

**RESPONSE TO HOUSE RESOLUTION 161 OF THE  
2011 REGULAR SESSION  
OF THE LOUISIANA LEGISLATURE**

**LOUISIANA BOARD OF REGENTS**



November 1, 2011

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## EXECUTIVE SUMMARY

House Resolution 161 of the 2011 Regular Session by Rep. Wesley Bishop requests the Board of Regents (BOR) to report in writing to the House Education Committee on actions taken by the Board pursuant to Senate Resolution 185 of the 2010 Regular Session to implement certain recommendations of the Postsecondary Education Review Commission (PERC). PERC recommendations 10(C) and 13 concerned the “provision of equitable and sufficient funding necessary for the state’s Historically Black Colleges and Universities to achieve their mission.”

Though BOR issued a response to the PERC recommendations in 2010, BOR staff carefully examined the issue of HBCU funding in preparing this response to HR 161. To this end, the BOR staff has conducted a review of funding data for the state’s HBCUs in relation to all other public postsecondary universities in the state. The main finding from this review was that in analyzing several commonly used data metrics, Louisiana’s HBCUs are funded slightly better than most Louisiana institutions. Staff also reviewed regional data from the Southern Regional Educational Board (SREB) to confirm this finding. Most of the statistics were measured on a full-time equivalent student (FTE) basis. While the FTE basis provides an objective measure of how Louisiana’s institutions are funded, there is no doubt that Louisiana’s HBCUs have a specialized and unique role as they provide educational access opportunities for an underserved segment of Louisiana’s population.

## INTRODUCTION AND BACKGROUND

House Resolution 161 of 2011 requests that the BOR “report in writing to the House Education Committee on actions taken by the Board pursuant to SR No. 185 of the 2010 R. S. to implement certain recommendations of the Postsecondary Education Review Commission.”

The PERC recommendations referenced in HR 161 are 10 (C) and 13 of PERC relative to the provision of equitable and sufficient funding necessary for the state’s Historically Black Colleges and Universities to achieve their mission. BOR issued a response to the PERC Recommendation, including Recommendations 10(C) and 13.

The relevant PERC recommendations and BOR responses read as follows:

10. The Board of Regents shall develop and use a new formula for the distribution of both required tuition and fees and state-provided funding. Such formula shall:

...

C. In addition to the monies which the Historically Black Colleges and Universities would receive under the formula’s equitable distribution, they shall receive an amount designed to close the gap between funding for the public Historically Black Colleges and Universities and other public institutions. This amount shall be awarded until the funding gap is closed.

*BOR Response: Regents maintains that all institutions are responsible for education all of Louisiana’s citizenry and the current performance funding policy rewards institutions for increasing the number of graduates, including the number of underrepresented students who complete a postsecondary education credential.*

13. The Postsecondary Education Review Commission believes in the educational value of students learning in diverse educational environments as outlined in the Supreme Court decision in *Grutter v. Bollinger*. The commission also believes in the unique and important mission of the Southern University System and Grambling State University as Historically Black Colleges and Universities (HBCUs) for fostering expanding educational access, excellence, and success for all students, especially African-Americans and disproportionate numbers of low- income, first generation students.

The commission recognizes, however, that it is an important mission of all of the state's colleges and universities, especially, but not limited to its land-grant institutions, to educate the diverse students of the state roughly in proportion to the racial, ethnic, socio-economic, and geographic makeup of the state. The commission recognizes further, that if the state does not take affirmative steps to ensure that all of its higher education institutions are educating the diverse students of this state, especially those who have traditionally been and continue to be under served and under-represented in higher education, the state will never realize its educational, workforce, civic, social or economic goals.

Therefore, the commission recommends that the Board of Regents recommend to the legislature, actions that are consistent with the following:

Set aside within the higher education appropriations a specific allotment of funds, sufficient to enable the state's HBCUs to realize their important missions. This fund shall be used to ensure that the infrastructures, student faculty ratio, faculty, salaries, technology, libraries, holdings, and other aspects of the campus operations are comparable to other institutions in the state; and establish specific goals for the state's non HBCUs to achieve greater racial, ethnic, socio-economic, and regional diversity among full-time enrolled students; and establish a financial incentive for meeting and exceeding the graduation goals for African-Americans, and other racial and ethnic minorities of the state. No state funding or policy shall be used for the purpose of discriminating or have the effect of denying educational opportunity.

