



*Public Affairs Research
Council of Louisiana, Inc.*

HIGHER EDUCATION GOVERNANCE STRUCTURE: LOUISIANA'S OPTIONS FOR KEEPING PACE

EXECUTIVE SUMMARY

In the past decade, special emphasis has been placed on developing performance goals to improve higher education outcomes in the state. Unfortunately, diluted authority for the Board of Regents (BoR) has led to less aggressive reforms that have yielded only painstaking and incremental change. This analysis examines the relationships among the various governing boards and the Legislature in an effort to identify changes that could clear the way for more consequential and accelerated improvement.

The current governance structure was established by the 1974 Constitution. The Constitution created a coordinated governing system with one statewide board (Board of Regents) responsible for developing, coordinating and regulating higher education policy plus three management boards responsible for supervising and managing the individual institutions. A fourth management board has since been added to oversee community and technical colleges.

The governance structure of the state's public postsecondary institutions fails to establish the clear authority necessary to enable implementation of policies that could shift resources to achieve greater efficiency and better outcomes. Conflicting constitutional language hinders the BoR's ability to impose meaningful, aggressive, statewide change. The Constitution gives the BoR "powers, duties and responsibilities provided in the Constitution" or "by law" but later states that "powers of management" not specifically given to the BoR by the Constitution "are reserved" to the management boards. This ambiguity continues to lead to many conflicting interpretations among the BoR, the management boards and the Legislature.

The management boards and the institutions have often gone directly to the Legislature or the governor with specific monetary, programmatic or facility requests that are in addition, or even in opposition, to policies of the BoR. Legislators have often placed their own projects in the capital outlay or appropriations bills to enhance the institutions in their respective districts without consideration of state needs or BoR plans. Governors have allowed such additions to stand without a veto, thus further eroding BoR authority. These maneuvers continue to frustrate statewide strategic planning and provide the impetus for consideration of a reorganization of the governance structure.

The Legislature has attempted to clarify BoR's roles statutorily by assigning BoR additional powers and duties. However, several of these laws require consensus among the various governance levels in developing new policies, and therefore further muddle authority and stall change. The results have often been watered-down versions of reform with long phase-in periods to minimize their impact. For example, creation of the community college system and the establishment of minimum admissions criteria for four-year schools were intended to help the state achieve a more cost efficient enrollment mix. Yet the slow phase-in of the admission standards coupled with scant transfer agreements have left the state with far more students still

enrolled in traditional four-year institutions than is the national norm. Moreover, there is little to no formal interaction among members of the different boards to orient them to the larger statewide perspective. As such, management board representatives enter the collaborative process with an eye toward protecting their own institutions' interests, and often ignore what would be best for the entire state.

Despite these political barriers, lack of constitutional clarity and years of below-average funding, Louisiana's higher education outcomes have been improving in recent years. Student graduation and retention rates have increased, a strong community college system is being developed, and federal research funding has increased. Nevertheless, Louisiana still consistently lags behind most of its peers on most performance measures, and proposed budget cuts threaten to undo recent gains.

Restructuring the state's system of management boards and higher education institutions could potentially result in some increased efficiencies; however, the process would be fraught with political pitfalls and legal challenges and could take years to accomplish, if it could be done at all. Furthermore, revamping the governance structure could cause scarce dollars to be spent on issues that would not guarantee improved student outcomes.

The state can strengthen the authority of the Board of Regents and grant institutional appropriations on a more objective and disciplined basis while working on a new agenda for possible consolidation or elimination of programs, institutions and/or system management boards. Any restructuring or reorganization should be fully vetted in a series of public meetings and approached deliberately over the course of the next year. A hurried and haphazard process could yield negative consequences for students and communities around the state.

While that plan is being developed, better statewide coordination of higher education objectives can be achieved by strengthening the BoR's budgetary authority. The governor can use his veto power to prevent any funding for institutions, programs and services outside of the formula funding request. In addition, several significant changes can be made to strengthen the current governance structure and enable innovative leaders to implement policies that would improve outcomes.

RECOMMENDATIONS

Extraordinary gains in higher education outcomes are necessary to prepare Louisiana to compete in the global economy. Within the current governance structure, the following recommendations could enhance a comprehensive design for public postsecondary education in Louisiana and promote greater return on the state's higher education investments:

Recommendation No. 1: Clarify the Constitution and statutes to establish Board of Regents as the statewide policy-setting agency for higher education with clear power and authority to enforce the master plan agenda at the system and institution levels.

Recommendation No. 2: Appropriate operations funding for higher education strictly according to the formula funding calculations as defined by the Board of Regents.

Recommendation No. 3: Require that ongoing development and adjustment to the new funding formula be done in a transparent and open process with input from major stakeholders.

Recommendation No. 4: Conduct a comprehensive study and public debate to evaluate the merits of and barriers to consolidation or elimination of programs, institutions or management boards. The Board of Regents should recommend changes to the Legislature in time for consideration during the 2010 legislative session.

INTRODUCTION

Early public higher education institutions were basically autonomous entities with each institution offering programs and degrees based solely upon its own goals without consideration of the state's economic needs or concern for coordination of programs with other in-state institutions. The state provided limited financial assistance through land grants and small stipends. As the demand for higher education increased, so did the financial commitment from state government and along with it expectations for accountability and efficiency of spending. Institutions feared state accountability efforts, believing that loss of institutional autonomy would stifle intellectual independence. Over time, institutions have conceded some power in exchange for increased state funding but the natural tension between autonomy and accountability persists.

As economic pressures continue to rise, states have an even greater need to ensure that higher education institutions have a statewide perspective and are providing a variety of high quality learning opportunities without wasteful duplication. In recent years, several states, including Louisiana, have been re-examining their higher education systems. Many have set state agendas for higher education that essentially limit program duplication and focus resources on programs that fulfill workforce demands.

Louisiana's latest state agenda is outlined in The Master Plan for Public Postsecondary Education: 2001. The Master Plan includes mission statements for the state's coordinating board, the management boards and all four-year and two-year institutions. It also includes admission standards for the state's 14 four-year institutions and a funding formula for the entire postsecondary system.

The Master Plan has been credited with prompting more statewide coordination yet parochial concerns hindered implementation of policies. The state still lags behind much of the country on most postsecondary success measures. For example, according to 2006 data published by the National Center for Higher Education Management Systems, only 27 percent of adult Louisianans have some postsecondary education versus 37 percent of the nation's adult population. Below-average success rates coupled with an expected population decrease

will hinder Louisiana's ability to provide the skilled workforce necessary to attract, retain and grow businesses that will bolster the state's economy.

