



Higher Education Funding, Costs and the Legislative Tool Box

Presented by:
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Committee Staff
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Today's Topics

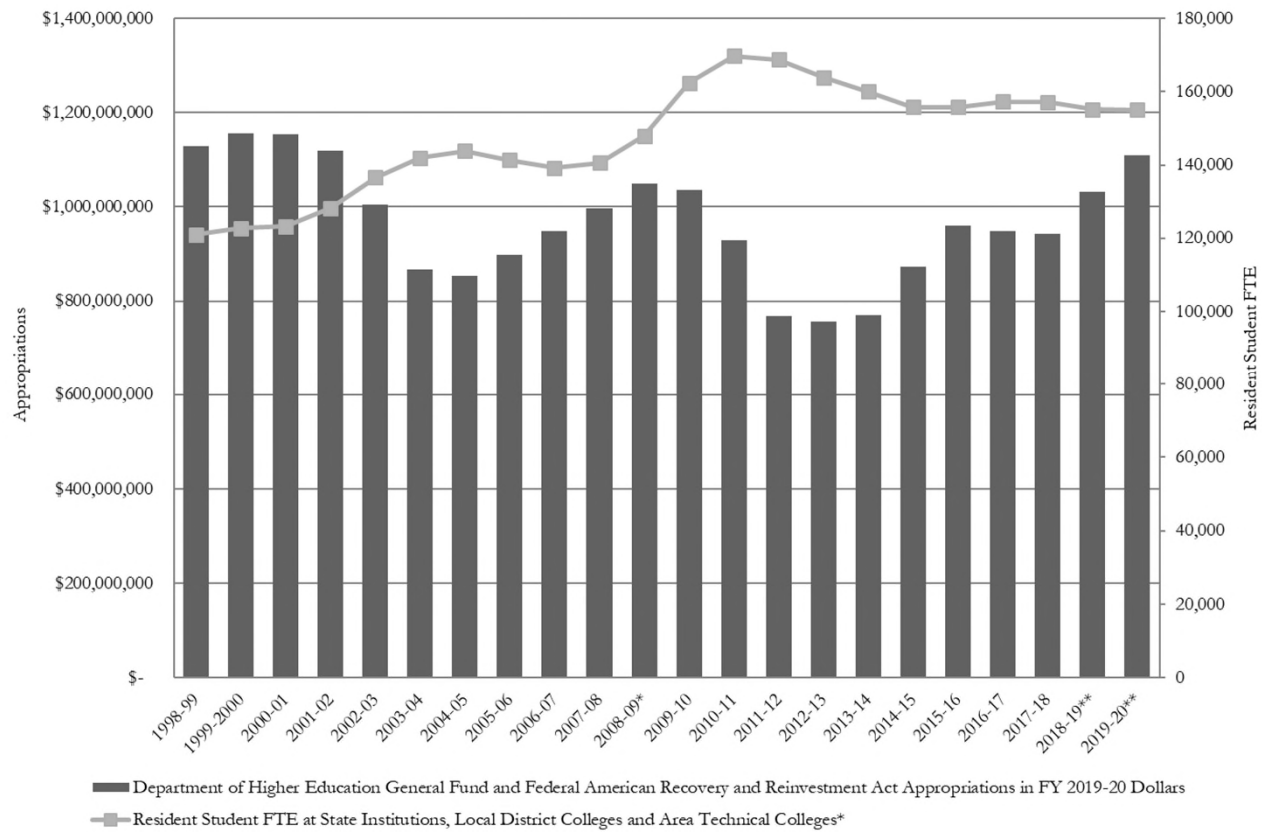
- General Background on Higher Education System
- The General Assembly Toolbox
 - Part I - Tuition v. State Support
 - Part II - Financial Aid



