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November 1, 2024

Mr. Taylor Barras
Commissioner of Administration
Claiborne Building, 7th Floor
Baton Rouge, LA 70802

Dear Commissioner Barras:

As we enter the FY 2025-26 budget planning season, we are grateful for the support of the Administration and Legislature in recognizing the importance of educating and training our citizens and providing critical higher education funding in key areas. Through your support, we are seeing results. We are celebrating a historic statewide postsecondary attainment rate of 51.5%, and we are eager to continue our momentum by investing in the talent development of our people.

We recognize, however, the fiscal uncertainty that lies ahead. As such, our systems and campuses have shared specifics on the potential impacts of higher education budget cuts ranging from \$100M (9.4% reduction) to \$250M (23.5% reduction), without impacting state scholarship funding. Cuts of this magnitude would be devastating and would negatively impact the significant ongoing work to meet the workforce and research demands of our economy.

This budget submission on behalf of higher education includes both the allocation of potential reductions to our systems as well as the Regents-approved reinvestment request. In accordance with RS 39:32.1(F), the Board of Regents approved the public postsecondary education budget request for FY 2025-26 at its October 23rd meeting. **In order to fully fund the state share of the public higher education enterprise, \$2.08B in state support would be required, which represents an increase of more than \$765M over the FY 2024-25 appropriation of \$1.3B. However, understanding the upcoming fiscal reality and expected limitations on public dollars, the Board of Regents requests for FY 2025-26 a strategic investment of \$142.3M. This request of recurring State General Funds aligns with our goals of talent development and student success, providing institutional support (\$89M) and addressing targeted statewide needs (\$53.3M).** These investments would significantly advance our critical mission of expanding the education-to-employment pipeline for Louisiana.

In 2019, the Board of Regents issued its Master Plan for Higher Education, which established an audacious goal for Louisiana: 60% of working-age adults holding a degree or credential of value by the year 2030. Despite multiple years of major disruptions in our state, from the COVID-19 pandemic to severe weather events, we have increased the number of Louisiana residents who have earned a credential of value, raising educational attainment from 44% in 2019 to 51% in 2023. Now is the time to build on this progress and accelerate our efforts.

As Moody’s Investors Service noted in 2019 after the launch of the new Master Plan, “if the [Board of Regents’] strategic plan meets objectives, Louisiana will benefit from greater economic competitiveness, a credit positive for the state.” To meet the demands of the future and position our people to thrive in the 21st-century world of work, we must accelerate the growth accomplished over the last five years by continuing to reinvest in higher education and funding public institutions at levels that secure our competitive advantage.

Today Louisiana lags most Southern states in funding both per student and per capita. Louisiana ranks last among the sixteen states within the Southern Regional Education Board (SREB) in state support per capita at \$244, significantly trailing the Southern average of \$345 by \$100, or 41%, per citizen. This results in a competitive funding gap of \$468.5M according to the State Higher Education Executive Officers Association. As higher education faces budgetary uncertainty in the upcoming fiscal year, we recognize that falling even further behind peer states would disrupt our ability to deliver critical financial benefits to Louisiana including producing an increased number of taxpayers, decreasing dependence on social services, and providing the foundation for stronger workforce participation.

To reach our 2030 goal, we are advancing statewide implementation of proven strategies to strengthen student success, increase affordability, address critical workforce shortage areas, and pursue innovation and research that can grow prosperity in Louisiana. Additionally, ensuring that college remains affordable by expanding need-based aid, early college opportunities like dual enrollment, and investments in reduced- and no-cost textbooks, Louisiana can increase access to critical workforce skills, strengthening employment across our state.

Thank you for your consideration of the attached strategic investments on behalf of our students and our postsecondary community. We are committed to leveraging expanded education to secure a competitive advantage for our state and our students. Should you have any questions, please feel free to contact me.

Sincerely,



Kim Hunter Reed, Ph.D.
Commissioner of Higher Education and Chief Advocate for Talent Development

c: Hon. Jeff Landry, Governor, State of Louisiana
Hon. Glen Womack, Chairman, Senate Finance Committee
Hon. Jack McFarland, Chairman, House Appropriations Committee
Misti Cordell, Chair, Board of Regents

FY 2025-26 Higher Education Budget Request
\$142.3M State General Fund Request

Prioritize Institutional Stability - \$89M

Louisiana is currently last in the Southern Region in per capita funding for higher education and would require \$468M to reach the average. An increase of \$127M represents approximately 25% of the amount needed to reach the regional average.

