

Regular Session, 2010

SENATE BILL NO. 570

BY SENATORS CHAISSON, APPEL, DONAHUE, DUPLESSIS, MARTINY AND QUINN AND REPRESENTATIVES ARNOLD, BOBBY BADON, HENRY BURNS, TIM BURNS, CARMODY, CARTER, CHAMPAGNE, CONNICK, DOVE, GISCLAIR, HARDY, HINES, HOFFMANN, KATZ, LABRUZZO, LIGI, ROBIDEAUX, SIMON, SMILEY, WILLIAMS AND WOOTON

POSTSECONDARY ED. Provides for the La. Granting Resources and Autonomy for Diplomas Act ("LA GRAD" Act). (gov sig)

1 AN ACT

2 To amend and reenact R.S. 17:3386(A) and (D) and to enact R.S. 17:3139 and 3386(E),

3 relative to public postsecondary education; to provide for the Louisiana Granting

4 Resources and Autonomy for Diplomas Act; to provide for performance agreements

5 between the Board of Regents and public postsecondary education institutions; to

6 provide for the effectiveness, review, revocation, and renewal of such agreements;

7 to provide for autonomies granted to institutions that enter into such agreements; to

8 require specified performance objectives to be met as part of such agreements; to

9 provide for monitoring and reporting by the Board of Regents; to exempt certain

10 institutions from requirements relative to the use of surplus funds and the carrying

11 forward of certain state general funds; and to provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 17:3386(A) and (D) are hereby amended and reenacted and

14 R.S. 17:3139 and 3386(E) are hereby enacted to read as follows:

15 **§3139. Louisiana Granting Resources and Autonomy for Diplomas Act;**

16 **purpose; agreements; monitoring and renewal; reporting**

17 **A. Title. This Act shall be known and may be cited as the "Louisiana**

1 Granting Resources and Autonomy for Diplomas Act."

2 B. Purpose. The purpose of this Section is to support the state's public
3 postsecondary education institutions in remaining competitive and increasing
4 their overall effectiveness and efficiency by granting the institutions limited
5 operational autonomy and flexibility provided that the institutions achieve
6 specific, measurable performance objectives aimed at improving college
7 completion and meeting the state's current and future workforce and economic
8 development needs.

9 C. Performance agreements; objectives. Effective beginning with the
10 2011 Fiscal Year, any public postsecondary education institution may enter into
11 an initial performance agreement with the Board of Regents in order to be
12 granted limited operational autonomy and flexibility as provided in Subsection
13 E of this Section in exchange for committing to meet all of the following
14 performance objectives as applicable to the institution as determined by the
15 Board of Regents:

16 (1) Student success. (a) Achieve cohort graduation rate goals that are
17 consistent with institutional peers. For purposes of this Section, peer
18 institutions shall mean those institutions as defined by the Board of Regents in
19 accordance with R.S. 17:3351(A)(5)(e)(i).

20 (b) Increase the number of program completers at all levels each year.

21 (c) Develop partnerships with high schools to prepare students for
22 postsecondary education.

23 (d) Increase passage rates on licensure and certification exams and
24 workforce foundational skills.

25 (2) Articulation and transfer. (a) Phase in increased admission
26 standards and other necessary policies in order to increase student retention
27 and graduation rates.

28 (b) Provide feedback to community colleges and technical college
29 campuses on the performance of associate degree recipients enrolled at the

1 institution.

2 (c) Develop partnerships with community colleges and technical college
3 campuses to admit students who initially fail to qualify for admission into the
4 institution after they have earned an associate degree from a community college
5 or technical college campus.

6 (d) Demonstrate collaboration in implementing the articulation and
7 transfer requirements as provided in R.S. 17:3161 through 3169.

8 (3) Workforce and economic development. (a) Eliminate academic
9 programs that have low student completion rates and are not aligned with
10 current or strategic workforce needs of the state, region, or both.

11 (b) Increase the use of technology for distance learning to expand
12 educational offerings.

13 (c) Increase research productivity especially in key economic
14 development industries and technology transfer at research institutions to levels
15 consistent with the institution's peers.

16 (d) Demonstrate progress in increasing the number of students placed
17 in jobs, and the performance of associate degree recipients who transfer to
18 institutions that offer academic undergraduate degrees at the baccalaureate
19 level or higher.