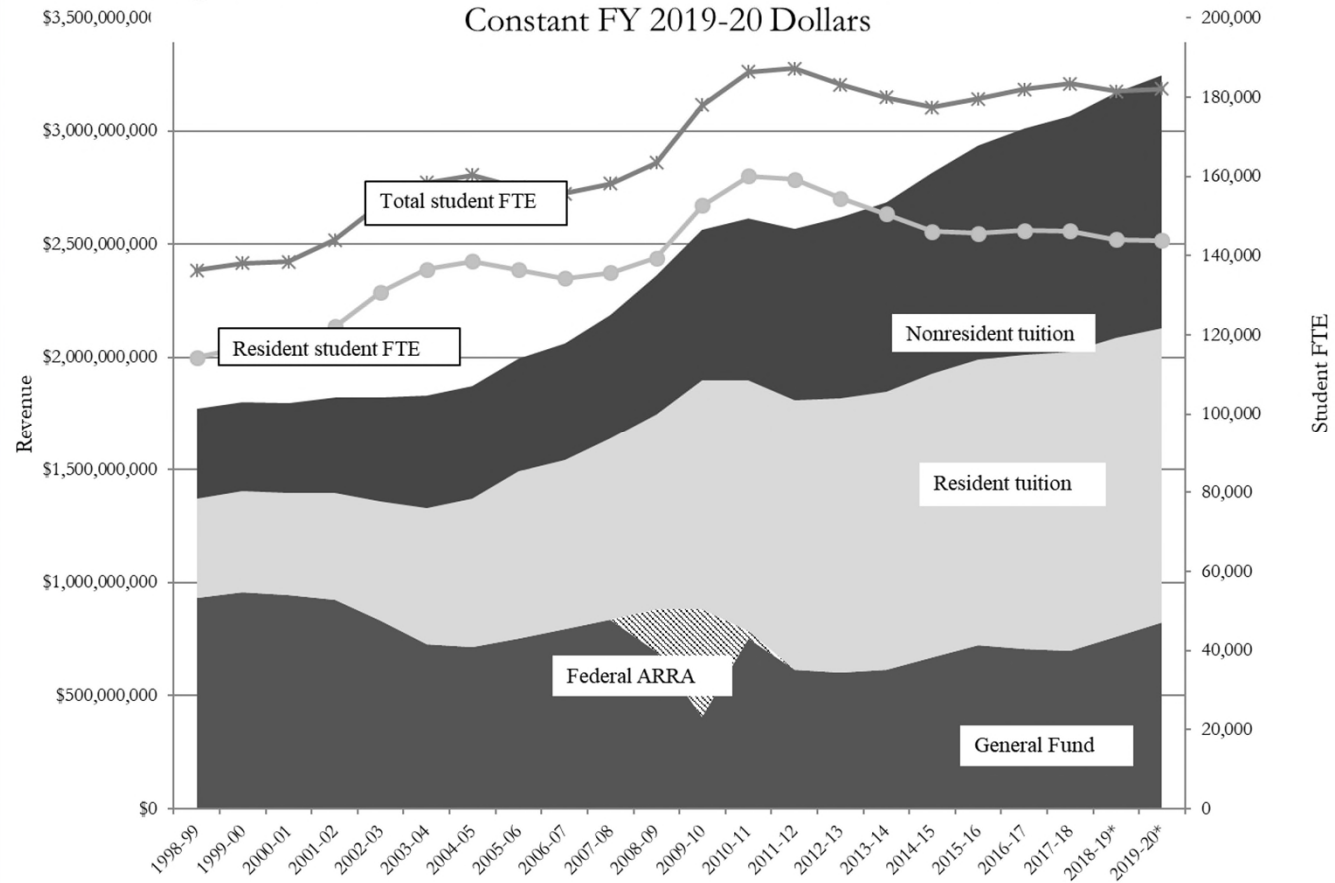
A little background

- No Constitutional funding mandates
- Cyclical funding & counter-cyclical demand
- Reliance on tuition
- Variation among institutions

Higher Education State Support in Constant Dollars and Resident Student FTE



Higher Education State Institutions' General Fund and Tuition Revenue in Constant FY 2019-20 Dollars





