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FINANCE COMMITTEE MEETING REPORT

Wednesday, May 21, 2008

The Finance Committee met on Wednesday, May 21, 2008, at 9:05 a.m. in the Louisiana Purchase Room of the Claiborne Building, 1201 North Third Street, Baton Rouge, Louisiana. Chair Scott Brame called the meeting to order. The roll was called, and a quorum was established.

Committee Members Present

Scott Brame, Chair
Mary Ellen Roy, Vice Chair
Richard D'Aquin
Robert W. Levy
W. Clinton Rasberry, Jr.
Victor T. Stelly
Harold M. Stokes
Stevie Smith, LCTC System
Lea Polk, SU System
Jimmy Long, UL System
James Roy, LSU System

Other Board Members Present

Robert J. Bruno
Maurice C. Durbin
Donna G. Klein
James L. Klock
William Clifford Smith
Roland M. Toups

Staff Members Present

E. Joseph Savoie
Donald J. Vandal
Wendy Simoneaux

Committee Members Absent

Guests Present

Appendix A

REVIEW OF TUITION AND FEE LEGISLATION

Mr. Vandal informed the Committee that House Bill No. 734, which provides for authority on tuition and fees, has been considered and approved unanimously by the House Education Committee and has been approved with amendments by a vote of 17 to 4 by the House Appropriation Committee. This legislation, sponsored by Representative Trahan, Chair of the House Education Committee, and endorsed by the Administration, in its amended form, provides that management boards can for a period not to exceed four academic years, increase tuition and mandatory fees as follows:

at a rate not to exceed three percent annually if the tuition and mandatory fee amount in effect for the institution is ten percent or less below the average or median tuition and mandatory fee amount of the institution's peers, at a rate not to exceed four percent annually if the tuition and mandatory fee amount in effect for the institution is more than ten percent but less than twenty percent below the average or median tuition and mandatory fee amount of the institution's peers, or a rate not to exceed five percent annually if the tuition and mandatory fee amount in effect for the institution is twenty percent or more below the average or median tuition and mandatory fee amount of the institutions peers.

Mr. Vandal also noted that the proposed bill provides that "the Board of Regents shall establish guidelines on the use of data available from the Southern Regional Education Board and other national sources in determining appropriate institution peers and peer average or median tuition and mandatory fee rates. Such guidelines shall be adopted after consultation and coordination with the affected management boards". Mr. Vandal provided the Committee with a draft of the guidelines that would comply with the proposed legislation and said that the staff would continue to consult and coordinate with the management boards and have final guidelines in place to present to the Finance Committee for its consideration at the June meeting.

REVIEW OF BUDGET AND FUNDING ISSUES

Mr. Vandal briefly updated the Committee on the status of the appropriations process. Mr. Vandal informed the Committee that the latest expression of the legislature as it relates to

the operating budget was taken in the House Appropriations Committee where higher education funding recommended in the Governor's Executive Budget was reduced in three major areas:

- 1) The \$15 Million for "Performance Incentives" was eliminated in its entirety.
- 2) Approximately \$13 Million of the \$34.7M for additional funding to maintain certain institutions at 100% formula levels were reduced.
- 3) The \$3 Million for Pennington Biomedical Center was eliminated.

Mr. Vandal then reviewed with the Committee the major items and adjustments in FY 2008-09 funding for Postsecondary Education throughout the entire appropriations process as reflected in Appendix B and provided the Committee with the estimated time frame for the Louisiana Senate to consider the Appropriations Bill.

REPORT FROM DEPUTY COMMISSIONER

Mr. Vandal commented that the Board of Regents, the formula funding workgroup, the technical sub-group of the formula funding workgroup, and the staff and management of the Louisiana Technical and Community College System have been working on developing a new funding formula for the Louisiana Board of Regents and is optimistic that it will be used in the recommendation for Postsecondary Education funding needs for the Year 2009-2010 that will be submitted in November of 2008.

ADJOURNMENT

There being no further business to come before the Committee, the Finance Committee adjourned at 10:05 a.m.