November 8, 1999

TO: Members of the Board of Regents  
     System Heads  
     Members of the Formula Funding Task Force

FROM: E. Joseph Savoie, Commissioner

SUBJECT: Funding Formula for Public Universities and Community Colleges

Enclosed please find the final report of the Louisiana Formula Funding Task Force as amended and adopted last month by the Board of Regents. Presently being used in the development of the Board of Regents’ Appropriations Request for 2000-2001, this new formula is the culmination of a year-long effort led by Regent consultant Brenda Albright.

All who participated in this process are to commended for their diligence, commitment, and cooperation in the development of this document. The result is a mission-driven formula that emphasizes equity in funding, promotes quality and embraces accountability, yet is straightforward and easily verifiable.

As stipulated in the presentation of the report to the Board, the Task Force views this new framework as evolving. Continued work related to enrollment management incentives, the five-year full funding plan, alternative strategies for including special research activities in the framework, and a review of the allocation of resources to core, quality, and performance components as a result of institutional mission evaluation will be forthcoming.

Lastly, be advised that minor changes Chart A and Chart D can be expected with the receipt of edited 1998-99 completer data and 1999-2000 SCH data. As soon as this is available, the revised charts will be forwarded to you.

cc: Campus Heads
Report of the Task Force on
Formula Funding for Public
Universities and Community Colleges

October 1999
(As Amended by the Board of Regents, October 28, 1999)
EXECUTIVE SUMMARY

In November, 1998, the Board of Regents established a Task Force on Formula Funding for Public Universities and Community Colleges (Task Force). The Task Force was charged with guiding the development of the Board of Regents’ Appropriations Request for 2000 – 2001 and subsequent years through:

1. Evaluating the major educational policy issues affecting Louisiana’s citizens and developing strategies on how higher education can best address these issues, and

2. Developing processes to build greater support for the appropriations request from all institutions and political leaders.

The Task Force met on seven occasions, reached consensus on the proposal contained in the attached report, and recommends the Board of Regents adopt the report.

The Task Force supports an operational funding plan consisting of three components:

**Core Funding:** A new funding formula for community colleges and four-year institutions with separate funding formulas/funding plans for the Louisiana Technical College, medicine, law, veterinary medicine, agriculture research and public service programs, and other separately budgeted research programs.

**Quality/Campus Improvement and State Priorities, Including Workforce and Economic Development Funding:** Strategic investments for programs, such as the departmental enhancement through faculty excellence program that was implemented in the current fiscal year.

**Performance Incentive Initiatives:** Performance underlies all activities within postsecondary education. Performance incentive funding is designed to reward institutions for high performance and to provide an incentive for institutional improvement.

The Task Force believes that this new funding approach is a powerful tool in advancing higher education in Louisiana because:

- It is mission-driven, recognizing that institutions have different roles that should be explicitly recognized in the funding process through establishing clear funding goals.

- It recognizes that equity in funding of all programs must be achieved and defines equity benchmarks.

- It promotes quality through targeting resources for this purpose.
It embraces accountability, and recommends that a portion of new funds be allocated to performance incentive funding.

It recognizes that the expansion of the Louisiana Community and Technical College System has positive long-term economic ramifications that affect all institutions, and that it is possible that efficiencies can be realized through providing incentives for 4-year campuses to raise admission standards, consistent with mission.

It is straightforward and easily verifiable.

The Task Force views the new framework as evolving, and it has identified areas for further consideration, including:

**Enrollment Management** Additional strategies to develop the Task Force’s recommendation that “incentives for campuses to raise admission standards consistent with mission” should be considered in future policy discussions. This approach recognizes the potential effects of the expansion of the new community and technical college system. Since the Board is now developing a new Master Plan, further consideration by the Task Force of enrollment management incentives are encouraged.

**Review of 5-year Full Funding Plan and Overall State Efforts** The five-year full funding plan, which is contained in Attachment B, will be updated to include the substantial progress achieved in 1999-2000. Also, the Task Force plans to develop comprehensive financial reporting mechanism to reflect overall state support.

**Review of Recommendations Concerning Special Research Activities** Certain research activities have been funded separately in past years. The Task Force plans to review alternative strategies for including those activities within the overall framework.

**Allocations of Resources to Core, Quality, and Performance** The Task Force intends to review the allocation of new funds to the funding categories of Core, Quality, and Performance given the Board’s evaluation of institutional mission within the Master Plan process.

