

LSU President's Primer on the Budget Situation

Prior impact caused by financial situation from FY 2008-09 to FY 2014-15

- Exclusive of hospitals, loss of 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%)
- Between FY 2010 and FY 2013, the System has terminated or consolidated approximately 60 programs
 - LSU A&M – 18
 - 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 38.2% to 56.4%
 - LSU Shreveport – 54.7% - \$5,564 (08-09) to \$2,464(existing 14-15)
 - LSU A&M - 54.3% - \$8,251 (08-09) to \$3,699 (existing 14-15)
 - LSU Law Center – 51.3% - \$12,920 (08-09) to \$6,209 (existing 14-15)
 - LSU Alexandria – 56.4% - \$6,513 (08-09) to \$2,761 (existing 14-15)
 - LSU HSC NO – 48.9% - \$51,578 (08-09) to \$26,034 (existing 14-15)
 - LSU HSC S – 45.5% - \$81,077 (08-09) to \$43,099 (existing 14-15)
 - LSU Eunice – 38.2% - \$4,152 (08-09) to \$2,507 (existing 14-15)
- Two campuses have received lack of financial stability findings in their most recent SACSCOC accreditation report
- Tuition increases although substantial, have not made up the difference from disinvestment of State funds in the institutions
 - FY 2008-09 State & Tuition Appropriation (exclusive of hospitals) \$796,914,958
 - FY 2014-15 State & Tuition Appropriation (exclusive of hospitals) \$770,313,744
 - It should also be noted that these are appropriated numbers and does not include the effect of scholarships or waivers.
- From FY 08-09 to FY 12-13, external research and development funding decreased from \$386M to \$363M
- From FY 08-09 to FY 13-14, enrollment increased by 860 students, and annual completers increased by 447.

Estimated potential impact of a 35% general fund reduction (\$109.9M) and 10% tuition sweep (\$31.6M)

- System-wide impact at a minimum:

Number of institutions declaring financial exigency	6
Number of academic departments and research stations eliminated	9
Number of academic programs eliminated	28
Number of courses eliminated	1,572
Number of faculty and staff eliminated	1,433
Decrease in degrees awarded annually	1,990
Loss of enrollment	10,381
Loss of external funding	\$152,084,000
Loss of tuition revenue due to enrollment decrease	\$91,202,510
Loss of 4-H participants	16,500
Loss of 4-H volunteers	3,000
Loss of 4-H school clubs	605

- Key institutional impacts at a minimum:

- **Louisiana State University & A&M College**
 - Declaration of financial exigency as it applies to particular colleges, programs, and budgetary units
 - Closure of buildings to save on operating and maintenance costs
 - Potential loss of accreditation for departments in the Colleges of Engineering and Business
 - Inability to meet the goals of the WISE program which will preclude the increase of 730 additional graduates in the Business and STEM fields
- **LSU Agricultural Center**
 - Declaration of financial exigency as it applies to particular colleges, programs, and budgetary units
 - Elimination of much of the concept of the parish-based extension model dramatically reducing the AgCenter's ability to accomplish its mission

- Reduction of approximately \$160M in improved productivity for the agricultural industry
- Inability to match federally appropriated dollars (under the Hatch, Smith Lever, and McStennis Acts) on a 1:1 basis
- Inability to meet procedural and compliance obligations at both the state and federal levels with remaining faculty and staff
- **LSU Law Center**
 - Possibility of Declaration of financial exigency
 - Lay off the instructor and thereby eliminate the Juvenile Justice live client clinic, developed as a model clinic through a grant from the MacArthur Foundation
 - Elimination of all summer stipends that support student public interest internships in such venues as public defender offices and legal aid offices
 - Elimination of all student organization travel stipends (for example, travel by the officers of our Black Law Student Association to regional and national meetings, at which they frequently serve as officers)
- **Pennington Biomedical Research Center**
 - Loss of 191 jobs and \$12.2M direct payroll; loss of \$28M in external funding with State losses of \$53M in business sales, \$20M in household income, and 574 indirect jobs.
 - Loss of internationally acclaimed scientists who take their external funding, staff and academic prowess along with them.
 - Mothball 48% of research space at PBRC resulting in additional lost revenue
 - Hamper ability to support U.S. Department of Defense contracts (totaled at more than \$74M to date) aimed at warfighter nutrition.
- **LSU at Alexandria**
 - The expected discontinuance of WISE funding in addition to this anticipated reduction will undermine LSUA's efforts to seek and obtain AACSB accreditation
 - Possible loss of Title IV funding and federal grants and contracts
 - Declaration of financial exigency, terminating employees, and perhaps the catastrophic need to close the University's doors to educational opportunity, prosperity, and the economic future of Louisiana and its citizens
 - Approximately 1,000 students will be adversely affected by the reduction in scholarship funds
- **LSU at Eunice**
 - Declaration of Financial Exigency and elimination of 10 academic programs
 - Eliminate developmental programs provided at LSU Alexandria
 - Eliminate services directly benefiting students
 - Reduce summer session by 50% thereby increasing time to degree and impacting as many as 1,000 students
- **LSU at Shreveport**
 - Immediate risk of losing regional institutional accreditation status with SACSCOC and loss of federal financial aid for students
 - Eliminating critically important student academic help labs
 - Delaying students attempting to complete registration and/or financial aid actions prior to the first day of classes
 - Declaration of financial exigency that would result in the loss of 13 faculty and 13 staff, as well as elimination of some senior administrative leadership
- **LSU Health Science Center in New Orleans**
 - Additional loss of \$15M in Medicaid through clinical contracts, which will impact primary and specialized care to the uninsured population
 - Reduction of funding for the Rural Track program that provides incentives for medical students to practice in underserved Rural Areas.
 - Closure of undergraduate programs in Cardiopulmonary Science, Medical Lab Technology, Dental Hygiene, Dental Laboratory Technology and the B.S. in Nursing program. Based on fall 2014 enrollment this scenario would disrupt the education of 911 students.
 - Elimination of support for Area Health Education Centers.
- **LSU Health Science Center in Shreveport**
 - Reduce School of Medicine Class size by 35 students (28%) 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.
 - Closure of some Graduate Medical Education/Residency programs and reductions in others
 - Increased wait times for patient care and reduced access to care
 - Elimination of specialty services returning limited funding to core health service

LSU Agricultural Center
RESPONSE TO REQUEST FOR IMPACT STATEMENT
REGARDING A 35% BUDGET REDUCTION
January 12, 2015

The mission of the LSU Agricultural Center is to conduct agricultural research and extension programs that advance and maintain Louisiana's highly diverse agricultural industry and sustain Louisiana's natural resources; to provide research and educational programs in the field of nutrition; and to develop Louisiana's youth and families through the 4H program. Additionally, the mission includes delivering federally mandated educational programs to those in the agricultural industry and other program participants. The AgCenter carries out its mission through 17 branch research stations, extension offices in each of the State's 64 parishes, and 12 academic departments. Most of the academic departments are shared with the LSU A&M campus, as the departmental faculty also fulfill the teaching needs of the LSU College of Agriculture. The AgCenter is a statewide institution that directly affects citizens within every parish across Louisiana.

Based on a request by the Division of Administration to respond to the possibility of a 35% reduction, the following are actions that would be necessary under that scenario. A 35% budget reduction would result in a loss of \$22.5 million in state general funds which would require the elimination of approximately 250 full-time equivalent positions. This would in turn require unit eliminations equivalent to five research stations and four academic departments, along with elimination of the parish-based extension model, dramatically reducing the AgCenter's ability to accomplish its mission. Equally important, this loss in personnel and programs could ultimately cost Louisiana \$160 million in the next few years since research has shown that every dollar invested in public agricultural research and extension returns \$32 in improved productivity for the agricultural industry. In other areas, particularly 4H, the state's investment is seed money that allows the AgCenter to marshal resources from local parish school boards, police juries, individual schools, and a network of over 8,000 volunteers. Without AgCenter faculty to organize these resources, they will be lost. The AgCenter's faculty and staff are also essential parts of the State's natural disaster preparation and recovery efforts.

This document explains the true financial impact of a 35% reduction, as well as, the organizational and programmatic impacts. It discusses the overall effect on Louisiana and addresses the fact that budget reductions during the past few years have weakened higher education institutions such that further reductions would be debilitating.

Financial Impact

The direct impact of a 35% decrease in state funds would clearly be disastrous, but the problem would be much worse when one examines the various revenue sources that sustain the AgCenter. The 35% reduction and the corresponding loss of faculty would result in the loss of approximately \$14 million additional funds from other sources. This would jeopardize the AgCenter's federal appropriations. These are not only funds lost to the AgCenter; most are funds that will not come to Louisiana at all.

