STATE OF LOUISIANA

OFFICE OF
STATE INSPECTOR GENERAL

STUDENT TECHNOLOGY FEES

Date Released:

February 13, 2007

File No. 1-06-0019

STATE OF LOUISIANA

OFFICE OF
STATE INSPECTOR GENERAL

STUDENT TECHNOLOGY FEES

Sharon B. Robinson, CPA
State Inspector General

Approved by:
Governor Kathleen Babineaux Blanco

January 17, 2007

File No. 1-06-0019

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COMMISSIONER OF ADMINISTRATION

January 17, 2007

Honorable Kathleen Babineaux Blanco
Governor of the State of Louisiana
P.O. Box 94004
Baton Rouge, LA 70804-9004

Re: Case No. 1-06-0019

Dear Governor Blanco:

This report addresses issues raised during our review of the Student Technology Fee collected from students by state universities and community and technical colleges. The report includes one recommendation that, if implemented, could help define and regulate the expenditures from this fee.

We provided a draft of the report to the Board of Regents. Their written response is included as Appendix B.

Respectfully submitted,

Sharon B. Robinson

Sharon B. Robinson, CPA
State Inspector General

SBR/GD

Enclosure

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Executive Summary

On March 15, 2006, the Office of State Inspector General received a complaint alleging the University of Louisiana at Monroe (ULM) violated state law by paying salary expenses from technology fees collected from students.

The enabling legislation found at LSA-R.S. 17:3351.1 allows universities along with community and technical colleges to assess a $5 per course credit hour fee with a $100 per semester limit. The legislation states the fee is to be used in accordance with a written plan developed by the institution for implementing, replacing, improving, and expanding technologies to benefit student life and learning. The legislation does not specifically address the use of technology fee funds for salaries.

ULM provided several documents including a letter by an enabling legislation co-sponsor that indicate the institutions could use the technology fee to pay salaries for new staff required to support and maintain the new technology. The co-sponsor wrote "I believe it was the Legislature's intent that these fees not be used for salaries except where those salaries are directly related to the technology purchased by the student technology fees."

After reviewing this documentation, we determined that ULM did not violate state law and expended its technology fee funds in compliance with a written plan and University of Louisiana System (ULS) guidelines.

Since the enabling legislation provided that each institution prepare its own written plan governing technology fee collection and expenditure, we expanded our review to include all public postsecondary education institutions collecting a technology fee.

Our review of expenditures did not include an examination of source documentation and therefore does not constitute an audit. Appendix B includes a response from the Board of Regents.

Summary of Observations

- A majority of the institutions' technology fee plans are broad in scope and generally do not address specifics such as allowable percentages of total expenditures for salary expenses, operating costs, supplies and acquisitions.

- Technology fee expenditures compared among institutions vary greatly by categories such as salaries, supplies, acquisitions, etc.

- Large technology fee fund balances reported by some institutions raise questions regarding the appropriate amount the institutions should collect from students.

Background

LSA-R.S. 17:3351.1 allows public postsecondary education institutions to collect a technology fee from students after receiving approval from the respective management board and student government association. The law allows the institution to collect five dollars per course credit hour up to $100 per semester from each student.

Institutions are required to develop a written plan for expending the technology fee for purposes of implementing, replacing, improving, and expanding technologies to benefit student life and learning. The law states the term “technologies” includes but is not limited to instructional and laboratory equipment and the networking and supporting computer and telecommunications infrastructure necessary to support these activities.

Each institution collecting the technology fee is required by law to make an annual accounting to its management board of the use of monies collected from the fee.

Scope and Methodology

We conducted our review in accordance with *Principles and Standards for Offices of Inspector General* as promulgated by the Association of Inspectors General.

