

2004-16200

The Cost of
ADMISSION:
Higher Education in Kansas.

2014-25500



After years of declining state investment in higher education due to failed tax policy, Kansas college students incur higher debt and reduced economic prospects.

In the past, college was the ticket to a bright future. Each year of education after high school increases earning potential and opens the door to more stable, rewarding careers. Furthermore, education beyond high school increases opportunity and cultivates a skilled workforce vital to a thriving Kansas economy, making the state more attractive to businesses and families.

Today, higher education is in trouble in Kansas:

- State funding for regents universities is 17% less than it was in 2008, and students now pay more in tuition than what the state provides.¹
- Kansas' community college system – the higher education gateway for many young people – now relies more heavily on students to cover costs than it does the state.²
- Kansas students now leave school with an average of \$25,500 in debt – up from \$16,200 in 2004 – which limits their spending power and delays larger purchases, like homes and cars, until later in life.³
- Higher education in Kansas is a repeated target of budget cuts aimed at filling the fiscal hole caused by failed tax policy.⁴

Higher Education Boosts Kansas' Economy

Both individual Kansans and the state's economy as a whole benefit from sound investment in education. A robust higher education system provides an incentive for employers to locate and invest in Kansas communities, and states with well-educated workforces report higher median wages.⁵ A person with a bachelor's degree earns almost \$20,000 more a year than with a high school diploma alone and with an associate's degree earns about \$10,000 more.⁶ This added spending power helps drive economic growth in Kansas.

The Kansas economy requires an educated workforce. By 2020, 65% of all jobs will need at least some post-secondary education. Additionally, 35% of all jobs will need a bachelor's degree or more.⁷ In response to the increased demand for a well-educated workforce, the Kansas Board of Regents now aims for 60% of Kansas adults to obtain certification, an associate's degree, or a bachelor's degree by 2020. In 2014, only 52.7% of Kansas adults held certification or more.⁸

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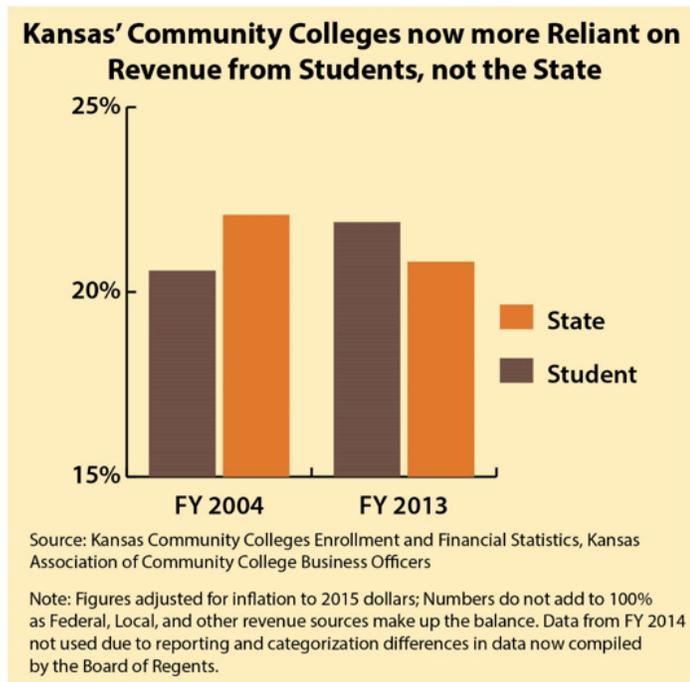
Jobs requiring an advanced degree will be the fastest growing sector of the employment market, with the second fastest growing group requiring an associate's degree.⁹ Maintaining and developing Kansas' middle class will go hand in hand with post-secondary education. The significant reduction in Kansas' investment in higher education, however, will make it harder to attain these goals.

It's Harder to Pay for College in Kansas

The community college system plays a key role in improving Kansans' economic outlook through advanced education. Community colleges provide students with affordable educational opportunities. Jobs previously only requiring a high school diploma

