

LOUISIANA STATE UNIVERSITY
IMPACT OF A POTENTIAL \$65 MILLION REDUCTION (32%) IN
FY 2016 STATE GENERAL FUND SUPPORT
JANUARY 25, 2016

Prior impact caused by financial situation from FY 2009 to FY 2016

- Exclusive of hospitals, a loss of at least 1,924 employees (12.2%) or 1,810 FTEs (13.3%)
 - Faculty - 363 employees (7.9%) or 295 FTE (7.7%)
 - All other staff – 1,561 employees (14.0%) or 1,515 FTE (15.6%)
- Since FY 2010, the University has eliminated or consolidated over 75 programs
 - LSU A&M – 35
 - LSU S – 18
 - LSU HSC NO – 13
 - LSU HSC S – 6
 - LSU A – 2
 - LSU E – 2
- State Funds Per Student FTE decreased on the campuses ranging from 38.7% to 60.2%
 - LSU Shreveport – 57.2% - \$5,564 (FY 2009) to \$2,383 (existing FY 2016)
 - LSU A&M - 53.6% - \$8,251 (FY 2009) to \$3,831 (existing FY 2016)
 - LSU Alexandria – 60.2% - \$6,513 (FY 2009) to \$2,590 (existing FY 2016)
 - LSU HSC NO – 47.1% - \$51,578 (FY 2009) to \$27,306 (existing FY 2016)
 - LSU Eunice – 38.7% - \$4,152 (FY 2009) to \$2,547 (existing FY 2016)
- Although substantial, tuition increases have not made up the difference from disinvestment of state funds across the University (overall decline of 13.2%)
 - FY 2009 State & Tuition Appropriation (exclusive of hospitals) \$796,914,958
 - FY 2016 State & Tuition Appropriation (exclusive of hospitals) \$691,421,012
 - It should also be noted that these are appropriated numbers and does not include the effect of scholarships or waivers.
- From FY 2009 to FY 2015, enrollment increased by 2,085 students, and annual completers increased by 458.

Estimated potential impact of a \$65 million state general fund reduction

- University-wide financial impact at a minimum:

Louisiana State University & A&M College	\$19,913,777
Louisiana State University Alexandria	\$ 893,294
Louisiana State University Eunice	\$ 797,151
Louisiana State University Shreveport	\$ 1,217,154
LSU Health Sciences Center – New Orleans	\$12,640,896
LSU Health Sciences Center – Shreveport	\$15,213,945
LSU Agricultural Center	\$11,500,588
Pennington Biomedical Research Center	\$ 2,825,395

- Key institutional impacts at a minimum:
 - **Louisiana State University & A&M College**
 - Equivalent to an increase in student fees of almost \$690 per student in this fiscal year alone.
 - Equivalent to a 12% reduction in number of undergraduate students.
 - Equivalent to 135 faculty lines or 10% of the faculty positions in the operating budget at LSU, requiring a total of 275 courses to be eliminated. The potential elimination of faculty positions on the LSU campus would also reduce external research productivity by approximately \$9.5 million for the remainder of this fiscal year.
 - Equivalent to 270 staff lines or approximately 14% of the staff positions in the operating budget at LSU.
 - **LSU Alexandria**
 - Loss of six full-time, unclassified positions, which represents a 2.8% loss of its current workforce.
 - The loss of these positions will impact student support services, which in turn could have ripple effects on student retention and future enrollment.
 - **LSU Eunice**
 - Implement an immediate reduction in force for 14 professional and faculty positions, replacing only faculty FTEs with adjunct instructors.
 - Immediate furlough of nine classified staff positions.
 - Elimination of at least two high-cost, high-demand academic programs.
 - Reduction of course sections by 20% (80 sections eliminated).
 - **LSU Shreveport**
 - Immediate furlough for all faculty and staff, equivalent to a 5-10% reduction in hours worked per week, directly impacting service to and support of students.
 - Elimination of student academic support labs, which would delay student registration, financial aid applications and processing, and increase waiting periods for required classes, thus delaying time to graduation.
 - **LSU Health Science Center in New Orleans**
 - Because this reduction would need to be taken in the last six months of the fiscal year, it has the equivalent impact of eliminating an average of 264 faculty and staff FTE or almost 12% of HSCNO's workforce.
 - Eliminate support for area health education centers.
 - Close undergraduate programs in Cardiopulmonary Science, Medical Lab Technology, Dental Hygiene, Dental Lab Technology, and the B.S. in nursing program. Based on fall 2015 enrollment, this scenario would disrupt the education of 877 students.
 - **LSU Health Science Center in Shreveport**
 - Implement a 53% reduction of Faculty Physicians [170] and 20% reduction of Allied Health Faculty [10] -- plus applicable support staff [15].
 - Implement a 28% reduction [125 – 35 = 90] of School of Medicine class size, which would revert M.D. training to levels of the first decade of the institution (as class sizes

have been greater than 100 since 1979) and 20% reduction of School of Allied Health class size [320-65 = 255].

- Close some Graduate Medical Education / Residency programs, plus reductions in others.
 - Eliminate specialty health services, returning to only core health services necessary to sustain educational requirements.
- **LSU Agricultural Center**
 - Declare financial exigency to implement layoffs where possible and allow for furlough of existing employees.
 - Closure of five research stations.
 - Elimination of three academic departments. Certain agricultural degree programs would be terminated.
 - Elimination of the parish-based extension model.
 - Faculty reductions will mean a loss of approximately \$3-6 million in grant funding.
 - **Pennington Biomedical Research Center**
 - Loss of 176 FTE staff with an annualized direct payroll of \$12.4 million, encompassing jobs across research focus areas and administrative staff.
 - The loss of research staff (basic, clinical and population science) would significantly impact and likely cease current research activities for federal grants, and delay or prohibit completion of current studies, jeopardizing at least five large scale federally-funded center-wide program grants with \$10.2 million of current year funding and \$18 million in funding remaining.
 - The loss of research staff would essentially eliminate opportunities for new funding due to markedly reduced research capacity. Further, it would significantly hamper our work to support U.S. Department of Defense contracts aimed at warfighter nutrition, valued at \$2.5 million for the current fiscal year and totaling more than \$77 million to date.

