

**SECTOR COMMENT**

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## Public colleges and universities and states – Louisiana Plan to boost higher education achievement is credit positive for the state and its universities

On August 28, the Louisiana Board of Regents announced a strategic plan to improve educational attainment levels, aiming to increase the percentage of working-age (25 to 64) state residents with a postsecondary degree or “high value” credential to 60% by 2030. The plan (master plan for higher education) also seeks to refine the outcomes-based funding model for state universities, community colleges and technical colleges with a goal of attracting and retaining more low-income and underrepresented students.

[Louisiana](#) (Aa3 stable) has a skills gap and the lack of educational attainment is an economic and social challenge. If the strategic plan meets objectives, Louisiana will benefit from greater economic competitiveness, a credit positive for the state. Universities will also benefit from greater alignment with state policy goals, potentially helping with funding.

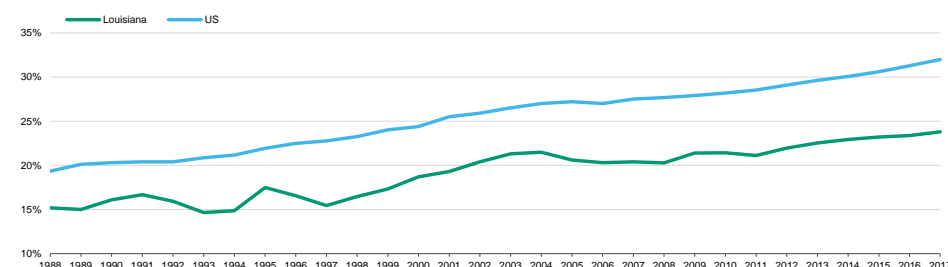
Significantly boosting educational achievement, however, will not be easy, absent innovative solutions at the state and individual institution level. Louisiana has a higher than typical poverty rate and lower-income students tend to face more hurdles to degree completion.

To reach the 60% goal, the strategic plan cites data showing the state will need to more than double the number of students receiving a degree or credential annually to 85,000 by 2030 from about 40,000 in 2018. More broadly, the state has trailed the US in the percentage of residents 25 and over with a bachelor's degree or higher for years (see Exhibit 1).

Exhibit 1

### Louisiana has lagged the US in educational attainment and made slower gains over the last decade

Percent of population aged 25 and over with bachelor's degree or higher



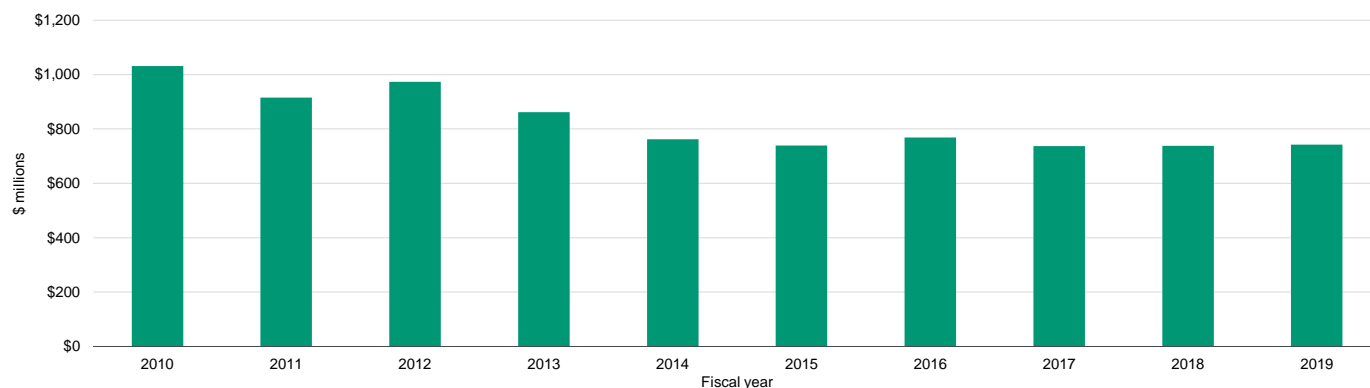
Source: Moody's Analytics based on data from US Census Bureau: American Community Survey, Current Population Survey, and Population Estimates

