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FINANCE EXECUTIVE SUMMARY

Wednesday, October 24, 2018

VII.A.1. Preliminary FY 2019-2020 Formula Funding Request

The FY20 budget submission for higher education targets reinvestment focused on affordability and innovation. Over the last 11 years, Louisiana has seen a dramatic shift in the balance between state vs. student funding for higher education fueled by the largest state disinvestment in the nation. As a result, state funds have decreased by 48% (\$740M) and self-generated revenue (tuition and fees) have increased by 107% (\$750M).

Shifting from state supported to student supported institutions has affected affordability for families across Louisiana and the nation. The rise in tuition and fees for Louisiana students has outpaced the nation when measured as a percentage of median income. The average in-state tuition and fees at a public four-year institution nationwide accounted for 16.5 percent of a family's median household income in 2017, up from 14 percent in 2008. In Louisiana, the average tuition and fees at a Louisiana public four-year institution accounted for 19.4 percent of a Louisiana family's median household income in 2017. For African-American and Hispanic families, tuition and fees make up 31.7% and 22.6% of median household income, respectively. Increases in tuition and fees create barriers for underserved students in accessing and attaining a credential that can lead to a better paying job. Our focus must be on expanding opportunity, innovation and affordability in our state and for our students. (Center for Budget and Policy Priorities report *Unkept Promises: State Cuts to Higher Education Threaten Access and Equity*.)

We believe reinvestment in higher education, focused on improving affordability and decreasing student debt, is critical and can have lasting positive results in our state.

To further demonstrate the critical need for targeted investments, consider Louisiana's current rankings —

*49th nationally in educational attainment (percent of adults 25-64 with associate's degree or higher) (NCHEMS Information Center: US Census Bureau).

*49th in public higher education appropriations per FTE (State Higher Education Executive Officers (SHEEO)).

*48th in total educational revenue per FTE (sum of educational appropriations and net tuition) (SHEEO).

By making college more affordable through national best practices such as tuition buy-downs, increasing funding for need-based aid, and investing in open educational resources (including e-

textbooks) to reduce the cost of attendance, Louisiana can improve affordability and access to higher education in our state.