

# THE KEVIN P. REILLY, SR. LOUISIANA EDUCATION QUALITY TRUST FUND

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## 2019 ANNUAL REPORT



# THE 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: The Louisiana State Board of Elementary and Secondary Education (BESE) for Prekindergarten through 12th grade and the Louisiana Board of Regents (Regents) for 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



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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

2019

- LEQTF investments market value reaches \$1.503 Billion
- Total allocations to BESE & Regents through the Support Fund exceeds \$1.763 Billion

## Annual and Cumulative Allocations

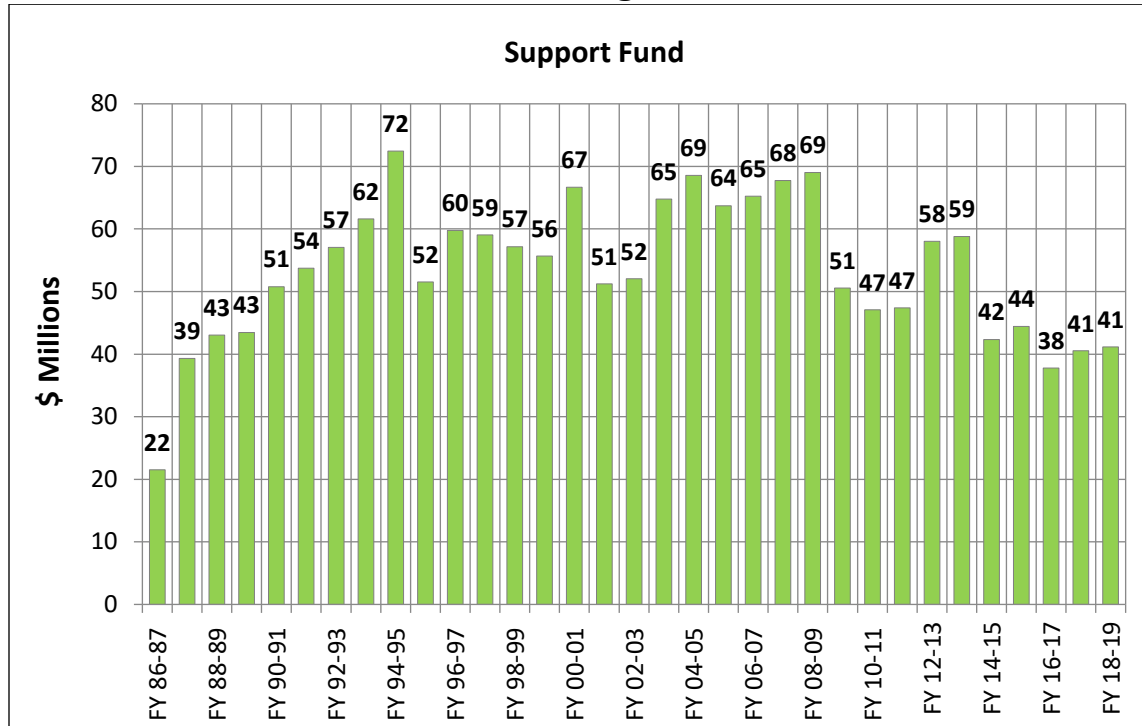
The Treasury invests the LEQTF in order to preserve the fund's capital, enhance its market value and provide a stable and predictable income. The Treasury's guiding principle for LEQTF investments is to maximize taxpayers' benefits for years to come.

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.

