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November 1, 2012

Ms. Kristy Nichols  
Commissioner of Administration  
Claiborne Building, 7<sup>th</sup> Floor  
Baton Rouge, LA 70802

Dear Commissioner Nichols:

This correspondence transmits the required initial postsecondary education formula funding budget request for FY 2013-2014. Per your request, the enclosed schedule summarizes the State funding needed if the funding formula requirements were to be fully met. This is a preliminary estimate which will be revised in early Spring 2013 when fall course completions, peer data and current space utilization are updated.

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 2013-14. Further, we realize that the financial realities facing the state will require all state agencies to become even more efficient.

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 – increase of \$298.5 million
  - Performance pool that rewards progress towards master plan objectives – increase of \$36 million
  - Enrollment Growth/Stabilization Pool – increase of \$24 million
2. Funding in the amount of \$44.2 million for the “specialized units” (health sciences centers, law centers, and the LSU Agriculture Center) using the traditional formula funding approach. These factors account for \$402.7 million in additional State funding, essentially the total of a fully funded formula for postsecondary education. It is our

Ms. Kristy Nichols  
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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,

A handwritten signature in black ink, appearing to read "Jim Purcell". The signature is stylized with a large, looping initial "J" and a cursive "Purcell".

Jim Purcell, Ed.D.  
Commissioner of Higher Education

JP:LP:chb

Enclosure

**Louisiana Postsecondary Education  
Formula units Budget Request for FY 2013-2014  
Preliminary Estimates**

<b>Institutional Grouping*</b>	<b>FY2012-2013</b>		<b>FY2013-2014</b>		<b>FY2013-2014</b>
	<b>Formula Generated State</b>		<b>Formula Generated State</b>		<b>Additional State</b>
	<b>Funding Need</b>		<b>Funding Need</b>		<b>Funds Requested</b>
					<b>per Formula</b>
Four-Year 1	228,247,899	18.0%	210,669,564	18.1%	65,658,241
Four-Year 2	222,890,642	17.6%	192,626,630	16.5%	56,784,088
Four-Year 3	151,273,642	12.0%	142,455,585	12.2%	40,345,777
Four-Year 4	162,981,279	12.9%	144,369,219	12.4%	40,555,648
Four-Year 6	8,427,733	0.7%	6,916,978	0.6%	128,563
Two-year	160,508,341	12.7%	163,456,636	14.0%	61,064,737
Technical College	74,698,509	5.9%	53,833,957	4.6%	33,963,380
Specialized Units	255,891,420	20.2%	250,499,170	21.5%	44,242,093
<b>Base Request</b>	<b>1,264,919,465</b>	<b>100.0%</b>	<b>1,164,827,739</b>	<b>100.0%</b>	<b>342,742,527</b>
Performance Pool					36,000,000
Enrollment Growth/Stabilization Pool					24,000,000
<b>Total Request</b>					<b>402,742,527</b>