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BOARD OF REGENTS

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November 18, 2005

Mr. Jerry Luke LeBlanc
Commissioner of Administration
Division of Administration
Claiborne Building
1201 N. Third St
Baton Rouge, LA 70802

Dear Commissioner LeBlanc:

As directed in Section 2B. of Executive Order KBB2005-82 ordering expenditure reduction, I am submitting the Board of Regents plan for mid-year budget reduction for Higher Education. The order requires a reduction of \$66,599,062 in State General Fund support, which represents a 6% overall reduction. As you know, application of a 6% reduction at this point in the fiscal year will present serious challenges to significant aspects of our institutions' operations.

We are committed to prioritizing core operations and responsibilities, insuring that impacts on educational services are minimized, and allocating the budget reductions as equitably as possible. Of particular attention in our planning was the current and predicted condition of those institutions which were directly impacted by the disasters. Their enrollments have been disrupted, they have suffered significant self-generated revenue losses, and their ability to absorb budget reductions are not precisely known.

Given these challenges, we have worked with the board members and officers of the four systems to develop an allocation of system budget reduction assignments which considers to the greatest extent possible those factors. Budget reductions were first assigned to specific items within the Board of Regents budget, to all the board budgets, and to the "non-formula" units of LUMCON, Pennington, and the Southern University Agricultural Research and Extension Service. System "formula" unit reduction allocations were then determined by using a methodology that established new enrollment levels for affected institutions and then applying reductions to each unit according to the formula. Individual campus reduction amounts were then aggregated to the system level.

Systems have the discretion to apply reductions to campuses according to Master Plan and System priorities. Among these are:

- Focusing on each campus' core mission responsibilities;
- Maintaining mission appropriate access and improving increasing student success (retention/graduation/credentialing/articulation);
- Improving accountability, efficiency and performance; and
- Providing services to communities and state.

Systems are encouraged to review and adjust, if appropriate, administrative structures and cooperative arrangements between campuses/systems in making individual campus budget reductions. Systems are also encouraged to monitor spring 2006 pre-enrollment statistics for guidance in allocating campus budget reductions, particularly with respect to the impacted institutions.

The Executive Order also requires reductions in statutory dedicated fund appropriations in amounts totaling \$4.8 million. I must bring to your attention that these reductions will be impacting some of our most precious and promising programmatic areas.

- An almost \$2 million reduction will be made, for the first time in the history of the program, to the Louisiana Education Quality Support Fund activities. This program has truly been a Louisiana success story and a symbol of Louisiana's commitment to high quality postsecondary educational achievement to both faculty recruits and our competitors from throughout the nation.
- Reductions are applied to the Health Excellence Fund activities of health care science grants, another area where Louisiana researchers have made significant progress in advancing our research infrastructure and capacity.
- The Tobacco Tax Health Care Fund provides great promise that our health science centers can establish a National Cancer Research-designated research center which can provide meaningful scientific research and improve health care for Louisiana's citizens suffering the ravages of cancer.

Additionally, while the order requires the development of a plan for budget reductions by the Board of Regents, it has very recently come to our attention that there have been some additional, separately targeted funding reductions outlined in the Division of Administration's list of "Special Legislative Projects Targeted for Reduction or Elimination" which fall within current higher education funding. These items are contained in House Bill No. 156 and specified for reduction. Some of the same funds represented in these targeted reductions have been specifically identified as areas of reduction in our plan or were being included in preliminary


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planning for how reductions would be made. I am sure you would agree that we cannot count these items twice in determining reduction amounts. In some cases the combination of reductions imposed on these items in House Bill No. 156 and as specified in our plan would be overly burdensome and too damaging. We would request that for such items, there be an opportunity to adjust our plan depending upon the outcome of the legislative session.

Finally, as we have worked with our system officers and board members to respond to the immediate need to plan for and allocate budget reductions, there has been complete agreement by all that the state's fiscal condition and the changes in our state as a result of the disasters are compelling reasons for us to explore and seriously consider all organizational, programmatic and administrative possibilities to provide for a more cost-effective and productive system of postsecondary education. A leadership group has been formed to pursue these issues aggressively over the coming months and I am convinced that meaningful recommendations will be forthcoming.

If I can provide anything further regarding these matters, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Joseph Savola", written over a horizontal line.

E. Joseph Savola
Commissioner of Higher Education

c: System Presidents

To meet the requirements of Executive Order KB 2005-82, the Board of Regents is implementing the following actions:

BUDGET REDUCTIONS

Budget reductions were assigned to specific items within the Board of Regents budget, to the Board of Regents and all system board budgets, and to the "non-formula" units of LUMCON, Pennington Biomedical Research Center, and the Southern University Agricultural Research and Extension Service.

