Tucker (HB 549) **Act No. 418**

Existing law (La. Granting Resources and Autonomy for Diplomas Act - "GRAD Act") authorizes public postsecondary education institutions, including professional schools, to enter into performance agreements with the Board of Regents in order to be granted certain tuition authority and limited operational autonomy and flexibility in exchange for committing to meet established targets for performance objectives as applicable to the institution. The objectives are categorized relative to student success, articulation and transfer, workforce and economic development, and institutional efficiency and accountability. Authorizes tuition and fee increases without legislative approval and provides for a phased-in implementation of such increases of up to 5% for the 2010-2011 and 2011-2012 fiscal years and up to 10% beginning in Fiscal Year 2012-2013. Requires institutions entering into performance agreements to report to the Board of Regents, the legislative auditor, and the legislature on certain organizational data.

Prior law authorized operational autonomies that included greater flexibility in carrying forward funds, procuring information technology, and travel regulations. Required the Board of Regents and the division of administration to identify additional autonomies that could be granted to qualifying institutions.

Relative to authorities and autonomies granted, new law retains tuition authority but deletes prior law operational autonomies and provides instead for base, intermediate, and high level autonomies generally categorized as follows:

(1) Authority to execute certain contracts and dispose of obsolete equipment.

(2) Authority to procure materials, supplies, equipment, and services through purchasing agreements.

(3) Authority to participate in a pilot procurement code in lieu of the state procurement code.

(4) Authority to directly administer certain minor facility capitol outlay projects.

(5) Authority to retain and invest certain unused funds.

(6) Exclusion from oversight by the office of information technology.

(7) Exclusion from participation in the state's risk management program.

New law provides that some autonomies are subject to prior approval of the Joint Legislative Committee on the Budget (JLCB) and adds that existing law (R.S. 39:1593.1), relative to approval by the commissioner of administration prior to the awarding of certain group purchasing contracts by the LSU Health Sciences Center, shall continue to apply.

New law provides for the termination of any operational autonomy granted to an institution if the Board of Regents revokes an institution's performance agreement or if the division of administration determines that the institution has failed to maintain the operational capacity relevant to the autonomy.

Relative to performance agreements, existing law provides that the initial performance agreement and each subsequent agreement shall be a six-year agreement and shall be reviewed annually by the Board of Regents. Provides for revocation of agreements by the Board of Regents. Existing law authorizes the Board of Regents to modify targets if extraordinary circumstances prevent the institution from meeting them; such modifications are subject to JLCB approval. New law limits the applicability of existing law to modifications that lower targets. New law authorizes the Board of Regents to raise targets and requires written notification of such to the House and Senate education committees. Adds that successful attainment of existing law student success objectives shall be required for determination by the Board of Regents that an institution has met the short-term targets of the performance agreement. Provides that an institution that fails to meet its same-institution graduation rate, program completer, and retention rate targets shall not have met the requirements of its performance agreement for the year.

Existing law requires that each institution submit a report to the Board of Regents, the legislative auditor, and the legislature containing specified organizational data. New law adds that such report shall be submitted annually, shall be submitted to the division of administration (in addition to entities listed in existing law), shall be published by the Board of Regents on its website, and shall include certain cost and budget data and all expenditures of the institution.

Prior law exempted institutions entering into a performance agreement from existing law requirement that at least 50% of state general funds which remain unexpended and unobligated at the end of the fiscal year be maintained in a reserve fund and used only for preventative maintenance purposes and from the prohibition on more than 2% of certain state general fund appropriations or allocations being carried forward. New law provides instead that an institution that meets the short-term targets in the performance agreement may retain any funds appropriated or allocated to such institution to be used at its discretion, excluding those specified in existing law (relative to appropriations for a specific purpose), which remain unexpended and unobligated at the end of the fiscal year, in accordance with new law (relative to the granting of certain operational autonomies).

New law adds requirement that the Board of Regents inventory all institutional student records systems and recommend a plan to standardize and integrate such systems to include student transcript analysis and degree auditing components. Requires the board to report on the progress of such standardization to the legislature and the division of administration prior to the 2012 R.S. and annually thereafter on the performance of qualifying institutions at achieving on-time graduation based on the student tracking and records system and to post the report on its website and make it easily accessible to the public.

Effective upon signature of governor (July 12, 2011).

(Amends R.S. 17:3139(B), (C)(3)(a) and (5)(intro. para.) and (i), (D), (F)(intro. para.), (4), (5), and (6), and (G)(1), (2)(intro. para) and (a)(iii), and (3)(intro. para.), and 3386(E); Adds R.S. 17:3139(C)(1)(e) and (5)(j) and (k), and (G)(4))