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Commissioner of Higher Education



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Samuel T. Gil, Student Member-Elect

AGENDA
FINANCE COMMITTEE
Wednesday, June 14, 2023
11:30 a.m.

Claiborne Building, 1st Floor
Thomas Jefferson Rooms A&B 1-136
1201 North Third Street
Baton Rouge, LA 70802

- I. Call to Order
- II. Roll Call
- III. Review and Approval of the FY 2023-24 Operating Budget Distribution
- IV. Other Business
- V. Adjournment

Committee Members: Gary N. Solomon, Jr., Chair; T. Jay Seale, III, Vice Chair; Christian C. Creed; Blake R. David; Robert W. Levy; Phillip R. May, Jr.; Judy A. Williams-Brown; LCTC System Representative; LSU System Representative; SU System Representative; UL System Representative
Staff: Matthew LaBruyere, Deputy Commissioner for Finance and Administration

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Catarena M. Lobré, Student

FY 2023-2024 Operating Budget Distribution based on HB1 Enrolled

At its March 2023 meeting, the Board of Regents approved a preliminary formula distribution of the higher education operating budget as proposed in the Governor's Executive Budget. The Executive Budget recommended \$1.29B in State General Funds for higher education entities, which represented an increase for higher education of over \$126M, including \$108M for colleges, universities, specialized institutions and boards and \$18.5M for Louisiana Office of Student Financial Assistance (LOSFA) programs. These increases to the institutions are offset by decreases in one-time (non-recurring) State General Fund allocations (\$12.5M), along with a total TOPS decrease due to participation declines (\$22.9M) and an offsetting means of finance swap between State General Funds (\$61.8M) and the TOPS Fund (\$61.8M). In addition to the State General Fund increase, the Executive Budget included a \$26.5M increase in statutorily dedicated funds, for a total state funds increase of \$55.71M

During the legislative process, the House and Senate increased the recommendation by adding \$96.1M in State General Funds and \$14.8M in statutory dedications. On June 8th, the Legislature passed HB1 to send to the Governor for signature. Once the bill is signed and given an act number, the legislative appropriations process for the FY24 budget will be complete. HB1 Enrolled appropriates \$1.42B in state funds to higher education for FY24, representing an increase of \$164.4M, the largest net increase in state funding to date. In addition, the Legislature passed HB560 (Supplemental Bill), which appropriated an additional \$19.4M in the current fiscal year (FY23) to higher education entities, to send to the Governor.

Overall State General Fund Impact

The FY23 Existing Operating Budget (EOB) for higher education is \$1.260B. HB1 Enrolled results in a net increase in FY24 of \$125.3M (10%), which includes both decreases to the TOPS program and increases to higher education entities. The FY24 budget includes another record increase in GO Grants, the state's need-based aid program, maintains \$10.5M in MJ Foster Scholars adult financial aid funding, and fully funds TOPS.

The budget also funds the following Board of Regents priorities:

- 1) Prioritize Talent Development and Student Support - \$97.3M for institutions
- 2) Focus on Affordability - \$15M to increase GO Grants (need-based aid)
- 3) Targeted Investments - \$13M to fund the Cyber Assurance Plan (statewide), LOSFA outreach, and LUMCON's Blue Works operations

The chart on the next page illustrates the adjustments from the Board of Regents budget request in November, the Executive Budget recommendation in February, and HB1 final action in June.

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Summary of FY23-24 Executive Budget State Funds Adjustments

