

**The Kevin P. Reilly, Sr.  
Louisiana Education Quality Trust Fund**

2017 Annual Report

**John M. Schroder  
Treasurer  
State of Louisiana**





## Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund

### History of the LEQTF

The Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund was established in 1986 in the state constitution by Louisiana voters to improve the quality of education in the state. In 2013, by Act 56 of the Legislature, the fund was officially renamed the Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund (LEQTF) in honor of the late former State Representative Kevin P. Reilly, Sr. of Baton Rouge, Louisiana. One of Mr. Reilly's proudest legislative accomplishments was the creation of the trust fund, then commonly known as the 8(g) fund. Mr. Reilly sponsored the legislation to permanently dedicate the proceeds from an oil and gas royalty settlement with the federal government for the benefit of elementary, secondary and higher education. This action was a reflection of his lifelong support for education. The LEQTF receives funds through the Federal Outer Continental Shelf Lands Act and deposits them in what is known as the Permanent Fund. From this Permanent Fund, a separate Support Fund was created to receive and hold 75 percent of the earnings from investment income and royalty income and 25 percent of the earnings from net capital gains/losses. Conversely, the Permanent Fund receives and holds 25 percent of the earnings from investment income and royalty income and 75 percent of the earnings from net capital gains/losses. Annual monetary allocations are made from the Support Fund to two state agencies: BESE for Prekindergarten through 12th grade and Regents for all public higher education. This report documents the financial condition of the LEQTF and the activities sponsored by these two state agencies receiving allocations from the Support Fund.

### LEQTF Timeline

1945

- President Harry Truman proclaims federal control over the United States continental shelf
- The mineral wealth and other states' interests in the continental shelf spurred critical legal battles over their control and disposition that lasted until the 1980's

1953

- Outer Continental Shelf Lands Act



- Regulates offshore oil and gas leasing
- Returns first 3 miles to states

1978

- Congressional Amendment to Continental Shelf Act
- Granted the states fair and equal shares of mineral revenues derived from offshore tracts within 3 miles
- Put the funds into escrow

1986

- Congress grants coastal states their portion of the escrowed funds as well as monthly earnings on mineral leases
- Louisiana passes Constitutional Amendment establishing the LEQTF

1987

- \$540.7 million goes into the LEQTF
- Interest earnings on the fund are available for use

1994

- Constitutional amendment allows the State Treasurer to invest up to 35 percent of LEQTF assets in the stock market

2004

- LEQTF investments top \$1 Billion.

2005

- Total allocations to BESE & Regents exceed \$1 Billion

2017

- LEQTF investments \$1.417 Billion
- Total allocations to BESE & Regents \$1.684 Billion



## Annual and Cumulative Allocations

The Treasury invests the LEQTF in order to preserve the fund's capital, enhance its market value and provide a stable and predictable income. The Treasury's guiding principle for LEQTF investments is to maximize taxpayers' benefits for years to come.

After first allocating earnings pursuant to Act 698 of the 2001 Regular Louisiana Legislative Session, net earnings are then split 50/50 between BESE and Regents. However, differing appropriations and expenditures may cause slight variations in allocation balances between the two agencies from year to year.

The LEQTF allocated \$18.7 million to BESE and \$18.8 million to Regents for Fiscal Year 2016-2017 (FY 2017). Over the life of the LEQTF, it has allocated a total of \$1.684 billion to these two agencies, making it a stable source of revenue for a variety of educational enhancements and opportunities for Louisiana students at every level of education.

Within BESE, this fund is known as the 8(g) fund, and within Regents it is called the Board of Regents Support Fund (BoRSF). Please note that it is normal for the allocation amounts reported here for BESE and Regents to vary slightly from the total award amounts reported by those two agencies in their respective sections of this report.

## Investment Results & LEQTF Income

There are three major sources of income for the LEQTF: Investments, Capital Gains/Losses and Royalties. For FY 2017, the LEQTF earned a total of \$57.2 million in income from all sources, which include interest, dividends, securities lending income, capital gains/losses and royalty income. For FY 2017 the total income from all investment sources (interest, dividends, securities lending and capital gains/losses) was \$50.12 million.

### Investments

As stated earlier, 75 percent of these earnings are credited to the Support Fund and 25 percent are reinvested in the Permanent Fund. Investment income from interest, dividends and securities lending allocated to the Support Fund totaled \$34.9 million, while investment income allocated to the Permanent Fund totaled \$17.6 million.



**Interest Income:** The LEQTF holds a variety of fixed-income investments, including U.S. Treasury and Agency securities as well as other investment-grade bonds. LEQTF earnings from coupon interest for FY 2017 totaled \$27.09 million.

**Dividend Income:** The LEQTF invests in the stocks of publicly traded companies. These companies distribute their earnings to shareholders in the form of dividends. Dividend income from LEQTF equity investments in FY 2017 was \$12.1 million.

**Securities Lending Income:** LEQTF securities holdings are sometimes temporarily loaned to major Wall Street brokerage firms, providing an additional source of income for the fund. For FY 2017, the LEQTF earned \$250,000 in additional income through the securities lending program.

### Capital Gains/Losses

For FY 2017, the LEQTF experienced \$10.6 million in capital gains during the year from the sale of assets. Of these gains, the Support Fund realizes 25 percent of all capital gains or losses, and the Permanent Fund realizes 75 percent.

### Royalties

Income from royalties in FY 2017 was \$7.089 million from natural resources production on the Outer Continental Shelf in the Gulf of Mexico, subject to the 8(g) settlement with the federal government. This portion of the fund's income is a direct result of natural gas prices and tends to fluctuate as production and processing rise and fall. For instance, in FY 2016 the income from royalties was \$7.6 million and has averaged about \$21.02 million since the inception of the LEQTF.

It is important to note that once the market value of the Permanent Fund reaches \$2 billion, all investment income will be credited to the Support Fund, and recurring royalty income will revert to the state's General Fund.





