

Financing Higher Education

Presented to

Colorado Legislative Council

Long-Term Fiscal Stability Commission

July 28, 2009
Denver, Colorado



NCHEMS

National Center for Higher Education Management Systems



State Higher Education Executive Officers

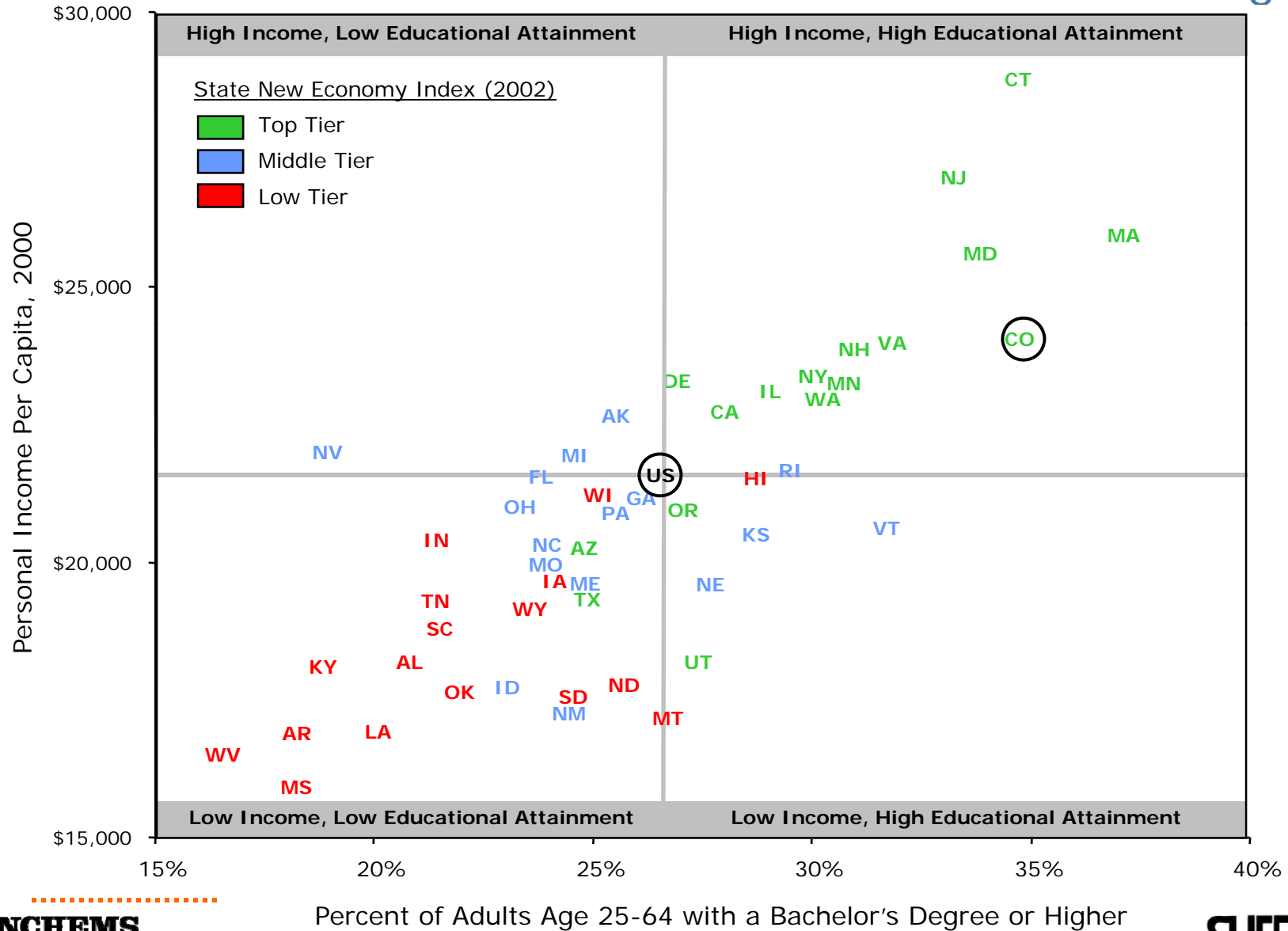
3035 Center Green Drive
Boulder, Colorado 80301



Fiscal Stability and Long-Term Prosperity: Roles and Needs for Higher Education

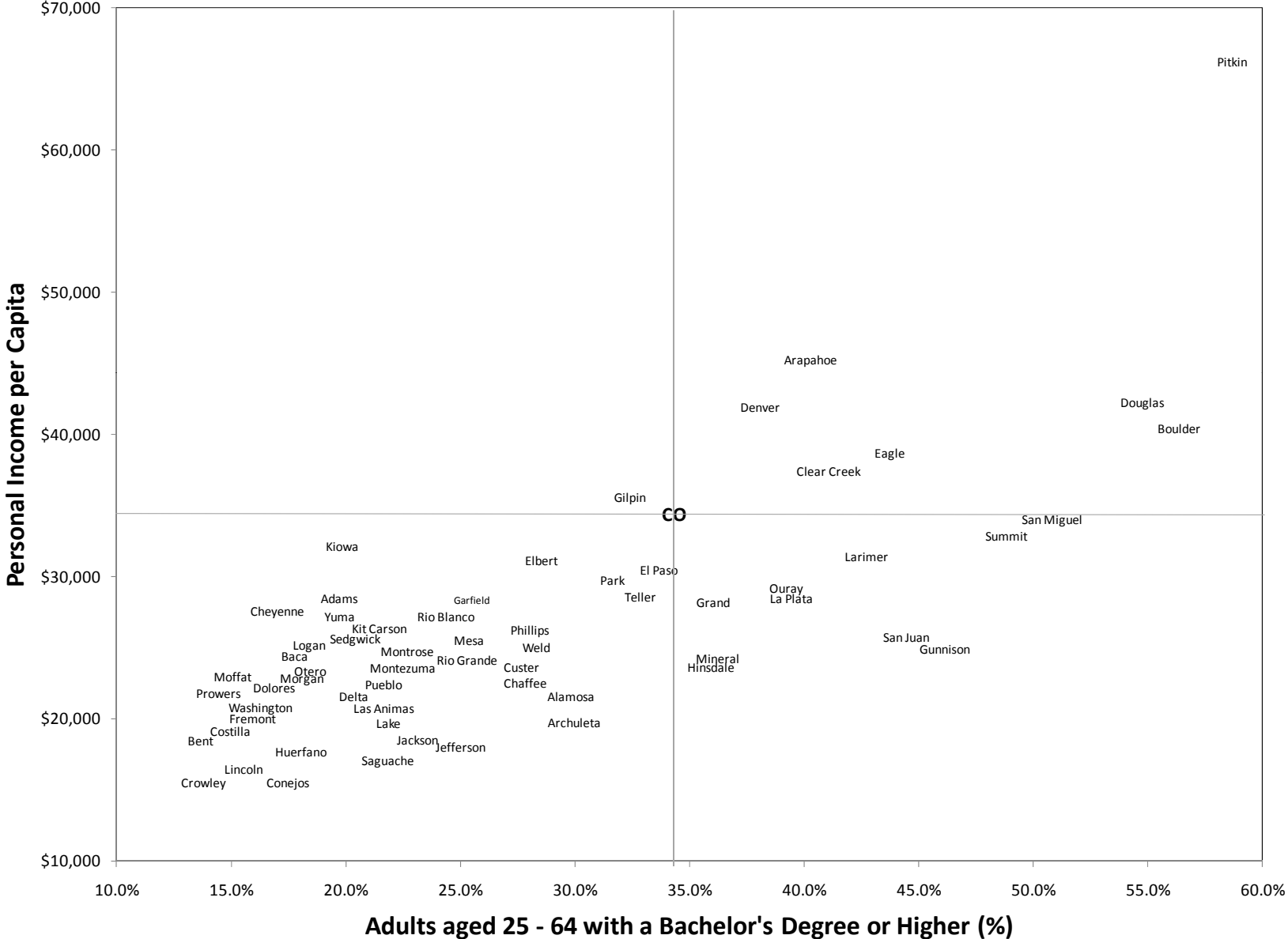
- What gets attention:
 - Interests and aspirations of institutions
 - Access and benefits for individuals
 - Workforce needs and social benefits in local economies
 - Resources/constraints in existing budgets
- What needs attention:
 - Postsecondary services needed in the future
 - Demographic changes and access for distinct population groups
 - National and local competition in global economy
 - Long-term investments in social/economic infrastructure

Relationship Between Educational Attainment, Personal Income, and Economic Strength

