

2017 Trusteeship Conference

Elevate Louisiana: The New Reality

Monday, March 20, 2017

8 a.m. to 2 p.m.

Pennington Biomedical Research Center

6400 Perkins Road, Baton Rouge, LA, 70808

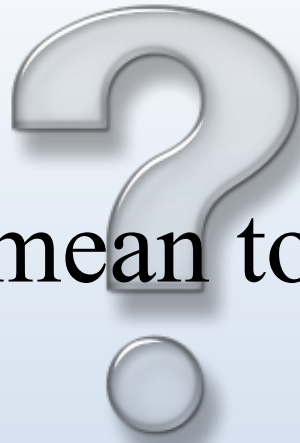
C.B. Pennington, Jr. Building



LSU



UNIVERSITY OF
LOUISIANA
SYSTEM



What does it mean to be educated?

What is the role of higher education?

- ~ Are our universities institutions of vocational training, funded to prepare students for jobs?
- ~ Or are they institutions whose purpose is something a bit higher than that?
 - ~ Both?
 - ~ Neither?





Four Deep National Higher Education Trends

**The Divide of Wealth:
The emergence of a two-tier system of
higher education**





Four Deep National Higher Education Trends

**The Divide of Wealth:
The emergence of a two-tier system of
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Loss of the Higher Education Monopoly





Four Deep National Higher Education Trends

The Divide of Wealth:

**The emergence of a two-tier system of
higher education**

Loss of the Higher Education Monopoly

**How much longer can the law of supply and
demand not apply to higher education?**





Four Deep National Higher Education Trends

The Divide of Wealth:

**The emergence of a two-tier system of
higher education**

Loss of the Higher Education Monopoly

**How much longer can the law of supply and
demand not apply to higher education?**

Two and Four-Year Degrees

Vs.

Life-long Learning



Trends in Louisiana



| |
|-----------------------------------------------------|
| Budget |
| Enrollment |
| Decreased Funding for Sponsored Programs |
| High wage and high demand jobs |
| Types of job openings in the next 5-10 years |
| Outcomes based funding |





Trends in Louisiana

Budget



Louisiana Higher Education: The True Picture

Higher Education Institutions (Excluding LOSFA and Hospitals)

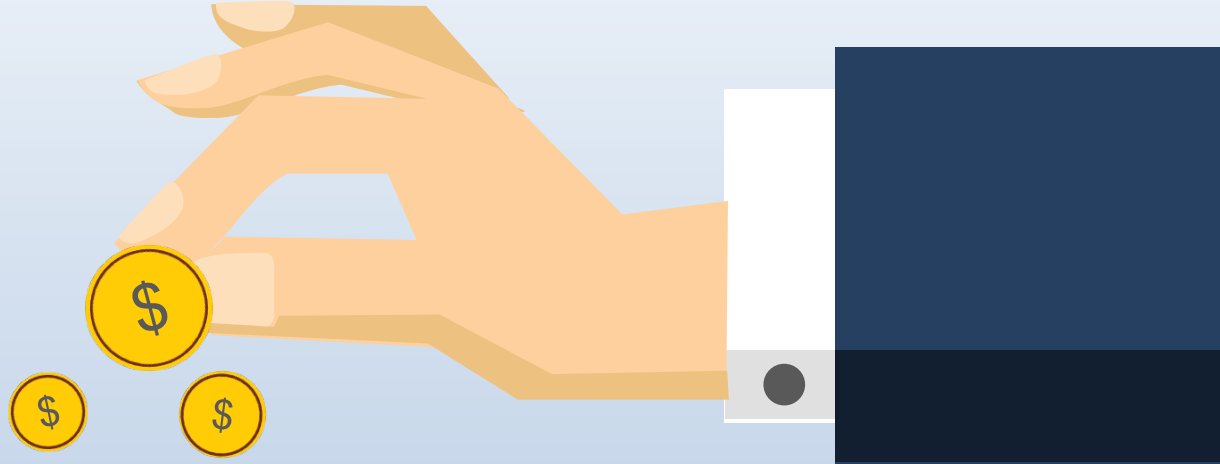
| Fiscal Year | Total State Funds | Self Generated Funds | Federal Funds and Interagency Transfers | Total |
|-------------------------------------------------------|-------------------|----------------------|-----------------------------------------|-------------------------------|
| FY 08-09 | \$1,571,583,691 | \$721,868,856 | \$142,575,679 | \$2,436,028,226 |
| <i>FY 08-09 Mandated Costs Paid Back To The State</i> | | | | <i>(\$445,116,071)</i> |
| <i>*FY 08-09 Scholarships and Fellowships</i> | | | | <i>(\$110,069,018)</i> |
| <i>Dollars available for operations</i> | | | | <i>\$1,880,843,137</i> |
| Fiscal Year | Total State Funds | Self Generated Funds | Federal Funds and Interagency Transfers | Total |
| FY 16-17 | \$852,272,018 | \$1,389,538,245 | \$55,570,405 | \$2,297,380,668 |
| <i>FY 16-17 Mandated Costs Paid Back To The State</i> | | | | <i>(\$565,347,806)</i> |
| <i>*FY 16-17 Scholarships and Fellowships</i> | | | | <i>(\$215,139,268)</i> |
| <i>Dollars available for operations</i> | | | | <i>\$1,516,893,594</i> |
| Change in 9 years: \$364M Less for operations | | | | (\$363,949,543) |