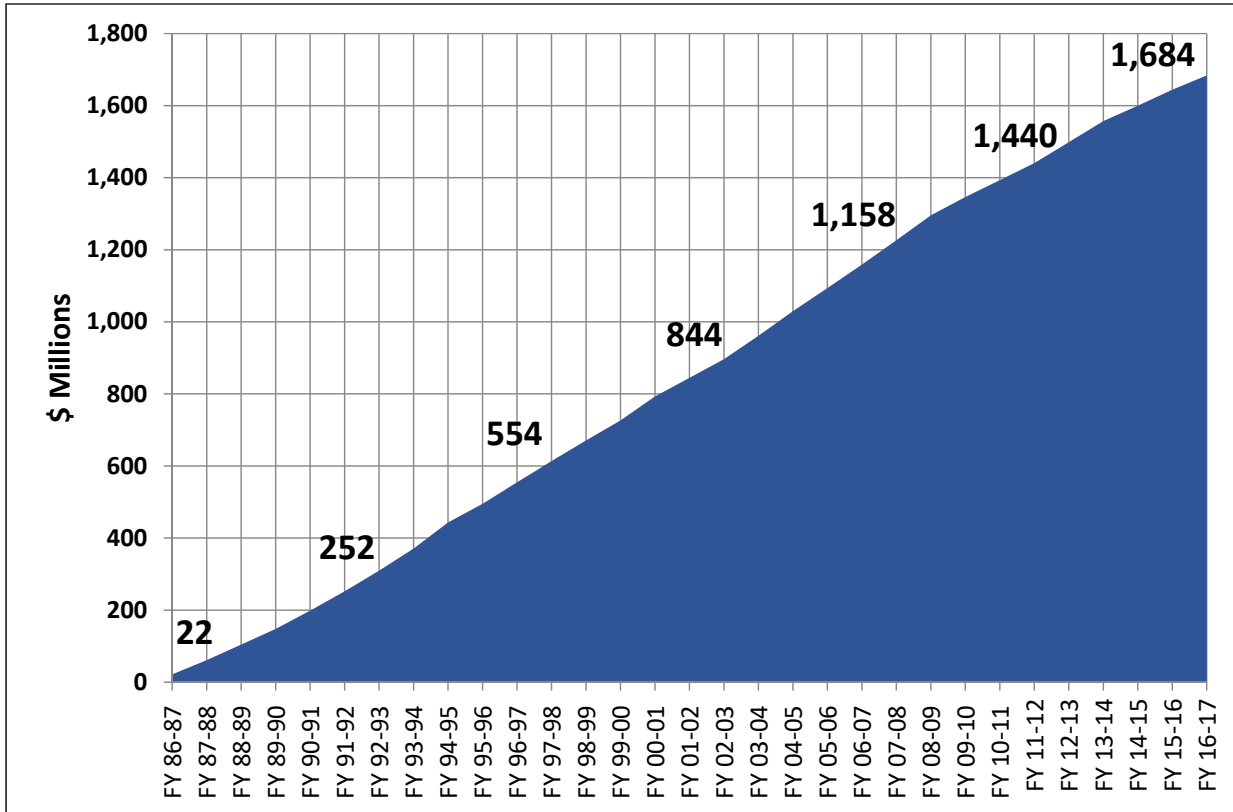
## History of Income from All Sources and Annual Allocations \*

	Total From Investments	Total From Royalties	Total to Fund	Permanent Fund	Support Fund	Allocation to Regents	Allocation to BESE
FY 86-87	\$20.83	\$10.38	\$31.21	\$9.69	\$21.52	\$10.76	\$10.76
FY 87-88	\$39.29	\$15.68	\$54.97	\$15.63	\$39.34	\$19.67	\$19.67
FY 88-89	\$41.03	\$18.86	\$59.90	\$16.86	\$43.03	\$21.52	\$21.52
FY 89-90	\$47.18	\$13.25	\$60.43	\$17.00	\$43.43	\$21.71	\$21.71
FY 90-91	\$56.62	\$13.59	\$70.21	\$19.44	\$50.77	\$25.38	\$25.38
FY 91-92	\$64.25	\$13.28	\$77.53	\$23.79	\$53.74	\$26.87	\$26.87
FY 92-93	\$67.35	\$14.61	\$81.96	\$24.90	\$57.06	\$28.53	\$28.53
FY 93-94	\$66.95	\$21.04	\$88.00	\$26.41	\$61.59	\$30.79	\$30.79
FY 94-95	\$52.82	\$14.77	\$67.60	-\$4.85	\$72.45	\$36.22	\$36.22
FY 95-96	\$51.26	\$17.97	\$69.23	\$17.68	\$51.55	\$25.73	\$25.73
FY 96-97	\$54.24	\$26.42	\$80.66	\$20.91	\$59.76	\$29.81	\$29.81
FY 97-98	\$68.39	\$24.59	\$92.98	\$33.94	\$59.03	\$29.42	\$29.42
FY 98-99	\$77.95	\$16.83	\$94.78	\$37.62	\$57.17	\$28.37	\$28.37
FY 99-00	\$59.80	\$18.67	\$78.47	\$22.77	\$55.70	\$27.59	\$27.59
FY 00-01	\$49.57	\$36.16	\$85.73	\$19.04	\$66.69	\$33.16	\$33.16
FY 01-02	\$42.17	\$19.73	\$61.90	\$10.66	\$51.24	\$25.67	\$25.59
FY 02-03	\$49.48	\$18.75	\$68.23	\$16.21	\$52.02	\$25.98	\$25.86
FY 03-04	\$52.05	\$36.12	\$88.17	\$23.40	\$64.77	\$32.56	\$32.14
FY 04-05	\$56.99	\$35.87	\$92.86	\$24.28	\$68.58	\$34.38	\$34.11
FY 05-06	\$55.20	\$28.54	\$83.73	\$20.01	\$63.72	\$29.69	\$29.91
FY 06-07	\$59.77	\$27.59	\$87.35	\$22.12	\$65.23	\$32.65	\$32.50
FY 07-08	\$56.11	\$33.02	\$89.13	\$21.37	\$67.76	\$33.99	\$33.73
FY 08-09	\$53.20	\$38.02	\$91.23	\$22.19	\$69.03	\$34.60	\$34.27
FY 09-10	\$43.88	\$21.02	\$64.89	\$14.32	\$50.58	\$25.38	\$25.06
FY 10-11	\$41.94	\$21.67	\$63.62	\$16.55	\$47.07	\$23.74	\$23.17
FY 11-12	\$46.02	\$21.55	\$67.57	\$20.10	\$47.38	\$23.88	\$23.36
FY 12-13	\$84.81	\$22.88	\$107.70	\$49.68	\$58.01	\$29.18	\$28.81
FY 13-14	\$92.71	\$20.64	\$113.35	\$54.54	\$58.81	\$29.42	\$29.22
FY 14-15	\$40.57	\$15.66	\$56.23	\$13.85	\$42.34	\$21.17	\$21.03
FY 15-16	\$74.15	\$7.60	\$81.75	\$37.32	\$44.43	\$21.61	\$21.55
FY 16-17	\$50.12	\$7.09	\$57.21	\$16.97	\$40.25	\$18.84	\$18.81
<b>TOTAL</b>	<b>\$1,716.72</b>	<b>\$651.86</b>	<b>\$2,368.58</b>	<b>\$684.40</b>	<b>\$1,684.07</b>	<b>\$838.27</b>	<b>\$834.66</b>