**Recommendations For Law, Agriculture, Medicine, Veterinary Medicine, Technical College, and Other Research Programs**

The Task Force recommends that the same funding framework be used for law, agriculture, medicine, veterinary medicine, the technical college and other research programs. The funding proposals for each programs should be developed using the three funding components (Core, Quality, and Performance).
Law Programs. Specific recommendations for Louisiana’s law programs are contained in Attachment C.

Agriculture, Medicine, Veterinary Medicine, Technical College, and Other Research Programs. A number of discussions have taken place with agriculture, medical, veterinary medicine, technical college, and research programs. Further discussions are needed. It is proposed that recommendations for the core component of funding for these areas be developed and presented to the Board of Regents in the Spring of 2000.
INTRODUCTION AND BACKGROUND

Article VIII, Section 5(D)(4) of the Louisiana Constitution mandates that the Board of Regents “formulate and make timely revision of a master plan for higher education. At a minimum, the plan shall include a formula for the equitable distribution of funds to the institutions of higher education.” Over the past few decades, higher education has operated under a number of different funding formulas. In an attempt to recast the manner in which formulas are designed and utilized, during the past three years, the Board of Regents, its staff and consultants have examined various approaches to formula funding in Louisiana.

During 1997-98, the Regents seriously examined the feasibility of moving to a model dependent on the use of unique peers for each institution. This model included a process for selecting ten separate peer institutions for each campus. A number of difficulties were encountered with this approach including questions about the validity of certain peer institutions and the comparability among institutions.

In November, 1998, the Board of Regents established its Task Force on Formula Funding for Public Universities and Community Colleges (Task Force). The Task Force was charged with guiding the development of the Board of Regents’ Appropriations Request for 2000 – 2001 and subsequent years through:

1. Evaluating the major educational policy issues affecting Louisiana’s citizens and developing strategies on how higher education can best address these issues, and

2. Developing processes to build greater support for the appropriations request from all institutions and political leaders.

The Task Force was chaired by the Commissioner of Higher Education and its work guided by Board of Regents’ consultant Brenda Albright, with support from Regents’ staff. The Task Force membership is contained in Attachment A. The Task Force also contributed to the development of a five-year full funding plan which was adopted by the Board of Regents in March, 1999. (See Attachment B.)

During the early stages of the Task Force’s work, it became clear that further development of a funding model based on the identification of unique peers would prove problematic. Additionally, the Task Force agreed that SREB’s data collection system had garnered considerable credibility, and campus representatives voiced support for an approach using SREB categories of institutions.

The Task Force met on seven occasions and reached consensus on the recommendations contained in this report. The Board of Regents received monthly updates regarding the work of...
its Task Force, received a preliminary draft of the Task Force’s work in June, 1999, understanding that these concepts would be further refined and considered by the Task Force. The Task Force finalized its report to the Board in October and forwarded its findings to the Board of Regents. If adopted by the Board, the concepts and proposals outlined in the Task Force report and in the five-year funding plan will be used to develop operating appropriations recommendations beginning for 2000-2001.

**FUNDING FRAMEWORK**

Louisiana postsecondary education can build public support through speaking with one voice. Additional work is needed to build public, faculty and campus support for new formula and funding initiatives. As a part of this overall effort, it is important to emphasize to the State’s citizens the return on investment and benefits of postsecondary education. These efforts are essential to the success of the funding plan.

The specific strategies in this report are consistent with the policy directions expressed by the Board and the Louisiana postsecondary education community. As Louisiana revises its Master Plan, its funding policies should be linked with any new directions identified in the Master Plan.

**The Formula Funding Task Force recommends that the Board of Regents support an operational funding plan consisting of three broad categories:**

**Core Funding**

A new funding formula for community colleges and four-year institutions with separate funding formulas/funding plans for medicine, law, veterinary medicine, the technical college, agriculture research and public service programs and other separately budgeted research program

**Quality/Campus Improvement and State Priorities, Including Workforce and Economic Development Funding**

Strategic investments for programs, such as the departmental enhancement through faculty excellence program that has been implemented in the current fiscal year.

**Performance Incentive Initiatives**

Performance underlies all activities within postsecondary education. Performance incentive funding is designed to reward institutions for high performance and to provide an incentive for institutional improvement.
The funding categories address both equity and quality. It is recommended that approximately 2/3 of new funds be allocated to core funding which includes adjustments necessary to achieve competitive faculty salaries and 1/3 allocated to targeted quality/economic development programs, and performance initiatives.

