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PLANNING, RESEARCH AND PERFORMANCE COMMITTEE MEETING

Wednesday, December 10, 2014

2:10 p.m.

Thomas Jefferson Room • Claiborne Building • Baton Rouge, Louisiana

- I. Call to Order
- II. Roll Call
- III. Consent Agenda
 - A. R.S. 17:1808 (Licensure)
 1. Initial Licenses
 - a. Auburn University
 - b. Brandman University
 - c. Loyola University Chicago
 - d. University of Michigan – Flint
 - e. University of Mississippi
 - f. University of Texas at El Paso
 - g. University of West Florida
 2. License Renewals
 - a. Arkansas State University
 - b. Grantham University
 - B. Proprietary Schools Advisory Commission
 1. Initial Licenses
 - a. Allied Prep Technical Institute, LLC
 - b. Divine Touch Healthcare Training, LLC
 2. License Renewals
- IV. Response to 2014 Study Resolution of Louisiana Legislature
 - A. HCR 21
- V. Board of Regents' 2014 TOPS Report
- VI. Other Business
 - A. State Authorization Reciprocity Agreement (SARA)
- VII. Adjournment

Committee Members: Joseph Wiley, Chair; Joel Dupré, Vice Chair; Mark Abraham, Pamela Egan, Joseph Farr, William Fenstermaker, Robert Levy, Richard Lipsey, Roy Martin III.

Agenda Item III.A.1.a.

Auburn University Auburn, Alabama

BACKGROUND

Auburn University (Auburn) is not incorporated in the State of Louisiana. The institution is a publically-supported research university of approximately 26,000 students in thirteen colleges. Auburn traces its roots to East Alabama Male College in Auburn in 1856 and became the first land grant college in the South. Auburn is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools.

ACADEMIC PROGRAM

Auburn is proposing to make available to Louisiana residents online a variety of master's programs in agriculture, business, education and engineering-related fields. Typically, the online nature of the delivery system would not require licensure. However, since some of the education programs require internship/practicum experiences, licensure is necessary.

FACULTY

Auburn employs 79 faculty in support of its online programs available to Louisiana residents, 66 of which are employed full-time and 74 trained at the doctoral level.

FACILITIES

Since Auburn operates its program online with administrative and academic support in Auburn, Alabama, there are no physical facilities in Louisiana. Students will complete internship/practicum experiences at various locations within Louisiana.

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 issue an initial operating license to Auburn University, located in Auburn, Alabama.

Agenda Item III.A.1.b.

Brandman University Irvine, California

BACKGROUND

Brandman University (Brandman) is not incorporated in the State of Louisiana. The private non-profit institution was founded in 1958 as part of Chapman University and today remains part of the Chapman University System. Brandman has 26 campus locations in California and Washington, operates on 6 military installations and provides education programs online. Brandman enrolls approximately 12,000 students, is headquartered in Irvine, California and is accredited by the Western Association of Schools and Colleges.

ACADEMIC PROGRAM

Brandman proposes to offer a variety of online programs to Louisiana residents, ranging from the certificate to doctoral levels. Typically, the online nature of the delivery system would not require licensure. However, since the bachelors in social work and the doctor of nursing practice require clinical experiences, licensure is necessary.

FACULTY

Brandman employs five faculty to support its online bachelors in social work and the doctor of nursing practice programs available to Louisiana residents, four on a full-time basis. Four of the five faculty are trained at the doctoral level from accredited institutions, while the other has a masters and is pursuing the doctorate.

FACILITIES

Since Brandman operates its programs online with administrative and academic support in Irvine, California, there are no out-of-state physical facilities in Louisiana. Students will complete clinical experiences at various locations within the State.

STAFF RECOMMENDATION

Given the credentials of its faculty, the college's and programs' accreditation, and the general oversight by the home campus, the senior staff recommends that the Board of Regents issue an initial operating license to Brandman University, located in Irvine, California.

Agenda Item III.A.1.c.

Loyola University Chicago Chicago, Illinois

BACKGROUND

Loyola University Chicago (Loyola) is not incorporated in the State of Louisiana. The institution is a Catholic research university of approximately 16,000 students established in 1870 as St. Ignatius College. The institution received its current name in 1906 and is comprised of ten schools and colleges and offers over 80 undergraduate and 140 graduate/professional programs, including medicine and law. Loyola is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools.

ACADEMIC PROGRAM

Loyola is proposing to make available to Louisiana residents its online baccalaureate programs in management, applied studies, criminal justice, informational technology, applied psychology, and pastoral leadership, and graduate programs in a variety of business, computer, health and social work areas. Typically, the online nature of the delivery system would not require licensure. However, since many of the health-related programs require clinical experiences/internships, licensure is necessary.

FACULTY

Loyola employs 226 faculty in support of its online programs, many of which are available to Louisiana residents. One-hundred seven of the faculty are employed on a full-time basis and 96 of the 107 full-time faculty are trained at the doctoral level.

