

**RESPONSE TO
SENATE RESOLUTION NO. 167
OF THE
2012 REGULAR SESSION
OF THE LOUISIANA LEGISLATURE**

LOUISIANA BOARD OF REGENTS



February 15, 2013

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EXECUTIVE SUMMARY

Senate Resolution No. 167 (SR 167) of the 2012 Regular Session of the Louisiana Legislature urges and requests the Board of Regents (BOR) to study the feasibility, practicality, and advisability of delegating tuition-setting authority to the state's public institutions that provide professional programs. Additionally, BOR was asked to provide a written report of its findings and recommendations, including any legislation which may be required to implement such recommendations, to the Senate Committee on Finance, the Senate Committee on Education, the House Committee on Appropriations, and the House Committee on Education, no later than March 1, 2013. BOR finds that, based on a review of the framework followed by other states in setting tuition at public postsecondary educational institutions, Louisiana is only one of three states in which the legislature has primary tuition-setting authority, and the only state in which tuition increases require a two-thirds vote of each chamber of the legislature. Based on the data reviewed, BOR recommends authorizing the state's public postsecondary education management boards to set tuition for each of their institutions and for all programs in accordance with a legislatively approved BOR's Tuition Policy.

INTRODUCTION AND BACKGROUND

In response to Senate Resolution 167, this study explores granting tuition-setting authority to the state's public institutions that provide professional programs. Based on a study of national trends for tuition-setting authority, BOR determined that most states have vested tuition-setting authority in the higher education boards for a variety of reasons, including but not limited to, finance, policy, and ideology.

Louisiana is one of only three states in the nation whose state legislature has the primary responsibility of setting tuition for public institutions. Additionally, even among those three states, Louisiana is the only one which requires a two-thirds vote of each chamber of the legislature. While the Louisiana Granting Resources and Autonomy for Diplomas Act, La. R.S. 17:3139 *et seq.* (LA GRAD Act) provides the state's public institutions limited authority to raise tuition in exchange for specified performance measures, any tuition increases outside the scope of LA GRAD Act rests with the legislature in accordance with Article 7, Section 2.1(A) of the Louisiana Constitution.

Currently, BOR's role in setting tuition is limited to studying and formulating state tuition and fee policies to be approved by the legislature in accordance with La R.S. 17:3129.51 (A)(5). (The University of Louisiana System is authorized to set tuition at the University of Louisiana at Monroe College of Pharmacy as authorized by La R.S. 17:3351(A)(5).)

In addressing the issues raised by SR 167, BOR considered tuition-setting authority at public institutions in all fifty (50) states and how Louisiana's professional schools tuition ranked among its SREB peers. Additionally, BOR considered the advantages and disadvantages of allowing public institutions to set tuition rates.

FINDINGS

Tuition-Setting Authority

National trends, as shown by the data in the survey below, suggest that states have moved to a model of tuition deregulation which allows management boards of higher education the autonomy to decide how to best manage institutional finance (Zinth and Smith, 2012). Louisiana is one of only three states in the nation whose legislature has authority over tuition and the ONLY state that requires a two-thirds vote for such an increase. Louisiana's current model does not allow management boards to respond in a timely manner to losses in state appropriations, enrollment decreases and other market conditions which affect the fiscal stability of the institutions under their control. BOR believes that management boards need flexibility to set tuition at their institutions to respond to these market conditions in a timely and prudent manner.

