



HIGHER EDUCATION TRANSITION COMMITTEE
Transition Advisory Team

Governor-elect John Bel Edwards

January 22, 2016

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Governor John Bel Edwards
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January 22, 2016

Dear Governor Edwards:

On behalf of the Higher Education Transition Committee, it is our pleasure to submit this report and recommendations for your consideration. Our charge was to review the state of higher education in Louisiana, focusing on ways to improve attainment and college affordability while strengthening postsecondary outcomes and accountability.

The recommendations that follow highlight the need for Louisiana to stabilize and enhance the state's commitment to postsecondary education while asking more of our institutions. In this new day, education and innovation must go hand in hand. We must advance proven practices to accelerate our stride as we increase the number of citizens holding a credential beyond high school. We must also target the clear challenges facing our state in the areas of improving equity and educating more adults. No state in the nation will meet its attainment goal without success in those areas, and Louisiana should lead the way.

We recognize the threat that the current and long-term structural budget deficits represent to the postsecondary education enterprise in Louisiana. Successfully addressing the state's serious budget challenges is critical to stabilizing the higher education enterprise. Failing to do so would be catastrophic.

We encourage adoption of a state public agenda as a new and more deliberate approach to organizing and advancing your policy priorities for the state, not just postsecondary education. A close review of Kentucky and other states that have adopted a public agenda would be worthwhile.

On behalf of the committee, we thank the various policy experts and professionals who prepared numerous reports and presentations for our review. These include the staff of the Board of Regents, the LSU System, the SU System, the UL System, LCTCS and Gordon Davies, former president of the Kentucky Council for Postsecondary Education. Recognizing the interconnection of our work, we also thank members of the fiscal, economic development and K-12 transition teams for collaborating with us and discussing our shared interests and potential recommendations. Their participation was essential to the committee's deliberations.

We are honored to have served in this important role. Please know that the committee stands ready to share additional advice and support as you advance this work. Thank you for your commitment to education and your steadfast focus on putting Louisiana first.

Sincerely,



Dr. Kim Hunter Reed, Chair
On behalf of the Higher Education Transition Committee

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Introduction

Governor John Bel Edwards recognizes higher education as a vital investment with the power to improve the lives of individual citizens, communities and the state. Research has shown the value of higher education to include not only higher incomes and greater opportunities for individuals, but societal benefits such as lower poverty rates, improved health and reduced reliance on governmental financial support. In short, the pathway to a vibrant and productive state must include a strong and affordable quality higher education system.

After seven years of crippling budget cuts and the largest disinvestment in higher education in the country – nearly \$700 million – the time has come to develop a plan to stabilize the enterprise and invest over the next four years. Governor-elect Edwards appointed a diverse group of citizens from across Louisiana to focus on advancing the mission and potential of postsecondary education by addressing the following:

1. Increasing educational attainment in Louisiana
2. Improving student affordability in Louisiana
3. Strengthening institutional accountability with a focus on student outcomes, workforce alignment and addressing state needs

The committee met over three weeks to analyze the current state of higher education in Louisiana and to discuss the best path forward. During our deliberations, the Board of Regents and the state's system heads shared the impact of “almost annual” budget cuts on affordability, student success programs and student and faculty retention. We discussed how the levers of appropriation, tuition and financial aid can better align to drive and reward student outcomes. We also focused on the policy environment and collaboration necessary to ensure that access to college begins in high school through programs such as early college and dual enrollment.

Realizing that future investments in postsecondary education must not rebuild an outdated model, we stressed the importance of innovation, accountability and autonomy. One new approach of particular interest was the adoption of a public agenda similar to that developed and shared by Gordon Davies, former president of the Kentucky Council for Postsecondary Education. Commission members connected with the state focus of a public agenda – reframing the discussion from higher education's needs to how colleges and universities can help meet the needs of the state.

In framing our work, the Higher Education Transition Committee developed the following objective and guiding principles:

Objective:

Build a more vibrant Louisiana through the development of a world-class higher education system that is responsive to the needs of citizens, businesses, communities and the state.