FACILITIES

Since Loyola operates programs online with administrative and academic support in Chicago, Illinois, there are no physical facilities in Louisiana. Students will 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 issue an initial operating license to Loyola University Chicago, located in Chicago, Illinois.

Agenda Item III.A.1.d.

University of Michigan - Flint Flint, Michigan

BACKGROUND

The University of Michigan – Flint (UM-F) is not incorporated in the State of Louisiana. The institution is a branch of the University of Michigan that enrolls approximately 8,600 students. UM-F traces its roots to Flint Senior College in 1956. In 1971, the University of Michigan Board of Regents officially changed the name to the University of Michigan – Flint. UM-F is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools.

ACADEMIC PROGRAM

UM-F is proposing to make available online to Louisiana residents undergraduate programs in nursing, business administration, and applied technology, masters programs in education technology, computer science and nursing, doctoral programs in nursing, physical therapy and anesthesia practice, and post-professional certificates in nursing and physical therapy. Typically, the online nature of the delivery system would not require licensure. However, since the nursing programs require internship/practicum experiences, licensure is necessary.

FACULTY

UM-F employs 26 faculty in support of its online nursing programs available to Louisiana residents. Of the 26 faculty, seventeen are trained at the doctoral level.

FACILITIES

Since UM-F operates its program online with administrative and academic support in Flint, Michigan, there are no physical facilities in Louisiana. Students will complete internship/practicum experiences at various locations within Louisiana.

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 issue an initial operating license to the University of Michigan - Flint, located in Flint, Michigan.

Agenda Item III.A.1.e.

University of Mississippi University, Mississippi

BACKGROUND

The University of Mississippi (Mississippi) is not incorporated in the State of Louisiana. The institution is a publically-supported research university of approximately 21,500 students on three campuses. Mississippi traces its roots to 1844 when the Legislature laid the foundation for public higher education in Mississippi and for nearly 25 years was the only public institution in the state. Mississippi is accredited by the Southern Association of Colleges and Schools Commission on Colleges.

ACADEMIC PROGRAM

Mississippi is proposing to make available to Louisiana residents five graduate programs in education-related areas, master's programs in business administration and healthcare administration, and a graduate certificate program in geospatial information science and technology. Typically, the online nature of the delivery system would not require licensure. However, since the education and healthcare programs being offered require internship/practicum experiences, licensure is necessary.

FACULTY

Mississippi employs 47 faculty in support of its online programs available to Louisiana residents, 39 of which are employed full-time and 45 trained at the doctoral level.

FACILITIES

Since Mississippi operates its program online with administrative and academic support in University, Mississippi, there are no physical facilities in Louisiana. Students will complete internship/practicum experiences at various locations within Louisiana.

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 issue an initial operating license to the University of Mississippi, located in University, Mississippi.

Agenda Item III.A.1.f.

University of Texas at El Paso El Paso, Texas

BACKGROUND

The University of Texas at El Paso (UTEP) is not incorporated in the state of Louisiana. The institution is a publically-supported research university of over 23,000 students on four campuses founded in 1914 as Texas School of Mines and Metallurgy. The institution became the Texas College of Mines in 1920 and Texas Western College in 1949, receiving its current name in 1967. UTEP is located in El Paso, Texas and is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools.

ACADEMIC PROGRAM

UTEP is proposing to make available to Louisiana residents seven masters, five bachelors and three certificate online programs, primarily in education and nurse-related fields. Typically, the online nature of the delivery system would not require licensure. However, since some of the nursing and education programs require clinical experiences/internships, licensure is necessary.

FACULTY

UTEP employs seventeen faculty in support of online programs available to Louisiana residents. Twelve of the faculty are employed on a full-time basis and ten are trained at the doctoral level.

FACILITIES

Since UTEP operates programs online with administrative and academic support in El Paso, there are no physical facilities in Louisiana. Students will 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 issue an initial operating license to the University of Texas at El Paso, located in El Paso, Texas.

Agenda Item III.A.1.g.

University of West Florida Pensacola, Florida

BACKGROUND

The University of West Florida (UWF) is not incorporated in the State of Louisiana. The institution is a publically-supported regional university of approximately 12,500 students established in 1963 as an upper-division university with classes beginning in 1967. UWF established a lower division in 1983 and today offers approximately 45 bachelors programs, 25 masters programs and an educational doctorate. UWF is located in Pensacola, Florida and is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools.

ACADEMIC PROGRAM

UWF is proposing to make available to Louisiana residents numerous online 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 some of the programs (education/engineering technology/public health/nursing) require clinical experiences/internships, licensure is necessary.

FACULTY

UWF employs hundreds of faculty in support of its online programs. However, it reported thirty faculty who are directly involved with the clinical/internship aspect of the online programs being proposed for Louisiana. Ten of the faculty are employed full-time and 21 hold doctorates.

