

AGENDA ITEM VII.G.4
NCHEMS Response to Changes to be Considered in Response to COVID-19 for LCTCS

Executive Summary

The Louisiana Community and Technical College System (LCTCS) is being faced with a perfect storm of environmental and financial forces. COVID-19 has created circumstances in which the campuses have had to unexpectedly devote unbudgeted resources to online formats in order to complete the 2019-20 academic year. The increased expenditures have been accompanied by reduced revenues, particularly from those sources generally labeled as auxiliary enterprises.

To examine the current and long-term financial and structural health of the system, the House of Representatives of the Louisiana Legislature during the 2020 Regular Session passed House Resolution 52 urging and requesting “the Louisiana Community and Technical College System Board of Supervisors and the Board of Regents, to study and make recommendations relative to any academic, operational, structural, or technological changes that should be considered for the Louisiana Community and Technical College System in response to COVID-19.”

The study was conducted by the National Center for Higher Education Management Systems (NCHEMS). The study’s findings paint a picture of the conditions facing the LCTCS institutions and lay the groundwork for a set of recommendations regarding steps the System and its constituent institutions will have to take to deal with a challenging external environment.

LCTCS Recommendations

- I. Continue to offer educational programs at all its current sites.
- II. Create a mechanism for providing early warning information to the System Office regarding financial conditions of each of the campuses.
- III. Address the challenges faced through actions as a System, not through the actions of individual, free-standing institutions.
- IV. Technology should be utilized to ensure that minimum class sizes are maintained with the vision that students at any site receive instruction from any other System site.
- V. Curricula across the System should be more widely standardized.
- VI. Emphasize CTE in the dual-credit offerings of the System institutions.
- VII. Consideration of Structural Changes. The possibility of consolidations or mergers inevitably arises as a solution to be considered.

Legislature Recommendations

- I. Legislatively increase the 5% limit imposed on LCTCS regarding reallocation of state funds allocated to campuses through the Board of Regents allocation model.
- II. Explore the possibility of diversifying the funding base for the LCTCS institutions through adding a local funding component to the revenue mix.

Board of Regents Recommendations

- I. Reduce portion of allocation driven by base funding and increase outcomes-based portion.
- II. Create a mechanism for providing LCTCS with funding for non-credit instruction that results in workforce related certifications.
- III. Establish policy to preclude refusal to accept transfer course credits earned through distance delivered modalities.
- IV. Work with the Legislature to explore the possibility of diversifying the funding base for the LCTCS institutions through adding a local funding component to the revenue mix.

Staff Recommendation

Senior Staff recommends the Board receive the response to House Resolution 52 of the 2020 Regular Session authorizing staff to forward the initial draft on behalf of the Board to the speaker of the House of Representatives and the House Committee on Education while Regents staff works with LCTCS to bring forth an action plan of recommendations within 90 days.

LCTCS: Changes to be Considered in Response to COVID-19

Submitted to: LCTCS Board of Supervisors
Louisiana Board of Regents

by

 **NCHEMS**
National Center for Higher Education Management Systems

June 2, 2020

1 Introduction

The Louisiana Community and Technical College System (LCTCS) is being faced with a perfect storm of environmental forces. COVID-19 has created circumstances in which the campuses have had to unexpectedly devote unbudgeted resources to online formats in order to complete the 2019-20 academic year. The increased expenditures have been accompanied by reduced revenues, particularly from those sources generally labeled as auxiliary enterprises. These conditions are exacerbated by external economic conditions. For the coming fiscal year the state of Louisiana is facing a budget hole of at least \$867 million because of reduced state revenues. Given the state's resource allocation practices, much of this shortfall is anticipated to be covered by reduced appropriations to higher education and health care programs. Fortunately, the Legislature and the Governor, through use of federal funds made available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act were able to create a proposed FY21 budget that minimizes cuts to higher education. This, however, is a one-time, one-year solution. It is in the following fiscal years when the real threat to higher education funding will be felt.

The state's revenue shortfall is largely attributable to decreases in severance and sales tax revenues in the state. However, it can be expected that unemployment levels will be reflected in lower family incomes and reduced sales taxes. This condition affects the colleges directly as well as indirectly—parents and students are both unemployed or underemployed making it difficult to compensate for reduced appropriations by increasing tuition rates and revenues. This is a major issue in that more than 60% of LCTCS revenues are derived from tuition. Raising tuition (which is already high in comparison to surrounding states) in this environment is particularly difficult in a state that underinvests in need-based student aid, the kind of aid that would be most helpful to the most at-risk students.

In light of these conditions, the House of Representatives of the Louisiana Legislature during the 2020 Regular Session passed House Resolution 52 urging and requesting “the Louisiana Community and Technical College System Board of Supervisors and the Board of Regents, to study and make recommendations relative to any academic, operational, structural, or technological changes that should be considered for the Louisiana Community and Technical College System in response to COVID-19.” The full text of the Resolution is attached as Appendix A.

To carry out this study, the Board of Regents (BoR) contracted with the National Center for Higher Education Management Systems (NCHEMS). This document details the findings and recommendations of that study.

2 Methodology

In carrying out this study NCHEMS staff conducted a variety of activities. These activities included:

- a) A review of documents. Among the documents reviewed were descriptions of the BoR resource allocation model and a 2019 report prepared by NCHEMS for the BoR and LCTCS entitled “Pricing, Enrollment, and Affordability in Louisiana.”
- b) Interviews with the leadership of both BoR and the LCTCS including the Commissioner and financial staff of the Board of Regents and the President of the LCTCS as well as the Chief Financial Officer and Chief Academic Affairs Officer of the System.

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- c) Analyses of data provided by both the BoR and LCTCS in response to specific requests made by NCHEMS. These data included state appropriations allocated to each college, the total number of weighted Student Credit Hours (SCH) calculated as part of the Regent's funding model, tuition revenues for each college, and parish of origin of students enrolled at each college. Data from the federal government's Integrated Postsecondary Education Data Set (IPEDS), the Bureau of the Census and the Southern Regional Education Board (SREB) were also utilized.

3 Findings

As a result of these activities, NCHEMS pulled together a set of facts that bear on the task at hand—together they paint a picture of the conditions facing the LCTCS institutions and lay the groundwork for a set of recommendations regarding steps the System and its constituent institutions will have to take to deal with a challenging external environment.

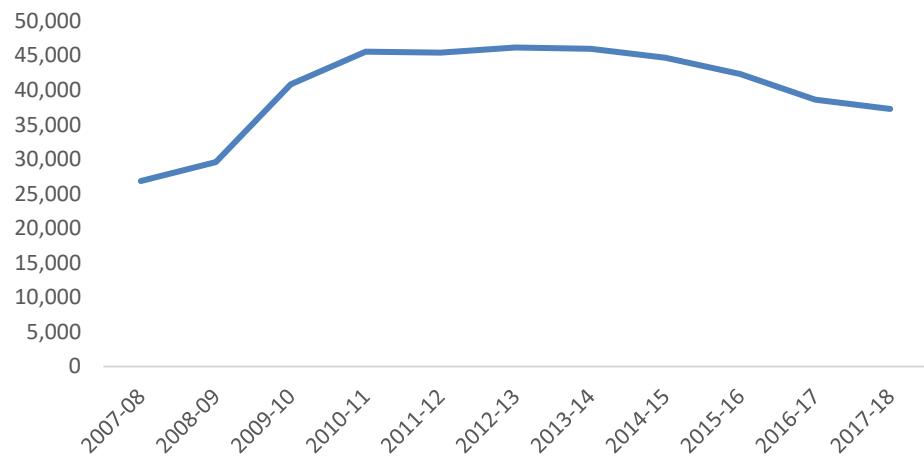
Figure 1 depicts the array of audiences that can be served by community colleges and the kinds of programs they provide. This diagram provided guidance to the kinds of data compiled in the conduct of the project.

Figure 1. Array of Community College Services

| The Array of Services | Audiences/Clients | | | |
|---|---|------------------------------------|--------|-----------|
| | In-School Youth (Secondary Education) | Recent High School Graduates | Adults | Employers |
| Remedial & Developmental Education | | | | |
| General Education | | | | |
| Transfer Preparation | | | | |
| Career Preparation | | | | |
| Customized Training, Rapid Response Workforce Development | | | | |
| Community Service (Non-Credit and Other Services to the Community) | | | | |
| Brokering and Serving as a Delivery Site for Other Providers | | | | |

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- a. **Enrollment Trends.** The System has experienced consistent credit enrollment declines since the end of the Great Recession.

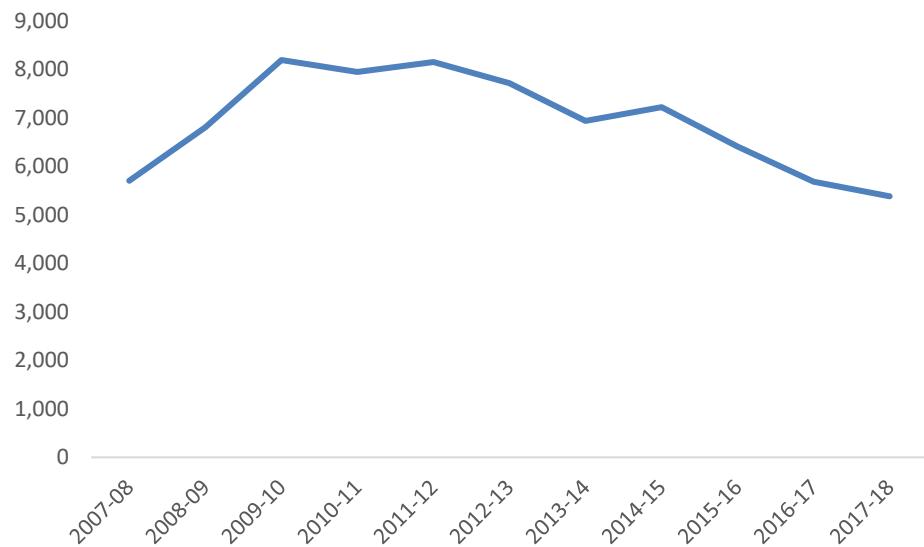
Figure 2. FTE Enrollments Over Time, LCTCS Institutions



Source: NCES, IPEDS 12-Month Enrollment Survey.

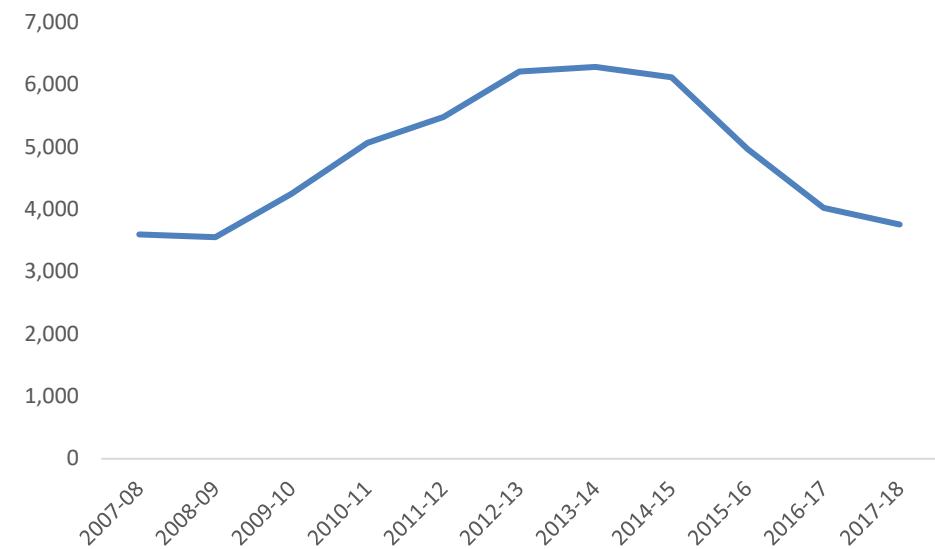
This is true for most, but not all, the institutions in the System. The exceptions are Northshore, Nunez, SOWELA, and South Louisiana as is shown in the following figures.

Figure 3. FTE Enrollments Over Time, Baton Rouge Community College



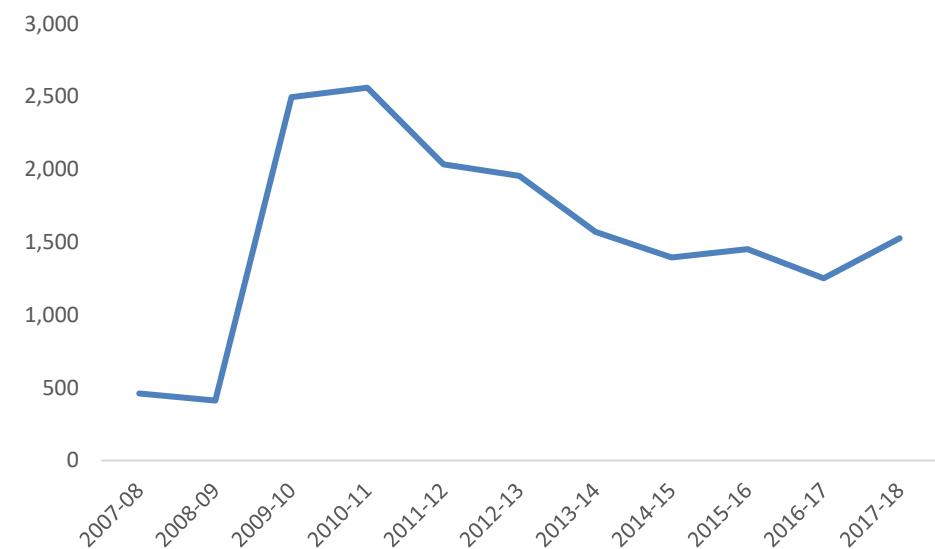
Source: NCES, IPEDS 12-Month Enrollment Survey.