Guiding Principles:

1. Postsecondary education must be closely aligned and work to address the greater needs of the state including research, scholarship, and innovation, increasing the educational attainment of Louisiana residents, closing the skills gap, addressing poverty and reducing recidivism.
2. Postsecondary education must be accessible, affordable and accountable.
3. Postsecondary education must have a strong and stable funding base in order to meet the greater needs of the state and increase the attainment of Louisiana citizens.
4. Institutions should focus on student access, success and making Louisiana competitive in the global economy.
5. Postsecondary education must provide the education and training necessary to attract new investment and support business and industry.
6. Postsecondary education must work collaboratively with PreK-12, local businesses and communities to increase student engagement and provide clearly defined educational pathways for all students.
7. Support for postsecondary education must be sustainable beyond political cycles, rooted in the greater good of the state and broadly supported by Louisiana's citizenry.

It is our belief that Louisiana stands at a crossroad. Residents must choose whether to unite in seeking solutions that stabilize our budget and prioritize stronger future investment in education and innovation. We realize that further erosion of our colleges and universities is imminent if Louisiana's budget challenges are not addressed.

Therefore, the committee stands ready to assist the governor and his leadership team in advocating for solutions that ultimately strengthen education in Louisiana. This report reflects the committee's collective assessment of the challenges and opportunities that lie ahead as we seek to elevate Louisiana's colleges and universities. In keeping with our charge, our recommendations focus on improving postsecondary attainment, affordability and accountability.

Current Status

Louisiana's regionally accredited public and private non-profit postsecondary institutions serve approximately 247,000 students with approximately 216,000 enrolled in the four public systems in the state. Nearly 90% are undergraduates and just over 10% are in graduate or professional programs. As noted below, the University of Louisiana System is the largest in the state, followed by

the Louisiana Community and Technical College System, LSU System and Southern University System.

Student Enrollment in Louisiana by Higher Education System (2014-2015)

Higher Education System	2014	2015 <i>(Preliminary Enrollment Data)</i>
Louisiana Community and Technical College System	72,314	*Data not reported
LSU System	44,646	45,207
Southern University System	12,741	12,807
University of Louisiana System	89,380	89,851

In Louisiana, higher education enrollment and completion rates have increased, though not at the pace needed to reach the state’s attainment goal of achieving the Southern Regional Education Board’s state average by 2025.

Nationally, Louisiana ranks 49th in educational attainment with only 29% of residents aged 25-64 earning an associate’s degree or higher. That compares with the national rate of about 40%. According to the National Center for Higher Education Management Systems, in order to reach the average educational attainment rate for SREB states, Louisiana will need to increase the percentage of adults with some college from 29% to 46.6% – an increase of 148,277 degrees – in less than 10 years. That’s a daunting challenge, yet one that Louisiana must meet to become more competitive and for our citizens to achieve the level of prosperity to which they aspire.

