How Louisiana slashed college aid and left students to pick up the tab

When Gov. Bobby Jindal took office eight years ago, state taxpayers provided 60 percent of the funding for Louisiana's public universities.

Now, taxpayers put up barely a quarter of the tab, leaving students and their families to cover most of the gap in the form of rising tuition and fees.

The scope of Louisiana's disinvestment is both startling and unique. The national recession that began in 2008 forced every state in the union to cut money for colleges and universities, but most have reversed course with an improving economy.

Not Louisiana, which, according to national surveys, has cut higher education funding more than any other state since the slowdown began. State aid to universities here has been slashed by 33 percent.

In making those cuts, Jindal and the state Legislature reversed more than a decade of bipartisan efforts to raise the profile of Louisiana's universities.

His two immediate predecessors, Kathleen Blanco and Mike Foster, made higher education a top priority, citing the Pelican State's woeful rankings in educational attainment. And in 2007, Louisiana, for the first time, reached the Southern regional average in its support for universities.

Those gains have now unraveled. Large tax cuts, generous subsidies for certain industries and collapsing oil prices have led to deep annual budget cuts. And higher education funding has been among the most vulnerable targets for the scalpel, lacking the constitutional protections enjoyed by some other top priorities, like K-12 education.

The Great Cost Shift

Louisiana's universities didn't just absorb the funding cuts imposed by the state. Most of the lost revenue was made up by students, in the form of tuition and mandatory fees. Tuition made up 39 percent of revenue for four-year institutions when Gov. Bobby Jindal took office; it's now 71 percent.

Tuition revenue (self-generated)
Direct state aid to universities

Source: Louisiana Board of Regents

Advocate graphics by DANS WENSON
The reverberations have been stark:

- The amount of the financial pain of the state's cut has been absorbed by students. To make up for lost money, Louisiana has increased its mandatory attendance fees for any other state over the past five years at the University of Louisiana at Lafayette, mandating tuition fees be raised by 140 percent since Jindal took office, going from $3,420 to $8,250.

- In part because of the rising cost, more students are opting not to seek bachelor's degrees. Louisiana was one of only six states to see a decrease in university enrollment between 2008 and 2013, according to the State University System Executive Officer. 

- Owing to tuition hikes and tougher admissions standards at universities, two fewer than half of all freshmen on TOPS usually can attend Louisiana universities, the number of black students and higher admissions standards also has slumped on his watch. On per-pupil basis, those schools now get about one-fourth of the funding the local schools did when Jindal took office.

- University officials have complained about the cuts, but the state has yet to come up with a standalone solution to the budget for state universities. The college budget per student is down by just $40 million since 2008, though, adjusted for inflation, that is down by 14 percent.

- Some schools have been hurt more grievously than others. For LSU, the cuts have meant putting the school’s aspirations to greatness on ice, rather than actually shrinking investments of any kind is down by roughly 8 percent since 2008. At LSU in New Orleans, the number of black students fell from Pineville to a plantation

- With tuition rising faster than in recent years, the number of freshmats from TOPS usually can be counted on one hand.

- The distribution of TOPs benefits is uneven in other ways. White high school graduates are almost twice as likely to qualify for TOPS than are black graduates. Only one-third of recipients come from families who earn more than $35,000 a year; yet the state gives 40,000 TOPS packages to families who earn roughly $40,000.

- Asian students, compared to locally black universities are reeling, because of both cuts in funding and tougher admissions standards imposed by the state. Educational attainment in the four-year public HBCUs is down markedly since 2008. Moreover, the overall number of black students attending top-tier universities of any kind is down by 8 percent.

- Compared with some peer states, Louisiana's state universities — including many in close proximity to one another — are dramatically smaller than as many people, has 12 public universities, two fewer than Louisiana.

Louisiana has 29 colleges, including 14 four-year universities and 15 two-year colleges. The four-year schools are divided among three systems; all of the two-year schools come under the jurisdiction of the Board of Regents. The Board of Regents functions as a "superboard" that oversees the governing boards of each of the other systems.

**Board of Regents**

- **Louisiana State University System**
  - 41,752 students
  - Includes LSU, LSUS, LUMC and Southern University.

