

**TUITION TASK FORCE
EXPLANATION OF CHARGE AND
RECAP OF OCTOBER
PRESENTATIONS**

COMMISSIONER JIM PURCELL

House
Resolution 206
By
Representative
Ortego

RECAP OF OCTOBER TUITION TASK FORCE MEETING

- Representative Ortego and Speaker Kleckley outlined the Impetus for House Resolution 206 of 2013 that created the Task Force.
- Ms. Goodson, BoR, discussed **the New Funding Paradigm in Higher Education.**
- Dr. Boutté, LOSFA, and Dr. Tremblay, BoR, discussed **Financial Aid and Tuition.**
- Dr. Jim Purcell, BoR, discussed **New Alternatives.**
- Dr. Miller, SU A&M, facilitated **a panel discussion on tuition issues** with Representative Foil, Mr. Moller, Louisiana Budget Project, and Ms. Wesley, Baton Rouge Area Chamber.

NEW FUNDING PARADIGM IN HIGHER EDUCATION: AN OVERVIEW

- State funding: \$1.48B in '08; \$524.7M in '13
- Tuition increases have offset declines in state funding, but only in part.
- Tuition constitutes about 66% of La. institutions' funding.
- The new funding paradigm:
 - Hampers institutions' ability to offer high-cost programs
 - Creates student backlogs in high-demand programs such as nursing
 - Forces qualified applicants for high-demand programs into other fields
- Effective delivery of skilled workforce depends on fiscal viability of institutions.
- Fiscal viability depends on:
 - Adequate and stable state support
 - Market-driven tuition

FINANCIAL AID AND TUITION: AN OVERVIEW

- TOPS is the state's merit-based aid program, to promote access and to retain high-performing students in Louisiana.
 - The number of students receiving TOPS has increased by 96% since 1999, from 23,614 in 1999 to 46,231 in 2013.
 - TOPS costs have increased 256% since 1999, from \$54M in 1999 to \$190.65M in 2013.
 - TOPS projected to cost \$210M in 2013-14, \$354 in 2018-19.
- GO Grant is the state's need-based aid program
 - GO Grant appropriations in 2008 was \$15M, and has remained at \$26.425 for the last three years.
 - Appropriations have not kept up with the number of recipients: 10,461 in 2008 and 36,201 in 2013.
 - Individual award amount has decreased from \$2000 in 2008 to \$1000 in 2013.
- Noel-Levitz study: meeting at least 60% of a student's unmet financial need maximizes retention in higher education.
- Higher education institutional budgets and financial aid come from the same source of funds. An increase in one can reduce the other.

NEW ALTERNATIVES: AN OVERVIEW

- Louisiana has historically low tuition, below SREB peers.
- Louisiana is the only state in nation requiring legislative approval by 2/3 vote for increases in tuition.
- Time to graduation is critical, can be optimized by:
 - Load of 15 hours (research shows predictor of graduation rates)
 - Appropriate, adequate course offerings in right sequence and blocks
 - More cohort programs to improve degree completion, maximize use of faculty/facilities/resources and reduce time/money for graduation
- Differential fee for high-cost programs:
 - Saves time and money to students
 - Gets students into workforce sooner, immediate middle-class wages
 - Helps clear backlogs in high-demand programs such as Nursing
- Per-credit tuition:
 - Norm in SREB states is to charge per-credit tuition
 - Louisiana in the minority, tuition capped at 12 hours
 - Fair to part-time students who currently subsidize those who take over 12 hours
 - Will result in fairer allocation of costs to part-timers

TOPICS SPECIFIED IN HR 206

- Campuses have increased tuition and decreased their spending to offset severe budget cuts to higher education in recent years, resulting in:
 - Compromised quality of education; reduced access and affordability of higher education; shift in costs from the state to students and families; serious impact on students, their families and the state's economy; declining enrollment; increased TOPS costs.
- Original purpose of TOPS was to improve access.
- Original purpose of GRAD Act was to address higher education challenges, including those dealing with tuition.
- High school graduates should know of available opportunities, successfully access/navigate higher education system, gain necessary skills to successfully prepare for a career.
- State needs to develop productive citizens who successfully compete in today's global economy.
- Comprehensive study needed to examine and assess increasing tuition and related issues to maximize higher education opportunities for all students.

