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		Proposed Amd .:			
		Sub. Bill For.:			
Date: April 6, 2016	5:29 PM	Aut	hor: EDMONDS		
Dept./Agy.: Higher Education					
Subject: Postsecondary Education Governance		Analyst: Matthew LaBruyere			

HIGHER EDUCATION

OR INCREASE GF EX See Note

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(Constitutional Amendment) Relative to management of public postsecondary education, abolishes the Board of Regents and the management boards and transfers their powers, duties, and responsibilities to a newly created Louisiana Postsecondary The <u>proposed constitutional amendment</u> creates the Louisiana Postsecondary Education Board of Trustees and abolishes the Board of Regents, the Board of Supervisors for the University of Louisiana System, the Board of Supervisors of LSU, the Board of Supervisors of Southern University and the Board of Supervisors of Community and Technical College. These boards shall be abolished on January 1, 2018 and the powers, duties, function and responsibilities shall be transferred to the Board of Trustees. Proposed bill provides for the governor to appoint the initial members of the new board no later than March 1, 2017.

To be submitted to the electors at the statewide election to be held on November 8, 2016.

EXPENDITURES State Gen. Fd.	2016-17 INCREASE	2017-18 INCREASE	2018-19 DECREASE	2019-20 DECREASE	<u>2020-21</u> DECREASE	<u>5 -YEAR TOTAL</u>
	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.						
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed Constitutional amendment will likely increase expenditures in FY 17 and FY 18 by indeterminable amounts, and will likely decrease state expenditures in FY 19 and thereafter. There will be initial one-time costs related to the transition to one board. The state will incur these transitional costs for at least one year prior to creation of the new board on Jan. 1, 2018.

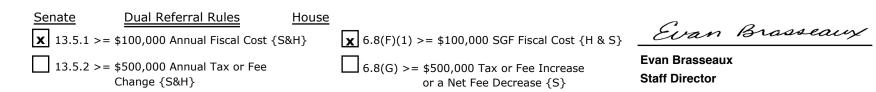
According to the Board of Regents, the potential transition costs include legal costs related to the transfer of bond obligations. Per each higher education system's latest state financial statements, higher education has a total of approximately \$2.8 B in outstanding bond debt (\$1.8 B principal) with annual debt service payments of \$114.8 M, including \$48.5 M principal. The bond debt is associated with 73 bond issuances from various campuses within the higher educational system. According to the Board of Regents, the majority of these bond issuances are in the name of the management boards. Thus, there will likely be indeterminable costs associated with legally assigning these outstanding debts to the newly created Louisiana Postsecondary Education Board of Trustees. Some of these unknown costs include: signature authorization, securitization changes, new certificates, and certifications to the rating agencies. The actual costs associated with the bond succession are indeterminable and will ultimately depend upon what is contained within each bond indenture.

There will likely be a net savings in subsequent fiscal years due to potential board staff reductions, board per diem and travel, potential consolidation of system presidents and the potential consolidation of back office functions such as human resources, fiscal/ accounting and IT. However, the Board of Regents and higher education management boards are facing significant SGF reductions in FY 17. Budget reductions in FY 17 and thereafter may negate opportunities for efficiencies from consolidation of higher education boards beginning in FY 18 and thereafter. To the extent a single governing board of higher education could centralize the management of the state's public higher education system, revise delivery of academic programs across regions and institutions and realign available resources, there could be increased efficiencies and/or reductions in expenditures.

(CONTINUED ON PAGE 2)

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.



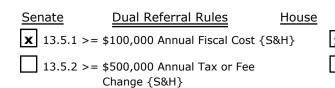
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CONTINUED EXPLANATION from page one:	Page 2 of 2					

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There is no way to estimate these initial costs and potential long-term savings without an in-depth analysis of current management operations and staffing.

The proposed constitutional amendment will be considered by voters at the statewide election to be held on November 8, 2016. The Secretary of State may incur minimal ballot printing costs associated with this measure. However, as a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments for the fall statewide elections.



x 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux **Staff Director**