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FINANCE COMMITTEE MEETING REPORT

Wednesday, June 25, 2008

The Finance Committee met on Wednesday, June 25, 2008, at 9:30 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
Stephen Toups, LCTC System
James Roy, LSU System

Other Board Members Present

Maurice C. Durbin
Donna G. Klein
Ingrid T. Labat
William Clifford Smith
Pat A. Strong
Artis L. Terrell, Jr.

Staff Members Present

E. Joseph Savoie
Donald J. Vandal
Wendy C. Simoneaux

Committee Members Absent

SU System Representative
UL System Representative

Guests Present

Appendix A

TUITION AND FEE GUIDELINES

Mr. Vandal informed the Committee that House Bill No. 734, which provides for authority on tuition and fees, has been approved by the Legislature. This legislation sponsored by Representative Trahan, Chair of the House Education Committee, in its amended form provides authorization to the management boards to increase tuition and mandatory fees at institutions in their systems in amounts not to exceed 5% annually for fiscal years 2008-09, 2009-10, 2010-11, and 2011-12. House Bill 734 provides that management boards can 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 the proposed guidelines that would comply with the proposed legislation that had been arrived at after consultation and coordination with the management boards. After discussion, the Finance Committee took the following action:

On motion of Regent Levy, seconded by Regent D'Aquin, the Finance Committee voted to unanimously recommend the Board approve the Guidelines for Establishing Peer Tuition and Mandatory Fee Rates as reflected in Appendix B.

Mr. Vandal then explained to the Committee that the SREB does not provide adequate

data to develop appropriate peer analysis for determination of allowable tuition increases for the LSU Board of Supervisors to impose on specific health education programs at the two Health Sciences Centers. Staff proposed working with the LSU System and the two Health Sciences Centers to develop appropriate peer analysis for such determination. After discussion, the Finance Committee took the following action:

On motion of Regent Levy, seconded by Regent D'Aquin, the Finance Committee voted to unanimously recommend the Board approve the request that Staff be given the authority to work with the LSU System and the two Health Sciences Centers to develop appropriate peer analysis for determination of allowable tuition increases for the LSU Board of Supervisors to impose on specific health education programs at the two Health Sciences Centers and to establish guidelines for such tuition increases consistent with the provisions of House Bill 734.

REVIEW OF BUDGET AND FUNDING ISSUES

Mr. Vandal briefly updated the Committee on the status of the FY 2008-2009 appropriations process. Mr. Vandal informed the Committee that the legislative session ended on Monday, June 23rd and reviewed with the Committee the budget items and adjustments for postsecondary education in House Bill 1 as reflected in Appendix C. Mr. Vandal also led the Committee through a discussion centered on the budget items and adjustments for postsecondary education in House Bill 1287, the FY 2007-2008 Supplemental Appropriations Bill, as reflected in Appendix D. Mr. Vandal said that overall, postsecondary education had fared well in the legislative session with the major sources on new dollars received for “full-formula funding” and mandated cost coverage. Commissioner Savoie then urged the Board to consider strategies for the next legislative session to discourage the number of individual program funding by individual legislators in the appropriation process. Mr. Vandal reiterated Commissioner Savoie’s comments and then explained to the Committee the Staff’s concerns about the future funding for postsecondary education as a result of the various tax reductions and dedications approved by the legislature.

REPORT FROM DEPUTY COMMISSIONER

Mr. Vandal commented that the Board of Regents staff, 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. Mr. Vandal also said that staff have been in discussions with the LSU System relative to the Health Sciences Center Funds Flow Project and have requested that the appropriate leadership appear at a fall Board of Regents Finance Committee meeting. Mr. Vandal also discussed Senate Bill 726, by Senator Jackson which addresses a limit on the amount of dollars that can be “transferred” from the Shreveport Hospital to the LSU Health Sciences Center in Shreveport.

ADJOURNMENT

There being no further business to come before the Committee, the Finance Committee adjourned at 10:35 a.m.