Figure 4. FTE Enrollments Over Time, Bossier Parish Community College



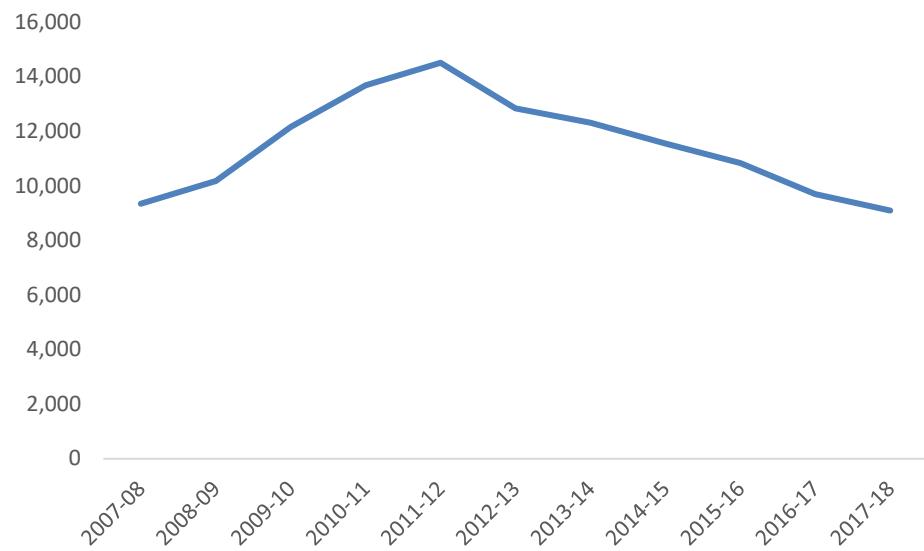
Source: NCES, IPEDS 12-Month Enrollment Survey.

Figure 5. FTE Enrollments Over Time, Central Louisiana Technical Community College



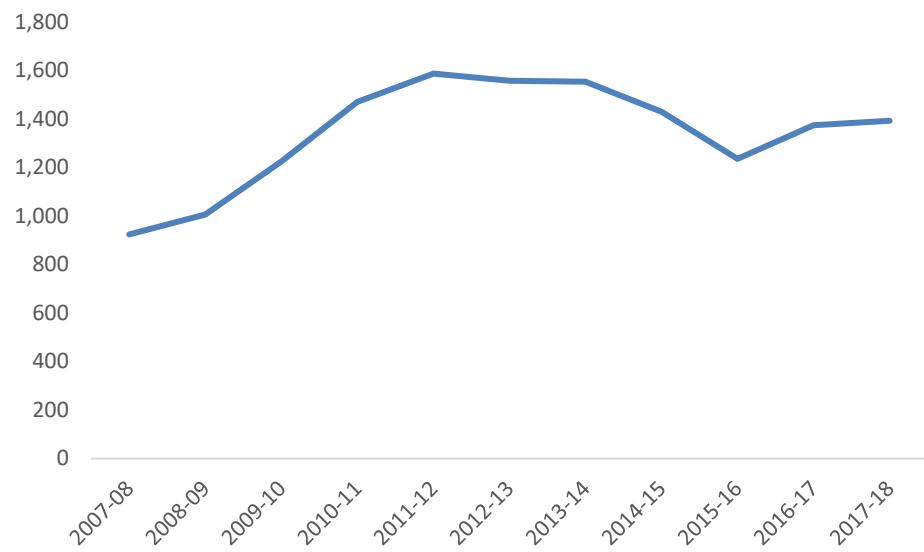
Source: NCES, IPEDS 12-Month Enrollment Survey.

Figure 6. FTE Enrollments Over Time, Delgado Community College

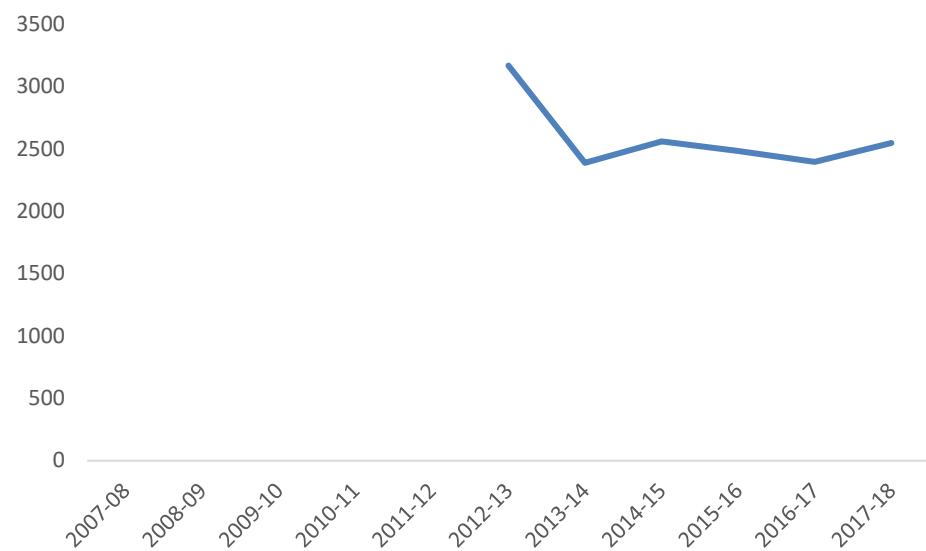


Source: NCES, IPEDS 12-Month Enrollment Survey.

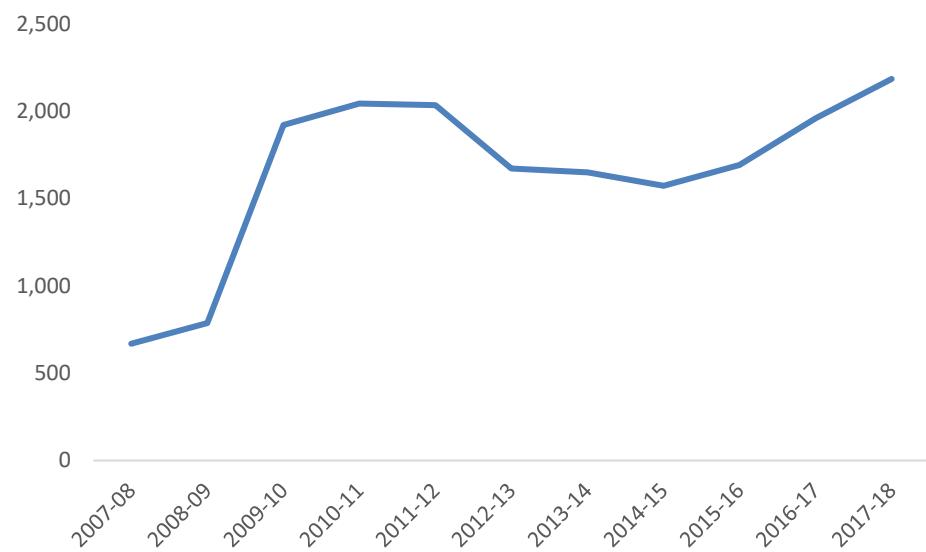
Figure 7. FTE Enrollments Over Time, Fletcher Technical Community College



Source: NCES, IPEDS 12-Month Enrollment Survey.

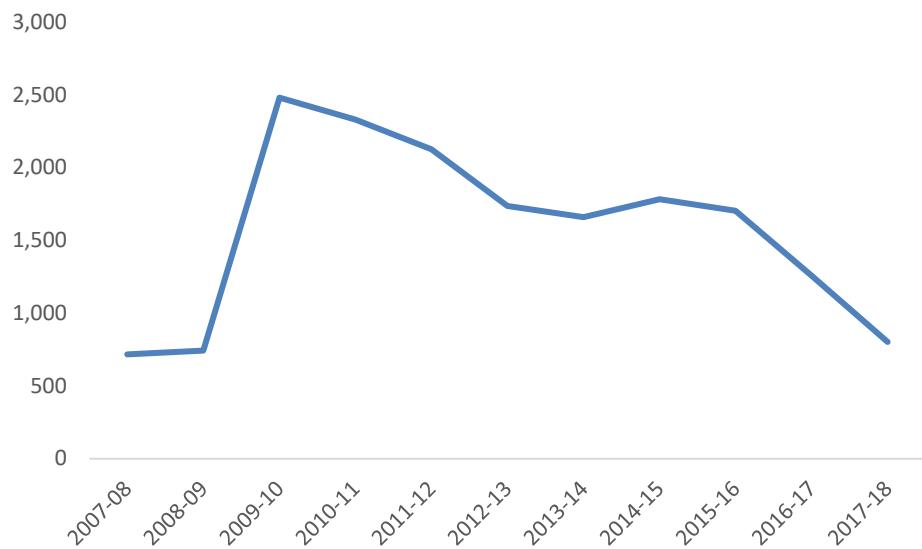
Figure 8.**FTE Enrollments Over Time, Louisiana Delta Community College**

Source: NCES, IPEDS 12-Month Enrollment Survey.

Figure 9.**FTE Enrollments Over Time, Northshore Technical Community College**

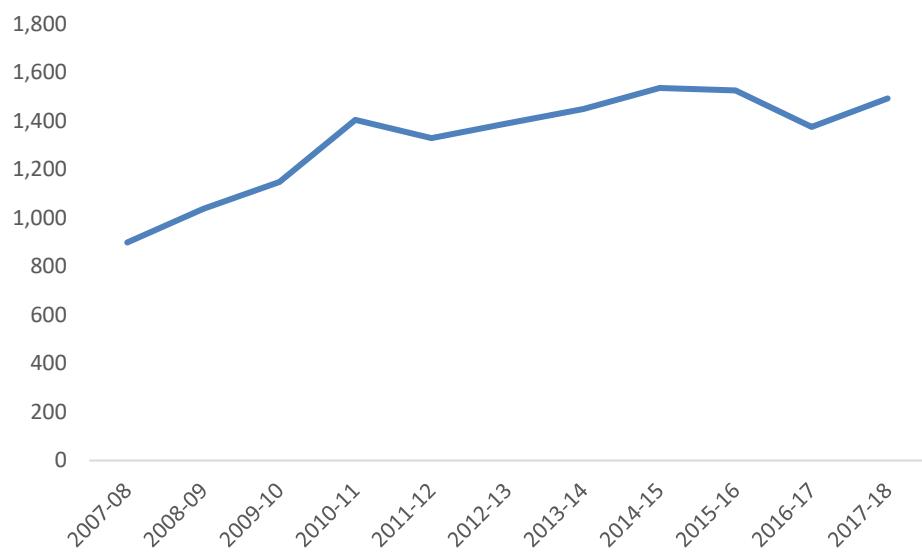
Source: NCES, IPEDS 12-Month Enrollment Survey.

Figure 10. FTE Enrollments Over Time, Northwest Louisiana Technical Community College

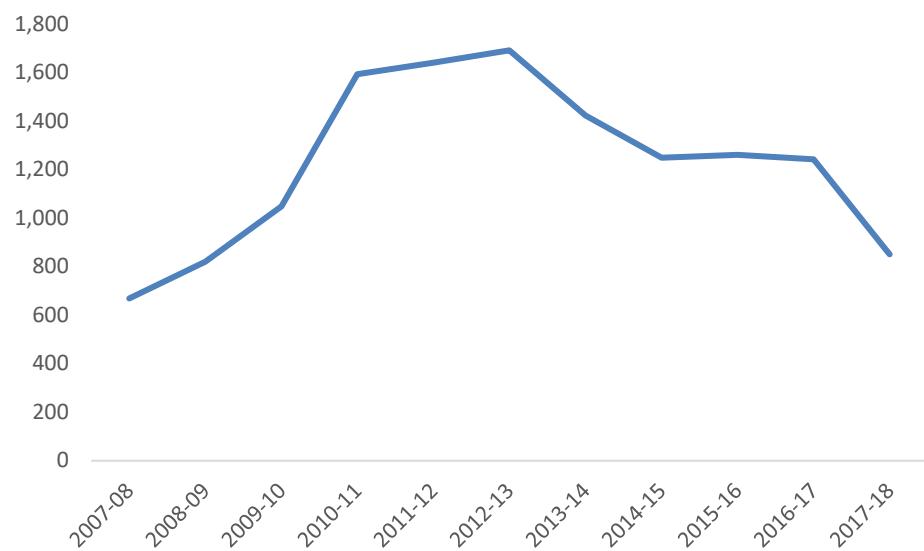


Source: NCES, IPEDS 12-Month Enrollment Survey.

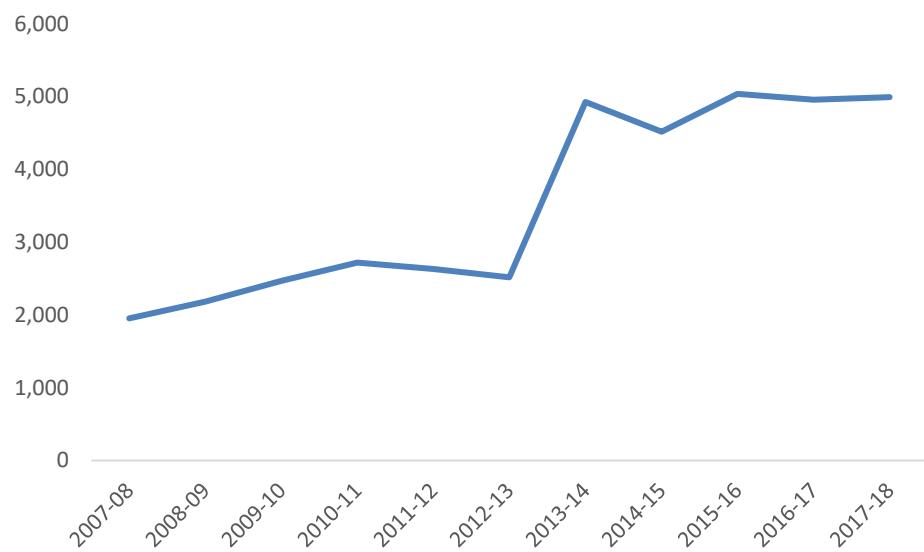
Figure 11. FTE Enrollments Over Time, Nunez Community College



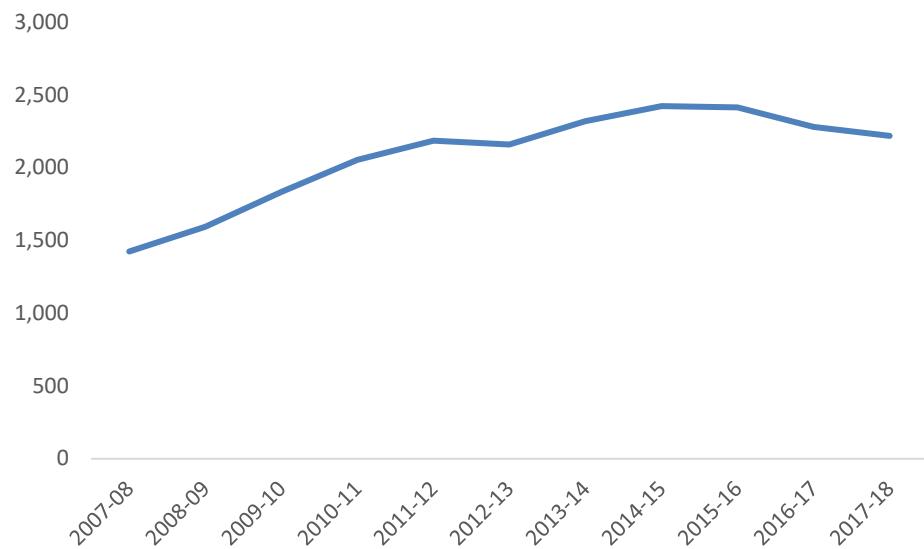
Source: NCES, IPEDS 12-Month Enrollment Survey.