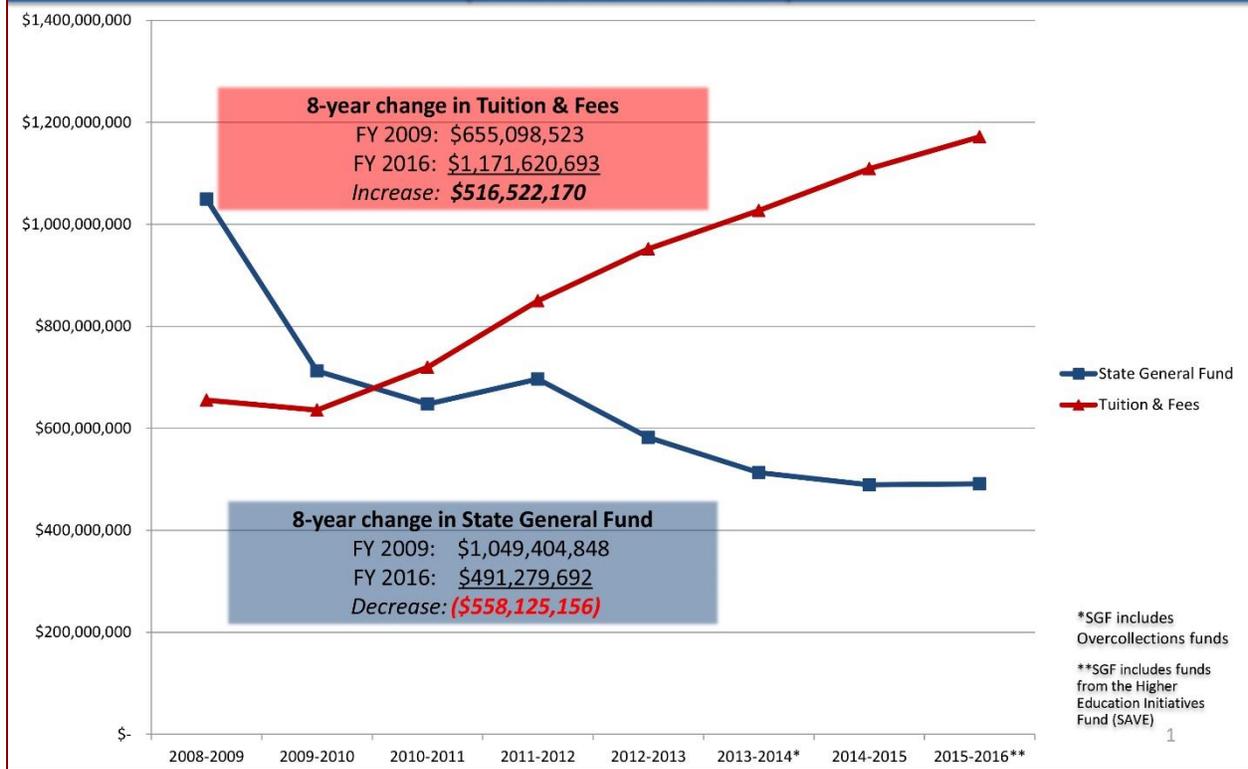
Why the focus on increasing attainment?

According to the Georgetown University Center on Education and the Workforce, by 2018, 60% of jobs in the United States and 51% of jobs in Louisiana will require postsecondary credentials beyond high school. To meet that need, we must educate more of our citizens.

One major challenge facing postsecondary education has been a steep decline in state support. The Louisiana Constitution leaves higher education and health care virtually unprotected. Over the last eight years, higher education funding was cut by almost \$700 million while tuition more than doubled. The result is the largest disinvestment in higher education in the country and a dramatic cost shift borne by students as shown below in data provided by the Louisiana Board of Regents. Gov. Edwards has joined system and institution leaders in sounding the alarm that we are pricing students out of college.

FY 2015-16 HIED Budget Overview

(2 and 4 Year Institutions)



Student affordability can be improved through a number of measures – state support, financial aid and accelerated time to degree. The committee examined each of these.

Following a discussion of the decline in state support for postsecondary education, the committee examined the state’s investment in merit and need-based aid. We found a grossly disproportionate investment in merit versus need-based support. This must change.

In 2015-16, merit funding through the TOPS program totaled more than \$265 million, while funding for Go Grants (need-based aid) amounted to \$26.4 million. According to the Southern Regional Education Board, on a per-student basis, Louisiana offers significantly less need-based aid (\$133) than either the SREB (\$204) or national average (\$276). Roughly 90% of student aid in Louisiana is budgeted to merit-based aid with just under 10% directed specifically to need-based aid.

The committee stressed the need for a strategy that provides both kinds of aid but specifically focused on the importance of substantially increasing funding and, thus, the reach of the state’s need-based program.

The committee also noted the need for expanded programs that increase student success and accelerate time to degree, which can also improve affordability. Programs that allow students to

begin college in high school are valuable in two ways – encouraging early credit accumulation and building “college confidence” in students who may not have imagined that a credential beyond high school would be attainable. For college students, strong student support programs assist them in remaining on-track to completion through tutoring, intrusive advising and guided pathways designed to minimize excess credit and maximize the likelihood of on-time completion and success.

Key Issues, Themes, and Findings

Increasing educational attainment in our state is critical to Louisiana’s future economy, quality of life and opportunity for its citizens.

As Gov. Edwards has stated, Louisiana can build the next generation of college-ready students by investing at all levels of education. That must include working collaboratively with all stakeholders to ensure that new Louisiana K-12 standards meet the rigor required of students to succeed in the workplace and that higher education institutions are properly funded to ensure success in workforce development, research and innovation.