"Formula" unit reduction allocations were determined by using a methodology that established new enrollment levels for affected institutions and then applying reductions to each unit according to the Higher Education Funding Formula. Individual campus calculations were then aggregated to the System level.

GUIDELINES

Systems have the discretion to apply reductions to campuses according to Master Plan and System priorities. Among these are:

- Focusing on each campus' core mission responsibilities;
- Maintaining mission appropriate access and improving increasing student success (retention/graduation/credentialing/articulation)
- Improving accountability, efficiency and performance, and
- Enhancing services to communities and state.

Systems are encouraged to review and adjust, if appropriate, administrative structures and cooperative arrangements between campuses/systems in making individual campus budget reductions.

Systems are encouraged to monitor Spring pre-enrollment statistics for guidance in allocating campus budget reductions.

ADDITIONAL ACTIONS

- Moratorium on new academic programs
- Elimination of non-accredited academic degree programs
- Statewide productivity review of all academic programs
- Reduction of first-time freshmen at 4 year institutions for Fall 2006
- Review of professional school enrollments
- Administrative reorganizations

POSTSECONDARY EDUCATION BUDGET REDUCTION PLAN

Total Reduction Required	\$	66,599,092
Total Non-Formula Reductions	\$	5,790,880
BALANCE OF REDUCTIONS NEEDED	\$	60,808,212
Reductions from Formula Approach	\$	60,808,212
BALANCE OF REDUCTIONS NEEDED	\$	(0)

POSTSECONDARY EDUCATION TOTAL REDUCTION ALLOCATIONS - OVERALL SUMMARY OF PLAN

	<u>State General Fund Support</u>	<u>State General Fund Reduction</u>	
Board of Regents	\$ 34,666,472	\$ 4,441,964	12.8%
LUMCON	\$ 3,012,185	\$ 108,439	3.6%
Total LSU System	\$ 527,606,941	\$ 27,699,091	5.2%
Total Southern University System	\$ 77,290,608	\$ 5,170,556	6.7%
Total U of L System	\$ 304,877,240	\$ 11,852,574	3.9%
Total LCTCS System	\$ 157,770,272	\$ 17,326,467	11.0%
TOTAL POSTSECONDARY EDUCATION	\$ 1,105,223,718	\$ 66,599,092	6.0%

Non-Formula Budget Areas

Budget Reductions

Board of Regents Items

Aid to Independent Institutions

Base \$	4,185,379		
Reductions:	50%	\$	2,092,690

Gene Therapy Research

Base \$	3,086,214		
Reductions:	10%	\$	308,621

Teacher Recruitment

Base \$	793,835		
Reductions:	50%	\$	396,918

Health Care Workforce Development

Base \$	6,693,842		
Reductions:	10%	\$	669,384

Total BOR "Special" Reductions

\$ 3,467,613

Special Units

	Base
Pennington	\$ 10,954,297
LUMCON	\$ 3,012,185
SU Ag	\$ 3,716,373
	<u>\$ 17,682,855</u>

Total Special Units Reduction

3.60% \$ 636,583

Boards

Board of Regents (Less Items Reduced)	\$ 19,907,202	5.00%	\$ 974,352
LSU Board of Supervisors	\$ 7,061,566	5.00%	\$ 353,078
U of L Board of Supervisors	\$ 2,236,129	5.00%	\$ 111,806
SU Board	\$ 1,909,122	5.00%	\$ 95,456
LCTCS	\$ 3,039,833	5.00%	<u>\$ 151,992</u>

Total Board Reductions

\$ 1,686,685

Total Non-Formula Reductions

\$ 5,790,880

SYSTEM FORMULA UNIT REDUCTION ALLOCATIONS

	<u>State General Fund Support</u>	<u>State General Fund Reduction</u>	
Total LSU System	\$ 509,591,078	\$ 26,951,658	5.3%
Total Southern University System	\$ 71,665,113	\$ 4,941,311	6.9%
Total U of L System	\$ 302,641,111	\$ 11,740,768	3.9%
Total LCTCS System	\$ 154,730,439	\$ 17,174,476	11.1%
TOTAL FORMULA UNITS	\$ 1,038,627,741	\$ 60,808,212	5.9%

