ADDRESSING COMMUNITY QUESTIONS:

Perspectives on higher education
and
Southeastern Louisiana University

A report by President John L. Crain
Southeastern Louisiana University
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Addressing Community Questions:

Perspectives on Higher Education and Southeastern Louisiana University

Over recent months I have discussed with many groups and individuals the current financial crisis unfolding in Louisiana higher education and at Southeastern Louisiana University. Faculty, staff, students, alumni and supporters of Southeastern are understandably concerned about implications for our particular institution. Elected officials and community and business leaders recognize the critical nature of post-secondary education to the future of our State, and as a result, their interests often extend beyond southeast Louisiana and Southeastern.

Despite the widespread interest and concern displayed by those I have encountered, I have been surprised by the persistent misinformation and lack of understanding about many aspects of higher education. Given the complexity and importance of the choices we face, I believe it is absolutely essential that we pursue solutions to current challenges armed with relevant facts and data.

Toward that end, the enclosed report provides data-driven answers to some of the questions I have been asked most frequently about Southeastern and higher education.

I hope you find this information helpful as we pursue the best solutions to the challenges facing Southeastern Louisiana University and all of higher education.

John L. Crain
President

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Introduction and Purpose

In recent months there has been much said and written about public higher education in Louisiana. While it is widely accepted that access to postsecondary education is critically important to the future of any state and its people, there has been less agreement about the current status of our state’s higher education system and the best plans for future structure and funding.

As our state considers current financial challenges and implications for higher education funding, it is important that business and community leaders participate in the process based on a sound understanding of relevant issues. The ongoing discussion about funding priorities in Louisiana is critical to the future of our state, and relevant facts and data should provide the necessary framework for the discussion.

The purpose of this report is to provide community and business leaders with fact-based answers to frequently asked questions about higher education. Where appropriate, the report also provides relevant specifics for Southeastern Louisiana University.

Background

For many years Louisiana followed a different path for higher education than that in many other states, deploying a postsecondary education system that relied almost exclusively on four-year institutions. Given the absence of a viable community college system at the time, many of these institutions, like Southeastern, operated without admission standards in order to provide access for as many students as possible. As a result, graduation rates suffered.

Through the Master Plan for Public Postsecondary Education, Louisiana sought to change this model by enhancing access to community and technical colleges. The Louisiana Community and Technical College System (LCTCS) was created by statute in 1999 and today includes nine community colleges and one technical college with 40 campuses. Although some community/technical colleges have been in existence for many years, others
have been created since the advent of the LCTCS, and some are still considered “emergent” institutions.

The Master Plan also brought about implementation of admission standards at most four-year institutions in 2005. Although student success, as indicated by such measures as retention and progression rates, appears to be improving at these institutions as a result of admitting better prepared students, the lag between implementation of admission standards and improvement in reported graduation rates remains a concern. It is important to realize that the "transition" in structure for higher education in Louisiana is still under way.

Ensuring availability of necessary operating resources also remains an issue in Louisiana higher education. Institutions receive funds from two primary sources, state appropriations and student tuition and fees. Historically, Louisiana has provided below average support for higher education by comparison with other states in the southeast region of the country. In recent years, however, Louisiana invested significant additional resources to move state appropriations for higher education much closer to the southeast regional average.

Tuition, the other component of operating resources, continues to lag, with tuition and fee revenue at Louisiana public colleges and universities remaining low relative to the regional average. It is also important to realize that Louisiana is relatively unique in requiring Legislative approval for tuition and fee increases.

The structure of higher education in Louisiana is also a topic of long-standing debate. While the LCTCS was created by statute, the other three systems (Louisiana State University System, Southern University System and the University of Louisiana System), the respective management boards, as well as the Board of Regents, all are part of the Louisiana Constitution. As a result, substantive modifications in the basic structure of higher education in Louisiana would require amending the Constitution, creating a significant impediment to change.
Current Challenge

Louisiana is being challenged to discern a new and shorter path to quickly move from the present “in transition” status of higher education to a path which accommodates the immediate financial condition of the state without causing long-term disruption to the delivery of higher education to the citizens of the state.

