PART I - GOVERNANCE

Governance is the formal arrangement put in place for making and administering policy. The governance structure determines what is done, by whom it is done, and how it is done. States have adopted a variety of governance arrangements that define the ways in which they interact with higher education. In fact, it is safe to say that every state is different in this regard, although similarities are prevalent. In almost all cases multiple layers exist usually comprised of higher education institutions, the state legislature, and the executive branch in the form of a statewide intermediary agency. The legislative role is to put in place the legal structure in which higher education and its attendant parts function.

Higher Education Institution Types

Constitutions and/or statutes establish the framework for higher education. Through constitutions and statutes, states choose to allow higher education institutions to be established as constitutional or statutory organizations, as corporations, public corporations, public enterprises, authorities, or charter, compact, or contract institutions.

Constitutional and Statutory Institutions

The Universities of California, Colorado, Michigan, and most recently Hawaii, are examples of constitutionally established institutions. Constitutionally established higher education institutions have retained more autonomy, at least theoretically, than have statutorily established institutions (MacTaggart and Associates, 1998).

Public higher education institutions authorized by statute tend to be more tightly coupled to government than are constitutionally authorized public institutions. They must make their case more frequently before the state legislature and enjoy only those freedoms granted them (Moos and Rourke, 1959). Theoretically statutory institutions are more vulnerable to intrusion than are constitutional institutions. **All the public institutions in Colorado are statutory with the noted exception of the University of Colorado system established in the state constitution.**

Corporations

A corporation is "a group of people legally authorized to act as if it were a single individual" (McLean, 1996, p. 112). The ability to establish corporations is authorized by the state. Overseen by an appointed or elected board of directors, the corporate form provides for a great deal of autonomy. While the corporate structure is usually associated with the business world, independent higher education institutions and propriety (for-profit) institutions also have corporate status. These institutions have more independence and autonomy than their public counterparts. **Colorado College, Regis University, the University of Denver, and Colorado Christian University are examples of non-profit corporations.**

Public Corporations, Public Enterprises, and Authorities

Public corporations, public enterprises, and authorities are forms of publicly-owned entities that are fairly loosely associated with government. They are given a substantial amount of legal authority to manage the entity's affairs, yet they are still a part of government. For public corporations, enterprises, and authorities, power is vested in a board that oversees the internal business of the entity. These types of entities are established for a variety of reasons: to gain revenue for the organization itself, to carry out an ideological program, to win or retain votes, to address government failure (Hood, 1994), and to allow for more flexibility. **Colorado public**

higher education institutions have recently been granted limited "enterprise status" legislatively. (See Appendix A, Definitions)

Charter, Compact, or Contract Institutions

The term "charter" is more often heard when speaking of elementary and secondary education. While still a public school, a charter school operates outside the usual restrictions. It still receives funding from public sources and charter schools are still held accountable for results. Some higher education officials are exploring using the concept for higher education.

Charter colleges are given greater freedom to act as they see fit. They are given the ability to set their own tuition rates, to control personnel policies, to make their own purchases, construct their own buildings, and to raise private money more aggressively. In return they agree to meet certain performance standards.

In 2001, the Colorado General Assembly, through legislation, established the Colorado School of Mines as a "performance contract" institution, a designation similar to charter institution. Now all Colorado public higher education institutions and some independent institutions have performance contracts. The independent institutions that may establish performance contracts with the state are Colorado College, Regis University, and the University of Denver. As of 2005, Regis University and the University of Denver have signed performance contracts. Colorado College was still negotiating the wording of their contract. In addition, Colorado Christian University has filed a legal action against the Colorado Commission on Higher Education, the goal of which is inclusion in the stipend program. If Colorado Christian should prevail, they too would be required to enter into a performance contract. (See p. 8 College Opportunity Fund)

Public Higher Education Organization

System Boards

In some states higher education institutions are governed based on the mission or type of institution. For example, all community colleges, all four-year colleges, and all graduate institutions come under their own system boards. Each system board is authorized to oversee the activities of several institutions generally having the same role and mission. A collection of institutions is governed by one board.

Institution or Local Boards

In some states public institutions may maintain their own board of trustees. Most frequently in the public sector these institutional boards form another layer of governance or policymaking following behind the state legislature, executive branch, and the statewide higher education intermediary agencies and in some cases system boards. Occasionally these boards are autonomous, having "full authority over a single institution and do not operate under the overall authority of a consolidated governing board or multi-campus system" (Education Commission of the States, 1994, p. 3). Where their powers are limited, trustees of local boards generally select the president, set institutional policy, conduct evaluations, and maintain relationships between the institution and external constituents (Hines, 1988). In any case, these boards work closely with the institutions they oversee and are more concerned about the needs of a specific institution. Generally comprised of prominent citizens, these boards assist institutions in raising resources and carrying out their roles and missions.

Ways of Organizing
A way of describing the overall possible higher education systems in states is: (1) the tiered system where states group institutions together under multiple boards based on mission, (2) the one board system where all public institutions in a state are placed under a single board, (3) the campus board system where each institutions has its own governing board and the state generally has a coordinating agency, and (4) the combination system which can include any parts of the other three. **Colorado has a combination of system boards and local, institution boards that fall under the Colorado Commission on Higher Education, a statewide higher education intermediary agency.** (See Appendix D, Department of Higher Education)

Statewide Higher Education Intermediary Agencies

Over time, states have chosen various ways of governing and coordinating their public higher education institutions. Among the structures put in place by almost all states is some form of a statewide higher education intermediary agency. The 1994 Education Commission of the States Postsecondary Education Structures Handbook categorizes these agencies as (1) governing boards, (2) coordinating boards, which include regulatory coordinating boards and advisory coordinating boards, and (3) planning agencies. Planning agency states "are states with essentially no coordinating authority delegated to a statutory entity that extends much beyond a voluntary planning and convening role and ensuring good communications among institutions and sectors" (Education Commission of the States, 1994, p. 7). Twenty-four states had consolidated governing boards. Twenty-four states had coordinating boards (21 regulatory and 3 advisory), and two states had planning agencies (Education Commission of the States, 1997). **The form in Colorado most closely resembles the regulatory coordinating board description.**

Statewide agencies have four major responsibilities. They are: (1) leadership and coordination, (2) approval of institutional objectives, (3) appraisal and evaluation of institutional achievement of approved objectives, and (4) advice to individual institutions. Other responsibilities can include: defining the role and mission of institutions; creating a vision; planning; budgeting; setting admission standards; establishing enrollment quotas; setting tuition; approving academic programs; reviewing programs; eliminating academic programs; allocating programs among institutions; determining general policies and practices; promulgating regulations; setting priorities, policy, and standards; supporting presidential leadership; licensing; administering programs such as student financial aid (Ketter, 1975; Millett, 1981; Fisher, 1984; Hollander, 1994); and advocating for various stakeholders. These agencies can also be players in policy innovation. Statewide higher education bodies are considered, in general, to be responsible for the efficiency and effectiveness of higher education (Ketter, 1975; Hollander, 1994).

State governments find statewide higher education intermediary agencies valuable because they can relieve some of the pressure often directed toward government, handle some of the difficult situations concerning higher education, and reduce friction. The agencies can take responsibility for the following: reducing program duplication, reducing duplication of missions, deciding on the location for institutions, ensuring access, ensuring quality, forcing desirable mergers, reducing competition among institutions for students and funding, facilitating transfers among institutions, lessening conflicts, providing more effective use of education dollars, economizing, managing enrollments, ensuring against harmful standardization, balancing institutional demands, and preventing dominance of one type of institution over another (Glenny, 1959; Millett, 1981; Education Commission of the States, 1994; Huisman and Morphew, 1996; MacTaggart and Associates, 1996; Marcus, 1997). As indicated above based on different structures in the states, the responsibilities and influence of these agencies vary from state to state.

