

KANSAS BOARD OF REGENTS



Proposed Legislative Enhancements

September 15, 2010

★ LEADING HIGHER EDUCATION ★

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 **KAN-PROTECT**

 **KAN-BUILD**

 **KAN-HELP**

 **KAN-GROW**

 **KAN-CONNECT**



 **KAN-PROTECT**

Protect the State's historical investment in its higher education infrastructure so Kansas can compete in today's knowledge-based global economy.



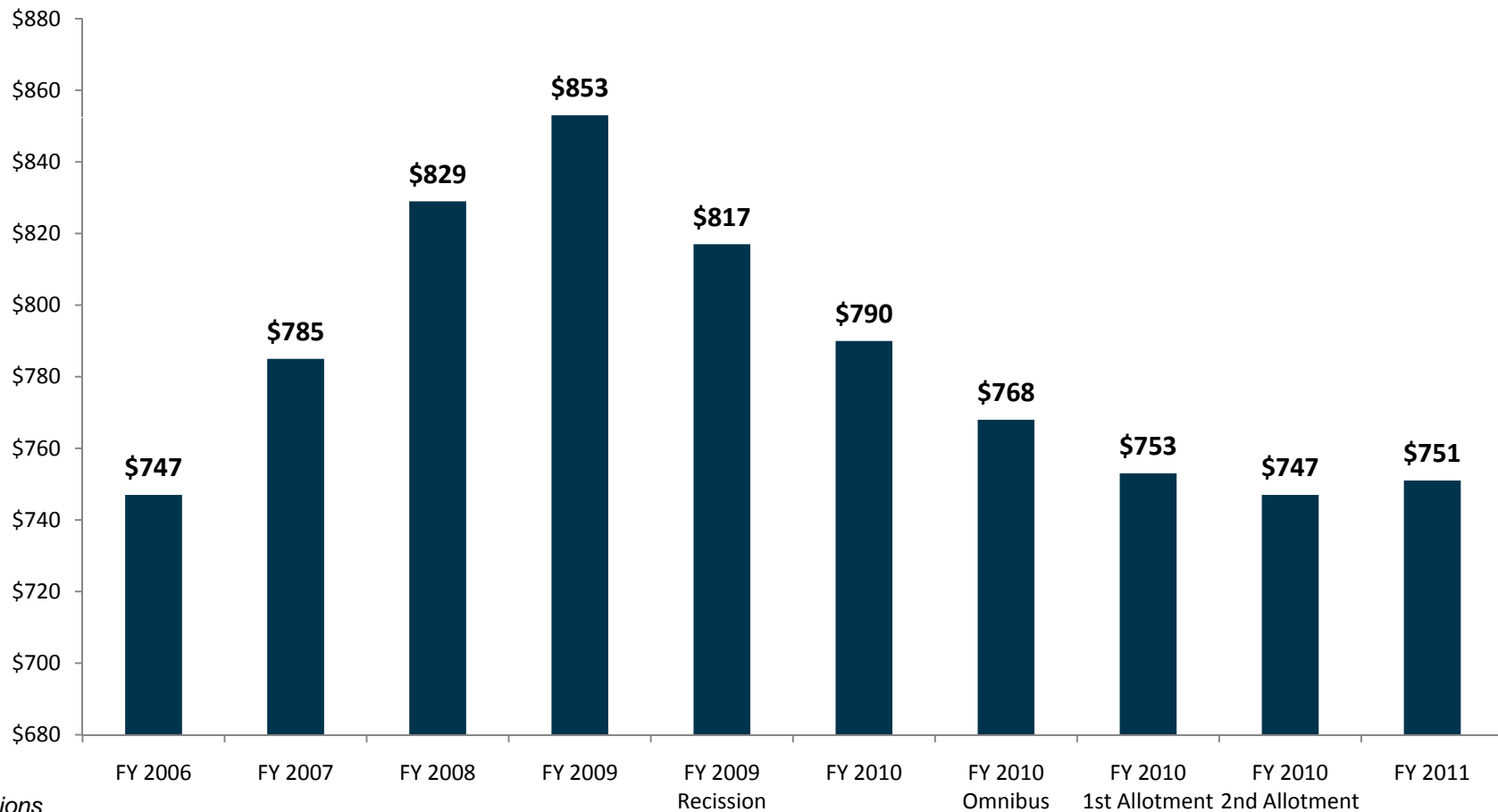
THE ISSUE:

- ★ Since FY 2009, the state's higher education system has been cut over \$100 million (a 12% cut), and State funding per student is at an all-time low.