Formula Unit Reduction Methodology

INSTITUTION	SREB CATEGORY	ADJUSTED SREB \$/FTE	FTE's (Adjusted for Impacted Inst.'s)	FORMULA BASE REQUIREMENT	FY2005-06 FORMULA APPROPRIATION	FORMULA IMPLEMENTATION RATE	AMOUNT OVER/UNDER 100% IMPL.	Formula Appropriation or 92.2%	92.2% to 100%	Over 100.0%	3.50%	6.00%	14.00%	Total Reduction
LSU A&M VET SCHOOL	4-YR - 1	\$6,650 \$44,008	30,290 356	\$201,428,500 \$19,005,113	\$167,563,587 \$19,860,396	83.2% 104.5%	\$33,864,913 -\$855,283	\$167,563,587 \$17,522,714	\$0 \$1,482,399	\$0 \$855,283	\$5,864,726 \$613,295	\$0 \$88,944	\$0 \$119,740	\$5,864,726 \$821,979
ULL	4-YR - 2	\$5,534	14,511	\$80,303,874	\$63,390,239	78.9%	\$16,913,635	\$63,390,239	\$0	\$0	\$2,218,658	\$0	\$0	\$2,218,658
UNO	4-YR - 2	\$6,082	7,000	\$42,574,000	\$56,807,137	133.4%	-\$14,233,137	\$39,253,228	\$3,320,772	\$14,233,137	Used Adjusted Enrollment Reductions			\$6,404,912
LA TECH	4-YR - 3	\$5,119	10,450	\$53,493,550	\$44,601,780	83.4%	\$8,891,770	\$44,601,780	\$0	\$0	\$1,561,062	\$0	\$0	\$1,561,062
SOUTHERN A&M	4-YR - 3	\$4,967	8,839	\$43,903,313	\$43,996,980	100.2%	-\$93,667	\$40,478,855	\$3,424,458	\$93,667	\$1,416,760	\$205,468	\$13,113	\$1,635,341
SOUTHERN LAW	SPECIALIZED	\$13,953	416	\$6,075,457	\$5,686,792	93.6%	\$388,665	\$5,601,571	\$85,221	\$0	\$196,055	\$5,113	\$0	\$201,168
ULM	4-YR - 3	\$5,348	8,085	\$43,238,580	\$47,564,058	110.0%	-\$4,325,478	\$39,865,971	\$3,372,609	\$4,325,478	\$1,395,309	\$202,357	\$605,567	\$2,203,232
LSU - S	4-YR - 4&5	\$4,789	3,408	\$16,320,912	\$13,614,538	83.4%	\$2,706,374	\$13,614,538	\$0	\$0	\$476,509	\$0	\$0	\$476,509
GRAMBLING	4-YR - 4&5	\$4,929	4,791	\$23,614,839	\$25,535,139	108.1%	-\$1,920,300	\$21,772,882	\$1,841,957	\$1,920,300	\$762,051	\$110,517	\$288,842	\$1,141,410
MCNEESE	4-YR - 4&5	\$4,980	6,729	\$33,512,213	\$27,941,565	83.4%	\$5,570,648	\$27,941,565	\$0	\$0	\$977,955	\$0	\$0	\$977,955
NICHOLLS	4-YR - 4&5	\$4,857	6,603	\$32,070,771	\$26,111,600	81.4%	\$5,959,171	\$26,111,600	\$0	\$0	\$913,906	\$0	\$0	\$913,906
NORTHWESTERN	4-YR - 4&5	\$5,017	9,396	\$47,139,732	\$30,383,583	64.5%	\$16,756,149	\$30,383,583	\$0	\$0	\$1,083,425	\$0	\$0	\$1,083,425
SUNO	4-YR - 4&5	\$5,098	1,500	\$7,647,000	\$14,042,508	183.6%	-\$6,395,508	\$7,050,534	\$598,498	\$6,395,508	Used Adjusted Enrollment Reductions			\$2,877,979
SOUTHEASTERN	4-YR - 4&5	\$4,967	13,675	\$67,923,725	\$47,460,520	69.9%	\$20,463,205	\$47,460,520	\$0	\$0	\$1,661,118	\$0	\$0	\$1,661,118
LSU - A	4-YR - 6	\$4,720	2,141	\$10,105,520	\$7,772,780	76.9%	\$2,332,740	\$7,772,780	\$0	\$0	\$272,047	\$0	\$0	\$272,047
BATON ROUGE CC	2-YR	\$3,683	4,198	\$15,461,234	\$11,007,882	71.2%	\$4,453,352	\$11,007,882	\$0	\$0	\$385,276	\$0	\$0	\$385,276
