

MINUTES

POSTSECONDARY EDUCATION REVIEW COMMISSION AUGUST 10, 2009

The Postsecondary Education Review Commission (Commission) met in session at 8:35 a.m. on Monday, August 10, 2009, in House Committee Room 1 of the State Capitol in Baton Rouge, Louisiana.

Commission Members Present:

Lezli Baskerville
James Davison
David Longanecker
Mark Musick
Ben Nevers
Artis Terrell
David Voelker
James Wharton
Belle Wheelan

Commission Members Absent:

None

Ex-Officio Members Present:

Elsie Burkhalter
Blake Chatelain
Tony Clayton
Stephen Smith

WELCOME AND ADMINISTRATION OF OATH OF OFFICE TO COMMISSIONERS

Mr. Tim Barfield, Executive Counsel to the Governor, administered the Oath of Office to the members of the Commission.

Dr. Sally Clausen, Commissioner of Higher Education recognized the attendance of students, faculty, system heads of higher education management boards, presidents/chancellors of higher education institutions, and members of the Board of Regents at the Commission's inaugural meeting.

Dr. Clausen distributed a preface to the Commission's work for the panel to review. The power point presented covered the structure of higher education in Louisiana, the responsibilities of the boards, and data on enrollment, degrees awarded, funding, formula implementation rates, and return on investments.

(A copy of the power point may be found at <http://www.laperc.org/lapercCommissionResources.cfm>).

Dr. Pat Callan, President of the National Center for Public Policy and Higher Education, was introduced as the facilitator of the Commission meeting. Dr. Callan discussed the need, not only for Louisiana, but the entire United States, to improve higher education performance. Following his comments, each Commissioner and Ex-Officio member of the Commission was introduced.

Several out-of-state Commission members provided information about challenges they face in their states.

Dr. Longanecker spoke about eight western states that the Western Interstate Commission for Higher Education (WICHE) represents. He stated they are all facing huge economic challenges, and thus are looking for new ways to do business and expand opportunities.

Dr. Callan provided additional comments regarding California. He mentioned that the economic downturn, coupled with resistance to change from institutional and political groups is resulting in educational paralysis in the state. He discussed how the changes in demographics coupled with the demands of a competitive knowledge-based global economy are resulting in the state needing more college educated citizens. He stated that other countries are doing a better job educating their citizens with less money, and that the real key to effective higher education policy is to manage budget volatility without losing the sight of core missions, core strengths and core public responsibilities. He emphasized that in all states, the status quo has been under-performing and all of higher education needs to set bigger goals to rebound to a more productive and more effective enterprise.

Mark Musick discussed some of the challenges faced in Tennessee. The state has no income tax to use for funding and has a divided political leadership in the Legislature. He discussed a compelling study that was done five years ago which showed Tennessee had too few college graduates, but unfortunately, led to few changes. He sees the state's current initiative of requiring that all eighth and tenth graders be administered the ACT Explore and Plan assessments as a positive step that can be implemented at a reasonable cost.

Dr. Wheelan focused on the economy. She continued with a discussion on the need to retrain working adults as well as recruit nontraditional populations and emphasized that due to reduced resources, accountability is a must. Kentucky has undertaken a process to find out why students are not graduating. The results found that very often the stumbling blocks have been very simple solutions. She discussed the importance of actively recruiting people who do not think college is for them.

Dr. Baskerville said that historically black colleges and universities (HBCU) have learned many lessons over the years on how to graduate students using less money than their traditional white counterparts. Although HBCU's represent only three percent of the nation's colleges, they graduate 70% of African-Americans today and do so in a cost efficient way. As an economic engine, national HBCU's represent a ten billion dollar industry.

Dr. Clausen next introduced the Governor of Louisiana, The Honorable Bobby Jindal. Governor Jindal pledged his support for higher education and stated his desire to create a strong, and sustainable system. He requested that the Commission focus on four areas to improve efficiencies and outcomes: (1) aligning educational attainment of students with the state's economic development needs; (2) comparing funding versus performance to incentivize better outcomes; (3) building successful programs at each campus that are unique and high performing centers of excellence; and (4) improving efficiency of the system by eliminating duplication and

waste. In discussing those points he stated that LSU must become a nationally competitive flagship university that is excellent in every area. This is critical to the state. He also stated that the enrollment mix between four-year institutions and two-year institutions needs to be closer in-line to that of the nation and south by raising admission standards in the four-year schools. He encouraged bold recommendations from the Commission to assist in improving higher education in Louisiana.