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The State's Higher Education Budget (FY06-FY11):



**In Millions*

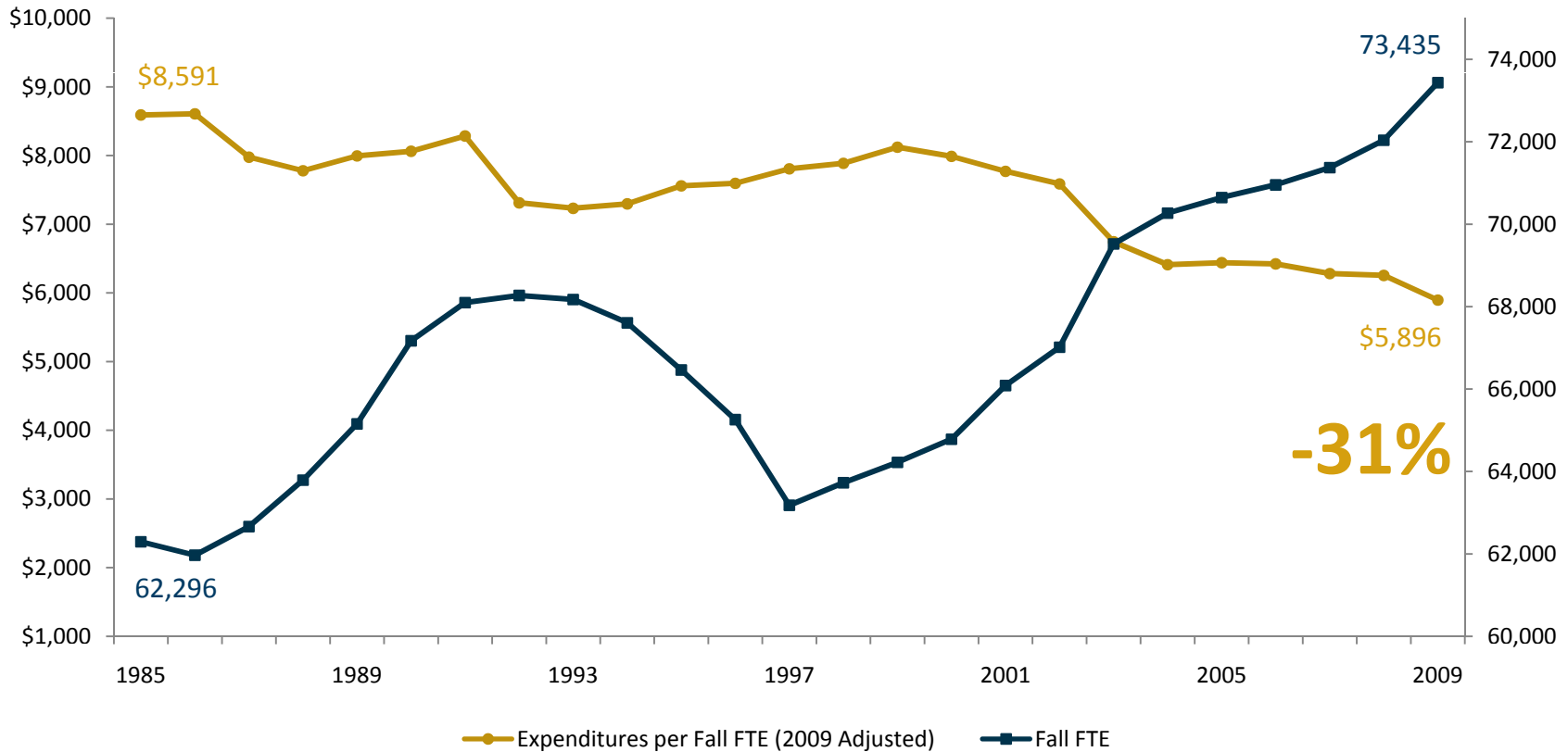
Source: KBOR

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State Universities Are Doing More With Less... Funding vs. Enrollment (1985-2009):

+15%



-31%

*HEPI-Adjusted

Source: KBOR



THE PLAN:

- ★ Request an inflationary increase based on the 3-year rolling average of the Higher Education Price Index (HEPI).
- ★ HEPI (FY08-FY10): 2.73% = \$20.5 million.