- **Formula (\$59M) and Specialized (\$30M) Institutions Support**
 - Higher education institutions, research centers, and programs have reached the FY12 level of state support through previous years of reinvestments, but are still plagued by the state's disinvestment since the Great Recession.
- **Recur line-item funding to distribute among formula and specialized institutions - \$38M (Already in FY25 budget)**
 - Within the FY25 higher education budget is \$38M in State General Funds that was provided through line-item amendments which are typically non-recurred during the budget development process.
 - Retaining and redistributing the line-item funding throughout higher education allows for reinvestment to institutions without an increase in state funds.
- **Reinvest mandated cost savings at institutions - \$TBD**
 - Any savings through mandated costs across higher education should remain at the institutions to allow flexibility to focus on student success and operations.
 - From FYs 2010 to 2019, increases in mandated costs were not funded and institutions had to cover these increases with available state funds and self-generated revenue.
 - From FYs 2022 to 2024, all mandated costs increases were funded by the state.
 - As a result of debt payments for the Louisiana State Employees' Retirement System unfunded accrued liability, higher education recognized a decrease in mandated costs; however, of the \$15M in savings recognized, \$12.6M was removed from higher education's budget and used in other areas of the state budget.

Targeted Requests - \$53.3M

These requests include sustaining \$387M in funding for state financial aid programs, which include TOPS, GO Grants, M.J. Foster Scholars, Patriot Scholars, and GeauxTeach.

- **Dual Enrollment - \$20M (One course for each 11th- and 12th-grader)**
 - Data clearly indicate that students who start college in high school are more likely to enroll in and complete postsecondary education. In the previous academic year approximately 41,000 students took at least one academic or career/technical dual enrollment class. If 40% of all public school juniors and seniors, or 42,614 students, took a dual enrollment class, the total cost would be \$17.9M. It is anticipated that, of these students, 75% would enroll in a general education course at a cost of \$330 each, at a total cost of \$10.5M; and 25% would enroll in a career and technical education (CTE) course at a cost of \$660 each, at a total cost of \$7.4M.
 - The additional funding would be used for dual enrollment initiatives including teacher credentialing grants to expand the number of high school teachers qualified to teach dual enrollment, further development of the LaDualEnrollment.com one-stop website, establishment of a statewide standard application process, and convenings to support program rigor.
 - As LOSFA would disseminate the funds to institutions using a structure similar to other scholarship programs, related administrative costs of \$540,000 are included.
- **Increased Funding of M.J. Foster Scholars - \$10.5M**
 - Louisiana's adult financial aid program is in its third year of existence and has spent its appropriated dollars before the end of the fiscal year of operation again this year. In order to meet

the demand from adult students qualifying to attend public two-year institutions and proprietary schools, this request will double program funding from \$10.5M to \$21M.

- **Increased Funding of GO Grants - \$10M**
 - Expanding access to financial aid for both part- and full-time students with financial need is critical to increasing educational opportunity in Louisiana. Today GO Grants serve 36,233 students, only 58% of those eligible for the program.
 - Each institution sets its own award range, currently a minimum of \$300 and a maximum of \$3,000 per student.
 - To fully fund all 62,243 eligible students with the current financial aid packaging policy, an additional \$75.1M would be required. To fully fund all 62,243 eligible students at the maximum GO Grant award amount of \$3,000 per student, an additional \$122M would be needed.
- **National Cancer Institute (NCI) Designation - \$10M**
 - The funding will support development of multidisciplinary cancer care and clinical programs at institutions and centers across the state, with the intent to receive a federal NCI designation. This designation will recognize both laboratory and clinical research, as well as the quality of care provided to the community by healthcare professionals. NCI dedicates significant resources toward developing research programs, faculty, and facilities, leading to better and more innovative approaches to cancer protection, diagnosis, and treatment. NCI supports the research infrastructure of cancer centers to advance scientific goals and fosters programs that draw together investigators from different disciplines.
- **Increase Funding of Patriot Scholars - \$2.3M**
 - Patriot Scholars, which began in FY24, is the state's newest financial aid program, specifically supporting Louisiana Army and Air National Guardsmen. As a result of the popularity, it received a supplemental increase in FY24 and a base increase in FY25. In order to meet the student demand, the Louisiana Military Department has requested an additional \$2.3M, to bring the program total to \$6M.
- **Increase in Cybersecurity Funding for Security Operations Center - \$0.5M**
 - First funded in FY24 and sustained in FY25, the Security Operations Center (SOC) utilizes industry partners' technology and people to monitor institutions and respond to potential attacks. Additionally, the SOC serves as a training area for students to gain experience and enhance the cyber-workforce in Louisiana. These services are deployed to institutions through the LONI network. The increase will enable the SOC to keep pace with rising technology costs.