Figure 12.**FTE Enrollments Over Time, River Parishes Community College**

Source: NCES, IPEDS 12-Month Enrollment Survey.

Figure 13.**FTE Enrollments Over Time, South Louisiana Community College**

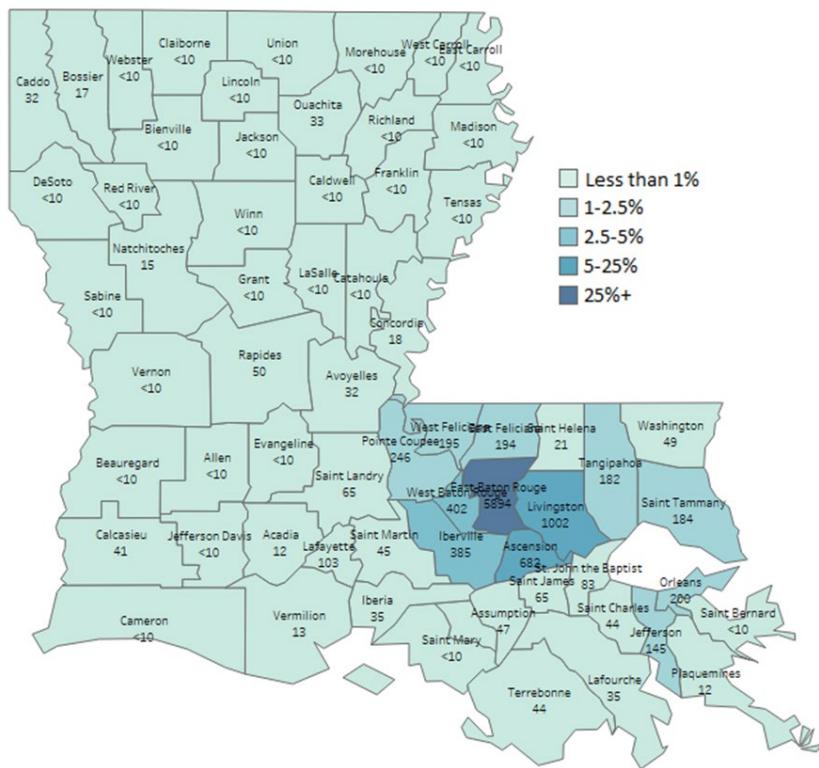
Source: NCES, IPEDS 12-Month Enrollment Survey.

Figure 14.**FTE Enrollments Over Time, SOWELA Technical Community College**

Source: NCES, IPEDS 12-Month Enrollment Survey.

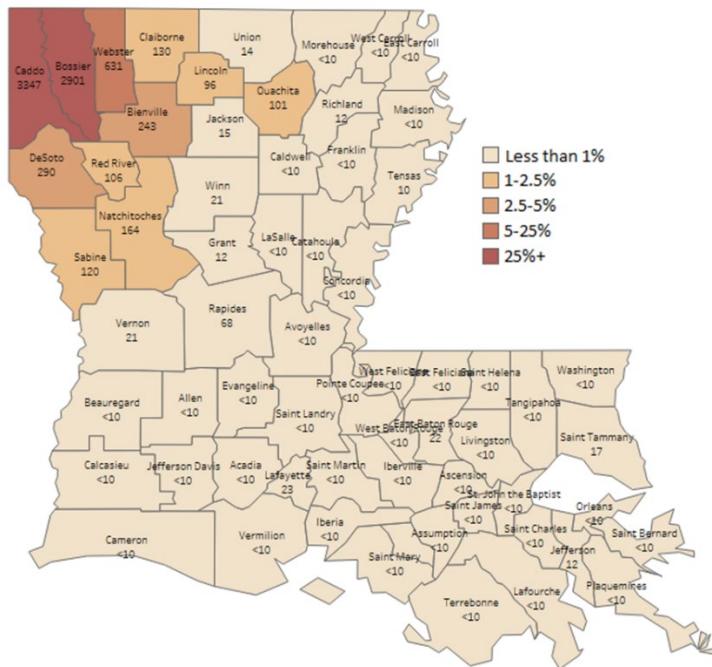
The enrollment consequences of COVID-19 for the LCTCS institutions are particularly difficult to predict. The history for community colleges across the nation is that, when unemployment rises, enrollment in community colleges also rises as individuals seek to acquire skills that will improve their chances in the job market. However, there is considerable doubt about the extent to which this pattern will hold in this specific instance. Reports of surveys of students indicate that many are rethinking their options regarding fall enrollment. (Source: Strada Consumer Insights). The news is both good and bad for community colleges. The bad news is that many students are not fully committed to returning to college for the Fall semester—the interruption experienced during the Spring semester is leaving many questioning whether to return at all. Financial considerations play a large part in their indecision, but the question of whether colleges can provide a safe environment also looms large. The good news is that those students who have financial or health-related concerns appear to be leaning toward attending college close to home. There is also some anecdotal evidence suggesting that students may choose to avoid large, 4-year universities in favor of attending smaller nearby community colleges. The following figures show that all LCTCS colleges serve students from nearby parishes. Therefore, the colleges have some advantages in these regards. The extent to which these advantages will translate into actual enrollments remains a very large unknown.

Figure 15. Baton Rouge Community College Parishes of Origin



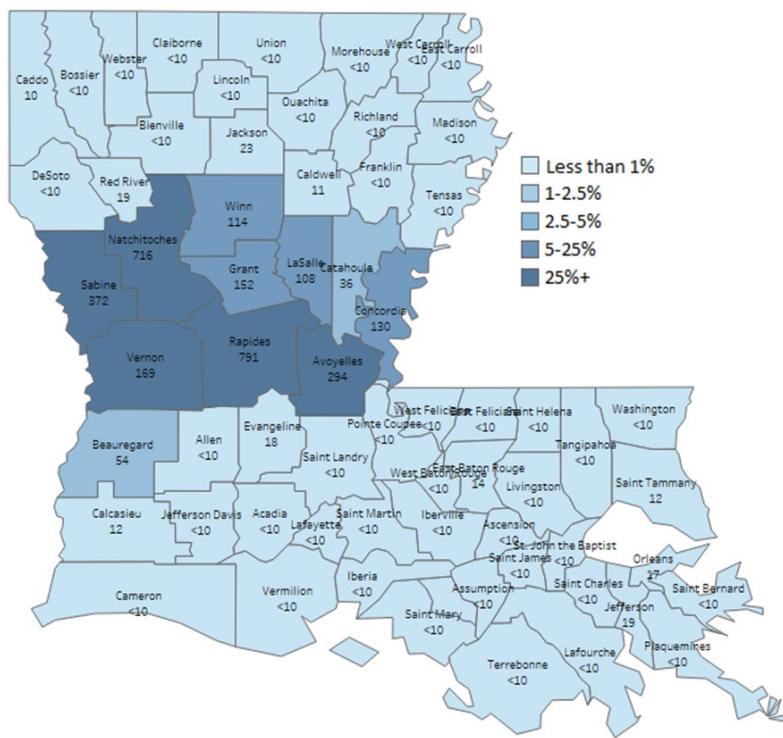
Source: The Louisiana Community and Technical College System

Figure 16. Bossier Parish Community College Parishes of Origin



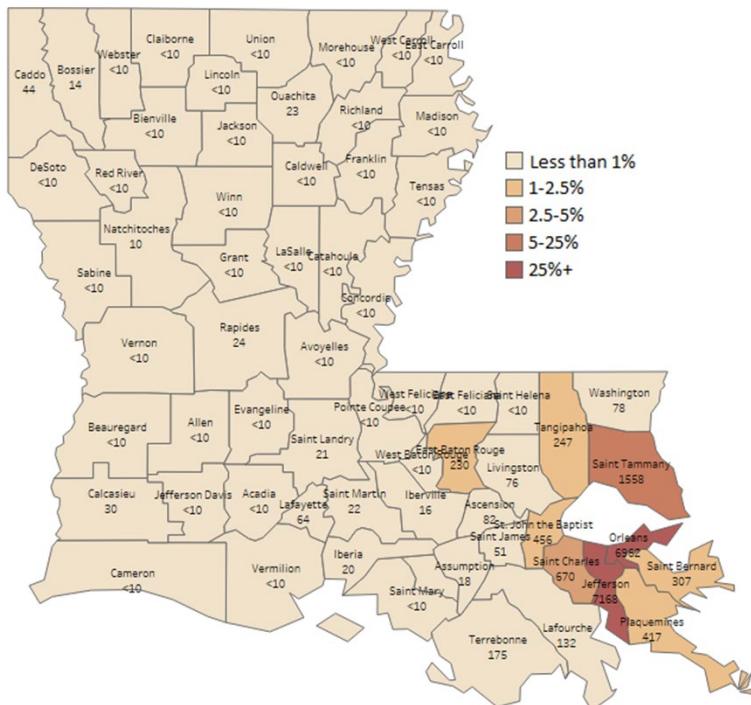
Source: The Louisiana Community and Technical College System

Figure 17. Central Louisiana Technical Community College Parishes of Origin



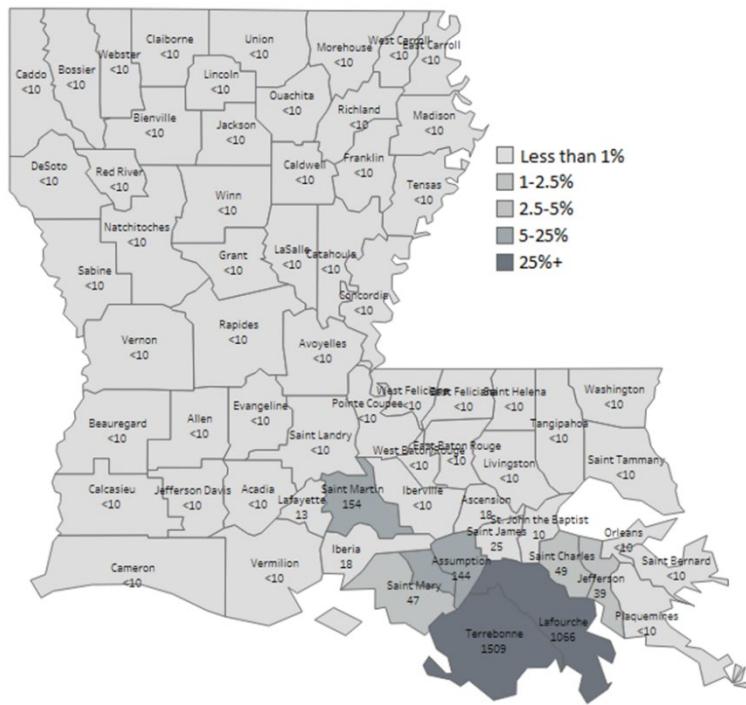
Source: The Louisiana Community and Technical College System

Figure 18. Delgado Community College Parishes of Origin



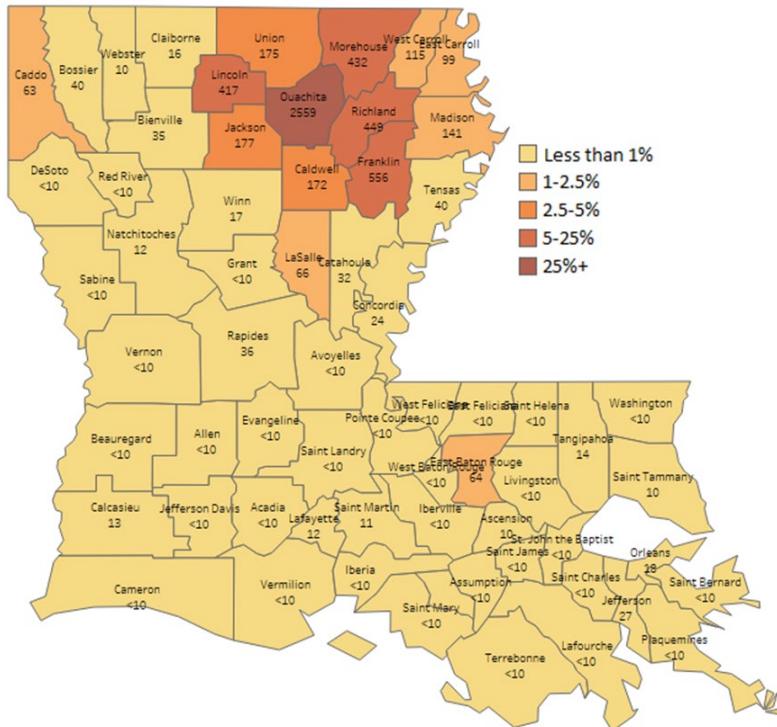
Source: The Louisiana Community and Technical College System

Figure 19. Fletcher Technical Community College Parishes of Origin



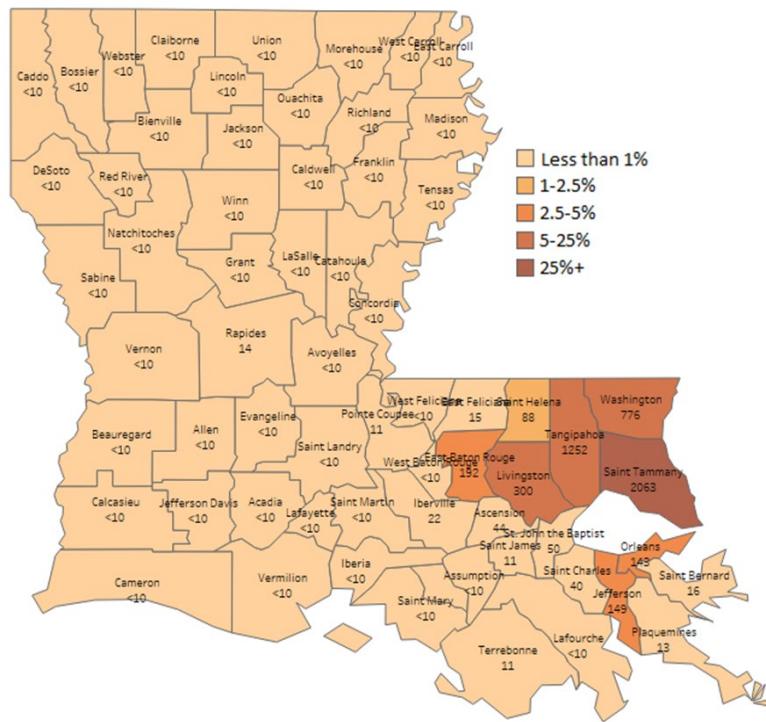
Source: The Louisiana Community and Technical College System

