



The Bell  
Policy Center

*Research • Advocacy • Opportunity... for Colorado*

# Colorado Public Higher Education In a State of Crisis

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# THE TRANSITION

*CYCLE OF  
OPPORTUNITY*

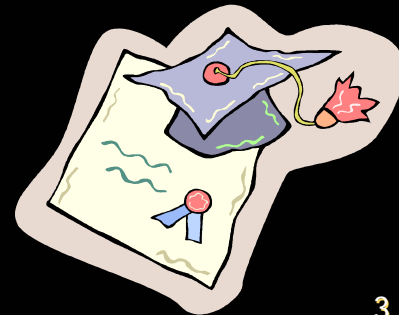
*Personal Effort, Informal Networks  
Community Support,  
and Public Policies that  
Remove Barriers and Open Gateways  
to Opportunity*

*CYCLE OF  
DEPENDENCY*



# GATEWAYS TO OPPORTUNITY

1. A Healthy Birth
2. A Safe and Stimulating Early Childhood
3. Building a Solid Base for Literacy
4. Establishing a Healthy Lifestyle in Childhood and Adolescence
5. Leaving High School with a Diploma and the Skills to Succeed
6. *Access to Education and Training for Adults*
7. A Healthy Adult Life
8. Earning a Decent Living and Building Wealth

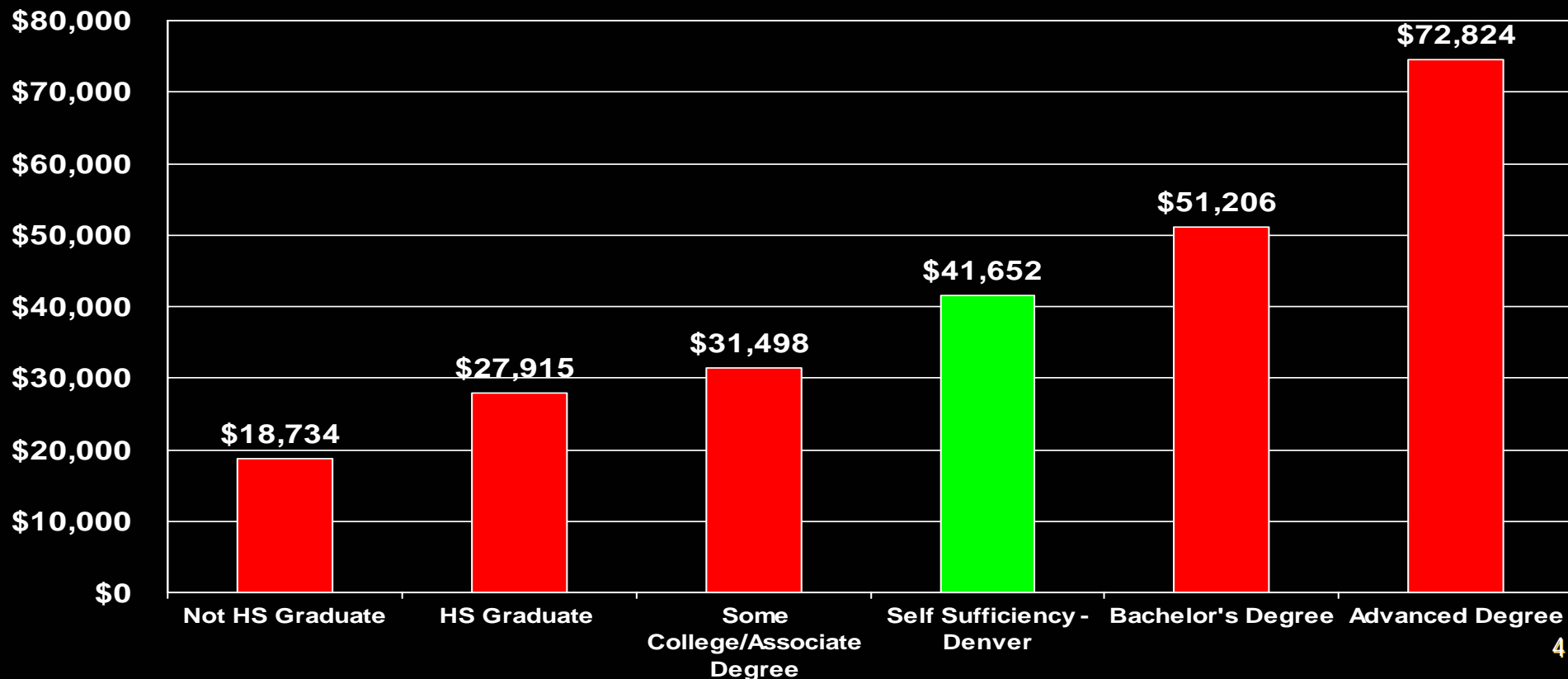




# Why a Postsecondary Education Matters

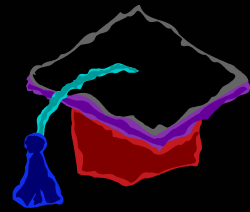


Average Annual Earnings of Adult Workers  
By Educational Attainment (2003)





# Colorado's Postsecondary Paradox



- **Colorado is a highly educated state:**
  - Second most educated state (35% of population over 25 with a bachelor's and above in 2003)
  - Third highest rate of adults over 18 with some postsecondary education or higher (64%)

***BUT***

- **Colorado does a poor job of providing its own young people, and especially low-income and minority students, with a chance to go to college.**

***WHY***

- **During 1989-2001, Colorado was the 2<sup>nd</sup> largest net importer of college graduates and freshmen students.**



# Colorado's Performance: Postsecondary Access

Indicator	CO	US	Rank
Young Adults (18-24)	31%	33.5%	31 <sup>st</sup>
Minority Young Adults	21.1%	28.8%	41 <sup>st</sup>
Hispanic Young Adults	13.3%	22.7%	34 <sup>th</sup>
Low-Income Young Adults	21.9%	24.7%	35 <sup>th</sup>