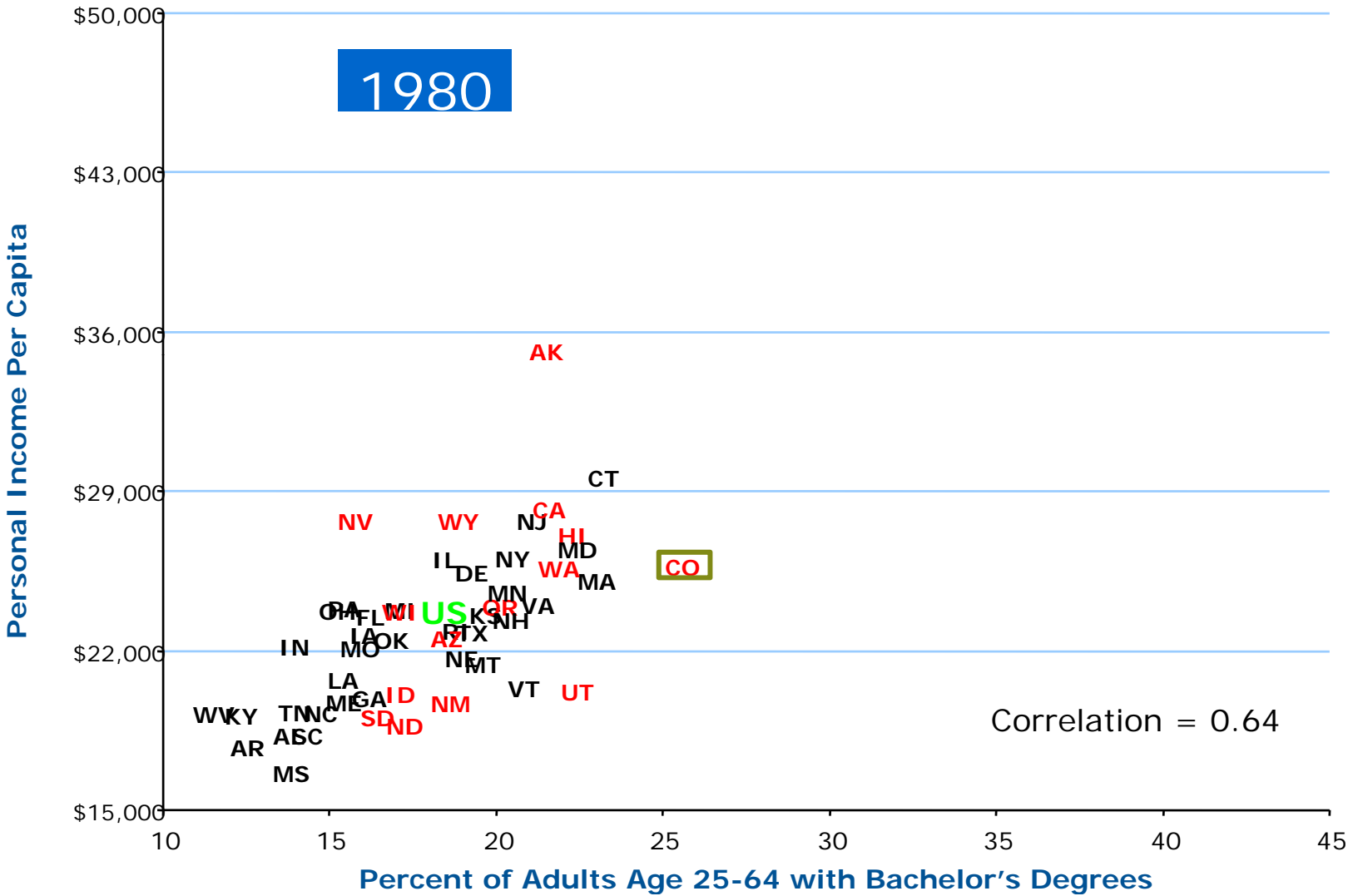




Educational Attainment & Personal Income by Colorado Counties

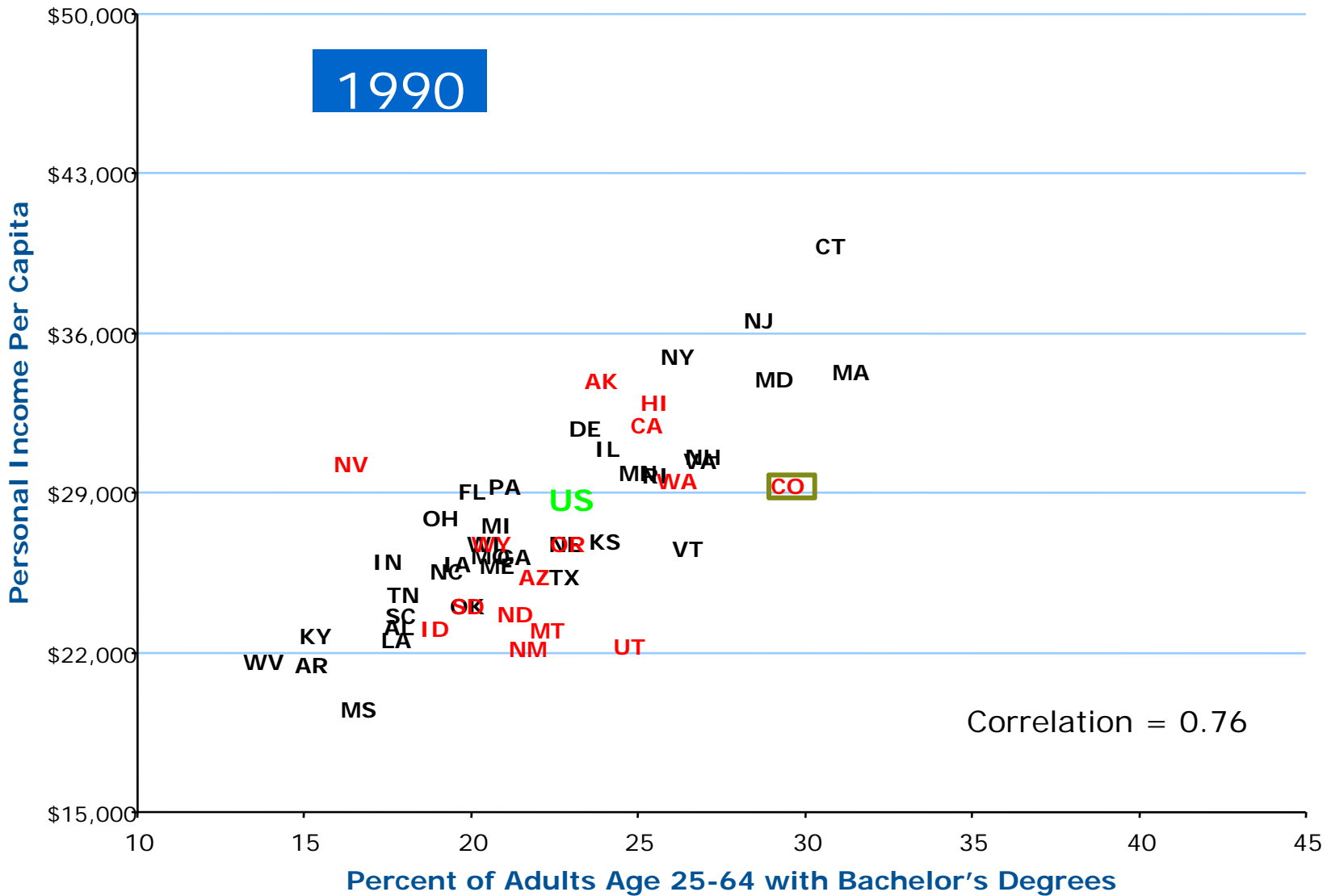


Educational Attainment and Income

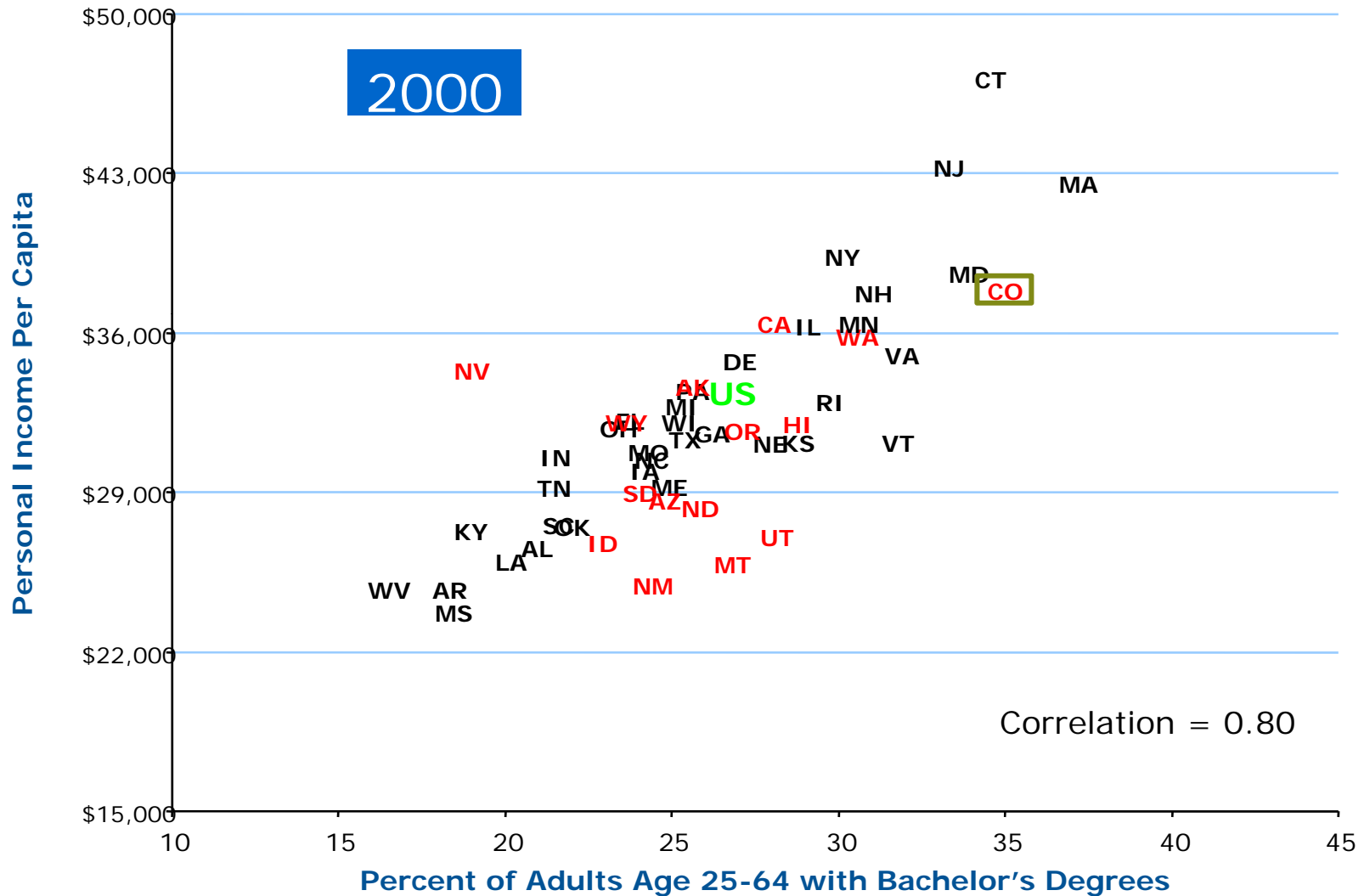


Source: U.S. Census Bureau, Decennial Census and American Community Survey

Educational Attainment and Income

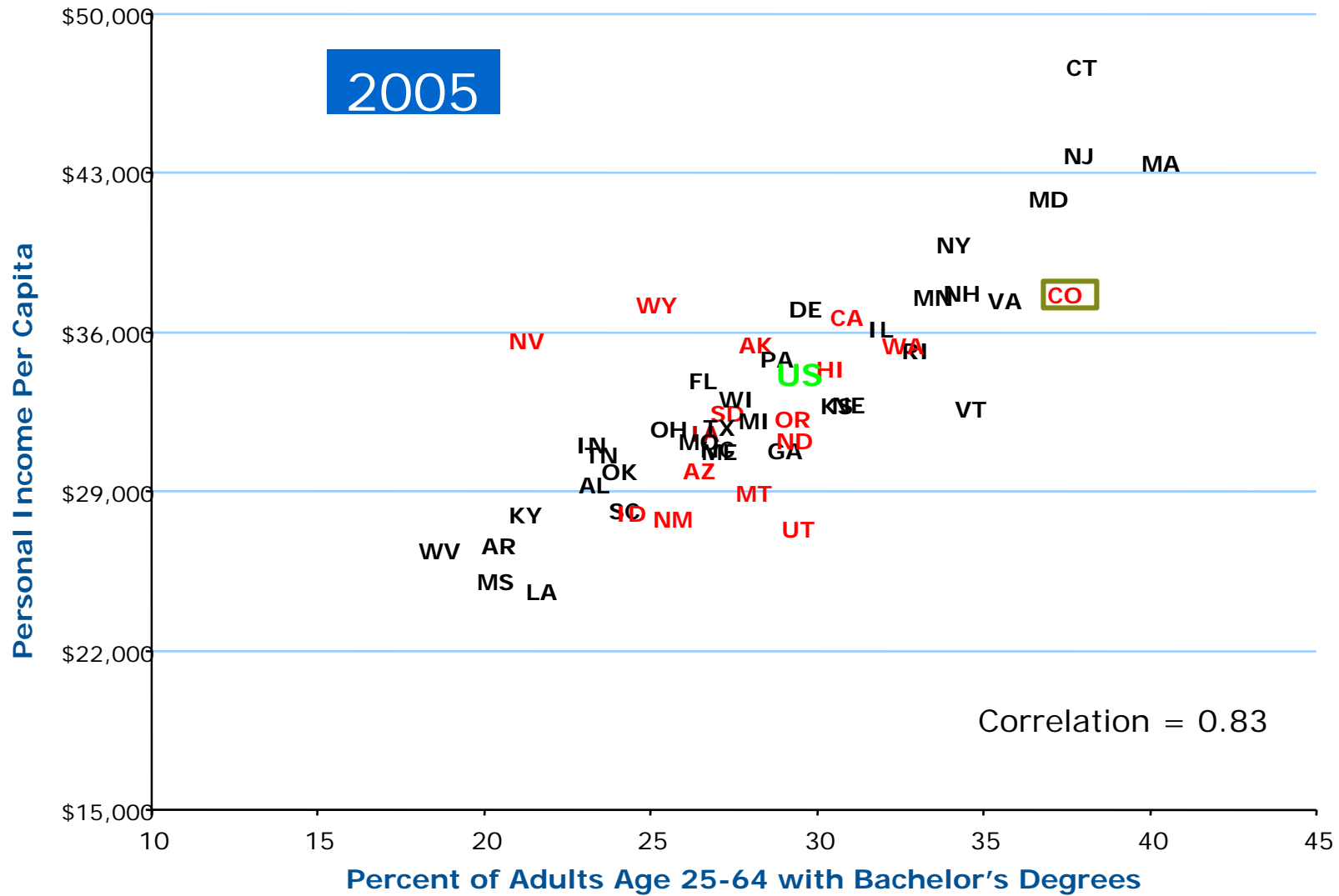


Educational Attainment and Income



Source: U.S. Census Bureau, Decennial Census' and American Community Survey

Educational Attainment and Income



Source: U.S. Census Bureau, Decennial Census' and American Community Survey



Increasing Levels of Education Attainment Leads to Improved Societal Outcomes

- Increased levels of workforce participation
- Decreased rates of incarceration
- Improved health outcomes
- Reduced participation in Medicaid and other social service programs
- Greater participation in artistic, cultural, and civic pursuits
- Higher levels of volunteerism and social engagement