Figure 20. Louisiana Delta Community College Parishes of Origin



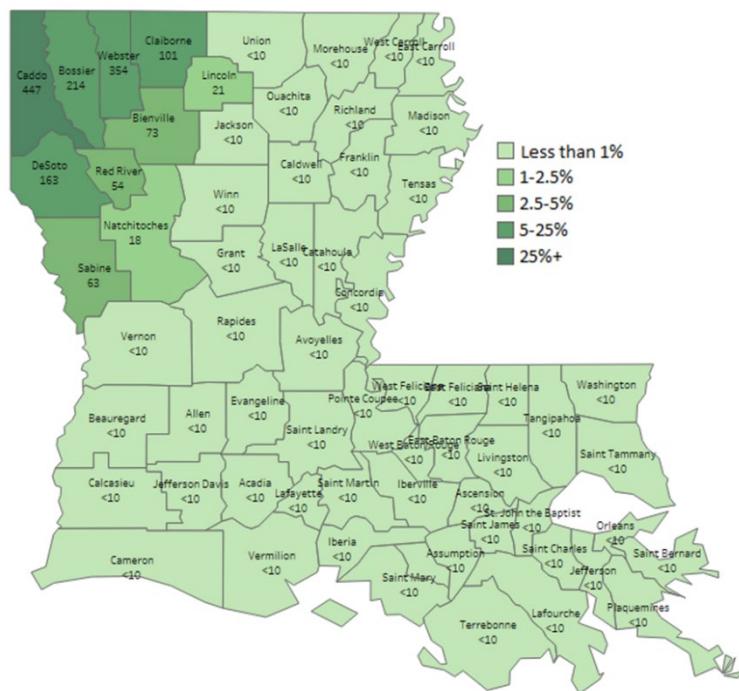
Source: The Louisiana Community and Technical College System

Figure 21. Northshore Technical Community College Parishes of Origin



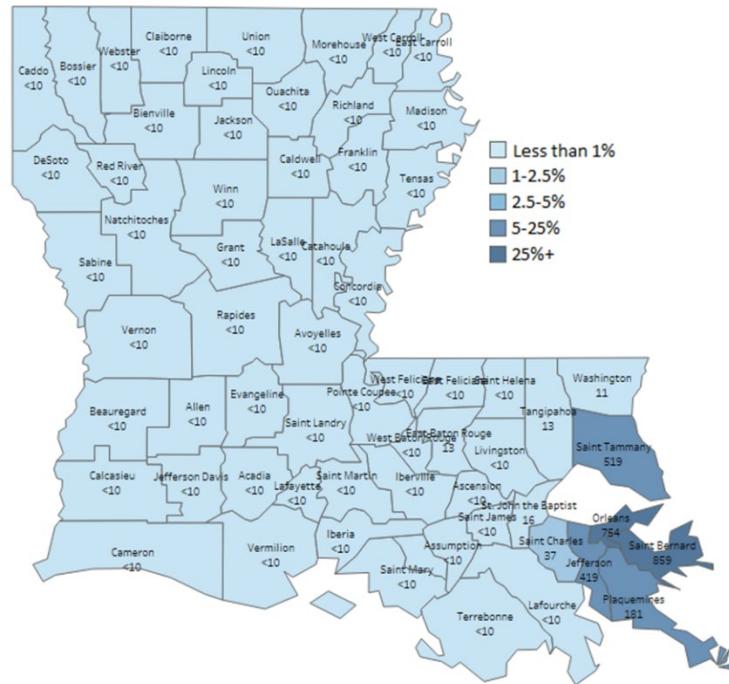
Source: The Louisiana Community and Technical College System

Figure 22. Northwest Louisiana Technical Community College Parishes of Origin



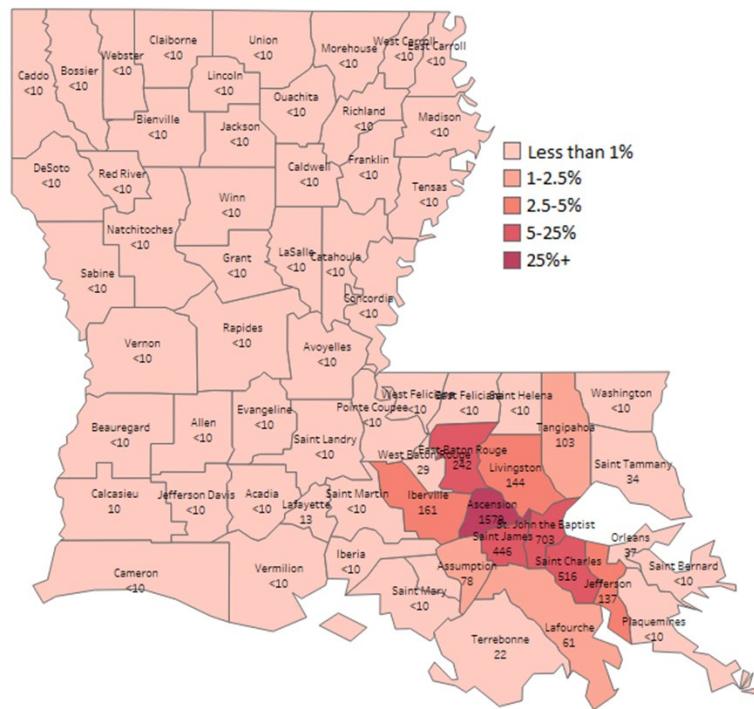
Source: The Louisiana Community and Technical College System

Figure 23. Nunez Community College Parishes of Origin



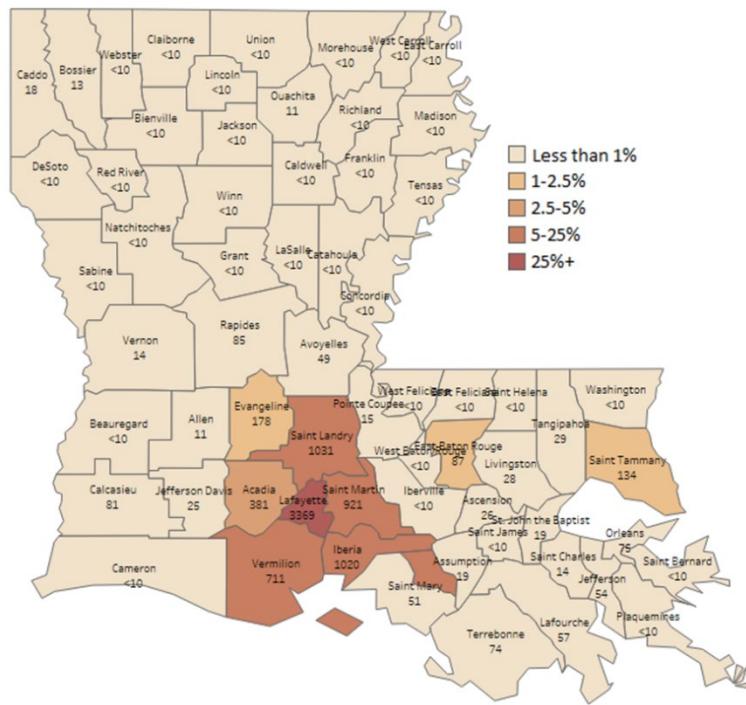
Source: The Louisiana Community and Technical College System

Figure 24. River Parishes Community College Parishes of Origin



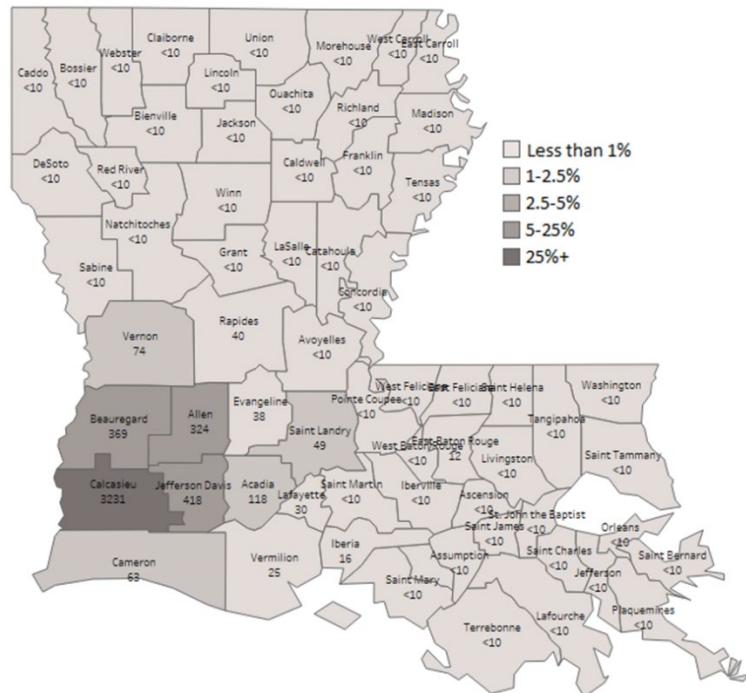
Source: The Louisiana Community and Technical College System

Figure 25. South Louisiana Community College Parishes of Origin



Source: The Louisiana Community and Technical College System

Figure 26. SOWELA Technical Community College Parishes of Origin



Source: The Louisiana Community and Technical College System

- b. **Non-credit instruction.** One area in which LCTCS has shown continued growth over the past several years is in the area of non-credit instruction. As revealed in the data presented in Figure 27, this growth was consistent across the institutions in the System with few exceptions.

Figure 27. Non-Credit Enrollments in LCTCS Institutions

| Institution | 2016-2017 Unduplicated Headcount | 2017-2018 Unduplicated Headcount | 2018-2019 Unduplicated Headcount |
|---|--|--|--|
| Bossier Parish Community College | 6596 | 7938 | 8957 |
| Baton Rouge Community College | 2395 | 4,410 | 6,213 |
| Central Louisiana Technical Community College | 411 | 708 | 1450 |
| Delgado Community College | 5,413 | 5,059 | 6,156 |
| Louisiana Delta Community College | 3,545 | 691 | 7,313 |
| Fletcher Technical Community College | 728 | 6882 | 1702 |
| Northshore Technical Community College | 1,609 | 1,635 | 1,189 |
| Nunez Community College | 136 | 769 | 420 |
| Northwest Louisiana Technical Community College | 1040 | 342 | 1237 |
| River Parishes Community College | 628 | 1436 | 2,459 |
| South Louisiana Community College | 1,150 | 2,758 | 3,998 |
| SOWELA Technical Community College | 1176 | 1,323 | 2,245 |
| Total | 24,827 | 33,951 | 43,339 |

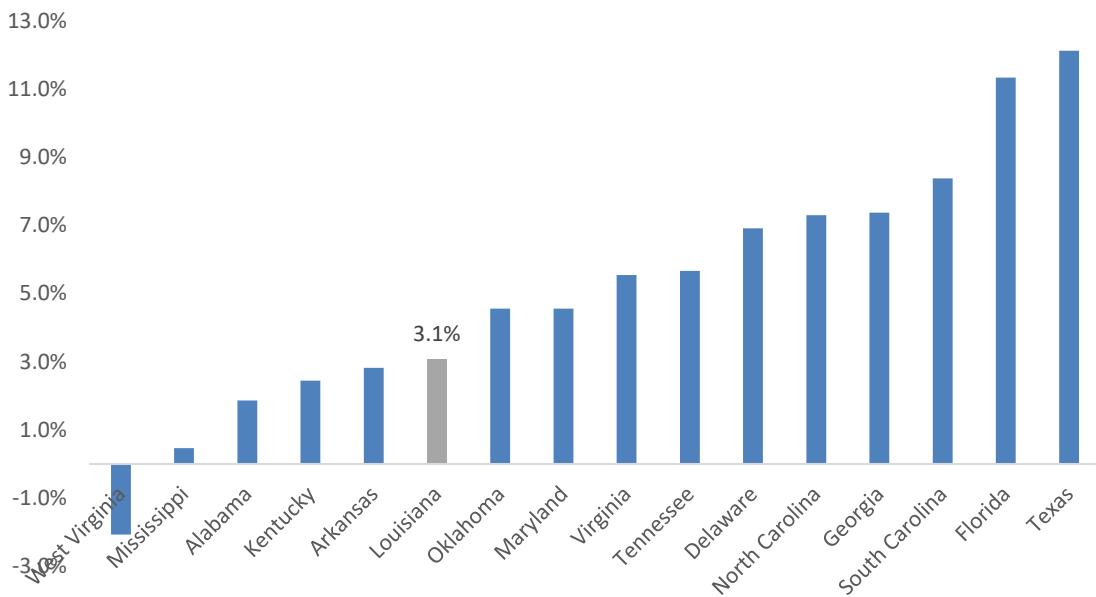
Source: Louisiana Board of Regents

In many cases these enrollments are subsidized by the students' employers. Given the uncertainties for employers in the current economy, it is very likely that employers will be cutting back on payments for employee training. As a result, this revenue stream, like all others for LCTCS institutions, is likely to be reduced in the near term and perhaps for a longer period.

The juxtaposition of for-credit and non-credit enrollment trends is worth noting. For-credit enrollments—those enrollments that bring higher tuition revenues and are eligible for state funding support—are on the decline. Not-for-credit enrollments—those that generate less tuition revenue and are not eligible for state funding support—are on the increase. Finding ways to increase the revenue stream from non-credit instruction is a major issue for the LCTCS.

- c. **Demographic trends.** As a state, Louisiana's overall population is growing much more slowly than most of the other SREB states.

