

Executive Summary

At a time when the legislature had before it overwhelming evidence that the State of Louisiana was continuing to lag behind other states in the SREB and in the nation in graduating students with two and four-year credentials and degrees; and at a time when the data suggested that in order to meet the growing workforce needs and the needs for an enlightened, competitive and engaged citizenry, the 2009 Legislature enacted Act 309 establishing the Postsecondary Education Review Commission (PERC).

PERC was established "... to review all aspects of postsecondary education in order to ensure that the enterprise is operating efficiently, effectively, and in a manner that best serves students, their families, and the state and to make recommendations for changes necessary to ensure that the system is operating in that manner." The legislation recognized that "postsecondary education is one of the most critical components of economic development in the state" and that "the current economic climate is imposing great stresses on postsecondary education in Louisiana, since available resources are being reduced while constitutional limitations make the postsecondary education sector one of the most vulnerable to state budget cutbacks."

The legislature determined that it was "of crucial importance to find ways to maximize the use of available resources in order to obtain optimal performance from the state's postsecondary institutions." PERC was directed to conduct a comprehensive review of policies, practices, controlling data, current reports and other relevant information to determine areas for constructive change. Areas for possible study listed in the Act include governance, facilities, all programs, funding, and rules or regulations that are barriers to achieving administrative efficiencies.

Nine members were appointed to the commission, including four national experts on postsecondary education policy. The other five members were from in-state and served either due to their official positions or their special knowledge of postsecondary education in Louisiana. The four postsecondary education management board chairs served as ex-officio, non-voting members.

From August 10th, 2009 to February 5, 2010, six intensive two-day meetings were held. To review the many facets of Louisiana's postsecondary education system, national and state experts presented key policy trends and comparative data relevant in each topic. Meeting topics included: the role of postsecondary education in workforce development, student access and success, regional alignment of research and academic programs, funding and cost-reduction strategies, and governance.

The commission recognized that although Louisiana's postsecondary leaders have been reviewing the system and making strides to becoming more productive while increasing student access and success, there are still numerous areas that are of major importance to the improvement of postsecondary education in Louisiana

The commission finds the state needs to:

- ❖ Dramatically improve graduation rates. The graduation rates at Louisiana's four-year and two-year institutions are among the lowest in the nation and the South. The future of the state depends on producing significantly more four year and two year graduates. Business as usual in an increasingly competitive world would actually mean losing competitiveness in the state of Louisiana. The state already trails its neighboring states, the nation as a whole, and much of the world in the education of its citizens. Failure to improve both the number of graduates and the quality of education they receive will prove disastrous to the state.
- ❖ Citizens of Louisiana need access to a level of postsecondary education that is aligned with both their academic preparation and career aspirations. The state's higher education enterprise offers a wide range of options including a Carnegie I research institution, a statewide technical institution, an enhanced community and technical college system, two mission-based historically black colleges and universities recognized under Title III of the Higher Education Act, and numerous regional institutions with a variety of graduate and professional degree programs. Once a student is enrolled in postsecondary education, successful completion of the program must be the paramount goal for the postsecondary education enterprise.

An extraordinary large percentage of Louisiana's residents have low-incomes and in addition more than one-third live in poverty- education is the key to moving Louisiana from a high-poverty state to one with a thriving economy. There is a need for more need-based student financial aid. Commissioners received and accepted data that demonstrate that a students' inability to pay for college is a tremendous barrier to persistence and graduation.

PERC adopted three recommendations designed to increase graduation rates: set minimum admission requirements correlated with target graduation rates at all four-year institutions; and institute and fund course redesigns that have proven track records in increasing student progression and success.

- ❖ Align institutional missions and program offerings with economic priorities and workforce needs.

Louisiana cannot afford for each of its postsecondary education institutions to be all things to all people. Priorities must be established for each institution to serve a unique function within the state's postsecondary education system. High-quality programs that are routinely producing graduates with needed workforce skills for Louisiana jobs should be emphasized.

The commission adopted four recommendations designed to better align institutional missions and program offerings: review and align each institution's mission statement with the needs of the state and its regions; expand program

review to include criteria beyond the number of completers, such as workforce alignment, mission alignment, cost-effectiveness, and student residency status; and that review programs for duplication and the number of hours-to-degree.

- ❖ Reevaluate postsecondary education funding to place less emphasis on enrollment and increased emphasis on institutional quality and performance.

Funding is a primary mechanism to achieve the goals for postsecondary education and increase its accountability. The funding formula should reflect and support the state's postsecondary agenda.

PERC adopted eight recommendations related to the funding of postsecondary education in Louisiana. The commission finds that the funding formula should address comparability, quality and performance. Funding should cause institutions, their administrators and their management boards to focus on the mission of each institution and on successfully educating diverse student bodies. Finally, to diminish the vulnerability of postsecondary education to state funding cuts, a review of the entire state appropriation process is suggested.

- ❖ Enhance tuition and financial aid policies

Louisiana's tuition and financial aid policies need to be synchronized in order to influence college students to perform at their highest level and to persist to completion, encourage high school students to prepare well for postsecondary education and reduce the financial barriers to college attendance.