STATE-BY-STATE SURVEY OF TUITION-SETTING AUTHORITY

	Four-Year Institutions					Community/Technical Colleges			
	State Legislature	State Board of Education	State System or Boards of Higher Education	Multi-Campus Boards	Single Campus Boards	State Legislature	State Board of Education	State System or Board of Higher Education	Local Community College Board
ALABAMA				x	x		x		
ALASKA			x					x	
ARIZONA			x						x
ARKANSAS				x	x				x
CALIFORNIA			x			x			
COLORADO				x	x			x	
CONNECTICUT			x		x			x	
DELAWARE					x				x
FLORIDA	x					x			
GEORGIA			x					x	
HAWAII			x					x	
IDAHO		x							x
ILLINOIS				x	x				x
INDIANA				x	x				x
IOWA			x						x
KANSAS			x						x
KENTUCKY			x					x	
LOUISIANA	x					x			
MAINE				x				x	
MARYLAND				x	x				x
MASSACHUSETTS			x					x	
MICHIGAN				x	x				x
MINNESOTA			x					x	
MISSISSIPPI			x					x	
MISSOURI				x	x				x
MONTANA			x						x
NEBRASKA				x	x				x
NEVADA			x					x	
NEW HAMPSHIRE			x						x
NEW JERSEY				x	x				x
NEW MEXICO				x	x				x
NEW YORK			x					x	
NORTH CAROLINA			x					x	
NORTH DAKOTA			x					x	
OHIO				x	x				x
OKLAHOMA			x					x	
OREGON			x						x
PENNSYLVANIA			x		x				x
RHODE ISLAND									
SOUTH CAROLINA				x	x			x	
SOUTH DAKOTA			x					x	
TENNESSEE			x					x	
TEXAS			x		x				x
UTAH			x					x	
VERMONT			x		x			x	
VIRGINIA					x			x	
WASHINGTON				x	x			x	
WEST VIRGINIA					x				x
WISCONSIN			x					x	
WYOMING					x			x	
TOTAL	2	1	27	15	22	3	1	24	21

Source: Education Commission of the States www.ecs.org
 Tuition Setting Authority for Public Colleges and Universities, October 2012
 By: Kyle Zinth and Matthew Smith

TUITION RANKINGS

Historically, tuition among Louisiana's public institutions has been low. The continuous reduction in state appropriations has not been fully offset by tuition increases authorized by the LA GRAD Act. As evidenced by the most recent data published by SREB (reproduced below), tuition among all Louisiana institutions (including professional schools) remains significantly lower than SREB peers. For example, in-state tuition at Louisiana State University Medical Schools at New Orleans and Shreveport rank 31st and 33rd, respectively, among 34 schools of medicine within the SREB.

*****Data is sorted by in-state 2010-2011 tuition.**

MEDICINE		In-State		Out-of-State	
		2009-10	2010-11	2009-10	2010-11
State	Institution	2009-10	2010-11	2009-10	2010-11
VA	University of Virginia	35,150	37,880	45,150	48,874
SC	Medical University of South Carolina	29,438	31,204	52,770	55,936
FL	University of Florida	28,785	30,824	58,025	60,064
KY	University of Kentucky	29,233	30,110	53,639	55,248
SC	University of South Carolina-Columbia	27,228	29,948	61,062	67,162
VA	Virginia Commonwealth University	28,566	29,185	43,020	43,653
FL	University of South Florida	26,833	29,018	54,044	54,578
FL	Florida International University	24,982	28,502	56,482	60,002
KY	University of Louisville	25,724	27,782	42,820	42,820
MD	University of Maryland, Baltimore	24,989	26,959	45,033	48,206
TN	East Tennessee State University	24,429	26,539	48,187	52,435
TN	University of Tennessee Health Science Center	21,946	24,716	42,856	48,346
FL	University of Central Florida	23,800	23,671	51,000	50,870
GA	Medical College of Georgia	22,420	23,590	39,732	41,768
AL	University of South Alabama	19,596	22,318	37,035	44,216
OK	University of Oklahoma Norman Campus	20,648	21,903	44,766	47,599
WV	West Virginia University	20,970	21,810	45,718	47,572
AL	University of Alabama	18,140	20,680	51,394	58,590
AL	University of Alabama at Birmingham	18,512	20,680	51,766	58,590
FL	Florida State University	18,230	19,841	52,782	54,392
AR	University of Arkansas for Medical Sciences	17,951	19,157	35,075	36,867
TX	University of Texas Health Science Center at San Antonio	18,204	18,976	36,428	37,464
TX	University of Texas Southwestern Medical Center at Dallas	17,562	18,768	33,282	34,488
TX	University of North Texas Health Science Center at Fort Worth	17,852	18,756	36,752	36,992
WV	Marshall University	17,688	18,536	44,478	45,326
TX	University of Texas Medical Branch at Galveston	16,024	18,055	31,744	33,775
TX	Texas Tech University Health Sciences Center	16,153	17,473	31,873	33,193
TX	Texas A & M Health Science Center	13,673	16,298	29,393	32,018
TX	University of Texas Health Science Center at Houston	14,591	16,031	30,311	31,751
MS	University of Mississippi Medical Center	13,649	15,649	31,802	36,462
LA	Louisiana State University Health Sciences Center - NO	14,029	14,730	29,625	30,326
NC	University of North Carolina at Chapel Hill	13,360	14,400	37,426	38,798
LA	Louisiana State University Health Sciences Center - Shreveport	12,032	13,158	27,630	29,536
NC	East Carolina University	10,344	11,554		37,489
MEDIAN		19,054	21,245	43,020	44,771
% SREB AVERAGE LSUHSC - NO		74%	69%	69%	68%
% SREB AVERAGE LSUHSC - Shreveport		63%	62%	64%	66%

