

Regular Session, 2010

HOUSE BILL NO. 1171

BY REPRESENTATIVES TUCKER, ARNOLD, AUSTIN BADON, HENRY BURNS,  
TIM BURNS, CARMODY, CARTER, CHAMPAGNE, CONNICK, DOVE,  
GISCLAIR, HARDY, HINES, HOFFMANN, KATZ, LABRUZZO, LIGI,  
ROBIDEAUX, SIMON, SMILEY, WILLIAMS, AND WOOTON AND  
SENATORS APPEL, DONAHUE, DUPLESSIS, MARTINY, AND QUINN

COLLEGES/UNIVERSITIES: 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

1 AN ACT

2 To amend and reenact R.S. 17:3386(A) and (D) and to enact R.S. 17:3139 and 3386(E),  
3 relative to public postsecondary education; to provide for the Louisiana Granting  
4 Resources and Autonomy for Diplomas Act; to provide for performance agreements  
5 between the Board of Regents and public postsecondary education institutions; to  
6 provide for the effectiveness, review, revocation, and renewal of such agreements;  
7 to provide for autonomies granted to institutions that enter into such agreements; to  
8 require specified performance objectives to be met as part of such agreements; to  
9 provide for monitoring and reporting by the Board of Regents; to exempt certain  
10 institutions from requirements relative to the use of surplus funds and the carrying  
11 forward of certain state general funds; and to provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 17:3386(A) and (D) are hereby amended and reenacted and  
14 R.S. 17:3139 and 3386(E) are hereby enacted to read as follows:

1        §3139. Louisiana Granting Resources and Autonomy for Diplomas Act; purpose;  
2                    agreements; monitoring and renewal; reporting

3                    A. Title. This Act shall be known and may be cited as the "Louisiana  
4                    Granting Resources and Autonomy for Diplomas Act".

5                    B. Purpose. The purpose of this Section is to support the state's public  
6                    postsecondary education institutions in remaining competitive and increasing their  
7                    overall effectiveness and efficiency by providing that the institutions achieve  
8                    specific, measurable performance objectives aimed at improving college completion  
9                    and at meeting the state's current and future workforce and economic development  
10                   needs and by granting the institutions limited operational autonomy and flexibility  
11                   in exchange for achieving such objectives.

12                   C. Performance agreements; objectives. Effective beginning with the 2011  
13                   Fiscal Year, any public postsecondary education institution may enter into an initial  
14                   performance agreement with the Board of Regents in order to be granted limited  
15                   operational autonomy and flexibility as provided in Subsection F of this Section in  
16                   exchange for committing to meet all of the following performance objectives as  
17                   applicable to the institution as determined by the Board of Regents:

18                   (1) Student success. (a) Implement policies established by the institution's  
19                   management board to achieve cohort graduation rate and graduation productivity  
20                   goals that are consistent with institutional peers. For purposes of this Section, peer  
21                   institutions shall mean those institutions as defined by the Board of Regents in  
22                   accordance with R.S. 17:3351(A)(5)(e)(i).

23                   (b) Increase the number of program completers at all levels each year.

24                   (c) Develop partnerships with high schools to prepare students for  
25                   postsecondary education.

26                   (d) Increase passage rates on licensure and certification exams and  
27                   workforce foundational skills.

1                   (2) Articulation and transfer. (a) Phase-in increased admission standards  
2                   and other necessary policies by the end of the 2012 Fiscal Year in order to increase  
3                   student retention and graduation rates.

4                   (b) Provide feedback to community colleges and technical college campuses  
5                   on the performance of associate degree recipients enrolled at the institution.

6                   (c) Develop partnerships with community colleges and technical college  
7                   campuses to admit students who initially fail to qualify for admission into the  
8                   institution after they have earned an associate degree from a community college or  
9                   technical college campus.

10                  (d) Demonstrate collaboration in implementing the articulation and transfer  
11                  requirements as provided in R.S. 17:3161 through 3169.

12                  (3) Workforce and economic development. (a) Eliminate academic program  
13                  offerings that have low student completion rates and are not aligned with current or  
14                  strategic workforce needs of the state, region, or both as identified by the Louisiana  
15                  Workforce Commission.

16                  (b) Increase the use of technology for distance learning to expand  
17                  educational offerings.

18                  (c) Increase research productivity especially in key economic development  
19                  industries and technology transfer at research institutions to levels consistent with  
20                  the institution's peers.

21                  (d) Demonstrate progress in increasing the number of students placed in  
22                  jobs, and the performance of associate degree recipients who transfer to institutions  
23                  that offer academic undergraduate degrees at the baccalaureate level or higher.