Louisiana higher education and every institution, including Southeastern, will be impacted and challenged as our state seeks to navigate current and projected financial difficulties. The Louisiana Postsecondary Education Review Commission (LAPERC), commonly referred to as the “Tucker Commission” is evaluating all of public higher education in Louisiana in an effort to develop recommendations that will help guide us to greater efficiency and effectiveness. We should all wish the Commission and its members success in this challenging endeavor.
Question 1

“What was the magnitude of recent budget cuts to higher education?”

Guy Recotta
City Clerk of Court, Hammond

Answer in Brief

The reduction in operating budgets from state appropriations generally amounts to around eight percent for most institutions. If the mid-year cut from December 2008, which carried over to the current 2009-10 fiscal year, is included, the reduction in state appropriations to institutions from the beginning of last fiscal year to the beginning of the current fiscal year averaged close to 12 percent.

Additional Considerations

In addition to state appropriations, institutions receive revenue from student tuition and fees. The budget reduction will reflect a smaller percentage if calculated on the basis of total operating funds (tuition and fees plus state appropriations). Comparing the amount of total operating funds institutions had at the beginning of last fiscal year with the new fiscal year, the reduction is about six percent; however, some of the increased tuition institutions are being allowed to collect is offset by mandatory increases in employee benefits and risk management premiums that were not addressed in the executive budget or the legislative budgeting process.

For Southeastern specifically, the total operating budget at the beginning of last fiscal year was $127.6 million ($79.3 million in state appropriations plus $48.3 million in tuition and fees). Our 2008-09 mid-year cut was $3.4 million, which carried over to the 2009-10 fiscal year. The additional reduction in state appropriation for 2009-10 is $6.7 million, for a total reduction in state appropriations of $10.1 million. This is a 12.7 percent reduction in our appropriation and an eight percent cut in total operating budget. We anticipate receiving an additional $2.9 million from tuition increases with an offsetting $1.4 million in additional mandated costs. As a result, Southeastern has $8.6 million (6.7%) less net operating resources this year than what we started with last year (see chart on page 6).

Recent budget cuts have been portrayed in multiple and sometimes confusing ways. Reports that the budget cuts were in the low, single digit percentage point range were the result of a calculation that measures the reduction as a percentage of "total means of financing," which includes in the base amount other types of funds that flow to or through some higher education institutions but that have little or nothing to do with typical educational operations. Some reports also included "restricted" funds typically associated with grants and
contracts that generally cannot be used to defray operating costs. Naturally, including these additional amounts in the base figure on which a percentage change is calculated will result in a smaller percentage reduction.

**SOUTHEASTERN’S OPERATING BUDGETS**

**2008-09: $127.6 million**

- State Appropriation/ARRA Funds: $79.3 million
- Self-Generated: $48.3 million
- Budget Reduction: $3.4 million

**2009-10: $120.4 million**

- State Appropriation/ARRA Funds: $69.2 million
- Self-Generated: $51.2 million
- Budget Reduction (from 08-09): $10.1 million
Question 2

“How much has funding for higher education in Louisiana grown in recent years?”

Daryl Ferrara, Board Chair
Hammond Chamber of Commerce

Answer in Brief

Louisiana significantly increased funding for higher education in recent years; however, it is important to remember that funding levels had previously been below average in comparison to other states in our region of the country.

Additional Considerations

For 2007-08, Louisiana general fund support, on a per full-time equivalent (FTE) student basis, for four-year higher education institutions had reached the regional average in state support, resulting in a rank of eight out of 16 Southern Regional Education Board (SREB) member states. In the same

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1 Southern Region Education Board - 16 member states that work together to advance education and improve the social and economic life of the region. Member states include: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.
year, Louisiana ranked fifth out of 16 SREB states for general state support for two-year institutions.

While our state’s support of higher education on a per student basis has historically been below average, Louisiana compares much more favorably with other states in higher education funding on a per capita basis.\(^2\) There are several factors that may contribute to this seeming disparity.

First, Louisiana has a mix of post-secondary enrollment that is more heavily skewed toward four-year rather than two-year institutions. Because average funding levels for support of two-year institutions is lower than for four-year institutions, the dollars spent in Louisiana do not go as far per student when considered on a comparative basis with other states.

Second, Louisiana appears to count in its funding for higher education some costs that other states do not. Most significant among these appear to be costs related to certain hospital operations.

