Tucker (HB 1171) **Act No. 741**

New law (the La. Granting Resources and Autonomy for Diplomas Act) authorizes public postsecondary education institutions, including professional schools, to enter into 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 certain academic program offerings, 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 new law performance objectives.

Grants the following to each institution that enters into a performance agreement:

(1) For the 2010-2011 Fiscal Year, the authority to increase tuition and mandatory fee amounts by up to 5% annually, above the 5% existing law authority.

(2) For the 2011-2012 Fiscal Year and contingent upon certain Board of Regents' determinations, the authority to increase tuition and mandatory fee amounts by up to 5% annually, above the 5% existing law authority.

(3) Beginning with the 2012-2013 Fiscal Year and thereafter and contingent upon certain Board of Regents' determinations, 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.

(4) A base level of operational autonomy and flexibility 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 new law. Requires management boards to establish criteria for waiving the tuition or mandatory fee increases authorized by new law in cases of financial hardship.

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

Requires the Board of Regents annually to 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 (existing law, R.S. 17:3138) with the addition of two representatives from the business community, one each recommended by the speaker of the House of Representatives and 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. Requires that agreements be certified by the respective management boards.

Requires participating institutions 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.

Existing 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.

New law exempts institutions entering into a performance agreement pursuant to new 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 (June 29, 2010).

(Amends R.S. 17:3386(A) and (D); Adds R.S. 17:3139 and 3386(E))