FACILITIES

Since UWF operates programs online with administrative and academic support in Pensacola, there are no out-of-state physical facilities in Louisiana. Students will 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 issue an initial operating license to the University of West Florida, located in Pensacola, Florida.

Agenda Item III.A.2.a.

Arkansas State University State University, Arkansas

BACKGROUND

Arkansas State University (ASU) is not incorporated in the State of Louisiana. The university is a state-supported institution in the state of Arkansas and first registered with the Board of Regents in 2010. Established in 1909, the institution is headquartered in State University, Arkansas and is accredited by the Higher Learning Commission of the North Central Association for Colleges and Schools.

ACADEMIC PROGRAM

ASU provides an online bachelor's in interdisciplinary studies and master's programs in education-related areas, business administration, public administration, sports administration, and disaster preparedness. The online nature of the programs typically would not require licensure. However, since the graduate programs in education, sports administration, public administration and disaster preparedness require supervised practicum/internships, the University is seeking licensure. ASU reports a current Louisiana enrollment of 88 students.

FACULTY

Arkansas State University employs 107 faculty to support its online programs, 82 on a full-time basis. Eighty-nine are trained at the doctoral level, while the remaining are trained at the masters level.

FACILITIES

Since the programs are offered online with support services provided from State University, Arkansas, there is no need for physical facilities in Louisiana. Clinical experiences take place in schools and school board offices throughout Louisiana.

STAFF RECOMMENDATION

Given the credentials of its faculty, the university's program and campus accreditation, the general oversight by the home campus, and the online nature of the programs, the senior staff recommends that the Board of Regents accept the application for license renewal from Arkansas State University, located in State University, Arkansas.

Agenda Item III.A.2.b.

Grantham University Lenexa, Kansas

BACKGROUND

Grantham University (Grantham) is not incorporated in the State of Louisiana. The college first registered with the Board of Regents in 1990. The institution was headquartered in Slidell, Louisiana and provided educational programs at the baccalaureate and masters degree levels. Following extensive damage caused by Hurricane Katrina, the institution relocated to Kansas City, Missouri, and is now located in Lenexa, Kansas. Grantham is accredited by the Distance Education and Training Council.

FACULTY AND STUDENTS

Grantham University employs 407 faculty members, 38 on a full time basis. One hundred seven faculty hold doctoral degrees, and 300 faculty members hold masters/specialist degrees. The institution reports a current enrollment of 189 students in Louisiana, 22 at the graduate level.

ACADEMIC PROGRAM

Grantham University offers associate, baccalaureate and masters degrees. Admission is selective and students receive instruction through correspondence and independent study in a variety of business, engineering, and information technology programs, as well as in criminal justice and general studies.

FACILITIES

Since relocating due to damage by Hurricane Katrina, Grantham University has maintained no facilities in Louisiana.

STAFF RECOMMENDATION

Given the credentials of its faculty, and the oversight provided by the institution's nationally recognized accrediting agency, the staff recommends that the Board of Regents accept the application for license renewal from Grantham University, located in Lenexa, Kansas.

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Agenda Item III.B.

Minutes

Board of Regents' Proprietary Schools Advisory Commission
November 18, 2014

The Louisiana Board of Regents' Proprietary Schools Advisory Commission met on Tuesday, November 18, 2014, at 10:05 a.m. in Room 1-190 of the Claiborne Building, Baton Rouge. Chair Jones called the meeting to order and the roll was called.

Commission Members Present

Melanie Amrhein
Sherrie Despino
James Dorris
James Fontenot
Keith Jones, Chair
Gloria Simmons

Staff Members Present

Chandra Cheatham
Kristi Kron
Carol Marabella

Commission Members Absent

Ralph Bender, Vice-Chair
Richard D'Aquin
Raymond Lalonde

Guests Present

(See Appendix A.)

Following a word of welcome from Chair Jones to new Proprietary Schools Advisory Commission member Sherrie Despino, an appointee of the Louisiana Association of Chamber of Commerce Executives, and the administering of the Oath of Office by Executive Counsel Uma Subramanian, the first item of business was approval of the minutes from its meeting of September 9, 2014.

On motion of Ms. Amrhein, seconded by Mr. Fontenot, the Proprietary Schools Advisory Commission unanimously adopted the minutes of the September 9, 2014 Proprietary Schools Advisory Commission meeting.

The next agenda item considered by the Commission was two initial license applications, the first from Allied Prep Technical Institute, LLC, located in Marrero, Louisiana, and represented by Mr. Dennis Barnes and Mr. Terrence Walker, co-owners. Ms. Kron reviewed the materials for the Commission members, informing them that the institution would be offering one program of study, Pharmacy Technician, (460.0 clock hours) with an anticipated completion time of 18.0 weeks. Allied Prep Technical Institute, LLC, had met all the legal and administrative requirements to be approved for an initial license.

