Public Higher Education: Public Trust, Private Investment, or Lost Cause!

The Colorado Story
A Perfect Situation
Public Higher Education: Public Trust, Private Investment, or Lost Cause!

University of Denver – Strategic Issues Panel

The Future of State Government in Colorado

Presentation by: David Longanecker
President, Western Interstate Commission for Higher Education (WICHE)

The Colorado Story
A Perfect Situation

Perfect Storm or Perfect Opportunity
The Perfect Storm: Three Converging Waves

Wave One: Colorado’s Economic Competitiveness

Wave Two: Who We Are – Can Colorado Be Competitive

Wave Three: What Colorado Has in Resources to Commit to This Venture
The Liberal Borrowings

**Knocking on the College Door** (WICHE)

**Beyond Social Justice** (WICHE)


State Higher Education Executive Officers (SHEEO), SHEF Report, February 2010.
The Converging Waves

Wave One: Colorado’s Economic Competitiveness

Wave Two: Who We Are – Can Colorado Be Competitive

Wave Three: What Colorado Has in Resources
Relationship Between Educational Attainment, Personal Income, and Economic Strength

State New Economy Index (2002)
- **Top Tier**
- **Middle Tier**
- **Low Tier**

- Low Income, Low Educational Attainment
- High Income, Low Educational Attainment
- High Income, High Educational Attainment
- Low Income, High Educational Attainment

- Personal Income Per Capita, 2000
  - $15,000
  - $20,000
  - $25,000
  - $30,000

- Percent of Adults Age 25-64 with a Bachelor’s Degree or Higher
  - 15%
  - 20%
  - 25%
  - 30%
  - 35%
  - 40%
Educational Attainment & Personal Income by Colorado Counties

Adults aged 25 - 64 with a Bachelor's Degree or Higher (%) vs. Personal Income per Capita
Differences in College Attainment (Associate and Higher) Between Younger and Older Adults - U.S. and OECD Countries, 2005

Percent of Adults with an Associate Degree or Higher by Age Group – Colorado, U.S. & Leading OECD Countries

Source: OECD, *Education at a Glance 2008*
The White Caps on the First Wave

We’ve Been A Leader

But Slip-Sliding Away

Losing Ground:

Falling Internationally *(Comparatively)*

Mixed Bag Nationally

One Size Doesn’t Fit All

Two Stories – The Haves & the Have Nots
The Public Policy Response: Thinking Here & Elsewhere

National/Federal
- The President’s Goal – Lead Again by 2020
- Increased visibility – Education & Workforce
  - Gates and Lumina

Regions & Their States
- East: Status Quo, more or less
- Mid-West: A Mixed Bag
  - Rhetoric trumps action
- South: Investing in Education
  - But still disconnects
- West (and Colorado):
  - Question the Data
  - Blame Immigration
  - Disinvest in Access and Quality
The Converging Waves

Wave One: Colorado’s Economic Competitiveness

Wave Two: Who We Are – Can Colorado Be Competitive

Wave Three: What Colorado Has in Resources
Public & Nonpublic High School Graduates 1991-92 through 2021-22, Colorado

Actual

Projected

Total = public and non public, all races.
Source: WICHE, Knocking at the College Door
Figure 3.11. Public High School Graduates in the Midwest by Race/Ethnicity 1993-94 to 2004-05 (Actual), 2005-06 to 2021-22 (Projected)

Figure 3.13. Public High School Graduates in the Northeast by Race/Ethnicity 1993-94 to 2004-05 (Actual), 2005-06 to 2021-22 (Projected)

Difference in Education Attainment Between Whites and Hispanics (2006, Percent)

Source: U.S. Census Bureau, 2006 American Community Survey (ACS) Public Use Microdata Sample (PUMS) File. Via NCHEMS
The White Caps on the Second Wave

Those with whom we have succeeded are declining.

Those with whom we have not succeeded are increasing.

“Average” won’t sustain us, and may not even be achievable.

And, One Size Doesn’t Fit All.

