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REGENTS ADOPT REVAMPED FUNDING FORMULA

BATON ROUGE, La –The Board of Regents today adopted a revamped performance-based funding formula and a proposed formula distribution model that aligns fiscal policies with academic improvement goals.

The formula, approved by the Board of Regents, includes three main modifications from last year. Those changes include:

- Alignment of the 25 % performance calculation to the GRAD Act.
- Funding student credit hours (SCH) based on course completions (known as “end of course” measures).
- Calculation of a stand alone formula for 2-year institutions.

“Regents has emphasized for several years that we intend to fund our institutions based upon their output rather than their input,” said Board of Regents Chairman Bob Levy. “This formula simplifies the performance measures and rewards what matters, requiring campuses to perform in order to receive state funding.”

The Regents’ approved formula includes two components – cost and performance. Using the new formula, 85% of the total state general funds will be distributed based on the cost model and the remaining funds will be distributed based on performance.

The performance component has been simplified and aligned with the GRAD Act. State general funds will be awarded based upon an institution’s performance on the student success measures outlined in the GRAD Act.

Those measures include graduation rate, retention rate and number of completers. Campuses can achieve an additional 10% in tuition funding if they meet their annual GRAD Act targets for a total performance component of 25%.

Funding using the “end of course” measures is the only change from last year’s cost model of the funding formula. This change funds the number of student credit hours (SCH) institutions report at the end of the semester or “end of course” rather than those reported after the 14th class day. It is designed to reward course completion by students rather than course enrollment. The amount of funding for SCH’s will be based upon an institutions’ Southern Regional Education Board’s (SREB) peer faculty costs comparisons by discipline. This change, which aligns with best practices in other states and a recommendation by the Postsecondary Education Review Commission, will apply to all two-year and four-year institutions—Louisiana’s technical colleges are exempt.

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Using the Governor’s proposed Executive Budget, a total of \$699,384,595 could be distributed to systems using the approved formula. Final allocations will be determined once the state’s budget is finalized in the upcoming legislative session which ends on June 23, 2011.

The newly adopted funding formula is a result of many months of collaborative meetings coordinated by Regents’ staff with key stakeholders including state and higher education leaders as well as finance officers from each college and university system.

A breakdown of the Preliminary Formula Funding Distribution Model by system is below.

System	FY 11-12 State General Funds Formula Base	15% Performance Tied to GRAD Act	85% Distribution on Cost Metrics	Proposed FY 11-12 Distribution	Distribution Difference
LCTC	132,903,576	19,935,536	116,274,713	136,210,249	3,306,673
LSU	225,403,538	33,810,531	191,341,548	225,152,079	-251,459
SU	48,339,361	7,250,904	39,462,903	46,713,807	-1,625,554
UL	292,738,121	43,910,718	247,397,743	291,308,461	-1,429,660
Total	699,384,596	104,907,689	594,476,907	699,384,596	-