*Institutions provide scholarships/fellowships to attract the best students and to abide by legislative mandates at the expense of not receiving all budgeted tuition/fees.

Note: Self generated funds include \$123 million of TOPS awards in FY 09 and \$209 million in FY 17.



.66¢ of every \$1 in state higher education funding goes back to the state for mandated costs



| | | |
|-----------------------|----------|-----------------------------------------------------------------------------------|
| | |  |
| State Support | | 852,272,018 |
| Mandated Costs | - | <u>\$565,347,806</u> |
| | | \$286,924,212 |

Remaining state support for higher education





Trends in Louisiana

Budget

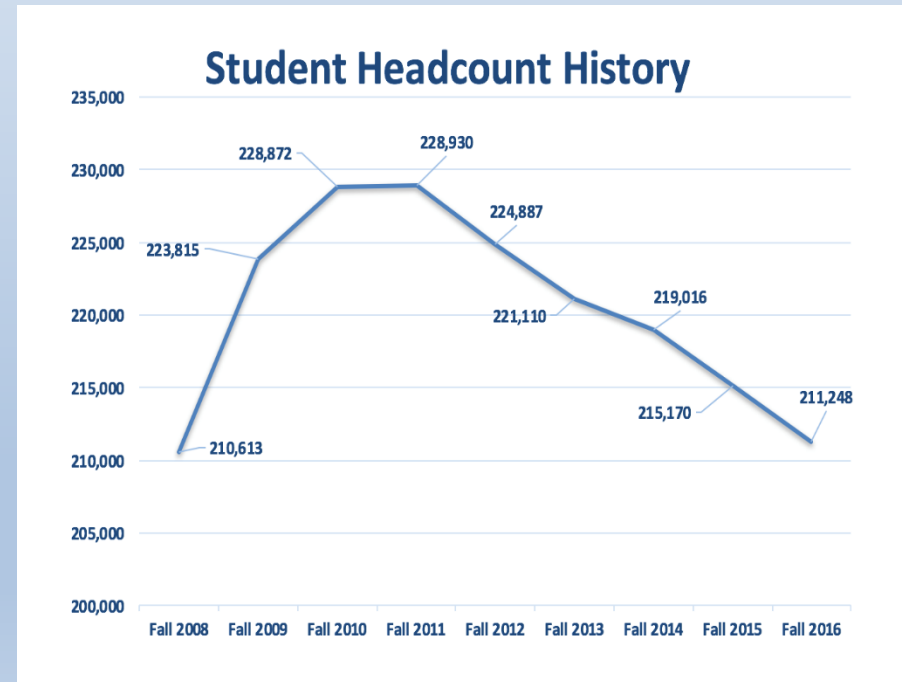
Enrollment



Enrollment Trends

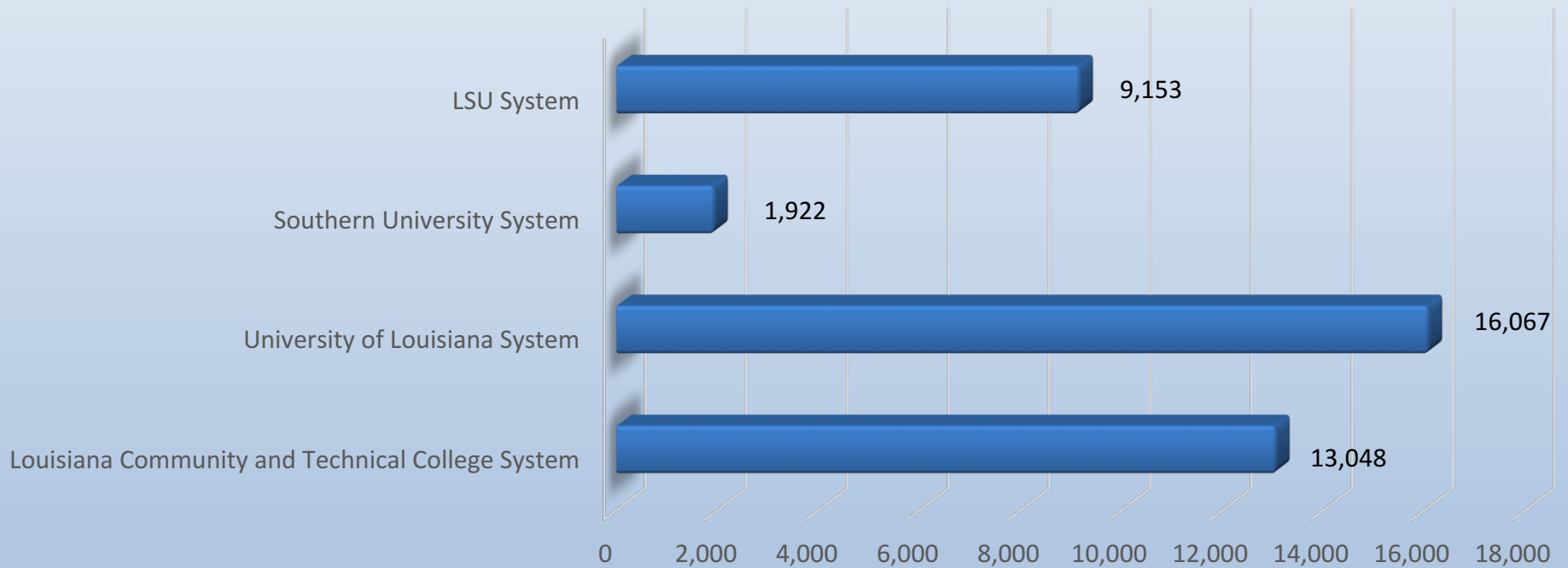
Louisiana Public Higher Education Enrollment by System

| System | Fall 2015 Enrollment | Fall 2016 Enrollment |
|--------------------------------------------------|----------------------|----------------------|
| Louisiana State University System | 45,626 | 46,548 |
| University of Louisiana System | 90,483 | 90,980 |
| Southern University System | 13,061 | 12,661 |
| Louisiana Community and Technical College System | 65,990 | 61,059 |
| Total | 215,160 | 211,248 |