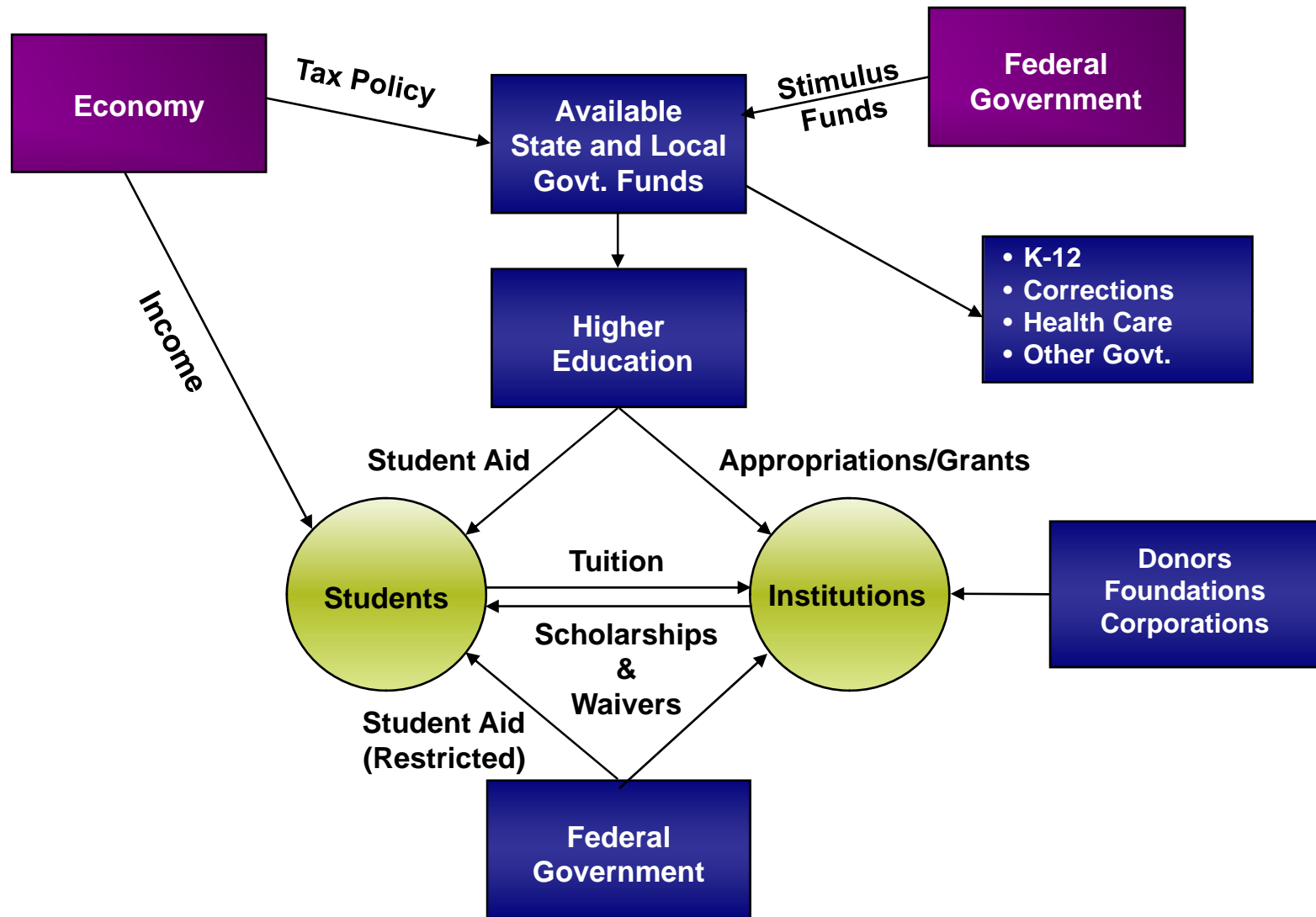


Two Purposes for State Funding

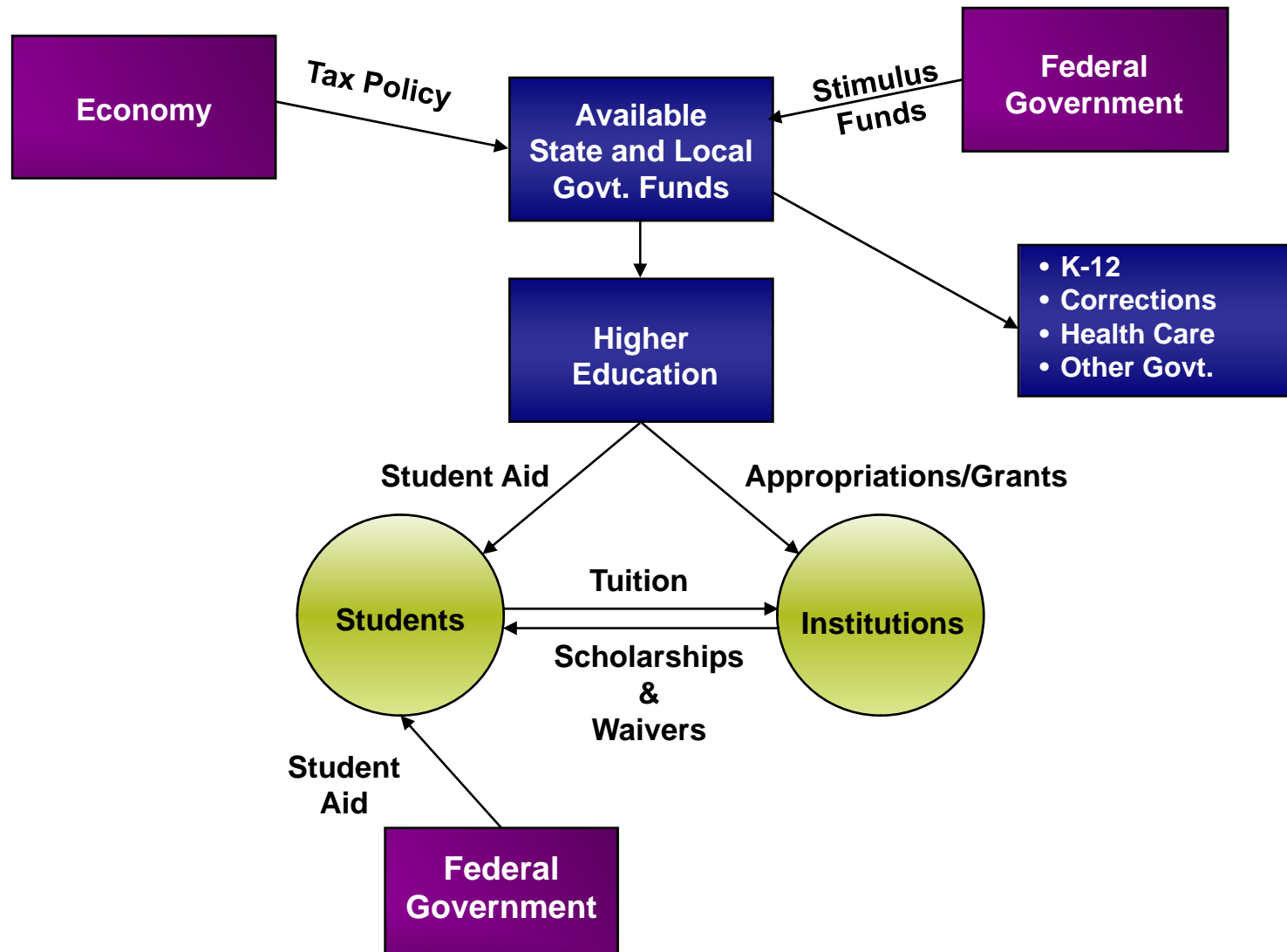
- Sustaining institutions
- Investing in state priorities



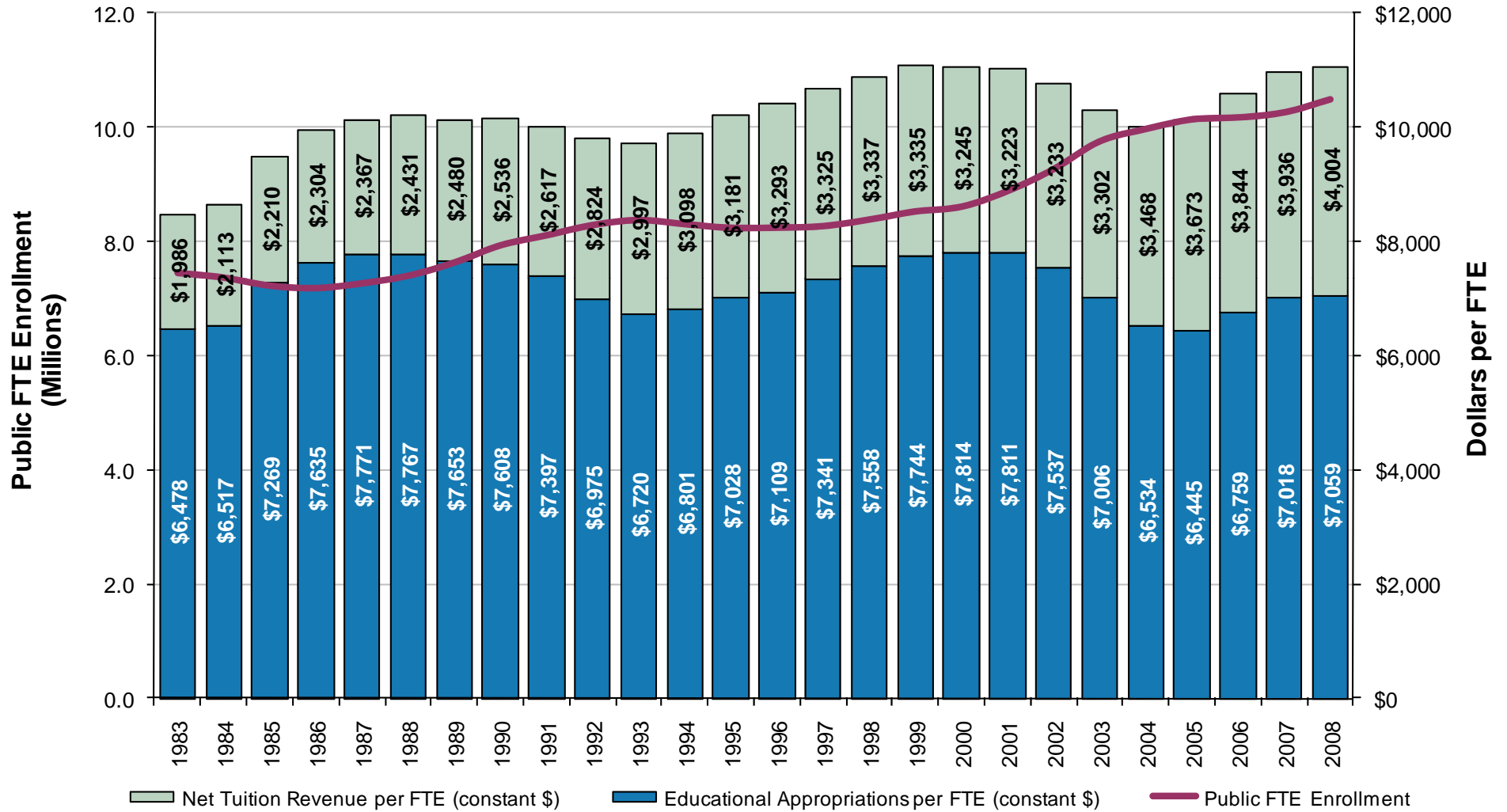
The Flow of Funds



The Flow of Funds - State



State/Local Funding plus Tuition Revenues per Student (FTE) U.S Public Institutions, 1983-2008

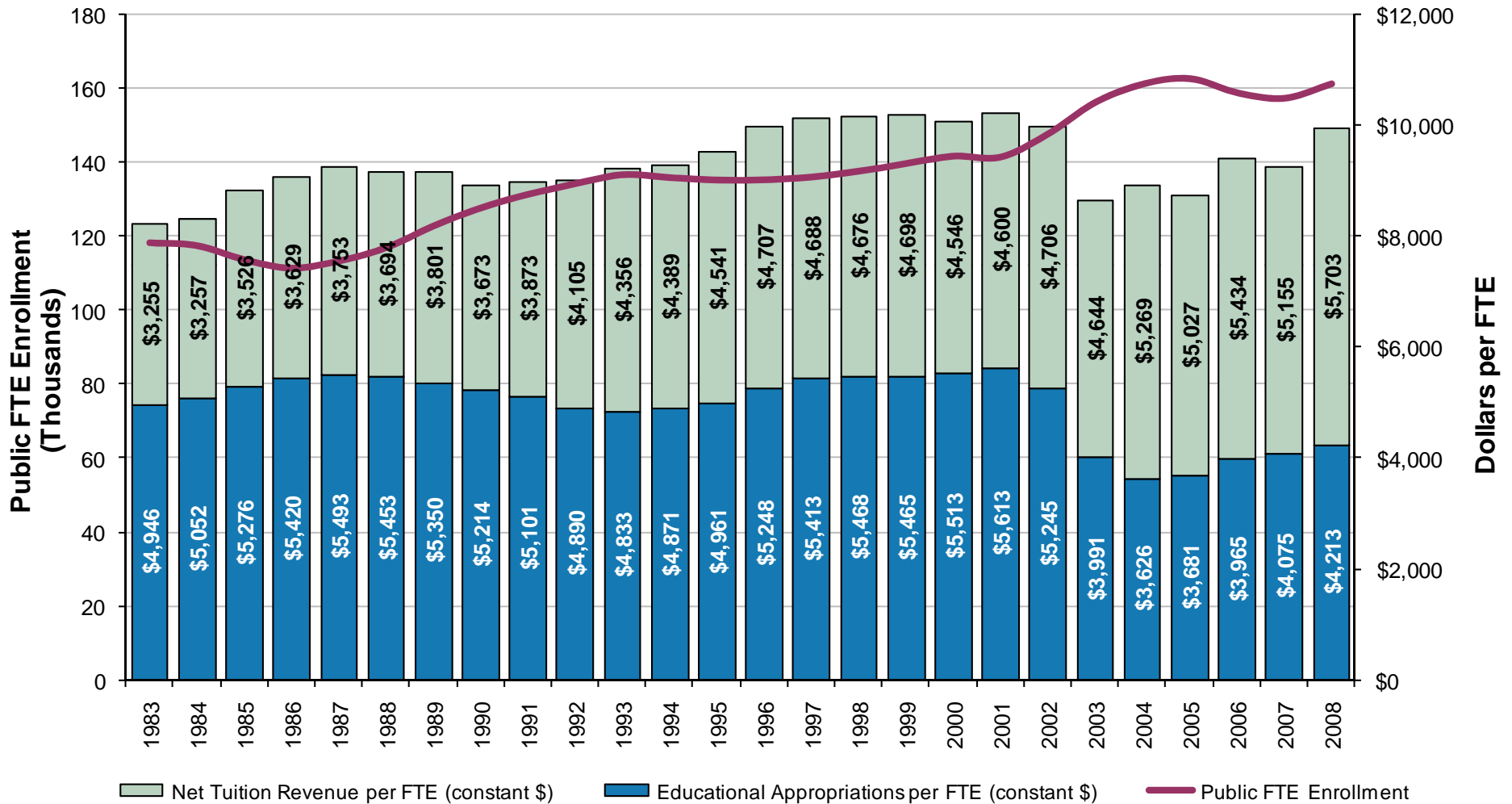


Note: Constant 2008 dollars adjusted by SHEEO Higher Education Cost Adjustment. (HECA) Source: SHEEO SHEF



State/Local Funding plus Tuition Revenues per Student (FTE)

