

# Financial Accountability Plan FY 2013-14 Amendment April 2013

In November 2010, the Colorado Commission on Higher Education (CCHE) granted a 2-year approval of Fort Lewis College's (FLC) Financial Accountability Plan (FAP). The original plan called for resident tuition increases for all five years of the plan; however, the first two years increases would also include closing the "tuition window" by one credit hour per year. The original plan did not call for increasing non-resident tuition over the five-year timeframe of the FAP.

Fort Lewis College continues to plan on increasing resident tuition by 9.0% in each of the next three fiscal years, however, this FAP update is submitted in order to allow the College to come back to CCHE to request additional flexibility should the state funding situation change.

#### **Section 1: Process for FAP Development (Update)**

Fort Lewis College continues to utilize and update the five year budget plan that was developed for the FAP and has shared this information with the Board of Trustees as part of the annual budget process. The President and Vice President for Finance and Administration regularly present information at campus meetings regarding the State funding environment for Higher Education. The students are heavily involved in the student fee process and the student body president sits on the campus budget committee and serves as a non-voting member of the Board of Trustees. In this role, the student body president informs the Budget Committee and Board of Trustees and brings information back to student senate and elicits input.

# **Section II: Requested Tuition Increase (Update)**

The college is requesting the authority to increase resident tuition by 9.0% in each of the next three fiscal years (FY 2013-14, 2014-15, 2015-16), as permitted by SB 10-03. These rate increases assume a minimum state appropriation level of \$9,534,552, which is the projected appropriation for FY 2013-14. The table below shows information on the changes in resident tuition rates and revenue between FY 10-11 and FY 2015-16.

Fort Lewis College Resident Tuition Rates and Revenue

	FY 2010-11	FY 2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Per Credit Hour (less						
than full time)	\$169	\$184	\$200	\$218	\$237	\$258
Dollar Increase		\$15	\$16	\$18	\$19	\$21
Percent Increase		8.9%	8.7%	9.0%	8.7%	8.9%
Full-Time (10-18)	\$3,380					
Full-Time (11-18)		\$4,048				
Full-Time (12-18)			\$4,800	\$5,232	\$5,688	\$6,192
Dollar Increase		\$668	\$752	\$432	\$456	\$504
Percent Increase		19.8%	18.6%	9.0%	8.7%	8.9%
Overload Surcharge per						
Credit Hour (+18 CH)	\$105	\$184	\$200	\$218	\$237	\$258
Dollar Increase		\$76	\$16	\$18	\$19	\$21
Percent Increase		72.4%	8.7%	9.0%	8.7%	8.9%
Student Share Resident						
Tuition Revenue	\$8,416,202	\$9,494,138	\$11,039,978	\$12,033,245	\$13,116,238	\$14,296,700
Additional Revenue						
Generated above						
previous year		\$1,077,936	\$1,545,840	\$993,267	\$1,082,993	\$1,180,462

The college does not anticipate raising nonresident tuition over the period shown in the FAP, consistent with the original FAP request. The reason is twofold, the College non-resident rate remains competitive with peer institutions and the college is cognizant of the effect of raising nonresident rates on the State's Native American tuition reimbursement obligation.

Based upon the assumption of no change in state funding, the proposed tuition increases will allow the college to absorb non-discretionary cost increases and keep faculty and staff salaries at a competitive level over the time period represented in this plan.

As shown in the following chart, Fort Lewis College currently has the fourth lowest resident tuition and fees of all of the Colorado four year institutions. Given the FY 13-14 tentative projected tuition and fee increases of other four year institutions, FLC will move to the second lowest position in the next fiscal year.

In FY 2013-14, student share of resident tuition is estimated at \$12.2M and state funding at \$9.5M. In order to stay whole, the college would need to increase resident tuition by 1% above the requested 9% - or \$22 per credit hour - for every \$125K reduction in state funding. Put another way, if state support for Fort Lewis College did not go up by \$475K for FY 2013-14 (the institution's proposed share of the \$30M increase and assuming no additional operating cuts) the college would have requested an additional tuition increase (above the 9%) by approximately 4%.

