

FINANCE COMMITTEE
Wednesday, August 21, 2002

The Finance Committee met on Wednesday, August 21, 2002, at 2:45 p.m. in the Claiborne Building Auditorium, Louisiana Purchase Room, Baton Rouge, Louisiana.

Chairman Roland Toups called the meeting to order. The roll was called, and a quorum was established.

COMMITTEE MEMBERS PRESENT

Roland Toups, Chair
Pat Strong
Ron Roberts
Virgil Robinson, Jr.
Steven Sumbler
Artis Terrell, Jr.
Mike Woods
Harrison Baptiste

OTHER BOARD MEMBERS PRESENT

Richard D'Aquin
Scott Brame
Reggie Dupré
Robert Levy

COMMITTEE MEMBERS ABSENT

Norbert Simmons
Clifford Smith
Dianne Christopher
William Rucks, IV

STAFF MEMBERS PRESENT

E. Joseph Savoie
Marvin Roubique
Donald J. Vandal
Mike Galloway
Louise Moore

GUESTS PRESENT

Appendix A

DISTRIBUTION OF COMMUNITY AND TECHNICAL COLLEGES AND ACADEMIC CENTERS DEVELOPMENT POOL

Mr. Roubique, Deputy Commissioner for Finance and Facilities, informed the Committee that the Legislature appropriated \$7,600,000 to be distributed in FY 2002-2003 for the further development of community and technical colleges and academic centers. He provided a chart reflecting the proposed distribution of the funds. The institutions participating in the distribution of these funds are: Louisiana Technical College, Baton Rouge Community College, Bossier Parish Community College, Delgado Community College, Nunez Community College, South Louisiana Community College, LSU Eunice, and Southern University in Shreveport. The LCTCS Board approved the proposed distribution at its August 2002 meeting. Further an amount of \$600,000 is allocated for the Academic Centers Development Pool. These funds will be used for the operational cost of the Rapides Learning Center and the Jefferson West Learning Center.

After discussion the Committee took the following action:

On motion of Regent Terrell, seconded by Regent Strong, the Finance Committee voted unanimously to approve the distribution of the Community and Technical College and Academic Centers Development Pool as presented. (See Appendix B.)

DISTRIBUTION OF EQUIPMENT POOL FUNDS

Next, Mr. Roubique reviewed a proposed distribution of funding for the Library, Academic, Scientific and Instructional Equipment Pool. The Legislature appropriated \$15,000,000 in the capital outlay bill for the purchase of library, instructional and scientific equipment during FY 2002-2003. As in previous years, the distribution of these funds was

based on: (1) restoring equipment allocation, and (2) pro-rata share at full formula funding, up to 100% implementation level.

After discussion the Committee took the following action:

On motion of Regent Terrell, seconded by Supervisor Baptiste, the Finance Committee voted unanimously to approve the distribution of Library, Academic, Scientific and Instructional Equipment Pool funds and the guidelines for distribution of the funds as presented. (See Appendix C.)

OTHER SPECIFIC POOL FUNDS

The staff informed the Committee that they were reviewing plans from each system on the distribution of funds specifically appropriated by the Legislature for FY 2002-2003 as shown below. Mr.Roubique indicated that each plan should: (1) identify specific targets of the investment, (2) establish clear and measurable goals and expectations resulting from the investments, and (3) develop a strategy for monitoring and reporting progress.

SPECIFIC POOL FUNDS

Performance and Quality	\$8,000,000
Teacher Education Redesign	\$2,100,000
Graduate Student Stipends	\$1,000,000
Items Funded With Tobacco Tax Proceeds:	
*LSU Health Sciences Center-New Orleans/ Tulane Health Sciences Center For the Louisiana Cancer Research Center	\$6,800,000
*LSU Health Sciences Center-New Orleans/ Tulane Health Sciences Center For Smoking Prevention Media Programs	\$4,650,000
*LSU Health Sciences Center-Shreveport For the Cancer Center	\$4,459,680
*LSU Ag Center For Operating Expenses	\$1,270,000
*Southern Ag Research and Extension Center for Operating Expenses	\$1,000,000

Items Funded With State General Funds:

*Paul M. Hebert Law Center For Operating Expenses	\$ 300,000
*LSU Firefighter's School of Homeland Security Training	\$ 500,000

The staff will continue to meet with the staff of each management board to refine the plans.

The Commissioner and staff will meet with the appropriate management board presidents and their representatives on September 11, 12, and 13, 2002 to finalize the plans and rationale for the allocation of these funds. The staff will present its recommendations at the September meeting.