 **KAN-BUILD**

*Restore the Legislature's 5-year
deferred building maintenance
funding promise.*



THE ISSUE:

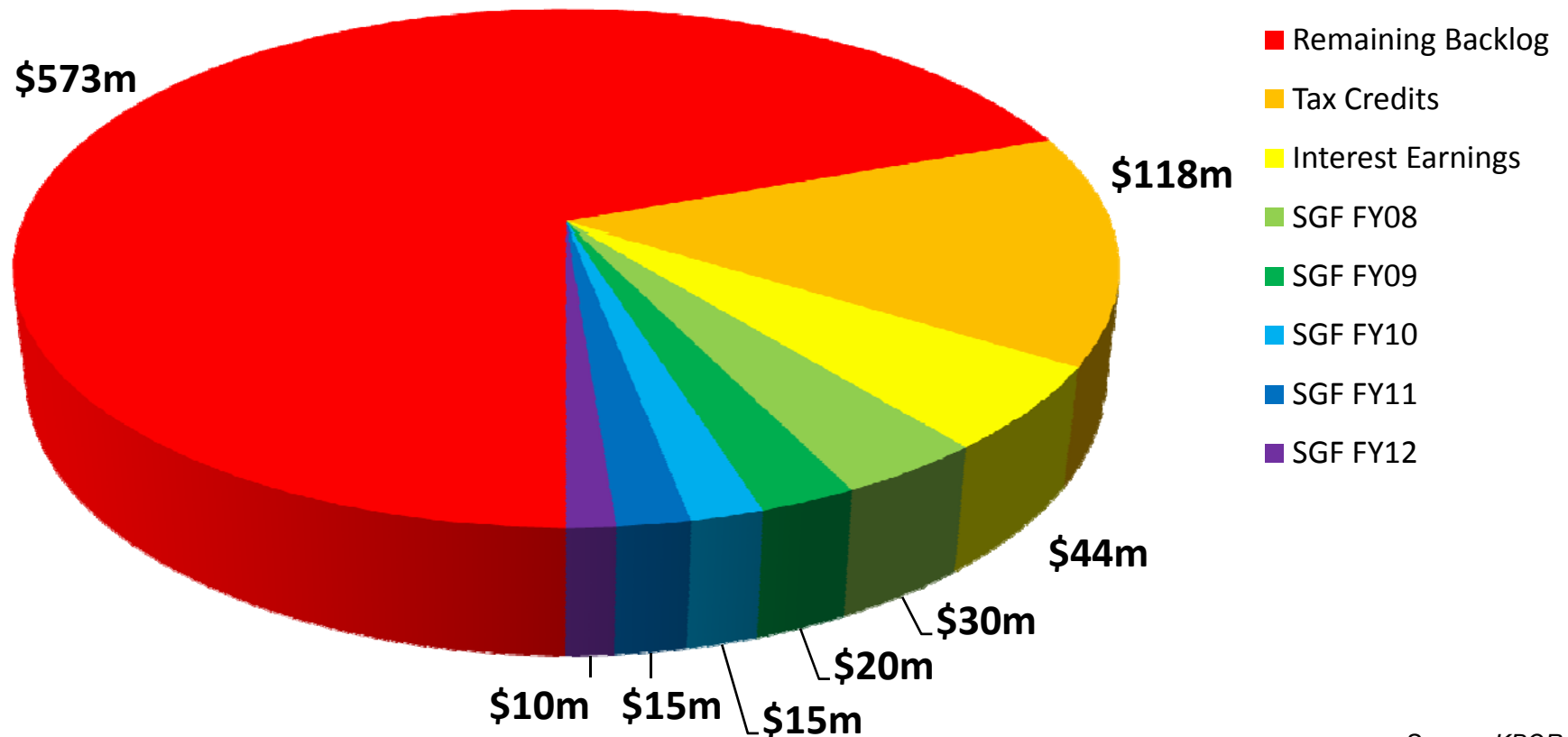
- ★ In 2007, the Legislature approved a 5-year comprehensive deferred building maintenance plan to help address the \$825 million State University maintenance backlog and the \$172 million maintenance backlog at WU and the Community and Technical Colleges.



