

**MINUTES OF THE COLORADO COMMISSION ON
HIGHER EDUCATION SPECIAL MEETING**

**June 14, 2005
Telephonic**

Chairperson Judy Weaver called the meeting to order at 2:00 p.m.

A roll call of the attending Commissioners was made and Commissioners Weaver, Farina, Altenberg, Stewart, Garcia, Feeley, Baker, Stevinson and Quamme were in attendance. Commissioner Farkas was excused. Commission Staff members attending were Executive Director Rick O'Donnell, Rich Schweigert, Jenna Langer, Diane Linder, Jason Hopfer and Mary Lou Lawrence.

ACTION ITEM

Tuition Supplemental for Regents of the University of Colorado for 2005-2006:

Director O'Donnell provided a review of negotiations, agreements and accords for the 2005-2006 budgets for all institutions of higher education. During the March 16th Special Commission meeting, an agreement was reached for each school to raise tuition a set percentage and allowing flexibility for high cost programs. At that meeting, the University of Colorado System (UCS) agreed to an 11% increase in tuition. With only minimal notice, the UCS Board of Regents proposed increasing tuition rates for undergraduate and graduate students by 28% in contradiction of the deliberative decision making process, the intent of the Joint Budget Committee, the Colorado Commission on Higher Education and the Governor. The Governor and the Commission disagree with the Regents decision. The Governor will submit a Supplemental Appropriation Adjustment Request reducing the Cash Fund Exempt appropriation for the Regents of the University of Colorado long-bill line item by \$12,833,168 to the Joint Budget Committee (JBC) for consideration in June. The Commission could ask the Legislature to define the intent of the legislation as passed. Instead, the Commission is considering submitting an Appropriation Adjustment to the JBC that is identical to that the Governor is submitting.

Using charts, Mr. Schweigert explained the impact of the 28% tuition increase for graduate and undergraduate students as UCS campus for different programs.

President Hoffman stated higher education has experienced difficulties and the Governor has acknowledged such. In addition, responsibility for capital construction, deferred maintenance and merit financial aid has been assigned to the institutions. UCS submitted a mandated cost model for consideration that justified a \$45.5 million budget, or 11.1% increase, that increased UCS's in cash spending authority. The JBC and the General Assembly approved the budget and the Governor signed the Long Bill approving the increase without vetoing the footnote. CU based its budget on the understanding that it could not exceed its authorized spending of \$45.5 million and is slightly under that spending authority. During this process, CU regularly communicated with students, JBC members and legislative leaders of the full extent of proposed tuition increases. UCS did want to increase resident tuition 28%. Non-resident students have indicated the high cost of tuition was the number one reason for not enrolling at UCS. UCS is committed to

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providing debt free tuition, books & free education for low-income students in accordance with their Performance contract and wants to significantly increase financial aid for and to attract more high achieving middle-income students. SB04-189 requires a 20% investment of any undergraduate tuition revenue increase above inflation, or \$6 million dollars for UCS, be spent on financial aid. UCS plans to invest \$9 million and is planning a campaign to raise \$200 million. While the cost of attendance at UCS maybe higher than at some institutions, the students' share of tuition is higher at Michigan, Indiana, Ohio, Iowa State, Nebraska, Maryland, North Carolina and other institutions. The total cost of attendance at CU will increase by 11.4%. UCS understands there is disagreement as to the intent of the March teleconference but believes it operated in good faith with the discussions at that conference call and in its discussions with the JBC and the legislature. During time period of loss of general funds, enrollment increased 4,000, pay raises were modest, competition for quality faculty continued, utility costs increased.

No other representative of CU spoke and there were no public comments.

Commissioner Weaver moved to adopt the staff's recommendation as presented and Commissioner Stewart seconded the motion.

Commissioner Weaver expressed concern about UCS's tuition rate increase, shared by many Coloradoans, and its negative impact on efforts to overcome the Colorado paradox and was disappointed Regents would not reconsider the increase. Cost of education impacts access. UCS's increase burdens Colorado residents while holding out of state students harmless. Statute requires all schools to fund financial aid and UCS funding is not extraordinary. Tuition increases at UCS the past several years have exceed inflation and UCS has generated \$177 million exceeding the \$75 million in state cuts. She questioned the need to increase tuition 28% when mandated costs were 7.8%.

Joseph Neguse, a senior and former UCS Student Government Vice President, said student government worked with President Hoffman on the budget and was aware a 28% tuition increase would be necessary to prevent elimination of classes and reduced course quality and services. Students at CUB voted a \$400 fee to pay for capital items since state resources were reduced.

Commissioner Garcia said he has 2 daughters at CUB and they receive no financial aid. He asked how many minority students receive any financial aid and, if possible, broken down by income. Many students cannot afford the \$900 to \$1,000 increase and hopes the Regents and President Hoffman know many middle-income students will not be able to attend UCS. He is committed to convincing the legislature higher education is under funded. He asked if UCS had done an in-depth analysis of spending and if salary increases for professors would be funded from the tuition increase.