Statewide higher education intermediary agencies also serve a somewhat intangible though very important function. Often these statewide agencies find themselves in the position of intermediary between higher education and government, and even as apologists for both.

In general, the statewide agencies have a great deal of influence over higher education. They carry out the mandates of the legislative and executive branches and relay messages back to those two branches of government from the higher education institutions. These statewide intermediary agencies are seen as bodies that could curtail higher education operations, eliminate duplication and overlap, keep institutions from expanding their missions unnecessarily, provide master planning, provide for more efficiency and economy, ensure the proper use of resources, provide for more fairness among institutions, address expanding needs of citizens and the state, and act as apologist for higher education and the state.

State coordination was designed originally as a buffer, or intermediary, between the academy and the politicians. It is now predominantly an instrument of public policy and the politicians. "*. . . How did we go from the protectors of autonomy to the intrusive and interventionist agencies that many of us are today? I think this happened because neither the politicians nor the institutions wanted us standing in the middle. Rather, they wanted us taking sides: accountability from the politicians, and advocacy from the institutions (Mingle, 2000, p. 3).* In Colorado, it appears the side most frequently taken is that of the politicians with the emphasis on accountability.

Colorado's Public Higher Education Structure

The University of Colorado and its component parts are established under the constitution of the state. There are, however, in statute many provisions that control the activities of the University. State statute provisions outline the authority of all the other governing boards in the state. Higher education institutions in Colorado generally have individual governing boards, but system governing boards also exist. These include the University of Colorado system (three institutions), the Colorado State University system (two institutions), and the Community College system (thirteen institutions).

State statute establishes the boards of trustees and grants governing board authority to each public institution or system of public institutions. For example, the board of the University of Northern Colorado is composed of nine members and is described as a governing board. It is a corporate body and has the powers associated with such a designation. Seven of the nine members of the board are appointed by the governor with the consent of the Senate. One member is a student representative and another member is from the faculty. The number of board members and specific designations can differ among governing boards.

Some specific powers of the governing boards are:

- Acquire and hold property
- Be a party to all suits and contracts
- Demand, receive, hold, and use money, lands, or other property
- Make bylaws and regulations
- Elect the officers of the board
- Appoint a president
- Appoint other executive officers, faculty, and employees
- Set compensation of president, executive officers, faculty, and professional staff
- Prescribe degree programs with advice of faculty
- Prescribe student admissions qualifications

All public institutions in Colorado have enterprise status. This designation, however, has been given to the institutions because of the manner in which money now flows to the institutions. As a side result, this designation creates a new governance relationship with the state. Performance contracts are developed for each institution that lay out certain expectations and goals that must be met.

Colorado has a Department of Higher Education under which the statewide intermediary agency, the Colorado Commission on Higher Education, CCHE, exists. It is the agency that performs most of the functions related to higher education. Other agencies within the Department of Higher Education are:

- CollegeInvest/Colorado Student Loan Program
- Colorado Historical Society
- Division of Private Occupational Schools (DPOS)

The CCHE is authorized in state statue, Title 23 Higher Education and Vocational Training. The law, originally enacted in 1963, concerning higher education was reenacted in 1985. The legislative declaration states the purposes of the article. They are: *to maximize opportunities for postsecondary education in Colorado; to avoid and to eliminate needless duplication of facilities and programs in state-supported institutions of higher education; to achieve simplicity of state administrative procedures pertaining to higher education; to effect the best utilization of available resources so as to achieve an adequate level of higher education in the most economic manner; to accommodate state priorities and the needs of individual students through implementation of a statewide enrollment plan; and to continue to recognize the constitutional and statutory responsibilities of duly constituted governing boards of state-supported institutions of higher education in Colorado*.

In this article, express powers and duties are delegated to a central policy and coordinating board, the CCHE. The ultimate authority and responsibility is expressly reserved to the General Assembly, and it is the duty of the CCHE to implement the policies of the general assembly.

The article applies to all state-supported institutions of higher education, including, but not limited to, all postsecondary institutions in the state supported in whole or part by state funds, and including junior colleges and community colleges, extension programs of the state-supported universities and colleges, local district colleges, and area vocational schools and specifically the regents of the University of Colorado and the institutions it governs. The governing boards and institutions of the public system of higher education in Colorado, including the University of Colorado, are obligated to conform to the policies set by the commission within the authorities delegated to it in this article.

The CCHE is composed of eleven members appointed by the governor and confirmed by the Senate. The members should have knowledge of and be interested in higher education. They serve for four years with the possibility of being reappointed one time only. There are restrictions concerning affiliation with institutions and the Colorado General Assembly. No more than six members of the commission can be from one major political party and there must be at least one member from each congressional district and at least one member from west of the continental divide. Commissioners receive $75 for attendance at meetings plus actual and necessary expenses. **See Appendix B for further duties of the Commission, and Appendix E, Decentralized System, Pro and Con.**

PART II - FINANCING

Introduction

A variety of funding streams support higher education. Historically, for public institutions, the main source of funding was the state government. For private institutions the main source is tuition from students and/or their families. But all types of institutions, public, private, and proprietary, rely on basically the same sources, with the percentage from each source varying. Those funding streams include government, parents and students, employers, endowments, private sources, auxiliary enterprises, and miscellaneous.

The federal government provides support mainly in the form of financial aid for students and specialized grants for research and some programs such as teaching and student access. Several tax credits have been passed recently that also help in keeping down the costs of higher education for some families and students. The main pieces of federal legislation that have developed support for state higher education institutions are Morrill Act of 1892, Servicemen's Adjustment Act of 1944 (G.I. Bill), and the Higher Education Act of 1965 along with several reauthorizations.

States are looked to by their public institutions and in some isolated cases by their private institutions, to fund general operations and construction. The main source of funding for public institutions has been the state. A small amount of funding for some institutions may come from local government as well. Students and parents pay tuition. Most states attempt to keep tuition low, but as state support has eroded, tuitions have increased dramatically. Nearly all institutions solicit contributions from their alumni and other supporters. For major research institutions, particularly, millions of dollars can be acquired each year through research grants.

States have used four basic funding approaches with their higher education institutions. First is the corporate approach where each campus has independent status and relative freedom of action. Second is the state-aided approach. A campus still has a great deal of freedom, but funding is controlled through the state budgeting process. In the third type, state-controlled, the state becomes more heavily involved, controlling much of the internal affairs of institutions either directly or indirectly, as well as financial affairs. In the fourth type, where institutions are considered to be state agencies, they have almost no latitude to function on their own (Hines, 1988). **For the most part, it is probably fair to say that Colorado follows the state-aided approach.**

Private institutions rely primarily on tuition. These institutions also rely on contributions and endowments for additional support. Even for these institutions, a substantial amount of support comes from sources other than tuition. In general, across the country, a student at a private institution paying the full tuition still pays only 80% of the actual costs. Most of these institutions also receive government support from both the federal and state levels, mostly in the form of student financial aid.

State Appropriations

Higher education is often expected to balance the budget. It is the largest discretionary part of a state budget. This is true across the country, and we often see the erosion of higher education budgets during times of economic stress. There are no mandates that require a certain level of funding for higher education. Although the federal government requires state-supported K-12 education for all, it does not impose mandates for higher education. In Colorado there is no constitutional amendment requiring a certain level of funding for Higher Education as is the case

of K-12 education (Amendment 23). Thus, when times are tough, higher education becomes the place where budget-makers cut expenses.