Colorado Public Institutions, 1983-2008

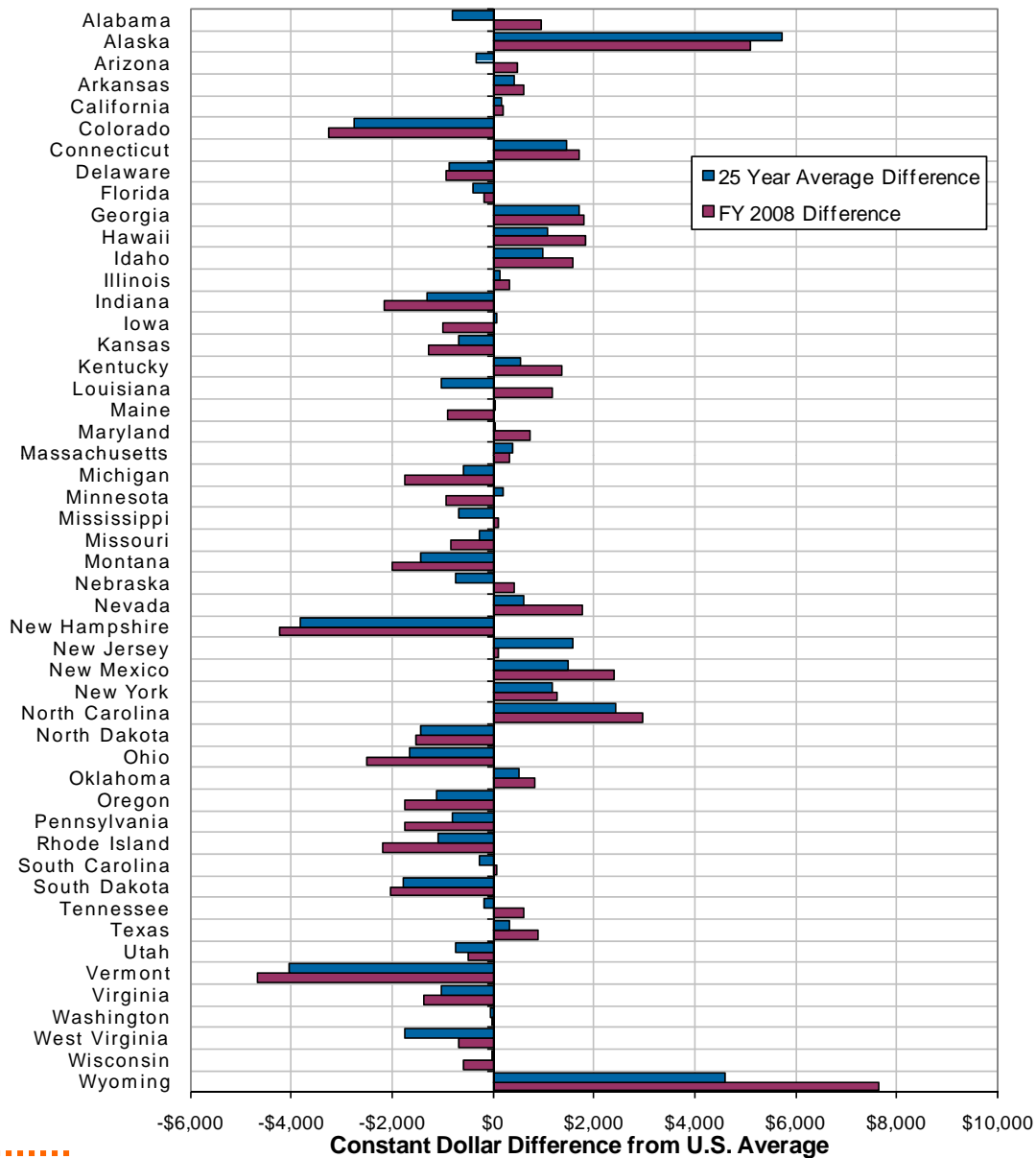


Note: Constant 2008 dollars adjusted by SHEEO Higher Education Cost Adjustment. (HECA) Source: SHEEO SHEF





Rankings and Trends in State/Local Funding per Student (FTE) Divergence from U.S. Average in 2008 and past 25 years

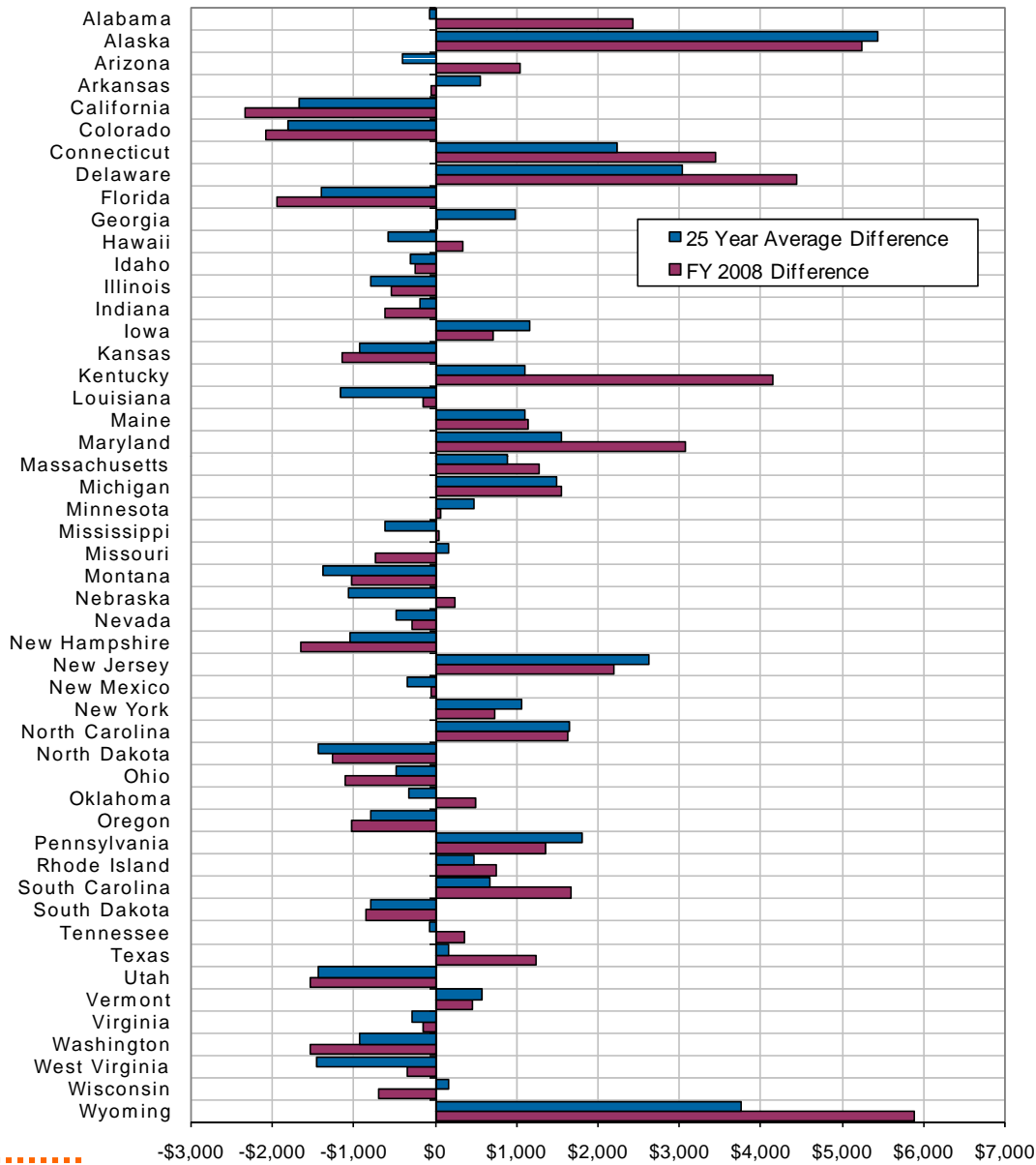


Constant Dollar Difference from U.S. Average
Note: All dollars are adjusted by HECA, Cost of Living Adjustment, and Enrollment Mix.
Source: SHEEO SHEF





Rankings and Trends in Core Revenues per Student Divergence from U.S. average in 2008 and past 25 years



