

**STEADY PROGRESS:  
HIGHER EDUCATION GOVERNANCE  
IN COLORADO AT THE DAWN OF THE 21<sup>ST</sup>  
CENTURY**

**IN RESPONSE TO HB 99-1289**

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NORED**

House Bill 99-1289, enacted during the 1999 legislative session, directed the Department of Higher Education to study the performance of higher education in Colorado and determine whether any changes or improvements were needed in the delivery of higher education services to serve the citizens of Colorado more effectively.

The Department of Higher Education was required to prepare two reports over two years. The first report, *Colorado Higher Education 2000*, was presented to the Legislature in January, 2000. The second report called for in HB 99-1289 was to include an examination of the existing higher education governance structure. The legislation directed that this examination be done by an outside firm. The Northwest Education Research Center (NORED) of Olympia, Washington conducted this examination and provided the following report to the Department of Higher Education.

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## *II. STUDY FINDINGS AND RECOMMENDATIONS*

### **A. System Strengths**

We were asked to identify strengths and weaknesses in the present system. We start with the strengths. There are many.

First, we consider the absence of a single higher education governing board for all of the public institutions, or even for only the four-year institutions in Colorado an important strength. It allows for a mix of institutional arrangements – multi- and single-campus – and institutional types – research universities, specialized institutions, regional colleges, and for a variety of open access institutions -- which we consider a related strength. Such a diversity of governance and institutional forms precludes the presence of higher education hegemony in any one sector and a focus on a single set of institutional values. This diversity also sustains the system's potential for responsiveness to a wide range of students and needs. It is a value worth protecting.

The institutions themselves comprise an equally important strength. The CU and CSU systems, the Denver medical center, the School of Mines, UNC, Metro State, and the colleges located in such places as Alamosa, Durango, Grand Junction, and Gunnison are precious assets. Some are nationally regarded. More important than that, people in Colorado esteem them.

Colorado's community college system, we believe, is a significant strength. We appreciate the tolerance for governance diversity that this system displays. Some presidents suggested that it performs as a comparatively loosely-coupled structure that provides as many services to the institutions as the reports and data it requires from them. Not all feel this way, of course, but we did not encounter many people, either in system institutions or on local district campuses, who had very much negative to say about this system or, as important, about the associations that form among those within it.

The institutions that serve Colorado's rural regions, two-year and four-year, are obvious strengths, although their full potential as regional higher education providers is yet to be fully realized. We have some things to say about that, but the higher education resources they comprise for their communities and regions is something of great value.

Although the state's higher education industry is closely regulated, we believe that within that regulatory structure institutions possess a considerable amount of freedom and flexibility in some areas. This is particularly so in the budget area, where Colorado colleges and universities need not deal with a lot of line item specificity and multiple proscriptions on shifting funds from one object to another without going through layers of state fiscal authorities. We talked with several presidents who had worked in other

state systems before coming to Colorado. Some have strong feelings about the Legislature and the CCHE, but none said they would trade what they have now in terms of fiscal flexibility for what they had before. Thus, we consider this to be one of the strengths of the present system.

Last, we were consistently impressed by the acumen and dedication (and certainly the hospitality) of the people we met at the institutional meetings. Board members, administrators, faculty, and students were among those directly associated with higher education who took the time to meet and inform us and learn more about the study. Colorado is blessed with some excellent people in its higher education systems and institutions. They comprise an enormous strength.

## **B. Matters of Perspective**

### **1. *CU's Elected Board of Regents***

There are other aspects that may be considered strengths or weaknesses, depending on one's perspective. One is the constitutional footing of the University of Colorado system. The State Constitution is the legal foundation on which the elected Board of Regents and the components of the UC system rest. It is considered a strength by those who manage and work in that system.

Others consider it a weakness. Often we were asked in conversations about the study if we planned to "do anything about the elected UC Board of Regents?" These questions recurred during the draft report review period when readers noted that we had discussed but not called for a change in the draft report.

There were reasons for doing so. From a pragmatic perspective, changing state constitutions when important institutions of higher learning are involved is not a quest to be undertaken lightly. We believe there are more substantial things that we would like people in Colorado to consider, and any concerted effort to change the Regent selection process could only be a distraction from these.

At the same time, we were perplexed by an associated dilemma created by the UC's constitutional status. This devolves from a reference to the system components in the Constitution. From the perspective of the changes we think Colorado should consider, the reference in the Constitution imposes an important limitation. If because of it the CU system enjoys some protection from change without a public vote, it also seems that it cannot be expanded by adding institutions without Constitutional amendment, at least short of creating status disparities within the system. If the UC system does not figure as prominently in some of the report's recommendations on realignment as some might like, this is the reason.

During the review process we were persuaded that the issue should be examined. We have returned to it with a recommendation for legislative review and a statewide debate focused on the single issue of an elected Board of Regents. The topic should be addressed

distinctly and independently of any other aspect of higher education governance. The goals of the recommendation are to get the issue on the table and stimulate a dialogue that can lead either to a consensus on the need for a Constitutional amendment or to an agreement that the present procedure should not be changed.

