

Louisiana Education Quality Trust Fund



Annual Report
Fiscal Year 2004

Prepared By:
John Kennedy, State Treasurer



Louisiana Education Quality Trust Fund

.. Annual Report Fiscal Year 2003–2004 ..



Since taking over as State Treasurer in 2000, I've been saying that the Louisiana Education Quality Trust Fund (LEQTF or the Fund) is one of state government's biggest success stories. As we finalized our fiscal year 2003–2004 LEQTF annual report, I discovered even more reasons why this is true.

Each year we alternate the focus of our LEQTF annual report between the Board of Regents (Regents) and Board of Elementary and Secondary Education (BESE). This year's report specifically highlights projects for BESE and focuses on the importance of early childhood education.

Early childhood education is something that is crucial to the development and growth of every Louisiana child. It truly is one of the most fundamental building blocks in a child's life. I'm extremely proud that some of the funding of the LEQTF is specifically going toward this important cause.

In addition to highlighting BESE and early childhood education, our LEQTF annual report focuses on the trust fund's investments and market value to show citizens how their state funds are working for students at all grade levels, including higher education, in our state.

· Investments ·

The investments of the LEQTF are charged with generating a steady flow of income for both BESE and Regents. Stocks and bonds are the two investment vehicles available to accomplish this task. Diversified investments in the LEQTF safeguard the fund's assets and moderate its volatility.

· Market Value ·

This fiscal year, the LEQTF had a total rate of return of 7.1 percent. The LEQTF market value, which is the amount a seller could expect to obtain for securities sold in the open market, grew over \$52 million during the fiscal year to over \$1 billion.

Outstanding investments, coupled with student and faculty achievement, make the LEQTF a unique and permanent funding source for our children's future. Please take a minute to learn about this remarkable resource for education.

With kind regards,

A handwritten signature in red ink that reads "John Kennedy". The signature is fluid and cursive, with a long horizontal line extending to the right.

John Kennedy
State Treasurer

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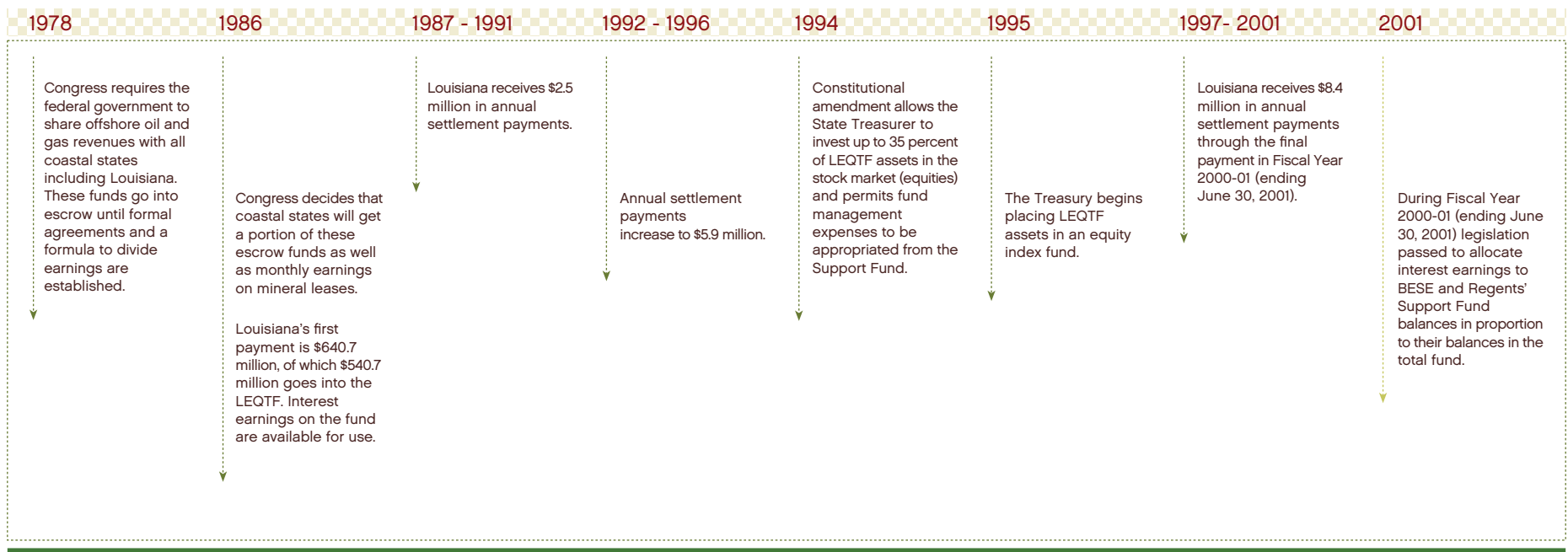
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History of the LEQTF

The LEQTF was established in 1986 by Louisiana voters to improve the quality of education in the state. 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 (also known as the 8(g) fund) was created to receive and hold 75 percent of the earnings from investment income and royalty income and 25 percent of the earnings from net capital gains/losses. Conversely, the Permanent Fund receives and holds 25 percent of the earnings from investment income and royalty income and 75 percent of the earnings from net capital gains/losses.

Annual monetary allocations are made from the Support Fund to two state agencies: BESE for PreK through 12th grade (PreK–12) and Regents for all public higher education. This report documents the financial condition of the LEQTF and the activities sponsored by these two state agencies receiving allocations from the Support Fund.