\* In \$ Millions

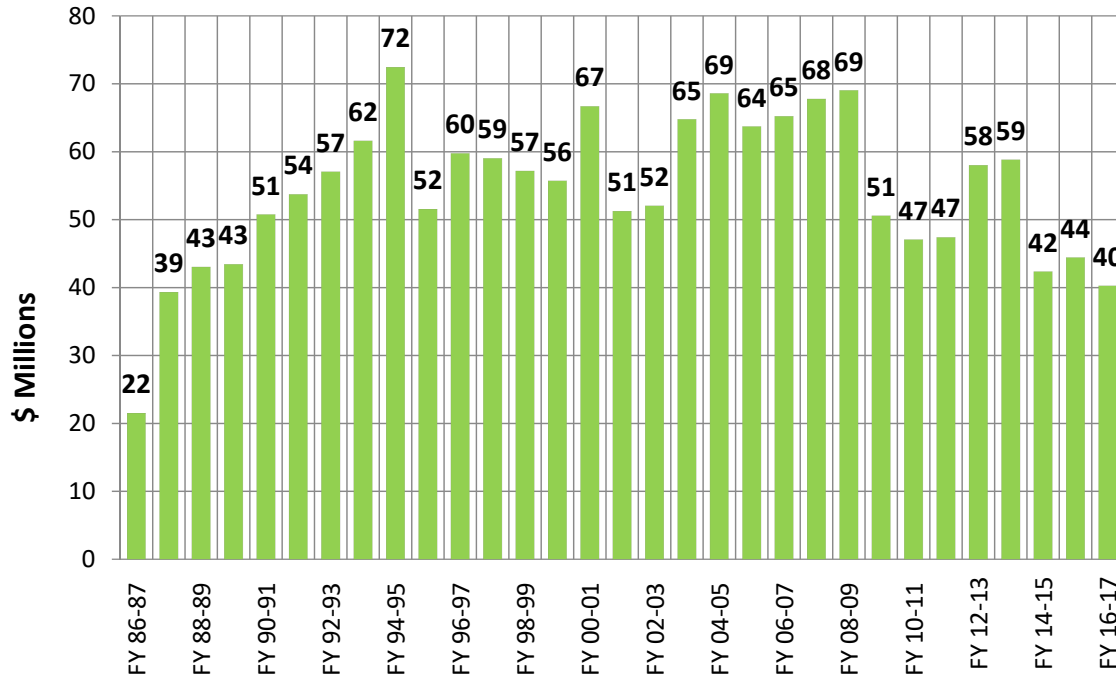


### Cumulative Allocations to BESE and Regents





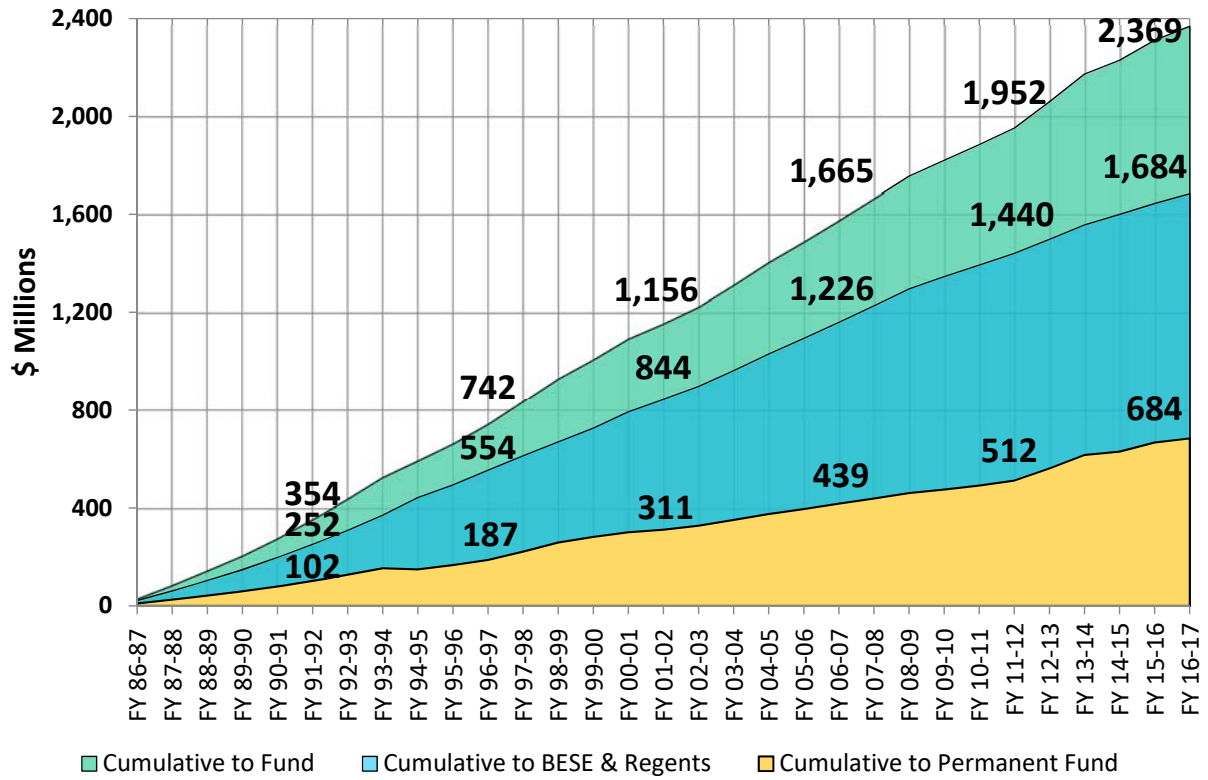
## Annual Allocations to BESE and Regents





