

## MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 1:42 p.m. on March 18, 2004 in Room 123-S of the Capitol.

All members were present except:

Senator Anthony Hensley (excused)

Committee staff present:

Carolyn Rampey, Legislative Research  
Debra Hollon, Legislative Research  
Theresa Kiernan, Office of the Revisor of Statutes  
Judy Steinlicht, Committee Secretary

Conferees appearing before the committee:

Bill Hall, Chairman, Citizens for Higher Education  
William Taylor, Member, Citizens for Higher Education

Others attending:

See Attached List

### **Overview on Funding Needs for Kansas Colleges and Universities**

Bill Hall, Chairman, Citizens for Higher Education (CHE) introduced Bill Taylor and Bill Musgrave. Citizens for Higher Education is a group of citizens around the state of Kansas that are concerned about the funding of higher education. The group was formed about a year ago and spent the last year doing research using a firm, MGT, out of Austin, Texas, that does research in the higher education field and they also worked with the state budget office to help them understand the funding of higher education within the state of Kansas.

Bill Hall stated they believe there is a enormous link between economic development in the state and our institutions of higher education. Economic prosperity has evolved from bigger and better farms in the 19th century to bigger and better factories in the 20th century and to bigger and better ideas in the 21st century. The employment trends have shifted from farms and manufacturing to knowledge based employment. In 1981, a college graduate with a bachelor's degree earned \$6,897 more than a high school graduate. In 2001, a college graduate with a bachelor's degree earned \$23,828 more than a high school graduate.

Bill Taylor showed another study commissioned by CHE that was completed by a group of economists called Northstar Economics of Wisconsin. The study determined the economic impact of higher education in Kansas was \$5.2 billion; that students and visitors spend nearly \$2 billion in Kansas annually, over and above tuition, fees and university supplied room and board; that jobs and sales generate over \$281 million in state income and sales tax revenue annually; that higher education is responsible for almost 116,000 jobs; and are responsible for contribution to the economic well-being of every State Senatorial District, including more than \$100 million in 16 of the 40 districts.

Bill Hall showed that Kansas funding has not kept pace with higher education inflation and enrollment growth for more than a decade; that per student state funding ranks next to last in the Big 12 states; that Kansas tuition and fees rank near the bottom in the Big 12 states; and that Kansas faculty salaries are below Big 12 state averages. CHE estimates it will take \$150 million in additional state funding to get back to 1990 levels and to equal the Big 12 state per student spending average. Also an estimated \$53 million increase in tuitions is needed to achieve parity with other Big 12 states.

The message they want to leave is that Kansas has a rich and wonderful tradition in public education. To maintain, colleges need state support. They believe the Legislature must act to assure the highest possible quality education for these and future generations of students. (Attachment 1)

In committee discussion, Mr. Hall & Mr. Taylor, were thanked for the report and for getting the business sectors involved.

CONTINUATION SHEET

MINUTES OF THE SENATE EDUCATION COMMITTEE at 1:42 p.m. on March 18, 2004 in Room 123-S of the Capitol.

**SB465–School District finance**

A motion made by Senator Downey to amend the language in SB465 correcting the computation of the base state aid and weighting formula. Seconded by Senator Lee. Motion carried. Copy of the corrections are attached. (Attachment 2)

Adjourned 2:22 p.m. The next meeting is scheduled for March 22, 2004.



## **K-12 Isn't the Only Crisis Facing Kansas Education; Higher Education Must Also Be Addressed**

Kansas state funding for our universities, community colleges and technical schools has fallen to near the bottom of the Big 12 states. We must do better if we are going to maintain our state's economic well-being, compete for the best and brightest students, and retain and attract top faculty.

That's why Kansas Citizens for Higher Education (CHE) believes it is penny wise and pound foolish to let higher education funding slip any further.

### **Kansas Lags Behind Big 12 States**

Kansas Citizens for Higher Education has spent two years reviewing the level of state support for higher education and what we've found is disturbing. Here are the key findings of research regarding Kansas state funding levels, conducted by MGT America:

- State funding has not kept pace with higher education inflation and enrollment growth for more than a decade;
- Per student state funding ranks next to last in the Big 12 states;
- Kansas tuition and fees rank near the bottom in the Big 12 states; and,
- Kansas faculty salaries are below Big 12 state averages.

