



Wichita State University
HOUSE HIGHER ED COMMITTEE
February 12, 2019



VISION:

Wichita State University is internationally recognized as the model for ***applied learning*** and research.

MISSION:

The mission of Wichita State University is to be an essential educational, cultural and ***economic driver*** for Kansas and the greater public good.

Higher Education Outlook

2019 outlook remains negative with continued low net tuition revenue growth

NEGATIVE

Drivers of the negative outlook

- » Weak net tuition revenue growth curbing operating revenue growth, which is projected in the 3%-4% range (excludes patient care).
- » With rising labor costs, expense growth will top revenue growth for many
- » Public universities face more difficulty than private universities.

STABLE

What could change outlook to stable

- » A greater proportion of colleges and universities able to grow net tuition revenue at 3% or higher.
- » Revenue growth exceeding expense growth for most universities

POSITIVE

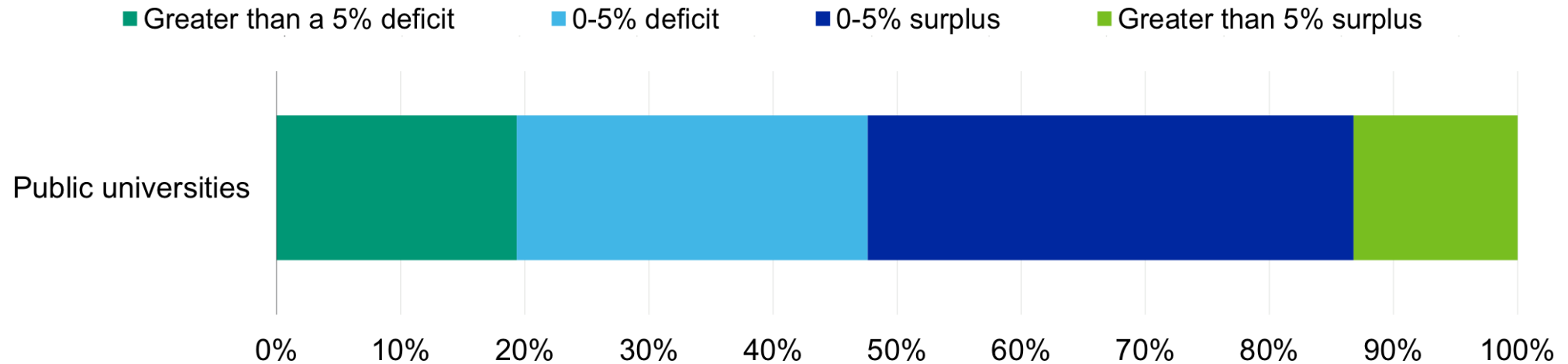
What could change outlook to positive

- » Stronger pricing power leading to healthy net tuition revenue growth.
- » Continued strong investment market, bolstering endowment spending and philanthropy
- » Operating surpluses for many universities, allowing greater capital and programmatic investment.

This outlook represents our forward-looking view on credit conditions over the next 12-18 months. This sectorwide outlook, however, does not imply the likelihood or direction of rating actions for individual issuers.

Financially

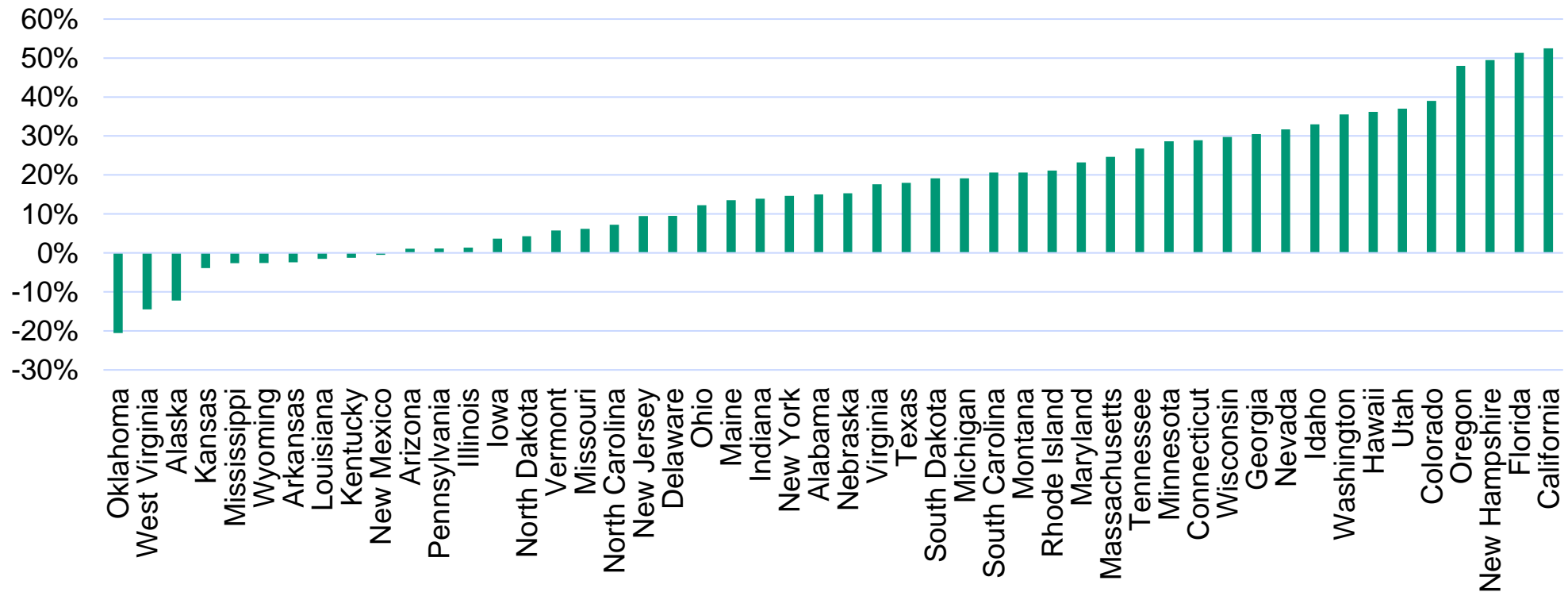
- Nationally, expenses are outpacing revenue for many universities
- 48% run deficits
- 10% have surpluses more than 5%