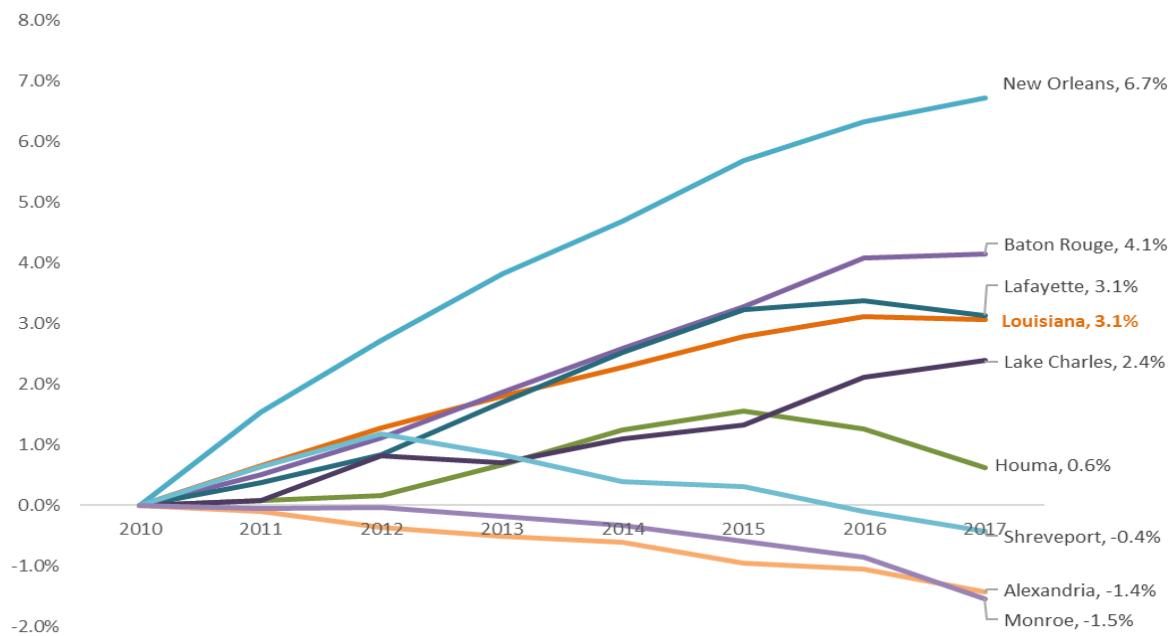
Figure 28. Percent Growth in SREB States, Total Population Comparison between 2010 and 2017



Source: U.S. Census Bureau County Population Estimates.

The population growth that the state is experiencing is very unevenly distributed across the state. Labor market regions of the state along the I-10 corridor are growing faster than the state average. All other labor market regions of the state are growing at a rate slower than the statewide average. Regions in the central and northern parts of the state are losing population at a slow rate.

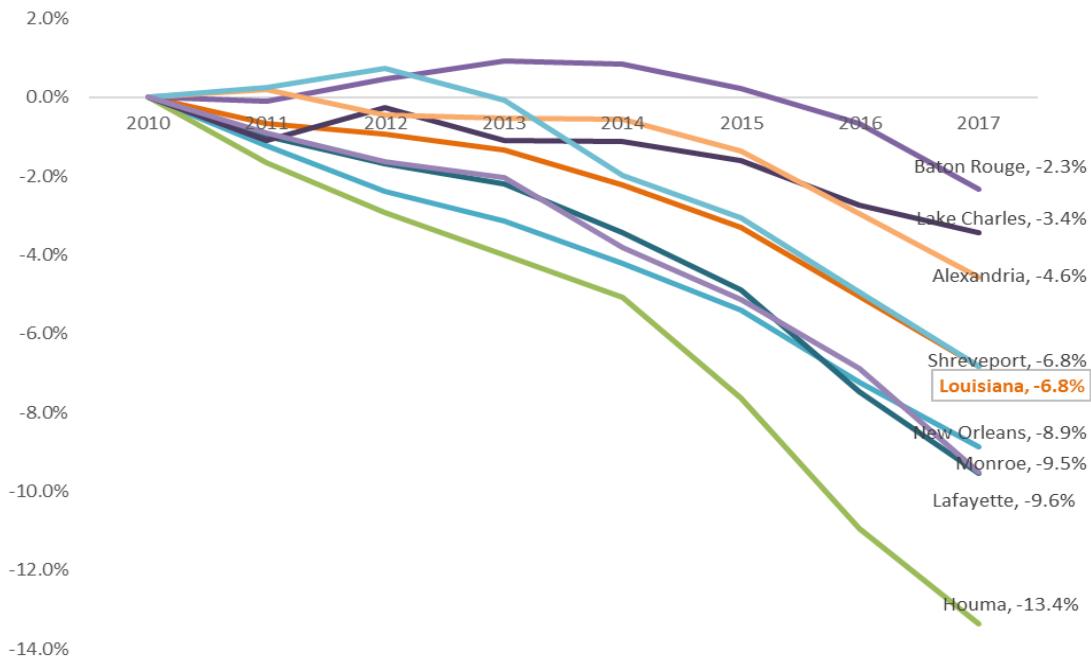
Figure 29. Population Change by Regional Labor Market Area 2010-2017



Source: U.S. Census Bureau County Population Estimates.

Even in those regions of the state showing overall population growth, the population changes among the demographic most likely to enroll in college, 15-24 year-olds, has been negative over the last few years. The extent of decrease is shown in Figure 30.

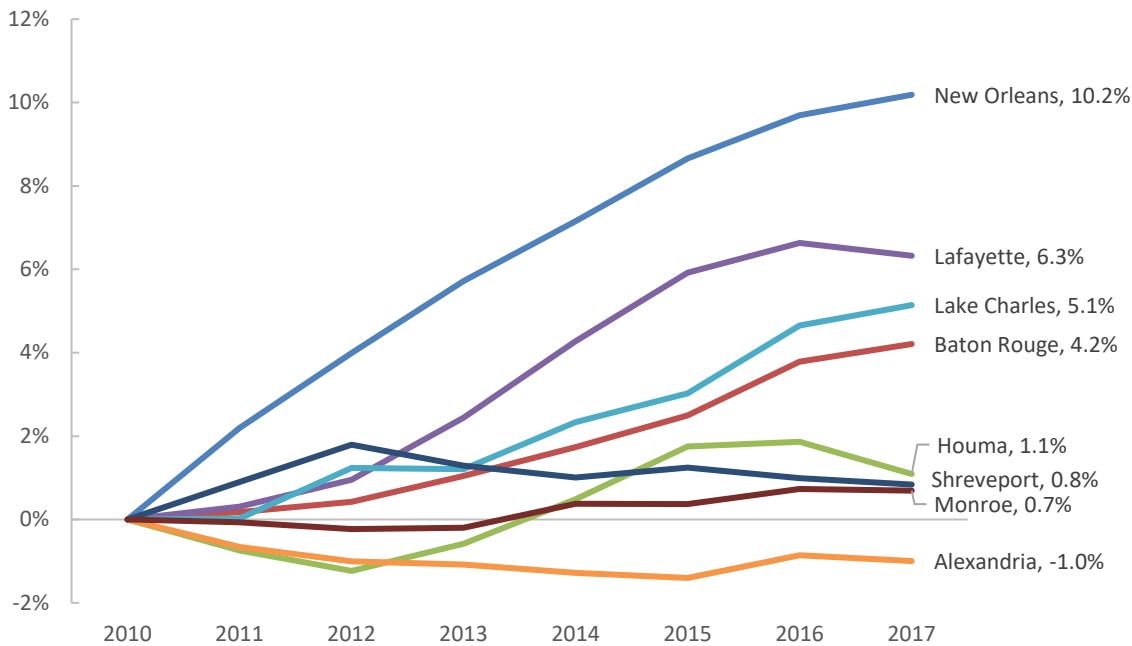
Figure 30. Population Change, Age 15-24, by Regional Labor Market Area, 2010-2017



Source: U.S. Census Bureau County Population Estimates.

The data in Figure 31 shows the opposite pattern for 25-44 year-olds, making this population group a target of opportunity.

Figure 31. Population Change, Age 25-44, by Regional Labor Market Area 2010-2017



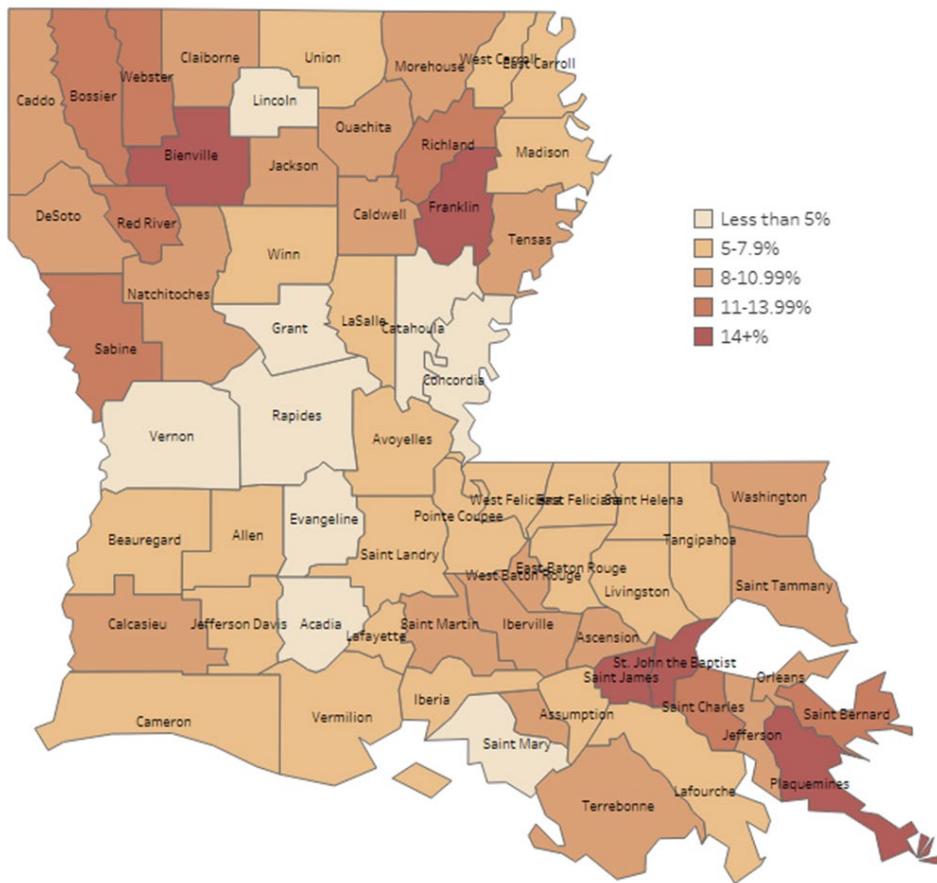
Source: U.S. Census Bureau County Population Estimates.

Combined, these data serve to indicate that LCTCS institutions have a diminishing market among those populations they have historically served. The younger population is the population that enrolls in full-time for-credit educational programs. The loss of numbers in this market has direct economic ramifications because of the effects on tuition revenues. In light of negative trends among younger groups, growth can only occur if colleges find ways to serve students who are older, and likely employed full-time or seeking a fast track to employment. LCTCS has historically done a good job of serving this adult population. A substantial portion of the for-credit enrollments already comes from this demographic group. LCTCS will be successful in pursuit of more of these students only if they change the programs offered and the ways those offerings are packaged—short courses that add up to stackable credentials/certificates that are accessible at times and in formats that meet the needs of working adults. This includes providing instruction and training that may be on-demand, competency-based, and not limited to traditional forms of delivery.

- d. **Participation Rates.** When viewed regionally, population trends among the most likely college goers suggest future enrollment problems for the LCTCS colleges. However, when enrollment patterns are viewed on a parish-by-parish basis, the picture has some bright spots. NCHEMS calculated participation rates at LCTCS institutions for each parish—in doing so, enrollments at all LCTCS colleges from each parish were examined as a percent of the 15-29-year-old population in that parish. The map in Figure 31 shows the very large disparities in LCTCS participation

from one parish to the next. Increasing participation rates in all parishes to a rate of at least 10% is a potential strategy for increasing enrollments in the system.

Figure 32. Participation Rate Between 15-29 Years of Age at LCTCS Institutions by Parish



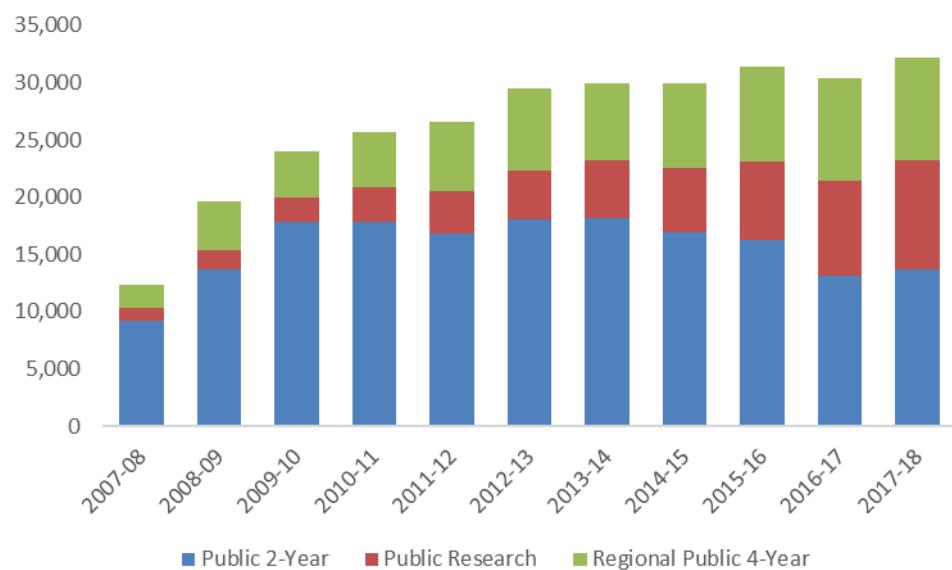
Source: LCTCS; ACS 2018 5-Yr Estimates

Figure 32 reveals that the lowest overall rates of participation are in the more rural parts of the state. Increasing participation rates in these regions creates a challenge for LCTCS in that the colleges serving these regions provide a narrower array of programs than do the institutions in the urban areas; furthermore, the costs of providing programs to small numbers of students are higher. In addition, job opportunities requiring a college degree are fewer—the benefits of going to college are not as immediately evident to students in these parishes. The terms of the Resolution to which this study is addressed require LCTCS to continue to serve these more sparsely populated parishes. Saving money and balancing the System budget by eliminating access in portions of the state is not an option—this approach would be in conflict with the Resolution and the mission of the System to serve all parts of the state. A more appropriate strategy would be to increase, not decrease, access in these regions.

- e. **Dual Enrollment.** One of the audiences served by community colleges is high school students seeking to get a head start on their college careers. Colleges are

anxious to serve these students for two reasons. First, in some states this provides another revenue stream to the college. While such courses are seldom as lucrative as enrollments of regular college students, the revenue helps. And it is an audience that can be tapped when numbers of high school graduates are on the decline. Second, it can provide exposure to students considering postsecondary study beyond high school. When students gain familiarity with a college, they are more likely to be positively disposed to enrolling in that college after graduation from high school. As recently as 2015 community colleges in the state were the dominant provider of dual credit instruction. Since then the 4-yr institutions in the state have aggressively entered this market. The results are shown in Figure 33.

Figure 33. Dual Enrollment Student Credit Hours by Institution Type, 2007-08 through 2017-18



Source: Louisiana Board of Regents

Given the goal set by the Board of Regents and the Board of Elementary and Secondary Education to have every high school senior by 2029 graduate with college credit or a credential, this serves as an opportunity for greater LCTCS engagement. The Louisiana Dual Enrollment Task Force has recognized a need for greater CTE dual enrollment participation, signaling an interest in expanded LCTCS offerings.