Completers by System

2015

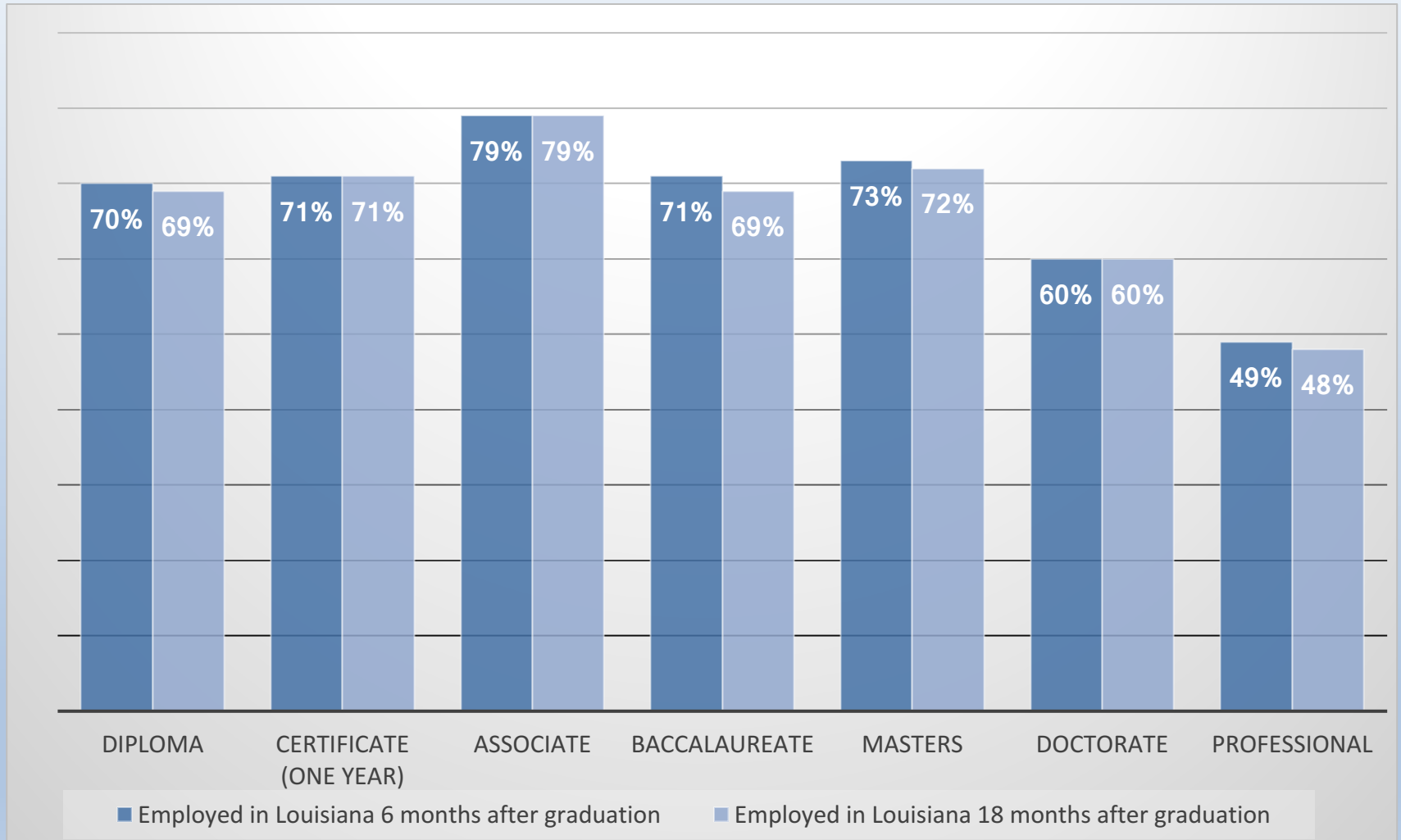


Unduplicated headcount of students who completed any program and received applicable credential

Employed LA Degree Completers

Based on both 2013-14 and 2014-15

Percentage of Completers found employed two quarters after their respective Completion Term.



Trends in Louisiana

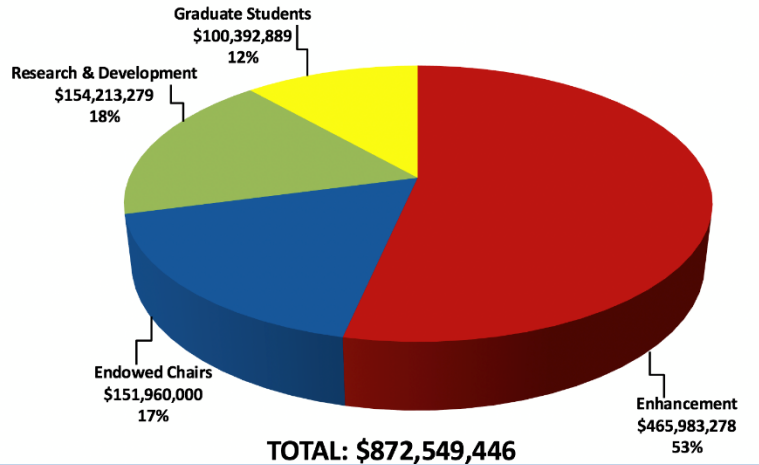


| |
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| Budget |
| Enrollment |
| Decreased Funding for Sponsored Programs |