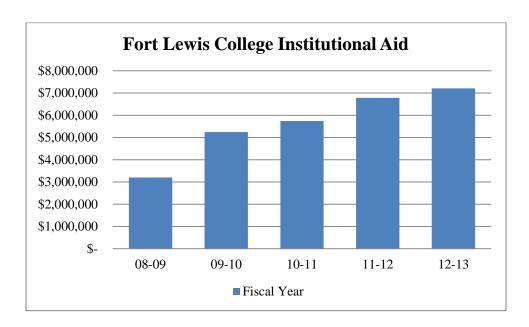
Co School of Mines UC - Boulder **CSU** UC - Co Springs UC - Denver Northern Colorado Colorado Mesa University CSU - Pueblo Fort Lewis College Western State Colorado... Adams State University Metro State University - Denver \$15,000 \$30,000 \$5,000 \$10,000 \$20,000 \$25,000 \$35,000 50 ■ Resident ■ Non-Resident

**FY 12-13 Tuition and Fee Rates Displayed High to Low by Resident Tution** 

## **Section III: Protection of Low and Middle Income Students (Update)**

In FY 2011-12, Fort Lewis College received \$5,907,095 (an increase of \$1,670,544 from FY 2009-10) in federal financial aid, including Federal Pell Grants, Supplemental Educational Opportunity Grant (SEOG) and Federal Work Study. The College also received \$914,961 (an increase of \$516,321 from FY 2009-10) in private grants and scholarships.

Fort Lewis College has substantially increased its institutional commitment to financial aid over the last four years through the implementation of an aggressive financial aid leveraging program that focuses on merit based scholarships. As part of the execution of this program, and combined with the previously required Institutional Need Based aid, the College was able to mitigate "need" of \$3,022,884 in FY 2011-12. The following chart shows that the amount of institutional aid (need based and merit) awarded over the last five years has grown 125%, from \$3.2M to \$7.2M.



For purposes of this Plan, the college has classified Level 1 students as low income and Level 2 students as middle income. The following chart summarizes the need level of resident students between FY 2008-09 and Fall 2012.

Fiscal Year	# of Resident students	Level 1 Pell Eligible	Level 1 not Pell eligible	Level 2	% Level 1 Pell	% Level 1 not Pell	% Level 2	Total % Level 1 & 2
2008-09	2,426	575	151	115	23.7	6.2	4.8	34.7
2009-10	2,433	591	133	104	24.3	5.5	4.3	34.0
2010-11	2,444	670	128	110	27.4	5.2	4.5	37.2
2011-12	2,334	795	116	107	34.1	5.0	4.6	43.6
Fall								
2012	2,315	661	112	76	28.5	4.8	3.3	36.7

FY 2009 was established as the baseline year. As the chart above shows, at that time 34.7% of Fort Lewis College students were considered low or middle income. To mitigate the impact of tuition increases, the College provided institutional need based financial aid as outlined below:

Financial Aid Classification	Need Based Financial Aid Strategy		
Level 1 – Pell Eligible	100% of tuition increase above 9% awarded		
Level 1 – not Pell eligible	75% of tuition increase above 9% awarded		
Level 2	50% of tuition increase above 9% awarded		

FY 2011-12 shows an increase in the percentage of low or middle income students, with the percentage returning to slightly above baseline levels in Fall 2012. Based upon this information, it appears that the College was able to mitigate the effects of the tuition increase to this population and maintain a comparable proportion of low and middle income students.

#### **Section IV: Student Debt Load (update)**

As the Board contemplates and approves annual tuition increases, they are very sensitive to the impact of increases on students and families, and the level of debt. The Board also understands that the manner in which students accumulate debt is a function of how students and families choose to finance education, and is only partially related to tuition increases.

The following table shows the percentage of resident students receiving student loans and the average loan amount between FY 2008-09 and Fall 2012

Fiscal Year	# of Resident students	Receivin Subsid	# of Resident Students Receiving Perkins, Stafford Subsidized and Stafford Unsubsidized Loans During Fiscal Year			Averag	e Loan
		Level 1	Level 1 Level 2 Total			Level 1	Level 2
2008-09	2,426	532	95	627	25.8%	\$6,030	\$5,556
2009-10	2,433	543	78	621	25.5%	\$7,044	\$8,254
2011-11	2,444	592	85	677	27.7%	\$6,756	\$6,247
2011-12	2,334	660	81	741	31.7%	\$6,493	\$6,338
Fall 2012	2,315	589	53	642	27.7%	\$7,088	\$6,393

While the average loan amounts have grown over the last five years, an analysis of the compound annual growth rate shows that this growth is not inconsistent with the previous five year period. As shown below, the compound annual growth rate for level 1 students is similar to the prior period, while the rate for level 2 students declined significantly.

