



University of Colorado

Boulder • Colorado Springs • Denver • Anschutz Medical Campus

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July 30, 2010

Dear Chairmen Lyons and Monfort:

Thank you for your work co-chairing the Colorado Higher Education Strategic Planning Steering Committee in this difficult time for higher education in Colorado. The goals and principles outlined by the Committee are laudable. We support many of the subcommittee recommendations, including efforts to secure a more sustainable revenue source for higher education and to develop a statewide system that increases the number and diversity of students pursuing higher education.

However, there are several assumptions in the draft recommendations and some specific suggestions that concern us, and we want to be sure the committee fully appreciates their impact on the higher education system, the University of Colorado, research universities in general, the state and its citizens. We also believe several subcommittee recommendations make assumptions that are not supported by the facts.

We will elaborate on each, but our concerns generally are:

- The recommendations presume that research universities serve too many students. At the same time, contradictory recommendations suggest research universities are unable to provide adequate access to underserved students;
- New system wide regulations could have the impact of providing disincentives. Today's higher education system is stretched thin with limited resources. Additional centralization and regulation will only exacerbate a difficult funding situation;
- Recommendations assume greater disparities among institutions in students' ability to pay than actually exist. All institutions serve Pell eligible students, all serve middle income students in need of financial aid, and serve students who can pay unassisted. Institutions whose tuition is well below peer averages can

raise their tuition closer to peer average, then invest a portion of additional revenue in institutional financial aid and limit disparities. (Exhibit A)

- Recommendations fail to address the critical role of graduate education, which significantly enhances the offerings in undergraduate education, provides all students with a comprehensive educational experience and benefits the state;
- Recommendations do not account for the crucial activities at the state's only public providers of physicians, dentists, pharmacists, advanced nurses, and veterinarians. All these programs are chronically underfunded.

We foresee negative and unintended consequences for the state and its students if the current recommendations are implemented. Specifically:

- Limiting choice will deprive some Coloradans of access to high-quality education;
- Restricting access to research universities could widen the achievement gap for low-income and underrepresented students;
- Limiting choice endangers the state's health-care system by limiting access for future professionals who provide critical services (physicians, dentists, pharmacists, nurses, veterinarians);
- Financially gutting research universities will stunt their positive economic impact on the state; and limited state dollars will be directed away from institutions providing Colorado with its best return on investment through the highest graduation rates, not including community colleges (therefore the lowest cost per student completing a degree). The following table (also included as Exhibit B) illustrates state support per resident student FTE per resident degree.

Institution	FY 2009 COF / FFS / ARRA*	FY 2009 Resident Degrees**	State Support/Resident Degree
Western State College	\$12,173,017	309	\$39,395
Adams State College	\$14,608,449	424	\$34,454
Colo School of Mines	\$23,237,386	731	\$31,788
Mesa State College	\$24,005,607	829	\$28,957
Colo State Univ Pueblo	\$16,981,727	687	\$24,719
Ft Lewis College	\$12,736,330	539	\$23,630
Metro State College	\$49,713,412	2,510	\$19,806
Univ of Northern Colo	\$44,086,311	2,307	\$19,110
Colo State Univ Ft Collins	\$89,081,108	4,722	\$18,865
Univ of Colorado Boulder	\$86,283,006	5,234	\$16,485
Univ of Colorado Colo Springs	\$22,941,600	1,582	\$14,502
Univ of Colorado Denver	\$33,084,995	2,706	\$12,227

* Source: FY 2008-09 Actuals: Budget Data Book

ARRA not shown in Budget Data Book - assumes FY09 appropriation

**Source of Data: SURDS; Dept of Higher Education Degrees database

Additionally, we want to clarify the misperception that research universities have other revenue sources (fundraising or research grants, etc.) that can make up for state

revenue shortfalls. As you may know, nearly all funding from philanthropy is targeted by donors to specific programs, scholarships or infrastructure. We are not at liberty to redirect those funds against donor wishes for other uses. Less than two percent of our philanthropic dollars are unrestricted.