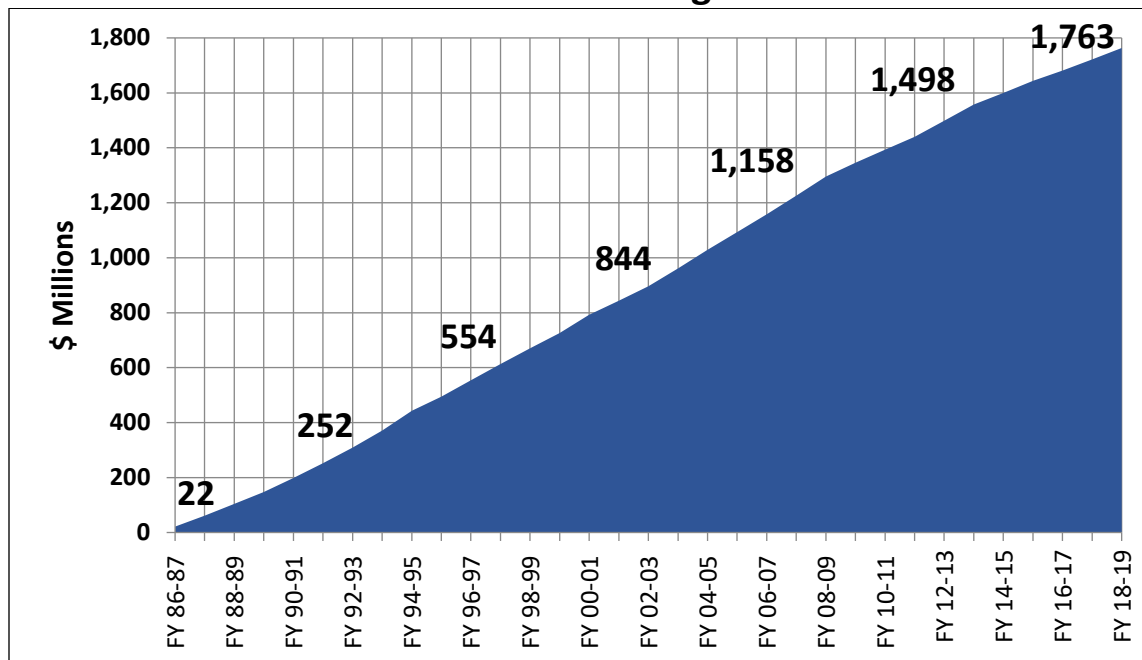
The LEQTF allocated \$20.706 Million to Regents and \$20.454 Million to BESE for Fiscal Year 2018-2019 (FY 2019). Over the life of the LEQTF, it has allocated a total of \$1.763 Billion to these two agencies, making it a stable source of revenue for a variety of educational enhancements and opportunities for Louisiana students at every level of education.

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## Annual Allocations to BESE and Regents



## Cumulative Allocations to BESE and Regents



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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 2019, the LEQTF earned a total of \$69.044 Million in income from all sources, which includes interest, dividends, securities lending, capital gains/losses and royalty income. For FY 2019, the total income from all investment sources (interest, dividends, securities lending and capital gains/losses, excluding royalties) was \$64.342 Million.

As stated earlier, 75 percent of these earnings is credited to the Support Fund and 25 percent is reinvested in the Permanent Fund. Investment income from interest, dividends and securities lending allocated to the Support Fund totaled \$31.982 Million, while investment income allocated to the Permanent Fund totaled \$10.660 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 2019 totaled \$30.619 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 2019 was \$11.929 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 2019, the LEQTF earned \$95,264 in additional income through the securities lending program.

## Capital Gains/Losses

For FY 2019, the LEQTF experienced \$21.700 Million in capital gains during the year from the sale of assets. Of these gains, the Support Fund realized 25 percent or \$5.425 Million of all capital gains or losses, and the Permanent Fund realized 75 percent or \$16.275 Million.

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## Royalties

Income from royalties in FY 2019 was \$4.702 Million, which is derived 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 2018 the income from royalties was \$6.5 Million and has averaged about \$20.01 Million annually 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. The total market value plus accrued interest of the trust fund is currently \$1.503 Billion. The current market value of the Permanent Fund is \$1.466 Billion.