Following further discussion regarding the cost of the program, average salary and duties of a Pharmacy Technician, professional background of the owners, their reasons for opening the school, objectives of the course, competition within the market area, and financial projections for the institution,

On motion of Mr. Fontenot, seconded by Mr. Dorris, the Proprietary Schools Advisory Commission unanimously recommends that the Board of Regents approve an initial operating license for Allied Prep Technical Institute, LLC, located in Marrero, Louisiana.

The second initial license application considered by the Commission was from Divine Touch Healthcare Training, LLC, located in New Orleans, Louisiana, and represented by one of the school's board members, Rev. Tyrone Jefferson. Ms. Marabella reviewed the materials for the Commission members, informing them that the institution had previously been licensed in May 2013, but failed to renew its license prior to expiration. The school would be offering one program of study, Certified Nursing Assistant, which is a four week, 80.0 clock hour program (inclusive of both classroom and clinical experience). The program has received the required approval from the Department of Health and Hospitals, Health Standards Section. The school would be housed in allocated space at the Abundant Life Tabernacle Full Gospel Baptist Church. Divine Touch Healthcare Training, LLC, had met all the legal and administrative requirements to be approved for an initial license.

Following further discussion regarding the planned operational differences under the new license,

On motion of Ms. Amrhein, seconded by Ms. Simmons, the Proprietary Schools Advisory Commission unanimously recommends that the Board of Regents approve an initial operating license for Divine Touch Healthcare Training, LLC, located in New Orleans, Louisiana.

The next agenda item considered by the Commission was operating license renewals. Ms. Marabella informed the Commission members that there were twenty-six (26) 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. Amrhein, seconded by Mr. Fontenot, 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)
American School of Business (09/24/09)
Ayers Career College (10/25/90)
Becker Professional Education--Baton Rouge (10/24/96)
Becker Professional Education--New Orleans (10/24/96)
The Captain School, LLC (09/22/11)
Career Technical College (09/28/06)
Career Technical College of Shreveport (09/28/06)
Carvas College (09/27/07)
Coastal College--Baton Rouge (09/28/00)
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)
Diesel Driving Academy--Shreveport (06/21/73)
Eastern College of Health Vocations (10/28/99)
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 chose not to renew their licenses--Amazing Careers in Dental Assisting--Marrero Campus (09/26/13) and Educational and Career Services, LLC (09/26/13). Since neither school enrolled students, there are no student records to secure for safekeeping.

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

Under Report from Staff, Ms. Marabella informed the Commission that the tuition reimbursement checks for the students who had filed documented claims against the closed Lazarus Driving Academy, formerly located in Opelousas, had been processed and would be mailed out this date. She also noted for the Commission that the proceeds were totally derived from the school's surety bond and thus, there was no need to tap into the Student Protection Fund.

Under Other Business, Ms. Marabella requested that the Commission formerly approve the 2015 meeting calendar for the Proprietary Schools Advisory Commission as presented at its September meeting.

On motion of Mr. Fontenot, seconded by Ms. Despino, the Proprietary Schools Advisory Commission unanimously adopted the 2015 meeting calendar as presented at the September 9, 2014 meeting.

The next meeting of the Proprietary Schools Advisory Commission is scheduled for Tuesday, January 13, 2015, at 10:00 a.m., in Room 1-190 of the Claiborne Building. There being no further business, the meeting adjourned at 10:50 a.m.

APPENDIX A

GUESTS

Dennis Barnes

The Rev. Tyrone Jefferson

Terrence Walker

Allied Prep Technical Institute, LLC

Divine Touch Healthcare Training LLC

Allied Prep Technical Institute, LLC

Agenda Item IV

Executive Summary

House Concurrent Resolution 21 of 2014 by Representative Dixon urged and requested Louisiana Board of Regents, in consultation with the management boards, to “study the feasibility of implementing a college tuition program that would allow students to pay tuition after leaving college and to submit a written report of findings and conclusions, including any recommendations for legislation relative to the issue, to the House Committee on Education and the Senate Committee on Education not later than sixty days prior to the beginning of the 2015 Regular Session of the Legislature of Louisiana.”

After a comprehensive review of existing Pay It Forward Programs (PIF), Board of Regents’ staff identified the following challenges that make a PIF program in Louisiana impractical to implement at this time:

1. Because of recent declines in state support for public higher education and in the absence of any dedicated state funds to establish a PIF program, the institutions have no ability to finance the upfront costs of a PIF program or to delay the reimbursement of expenses.
2. A number of PIF programs have been proposed and/or implemented in other states over the past few decades. Either due to a lack of funding, ill design, improper implementation, or limited interest, these programs, though well-meaning, have not proven successful.
3. Providing additional resources for Louisiana’s need-based Go Grant program is a more practical and less burdensome solution to a PIF program without the potential unintended consequences of a PIF program.