Governing Boards

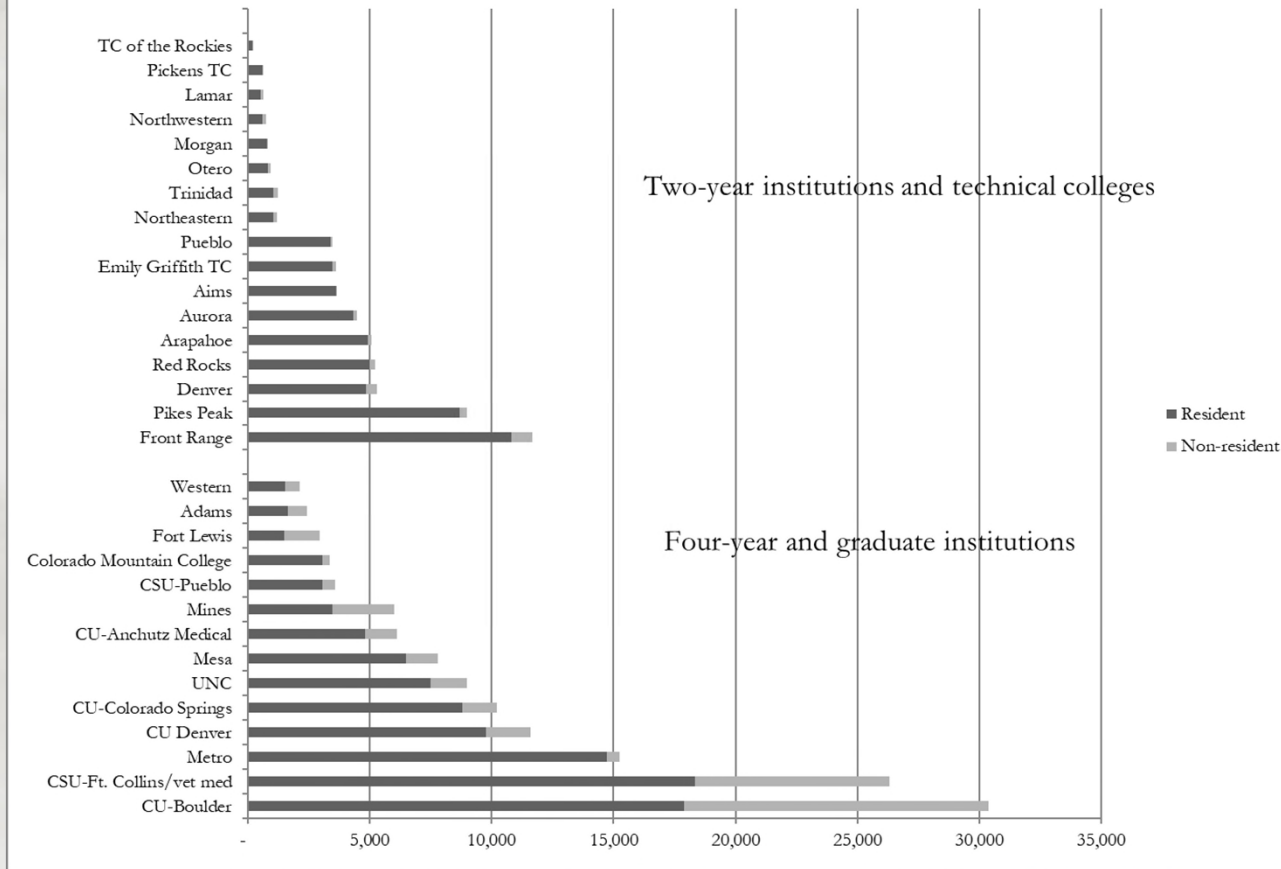
Ten State Governing Boards, Local District Colleges, Area Technical Colleges: almost 200,000 student FTE

Big variations (FY 2018-19 estimates)

CU System – **over \$1.5 billion “E&G” revenue, 17% from State including financial aid**

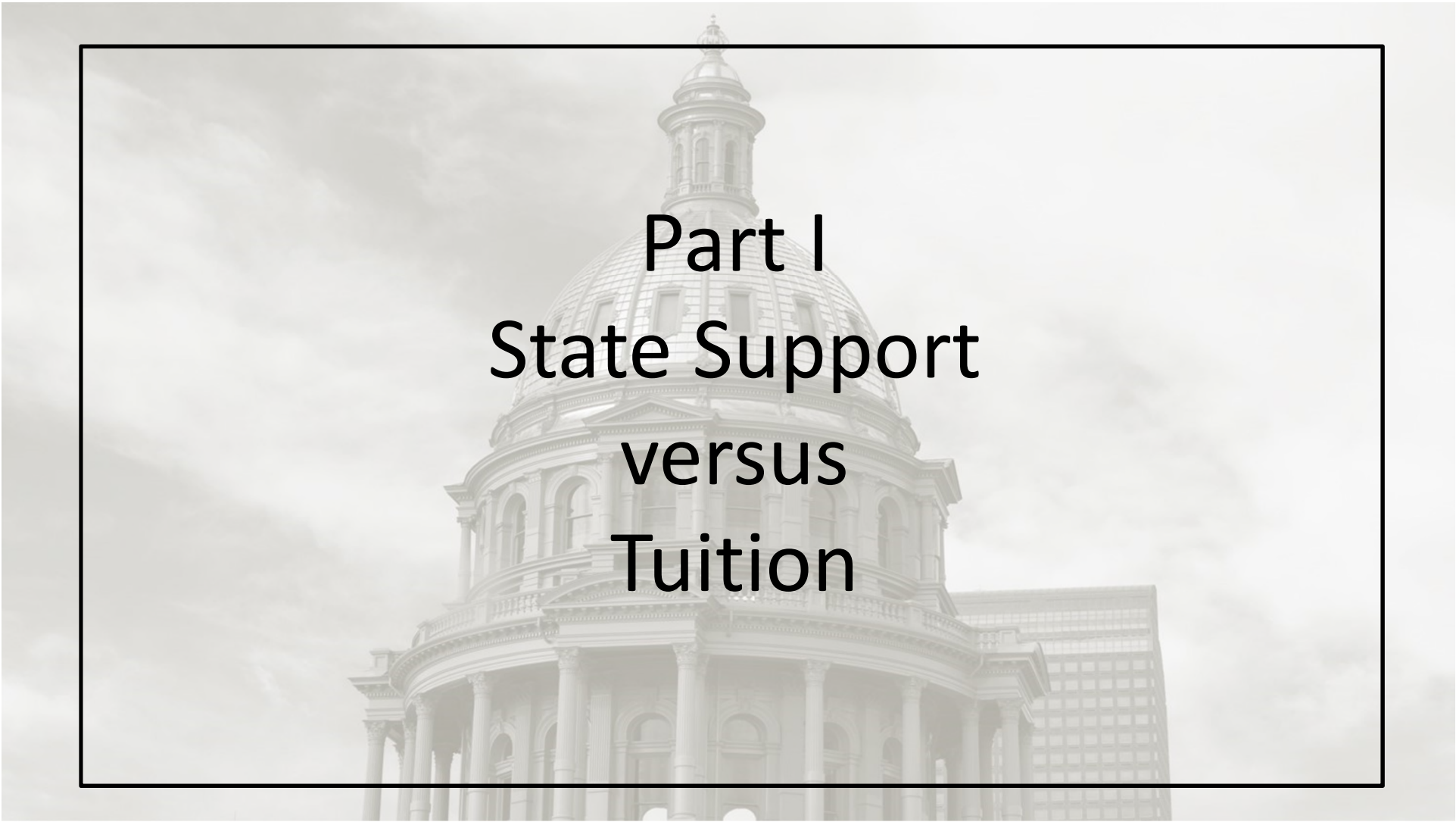
Adams State U- **\$35.3 million “E&G” revenue, 52% from State including financial aid**

