Securing Public Interest in Higher Education:

VOUCHERS: A Dream or Nightmare Policy?
VOUCHERS – The Dream Policy

- The Economists’ Ultimate Solution
  - On Demand
    - Power to the Consumer
    - Transparency
      - Value of the Voucher
      - Source of the Voucher
  - On Supply
    - Choice drives competition
      - Contains costs
      - Drives up quality
    - The Ultimate form of accountability – the markets rules
VOUCHERS – The Dream Policy

- The Colorado Rationale
  - A Solution to **TABOR** (The Taxpayers Bill of Rights)
    - Tuition *escaped* the revenue constraint
    - Institutions offered greater *management autonomy*
  - The conservative political philosophy -- TABOR was no mistake
  - Very limited funding -- TABOR had worked
  - In sum – conditions were ripe for change
VOUCHERS -- The Colorado Concerns

- Inadequate provisions for predictable Market Failures
  - Equity concerns – inadequate financial aid
  - Quality concerns – provisions absent for assuring public interest to be served
- Response
  - Financial aid initiative
  - Performance Contracts with Fees for Service
- That is what was adopted
VOUCHERS

-- The Possible Colorado Nightmare

- Resources:
  - Resources insufficient for success.
    - 25% reduction in funding in 18 months
    - $2,400 voucher not enough to drive either demand or supply
    - 1/3 funding for Fee For Service misaligned with Access priority
    - Financial aid did not materialize
VOUCHERS -- The Possible Colorado Nightmare (continued)

- Implementation
  - Message is muddled – transparency not apparent
  - Financial aid proposal – money for something, but what
    - A number of initiatives
    - No political support
    - The blame game
    - New plan – more cohesive
VOUCHERS -- The Possible Colorado Nightmare (continued)

- Implementation (continued)
  - Performance contracts – State got snookered
  - Fee for service not aligned with highest priority (a legislative dilemma)
  - Autonomy agreement abrogated
    - Expenditure side – spending authority but curricular controls
    - Revenue side – no real autonomy gained
Politics and Leadership
- Relief from *TABOR* and abrogation of autonomy agreement have raised issues of policies efficacy
- But can’t go back – after five years expenditure limits will again apply
- Champions *expiring*
- True believers unable to see these limitations
- Or, perhaps, comfortable with them
VOUCHERS – The Bold Colorado Experiment

- Worth the effort, given the circumstances
- Worth watching, but not replicating
- May not offer the best test bed
  - Not funded for success
  - Not implemented for success
  - And lots of other noise in the system
- But that’s life in the public arena
- Which is a lesson in itself