

# Fulfilling the Colorado Promise

*A Model to Drive Fundamental Change in  
Funding Higher Education in Colorado*

[www.president.colostate.edu/pdf/fulfilling\\_colorado\\_promise.pdf](http://www.president.colostate.edu/pdf/fulfilling_colorado_promise.pdf)

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**COLORADO STATE UNIVERSITY SYSTEM**  
COLORADO STATE UNIVERSITY ■ COLORADO STATE UNIVERSITY – PUEBLO

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# Fulfilling the Colorado Promise: *A Model to Drive*

Colorado's future depends on the state's ability to link its aspirations for economic prosperity and quality of life with the transforming capacity of its colleges and universities.

To lead in fulfilling *The Colorado Promise*, the state must be able to provide a first-rate system of higher education and a home-grown, highly educated population. In his January 11 "State of the State" address, the Governor reinforced this message, highlighting the importance of educational access and the need to align economic development strategies with the state's educational offerings. Working in collaboration, higher-education leaders have made a clear case for the importance of a highly skilled workforce and a diverse mix of colleges and universities to the state's economy.

The Colorado State University System has identified four fundamental steps necessary to achieve this promise.

1. Reach agreement – and affirm that agreement with the public – on an appropriate, stable, long-term funding source for higher education and other essential state infrastructure needs.
2. More effectively determine funding needs of individual institutions in light of their mission, program cost, and peer funding levels, using the recent National Center for Higher Education Management Systems (NCHEMS) study data as a basis for determining real need. A new online tool developed by CSU supports this function.
3. Assure greater access and success for all qualified students – particularly working class, low-income and first-generation students – by committing to covering the educational costs of Colorado Pell Grant recipients.
4. Challenge colleges and universities to develop measures to enhance their accountability to students and constituents.

This action plan comes on the heels of considerable discussion in recent weeks over the need for a new funding model for higher education – and the public release of a CSU white paper that outlines the importance of linking Colorado's economic goals with the strengths of its colleges and universities. CSU System Chancellor Larry Penley and eight other leading higher-education officials in the state co-signed a statement in *The Denver Post* January 7 that emphasized this message and reflected their philosophical consensus on the need for fundamental change in the system used to fund Colorado higher education.

The Colorado State University System proposes four action steps that will enable higher education to continue to advance the interests of the state and its citizens.

## **Stable Funding Source for Higher Education**

A commitment by the Governor and the General Assembly to an average level of funding for state public colleges and universities will substantially raise the potential for Colorado to transform its future based on its higher-education system and to realize the Colorado Promise.

To uphold this commitment, state leadership will need to go to the public to define a stable source of funds that will ensure the health of Colorado higher education for the long term. Such a source might also encompass funding for other essential state infrastructure needs including transportation and K-12 education. The Colorado State University System pledges to work with state leaders and other higher-education officials to formulate a plan for public approval.

## **More Effectively Determining Funding Needs**

The Colorado State University System has developed an interactive model to help state policymakers evaluate the funding needs of higher education and individual college and universities. Using the recent study by the NCHEMS and a simple, user-friendly interface, the CSU System model allows lawmakers to assess, by institution, what mix of state and/or tuition funding is needed to reach peer average.

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## *Fundamental Change in Funding Higher Education in Colorado*

The recent state-commissioned NCHEMS study evaluated whether higher education has the resources to fulfill its statewide mandate. NCHEMS looked at whether each Colorado college and university had adequate resources for its unique mission and resulting program offerings. The study found both inadequate overall funding and inequitable funding among institutions.

Overall funding for higher education in Colorado trails the average of college and university peers by more than \$832 million. For most people who follow higher education, this shortfall in funding was no surprise. Several reports have characterized Colorado's per capita funding of higher education as in the bottom quartile of the 50 states. As a result of tuition's having been classified as TABOR revenue in the past, resident tuition has also fallen well below most other states. But the NCHEMS study revealed what was a surprise to many: Some institutions and classes of institutions are disproportionately underfunded relative to peers. Research universities account for \$520 million – more than 60% – of this underfunding.

NCHEMS offered a strong recommendation that the state adopt a funding model that benchmarks data and revenues, and it developed comparable institutional benchmarks for each public higher-education institution in Colorado. The institution-by-institution data in the NCHEMS report provides an objective, relative means for distributing new revenue to Colorado colleges and universities. CSU used these benchmarks to establish an interactive model for determining how state funding and tuition support must balance one another to assure competitiveness with peer states.