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

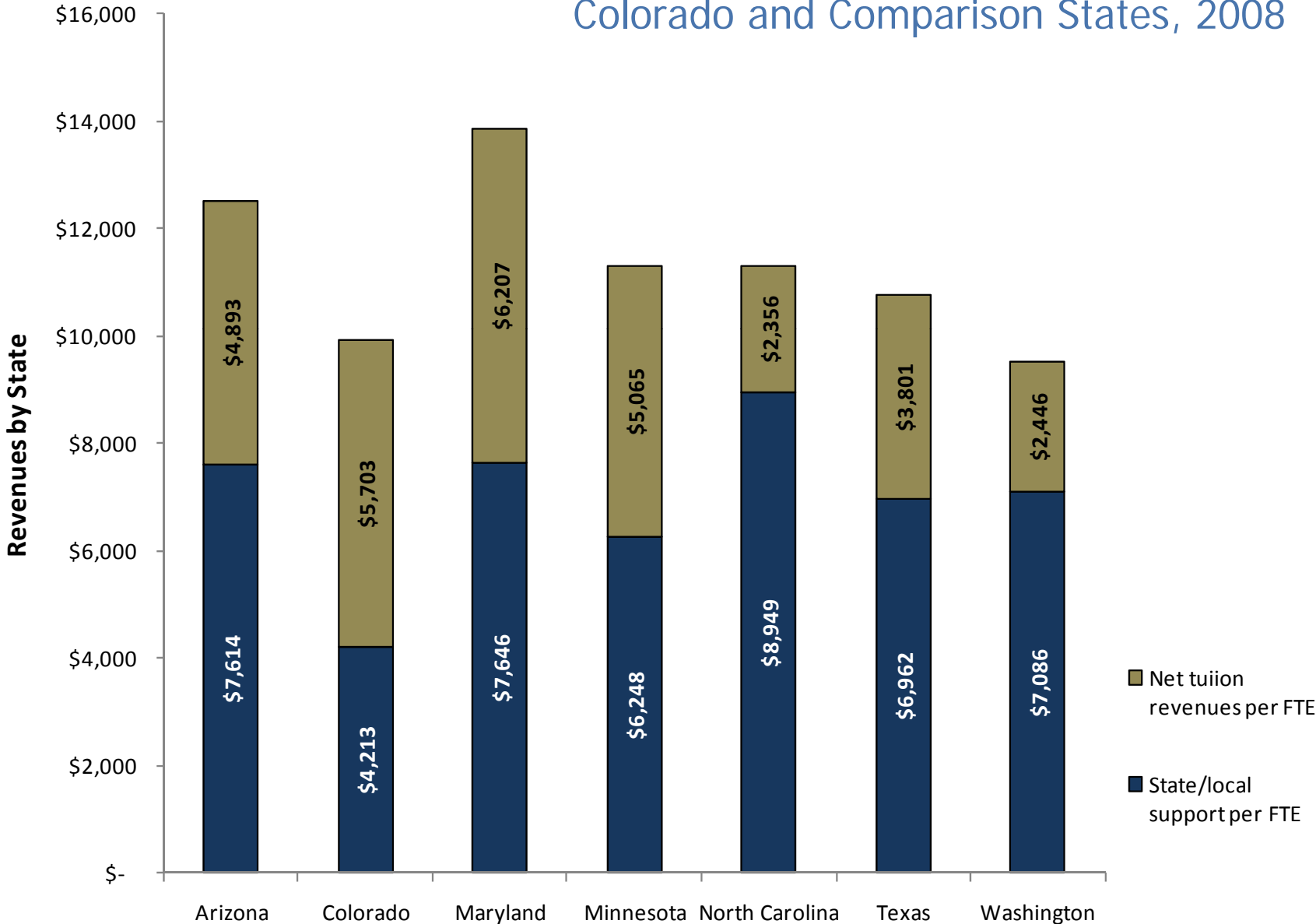
Source: SHEEO SHEF



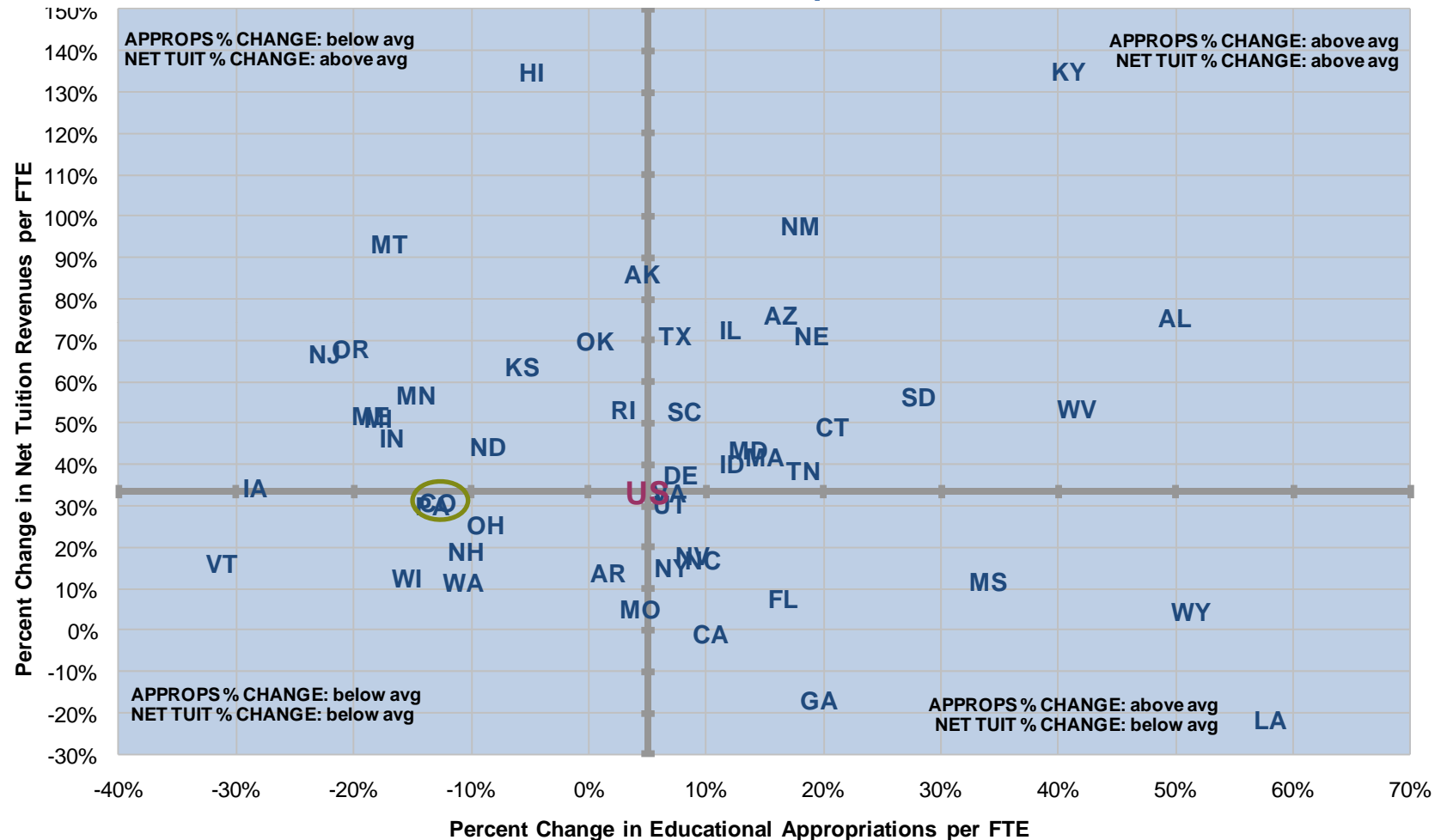


State/Local Funding Plus Tuition Revenues

Colorado and Comparison States, 2008



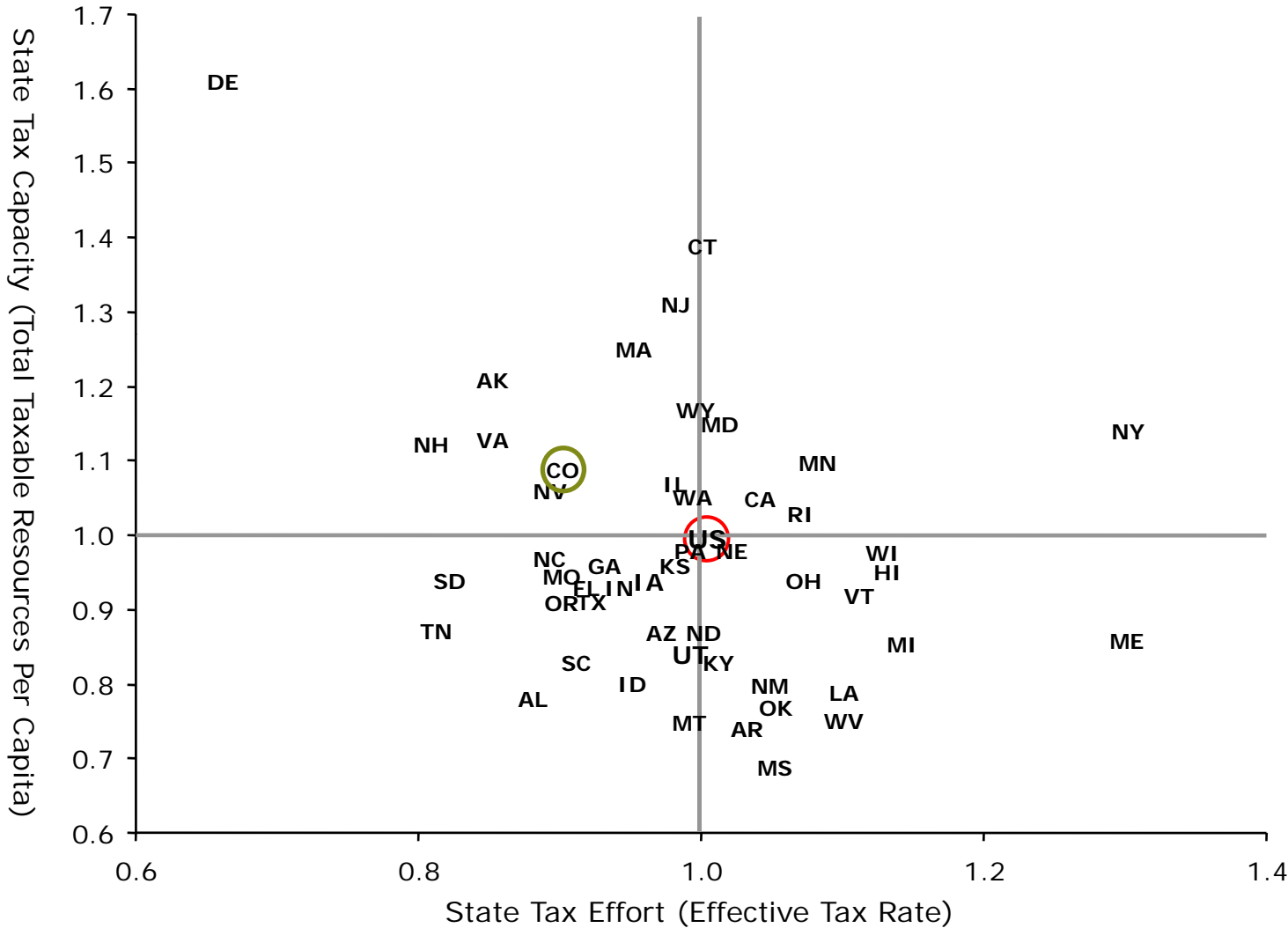
Percent Change by State in Educational Appropriations and Net Tuition Revenue per FTE, Fiscal 1993-2008



Note: Figures are adjusted for inflation, public system enrollment mix, and state cost of living. Funding and FTE data are for public non-medical students only.

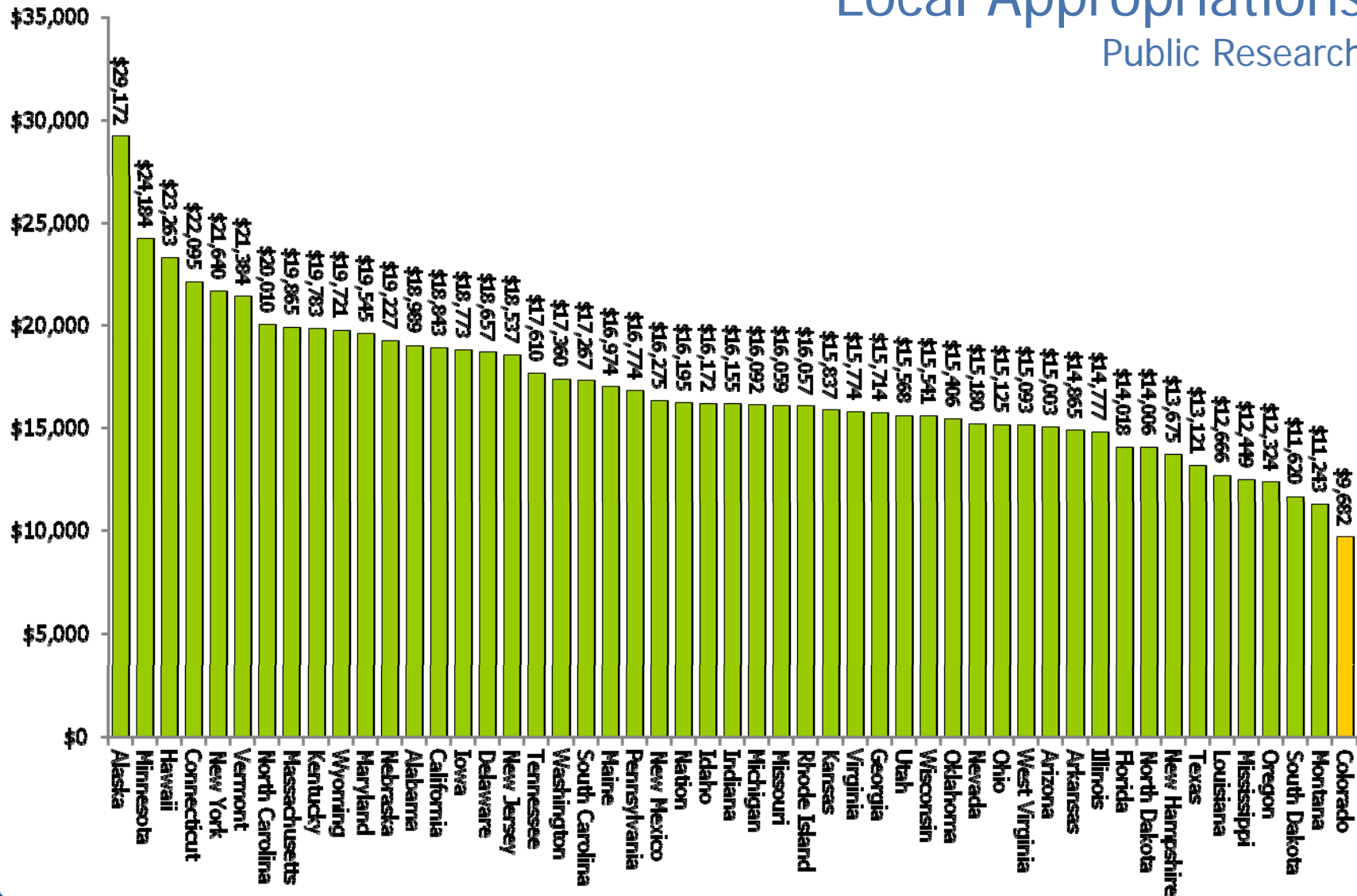
Source: SHEEO SHEF

State Tax Capacity & Effort Indexed to U.S. Average



Revenues Per Student from Net Tuition, State, & Local Appropriations

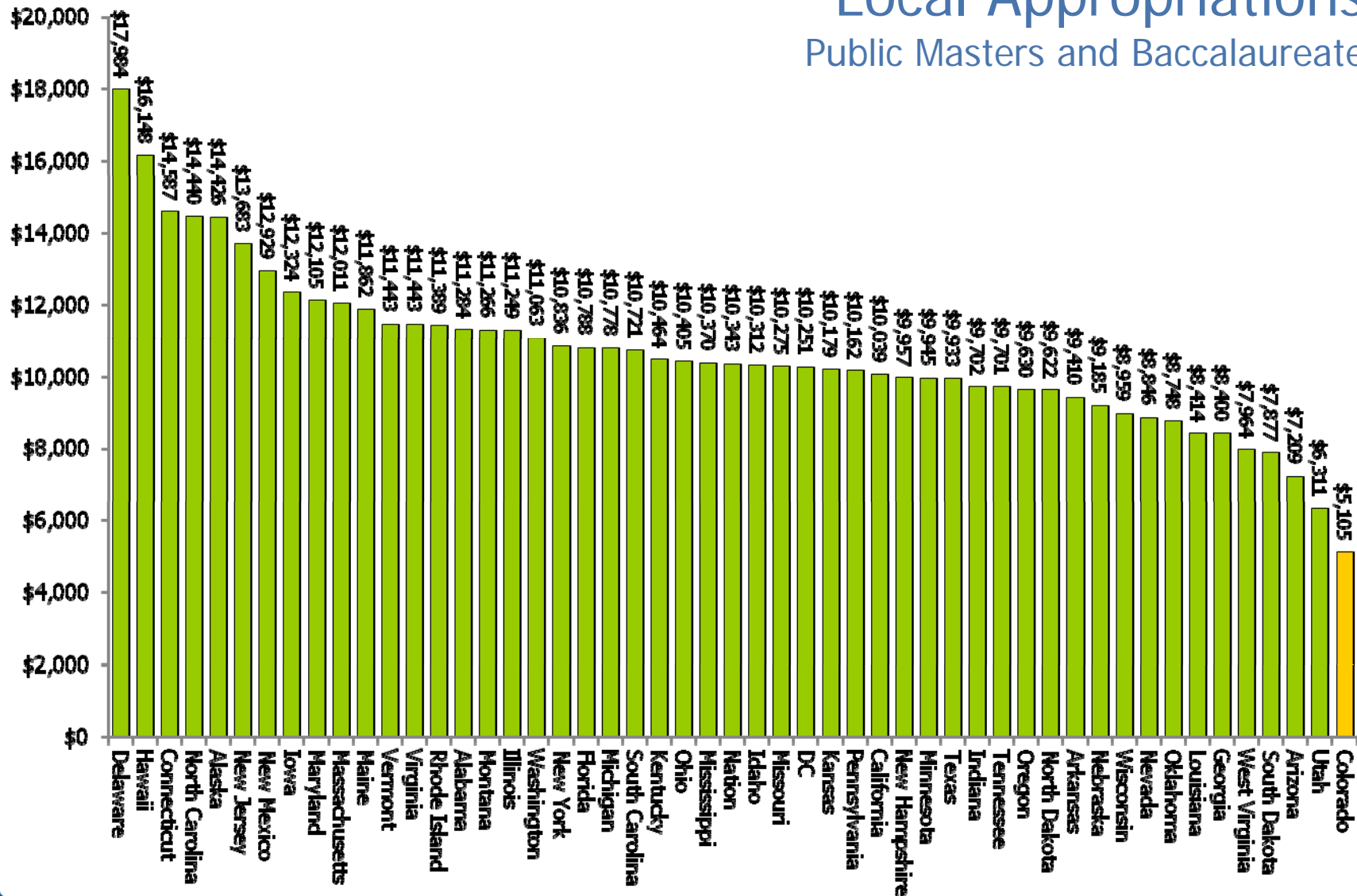
Public Research



Sources: NCES, IPEDS 2006-07 Finance Files; f0607_f1a and f0607_f2 Final Release Data Files.
 NCES, IPEDS 2007-08 Institutional Characteristics File; hd2007 Final Release Data File.
 NCES, IPEDS 2006-07 Enrollment Files; ef2006a, effy2007, and efi2007 Final Release Data Files.

