



Faculty Advisory Council
to the Illinois Board of Higher Education



**PRESENTATION TO THE
ILLINOIS BOARD OF
HIGHER EDUCATION
APRIL 1, 2008**



**The High Cost of
Efficiency**

Or

**Appropriate Investment in
the State's Intellectual
Infrastructure**



**Many claim that
Higher Education
should be**

**ECONOMICALLY
EFFICIENT**



IT'S THE ECONOMY

It is universally acknowledged that a community without quality educational institutions is a model for economic and social decay.

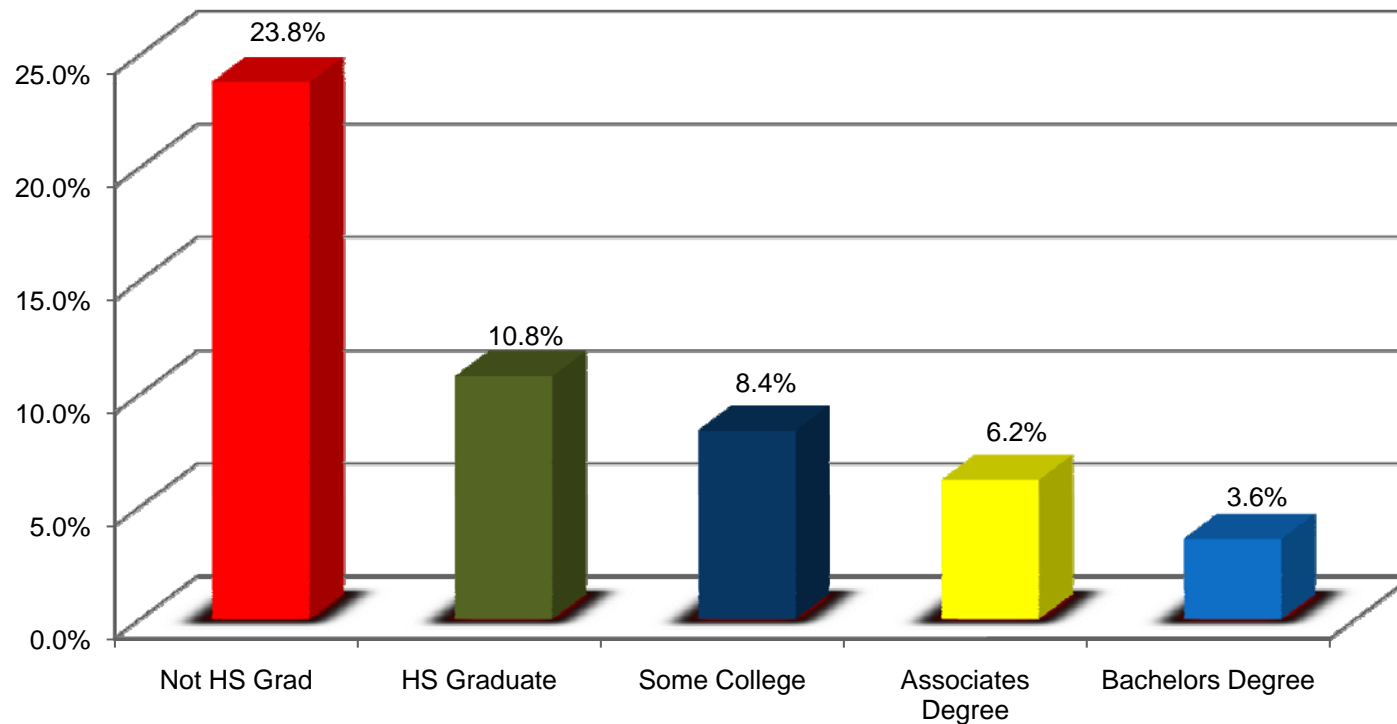


Utopia

The simulation game Utopia anticipates that without a competent education system the technical infrastructure of a community—subways, sewer systems, telephones, etc.—will fail on a daily basis.

Percentage of Individuals Ages 25 and Older Living in Households in Poverty, by Education Level, 2005