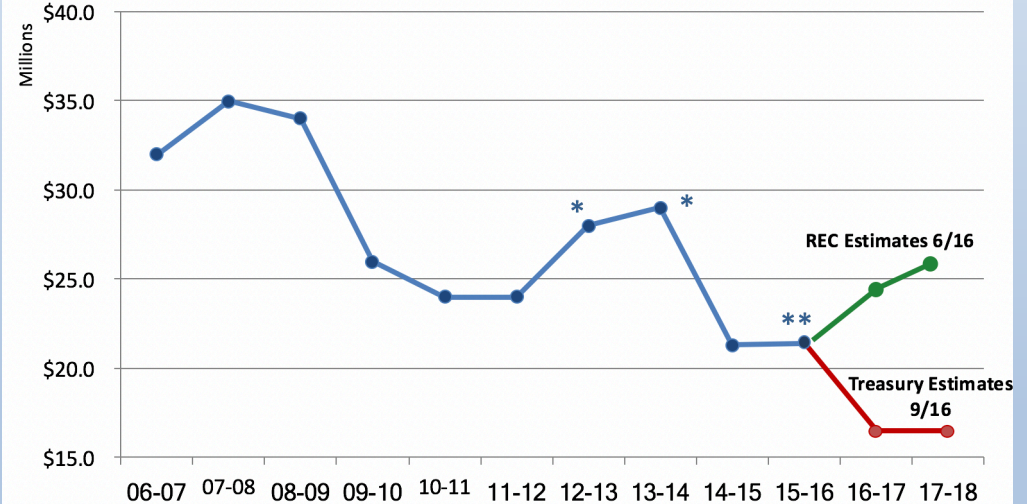


Sponsored Programs Funding Reduction

BoRSF ALLOCATIONS TO FOUR CONSTITUTIONAL PROGRAMS: FYs 1986-87 THROUGH 2015-16



**SUPPORT FUND INCOME
FY 2006-07 THROUGH FY 2017-18**



* Income received included \$3-5+ million in additional gains realized for the purpose of matching backlogged Professorships; receipts minus additional gains totaled \$24.7-\$26.2M

** Final income total Includes one-time capital gains realized to accommodate new rules for international investing, along with a 5% reduction to statutory dedications taken to help address the declared deficit in State General Funds

Trends in Louisiana



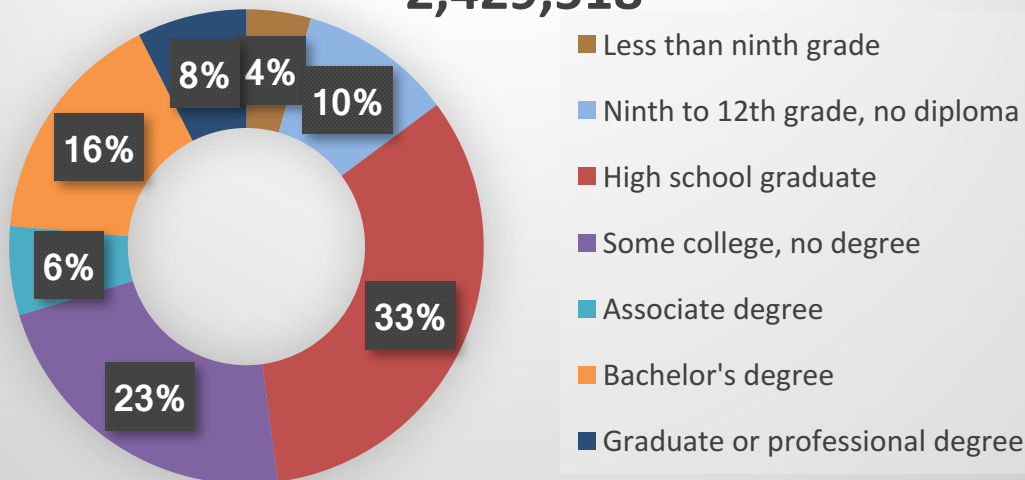
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| High Wage and High Demand Jobs |