DENTISTRY		In-State		Out-of-State	
		2009-10	2010-11	2009-10	2010-11
State	Institution	2009-10	2010-11	2009-10	2010-11
VA	Virginia Commonwealth University	29,140	31,353	52,089	55,267
FL	University of Florida	26,827	30,879	53,308	57,359
SC	Medical University of South Carolina	26,288	27,602	45,958	48,256
KY	University of Kentucky	23,910	25,345	48,789	51,715
MD	University of Maryland, Baltimore	22,437	24,584	48,193	52,298
KY	University of Louisville	21,576	23,302	49,100	50,826
TX	University of Texas Health Science Center at Houston	21,088	22,960	34,048	35,920
TN	University of Tennessee Health Science Center	20,846	22,866	48,456	53,236
NC	University of North Carolina at Chapel Hill	18,443	20,983	31,325	34,697
TX	University of Texas Health Science Center at San Antonio	18,390	20,086	31,350	33,046
OK	University of Oklahoma Norman Campus	18,831	19,971	41,273	43,881
AL	University of Alabama at Birmingham	17,452	19,640	47,988	54,760
MS	University of Mississippi Medical Center	14,030	16,530	32,690	38,515
TX	Texas A & M Health Science Center	15,418	16,463	28,378	29,423
GA	Medical College of Georgia	13,586	14,188	40,736	42,424
WV	West Virginia University	13,264	13,798	33,962	36,682
LA	Louisiana State University Health Sciences Center - NO	12,000	12,600	25,640	26,240
MEDIAN		19,619	21,362	40,781	43,797
% SREB AVERAGE		61%	59%	63%	60%