LEGISLATIVE CHARGE UNDER HR 206

The Legislature of Louisiana does hereby create a task force to **study issues relative to tuition costs** at public postsecondary education institutions and to submit a **written report of task force findings and recommendations**, including any recommendations for legislation, to the House Committee on Education not later than **sixty days prior** to the beginning of the 2014 Regular Session of the Legislature of Louisiana.

OPPORTUNITY TO IMPACT LEGISLATION

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**WEIGHT MANAGEMENT
SUPPORT GROUP MEETING**
THURSDAY, NOVEMBER 14 • Noon - 1pm



TOPIC:
**Healthy Eating
for the
Holidays**



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Louisiana Politics

House speaker opens door to tuition changes

John Maginnis
and Jeremy Alford

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Legislation granting university boards more control over tuition didn't make it through this year's regular session, but House Speaker Chuck Kleckley, R-Lake Charles, said he's willing to give it another chance in 2014.

In an op-ed written exclusively for LaPolitics.com, Kleckley wrote that he supports such an initiative because it would bring Louisiana to the Southern Regional Average. In political terms, it would also allow legislators to withdraw from the debate. Now they have to

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Related Links

Cassidy's fundraising has two faces

Local lawmaker wants to end Tulane scholarship giveaways



Senate candidate promises better leadership

Fewer parents can pay

NEXT STEPS AND TIMELINE

- Report due by January 9, 2014.
- Tuition Task Force will discuss the topics listed in HR 206 today in breakout sessions.
- Each group will be assigned a broad area specified in HR 206.
- Each group returns with its findings and initial recommendations on its respective topic.
- The Tuition Task Force will receive report from each group and vote on each group's recommendations.
- Based on the official vote and actions of the Task Force, a draft report will be developed to the Task Force members.
- Task Force returns in December for a final meeting (date TBA) to discuss possible changes to the draft report and vote on report.
- Report adopted by Task Force will be sent to Regents and the Legislature by January 9, 2014.

*Recent Findings on Tuition,
Financial Aid, Higher
Education Funding*

Dr. Phillip Rozeman

“You will always find a few Eskimos ready to tell the people of Congo how to cope with the heat.”

- Anonymous

Guiding Principle #1

First, do no harm.