## 2. *The CCHE*

Another feature of the higher education system that may be considered a strength or weakness depending on perspective is the manner in which the CEO of the Colorado Commission on Higher Education is appointed. As the head of the Department of Higher Education, a cabinet position, this person is ex officio head of the Commission.

Colorado is one of a few states with a higher education director appointed by the governor. Our initial uncertainties about this related to the potential this arrangement holds for policy swings each time a new administration assumes office. The alternative we considered was an arrangement in which the Department of Higher Education head would be the ex officio *Chair* of the Commission, and the Commission itself would appoint the Executive Director. As Commission Chair, the Department Head also would serve as the Secretary for Higher Education on the governor's cabinet.

There are several reasons why we are not recommending such a change. First, we did not wish to make this a focal point of the report. There are other important things to consider. Second, we could not guarantee that the other arrangement would be more desirable or work any differently. We reviewed examples of the alternatives we discussed, but these also displayed results not much different than those that people complained of in Colorado.

Third, and most important in the context of the other changes we are recommending, we believe that the close association between the governmental and higher education sectors afforded by the CCHE's direct connection to the governor's office and its statutory relationship with the legislature is a value. It provides a crucial nexus between higher education and the elected sectors charged to represent the public interest. This is especially important now, as the most immediate beneficiaries of many of the recommendations will be the institutions. A considerable amount of faith on the part of the political decision-makers will be necessary for change to happen. They will need to look to the coordinating board to make it work, and for assurances that it is.

The strengths of the present arrangement may be best understood in this context. The chances of a higher education drift from public priorities during what is likely to be a lengthy transition period is managed accordingly. This is why the Legislature made the change to the present arrangement a few years ago (prior to that, the CCHE Director was appointed by the Commission; the change was made because the Director was a member of the cabinet not appointed to that post by the governor). And while some lament a perceived lack of higher education advocacy in Denver, there are many presidents in other states who would like to see a cabinet position for higher education.

Finally, we believe there are other ways to enhance collaboration. These center on improved communications and greater mutual understanding of the respective roles and responsibilities of the participants in the process. Thus, we feel this feature of the governance system is necessary at this time and do not recommend a change.

### 3. *Auraria*

Auraria represents still another mixed attribute. We believe that the approach to metropolitan Denver higher education needs apparent in the Auraria Higher Education Center has the potential to become a great strength. Auraria has experienced growing pains, and it still has some growing left to do, but it also is an important model of institutional co-location on one of the most beautiful urban campuses in the world. A lot of states, and certainly a lot of cities, would settle for some of the problems Auraria has had in return for what it is now.

At the same time, the intermittent heckling that has accompanied Auraria's growth is a weakness. Much of it is based on perceptions that too many institutions at Auraria are doing too many of the same things, assigned differences in admissions standards notwithstanding. We believe the dissonance can be quieted and support for Auraria can be increased through a process of mission adjustment for the institutions located there.

Several solutions emerged during the review process from people who were concerned about problems at Auraria. One comparatively popular approach centered on a merger of the three colleges and universities into one institution under the University of Colorado (i.e., converting Auraria into a UC-D campus). The differentiated admissions standards among the three would be retained somehow to provide different points of access; students would be able to choose different paths of different rigor. Assessments at the end of the sophomore year would apply at the point of entry into different programs or majors. The arrangement would be enhanced further by the designation of the UC-D (combined) as a charter university.

Another solution also involved a merger of the three, only in this case into Metro State College (Auraria would become Metro State's campus). The result would be an institution with a strong teaching faculty and a smaller research faculty with direct ties to Boulder. There would be two tracks, or streams, for students – one leading directly to professional careers; the other leading to graduate studies at Boulder.

Both of these stressed the elimination of multiple administrative arrangements at Auraria, and each has something to offer. Each also presents problems. The Constitutional issue was addressed earlier and that would be involved in either case. The most obvious operational problem, however, would be the mission tangle that would ensue at the combined institution as it tried to be several notably different things at the same time.

That problem might be solvable, but the solution we settled on is less dramatic. It involves mission clarification among the three institutions operating at Auraria. The object would be a form of mission blending based on differentiated commitments and

emphases, a total that would be greater than the sum of its parts. It begins with the view that the University of Colorado at Denver should focus on graduate and professional studies. Undergraduate programs unique to UC-D, including Engineering, would fit within the 'professional' part of the emphasis and would continue. In effect, UC-D would be a specialized graduate and professional institution similar to the UC Health Sciences Center in its commitment to a clear, unique, and crisp mission in Denver. The potential for excellence would create an enormous asset for the people of the area.

For its part, Metro should emphasize its qualities as an open door undergraduate urban university and assume principal responsibility for baccalaureate programming in the fields not unique to UC-D at the site. Presently there are a number of undergraduate programs in the same fields offered both by UC-D and Metro at Auraria. This overlap is defended by arguments of an assumed need for differential admission and quality standards. Whether qualitative differences between Metro and UC-D exist and are of sufficient magnitude to justify parallel offerings or not, an assertion that they are necessary becomes a self-fulfilling prophesy. If one institution offers a program inventory ascribably dedicated to one class of students, and the other is left to offer similar programs to everyone else, the implicit status disparity will dim both the luster of Metro and the accomplishments of those who go there. Course sharing may occur (as it does in some cases), but the potential for redundancy will continue. In a setting of limited resources, the quality of programs at both institutions will continue to suffer.

