

Moving Local Economies Forward by Maximizing the role of Higher Education in the Process

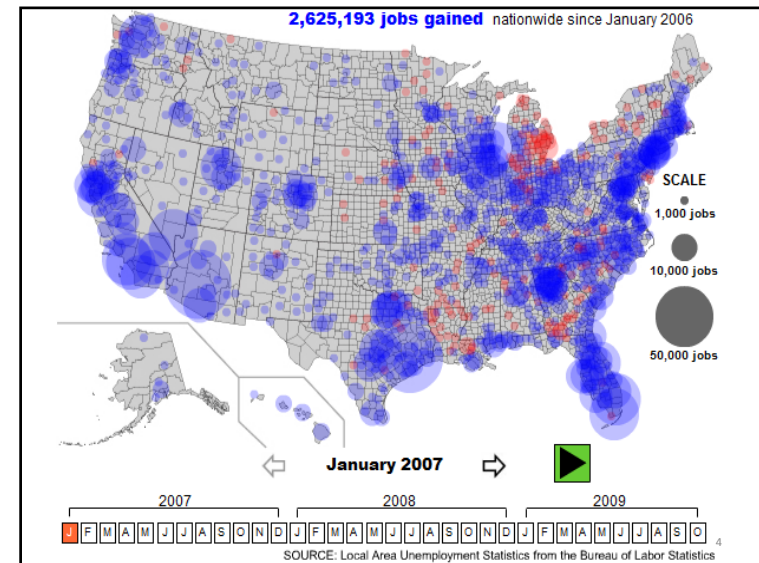
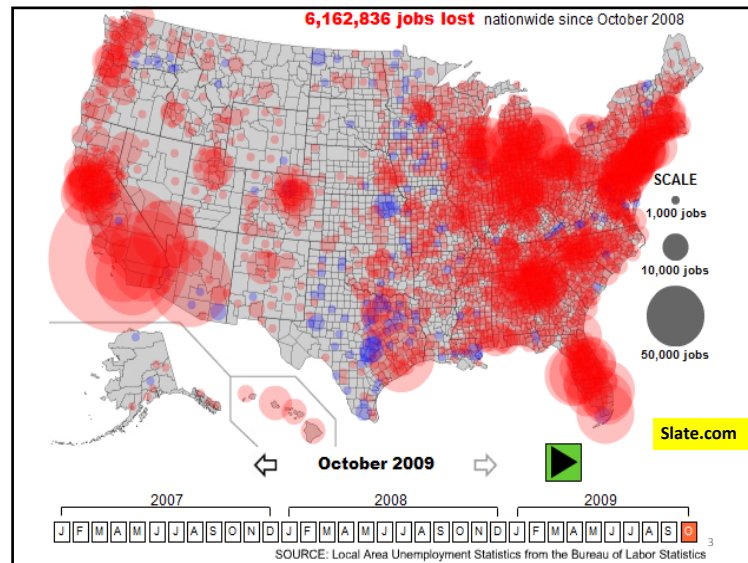


Jim Purcell, Commissioner
LOUISIANA BOARD OF REGENTS

Things We Can All Agree On

- 1) Economic growth is good
- 2) To acquire economic growth we need to generate more revenue
- 3) A real increase in revenue comes from increased output

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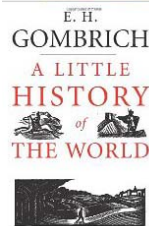


A Little History of the World

E. H. Gombrich

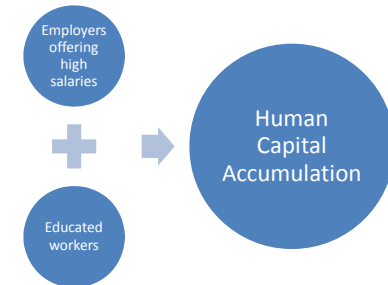
- Anyone who owned a mechanical loom could, with the help of one or two assistants – perhaps his wife and children – do more work than a hundred trained weavers.
- So whatever became of all the weavers in a town into which a mechanical loom was introduced? . . . they woke up one day to discover that they weren't needed any more. **Everything it had taken them years to learn, first as apprentices and then as journeymen, was useless.**

Compression of wages
Restructuring of the economy
Those that adapt flourish
Those that could not . . .



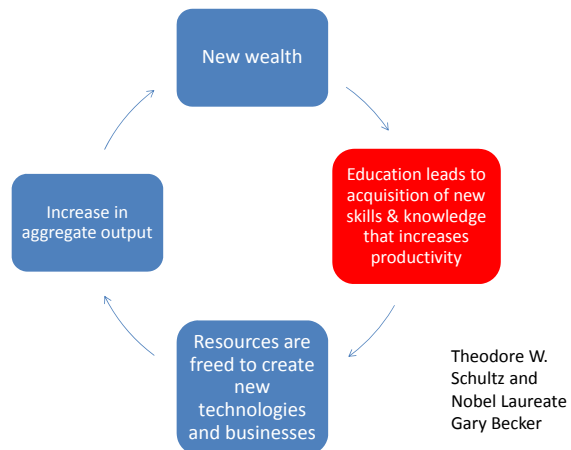
The Concept of Human Capital

- Introduced by Nobel Laureate Theodore W. Schultz and Nobel Laureate Gary Becker:
- **Employers pay higher salaries to educated workers because educated workers bring a higher return**
- **Individuals acquire skills and knowledge to increase their value to employers**



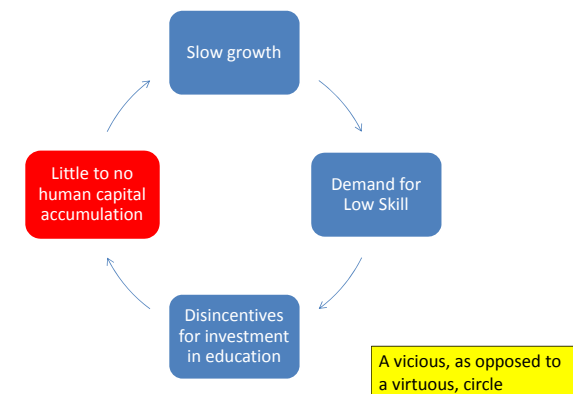
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The Virtuous Circle of Economic Growth Through Human Capital Accumulation



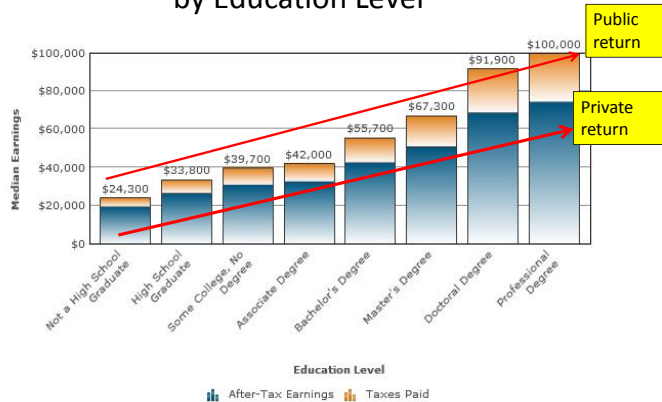
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Louisiana is Caught in a Low Wage/Low Skill Equilibrium



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Median Earnings and Tax Payments of Full-Time Year-Round Workers Aged 25 and Older, by Education Level



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La. given 'F' in skilled workers *Advocate business writer*

- The number and quality of skilled workers in Louisiana is dismal, according to a recent report evaluating the state's manufacturing abilities.
- The 2011 Manufacturing and Logistics National Report by the Center for Business and Economic Research at Ball State University in Indiana gave Louisiana a **failing grade in the important area of "human capital."**
- All 50 states were included in the study.