20 (4) Institutional efficiency and accountability. (a) Phase out remedial
21 education course offerings and developmental study programs unless such
22 courses or programs cannot be offered at a community college in the same
23 geographic area.

24 (b) Phase out associate degree programs unless such programs are not
25 offered at a community college in the same geographic area.

26 (c) Adhere to a schedule established by the institution's management
27 board to increase nonresident tuition amounts that are not less than the average
28 tuition amount charged to Louisiana residents attending peer institutions in
29 other Southern Regional Education Board states and monitor the impact of

1 such increases on the institution.

2 (d) Designate centers of excellence as defined by the Board of Regents
3 which have received a favorable academic assessment from the Board of
4 Regents and have demonstrated substantial progress toward meeting the
5 following goals:

6 (i) Offer a specialized program that involves partnerships between the
7 institution and business and industry, national laboratories, research centers,
8 and other institutions.

9 (ii) Are aligned with current and strategic statewide and regional
10 workforce needs as identified by the Louisiana Workforce Commission and
11 Louisiana Economic Development.

12 (iii) Have a high number of graduates or completers each year as
13 compared to the state average number of graduates and that of the institution's
14 peers.

15 (iv) Have a high number of graduates or completers who enter
16 productive careers or continue their education in advanced degree programs.

17 (v) Have a high level of research productivity and technology transfer.

18 (5) Any additional performance objectives as determined by the Board
19 of Regents.

20 D. Annual review; revocation. The initial performance agreement and
21 each subsequent agreement shall be a six-year agreement and shall be reviewed
22 annually by the Board of Regents. The Board of Regents may revoke an
23 agreement at any time if it determines that an institution has failed to abide by
24 the terms of the agreement.

25 E. Autonomies granted. Each institution that enters into an agreement
26 as provided in this Section shall be granted all of the following:

27 (1) The authority to:

28 (a) Increase tuition and fee amounts by up to ten percent annually,
29 without legislative approval, until the institution reaches the average tuition and

1 fee amounts of its peer institutions.

2 (b) Upon reaching the average tuition and fee amounts as specified in
3 Subparagraph (a) of this Paragraph, increase tuition and fee amounts by up to
4 five percent annually or by an amount equal to the increase in the Higher
5 Education Price Index in the previous year, whichever is greater.

6 (c) Impose all or some tuition and fee charges on a student credit hour
7 basis.

8 (2) A base level of operational autonomy as determined by the Board of
9 Regents subject to the approval by the division of administration which, at a
10 minimum, shall include greater flexibility in:

11 (a) Carrying forward unexpended and unobligated funds from one fiscal
12 year to the next.

13 (b) Procurement of information technology products and services.

14 (c) State travel regulations.

15 (3) The Board of Regents, in collaboration with the division of
16 administration, shall identify additional operational autonomies, including but
17 not limited to procurement and construction, and may grant such autonomies
18 to an institution during the initial agreement period if all of the following are
19 met:

20 (a) After three years, the institution has achieved a sufficient number of
21 the performance objectives provided in Subsection C of this Section as
22 determined by the Board of Regents.

23 (b) The institution has demonstrated the ability to successfully operate
24 with the base levels of autonomies granted by this Section as determined by the
25 Board of Regents.

26 F. Monitoring; reporting; renewal. (1) The Board of Regents annually
27 shall monitor and report to the legislature and the governor on each
28 participating institution's progress in meeting the performance objectives as
29 specified in Subsection C of this Section. At the end of the initial agreement

1 period and each subsequent agreement period, the Board of Regents shall
2 determine whether to renew an institution's performance agreement. Such
3 determination shall be based on the recommendations of a review panel
4 established by the Board of Regents to conduct a comprehensive review and
5 evaluation of the institution's progress in meeting the performance objectives.
6 The composition of the review panel shall be the same as is provided in R.S.
7 17:3138(C).

8 (2) If an institution's initial performance agreement is renewed for a
9 second six-year period, the institution in exchange shall:

10 (a) Further increase cohort graduation rate goals as specified in
11 Subparagraph (C)(1)(a) of this Section including the following, as applicable:

12 (i) A graduation rate of at least seventy-five percent for any institution
13 classified as a "Four-Year 1" institution by the Southern Regional Education
14 Board.