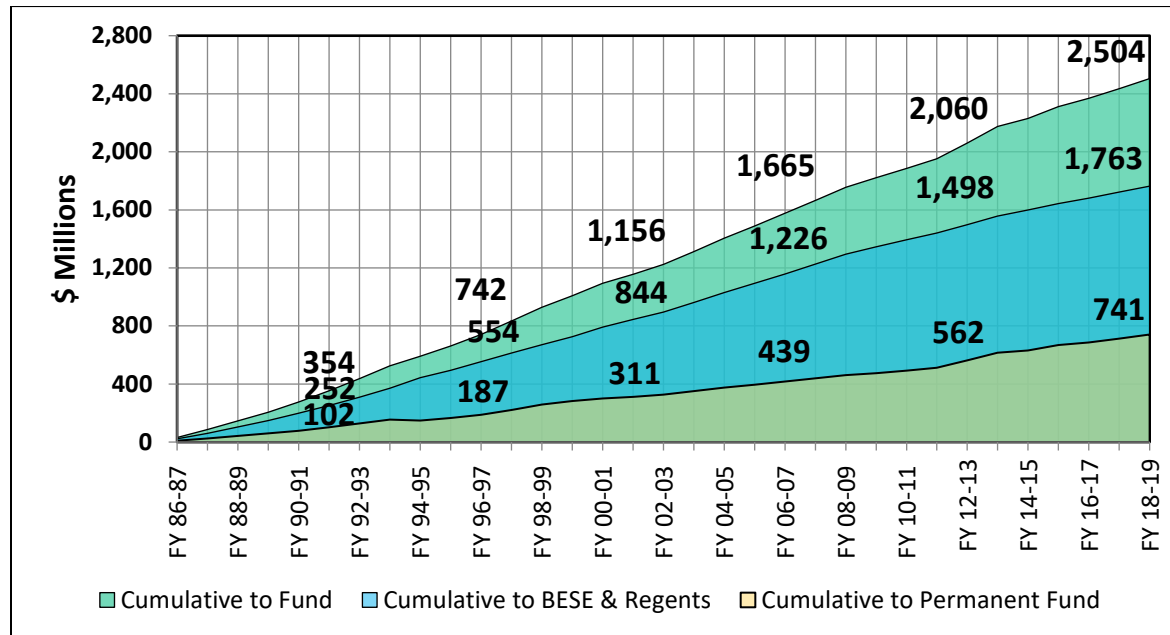
## History of Income from All Sources and Annual Allocations \*

	Total From Investments	Total From Royalties	Total to Fund	Permanent Fund	Support Fund	Allocation to Regents	Allocation to BESE
<b>Fiscal Year 18-19</b>	<b>\$64.34</b>	<b>\$4.70</b>	<b>\$69.04</b>	<b>\$27.89</b>	<b>\$41.16</b>	<b>\$20.71</b>	<b>\$20.45</b>
Avg Since Inception	\$55.80	\$20.09	\$75.89	\$22.46	\$53.43	\$26.64	\$26.52
5 Yr Average	\$57.89	\$8.32	\$66.21	\$24.96	\$41.25	\$20.52	\$20.39
10 Yr Average	\$59.88	\$14.94	\$74.82	\$28.00	\$46.81	\$23.42	\$23.16
15 Yr Average	\$58.67	\$20.83	\$79.50	\$26.00	\$53.50	\$26.63	\$26.41
20 Yr Average	\$56.66	\$22.09	\$78.75	\$24.10	\$54.64	\$27.22	\$27.02
25 Yr Average	\$57.51	\$21.70	\$79.21	\$23.49	\$55.71	\$27.76	\$27.60
Max	\$92.71	\$38.02	\$113.35	\$54.54	\$72.45	\$36.22	\$36.22
Min	\$20.83	\$4.70	\$31.21	-\$4.85	\$21.52	\$10.76	\$10.76
<b>Total Since Inception</b>	<b>\$1,841.3</b>	<b>\$663.1</b>	<b>\$2,504.4</b>	<b>\$741.0</b>	<b>\$1,763.3</b>	<b>\$879.3</b>	<b>\$875.2</b>

