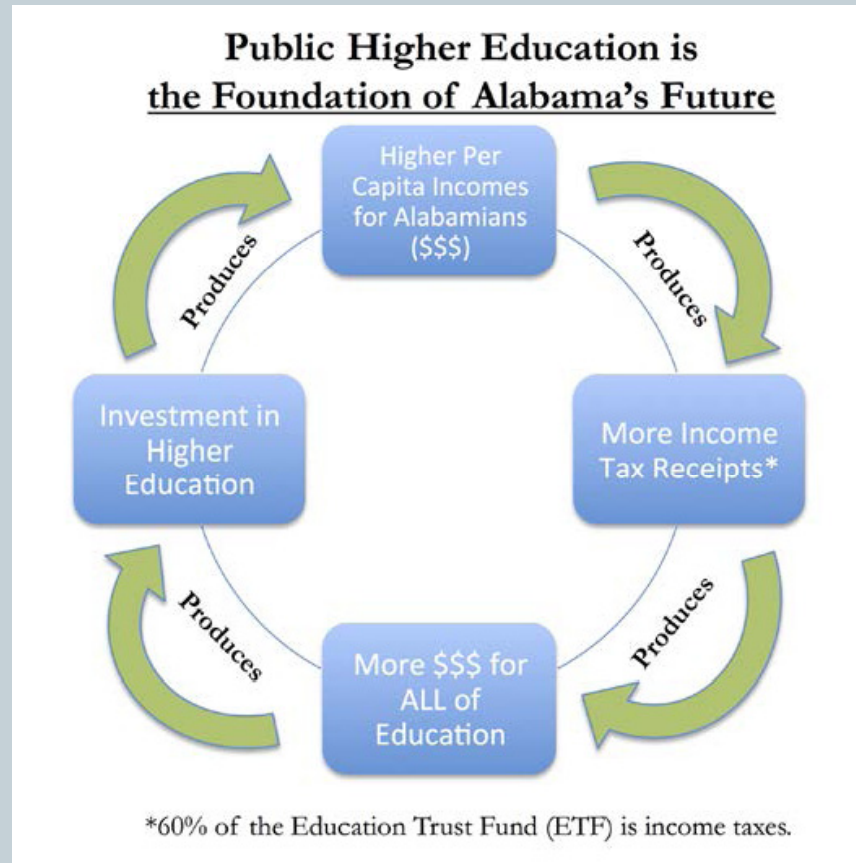




CASE for HIGHER EDUCATION

Case for Higher Education

- **PUBLIC UNIVERSITY FUNDING – PREVIEW!**
 - **As income and economic impact increase so does revenue for ALL of education (PreK to PhD).**
 - **Income and economic development will grow as more people attain university degrees.**
 - **More state funding increases degree attainment and this positively impacts quality of life!**



Case for Higher Education



PUBLIC UNIVERSITY FUNDING – CONCLUSIONS: and RESULTS: By improving university funding, educational attainment will be positively impacted: Quality of life, Job growth, Income increases and Revenue in the Education Trust Fund. See the following Results that are attributable to university funding:

Result #1 : PUBLIC UNIVERSITY FUNDING – SOLUTIONS FOR OTHER PROBLEMS: Recognize that 60 percent of the Education Trust Fund revenue comes from income tax. As university funding increases, income will grow and all of the public education entities will benefit.

Result #2: PUBLIC UNIVERSITY INVESTMENT and STATEWIDE ECONOMIC IMPACT: Public Universities have a total economic impact of more than \$20 billion across the State of Alabama. The state receives economic return of more than a 12.5 to 1 ratio.

Result #3: PUBLIC UNIVERSITY INVESTMENT and STATEWIDE PER CAPITA INCOME: An increase of \$1000 in public higher education funding will increase per capita income by \$1.78 across Alabama. The total per capita income gain for the state is approximately \$8.7 million for every \$1000 invested in public higher education

Result #4: PUBLIC UNIVERSITY INVESTMENT and LOCAL EMPLOYMENT: The universities are among Alabama's largest economic contributors and have a tremendously positive impact on jobs. In the 12 counties where the universities are located, there are 1,115,000 people in the workforce.