# Lower Enrollment Rates of Minority Students

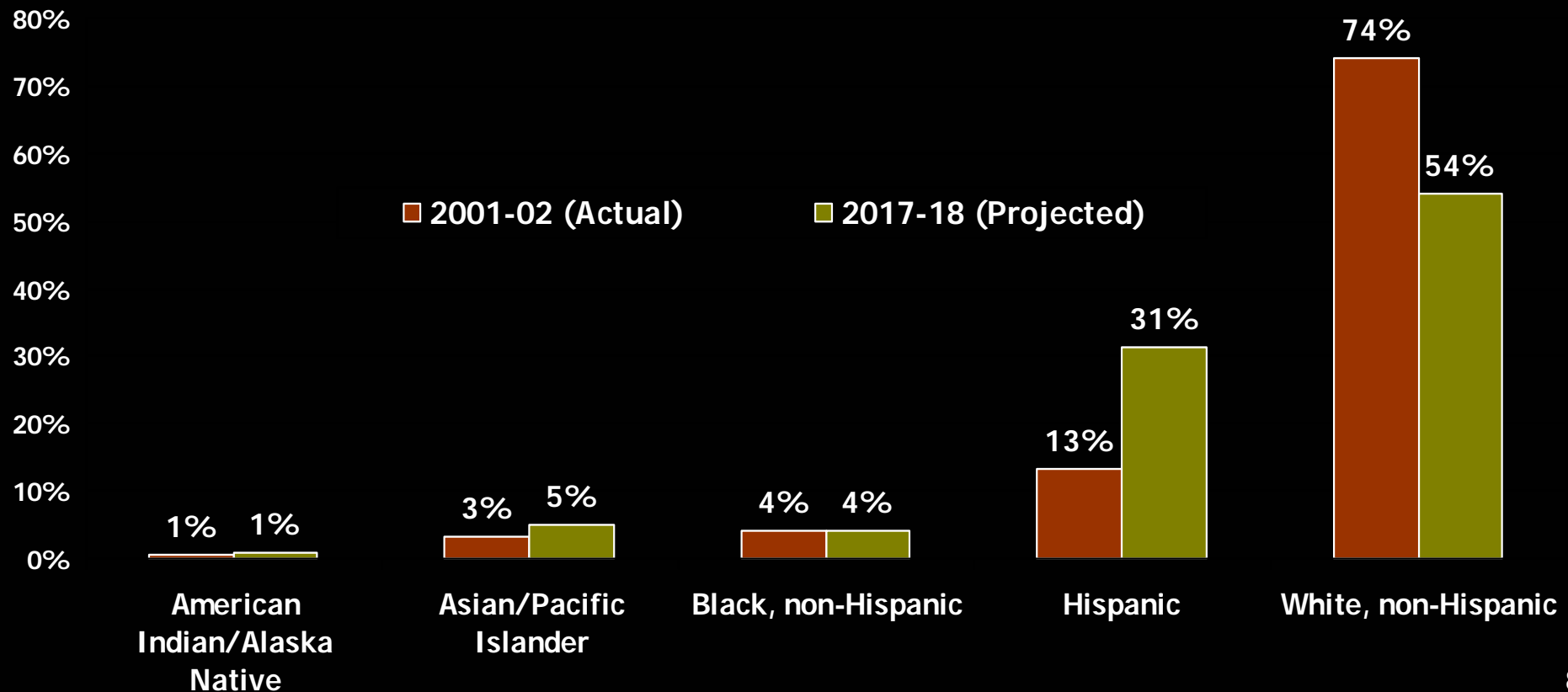
Colorado Population 18-24 Years Enrolled in a Colorado Public Institution of Higher Education

Ethnicity	Male		Female	
	1990	2000	1990	2000
White, Non-Hispanic	31%	28%	32%	34%
African-American	14%	17%	16%	22%
Hispanic	14%	9%	15%	15%
Total	28%	29%	23%	29%



# Demographic Changes

## Colorado High School Graduates, by Race/Ethnicity





# TABOR's Major Provisions

Voter Approval of Tax  
Increases

Revenue Growth  
Limits

Spending Growth  
Limits

Limits on Revenue  
Options

**Most Restrictive Limit in the Country**



# Four Fundamental Flaws

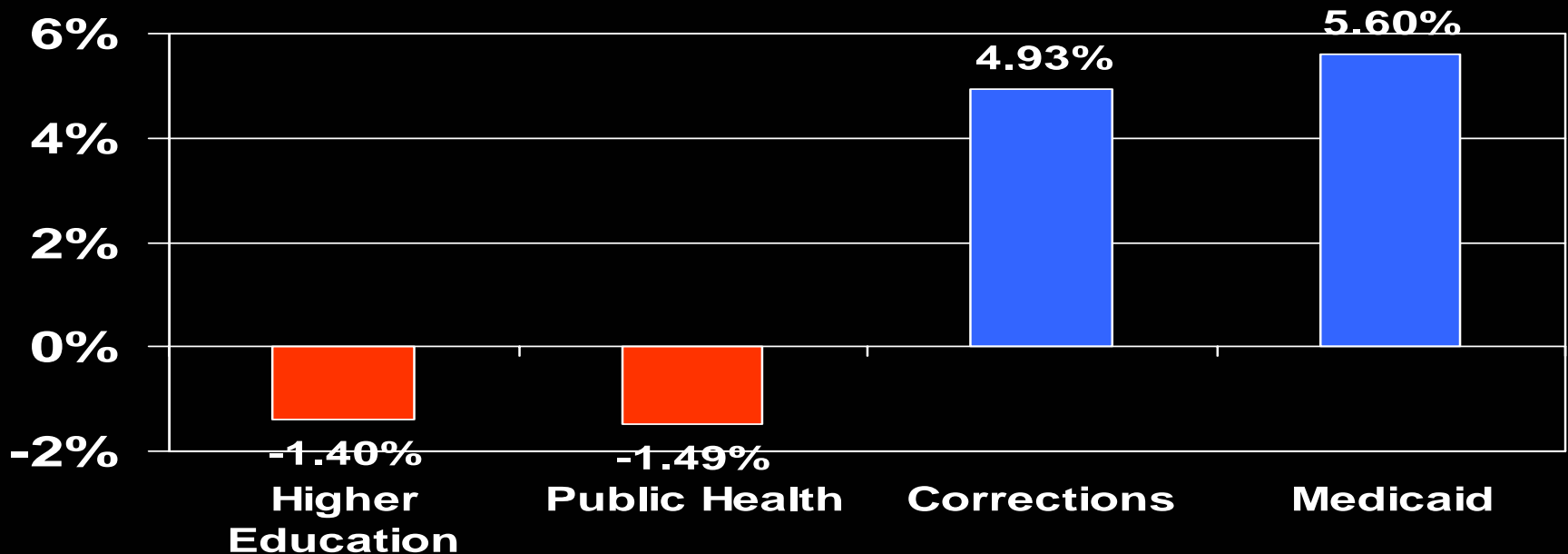
- 1. Services can't keep pace with growth in the economy.**
- 2. Temporary budget cuts become permanent.**
- 3. Multiple limits restrict flexibility and force false choices.**
- 4. Saving and planning are very difficult.**



