A group of people sitting at computers

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

**Annual Report**

**for Fiscal Year 2022-2023**

**John M. Schroder**

**State Treasurer**

Logo, company name

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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

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

2023

* LEQTF investments market value reaches $1.569 Billion
* Total allocations to BESE & Regents through the Support Fund exceeds $1.907 Billion

Annual and Cumulative Allocations

The Treasury invests the LEQTF in a manner that preserves the fund’s capital, enhances its market value and provides 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 $15.63 Million to Regents and $15.54 Million to BESE for Fiscal Year 2022-2023 (FY 2023). Over the life of the LEQTF, it has allocated a total of $1.907 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.

**Annual Allocations to BESE and Regents**

**Cumulative Allocations to BESE and Regents**

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 2023, the LEQTF earned a total of $43.03 Million in income from all sources, including interest, dividends, securities lending, capital gains/losses and royalty income. For FY 2023, the total income from all investment sources (interest, dividends, securities lending and capital gains/losses, excluding royalties) was $38.56 Million.

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 $27.82 Million, while investment income allocated to the Permanent Fund totaled $10.74 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 2023 totaled $21.18 Million.

Dividend Income: The LEQTF invests in the stocks and corporate ETFs of publicly traded companies. These companies distribute their earnings to shareholders in the form of dividends. Dividend income from LEQTF investments in FY 2023 was $14.84 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. In FY 2023 the fund earned $2,017.00 in securities lending income

Capital Gains/Losses

For FY 2023, the LEQTF experienced $2.54 Million in capital gains during the year from the sale of assets. Of these gains, the Support Fund realized 25 percent or $634.6 Thousand of all capital gains or losses, and the Permanent Fund realized 75 percent or $1.90 Million.

**History of Investment Income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Interest Income | Securities Lending Income | Dividend Income | Gains & Losses | Total Investment Income |
| **Fiscal Year 22-23** | **$21.18** | **$0.00** | **$14.84** | **$2.54** | **$38.56** |
| 5 Yr Average | $25.55 | $0.10 | $11.84 | $32.96 | $71.43 |
| 10 Yr Average | $27.04 | $0.19 | $10.58 | $30.78 | $69.71 |
| 15 Yr Average | $31.07 | $0.16 | $9.61 | $21.27 | $63.86 |
| 20 Yr Average | $34.92 | $0.14 | $8.29 | $16.20 | $60.84 |
| 25 Yr Average | $37.65 | $0.14 | $7.02 | $15.10 | $61.06 |
| 30 Yr Average | $39.95 | $0.16 | $6.38 | $13.66 | $60.15 |
| Avg Since Inception | $40.74 | $0.13 | $5.08 | $11.70 | $58.20 |
| Max | $64.25 | $0.44 | $14.26 | $113.13 | $146.27 |
| Min | $19.44 | $0.00 | $0.00 | -$7.86 | $20.83 |

\*In $ Millions

Royalties

Income from royalties in FY 2023 was $4.47 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 oil and gas prices and production, and fluctuates as production and prices rise and fall. For instance, in FY 1987 the income from royalties was $10.38 Million and has averaged about $18.18 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 of the trust fund is currently $1.673 Billion. The current market value of the Permanent Fund is $1.53 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 |
| **Fiscal Year 22-23** | **$38.56** | **$4.47** | **$43.03** | **$11.86** | **$31.17** | **$15.63** | **$15.54** |
| 5 Yr Average | $69.50 | $3.92 | $75.34 | $35.11 | $40.23 | $20.21 | $19.98 |
| 10 Yr Average | $69.03 | $10.17 | $79.88 | $35.10 | $44.76 | $22.39 | $22.15 |
| 15 Yr Average | $62.53 | $15.82 | $79.68 | $30.17 | $49.50 | $24.79 | $24.52 |
| 20 Yr Average | $60.67 | $18.67 | $79.51 | $27.49 | $52.02 | $25.95 | $25.71 |
| 25 Yr Average | $60.46 | $19.80 | $80.86 | $27.37 | $53.49 | $26.66 | $26.47 |
| 30 Yr Average | $60.15 | $18.96 | $79.10 | $25.40 | $53.70 | $26.78 | $26.62 |
| Avg Since Inception | $57.67 | $18.56 | $76.76 | $24.39 | $52.37 | $26.12 | $25.99 |
| Max | $146.27 | $38.02 | $146.50 | $92.97 | $72.45 | $36.22 | $36.22 |
| Min | $20.83 | $0.23 | $31.21 | -$4.85 | $21.52 | $10.76 | $10.76 |