- f. **Relatively low levels of funding from the State.** Community colleges in Louisiana have only two sources of revenue--appropriated funds from the state and student tuition and fees. For many years Louisiana's institutions of higher education have been funded at levels well below SREB state averages. The state was making strides toward parity in the early years of the 21st century but in the aftermath of Hurricane Katrina the institutions lost ground that has not been recovered. For LCTCS institutions the size of the current disparity is shown in Figure 34.

Figure 34. State Revenues Compared to SREB Averages, 2017-18

| Institution | State Appropriation/FTE |
|---|-------------------------|
| Smaller Institutions (<5,000) | |
| SREB Average | \$6,715 |
| Central Louisiana Technical Community College | \$4,185 |
| Bossier Parish Community College | \$2,990 |
| Fletcher Technical Community College | \$2,541 |
| Louisiana Delta Community College | \$3,042 |
| Northshore Technical Community College | \$2,573 |
| Northwest Louisiana Technical Community College | \$5,560 |
| Nunez Community College | \$2,522 |
| River Parishes Community College | \$4,077 |
| Larger Institutions (5,000-10,000) | |
| SREB Average | \$5,401 |
| Baton Rouge Community College | \$2,821 |
| Delgado Community College | \$2,980 |
| South Louisiana Community College | \$2,601 |

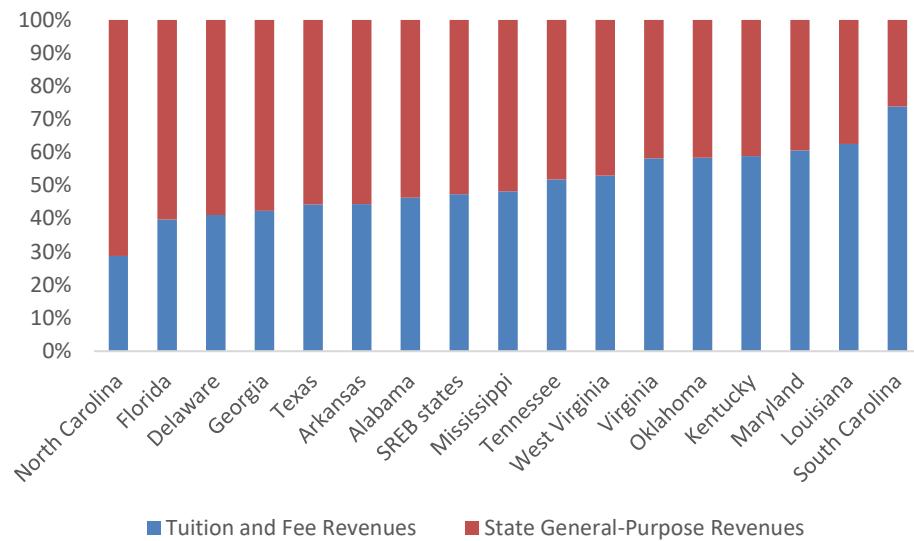
Note: SREB averages exclude Louisiana

Source: IPEDS

The data in this figure reveal that the smaller institutions receive less than half the SREB average funding per FTE student. The exceptions are the more technically oriented institutions and River Parishes, but even these institutions receive far less from the state than their SREB counterparts. While these smaller institutions receive less state funding than their SREB counterparts, they receive more than the larger institutions in the LCTCS system. When faced with economic stress one must question how long the state will/can continue to maintain funding at these disparate levels. The picture is much the same for the three larger colleges in the system; all receive about half the amount of money per student from the state as their counterparts elsewhere in the SREB region. This low level of support from the state puts enormous pressure on tuition as the source of revenue that must be depended on to keep LCTCS campuses viable.

- g. **Dependence on tuition revenues.** In only one other state in the SREB region are two-year institutions more dependent on tuition and fees revenues than is the case in Louisiana. In Louisiana well more than half of LCTCS institutional revenues are derived from students as is shown in Figure 35.

Figure 35. Public Two-Year Institutions, Revenue from Tuition & State General-Purpose Revenues per FTE, SREB States, 2017-18



Source: SREB-State Data Exchange.

This dependence on tuition revenue varies from one institution to another within the system. The extent of this variation is shown in Figure 35.

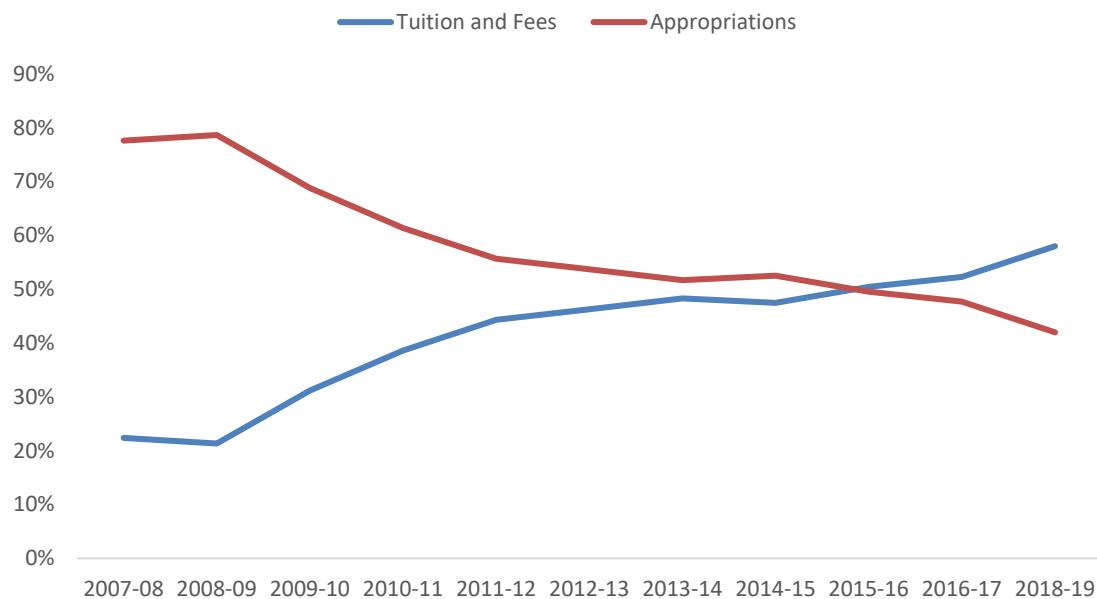
Figure 35. Tuition as a Proportion of General Fund Revenues

| Institution | Tuition as a Proportion of General Fund Revenues |
|-------------|--|
| BPCC | 61.2% |
| BRCC | 60.2 |
| CENLA | 52.8 |
| DCC | 60.0 |
| LDCC | 38.0 |
| FTCC | 65.7 |
| NTCC | 61.2 |
| Nunez | 56.7 |
| NWTCC | 33.8 |
| RPCC | 63.4 |
| SLCC | 54.5 |
| SOWELA | 50.5 |
| Total | 57.5 |

These data show that the smaller, more technically oriented institutions are least dependent on tuition; they are more dependent on state funding. Given that tuition is likely to be a more dependable source of revenue (at least a source over which the institutions have greatest control), those institutions that are most dependent on state funding are at greater financial risk than those more dependent on tuition.

The condition in which institutions have become predominantly funded by students has evolved very quickly since the end of the Great Recession as is shown in Figure 37. Tuition rates have essentially doubled in this period. It should be noted that, even with this rapid increase tuition rates in Louisiana are just slightly above the median for SREB states.

Figure 37. Louisiana Public Two-Year Institutions, Revenue from Tuition and Fees and State Appropriations per FTE



Source: NCES IPEDS Finance Survey and 12-Month Enrollment Survey.

Given the demographics described previously in this report and the unknown impacts of COVID-19, this dependence on tuition means that a substantial portion of institutional revenues are at risk in the near term. The circumstances are worse for four-year institutions, where approximately 70% of institutional revenues come from students.

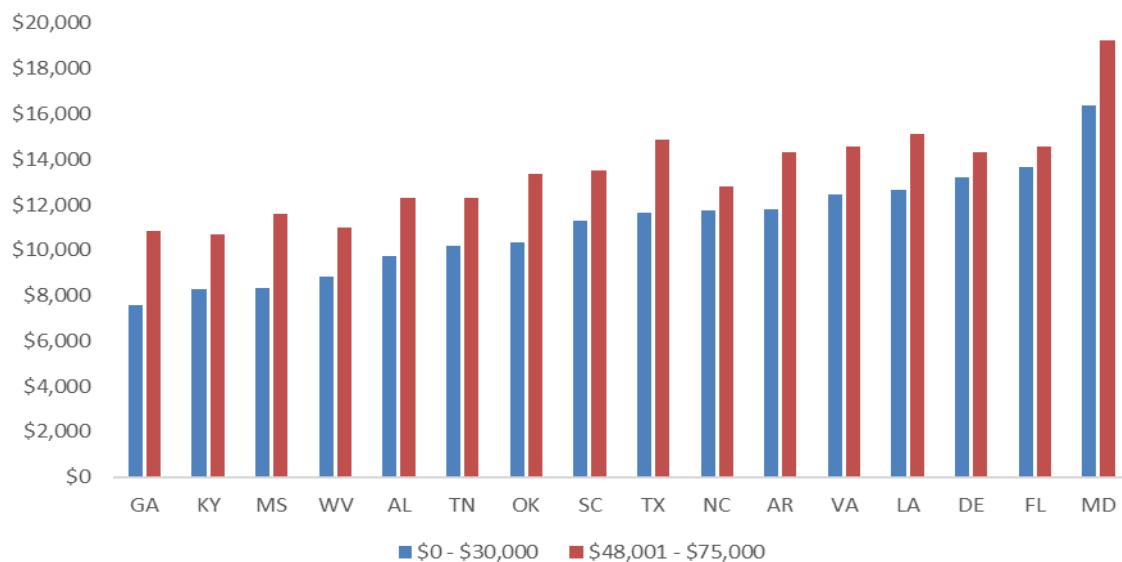
This situation does not have uniform impact on the institutions within the LCTCS. Prices charged to students are essentially the same across the system. However, the costs of programs provided by these institutions vary considerably from one institution to another. Half of the student credit hours produced by BRCC are in low cost liberal arts courses. At CENLA Technical Community College and NW LA Technical Community College that percentage is less than 2%. Only a small portion of the overall allocation built into the BoR's funding model recognizes these different cost factors. This set of funding realities means that it is more difficult for some institutions to adjust to reduced funding than it is for others.

- h. LCTCS Funding Reallocation Authority.** The allocation of state funds to LCTCS institutions is determined by the Board of Regents through its funding model. Final allocations are made directly to the colleges rather than to the LCTCS System Office. The System Office can reallocate a statutorily limited 5% of an institution's allocation on its own authority. Under current circumstances this amount of flexibility is likely

insufficient to ensure that each institution has the level of funding required to support its mission at a high level of quality.

- i. **Affordability.** The net prices—cost of attendance less all grant aid—of community colleges in Louisiana are higher than in most other SREB states. Only three other states have higher net prices for the lowest income students (family income less than \$30,000) and only one other state has higher net prices for middle income families (those with incomes \$48,000 to \$75,000). See Figure 36.

**Figure 36. Net Price, SREB Public Two-Year Institutions,
\$0 - \$30,000 and \$48,001 - \$75,000 Income Level, 2016-17**



Note: Data are weighted averages. Sorted by increasing net price for \$0 - \$30,000 income level.

Sources: NCES IPEDS Institutional Characteristic Surveys and Student Financial Aid Survey.

This level of net price leaves LCTCS with little “cap space” for increasing tuition and fees. Cuts to state funding and revenue reductions resulting from declining enrollments will not be able to be offset by increasing prices to those students who do enroll.

- j. **Louisiana is a poor state.** Only four states in the US have lower per capita incomes than Louisiana. This puts severe constraints on the extent to which LCTCS can go to the well of increasing tuition rates as the solution to its need for additional resources. Another factor to be considered in this context is the relatively low level of need-based student financial aid provided to students in Louisiana. The bulk of student financial aid funding in the state is provided through the TOPS program, a program that benefits relatively few community college students—its eligibility criteria tend to reward students with less need who enroll in four-year institutions.

- k. The incidence of small sections.** Across the system, almost 38.9% of all course sections taught have fewer than 10 enrolled students. There is wide variation across the campuses with very high proportions at the Technical Community Colleges (71.2% at CENLA and 72.1% at NWLTCC) and much lower at BPCC, RPCC, and BRCC (28.8%, 28.9%, and 18.1% respectively). Understandably, technical courses that involve a good deal of hands on experience are much more likely to require smaller class sizes. And in some cases, especially in health care programs, accreditation requirements mandate small class sizes—especially for classes involving clinical experiences. To investigate the opposite extreme, the proportions of small classes in the Liberal Arts were calculated. These classes have no lab work and no hands-on requirements. System-wide 4.2% of such classes are taught in sections of fewer than 10 students. There is much less variation in this figure across the campuses. Interestingly, the lowest proportions of small Liberal Arts classes are found in the Technical Colleges and the highest proportions are at Nunez, Delgado, and BRCC. At several of the campuses the highest proportion of small Liberal Arts sections were in Developmental Ed classes. The data behind these statements are presented in Figure 39.

Figure 39. Small (<10 Students) Sections, By Campus, 2018-19

| Institution | Total Sections | Sections <10 | <10 Gen Ed | % <10 | % <10 Gen Ed |
|---|----------------|--------------|-------------|-------------|--------------|
| Bossier Parish Community College | 3342 | 964 | 201 | 28.8 | 6.0 |
| Baton Rouge Community College | 3422 | 622 | 116 | 18.1 | 3.4 |
| Central Louisiana Technical Community College | 2271 | 1616 | 19 | 71.2 | 3.5 |
| Delgado Community College | 7955 | 2636 | 282 | 33.1 | 3.7 |
| Louisiana Delta Community College | 3535 | 2070 | 175 | 58.6 | 5.0 |
| Fletcher Technical Community College | 1328 | 445 | 32 | 33.5 | 2.4 |
| Northshore Technical Community College | 2719 | 1437 | 147 | 52.9 | 6.6 |
| Nunez Community College | 1433 | 549 | 95 | 38.3 | 6.6 |
| Northwest Louisiana Technical Community College | 1446 | 1042 | 0 | 72.1 | 0 |
| River Parishes Community College | 1852 | 535 | 91 | 28.9 | 4.9 |
| South Louisiana Community College | 3629 | 977 | 183 | 26.9 | 5.0 |
| SOWELA Technical Community College | 2499 | 900 | 145 | 36.0 | 5.8 |
| Total | 35442 | 13793 | 1486 | 38.9 | 4.2 |

While in many cases arguments can be made for the need for small section sizes, the reality is that this very high incidence of classes with fewer than 10 students points to an opportunity to gain efficiencies (and reduce costs) by rethinking pedagogy and the ways that education is delivered in the System.