Dr. Mary Ella Sanders, Chancellor of the Louisiana State University Health Sciences Center in New Orleans, explained her concerns relative to LSUHSCNO being excluded from competing for funds in the Governor's Biotechnology Initiative Plan for FY 2002-2003. After explanation by Mr. Vandal as to the reason that entity was excluded, she requested that LSUHSC be allowed to compete for these funds.

After discussion the Committee took the following action:

On motion of Regent Roberts, seconded by Regent Strong, the Committee instructed Dr. Savoie to discuss with the administration the Louisiana State University Health Science Center's request to be allowed to compete for funds from the Governor's Biotechnology Initiative Plan for FY 2002-2003.

FOURTH QUARTER ENERGY REPORT

The staff presented the fourth quarter and year-end energy reports. Review of the data reflects an increase in both electricity and gas costs when FY 2001-2002 is compared to the base year of FY 1999-2000. However, higher education had a reduction of \$14.2 million in electricity cost and a reduction of \$7.1 million in gas cost when the FY 2001-2002 is compared

to FY 2000-01. Through a combination of conservation efforts and reduced cost of energy all institutions in the University of Louisiana System, LSU System and the Louisiana Community and Technical College System have suspended the energy surcharge for the fall of 2002.

Southern University System board will review energy costs for a possible reduction or elimination of the surcharge for spring 2003. Supervisor Woods urged staff to continue exploring ways to reduce cost, i.e., bulk purchasing.

ADMINISTRATIVE SALARY POLICY REPORT

Mr. Donald J. Vandal, Deputy Commissioner for Administration, presented the Annual Administrative Salary Policy Report. At the direction of the Board, the staff worked with the staffs of the system boards to establish consistent guidelines in setting the state-funded portion of administrative salaries. The salary guidelines are based upon the latest College and University Personnel Association (CUPA) data available which has been specially configured to reflect the administrative salary benchmarks of similarly categorized institutions within the SREB.

Mr. Vandal informed the Committee that the Regents' administrative salary policy has been incorporated by reference into state statute by Act 4 of the 2000 2nd Extraordinary Session. That provision of law (Louisiana Revised Statute 17:3351(A)(10) states:

“Notwithstanding any law to the contrary, any increase in salary for an administrator of any public college or university or of any post secondary education management board shall comply with the administrative salary policy guidelines adopted by the Board of Regents.”

Commissioner Savoie indicated that the report reflects positive progress of faculty salaries in reaching the SREB average. He indicated that the average faculty salary was within

single digits of their peers where the gap was in the mid-teens only a few years ago.

After further discussion of the current administrative policy and various comparative salary data presented by staff, the Committee suggested the policy be revised to include the following elements:

Appropriateness

- The determination that the professionally assembled peer data for the Board of Regents (special study of the Colleges and University Professional Association for Human Resources) will be considered official numbers for the state and used for any peer compensation market review by system boards and their staff.

Full Public Disclosure

- Regardless of the source of funds used for any administrative compensation, any salary supplement from any source of funds should be considered and reported as salary.
- Because the salaries of executive administrators are of particular interest to the public, board action related to these salaries should be considered by the full board in an open meeting and independently from any consolidated personnel actions of the board.

System Board Control

- System and institutional administrators, faculty and staff are employees of their respective system boards. Decisions relative to their employment status and compensation must be authorized by their board. Contributions toward administrative salary supplements by any outside or affiliated private interest should be made to the system Board unattached to any particular board employee. All such funds must be managed and controlled at the discretion of the appropriate system board. There can be no interference or inference associated with an employee's allegiance.

Ethical Conduct

- The use of funds for administrative salary supplements derived from any outside or affiliated private interest must comply with state law, the State of Louisiana Code of Governmental Ethics, and relevant IRS regulations/interpretations.

Timeliness of Data

- In order to maintain current information, any administrative salary increases for positions carrying functional titles categorized by CUPA as Executive/Administrative should be reported to the Board of Regents for inclusion in its data base by system boards in a timely fashion.

State Obligation

- Administrative salary supplements derived from private sources must not obligate the state or public funds to any additional future financial responsibility.

Performance

- System boards should conduct or authorize a performance assessment of chief executives on an annual basis to make informed salary adjustment decisions.

The Committee took the following action:

On motion of Regent Roberts, seconded by Regent Strong, the Finance Committee voted unanimously to approve the Board of Regents Administrative Salary Policy as presented. Further, the Committee recommended that staff revise the current administrative salary policy to include the items listed above and to develop options for the Board's consideration which would tighten the focus of the administrative salary review.

Next, Regent Brame suggested that the Board of Regents engage an outside consultant to conduct a comprehensive review of postsecondary administrative structures and expenditures.

ADJOURNMENT

There being no further business, the Committee adjourned at 4:45 p.m.