Source: Moody's Investors Service

5-Year % Change in State Support, Fiscal 2013-18

- Seven large states (CA, TX, NY, FL, NC, GA, and IL) accounted for half of FY 2018 state support for higher education. Their total increase for FY 2018 was 2.4%, compared to 0.9% for remaining states.



Source: Illinois State University Grapevine; Moody's Investor Service



Regional Challenges

- Population in Kansas is relatively flat
- Growth in low paying jobs is outpacing high paying jobs
- High paying jobs don't have academic programs to educate people
- Increases pressure on out of state enrollment

**HOW IS
WICHITA STATE
RESPONDING?**

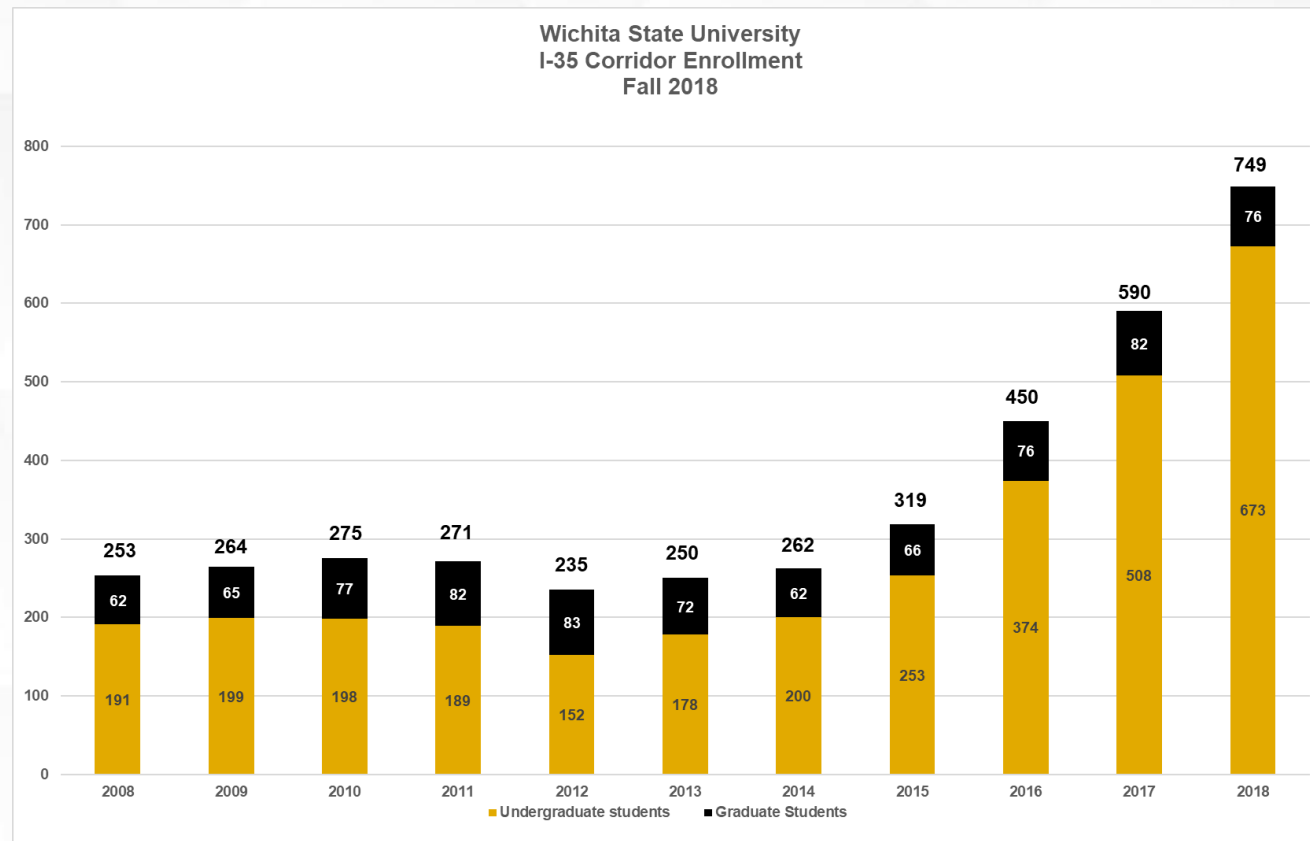
Economic Driver

SHOCKER CITIES



I-35 Corridor Strategy

- Enrollment has increased along the I-35 corridor by close to 200% since 2014 (average increase of 30% per year):

