

NOTICE OF SPECIAL MEETING

PLEASE TAKE NOTICE OF A SPECIAL MEETING OF THE
BOARD OF SUPERVISORS OF
LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE

Time, Date and Place:

**9:00 a.m., November 6, 2010
Auditorium of the C. B. Pennington, Jr. Building
Pennington Biomedical Research Center
6400 Perkins Road, Baton Rouge, LA**

Agenda:

Item 1. Consideration of approval of mid-year budget cuts in accordance with Executive Order BJ 10-20, and authorization of the President to take necessary actions in connection with implementation of the order and approval.

Notice given and meeting called pursuant to the Board Bylaws this 1st day of November, 2010, by



James W. Moore, Jr. Chairman

Public Comments

Public Comments may be made PRIOR TO THE CONSIDERATION OF AGENDA ITEMS only, (1) when they relate to a matter on the agenda and (2) when individuals desiring to make public comments have registered in person one-half hour before the meeting, or by telephone, (225) 578-2154, or e-mail, lsuboard@lsu.edu, **no later than 5:00 p.m. on Friday, November 5, 2010.**

FY 2010-2011 Compilation of Mid-Year Budget Reduction Plans
Submitted by the Campuses and Institutions of the LSU System

System: LSU

Institution	IHE Amount	NON-IHE Amount	Filled FTE Positions Lost	Vacant FTE Positions Lost	Head Count Students Lost	Loss of Self Generated Funds	Briefly Describe the Major Impacts to your institution (Please use continuation sheet if needed)
Louisiana State University	5,146,477	0	0	0	0	0	<p>0 As is true with all cuts made during a fiscal year, temporary actions must be taken since fall classes have already begun for more than 28,700 students at LSU and these students are in the process of scheduling classes for next spring. In addition, faculty members have made research project obligations for this fiscal year. If this cut is made permanent for FY 2011-2012, different decisions will be made to fund these cuts. This is especially true if additional temporary cuts are coming this fiscal year and permanent, draconian, cuts in state appropriations are made next July.</p> <p>Additional Tuition Revenue (\$2,267,014): Due to an increase in the number of new freshmen over and above the projected level, LSU will generate additional tuition and fees sufficient to cover this reduction in state general appropriations in FY 2010-2011. This additional increase in tuition and fee revenue is considered a temporary increase just as this mid-year cut is considered as a temporary reduction in state appropriations. Had there been no reduction in state appropriations, LSU would have used this increase in tuition revenue to provide services to these additional students by temporarily increasing class room support, reducing section sizes, and/or providing counseling and tutoring hours.</p> <p>Academic Center for Student Athletes (\$1,468,755): Change the source of funding for this department by transferring the expenditures to the LSU Athletic Department.</p> <p>Veterinary Medicine (\$510,708): <ul style="list-style-type: none"> Louisiana Animal Disease Diagnostic Lab: Already close to loss of accreditation based on lack of State support. Ardour's Testing Program: This will impact the control of human mosquito borne diseases including viral encephalitis and West Nile virus. Major Renovations and Repairs: facilities will fall further behind in terms of contemporary adjustments in facility quality for support of programs at all levels. </p> <p>Graduate Assistant Tuition Exemption (\$900,000): Change in source of funds, transfer exemption expenditure to employing campus.</p>
Paul M. Hebert Law Center	138,052	0	0	0	0	0	0 Scholarships will be reduced. This reduction is the product of the conservative approach to awarding scholarships for the entering class of 2010-2011 given the economic outlook as the Law Center made scholarship appropriation decisions (\$138,052)
Paul M. Hebert Law Center	17,500	0	0	0	0	0	0 Student Labor will be reduced. This will have an impact on the services provided to internal constituencies as it represents an approximate 6% reduction to the Other Compensation expenditure category in addition to previous reductions in this category (\$17,500)