Southeastern had been one of the lowest funded institutions in Louisiana for many years. Although our enrollment grew rapidly during recent decades, state funding did not. When Louisiana budgeted to bring higher education to the funding level of the average of states in the southeast region of the country, Southeastern received a significant infusion of additional state funds in 2006-07 and 2007-08.

In keeping with higher education directives and institutional commitments, Southeastern used these new resources in several ways. First we raised salaries to be closer to the regional averages in order to better compete in recruiting and retaining highly qualified faculty. In order to comply with the expectations of institutional and discipline-specific accreditation agencies, we also reduced our reliance on part-time faculty. Finally, we added a modest number of new staff positions, particularly in areas of student support services to aid in student access and success initiatives. Despite these changes, Southeastern’s level of employees (faculty and staff), relative to the number of students we serve, is still significantly lower than many of our peer four-year institutions in Louisiana and in the southeast region of the country. (See response to Question 4.)

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\(^2\) Based on SREB data
Question 3

“How does tuition in Louisiana (and at Southeastern) compare with tuition in other states?”

T. Jay Seale, III
Seale and Ross, APLC

Answer in Brief

The average amount of tuition and fees charged by Louisiana four-year institutions is low in comparison to most other states in the southeast region of the country, and the amount of tuition and fees at Southeastern is among the lowest at four-year institutions in Louisiana.

Additional Considerations

The median annual amount at four-year institutions in the SREB states for 2007-08 was $4,980 for a full-time undergraduate student. The amount for Louisiana was $3,595, with only Florida lower at $3,514.

![Tuition: 2007 - 2008](chart.png)

Source: SREB Data Exchange

However, in 2007-08, Florida provided an average $9,192 appropriation per FTE student versus $6,785 average per FTE student spent by Louisiana to support public four-year institutions.

Another way to evaluate tuition level is based on affordability, i.e., the percentage of household income needed to pay tuition and fees. Viewed this
way, Louisiana institutions are still a bargain. According to SREB data, the percentage of median household income required to pay the median tuition and fees in 2007-08 for Louisiana public four-year institutions was 8.7% vs. an 11.5% average for all SREB public four-year institutions.

Louisiana is one of only two states in the country where the state Legislature retains authority to increase tuition. The Louisiana Constitution requires a two-thirds vote of approval by the Legislature, making it difficult for institutions to secure competitive tuition revenues. Furthermore, because the Legislature, when it does grant tuition increases, tends to do so as a flat percentage increase across all institutions, disparities in tuition among similarly classified institutions persist, even when there are no logical reasons for such disparity.

Annual undergraduate tuition (exclusive of other attendance fees) for an academic year (2008-09) at Southeastern is $2,376, one of the lowest among Louisiana four-year institutions. In fact, tuition at Southeastern is among the lowest for four-year institutions in the southeast region of the country.

The combination of low tuition and low state appropriation results in low total operating resources. One clear way to demonstrate this is to compare total operating resources (tuition and fees plus state appropriation) per full-time equivalent student for peer institutions.

The peer institutions on the next page are similar to Southeastern in SREB classification (SREB Four-Year 3), Carnegie Classification (Master's

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3 Integrated Postsecondary Education Data System (U.S. Dept. Of Education)
Colleges and Universities - larger programs), enrollment and role/scope/mission. In addition, most of these institutions are similar to Southeastern in terms of location in rural or small-city communities, frequently proximate to larger metropolitan areas.

Based on 2007 fiscal year IPEDS Data Center institutional profiles (the most recent year available), financial resources from tuition and fees plus state appropriations per FTE student are depicted in the graph on the following page.

Note that Southeastern's total resources per student are the lowest in the group. If the resources per student were increased to that of the next lowest institution (University of Central Arkansas at $8,487 per FTE student), the increase in Southeastern's annual operating budget would be approximately $15.5 million. If the resources per student were increased to the simple average of the other seven institutions in the peer group ($10,339), the increase in Southeastern's annual operating budget would be approximately $40 million.
Question 4

“Do Louisiana higher education institutions have too many employees?”

Cindy Shelton, Vice President
Hancock Bank, Hammond

Answer in Brief

Overall, Louisiana institutions employ fewer people relative to the number of students served than the average in the southeast region of the country.