The Task Force recommends that the Board of Regents adopt policies that provide a structure and process for future years’ funding if resources are not available to fund the total higher education request.

Lack of state support combined with enrollment growth, has created serious funding inequities with wide variations in implementation rates. Policies should be developed that: a) fund all institutions at a certain minimum implementation level over each of the next five years and/or b) specify that priority be given to addressing equity in the budget process by allocating a certain percentage of any additional state funds to address equity. Currently, legislation provides for a 3-year “hold harmless” policy that addresses potential enrollment losses in conjunction with the creation of the Louisiana Community and Technical College System.

The Task Force recommends that the Board of Regents and the postsecondary education management boards develop consistent statewide policies in areas that affect formula funding, such as course drop and add policies.

The Task Force recommends that the Board of Regents, in concert with the postsecondary education management boards design new data systems that provide comparable, machine-readable information for policy-making and to further refine the core funding approach.

In March, 1999, the Board of Regents adopted the five-year full funding plan in recognition of Louisiana’s postsecondary education funding needs. The plan is a long-term approach designed with steady progress in funding (Attachment B).

Core Funding

In the development of the core funding component of the formula funding strategy, the Task Force emphasized the following overarching goals:

- Address equity concerns.
- Develop a formula that recognizes differences in institutional missions.
- Include both qualitative and quantitative factors with enrollment features that encourage some campuses to grow and others to raise admission standards consistent with mission and community and state needs.

The Board of Regents is an Equal Opportunity and ADA Employer
Recognize special programs such as desegregation and certain research programs that have been funded separately.

Build in incentives that promote good academic and financial management.

To address these goals, the Task Force included the following ingredients in the core funding component of the formula:

- Mission Related Funding Targets
- High Cost Academic Program Factor
- Enrollment Factor
- Special Programs

Mission Related Funding Targets

The Task Force supports the use of the SREB categories with selected modifications. Definitions for each of the SREB Classifications appear as Attachment D to this report. The Task Force developed a “filtering” approach for 4-year institutions whereby a finer distinction is made within the SREB categories that

a. recognizes the significant differences that sometimes exist among institutions within the broad SREB categories, and

b. smooths outs categories so that adding a graduate program or a slight increase or decrease in graduate degrees conferred does not result in a radical shift in classification and funding.

The specific approach discussed by the Task Force uses three sub-categories within each of the SREB classifications – first quartile, middle 50% (second and third quartiles), and fourth quartile. Louisiana institutions are placed within these sub-categories based on degrees conferred in comparison with similar institutions within the SREB category.

The relative position of Louisiana 4-year institutions (using current SREB data) is summarized in Chart A.
## CHART A

**CRITERIA FOR SREB PEERS**
*(Based on 1997-98 SREB & Louisiana Degree Data)*

<table>
<thead>
<tr>
<th>Category</th>
<th>Quartile 1</th>
<th>Middle</th>
<th>Quartile 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100-160 Doctorates</td>
<td>161-348 Doctorates <em>LSU and A&amp;M</em></td>
<td>349+ Doctorates</td>
</tr>
<tr>
<td>2</td>
<td>30-59 Doctorates <em>ULL</em></td>
<td>60-100 Doctorates <em>UNO</em></td>
<td>101+ Doctorates</td>
</tr>
<tr>
<td>3</td>
<td>100-254 Advanced Degrees</td>
<td>255-500 Advanced Degrees <em>Louisiana Tech, Southern Univ and A&amp;M, ULM</em></td>
<td>501+ Advanced Degrees</td>
</tr>
<tr>
<td>4 &amp; 5</td>
<td>30-105 Advanced Degrees <em>LSU-Shreveport</em></td>
<td>106-205 Advanced Degrees <em>Grambling, McNeese, Nicholls, Northwestern, Southern at NO</em></td>
<td>206+ Advanced Degrees <em>Southeastern</em></td>
</tr>
</tbody>
</table>

The degree data included in Chart A will serve as benchmarks and will remain in place for a period of three years. The range of degrees within each quartile as determined by 1997-98 SREB degree data will serve as the criteria through FY 2002-2003. Annually, updated degree data for Louisiana’s institutions will be examined for placement of institutions within quartiles. Movements between quartiles by institutions due to changes in SREB categorization or degrees conferred will be limited to no more than one quartile per year.