- The AgCenter is required to match federally appropriated dollars (under the Hatch, Smith Lever, and McStennis Acts) on a 1:1 basis. If the current budget is reduced, after funds are paid for employee benefits, it will be difficult to make this match.
- AgCenter faculty reductions will mean a loss of approximately \$10 million in grant funding from state, federal and private agencies. We are already seeing this impact from the cuts of

the last several years. These grants include indirect cost recovery that helps maintain general operations, not just individual faculty member programs.

- The AgCenter has worked closely with parish governments in every parish of the state to develop a partnership in which approximately 20% of extension office staff salaries are provided by the parish. At a minimum, 35% of this funding would be lost. However, parish governments may question the partnership when the AgCenter is required to eliminate parish positions and does not have the critical staff numbers they have agreed to support.
- AgCenter research stations produce crops and maintain animals that are used to conduct research. By-products of the research efforts (crops and animals) are harvested and used to generate revenue in support of faculty projects and programs. Loss of faculty on research stations and termination of their projects would result in an estimated loss of over \$2.4 million.

Organizational Impact

Because of the AgCenter's statewide nature and the diversity of its programs, most offices already have limited staff. This has been compounded by the continual budget reductions over the last several years. A reduction of an additional 250 positions would lead to widespread elimination of units.

- The AgCenter currently maintains an extension office in each parish, funded by the state with partial support from local government and federal appropriations. A 35% reduction would eliminate much of the concept of parish-based programs and cause a significant loss of the local and federal funding.
- The AgCenter's 17 branch research stations are strategically placed around the state to address Louisiana's varying environmental conditions (rainfall, temperature, etc.), soil types and its myriad of agricultural commodities. Five of the stations basically operate as hubs in the four corners of the State and its center. Four more stations meet critical needs that include a focus location for department faculty and students, a primary resource for the horticultural industry, and a multi-purpose location in Baton Rouge. The remaining eight stations address specific key commodities, environmental conditions, and/or soil types. It is estimated that at least five of these stations would be closed.
- The AgCenter has 12 academic departments responsible for critical research and extension programs and for providing the teaching programs of the College of Agriculture. The equivalent of at least four would be eliminated.
- The AgCenter's support units and administration would bear even larger cuts than other areas creating a serious strain on their ability to meet procedural and compliance obligations at both the state and federal levels.

Programmatic Impact

The loss of one-third of 4H faculty means at best, parishes would have one 4H agent and some parishes would have to share an agent with another parish. This would dramatically affect the AgCenter's ability to deliver these programs and reach youth. The estimated impact would be:

- Reduction in 4-H agents from approximately 95 (1.5 per parish) to approximately 60 (less than 1 per parish).
- Reduction in 4-Hers from 47,000 to a maximum of 30,500.
- Reduction in volunteers from 8743 to 5682. The loss of 2,021 volunteers represents a loss of \$1.2 million.
- Reduction in community service participation from 46,729 youth and adults to 30,375.
- Reduction in total 4-H youth reached from 221,223 to 143,795.

- Reduction in school 4-H clubs from 1705 to 1100.
- Reduction in youth able to attend 4-H camp – decrease from 5000 (average of 78 per parish) to 3250 (average of 50 per parish).
- Reduction in youth able to attend 4-H University – decrease from 1500 (average of 24 per parish) to 975 (average of 15 per parish).

The AgCenter's research stations and departmental faculty conduct applied and basic research that enables Louisiana's agricultural industry to remain viable. State extension specialists and agriculture and natural resources (ANR) agents in parishes use this information as part of educational programs to help agricultural producers and those in related industries sustain resources, produce maximum economic yields, meet regulatory requirements, and develop emerging agricultural commodities. Reductions in these agricultural positions will significantly impact Louisiana's largest economic industry.

- Continuing crop variety development is critical to maintaining the state's agricultural industry. Varieties do not remain viable indefinitely due to loss of insect and disease tolerance over time along with emergence of new threats. Developing new varieties can make or break an industry. For example, the AgCenter's development of the Beauregard sweet potato variety is the reason Louisiana has a sweet potato industry. In the first 10 years (1987-1997) after the Beauregard variety, was released, the total value increased from \$26 million to over \$104 million. During the most recent six years, varieties and production practices developed at the Sweet Potato Research Station have increased yields by over 40%. For the rice industry, AgCenter faculty have partnered with industry and developed the Clearfield technology in Louisiana varieties. This technology has been accepted as the standard across the US and in some international markets. This variety and technology combination has been one for the most successful examples of IP, not only for the LSU System, but also for all of Louisiana. Similar successes have been demonstrated for AgCenter faculty working in sugarcane, wheat, cotton, and even fruits and nuts.
- Variety development and other types of agricultural research take many cropping seasons to complete. An interruption due to loss of faculty can cause the loss of several years or decades of research or perhaps never catch up with the industry. For example, it takes 10-15 years to develop a new sugarcane variety.
- Non-biased test results for plant protection products supporting recommendations can save producers over \$30-\$45 per acre per year. These are significant savings for plant and crop enterprises worth over \$7 billion to the Louisiana economy. These recommendations also have a direct impact on homeowners/gardeners.
- To achieve a healthy agricultural industry, it is essential that all or most producers use effective practices in controlling pests and disease. Producers do not operate in isolation. For example, if one producer fails to properly manage a crop for a particular disease, the disease is likely to spread to neighboring producers regardless of their management. The AgCenter is the institution charged with educating producers through direct contact, field days, workshops, meetings, literature, web material, and publications to safeguard Louisiana's agricultural industry.
- One of the most critical roles the AgCenter plays is to address crisis situations in agriculture such as new or emerging pests, weather events, and economic issues. This is a statewide problem and invasive pests (insects, diseases, weeds) capable of destroying Louisiana's forests and crops enter the state annually. The reduced infrastructure will be inadequate to meet basic requirements, much less be available to shift to crisis situations.
- The AgCenter also services the beef industry (millions of dollars) by providing a Master Cattleman program which involves Beef Quality Assurance training. This training not only has a value added component but it increases marketability of LA cattle through training of humane treatment and practices.

- The AgCenter is mandated to provide much of the education and certification required at the state and federal levels. For example, producers must attend mandated pesticide safety training order to be able purchase products.
- Master Farmer educational programs culminate in certifications recognized by the Natural Resources Conservation Service (NRCS) and the Environmental Protection Agency (EPA). Programs such as this educate producers on best management practices (BMPs) and allow Louisiana to address environmental concerns through education and BMP adoption instead of through EPA inspection and regulation.
- Elimination of basic research positions will prevent the AgCenter from federally mandated evaluation of agricultural products (feed, seed, and fertilizers).
- The ability to tailor research and education to local commodities and conditions would be compromised.
- Overall value of the AgCenter's ANR programs would be diminished along with the non-biased nature of its science-based results which would be replaced by technical support from private industry.
- Limited results would be available for variety, crop production, and plant and animal protection product tests.

Family and Consumer Science (FCS) programs focus primarily on nutrition, the last link in the agricultural chain. Individuals, families and communities in Louisiana systematically experience social and economic disadvantages which intensify their ability to achieve optimal health. The core funding for the program delivery of outreach in the area of Nutrition, Health and Wellness is leveraged to support a percent of time for faculty and staff. Currently, every state dollar in this area generates 6.5 dollars in grant and comparable funding from federal and local agencies. A 35% reduction in state funds would prevent the AgCenter from meeting this portion of its mission.

- The Ag Center has redirected and leveraged resources to provide educational trainings and workshops that increase awareness of the value of a healthy lifestyle which supports a comprehensive approach to preventing illness and disease by promoting health and wellness.
- 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.
- The AgCenter's team of FCS agents is working closely with the 4H program to teach children healthy nutrition and in turn reach their parents.

Departmental and field faculty teach all of the courses in the College of Agriculture and handle all other teaching responsibilities. This is accomplished through joint appointments with the LSU A&M campus.

- 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.
- The loss of faculty and their graduate students will further impact research productivity, generation of external funding and development of new agricultural technologies for Louisiana. Most faculty members mentor multiple graduate students who in turn generate research. Therefore, these faculty losses would be multiplied with fewer students conducting research.
- Student loss will also negatively impact the agricultural industry as a whole. LSU is one of only three institutions in the state that offer agricultural degrees and it is by far the largest. Loss of these students will create difficulties for agricultural and related companies who need highly trained personnel. Lack of training in the agricultural sciences will negatively

impact management on Louisiana's 28,000 farms and ranches and by 150,000 forest landowners.

Louisiana is unfortunately prone to natural disasters, having experienced five hurricanes, a tropical storm and a flood disaster in the last nine years alone. The AgCenter provides critical resources to help the agricultural community and the general public prepare for and recover from these disasters. A reduction in personnel and financial resources would have a corresponding impact on this area.

