

TOPIC: FINANCIAL ACCOUNTABILITY PLAN AMENDMENT FOR FORT LEWIS COLLEGE

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I. SUMMARY

The Board of Trustees for Fort Lewis College (FLC) is requesting approval of an amendment to the currently approved financial accountability plan (FAP or “plan”). Specifically, Fort Lewis College is seeking the authority to set tuition at levels above a 9 percent increase over the prior year if needed through FY 2015-16, the remainder of the tuition setting flexibility period set forth in Senate Bill 10-003.

II. BACKGROUND

For the years FY 2011-12 through FY 2015-16 public higher education governing boards have the authority to increase resident, undergraduate tuition above nine percent subject to the Colorado Commission on Higher Education’s (CCHE) approval of a Financial Accountability Plan (Section 23-5-130.5 C.R.S.). Generally, the plans outline governing board’s pricing and tuition strategies during a time of decreased state support and demonstrate how the governing board is working to protect low and middle income students in the state. During the tuition flexibility period, governing boards have the ability to amend or resubmit plans in light of changes in state funding and to reflect new pricing and tuition setting strategies being considered or approved by the institution’s governing board.

Fort Lewis tuition setting authority was initially approved by the CCHE for two years (FYs 2011-12 & 2012-13). The Commission has the authority to make the “subsequent three years conditional upon the governing board’s success in implementing the measures specified in the financial and accountability plan” (Sec. 23-5-131(4)(a) C.R.S). Since 2009-10, state funding for public higher education fell by 27 percent. The Governor’s FY 2013-14 budget request contains an anticipated increase of \$30 million for campus operations, a 5.8% increase from the current fiscal year and the first requested increase since FY 2008-09. The Governor’s budget, if funded, allows governing boards to mitigate projected tuition increases and provide a greater degree of flexibility for campus operations. Nevertheless, revenue options are inherently less diverse at the state’s rural colleges and universities where tuition has historically been kept low and enrollments are smaller.

III. STAFF ANALYSIS

The CCHE FAP subcommittee conducted a conference call this week with Fort Lewis College’s leadership. The call included discussions of resident and nonresident pricing as well as measures

taken to maintain affordability among low and middle income students. Fort Lewis College is requesting approval of its FAP amendment through FY 2015-16 and the ability to increase resident tuition rates by 9 percent each year through FY 2015-16. While the governing board currently has the authority to make increases up to 9 percent for the next three years, it is contingent on sustained levels of state funding. Approval of this plan will allow Fort Lewis to have the flexibility to increase tuition above 9 percent if needed.

Although Fort Lewis does not anticipate needing to increase resident tuition by more than 9 percent per year through FY 2015-16 they would like to have that option available if needed. FLC is optimistic that state funding will stay stable and hopefully increase in future years but College leadership also takes very seriously the 2011 study from the University of Denver's Center for Colorado's Economic Future. That study showed that the mandated growth of other state programs like Medicaid could zero out state funding for higher education within twelve years.

Relatively small changes in state support also have a direct and material impact on Colorado resident tuition at Fort Lewis College. Fort Lewis' revised FAP shows that the proposed increase in state funding for FY 2013-14 will allow the institution to keep tuition levels at levels originally anticipated in the college's initial plan. To better understand this relationship, a reduction of \$125,000 in state support equates to a resident tuition increase of about 1.0 percent at Fort Lewis College. Without the added \$475,000 in operating support projected for FY 2013-14, FLC would have requested a tuition increase of about 13 percent (or four percent above a base rate of nine percent).

Fort Lewis College also sees the plan approval process as a way to highlight the strategies they have undertaken to protect low and middle income students and alignment with the recently approved statewide master plan and performance contracts. Fort Lewis has updated a number of metrics and rankings indicating their success in implementing the measures specified in the plan. For example, FLC anticipates having the second lowest tuition level of the four year institutions next year and has increased institutional merit and need based financial aid by \$4 million dollars in the past years. When necessary FLC funds 100 percent of tuition increases above 9 percent for Pell eligible students and currently has the second lowest debt levels of the four year institutions. At the same time the proportion of first generation, minority and low income students enrolled at the institution has increased eight percent since the fall of 2009. Finally Fort Lewis has made a number of operational improvements saving money in procurement, fleet vehicle and risk management.

III. STAFF RECOMMENDATIONS

Because recommended action comes from the financial accountability subcommittee there is 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 (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.