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To Save Money, Louisiana Seeks to Balance 2- and 4-Year Colleges

By Eric Kelderman

Among the proposed improvements in states' higher-education systems this year, Louisiana's may seem the most counterintuitive: Send far fewer students to four-year colleges.

Directing more people to community and technical colleges, say some elected officials and business leaders, would build a better work force by ensuring that more students graduate with usable skills and at a price that fits the state's budget.

As legislatures across the country convene this month for what promises to be a difficult budget year, many will consider major policy changes, acknowledging the reality that public colleges can no longer afford to be all things to all people. But no state's proposals may be bolder than those being considered in Louisiana.

Policy makers there say the state's economic future depends less on creating the next Research Triangle or Silicon Valley than on repositioning state colleges to better meet the needs of established industries there, including shipbuilders and oil-and-gas companies.

While the state has completed other strategic plans in recent years, reversing the impacts of Hurricane Katrina and the current economic downturn will require higher education to make "changes beyond anything we've seen before," says David A. Longanecker, president of the Western Interstate Commission for Higher Education and a member of a panel of state and national leaders assembled to recommend new policies for Louisiana.

Though there is widespread agreement in the state on the need for change, there is much less consensus about what new policies should be adopted. Several proposals that are expected to be on the table may generate controversy: higher tuition and tougher admissions standards at public four-year institutions; further consolidating, or eliminating, academic programs at both two-year and four-year colleges; and changing the four management boards that oversee public colleges' operations.

And the entire process runs the risk of pitting four-year colleges against two-year colleges in an endless fight over state tax support.

The legislatively commissioned panel, called the Postsecondary Education Review Commission, is considering policies to recommend to the Board of Regents, the coordinating and policy-making body for 19 public colleges, universities, and professional schools in Louisiana, and the Legislature, which will begin its annual session in March.

Regardless of what the commission recommends, public colleges need to come to terms with the need for major changes in how they operate, says Sally Clausen, Louisiana's commissioner of higher education. "We have to recognize that higher education will soon be forever changed in the way it delivers its services to students," she said. "Our need to change is real with or without this recession."

Too Many Dropouts

The impetus for overhauling higher education in Louisiana, as it is in states across the country, is to encourage economic development by preparing a well-educated populace to fill existing jobs, create companies, and attract employers. Those goals have become more difficult as state governments try to recover from the current recession and have less money to support higher education.

But Louisiana's higher-education system is not producing enough college graduates, or in the right fields, to meet employers' needs and to spur economic activity, say state elected officials and business leaders. In part, they argue, that's because too many students are attending four-year colleges, which aren't doing a good enough job of getting students to graduate. Nearly 75 percent of college students in the state are enrolled at four-year institutions, compared with about 50 percent nationwide.

In addition, Louisiana pays as much as \$5,200 a year for each student in a public research university, more than triple what it provides for a student in a two-year college, according to figures from the nonprofit Delta Project on Postsecondary Education Costs, Productivity, and Accountability.

The six-year graduation rate at Louisiana's four-year institutions is a little more than 42 percent, 14 points lower than the national average. The state has the third-lowest percentage of adults, ages 25 and older, with bachelor's degrees or higher, according to the U.S. Census Bureau.

The dropout rate is high because many students are unprepared for the academic rigors of college, says Sean Reilly, past chairman of Blueprint Louisiana, a nonpartisan group of business and community leaders that supports policy changes to increase enrollment at two-year colleges. When students drop out, he adds,

they are often saddled with debt and without the degrees or skills to get good jobs.

The solution, says Mr. Reilly, an advertising executive in Baton Rouge, La., is to significantly increase enrollment at the state's 10-year-old system of community and technical colleges. "It's clear to me that some people will succeed better at a two-year institution."

The goal of increasing enrollment at community and technical colleges has also been taken up by some of the state's top officials, including Gov. Bobby Jindal, a Republican. He told the review commission that the state would need an estimated 35,000 workers to fill new jobs each year for the next decade, most of which will require more than a high-school diploma and less than a bachelor's degree.

"In short, we need to make sure that educational attainment is in line with the economic-development needs of our state," Mr. Jindal said in August at the opening meeting of the commission, which is taking a broad look at the governance and operations of Louisiana's higher-education system.

Joe D. May, president of the Louisiana Community and Technical College system, says his colleges are already communicating with businesses about their needs. "We work closely with the state's employers, and from a business perspective they continue to raise their voices for qualified technicians, welders, machinists, and nurses," he says.