- ★ To help balance the State's budget, the Legislature removed \$1.3 million SGF from Year 3 (FY10) and \$15 million SGF from Year 4 (FY11) of the State University deferred maintenance appropriation.
- ★ In addition, the Legislature removed all funding for Year 3 (FY10) and Year 4 (FY11) of the PEI no-interest loan program that is utilized by WU and the Community and Technical Colleges.

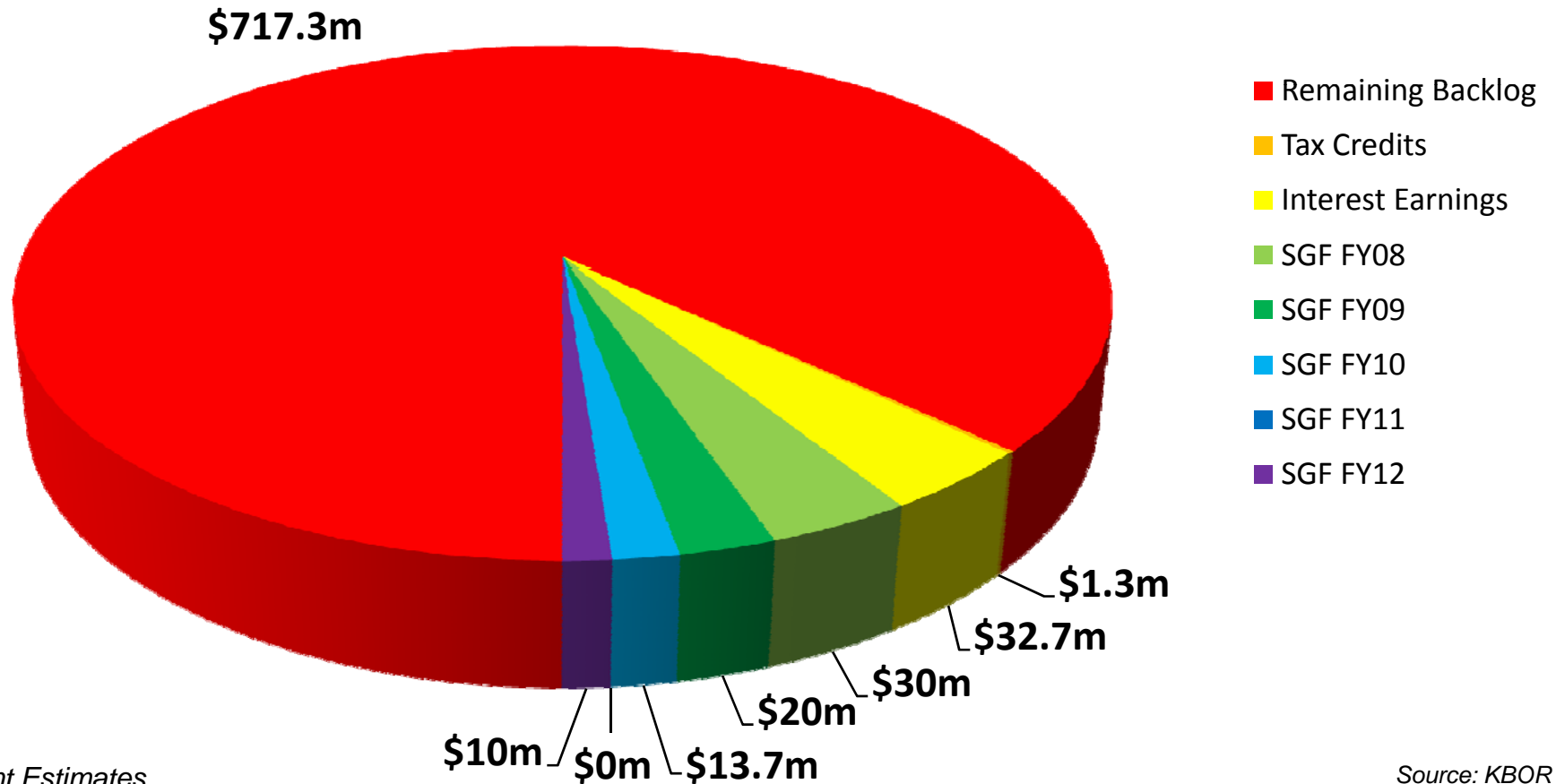


If Fully-Funded, the Legislature's 5-Year Plan Could Have Addressed 31% of the State University Maintenance Backlog:





In Reality, Only 13% of the State University Maintenance Backlog Might Be Addressed*:



*Current Estimates

Source: KBOR



STATE UNIVERSITY PROGRESS:

- ★ 96 maintenance projects have been approved, 79 have been initiated, and 42 have been completed.
- ★ Projects include utility tunnel improvements, boiler replacement, waterline improvements, electrical switchgear replacements, ADA improvements, life-safety improvements, and the re-roofing of facilities, among others.