Guiding Principle #2

**Appropriations: Tuition:
Financial Aid (ATFA)**

Guiding Principle #3

**Balance competing priorities:
Value and Price**

Guiding Principle #4

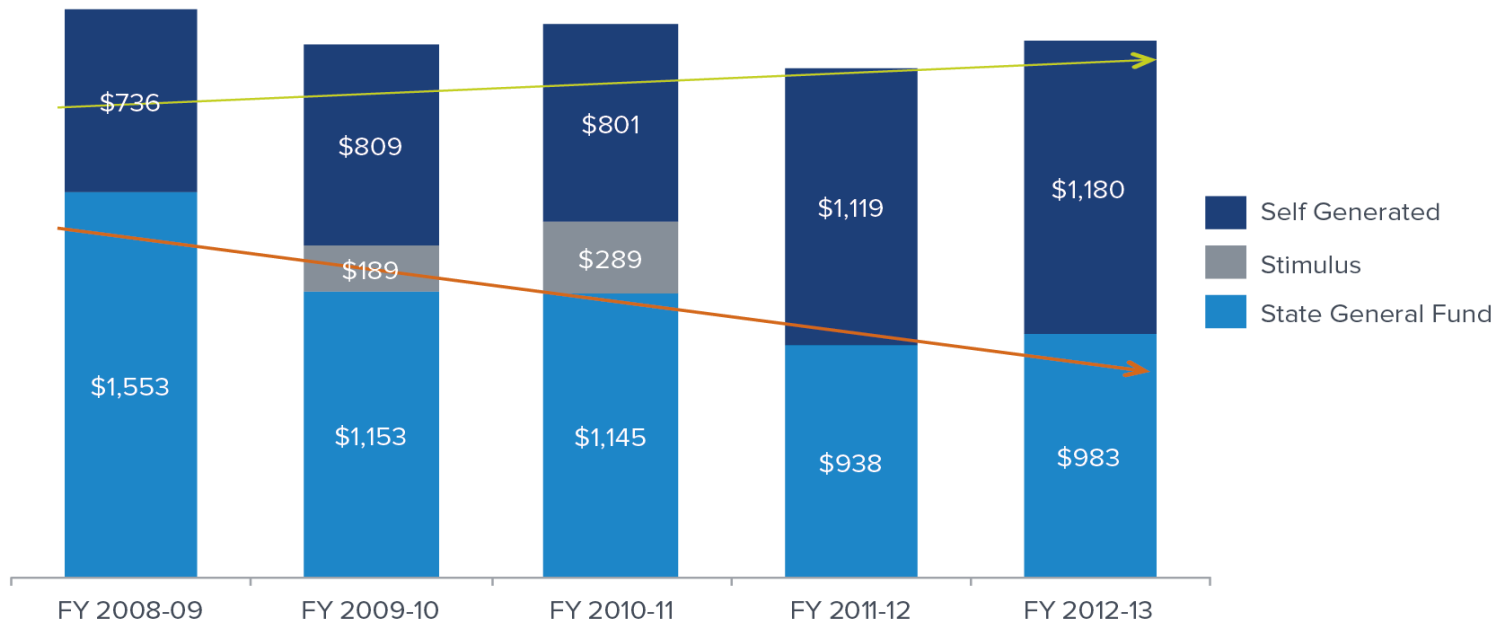
Accountability...

Autonomy...Access

Guiding Principle #5

**“New normal”: A marketplace
perspective**

FISCAL YEAR OPERATING BUDGET FY 2008-09 — FY 2012-13 (\$M)