Student Full-time-equivalent Enrollment 2017-18



Keeping Higher Education Affordable: Tools in the Legislative Toolbox

- **Governing Board Support** (approx. 80% of GF)
\$856.2 million GF
- **Tuition Controls** - \$2.7 billion tuition & fees
- **Financial Aid Support** (approx. 20% of GF)
\$220.0 million GF



Part I State Support versus Tuition



Trends in Governing Board Support

- Decline in state support as share of total funds
- Increased institutional flexibility associated with declines in state support
- Institutions increasingly act like private entities/compete for students & their tuition

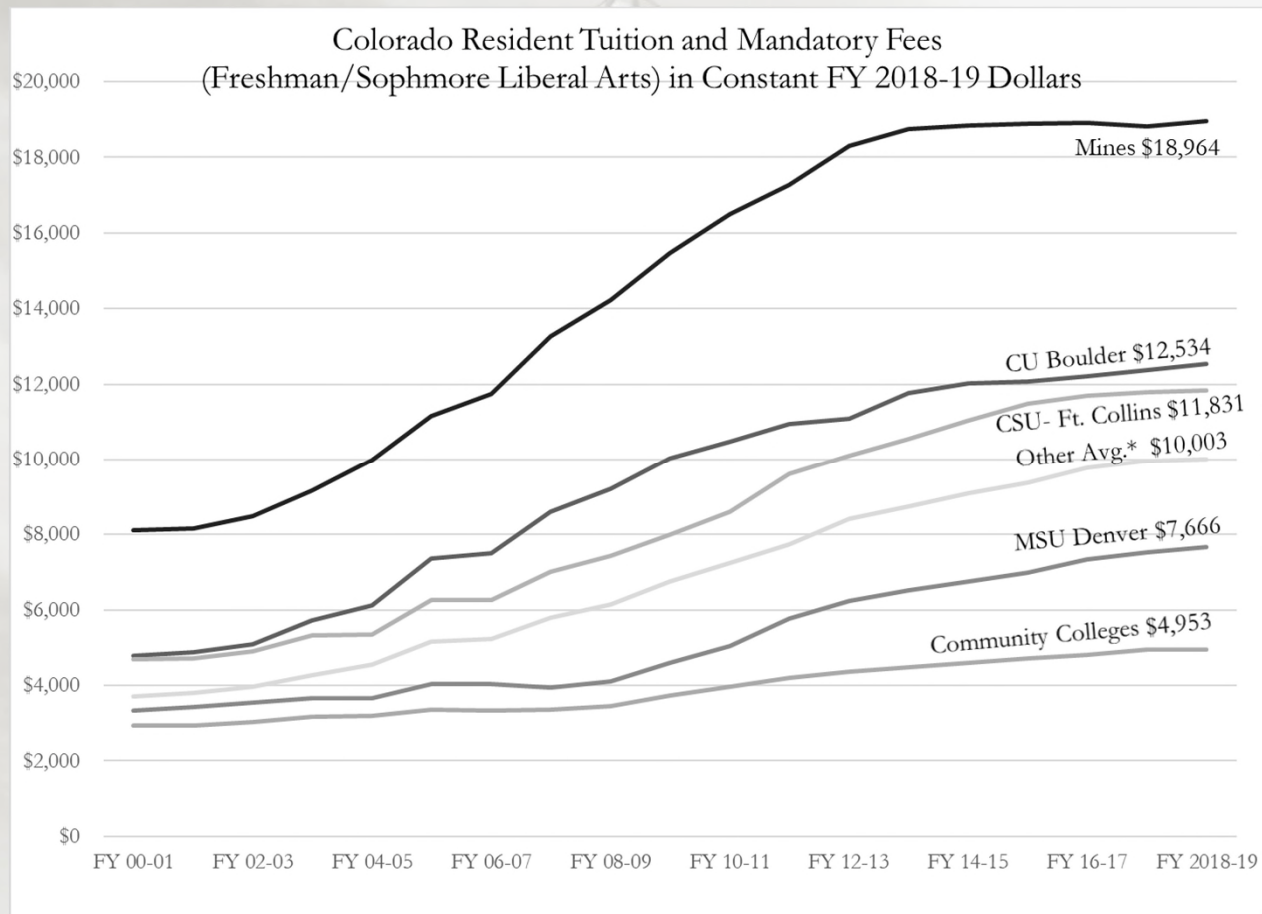
State Funding, Tuition, Other Flexibility