Based on the SREB filtered averages, the following funding targets would represent a starting point as outlined in Chart B below.

## CHART B

**$ TARGET FOR SREB PEERS, 1998-99**

<table>
<thead>
<tr>
<th>Category</th>
<th>Quartile 1</th>
<th>Middle</th>
<th>Quartile 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$6514</td>
<td>$6983</td>
<td>$7452</td>
</tr>
<tr>
<td>2</td>
<td>$5534</td>
<td>$6045</td>
<td>$6514</td>
</tr>
<tr>
<td>3</td>
<td>$4746</td>
<td>$5022</td>
<td>$5534</td>
</tr>
<tr>
<td>4</td>
<td>$4160</td>
<td>$4453</td>
<td>$4746</td>
</tr>
<tr>
<td>2-yr</td>
<td></td>
<td>$3903</td>
<td></td>
</tr>
</tbody>
</table>

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High Cost Academic Program Factor

The SREB mission related funding target is a primary factor in the core component of the formula. However, it is apparent that within a category, campuses could have different academic program offerings with different costs, and the Task Force developed a method to address this issue.

Most states that use fairly complex formulas base them on cost analyses completed for each institution with costs per student credit hour or student/faculty ratios by academic area and by course level determined by statewide averages from these cost analyses. Other factors such as sponsored research expenditures may also be used. Louisiana does not currently have these data. To adjust for the academic program cost differences, the Texas weighting approach was used. These weightings are shown in Chart C below.

**CHART C**

**TEXAS WEIGHTING OF STUDENT CREDIT HOURS**

<table>
<thead>
<tr>
<th>Division</th>
<th>Lower</th>
<th>Upper</th>
<th>Masters</th>
<th>Doctoral</th>
<th>Special</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberal Arts</td>
<td>1.00</td>
<td>1.96</td>
<td>3.94</td>
<td>12.04</td>
<td></td>
</tr>
<tr>
<td>Science</td>
<td>1.53</td>
<td>3.00</td>
<td>7.17</td>
<td>19.29</td>
<td></td>
</tr>
<tr>
<td>Fine Arts</td>
<td>1.85</td>
<td>3.11</td>
<td>6.51</td>
<td>17.47</td>
<td></td>
</tr>
<tr>
<td>Teacher Ed.</td>
<td>1.28</td>
<td>1.96</td>
<td>3.23</td>
<td>9.95</td>
<td></td>
</tr>
<tr>
<td>Ag.</td>
<td>2.05</td>
<td>2.54</td>
<td>6.64</td>
<td>16.37</td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td>3.01</td>
<td>3.46</td>
<td>8.20</td>
<td>21.40</td>
<td></td>
</tr>
<tr>
<td>Home Ec.</td>
<td>1.58</td>
<td>2.12</td>
<td>4.34</td>
<td>10.79</td>
<td></td>
</tr>
<tr>
<td>Law</td>
<td></td>
<td></td>
<td></td>
<td>3.22</td>
<td></td>
</tr>
<tr>
<td>Social Serv.</td>
<td>1.64</td>
<td>1.84</td>
<td>5.80</td>
<td>11.92</td>
<td></td>
</tr>
<tr>
<td>Library Sc.</td>
<td>1.45</td>
<td>1.52</td>
<td>4.22</td>
<td>12.26</td>
<td></td>
</tr>
<tr>
<td>Voc. Train.</td>
<td>1.45</td>
<td>2.59</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phys. Train.</td>
<td>1.36</td>
<td>1.36</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Serv.</td>
<td>2.87</td>
<td>3.46</td>
<td>6.47</td>
<td>15.98</td>
<td></td>
</tr>
<tr>
<td>Pharmacy</td>
<td>4.00</td>
<td>4.64</td>
<td>7.55</td>
<td>19.11</td>
<td>13.43</td>
</tr>
<tr>
<td>Bus. Admin</td>
<td>1.41</td>
<td>1.59</td>
<td>4.59</td>
<td>13.91</td>
<td></td>
</tr>
<tr>
<td>Optometry</td>
<td></td>
<td>5.46</td>
<td>19.12</td>
<td>7.00</td>
<td></td>
</tr>
<tr>
<td>Tchr Ed. Prac.</td>
<td>2.43</td>
<td>2.57</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>1.99</td>
<td>2.56</td>
<td>6.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursing</td>
<td>4.91</td>
<td>5.32</td>
<td>6.49</td>
<td>16.32</td>
<td></td>
</tr>
<tr>
<td>Dvlp. Ed</td>
<td>1.45</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

An adjustment to the Texas weightings is the addition of a weighting for developmental education of 1.45 which reflects the higher costs associated with developmental education programs. Any program for which the Texas formula does not have a specified weight was assigned a weighting of 1.