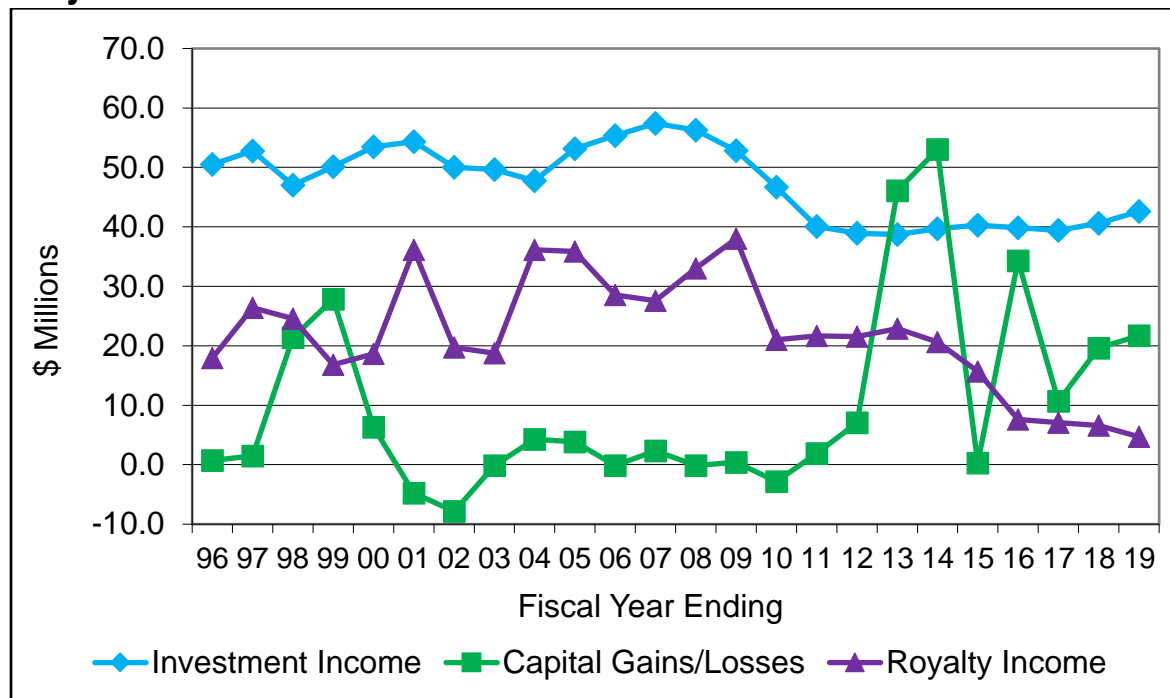
\* In \$ Millions

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## Cumulative Allocations to Fund



## Major Sources of Income



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## Major Sources of Income

	Investment Income	Capital Gains & Losses	Royalty Income
<b>Fiscal Year 18-19</b>	<b>\$42.64</b>	<b>\$21.70</b>	<b>\$4.70</b>
Avg Since Inception	\$47.46	\$8.34	\$20.09
5 Yr Average	\$40.57	\$17.32	\$8.32
10 Yr Average	\$40.69	\$19.19	\$14.94
15 Yr Average	\$45.46	\$13.21	\$20.83
20 Yr Average	\$46.86	\$9.80	\$22.09
25 Yr Average	\$47.62	\$9.89	\$21.70
Max	\$64.25	\$53.02	\$38.02
Min	\$20.83	-\$7.86	\$4.70
<b>Total Since Inception</b>	<b>\$1,566.02</b>	<b>\$275.30</b>	<b>\$663.13</b>