The review commission has released initial recommendations that could result in increased enrollment at two-year colleges. Those include raising admissions standards at public four-year colleges to try to improve graduation rates. For the class that will enter college in 2012, the commission has suggested graduation-rate goals of 50 percent to 75 percent, depending on the institution.

It can't be assumed that all of the students who are rejected by four-year colleges will simply choose a community or technical college, says Mr. May. He would like the state to help high schools provide more college advising.

Tuition Authority

As Louisiana and other states continue to deal with unprecedented shortfalls in tax revenue, lawmakers are looking to higher education to bolster economic activity, but with less public money, and to account for every dollar they receive.

Louisiana's economy has traditionally been buoyed by its oil and

natural-gas industries. State appropriations for higher education doubled between the 1999 and 2009 fiscal years, the third-greatest increase among the states for that period.

But the economic downturn has taken its toll on state-tax coffers, and the Legislature had to close a \$1.8-billion budget gap for the current fiscal year. As a result, Louisiana's higher-education appropriations were cut by 14 percent, according to a national study by the University of Washington's office of planning and budgeting.

The cuts have prompted public-college leaders to press for authority to raise tuition, which averages \$4,290 for public four-year colleges, the second-lowest such fee in the nation, according to the College Board. Louisiana is the only state where a tuition increase requires a two-thirds majority vote by the Legislature, and lawmakers have been reluctant either to give up that power or to take the political risk of approving increases themselves.

State House Speaker Jim Tucker, a Republican, says lawmakers may be persuaded to cede some tuition authority with the argument that students who will earn higher salaries with college degrees should shoulder more of the cost of that credential. "If you're going to get the benefit out of it, you should pay for it," he says.

One possible solution, he says, is to allow public colleges to raise tuition to the regional average over a two- or three-year period, but requiring institutions to get legislative approval if they want to raise rates higher than that.

E. Joseph Savoie, president of the University of Louisiana at Lafayette, says the state's higher-education system cannot continue to provide a high-quality education without being able to increase tuition to offset cuts in state appropriations. The state should increase money for need-based financial aid, he adds.

To encourage colleges to improve their graduation rates, Governor Jindal told the review commission, the state's performance-based financing formula should be strengthened so that institutions are paid more on the basis of the number of students they graduate than on the number they enroll. The current performance-based formula awards one-third of appropriations to institutions based on eight factors, including credit hours earned in certain disciplines, the number of work-force-development programs, and improvements in degree completion.

"We've taken steps to improve the way we fund colleges and universities with a new formula," the governor said. "Nobody agrees that the formula is perfect, and there can definitely be

improvements."

Most of the money in the formula is still determined by an institution's size and enrollment. The review commission has recommended that more dollars be based on actual graduation rates and the amount of time it takes students to complete their degrees.

No Easy Changes

The state's higher-education officials, for their part, do not agree on the best solutions for Louisiana's college-related problems.

Leaders of public universities question the wisdom of pushing many more students into the technical and community colleges. Those institutions, too, have low completion rates: on average, less than 14 percent of their students complete their programs after three years.

"If the goal is for people to finish, the two-year system is not where you want [students] to be," says John V. Lombardi, president of the Louisiana State University system. "Conspiracy theorists believe" that moving more students to the two-year colleges "is a way to starve the four-year system."

Susan E. Krantz, dean of the liberal arts at the University of New Orleans, says that if too few students are prepared for university-level work, the solution is to improve their elementary and secondary education, not to send fewer to universities. "The argument that there are too many students in four-year institutions indicates that the priorities of the state are damaging to higher learning," she says.

Mr. May, of the community and technical-college system, says the goals of the proposed changes are not to decrease support for the four-year system but rather to clarify the missions of both systems. "We still have a number of four-year colleges offering associate degrees," he says. "I think this is a prime time to let those go, along with developmental education."

Mr. Lombardi and others also question the ability of the review commission, the regents, and the Legislature to craft solutions. The commission has no real authority to change policy, and lawmakers may write legislation to meet their political aspirations rather than the overall needs of the state.

"The notion that the commission would be able to come up with a comprehensive plan for the reorganization of higher education in Louisiana is a utopian vision," Mr. Lombardi says.

Mr. Tucker, the House speaker, acknowledges that individual lawmakers may be tempted to protect the interests of their districts, especially over questions of closing or consolidating campuses and

academic programs. But concerns about what legislators might do could also be an incentive for institutions to make those decisions for themselves instead of stalling for time, he says.

"In the past, we didn't have the economic pressure we have today, and the systems could flat out wait the Legislature," he says. "That can't work this time. We have to make the changes and focus on the goals. Otherwise we're just talking about straight budget cuts."

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