	FY24 Requested Adjustments	Executive Budget Adjustments	Legislative Budget Adjustments
State General Fund			
FY23 Existing Operating Budget	\$1,259,842,606	\$1,259,842,606	\$1,259,842,606
Prioritize Talent Development and Student Support	\$199,990,060	\$84,500,202	\$84,500,202
Master Plan Credential Alignment	\$80,000,000	\$0	\$0
Talent Recruitment and Investment	\$75,000,000	\$37,500,000	\$37,500,000
Support formula institution	\$18,000,000	\$18,000,000	\$18,000,000
Support specialized institutions	\$10,000,000	\$10,000,000	\$10,000,000
Fund annual legacy and mandated cost increases	\$16,990,060	\$19,000,202	\$19,000,202
Focus on Affordability	\$50,380,520	(\$7,857,672)	(\$7,857,672)
Dual Enrollment	\$25,269,018	\$0	\$0
Increased funding of GO Grants	\$15,000,000	\$15,000,000	\$15,000,000
TOPS Adjustments	\$7,611,502	(\$22,857,672)	(\$22,857,672)
Textbook affordability	\$2,500,000	\$0	\$0
Targeted Requests Package (Allocated to Boards)	\$30,000,000	\$5,500,000	\$5,500,000
National Cancer Institution Designation	\$16,000,000	\$0	\$0
Cyber Targeted Investments	\$5,000,000	\$0	\$0
Funding for high school outreach programs at LOSFA	\$7,000,000	\$3,500,000	\$3,500,000
Continued focus on coastal marine consortium (LUMCON)	\$2,000,000	\$2,000,000	\$2,000,000
Administration Adjustments (Not requested)	\$0	(\$52,896,085)	\$43,193,676
Non Recurring Adjustments (Line-items)	\$0	(\$12,550,000)	(\$12,550,000)
TOPS Fund REC Adjustment ¹	\$0	(\$61,846,085)	(\$36,542,649)
Cyber Assurance Plan	\$0	\$7,500,000	\$7,500,000
LSU HSC - Shreveport Operational Costs	\$0	\$12,000,000	\$12,000,000
PBRC Faculty Recruitment & Retention	\$0	\$2,000,000	\$3,000,000
LSU System	\$0	\$0	\$26,126,325
SU System	\$0	\$0	\$9,075,000
UL System	\$0	\$0	\$25,150,000
LCTC System	\$0	\$0	\$7,100,000
LA National Guard Patriot Scholarship Program (HB485)	\$0	\$0	\$2,300,000
LA First (SB205)	\$0	\$0	\$35,000
FY24 Budget Recommendation	\$1,540,213,186	\$1,289,089,051	\$1,385,178,812
FY24 OVER/UNDER FY23 EOB	\$280,370,580	\$29,246,445	\$125,336,206

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System Impacts

Louisiana State University (LSU) System

HB1 Enrolled allocates \$501.9M to the LSU System, which results in a \$74.9M increase from the FY23 EOB. The increase is a result of \$26.6M for specialized institutions, \$23.5M in line items for system and institution priorities, \$18.1M for faculty and/or staff pay increases, \$7.8M for formula institutions, and \$5.1M for mandated costs increases. The \$26.6M increase for specialized institutions includes \$15.9M for LSU HSC-Shreveport, \$4M for Pennington, \$3.85M for LSU HSC-NO, and \$2.85M for the LSU Agricultural Center. Since the LSU System Office is within LSU and A&M College, the \$18.1M for pay increases is allocated to that institution for distribution among all institutions within the System. The LSU System also had \$6.2M in non-recurring adjustments at LSU and A&M College (-\$2.95M), LSU-Shreveport (-\$2.5M), LSU Agricultural Center (-\$500,000), and LSU HSC-New Orleans (-\$250,000).

Southern University (SU) System

HB1 Enrolled allocates \$66.4M to the SU System, which results in a \$10.3M increase from the FY23 EOB. The increase is a result of \$5M in line items for system and institution priorities, \$4.7M for specialized institutions, \$2.2M for faculty and/or staff pay increases, \$1.7M for mandated costs increases, and \$189,000 for formula institutions. The SU System also had \$3.5M in non-recurring adjustments at SU at New Orleans (-\$2M), Southern Law Center (-\$700,000), SU Agricultural Center (-\$400,000), and SU-Shreveport (-\$400,000). It is worth noting that within the SU System, SUNO, SU Law, and the SU Board Office had decreases in mandated costs. These decreases are attributable to risk management premiums and retirement rates, including a \$1.1M premium decrease at SUNO.

University of Louisiana (UL) System

HB1 Enrolled allocates \$317.7M to the UL System, which results in a \$49.9M increase from the FY23 EOB. The increase is a result of \$25.2M in line items for system and institution priorities, \$12.6M for faculty and/or staff pay increases, \$9.7M for mandated costs increases, \$5M for formula institutions, and \$350,000 for ULM Pharmacy. The UL System also had \$2.85M in non-recurring adjustments at Grambling (-\$1.1M), LA Tech (-\$1M), the UL System Office (-\$500,000), McNeese (-\$150,000), and UL-Lafayette (-\$100,000).