These are alarming trends that hurt our ability to compete in the sophisticated, high tech world of the 21<sup>st</sup> century.

### **Higher Education Doesn't Cost, It Pays**

As business professionals CHE also wanted to understand the return on investment of higher education in Kansas. We commissioned Northstar Economics of Wisconsin, and here's what we found:

- The Kansas Higher Education Community (KHEC) contributes \$5.2 billion dollars annually to the state's economy, more than 6% of our gross state product.
- KHEC employees, students and visitors spend nearly \$2 billion in Kansas annually, over and above tuition, fees and university supplied room and board.
- KHEC related jobs and sales generate over \$281 million dollars in state income and sales tax revenue annually.
- KHEC activities are responsible for almost 116,000 in-state jobs, more than 8% of Kansas's employed workforce.
- Higher education contributes to the economic well-being of every State Senatorial District, including more than \$100 million in 16 of the 40.

*Senate Education  
3-18-04  
Attachment 1*

## Address State Funding *and* Tuitions

Kansas Citizens for Higher Education urges the governor and state legislature to consider ways to improve the levels of funding for higher education. We believe there is room to move both state funding **and** tuitions in order to raise Kansas' standing among its peers. CHE estimates it will take approximately \$150 million in additional state funding to get back to 1990 levels and to equal the Big 12 state per student spending average. We also estimate a \$53 million increase in tuitions is needed to achieve parity with other Big 12 states.

Kansans have always believed in higher education and its ability to raise our standard of living. In fact we send a higher percentage of our young people to college than any other state in the Big 12, by far. Now we must act together to assure the highest possible quality education for these and future generations of students.

To find out more about Kansas Citizens for Higher Education and this important issue visit our website, [www.kansashighereducation.org](http://www.kansashighereducation.org), or call 866-526-3382.