**Major Sources of Income**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Investment Income | Capital Gains & Losses | Royalties |
| **Fiscal Year 22-23** | **36.02** | **2.54** | **4.47** |
| 5 Yr Average | 38.47 | 32.96 | 3.92 |
| 10 Yr Average | 38.93 | 30.78 | 10.17 |
| 15 Yr Average | 42.59 | 21.27 | 15.82 |
| 20 Yr Average | 44.64 | 16.20 | 18.67 |
| 25 Yr Average | 45.96 | 15.10 | 19.80 |
| 30 Yr Average | 46.48 | 13.66 | 18.96 |
| Avg Since Inception | 46.50 | 14.04 | 18.56 |
| Max | 64.25 | 113.13 | 38.02 |
| Min | 20.83 | -7.86 | 0.23 |

In $ Millions

**Major Sources of Income**

**History of LEQTF Royalty Payments**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| LEQTF/8g ROYALTIES | |  | LEQTF/8g ROYALTIES | | |
| Fiscal Year | Royalty Payments |  |  | | Royalty Payments |
| FY 86-87 | $10,380,677.17 |  | **Fiscal Year 22-23** | | **4,469,894.54** |
| FY 87-88 | $15,681,798.14 |  | 5 Yr Average | | 3,479,804.15 |
| FY 88-89 | $18,864,834.75 |  | 10 Yr Average | | 8,614,198.70 |
| FY 89-90 | $13,245,515.19 |  | 15 Yr Average | | 14,377,574.11 |
| FY 90-91 | $13,593,758.31 |  | 20 Yr Average | | 17,947,830.08 |
| FY 91-92 | $13,277,733.12 |  | 25 Yr Average | | 18,956,922.73 |
| FY 92-93 | $14,606,564.12 |  | 30 Yr Average | | 18,957,906.27 |
| FY 93-94 | $21,044,963.29 |  | Avg Since Inception | | 18,182,146.24 |
| FY 94-95 | $14,774,261.21 |  | Max | | 38,020,941.87 |
| FY 95-96 | $17,969,858.53 |  | Min | | 230,074.68 |
| FY 96-97 | $26,419,456.06 |  |  |  | |
| FY 97-98 | $24,585,874.56 |  |  |  | |
| FY 98-99 | $16,830,485.83 |  |  |  | |
| FY 99-00 | $18,669,189.08 |  |  |  | |
| FY 00-01 | $36,158,347.48 |  |  |  | |
| FY 01-02 | $19,731,662.42 |  |  |  | |
| FY 02-03 | $18,747,663.06 |  |  |  | |
| FY 03-04 | $36,123,591.56 |  |  |  | |
| FY 04-05 | $35,870,401.53 |  |  |  | |
| FY 05-06 | $28,535,487.76 |  |  |  | |
| FY 06-07 | $27,586,102.04 |  |  |  | |
| FY 07-08 | $33,020,104.79 |  |  |  | |
| FY 08-09 | $38,020,941.87 |  |  |  | |
| FY 09-10 | $21,018,149.25 |  |  |  | |
| FY 10-11 | $21,673,915.21 |  |  |  | |
| FY 11-12 | $21,551,888.97 |  |  |  | |
| FY 12-13 | $22,884,597.40 |  |  |  | |
| FY 13-14 | $20,639,537.12 |  |  |  | |
| FY 14-15 | $15,662,210.67 |  |  |  | |
| FY 15-16 | $7,601,229.58 |  |  |  | |
| FY 16-17 | $7,089,786.05 |  |  |  | |
| FY 17-18 | $6,569,277.59 |  |  |  | |
| FY 18-19 | $4,701,686.20 |  |  |  | |
| FY 19-20 | $1,698,915.51 |  |  |  | |
| FY 20-21 | $230,074.68 |  |  |  | |
| FY 21-22 | $3,208,976.35 |  |  |  | |
| FY 22-23 | $4,469,894.54 |  |  |  | |

**History of LEQTF Royalty Payments**

**Cumulative Allocations to Fund**

LEQTF Investments Performance Comparison

The total return for the LEQTF in Fiscal Year 2023 was 4.86 percent. The LEQTF legislative benchmarks are the 30-day Treasury Bill and the Two-year Treasury Note. The 30-day Treasury Bill returned 3.70 percent and the Two-year Treasury Note returned -0.60 percent.