Effect of Potential State General Fund Mid-Year Budget Cut for FY16:

- **Louisiana State University & A&M College**

Prior Cuts:

Since FY 2009, continuous cuts to LSU's state appropriated funds combined with annual increases in state unfunded mandates have materially eroded the financial resources supporting LSU's core missions of instruction, research, and service. LSU's annual state funding per FTE student ranks near the bottom of its SREB peers while LSU's graduation rates have been equal to or exceeded the SREB average. This level of performance cannot be sustained with current funding levels, much less with the potential 32% state general fund cut.

The following are a few facts about the Flagship:

- Over the past six years, state general fund support to LSU, including the SAVE statutory dedicated funds, has been cut 55%, from \$254 million to \$114 million. Further reductions of this magnitude would result in an almost two-thirds decrease in state support.
- Including all means of financing at LSU, state general funds (including the SAVE funds) account for only 11% of its annual funding, nationally one of the lowest levels of state contributions for a public flagship university.

- While tuition increased each year, the continued increases in mandated costs (retirement, health insurance, etc.) resulted in a net cut of approximately \$25 million outside of the other cost pressures the University faced through annual inflationary expenses.
- To answer the Legislature’s call for more need-based aid to improve access for Louisiana’s talented students, LSU’s institutional need-aid program, Pelican Promise, provided \$19million in financial assistance in FY16 alone.
- Since FY 2009, LSU has eliminated 180 faculty positions and 170 staff positions in the operating budget.
- LSU has eliminated or consolidated 35 degree programs since spring 2009.
- LSU and System administration were consolidated to increase efficiency.

Impact of a Mid-Year Reduction:

LSU enrolled more than 29,000 students this spring semester. The impact of a 32% reduction in state general funds equates to a \$19.9 million cut to LSU. Cuts of this magnitude during the second half of the fiscal year will have a devastating impact on LSU students, faculty, staff and the state.

This budget cut scenario would result in the following:

- **Equivalent to an increase in student fees of almost \$690 per student in this year.** Additional substantial increases in the following years would be required to compensate for reduced enrollment in the future, which would result from both an enrollment cap to protect academic quality and an anticipated loss of potential students and faculty due to negative publicity from continued budget cuts.
- **Equivalent to a 12% reduction in number of undergraduate students.** Ensuring academic quality in the face of these potential reductions would require a severe enrollment cap enforced by substantially higher entrance requirements. This will limit access to the flagship and reduce the number of graduates in STEM fields, business, education, agriculture, law, and other critical areas needed to grow and fuel our state’s economic engine, further compounding Louisiana’s existing workforce shortages. Unfortunately this would be coupled with a significant increase in tuition and fees for those who are ultimately admitted to make up for lost revenue.
- **Equivalent to 135 faculty lines or 10% of the faculty positions in the operating budget at LSU.** This would require a total of 275 courses to be eliminated. Diversity in career opportunities provided by an LSU degree would be severely limited and campus buildings would close to save on operating and maintenance costs. The potential elimination of faculty positions on the LSU campus would reduce external research productivity by approximately \$9.5 million for the remainder of this fiscal year.
- **Equivalent to 270 staff lines or approximately 14% of the staff positions in the operating budget at LSU.** Teaching, research, and service cannot take place on a college campus without staff. Staff members support campus operations by processing financial aid, providing counseling and mentoring, offering additional tutoring, providing safety and security, maintaining an information technology system necessary for a modern research university, conducting grant processing, and maintaining facilities and grounds, among others. The decrease in staff positions will have an immediate and direct negative impact on the productivity of LSU’s students and faculty.

The preceding outline focuses only on cuts to the state general fund, but there will be reverberations felt in other revenue sources. LSU estimates a loss of nearly 3,000 students, which would result in a reduction of approximately \$20 million in gross tuition and fees (freshman and graduate students considering not attending LSU, and transfer outs). Fewer students affect the viability of support auxiliary services common at LSU’s competitors: dining options, residential maintenance, and student employment activities.

Over the past six years, LSU has eliminated 35 academic programs. At the same time, LSU has attracted more qualified students, and departments adjusted to growing student enrollment without concomitant increases in state general funds. Additional cuts would strain existing resources and cause catastrophic effects on quality. This would lead to the flagship being unable to live up to its mission of providing a comparable student experience as its national peers.

Perspective:

LSU serves a leadership position within Louisiana.

- In spite of nine budget reductions in seven years, LSU is graduating more students than ever and has a graduation rate above the national peer average. LSU recruited students in a more competitive marketplace while simultaneously raising the academic credentials of the incoming class and racially diversifying the freshman class and overall enrollment to historic levels.
- After federal sequestration negatively affected R&D nationally, LSU's research is once again on a growth trajectory. Its research portfolio is more diversified with more federal partners and industry investors. Not only that, LSU faculty are providing national research leadership in infectious disease, coastal restoration, genetic sequencing, energy extraction, cybersecurity, natural science, transportation, landscape architecture, and supercomputing. Many of these same fields relate to Louisiana's greatest challenges.
- To address facility demands in light of limited capital outlay, LSU raised half of the construction costs for a new Business Complex and a new Engineering Complex. Industry is willing to support LSU as they see it in their best interest to properly educate their future workforce.
- LSU made significant moves to be more self-sufficient and efficient. LSU consolidated a number of executive-level administrative positions through the consolidation of the flagship and former system administrations. Under the GRAD Act, LSU is accessing administrative flexibilities (i.e., procurement, risk management, and investment) common at other universities, but historically not permitted at LSU. Last year, LSU brought to the forefront the subsidization of other employers through the pension system, which was corroborated by the legislative actuary, but no corrective action was taken. LSU will continue to work to be administratively lean. In addition, the Paul M. Hebert Law Center was brought back under the auspices of the flagship, providing a number of administrative efficiencies and multiple opportunities for enhanced academic collaboration (e.g., a 3+3 program where students complete a bachelor's and law degree in six vs. seven years, joint graduate-JD programs) for the benefit of LSU students.
- LSU Athletics has contributed to the academic enterprise during this time. With only two revenue-generating sports, LSU Athletics is able to support all of its sports, and provide for academics while taking NO state funds and NO student athletic fees (no financial burden to families). LSU Athletics is one of only three such self-sufficient instances in the United States. It does not drain money better spent on our students' educational experience.