# **Higher Education In Kansas: *Are We Falling Behind?***

**Kansas Citizens  
For Higher Education**

**866-526-3382**

**info@kansaseducation.org**

**www.kansashighereducation.org**

# ***Kansas Citizens For Higher Education***

- **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

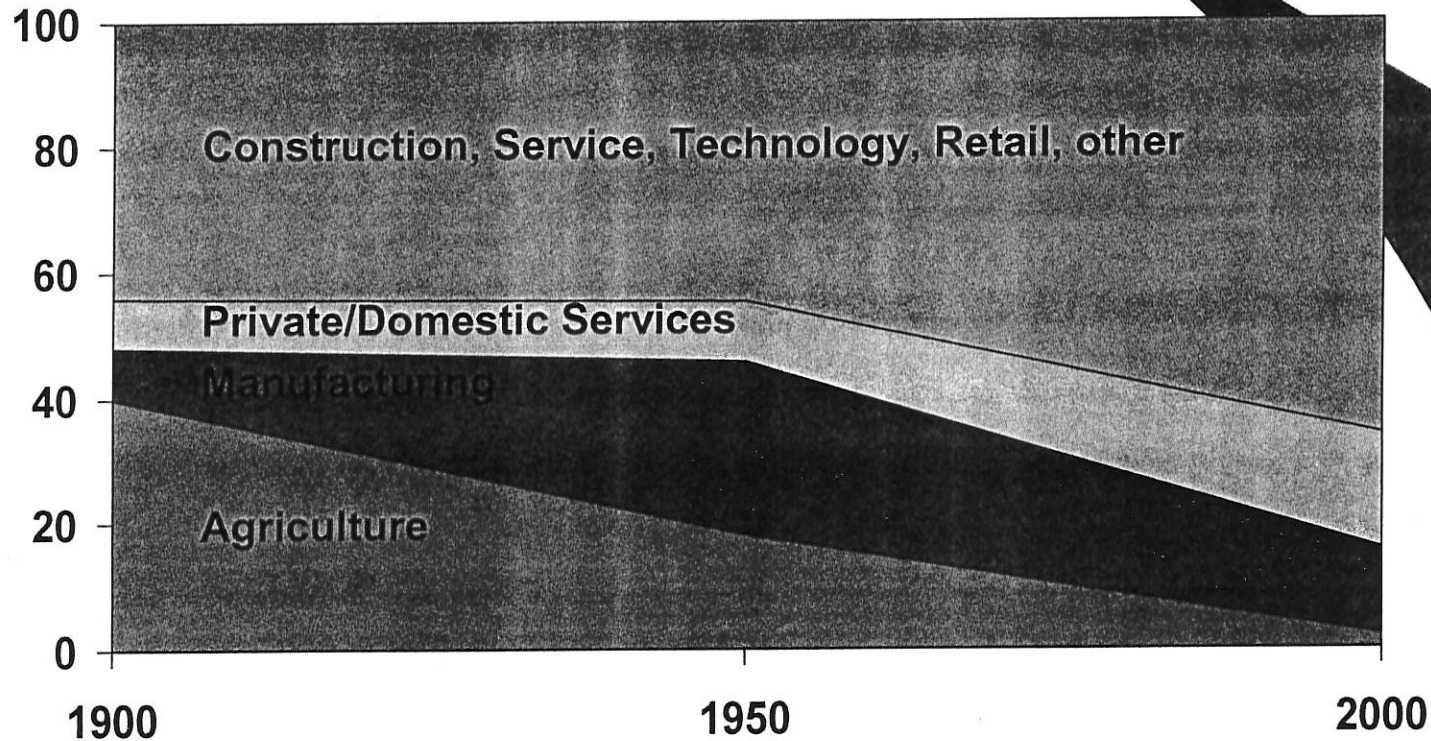
# *Evolution of Economic Prosperity*

- **19<sup>th</sup> Century**
  - *Bigger and Better Farms*
- **20<sup>th</sup> Century**
  - *Bigger and Better Factories*
- **21<sup>st</sup> Century**
  - *Bigger and Better Ideas*



# *U.S. Employment Trends Have Shifted Dramatically*

(% SHARE)