Additional Considerations

Specifically, based on 2007 IPEDS data, Louisiana four-year institutions served, on average, 6.2 FTE students per employee vs. 5.5 FTE students per employee for all SREB four-year institutions.

Alabama is often used to compare with Louisiana because it has about the same population. Louisiana actually employs fewer people in higher education than Alabama. According to 2008 Bureau of Labor statistics, Louisiana public higher education employed 34,935 people (1.7% of the civilian workforce) while Alabama higher education employed 40,172 people (1.9% of the civilian workforce).

Some institutions have relatively more employees given the number of students served. Some of this disparity can be explained by differences in program mix, e.g., health care related programs that include significant clinical education components require greater faculty oversight and smaller class size – thus more employees relative to the number of students.

Southeastern serves more FTE students per full-time employee (total full-time faculty and staff), than its peer institutions in Louisiana and the southeast region of the country. Based on 2007 IPEDS data (the most recent year available), Southeastern serves 9.1 FTE students for each full-time employee versus an average of 7.9 for University of Louisiana System schools and an
average of 7.2 at peer SREB institutions of the same classification as Southeastern. The average number of full-time equivalent students served per full-time employee at all Louisiana four-year institutions in 2007 is 6.2.
Question 5

“Why can’t we operate higher education more like a business?”

Terry King
Allstate Insurance Company
Hammond

Answer in Brief

While businesses are primarily motivated to generate profits, public colleges and universities have complex missions that include educating students, conducting basic and applied research, as well as advancing cultural and economic development in their service areas.

Additional Considerations

How institutions execute their diverse missions is impacted by several important factors:

1) A public institution cannot unilaterally change its role, scope or mission, which is set out in the Louisiana Master Plan for Public Postsecondary Education as developed and adopted by the Louisiana Board of Regents.

2) Public institutions generally must admit and serve students who apply and meet admission criteria; they cannot arbitrarily deny access to qualified students.

3) Admission criteria cannot be easily changed. Current minimum admission criteria are established in the Louisiana Master Plan for Postsecondary Education. Unilateral changes in admission criteria must be approved by an institution’s management board and the Board of Regents.

4) Tuition and fees cannot be changed unilaterally by institutions, and in fact are controlled by the Louisiana Legislature.

5) Program quality may not be reduced or significantly altered due to institutional and academic program accreditation requirements mandated by the Louisiana Board of Regents.

Institutions have limited control over the services they must provide and the required level of the quality of these services. Institutions also have virtually no control over the level of operating resources they receive.
During an economic downturn, businesses often experience a decline in sales activity and take action to reduce costs accordingly. Higher education does not necessarily see a reduction in activity during an economic downturn and may even experience increased activity as people seek to upgrade their skills.

While public higher education may benefit from adopting certain "best practices" from business and industry, clearly public higher education is not a business and cannot simply be operated as a business.
Question 6

“Does Louisiana have too many public universities, and could the state realize significant savings by closing one or more institutions?”

Michael F. Holly
Holly & Smith Architects
Hammond

Answer in Brief

Whether Louisiana has too many institutions or not is debatable; however, closing an institution would be complicated, unpopular, and perhaps unlikely since the decision would require legislative approval. Even if closures were to occur, much of the perceived savings would not be immediately realized and likely would ultimately amount to much less than commonly believed.

Additional Considerations

Costs associated with personnel
Much of the cost of operating a college or university is associated with instructional and student support personnel. If one assumes most of the student demand previously served by a closed institution would ultimately be served by another Louisiana institution, much of the cost to the state to serve that demand would follow the students. Remaining institutions would have to hire additional faculty and student support personnel to meet this additional demand for services; in other words, these costs would be transferred, not eliminated. While there would be some net savings realized from eliminated administrative costs at the closed institution, these costs are typically not large in comparison to instructional/student support costs.