High Wage and High Demand

WORKING AGE POPULATION TOTAL

2,429,518



- By 2020 approximately 53% of open jobs in Louisiana will require a career credential or college degree. Currently, only 28% of Louisiana adults have an associate degree or higher. *Source: GUCEW*
- Louisiana ranks 49th in educational attainment with only 29.1% of working-aged residents, 25-64 years, earning an associate's degree or higher. *Source: NCHEMS*
- **In order to reach the average educational attainment rate for Southern states, Louisiana will need to increase the percentage of adults with some college from 29.1% to 46.6% by 2025, or an increase of 148,277 degrees. *Source: NCHEMS***



Skills Not Aligned to High Demand Jobs

Workforce Gaps in Economic Driver Occupations



| Some Critical Fields in Industries That Drive Job Creation | Additional Completers Needed Annually Through 2022 |
|------------------------------------------------------------|----------------------------------------------------|
| Computer and Information Science | 223 |
| Engineering | 246 |
| Engineering Technology (including Process Technology) | 1,717 |
| Construction Trades | 4,674 |
| Statistics and Management Science | 200 |
| Mechanic and Repair Technologies | 1,575 |
| Precision Production (Welding and Machining) | 1,150 |
| Transportation and Material Moving | 1,091 |
| Accounting | 165 |
| Construction Management | 46 |
| Management Information Systems | 26 |
| Logistics, Materials, and Supply Chain Management | 8 |

Source: LED-LWC gap analysis using LWC 2022 occupational forecast.

| Highest Level of Education | Graduates | Available for Work | Jobs Available for These Grads | 3-, 4-, and 5- Star Jobs Available for These Grads | Grads Likely to Struggle to Find Good Jobs | % of Grads Likely to Struggle |
|---------------------------------|-----------|--------------------|--------------------------------|----------------------------------------------------|--------------------------------------------|-------------------------------|
| High School | 46,000 | 24,000 | 20,430 | 7,380 | 16,620 | 69% |
| 2- Year College | 22,743 | 10,068 | 24,300 | 19,860 | 9,792 | N/A |
| 4- Year College | 18,400 | 11,600 | 9,900 | 9,150 | 2,450 | 21% |
| Graduate & Professional Schools | 6,800 | 6,800 | 2,510 | 1,950 | 4,850 | 71% |
| TOTAL | | 52,468 | 57,140 | 38,340 | 23,920 | 44% |

Source: 2013-14 completer data from the Louisiana Department of Education, Louisiana Board of Regents and 2014-15 completer data from Louisiana Community and Technical College System, and the revised 2022 occupational forecast by the Louisiana Workforce Commission.

Trends in Louisiana

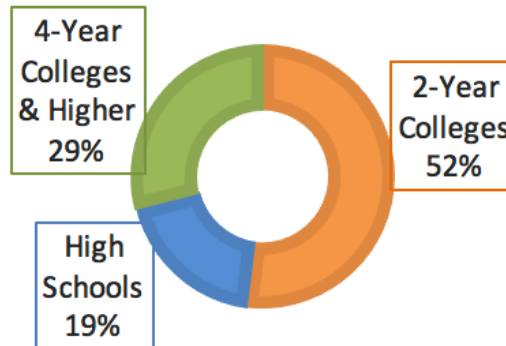


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| High Wage and High Demand Jobs |
| Types of Job Openings in the Next 5-10 Years |



Louisiana Job Market

NEW GOOD JOBS ANNUALLY FOR EACH MINIMUM LEVEL OF EDUCATION



One in five good (3-, 4- and 5 star) jobs that will become available each year will require no formal education beyond a high school diploma.

Slightly more than half of the good jobs across Louisiana today and those that will become available each year require a community or technical college degree or other credential.

Slightly more than one in four good jobs in Louisiana requires a bachelor's degree or higher.