Timeline Highlighting the History and Major Activities of the LEQTF



Annual & Cumulative Allocations

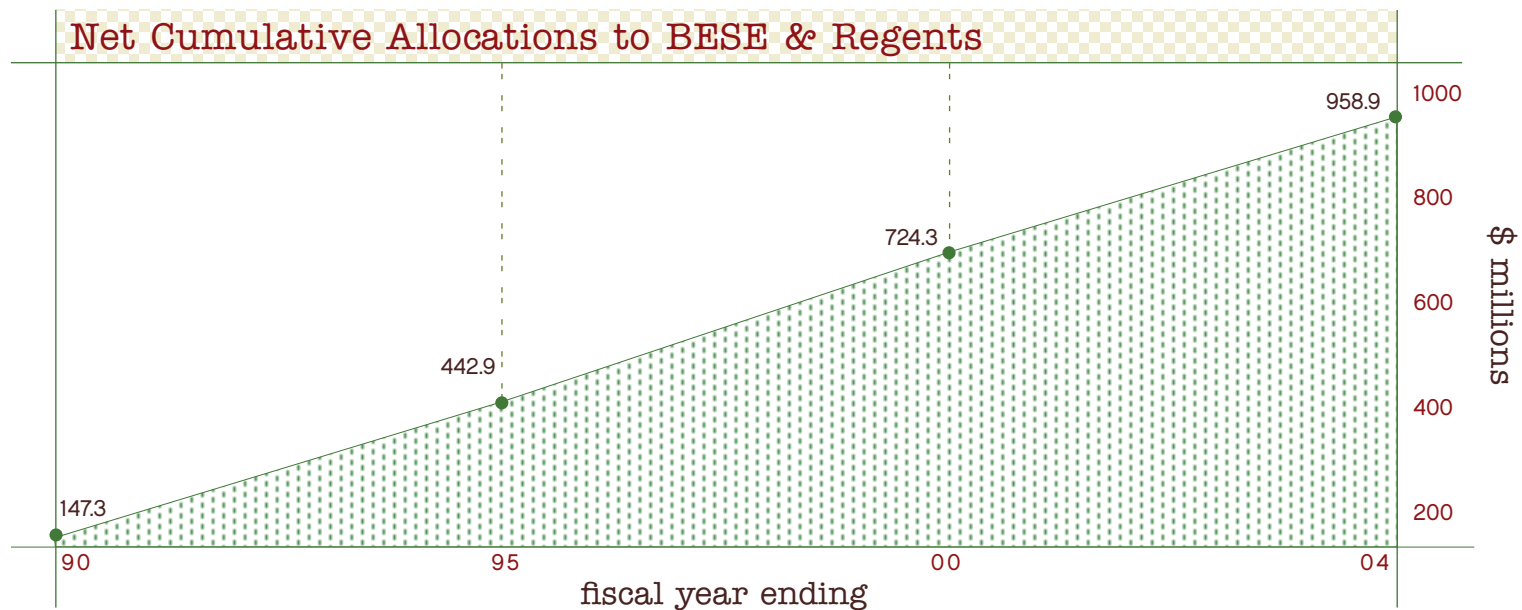
The Treasury invests the LEQTF in order to preserve the Fund's capital, enhance its market value and provide a stable and predictable income. The Treasury's guiding principle for LEQTF investments is to maximize taxpayers' benefits for years to come.

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. This may cause slight variations in total allocation amounts between the two agencies from year to year.

The LEQTF allocated \$32.1 million to BESE and \$32.6 million to Regents for fiscal year 2003-2004 (FY 2004). Over the life of the LEQTF, it has allocated a total of \$958.9 million to these two agencies, making it a stable

source of revenue for a variety of educational enhancements and opportunities for Louisiana students at every level of education.

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



Investment Results & LEQTF Income

There are three major sources of income for the LEQTF: **Investments**, **Royalties** and **Capital Gains/Losses**. For FY 2004, the LEQTF earned a total of \$88.2 million in income, which includes interest, dividend, securities lending and royalty income.

..Investments..

As stated earlier, 75 percent of these earnings are credited to the Support Fund and 25 percent are reinvested in the Permanent Fund. Income from investments totaled \$47.8 million and consists of interest income, dividend income and securities lending income.

Interest Income: The LEQTF holds a variety of fixed-income investments, including U.S. Treasury and Agency securities as well as investment-grade corporate bonds. LEQTF earnings from coupon interest for FY 2004 totaled \$45.4 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 2004 was \$2.3 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 2004, the LEQTF earned \$144,850 in additional income through the securities lending program.

..Royalties..

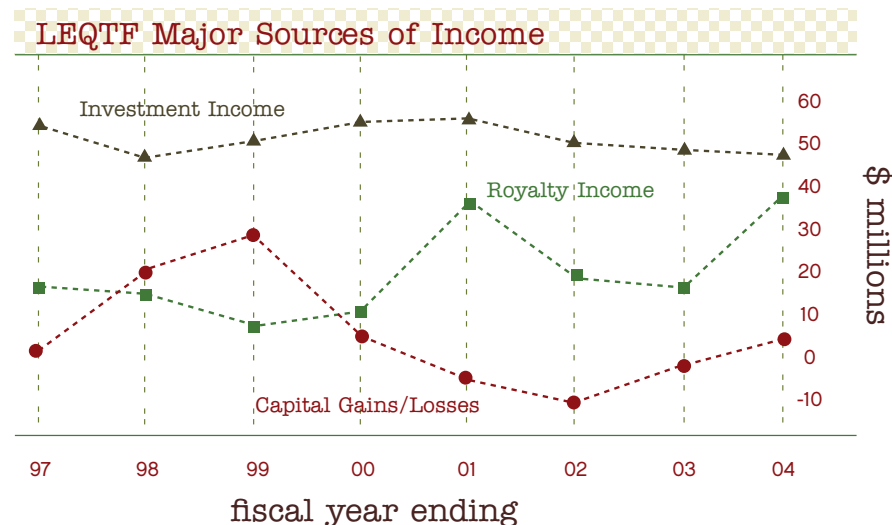
Income from royalties for FY 2004 was \$36.1 million from natural gas production on the Outer Continental Shelf in the Gulf of Mexico. This portion of the Fund's income is a direct result of natural gas prices and tends to fluctuate as production and prices rise and fall. With sustained high natural gas prices, royalty income in FY 2004 was much greater than FY 2003.