PEI LOAN PROGRAM:

★ 17 of the 25 eligible institutions have utilized the no-interest loan program:

- ★ Barton Community College
- ★ Butler Community College
- ★ Cloud County Community College
- ★ Coffeyville Community College
- ★ Dodge City Community College
- ★ Garden City Community College
- ★ Highland Community College
- ★ Hutchinson Community College
- ★ Independence Community College
- ★ Johnson County Community College
- ★ Kansas City Kansas Community College
- ★ Labette County Community College
- ★ Manhattan Area Technical College
- ★ Northwest Kansas Technical College
- ★ Pratt Community College
- ★ Seward County Community College
- ★ Washburn University



THE PLAN:

- ★ The State's higher education system realizes it had to do its part in FY10, but it is critical to get back on track and to fulfill the Legislature's 5-year deferred maintenance funding promise.
- ★ Request \$15 million SGF to restore the State Universities' Year 4 (FY11) funding.
- ★ Request \$750,000 SGF to restore Year 4 (FY11) of the PEI no-interest loan program that is utilized by WU and the Community and Technical Colleges.



KAN-HELP

Help middle and low-income Kansans who can't afford to attend but who have the talent to succeed, while at the same time growing the State's workforce.

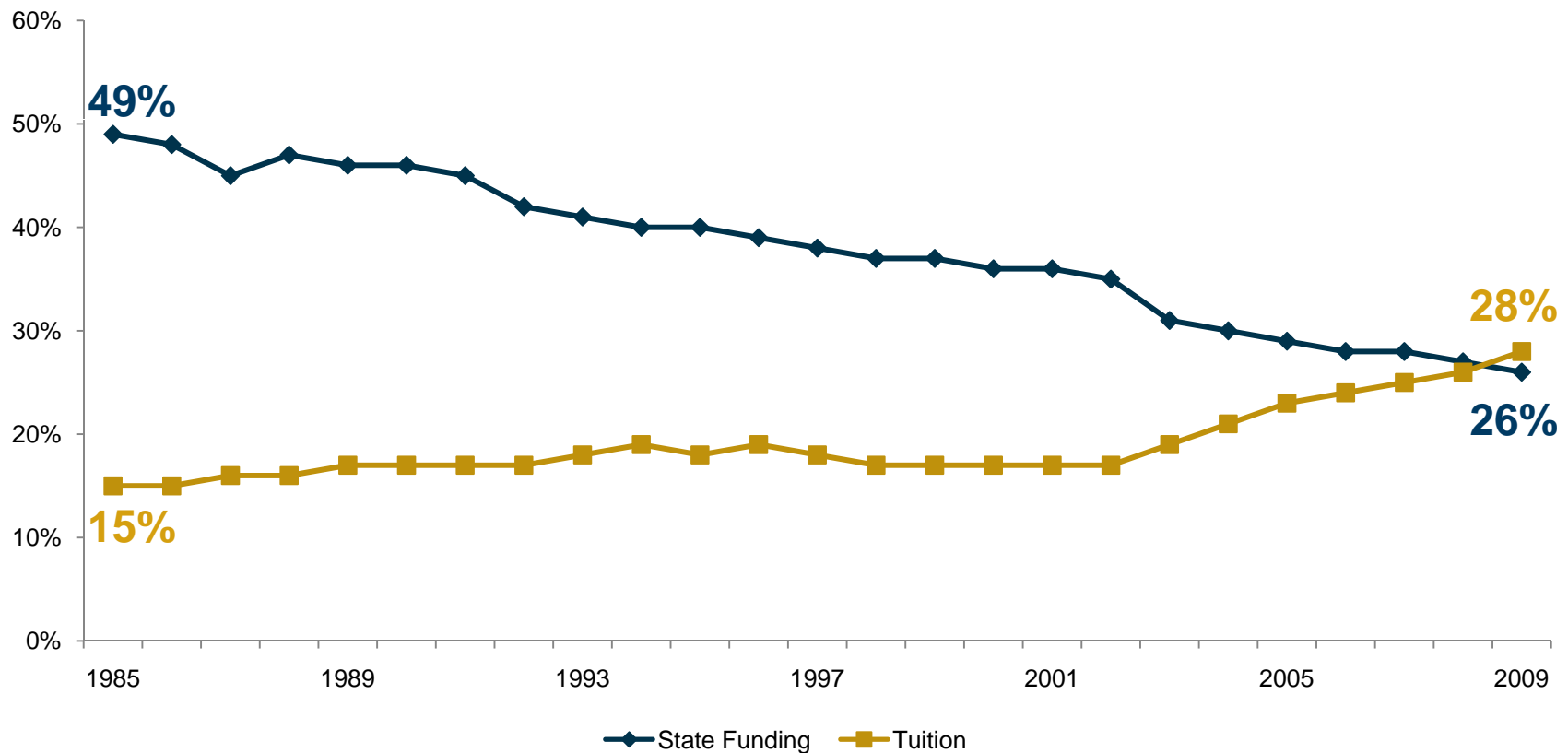


THE ISSUE:

- ★ Over the past 25 years, State University tuition and fee rates have risen steadily to offset state funding reductions. At the same time, the State's need-based financial aid program (Kansas Comprehensive Grant) has seen only slight increases, and it has been cut by 5% over the past two years.
- ★ From FY01-FY11, funding for the State's need-based financial aid program increased by 42% while State University tuition and fees increased by an average of 130%.



The Burden Has Shifted... State University Tuition vs. State Funding (1985-2009):