Parochial power grabs and competition for limited funding have resulted in inconsistent performance and muddled authority. The state's higher education governance structure is fractured, and legal requirements often force consensus in order to implement change. This framework leaves Louisiana's institutions mired in the status quo with no clear lead agency able to make and enforce the tough decisions that could propel higher education outcomes to greater success.

A series of master planning meetings were held in 2007-2008 by the Board of Regents and attended by stakeholders representing all levels of public postsecondary education in Louisiana with the stated goal of rewriting the Master Plan to better coordinate the efforts of all institutions in the state. The resulting new Master Plan was recently released for public comment before being adopted. An initial review shows an updated funding formula that has the potential to focus on educational attainment, workforce contributions and research outcomes, yet lacks specific institutional goals and fails to deal with the duplication of programs or make any recommendations for reorganization.

Louisiana's institutions have continually cited lack of funding as being the top impediment to success. Two recent PAR reports ("Higher Education Tuition and Fees: Louisiana's Options for Keeping Pace" and "Higher Education Performance Funding: Louisiana's Options") have examined both funding and accountability issues. These studies found that increased funding that is not tied to performance objectives will do little to further the state's economic goals.

This study continues the focus on impediments to success and addresses some of the issues of governance identified in the master planning meetings as well as those raised by academic literature and previous PAR reports. The major questions answered by this report are:

- How do other states' higher education governance structures compare to Louisiana's?

- Is there a need for an immediate and major overhaul of Louisiana’s higher education governance structure?
- Are powers and duties of Louisiana’s policy and management boards sufficiently clear and enumerated to provide for clear lines of authority that enable tough decisions to be made even if a consensus is lacking?
- What can be done to improve upon Louisiana’s current postsecondary system?

GOVERNANCE STRUCTURE IN THE STATES

The governance structure for public higher education institutions varies by state. The definition of higher education also differs among the states with some including all four-year, two-year and technical institutions and others opting to place technical institutions and/or two-year colleges outside of higher education. The three types of systems commonly used to classify higher education governance structures are consolidated, coordinating and planning. A **consolidated system** is the most centralized with one statewide “super” board given budgetary, regulatory, managerial, administrative and planning responsibility for all higher education institutions in the state. The board in a consolidated system is responsible for all activities of the higher education system, including daily administrative activities and personnel decisions. A **coordinating system** has a statewide board with planning and regulatory responsibility, plus institutional or sub-system boards that manage all activities of the institutions such as administering personnel and day-to-day activities. Budgetary responsibility may be placed at either the state or sub-system/institutional level. A **planning system** has a statewide board that develops a statewide education agenda but leaves all administrative, regulatory and budgeting authority at the institutional level.

Table 1 shows the current governance classification of each of the 50 state systems. The coordinating system is common to half of the states, including Louisiana. Twenty-two states have consolidated systems, while two states have a planning system and one has no formal system at the state level. This classification provides general ideas about how each state’s higher education governance structure provides powers to

Table 1. Higher Education Governance Structures

Governance Structure	States	Total
Consolidated	AK, AZ, FL, GA, HI, ID, IA, KS, ME, MN, MS, MT, NV, NH, NC, ND, OR, RI, SD, UT, WI, WY	22
Coordinated	AL, AR, CA, CO, CT, IL, IN, KY, LA, MD, MA, MO, NE, NJ, NM, NY, OH, OK, PA, SC, TN, TX, VA, WA, WV	25
Planning	DE, MI	2
None	VT	1

the state versus the institutions but ignores unique governance aspects.

Variations can occur within a governance structure, based on the number and types of institutions and the powers and duties provided to the governing boards. Consolidated systems vary from a statewide board that governs all institutions within the state, including elementary and secondary, to having different boards for each level of education and even having higher education divided into sub-systems (See Table 2). Coordinated systems also vary widely, depending on the types of institutions included and the powers provided to the coordinating board. Some coordinating boards are given budgetary power over the institutions, while others are given only policy-setting powers. Even within the policy-setting powers, there is much variation with some having the ability to approve or reject programs and others having no direct programmatic power. The two states with planning systems also vary as to the duties of the planning board.

DOES STRUCTURE MATTER?

The higher education governance literature generally concurs that there is no ideal postsecondary governance structure. Each structure has innate strengths and deficiencies. While consolidated systems have the power to implement changes at all levels, they often struggle to balance both daily administrative functions and policy functions. In contrast, the coordinated systems are better able to achieve that balance, but are often plagued by

Table 2. Nuances of Governance Structure

Public Institutions^{3,4}

STATE	Governance Structure ¹	Regulated by Statewide Board ²	Public Institutions ^{3,4}		Program Approval & Termination Power ¹
			Four-year	Two-year	
Alabama	Coordinated	All	14	25	yes
Alaska	Consolidated	Degree	3	2	yes
Arizona	Consolidated	Separate	6	21	yes
Arkansas	Coordinated	All	11	22	yes
California	Coordinated	All	35	112	no
Colorado	Coordinated	All	12	15	yes
Connecticut	Coordinated	Degree	10	12	yes
Delaware	Planning	Degree	2	3	no
Florida	Consolidated	Separate	18	22	yes
Georgia	Consolidated	Degree	22	52	yes
Hawaii	Consolidated	Degree	4	6	yes
Idaho	Consolidated	All+	4	3	yes
Illinois	Coordinated	All	12	48	yes
Indiana	Coordinated	Segmented	15	14	yes
Iowa	Consolidated	Separate	3	16	yes
Kansas	Consolidated	Degree	9	25	yes
Kentucky	Coordinated	All	8	16	yes
Louisiana	Coordinated	All	14	38	yes
Maine	Consolidated	Separate	8	7	yes
Maryland	Coordinated	Degree	13	16	yes
Massachusetts	Coordinated	All (except UM)	15	16	yes
Michigan	Planning	Degree	15	30	no
Minnesota	Consolidated	Segmented	11	31	yes
Mississippi	Consolidated	Separate	9	17	yes
Missouri	Coordinated	All	13	20	yes
Montana	Consolidated	All	6	12	yes
Nebraska	Coordinated	Degree	7	8	yes
Nevada	Consolidated	Degree	5	2	yes
New Hampshire	Consolidated	Separate	5	7	yes
New Jersey	Coordinated	Degree	14	19	yes
New Mexico	Coordinated	Degree	8	20	no
New York	Coordinated	Segmented	43	35	yes
North Carolina	Consolidated	Separate	16	59	yes
North Dakota	Consolidated	Degree	7	7	yes
Ohio	Coordinated	Degree	29	32	yes
Oklahoma	Coordinated	All	16	13	yes
Oregon	Consolidated	Separate	9	17	yes
Pennsylvania	Coordinated	Degree	44	21	no
Rhode Island	Consolidated	Degree	2	1	yes
South Carolina	Coordinated	Degree	13	20	yes
South Dakota	Consolidated	All	7	5	yes
Tennessee	Coordinated	Degree	9	13	yes
Texas	Coordinated	All	45	64	yes
Utah	Consolidated	All	7	7	yes
Vermont	Institutional	Institutional	5	1	Institutional
Virginia	Coordinated	Degree	15	24	yes
Washington	Coordinated	All	9	34	yes
West Virginia	Coordinated	Segmented	12	10	no
Wisconsin	Consolidated	Separate	13	18	yes
Wyoming	Consolidated	Separate	1	7	yes