GREETINGS AND CHARGE TO THE COMMISSION

Next to be introduced was Speaker of the House Jim Tucker, the author of the bill (Act 309 of the 2009 Regular Session) that established the Postsecondary Education Review Commission (PERC). He encouraged the Commissioners to look at the challenges that Louisiana faces. He stated that the system has had many successes but is seen as being inefficient and having too many universities, too many boards, racial divides between the universities and boards, underperforming universities, and duplicative programs. He believes more emphasis should be placed on two-year institutions to meet the workforce needs of the state and requested the following questions to be answered:

- ❖ Where is higher education headed?
- ❖ What are our opportunities?
- ❖ How do we best serve the students in the state and the employers in the state?
- ❖ How can we make sure that available jobs are filled with Louisiana residents that have completed a postsecondary education?

Speaker Tucker issued the following official charge to the Commission:

1. To review and analyze Louisiana's educational needs, relevant data, current policies and practices, structure, and funding mechanisms; and
2. In the context of the state's financial challenges, recommend to the Board of Regents and the Legislature the most efficient and effective ways for the state to meet its goal of providing citizens with the educational attainment necessary to meet the critical needs of our State and region.

(A copy of the charge can be found at <http://www.laperc.org/lapercCommissionCharge.cfm>)

LOUISIANA BUDGET OUTLOOK

Mr. Donald Vandal, Deputy Commissioner for Finance and Administration, introduced Mr. Ray Stockstill, Director of the Office of Planning and Budget; Mr. Barry Dussé, State Budget Director; Dr. Jim Richardson, Economist with Louisiana State University and A&M College and a member of the Revenue Estimating Committee; and Mr. Bob Keaton with the Louisiana State University System.

Mr. Stockstill gave a power point presentation on Louisiana's 5-year budget outlook. He noted that historical funding by functional areas shows education has been a top priority and a major expenditure. He also referred to the recent change in the Board of Regents' formula based on outcomes. He then addressed the budget shortfall from the state's perspective. A \$939 million state shortfall is indicated for FY 2011, with a \$1.93 billion shortfall projected in FY 2012. The presentation listed major cost drivers for the general fund shortfalls. Discretionary and nondiscretionary funding was discussed with focus on the fact that about one-third of the discretionary funding that can be used for reductions is higher education. In response to a question about the use of surplus funds, Stockstill stated that he did not foresee any one time money to be available as a "savior."

Dr. Richardson, a revenue estimating committee member, addressed each of the sources of Louisiana's revenue (30% from sales tax, 25% from personal income tax, 15% to 20% from minerals, and the remainder from corporate, gasoline, special fuels and sin taxes). He continued his discussion on the state and national economy, noting that when the national economy slowly recovers, Louisiana's budget situation will not improve dramatically.

A brief discussion followed regarding the federal stimulus monies. Conversation also centered around the outcome of Louisiana's revenues if the federal income tax is increased. Commissioner Clayton requested that Mr. Stockstill give the Commission an economic analysis on the impact to Louisiana in drawing more students to the state if out-of-state fees were not assessed. Discussions continued regarding oil and gas prices along with a brief discussion of "hedging" strategies. Questions were asked about the goals of the newly formed Streamlining Commission. Senator Nevers asked Mr. Stockstill to provide to the Commission an analysis on what a 30% cut "across the board" would do to higher education in Louisiana.

A discussion continued with Mr. Keaton sharing an ongoing analysis of the impact of budget shortfalls on higher education. He noted that protecting higher education from budget cuts would result in all other state agencies receiving an 86.5% cut in discretionary money. Further, he stated that higher education and healthcare make up 65% of the "cuttable" budget in Louisiana. Mr. Keaton noted maintenance of effort requirements of the federal stimulus plan require that higher education and K-12 cannot be cut below the state's fiscal year '06 level. In FY 2012 the maintenance of effort requirements will end and the federal stimulus funding will be exhausted.

A question and answer session followed.

ECONOMIC AND WORKFORCE DEVELOPMENT

Mr. Roland Toups, member of the Board of Regents, was introduced and explained that prioritization is the key to efficiency. He stated that the answer to the nation's economic issues is in our educational system. PK-16 education is critical and looking at the state's needs, not institutional desires, is important. He discussed the need to: (1) review governance of higher education institutions; (2) support a top research institution to attract industries; (3) define and

refine the role, scope and mission statements of the universities; (4) discuss consolidations/mergers of institutions; and (5) examine the management of the Charity Hospital system.

