BOARD OF REGENTS
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AGENDA
PLANNING, RESEARCH and PERFORMANCE COMMITTEE MEETING
December 10, 2015 • 11:00 a.m.
Thomas Jefferson Room, W.C.C. Claiborne Building, Baton Rouge, LA

I. Call to Order

II. Roll Call

III. Consent Agenda
- A. R.S. 17:1808 (Licensure)
  1. License Renewals
     - a. Columbia University Teachers College
     - b. University of Wisconsin Milwaukee
     - c. Western Governors University
- B. Proprietary Schools Advisory Commission
  1. Initial Licenses
     - a. Accelerated Dental Assisting Academy (Hammond)
     - b. Assist to Succeed
     - c. New Orleans Culinary and Hospitality Institute, Inc.
  2. AOS Degree Application
     - a. ITI Technical College
  3. License Renewals

IV. GRAD Act
- A. Recommendations of the GRAD Act Review Panel as Required by Act 741 of 2010

V. Response to House Resolution No.178 of the 2015 Louisiana Legislature

VI. Other Business

VII. Adjournment

Committee Members: Joel Dupré, Chair; William Fenstermaker, Vice Chair; Mark Abraham, Claudia Adley, Raymond Brandt, Joseph Farr, Robert Levy, Gray Stream.

Agenda Item III.A.1.a.

Columbia University Teachers College
New York City, New York

BACKGROUND

Columbia University Teachers College (Columbia) is not incorporated in the State of Louisiana. The university is a private institution located in New York City, New York and is seeking license renewal. Columbia is accredited by the Commission on Colleges of the Middle States Association of Colleges and Schools. The Teachers College is accredited by the National Council for Accreditation of Teacher Education.

ACADEMIC PROGRAM

Columbia offers its Summer Principals Academy in New Orleans. The program results in a masters degree. The Summer Principals Academy is designed to allow teachers/leaders to remain employed full-time with intensive summer instruction and a 450-hour supervised administrative internship. Columbia reported an enrollment of 70 students during the 2015 summer program.

FACULTY

Columbia employs twenty-two faculty to support the Summer Principals Academy, all on a part-time basis. Fifteen of the faculty are trained at the doctoral level.

FACILITIES

The Loyola University College of Law assists Columbia's Principals Academy by providing access to facilities for a fee.

STAFF RECOMMENDATION

Given the limited scope of the program, the credentials of its faculty, the college's campus and program accreditation, and the general oversight by the home campus, the senior staff recommends that the Board of Regents approve the application for license renewal from Columbia University Teachers College, headquartered in New York City, New York.

Agenda Item III.A.1.b.

University of Wisconsin Milwaukee
Milwaukee, Wisconsin

BACKGROUND

The University of Wisconsin Milwaukee (UWM) is not incorporated in the State of Louisiana. The institution is a publically-supported urban research university of nearly 30,000 students founded over 100 years ago and is seeking license renewal. UWM is located in Milwaukee, Wisconsin, near the shores of Lake Michigan and is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools.

ACADEMIC PROGRAM

UWM makes available to Louisiana residents online over thirty programs at the certificate through doctoral level in a variety of programs in the arts and sciences, healthcare and education. Typically, the online nature of the delivery system would not require licensure. However, since the nursing and health information management programs require clinical experiences/internships, licensure is necessary.

FACULTY

UWM employs 223 faculty in support of its online programs. Of these, 181 are trained at the doctoral level and 180 are employed full-time.

FACILITIES

Since UWM operates programs online with administrative and academic support in Milwaukee, there are no out-of-state physical facilities in Louisiana. Students complete clinical/internship experiences at various locations within the state.

STAFF RECOMMENDATION

Given the credentials of its faculty, the institution's and academic programs' accreditation, and the general oversight by the home campus, the senior staff recommends that the Board of Regents approve license renewal for the University of Wisconsin Milwaukee, located in Milwaukee, Wisconsin.

Agenda Item III.A.1.c.

Western Governors University
Salt Lake City, Utah

BACKGROUND

Western Governors University (WGU) is not incorporated in the State of Louisiana. The institution is a private university in the state of Utah and is seeking license renewal. Chartered as a competency-based institution by 19 western state governors in 1996, WGU is headquartered in Salt Lake City, Utah and operates in all fifty states. The institution is accredited by the Northwest Commission on Colleges and Universities.

ACADEMIC PROGRAM

WGU offers a variety of online undergraduate (certificate and bachelors) and graduate (masters) programs to Louisiana residents. Typically, the online nature of the delivery system would not require licensure. However, since some of the programs require internships, field experiences or clinical experiences, licensure is necessary.

FACULTY

WGU employs 1,114 faculty to support its education programs, all on a full-time basis. Of the 1,114 faculty, 275 are trained at the doctoral level.

FACILITIES

Since WGU operates programs online with administrative and academic support in Salt Lake City, there are no out-of-state physical facilities in Louisiana. Depending on the academic program, students will complete clinical experiences at various locations in Louisiana.

STAFF RECOMMENDATION

Given the credentials of its faculty, the college's campus and program accreditation, and the general oversight by the home campus, the senior staff recommends that the Board of Regents approve license renewal for Western Governors University, headquartered in Salt Lake City, Utah.

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Agenda Item III.B.

Minutes
Board of Regents' Proprietary Schools Advisory Commission
November 10, 2015

The Louisiana Board of Regents' Proprietary Schools Advisory Commission met on Tuesday, November 10, 2015, at 10:05 a.m. in Room 1-190 of the Claiborne Building, Baton Rouge. Vice-Chair Jones called the meeting to order. The roll was called and a quorum was established.

Commission Members Present

Melanie Amrhein
Sherrie Despino
James Dorris
Theresa Hay
Keith Jones, Vice-Chair
Raymond Lalonde

Staff Members Present

Chandra Cheatham
Kristi Kron
Carol Marabella
Larry Tremblay

Commission Members Absent

Ralph Bender, Chair
Richard D'Aquin
James Fontenot

Guests Present

(See Appendix A.)

The first item of business was approval of the minutes from its meeting of September 8, 2015.

> **On motion of Mr. Lalonde, seconded by Mr. Dorris, the Proprietary Schools Advisory Commission unanimously adopted the minutes of the September 8, 2015 Proprietary Schools Advisory Commission meeting.**

The next agenda item considered by the Commission was three initial license applications, the first from Accelerated Dental Assisting Academy, LLC, for a proposed location in Hammond Louisiana, and represented by the school's Manager, Mr. David B. Roux. Ms. Marabella reviewed the materials for the Commission noting that this proposed school is owned by a practicing dentist, Dr. Jarrad Bencaz of Denham Springs, Louisiana, who currently has twelve proprietary schools licensed by the Board of Regents. This new institution, like its sister schools, would be offering one program of study, Dental Assisting, which is a ten-week, 80.0 clock hour program with classes held on Saturday. The application for Accelerated Dental Assisting Academy (Hammond) had met all the legal and administrative requirements to be approved for an initial license.

Following further discussion regarding the number of students enrolled at each campus, the positive business activity experienced by the group of currently licensed schools, and the marketing strategies currently utilized,

> **On motion of Ms. Amrhein, seconded by Ms. Hay, the Proprietary Schools Advisory Commission unanimously recommends that the Board of Regents approve an initial operating license for Accelerated Dental Assisting Academy, located in Hammond, Louisiana.**

The second initial license application considered by the Commission was from Assist to Succeed, located in Denham Springs, Louisiana, and represented by the school's solicitor/instructor, Ms. Ashley Territo. Ms. Marabella reviewed the materials for the Commission noting that this proposed school is owned by two practicing dentists, Dr. Andrew H. Hood and Dr. E. Edward Hood, Jr., of Denham Springs, Louisiana. This new institution would be offering one program of study, Dental Assisting, which is a ten-week, 80.0 clock hour program. The program will be taught at the owner's dental clinic on Saturdays. The application for Assist to Succeed had met all the legal and administrative requirements to be approved for an initial license.

Following further discussion regarding the anticipated starting salary of Dental Assistants in the greater Baton Rouge area, the differences between the job responsibilities of a Dental Assistant and a Dental Hygienist, and the anticipated maximum class size,

On motion of Mr. Lalonde, seconded by Ms. Despino, the Proprietary Schools Advisory Commission unanimously recommends that the Board of Regents approve an initial operating license for Assist to Succeed, located in Denham Springs, Louisiana.

The third and final initial license application considered by the Commission was from the New Orleans Culinary and Hospitality Institute, Inc., located in New Orleans, Louisiana, and represented by Ms. Carol A. Markowitz, Executive Director. Ms. Kron reviewed the materials for the Commission informing it that the proposed institution would be offering two programs of study, Culinary Arts and Baking & Pastry Arts. Both programs are 643.5 clock hours with a program length of five months. New Orleans Culinary and Hospitality Institute, Inc., had met all the legal and administrative requirements to be approved for an initial license.

Following further discussion regarding the scope and vision of the school, its planned location, and the school's anticipated collaboration with other area institutions,

On motion of Ms. Amrhein, seconded by Mr. Dorris, the Proprietary Schools Advisory Commission unanimously recommends that the Board of Regents approve an initial operating license for the New Orleans Culinary and Hospitality Institute, Inc., located in New Orleans, Louisiana.

The next agenda item considered by the Commission was an Associate in Occupational

Studies (AOS) Degree application from ITI Technical College, located in Baton Rouge, Louisiana. Ms. Cheatham reminded the Commission members that the Proprietary Schools Law requires that AOS degrees be offered only by schools that hold recognized accreditation and that the Board of Regents must approve all AOS degree program offerings. ITI Technical College is accredited by the Accrediting Commission of Career Schools and Colleges (ACCSC).