¹ SOURCE: Governance and Coordination of Public Higher Education in All 50 States, The North Carolina Center For Public Policy Research

² All= all post-secondary institutions; All+=all post-secondary plus elementary and secondary schools; Degree= post-secondary institutions except for technical colleges; Separate= separate boards for two-year and four-year institutions; Segmented= more than one board, but institutions separated by means other than level of degrees offered; SOURCE: State Notes, Education Commission of the States, www.ecs.org

³ Number of institutions may not match those self-reported by the states; for example Louisiana reports 10 community colleges, two community/technical colleges and 40 campuses of the Louisiana Technical College, but this source reports 38 two-year institutions. The number relates to the number of separate institutions receiving federal funding; two-year institutions may include technical colleges; four-year institutions may include professional schools.

⁴ SOURCE: The 2008-09 Almanac, Chronicle of Higher Education from U.S. Education Department 2006-07 data

power struggles between and among the boards when implementing changes. Planning systems only have the authority to suggest changes, which may be resisted or ignored.

Studies have not demonstrated a correlation between governance structure and successful student outcomes. Even within a particular governance structure there has not been an ideal model identified. Instead, a well-functioning governance structure tends to be dynamic and designed to promote incremental changes in response to the ever-changing demands on higher education. Successful states also tend not to have an emulative governance structure but instead a structure developed with regard to the states' historical, political and economic settings.

Leadership styles are often cited as dictating success more so than the system's structure – great leaders can make a poorly designed system work well, while poor leaders can make a well-designed system fail. Most studies warn against dismantling one structure in favor of another, even when it is floundering. Major structural changes result in years of inertia as the new system is fully implemented and the new lines of authority established. Instead, studies suggest building on the strengths of the existing system and minimizing the innate struggles between the state and the institutions.

Louisiana has seen improvements on measures such as graduation rates, retention rates and federal research and development funding. This seems to indicate that Louisiana is learning to function more successfully within its current structure and is building on the strengths of its coordinated system. Even with the gains, Louisiana still lags significantly behind most of its peers and is far from being able to claim success for its higher education system. Lack of funding and poor student preparation are often cited as reasons for the performance gap, yet positive results from policy changes indicate that aggressive policies could have large positive impacts.

Many in Louisiana argue that a fundamental change in the structure is necessary in order to achieve greater success. There have been efforts to convert from a coordinating system to a consolidated system with a super board with full power over all higher education. Other suggestions include consolidating the existing four management boards into two

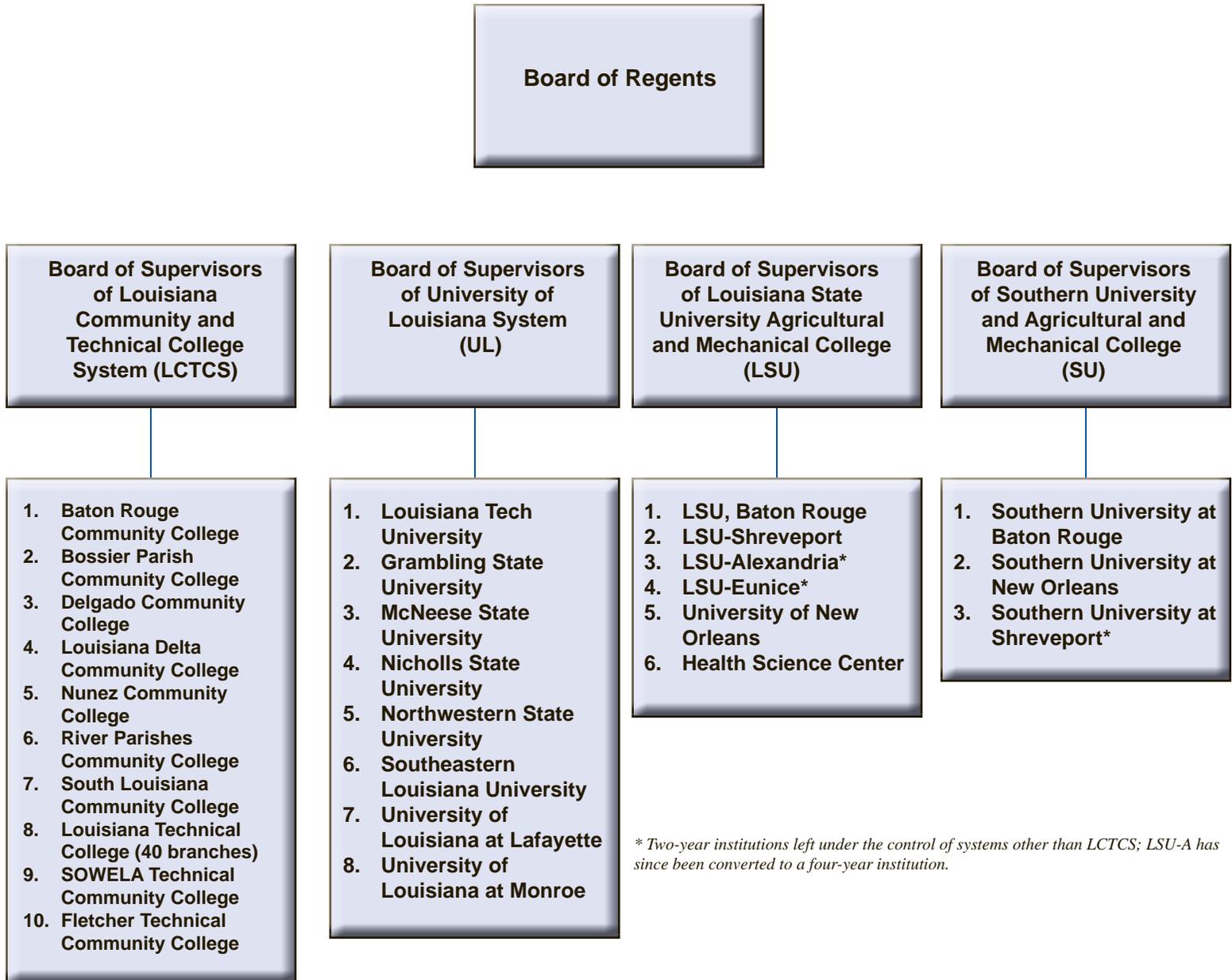
boards (one for four-year institutions and another for community colleges and technical institutions) or adding a fifth management board for technical college campuses. Consolidation has potential to achieve greater administrative efficiency, reduce the impact of parochial concerns in the competition for resources and force a focus on statewide issues, yet would not guarantee greater success or reduced costs. Such changes could open the state up to a different set of problems, some of which could be costly legal battles; all of which could divert attention away from the current critical issues of student access and success.