LAW		In-State		Out-of-State	
		2009-10	2010-11	2009-10	2010-11
State	Institution				
VA	University of Virginia	38,800	42,500	43,800	47,500
TX	University of Texas at Austin	24,128	25,692	38,010	39,630
MD	University of Maryland, Baltimore	23,762	25,350	35,041	36,629
MD	University of Baltimore	23,992	25,224	35,988	37,368
VA	College of William & Mary	21,646	23,800	31,846	33,800
VA	George Mason University	20,556	22,222	34,220	36,278
SC	University of South Carolina-Columbia	19,034	20,236	38,014	40,494
NC	University of North Carolina at Chapel Hill	16,014	17,068	29,332	31,218
OK	University of Oklahoma Norman Campus	15,986	17,026	25,915	26,954
KY	University of Kentucky	16,021	16,982	27,758	29,424
LA	Louisiana State University and A & M College	14,406	16,298	25,502	28,178
GA	University of Georgia	14,548	15,814	30,326	33,620
AL	University of Alabama	14,450	15,760	26,560	28,070
KY	University of Louisville	14,440	15,600	28,980	30,140
TN	University of Tennessee, Knoxville	13,118	14,462	31,862	33,206
TX	University of Houston	14,764	14,377	20,692	20,401
TX	Texas Tech University	12,840	13,964	18,768	20,684
KY	Northern Kentucky University	13,608	13,896	29,688	30,288
TX	Texas Southern University	12,856	13,757	16,306	17,656
TN	University of Memphis	13,090	13,700	34,962	35,572
GA	Georgia State University	11,824	13,196	32,848	34,220
FL	University of Florida	11,488	13,109	26,980	28,601
FL	Florida State University	11,506	13,105	25,114	28,755
FL	Florida International University	10,392	11,711	21,420	22,739
WV	West Virginia University	11,072	11,624	24,970	26,076
MS	University of Mississippi	9,350	10,276	20,444	22,468
AR	University of Arkansas at Little Rock	9,119	9,589	18,435	19,185
NC	North Carolina Central University	7,581	9,241	20,319	22,502
LA	Southern University and A&M College at Baton Rouge	7,920	9,198	12,520	14,798
AR	University of Arkansas, Fayetteville	8,617	9,029	17,151	17,936
FL	Florida Agricultural & Mechanical University	7,564	8,498	22,976	23,906
MEDIAN		14,984	16,203	27,314	28,977
% SREB AVERAGE LSU		96%	101%	93%	97%
% SREB AVERAGE SU		53%	57%	46%	51%

VETERINARY MEDICINE		In-State		Out-of-State	
		2009-10	2010-11	2009-10	2010-11
State	Institution				
FL	University of Florida	23,350	24,710	42,352	45,685
VA	Virginia Tech	18,415	19,675	40,607	42,704
TN	University of Tennessee Health Science Center	18,366	19,238	40,834	42,814
TX	Texas A & M University	17,591	17,629	30,551	30,589
MS	Mississippi State University	15,847	17,449	36,932	41,649
LA	Louisiana State University and A & M College	14,641	16,138	38,841	40,338
GA	University of Georgia	14,330	15,326	36,000	36,106
OK	Oklahoma State University Main Campus	14,295	14,968	31,570	33,107
AL	Auburn University	12,412	13,006	36,252	37,234
NC	North Carolina State University	10,884	11,989	33,647	34,752
MEDIAN		16,013	17,013	36,759	38,498
% SREB AVERAGE		91%	95%	106%	105%

PHARMACY		In-State		Out-of-State	
		2009-10	2010-11	2009-10	2010-11
State	Institution				
TN	East Tennessee State University	26,071	28,387	26,071	28,387
MD	University of Maryland Eastern Shore		24,808		46,867
VA	Virginia Commonwealth University	22,422	23,578	30,632	33,020
KY	University of Kentucky	20,345	21,566	37,034	39,256
MD	University of Maryland, Baltimore	16,634	18,401	31,340	33,391
SC	Medical University of South Carolina	16,900	18,082	25,200	26,960
SC	University of South Carolina-Columbia	16,900	18,072	25,200	26,938
TX	University of Houston	16,865	17,909	26,213	26,213
TN	University of Tennessee Health Science Center	16,236	17,796	31,116	34,166
FL	University of Florida	15,211	17,516	38,355	40,659
AL	Auburn University	15,298	17,460	27,778	31,464
NC	University of North Carolina at Chapel Hill	14,520	15,560	31,672	33,044
LA	University of Louisiana at Monroe	13,668	15,501	24,953	27,689
OK	University of Oklahoma Norman Campus	14,093	14,932	28,775	30,574
GA	University of Georgia	12,816	14,056	30,790	34,128
TX	Texas Southern University	11,533	12,832	18,301	20,184
AR	University of Arkansas for Medical Sciences	10,363	12,665	20,483	24,805
WV	West Virginia University	11,216	11,732	28,156	29,290
OK	Southwestern Oklahoma State University	10,400	11,392	20,800	22,784
MS	University of Mississippi	10,368	11,350	22,809	25,068
TX	University of Texas at Austin	9,612	10,122	18,580	20,216
TX	Texas Tech University Health Sciences Center	9,191	9,521	15,935	16,961
MEDIAN		14,793	16,511	26,676	29,639
% SREB AVERAGE		92%	94%	94%	93%

Source: Southern Regional Education Board

ADVANTAGES & DISADVANTAGES

In addressing the “feasibility, practicality, and advisability of delegating tuition-setting authority to the state's public institutions that provide professional programs” pursuant to SR 167, BOR considered the advantages and disadvantages of the larger context of tuition deregulation and found that the advantages significantly outweigh any shortcomings of such deregulation in the modern economy or “new normal.”