Our review consisted of an analysis of technology fee plans and reported expenditures for the fiscal year ending June 30, 2005, for postsecondary institutions under the following system management boards:

- Board of Supervisors of Louisiana State University and Agricultural and Mechanicial College (Louisiana State University System - LSUS)
- Board of Trustees for State Colleges and Universities (University of Louisiana System - ULS)
- Board of Supervisors of Southern University (Southern University System - SUS)
- Board of Supervisors of Community and Technical Colleges (Louisiana Community and Technical College System - LCTCS)

We asked the staff of these management boards to supply the following technology fee related information:

- Board of Supervisors’ system-wide policy and procedures;
- Each institution’s written plan;
- Each institution’s approved budget;
- Each institution’s annual accounting to its management board including a breakdown of expenditures by expense account and object code.

We assembled and compared the information supplied by the respective management boards resulting in the observations listed in this report. We did not audit the technology fee expenditures but compiled the information for review and comparison. Appendix A of this report provides a detailed compilation by institution of technology fee revenues and expenditures reported by the management boards for fiscal year 2005.

Our review procedures also included:

1. Reviewing pertinent state laws;
2. Interviewing pertinent employees of various university systems and institutions;
3. Reviewing other documents as we considered necessary.

Technology Fee

Fifty (50) higher education institutions reported collecting technology fees totaling $24,266,695 from students during fiscal year ending June 30, 2005. These institutions report to one of the states' four university system management boards and ultimately the Board of Regents.

Listed below are three areas of observation derived from our review of the information supplied to this office.

Observation #1 – Written Plans

A majority of the institutions' technology fee plans are broad in scope and generally do not address specifics such as allowable percentages of total expenditures for salary expenses, operating costs, supplies and acquisition. ULS is the only board providing system-wide written guidelines for its institutions.

Our review of institution plans found the schools generally addressed campus goals such as providing computer labs, internet access, student e-mail accounts, multi-media classrooms, and interactive communication systems between students and teachers. The majority of plans approve salaries for new positions and student labor required to maintain and support the equipment purchased by the technology fee.

The plans do not specify goals such as expending at least 50% of the fee on the purchase of new equipment, etc. Several plans do include a limit for salary expenses such as Louisiana State University-Baton Rouge and the ULS guidelines.

State law addresses appropriate uses of the fee for items such as the purchase of instructional and laboratory equipment, networking, supporting computer and telecommunications infrastructure, but does not limit expenditures to these goals.

State law does not require the respective management boards to issue system-wide guidance or policy for the collection and expenditure of the student technology fee. The law requires the respective management boards to approve the assessment of the fee at the institution and requires the institution to make an annual accounting to its management board.

Our review found, for example, that ULS issued guidelines effective September 1, 1999, stating the purpose of the technology fee and giving examples of appropriate and prohibited expenditures. The guidelines listed personnel costs for new positions required to support new equipment as an appropriate expenditure. However, the guidelines stated these expenditures should generally not exceed 25% of the annual budget. As guided by this policy, we noted ULS institutions reported salary expenditures generally consistent with the 25% recommendation.

Our review of institution plans and expenditures show the schools appear to follow their written plans. However, expenditures reported by institutions show a wide range of percentages for salaries (including related benefits), operating services, supplies and acquisitions. For example:

- Louisiana State University, Baton Rouge (LSU-BR) – The plan states expenditures for salaries should be no more than 15% of funds generated. Of total fee expenditures, LSU-BR reported expending 10% for salaries and 54% for acquisitions.

- University of Louisiana at Lafayette (ULL) – ULS recommends its institutions expend no more than 25% on salaries. ULL reported expending 16% for salaries and 74% for acquisitions.

- Louisiana State University, Shreveport – The plan allows for salaries but does not limit the expenses. The university reported expending 67% for salaries and 9% for acquisitions.

- Southern University, Baton Rouge – The plan states expenditures for salaries will total approximately 50% of total expenses. The university reported expending 57% for salaries and 21% for acquisitions.