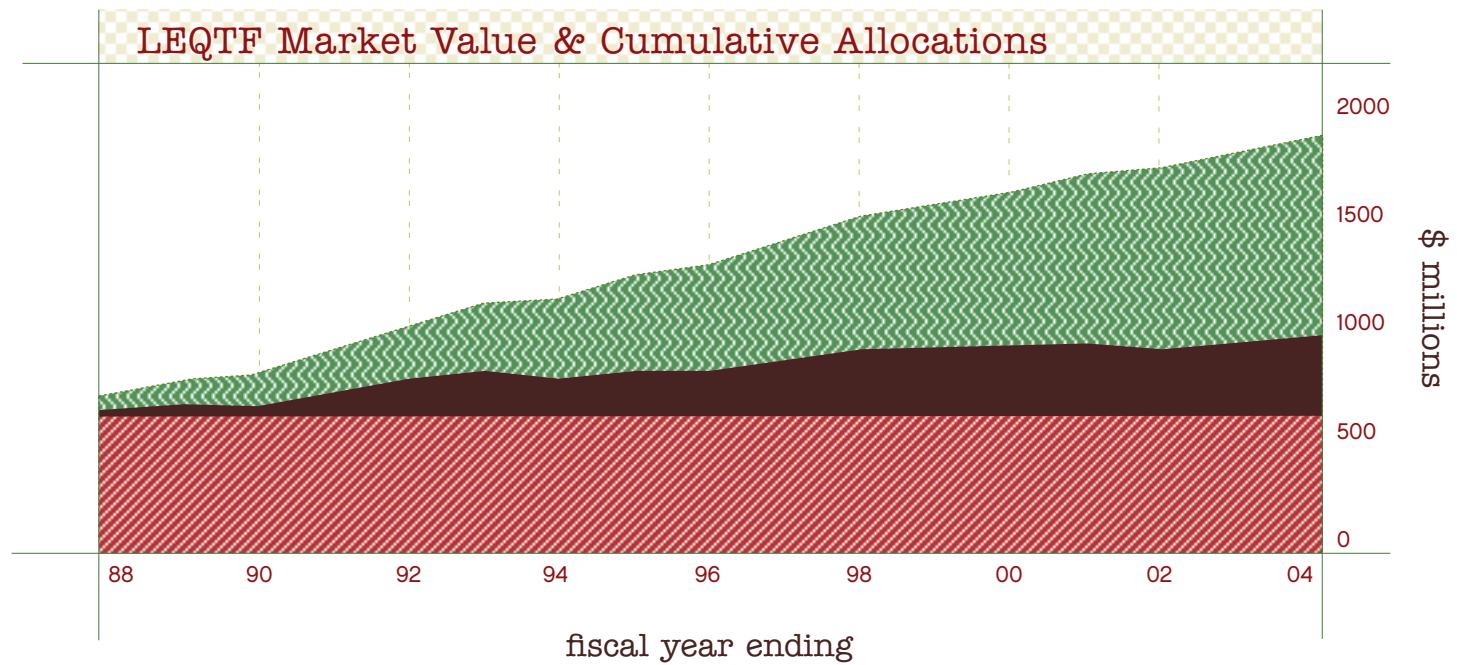
It is important to note that once the market value of the Permanent Fund reaches \$2 billion, all investment income will be credited to the Support Fund, and recurring royalty income will revert to the state's General Fund.

..Capital Gains / Losses..

For FY 2004, the LEQTF experienced \$4.3 million in capital gains during the year from the sale of assets. Of these gains, the Permanent Fund earned \$3.2 million and the Support Fund earned \$1.1 million. As explained earlier, the Support Fund realizes 25 percent of all capital gains or losses, and the Permanent Fund realizes 75 percent.

Over the years, the LEQTF has had the opportunity to invest in various investment vehicles that further diversify the portfolio. During the 2004 regular legislative session, a bill was passed that enabled the Fund to invest in investment-grade foreign bonds that are backed by the full faith and credit of the foreign government, issued in the United States, and denominated in U.S. dollars.





\$540 million
Initial Investment

\$925 million
Market Value of
Permanent Fund
(includes initial investment)

\$959 million
Allocations

Investments Performance Comparison

For FY 2004, the LEQTF bond portfolio earned a total rate of return of 2.4 percent, while the Lehman Brothers Government/Credit bond index – the portfolio's internal benchmark – lost 0.7 percent. Total rate of return includes both interest income and capital appreciation. However, LEQTF's bond portfolio is managed to maximize investment income for its beneficiaries. LEQTF equity investments returned 25.9 percent for the fiscal year. The S & P

500 index returned 19.1 percent, and the rest of the market measured by the Wilshire 4500 finished at 29.5 percent. The LEQTF legislative benchmarks are the 30-day Treasury Bill and the Two-year Treasury Note. The 30-day Treasury Bill returned 0.90 percent and the Two-year Treasury Note returned 0.38 percent. The LEQTF earned a total return of 7.1 percent for FY 2004.

LEQTF vs. Benchmarks FY 2004						
Portfolio/Benchmark	30-Day T Bill	Two-Year T Note	LB Govt/Corp Bond Index	LEQTF Fixed Income (Bonds)	S & P 500 Index	LEQTF Equities
Percent (%) Return	.90%	.38%	-0.7%	2.4%	19.1%	25.9%
	LEQTF Total					
	7.1%					

Market Commentary

In response to indications of modest economic growth, the Federal Reserve (Fed) raised the key federal funds rate by 25 basis points at its policy meeting on June 30, 2004. It was the first increase in the funds rate since May 2000. In a larger sense, the move brings to an end the irregular downward trend in interest rates under way since the early 1980s, when inflation was in a double-digit range and the Fed was struggling to regain price stability.

Success in that endeavor allowed interest rates to move markedly lower, and the recession of 2001 and the weak recovery that ensued thereafter forced the Fed to lower interest rates to levels not seen in 40 years. Barring a major negative shock to the economy, interest rates are now headed upward for perhaps the next several years. The economic recovery that began in late 2001 has within the past year become considerably stronger and better balanced.

During the latter half of calendar year 2003, real GDP grew at an annual rate of more than 6 percent. First-quarter 2004 growth, however, was revised down below

4 percent, and data available suggest that further slowing may be in process.

Nothing in the recent economic data suggests that the current economic expansion is in danger of faltering. Consumer confidence has risen, and the growth of personal income has strengthened with an increase in job creation. Housing activity continues to forge ahead. Business capital spending is being bolstered by rising corporate profits, increased output, replacement of obsolete high-tech equipment, and the desire to improve productivity and hold down costs. Exports appear to be expanding in response to reviving economic activity abroad and the dollar's decline in value since early 2002.

Increasing economic activity and rising interest rates are a mixed blessing for LEQTF. Increasing interest rates translate to the opportunity for stronger interest income over time. However, rising interest rates also lead to weaker total return figures for the LEQTF because of lower market value.