Source-The College Board

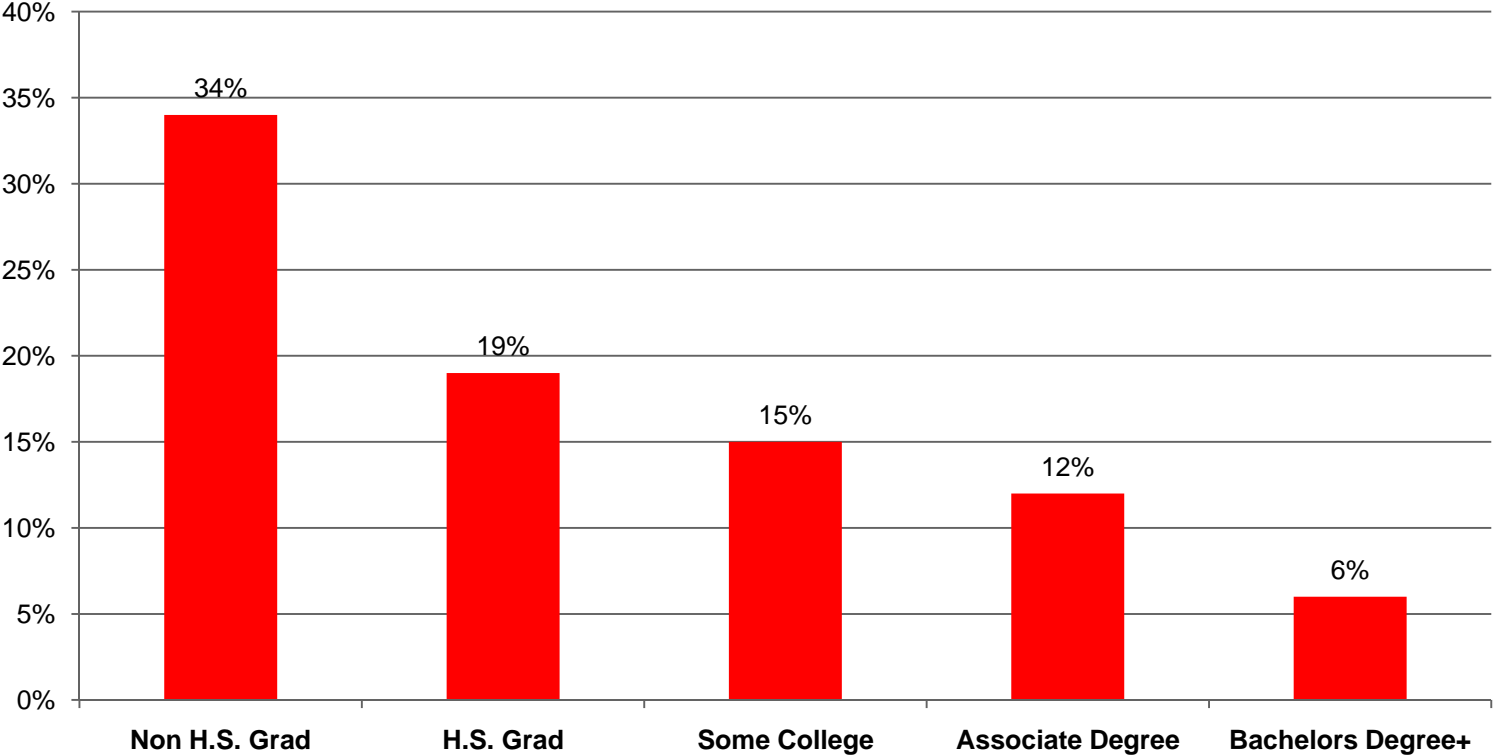




Percentage of Individuals Ages 25 and Older Living in Households That Participated in Public Assistance Programs, by Education Level, 2005

Source- The College Board'

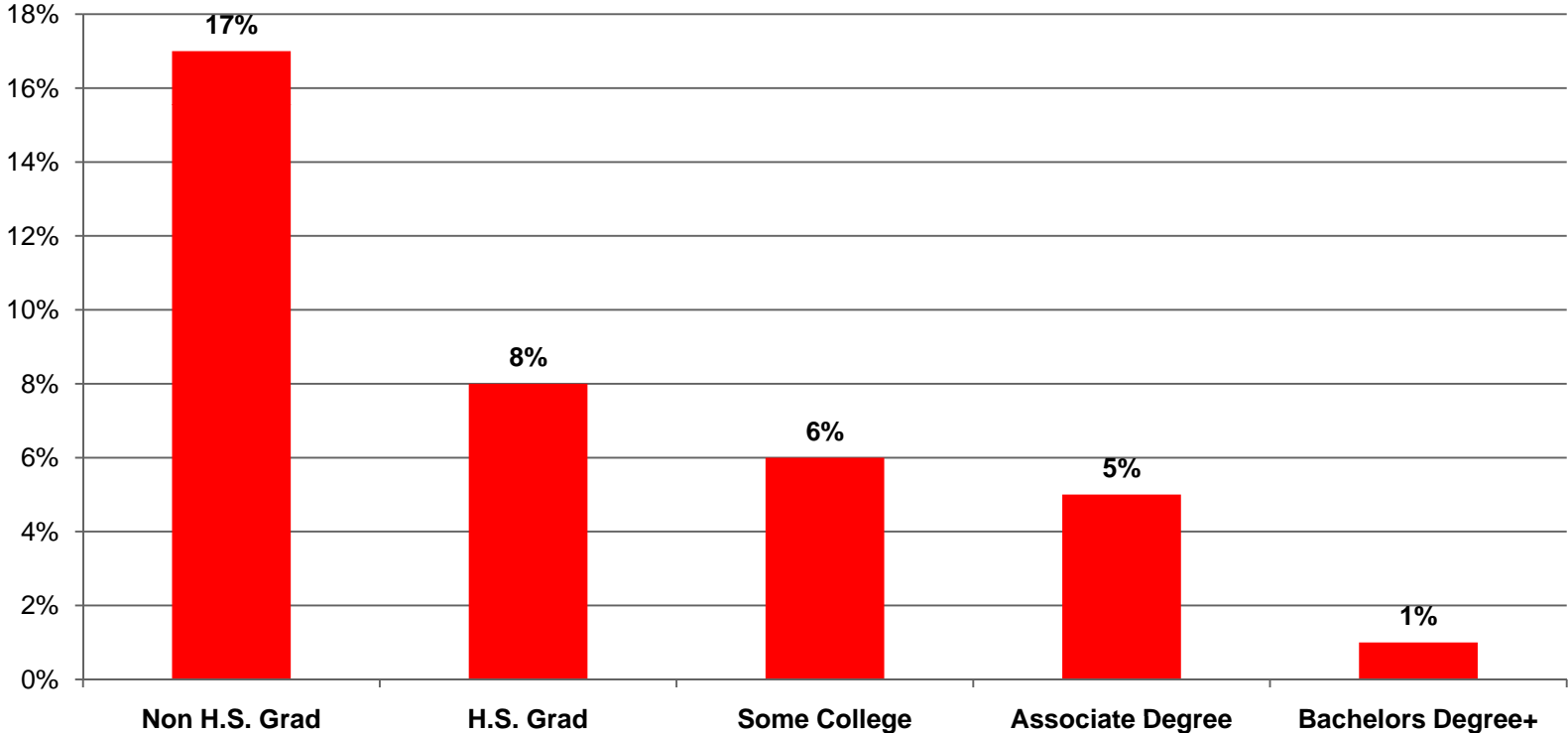
Medicaid



Percentage of Individuals Ages 25 and Older Living in Households That Participated in Public Assistance Programs, by Education Level, 2005

Source- The College Board'

