



Changing Policy.

Improving Lives.

www.labudget.org

Louisiana Budget Project

Budget brief: It's time to re-invest in higher education in Louisiana

After a decade of reductions, higher education in Louisiana is once again threatened with deep cuts in the 2018-2019 state budget. Unless the Legislature raises enough revenue in a third special session to fund state priorities at current-year levels, public colleges and universities and their students will continue to suffer the consequences of the state's financial instability and chronic underinvestment in post-secondary education.

Louisiana's economic future depends on an educated and well-trained workforce. The state's public colleges and universities play a vital role in developing workers with the knowledge and skills needed for 21st century jobs. In 2015, only [30 percent](#) of working age adults in Louisiana had an Associate's degree or higher. [Georgetown University's Center on Education and Workforce](#) predicts that by 2020, 56 percent of jobs in Louisiana will require some postsecondary education and training - pointing to the need for additional investment in institutions of higher education. Unfortunately, Louisiana has scaled back its investment in higher education over the last decade, and cuts are a real possibility again in fiscal year 2019.

Most lawmakers understand the critical importance of having properly funded, quality institutions of higher education, but the state's fiscal challenges have forced them to make funding cuts in nine of the last 10 years. The current fiscal year is the first time since 2008 that higher education systems did not receive a funding cut.

This modest success could soon end. The [operating budget](#) passed in the second special session includes a \$96 million reduction in state support to public colleges and universities. This money is listed in the "below the line" section of the budget bill - meaning it will be funded if the Legislature agrees to renew some of the taxes that expire on July 1.

But giving the state's colleges and universities the same amount of funding as last year wouldn't account for the increasing costs of employee pensions, deferred maintenance, utilities, and cost of living adjustments to employees. It also will not reverse the history of cuts and underfunding that has left Louisiana's colleges and universities, and their students, at a significant disadvantage compared to students in other states.

Funding for the TOPS scholarship program and means-tested Go Grants, which help families afford the rising costs of college, also have been subject to standstill or reduced funding in recent years. In the current version of the state budget, the Legislature cut funding for TOPS by \$88 million - reducing the TOPS awards by 30 percent.

Impact to Louisiana's Higher Education in HB1 without additional revenue	
TOPS Reduction	\$88 million
Reduction to Higher Education campuses	\$96 million
Total Reduction	\$184 billion

Source: LBP analysis of HB1

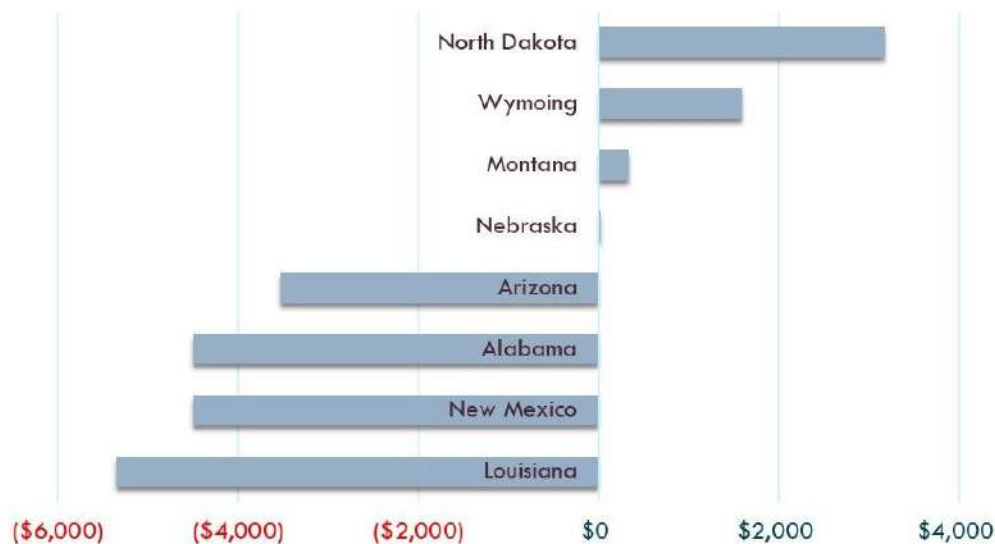
It's clear that the state's broken tax system and ongoing revenue shortfalls are undermining the ability of the state to invest in the development of its future workforce.

A decade of cuts

Over the last decade, the Legislature has decreased state funding for universities by nearly \$1 billion, from \$1.7 billion in 2009 to \$803 million in the fiscal year 2019 executive budget. Between fiscal years 2011 and 2016, Louisiana reduced its state appropriations by 33.1 percent, more than any other state in the nation. In 2017, Louisiana's per-student state funding was [just \\$3,918](#), 42 percent below the Southern average of \$6,745 per student, according to the [Southern Region Education Board](#) (SREB). In fact, Louisiana has the lowest state per-student funding of the 16 Southern states tracked by SREB.