# How does it change the allocation of government spending?

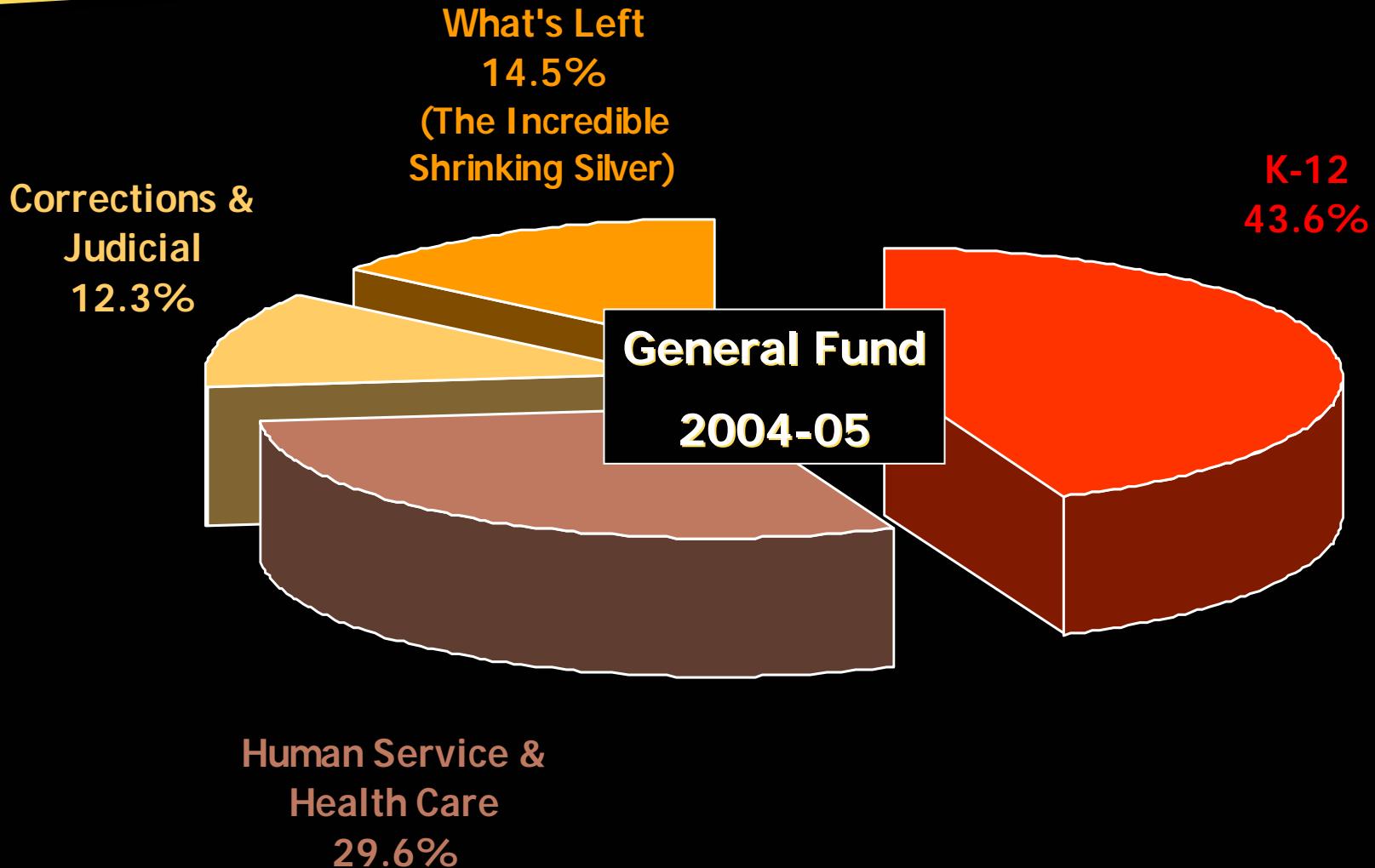
Current formula doesn't allow services to keep pace with inflation