School Lunch

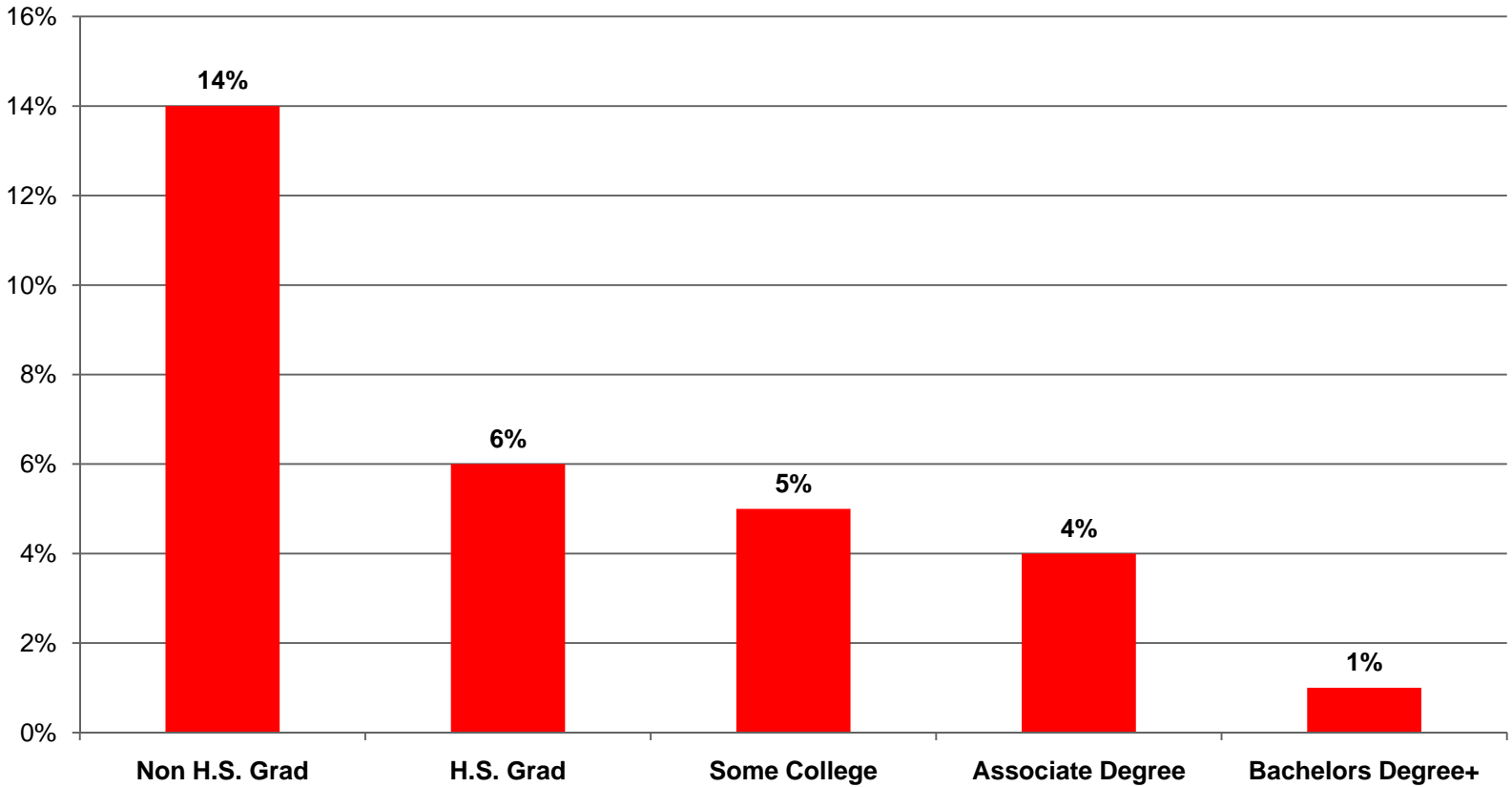




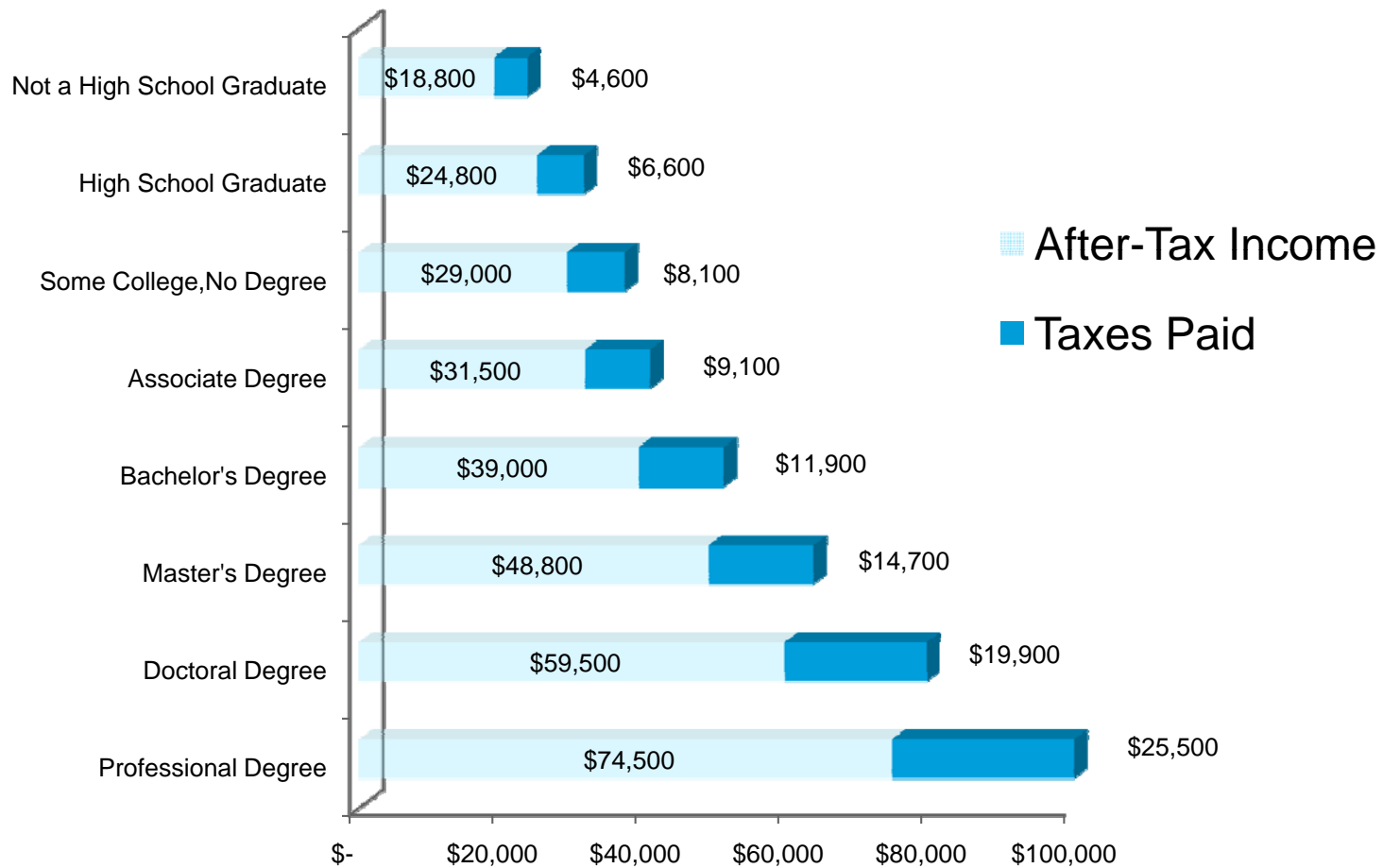
Percentage of Individuals Ages 25 and Older Living in Households That Participated in Public Assistance Programs, by Education Level, 2005

