



Report Highlights

Impact of Fee Increases on the Affordability of Public Higher Education in Louisiana

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Performance Audit Services • March 2021

Why We Conducted This Audit

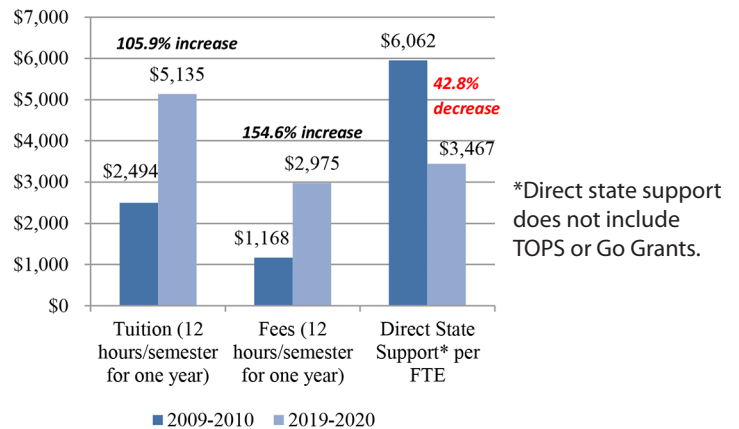
The purpose of this audit was to evaluate the impact of these fee increases on the affordability of attending a public higher education institution in Louisiana. We conducted this audit because fees at the public higher education institutions in Louisiana increased by 154.6% from academic years (AY) 2009-10 to AY 2019-20, while direct state support for institutions decreased by 42.8%.

What We Found

We found that decreased direct state support (state general fund, statutory dedications, and inter-agency transfers) per student and subsequent fee increases over the last 10 years has increased the financial burden on students and made it more costly to obtain a higher education degree or other credential in Louisiana. Specifically, we found the following:

- Decreased direct state support has impacted how much Louisiana invests in its students compared to other southern states. According to the Southern Regional Education Board’s data on its 16 member states, Louisiana ranks last for two-year institutions and second to last for four-year institutions in terms of direct state support per student. For Louisiana’s public higher education institutions, direct state support per student decreased by 42.8%, from \$6,062 in fiscal year 2010 to \$3,467 in fiscal year 2020.

Average Funding per FTE Student, by Source Louisiana Public Higher Education Institutions



Source: Prepared by legislative auditor’s staff using data from the Louisiana Board of Regents.

Louisiana has 28 public higher education institutions that admit first-time students, managed by four higher education systems:

Louisiana State University System • Southern University System

University of Louisiana System • Louisiana Community and Technical College System

The management boards of these systems must approve all fees and fee increases.

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What We Found (Cont.)

- **Concurrent with decreased direct state support, fees assessed to students have increased by 154.6%, from an average of \$1,168 per student in AY 2009-10 to \$2,975 for AY 2019-20. Fee increases have outpaced inflation by 113.5%. As a result, students entering college during AY 2019-20 will have to pay an additional \$318.3 million in fees (\$6,247 per student) to obtain a four-year degree beyond what would be expected due to inflation.** The increase in fees has also contributed to an increase in the estimated cost of attendance at public higher education institutions in Louisiana. Specifically, the estimated cost of attendance to obtain a four-year degree has increased by \$35,069 (63.7%) from \$55,013 for the graduating class of 2010 to \$90,082 for the graduating class of 2020. The estimated cost of attendance to obtain a two-year degree has increased by \$12,009 (45.6%) for the same time period, from \$26,310 for the graduating class of 2010 to \$38,319 for the graduating class of 2020.
- **We estimate that while 33.6% (17,131) of Louisiana-resident students have sufficient financial resources to cover the increased fees, the other 66.4% (33,832) will face an additional \$157.6 million in unmet need (\$4,657 per student with unmet need) over a four-year undergraduate enrollment. As a result, students must meet these costs from other sources, such as employment income, parent loans, or private student loans, among other options.** From AY 2011-12 through AY 2016-17, the SREB reported that federal student loan borrowing by Louisiana graduates increased by 20% at public four-year institutions and 22.5% at public two-year institutions.
- **The state's higher education system management boards should consider instituting a process, similar to a sunset review, to determine if fees are still warranted and whether schools are using them as intended.** Fees are often established to meet a specific purpose, such as to renovate a specific building, but all four systems lack a formal process to reevaluate whether a fee is still needed. In addition, some fees may be used for different purposes than their original description. Louisiana's higher education systems should institute or formalize periodic evaluations of fees. In addition, the management boards should consider requiring all institutions to publish an itemized list of fees on their websites.