# ***Changes in the 30 Dow Industrials, Nov. 1999***

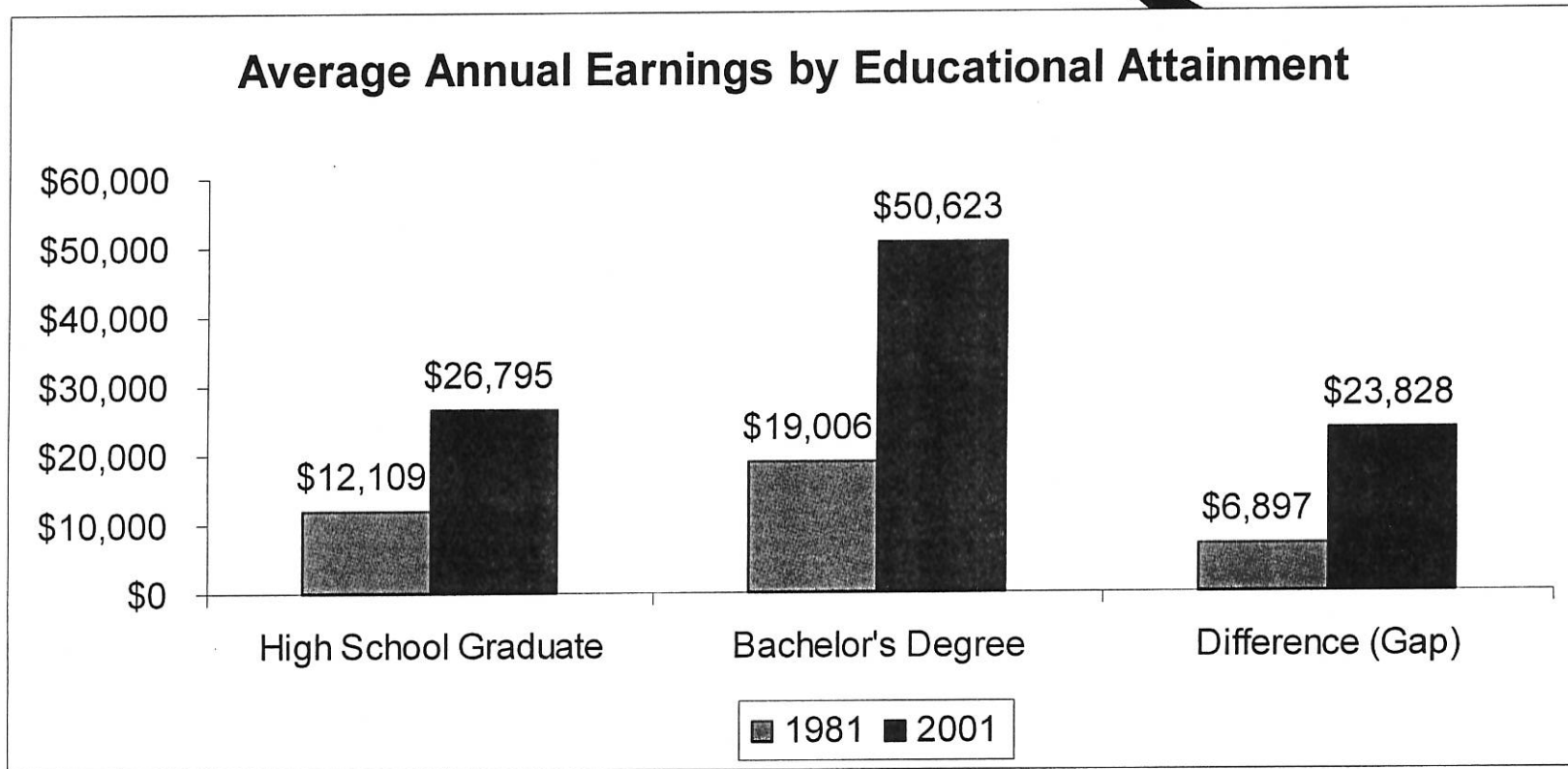
## **● Stocks In**

- Intel
- Microsoft
- SBC (SW Bell)
- Home Depot

## **● Stocks Out**

- Sears Roebuck
- Union Carbide
- Chevron
- Goodyear

# College Grads Earn More And the Gap Is Widening



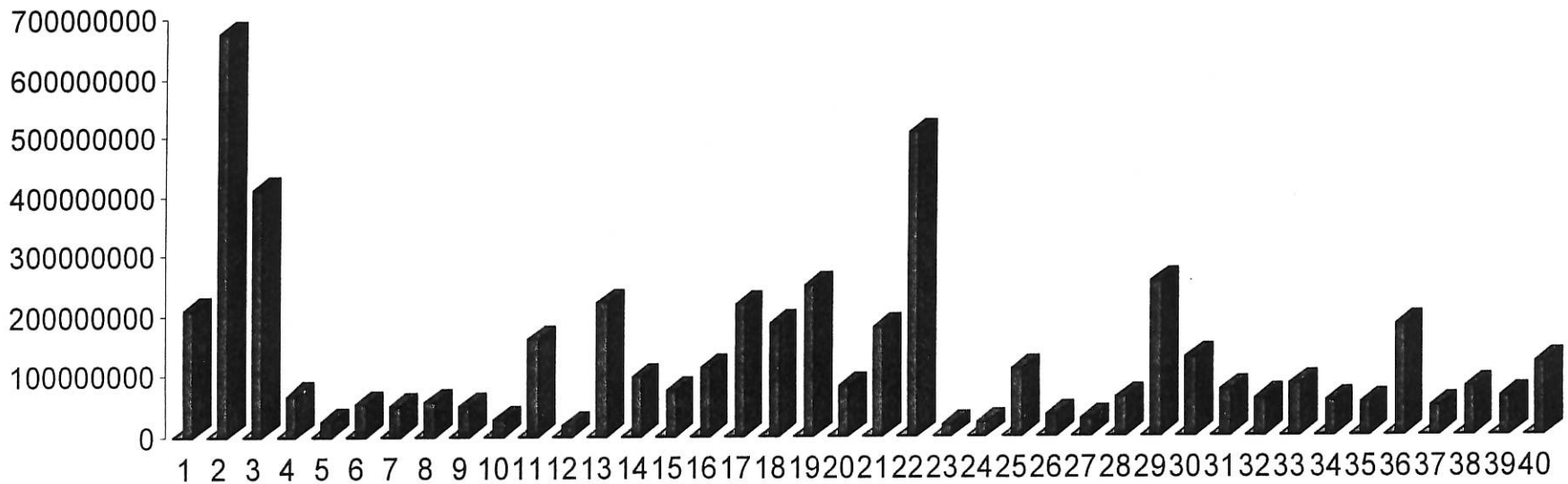