PERC adopted four recommendations relative to enhancing tuition and financial aid policies. The commission determined that:

- Under special circumstances management boards should be granted the authority to set institutional tuition at levels competitive to their peers and limited by their performance in relation to those peers.
- Non-resident tuition and fees should be raised to equal that of the amount charged to Louisiana residents who attend postsecondary institutions in other southern states.
- A policy on residency and fee waivers should be established.
- The Board of Regents should study tuition and financial aid policy for alignment with state goals and report its findings to the legislature in 2011. The report should pay close attention to the issue of need-based financial aid to make certain that those of least advantage are not denied access to a public higher education at one of the states' two- or four-year institutions because of inadequate funds.

- ❖ Realign the governance of Louisiana's postsecondary education system.

A well-organized postsecondary education governance structure should ensure that the entire postsecondary education enterprise functions effectively and efficiently to provide access to high-quality, cost-efficient programs that meet the

needs of the residents and the state in which they live. Information presented to the commission indicated that there is no best practice as relates to models of governance. There are significant advantages and disadvantages to each.

The commission determined that Louisiana is not being well served by its current governance structure and developed three recommendations to form a better fitting governance structure. The legislature shall restructure the postsecondary education system so that there is one governing board for all four-year institutions and one governing board for all technical and community colleges.

In the meantime, the Board of Regents should conduct a study on both the efficiency and cost of merging institutions and the powers and duties of the Board of Regents should be clarified and strengthened, consistent with the findings of the 2009 Public Affairs Research Council's (PAR) report titled Higher Education Governance Structure: Louisiana's Options for Keeping Pace.

The full PERC report that is addressed to the Board of Regents and the legislature that follows describes the major findings in each of these five focus areas, the commission's recommendations to address the findings, and relevant actions necessary for implementation.

Introduction

“The goal of the public education system is to provide learning environments and experiences, at all stages of human development, that are humane, just and designated to promote excellence in order that every individual may be afforded an equal opportunity to develop to his full potential”

- The 1974 Louisiana Constitution

Research indicates direct positive correlations between educational attainment, participation in the workforce, and income. Family educational attainment rates have been directly linked to outcomes on standardized college admission tests. Strong correlations have also been linked to educational attainment and other issues such as poverty, health, and crime rates. In summary, research demonstrates that students' ability to access higher education is rooted in the amount of education their parents have and that higher educational attainment leads to more economic prosperity and an improved quality of life. These relationships are intensifying.

The fastest growing jobs in the nation require at least some postsecondary education, yet in 2000 only 20.1% of Louisiana's residents 25-64 years old had a bachelor's degree or higher and only 4% had an associate's degree.¹ Alignment of educational attainment with market needs is critical to the state's future success. Louisiana will fail to keep pace if more of its citizens do not pursue education beyond high school and gain postsecondary credentials. To advance the state as an economic leader and improve the quality of life for all individuals, earning a postsecondary education credential must become both an expectation and reality for more of the state's citizens. Gains must be made in providing access to high-quality educational opportunities to all - regardless of age, race, financial means or geographic location. Further, institutions must provide the support necessary for those students to succeed.

The state is facing unprecedented challenges in meeting these demands. Significant budgetary shortfalls are expected to not only continue, but increase over the next two years. Realizing this, the Louisiana Legislature enacted Act 309 (see Appendix A) during the 2009 Regular Session to create the Postsecondary Education Review Commission. The nine member commission, (see Appendix B) comprised of both national experts in higher education policy and state appointees, was charged to review all aspects of Louisiana's postsecondary education system and report its findings to the Board of Regents at least 45 days prior to the 2010 regular session.

From August 10, 2009 to February 5, 2010, volumes of topical data have been compiled and sent to commissioners, followed by a series of two-day hearings to discuss the data and hear presentations from experts on higher education policy trends. Additionally, the public was invited to participate in the process by providing comments by way of the commission's website or by attending and/or speaking during commission meetings. The work of the commission culminated on February 5, 2010.

¹ 2009 Policy Brief from Lumina Foundation for Education, Louisiana residents 25-64 years old

The commission developed an understanding of Louisiana's public postsecondary education enterprise and how it compares to that of the nation and the southern region. The many added burdens tied to providing for Louisiana's poor citizenry impacts the available state resources and a multitude of constitutional dedications for funding leave the postsecondary education system and health-care bearing the brunt of cuts when state funding constricts.

Members concluded that in order for Louisiana to have an enlightened and engaged citizenry and to become a viable economic player on all levels, its postsecondary education enterprise needs to be realigned, refocused, and restructured to function more efficiently and effectively. Every element of the enterprise must concentrate on efficiently producing more graduates and completers without compromising standards or quality. Students must graduate with the academic and workforce credentials needed within the state, and barriers must be eliminated, efficiencies realized, and stable funding achieved. The commission approved 22 recommendations to assist in achieving those results (see Appendix C).

Focus Areas

❖ Improve Graduation Rates

Relevant Findings: Louisiana's high school graduates enroll in postsecondary education at about the national and southern average. However, the first-year college persistence rates, the rates at which college freshmen continue to the sophomore year, are below average, and graduation rates at Louisiana's four-year and two-year institutions are among the lowest in the nation and the South.