Average Annual Real Per Capita Change in General Fund Appropriations, 1992-2002



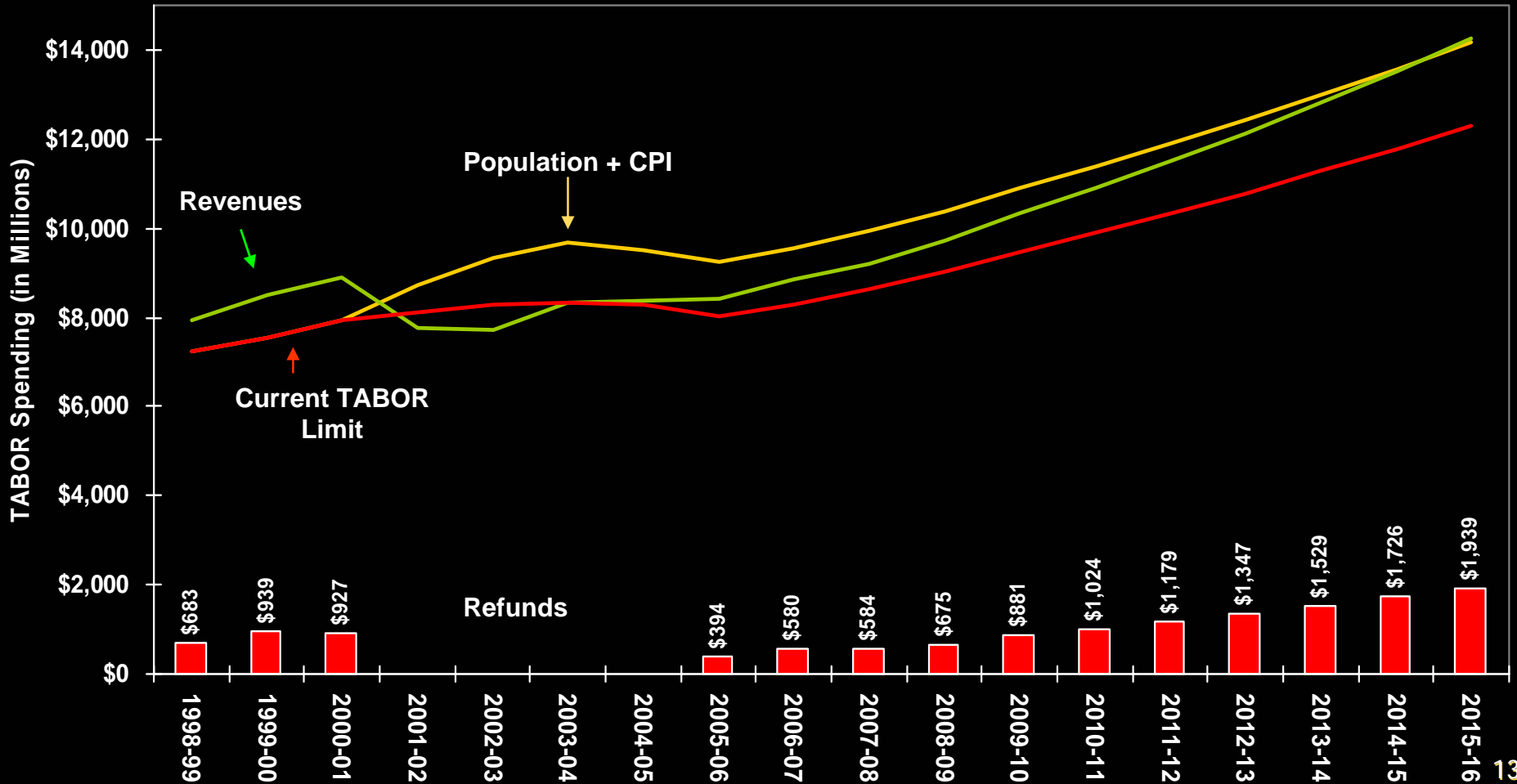


# What's Left to Cut?





# The Effect of TABOR on Spending and Refunds



# The Ratchet Effect Applied to Water Supply: Our Reservoirs are Always "Full." The Drought is Permanent.

Do NOT fill beyond this level



Photo source: Colorado Division of Water Resources, August 2002



# Higher Education Budget Cuts



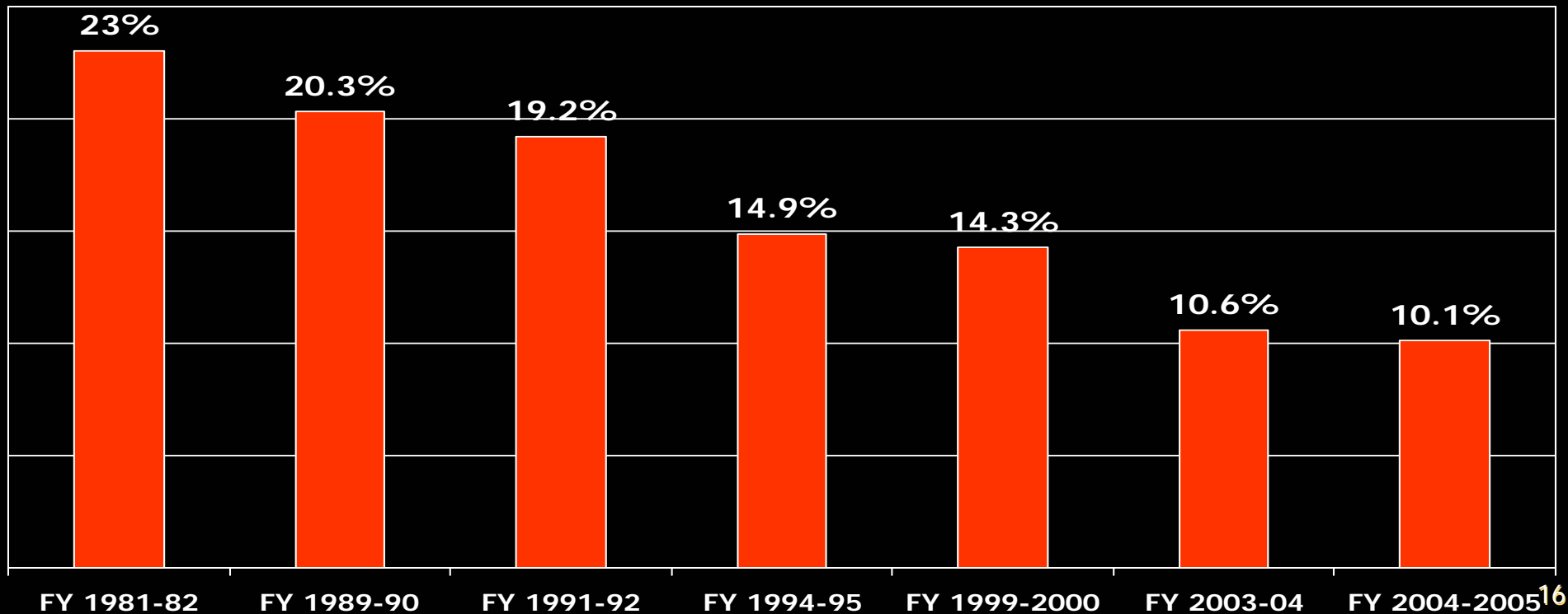
- **Colorado Ranks:**
  - 50th in 2-year percent change of higher education state funding
  - 47th in 5-year percent change of higher education state funding
  - 46th in 10-year percent change of higher education state funding
  - 48th in per capita state funding for higher education
  - 48th in state funding for higher ed. per \$1,000 of personal income
- **We are running out of money for public higher education. This would have a devastating impact on access and damage Colorado's economy.**
- **While the higher education funding crisis is big news right now, it has been developing gradually since 1992 and has been caused primarily by TABOR.**



# The Effects of TABOR

Higher education's share of the state's General Fund budget has decreased almost by half (47.4 percent) since TABOR passed.

Higher Education's Share of General Fund Appropriations





# Higher Education Budget Cuts

Higher Education has suffered the biggest budget cuts among the major areas of the state budget.

