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!

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
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

The Tight State Budget: How We Got Here
State Revenues – 2003

Source: State of Kansas Budget Report - FY 2005
The Tight State Budget: How We Got Here
State Expenses - 2003

Source: State of Kansas Budget Report - FY 2005

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
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

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
U.S. Employment Trends Have Changed Dramatically

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
College Grads Earn More And the Gap Is Widening

Average Annual Earnings by Educational Attainment

Source: U.S. Census Bureau

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
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

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

Every Kansas Senate District Benefits

Economic Impact By State Senate District;
Sixteen Districts Over $100 Million


Kansas Leads Big 12 In Demand for Higher Education

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

Sources: US Census Bureau 2003 Estimates and IPEDS
Per Student Funding
Next to Last in Big 12 States

2003 State Funding Per Student

<table>
<thead>
<tr>
<th>State</th>
<th>Funding Per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>$7,702</td>
</tr>
<tr>
<td>Nebraska</td>
<td>$7,688</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>$7,483</td>
</tr>
<tr>
<td>Iowa</td>
<td>$6,719</td>
</tr>
<tr>
<td>Missouri</td>
<td>$6,264</td>
</tr>
<tr>
<td>KANSAS</td>
<td>$6,075</td>
</tr>
<tr>
<td>Colorado*</td>
<td>$5,321</td>
</tr>
</tbody>
</table>

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

Tuition & Fees Near Bottom
Of Big 12 States

Big 12 Public Institutions
Undergraduate Resident 2004-2005

<table>
<thead>
<tr>
<th>Institution</th>
<th>Tuition</th>
</tr>
</thead>
<tbody>
<tr>
<td>MO</td>
<td>$7,100</td>
</tr>
<tr>
<td>TX A&amp;M</td>
<td>$5,964</td>
</tr>
<tr>
<td>TX Tech</td>
<td>$5,848</td>
</tr>
<tr>
<td>TX</td>
<td>$5,735</td>
</tr>
<tr>
<td>IA State</td>
<td>$5,426</td>
</tr>
<tr>
<td>NB</td>
<td>$5,268</td>
</tr>
<tr>
<td>KS</td>
<td>$4,737</td>
</tr>
<tr>
<td>KS State</td>
<td>$4,665</td>
</tr>
<tr>
<td>CO</td>
<td>$4,341</td>
</tr>
<tr>
<td>OK</td>
<td>$4,140</td>
</tr>
<tr>
<td>OK State</td>
<td>$4,071</td>
</tr>
</tbody>
</table>

Source: University of Missouri – Big 12 Tuition and Fees Report
Faculty Salaries Well Below Other Big 12 States

2004 Salaries

<table>
<thead>
<tr>
<th></th>
<th>Professor</th>
<th>Assoc. Prof.</th>
<th>Assist. Prof</th>
<th>Instructor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big 12 Avg.*</td>
<td>$93,430</td>
<td>$64,956</td>
<td>$56,167</td>
<td>$38,480</td>
</tr>
<tr>
<td>KU</td>
<td>$87,900</td>
<td>$61,700</td>
<td>$51,200</td>
<td>$37,500</td>
</tr>
<tr>
<td>K-State</td>
<td>$76,200</td>
<td>$60,800</td>
<td>$52,300</td>
<td>$41,000</td>
</tr>
</tbody>
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Falling Behind Since 1990: Enrollment & Inflation Outpace State Funding

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1990 Actual State Funding</td>
<td>$450M</td>
</tr>
<tr>
<td>1990 Adjusted for Higher Ed Inflation (HEPI)</td>
<td>$277M</td>
</tr>
<tr>
<td>1990 Adjusted for 10,000 Student Growth</td>
<td>$29M</td>
</tr>
<tr>
<td>1990 Adjusted to 2003</td>
<td>$756M</td>
</tr>
<tr>
<td>2003 Actual State Funding</td>
<td>$680M</td>
</tr>
<tr>
<td>Shortfall</td>
<td>$76M</td>
</tr>
</tbody>
</table>

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

State Funding
- Enrollment & inflation shortfall $76M
- To reach Big 12 state per student avg. $51M

**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

**GRAND TOTAL** $184M

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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