The budget cuts have resulted in fewer faculty members, larger class sizes, a growing list of deferred maintenance and fewer extracurricular options for students. Louisiana colleges and universities have 1,018 fewer faculty members now than in 2010. Total student enrollment has dropped by more than 16,000 students between fall 2010 and fall 2017.

Change in state spending per student, inflation adjusted, 2008-2017



Source: Center on Budget and Policy Priorities

The rising cost of college

The decrease in state support has forced colleges and universities to raise tuition and fees to maintain programs and fill holes in their budgets. In 2008, state general funds made up nearly 60 percent of the budgets for state colleges and universities. In 2018, the state contributed just under 30 percent of the total higher education budget. As a result, Louisiana has had the [largest percentage increase](#) in the average tuition at a four-year public institution of any state.

Tuition increases have filled budget gaps left by decrease in state support



Average tuition at a four-year public college or university in Louisiana doubled between 2008 and 2017, rising from \$4,466 in 2008 to \$8,900 a year in 2017. In 2010-11, undergraduate tuition and fees at LSU's main campus was \$5,764. In the 2017-18 school year, tuition and fees at LSU was \$11,374. The upward pressure on tuition has affected community colleges as well. For example, tuition at Delgado Community College increased from \$2,332 in 2008 to \$4,129 in 2018.

Increases in tuition and fees decrease access to higher education, especially for low-income students. If they cannot afford to get a college degree, students from low-income families are less likely to be able to climb the socioeconomic ladder.

TOPS

In addition to severely underfunding public colleges and universities, the state's budget travails have also led to cuts in the TOPS scholarship program. TOPS is the [oldest state merit-based](#) scholarship in the country and currently has a price tag of nearly \$300 million. The program is funded by \$58 million in statutory dedications, but requires another \$233 million in state general funds for to maintain full funding. The fiscal year 2019 budget signed by the governor includes just \$148.2 million for TOPS, 70 percent of the total need.

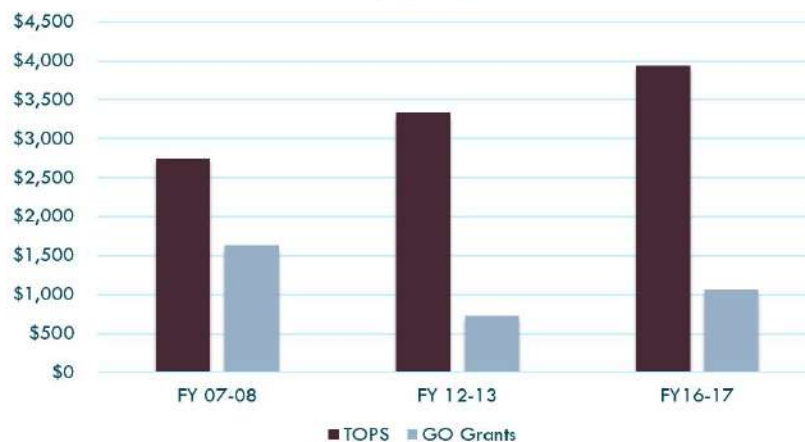
The uncertainty of funding has led to fewer students accepting their TOPS awards. In 2007, 90 percent of students accepted their award and enrolled at a Louisiana institution. In 2016, that rate dropped to 85.7 percent, meaning some of the state’s brightest high school graduates are taking their talents to other states. [Research shows](#) that offering a merit-based aid system encourages students who would otherwise attend college elsewhere to remain in their home state. But the ongoing questions about the availability and stability of TOPS funding has led some to feel the state has broken its “promise” of free tuition for those who meet certain academic standards.

Go Grants

Louisiana created the need-based Go Grants financial aid program in 2007, but it has never been fully funded by the Legislature. Students are eligible to receive a Go Grant if their family income is low enough to qualify for a need-based federal Pell Grant and they have remaining financial need after factoring in all other sources of aid. Unlike TOPS, Go Grants amounts were never based on tuition levels, and in [2011, the Louisiana Board of Regents](#) reduced grant amounts to 60 percent of each student’s remaining financial need, in order to spread the available funding to a larger group of students.

To provide a full award to all students who meet the requirements, the state would need to appropriate a total of [\\$161 million](#). In fiscal year 2018, the state allocated just \$26.4 million to Go Grants, where it has been frozen since the 2009-2010 fiscal year. Lawmakers included an additional \$1 million in funding for Go Grants in the “below the line” portion of the FY 2019 budget, which is subject to the Legislature replacing enough expiring revenue to fully fix the state’s budget shortfall.

Average award amounts for TOPS and Go Grants



Source: House Fiscal Division via Louisiana Office of Student Financial Assistance (LOSFA)

Replacing revenue is need to fund higher education priorities

The state’s budget shortfall for fiscal year 2019 again left lawmakers having to choose between fully funding TOPS scholarships, Go Grants, or providing adequate institutional funding or giving the massive pro rata cuts. During the third special session, it’s critical that lawmakers replace enough of expiring revenue to fill the full budget shortfall to ensure that all of the higher education priorities of the state are properly funded.

Davante Lewis
June 2018