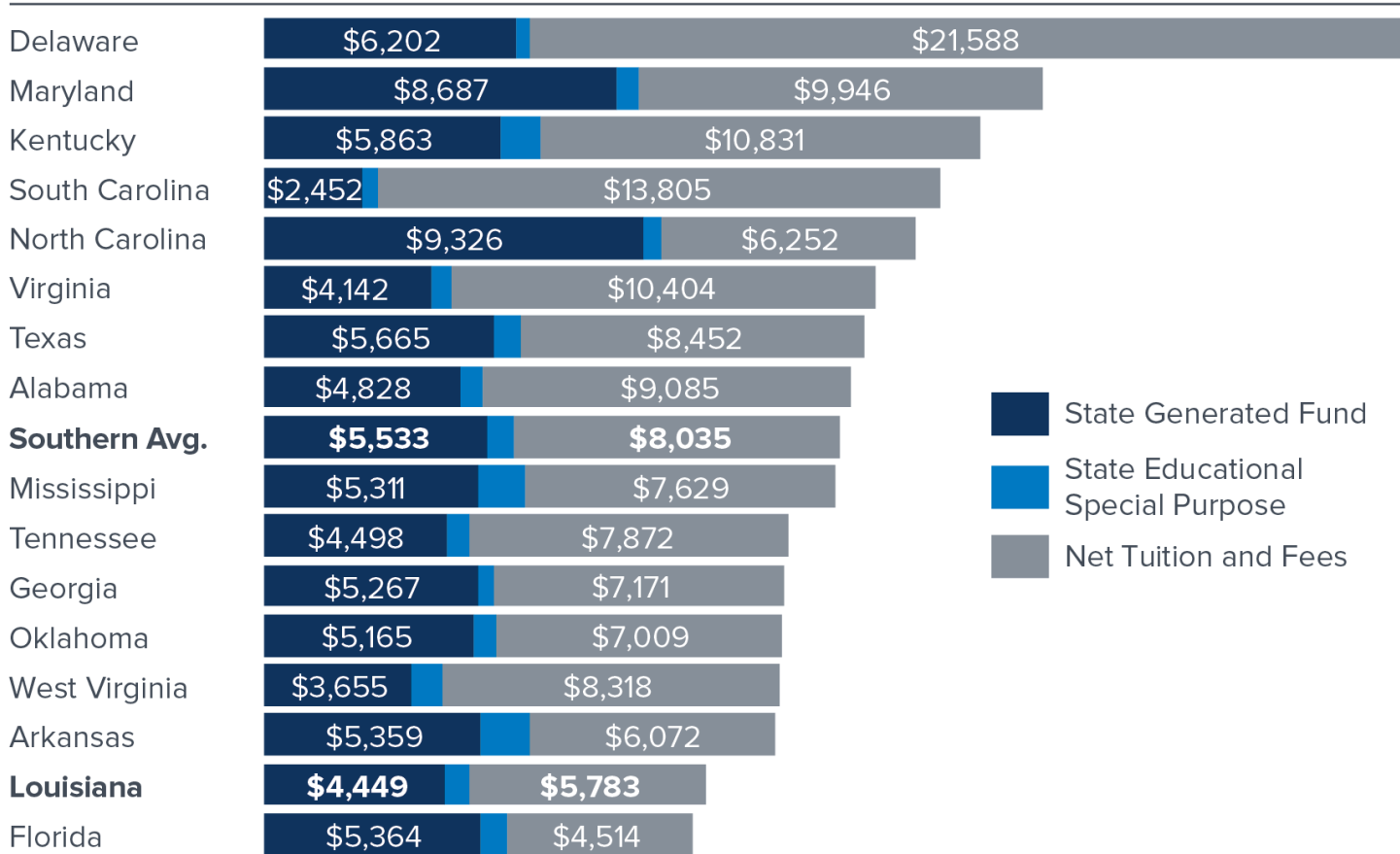


Source: Louisiana Board of Regents, Office of Planning and Budget

SOURCES OF FUNDING FOR EDUCATIONAL AND GENERAL (E&G) OPERATIONS

Dollars Per FTE*

Four-year Academic Institution



Source: SREB; BRAC analysis

Focusing the Conversation: Wrong Ideas about Money

- There is a right amount
- We can develop a completely fair and perfect allocation formula
- The only way to get better results is spend more money
- We can get the results we need without spending more money

Focusing on Conversations: Right Questions about Money

- What do we need from higher education – now and in the future?
- What can we do better with the money already available?
- Where can strategic investments improve the effectiveness of higher education?

Tuition and Financial Aid

Guiding Principles

- First, do no harm
- Appropriations: Tuition: Financial Aid (ATFA)
- Balance competing priorities: Value and Price
- Accountability/Autonomy/Access
- “New normal”: A marketplace perspective

“The right question is ‘What does the public need and how does higher education meet those needs?’ not ‘What does higher education need?’.”