Between fiscal years 2000-01 and 2004-05, the overall Colorado budget for higher education fell 21.3%. However, the state funding per resident student dropped 35%. The 21.3% includes tuition; the 35% does not. The 35% drop represents only the state subsidy per student. Tuition has been increased to some extent but not enough to make up for the lost state revenue.

Average Annual State Funding per Resident (in-state) College Student

	2001-02	2004-05	% Change
State Average	$5,365	$3,511	-35%
Colorado State University	$6,983	$4,840	-30%
University of Colorado	$7,204	$4,310	-40%
Colorado School of Mines	$8,599	$6,464	-25%
University of Northern Colorado	$4,769	$3,422	-28%
Community Colleges	$3,565	$2,306	-35%

(The Bell Policy Center, 2005, p.2)

Comparison of Instate, Undergraduate Student and State Contributions to Universities Across the Country in 2004-05

	Student	State	Total
University of Michigan	$8,722	$16,607	$25,329
University of Arizona	$4,098	$15,996	$20,094
Iowa State University	$5,426	$13,163	$18,589
University of Nebraska	$5,268	$12,360	$17,628
University of Washington	$5,286	$12,041	$17,327
University of Missouri	$7,100	$ 9,627	$16,727
Ohio State University	$7,542	$ 8,746	$16,288
University of Kansas	$4,737	$ 8,020	$12,757
University of Oregon	$5,485	$ 4,567	$10,052
University of Colorado	$4,341	$ 3,134	$ 7,475

(The Denver Post, n.d.)

Often higher education demand is counter cyclical to funding availability. That is, during times of economic downturn, people often return to education to upgrade their skills and prepare for the future. When budgets are tight, more is demanded of higher education. Higher education funding is not only counter cyclical to demand, but also unstable.

In November 2005, the voters of Colorado passed Referendum C, which allowed the state to retain and spend additional money in three areas: higher education, K-12 education, and health. This provided the state legislature the opportunity to increase funding for higher education through supplemental appropriations in the Fiscal Year 2006 budget and by increases in funding in the Fiscal Year 2007 budget. This additional funding has allowed the state to increase the College Opportunity Fund stipend by $180 per year per full-time student attending public institutions for a total of $2,580 (also $90 per full-student per year at participating private colleges for a total of $1,290), to fund the "unfunded enrollment" (See the section "Enrollment" for a discussion of unfunded enrollment.), and to return to funding some capital improvements and deferred maintenance. Still, even with these increases, "Colorado currently spends about $3,360 per student, third from the last in the nation" (The Denver Post, 2006, p. 4E).

Tax Effort

Colorado is a wealthy state ranking at the top of the average family income category. However, the tax effort for higher education (and other services as well) is low. In 2005-06, the state ranking on state tax appropriation for higher education per capita, and per $1000 of personal income was 48th and 49th respectively (Grapevine, 2006).

College Opportunity Fund (COF)

Colorado is the first and only state in the country to move to a stipend (some would say "voucher") system for funding higher education. In May, 2004, the Colorado General Assembly established a new way for the state to provide state tax dollar support for higher education at the undergraduate level. The state no longer appropriates all higher education monies to institutions for undergraduate education, but allocates funding through the "College Opportunity Fund" or "COF." To be eligible, in-state undergraduate student must apply for the "COF" stipend. COF is not a loan, nor is it financial aid. In school year 2005-2006 it amounted to $2,400 per student. The Taxpayers' Bill of Rights or TABOR, a constitutional amendment passed in 1992, is the main reason for the change. The student stipend is not new money, but rather represents a portion of the money available previously through direct funding to institutions. The stipend provides a different form of funding. Following are the details regarding the COF.

- In-state undergraduate students attending public institutions are eligible for "stipends." Age, income, and financial aid eligibility are irrelevant.
- Students attending certain private colleges are also eligible. These students must be Colorado residents, graduates of a Colorado high school, and eligible for the federal Pell grant, a grant that goes to the lowest income students. At the present time, only Regis University and the University of Denver students are eligible to participate. Colorado College has chosen not to.
- The student's share of the cost for undergraduate education is not expected to decrease from the rates set prior to the "stipends" being instituted. Both tuition rates and COF "stipend" values may change from year to year.
- Upon authorization the "stipends" are sent by the state on the students' behalf directly to the institution they choose to attend. The "stipend" is applied directly to the total tuition charged to the students' account. The "stipend" amount is not mailed to the student's home or transferred to their bank account nor can a student receive a payment for unused stipend amounts.
- COF vouchers are capped at 145 cumulative attempted semester credit hours. After receipt of a bachelor's degree, a person may have 30 more undergraduate hours added to their limits.
- COF is also designed to increase public awareness that the state helps offset the costs of undergraduate education at public colleges and universities.

Additional support goes to the public institutions in the form of "Fee for Service Contracts." The funding for these contracts is designed to compensate institutions for high cost programs. In most years institutions also get money for capital projects and improvements.

Tuition

The authority for making decisions regarding tuition lies with the higher education governing boards. However, since the passage of TABOR, the legislature and the governor have played a prominent role in the process. The state budget must stay within certain limits. Since cash funds (in this case tuition) go through the budget, it becomes necessary for the legislature to put limits on tuition increases. While there is some ability for institutions to maneuver within the limitations, there is little flexibility in setting tuition rates without affecting the state budgeting process. Since achieving enterprise status, tuition increases have been held to inflation due to the strong desire of the governor to keep tuition increases as low as possible.

> *When institutional support diminishes, it is not necessarily untoward for tuition and fees to increase. Many of our institutions charge far less in tuition today than most students can afford, even in tough times, and certainly far less than the education is worth to them. The tradeoff between higher price and reduced service is likely well worth the additional price. But if we do raise tuition, state financial aid policy must protect those students from low-income families who simply can't bear increased costs. (Longanecker, 2002, p. 3)*

**Resident Undergraduate Full-time Academic Year Tuition Only
Rates and Percentage Change**

Institution	2001-02	2002-03	2003-04	2004-05	2005-06
Mines	4,940	5,246/6.2%	5,700/8.7%	6,336/11.2%	7,248/14.4%
CU - Boulder	2,614	2,776/6.2%	3,192/15.0%	3,480/9.0%	4,446/27.8%
CU - Denver	2,490	2,752/10.5%	3,028/10.0%	3,300/9.0%	4,032/22.2%
CU - CO Springs	2,490	2,750/10.4%	3,024/10.0%	3,296/9.0%	3,966/20.3%
CSU - Fort Collins	2,502	2,655/6.1%	2,908/9.5%	2,940/1.1%	3,381/15.0%
CSU - Pueblo	1,940	2,060/6.2%	2,289/11.1%	2,524/10.3%	2,903/15.0%
UNC	2,155	2,290/6.3%	2,520/10.0%	2,850/13.1%	3,192/12.0%
Fort Lewis	1,792	1,902/6.1%	2,020/6.2%	2,270/12.4%	2,462/8.5%
Mesa	1,688	1,767/4.7%	1,855/5.0%	2,063/11.2%	2,359/14.3%
Western	1,622	1,698/4.7%	1,783/5.0%	1,980/11.0%	2,352/18.8%
Metro	1,838	1,925/4.7%	2,021/5.0%	2,044/1.1%	2,191/8.9%
Adams	1,636	1,712/4.6%	1,798/5.0%	1,818/1.1%	1,980/8.9%
Community Colleges	1,441	1,510/4.8%	1,585/5.0%	1,603/1.1%	1,746/8.9%

(State Higher Education Executive Officers (SHEEO), 2006, p. 10)

Decision makers attempt to keep tuition low and affordable. However, two basic things happen with this approach. First, if the total budget for higher education is low, then quality can suffer. Class size may need to be increased. Course offerings may need to be reduced. Access may need to be restricted. Faculty may look elsewhere for positions. (On the other hand, some would say, a restricted budget can force institutions to become more streamlined and to address antiquated systems.) Second, when tuition is kept low, all students wealthy and poor alike get the same state subsidy. Thus wealthy students that could afford to pay more are supported by tax payer dollars at the same level as poorer students that often cannot even participate in higher education because of the price. A subsidy is given to those that do not need it while those that do are not provided with enough support to participate in the higher education system.