There are also issues associated with the current students and faculty at an institution designated to be closed. Typically when an academic program is eliminated, there is an obligation to provide students a transition period to complete their programs of study. Some students just beginning programs might reasonably be expected to transfer to another institution, but it may be unreasonable to expect students nearing completion of their programs to move. In addition, faculty who are tenured have a legal property right vested in their jobs. While closing the institution probably constitutes legal cause for removal of tenure and termination of the faculty, there likely would be extensive legal challenges. The state likely would expend significant time and money defending against these challenges.
**Bonded indebtedness**
Some institutions have bonded indebtedness that is being serviced from general state revenues. If such an institution was closed, the state would be obligated to continue servicing the debts.

Most institutions have other types of bonded indebtedness that are frequently associated with auxiliary enterprises. For example, Louisiana colleges and universities do not receive state capital outlay for student residential facilities. In order to provide these services, the institutions, often through affiliated private non-profit entities, sell bonds to finance construction of the facilities. The fees students pay to live in the residential facilities are used to service the debt and pay off the bonds. Institutions have a moral obligation to ensure the payment of principal and interest on the bonds should student fees from campus housing be inadequate to do so. If such an institution were to be closed, there would clearly be significant legal complications and costs associated with resolving the remaining debt.

**Closing a campus**
It is hard to envision what the state would do with a closed college campus. These facilities represent a significant investment in physical infrastructure that would have to be safeguarded from theft and vandalism. Sale of facilities on a campus to private enterprise likely would be difficult, and mothballing and securing a college campus would be costly.

While it is unclear whether Louisiana has too many institutions and what an ideal number might be, it may be true that Louisiana has too many duplicate programs, sometimes at proximate institutions. It may be a valid exercise to evaluate how many duplicate academic programs (e.g., engineering, teacher education, business, nursing, computer science, etc.) Louisiana needs and can support. Given regional demographics, workforce demands and projected population trends, the number and location of programs probably should be considered as well. The Louisiana Postsecondary Education Review Commission may embrace this task and develop recommendations to address this issue.

**Administrative and facilities duplication**
At present, every institution (two and four-year) staffs and operates its own administrative support functions including, among others, accounting, human resources, purchasing, information technology, and financial aid. Coordination and consolidation of some or all of these functions at the state or regional level could potentially result in significant savings due to economies of scale.

In addition, there are multiple emergent community colleges being developed in locations that frequently are proximate to existing four-year regional institutions. Under the present model, a number of administrative and student support functions and facilities at these new two-year institutions are duplicating existing facilities and resources that already exist at proximate four-year institutions. As a specific example, rather than build, staff and
operate a new library for an emerging community college, students enrolling in community college courses could use existing library facilities at the proximate four-year institution. This same model could apply to other facilities and functions already in existence at the four-year institutions.

Significant savings could potentially accrue to the state if these types of operational alignments could be accomplished between proximate community colleges and existing four-year institutions.
Question 7

“Why are graduation rates low at many of Louisiana’s four-year institutions?”

James Cathey, CEO
North Oaks Health System

Answer in Brief

Many of Louisiana's four-year institutions historically have experienced low graduation rates because they operated for many years without admission standards. However, student success rates, including graduation rates, are increasing since most institutions have now adopted admission standards.

Additional Considerations

Background and History
One of the most significant predictors of success in college is success in high school. Students who meet admission requirements that reflect appropriate academic preparation and prior success (ACT score, high school GPA, completion of a college preparatory curriculum, etc.) are much more likely to graduate from postsecondary institutions in a timely manner. In fact, the four-year institutions in Louisiana with the highest current graduation rates are the institutions that have operated for the longest time period with admission standards.

For most of our state’s history, many four-year institutions in Louisiana were expected to serve dual purposes with missions that tried to fulfill the roles of both universities and community colleges. Operating as open enrollment institutions without admission standards, they were expected to admit any student graduating from a Louisiana high school, regardless of the student’s level of preparation for success. As a result, graduation rates suffered.

Graduation Rate Basics
The single most commonly referenced measure of student success is graduation rate, and the most often cited graduation rate is the IPEDS six-year cohort rate. Put simply, this is the percentage of first-time, full-time freshmen who, within six years, complete their degree at the institution at which they began.

One of the limitations of the IPEDS graduation rate is it only counts completion of students who graduate from the same institution where they first enroll. Today, it is increasingly common for students to transfer from one
institution to another, either from community college to a university or from one university to another.⁴

Frequently, many students begin college part time or attend intermittently because of work or family obligations. Although many of these students eventually complete their degrees, another limitation of measures like the IPEDS rate is that the achievement and progress of these students is not reflected.