Louisiana Community and Technical College (LCTC) System

HB1 Enrolled allocates \$164.5M to the LCTC System, which results in a \$18.5M increase from the FY23 EOB. The increase is a result of \$7.1M in line items for system and institution priorities, \$5M for formula institutions, \$4.3M for faculty and/or staff pay increases, and \$2.1M for mandated costs increases. The LCTC System did not have any non-recurring reductions in the Executive Budget.

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Board of Regents (BOR) Agency

HB1 Enrolled allocates \$331.6M to BOR, which results in a **\$28.3M** decrease from the FY23 EOB. With the exception of TOPS, BOR programs are recommended to increase by a total of \$31.1M, including \$15M for GO Grants, \$7.5M for the state's Cyber Assurance Plan, \$3.5M for LOSFA's statewide outreach program, \$2.3M for a National Guard scholarship program, \$2M for LUMCON operations and the opening of the Blue Works facility, \$473,000 for mandated costs, and \$300,000 for faculty and/or staff pay. There is a \$59.4M reduction within the TOPS program, which consists of two separate adjustments. The first adjustment is a reduction of **\$22.9M** as a result of decreased participation in the TOPS program. The current projection shows approximately 2,000 fewer students participating in TOPS compared to FY22 actuals. The second adjustment is a means of financing swap, decreasing TOPS SGF by **\$36.5M** and increasing the TOPS Fund by the same amount. This increase in the TOPS Fund is a result of Tobacco Settlement bonds reaching maturity and debt service dollars available to the Fund.

The list of all Legislative amendments is illustrated in the table on page 5.

Institutional Allocations

The institutional allocation with the HB1 Enrolled adjustments is provided on page 6. Please note, that institutional amounts are subject to change on or before June 30th since each management board has the authority to reallocate up to 5% of State General Funds among institutions.

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FY24 Higher Education State General Fund Legislative Adjustments	
\$25,303,436	LOSFA - TOPS Fund swap
\$2,300,000	LOSFA - LA National Guard Patriot Scholarship
\$35,000	BOR - LA FIRST data system
\$27,638,436	BOR Total
\$8,000,000	LSU Graduate assistantships
\$5,000,000	LSU A&M - Athletic facilities planning & design
\$5,000,000	LSU A&M - Energy transition platform
\$3,500,000	LSU A&M - Student record system
\$1,000,000	LSU Shreveport - Operations
\$1,000,000	LSU HSC-S - Graduate assistantships
\$1,000,000	LSU HSC-NO - Security improvements
\$1,000,000	Pennington - Faculty recruitment
\$800,000	LSU A&M - Litter abatement institution
\$576,325	LSU HSC-S - Analytical chemistry equipment
\$150,000	LSU A&M - Study on student-athlete health
\$100,000	LSU A&M - Landscape industry study
\$27,126,325	LSU System Total
\$3,000,000	SUNO - New academic programs
\$2,800,000	SU Ag - Operations
\$1,500,000	SU Board - Operations
\$1,275,000	SU Law - Operations
\$400,000	SU System - Graduate Assistantships
\$100,000	SUBR - Museum of Art
\$9,075,000	SU System Total
\$17,000,000	ULL - Expanding research and development
\$4,000,000	ULL - VAX-Up Louisiana Partnership
\$2,000,000	ULL - LA FIRST data system
\$1,600,000	UL System - Graduate assistantships
\$250,000	ULL - Cajun Advanced Picosatellite Experiment
\$150,000	McNeese - Recovery and construction projects
\$150,000	McNeese - Governor's Gifted Program
\$25,150,000	UL System Total
\$5,000,000	LCTC System Office
\$1,000,000	Delgado Operations
\$800,000	Delgado Athletic Complex
\$200,000	SOWELA Operations
\$100,000	SOWELA Parking lot improvements
\$7,100,000	LCTC System Total
\$125,336,206	Total FY24 Adjustments