	FY 04-05 to FY 08-09	FY 2008-09 to FY 11-12
Level 1	3.6%	4.1%
Level 2	9.9%	3.6%

In FY 2012, baccalaureate graduates at Fort Lewis College completed their degrees with the second lowest average student debt load in Colorado, as shown in the table below.

Institution	Average Debt
Colorado School of Mines	\$30,987
University of Colorado at Denver	\$26,948
Metropolitan State College of Denver	\$26,640
Colorado Mesa University	\$25,045
University of Colorado at Boulder	\$24,485
University of Northern Colorado	\$24,224
Colorado State University – Pueblo	\$24,060
Colorado State University	\$23,902
Adams State College	\$26,636
University of Colorado at Colorado Springs	\$23,184
Fort Lewis College	\$20,948
Western State College	\$20,794

Source: Department of Higher Education JBC Hearing Document, December 2012

One of the primary ways to reduce debt levels is to encourage on time or early graduation. To this end, the College is working to increase four year graduation rates as part of the College's quality initiative related to re-accreditation.

The college takes the 2-year default rate very seriously. The college recently implemented a new event, Countdown to Graduation, at which all graduating seniors are incentivized to attend, and are able to complete or receive information about exit counseling. Additionally, career services personnel are available to help evaluate/ensure job market readiness. The 2-year default rate is shown below.

Fiscal Year	Default Rate		
2005-06	7.2%		
2006-07	9.8%		
2007-08	8.9%		
2008-09	10.9%		
2009-10	11.0%		
2010-11	5.6%		

**Section V: Address the Needs of Underserved & Underrepresented Students (Update)** 

Fort Lewis College's original Financial Accountability Plan included a profile of Underserved and Underrepresented Populations. The following table shows the changes from the original date (2009) compared to Fall 2012 information.

	Fall 2	2009	Fall 2012		
	Number Percent		Number	Percent	
Enrollment	3,685		3,891		
First Generation Enrollment	827	22%	914	24%	
Minority Enrollment	1,015	28%	1,385	36%	
Low Income Enrollment	982	27%	1,149	30%	
Total First Generation,					
Minority and Low Income	221	6%	299	8%	

In addition to maintaining the same programs as outlined in the original FAP, the college has implemented several new programs for maintaining access and ensuring success as outlined below.

# **Maintaining Access**

The Office of Financial Aid implemented an on-line Net Price Calculator that will assist in college planning and the potential expenses that may arise during a students' enrollment period.

In the summer of 2012, a grant funded summer program was established in conjunction with the Boys and Girls Club, educating participants on the college admission process.

The "CC to FLC Admission Promise Program" was established with all Colorado community colleges. The program ensures that students who express an intent to attend Fort Lewis College at the time of admission at a Colorado community college will have their FLC application fee waived, and will also receive academic counseling from FLC while earning their associates degree.

#### **Ensuring Success**

The college has implemented a Finish in Four graduation agreement guaranteeing students, who upon admission are college ready and declare a major, access to the courses needed to graduate in eight consecutive semesters.

A robust early alert system using the MAP-Works product identifies freshman who are experiencing difficulties that may impact their success at Fort Lewis College. Once identified, an intervention is conducted to help the students succeed.

## **Section VI: Operational Flexibility (update)**

As noted in the original FAP, Fort Lewis College has previously opted out of State Purchasing (2005), State Fleet Management (2005), and State Risk Management - Worker's Compensation (2010). The college opted out of State Risk Management - Property/Liability in July of 2011.

By opting out of State Risk Management – Property/Liability, the college now plays an active role in negotiating rates and implementing loss control mechanisms that work for the institution, resulting in significant cost savings. Over the past two years, the College has saved over \$300,000 through the implementation of this program. Beyond achieving budget savings, the transition has improved the college's overall program and approach towards safety and risk management.

The college adopted its own fiscal rules in July 2011. In doing so, the institution has been able to streamline operations, while maintaining appropriate controls. Finally, Fort Lewis College withdrew from State of Colorado Central Collections effective July 1, 2012. It is anticipated that by withdrawing, the college will experience and increased rate of collections and realize an improvement in services.

### **Section VII: Alignment with Statewide Master Plan (Update)**

The Fort Lewis College updated its strategic plan in December 2011. Many of the college's strategic initiatives mirror the Statewide Master plan goals. For instance, the college has directed significant resources towards the four year completion goals, including the adoption of the goal to increase four year graduation rates as part of the College's quality initiative related to reaccreditation. As noted above, degree attainment in shorter periods of time will result in lower student debt levels and a more affordable education.