- 1. Disparities in funding.** As noted earlier the unrestricted revenues for the LCTCS institutions come from two primary sources—state appropriations as allocated by the Board of Regents and student tuition and fees. Tuition and fee rates are essentially the same for all colleges in the System. Variations in tuition and fees revenues are a function of scale, not prices to students. The one area of variation is the revenue

received by institutions for noncredit instruction. As was revealed in Figure 33, there is wide variation among the colleges in noncredit enrollments (and thus the revenues gleaned from such enrollments).

The Board of Regents allocation model has three major components. The first is a cost component that generally follows the cost model used in Texas with elements for weighted student credit hours, facilities operations, and general support costs. This component accounts for 17% of the allocation. The second is an outcomes component that is worth 20% in the overall calculation. The final component, worth 63%, is a base funding element—an amount that is based on the prior year's allocation. To assess the extent to which the overall approach to funding the LCTCS institutions results in a reasonably level play field, NCHEMS made a rough calculation of unrestricted revenues (appropriations + tuition) per weighted credit hour produced. The weighted credit hour figures were taken from the cost component of the BoR allocation model. The results of these calculations are shown in Figure 40.

Figure 40. Unrestricted Revenue per Weighted SCH, 2018-19

| Institution | State | Tuition | Total | Weighted SCH | Total per Weighted SCH |
|---|----------------------|----------------------|----------------------|------------------|------------------------|
| Bossier Parish Community College | \$11,524,333 | \$18,151,049 | \$29,675,382 | 189,922 | \$156 |
| Baton Rouge Community College | \$14,972,399 | \$22,653,596 | \$37,625,995 | 220,693 | \$170 |
| Central Louisiana Technical Community College | \$5,599,557 | \$6,251,481 | \$11,851,038 | 84,237 | \$141 |
| Delgado Community College | \$27,030,280 | \$40,480,581 | \$67,510,861 | 393,949 | \$171 |
| Louisiana Delta Community College | \$7,668,749 | \$10,562,946 | \$18,231,695 | 126,594 | \$144 |
| Fletcher Technical Community College | \$4,488,505 | \$6,168,216 | \$10,656,721 | 63,175 | \$169 |
| Northshore Technical Community College | \$6,090,523 | \$9,492,998 | \$15,583,521 | 110,617 | \$141 |
| Nunez Community College | \$4,052,951 | \$5,317,304 | \$9,370,255 | 68,834 | \$136 |
| Northwest Louisiana Technical Community College | \$4,042,769 | \$2,066,863 | \$6,109,632 | 51,010 | \$120 |
| River Parishes Community College | \$5,484,128 | \$9,517,932 | \$15,002,060 | 100,620 | \$149 |
| South Louisiana Community College | \$14,929,107 | \$17,906,820 | \$32,835,927 | 200,783 | \$164 |
| SOWELA Technical Community College | \$9,488,675 | \$9,671,725 | \$19,160,400 | 117,799 | \$163 |
| Total | \$115,371,976 | \$156,241,959 | \$271,613,935 | 1,728,236 | \$157 |

Source: State revenues and weighted FTE from B0R. Dedicated appropriations not included
Tuition revenues from LCTCS. Tuition from non-credit instruction not included

These data are admittedly rough, especially since the effects of noncredit instruction are not taken into account. The most notable finding revealed in this Figure is the fact that the institutions that are most heavily engaged in technical education fare

least well according to these calculations. River Parishes is the exception. All of these institutions are small, a circumstance that makes them particularly vulnerable. The combination of small class sizes, tuition that is the same for high-cost programs as low-cost programs, and a generally heavy dependence on tuition revenues creates a particularly difficult revenue picture for these institutions. Another factor is lack of state funding for workforce related non-credit instruction. To test the results presented in Figure 40, NCHEMS calculated the weighted student credit hours using weights it has used in many other states when conducting such analyses. The variations found were negligible.

One of the major challenges going forward for LCTCS is how to deal with this systemic inequity in a time of diminished resources.

- m. The tendency of LCTCS to function more as a federation of institutions than as a true system.** LCTCS is a young system, just 20 years old with a recognized value to the state. While the system has focused on both efficiency and effectiveness, additional opportunities must be addressed. Under current arrangements each institution is left to solve its economic problems on its own. The collection of institutional actions in this environment is unlikely to add up to solutions that best serve the priority needs of the state. The results are sub-optimized, not optimized solutions. Having said this, LCTCS has taken steps that position it to function more as a system. This is particularly true in its centralization of back-office operations. While LCTCS has made strides in the administrative services area, the current financial environment will require the system to move as a unified entity in the core academic and workforce areas of its mission. The viability of the system in the future will depend on its ability to continue moving in the direction of functioning more as a system.
- n. LCTCS has the technology infrastructure to do more on-line education.** The System has a single Learning Management System (Canvas) and the protocols in place to allow more wide-scale use of technology in the delivery of courses and programs. Mechanisms have been established to allow students to take courses from multiple colleges while maintaining enrollment at a home campus. The use of this capacity has been at small scale to date, but the fundamental elements for larger scale are in place. This includes technology infrastructure, protocols for revenue-sharing, and policies that allow institutional collaboration in delivery of a student's education while keeping all student processes located at the home campus.

Because of the COVID-19 crisis all campuses now have experience in delivering courses through remote or distance learning. To date such delivery has been out of necessity, not an individual campus choice. LCTCS has developed a strategy—the Digitally Inclusive Education Framework—for moving more courses (or course modules) to on-line or hybrid delivery as a system-wide strategy for both providing access to a wider array of programs and for controlling costs. The importance of system leadership and policy necessary to foster significant increases in the level of multi-campus collaboration in the delivery of education is crucial. Leadership is moving this agenda forward. The only question is whether or not sufficient progress can be made fast enough to generate the level of educational improvement and

economic savings that will be required by the current set of unexpected circumstances and significant uncertainty.

4 The Challenge to LCTCS

The data presented in the previous section describe the complex set of issues that LCTCS must address. While exacerbated by the COVID-19 crisis, most of these issues are based in circumstances that were present before the advent of the virus and will remain after the immediate crisis passes). In sum, the challenges are:

- a) Assuring that community college services are provided to residents in all parts of the state, particularly rural regions that are sparsely populated and where it is difficult to enroll enough students in courses and programs to allow efficient delivery. This situation plays out differently for (particularly smaller) institutions in different circumstances. For CLTCC and NWLTCC, their lack of SACS-COC accreditation makes it impossible for them to offer a broader array of arts and sciences programs—programs that do not require the more expensive equipment and hands-on experiences of their technical programs. This condition exacerbates the problems associated with serving less densely populated parts of the state. Other institutions find it difficult to achieve efficient scale due to the smaller population base of their respective service areas. Fletcher, Northshore, Nunez, and River Parishes fall into this category.
- b) Dealing with demographic realities. Louisiana is a slow-growth state and the primary college-going cohort is projected to continue to decline. The size of these effects varies from one region of the state to another, but no region escapes the underlying trends. Reversing downward enrollment trends will require the institutions to increasingly serve additional markets—primarily adults and employers. Serving these markets well will require the institutions to adopt new approaches to educational delivery--more credit for prior learning, shorter courses, and more emphasis on workforce ready certifications.
- c) Traditionally low levels of funding, especially from the state, and total dependence on two undependable revenue streams, students and the state, create problematic conditions, especially in the COVID-19 crisis environment. Unlike two-year institutions in some other states, LCTCS institutions do not have financial support from their local communities that would provide some stability of funding when economic conditions are particularly difficult for both students and state government. Community Colleges in half the SREB states get substantial levels of funding from local tax revenues. The extent of this funding is shown in Figure 37.

Figure 37. Sources of Funding for Community Colleges in SREB states, 2018

| | Net Tuition & Fee Revenues per FTE | State Appropriations per FTE | Local Appropriations per FTE | Total Revenue per FTE |
|----------------|------------------------------------|------------------------------|------------------------------|-----------------------|
| Maryland | \$4,306 | \$4,205 | \$5,674 | \$14,187 |
| Delaware | \$5,579 | \$8,212 | \$0 | \$13,792 |
| North Carolina | \$1,365 | \$6,198 | \$1,521 | \$9,085 |
| Texas | \$2,031 | \$2,699 | \$4,235 | \$8,968 |
| Arkansas | \$2,290 | \$5,711 | \$917 | \$8,920 |
| Missouri | \$2,491 | \$2,577 | \$2,744 | \$7,814 |
| Alabama | \$2,467 | \$5,284 | \$49 | \$7,802 |
| Virginia | \$3,517 | \$4,039 | \$26 | \$7,583 |
| South Carolina | \$3,426 | \$2,626 | \$1,252 | \$7,306 |
| Oklahoma | \$2,282 | \$3,388 | \$1,499 | \$7,171 |
| Tennessee | \$2,328 | \$4,561 | \$0 | \$6,891 |
| Georgia | \$2,611 | \$4,261 | \$7 | \$6,880 |
| West Virginia | \$2,137 | \$4,215 | \$75 | \$6,428 |
| Mississippi | \$1,597 | \$3,606 | \$1,163 | \$6,367 |
| Kentucky | \$2,155 | \$3,952 | \$0 | \$6,108 |
| Louisiana | \$3,024 | \$2,913 | \$0 | \$5,937 |
| Florida | \$1,900 | \$3,851 | \$0 | \$5,753 |

These data make clear the importance of local funding to community colleges. With one exception, all of the states that provide the highest level of support per student have local funding as part of their resource strategy. None of the states with the lowest level of support have local funding. The combination of no local support and low state support creates a serious financial problem in Louisiana.

- d) A heavy dependence on tuition. The fiscal health of LCTCS institutions is inextricably linked to tuition revenues. Students provide well more than half (60+ %) of the general operating revenues of system institutions. This dependence coupled with the demographic trends described above and enrollment uncertainty means that LCTCS institutions will be faced with on-going revenue problems. System institutions are constrained in their ability to increase tuition rates by several other important factors:
 - i. Tuition rates have increased more rapidly in Louisiana than in any other state in the SREB region
 - ii. Community college tuition rates in Louisiana are already comparatively high
 - iii. Louisiana is a relatively poor state. In 2017 only four states—Arkansas, Kentucky, Mississippi, and West Virginia--had per capita incomes lower than Louisiana. The same pattern holds for Average Household Income per capita. This low level of income puts limits on how much tuition can be increased without having adverse impacts on enrollments.

Increasing tuition rates is not a solution for the System's revenue problems.

- e) Uncertain state funding. Although the state is the “junior partner” in institutional funding, state appropriations remain a major component of unrestricted institutional revenues. The

direct and indirect impacts of COVID-19 will have immediate short-term impacts. The addition of federal funds made available through the CARES Act, has made it possible to minimize reductions to planned allocations to higher education for Fiscal Year 2021. It is subsequent years that provide the greatest threat to higher education allocations. The economy may rebound, but if the recovery from the Great Recession earlier in this century is a precursor, it is unlikely that the economy (and state funding for higher education) will rebound to the level achieved prior to the advent of the COVID-19 crisis. State tax revenues can be expected to be constrained for years into the future. LCTCS must plan for this eventuality.

- f) A state funding model that does not recognize non-credit instruction. As the system institutions serve more and more adults, it will be faced with demands for short-term certification programs. Such programs are typically very workforce-relevant, but many have been offered as non-credit programs. In some states such programs are provided state funding through the funding model. In other states, institutions have found ways to award credit for what was historically non-credit instruction. Given the upward trend in non-credit instruction and the downward trend in credit enrollments, figuring out the appropriate way to price and fund non-credit work, especially that which is workforce related, is a challenge for both LCTCS, the BoR, and the Legislature.

As the model is used in future years, the influence of base funding will decrease as the amounts allocated on the basis of costs and outcomes increases. The law that created the formula stipulated that stability should be a feature of its design, thus the inclusion of the base component.

- g) Uneven levels of funding across the institutions in the System. The structure of the BoR allocation model gives dominant weight to the prior year's level of funding. Played out over time, this model serves to lock in advantages for some institutions and create disadvantages for others. Those most disadvantaged are 1). small institutions, 2). in rural areas, 3). with a limited array of academic programs, most of which are in technical fields. While the Regents continue to assess the funding model, increased allocations based on outcomes are recommended.
- h) The limited ability of LCTCS as a system to take steps to ameliorate the funding inequities within the System. State law allows the system to reallocate a maximum of 5% of the state allocation. This is insufficient, particularly in times of potentially significant revenue shortfalls. The System cannot provide a safety net to the economically most threatened institutions within current policy constraints.

5 Recommendations

In light of these findings, and in keeping with the mandates incorporated in the Resolution, NCHEMS makes the following recommendations.

- a) The LCTCS continue to offer educational programs at all its current sites. This recommendation ensures that the System conforms to the mandate stated in Resolution 52 that no campuses/sites be closed as a way of dealing with the fiscal constraints resulting from COVID-19.

While all sites should remain open, this does not suggest "business as usual." Considerable changes to the education delivery models must be made if the System is to continue to serve

all parts of the state within the limits of the resources that will be available. The presence of the system in all parts of the state, particularly in those regions where college participation has not been high, means that LCTCS has an opportunity to increase enrollments—and maximize revenue—if it finds innovative ways to deliver a wider array of programs to students in underserved regions.