2013 Study:

COLLEGE FUNDING IN CONTEXT: UNDERSTANDING THE DIFFERENCE IN HIGHER EDUCATION APPROPRIATIONS ACROSS THE STATES

P14

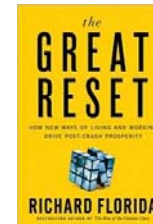
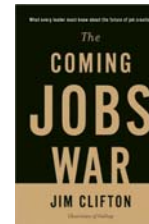
... Louisiana has provided lower than expected levels of support for higher education in the past two decades.

Louisiana has struggled to develop a culture to support higher education as a human capital investment. . . the lack of investment in education is associated with an array of social and economic problems which divert resources and inhibit additional funding for higher education in Louisiana. Collectively, these factors create a perpetual cycle that has thwarted the kind of sustained investment that would propel Louisiana into the realm of adequate funding for higher education.

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Looking at Louisiana through the lens of what futurists say is needed for economic growth:

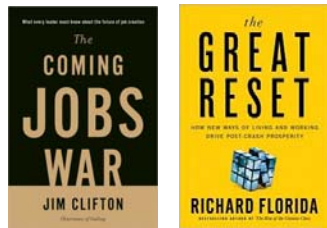
- **Density of educated/skilled workers**
- **Access to good schools, colleges, universities, hospitals**
- **Local leadership**



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Looking at Louisiana through the lens of what futurists say is needed for economic growth:

- **Local/Regional economic development strategies rather than state-wide strategies**
- **Understanding that the economy is returning to models based upon powerful city-states**
 - Sparta and Athens



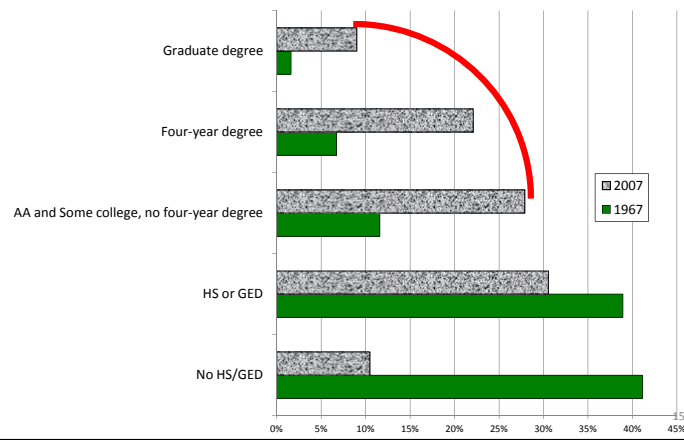
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Context for Change

- Rose (2012) found that jobs connected to export industries (such as agriculture, natural resources and manufacturing) changed drastically over the last generation. In 1967, nearly **80%** of export industries employed persons with a high school diploma or less. Whereas, a generation later (2007), nearly **60%** of the employees in the export industries are persons credentialed with an associate degree or higher.



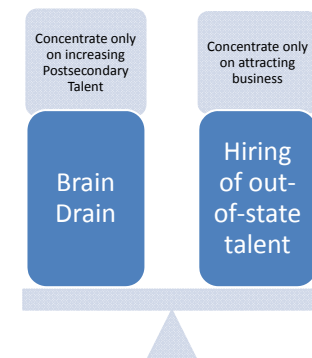
Increased Demand for Higher Education Attainment in Export Industries, 1967-2007



