

Robert W. Levy
Chair

Marty J. Chabert
Vice Chair

Collis B. Temple III
Secretary

Joseph C. Rallo, Ph.D.
Commissioner of
Higher Education



BOARD OF REGENTS
P. O. Box 3677
Baton Rouge, LA 70821-3677
Phone (225) 342-4253, FAX (225) 342-9318
www.regents.la.gov

Claudia H. Adley
Blake R. David
Randy L. Ewing
Thomas G. Henning
Richard A. Lipsey
Edward D. Markle
Charles R. McDonald
Darren G. Mire
Sonia A. Pérez
Wilbert D. Pryor
T. Jay Seale III
Jacqueline V. Wyatt
Adarian D. Williams, Student

March 1, 2018

The Honorable Nancy Landry
Chairwoman, House Education Committee
P. O. Box 53529
Lafayette, LA 70505

The Honorable Dan "Blade" Morrish
Chair, Senate Education Committee
119 West Nezpique Street
Jennings, LA 70546

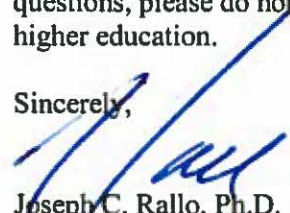
Dear Representative Landry and Senator Morrish:

Act 314 of the 2016 Regular Legislative Session requires the Board of Regents to submit an annual written report for three years by March 1st during 2017, 2018 and 2019 regarding the Louisiana Universities Marine Consortium, the Louisiana Office of Student Financial Assistance Commission, and the MediFund Board.

The report shall include a statement of fiscal costs and savings and revenue losses and gains attributable to implementation of this Act and analysis of the impact of this Act on the programs transferred to the direct supervision of the Board of Regents.

Attached is the Board of Regents report in response to Act 314 of 2016 for year 2018. If you have any questions, please do not hesitate to contact me concerning this response or any other matters relating to higher education.

Sincerely,


Joseph C. Rallo, Ph.D.
Commissioner of Higher Education

Attachment

c: Mr. Chris Broadwater
President John Alario
Speaker of the House Taylor Barras
Alfred W. Speer, Clerk of the House of Representatives
Glenn Koepp, Secretary of the Senate
Poynter Library (DRPLibrary@legis.la.gov)

**The Louisiana Universities Marine Consortium (LUMCON),
the Louisiana Office of Student Financial Assistance (LOSFA),
and the Board for MediFund**

**RESPONSE TO 314 OF THE
2016 REGULAR SESSION
OF THE LOUISIANA LEGISLATURE**

LOUISIANA BOARD OF REGENTS



March 1, 2018

LOUISIANA BOARD OF REGENTS

Robert W. Levy
Chairman

Marty J. Chabert
Vice Chair

Collis Temple III
Secretary

Claudia H. Adley

Darren G. Mire

Blake R. David

Sonia A. Pérez

Randy L. Ewing

Wilbert D. Pryor

Thomas G. Henning

T. Jay Seale III

Richard A. Lipsey

Jacqueline V. Wyatt

Edward D. Markle

Adarian D. Williams
Student Member

Charles R. McDonald

Joseph C. Rallo, Ph.D.
Commissioner of Higher Education

Act 314 Report (March 1, 2018)
Board of Regents

Act 314 of the 2016 Regular Legislative Session authored by Representative Chris Broadwater transferred the powers and duties of the executive board of the Louisiana Universities Marine Consortium (LUMCON), the commission for the Louisiana Office of Student Financial Assistance (LOSFA), the authority for the Student Tuition Assistance and Revenue Trust (START) Program, and the board for MediFund to the Board of Regents (BOR) by abolishing the respective boards, commission, and authority.

Act 314 required that BOR submit an annual report in 2017, 2018, and 2019 that includes a statement of fiscal costs and savings and revenue losses and gains attributable to implementation of this law, and an analysis of the impact of this law on the programs transferred.

As a result of Act 314 becoming effective on July 1, 2016, BOR now directs the programs of BOR, LOSFA, and LUMCON. As the MediFund Board has not been fully functional since its inception, there have been no changes pertaining to MediFund resulting from the implementation of Act 314. This report therefore focuses on LOSFA and LUMCON.

