

SENATE BILL NO. 337

BY SENATORS APPEL AND THOMPSON

1 AN ACT

2 To enact R.S. 17:3129.2, relative to public postsecondary education; to provide for the
3 development of an outcomes-based funding formula for postsecondary education;
4 to provide relative to formula components and a timeline for implementation of the
5 formula; to provide for submission to the Board of Regents; to provide for reporting
6 requirements; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 17:3129.2 is hereby enacted to read as follows:

9 **§3129.2. Postsecondary education; outcomes-based funding formula; creation;**
10 **components; approval; implementation; reports**

11 **A. The legislature finds that:**

12 **(1) There is a direct correlation between postsecondary educational**
13 **attainment, individual earning power and quality of life, and the overall**
14 **economic health and prosperity of the state.**

15 **(2) Alignment of postsecondary program offerings with economic**
16 **development and workforce needs and increased emphasis on the production**
17 **of postsecondary degrees and certifications that provide the holder with greater**
18 **earning potential are necessary and essential to the state's economic well-being**
19 **and the welfare of the people of Louisiana.**

20 **(3) The number of Louisiana residents with postsecondary degrees and**
21 **certificates must significantly increase in order to meet the state's current and**
22 **projected workforce demands.**

23 **(4) Any measurement of the success of Louisiana's postsecondary**
24 **educational system must necessarily include indicators that compare the**

1 performance of individual institutions to that demonstrated by statistically peer
2 institutions across the country.

3 (5) The current retention, completion, and graduation rates of most of
4 Louisiana's public colleges and universities are below regional and national
5 averages, and it is both responsible and in the best interest of the state to
6 allocate educational resources in a manner that effectively supports our public
7 postsecondary institutions and promotes and prioritizes outcomes at the campus
8 level.

9 (6) The state's Master Plan for Postsecondary Education and
10 postsecondary education funding formula must reflect student and state
11 priorities and promote and drive the changes needed to make Louisiana's public
12 postsecondary educational system more productive, more efficient, more
13 affordable, more accountable, and better aligned with the state's economic
14 development and workforce needs.

15 B. The commissioner of higher education and the president of each
16 public postsecondary education system shall jointly and collaboratively:

17 (1) Review the postsecondary education funding formula and develop
18 a comprehensive outcomes-based funding formula that ensures the equitable
19 allocation of state funds to public postsecondary educational institutions,
20 appropriately considers costs, places significant emphasis on student and
21 institutional outcomes, and aligns with the state's economic development and
22 workforce needs.

23 (2) Consult with and solicit meaningful feedback and guidance from
24 institutional presidents, chancellors, faculty, chief academic officers, chief
25 financial officers, students, and business and civic leaders.

26 (3) Make recommendations for any changes needed in the Master Plan
27 for Postsecondary Education and the Louisiana Granting Resources and
28 Autonomy for Diplomas Act as provided in R.S. 17:3139, et seq., to support and
29 facilitate implementation of the outcomes-based funding formula.

30 C. In creating the outcomes-based funding formula, the commissioner

1 of higher education and the postsecondary system presidents shall focus upon
2 developing the optimal methodology by which to allocate postsecondary funding
3 in a manner that provides incentives for institutions to achieve desired
4 outcomes. The following factors shall be considered and included in the formula
5 as deemed appropriate:

6 (1) Student success factors, including retention, timely progression
7 toward degree completion, cost of completion, certificate and degree
8 production, and successful transfer of students from community and technical
9 colleges to four-year degree-granting institutions.

10 (2) Alignment with economic development and workforce needs,
11 including certificate and degree production in science, technology, engineering,
12 mathematics, and other high-demand fields and the potential earning power of
13 graduates.

14 (3) Research and innovation, including research expenditures,
15 technology transfer, and commercialization.

16 (4) Funding, including credit hour costs and cost of certificate and
17 degree completion.

18 (5) Any other factor or metric that would promote desired student and
19 institutional outcomes.

20 **D. The outcomes-based funding formula shall:**

21 (1) Appropriately consider the role, scope, and mission of each
22 postsecondary institution.

23 (2) Establish a concise set of outcomes to be measured for each
24 postsecondary institution and define metrics for each outcome that are reliable,
25 accurate, nationally recognized, and benchmark the performance of each
26 institution compared to its statistical peers in other states, wherever valid
27 comparable data is available.

28 (3) Determine the optimal allocation of state appropriated funds to each
29 postsecondary institution based upon operational costs, performance outcomes,
30 and performance-based, targeted incentives. However, the amount to be

1 allocated based upon performance outcomes must be sufficient to incentivize
 2 increased performance at the campus level.

3 (4) Consider the characteristics unique to each individual postsecondary
 4 institution, including community and technical colleges and professional
 5 schools, such as student enrollment characteristics and geographic location and
 6 delivery area.

7 (5) Include safeguards to prevent sudden, dramatic changes in the
 8 funding level of any postsecondary institution.

9 (6) Contain a timeline for full formula implementation.

10 E. Implementation of the outcomes-based funding formula shall begin
 11 as soon as practicable, but not later than the beginning of the 2016-2017 fiscal
 12 year.

13 F.(1) Not later than December 31, 2015, the commissioner of higher
 14 education shall submit a written report containing the proposed outcomes-based
 15 funding formula and related recommendations for related policy and statutory
 16 changes to the Board of Regents for its consideration and approval.

17 (2) The Board of Regents shall review the report and subsequently
 18 submit the report, the proposed outcomes-based funding formula, and the
 19 board's comments and recommendations to the Senate Committee on
 20 Education, the Senate Committee on Finance, the House Committee on
 21 Education, and the House Committee on Appropriations, not later than
 22 January 31, 2016.

23 G. The commissioner of higher education and the postsecondary system
 24 presidents shall collectively re-evaluate the postsecondary education funding
 25 formula at least once every two years and submit a written report regarding the
 26 formula's effectiveness and the performance of each postsecondary institution
 27 to the Senate Committee on Education, the Senate Committee on Finance, the
 28 House Committee on Education, and the House Committee on Appropriations.

29 Section 2. This Act shall become effective upon signature by the governor or, if not
 30 signed by the governor, upon expiration of the time for bills to become law without signature

1 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
2 vetoed by the governor and subsequently approved by the legislature, this Act shall become
3 effective on the day following such approval.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____