Recognizing that the largest disinvestment in higher education in the country is a statistic that dooms our state to continued chronic problems, the governor has committed to turning the tide on years of severe budget reductions to higher education. He sees the full potential of higher education to lift students and communities and address the state’s most pressing issues.

Yet the financing of Louisiana’s public postsecondary education system is complex. Change will require simultaneous comprehensive assessments of appropriations, tuition and financial aid. Stable funding must give way to additional support and improved outcomes in order to turn the tide and realize the highest potential return on our higher education investment. In order to achieve this goal, the governor and legislature must first stabilize Louisiana’s budget.

There are many pieces to the equation, and the recent neglect the state has shown to the higher education enterprise has exacerbated numerous problems. While state support for higher education has dropped, state mandated costs have continued to escalate and threaten the normal operations of institutions.

These costs include increased payments to the Office of Risk Management, legislative audits, retirement benefits and health care costs for retirees. According to the Board of Regents, since 2008 these costs have risen by nearly 25% or more than \$107 million.

Like mandated costs, the reductions in state support have severely impacted other areas. At many institutions, student class sizes have grown, while student course offerings and support programs have been reduced. Merit pay raises for most faculty were frozen for a number of years. Professors and top-level researchers fled the state for more stable environments. Deferred maintenance costs have risen to an estimated \$1.4 billion. These consequences to higher education are real and can no longer be ignored.

Given these circumstances, the committee found these points important to consider:

- Sustainable financial support of the higher education enterprise requires a predictable and sufficient funding base along with balancing the competing priorities of value and price in decision making.
- Transformation of postsecondary education requires a greater focus on preparing more college-ready students in high school, significantly increasing student retention and completion and successfully meeting the needs of first-generation and minority students along with adult learners.
- Affordability and access for higher education cannot be adequately addressed without considering the structural budget deficit of our state. This deficit particularly impacts higher education because the higher education budget is left unprotected from cuts while other major state budget areas have gained constitutional or statutory protections over the years.

On that final point, the committee felt it was important to note that affordability is an issue that can be addressed in a number of ways. Certainly, it means looking at direct costs to students and overall state support to postsecondary education.

This is critical because the policies of the last several years have reversed the state-student funding mix from roughly 70% state and 30% student support in 2007 to the current mix of about 30% state and 70% student support.

Reaching Louisiana's greatest potential requires looking at the financing of higher education through the prism of an investment rather than an expense. The return on that investment will benefit the state by successfully increasing the level of educational attainment for all citizenry – from educating students for STEM opportunities to educating nurses, teachers, social workers and the skilled tradesmen to reducing recidivism and poverty throughout the state.

Of course, addressing affordability also requires looking at meaningful financial aid to help remove income as an obstacle to college completion. Louisiana is fortunate to have a merit-based program such as TOPS, which pays full tuition for up to two or four years at any public community technical college or university in the state, as well as a portion of tuition costs at in-state, nonpublic institutions. In fact, Louisiana's merit-based aid awards are significantly above the national average.

Unfortunately, the reverse is true for need-based aid. Louisiana's Go Grants program is funded at only a fraction of TOPS. The per-student Go Grant award today is about \$1,000 dollars compared to about \$1,600 in 2008. While student demand has increased, the amount awarded to individual students has dropped significantly. Even with the assistance of Pell grants, in a high-poverty, low attainment state like Louisiana, lack of adequate financial aid is a barrier to student access and success which must be addressed.

Pat Callan, President of the Higher Education Policy Institute makes a noteworthy point. "It is mathematically impossible for most SREB states to reach national and international workforce competitiveness without improving college access and attainment rates of low-income groups and of

ethnic groups with lagging college participation rates,” Callan says. “However, if current trends continue, declining affordability will constrain the college enrollment of these potential students and prevent states from reaching educational levels needed to provide opportunity for individuals and a competitive workforce in the knowledge-based global economy.”

Another important piece of the affordability equation is shortening the time it takes for a student to earn a degree. One key approach that should be expanded is giving more high school students the opportunity to earn college credit, known as dual enrollment. The benefits are clear. It reduces the time needed to earn a degree, decreases costs for students and families, helps students transition more easily to postsecondary education or training and helps to ensure that students are indeed college or career-ready when they graduate.

