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## DIGEST

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Tucker

HB No. 1171

**Abstract:** Provides for the La. GRAD Act. Provides for a Board of Regents program under which postsecondary institutions agree to achieve certain standards in exchange for authority to increase tuition and for exemption from certain limitations.

Proposed law provides for the La. Granting Resources and Autonomy for Diplomas Act as follows:

Performance agreements and objectives. Authorizes public postsecondary education institutions to enter into initial performance agreements with the Board of Regents in order to be granted limited operational autonomy and flexibility in exchange for committing to meet performance objectives as applicable to the institution. Such objectives are categorized relative to student success, articulation and transfer, workforce and economic development, and institutional efficiency and accountability and generally include graduation rate and graduation productivity goals, increasing admission standards, eliminating academic program offerings that have low student completion rates, increasing research productivity and technology, eliminating remedial education course offerings, demonstrating progress in placing students in jobs, increasing nonresident tuition amounts, and designating centers of excellence.

Annual review and revocation. Provides that the initial performance agreement and each subsequent agreement shall be a six-year agreement and shall be reviewed annually by the Board of Regents. Authorizes the board to revoke an agreement at any time if it determines that an institution has failed to abide by the terms of the agreement.

Autonomies granted. Provides that upon meeting the performance objectives, each institution that enters into an agreement shall be granted specified autonomies and flexibilities relative to increasing tuition and fee amounts without legislative approval, carrying forward unexpended and unobligated funds, procurement of information technology products and services, and state travel regulations. Provides that the Board of Regents, in collaboration with the division of administration, shall identify additional operational autonomies, including but not limited to procurement and construction, to be granted to an institution during the initial agreement period if certain conditions are met as specified in proposed law.

Monitoring, reporting, and renewal. Provides that the Board of Regents annually shall monitor and report to the legislature and the governor on each participating institution's progress in meeting the performance objectives. Provides for a determination by the board as to whether to renew an institution's performance agreement based on the recommendations of a review panel

established by the board to be composed of the same membership as the Postsecondary Education Review Commission (present law, R.S. 17:3138). Specifies further objectives to be met by an institution if its agreement is renewed including further increasing cohort graduation rate goals.

Present law, relative to the use of surplus funds by public postsecondary education institutions, allows such institutions to retain any state general funds appropriated or allocated which remain unexpended and unobligated at the end of the fiscal year, provided that not less than 50% of such retained funds be maintained in a preventative maintenance reserve fund. Provides that such monies shall be used solely for preventative maintenance purposes and shall only be spent on nonrecurring projects. Prohibits an institution from carrying forward more than 2% of its prior fiscal year's state general fund appropriation or allocation.

Proposed law retains present law but exempts institutions entering into a performance agreement pursuant to proposed law from the requirement that at least 50% of retained funds to be maintained in a reserve fund and used only for preventative maintenance purposes and the prohibition on more than 2% of certain state general fund appropriations or allocations being carried forward.

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

(Amends R.S. 17:3386(A) and (D); Adds R.S. 17:3139 and 3386(E))

#### Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Education to the original bill.

1. Required that the admission standards and other policies to increase retention and graduation rates be phased in by the end of the 2012 Fiscal Year.
2. Deleted authority to impose tuition and fee charges on a student credit hour basis.
3. Changed the requirement that institutions achieve cohort graduation rate goals consistent with institutional peers to a requirement that they implement policies to achieve graduation rate and graduation productivity goals that are consistent with institutional peers.
4. Relative to eliminating academic programs with low completion rates that are not aligned with workforce needs, changed "academic programs" to "academic program offerings" and specified that the workforce needs shall be as identified by the La. Workforce Commission.
5. Relative to remedial education course offerings, developmental study programs, and associate degree programs, required elimination rather than phase out.

6. Relative to adhering to an established nonresident tuition schedule, added that such adherence shall be required upon entering the initial performance agreement.
7. Specified that institutions shall be granted proposed law autonomies upon meeting the performance objectives.