Should the Legislature choose to consider a PIF program notwithstanding the above challenges, the Board of Regents recommends the following:

1. To allow for proper design and implementation, the PIF program should begin no sooner than the 2016-17 academic year. Any program design and implementation would be subject to an appropriation directed for those purposes.
2. A separate fund in the Treasurer’s office to support the PIF program, with reimbursements to the institutions on a semester-by-semester basis in a fashion similar to TOPS, should be established.
3. The State Treasurer, possibly in concert with the Louisiana Office of Student Financial Assistance (LOSFA), should design, implement, and administer the repayment process and associated systems.

The senior staff recommends that the Planning, Research and Performance Committee approve the response to House Concurrent Resolution 21 regarding the PIF program.

**RESPONSE TO HOUSE CONCURRENT
RESOLUTION 21
OF THE 2014 REGULAR SESSION
OF THE LOUISIANA LEGISLATURE**

LOUISIANA BOARD OF REGENTS



December 2014

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Commissioner of Higher Education

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Introduction

Sharp increases in student loan debt, resulting from declining state funding of higher education and corresponding increases in tuition, have captured the attention of lawmakers nationally. To support college affordability for students, lawmakers in several states have proposed the “Pay It Forward (PIF)” program, which allows students to delay their tuition payments at public colleges and universities until graduation or workforce entry. House Concurrent Resolution 21 (HCR 21) of the 2014 Regular Session authored by Representative Dixon urged and requested the Louisiana Board of Regents (Regents), in collaboration with the management boards, to “study the feasibility of implementing a college tuition program that would allow students to pay tuition after leaving college and to submit a written report of findings and conclusions, including recommendations for legislation relative to the issue, to the House Committee on Education and the Senate Committee on Education not later than sixty days prior to the beginning of the 2015 Regular Session of the Legislature of Louisiana” (Appendix A).

The subsequent sections of this response to HCR 21 (1) provide a conceptual framework for the PIF program; (2) explore existing PIF programs; (3) provide a summary of the common elements of a PIF program; (4) examine the potential unintended consequences of implementing a PIF program, specifically as it relates to Louisiana; and (5) offer policy recommendations.

Conceptual Framework

College costs present an increasing challenge for Louisiana students, particularly those from middle- and lower-income families. Due to recent declines in state funding of public postsecondary education and the resulting increases in college tuition and fees, postsecondary education in Louisiana has become less accessible and affordable for many students. According to the Center on Budget and Policy Priorities (2014),¹ Louisiana has cut spending by more than 40 percent since the start of the recession. Reductions in state funding have necessitated and been offset by increases in tuition at Louisiana colleges and universities.

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

These conditions, coupled with the stagnant incomes of many households,² place undue burdens on Louisiana's individuals and families. Consequently, students increasingly rely on loans to meet college expenses, which could compromise their future investments in family, education and work. As student loan debt impacts access to financial resources (e.g., home loans, small business loans, car loans), high debt-to-income ratios can suppress new investments in local economies (e.g., housing and automobile dealerships). Student loan debt thus has indirect effects on Louisiana's economic and social environments. Reducing tuition and fee costs and student loan debt enables individuals and families to more fully participate in local economies, in turn, resulting in job creation and innovation.

The urgency to present policy solutions which mitigate the cost of higher education and student loan debt on middle- and lower-class families is a priority for lawmakers nationally. According to the American Association of State Colleges and Universities (2014),³ more than 20 states launched feasibility studies or initiated pilot projects to better understand the economic, social and educational consequences, both short- and long-term, of a PIF initiative. The basic tenets of the PIF initiative allow students to delay paying tuition (and possibly fees) until they enter the workforce, thus easing the financial and debt strain on students and their families.

Overview of Existing Pay It Forward Programs

The PIF program is not a new financing concept to higher education. In 1962, Milton Friedman proposed a "graduate tax" in which the government financially supports students during college and subsequently collects a portion of the students' future earnings after graduation.⁴ Friedman's income-shared agreement is considered a "socialized-gains, socialized-losses program," i.e., the community shares both gains and losses. Under this program, if a student obtains a well-paying position, the gains are shared by the community. Likewise, if a student is unable to obtain

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.

³ Harnisch, Thomas L., *The "Pay It Forward" College Financing Concept: A Pathway to the Privatization of Public Higher Education*, American Association of State Colleges and Universities, July 2014. Accessed November 10, 2014, <http://www.aascu.org/policy/publications/policy-matters/PayItForward.pdf>

⁴ Garcia-Penalosa, Cecilia and Klaus Walde, *Efficiency and Equity Effects of Subsidies to Higher*. 2002. Education Oxford Economic Papers Vol. 52: 702-722.

employment or gains employment in a low-paying career, the losses (i.e., debt) are also shared by the community.