\* In \$ Millions

## History of Investment Income

	Interest Income	Securities Lending Income	Dividend Income	Gains & Losses	Total Investment Income
<b>Fiscal Year 18-19</b>	<b>\$30.62</b>	<b>\$0.10</b>	<b>\$11.93</b>	<b>\$21.70</b>	<b>\$64.34</b>
Avg Since Inception	\$34.68	\$0.14	\$4.48	\$8.34	\$55.80
5 Yr Average	\$28.43	\$0.24	\$11.89	\$17.32	\$57.89
10 Yr Average	\$31.07	\$0.23	\$9.39	\$19.19	\$59.88
15 Yr Average	\$36.43	\$0.18	\$8.84	\$13.21	\$58.67
20 Yr Average	\$39.59	\$0.16	\$7.11	\$9.80	\$56.66
25 Yr Average	\$41.55	\$0.16	\$5.91	\$9.89	\$57.51
Max	\$54.92	\$0.44	\$12.11	\$53.02	\$92.71
Min	\$27.09	\$0.03	\$0.45	-\$7.86	\$20.83
<b>Total Since Inception</b>	<b>\$1,144.31</b>	<b>\$4.75</b>	<b>\$147.76</b>	<b>\$275.30</b>	<b>\$1,841.32</b>

\* In \$ Millions

## LEQTF Investments Performance Comparison

The total return for the LEQTF in Fiscal Year 2019 was 6.98 percent. The LEQTF legislative benchmarks are the 30-day Treasury Bill and the Two-year Treasury Note. The 30-day Treasury Bill returned 2.28 percent and the Two-year Treasury Note returned 3.94 percent.

For FY 2019, the LEQTF bond portfolio earned a total rate of return of 6.10 percent, while the Barclays Government/Credit bond index, the portfolio's internal fixed income benchmark, earned 6.93 percent. Total rate of return includes both interest income and capital appreciation. However, the LEQTF's bond portfolio is managed to maximize investment income for its



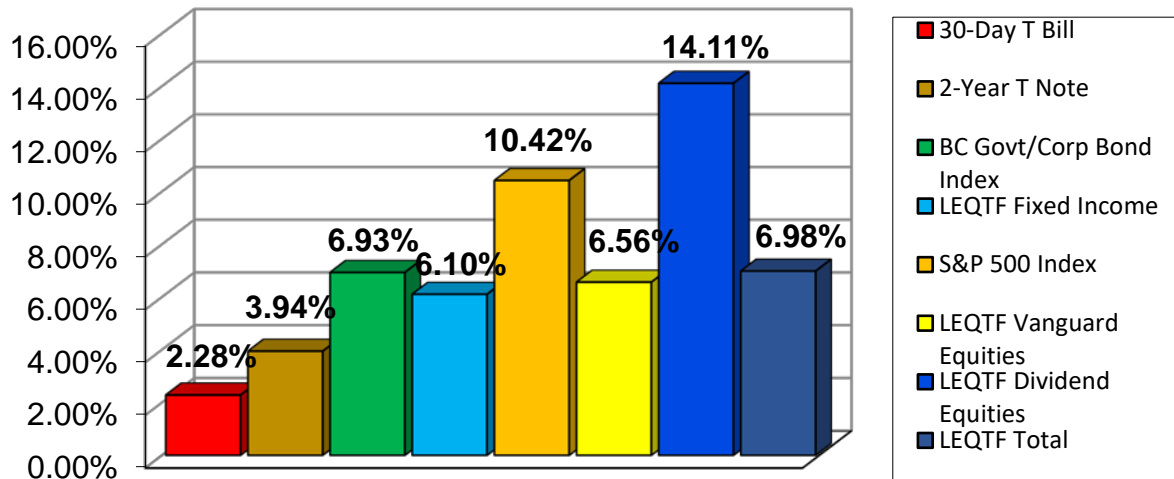
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beneficiaries. LEQTF Vanguard equity investments returned 6.56 percent for the fiscal year and the LEQTF equity dividend investments returned 14.11 percent. In U.S. domestic equities, the S&P 500 index returned 10.42 percent, and the total equity market, as measured by the Wilshire 5000 index, had a total return of 9.09 percent. The International Market, as measured by the MSCI-ACWI xUS, had a total return of 1.80 percent during FY 2019.

