

MINUTES

BOARD OF REGENTS

FEBRUARY 16, 2009

The Board of Regents met in session at 11:05 a.m. Monday, February 16, 2009, in the Louisiana Purchase Room, 1201 North Third Street, Baton Rouge, Louisiana. Chair Artis Terrell called the meeting to order. Executive Assistant Carolyn Blanchard called the roll and a quorum was established.

Present for the meeting were:

Scott Brame  
Robert Bruno  
Richard D'Aquin  
Maurice Durbin  
Ingrid Labat  
Robert Levy, Vice Chair  
W. Clinton Rasberry  
Victor Stelly  
Harold Stokes  
Artis Terrell, Jr., Chair  
Roland Toups  
Joseph Wiley

Absent for the meeting were:

Charlotte Bollinger  
Donna Klein  
Mary Ellen Roy, Secretary  
Jamey Arnette

PUBLIC COMMENTS

Chair Terrell noted that no written requests were received for public comments and asked whether the audience had any comments at the time. There were none.

## **MINUTES APPROVED**

### APPROVAL OF THE MINUTES OF JANUARY 22, 2009

**On motion of Regent Rasberry, seconded by Regent Levy, the Board voted unanimously to approve the minutes of January 22, 2009.**

### OVERVIEW OF THE MASTER PLAN FOR PUBLIC POSTSECONDARY EDUCATION IN BOARD OF REGENTS

Dr. Sally Clausen, Commissioner of Higher Education, noted that today's discussion would involve two major issues facing higher education: (1) the action plan for moving higher education forward in the state; and (2) how higher education can be efficient and effective given the budget reality of the state.

Dr. Clausen stated that the Regents have been working collaboratively to construct a new action plan reflecting our core values; our education of students and encourages quality research. She said the plan will require us to meet the state's grave needs for more graduates and more citizens who are work ready. Dr. Clausen mentioned that the action will be available on the Regents website after today's meeting.

Dr. Clausen continued by noting that Louisiana currently serves nearly 200,000 students and produces 30,000 graduates. The action plan is a guide to achieving our goal of raising those numbers to 40,000 by the year 2015.

At this time of fiscal constraints, the Division of Administration is making hard decisions about the state's 2-billion dollar shortfall. The range of proposed cuts for Fiscal Year 2009-2010 is \$212 million to \$382 million for higher education which represents a cut of 15% to 30%. The proposed cuts for each management board is: Louisiana State University System from \$97 to

\$175 million, Southern University System from \$13 to \$24 million, the University of Louisiana System from \$64 to \$116 million, and LCTCS from \$28 to \$51 million. She noted that the budget reality requires that we examine carefully every dollar we spend, evaluate the outcomes of our work, search for efficiencies, and expand opportunities for collaboration. The challenges and the potential relief provided by the economic stimulus will be discussed this afternoon, but the morning session would concentrate on the goals of the higher education plan.

Dr. Clausen gave an overview of the Board of Regents' Master Plans of 2001 and 2009. She noted that the Board of Regents was constitutionally created with the following responsibilities: (1) plan, (2) coordinate, (3) budget, and (4) approve and eliminate programs. The Master Plan 2001 included: (1) student access and success, (2) quality and accountability, and (3) services to communities and state.

Dr. Clausen noted that, in the Master Plan 2001, student access required admissions criteria at four-year campuses and was designed to enhance the community college system and its growing enrollment. The Master Plan for 2009 has a six-year plan to increase the educational attainment of all the state's population and invest strategically in university research.

Commissioner Clausen said that 36% of students graduate within a six-year period at public four-year colleges and universities compared to the national level at 54%. Six percent of Louisiana students graduate within three years from public two-year colleges compared to 22% at the national level. If all racial/ethnic groups had the same educational attainment, annual personal income in Louisiana would be \$10 billion higher. She noted that for every 100 9<sup>th</sup>

graders in Louisiana, 56 will graduate from high school, 33 will enter college within two years with 12 students earning a degree within six years.