Source- The College Board

Food Stamps



Earning and Taxes Paid by Education level



OXFORD

Education and Development

Measuring the Social Benefits

Walter W. McMahon

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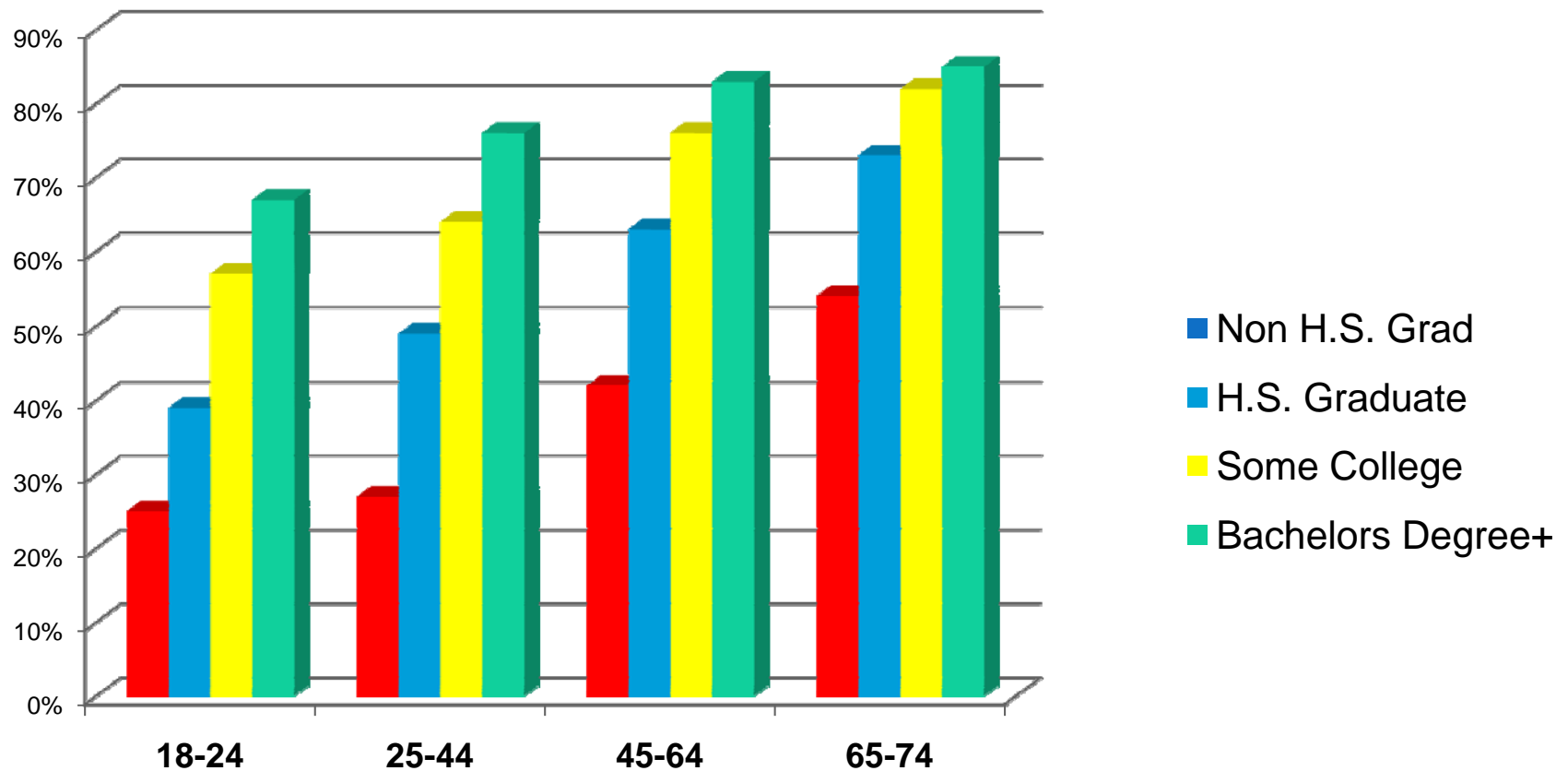



Per Capita Social Benefits of Higher Education

• Democratization	\$ 1,662
• Human Rights	\$ 3,059
• Political Stability	\$ 6,429
• Life Expectancy (Net)	\$ 1,082
• Lower Crime Rates	\$ 5,347
• Lower Health Costs	\$ 6,813
• Other	\$ 510
• Total Annual Value	<u>\$24,902</u>

Percentage of U.S. Citizens Ages 25 and Older Who Voted, by Age and Education Level, 2004

