

Regular Session, 2013

SENATE BILL NO. 117

BY SENATORS APPEL AND GUILLORY AND REPRESENTATIVE CARTER

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

POSTSECONDARY ED. Provides for the creation of the Outcomes-Based Funding Task Force. (gov sig)

1 AN ACT

2 To enact R.S. 17:3129.2 and R.S. 36:651(N), relative to public postsecondary education

3 funding; to provide for the creation of the Outcomes-Based Funding Task Force and

4 to provide for its composition, powers, duties, compensation, staffing, and support;

5 to require the task force to develop an outcomes-based funding formula for public

6 postsecondary education; to provide relative to formula components and a time line

7 for implementation of the formula; to provide for reporting requirements; to provide

8 for a termination date for the task force; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

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

11 **§3129.2. Outcomes-Based Funding Task Force; creation; powers and duties;**

12 **report**

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

14 **(1) The linkage between postsecondary educational attainment,**

15 **individual earning power, and overall economic health and prosperity is**

16 **documented and undeniable.**

17 **(2) Alignment of postsecondary program offerings with the state's**

1 economic and workforce needs and increased emphasis on the production of
2 postsecondary degrees and certifications that provide the holder with greater
3 earning potential are necessary and essential to the state's economic well being.

4 (3) The number of Louisiana residents with postsecondary degrees and
5 certificates must significantly increase to meet the state's current and projected
6 workforce and economic development needs.

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

13 (5) The state's Master Plan for Postsecondary Education and the
14 postsecondary education funding formula contained therein must reflect
15 student and state priorities and promote and drive the changes needed to make
16 Louisiana's public postsecondary educational system more productive, more
17 efficient, more accountable, and better aligned with the state's workforce and
18 economic development needs.

19 B. The Board of Regents shall create and establish a task force, to be
20 designated as the Outcomes-Based Funding Task Force, for the purpose of
21 developing a funding formula for the equitable allocation of state funds to
22 Louisiana's public postsecondary educational institutions that appropriately
23 considers cost, but places significant emphasis on student and institutional
24 outcomes and is aligned with state economic development and workforce needs
25 and strategies.

26 C. The task force shall be composed of fifteen members as follows:

27 (1) The chairman of the Board of Regents, who shall serve as chairman
28 of the task force.

29 (2) One member of the Board of Regents, appointed by the chairman

1 **thereof.**

2 **(3) The chairman of the Board of Supervisors of Louisiana State**
3 **University and Agricultural and Mechanical College, or his designee.**

4 **(4) The chairman of the Board of Supervisors of Southern University**
5 **and Agricultural and Mechanical College, or his designee.**

6 **(5) The chairman of the Board of Supervisors for the University of**
7 **Louisiana System, or his designee.**

8 **(6) The chairman of the Board of Supervisors of Community and**
9 **Technical Colleges, or his designee.**

10 **(7) The commissioner of higher education.**

11 **(8) The president of the Louisiana State University System.**

12 **(9) The president of the Southern University System.**

13 **(10) The president of the University of Louisiana System.**

14 **(11) The president of the Louisiana Community and Technical College**
15 **System.**

16 **(12) The secretary of the Louisiana Department of Economic**
17 **Development.**

18 **(13) The chairman of the Louisiana Workforce Commission.**

19 **(14) Two members representing business or civic organizations**
20 **appointed by the governor.**

21 **D.(1) In developing the outcomes-based funding formula, the task force**
22 **shall focus upon course, certificate, and degree completion and consider a range**
23 **of factors that shall be weighted in a manner that reinforces each institution's**
24 **role, scope, and mission. These outcomes, at a minimum, shall include student**
25 **retention, timely progression toward degree completion, certificate and degree**
26 **production, alignment with current and projected workforce needs, and**
27 **consideration of the potential earning power of graduates.**

28 **(2) The task force may also consider the following, as appropriate for**
29 **each individual postsecondary institution:**

1 (a) Graduation rates.

2 (b) Research.

3 (c) Transfer and articulation policies and student transfer activity.

4 (d) Student enrollment characteristics, including at-risk, low-income,
5 and first-generation students.

6 (e) Graduates in high need, high demand, and high growth job areas.

7 (f) Graduates in science, technology, engineering, and mathematics
8 disciplines.

9 (g) Any other factor or metric identified by the task force that will
10 promote desired student and institutional outcomes.

11 (3) The task force shall:

12 (a) Ensure that the outcomes-based formula appropriately considers the
13 role, scope, and mission of each institution and class of institution, and allocates
14 funding to each postsecondary institution based upon performance in meeting
15 the outcomes established in the formula for each postsecondary institution.

16 (b) Establish a concise set of outcomes to be measured for each
17 postsecondary institution and define metrics for each outcome included in the
18 formula that are reliable, accurate, nationally recognized, and easily
19 understood.