Source: U.S. Census Bureau

# ***Economic Impact of Higher Education is Significant***

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

# *Every District Benefits From Higher Education*

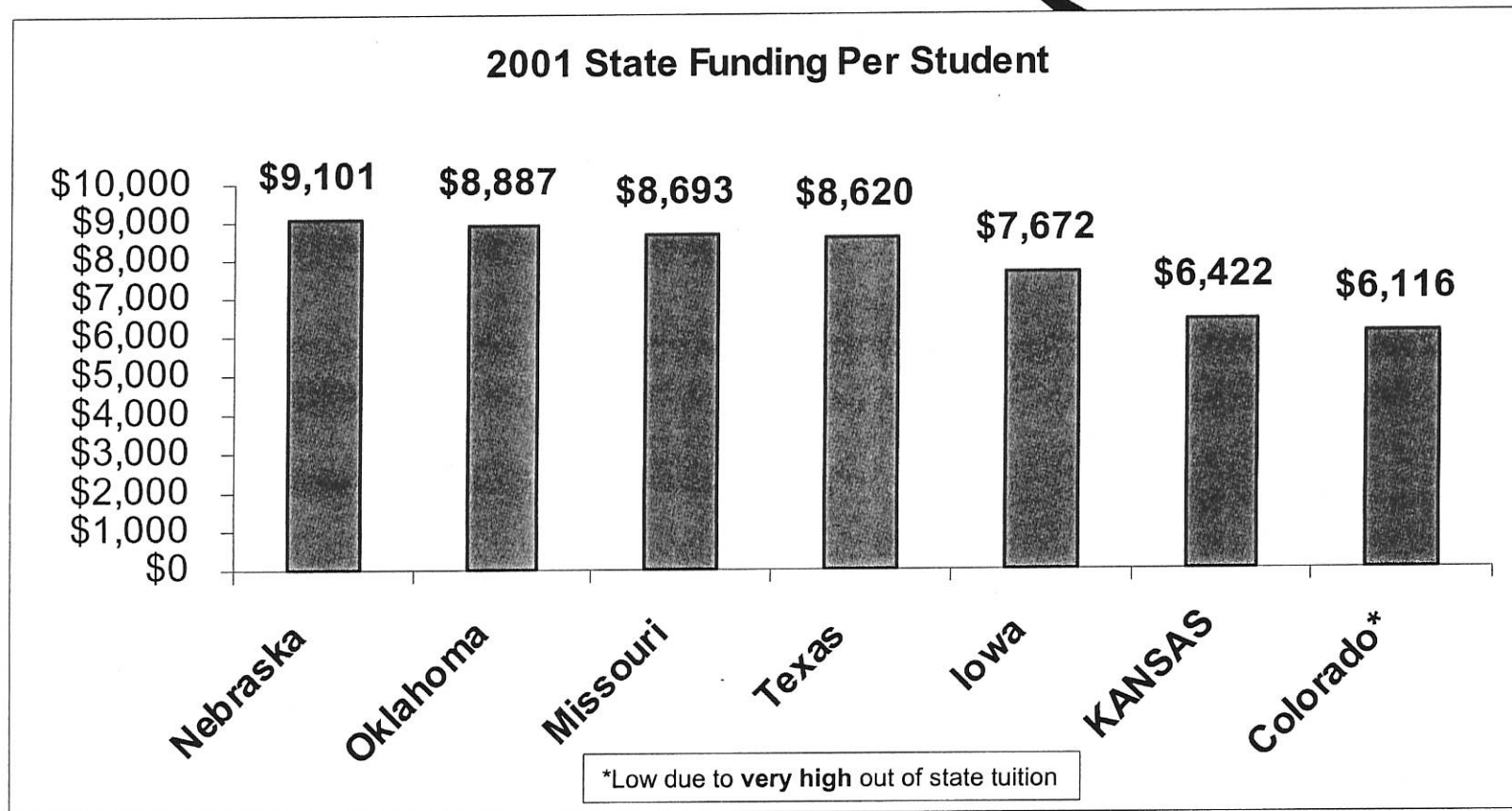
**Economic Impact By State Senate District;  
Sixteen Districts Over \$100 Million**