- FY 2008-09 to FY 2011-12: Governing board support cut over 30%; S.B. 10-003, H.B. 11-1301
 - From FY 2011-12, 9.0 percent-plus tuition increases.
 - Other “loosening” including in financial aid, student fees
- FY 2014-15 and FY 2015-16: GF increases of over 11.0 percent per year paired with 6.0 percent UG resident tuition cap
- FY 2016-17 to present: Tuition restricted through appropriations-plus-LB footnotes.
 - FY 2016-17: flat GF/ up to 9.0% UG tuition increase
 - FY 2019-20: 11.0% GF increase/mostly flat UG tuition increase

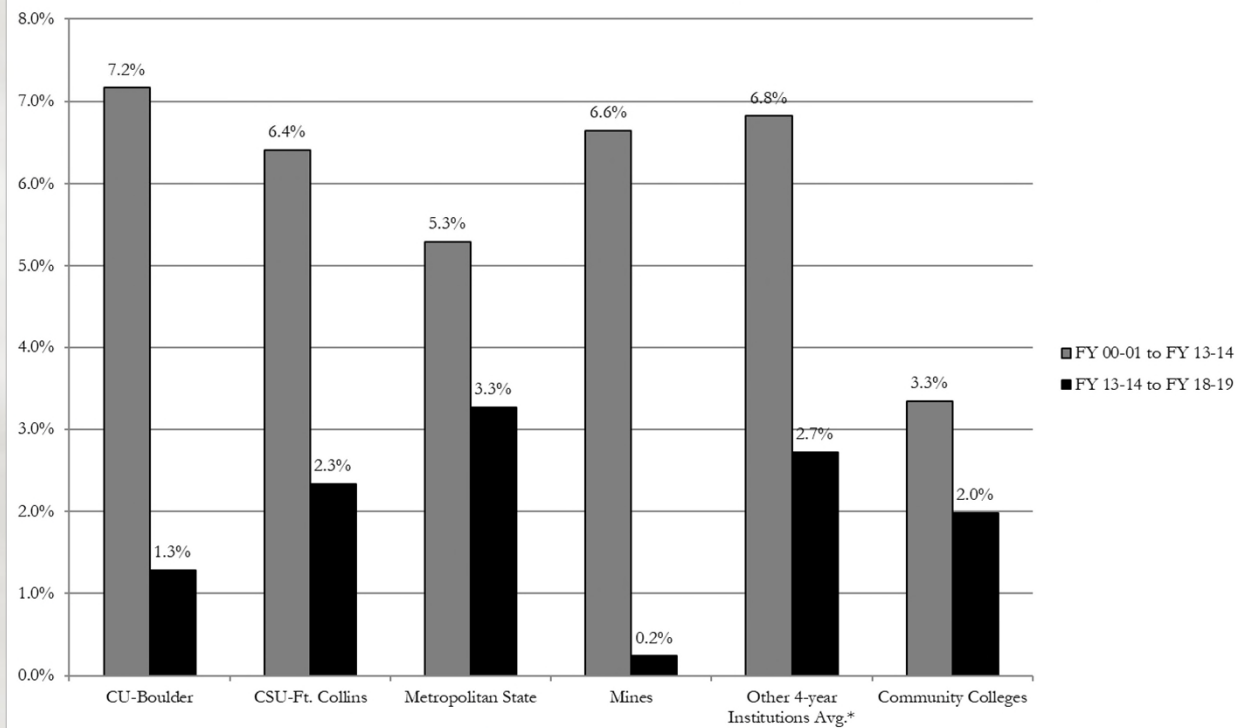
The background of the slide features a faded, grayscale image of a large building with a prominent dome, likely a state capitol building. The image is centered and serves as a backdrop for the text.