24                  (4) Institutional efficiency and accountability. (a) Eliminate remedial  
25                  education course offerings and developmental study programs unless such courses  
26                  or programs cannot be offered at a community college in the same geographic area.

27                  (b) Eliminate associate degree program offerings unless such programs  
28                  cannot be offered at a community college in the same geographic area.

1           (c) Upon entering the initial performance agreement, adhere to a schedule  
2           established by the institution's management board to increase nonresident tuition  
3           amounts that are not less than the average tuition amount charged to Louisiana  
4           residents attending peer institutions in other Southern Regional Education Board  
5           states and monitor the impact of such increases on the institution.

6           (d) Designate centers of excellence as defined by the Board of Regents  
7           which have received a favorable academic assessment from the Board of Regents  
8           and have demonstrated substantial progress toward meeting the following goals:

9           (i) Offer a specialized program that involves partnerships between the  
10          institution and business and industry, national laboratories, research centers, and  
11          other institutions.

12          (ii) Are aligned with current and strategic statewide and regional workforce  
13          needs as identified by the Louisiana Workforce Commission and Louisiana  
14          Economic Development.

15          (iii) Have a high number of graduates or completers each year as compared  
16          to the state average number of graduates and that of the institution's peers.

17          (iv) Have a high number of graduates or completers who enter productive  
18          careers or continue their education in advanced degree programs.

19          (v) Have a high level of research productivity and technology transfer.

20          (5) Any additional performance objectives as determined by the Board of  
21          Regents.

22          (6) Any performance objectives defined in the formula funding performance  
23          model adopted by the Board of Regents for Fiscal Year 2010-2011 shall be aligned  
24          with performance objectives defined in Subsection C of this Section.

25          D. Annual review; revocation. The initial performance agreement and each  
26          subsequent agreement shall be a six-year agreement and shall be reviewed annually  
27          by the Board of Regents. The Board of Regents may revoke an agreement at any  
28          time if it determines that an institution has failed to abide by the terms of the  
29          agreement.

1           E. Legislative auditor; performance analysis. Prior to entering an agreement  
2           pursuant to this Section, an institution shall provide to the legislative auditor all  
3           information that the auditor requests to conduct a detailed study of the performance  
4           of postsecondary education in Louisiana. The institutions shall provide information  
5           that will allow the auditor to analyze how well goals and objectives of postsecondary  
6           education are being met and to perform an economy and efficiency study. Such  
7           information shall include but shall not be limited to information relative to staffing  
8           levels, hiring and compensation practices, employee productivity and discipline, and  
9           performance management.

10           F. Autonomies granted. Upon meeting the performance objectives as  
11           specified in Subsection C of this Section, each institution that enters into an  
12           agreement as provided in this Section shall be granted all of the following:

13           (1) The authority to:

14           (a) Increase tuition and fee amounts by up to ten percent annually, without  
15           legislative approval, until the institution reaches the average tuition and fee amounts  
16           of its peer institutions.

17           (b) Upon reaching the average tuition and fee amounts as specified in  
18           Subparagraph (a) of this Paragraph, increase tuition and fee amounts by up to five  
19           percent annually or by an amount equal to the increase in the Higher Education Price  
20           Index in the previous year, whichever is greater.

21           (2) A base level of operational autonomy as determined by the Board of  
22           Regents subject to the approval by the division of administration which, at a  
23           minimum, shall include greater flexibility in:

24           (a) Carrying forward unexpended and unobligated funds from one fiscal year  
25           to the next.

26           (b) Procurement of information technology products and services.

27           (c) State travel regulations.

28           (3) The Board of Regents, in collaboration with the division of  
29           administration, shall identify additional operational autonomies, including but not

1 limited to procurement and construction, and may grant such autonomies to an  
2 institution during the initial agreement period if all of the following are met:

3 (a) After three years, the institution has achieved a sufficient number of the  
4 performance objectives provided in Subsection C of this Section as determined by  
5 the Board of Regents.

6 (b) The institution has demonstrated the ability to successfully operate with  
7 the base levels of autonomies granted by this Section as determined by the Board of  
8 Regents.

9 G. Monitoring; reporting; renewal. (1) The Board of Regents annually shall  
10 monitor and report to the legislature and the governor on each participating  
11 institution's progress in meeting the performance objectives as specified in  
12 Subsection C of this Section. At the end of the initial agreement period and each  
13 subsequent agreement period, the Board of Regents shall determine whether to renew  
14 an institution's performance agreement. Such determination shall be based on the  
15 recommendations of a review panel established by the Board of Regents to conduct  
16 a comprehensive review and evaluation of the institution's progress in meeting the  
17 performance objectives. The composition of the review panel shall be the same as  
18 is provided in R.S. 17:3138(C) with the addition of two representatives from the  
19 business community, who each possess a postsecondary degree, one recommended  
20 by the speaker of the House of Representatives and one recommended by the  
21 president of the Senate.

