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October 30, 2013

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

Dear Commissioner Nichols:

This correspondence transmits the required initial postsecondary education formula funding budget request for FY 2014-2015. This is a preliminary estimate of higher education state funding needs. Please keep in mind that this request assumes that any tuition increases approved by the management boards and legislature will not be offset by a state general fund reduction.

The Board of Regents approved this budget request on October 23, 2013. All budget documents were submitted to your office by the requested October 15, 2013 date.

Our FY 2014-15 budget request includes the following components:

Part One (Recurring Funds)

- ❖ **Formula Units**
 - \$36 million above the existing operating budget base to bring 2 and 4 year institutions to a 65% formula implementation rate to simplify the formula by eliminating the stop-loss. For FY 13-14, \$484 million was distributed through the formula and an additional \$40 million was provided to each system. This year, we are requesting a total of \$560 million for distribution through the formula.
- ❖ **Specialized Units (Medical Schools, Ag Centers, Law Centers)**
 - \$17 million requested above the existing operating budget base of \$191 million.
- ❖ **Pennington Biomedical Research Center**
 - \$3.3 million requested above the existing operating budget base of \$13.4 million to open new facility and hire research teams.
- ❖ **Louisiana Universities Marine Consortium (LUMCON)**
 - \$750,000 requested above the existing operating budget base of \$2.3 million to stabilize operations.

TOTAL: \$57 Million

Part Two (One-Time Funds)

- ❖ Workforce & High Demand Program Backlogs
 - \$30 million funding pool is requested for the Higher Education Initiatives Fund to reduce significant backlogs in high demand programs such as nursing, engineering, medicine and dental hygiene. The allocation will be based on robust data collection and in-depth analysis by the Board of Regents. These funds will be used as start-up costs for programs that have a demonstrated need. Tuition from the additional students will sustain the programs.

TOTAL: \$30 Million

Part Three (FY 13 Surplus Funds)

- ❖ Revolving Loan Fund
 - \$50 million from the FY 13 budget surplus to create the Higher Education Deferred Maintenance Revolving Loan Fund. This fund will provide a source of money from which low interest loans are made to institutions demonstrating the need to address emergency and time-sensitive capital projects. There is a significant need to fund the \$1.8 billion backlog of deferred maintenance projects among higher education institutions. Act 426 of the 2013 Regular Session established a Building Use Fee implemented by management boards and institutions to construct, acquire, repair, maintain, operate, or improve the facilities and physical infrastructure of the institution collecting the fee. This fee can be used to repay the loan.

TOTAL: \$50 Million

Please feel free to contact me if I can provide additional information.

Sincerely,



Jim Purcell, Ed.D.
Commissioner of Higher Education

JP:BG:chb