

KANSAS LEGISLATIVE
HIGHER EDUCATION CAUCUS

February 23, 2005
11:45 a.m. to 1:00 p.m.
Room 235-N
Kansas State Capitol

Welcome & Introductions

*Bill Hall & Bill Taylor
Citizens for Higher Education*

History of Citizens for Higher Education

Status of Kansas Higher Education vs. Big 12

Economic Contributions of Kansas Higher Education

Caucus Issues, Goals and Objectives

Senators Lee & Reitz, Representative Jack

Discussion

Future Meetings

Adjourn

Higher Education In Kansas: Are We Falling Behind?

**Kansas Citizens
For Higher Education**

866-526-3382

www.kansashighereducation.org

2005

Program Outline

- Citizens for Higher Education Founders and Goals
- The Tight State Budget--How We Got Here
- Impact of Higher Education on the U.S. and Kansas Economies
- Kansas Compared to Others in Big 12
- Steps to Improve The Situation

Citizens for Higher Education Background & Goals

- **Established in 2002**
 - Kansas business and civic leaders
 - Research, educate and inform public about the importance of higher education
 - **Emphasize linkage between higher education and economic prosperity!**

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Governor's 2005 State of the State Address

"In a knowledge-based economy, first-rate schools -- from preschool classrooms through our Universities' graduate programs -- represent the best investment we can make for our children and for the future of our state."

*Governor Kathleen Sebelius
State of the State Address
January 10, 2005*

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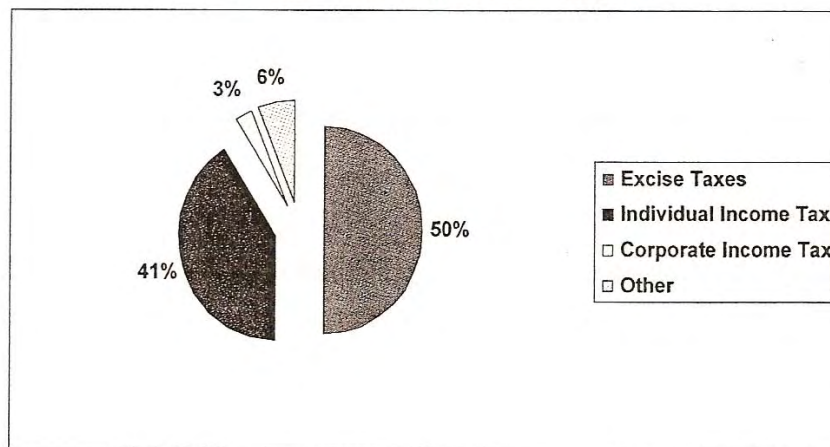
Founding Members

- Ross Beach
- Gene Bicknell
- Jeff Crippen
- John Dicus
- Jill Docking
- Bill Hall
- Kenneth Havner
- Drue Jennings
- Charlie Johnson
- Jim Lowther
- Hon. Cordell Meeks
- Fred Merrill
- Hon. Richard Rogers
- Julie Davis Richey
- Gary Sherrer
- Bill Taylor

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The Tight State Budget: How We Got Here

