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November 3, 2010

Mr. Paul Rainwater
Commissioner of Administration
Claiborne Building, 7th Floor
Baton Rouge, LA 70802

Dear Commissioner Rainwater:

This correspondence transmits the required initial postsecondary education formula funding budget request for FY 2011-2012. Per your request, the enclosed schedule summarizes the State funding needed if the funding formula requirements were to be fully met. This is likely to be the single point in the budget process wherein an opportunity exists to present full funding requests through the use of the formula funding mechanism which was designed prior to the state's revenue reductions.

We understand that this submission is the first step in a process that will end next summer when the Governor and legislature agree on a final budget for 2011-12. Further, we realize that the financial realities facing the state will require all state agencies to become even more efficient. In pursuit of this objective, we are working with the management boards on development of the priority level funding plan to be submitted in January.

The enclosed initial funding request reflects several factors that should be considered;

1. Performance components of the formula designed to incentivize improved performance include:
 - A fully funded base core cost request that incentivizes progression and research activity – \$328.5 million
 - Rewards for growth in degree and certificate completions - \$36 million
 - Enrollment Growth/stabilization - \$24 million
2. Currently, ARRA funds are included in the State funding base resulting in an additional State funding need of \$388.5 million. When the ARRA funds expire, and additional \$290 million in State funds will be needed to fund postsecondary education at 100% of full formula.
3. Funding in the amount of \$32.5 million for the "specialized units" (health sciences centers, law centers, and the LSU agriculture center) using the traditional formula funding approach.

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These factors account for \$388.5 million in additional State funding, essentially the total of a fully funded formula for postsecondary education. It is our hope that further State funding reductions can be addressed in a manner that impacts the delivery of postsecondary education services in the least harmful way to the students we serve. We pledge to work with the Administration and the Legislature to resolve the financial challenges we face together.

Please contact me if I can provide anything further.

Sincerely,

Artis Terrell, Jr.
Chair, Board of Regents

AT:chb