

**TOPIC: FY 2008-2009 TUITION POLICY**

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**I. SUMMARY AND BACKGROUND**

C.R.S. 23-1-105 (8) requires the Commission to annually recommend and submit a budget request to the Governor and the General Assembly, including state appropriation and tuition spending authority recommendations for each governing board. The Commission approved the request for state appropriations at their February 1, 2008 meeting. This agenda item presents the recommendation for tuition spending authority.

The Department recommends the following maximum tuition rate increases at state institutions of higher education for undergraduate and graduate resident students:

- Research Institutions (University of Colorado System, Colorado State University System, Colorado School of Mines, and the University of Northern Colorado) – 9%
- State Institutions (Adams State College, Metropolitan State College of Denver, Fort Lewis College, and Western State College) – 7%
- Community College System – 5%

At the research and four-year institutions, Pell Level I, II and III students would be held to an effective 5% tuition rate increase through financial aid buy-downs. Institutions would be responsible for administering aid packages to qualified applicants using increased institutional aid to qualified students, the 10% increase in the federal Pell grant, increased state grants, or a combination of sources. Pell Level I students are the state's financially most needy students whose expected family contribution (EFC) is up to 150% of the amount required to be eligible for a federal Pell grant. Level II students are those with EFCs between 150 and 200% of Pell eligibility. Level III students are defined as any student with financial need. In FY06-07, the Adjusted Gross Income (AGI) of Level I and Level II students was \$20,576 and \$54,110, respectively.

The Department's request does not include any limit on nonresident tuition increases. Governing board spending authority will be adjusted, as needed, through the supplemental request process during FY08-09. In the event an institution raises nonresident tuition to such a high level that it loses out of state students and thus revenue, no supplemental should be in order to cover the loss.

This recommendation provides flexibility to governing boards to set overall tuition policy while protecting resident students, especially those with financial need, from excessive tuition rate increases.

Last year, the tuition footnote in the FY07-08 Long Bill (SB07-239) specified maximum *revenue* increases of 7% and 5%, for the research and four-year institutions, respectively, while the community college system’s footnote indicated a 3.5% *rate* increase for resident undergraduate students. (Research and four-year institutions could opt to implement rate increases instead of total revenue-based increases under the provisions of last year’s footnote.) As long as the overall revenue limits were adhered to, institutions had the flexibility to apply different rate increases to various programs or to various types of students. In contrast, this year’s recommendation applies rate limits on resident student tuition increases.

**II. STAFF ANALYSIS**

The following chart shows each governing board’s estimated revenue generated from the proposed tuition increases. These estimates are based on FY07-08 budget data books, current revenue estimates, and FY07-08 spring census FTE data, which were used to calculate an average tuition rate for each category of student (resident undergraduate, resident graduate, nonresident undergraduate and nonresident graduate). The applicable rate increases were applied to these average rates and to the FTE data to estimate the total revenue generated. These projections assume flat enrollment in FY08-09. These estimates assume that each governing board will use its full authority to set rates. Although the recommendation does not place a limit on nonresident tuition, a five percent revenue increase in nonresident tuition is calculated to estimate the total FY08-09 tuition spending authority.

**PROJECTED FY08-09 ADDITIONAL TUITION REVENUE GENERATED**

Governing Board	Resident Tuition Revenue	Nonresident Tuition Revenue	Total Tuition Revenue
CU System	\$22,868,516	\$6,967,710	\$29,836,226
CSU System	\$8,759,183	\$4,475,239	\$13,234,422
ASC	\$363,852	\$102,756	\$466,608
FLC	\$533,001	\$774,707	\$1,307,709
CSM	\$2,613,255	\$1,039,078	\$3,652,333
UNC	\$3,292,745	\$669,349	\$3,962,093
MSC	\$1,269,144	\$184,762	\$1,453,906
MSCD	\$3,012,376	\$226,702	\$3,239,078
WSC	\$285,389	\$233,139	\$518,528
CCCS	\$5,544,694	\$1,129,675	\$6,674,369
Total	\$48,542,155	\$15,803,118	\$64,345,273

**III. STAFF RECOMMENDATION**

**That the Commission approve the FY08-09 tuition policy and recommend it for favorable action by the Joint Budget Committee in its preparation of the FY08-09 Long Appropriations Bill.**

**STATUTORY AUTHORITY**

**C.R.S. 23-1-105 (8)**