What is the reward for greater performance? What is the reward for being more efficient and self-sufficient?

Of greatest concern is the quality of the academic experience LSU students receive, but how does one measure that? There is no real-time metric, sign, or flashing light that indicates academic quality is decreasing. The signs come when it's too late – when graduates compete for their first jobs, or when our best faculty are lured away to other universities. Considering the facts already provided, there is no great leap required to believe that this potential 32% budget cut would fundamentally harm the student experience and alter our ability to serve the state.

The budget cut scenarios and associated outcomes described are unacceptable for the state's flagship university which represents Louisiana's national academic reputation. In fact, this exercise and this response

are harmful as it is a sign to prospective students and current professors that Louisiana public higher education continues to be an unstable place in which to obtain a high-quality academic experience or build a professional career. The academic marketplace operates differently than most – right now, many of our potential students and faculty are making critical decisions about where they will go for their education or their career. By the time solutions are reached by the Legislature, we will have lost many of them due to ongoing uncertainty. If the state wants LSU to maintain its historic mission of providing a top-quality, nationally competitive education, the state must either provide greater support or greater authority to continue in this role.

A number of peer universities have deployed more severe measures to cope with continued state disinvestment: enrollment limits on certain high-cost programs, differential tuition on high-cost programs, and adopting differential academic standards by program. If the state is not able to invest in LSU, it should:

- Approve full tuition and fee authority,
- remove the statutory non-resident fee requirement as it did for historically black universities last session,
- give LSU authority to contract services currently required by other state agencies,
- adjust (similar to re-financing) the UAL payment of the pension system for all employers,
- and free LSU from the capital outlay approval threshold for non-state funded projects.

These are but a few ideas that would preserve the missions expected of LSU.

The governor shared his philosophy that the state should reinvest in higher education and not rely so heavily on student fees. We wholeheartedly agree. Nationally, Louisiana ranks 48th in degree attainment. We only limit our ability to raise this ranking if we continue to raise the price of a college education in the state. But, we have to ensure that the degree they earn is a quality credential – one that immediately communicates its holder is well-educated and qualified for whatever field or task they engage upon.

LSU has produced many of our state's and nation's leaders. It will take the steps necessary to protect that legacy into the future and to continue serving its students and its state.

- **LSU at Alexandria**

A reduction of \$893,294 in LSUA's state general fund support represents 5.15% of its total operating budget. This reduction, realized over the four remaining months of the current fiscal year, would result in the loss of personnel and services offered to employees and students. This reduction would be accomplished through elimination of six full-time positions representing 2.8% of the LSUA workforce and just under \$500,000 in additional budget reductions.

Located in central Louisiana, LSUA serves approximately 2,800 students (of which 95% are Louisiana residents), has 200 employees [of which 82 are full time equivalent faculty members, including 47 (57%) who are tenured], and provides associate and baccalaureate degrees as well as alternative certification for teachers. More than 40% of the students receive Pell Grants (i.e., face socioeconomic challenges), more than 50% of the students are first generation college attendees, and approximately 70% receive some form of financial support.

Primary areas from which LSUA students graduate and enter the workforce in Louisiana are nursing and health professions, teaching, and business. In addition, many LSUA graduates go on to graduate and professional schools at other advanced degree granting institutions in Louisiana (using LSUA as a stepping stone to advanced education and higher paying professional positions in Louisiana). A recent

economic impact study conducted by LSU shows that LSUA creates \$52.7 million in sales, \$17.6 million in earnings, and about 640 jobs within the central region of the State. Moreover, LSUA contributes many non-pecuniary benefits to Louisiana through its professors, students, and administrators, which enhance the quality of life; cause the development and dissemination of new ideas and positive technological innovations; contribute to the development of businesses and industries; impact favorably the tax base; provide leadership in all organizations, institutions, business, and walks of life; and do not extract minerals from the ground, create pollution, or otherwise detract from the environment or the health and wellness of citizens in the state.

As a consequence of significant cuts in state funding during the past seven years and despite raising tuition and fees, strategic budget cuts, and prudent use of existing resources, the University has had insufficient funds to fill many vacant lines and provide raises for faculty, staff, and administrators. This has resulted in a substantial number of faculty and staff leaving the University for higher-paying positions elsewhere and has caused almost impossible challenges in recruiting, hiring, and retaining new well-qualified replacement employees. Additionally, LSUA was compelled to spend down its reserves to approximately \$122,000 in order to address critical needs of students for a high-quality education.

One of the consequences of LSUA having no material operating reserves is a recent non-compliant SACSCOC finding in the area of financial stability. Any additional material cut in state funding to LSUA would put LSUA in jeopardy of losing SACSCOC accreditation that would make LSUA ineligible to received Title IV funding and federal grants and contracts. Absence of any meaningful amount of reserves, the deep cuts over the past seven years to all budgeted items (e.g., employee compensation, contracted services, supplies, materials, and travel) and inherent diseconomies of scale (due to its relatively small size), combine to place LSUA in a terribly fragile and adverse condition.