This is an argument on which reasonable people can disagree. But whether or not, we believe that each institution is much better than the people who attend the other think it is. Both need distinctive program emphases if they are to reach their potential. This is what we mean by the need for clarified missions at Auraria.

The presence of the Community College of Denver at Auraria is another important consideration. Along the lines of mission clarification, a promising emphasis for CCD may be found in its potential as a technical community college. A technical community college is something quite different from a 'voc-tech school.' Technical community colleges emphasize courses and programs designed to meet the occupational, basic skills, and literacy needs of students, and the cultural and economic development needs of communities. It is a matter of tone, as they also perform many of the signature functions of more conventional community colleges.

This is the vision and these are the mission emphases supported by the recommendations of this report. Some things will need to happen before they can work, and some of these are described in the recommendations (e.g., differentiated state funding for undergraduate and graduate education). But we believe Auraria has the potential to support a mutually reinforcing distribution of responsibilities that would ensure efficient and high quality responsiveness to Denver's higher education needs, encourage strong legislative and public support, and allow each institution to prosper and grow.

### **C. Observed Weaknesses**

We also are expected to say something about weaknesses. There are some of these. Many are identified in the pages of the CCHE's Year One report to the Legislature. For example, CCHE reported on difficulties associated with the system's cost identification capability (also encountered during the governance cost identification effort referred to later in this report). Differing impressions abound on the adequacy of funding for Colorado higher education, but many believe it is under-funded (the Year One report notes that state funding increased 85 percent between 1989 and 1999; it also notes that state support decreased from 79 percent to 68.5 percent over this same period). Concerns for education quality are aroused by recent shifts in balance from instruction to research. The CCHE reports that instruction outlays as a percent of all higher education expenditures declined during the last decade while research's share increased (general campus administration costs remained constant).

A recent report on pricing (tuition and fees) prepared in parallel with the governance study refers to compression in the pricing structure created by a narrowing of the gap between two- and four-year rates. Declining participation rates in Colorado in comparison with the rest of the country over the past ten years also have been cited. Perhaps even more troubling are disparities in population and high school graduate growth rates, on the one hand, and more static higher education enrollments, on the other. The disparities are described in the CCHE Master Plan in the following terms:

"Enrollment in Colorado's institutions of higher learning has remained relatively stable during the past five years, despite fairly significant increases in the state's population and the number of graduating high school seniors. . . Projections of growth for the next five years indicate Colorado's higher education enrollment will show modest increases – from 139,610 to 143,960 full time equivalent students – according to Legislative Council estimates. These enrollment figures are puzzling, as they neither conform to state population growth nor to the numbers of eligible graduating high school students who could be enrolling in the state's public institutions, but are not."

Differences in the presence and accessibility in graduate programs between the Front Range and the rest of the state also are referenced in the CCHE's Year One report, as are anomalies in funding for graduate education. Sub-optimal graduation rates, inequities in the distribution of teaching loads between tenured and non-tenure track faculty (with the burden falling mainly on the latter), and lagging faculty salaries are among the symptoms cited in the chapters of that report.

Thus, as with many other American states, Colorado higher education is not without its problems. Those of most interest in this report, however, pertain to governance, especially the relationships that exist between the institutions and the state.

#### **D. Governance**

The main weaknesses in Colorado's higher education governance system center on the Collaborative and Adaptive dimensions. Although many feel that governance is not an issue in Colorado, we disagree. Overall, the system's grade on performance is mixed.

Here we are speaking about the whole governance system, including both the formal structure and the policy structure that empowers and shapes it.

The two overarching questions of the study are:

- *Does the governance structure promote or facilitate, hinder or impede the accomplishment of institutional goals, roles, and missions?*
- *Does the governance structure assist or obstruct the higher education system's transition into this new environment for higher education forming at the threshold of the 21<sup>st</sup> Century?*

The answer to the first question is that the system, writ large, sometimes does get in the way of mission accomplishment. We do not believe that the cause is the structure, at least to the extent that one can reach in and somehow by tweaking correct it, but we feel that the atmosphere of mistrust that has formed in Colorado is one of the artifacts.

Some insist that this is new, but we respectfully disagree. Reminiscences of advocacy ascribed to the coordinating board in recent years, whether accurate or not, were never tantamount to a milieu of trust. Skepticism during the advocacy years was present, and this is one reason why the regulatory ratchet continued to click. In its complexity, the present governance system promotes and contributes to the maintenance of organizational pathologies; mutual misgiving and cynicism are two.

Structurally, Colorado is a coordinating board state. The emphasis, however, is on centralized control and regulation, although this fluctuates with changes in leadership, always to the displeasure of one side or the other, especially the one that was previously ascendant.

