

STRATEGY PAPER 

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Developing the Flagship:
Supporting State Investments in Louisiana State University

Executive Summary: *The purpose of this strategy paper is to highlight the relevance of several current pieces of legislation in relation to the Baton Rouge Area Chamber's (BRAC) vision for transforming Louisiana State University (LSU) into a premier public research university. Legislation offered during the 2008 regular session will support LSU's progress by providing increased operational funding, providing increased capital investments in research facilities, providing increased tuition and/or fee revenues, and returning tuition and fee authority to the LSU Board of Supervisors. To achieve this transformation, state leaders, students and families, and alumni need to work together to provide additional operating revenue and capital funding to support the development of world-class research faculty, outstanding research environments, sufficient numbers of high achieving undergraduate and graduate students, and robust university commercialization activities.*

The Importance of LSU as a Premier Public Research University

Knowledge and innovation capacity have become ever more important over the last several decades in determining which states and regions succeed in today's global economy. Where geographic landscape and proximity to natural resources were once key determinants of a region's chances for economic success, today's thriving economies are those that contain large amounts of innovation capacity supported by a well-educated workforce. Through their cutting-edge research enterprises, world-class facilities, and stellar undergraduate and graduate student populations, premier public research universities have catalyzed remarkable economic gains by enabling their states to successfully compete in today's global economy.

BRAC has identified LSU – the state's flagship research institution, which is comprised of the main campus, the AgCenter, and the Law Center – as one of the most powerful economic development assets in the Capital Region and in the state. At the same time, BRAC has recognized that LSU is an institution that has suffered in recent decades from a lack of sufficient resources, causing its facilities to crumble and its research enterprise to shrink. With an understanding of the clear connections between the economic vitality of the state and the competitiveness of its public research universities, BRAC issued a white paper entitled *Transforming LSU into a Premier Public Research University: An Investment in Louisiana's Economic Future*. The paper, developed with input from LSU administrators, faculty and staff, and higher education experts from around the country, builds a foundation for economic transformation of Louisiana and the Capital Region through sustained investments in LSU that will allow it to compete in the top-tier of public research institutions in the country. The paper

puts forth four key attributes of a top-tier public research university: a world-class, productive research faculty, outstanding research environments, sufficient numbers of first-rate undergraduate and graduate students, and robust university commercialization activities. (The full white paper is available on BRAC's website at www.brac.org/research, under the heading "Transforming LSU into a Premier Public Research University: An Investment in Louisiana's Economic Future.")

Transforming LSU into a premier public research university will require a new, comprehensive funding strategy involving state investments, tuition and fees, and endowment income commensurate with target funding benchmarks drawn from a select group of premier universities across the nation. Overall, adequately funding LSU will require (in 2007 dollars) an additional \$113 million in recurring funding for annual operations and \$700 million in capital improvements by 2015, along with appropriate inflationary adjustments in existing revenues. Specific recommendations needed to accomplish this objective include:

- Develop a world-class research faculty at LSU through the creation of 100 pre-eminent research positions, 200 junior research positions, and providing new faculty research support (\$78 million/year total investment)
- Create outstanding research environments by eliminating deferred maintenance, supporting LSU's 5-year capital outlay plan to renovate and expand facilities, and developing an additional 600,000 sq. ft. of research space (\$700 million capital investment)
- Attract appropriate numbers of high-achieving undergraduate and graduate students by creating 400 new graduate research assistantships, providing competitive financial aid to students, increasing merit-based aid, and providing academic enrichment activities to outstanding students (\$17 million/year total investment)
- Increase university commercialization activity through programs that support technology transfer and entrepreneurial match programs (\$5 million/year total investment)
- Return control of tuition and fee policy to the LSU Board of Supervisors to allow LSU to establish and maintain competitive funding
- Structure tuition and fee increases so they are paid by students and their families in order to contain state-related obligations and provide appropriate need-based financial aid to ensure access

Based on the analysis and recommendations made in the white paper, BRAC supports HB 1, HB 2, HB 677, HB 734, HB 755, and HB 756.

Impacts of BRAC-supported Legislation

1. Provide increased operational funding to LSU

Through the state budget process, LSU receives funding for mandated costs, along with \$5.2 million in discretionary funding to bring them to full formula funding that will be targeted toward need-based aid and scholarships, faculty upgrades, and enrollment management services. While full formula funding is a significant achievement given years of underfunding in higher education, LSU cannot make progress towards becoming a premier public research university without additional new investments from the state. BRAC urges lawmakers to consider including as many of LSU's unfunded flagship improvements as may be possible to invest in faculty, undergraduate and graduate students, and facilities.

2. Provide increased capital investments in research facilities at LSU

With roughly half the lab space typically found at premier public research universities, investments in facility expansions and renovations at LSU are critically needed. Several important LSU projects receive funding through the state's capital outlay process, including but not limited to: continuation of support for the business education complex, the Choppin Hall Annex Chemistry Lab building, Veterinary Medicine building repairs, and the College of Engineering. While these investments are necessary and a great start, there are a handful of high-impact projects that would provide much needed research space and should be strongly considered for funding should excess revenues become available for supplemental capital outlay projects. These projects include funding for an additional two floors of the Choppin Hall Annex, a state match related to a proposed National Science Foundation (NSF) funded supercomputing R & D center, land acquisition for the South Campus, and Phase II funding for the Animal Sciences Facilities at the AgCenter. BRAC urges the legislature to favorably consider these important investments to enhance research space at LSU should additional revenues become available.

3. Provide increased tuition and/or fee revenues for LSU

Tuition and fee revenue as a portion of all operational funding per student at LSU is much lower than at our peer research institutions. Modest tuition and fee increases, along with increased funding for students who rely on need-based aid to maintain affordability, are needed to provide adequate operational funding for LSU. BRAC supports HBs 677 and 734, which address fees and tuition increases and provide the funding needed to provide a premier educational experience at LSU.

4. Return tuition and fee authority to the LSU Board of Supervisors

Louisiana is one of only two states in the country where the legislature controls the tuition and fee policy of public colleges and universities, leading to infrequent adjustments and significant obstacles to achieving appropriate tuition and fee levels. HBs 755 and 756 are constitutional amendments that allow public postsecondary management boards to set tuition and fee amounts without legislative approval, provided such amounts are in compliance with tuition and fee policies approved by the legislature. BRAC supports this legislation that grants LSU the authority and flexibility to ensure that tuition and fee levels provide adequate revenues while staying competitive with appropriate peer institutions.

Conclusion

BRAC recognizes that LSU – the main campus, the AgCenter, and the Law Center – is one of the single most powerful economic development assets in our region. While it will take several years and the cooperation of all entities to transform LSU into a premier public research university, investments made during this session, along with others that may be achieved as the session progresses, are important components of the necessary funding strategy. These public investments must be coupled with private investments from LSU alumni and donors if the necessary funding is to be realized; it is important that these university partners remain engaged and participate fully in supporting LSU's growth and development. The passage of legislative instruments that invest in the faculty, facilities, students, and commercialization activities will ensure that Louisiana and the Capital Region benefit from the economic development potential of our flagship university and that the next generation of young minds attending LSU will share in a world-class educational experience.