COLORADO’S PERFECT STORM

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Colorado’s Exceptional Story:
The Perfect Storm
The Confluence of Three Huge Waves

Rising Demand for Higher Education
The Change in Who You Are Serving
Constrained Finances
The First Wave – Rising Demand

Expected enrollment growth of 9-10% in just two years (2002-04).

That’s about equal to the growth in the entire previous decade (1992-02).

More growth on the way: anticipated 18.1% by 2010 (2002-10).

WHY?
What’s pushing the wave?

1. Simple Demographics

- 10% increase in high school grads from 2002 to 2012.
- 1.7% population increase in 2001-02 alone: over 75,000 new residents arrive in a single year.
- On the way: 365,000 new residents, an 8% increase in population (2005-15).
- Colorado is the 6th fastest-growing state in the nation.
2. Policy Goal – Greater post-secondary participation

  
  Colorado – 71% (73.5% in '96)
  WICHE West – 69.8%
  U.S. – 68.1%

- Desired increase in the share going on to college *(Measuring Up 2002: B on Participation)*
  
  49.8 to 62.2%
  62.3 to 69.5%
  69.6 to 76.4%
  76.5 to 93.5%

Source: NCHEMS 2002

- **Associate degree production (per 100 H.S. grads)**
  - Colorado – 20.8
  - WICHE West – 25.8
  - U.S. – 21.8

- **Baccalaureate degree production (per 100 H.S. grads)**
  - Colorado – 58.4
  - WICHE West – 43.9
  - U.S. – 47.7
So What?

- World leaders in higher education attainment:
  - Canada, Finland, Ireland, Japan, Korea

- Second tier:
  - U.S., Australia, Belgium, France, Norway, Spain, Sweden, U.K.

Source: OECD Statistics, Annex 3 – Table 2.5
Consolation: You’re not alone

- Arizona, California, and Nevada are in worse shape than you.
- Most of the rest of the West is right with you.
The Second Wave –
Those we serve will be harder to serve

Increasing share of population from communities that higher education traditionally has not served well.

- Communities of color: Will supply 33% of high school grads by 2012 (up from 24% in ’02).
- Projected increase in Hispanic high school grads:
  - From 15% in 2002 to 23% in 2012.
Historic success, or lack thereof, of Hispanic students in higher education

- In the U.S.: 10.5% less likely to attend higher education
- A heck of a challenge for Colorado: Hispanics represent 15% of the Colorado population (2002)
  14% of full-time first-time freshmen (4-year, ‘02)
  12.5% of those awarded associate degrees (01-02)
  7.5% of those awarded bachelor’s degrees
Historic success, or lack thereof, of low-income students in higher education

- In the U.S.: Participation drops from 27.5 to 23.1% (1999-2001).
- In Colorado: that number is 17.1%.
- Advanced Placement: In 2001, less that 3% of AP tests were taken by low-income students (regional average – 15%). And only 2.9% of CO test takers received fee reductions – compared to 14.9% in the region.
- Poor less likely to go, regardless of ability.
- Poor less likely to stay, because of ability.
The Third Wave – Limited Resources

*What a difference a decade makes: The ‘90s – the Best of Times.*

- State appropriations: +54% (1993-2002)
- Tuition: +25% (2-year)
  +17% (4-year)
- Median income: +22%
The Third Wave – Limited Resources

*What a difference a decade makes: 2002 – the Worst of Times.*

- Budget in turmoil: $850 million cut from the fiscal 2003 budget. Another $850 million may be slashed for 2004.
- Colorado’s support for higher education increases just 3.5% (2002).
- Higher ed’s share of the budget drops from 15% to 10.9 percent (1992-2002).
- If the past has been tough, the future will be tougher.
State and local surplus or shortfall as a percent of baseline revenues
Colorado higher education finance policies don’t “measure up.”

- Institutions lack financial capacity to increase capacity.
- State support is limited, and will likely remain so.
- Tuition revenue is mighty small, compared to other states.
- Colorado was 43rd in the nation in per-capita spending for higher ed (2002).
Access is at risk

- Colorado trails the West and the rest in need-based financial assistance.
- State need-based aid
  - Colorado - $221
  - WICHE average - $238
  - U.S. average - $316
## Table 3: 1998 student/family income ranges, by state, by quartiles

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Low-income dependent students with parents 45-64</th>
<th>Low-income Independent students 25-34 years old</th>
<th>Median-income dependent students with parents 45-64</th>
<th>Median-income independent students 25-34 years old</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top</td>
<td>$28,560-$32,720 AK, DC, IL, IA, KS, MN, NJ, RI, UT, WA, WI</td>
<td>$14,710-$22,110 AK, CT, DC, GA, IL, IA, MD, MN, NH, NJ, UT, VA</td>
<td>$72,860-$81,670 AK, CT, HI, IL, KS, MA, MI, MN, NH, NJ, RI, WI</td>
<td>$45,280-$53,420 AK, CT, IL, MD, MA, MI, MN, MO, NJ, SC, VA, WI</td>
</tr>
<tr>
<td>Second</td>
<td>$24,260-$28,380 CT, HI, IN, ME, MD, MO, MI, NH, OH, OR, SD, VT, VA</td>
<td>$13,190-$14,640 CO, DE, IN, LA, MA MI, MO, NV, OH PA, TN, VT, WI, WY</td>
<td>$62,860-$72,500 CO, DC, DE, GA, ME MD, NV, NY, ND, OH PA, UT, VA, WA, WI</td>
<td>$40,150-$44,380 CO, DE, GA, IA, KS NH, NY, OH, PA, RI, SD, UT, VA</td>
</tr>
<tr>
<td>Third</td>
<td>$19,010-$23,510 AL, CA, CO, ID, MA, NY, NC, ND, NV, OK, PA, SC, TN</td>
<td>$11,070-$12,800 AR, KY, ME, MS, NE, NY, NC, RI, SC, SD, TX, WA</td>
<td>$58,000-$62,500 CA, IN, IA, MO, MS, NC, OK, OR, SC, SD, VT</td>
<td>$36,500-$39,800 AR, DC, HI, IN, KY, LA, ME, NE, NV, NC, TN, TX, VT</td>
</tr>
<tr>
<td>Bottom</td>
<td>$15,260-$18,890 AR, AZ, DE, FL, GA, KY, LA, MS, MT, NE, NM, TX, WV</td>
<td>$9,910-$10,910 AL, AZ, CA, FL, HI, ID, KS, MT, NM, ND, OK, OR, WV</td>
<td>$46,150-$57,040 AL, AR, AZ, FL, ID, KY, LA, MT, NE, NM, TN, TX, WV</td>
<td>$28,680-$36,100 AL, AZ, CA, FL, ID, MS, MT, NM, ND, OK, OR, WV, WY</td>
</tr>
</tbody>
</table>

Source: U.S. Census, 1998 Current Population Survey and Authors’ Calculations
The Makings of *The Perfect Storm*

**Increasing demand.**

**Increasingly difficult-to-serve clientele.**

**Limited finances: Colorado’s facing a 2.3% structural deficit.**
Weathering the Storm

You have a bold plan:

Why COF makes sense for Colorado.

Why it may not.

The solutions for higher education lie both within and outside higher education in Colorado – your revenue structure won’t support your anticipated level of public services.
Interstate collaboration makes sense, if done smartly.

- Other states can help with unmet demand (i.e., WICHE’s WUE program)
- Other states can help Colorado focus its resources (i.e., WICHE’s PSEP program)
To Weather the Storm, or Whether Not To?
That is the Question.

And the answer is clear.