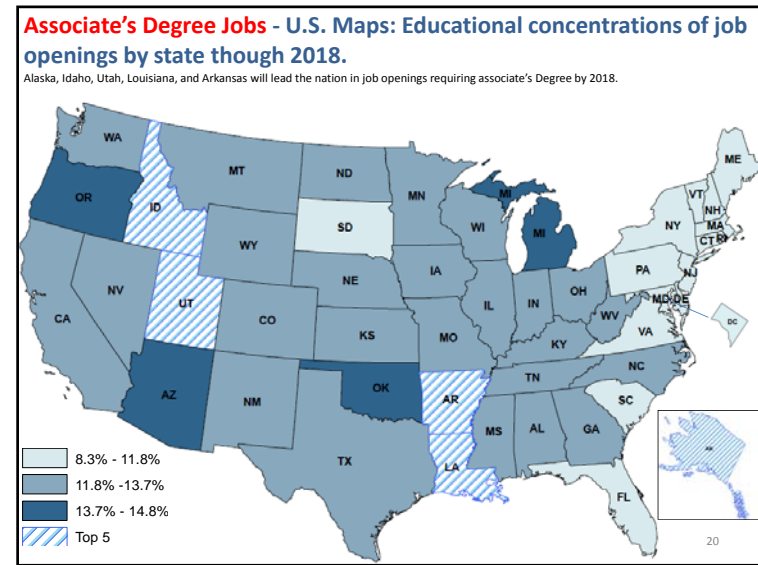
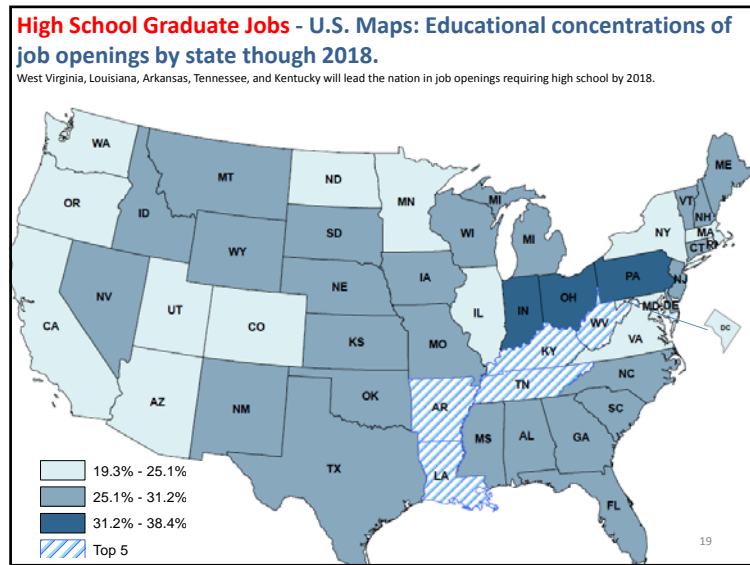
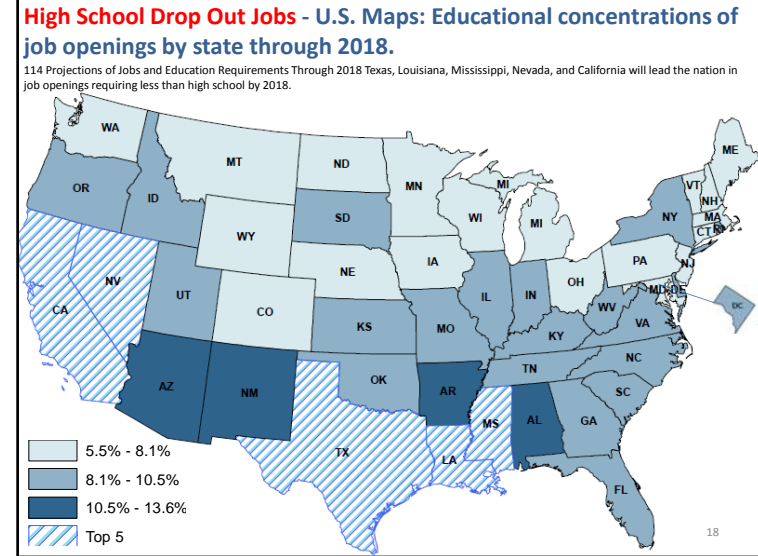
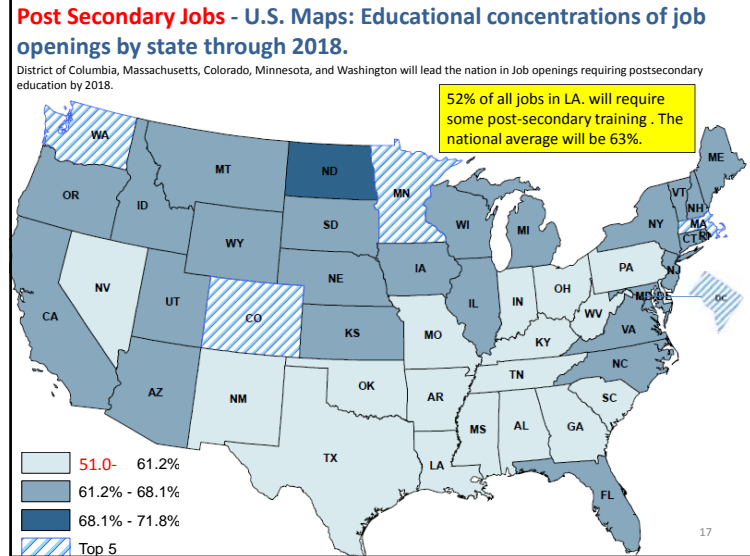
Breaking out of the Low-Wage/Low-Skill Equilibrium

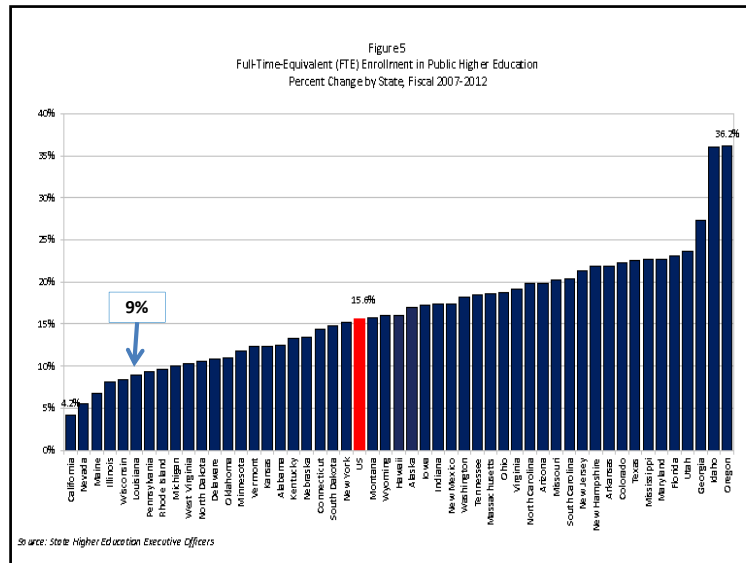
- “States can escape the quandary by producing more postsecondary talent and by modernizing existing industries and attracting new ones.”

—Anthony P. Carnevale, Georgetown University
Center on Education and the Workforce

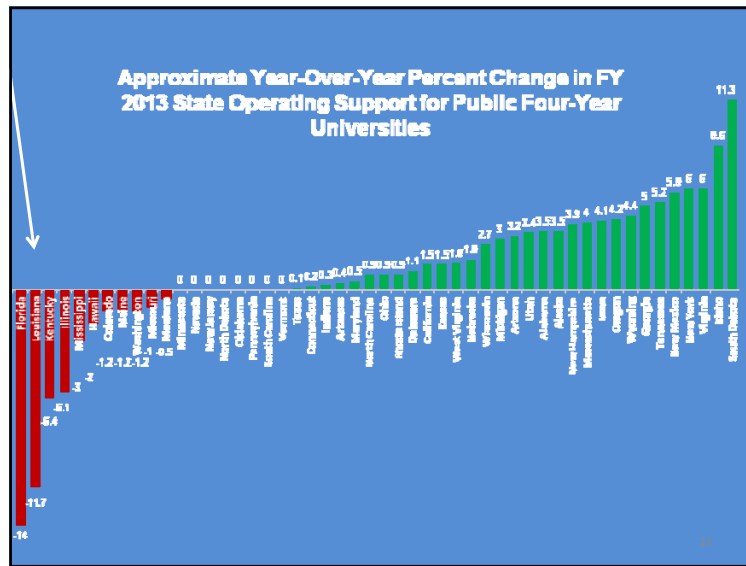
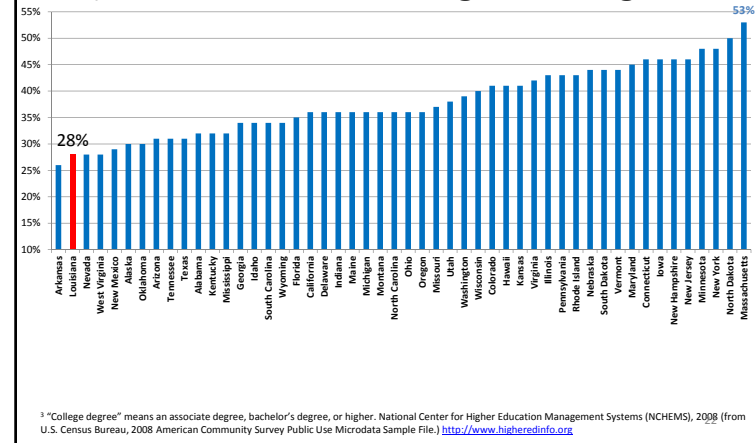


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Current percentage of **young** adults (25-34) with an associate degree or higher³

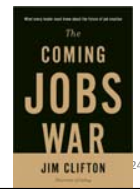
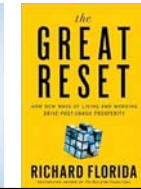
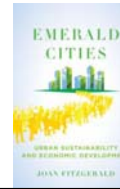


Time and Place

Those individuals, families, cities, states and – increasingly—countries with the **most education** are prospering, while those with the **least higher education** are experiencing relative and often absolute **economic decline**.