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Mr. Neguse agrees with Commissioner Garcia's but stated increased tuition is the only way to maintain quality education unless general fund appropriations are increased.

President Hoffman said faculty compensation increases would be in the range of 3% and tuition increases could be offset by increases in general fund money. A thorough analysis of administrative costs has been done and administrative costs are less than 5% of the total budget in comparison to 7-8% at other schools. UCS has a tremendous compliance burden relative to other schools.

Director O'Donnell clarified that UCS mandated costs model for utilities, enrollment, insurance, etc., with inflation, was \$29 million, not \$43 million. The additional money UCS wants is for new initiatives and would be decision items. If the JBC approves CCHE Supplemental Request, funding for CU would be reduced but would cover their mandatory costs with inflation. Higher education base costs at all institutions exceeded the rate of inflation the past several years. It is important to remember, in the last two years, tuition for UCB students increased a minimum of 15%. An additional 28% increase means tuition has increased significantly.

Commissioner Altenberg was concerned as she thought there was agreement tuition increases would not exceed 12%. Other schools have acted in good faith and adhered to that limit.

President Hoffman said UCS stayed within the agreed the 11.1% revenue requirement and, in their analysis, tuition increases are approximately equal to what was discussed. CU honored the spirit of the discussion. UCS has been reliant on out-of-state tuition, over \$21,000 per year, and is concerned any increase would price the school out of competition.

Commissioner Baker agreed with Commissioner Altenberg and does not recall tuition increases being discussed during performance contract negotiations. President Hoffman stated tuition increases had not been determined at the time the performance contract was being negotiated.

Director O'Donnell said tuition increases were not discussed during UCS performance contract negotiates. The Governor's office and CCHE were not appraised of the tuition increase until the prior week. UCS testimony before the JBC and the Commission indicated tuition increases would be about 12%, not 28%. If it had been know tuition would increase 28%, the Commission would not have recommended UCS' budget and the Governor would not have signed the Long Bill.

Commissioner Farina concurs with comments from other Commissioners and is disappointed at the 28% increase. He believed there had been collaboration among the

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parties and the other schools have adhered to the agreed tuition increases and is disappointed that UCS increased tuition by 28%.

Commissioner Feeley said he understood the implications of the Negative Supplemental Request and asked if there was any possibility of resolving the issue. Director O'Donnell said the Commission approved UCS's original spending authority request to JBC because CU made a case about their need. He hopes the Regents reconsider the increase before finalizing the budget and find other resources to generate the needed revenue and not on the back of instate students.

Commissioner Stevinson asked if UCS and the Commission staff had been discussing the issue and if reconciliation was possible. Director O'Donnell said he has spoken with most of the Regents and staff members have talked with their counterparts at UCS. Each party has been listening to the concerns of the others.

President Hoffman said the Regents would speak for themselves. If the Commission chose to forward the Supplemental request to the JBC, that was their prerogative.

Commissioner Stevinson wanted clarification that USC had increased tuition 15% the past two years. Director O'Donnell said CUB had increased in-state undergraduate arts and science major tuition 15%, engineering and business schools increased an additional 10% one year and the law school had a 40% increase one year. Commissioner Stevinson asked to what extent the tuition increases made up for the state funding. Director O'Donnell said, since 2001, state funding has decreased \$75 million and UCS has generated \$177 million in tuition new revenue, a \$100 million net increase. Revenue per student was \$10,000 in 2001, it is \$11,800 this year, an 8.5% increase showing that with enrollment growth, per student revenue from the state and tuition has increased.

Commissioner Stevinson asked if UCS was concerned it would be too expensive for a student to attend and if modest faculty pay increases would be kept to 3%. President Hoffman said tuition at UCS was \$2,000 lower than its peers and there was concern that in-state student enrollment would decrease because of costs. Since the student population at UCS is different than that at other in-state schools, students have indicated they would attend out-of-state schools. Campus wide compensation guidelines for all campuses are being prepared requiring all to keep average compensation increases between 3-4% although some faculty members may merit a significantly higher increases which would be balanced by those receiving no increases.

President Hoffman said results of polls of out-of state students why they were not enrolling in the UCS showed 42% said costs were too high, 38% felt they could do better academically, 29% felt it was too far from home, 28% said financial aid was not sufficient, 22% because of merit scholarships, 66% had heard of controversial professors

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and 82 percent knew of the football problems. For the past two years, the cost of tuition has been the number one reason given for not attending UCS.

Commissioner Stewart agreed with Commissioners Farina and Altenberg and was disappointed that there was a misunderstanding or misinterpretation on tuition, which he thinks was very clear and should be honored. Since the Regents and Commission cannot resolve the issue, he seconds the motion to submit the Supplemental request to the JBC. The Commission has been betrayed.

Commissioner Garcia asked how much of the 28% would be applied to financial aid and if financial aid for minority students was comparable to other Colorado schools. President Hoffman said she did know if a comparison between schools had been done, or if it could be done but will let him know.

Roll call vote was taken and all Commissioners present voted aye.