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The costs from Texas parallel other states with typically the most expensive costs incurred for programs in nursing, other health-related programs and engineering. Also, many states have found the relative relationship in costs by level to be: upper level courses are about 1 and ½ times as expensive as lower level; graduate about 3-5 times as expensive, and doctoral courses 6-8 times as expensive. The SREB averages take into account costs by level, to some extent. However, using weighting factors such as those found in Chart C provides a second adjustment to account for differences in instructional costs.

SCH data for each Louisiana campus was analyzed using the weightings identified in Chart C. Chart D identifies those campuses with a relative position above the average following this analysis.

**CHART D**

**ACADEMIC COST FACTOR WEIGHTING***
*(Based on 1998-99 data)*

<table>
<thead>
<tr>
<th>Category</th>
<th>Campus/Institution</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cat. 1</td>
<td>LSU (only campus in category)</td>
<td>---</td>
</tr>
<tr>
<td>Cat. 2</td>
<td>Univ of New Orleans</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>UL Lafayette</td>
<td>---</td>
</tr>
<tr>
<td>Cat. 3</td>
<td>Louisiana Tech</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>McNeese</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>UL Monroe</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>Southern Univ and A&amp;M</td>
<td>---</td>
</tr>
<tr>
<td>Cat. 4 &amp; 5:</td>
<td>Grambling</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>Northwestern</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>Southeastern</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>LSU-Shreveport</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>Nicholls</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>Southern Univ of N. Orleans</td>
<td>6%</td>
</tr>
<tr>
<td>Two-Year</td>
<td>Delgado</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>Nunez</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>Bossier Parish</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>Baton Rouge</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>LSU-Alexandria</td>
<td>13%</td>
</tr>
<tr>
<td></td>
<td>LSU-Eunice</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>Southern Univ of Shreveport</td>
<td>8%</td>
</tr>
</tbody>
</table>

*Cost factor weighting to be calculated annually.
If a campus had a higher academic factor weighting than the average of other Louisiana campuses in its category as noted above, then a percentage adjustment is made to the funding target. For example, if a campus had a weighting factor 10% higher than other campuses in its funding category, then 10% would be added to the instructional part of the SREB average per student.

Enrollment Factor

The Task Force recommends that the Board of Regents account for the impact of marginal costs by adopting enrollment ranges and a three-year moving average FTE enrollment factor.

Recognizing the potential effects of the expansion of the new community and technical colleges system, incentives should be developed for campuses to raise admission standards consistent with mission. The recommendation could be implemented by adopting a specified range, e.g., base minus five percent. As long as an institution’s enrollment stays within the range there is no change to the enrollment funding base. Institutions should be given adequate notice of this change that could affect admission policy decisions. The change should be considered for the 2001-2002 budgetary cycle.

Special Programs

The Task Force recommends that the Board of Regents continue to fund special programs.

Certain special programs such as desegregation settlement agreement should be funded separately. Approximately $5.3 million have been allocated for these programs as an add-on to the formula generated amount, and funds would continue to be allocated for these purposes.

Other programs that have been funded separately, that will continue to be funded separately include:

- Bossier Parish Community College and Southern, Shreveport: Funding should continue for leases until permanent facilities have been fully purchased.
- Delgado: Funding for occupational studies should be a part of the formula in the future and treated in the same fashion as similar programs at the technical college.
- LSU and A&M Veterinary Medicine: Funding for veterinary medicine should be a part of the formula in the future.
Southern, Baton Rouge: Land Grant Funds.

Separately funded research and public service programs at Louisiana Tech, ULM, ULL, and LSU and A&M are still under review.

QUALITY/CAMPUS IMPROVEMENT AND STATE PRIORITIES, INCLUDING WORKFORCE AND ECONOMIC DEVELOPMENT FUNDING

This component of the funding formula has as its overarching goals the following:

- Emphasize differences in mission and target resources to strategic programs.
- Connect funding policies with values and strategies identified in the Master Plan.
- Allocate resources to support the State’s economic development goals.
- Encourage institutions to build other sources of revenue including private contributions.
- Encourage efficiencies and good management practices, including reallocation of institutional resources.
- Provide resources to support a quality learning environment.

