

TOPIC: Financial Accountability Plan Approval

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I. SUMMARY

Beginning in FY 2011-12 and for a period up to five years, Senate Bill 10-003 gave higher education governing boards the authority to raise resident, undergraduate tuition above nine percent subject to Colorado Commission on Higher Education (CCHE) approval of a Financial Accountability Plan or “FAP.” Generally, the FAP must demonstrate how the governing board will protect low and middle income students in light of the tuition increases requested. In October, nine governing boards submitted FAPs for review by the department and recommendation by the CCHE FAP Review Subcommittee (Subcommittee). At the November CCHE meeting, three governing boards were granted this authority. Yesterday, the Subcommittee completed the review process for the six remaining governing boards that requested this authority and have prepared the attached action items for your consideration.

II. BACKGROUND

During the last legislative session, Senate Bill 10-003 provided higher education governing boards significant financial and operational flexibility. As part of that legislation, governing boards are allowed to increase resident undergraduate tuition by up to nine percent without seeking any approval from CCHE or The General Assembly. Governing boards seeking the authority to raise resident, undergraduate tuition above nine percent must submit five-year financial and accountability plans that among other things, state the amount of tuition increase requested and show how the governing board will protect low and middle income students and underrepresented students.

The CCHE is required to review each plan and within 90 days of receiving a plan either approve or deny the request for the tuition increase. In approving the plan, the Commission may approve the request for five years or for two years and make approval for the subsequent three years conditional upon the governing board’s success in implementing the plan. If a plan is denied, the governing board may submit an alternative plan to the CCHE in accordance with any CCHE-adopted timelines. If the CCHE denies a plan, a governing board may increase tuition up to nine percent and resubmit a plan for a greater increase in the following fiscal year.

In early October, the following nine governing boards submitted FAPs requesting the authority to raise undergraduate, resident tuition above nine percent for FY 2011-12 or beyond:

- Metropolitan State College of Denver (Metro State),
- Fort Lewis College (FLC),
- Colorado State University System (CSU System),
- Mesa State College (MSC),

- The University of Northern Colorado (UNC),
- Western State College (WSC),
- Adams State College (ASC),
- The University of Colorado System (CU System)
- The Colorado Community College System (CCCS).

At the September 8th CCHE meeting, the FAP Review Subcommittee was formed of Vice Chair Percy, Commissioner Stevinson and Commissioner Edwards. The Subcommittee completed a review of three plans for consideration by the full commission at the November CCHE meeting. Plans submitted by Metro State and The CSU System were approved for five years and Fort Lewis was approved for two years.

III. STAFF ANALYSIS

Because recommended action would come from the Subcommittee, department staff facilitated the analysis by the Subcommittee which involved intensive review of the plans. The department designated a staff team to conduct initial reviews of the plans and ensure they were sufficiently complete. Numerous meetings, conversations and communications with the institutions requesting tuition authority took place. The Subcommittee review of the plans ran concurrently with the staff review. Series of written questions and answers were followed by formal and informal conversations and meetings with institution leadership and staff. Substantive questions and issues were discussed and resolved. Meetings with department staff institution staff and Subcommittee members ensured the review was coordinated and that all outstanding issues were addressed. The process culminated with face-to-face discussions between institution leadership and a recommendation motion by the Subcommittee.

The Subcommittee, department staff and especially the institutions devoted significant time and resources to the review of the plans to ensure that the intent of Senate Bill 003 was met. This was an unprecedented process and necessary so that the authority granted by Senate Bill 003 was balanced with clear strategies from institutions on the use of tuition setting authority and efforts to protect low and middle income students and underrepresented students.

Today, the FAP Review Subcommittee has completed the review process and is prepared to make recommendations for Mesa State College, The University of Northern Colorado, Western State College, Adams State College, The University of Colorado System and the Colorado Community College System. Binders with finalized FAPs along with executive summaries are provided separately.

III. STAFF RECOMMENDATIONS

No staff recommendation. Action on the attached items is recommended by the CCHE FAP Review Subcommittee.

STATUTORY AUTHORITY

C.R.S. 23-5-130.5