Revenues Per Student from Net Tuition, State, & Local Appropriations

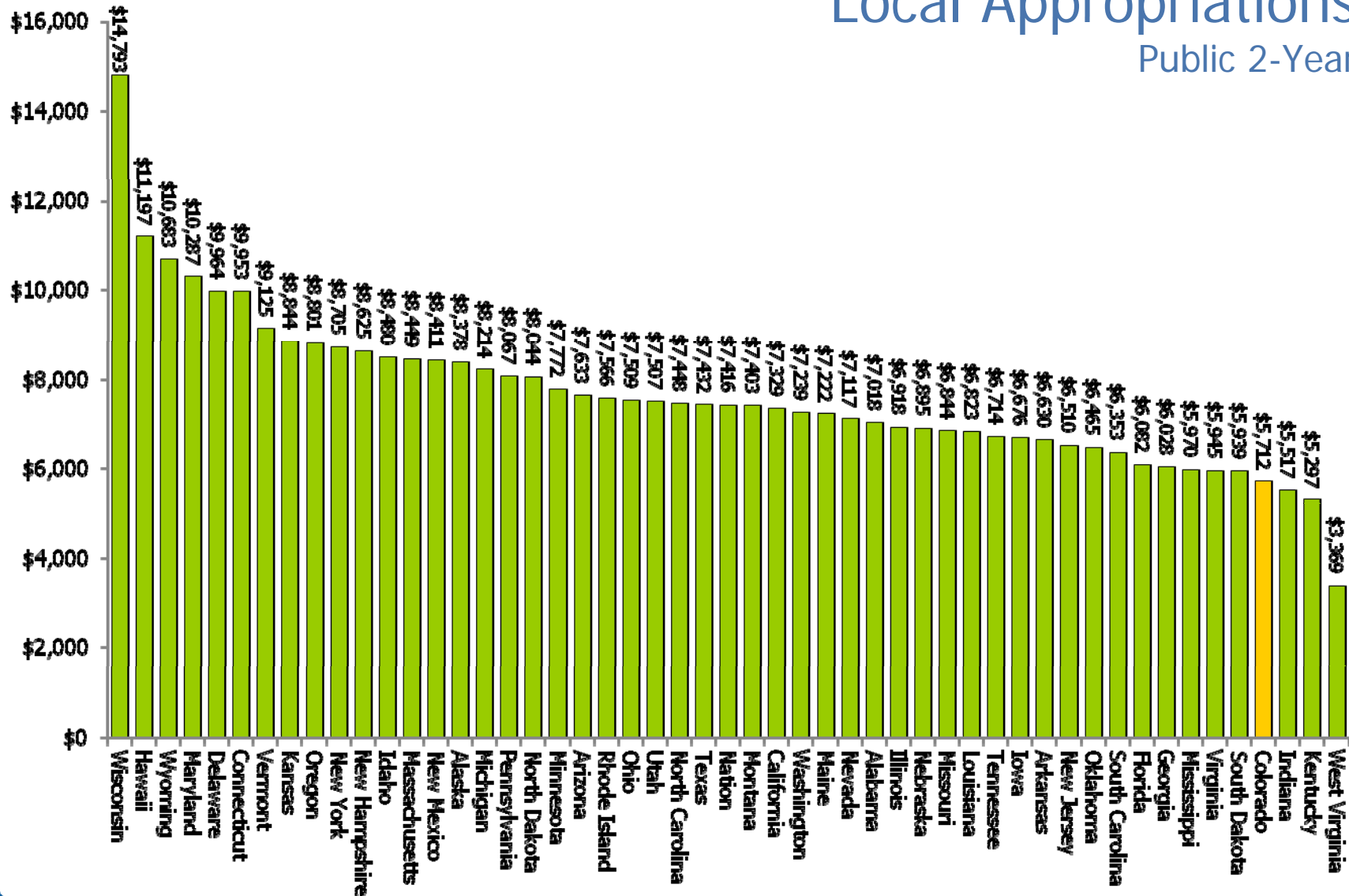
Public Masters and Baccalaureate



Sources: NCES, IPEDS 2006-07 Finance Files; f0607_f1a and f0607_f2 Final Release Data Files.
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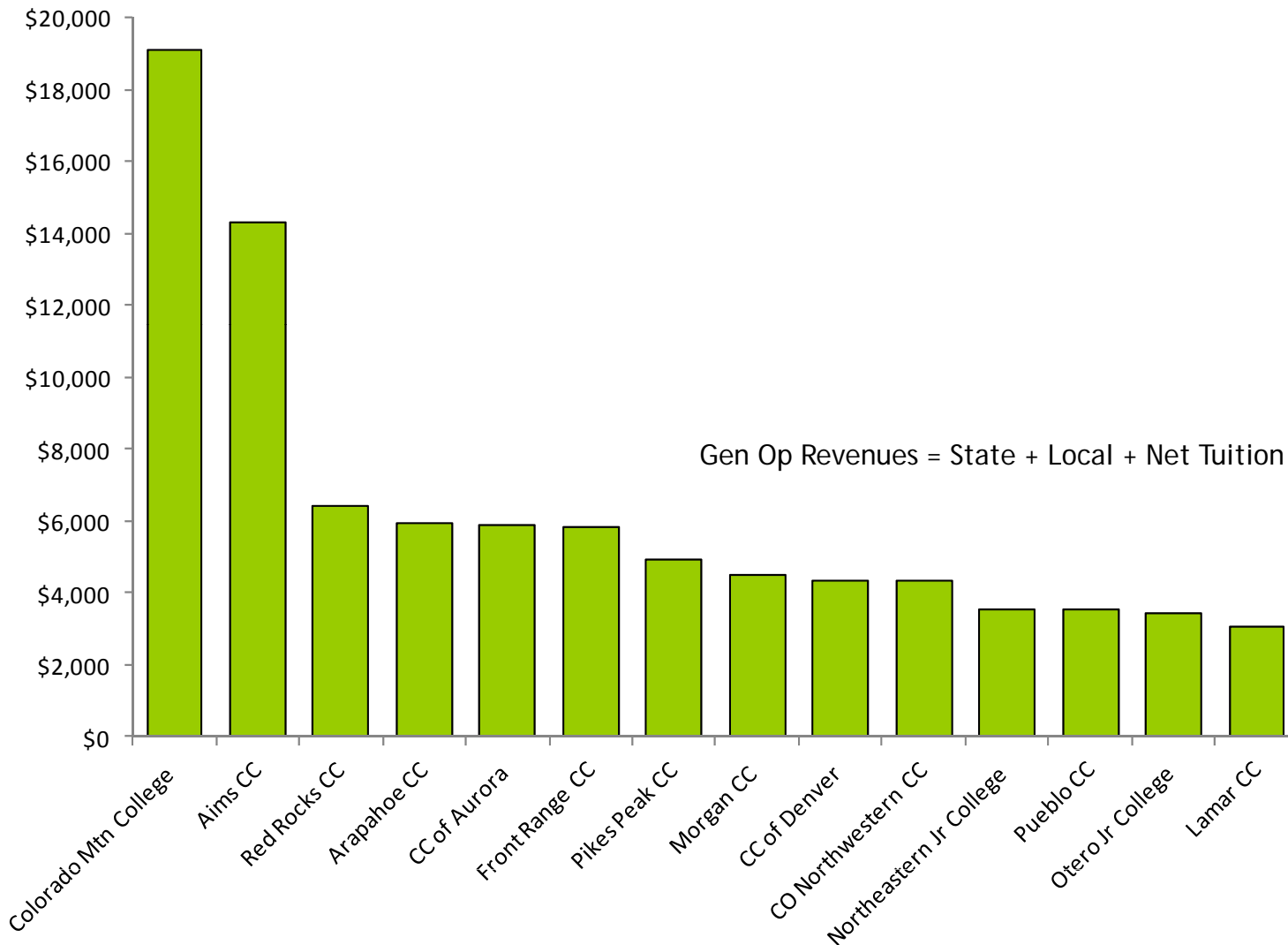
Revenues Per Student from Net Tuition, State, & Local Appropriations

Public 2-Year



Sources: NCES, IPEDS 2006-07 Finance Files; f0607_f1a and f0607_f2 Final Release Data Files.
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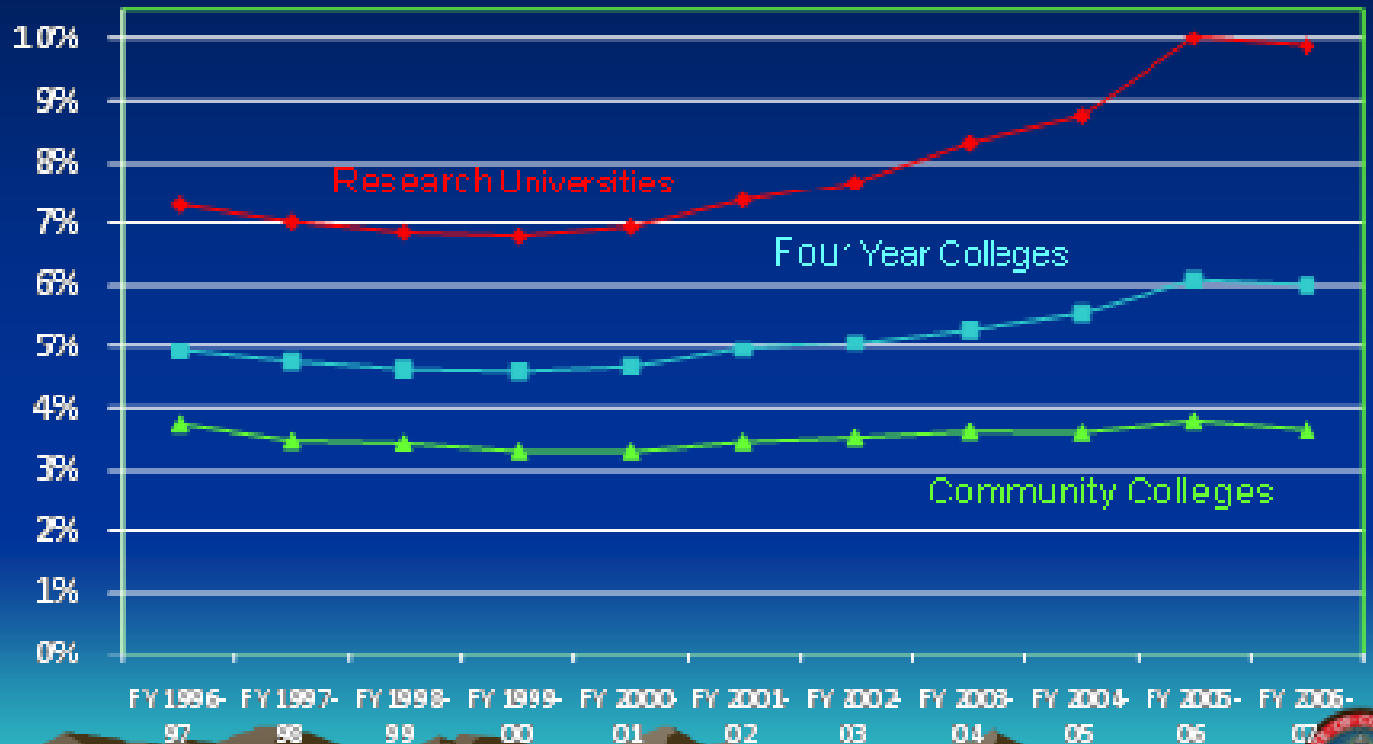
General Operating Revenues Per Student Available to Colorado Community Colleges, 2006-07





Average Tuition: % CO Median Income

Even with recent increases, tuition has stayed relatively flat as % income – except for Research