The proposed curriculum for the AOS Degree in Construction Management consists of 97.0 quarter credit hours/1,440.0 clock hours. Full-time students should be able to complete the program requirements in 24.0 months. ITI Technical College's proposed AOS degree program had met all the legal and administrative requirements to be approved by the Board of Regents.

Following further discussion regarding the curriculum, entrance requirements for admission into this program of study, the comparison between the baccalaureate degree and the AOS degree in construction management, and employment opportunities available to graduates,

On motion of Mr. Lalonde, seconded by Ms. Hay, the Proprietary Schools Advisory Commission unanimously recommends that the Board of Regents approve the Associate in Occupational Studies Degree program in Construction Management for ITI Technical College, located in Baton Rouge, Louisiana.

The next agenda item considered by the Commission was operating license renewals. Ms. Marabella informed the Commission members that there were twenty-nine (29) schools seeking renewal. These schools scheduled for renewal were in complete compliance, having met all the legal and administrative requirements to be re-licensed.

Following further discussion,

On motion of Ms. Despino, seconded by Ms. Hay, the Proprietary Schools Advisory Commission unanimously recommends that the Board of Regents renew the licenses of the following proprietary schools (initial license date in parentheses).

Academy of Interactive Entertainment (09/22/10)
Acadiana Area Career College--A Division of Blue Cliff College (09/28/12)
Advantage Dental Academy, LLC (09/25/14)
American School of Business (09/24/09)
Ayers Career College (10/25/90)
Becker Professional Education--New Orleans (10/24/96)
The Captain School, LLC (09/22/11)
Cardiovascular Technology Training (09/27/07)
Coastal College--Baton Rouge (09/28/00)
Coastal Truck Driving School of New Orleans (09/25/14)
Compass Career College (09/23/04)
Crosby Court Reporting Center (10/28/93)
Delta College, Inc. (10/26/95)
Delta College, Slidell Branch (09/23/04)
Dental Assisting Academy of Louisiana (09/25/14)
Diesel Driving Academy--Shreveport (06/21/73)
Eastern College of Health Vocations (10/28/99)
McCann School of Business and Technology (formerly Career Technical College) (09/28/06)
McCann School of Business and Technology (formerly Career Technical College of Shreveport (09/28/06)
Mia's Medical Academy, LLC (09/25/14)
Nursing Assistant Network Association (10/27/94)
Pelican Chapter, Associated Builders and Contractors, Inc., Training Center--Baton Rouge Campus (09/27/12)
Pelican Chapter, Associated Builders and Contractors, Inc., Training Center--Southwest Campus (09/27/12)
Saint Agatha Career School, LLC (09/22/11)
Spartan College of Aeronautics and Technology (09/26/13)
Sparx Welding & Technology Institute (08/26/10)
Thomas Training & Development Center, Inc. (10/26/95)
Unitech Training Academy, West Monroe (09/23/04)
The World's Only Tattoo School, LLC (09/27/07)

Ms. Marabella informed the Commission that there were two institutions that choose not to renew their licenses this renewal cycle: Becker Professional Education--Baton Rouge (10/24/96) and Oklahoma College of Construction (09/25/14). Staff will follow through to secure the student records from each school for safekeeping.

The next item on the agenda was an update on program approvals. Vice-Chair Jones reminded the Commission that staff approved these updates administratively and course approvals were being shared for informational purposes only.

Under Other Business, the Commission formally approved the 2016 meeting calendar as presented at the September 8, 2015 Commission meeting. Ms. Kron updated the Commission on the anticipated e-mail delivery format that members will utilize to receive agenda materials beginning in January.

The next meeting of the Proprietary Schools Advisory Commission is scheduled for Tuesday, January 12, 2016, at 10:00 a.m., in Room 1-190 of the Claiborne Building. There being no further business, the meeting adjourned at 10:56 a.m.

APPENDIX A
GUESTS

Michael Champagne	ITI Technical College
Lisa Launey	ITI Technical College
Carol Markowitz	NOCHI
Sally Stuart Morgan	ITI Technical College
David Roux	Accelerated Dental Assisting Academy, LLC
Kara Sibley	Accelerated Dental Assisting Academy, LLC
Morgan Spring	Accelerated Dental Assisting Academy, LLC
Ashley Territo	Assist to Succeed
Patricia Wilton	LA Department of Justice
Mark Worthy	ITI Technical College

Agenda Item IV.A.

Executive Summary

In 2010, the Louisiana Legislature enacted Act 741, the Louisiana Granting Resources and Autonomy for Resources for Diplomas Act (GRAD Act). The GRAD Act requires the Board of Regents (BoR) to annually monitor and report to the Legislature and the Governor each institution's progress toward meeting benchmarks and targets associated with the performance objectives. Additionally, the GRAD Act requires the BoR to review GRAD Act during the end of each six-year agreement period, and, based in part on considerations of a review panel, recommend to the Joint Legislative Committee on the Budget whether the six-year performance agreements should be renewed.

In accordance with Act 741, the BoR appointed and convened the Review Panel in October. A subsequent meeting was held on November 9th. The final report of the GRAD Act Review Panel (attached) was submitted to the Board of Regents for its consideration. The report (1) provides an overview of GRAD Act; (2) identifies issues which impacted GRAD Act implementation; and (3) includes the GRAD Act Review Panel's final conclusions and recommendations.

Staff will summarize the recommendations of the final report of the GRAD Act Review Panel for the Planning, Research and Performance Committee at its meeting on December 10th.

RECOMMENDATIONS OF THE GRAD ACT REVIEW PANEL
(As Required by Act 741 of 2010)

Submitted to:
THE LOUISIANA BOARD OF REGENTS

November 2015

Introduction

In 2010, the Louisiana Legislature enacted Act 741, the Louisiana Granting Resources and Autonomy for Resources for Diplomas Act (GRAD Act)(Appendix A). The GRAD Act provides for six-year performance agreements between the Louisiana Board of Regents (BoR) and Louisiana public postsecondary education systems and institutions. With the overall goal of rewarding performance for increasing accountability and efficiency among participating institutions, the Act grants colleges and universities increased autonomy and flexibility in exchange for a commitment to meet defined performance objectives.

The GRAD Act requires the BoR to annually monitor and report to the Legislature and the Governor each institution's progress toward meeting benchmarks and targets associated with the performance objectives. Additionally, the Act calls for the BoR to review GRAD Act during the end of each six-year agreement period, and, based in part on considerations of a review panel, recommend to the Joint Legislative Committee on the Budget whether the six-year performance agreements should be renewed.

In accordance with Act 741, the BoR sought appointments to the GRAD Act Review Panel. The twelve appointed members include one representative from each postsecondary education system, a representative appointed by the Board of Regents' Chair, a representative appointed by the Commissioner of Higher Education, two representatives selected by the Speaker of the House of Representatives, two selected by the President of the Senate and two representatives appointed by the Governor's office (Appendix B).

In October 2015, following receipt of panel appointments, the BoR held an initial meeting of the Review Panel. A subsequent meeting was held on November 9th. The final report of the GRAD Act Review Panel was submitted thereafter to the Board of Regents for its consideration.

This report (1) provides an overview of GRAD Act; (2) identifies issues which impacted GRAD Act implementation; and (3) includes the GRAD Act Review Panel's final conclusions and recommendations.

An Overview of the GRAD Act

The GRAD Act was passed by the Legislature, with the support of the Governor, in 2010 in response to concerns about retention, graduation and completion, within the context of rewarding performance. As designed, the Act included annual rewards for institutions reaching their pre-determined benchmarks and targets. These rewards included:

(1) The limited ability to increase tuition and fee amounts up to ten percent based on the institution's proximity to its peers' average; and

(2) The ability to earn various levels of operational autonomies.

The GRAD Act stipulated that institutions achieve specific, measurable performance objectives aimed at improving college retention, completion and meeting the state's current and future workforce and economic development needs. The four performance objectives identified in the GRAD Act are:

(1) Student Success

(2) Articulation and Transfer

(3) Workforce and Economic Development

(4) Institutional Efficiency and Accountability

In addition to the above, the GRAD Act allows "any additional performance objectives as determined by the Board of Regents," and further provides that "any performance objectives defined in the formula funding performance model adopted by the Board of Regents for Fiscal Year 2010-2011 shall be aligned with performance objectives defined in [the GRAD Act.]" See La. R.S. 17:3139.2.

BoR has consistently interpreted and implemented the ability to earn performance funding through alignment of the Regents' formula funding model and the performance objectives of the Grad Act in the following manner: In any particular year, fifteen percent of the funds allocated by BoR to the institutions through its funding formula, which is the portion BoR allocates based on an institution's performance, is withheld from institutions that fail the GRAD Act during the previous year. While BoR had always intended for this "performance funding" portion of the funding formula to be an added incentive for improved performance, the lack of adequate funding has led to institutions suffering the penalty for failing the GRAD Act without ever enjoying the benefits of being better-funded for improved performance. In other words, if an institution fails the GRAD Act, BoR withheld fifteen percent of the formula funding, but if an institution passed the GRAD Act, there were never sufficient state funds to reward that institution with an additional fifteen percent for its performance. (Note: BoR adopted an intervention policy under which 75% of the 15% of performance funding would be released to the failing institution if it develops an improvement plan and demonstrates to BoR on a quarterly basis that it has met the goals of such improvement plan.)

There are performance elements and measures associated with each of the aforementioned objectives. Elements are the performance requirements stated in the GRAD Act law that correlate with each objective. Quantitative measures were negotiated and agreed upon by Regents, systems and institutions as a way to determine whether an institution was demonstrating satisfactory progress toward meeting the performance objectives. Measures were assigned by institution type and tied to the institution's specific role, scope and mission. The Regents, systems and institutions established baseline data, annual benchmarks (short-term) and 6-year targets (long-term) for each measure within the performance agreement.