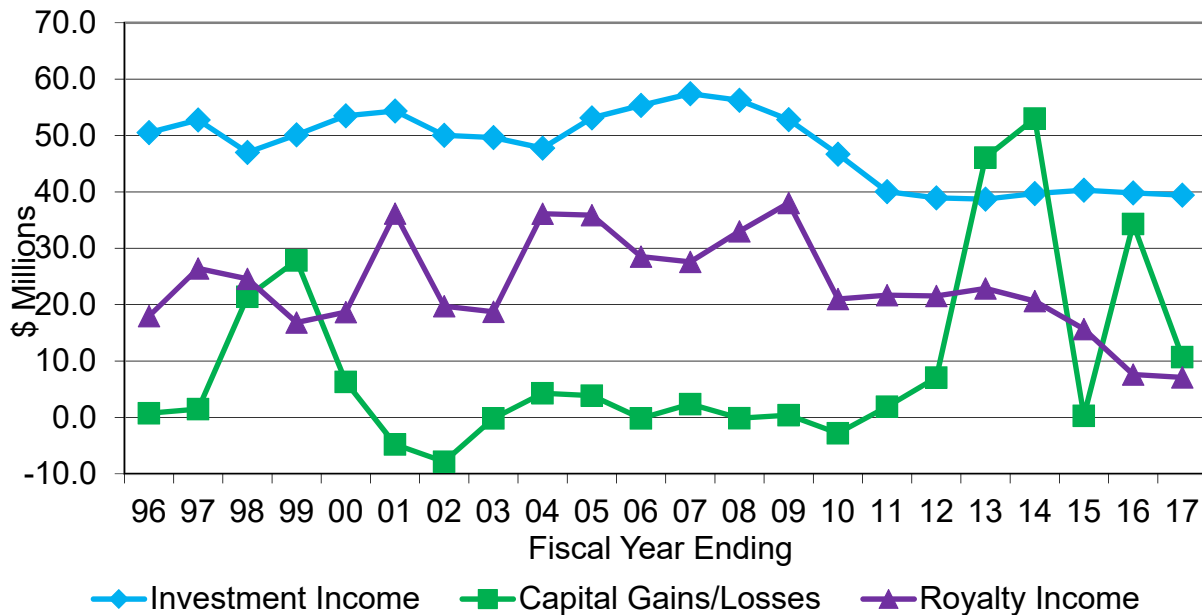


## Cumulative Allocations to Fund





## Major Sources of Income Graph



## Investments Performance Comparison

The total return for the LEQTF in Fiscal Year 2017 was 6.39 percent. The LEQTF legislative benchmarks are the 30-day Treasury Bill and the Two-year Treasury Note. The 30-day Treasury Bill returned 0.47 percent and the Two-year Treasury Note returned 1.07 percent for the period covered by the fiscal year.

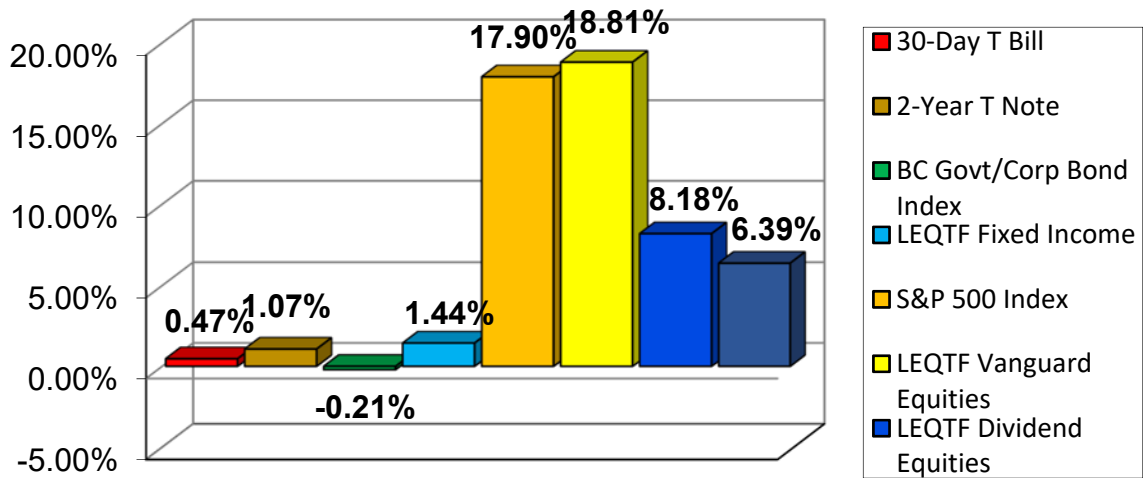
For FY 2017, the LEQTF fixed income portfolio earned a total rate of return of 1.44 percent, while the Barclays Government/Credit bond index – the fixed income portfolio’s internal benchmark – earned a -0.21 percent. Total rate of return includes both interest income and capital appreciation. However, the LEQTF’s fixed income portfolio is managed to maximize investment income for its beneficiaries. LEQTF’s Vanguard institutional equity index funds returned 18.81 percent, while LEQTF’s internally managed equity dividend income fund returned 8.18 percent for the fiscal year. The S&P 500 index benchmark returned 17.90 percent.



### LEQTF Performance for Fiscal Year 2016

Portfolio/Benchmark	30-Day T Bill	2-Year T Note	BC Govt/Corp Bond Index	LEQTF Fixed Income	S&P 500 Index	LEQTF Vanguard Equities	LEQTF Dividend Equities	LEQTF Total
Percent Return	0.47%	1.07%	-0.21%	1.44%	17.90%	18.81%	8.18%	6.39%