Portfolio Characteristics					
Mkt. Value Of LEQTF Portfolio	6.30.00	6.30.01	6.30.02	6.30.03	6.30.04
Includes Support Fund	\$898,412,938	\$908,556,669	\$888,000,370	\$952,742,999	\$1,005,033,900
Mkt. Value Of Permanent Fund	\$823,520,329	\$831,338,021	\$812,737,083	\$877,000,364	\$925,090,380
Unrealized Gains And Losses	- \$8,869,106	\$20,246,814	- \$39,458,592	\$13,473,526	\$19,957,755
Average Maturity	17.8 Years	16.4 Years	15.3 Years	16.7 Years	18.8 Years
Average Coupon	7.4%	7.5%	6.7%	6.3%	6.2%
Total Amount Rate Of Return	5.0%	4.1%	1.4%	12.1%	7.1%

Asset Allocation					
	6.30.00	6.30.01	6.30.02	6.30.03	6.30.04
Short-Term Funds	1.5%	10.3%	2.7%	9.1%	7.3%
U.S. Treasury and Agency Securities	9.4%	4.5%	11.5%	13.6%	14.3%
Mortgage-Backed Securities	20.4%	16.8%	16.3%	8.7%	6.3%
U.S. Corporate Bonds	44.6%	46.6%	52.5%	49.3%	48.6%
U.S. Equities	24.1%	21.8%	17.0%	19.3%	23.2%

BESE

.. Board of Elementary & Secondary Education ..



BESE Overview

As explained earlier in this report, a portion of the LEQTF's Support Fund is allocated to BESE. The 8(g) funds administered by BESE are utilized for the support and enhancement of elementary and secondary education in public and nonpublic systems, public independent schools and nonpublic independent schools meeting eligibility requirements.

The philosophy of BESE has been that local school systems should determine the needs of their students and how to best address those needs within specific parameters established by the Board. This flexibility allows local schools and school systems to determine what programs, at what grade levels, and for what groups of students 8(g) dollars will provide the greatest benefit.

BESE awards grants on an annual basis using three funding methods: competitive, block and statewide grants, and it 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:

- establish expectations of academic excellence;
- require accountability of performance;
- provide superior instruction/state of the art technology; and
- ensure educational leadership/management.

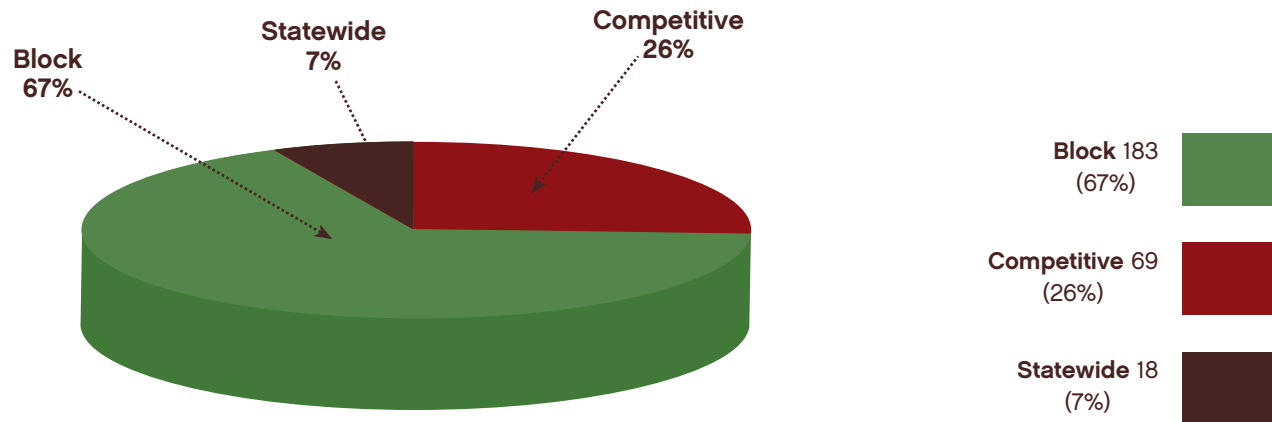
Each year a percentage of the funded projects are evaluated for program effectiveness. Student performance results and goal attainment are reported by each project at year-end.

During the 2003-2004 school year, the 8(g) budget of \$30,940,163 funded a total of 270 projects.

8(g) funds provided technology, supplies, instruction, training and other experiences to students and educators statewide. The distribution across types of projects includes:

- 69 Elementary / Secondary Competitive Grant Projects
- 183 Elementary / Secondary Student Enhancement Block Grant Projects
 - 18 Statewide Grant Projects

FY 2004 8(g) Grant Awards by Budget Category (270 Projects)



Elementary / Secondary Competitive Grants



Students at West Leesville Elementary in Vernon Parish benefitted from a new computer lab and an interdisciplinary learning approach in which teachers integrated technology into social studies and English classrooms.

Agencies/schools receiving competitive grants identify exemplary and innovative initiatives designed to improve elementary and secondary student achievement or vocational-technical skill. The allocation of 8(g) funds is equitably distributed according to categories determined by agency/school size. Projects are funded on an annual basis with a maximum of three years of funding. **During FY 2004, BESE allocated \$5,092,965 for these competitive grants.**

This competitive allocation of grants funded those innovative projects ranked highest by proposal reviewers who were appointed by the Board. Funded projects must have focused on English/Language Arts (9 projects), mathematics (8 projects), science (5 project) and social studies (2 projects) for grades 4 – 12. Projects could also focus on alternate or supplemental instructional methods such as middle school/high school redesign for grades 6 – 12 (4 projects), alternative programs (5 projects), or technology (36 projects). A total of 69 projects were funded out of 223 submitted proposals.

Elementary / Secondary Student Enhancement Block Grants



Students from Avoyelles Public Charter School studied physical science, biology and chemistry and were involved in cooperative learning activities in which they conducted scientific experiments both in and out of the science laboratory.

The Elementary/Secondary Student Enhancement 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. In FY 2004, BESE allocated \$13,923,073 to fund 183 projects.

BESE allocated funds through an equitable formula based on agency/school enrollment. In FY 2004, public systems received a \$75,000 base allocation, and remaining funds were allocated on a per-pupil basis to all public systems, public independent schools and nonpublic systems/schools at a rate of \$10.57 per student. Projects targeted preschool for four-year-old students (71 projects), English/Language Arts for grades K – 12 (28 projects), mathematics (12 projects), science (11 projects), and social studies (5 projects) for students in grades 6 – 12. Additional focus areas for projects included middle school/high school redesign (3 projects) for grades 6 – 12, alternative

programs (13 projects) and technology (40 projects). Local agencies/schools selected models that enhanced local education plans. Projects addressed specific standards through the implementation of prescribed, innovative strategies. Student achievement results, correlating to approved, measurable objectives, were utilized to evaluate their outcomes.