Estimates of the following metrics affected by the reduction:

- **Numbers of courses, programs, departments, and colleges that would need to be eliminated:**
In responding to the possibility of an almost \$900,000 reduction in state funding for the remainder of the fiscal year, LSUA placed a premium on protecting its academic programs and made extensive sacrifices in all other administrative, academic, and student support service areas. Due to its narrow financial margins, LSUA cannot eliminate academic programs as this will start a downward spiral of declines in revenues from tuition and fees that would not be offset by the decrease in expenses incurred. For example, should LSUA eliminate its smallest academic department, the Allied Health Department, the result would be a loss of the 274 students in the department thus producing a loss of \$1.5 million in revenue. The savings from elimination of this department would only be \$535,000 for a net loss of approximately \$1 million. Accordingly, no academic programs, departments, or colleges can be closed (except for administrative support).
- **Numbers of faculty and staff who would be laid off:**
While no faculty positions are being cut, LSUA will lose six full-time unclassified positions. Given that LSUA has only 215 full-time employees, the elimination of 6 additional positions represents a 2.8% loss of its current and overstretched workforce.
- **Impact on enrollment (i.e., the number of students who would no longer be served):**
While there would be no direct reduction in enrollment services staffing or services, there would be a loss in the area of student services. The result could have a direct impact on retention, thus

lowering the overall enrollment in future years. The exact number is impossible to quantify at this time.

- **Impact on degrees granted annually:**

LSUA should be able to offer as many degree programs as it currently does through prudent reallocation of its resources. However, with the potential reduction in retained students there may be some future reduction in the number of students graduating; but it is impossible to quantify the exact number at this time.

- **Impact on student financial aid and other student services:**

There would be no known impact on student financial aid; however, as mentioned above the reduction in student support services will adversely affect student retention, but to what extent cannot be determined at this time.

- **LSU at Eunice**

LSU would address the 32% reduction in state general fund support in the following manner:

- Implement an immediate reduction in force for 14 professional and faculty positions replacing only faculty FTEs with adjunct instructors.
- Immediate furlough of nine classified staff positions.
- Elimination of at least two high cost, high demand academic programs.
- Reduction of course sections by 20% (80 sections eliminated).

These reductions would have the following impacts:

- Significantly restrict access to LSU through the reduction of courses, programs and services at LSUE, located in rural southwest Louisiana and in an underserved region of the state.
- Significantly increase student fees to offset part of the reduction.
- Elimination of services directly benefitting students, such as tutoring and advising.
- Risk of losing some or all regional and program accreditations.
- Risk of losing physical plant assets due to lack of upkeep and maintenance of campus infrastructure.

- **LSU at Shreveport**

Impact for FY2016

A 32% reduction in state general fund support at mid-year, especially because a very significant percentage of our budget is tied to faculty salaries and student scholarships that are encumbered for the 2015-16 academic year, is incapable of being met without university-wide furloughs. The combination of furloughs and other cuts would immediately put us at risk in completing our educational commitments for the current academic semester. It would have a direct and crippling effect on the students that LSUS serves. It would impact our ability to sustain an overall high quality education for our students. If this cut were to be implemented, LSUS would be forced to do the following:

- Initiate an immediate furlough of our faculty and furloughs/layoffs of our staff for the remainder of this fiscal year. The furloughs would equate to a 5%-10% reduction in hours worked through the end of the fiscal year. Faculty and staff time and efforts will be strictly limited to the reduced paid hours per week. This unprecedented action will both directly and negatively impact service to and support of students, including support of student extra-curricular activities and faculty advising. In addition, a furlough will limit faculty and staff participation in and support of campus governance and involvement in numerous university community-based programs that serve the state.
 - It would further greatly devastate faculty, who have not had a pay raise in eight years, and likely trigger a “brain drain” of more mobile and high-achieving faculty that will directly impact professional or discipline-based accreditation (some required by state regulation).
 - It would almost certainly cause a “brain drain” of well-qualified staff, of which classified staff have received just two nominal pay raises over the past eight years, because of being more capable of finding stable, positive career opportunities in the Shreveport-Bossier region without the need to disrupt family to move.
 - It would further over-burden continuing faculty and staff, already impacted by dramatic reductions of campus personnel over the past decade.
 - It would greatly impede the ability for us to attract replacement high-quality faculty and staff to LSUS.
- Be challenged in our ability to recruit and to serve forthcoming High School graduates. We are currently in the most critical phase of student recruitment for the Fall 2016 freshman class. Such legislative cuts applied broadly to Higher Education will limit student choice and encourage these students to pursue educational opportunities out of state. In response to past budget scenarios like this one, we have already seen out-of-state schools target Louisiana high school graduates with scholarships.
- Eliminate critically important student academic support labs needed to help students succeed in the classroom and graduate in a timely manner. This action would delay students attempting to complete registration and/or financial aid actions prior to the Fall 2016 Semester. As direct student services are eliminated, students will suffer a greater waiting period for required classes. Because LSU Shreveport serves so many first generation college students, this delay will increase their indebtedness and extend

time to graduation. Longer time to graduation prevents students from starting their careers and contributing as productive members of the Louisiana state workforce.