### LEQTF vs. Benchmarks Graph





## LEQTF Performance History

	LEQTF Fixed Income	BC Govt/Corp Bond Index	LEQTF Vanguard Equities	S&P 500 Index	LEQTF Equity Dividend	LEQTF Total	30-Day T-Bill	2-Year T-Note
<b>FY 16-17</b>	<b>1.44%</b>	<b>-0.21%</b>	<b>18.81%</b>	<b>17.90%</b>	<b>8.18%</b>	<b>6.39%</b>	<b>0.47%</b>	<b>1.07%</b>
FY 15-16	5.44%	3.44%	0.58%	3.99%	20.74%	5.47%	0.11%	1.25%
FY 14-15	2.73%	1.68%	7.25%	1.23%	4.36%	3.94%	0.02%	0.91%
FY 13-14	5.98%	4.28%	25.34%	24.61%	20.04%	11.35%	0.03%	0.75%
FY 12-13	1.16%	-0.62%	21.21%	20.60%	20.61%	5.80%	0.05%	0.26%
FY 11-12	8.77%	8.78%	1.40%	5.45%	14.32%	6.68%	0.04%	0.67%
FY 10-11	6.00%	3.68%	34.75%	30.69%	3.90%	10.71%	0.11%	1.34%
FY 09-10	21.89%	9.65%	20.26%	14.43%		16.66%	0.50%	2.66%
FY 08-09	1.37%	5.26%	-25.05%	-26.21%		-6.24%	0.50%	5.73%
FY 07-08	2.54%	7.39%	-12.99%	-13.12%		-1.84%	2.96%	7.66%
FY 06-07	6.60%	5.76%	17.89%	20.59%		9.71%	5.00%	5.04%
FY 05-06	-1.96%	-0.18%	9.62%	8.63%		1.00%	3.96%	1.46%
FY 04-05	10.00%	4.70%	10.00%	6.30%		9.60%	0.67%	1.74%

## LEQTF Portfolio Characteristics

	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17
Mkt. Val. Portfolio With Support Fund	\$1,163.08	\$1,207.05	\$1,311.63	\$1,334.92	\$1,369.79	\$1,416.85
Mkt. Value of Permanent Fund	\$1,129.93	\$1,153.02	\$1,264.48	\$1,283.78	\$1,326.85	\$1,375.54
Unrealized Gains And Losses	\$69.10	\$67.34	\$95.81	\$0.28	\$104.58	\$140.26
Average Maturity	7.05 Yrs	6.99 Yrs	8.09 Yrs	7.79 Yrs	6.18 Yrs	5.49 Yrs
Average Coupon	4.20%	3.99%	3.69%	3.82%	3.79%	3.50%
Total Amount Rate Of Return	6.68%	5.80%	11.35%	3.94%	5.47%	6.39%

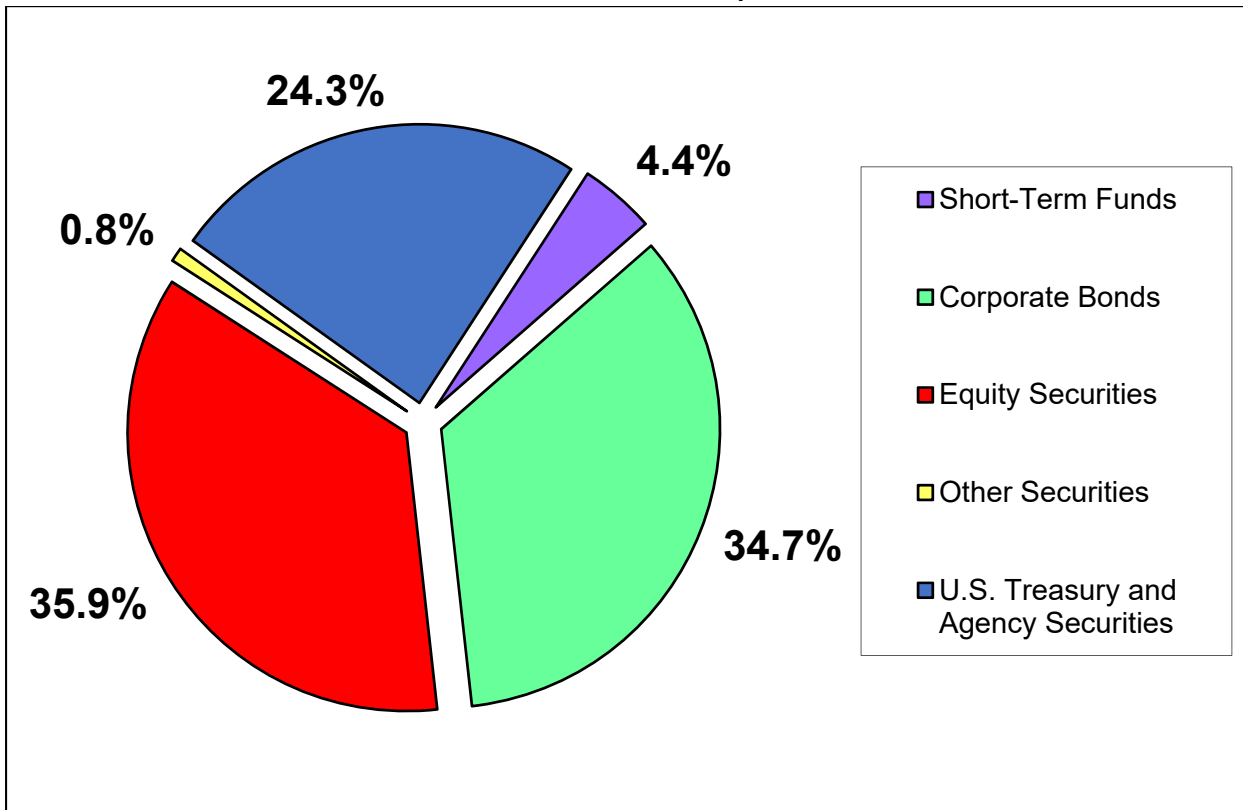
\* In \$ Millions



### Asset Allocation Table

	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17
Short-Term Funds	3.7%	2.4%	2.0%	5.1%	7.3%	4.4%
U.S. Treasury and Agency Securities	21.4%	16.4%	22.4%	19.4%	20.8%	24.2%
Mortgage-Backed Securities	0.6%	0.4%	0.3%	0.2%	0.2%	0.1%
Corporate Bonds	50.0%	47.7%	38.6%	37.1%	35.2%	34.7%
Equity Securities	23.8%	32.6%	36.1%	37.3%	35.6%	35.9%
Other Securities	0.5%	0.5%	0.6%	0.9%	0.9%	0.8%