Savings:

As a result of the transfer, BOR utilizes the LOSFA program to handle accounting and human resource functions that were previously handled by the Office of Finance and Support Services (OFSS) and Human Capital Management (HCM) within the Division of Administration. In FY 16 BOR paid OFSS \$98,586 for accounting services and HCM \$58,743 for human resource services for a total of \$157,329. Since these costs were not incurred in FY17 and FY18, the total savings for no longer utilizing OFSS is \$314,658

Since the Louisiana Student Financial Assistance Commission (LASFAC) was abolished and the Louisiana Tuition Trust Authority (LATTA) is governed by BOR, expenses related to the board meetings decreased from FY16 to FY17 and continued in FY18. LOSFA no longer pays a per diem (\$2,200 annual savings) or for a meeting room rental (\$2,700 annual savings). In FY17, travel decreased by \$10,949, from an FY16 amount of \$12,914 to \$1,965. The FY18 projection for travel expenses is \$1,349, which is an additional \$616 annual savings for an annual savings compared to FY16 of \$11,565. This results in a total savings of \$32,314 in Federal funds.

As a program within BOR, LUMCON recently received desktop and laptop computers and tablets that it would have not have been able to receive prior to Act 314. The laptops, desktops, and tablets had an original purchase price totaling \$49,804. In FY17, LUMCON received desktops, servers, and video conference equipment from Board of Regents that had an original purchase price total of \$113,371. The equipment LUMCON has received in FY17 and FY18 has saved LUMCON a total of \$163,175 in equipment purchases.

Prior to Act 314, BOR's legal counsel provided legal services to the LUMCON Executive Board. As a result of Act 314, BOR's legal counsel is able to work directly with LUMCON to provide legal assistance on ongoing matters as necessary. In addition to legal assistance, LUMCON has also received human resource expertise from LOSFA and BOR human resources staff which has saved LUMCON from hiring or contracting out for this service. LUMCON has also relied on information technology staff support from LOSFA and BOR and service agreements currently established with BOR or LOSFA to achieve greater

Act 314 Report (March 1, 2018)
Board of Regents

savings. LUMCON estimates the savings of utilizing current BOR/LOSFA staff at approximately \$150,000. Through equipment transfers and utilizing existing staff that LUMCON did not have the ability to directly work with, LUMCON has recognized a savings of \$313,175.

Costs:

Since BOR utilizes LOSFA for back office functions, the increased workload resulted in the addition of a Grants Officer to the LOSFA staff. The position is funded by BOR. In FY17, BOR paid \$75,399 including salary and benefits for the position. It should be noted that position was filled in September of 2016. In FY18, the position is paid at a cost of \$83,588, which is for the full year. The total increase in personnel costs for BOR since consolidation is \$158,987.

LOSFA realized an annual cost of \$2,160 for adding BOR staff to the business continuity software that allows for commination during emergencies and disasters. For FY17 and FY18, LOSFA has realized a software cost totaling 4,320. In addition to the Grants Officer hired to handle the increase in workload, LOSFA increased a part-time position within the fiscal staff to full time at an additional annual cost of \$23,278. Supplies and meal costs for advisory board meetings remained the same in FY16 and FY17 at \$2,859. These costs are currently projected to increase to 3,337 in FY18, which is an increase of \$518.

Summary:

These savings and costs have resulted in a net savings to the agency in the amount of \$159,880. This savings is a combination of \$31,807 in Federal funds and \$128,073 in State General Fund.