Whether higher education is over- or under-regulated can be a matter of perspective, but the design is showing signs of aging. The basic policy paradigm has been in place in Colorado for several years. Neither the degree review and approval requirements, for example, are new, nor are the basic budget procedures and conditions. Even the much discussed QIS, which seems to excite love-hate emotions among institutions, dates to the 1996 legislative session. Institutional and system governing board roles and missions date to the 1980s. In fact, HB 99-1289 may be the most significant piece of higher education legislation enacted during recent years, and that, of course, is inquiring into how it all is working, and in doing so suggests that some feel it is not working well.

In a perhaps unintended way, this statute has reawakened anxieties about consolidation – bringing everything into one system. We encountered many on our travels through Colorado who insisted that consolidation was part of ‘the agenda’ of politicians in Denver. We found little evidence of such a plan, and, in any case, Colorado is too large and diverse a state, with too strong a history of distributed governance, for a comprehensive program of consolidation to work. The failure of the 1980s task force’s study to catch the imagination of Colorado’s citizens with its call for a single university

system is too recent an event to be overlooked. Moreover, serious restructuring, certainly of the breadth involved in movement to a super board, is enormously disruptive, and the reverberations echo long after the decision is made. While some adjustments in the higher education governance structure are recommended in this report, none approach the enormity of a super board solution.

Again, while many in Colorado told us that the problem was not governance, we soon deduced that it *is* governance. It is manifest in the fact that some properties of the governance structure operate as impediments, and they do so in both directions, top down and bottom up.

As in so much else with governance, there is irony here as well. Most of the ideas that guided our approach and which shape the recommendations are familiar to people in higher education in Colorado. But a penumbra of suspicion casts a wide shadow. We heard a number of interesting ideas, but we did not find much evidence of a capacity to bring these together into an imaginative program of change and adaptation. Many of the expected functions of governance systems seem to unfold in Colorado in a burdensome way, often greeted as bureaucratic intrusions, dampening enthusiasm for new things and new approaches.

The image of governance that forms is like a vision of a large ship making its way through a narrow channel less as a result of skillful piloting than because so many are pulling at and restraining the wheel that the current assumes the vessel, and the passage is made, usually to the surprise of all aboard. Although the essential functional and structural aspects of higher education governance are present in Colorado, the collaborative capacity is weak, and because of this, the system seems unable to adapt in a positive and united way. This is probably a good thing for people in the consultant business, but we believe the state can do better.

It is our view that Colorado can benefit from greater deregulation of its higher education system. This is not so much because of impressions of oppressive bureaucratic requirements, though many feel these exist, but because deregulation may be the only option if people in the state really want a first class, responsive, and balanced higher education system.

The old ways of doing things are not working very well.

As the TABOR Amendment begins to bite, the only real resource available to the state may be the extension of greater management flexibility as the road to increased productivity. We need not again summarize the literature on higher education's forming 21<sup>st</sup> Century environment to make the point that further centralization is not likely to be the best way to assure harmony and balance between higher education and its new setting.

## **E. The Challenges**

When all is said and done, three major issues were discerned. First, the capacity for change and adaptation is severely limited. Second, access to higher education services, and to the promises of personal enlightenment and individual and community growth that access portends, are unevenly distributed throughout Colorado. Third, an atmosphere of mutual suspicion and distrust is ubiquitous.

The answers called for in this report are largely based on what we learned in Colorado. Some feel the best solution lies in the direction of more local control. Following the examples of the University of Northern Colorado and the Colorado School of Mines, they would like to increase the number of institutions with individual governing boards. Others look to 'charter colleges' as the answers. Still others seek a broadened range of accessible services equitably delivered throughout the state, and turn to Colorado's university systems as the most promising avenues to for that. Most involve more collaborative arrangements and open communications as essential elements.

The new relationships between higher education and government exemplified in the belief in more separately or independently governed public institutions, and in the charter institution solution also represent direct challenges to much of the traditional way in which Colorado has delivered education services – through multi-campus systems. For any number of obvious reasons, direct assaults on college or university systems are difficult to accomplish. For equally obvious reasons, ways must be found to make these solutions work *within* Colorado's multi-system context. Consequently, both approaches are represented in the recommendations, but considerable effort also is devoted to ensuring that they be given the chance to work within the state's traditional higher education context.

The emphasis of the recommendations is on deregulation and flexibility. They begin with a call for a new 'Colorado Compact Institution Program.' This encompasses an agenda of adaptation centered on the introduction of the charter institution concept to Colorado higher education. Charter institutions necessitate increased managerial flexibility and stable funding. These are provided in the model in exchange for institutional assurances of increased productivity and effectiveness and procedures for the demonstration of accomplishments through appropriate performance indicators. We propose a program to test and evaluate the idea, beginning with a few institutions and, based on the results, the program's phased extension to others.

Interests in separately governed or 'independent board institutions' are addressed by continuing the present relationships with those that already have their own governing boards and in recommendations that call for the movement to that status of some others that operate with comparatively clear and distinct mission statements.

The access issue is addressed with a call for revised missions for several regional institutions and their placement in an expanded CSU system so that the resources of this comprehensive university system can be brought more directly to bear on Colorado's widely distributed higher education needs. Some corollary structural adjustments also are recommended to accommodate these changes.