In developing its model, CSU determined that the NCHEMS study could be used as a means to more effectively link state priorities with funding allocations and pursue a multi-year goal of adding \$832 million to the funding of Colorado higher education. Working from this goal, the CSU System used the NCHEMS data on national averages as the foundation for overall need. This model identifies the relative deficiencies of funding in an objective and fair manner and allows state leaders to see the exact relationship between tuition and state support that is needed to reach the national average over five years. The tool provides policymakers with a vehicle for more equitably funding economically important programs in higher education.

CSU's accessible and relevant model will allow elected officials to see how different percentage tuition increases can help offset state funds in addressing the \$832 million shortfall – and to review exactly what each college and university requires in comparison to peers on an annual basis and over time. This will enable policymakers to evaluate costs and make decisions based on national averages and documented need.

This funding model can be used immediately as a formula to distribute new funding to higher education – even during this legislative session. The model is available online at [www.president.colostate.edu/index.asp?page=funding](http://www.president.colostate.edu/index.asp?page=funding).

### **Enhanced Access with Success**

When Colorado colleges and universities are funded at their peer average, they will have the resources to more effectively address issues of critical importance to the state. This includes expanded access and improved success rates for all people – particularly working-class, low-income and first-generation citizens – further upholding the Colorado Promise of enhanced degree production and an improved quality of life for state citizens.

Financial barriers have a disproportionate impact on the ability of working class, low-income, qualified students to earn a bachelor's degree. The Education Trust reports that students from high-income families have a 75% chance of getting a bachelor's degree by age 24; students from low-income families have less than a 9% chance of earning a bachelor's over the same time period. The federal Advisory Committee on Student Financial Assistance estimates that, during the 1990s alone, between 1 million and 1.6 million qualified, low-income students failed to complete their bachelor's degrees. These are students who had planned and prepared to go to college, took the necessary high-school coursework, had information about financial

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aid resources, and weren't put off by the sometimes complex college-application process. They simply couldn't afford it. As the Committee's report stated: "These bachelor's degree losses are an unmistakable signal that our nation has yet to make the full investment in student aid necessary to secure our economic future – a dire warning that we are requiring millions of students to mortgage their future and ours as well."

Colorado faces a serious challenge in increasing access and success for the growing number of lower income high-school students. The challenge is further exacerbated by the trend among universities and states to shift their allocations from need to merit aid. A Pell Grant today covers little more than a third of the average cost of a public university. The National Center for Public Policy and Higher Education has concluded that these trends could lead to a decline in the educational level of the U. S. workforce as a whole.

Colorado must create access for students by instituting fundamental changes in pricing and paying for higher education. The CSU System proposes that the State devise mechanisms to completely cover the educational costs of Pell Grant recipients, which would require an additional \$10 million for Colorado State University's Fort Collins institution alone.

## **Challenge Colleges and Universities to Develop Measures to Enhance Their Accountability to Students and Constituents**

Central to *The Colorado Promise* is the expectation that all aspects of state government will place accountability and service to constituents among their highest priorities. Accountability is also a primary message of the recent report from The Secretary of Education's Commission on the Future of Higher Education, which calls for clearly stated public reports on campus learning climate and retention and graduation rates – and calls for more effective measurement of outcomes including such skills as problem-solving, written communication, and quantitative reasoning. Such calls for increased accountability are not challenges to the value of higher education but, rather, demands for greater value – and higher education takes these concerns quite seriously.

Colorado must encourage its colleges and universities to continue to adopt information systems and measures that allow meaningful, frequent reports to boards, students and the public; improve the transparency of institutional information on web sites; develop means for measuring the outcomes of student learning; improve monitoring and intervention with students who are at risk of failure; adopt specific goals for improving retention and graduation; embrace improvements in productivity; and set goals that challenge them to be better in all their dimensions, but particularly in their service to students and the public. This is a challenge that most Colorado colleges and universities already have accepted, and it must continue to be a statewide priority.

## ***The key to Colorado's future is the future of its higher-education institutions.***

As a premier leader in Colorado higher education, the Colorado State University System recognizes that the state faces considerable funding challenges and difficult decisions in balancing many important public needs. This proposal identifies four critical steps that are necessary to effectively address state support of higher education. CSU is committed to working with the Governor, the Legislature, the statewide business community, and Colorado citizens to move this agenda forward.