15 (ii) A graduation rate of at least sixty percent for any institution
16 classified as a "Four-Year 2" institution by the Southern Regional Education
17 Board.

18 (iii) A graduation rate of at least fifty percent for any institution
19 classified as a "Four-Year 3," "Four-Year 4," or "Four-Year 5," institution by
20 the Southern Regional Education Board.

21 (iv) For any community college and technical college campus, a
22 graduation rate that is at least equal to the Southern Regional Education Board
23 average for peer institutions.

24 (b) Continue to make progress in meeting all other performance
25 objectives as contained in the initial agreement.

26 (c) Meet any additional performance objectives as determined by the
27 Board of Regents.

28 (3) If an institution's performance agreement is renewed for subsequent
29 periods following the first renewal period, the institution in exchange shall:

1 **E. The provisions of this Section requiring at least fifty percent of**
 2 **retained funds to be maintained in a reserve fund and used only for**
 3 **preventative maintenance purposes and prohibiting more than two percent of**
 4 **certain state general fund appropriations or allocations from being carried**
 5 **forward shall not apply to any public postsecondary education institution**
 6 **entering into a performance agreement pursuant to R.S. 17:3139 if the**
 7 **agreement so provides.**

8 Section 2. This Act shall become effective upon signature by the governor or, if not
 9 signed by the governor, upon expiration of the time for bills to become law without signature
 10 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 11 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 12 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Jeanne C. Johnston.

DIGEST

Proposed law provides for the La. Granting Resources and Autonomy for Diplomas Act (La. GRAD) as follows:

Performance agreements and objectives. Authorizes public postsecondary education institutions to enter into initial performance agreements with the Board of Regents in order to be granted limited operational autonomy and flexibility in exchange for committing to meet performance objectives as applicable to the institution. Such objectives are categorized relative to student success, articulation and transfer, workforce and economic development, and institutional efficiency and accountability and generally include graduation rate goals, increased admission standards, elimination of academic programs that have low student completion rates, increased research productivity and technology, phasing out remedial education course offerings, demonstrating progress in placing students in jobs, increasing nonresident tuition amounts, and designating centers of excellence.

Annual review and revocation. Provides that the initial performance agreement and each subsequent agreement shall be a six-year agreement and shall be reviewed annually by the Board of Regents. Authorizes the board to revoke an agreement at any time if it determines that an institution has failed to abide by the terms of the agreement.

Autonomies granted. Provides that each institution that enters into an agreement shall be granted specified autonomies and flexibilities including increasing tuition and fee amounts without legislative approval, carrying forward unexpended and unobligated funds, procurement of information technology products and services, and state travel regulations. Provides that the Board of Regents, in collaboration with the division of administration, shall identify additional operational autonomies, including but not limited to procurement and construction, to be granted to an institution during the initial agreement period if certain conditions are met as specified in proposed law.

Monitoring, reporting, and renewal. Provides that the Board of Regents annually shall monitor and report to the legislature and the governor on each participating institution's progress in meeting the performance objectives. Provides for a determination by the board as to whether to renew an institution's performance agreement based on the recommendations of a review panel established by the board to be composed of the same membership as the Postsecondary Education Review Commission (present law, R.S. 17:3238). Specifies further objectives to be met by an institution if its agreement is renewed including further increasing cohort graduation rate goals.

Present law, relative to the use of surplus funds by public postsecondary education institutions, allows such institutions to retain any state general funds appropriated or allocated which remain unexpended and unobligated at the end of the fiscal year, provided that not less than 50% of such retained funds be maintained in a preventative maintenance reserve fund. Provides that such monies shall be used solely for preventative maintenance purposes and shall only be spent on nonrecurring projects. Prohibits an institution from carrying forward more than 2% of its prior fiscal year's state general fund appropriation or allocation.

Proposed law retains present law but exempts institutions entering into a performance agreement pursuant to proposed law from the requirement that at least 50% of retained funds to be maintained in a reserve fund and used only for preventative maintenance purposes and the prohibition on more than 2% of certain state general fund appropriations or allocations being carried forward.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 17:3386(A) and (D); adds R.S. 17:3139 and 3386(E))