We believe some changes are necessary in the existing policy area as well. The importance of reconsidering rigid institutional classification structures and missions with more relevant roles is one of these. Actions that might be taken to enhance inter-sector communications and relations comprise another. Thus, each of the major problems, and each of the four dimensions of governance – the Structural, the Functional, the Collaborative, and the Adaptive – is represented in the recommended program.

While we insist that change is essential, indeed inevitable, we also subscribe to an orderly transition. There are many good ideas about new forms, approaches, and relationships in Colorado, but there is not a lot of experience with them. Several legislators with whom we spoke felt there should be experimentation and change, but they were uncertain about how to accomplish that.

Here we return to the title of the report "Steady Progress" to once again stress that the any effective and enduring program of adaptation will require time, effort, commitment, dedication, and persistence. Rapidity of movement, 'a rush to judgement,' is almost certain to guarantee failure. This may be a new and different perspective on policy change in America, but we believe time, testing, and evaluation are essential.

We have all learned to make backups. Perhaps another advantage of the incremental approach is that it allows the state to keep in place much of the policy structure (albeit modified) that exists. Moreover, while a program of change and evaluation is proceeding with some test institutions, others must continue operations in more familiar ways. Should the operation not succeed, there will be something to fall back on.

There is still another reason for this. We feel the transition must allow opportunities for evaluation, adjustment, and correction. Again, the certain route to failure is through investment without evaluation. It would not take much for an honest program of change and adaptation to collapse of its own weight. Thus, in some cases we propose changes that proceed incrementally over a period of several budget cycles.

We were asked to indicate priorities. Obviously, we think all of the recommendations qualify for highest priority. In keeping with the request, however, the priority ranking from first to last is represented by the order of the three main recommendations.

Finally, these recommendations are offered in response to many of the views that were expressed during our extended tour of Colorado. We believe they fit Colorado. We also hope that as we respectfully present them for the consideration of those who live and work in this great state, we may repay some of the gracious hospitality we were shown.

## **F. Recommendations**

- 1. We recommend that the state embark on an ambitious program of deregulation and adaptation by establishing the Colorado Compact Colleges and Universities Program.**

The Colorado Compact Colleges and Universities Program is intended to introduce, test, and evaluate the charter institution concept in Colorado through a phased process of implementation. The Compact program is intended to permit increased managerial flexibility and stable funding to colleges and universities in exchange for institutional assurances of increased productivity and effectiveness and agreement to demonstrate promised accomplishments through appropriate performance indicators

The major purposes of the program during the first few years are to experiment, test, pilot, and adapt the concept. These experiences will shape the final form of the program and the relationships between the institutions and the state.

The principle goals of the Colorado Compact College and University program are to:

- Explore the potential of a less centrally regulated higher education system through a long-term experiment that tests the assumption that state compacts with individual institutions will allow them to operate more effectively and efficiently and demonstrate improved performance in the fulfillment of public higher education purposes.
- Responsibly accomplish a process of adaptation that proceeds through a series of phases, each of which will allow for the development and modification of clear statements of purpose and expectation, mutually defined and relevant performance standards, and scheduled evaluations.
- Establish an orderly multi-phased program that will progressively accomplish a charter college system in Colorado.
- Ensure a smooth transition by limiting the number of Colorado compacts consummated in each phase and keeping open the option of retraction and institution reversion to previous status in the event of default.

The recommended principles that should guide the Colorado Compact College and University Program are:

- The number of institutions that should be designated as Colorado Compact Institutions during the initial phase should be limited to no more than six and to no more than a comparable number during the second and each of the succeeding phases. Based on the results of the program and the evaluations, all Colorado colleges and universities should be brought into the Compact program in an orderly fashion.
- Each Colorado Compact Institution should have a local board that will oversee institutional compliance with the Compact agreement. If an independently governed institution, the existing board of trustees can fulfill that responsibility. If the institution is part of a larger system, it should have a distinct Colorado Compact board that will oversee Compact fulfillment within the larger system structure. Compact boards within systems might be composed of system board members and public members appointed by the Governor with the consent of the Senate. Other arrangements also may be considered, provided there is a clear

locus of responsibility for the institution's compliance with the provisions of the Compact.

- Upon negotiation, or subsequent re-negotiation, of a six-year agreement, the state should provide assurances of stable funding for Colorado Compact institutions for a six year period, with adjustments for enrollment growth and inflation, and it should agree to provide maximum feasible relief from state regulatory, reporting, and other procedural requirements to institutions selected for Colorado Compact status.
- Institutions selected as Colorado Compact institutions should agree to negotiate institutional performance agreements that represent a pledge to the state that in exchange for a stable funding base and relief from procedural controls, the institution will demonstrate that it provides more effective and efficient higher educational services than before.
- Institutional performance agreements should be negotiated and formally included in the Compact. They should describe the services and service goals the institution will pursue and the indicators it will use to report performance on Compact commitments.
- State goals with respect to student access and student financial aid availability should be represented in the agreement. Compact status may allow institutions to set and retain tuition; however, the rate should be within limits set by the state.
- The state, through the CCHE, should retain responsibility for defining the institution's basic role and mission. The institution should be allowed to introduce new programs within its mission. New programs that are outside the scope of the mission should require CCHE review and approval and an amendment to the Compact.
- Compacts may allow institutions to pass along to students cost savings brought about by the agreement in the form of scholarships or reduced tuition.
- Any substantial decrease in enrollment during the Compact period should lead to a commensurate reduction in state funding.
- Failure to deliver on Compact commitments within a reasonable time should lead to termination of the institution's designation as a Colorado Compact institution.
- The processes of application, selection, Compact consummation, and monitoring and evaluation should be collaborative, involving the CCHE and the institutions in substantive ways.