Fortunately, there is some encouraging news from the Louisiana Department of Education and the Board of Regents:

- The number of high school students enrolled in postsecondary courses has shown steady increases in recent years.
 - Fall 2010 – 18,551
 - Fall 2013 – 20,454
 - Fall 2014 – 22,875
- The number of high school students enrolled in career/technical skills courses at postsecondary institutions has increased 49% in the past three years.
- This year, Louisiana reached a record high with 75% of all high school students graduating on time. That represents an increase of 8 percentage points since 2006.
- And, the number of high school students completing the LA Core 4 curriculum increased by nearly 11% in the same period.

Building on these successes, we can accomplish many things. Not only can we improve the opportunities for more individuals, but we can strengthen our workforce and, by extension, the very fabric of Louisiana. Because these impacts are so profound, the committee felt that a strong focus on postsecondary education was, in fact, an integral piece of the overall public agenda of our state.

As such, the Higher Education Transition Committee looked to other states for examples of connecting the work of their colleges and universities to the state’s public agenda. Our members were impressed with efforts undertaken by Kentucky several years ago. State leaders there focused their goals for postsecondary education on five key questions:

- Are more people ready for postsecondary education?
- Is the state’s postsecondary education affordable for its citizens?
- Do more people in our state have certificates and degrees?
- Are college graduates prepared for life and work in our state?

- Are the state’s people, communities and economy benefiting?

These points are critical to the entire postsecondary discussion because they remind us that the real question is not, “What does higher education need?” but “What does the state need, and how does higher education meet that need?”

With this as a basis of thought, the Committee offers the following 14 recommendations in the areas of attainment, affordability and accountability in postsecondary education.

Recommendations

Attainment

Louisiana’s attainment agenda must be based on giving more citizens a chance to succeed in college and life, and making our citizens, businesses and communities competitive in a global economy. This must be true at all levels of higher education in Louisiana – community and technical colleges, training facilities, four-year universities, graduate, law and medical school – in both public and private institutions.

The ability to accelerate the number of citizens with a credential beyond high school is vital to Louisiana’s future prosperity. Connecting the work of colleges and universities to the overall public agenda has been accomplished in many states.

Recommendation 1: Adopt a Public Agenda that focuses the purpose and value of higher education on meeting the state’s needs. This includes increasing educational attainment for all citizens, meeting the state’s growing workforce needs, supporting state and regional economic development initiatives, and placing a greater focus on STEM studies, research, innovation and entrepreneurship.

Strategies to be considered are:

- Involve PreK-12 and postsecondary education leadership in a collaborative effort to create more seamless pathways between high school and college or career training. Recommendations should include improvements in high school student access to early credit accumulation through dual enrollment, remediation and college and career guidance counseling.
- Ensure a strong connection between state needs and the role, scope and mission of individual colleges and universities.
- Align degree offerings with the critical focus areas of workforce development, entrepreneurship and innovation.
- Expand the work of Louisiana’s new Jump Start program for school districts, colleges and businesses. Jump Start encourages collaboration by providing career courses and workplace experiences for high school students, allowing them to continue their education after high school and certifying them for the career fields most likely to lead to high-wage jobs.

Recommendation 2: Develop an aggressive plan to increase the educational attainment of all Louisiana citizens.

Strategies to be considered are:

- Develop a culture of completion on higher education campuses that overcomes barriers and improves access and success especially for adult learners, first-generation and minority students.
- Concentrate on the development and expansion of successful student support systems on each campus designed to enhance student retention and completion.
- Encourage colleges and universities to expand alternative delivery options.
- Commit to an action plan designed to dramatically improve student transfer rates from two-year to four-year institutions.
- Ensure that the standardization of articulation and transfer established in current law is accomplished with fidelity.
- Increase the number of adults reentering education and completing a postsecondary credential.

Affordability in Higher Education

Improving affordability means simultaneous consideration of best practices in the areas of state appropriation, tuition and financial aid and alignment of those resources to improve outcomes. This requires the state to provide sufficient and predictable funding while focusing resources to drive results.

Recommendation 3: Invest in higher education based on state priorities, including and not limited to increasing educational attainment, addressing poverty and equity challenges, educating adults and addressing societal challenges.

