Budget Briefing Webinar Overview

- 30 minutes including presentation, plus Q&A
- All microphones muted except speakers
- Use question/chat module to submit questions
- Your control panel can be minimized/maximized by clicking the orange arrow
- Webinar is being recorded and will be archived at www.ulsystem.edu/budget
FOCUS ON...

MERGERS AND CLOSURES
Budget Briefing Panelists

Dr. Sandra K. Woodley
President

Rachel Kincaid
Vice President of External Affairs

Dr. Edwin Litolff
Vice President of Business & Finance
Louisiana Higher Education

HISTORY
<table>
<thead>
<tr>
<th>Dates</th>
<th>Milestones</th>
<th># 4-Year</th>
<th># 2-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1853-1974</td>
<td>13 universities evolve from creation to 2-year to 4-year status</td>
<td></td>
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</tr>
<tr>
<td>1974</td>
<td>Creation of Board of Regents &amp; Management Boards (LSU, SU, &amp; Board of Trustees for State Colleges and Universities)</td>
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</tbody>
</table>
| 1995-1999| • BRCC, SLCC, RPCC & Delta CC created  
• Creation of LCTC System  
• Board of Trustees renamed UL System & transferred community colleges to LCTCS                                                                                    |          |          |
| 2001     | LSUA becomes the 14th school w/4-year status                                                                                                                                                             | 14       | 9        |
| 2003     | Fletcher & Sowela move from technical to 2-year status                                                                                                                                                   | 14       | 11       |
| 2005-2012| • Creation of Central LA Technical CC, South Central LA Technical College, NW Technical College, Northshore Technical CC  
• UNO transferred from LSU System to UL System                                                                                               | 14       | 15       |
Historical Enrollment

- SU System
- LSU System
- LCTC System

- 1995: 174,336
- 1996: 199,500
- 1997: 190,000
- 1998: 213,647
- 1999: 226,128
- 2000: 226,128
- 2001: 213,647
- 2002: 213,647
- 2003: 213,647
- 2004: 213,647
- 2005: 213,647
- 2006: 213,647
- 2007: 213,647
- 2008: 213,647
- 2009: 213,647
- 2010: 213,647
- 2011: 213,647
- 2012: 213,647
- 2013: 213,647
- 2014: 213,647
Budget History

State Funding
FY 2009 to FY 2015

- $700 Million Higher Education
- $293 Million UL System
UL System Budget History
FY 2009 to FY 2015

- Change in Total Funding: -$90,000,000
  - Tuition & Fees: +61%
  - State Funding: -55%

FY09:
- Tuition & Fees: 38%
- State Funding: 62%

FY15:
- Tuition & Fees: 69%
- State Funding: 31%
FY 16 Executive Budget without Contingency Funding vs. FY 15 Operating Budget Plus Increased Costs

**BUDGET GAP**

\[ \text{Budget Gap} = \frac{\$924.1 \text{ M} - \text{FY 2015 Budget} + \$75.1 \text{ M} - \text{Increased Costs}^*}{\$999.2 \text{ M}} - \frac{\$390.9 \text{ M} - \text{FY 2016 Base Funds}^{**}}{\text{Executive Budget Contingent on Tax Rebates}} \]

\[ \text{Budget Gap} = \$608.3 \text{ M} \]

*Fully Funding TOPS, WISE, LOSFA & Equity/STEM

**$372.1 Million in Executive Budget Contingent on Tax Rebates
Louisiana Higher Education

GOVERNANCE
Higher Education Governance Structures

- Coordinating, Governing & Institutional Boards (16)
- Coordinating & Governing Boards (4)
  - LA population is 4.6 million
- Governing Boards (11)
- One Board (10)
  - Populations 723,000 – 2.8 million
- Unique Governing Structures (10)

Source: Education Commission of the States
“…There is **no ideal postsecondary education governance structure** and that there exists no correlation between the type of governance structure and improved outcomes. Furthermore, the act of restructuring brings with it substantial costs and no guarantee of a positive return on investment.”

– Board of Regents Response to HR 93 of the 2012 Regular Session of the Louisiana Legislature
The Process...