Our recommendations for a Colorado Compact Program are guided accordingly. They are the following:

- A. The Legislature should create a Colorado Compact Institution Program. The CCHE should work collaboratively with the public colleges and universities of Colorado in the design of program guidelines.
- B. The first phase of the Compact Program should commence in 2001 and continue with biennial legislative reviews through three biennia. The objectives should be to test the concept, starting with a selective set of institutions that have comparatively distinctive roles and missions and operate in a variety of settings (independent boards, members of systems,

etc.) The number of Phase I institutions should be limited to no more than six.

- C. Individual institution and system boards should nominate institutions for Phase I (and succeeding phases) Colorado Compact status, in accord with guidelines promulgated by the CCHE. Care should be taken to ensure that the selection process is not a backdoor way of bestowing special recognition on favored institutions. The institutions that appear to have strong qualifications for consideration during the initial phase because of unique characteristics, distinctive roles, or both, are those listed below. Notably missing from the list are Colorado's two flagship universities, the University of Colorado at Boulder, and Colorado State University. Since the initial phases are periods of testing, evaluation, and learning, the omission is deliberate. The program must start small and then, based on results, expand to the more comprehensive institutions. The following colleges and universities appear to be promising candidates for consideration for Compact status:

The Colorado School of Mines  
The University of Colorado Health Sciences Center  
The University of Colorado - Denver  
Mesa State College  
Metropolitan State College of Denver  
Fort Lewis College  
The University of Colorado at Colorado Springs  
University of Northern Colorado  
Colorado Mountain College  
Aims Community College

- D. Each Colorado Compact College or University should have a board that is willing to assume fiduciary and oversight responsibilities for Compact obligations. In an effective sense, the president of the institution should serve at the pleasure of the compact board. If an independently governed institution, the existing board may also be the compact board. If an institution within one of Colorado's multi-campus systems, a distinct local compact board should be designated. Compact boards within systems should be composed of some members of the system board and some public members appointed by the governor and confirmed by the Senate. Other arrangements also may be considered. Terms of members of compact boards should be staggered, and members should be eligible for re-appointment. Resolving the tension between the need for a local Compact board, on the one hand, and the designation of Compact institutions within university systems with their system governing boards, on the other, should be a primary interest during the implementation stage. The CCHE and the system governing boards should join in the search for the right solution and balance.

- E. The CCHE should work with the governing boards and institutions involved to identify the terms of the Compact and the evaluation standards for the Phase I institutions.
  - F. Phase I of the Colorado Compact Program should continue through the 2005-2007 biennium. At the end of the first biennium, the CCHE should prepare and submit a report to the Legislature on the results of the first two year test. If those results are promising, CCHE should commence work on compacts with the institutions to be afforded charter status in Phase II, which should commence during the 2003-2005 biennium. Based on the results of the Phase I and Phase II experiences, the Legislature should direct the CCHE to extend the concept in an orderly fashion to remaining Colorado institutions.
  - G. As part of the planning process, the CCHE should study and prepare a report on procedures, including personnel, purchasing, and contractual requirements, that affect institutional operations, and on requirements that emanate from other state agencies. The objectives should be to identify those procedures that can be waived through the Colorado Compact program and those that might be waived or reconsidered because of their effects on other institutions.
- 3. We recommend that Colorado consider certain structural realignments in its governance system to increase the potential for responsiveness to community and regional higher education needs.**

Several structural changes in Colorado could improve the potential to respond to higher education needs that exist in a variety of settings. Some of this can occur through new ways of classifying higher education institutions and by changes that could increase their capacity to bring a broader range of system resources to rural and remote settings.

- A. The CCHE should review institutional role and mission statements for their adequacy and relevance to changing conditions of Colorado. Particular attention should be directed to determining the continued efficacy of mission distinctions based on stratified admissions categories and their effects on the capabilities of regional higher education providers to meet a broad range of needs in different areas of Colorado. The Commission should involve the boards and institutions in this mission review process. The goal should be a definition of distinctive roles and missions for each institution that can be used both to expand service and in the development of the Colorado Compacts.
- B. The roles and missions of Colorado institutions, particularly the present state colleges and those community colleges located in rural settings should be guided less by their status as "State Colleges" and "Community Colleges" and more by a designation as "Regional or Community Higher Education Provider." For purposes of strategic planning, Colorado should depend less on institutional classifications keyed on abstract taxonomies and place more stress on mission flexibility and program relevance suited to the needs of the areas served by the providers.

