MONTHLY BUSINESS MANAGERS’ MEETING

“BUDGET UPDATE”
“GRAD ACT 2.0 OVERVIEW”

Tuesday, September 6, 2011
9:30 am – 11:00 am
225 Peabody Hall
Initially faced negative Direct Student Impact (DSI) of $22.5 million

- Breakdown of the $22.5m DSI:
  - $1.8m  Net decrease in total state appropriations
  - $9.0m  Increase in unfunded mandates
  - $7.2m  Increase in student financial aid & scholarships
  - $4.5m  Increase in institutional obligations
FY 2012 – Early Projections

- LSU partially reduced the $22.5 million DSI
  - $12.7m (or 56%) was covered by:
    - $ 8.0m  Enrollment increase projections
    - $ 4.7m  Temporary institutional adjustments
  - Remaining $9.8 million DSI was slated to be addressed by budget cuts
FY 2012 – Final Result

- LSU System created the “Flagship and Excellence Fund” providing $7.9 million to LSU in FY 2012
- Net effect is a $1.9 million DSI for FY 2012
  - $9.8m Remaining DSI - $7.9m F&E Fund = $1.9m
- $1.9m in budget cuts addressed by:
  - Reducing scholarships
  - Requiring selected units to be more self-supporting
FY 2013 – Future Outlook

- Possible FY 12 Mid-Year Budget Cut
- FY 13 Outlook
  - Maintaining Focus on LSU’s Core
AUTONOMIES – Functional Areas

- Procurement
- Risk Management
- Facilities
- Investments

RELATED INITIATIVES:
- Civil Service Pilot Program
Act 741 (HB 1171) - effective: June 29, 2010

- Added R.S. 17:3139 “Louisiana Granting Resources and Autonomy for Diplomas Act”
- Allowed tuition increases in exchange for entering into a six-year performance agreement
- Regarding Autonomies:
  - “...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.”
HISTORY – 2011 Regular Legislative Session

- Act 418 (HB 549) - effective: July 12, 2011
  - Popularly known as “GRAD Act 2.0”
  - Amends R.S. 17:3139 with a key focus on “Operational Autonomies”
    - 3 levels (Base, Intermediate, and High)
    - High level autonomies include:
      - Authority to participate in a pilot procurement code in lieu of the state procurement code
      - Exclusion from participating in the state's risk management program
      - Authority to administer self-generated funded facilities projects
      - Authority to define allocation and terms in investment plan
AUTONOMIES – Procurement:

- Ability to develop a “pilot procurement code” for the University
  - Requires approval of the LSU System, DOA, Attorney General, and JLCB
AUTONOMIES – Risk Management:

- **Ability for LSU to exclude lines of insurance coverage from State ORM**
  - Requires approval of the LSU System, DOA, Attorney General, and JLCB
AUTONOMIES – Facilities:

- Ability for LSU to directly manage capital projects that are funded with “self-generated” revenue
  - Requires approval of the LSU System, DOA
AUTONOMIES – Investments:

- Ability for LSU to have more flexibility over the types of investment instruments and the length of an investments term
  - Requires approval of the LSU System, Investment Advisory Committee
INITIATIVES – Civil Service Pilot Program:

- Ongoing discussions with Civil Service
- Objective is a M.O.U. for charter pilot program
- Collaborative effort
Next Month’s Meeting & Topic

When: Tue, Oct 4th at 9:30 to 11:00 am

Where: 225 Peabody Hall

What: e-Procurement

Suggestions for future topics or questions regarding these meetings should be sent to Maria Cazes at mcazes@lsu.edu.