The Office of State Inspector General understands there is no established standard either in law or in practice to define allowable percentages of total expenditures for salaries, operating services, professional service or supplies. However, state law appears to favor the purchase of equipment and infrastructure. With these goals in mind, we feel technology fee plans should establish allowable ranges of percentages for expenditures that are not equipment or infrastructure-related.

Observation #2 – Technology Fee Use

The way the technology was used varied widely from institution to institution.

For the review period, we compared expenditures for six categories as a percentage of total expenses to get a snapshot of institution priorities in expending the technology fee (See Appendix A). We were not able to ensure that all institutions record expenditures consistently among the various categories. Expenditures in the categories are represented as a dollar figure and a percent of total expenditures by the institution. Categories of expenditures include the following:

1. Salaries
   - Universities and community colleges reported salary expenses. Technical colleges did not report expending the technology fee for salary expenses. Salaries as a percentage of total expenditures at the institutions ranged from zero to 67%.

Of the 20 institutions reporting salary expenditures, 15 spent less than 30% of the total budget for salaries, while five schools spent 40% or more.

- o Institutions reporting salary expenses that are 10% or less of total expenditures:
  - Delgado Community College $ 59,455 (4%)
  - L.S.U. - Baton Rouge $481,627 (10%)
  - Bossier Community College $ 37,857 (10%)
- o Institutions reporting 50% or greater for salaries:
  - L.S.U. - Shreveport $312,967 (67%)
  - Southern – New Orleans $314,385 (62%)
  - Southern – Baton Rouge $722,881 (57%)

2. Travel
   - Expenditures for travel were not widespread with only 10 institutions reporting travel expenses. The percentage of total expenditures ranged from less than 1% to 19%. Expenditures generally were less than $2,500, however several institutions reported greater dollar expenditures as follows:
     - o Southern – Baton Rouge $21,586 (2%)
     - o Nicholls State $ 8,000 (1%)
     - o Northeast La. Technical College $ 3,751 (19%)

3. Professional Services/Other
   - Expenditures in this category include services provided in specialized or highly technical fields by sources outside of state government. These expenditures were reported by 10 institutions ranging from less than 1% to 29%. Eight of the 10 institutions reported 4% or less of total expenditures in this category. The two institutions reporting the greatest expenditures are as follows:
     - o Grambling State $205,469 (29%)
     - o Southern – Baton Rouge $239,342 (19%)

4. Operating Services
   - Expenditures in this category include equipment maintenance, data line charges, telephone services, etc. Seventeen of the 19 university campuses reported operating services expenditures. The percentage of expenditures range from less than 1% to 36% of total expenses. The two institutions reporting the largest expenditures are:
     - o Grambling State $248,454 (36%)
     - o Southern - Shreveport $ 40,721 (26%)

- Four of six community colleges reported operating services expenditures ranging from 3% to 72% of total expenses. The institution reporting the largest percent of expenditures in this category is:
    - Baton Rouge Community College $383,363 (72%)
- Seven of 25 technical colleges reported operating services expenditures ranging from less than 1% to 100% of total expenses. The institutions reporting the largest percent of expenditures include:
    - Mansfield Technical College $2,180 (100%)
    - North Central Technical College $1,435 (61%)

5. Supplies
    - Expenditures in this category include articles and commodities, which are consumed, to be consumed, or materially altered when used in day-to-day operations. Virtually every institution reporting technology fee expenditures recorded supply expenses. Expenditures reported by universities and community colleges ranged from less than 1% to 100%. Institutions reporting very small or very large percentages for supplies generally had small technology fee budgets. The majority of institutions reported supply expenses from 1% to 20% of total expenditures.

    Technical colleges reported small total expenditures, and supplies ranged from zero to 85%. Actual dollar expenses ranged from $505 to $11,961.