- C. In order to expand the range of services available to residents of rural Colorado, Adams, Mesa, and Western State Colleges should be merged with the CSU system. As regional higher education providers and as full-fledged institutional partners, as distinct from 'branches,' in the Colorado State University System, these institutions should be designated, "Colorado State University – Adams, Colorado State University - Mesa, and Colorado State University - Western, respectively, or otherwise named in such a manner that their designation as CSU system institutions is clear. As full-fledged system partners, these institutions should continue with presidents as chief executives, rather than vice-chancellors, vice-presidents, or 'branch campus deans.'
- D. The University of Southern Colorado should be titled "Colorado State University - Southern" or otherwise named in such a manner that its designation as a CSU system partner institution and a regional service higher education provider for southern and southeastern Colorado is clear.
- E. Metropolitan State College of Denver should be governed by an independent governing board and strive to meet those baccalaureate program needs of residents of the metropolitan area not otherwise covered by the graduate and professional programs unique to CU-Denver at Auraria. It should continue its open door tradition but it should be designated Metropolitan State University of Denver.
- F. Ft. Lewis College should be governed by an independent governing board and assigned clarified mission responsibilities as a regional higher education provider. It should continue to emphasize services to Durango and southwestern Colorado, its Native American program specialization, and its cooperation with Pueblo Community College in the provision of comprehensive higher education services in the Southwestern region of the state.
- G. The University of Colorado at Colorado Springs should continue to be viewed as a full-fledged institution of the UC system but with clarified responsibility and flexibility for delivering needed higher education services to the Colorado Springs area and southern Colorado and as another alternative for students who want a residential campus experience.
- H. The governing board for the present state colleges, The Trustees of the State Colleges of Colorado, should assist with the transition of Adams, Mesa, and Western into the CSU system, and Metropolitan State College to the status of an independently governed state university, and upon the completion of the transition, in accord with the schedule specified by the Legislature, discontinue operations. Positive consideration should be given to the reappointment of Trustees to other independent boards, including Metro, and to the governing board of the CSU system.
- I. The CSU system should be managed through an executive position focused exclusively on system issues within the expanded structure. In view of the additional management and planning responsibilities associated with an augmented CSU system, the positions of Chancellor of

the CSU System and President of Colorado State University should be separated.

- J. Similarly, the State Board of Agriculture should be realigned to reflect its expanded system responsibilities. The Board should be renamed "The Board of Governors of the Colorado State University System," and its governing responsibilities should be directed to matters attendant to the system. Board membership may need to be augmented in accord with the expanded system. Responsibilities extraneous to CSU system governance, e.g., Forestry, should be transferred to another Colorado agency such as the Department of Agriculture or the Department of Natural Resources.
- K. When defining regional higher education provider institution roles, it is important to distinguish between *interim* or cyclical needs, on the one hand, and persistent or *sustained* needs, on the other. The resources of the CSU system should be available on a cohort or other basis through its institutional partners to address cyclical needs in the respective regions. In the case of sustained needs, these regional institutions should be given authority to offer indigenous master's programs. Distance education techniques and the resources and experience of the Western Colorado Graduate Center also should be called upon to bring resources to bear on both the interim and sustained forms of need.
- L. Those community colleges serving as the principal institution responsible for providing higher education services to large rural sections of Colorado, colleges such as Colorado Northwestern, Colorado Mountain, Trinidad, Otero, Lamar, Ft. Morgan, and Northeastern, also should be considered regional higher education providers. These institutions should be responsible for identifying and assuring fulfillment of most higher education needs in the regions served. Typically this should occur through funding provided to them to contract with other institutions for cohort programs in response to cyclical needs and for distance education programs addressed to sustained needs.
- M. Through its RHEP initiative, the CCHE is exploring ways to use the existing community college network for the delivery of baccalaureate and some graduate programs by four-year institutions throughout Colorado. The CCHE also should consider the need for authority for certain regional community colleges to offer a limited number of upper-division programs suited to their institutional resources in cases of sustained need when other solutions are likely to prove impractical or unworkable. The emphasis should be on programs that combine lower division technical specializations with a liberal arts component drawn from the institution's academic transfer curriculum. Any authority for indigenous upper-division programs should not be allowed to diminish the institutions' comprehensive community college obligations, and all such programs should be approved by the State Board for Community and Occupational Education and the CCHE. These institutions should not be re-designated as baccalaureate institutions.

- N. As comprehensive community colleges, and as regional higher education providers, Northeastern Junior College, Trinidad State Junior College, and Otero Junior College should be renamed community colleges.
- 4. We recommend that consideration be given to the following adjustments intended to improve the potential for collaboration in higher education and build state, institutional, and public confidence.**

Some of these recommendations speak to public concerns about the possibility of duplication of effort and inefficiencies. Others focus on the need to increase the level and span of involvement in governance, management, and information processes.

