To enact R.S. 17:3129.2, relative to public postsecondary education; to provide for the
development of an outcomes-based funding formula for postsecondary education;
to provide relative to formula components and a timeline for implementation of the
formula; to provide for submission to the Board of Regents; to provide for reporting
requirements; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1.  R.S. 17:3129.2 is hereby enacted to read as follows:

§3129.2.  Postsecondary education; outcomes-based funding formula; creation;
components; approval; implementation; reports

A.  The legislature finds that:

(1)  There is a direct correlation between postsecondary educational
attainment, individual earning power and quality of life, and the overall
economic health and prosperity of the state.

(2)  Alignment of postsecondary program offerings with economic
development and workforce needs and increased emphasis on the production
of postsecondary degrees and certifications that provide the holder with greater
earning potential are necessary and essential to the state's economic well-being
and the welfare of the people of Louisiana.

(3)  The number of Louisiana residents with postsecondary degrees and
certificates must significantly increase in order to meet the state's current and
projected workforce demands.

(4)  Any measurement of the success of Louisiana's postsecondary
educational system must necessarily include indicators that compare the
(5) The current retention, completion, and graduation rates of most of Louisiana's public colleges and universities are below regional and national averages, and it is both responsible and in the best interest of the state to allocate educational resources in a manner that effectively supports our public postsecondary institutions and promotes and prioritizes outcomes at the campus level.

(6) The state's Master Plan for Postsecondary Education and postsecondary education funding formula must reflect student and state priorities and promote and drive the changes needed to make Louisiana's public postsecondary educational system more productive, more efficient, more affordable, more accountable, and better aligned with the state's economic development and workforce needs.

B. The commissioner of higher education and the president of each public postsecondary education system shall jointly and collaboratively:

(1) Review the postsecondary education funding formula and develop a comprehensive outcomes-based funding formula that ensures the equitable allocation of state funds to public postsecondary educational institutions, appropriately considers costs, places significant emphasis on student and institutional outcomes, and aligns with the state's economic development and workforce needs.

(2) Consult with and solicit meaningful feedback and guidance from institutional presidents, chancellors, faculty, chief academic officers, chief financial officers, students, and business and civic leaders.

(3) Make recommendations for any changes needed in the Master Plan for Postsecondary Education and the Louisiana Granting Resources and Autonomy for Diplomas Act as provided in R.S. 17:3139, et seq., to support and facilitate implementation of the outcomes-based funding formula.

C. In creating the outcomes-based funding formula, the commissioner
of higher education and the postsecondary system presidents shall focus upon
developing the optimal methodology by which to allocate postsecondary funding
in a manner that provides incentives for institutions to achieve desired
outcomes. The following factors shall be considered and included in the formula
as deemed appropriate:

(1) Student success factors, including retention, timely progression
toward degree completion, cost of completion, certificate and degree
production, and successful transfer of students from community and technical
colleges to four-year degree-granting institutions.

(2) Alignment with economic development and workforce needs,
including certificate and degree production in science, technology, engineering,
mathematics, and other high-demand fields and the potential earning power of
graduates.

(3) Research and innovation, including research expenditures,
technology transfer, and commercialization.

(4) Funding, including credit hour costs and cost of certificate and
degree completion.

(5) Any other factor or metric that would promote desired student and
institutional outcomes.

D. The outcomes-based funding formula shall:

(1) Appropriately consider the role, scope, and mission of each
postsecondary institution.

(2) Establish a concise set of outcomes to be measured for each
postsecondary institution and define metrics for each outcome that are reliable,
accurate, nationally recognized, and benchmark the performance of each
institution compared to its statistical peers in other states, wherever valid
comparable data is available.

(3) Determine the optimal allocation of state appropriated funds to each
postsecondary institution based upon operational costs, performance outcomes,
and performance-based, targeted incentives. However, the amount to be
allocated based upon performance outcomes must be sufficient to incentivize
increased performance at the campus level.

(4) Consider the characteristics unique to each individual postsecondary
institution, including community and technical colleges and professional
schools, such as student enrollment characteristics and geographic location and
delivery area.

(5) Include safeguards to prevent sudden, dramatic changes in the
funding level of any postsecondary institution.

(6) Contain a timeline for full formula implementation.

E. Implementation of the outcomes-based funding formula shall begin
as soon as practicable, but not later than the beginning of the 2016-2017 fiscal
year.

F.(1) Not later than December 31, 2015, the commissioner of higher
education shall submit a written report containing the proposed outcomes-based
funding formula and related recommendations for related policy and statutory
changes to the Board of Regents for its consideration and approval.

(2) The Board of Regents shall review the report and subsequently
submit the report, the proposed outcomes-based funding formula, and the
board’s comments and recommendations to the Senate Committee on
Education, the Senate Committee on Finance, the House Committee on
Education, and the House Committee on Appropriations, not later than

G. The commissioner of higher education and the postsecondary system
presidents shall collectively re-evaluate the postsecondary education funding
formula at least once every two years and submit a written report regarding the
formula’s effectiveness and the performance of each postsecondary institution
to the Senate Committee on Education, the Senate Committee on Finance, the
House Committee on Education, and the House Committee on Appropriations.

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

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: ____________