Tuition Rate Trends

- Tuition increases each year, but more when state funding declines or fails to increase much.
- Growth in rates has been lower—but still above inflation—in period of General Fund increases



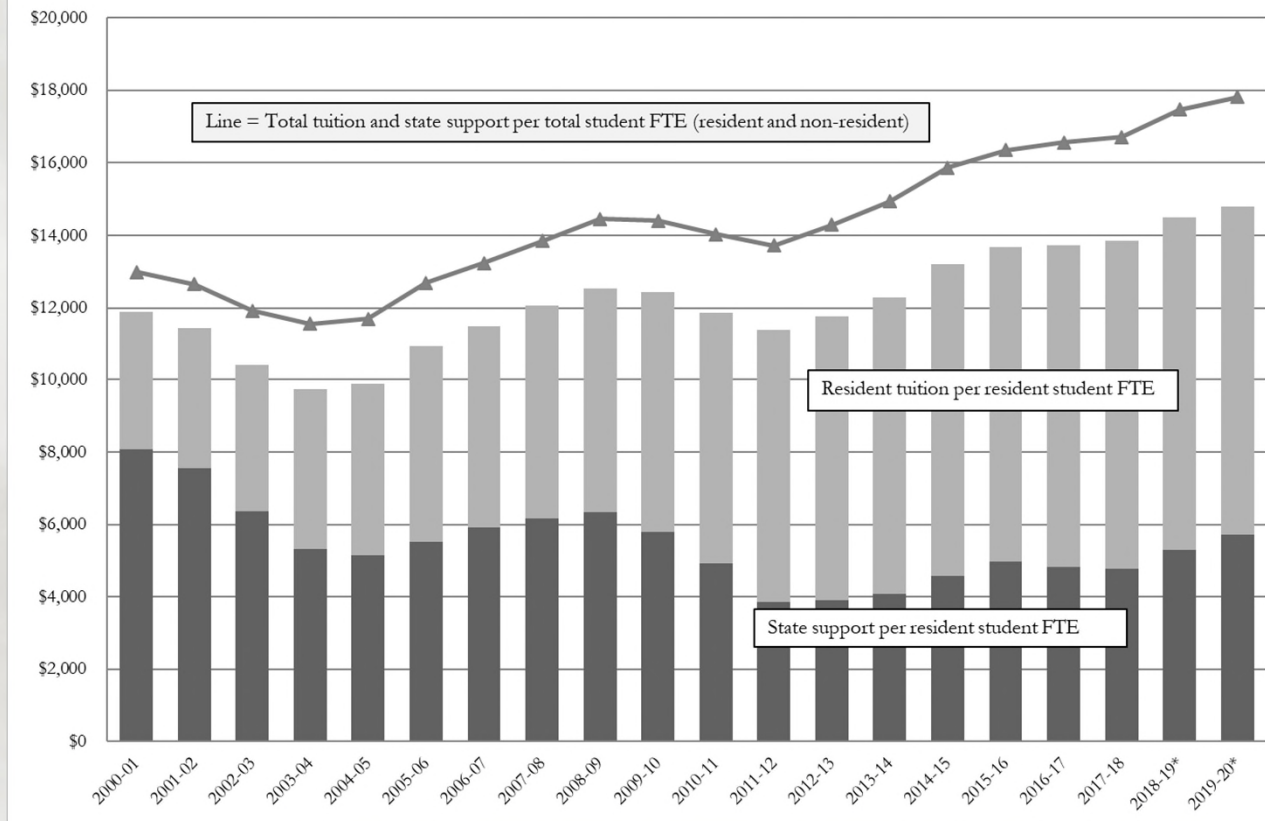
Average Annual Growth in Published Tuition and Fee
Rates **after** Adjusting for Inflation
(Colorado Resident Freshman/Sophomore Liberal Arts)



Revenue and Expense Trends

- Total revenue per student from tuition + state support has increased after adjusting for inflation
- Declines in State support are a major—but not sole—driver of cost increases
- Cost drivers vary by institution.
- “Bowen’s Law”

Higher Education State Institutions' Tuition and State Support per Student FTE in Constant FY 2019-20 Dollars





Part II

Financial Aid and “Affordability”



