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November 3, 2016

Mr. Jay Dardenne
Commissioner of Administration
Claiborne Building, 7th Floor
Baton Rouge, LA 70802

Dear Commissioner Dardenne:

In accordance with RS 39:32.1(F), the Board of Regents approved the required initial public postsecondary education formula funding budget request for FY 2017-2018 at its November 2nd board meeting. This is the second year our formula process has been expanded to include separate formulas for the 4-Year, 2-Year and certain specialized units (Ag Centers, Health Science Centers and Pennington Biomedical Research Center). Additionally, this request includes the funding needs of the non-formula units (Boards, LOSFA Program, LUMCON Program, SU Law Center) for the ensuing fiscal year. The annual operational plan documents were also submitted to your office as requested.

The total projected state general fund cost to fully fund Higher Education in FY 2017-2018 is approximately \$1.749B, which equates to approximately \$830M of additional state general fund need above the current FY 2016-2017 base level funding. However, because it is an unrealistic expectation to request \$830M in one year, the FY2017-2018 Higher Education budget request includes an additional \$100M plus \$88.8M to fully fund TOPS above the current floor in place for a total request of approximately \$1.1B, or a \$188.8M increase over the FY 2016-2017 base budget.

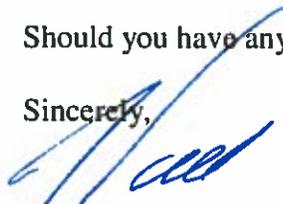
In addition to requesting \$88.8M of additional state general fund for the TOPS program, the breakdown of the \$100M request, which assumes all higher education entities will retain their current FY 2016-2017 level with no funding being non-recurred during the FY 2017-2018 budget development process, is as follows:

- \$43.5M for 2 year and 4 year institutions to increase the outcomes and cost portions of the formula by 5 percentage points, while still preventing drastic shifts in funding among the 2 year and 4 year institutions (pursuant to Act 462 of 2014);
- \$34.8M to fund individuals eligible for Go Grants in accordance with each institutions' current packaging policy level;

- \$13.3M to fund the average increase in state mandated costs from FY09 to FY17 in order to retain state funding dollars for their intended purposes including instruction, research and graduating students to respond to the state's workforce needs;
- \$400,000 for open source documents and/or eTextbooks that will reduce cost of attendance for students;
- \$8M for specialized units to increase research and public service productivity at the LSU and SU Agricultural Centers, enhance instruction and research capacity at the LSU Health Science Centers and Pennington Biomedical and increase instruction capacity at the SU Law Center.

Should you have any questions, please feel free to contact me.

Sincerely,



Joseph C. Rallo, Ph.D.
Commissioner of Higher Education
Board of Regents

c: Richard Lipsey, Chairman
Board of Regents

JCR:jtm