Enrollment

State funding has not kept pace with enrollment growth over the last several years. The Colorado Commission on Higher Education estimates that approximately $74 million in unfunded enrollment exists. This means that since 2001 all the new students that have entered higher education institutions have, in essence, not been funded. Another way to look at this is that the funding has been spread thinly among all students with a reduced amount of financial support per student. Some of this ground was recovered in 2006 with the passage of Referendum C.

Of the 28 public institution campuses, the fall 2005 headcount enrollment figure for all of them was 214,749 (CCHE, 2006). Colorado has a smaller enrollment in the private nonprofit sector than do most states. For Colorado College, Regis University, and the University of Denver, the headcount in fall 2004 was 23,653. There are other nonprofit schools in Colorado. Many of them have smaller enrollments than the three cited above.

Controlled Maintenance Expenses of Higher Education Buildings

The reduction in funding affects all aspects of the budget for public higher education. A study of the effects of recent cuts in the state budget for public higher education upon the maintenance of state property can be found in **Appendix C.** Without protection by state statutes or the state constitution, allocations for maintenance were reduced to zero in some years.

PART III – ACCESS AND PERSISTENCE

Introduction

> *It is the responsibility of the community, at the local, State, and National levels, to guarantee that financial barriers do not prevent any able and other wise qualified young person from receiving the opportunity for higher education. There must be developed in this country the widespread realization that money expended for education is the wisest and soundest of investments in the national interest. The democratic community cannot tolerate a society based upon education for the well-to-do alone.* (President's Commission on Higher Education, 1947, p. 23)

Notice that this statement was made in 1947 during the Truman administration. Has this vision for America been fulfilled? The answer to this question from many perspectives would have to be a decided "no." Many people are not gaining access nor are they completing their stated goals of obtaining a certificate and/or degree or even "retooling." Many low-income people and people from underrepresented groups, particularly, are not even completing high school let alone going on to college.

Can the United States and more specifically Colorado afford for this situation to continue? What are some of the ways that the situation can be addressed? Does our current system of financing higher education provide for access for all those wanting and able to benefit from higher education? Once there does it allow for persistence to completion? Is the funding of higher education adequate enough to allow students to choose among two-year, four-year, and research institutions as well as among public, private, and proprietary institutions in order to achieve their goals and aspirations? Are appropriate programs in place that will smooth the road for those less well prepared to successfully complete a college education?

Why do we even care? First and foremost, it is the right thing to do. Everyone who is able and wishes should be able to pursue a college career at some level. Furthermore, there are many benefits for both society and the individual. People with a college education earn more over their lifetimes and the gap in income between those with less than a college degree and those with a degree is increasing. College educated people participate more fully in the economic benefits of society. They also contribute more to the common good by paying more in taxes and participating more through civic and cultural engagement. People with a college education are less likely to use the welfare system, to end up in jail, or to lack health insurance coverage. And they are more likely to vote. In presidential elections, people with bachelor degrees as a group are about 20% more likely to vote than are high school graduates.

People experience higher education by taking many different routes. Sixty percent of students attend more than one college; 35% attend more than two. Students in high school can take Advanced Placement courses for which they may or may not receive college credit. Dual enrollment (simultaneous enrollment in high school and college) programs are expanding. Some students take classes in higher education institutions during the summer, and others begin their college careers in the summer. In addition, students may enroll in more than one higher education institution at a time. Frequently, these students are availing themselves of internet courses while also participating in traditional classroom settings. Some drop out only to start up again at a later time. Some return for "retooling" based on changes in workforce requirements.

The "Colorado Paradox" means that Colorado ranks in the top three states with the highest percentage of adults having bachelor degrees, yet the state ranks near the bottom in sending its own high school graduates on to college. Spiros Protopsaltis, of The Bell Policy

Institute, reported to the LWVCO Higher Education Committee in October, 2005 that Colorado ranked 50th when it came to low-income young adults attending postsecondary education. He also found that low-income, black and Hispanic students are more likely to enroll part-time and attend two year colleges. Minority retention and graduation rates are consistently lower as well. Here are charts that show the situation in Colorado.

Percentage of Enrollment by Group 2005

	Population Age 5-24	Public K-12	Two-Year Colleges	Four-Year Colleges
African American	4%	6%	6%	3%
Asian	2%	3%	3%	4%
Hispanic	20%	23%	15%	8%
Native American	1%	1%	1%	1%
White	60%	67%	69%	72%
Other	13%	N/A	5%	13%

(Cabrera, 2006)

Degrees/certificates by Award Level and Race/Ethnicity in 2003

	Certificate (1 year program)		Associate (2 year college degree)		Baccalaureate (4 year college degree)	
African American	192	4%	210	4.3%	404	2.6%
Asian	98	2%	130	2.7%	604	3.9%
Hispanic	657	13.6%	653	13.4%	1,223	7.9%
Native American	71	1.5%	78	1.6%	232	1.5%
Subtotal	**1,018**	**21.1%**	**1,071**	**22%**	**2,463**	**15.9%**
White	3,636	75.5%	3,668	75.2%	12,480	80.4%
Other	163	4.4%	139	2.8%	576	3.7%
Level Total	**4,817**		**4,878**		**15,519**	

(CCHE, 2004)

The characteristics of the U.S. population are changing. Many more "minority" groups and larger numbers within these groups make up the population of the U.S. than just a few years ago. By the year 2050, it is predicted by demographers that whites will comprise less than 50% of the population of the United States.

Family income is a strong predictor of who goes to college. "In 1999, median family income for non-Hispanic white families with dependent children 18 to 24 years was $63,700, compared to $48,900 for Asian families, $29,600 for black families and $28,500 for Hispanic Families." A comparison of high school graduation rates with family incomes shows a positive correlation. About 68% of those in the lowest family income quartile finish high school. For the second quartile the graduation rate is about 83%, for the third income quartile 90%, and for the top quartile 92%. (Mortenson, late 1990s, p.2). These numbers have not varied considerably since 1970.

College going rates are, of course, based in large measure on high school graduation rates. Seventy-five percent of high school graduates (remember that many drop out before graduation) attend college, but only 40% of these attain a degree. Students from families with the highest incomes are three times more likely to attend college than those from the lowest income families.

Of 100 students starting 9^{th} grade in Colorado, only 70.6 graduate from high school! After high school, 40.5 enter college immediately after high school, 28.2 are still enrolled in their sophomore year, and 19.6 graduate within 150% of normal time (considered to be three years for a community college and six years for a bachelor's degree).

