
DIGEST

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HB No. 549

Abstract: Relative to the La. Granting Resources and Autonomy for Diplomas Act (GRAD Act), provides for additional operational autonomies to be granted to public postsecondary education institutions, including but not limited to authority and exemptions relative to budgetary management, capital outlay, and procurement; requires certain reporting by public postsecondary education institutions and the Board of Regents; provides relative to renewal periods of institutions' performance agreements; and provides for the retention of certain unused funds by some institutions.

Present law 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 institutions entering into performance agreements to report to the Board of Regents, the legislative auditor, and the legislature on certain organizational data.

Proposed law generally retains present law and adds, relative to the student success objectives, that successful attainment of such objectives shall be required for a determination by the Board of Regents that an institution has met the short-term targets of the performance agreement. Further adds, relative to the workforce and economic development objective, that La. Economic Development shall identify workforce needs (along with the La. Workforce Commission as provided in present law).

Relative to reporting requirements, proposed law requires that such report be submitted annually, be submitted to the division of administration (in addition to entities listed in present law), be published by the Board of Regents on its website, and include certain cost and budget data as specified in proposed law and all expenditures of the institution.

Proposed law excludes all schools and programs of the LSU Health Sciences Center from present law and proposed law.

Present law, relative to autonomies granted to institutions entering into performance agreements, provides certain tuition authority and 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.

Proposed law retains present law tuition authority but deletes present law operational autonomies and provides instead the following:

- (1) Base level. Institutions that meet the short-term targets in the performance agreement and are determined by the division of administration to possess the operational capacity relevant to that autonomy may be granted the following:
 - (a) Authority to retain any funds which remain unexpended and unobligated at the end of the fiscal year for use at the institution's discretion pursuant to present law (R.S. 17:3386).
 - (b) Authority to execute contracts up to \$49,999 within a 12-month period in accordance with the delegation of authority by the office of contractual review pursuant to present law (R.S. 39:1488).
 - (c) Authority to identify and dispose of obsolete equipment, excluding certain vehicles and items, up to an original acquisition value of \$5,000.
 - (d) Authority to be excluded from the oversight or review by the office of information technology, as provided in present law (R.S. 39:15.3), for purchases with an academic research or classroom instructional purpose.
 - (e) Authority to engage in competitive sealed bidding in accordance with present law (R.S. 39:1594) or a competitive request for proposals process in accordance with present law (R.S. 39:1593) without publishing each advertisement in the official journal of the state.
 - (f) Authority to exclude from the institution's authorized table of organization any full-time or part-time position of employment for which a budget has been approved and an appropriation has been made or for which a transfer of funds effected pursuant to law is fully funded by nonappropriated funds.
- (2) Intermediate level. In addition to the base level autonomies, institutions that meet the short-term targets in the performance agreement, are determined by the division of administration to possess the capacity relevant to that autonomy, and meet requirements for significantly streamlining academic service delivery to students to meet regional workforce needs, may be granted the following:
 - (a) Authority to procure materials, supplies, equipment, and services through purchasing agreements established by a not-for-profit cooperative buying

organization if such purchasing agreements have been established pursuant to a competitive bid proposal process. Requires institutions to publish notice of intent prior to entering any such purchasing agreement through the means specified in present law (R.S. 39:1593) and on the institution's website and provides requirements for proposals submitted by interested vendors.