### Portfolio Asset Allocation as Of June 30th, 2017





## Growth of Market Value & Cumulative Allocations to BESE & Regents

	LEQTF Market Value	Support Fund
FY 86-87	\$540	\$21.52
FY 87-88	\$578	\$60.86
FY 88-89	\$615	\$103.89
FY 89-90	\$604	\$147.32
FY 90-91	\$670	\$198.09
FY 91-92	\$728	\$251.82
FY 92-93	\$779	\$308.88
FY 93-94	\$730	\$370.47
FY 94-95	\$778	\$442.92
FY 95-96	\$775	\$494.47
FY 96-97	\$832	\$554.23
FY 97-98	\$891	\$613.26
FY 98-99	\$895	\$670.43
FY 99-00	\$898	\$726.13
FY 00-01	\$909	\$792.82
FY 01-02	\$888	\$844.06
FY 02-03	\$953	\$896.09
FY 03-04	\$1,005	\$960.85
FY 04-05	\$1,027	\$1,029.44
FY 05-06	\$1,042	\$1,093.16
FY 06-07	\$1,109	\$1,158.39
FY 07-08	\$1,058	\$1,226.16
FY 08-09	\$960	\$1,295.19
FY 09-10	\$1,059	\$1,345.77
FY 10-11	\$1,118	\$1,392.83
FY 11-12	\$1,163	\$1,440.22
FY 12-13	\$1,207	\$1,498.23
FY 13-14	\$1,311	\$1,557.04
FY 14-15	\$1,335	\$1,599.38
FY 15-16	\$1,370	\$1,639.63
<b>FY 16-17</b>	<b>\$1,417</b>	<b>\$1,684.06</b>

\* In \$ Millions





## LEQTF Data for Fiscal Year 2017 State of Louisiana Comprehensive Annual Financial Report

	COST VALUE	MARKET VALUE	UNREALIZED GAIN/LOSS
Cash & Equivalents	62,315,862.51	62,315,862.51	-
Common Stock	100,854,732.55	138,032,842.68	37,178,110.13
Corporate Securities	456,641,670.81	480,880,360.60	24,238,689.79
Government Sponsored Entity Securities	330,138,312.37	325,760,585.44	(4,377,726.93)
Mutual Fund Securities	287,685,823.48	369,777,297.25	82,091,473.77
Non U.S. Sovereign Securities	11,500,000.00	11,467,050.00	(32,950.00)
Preferred Securities	5,098,000.00	6,140,800.00	1,042,800.00
U.S. Government Securities	14,888,671.88	15,012,900.00	124,228.12
Total	1,269,123,073.60	1,409,387,698.48	140,264,624.88
Ending Accrued Interest	7,310,568.45	7,310,568.45	
Total With Accrued Interest	1,276,433,642.05	1,416,698,266.93	



## Louisiana Board of Elementary and Secondary Education FY 2016-2017

### Program Funding

BESE allocates earnings from the Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund - 8(g) on an annual basis for the enhancement of elementary and secondary education. The annual program and budget for the allocation of 8(g) funds is developed in compliance with activities delineated in the 8(g) Policies and Procedures Manual (Title 28: Bulletin 921) and according to the BESE Strategic Plan. Projects are selected, and the budget is weighted based on conformity to the education purposes set forth in the Constitution. The emphasis is reflected in the method of allocation selected. Administrative costs associated with managing the funds are limited to 3 percent of the average amount of actual expenditures for the three most recent prior fiscal years.

BESE and the 8(g) staff operate within three fiscal years and oversee all activities for the 8(g) Student Enhancement Block Grant Program and the 8(g) Statewide Grant Program. During the current year of project implementation, the BESE 8(g) office begins building the annual program and budget for the upcoming fiscal year and oversees the fiscal monitoring (audits) of projects implemented in the previous fiscal year.

When building the 8(g) Annual Program and Budget, BESE follows a set process. Each year, a public hearing is held to receive input from the public-at-large regarding the expenditure of Support Fund proceeds for elementary and secondary education. Next, the 8(g) Advisory Council, comprised of educators and administrators from all levels, as well as representatives of business, labor, the Parent Teacher Association, and the Legislature, is convened to review the minutes from the public hearing and to recommend priorities, as well as the percentage of the total funding to be used for each funding method (Block and Statewide) to the Board. Also, BESE requests statewide project budget projections for review and analysis by Board staff and receives the 8(g) Annual Report of prior year projects, including evaluation results and expenditures, to determine cost effectiveness and project impact.

BESE awards grants on an annual basis, using funding methods such as block, competitive, and statewide grants – and focuses its endowments on improving classroom teaching and learning. Local schools and school systems submit project proposals that are written according to published guidelines and funded through a review process. Through innovative programming, BESE strives to:

- Build expectations of academic excellence;
- Require accountability of performance;
- Provide superior instruction/state-of-the-art technology; and
- Enhance educational leadership.

#### BESE 8(g) 1986-2017 Funding Overview

- More than 8,000 projects since 1986
- More than \$926 million allocated since 1986



### **Constitutional Categories:**

BESE is constitutionally mandated to allocate funds for any or all of the following purposes:

- To provide compensation to city or parish school board professional instructional employees;
- To ensure an adequate supply of superior textbooks, library books, equipment, and other instructional materials;
- To fund exemplary programs in elementary or secondary schools designed to improve elementary or secondary student academic achievement or vocational-technical skill;
- To fund carefully defined research efforts, including pilot programs, designed to improve elementary and secondary student academic achievement;
- To fund school remediation programs and preschool programs;
- To fund teaching of foreign languages in elementary and secondary schools; and
- To fund an adequate supply of teachers by providing scholarships or stipends to prospective teachers in academic or vocational-technical areas where there is a critical teacher shortage.

### **2015-2019 BESE Strategic Plan Goals:**

- Expand high-quality Pre-K-12 college and career-ready pathways that align to workforce demands;
- Develop a talent system that recruits, prepares, supports, retains, and continuously builds the capacity of teachers and leaders to ensure student success;
- Maintain a system of high-quality and accountable educational options for students and families; and
- Use limited resources in the most strategic and equitable ways possible to increase and support student achievement.

### **2016-2017 Priority Areas:**

- High-Quality Early Childhood Education;
- College and Career Readiness;
- Teacher and Leadership Development; and
- Technology and Innovation

Since 1988, BESE 8(g) has funded more than \$219 million in pre-kindergarten programs

### **Student Enhancement Block Grant Program**

The Elementary/Secondary Block Grant Program provides funds for projects that serve as catalysts for student academic or vocational technical skill improvement. Participants select from designated focus areas in accordance with local priorities. Eligible participants are limited to public and nonpublic



systems, public independent schools, and nonpublic independent schools meeting eligibility requirements.