The Formula Funding Task Force recommends that the Board of Regents create a Quality Improvement Program that targets resources to institutions for the purpose of developing programs of regional and national eminence.

Institutions could compete for these resources through a competitive grant program model with clear benchmarks and goals. Awards would be made through a qualitative evaluation based on certain criteria such as the program’s relationship to institutional functional mission, achievement of overall state economic goals, collaboration with other institutions, and other criteria.

The Formula Funding Task Force recommends that the Board of Regents consider an Efficiency Challenge program.

The board will identify exemplary academic and management practices, provide funding for institutions to implement these practices, and reward those that demonstrate effectiveness.
The Formula Funding Task Force recommends that the Board of Regents fund targeted programs for special needs in the areas of technology, library enrichment, research incentive funding, and endowment matching.

PERFORMANCE INCENTIVE FUNDING

The Task Force recommends that the Board of Regents continue the work of its Task Forces on Performance/Incentive criteria. The Task Force also recommends the Board of Regents staff conduct a statewide survey of employer, alumni, and student satisfaction to establish benchmarks during 1999-2000.
Attachment A
| Task Force on Formula Funding  
for Public Universities and Community Colleges  
*Dr. E. Joseph Savoie, Task Force Chairman*  
*Dr. James Clarke, Task Force Coordinator*  
*Ms. Brenda Albright, Consultant to Task Force* |
|---|---|
| Dr. Ray Authement  
President  
University of Louisiana at Lafayette | Dr. Louis Paradise  
Executive Vice Chancellor and Provost  
University of New Orleans |
| Dr. Brenda Birkett  
Vice Chancellor for Academic Affairs  
Southern University and A&M College | Dr. Daniel Reneau  
President  
Louisiana Tech University |
| Dr. Wayne Brown  
President  
LA Community & Technical College System | Dr. Leon R. Tarver  
President  
Southern University System |
| Dr. Sally Clausen  
President  
Southeastern Louisiana University | Mr Robert Turner  
Vice President for Business Affairs  
University of Louisiana at Monroe |
| Dr. Edward Jackson  
Chancellor  
Southern University and A&M College | Mr. Tom Williams  
Vice President for Business & Administrative Affairs  
Bossier Parish Community College |
| Dr. William Jenkins  
President  
Louisiana State University System | Ex-officio Members |
| Mr. Bobby Jindal  
President  
University of Louisiana System | Mr Andre Coudrain  
Chair, Finance Committee  
University of LA Board of Supervisors |
| Dr. J. Terence Kelly  
President  
Delgado Community College | Ms. Mamye Hall  
Chair, Finance Committee  
SU Board of Supervisors |
| Mr. Robert Kuhn  
Associate Vice Chancellor for Budget and Planning  
Louisiana State University & A&M College | Dr. Mary Ella Sanders  
Chair  
Board of Regents |
|  | Dr. Charles Weems  
Chairman  
LSU Board of Supervisors |
FIVE-YEAR FULL FUNDING PLAN:
LOUISIANA POSTSECONDARY EDUCATION

Background

Legislation requires that “not later than the convening of the 1999 Regular Session, the Board of Regents shall submit to the legislature a proposal for full funding of the funding formula to be completed over a five-year period beginning not later than the fall of 1999, including provisions for equitable distribution of funds included in the formula.”

Louisiana and its citizens provide financial support to postsecondary education with:

- State support for programs’ and campus operations
- Student and family support for programs’ and campus operations through tuition and fees
- State support for financial aid, particularly through TOPS
- State support for capital expenditures
- Citizen support through private contributions
- Business and community support through grants and other contributions

This five-year plan addresses the first three categories: State support for programs’ and campus operations; Student and family support for programs’ and campus operations through tuition and fees; State support for financial aid, particularly through TOPS.

Five Year Funding Plan – State Support for Operations

Catch-up Funds. State resources are needed for Louisiana to have competitive colleges and universities. To reach the SREB average level of support, $300 million are needed, (includes four-year campuses, community colleges, technical colleges, and law, medical, agriculture, and research programs).

During the past decade, some institutions have had significant increases in enrollments while state resources have not been adequate to support this growth. The result is that some institutions are far below others and need more “catch-up” funds than others. To have fair and equitable funding, it is essential that priority be given in the allocation of resources to those campuses that are furthest away from the average.

Allocation of Funds to Support Priorities for all Programs.