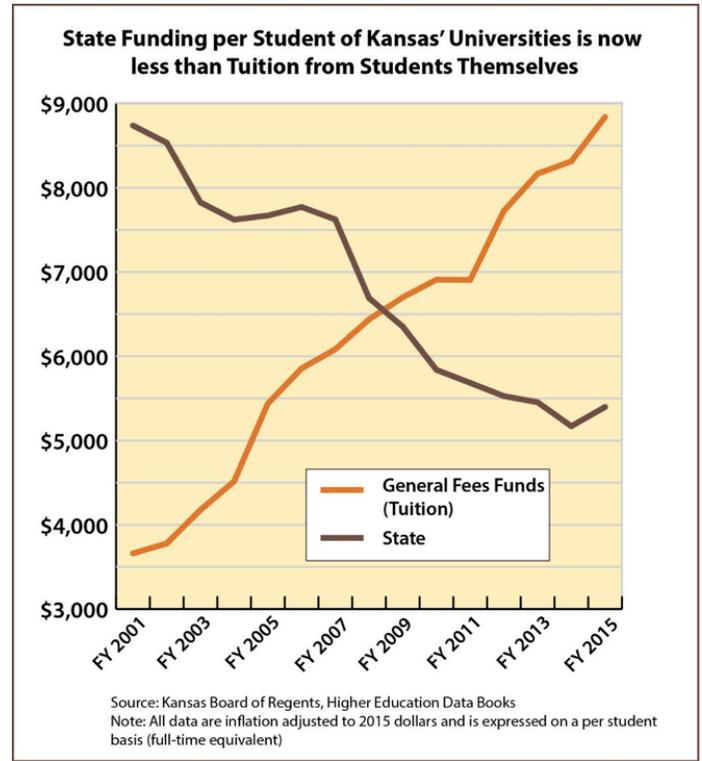
now demand an associate’s degree, vocational training, specialized technical training, or certification. Community colleges put higher education within reach for a wider range of Kansans, including low-income and non-traditional students. They also offer an avenue to a more affordable bachelor’s degree. During economic downturns, community colleges provide workers with critical opportunities to learn the skills needed to change or improve their careers.¹⁰

Kansas community college students, however, provide far more revenue to the institutions when compared to state support. In the past ten years, the percentage of revenue collected by community colleges from students increased, while the state’s share declined. Adjusted for inflation, the state contributed \$8 million more than students in 2004, but students now provide **\$6.5 million** more to community colleges than the state. Enrollment growth partially drives this revenue imbalance, but increases in revenues from students outstrip those from the state. Over a ten-year period, student-based revenue increased by 54% while the state’s investment only increased by 36%. This makes it increasingly difficult for many Kansans – especially low-income students – to access the state’s high-quality higher education system.



Kansas’ six state universities (also known as the “regents” universities¹¹) face an even worse scenario than community colleges. Simply put, Kansas requires students to pay a greater share of higher education costs than ever before. In the fiscal year beginning

July 1, 2008, an important and historic change in the college-funding equation occurred. Tuition began to account for a greater share of regents’ revenue than state funding. That year, universities obtained over \$26 million more from tuition than from state funds. That gap has now expanded tenfold to \$263 million in 2015. State funding has fallen 17% since 2008, while the cost to students continues to rise.

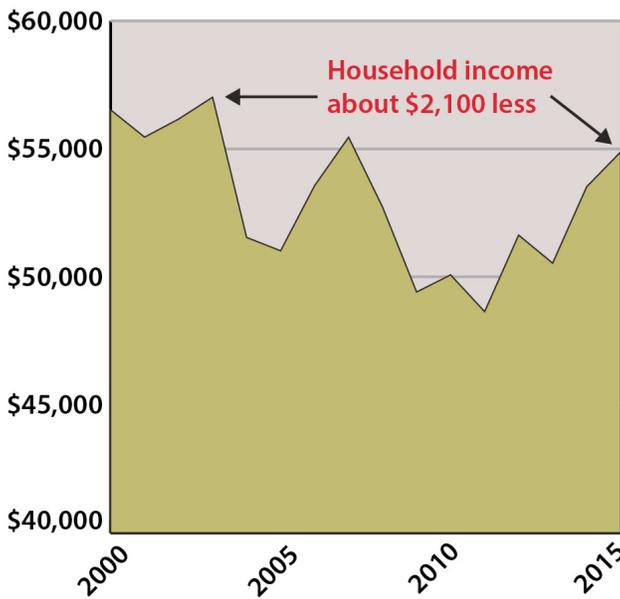


Each legislative session since 2012 and 2013, unsustainable state tax policy began draining Kansas of the revenue needed for important public investments like higher education. The implications hurt Kansas’ higher education system and economy. For Kansas State University (KSU), 2016 cuts amounted to a 1.5% cut for all university departments.¹² Both the University of Kansas (KU) and KSU noted the communities where these institutions operate have grown both economically and in population. These cuts threaten that progress at a time when many other parts of the state struggle to grow.¹³ Even the Kansas Board of Regents – the governing body of Kansas’ regents institutions – said “[r]educing state funding to our state universities transfers the cost of education to students and their families.”¹⁴

“Simply put, Kansas requires students to pay a greater share of higher education costs than ever before.”

To make matters worse for students and their parents, the state's decreasing investment in higher education coincides with declining household incomes in Kansas. In 2015, the median income in Kansas fell over \$2,100 lower than its peak 2003 levels.¹⁵ A recent report from the Center on Budget and Policy Priorities shows tuition growth per student outpaced the income growth of even the top 1% of families nationwide.¹⁶ When Kansans can least afford it, the legislature shifted the cost of higher education onto students.