    Institutions reporting the largest percentage of expenditures in this category include:

    - South La. Community College $ 54 (100%)
    - S. Jackson Technical College $ 6,440 (85%)
    - LSU Law Center $ 63,060 (69%)
    - Avoyelles Technical College $ 11,961 (56%)
    - Bossier Community College $185,984 (50%)

6. Acquisitions
    - Expenditures in this category include the purchase of computer equipment and durable goods. Acquisitions ranged from less than 1% to 100% of total expenditures. Institutions reporting lower percentages of expenditures in this category include:
        - Baton Rouge Community College $ 779 (<1%)
        - Grambling State $ 31,775 (5%)
        - LSU - Shreveport $ 41,686 (9%)
        - LSU Law Center $ 11,989 (13%)
        - S. Jackson Technical College $ 1,160 (15%)
        - Southern – Baton Rouge $ 271,296 (21%)
        - Southern – New Orleans $ 108,232 (21%)
        - Southern - Shreveport $ 42,330 (27%)

As previously stated, the figures reported by institutions were not audited or adjusted by this office. This office has not set allowable limits for classes of expenditures; however, some institutions appear to have exceeded reasonable limits for expenditures within expense categories.

Observation #3 – Fund Balances

Large technology fee account fund balances reported by some institutions raise questions regarding the appropriate amount the institutions should collect from students.

We understand that the ending fund balance reported by the institutions may not be unrestricted cash (i.e., available to spend). The fund balance, or some part of it, may be committed to ongoing projects awaiting expenditures or simply being saved to fund future projects.

The following institutions reported a large ending fund balance when compared to total technology fee expenditures for the review period:

- LSU - Eunice — $339,215 or approximately 334% of expenditures
- Northwestern State — $2,645,008 or approximately 218% of expenditures
- Bossier Community College — $784,158 or approximately 210% of expenditures
- Southern - Shreveport — $196,841 or approximately 123% of expenditures

The following institutions reported a substantial ending fund balance but little or no technology fee expenditures for the review period:

- South La. Community College — $347,103 ending balance with $54 total expenses
- Delta Community College — $167,961 ending balance, no expenses
- Shreveport-Bossier Technical College — $94,875 ending balance, no expenses
- Slidell Technical College — $46,070 ending balance, no expenses
- Collier Technical College — $41,250 ending balance, no expenses

While this office does not recommend an appropriate ending fund balance, institutions should not use the technology fee account to accumulate large sums of money without appropriate plans for expending the funds.

Recommendation:

The Board of Regents in conjunction with the Board of Supervisors for the LSUS, SUS, ULS, and LCTCS should review the Student Technology Fee Program and consider developing and implementing system-wide guidelines and/or proposing legislation that addresses allowable ranges of expenditures by category and accumulating fund balances.