## LEQTF Portfolio Performance for Fiscal Year 2019

Portfolio/Benchmark	30-Day T-Bill	2-Year T-Note	BC Govt/Corp Bond Index	LEQTF Fixed Income (Bonds)	S&P 500 Index	LEQTF Vanguard Equities	LEQTF Dividend Equities	LEQTF Total
Percent Return	2.28%	3.94%	6.93%	6.10%	10.42%	6.56%	14.11%	6.98%

## LEQTF vs. Benchmarks Graph



## LEQTF Portfolio 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 18-19</b>	<b>6.10%</b>	<b>6.93%</b>	<b>6.56%</b>	<b>10.42%</b>	<b>14.11%</b>	<b>6.98%</b>	<b>2.28%</b>	<b>3.94%</b>
FY 17-18	0.63%	-0.58%	12.58%	14.37%	12.58%	4.42%	1.27%	2.54%
FY 16-17	1.44%	-0.21%	18.81%	17.90%	8.18%	6.39%	0.47%	1.07%
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%

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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

	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19
Mkt. Val. Portfolio With Support Fund	\$1,207.05	\$1,311.63	\$1,334.92	\$1,369.79	\$1,416.85	\$1,440.80	\$1,502.65
Mkt. Value of Permanent Fund	\$1,153.02	\$1,264.48	\$1,283.78	\$1,326.85	\$1,375.54	\$1,404.73	\$1,457.04
Unrealized Gains And Losses	\$67.34	\$95.81	\$0.28	\$104.58	\$140.26	\$142.29	\$177.28
Average Maturity	6.99 Yrs	8.09 Yrs	7.79 Yrs	6.18 Yrs	5.49 Yrs	4.60 Yrs	5.21 Yrs
Average Coupon	3.99%	3.69%	3.82%	3.79%	3.50%	3.34%	3.39%
Total Rate Of Return	5.80%	11.35%	3.94%	5.47%	6.39%	0.63%	6.98%