State Revenues – 2003

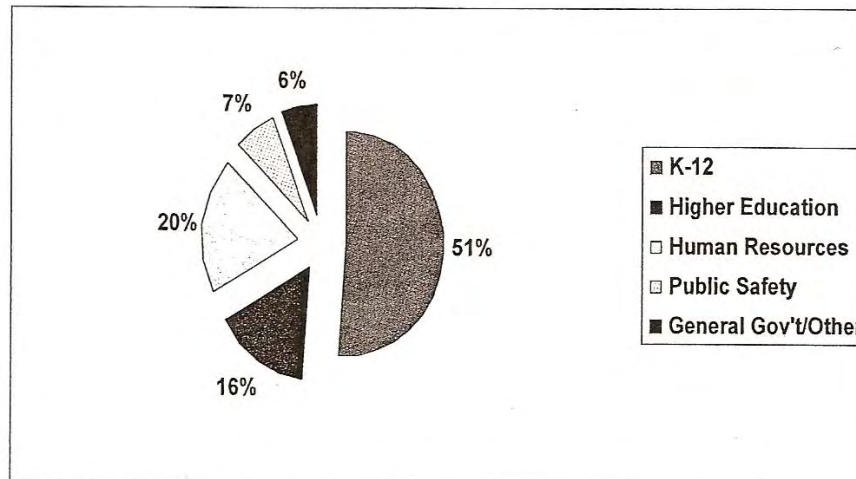


Source: State of Kansas Budget Report - FY 2005

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The Tight State Budget: How We Got Here

State Expenses - 2003



Source: State of Kansas Budget Report - FY 2005

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The Tight State Budget: How We Got Here

1. State's budget relies on variable revenues to pay largely fixed expenses.
2. Legislature cut taxes 15% in 1998/99
 - Recurring annual effect vs. one time rebate
 - \$600mm FY '99-'02; \$350mm thereafter
3. Anticipated revenues declined in 2002
 - \$500mm including \$200mm loss from capital gains

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The Tight State Budget: How We Got Here

- Result has been a \$3 billion cumulative reduction in general fund revenues since 1998/1999
- \$480mm from higher education*
- \$96mm per year since 1998/99

*Assumes 16% of state general fund budget for higher education

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21st Century Jobs Require Higher Education

- **19th Century: *Bigger and Better Farms***
 - Basic education was the norm
- **20th Century: *Bigger and Better Factories***
 - High school or some college sufficient
- **21st Century: *Bigger and Better Ideas***
 - Higher education essential

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U.S. Employment Trends Have Changed Dramatically



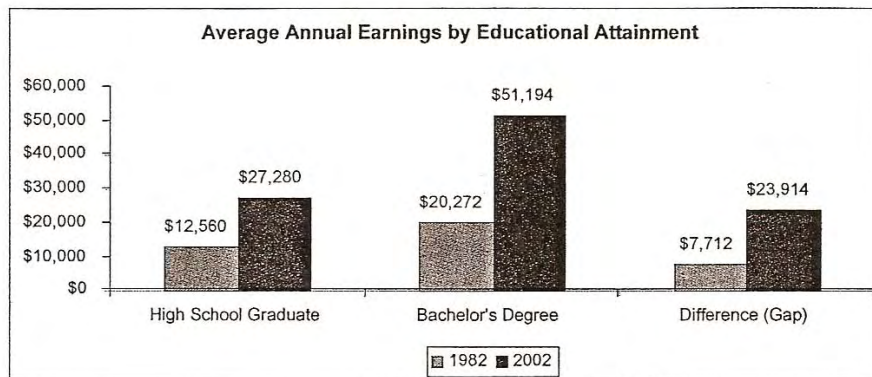
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Changes in the Dow 30 Signal Major Job Shifts

- **Stocks In**
 - Intel
 - Microsoft
 - SBC (SW Bell)
 - Home Depot
 - AIG
 - Pfizer
 - Verizon
- **Stocks Out**
 - Sears Roebuck
 - Union Carbide
 - Chevron
 - Goodyear
 - AT&T
 - Eastman Kodak
 - International Paper

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College Grads Earn More And the Gap Is Widening



Source: U.S. Census Bureau

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Alan Greenspan Confirms It

“We are seeing... a continuing opening up of the wage spread between highly skilled and lesser skilled workers and that is, in my judgment, largely an educational problem. The real wage below the median has been flat to declining, whereas, in the upper quartile it has been rising, and that is largely reflected in skill differentials.”