APPENDIX A

Technology Fee Revenue and Expenditures

Appendix A
Student Technology Fee Revenue and Expenditures Fiscal Year 2004-2005

	Revenue	Total Expenditures	Salaries (1)	Travel	Professional/ Other	Operating Services	Supplies	Acquisitions	Ending Balance
SOUTHERN UNIVERSITY SYSTEM									
Southern University - Baton Rouge	$1,153,402	$1,271,151	$722,881 (57%)	$21,586 (2%)	$239,342 (19%)	$0	$16,045 (1%)	$271,296 (21%)	$85,184
Southern University - New Orleans	$478,886	$506,581	$314,385 (62%)	$0	$20,288 (4%)	$52,301 (10%)	$11,376 (2%)	$108,232 (21%)	$942,205
Southern University - Shreveport	$233,069	$159,640	$73,483 (46%)	$2,347 (1%)	$0	$40,721 (26%)	$759 (<1%)	$42,330 (27%)	$196,841
LSU SYSTEM									
LSU - Baton Rouge	$4,265,439	$4,738,250	$481,627 (10%)	$0	$0	$1,158,829 (24%)	$539,189 (11%)	$2,558,605 (54%)	$395,593
LSU - Health Sciences Center - N.O.	$309,056	$286,239	$0	$0	$0	$39,970 (14%)	$127,078 (44%)	$119,191 (42%)	$354,950
LSU - Health Sciences Center - Shreveport	$32,783	$5,963	$0	$0	$0	$0	$408 (7%)	$5,555 (93%)	$109,640
Louisiana State University at Alexandria	$304,026	$255,384	$50,983 (20%)	$0	$0	$668 (<1%)	$94,798 (37%)	$108,935 (43%)	$250,628
Louisiana State University at Eunice	$326,840	$101,493	$15,205 (15%)	$0	$0	$11,585 (11%)	$33,255 (33%)	$41,448 (41%)	$339,215
Louisiana State University at Shreveport	$490,815	$470,247	$312,967 (67%)	$0	$12,000 (3%)	$11,333 (2%)	$92,261 (20%)	$41,686 (9%)	$6,547
Paul Hebert Law Center	$104,049	$91,652	$0	$0	$0	$16,603 (18%)	$63,060 (69%)	$11,989 (13%)	$123,606
University of New Orleans	$1,970,283	$1,934,754	$767,590 (40%)	$0	$21,040 (1%)	$316,394 (16%)	$300,168 (16%)	$529,562 (27%)	$84,203
UNIVERSITY OF LOUISIANA SYSTEM									
Grambling	$587,448	$692,166	$200,423 (29%)	$0	$205,469 (29%)	$248,454 (36%)	$5,631 (<1%)	$31,775 (5%)	$8,262
Louisiana Tech	$1,378,668	$1,201,362	$193,481 (16%)	$0	$3,412 (<1%)	$273,793 (23%)	$278,995 (23%)	$451,679 (38%)	$744,428
McNeese	$1,193,932	$1,356,540	$230,590 (17%)	$0	$0	$123,716 (9%)	$64,926 (5%)	$937,307 (69%)	$675,884
Nicholls	$862,030	$715,608	$183,281 (26%)	$8,000 (1%)	$0	$151,195 (21%)	$183,935 (26%)	$189,196 (26%)	$378,240
Northwestern	$1,395,150	$1,214,766	$314,960 (26%)	$879 (<1%)	$41,372 (3%)	$79,395 (7%)	$48,238 (4%)	$729,921 (60%)	$2,645,008
Southeastern	$2,053,834	$1,840,056	$436,877 (24%)	$2,633 (<1%)	$3,894 (<1%)	$251,167 (14%)	$118,354 (6%)	$1,027,131 (56%)	$1,472,932
University of Louisiana at Lafayette	$2,129,399	$2,015,221	$320,352 (16%)	$0	$28,000 (1%)	$76,763 (4%)	$94,478 (5%)	$1,495,627 (74%)	$1,191,153
University of Louisiana at Monroe	$1,039,184	$1,282,782	$179,286 (14%)	$2,450 (<1%)	$0	$251,340 (20%)	$212,935 (17%)	$636,769 (50%)	$216,001
COMMUNITY COLLEGES									
Baton Rouge Community College	$603,235	$532,517	$117,407 (22%)	$1,142 (<1%)	$0	$383,363 (72%)	$29,827 (6%)	$779 (<1%)	$568,622
Bossier Parish Community College	$446,314	$372,953	$37,857 (10%)	$3,447 (1%)	$0	$27,401 (7%)	$185,984 (50%)	$118,263 (32%)	$784,158
Delgado Community College	$1,706,267	$1,673,979	$59,455 (4%)	$0	$22,800 (1%)	$301,386 (18%)	$46,728 (3%)	$1,243,609 (74%)	$984,006
Louisiana Delta Community College	$100,893	$0	$0	$0	$0	$0	$0	$0	$167,961
Nunez Community College	$237,205	$294,678	$62,626 (21%)	$0	$0	$8,493 (3%)	$30,908 (11%)	$192,651 (65%)	$216,461
South Louisiana Community College	$183,716	$54.00	$0	$0	$0	$0	$54 (100%)	$0	$347,103