For FY 2023, the LEQTF bond portfolio earned a total rate of return of 0.53 percent, while the Barclays Government/Credit bond index, the portfolio’s internal fixed income benchmark, earned -0.10 percent. The 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 beneficiaries. LEQTF Vanguard equity investments returned 16.57 percent for the fiscal year and the LEQTF equity dividend investments returned 10.35 percent. In U.S. domestic equities, the S&P 500 index returned 19.59 percent, and the total equity market, as measured by the Wilshire 5000 index, had a total return of 9.25 percent. The International Market, as measured by the MSCI-ACWIxUS, had a total return of 14.25 percent during FY 2023.

**LEQTF Portfolio Performance for Fiscal Year 2023**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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 | 3.70% | -0.60% | -0.10% | 0.53% | 19.59% | 16.57% | 10.35% | 4.86% |

**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** |
| **FY 22-23** | **0.53%** | **0.53%** | **0.53%** | **0.53%** | **0.53%** | **0.53%** | **0.53%** | **0.53%** |
| Avg Since Inception | 4.15% | 2.75% | 10.19% | 10.38% | 11.87% | 5.51% | 1.22% | 1.95% |
| 5 Yr Average | 1.24% | -0.17% | 10.38% | 13.54% | 9.93% | 4.22% | 1.51% | 0.78% |
| 10 Yr Average | 2.24% | 0.78% | 11.65% | 12.98% | 11.55% | 5.27% | 0.95% | 1.04% |
| 15 Yr Average | 4.11% | 2.30% | 11.27% | 11.65% | 11.87% | 5.75% | 0.71% | 1.41% |
| Max | 21.89% | 9.65% | 41.10% | 40.79% | 20.74% | 16.66% | 5.00% | 7.66% |
| Min | -6.99% | -7.28% | -25.05% | -26.21% | -0.74% | -7.62% | 0.02% | -3.39% |
| \* Inception of total return performance measurement was Fiscal Year 2004-2005 | | | | | | | | |

**LEQTF vs. Benchmarks Graph**

**LEQTF Portfolio Characteristics**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **6/30/17** | **6/30/18** | **6/30/19** | **6/30/20** | **6/30/21** | **6/30/22** | **6/30/23** |
| Mkt. Val. Portfolio With Support Fund | $1,416.85 | $1,502.65 | $1,502.65 | $1,526.13 | $1,673.48 | $1,529.77 | $1,569.39 |
| Mkt. Value of Permanent Fund | $1,375.54 | $1,466.11 | $1,457.04 | $1,492.85 | $1,630.57 | $1,476.07 | $1,529.92 |
| Unrealized Gains And Losses | $140.26 | $142.29 | $177.28 | $188.76 | $241.27 | $53.37 | $86.97 |
| Average Maturity | 5.49 Yrs | 4.60 Yrs | 5.214 Yrs | 4.28 Yrs | 4.37 Yrs | 5.39 Yrs | 3.26 Yrs |
| Average Coupon | 3.50% | 3.34% | 3.39% | 2.67% | 2.07% | 2.07% | 2.25% |
| Total Amount Rate Of Return | 6.39% | 0.63% | 6.98% | 3.77% | 13.13% | -7.71% | 4.86% |
| \* In $ Millions |  |  |  |  |  |  |  |