Paul M. Hebert Law Center	30,000	0	0	0	0	0	0 Library Books and Databases will be reduced. This will have an impact on the services provided to internal constituencies as it represents an approximate 3.5% reduction in addition to previous reductions in these categories in Libraries (\$30,000)
Paul M. Hebert Law Center	10,000	0	0	0	0	0	0 Faculty and Staff Travel will be reduced. This will have an impact on the services provided to internal constituencies as it represents an approximate 3% reduction in addition to previous reductions in this category. (\$10,000)
Paul M. Hebert Law Center	23,371	0	0	0	0	0	0 Operating Services will be reduced. This will have an impact on the services provided to internal constituencies as it represents an approximate 1% reduction in the overall operating services category for the Law Center in addition to previous reductions in this category. (\$23,371)
Pennington Biomedical Research Center	0	526,125	0	1	0	0	<p>0 Since the FY 07-08 General fund level of \$16.2 million, the Pennington Biomedical Research Center (PBRC) has had its state general fund budget reduced by \$2.5 million to the current beginning FY 10-11 level of \$13.7 million. Because of these progressive cuts, PBRC is already running in "austerity mode". There is no longer any "fat" to cut or "low hanging fruit" to pick to reduce the budget further. Any and all future reductions cut in to the "meat" of our enterprise.</p> <p>Also, PBRC has recently added nearly 100,000 square feet of research space with no additional funds to operate these facilities. The lack of additional operating funds has caused PBRC to internally cut in order to bring these facilities online, if only in a limited capacity.</p> <p>To achieve the mid-year reduction PBRC will have to cut Support Services to Basic Sciences, IRB support, Human Resources support, shut down the upper two floors of the New Clinical Research Building, cut back support for Clinical Trials Recruitment, and reduce Management Support.</p>
LSU Agricultural Center	3,007,261	0	54	0	0	0	This reduction would require the use of limited one-time restricted funds which would affect the AgCenter's ability to accomplish its role, scope, and mission. Ultimately, this would negatively impact support for the undergraduate and graduate programs in the College of Agriculture, as well as the agricultural industries and communities we serve in the State of Louisiana.
University of New Orleans	1,560,927	0	0	0	0	0	<p>0 This adjustment will reduce travel by 55.75%, reduce operating services, supplies, professional services, other charges, and equipment by an average of 4.6%, and will further reduce the funds available for student support services. This reduction will also impact UNO's ability to promote faculty development, including a reduction in the availability of library research materials. In addition, there will be fewer dollars available for consulting support as the University rolls out the latest PeopleSoft upgrade affecting administrative processes integral to sustaining day-to-day operations, as well as less funding for general maintenance of grounds and buildings.</p>
LSU Shreveport	379,445	0	0	0	0	0	0 The Budget Reduction will be offset in reductions to the for \$161,000 in other charges. All other budgets within the University have already been reduced to the bare minimum to operate the campus via the budget process, therefore the remainder of the budget reduction will have to be handled via a furlough of faculty and staff. At this time we do not have a calculation of the total number of days this will entail.
LSU at Alexandria	113,489	0	0	2	0	0	0 LSUA will decrease the budget for the Honors Program in Academic Support and utilize salary savings from the Chancellor's office and the Department of Biological Sciences in the College of Arts and Sciences. In addition, LSUA will decrease the support budget in the non-academic areas of Media Relations, Institutional Research and Effectiveness, and General Institutional Support.
LSU at Alexandria	144,148	0	8	0	0	0	0 LSUA will decrease the budget for all travel for the remainder of the fiscal year saving about \$50,000. LSUA will freeze salaries from two non-renewed faculty positions departing in December realizing about \$40,000. All qualified faculty and staff will teach 34 undergraduate Spring course sections without additional pay which will decrease the adjunct/overload budget by about \$53,500.