20 (c) Determine the optimal percentage of state appropriated funds to be
21 allocated to public postsecondary institutions based upon outcomes and the
22 percentage to be allocated based upon costs. However, the percentage to be
23 based upon outcomes must be sufficient to incentivize increased performance
24 at the campus level.

25 (d) Consider the characteristics unique to each individual postsecondary
26 institution, including student enrollment characteristics and geographic location
27 and delivery area.

28 (e) Consider factors unique to community colleges.

29 (f) Consider factors unique to professional schools.

1 **(g) Ensure that the outcomes-based funding formula includes provisions**
2 **to prevent sudden, dramatic changes in the funding level of any postsecondary**
3 **institution.**

4 **(h) Consult with and solicit feedback from institutional presidents,**
5 **chancellors, faculty, chief academic officers, chief financial officers, and**
6 **business and civic leaders through the use of subcommittees, advisory**
7 **committees, or work groups.**

8 **(i) Determine a reasonable time line for full implementation of the new**
9 **outcomes-based funding formula, beginning with the 2014-2015 fiscal year.**

10 **(j) Make recommendations for any changes needed in the Master Plan**
11 **for Postsecondary Education and the Granting Resources and Autonomies for**
12 **Diplomas Act as provided in R.S. 17:3139, et seq., to support and facilitate**
13 **implementation of the outcomes-based funding formula.**

14 **E.(1) The chairman of the Board of Regents shall call the first meeting**
15 **of the task force as soon as practicable, but not later than September 1, 2013,**
16 **at which time the task force shall select a vice chairman and such other officers**
17 **as it deems necessary.**

18 **(2) The task force shall meet upon the call of the chairman as often as**
19 **deemed necessary to carry out its duties, but not less than once a month.**

20 **(3) A majority of the task force shall constitute a quorum for the**
21 **transaction of business.**

22 **(4) Members shall serve without compensation, but may receive such**
23 **per diem or reimbursement for travel and expenses as may be provided by their**
24 **board, agency, or appointing authority.**

25 **F.(1) The Board of Regents shall provide primary administrative and**
26 **staff support to the task force and may solicit information and staff assistance**
27 **from each represented board or agency and each postsecondary education**
28 **system and institution as needed.**

29 **(2) Each represented board and agency and each public postsecondary**

1 system and institution shall work collaboratively and cooperatively with the
2 task force and the Board of Regents and shall provide such information and
3 assistance as may be requested.

4 G. The task force is authorized to accept grants, donations, gifts, monies,
5 aid, and technical and research assistance and services from public or private
6 sources for the purposes of completing its work, and the receipt thereof shall be
7 a matter of public record.

8 H. The task force shall complete its work and submit a written report
9 containing the proposed outcomes-based funding formula and related
10 recommendations for related policy and statutory changes to the Board of
11 Regents not later than January 15, 2014. The Board of Regents shall review the
12 report and submit the report and its comments to the Senate Committee on
13 Education, the Senate Committee on Finance, the House Committee on
14 Education, and the House Committee on Appropriations, not later than
15 January 31, 2014.

16 I. The task force shall terminate and all authority for its existence shall
17 end on June 30, 2014.

18 J. After the outcomes-based funding formula is implemented, the Board
19 of Regents shall evaluate the formula at least once every two years and submit
20 a written report to the Senate Committee on Education, the Senate Committee
21 on Finance, the House Committee on Education, and the House Committee on
22 Appropriations, regarding the formula's effectiveness and the outcomes
23 achieved by each postsecondary institution. Such report shall also include
24 recommendations for any adjustments to the formula needed to recognize and
25 increase student and institutional performance.

26 Section 2. R.S. 36:651(N) is hereby enacted to read as follows:

27 §651. Transfer of boards, commissions, departments, and agencies to Department of
28 Education; boards, commissions, and agencies within Department of
29 Education

* * *

N. The Outcomes-Based Funding Task Force (R.S. 17:3129.2) is placed within the Department of Education under the jurisdiction of the Board of Regents and shall exercise and perform its powers, duties, and functions independently of the department as provided in R.S. 17:3129.2.

Section 3. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Jeanne C. Johnston.