*BOR Response: Regents maintains that all institutions are responsible for education all of Louisiana's citizenry and the current performance funding policy rewards institutions for increasing the number of graduates, including the number of underrepresented students who complete a postsecondary education credential.*

## OVERVIEW OF STUDY

The BOR staff conducted an extensive review from many relevant data sources and examined various metrics as this study was performed. First, BOR staff looked at Louisiana's HBCUs and their mission in relation to all of postsecondary education in the state. This included an examination of trend data for enrollment and degree production. Next, staff looked at the levels of financial support the state provides to HBCUs. Staff reviewed state funds per FTE student, state funds per degree, capital outlay and deferred maintenance. Staff also reviewed the previous desegregation settlement agreement and tracked those additional resources. The findings from the data review will be discussed in the next section of this report.

With the information from our findings, BOR staff developed conclusions and recommendations. Any recommendations made are consistent with the BOR Master Plan goals and objectives, with particular attention given to the unique role and challenges of Louisiana's HBCUs.

## FINDINGS

### Mission

Throughout the history of higher education in the United States, HBCUs have proven that they have a special mission in successfully educating African American students, many of whom come from low-income and underprepared backgrounds. This is particularly true of Louisiana's four publicly funded HBCUs: Southern University and A&M College in Baton Rouge, Southern University New Orleans, Southern University Shreveport (a two-year university), and Grambling State University. In Louisiana, 23.7% of African American students currently enrolled in postsecondary education attend HBCUs<sup>1</sup>. Similarly, in 2010-11, 25.4% of all degrees awarded to African Americans were from HBCUs<sup>2</sup>.

In recent years, Louisiana's HBCUs have struggled to maintain enrollment levels, though Grambling and Southern University New Orleans may have turned the corner, with enrollment growth for Fall 2011 of 4.3% and 5.8%, respectively. Southern University and A&M College in Baton Rouge has seen an enrollment decline of 9.5% since Fall 2009.

Louisiana's HBCUs enroll the largest percentage of students with financial need. At all of the HBCUs, the percentage of students receiving PELL grants is 50% or greater. (See Table 1.)<sup>3</sup> The next highest institution in the state is at 34%.

An analysis of ACT scores at HBCUs reveals a significant challenge in academic preparation as well. In Louisiana, the average state-wide ACT score is



20.8. As shown below in Table 2, the average ACT score at each HBCU falls below the state-wide average.<sup>4</sup> Lower ACT scores impact the level of state support for which a student is eligible to receive, which in turn can impact a student’s ability to continue to completion.

**Table 1**  
**Percent of HBCU Student Body Receiving PELL Grant**  
**Fall 2009**

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Grambling State University	62
Southern University and A&M College	57
Southern University New Orleans	55
Southern University Shreveport	50

**Table 2**  
**Average ACT Score**  
**HBCUs Compared to State Fall 2009**

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Grambling State University	16.9
Southern University and A&M College	18.3
Southern University New Orleans	15.1
Southern University Shreveport	15.7
 State-wide Average	 20.8

## **State Funding**

Before the BOR can make a recommendation for additional funding for HBCUs, it is important to determine how HBCUs are funded in comparison to the other public institutions in Louisiana, as well as, their HBCU peers in the Southern Region (SREB). To accomplish that, a review was conducted of several funding metrics: state funds/FTE student; state funds/degree awarded; formula funding implementation rate; and SREB peer comparisons. Additionally, a review was conducted of capital expenditures.

Table 3 below shows that the three-year average of actual state funds per FTE student for the 3 fiscal years at Louisiana's HBCUs is only slightly below other institutions in the state<sup>5</sup>. The average per student amount at 4-year HBCUs was \$41 below other 4-year institutions, and the average per student amount at 2-year HBCUs was \$10 below other 2-year institutions. Additionally, for FY 08-09 and FY 09-10, Southern University and A&M College were higher than their SREB 4-year 3 counterparts, and Grambling State University was higher in all 3 years than all other SREB 4-year 4 institutions.

**Table 3**  
**State Appropriations per FTE Student**  
**FY 08-09 Through FY 10-11**

	<b>3 Year Average</b>
<u>4-year</u>	
HBCU	5,106
All Other 4-year	5,147
<u>2-year</u>	
HBCU	3,091
All other 2-year	3,101

Another measure analyzed was the formula funding implementation rate. The implementation rate is a measure that shows at what level of formula request the state is funding an institution. Table 4 below shows that all four of Louisiana’s HBCUs have higher implementation rates than the state-wide average<sup>6</sup>.