Prior to the creation of the Louisiana Community and Technical College System in 1999, most of the state's public four-year institutions were open admission institutions, fulfilling the role of community college, regional university, and sometimes even research institution. Students enrolled at the institution of their choice without consideration of preparation. More Louisiana students have historically enrolled at four-year institutions than at two-year institutions.

Thousands of students have been admitted to public four-year institutions who would have been better served at community colleges. The academic rigor at a four-year institution often proves to be beyond students' level of academic preparedness, leading to many dropping or stopping out of school before completing a program. Likewise, the data suggests that there are some students who completed a two year degree or certificate who may have been better served at a four year institution. These students did not go on to complete a four- year degree even though their performance suggested that they had the capability to do so. Far too many of Louisiana's citizens leave postsecondary education with debt but without a marketable credential.

The Board of Regents established minimum admission standards for all four-year institutions as part of the Master Plan in 2001, requiring most to begin using the criteria

by 2005. Two-year colleges remained open admission institutions. Since 2005, the Board of Regents has continued to monitor and strengthen the minimum admission standards. Even so, the mix of undergraduate students enrolled at four-year and two-year institutions still slants heavily toward the four-year institutions and is out-of-sync with that of other states in the nation and southern region.

Current standards require first-time freshmen students to satisfactorily complete the Board of Regents' high school core curriculum (see Appendix D) and, in addition, to have achieved a certain high school grade point average, or ACT score, or high school rank based on the level of the institution attended (see Appendix E) to be admitted as first-time freshmen. Only Louisiana State University and A&M College set admission requirements above this minimum standard (see Appendix F).

Although it is too early to determine the full impact of admission standards that became effective five years ago, the commission determined that the current graduation rates in Louisiana are unacceptable and that further changes in the minimum standards are necessary. As noted by a commissioner, if a stake has to be driven in the ground on one issue, the graduation results in Louisiana should be the place to start.

Summary of Recommendations: Three recommendations were adopted relative to increasing graduation rates. The first recommendation requires that minimum admission standards at four-year institutions be increased to help guide students to institutions where they are most likely to succeed, and that fewer exceptions to the minimum admission standards be allowed. Other actions such as developing and utilizing connections with feeder schools were also recommended to help students achieve and institutions reach target graduation rates. The target graduation rates suggested by the commission set a bar substantially higher than any institutions' current graduation rates (see Table 1).

The second recommendation requires that the state invest in course redesigns developed by the National Center for Academic Transformation. These redesigns of gateway courses have been found to help students complete and progress in their academic careers.

The third allows universities that meet specific, measureable performance outcomes aimed at improving productivity to be granted limited operational autonomy and tuition and fee authority. Movement toward the target graduation rates is also recommended for consideration in granting the management boards tuition setting authority (see Focus Area: Enhance tuition and financial aid policies).

Although this commission did not specifically address graduation rates at the community colleges, success for the postsecondary education enterprise as a whole will require that community colleges come closer to regional norms for graduating and transferring more students. The commission encourages the appropriate board to develop the metrics to measure the success of community and technical colleges toward meeting this goal as the system of community and technical colleges continues to develop.

Table 1

Graduation Rate (6-Year, Baccalaureate Degree)
Same Institution and Statewide

| | Fall 2002 Cohort | | | SREB | PERC |
|------------------|-------------------------|------------------|--|------------------|--------------|
| Inst | Same Inst | Statewide | | Same Inst | Goals |
| LSU A&M | 58.3% | 66.0% | | 66.0% | 75.0% |
| LA Tech | 45.7% | 52.3% | | 49.0% | 60.0% |
| ULL | 39.9% | 43.8% | | 49.0% | 60.0% |
| UNO * | 21.6% | 27.3% | | 49.0% | 60.0% |
| SU A&M | 29.2% | 30.1% | | 44.0% | 50.0% |
| SLU | 27.2% | 30.5% | | 44.0% | 50.0% |
| ULM | 29.0% | 32.6% | | 44.0% | 50.0% |
| GSU | 34.9% | 36.3% | | 38.0% | 50.0% |
| McNeese | 35.8% | 37.8% | | 38.0% | 50.0% |
| Nicholls | 25.4% | 28.4% | | 38.0% | 50.0% |
| NSU | 27.3% | 32.5% | | 38.0% | 50.0% |
| LSU-S | 20.1% | 27.4% | | 38.0% | 50.0% |
| <u>SUNO *</u> | <u>4.9%</u> | <u>5.9%</u> | | 39.0% | 50.0% |
| Four Year Total: | 37.5% | 42.3% | | | |

* 6-year grad rates would be impacted by Hurricanes Katrina & Rita.