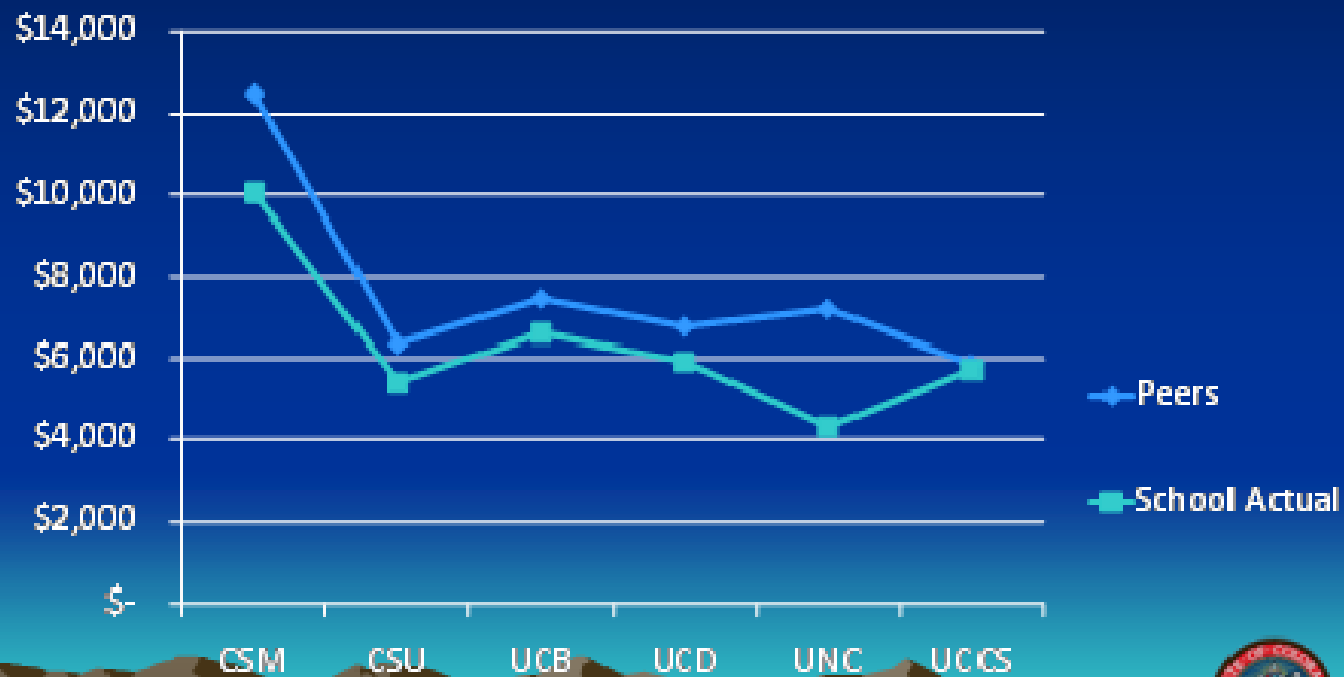
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Colorado Tuition Relative to National Peers

Tuition levels generally remain below peer institutions

Research Universities



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Colorado Tuition Relative to National Peers

4-Yr Colleges



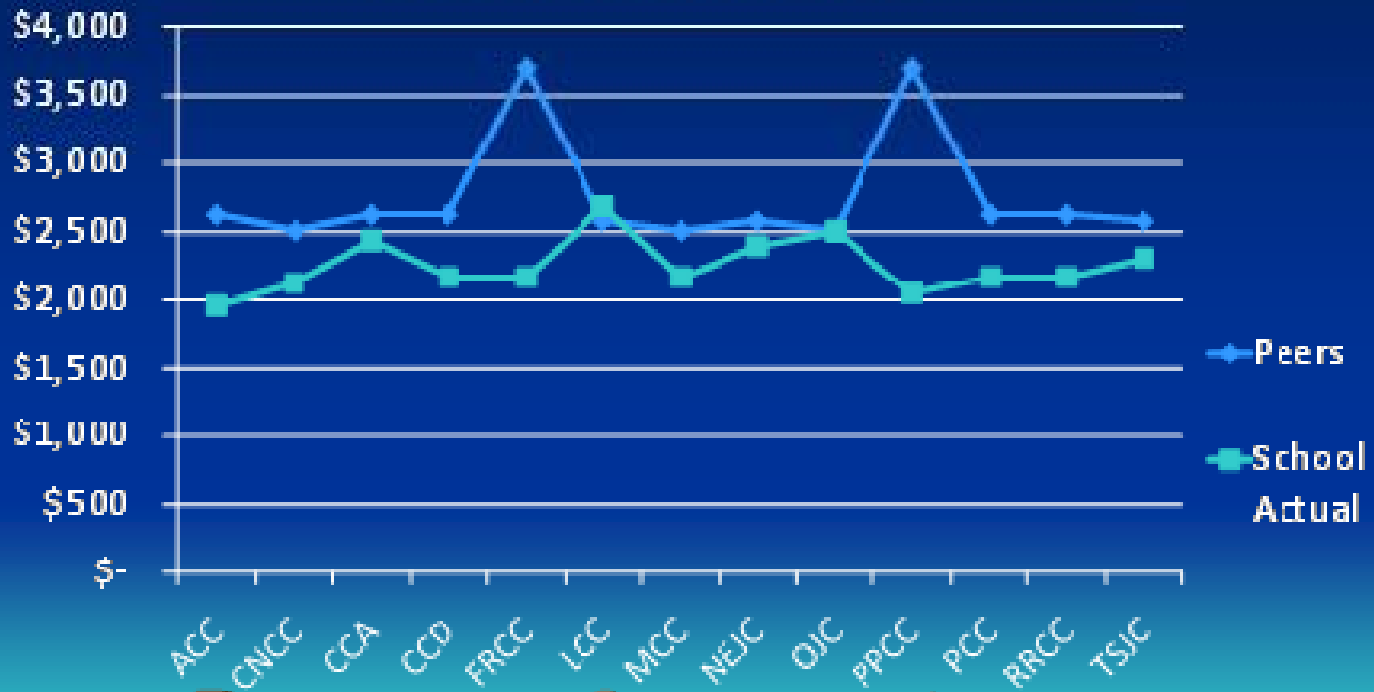
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Colorado Tuition Relative to National Peers

Community Colleges

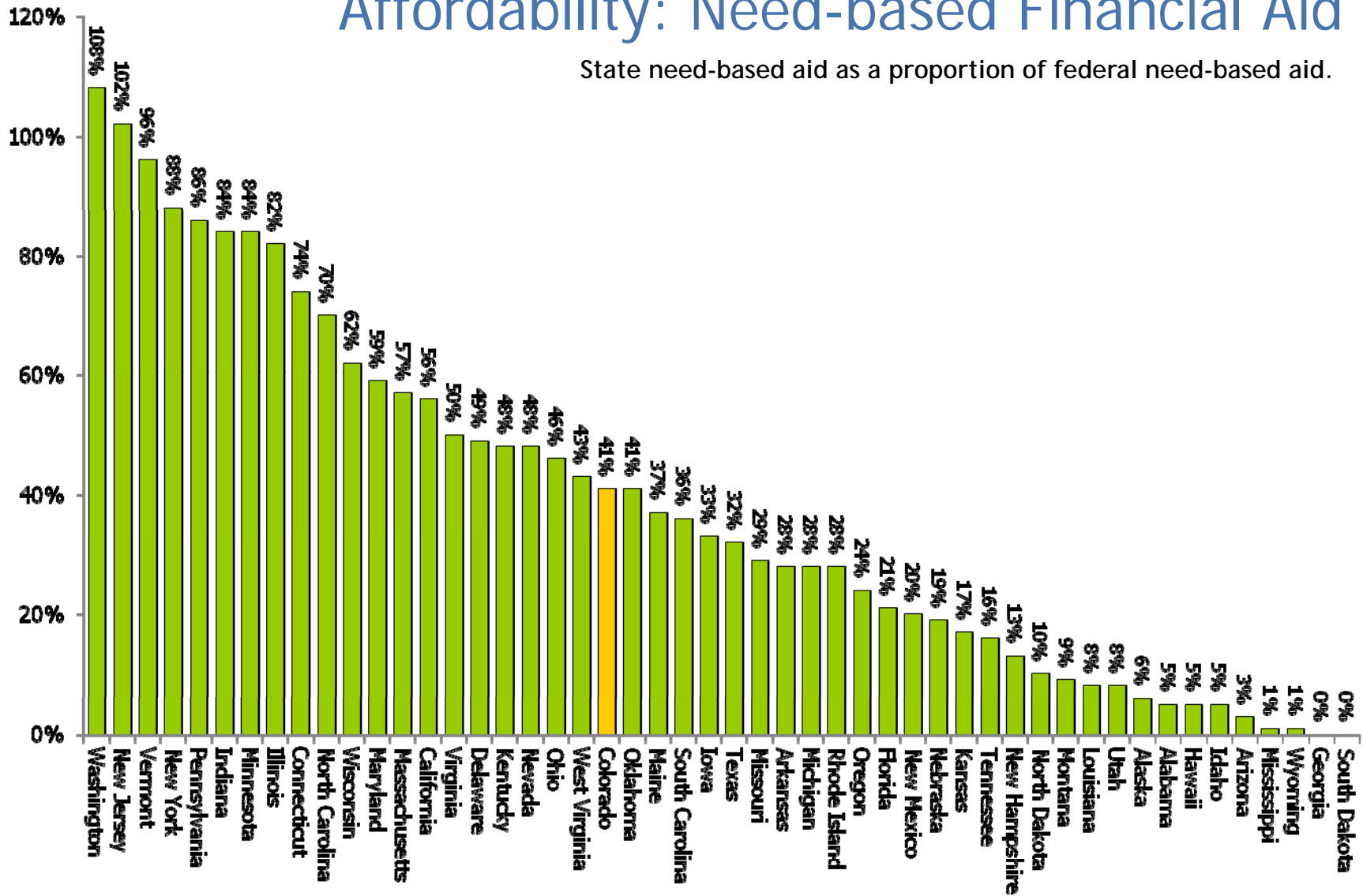


NCEMS

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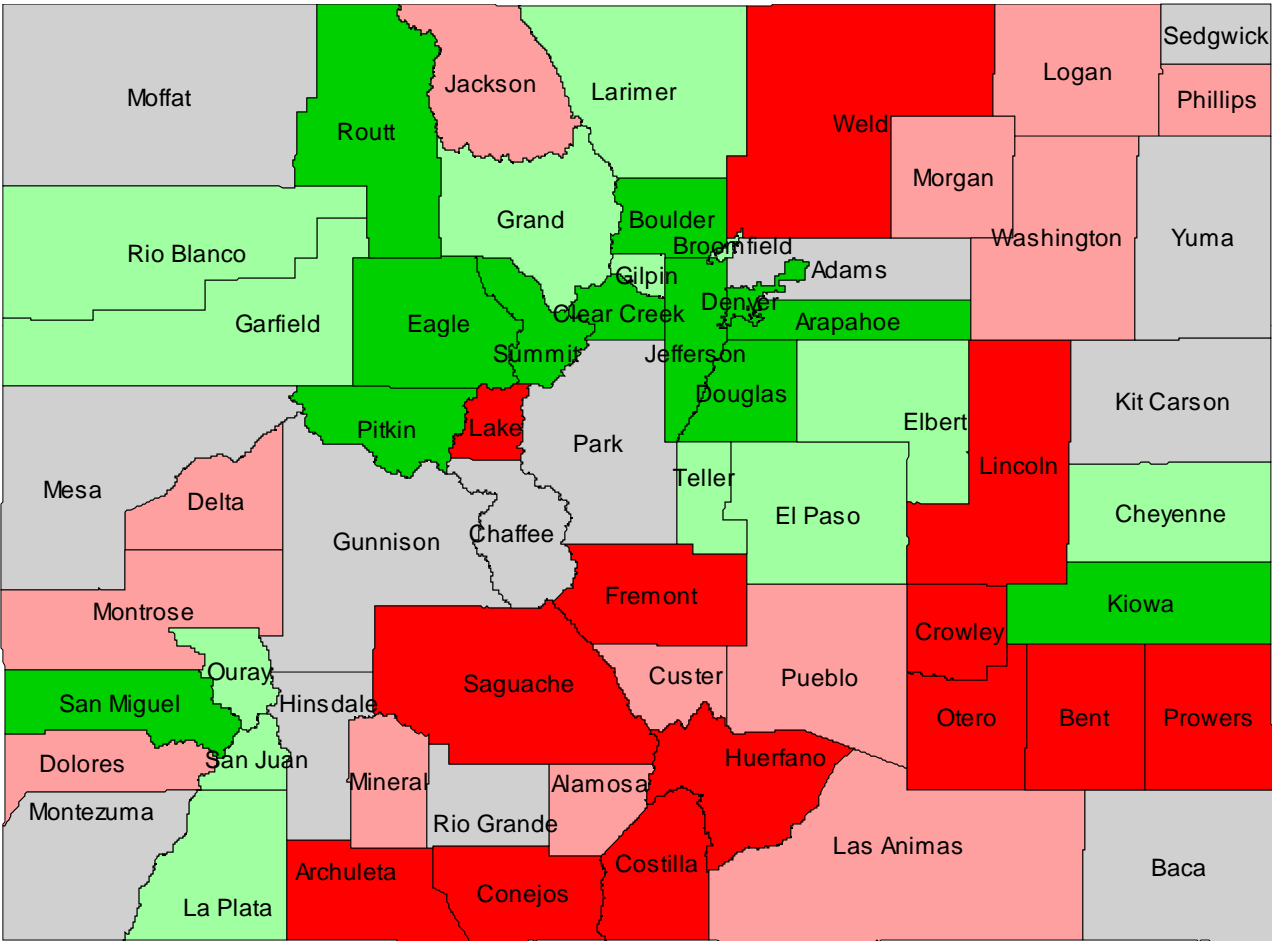
Affordability: Need-based Financial Aid

State need-based aid as a proportion of federal need-based aid.