**Table 4**  
**Formula Implementation Rate**  
**FY 09-10 Through FY 11-12**

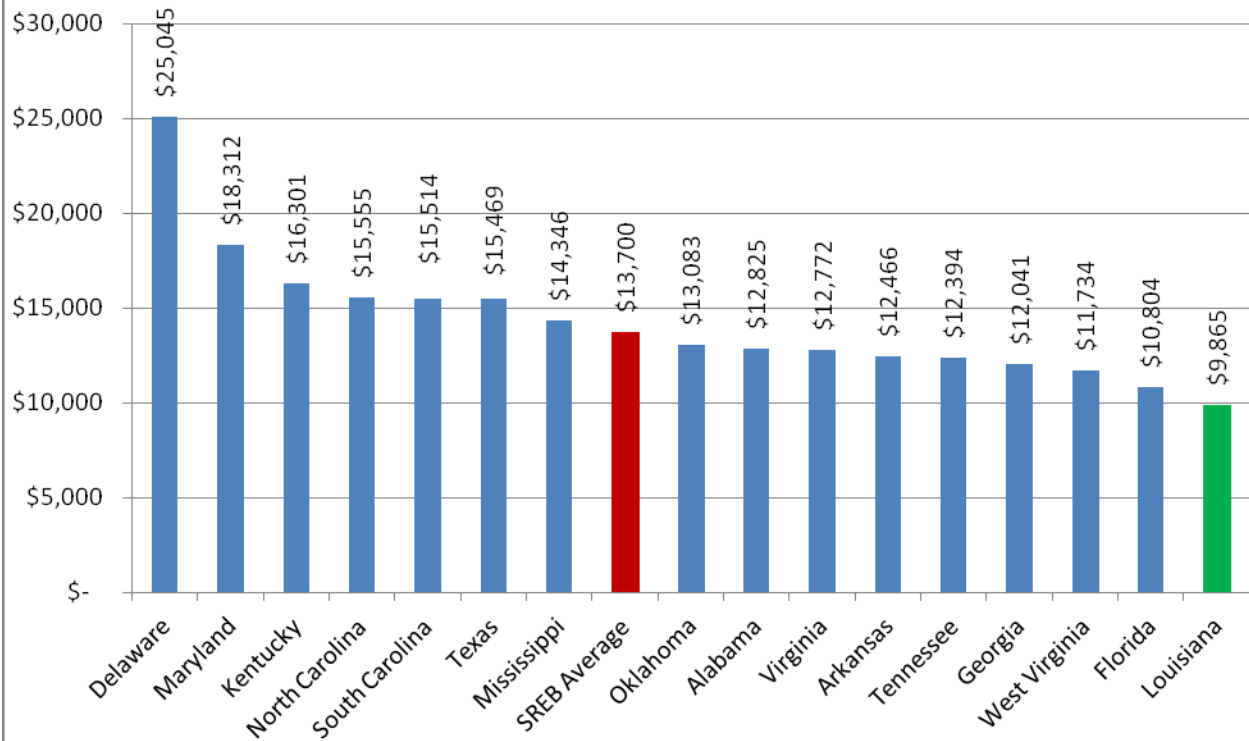
	<b>3 Year Average</b>
Grambling State University	75%
Southern University and A&M College	72%
Southern University New Orleans	71%
Southern University Shreveport	68%
State-wide Average	67%

In recent years, the Delta Cost Project, a think-tank supported by the Lumina Foundation for Education, has looked at cost-per-degree awarded as a productivity measure. For this metric, the lower the ranking, the more cost effective your level of productivity. Southern University and A&M College’s 5 year