Graduation Rate (3 -Year Associate or Below)
Same Institution and Statewide

| | Fall 2005 Cohort | | | SREB |
|-----------------|-------------------------|------------------|--|------------------|
| Inst | Same Inst | Statewide | | Same Inst |
| LSU-A * | 1.8% | 2.6% | | 25.0% |
| LSU E | 7.3% | 9.2% | | 17.0% |
| SUSLA | 14.1% | 14.1% | | 17.0% |
| BRCC | 2.0% | 2.2% | | 17.0% |
| BPCC | 7.4% | 7.8% | | 17.0% |
| SLCC | 1.5% | 2.7% | | 17.0% |
| <u>LDCC</u> | <u>2.9%</u> | <u>4.4%</u> | | 17.0% |
| Fletcher | 9.6% | 9.6% | | 17.0% |
| <u>Sowela</u> | - | - | | 17.0% |
| Two Year Total: | 5.5% | 6.2% | | |

* LSUA, beginning with the 2005 cohort year, is classified as a Public Two-Year Institution with Bachelor's Degrees; SREB peer data is based on that category.

Recommendations:

1. The management boards of the Louisiana State University System, the University of Louisiana System, and the Southern University System, and the Board of Regents, or the appropriate successor boards, shall work with the legislature to increase graduation rates at all four-year universities. This process should begin immediately so that, by 2018, the following goals are met:
 - A. The Southern Regional Education Board (SREB) Category 1 university raises admissions requirements as part of a series of actions to achieve at least a 75% graduation rate for the freshman class that enters in 2012 and each freshman class thereafter. This goal shall also apply to the admission of transfer students.
 - B. The SREB Category 2 institutions raise admission requirements as part of a series of actions to achieve at least a 60% graduation rate for the freshman class that enter in 2012 and each freshman class thereafter. This goal shall also apply to the admission of transfer students.
 - C. All other four-year institutions raise admission requirements as part of a series of actions to achieve at least a 50% graduation rate for the freshman class that enters in 2012 and each freshman class thereafter. This goal shall also apply to the admission of transfer students.
 - D. All four-year institutions initiate a series of actions to develop and utilize connections with the schools and school districts from which they enroll students with initial emphasis on entering first-time students who graduated from high school in the prior year. The specific actions taken shall be shared annually with the appropriate board and evaluated by such board in conjunction with the State Board of Elementary and Secondary Education.
 - E. All four-year institutions significantly reduce and minimize the use of exceptions to admission policies, including: (1) the admission of students who are in a certain percentage of their high school graduating class without regard to quality; (2) the lack of a required minimum grade point average on the core curriculum; and (3) the admission of students requiring developmental courses.
 - F. All four-year institutions be required to: (1) clearly articulate criteria for exceptions to admission policies which should be based on legitimate education disadvantages and the student's potential for success; and (2) regularly publish the rationale for any exceptions granted.

The appropriate board shall create and provide for the implementation of a policy that underwrites the achievements of these goals with incentives.

2. To improve student learning outcomes and reduce the cost of postsecondary education, the appropriate board, with designated funding from the legislature, shall oversee the initial development of at least two academic course redesigns at each university and at least two academic courses within the community and technical college system, in conjunction with the National Center for Academic Transformation, with emphasis given to those courses that have the potential to yield the greatest impact in terms of student success and savings.

The academic course redesign at each institution and within the community and technical college system shall be developed with the intent of potential sharing with other institutions. The funding formula developed by the appropriate board will incorporate the academic course redesigns' productivity measures and cost-savings into its performance funding elements.

The aim of the state's academic course redesigns will be to make Louisiana a recognized national leader in this proven national program for increasing student outcomes at lower costs.

3. In an effort to support Louisiana's public higher education system in remaining competitive and increasing its overall effectiveness and efficiency, the Legislature shall grant colleges and universities limited operational autonomy and tuition and fee authority consistent with the recommendations adopted by this Commission provided that institutions achieve specific, measurable performance outcomes aimed at improving their graduation/completion rates and numbers and meeting the state's current and future workforce and economic development needs.

Actions Required for Implementation: At this time, increasing minimum admission standards only requires action by the Board of Regents to define and approve those standards. Such standards are established in the development of each institution's mission statement in the Master Plan. The Regents shall work cooperatively with the members of the management boards and each institution's administrative leaders in doing this work.

Adding a course redesign productivity measure as an element of performance funding would only require action by the Board of Regents which is given the authority for establishing a funding formula in the constitution. However, specifically designating funding to course redesign through the Board of Regents requires action from the legislature.

Allowing institutions limited operational autonomy would require legislative action to define both the expected outcomes and the autonomy permitted.

❖ **Align Institutional Missions and Program Offerings with Economic Priorities and Workforce Needs**

Relevant Findings: In the past, institutional mission statements (see Appendix G) have been aspirational, allowing institutions freedom to expand into new roles as deemed appropriate by their management boards, without requiring consideration of the best interest of the region or state as a whole. This freedom has resulted in some four-year institutions offering everything from remedial courses and associate degrees to doctoral degrees, and the flagship institution having a larger percentage of students enrolled as undergraduates than its national peers. The commission proposes that the state would be better served having institutions offering mission specific programs and interacting as distinct parts within a comprehensive system.

Louisiana has long been a leader in reviewing and eliminating low-producing academic programs. In the past year alone, the Board of Regents reviewed 808 programs, resulting in the elimination of 213 low-completer programs. Besides low numbers of graduates, program reviews should routinely assess programs for quality and cost-effectiveness, as well as duplication. The review should ensure that programs are relevant to the economic priorities and workforce needs of the state and its regions. For instance, in the current economic climate, program review should study both the large number of general studies degrees being awarded and the large number of programs that are populated predominately by out-of-state or international students.

