

**TOPIC: FINANCIAL ACCOUNTABILITY PLAN AMENDMENT FOR UNIVERSITY OF COLORADO DENVER AND UPDATE COLORADO STATE UNIVERSITY – PUEBLO**

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**I. SUMMARY**

The CU Board of Regents and leadership at the University of Colorado are requesting approval of an amendment to the financial accountability plan (FAP or “plan”) approved for the system’s Denver Campus (CU Denver). The amended plan, which reflects requested changes in tuition setting authority, is attached.

In addition, the system office for Colorado State University (CSU) is submitting the attached letter notifying the Commission that it is deferring implementation of part of the tuition plan previously approved for CSU-Pueblo by the CCHE by one year, from FY 2011-12 to FY 2012-13.

**II. BACKGROUND**

For the years FY 2011-12 through FY 2015-16, public higher education governing boards have the authority to raise resident, undergraduate tuition above nine percent subject to Colorado Commission on Higher Education (CCHE) approval of a Financial Accountability Plan (see Section 23-5-130.5 CRS). Generally, the plans outline price and tuition strategies during a time of decreased state funding and demonstrate how the governing board will work to protect low and middle income students in the state. Nine governing boards have had approved plans in place since late 2010. Governing boards have the ability to amend or resubmit plans in light of changes in state funding or to reflect changes to pricing and tuition setting strategies under consideration or approved.

The University of Colorado System is requesting approval for a tuition increase above 9 percent for resident undergraduates at CU Denver (see detail below). The CU Denver campus, the Office of the President, and the Board of Regents conducted extensive study and review of the proposed tuition increase which was unanimously approved by the Board of Regents at their April 19<sup>th</sup> meeting in Denver.

The University of Colorado at Boulder has been exploring the possibility of a guaranteed tuition model for resident students but opted to hold the FY 2012-13 resident tuition increase to 5 percent, which does not require any action by the Commission. The CU system office will communicate the status and details about the CU Boulder proposal as they become available later this year.

Tuition concepts for CU Boulder and CU Denver were outlined on a conference call with the CU System Office and the CCHE FAP Subcommittee in February. At the conclusion of the call, the CCHE Subcommittee indicated its support for the CU Denver plan and encouraged the CU System to provide a plan amendment for consideration by CCHE subsequent to approval by the Board of Regents. The amendment for the CU Denver plan is attached.

Additionally, in early April, the CSU system informed the department that CSU-Pueblo had opted to defer its proposed credit hour window discount from FY 2011-12 to FY 2012-13. While deferring implementation does not result in a tuition increase beyond what was approved in its FAP and does not require a plan amendment, the CSU system has included the attached letter in order to inform the Commission of this action. Additional detail is provided below.

**III. STAFF ANALYSIS**

**CU Denver:**

The CU Denver campus is seeking a multi-year approval to move to a completely linear tuition schedule by FY 2015-16. The campus currently has a linear tuition structure up to 13 credit hours for undergraduate resident students. Under this plan, the campus would achieve complete linearity by FY 2015-16. That is, by FY 2015-16, all students will pay standard rates for each credit hour attempted. In order to implement the plan, students taking 13 credit hours or fewer will experience tuition increases of only 0.8 percent; however, students taking more than 13 credit hours will experience tuition increases of between 10 and 18 percent depending on the number of credit hours taken.

To buffer the proposed increases, CU Denver is committing institutional financial aid to ensure that no continuing student will experience more than a 9 percent increase in year-over-year tuition costs regardless of the number of credit hours attempted. It is also important to note that CU Denver is primarily a part-time campus, where 67 percent of students take 13 credit hours or fewer. Part of the reason to move to a linear or “pay-for-what-you-take” model is to achieve greater parity or fairness between part-time and full time students. The table below is from the CU Denver FAP amendment and summarizes FY 2012-13 to FY 2015-16 strategy:

<b>Proposed Tuition Rate Increases for Long Term Tuition Strategy: Based on Credit Hours</b>								
Year	1		2		3		4	
	<b>FY 12-13 Rate Growth</b>		<b>FY 13-14 Rate Growth</b>		<b>FY 14-15 Rate Growth</b>		<b>FY 15-16 Rate Growth</b>	
Credit Hours	Up to 13	Over 13	Up to 14	Over 14	Up to 16	Over 16	All	All
Undergrad Resident	0.8% - 2%	10%-18%	4%	10 - 11%	4%	10 - 17%	4%	4%

Additional information on CU Denver cost planning and utilization of institutional aid to protect low and middle income students is included in the revised plan. The plan also includes detail on student debt, strategies to address the needs of underserved and underrepresented students, community outreach, operational flexibility and plan alignment with statewide planning.

**CSU-Pueblo:**

In April, the CSU System Office informed the department that CSU-Pueblo is planning to defer one part of its approved tuition setting plan by one year. Specifically, the CSU-Pueblo plan, as proposed, envisioned a 12 percent tuition increase for FY 2011-12 as well as a reduction in tuition discounts for students taking between 13 and 18 credit hours. Ultimately, the campus increased tuition by approximately 12 percent but opted not to implement the proposed change to tuition discounting in FY 2011-12. Instead, CSU-Pueblo will be implementing the tuition discount reduction for students taking between 13 and 18 credit hours in FY 2012-13, one year later than originally articulated in the CSU FAP. Deferring the reduction of the tuition discount does not result in a tuition increase beyond what was originally approved in the CSU FAP, but the system office wanted to inform the Commission of this change in keeping with the intent of the transparency provisions of Senate Bill 10-003. For additional information see the attached letter.

**IV. STAFF RECOMMENDATIONS**

**Because recommended action comes from the financial accountability subcommittee there is no staff recommendation. Action on the attached item is recommended by the CCHE FAP Review Subcommittee.**

**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.*