Block grant guidelines and application packets are published each year in the spring, and proposals are submitted for BESE approval in the fall of each year. Based on a per pupil allocation, eligible systems and schools receive block grant funding according to enrollment figures taken from the previous year. Agencies may apply for block grant funds for any Board-focused project for up to four consecutive years.

Annually, selected block grant projects are evaluated by independent evaluators, who have been selected by BESE. Evaluators conduct site visit reports of designated schools receiving funding by assessing the strengths and weaknesses of the project design as well as the impact on student learning.

### **Statewide Grant Programs**

The statewide programs are administered by state agencies, generally the Louisiana Department of Education (LDE), in order to provide goods (such as equipment), services (such as staff development), or flow-through dollars to schools or school systems. The programs target specific participants and/or focus on common goals determined by the administering agency. Some statewide programs are implemented on a pilot basis via selected sites, while others impact large numbers of schools and students throughout Louisiana.

Each year BESE allocates a percentage of the overall 8(g) budget for the statewide grant programs, and the program design and budgets are approved by BESE. The agencies administering the Statewide Programs have an individual and particular system for funding, as well as identifying and notifying participants. Districts or independent schools apply directly to these agencies for program guidelines and funding methods.

Annually, independent evaluators, selected by BESE, conduct visits to local program sites around the state. Evaluators interview teachers, administrators, and central office supervisors to determine how well the program is operating and whether the program is meeting specific performance objectives.

### **BESE 8(g) Funded Program Summary**

**Total 2016-2017 Allocation: \$22,325,000**

145	Student Enhancement Block
10	Statewide
<b>155</b>	<b>Total Grants</b>



### **Student Enhancement Block Project Results**

8(g) Program Evaluators conducted site visits and overall project evaluations for assigned projects, using forms and procedures prescribed by the BESE - 8(g) office. Projects were evaluated in six categories:

- Purpose
- Activities
- Personnel
- Resources
- Objectives and Evaluation
- Results.

All projects submit an End of Year Report of results to the BESE - 8(g) office. After reviewing the End of Year Reports, program evaluators assign final evaluation scores out of a possible 150 points.

Block projects receiving a final evaluation score of below 100 for two consecutive years are ineligible to receive continued funding. For projects scoring below 100, the agency is required to submit a written explanation of implementation problems and a plan for corrective action.

### **Statewide Program Results**

Each project submits an End of Year Report regarding results to the BESE - 8(g) office, detailing the regions served, as well as the number of participating school districts, public, and nonpublic schools.

8(g) Program Evaluators conduct site visits and overall program evaluations for assigned programs using forms and procedures prescribed by the BESE - 8(g) Office.

Programs are evaluated in six categories:

- Participants
- Personnel
- Activities
- Constitutional Category
- Objectives and Evaluation
- Results.

After reviewing the End of Year Reports, Program Evaluators assign final evaluation scores with a maximum of 150 points possible. Evaluators also offer program observations and recommendations based on the overall evaluation of the programs.





## Board of Regents Support Fund Overview Funded Programs and Investments, 1987-2017

### Overview

Now operational for 30 years, the Board of Regents Support Fund (BoRSF) has provided approximately \$900 million to public and independent campuses across Louisiana to meet its twin goals of enhancing the quality of post-secondary education and fostering economic development. Four constitutionally mandated strategies govern the allocation and expenditure of BoRSF funds: enhancement of academic, research and agricultural departments and units; carefully defined research efforts; endowment of chairs for eminent scholars; and recruitment of superior graduate students. Currently 42 campuses are eligible to compete for funding, and all have received BoRSF support through one or more programs.

### Statewide Results

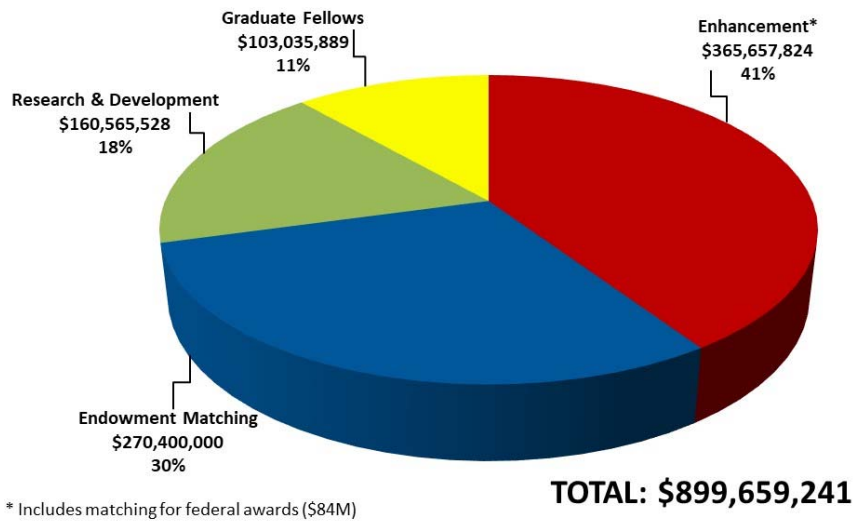
- BoRSF funds have helped campuses to secure **research and educational infrastructure, cutting-edge equipment, student training opportunities, and support for superior faculty** across all postsecondary levels.
- Approximately **90% of all BoRSF dollars** have been expended for science, technology, engineering, and mathematics (STEM) projects.
- External funding agencies have awarded **more than 3,250 grants and contracts** to Louisiana higher education institutions as a direct result of BoRSF investments, yielding a rate of return during the life of the award of more than \$1.50 per BoRSF dollar expended. Significantly higher returns have been generated from grants received after BoRSF funding has ended.
- **Endowed funds, inclusive of non-State and BoRSF contributions, total almost \$1 billion** in market value and comprise **more than 3,000 scholarship and faculty accounts**. The Support Fund's share of endowment contributions makes it the **largest single donor to higher education** in the State.
- BoRSF research has led to **filing of almost 500 patents** during the life of the awards.
- **Expanded multi-campus collaborations** have increased competitiveness for federal R&D money.