Summary of Recommendations: The commission developed four recommendations to better align institutional missions and program offerings. The first recommendation would result in an in-depth review of the role, scope and mission of each institution to ensure that each serves a unique function within the state's postsecondary education enterprise. The other two recommendations would expand the current program review process, adding new criteria to extend it beyond just examining the number of program completers, resulting in a more refined postsecondary education system. The final recommendation would require all developmental courses be taught by two-year institutions.

Recommendations:

4. **A rigorous review of role, scope, and mission statements, with the aim of eliminating or minimizing mission creep in order to create a better fitting system of postsecondary education, shall be undertaken by the appropriate boards.**
5. **A rigorous statewide review of academic programs for unnecessary duplication and excess hours required for degree completion shall be undertaken by the appropriate boards and such review shall eliminate such duplications and excess hours accordingly.**

6. The appropriate boards shall conduct regular reviews of academic degree programs that consider the following:
 - A. Program quality.
 - B. Alignment with statewide and regional workforce needs and economic development priorities.
 - C. Cost-effectiveness.
 - D. Student completion rates.
 - E. Institutional role, scope and mission.
 - F. Residency of students enrolled.
 - G. To the extent possible, information on graduate employment and continued education.

The boards shall furnish an annual report to the governor, the speaker of the house, the president of the senate, the Senate Education Committee and the House Education Committee of the legislature, outlining the review process used, programs removed in the preceding year, the progress of reviews of academic programs for unnecessary duplication and excess hours required for degree completion, and any program approvals or eliminations.

7. Beginning with the 2013-2014 academic year, institutions that do not offer an academic degree above the associate degree shall be designated as the exclusive providers of required non-degree credit prerequisite courses at public colleges and universities, provided that such courses can be provided by such institutions in regions of the state where public universities are located.

Actions Required for Implementation: Until the constitution is amended pursuant to recommendation number 20, the Board of Regents has the primary responsibility for action to implement these three recommendations. Mission statements are developed as part of the Board of Regents' master planning process. However, state law dictates a cooperative process between the Board of Regents, management boards and institution administrators when establishing mission statements.

Through the state constitution, the Board of Regents has complete authority to approve, disapprove, modify, revise or eliminate any proposed or existing academic degree program, department of instruction, division or similar subdivision. However, it should be noted that the constitution provides that non-degree programs offered within the Louisiana Community and Technical College System require no approval beyond that of its management board. To adjust the academic program review process, only action by the Board of Regents would be necessary.

Once the new governance structure is implemented, the appropriate boards would be responsible for aligning the missions and programs.

❖ **Reevaluate Postsecondary Education Funding to Place Increased Emphasis on Institutional Quality and Performance**

Relevant Findings: The use of funding formulas in public higher education began in the United States after World War II to help states distribute funds in a rational and equitable manner. Over time, formulas became a means to determine funding needs. More recently they have been used to reward institutional performance and quality.

The shift from per student funding to performance-based criteria has just recently begun to occur in Louisiana. Fiscal year 2010 began the phase-in of a new formula with performance components (see Appendix H). The new formula was structured to reward performance, be more sensitive to the missions of institutions, and to recognize different program costs in diverse settings. The performance funding components included number of completers, research, and workforce development. There are eight sub-components established within the completer's component. The goal of these sub-components is to increase the total number of completers and the number of completers from specific groups, such as minorities and low-income families, and in specific areas, such as science, technology and teaching.

It is an important mission of all of Louisiana's colleges and universities—especially, but not limited to its land-grant institutions—to educate students in proportion to the state's racial, ethnic and socio-economic makeup. A large percentage of Louisiana's population is African-American. Louisiana is also a poor state, ranking 31st in the nation in per capita income with a large percentage of the population lacking a high school diploma. Historically Black Colleges and Universities (HBCUs) are recognized for fostering and expanding educational access, excellence, and success for African-Americans, as well as low-income and first-generation students. This has been and continues to be a unique and important mission of the Southern University System and Grambling State University as HBCUs.

However, there is great value in students learning in diverse educational environments. If the state does not take affirmative steps to ensure that all of its postsecondary education institutions are educating students, especially those who have traditionally been and continue to be underserved and underrepresented, Louisiana will never realize its educational, workforce, civic, social or economic potential. Therefore, funding should be provided to ensure that all student populations have the access and support to earn a postsecondary education credential.

Summary of Recommendations: The commission adopted eight recommendations with the purpose of more appropriately funding postsecondary education in Louisiana. Four recommendations would modify the funding formula to address comparability, quality and performance. More funding should be directed to performance, with additional measures added to the performance components. Also, the methodology for calculating student credit hours for funding should be altered. One

requires that the evaluations of university presidents and chancellors should also be based in part, on the performance of their institutions.

In addition, two recommendations would change the manner in which state funds are appropriated. A specific amount of the total state appropriations to postsecondary education should be directed to increase the comparability of HBCU campuses and reward non-HBCUs for graduating more minorities. Necessary actions should also be taken to correct constitutional dedication restrictions so that state funding cuts do not fall disproportionately upon postsecondary education.

