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BOARD OF REGENTS

P. O. Box 3677

Baton Rouge, LA 70821-3677

Phone (225) 342-4253, FAX (225) 342-9318

www.regents.state.la.us

FINANCE COMMITTEE REPORT

Wednesday, October 21, 2009

The Finance Committee met on Wednesday, October 21, 2009, at 9:10 a.m. in the Claiborne Building, Louisiana Purchase Room, in Baton Rouge, Louisiana. Committee Chair Brame called the meeting to order. The roll was called and a quorum was established.

Committee Members Present

Scott Brame, Chair
Victor Stelly, Vice Chair
Richard D'Aquin
Ingrid Labat
W. Clinton Rasberry, Jr.
Mary Ellen Roy
Harold Stokes
Stevie Smith, LCTC System
Walter Guidry, SU System
Stanley Jacobs, LSU System

Staff Members Present

Lori Parker
Wendy Simoneaux
Donald Vandal
Carolyn Blanchard

Other Board Members Present

Charlotte Bollinger
Maurice Durbin
Marc Guichard
Carolyn Blanchard
Roland M. Toups
Robert W. Levy
Artis L. Terrell, Jr.
Donna Klein

Committee Members Absent

UL System Representative

Guests

Appendix A

BUDGET REVIEW AND REQUEST

Mr. Donald Vandal, Deputy Commissioner for Finance and Administration, said that the focus at this point in the budget process is usually consideration and approval of the current year's operating budgets. He said, however, that attention should be given to the upcoming fiscal year and the challenges likely to prevail due to upcoming budget reductions.

He continued by stating that today's meeting would provide an initial forum for discussion of budget planning and preparation for an expected further reduction next fiscal year in State funding for postsecondary education. Mr. Vandal noted that although considerable uncertainty exists with respect to the precise budget circumstances to be addressed, indications from the Governor's Office are that an additional reduction in the neighborhood of \$150 million can be expected at a minimum.

He said the Regents' staff would first present an overview of the budget outlook. Mr. Vandal said each system would then provide a summary of efforts underway as they prepare for the upcoming budget process and funding adjustments.

Mr. Vandal then presented an overview of the budget outlook as well as a budget scenario based on a request from the Finance Committee Chair which depicted how the estimated budget reductions would affect individual institutions in FY 11-12.

Dr. Randy Moffett, President, University of Louisiana System, provided a brief history of the University of Louisiana System, the anticipated effects of the funding reductions on the system, suggestions for institutional and system collaboration, increased revenue raising potential, and further effectiveness and efficiencies. Dr. Moffett suggested that with the magnitude of the projected funding shortfall, all statewide policies needed to be revisited in the areas of tuition, scholarships, and revenue dedications.

Next, Dr. Joe May, President, Louisiana Community and Technical College System, focused on the effects that the combination of budget reductions and rapid enrollment increases were having on the System. He shared with the committee steps that are being taken to deal with these effects. Some of the coping mechanisms include pursuit of items such as centralized financial aid, centralized enrollment services, and incentives for early retirement.

In Dr. Lombardi, President of the Louisiana State University System's absence, Mr. John Antolik, introduced Dr. Mike Martin, Chancellor of LSU A&M, Dr. Tim Ryan, Chancellor of the University of New Orleans, and Dr. Vince Marsalas, Chancellor of LSU in Shreveport to represent the System. These gentlemen discussed various strategies that must be explored in light of the significant amount of future funding loss.

After an extended discussion surrounding the issues and ideas presented, Dr. Kassie Freeman, Interim President of the Southern University System presented the effects of the fiscal outlook on that System.

The Committee then recessed until 1:45 p.m. The Committee then heard a presentation from Ms. Melanie Amhrein, Executive Director of the Louisiana Office of Student Financial Assistance (LOSFA) that informed the Committee on LOSFA's operations and budgetary picture. It was noted that during the budget process for FY 2009-2010, LOSFA was moved in the State's organizational hierarchy from an entity in the "Special Schools" section of the General Appropriations Bill to the "Higher Education" section, and legislation was enacted which placed LOSFA under the Board of Regents.

Next, Dr. Nancy Rabalais, Executive Director of the Louisiana Universities Marine Consortium (LUMCON) presented the operations and budget concerns of LUMCON in light of the State's fiscal picture.

Deputy Commissioner Vandal said the State budget process is essentially continuous and the budget review of activities of one fiscal year flow into the budget planning and request for the next fiscal year. He said that, in the case of postsecondary education and the budget process, the operating budgets adopted for the current fiscal year serve as part of the budget request documentation for the next fiscal year.

He then provided a brief review of activities to date by the Committee and the Board regarding the current year's budgets. He continued by saying that the formula serves as the representation of the funding level determined appropriate for providing adequate financial support for the operations of the institutions.

Mr. Vandal noted that action would be required by the Committee to approve the FY 2009-2010 operating budgets.

On motion of Regent D'Aquin, seconded by Regent Rasberry, the Finance Committee voted unanimously to recommend the Board approve the FY 2009-2010 operating budgets for postsecondary higher education.

Then, Mr. Vandal indicated that the new formula mechanism and its basic concepts which have been largely embraced by the postsecondary education community, should serve as the primary budget request instrument for FY 2010-11.

On motion of Regent D'Aquin, seconded by Regent Stokes, the Finance Committee voted unanimously to recommend the Board authorize the Commissioner of Higher Education and Staff to utilize the new formula funding mechanism as the primary budget request instrument, recognizing that there will be on-going efforts to update the underlying formula data, to make minor adjustments to the formula components, and to determine the degree of implementation of the new formula, all as circumstances require as State budget recommendations evolve.

REPORT FROM DEPUTY COMMISSIONER

Mr. Vandal then informed the Committee that the Louisiana Legislative Auditor recently completed the biannual audit of the Board of Regents for the period of July 1, 2007 through June 30, 2009 and has issued its procedural report noting no matters that require disclosure. Mr.

Vandal and Dr. Clausen noted that appreciation is to be given to the Board of Regents staff for this accomplishment.

ADJOURNMENT

There being no further business to come before the Committee, Chair Brame declared the meeting adjourned at 3 p.m.