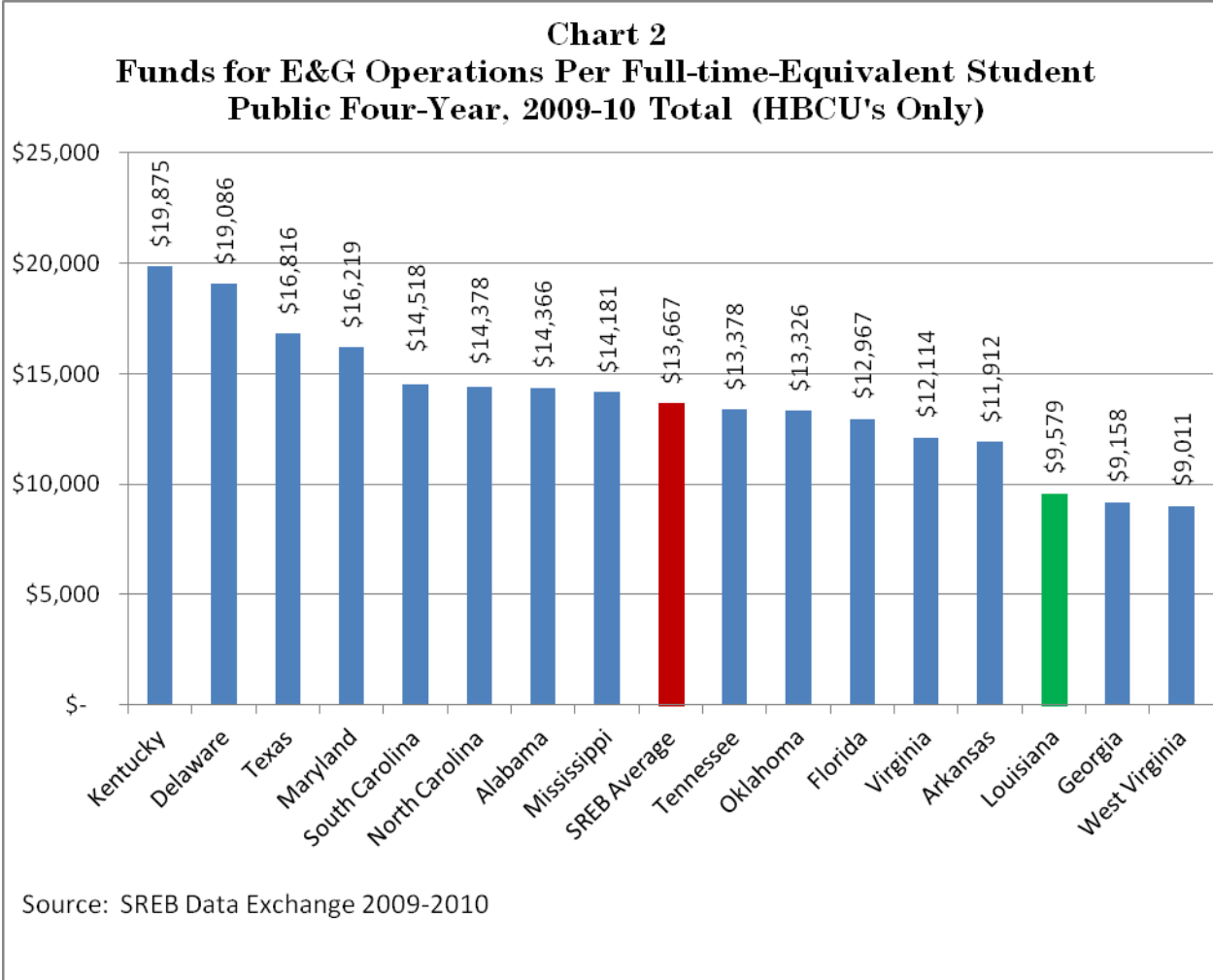
average of state funds per degree ranked highest in Louisiana at \$39,280, while Grambling State ranked 3<sup>rd</sup> highest at \$35,413. Southern University in New Orleans ranked 5<sup>th</sup> highest. When ranked against the two year institutions, Southern Shreveport ranked 3<sup>rd</sup> from the bottom at \$22,452 out of 11 institutions. Having lower state funds per degree value when compared to peers indicates that an institution is more efficient.

The Southern Regional Educational Board (SREB) is one of the best sources of comparative data in the nation. Their information was used to compare Louisiana's HBCU funding to that of other states. According to SREB, for fiscal year 2009-10 (the latest data available) state general purpose fund per FTE students for all 4-year institutions was \$4,718 while the HBCU amount was \$4,783. When comparing Louisiana to SREB peers for total funds for Education and General (E&G) Operations (state funds plus net tuition and fee revenue), Louisiana's 4-year institutions rank last in the SREB (see Chart 1)<sup>7</sup>, while Louisiana's 4-year HBCUs rank 3<sup>rd</sup> from the bottom (see Chart 2)<sup>7</sup>. It is important to note that all Louisiana institutions are funded well below SREB averages for both state funds and net tuition and fee revenue.

**Chart 1**  
**Funds for E&G Operations Per Full-time-Equivalent Student**  
**Public Four-Year, 2009-10 Total**



Source: SREB Data Exchange 2009-2010



**Capital Outlay**

Since 2005, \$917 million has been spent on capital outlay and infrastructure projects for postsecondary education. Louisiana’s HBCUs received \$64.5 million (slightly over 7%) of the total<sup>8</sup>. Additionally, \$149 million was provided to the HBCUs as part of the desegregation settlement which expired December 31, 2005. For comparative purposes, when looking at the operating budgets, HBCUs received 6.9% of all state general funds in fiscal year 2011-12. It is important to keep in mind that there is no formula or allocation model used for capital outlay budgets.