--U.S. Senate Banking Committee, 6-15-04

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Bioscience Jobs Will Be Created by Kansas Schools

- **Kansas University:**
 - Research, medicine, pharmacology
- **Kansas State University:**
 - Research, agriculture, bio-terrorism
- **Regional Universities:**
 - Teachers, scientists, mathematicians
- **Community & Technical Colleges:**
 - Technicians, support services, job retraining

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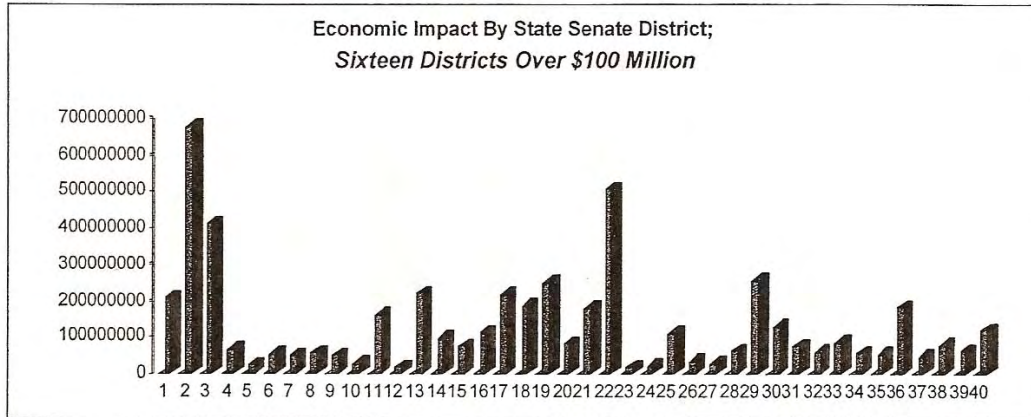
Economic Benefit of Higher Education to Kansas

- \$2 billion annual spending
- \$5.2 billion economic contribution
- 6% of gross state product
- \$281 million annual taxes
- **116,000 jobs**
- Regional, recession-proof economic anchors

Source: NorthStar Economics, Inc., 2000-2001 data

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Every Kansas Senate District Benefits



Source: NorthStar Economics, Inc., 2000-2001 data

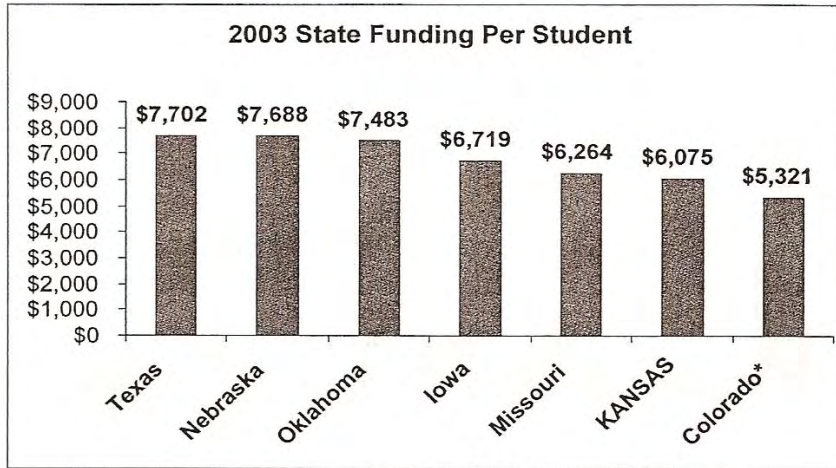
Kansas Leads Big 12 In Demand for Higher Education

State	Population	HE Students	% Population
Kansas	2,724,000	118,014	4.33%
Iowa	2,944,000	114,582	3.89%
Nebraska	1,739,000	67,741	3.90%
Colorado	4,551,000	128,833	2.83%
Texas	22,119,000	621,037	2.81%
Oklahoma	3,512,000	100,320	2.86%
Missouri	5,704,000	139,699	2.45%