Appendix A

Student Technology Fee Revenue and Expenditures Fiscal Year 2004-2005

	Revenue	Total Expenditures	Salaries (1)	Travel	Professional/ Other	Operating Services	Supplies	Acquisitions	Ending Balance
LOUISIANA TECHNICAL COLLEGE CAMPUSES									
Acadian Campus	$25,261	$3,613	$0	$0	$0	$0	$505 (14%)	$3,107 (86%)	$26,397
Alexandria Campus	$46,246	$17,630	$0	$0	$0	$0	$849 (5%)	$16,781 (95%)	$28,615
Avoyelles Campus	$24,385	$21,454	$0	$1,815 (9%)	$0	$576 (3%)	$11,961 (56%)	$7,101 (33%)	$2,931
Bastrop Campus	$33,755	$37,898	$0	$0	$0	$0	$0	$37,898 (100%)	$13,231
Baton Rouge Campus	$88,727	$42,062	$0	$0	$0	$18,408 (44%)	$1,792 (4%)	$21,863 (52%)	$51,158
Collier Campus	$23,418	$0	$0	$0	$0	$0	$0	$0	$41,250
Florida Parishes Campus	$15,525	$0	$0	$0	$0	$0	$0	$0	$17,700
Folkes Campus	$5,723	$0	$0	$0	$0	$0	$0	$0	$6,518
Hammond Campus	$23,361	$10,371	$0	$0	$0	$0	$5,081 (49%)	$5,290 (51%)	$12,990
Huey Long Campus	$17,989	$13,012	$0	$0	$0	$0	$0	$13,012 (100%)	$4,976
Jefferson Campus	$20,282	$14,479	$0	$0	$0	$30 (<1%)	$10,678 (74%)	$3,770 (26%)	$26,336
Jumonville Campus	$679	$0	$0	$0	$0	$0	$0	$0	$3,199
Lamar Salter Campus	$22,867	$13,747	$0	$0	$0	$0	$5,891 (43%)	$7,854 (57%)	$9,121
Mansfield Campus	$12,263	$2,180	$0	$0	$0	$2,180 (100%)	$0	$0	$15,509
North Central Campus	$14,663	$2,368	$0	$0	$0	$1,435 (61%)	$0	$933 (39%)	$15,105
Northeast Louisiana Campus	$21,084	$20,111	$0	$3,751 (19%)	$0	$5,569 (28%)	$2,795 (14%)	$7,996 (40%)	$10,311
Ruston Campus	$24,397	$18,469	$0	$0	$0	$0	$1,220 (7%)	$17,249 (93%)	$5,928
Sabine Valley Campus	$15,282	$2,987	$0	$0	$0	$0	$552 (19%)	$2,435 (81%)	$16,695
Shreveport-Bossier Campus	$88,720	$0	$0	$0	$0	$0	$0	$0	$94,875
Slidell Campus	$31,016	$0	$0	$0	$0	$0	$0	$0	$46,070
South Jackson Campus	$10,544	$7,600	$0	$0	$0	$0	$6,440 (85%)	$1,160 (15%)	$2,944
Sullivan Campus	$40,066	$13,761	$0	$0	$0	$0	$1,464 (11%)	$12,297 (89%)	$26,305
Tallulah Campus	$30,675	$28,475	$0	$0	$0	$11,740 (41%)	$2,730 (10%)	$14,004 (49%)	$2,200
West Jefferson Campus	$26,567	$26,488	$0	$0	$0	$0	$0	$26,488 (100%)	$7,219
Westside Campus	$17,277	$0	$0	$0	$0	$0	$0	$0	$19,617
TOTALS:	$24,266,695	$23,310,741	$5,075,716	$48,050	$597,617	$3,864,808	$2,631,348	$11,092,774	$13,796,031
Overall Percentages		100%	21.77%	0.21%	2.56%	16.58%	11.29%	47.59%	

(1) Figures reported in this column contain the salary expense plus related benefits.