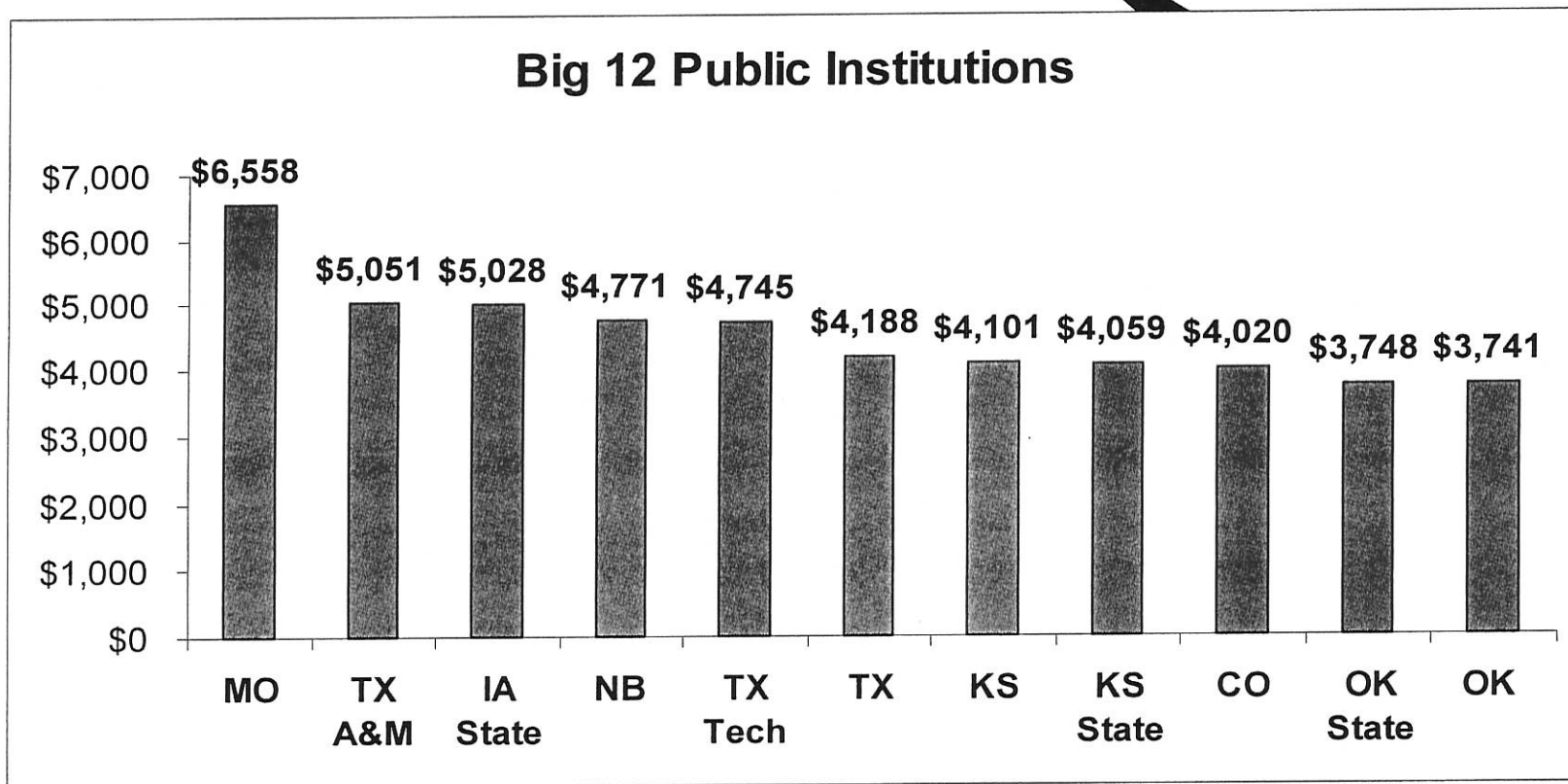
# ***Kansas Families See the Need For Higher Education***