- (b) Authority to directly administer minor facility capital outlay projects without oversight or control by the office of facility planning and control. Defines minor facilities projects as those that do not require the use of and coordination between more than two trades or that do not require the use of the professional services of an architect or engineer pursuant to present law (R.S. 39:1482 and 1484).
 - (c) Authority to join an existing cooperative purchasing agreement in accordance with present law (R.S. 39:1702) and proposed law. Requires institutions to publish notice of intent prior to entering any such purchasing agreement through the means specified in present law (R.S. 39:1593) and on the institution's website and provides requirements for proposals submitted by interested vendors.
 - (d) Authority to use reverse auctions. Defines reverse auction as a competitive online solicitation process on the Internet for products, supplies, services, and other materials in which vendors compete against each other in real time in an open and interactive environment.
 - (e) Authority for the director of purchasing at a college or university to make a determination to use a competitive request for proposal process as provided in present law (R.S. 39:1593(C)) without the approval of the commissioner of administration or the director of state purchasing.
- (3) High level. In addition to the base and intermediate level autonomies, institutions that meet the short-term targets in the performance agreement, are determined by the division of administration to possess the capacity relevant to that autonomy, and have a six-year Integrated Postsecondary Education Data System graduation rate within five percentage points of the average graduation rate for its classification according to the Southern Regional Education Board, may be granted the following:
- (a) Authority to participate in a pilot procurement code as established by the initial qualifying institution to be in place for an initial period of three years and approved by the division of administration to be used in lieu of the La. Procurement Code as provided in present law (R.S. 39:15.3, 196 through 200, 1481 through 1526, and 1551 through 1755).
 - (b) Exemption from participation in the state's risk management program established by present law (R.S. 39:1527 et seq.) pursuant to a phased-in plan of implementation in collaboration with the attorney general and the division of administration. Provides that such exemption shall not include the coverage

provided by the state's risk management program pursuant to present law (R.S. 40:1299.39) and shall not abrogate the authority of the attorney general or the Dept. of Justice to represent the state in tort or contract litigation. Requires exempt institutions to pay the attorney general reasonable attorney fees and expenses incurred in representing the institution and provides that the state and the office of risk management shall not be responsible for paying any judgment against the exempt institution's management board. Further provides relative to contracts between management boards and insurers and the substantive and procedural limitations of actions against the state applicable to exempt institutions.

- (c) Authority to administer all facilities projects funded with self-generated revenue, federal funds, donations, grants, or revenue bonds, including all projects under present law (R.S. 39:128). Provides that except for those projects under present law (R.S. 39:128), these projects shall not be exempted from the capital outlay budget or any requirements as pertains thereto.
- (d) Authority to invest funds as defined by present law (R.S. 49:327(C)), in addition to those instruments listed in present law (R.S. 49:327(B)(1)), in tax exempt bonds and other taxable governmental bonds issued by any state or a political subdivision or public corporation of any state. Provides that if an institution is either no longer meeting its short-term targets or is determined by the division of administration to no longer possess the capacity relevant to this autonomy, or both, authority to invest additional funds shall be limited to those instruments defined by present law (R.S. 49:327 (B)(1) and (C)) and shall exclude further investments in tax exempt bonds and other taxable government bonds.

Specifies that for proposed law purposes, for an institution to meet the requirement of significantly streamlining academic service delivery, the institution shall have acted on at least two items from a list approved by the Board of Regents which shall include the following:

- (1) The review of all programs and academic offerings and appropriate action to improve those programs and academic offerings through modification, consolidation, or elimination including consideration of online delivery to meet workforce needs and maximize resources.
- (2) The review and streamlining of all course offerings to align with program requirements and facilitate on-time graduation.
- (3) If a two-year institution, the review of nonacademic programs and degrees and appropriate action to improve such programs and degrees through modification, consolidation, or elimination, including consideration of online delivery.
- (4) If a four-year institution, raised the minimum composite score on the ACT required for admission to at least two points higher than the Board of Regents baseline appropriate for

its type of institution. Provides that such requirement shall be notwithstanding a student's grade point average and that opting not to participate in this requirement shall not preclude an institution from implementing minimum admission standards in accordance with Board of Regents policy.

Present law 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.

Proposed law generally retains present law and authorizes the board to lower the established targets only under certain circumstances as specified in present law. Proposed law further authorizes the Board of Regents to raise the established targets to continue institutional progress and requires written notification of such to the House and Senate education committees.

Present law 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 as specified in present law. 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.

Proposed law retains present law and, relative to the objective on increasing a graduation rate of at least 50% for specified institutions, adds "Four-Year 6" institutions to such list.