Capital outlay project requests are prioritized based on need. Campus needs can come in the form of: additional space needed because of enrollment growth; emergency infrastructure needs (e.g., boiler/chiller replacement, electrical switchgear); and campus safety and access issues.

Another major infusion of capital outlay funding for postsecondary education came in 2007 in the form of deferred maintenance funds. Higher education was appropriated \$75 million to address a large deferred maintenance backlog. Louisiana's HBCUs received \$7.4m (9.9%) of this pool of funds to address their deferred maintenance needs<sup>9</sup>.

## SUMMARY AND CONCLUSION

After a review of comparative funding data, it is clear that Louisiana's HBCUs receive comparable funding to other colleges and universities in the state. The main conclusion from this review was that in analyzing several commonly used data metrics, Louisiana's HBCUs are funded at a level that is very comparable to Louisiana institutions. For state appropriations per FTE student, HBCUs' three year average was essentially the same (within 8/10<sup>th</sup> of a percent) as that of state-wide institutions. For the last three fiscal years, the average formula funding implementation rate for Louisiana's HBCUs has exceeded the state-wide average. The formula implementation rate is the percentage of the total recommended request that the State funded. Further, when looking at a five year state funds per degree ratio, for four-year institutions, a productivity measure, HBCUs ranked 1<sup>st</sup>, 3<sup>rd</sup>, and 5<sup>th</sup> highest. Staff also reviewed regional data from SREB to confirm these findings. When comparing Louisiana to SREB peers for total funds for Education and General (E&G) Operations (state funds plus net tuition and fee revenue), Louisiana's 4-year institutions rank last in the SREB, while Louisiana's 4-year HBCUs rank 3<sup>rd</sup> from the bottom. All Louisiana universities are underfunded when compared to other SREB states, but Louisiana's 4-year HBCUs are slightly better funded than their non-HBCU counterparts.

Since the PERC commission concluded its work in FY 2009-10, there have been very large budget reductions across higher education. All of higher education has no choice, but to do more with less. Therefore, in these times of shrinking state



support across all of higher education, it is difficult to support HBCUs at a higher level

Declining state funds in addition to shifting student enrollment patterns must be addressed through significant changes in budgeting, staffing, and adoption of fiscal efficiencies as well.

Successful recruitment, support, and nurturing of students can aid financial stability for all institutions including HBCUs in several ways. First, the recruitment of larger incoming freshmen classes and/or stronger retention of students from one academic year to the next will generate additional tuition and fee revenue. Second, state support will increase from the delivery of more student credit hours, as well as, access to performance funds for meeting GRAD Act milestones and targets.

## RECOMMENDATIONS

The Board of Regents would recommend the following:

- 1) HBCUs continue to work within the parameters of the funding formula.  
For example, providing more SCHs in higher cost subject areas will increase recommended appropriations, as will retaining students from lower level courses to higher level courses;
- 2) HBCUs develop a solid recruitment plan to bring in students who are prepared to be successful at their institution. This will be of paramount importance as Louisiana's admissions requirements become stricter over the next few years;
- 3) HBCUs continue to streamline their campus administrations and operations in an effort to redirect scarce resource to functions that increase student success; and
- 4) Adopt all appropriate budget efficiencies and business function consolidations in order to reduce overall costs.
- 5) Staffing patterns and policies related to staff may need to be adjusted to allow greater budget flexibility.

It is worth noting that while this study has focused on Louisiana's HBCUs, these recommendations would be valid and appropriate for any institution in the state.

## APPENDICES

- Legislation
  - House Resolution 161 of the 2011 Regular Session
  - Senate Resolution 185 of the 2010 Regular Session
- Reference List

## REFERENCE LIST

- 1 Board of Regents Statewide Student Profile System
- 2 Board of Regents Statewide Completers System
- 3 Board of Regents Financial Aid Data System
- 4 2009 Act Class Profile
- 5 Board of Regents Budget Forms
- 6 Board of Regents Formula Funding Model
- 7 Southern Regional Education Board – Funds for E&G Operations per FTE  
Student 2009-10
- 8 Board of Regents Capital Outlay Records
- 9 Board of Regents Deferred Maintenance Funds Allocation