- AgCenter agricultural economists prepare the official damage and loss estimates used by Louisiana for state and federal disaster assistance.
- Extension agents statewide are trained to assist the agricultural industry with preparation for disasters, particularly the protection of animals and vegetation.
- After recent hurricanes, AgCenter agents organized a wide range of recovery activities. Examples are distribution of hay to livestock producers, educational programs for farmers on crop recovery efforts, and organizing 4H youth to provide community programs for citizens most in need.
- AgCenter researchers and extension specialists provide a wealth of science-based information to citizens on topics such as determining structural damage, debris disposal, and food safety to name a few.

Other

The AgCenter's support units and administrative sections will be reduced even more than other areas. However, these support units play a fundamental role in actual delivery of programs. For example, the AgCenter's Information Technology and Communications units have built a content-rich web site that receives more than 97.4 million hits per year and is a key source of information for the agricultural industry and Louisiana's citizens. The quality and quantity of available material specific to the needs of Louisiana's citizens would be slashed.

These offices often become even more critical when budgets are tight. The AgCenter's Intellectual Property Office works directly with faculty to identify opportunities for grants, patents and licenses and help negotiate them. Accounting and finance staff ensure that the various sources of funds used outside of the state general fund are properly administered. Human Resources works with supervisors and managers to provide a management framework that facilitates productivity by a decreasing pool of employees. Resource losses in these support units would create further strain on the ability of current faculty, agents, and staff to effectively perform their duties.

Impact of Previous Budget Reductions

Since 2008, the AgCenter has lost approximately 355 positions. This resulted from a loss of \$23.2 million in state general funds and more than \$10 million in increased mandated costs. As a result of these reductions, the AgCenter has totally reorganized its overall structure and administrative operations. Retirement incentives were offered in 2009 and 2010 resulting in 84 retirements. In 2011, three research stations were closed, all Family & Consumer Science Programs except nutrition were eliminated, clerical support in parish and departmental offices was heavily cut, and programs were scrubbed to identify additional positions and programs that could be terminated. Approximately 75 filled positions were eliminated which resulted in 60 employees being laid off. The remaining employees transferred to other positions, but in many cases, the transfer was short-lived.

In addition to reductions, numerous measures have been taken to gain efficiencies and increase external funding. Several units have been merged. Others have been eliminated. Special programs have been developed to help faculty increase grant funding. Some programs have been regionalized. The AgCenter did not give salary increases for a five-year period.

Budget reductions since 2008 have had a major impact on the AgCenter's programs. Many valuable programs were eliminated. In addition to positions lost through the retirement incentive plans and layoffs and transfers described above, approximately 200 positions were lost through attrition. Adequate resources for facilities have not been available. Faculty recruiting and retention remain major issues. The AgCenter, like most campuses, has an aging workforce. Without the ability to hire an adequate number of new employees, the loss is compounded by the inability to transfer institutional knowledge going forward.

Further budget reductions, and especially a reduction at the 35% level, 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. Agriculture is the State's largest industry and affects every household in Louisiana. The AgCenter's FCS programs are improving the State's awareness of health benefits of proper nutrition. 4H programs are helping to prepare 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. The LSU AgCenter has been part of the team offering research, education and outreach for the emerging technologies that have allowed these levels of agricultural 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.

Impact Statement on 35% Reduction in State General Funds and 5% Reduction in Medicaid

A 35% reduction in State General Funds is equivalent to a reduction of \$24.6 million. In addition, we believe that there is a potential reduction of 5% or \$15 million in Medicaid that flow through to us through our clinical contracts with our hospital partners and our faculty practice plan.

This reduction has the equivalent impact of eliminating an average of 243 Faculty and Staff FTE or almost 12% of our workforce.

It is our intent to address these reductions as follows:

- Reduce funding for the Stanley S. Scott Cancer Center.
- Reduce funding for the LSU Neuroscience Center.
- Reduce funding for our 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 2014 enrollment this scenario would disrupt the education of 911 students.
- Reduce administrative support positions.
- Reduce other scholarship and fee exemptions not required by statute.

The Medicaid reductions will have significant impacts on primary and specialized care rendered by our faculty. The uninsured patient population that we serve will experience greater difficulty in accessing care. Because Medicaid is such a significant portion of funding for our clinical activities, we will, out of necessity, reduce clinical faculty compensation by approximately \$7.5 million. Because of our core mission, it will be difficult to reduce patient workloads for our faculty, which will lead to significant dissatisfaction and faculty attrition.

If LSUHSC-NO is not allowed to retain the revenue generated from a 10% increase in tuition, i.e. a one for one reduction in state general funds, the loss is estimated at approximately \$4.4 million. We have increased resident and non-resident tuition and fees over the last six years and have not seen a measureable impact on enrollment. However, in this scenario, it will be problematic to provide additional need based aid such as hardship waivers.

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) is \$48.6 million.

We have addressed these reductions 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 2008-2009.

Increases were primarily in graduate Allied Health programs (a new program in Physician Assistant Studies will graduate their first class in May) and undergraduate and graduate Nursing. Total incremental tuition revenue of \$26.7 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 \$32.7 million.

The increase in unfunded mandates (primarily employer contributions to retirement and health insurance) have grown over \$20 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 \$11.7 million or 4.2% between FY 2008-2009 and FY 2013-2014. The only significant pay increase for employees was In Calendar Year 2013, when we were able to provide merit and compression increases to faculty and staff.

**LSU HEALTH SCIENCES CENTER SHREVEPORT
FY 2015-2016 BUDGET REDUCTION SCENARIO
DRAFT CONFIDENTIAL**

PARAMETERS		Actual and Potential Cuts From FY 2014-2015	
Calculating the FY 2015-16 Base			
Starting SGF-D	\$37,346,058	Actual one-time funds reduction	\$3,000,000
ORM recouped savings	- \$927,804	Actual ORM savings reduction	\$927,804
Remove one-time funds	-\$3,000,000	Potential 35% reduction from base	\$11,696,388
FY 2015-16 Base	\$33,418,254	Potential tuition revenue reduction	\$1,681,663
		TOTAL REDUCTION	\$17,305,855

SCENARIO DOES NOT INCLUDE IMPACT OF \$19.7 M IN UNFUNDED HOSPITAL LEGACY COSTS.

Beginning FY 14-15 Budget	Actual FY 14-15 Cuts	Potential FY 15-16 Cuts	Potential FY 15-16 Budget	Reduction FY 14-15 to FY 15-16	Actual SGF Direct FY 08-09	Potential SGF Direct FY 15-16
\$37,346,058	\$3,927,804	\$13,378,051	\$20,040,203	\$17,305,855 (46%)	\$57,603,114	20,040,203 (65%)

IMPACT ON LSU HSC-S EMPLOYMENT LEVELS, MEDICAL STUDENTS, AND PATIENTS

53% Reduction in Faculty Physicians plus additional personnel

- Eliminate 170 of 320 active faculty physicians and 35 support staff would be necessary to meet a reduction of this magnitude, as over 80% of the LSU HSC-S budget is personnel.
 - Note: support staff assumes a 1:5 ratio.

28% Reduction in School of Medicine Class Size

- Due to the reduced faculty physicians, the class sizes would need to be reduced from 125 students to 90 students, a 28% reduction.
- This would revert M.D. training to levels to the first decade of this institution, as LSU HSC Shreveport class sizes have been in the 100s since 1979.

Closure of some Graduate Medical Education/ Residency programs and Reduction in others

- LSU HSC-S trains over 530 residents and fellows through 39 accredited programs.
- Reductions in faculty physicians would force the elimination of some fellowship and residency programs, as well as a significant reduction in training for remaining programs.

Increased wait times for patient care and reduced access to care

- Eliminating 53% of active faculty physicians would reduce the number of faculty physicians and residents/ fellows caring for University Health Shreveport and Monroe patients.
- Patient care wait times would increase significantly due to a reduction in physician workforce.
- Specialty services would be eliminated, returning limited funding to core health services with the reduced number of faculty physician.