- Diminish the quality of Healthcare in our community by hampering our ability to pipeline prepared students into health related programs at LSU Health Shreveport.
- Be challenged in our ability to provide STEM education and further work collaboratively with Southern University-Shreveport and Bossier Parish Community College in the development of strategic goals associated with our efforts to serve the critical education, employment, economic and community development needs of Northwest Louisiana.
- Will negatively impact the business community of Shreveport/Bossier City by decreasing our ability to support 360° business partnerships with local/regional/global organizations like Bentler Steel, Caddo Parish Schools, and CSRA (formerly CSC).
- Will jeopardize our renewed expansion of initiatives at Barksdale Air Force Base. These initiatives include specific classes for military servicewomen/men, the “Troops to Teachers” certification program and others that contributed to LSUS being recognized by the Governor’s designation of LSU Shreveport as a Military Friendly Institution.
- Freeze current searches for replacement faculty/staff, except for positions directly impacting safety and very few positions directly linked to critical accreditation requirements. The impact of continued reduced staff positions will be immediately experienced by both students and faculty.
- Result in a reduction of hours and/or university efforts (including indirect efforts) in key areas or matters that support both the university and the community, including the Noel Memorial Library, the Life Sciences Museum, KDAQ/Red River Public Radio (the public radio station with one the largest coverage areas in the nation), Pioneer Heritage Center, the maintenance of fields that support youth soccer, community events etc.
- Significantly limit maintenance projects and efforts which would affect the learning experience of students and the workplace settings for faculty and staff.

Impact for FY2017

The impact of FY 2016 actions (or lack of actions) do not exist in a vacuum but become even more devastating in FY 2017. To illustrate:

- LSUS will immediately experience the impact of the suspended searches of FY 2016.
- Furloughs of faculty and staff are not sustainable into another fiscal year. Alternative source of dollars would have to found that would trigger the need to further reduce faculty (especially part-time faculty) and staff positions. The number of such reduced positions through financial exigency and/or terminated searches could become a significant number, impacting our ability appropriately support of students and to sustain the overall high quality of our academic programs. The latter result would not only jeopardize our program accreditation situations but could also impact our institutional regional accreditation with SACSCOC that is required for LSUS to offer federal financial aid and assistance to our students, including Pell Grants.
- The likely significant decline of new student enrollment, coupled with the loss of many currently continuing students, would dramatically impact tuition and fee revenues for LSUS. The decline in

tuition dollars would further reduce our budget capacity to brake the escalating decline in faculty availability, classroom sections, and other key support and services for students while the decline in student fee dollars would cause us to have to further eliminate student life activities, possibly including athletics. This would make it even more difficult to attract and/or hold students at LSUS versus the many public regional university choices just across the state lines in Arkansas and Texas.

- The most probable means of stemming the loss of financial capacity would be for the university to seek very significant tuition and/or student fee authority that would be especially impactful to our student body, significantly composed with students from lower social-economic means and/or with family support responsibilities.
- The combination in the decrease in the number of sections offered to students that will affect their time to graduate and the decline in actual graduates will very quickly begin to impact directly the vitality of the Shreveport-Bossier region, especially for K-12 education (where over 50% of the principals (and a vast number of the teachers) in Caddo Parish Public Schools earned their education degree and/or teaching certification).

The cumulative impact of these and other actions (or lack of actions) would have a devastating impact that would irreparably damage the favorable academic and work place reputations of LSU Shreveport. It would take years, if ever, to recover such reputations. The continued significant budget cuts, over time, with the new threat of the current 32% budget cut, runs the risk of undercutting the resolve of our strongest supporters to continue to financially support LSUS. Although these supporters strongly respect us, they grow weary of being expected to help fix the budget deficits at LSUS caused by inadequate state support. These donors do not want to be paying the electric bills to keep LSUS open and operating. They want to be providing their additional resources to help move appropriately funded good academic programs to being great programs for faculty, students and employers of our graduates. Their loss of financial support may not be easily re-secured. Without this support, the dreams of LSU Shreveport will go unmet and our ability to sustain the overall high quality of our faculty and academic programs will be at risk. The ultimate losers again will be our students and the communities where they seek to work and better, most often in or near Shreveport-Bossier City.

- **LSU Health Science Center in New Orleans**

A 32% state general fund reduction is equivalent to \$12.6 million. Because this reduction would need to be taken in the last six months of the fiscal year, it has the equivalent impact of eliminating an average of 264 Faculty and Staff FTE or almost 12% of HSCNO's workforce.

These reductions will be addressed as follows:

- Reduce funding for the Stanley S. Scott Cancer Center.
- Reduce funding for the LSU Neuroscience Center.
- Reduce funding for the successful Rural Track program that provides incentives for students to practice in underserved Rural Areas.
- Reduce support for non-tenured research faculty and staff who do not have extramural funding.
- Reduce support for tenured research faculty who do not have extramural funding.
- Eliminate tuition waivers for MD/PhD program students.
- Eliminate stipend support for Graduate Studies students.
- Eliminate support for Area Health Education Centers.

- Close undergraduate programs in Cardiopulmonary Science, Medical Lab Technology, Dental Hygiene, Dental Lab Technology and the B.S. in nursing program. Based on fall 2015 enrollment this scenario would disrupt the education of 877 students.
- Reduce administrative support positions.
- Reduce other scholarship and fee exemptions not required by statute.

The **Stanley S. Scott Cancer Center (SSCC)** is a multidisciplinary organization whose researchers and clinicians apply a range of expertise to cancer research, education, and patient care. The investigators are dedicated to furthering research on the pathogenesis, prevention, treatment, and eventual eradication of cancer. The members hold approximately \$20 million in annual funding for cancer-related clinical, basic, and translational research in areas including Molecular Signaling, Population Science, Genetics and Viral Carcinogenesis, and Immunology.

The **Neuroscience Center** pursues multidisciplinary neuroscience research and education. The primary mission of the Center is to foster and conduct science of the highest caliber that advances the understanding of brain function and diseases that affect the nervous system. The Neuroscience Center has research programs relevant to the understanding of Alzheimer's disease, pain, Parkinson's disease, stroke, brain and spinal cord injury, epilepsy, post-traumatic stress disorder, blinding eye diseases, schizophrenia, and developmental and hearing disorders. These diseases have no cure at the present time; thus, new knowledge about their molecular and cellular bases contribute to the understanding of their pathophysiology and to the development of therapeutic approaches that include prevention and slowing down their initiation, progression and/or halting their consequences.

