COLORADO’S PERFECT STORM

June 3, 2005
Presentation to Colorado Academic Library Summit
David Longanecker
Executive Director, WICHE
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

Colorado is amongst the most demographically challenged states

WHY?
What’s pushing the wave?

1. Simple Demographics
Colorado’s Substantial Projected Demographic Growth

Percent Change in Number of Public and Nonpublic High School Graduates by State, U.S., 2001-02 (actual) and 2017-18 (projected)

2. Policy Goal – Greater post-secondary participation

- Mixed Reviews on High School Completion
  - High school grad rates are slipping but still high @ 85% (2004) (*Measuring Up 2004: A on Preparation*)
  - WICHE Statistics look less favorable:
    - Colorado – 71% (73.5% in '96)
    - WICHE West – 71%
    - U.S. – 68%

- Desired increase in the share going on to college (*Measuring Up 2002: B on Participation*)
  - Colorado – 41%
  - WICHE West – 37%
  - U.S. – 39%

Source: NCHEMS 2002

- Associate degree production (per 100 H.S. grads)
  
  Colorado – 13.4  
  WICHE West – 22.6  
  U.S. – 19.1

- Baccalaureate degree production (per 100 H.S. grads)
  
  Colorado – 57.1  
  WICHE West – 43.6  
  U.S. – 48.2
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 40% of high school grads by 2015 (up from 27% in ’05).

- Projected increase in Hispanic high school grads:
  - From 16% in ’05 to 28% in ’15.
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: 25% reduction over 18 months, 2002 – 2004. Most precipitous drop in the U.S. Not much this year either (+ 1.7%)
- Second lowest in Nation (behind Vermont) in State and Local Support Per FTE Student (’04)
  - Colorado: $3,202
  - U.S. Average: $5,721
- Lowest third in Nation in Total funding per FTE Student (’04)
  - Colorado: $7,855
  - U.S. Average: $8,908
There isn’t going to be a future windfall.
Fiscal projections – 2005 - 2013

State and local surplus or shortfall as a percent of baseline revenues

Source: National Center for Higher Education Management Systems (NCHEMS)
Colorado higher education finance policies don’t “measure up.”

- Institutions lack financial wherewithal to increase capacity.
- State support is limited, and will likely remain so.
- Tuition revenue is mighty small, compared to other states (Except @ CU).
- Colorado was 49th in the nation in per-capita spending for higher ed (2003).
  - Colorado: $263
  - U.S.: $417
Access is at risk

- Colorado trails the West and the rest in need-based financial assistance (’02-’03).
- State need-based aid
  - Colorado - $214
  - WICHE average - $243
  - U.S. average - $317
### 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><strong>Top quartile</strong></td>
<td>$28,560-$32,720</td>
<td>$14,710-$22,110</td>
<td>$72,860-$81,670</td>
<td>$45,280-$53,420</td>
</tr>
<tr>
<td></td>
<td>AK, DC, IL, IA, KS, MN, NJ, RI, UT, WA, WI</td>
<td>AK, CT, DC, GA, IL, IA, MD, MN, NH, UT, VA</td>
<td>AK, CT, HI, IL, KS, MA, MI, MN, NH, NJ, RI, WI</td>
<td>AK, CT, IL, MD, MA, MI, MN, MO, NJ, SC, VA, WI</td>
</tr>
<tr>
<td><strong>Second quartile</strong></td>
<td>$24,260-$28,380</td>
<td>$13,190-$14,640</td>
<td>$62,860-$72,500</td>
<td>$40,150-$44,380</td>
</tr>
<tr>
<td></td>
<td>CT, HI, IN, ME, MD, MO, MI, NH, OH, OR, SD, VT, VA</td>
<td>CO, DE, IN, LA, MA MI, MO, NV, OH PA, TN, VT, WI, WY</td>
<td>CO, DC, DE, GA, ME MD, NV, NY, ND, OH PA, UT, VA, WA, WI</td>
<td>CO, DE, GA, IA, KS NH, NY, OH, PA, RI, SD, UT, VA</td>
</tr>
<tr>
<td><strong>Third quartile</strong></td>
<td>$19,010-$23,510</td>
<td>$11,070-$12,800</td>
<td>$58,000-$62,500</td>
<td>$36,500-$39,800</td>
</tr>
<tr>
<td></td>
<td>AL, CA, CO, ID, MA, NY, NC, ND, NV, OK, PA, SC, TN</td>
<td>AR, KY, ME, MS NE, NY, NC, RI, SC, SD, TX, WA</td>
<td>CA, IN, IA, MO MS, NC, OK, OR, SC, SD, VT</td>
<td>AR, DC, HI, IN KY, LA, ME, NE, NV, NC, TN, TX, VT</td>
</tr>
<tr>
<td><strong>Bottom quartile</strong></td>
<td>$15,260-$18,890</td>
<td>$9,910-$10,910</td>
<td>$46,150-$57,040</td>
<td>$28,680-$36,100</td>
</tr>
<tr>
<td></td>
<td>AR, AZ, DE, FL, GA, KY, LA, MS, MT, NE, NM, TX, WV</td>
<td>AL, AZ, CA, FL, HI, ID, KS, MT, NM, ND, OK, OR, WV</td>
<td>AL, AR, AZ, FL, ID, KY, LA, MT, NE, NM, TN, TX, WV</td>
<td>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

**Why Colorado is unique**
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

Colorado has a bold plan:

Why COF makes sense for Colorado.

It fits the constraints of TABOR, et al

It does connect the dots

Why it may not.

Higher Ed is not “a perfect market”

The solutions for higher education lie both within and outside higher education in Colorado – The State’s revenue structure won’t support its 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.