CURRENT REGIONAL ECONOMIC IMPACT

Impact of LSU HSC-S Graduates in N.LA in 2013

Total Economic Impact	\$2.4 Billion
Total Government Revenue	\$96 Million
Regional Jobs Supported	12,184

LSU HSC-S Economic Impact

Direct Impact	\$521 Million
Tax Impact	\$24 Million
Local Jobs Supported	4,242

Potential Impacts of a 35% Reduction in State General Fund and Loss of a 10% Tuition Increase

The impact of a 35% reduction in state general funds and the loss of a 10% tuition increase equates to a \$52.5 million cut to LSU. Cuts of this magnitude will have a historic detrimental impact on the LSU campus and the state. This budget cut scenario would result in the equivalent of eliminating 350 faculty lines or 27% of the faculty positions at LSU. A total of 1,400 courses would also need to be eliminated. Together, these reductions would contribute to a decrease in approximately 1,750 degrees awarded annually. Diversity in career opportunities provided by an LSU degree will be severely limited and campus buildings would be closed to save on operating and maintenance costs. The elimination of the faculty positions on the LSU campus will reduce external research productivity by approximately \$50 million each year. The fact that LSU already has the worst faculty to student ratio of its national peers leaves the upcoming accreditation process for two of the largest colleges on campus (Engineering and Business) in dire straits. With these additional cuts, the accreditation of these two units will be in jeopardy.

It is impossible to know all of the ramifications of these proposed state funding cuts. However, there will be a cumulative effect of deeper cuts due to the revenue reductions coming from other sources. The cuts described in the first paragraph only reflect a cut of state appropriations in FY 15-16. It does not illustrate the destruction resulting from the corresponding loss of over \$80 million in gross tuition and fee revenue from enrolling approximately 8,000 fewer students. The reduction in the student population will have a dramatic impact on the viability of auxiliary units such as residence halls, dining services, and the Student Union. The anticipated loss of auxiliary and other required fees to these units will be approximately \$28 million.

These figures do not include the \$7.1 million in Workforce and Innovation for a Stronger Economy (WISE) funding that was allocated to LSU in the current fiscal year. As was noted last year, the overall success of the WISE program is predicated on two primary factors: (1) stable state general fund support, and (2) the ability to retain any increased tuition revenues. The loss of these two factors means that LSU will not be able to meet its projected increase of 730 graduates in the STEM and Business fields assumed in its WISE proposal. As a result, the state and university will not be able to keep its pledge to companies to provide graduates from these high-demand fields for the Louisiana workforce through this program.

It is important to note that LSU has endured several years of back to back cuts. These cuts have taken the fat and much muscle from our campus and programs. Since FY 2009 the state general fund has been reduced from \$234 million to \$107 million, a 54% reduction. While tuition was increased each of those years, the institutional tuition exemptions for merit and need based aid and continued increases in mandated costs (retirement, health insurance, etc.) resulted in a net cut of approximately \$50 million before the current fiscal year. These cuts lead to the reduction of 235 faculty and 185 staff lines from the operating budget and eliminated or consolidated 35 degree programs. Even with the two successive merit increase programs recently implemented, faculty salaries still lag the SREB peers by 8% and the national peers by approximately 14%. Departments and programs have adjusted to doing more with less, but a cut on the magnitude described above would have a significant impact on quality, further deteriorating their ability to effectively compete with national peers, and more importantly, significantly impacting the value of an LSU degree for our students.

Since the budget reduction proposed will require termination or layoff of faculty members the university will have to declare financial exigency as it applies to particular colleges, programs, and budgetary units. If these reductions were to occur, the state general fund budget would be approximately \$55 million or 6% of LSU's total current budget, among the lowest state contribution in the country for a public flagship university. These severe cuts would change LSU's mission as a public research and land-grant university. It will no longer be capable of competing with America's significant public universities and will find itself dramatically behind the rest of the nation. This level of reduction to funding for Louisiana's public colleges and universities will surely reduce Louisiana's future economic prosperity and competitiveness.

CONFIDENTIAL MEMORANDUM

TO: President F. King Alexander

FROM: Chancellor Jack M. Weiss

DATE: January 12, 2015

RE: **Impact of Possible Budget Reductions on LSU Law Center**

As you requested, we have reviewed the scope and impact of possible budget reductions on the educational program and student services of the LSU Law Center. In a word, the impact of reductions at the level being discussed would be extremely severe if not catastrophic. It is likely that the Law Center would be forced to consider declaring financial exigency rather than suffer the adverse impact on our program and our students that would result from budget cuts at the level being discussed.

In FY 2014-15, state support for LSU Law is projected at \$4,784,889. For FY 15-16, and assuming no mid-year cut for 2014-15, a 35% reduction in current direct support would amount to \$1,674,711. A further reduction based upon the collection of a fictitious, maximum-permitted increase of 10% (versus our actual projected increase of 3.5% on tuition only) for both base tuition and the non-resident fee, both valued at their gross amounts rather than taking account of discounts on tuition and the non-resident fee actually required in our competitive marketplace, would amount to an additional \$1,326,535. **Thus the total reduction would be just over \$3 million (\$3,001,246) or a 63% reduction of our direct state support.** The \$3 million reduction also would amount to **a more than 17% reduction in the total actual resources available to support our program** (\$17,248,190 for FY-14-15)—on top of a previously anticipated \$780,000 reduction in self-generated revenue stemming from a national decline in law school enrollment.

The total “hit” of \$3.78 million to the Law Center program would represent a year-over-year decline of 22% of total actual resources (\$3.78/17.25 million).

If such cuts became a reality, for FY 15-16 the Law Center would receive **only about 13% of its total support from the State and 87% of its support from self-generated revenue**, even after the anticipated reduction in self-generated revenue.

Dr. F. King Alexander
 January 12, 2015
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In order to balance our budget at this drastic projected level, we likely would have to cut at least the following important parts of our educational program or student services:

- Eliminate inter-school student moot court and trial advocacy teams (offered by virtually all ABA accredited law schools)
- 
- Eliminate all summer stipends that support student public interest internships in such venues as public defender offices, legal aid offices, and the like
- Eliminate all student organization travel stipends (for example, travel by the officers of our Black Law Student Association to regional and national meetings, at which they frequently serve as officers)
- Eliminate our highly regarded Apprenticeship Week intersession program, which offers practical mini-courses taught by master lawyers and judges and which just attracted 140 second and third year students during the last week of their holiday vacation
- Suspend the search for two Distinguished Chairs in Energy Law, of vital importance to the growth and prominence of our new Energy Law program
- Lay off the instructor and thereby eliminate our Juvenile Justice live client clinic, developed several years ago as a model clinic through a grant from the MacArthur Foundation
- Eliminate our LLM program, which has long attracted international students to our campus and indirectly supports reciprocal exchange visits by our students to law schools abroad

In addition to these heavy direct impacts on students, LSU Law likely would have to undertake the following additional drastic reductions primarily affecting faculty and staff in the first instance but inevitably undermining the remainder of the school's program and indirectly affecting students:

- Cut law student research assistance to faculty by one-half
- Eliminate all summer research grants for tenured faculty
- Substantially reduce library database subscriptions and book acquisitions
- 10%, top-to-bottom furlough and attendant salary reduction for all faculty and staff earning over \$45,000/yr.

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Of course, cuts to our program and services of the nature and cumulative magnitude of those outlined above inevitably would raise the question whether the Law Center's circumstances would meet the definition of financial exigency set forth in Section 5-13-a of the Regulations of the Board of Supervisors—"whenever the financial resources of a campus are not sufficient to support the existing programs and personnel of the campus without substantial impairment of the ability of the campus to maintain the quality of its programs and services." At a minimum, I believe that the reductions described above would raise a serious question as to whether the Law Center should seek to declare financial exigency in conformity with Section 5-13 in lieu of undertaking the cuts outlined.

The budget reductions described above should be viewed in the context of earlier budget reductions and the attendant impact on LSU Law's program.

From 2008-2009 to 2014-2015, budgeted expenditures have been reduced in the following areas:

- Wages of student research assistants and student workers: -48.6%
- Travel: -34.4%
- Operating Services: -25.6%
- Supplies: -44.7%
- Professional Services: -35.7%
- The Law Library alone has had its budget reduced by 31.8%.
- Because of budgetary constraints, LSU Law has been unable for some years to fill positions for a director of academic support and a dean of students. Law school programs of our caliber commonly staff both positions as each relates to important student services and educational outcomes.
- One year ago, LSU Law felt compelled for budgetary reasons to discontinue its program of hiring outstanding recent graduates of other law schools as Future Law Teacher Fellows to support our Legal Research and Writing program and enhance LSU Law's national and regional scholarly reputation.
- The size of the tenure-track faculty at LSU Law is smaller than it was in 2007-2008. In 2007-2008 there were 37 tenure/tenure-track faculty. In 2014-2015 that number had dropped to 34—notwithstanding that LSU Law's student/faculty ratio, even without taking account of the unique demands of providing instruction in civil law, far exceeds that of comparably ranked law schools.