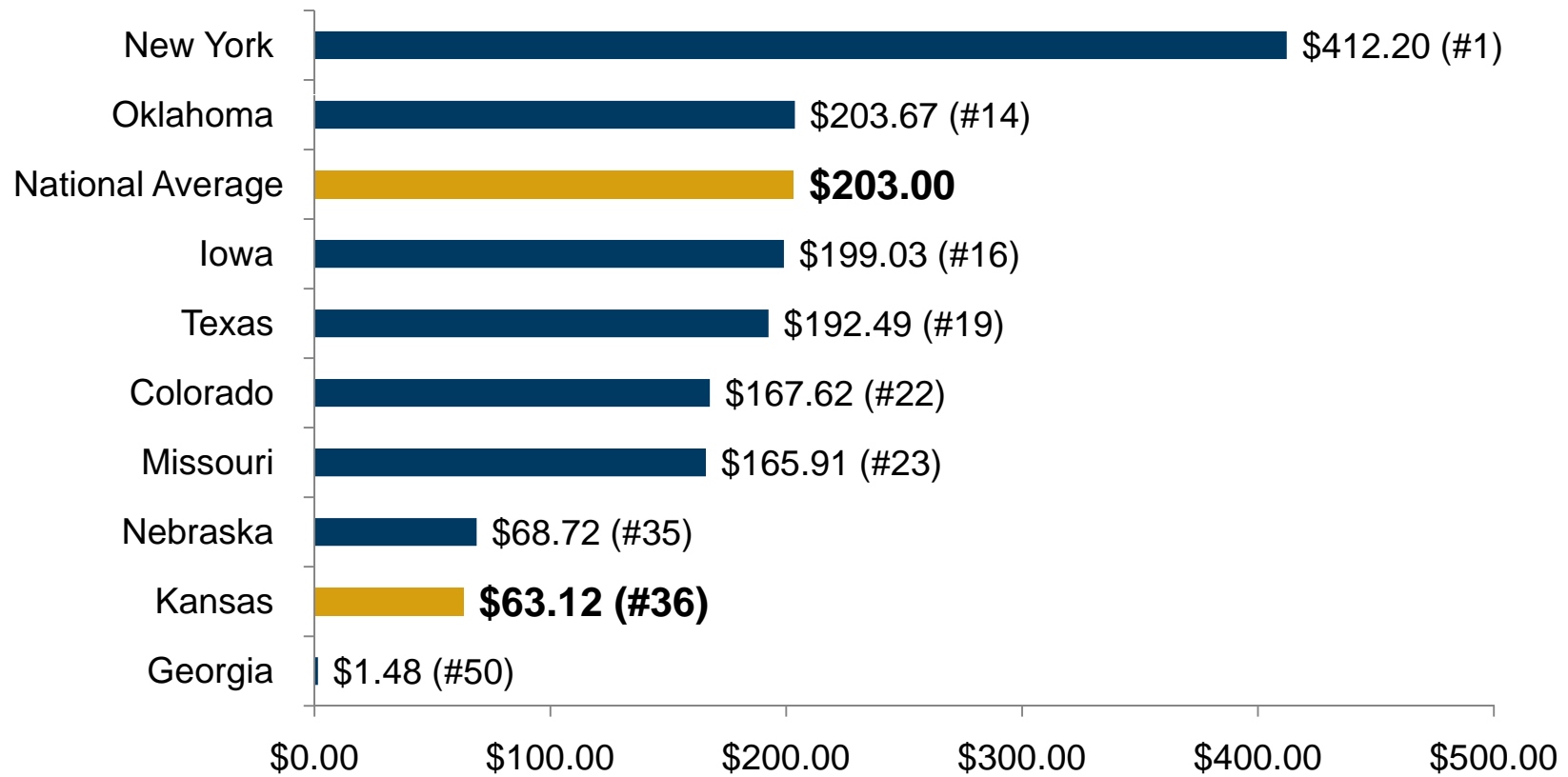
*HEPI-Adjusted

Source: KBOR

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Per Capita State Need-Based Financial Aid Contributions per Student (2008-2009):



*Chart includes Big 12 States, highest and lowest states, and national average.

**Per capita based on population aged 18-24, represents aid to all institutions within a state, both public and private.

Source: NASSGAP



STUDENT DEBT:

- ★ In 2008, 62% of graduates from public universities had student loans, and the average student debt was \$20,200 – 20% higher than in 2004, when the average was \$16,850 (www.projectonstudentdebt.org).
- ★ The student loan default rate has risen for a 3rd year in a row, reaching an 11-year high of 7% (*Chronicle for Higher Education*, 9-13-10).
- ★ In the United States, total student loan debt (\$850 billion) now exceeds total credit card debt (\$828 billion) (*USA Today* 9-10-10).

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- ★ More students than ever (1 in 10) graduate with \$40,000 or more in student loans. In 2008, 10% of borrowers who graduated from 4-year institutions owed at least \$40,000 in student loans, up from 3% in 1996

www.projectonstudentdebt.org).

- ★ Pell Grant recipients, who generally have family incomes under \$50,000, are more likely to graduate with high debt. Among graduates in 2008 who received a Pell Grant, 87% had student loans, the average debt was \$24,800, and 14% had at least \$40,000 in debt

www.projectonstudentdebt.org).



THE PLAN (FUNDING):

- ★ Create KAN-HELP, a new \$10 million (\$0 SGF) need-based financial aid program for State University students.
 - Re-coup the state sales tax generated on the State University campuses (FY10 = \$6 million).
 - The State Universities and their athletic departments will contribute \$4 million through a to-be-determined formula.
- ★ Foresight 2020, Strategic Goal #2, Objective 2.8.



THE PLAN (ELIGIBILITY):

- ★ Resident State University students whose families are at or below the statewide median family income level (currently \$50,174) would be eligible for a KAN-HELP Loan that would be applied to tuition and fee costs.

**Details regarding loan amounts and eligibility will be finalized by January 1, 2011.*



THE PLAN (LOAN FORGIVENESS):

- ★ Students who receive a KAN-HELP Loan, and who live and work in Kansas for a to-be-determined period of time following graduation, would be eligible for complete loan forgiveness.
- ★ Students who receive a KAN-HELP Loan, and who depart Kansas following graduation or who fail to graduate, would be required to pay back what would become a low-interest loan.

**Details regarding loan forgiveness and low-interest loans will be finalized by January 1, 2011.*



 **KAN - GROW**

“Support for higher education is the lever by which the government can move the entire economy.”