In comparison, using the highest achieving states for each of these points, New Jersey graduates 90.6 students from high school, North Dakota enrolls 61.8 students in college. North Dakota retains 44.2 students into their sophomore year, and Pennsylvania graduates 27.6 students within the 150% time frame (Lingenfelter, personal communications, 2005). Colorado does have a slightly higher than national average of adult undergraduates enrolled as percentage of the adult population ages 25-64. The national average is 11.1%; the Colorado average is 15.9%.

A further concern is that geographical access is limited for some students in Colorado. There are significant areas of the state where no higher, four year education institution exists. These areas are mainly on the south central, eastern plains of Colorado.

Access and Persistence

The main barriers to access and persistence that have been identified are inadequate preparation during the K-12 years, lack of expectations of students, lack of parental support, little motivation or appropriate personal goals, lack of institutional support, and little or no financial support. Race, ethnicity, gender, and socio-economic status also play a part.

There are several key points crucial in providing for access and persistence in higher education. The most prominent are adequate background in the K-12 years, adequate support in college (financial, academic, faculty-student interaction, and social interaction), and transferability.

A more discrete list includes: preparation for college, educational aspirations, type of postsecondary institution first attended, continuous enrollment, number of college math and science courses taken, collegiate experiences, financial support, college GPA, having a family, socioeconomic resources, and percentage of college courses dropped, left incomplete, or withdrawn from. Many programs are in place that address these key points in a person's life; unfortunately many of these programs are small in number, inadequately funded, and are not evaluated so how successful they are is not always known.

The K-12 Years

Strongly academically prepared high school students are more successful in higher education that those that are not as well prepared, yet many of our students experience less than rigorous high school curriculums. Adequate background in the K-12 years includes parental support, instilling motivation in students, college awareness programs, a strong curriculum, high expectations, and having a plan.

Some of the most effective programs that set the stage for a person going on to postsecondary education display the following characteristics:

- A key person to guide a student
- High quality instruction
- Long term investments (not short term investments)
- Paying attention to cultural background
- Providing peer groups
- Providing financial assistance
- Algebra I by 9^{th} grade
- Advising and counseling
- Staying in school

Pre-collegiate programs are found throughout Colorado, generally in limited numbers. They are sponsored by high schools, colleges, the federal and state governments and private organizations.

Admission Requirements: The Move from High School to Higher Education

Colorado has recently established new higher education admission standards for students planning to attend any of the Colorado's public four-year colleges or universities. Public two-year colleges have open enrollment policies, meaning that students applying to these schools do not need to meet the admission requirements. The rationale for setting these guidelines was that numerous studies have shown that students completing a rigorous set of high school courses are better prepared to undertake college-level classes and subsequently are more successful academically.

Higher Education Admission Requirements 2008-09

Academic Area	2008/09 Graduates	2010 + Graduates
English	4 units	4 units
Math (Algebra 1 and higher)	3 units	4 units
Natural/Physical Sciences	3 units	3 units
Social Sciences (at least 1 US & 1 world history)	3 units	3 units
Foreign Language	Not required	2 units of same language
Academic Electives	2 units	2 units

As a footnote to the transition to higher education, some suggest that education should be viewed as a totality, that the delineation between K-12 education and higher education is no longer appropriate. With so many people continuing on to higher education, education should be considered a system and thus viewed as pre-school through college graduation (P-16).

Programs in Higher Education

People are more likely to graduate from college if they start college immediately after completing high school and also, if they are continuously enrolled in college. For those lacking adequate academic background, it is necessary to provide additional academic support. For those from underserved groups, it is also important to provide a safety net; such as support in adjusting to higher education and dealing with a different cultural climate. Students from low-income families often face cultural issues as first generation attendees. Having an adequate grade point average (GPA) and financial aid for those that need it are also necessary elements of success in higher education.

Financial Aid

Financial aid comes in several forms. There are financial aid programs sponsored by the federal government and by state government. Institutions also provide financial aid from their own funds. Many individuals and private organizations provide scholarships often targeted to particular individuals or to particular types of programs. Financial aid is given based on financial need and merit. Loans and work study money exist. Government may establish specific types of programs to encourage growth in certain areas such as nursing, teaching, math and science.

In Colorado many different programs exist: need, merit, work study, loans, nursing, teaching, veterans and more. However, Colorado ranks among the lowest in states in provision of financial aid. Further, over the last few years approximately $20 million was cut from these pro-

grams. Almost no money exists for merit aid at this point. There is some hope that funding will be restored, but again there is a long way to go to adequately provide funds for financial aid programs. At the present time, only the very lowest income students receive need-based aid.

Over $77 million dollars or 12.9% of the General Fund appropriation for higher education in FY 2005-06 was for financial aid. This is down from FY 2002-2003 when the appropriation was $91,020,000. While some lost ground was regained in 2006-2007 with a total for financial aid being $88,901,159, there is still a way to go. Remember that inflation, even though slight, has eroded the buying power of this money. The two major financial aid programs are need based aid and work study. Up until recently, merit aid would have been part of this list, but this program has been cut to the bare bones level, a mere $1,500,000. Much of the financial aid money is transferred to the Colorado Commission on Higher Education and then distributed, based on established criteria, to the institutions.

> *From FY 1992-93 to FY 2002-03 the compound average annual rate of increase in funding for financial aid was 9.4%, consistently outpacing the growth in the overall state budget. Most of these increases were for need based aid. In FY 2003-04 the General Assembly reduced financial aid by $14.9 million ($8.0 million of this came from merit based aid). In FY 2004-05 and FY 2005-06 there were minimal increases in financial aid, but enrollment and tuition rates continued to increase. As a result, state-funded financial aid has reached a decade low relative to tuition. (Joint Budget Committee, 2005, p. 7*)

Institutions also provided financial aid to students from their own resources. Some of this money comes from fund raising and endowments; some of it comes from the institutions' operating budgets. The total institutional financial aid available at public institutions in the state in FY 2004-05 was $194.3 million (Joint Budget Committee, 2005, p. 7). SB04-189, the College Opportunity Fund legislation, mandates that 20% of tuition increases in excess of inflation must be set aside for student financial aid.

The largest issue regarding access and persistence in higher education is financial. Limited resources and lack of political will keep funding for financial aid at an inadequate level. While there is a considerable amount of loan money available, low income families do not view student loans as a way to pay for college. They do view grants and scholarships as incentives.

To help with these obstacles CCHE approved a new Financial Aid Policy at its April 2000 meeting with four goals in mind:

- Maximize the amount of financial aid funds available for Colorado residents.
- Direct state need-based dollars to those with the least ability to pay.
- Direct merit dollars to students who demonstrate academic achievement.
- Recognize the importance of student responsibility in paying for higher education costs, either through scholarship, work-study or outside employment.

This policy means that need-based dollars are distributed to those whose income level is up to 150% of Pell eligibility (family income of $45,000 for a family of four). It directs the greatest percentage of need-based dollars to the community colleges. Even so, the community colleges alone have $11.4 million of unmet need for the neediest students. Unmet need appears when the student's Expected Family Contribution (EFC), plus the school's financial aid package, don't equal the cost of attendance. **In 2005, 44,278 Colorado students eligible to receive state financial aid received no aid. Of the lowest income, Pell eligible students, 24,912 received no state grants.** (O'Donnell, 2006)

CCHE also developed the Governor's Opportunity Scholarship Program (GOS), a financial aid program that provides assistance to a very limited number of low-income students. Along with financial assistance the program also helps students enroll in an institution and provides counseling so that these students complete their course of study. However, this money is in the need-based line item in the state budget and this is not additional money for low-income students. The important part of this program is the support, other than financial, that colleges must provide to students participating in GOS.