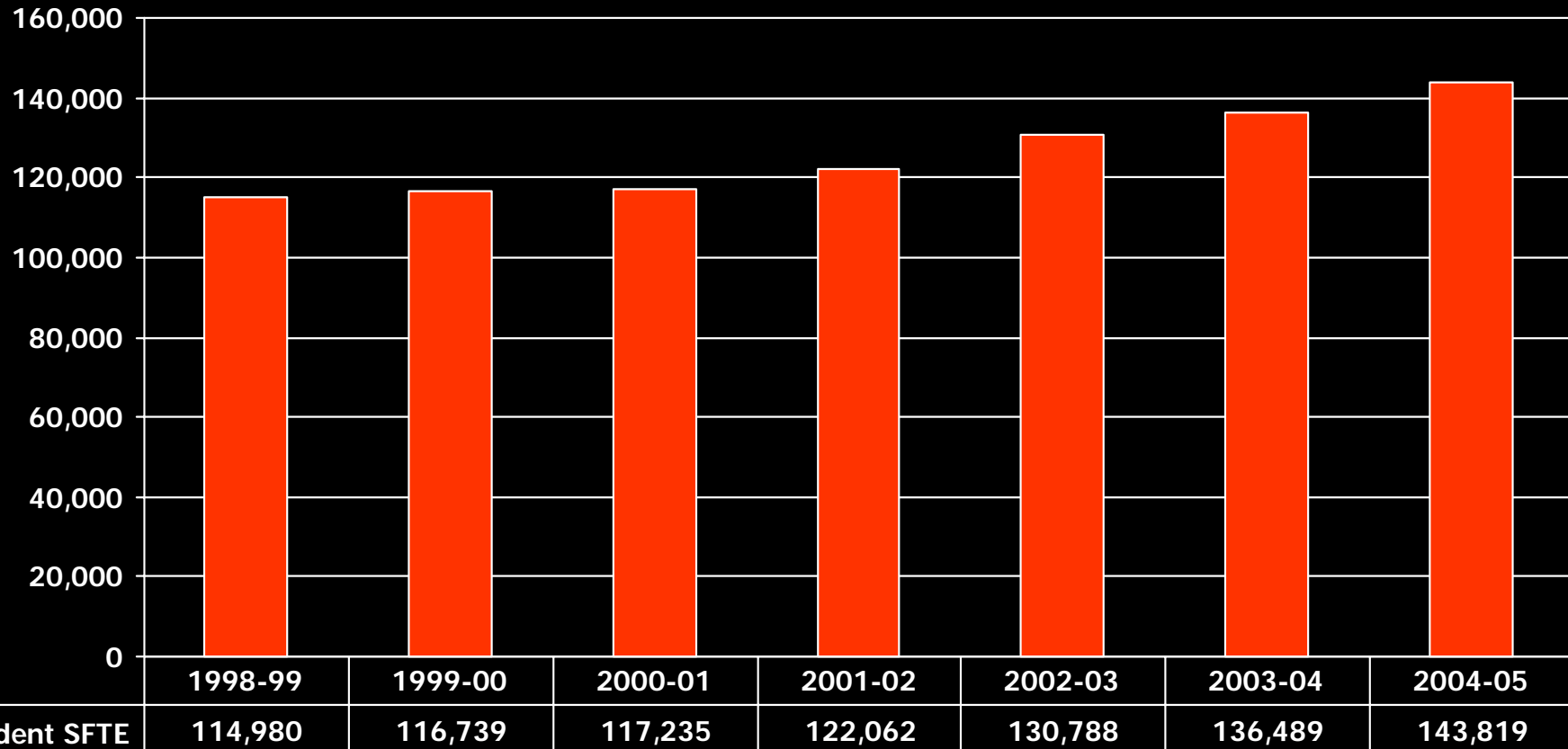
Change in General Fund Appropriations, FY 2001 - FY 2005

	Millions	Percent
Health Care	\$243.7	24%
K-12 Education	\$396.1	18.5%
Corrections	\$76.4	18%
Judicial	\$13.1	6.3%
Human Services	(\$32.9)	-6.6%
<b>Higher Education</b>	<b>(\$159.6)</b>	<b>-21.3%</b>
All Other	(\$106.7)	-29.1%
<b>Total</b>	<b>\$430</b>	<b>8%</b>



# The Effects of TABOR

While General Fund support for higher education has been declining, enrollment has been soaring.





# The Effects of TABOR

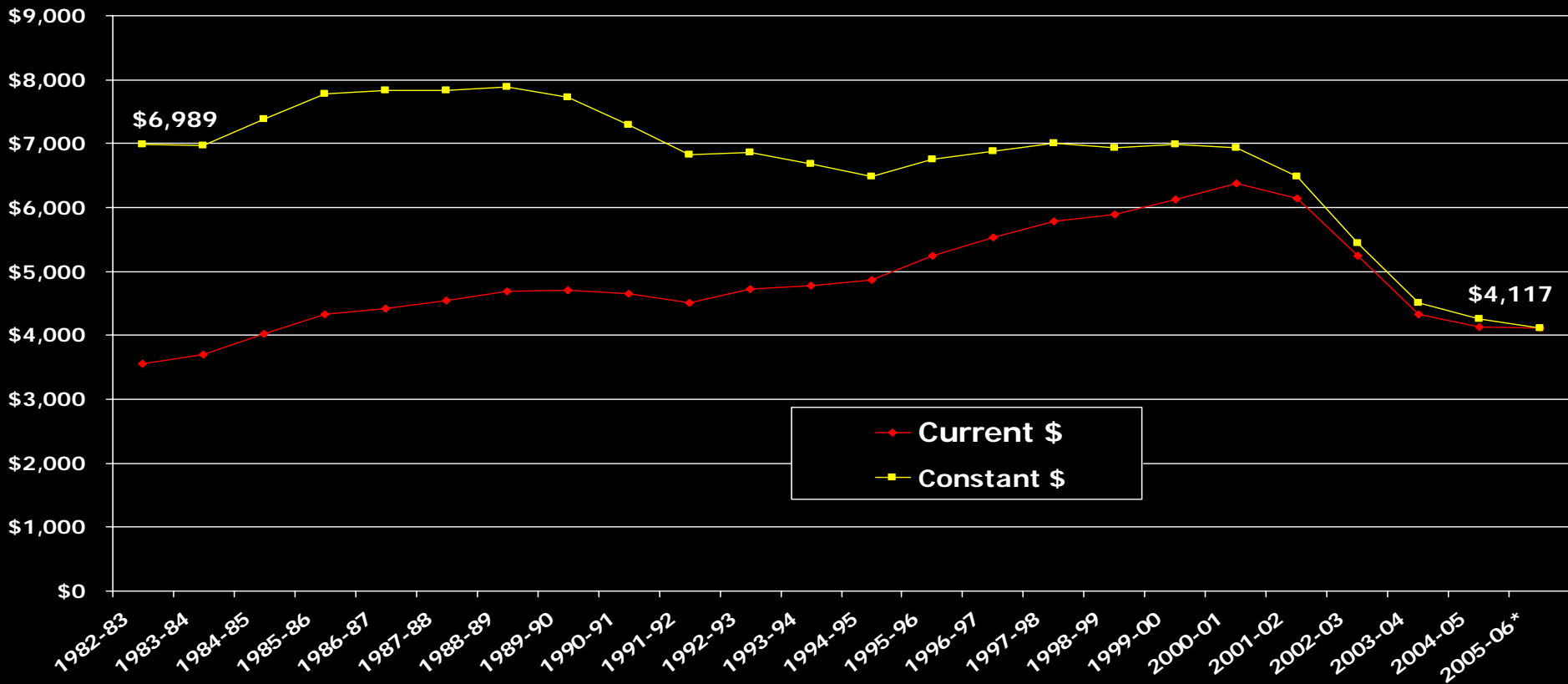
The combination of significant enrollment increases and major state funding decreases has caused a dramatic decrease in state funding per resident student, which varies among the public higher education institutions and systems.