- b) LCTCS create a mechanism for providing early warning information to the System Office regarding financial conditions of each of the campuses. In the current economic environment, much closer oversight than normal is appropriate.
- c) LCTCS address the challenges it faces through actions as a System, not through the actions of individual, free-standing institutions. While there are some administrative savings that can be made by structural changes within the system, those savings will be insufficient to close the likely funding gap. The steps needed to achieve major administrative savings have already been taken through consolidation of most of the back-office operations in the system. The real savings to be realized in the future must be found on the academic side, through system-lead efforts that increase course enrollments to capture efficiencies. Evidence of this is found in the data that reveal that nearly 40% of all sections taught throughout the system have fewer than 10 enrolled students. Part of the solution to addressing inefficiencies is to grow institutions in a manner that will allow for class sizes that more effectively balance the needs of students with the operational viability of the institution. Another part is collaborative action that yields the same results. The crisis brought on by COVID-19 creates an environment that not just allows, but demands, that LCTCS seriously rethink how, through the collective action of its constituent campuses, it provides world class community and technical college education to the citizens of Louisiana within fiscal constraints.
- d) While the specifics of how a new LCTCS would function will have to arise from within the System, the following is offered as an outline of the key components:
 - i. As stated earlier, educational services should continue to be offered at all current campuses/sites with system improvements.
 - ii. The branches of the central institutional campuses should be staffed with sufficient employees to ensure that the facility is maintained and the necessary technology is available and functioning, that the essential student services are provided, and that students have access to an academic mentor. They should employ only as many faculty as can be economically justified-- that is, only faculty required to teach classes with enrollments over the minimum size of 10, 12 or whatever number may be determined appropriate by LCTCS.
 - iii. Technology should be utilized to ensure that minimum class sizes are maintained.
 - 1. The ultimate vision is that students at any site can receive instruction from any other site in the System.
 - 2. Sustainable class sizes may be achieved by enrolling students at multiple sites in the same section.
 - 3. In the best of all worlds, programs are delivered collaboratively by faculty at multiple sites—each faculty member taking the lead in delivering one or more courses and overseeing the hands-on portions of the program for students at their home campus. These arrangements are already being utilized

in a limited number of cases; the number of such arrangements needs to be considerably expanded. Leadership of the System Chief Academic Affairs Officer will be key in the implementation of such arrangements. This work will take time—starting first with the most obvious possibilities and building on experiences gained.

- iv. Collaborative arrangements can take multiple forms:
 - 1. Faculty at two or more sites work together to deliver a program.
 - 2. Faculty at a single institution deliver their program to students at another site. In this case, the student is treated as a student at the faculty's institution but staff at the students' site provide the "high touch" counseling/advising/support needed for student success.
- e) Curricula across the System should be more widely standardized. Initial steps in this direction have already been taken—a transfer core general education curriculum is in place and agreed to by the four-year institutions in the state. The next step is to expand these agreements to lower division courses in the most popular majors. This work should be led/facilitated by the Academic Affairs staff of the Board of Regents. The role of LCTCS is to:
 - i. Participate in this process
 - ii. Eliminate courses that
 - 1. Aren't required by LCTCS technical programs
 - 2. Won't transfer—a more focused set of general education courses should be the objective.
 - iii. Ensure that the courses that remain can be delivered at a high level of quality and cost-effectiveness.
- f) Emphasize CTE in the dual-credit offerings of the System institutions to diversify the postsecondary pipeline for students who do not intend to pursue an academic credential beyond high school. Though this will help expand the market share of students participating in LCTCS programs, it will also increase the awareness of CTE opportunities and benefits
- g) LCTCS move toward competency-based education (CBE) as the norm within the system.
 - i. In technical programs this provides the basis for communicating with employers about the skills that graduates need and have acquired through the program.
 - ii. For general education courses and possibly lower-level major specific courses, this allows for a greater range of instructional delivery that can be recognized and articulated by public universities and among the colleges across the System.
 - iii. This makes programs much more attractive to adults (especially veterans) since it provides a way for them to radically shorten their time to degree or certificate by allowing them get credit for what they've learned in the service or on the job. They are able to demonstrate the skills and knowledge they have already mastered. With assistance from accredited colleges and universities, organizations such as the American Council on Education have already articulated certain job and service-related experiences to general education and other academic content. As has been

implemented in other states and independent institutions, existing practices such as this can be readily adopted and leveraged to accelerate progress to completion of postsecondary credentials.

- iv. CBE also allows adult students more flexibility as to when a student begins a course and the time needed to demonstrate learning outcomes. For example, this can allow a student to complete a course or program at a pace that is shorter than a traditional semester, quarter, or academic year if proficiency is demonstrated for the required outcomes. There are examples of successful implementation of CBE. For example, Salt Lake Community College has moved all CTE programs to CBE and, in the process, improved both enrollments and completions.

- h) Policy changes be made as follows:

- i. At the Legislature

- 1. The statutory change, increase the 5% limit imposed on LCTCS regarding reallocation of state funds allocated to campuses through the BoR allocation model. While the BoR model can determine the amount of money made available to LCTCS as a system, the System should have more discretion as to how those funds are distributed across the campuses. The funding model in use yields uneven funding levels across system institutions with the more rural and more technically oriented institutions being the most disadvantaged. Given the construction of the allocation model this may well be due to the weight given to the base amount in the formula calculation—those institutions that started out disadvantaged have a difficult time gaining parity even if they demonstrate growth and superior outcomes performance. In addition, the System will need additional discretionary resources to ensure that the educational delivery changes suggested above can be implemented.
 - 2. Explore the possibility of diversifying the funding base for the LCTCS institutions through adding a local funding component to the revenue mix. The BoR cannot implement such action—this would require legislative action and gubernatorial concurrence. Nor is it likely that such a change could gain approval in this economic climate. But the circumstances are right for starting this conversation.

- ii. At the Board of Regents

- 1. Reduce the portion of the allocation model driven by base (past year) funding and increase the portion based on outcomes. This reinforces the importance of attention to the state attainment goals and can prompt institutional attention to both pedagogy and student support services. The importance of providing wrap-around student supports, out of economic necessity, should lead to more collaborative content delivery.
 - 2. Create a mechanism for providing LCTCS with funding for non-credit instruction that results in workforce-related certifications. There are ways to accomplish this within the structure of the existing funding model, but doing so would create incentives for institutions under all other management boards to invade the space that is appropriately that of LCTCS. A simpler and more direct approach would be to create a pool of resources that could

be used to reward institutions (perhaps a fixed amount) for every such certification awarded. As part of this recommendation, it will be incumbent on the LCTCS System to assist the BoR in developing more comprehensive and consistent systems for collecting and reporting data regarding workforce-related non-credit instruction.

3. Establish policy to preclude refusal to accept transfer course credits earned through distance delivered modalities. The ability of LCTCS to provide community and technical college education to citizens in all part of the state in a cost-effective manner depends on the use of technology to deliver a much greater proportion of course and program content. The transfer mission of LCTCS institutions will be severely hampered if courses taught in this way cannot transfer. Mode of delivery should not be a consideration in determining eligibility of credit for transfer. More generally, the BoR should take the leadership in establishing policy that paves the way for transfer of credit earned through Prior Learning Assessment (PLA) and Competency Based Education (CBE). Policy should also be considered that speaks to the overall articulation of Regents' general education credit across all systems.
4. Work with the Legislature to explore the possibility of diversifying the funding base for the LCTCS institutions through adding a local funding component to the revenue mix. The BoR cannot implement such action—this would require legislative action and gubernatorial concurrence. But the BoR can undertake studies and provide information that would inform Legislative decision-making.

iii. At the LCTCS

1. Fine-tune the revenue sharing algorithm used to distribute tuition revenues from students who:
 - a. Take courses that are taught in a collaborative manner by faculty from two or more institutions.
 - b. Are based at one campus but take their coursework from another campus. The students' institution serves as a receive site for programs delivered from other institutions.
 2. The objective should be to provide sufficient economic incentives to encourage LCTCS and member institutions to serve students in their service areas through collaborative delivery rather than by attempting to offer them on their own.
- i) Consideration of Structural Changes. Whenever institutions are stressed to the extent likely to be experienced by some of the smaller LCTCS campuses, the possibility of consolidations or mergers inevitably arises as a solution to be considered. The overlap of service areas makes it obvious which institutions might be merged with other institution in some cases. In other cases, there is much less clarity regarding obvious matches. While attractive on the surface, the benefits are seldom as large as advertised and the costs of implementing are almost always greater than anticipated. Additionally, local communities often struggle with losing ownership of "their" college. An option is to offer these communities the opportunity to contribute economically to the on-going support of their local institution. In the current stressed economic times, it may be unlikely that there would be an appetite for such an

option, but it nevertheless should be considered. LCTCS is aware of the costs and benefits associated with consolidations; it has successfully engaged communities and managed the process in previous instances. Information from LCTCS leadership indicates that approximately \$1.5 million in annual expenditures have saved in each prior instance of consolidation. Additional savings were realized through avoidance of expenses associated with accreditation.

The major savings to be generated will be found in thoughtfully increasing class sizes and reducing per student instructional costs. These savings can be achieved through collaborative delivery without the costs—both economic and political—associated with formal mergers. Because much more sharing of academic resources will be required of all institutions in the system in coming years, it is recommended that time, energy, and political capital be first invested in making these critical academic changes rather than administrative mergers.

The severity of the financial and other threats in the external environment may necessitate extreme actions such as mergers. NCHEMS is not recommending that such actions be taken off the table, only that mergers be considered as a measure of last resort. By their nature, community colleges should have a robust relationship with the communities they serve. In keeping with their missions, any proposed merger should factor in the level of buy-in from these communities. LCTCS leadership has managed a number of successful mergers in the past. These moved forward only after there was community agreement to the structural change.

If mergers are considered, it would be appropriate to consider colleges that fall into two categories. First, those colleges that have not yet achieved SACS-COC accreditation. Those colleges are at a high financial risk in this economic environment because of their inability to deliver popular (and less expensive) liberal arts curricula. The two colleges that fall into this category are CLTCC and NWLTCC. If merger is considered for CLTCC, consideration should be given to consolidation with Louisiana Delta Community College. Similarly, for NWLTCC consideration should be given to a merger with either Bossier Parish Community College or Louisiana Delta Community College. Both CLTCC and NWLTCC serve distinct regions of the state that in normal financial times should have their own regional college. Merger may present an opportunity to speed the colleges to SACS-COC accreditation with the possibility of once again becoming stand-alone college when finances allow.

The second category of colleges are those with a relatively small enrollment size—5,000 credit enrollments or fewer. If consolidations are considered to solve the issue of scale at these institutions, it would be appropriate to take into account a number of factors prior to making merger decisions, with specific attention given to:

1. Geographic proximity
2. Demographic and commuting patterns of the population served by the colleges
3. Overlap and commonality of the regional economy(ies) served by the colleges.

6 Conclusion

The combination of economic and demographic threats creates a set of circumstances that will imperil the viability of several of the smaller institutions in the system. The magnitude of the threat is such that the institutions cannot be expected to resolve them on their own. The problems will

require System-level, not campus-level, action. The recommended budget allocation for FY21 may give the System a year's grace period, providing LCTCS with a short window of time in which it can prepare for what is very likely to be a worse situation in FY22—federal emergency money will be gone and the state's economy will not have rebounded to pre-COVID-19 levels.

There are several strategies and solutions that should be considered in order to expand access, accelerate recovery, and strengthen the fiscal viability of System institutions. The idea of consolidations should remain on the table with the recognition that it is not a silver bullet. Merging creates a larger institution, but this strategy presumes that, by forming a larger enterprise, campus-level solutions can be made to work. The recommendations presented above suggest that a larger community of solution—the System collectively—is more likely to lead to successful outcomes.

Appendix A

House Resolution 52

HLS 20RS-2402

ORIGINAL

2020 Regular Session

HOUSE RESOLUTION NO. 52

BY REPRESENTATIVE SCHEXNAYDER

COLLEGES/COMMUNITY AND TECHNICAL: Requests that the Board of Supervisors of Community and Technical Colleges and Board of Regents study and report relative to changes needed for community and technical colleges in response to COVID-19

1 A RESOLUTION

- 2 To urge and request the Board of Supervisors of Community and Technical Colleges and the
3 Board of Regents to study and make recommendations relative to any academic,
4 operational, structural, or technological changes that should be considered for the
5 institutions of the Louisiana Community and Technical College System in response
6 to COVID-19 and to submit to the speaker of the Louisiana House of
7 Representatives and the House Committee on Education an initial written report by
8 June 2, 2020, and final written report by not later than 60 days prior to the 2021
9 Regular Session of the Legislature.

10 WHEREAS, COVID-19 has dramatically altered the ways that the people of
11 Louisiana work and learn; and

12 WHEREAS, the impact of COVID-19 on the state, national, and global economy has
13 been significant, will continue for some time, and will require creative strategies to ensure
14 that Louisiana continues to meet the needs of students and employers through the delivery
15 of educational services; and

16 WHEREAS, Louisiana's community and technical colleges are faced with a
17 landscape that has shifted dramatically in terms of educational delivery, funding, and market
18 demands; and

1 WHEREAS, it is incumbent upon the state to move decisively and strategically in
2 order to ensure that Louisiana is a leader in the development of talent that will drive the
3 state's economy; and

4 WHEREAS, the ability of the Louisiana Community and Technical College System
5 (LCTCS) to succeed in fulfilling its mission to rapidly train the workforce of today and
6 prepare students for transferring to state universities is more important than ever due to the
7 need to rapidly stimulate the state's economy; and

8 WHEREAS, there is a growing need for the provision of online education, which will
9 require strategic investments and creative strategies to ensure that rural areas both increase
10 and maintain opportunities for rural students to access this education; and

11 WHEREAS, the Board of Supervisors of Community and Technical Colleges, as the
12 LCTCS management board, and the Board of Regents, as the coordinating body for
13 postsecondary education, are best positioned to evaluate and make recommendations relative
14 to how LCTCS institutions can continue to effectively fulfill their mission in a landscape
15 significantly altered by COVID-19.

16 THEREFORE, BE IT RESOLVED that the House of Representatives of the
17 Legislature of Louisiana does hereby urge and request Board of Supervisors of Community
18 and Technical Colleges and the Board of Regents to study and make recommendations
19 relative to any academic, operational, structural, or technological changes that should be
20 considered for the institutions of the Louisiana Community and Technical College System
21 in response to COVID-19.

22 BE IT FURTHER RESOLVED that in conducting this study, the boards shall
23 consider how to minimize administrative costs while broadening access to education
24 provided by LCTCS institutions and not closing any LCTCS campuses.

25 BE IT FURTHER RESOLVED that any monetary savings derived from the
26 implementation of recommendations resulting from this study shall be used to continue
27 fulfillment of the LCTCS mission statewide.

28 BE IT FURTHER RESOLVED that the two boards shall either separately or jointly
29 submit a written report of findings, including any recommendations for changes in policy
30 or state law relative to the issues studied, to the speaker of the Louisiana House of

- 1 Representatives and the House Committee on Education; an initial report shall be submitted
 - 2 not later than June 2, 2020, and a final report shall be submitted not later than sixty days
 - 3 prior to the beginning of the 2021 Regular Session of the Legislature.
- 4 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
- 5 chairman of the Board of Supervisors of Community and Technical Colleges, the chairman
 - 6 of the Board of Regents, and the commissioner of higher education.
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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HR 52 Original

2020 Regular Session

Schexnayder

Requests that the Bd. of Supervisors of Community and Technical Colleges and Bd. of Regents study and make recommendations relative to any changes that should be considered for the institutions of the La. Community and Technical College System in response to COVID-19 and submit to the speaker and the House Education Committee an initial report of findings by June 2, 2020, and a final report by not later than 60 days prior to the 21RS.