In October of 2010, Louisiana public postsecondary education systems and institutions entered into the initial six-year GRAD Act performance agreements with the Board of Regents. As parties to the agreements, institutions annually report their progress on applicable elements and measures to their management boards and Regents. Regents monitors, reviews, scores and reports annually to the Legislature and Governor each institution's progress in meeting the four performance objectives.

In 2011, the Legislature amended the 2010 Act, specifically requiring successful attainment of the student success performance objective in order to pass GRAD Act, acknowledging that each of the other three were fundamentally aligned with the student success objective. This amendment, which altered the scoring of GRAD Act, occurred after initial benchmarks and targets had been established and performance agreements signed. As mentioned, prior to the amendment, an institution's success was based on the achievement of benchmarks and targets in support of the four performance objectives (student success, articulation and transfer, workforce and economic development, and institutional efficiency and accountability). The practical result of the 2011 amendments was that passage of GRAD Act became contingent solely upon passage of the student success performance objective rather than an overall passing score on the four objectives. Achievement of passing scores on the other three objectives could no longer offset falling short on the student success objective; thus, passing GRAD Act became more difficult.

Design vs. Implementation

At its inception, the GRAD Act was supported as a mechanism that would serve as an incentive to improve student outcomes, providing added revenue in exchange for greater accountability and efficiency. As mentioned, passing GRAD Act would grant institutions the mechanism to increase tuition, allow for operational autonomies and reward performance through the formula. However, in many of the years during the six-year agreement, tuition authority did not result in any increased revenues to the institution, due to a corresponding reduction in state funding. This practice of reducing state funding to offset any tuition increases, the so-called "tuition swap," nullified any benefits of the tuition authority earned under the GRAD Act and actually penalized the institutions that earned such authority, for in practice, this was even more damaging than a one-to-one swap. On average, institutions only collect 75 to 80 cents on a dollar in tuition due to waivers, scholarships and non-collectibles. Therefore, in a tuition-for-general fund swap, institutions would actually lose funding by increasing tuition.

Another reward included in GRAD Act for performance was the ability to access certain operational autonomies. In theory, there were three levels of autonomies which institutions could seek approval to exercise based on performance. In practice, gaining these autonomies was problematic. Meeting the criteria was challenging but attainable. However, receiving approval for operational autonomies proved more difficult. During the six-year agreement, few institutions actually were approved to exercise the autonomies they had earned.

Finally, without adequate state funding, rewarding performance through the funding formula was not possible, as explained above. Instead of being deemed ineligible for additional performance funding by failing GRAD Act, institutions stood to lose state general funds. Failing institutions were asked to improve performance with even less state support, while institutions that passed the GRAD Act saw no additional benefits through the funding formula.

The challenges outlined above and the implications of budget cuts endured by campuses (i.e., elimination of faculty and staff positions, increase in class sizes, and reduction of courses and programs offered) made achieving GRAD Act benchmarks increasingly difficult. Institutions failing to achieve annual GRAD Act requirements did not merely lose out on a reward; they were, in essence, penalized. Thus, the penalties for failing the GRAD Act were steep, while the rewards for passing were non-existent.

Conclusions and Recommendations

Despite the unforeseen consequences mentioned above, the Review Panel does acknowledge the positive intentions of the GRAD Act as originally conceived. At its core, the goal of the Act was to incentivize institutional behavior to improve performance within a framework that promotes accountability. The Panel supports this goal and acknowledges that it should remain a priority for higher education, the legislature and the administration. However, the panel does not believe that the GRAD Act, as currently constructed, is the most effective mechanism to achieve that goal. The Panel contends that both the performance measures and rewards used to incentivize institutional behavior can be best addressed through means other than through GRAD Act. Therefore the Panel's recommendations will primarily focus on alternative methods to evaluate performance measures and provide incentives, particularly through the implementation of Act 462 of 2014 and the GRAD Act amendments in 2015, as more fully discussed below.

Act 462 of 2014 by Sen. Appel called for the development of "a comprehensive outcomes-based funding formula that ensures the equitable allocation of state funds to public postsecondary educational institutions, appropriately considers costs, places significant emphasis on student and institutional outcomes, and aligns with the state's economic development and workforce needs." The Review Panel notes the close correlation between the performance objective language in the GRAD Act (student success, workforce and economic development) and the expectations of the outcomes-based formula (significant emphasis on student ... outcomes, aligns with economic development and workforce needs). Additionally, Act 462 directly authorized the BoR to make recommendations for changes necessary to the GRAD Act in order to implement this new formula.

As originally constructed, the Grad Act sought improvements in four major areas: Student Success, Articulation and Transfer, Workforce and Economic Development, and Institutional Efficiency and Accountability. Under Act 462, retention, graduation and completion – the primary measures in the student success objective – will now be incentivized as part of the new outcomes-based formula under development.

Accordingly, the proposed formula also continues to place emphasis on key measures in the other three GRAD Act performance objectives. For example, there is a continued focus on articulation and transfer. Two-year colleges are incentivized for transferring students to four-year institutions; four-year institutions are rewarded for receiving and graduating transfer students; and institutions will receive credit through participation in cross-enrollment agreements at every level.

In direct response to workforce and economic development, measures such as time-to-degree, number of Pell and adult completers and graduates in four and five star majors are rewarded in the formula. Added incentives are incorporated to endorse efficiency and accountability for measures within each of the performance objectives.

As mentioned, at its inception, the GRAD Act was intended to provide added incentives in exchange for greater accountability and efficiency. Passing GRAD Act would grant institutions the authority to increase tuition, allow for operational autonomies and reward performance under the formula. However, declines in state funding and the resulting negative consequences did not allow for GRAD Act to be implemented as originally designed. Therefore, the Panel supports the incorporation of the GRAD Act performance elements and rewards into the proposed outcomes-based funding formula, revising the reward structure included in the original GRAD Act legislation.

Act 359 of the 2015 session took an initial step in amending the original GRAD Act reward structure by removing passage of GRAD Act as a condition for receiving operational autonomies, instead tying eligibility to clean financial audits. This amendment occurred in part due to the recognition that these autonomies are inherent in university operations nationwide and indicative of good sound business practices that lead to more effective and efficient operations. They should not be earned, but rather expected of sound higher education institution management.

Act 359 aligns with the Panel's view that the current reward structure of GRAD Act be redesigned to more effectively support Louisiana's public postsecondary education institutions in remaining competitive and increasing accountability.

Based on the analysis and findings outlined above, the GRAD Act Review Panel submits the following recommendations to the Louisiana Board of Regents regarding renewal of the six-year agreements and in the reward areas of tuition authority, operational autonomies and performance funding relative to the future of GRAD Act:

1. The six-year agreements not be renewed;
2. That postsecondary education be funded through a methodology that more appropriately considers both cost and performance;
3. The GRAD Act performance and accountability metrics (retention, progression, transfer, completion, time-to-degree, etc.) be incorporated in the implementation of a new outcomes-based funding formula;
4. The Board of Regents in consultation with the management boards develop a Tuition Policy for legislative approval to give management boards tuition authority within the parameters of the Regents' Tuition Policy;

5. Eligibility for operational autonomies, as amended by Act 359 of 2015, be reauthorized in a separate statute;
6. The Board of Regents shall annually report to the appropriate Legislative committees on the implementation of the funding methodology and the outcomes based funding formula including performance metrics for each institution, how much funding the formula allocates to each institution and how much each institution actually receives; and
7. The GRAD Act law be repealed.

Appendix A

ENROLLED

Regular Session, 2010

ACT No. 741

HOUSE BILL NO. 1171

BY REPRESENTATIVES TUCKER, ARNOLD, AUSTIN BADON, HENRY BURNS, TIM BURNS, CARMODY, CARTER, CHAMPAGNE, CONNICK, DOVE, GISCLAIR, HARDY, HINES, HOFFMANN, KATZ, LABRUZZO, LIGI, ROBIDEAUX, SIMON, SMILEY, WILLIAMS, AND WOOTON AND SENATORS APPEL, DONAHUE, DUPLESSIS, MARTINY, AND QUINN

AN ACT

To amend and reenact R.S. 17:3386(A) and (D) and to enact R.S. 17:3139 and 3386(E), relative to public postsecondary education; to provide for the Louisiana Granting Resources and Autonomy for Diplomas Act; to provide for performance agreements between the Board of Regents and public postsecondary education institutions; to provide for the effectiveness, review, revocation, and renewal of such agreements; to provide for autonomies granted to institutions that enter into such agreements; to require specified performance objectives to be met as part of such agreements; to provide for monitoring and reporting by the Board of Regents; to exempt certain institutions from requirements relative to the use of surplus funds and the carrying forward of certain state general funds; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 17:3386(A) and (D) are hereby amended and reenacted and R.S. 17:3139 and 3386(E) are hereby enacted to read as follows:

§3139. Louisiana Granting Resources and Autonomy for Diplomas Act; purpose; agreements; monitoring and renewal; reporting

A. Title. This Act shall be known and may be cited as the "Louisiana Granting Resources and Autonomy for Diplomas Act".

B. Purpose. The purpose of this Section is to support the state's public postsecondary education institutions in remaining competitive and increasing their overall effectiveness and efficiency by providing that the institutions achieve specific, measurable performance objectives aimed at improving college completion and at meeting the state's current and future workforce and economic development needs and by granting the institutions limited operational autonomy and flexibility in exchange for achieving such objectives.