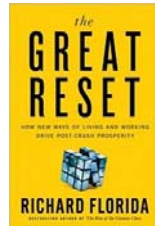
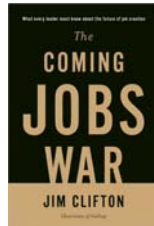
--Postsecondary Education OPPORTUNITY, June 2005.

For people and communities to thrive in the new economy they will need to have access to a good college and good health care.



Looking at Louisiana through the lens of what futurists say
is needed for economic growth:

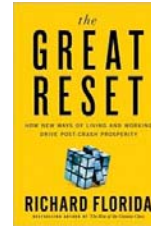
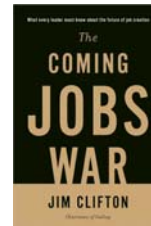
- Density of educated/skilled workers
- Access to good schools, colleges, universities, hospitals
- Local leadership



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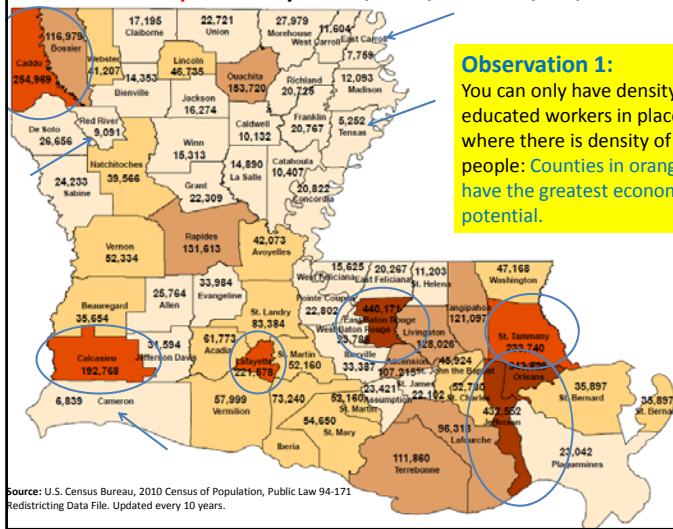
Looking at Louisiana through the lens of what futurists say
is needed for economic growth:

- Regional economic development strategies rather than state-wide strategies
- Return to city-states
– Sparta and Athens
- Work ready communities



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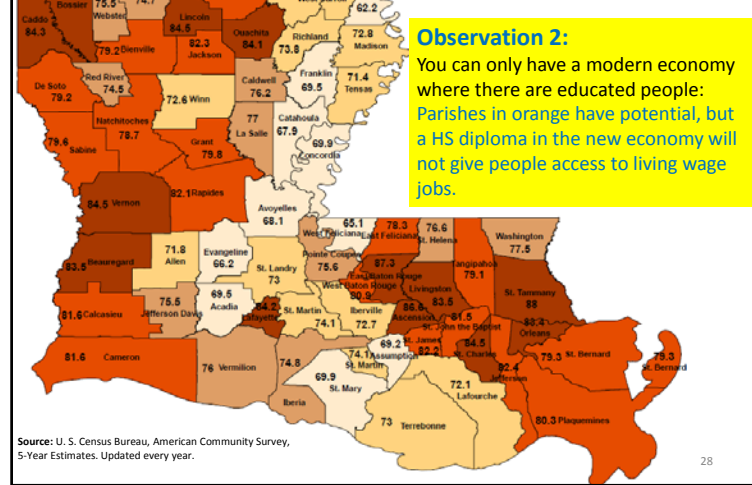
Louisiana Population by Parish, 2010, Total – 4,533,372



Source: U.S. Census Bureau, 2010 Census of Population, Public Law 94-171 Redistricting Data File. Updated every 10 years.

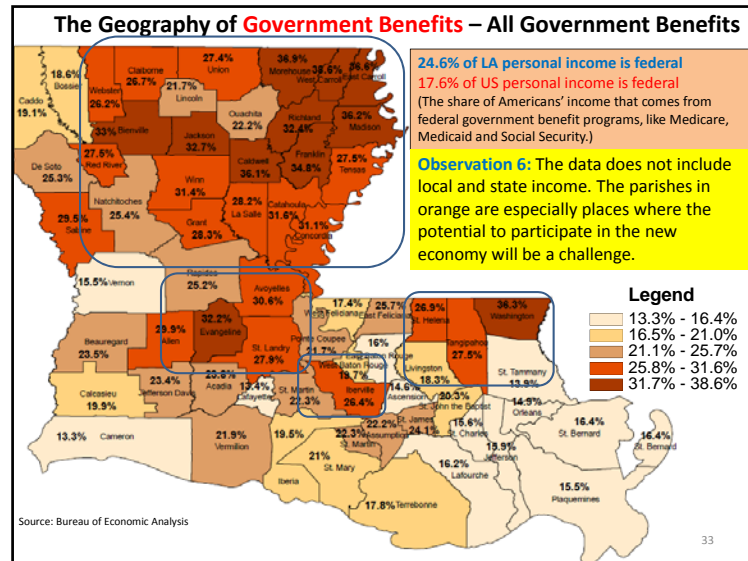
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Louisiana educational attainment - persons 25 years and over - percent high school graduate or higher, 2005-2009 by Parish
Louisiana Value: 81.0%



Source: U. S. Census Bureau, American Community Survey, 5-Year Estimates. Updated every year.

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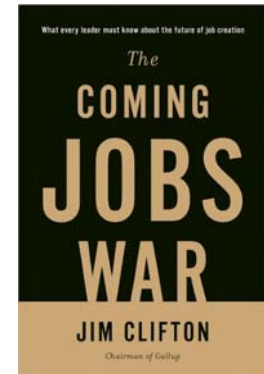


The coming world war is an all-out war for good jobs.

-- "A *good job* is a job with a paycheck from an employer and steady work that averages 30+ hours per week."

"The lack of good jobs will become the root cause of almost all world problems that American and other countries will attempt to deal with through humanitarian aid, military force, and politics."

-- "The lack of good jobs will become the cause of hunger, extremism, out-of-control migration patterns, reckless environmental trends, widening trade imbalances, and on and on."