Recommendations:

8. **The Board of Regents will establish a formula by which to uniformly allocate funding for all associate degree programs and to implement such formula not later than the beginning of the 2010-2011 academic year.**
9. **All lower division courses, or the first sixty hours of any baccalaureate degree program, shall be funded at the same rate for all public postsecondary institutions, regardless of institutional classification, effective not later than the beginning of the 2010-2011 academic year.**
10. **The Board of Regents shall develop and use a new formula for the distribution of both required tuition and fees and state-provided funding. Such formula shall:**
 - A. **Emphasize support for and reward success in undergraduate education (performance funding). Incremental increases in graduate degree production and enrollment at institutions whose mission is overwhelmingly undergraduate would not result in overall institutional funding increases based on formula factors. This should not be interpreted to imply that established graduate programs of high quality be diminished in support.**
 - B. **To achieve the goals contained in Recommendation No. 1, the formula shall direct 25% of funding based on performance components used in the formula. The performance components should include, but not be limited to, workforce, completers, graduation rates, and time-to-degree rates. The incentive for research should be a separate component.**
 - C. **In addition to the monies which the historically black colleges and universities would receive under the formula's equitable distribution, they shall receive an amount designed to close the gap between funding for the public Historically Black Colleges and Universities and other public institutions. This amount shall be awarded until the funding gap is closed.**
 - D. **The formula should provide for mission-centered funding that provides a competitively directed element for productivity and provides reasonable protection via an intentional reduction strategy for schools that lose money.**

11.
 - A. Every institution shall report student credit hours on the 14th class day and at the end of the semester.
 - B. A statewide universal withdrawal policy be adopted and implemented.
 - C. The funding formula will ultimately be based on the use of end of semester student credit hours.
12. The appropriate boards shall evaluate college and university presidents and chancellors based, in part, on the same performance indicators included in the performance-based funding formula.
13. The Postsecondary Education Review Commission believes in the educational value of students learning in diverse educational environments as outlined in the Supreme Court decision in *Grutter v. Bollinger*. The commission also believes in the unique and important mission of the Southern University System and Grambling State University as historically black colleges and universities (HBCUs) for fostering expanding educational access, excellence, and success for all students, especially African-Americans and disproportionate numbers of low-income, first generation students.

The commission recognizes, however, that it is an important mission of all of the state's colleges and universities, especially, but not limited to its land-grant institutions, to educate the diverse students of the state roughly in proportion to the racial, ethnic, socio-economic, and geographic makeup of the state. The commission recognizes further, that if the state does not take affirmative steps to ensure that all of its higher education institutions are educating the diverse students of this state, especially those who have traditionally been and continue to be under served and under-represented in higher education, the state will never realize its educational, workforce, civic, social or economic goals.

Therefore, the commission recommends that the Board of Regents recommend to the legislature, actions that are consistent with the following:

Set aside within the higher education appropriations a specific allotment of funds, sufficient to enable the state's HBCUs to realize their important missions. This fund shall be used to ensure that the infrastructures, student/faculty ratio, faculty, salaries, technology, libraries, holdings, and other aspects of the campus operations are comparable to other institutions in the state; and establish specific goals for the state's non-HBCUs to achieve greater racial, ethnic, socio-economic, and regional diversity among full-time enrolled students; and establish a financial incentive for meeting and exceeding the graduation goals for African-Americans, and other racial and ethnic minorities of the state.

No state funding or policy shall be used for the purpose of discriminating or have the effect of denying educational opportunity.

14. The governor, the Louisiana Legislature, and the citizens of Louisiana shall consider and approve changes to the constitution that will allow required budget cuts to be allocated across all possible state agencies and not fall disproportionately upon postsecondary education.
15. The use of the words "college", "university", or "institution" are to be interpreted to include law centers, agricultural centers, and health science centers as a part of the institution to which they are attached with regard to productivity, efficiency, funding, and budgetary recommendations.

Actions Required for Implementation: Redesigning the funding formula only requires action from the Board of Regents. Action from the management boards is necessary to implement performance-based evaluations for institutional administrators.

Establishing a special fund for HBCUs and educating minorities would require legislative action. Removing funding dedications from the constitution so that budget cuts may be allocated equally among all state agencies would call for a constitutional amendment which requires a two-thirds favorable vote of the legislature as well as a majority vote of the people.

❖ Enhance Tuition and Financial Aid Policies

Relevant Findings: Both in-state and non-resident tuition and fees in Louisiana are among the lowest in the nation and the south. The majority of the state's two-year institutions charge 10 to 20 percent below the median of SREB two-year institutions. The majority of Louisiana's four-year institutions charge at least 30 percent less than the median of their peers in their SREB peer category (see Table 2).

Louisiana is the only state that requires that tuition increases be approved by a two-thirds vote of the legislature. The legislature has approved limited authority for management boards to increase tuition (see Appendix I), but the current authority expires in academic year 2011 and limits the increase to a maximum of three to five percent per year, depending on how far institutional charges are from the median SREB peer tuition. Institutions have also been granted the authority to increase out-of-state tuition equal to that of their southern peers (see Appendix J). Two legislative resolutions have been passed recommending that institutions increase non-resident tuition and fees equal to the median charges of their SREB category, yet institutions have failed to fully utilize that authority.