*-Tom Layzell
Former interim LA Commissioner
of Higher Ed*

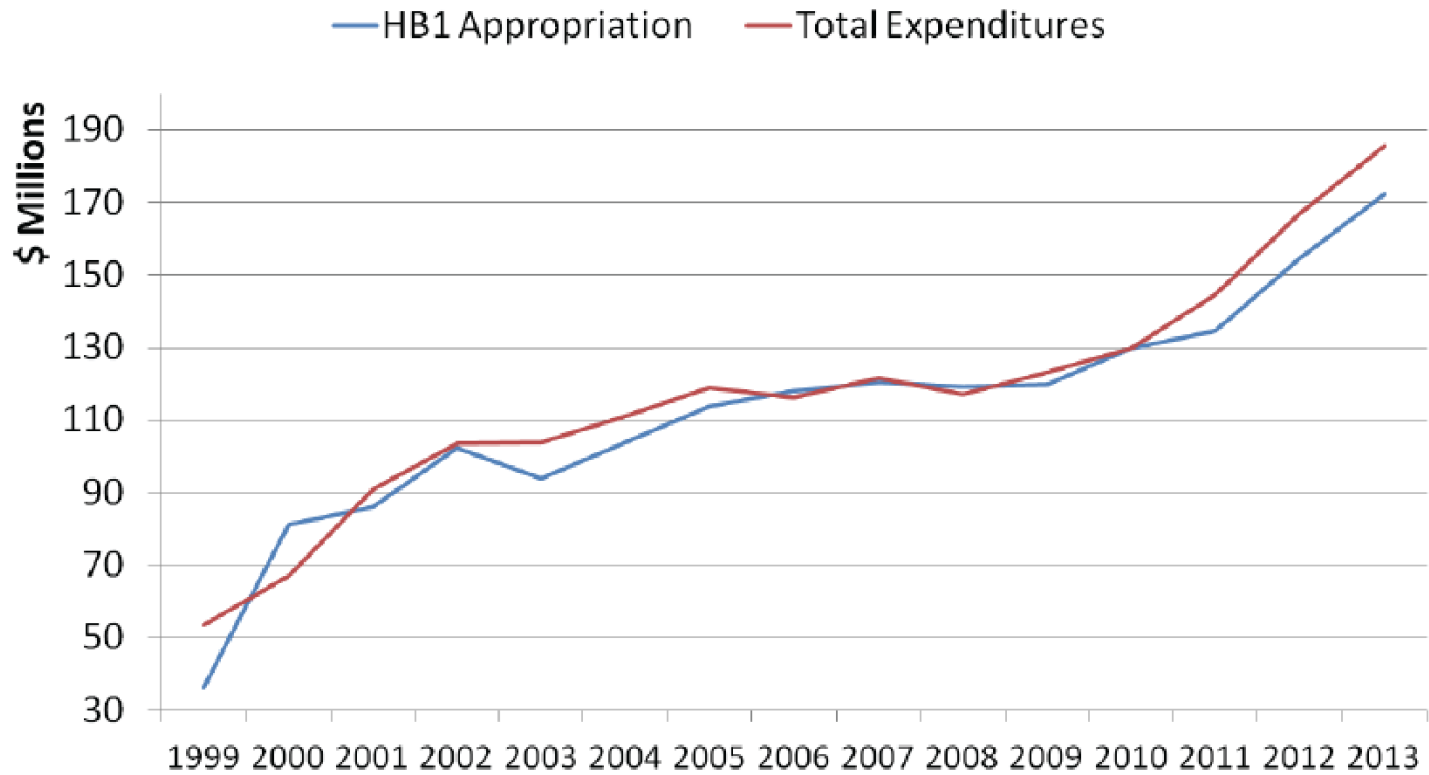
Tuition Authority

- Legislative vote at 2/3 level is unique and daunting
- Use BOR guidelines in 2005 “Tuition and Financial Policy”
- Compliant with GRAD Act with index to SREB
- Market based pricing corrects historical inequities

Make TOPS Sustainable

- Evaluate overall expenditures on TOPS program against other high priority budget items
- Consider more rigorous TOPS standards