Faculty/Professional Salaries: Faculty and professional staff salary improvement is a high priority. The funding plan identifies the resources needed for both catching up and maintaining competitive salaries.

Performance Incentive Funding: Postsecondary education in Louisiana is committed to accountability. The Board of Regents supports rewarding innovation and results by linking a portion of each campus’s funding to performance.
Quality/Economic Development Initiatives: Continuing and initiating new quality programs as well as economic development programs, are important components of the five-year plan. Continuing improvements to libraries and scientific equipment and matching funds for endowments are included in this funding category.

Start-up Programs: Resources are necessary to support start-up programs and institutions, e.g., new community colleges.

Preserve Human and Capital Assets and Expand Services. To be competitive with other states, Louisiana must “catch-up” and at the same time “keep-up,” with on-going investments to education. Resources are required to assure that Louisiana expands needed educational services and does not fall behind again. Investments are needed to accommodate additional students and to assure that faculty/professional salaries remain competitive. Louisiana has been progressive in addressing important issues, e.g., funding deferred maintenance in the capital budget; however, it is essential that, through the operating budget, Louisiana provide resources to maintain its physical plant and library assets and assures that technology is in place to provide skills needed for workforce development.

A way to estimate the investment required to preserve both human and capital assets is to analyze what other states invest annually to maintain their college and university assets. For the past five years, SREB states have increased their support to higher education by about 5% annually. (For Louisiana to maintain this level of support requires about $200 million during the five year period)

<table>
<thead>
<tr>
<th>NEW STATE DOLLARS TO SUPPORT OPERATIONS (IN MILLIONS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Dollars</td>
</tr>
<tr>
<td>1. Fac./Prof. Salaries*</td>
</tr>
<tr>
<td>2. Preserve Human/ Physical Assets &amp; Expand Services</td>
</tr>
<tr>
<td>3. Performance</td>
</tr>
<tr>
<td>4. Quality/Econ. Dvp. Initiatives</td>
</tr>
<tr>
<td>5. Start-up programs</td>
</tr>
</tbody>
</table>

*Includes funds required to “catch-up” faculty/professional salaries to SREB averages, and to maintain that level as well as annualization of the professional development salary schedule for technical colleges

This funding strategy represents an annual increase of about 12% over the five year period and a total of about $500 million in state funds.
Five Year Funding Plan – Students’ and Families’ Support for Campus Operations

Financial support from students and their families is essential to achieve high quality education programs. Louisiana should adopt policies that represent the students’ fair share of educational costs and consider a tuition and fee policy that a) pegs tuition to some index, such as the average of other Southern states, family income, and/or increases in state support and b) provides for reasonable and predictable increases for students and their families. The proposal should be developed in concert with the Governor’s office and the legislature and include a five-year implementation plan beginning in 2000-2001.

Five Year Funding Plan – State Support for Students Through TOPS

Louisiana has several student financial aid programs designed to provide greater access to students. The TOPS program which provides substantial support directly to students to help them pay tuition and fee charges. TOPS has great potential for raising the aspirations of Louisiana’s citizens and is likely to increase enrollments in postsecondary education and to improve the economic competitiveness of the state. As a new program, significant resources will be required to fully-fund the program. The Louisiana Student Financial Assistance Commission estimates the following costs.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-1999</td>
<td>$64.9 million</td>
</tr>
<tr>
<td>1999-2000</td>
<td>$84.3 million</td>
</tr>
<tr>
<td>2000-2001</td>
<td>$105.5 million</td>
</tr>
<tr>
<td>2001-2002</td>
<td>$127.1 million</td>
</tr>
<tr>
<td>2002-2003</td>
<td>$121.0 million</td>
</tr>
<tr>
<td>and subsequent years</td>
<td></td>
</tr>
</tbody>
</table>

In terms of “new dollars,” a funding increase of approximately $56 million will be needed to support this program during the five-year funding period.
Attachment C
FUNDING FRAMEWORK PROPOSALS

Paul M. Hebert  Law Center and Southern University Law Center

Funding Framework

At its March meeting, the Board of Regents adopted a five-year funding plan that recognizes postsecondary education needs. The five-year funding plan provides a longer view with consistent progress in funding. At its June meeting, the Board of Regents supported, in concept, a new funding framework with three funding categories:

Core Funding
Quality/Campus Improvement Funding and State Priorities Funding
Performance Initiatives

Outlined below are the recommendations that support the new funding framework for Louisiana’s Law programs:

Recommendation 1: Law programs should be funded using these three funding categories.

