

HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 1171 by Representative Tucker

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

Synopsis of Senate Amendments	
1.	Specifies that <u>proposed law</u> applies to professional schools.
2.	Provides for the granting of limited autonomies and flexibilities to institutions for committing to meet "established targets for" performance objectives instead of for committing to meet "all of the" performance objectives.
3.	Authorizes the Bd. of Regents to modify the performance objective targets under certain circumstances and makes such modifications subject to the approval of the Joint Legislative Committee on the Budget.
4.	Relative to certain performance objectives, changes "number" of graduates or completers to "percentage" of graduates or completers.
5.	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.
6.	Requires each management board to establish criteria for waiving the tuition or mandatory fee increases authorized by <u>proposed law</u> in cases of financial hardship.
7.	Changes time for submission of information to the legislative auditor <u>from</u> prior to entering into the performance agreement <u>to</u> within six months after entering into such agreement and makes the requirement for submission of information contingent on appropriation of funds for such purpose.
8.	Makes Bd. of Regents' determinations for performance agreement renewals subject to the approval of the Joint Legislative Committee on the Budget and deletes provisions requiring approval of agreement renewals by the legislature as a whole.

Digest of Bill as Finally Passed by Senate

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 established targets for 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, revocation, and modifications. 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 and to modify the performance objective targets under certain circumstances. Provides that such modifications shall be subject to the approval of the Joint Legislative Committee on the Budget.

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. Makes the requirement for submission of such information contingent upon funds being appropriated.

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 5% annually, above the 5% 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 5% annually, above the 5% 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 10% 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 and reporting 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. Requires each management board to establish criteria for waiving the tuition or mandatory fee increases authorized by proposed law in cases of financial hardship.

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 established targets for the performance objectives. Provides for a determination by the board as to whether to recommend renewal of an institution's

performance agreement, subject to the approval of the Joint Legislative Committee on the Budget. Provides that such determination shall be 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. 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))