State	Population	HE Students	% Population
<b>Kansas</b>	<b>2,688,000</b>	<b>106,000</b>	<b>3.96%</b>
Iowa	2,926,000	111,000	3.79%
Nebraska	1,711,000	55,000	3.19%
Colorado	4,301,000	122,000	2.84%
Texas	20,852,000	523,000	2.51%
Oklahoma	3,451,000	89,000	2.57%
Missouri	5,595,000	110,000	1.97%

# *Per Student Funding Next to Last in Big 12 States*

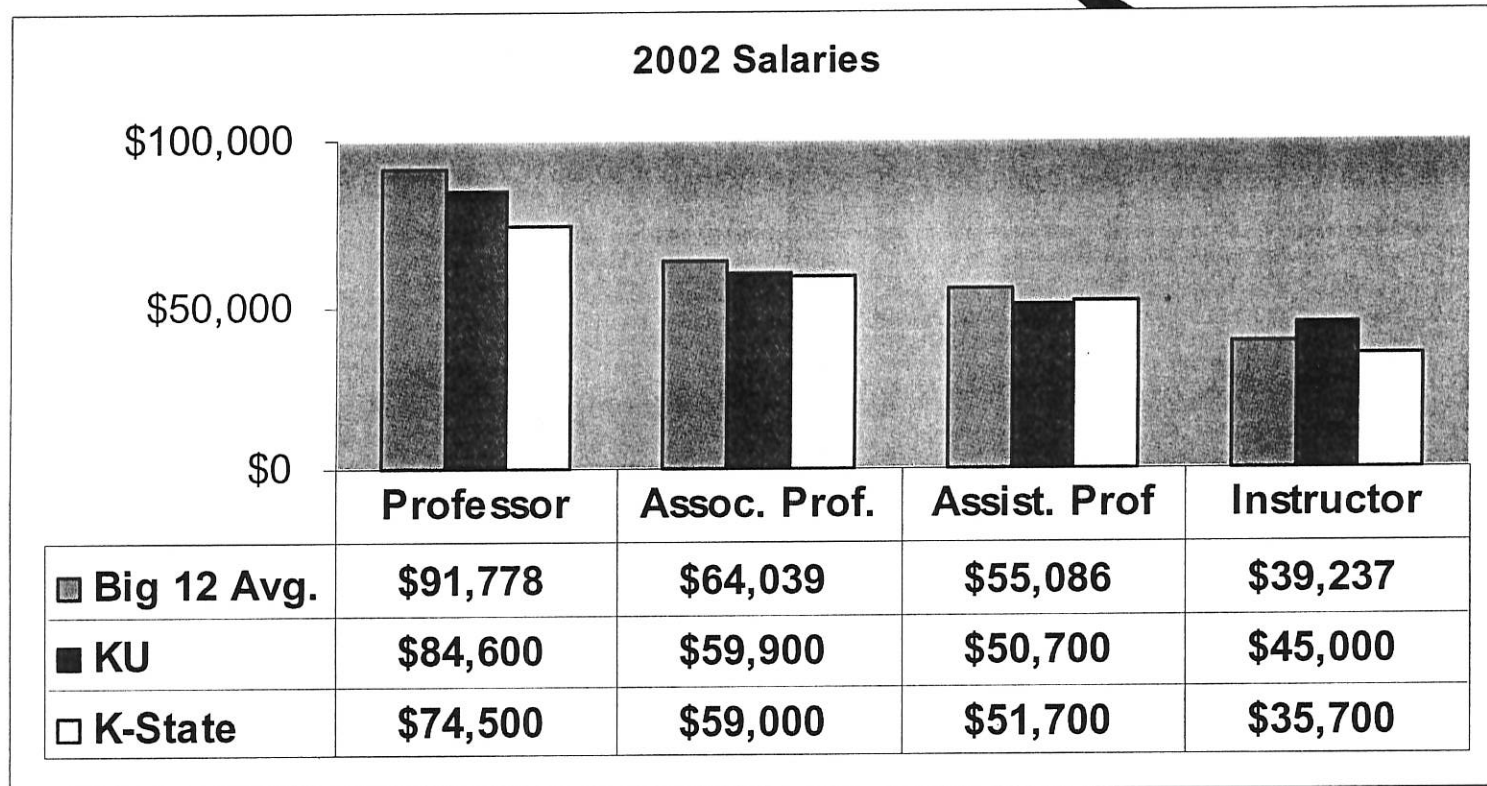


# *Tuition & Fees Near Bottom Of Big 12 States*





# *Faculty Salaries Well Below Other Big 12 States*



# Enrollment & Inflation Outpace Funding

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

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.