LOUISIANA'S GOVERNANCE STRUCTURE

Prior to 1968, all responsibility for education in Louisiana, except for the institutions under the control of Louisiana State University, was given to the State Board of Education, including all elementary, secondary and most higher education programs. In 1968, the Coordinating Council for Higher Education was established to coordinate and plan higher education in Louisiana, while governing was left to the LSU Board of Supervisors and the State Board of Education. In 1972, a statutory revision created the Board of Regents (BoR) as a single super board to both govern and coordinate all public higher education institutions. However, before the consolidated super board was put in place, the state's Constitution was revised.

The new Constitution (1974) created a coordinated system with the BoR redefined as the coordinating board while three management boards were established to manage the institutions. The management boards included the existing Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU System), plus two new boards: the Board of Supervisors of Southern University and Agricultural and Mechanical College (SU System) and the Board of Trustees for State Colleges and Universities (renamed in 1998 as the Board of Supervisors for the University of Louisiana System (UL System)). The Board of Education was renamed the Board of Elementary and Secondary Education (BESE). Technical colleges were left to the responsibility of BESE, and the few existing two-year institutions were dispersed among the existing boards.

Figure 1. Louisiana’s Higher Education Boards and the Technical, Two-Year and Four-Year Institutions Under their Direct Control



* Two-year institutions left under the control of systems other than LCTCS; LSU-A has since been converted to a four-year institution.

A fourth board was created in 1998. After years of controversy about whether technical institutions should be funded and controlled by BoR or BESE, the Louisiana Community and Technical College System (LCTCS) was established as part of higher education to oversee the technical colleges and the majority of two-year institutions. (See Figure 1 for a list of institutions under the jurisdiction of each board.)

There are now 14 public four-year institutions, 10 public two-year institutions and 42 public technical colleges in Louisiana. There are also several public professional/research institutions, including two law centers, one veterinary medicine school, two

agriculture research centers and two health science centers. The BoR is responsible for coordinating and planning all public higher education in the state, while the four management boards oversee the daily activities of the individual institutions. BESE is responsible for all public elementary and secondary education.

DIVISION OF POWER

Coordinating Board

The Board of Regents is the state’s coordinating board for all public postsecondary institutions. It was created in the 1974 Constitution to “plan, coordinate and have budgetary responsibility for all public postsecondary

education” in Louisiana. The BoR is constitutionally required to meet at least twice a year with BESE to coordinate all programs of public education within the state. Five other powers and duties constitutionally granted to the BoR are:

1. to revise or eliminate existing degree programs, departments or divisions of instruction;
2. to approve, disapprove or modify proposed degree programs, departments or divisions of instruction;
3. to study the need for and report to the Legislature findings for creating a new institution, branch of an institution or a new management board, merging institutions, allowing institutions to grant degrees or to grant higher rank degrees or transferring institutions from one board to another;
4. to develop and revise a master plan for postsecondary education that at a minimum includes “a formula for equitable distribution of funds” to the institutions of postsecondary education, and;
5. to require each board to submit an annual budget request to BoR for the operations and capital needs of each institution. BoR is then to submit a budget to the state for all institutions and set priorities for capital construction and improvements.

Some additional powers and duties have been provided by law.

Management Boards

The Constitution authorizes four management boards, which are given the power “to supervise and manage” the institutions and programs under their respective jurisdictions: UL System, LSU System, SU System and LCTCS. In addition, the LCTCS is given the power to establish non-degree programs without the approval of BoR.

Statutes grant each management board specific powers and duties to receive and expend appropriated funds; borrow money and issue notes; purchase land and acquire buildings, subject to BoR approval; sell and lease land and other equipment; award certificates,

confer degrees and issue diplomas; oversee personnel decisions; determine certain student fees; set rules for governing and disciplining students; and set bylaws outlining the rights and duties of the board, its administrative officers and the faculty.

Clarifying Board Powers and Duties

Ambiguity in the Constitution leaves questions about the degree to which the BoR can enforce changes at the institutional level. Conflicting language found in Article VIII Section 5(A) gives the BoR “powers, duties and responsibilities provided in this section or by law,” while Section 5(E) states that “powers of management . . .not specifically vested by this Section in the Board of Regents are reserved” to the system boards. This has led to much debate over which areas are management issues under control of the system boards and which are policy issues under control of the BoR.

The management boards view Section 5(E) as limiting the BoR’s powers and duties to only those stated in the Constitution and giving the management boards the power and responsibility to do all else, including setting missions, admission standards and articulation agreements, without any input or control by BoR. The management boards have often fought implementation of BoR policies on any area outside of those enumerated in the Constitution. The BoR has interpreted the section as limiting only its powers on management issues, such as those defined in statute including personnel and student discipline issues. These disputes have tended to benefit individual institutions, but have thwarted statewide success.

