Louisiana Higher Education: A Six-Point Advocacy Agenda

Executive Summary

Assessment of the Challenges

I—Competitiveness in the Global Knowledge Economy

Increased educational attainment of the population and, therefore, stronger K-12 and higher education outcomes, including better support for innovation, are essential for US global competitiveness in the 21st Century Global Knowledge Economy. Our global challenges—perhaps not fully understood by the public—actually are staggering.

II—Louisiana’s Human Capital Performance

Louisiana must compete in this Global Knowledge Economy context, despite the fact that our State has not been competitive in the metrics by which the Global Knowledge Economy is measured.

• Louisiana’s FY2009 college enrollments were below the FY2011 enrollment level
• In 2008, only 26% of Louisiana adults (25 years+) held a degree—associate or higher.

Louisiana must work to close the competitiveness gap by applying even more resources to education, and by being more effective with the resources applied.

III—Statewide and Regional Perspectives

Regionalism is important, but Louisiana needs statewide Human Capital solutions.

A Regional View. Some challenges and solutions are best addressed on a regional level. NW Louisiana’s institutions long ago embraced the active practice of regional collaborations. Also, these institutions commit to continuing to work together on a new Regional Higher Education Plan, to build on their past collaborations and to further enhance opportunities and outcomes for learners in their communities.

Statewide Solutions. However, the fate of NW Louisiana’s higher education institutions in serving the region is completely tied to the fate of statewide higher education goals, policies, resources, and performance. NW Louisiana leadership thus hopes to engage with statewide and regional partners in creating solutions for the State and its people.

IV—The Current Fiscal Crisis and Views to the Future

Louisiana is in a severe fiscal crisis for FY2012, but FY2012 is neither the first nor last hard year. Institutions already have applied substantial personnel, program, and other cuts. Short-term solutions applied for FY2012 will affect the State’s long-term future—and thus leaders must take that long-term future into account.

Recent Higher Education Funding. The recent decrease in state support (excluding federal/ARRA) is huge, from about $1.3 B in FY2009 to about $818 MM in FY2011—down an estimated 37%. For FY2010 and FY2011, ARRA funds softened this blow and were very helpful. But this never was a sustainable solution. (See data notes #1 and #2 at right.)

State’s Share of Total Funding. “Total funding” is defined here as state money + tuition/fees. The State’s average share of total funding, during the last decade, was 65%. Excluding federal stimulus funds, the State’s funds for primary institutional operations, as calculated without “special items,” went from about 65% of total FY2009 funding to about 52% of total funding in FY2011. This is a precipitous drop.

Possible FY2012 Scenario. Now, a state budget cut in the possible range of $1.6 BB is expected for FY2012. Various levels of cuts are proposed for higher education. If institutions are given a 32% cut in funding (from FY2011 including federal funds), even with the 10% GRAD Act tuition increase, the state funding share will drop to about 47% of total institutional funding. The FY2012 cuts will be applied to a FY2011 base that was recently reduced further by a $33 MM cut—of which we estimate $24 MM was in direct institutional budgets. Without federal stimulus, if state funding for FY2012 to institutions is in the range of $754 MM, that would be below the state funding level in FY2001.

Views to the Future. Educational attainment and innovation needs likely will outpace easily available resources in the long run. It always will be necessary to both apply more resources to education and to be efficient with results achieved with those resources.

In a Nutshell:

1. Louisiana’s long-term economic competitiveness depends upon higher education attainment and innovation capacity. This is what this Advocacy Agenda is about.
2. Thus, the current fiscal crisis cannot be solved in ways that harm our position for a competitive future.
3. This must be about statewide dialogue and solutions, to which we hope we bring constructive ideas.