\$74M

**ADDED STATE FUNDING NEEDED**

**\$150M\***

\*Excludes impact of low state funding of Kansas community colleges (\$46M) that is offset by higher local funding.

## Tuition Increases

**\$53M**

# ***If We Don't Act...***

- **Kansas will fall further behind:**
  - Already at bottom of the Big 12 states!
  - “Do we want to be in the company of Arkansas, West Virginia & Mississippi or North Carolina, Massachusetts and Texas?”
- **Our brightest will go elsewhere:**
  - Top students and faculty will leave
  - Once gone they won't return

81-1

# ***Kansas Citizens for Higher Education***

**866-526-3382**

**info@kansaseducation.org**

**www.kansashighereducation.org**

BSAPP

*Senator Downey*

New Section 1. (a) For school year 2004-2005, the amount of base state aid per pupil shall be determined by the state board as follows:

- (1) Determine the full time equivalent enrollment of the district;
- (2) For districts with an enrollment of less than 430:
  - (A) Subtract the amount determined under paragraph (1) from 430;
  - (B) divide the remainder determined under paragraph (A) by 10;
  - (C) multiply the quotient determined under paragraph (B) by .01;
  - (D) multiply the product determined under paragraph (C) by \$5033;
  - (E) add \$6,411 to the product determined under paragraph (D). The sum is the base state aid per pupil.
- (3) For districts with an enrollment of at least 430 but less than 1,300:
  - (A) Subtract the amount determined under paragraph (1) from 1300;
  - (B) divide the remainder determined under paragraph (A) by 80;
  - (C) multiply the quotient determined under paragraph (B) by .01;
  - (D) multiply the product determined under paragraph (C) by \$5033;
  - (E) add \$6,411 to the product determined under paragraph (D). The sum is the base state aid per pupil.
- (3) For districts with an enrollment of at least 1300 but less than 11,200:
  - (A) Subtract the amount determined under paragraph (1) from 11,200;
  - (B) divide the remainder determined under paragraph (A) by 600;
  - (C) multiply the quotient determined under paragraph (B) by .01;
  - (D) multiply the product determined under paragraph (C) by \$5033;
  - (E) add \$5,863 to the product determined under paragraph (D). The sum is the base state aid per pupil.
- (5) For districts with an enrollment of 11,200 or more, the base state aid per pupil is \$5,033.

*Senate Education  
3-18-04  
Attachment 2*

## Program Weighting

(a) The state board shall determine the special education and related services weighting of the district as follows:

(1) Determine the full time equivalent enrollment of each district.

(2) multiply the number determined under paragraph (a) by .00002;

(3) add .90 to the product determined under paragraph (2) of this subsection. The sum is the special education and related services weighting of the district.

(b) The state board shall determine the bilingual education weighting of the district as follows:

(1) Determine the full time equivalent enrollment of each district.

(2) (A) for districts with an enrollment of less than 500, multiply the number determined under paragraph (1) of this subsection by .15. The product is the bilingual weighting of the district;

(B) for districts with an enrollment of at least 500 but less than 1,000:

(i) Subtract 500 from the enrollment of the district;

(ii) multiply the remainder determined under paragraph (i) of this subsection by .0014;

(iii) add .15 to the product determined under paragraph (ii) of this subsection. The sum is the bilingual weighting of the district;

(C) for districts with an enrollment of 1,000 or more:

(i) Subtract 1,000 from the enrollment of the district;

(ii) multiply the remainder determined under paragraph (i) of this subsection by .000005.

(iii) add .85 to the product obtained under paragraph (ii) of this subsection. The sum is the bilingual education weighting of the district.

(c) The sum of the special education and related services weighting of the district and the bilingual education weighting of the district is the program weighting of the district.