She continued by saying that one goal of the Master Plan 2009 is to increase educational attainment by: (1) preparing high school students to be graduate ready for college/career, (2) increasing college-going rate, (3) improving retention rates, (4) increasing graduation rate of transfer students, (5) increasing the number of students earning credentials, (6) developing skilled workforce, (7) increasing adult learners, and (8) eliminating transfer barriers.

Dr. Clausen noted that the profile of college students has changed over the last four decades. In the 1960's, college students were mainly: white (95%), male (54%), average age 20, and a high school diploma was the only admission requirement, completed their degree in four-years, and had minimal debt. Today, the percentage of college students that are white is 73%; male is 43%; and average age is 25. There are stricter admissions requirements, longer time to graduate and an average debt over \$18,000 a graduate.

Dr. Clausen quoted from an article in the December 9, 2008, Inside Higher Ed, "*College vs. Employment*" by John Aubrey Douglass that "Less than two decades ago, America had the highest rate not only of students who entered a college or university, but also of those who then actually earned a bachelor's degree or higher. Now the U.S. ranks a rather meager 16<sup>th</sup> in the percentage of young people who get a degree." Dr. Clausen stated that the national perspective shows that three million more jobs will be available in the United States that requires a bachelor's degree, but there will not be enough graduates to fill them. Postsecondary education will be required for 90% of the fastest growing jobs, 60% of the new jobs, and 40% of

manufacturing jobs. The 2000 to 2020 workforce demographics are changing in Southern Regional Education Board (SREB) states with: white (4%), Black (28%), Hispanic (70%), and Asian (73%).

The second goal of the Master Plan 2009 is to invest in strategic research by focusing on campus research plans and prioritizing statewide research.

Dr. Clausen thanked system presidents, campus heads, management boards, public policy advisory groups, faculty senates, and others for their efforts in this plan. She also thanked national advisors such as Brenda Albright, State Finance Expert; Kevin Crockett, President and Chief Executive Officer of Noel-Levitz; Gordon Davis, former State Higher Education Executive Officer of Kentucky and Virginia; Dennis Jones, President of National Center for Higher Education Management Systems (NCHEMS); Paul Lingenfelter, President of the State Higher Education Executive Officers (SHEEO); David Longanecker, former U.S. Secretary for Higher Education, and David Spence, President of SREB. She noted that collaboration is critical and not easily done. In closing her presentation, Dr. Clausen quoted from *SREB Goals for Education: Challenge to Lead, 2002*, “Nothing influences a state’s prosperity more than the education of its people.”

Dr. Clausen requested that Board members review the Plan and submit input to Dr. Karen Denby, Senior Policy Analyst at the Regents, so the Plan can be edited and then adopted at the March 2009 Board of Regents meeting.

Regent Brame noted that the first paragraph of the Foreword states, “Its mission is to plan, coordinate and exercise budgetary responsibility for all public postsecondary education....”

He questioned why a reference was not made to the Regents' academic responsibilities of approving and eliminating programs. Staff noted this suggestion.

Regent Stelly stated that the power point showed a depressing comparison of Louisiana with other states in higher education issues. He asked if the SREB gives the same standards for all states to follow. Dr. Larry Tremblay, Acting Deputy Commissioner for Academic and Student Affairs, noted that each state receives the same survey with the same definitions and instructions, but he could not guarantee that each state responds similarly.

Regent Stelly also questioned how transfer students are handled. Dr. Tremblay stated that one of the state's major concerns is the way the federal government collects graduation rate data. He said if a student starts at one university and transfers to another university, in terms of the Federal survey, the student would graduate from the second university attended. According to the Federal survey, the first university "lost the student" while the second university can't claim the student because they did not start there, so both lose. SREB has changed the way it collects graduation rates to reflect transfer. Dr. Clausen said the numbers are underestimated because there currently is no mechanism to track transfer students; once there is, those numbers will rise. Dr. Tremblay said when we do comparative studies, we are bound by what is available across the states and the nation, thus not counting for transfers. He said that our own statistics, which we will share from our annual Master Plan updates, will account for transfers.