- **Southern System**
  - 11,952 students
  - Includes SWLA Technical, Southeastern Louisiana University, Southern University at Shreveport.

- **Louisiana Community and Technical College System**
  - 70,571 students
  - Includes all community colleges.

**TOTAL STUDENTS:** 214,126

**How Louisiana's higher education system is organized**

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off than we were before,” he said. “It’s not the best way to run our schools.”

Focus on spending less
The reforms Jindal pushed were mostly low-hanging fruit, costing little, if any, money.

Since his first year, the overarching imperative has been to spend less — which may explain why Jindal slashed the state’s modest spending on two-year colleges even as he sought to champion them.

Jindal found himself short of money every year after his first, thanks mostly to an income tax break he signed off on in 2008, when the state was flush with proceeds from the Hurricane Katrina recovery.

An economic funk followed, and ever since, the state’s budget has been on marbled ground.

Louisiana spends about $25 billion per year, but close to 90 percent of that is money the state is required to spend on things like debt service, housing inmates, benefits for state workers and satisfying federal mandates.

Higher education spending has no such set-aside — it is discretionary — and it often has proven the easiest place to make cuts year in and year out.

Plus, there was an obvious place to turn to make up some of the money colleges were losing: students.

Mindful of the state’s relative poverty and its low educational attainment, Louisiana officials had historically made sure to keep tuition down. Although the state had some of the lowest tuition rates in the country in 2008, they have been steadily going up under the terms of the GRAD Act, to the point they are now in line with the regional average.

At two-year schools, tuition now exceeds the regional average.

But rather than pumping the proceeds back into the schools, as administrators had hoped and expected, the state engaged in a “tuition swap” — taking just as much out of university funding as the higher tuition brought in.

The cost of the tuition hikes — among the steepest in the nation — hasn’t all been borne by students. Because state TOPS scholarships completely cover tuition for eligible students at state schools, the price tag of TOPS has risen in tandem with the tuition hikes, going up by 110 percent in eight years.

Still, two-thirds of university students are not on TOPS scholarships, and the higher tuition they pay helps the state offset losses elsewhere in the budget.

In an interview with The Advocate, Jindal defended his record, insisting repeatedly that he “made funding higher ed a priority” and noting that, for the schools, the tuition hikes largely made up for the cuts.

But he also sounded a note of regret, saying higher education often was his only choice for cuts and suggesting that he might have looked elsewhere if he could have.

“I’ve worked both in higher education and in health care, and I don’t think it’s right that both of those areas tend to be the areas most exposed,” Jindal said. “I think it would make sense to allow there to be more flexibility.”

The altar of ambition
While the tax cuts of 2008 set Louisiana on a shaky financial path, Jindal’s national political aspirations hamstrung him further. He was keen on getting a seal of approval from the powerful Washington lobbying outfit Americans for Tax Reform, whose anti-tax pledge he had signed.

He consulted with the group frequently as he tried to balance budgets awash in red ink.

In the end, staying in the good graces of Americans for Tax Reform not only meant Jindal couldn’t pursue new sources of revenue; it also meant he couldn’t simply end costly corporate tax giveaways — even those his own administration had concluded were wasteful.

“Look, we made a deliberate decision not to raise taxes, and I think it was the right one,” Jindal said. “And we made a deliberate decision to prioritize higher ed with the resources we had.”

So great was the governor’s devotion to the pledge that he threatened to lose another 82 percent from what was left of Louisiana’s support for higher education last year unless the Legislature passed his unusual tax swap.

Practically speaking, going along with cuts of that magnitude would have taken Louisiana out of public higher education. Lawmakers grudgingly went along with Jindal’s bill so as to preserve what they could.

“I think there were other goals in place that were more important to some folks than higher education,” said state Sen. Jack Donahue, a Mandeville Republican who leads the Senate Finance Committee and who sparred with the governor over tax giveaways.

“For me, the proof of the pudding is in the eating, and so what did we spend it on? Motion pictures; we spent it on solar power; we spent it on enterprise zone tax credits; we spent it on new market tax credits. We spent millions and millions and millions of dollars on all those things; so obviously, they were more important than our education.”

STATE SEN. JACK DONAHAU, R-Mandeville