Similarly, research funds (which indirectly provide substantial benefit to the state) are directed at specific projects as defined by the funding agencies and cannot legally be diverted for other uses. In short, we cannot rob Peter to pay Paul. Regarding tuition, our campuses are close to their peer average in tuition. (Boulder is 6 percent below peer average; Colorado Springs is 4 percent above; Denver is 9 percent below) Revenue gains are largely reinvested in financial aid. CU has increased its investment in institutional financial aid from \$38 million in FY 2002 to \$111 million in FY 2011 (of that, some \$55 million is from fundraising). We believe this is a model that other institutions (particularly those well below peer average in tuition; see Exhibit A) can and should adopt. We are also sensitive to the burden placed on our students and their families and support keeping higher education affordable for Coloradans. As much as possible, we do not want to further shift the burden of paying for an education to our students and their families. Using peer averages as a benchmark, we intend to keep tuition increases to a minimum.

Student Distribution/Access

An overarching theme of recommendations appears to be that too many Colorado students are enrolled in research institutions. Another, contradictory, theme is that research institutions are incapable of meeting the state's educational access goals. Neither assertion is true. Data provided to subcommittee members show students choose to attend the school that fits their needs, even though they are qualified to attend other institutions.¹ (Exhibit C) Limiting choice will likely anger and alienate Coloradans. Data from the Department of Higher Education also show that research institutions provide access to a significant number of low-income residents, serving 35 percent of Colorado's Pell recipients.²

¹ Average Index Scores by Institution. Available at:
http://highered.colorado.gov/Publications/General/StrategicPlanning/Meetings/Resources/Mission/Mission_100602_Index_Scores_by_Institution.pdf

² Department of Higher Education data: Resident Pell Recipients FTE and Share of Undergraduate Resident FTE. Available at:
http://highered.colorado.gov/Publications/General/StrategicPlanning/Meetings/Resources/Sustain/Sustain_100707_Pell4yrs0609cche.pdf

Today, all institutions serve needy students. Similarly, all institutions have students with demonstrated ability to pay. All institutions would benefit from adopting the model used at research universities, which make investing in financial aid a priority. Statewide data show about one-third of students are Pell eligible. The remaining two-thirds of the students some are “middle income” (they can pay a portion of the costs, but need financial aid for the remainder) and some have a demonstrated ability to pay. While the numbers vary by institution, it is a myth that any one sector of the higher education enterprise serves only needy students predominately.

There is no evidence to support the idea that redistributing enrollment will produce better outcomes, will better serve students prepared to enter the higher education system, or will provide greater access to those traditionally underrepresented in higher education. Additionally, discussions on access should address the continuum of higher education: from enrolling students to graduating them, from community colleges to research universities. Despite state support for resident students that is among the lowest in the nation, Colorado has the most productive system of higher education in the country. The silver lining of low state funding is that our research universities have been forced to be incredibly efficient. As noted earlier, data show CU’s campuses (excluding the Anschutz Medical Campus) produce the most degrees for the lowest cost of any four-year institution in the state. Colorado is clearly getting a substantial return on a limited investment.

We are also concerned that recommendations may limit access to Colorado students’ school of choice. When we discussed the international student provision of SB10-003 with policy makers, their first concern was ensuring access to CU for all qualified students who want to enroll. This access is a cornerstone of our public mission and the state’s obligation in providing public higher education. We believe students have many enrollment options. Changing admissions standards at CU or other institutions, as has been discussed by the Access, Pipeline, and Mission and Governance Subcommittees, would only limit these options.

Regulation/Incentives

The move to a more regulatory approach has been discussed at length in Mission and Governance Subcommittee meetings, and the overwhelming response has been to adopt a market-based approach, which we support. The vehicle is in place in the form

of institutional performance contracts. CU supports articulating the state's desired outcomes and holding institutions accountable for meeting those outcomes. This is superior to the regulatory approach suggested in some subcommittee recommendations, which includes centralized state oversight of institutional financial aid funds or implementing new minimum and maximum admissions criteria for colleges based on the department's interpretation of a school's attractiveness to targeted segments of Colorado's Pell recipients.³ (Exhibit D 1-3)

Keeping burdensome regulation to a minimum also allows institutions to be more innovative and encourages beneficial outcomes such as developing partnerships among and between institutions. For example, CU has entered a shared services partnership with CSU, looking for efficiencies in IT, travel, library offerings and procurement. UCCS has led an academic and administrative partnership among 10 two- and four-year institutions in southern Colorado.