Per Capita Personal Income, 2007



- 43,452 to 93,465
- 33,361 to 43,452
- 29,174 to 33,361
- 26,413 to 29,174
- 13,699 to 26,413

Lowest - Crowley
Highest - Pitkin

Colorado = \$41,192

Source: Regional Economic Information System,
Bureau of Economic Analysis, U.S. Department of Commerce





Colorado in a National and International Context

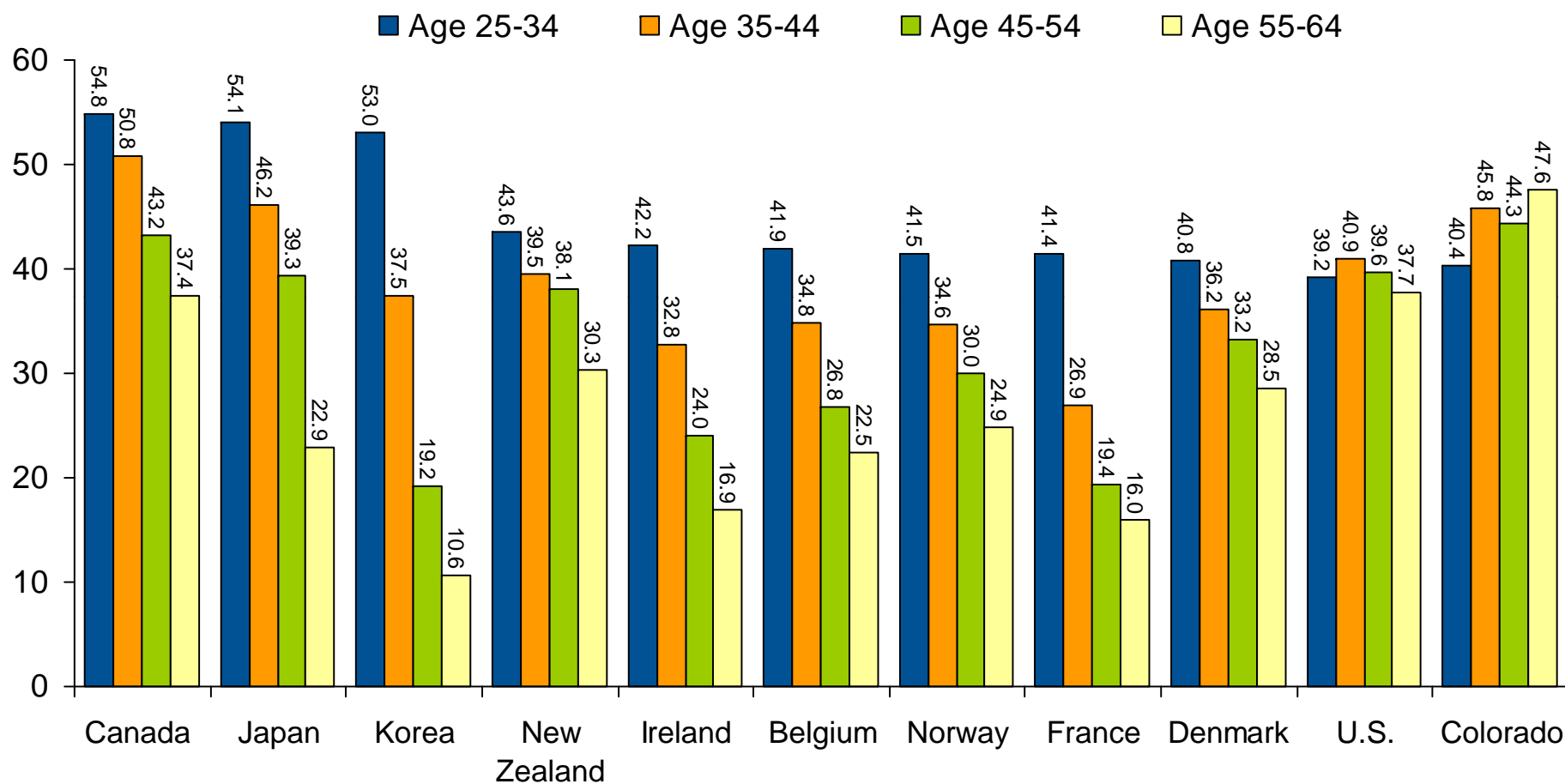


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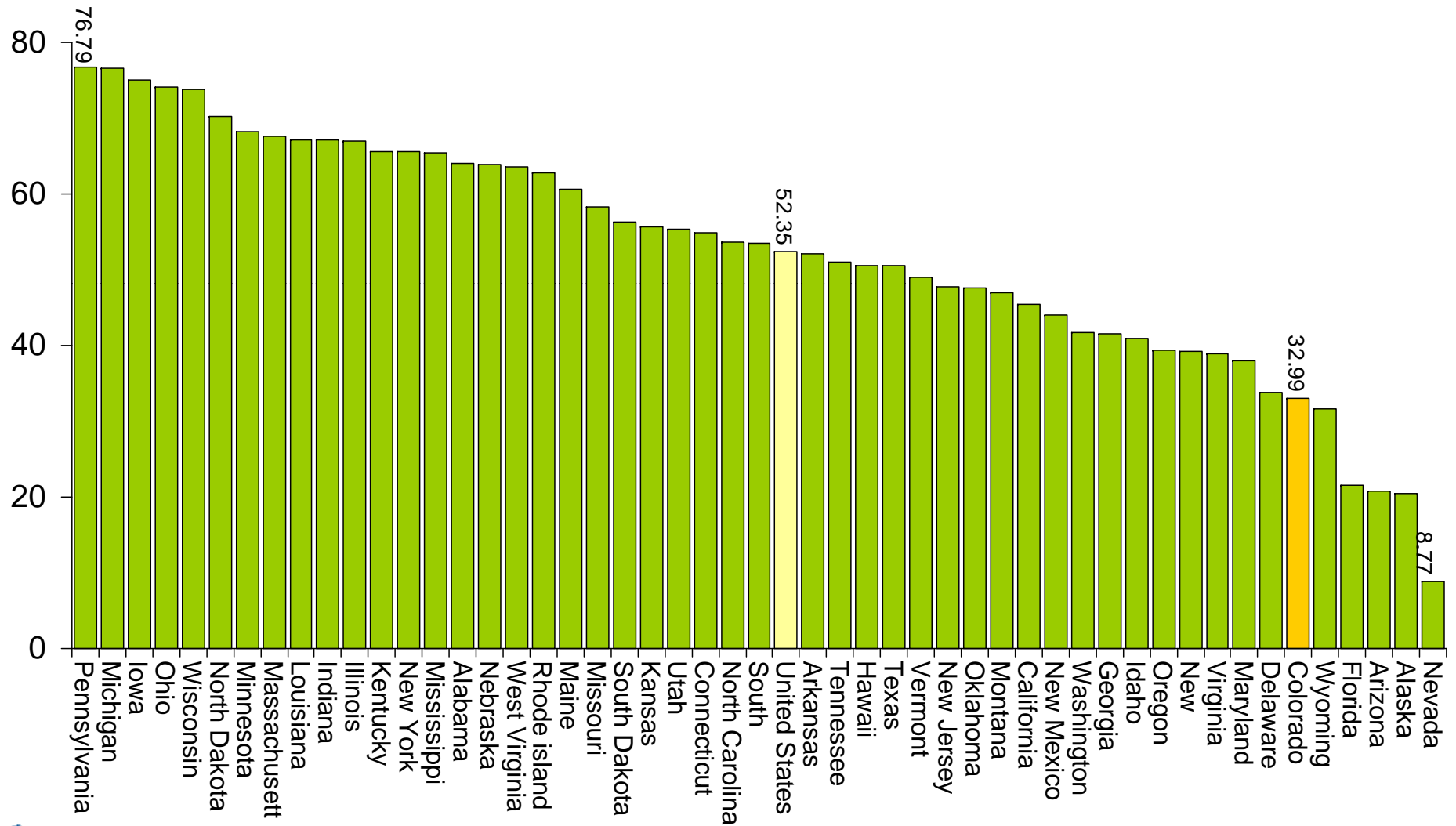
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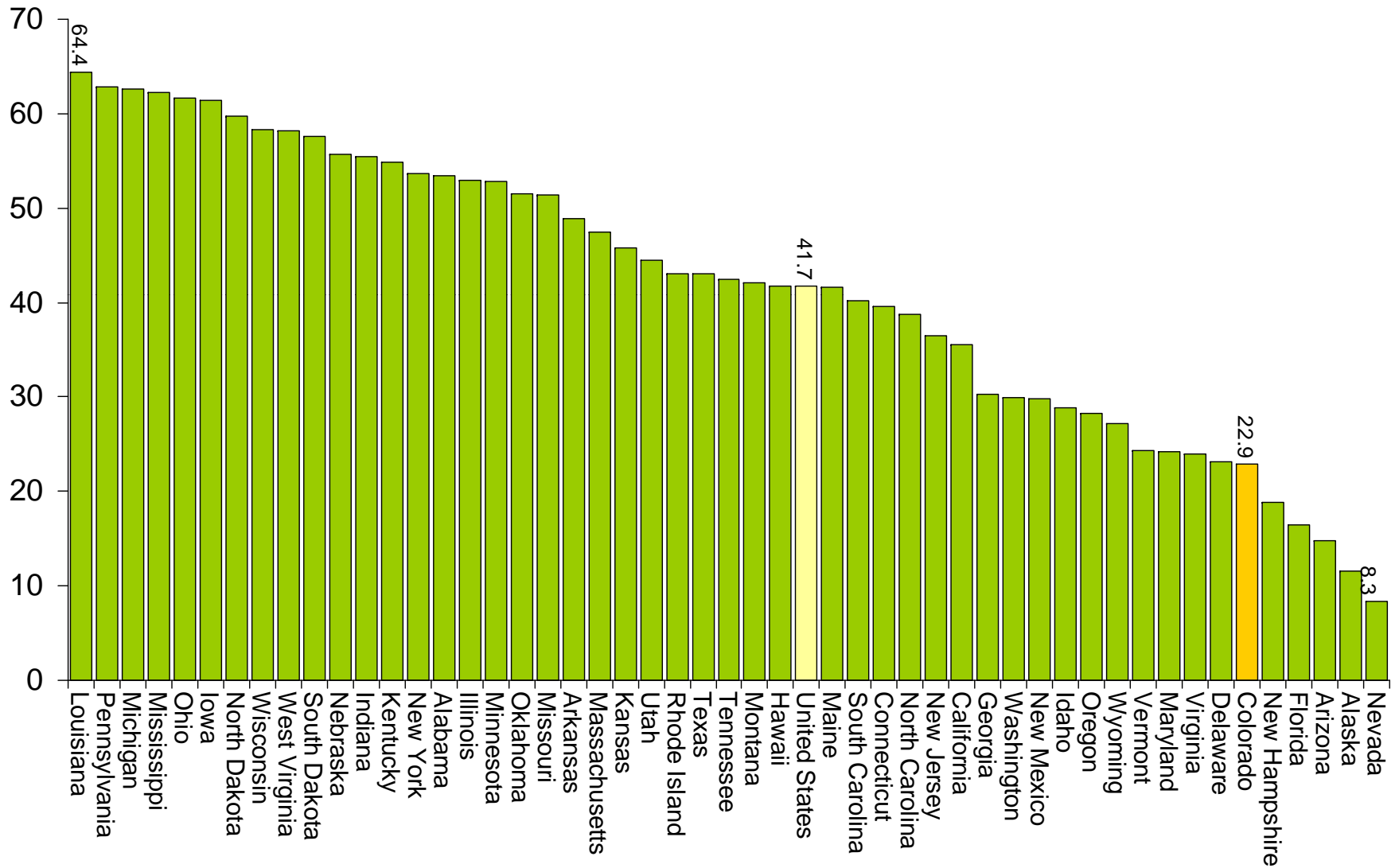
Percent of Adults with an Associate Degree or Higher by Age Group – Colorado, U.S. & Leading OECD Countries



Percent of Residents Age 25-64 with an Associate Degree Born In-State, 2005



Percent of Residents Age 25-64 with a Bachelor's Degree or Higher Born In-State, 2005





Impacts of Changing Demography on Education and the Economy in Colorado

- Losses at every step of education pipeline—Colorado well behind best-performing states
- Future growth concentrated in populations “least well-served” by education
- Large/persistent differences in college completion between whites and minorities
- Absent change, trends show stagnating education attainment and growing dependency on skill “importation”



College Participation – Colorado versus the U.S.

	% of 18-24 Year Olds Enrolled		25-49 YOs Enrolled as a % of 25-49 YOs with no Bachelor's	
	Colorado	US	Colorado	US
1991	39.5	28.6	12.2	7.2
2001	33.1	33.1	9.2	6.9
2007	34.6	33.9	7.3	5.6



Source: NCES, IPEDS, US Census





What are other states doing to address the needs for higher education?

- Augment funding through lottery revenues dedicated to higher education
- Establish/earmark natural resource extraction taxes for higher education
- Use and “leverage” federal dollars more effectively (e.g., align tuition policy and financial aid)
- Combine local and state revenues (e.g., use local tax districts to support community colleges)
- Utilize business investments in higher education (e.g., corporate partnerships or taxes)



Contact Information

Dennis Jones

303-497-0315

dennis@nchems.org

Charlie Lenth

303-541-1601

clenth@sheeo.org