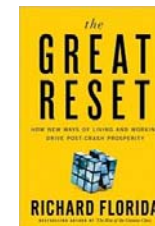


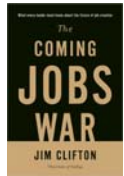
To Win the Jobs War...

- Recognize that the most important solutions are local.
- Have your whole city wage a war for jobs.
- Align efforts citywide.
- Don't allow your local constituencies to look to Washington *or Baton Rouge for solutions.*

Job Magnets

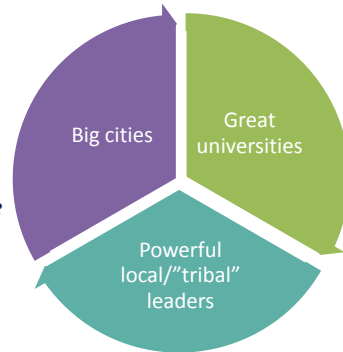
- Density of educated/skilled workers
- Access to good schools, colleges, universities, hospitals
- Local leadership





A Grassroots Effort....

"If you were to ask me, 'From all the data you have studied so far, where will the next breakthrough...come from?' my answer would be: *From the combination of the forces within big cities, great universities, and powerful local leaders.*"

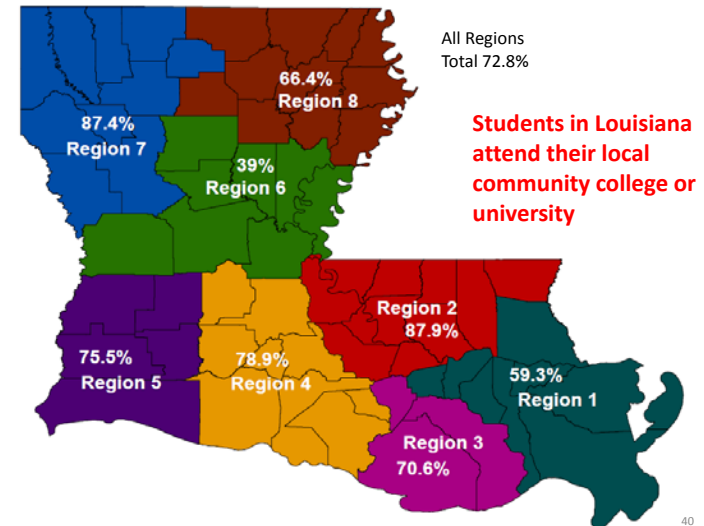


Community Leaders: 100 x 100 To Win the Jobs War...

- All prosperous cities have a self-organized, unelected group of talented people influencing and guiding them.—call them tribal leaders.
- **Local Tribal Leaders** – Tribal leaders are the opposite of “predatory elites,” people with the power to rob their cities and countries blind for their own benefit.

Local Imperative

- 81% of Louisianans were born in Louisiana
- The local population will be your workforce
- Student preparation for college/work is key
- Local support for local students is needed
- Getting adults with with some college to complete their degree can be a strong mechanism for building local communities
- Stewards of the community



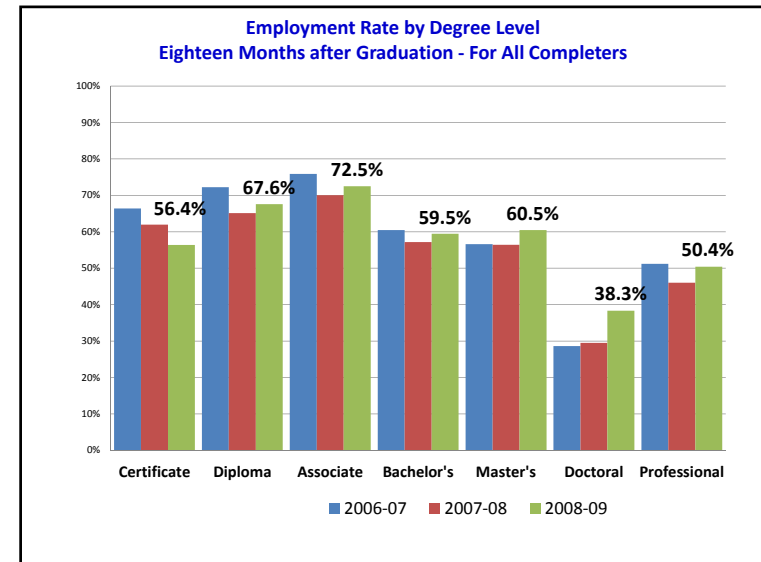
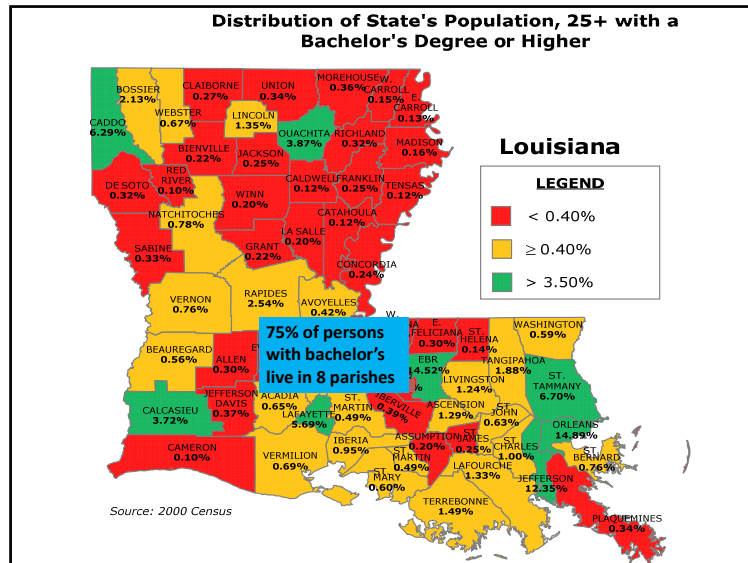


Figure 5
Employment Rate by Field of Study
Eighteen Months after Graduation - For 2008-09 Bachelor's Degree Completers

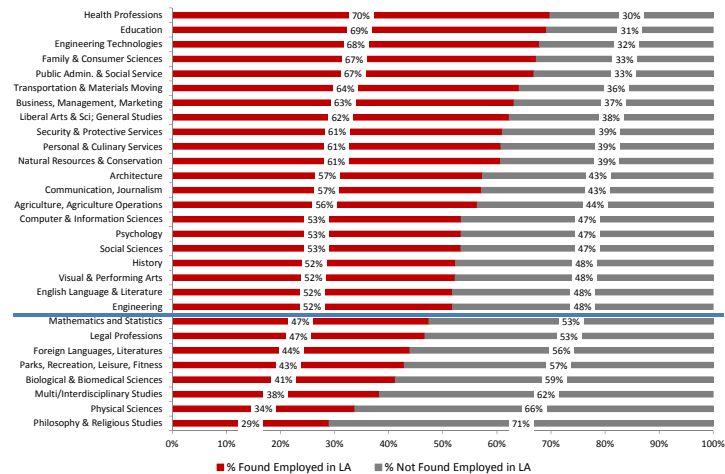


Figure 7
Employment Rate by Residency Status
Eighteen Months after Graduation - For All Completers
(Collective 2006-07, 2007-08, and 2008-09)