**Asset Allocation Table**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **6/30/18** | **6/30/19** | **6/30/20** | **6/30/21** | **6/30/22** | **6/30/23** |
| Short-Term Funds | 5.8% | 5.2% | 4.5% | 2.0% | 4.31% | 3.28% |
| U.S. Treasury and Agency Securities | 25.9% | 30.3% | 32.0% | 35.1% | 36.88% | 36.35% |
| Mortgage-Backed Securities | 0.07% | 0.05% | 0.04% | 0.03% | 0.02% | 0.01% |
| Corporate Bonds | 32.2% | 29.9% | 28.3% | 30.8% | 26.87% | 25.50% |
| Equity Securities | 34.8% | 33.8% | 34.3% | 30.8% | 31.14% | 34.08% |
| Other Securities | 1.2% | 0.8% | 0.8% | 1.2% | 0.80% | 0.78% |

**Portfolio Asset Allocation as of June 30th, 2023**

**LEQTF Allocation Performance vs. Internal Benchmark Performance**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Portfolio Investments | $ Millions | Portfolio % Allocation | **Portfolio Return** | Benchmark | **Benchmark Return** |
| Vanguard Total Intn'l Index | 127.1 | 7.39% | **12.52%** | MSCI ACWI ex US | **14.25%** |
| Vanguard Total U.S. Index | 236.5 | 13.00% | **17.62%** | Wilshire 5000 | **9.25%** |
| Dividend Stocks | 170.1 | 10.39% | **0.47%** | Dow Jones US Dividend | **-0.94%** |
| Fixed Income | 1,035.7 | 69.23% | **0.53%** | Barclays Gov't/Credit | **-0.60%** |
| **Total Portfolio** | **1,569.4** | **100.00%** | **4.86%** | **Blended Benchmark** | **2.05%** |

**Growth of Market Value & Investment Income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Total Investment Income\* | Market Value\* | Investment Yield | 5 Year Treasury Note | 10 Year Treasury Note |
| **Fiscal Year 22-23** | **$36.02** | **$1,559** | **2.31%** | **3.66%** | **3.53%** |
| 5 Yr Average | $37.89 | $1,540 | 2.47% | 1.80% | 2.05% |
| 10 Yr Average | $38.67 | $1,443 | 2.71% | 1.66% | 2.12% |
| 15 Yr Average | $41.25 | $1,327 | 3.25% | 1.80% | 2.44% |
| 20 Yr Average | $43.97 | $1,256 | 3.69% | 2.33% | 2.92% |
| 25 Yr Average | $45.32 | $1,187 | 4.08% | 2.90% | 3.42% |
| 30 Yr Average | $46.48 | $1,121 | 4.51% | 3.43% | 3.92% |
| Avg Since Inception | $46.22 | $1,040 | 4.92% | 4.16% | 4.63% |
| Max | $64.25 | $1,679 | 8.83% | 8.49% | 8.92% |
| Min | $20.83 | $540 | 1.97% | 0.34% | 0.73% |
| \* In $ Millions, includes realized Capital Gains & Losses | | | |  |  |
| \*\* In $ Millions |  |  |  |  |  |

**Kevin P. Reilly, Sr.**

**Louisiana Education Quality Trust Fund**

**Louisiana Board of Elementary and Secondary Education FY 2022-2023**

**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 are developed in compliance with activities delineated in LAC 28: I, Subpart 3.  Louisiana Quality Education Support Fund—8(g) Program, and are aligned to the BESE Strategic Plan. Projects are selected, and the budget is formulated, based on conformity to the education purposes set forth in the Constitution. 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. B 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. 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.

When building the 8(g) Annual Program and Budget, BESE follows a set process prior to each fiscal year, beginning with a public hearing, in which the Board receives input from the public-at-large regarding the expenditure of Support Fund proceeds for elementary and secondary education allocated by the Legislature . Next, the BESE President works with BESE staff reviews to determine priorities, as well as the percentage of the total funding to be used for each funding method (Block and Statewide) 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. The BESE President and staff presents the recommendation to the full Board for approval no later than the annual BESE December meeting.