St. James Parish's 8(g) Early Childhood Program for at-risk four-year-olds provided students with a variety of experiences and opportunities for discovery through multi-sensory games and activities.

Statewide Grants



The Caddo Parish Mini-Grant Program allowed teachers and schools to receive supplementary financial support that helped them purchase additional classroom supplies and equipment for use in PreK – 12 classrooms. School districts partnered with Local Education Foundations to receive matching funds from BESE's 8(g) Mini-Grant Awards of Excellence Program.

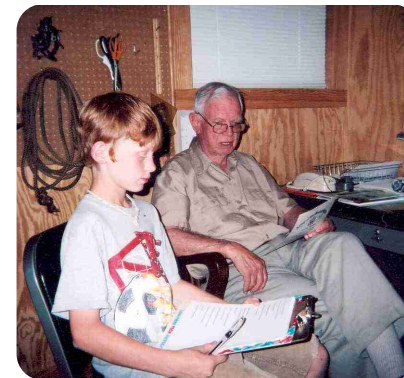
Statewide projects are administered by state agencies, generally the Louisiana Department of Education (LDE), to provide **goods** (such as calculators), **services** (such as staff development), or **flow-through dollars** to schools or school systems. The projects target specific participants and focus on common goals determined by the

administering agency. Some statewide projects were implemented on a pilot basis with selected sites, while others impacted large numbers of schools and students throughout Louisiana. **In FY 2004, BESE funded 18 statewide projects, for a total of \$11,138,458.**

Students, teachers and administrators all benefited from projects that were implemented to provide support services including the incorporation of up-to-date classroom methodology, curriculum materials, technical support and professional development. Funded projects were developed in accordance with the constitutional categories under which the BESE 8(g) fund operates. Statewide projects fit into the following categories: Exemplary (15 projects), Research or Pilot (1 project), Purchase of Superior Textbooks (1 project) and the Teaching of Foreign Languages (1 project).

Student-centered projects ranged from the purchasing of textbooks, library books and reference materials to exposure to the arts. Other student projects provided intense and focused

instruction for students who scored below the basic level on state-mandated proficiency exams. Teachers and principals received assistance with continuing education. School systems benefited from mini-grants that provided matching dollars as an incentive to establish permanently endowed, local trust funds for future educational needs.



Jackson Parish Arts Grant students had the unique opportunity to learn from an integration of social studies, journalism, and the arts. Students located and interviewed local war veterans and used photographs of the veterans and their historical memorabilia to create a Memorial Day exhibition.



BESE Feature Section

.. Investing in Louisiana's Future: The BESE 8(g) Preschool Program ..



BESE Feature Section

.. Nationwide Recognition of the Importance of Early Education ..



This Livingston Parish PreK student takes advantage of a learning center designed to increase listening skills and students' attention spans.

The importance of early education to ensure the future success of our children is not a new realization. As early as the 1970s, the percentage of the nation's children enrolled in preschool classrooms was rising due to changing social, economic, and demographic trends

that contributed to the nationwide recognition of the educational value of early learning.

Yet, even today, the fact remains that some children are better prepared for school than others. In many cases, the kindergarten-readiness of many children, or lack thereof, can be tied directly to whether or not they were

enrolled in preschool programs as four-year-olds. Specifically, research has shown that children have greater success in kindergarten and subsequent grades if they have already participated in high-quality preschool education programs. These students are better prepared academically, socially and emotionally.

High-quality preschool programs present children with learning opportunities that can better their lives dramatically in future years. The stages of growth that occur during the first five years of a child's life offer a unique period of development. During this period, a child, if exposed to activities and routines that are crucial to learning, will acquire foundational capabilities that will prepare him or her for later success in school.

These findings are especially true for children from low-income families who have been identified as high-risk for school failure. However, while most research has focused on the educational gains achieved by at-risk children, there is evidence that all children will benefit from the experiences of quality preschool programs.

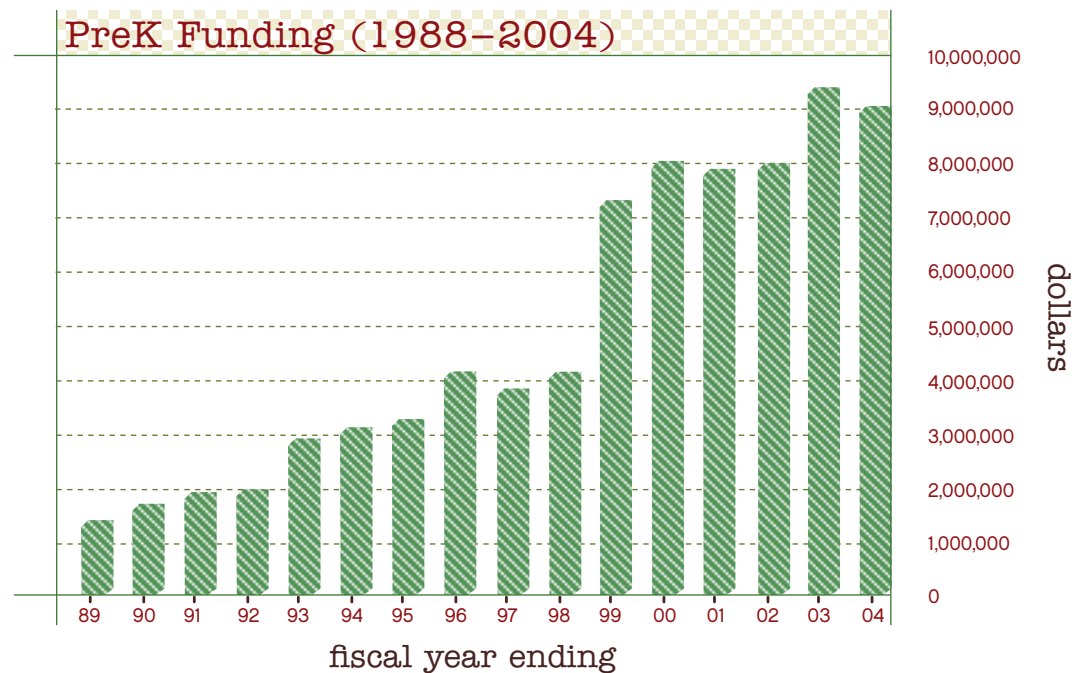
BESE Feature Section

.. Louisiana's 8(g) Investment in Early Childhood Education ..