The Legislature has attempted to clarify BoR’s roles statutorily by assigning additional powers and duties including representing higher education to the governor and the Legislature; licensing private institutions operating within the state; and providing for credit transfer agreements. However on other issues, the Legislature has further muddled the authority by giving BoR additional powers and duties but requiring the changes to be developed and implemented through collaborative efforts with the management boards and/or institutions. For example, R.S. 17:3134 requires accountability in higher education and states “the accountability process shall be developed by the Board of Regents in a collaborative effort involving each higher

education management board.” Another law, R.S. 17:3128, requires BoR to cooperate not only with the management boards, but also with the chancellor and the president of each institution when establishing mission statements.

Some issues are not addressed in either the statutes or the Constitution. The Constitution is clear on creating, merging and transferring institutions; yet it is silent on the authority and process for closing an institution. Because the institutions are created in statute, it is assumed that the authority to eliminate them rests with the Legislature and does not require a popular vote.

The extraordinary increases in student access and success that are needed to transform the state into both an educational and economic leader have not occurred and are unlikely to occur without at least clear lines of authority. Once those clear lines of authority are established, it will take a strong leader willing to fight the status quo to implement the aggressive changes that are needed to forward the state’s position. Statewide restructuring and reorganization of management boards, institutions and programs may also be in order, if the political and legal barriers can be overcome. Meanwhile, as those larger reforms are being contemplated, other changes can be made to help move the state forward as currently structured. Although many of the challenges for power could simply be checked by the governor vetoing any appropriations or other legislation outside of the requests from BoR, clarifying BoR’s authority in the Constitution and statutes as the lead policy agency could prevent such issues from ever reaching the governor’s desk.

Creation of the Community College System

Louisiana has historically struggled with limiting duplication of services and programs and allowing institutions to expand beyond their original missions. This and the delayed development of the community college system has resulted in Louisiana having proportionally more students enrolled in four-year institutions than the national norm and far fewer in two-year institutions. Four-year institutions cost more to operate per student than two-year institutions. Thus, providing higher education in Louisiana is much less cost efficient than in other states.

Creation of the Louisiana Community and Technical College System (LCTCS) was a long fought battle

that required many compromises, some of which watered down the reform. In 1998, the LCTCS was created to consolidate the technical and community college functions under a single authority, yet power disputes left two, two-year institutions under the control of the LSU System (LSU-Alexandria, LSU-Eunice) and one under the control of the SU System (Southern University at Shreveport). Not shifting these three, two-year institutions to LCTCS seems inconsistent with the intent of creating LCTCS. The more logical approach would have been to bundle all like schools in single systems so that they could focus on more narrowly crafted management policies. Both the 2001 Master Plan and the recent master planning meetings have failed to address this illogical division. Likewise, the 2001 transformation of LSU-Alexandria into a four-year institution reinforced the historical inefficiency of Louisiana’s postsecondary system.

The primary mechanism the state is using to shift students from four-year schools to newly created two-year schools, especially for students’ initial higher education years, is by requiring admission standards at all four-year institutions. BoR was given statutory authority to set admission standards in the collaborative process of setting mission statements. The minimum admission standards were defined in the 2001 Master Plan. Establishing the admission standards was controversial because to implement them meant that the four-year schools would likely face a decline in enrollment, at least initially. Since funding levels are tied to enrollment, it was contrary to the self-interest of four-year institutions to agree to the admission standards.

All institutions, except Southern University New Orleans and Grambling State University, now have fully implemented the admission standards, yet the state’s efficiency-minded enrollment shift has not been achieved. According to Southern Regional Education Board data, there has been very little change since 2002 in Louisiana’s four-year/two-year ratio, or enrollment mix. In 2002 Louisiana’s enrollment mix was 76 percent/24 percent, while in 2008 it was 74 percent/26 percent. The Southern and national enrollment mix was 56 percent/44 percent both years. However, the percent of first time freshmen enrolling in two-year institutions has risen from 13.7 percent in 1996 to 31.8 percent in 2006. This indicates that other policy changes may need to be implemented to move Louisiana closer to the national enrollment mix

and thereby spend education dollars more efficiently. In PAR's 2003 "White Paper on Higher Education," several policy changes were recommended to promote the enrollment shift.

Articulation Agreements

Credit transfer agreements – articulation agreements – are another area where political compromises have resulted in mediocre policies but where solid policies could facilitate the enrollment mix shift as well increase access and enrollment. State law requires BoR to ensure that common core course articulation agreements exist at all institutions. Yet, interpretation of the law has resulted in an articulation matrix that lists courses that satisfy, according to BoR documents, "the broadest range of transferability," yet allow institutions the "prerogative" to accept or reject the courses in the matrix. The lack of a robust and reliable policy for transfer of basic credits discourages some potential students from enrolling in higher education and encourages others to enroll at four-year institutions which may not be the best fit for their current skills or financial situation.

Transferability was not an issue for earlier generations of students when it was the norm to spend one's entire higher education career at one institution with no breaks in attendance. However, that is no longer the reality for many of today's students. Today's students are more transient and many take years out of their education careers to pursue work. Many who re-enter do so at other institutions. In order to become more economically competitive, Louisiana must educate more of its citizens, many of whom would be non-traditional students. Louisiana could increase both enrollment and completion by enhancing students' ability to take courses for success in a specific career, not for success at a specific institution.

This could be done by aligning initial educational requirements across institutions within the state, setting standard learning objectives for low-level, general education courses and increasing the availability of alternative instruction methods such as online courses. Florida has one of the most encompassing articulation agreements in the country. It has a four-year/two-year enrollment mix of 46 percent/56 percent and has the highest percent of instruction provided through electronic means in the South. It has the highest success in retaining,

progressing and graduating students through its two-year institutions and above average outcomes on those same measures for its four-year institutions.

Funding

Funding is often the driving force behind change. The Constitution gives BoR "budgetary responsibility for all public postsecondary education" and then further requires "a formula for the equitable distribution of funds to the institutions." It also requires the BoR to make budget requests and set capital outlay priorities for all of higher education, based on requests from the management boards. These directives indicate that the authors of the Constitution wanted BoR to oversee both budgeting and distribution of funds to the institutions. However, the current budgeting and appropriations process is tightly controlled by the Legislature.