22 (2) If an institution's initial performance agreement is renewed for a second  
23 six-year period, the institution in exchange shall:

24 (a) Further increase cohort graduation rate goals as specified in  
25 Subparagraph (C)(1)(a) of this Section including the following, as applicable:

26 (i) A graduation rate of at least seventy-five percent for any institution  
27 classified as a "Four-Year 1" institution by the Southern Regional Education Board.

28 (ii) A graduation rate of at least sixty percent for any institution classified  
29 as a "Four-Year 2" institution by the Southern Regional Education Board.

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A. ~~Any~~ Except as otherwise provided by this Section, any public college or university or any consortium of colleges and universities which adopts a building and facility preventative maintenance program approved by the Board of Regents may retain any funds appropriated or allocated to such college, university, or consortium thereof from the state general fund which remain unexpended and unobligated at the

1 end of the fiscal year, provided that not less than fifty percent of such retained funds  
2 shall be maintained by the college, university, or consortium thereof in a  
3 preventative maintenance reserve fund. ~~Monies fund, and the monies~~ from such  
4 reserve fund shall be used solely for preventative maintenance purposes in  
5 accordance with the approved plan. Retained funds shall only be spent on  
6 nonrecurring projects and such expenditures are subject to approval by the  
7 appropriate ~~higher~~ postsecondary education management board, the Board of  
8 Regents, and the Joint Legislative Committee on the Budget. Such expenditures  
9 shall be contained in a report submitted to the Board of Regents no later than  
10 September fifteenth.

11 \* \* \*

12 D. ~~No~~ Except as otherwise provided by this Section, no public ~~higher~~  
13 postsecondary education institution as provided in Subsection A of this Section may  
14 carry forward more than two percent of its prior fiscal year's state general fund  
15 appropriation or allocation under the provisions of Subsections A and B of this  
16 Section.

17 E. The provisions of this Section requiring at least fifty percent of retained  
18 funds to be maintained in a reserve fund and used only for preventative maintenance  
19 purposes and prohibiting more than two percent of certain state general fund  
20 appropriations or allocations from being carried forward shall not apply to any public  
21 postsecondary education institution entering into a performance agreement pursuant  
22 to R.S. 17:3139 if the agreement so provides.

23 Section 2. This Act shall become effective upon signature by the governor or, if not  
24 signed by the governor, upon expiration of the time for bills to become law without signature  
25 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
26 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
27 effective on the day following such approval.



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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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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. Requires performance objectives defined in the formula funding performance model adopted by the Board of Regents for FY 2010-2011 to be aligned with performance objectives defined in proposed law.

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.

Legislative auditor performance analysis. Prior to entering an agreement pursuant to proposed law, requires an institution to provide to the legislative auditor all information that the auditor requests to conduct a detailed study of the performance of postsecondary education in La. Requires each institution to provide information that will allow the auditor to analyze how well goals and objectives of postsecondary education are being met and to perform an economy and efficiency study. Such information shall include information relative to staffing levels, hiring and compensation practices, employee productivity and discipline, and performance management.

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) with the addition of two representatives from the business community, who each possess a postsecondary degree, one recommended by the speaker of the House of Representatives and one recommended by the president of the Senate. Specifies further objectives to be met by an institution if its agreement is renewed including further increasing cohort graduation rate goals.

Certification of agreement by management board. Any agreements between the Board of Regents and public postsecondary education institutions authorized by the La. Granting Resources and Autonomy for Diplomas Act must be certified by the respective management boards of those institutions.

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.

Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill.

1. Required performance objectives defined in the formula funding performance model adopted by the Board of Regents for FY 2010-2011 to be aligned with performance objectives defined in proposed law.
2. Required the postsecondary institution to provide information to the legislative auditor for the auditor to conduct a detailed study of the performance of postsecondary education in La., prior to entering an agreement pursuant to proposed law.
3. Added two representatives from the business community, who each possess a postsecondary degree, one recommended by the speaker of the House of Representatives and one recommended by the president of the Senate to the group which will recommend to the board whether to renew an institutions performance agreement.
4. Required that any agreements between the Board of Regents and public postsecondary education institutions authorized by proposed law must be certified by the respective management boards of those institutions.