

## HIGHER EDUCATION AND PRIVATIZATION IN COLORADO: COLORADO STATE UNIVERSITY

### ***Two women walk into a . . .***

*conference room in the office of the President of Colorado State University. They are there to discuss the issue of privatization at the university with the Director of Presidential and Administrative Communications for the university, Cara Neth.*

### **Q. Why is privatization an issue at CSU?**

A. Higher education is one of the few places available for the State Legislature to cut funding as it has had to do annually in the past few years. Colorado State in 2010-2011 received \$96 million in funding from the state of Colorado (out of a total budget of about \$900 million), a reduction of about \$36 million over the past three years. Colorado State has managed these state funding cuts by freezing hiring and salaries, reducing expenses (with an emphasis on cuts to administration), and increasing student tuition. This has resulted in the students paying more and the state paying less for each student's education, which belies the original purpose behind land-grant institutions like CSU. While the cost to educate a student at CSU is just about the same (in inflation adjusted dollars) as it was 20 years ago, 20 years ago the state paid two-thirds of the cost of an education at the land-grant college. Today, students pay two-thirds of the cost of their education, and the state has reduced its contribution to one-third. CSU was specifically set up to provide an education for the working people of the state under the federal Morrill Act of 1862—which is celebrating its 150<sup>th</sup> birthday this year. That land-grant mission means that CSU has a commitment to keeping the cost of education affordable and accessible for students at all income levels. Tony Frank, President of CSU, knows and has publicly stated that this is bad public policy, especially since students who graduate from the institution repay the state in taxes the cost of their education in four years. For every dollar state taxpayers invest in the education of an individual Colorado State student, that student will return on average \$10 to the state in the higher taxes paid on their income after graduation.

### **Q. Are there examples of privatization at CSU that are or are not working?**

A. The CSU print shop was privatized, and that is an example of a good-for-all privatization. The print shop was established at a time when it made sound fiscal sense for the university to run its own print shop for the primary purpose of printing and binding publications. By the time it was closed a year ago, the widespread availability of desktop and on-demand printing had changed that fiscal reality. The shop was shut down, and those services are now outsourced to a variety of private vendors through a competitive bidding process, reducing the cost to campus departments with no notable impact on service. Most, though not all, of the print shop employees were reassigned to other jobs within the university. The university has in the past analyzed the pros and cons of privatizing other services—from the bakery to custodial services—and has kept those services in house because privatization was not shown to be cost effective—or defensible in terms of meeting the university's needs in terms of service and quality. The university has its own police department and motor pool; and those two organizations work well for the institution, are cost-effective, and have not been privatized. The university does contract with outside vendors through a competitive bid process for services that can't be performed by existing staff, such as building construction and waste collection.

### **Q. Explain the College Opportunity Fund. What is it and how has it affected students**

### **and CSU?**

A. The College Opportunity Fund was created as a voucher system for higher education, with a goal of helping students understand that their education is subsidized by Colorado taxpayers. It's difficult to say whether it has achieved that aim. Colorado State University's academic program is primarily funded by two sources: state support (in the form of College Opportunity Fund stipends and Fee-For-Service funding) and student tuition and fees. Prior to 2006, Colorado State (and all public colleges and universities in Colorado) received state funding in the form of a direct, General Fund appropriation from the state. In fiscal year 2006 that changed—today, CSU receives its state support in the form of COF (College Opportunity Fund) tuition stipends paid on behalf of each in-state student who enrolls and revenue earned by providing specific services to the state under a fee-for-service contract. Under this fee-for-service contract, the University provides graduate education services, Professional Veterinary Medicine programs, and services to the state from the CSU agencies that include CSU Extension, Agricultural Experiment Station, and the Colorado State Forest Service.

While the total university budget seems large, large segments of that budget (including research and donor funding) generate revenue that is directed to a specific activity, e.g., to fund a particular research project or to endow a chair or scholarship; so these funds do not flow directly to the education and general (“E&G”) budget that supports the core teaching operations of the university. A small subset of University operations, including the Lory Student Center, Housing and Dining Services, and continuing and distance education, are self-supporting auxiliary enterprises funded through charges assessed to users of those services.

### ***Q. What about CDC, National Science Foundation grants, and other research grants from the federal government or private companies? These grants seem to fund more and more research at CSU. How can independent research continue if it is beholden to outside funding?***

A. Outside funding for research is not a few phenomenon; during the post-Sputnik space race, the nation significantly grew the research capacity of its public universities to help ensure high-quality research focused on issues of societal and national concern. As a land-grant university, Colorado State is charged to serve the state in three primary ways: education of students, conduct of research to support the needs of our society and our world, and outreach to extend the University's educational and research capacity to areas of statewide need. This past year, CSU's research expenditures totaled more than \$330 million. The University is committed to ethical and responsible conduct of research and maintains an office dedicated to Research Integrity and Compliance Review (<http://web.research.colostate.edu/ricro/mis/about.aspx>). The university also emphasizes education for students—graduate and undergraduate, as well as postdoctoral fellows—in responsible conduct of research. CSU faculty are among the most active and successful in the country at pursuing external funding for research, which is essential for faculty to be able to conduct research programs focused on complex societal and scientific concerns. The Office of Sponsored Programs oversees responsible stewardship of contracted research activity. Policies related to conflict of interest are codified in the Faculty Manual.

Other items to note: Only 4% of CSU's budget is spent on administrative costs. CSU policies are published and available at the Policy and Compliance website: <http://policies.colostate.edu/Default.aspx>.

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