Regent Bruno remarked there is a need for Regents to work collaboratively with the Board of Elementary and Secondary Education (BESE). Dr. Clausen reminded Regent Bruno about the celebration of the high poverty, high performing students at the joint Board of

Regents/BESE meeting in December. This was a collaborative efforts between the Regents and BESE. She also informed the Board that Dr. Kerry Davidson, Deputy Commissioner of Sponsored Programs, has a meeting with Superintendent Paul Pastorek and his staff to develop a proposal for professional development for the Recovery School District.

Regent Bruno stated that Tulane University was the first university to require service learning before graduation. He inquired if all colleges and universities could require this service by its students. Dr. Clausen noted that service learning is happening on all campuses, and the students say it is wonderful.

Regent Brame noted that one of the goals of the Master Plan 2009 is to invest in strategic research by focusing on campus research plans and prioritizing statewide research. He inquired how this goal can be reached since not all universities are involved in research. Dr. Clausen stated that the area of research is a major core component of the existence of our research institutions. Commissioner Clausen said more ways to encourage collaboration between institutions are being reviewed. She said we are looking at research in the broadest sense, primarily focusing on the research institutions, the flagship university and private institutions. The Regents are working with Blueprint Louisiana and the Council for a Better Louisiana to drive an innovation agenda.

BALANCING THE BOARD'S FISCAL AGENDA: OVERSIGHT, ACCOUNTABILITY,  
AND ADVOCACY BY JANE WELLMAN, EXECUTIVE DIRECTOR OF THE DELTA  
COST PROJECT

Commissioner Clausen reiterated that the state is facing a 12 to 30 percent budget cut next fiscal year. She and the system heads have been in constant conversation about the budget

plans, how to best protect core services, how to serve students well and focus on cost containment.

Dr. Clausen continued by stating that real questions range from the size of our enterprise to whether we have a real commitment to program consolidation and are truly considering significant cost cutting efforts. Specifically, questions about how costs will be cut are being asked.

She indicated that our higher education enterprise must be a model of efficiency and excellence, and one that will take advantage of opportunities to reduce spending without harming academic programs. Higher Education must be proactive in meeting the challenges ahead. Increasing access and degree attainment continues to be a strategic priority. We must ask ourselves whether our policies and practices can be improved upon:

- To better meet challenges of accountability,
- To protect public resource base, and
- To ensure capacity to meet future needs.

Dr. Clausen next introduced Ms. Jane Wellman, Executive Director of the Delta Cost Project on Postsecondary Costs, Productivity and Accountability, to discuss national trends in financing. Ms. Wellman is an independent consultant and researcher for higher education and public policy. Her focus is primarily on public finance, costs, quality control, accountability and governance.

Ms. Wellman led a conversation with board members and system heads on carrying out their responsibilities for oversight, accountability and public advocacy for Louisiana. The

Board's responsibilities have traditionally been focused on (1) budget development; (2) public advocacy about higher education resources, particularly to public policy officials; and (3) primary focus on tuition and fee authority, financial aid, and special project funding. Further conversations would be necessary to determine how to strengthen the board's role regarding stewardship, how to obtain better data, how state dollars get spent, and how to answer the public's questions about where higher education spends its dollars.

For many years in higher education, most conversations about costs and resource use are on the revenue side. When prices and costs in higher education are discussed, the conversation rapidly goes to student tuition.

Ms. Wellman said the research on the national trends of spending in public and private institutions of higher education has assisted her in getting answers to questions about: (1) where the money is coming from; (2) where does the money go; (3) what does the money buy; (4) what do we know about the relationship between spending and tuition increases; and (5) what do we know about spending and results.

She commented that broad patterns have merged from the data – Louisiana looks similar to national patterns in one way, but at another level – not so similar. The national pattern for revenues in higher education has been a pattern of privatization. The resource growth in higher education in the last seven years has come from student tuition and fees. If you look at the composition of revenue coming into higher education, the proportion of funds coming from the public, particularly from appropriations, is down. The portion coming from student tuition and

fees is up. But, she said, that privatization of resources does not mean more money into the core academic program.

