

FINANCE COMMITTEE
Wednesday, December 5, 2001

The Finance Committee met on Wednesday, December 5, 2001, at 9:45 a.m. in the State Office Building Auditorium, 150 Third Street, Baton Rouge, Louisiana. Chairman Roland Toups called the meeting to order. The roll was called, and a quorum was established.

COMMITTEE MEMBERS PRESENT

Roland Toups, Chair
Pat Strong
Virgil Robinson, Jr.
Ron Roberts
Steven Johnson
Harrison Baptiste
Winfred Sibille
Sean Reilly

OTHER BOARD MEMBERS PRESENT

Richard D'Aquin
Scott Brame
Robert Levy
Billy Blake

COMMITTEE MEMBERS ABSENT

Norbert Simmons
Clifford Smith
William Rucks

STAFF MEMBERS PRESENT

E. Joseph Savoie
Marvin Roubique
Michael Galloway
Louise Moore

GUESTS PRESENT

Appendix A

FY 2001-2002 OPERATING BUDGET FOR LOUISIANA TECHNICAL COLLEGE

Mr. Marvin Roubique, Deputy Commissioner for Finance and Facilities, reported that the Finance Committee at its meeting on September 26, 2001, approved the FY 2001-2002 Post Secondary Education Operating Budgets except for the Louisiana Technical College. At that time Dr. William J. Roden, newly appointed Chancellor of LTC, requested additional time to review the LTC Faculty Salary Pay Plan for FY 2001-2002 to insure compliance with the Board of Regents' Faculty Salary Guidelines. That review was completed and the LTC Faculty Salary Pay Plan was adopted by the LCTCS Board of Supervisors on November 14, 2001. The LTC faculty salary increases adhered to the Board of Regents' Guidelines. (See attachment B).

After discussion, the Committee took the following action:

On motion of Regent Robinson, seconded by Regent Strong, the Finance Committee voted unanimously to recommend that the Board of Regents approve the FY 2001-2002 operating budget for the Louisiana Technical College including the Faculty Salary Pay Plan.

REVIEW OF FIRST QUARTER ENERGY REPORT

As a result of increased utility rates during FY 2000-2001, the Board of Regents developed Energy Guidelines along with some long-term and short-term options in order to assist institutions in coping with unfunded utility costs. Contained in these options was a temporary energy surcharge with reasonable limitations that could be implemented based on a comparison of actual FY 1999-2000 cost data to estimated FY 2000-2001 costs. This projected increase of \$29.2 million in utilities for FY 2000-2001 was the result of a 111.6% increase in natural gas cost and a 45.3% increase in the cost of electricity. Of this amount an estimated 25% or \$7.3 million

was to be assigned to the auxiliary operations. Up to 75% or \$16.4 of the remaining \$21.9 million would be allowable recovery from a temporary energy surcharge.

Mr. Roubique presented an analysis of the postsecondary education energy report for the first quarter of this fiscal year, as summarized in Attachment C, to the Committee as required by Board of Regents action in July 2001. Based on data received from the institutions, postsecondary education electricity rates increased approximately 22% in the first quarter FY 2001-2002 as compared to the base year rates in FY 1999-2000. The comparison for the same time period for gas rates shows that gas rates have increased 9.83%.

Further analysis of the FY 2001-2002 first quarter reports along with projected natural gas rate increases for the winter months indicates that utility cost increases from the base year are projected for FY 2001-2002 to be \$7.0 million for those institutions assessing an energy surcharge. During the first quarter of FY 2001-2002 the institutions have generated an amount of \$4.9 million through the student energy surcharge. Only \$2.1 million is required to be raised through the student energy surcharge for the remainder of the year. The complete energy report is on file in the Board of Regents' Office.

After discussion, the Committee took the following action:

On motion of Regent Strong, seconded by Regent Robinson, the Finance Committee voted unanimously to recommend that the Board of Regents request the management boards work with their respective institutions to review the FY 2001-2002 first quarter actual utility rates with respect to the benchmark FY 1999-2000 utility rates and make appropriate reductions in the student energy surcharge based on the Board of Regents' Guidelines adopted in July 2001. Further, that the management boards take the necessary steps to notify the students of the reductions in the energy surcharge.

ADJOURNMENT

There being no further business, the Committee adjourned at 10:15 a.m.