C. Performance agreements; objectives. Effective beginning with the 2011 Fiscal Year, any public postsecondary education institution, including professional schools, may enter into an initial performance agreement with the Board of Regents in order to be granted limited operational autonomy and flexibility as provided in Subsection F of this Section in exchange for committing to meet established targets for the following performance objectives as applicable to the institution as determined by the Board of Regents:

(1) Student success. (a) Implement policies established by the institution's management board to achieve cohort graduation rate and graduation productivity goals that are consistent with institutional peers. For purposes of this Section, peer institutions shall mean those institutions as defined by the Board of Regents in accordance with R.S. 17:3351(A)(5)(e)(i).

(b) Increase the percentage of program completers at all levels each year.

(c) Develop partnerships with high schools to prepare students for postsecondary education.

(d) Increase passage rates on licensure and certification exams and workforce foundational skills.

(2) Articulation and transfer. (a) Phase in increased admission standards and other necessary policies by the end of the 2012 Fiscal Year in order to increase student retention and graduation rates.

(b) Provide feedback to community colleges and technical college campuses on the performance of associate degree recipients enrolled at the institution.

(c) Develop referral agreements with community colleges and technical college campuses to redirect students who fail to qualify for admission into the institution.

(d) Demonstrate collaboration in implementing the articulation and transfer requirements as provided in R.S. 17:3161 through 3169.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

(3) Workforce and economic development. (a) Eliminate academic program offerings that have low student completion rates as identified by the Board of Regents or are not aligned with current or strategic workforce needs of the state, region, or both as identified by the Louisiana Workforce Commission.

(b) Increase the use of technology for distance learning to expand educational offerings.

(c) Increase research productivity especially in key economic development industries and technology transfer at institutions to levels consistent with the institution's peers.

(d) To the extent that information can be obtained, demonstrate progress in increasing the number of students placed in jobs and in increasing the performance of associate degree recipients who transfer to institutions that offer academic undergraduate degrees at the baccalaureate level or higher.

(4) Institutional efficiency and accountability. (a) Eliminate remedial education course offerings and developmental study programs unless such courses or programs cannot be offered at a community college in the same geographic area.

(b) Eliminate associate degree program offerings unless such programs cannot be offered at a community college in the same geographic area or when the Board of Regents has certified educational or workforce needs.

(c) Upon entering the initial performance agreement, adhere to a schedule established by the institution's management board to increase nonresident tuition amounts that are not less than the average tuition amount charged to Louisiana residents attending peer institutions in other Southern Regional Education Board states and monitor the impact of such increases on the institution. However, for each public historically black college or university, the nonresident tuition amounts shall not be less than the average tuition amount charged to Louisiana residents attending public historically black colleges and universities in other Southern Regional Education Board states.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

(d) Designate centers of excellence as defined by the Board of Regents which have received a favorable academic assessment from the Board of Regents and have demonstrated substantial progress toward meeting the following goals:

(i) Offering a specialized program that involves partnerships between the institution and business and industry, national laboratories, research centers, and other institutions.

(ii) Aligning with current and strategic statewide and regional workforce needs as identified by the Louisiana Workforce Commission and Louisiana Economic Development.

(iii) Having a high percentage of graduates or completers each year as compared to the state average percentage of graduates and that of the institution's peers.

(iv) Having a high number of graduates or completers who enter productive careers or continue their education in advanced degree programs, whether at the same or another institution.

(v) Having a high level of research productivity and technology transfer.

(5) Submit a report to the Board of Regents, the legislative auditor, and the legislature containing certain organizational data, including but not limited to the following:

(a) Number of students by classification.

(b) Number of instructional staff members.

(c) Average class student-to-instructor ratio.

(d) Average number of students per instructor.

(e) Number of non-instructional staff members in academic colleges and departments.

(f) Number of staff in administrative areas.

(g) The institution's organization chart containing all departments and personnel in the institution down to the second level of the organization below the president, chancellor, or equivalent position.

(h) Salaries of all personnel identified in Subparagraph (g) of this Paragraph and the date, amount, and type of all increases in salary received since June 30, 2008.

(i) Any additional data requested by the speaker of the House of Representatives or the president of the Senate.

(6) Any additional performance objectives as determined by the Board of Regents.

(7) Any performance objectives defined in the formula funding performance model adopted by the Board of Regents for Fiscal Year 2010-2011 shall be aligned with performance objectives defined in Subsection C of this Section.

D. Annual review; revocation; modifications. (1) The initial performance agreement and each subsequent agreement shall be a six-year agreement and shall be reviewed annually by the Board of Regents. The Board of Regents may revoke an agreement at any time if it determines that an institution has failed to abide by the terms of the agreement.

(2) The Board of Regents may modify the established targets for performance objectives contained in an institution's performance agreement in the event extraordinary circumstances prevent the institution from meeting such targets. Such modifications shall be subject to approval by the Joint Legislative Committee on the Budget.

E. Legislative auditor; performance analysis. Within six months after entering into a performance agreement pursuant to this Section, an institution shall provide to the legislative auditor all information that the auditor requests to conduct a detailed study of the performance of postsecondary education in Louisiana. The institutions shall provide information that will allow the auditor to analyze how well goals and objectives of postsecondary education are being met and to perform an economy and efficiency study. Such information shall include but shall not be limited to information relative to staffing levels, hiring and compensation practices, employee productivity and discipline, and performance management. This Subsection shall only be effective in the event that funds are appropriated to effect these provisions.

F. Autonomies granted. Each institution that enters into a performance agreement as provided in this Section shall be granted the following:

(1) For the 2010-2011 Fiscal Year, pursuant to policies adopted by the institution's management board and in addition to the authority provided in R.S. 17:3351(A)(5)(e), the authority to increase tuition and mandatory fee amounts by up to five percent annually.

(2) For the 2011-2012 Fiscal Year, if the Board of Regents has determined that the institution has met the short-term targets established in the performance agreement, in addition to the authority provided in R.S. 17:3351(A)(5)(e), the authority to increase tuition and mandatory fee amounts by up to five percent annually.

(3) Beginning with the 2012-2013 Fiscal Year and thereafter, if the Board of Regents has determined that the institution has met the short-term targets established in the performance agreement and demonstrated progress on long-term targets, the institution shall be authorized to:

(a) Increase tuition and fee amounts by up to ten percent annually, without legislative approval, until the institution reaches the average tuition and fee amounts of its peer institutions. The incremental tuition and fee amount increase shall be weighted in such a manner that the median household income in Southern Regional Education Board states in which respective peer institutions are located is compared with the median household income in Louisiana, and any differences between the average of the states be factored into the allowable tuition and fee amount increase.

(b) Upon reaching the average tuition and fee amounts as specified in Subparagraph (a) of this Paragraph, increase tuition and fee amounts as necessary to maintain tuition and fee amounts as close to that average as practical.

(4) A base level of operational autonomy as determined by the Board of Regents subject to the approval by the division of administration which, at a minimum, shall include greater flexibility in:

(a) Carrying forward unexpended and unobligated funds from one fiscal year to the next.

(b) Procuring information technology products and services.

(c) Adhering to state travel regulations.

(5) The Board of Regents, in collaboration with the division of administration, shall identify additional operational autonomies, including but not limited to exceptions from procurement and construction regulations. However, no exception from any provision of the Louisiana Procurement Code or from Chapter 10 of Title 38 of the Louisiana Revised Statutes of 1950 shall be granted, and, unless specifically authorized by the legislature, no design-build contract shall be authorized pursuant to this Paragraph. The Board of Regents may grant such autonomies to an institution during the initial agreement period if all of the following are met:

(a) After three years, the institution has achieved a sufficient number of the performance objectives provided in Subsection C of this Section as determined by the Board of Regents.

(b) The institution has demonstrated the ability to successfully operate with the base levels of autonomies granted by this Section as determined by the Board of Regents.

(6) Each postsecondary education management board shall establish criteria for waiving any tuition or mandatory fee increase as authorized in this Subsection in cases of financial hardship. Information relative to such waivers and the criteria and procedures for obtaining a waiver shall be made available to all prospective students in a timely manner such that each student is informed of the availability of a waiver prior to the student making a final decision concerning attendance at any public institution of postsecondary education.

G. Monitoring; reporting; renewal. (1) The Board of Regents annually shall monitor and report to the legislature and the governor on each participating institution's progress in meeting the established targets for performance objectives as specified in Subsection C of this Section. At the end of the initial agreement period and each subsequent agreement period, the Board of Regents shall determine whether to recommend renewal of an institution's performance agreement subject to the approval of the Joint Legislative Committee on the Budget. Such determination shall be based on the recommendations of a review panel established by the Board of Regents to conduct a comprehensive review and evaluation of the institution's progress in meeting the performance objectives. The composition of the review panel shall be the same as is provided in R.S. 17:3138(C) with the addition of two representatives from the business community, who each possess a postsecondary degree, one recommended by the speaker of the House of Representatives and one recommended by the president of the Senate.

(2) If an institution's initial performance agreement is renewed for a second six-year period, the institution in exchange shall:

(a) Further increase cohort graduation rate goals as specified in Subparagraph (C)(1)(a) of this Section including the following, as applicable:

(i) A graduation rate of at least seventy-five percent for any institution classified as a "Four-Year 1" institution by the Southern Regional Education Board.

(ii) A graduation rate of at least sixty percent for any institution classified as a "Four-Year 2" institution by the Southern Regional Education Board.

(iii) A graduation rate of at least fifty percent for any institution classified as a "Four-Year 3", "Four-Year 4", or "Four-Year 5", institution by the Southern Regional Education Board.

(iv) For any community college and technical college campus, a graduation rate that is at least equal to the Southern Regional Education Board average for peer institutions.

(b) Continue to make progress in meeting all other performance objectives as contained in the initial agreement.

(c) Meet any additional performance objectives as determined by the Board of Regents.