The Taylor Opportunity Program for Students (TOPS) is a merit-based financial aid scholarship program supported with approximately \$130 million in state funds whereby the state pays the tuition and certain fees for qualified students (See Appendix K). Therefore, any increases in tuition have a direct impact on state funding. The Go Grant is the state's primary mechanism for need-based aid with a budget of approximately \$30 million (see Appendix L). In academic year 2008, TOPS granted merit-based awards to over 42,000 students at a cost slightly over \$122.8 million dollars. In that same year, the Go Grant provided almost 16,000 need-based awards at a cost of \$26 million.

Table 2

| 2008 Mandatory Tuition and Fees & Difference From Median Charges of SREB Category | | | |
|--|----------------|-------------|--------|
| Institution Type | Tuition & Fees | Amount Diff | % Diff |
| Four-Year Institutions | | | |
| LSU A&M | 5086 | \$ (1,407) | -22% |
| LA Tech | 4941 | \$ (588) | -11% |
| UNO | 4306 | \$ (1,223) | -22% |
| ULL | 3632 | \$ (1,897) | -34% |
| SU A&M | 3906 | \$ (1,595) | -29% |
| ULM | 3812 | \$ (1,689) | -31% |
| SLU | 3401 | \$ (2,100) | -38% |
| GSU | 3816 | \$ (1,627) | -30% |
| Nicholls | 3771 | \$ (1,672) | -31% |
| LSU S | 3687 | \$ (1,756) | -32% |
| NSU | 3649 | \$ (1,794) | -33% |
| McNeese | 3423 | \$ (2,021) | -37% |
| SUNO | 2989 | \$ (1,586) | -35% |
| LSU A | 3402 | \$ (1,064) | -24% |
| Two-year Institutions | | | |
| LSU E | 2355 | \$ 39 | 2% |
| SUSLA | 2318 | \$ 2 | 0% |
| BRCC | 1854 | \$ (462) | -20% |
| BPCC | 1848 | \$ (468) | -20% |
| Delgado | 2002 | \$ (314) | -14% |
| Nunez | 1858 | \$ (458) | -20% |
| RPCC | 1976 | \$ (340) | -15% |
| SLCC | 1936 | \$ (380) | -16% |
| LDCC | 2078 | \$ (238) | -10% |

Summary of Recommendations: There were four recommendations adopted by PERC to enhance tuition and financial aid policies. The first would allow the

management boards of institutions that make substantial progress toward achieving target graduation rates to increase, over time, resident tuition to the median of their SREB peers. The next recommends that the management boards exercise their existing authority to set non-resident tuition and fees equal to the average charged to non-residents in other southern states. A statewide policy defining residency and fee waivers is also recommended. Finally, to ensure that all students, regardless of financial ability, are provided access to postsecondary education, a recommendation was adopted to have the Board of Regents study tuition and financial aid policy and report the findings to the legislature in 2011.

Recommendations:

16. **Beginning in fiscal year 2013 (after current authority expires) and ending in fiscal year 2019, the legislature authorizes the appropriate boards to establish tuition and fees pursuant to developed policy. Such policy shall require, at a minimum, that:**
 - A. **Tuition and fees for residents be benchmarked against the Southern Regional Education Board (SREB) median by institutional classification.**
 - B. **Increases in tuition be granted only if institutions are demonstrating substantial increases in retention rates toward achieving the following graduation rate goals:**
 - I. **SREB 1: 75% by 2018**
 - ii. **SREB 2: 60% by 2018**
 - iii. **All other four-year institutions: 50% by 2018**
 - iv. **All community and technical colleges reaching the SREB median of their institutional category by 2018**
 - C. **Annual increases in tuition not exceed five percent or the amount of increase in the higher education price index in the previous year, whichever is greater.**
 - D. **The appropriate boards may grant an added increase in tuition, not to exceed 20 percent of the difference between the SREB median tuition and an institution's increased tuition, to assist institutions in approaching the SREB median tuition for their respective SREB category. This authority shall be used only when an institution's tuition is below the SREB median.**
 - E. **Institutions granted the authority to increase tuition certify that tuition increase waivers are available for students who demonstrate economic hardship.**
17. **In accordance with state law and legislative will, as expressed in House Concurrent Resolution 298 of the 2004 Regular Session of the Louisiana legislature, the commission recommends that each appropriate board exercise the authority granted to it in R.S. 17:3351 (a)(5)(b) (I) to establish tuition and mandatory attendance fee amounts applicable to non-resident students attending an institution under its supervision and management that at least equals the average amount of annual tuition and mandatory**

attendance fees applicable to non-resident students attending institutions in states comprising the Southern Regional Education Board, excluding Louisiana, which are in the same category as established by the Southern Regional Education Board.