Current Situation
Under the Master Plan for Public Post-Secondary Education, many Louisiana four-year institutions adopted admission standards for the first time in 2005. Since then, these institutions have realized improvement in retention and progression rates as a result of admitting students who are better prepared to be successful. These improving student success measures should be a precursor to much improved graduation rates. The most recent (2009) graduation rates reported by these institutions, however, reflect the performance of the 2003 cohort which was admitted prior to implementation of the 2005 admission standards. In other words, the most recent graduation rate results for many Louisiana institutions still do not yet completely reflect the benefit of admitting better prepared students.

Even with the current level of admission standards that were implemented in 2005, it appears that a certain number of students are still admissible at four-year institutions despite lacking adequate preparation to be successful. One of the considerations for further improvement in graduation rates at four-year institutions is adoption of somewhat higher admission requirements. It seems clear that this is one aspect of higher education that will be impacted by the work of the Louisiana Postsecondary Education Review Commission.

Other Student Success Factors
In addition to appropriate preparation as demonstrated by meeting admission standards, student success also is affected by a myriad of other factors. Some of these factors can be significantly influenced by the institution, such as enhancing student support services, e.g., academic advising and tutoring. Research also suggests that activities which help to connect students with the institution and the surrounding environment all improve the likelihood that students will succeed. These activities include service learning experiences, membership and involvement in student organizations, as well as participation in freshman success courses/experiences.

Unfortunately, none of these efforts guarantee student success and ultimate graduation in a timely manner. This is because some of the potential factors affecting student success are difficult or impossible for institutions to

⁴ In Louisiana, the Board of Regents tracks student completion at in-state institutions, providing another graduation rate measure that includes all students who graduate from any Louisiana public institution. These rates generally are somewhat higher than the IPEDS rates.
influence. These factors include work or familial obligations, as well as familial educational experience. For example, it may be that institutions that admit a large number of students who are from affluent families and/or families with a strong tradition and culture of postsecondary educational achievement tend to have higher graduation rates.

**Southeastern Specifics**

Like most of Louisiana's regional four-year universities, Southeastern operated for many years without admission standards. In anticipation of admission standards being created in 2005 by the Louisiana Master Plan for Postsecondary Education, Southeastern began phasing in admission standards in the fall of 2000.

As explained previously, the IPEDS graduation rate is a six-year measure. As a result, Southeastern's recent graduation rates are now beginning to reflect the initial level of admission standards adopted in 2000. Southeastern's six-year IPEDS graduation rate has risen steadily from 23 percent for the 1996 cohort (prior to adoption of admission standards) to 30.7 percent for the 2003 cohort. While this is still much lower than desired, it represents a significant improvement. Based on continuing improvement in student progression, we expect graduation rates will continue to rise in future years because of the impact of additional increases in the level of admission standards implemented in 2005.

Unfortunately, Hurricane Katrina also occurred at the beginning of the 2005 academic year. The hurricane had a profound negative effect on the progression of many students in the 2005 cohort at several Louisiana colleges and universities, including Southeastern. The “Katrina effect” will make it
more difficult to accurately evaluate improvement in graduation rates as the 2005 cohort approaches the six-year mark in 2011.

In addition to implementation of admission standards, in recent years Southeastern has advanced a number of initiatives intended to improve student success. These include additional student support services such as enhancements in academic advising and tutoring, as well as a Web-based academic program mapping system that students begin using at freshman orientation. In addition, new students enroll in a mandatory freshman success course that is designed to help connect them with the University and guide them during their transitional first semester.

There are, however, several factors that impact student success which are difficult if not impossible to influence. For example, a majority of students enrolling at Southeastern work while attending college, and a significant number of these students work full time. Our research examining why some students do not progress to graduation in a timely manner indicates a major reason is their need to work while attending school.

Another factor affecting Southeastern’s graduation rates is the large commuter population. Of approximately 15,000 students, only slightly over 2,000 live on campus. Our non-resident students commute, often from as far away as 30 or 40 miles. These students typically live at home and work while attending college. Again, this has a significant impact on the rate at which the students progress through their degree programs because these students typically cannot enroll in as many courses each semester.