	FY 2001-2002	FY 2004-2005	Percent Change
Colorado School of Mines	\$8,599	\$6,464	-24.8%
State Colleges	\$4,024	\$2,999	-25.5%
University of Northern Colorado	\$4,769	\$3,422	-28.2%
Colorado State University System	\$6,893	\$4,840	-29.8%
Colorado Community Colleges System	\$3,565	\$2,306	-35.3%
University of Colorado System	\$7,204	\$4,310	-40.2%
<b>Total</b>	<b>\$5,365</b>	<b>\$3,511</b>	<b>-34.6%</b>



# The Effects of TABOR

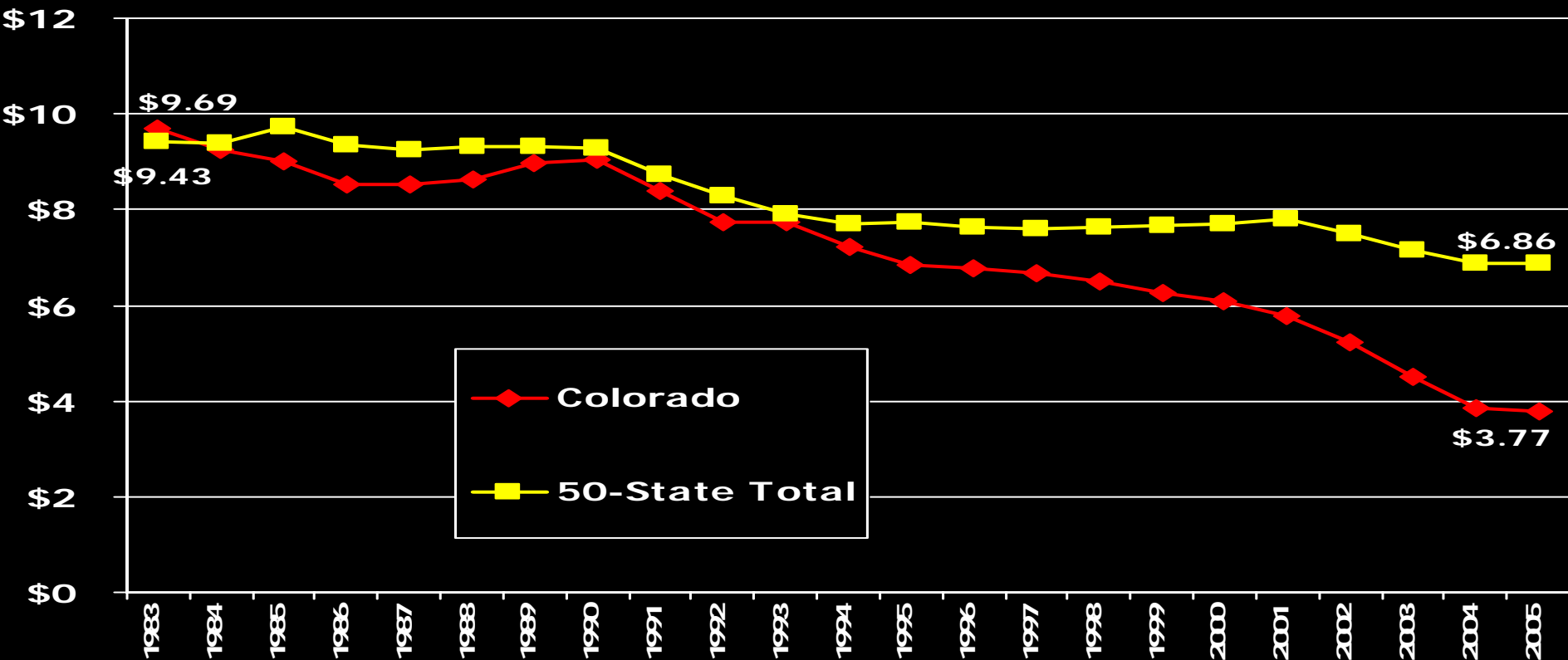
The decline in state funding per resident student is even more dramatic when adjusted for inflation. Specifically, General Fund expenditures per resident student have decreased by -41.1 percent since FY 1983.





# The Effects of TABOR

State tax fund appropriations for higher education per \$1,000 of personal income in Colorado have decreased by -59 percent between FY 1983 and FY 2005, ranking the state 48<sup>th</sup>.





# Burden of Costs is Shifting to Students & Their Families

## Average Annual State Funding per Resident (in-state) College Student

	2002	2005	Change
State Average	\$5,365	\$3,511	-35%
Colorado State University	\$6,983	\$4,840	-30%
University of Colorado	\$7,204	\$4,310	-40%
Colorado School of Mines	\$8,599	\$6,464	-25%
University of Northern Colorado	\$4,769	\$3,422	-28%
Community Colleges	\$3,565	\$2,306	-35%