Result #5: PUBLIC UNIVERSITY INVESTMENT and LOCAL PER CAPITA INCOME: The larger the funding for the universities, the greater the multiplier impact on the local economy. If the State of Alabama would invest an additional \$1 million in public universities it would produce an additional \$1.985 billion in per capita income in the twelve counties where the institutions are located.

Case for Higher Education



PUBLIC UNIVERSITY FUNDING – CONCLUSIONS and RESULTS (CONTINUED):

Result #6 and 7: PUBLIC UNIVERSITY INVESTMENT and STUDENT IMPACT: (A) **Public university students have a dramatic impact on the state's economy. This graduating class of high school students who are going to college are going to create about \$400 million a year investment in the economy.** (B) **Public universities house over 180,000 students on their campuses providing a local economic boost, research and development workforce and a service learning impact in all 67 counties!**

Result #8 and 9: PUBLIC UNIVERSITY INVESTMENT and GRADUATE EDUCATION IMPACT: (A) **Public university graduate programs have a dramatic impact on the state's economy. Graduate students show the need for university funding. The survey of graduate degreed alumni from universities in Alabama underscores a very significant point; namely 80 percent of graduate degree alumni remain in Alabama following the receipt of their degree.** (B) **Among Alabama's growing technology and service sectors, there is a strong demand for employees with university experience and graduate degrees. This is particularly true for the fields of information technology, business administration, engineering, and accounting**

PUBLIC UNIVERSITY FUNDING – IN SUMMARY: **Therefore, as income and economic impact increase so does revenue for ALL of education (PreK to PhD). Income and economic development will grow as more people attain university degrees. More state funding increases degree attainment and this positively impacts quality of life!**

Case for Higher Education



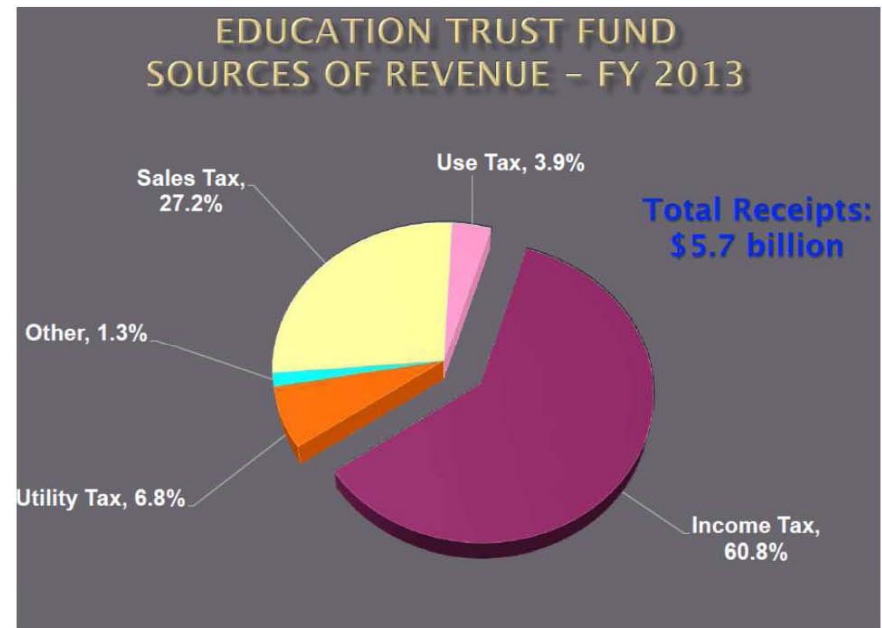
- PUBLIC UNIVERSITY FUNDING - CONCLUSIONS:
 - By improving university funding, educational attainment will be positively impacted. Quality of life improvements will be visible. Job growth will continue to improve!!!! Income increases will improve quality of life and drive up the available revenue in the Education Trust Fund. All will benefit.
 - Closer looks at the university investment show the impact of a funding increase as it relates to students, graduate education, per capita income (statewide and local), business recruitment, service learning, and other key factors.