While institutional budget requests are required to be based on the BoR formula, there are no requirements that appropriations by the Legislature be based on the requests. The budget bill includes line-item appropriations for each institution. Until recent years, full formula funding was not provided, so prior-year funding levels and political favor tended to determine institutional funding levels. This left vast discrepancies among institutions in terms of how far off the formula recommendation their actual funding level was. Table 3 shows that in 2001-2002 funding levels ranged from 59 percent to 104 percent.

Politically connected institutions and programs have been successful in evading BoR authority by going directly to the administration or the Legislature to request additional funding. Funding is constitutionally required to be appropriated to the management boards. Once funding is appropriated, BoR policies cannot change how the funding is spent, because state law requires that general operations appropriations for institutions be "administered by the management boards and used solely as provided by law."

Under the old formula, full-formula funding was equal to the average of peer institutions' per-student funding levels as reported by the Southern Regional Education Board, and that average was based on 2-year-old data. This can leave institutions with funding levels different from 100 percent even when the state's intention was to fund fully. The only years the formula

Table 3. Percentage of Full Formula Funding Appropriated to Institutions

	<u>Implementation Rate</u>		
	2001-2002	2007-2008 ¹	2008-2009 ²
Four-year Institutions	(%)	(%)	(%)
Category 1			
LSU, BR	65	95	95
Category 2			
Louisiana Tech University	74	92	94
University of Louisiana at Lafayette	69	92	99
University of New Orleans	67	108	107
Category 3			
Southeastern Louisiana University	61	85	94
Southern University at BR	82	109	106
University of Louisiana at Monroe	78	106	103
Category 4			
Grambling State University	95	111	98
McNeese State University	68	94	92
Nicholls State University	66	97	91
Northwestern State University	59	95	92
LSU-Shreveport	75	103	92
Category 5			
Southern University at NO	66	140	143
Category 6			
LSU-Alexandria	64	82	98
Two-year Institutions			
Category 1			
Delgado Community College	68	97	97
Category 2			
Baton Rouge Community College	81	93	92
Bossier Parish Community College	85	92	93
LSU-Eunice	64	101	94
Category 3			
Louisiana Delta Community College	94	97	87
Nunez Community College	77	125	120
River Parishes Community College	103	86	93
South Louisiana Community College	90	83	86
Southern University at Shreveport	89	97	99
Technical Colleges (ALL)	104	140	119
Sowela Technical Community College		123	117
Fletcher Technical Community College		130	114

¹2007-2008 implementation rate is as of December 14, 2007.

²2008-2009 implementation rate is as of August 18, 2008.

NOTE: Some institutions have changed classifications over time, thus the implementation rate refers to the classification the institution was in at the time the funding was appropriated.

SOURCE: Board of Regents

was strictly used was for FY 2008 appropriations and the original appropriations for FY 2009, prior to mid-year budget cuts. However, as shown in Table 3, when the calculation is updated with the most recent SREB and state enrollment data, all institutions are not at their 100 percent implementation rate. In 2007-2008, the best funded four-year institution (Southern University at New Orleans) received 143 percent of its formula request and the worst funded (Nicholls State University) received only 91 percent of its funding request. The best funded two-year institution (Nunez Community College) received 120 percent of its funding request and the worst funded (South Louisiana Community College) received 86 percent.

Granting full formula funding (at appropriation) deferred the debate over funding inequities, but the projected budget shortfalls are bringing these issues back to the forefront. Higher education was told to expect unprecedented cuts of up to 30 percent for the upcoming fiscal year. The proposed cuts have been halved by tapping into federal economic stimulus funds. The stimulus funds are set to expire after FY 2011 and, unless a remarkable economic turnaround happens for Louisiana, the FY 2012 higher education budget will have to reflect a new reality. Louisiana needs a funding formula that can be used as an objective tool for setting appropriate funding levels to achieve the statewide policy goals for higher education in times of both scarcity and prosperity.

The formula in the 2001 Master Plan is enrollment driven and uses average regional peer funding levels to set funding targets for each institution in Louisiana. The formula failed to tie funding to statewide goals or performance outcomes. The updated draft master plan includes a new funding formula that considers an institution's actual costs, as well as its contribution to the state's workforce, research goals and student success.

Unlike previous years, the current executive budget directed a lump sum allocation to the BoR, but did not list allocations for the four systems. Instead, the executive budget directs the BoR to use the new funding formula to determine the system and institutional allocations. The commissioner of higher education has argued that the new formula is not ready to be used to determine funding levels this year, because it has not been fully vetted or adopted, nor was it designed to make budget allocations in a

year when revenue falls so drastically short. Instead, the new formula was used this year to allocate only one-third of the higher education funding to system management boards, which have the authority to distribute the funding to institutions as they see fit. Use of the formula will be phased in over three years to allow the institutions time to adjust to the ramifications of performance funding.

Without strict adherence to a rational formula for appropriations, this year's process for budgeting higher education dollars could likely be more political and less objective than ever. The governor's lump-sum request for higher education gives BoR the authority for allocation decisions, but the authority will be diluted, unless all additional requests for funding are vetoed.

BOARD MEMBERSHIP

Currently, the BoR and each management board have 15 members appointed by the governor, with consent of the Senate. Two members represent each of the congressional districts and one member represents the state at large. In addition, board members of the BoR and the LCTCS are required to be representative of the state's population by race and gender. A student representative is also a member of each board, with the exception of LCTCS, which has two student members.

All other members serve overlapping six-year terms. A recent constitutional amendment limits members to three consecutive terms on any one board, with their next term counting as their first term for the purposes of term limits. Once members serve more than two-and-one-half consecutive terms, they are required to take two years off before being appointed to another board. Student members have full voting power but can only serve for one year and may not be reappointed. Board members are not paid but may receive a per diem amount of \$50 plus travel and other expenses.

Each board appoints a chief executive officer to oversee the operations of its respective systems and to serve as secretary to the board. The BoR administrator is called the commissioner of higher education, and the management boards' administrators are presidents. These administrators are appointed by and serve at the pleasure of their respective boards. Each board has a full-time staff to help oversee its responsibilities.

System boards also appoint, upon recommendation of the system president, a top administrator for each institution, called the chancellor or the president. Within guidelines set by the system board and system president, the chancellor oversees all the daily activities of the institution, including personnel issues and managing the operating and capital budgets. The chancellor is responsible for controlling the administrative functions of the institution, responding to the needs of the faculty and students and championing the institution to the larger community. The chancellor is also responsible for ensuring that the goals set by the state for the institution are pursued by all employees down to the lowest ranks and that the institution is meeting its performance targets.