LSU Eunice	204,811	0	1	0	31	79,190	<p>(1) The elimination of ten, part-time positions (\$19,377) will reduce the number of course sections offered for students and increase class sizes. Also, the lack of availability of courses may delay students graduating from certain programs.</p> <p>(2) Library books and periodicals will be reduced by 57,500 or 50%. This leaves only \$27,500 budgeted for the renewal of publications and purchase of new books.</p> <p>(3) The Office of Public Affairs' budget will be cut by \$90,000. This office consists of only a director (no clerical support) whose responsibility consists of interviewing, preparing publications (like the catalog and program brochures), advertising, writing news and feature articles, preparing press releases and promotional copy, editing, taking photographs and overseeing photo filing. This reduction in budget provides the university with virtually no funds for advertising and publications.</p> <p>(4) Due to the recent retirement of an administrator, \$31,157 of salary and benefit savings will be assigned this year toward the budget cut.</p> <p>(5) In addition, \$94,777 or 47% of funds for campus repairs and maintenance will be eliminated.</p>
LSU Health Sciences Center-New Orleans	2,552,494	0	0	0	0	0	0 Our campus's share of the mid-year budget reduction is \$2,552,494. We anticipate we would be able to absorb this reduction without a negative impact on employees or enrollment provided we are able to offset this reduction by the anticipated increases in revenue (\$1,046,000) as a consequence of increased enrollments in the Schools of Allied Health Professions, Medicine and Nursing and (\$537,420) from an anticipated 5% increase in tuition effective January 1, 2011 under the LA Grad Act. We plan to seek additional budget authority in fees and self-generated revenues through a RA 7. Finally, we will initiate cancellation of a lease to be effective July 1, 2011, and find a restricted source of funds for a lease (\$869,074) in the current FY we currently have for the School of Public Health. We are in the process of renovating space to permit them to relocate into an existing university facility on campus as of July 1, 2011.
LSU HSC Shreveport	300,879	0	0	0	0	0	0 Required travel expenditures will be funded by non-operating budget funds
LSU HSC Shreveport	932,239	0	0	0	0	0	0 Non-faculty positions including leave salary plus related benefits will not be filled
LSU Shreveport Hospital	0	1,740,795	0	0	0	0	0 Aggressively pursue therapeutic drug interchange to optimize cost savings for drugs without negatively impacting patient care. In addition, continue to pursue competitive bids for acceptable alternatives and volume discounts for supply purchases.
E. A. Conway Medical Center	0	1,000,000	0	0	0	0	0 Implementation of compensatory time in lieu of paid overtime pay for classified employees
E. A. Conway Medical Center	0	300,000	0	0	0	0	0 Eliminate the support programmers in New Orleans that support the Clinic Scheduling System. The programmers are moving to the LSU EHR (Pellian) Project.
E. A. Conway Medical Center	0	363,573	0	4	0	0	0 Close 2 of the 16 beds in ICU
Huey P. Long Medical Center	0	651,239	0	0	0	0	0 HIV Prisoner Drugs for remaining 7 months of FY11
Huey P. Long Medical Center	0	430,000	0	0	0	0	0 Reduction of employee overtime for remaining 7 months of FY11
Huey P. Long Medical Center	0	721,238	0	0	0	0	0 Closure of OB Services for remaining 7 months of FY11
LSU Board of Supervisors and System Office	0	936,809	0	0	0	0	0 Postthoughts will have to receive their prorata share of the general fund cut (\$809,402). Tuancy Assessment and Services Centers (TASC) will receive a \$312,466 budget cut and Audubon Center for Research of Endangered Species (ACRES) will receive a \$116,757 cut. The system office will reduce support services and eliminate its Uncertain Enrollment Program for FY 2010-11. For the Uncertain Enrollment Program, \$127,407 of this will remain budgeted but this amount will be transferred via IAT to the LSU Agricultural Center. The other \$172,821 will be eliminated entirely.
System Total	11,553,932	9,677,120	63	16	31	79,190	