Case for Higher Education

Result #1: PUBLIC UNIVERSITY FUNDING – SOLUTIONS FOR OTHER PROBLEMS:

Recognize that 60 percent of the Education Trust Fund revenue comes from income tax. As university funding increases, income will grow and all of the public education entities will benefit.

- If Alabama will grow the strong economic engines that are the public universities, the state will have the funds to solve problems in many other areas!



Case for Higher Education



Result #2: PUBLIC UNIVERSITY INVESTMENT and STATEWIDE ECONOMIC IMPACT: Public Universities have a total economic impact of more than \$20 billion across the State of Alabama. The state receives economic return of more than a 12.5 to 1 ratio!

- ✦ Over the past 6 years, each of the 14 public universities has compiled an economic impact study. From regional institutions to Historically Black Colleges and Universities to doctoral granting institutions, the state has different models. However, one thing the reports clearly indicate is that **all of the institutions produce great returns on the state's investment.**
- ✦ Consider that the state's total Education Trust Fund Budget is 5.9 billion and that the universities receive around 27 percent of that number, the universities are producing over \$20 billion in economic return for an investment of around \$1.6 billion. **This means that for every \$1 dollar invested the state receives \$12.5 dollars in economic impact.**

Case for Higher Education



Result #3: PUBLIC UNIVERSITY INVESTMENT and STATEWIDE PER CAPITA INCOME: An investment in the operational funding of the state's public universities has a tremendous return for the citizens.

- The multiplier impact for public universities makes them one of Alabama's largest economic producers. As "Stable Operating Revenue" increases , it has a direct impact on the economy.
 - ✦ **An increase of \$1000 in public higher education funding will increase per capita income by \$1.78 across Alabama.**
 - ✦ **The total per capita income gain for the state is approximately \$8.7 million for every \$1000 invested in public higher education**

Case for Higher Education



Result #4: PUBLIC UNIVERSITY INVESTMENT and LOCAL EMPLOYMENT : Public universities have a dramatic impact on the state's workforce and should be funded accordingly. The universities are among Alabama's largest economic contributors and have a tremendously positive impact on jobs.

- **In the 12 counties where the universities are located, there are 1,115,000 people in the workforce.** These jobs are both directly related to the universities and indirectly connected. However, one thing is undeniable. Without the significant role that the university plays in these counties, the local economy would be devastated and the job market would shrink dramatically. (1,115,000 - provided by the Bureau of Labor Statistics).

Case for Higher Education



Result #5: PUBLIC UNIVERSITY INVESTMENT and LOCAL PER CAPITA INCOME: **The larger the funding for the universities, the greater the multiplier impact on the local economy.**

- ✦ If the State of Alabama would invest an additional \$1 million in public universities it would produce an additional **\$1.985 billion in per capita income in the twelve counties where the institutions are located. Consider what that would be when multiplied over the remaining 55 counties, it is enormous!!!**
- (Key Factors in above calculation - Utilize the findings of the Center for Higher Education Policy showing that an added \$1000 investment in higher education returns \$1.78 in per capita income to the State of Alabama and multiply by the total employment number in the 12 counties where the universities are located (1,115,000 - provided by the Bureau of Labor Statistics)).

Case for Higher Education



Result #6: PUBLIC UNIVERSITY INVESTMENT and STUDENT IMPACT: Public university students have a dramatic impact on the state's economy. More funding for students is needed.

- ✦ “The employment rate (for university graduates) will be 95% (positively impacting the unemployment rate.) They will then make at least \$10,000 more than someone with an associates degree - the average pay will be \$43,000 - so you can do the calculation. The contribution (from the students graduating from high school this year that are going to Alabama universities would be close to \$200 million to the economy. The impact to the GPP would be about \$200 million. **Then the total of the impact would be \$400 million. Meaning that this graduating class of high school students who are going to college are going to create about \$400 million a year investment in the economy.** Think about it. A \$400 million investment.” Kevan Deravi (AUM economist)

Case for Higher Education



Result #7: PUBLIC UNIVERSITY INVESTMENT and STUDENT IMPACT: **Public university students** offer a tremendous **service to the residents of Alabama.** **More funding for students is needed.**

- ✦ Public universities house over 180,000 students on their campuses.
- ✦ The student population provides a great **local economic boost** to the 12 counties where the institutions are located.
- ✦ Students also provide the skill and knowledge that is utilized in **research and development.**
- ✦ Students also provide a **service learning impact** with the thousands of hours of volunteer work that is contributed back to the state. All 67 counties in Alabama have benefited in the past year alone from a service learning initiative through one of the state's public universities.