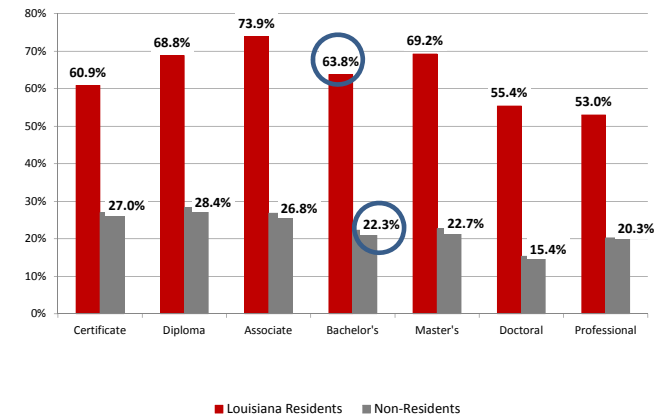


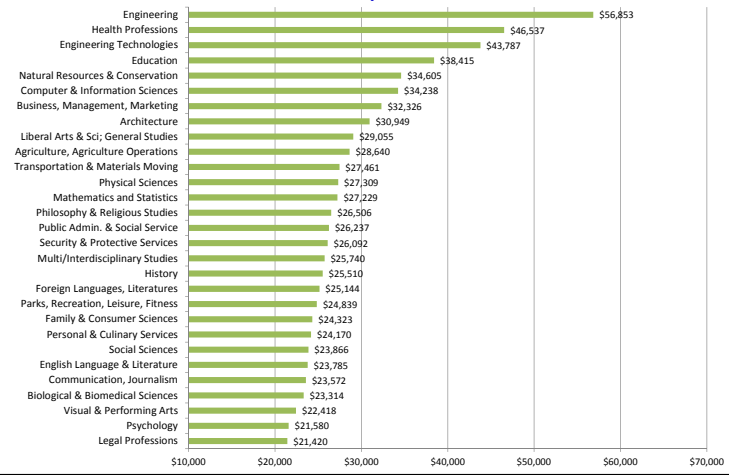
Table 5
Average Calculated Salary by Degree Level
For All Employed Completers

Max Degree Level	Eighteen Months after Graduation		
	2006-07	2007-08	2008-09
Certificate	\$23,000	\$24,778	\$23,622
Diploma	\$30,607	\$30,062	\$28,530
Associate	\$37,799	\$37,425	\$35,544
Bachelor	\$35,099	\$34,115	\$32,742
Master	\$48,737	\$49,644	\$48,016
Doctoral	\$59,863	\$60,655	\$61,023
Professional	\$65,368	\$67,315	\$66,786

As a result of the recession, compression of wages for new hires has occurred.

The trend in other states show that at five years in the workforce, bachelor's degree recipients will earn more, on average, than associates.

Average Calculated Salary by Field of Study
Eighteen Months after Graduation - For 2008-09 Bachelor's Degree Completers



**Average Calculated Salary by Field of Study
For 2008-09 Associate Degree Completers**

Field Of Study	Number of Completers	Wages Eighteen Months after Graduation
Agriculture, Agriculture Operations	2	--
Biological & Biomedical Sciences	2	--
Business, Management, Marketing	429	\$25,347
Communication, Journalism	12	\$20,305
Communications Technologies	26	\$17,928
Computer & Information Sciences	88	\$28,531
Education	53	\$25,993
Engineering Technologies	396	\$49,112
Family & Consumer Sciences	52	\$18,149
Foreign Languages, Literatures	6	--
Health Professions	957	\$46,784
Legal Professions	19	\$28,572
Liberal Arts & Sci; General Studies	555	\$23,584
Mechanic & Repair Technologies	20	\$36,430
Multi/Interdisciplinary Studies	22	\$19,352
Natural Resources & Conservation	4	--
Personal & Culinary Services	32	\$27,178
Physical Sciences	3	--
Security & Protective Services	161	\$30,031
Visual & Performing Arts	39	\$19,001

Seek Revenue Streams that are compatible with the mission and soul of the university

- Work to have all Academic departments produce the credit hours, research dollars and other revenue to be self-sustaining.
- Sequence courses so that students graduate within a two year for associate or four-year time for a bachelor's degree (or less). *
- Group courses in a block so that students can take required course in a steady sequence.
 - provides for interdisciplinary instructional opportunities and community building among students.
 - Maximizes space utilization and student time.
- Expand internships and co-op opportunities in the local community. **

Seek Revenue Streams that are compatible with the mission and soul of the university

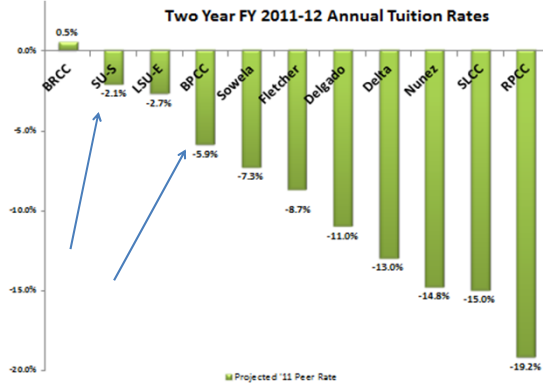
- If campus space is underutilized, look into leasing space to
 - Local entities such as non-profit groups which could also provide out-of-classroom experiences for students.
 - Create business incubators.
 - Lease to other educational groups that can support higher education efforts.
- Private sponsorships of the higher education experience.
 - Chairs and professorships are sponsored by private sources.
 - Whole academic divisions are sponsored by businesses.
 - Many businesses earn naming rights by giving funds for buildings, music classrooms, computer/technology labs.