FY 2010-2011 Mid-Year Budget Reduction for LSU System Health Care Service Division Entities

FY11 SGF Reduction per DOA/OPB: (5,307,534)

TO Reduction: (10)

Prisoner Care (all hospitals) (1,961,272)

Other Non-Allowable:

UMC and EKL - WIC Unit closures (233,410)

EKL - resident savings (72,500)

EKL - OB closure - contracts (700,000)

MCL - hospitalists contracts (550,000)

MCL - physician reduction (307,570)

MCL - outpatient pharmacy (176,490)

ALL - contract reductions (1,306,288)

(5,307,530)

Hospital Allocation:

EKL (1,714,585)

UMC (376,355)

WOM (334,624)

LAK (264,517)

BMC (251,584)

LJC (293,615)

MCLNO (2,072,250)

(5,307,530)

FY 2010-2011 Mid-Year Budget Reduction Allocation for LSU System Campuses and Institutions

(Other than Health Care Service Division Entities)

	FY 10-11 State General Fund	Pro-Rata Share of Reduction on State General Funds	Balance after Reduction	% Reduction State General Fund	Pro-Rata Share of \$7.3M Adjustment from Non-Higher Education Academic Institutions	Additional % Reduction from Non- State Funds to Adjust for Academic Non-Higher Education Institutions as a Percent of General Funds	Total % Reduction of State + Non- State Funds as a Percent of General Fund	Total \$ Reduction State+ Non-State	Total Operating Budget	% Reduction of State + NonState on Total Operating Budget
LSU and A&M College	137,750,466	(2,267,014)	135,483,452	-1.6%	(2,879,463)	-2.1%	-3.7%	(5,146,477)	429,894,223	-1.2%
Paul M. Hebert Law Center	5,859,701	(96,435)	5,763,266	-1.6%	(122,488)	-2.1%	-3.7%	(218,923)	20,823,957	-1.1%
University of New Orleans	41,779,723	(687,586)	41,092,137	-1.6%	(873,341)	-2.1%	-3.7%	(1,560,927)	119,346,418	-1.3%
LSU at Shreveport	10,156,205	(167,145)	9,989,060	-1.6%	(212,300)	-2.1%	-3.7%	(379,445)	30,374,781	-1.2%
LSU at Alexandria	6,895,905	(113,489)	6,782,416	-1.6%	(144,148)	-2.1%	-3.7%	(257,637)	19,289,818	-1.3%
LSU at Eunice	5,481,984	(90,219)	5,391,765	-1.6%	(114,592)	-2.1%	-3.7%	(204,811)	13,139,248	-1.6%
LSU HSC New Orleans	68,319,983	(1,124,369)	67,195,614	-1.6%	(1,428,125)	-2.1%	-3.7%	(2,552,494)	179,799,539	-1.4%
LSU HSC Shreveport	33,008,286	(543,230)	32,465,056	-1.6%	(689,988)	-2.1%	-3.7%	(1,233,218)	98,986,296	-1.2%
LSU Agricultural Center	67,827,185	(9,007,261)	58,819,924	-13.3%	6,000,000	8.8%	-4.4%	(3,007,261)	97,786,069	-3.1%
Pennington Biomedical Research Center	13,751,230	(1,826,125)	11,925,105	-13.3%	1,300,000	9.5%	-3.8%	(526,125)	14,670,938	-3.6%
LSU BOS and System Office	6,095,022	(809,402)	5,285,620	-13.3%	(127,407)	-2.1%	-15.4%	(936,809)	8,859,170	-10.6%
EA Conway	10,823,454	(1,437,325)	9,386,129	-13.3%	(226,248)	-2.1%	-15.4%	(1,663,573)	81,338,067	-2.0%
Huey P. Long	11,727,705	(1,557,407)	10,170,298	-13.3%	(245,150)	-2.1%	-15.4%	(1,802,557)	59,213,433	-3.0%
LSU Shreveport Hospital	11,325,881	(1,504,045)	9,821,836	-13.3%	(236,750)	-2.1%	-15.4%	(1,740,795)	332,578,403	-0.5%
Total LSU System	430,802,730	(21,231,052)	409,571,678	-4.9%		-1.7%	-4.9%	(21,231,052)	1,506,100,360	-1.4%



Consideration of the 2010-11 Mid-Year Budget Reduction

To: Members of the Board of Supervisors

Date: November 6, 2010

Pursuant to paragraph D of Article VII, Section 8 of the Board Bylaws, the following is provided:

1. Significant Board Matter

This is a "significant board matter" pursuant Article VII, section 8 of the Bylaws:

- D.1 Any matter having a significant fiscal (primary or secondary) or long term educational or policy impact on the System or any of its campuses or divisions.

2. Summary of the Matter

Pursuant to R.S. 39:75(A) (2), the Joint Legislative Committee on the Budget notified the Governor on October 22, 2010 that it had approved a budget status report indicating a projected deficit of \$106,732,546 in the State General Fund for FY 2009-2010, based on the official forecast of revenue available for appropriation adopted by the Revenue Estimating Committee on June 21, 2010 compared to total appropriations. Article VII Section 10 (G) of the Constitution of Louisiana and R.S. 39:76 require that any end of the year deficits must be eliminated no later than the end of the next fiscal year.

