

RÉSUMÉ DIGEST

ACT 359 (HB 766)

2015 Regular Session

Adams

Existing law authorizes public postsecondary education institutions that meet certain conditions to be granted various exemptions and exceptions from state regulations of their operations (operational autonomies).

Prior law provided that operational autonomies would be granted if the institution met established targets for performance objectives as applicable to the institution. Such objectives were to be established in an agreement with the Bd. of Regents and were categorized relative to student success, articulation and transfer, workforce and economic development, and institutional efficiency and accountability. Prior law provided for various levels of autonomy subject to additional stipulations.

New law provides instead that the division of administration shall approve the exercise of operational autonomies by an institution until July 1, 2020, if the institution's management board approves the exercise of autonomies by any institution in the system and one of the following conditions is met:

- (1) The institution is in a system that received, for its most recent audit, a financial audit with an unmodified opinion, where the financial statements were free of material misstatements and material weaknesses, and the financial position, results of operations, and cash flows were represented fairly in accordance with Generally Accepted Accounting Principles.
- (2) The institution is in a system that did not meet (1) above, but the institution was not responsible for the finding of noncompliance at the system level.

New law provides that if an institution with the authority to exercise operational autonomies subsequently receives a financial audit with a material weakness, it shall lose such authority unless it develops and implements a corrective action plan and demonstrates to the management board that the necessary corrective actions have been taken within six months after the audit finding was reported.

New law retains, modifies, or removes operational autonomies as follows:

- (1) Existing law authorizes an institution to retain funds which are unexpended and unobligated at the end of the fiscal year for use at the institution's discretion. Prior law provided that such authority was subject to review and approval of the Joint Legislative Committee on the Budget. New law removes the requirement for such review and approval.
- (2) Existing law authorizes an institution to dispose of obsolete equipment, excluding vehicles and items deemed by federal law to be of a dangerous nature. Prior law provided that the original acquisition value of the equipment could not exceed \$5,000. New law removes the value limit and requires that the postsecondary management board provide certification to the division of administration that electronic devices are sanitized of any personally identifiable information.
- (3) Prior law authorized the exclusion of positions fully funded by nonappropriated funds from the institution's table of organization. New law authorizes the division of administration to exclude the institution as a whole from any table of organization.
- (4) Existing law authorizes exemption from participation in the state's risk management program. New law adds a requirement that the division of administration determine that the institution or management board has the capacity to manage its own risk as a condition for this exemption.
- (5) Existing law generally authorizes an institution to administer facilities projects funded with self-generated revenue, federal funds, donations, grants, or revenue bonds.

- (6) Prior law provided for pilot procurement codes as an alternative to the state procurement code. New law authorizes adoption of a higher education procurement code which has been developed by LSU.
- (7) Existing law authorizes investment of certain funds in governmental or public corporation bonds. New law additionally authorizes investment of funds in municipal bonds.
- (8) New law removes the following prior law autonomies:
 - (a) To execute contracts up to a value of \$49,999 within a 12-month period in accordance with the delegation of authority by the office of state procurement.
 - (b) To be excluded from oversight or review by the office of information technology for purchases for research or instructional purposes.
 - (c) To join a not-for-profit cooperative buying organization and to procure materials, supplies, equipment, and services through purchasing agreements established by such an organization under specified conditions.
 - (d) To directly administer certain minor facility capital outlay projects without oversight or control by the office of facility planning and control.
 - (e) To use reverse auctions.
 - (f) For the director of purchasing to make a determination to use a competitive request for proposal process pursuant to existing law without the approval of the commissioner of administration or the director of state purchasing.

Existing law provides that the exemption from participation in the state's risk management program does not alter the authority of the attorney general and the Dept. of Justice to represent state agencies in litigation arising out of tort or contract. New law provides similarly with respect to all autonomies granted by existing law and new law.

Effective upon signature of governor (June 29, 2015).

(Amends R.S. 17:3139.2(intro. para.), 3139.5, and 3139.6(1))