As part of Louisiana's initial education reforms in the 1980s, the state's education officials were proactive in recognizing the importance of early childhood education. Louisiana has provided funding and technical assistance for prekindergarten programs in the local public school systems since 1988 when BESE allocated 8(g) funds for this important initiative. In fact, the

8(g) Preschool Program was one of only 19 state programs across the nation implemented before the 1990s according to the National Institute for Early Education Research's *The State of Preschool: 2003 State Preschool Yearbook*. Currently, 41 states offer some kind of state-funded preschool program.

.. Over the last 16 years, BESE 8(g) has allocated almost \$80,000,000 for early childhood education ..



BESE Feature Section

.. Louisiana's 8(g) Investment in Early Childhood Education ..



PreK students in Webster Parish participated in activities such as storytelling, retelling, play-acting and conversation designed to help them develop oral communication skills.

Not only has BESE supported and encouraged local preschool programs, but it has also invested a large part of its 8(g) allocation each year for this initiative. In the last 16 years, \$79,357,859 of the BESE portion of the Louisiana Quality Education Support Fund 8(g) fund has been allocated for early childhood programs to ensure that children enter school ready to learn and that the students of the future reach Louisiana's goals set forth in the state's accountability system.

Yet, as in most states, the quality of preschool programs depends to a great degree upon the requirements set for teaching staff and the way in which programs are structured. High levels of

teacher education and low staff-to-child ratios are associated with more positive outcomes for preschoolers, and the BESE program requires that teachers for these classes have a bachelor's degree with specialized certification in Nursery, Kindergarten, PreK-3, or Early Intervention. Classes may only have a maximum of 20 children with a staff to child ratio of 1:10. Additionally, 8(g) funded programs must use a comprehensive developmentally appropriate curriculum and must include family early-intervention strategies to help parents gain a better understanding of child development.

Over the 16 years of preschool funding, the 8(g) program has served some 41,253 Louisiana four-year-olds to gain crucial school readiness skills with an average 96 percent annual participation from local school districts. 8(g) funds have also supplemented other local, state and federally-funded prekindergarten programs across the state, permitting local school systems to maximize their use of existing resources in order to expand access. In effect, BESE's 8(g) funds serve an even larger number of children than tracked through the 8(g) data collection process.

BESE's 8(g) Preschool Program has served as a model for other more recently developed state-funded preschool programs as it maintains high

standards, continually expanded access, and consistent of programming. Although the BESE 8(g) office has no system in place for tracking students who have participated in 8(g) funded preschool programs through high school graduation and beyond, the expected outcomes for these students mirrors those of other state-funded early childhood learning programs in which this type of tracking has been documented. Short-term effects could include increased test scores, decreased grade repetition, and fewer special education placements for at-risk children; and long-term impact for students could mean higher graduation rates and increased college attendance, leading to an improved and more productive workforce of the future.

Because the state has not committed to fully funding universal access for all four-year-olds statewide, BESE's dedication to offering high quality preschool programs remains a major piece of the state's overall reform efforts. The use of 8(g) funds for early childhood education is clearly an investment in the future of Louisiana, and BESE's continued funding of this initiative validates its commitment to sustained reform and increased student academic achievement for all Louisiana students.

BESE Feature Section

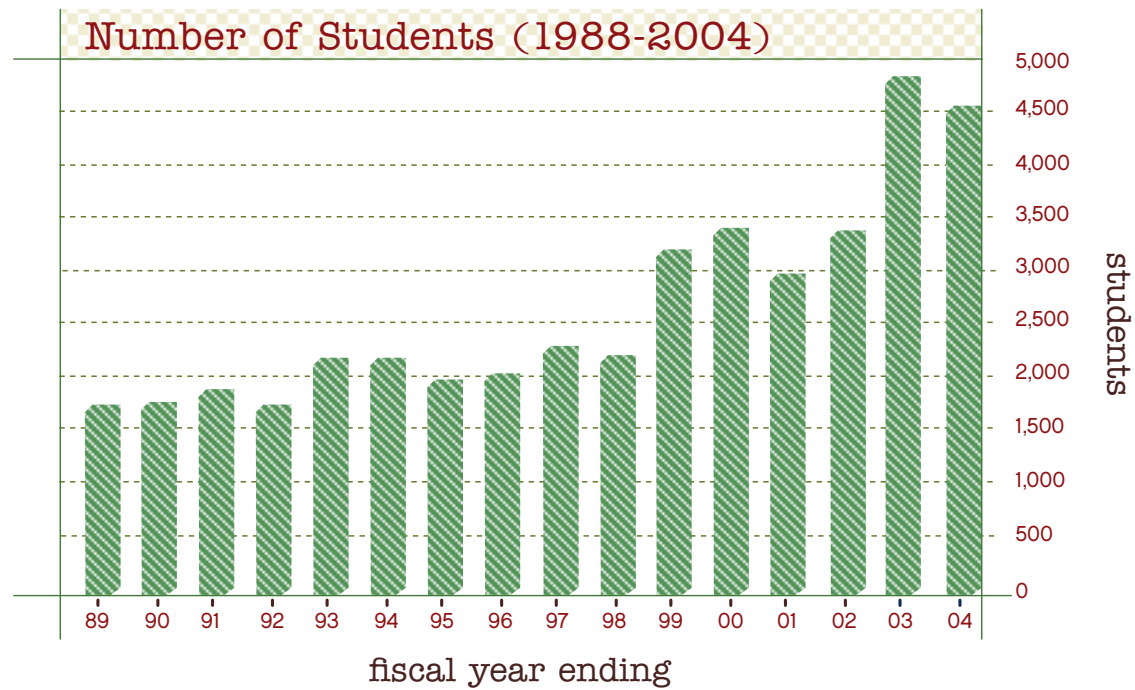
.. Setting the Standard for Louisiana Preschool Programs ..

Local school districts utilizing 8(g) funds for preschool programs for four-year-olds must:

- * Implement a developmentally-appropriate program designed to improve the readiness skills of children eligible to enter Kindergarten the following year;
- * Identify those students who are at-risk of being insufficiently ready for the regular school program;
- * Follow a curriculum that is research-based and aligned with the Louisiana Standards for Programs Serving Four-Year-Old Children;
- * Incorporate family intervention strategies designed to maximize the childrens' overall development and lay the foundation for future school success;
- * Employ teachers with a valid and current Louisiana teaching certificate in nursery school, Kindergarten, PreK-3, or Early Intervention;
- * Maintain a teacher to student ratio of 1:10;
- * Enroll no more than 20 children per class;
- * Submit, in measurable terms, the anticipated student outcomes and the anticipated parental involvement along with the program proposal;
- * Evaluate the program to determine success and student improvement and report the results to BESE.