Citizen boards are paramount to the success of higher education in Louisiana. Although board members are volunteers, they set major policy direction for the systems and institutions. Thus, members must have a skill set that matches the needs of the system, be knowledgeable about their duties and conduct themselves in a professional manner. The Association of Governing Boards (AGB) of Universities and Colleges has published several papers that recommend best practices to increase competence of higher education boards, including instituting merit screening, requiring member orientation and continued education and setting expectations for board appointees. Just as in Louisiana, the majority of higher education boards have members appointed by the governor with legislative approval. A few states are beginning to use screening committees to recommend appointees to the governor and many require orientation and continuing education for board members.

The decisions these board members make often affect more people and have greater monetary costs than do the decisions they make in their daily occupations. To be effective, board members need to have a full understanding of the issues discussed and decided. The staffs of the boards are valuable resources because their daily focus on higher education allows them to stay focused on the issues. In-house orientations and staff presentations at regular board meetings generally inform members of the issues specific to their particular board; however, the broader, statewide picture is often ignored.

Once appointed, board members should be given a formal orientation to help them understand the board's bylaws and be informed on proper roles with respect to their board's administrators and staff, other state education boards, the governor and the Legislature. To promote the statewide agenda, BoR should be required to provide initial orientation and an annual mandatory workshop to all higher education board members with in-depth information on some of the paramount issues affecting the state and the nation. Both the orientation programs and continuing education courses would give members an opportunity to interact and cultivate relationships that could enhance the sense of a statewide system and decrease parochialism.

RECOMMENDATIONS

The leadership skills of recent board administrators and the master planning process have been credited with minimizing past problems and implementing policies that are routinely achieving greater success: Enrollments are coming closer in-line with the rest of the nation, retention and graduation rates are improving, federal research funding has increased, and full-formula funding has been achieved. However, recent enrollment declines in some of the four-year schools and looming funding shortfalls will soon test the management boards' and institutions' commitment to statewide success. Although it is unlikely that laws could be designed to prevent all clashes, changes could be made to provide BoR with more power to enforce a comprehensive design for public postsecondary education.

In previous reports on higher education, PAR has cited the unclear lines of authority and the lack of a strong statewide strategic plan to link workforce development and higher education as a hindrance to success. Beyond previously recommended changes, PAR recommends the following:

FUNDING AND AUTHORITY

Recommendation No. 1: Clarify the Constitution and statutes to establish Board of Regents as the statewide policy-setting agency for higher education with clear power and authority to enforce the master plan agenda at the system and institution levels.

The constitutional language describing the responsibilities of the BoR and system boards should be rewritten to remove the language in Article VIII, Section 5(E) that limits BoR powers and duties only to those listed in the Constitution. This limitation is in direct conflict with language in Article VIII, Section 5 (A), which grants BoR "other powers" as "provided... by law."

As currently written, the other powers and duties that may or may not belong to BoR include, for example, setting the institutional goals for enrollment levels, credit transfers, graduate/undergraduate student ratios, tuition levels and admission standards. Setting each standard could be interpreted as a management decision that is left to the system boards to make. However, as each has statewide implications for efficient and effective spending of higher education dollars, those standards should ultimately be set by the BoR. A constitutional amendment would be required to clear the conflict and identify BoR as the lead agency with strong policy-setting ability.

Statutory language also should be changed to remove explicit requirements for consensus among the various levels of higher education governance. For example, the provisions in R.S. 17:3134 and R.S. 17:3128, which require consensus when setting mission statements and accountability standards, should be removed and instead assigned solely to the BoR. Collaboration and buy-in, of course, are needed at all levels for policies to work well. Good leaders are aware of the need for collaboration and buy-in and work diligently to include all stakeholders when developing policies. However, controversial issues seldom garner consensus and laws dictating consensus often short-circuit reform efforts. Policies that force extraordinary change often require tough choices that can be made only if a lead agency is identified and given responsibility to implement change. Even then, such changes will not occur unless a strong leader accepts the charge.

In addition, all statutes on higher education should be consolidated into one area of the education code. Currently, the statutes are scattered without rhyme or reason throughout the entire code, making it difficult to know fully the powers, duties and limits of each higher education governance entity.

Clarifying the Constitution and the statutes to establish BoR as the lead policy agency would enable unpopular but sensible decisions to be made without undue attention being paid to the need for consensus from the management boards. Management boards should be given the discretion on how to implement the policies, but not be given the power to cause a stalemate or prevent progressive policies.

Recommendation No. 2: Appropriate operations funding for higher education strictly according to the formula funding calculations as defined by BoR.

Using a formula to both make budget requests and to appropriate funding for general operations would improve the adequacy and equity of state funding to higher education institutions and would ensure that steady improvement toward long-term performance and efficiency goals can be more feasible. The Legislature should fund higher education institutions with a lump-sum formula appropriation similar to the way funding for K-12 education is provided to schools. The BoR request for each institution should be based on a well-developed, well-defined and well-communicated formula. The formula should include mission-related adjustments and performance measures to help define and require expected institutional behaviors. (See PAR’s “Higher Education Performance Funding: Louisiana’s Options” for further discussion.)

Like the minimum foundation plan that finances K-12 education, the Legislature should be allowed to reject the formula request and direct BoR to change the formula based on changing economic realities and amended statewide goals. The higher education funding formula should be designed to yield fair and rational funding targets for each institution in years of both shortfalls and surpluses. Flexibility should be built into the formula to enable the BoR to adjust the final allocations as needed to respond to changing opportunities and requirements. No funding outside of the formula should be appropriated. All institutions should receive an equal portion of their full funding allocation. For example, if only 80 percent of full funding is available in a given year, each should receive 80 percent of its full-funding calculation.

A constitutional amendment would assure that the formula is the basis for all higher education funding. However, this recommendation could be implemented

by resolution or a statutory change. Immediate implementation of this recommendation, while possible, is not recommended. The commissioner of higher education has said that the new formula is not ready to be used to determine institutional funding levels when a budget shortfall exists. As funding levels are adjusted this year using the state’s traditional mix of political influence and cautious approach to change, the new formula should continue to be refined into an objective tool for setting appropriate funding levels to achieve the statewide policy goals for higher education.

