

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

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

DIGEST

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

Performance agreements and objectives. Authorizes public postsecondary education institutions, including professional schools, 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, designating centers of excellence, and reporting organizational data. 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. Within six months after entering into a performance 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 submission of 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 including information relative to staffing levels, hiring and compensation practices, employee productivity and discipline, and performance management.

Autonomies granted. Provides that each institution that enters into a performance agreement as provided in proposed law shall be granted the following:

- (1) For the 2010-2011 Fiscal Year, the authority to increase tuition and mandatory fee amounts by up to five percent annually, above the five percent authority granted in present law.
- (2) For the 2011-2012 Fiscal Year, if the Board of Regents has determined that the institution has met the short-term targets established in the performance agreement, the authority to increase tuition and mandatory fee amounts by up to five percent annually, above the five percent authority granted in present law.
- (3) Beginning with the 2012-2013 Fiscal Year and thereafter, if the Board of Regents has determined that the institution has met the short-term targets established in the performance agreement and demonstrated progress on long-term targets, the authority to increase tuition and fee amounts by up to ten percent annually, without legislative

approval, until the institution's tuition and fee amounts reach the average tuition and fee amounts of its peer institutions.

Provides that upon meeting the performance objectives, each institution that enters into an agreement shall be granted specified autonomies and flexibilities relative to 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 limited exceptions from procurement and construction regulations, 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 recommend renewal of 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. Requires the board to submit agreement renewal recommendations to the Joint Legislative Committee on the Budget and provides that the committee make recommendations to the legislature under certain circumstances. Makes agreement renewals contingent upon legislative approval and limits renewals to only those institutions that have been recommended for such by the board and the committee. 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. Requires that any agreements authorized by proposed law shall be certified by the respective management boards.

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. Requires 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. Deletes authority to impose tuition and fee charges on a student credit hour basis.

3. Changes 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, changes "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, requires elimination rather than phase out.
6. Relative to adhering to an established nonresident tuition schedule, adds that such adherence shall be required upon entering the initial performance agreement.
7. Specifies 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. 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.
2. Requires 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. Adds 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 institution's performance agreement.
4. Requires 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.

House Floor Amendments to the reengrossed bill.

1. Relative to the objective of increasing nonresident tuition amounts, adds that for historically black colleges and universities, the nonresident tuition amounts shall not be less than the average tuition amount charged to La. residents attending historically black colleges and universities in other SREB states.
2. Relative to the tuition increase authority granted to institutions entering into performance agreements, requires that the incremental tuition and fee amounts be weighted so that the median household income in SREB states with peer institutions is compared with the median household income in La., and any differences between the average be factored into the increase.
3. Adds provisions requiring institutions that enter agreements to report specified organizational data to the Board of Regents, the legislative auditor, and the legislature.
4. Relative to further tuition increases once the average tuition of peer institutions is met, changes from authority to increase tuition by 5% annually or by the

Higher Education Price Index, whichever is greater to authority to increase tuition as needed to maintain rates approximately equal to the peer institution average.

5. Specifies that potential exceptions from procurement and construction regulations do not include exceptions from the La. Procurement Code nor laws relative to letting contracts for public works; nor do they include letting design-build contracts unless such is specifically authorized by the legislature.
6. Adds provisions requiring approval of agreement renewals by the Joint Legislative Committee on the Budget and the legislature as a whole.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Education to the re-reengrossed bill.

1. Specifies that proposed law applies to professional schools.
2. Changes time for submission of information to the legislative auditor from prior to entering into the performance agreement to within six months after entering into such agreement.
3. Deletes requirement that tuition authority be entirely contingent upon meeting specified performance objectives and provides for a phased-in implementation of tuition authority with increased obligation to meet certain performance standards in successive years to maintain tuition authority granted.