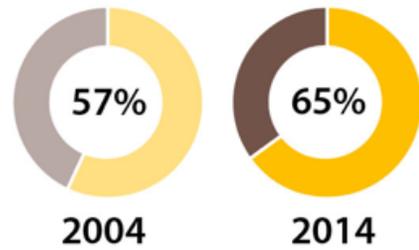
As the Cost of Higher Education has Shifted to Students, Kansans are Less Able to Afford it



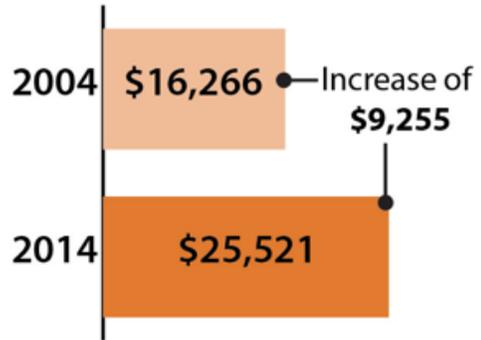
Source: Census Bureau data on State Median Household Incomes
 Note: All values are shown in 2015 dollars; 2013 is an averaged value as there were two estimates for that data-year.

It is no surprise, then, that students struggle with growing debt. As tuition increases and state investment decreases, students pay more out of pocket. In 2014, 65% of all students in Kansas graduated with debt averaging over \$25,500.¹⁷ This increased significantly since 2004, when average student debt fell at \$16,200 and only 57% of students left college with debt. Amassing such a high level of debt poses serious risks to graduates' well-being and economic security. Students leaving school with debt tend to delay major purchases, like a house or car.¹⁸ Also, Kansans saddled with student loan debt are less likely than debt-free Kansans to start a small business¹⁹ and are more likely to end up working at a low-wage job.²⁰

More Kansas College Graduates have Student Loan Debt than 10 years ago...



...and Owe More on Average



Source: Institute for College Access & Success, Project on Student Debt.

Kansas' Higher Education System Suffers Due to Failed Tax Policy

Since policymakers implemented unprecedented changes to state tax policy in 2012 and 2013, Kansas colleges face repeated cuts in state funding due to plummeting state revenue. In 2015, Gov. Sam Brownback cut higher education funding by \$16 million.²¹ Then, early in 2016, he eliminated another \$17 million allocated to the regents universities. Because these cuts came toward the end of the fiscal year, it created particularly difficult challenges for colleges to make adjustments. Governor Brownback then announced another round of higher education cuts – about \$30.6 million – in May 2016 for the fiscal year beginning July 1, 2016.²² In total, the Governor cut **\$63 million** from higher education over just two years, including almost \$5.5 million in cuts to two-year institutions and community colleges. An \$875,000 cut to scholarships created even more strain for students.

Furthermore, policymakers removed a cap on tuition increases. This signals an even greater reliance on tuition in the future and increases the likelihood that students' cost will continue to grow. In June 2016, the Kansas Board of Regents approved requests from all six regents universities to increase tuition between 4.9% and 6%.²³

The Future of Higher Education in Kansas Depends on Commonsense Tax Reform

Kansans cannot thrive in a 21st-century global economy without affordable, post-secondary education, but families also cannot keep pace with these skyrocketing costs. In order to ease this burden, expand access to higher education, and grow the Kansas economy, the state must re-invest in Kansas colleges and universities. Unfortunately, until policymakers stabilize the state revenue stream with commonsense tax reforms, a growing number of Kansans will find themselves out-priced of a college education – and all the economic opportunities that come with it.

¹See Kansas Association of Community College Business Officers. Data pulled from *State University Data Book*. Funding is calculated from six state schools undergraduate Total Operating Expenditures at State Universities by Fund using State General Fund Expenditures and General Fees Funds (Tuition). Adjusted for inflation in 2015 dollars. Available online: http://www.kansasregents.org/data/system_data/higher_education_data_books

²See Kansas Association of Community College Business Officers. Data pulled from *Kansas Community Colleges Enrollment and Financial Statistics*. Available online: http://www.kansasregents.org/data/system_data/higher_education_data_books Average calculated from six state schools undergraduate resident tuition and required fees. The average is adjusted for inflation in 2015 dollars.