Recommendation No. 3: Require that ongoing development and adjustment to the new funding formula be done in a transparent and open process with input from major stakeholders.

The formula should be developed and adjusted in a public manner that takes the state’s priorities into account and addresses the needs of all students equally. To garner buy-in and assure the right elements are included in the formula, public discourse throughout the entire development and approval process, both within the BoR master planning and the legislative processes, should occur.

Many of the questions and concerns surrounding the proposed new formula might have been avoided if the formula had been more publicly vetted. The new formula revisions began in the master planning meetings held in 2007 and 2008. Review of the formula elements were occurring in public meetings with major stakeholders, but during the transition to new BoR leadership, the public meetings of the master planning process were discontinued. However, BoR continued its development of the new formula working collaboratively with the system presidents and their finance officers. When the new formula was unveiled, few outside of BoR seemed to know much about how it would work and what outcomes it would reward. As the financial picture for the state continues to change, questions remain about what the formula will look like and to what extent it can be used to develop budget requests for the upcoming fiscal year.

SYSTEM STRUCTURE

Even before the current governance structure was implemented in 1974, there were questions about whether it was the best choice for Louisiana. Although

the current structure is functioning more as an integrated statewide system than at any time in the past and, as such, is making more headway in student outcomes, it is still not achieving the success needed to promote a strong economic future for the state. The current budget crisis has led at least two state leaders to call for a re-examination of higher education to find ways to achieve greater efficiency. The governor's plan would examine higher education as part of a larger study of all government functions, and a legislative proposal would study higher education independently of other functions. Both would hire outside consultants to conduct studies.

Beyond improving how the boards function in their current configuration, a careful re-evaluation of the merit and function of each management board, institution and program should be undertaken. The state's higher education system is facing budget cuts in excess of \$200 million for the upcoming fiscal year. Regardless of short-term funding, the economic cycle will continue and shortfalls are inevitable. The state needs to develop a plan now to maximize the efficiency of all higher education – from the management board level down to the academic department level. The current budget crisis is an opportunity to deliberately and honestly address the problem of higher education dollars being spread too thinly.

Recommendation No. 4: Conduct a comprehensive study and public debate to evaluate the merits of and barriers to consolidation or elimination of programs, institutions or management boards. the Board of Regents should recommend changes to the Legislature in time for consideration during the 2010 legislative session.

There is not an ideal governance model for higher education. Most states have developed organizational structures that are unique to their economic, political and historical settings, and as such any changes to the current governance structure will be based on judgment calls. Economies of scale and objective determinations can only go so far to determine the number and type of institutions, degree programs and management boards Louisiana should maintain. Demand and completion data can also be used, but more nuanced political and legal factors will have to be weighed as well.

The time required to orient outside consultants to the state's unique history and political culture could cause unnecessary delay in developing recommendations for reform. Ideas developed by the consultants could be ignored and therefore would be a waste of state dollars. The BoR professional staff is already paid to develop policy recommendations and should have the context and data to answer many of the questions that need to be asked: What geographic spread of schools is appropriate for Louisiana's population? Based on population projections and national trends, how many institutions of each type should the state support? How many system management boards are necessary? Does the state need to maintain a separate management board for its historically black institutions? Are there legal barriers to altering the number, type and governance of those institutions? Are two law centers in Baton Rouge too many? Which underperforming programs should be eliminated or consolidated, and which campuses should keep programs that are consolidated? The current commissioner of higher education has said that if given the go-ahead, she is prepared to make these tough calls and recommend needed changes to the Legislature.

BoR should be charged with conducting a comprehensive study on the issues and developing a set of recommendations after holding a series of public meetings that involve a wide cross-section of stakeholders – much like the master planning meetings held in 2007 and 2008. Even the more politically charged issues could be developed and publicly vetted over the next year. The Legislature could take action on the recommendations during the 2010 legislative session. Legislative action would not be limited by the BoR recommendations, but clear guidance would fill the void of ideas that seems to prevail in the current budget crisis.

CONCLUSION

The best higher education governance structures are uniquely suited to each state's history and population. As such, there is no single governance model for Louisiana to emulate.

Louisiana has a coordinating system of governance with a statewide policy board (BoR) and four management boards that collaboratively oversee all aspects of higher education in the state. That collaboration is hindered, however, by contradictory

language in the Constitution and statutorily mandated consensus that derails difficult reforms. The lines of authority need to be made clear and indisputable. The Board of Regents should be authorized as the clear lead agency for higher education with the responsibility to establish policies and make tough decisions even when consensus is not forthcoming.

Louisiana significantly lags behind both the South and the nation on postsecondary success measures such as progression, retention and graduation rates. Improvements have been made on these measures in recent years, yet the extraordinary increases that are needed to transform the state into both an educational and economic leader have not occurred and are unlikely to occur without clear lines of authority. In order to strengthen the state's capacity and reputation as an important player in the global marketplace, Louisiana must not only educate more of its citizens but educate them in fields with high demand. This will only be achieved if institutional elitism and

parochialism are stifled and resources are refocused on student access and success in a specific career, not at a specific institution.

Institutional elitism could be discouraged by appropriating funds in a lump-sum to the institutions based on a well-developed, well-defined, well-communicated formula that takes into account not only the cost of providing the education but also how well the institution is meeting its missions and helping the state fulfill its goals. Also, requiring higher education board members to be trained for their responsibility not only to their respective systems but also the state as a whole could reduce parochialism. Finally, establishing the BoR as the lead agency and giving it the responsibility and authority to ask tough questions, make tough decisions and enforce meaningful change even when a consensus is not forthcoming could set the stage for long-awaited reform.

PRIMARY AUTHOR OF THIS REPORT IS CHERYL SERRETT, RESEARCH ANALYST.

Funding for this report was provided by the Patrick F. Taylor Foundation



**Public Affairs Research
Council of Louisiana, Inc.**
4664 Jamestown Avenue,
Suite 300
P.O. Box 14776
Baton Rouge, LA 70898-4776
Phone: (225) 926-8414
Fax: (225) 926-8417
E-mail: staff@la-par.org
or jimbrandt@la-par.org
www.la-par.org

"PAR is an independent voice,
offering solutions to critical public
issues in Louisiana through accurate,
objective research and focusing public
attention on those solutions."

Non-Profit Org.
U.S. Postage
PAID
Baton Rouge, LA
Permit No. 330