- Really Two Stories – The Haves & the Have Nots.
The Public Policy Response: Here and Elsewhere

The Good News
- National Consensus Efforts
  - Complete College America *(Colorado is in)*
  - NGA focus area for New Governors
- Equity focus – Nevada, Wisconsin
- An emerging “Change” agenda – Metro state/NCAT

The Other News – Same Old, same old
- Mission creep
- Focus on highest achieving (financial aid & enrolment protections)
- Challenges to diversity & diverse populations
- Whining trumps Changing -- it’s “their” fault
  - Students for not being smart
  - States for not being supportive
The Converging Waves

Wave One: Colorado’s Economic Competitiveness

Wave Two: Who We Are – Can Colorado Be Competitive

Wave Three: What Colorado Has in Resources
Life could have been worse


Note: Net tuition revenue used for capital debt service is included in the above figures. All figures are adjusted by SHEEO Higher Education Cost Adjustment (HECA).

Source: SHEEO, SHEF 2009

Note: Constant 2008 dollars adjusted by SHEEO Higher Education Cost Adjustment. (HECA) Source: SHEEO SHEF
Rankings and Trends in State/Local Funding per Student (FTE)
Divergence from U.S. Average in 2008 and past 25 years

Note: All dollars are adjusted by HECA, Cost of Living Adjustment, and Enrollment Mix.
Source: SHEEO SHEF
Rankings and Trends in Core Revenues per Student
Divergence from U.S. average in 2008 and past 25 years

Note: All dollars are adjusted by HECA, Cost of Living Adjustment, and Enrollment Mix. Total educational revenue does not include net tuition revenue used for debt service.

Source: SHEEO SHEF
Revenues Per Student from Net Tuition, State, & Local Appropriations Public Research

Revenues Per Student from Net Tuition, State, & Local Appropriations Public Masters and Baccalaureate

Revenues Per Student from Net Tuition, State, & Local Appropriations Public 2-Year

General Operating Revenues Per Student Available to Colorado Community Colleges, 2006-07

Gen Op Revenues = State + Local + Net Tuition

Source: NCHEMS NCES IPEDS Finance Survey, 2006-07
Projected State and Local Budget Surplus (Gap) as a Percent of Revenues, 2016

Source: NCHEMS; Don Boyd (Rockefeller Institute of Government), 2009 Via NCHEMS
Prospects look bleak for much more in the short term.

New Normal suggests a very different future than past.

Triage often sacrifices the most vulnerable.
The Public Policy Response: Here and Elsewhere

- A stimulus package that discouraged innovation and change
- A funding structure that inadequately supports equity oriented institutions
- Mission creep, which reduces teaching productivity
- Tax cuts over tax investments
The Colorado story – Three Huge Converging Waves

Demographics present a challenge, all else being equal.

The finances are perilous.

We have been educationally competitive, which has made us economically competitive and comparative just, but:

- Were slipping
- And the good life has not been equitably distributed
- Public Policy inconsistent with the times or their needs
The Colorado Story – Three Real Opportunities

Opportunity One: Our Economic Competitiveness

Opportunity Two: Our Changing Demographics

Opportunity Three: Our Revenue Base
Opportunity One: Our Economic Competitiveness

- Colorado is relatively wealthy
  - Among highest Nationally in per capita income
  - In the Nation that remains the wealthiest country in the World. We have “the financial capacity”
Opportunity Two: Our Changing Demographics

- Colorado starts from a reasonably successful base, over all
- Improvements in serving Hispanic students, will reap huge benefits
Opportunity Two: Our Changing Demographics

- Positive Policy Trends
  - Pay for Outcomes
    - Evidence based
    - Many focused on reducing the Gaps
  - Renewed focus on smart need-based student financial aid
    - Preservation
    - New Initiatives
- Less is More in the Curriculum
- Reinvention of Remediation (CAT)
- Broader adoption of the Equity Scorecard
- Federal Initiatives – SAFRA & AGI
Opportunity Three: Our revenue base

- Colorado Has A Cost Effective System, so investments likely to reap results
Productivity: Total Funding per Degree/Certificate (Weighted*, 2006-2007)

*Adjusted for value of degrees in the state employment market (median earnings by degree type and level)

Sources: SHEEO State Higher Education Finance Survey 2008; NCES, IPEDS Completions Survey; U.S. Census Bureau, American Community Survey (Public Use Microdata Samples)
State Tax Capacity & Effort
Indexed to U.S. Average

Source: State Higher Education Executive Officers (SHEEO)
The Colorado Story –

Perfect Storm
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Perfect Storm, or
Perfect Opportunity

Our Choice