**Moving Higher Education Forward
Legislation**

- **Funding Stability is essential**
 - A sustainable and appropriate revenue stream is needed
 - (Not 61% of the SREB Average)
- **How?**
 - Stabilize state funding for higher education
 - Move tuition approval to Systems within BOR defined ranges not to exceed the SREB Average
 - Allow tuition rates to be market driven
 - Allow differential tuition for high cost programs
 - Allow per credit hour tuition charges
- **All of these options need legislative support**

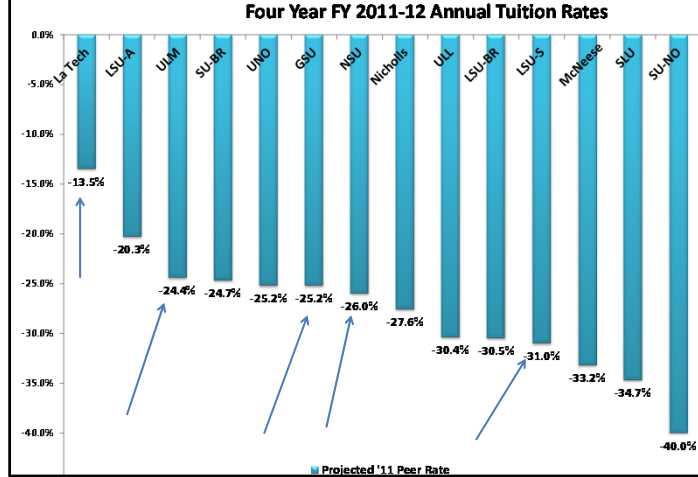


Variance from SREB Peers



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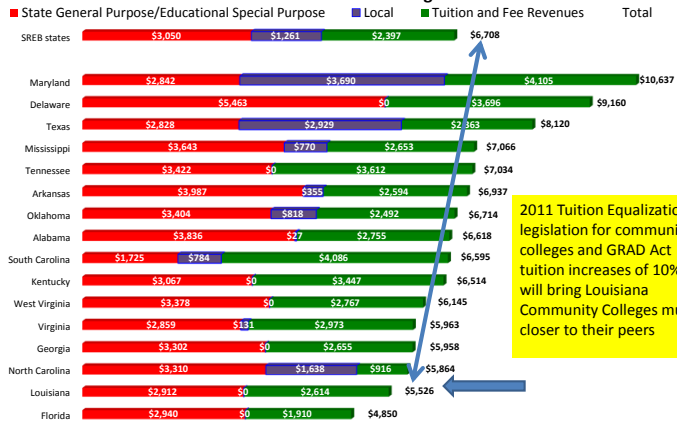
Variance from SREB Peers



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Louisiana has both low state support and low tuition

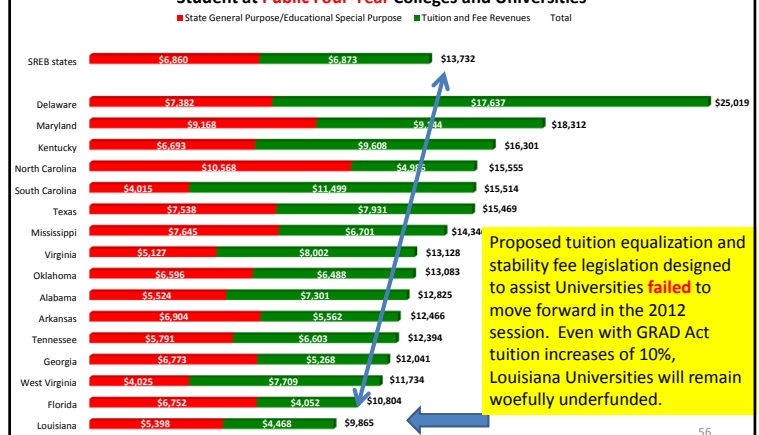
Funds for Educational and General Operations Per Full-Time-Equivalent Student at **Public Two-Year Colleges**



55

Louisiana has both low state support and low tuition

Funds for Educational and General Operations Per Full-Time-Equivalent Student at **Public Four-Year Colleges and Universities**



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Top 25 Cities for College Graduates



- compiled by *The Daily Beast* published by Newsweek.
1. Fayetteville, NC
 2. Omaha, Neb.
 3. Oklahoma City, OK
 4. Austin, TX
 5. Houston, TX
 6. Lexington, KY
 7. Durham, NC
 8. Dallas, TX
 9. Tulsa, OK
 10. Little Rock, AR
 11. Savannah, GA
 12. Washington D.C.
 13. Boston, MA
 14. Corpus Christi, TX
 15. Baton Rouge, LA
 16. New Orleans, LA
 17. Des Moines, Iowa
 18. Columbus, OH
 19. Stanford, Conn.
 20. Shreveport, LA
 21. Seattle, WA
 22. Albany, NY
 23. San Antonio, TX
 24. Kalamazoo, Michigan
 25. Honolulu, Hawaii

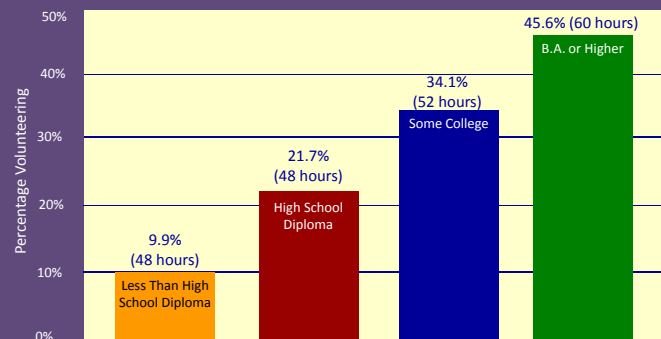
Review

- Economic growth is good, providing both private and public returns
- Human capital accumulation is the engine for economic growth
- Human capital accumulation occurs when high-skill labor demand meet a supply of educated workers
- To be successful requires us colleges and universities to:
 - support the workforce needs of our current economy and
 - broaden our academic and research efforts to create a robust economy
- Local and statewide leaderships is needed for this effort
- Louisiana lags in both high-skill jobs and educated workers
- Developing Louisiana's human capital is the most important need of our time and worthy of both state and local investment

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civic involvement

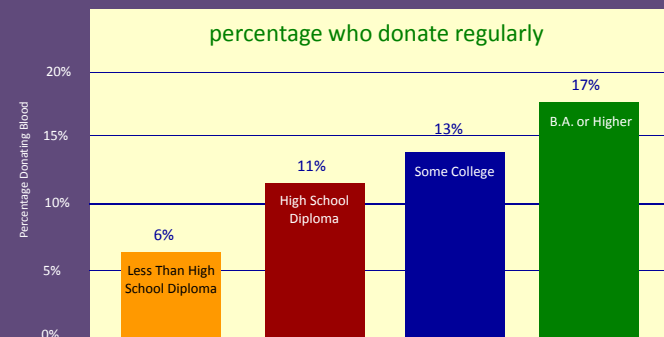
volunteer activity by education levels



Bureau of Labor Statistics. (2003). *Volunteering in the United States, 2003*. USDL03-888. U.S. Department of Labor.