BOSSIER PARISH CC	2-YR	\$3,683	3,191	\$11,752,453	\$12,007,616	102.2%	-\$255,163	\$10,835,762	\$916,891	\$255,163	\$379,252	\$55,001	\$35,723	\$469,976
DELGADO CC	2-YR	\$3,817	6,000	\$22,902,000	\$35,918,264	156.8%	-\$13,016,264	\$21,115,844	\$1,788,358	\$13,016,264	Used Adjusted Enrollment Reductions			\$5,857,319
NUNEZ CC	2-YR	\$3,829	330	\$1,265,102	\$5,331,360	421.4%	-\$4,066,258	\$1,166,424	\$98,678	\$4,066,258	Used Adjusted Enrollment Reductions			\$1,829,816
RIVER PARISHES CC	2-YR	\$3,683	571	\$2,102,993	\$2,007,007	95.4%	\$95,986	\$1,938,900	\$68,047	\$0	\$67,854	\$4,083	\$0	\$71,946
SOUTH LOUISIANA CC	2-YR	\$4,005	1,107	\$4,433,535	\$3,477,457	78.4%	\$956,078	\$3,477,457	\$0	\$0	\$121,711	\$0	\$0	\$121,711
LSU - E	2-YR	\$3,683	2,321	\$8,548,243	\$7,461,315	87.3%	\$1,086,928	\$7,461,315	\$0	\$0	\$261,146	\$0	\$0	\$261,146
SOUTHERN - SHREVE	2-YR	\$3,683	2,149	\$7,914,767	\$6,480,666	81.9%	\$1,434,101	\$6,480,666	\$0	\$0	\$226,823	\$0	\$0	\$226,823
DELTA	2-YR	\$3,683	713	\$2,625,979	\$2,331,987	88.8%	\$293,992	\$2,331,987	\$0	\$0	\$81,620	\$0	\$0	\$81,620
FLETCHER TECH CC	TECH CC	\$3,537	645	\$2,281,365	\$3,512,733	154.0%	-\$1,231,368	\$2,103,419	\$177,946	\$1,231,368	\$73,620	\$10,677	\$172,392	\$256,688
SOWELA TECH CC	TECH CC	\$3,537	679	\$2,401,623	\$6,790,991	282.8%	-\$4,389,368	\$2,214,296	\$187,327	\$4,389,368	Used Adjusted Enrollment Reductions			\$1,975,216
LA TECHNICAL COLLEGE	TECH INSTITUTE	\$3,391	12,895	\$43,726,945	\$75,935,500	173.7%	-\$32,208,555	\$40,316,243	\$3,410,702	\$32,208,555	\$1,411,069	\$204,642	\$4,509,198	\$6,124,909
LSU LAW	SPECIALIZED	\$13,953	600	\$9,780,313	\$8,149,383	83.3%	\$1,630,930	\$8,149,383	\$0	\$0	\$285,228	\$0	\$0	\$285,228
LSU AG CENTER	SPECIALIZED	\$0	-	\$66,839,762	\$80,432,640	120.3%	-\$13,592,878	\$61,626,261	\$5,213,501	\$13,592,878	\$2,156,919	\$312,810	\$1,903,003	\$4,372,732
LSUHSC NO	SPECIALIZED	\$35,996	2,743	\$98,737,028	\$114,923,217	116.4%	-\$16,186,189	\$91,035,540	\$7,701,488	\$16,186,189	\$3,185,244	\$462,089	\$2,268,066	\$5,914,400
LSUHSC S	SPECIALIZED	\$35,996	1,060	\$38,155,760	\$44,356,649	116.3%	-\$6,200,889	\$35,179,611	\$2,976,149	\$6,200,889	\$1,231,286	\$178,569	\$988,124	\$2,277,980
TOTALS			167,393	\$1,067,286,200	\$1,062,457,869	99.5%	\$4,828,331	906,826,795	36,660,769	118,970,305	29,260,933	1,840,270	10,761,768	60,808,212

ENROLLMENT IMPACTED INSTITUTIONS	AMOUNT OVER 100%	ADJUSTMENT FACTOR	REDUCTION
UNO	\$14,233,137	45%	\$6,404,912
McNeese	\$0	45%	\$0
SUNO	\$6,395,508	45%	\$2,877,979
Delgado	\$13,016,264	45%	\$5,857,319
Nunez	\$4,066,258	45%	\$1,829,816
Sowela	\$4,389,368	45%	\$1,975,216
	\$42,100,535		\$18,945,241