### Programs & Subprograms





**BoRSF ALLOCATIONS BY PROGRAM:  
FYs 1986-87 THROUGH 2016-17**



**Endowment Matching**

Through the endowment matching programs, Board of Regents Support Fund dollars are paired with a non-State donation to establish an endowed fund in support of students or faculty members in targeted academic programs. The purpose is to use income generated from the endowment in perpetuity to support the goals and objectives of the endowed fund as defined by the Support Fund and the non-state donor.

- The **Endowed Chairs for Eminent Scholars Program** was established in 1988 to leverage private-sector contributions and attract eminent scholars to Louisiana. A minimum \$600,000 contribution of private funds is required, to be matched with \$400,000 from the BoRSF to create a minimum \$1 million endowed chair. The same private funds: BoRSF ratio can be used to endow chairs at higher endowment levels, in increments of \$1 million. Since its inception, the Endowed Chairs for Eminent Scholars Program has awarded in excess of \$148 million in matching funds to establish 311 chairs at 25 campuses across the State. Of the 311 total chairs established, 51 have been matched at the \$2 million level, three at \$3 million, and one at \$4 million.
- **Endowed Professorships**, added to the Support Fund in 1990-91, establishes faculty endowment funds for campuses to recruit or retain faculty whose research, teaching, and public service uniquely contribute to the mission of their departments and institutions. To date, matching has been provided for 2,397 Endowed Professorships at 39 campuses.



- **Endowed Superior Graduate Student Scholarships**, introduced in FY 2015-16, establish permanent scholarship funds to support graduate and professional education at all levels, particularly in priority areas for the State. Since the program's introduction, 83 scholarships have been established at seven campuses, either through direct match through a competitive review or conversion from other BoRSF-matched endowment types.
- **First-Generation Endowed Undergraduate Scholarships**, a non-competitive program established in FY 2007-08, endows scholarships in support of undergraduate students who are the first in their families to attend college. The program has been suspended due to declining revenues in the Support Fund, but prior to the current fiscal year matched 179 First-Generation Undergraduate Scholarships at 23 campuses.
- The **BoRSF Endowed: Two-Year Student Workforce Scholarships**, a fully competitive program first funded in FY 2015-16, enables community and community-technical colleges to build an inventory of endowed scholarships specifically targeting degree and certificate programs contributing to Louisiana's highest priority workforce needs. In the first two years, 41 slots have been matched at 14 eligible campuses.

### **Recruitment of Superior Graduate Students**

The Recruitment of Superior Graduate Students Program is designed to help attract students of superior ability to Louisiana master's and doctoral programs, and encourage top graduates from the State's higher education institutions to pursue advanced degrees. It has consisted of two competitive subprograms offering full fellowships, though recent declines in resources have led to the suspension of set-aside funding for these initiatives beginning in FY 2017-18. Fellowship support may still be requested through the Support Fund, as a component of a Departmental Enhancement award. In addition, the Endowed Superior Graduate Student Scholarships subprogram, described as part of the endowment programs, gives campuses the opportunity to leverage BoRSF dollars to establish permanent student support for their graduate programs on a competitive basis.



## Research & Development

The Research and Development Program provides competitive grants for basic and applied research projects with the potential to contribute to the knowledge base and the State's economic development. Awards are made in three subprograms:

- The **Research Competitiveness Subprogram (RCS)** is a stimulus program directed toward researchers at the threshold of becoming competitive in the Federal R&D marketplace. It is designed to assist eligible researchers in overcoming barriers that have prevented them from competing successfully at the national level for R&D funds. A one-year component of RCS includes opportunities for faculty with specific short-term research needs to prepare for federal funding competitions.
- The **Industrial Ties Research Subprogram (ITRS)** funds applied research with significant near-term potential for contributing to the development and diversification of the Louisiana economy. Accordingly, all proposals and funded projects must demonstrate strong interest from and continued involvement by the private sector and/or non-State public agencies. A component within ITRS, the Proof-of-Concept/Prototype Initiative, funded initially in FY 2015-16, targets work needed to prepare campus-based research innovations for the marketplace.
- The **Awards to Louisiana Artists and Scholars (ATLAS) Subprogram** provides support for major scholarly and artistic productions with potential to have a broad impact on a regional, national, and/or international level. ATLAS awards facilitate the completion of manuscripts for publication and the mounting of creative productions including recordings, performances, and gallery exhibitions.

Since 1987, the Board has invested \$160.6 million in approximately 1,700 R&D projects across 23 campuses. All R&D components are competitive and engage the services of out-of-state consultants to review and make recommendations relative to proposals submitted for consideration.

## Enhancement

The Enhancement component supports the broadest range of activities in the Support Fund. Through Enhancement, the BoRSF operates competitive programs for departments and units and matching for federal awards. Three endowment matching programs – Professorships, First-Generation Scholarships, and Workforce Scholarships – are budgeted in Enhancement but described as part of the BoRSF endowment programs.

- **Departmental Enhancement** is a competitive program which provides opportunities to improve the quality of academic departments or units in all disciplines and at all academic levels, thus enhancing the infrastructure of individual institutions and the capacity of higher education across the State. Emphasis is on the purchase of instructional and research equipment, although other types of enhancements are allowed. Proposals, reviewed by teams of out-of-state experts, are judged principally on the value and potential impact of proposed enhancements. Approximately 3,200 competitive Enhancement projects have been funded since 1987, and the program was



recently restructured to emphasize priority areas at all educational levels across campuses' three core missions related to education and economic development: research, education, and workforce development.

- **Federal Matching** leverages Support Fund monies to compete for funds from federal research programs, particularly through the Experimental Program to Stimulate Competitive Research (EPSCoR). The Board has also matched Enhancement monies to obtain federal grants that implement and sustain statewide education reform efforts. Between 1987 and 2017, programs across eight federal agencies awarded more than \$385 million to joint federal/State initiatives, for which the BoRSF provided match of \$90 million.

As the most inclusive program, Enhancement represents the largest investment of BoRSF monies, committing \$365.7 million over three decades – 41% of all Support Fund monies available – to fund thousands of competitive projects and federal matching opportunities across eligible campuses statewide.



**State of Louisiana**  
**Department of the Treasury**

**John M. Schroder**  
State Treasurer

**John J. Broussard**  
Chief Investment Officer

**Amy Mathews**  
State Treasury Investment Officer II