Source-College Board

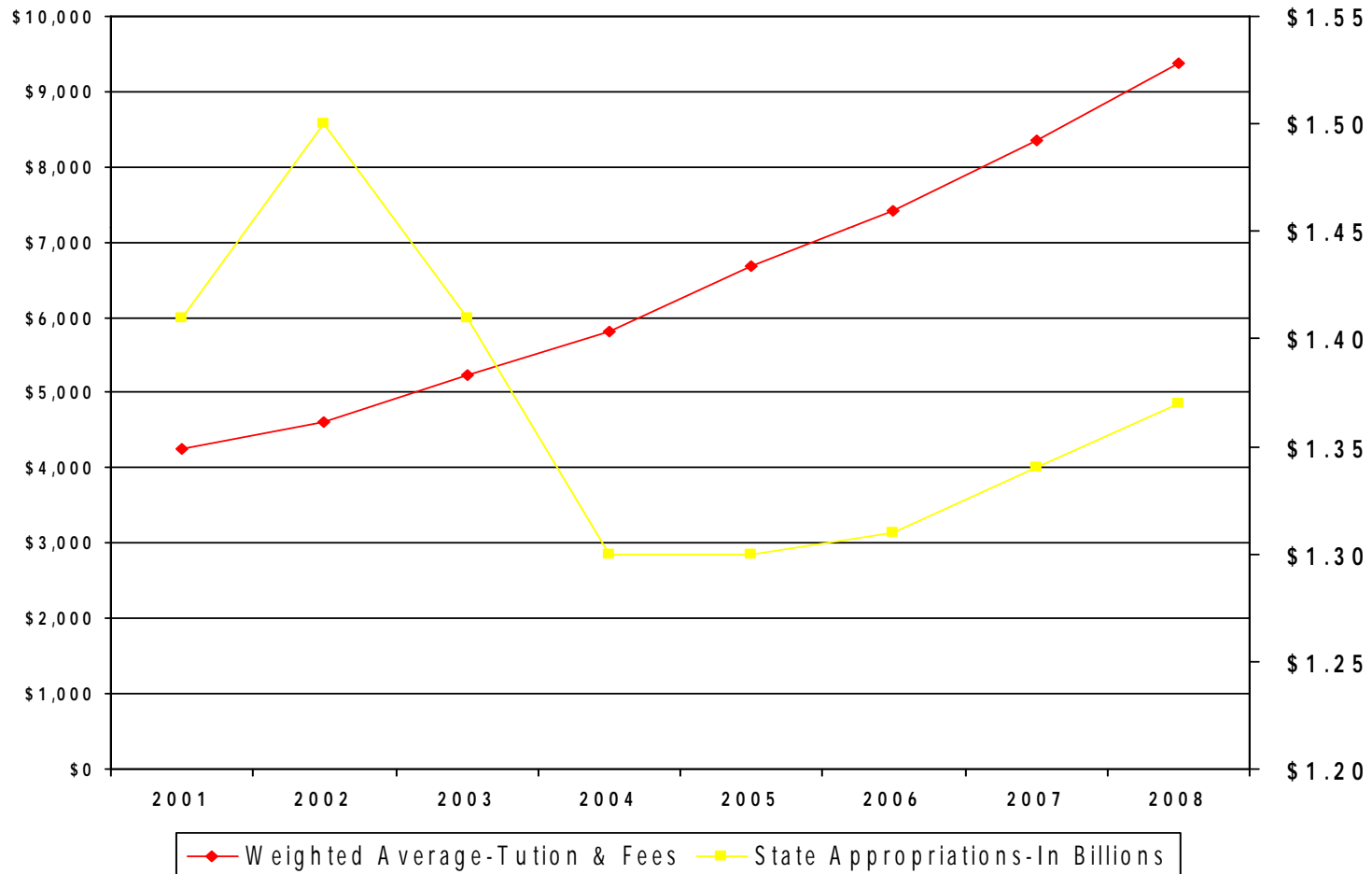




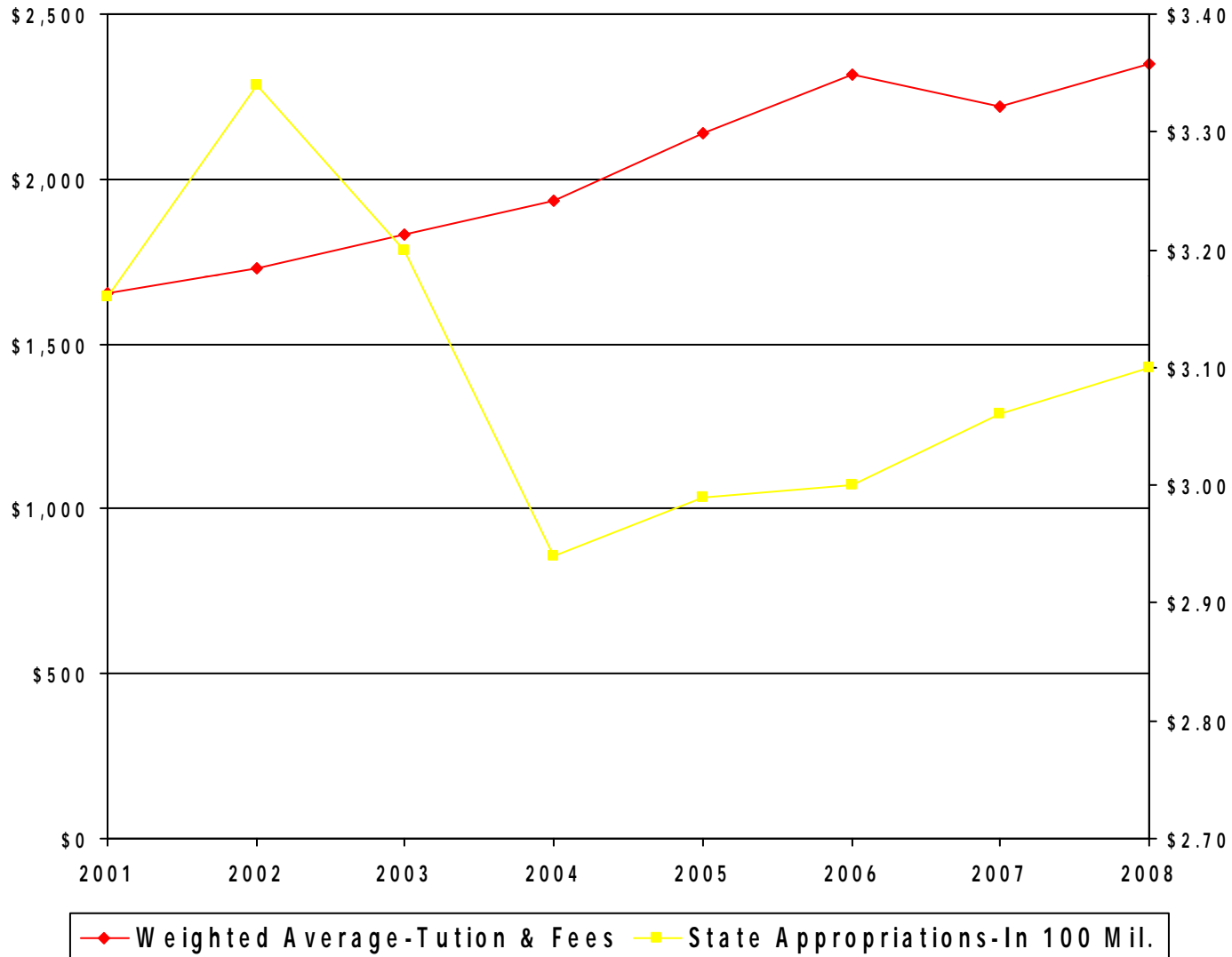
Higher Education is less and less affordable because students are being asked to pay not only for the cost of instruction but also for:

- New buildings
- Building maintenance
- Increased support costs

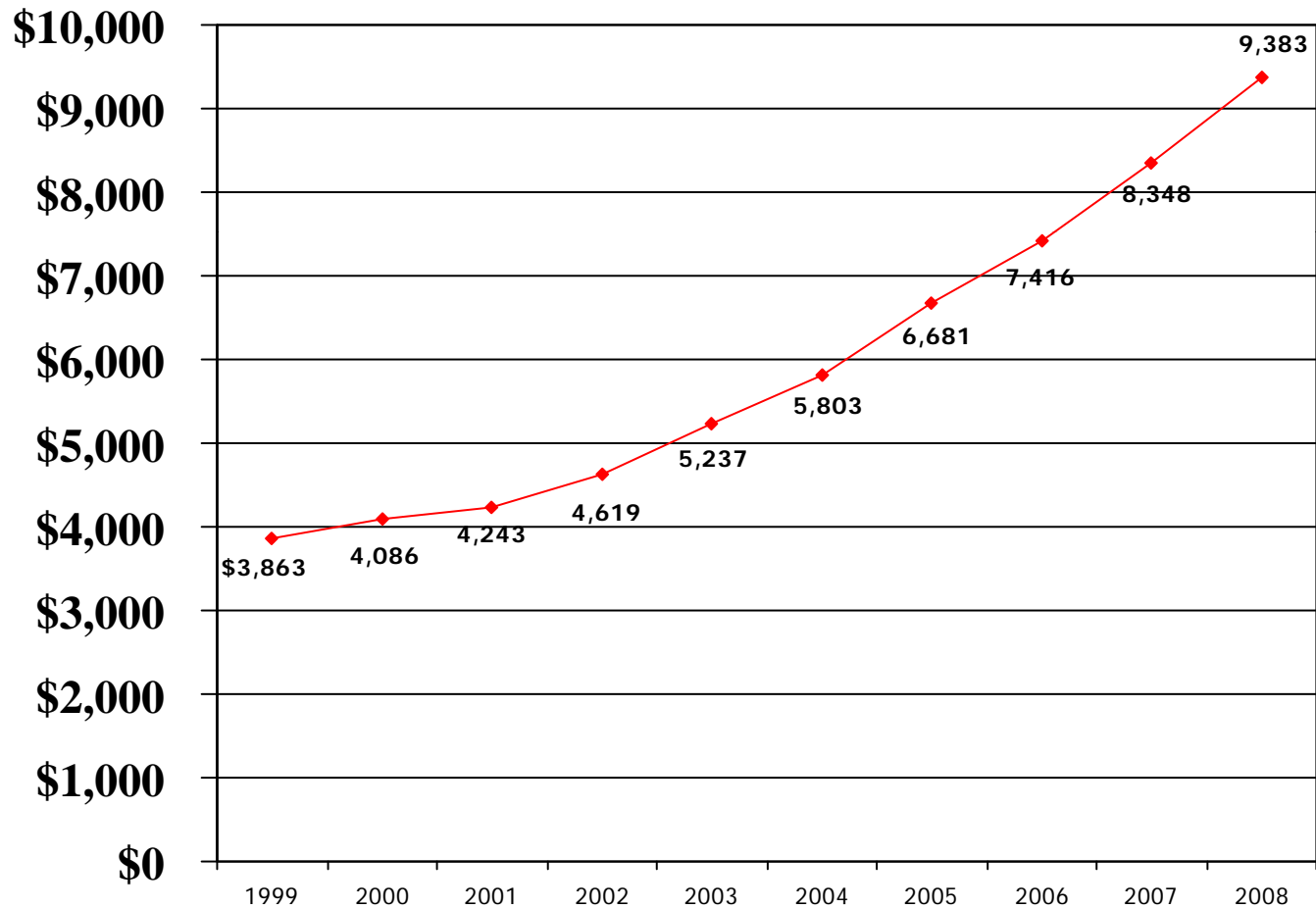
Student Debt



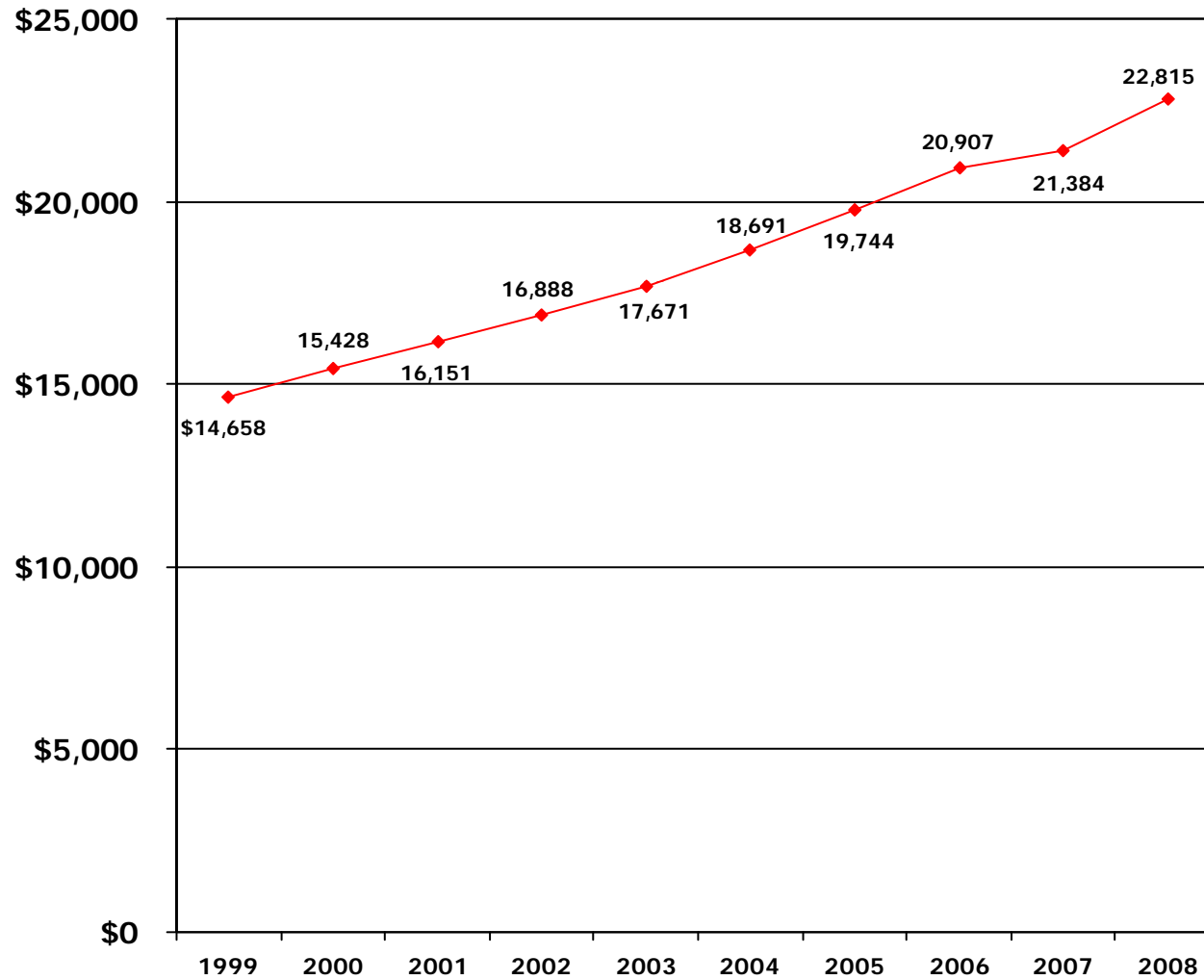