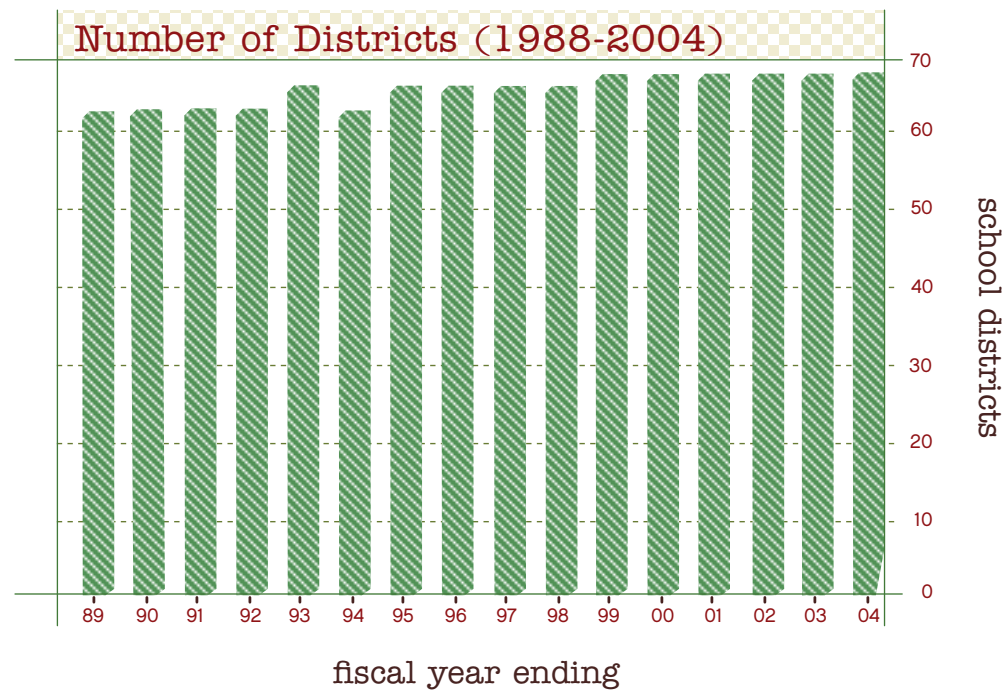
BESE Feature Section

.. BESE 8(g) funds have served over 41,000
at-risk four-year-old students from 1988-2004..



BESE Feature Section

.. On average, district participation in the 8(g) Preschool Program has ranged from 94% to 98% from 1988–2004. ..



Board of Regents



Board of Regents Overview

Support Fund Awards More than \$28 Million to Louisiana Post-Secondary Institutions

Now fully operational for 18 years, the Board of Regents Support Fund (BoRSF) is the envy of higher education communities across the nation.

Because LEQTF monies are in trust, and 25 percent of the interest earned each year is reinvested in the Permanent Fund, the entire LEQTF has grown to more than \$1 billion. It has already spun off more than its original amount in benefits to Louisiana colleges and universities.

In FY 2004 alone, BoRSF awarded more than \$28 million to 36 colleges and universities across the state.

The significant benefits resulting from the investment of BoRSF monies in Louisiana's post-secondary education are even more impressive when one understands that:

- 1) realization of the full benefit of investment in higher education is a long-term proposition;
- 2) final results become obvious after a period of years; and
- 3) reported results include benefits derived during the life of the grants awarded; they do not measure benefits following the conclusion of the relatively brief duration of BoRSF contracts.

The goal of the BoRSF is to improve the quality of education while enhancing economic development and diversification. Regents accomplishes this through

Because LEQTF monies are in trust, and 25 percent of the interest earned each year is reinvested in the Permanent Fund, the entire LEQTF has grown to more than \$1 billion. It has already spun off more than its original amount in benefits to Louisiana colleges and universities.

the administration of four constitutionally mandated programs: endowed chairs and professorships, graduate student recruitment, the enhancement of departmental and unit infrastructures, and research and development.

.. Endowed Chairs and Professorships ..

Since its inception, the BoRSF has awarded \$98.7 million to help endow 230 chairs, including 18 \$2 million chairs and 212 \$1 million chairs. During this same time period, it also provided \$54.9 million for endowed professorships.

.. Graduate Student Recruitment ..

A total of \$56.8 million has been awarded by the BoRSF for the recruitment of graduate students of superior ability to Louisiana and to encourage top graduates from the state's higher education institutions to pursue advanced degrees in Louisiana.

.. Enhancement ..

More than \$157 million for traditional, undergraduate and special enhancements for two-year institutions have been provided since the creation of the BoRSF. This competitive grants program focuses on improving the quality of academic departments or units, which in turn enhances the infrastructure of higher education in Louisiana. Grants for one or two years are provided to departments or interdepartmental units to improve the quality of research and teaching. The objective is to achieve regional and national recognition.

Reflecting a long-range commitment to strengthen all disciplines and promote economic development through the enhancement of higher education, all disciplines are eligible to compete in the endowed chairs, recruitment for superior graduate students, and enhancement components.

.. Research & Development ..

Factoring in this year's funding, the total for research and development since the BoRSF's inception is more than \$103 million. Competition in the research and development component is restricted to disciplines where the promotion of basic and applied research is essential for near-term economic development. All research programs under the direction of the sponsored programs division are competitive and use the services of out-of-state consultants to review and make funding recommendations relative to proposals submitted for consideration.

.. Leveraging BoRSF Monies through Federal Matching Grants ..

Under Regents and its planning and advisory committees, monies are also provided to leverage funding from federal research programs for states that have historically received lower amounts of research dollars. Louisiana's federal research effort in this regard, the Experimental Program to Stimulate

Competitive Research (EPSCoR), has been successful in all of its endeavors. All EPSCoR programs have included one or more of the BoRSF's constitutionally-mandated programs, enhancing both higher education and the state's economy.

Between 1987 and 2004, Louisiana EPSCoR was awarded over \$101.8 million. The BoRSF provided matching funds of \$33.45 million.