These reductions in programmatic expenditures reflect a reduction in the actual total resources available to LSU Law in recent years despite substantial tuition increases over the same period. In 2008-2009 our total actual resources (state appropriation plus self-generated revenue net of

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tuition discounts) were \$17,615,767. In 2014-15, our total actual resources had fallen to \$17,248,190-- a decline of \$446,586 in actual funds available for operations over a period of six fiscal years. This decline is particularly striking because, over the same period of time, resident tuition and fees increased from \$13,264 to \$20,998 (an increase of 58%) and non-resident tuition and fees increased from \$23,360 to \$40,348 (an increase of 73%). During the same period, actual Related Benefits increased 53.6%.

Even without regard to any increase in mandated costs, and without regard to any possible mid-year cut to our 2014-15 budget, if the cuts being discussed were to come to fruition and LSU Law were to face a \$3 million cut in state funding plus another \$780,000 in reduced tuition revenue, **our total actual resources available for 2015-16 would be approximately \$4 million less than in 2008-09.** This would represent a **six year decline of nearly one quarter of actual resources available for our program of legal education.**

Please let me know if I may provide additional information concerning any of these matters or the specific items described above.

JMW:ch

cc: Dr. Stuart Bell, Exec. Vice President & Provost
Daniel T. Layzell, Vice President, Finance & Administration
Thomas V. Skinner, General Counsel

bcc: Vice Chancellor Cheney Joseph
Vice Chancellor Greg Smith

Louisiana State University at Alexandria
Adverse Impact of 35% Reduction in Legislative Appropriation in Fiscal Year 2016¹

Introduction:

Louisiana State University at Alexandria (LSUA) has an operating budget of \$16,782,303 in Fiscal Year 2015 (FY- 15). This budget is comprised of \$10,650,850 (63%) in tuition and fees; \$5,519,454 (33%) in its State Legislative Appropriation; and \$611,999 (4%) from other sources. A 35% reduction in the Legislative Appropriation to LSUA would equate to \$1.932 million or 11.51% of its operating budget and would result in dire consequences. In addition, failing to receive a 10% increase to the FY-15 Legislative Appropriation in the FY-16 operating budget will preclude funding of new academic programs in high demand by students and employers; providing needed support to help students survive and thrive academically and otherwise; reducing the number of academic courses and programs; and causing other related adverse actions with tragic consequences. Finally, the expected discontinuance of WISE funding in FY-16 will undermine LSUA's efforts to seek and obtain AACSB accreditation, which is needed for LSUA to attract and retain the best and brightest faculty and students in business disciplines at the undergraduate level.

Located in central Louisiana, LSUA serves approximately 2,700 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., they have 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 Legislative Appropriations during the past six (6) years and despite raising tuition and fees, strategic budget cutting, 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 the best and brightest employees leaving the University for better 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). LSUA should have a minimum of between \$4.2 million and \$8.4 million in reserves to cover periodic extraordinary financial challenges (as it is now facing). One of the consequences of LSUA having no material reserves, is a recent non-compliant finding from SACSCOC in the area of financial stability.

Any additional material cut in Legislative Appropriations 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 six (6) 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. Specifically, this financially challenged condition of LSUA does not lend itself to any further budget cutting without the University declaring financial exigency, terminating employees, and perhaps the Draconian and catastrophic need for the University to close its doors to educational opportunity, prosperity, and the economic future of Louisiana.

¹ N.B.: Prepared by G. Daniel Howard, Ph.D., CGFM, CFRE, Chancellor; Barbara Hatfield, Ph.D., Provost; and Deron Thaxton, Interim Vice Chancellor for Finance and Administration, January 10, 2014

Proposed Budgetary Adjustments				
35% of Appropriations = \$1,931,809		Self-Generated Increase = \$500,000*		
Proposed Cuts	FY15 Budget	FY16 Budget	Difference	% Difference
Travel	\$ 82,000.00	\$ 67,000.00	\$ 15,000.00	18.29%
Scholarships	\$ 706,500.00	\$ 656,500.00	\$ 50,000.00	7.08%
Supplies & Operating	\$ 408,300.00	\$ 338,300.00	\$ 70,000.00	17.14%
Adjunct Faculty	\$ 528,875.00	\$ 478,875.00	\$ 50,000.00	9.45%
Personnel	\$ 12,877,210.00	\$ 11,697,257.00	\$ 1,179,953.00	9.16%
Student & Transient	\$ 195,130.00	\$ 128,274.00	\$ 66,856.00	34.26%
Reductions = \$1,431,809; Plus \$500,000 increased revenue = \$1,931,809 Total Adjustments				
* Increase in self-generated revenue based on >20% enrollment increase in FALL 2014				

• **Estimates of the following metrics affected by the reduction:**

○ **Numbers of courses, programs, departments, and colleges you would have to eliminate:**

In responding to the possibility of a 35% cut in its Legislative Appropriation in FY-16, 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 death spiral of declines in revenues from tuition and fees that would not be offset by the decrease in expenses incurred to offer quality academic programs. 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 were cut (except for administrative support).

○ **Numbers of faculty and staff who would be laid off:**

While no faculty positions are being cut, LSUA will lose 17 full-time positions (8 classified and 9 unclassified) as well as approximately 10-12 adjunct faculty positions. Since LSUA has only 200 full-time employees, the elimination of 17 employees represents an 8.5% loss of its current and already overstretched workforce. The resultant 183 full-time employees will be asked to take on additional work that cannot be sustained for any appreciable amount of time and will invariably lead to higher levels of stress in employees, degraded employee performance, and reduced institutional quality.

○ **Impact on enrollment (i.e., the number of students who would no longer be served):**

During the process to create a proposed budget for FY-16 that included a 35% cut to the FY-15 Legislative Appropriation, LSUA worked diligently to be able to serve as many students as possible and provide them with a high quality education. Rather than serving fewer students, faculty will be obliged to increase the size of course sections and offer fewer course sections. This will be burdensome for faculty and will make it more challenging for students to schedule and attend academic courses that they need to meet graduation requirements.

○ **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 reduction in scholarships there may be some 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:**

It is estimated that approximately 1,000 students will be adversely affected by the cut in scholarship funds. In addition, sixty-five percent (11/17) of the positions being cut are in the areas of academic and student support services. Both the reduction in financial aid and the cut in student support services adversely will affect student retention, but to what extent cannot be determined at this time.

○ **Impact on federal or private match funding:**

LSUA does not have any federal or private match funding that will be affected.

LSU EUNICE

FY 2015-16: Impact of a 35% Reduction in State General Support

I. Introduction/Background: Reductions Experienced from FY 2008-09 to present:

Over the past six years, state support for the funding/operation of the LSU Eunice campus has dropped by 45.7% from \$8,968,785 in FY 2008-09 when the state's contribution represented 64% of LSU Eunice's total budget, with students paying 36%, to \$4,862,040 in FY 14-15, with the state's contribution now representing only 38% of the campus' annual budget with students now paying 62% of every budget dollar.

Moreover, since LSU Eunice operates in an area of Acadiana known for its high poverty, it should not be surprising that LSU Eunice's enrollment decreased by nearly 20% (19.8%) over this period of state budget cuts and concomitant increases in student tuition. In this regard, LSUE's tuition increased from \$1,159.25 per semester in Fall 2008 to \$1,761.00 per semester in Fall 2014—representing a 52% increase over the past six years!

Over this same time-frame, LSUE has cut over 40 FTE faculty and staff positions—a cut representing 22% of the campus' total number of employees; and, nine academic programs have been eliminated, along with one associate in General Studies outreach degree program at the Learning Center for Rapides Parish (LCRP). The cancelled programs have included: Diagnostic Medical Sonography (2015); Paralegal Studies; CAS Office Practices and Procedures (2013); AAS Office Information Systems; CAS Arson Investigation (2013); CAS Fire Science (2013); *AS Associate of Science (2010); *AA Associate of Arts (2010); and, APS Associate of Paralegal Studies (2011). *Replaced by LT degrees NB. An additional 12 academic programs (9 certificate and 3 diploma) will probably be eliminated between now and the end of AY 2015-16.

Summary: Over the past six years, the state's contribution to LSUE's operational budget dropped by nearly 46%, with the concomitant increase of student tuition by 52%. Additionally, over 40 FTE faculty and staff positions have been eliminated and ten academic programs cancelled with 12 more pending cancellation after this AY (2014-15).

II. Scope/Impact of the Proposed 35% Budget Reductions to LSU Eunice's Students, Publics and Service Regions

Senario One:

A cut of 35% of state funding would be equivalent to the elimination of an academic division at LSU Eunice. The only academic division that could be eliminated, in its entirety, in order to manifest such a cut would be the Division of Health Sciences and Business Technology. Eliminating either one of the other two divisions would, by default, eliminate all degree programs offered by LSU Eunice, because of the general education courses component offered through Liberal Arts and Sciences/Mathematics, respectively.