Once notified that a projected deficit exists, pursuant to Article VII, Section 10 of the Constitution of Louisiana and R.S. 39:75 (C) (1) (a), the governor has interim budget balancing powers to adjust the budget for any program that is appropriated from a fund that is in a deficit posture, not exceeding three percent in the aggregate of the total appropriations for each budget unit for the fiscal year within 30 days.

As set forth in Executive Order BJ 2010-20, Higher Education was directed to reduce expenditure of funds appropriated from the State general fund in the amount of \$34.7M and the Health Care Services Division was directed to reduce expenditure of funds appropriated from the State general fund in the amount of \$5.3M. This mid-year reduction for Higher Education represents 33% of the total deficit for the state.

In a directive from the Division of Administration through the Board of Regents, the Higher Education allocation distribution to the individual higher education management boards was based on the conclusion that only \$12.5M could come from those entities designated for federal stimulus funding purposes as Institutions of Higher Education (IHEs), due to limitations contained in the stimulus law which require a certain maintenance of effort by the state in order to remain eligible for the federal funds, and the remaining \$22.2M had to be reduced from those entities designated as non-Institutions of Higher Education. The LSU System was assigned \$21.2M as its share of the mid-year reduction for Higher Education.

It was determined that the LSU System Office, the LSU Agricultural Center, Pennington Biomedical Research Center, and the hospitals operated by LSUHSC-S are not IHEs as defined by the stimulus legislation. Because of this, the LSU System was allocated a 4.9% reduction of its overall general fund appropriation, while other higher education systems were reduced from 1.7% to 2.3%. The initial allocation proposed by the LSU System distributed the reduction to the IHEs proportionally to each based on their general fund appropriation. This allocation resulted in a 1.6% reduction to each IHE, which matched the reductions for the 4-year IHEs in the other higher education systems. The remaining \$16.1M was assigned proportionally to each non-IHE based on

their general fund allocation, resulting in proposed reductions of \$1.8M to Pennington, \$9.0M to the Ag Center, and \$4.5M to the HSC-S hospitals.

On review of the impacts of these reductions to the non-IHEs, the System was requested to allocate the overall reduction within the additional constraints noted below:

- The Ag Center should not be reduced to a level requiring major layoffs and program terminations that would require financial exigency.
- Pennington should not have a reduction that would cause the loss of any Federal research grants.

These additional constraints require that the LSU Ag Center's reduction be limited to approximately \$3M and that Pennington's reduction be limited to approximately \$526K, requiring that the remaining \$7.3M reduction which was initially allocated to Pennington and the Ag Center be distributed across the remaining units within the LSU System.

Under this revised proposed allocation, the LSU IHEs will receive a 3.7% mid-year reduction (1.6% due to the general reduction in the State general fund appropriation for IHEs and 2.1% as a result of the reallocation of funds to limit the reductions to the Ag Center and Pennington). The remaining non-IHEs (the System Office itself and the hospitals operated by the LSUHSC-S) will be assigned a 15.4% mid-year reduction (13.3% from the general reduction and 1.7% from the reallocation to limit the reductions to the Ag Center and Pennington).

3. Review of Documents Related to Referenced Matter

The LSU System campuses and institutions have submitted to the System Office the 2010-11 mid-year reduction plans, which generally describe how each campus intends to implement the required reductions, in the format requested by the Division of Administration and the Board of Regents.

ATTACHMENTS:

- A. FY 2010-2011 Mid-Year Budget Reduction Allocation for LSU System Campuses and Institutions (other than the Health Care Services Division).
- B. FY 2010-2011 Mid-Year Budget Reduction Allocation for LSU System Health Care Services Division Entities.
- C. FY 2010-2011 Compilation of Mid-Year Budget Reduction Plans Submitted by the Campuses and Institutions.

RECOMMENDATION:

The Staff recommends that the Board consider the resolution set forth below.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby approve the proposed FY 2010-11 mid-year reduction allocations and the related Mid-Year Budget Reduction Plans as submitted by each institution of the LSU System; and

BE IT FURTHER RESOLVED that the Board authorizes its President, Dr. John V. Lombardi, to make such changes or adjustments in these mid-year reduction allocations, and the related institutional reduction plans, as are consistent with Executive Order BJ 2010-20 and which he deems to be in the best interests of LSU and necessary to carry out the mandates of these budget actions, provided that he give written notice to the Board prior to implementing any such changes or adjustments.