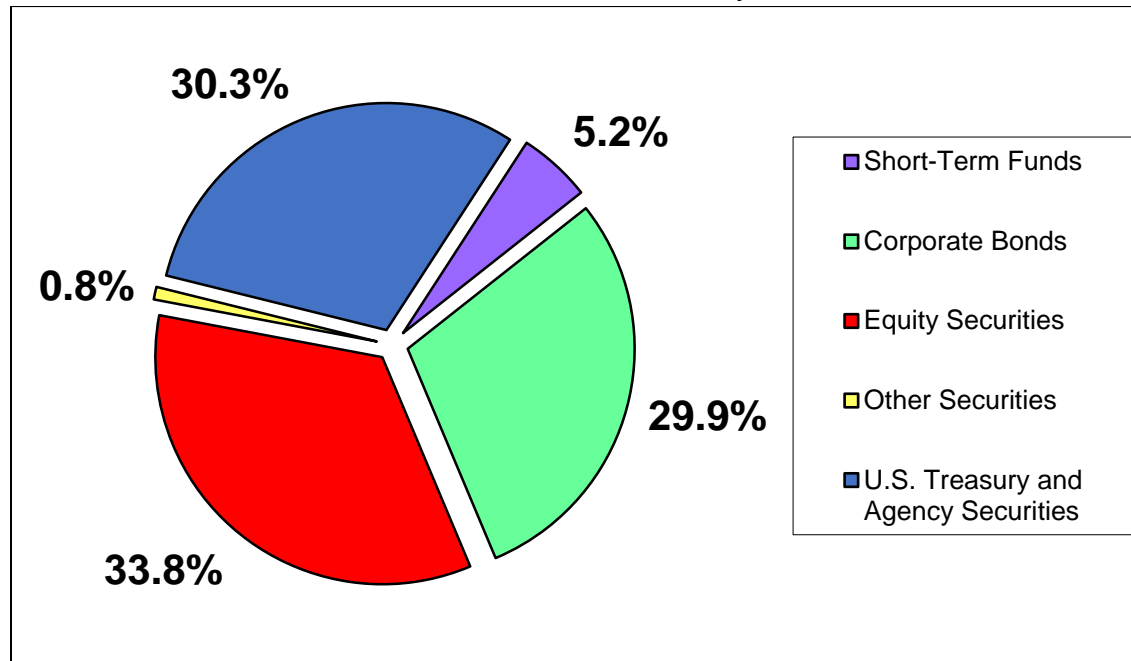
\* In \$ Millions

## Asset Allocation Table

	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19
Short-Term Funds	2.0%	5.1%	7.3%	4.4%	5.8%	5.2%
U.S. Treasury and Agency Securities	22.4%	19.4%	20.8%	24.2%	25.9%	30.3%
Mortgage-Backed Securities	0.3%	0.2%	0.2%	0.1%		
Corporate Bonds	38.6%	37.1%	35.2%	34.7%	32.2%	29.9%
Equity Securities	36.1%	37.3%	35.6%	35.9%	34.8%	33.8%
Other Securities	0.6%	0.9%	0.9%	0.8%	1.3%	0.8%

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## Portfolio Asset Allocation as of June 30th, 2019



## LEQTF Allocation Performance vs. Internal Benchmark Performance

Portfolio Investments	\$ Millions	Portfolio % Allocation	Portfolio Return	Benchmark	Benchmark Return
Vanguard Total Intn'l Index	101.9	6.78%	<b>0.68%</b>	MSCI ACWI ex US	<b>1.80%</b>
Vanguard Total U.S. Index	265.0	17.64%	<b>9.01%</b>	Wilshire 5000	<b>9.09%</b>
Dividend Stocks	141.1	9.39%	<b>14.11%</b>	Dow Jones US Dividend	<b>5.80%</b>
Fixed Income	994.5	66.19%	<b>6.10%</b>	Barclays Gov'n't/Credit	<b>6.81%</b>
Total Portfolio	1,503	100.00%	<b>6.98%</b>	Blended Benchmark	<b>6.78%</b>

## Growth of Market Value & Investment Income

	LEQTF Market Value	Revenue From Investments	Investment Cash Yield
<b>Fiscal Year 18-19</b>	<b>\$1,503</b>	<b>\$64.34</b>	<b>4.28%</b>
<b>Fiscal Year 86-87</b>	<b>\$540</b>	<b>\$20.83</b>	<b>3.86%</b>
Avg Since Inception	\$975	\$55.80	5.98%
5 Yr Average	\$1,413	\$57.89	4.09%
10 Yr Average	\$1,292	\$59.88	4.64%
15 Yr Average	\$1,208	\$58.67	4.90%
20 Yr Average	\$1,139	\$56.66	5.04%
25 Yr Average	\$1,078	\$57.51	5.48%
Max	\$1,503	\$92.71	9.17%
Min	\$540	\$20.83	3.04%

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## Kevin P. Reilly, Sr. Louisiana Education Quality Trust Fund Louisiana Board of Elementary and Secondary Education FY 2018-2019

### 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 LAC 28: I, Subpart 3. Louisiana Quality Education Support Fund—8(g) Program, 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 three 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) workgroup reviews the minutes from the public hearing and recommends 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;

#### BESE 8(g) 1986-2019 Funding Overview

- More than 9,160 projects since 1986
- More than \$972 million allocated since 1986

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- require accountability of performance;
- provide superior instruction/state-of-the-art technology; and
- enhance educational leadership.

## **Constitutional Categories:**

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

- A. To provide compensation to city or parish school board professional instructional employees;
- B. To ensure an adequate supply of superior textbooks, library books, equipment, and other instructional materials;
- C. To fund exemplary programs in elementary or secondary schools designed to improve elementary or secondary student academic achievement or vocational-technical skill;
- D. To fund carefully defined research efforts, including pilot programs, designed to improve elementary and secondary student academic achievement;
- E. To fund school remediation programs and preschool programs;
- F. To fund teaching of foreign languages in elementary and secondary schools; and
- G. 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.

## **FY 2019-2025 BESE Strategic Plan Goals:**

- Ensure that all students, at every grade level, are on track to graduate with a college and/or career credential
- Build and strengthen state policy and practice to support students in an effort to identify gaps and advance opportunities for Louisiana students
- Maintain a system of high-quality and accountable educational options for students and families
- Use limited resources in the most strategic and equitable ways possible to increase and support student achievement

## **2018-2019 Priority Areas:**

- High-Quality Early Childhood Education;
- College and Career Readiness;
- Teacher and Leadership Development; and
- Technology and Innovation
- Science, Technology, Engineering, and Mathematics (STEM)

Since 1988, BESE 8(g) has funded more than \$237 million in pre-kindergarten programs



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## **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.