(3) If an institution's performance agreement is renewed for subsequent periods following the first renewal period, the institution in exchange shall:

(a). Maintain the same graduation rates as specified in Paragraph (2) of this Subsection.

(b) Continue to make progress in meeting all other performance objectives as contained in the initial agreement.

(c) Meet any additional performance objectives as determined by the Board of Regents.

H. Certification of agreement by management board. Any agreements between the Board of Regents and public postsecondary education institutions authorized by the Louisiana Granting Resources and Autonomy for Diplomas Act shall be certified by the respective management boards of those institutions.

* * *

§3386. Surplus funds; retention; use; exceptions

A. ~~Any~~ Except as otherwise provided by this Section, any public college or university or any consortium of colleges and universities which adopts a building and facility preventative maintenance program approved by the Board of Regents may retain any funds appropriated or allocated to such college, university, or consortium thereof from the state general fund which remain unexpended and unobligated at the end of the fiscal year, provided that not less than fifty percent of such retained funds shall be maintained by the college, university, or consortium thereof in a preventative maintenance reserve ~~fund. Monies~~ fund, and the monies from such reserve fund shall be used solely for preventative maintenance purposes in accordance with the approved plan. Retained funds shall ~~only be spent~~ be spent only on nonrecurring projects and such expenditures are subject to approval by the appropriate ~~higher~~ postsecondary education management board, the Board of Regents, and the Joint Legislative Committee on the Budget. Such expenditures shall be contained in a report submitted to the Board of Regents no later than September fifteenth.

* * *

D. ~~No~~ Except as otherwise provided by this Section, no public ~~higher~~ postsecondary education institution as provided in Subsection A of this Section may carry forward more than two percent of its prior fiscal year's state general fund appropriation or allocation under the provisions of Subsections A and B of this Section.

E. The provisions of this Section requiring at least fifty percent of retained funds to be maintained in a reserve fund and used only for preventative maintenance purposes and prohibiting more than two percent of certain state general fund appropriations or allocations from being carried forward shall not apply to any public postsecondary education institution entering into a performance agreement pursuant to R.S. 17:3139 if the agreement so provides.

Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

____
SPEAKER OF THE HOUSE OF REPRESENTATIVES

____
PRESIDENT OF THE SENATE

____
GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: ________________

Appendix B

GRAD Act Review Panel Membership

Appointing Authority	First Name	Last Name
LCTC System	Paul	Carlsen
LSU System	Dan	Layzell
Southern System	Flandus	McClinton
UL System	Rachel	Kincaid
Board of Regents Chair	Barry	Erwin
Commissioner of Higher Education	Theresa	Hay
Speaker of the House	Leonard	Nachmann, II
Speaker of the House	Willis	Brewer
President of the Senate	Sen. Conrad	Appel
President of the Senate	Charles	Dabadie
Governor's Office	Nicholas	Cole
Governor's Office	Camille	Conaway

October, 2015

AGENDA ITEM V.

RESPONSE TO HOUSE RESOLUTION 178 OF THE 2015 REGULAR SESSION OF THE LOUISIANA LEGISLATURE

LOUISIANA BOARD OF REGENTS

REGENTS

December 2015

LOUISIANA BOARD OF REGENTS

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EXECUTIVE SUMMARY

House Resolution 178 (HR 178) of the 2015 Regular Session urged and requested the Board of Regents (BoR), in collaboration with the Louisiana Student Financial Assistance Commission (LASFAC), to "study the state's merit-based and need-based student financial assistance programs and to submit a written report of findings, conclusions, and recommendations to the House Committee on Education not later than sixty days prior to the beginning of the 2016 Regular Session of the Legislature of Louisiana."

Louisiana's future economic growth depends upon a well-educated workforce and college graduates. As middle- and lower-class earnings stagnate, and poverty is becoming more widespread, it is increasingly important to the State's future social and economic stability to ensure that Louisiana has a comprehensive financial aid framework that makes higher education within reach for Louisiana's students. Both the Tuition Opportunity Program (TOPS) and the Go Grant program have been instrumental in increasing college access and success for many Louisiana residents. TOPS, a merit award qualifies students based on the completion of a defined core curriculum, a high school core GPA and ACT composite scores, has been successful in providing financial assistance to more than 280,000 residents since its inception in 1997. While the State's commitment to the TOPS program is praiseworthy and should be continued, slight changes to the funding commitments in order to sustain the program in the future may become necessary.

The Go Grant program added a need- based component to the State's financial aid plan that supported non-traditional and low-income students. Similar to the TOPS program, the Go Grant program has increased access and success for students pursuing a postsecondary education. The Louisiana Go Grant has provided financial support to over 120,000 Louisiana residents since its inception in 2007. Although it has been historically underfunded, it continues to make postsecondary education a reality for many Louisiana residents.

After a comprehensive review of both the TOPS program and Go Grant program, the Board of Regents, in consultation with Louisiana Office of Student Financial Aid (LOSFA), recommended the following to the Legislature.

1. Support legislation similar to SB 48 of 2015 that establishes a base amount for the TOPS award that would not automatically adjust to future increases in tuition, except by legislative approval of any added appropriations in any particular year.

2. Adopt a schedule to provide full funding of the Go Grant program over a four-year period.

3. Fund a need-based grant program that requires a 1:1 campus match.

Also the Board of Regents will:

1. Consider alternative eligibility criteria for awarding Go Grant beyond Pell eligibility to increase postsecondary participation among non-traditional adult students; and

2. In collaboration with LOSFA and Louisiana's higher education financial aid community, review and revise if necessary the distribution/allocation process for Go Grant resources to campuses.

INTRODUCTION

While there are many potential barriers to college access and success, a major impediment can be cost. Recent declines in state appropriations have led to unpredictable funding levels and unstable budgetary planning at public colleges and universities. According to the Center on Budget and Policy Priorities (2014),[1] Louisiana has cut per student funding by more than 40 percent since the start of the recession in 2008. Reductions in state funding have been offset in part by increases in tuition and fees at Louisiana's public colleges and universities. These conditions, coupled with the stagnant incomes of many households,[2] have created financial challenges for many Louisiana students seeking a postsecondary education.

To address these challenges, lawmakers are examining whether and how to redesign financial aid programs that foster postsecondary degree access and completion and close the educational attainment gap across social groups. House Resolution 178 (HR 178) of the 2015 Regular Session urged and requested the Board of Regents (BoR), in collaboration with the Louisiana Student Financial Assistance Commission (LASFAC), to "study the state's merit-based and need-based student financial assistance programs and to submit a written report of findings, conclusions, and recommendations to the House Committee on Education not later than sixty days prior to the beginning of the 2016 Regular Session of the Legislature of Louisiana" (Appendix A). Although HR 178 focuses on the State's merit-based and need-based financial assistance programs, the role of institutional and federal aid in Louisiana is also recognized in this report. Additionally, a number of programs dedicated to workforce training are critical to addressing the State's workforce needs; and therefore cannot be ignored in this analysis.

The subsequent sections of this response (1) provide an overview of financial aid programs; (2) explore the financial aid landscape of Louisiana's public postsecondary institutions; and (3) offer recommendations based on this study's findings.

BACKGROUND AND OVERVIEW OF FINANCIAL AID

Prior to the 1972 reauthorization of the Higher Education Act of 1965, which provided financial incentives for states to develop grant programs through the State Student Incentive Grant (SSIG), few states appropriated funds for need-based grants. However, by the early 1980's, every state had at least one state-sponsored, need-based grant program. The methodology typically used to determine eligibility for state-sponsored, need-based aid is similar to the federal methodology for Title IV funds. Students are required to complete a Free Application for Federal Student Aid (FAFSA) and these data are used to

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[1] Center on Budget and Policy Priorities. 2014. "States Are Still Funding Higher Education Below Pre-Recession Levels."

[2] DeNavas-Walt, Carmen and Bernadette D. Proctor, U.S. Census Bureau, Current Population Reports, P60-249, *Income and Poverty in the United States: 2013*, U.S. Government Printing Office, Washington, DC, 2014.

derive the difference between the estimated cost of college attendance and Expected Family Contribution (EFC). Generally, this calculation is used to determine whether or not a student is eligible for need-based aid and how much aid the student receives.

The early 1990s saw the development of state-sponsored merit-based programs. Merit-based financial aid programs are intended to reward students who demonstrate academic achievement, regardless of financial need or lack thereof. The first large-scale state-sponsored, merit-based program was the Georgia HOPE Scholarship Program, which awarded students full tuition to Georgia public institutions if they met certain high school GPA requirements. Since then, merit-based aid programs have been adopted by a number of other states. Supporters of such programs maintain that state-sponsored merit-based programs are used strategically as a recruiting tool to attract and retain residents to in-state colleges with the hope that they will remain and enter the state's workforce following graduation. Although attracting and retaining the "best and brightest" is a commonly accepted goal of these programs, the effects of merit-based financial aid packages on future voluntary contributions by alumni cannot be ignored. As colleges and universities are increasingly reliant on financial aid policies as a strategy to maximize institutional revenues and manage enrollment, some see state-sponsored, merit-based aid as an investment. Because studies link financial aid packages to patterns of alumni giving, alumni donations can represent critical revenue streams for some institutions[3].

Critics, however, contend that although the establishment of merit aid was not intended to shift resources away from needy students, some programs have accomplished just that. The shift is motivated by colleges within the same state using campus merit-based aid to attract the same pool of well-performing in-state applicants as a means to improve their ranking and reputation. Unfortunately, this competition among colleges in the same state can consume resources that could potentially be directed toward students who otherwise do not possess the financial capital necessary to seek and achieve a postsecondary education. In other words, critics contend that if the primary goal of financial aid is to maximize the impact of the aid dollar on college enrollment and completion rates (versus solely "to retain the best and the brightest), the funds should be targeted towards less affluent students, rather than allocating scarce resources to some students who were already likely to attend college and, more importantly had the means to do so without state financial aid.