The **Rural Scholars Track (RST) program** was created to directly address this dire physician shortage. The RST is designed to recruit highly motivated students who are committed to practicing primary-care medicine in rural areas of Louisiana.

Louisiana is largely a rural state, with 57 of the state's 64 parishes and 32% of its population classified as rural. Rural areas do not have enough physicians, resulting in inadequate access to medical care for residents. In addition, the number of physicians across the state nearing retirement age is growing significantly, while the number of students choosing primary-care careers is declining. Our state needs more rural primary-care physicians to care for its citizens.

Research has shown that physicians who practice in rural areas were more than likely raised there and physicians from rural areas or who received part of the education or training in rural areas have a substantially greater than average propensity to set up practices in rural areas. Using this information as a foundation, the LSUHSC Rural Scholars Track was created.

Students who enroll in this program are eligible for up to four years of exempted tuition. To be eligible, students must contractually agree to: (1) practice in one of six Primary Care specialties (Family Medicine, Pediatrics, General Internal Medicine, Medicine/Pediatrics, Obstetrics/Gynecology) or General Surgery; (2) return to a rural area in Louisiana to practice upon completion of residency; and (3) practice in this rural area for at least five years.

The **MD/PhD program** was established to offer the opportunity for students to train in a program tailored to their individual research interests and medicine. Through this program, students who have an interest in research and academic medicine will combine the curriculum of the School of Medicine with the curriculum of the School of Graduate Studies. Over seven or more years, individuals in the program meet the degree requirements of both the Schools of Graduate Studies and Medicine, thus acquiring the knowledge, skills and experience to begin careers in exciting areas of medical and translational research. It is expected that students

graduating from the program will develop into academic physician scientists obtaining faculty positions in basic science or clinical departments in schools of medicine. MD/PhDs will provide leadership in academic medicine and in research related to medicine and human welfare. Acceptance into this combined program must be approved by the School of Medicine Admissions Committee and the MD/PhD Admissions Committee. Accepted students are given a tuition waiver throughout the MD and PhD portions of the program and a stipend during Graduate School and the last two years of Medical School.

The **Area Health Education Centers (AHEC)** mission is to enhance access to quality health care, particularly primary and preventive care, by improving the supply and distribution of healthcare professionals via strategic partnerships with academic programs, communities, and professional organizations. Some of the current AHEC initiatives are included in the areas of community-based health professions training support; disadvantaged and minority recruitment career development; continuing education for health professionals; community economic development; National Health Service corps; and public health; behavioral, mental health and substance abuse; and migrant, immigrant, refugee and other displaced populations.

Impact of the Previous Six Years of Reductions

The net reduction in state general funds and statutory dedications (excluding the tobacco taxes dedicated to the Louisiana Cancer Research Center) over the past six years is \$48.6 million.

These reductions have been addressed in the following manner.

- **Tuition and Fees:** LSUHSC-NO increased both resident and non-resident tuition under the Grad Act and Act 297 of 2011. We also increased student enrollment headcount by 16.1% since FY 2009. Increases were primarily in graduate Allied Health programs (a new program in Physician Assistant Studies) and undergraduate and graduate Nursing. Total incremental tuition revenue of \$27.8 million.
- **Other Restricted Revenues:** We have aggressively worked with our partners to increase revenues via contracts and practice plan income. At the same time, we have experienced reductions in federal research funding, state contracts as a result of privatization and revenues from Auxiliary Enterprises. The net growth in other restricted revenue is \$40.4 million.
- The increase in unfunded mandates (primarily employer contributions to retirement and health insurance) have grown over \$18 million during this period. We have managed these costs through revenue growth and by aggressively restricting hiring to areas where revenue can be generated through enrollment growth, sponsored research and clinically related activity. Total salary and wage costs declined by \$5.7 million or 2.1% between FY 2009 and FY 2015.
- **LSU Health Science Center in Shreveport**

HSCS would need to take the following steps to implement a 32% reduction in state general fund support at this point in the fiscal year, with the associated impacts:

- **Employment Level:** 53% reduction of Faculty Physicians (170) and 20% reduction of Allied Health Faculty (10) -- plus support staff (15).
- **Students:** 28% reduction of School of Medicine class size which would revert M.D. training to levels of the first decade of the institution as class sizes have been greater than 100 since 1979 (125-35=90) and 20% reduction of School of Allied Health class size (320-65=255).

- **Graduate Medical Education:** closure of some Graduate Medical Education / Residency programs plus reductions in others.
- **Patient Care:** eliminate specialty health services returning to only core health services to sustain education requirements.
- **LSU Agricultural Center**

This is in response to a request by the Division of Administration to identify the impact of a loss of \$11,500,588 to the LSU Agricultural Center (LSU AgCenter), based on a \$131 million reduction to higher education. The LSU AgCenter currently functions within the following parameters shown below.

Considerations

1. The AgCenter has experienced a \$23.2 million loss in state general funds since 2008, which equates to an 18.9% reduction. An additional \$10 million has been redirected from programs to cover mandated costs.
2. As a result of these reductions and increased mandated costs, the AgCenter has eliminated 400 positions and will eliminate over 100 additional positions in FY15-16. If this reduction is implemented, an additional 160 current filled positions will be eliminated.
3. The AgCenter is not a degree-granting institution. Unlike other institutions, it cannot increase tuition to help offset budget reductions.
4. Past budget reductions have been made based on offsetting state funds with tuition. The AgCenter's budget has been reduced in the same manner as the budgets of degree-granting institutions, without revenue-generating ability through tuition.
5. When the higher education budget was reduced to help fund the TOPS program, the AgCenter's budget was reduced even though the AgCenter doesn't have students. Financial data shows that a total of \$13.6 million has been redirected from the AgCenter to fund the TOPS program.
6. If the proposed cut is implemented, it will necessitate an immediate declaration of financial exigency by the AgCenter.