An action plan will follow the strategic plan and the state aims to take advantage of several national resources including participating in Attainment Academies. Over time, Regents will seek to increase formula funding for outcomes such as improved attainment of degrees and credentials. This would reward institutions that succeed in closing equity gaps by increasing attainment levels of adults as well as low-income and minority students. If Louisiana invests more funding towards this goal, the state may see an accelerated increase in attainment in order to reach its 2030 goal. Greater use of [dual-enrollment programs](#), where high school students take college courses, is an initiative mentioned in the strategic plan that stands to help close the achievement gap. The strategic plan follows a period of funding cuts for state public higher education, where the fiscal year 2019 level is well below fiscal 2010 (see Exhibit 2).

Exhibit 2

### Louisiana's efforts to improve the number of residents with degrees and credentials follows a significant drop in state higher education funding over the past decade

#### State general fund appropriation



Additional funds were appropriated by the state in fiscal 2010 and 2011 from the Federal American Recovery and Reinvestment Act and in 2016 from the Higher Education Initiatives Fund.  
 Source: Louisiana State University continuing disclosure with data for all of Louisiana public higher education

The master plan's focus on educational attainment and equity is credit positive for the state's diverse colleges and universities (see Exhibit 3). While an adjusted outcomes-based formula may benefit some of the state's public colleges and universities and lead to funding cuts for others, an increase in graduates who join the workforce has the potential to create a more favorable state funding environment. This is especially important since cuts in state support for higher education since 2009 have not been restored at levels similar to other states. Funding, however, for the state's extensive higher education system will continue to be vulnerable to cuts as the state grapples with competing funding needs.

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Exhibit 3

**New strategic plan to boost achievement levels will impact the state's diverse public colleges and universities**

Louisiana public colleges and universities ranked by total number of degrees and awards granted in 2017-18

Institution	Number of degrees and awards granted (2017-18)	Total retention (2017-18)
LSU and A&M College	6,766	89.1%
University of Louisiana at Lafayette	3,330	84.8%
Baton Rouge Community College	2,392	54.2%
Delgado Community College	2,290	50.1%
Southeastern Louisiana University	2,133	76.3%
Louisiana Tech University	2,018	85.0%
Northwestern State University	1,850	79.0%
Sowela Technical Community College	1,694	55.8%
University of Louisiana at Monroe	1,688	79.1%
University of New Orleans	1,597	78.7%
Nicholls State University	1,442	81.3%
McNeese State University	1,365	78.0%
LSU in Shreveport	1,317	74.7%
South Louisiana Community College	1,222	47.5%
Southern University and A&M College	1,047	70.4%
Bossier Parish Community College	917	53.7%
South Central Louisiana Technical College	791	56.8%
Grambling State University	778	76.0%
Northwest Louisiana Technical College	769	49.3%
Northshore Technical Community College	759	51.5%
L.E. Fletcher Technical Community College	724	57.7%
Louisiana Delta Community College	571	43.9%
Central Louisiana Technical Community College	538	42.8%
Southern University in New Orleans	480	56.1%
River Parishes Community College	475	62.9%
LSU at Alexandria	453	67.4%
Elaine P. Nunez Community College	387	52.7%
LSU at Eunice	311	67.0%
Southern University in Shreveport	302	51.3%

"Number of degrees and awards granted" includes associate, bachelor's, master's and doctoral degrees, along with certificates, diplomas and other awards; "Total retention" includes percentage of first-time enrolled college students who remained at the same or different state public higher education institution for their second year.

Source: Louisiana Board of Regents, Higher Education State Fact Book, 2018-2019

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