APPENDIX B

Board of Regents' Response

REGENTS

BOARD OF REGENTS
P. O. Box 3677
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www.regents.state.la.us

January 12, 2007

Ms. Sharon Robinson
State Inspector General
Office of Inspector General
P. O. Box 94095
Baton Rouge, La 70804-9095

RE: Case No. 1060019

Dear Ms. Robinson:

Thank you for your letter of December 8, 2006, requesting a written response from the Board of Regents on the use of student technology fees in Louisiana public institutions of higher education.

I am attaching my response to this request. If you have any questions, please do not hesitate to contact Mr. Donnie Vandal, Deputy Commissioner for Finance and Administration, on my staff.

Thank you.

Sincerely,

E. Joseph Savoie
Commissioner of Higher Education

EJS:chb

Attachment

BOARD OF REGENTS
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BOARD OF REGENTS RESPONSE TO INSPECTOR GENERAL'S REPORT ON STUDENT TECHNOLOGY FEES

January 11, 2007

General

Act 1450 of the 1997 Regular Session (House Bill No. 2339) authorized higher education management boards to assess student technology fees at their institutions under certain conditions and within certain limitations. The technology fee must be approved by the favorable vote of two-thirds of the members of the management board, limited to five dollars per course credit hour, and cannot exceed $100 per student per semester. Prior to the fee being assessed it must also receive approval by the governing body of the student government association by a vote of at least two-thirds of its members. The law prescribes that the monies derived from the fee shall be restricted and accounted for separately.

The fee is to be terminated by a simple majority vote of the management board if two-thirds of the members of the governing board of the student government association vote to terminate the fee.

The proceeds shall be used in accordance with a written plan developed by the institution with students afforded an opportunity to make recommendations concerning the use of the fee proceeds.

For purposes of the law, "technologies" includes but is not limited to instructional and laboratory equipment and the networking and supporting computer and telecommunications infrastructure necessary to support these activities.

Each institution at which the technology fee is assessed is required to make an annual accounting to its management board of the use of monies derived from the fee.

The bill as originally introduced applied only to LSU and A&M College, but as the bill went through the legislative process the University of New Orleans, the other institutions with students within the LSU System, and finally the institutions of the Southern University System and under the then Board of Trustees for State Colleges and Universities (currently, the University of Louisiana System) were added to the legislation. In the 1st Extraordinary Session of 1998, Act 151 established the Louisiana Community and Technical College System and its Board of Supervisors and amended the provisions of the technology fee statute (R.S. 17:3351.1) to authorize the institutions of that system to assess the technology fee. Therefore, the technology fee authorization by the legislature applies to all postsecondary education institutions with student enrollment.

Responses to Specific Observations

1. Written Plans – The Office of Inspector General report states that "a majority of the institutions' technology fee plans are broad in scope and generally do not address specifics such as allowable percentages of total expenditures for salary expenses, operating costs, supplies and acquisition" but acknowledges that "there is no established standard either in law or practice to define allowable percentages of total expenditures for salaries, operating services, professional service or supplies."

   The report says the law "appears to favor the purchase of equipment and infrastructure." The relevant portion of the law is as follows:

   > *For purposes of this Section, "technologies" includes but is not limited to instructional and laboratory equipment and the networking and supporting computer and telecommunications infrastructure necessary to support these activities.*

   The language provides no priority or preference for specific types of expenditures and, we believe, clearly contemplates the use of these funds to support human and physical infrastructure.

   It could also be argued that the law was simply clarifying that "technologies" include the referenced types of equipment and infrastructure because those items might have been interpreted to be excluded otherwise.

   The Board of Regents believes that the legislature recognized the diverse needs among the wide range of campuses, student bodies, and technology investment priorities and allowed for customized plans for use of the technology fee proceeds by each campus in order to address individual campus needs over time.