Act 314 of 2016 Consolidation Costs/Savings							
Source	Expenditure	FY16 Expenses	FY17 Expenses	FY18 Expenses (Proj.)	FY16-FY17 Changes	FY16-FY18 Changes	Total Changes
State General Fund	OFSS/HCM	157,329	-	-	(157,329)	(157,329)	(314,658)
	Rally Point	-	2,160	2,160	2,160	2,160	4,320
	Fiscal Staff	-	75,399	106,866	75,399	106,866	182,265
Federal Funds	Per Diem	2,200	-	-	(2,200)	(2,200)	(4,400)
	Travel	12,914	1,965	1,349	(10,949)	(11,565)	(22,514)
	Meeting Room	2,700	-	-	(2,700)	(2,700)	(5,400)
	Meals	2,480	2,480	2,877	-	397	397
	Supplies	379	379	489	-	110	110
	SGF	157,329	77,559	109,026	(79,770)	(48,303)	(128,073)
	Federal	20,673	4,824	4,715	(15,849)	(15,958)	(31,807)
	Total	178,002	82,383	113,741	(95,619)	(64,261)	(159,880)

Program Impacts:

LUMCON originally has issues associated with accounting and personnel departments that occurred upon initial transition. However, those issues have been worked out and the operating process has improved,

Act 314 Report (March 1, 2018)
Board of Regents

especially since LUMCON is located in Cocodrie. Any issues that occur are being resolved as quickly as possible.

LUMCON has benefitted from BOR support related to the capital outlay process. LUMCON received \$750,000 in deferred maintenance funds in FY17 for weatherproofing/waterproofing the Defelice Marine Center in Cocodrie. The project began in January 2018.

In addition to capital outlay funds, LUMCON increased self-generated revenue with the help of BOR by entering into a Memorandum of Understanding (MOU) with the University of Louisiana at Lafayette (ULL) for summer school courses taught at LUMCON. Previously, students who studied at LUMCON during the summer would register through their current institution which already had LUMCON courses available for study. However, that institution would receive the tuition for the course and LUMCON would not receive the tuition even though LUMCON covered the course costs. Under the current MOU, students register for the class through ULL and attend class at LUMCON. Upon completion, ULL transfers the credit to the student's respective institution. ULL receives the fees associated registering for the class and LUMCON receives the tuition, which for summer of 2017 totaled approximately \$52,000. Prior to this MOU, the institution offering the independent study course would have kept the tuition and LUMCON would not have received funds for operating the class.

LOSFA's HR division recognized a workload increase as a result of adding the employees of both BOR and LUMCON to LOSFA's responsibility. The addition of BOR and LUMCON added 173 employees that the division had to become knowledgeable in the areas regarding Teachers' Retirement System of Louisiana, Optional Retirement Plan, and health and life insurance for current employees and retirees for BOR and LUMCON. Even as the workload increased, LOSFA's HR division has been able to provide all HR services without hiring additional staff. HR staff workloads are analyzed and evaluated at the end of each fiscal year to determine if there is a need for an additional staff.

LOSFA's information technology (IT) division has worked with BOR to support the electronic transfer of data related to BOR contracts and payment data. LOSFA IT also has created imagine applications that allow invoices to be seen electronically. Finally, by having access to BOR data, LOSFA can efficiently receive student data related to scholarship and grant reporting, college access outreach evaluation, and assist the for START Program through student enrollment verification.

Finally, LOSFA procedures for items requiring final approval by LAFSAC or LATTA have changed. Prior to Act 314, action would have been approved by the Executive Director and taken to LASFAC or LATTA for final approval. Since Act 314, items are approved by the Executive Director, then sent to the Advisory Board, and then to BOR for final approval. In the case of rulemaking, the publication date for rules is subject to meeting dates of LOSFA executive staff for review, advisory board, and Board of Regents'. In circumstances where the Board of Regents' meeting is after the 20th of the month, the rules will be delayed until the following month since the Fiscal and Economic Impact Statement must be submitted to the Legislative Fiscal Office by that date. In the event all meets are held prior to the 20th of the month, any rule changes will be published in the same time frame as prior to Act 314.

Act 314 Report (March 1, 2018)
Board of Regents

The cumulative effect of Act 314 has been beneficial for all three entities involved, i.e., BOR, LOSFA and LUMCON. As LOSFA and LUMCON have a statewide scope, BOR is better able to integrate their operations into the higher education context than the predecessor boards that did not have a higher education coordination function or expertise. BOR's oversight of these entities integrates into BOR the various statewide assets and programs operating for the collective benefit of Louisiana's higher education enterprise and offers better planning and coordination.