To ensure that state need-based dollars are directed to eligible Colorado resident students who have the least ability to pay for their education; CCHE policy defines three funding levels. Using Expected Family Contribution (EFC), the institution will first award need-based dollars to Level 1 applicants. Level 1 students have the least ability to pay with an EFC between zero and 150% of that required for the Pell Grant. Level 2 students have a documented need and moderate ability to pay with an EFC between 150% and 200% of that required for the minimum Pell Grant award. Level 3 are all other students who demonstrate financial need.

Below is a chart from CCHE showing the number of students receiving funds from the state and the amount awarded in each level.

LEVEL 1 - EFC Below $5775	
TOTAL AMOUNT OF STATE AWARDED AID:	$61,580,781
TOTAL OF UNMET FINANCIAL NEED:	$1,240,218,177
TOTAL NUMBER OF ELIGIBLE STUDENTS:	101,553
NUMBER OF STUDENTS RECEIVING AID:	30,890
NUMBER OF STUDENTS FULLY FUNDED:	365
NUMBER OF STUDENTS PARTIALLY FUNDED:	30,525
LEVEL 2 - EFC $5776-$7701	
TOTAL AMOUNT OF STATE AWARDED AID:	$1,452,117
TOTAL OF UNMET FINANCIAL NEED:	$64,291,795
TOTAL NUMBER OF ELIGIBLE STUDENTS:	8,145
NUMBER OF STUDENTS RECEIVING AID:	1,307
NUMBER OF STUDENTS FULLY FUNDED:	729
NUMBER OF STUDENTS PARTIALLY FUNDED:	578
LEVEL 3 – EFC $7701+	
TOTAL AMOUNT OF STATE AWARDED AID:	$4,438,864
TOTAL OF UNMET FINANCIAL NEED:	$36,111,911
TOTAL NUMBER OF ELIGIBLE STUDENTS:	34,450
NUMBER OF STUDENTS RECEIVING AID:	1,829
NUMBER OF STUDENTS FULLY FUNDED:	31
NUMBER OF STUDENTS PARTIALLY FUNDED:	1,798

Partially funded = >$1000
Fully funded = 100%

(Colorado Commission on Higher Education, April 2006. Summary of Aid.xis)

While financial aid from the federal government is not part of this study, it is interesting to see what is received from this level of government. In Fiscal Year 2004-2005, $151.6 million in federal Pell grants were distributed to Colorado's neediest students. The federal guaranteed loan programs provided another $817.6 million for students and their parents (Joint Budget Committee, 2005, p.7). "*Who Serves Low-Income Undergraduates in Colorado*?" a report written by Spiros Protopsaltis for the Bell Policy Center in August 2005 took a look at this question by examining the federal Pell Grant program statistics. Pell Grants are considered a foundation

of federal financial aid, to which aid from other federal and nonfederal sources might be added. The maximum award for 2003-04 was $4,050, where it has been for several years. The amount of the grant depends on a student's financial need, the cost of attendance for each school, and student's full-time or part-time status.

Based on Pell Grant recipients only, the report showed that public institutions serve the vast majority of low-income students in Colorado. It must be stated, however, that using the Pell Grant as a measure has limitations. Many institutions, public, private, and proprietary, use money from their own resources to provide financial aid to their students. For example, Colorado College provides $9 million each year, much more than the financial support from federal and state sources combined. Four year institutions serve the largest share of low-income students at 39.6%, (the national average is 31.3%). However, this share has decreased from 46.4% since 1996-97. Public two-year institutions serve 31%, lower than the national average of 39.5 %. Proprietary institutions served 24.8% the third largest share of Pell Grant recipients.

Only 13 % of undergraduate students enrolled at the University of Colorado at Boulder in 2001 received a Pell Grant ranking it 46th among its 50 peers. Metropolitan State College of Denver serves the highest number of low-income students in the state. When taking into consideration the institutions' total enrollment, Trinidad State Junior College has the highest share of undergraduates with Pell Grants at 56%, followed by Pueblo Community College at 53%, and Otero Junior College at 45%. Among four-year institutions, Adams State College has the largest share at 45%, followed by Mesa State College at 37% and Colorado State University-Pueblo at 34%. Among private nonprofit institutions, Nazarene Bible College of Colorado Springs has the highest share of undergraduates with Pell Grants at 62%.

The College in Colorado Scholarship program, funded by CollegeInvest, (see Appendix A) tackles the two biggest barriers to college access: lack of academic preparation and lack of financial resources to pay for college. Students must enroll during the 8th or 9th grade, have a family income qualified for federal Pell grant ($45,000 or less for family of 4), complete pre-collegiate coursework (see Higher Education Admissions Requirements) while maintaining a 2.5 GPA, and avoid discipline problems during high school. In exchange, the scholarship will help fill the gap in their college financing.

The question has been asked: "How do we improve college affordability and access?" Many qualified young people are not going to college because of lack of money and fear of debt. More than half of all undergraduates in America today get some form of financial aid. Yet unmet need is generally greater for lower-income students, even though they tend to go to less-expensive colleges.

Remediation

College access depends on more than financial aid. Close to one-third of high school graduates entering higher education in Colorado need some form of remediation in mathematics and reading, costing student time and taxpayer money. There is much discussion around this issue. K-12 schools state that many students do not get the necessary education because teachers are not adequately prepared by higher education institutions. Higher education institutions say that students are being sent to them unready to benefit from college. A solution proposed in Colorado is to raise the admission requirements (see above).

Transferability within Higher Education

Spiros Protopsaltis reported that only 50% of freshmen at Colorado's two-year colleges return to the same school for their second year. Only 60% of freshmen continue on at the same school for their second year of studies at four-year colleges. With this in mind, the 2001 General Assembly charged CCHE with ensuring that the general education curriculum at all public colleges and universities provide core skills and knowledge to students, and that these courses should transfer easily between Colorado public institutions. Teams of faculty have and are reviewing various core courses to evaluate if the content is comparable among all institutions. That is, is English 101 taught at a community college essentially the same course as English 101 at a university? This process allows students to move more readily among institutions.

In addition, Colorado has created greater accessibility to higher education than previously allowed by giving students the ability to transfer credits from one state institution to another through Articulation Agreements between institutions in: Early Childhood Education, Elementary Education, Engineering, Business and Nursing. CCHE is studying the possibility of adding secondary education, beginning with math education. In the agreements, students are guaranteed transfer of 45 credits in a community college to a four year college. Four-year institutions must identify and name the additional 19 credits that a student must take at either the community college or four-year institution to allow transferability of all 60-64 credits.

An example from a private institution is Regis University's practice. The school reviews the course content of certain programs at community colleges and decides whether they match with the program at the university. If they do, then students taking the reviewed program are guaranteed that all the credits will transfer to Regis, if, of course, the grade requirement is met. This type of program is usually referred to as an articulation agreement.

To help improve access to higher education in the rural communities, CCHE implemented The Rural Education Access Program (REAP) in 2001, which provides financial support to deliver degree completion programs on campuses of rural community colleges. These programs may be delivered onsite or electronically.

Degree completion programs have been developed by Adams State College in teacher education and business at Lamar Community College, Otero Community College and Trinidad State Junior College. Metro State College began an online Criminal Justice degree with Northeastern Junior College. UNC partnered with Northern Junior College and Morgan Community College to offer teacher licensure programs and a businesses degree at Morgan Community College. Finally, Mesa State partnered with Colorado Mountain College for a Post Baccalaureate Teacher Licensure Program in Elementary Education.