Proposed law adds requirement that the Board of Regents inventory all institutional student records systems and recommend a plan to standardize and integrate such systems to include student transcript analysis and degree auditing components. Provides that the system shall include all undergraduate students, and at a minimum, and by student, the number of course credits earned, the number of course credits needed for degree completion, a time line for successful degree completion that shows if the student is behind, on track, or ahead, and course credits needed as determined by the student's declared area of concentration. Requires the Board of Regents to report on the progress of such standardization to the legislature and the division of administration 60 days prior to the 2012 R.S. and annually thereafter on the performance of qualifying institutions at achieving on-time graduation based on the student tracking and records system and to post the report on its website and make it easily accessible to the public.

Proposed law provides that in addition to all of the targets in a performance agreement during the first or any subsequent renewal period, no institution that grants baccalaureate degrees shall be granted or exercise autonomies, including authority to increase tuition, that are contingent on performance pursuant to present law unless, in the immediately prior academic year, it retained

its first-year, full-time baccalaureate degree seeking students at a rate that is predictive of the mean graduation rate of each institution's peers as identified by the board in accordance with present law. Requires the board to collect and analyze data from institutions in Southern Regional Education Board member states to determine the appropriate retention rate for each class of institution. Proposed law becomes applicable beginning with the 2017-2018 academic year as based on retention rates between the 2015-2016 and 2016-2017 academic years.

Present law exempts institutions entering into a performance agreement pursuant to present law from present law requirement that at least 50% of state general funds which remain unexpended and unobligated at the end of the fiscal year be maintained in a reserve fund and used only for preventative maintenance purposes and from the prohibition on more than 2% of certain state general fund appropriations or allocations being carried forward.

Proposed law provides instead that an institution that meets the short-term targets in the performance agreement may retain any funds appropriated or allocated to such institution to be used at its discretion, excluding those specified in present law (relative to appropriations for a specific purpose), which remain unexpended and unobligated at the end of the fiscal year, in accordance with proposed law (relative to the granting of certain operational autonomies).

Directs the La. State Law Institute to redesignate certain present law and proposed law provisions.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 17:3139(B), (C)(3)(a) and (5)(intro. para.) and (i), (D), (F)(intro. para.), (4), and (5), and (G)(1), (2)(intro. para.) and (iii), and (3)(intro. para.), and 3386(E); Adds R.S. 17:3139(C)(1)(e) and (5)(j) and (G)(4) and (5); Repeals R.S. 17:3139(F)(6))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Education to the original bill.

1. Relative to the intermediate level authorities to procure materials, supplies, equipment, and services through cooperative purchasing agreements, adds provision requiring institutions to advertise notice of intent prior to entering any such purchasing agreement through the means specified in present law and on the institution's website and provides requirements for proposals submitted by interested vendors.
2. Relative to the definition of minor facilities projects, deletes those which cost is not greater than \$500.
3. Relative to the high level exemption from participation in the state's risk management program, adds that such exemption shall not abrogate the authority of the attorney general or the Dept. of Justice to represent the state in tort or contract litigation;

requires exempt institutions to pay the attorney general reasonable attorney fees and expenses incurred in representing the institution; provides that the state and the office of risk management shall not be responsible for paying any judgment against the exempt institution's management board; and provides for contracts between management boards and insurers and the substantive and procedural limitations of actions against the state applicable to exempt institutions.

4. Adds provision requiring baccalaureate granting institutions to achieve retention rates predictive of the mean graduation rate of the institution's peers beginning in 2017.
5. Adds provision directing the La. State Law Institute to redesignate certain present law and proposed law provisions.
6. Makes technical changes.

House Floor Amendments to the engrossed bill.

1. Excludes the schools and programs of the LSU Health Sciences Center from present law and proposed law.
2. Reinstates present law requirement that performance agreements be annually "reviewed" (instead of renewed) by the Board of Regents.
3. Requires institutions to annually report all expenditures of the institution for the given year.
4. Adds provision specifying that the granting of autonomies shall be a cumulative process.
5. Makes technical changes.