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BOARD OF REGENTS

P. O. Box 3677
Baton Rouge, LA 70821-3677
Phone (225) 342-4253, FAX (225) 342-9318
www.regents.state.la.us

FINANCE COMMITTEE REPORT
Wednesday, April 21, 2010

The Finance Committee met on Wednesday, April 21, 2010, at 9:25 a.m. in the Claiborne Building, Louisiana Purchase Room, in Baton Rouge, Louisiana. Committee Chair Brame called the meeting to order. The roll was called and a quorum was established.

Committee Members Present

Scott Brame, Chair
Victor Stelly, Vice Chair
Richard D'Aquin
Ingrid Labat
Mary Ellen Roy
Harold M. Stokes
Jimmy Long, ULS Representative
Stevie Smith, LCTC Representative
Walter Guedry, SU Representative

Other Board Members Present

Charlotte Bollinger
Marc Guichard
Donna G. Klein
Ingrid T. Labat
Roland M. Toups
Artis L. Terrell, Jr.
Joseph Wiley

Staff Members Present

Craig Saporito
Wendy Simoneaux
Carolyn Blanchard

Committee Members Absent

W. Clinton Rasberry, Jr.
LSU Representative

Guests

Appendix A

PRESENTATION ON SENATE BILL 217 UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONS FUNDS ACT BY MR. GEORGE MOSS, CHIEF INVESTMENT OFFICER, LSU FOUNDATION

Mr. Craig Saporito, Deputy Commissioner for Finance and Development, noted that Senate Bill 217 was introduced into legislation by Senator Dan Claitor at the request of the Louisiana Law Institute. He said this bill is designed to replace the current law, which was based upon the Uniform Management of Institutional Funds Act (UMIFA) as approved and recommended by the National Conference of Commissioners on Uniform State Laws in 1972. Associate Commissioner Simoneaux informed the Committee that the proposed law is based upon the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as approved and recommended by the National Conference of Commissioners on Uniform State Laws in 2006.

Mr. Saporito introduced Mr. George Moss, Chief Investment Officer for the LSU Foundation, who discussed Senate Bill 217 and the areas of change between the two acts. He said that UMIFA was a pioneering statute which provided uniform and fundamental rules for the investment of funds held by charitable institutions and the expenditure of funds donated as “endowments” to those institutions. Mr. Moss mentioned that UPMIFA continues these fundamental principles as an upgrade of UMIFA and establishes more defined guidelines for charitable fund management than UMIFA.

CONSIDERATION OF BUDGET ADJUSTMENT (BA-7) REQUEST

Deputy Commissioner Saporito said that Southern University System is requesting an increased self-generated budget authority for two of its four student serving campuses. He mentioned that, with the exception of the Baton Rouge campus, all of the other student serving campuses under the Southern University System experienced headcount increases in FY 2010. Mr. Saporito mentioned that the Southern Law Center has adequate self-generated budget

authority to accommodate the additional tuition revenue, and; therefore, an increase for that campus is not reflected in the budget adjustment request.

After further discussion,

On motion of Regent D'Aquin, seconded by Regent Stokes, the Finance Committee voted unanimously to approve the recommendation of the Finance Committee to approve FY 2009-2010 SU Board of Supervisors BA-7 Number 5 which increases self-generated budget authority for two of the five campuses of the Southern University System in the amount of \$1,580,519.

UPDATE ON POSTSECONDARY EDUCATION BUDGET STATUS AND FUNDING ISSUES

Mr. Saporito next reviewed the postsecondary education budget status and funding issues. He said that Louisiana and the rest of the country continue to experience weak economic conditions and as a result, the Governor, in order to prepare for another challenging budget year, issued a Limited Hiring Freeze in July 2009 and an expenditure freeze in March 2010 to assist with controlling the size and expense of government. He stated that subsequently the Commissioner of Administration requested higher education prepare a plan of action in the event budget projections continue to decline and provided a possible target reduction in the amount of \$84.4M.

Mr. Saporito then reported that the Revenue Estimating Conference, which is the four-member panel that determines the State's official forecast, met on April 14th to revise the forecast. Mr. Saporito said the outcome of the meeting set the stage for a new round of current year budget reductions for the State in the amount of \$319M. He informed the Committee that the Governor's plan to address this shortfall protected higher education and included no additional reductions to higher education institutions beyond their expected savings from the previously issued executive orders which totaled \$29.5M.

REPORT FROM DEPUTY COMMISSIONER

Mr. Saporito mentioned that Representative Fannin had introduced the FY 2009-2010 supplemental appropriations bill (HB 1358) which provides for extracting the expected savings mentioned above from the current year appropriation as well as a few other technical adjustments.

ADJOURNMENT

There being no further business to come before the Committee, Chair Brame declared the meeting adjourned at 10:07 a.m.