TOPS TUITION PROGRAM FUNDING 1999-2013*



**2012-2013 figures are estimates*

Source: LA Board of Regents TOPS Analysis, Louisiana Legislative Auditor

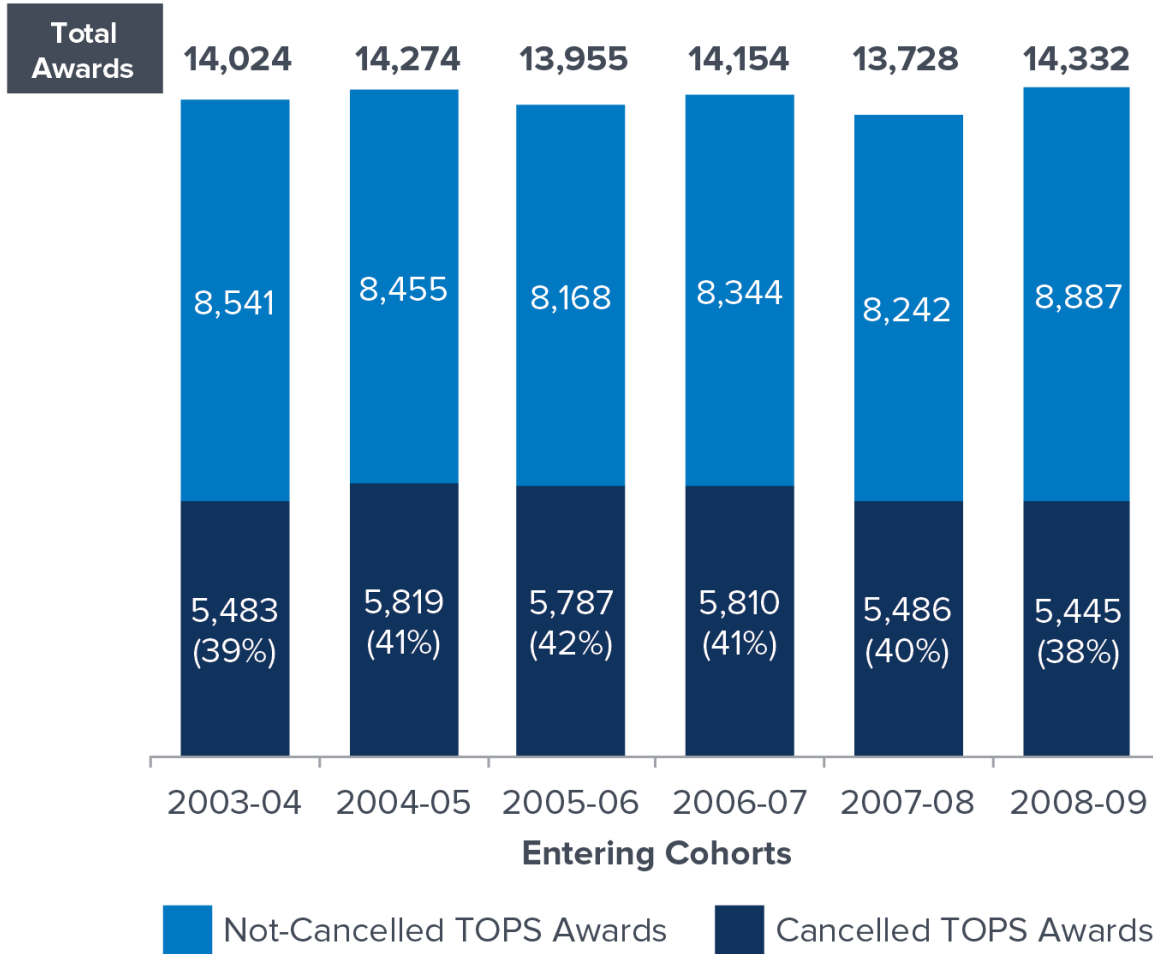
TOPS Inflation

	Average Award	Students Served	Expense to State	% Household Income >75K
1999	\$2592	40,940	\$104M	20.1%
2013	\$3981	46,231	\$191M	50.4%
Percentage Increase	54%	12%	88%	150%

Comparison: Merit Based Scholarship

	GPA	ACT	Award
Louisiana TOPS	2.5	20	\$4000
Georgia HOPE	3.0	26	\$3600
Florida Brighter Future	3.0	26	\$75/credit hour \$1800 – 24 hours

TOPS AWARDS AND CANCELLATIONS BY ENTERING COHORTS
2003-2009



Source: Board of Regents, Louisiana Legislative Auditor

Decouple TOPS and Tuition

- TOPS award incentive tied to cost index (HECA, CPI)
- Bring market forces to bear at student and institution level

Balance Needs Based and Merit Based Financial Aid

- Expand Go Grant program when funds available
- Repackage to meet goal of providing eligible students 55% of total needs (Noel Levitz study)
- Make “returning adult students” priority in Go Grant spending

“We can’t spend all effort at competing for traditional students who have multiple choices – instead most effort should be targeted to creating opportunities for people with limited choices.”

