

Funding Public Institutions Without Government Support in a Decade's Time

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After several tough years, Colorado's public higher education institutions are pleased to have some reasonable news on the state budget front this spring. Still, there's a downside to having a somewhat sunnier budget picture, in that it can mask the very real and ongoing financial challenges Colorado is facing as a state. Despite our recovering economy, unless something changes significantly, a series of budgetary pressures will push the discretionary budget of our state — including funding for higher education — toward zero sometime in the next 10 to 12 years.

We're not alone. Thomas Mortenson, in his article "State Funding: A Race to the Bottom," identifies this as a national trend; Colorado, unfortunately, just happens to be in the lead. "Based on the trends since 1980," he writes, "average state fiscal support for higher education will reach zero by 2059, although it could happen much sooner in some states and later in others. Public higher education is gradually being privatized."

That's evident in Colorado where, even with the proposed budget increases for next year, we've lost ground. In 2009-10, the state put a record \$706 million into its public higher education system. If the legislature increases state funding this year by the proposed \$30 million — the first proposed increase in years — the total budget for higher education will be about \$543 million. That's still a net decrease of \$163 million since 2009-10.

For students and families, this change is most evident in tuition, which has



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While government funding is steadily decreasing, and may even drop to zero, public universities will still carry the critical mission of delivering high-quality, low-cost education to their constituents.

been steadily increasing. The National Association of State Universities and Land-Grant Colleges recently published an important discussion paper, "University Tuition, Consumer Choice and College Affordability," that includes several significant observations:

- The real cost per student in public higher education is not increasing; in fact, cost per student has been constant for many years.
- Public research university tuition rose at a 6.61 percent compounded annual rate over the last decade — 2.7 times faster than the increase in consumer prices.
- Public university tuition has gone up because per-student appropriations in state funding have gone down. Tuition increases have offset cuts in

state funding without increasing university budgets.

When it comes to funding the operations of a public university, there are really only two dials we can turn: tuition and state support. When one goes down, the other goes up. So, what happens to tuition when state funding goes to zero?

Before going any further, I want to point out that there are plans within state government and the business community to try and fix our budget crisis and avoid this scenario. But the potential for defunding represents a big challenge for all of Colorado's public colleges and universities, and none

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of us can afford to play ostrich and pretend the problem will go away on its own. Especially in the Colorado State University (CSU) System, where providing access to an excellent education at an affordable rate is part of our mission, we have to pay serious attention to how we can keep education accessible in this changing environment.

Ultimately, each institution will have to approach this challenge in its own way. On my campus, our planning is centered on a concept we've been calling "CSU 2020," a balanced approach through which we aim to continue as Colorado's school of choice for resident students, increase enrollment of non-residents and secure a financial foundation that allows us to reach for excellence in all we do. Fundamentally, the plan relies on growing our enrollment from its current levels of about 26,000 students to 35,000 students, with specific benchmarks for both resident and non-resident enrollment. Taking into account the not-insignificant infrastructure and staffing needs we'd have to address to handle such growth, that level would generate sufficient, sustainable revenue to offset state funding cuts while allowing us to maintain quality.

The CSU System will continue to rise to the challenge of delivering education in innovative ways — including top-quality online programs — to meet society's evolving and complex learning needs, in keeping with the original spirit of land-grant universities.

We've run the financial models and we believe this is a solid plan that will allow us to keep the university strong at a reasonable cost to students. But we're venturing into uncharted territory and, at this point, there are still far more questions than answers. I encourage everyone who cares about

public higher education and its future to pay attention to these trends and to get involved in discussions about the future of what has long been the best system of public colleges and universities in the world.

At the end of the day, even with defunding by the state, CSU will continue to be an exceptional university that is available to Colorado residents at an exceptional value. The CSU System will continue to rise to the challenge of delivering education in innovative ways — including top-quality online programs — to meet society's evolving and complex learning needs, in keeping with the original spirit of land-grant universities. We are committed to this mission no matter what the future may hold. But there's considerable work ahead for all of us.

If you want to read more about this challenge, I recommend the Center for Colorado's Economic Future report, Financing Colorado's Future which puts the timeline for defunding at around 2023-24.

References

Mortenson, Thomas G. "State Funding: A Race to the Bottom," Presidency, Vol 15, Issue 1, page 26.

The National Association of State Universities and Land-Grant Colleges, "University Tuition, Consumer Choice and College Affordability: Strategies for Addressing a Higher Education Affordability Challenge," November 2008, available at <https://www.aplu.org/NetCommunity/Document.Doc?id=1296>



AUTHOR PROFILE

Current Position and Past Experience

Since 2009, Anthony Frank has been the President of Colorado State University. Frank has held a number of positions with CSU since joining the institution in 1993 as an Assistant Professor. Frank rose through the ranks, becoming Chair of the Department of Pathology in 1996, and in 1998 becoming the Associate Dean of Research while holding his position as Chair. In 2000, Frank became the Vice President for Research and Information Technology, and four years later assumed the role of Provost and Senior Vice President.

Frank got his start in higher education as an Assistant Professor of Toxicology and Veterinary Medicine at Oregon State University, a position he held from 1989-1993.

Education, Honors and Achievements

Frank earned his BA in Biology from Wartburg College in 1981. In 1983 he earned his BS in Veterinary Medicine from the University of Illinois—Urbana Champaign. He earned his DVM from the same institution two years later. He earned his PhD in Comparative Pathology in 1988 from Purdue University. In 2001, Frank earned a certification from Harvard University's Institute for Education Management.