Tuition increases which may result from tuition deregulation will pose financial challenges to some students and may restrict access to postsecondary educational opportunities for some students. However, the recent changes in the funding framework for higher education across the nation require additional

considerations. Though state appropriations have accounted for more than 60% of institutional budgets in Louisiana, trends over recent years have shifted over 60% of support to tuition. Allowing management boards to set tuition at their respective institutions would restore fiscal stability in this changing environment of declining state funds. It also protects the quality and adequacy of academic program offerings. Without an alternative source of revenues to offset reductions in state funding, institutions will be forced to reduce their course offerings, which adversely impacts timely graduation. Such delays in graduation will in turn increase the cost of attendance for the additional period required to graduate, thus imposing further financial burdens on students and their families. The Higher Education Policy Brief, published by the American Association of State Colleges and Universities in 2010, similarly weighs the advantages and disadvantages of tuition deregulation.

It should be emphasized that, with respect to professional programs, the higher earning potential of graduates of professional programs will likely offset any tuition increases, and thus such increases are not likely to place a long-term hardship or financial burden on students.

These findings are further supported by the recommendations of the Governance Commission that was convened pursuant to HCR 184 of the 2011 Regular Session of the Louisiana Legislature, which recommended returning tuition-setting authority to the higher education boards. In furtherance of this recommendation by the Governance Commission, BOR adopted a Tuition Policy in April 2012 (see Appendix B), which was fully supported by all four postsecondary education management boards of the state.

SUMMARY AND CONCLUSION

Although the GRAD Act allows for tuition increases based on specified performance measures, tuition increases may be necessary independent of the measures set forth by GRAD Act, due to the changing fiscal circumstances. BOR's Tuition Policy balances the needs of higher education decision makers against those of the students and their parents by providing the much-needed flexibility management boards need to respond to market conditions in a timely manner. BOR's Tuition Policy also aligns Louisiana with the prevailing national higher education trends by returning tuition-setting authority to the higher education boards.

RECOMMENDATIONS

The Board of Regents recommends authorizing the state's public postsecondary education management boards to set tuition for each of their institutions and for all programs in accordance with a legislatively approved BOR's Tuition Policy.

In addition, management boards will be able to charge per credit hour and differential tuition at their institutions under the BOR Tuition Policy. While undergraduate professional programs, such as engineering or nursing, were not within the scope of SR 167 and thus not part of the research presented in this response, BOR would also recommend undergraduate programs with similar high-cost characteristics as professional programs, be considered for differential tuition,

as there is no reasonable basis to distinguish high-cost undergraduate programs and high-cost professional programs.

APPENDIX A

**SENATE RESOLUTION NO. 167
OF THE 2012 REGULAR SESSION
OF THE LOUISIANA LEGISLATURE**

A RESOLUTION

To urge and request the Board of Regents to study the feasibility, practicality, and advisability of delegating tuition-setting authority to the state's public institutions that provide professional programs.

WHEREAS, traditionally, state support for public postsecondary education has far exceeded the amount charged to students in the form of tuition and fees, the harsh reality imposed by the lingering economic recession has resulted in decreased state support for the state's public postsecondary education institutions, including the professional schools; and

WHEREAS, while Louisiana's postsecondary students have historically benefitted from low tuition rates compared to their counterparts throughout the region, current enrollment patterns and economic circumstances dictate that this traditional funding paradigm be reexamined and reassessed; and

WHEREAS, the ability of postsecondary institutions, especially the professional schools, to make up the growing gap between state and student generated revenues is impacted by constitutional and statutory requirements for legislative approval of any increases in student tuition and fees; and