One-Time Requests

One-Time Funding Requests (Supplemental) - \$31.5M

In addition to annual, recurring increases, the Board of Regents also requests the use of available supplemental dollars for specific areas that can benefit students across the state.

- **Workforce Training - \$20M**
 - Of the Workforce Training funding request, \$10M will support student success services, short-term training/credentials, and adult basic education for two-year community and technical colleges (LCTCS institutions, LSU Eunice, and Southern University at Shreveport).
 - Workforce funding of \$10M will support student success services and create/expand programs preparing students for high-demand fields (nursing, education, STEM, etc.) across all four-year institutions.
- **Postsecondary Inclusive Education Fund (Intellectual and developmental disabilities) - \$5M**
 - Created in 2022 and funded annually with \$1M line-item appropriations, the fund serves institutions that help increase independent living and employment opportunities for students with intellectual and developmental disabilities. The \$5M one-time request would provide sustained funding to the programs over multiple fiscal years.

- **Cyber Program Development and Expansion - \$2M**
 - The increase in cybersecurity funding will support the creation of additional talent development avenues. First, funds will support the work of the Cybersecurity Education Management Council in continuing to expand the scope and scale of established programs, as well as to ensure the development of strong new programs that increase and diversify Louisiana’s cyber workforce. Second, funds will enable the creation of collaborative curricular resources that will be made available to every public university and college. Institutions will use these curricular resources to create new cyber program capacity, in both traditional and new degrees and credential programs.
- **Campus Safety - \$2M**
 - The Board of Regents has received \$2M in the last two fiscal years to conduct safety assessments across all institutions, which will be completed by the end of FY25. For phase two of the safety assessment, the additional \$2M request will be used to conduct trainings and assist with institutional safety needs as campuses begin to implement the assessment recommendations.
- **Increase Textbook Affordability - \$1.5M**
 - The average full-time, in-state undergraduate student at a four-year public university pays \$1,226 for books and supplies in one academic year. Studies show that the impacts of high textbook costs include students taking fewer classes, not registering for a specific course, earning a poor grade due to an inability to afford the textbook, and dropping a course. Improving textbook affordability is an important factor in increasing both overall affordability and student preparedness. This funding enables the statewide library network (LOUIS) to provide institutions with open-source documents and eTextbooks, as we strive to reduce the cost of attendance for students.
- **Hunger-Free Campus Program - \$1M**
 - Act 719 of the 2022 Regular Legislative Session established criteria for Louisiana higher education institutions to earn a hunger-free campus designation and authorized the Hunger-Free Campus competitive grant program to support them in their efforts. Every institution across the four public higher education systems (LCTCS, LSU, Southern, and UL), as well as four of the state’s private institutions, applied for and received the HFC designation. These funds will assist institutions in raising awareness of available resources, leveraging federal programs, and building strategic partnerships to address food insecurity among students.

**Fiscal 2025-26 Higher Education Budget Reduction Exercise
State General Funds**

System	FY25 SGF Appropriation	<u>\$100M</u> House Appropriations Request	<u>\$250M</u> Division of Administration Request
Board of Regents	\$299,889,543	(\$4,635,957)	(\$11,589,893)
Louisiana Community and Technical College	\$155,291,612	(\$14,566,865)	(\$36,417,163)
Louisiana State University	\$492,838,441	(\$46,229,871)	(\$115,574,677)
Southern University	\$68,472,475	(\$6,422,944)	(\$16,057,360)
University of Louisiana	\$300,035,965	(\$28,144,363)	(\$70,360,907)
Higher Education Total	\$1,316,528,036	(\$100,000,000)	(\$250,000,000)
Note: These budget cuts will not impact any state financial aid funding.			