A growing concern facing many states with existing merit-based and need-based programs is adequate funding sources for both programs. In 2014, the Higher Education Policy Institute examined state profiles on college affordability for 16 states in the southern region. The findings from that study revealed that the cost of postsecondary education was becoming increasingly unaffordable for many

[3] Meer, Jonathan and Harvey S. Rosen. 2011. "Does Generosity Beget Generosity?" The Griswold Center for Economic Policy Studies. Working Paper No. 224.

students and their families. In response to these findings, the Southern Regional Education Board (SREB) established a Commission on College Affordability to focus on ways to improve college affordability and provide recommendations for the implementation and/or redesign of state financing policies. The Commission's recommendations, scheduled to be released in 2016, will provide states with a general platform to develop customized policies and methodologies that are specifically focused on college affordability.

Recognizing the importance of funding both merit- and need-based programs, some states have developed and implemented scholarship programs that combine need and merit criteria. For example, the Tennessee Education Lottery Scholarship Program (TELS) created a set of awards with varying criteria to minimize the race and income gaps in eligibility. The Tennessee HOPE scholarship is strictly a merit award and qualifies students based on high school GPA and ACT composite scores. Students who qualify for the HOPE Scholarship and come from households with an adjusted gross income of $36,000 or less can receive an additional $1,000 stipend through the HOPE ASPIRE award. Similarly, the highest achieving students can also receive a General Assembly Merit Scholarship (GAMS), which provides an additional $1,000 supplement to the base HOPE award. Students from households with an adjusted gross income of $36,000 or less who do not meet minimum HOPE Scholarship requirements may qualify for the Tennessee HOPE ACCESS Grant, which has lower academic eligibility requirements. The HOPE ACCESS Grant is a one-time, non-renewable award. However, if a Hope ACCESS Grant recipient meets the minimum renewal requirements for the HOPE Scholarship at the first 24-college hour benchmark, the student's award is converted to a base HOPE Scholarship for the following year. According to the TELS 2015 Annual Report[4], the number of students served through HOPE, ASPIRE, GAMS and ACCESS awards since the program began in 2005-06 has increased from approximately 40,000 to over 68,000 in 2013-14.

THE FINANCIAL AID LANDSCAPE OF HIGHER EDUCATION IN LOUISIANA

Declines in state funding of public postsecondary education and the resulting increases in college tuition and fees have made postsecondary education in Louisiana less accessible and affordable for many students. These conditions, coupled with the stagnant incomes of many households[5], have placed college out of reach for many prospective students, particularly for students from less affluent backgrounds. A study conducted in 2014 by the Higher Education Policy Institute found that even after accounting for all types of grant aid, lower-income families (households with incomes less than $30,000 per year) require

[4] https://www.tn.gov/assets/entities/thec/attachments/2015_TELS_Fact_Book.pdf

[5] DeNavas-Walt, Carmen and Bernadette D. Proctor, U.S. Census Bureau, Current Population Reports, P60-249, *Income and Poverty in the United States: 2013*, U.S. Government Printing Office, Washington, DC, 2014.

38% of their income to attend a community college in Louisiana; whereas, only 15% of middle-income families' income (households with incomes that range from $48,000 to $75,000) is required to attend a community college[6]. Given these statistics, it is not surprising that institutional grants are becoming increasingly important to promote access and success to students. As indicated in Table 1, a larger portion of institutional resources goes toward merit-based aid. As mentioned previously, many campuses utilize merit-based aid as a recruitment incentive for talented students. Therefore, it is not surprising to find that the largest portion of campus-based aid is awarded based on merit. It is important to mention that in the Board of Regents' Financial Aid Data System (FADS) in the cases where a merit-based award also requires financial need, the award is coded as merit. Therefore, in Table 1 below, an indeterminable number of the merit-based awards include a need component.

Additionally, the percentage of students receiving Pell grant awards (a proxy for need) has continued to increase. In fiscal year 2009-2010, nearly 23% of undergraduates enrolled in Louisiana's public postsecondary institutions were Pell recipients. By fiscal year 2013-14, approximately 80,000 (36.6%) of undergraduates enrolled in Louisiana's public postsecondary institutions received over $300 million in Pell support.

Table 1: Number and Amount of Institutional Merit- and Need-Based Aid Across Louisiana's Public Postsecondary Institutions, 2009-2013

Financial Aid Year	# of Merit-Based Aid Recipients	Total Amount of Merit-Based Aid	# of Need-Based Aid Recipients	Total Amount of Need-Based Aid
2009	26,585	$91,906,546	5,426	$8,602,515
2010	27,413	$106,785,085	6,014	$11,097,830
2011	26,918	$113,983,323	6,240	$12,254,757
2012	30,357	$121,268,715	6,050	$12,951,538
2013	29,695	$133,301,626	6,573	$14,422,452
Grand Total	140,968	$567,245,295	30,303	$59,329,092

State-Sponsored, Merit-based Financial Aid

An early Louisiana merit-based program (with a need component), the Tuition Assistance Program (TAP), was designed to promote college access and success among academically-prepared students from lower (and moderate) income households. TAP, adopted by the Louisiana Legislature in 1989, guaranteed college tuition for eligible students (subject to an appropriation for that purpose). To qualify for TAP, students were required to have a 2.5 GPA, 17.5 unit college prep curriculum, and a score of 18 or above on the ACT. The TAP program had an adjusted gross income eligibility cap of $25,000 for

[6] Callan, Patrick, William Doyle, Joni Finney and Darcie Harvey. 2014. "Louisiana Affordability Profile from Affordability of Public Higher Education in SREB States." Higher Education Policy Institute.

families with one dependent child, with an additional $5,000 for each additional child up to a maximum family income of $35,000.

In 1997, ACTS 1375 and 287 replaced TAP with the Tuition Opportunity Program for Students (TOPS). The TOPS program, administered by the Louisiana Office of Student Financial Assistance (LOSFA), qualifies students based solely on their academic performance. Today, there are four TOPS award levels available to students enrolling at Louisiana's colleges and universities: TOPS Tech, Opportunity, Performance, and Honors. The criteria for eligibility for the TOPS Tech, Opportunity, Performance and Honors awards include completion of a defined high school core curriculum, with a minimum grade point average in core courses, and a minimum ACT composite score. Table 2 lists the current eligibility criteria and award components of TOPS.

Table 2: TOPS Eligibility Criteria and Award Components, 2015

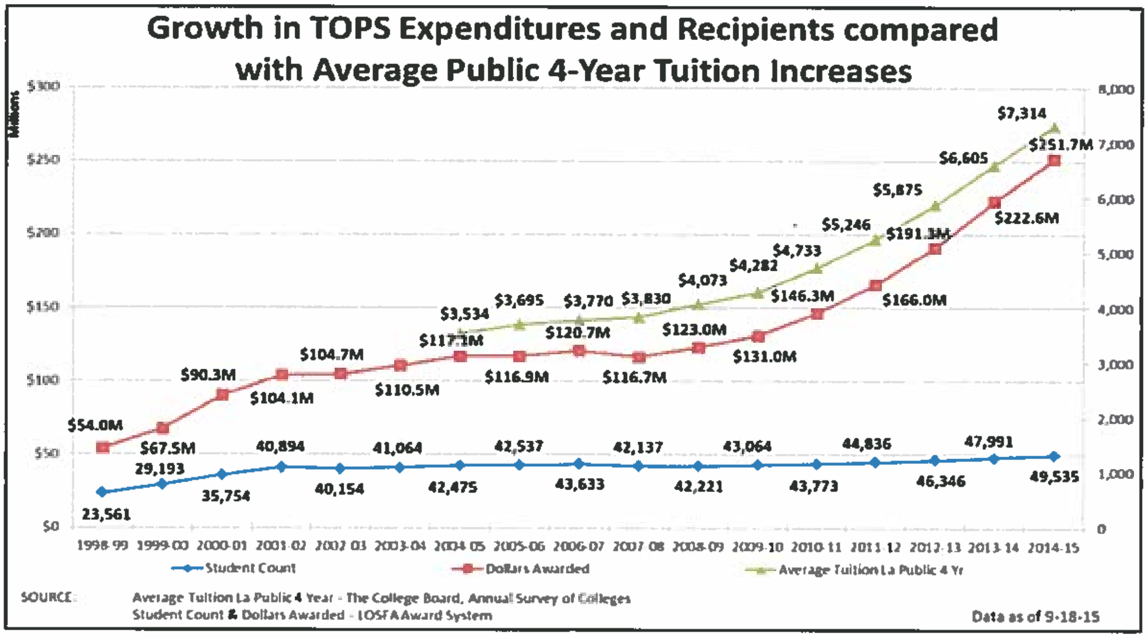
Award		Core	Core GPA	ACT Composite	Award Components	Duration
Opportunity		19 Units	2.50	20	Full-Time Tuition	4 years, or 8 semesters
Performance		19 Units	3.00	23	Full-Time Tuition + $400/year	4 years, or 8 semesters
Honors		19 Units	3.00	27	Full-Time Tuition + $800/year	4 years, or 8 semesters
TOPS TECH	(Option 1)	17 Units	2.50	17 or Silver Level (WorkKeys)	Tuition at 2 year institutions	2 years, or 4 semesters
	(Option 2)	19 Units	2.50	17 or Silver Level (WorkKeys)	Tuition at 2 year institutions	2 years, or four semesters

Source: Information obtained from LOSFA website

From 1999 to 2014, the State spent approximately $1.9 billion funding the TOPS program. During that same time period, total expenditures on the TOPS program increased nearly 300%. As shown in Figure 1, the growth in TOPS expenditures is largely attributable to two factors: tuition increases and increases in the number of TOPS recipients. Since the program's inception, tuition has increased by 212% and the number of students receiving the award has increased by 103%. Although legislators recognize that the TOPS program has been linked to academic preparation, increased persistence and graduation rates, the growth in the costs of TOPS has led some legislators to express concerns over the ability of the state's budget to keep pace with the cost of TOPS. In an effort to control the growth in the cost of TOPS, thus supporting its future sustainability, Senate Bill 48 (SB 48) of the 2015 Legislative Session sought to establish the 2015-16 award level as a base award amount that would not automatically increase with the cost of tuition. Any changes in the award amount would be subject to an action of the Legislature.