Student Debt



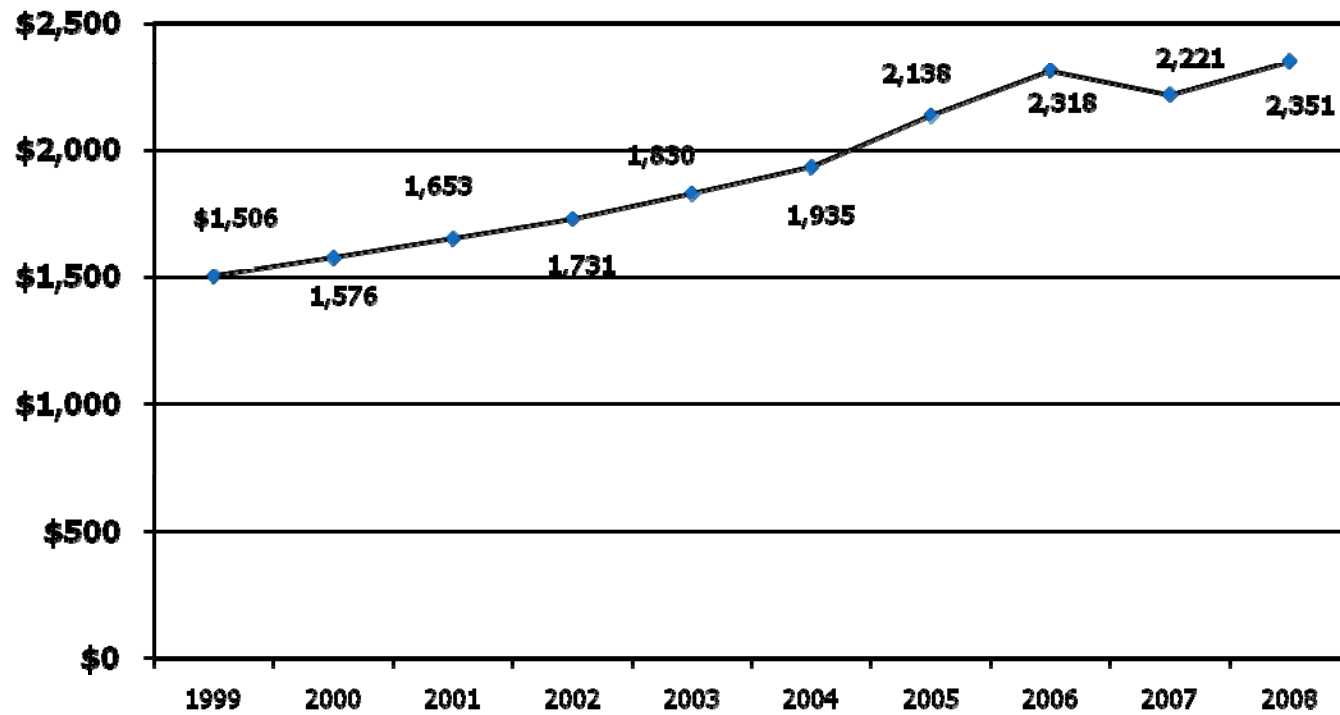
Weighted Average Tuition & Fees-Public Universities-Entering Students