Louisiana has benefitted from an increase of investments in higher education in the last decade. That is not the case in most states. The amount of money that is spent on the core instructional program (faculty, student services, support services) has been flat across much of higher education since 2002. The increase in spending has been in research, dorms, hospitals, clinics, and athletics.

Commissioner Clausen said the first chart in the power point presentation showed a shift in subsidy share of costs on a national average for 2002-2006 in public institutions of higher education. The student share of costs is increasing everywhere, although students in public research universities on an average still get the largest subsidy among public institutions.

She continued by stating that the national trend on the amount being spent on average per student has gone down dramatically. At research institutions, there has been a loss per student from \$8,300 in 2002 to \$7,000 in 2006. Student tuition share has gone up from \$5,300 to \$6,700. This makes the point – spending is going flat – costs are going up. This creates pressure on institutions.

Ms. Wellman said the second chart in her presentation shows what Louisiana looked like during 2002 and 2006. Overall spending, costs per student, has been growing. We look good at that. If the chart was just for SREB states, Louisiana would not look too far behind. The student share of costs in Louisiana has been going up, as it has nationally.

Ms. Wellman indicated that she believes that when it comes to higher education funding in Louisiana and across the nation, the dip in public funding “will not be small or short-lived.” She suggested that the primary source of money for institutions will require a reallocation of existing budget sources. She pointed to three major areas to focus that reallocation, including: (1) turnover/retirement of faculty; (2) efficiency savings in administration such as consolidating duplicative programs, reducing energy costs, and slowing growth in employee insurance costs; and (3) productivity increases such as distance learning, creation of 3-year baccalaureate degrees and elimination of the attainment gap. She said that it is likely for the next 5 years, maybe 10 years, there will be flat appropriations, at best declining appropriations with institutions under great pressure to use tuition as a primary source of funding. Ms. Wellman expressed the feeling that the capacity for student tuition to increase is about tapped out.

She said it was imperative to convince lawmakers that higher education is a prudent investment of resources. Ms. Wellman emphasized that the board’s focus should be on public accountability, oversight and advocacy.

A question and answer session ensued.

Next, Chair Terrell invited the system presidents to speak to the Board.

Dr. Ralph Slaughter, President, Southern University System, said Louisiana is better off than other states due to the great working relationship with all system presidents and the Commissioner of Higher Education. He said the recent budget cuts have caused each system president to look within their own system as to how they can improve the institutions and make

them more efficient. He mentioned the importance of the fast growing community college system – their graduates can transfer to the four-year schools.

Dr. Randy Moffett, President, University of Louisiana System, said the challenges we have been facing has caused us to look at the services we are delivering and the way we are delivering services. He mentioned that the University of Louisiana System has a Cost Containment Committee in place, and savings have been significant, but not to the magnitude the budget cuts are requiring. He continued by stating that Louisiana has an education need with less than 20% of its citizens holding a bachelors degree. He said for the last 20 years, [cost of education in] Louisiana has been 50% tuition and 50% state revenue. This has changed in the last two to three years since the legislature and administration have provided significant support for universities. In our state though, tuition still runs below the southern regional average and national average. There are institutions today that are 65 to 70% below their peers in terms of tuition. Our balance of 60% state revenue and 40% tuition is a shift in the last two years and has not left Louisiana with significant tuition increases. He encouraged continued discussions on ideas which include articulation and cross enrollment.

Dr. Joe May, President, Louisiana Community and Technical College System (LCTCS), said the community college system is growing. He said there are constant changes where our dollars are invested, and spending reflects our values and what we care about. He said the entire country is in a budget crunch. Over the last two years, LCTCS has been efficient in one way by deleting over 40 administrative positions. As we look at budgets, regardless of good times or bad times, they should be about prioritization toward achieving goals for the State. Dr. May said

the challenges of the workforce are being addressed by prioritizing dollars that address those concerns of communities across the state.

