

Act 314 of the 2016 Regular Legislative Session authored by Representative Chris Broadwater transferred the powers and duties of the executive board of the Louisiana Universities Marine Consortium (LUMCON), the commission for the Louisiana Office of Student Financial Assistance (LOSFA), the authority for the Student Tuition Assistance and Revenue Trust (START) Program, and the board for MediFund to the Board of Regents (BOR) by abolishing the respective boards, commission, and authority.

Act 314 requires that BOR submit an annual report beginning in 2017 and continuing in 2018 and 2019 that includes a statement of fiscal costs and savings and revenue losses and gains attributable to implementation of this law, and an analysis of the impact of this law on the programs transferred.

As a result of Act 314 becoming effective on July 1, 2016, BOR now directs the programs of BOR, LOSFA, and LUMCON. As the MediFund Board has not been fully functional since its inception, there have been no changes pertaining to MediFund resulting from the implementation of Act 314. This report therefore focuses on LOSFA and LUMCON.

Savings:

As a result of the transfer, BOR now utilizes LOSFA to handle accounting and human resource functions that were previously handled by the Office of Finance and Support Services (OFSS) and Human Capital Management (HCM) within the Divisions of Administration. In FY 16 BOR paid OFSS \$98,586 for accounting services and HCM \$58,743 for human resource services for a total of \$157,329.

Since the Louisiana Student Financial Assistance Commission (LASFAC) was abolished and the Louisiana Tuition Trust Authority (LATTA) is governed by BOR, expenses related to the board meetings decreased from FY 16 to FY 17. LOSFA no longer pays a per diem (\$2,200 savings) or for a meeting room rental (\$2,700). Travel has also decreased and is expected to be approximately \$11,000 less in FY 17 than in FY 16. This results in a total savings of \$15,900 in Federal funds.

As a program within BOR, LUMCON recently received desktop computers, servers, and a video conferencing system that it would have not have been able to receive prior to Act 314. The video conferencing system and servers were originally purchased by the Louisiana Optical Network Initiative (LONI), a BOR statewide program, in 2013 and 2015, respectfully. The desktops were purchased in May of 2011 by BOR. While the equipment is dated, the property transfer resulted in cost avoidance by LUMCON by not having to purchase equipment. The original purchase price of the desktops, servers, and video conference equipment totaled \$113,371. Prior to Act 314, BOR's legal counsel provided legal services to the LUMCON Executive Board. As a result of Act 314, BOR's legal counsel is able to work directly with LUMCON to provide legal assistance on ongoing matters as necessary.

Costs:

Since BOR utilizes LOSFA for back office functions, the increased workload resulted in the addition of a Grants Officer to the LOSFA staff. The position is funded by BOR at a cost of \$75,399, which includes salary and related benefits. In addition, in FY 17 BOR transferred \$68,000 to LOSFA for programming

costs associated with Achieving a Better Life Experience (ABLE) Accounts. ABLE Accounts are under the authority of LATTAs as a result of Act 604 of 2016. ABLE is a special savings account for financing of certain qualified expenses for person with disabilities. These new costs to BOR total \$143,399.

LOSFA realized an annual cost of \$2,160 for adding BOR staff to the business continuity software that allows for commination during emergencies and disasters.

These savings and costs have resulted in a net savings to the agency in the amount of \$41,657. This savings is a combination of \$27,727 in Federal funds and \$13,930 in State General Fund.

Program Impacts:

LUMCON has not reported any program impacts. Issues associated with accounting and personnel departments that occurred upon initial transition are being worked out and the operating process has improved, especially since LUMCON is located in Cocodrie. Any issues that remain or occur are being resolved as quickly as possible.

LOSFA's HR division recognized a workload increase as a result of adding the employees of both BOR and LUMCON to LOSFA's responsibility. The addition of BOR and LUMCON added 173 employees that the division had to become knowledgeable in the areas regarding Teachers' Retirement System of Louisiana, Optional Retirement Plan, and health and life insurance for current employees and retirees for BOR and LUMCON. As a result of the increased workload, LOSFA's HR division anticipates future costs by hiring an addition HR position and purchasing additional supplies. The need for an additional position will be evaluated at the end of the year as HR staff workloads are analyzed.

LOSFA's information technology (IT) division has worked with BOR to support the electronic transfer of data related to BOR contracts and payment data. LOSFA IT also has created imagine applications that allow invoices to be seen electronically. Finally, by having access to BOR data, LOSFA can efficiently receive student data related to scholarship and grant reporting, college access outreach evaluation, and assist the for START Program through student enrollment verification.

Finally, LOSFA procedures for items requiring final approval by LAFSAC or LATTAs have changed. Prior to Act 314, action would have been approved by the Executive Director and taken to LASFAC or LATTAs for final approval. Since Act 314, items are approved by the Executive Director, then sent to the Advisory Board, and then to BOR or LATTAs for final approval.

The cumulative effect of Act 314 has been beneficial for all three entities involved, i.e., BOR, LOSFA and LUMCON. As LOSFA and LUMCON have a statewide scope, BOR is better able to integrate their operations into the higher education context than the predecessor boards that did not have a higher education coordination function or expertise. BOR's oversight of these entities integrates into BOR the various statewide assets and programs operating for the collective benefit of Louisiana's higher education enterprise and offers better planning and coordination.