Case for Higher Education



Result #8: PUBLIC UNIVERSITY INVESTMENT and GRADUATE EDUCATION IMPACT: Public university graduate programs have a dramatic impact on the state's economy. Graduate students show the need for university funding.

- ✦ The survey of graduate degreed alumni from universities in Alabama underscores a very significant point; namely 80 percent of graduate degree alumni remain in Alabama following the receipt of their degree. The rate of attrition to other states is low, and the long-term economic benefit to Alabama more than reimburses the State for its investment in graduate programs. Graduate alumni, however, are not complacent about the level of support or funding provided by the State. They overwhelmingly endorse the need to increase funding. (ACGD Report of Graduate Education)

Case for Higher Education



Result #9: PUBLIC UNIVERSITY INVESTMENT and GRADUATE EDUCATION IMPACT: Public universities and their graduate programs have a dramatic impact on the state's recruitment of business. Graduate students show the need for university funding.

- ✦ “Among Alabama’s growing technology and service sectors, there is a strong demand for employees with university experience and graduate degrees. This is particularly true for the fields of information technology, business administration, engineering, and accounting. These businesses, while not dissatisfied with the level of cooperation with the university-based higher education and graduate programs in Alabama, perceive that more can be done and strongly emphasize the need for increased support for graduate programs in the State.”
(ACGD Report of Graduate Education)

Case for Higher Education



- PUBLIC UNIVERSITY FUNDING – QUESTIONS to be ANSWERED:
 - **The university community often requests additional support from the Education Trust Fund for its difference making and life-changing work. The reasons for the questions that are often posed are found in the following:**
 - Closer looks at the university investment show the impact of a funding decreases and increases as it relates to costs, attainment of degrees, per capita income and the overall growth of the Education Trust Fund.

Case for Higher Education



Question #1: Why is higher education important when it comes to economic and social health of Alabama?

- The educational status of the United States is undergoing a change. The US now ranks 4th among the world's nations in the **percent of adults with associate degrees or higher**. For many years, the United States was at the top of the chart. Now, the US follows Canada, Israel and Japan.
- Between 2012 and 2022, the southern **region's population is expected to grow** by more than 13 million people and have more than 38 percent of the United States population. The goal should be to have a well educated populous.
- The **economic and social health** of the southern region of the United States **depends on the ability of higher education to provide advantages to this growing population when it comes to science, math, engineering, health care, and other critical factors that lead higher levels of income.**

Case for Higher Education

Question #2: Why is the **percentage of degree holders** important to Alabama?

- State budget declines are a disincentive to completion of degrees at Alabama's public universities. As degrees go up so does the likelihood that citizens can address quality of life concerns and , at the same time, stimulate the economy. A growing economy can be seen by measuring per capita income.
- Currently Alabama only has 22 percent of its working population with a four-year degree. The national average is 28 percent.**
- Fewer degree holders mean lower per capita income in the state. The lower number of university degrees is a sign that the state is not competing for the best available jobs.**

Information taken from the SREB Fact Book - 2013. Case for Higher Education is presented by the Higher Education Partnership www.higheredpartners.org - 334.832.9911