WHEREAS, the cost of professional programs varies widely based upon faculty requirements and the type of training required for the student to successfully enter his chosen field or to obtain professional licensure; and

WHEREAS, there is a growing national trend for states to deregulate the setting of student tuition, thereby allowing public colleges, universities, and professional schools to establish tuition rates that are responsive to market conditions and the needs of students; and

WHEREAS, it is logical to examine the process by which tuition is established for the state's public professional schools, not only in the context of the appropriate ratio of state to student support, but also considering student demand and market forces without losing sight of the need for maximum student access and affordability.

THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana does hereby urge and request the Board of Regents to study the feasibility, practicality, and advisability of delegating tuition-setting authority to the state's public institutions that provide professional programs.

BE IT FURTHER RESOLVED that the Board of Regents shall submit a written report of its findings and recommendations, including any legislation which may be required to implement such recommendations, to the Senate Committee on Finance, the Senate Committee on Education, the House Committee on Appropriations, and the House Committee on Education, not later than March 1, 2013.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the chairman of the Board of Regents and the commissioner of higher education.

PRESIDENT OF THE SENATE

APPENDIX B
BOARD OF REGENTS TUITION POLICY
ADOPTED APRIL 2012

Louisiana Board of Regents Resident Tuition Policy

I. Purpose

The Louisiana Board of Regents, in accordance with R.S. 17: 3129.5, is required to establish the framework for the imposition of student tuition and fees by the respective postsecondary education management boards. Resident student tuition and fees (excluding self-assessed fees) shall be set by system management boards in accordance with the parameters of this policy, effective beginning with the academic year immediately following the legislative session whereby each house of the Legislature approves this policy by a two-thirds vote.

II. General Framework for Establishing Tuition and Fees

- 1) The Louisiana Board of Regents will determine annually by March 15 the Southern Regional Education Board (SREB) peer resident tuition and mandatory fee rate for each institution based on the most recent ten-year trend of SREB rates.
- 2) The SREB peer resident tuition and mandatory fee rate for each institution will be adjusted in such a manner that the median household income in SREB states in which respective peer institutions are located is compared with the median household income in Louisiana.
- 3) Reclassification of an institution to a new SREB category will result in a recalculation of that institution's tuition and mandatory fee target based upon its new classification as soon as the reclassification is recognized by SREB. During the transition process of the SREB reclassification of an institution, the Regents may take into consideration the pending reclassification in setting the tuition and mandatory fee target for that institution.
- 4) All resident tuition and mandatory fee amounts will be set based on credit hours enrolled. Students who are receiving the Taylor Opportunity Program for Students (TOPS) award, and who maintain the TOPS award, will continue to be awarded an institutional scholarship in an amount equal to the student credit hour charge over and above that covered by TOPS for the first 12 credit hours.
- 5) Management boards are authorized to establish for their member institutions differentiated tuition and fee schedules for graduate and professional programs

Louisiana Board of Regents Resident Tuition Policy *(continued)*

and for academic programs, which have been identified and approved by the Board of Regents as high-cost.

- 6) The authority to increase tuition and mandatory fees pursuant to this policy in an upcoming academic year only applies to those institutions that have met the requirements under R.S. 17:3139 et seq. (LA GRAD Act) for the previous academic year as determined by the Board of Regents.

III. Role of System Management Boards in the Establishment of Tuition and Fees

- 1) System management boards are authorized to establish institutional tuition and mandatory fee amounts proportional to the SREB peer tuition and mandatory fee rates or appropriate benchmarks for graduate and professional programs established by the Board of Regents.
- 2) System management boards are authorized to establish institutional tuition and mandatory fee amounts proportional to the rates allowed by this policy for part-time students and for students enrolled in summer and inter-session terms.
- 3) System management boards shall establish a process for setting tuition and mandatory fees that allows for adequate notice to students.
- 4) System management boards shall annually submit a final tuition and mandatory fee schedule and supporting documentation to the Board of Regents by September 1 of each year.