To eliminate Nursing and Allied Health would have a significant impact on the ability of hospitals and healthcare facilities to meet the needs of the public. LSU Eunice graduates approximately 100 students in the health care professions (nurses, radiologic technologists, respiratory therapists and diagnostic sonographers) per year. These collective programs are vital

to the Acadiana region and state, since 100% of those graduates who seek employment are successfully employed within 6 months of graduation (nursing graduates employed within three months); and, over 800 of LSUE's students (30% of total enrollment) are either in nursing and allied health programs or are in the preparatory curricula in preparation for applying for selection into their respective clinical program. Therefore, without the availability of the nursing and allied programs, enrollment in the general education courses would decrease by approximately 30% which would equate to a possible loss of 30 or more course sections and at least five faculty positions in addition to at least 13 faculty positions in Nursing and Allied Health, two staff positions, three program directors and one division head.

Scenario Two:

The potential impact of a 35% (approximately \$ 1.7 million) reduction in state general fund support, along with the loss of additional revenue from a planned 2.85% tuition increase (\$146.870) , would be the equivalent to the loss of 10 programs (Fire Science and Emergency Services, Criminal Justice, Administrative Technology, Computer Information Technology, Management, Care & Development of Young Children, Health, Physical and Recreation Education (including three athletic programs), Diagnostic Medical Sonography, Honors program, and Continuing Education), along with developmental programs provided off-campus at LSU Alexandria. Services directly benefiting students such as [REDACTED] would also have to be eliminated. Due to the budget reduction, the summer session normally offered would be reduced by as much as 50%; thereby, increasing time to degree for many students.

The elimination of the above listed academic programs would impact approximately 925 (34%) of the students enrolled at LSU Eunice.

The number of degrees awarded would be decreased by approximately 40%, (i.e., 140 graduates/year).

The number of faculty/staff would be decreased by as much as 39%, not only from the loss of the faculty in the programs who would be eliminated, but also by the reduction in the number of faculty needed to teach the general education courses in other disciplines. The reduction in general education faculty would also negatively impact students in terms of increased class sizes and a decrease in the availability of sections, thus impacting time to degree. The elimination of the programs would eliminate at least 64 courses (92 sections) equaling 21% of the course offerings in the fall 2014 semester.

The elimination of the summer session has the potential to affect as many as 1,000 students (both LSUE students and students from other campuses returning home for the summer) who take advantage of the summer classes.

[REDACTED]

A budget cut of the magnitude proposed (35%) would have a serious, if not devastating, impact on LSU Eunice's ability to meet the needs of students and the surrounding communities. The impact of eliminating programs such as Fire Science and Emergency Services and Criminal Justice would be felt state-wide. These two programs are offered 100% online and courses are available in an accelerated format specifically to benefit the adult learner who is returning to

college. There are only three accredited Fire Science Programs in Louisiana; and, only two offer an associate degree in Fire Science (LSU Eunice and Delgado). NB. Delgado's program covers Fire Science in the Metro New Orleans area; and, LSU Eunice's Fire Science Program is responsible for the rest of the state's Fire Science education.

Criminal Justice

The Criminal Justice Program (CJ) at LSUE plays an essential role in providing the state with well-trained and academically-prepared public servants. While police departments and correction facilities provide specific training to meet their specific situation, the LSUE Criminal Justice program ensures that its graduates are prepared to enter the workforce and perform their duties in a professional manner. The CJ program has made the decision to provide students with a program of study that offers skills in investigation, forensics and others that are academically-based. Individuals who complete the program are prepared to enter the workforce or proceed to a higher degree. They are, therefore, favored for promotions and higher paying positions within the criminal justice career system.

LSUE Criminal Justice alumni can be found in police departments, correction facilities and crime labs across the state. Many CJ graduates continue to bachelor training and beyond. And, while many Criminal Justice programs found in 2-year institutions are referred to as "cop-shops" that train individuals to be policemen, LSUE does more than that. We train our students to be detectives, shift managers, among many other CJ leadership roles. We train our students to be true professionals.

Fire Science/Emergency Services

The applied science degree program in fire and emergency service offers college preparation at the professional level consistent with national standards. Our program addresses the call of the U.S. Fire Administration (USFA), Fire and Emergency Services Higher Education Consortium (FESHE), International Association of Fire Chiefs (IAFC), and others to transition fire, EMS, and other emergency service disciplines from a "technical occupation" to a "professional occupation" using a national professional development model for the fire service and EMS. This is the curriculum designed for forward-thinking fire and EMS personnel.

The market-driven degree is designed to prepare persons for supervisory responsibility. Graduates of the program go on to be employed by emergency service departments, governmental agencies, private corporations, and similar industry leaders. In the case of fire and EMS departments following the FESHE model, the degree is increasingly becoming necessary for hiring and promotion.

Courses are offered over the Internet, through distance learning with the option of accelerated format, and in traditional classroom settings. Our faculty is made up of degreed instructors, who are experts within their subject areas and who have honed their skills through actual experience dealing with fire, emergency response, safety, and hazardous materials incidents.



LSU Shreveport Strategic Budget Reduction Plan

January 12, 2015

Charge

LSU Shreveport should develop and submit a **Strategic Budget Reduction Plan** reflecting the impact to the University of a 35% reduction in state general fund support and the loss of additional revenue from a planned 10% tuition increase in the FY 2016 budget.

Executive Summary

Although a 35% reduction in state fund support will not result in closing the doors of the institution, LSU Shreveport would become unrecognizable to the 4,100 students, 18,000 alumni, and 240,00 citizens of the Shreveport/Bossier City MSA that the institution serves. The possibility of a 35% reduction in state general fund support and the loss of additional revenue from a planned 10% tuition increase in the FY 2016 budget **would immediately put us at risk in maintaining our regional institutional accreditation status with SACSCOC**, a review scheduled to occur at LSU Shreveport from April 28 – May 1, 2015. SACSCOC institutional accreditation is mandatory for LSU Shreveport to possess so that our students can secure federal financial aid in support of their education. Without SACSCOC accreditation, given the demographics of our undergraduate students, where 56% of our Fall 2014 enrollment are dependent upon some level of federal financial aid, LSU Shreveport could not exist.

In addition to the loss of federally guaranteed financial aid, a 35% cut would have a direct and crippling effect on the students that LSUS serves. Such a cut would result in LSUS:

- Eliminating critically important student academic help labs, the possibility of the formation of a student success center needed to help students succeed in the classroom and graduate in a timely manner. Delaying students attempting to complete registration and/or financial aid actions prior to the first day of classes.
- Significantly curtail, if not outright prevent, the development any further of the 15 proposed academic degree and certificate programs set forth in the **LSUS Commitment Plan** to better serve Northwest Louisiana (e.g. the most successful new program has been the Doctor of Education in Leadership Studies, the only such program in the state).
- Being hobbled in the ability to work collaboratively with LSU Health Shreveport, Bossier Parish Community College and Southern University-Shreveport in the development of strategic goals associated with the **WISE Fund** to serve critical economic and community development needs of Northwest Louisiana.
- Declaring financial exigency would result in the loss of 13 faculty and 13 staff, as well as elimination of some senior administrative leadership. When combined with the 35 faculty and 47 classified staff persons lost to budget cuts over the prior six years, LSUS will have lost 30% of faculty and 36% of staff persons since 2008-2009.
- Terminating 60% of the remaining adjunct faculty. When combined with faculty lost via financial exigency, it would result in the elimination of one fourth of all academic programs and certificates and well over 100 sections of classes.
- Needing to impose a furlough (one day a month for one year) on all remaining faculty, staff, and administration individuals that would further aggravate and impact service and support to students.
- As student success 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.

I. Impact of Reduction to Student Access and Success

A. Numbers of courses, programs, departments, and colleges you would have to eliminate

1. Courses

For fiscal year 2016 it is estimated that there would be a reduction in the number of courses offered at LSUS by 108 sections. This reduction would directly affect thousands of credit hours of student success as it would be difficult to offer courses on a rotation such that students could graduate within a four-year period.

2. Programs

Of the current 42 programs and certificates offered, LSUS would have to eliminate 11. The effect of this program elimination would result in decreased access and opportunity to local high school teachers, business majors, and the pool of graduates entering into the education field.

3. Colleges

In order to streamline operations, there would be an elimination of the administrative structure of all LSU Shreveport colleges.

4. Departments

By eliminating the administrative structure of the colleges, the university would have to reorganize and/or eliminate up to a third of our Academic Departments

B. Numbers of faculty and staff who would be laid off

1. **Faculty** – in order to achieve the structure described above, 13 faculty positions would be eliminated. Additionally, all adjunct funding would be eliminated and faculty load, where applicable, would increase to cover these courses. Currently LSUS hires approximately 60 adjunct instructors a semester.