## Average Annual Resident Full-Time Student Tuition Increases

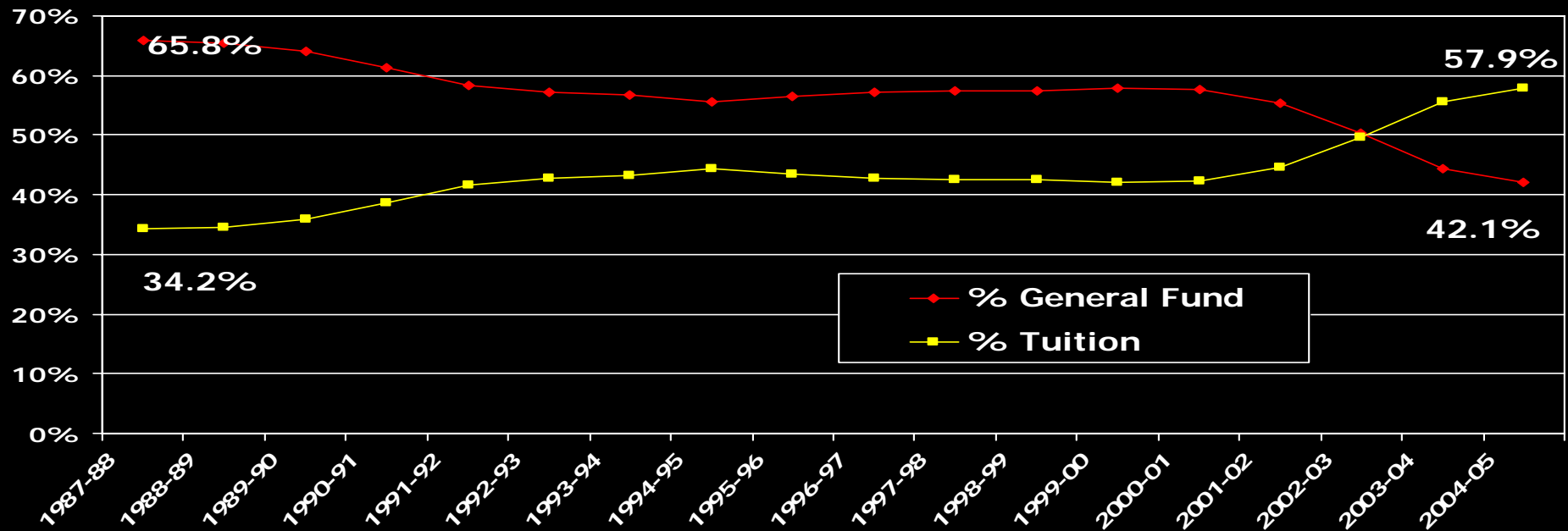
	2000	2001	2002	2003	2004
University of Colorado at Boulder	2.3%	3.0%	4.0%	6.2%	15.0%
Colorado State University	2.4%	2.9%	3.9%	6.1%	9.5%
Average 4-Year Colleges	3.6%	1.7%	3.9%	5.0%	5.2%
Average 2-Year Colleges	2.3%	2.6%	4.0%	4.8%	5.0%



# Burden of Costs is Shifting to Students & Their Families

As a result of decreasing state funding and increasing tuition rates, students and their families have now surpassed the state as the primary financers of higher education.

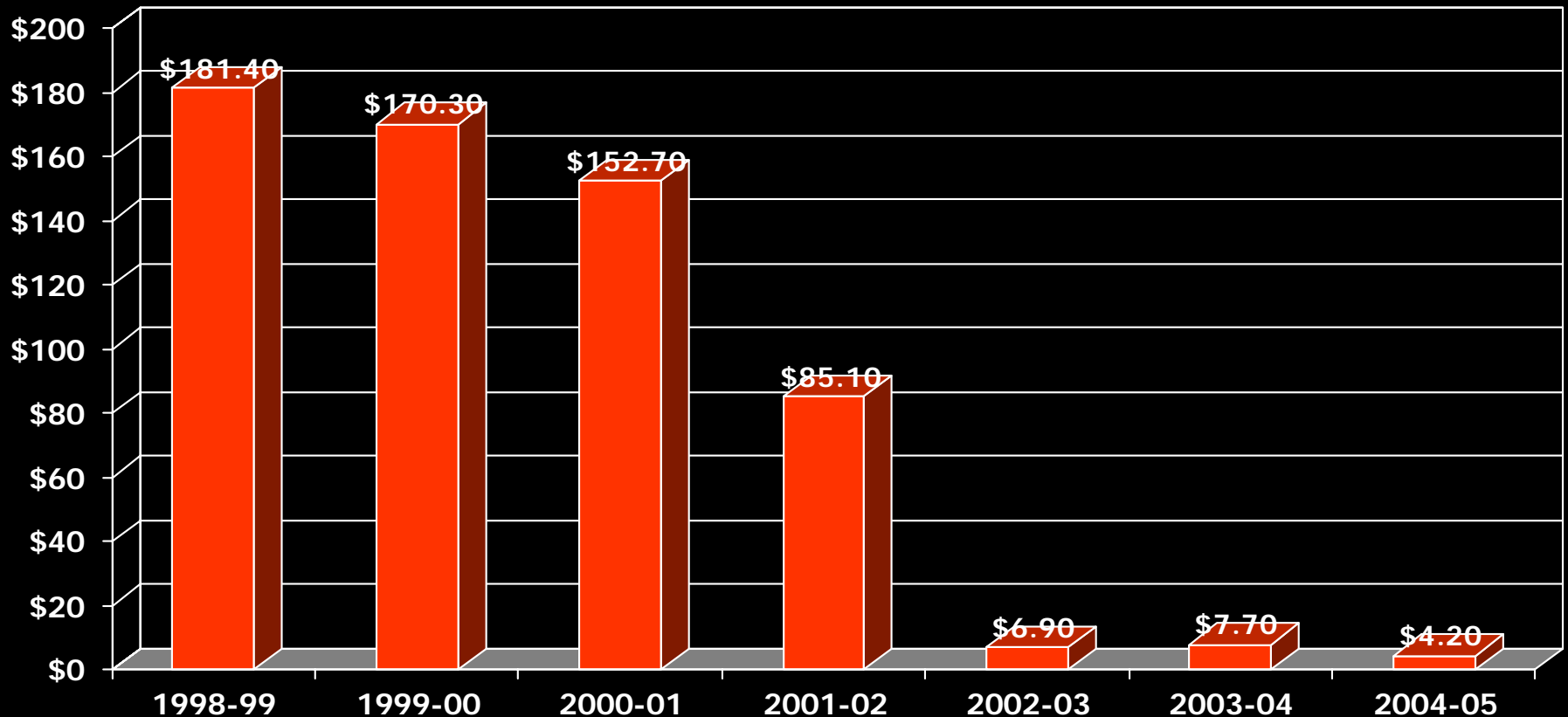
General Fund Appropriations and Tuition Revenue  
As A Percent of Total Revenue Per Student FTE