In the 1970s, Yale University implemented a Tuition Postponement Option (TPO), a modified version of Friedman's shared-income agreement. This program allowed students to attend the university without costs, until after graduation. Students were placed in cohorts and agreed to pay back the cohort's debt. Upon graduation students agreed to pay 0.04% of their future earnings for the next 35 years, or until the cohort's debt was repaid. Borrowers could opt to "buy out" at 150 percent of what they originally borrowed plus interest. This program is considered a "privatized-gains, socialized-losses" program, where gains are privatized and losses are shared by the community. Initially, the TPO was well-received by graduates; however, backlash emerged in response to inflation, tax law changes, and non-payment by some borrowers. After a number of complaints, the program was discontinued in 1978, and by 1999 the remaining alumni TPO debt was forgiven.⁵

More recently, a student at Portland State University reintroduced the income-share concept as a capstone project. Similar to the previous programs, this PIF approach would allow students to attend the state's public community colleges and universities without payment. After students complete their degree program, community college graduates would agree to pay 1.5 percent of their gross earnings for 24 years. Students who earned a bachelor's and master's degree would pay back 3 to 4 percent of their gross income, respectively, during this period.

Common Elements of PIF Programs across States

As mentioned, several states launched feasibility studies or pilot projects to better understand the economic and social consequences of PIF programs. There are variations in each PIF initiative; therefore, the elements may vary slightly across states. Below are basic elements of the PIF programs that have been proposed:

⁵ Yale to Erase Alumni Debts in 2 Loan Plans," The New York Times, April 13, 1999, accessed November 17, 2014, <http://www.nytimes.com/1999/04/13/nyregion/yale-to-erase-alumni-debts-in-2-loan-plans.html>.

- The PIF program is voluntary. Students and their families decide whether or not to participate in the PIF program.
- For those that choose to participate, the PIF contracts are between the state (or institution) and the borrower. The PIF program links payment to borrower's gross annual income, rather than tuition rates. Therefore, there is no principal to repay upon completion. While there is no principal to repay, the program requires a mandatory repayment obligation.
- The PIF program is accessible to students that are state residents only.
- The PIF program covers tuition and fees. Students cover room and board, books, supplies, and other expenses.
- In most cases, the PIF program is limited to undergraduate education.
- The PIF program requires degree completion. While most programs do not address the consequences for non-completers, one program suggests that students transition to a traditional loan if they are unable to complete their undergraduate degree.

Potential Unintended Consequences of the PIF Program

Supporters of PIF argue that there are interlocking educational, social and economic benefits to implementing this program. The benefits include reducing the financial burden to college entry and completion and, in turn, mitigating the social and economic challenges associated with large amounts of debt for graduates. While at face-value these advantages appear to promise great strides toward ensuring that education is accessible and affordable for all students, it is reasonable to argue that a PIF program could exacerbate the financial burdens on graduates and place considerable burdens on states and postsecondary education institutions. Consequently, a PIF program could have long-term negative effects on Louisiana's local economy and workforce.

1. Pay It Forward May Not Address Student Debt. As previously mentioned, the primary goal of a PIF program is to reduce the financial burdens and increase accessibility to college by delaying payment of tuition and fees until students graduate or enter the workforce. However, according to the College Board, tuition and fees cover roughly 40%

of college debt.⁶ The remaining costs (e.g., books, supplies, and room and board) may have to be covered by student loans or other sources of institutional aid. Consequently, under this scenario, students would likely graduate from college with repayment obligations in addition to loans. It should also be noted that the Pell Grant amount awarded to students may be decreased since tuition and fees would not appear as a cost of attendance.

2. *PIF Creates Class-based Participation.* Some institutions' programs (i.e., Yale's PIF program) allowed students who obtained higher paying jobs to opt to "buy out." This would leave a smaller, less wealthy group participating in the program. Moreover, the wealthier students or those students who anticipate obtaining lucrative career earnings may pay their tuition upfront and choose not to participate in the program. Given these possibilities, the program might become overly reliant on low-earning graduates – which might jeopardize the long-term financial stability of the program.
3. *A PIF Program may not be Financially Feasible for the State to Initiate.* Income-based repayment programs are difficult to adopt because they require large, upfront seed investments that generally are state-funded. Since Louisiana's public postsecondary institutions have become heavily dependent on tuition revenue to operate, they cannot assume any upfront obligations or delay reimbursement from a PIF initiative. Therefore, a dedicated source of state funds would need to be established. To estimate the potential upfront costs to Louisiana, the following scenario is presented.