.. Educational Reform Initiatives ..

Regents has also used BoRSF enhancement monies as leverage to obtain federal grants to implement and sustain statewide education reforms at all levels. The Louisiana Systemic Initiatives Program (LaSIP) and the Louisiana Collaborative for Excellence in the Preparation of Teachers (LaCEPT) have produced measurable success in this area, and further progress is underway through the Louisiana Gaining Early Awareness and Readiness for Undergraduate Programs (LA GEAR UP).

Statewide Results

- * BoRSF investments in higher education have generated more than \$551.8 million in external funds from federal, private and industrial sources. This is a significant increase in the total monies available for higher education, and represents a **return of \$1.57 for every BoRSF dollar invested since the inception of the program**. The figure reflects only dollars generated during the life of the awards—additional revenues will be generated after the expiration of the awards.
- * External funding agencies have awarded **2,248 grants and contracts** to Louisiana universities as a direct result of BoRSF investments.
- * BoRSF research has led to **115 patents, and another 65 applications are pending**.
- * There has been an increase in institutional collaboration as evidenced by the **multimillion dollar, multi-institutional grants awarded to Regents** on behalf of statewide university consortia for research reform initiatives. The purpose is to increase the amount of federal research and development money awarded to Louisiana scientists and engineers statewide.

Fiscal Year 2003-2004 Regents Support Fund
Research & Development Awards

Institution	Number of Awards	Total
LSU Agricultural Center	7	\$832,062
LSU and A & M College (Baton Rouge)	17	\$2,061,713
LSU Health Sciences Center - New Orleans	3	\$321,498
LSU Health Sciences Center - Shreveport	1	\$93,576
Louisiana Tech University	2	\$179,114
Loyola University	1	\$24,213
Southeastern Louisiana University	3	\$381,670
Tulane University	3	\$329,206
University of Louisiana - Lafayette	5	\$398,725
University of New Orleans	8	\$869,543
Xavier University	1	\$76,722
TOTAL	51	\$5,568,042

Fiscal Year 2003-2004 Regents Support Fund
Graduate Fellows Awards

Institution	Number of Awards	Total
LSU and A & M College (Baton Rouge)	7	\$1,077,000
LSU Health Sciences Center - New Orleans	2	\$160,000
LSU Health Sciences Center - Shreveport	1	\$176,000
Louisiana Tech University	1	\$72,000
Southern University and A & M College (Baton Rouge)	1	\$144,000
Tulane University	5	\$636,000
Tulane University Health Sciences Center	3	\$552,000
University of Louisiana - Lafayette	3	\$248,000
University of New Orleans	3	\$436,000
TOTAL	26	\$3,501,000

Fiscal Year 2003-2004 Regents Support Fund
Enhancement Awards

Institution	Number of Awards	Total
Baton Rouge Community College	1	\$40,527
Bossier Parish Community College	15	\$407,432
Centenary College	1	\$25,920
Delgado Community College	5	\$283,977
Dillard University	13	\$714,000
Fletcher Technical Community College	1	\$36,369
Louisiana Delta Community College	4	\$213,919
LSU Agricultural Center	7	\$549,001
LSU and A & M College (Baton Rouge)	18	\$1,573,974
LSU - Eunice	3	\$178,104
LSU Health Sciences Center - New Orleans	6	\$589,003
LSU Health Sciences Center - Shreveport	3	\$390,182
LSU - Shreveport	20	\$815,949
Louisiana Tech University	8	\$363,622
Loyola University	2	\$155,216
McNeese State University	1	\$36,080
Nicholls State University	6	\$215,546
Northwestern State University	3	\$264,750
Nunez Community College	5	\$135,389
River Parishes Community College	2	\$26,000
Southeastern Louisiana University	2	\$100,000
South Louisiana Community College	3	\$82,650
Southern University and A & M College (Baton Rouge)	3	\$231,798
Southern University - New Orleans	2	\$65,671
Southern University - Shreveport	1	\$7,000
Tulane University	2	\$85,200
Tulane University Health Sciences Center	1	\$50,000
University of Louisiana - Lafayette	17	\$1,074,102
University of Louisiana - Monroe	5	\$157,864
University of New Orleans	8	\$436,898
Xavier University	1	\$44,880
TOTAL	169	\$9,351,023

Fiscal Year 2003-2004 Regents
Support Fund Endowed Chairs

Institution	Number of Chairs
Dillard University	1
LSU and A & M College (Baton Rouge)	3
LSU Health Sciences Center - New Orleans	3
LSU Health Sciences Center -Shreveport	2
LSU Paul M. Hebert Law Center	1
LSU Pennington Biomedical Research Center	3
Tulane University	3
TOTAL NUMBER OF CHAIRS	16
TOTAL DOLLARS AWARDED	\$6,400,000

Fiscal Year 2003-2004 Regents Support Fund
Endowed Professorships

Institution	Number of Chairs
Centenary College	1
Dillard University	4
Grambling State University	1
Louisiana Delta Community College (Monroe)	3
LSU Agricultural Center	3
LSU - Alexandria	1
LSU and A & M College (Baton Rouge)	6
LSU Health Sciences Center - New Orleans	6
LSU - Shreveport	3
Louisiana Tech University	7
Loyola University	6
McNeese State University	4
Nicholls State University	6
Northwestern State University	1
Our Lady of Holy Cross College	2
Our Lady of the Lake College	6
Saint Joseph Seminary College	2
Southeastern Louisiana University	2
Southern University and A & M College (Baton Rouge)	1
Southern University Law Center	3
Tulane University	6
Tulane University Health Sciences Center	7
University of Louisiana - Lafayette	7
University of Louisiana - Monroe	4
University of New Orleans	1
Xavier University	7
TOTAL NUMBER PROFESSORSHIPS	100
TOTAL DOLLARS AWARDED	\$4,120,000

The use of LEQTF funds for PreK programs
is clearly an investment in the future of
Louisiana—one that creates success all the
way to the university level and beyond.

I hope this report illustrates how critical early childhood education is to building a proper foundation for learning. The use of LEQTF funds for PreK programs is clearly an investment in the future of Louisiana—one that creates success all the way to the university level and beyond.



John Kennedy
State Treasurer

For more information, visit www.latreasury.com.



*The Louisiana Department of the Treasury recognizes the importance of protecting
Louisiana's coastline and wetlands, and it supports the America's Wetland campaign.*

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