DIGEST

Appel (SB 117)

Proposed law provides for the creation of the Outcomes-Based Funding Task Force as follows:

- (1) Requires the Bd. of Regents to establish such task force to develop a funding formula for the equitable allocation of state funds to public postsecondary educational institutions that appropriately consider cost, but places significant emphasis on student and institutional outcomes and is aligned with state economic development and workforce needs and strategies.
- (2) Requires that the task force be composed of 15 members:
 - (a) The chairman of the Bd. of Regents, who shall serve as chairman.
 - (b) One member of the Bd. of Regents, appointed by the chairman.
 - (c) The chairman of the LSU Bd. of Supervisors, or his designee.
 - (d) The chairman of the Southern University Bd. of Supervisors, or his designee.
 - (e) The chairman of the Bd. of Supervisors for the University of Louisiana System, or his designee.
 - (f) The chairman of the Bd. of Supervisors of Community and Technical Colleges, or his designee.
 - (g) The commissioner of higher education.
 - (h) The president of the LSU System.
 - (i) The president of the Southern University System.

- (j) The president of the University of Louisiana System.
 - (k) The president of the Louisiana Community and Technical College System.
 - (l) The secretary of the Louisiana Department of Economic Development.
 - (m) The chairman of the Louisiana Workforce Commission.
 - (n) Two members representing business or civic organizations, appointed by the governor.
- (3) Requires the task force to focus on course, certificate, and degree completion when developing the outcomes-based formula and consider a range of factors to be weighted in accordance with the role, scope, and mission of each postsecondary institution. Requires that such factors include retention, timely progression toward degree completion, certificate and degree production, alignment with current and projected workforce needs, and consideration of the potential earning power of graduates.
- (4) Provides that the task force may also consider factors such as graduation rates; research; transfer and articulation policies and activity; student enrollment characteristics; graduates in high need, demand, and growth areas; graduates in science, technology, engineering, and mathematics disciplines; and any other factors deemed appropriate by the task force.
- (5) Requires the task force to:
- (a) Ensure that the formula considers the role, scope, and mission of each institution and class of institution, and allocates funding to each postsecondary institution based upon performance in meeting the outcomes established in the formula.
 - (b) Establish a concise set of outcomes to be measured for each postsecondary institution and define metrics for each outcome included in the formula that are reliable, accurate, nationally recognized, and easily understood.
 - (c) Determine the optimal percentage of state appropriated funds to be allocated to public postsecondary institutions based upon outcomes and the percentage to be based upon costs. Requires that the percentage based upon outcomes be sufficient to incentivize increased performance at the campus level.
 - (d) Consider the characteristics unique to each individual postsecondary institution, including student enrollment characteristics and geographic location and delivery area.
 - (e) Consider factors unique to community colleges and professional schools.
 - (f) Ensure that the formula includes provisions to prevent sudden, dramatic changes in funding for any postsecondary institution.
 - (g) Consult with and solicit feedback from institutional presidents, chancellors, faculty, chief academic officers, chief financial officers, and business and civic leaders through subcommittees, advisory committees, or work groups.
 - (h) Determine a reasonable time line for full implementation of the new outcomes-based funding formula, beginning with the 2014-2015 fiscal year.
 - (i) Make recommendations for any changes needed in the Master Plan for

Postsecondary Education and the Granting Resources and Autonomies for Diplomas Act (GRAD Act) to support and facilitate implementation of the outcomes-based funding formula.

- (6) Requires that the task force's first meeting be held not later than Sept. 1, 2013, on the call of the chairman and that the task force meet at least once a month. Requires the task force to elect a vice chairman and such other officers as it deems necessary.
- (7) Provides that a majority of the task force constitutes a quorum for the transaction of business.
- (8) Provides that members will serve without compensation but may receive per diem or reimbursement for travel and expenses as may be provided by their board, agency, or appointing authority.
- (9) Provides that the Bd. of Regents shall provide primary administrative and staff support to the task force but may solicit information and staff assistance from each represented board or agency and each postsecondary education system and institution as needed. Requires represented boards and agencies and each public postsecondary system and institution to cooperate with the task force and the Bd. of Regents and provide information and assistance as requested.
- (10) Authorizes the task force to accept grants, donations, gifts, monies, aid, and technical and research assistance and services from public or private sources for the purposes of completing its work and specifies that receipt of such is a public record.
- (11) Requires the task force to complete its work and submit a written report containing the proposed outcomes-based funding formula and related recommendations for related policy and statutory changes to the Bd. of Regents not later than January 15, 2014. Requires the board to review the report and submit the report and its comments to the Senate and House Committees on Education, the Senate Committee on Finance, and the House Committee on Appropriations, not later than January 31, 2014.
- (12) Requires the Bd. of Regents, after the outcomes-based funding formula is implemented, to evaluate the formula at least once every two years and submit a written report to the Senate and House Committees on Education, the Senate Committee on Finance, and the House Committee on Appropriations, regarding the formula's effectiveness and the outcomes achieved by each postsecondary institution. Further requires that such report include recommendations for any adjustments to the formula needed to recognize and increase student and institutional performance.

Proposed law provides that the task force shall terminate on June 30, 2014.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 17:3129.2 and R.S. 36:651(N))