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William H. Fenstermaker
Chris D. Gorman
Donna G. Klein
Roy O Martin, III
W. Clinton Rasberry, Jr.
Albert D. Sam II
Harold M. Stokes
Matthew L. Jewell, Student

BOARD OF REGENTS

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FINANCE COMMITTEE REPORT

Wednesday, June 27, 2012

The Finance Committee met on Wednesday, June 27, 2012, at 9:00 a.m. in the Claiborne Building, Louisiana Purchase Room, in Baton Rouge, Louisiana. Committee Chair Rasberry called the meeting to order. The roll was called and a quorum was established.

Committee Members Present

W. Clinton Rasberry, Jr., Chair
Donna G. Klein, Vice Chair
Scott Ballard
Robert J. Bruno
Joseph P. Farr
Roy O Martin III
LCTC System Representative
LSU System Representative
SU System Representative

Committee Members Absent

Maurice C. Durbin
UL System Representative

Other Board Members Present

Robert W. Levy
Charlotte A. Bollinger
Joseph C. Wiley
Matthew L. Jewell
Chris D. Gorman
Albert D. Sam II
Harold M. Stokes

Guest List

See Attachment I

REVIEW AND APPROVAL OF THE FY 2012-13 OPERATING BUDGET DISTRIBUTION

Mr. Todd Barré, Deputy Commissioner for Finance and Administration, stated that the Board of Regents approved a preliminary distribution of the higher education operating budget as proposed in the Governor's Executive Budget at its March 2012 meeting. He said that as the "Appropriations Bill" (HB 1) made its way through the legislative process there were amendments to the bottom line, which ended up with a state general funds reduction of \$65.9m

and with an all sources of revenue total reduction of \$104.4m. In addition to the bottom line reduction, there are several major redirections of state general funds within the higher education budget. First, there was a \$56m increase to the Taylor Opportunity Program for Students (TOPS). This increase was absorbed by the rest of higher education, creating additional pressure on campus budgets. Additionally, there was \$18.6m that was legislatively redirected to the Health Sciences Centers in New Orleans and Shreveport. Again, this redirection had to be absorbed by the rest of higher education.

Deputy Commissioner Barré said that when the \$97m nonrecurring self-generated carry forward in the FY 11-12 budget was removed from the FY 12-13 budget, it was replaced with projected GRAD Act revenues (\$87m). While most campuses got close to filling the lost funds with GRAD Act revenues, the health sciences centers (HSCs) did not come close because they have a small number of students from which to generate tuition revenues. The following gaps were left at \$12,104,562 for LSU Health Sciences Center in New Orleans and \$6,527,362 for LSU Health Sciences Center in Shreveport. The Regents worked during the legislative session to have this funding challenge addressed with funds from outside higher education (HIED) because were unsuccessful in that effort.

Mr. Barré noted that the \$18.6m adjustment for the HSCs was made against the 12/1/11 state general fund base. \$12.1m was added to HSC-New Orleans, and \$6.5m was added to HSC-Shreveport and all other units in HIED were reduced by their pro rata share (except TOPS, GoGrant, and other scholarship programs at LOSFA). From that point, all HIED units participated in the state general fund cuts (-\$50 Annualization of the FY 11-12 mid-year reduction and -\$50m house appropriations reduction + the remaining -\$17.3 net recurring reductions). Next, the total state general fund base of \$590m for formula campuses was run through the formula funding model and redirections were made based on the formula

recommendations. The final step was to add the member amendments to the appropriate budget lines.

Deputy Commissioner Barré then explained the process for allocating the T.O. (Table of Organization) for higher education. He explained that the peaks for Regents, Lumcon, LOSFA and all 4 systems were selected and compared to the T.O. allocation in HB1. Using these peaks results in an approximate 1.6% cushion for each Regents, Lumcon, LOSFA and the 4 systems in employee numbers. All of the above mention entities have seen the numbers and are in agreement with this process for distributing the T.O. Mr. Barré explained if this cap needs to be exceeded, then higher education would appeal to Division of Administration for more positions.

Deputy Commissioner Barré noted that on June 14th, the State Office of Planning and Budget notified the Regents' staff that state general funds would be reduced an additional \$10.3m because there was a rate reduction in the State Group Benefits health plans. This would decrease the employer share of premium costs and lower expenses. This action brings the total state general funds reduction for higher education to \$76.2m and the total operating budget reduction to \$114.7m. The Regents staff are currently working with the Division of Administration and the management boards on an appropriate distribution for this latest reduction.

On motion of Regent Martin, seconded by Regent Farr, the Finance Committee voted unanimously to approve the FY 2012-2013 Operating Budget Distribution and also authorized the Commissioner and Board Chair to work with the Division of Administration and the Management Boards to allocate the Office of Group Benefits reduction.

ADJOURNMENT

There being no further business to come before the Finance Committee, Chair Rasberry declared the meeting adjourned at 9:30 a.m.

APPENDIX A

Guest List for June 27, 2012 for Board of Regents' Committee meetings

<u>NAME</u>	<u>AFFILIATION</u>
Ann Smith	SU
Christopher Vidrine	LSUHSC- NO
Sujuan Boutte	LOSFA
Marty Fortner	SUSLA
Joe Marin	LCTCS
Tammy Bourg	SELU
Walter Tillman, Jr.	SU System
Kevin Appleton	SU System
Janet Rami	SUBR
Cheryl Serrett	PAR
Wendy Simoneaux	LSU
Travis Lavigne	Fletcher
Joe Ben Welch	RPCC
Danny Mahaffey	LSU System
R. Mason	SU System
Albertha Lawson	LCTCS
Quintin Taylor	LCTCS
Mary Ann Coleman	LAICU
Glenda Island	Grambling
Rev. Henry Island	Grambling
Connel Walton	Grambling
Les Guice	LA Tech
Barbara Hatfield	LSU-A
Howard Joiner, Jr.	LSU-A
James Robinson	ALFS/LSU-E
Tim Stamm	Delgado
Lisa Abney	Northwestern
Eric Pani	ULM
Ken Rea	LA Tech
Tilman Sheets	LA Tech
Peggy Wolfe	McNeese
Gil Reeve	LSU
John Crain	SELU
Jeanne Daboval	McNeese
Jan Jackson	LCTCS
Melanie Amrhein	LOSFA
Mike Gargano	LSU System
Koran Addo	The Advocate
Gail Romero	ULL
Monty Sullivan	Delgado
Larry Hollier	LSUHSC-NO
Bill Nunez	LSU-E
John Domiano	LCTCS
Jan Waguespack	AT&T

Finance Committee

5

June 27, 2012

Cecil Reeve

LSU