The PIF program would benefit students who currently receive student loans. The data available indicate that 47% of students attending public four-year institutions and 31% attending public two-year institutions begin college with a student loan in Louisiana. Of the 2013 entering first-time freshman cohort who began college with a student loan, 10,013 began at a public four-year institution and 4,514 began at a two-year institution. For illustration purposes, fifty percent of these entering freshmen chose to participate in

⁶ College Board "Trends in College Pricing," 2013. Accessed November 3, 2014. <http://trends.collegeboard.org/sites/default/files/college-pricing-2013-full-report.pdf>

the PIF program. Using these figures and multiplying the average tuition at Louisiana's 2-year and 4-year institutions, an initial seed investment for initiating a PIF program in Louisiana was calculated. If 50% of students participated in the PIF program, approximately \$35 million in seed funding would be required in the first year and would continually increase to approximately \$160 million budget by year six. A new freshman cohort would be allowed to participate each year thereafter and because the majority of students graduate in 150% of time (six years for bachelor's degree attainment, and three years for associate degree attainment) a significant number of students would not begin paying back their debt until seven years following the initial implementation of the PIF program. Furthermore, because the starting salaries of graduates will most likely be low in their early years of employment, the initial payback years may yield marginal return on investment.

4. *Graduation Rates may Affect the Financial Stability of the Program.* As explained previously, the program will most likely attract students who do not have financial scholarships or tuition waivers. Data indicate that there are significant differences in graduation rates between students who are scholarship recipients and those who do not receive a financial scholarship.

There are two competing arguments in regards to the impact of a PIF program and graduation rates. Supporters of PIF might argue that the variations in graduation rates among scholarship recipients and students who do not receive scholarships could be explained by financial barriers. Thus, a PIF program would reduce the financial barriers associated with tuition and fees and, in turn, increase graduation rates among students who do not receive scholarships or tuition waivers. However, on a much more cautionary note, research has demonstrated that it is by far the academic preparation of students who are awarded financial scholarships which contributes to their high graduation rates, more so than the financial award itself. Since the PIF program would attract more students who are ineligible for a financial scholarship, and thus less academically prepared for college-level work, the state must be cautious in projecting the payback of PIF program recipients.

5. *Implementation of PIF and Collection of Repayments Pose Challenges.* In designing any PIF program, the state would need to identify and dedicate the resources (e.g., personnel and technology) to design the necessary processes to track information regarding graduates' employment, income, and residency and to collect the revenues from the graduates of the PIF program. Additionally, the state would have to identify adequate financial resources to cover losses from the PIF program, resulting from either low incomes of some graduates or failure to meet the obligations of the program (i.e., delinquency or default).
6. *A PIF Program might Discourage Recipients from Careers in Public Service.* Depending on how the PIF program is structured, the repayment obligations might be designed in such a way as to deter recipients from service-oriented careers. This is especially true if the beginning balance is high and a lower-paying career extends the repayment period over multiple decades. Under these conditions, recipients would steer themselves into careers with the fastest payback terms marginalizing public service careers (i.e., teachers, policemen).

Summary and Recommendations

Based on the overview of current PIF programs and policy considerations as outlined above, the Board of Regents deems it inadvisable and impractical to implement a PIF program at this time. Notwithstanding the potential benefits of a PIF program to the students and their families, the following challenges make a PIF program infeasible under the current circumstances.

1. Considering the declines in state support for public higher education over the past 6-7 years and in the absence of any dedicated state funds to establish a PIF program, the institutions have no ability to finance the upfront costs of a PIF program or to delay the reimbursement of expenses. Projections as outlined in previous sections estimate that even a bare-bones program beginning with an entering class would cost the state \$35 million expanding to \$160 million before any meaningful collections are returned to the fund.

2. There have been a number of PIF programs examined, proposed or adopted over the past decade. Either due to a lack of funding, ill design, improper implementation, or limited interest, these programs, though well-meaning, have not proven successful.
3. The framework for a more practical and less burdensome alternative to a PIF program already exists, though it has not been utilized to its fullest extent. Providing additional resources for Louisiana's need-based Go Grant program would provide more immediate results without the potential unintended consequences of a PIF program.

Should the Legislature choose to consider a PIF program notwithstanding the above challenges, the Board of Regents recommends the following:

1. The implementation of the PIF program should begin no sooner than the 2016-17 academic year, allowing for the proper design and implementation of the program. Any program design and implementation would be subject to an appropriation directed for those purposes.
2. A separate fund in the Treasurer's office to support the PIF program, with reimbursements to the institutions on a semester-by-semester basis in a fashion similar to TOPS, should be established.
3. The State Treasurer, possibly in concert with the Louisiana Office of Student Financial Assistance (LOSFA), should design, implement, and administer the repayment process and associated systems.

ENROLLED

Regular Session, 2014

HOUSE CONCURRENT RESOLUTION NO. 21

BY REPRESENTATIVE DIXON

A CONCURRENT RESOLUTION

To urge and request the Board of Regents, in consultation with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, the Board of Supervisors for the University of Louisiana System, the Board of Supervisors of Southern University and Agricultural and Mechanical College, and the Board of Supervisors of Community and Technical Colleges, to study the feasibility of implementing a college tuition program that would allow students to pay tuition after leaving college and to submit a written report of findings and conclusions, including any recommendations for legislation relative to the issue, to the House Committee on Education and the Senate Committee on Education not later than sixty days prior to the beginning of the 2015 Regular Session of the Legislature of Louisiana.