BESE awards grants on an annual basis, using the Block and Statewide grants funding methods − 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) 1986-2023 Funding Overview |
| * More than 9,680 projects since 1986 * More than $1.39 billion allocated since 1986 |

* 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:

1. To provide compensation to city or parish school board professional instructional employees;
2. To insure an adequate supply of superior textbooks, library books, equipment, and other instructional materials;
3. To fund exemplary programs in elementary or secondary schools designed to improve elementary or secondary student academic achievement or vocational-technical skill;
4. To fund carefully defined research efforts, including pilot programs, designed to improve elementary and secondary student academic achievement;
5. To fund school remediation programs and preschool programs;
6. To fund teaching of foreign languages in elementary and secondary schools; and
7. 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**

1. BESE will provide leadership in setting an education agenda for the continuous improvement of public education, as measured by student and school achievement; and
2. BESE will strive to improve financing of public education, as measured by the effective and efficient use of human and financial resources.

**Strategies**

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

**2022-2023 8(g) Priority Areas:**

|  |
| --- |
| Since 1988, BESE 8(g) has funded more than $266 million in pre-kindergarten programs |

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

**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 2022-2023 Allocation: $13,240,000**

125 Student Enhancement Block Grants

7 Statewide Program Grants

**132 Total Grants Funded**

**Student Enhancement Block Project end of year evaluation 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 end of year evaluation 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;
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.

**Board of Regents Support Fund Overview**

**Funded Programs and Investments, 1987-2023**

**Overview**

Over 36 years, the Board of Regents Support Fund (BoRSF) has provided more than $980 million to public and independent campuses across Louisiana to meet its twin goals of enhancing the quality of postsecondary 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 44 public and private postsecondary campuses are eligible to compete for funding, and almost all have received BoRSF support through one or more of its 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 **92% of all BoRSF dollars** have been expended for science, technology, engineering, and mathematics (STEM) projects, enhancing research and training to these critical economic drivers.
* External funding agencies have awarded **more than 4,700 grants and contracts** to Louisiana higher education institutions as a direct result of BoRSF investments.
* **Endowed funds, inclusive of non-State and BoRSF contributions, have a $765 million in permanently dedicated funds,** comprising **3,500+ 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-funded research has led to **more than 600 patent filings** during the life of the awards.
* **Expanded multi-campus collaborations** are key to Louisiana’s competitiveness for federal R&D money, as evidenced by Louisiana’s extraordinary and consistent success in National Science Foundation, NASA, Department of Energy, and National Institutes of Health programs. The Support Fund has provided **more than $100 million** in state match to multicampus awards managed through the Board of Regents to support these collaborative efforts.

**Programs & Subprograms**

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**Endowment Matching**

Through its endowment matching programs, the Support Fund pairs its dollars 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 $155 million in matching funds to establish 326 chairs at 25 campuses across the State. Of these established chairs, 60 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 junior or senior faculty whose research, teaching, and public service uniquely contribute to the mission of their departments and institutions. To date, matching totaling $195.5 million has been provided for 2,665 Endowed Professorships at 41 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 aligned with the State’s economy. Since the program’s introduction, 166 scholarships have been established at 11 campuses, either via direct match awarded through 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 immediate families to attend college. The program operated independently for ten years, then was incorporated as an eligible activity under the Endowed Professorships. To date, 286 First-Generation Undergraduate Scholarships have been matched at 29 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. Through FY 2022-23, 180 Workforce Scholarships have been endowed at 13 campuses.

**Recruitment of Superior Graduate Students**

The Support Fund’s 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. During the operation of the program, almost 1,700 full fellowships were provided to students pursuing doctoral and master’s degrees. 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 on a competitive basis to establish a permanent source of student support for their graduate programs.

**Targeted Research and 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. 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 $177.6 million in approximately 2,250 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 of Academic, Research, and Agricultural Departments and Units**

The Enhancement component supports the broadest range of activities in the Support Fund via 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 across all disciplines and at all academic levels to improve the quality of academic departments or units, 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 3,450 competitive Enhancement projects at 43 institutions have been funded since 1987, and the program was recently restructured to emphasize investment in high-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 BoRSF 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 2023, programs across eight federal agencies awarded more than $350 million to joint federal/State initiatives, for which the BoRSF provided match of over $100 million, including budgeted matching and funds from reserves.

As the most inclusive program, Enhancement represents the largest investment of BoRSF monies, committing more than $390 million over three and a half decades – 40% of all Support Fund monies invested – to fund thousands of competitive projects and federal matching opportunities across eligible campuses statewide.