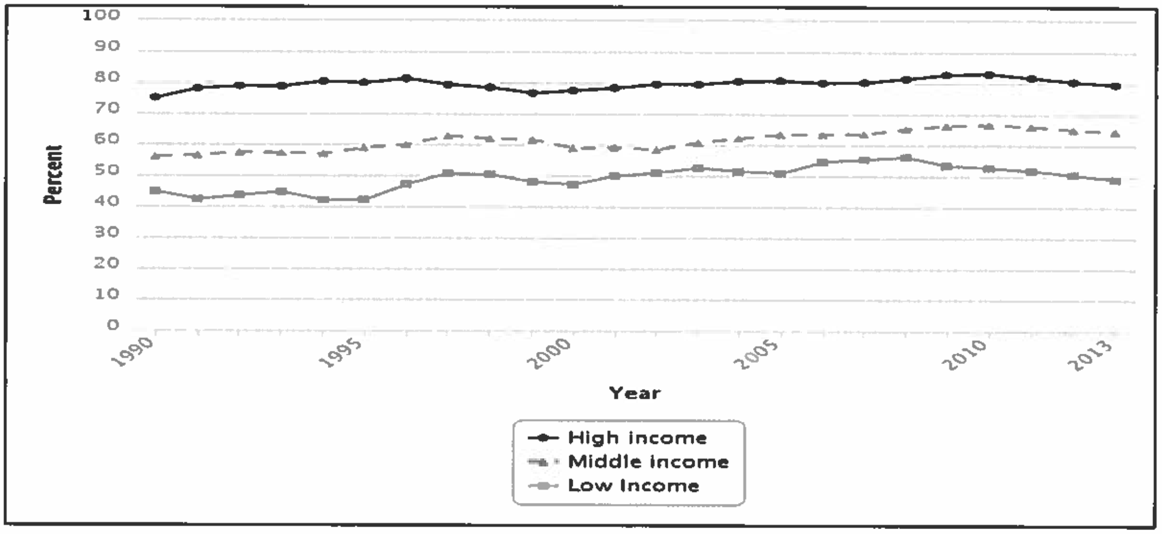
Although the proposed bill passed the House and the Senate with overwhelming support, it was vetoed by the Governor.

Figure 1: TOPS Program Funding, 1999-2014



Research has consistently demonstrated the strong, positive correlation between family income and college preparation, participation, and graduation rates. Low-income students tend to lag behind in high school and standardized test performance, academic preparation and participation; consequently, large gaps remain in educational achievement between students from low- and middle/upper-income families (Figure 2). However, to address the State's workforce needs, this gap must be filled. According to Complete College America (2011), by 2020, approximately 53% of jobs will require a career certificate or college degree. Currently, only 28% of Louisiana adults have an associate degree or higher. These findings indicate that Louisiana has a sizable workforce gap that must be filled. For Louisiana to reach national and international workforce competiveness, it is critical to address the college participation and success, especially among low-income students and non-traditional students.

Figure 2: Percentage of High School Completers Who were Enrolled in 2- or 4-year colleges by the October Immediately following High School Completion, by Family Income: 1990-2013



Source: U.S. Department of Commerce, Census Bureau, Current Population Survey (CPS)

The TOPS Tech program established another vehicle to expand financial support to more of Louisiana's students and promote a skilled workforce by providing an incentive for high school students to seek technical or occupational certification in non-academic postsecondary programs. Unfortunately, the TOPS Tech program has been historically underutilized. During the 2014 Regular Session, the Louisiana Legislature approved a revised set of Career Diploma requirements that culminate with a Jump Start credential. The revised curriculum is aligned with the TOPS Tech core curriculum so that students who pursue and graduate high school with a career diploma are better positioned to be eligible for the TOPS Tech award. These changes were intended to increase participation in the program and to better align eligibility requirements with the appropriate programs in which students enroll using TOPS Tech.

It is also important to note that other resources dedicated to workforce training programs are available through programs managed by the Louisiana Workforce Commission (WIC), namely the Incumbent Worker Training Program (IWTP) and the Workforce Innovation Opportunity Act (WIOA). The Incumbent Worker Training Program (IWTP) creates training partnerships among the LWC, business and industry, and training providers. The IWTP Small Business Employee Training Program (SBET) is designed to benefit business and industry by assisting in the skill development of existing employees through individual, standardized training.

The Workforce Innovation and Opportunity Act (WIOA), formerly the Workforce Investment Act (WIA), signed in 2014 requires states to strategically align workforce development programs. WIOA ensures that employment and training services provided by the core programs are coordinated and complementary so that job seekers acquire skills and credentials that meet employers' needs. The Local

Workforce Development Boards (LWDBs), in conjunction with the (LWC), identifies training service providers whose performance qualifies them to receive WIOA Title I-B funds to train job seekers. The WIOA Individual Training Account (ITA) vouchers allow individuals to choose the program of training or education they need from a list of eligible training providers. The result is a competitive market designed to give customers the best choices for training.

All of these programs combined have served a large number of Louisiana residents. While these programs represent a step in the right direction and do promote access and success to Louisiana's public postsecondary institutions, there still remains a large educational achievement gap.

State-Supported Need-Based Programs

Studies consistently demonstrate that unmet financial need is a major barrier to students attending and completing college, particularly for low-income students. Need-based financial aid programs can be an instrumental resource in promoting access, participation and degree completion, especially among underserved groups. Recognizing this need and based on recommendations from the Board of Regents, in 2007, the Louisiana Legislature approved and funded the Go Grant Program. The Go Grant added a need-based program to the State's financial aid plan that supported non-traditional and low-income students. The program is administered by the Louisiana Office of Student Financial Assistance (LOSFA). To be eligible for a Louisiana Go Grant, students must be a Louisiana resident receiving a Pell Grant and demonstrate a remaining financial need after deducting their Expected Family Contribution (EFC) and any other aid (federal, state, institutional) from the cost of attendance (COA). The Go Grant was first awarded to students during AY 2007-08.

The Go Grant program is designed to increase college access and success by providing supplemental funding to help needy students with basic college costs. However, unlike TOPS, the Go Grant is not appropriated using "more or less" language. Table 3 outlines the statistics for the GO Grant and TOPS programs over the last five years. During its initial implementation year 2007-2008, there was an appropriation of approximately $17 million available that funded approximately 10,500 entering freshmen. During the second year of the Go Grant program, there was about $26 million available to cover entering freshman of 2008-09 and the returning students who had entered as freshman in the prior academic year. Appropriation amounts for the Go Grant have remained in the $24-26 million range since that time, which essentially funded four years of students with two years' worth of funding.

Table 3: Number and Amount of State GO Grant (Need-Based) and State TOPS (Merit-Based) Aid Across Louisiana's Public Postsecondary Institutions, 2009-2013

Financial Aid Year	# of GO Grant Aid Recipients	Total Amount of GO Grant Based Aid	# of TOPS Aid Recipients	Total Amount of TOPS Based Aid
2009-10	23,827	$22,200,710	40,080	$120,228,329
2010-11	30,787	$22,957,674	40,713	$134,425,315
2011-12	32,130	$23,606,123	41,561	$152,674,224
2012-13	35,049	$23,810,931	43,088	$176,928,810
2013-14	25,573	$23,756,562	44,973	$207,336,981
Grand Total	147,366	$116,332,000	210,415	$791,593,659

Recognizing the funding constraints of the program, a study was conducted by Noel-Levitz in 2011 to develop a financial aid framework that would help Louisiana distribute the Go Grant more efficiently. The study sought to maximize enrollment, retention, and completion by developing a targeted strategy for allocating need-based aid. The findings revealed that students who had less than 60% of need met with gift aid were most susceptible to drop out; therefore, aid should be targeted at those students. While the research indicated increases in retention, progression and graduation rates at all levels of additional need met by aid, the largest gain in these rates were realized for students with 60% of need met, with declining growth thereafter. These findings were the impetus for policy changes that addressed how Go Grant funds would be allocated. The analysis was used to ration a limited pool of funding more effectively. While these changes did benefit many students, a large cost gap remained for some of the neediest students. For example, a student with an Expected Family Contribution (EFC) of zero who received other merit-based gift aid (e.g., TOPS) which brought them to 60% of need met would not receive Go Grant funding – despite the fact that they demonstrated the greatest need.

CONCLUSIONS

The cost and potential burden of debt are significant barriers to many students who wish to pursue a postsecondary education. According to SREB President Dave Spence[7], "affordability is a critical factor in both [college] access and completion." While there may be no "one size fits all" approach to making college affordable, it is imperative that the State have a comprehensive financial aid framework in place to put higher education within reach for more of Louisiana's residents. The TOPS and Go Grant programs provide such a structure for the State of Louisiana. The TOPS program has proven very successful in meeting its purposes and fulfilling its promises, serving more than 280,000 residents since its inception in 1997. The State's commitment to the TOPS program is praiseworthy and should be

[7] College Affordability in the South. 2015. Southern Regional Education Board (SREB). http://www.sreb.org/page/1829/affordability.html

continued; however slight changes to the funding commitments in order to sustain the program in the future may become necessary.