- A. Contingent upon the Colorado's willingness to provide differential funding for undergraduate and graduate education, i.e., to fund graduate education at a higher rate, and assurances that any enrolled students will be allowed reasonable time to complete their studies, Metropolitan State College of Denver should assume principal responsibility for baccalaureate education in fields not unique to the University of Colorado – Denver at the Auraria site. The University of Colorado -- Denver should emphasize graduate programs and undergraduate programs in the professional fields that are unique to it on that campus. To further reduce the potential for redundancy or duplication, the Community College of Denver could consider a technical community college emphasis. As such, it should retain principal responsibility for lower-division technical and professional programs, basic skills, and workforce development at Auraria.
- B. Metro and CCD should share responsibility for programs and actions to enhance the success rates for minority and first generation students in the region. For undergraduate students who seek baccalaureate degrees from selective institutions in fields outside of UC-D's unique program emphases, consideration could be given to a merit grant or other assistance that would allow them to attend the University of Denver or another independent Colorado institution.
- C. The CCOES Board should review its relationships with the independent community colleges, Aims and Colorado Mountain, and vice-versa. The presence of Colorado Northwestern College within the state community college system may suggest a basis for affiliate status that would allow institutions with separate boards and independent taxing authority to operate fully and productively with other institutions in the system.
- D. The State Board for Community Colleges and Occupational Education should be encouraged to continue its plans to rename its system as "the Colorado Community College System" or in some similar manner simplify the title to reflect the community college emphasis.
- E. The roles and missions of Colorado's area vocational schools were considered but not addressed directly in the study, as these institutions were deemed to be outside of the purview of a higher education governance study. Observations about functional overlap in the same

service area between these institutions and community colleges occurred during the review period. Area school conversion to community colleges or some other arrangement for combining efforts were among solutions that were suggested. Since the area vocational schools were not studied, a conclusive recommendation at this time would be premature. It is a matter in need of further study, and a call for such a study is the recommendation offered here.

- F. The CCHE and the CCOES should review state funding requirements regarding the delivery of off-campus instruction in private facilities to determine what if any detrimental effect they may have on the community college system's capacity to respond to industrial needs for customized programs and identify and recommend appropriate changes to the proper authorities.
- G. A permanent inter-institutional council composed of representatives of institutions and CCHE charged to resolve remaining problems of credit transfer and inter-institutional relations that affect the facile movement of students between institutions in Colorado should be formed. Particular attention should be directed to associate degrees that constitute prima facie evidence of the successful completion of lower-division studies, problems attending the acceptance of lower-division community college credits in upper-division programs, inter-institutional agreements on lower-division distribution requirements, and other measures that can permanently put to rest reports of students' inter-institutional transfer problems. The inter-institutional council should monitor progress on articulation matters on a continuing basis.
- H. Colorado should consider a common course numbering system for use in its public institutions of higher learning. The independent institutions should be invited to participate on a voluntary basis. There are models in place in other states that may be emulated to reduce the level of effort involved in the creation of such a system. The presence of such a common nomenclature could contribute greatly to the elimination of many of the problems associated with credit transfer in Colorado.
- I. Communications among governance sectors in Colorado appear to operate at less than optimal levels. Consideration should be given to regularizing periodic meetings between the CCHE Executive Director and the system and separately governed institution leaders, all presidents of Colorado colleges and universities, CCHE staff members and their institutional counterparts, and among the boards themselves. The popularity of the regional meetings conducted as part of the study suggests that the CCHE should consider public higher education forums at its meetings, which would be held regularly at different localities throughout the state.
- J. Reliable cost information is essential if policy makers are to accurately evaluate alternative arrangements and options. The CCHE has recommended implementation of a common system of data collection. This recommendation is reinforced here. It was impossible to determine the costs associated with the present governance arrangement with

precision or dependable accuracy from the data collected as part of the present study. Until basic shortcomings in data and information systems are addressed and improved, neither policy makers nor the public will be able to count on the presence of accurate and accessible data to assist in policy deliberations. As a prelude to the development of a common system of data collection, and to determine both the optimal level of reporting detail and the comparative costs of various higher education activities and functions, a comprehensive cost and expenditures study of Colorado higher education should be conducted.

- K. A number of interests seem to be converging on the effects of the TABOR Amendment on higher education and a possible need for mitigating adjustments. The use of vouchers as an alternative means to fund institutions and to introduce a competitive dimension into higher education is one of these. In the case of the Colorado Compact institutions, an adjustment to the TABOR Amendment directed to the threshold of public funding for qualification as an enterprise from the present ten percent to another figure, perhaps one comparable to half of the average of the public funds received during the previous three biennia, could reinforce the unique character of Compact institutions.
- L. Finally, concerns about the status of the Board of Regents of the University of Colorado System as a Constitutionally-based elected board emerged with considerable frequency both in the report development period and in the review process. This issue needs to be addressed. Thus, the Legislature should consider authorizing or conducting a review of the advantages and disadvantages of the elected board with the object of stimulating a dialogue and informing the public on this issue. If a consensus for change forms, the issue should be placed before the voters. It is important that the matter be studied separately and not linked to or included with studies involving other higher education matters.

These are our recommendations. The remaining chapters of this report are devoted to discussions of the functions and structures of higher education governance in Colorado, the costs of governance, governance arrangements in other states, prospects for addressing collaboration and adaptation, the results of the on-site meetings, and the other components of the study mandated by HB 99-1289.