Recommendation 2: For core funding, use a simplistic approach that uses SREB data to establish an equitable funding goal to be funded over a three year time frame. Each year, funds would be allocated to fund a portion of the funding goal. The overall amounts would be modified only to reflect increases in SREB averages that typically reflect faculty salary growth and other factors. As a part of the funding submission each year, a plan would be submitted that shows how new resources would be allocated.

Recommendation 3: Law programs could participate in a newly created Quality Improvement Program that targets resources to develop programs of regional and national eminence. Institutions could compete for these resources through a competitive grant program model with clear benchmarks and goals. Awards would be made through a qualitative evaluation based on certain criteria such as centrality to institutional functional mission, achievement of overall state economic goals, potential of success, and other criteria.

Recommendation 4: All programs could participate in other newly created targeted programs for special needs in the areas of technology and endowment matching.

Recommendation 5: All programs could participate in the performance incentive program. Goals and benchmarks are to be determined. It is suggested that 4-6 goals and benchmarks be developed.

Recommendation 6: Law programs should participate in the review of tuition and fee policy.
Background Statistics

The American Bar Association annually provides a comparative report on student enrollment, funding, endowments and other statistics. The attached table contains selected information for SREB institutions in Category 1 (LSU and A&M category). These data are summarized below.

The enrollment in Louisiana’s Law programs at LSU and Southern was 934. Louisiana is considerably above the average enrollment per population of other states. The LSU and A&M Paul M. Hebert Law Center is reducing the size of its entering class which will affect these statistics in future years.

The LSU and A&M Law Center is next to the bottom of all states in terms of direct expenditures per student (above only Mississippi). The average expenditures for Southern are above average. In the early 90’s, an adjustment was made to funding at the Southern Law Center as a part of the desegregation settlement with a sum of $1.5 million added for improvements to the Law Center.

Several of the Colleges of Law in the SREB have substantial endowments, Virginia and Texas have endowments which exceed $120 million. Several law programs have endowments in the range of $20-35 million.

LSU has also expressed concerns about formula implementation at levels below its peers and its effect on accreditation issues. Law programs, like other professional programs, must undergo a rigorous accreditation process. The latest accreditation report showed several strengths, but identified weaknesses related primarily to budgetary matters, including administrative and library support and facilities.

The Paul M. Hebert Law Center has developed a three-year operational plan to improve its quality including: a) increasing direct expenditures to $20,000 per student, increasing self-generated expenditures by increasing fees consistent with SREB averages; c) improving alumni relations and funding; d) reducing the size of the entering class; e) making needed academic and administrative changes.

Core Funding

Recommendation: For core funding, use a simplistic approach that uses the SREB averages to establish an equitable funding goal of $20,000 per student (includes revenues from all sources). Each year, funds would be allocated to fund a portion of the funding goal. The overall amounts would be modified only to reflect increases in SREB averages that typically reflect faculty salary growth and other factors. As a part of the funding submission each year, a plan would be submitted that would show how resources would be allocated.
Attachment D
SREB Definitions

Category 1: Institutions awarding at least 100 doctoral degrees which are distributed among at least 10 Classification of Instructional Program (CIP) categories with no more than 50% of the doctorates in any one category. (26 institutions)

Category 2: Institutions awarding at least 30 doctoral degrees which are distributed among at least 5 CIP categories. (21 institutions)

Category 3: Institutions awarding at least 100 master’s, educational specialists, post-master’s, or doctoral degrees, with master’s, ed. Specialist, and post-master’s degrees distributed among at least 10 CIP categories. (48 institutions)

Category 4: Institutions awarding at least 30 master’s, educational specialists, post-master’s, or doctoral degrees, with master’s, ed. Specialist, and post-master’s degrees distributed among at least 5 CIP categories. (34 institutions)

Category 5: Institutions awarding at least 30 master’s, educational specialists, post-master’s, or doctoral degrees. (35 institutions)

Category 6: Institutions awarding fewer than 30 master’s, educational specialists, post-master’s, or doctoral degrees. (33 institutions)

Two-Year

Category 1: Institutions awarding associate degrees and offering college transfer courses; some certificates and diplomas may also be awarded. (344 institutions)

Category 2: Institutions awarding vocational-technical certificates and diplomas; some vocational-technical associate degrees may also be awarded. (183 institutions)