

**TOPIC: FINANCIAL ACCOUNTABILITY PLAN AMENDMENT FOR ADAMS STATE COLLEGE**

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**I. SUMMARY**

The Board of Trustees for Adams State College has requested approval of an amendment to its financial accountability plan, which was previously approved by the Commission in December 2010. The amendment was requested in order to reflect changes necessary to accommodate anticipated reductions to state general fund appropriations to higher education in FY13.

**II. BACKGROUND**

As a result of Senate Bill 10-003, for a period of five years, FY 2011-12 through FY 2015-16, public higher education governing boards have the authority to raise resident, undergraduate tuition above nine percent per year as long as the Colorado Commission on Higher Education (CCHE) approves a Financial Accountability Plan (FAP or Plan, see Section 23-5-130.5 CRS) submitted by the institution. Generally, the plans outline price and tuition strategies during a time of decreased state funding and demonstrate how the governing board plans to assist low- and middle-income students in spite of the changes in instructional costs.

Since 2010, the Commission has approved FAPs from nine governing boards; each governing board has been offered an opportunity to amend or resubmit its plan in light of continued decreases in state funding and to reflect new pricing and tuition setting strategies under consideration.

Recently, the Board of Trustees at Adams State College (ASC) took action to increase tuition rates in FY13, changes that triggered an amendment to the institution's plan. At a recent teleconference meeting, representatives from ASC discussed the proposed changes to the plan (available in addendum A) with the CCHE financial accountability plan subcommittee. At that meeting, the representatives from ASC requested consideration of its amendment by the CCHE at that body's next meeting.

The CCHE financial accountability plan subcommittee discussed the proposal with ASC and agreed to take it before the whole CCHE at its next meeting.

**III. STAFF ANALYSIS**

Adams State College requests authority to increase resident tuition rates by 15 percent in FY 2012-13 and 9 percent each year thereafter through FY 2015-16. Governing boards have the

ability to resubmit or amend five-year plans based upon changes in assumptions such as the continued deterioration of state funding or changes in tuition or pricing strategies at the institutions. In the case of Adams State College, the primary arguments for the requested change are (a) continued reductions in state funding and fixed and (b) cost increases highlighted in Table 2 of the college's revised plan,

As a result of anticipated reductions in state general fund support for higher education, Adams State College expects to receive \$639,000 less in state operating funds in FY 2012-13 than in the current fiscal year.

Adams State College's plan is centered upon holding tuition down as much as possible while driving down operating costs and encouraging students to take more credit hours than in prior years. Enrollment at Adams State College has grown across all levels in recent years. As a result, the core of the strategy at ASC today is to retain students through ASC's *Structured Transitional Academic Year* or "STAY" program and create opportunities for students to finish sooner and accumulate less debt.

Student demographics at Adams State do not allow for significant increases in institutional need-based aid:

- 55% of ASC students are considered low income with family adjusted gross incomes of \$22,474,
- 91% of ASC undergraduate students receive some form of financial aid,
- 68% of ASC students are eligible for Pell grants.

As a part of its FAP, ASC agrees to continue to set aside 26% of revenue from the proposed tuition increase to fill unmet need for low income students.

Importantly, recent expenditure reductions at ASC include elimination of five administrative positions, holding eleven other positions vacant, freezing salaries for four years, reducing benefits for two years and reducing other unnecessary operating and travel costs. ASC is also opting out of more expensive state risk management and contract monitoring programs.

Finally, Adams State College has provided information linking institutional strategic planning activities to the Statewide Strategic Plan (see pages 16 – 18) and is supportive of the ongoing master planning efforts underway.

### **III. STAFF RECOMMENDATIONS**

**There is no staff recommendation, because action on this item shall be recommended by the CCHE FAP Review Subcommittee (see Appendix A).**

**STATUTORY AUTHORITY**

*C.R.S. 23-5-130.5 (1) Beginning with the 2011-12 fiscal year and for fiscal years thereafter through the 2015-16 fiscal year, each governing board, for the institutions it controls, shall annually set the amount of tuition to be paid by students with in-State classification and by non-resident students who enroll in and attend the institutions.*

**APPENDIX A: CCHE FAP REVIEW SUBCOMMITTEE PROPOSED  
RECOMMENDATION**

**\*Adams State College Tuition Setting Authority Request**

**REVISED 3-2-12**

Pursuant to section 23-5-130.5 C.R.S.; Adams State College (ASC) is requesting the following tuition setting authority:

1. ASC is requesting the authority to increase resident undergraduate tuition by 15 percent in FY 2012-13 and by 9 percent through FY 2015-16.
2. The tuition setting authority requested by ASC is dependent upon state, federal and other revenues remaining constant through the FY 2015-16 planning period.

**CCHE FAP Review Subcommittee Recommendation:** Approve the revised tuition authority requested by ASC through FY 2012-13. Approve the final three years of the plan contingent upon a review of the first two years. As part of this approval, Adams State College will provide to the commission an update on the strategies adopted by the ASC Board of Trustees to implement the tuition increase in FY 2012-13 and provide the following:

1. Continued updates (as agreed to by the Department and ASC) on the enrollment, retention, and completion of low and middle income students and underserved student populations.
2. Other current information (as available) relevant to measuring the success of low and middle income students and underserved student populations.

**Final tuition authority approved under section 23-5-130.5 is set by the ASC Board of Trustees.**