18. A statewide policy for residence regulations and fee waivers be established and applied to all public postsecondary education institutions in Louisiana.
19. The Board of Regents shall, in advance of the 2011 legislative session, complete a study and make recommendations on how best to bring Louisiana's tuition policy, need-based financial aid policies, and merit-based financial aid policies in sync to address the following principles:
 - A. Encourage all high school students to prepare well for college or the world of work by taking a rigorous curriculum in high school.
 - B. Encourage all college traditional and non-traditional students to perform at the highest level while in college and to persist to completion of their education program.
 - C. Reduce the financial barriers to college attendance for those students with assessed financial need.
 - D. Provide financial aid in a fashion that neither impedes the ability of institutions to garner reasonable and necessary tuition revenue to support quality education nor provides an incentive for institutions to increase tuition simply to capture available financial aid.

Actions Required for Implementation: To enable management boards to unilaterally establish resident tuition and fees would require legislative action. Tuition has been defined judicially as a fee, and the state constitution requires a favorable vote of two-thirds of the legislature to increase any fee. In addition, the Board of Regents would have to develop a tuition policy and the management boards would have to vote to increase the tuition levels to the authorized levels.

The legislature has already granted management boards the authority to increase non-resident tuition and fees, therefore the management boards would only have to act upon their granted authority.

Action by the Board of Regents is all that would be required to implement a statewide fee waiver policy and to begin a review of the tuition and financial aid policies of the state. If, during the review, the Board of Regents were to find a need for change in the tuition or financial aid policies, action by the legislature may then be required.

❖ **Realign Governance of Louisiana's Postsecondary Education System**

Relevant Findings: Louisiana is one of 23 states with a statewide coordinating policy board- the Board of Regents. Governance of individual institutions is left to the appropriate system board. There are four system boards: the Board of Supervisors of Community and Technical Colleges governs all technical colleges and the majority of community colleges; the Board of Supervisors of Southern University and Agricultural and Mechanical College governs the majority of HBCU institutions; the Board of Supervisors for the University of Louisiana System governs the majority of the regional four-year institutions; and, the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College governs the flagship university and the majority of professional and medical schools (see Appendix M).

Information presented to the commission suggested that there is no best practice as relates to models of governance. There are several models with advantages and disadvantages to each, Data was presented to show that it can take many years for a cohesive system to develop after reorganization; therefore, the monetary costs and the potential inertia must be weighed against the perceived short- and long-term benefits.

PERC found that Louisiana has not been and is not currently well served by its postsecondary governance structure. The boards and institutions often act as independent entities and fail to communicate with one another or work together for the betterment of the state and the students. The current governance structure should be eliminated and replaced by one governing board for all four-year institutions and one for all community and technical colleges. Until this action occurs, the current authority of the boards should be clarified to help the enterprise operate more efficiently.

Summary of Recommendations: PERC made three recommendations in this area. The first was to restructure the entire governance system from the current five boards to two boards. In the meantime, the commission recommended that the legislature direct the Board of Regents to study the efficiencies and costs associated with merging institutions and authorize the management boards to act upon the Regents findings and that the decision-making and enforcement power of the Board of Regents be clarified.

Recommendations:

20. The legislature shall restructure Louisiana's postsecondary education system such that all four-year universities shall be governed by a single university board using the current structure of the Board of Regents required by the constitution as it relates to membership composition, including the provision for geographic representation and the provisions for members being representative of the state's population by race and gender to ensure diversity, and that all technical and community colleges shall be governed by a single technical and community college board.

21. The legislature shall direct the Board of Regents, in consultation with the management boards, to conduct a comprehensive review of all postsecondary institutions and authorize the appropriate boards to initiate any consolidations or mergers of institutions necessary to improve the overall effectiveness and efficiency of Louisiana's public postsecondary education system. The board shall ensure that access to all levels of postsecondary education is maintained in each region of the state.
22. The legislature shall take steps during the 2010 regular session necessary to provide for the power, authority and responsibilities of the Board of Regents to become consistent with the recommendation put forth by the report issued by the Public Affairs Research Council of Louisiana issued in 2009 regarding higher education governance, until and unless a change in the governance structure occurs.

Required Actions for Implementation: Legislative action is needed to implement both recommendations to realign the governance structure. The constitution requires a favorable two-thirds vote of the legislature to merge institutions or transfer institutions from one management board to another. A constitutional amendment, as well as statutory changes, would be necessary to address some of the recommendations offered in the PAR report to strengthen the Board of Regents' (see Appendix N).

Conclusion

Educational attainment increases an individual's likelihood of succeeding and becoming a productive contributor to society. Nearly three-quarters of the inmates in America's state prisons today did not complete high school, and fewer than three percent completed college. Based on median earnings, college graduates can expect to earn nearly a million dollars more over their lifetimes than high school graduates.² According to a Bureau of Labor Statistics employment outlook report, over 63 percent of the jobs openings by 2014 are expected to require education beyond high school.

Providing quality postsecondary educational opportunities to all of Louisiana's citizens - regardless of age, race, financial means or geographic location - is critical to the viability of the state's future. Preparation for and access to a postsecondary institution must be ensured along with the possibility of successful completion in a program that provides a credential marketable in Louisiana. In spite of the current economic climate, the Postsecondary Education Review Commission found that Louisiana's postsecondary enterprise needs to be refocused and restructured to align program offerings across all regions of the state and to more efficiently and effectively educate more of Louisiana's citizens in a manner that will allow them to develop to their full potential.

2 The American Human Development Project of the Social Science Research Council