Weighted Average Tuition & Fees-Independents



Weighted Average Tuition & Fees-Community Colleges

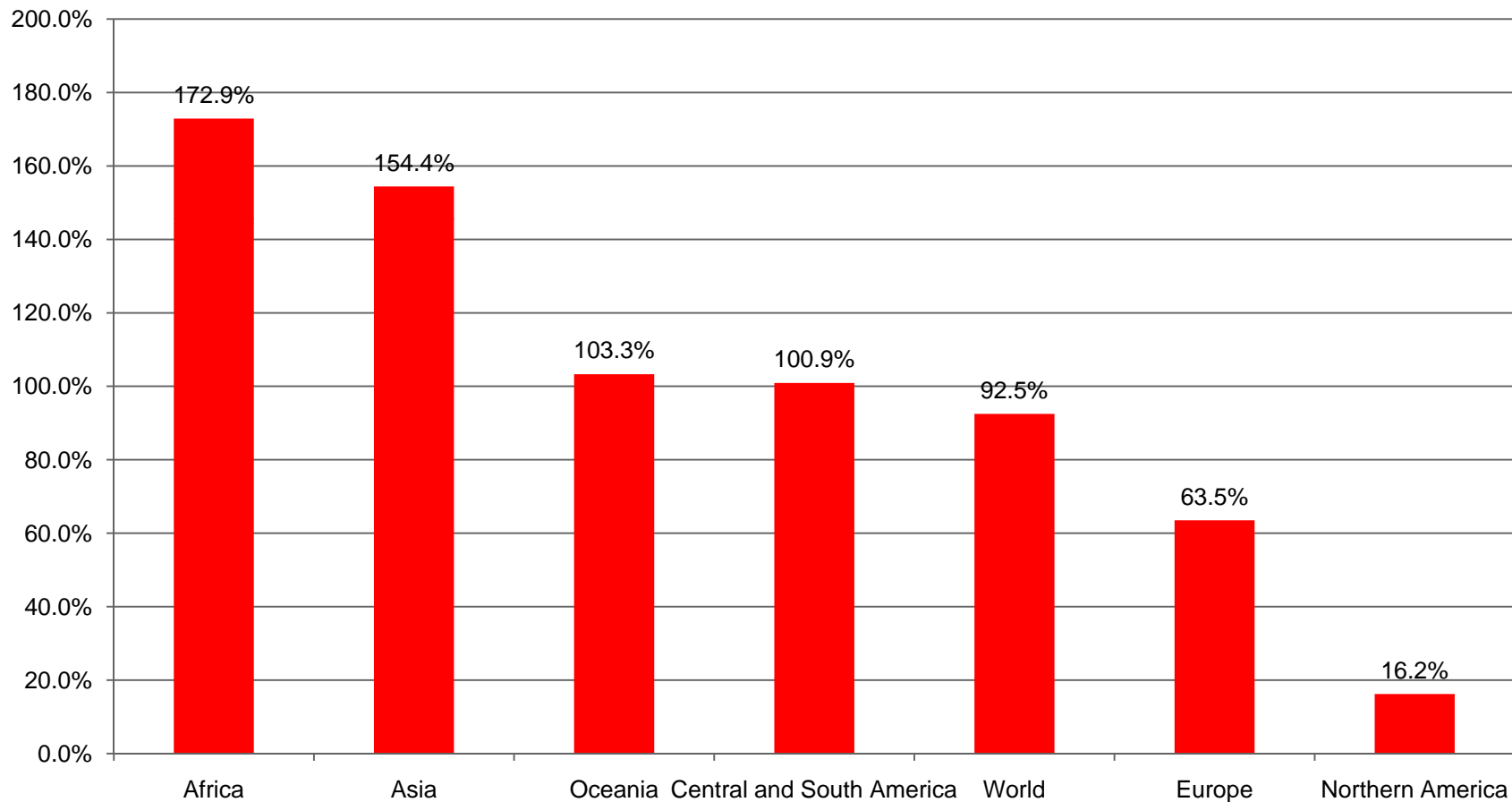




Intellectual Infrastructure

World Education

Percentage change in enrollment, 1990 to 2004

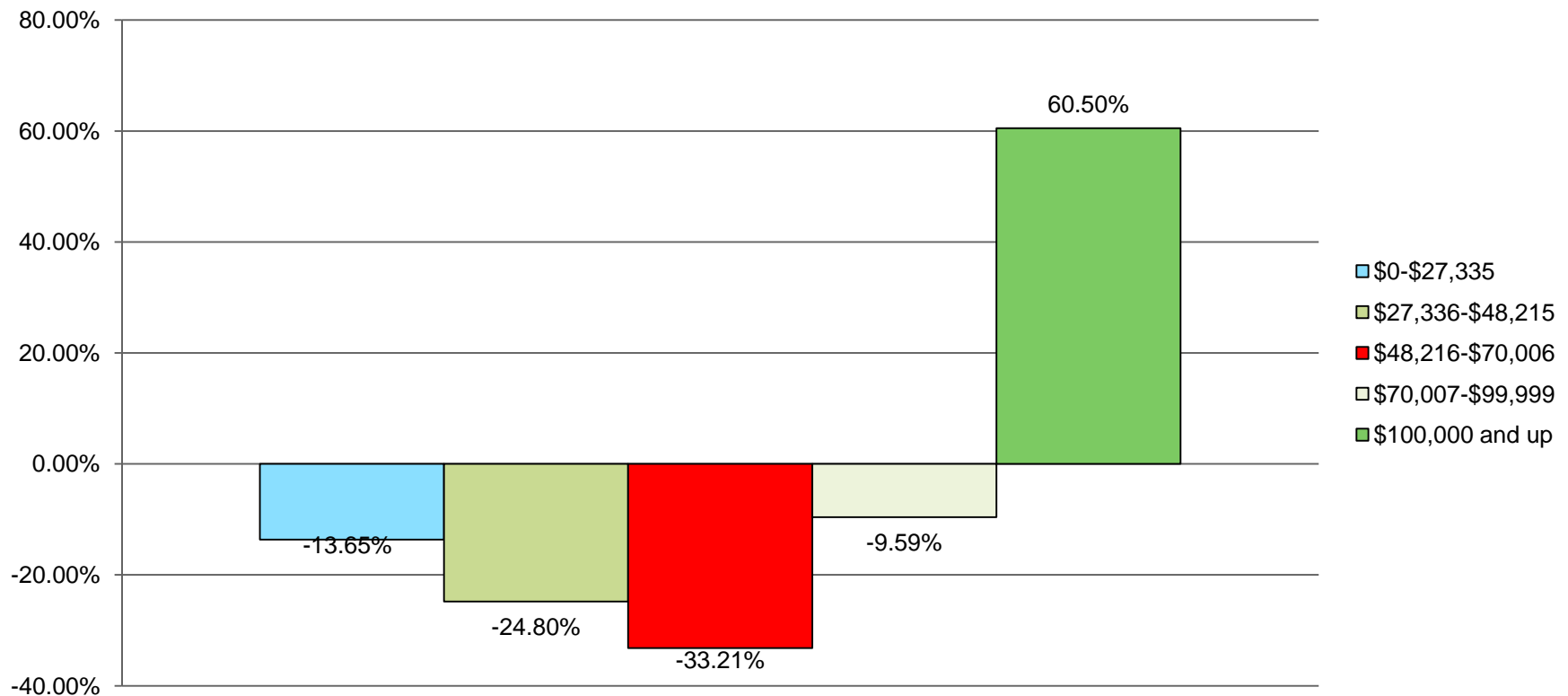


Source: National Center for Education Statistics, U.S. Department of Education

Enrollments by Family Income

Percent Change in Enrolled Dependent Freshman Aid Applicants from FY2002 to FY2007

Source: ISU

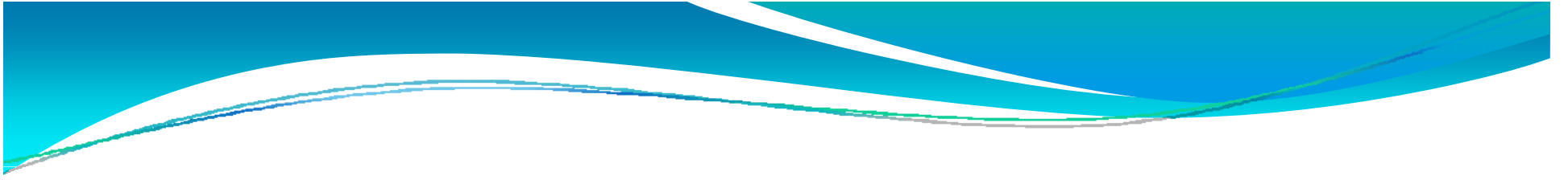




McMahon

**State investment is not only appropriate
but necessary**

**State investment in higher education
returns at rates far in excess of 10%
(Long term return is 35%)**



Recommendations



Georgia's Hope Scholarship

- All tuition and fees for the state's top students
- Powerful financial incentive to keep students in state



South Carolina Teacher Loan Program

- Low-paying socially valuable professions
- Teach in an area of critical need – loan is cancelled



NEW YORK STATE PLAN

- **Higher education endowment**
- **Need-based scholarships**
- **Financial resources grow as tuitions grow**



ILLINOIS cannot afford
chronic underinvestment
in higher education.