*-Jim Henderson
BPCC Chancellor*

Redesign TOPS Tech Award

- Broaden eligible programs covered by award
- Maintain curriculum alignment to Work Keys and ACT
- Align curriculum requirements with new Career diploma

Performance Improvement: Goal of 4 yr. Completion

- Tuition issues: Charges per credit hour, Differential tuition
- Student tracking systems
- Major maps for all majors
- Standardize bachelor's degree at 120 hours/Associate at 60 hours

Governance Commission: Sound Fiscal Policy

- Use BOR performance funding formula to distribute funds to colleges
- Strengthen funding formula by adding incentives: workforce preparation and research
- Allow and encourage establishment of funding balances
- Adopt fiscal “early warning system”

“In higher education, we tend to focus on the outliers but the game is in the middle – more students prepared and college ready from high school, retention of students, and meeting needs of the large group of non-traditional students.”

- John Lombardi, Former LSU President

Louisiana should maintain a foundation principle that post-secondary education is an investment – not an expense. Louisiana must allot predictable resources that provide a sufficient core of higher education funding.

Louisiana should provide greater autonomy and accountability by developing tuition and financial aid policy that supports the “new normal” of greater dependence on market based principles.

Louisiana should make TOPS scholarships sustainable in the future by preventing exponential inflation of TOPS award program. The legislature should continue to evaluate expenditures on the TOPS program against other high priority budget items.

Louisiana should preserve greater access and remove barriers to returning adult learners by developing a better balance of merit and need based aid.

**“21st century places will succeed
because of assets they create...not
because of assets they inherit.”**

- National Governors Association

“Louisiana’s economic future depends upon an educated populace. The well-being of its citizens are inextricably tied to the continued ability of the public post-secondary educational system to graduate students prepared for the 21st Century economy.”

- Conclusion: Governance Commission

“Higher education is critical to economic development, especially as we see global shifts to a knowledge-based economy. Further, it takes talent to breed talent, and it is critical for our higher education institutions to have the funding and latitude necessary to attract and retain talent among their ranks.”

*-BRAC Report
Introduction*

“The business community talks about the lack of an educated workforce for good jobs and graduates talk about the lack of jobs for the educated workforce. Strengthening the higher education enterprise is key to positively impacting both components of the cycle.”

*-Shreveport Bossier Business
Alliance for Higher Education editorial*

“CABL doesn’t like the notion of raising tuition any more than any one else.... But even less than we like tuition increases, we don’t want to have a postsecondary education system that doesn’t meet our needs.”

-CABL, “Time for a Reality Check on College Tuition”

“Intractable problems are usually not intractable because there are no solutions, but because there are no solutions without severe side effects. It is only when we demand a solution with no costs that there are no solutions.”

- *Lester Thurow*

Tuition & Financial Aid Conversations: Words Heard Often

Accountability

Opportunity

Reengineer

**Personal
Responsibility**

Effectiveness

Security

Access

Simplicity

**Independent
Thinking**

Predictability

Fairness

Marketplace

GO Grant

Autonomy: Institution attract returning adult learner

Access: More needs based and an opportunity in poor state

Accountability:

Legislative: Promote opportunity potential

Institution: Meet state need to help non-traditional student

Student: Develop system to prevent misuse

Tuition Authority

Autonomy: Management boards

Access: Can't price yourself out of the market

Accountability:

Legislative: Adopt BOR policy/GRAD Act

Institutions: BOR correct historical inequities

Students: Bill of Rights/ Financial aid
packaging

Decouple TOPS

Autonomy: No tuition authority unless decouple

Access: Design total merit and need based aid to increase access for students with greatest need

Accountability:

Legislative: Endless balancing competing priorities

Institutions: Allow market principles – can't price too high

Students: Student choice includes finances

Making TOPS Sustainable

Autonomy: Competitive total financial aid packaging

Access: Preservation of TOPS for future students

Accountability:

Legislative: More transparent and predictable higher ed and total state budget

Institutions: Allow market principles

Students: Predictable and sustainable