Graduate Education

We urge the committee to consider the importance of graduate education to the state of Colorado. Research universities provide undergraduates a vast array of experiences not available in other sectors of higher education. These opportunities are a key to why research institutions have the best graduation and persistence rates in the state. (Exhibit E) Beyond the classroom, research universities require substantial investment in research equipment and laboratories. In Colorado, these resources have been provided in part through robust undergraduate enrollment. This relationship is the basis for sustaining graduate institutions when the state is unable to provide support, which in turn creates opportunities for students not found in other institutions. A graduate program provides undergraduates with a more comprehensive educational environment. For example, as a result of the large amount of NASA research funding we receive, our undergraduates are able to participate in space research and missions to every planet in the solar system.

Additionally, research universities are critical economic engines for the state that create new companies, generate jobs, bring in federal research money that has a

³ Resident Pell Recipients FTE and Share of Undergraduate Resident FTE. Available at: http://higher.ed.colorado.gov/Publications/General/StrategicPlanning/Meetings/Resources/Sustain/Sustain_100707_Pell4yrs0609cche.pdf

substantial economic multiplier in Colorado, and lead to the innovation and discovery that makes our state attractive to businesses and individuals. Recent studies show CU alone has a \$6.3 billion annual economic impact on Colorado. In addition to generating \$1.5 billion annually in research and clinical revenue, the AMC is stimulating an additional \$1.5 billion (using no state support) in new construction and expansions by other groups such as Corporex, which is building an extended-stay hotel and office building, the new Veterans Administration Hospital, CU's Health and Wellness Center, its child care center, and expansions to the CU Cancer Center, the Children's Hospital, and the University of Colorado Hospital.

Anschutz Medical Campus

The Anschutz Medical Campus (AMC) is a professional campus that provides critical services to the state (particularly low-income Coloradans). It is our only source of physicians, dentists and pharmacists (and an important producer of nurses, physical therapists and medical technicians). Colorado faces a significant and growing shortage of doctors, nurses, pharmacists and dentists. AMC provides almost \$47 million in uncompensated care for the state to low-income residents. The state provides \$69 million (of a \$1 billion budget) to fund the enterprise, of which \$16 million is funding from the Tobacco Settlement, which is earmarked to specific purposes. AMC is a high-cost campus where programs and courses offered require low faculty-to-student ratios, laboratory-intensive programs, and an investment in the latest equipment to stay current with advances in medicine. Today, the School of Medicine receives the second-lowest state support in the nation and has some of the highest tuition rates. (Exhibit F) The school is able to largely offset the disparity in part through the largesse of physicians in CU's clinical practices endeavors, whose contribution level to the academic health enterprise is the highest support level of any medical school in the United States. However, the impact of national health care reform and the reduction in physician reimbursement lessens the ability to cross subsidize the underfunded educational costs and threatens not only the educational mission, but also the recruitment and retention of faculty.

The subcommittees' recommendations have not addressed the importance of this campus to higher education and to the state. AMC is not included in any recommendation offered by the subcommittees. AMC is not only a national leader in health-related research, but also the largest and most important economic development project in the state.

Working Together, Moving Forward

Finally, we recognize the state's fiscal constraints and support the Sustainability Subcommittee's efforts to identify a solution for higher education. However, we are concerned about the message we send to Colorado voters. Current efforts to restore funding to Fiscal Year 2009 levels would be a relief. Yet it is important to note that the Department's May 2007 benchmark study showed higher education to be \$848 million below the national average of our peers. Not clearly identifying that the system has a greater need than what is being sought will lead to the impression that higher education is "fixed" and will not recognize that it is not even close to average. Simply restoring the prior funding base is short-sighted and would not provide resources to implement new mandates or eliminate the need for tuition increases. We must be realistic about our needs.

The unprecedented cooperation achieved in passing SB10-003 provides the framework for the continued operation of our higher education institutions - the most important access issue we face. Some of the committee's recommendations are in direct conflict with the assurances we have just made to the General Assembly, the Governor, and the Department of Higher Education during the course of the last legislative session, such as maintaining current levels of access to Colorado residents.

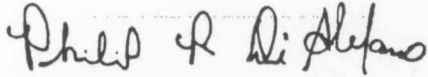
We look forward to continuing to work with the members of the Steering Committee to develop recommendations that will serve the state and its students. We trust the committee will be open to suggestions to deliver the best possible result. We understand the difficulties we all face, so it is critical that we bring forward recommendations that give us a system of higher education that is an integral part of Colorado's economic, social and cultural health into the future. Thank you for your consideration.



Bruce D. Benson

President

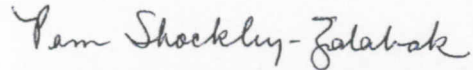
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