Mr. Stephen Moret, Secretary of the Department of Economic Development, presented a power point entitled “Restructuring Higher Education to Help Create the Next Great American State for Economic Opportunity and Business Investment.” He discussed two reasons why the work of the Commission is critical to the future of the state: (1) higher education plays a central role in state economic development efforts by developing the qualified and skilled workforce which is listed as the most important site-selection factor by both current and prospective businesses, and (2) nationwide employment levels before the beginning of the national recession have outpaced southern states, but employment growth has lagged most of the last decade in the south. He stated that one of the consequences of underperformance over time is consistent outmigration. More conversation revolved around Louisiana’s efforts to cultivate new growth industries and the need for more college graduates to fill upcoming jobs. He noted that many of Louisiana’s current top growth occupations require education beyond high school, but less than a four-year degree; therefore, an education in the community college system could not only save money, but could prepare people quickly for the current workforce needs of the state. Key elements for aligning Louisiana’s higher education system with its workforce needs and its benefits were discussed.

(A copy of the power point may be found at <http://www.laperc.org/lapercCommissionResources.cfm>).

Mr. Curt Eysink, Executive Director of the Workforce Commission, emphasized that the upcoming budget cuts and how they are determined are going to affect Louisiana’s future for decades in its ability to produce a workforce. He stated that the lack of workforce hinders business growth. The ability for higher education to contribute to producing a workforce is critical. He said that Louisiana has too few people in vocational/technical careers and needs to focus on three points: (1) the need to grow the labor pool; (2) the skills of Louisiana’s workforce do not match the jobs that are available; and (3) forecasting must improve. Due to the aging population of baby boomers exiting the workforce and the declining number of births, there are too few people to maintain growth in the job market which hampers economic growth. He suggested the following workforce solutions: (1) redefine attainment to include being prepared for opportunities in Louisiana; (2) increase enrollment in postsecondary education, particularly at community and technical colleges; (3) generally align postsecondary programs and courses with education and training requirements of the job market in Louisiana, regionally and statewide; and (4) allow Louisiana to reap the benefits of the social return on its investment in postsecondary education. The necessity of building, rightsizing, growing and aligning the pipeline in Louisiana was discussed. Suggestions made by the Workforce Commission included: (1) workforce must stay in the forefront of postsecondary education; (2) attainment must be redefined to include not only completion but completion in areas where graduates can be employable in Louisiana; and (3) recognize the need to grow the pipeline by educating people through the community and technical college system.

NATIONAL/GLOBAL PERSPECTIVE

Dr. Paul Lingenfelter, President of the State Higher Education Executive Officers (SHEEO), provided the Commission members with information relative to educational attainment and employment. Employment statistics revealed a labor force of 91 million employees in 1973 compared to 154 million employees in 2007. Further discussions compared the number of jobs held by people with college degrees or some college that jumped from 24.6 million in 1973 to 91 million in 2007. He noted that all the job growth in the last four decades has increasingly required postsecondary education. The highest level of unemployment, especially in recessions, occurs with people of lower educational attainment. He said if Louisiana gradually but steadily increases the rate of high school graduation, college participation, and college graduation by ten percentage points over the next 16 years, 53,000 more degrees would be generated in our workforce by 2025. Louisiana needs to serve traditional students better in college but should also recruit and retrain adults aged 25-45. College participation, SAT scores, and degree attainment by socioeconomic status were also topics of review. Dr. Lingenfelter emphasized that increasing educational attainment is important to increase the capacity of Louisiana people to be competitive workers in the 21st century.

(A copy of the power point may be found at <http://www.laperc.org/lapercCommissionResources.cfm>).

LOUISIANA PERSPECTIVE

Mr. Dennis Jones, President of the National Center for Education Management Systems (NCHEMS), presented a power point on “Connecting Higher Education with the Future of Louisiana.” He commented that educational attainment for adults in Louisiana is very low when compared to other states. Further, he said that education results in increased levels of workforce participation, decreased rates of incarceration, and improved health outcomes. Forty-four percent of Louisiana residents (age 25-64) who have less than a high school education are not in the workforce. Educational opportunities and per capita income vary in Louisiana by parish. Educational attainment differences between whites and African-Americans were also discussed.

The educational needs index for the United States and Louisiana was displayed from “most critical” to “least critical.” Jones noted that Louisiana has more need for education than all but two other states. Topics also discussed were the “leaking” student pipeline, high school graduation rates, ACT scores of first-time freshmen, developmental education, international competitiveness, and tuition costs. Mr. Jones stated that higher education’s improved attainment is absolutely necessary for the future of the state and that Louisiana has gotten better but so has the rest of the world.

(A copy of the power point may be found at <http://www.laperc.org/lapercCommissionResources.cfm>).

A question and answer session followed.