Table 2
Education Attainment of the Adult Population¹

	Percent With High School Diplomas or GED Credentials			Percent With Bachelor's Degrees or Higher		
	1990	2000	2011 ²	1990	2000	2011 ²
50 states and D.C.	75.2	80.4	85.6	20.3	24.4	28.2
SREB states as a percent of U.S.	71.3	77.7	83.8	18.7	22.5	25.9
Alabama	68.9	75.3	82.3	15.7	19.0	22.1
Arkansas	66.3	75.3	83.0	13.3	18.7	19.5
Delaware	77.5	82.6	87.2	21.4	25.1	28.4
Florida	74.4	79.9	85.7	18.3	22.3	25.7
Georgia	70.9	78.9	84.3	19.3	24.3	27.4
Kentucky	64.5	74.1	82.2	13.6	17.1	20.9
Louisiana	68.3	74.8	82.1	16.1	18.7	21.4
Maryland	78.4	83.8	88.3	26.5	31.5	36.2
Mississippi	64.3	72.9	80.8	14.7	18.6	19.8
North Carolina	70.0	78.1	84.5	17.4	22.5	26.8
Oklahoma	74.6	80.0	86.1	17.8	20.3	23.1
South Carolina	69.3	76.9	83.9	16.6	20.4	24.3
Tennessee	67.1	75.9	83.6	16.0	19.8	23.2
Texas	72.1	79.7	86.6	20.3	23.2	26.0
Virginia	75.2	81.5	87.0	24.5	29.5	34.5
West Virginia	66.0	75.2	83.4	12.3	14.8	17.9
West as a percent of U.S.	73.7	79.9	84.4	22.7	26.2	29.8
Alaska	86.0	99.3	99.6	111.8	107.5	104.7
Alaska	88.6	88.3	91.5	23.0	24.7	27.3
Arizona	78.7	81.0	85.4	20.3	23.5	26.3
California	78.2	78.9	80.6	23.4	28.6	30.1
Colorado	84.4	86.5	89.8	27.0	32.7	36.4
Hawaii	80.1	84.6	90.3	22.9	28.2	29.4
Idaho	79.7	84.7	88.6	17.7	21.7	24.6
Montana	81.0	87.2	91.8	19.8	24.4	28.3
Nebraska	78.6	80.7	84.3	15.3	18.2	22.1
New Mexico	75.1	78.9	83.2	20.4	23.5	25.4
Oregon	81.5	85.1	89.0	20.6	25.1	29.1
Utah	85.1	87.7	90.4	22.3	28.1	29.4
Washington	83.6	87.1	89.9	22.9	27.7	31.3
Wyoming	83.0	87.9	92.2	18.9	21.9	24.3
Midwest as a percent of U.S.	77.1	83.6	88.6	18.4	22.9	26.9
Illinois	102.5	103.9	103.4	90.6	93.9	95.4
Illinois	78.2	81.4	86.9	21.0	26.1	30.9
Indiana	75.8	82.1	87.0	15.6	19.4	22.8
Iowa	80.1	86.1	90.9	16.9	21.2	25.3
Kansas	81.3	86.0	89.5	21.1	25.8	29.8
Michigan	76.8	83.4	88.7	17.4	21.8	26.3
Minnesota	82.4	88.0	91.7	21.8	27.4	31.9
Missouri	73.8	81.3	87.2	17.8	21.6	25.7
Nebraska	81.9	86.8	90.5	18.9	23.7	28.2
North Dakota	78.7	83.8	90.3	18.1	22.0	26.8
Ohio	75.7	83.0	88.1	17.0	21.1	24.8
South Dakota	77.1	84.6	90.0	17.2	21.5	26.0
Wisconsin	78.6	85.1	90.1	17.2	22.4	26.2
Northeast as a percent of U.S.	76.2	81.6	87.3	22.8	27.5	32.5
Connecticut	79.2	84.0	88.8	27.2	31.4	35.8
Maine	78.9	85.4	90.7	19.8	22.8	27.7
Massachusetts	80.0	84.8	89.1	27.2	33.2	38.6
New Hampshire	82.2	87.4	91.9	24.4	28.7	32.9
New Jersey	78.7	82.1	87.3	24.9	29.8	35.2
New York	74.7	79.1	84.8	23.1	27.4	32.6
Pennsylvania	74.7	81.9	86.4	17.9	22.4	26.9
Rhode Island	72.0	78.9	84.6	21.3	25.8	30.6
Vermont	80.8	84.4	89.3	24.3	29.5	34.0
District of Columbia	73.1	77.8	87.3	33.3	39.1	50.7

¹ Population ages 25 and older.

² The 2011 figures are based on the 2009-2011 surveys.

Sources: U.S. Census Bureau: "A Half-Century of Learning: Historical Statistics on Educational Attainment in the United States, 1940 to 2000" (2009) and "2009-2011 American Community Survey 3-Year Estimates: Sex by Educational Attainment for the Population 25 Years and Over" (2013) — (www.census.gov).