   The management boards are required to regularly monitor campus plans and technology fee use to insure they are appropriate and meeting the current needs of students of the respective campuses within their systems.

2. Technology Fee Use – The Office of Inspector General report states that "technology fee expenditures compared among institutions vary greatly by categories such as salaries, supplies, acquisitions, etc." and that "some institutions appear to have exceeded reasonable limits for expenditures within expense categories."

   It should be noted that due to the broad nature of "technologies" there are a wide variety of types of expenses that can be required for effective delivery of such services – "hardware" and "software" are obviously examples, but "skinware", or the appropriate staffing support, can be just as critical for effective use of technology by students.

Due to the wide variety of institutions, student bodies, and technology needs it is not surprising to find a variety of strategies and approaches to serving student needs. For some institutions, a priority might be setting up a number of computer labs throughout the campus with specific software and technical capabilities. At other campuses, a priority might be insuring that the computer labs they have are supported with regular and competent technical assistance for students.

A decision-making process for technology fee proceeds use that is conducted with student input and requires annual oversight provides for a reasonable approach to address student needs on individual campuses. Statewide rules applicable to all institutions for funding allocations are unlikely to assure that priority student needs on a specific campus are being addressed.

3. Fund Balances – The report states "Large technology fee fund balances reported by some institutions raise questions regarding the appropriate amount the institutions should collect from students."

   Although the report identifies some campuses with large end-of-year balances relative to expenditures for the review period, it also acknowledges that such fund balances may be, at least in part, committed to ongoing projects awaiting expenditures or to fund future projects. The report did not address whether institutions with relatively large fund balances had plans for the use of those funds.

   Part of the value of treating these funds as "restricted" and accounting for them separately, as the law prescribes, is that funds can be accumulated for projects whose costs exceed an amount that could be easily allocated out of an annual budget, or even over a multi-year period of time. Several campus plans also call for "contingency or replacement balances" which are prudent approaches. We do agree, though, that campuses should not be accumulating large balances unless there are specific plans for their use.

   Systems and campuses should have appropriate policies to insure that careful review and planning for the use of technology fee collections and balances is such that student technology needs are addressed to the maximum extent possible.

Office of Inspector General Recommendation

The Office of Inspector General report recommends that the Board of Regents in conjunction with the Board of Supervisors for the LSUS, SUS, ULS, and LCTCS should review the Student Technology Fee Program and consider developing and implementing system-wide guidelines and/or proposing legislation that addresses allowable ranges of expenditures by category and accumulating fund balances.

The Board of Regents believes that the systems and their campuses are the appropriate entities to determine best practices with respect to Student Technology Fees. Due to the wide diversity of institutions, student needs and campus circumstances a single statewide policy beyond the restrictions of the law would be inappropriate. Further legislation with respect to Student Technology Fees is not necessary.

The Board of Regents urges each system to review carefully current policies and practices and to make adjustments if determined necessary to insure best outcomes and services for students.

This public document was published at a total cost of $ 74.15. Twenty-nine copies of this public document were published in this first printing at a cost of $ 74.15. The total cost of all printings of this document, including reprints is $ 74.15. This document was published by the Office of State Inspector General, State of Louisiana, Post Office Box 94095, 224 Florida Street, Suite 303, Baton Rouge, LA 70804-9095 to report its findings under authority of LSA-R.S. 39:7-8. This material was printed in accordance with the standards for printing by state agencies established pursuant to LSA - R.S. 43:31.

A copy of this report has been made available for public inspection at the Office of State Inspector General and is posted on the Office of State Inspector General's website at www.doa.louisiana.gov/oig/inspector.htm. Reference should be made to Case No. 1-06-0019. If you need any assistance relative to this report, please contact Bruce J. Janet, CPA, State Audit Director at (225) 342-4262.

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