1st: Legislative Request
2nd: Board of Regents Study
3rd: Recommendation to Legis.
4th: Legis. Act

...Starts and Stops with the Legislature

Typically takes 1 year
Does Louisiana have too many colleges & universities?
<table>
<thead>
<tr>
<th>Category</th>
<th>U.S.</th>
<th>Louisiana</th>
</tr>
</thead>
<tbody>
<tr>
<td># Institutions (4yr/2yr)</td>
<td>30 (14/16) avg.</td>
<td>29 (14/15)</td>
</tr>
<tr>
<td>Population</td>
<td>6.2 million avg.</td>
<td>4.6 million</td>
</tr>
<tr>
<td>% Pop. Enrolled in Higher Ed</td>
<td>4.7%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Bachelor’s degree or higher</td>
<td>28.8%</td>
<td>21.8%</td>
</tr>
<tr>
<td>Total $/FTE</td>
<td>$11,523</td>
<td>$9,726</td>
</tr>
</tbody>
</table>
+17,000 GRADUATES NEEDED BY 2018

Gap Analysis of High Demand Jobs

<table>
<thead>
<tr>
<th>Field</th>
<th>Current Completers</th>
<th>Short-Term Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Trades</td>
<td>941</td>
<td>6,730</td>
</tr>
<tr>
<td>Business Management</td>
<td>5,906</td>
<td>3,363</td>
</tr>
<tr>
<td>Engineering Technology</td>
<td>252</td>
<td>2,477</td>
</tr>
<tr>
<td>Transportation &amp; Material Moving</td>
<td>655</td>
<td>1,894</td>
</tr>
<tr>
<td>Mechanic &amp; Repair Technologies</td>
<td>892</td>
<td>1,176</td>
</tr>
<tr>
<td>Engineering</td>
<td>1,395</td>
<td>629</td>
</tr>
<tr>
<td>Computer &amp; Info. Science</td>
<td>1,199</td>
<td>377</td>
</tr>
<tr>
<td>Science Technologies</td>
<td>56</td>
<td>84</td>
</tr>
<tr>
<td>Mathematics and Statistics</td>
<td>14</td>
<td>52</td>
</tr>
</tbody>
</table>
In the UL System

- 89,000 Students
- 16,500 Degrees Per Year
  - 64% Bachelor’s Degrees
  - 61% Master’s Degrees
  - 74% Education Degrees
  - 72% Nursing Degrees (4-year)
  - 66% Business Degrees
  - 60% Engineering Degrees
  - 100% Public Pharmacy Degrees
Performance vs. Funding

Retention

Grad Rate

Total Dollars Per FTE Student

ULS

Peer Avg.

ULS Peer Avg.

$8,802

$12,322

$0

$2,000

$4,000

$6,000

$8,000

$10,000

$12,000

$14,000
What has Higher Ed Done to Operate More Efficiently?

- 4,374 less employees (-12%)
  - 859 less faculty (-7%)
  - 590 less administrators (-25%).
- Eliminated/Consolidated 562 Academic Programs
- Increased Online Courses & Degrees
- Increased Collaborative Degrees
  - Nursing Consortium
  - Educational Leadership

ULS Student/Faculty Ratio

19:1 in 2008
22:1 in 2012
Students are the Cost Drivers

UL System Expenditures

- Personnel: 73%
- Operating Expenses: 9%
- Other Charges: 17%
- Acquisitions: 1%
“LA is one of the least diverse states when it comes to domestic migration – nearly 4 out of 5 residents were born in the state, a figure that hasn't changed much over the past century.”

Source: NY Times
Out of 28,759 First-Time Freshmen (FTF) from Louisiana:

- 90% attended college in LA
  - 80% Public Institution
    - 60% 4-year
    - 22% 2-year
  - 6% Private Non-Profit
  - 4% Private for Profit

Where Do Students Go to College?

70-80% LA college students enroll within the region
A National Center for Higher Education Management Systems Study of the Postsecondary Education Needs of the New Orleans Region, March 14, 2011, rejected a proposed merger of SUNO and UNO because it would:

• Deny opportunities to thousands of youth & adults in New Orleans region who could not meet higher entrance requirements of a high-performing urban university

• Place significant burden on the urban research university to serve comparatively under-prepared students & threaten the changes of the institution to achieve its long-term aspirations

• Do little to advance the collaboration between the community college and the university

• Ignore fundamental concerns & differences in culture that are essential for successful mergers
Can the state save money by closing campuses?
It could **cost the state $110 million** to close a university that receives $32 million in state funding.

- **$32 M** State Funding
- $142 M Obligated Funds
- Retirement
- Bond Debt for Buildings
- Employee Release Costs
Take Aways

- **Students**, not # of institutions, **drive the costs**
- Louisiana needs more college students and **double the graduates** to meet workforce gaps
- Regional universities provide access for students who need options close to home
- Closures or mergers **will NOT save money** but will **restrict access**
Question & Answer Session

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Next Briefing

FOCUS ON...

Friday, March 27, 2015

Tuition & Fees