Recommendation 4: Provide incentive funding, similar to the Workforce Investment for a Stronger Economy, or “WISE,” approach, for top state priorities such as producing more individuals with credentials in high-demand fields, research and innovation, and serving and graduating more nontraditional students, especially first-generation and returning adults.

Recommendation 5: Stabilize higher education funding then develop and commit to an absolute funding floor in state appropriations with the intent of reaching a state appropriation of 80% or more of the Southern Regional Education Board average by 2020.

Recommendation 6: Increase need-based aid through greater investment in Louisiana’s Go Grant program. The program should be designed to broaden its reach, especially to adult learners returning to school.

Recommendation 7: Sustain the TOPS program through efforts such as decoupling TOPS from tuition and increasing TOPS standards.

Accountability in Higher Education

Accountability begins with establishing goals and priorities while developing a strong and unified voice for postsecondary education. Based on the state's established priorities, outcome-based metrics will be established and followed. The result will be a focused effort by colleges and universities to improve outcomes.

It should be noted that the potential success of colleges and universities in a market-based environment has been hampered by a lack of administrative autonomy. We should empower our colleges and universities with the ability to make decisions in the best interest of the institution and their students while maintaining strong and transparent accountability.

Recommendation 8: Hold institutions accountable with clear and easily understandable metrics for driving improvement in Louisiana. These should include:

- An outcomes-based component of funding designed to drive the state public agenda. This should be based on economic and workforce development strategies in our state, research and innovation, and state priorities, including increased education attainment and addressing societal challenges in poverty, health care, and equity.
- An outcome-based component of funding directed at meeting the needs of the student and increasing education attainment in our state. This should include improved completion rates as a whole, along with the subset of at-risk students (minority and first-generation) and returning adult learners, as well as metrics based on student success post-graduation.

Recommendation 9: Ensure that the Louisiana accountability system is transparent, publicly reported and recognizes the role, scope and mission of institutions that serve specific populations and regions of the state.

Recommendation 10: The Board of Regents should develop strong "Centers of Excellence" at various institutions which focus on high-quality programs and are tightly aligned with state and regional economic development needs.

Recommendation 11: Colleges and universities should champion research, innovation and commercialization aligned with industry and state or regional economic development needs as a core economic development asset.

Recommendation 12: Maximize the potential of existing federal funds allocated to various state agencies, such as the Department of Children and Family Services and the Louisiana Workforce Commission, that have the potential to enhance education, training and opportunity.

Recommendation 13: Administrative operational autonomies dealing with areas such as travel, purchasing, audit requirements and building reasonable reserve funds should be given to colleges and universities, with oversight, to allow institutions to manage their affairs more effectively and competitively.

Recommendation 14: Develop and implement flexible tuition and fee policies that reflect value, consider market forces and recognize the goal of improving access for all students. Give particular attention to the importance of maintaining competitive tuition levels at the Louisiana Community and Technical College System. This should be undertaken in conjunction with new comprehensive

financial aid policies that take into consideration the sustainability of the TOPS program and expansion of need-based aid.

Conclusion

In Louisiana, we must aspire to be great, not average. In doing so, we can build a more vibrant state through the development of a world class higher education system responsive to the needs of citizens, businesses, communities and the state.

Achieving this goal will not be an easy or speedy endeavor. The cuts to postsecondary education in recent years have been costly. They have damaged our institutions and hindered their ability to aggressively address critical state priorities. This trend must be reversed. We realize that achieving this task will require success in tackling one of the state's most challenging multi-year budget deficits. This must be done. The time to bring stability to our state and reinvestment to this enterprise is now.

The considerations of the Higher Education Transition Committee are based on developing strong policy in the areas of attainment, affordability and accountability. Improvements made in each of these areas would support Louisiana's promise by increasing the opportunity for our citizens to achieve the American dream and improving competitiveness in the global economy.

The Higher Education Transition Team is grateful for the opportunity to provide recommendations to Gov. Edwards for reshaping the postsecondary agenda in this state. We stand ready to serve as a continued resource as you work to stabilize the state's economy, improve postsecondary education and increase the level of attainment in Louisiana.

Appendix

Lumina Stronger Nation Through Higher Education: Louisiana report

Five Questions One Mission, Better Lives for Kentucky's People, Kentucky Council on
Postsecondary Education