2. **Staff** – 13 staff positions would have to be eliminated in order to meet the reduction in funding. [REDACTED]

C. Impact on enrollment

The remaining staff employees are mission critical and contribute to the academic core or the efficiency in institutional operations. Therefore the enrollment process of recruitment, admissions, and academic support would remain largely intact. The most significant effect on enrollment would be realized by the reduction in academic programs and certificates and the decreased number of faculty (resulting in decreased course offerings). It is estimated that there would be a decrease in undergraduate enrollment of approximately 200 students due to program closure, and an additional loss of 200 students that transfer in order to complete degrees in a timely manner.

D. Impact on Degrees Granted Annually

With a decrease in enrollment and a lack of course offerings enabling students to graduate, there would be a net loss of undergraduate completers of approximately 100 students for the first year. However, there would be an incremental decrease in completers as students would not be able to complete sequential courses needed as pre-requisites for other courses due to the overall decrease in the number of course offerings. LSU Shreveport students would see a greater time to completion which could increase student indebtedness and extend the period of time before they are contributing to the state workforce needs.

E. Impact on Student Financial Aid and Other Student Services

[REDACTED] The result would be a reduction in service effectiveness and efficiencies that would negatively impact the university's enrollment of new and continuing students. Moreover, the quality of life for enrolled students would be compromised in several areas of student life. [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

F. Impact on Federal or Private Match Funding
Not applicable

II. Impact of the State Budget on LSU Shreveport over the Previous Six Years (FY 2009-10 – FY 2014-15)

A. State Budget: Comparison of budget since FY 2008-09
FY 2008-09

State Appropriation	\$19,054,539	59.7% of budget
Self-Generated Revenues	<u>\$12,850,974</u>	40.3% of budget
Total Budget	<u>\$31,905,513</u>	

FY 2014-15

State Appropriation	\$7,669,823	24.7% of budget
Self-Generated Revenues	<u>\$23,238,724</u>	75.3% of budget
Total Budget	<u>\$30,928,547</u>	

B. Level of faculty and staff staffing: Over the last six fiscal years (FY 2009-10 – FY 2014-15) the total number of faculty and staff have decreased by the following:

- Full-Time Faculty -37
- Full-Time Unclassified and Classified staff -76
- Part-Time Faculty -23

Total positions reduced since FY 2008-09:

Full Time -113

Part-Time -23

Impact: Reductions of personnel have not necessarily increased productivity of the individual assuming the additional responsibilities. With the reductions in personnel, our faculty and staff have been asked to assume more duties and more responsibilities, but the individual may not possess the ability to adequately perform the duties to the standards required.

C. Employee salaries and benefits: There have been no general across-the-board pay raises for faculty, unclassified or classified staff. The last permanent salary increase for faculty and unclassified staff was in FY 2007-08 and FY 2008-09 for classified staff.

Comparison of total employee salaries and related benefits budget.

FY 2008–2009

Salaries:	\$20,822,546
Related Benefits:	<u>\$ 6,528,696</u>
Total	<u>\$27,351,242</u>

FY 2014-2015

Salaries:	\$16,174,320
Related Benefits:	<u>\$ 7,483,818</u>
Total	<u>\$23,658,138</u>

Impact: No permanent salary increases has caused a loss of bright faculty and staff who will be forced to look for positions that will provide better pay. Those positions are generally out-of-state. New hires are being hired at market salaries, which cause issues with salary compression of the faculty and staff who remain loyal to LSU Shreveport.

- D. Unfunded mandated expenditures: LSU Shreveport has assumed the \$2,193,044 in unfunded mandated expenditures since FY 2008-09 that the Legislature normally provided additional funding for in our annual appropriation. The majority of these expenditures have been in regards to employer retirement contributions to Teachers Retirement System and the Louisiana State Employee Retirement System. The total costs of related benefits (retirement and health insurance) have increased since FY 2008-09 by \$955,122, yet the number of employees has decreased during the same time period by 136 positions. Employer contributions rates to our retirement systems have increased since FY 2008-09 by 80% on Teachers Retirement System and 100% on Louisiana State Employee Retirement System. The rate changes are as follows:

Teachers Retirement System – an 80% increase over FY 2008-2009

FY 2008-2009 15.5%

FY 2014-2015 27.9%

Louisiana State Employee Retirement System

FY 2008-09 18.5%

FY 2014-15 37.0%

Impact: Higher costs of related benefits has forced the university to divert budget funds that would normally go to enhance our academic programs, to paying for higher costs of employee benefits. It is also anticipated that employee health insurance premiums will increase by 11% on July 1, 2015 for those who have coverage via the State Office of Group Benefits.

- E. Inflation:

Using the inflation percentages allowable in the State of Louisiana Budget Requests, inflation since FY 2009-10 has cost the university approximately \$545,927 in purchasing power to operate the campus.

Impact: Funds, from either state appropriations or tuition increases have not materialized, thus LSUS has less purchasing power than in FY 2008-09.
- F. Mid-year and end-of-year budget reductions:

Since FY 2009-2010, LSU Shreveport has had its budget reduced by \$3,014,282 in Mid-Year and End-of-Year budget reductions.

Impact: These budget reductions have had a detrimental effect on the operation of the campus, with courses not offered to students, instructional and operational supplies not being purchased, obsolete or non-operational instructional equipment not being replaced, and no funds are being designated for deferred maintenance of our facilities.

III. Summary of Strategic Operational Efficiencies/Changes

LSUS has implemented many changes that will allow LSUS to integrate into LSU 2015 and effectively implement the LSUS Commitment Plan. Some of these changes include:

- A. Implement the same customer resource management system in Admissions that is current utilized at LSU. This will allow LSUS to not only more efficiently recruit and track students but will also allow LSUS to easily share recruitment data with LSU.

- B. Implement the same learning management system that is in use at LSU. This allows LSUS to take advantage of enhancements that LSU develops as well as allows the potential of a common area for courses taught as a part of the LSUS Commitment Plan.
- C. Align the LSUS academic calendar with the LSU calendar. This provides efficiencies in student processes such as registration, final grades and academic standing for courses that are taught as a part of the LSUS Commitment Plan.
- D. Moved various back office functions to the web. This will allow for easier integration into the new LSU ERP system.
- E. Utilize LSU purchasing agreements. This provides the ability for LSUS to take advantage of pricing discounts offered to LSU.
- F. LSUS has initiated a new LSUS Planning Council that will also serve as the LSUS Innovation Committee. Further new ideas, processes and approaches will to be sought and implemented.

IV. Additional Impact on Students and the Shreveport/Bossier City Community

The following matters are further illustrations of the adverse impact to students and/or the community that would result from the severe budget cuts:

- A. The Shreveport-Bossier Business Alliance for Higher Education has been assisting LSUS and other higher education institutions in this region to be more entrepreneurial, collaborative and committed in serving the needs of Northwest Louisiana.
 - 1. Because of more recent budget cuts, LSUS was forced to suspend the work of the **LSUS Center for Business & Economic Research** and no longer hosts either the **Small Business Development Center** or the **Consortium for Education, Research and Technology of North Louisiana**.
 - 2. Further significant budget cuts will prevent LSUS from becoming a member of The **Coalition of Urban and Metropolitan Universities (CUMO)**, the longest- running and largest organization committed to serving and connecting the world's urban and metropolitan universities and their partners. This will further thwart LSUS in helping to develop new responses to the pressing educational, economic, and social issues of Northwest Louisiana.
- B. Barksdale/military. Because of previous budget cuts, LSUS has already eliminated all staff support and/or student recruitment persons with a focus on military persons. Current new initiative ideas to help make LSUS more veteran-friendly, including stronger relationships with Barksdale Air Force Base, will be severely undermined. In a region with a very strong veteran and military presence, this further loss of support will have a direct, negative impact.
- C. Library. LSUS will be forced to reduce the operating hours of the Noel Library by up to 50% and close the Noel Library Archives to the public.
 - 1. The Noel Library is the premiere place of learning and study for all students in the Shreveport-Bossier City area, including K-12, community college students, Northwestern State University students, and community learners.
 - 2. The Noel Library Archives is very important to researchers of all ages and focus engaged in hands-on research involving matters related to Northwest Louisiana.
- D. [REDACTED]

- E. [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

V. Final Matter of Concern about Budget Cuts to LSUS

LSU Shreveport has been greatly supported by the LSU Shreveport Foundation, the LSUS Alumni Foundation, The Noel Foundation and hundreds of other contributors. To illustrate:

- The LSUS Foundation provided the 20% match requirement to enable LSUS to get full WISE Fund funding.
- The Noel Foundation, a separate 501(c)(3) charitable organization, provided grants to or for LSUS in 2014 of around \$585,000, including a significant number of scholarships to support new initiatives with BPCC and SUSLA students transferring to LSUS.
- The LSUS Alumni Foundation regularly supports the LSUS fund.