Clearly, institutions must work hard to ensure students have the greatest chance at success and completion of degree programs in a timely manner. It is important to realize, however, that some factors affecting student success are beyond the control of the institution. It is also important to note the factors that can be influenced by the institution require sufficient resources.
Question 8

“Shouldn’t our state fund institutions based on performance factors, such as graduation rate, rather than the number of students enrolled?”

Marty Mayer, Board President
GNO, Inc.

Answer in Brief

Performance-based funding is a straightforward, laudable goal, but experience shows it is difficult and complicated to successfully implement and sustain. While a number of states have implemented performance-based funding, and while there have been some instances of positive results, there also have been a number of states that have abandoned these initiatives as failures.

Additional Considerations

Two states that appear to have achieved relatively long-term stable performance funding initiatives are Missouri and Tennessee. Below is a list of characteristics that may distinguish stable from unstable performance-based funding initiatives.\(^5\)

1. Collaboration between governors and legislators, state coordinating and university system officials, and campus leaders and trustees. Stable programs require initial and continuing collaboration among all of these stakeholders.

2. Goals of institutional improvement, external accountability, and increased state funding.

3. Policy values stressing quality more than efficiency.

4. Sufficient time for planning and implementation.

5. Neither too few nor too many performance indicators.


7. Restricted but substantial and discretionary funding. (This has to do with the amount or proportion of funding associated with performance and what institutions can do with those funds. In order to maintain budget stability, performance funding should be a

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meaningful but relatively small component of total funding - states range from less than one percent to about six percent of total funding tied to performance. The other aspect suggests that funds institutions receive for performance should be available for use based on institutional priorities.)

8. Additional rather than reallocated resources as the funding source.

9. Resolution of the major difficulties of choosing performance indicators, assessing higher education results, protecting mission diversity, and safeguarding campus autonomy. (This issue emphasizes the complexity and importance associated with choosing measures that address all of the desired goals associated with performance funding.)

10. Stability (over time) of state priorities and program requirements.


This is another area that the LAPERC may choose to address. If so, perhaps its work will be informed by the prior experiences of other states where performance-based funding initiatives have succeeded.
Question 9

“Does Louisiana need to shift student enrollment from four-year to two-year institutions?”

Jean Champagne, Board Chair
St. Tammany W. Chamber of Commerce

Answer in Brief

For the fall 2009 semester, the current enrollment mix in Louisiana is 68% at four-year institutions vs. 32% at two-year institutions. This is skewed more heavily toward four-year institutions than is typical in states with long-established community college systems.

Additional Considerations

Perceived Benefits

There are several reasons frequently cited why it might be beneficial to increase the proportion of students enrolled in two-year vs. four-year institutions.

One potential reason is greater cost efficiency. Everything else being equal, the cost per student for the state to support operation of two-year institutions is less than for four-year institutions. However, there is an underlying assumption in this assertion that there are no additional costs that would need to be incurred to increase capacity at two-year institutions in order to accommodate greater enrollment. Examples of such costs might include expansion of facilities and infrastructure.

Another potential reason frequently mentioned in support of shifting enrollment from four to two-year institutions is to achieve a better alignment between degrees/certificates produced and current state workforce needs. There have been assertions made that Louisiana currently produces an excess of graduates from four-year institutions relative to current workforce needs. Likewise, the same data and analysis support the position that there is a shortage of two-year degree/certificate program graduates relative to current workforce needs in the state.

Other considerations

One significant factor about enrollment mix which should be considered is the trend in recent years of higher growth in enrollment at the two-year institutions. As a result of this trend, a shift in the enrollment mix is already underway, and if recent enrollment trends continue for a few more years, the enrollment mix in Louisiana will be more similar to other states frequently cited as target examples.
Another factor that should be considered is that Louisiana loses too many students before they enter any type of post-secondary institution. Many students either choose not to seek further education after high school or they never finish high school at all. It is reasonable to expect that many of the students who “leak” out of the education pipeline in Louisiana are potential students for our community or technical colleges. If this is true, and if more of these students entered post-secondary institutions, the effect would be to further shift the overall enrollment mix more heavily to the two-year institutions.