An \$11.5 million reduction would dramatically affect the AgCenter's ability to meet its statewide core missions of conducting agricultural research and extension programs that advance and maintain Louisiana's agricultural industry and sustain its natural resources; providing research and educational programs in the field of nutrition; and developing Louisiana's youth and families through the 4-H program. The AgCenter carries out its mission through 17 branch research stations, 64 parish extension offices, and 13 academic departments. Ten of the academic departments are funded jointly with the LSU A&M campus to also provide the teaching programs of the College of Agriculture.

Implementation of this reduction would require short-term, medium-term and long-term measures. Because the reduction is coming this late in the fiscal year when much of the state budget has been expended, it would not be possible to make the reductions in a very calculated manner. Seventy-eight percent of the AgCenter's budget is obligated to personnel and most salaries are in positions occupied by individuals who hold tenure or have contracts with the AgCenter. If every employee who is not under tenure or contract were separated, the savings this year would be approximately \$2.5 million. Most of the budget that isn't in salaries is obligated to

fixed costs such as utilities. Currently, nearly all vacancies are being held to meet existing shortfalls. Thus, approval of a declaration of financial exigency would be essential to address the funding deficit. The short-term plan would have to be a combination of the following:

Short-term Actions

1. Declare financial exigency to implement layoffs where possible, recognizing that savings in FY16-17 would only be 20-25% of the salary in the position.
2. Financial exigency would also allow for furlough of existing employees. Note that a one-week furlough would generate less than \$800,000.
3. Borrow against off budget funds that are already committed for expenses that will occur early in FY16-17. These funds will have to be replenished in FY16-17 through layoffs.

The medium-term plan would consist of full implementation of layoffs with most of the savings coming in FY16-17. At least 160 positions would be eliminated. Because the plan must be implemented so rapidly, it could not be as strategic. In prioritizing programs, emphasis would unfortunately have to be given to positions and programs that could be quickly reduced or eliminated, as opposed to those in programs that have lesser impact.

In the long-term, through time and attrition, positions would be redirected in order to ameliorate problems created by a short timeframe that didn't allow for adequate prioritization of programs. The immediacy of this reduction would create long-lasting disruption to overall programs.

Direct Financial Impact

The AgCenter already has significant issues with critical mass at many of its research stations, gaps in the desired expertise within departments, and parish extension offices without the basic level of staffing. Despite this, the following organizational changes would be necessary:

Direct Impact

1. Three research stations were closed in 2011. Five more would be closed (target savings of \$2 million).
2. Academic departments also have been consolidated and downsized. Three more would be eliminated (target savings of \$5 million). Certain agricultural degree programs would be terminated.
3. A reduction at this level would result in elimination of the parish-based extension model, dramatically reducing the AgCenter's ability to accomplish its mission (target savings of \$3.5 million).
4. Administration would be downsized at least as much as other units (target savings of \$1 million).

Equally important, this loss in personnel and programs could ultimately cost Louisiana many millions of dollars in the next few years since research has shown that every dollar invested in public agricultural research and extension has a large multiplier effect in improved productivity for the agricultural industry. In other areas,

particularly 4-H, the state's investment is seed money that allows AgCenter personnel to marshal resources from local parish school boards, police juries, individual schools, and a network of more than 7,000 volunteers.

It cannot be stressed enough that this \$11.5 million reduction would come on top of seven years of financial decline. Due to the loss of \$23.2 million in state general funds and the need to absorb over \$10 million in increased mandated costs since 2008, the AgCenter has had to take a variety of major actions to maintain operations. The AgCenter has reorganized its overall structure and administrative operations. Retirement incentives offered in 2009, 2010, and 2015, resulted in 124 retirements. In 2011, all Family and Consumer Sciences (FCS) Programs except nutrition were eliminated, clerical support was heavily cut, and programs were scrubbed to identify additional positions and programs that could be terminated. Approximately 75 filled positions were eliminated resulting in 60 layoffs and 15 transfers. Over 200 additional positions were eliminated through attrition. Several units have been merged and others eliminated. Special programs have been developed to help faculty increase grant funding. The AgCenter did not give salary increases for a five-year period. Even without this reduction, the AgCenter has plans to eliminate 40-50 additional positions to help stabilize its budget in FY 2017.

Indirect Financial Impact

In addition to direct cuts in state funds, there are other revenue sources that would be negatively impacted. Much of this loss of revenue wouldn't just involve funds lost to the AgCenter; the funds would not come to Louisiana at all. It is anticipated that by the end of FY 2017, because of the loss of personnel, the AgCenter would lose an additional \$7 million in other funds.

Resulting Loss of Non-State Funds

1. Faculty reductions will mean a loss of approximately \$3 - 6 million in grant funding.
2. The AgCenter works in partnership with parish government whereby approximately 20% of extension office staff salaries are provided by the parish. Parish governments may question the partnership when the AgCenter does not meet its part of the agreement. It is estimated that \$1.5 million in local funds could be lost.
3. There could be a loss of \$1.5 million related to by-products of research efforts (crops and animals) that are harvested and used to generate revenue for program support.
4. Currently, every state dollar in the area of nutrition education and research area generates 6.5 dollars in grant and comparable funding from federal and local agencies.
5. The cut would also jeopardize the AgCenter's ability to meet its required 1:1 match for federally appropriated dollars (under the Hatch, Smith-Lever, and McIntire-Stennis Acts).
6. Opportunities for intellectual property income would fall significantly.