The continued significant budget cuts, over time, with the new threat of the current 35% budget cut, run the risk of significantly alienating our strongest supporters to undercut their resolve to continue to support LSUS. Although our supporters love LSUS, they are getting tired of being expected to help fix the budget deficits at LSUS caused, from their perception, by inadequate state support and the inability for LSUS to implement more strategic enrollment management strategies to help generate more tuition and fee revenues. These donors do not want to be paying the electric bills to keep LSUS open and operating. They want to be providing those additional resources to help move appropriately funded good academic programs to being great programs for faculty, students and employers of our graduates. The risk is that their support will greatly diminish- support that may not be easily secured back.



TO: Dr. F. King Alexander, LSU President and Chancellor
FR: Dr. William T. Cefalu, LSU Pennington Biomedical Research Center Executive Director
DT: January 12, 2015
RE: Proposed 35% Budget Reduction: Overview and Impact

Per your request please find below information from Pennington Biomedical Research Center regarding the impact of a 35% proposed state budget reduction for FY 2015-2016.

OVERVIEW: The effects of a proposed 35% in support funding from the state in the coming budget year would have a devastating impact on the future success and growth of Pennington Biomedical – one of the world’s leading academic research centers and a significant asset within the LSU family. Since 2009, Pennington Biomedical has experienced a cumulative loss of approximately \$21M in state funding (a 24% reduction) – and unlike most LSU campuses who suffer losses of this magnitude, Pennington Biomedical has not been able to offset its finances with tuition revenues. These traumatic cuts – among the largest within the LSU family – have placed Pennington Biomedical’s current state funding at a level equivalent to that received in FY 2006-2007 and has already resulted in progressive programmatic reductions. An additional 35% budget reduction would force Pennington Biomedical back to FY 2001-2002 state funding levels and would, at a minimum, result in a loss of approximately \$28M in external funding annually (extrapolating historical data). A cut of this magnitude would stretch our world renowned research facility beyond its financial limits and trigger the loss of valuable jobs, federal funding, and academic prowess – with acclaimed scientists leaving the state and taking their research dollars and support staff with them.

EFFECTS OF A 35% ADDITIONAL REDUCTION IN STATE FUNDING.

LOST JOBS: *State funding support is essential to Pennington Biomedical’s effort to provide seed monies to hire faculty who in turn generate grant revenue for the state.* More than 30% of Pennington Biomedical’s budget comes from federal sources in the form of grants and contracts. To obtain this “extramural funding” often requires a contribution of matching funds from our facility. For example, the four largest grants awarded to Pennington Biomedical by the National Institutes of Health (NIH) – totaling roughly over \$60M – were finalized due to our ability to provide state matching funds. These grants bring prestige, jobs and academic influence to Pennington Biomedical and to LSU. They are also key to attracting additional funding from private sector companies such as the pharmaceutical industry. A further reduction in state funding would jeopardize our ability to retain and attract this extramural funding, equating to a loss of jobs and academic influence.

LOST STATE REVENUE: *For every \$1M of operating expenditures at Pennington Biomedical, the state generates \$1.9M in new business sales, \$719,000 in household income, and adds 20.5 new jobs.* A \$28M loss in expenditures for our research center would have an effective impact to the state in the form of \$53M loss in business sales, a \$20M loss in household income, and a loss of 574 indirect jobs. Each of these losses would also result in lost sales and income tax revenue to the state. In addition, at a minimum, 191 jobs would be lost at Pennington with a direct payroll loss of approximately \$12.2M.

LOST LIFE-SAVING HEALTH ADVANCES: *Cutting edge research on chronic diseases such as obesity, diabetes, Alzheimer’s and dementia requires a critical mass of expertise to remain competitive and to advance human health.* Pennington Biomedical is a world leader in research combating these chronic diseases, a position that will likely be lost if forced to endure an annual external funding loss of \$28M. Grant supported star faculty would leave taking their grants with them. Pennington Biomedical has already suffered the loss of renowned faculty due to “cherry picking” by such prestigious institutions as Yale, Scripps, and Sanford Burnham. To combat these funding reductions, since 2009 we have increased efficiencies by merging research services, suspending institutional research projects, eliminating or deferring filling vacant research positions, and transitioning positions from full to part time. Further cuts would be devastating to our research enterprise and suspend important work on the chronic diseases most affecting Louisianians.

LOST AND EMPTY RESEARCH SPACE = LOST REVENUE: *With an additional 35% cut in state funding support, 48% of our state-of-the-art research space at Pennington Biomedical would be mothballed.* In FY 2001-2002 Pennington Biomedical’s facilities in use totaled 384,368 gross square feet. In FY 2013-2014, due to an investment from the Pennington Biomedical Research Foundation and a \$50M investment from the State, Pennington Biomedical’s facilities in use totaled 743,504 gross square feet. Research space at Pennington Biomedical generates from \$349 to \$1,278 per sq. ft. depending on the nature of the research. If forced to endure an additional 35% reduction in state funding, Pennington Biomedical’s facilities in use would be left to operate at FY 2001-2002 funding levels, meaning approximately 48% of existing research space would have to be mothballed. Loss of research space translates into a significant loss of revenue.

PENNINGTON BIOMEDICAL’S IMPACT IS WIDESPREAD.

To restate, the effects of a proposed 35% in support funding from the state in the coming budget year would have a devastating impact on the future success and growth Pennington Biomedical. Pennington Biomedical puts science to work for a healthier Louisiana and our 25 year legacy yields impressive influence.

- LSU is ranked as a Tier 1 research largely due to the inclusion of Pennington Biomedical’s impressive level of federal research funding. Tier 1 universities are nationally recognized as engines of incubation and creation, and attractors of talent.
- Scientific knowledge, innovation, and economic development are inseparable. Pennington Biomedical brings to Louisiana the highest standard of academic endeavor and as such creates a knowledge economy. Pennington Biomedical, in spite of its small size, has produced three Boyd Professors – the highest academic achievement recognized by the University. Endowed chairs are a metric of nationally renowned faculty and recognition of institutional reputation and value to the academy – Pennington Biomedical has 11 endowed chairs.
- Pennington Biomedical’s renowned research has been highlighted nationally and beyond including: Wall Street Journal, The New York Times, USA Today, TIME, U.S. News and World Report and HBO’s Emmy award winning documentary *The Weight of a Nation*.
- The Pennington Biomedical designed DASH diet has again been voted the #1 diet in America for the fifth year in a row.
- Pennington Biomedical has aided in the development and testing of new and improved field and garrison rations for America’s fighting forces. The U.S. Department of Defense is one of Pennington Biomedical’s longest standing funders (\$74M since inception), making our center the primary provider of nutritional research for the U.S. Military.

- Pennington Biomedical’s postdoctoral training program has been voted among the top 10 in the nation. Pennington Biomedical provides hands-on laboratory research training to scores of Louisiana undergraduate, graduate and medical students each year. We are training the next generation of biomedical researchers and academic physicians for service to Louisiana.
- Pennington Biomedical has been involved in the development of all approved obesity medications on the market today, as well as key diabetes medications.
- Pennington Biomedical scientists have led efforts to develop guidelines for the clinical management of obesity and are considered leaders in evaluating factors related to childhood obesity.
- Pennington Biomedical’s clinical trials and research programs have engaged individuals from every parish in Louisiana, engaging Louisianians in efforts to improve the health of our state.
- Our dementia study is one of the largest aging studies in the United States and our research has been recognized by the Alzheimer’s Disease Cooperative Study Group (ADCS) - the largest Alzheimer’s therapeutic research consortium in the U.S. – making Pennington Biomedical the only ADCS site in a tri-state area.

FOUNDATION STATEMENT ON BUDGET REDUCTION IMPACT.

The Pennington Medical Foundation (PMF) and the Pennington Biomedical Research Foundation (PBRF) each recently provided additional support to Pennington Biomedical to partially offset the disproportional cuts that the center has received. PMF provided extraordinary support of an additional \$700,000 in 2014. PBRF initiated an investment campaign which has generated \$7.3M to date, including three years of start-up funding for the center. Neither PMF nor PBRF is in a financial position to provide substantial additional levels of assistance due to continuing our on-going commitments to the center. In addition, both foundations strongly oppose using foundation funds to fill deficits that are the result of inadequate state funding. Our benefactor and founder Doc Pennington felt this way from the very first day he made his historic contribution. Further, donors want to build – not fill holes.