reinvestment package.

Budget Stabilization Package (\$139.4M):

- **Restoration of FY21 Reduction and CARES Act Replacement Funds - \$121.7M**
 - To mitigate the proposed \$121.7M State General Fund (SGF) reduction to higher education in FY21, a one-time allotment of \$100M in federal CARES Act funds was used. This left a \$21.7M SGF reduction to higher education. Restoring the full amount would bring higher education back to the FY20 funding level.
- **Fund Annual Legacy and Mandated Cost Increases - \$17.8M**
 - Since FY09, legacy and mandated costs to higher education institutions have increased by a total of \$231.2M, an average annual increase of \$17.8M. Higher education is the only state entity that does not have its legacy and mandated cost increases reflected in the executive budget. These increases will allow institutions to retain state dollars for instruction, research and student support to respond to the state's workforce needs.

Priority Reinvestment Package (\$114.5M):

Economic Recovery/Master Plan

- **Completers Fund - \$30M**
 - This fund will accelerate retraining of displaced workers through completion of in-demand short-term credentials and associate's or four-year degrees for students in their last semester of studies.

Institutional Support/Stability

- **Return Faculty Pay to SREB Average and Increase Staff Salaries - \$45.5M (two-year phase-in)**
 - Retaining and recruiting top faculty are critical to providing quality education in Louisiana. We are requesting a two-year phase-in to return faculty pay to the SREB average as well as funding to support a pay raise for staff. The faculty pay increase includes the ranks of professor, associate professor, assistant professor, and instructor. As the attached SREB faculty pay comparison demonstrates, we lag the southern region in faculty pay at every institution. Returning faculty pay to the SREB average would cost \$39.6M. We are requesting \$19.8M each year toward that important goal, noting that the last year in which we reached the SREB average for faculty pay was 2008.
 - The institutional staff pay increase, a 4% increase in salaries over the two-year period, would cost \$51.4M. Over the last few years, there has not been a uniform statewide pay increase to unclassified institutional staff, as classified employees have received. The annual \$25.7M allocation would allow all institutional staff to receive base pay increases.
 - The breakdown of faculty and staff salary increases for each fiscal year is as follows:

▪ Return Faculty Pay to SREB Average	\$19.8M
▪ <u>Increase Staff Salaries</u>	<u>\$25.7M</u>
▪ Total	\$45.5M
- **Support Specialized Institutions - \$11.0M**
 - Additional funding will increase research and public service productivity at the LSU and SU Agricultural Centers and SU Law Center, as well as enhance instructional and research capacity at the LSU Health Sciences Centers and Pennington Biomedical.

Student Success and Support

Supporting financial aid for our students through both need-based and merit-based programs will be more important than ever to developing talent in our state.

Student Financial Aid

- **Increased Funding of GO Grants - \$10M**
 - Need-based aid is essential to improving student access and success in postsecondary education. This additional funding would provide the largest base increase in the history of the GO Grants. The \$10M could be used to increase the number of awards to students, increase the amount awarded to students, or a combination of both.

NOTE:

 - To fully fund all 63,914 eligible students with the current financial aid packaging policy, an additional \$56.8M would be required. Each institution sets its own award range;

- currently institutions can fund a minimum of \$300 and maximum of \$3,000 per student.
- To fund all 63,914 eligible students at the maximum GO Grant award amount of \$3,000 per student, an additional \$238.3M would be needed in FY22.
- Currently only 23,580 students, 37% of those eligible for the program, receive GO Grant awards.

- **TOPS Increases - \$10M**

- Additional funding for TOPS will cover the increase in participation projected to be approximately 1,600 students.

Additional Critical Student Support

- **Eliminating the Digital Divide - \$TBD**

- Providing students with laptops, hotspots, and other devices that can allow for remote learning will ensure all students have the same ability to continue learning when not in the classroom. We are surveying campuses regarding updated technology needs and will provide a requested amount based on the latest information.

- **Increase Textbook Affordability - \$2.5M**

- Funding will enable the statewide library network (LOUIS) to continue providing open-source documents and eTextbooks, proven to reduce the cost of attendance for students, to institutions.

- **Dual Enrollment - \$5.5M**

- Providing increased access to dual enrollment in high school 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, issued recommendations to the Governor and Legislature in February 2020. This request mirrors the funding request included in the Governor's FY21 executive budget.

Targeted Requests Package (\$3.1M):

- **Increase Adult Basic Education Funding - \$2.1M**

- Adult Basic Education was transferred from the Department of Education to LCTCS in 2010. Since LCTCS has operated it, the program has not received a funding increase. The \$2.1M increase would restore per-student funding to its level at the time the program was transferred to LCTCS, supporting both adult basic education and workforce training for these students.

- **LOSFA High School Outreach through Connect2Success - \$700,000**

- Federal funding that was previously used for the program will not be available in FY22. The program provides students with opportunities to job shadow, intern, career plan, and develop skills for success in the classroom and in the career of their choice. The program also expands credentialing opportunities and dual enrollment through supported services such as mentoring, tutoring, and college visits. It also increases experiential learning activities tied to business and industry visits.

- **Focus on Coastal Marine Consortium (LUMCON) - \$250,000**

- Increases will provide for additional funding for operational needs, as LUMCON continues its coastal and maritime research and education critical to our state and the Gulf region.

While a targeted investment of \$257M is requested for the upcoming fiscal year, we annually calculate the resources necessary to fully fund the state share of the public higher education enterprise; for FY22 that amount is \$1.9B. This would be an increase of more than \$995M over the FY21 appropriation of \$968.5M.

Finally, in terms of the FY20 budget surplus, the Board of Regents requests that \$120M of available funds be utilized for deferred maintenance at the state's public postsecondary institutions. Addressing the maintenance needs at our colleges and universities and allowing for immediate repairs across the state will help mitigate long-term

damage caused by years of neglect. We note that the total deferred maintenance needs in higher education are currently more than \$1.6B.

Thank you for your consideration of these strategic investments 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,

A handwritten signature in black ink, appearing to read "Kim Hunter Reed". The signature is fluid and cursive, with the first name "Kim" being the most prominent.

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

c: Hon. John Bel Edwards, Governor, State of Louisiana
Hon. Mack "Bodi" White, Chairman, Senate Finance Committee
Hon. Jerome Zeringue, Chairman, House Appropriations Committee
Marty Chabert, Chairman, Board of Regents

KHR:mjl