A discussion ensued regarding a comment about a “surplus” of four-year degrees in Louisiana. It was stressed that there is a need for more certificate and associate awards in the state, but not at the expense of baccalaureate degrees.

A question was directed to Dr. Longanecker regarding what can be done about recruiting African-Americans to return to college, since Dr. Longanecker was part of a minority education board. He offered several suggestions such as: (1) the certificate or associate degree as a quicker educational avenue; (2) campuses mentoring/monitoring the progress of students; and (3) all institutions offering a comfortable environment for the students. Commissioner Clayton suggested that it is important to set the bar high for all students so they will be successful.

HIGHER EDUCATION EFFICIENCIES AND EFFECTIVENESS

Dr. Clausen introduced Sir Michael Barber who is presently the head of McKinsey’s Global Education Practice in England. His expertise centers on working on major challenges of performance, organization and reform in government and public services. Sir Barber offered his pro bono assistance to Dr. Clausen for the next three or four months to assist in the goal of reaching 10,000 additional graduates by 2015.

Next Dr. Clausen introduced Dr. Reginald Robinson, President of the Kansas Board of Regents, and Dr. William Kirwan, Chancellor of the University System of Maryland.

Dr. Robinson noted his state’s funding challenges and focused on finding efficiency on the non-academic side. Some areas of efficiency on the non-academic side he mentioned included: (1) outsourcing of various non-academic functions; (2) centralized purchasing; and (3) energy reduction. He said that efforts to cut costs on the academic side are more difficult. Ways to do this include: (1) increased use in distance learning to deliver academic programs; (2) consolidation of academic departments; (3) sharing academic courses/programs across institutional lines; (4) discontinuation or consolidation of low enrollment programs; (5) increased class size; (6) increased faculty teaching loads; and (7) increased use of adjunct faculty.

Dr. Kirwan gave a power point presentation entitled, “A Double Barreled National Crisis.” He mentioned that the United States is losing its status as the world leader in the educational attainment of its citizens. Higher education is being impacted. He said that Maryland has recently reengineered all of its higher education system, both in academic and non-academic areas. In return for the on-going efficiencies, the state agreed to reward the educational system by funding high priority needs. He emphasized that the result of the reengineering has been a \$70 million base budget reduction in costs and there have been no in-state tuition increases in the last four years. Fifteen thousand more students are being served and the time to degree has been reduced to the lowest in the history. The result is a 32% increase in state support in Maryland to increase access, completion and workforce development. He reviewed the efficiencies and effectiveness of Phase II currently being put in place in Maryland that includes curriculum redesign, community college partnerships and regional centers. He offered

two choices for Louisiana: continue on the current path, or follow the call to recapture global education and economic leadership.

(A copy of the power point may be found at <http://www.laperc.org/lapercCommissionResources.cfm>).

A question and answer session followed.

ELECTION OF OFFICERS

Election of Chair and Vice-Chair was postponed until the next meeting.

MOVING FORWARD

Dr. Wharton circulated to and discussed with Commissioners a document he had created as preliminary work for the Commission entitled “Louisiana Higher Education: Reduction in the Cost to the State General Fund.” The document offered possible methods to reduce the cost of higher education.

Dr. Clausen offered a tentative timeline of meeting dates for the Commission in order to finish its written report to the Legislature by the end of February 2010. The next meeting will be held in September after further consultation with Commission members regarding specific dates. Topics to be included at future meetings could include distance learning; dual enrollment; the structure of postsecondary education; role of research; state support, and; research dollars, along with the budget and priorities. In addition, a question was raised about the number of adult students in the two-year institutions and the recruitment efforts for people over 25 years of age as a possible topic of discussion at one of the upcoming meetings. Several questions were posed regarding the relationship and numbers between the community colleges and the technical colleges, including what is the program mix, what is a technical college, and how is it structured. Dr. Clausen stated that these questions will be answered in future sessions. It was suggested that one meeting be devoted to discussion among Commission members with no scheduled presentations.

CLOSING COMMENTS

Ms. Allison Reynolds, President of the Student Government Association (SGA) at Louisiana Tech University and President of the Council of Student Body Presidents (COSBP) offered some closing comments. She acknowledged the hardship ahead for Louisiana, but reminded the Commission that education is a treasure that cannot be lost. She encouraged the Commission to make recommendations that will keep Louisiana students in Louisiana schools.

Mr. Marc Guichard, student member of the Board of Regents, encouraged the Commission to allow students to be heard as decisions are made. They want to be part of the solution he said.

ADJOURNMENT

There being no further business to come before the Commission, the meeting adjourned at 4:00 p.m.