Programmatic Impact

AgCenter faculty conduct applied and basic research that enables Louisiana's agricultural industry to remain viable and adds economic value to commodities. State extension specialists and parish extension agents

provide this information through educational programs to help maximize economic yields, meet regulatory requirements, protect resources and develop emerging agricultural commodities. FCS faculty offer nutritional educational programs that directly impact citizens, teaching them to adopt healthier lifestyles, thus reducing economic costs of poor nutrition. 4-H faculty coordinate resources from schools throughout the state and more than 7,000 volunteers to teach agriculture and other workforce preparation skills to over 200,000 youth annually. An \$11.5 million reduction in funding would reduce the AgCenter's ability to continue these programs and would result in the following major impacts.

- Reduction in total 4-H youth reached from 221,223 to approximately 175,000. Reduction in 4-H club members from 47,000 to a maximum of approximately 35,000.
- Reduction in volunteers of 1-2 thousand.
- Reduction in school 4-H clubs from 1,705 to 1,400.
- Significant reductions in crop variety development research.
- Reduction in ability to provide test results and supporting plant protection recommendations.
- Impact on efforts to address crisis situations in agriculture such as new or emerging pests, weather events, and economic issues.
- Reduction in educational programs on topics such as disease management, BMP's, etc. that are conducted through direct contact, field days, workshops, meetings, literature, web material, news/video releases and publications to safeguard Louisiana's agricultural industry.
- Loss of effort in providing the Master Cattleman Program which services the beef industry by providing Beef Quality Assurance training that has a value added component and also increases marketability of Louisiana cattle.
- Limits on educational programs such as Master Farmer that culminate in certifications recognized by the Natural Resources Conservation Service (NRCS) and the Environmental Protection Agency (EPA), that allow Louisiana to address environmental concerns through education and BMP adoption instead of through EPA inspection and regulation.
- Loss of Family and Consumer Science (FCS) programs that focus primarily on nutrition, the last link in the agricultural chain. Programs have leveraged resources to provide nutrition-based educational trainings and workshops related to healthy lifestyles.
- The AgCenter has pulled together community partners in the state's most "at risk" areas to address the problems of obesity and other nutrition-related health risks.
- Elimination of departments will result in corresponding elimination of degree programs.
- Reduction in departments and overall faculty will result in a loss of student education and workforce training.

- Loss of AgCenter agricultural economics personnel that prepare the official damage and loss estimates used by Louisiana for state and federal disaster assistance.
- Reduction in agents, most of which are trained to assist the agricultural industry with preparation for disasters, particularly the protection of animals and vegetation. Post-disaster, agents organize a wide range of recovery activities such as distribution of hay to livestock producers, educational programs on crop recovery efforts, and organizing 4-H youth to provide community programs for citizens most in need.
- Reductions to faculty who currently provide essential science-based information to citizens on topics such as determining structural damage, debris disposal, and food safety.

Further budget reductions will cause a cascade of effects from which the LSU AgCenter will not be able to recover for many years, and probably for several decades. There would be a very negative effect on retention of existing faculty and any efforts to recruit faculty in the future. Agriculture is the State's largest industry and affects every household in Louisiana. FCS programs are improving the State's awareness of health benefits of proper nutrition. 4-H programs are preparing today's youth for future career opportunities. The last few years have seen significant increases in yields and profits for many of Louisiana's agricultural stakeholders with the AgCenter being a major contributor to that prosperity. Further deterioration in LSU's agricultural Land-grant University missions will impact economic development and prosperity of Louisiana's citizens at a time when it is most needed.

- **Pennington Biomedical Research Center**

Pennington Biomedical's portion of the University's state general fund reduction equates to a \$2.825 million cut in this current fiscal year. The measures and cuts required to achieve this reduction within the five months remaining in this fiscal year reveals that there is little opportunity to achieve the targeted reduction by freezing supply and operating services expenditures due to current financial commitments. Given this, the route for Pennington Biomedical to achieve a financial reduction in operating expenses of this magnitude is to implement an immediate reduction in personnel (implemented no later than March 1, 2016). At remaining staff levels, it would be impossible to complete the vast majority of our current grant portfolio and ongoing research activity, **forcing a return of money**. The staff losses and structural research impact required to meet the budgetary demand of this funding cut would serve to effectively **cease current research operations** and **eliminate any chance to compete for future grant funding**. Without an effective research infrastructure, our gifted faculty would surely leave Pennington Biomedical and take their funded programs with them. If these cuts come to fruition, necessitating a declaration of financial exigency, the nearly 30 years spent building Pennington Biomedical into the world research leader it is today would be jeopardized.

The following actions represent the implications of this significant and immediate reduction in funding:

- The current projections would result in the loss of 176 FTEs with an annualized direct payroll of \$12.4M, encompassing jobs across research focus areas and administrative staff. The resulting annualized state economic losses based on these significant cuts equates to more than \$50 million in lost business sales and the loss of over 500 indirect jobs.
- The loss of research staff (basic, clinical and population science) would significantly impact and likely cease current research activities for federal grants, and delay or prohibit completion of current studies, jeopardizing at least five large scale federally-funded center-wide program grants with \$10.2 million of

current year funding and \$18 million in funding remaining. In addition, the loss of research staff would essentially eliminate opportunities for new funding due to markedly reduced research capacity. Further, it would significantly hamper our work to support U.S. Department of Defense contracts aimed at warfighter nutrition, valued at \$2.5 million for the current fiscal year and totaling more than \$77 million to date.

- The loss of the clinical research staff specifically would also serve to eliminate any opportunity to generate new revenue streams via patient-based programs, and any new and/or expanded clinical research programs would be halted.
- Based on lack of supporting infrastructure in both research and administrative functions, our internationally acclaimed scientists would leave LSU for better funded positions at other universities, taking their external funding, staff and academic prowess along with them.
- The loss of administrative staff would create service and/or efficiency issues essentially paralyzing grant and contract processing.
- The loss of staff in our maintenance and facilities department would catastrophically affect the preservation of critical building infrastructure and the upkeep of buildings.