

New law provides for the creation and implementation of an outcomes-based funding formula for postsecondary education as follows:

- (1) Requires the commissioner of higher education and the presidents of each postsecondary education system to:
 - (a) Review the postsecondary education funding formula and develop a comprehensive outcomes-based funding formula that ensures the equitable allocation of state funds to public postsecondary educational institutions, appropriately considers costs, places significant emphasis on student and institutional outcomes, and aligns with the state's economic development and workforce needs.
 - (b) Consult with and solicit meaningful feedback and guidance from institutional presidents, chancellors, faculty, chief academic officers, chief financial officers, students, and business and civic leaders.
 - (c) Make recommendations for any changes needed in the Master Plan for Postsecondary Education and the Louisiana Granting Resources and Autonomy for Diplomas Act as provided in R.S. 17:3139, et seq., to support and facilitate implementation of the outcomes-based funding formula.
 - (d) Focus upon developing the optimal methodology by which to allocate postsecondary funding in a manner that provides incentives for institutions to achieve desired outcomes.
- (2) Requires that the following factors be considered and included in the formula as deemed appropriate.
 - (a) Student success factors, including retention, timely progression toward degree completion, cost of completion, certificate and degree production, and successful transfer of students from community and technical colleges to four-year degree-granting institutions.
 - (b) Alignment with economic development and workforce needs, including certificate and degree production in science, technology, engineering, mathematics, and other high-demand fields and the potential earning power of graduates.
 - (c) Research and innovation, including research expenditures, technology transfer, and commercialization.
 - (d) Funding, including credit hour costs and cost of certificate and degree completion.
 - (e) Any other factor or metric that would promote desired student and institutional outcomes.
- (3) Requires the outcomes-based formula to:
 - (a) Appropriately consider the role, scope, and mission of each postsecondary institution.
 - (b) Establish a concise set of outcomes to be measured for each postsecondary institution and define metrics for each outcome that are reliable, accurate, nationally recognized, and benchmark the performance of each institution compared to its statistical peers from other states, wherever valid comparable data is available.
 - (c) Determine the optimal allocation of state appropriated funds to each postsecondary institution based upon operational costs, performance outcomes, and performance-based, targeted incentives. However, the amount

to be allocated based upon performance outcomes must be sufficient to incentivize increased performance at the campus level.

- (d) Consider the characteristics unique to each individual postsecondary institution, including community and technical colleges and professional schools, such as student enrollment characteristics and geographic location and delivery area.
 - (e) Include safeguards to prevent sudden, dramatic changes in the funding level of any postsecondary institution.
 - (f) Contain a timeline for full formula implementation.
- (4) Requires that formula implementation shall begin as soon as practicable, but not later than the beginning of the 2016-2017 fiscal year.
 - (5) Requires the commissioner of higher education, not later than December 31, 2015, to submit a written report containing the proposed outcomes-based funding formula and related recommendations for related policy and statutory changes to the Board of Regents for its consideration and approval.
 - (6) Requires the Board of Regents to review the report and subsequently submit the report, the proposed outcomes-based funding formula, and the board's comments and recommendations to the Senate Committee on Education, the Senate Committee on Finance, the House Committee on Education, and the House Committee on Appropriations, not later than January 31, 2016.
 - (7) Requires the commissioner of higher education and the postsecondary system presidents to collectively re-evaluate the postsecondary education funding formula at least once every two years and submit a written report regarding the formula's effectiveness and the performance of each postsecondary institution to the Senate Committee on Education, the Senate Committee on Finance, the House Committee on Education, and the House Committee on Appropriations.

Effective upon signature of the governor (June 4, 2014).

(Adds R.S. 17:3129.2)