WHEREAS, good jobs increasingly require workers with postsecondary education, and the nation's economic growth depends on developing a workforce ready for 21st century jobs in the global economy; and

WHEREAS, long-term declines in state higher education funding and more recent severe budget cuts are pushing college out of reach for middle class and low-income students; and

WHEREAS, "Pay It Forward", a proposal from the Economic Opportunity Institute, provides a potential remedy to this problem; and

WHEREAS, under the "Pay It Forward" plan, students attend college with no upfront tuition and fees, and instead contribute a small, fixed-percentage of their income after college; and

WHEREAS, under the plan, contributions are placed in a public higher education trust fund that funds education for the next generation of students, giving each new cohort the same opportunity to attend college; and

WHEREAS, over time, the trust fund becomes entirely self-replenishing and allows for more and more students to participate in the plan, and by linking contributions to students' incomes, the plan allows graduates to choose work based on their interests and skills, rather than solely on the prospect of higher incomes; and

WHEREAS, "Pay It Forward" can be implemented in conjunction with other forms of federal, state, local, and private financial aid; and

WHEREAS, several states are exploring "Pay It Forward" programs, including Oregon, where lawmakers recently voted to create a commission to study the plan in detail.

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby urge and request the Board of Regents, in consultation with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, the Board of Supervisors for the University of Louisiana System, the Board of Supervisors of Southern University and Agricultural and Mechanical College, and the Board of Supervisors of Louisiana Community and Technical Colleges, to study the feasibility of implementing a college tuition program that would allow students to pay tuition after leaving college and to submit a written report of findings and conclusions, including any recommendations for legislation relative to the issue, to the House Committee on Education and the Senate Committee on Education not later than sixty days prior to the beginning of the 2015 Regular Session of the Legislature of Louisiana.

BE IT FURTHER RESOLVED that a suitable copy of this Resolution be transmitted to the commissioner of higher education and the presidents of Louisiana State University, University of Louisiana, Southern University, and the Louisiana Community and Technical College systems.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

Agenda Item V.

Executive Summary

The Taylor Opportunity Program for Students (TOPS) was created via ACT 1375 during the 1997 Regular Legislative Session. The first college freshman class to receive TOPS awards entered postsecondary education in the fall of 1998.

ACT 1202 of the 2001 Regular Legislative Session requires the Louisiana Board of Regents (BoR) to prepare a report to analyze various aspects of the TOPS program. The most recent Regents' TOPS report was prepared in April 2014.

In accordance with ACT 1202, the attached report includes:

- An analysis of the relationship between the high school courses taken and the student's score on the American College Test (ACT);
- The number of high school graduates who are eligible for TOPS and subsequently enroll in college;
- Persistence rates of TOPS students;
- Retention rates of TOPS awards, including numbers of and reasons for students losing award eligibility; and
- Graduation data, including rates.

Act 587 of the 2014 Regular Legislative Session added several additional levels of analysis to the TOPS report, including:

- Demographic information of program award recipients, including but not limited to race, gender, and parents' household income;
- High school GPA and ACT or concordant SAT scores of program award recipients grouped by mean, median, and mode; and
- Average high school GPA and average ACT or concordant SAT scores of those who lost the award and those who were placed on probationary status.

The data in the report include current and historical data on TOPS students (students receiving an *Opportunity, Performance, or Honors* award) and non-TOPS students, to allow for comparison.

The findings indicated that:

- 65.1% of the 2014 high school graduating class completed the *TOPS Core*, 2.6 percentage points higher than the 2005 high school graduating class (62.5%).
- Completion of the *TOPS Core* improves students' score on the ACT.
- Since academic year 2003-2004, approximately 90% of students deemed eligible for a TOPS award have accepted the award and subsequently enrolled in a postsecondary education institution in Louisiana.

- Between 2003 and 2014, approximately 79% of the TOPS recipients were White and 58% were female.
- The average household income for TOPS recipients between 2003 and 2014 ranged from \$70,000 to \$99,000.
- The average ACT score of all TOPS recipients between 2003 and 2014 was 23.2 and the average high school GPA (Core GPA) was 3.3.
- Students who begin college with a TOPS award persist in postsecondary education in subsequent years at a higher rate than non-TOPS students.
- The average ACT score of students who had their award cancelled between 2003 and 2014 was 22.9. The average high school GPA of students who had their award cancelled was 3.13.
- Students who begin a baccalaureate degree or an associate degree with TOPS graduate within 150% and 200% of time at higher rates than do students without a TOPS award.

The senior staff recommends that the Planning, Research and Performance Committee receive and endorse the “TOPS Report: Analysis of the TOPS Program from 2003-2014”.