-Paul Romer, Stanford economist



THE ISSUE:

- ★ Higher education is more important than ever before:
 - In 1955, “skilled” and “professional” jobs comprised 40% of the Kansas workforce. Today, that number is 88% (ACT, Inc.).
 - By 2018, over 1 million (64%) jobs in the Kansas economy will require some level of postsecondary education (Georgetown Univ.).
 - Over the next 10 years, Kansas will experience an increase of 99,000 jobs requiring some level of postsecondary education (Georgetown Univ.).
- ★ The Kansas economy can’t succeed without an educated workforce:
 - Increasing the nation’s average level of education by one year could increase economic growth by 6-15%, adding between \$600 billion and \$1.5 trillion to U.S. economic output (U.S. Dept. of Labor). The effect would be similar in Kansas.
 - Kansans with higher levels of education have higher labor participation rates and are better prepared to weather economic downturns. In 2008, 65% of Kansans with a high school or less were employed, compared to 89% employment for those with at least an associate’s degree (KS Dept. of Labor).



- ★ When provided with targeted and matching funds (e.g. the \$10 million nursing shortage initiative), the state's public higher education system has proven it can help solve critical workforce shortages.
 - The first 2 years of the Board's Nursing Shortage Initiative produced 873 additional nursing students, exceeding the Legislature's goal by 75%.



THE PLAN:

- ★ KAN-GROW – a systemwide initiative to grow the Kansas workforce and economy.
 - 2-to-1 state-to-institution matched funding (\$14.15 million SGF + \$7.075 million institution funds = \$21.225 million program).
 - Foresight 2020, Strategic Goal #5.



KSU, KU, & WSU:

- ★ Increase the number of engineering graduates:
 - \$5.4 million SGF + \$2.7 million University match = \$8.1 million total (enough to fund Years 1 & 2 of the Engineering Deans' White Paper).
 - The goal is an annual increase of 490 additional BS engineering graduates (up from a 5-year avg. of 875 graduates per year).
 - Funding would be appropriated to the Board for distribution among the three Universities.



KUMC:

- ★ \$1 million SGF + \$500,000 KUMC match = \$1.5 million total.
- ★ Add 50 new nursing student slots.
- ★ Expand the Kansas Medical Student Loan Program by 22 slots, thereby increasing the number of primary care physicians serving under-served Kansas counties.



ESU, FHSU, & PSU:

- ★ \$2.25 million SGF + \$1.125 million Regional University match = \$3.375 million total.
 - \$750,000 per University + \$375,000 University match = \$1.125 million total per University.
- ★ ESU: New degree programs – eCommerce, Student Affairs Administration, & Sustainability.
- ★ FHSU: New Bachelor of Science in Information Systems Engineering degree program & a new KAMS Summer Engineering Institute.
- ★ PSU: New School of Construction.



WU:

- ★ \$500,000 SGF + \$250,000 University match = \$750,000 total.
- ★ New Doctorate of Nursing degree program.
- ★ New Bachelor of Science in Biotechnology degree program.



COMMUNITY & TECHNICAL COLLEGES:

- ★ \$5 million SGF pool + \$2.5 million College match = \$7.5 million total.
- ★ Board would solicit targeted economic/workforce development RFPs.
- ★ Allocation to be determined. Distribution within allocation determined by successful application.
- ★ 21 of the 25 Community & Technical Colleges provided impressive conceptual proposals.



 **KAN-CONNECT**

In order to succeed, Kansans in every corner of the state must have access to the global economy through broadband technology.



THE ISSUE:

- ★ Access to high-speed broadband Internet is a requirement for doing business in today's world.
- ★ High-speed broadband brings services into smaller, rural areas and allows rural communities and businesses to compete in the global marketplace.
- ★ Kan-ed, a program administered by the Board of Regents, connects almost 900 Kansas hospitals, libraries, higher education institutions, and K-12 schools with high-speed bandwidth.
- ★ Kan-ed brings members together through Interactive Distance Learning and the exchange of data. Members have access to shared databases, video-conferencing, telemedicine, and to content that is otherwise unavailable or available at prohibitive costs.



THE PLAN:

- ★ Continue Kan-ed funding (\$0 SGF) for FY12 through the Kansas Universal Service Fund (\$10 million KUSF).
- ★ Foresight 2020, Strategic Goal #2, Objective 2.11.



IN SUMMARY:



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- ★ **KAN-PROTECT** = \$20.5 million SGF
- ★ **KAN-BUILD** = \$15.75 million SGF
- ★ **KAN-HELP** = \$0 SGF (\$10 million other funds)
- ★ **KAN-GROW** = \$14.15 million SGF (\$7.075 million other funds)
- ★ **KAN-CONNECT** = \$0 SGF (\$10 million other funds)
- ★ **TOTAL** = \$50.4 million SGF (\$27.075 million other funds)