

**TOPIC: SB 10-03 FAP TIMELINE**

**PREPARED BY: Dr. Kim Poast**

## **I. SUMMARY**

Senate Bill 10-03, passed by the Colorado legislature and signed into law, requires that the Colorado Commission on Higher Education (CCHE) accept, review and adopt financial accountability plans (FAPs) from higher education institutional governing boards who seek to raise tuition by more than nine percent. This item recommends that the CCHE accept institutional FAP's from August 2, 2010-September 6, 2010; and that final recommendations be submitted to the JBC by December 10, 2010 (see attached calendar).

## **II. BACKGROUND**

Institutional governing boards that are seeking to raise tuition by more than nine percent per credit hour will be required, through Senate Bill 10-003, to submit five-year financial and accountability plans to the CCHE based on a timeline established by the CCHE. According to the legislation, the FAP is required to include:

- The percentage of the requested tuition increase;
- Evidence that access and affordability for enrollment of low and middle income students will be preserved, taking into account the availability of federal, state, institutional, and private monies;
- Measures the institution will take to reduce student debt load, including amount of need-based financial assistance;
- How the institution will address the needs of underserved and underrepresented students;
- Assurance that operational flexibility measures will not reduce the level of service and quality; and
- Any additional information requested by the CCHE.

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 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 (or for the School of Mines, double inflation, whichever is greater), and resubmit a plan for a greater increase in the following fiscal year.

## **III. STAFF ANALYSIS**

Department staff determined that the start date for accepting institutional FAPs should occur at least several weeks after the bill is signed into law to allow staff to be prepared and have a process implemented to consider such plans. Department staff considered several other issues in recommending the current timeline, including:

- The Office of State Planning and Budgeting does an annual quarterly revenue projection in late June;
- The CCHE annual deadline for submission of recommendations regarding tuition occurs in the first part of October;
- The time frame must take into account distribution of templates, submission of plans, and ample time for a collaborative feedback process with institutional presidents and chief financial officers;
- The recommended timeframe coincides with the strategic planning process;
- Notification to institutional governing boards about decisions by the end of 2010 will enable institutions to plan accordingly.

#### **IV. STAFF RECOMMENDATIONS**

**That the CCHE adopt Financial Accountability Plan timeline as presented.**