Trends in Louisiana



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Outcomes Based Funding

- Act 462 of 2014 requires the Board of Regents to develop an outcomes based funding formula for the 2 and 4 year institutions by FY17.
- The outcomes based formula methodology has been lauded by advocacy groups such as a Council for a Better Louisiana (CABL) and the Louisiana Association of Business & Industry (LABI) as the new model seeks to reward outcomes.
- Since July 23, 2015, the BoR finance team has met regularly with system financial officers, the Workforce Commission and Louisiana Economic Development to collaboratively develop an Outcomes Based funding formula methodology.
- Due to Higher Education being appropriated slightly less in FY17 than the amount provided in FY16, the distribution methodology adopted by board is as follows: 70% weight – base funding, 15% weight – cost formula, 15% weight – outcomes based formula.
- As with any formula model, there are institutions that fare better than others. For those institutions that lost funds, the significant reasons include loss of enrollment and low cost program mix.



Elevate Louisiana!

Educate & Innovate

Louisiana's goals for higher education



Educate

“Educate through Higher Education to improve Lives and Create a Strong Workforce.”

Enable Louisiana's working age population to participate in and complete a degree/credential program to improve their lives and deliver the workforce needed to support the state's economic expansion.



Innovate

“Innovate to Build Louisiana's Economy.”

Invest strategically in research that supports innovation and economic development.



EDUCATE



INNOVATE

The New Fiscal Realities



Highlights



Special Legislative Session: February 13- 22, 2017

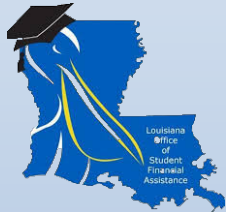


Board of Regents approval of recommendations for Act 619 by Senator Hewitt



Governor's proposed budget for FY17-18:

- \$18.3 million less funding for higher education, a reduction of 2.5%
- \$12 million less is available for formula institutions (\$12 m of the \$18.3 m)
- \$6.3 million less available for non-formula entities (\$6.3 m of the \$18.3 m)



- TOPS and GoGrants are held at the current year levels of \$209 million and \$26.4 million.

An additional \$81.8 million is needed to fully fund TOPS and \$34.8 million is needed to fully fund GoGrants.

Hospital legacy costs remain funded.



The proposed budget does not include funding for the following:

- Deferred maintenance, estimated at about \$1.8 billion for higher education
- Anticipated mandated cost increases, which currently account for .66 cents out of each \$1 of general funding for higher education.



The 2017 Regular Legislative session is scheduled for April 10, 2017 through June 8, 2017.

The New Realities

Recommendations from Board Staff Response to Act 619

1.2 The Board of Regents recommends that the Boards of Supervisors of the LSU System, SU System, LCTC System and UL System develop cooperative unification plans, in collaboration with appropriate regional stakeholders, for institutions within each of the Eight Louisiana Regional Labor Market Areas and for institutions in proximity between contiguous regions. These plans must be submitted to the Board of Regents for consideration and include, at a minimum, potential efficiencies by unifying functions and processes, including, but not limited to, academic and technical offerings, identification of regional workforce and economic needs, student services, research, purchasing, food services, and security. In addition, the plans should examine the short-term and long-term costs and savings from such unification. The plans will be submitted to the Board of Regents no later than January 1, 2018, for review and action, with a goal of implementation by 2020.

4.1 The Board of Regents will examine existing state funding for dual enrollment, in collaboration with BESE and the LDE, including TOPS Tech Early Start and Supplemental Course Allocation, to develop policy or recommend changes to ensure availability of opportunities for eligible high school students to earn up to one year of college credit through dual enrollment agreements.

5.4 The Board of Regents, in cooperation with LOUIS: The Louisiana Library Network, and the Regents' eLearning Task Force will develop a statewide plan for the utilization of Open Educational Resources (OER) throughout postsecondary education. The Affordable Learning Louisiana Plan will build on current efforts related to eTextbooks, eLearning and related technologies designed to significantly lower costs of course materials for students while enriching the educational experience. The plan will be submitted to the Board of Regents for review no later than October 1, 2017.

Initial Recommendation 5.9 – The Board of Regents recommends that the Think 30 Louisiana initiative include TOPS progression requirements beginning with the class of 2018, requiring TOPS recipients to earn 30 credit hours per academic year and meet all other continuation eligibility requirements to maintain the award.

(Still under Board consideration)



30

THINK

Educate

ELEVATE

Innovate

Louisiana

