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Joseph C. Rallo, Ph.D.
Commissioner of
Higher Education



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February 11, 2016

Dr. Monty Sullivan
President
Louisiana Community and
Technical College System
265 South Foster Drive
Baton Rouge, LA 70806-4104

Dear Dr. Sullivan: *Monty*

I have just been notified by Commissioner Jay Dardenne of the Governor's decision with regard to TOPS funding for the remainder of this fiscal year and for FY 17 beginning July 1, 2016. Commissioner Dardenne's letter is attached and contains two pertinent provisions:

- The approximately \$26 million in TOPS shortfall for this fiscal year will not be funded.
- The Governor's budget for FY 17 will propose funding only the statutory dedication to TOPS from the Tobacco Trust Fund, approximately \$65 million.

Unfortunately this news comes on top of mid-year cuts and the dire forecast for next year. Be assured that we will continue to work with the Commissioner and the Governor to reverse these devastating cuts to higher education.

Thank you for your leadership in these very trying times.

Sincerely,

J. Rallo
Joseph C. Rallo, Ph.D.
Commissioner of Higher Education

c: Mr. Richard Lipsey, Chair, BoR
Dr. Sujuan Boutte, LOSFA

Office of the Commissioner
State of Louisiana
Division of Administration

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JAY DARDENNE
COMMISSIONER OF ADMINISTRATION

February 11, 2016

Dr. Joseph C. Rallo
Commissioner of Higher Education
Louisiana Board of Regents
PO Box 3677
Baton Rouge, LA 70821-3677

Dear Dr. Rallo:

As you know, yesterday the Revenue Estimating Conference increased the projected revenue shortfall for the current fiscal year by an additional \$570 million. Accordingly, when this projected deficit is added to the expenditure shortfalls that exist in the current budget, we now are facing a \$943 million problem that must be resolved before the end of the fiscal year.

Even if new revenue is realized by the legislature, we do not anticipate funding the expenditure shortfalls with a supplemental appropriation bill. This means that the approximate \$26 million shortfall in TOPS will not be funded. For this reason, I am advising you that the Board of Regents should notify all systems and campuses that are expecting TOPS funding that they will not receive the final distribution for the fiscal year. Even if the legislature adopts the revenue proposals suggested by the Governor, the shortfall in expenditures cannot be addressed because the legislature's constitutional obligation is to first satisfy any deficit in the budget. Only if revenues beyond those suggested by the Governor are realized can any portion of the final TOPS distribution be considered.


Unfortunately, the projections for FY17 are even more dire. We must submit a balanced budget based on the revenue projections from the REC. The Conference has determined that FY17 revenue will be \$743 million less than originally anticipated. Thus, the FY17 budget is now approximately \$2 billion less than needed. The executive budget that I will present to the Joint Legislative Committee on the Budget on Saturday will propose funding only the statutory dedication to TOPS from the Tobacco Trust Fund. There will be no state general fund dollars for TOPS unless the legislature adopts the Governor's proposed revenue and unless our institutions of higher education can find a way to maintain their operation given the anticipated cuts in the current fiscal year as well as in the proposed FY17 budget.

Dr. Joseph C. Rallo
February 11, 2016
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I greatly regret having to deliver this news to you, but these unprecedented problems force us to take this action. Please don't hesitate to contact me if you have any questions or if you would like to discuss this matter in more detail.

With best regards, I am

Very truly yours,



Jay Dardenne
Commissioner of Administration

JD/si