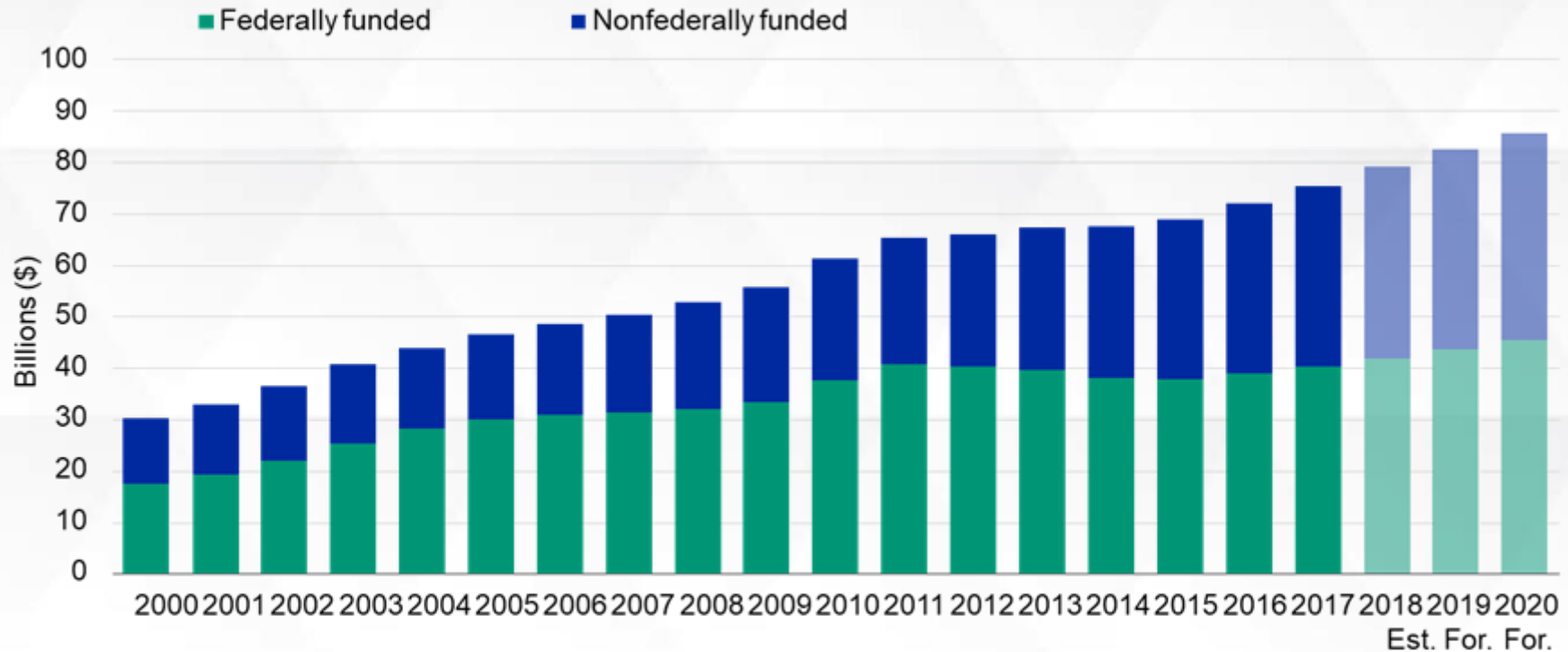




Industry, BREG and Greater Wichita Partnership Needs

- Additive Manufacturing and Design
- Data Science and Analytics
- Materials Science

Research Trends and WSU



"Est." indicates our estimated data based on preliminary information. "For." indicates our forecasted data.

Sources: Moody's Investors Service, National Science Foundation, National Center for Science and Engineering Statistics, Higher Education Research and Development Survey

Spirit Partnership



2018: Added 1,000 employees

2019: Expects to add 1,400

Resulting in highest employee count since Boeing's departure in 2005



Current Partnerships on Innovation Campus



BOSTON
CONSULTING
GROUP



SPIRIT
AEROSYSTEMS®



HEXAGON
MANUFACTURING INTELLIGENCE



AIRBUS



GOCREATE
A KOCH COLLABORATIVE



youth entrepreneurs®



stratasys®



Just Awarded— Largest Federal Grant in WSU History



**Development of Aging Aircraft
Sustainment Program**

\$15.95 M



STATE INVESTMENT IS CRITICAL

- Respectfully request \$50 million for FY20 to help provide greater access to higher education opportunities in Kansas to grow the Kansas economy.