<u>**Postscript: Where do we go from here?**</u>

This two-year study of public higher education focuses on three areas: Governance, Financing, and Access and Persistence. Many other topics of interest to the League regarding higher education are worthy of study. One such topic is the accountability movement. While the League has positions on accountability in general that could be applied to higher education, there are still gaps. Accountability for higher education is much more complex than other government services. Accountability measurements and processes used for those services seldom can be applied effectively to higher education.

The accountability movement has been going on at least since the mid 1980's and has taken many forms, most of them unsuccessful. As the stakes and the public purpose of higher education continue to increase, various constituencies want assurance that what is happening at higher education institutions is of the best quality possible. However, decision-makers have not been able to devise a meaningful accountability scheme. Accountability measures and processes lag behind the desire to identify actual outcomes in higher education. The degree, to whom, and the way in which institutions should be accountable are three major areas of contention. Policy makers often turn to simplistic methods as surrogates for addressing true accountability. It has been has been suggested that the purpose of all organizations lies outside the organization. If that is true, what are the purposes of higher education that need to be addressed and what form of accountability best describes the outcomes of these purposes?

The question for the League becomes whether the Public Higher Education Study should be continued for another biennium. A two-year extension could address a number of areas, but should include accountability.

Appendix A

Glossary

Charter college is a college that is given greater freedom to act as it sees fit. Such colleges are given the ability to set their own tuition rates, to control personnel policies, to make their own purchases and construct their own buildings, and to raise private money more aggressively. They still receive public funds. In return they agree to meet certain performance standards. Performance-based college can be another term for this form of governance.

CollegeInvest **-** a not-for-profit division of the Colorado Department of Higher Education that provides planning tools, more than $700,000 in scholarships, college savings plans with tax advantages for Colorado families, and low cost student and parent loans.

Decentralization is the lessening of government authority over and control of public higher education institutions and giving them more decision-making ability. The decision-making locus moves from state government (i.e., the legislature, the executive branch, statewide higher education intermediary agency, and/or system boards) to individual public higher education institutions.

Direct Loans **-** A new federal program where the school becomes the lending agency and manages the loan funds directly, with the federal government providing the loan funds. Not all schools currently participate in this program.

Enterprise status in Colorado has a particular definition based on the Taxpayer Bill of Rights constitutional amendment. An entity can gain enterprise status if it is a government run business that receives less than 10% of its funding from state and local government combined and has bonding authority.

Expected Family Contribution (EFC) **-** The dollar amount that a family is expected to pay toward a student's educational costs. EFC is based on family earnings, assets, students in college and family size.

Federal Work-Study **-** Federally sponsored Work-Study (FWS) Program provides undergraduate and graduate students with school-year part-time employment. The Federal Government pays some of the student's salary, which helps departments and businesses pay for and ultimately hire students. Eligibility is based on financial need.

Financial Need **-** The difference between the student's educational costs and the Expected Family Contribution.

Free Application for Federal Student Aid (FAFSA) **-** The application students must first complete to apply for virtually all forms of financial aid. Available at high schools and colleges or by calling 1-800-4-FED-AID, and on the Web by following the links at http://www.fafsa.ed.gov.

Governance is the formal arrangement put in place for making and administering decisions.

Grant **-** Financial aid that does not have to be paid back - typically based on financial need.

Merit-based Aid **-** Financial aid based on academic, artistic, athletic or other merit-oriented criteria (not financial need).

Pell Grant **-**Federal grant program for undergraduate students who demonstrate financial need and have not yet completed a baccalaureate degree.

Persistence – refers to a continuing effort toward a degree/certificate in a timely manner.

Private or Independent Higher Education Institutions are nonprofit, 501 (c) (3) entities.

Privatization is the total transfer of assets and authority from the government sector to either the private for profit or nonprofit sector.

Proprietary Higher Education Institutions are for profit entities that generally have shareholders and operate much as a for profit corporation operates.

Public Higher Education Institutions are entities established and part of state government.

Public Corporations, Public Enterprises, and Authorities are forms of publicly-owned entities that are fairly loosely associated with government. They are political subdivisions of the state, yet they are allowed considerable control over their own affairs; there is less involvement on the part of the state than for other governmental bodies that are more directly integrated into the government structure.

Scholarship **-** A form of financial assistance that does not require repayment or employment and which is usually offered to students who show potential for distinction, or who possess certain characteristics important to the scholarship provider (such as religious beliefs, hobbies, ethnicity, etc.).

Stipend – a fixed sum of money paid to defray expenses.

Unmet Need **-** Difference between a student's total cost of attendance at a specific institution and the student's total available resources, including financial aid.

Appendix B

Duties of the Colorado Commission on Higher Education are:

- Provide higher education opportunities for Colorado residents through 26 state-operated campuses, two local district junior colleges, and four area vocational schools.
- Administer the College Opportunity Fund Program that provides stipends to students for undergraduate education.
- Negotiate fee-for-service contracts with institutions to provide graduate, professional, specialized, rural, and other education programs.
- Through the State Historical Society, collect, preserve, exhibit and interpret items and properties of historical significance.
- Develop long-range plans for an evolving state system of higher education.
- Determine institutional roles and missions.
- Establish the distribution formula for higher education funding.
- Recommend statewide funding levels to the legislature.
- Report financial information.
- Count and classify full-time equivalent students.
- Establish policies for the public system of higher education concerning residency status.
- Establish statewide enrollment policies and admission standards.
- Review and approve degree programs.
- Approve institutional capital construction requests; recommend capital construction priorities to the legislature.
- Develop policies for institutional and facility master plans.
- Administer statewide student financial assistance programs through policy development, program evaluation, and allocation of funds.
- Develop and administer a statewide off-campus (extended studies), community service, and continuing education program.
- Conduct special studies as appropriate or directed, regarding statewide education policy, finance, or effective coordination.
- May recommend the appropriation of moneys to provide incentives and rewards for institutions making progress toward achieving statewide expectations and goals.
- May seek, receive, and disburse federal, state, and private grants, gifts, and trusts.

Has authority over the Advanced Technology Fund that among other items facilitates technology transfers, cooperation between institutions and industry, cooperation among institutions and governmental agencies, distance learning, and establishment of research centers.

Appendix C

Controlled Maintenance of Higher Education Buildings

All state buildings, including those used for higher education, need to be maintained and repaired on an ongoing basis. Even buildings that were built with money other than state funds (e.g., the new law school building at CU-Boulder and several Medical School buildings on the old Fitzsimmons campus) eventually will be on the state list for controlled maintenance. Controlled maintenance is the term used by state government agencies and the legislature to refer to the maintenance and repairs necessary to maintain the use/function of the building and to protect health and safety. It does not include capital construction or aesthetic changes (e.g., changing the color of an office to suit new staff).

Summarized below are some of the most important facts related to controlled maintenance of higher education buildings. The Table presents the actual allocations for controlled maintenance over a ten-year period. The two sets of information reveal that Colorado was well below the recommended standard even before the recession, and that the combination of TABOR and the recession decimated the controlled maintenance budget for a four-year period. It can also be seen that things are much improved for the 2006-07 fiscal year, primarily due to the passage of Referendum C.