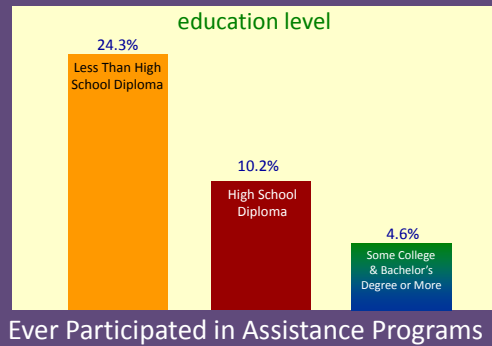
civic involvement

blood donation by education level, 1994:



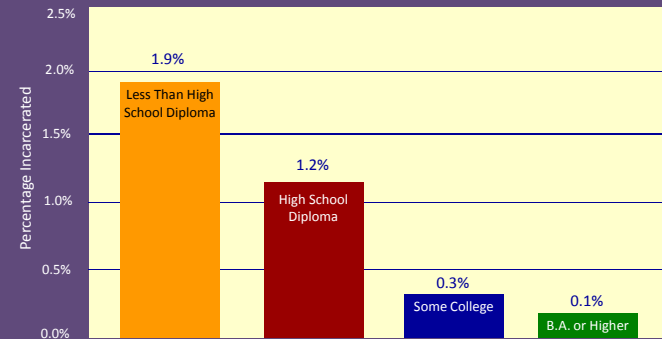
Source: DBD Worldwide. (2000). *DBD Lifestyle Survey*. Chicago. Available at www.bowlingalone.com

government participation assistance programs



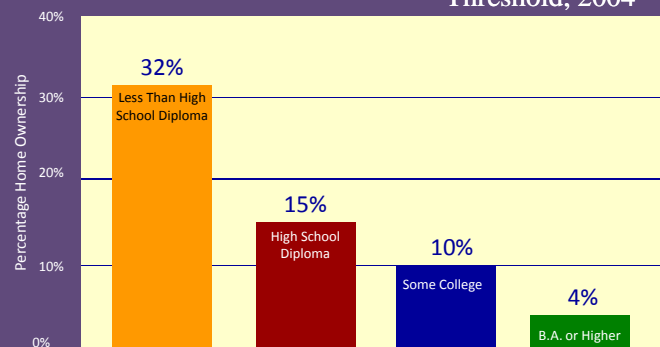
Source: Postsecondary Education Opportunity, May 28, 1997, pg 47.

government incarceration rates by education levels



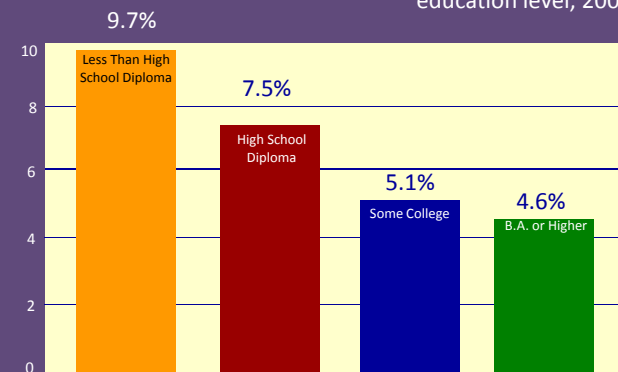
Source: Harlow, C.W. (2003). Education and Correctional Populations. Bureau of Justice Statistics, Department of Justice. NCJ195670.

economic Percent Below Poverty Threshold, 2004



Census Bureau

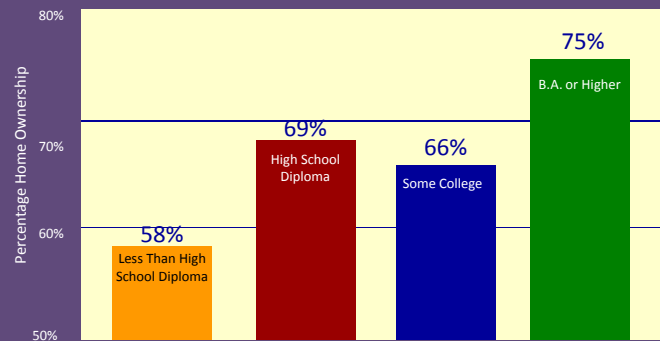
economic unemployment rates and education level, 2004



Source: Employment Policy Institute

Quality of Life

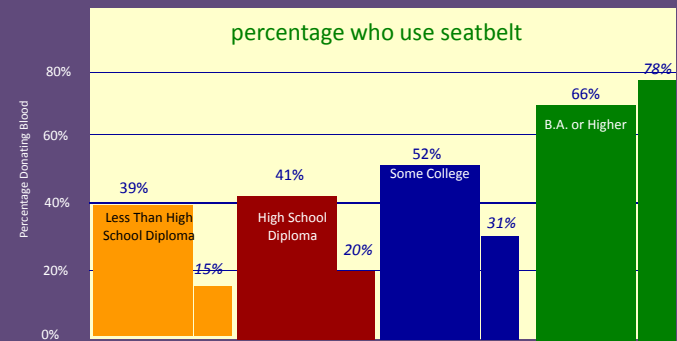
Home Ownership



Census Bureau, American Housing Survey for the United States:2005

Safety

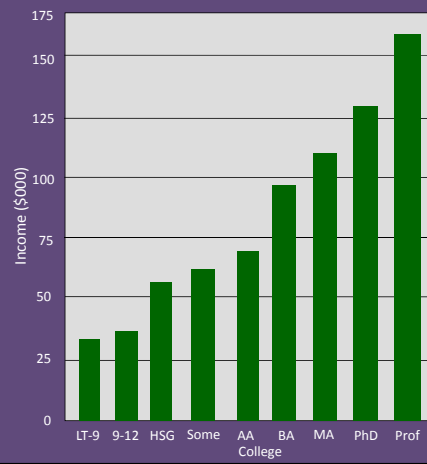
Seatbelt Use while intoxicated, 1990



Source: American Journal of Public Health

economic

Average family income by educational attainment, 2003



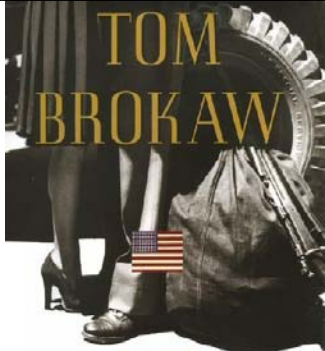
Source: Postsecondary Education Opportunity, 2005

economic

The Impact of Education on Individuals: Lifetime Earnings

Education Level	Estimated Lifetime Earnings	Difference Compared to High School Graduate
Less than 9th grade	\$976,350	-\$478,903
High school dropout	1,150,698	-\$304,555
High school graduate	1,455,253	0
Some college, no degree	1,725,822	270,569
Associate degree	1,801,373	346,120
Bachelor's degree	\$2,567,174	\$1,111,921
Master's degree	2,963,076	1,507,823
Doctorate	3,982,577	2,527,324
Professional degree	5,254,193	3,798,940

Source: Federal Reserve Bank of Dallas, 2005



**TOM
BROKAW**

**THE
GREATEST
GENERATION**

At the end of WWII, the U.S made a bold decision to invest in the future of its economy by providing \$1.9 billion annually to the education of returning veterans of the war. This commitment to human capital helped enable the WWII generation to become the “greatest generation.”

Possibly, this state’s greatest generation is at the schoolhouse door waiting for the opportunity to propel your state into the global economy.