Case for Higher Education

Question #3: How is public higher education related to per capita income?

- **The greater the educational attainment of a person, the greater the lifetime-earnings.** Also, as income increases, the state will collect more revenue for the Education Trust Fund.
- As education level increases so does per capita income. Compare the following:
 - Bachelor's Degree compared to a high school diploma is 2.1 to 1.2 million in lifetime earnings.
 - Master's Degree compared to a high school diploma is 2.4 to 1.2 million in lifetime earnings.
 - Professional Degree to a high school diploma is 4.4 to 1.2 million in lifetime earnings. Universities produce medical professionals, educators, engineers, political leaders and solution-oriented thinkers!

Table 1.
Synthetic Estimates of Work-Life Earnings by Educational Attainment, Work Experience, and Age, Based on 1997-1999 Work Experience

(Numbers in 1999 dollars)

Work experience and age	Not high school graduate	High school graduate	Some college	Associate's degree	Bachelor's degree	Master's degree	Professional degree	Doctoral degree
ALL WORKERS								
Work-life estimate	766,951	1,037,759	1,267,803	1,331,201	1,838,432	2,127,947	4,015,613	3,105,793
90-percent confidence interval (\pm) ¹ ..	18,998	11,594	22,553	36,334	29,007	52,134	218,750	161,514
Average earnings								
Total	18,894	25,909	31,192	33,020	45,394	54,537	99,253	81,430
25 to 29 years	15,346	20,975	22,871	25,403	33,031	37,211	42,662	47,457
30 to 34 years	17,238	24,282	28,164	29,642	41,417	47,080	65,355	61,159
35 to 39 years	18,311	25,633	30,747	32,347	46,532	58,179	104,366	79,221
40 to 44 years	19,426	27,696	33,663	36,143	49,724	55,577	102,191	82,947
45 to 49 years	19,230	27,936	34,457	35,784	50,322	59,379	109,435	87,146
50 to 54 years	21,514	27,942	36,725	37,671	54,419	58,897	98,787	88,590
55 to 59 years	21,716	27,643	35,838	37,827	50,981	58,848	127,745	89,769
60 to 64 years	20,610	25,446	31,096	31,423	41,259	50,423	152,581	84,870
FULL-TIME, YEAR-ROUND WORKERS								
Work-life estimate	950,097	1,226,575	1,494,989	1,563,702	2,140,864	2,463,059	4,411,542	3,440,001
90-percent confidence interval (\pm) ¹ ..	25,797	14,583	29,240	46,903	35,559	69,948	249,680	198,575
Average earnings								
Total	23,420	30,436	36,758	38,216	52,231	62,295	109,551	89,433
25 to 29 years	19,280	24,977	28,186	29,349	38,118	43,614	49,162	60,023
30 to 34 years	21,599	28,754	33,068	33,977	47,356	53,240	73,775	65,339
35 to 39 years	22,480	29,998	36,616	37,631	53,519	66,606	114,998	82,763
40 to 44 years	23,800	31,968	38,970	42,147	56,226	62,361	110,316	89,948
45 to 49 years	23,259	32,043	39,134	40,032	57,281	66,971	116,835	93,800
50 to 54 years	25,780	32,223	41,564	42,913	61,324	64,605	107,726	99,821
55 to 59 years	26,918	32,781	42,380	44,083	60,437	67,622	137,035	96,873
60 to 64 years	26,904	32,570	39,080	42,609	53,911	67,592	172,461	99,434

¹ This figure added to or subtracted from the estimate provides the 90-percent confidence interval.

Note: Average earnings based on means.

Source: U.S. Census Bureau, Current Population Surveys, March 1998, 1999, and 2000.

Case for Higher Education

- **PUBLIC UNIVERSITY FUNDING – BENEFITS IN SUMMARY!**
 - **Therefore, as income and economic impact increase so does revenue for ALL of education (PreK to PhD).**
 - **Income and economic development will grow as more people attain university degrees.**
 - **More state funding increases degree attainment and this positively impacts quality of life!**