Impact of Admission Standards
Admission standards at the four-year institutions also can impact the relative enrollment mix. Historically, because Louisiana lacked a broad-based community college system, many four-year institutions served essentially dual roles as universities and community colleges. As a result, for many years, these institutions operated without the benefit of appropriate admission standards.

Beginning primarily in 2005, the Master Plan for Public Post-Secondary Education established admission standards at four-year institutions. This meant that students desiring to pursue post-secondary education but not meeting admission standards would have to enroll at community or technical colleges. Logically, further increasing admission standards might result in additional students pursuing their education at community/technical colleges versus four-year institutions.

It is important to keep in mind, however, that most college students are adults and, as a result, can exercise freedom of choice. If admission standards at Louisiana four-year institutions are raised inordinately, students who legitimately wish to pursue four-year degrees may choose to do so out of state rather than attend a community college in state. In other words, there probably is a practical limit to the magnitude of “shift” that can be accomplished simply by raising admission standards at the four-year institutions. Ideally, admission standards should function primarily as a tool for institutions to identify and admit students who are well-prepared to be successful, not to control enrollment numbers.

Admissions Exceptions
There also tend to be misconceptions about students who are admitted to four-year institutions as exceptions to admission standards. Under the present Master Plan, four-year institutions are allowed to admit a certain number of incoming freshmen who do not meet admission standards.\(^7\)

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\(^6\) Only 57 of every 100 Louisiana ninth graders complete high school, and only 38 enter college within two years (National Center for Higher Education Management Systems).

\(^7\) The number of exceptions is based on a set percentage of the incoming freshman class. The percentage varies based on institutional “Tier” as defined in the Louisiana Master Plan for Public Postsecondary Education.
Although exceptions may result in admission of some students at four-year institutions who are not well-qualified to succeed, most institutions employ various techniques, including alternate admissions criteria, to limit the likelihood of this occurring. Furthermore, a certain number of exceptions are necessary for practical reasons, and if managed properly a limited number of admissions exceptions will not significantly impact the student success benefits realized through admission standards.

For example, Southeastern at present can admit 10 percent of the incoming freshman class each year as exceptions to regular admission standards. In almost all cases, students admitted as exceptions are academically well qualified but do not meet some particular component of the regular admission standards. Specifically, many of these students lack a particular course in the required “Regents’ Core,” such as a foreign language course; however, the students are otherwise highly qualified as indicated by measures such as ACT score or high school GPA.

**Impact of Tuition**

Tuition can also have an impact on enrollment mix. Currently, in Louisiana the differential between tuition rates at four-year vs. two year institutions is not as great as it is in most states. In other words, tuition at Louisiana two-year institutions is closer to the SREB average for comparable institutions than tuition at Louisiana four-year institutions. If the tuition disparity between Louisiana two and four-year institutions is increased to be more similar to other states, some students who otherwise would be inclined to attend four-year institutions will be motivated to enroll at the two-year institutions. Put simply, cost can be a significant motivating factor that influences student choice about where to enroll.

There is clearly an important relationship among enrollment mix, tuition rates, student success and admission standards, and these are all issues that the LAPERC is likely to address.
Looking ahead

Louisiana budget projections for the next two fiscal years are dire, with anticipated budget shortfalls of roughly $1 billion and $2 billion, respectively. Absent significant changes in our state budget structure and process, higher education and health care stand to bear the brunt of these budget challenges. Various projections and estimates indicate that the potential budget cuts to higher education in the 2010-11 and 2011-12 fiscal years could be significantly greater than those already incurred in the current fiscal year.

It will be impossible for institutions to simply absorb reductions of this magnitude – core educational missions will be severely impacted, and the ongoing viability of some institutions may be threatened.

In response to these budget challenges, the LAPERC is working to develop recommendations for a more effective and efficient higher education system. Aggressive pursuit of efficiency and effectiveness is not just a worthwhile endeavor, it is an urgent necessity given present circumstances.

In order to spare Louisiana higher education institutions and our students from long-lasting damage, there must be a clear and widely-articulated vision for the future of higher education, strong and decisive leadership at multiple levels, and close involvement by community and business leaders. We are all called upon to decide the priorities of our state and where higher education falls within those priorities.