- Higher Education buildings comprise about 64% of state owned buildings (in terms of square footage)
- Value of state owned Higher Education buildings was approximately $5.5 Billion for FY2004 (total value of all state owned buildings was approximately $7.9 B)
- National standard indicates that a minimum of 1 to 4% of the value of buildings should be spent on repair/maintenance each year (1% of $5.5 B = $55 M)
- In the past five years, there were two years where there were no state funds allocated to controlled maintenance for Higher Education buildings (see Table)
- Each Higher Education institution is required to submit a yearly report to the Office of State Buildings regarding repairs/maintenance completed, and a rolling five-year plan describing what is needed/requested in the coming five years
- Requested repairs/maintenance are reviewed by the State Buildings Department and classified at one of the following levels (from most critical to least critical):
    1. health, life & safety, loss of use/function
    2. disruption of function, system on & off
    3. varying degrees of deterioration
- Funding provided in 2006-07 ($37.3) will cover all repairs/maintenance requests classified as level 1 and level 2 plus some of the level 3 requests
- Supplemental Funding for Higher Education added $15.9 M to be used for controlled maintenance during the current year – 2005-06 (funds available as a result of Ref C)

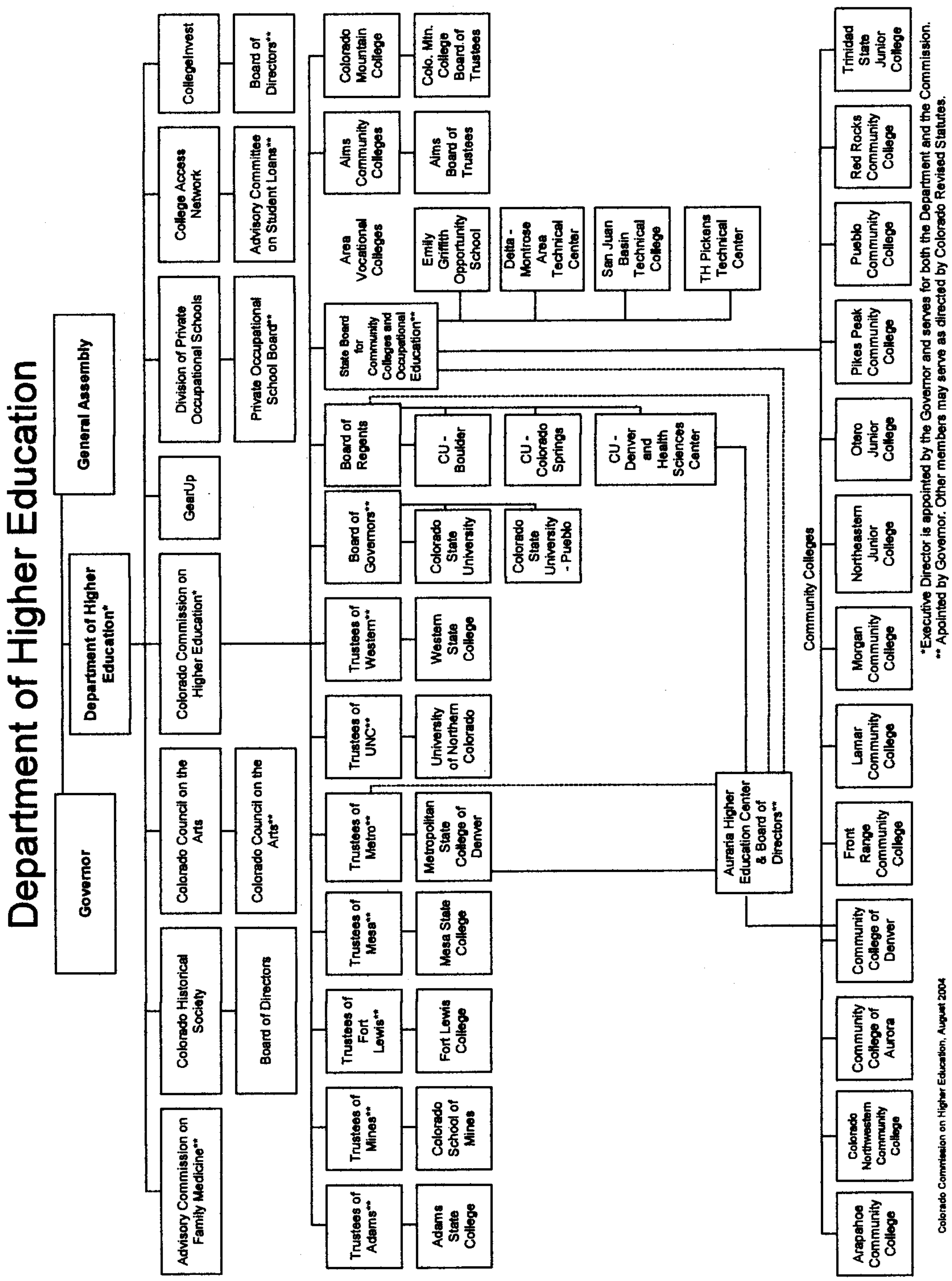
Allocations for Controlled Maintenance
Of Higher Education Buildings

Fiscal Year	Number of Projects	State Funds	Other Funds
1997-98	78	$27.4 M	$170,000
1998-99	109	$30.5 M	$22,436
1999-00	101	$32.8 M	0
2000-01	94	$30.4 M	$23,757
2001-02	73	$25.6 M	$207,456
2002-03	2	$ 0.2 M	0
2003-04	9	0	$265.3 M
2004-05	0	0	0
2005-06	19	$9.8 M	0
2006-07	85	$37.3 M*	0

*** Includes Supplemental Funds ($15.9M) for use in 2005-06 Budget Year.**

The information contained in this Appendix was obtained through phone calls and emails with the following sources: Colorado Commission on Higher Education staff, Joint Budget Committee staff, and Division of State Buildings staff.

Appendix D
Department of Higher Education



Appendix E

Decentralized System Pro and Con

Those that support or oppose a more decentralized system of higher education would say the following. Some of these points are diametrically opposed to each other but are reflective of what various authors have stated regarding decentralization.

Advantages	Disadvantages
Reduces costs; Costs are more evident; Increases efficiency; Utilizes resources more efficiently	Doesn't necessarily save money or reduce costs; Duplicates administrative services; Encourages unnecessary duplication of programs among institutions; Tend to cut corners: Services are reduced and quality undermined
Increases effectiveness; Improves provision of services	Eliminates marginal services; Cuts services or reduces them
Generates more information to inform public choice; Allows the student/parent to be in control rather than the government	Consumers don't always make good choices
Allows administrators to focus on what is important; Allows individual campuses to decide what their needs are; Brings decision making to the local level; Provides for a higher degree of autonomy	Leads to self interested institutions; Promotes local thinking rather than global thinking;
Provides for smaller government; Reduces red tape, paper work, and bureaucracy	Difficult for states to cope with a decentralized system; Loss of control; Loss of priority setting ability
Allows for financial savings without sacrifice of quality	Doesn't ensure quality or innovation; Doesn't ensure increase in student performance
Allows for a wider range of financing opportunities	
Allows for more flexibility, innovation and creativity; Allows for quicker adaptation; Provides for more variety	Establishes more complex management processes; Establishes a more complex system; Fragments authority
Attracts more qualified personnel that can use their professional judgment; Allows leaders to focus on leading rather than reporting; Puts more responsibility on individuals rather than the government	Loss of protections for public employees; Transfer jobs from public employees to private contractors
	Destroys sense of community; Works against equality and fraternity
Makes individual campuses more accountable; Emphasizes performance not compliance	Decreases accountability; Difficult to monitor activities; Monitoring performance is reduced
Provides for more productive competition	Forces unhealthy competition; Increases competition for students
Focuses resources where needed and where most effective	Produces inequities in the allocation of human and financial resources
Relies on market forces rather than government forces	Reduces desire to respond to market failure; Focus on providing popular courses not valuable courses
	Leads to short term thinking; Focus on immediate results not long-term goals

Appendix F

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