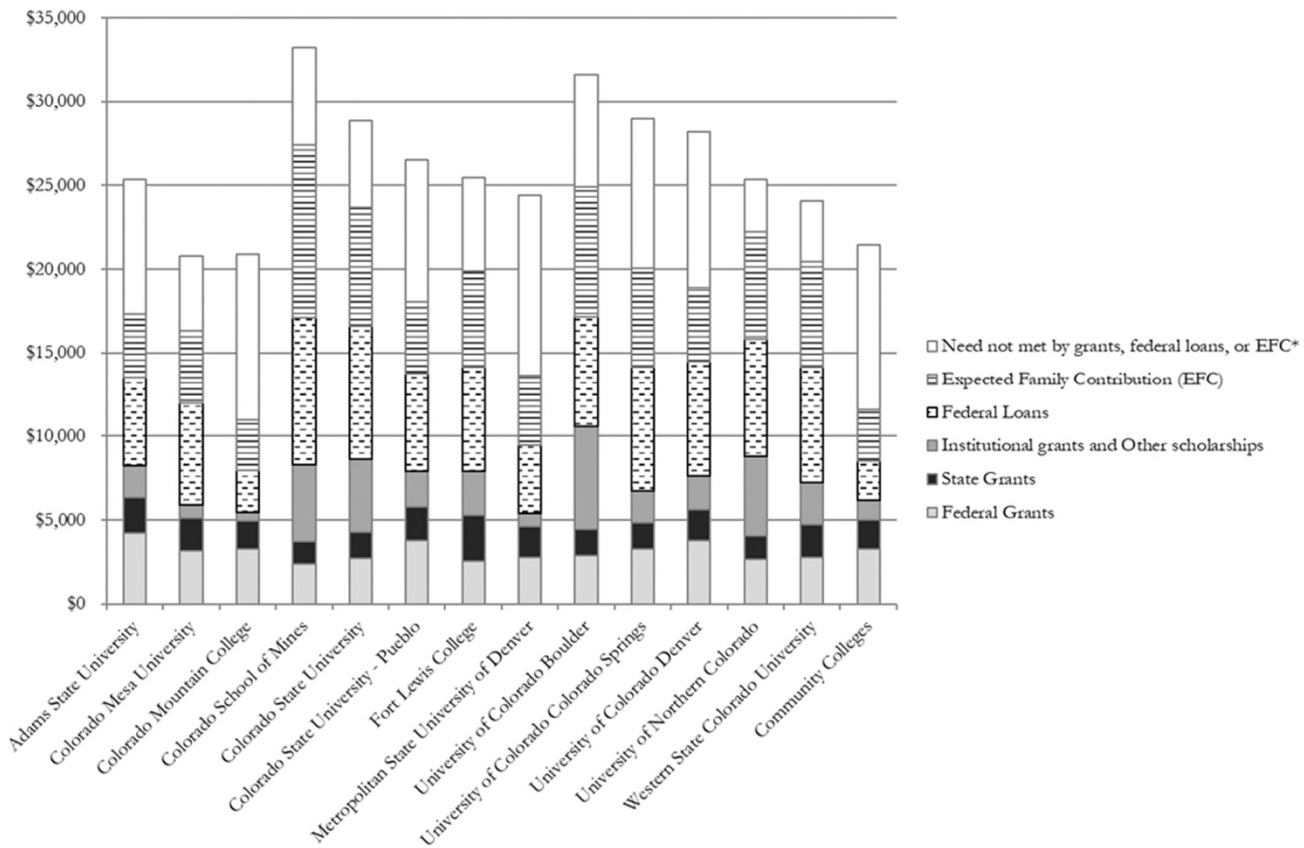
Cost of Attendance

- Tuition versus Cost of Attendance
- Living costs are often far more significant than tuition

Sources of Financial Aid

- Federal Pell Grants
 - About 1/3 resident students; Up to \$5,920 in FY 17-18/ average grant of \$3,360.
- State Financial Aid Grants
 - Over 74K students (approaching ½ residents); avg. \$2,080/recipient student
- Institutional Grants
- Federal loans - 67% of students who receive a baccalaureate; avg \$23K for bac. grads

Average Grants, Federal Loans, and Unmet Need by Institution for Full-time Resident Undergraduate Students Qualifying for Financial Aid FY 2017-18



Tuition Discounting

- The “Seats on an Airplane” Analogy
- Majority of students at 4-year institutions do not pay sticker-price
 - Merit Aid, Need-based
- Financial aid policy is decentralized & controlled by institutions

rdability

<https://college-affordability.css.uwb.edu/>

College Affordability Model

Total cost of attending a Public Research College or University in the state of Colorado for 4 years, based on AY2015 - 2016 costs and policies, is \$101,760

Annual tuition \$10,900

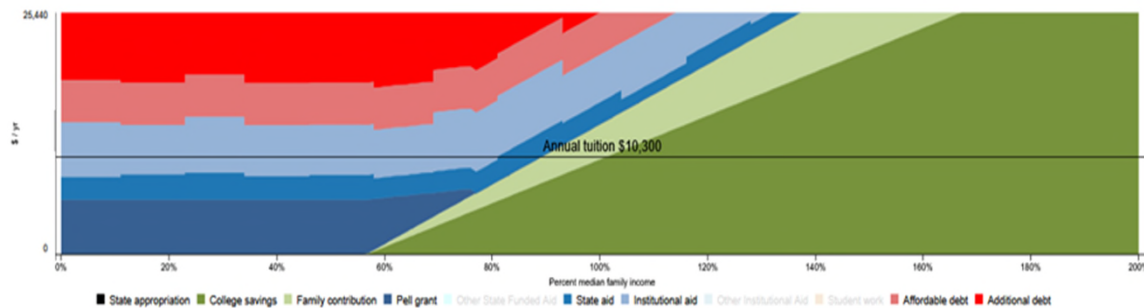
Percent median family income

Legend:

- State appropriation
- College savings
- Family contribution
- Pell grant
- Other State Funded Aid
- State aid
- Institutional aid
- Other Institutional Aid
- Student work
- Affordable debt
- Additional debt

College Affordability Model

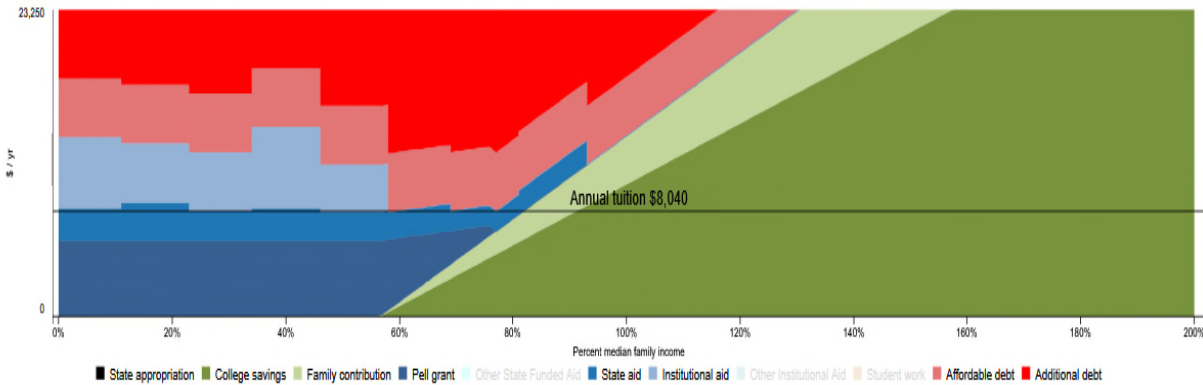
Total cost of attending a Public Research College or University in the state of Colorado for 4 years, based on AY2015 - 2016 costs and policies, is \$101,760



Dear I

College Affordability Model

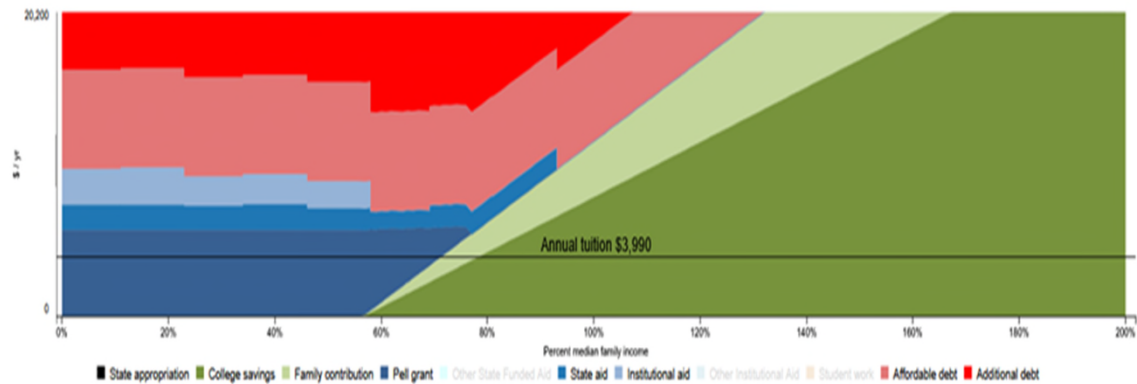
Total cost of attending a Public Regional College or University in the state of Colorado for 4 years, based on AY2015 - 2016 costs and policies, is \$93,020



Community Colleges

College Affordability Model

Total cost of attending a Community or technical college College or University in the state of Colorado for 2 years, based on AY2015 - 2016 costs and policies, is \$40,400



Issues for Committee Consideration

- Can the governing boards control costs any better than they do now? What would be the implications for quality, including graduation rates?
- Should the G.A. focus solely on sticker price or add other measures to assess “affordability” for some or all students? How should the G.A./CCHE be involved in institutional financial aid policy (if at all)?

A low-angle photograph of the Colorado State Capitol building, featuring its iconic golden dome and classical columns. The building is set against a bright blue sky with wispy white clouds. A semi-transparent white rectangular box is centered over the dome, containing the word "Questions?".

Questions?

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