Sources: US Census Bureau 2003 Estimates and IPEDS

36/Kansas
institutions

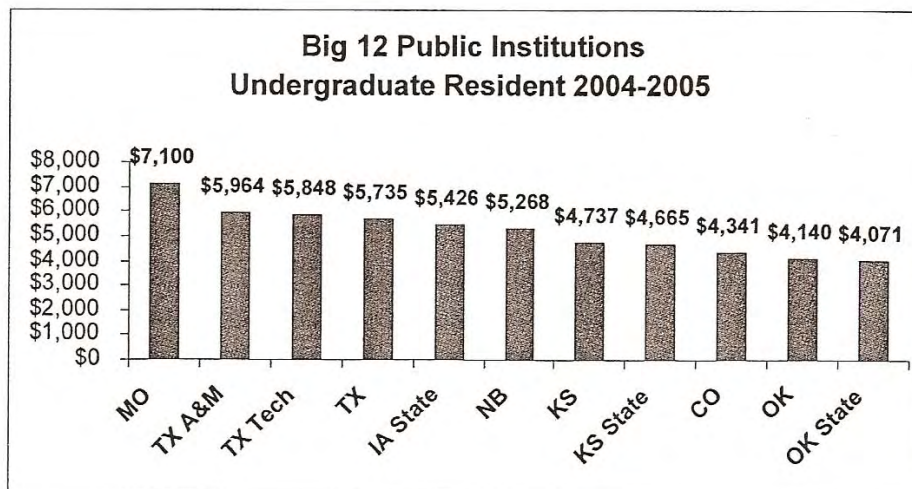
Per Student Funding Next to Last in Big 12 States



Sources: Grape Vine (Appropriations) and IPEDS (Students). *Low due to very high out of state tuition.

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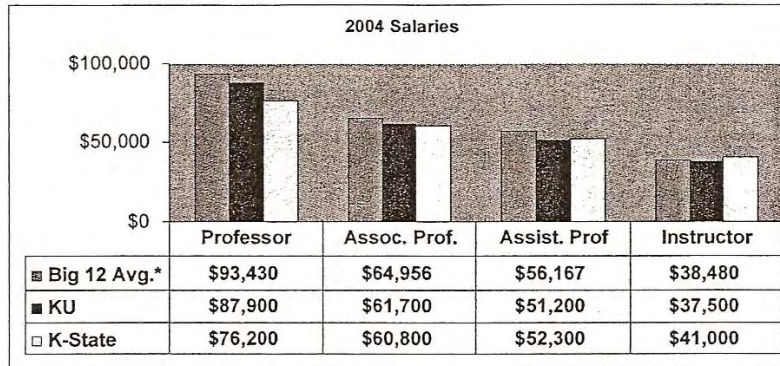
Tuition & Fees Near Bottom Of Big 12 States



Source: University of Missouri - Big 12 Tuition and Fees Report

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Faculty Salaries Well Below Other Big 12 States



Source: Academe, Economic Status of the Profession. *Public Universities, excluding KU and K-State.

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Falling Behind Since 1990: Enrollment & Inflation Outpace State Funding

1990 Actual State Funding	\$450M
1990 Adjusted for Higher Ed Inflation (HEPI)	\$277M
1990 Adjusted for 10,000 Student Growth	\$29M
1990 Adjusted to 2003	\$756M
2003 Actual State Funding	\$680M
Shortfall	\$76M

Between 1990 & 2000, growth in state funding for higher education lagged state budget growth by 7.1%, (adjusted for K-12.)

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How Big Is The Problem?

State Funding

Enrollment & inflation shortfall	\$76M
To reach Big 12 state per student avg.	<u>\$51M</u>
ADDED STATE FUNDING NEEDED	\$127M*

*Excludes impact of low state funding of community colleges (\$37M) that is offset by higher local funding.

Tuition Increases

To reach Big 12 state per student avg.	\$57M
<u>GRAND TOTAL</u>	<u>\$184M</u>

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What's the Answer?

- Support those who understand and advance the linkage between higher education and economic prosperity.
 - Think Pre-K thru 16 instead of K-12.
- Move state support and tuition increases in tandem.
- Contact your legislators.

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