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

**Total 2018-2019 Allocation: \$23,275,000**

- 137 Student Enhancement Block
- 9 Statewide
- 146 Total Grants**

## **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:

1. Purpose;
2. Activities;
3. Personnel;
4. Resources;
5. Objectives and Evaluation; and
6. 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:

1. Participants;
2. Personnel;
3. Activities;

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4. Constitutional Category;
5. Objectives and Evaluation; and
6. 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.

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## Board of Regents Support Fund Overview Funded Programs and Investments, 1987-2019

### Overview

Over more than 30 years, the Board of Regents Support Fund (BoRSF) has provided almost \$1 Billion 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 43 campuses are eligible to compete for funding, and almost all have received BoRSF support through one or more programs.

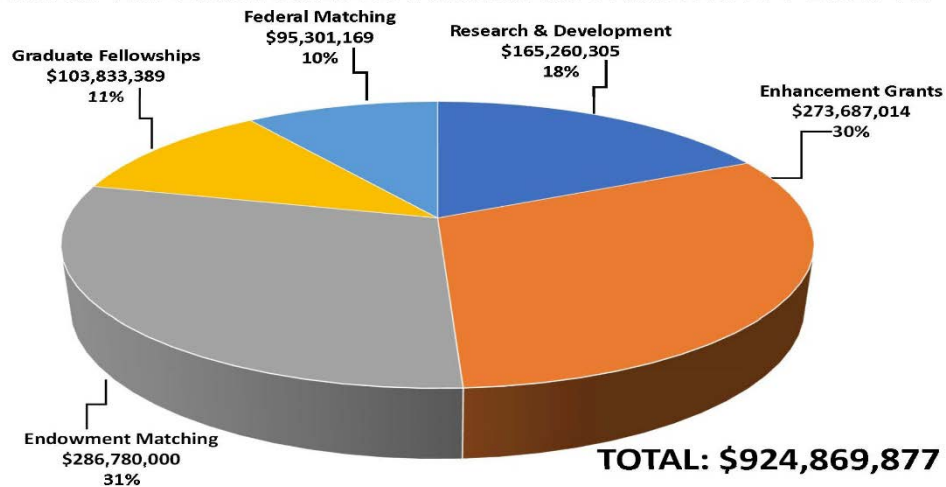
### Statewide Results

- 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 4,000 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 \$2.29 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 \$1.04 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 approximately 550 patents** during the life of the awards.
- **Expanded multi-campus collaborations** are key to Louisiana's competitiveness for federal R&D money, as evidenced by success in National Science Foundation, NASA, Department of Energy, and National Institutes of Health programs.

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## Programs & Subprograms

### BoRSF EXPENDITURES BY PROGRAM THROUGH FY 2018-19



## 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 \$150 Million in matching funds to establish 311 chairs at 25 campuses across the State. Of the 311 total chairs established, 56 have been matched at the \$2 Million level, two 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 2,584 Endowed Professorships at 40 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, 115



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scholarships have been established at nine 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 operated independently for ten years, matching 215 First-Generation Undergraduate Scholarships at 23 campuses. It is currently active as a component of the Endowed Professorships program.
- 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 three years, 81 slots have been matched at 13 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 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

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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 \$165.3 Million in approximately 1,800 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 3,250 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.

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Between 1987 and 2019, programs across eight federal agencies awarded more than \$309 Million to joint federal/State initiatives, for which the BoRSF provided match of over \$95 Million.

As the most inclusive program, Enhancement represents the largest investment of BoRSF monies, committing \$370 Million over three decades – 40% of all Support Fund monies expended – to fund thousands of competitive projects and federal matching opportunities across eligible campuses statewide.