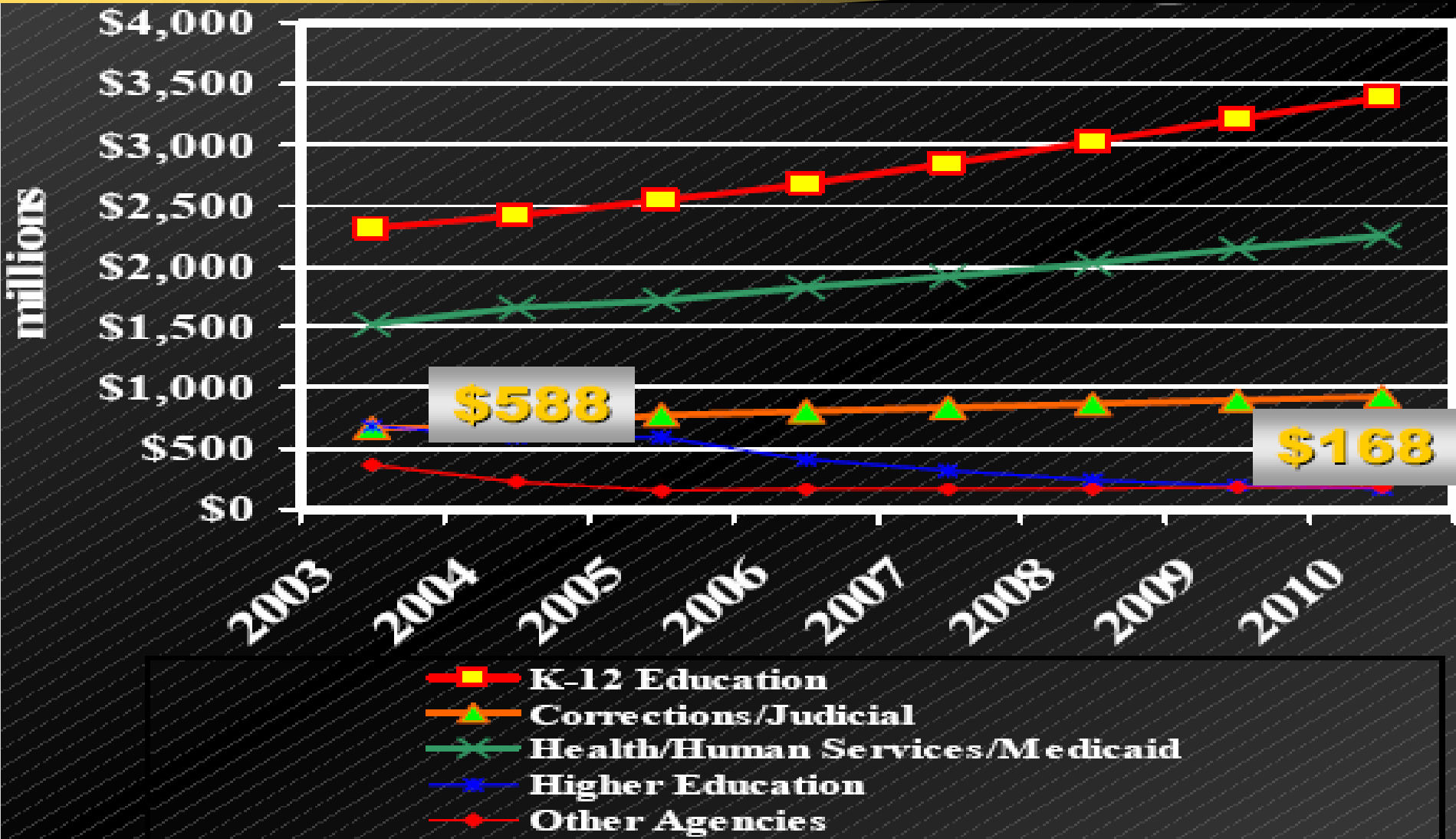
# Capital Construction

State funding cuts have also had an enormous impact on capital construction and maintenance for public higher education facilities.





# State General Fund Projections Potential Impact on Higher Education (University of Colorado System Estimates)





# Affordability



## ■ Tuition Affordability Varies

- ❖ CU-Boulder: 14<sup>th</sup> lowest resident tuition, 4<sup>th</sup> highest non-resident tuition
- ❖ Comprehensive Colleges & Universities: 6<sup>th</sup> lowest resident tuition, 25<sup>th</sup> highest non-resident tuition
- ❖ Community Colleges: 21<sup>st</sup> highest resident tuition, 5<sup>th</sup> highest non-resident tuition

## ■ Financial Aid Has Been Decreasing

- ❖ Since FY 2003, funding for the state's primary need-based grant aid programs decreased by -13% and total funding for financial aid has been cut by -16.2%.
- ❖ Significantly reduced or eliminated funding for 10,000 students.
- ❖ The state's total need-based grant aid represents only 10% of total resident tuition revenue – the lowest level in 10 years.



# College Opportunity Fund (S.B. 04-189)

- First state in the country to establish college vouchers.
- Applies only to undergraduate education.
- Resident students must apply for stipend. Eligibility:
  - ❖ Enrolled in public higher ed. institutions (Full Stipend - \$2,400)
  - ❖ Enrolled in private nonprofit higher ed. institution, Colorado HS graduates and eligible for federal Pell grant (50% of Stipend - \$1,200)
- College Opportunity Fund administered by Colorado Access Network (CAN)
  - ❖ Once an eligible student has applied and enrolled, CAN sends voucher to institution on his/her behalf for up to a total of 145 credit hours.



# College Opportunity Fund (S.B. 04-189)

- Performance Contracts between CCHE and institutions.
  - ❖ **Access and Success:** Retention and Graduation Rates
  - ❖ **Quality:** General Education Requirements, Grade Distribution, Faculty Courseload, Performance Pay and Reviews, Learning Assessment
  - ❖ **Efficiency:** Costs, Capital Assets and Maintenance, Auxiliary Facilities,
  - ❖ **Teacher Education:** Recruitment and Training
  - ❖ **Needs of the State:** Economic and Workforce Development.
- Fee-For-Service Contracts between CCHE & institutions
  - ❖ Basic Skills (Remedial) Courses, Graduate Education, Specialized Educational Services and Professional Degrees.
- Funding through stipends and contracts allows colleges to achieve enterprise status, making tuition revenue exempt from TABOR restrictions.
- Institutions do not have the same ability to raise tuition



# Future



- **Students will not receive the stipend directly and will not have lower out-of-pocket costs. The stipend consists of the state money (subsidy) that they already receive. Instead, students and their families will face higher tuition and fees.**
- **Short-term solutions will not lead to a stronger and better public higher education system unless we address the structural fiscal challenges of the state budget and increase funding for our colleges and universities.**
- **If we want to have a strong system of public higher education in Colorado, then we must fix TABOR. Otherwise, we will end up with stipends worth \$0, which will be the same as FTE reimbursement rates of \$0 under the current finance structure.**



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