
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. 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.