³See Debbie Cochrane and Matthew Reed, "The Institute for College Access & Success", 2015. "Student Debt and the Class of 2014". Available online: http://ticas.org/sites/default/files/pub_files/classof2014.pdf#overlay-context=posd/map-state-data-2015

⁴See Brad Cooper, 2015. "Gov. Sam Brownback Is Cutting Aid to Kansas Schools by \$44.5 Million". Available online: <http://www.kansascity.com/news/politics-government/article9376751.html>

⁵See Noah Berger and Peter Fisher, Economic Policy Institute, 2013. *A Well-Educated Workforce Is Key to State Prosperity*. Available online: <http://www.epi.org/publication/states-education-productivity-growth-foundations/>

⁶See National Center for Education Statistics, 2015. *Income of Young Adults*. Available online: <https://nces.ed.gov/fastfacts/display.asp?id=77>

⁷See Anthony Carnevale, Nicole Smith, and Jeff Strohl, Georgetown University Center on Education and the Workforce, 2013. "Recovery: Job Growth and Education Requirements". Available online: <https://georgetown.app.box.com/s/tl0zxtOpuz45hu21g6>

⁸See Kansas Board of Regents, 2014. *A Strategic Agenda for Kansas Higher Education*. Available online: <https://www.kansasregents.org/resources/PDF/2833-WorkforceAlignmentReport2014.pdf>

⁹See Anthony Carnevale, Nicole Smith, and Jeff Strohl, Georgetown University Center on Education and the Workforce, 2013. "Recovery: Job Growth and Education Requirements". Available online: <https://georgetown.app.box.com/s/tl0zxtOpuz45hu21g6>

¹⁰See Alison Felix and Adam Pope, Federal Reserve Bank of Kansas City, 2016. "The Importance of Community Colleges to the Tenth District Economy". Available online: https://www.kansascityfed.org/publicat/econrev/pdf/10q3felix_pope.pdf

¹¹Kansas' six regent's universities include: Emporia State University, Fort Hays State University, Kansas State University, Pittsburg State University, University of Kansas, Wichita State University

¹²See Jason Tidd, 2016. "Brownback Cuts Higher Education Funding, K-State Loses \$4.9 Million". Available online: <http://www.kstatecollegian.com/2016/03/03/brownback-cuts-higher-education-funding-k-state-loses-4-9-million/>

¹³See Jonathan Shorman, 2016. "Kansas Higher Ed: K-State, KU on Alert, Pushing for Brownback Veto on Possible Budget Cuts". Available online: http://www.hutchnews.com/news/local_state_news/kansas-higher-ed-k-state-ku-on-alert-pushing-for/article_13007806-f524-5512-aadd-9629bc748b35.html

¹⁴See Kansas Board of Regents, 2016. "Press Release: Stable Funding Critical to Higher Education". Available online: <http://www.kansasregents.org/about/news-releases/2016-news-releases/627-stable-funding-critical-to-higher-education>

¹⁵See U.S. Census Bureau's Median Household Income by State (Table H-8). Available online: <http://www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-households.html>

¹⁶See Michael Mitchell, Michael Leachman, and Kathleen Masterson, 2016. "Funding Down, Tuition Up: State Cuts to Higher Education Threaten Quality and Affordability at Public Colleges". Available online: <http://www.cbpp.org/research/state-budget-and-tax/funding-down-tuition-up>

¹⁷See Debbie Cochrane and Matthew Reed, 2015. *The Institute for College Access & Success. Student Debt and the Class of 2014*. Available online: http://ticas.org/sites/default/files/pub_files/classof2014.pdf#overlay-context=posd/map-state-data-2015

¹⁸See Meta Brown and Sydnee Caldwell, Federal Reserve Bank of New York-Liberty Street Economics. 2013. "Young Student Loan Borrowers Retreat from Housing and Auto Markets Liberty Street Economics". Available online: <http://liberystreeteconomics.newyorkfed.org/2013/04/young-student-loan-borrowers-retreat-from-housing-and-auto-markets.html#VqJgBporIdV>

¹⁹See Brent W. Ambrose et al., 2015. "The Impact of Student Loan Debt on Small Business Formation." *Social Science Research Network*. Available online: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2417676

²⁰See Phyllis Korkki, 2014. "The Ripple Effects of Rising Student Debt". Available online: http://www.nytimes.com/2014/05/25/business/the-ripple-effects-of-rising-student-debt.html?_r=1

²¹See Brad Cooper, 2015. "Gov. Sam Brownback Is Cutting Aid to Kansas Schools by \$44.5 Million". Available online: <http://www.kansascity.com/news/politics-government/article9376751.html>

²²See Kansas Board of Regents, 2016. "Additional Budget Cuts in Kansas Impact Higher Education". Available online: <http://www.kansasregents.org/about/news-releases/2016-news-releases/631-additional-funding-cuts-in-kansas-impact-higher-education>

²³See Sara Shepherd, 2016. "Kansas Regents OK University Tuition Proposals, Including 5% Increase at KU". Available online: <http://www.2ljworld.com/news/2016/jun/15/kansas-regents-ok-university-tuition-increases/>