

**LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
BOARD OF SUPERVISORS EXECUTIVE COMMITTEE MEETING**

**Tuesday, June 25, 2013
1:00 P.M.**

**Louisiana Community & Technical College System Office
265 South Foster Drive, Baton Rouge, LA 70806
~ 2nd Floor - Large Conference Room ~**

** The Board of Supervisors of the Louisiana Community and Technical College System reserves the right to enter into Executive Session in accordance with R.S. 42.6.

A. CALL TO ORDER

The Executive Committee of the Louisiana Community and Technical College System Board of Supervisors met on Tuesday, June 25, 2013, at the LCTC System Office, 2nd floor conference room, 265 South Foster Drive, Baton Rouge, Louisiana. Board Chair Michael J. Murphy called the meeting to order at 1:00 pm.

B. ROLL CALL

Bonni Blouin, Coordinator of Board Services, called roll. The following Executive Committee members were in attendance: Michael J. Murphy, Board Chair; Timothy W. Hardy, 2nd Vice Chair; and, Vincent St. Blanc, III; Immediate Past Board Chair.

Chair Murphy appointed Board Supervisors Edwards Barham and Paul Price to serve on the Executive Committee for the purpose of establishing a quorum.

C. TUITION AND FEES FY 2014

Chair Murphy welcomed the guests from the Board of Regents to the meeting with a purpose of discussing the Tuition and Fees for Fiscal Year 2014.

LCTCS President Dr. Joe May introduced Jim Purcell and Barbara Goodson from the Board of Regents to the meeting for the discussion. During the June meeting of the LCTCS Board of Supervisors, the Board approved a tuition and fee increase for the colleges within the system. The discussion today impacts the tuition increase as it relates to the GRAD Act – a 10% increase to all campuses with the exception of the 5.8% increase to the Baton Rouge campus – and how that increase relates to budget adjustments made by the Board of Regents. The approved increases would result in an anticipated revenue increase of approximately \$12.2 million for the System.

Dr. Purcell addressed the Executive Committee. He informed the committee of the \$20 million preamble in the State Budget, issued by the Executive Branch, which determines where the budget cuts would come from; Regents learned that it would be cut \$11.3 million this year. “The General Fund reduction is expected to be more than offset by the anticipated increase in fees and self-generated revenue not

budgeted for in House Bill 1 (HB1).” The other systems’ increase in tuition or fees had been considered as a part of HB1, but Regents considers this increase as addition to HB1.

Dr. May noted that LCTCS spoke with the Governor’s Staff as well as the Commissioner of Administration, Kristy Nichols, and explained the reason LCTCS did not submit the increase at the time the budget was being prepared. LCTCS was informed that it is at the SREB average and not eligible for an increase in tuition. In March 2013, after the figures for the executive budget were submitted, LCTCS found out that the SREB average increased, making LCTCS campuses eligible for an increase. LCTCS notified appropriate parties of the intent to increase tuition and fees even though the executive budget submission did not include that information.

Dr. Purcell feels that DOA factored in the knowledge of the tuition increase and based the higher education cut on those figures. Higher education has to address the \$11.3 million cut, but in a fair and equitable manner. In October 2012, other higher education systems in Louisiana had their tuition increase (allowable by the GRAD Act) taken away in the development of the executive budget. Regents would like to include the LCTCS increases in the formula previously used to develop the budget. Regents would rerun the formula, including all of higher education, taking out the amount stated in the preamble and redistribute the funds out to the institutions.

Barbara Goodson, Regents’ Deputy Commissioner of Finance and Administration, addressed the committee. Regents has asked the finance staff to meet at 3:00 pm to finalize the figures. Ms. Goodson estimates that \$8.6 million will be redistributed to LCTCS once the formula is rerun. Regents changed the formula for FY 13-14 in an attempt to generate a pool of funds to shift to other institutions further below the state average of state funding. Dr. May made clear that some of the LCTCS campuses fall into this category.

Supervisor Barham asked Dr. Purcell if other institutions submitted their recommendations for a tuition increase as part of the budget, to which the answer was yes. Supervisor Barham stated his observation that the State of Louisiana is using the revenue generated by tuition increases to balance the executive budget. This idea is troubling to the LCTCS Board. Dr. Purcell agrees that this is occurring and will have future conversations with the State about their role in supporting education of our workforce.

Ms. Goodson clarified that the reduction in the State general fund for LCTCS, approximately \$8.6 million would be offset in the tuition increase. In budget terms, it is called a Means of Finance and Swap. Regents does not agree with it being the most prudent way to provide for higher education. Other state universities have lost comparable amounts in the general fund. Once rerun, Ms. Goodson estimates that the ULL System will lose approximately \$1 million, the LSU System will lose around \$3 million and LCTCS will lose \$8.6 million to total the \$11.3 million reduction in the State Executive Budget.

Dr. Purcell explained that during the budget planning process, new tuition revenues indicated by Universities were taken by the Administration resulting in no gain in actual revenue for the University. LCTCS was spared from a cut since there was no proposed increase in tuition. Once the tuition increase was confirmed, LCTCS now needs to be considered in the cuts. Dr. Joe Marin, LCTCS Director of Budget and Planning, feels that LCTCS is being treated the same as other higher education systems.

Ms. Goodson and Dr. Purcell reiterated that all System financial offices will have a chance to review the newly run formula for distribution to ensure it is fair and equitable. The Regents staff will work with LCTCS on the potential loss of Table of Organization (TO) positions based on the reductions in the budget.

Dr. May believes that the LCTCS Board of Supervisors Executive Committee will need to meet again in August to discuss the impact of final numbers related to newly run formula prior to the start of the new school year.

Ms. Goodson asked that the Board to support Regents in a future pending request related to the Over Collections Fund. Regents will ask that seed monies from the State General Fund be used to help start the Over Collections Fund. Colleges cannot request money from the fund if there is no money in the account. Dr. May clarified that cash flow will increasingly become a problem of the colleges as the state general funds decrease. The cash flow issue is timing related since tuition and funds are not received in some months. Supervisor Murphy noted to Dr. Purcell that the Board would be happy to support this movement.

Dr. May thanked the Board of Regents Staff and the LCTCS staff for their timely work on this issue and working to prepare an informative presentation to the LCTCS Board Executive Committee.

On motion of Supervisor Barham, seconded by Supervisor St. Blanc, the Executive Committee voted to authorize the System President to take action to move forward with or suspend FY 14 GRAD Act tuition and fee increases for LCTCS colleges, pending equitable distribution by the Board of Regents. The motion was approved unanimously.

Ms. Goodson is committed to work with LCTCS and other systems to the budget offices and will provide figures as soon as possible. Chairman Murphy thanked Dr. Purcell for his dedication to higher education of Louisiana.

Dr. May informed the Chancellors on the phone that a phone call will be scheduled as soon as final figures are provided from the Regents Office.

Supervisor Barham stated that he will have a different view on a future tuition increases if the net effect of them will be to tax the students to supplement the General Fund of the State of Louisiana.

D. OTHER BUSINESS

No additional business was presented.

E. ADJOURNMENT

On motion of Supervisor Vinnie St. Blanc, seconded by Supervisor Paul Price, the Executive Committee adjourned at 1:38 pm.