Similar to the TOPS program, the Louisiana Go Grant has increased access and success for students pursuing a postsecondary education. The Louisiana Go Grant has provided financial support to over 120,000 Louisiana residents since its inception in 2007. Although it has been historically underfunded, it continues to make postsecondary education a reality for many Louisiana residents.

Louisiana is experiencing industrial growth at historical rates, demanding trained individuals to support the expansion. In order to build a sustainable workforce that can meet the needs of the a 21st century economy, the State of Louisiana has two choices: (1) train its residents with the appropriate skill sets to build rewarding careers; or (2) import trained workers from outside Louisiana. The choice is clear. Louisiana postsecondary education must provide access to technical and professional education services to prepare its own citizens to participate more fully in the new economy. As middle- and lower-class earnings stagnate, and poverty is becoming more widespread, it is increasingly important to the State's future social and economic stability to ensure affordable pathways to postsecondary education. The Go Grant can provide the needed assistance to support these pursuits.

RECOMMENDATIONS TO THE LEGISLATURE

The TOPS program has proven very successful in meeting its purposes and fulfilling its promises, serving more than 280,000 residents since its inception in 1997. However, constraints on the State's budget and resulting increases in college tuition have increased the cost of TOPS to the point where higher education leaders and legislators are concerned about the future sustainability of the program. While large increases in tuition are not projected in the near future, the legislature could benefit from increased flexibility to sustain the program, even in times of downturns. Legislation similar to SB 48 of 2015 provides the necessary flexibility for the Legislature to control the growth in costs of the program while allowing TOPS to continue to cover the full cost of tuition if the Legislature so desires.

Recommendation: Support legislation similar to SB 48 of 2015 that establishes a base amount for the TOPS award that would not automatically adjust to future increases in tuition, except by legislative approval of any added appropriations in any particular year.

Similar to the TOPS program, the Louisiana Go Grant has increased access and success for Louisiana residents pursuing a postsecondary education. The Louisiana Go Grant has provided financial support to over 120,000 Louisiana residents since its inception in 2007. However, due to operating the program with approximately one-half the needed funding, many needy students receive lower awards or none at all. Although one cannot estimate the number of Louisiana residents that forego a postsecondary education due to financial hardship, it is undeniable that Louisiana is experiencing industrial growth at historical rates, demanding skilled individuals to support the expansion. Louisiana must respond by providing the necessary resources to train its residents with the appropriate skill sets to build rewarding careers. Adopting a four-year plan to fully fund the Go Grant will provide increased access to needed services for Louisiana residents to more fully participate in Louisiana's economy.

Recommendation: Adopt a schedule to provide full funding of the Go Grant program over a four-year period.

In addition to federal and state-funded financial aid programs, campuses devote resources for both merit and need-based aid. In 2013, Louisiana's public institutions dedicated approximately $14 million of institutional resources to need-based aid. This does not include campus-funded, merit-based aid that included a need component. In addition to funding the Go Grant, if the Legislature were to fund a dollar-for-dollar matching program for need-based aid, campuses would be more incentivized to devote additional institutional resources to need-based aid, leveraging legislatively-appropriated funds for this purpose. This program would further increase access to postsecondary education services.

Recommendation: Fund a need-based grant program that requires a 1:1 campus match.

RECOMMENDATIONS TO THE BOARD OF REGENTS

Louisiana is on the cusp of major industrial expansion, requiring trained individuals to support the expansion. Louisiana must respond by providing the necessary resources to train its residents with the appropriate skill sets to build rewarding careers. Gaining a postsecondary education for recent high school graduates is not enough. In order to meet the demands of Louisiana's growing economy, postsecondary education must reach out to the over 1.5 million Louisiana adults who either never began college or began but never earned a credential. Current eligibility for the Go Grant requires that the student be a Pell recipient. While the salary earned by many working adults prevents them from being Pell eligible, in many cases the amount of income earned does not allow them to afford a postsecondary education. The Board of Regents will examine whether alternative eligibility criteria to assess need among working adults are appropriate and feasible.

Recommendation: Consider alternative eligibility criteria for awarding Go Grant beyond Pell eligibility to increase postsecondary participation among non-traditional working adult students.

The Board of Regents, in collaboration with the Louisiana Office of Student Financial Assistance (LOSFA) have examined and revised the distribution/allocation process for Go Grant several times since its inception. Most of the revisions were implemented in response to shortages in funding. It is timely for the Board of Regents, LOSFA and Louisiana's financial aid community to thoroughly review the process to determine whether the scarce resources can be distributed even more effectively.

Recommendation: The Board of Regents in collaboration with LOSFA and Louisiana's higher education financial aid community review and revise, if necessary, the distribution/allocation process for Go Grant resources to campuses.

ENROLLED

2015 Regular Session

HOUSE RESOLUTION NO. 178

BY REPRESENTATIVES JEFFERSON AND WESLEY BISHOP

A RESOLUTION

To urge and request the Board of Regents, in collaboration with the Louisiana Student Financial Assistance Commission, study the state's merit-based and need-based student financial assistance programs and to submit a written report of findings, conclusions, and recommendations to the House Committee on Education not later than sixty days prior to the beginning of the 2016 Regular Session of the Legislature of Louisiana.

WHEREAS, R.S. 17:3129.7 requires the Board of Regents to develop and maintain a comprehensive state student financial aid plan that supports the Master Plan for Public Postsecondary Education and to consider all sources of financial aid available to students attending or seeking to attend postsecondary education institutions in Louisiana and the financial needs of such students; and

WHEREAS, two major components of student financial aid in Louisiana are the merit-based Taylor Opportunity Program for Students (TOPS) and the need-based Louisiana GO Grant program; and

WHEREAS, the purpose of TOPS, according to the Louisiana Administrative Code, Chapter 7, Section 701, is to provide an incentive for Louisiana residents to academically prepare for and pursue postsecondary education in this state, resulting in an educated work force enabling Louisiana to prosper in the global market of the future; and

WHEREAS, relative to the purpose of the Louisiana GO Grant program, the legislature finds in R.S. 17:3046 that leveraging access to postsecondary education for students with demonstrated financial need ensures that all qualified students are afforded an opportunity to achieve their full educational potential, increase their overall quality of life, and maximize their contribution to the state's economic development; and

WHEREAS, though TOPS and the GO Grant program are excellent programs that have helped thousands of Louisiana students in their pursuit of postsecondary education, there are some aspects of the overall financial aid landscape in Louisiana that merit further analysis and consideration; and

WHEREAS, one issue that many find concerning about TOPS is that TOPS awards are disproportionately awarded to white, relatively wealthy students, as noted in the *TOPS Report: Analysis of the TOPS Program from 2003-2014*, published by the Board of Regents, which states that during this time span, approximately seventy-nine percent of TOPS recipients were white, and the mean and median household income of TOPS recipients ranged from $70,000 to $99,000, much higher than Louisiana's median household income of approximately $44,000; and

WHEREAS, another concern that some have raised about TOPS is the award retention rate of its recipients; this same Board of Regents report states that approximately one-third of TOPS recipients between 2003 and 2014 had their award cancelled during some point in their postsecondary academic career; and

WHEREAS, one of the most widely discussed matters related to TOPS is its cost; according to the report, the state spent approximately $1.9 billion funding the TOPS program from 1999 through 2014, and during that time period, total expenditures on the program increased 296%; and

WHEREAS, in terms of elements of the Go Grant program that call for continued study, its underfunding ranks above all; in 2011, the Louisiana Budget Project (LBP) published a report stating that in Louisiana, "spending on need-based aid is consistently out of line with that of other states" and that the GO Grant Program "has been chronically underfunded"; and

WHEREAS, this LBP report also points out that "even with a maximum allowable GO Grant, students can have large, unmet financial needs" and that "compared to other Southern states and to states nationally, Louisiana spends a disproportionately large share of its financial aid resources on those who can readily afford college while providing too little to those who need financial help in order to have a chance at a college education"; and

WHEREAS, calling for more need-based aid, the LBP report states that "students from low-income and minority backgrounds – those who have been traditionally underrepresented in Louisiana's colleges and universities – are less likely to benefit from TOPS" and "to ensure that higher education remains accessible to all Louisianans, Louisiana needs to redirect its financial aid resources and to increase funding to its need-based financial aid program"; and

WHEREAS, this report's ultimate recommendation is that "legislators should strike a balance between funding TOPS and Go Grants so that taxpayer dollars maximize attendance across all income levels"; and

WHEREAS, in light of the state's precarious budget situation and the fundamental importance of postsecondary education, it is imperative that the positive and negative aspects of the state's merit-based and need-based student financial aid programs receive a thorough study.

THEREFORE, BE IT RESOLVED that the House of Representatives of the Legislature of Louisiana does hereby urge and request the Board of Regents, in collaboration with the Louisiana Student Financial Assistance Commission, to study the state's merit-based and need-based student financial assistance programs and to submit a written report of findings, conclusions, and recommendations to the House Committee on Education not later than sixty days prior to the beginning of the 2016 Regular Session of the Legislature of Louisiana.

BE IT FURTHER RESOLVED that such report shall analyze the strengths and weaknesses of both merit-based and need-based programs in the state and provide recommendations for how such programs might be revised in terms of helping more Louisiana students maximize their postsecondary education opportunities and success.

BE IT FURTHER RESOLVED that a suitable copy of this Resolution be transmitted to the chairman of the Board of Regents, the commissioner of higher education, and the chairman of the Louisiana Student Financial Assistance Commission.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES