

ACT No. 741

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

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 R.S.
14 17:3139 and 3386(E) are hereby enacted to read as follows:

15 §3139. Louisiana Granting Resources and Autonomy for Diplomas Act; purpose;
16 agreements; monitoring and renewal; reporting

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

19 B. Purpose. The purpose of this Section is to support the state's public
20 postsecondary education institutions in remaining competitive and increasing their
21 overall effectiveness and efficiency by providing that the institutions achieve
22 specific, measurable performance objectives aimed at improving college completion

1 and at meeting the state's current and future workforce and economic development
2 needs and by granting the institutions limited operational autonomy and flexibility
3 in exchange for achieving such objectives.

4 C. Performance agreements; objectives. Effective beginning with the 2011
5 Fiscal Year, any public postsecondary education institution, including professional
6 schools, may enter into an initial performance agreement with the Board of Regents
7 in order to be granted limited operational autonomy and flexibility as provided in
8 Subsection F of this Section in exchange for committing to meet established targets
9 for the following performance objectives as applicable to the institution as
10 determined by the Board of Regents:

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

16 (b) Increase the percentage of program completers at all levels each year.

17 (c) Develop partnerships with high schools to prepare students for
18 postsecondary education.

19 (d) Increase passage rates on licensure and certification exams and
20 workforce foundational skills.

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

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

26 (c) Develop referral agreements with community colleges and technical
27 college campuses to redirect students who fail to qualify for admission into the
28 institution.

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

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

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

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

10 (d) To the extent that information can be obtained, demonstrate progress in
11 increasing the number of students placed in jobs and in increasing the performance
12 of associate degree recipients who transfer to institutions that offer academic
13 undergraduate degrees at the baccalaureate level or higher.

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

17 (b) Eliminate associate degree program offerings unless such programs
18 cannot be offered at a community college in the same geographic area or when the
19 Board of Regents has certified educational or workforce needs.

20 (c) Upon entering the initial performance agreement, adhere to a schedule
21 established by the institution's management board to increase nonresident tuition
22 amounts that are not less than the average tuition amount charged to Louisiana
23 residents attending peer institutions in other Southern Regional Education Board
24 states and monitor the impact of such increases on the institution. However, for each
25 public historically black college or university, the nonresident tuition amounts shall
26 not be less than the average tuition amount charged to Louisiana residents attending
27 public historically black colleges and universities in other Southern Regional
28 Education Board states.

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

4 (i) Offering a specialized program that involves partnerships between the
5 institution and business and industry, national laboratories, research centers, and
6 other institutions.

7 (ii) Aligning with current and strategic statewide and regional workforce
8 needs as identified by the Louisiana Workforce Commission and Louisiana
9 Economic Development.

10 (iii) Having a high percentage of graduates or completers each year as
11 compared to the state average percentage of graduates and that of the institution's
12 peers.

13 (iv) Having a high number of graduates or completers who enter productive
14 careers or continue their education in advanced degree programs, whether at the
15 same or another institution.

16 (v) Having a high level of research productivity and technology transfer.

17 (5) Submit a report to the Board of Regents, the legislative auditor, and the
18 legislature containing certain organizational data, including but not limited to the
19 following:

20 (a) Number of students by classification.

21 (b) Number of instructional staff members.

22 (c) Average class student-to-instructor ratio.

23 (d) Average number of students per instructor.

24 (e) Number of non-instructional staff members in academic colleges and
25 departments.

26 (f) Number of staff in administrative areas.

27 (g) The institution's organization chart containing all departments and
28 personnel in the institution down to the second level of the organization below the
29 president, chancellor, or equivalent position.

1 (h) Salaries of all personnel identified in Subparagraph (g) of this Paragraph
2 and the date, amount, and type of all increases in salary received since June 30, 2008.

3 (i) Any additional data requested by the speaker of the House of
4 Representatives or the president of the Senate.

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

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

10 D. Annual review; revocation; modifications. (1) The initial performance
11 agreement and each subsequent agreement shall be a six-year agreement and shall
12 be reviewed annually by the Board of Regents. The Board of Regents may revoke
13 an agreement at any time if it determines that an institution has failed to abide by the
14 terms of the agreement.

15 (2) The Board of Regents may modify the established targets for
16 performance objectives contained in an institution's performance agreement in the
17 event extraordinary circumstances prevent the institution from meeting such targets.
18 Such modifications shall be subject to approval by the Joint Legislative Committee
19 on the Budget.

20 E. Legislative auditor; performance analysis. Within six months after
21 entering into a performance agreement pursuant to this Section, an institution shall
22 provide to the legislative auditor all information that the auditor requests to conduct
23 a detailed study of the performance of postsecondary education in Louisiana. The
24 institutions shall provide information that will allow the auditor to analyze how well
25 goals and objectives of postsecondary education are being met and to perform an
26 economy and efficiency study. Such information shall include but shall not be
27 limited to information relative to staffing levels, hiring and compensation practices,
28 employee productivity and discipline, and performance management. This
29 Subsection shall only be effective in the event that funds are appropriated to effect
30 these provisions.

1 F. Autonomies granted. Each institution that enters into a performance
2 agreement as provided in this Section shall be granted the following:

3 (1) For the 2010-2011 Fiscal Year, pursuant to policies adopted by the
4 institution's management board and in addition to the authority provided in R.S.
5 17:3351(A)(5)(e), the authority to increase tuition and mandatory fee amounts by up
6 to five percent annually.

7 (2) For the 2011-2012 Fiscal Year, if the Board of Regents has determined
8 that the institution has met the short-term targets established in the performance
9 agreement, in addition to the authority provided in R.S. 17:3351(A)(5)(e), the
10 authority to increase tuition and mandatory fee amounts by up to five percent
11 annually.

12 (3) Beginning with the 2012-2013 Fiscal Year and thereafter, if the Board
13 of Regents has determined that the institution has met the short-term targets
14 established in the performance agreement and demonstrated progress on long-term
15 targets, the institution shall be authorized to:

16 (a) Increase tuition and fee amounts by up to ten percent annually, without
17 legislative approval, until the institution reaches the average tuition and fee amounts
18 of its peer institutions. The incremental tuition and fee amount increase shall be
19 weighted in such a manner that the median household income in Southern Regional
20 Education Board states in which respective peer institutions are located is compared
21 with the median household income in Louisiana, and any differences between the
22 average of the states be factored into the allowable tuition and fee amount increase.

23 (b) Upon reaching the average tuition and fee amounts as specified in
24 Subparagraph (a) of this Paragraph, increase tuition and fee amounts as necessary to
25 maintain tuition and fee amounts as close to that average as practical.

26 (4) A base level of operational autonomy as determined by the Board of
27 Regents subject to the approval by the division of administration which, at a
28 minimum, shall include greater flexibility in:

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

1 **(b) Procuring information technology products and services.**

2 **(c) Adhering to state travel regulations.**

3 **(5) The Board of Regents, in collaboration with the division of**
4 **administration, shall identify additional operational autonomies, including but not**
5 **limited to exceptions from procurement and construction regulations. However, no**
6 **exception from any provision of the Louisiana Procurement Code or from Chapter**
7 **10 of Title 38 of the Louisiana Revised Statutes of 1950 shall be granted, and, unless**
8 **specifically authorized by the legislature, no design-build contract shall be**
9 **authorized pursuant to this Paragraph. The Board of Regents may grant such**
10 **autonomies to an institution during the initial agreement period if all of the following**
11 **are met:**

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

15 **(b) The institution has demonstrated the ability to successfully operate with**
16 **the base levels of autonomies granted by this Section as determined by the Board of**
17 **Regents.**

18 **(6) Each postsecondary education management board shall establish criteria**
19 **for waiving any tuition or mandatory fee increase as authorized in this Subsection**
20 **in cases of financial hardship. Information relative to such waivers and the criteria**
21 **and procedures for obtaining a waiver shall be made available to all prospective**
22 **students in a timely manner such that each student is informed of the availability of**
23 **a waiver prior to the student making a final decision concerning attendance at any**
24 **public institution of postsecondary education.**

25 **G. Monitoring; reporting; renewal. (1) The Board of Regents annually shall**
26 **monitor and report to the legislature and the governor on each participating**
27 **institution's progress in meeting the established targets for performance objectives**
28 **as specified in Subsection C of this Section. At the end of the initial agreement**
29 **period and each subsequent agreement period, the Board of Regents shall determine**
30 **whether to recommend renewal of an institution's performance agreement subject to**

1 the approval of the Joint Legislative Committee on the Budget. Such determination
2 shall be based on the recommendations of a review panel established by the Board
3 of Regents to conduct a comprehensive review and evaluation of the institution's
4 progress in meeting the performance objectives. The composition of the review
5 panel shall be the same as is provided in R.S. 17:3138(C) with the addition of two
6 representatives from the business community, who each possess a postsecondary
7 degree, one recommended by the speaker of the House of Representatives and one
8 recommended by the president of the Senate.

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

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

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

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

17 (iii) A graduation rate of at least fifty percent for any institution classified
18 as a "Four-Year 3", "Four-Year 4", or "Four-Year 5", institution by the Southern
19 Regional Education Board.

20 (iv) For any community college and technical college campus, a graduation
21 rate that is at least equal to the Southern Regional Education Board average for peer
22 institutions.

23 (b) Continue to make progress in meeting all other performance objectives
24 as contained in the initial agreement.

25 (c) Meet any additional performance objectives as determined by the Board
26 of Regents.

27 (3) If an institution's performance agreement is renewed for subsequent
28 periods following the first renewal period, the institution in exchange shall:

29 (a) Maintain the same graduation rates as specified in Paragraph (2) of this
30 Subsection.

1 (b) Continue to make progress in meeting all other performance objectives
 2 as contained in the initial agreement.

3 (c) Meet any additional performance objectives as determined by the Board
 4 of Regents.

5 H. Certification of agreement by management board. Any agreements
 6 between the Board of Regents and public postsecondary education institutions
 7 authorized by the Louisiana Granting Resources and Autonomy for Diplomas Act
 8 shall be certified by the respective management boards of those institutions.

9 * * *

10 §3386. Surplus funds; retention; use; exceptions

11 A. ~~Any~~ Except as otherwise provided by this Section, any public college or
 12 university or any consortium of colleges and universities which adopts a building and
 13 facility preventative maintenance program approved by the Board of Regents may
 14 retain any funds appropriated or allocated to such college, university, or consortium
 15 thereof from the state general fund which remain unexpended and unobligated at the
 16 end of the fiscal year, provided that not less than fifty percent of such retained funds
 17 shall be maintained by the college, university, or consortium thereof in a
 18 preventative maintenance reserve ~~fund. Monies fund, and the monies~~ fund from such
 19 reserve fund shall be used solely for preventative maintenance purposes in
 20 accordance with the approved plan. Retained funds shall ~~only be spent~~ be spent only
 21 on nonrecurring projects and such expenditures are subject to approval by the
 22 appropriate ~~higher~~ postsecondary education management board, the Board of
 23 Regents, and the Joint Legislative Committee on the Budget. Such expenditures
 24 shall be contained in a report submitted to the Board of Regents no later than
 25 September fifteenth.

26 * * *

27 D. ~~No~~ Except as otherwise provided by this Section, no public ~~higher~~
 28 postsecondary education institution as provided in Subsection A of this Section may
 29 carry forward more than two percent of its prior fiscal year's state general fund

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 appropriation or allocation under the provisions of Subsections A and B of this
2 Section.

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

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

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____