Dr. John Lombardi, President, Louisiana State University System, said he is grateful to the Delta Cost Project because it provides data that is reliable and a stable frame of reference. He said that universities today are competing for scarce resources. Dr. Lombardi said the institutions compete with out-of-state institutions and against other institutions in other parts of the region. He mentioned there isn't enough money, enough students or enough faculty to be as successful as we want to be.

Regent Bruno offered a challenge to the system presidents and board members to take the lead and say what needs to be said in this time of crisis. He said we have an opportunity to change the way we do business and change things for the better.

Dr. Clausen said we need to ask ourselves many questions such as: "What kind of systems do we need to collect the kind of data we need to make decisions? Why not take a look at our own policy? Do the system presidents have the capacity to drive behavior on campuses now? If you don't, analyze that, make recommendations to the Board and the Board can send us to the Legislature for recommendations. Do we know where our money is going? Are our spending patterns getting us there?" She said we want to: (1) educate more students, (2) drive research in strategic ways, and (3) monitor ourselves so that we reward the behavior we are trying to get.

Regent Toups mentioned the importance of having a clear vision and being able to articulate that vision in a clear and concise manner when speaking to legislators.

After further discussion,

**On motion of Regent Rasberry, seconded by Regent Stokes, the Board voted unanimously to commission a special committee charged by the Board to address existing policies and practices affecting internal and external accountability for cost effectiveness with particular attention to:**

- **Communication with the public and policy audiences;**
- **Identifying best practices for measuring efficiency and effectiveness;**
- **Identifying and promoting practices that increase efficiency and effectiveness of resource use; and**
- **Articulation of roles and responsibilities for fiscal oversight in a system of shared governance, and differentiation of roles and responsibilities between Board, system and campuses**

**The work group should be led by the Commissioner's Office, and include system as well as board representation; process should be collaborative and consultative; process should be completed within five months; progress report to the Board in April with a final report in June.**

#### BUDGET FOR FISCAL YEAR 2009-2010 UPDATE

Mr. Donald Vandal, Deputy Commissioner for Finance and Administration, gave a brief update on the budget for fiscal year 2009-2010. He said a meeting to discuss budget strategies was held with Commissioner of Administration Angelé Davis, her staff, and higher education representatives on Monday, February 9. On March 13<sup>th</sup> the Division of Administration (DoA) will deliver the Governor's Executive Budget proposal to the Joint Legislative Committee on the Budget.

Deputy Commissioner Vandal said it is hopeful that the proposed \$382 million budget cut will not be as bad as first thought due to the upcoming federal stimulus package. He said at a

recent Senate Finance Committee meeting, the Committee staff described the stimulus package as a “buying of time,” maybe up to two years. But then questions will be raised – Where will we be then? What will the fiscal outlook of the state be? Mr. Vandal said it is not known at this time whether cuts in the budget come first and then fill the hole with the stimulus monies or vice versa.

Mr. Vandal said the Governor’s Executive Budget has to be balanced and balanced with official revenue estimates as adopted without any contingencies or basing it on any new tax revenues. In the past, the Governor has had to submit a separate supplemental budget that could not be contained in the base budget. This restricts in some ways how this can be done.

He continued by stating that the discussion earlier this afternoon regarding the Board’s fiscal agenda can demonstrate a variety of things. Mr. Vandal said higher education is closely looking at what the costs are, how efficient it can be, and what collaborative efforts it can build on. He said higher education needs to be cost effective and cost efficient. The relief money for higher education is in the general stabilization fund that is being provided to the states for relief impact of budget cuts. The restrictions appear to be minimal.

He continued by saying that it is not easy to make adjustments in higher education operations nor is it easy to build collaborative efforts that results in meaningful savings.

Commissioner Clausen mentioned that Ms. Wellman has volunteered to work with the Board on the issues of oversight, accountability and advocacy. She said that the National Association of System Heads (NASH) is an organization that is interested in picking out two or three states that would be willing to drive this type of agenda so a better analysis can be done of spending and how it relates to goals. Dr. Clausen volunteered our state as a model to examine.

ADJOURNMENT

Chair Terrell stated there being no further business to come before the Board, the meeting was adjourned at 2:35 p.m.