Two Notes on Data:

1. The Office of the Governor presents a very different (and much “rosier”) picture of recent higher education funding. Without knowing his data sources, we surmise that he includes the federal stimulus funding, financial aid, increased tuition, and perhaps other things. In contrast, for this Advocacy Agenda, we examined only primary funds provided to institutions for their primary program functions and operations. We omitted financial aid, governing board budgets, and certain other special purpose funding. We also tried to isolate the share of funding that comes from Louisiana state taxpayers. Looked at this way, the cuts to institutional budgets from FY2009 to FY2011 indeed have been very significant and the share of total cost shifted to tuition/fees also is substantial.
2. All attempts were made to get good and comparable data, which was most difficult for FY2011. All data used in this analysis are still considered preliminary and are subject to final verification or correction.
Proposed Solutions

A Two-Way Compact. We envision that state government, higher education, and business/community leadership agree to a long term compact, built on the concepts of the GRAD Act, but taking further steps to design and enact solutions that achieve both:

- Growing Human Capital investments required to advance the State’s competitiveness
- New, state-of-the-art metrics for tracking improved return-on-investment / productivity.

Two Time Horizons. As a result of cuts already imposed, budgets for personnel, programs, and administration already have been trimmed. Once destroyed, core higher education program assets cannot be restored easily. And, regarding productivity, the most meaningful changes in higher education structures and delivery cannot possibly take measurable effect in a one-year time horizon. Thus, NW Louisiana’s higher education and business leadership proposes a compact with solutions for two distinct time horizons:

- Immediate alternatives to solve the FY2012 budget
- Longer-term solutions to strengthen the State beyond FY2012:

V—Proposed Short-Term Alternatives (For FY2012)

To solve the FY2012 challenge, the State should preserve its higher education capacities for the future by a reasonable cut, such as 10% from the FY2011 base. Institutions seek a bridge funding solution, to buy some time for carrying out longer-term productivity solutions.

- A fair share cut to direct institutional budgets for FY2012 would be about 10% of FY2011’s base institutional funding (from about $1.1 BB (including ARRA) to about $1 B.
- A temporary student fee (e.g. bridge fee or stabilization fee) would be approved, in addition to the 10% GRAD Act tuition increase, calculated to an amount that brings FY2012 to FY2011 funding as the “floor.” This would serve as bridge funds, e.g., for three (3) years. At the proposed 10% cut, the fee would be about $6 to $7 per credit hour. A higher percentage cut would generate higher per FTE or per credit hour bridge fees.
- However difficult, other revenue or expenditure solutions must be applied to other state budget elements, to achieve the ≈$1.6 BB cut.

VI—Proposed Longer-Term Solutions (Beyond FY2012)

To be more competitive in the Global Knowledge Economy and to reverse its brain drain, the State must grow enrollments by significant numbers and increase higher education investments in the future. This also means improving K-12 outcomes which directly affect higher education outcomes (and tuition revenues). At the same time, institutions must press forward with a long-term productivity and effectiveness agenda for the people of the State.

- Stabilization (“Floor”) for Future Growth. The State’s Knowledge Work Force and Innovation System capacities are at stake. The State must stabilize higher education investments, perhaps by creating the “floor” (tied to FY2011) that cannot be reduced unless other protected budgets also are similarly reduced. The State should NOT use increased tuition/fees as justification to continue decreasing state taxpayer support.
- Regional Plans. Better mechanisms for organizing and planning for higher education program delivery and innovation support on a regional level will be developed.
- Re-Evaluation of Student Costs. Building on the intent and good provisions of the GRAD Act, the State should conduct a new study to re-evaluate tuition policies; quantify the impact of various scenarios; and develop a new comprehensive policy that moves toward “market” tuition (perhaps targets tied to SREB). Public policy on “who pays” should be considered in terms of many factors, including:
  → The appropriate levels of per FTE funding (by institution and program types)
  → The appropriate share of that total per FTE funding to be borne by the public vs. the share that should be borne by students and families.
- Better, More Relevant Metrics for Evaluation of Institutional Performance. In exchange for the State’s commitments, institutions must fully embrace the outcomes/productivity challenge. Building on the GRAD Act, the BOR could work with the institutions to refine metrics and implement innovative measures to strengthen Human Capital outcomes.