

**TOPIC: FINANCIAL AND ACCOUNTABILITY PLAN AMENDMENT
AND REAUTHORIZATION REQUEST FOR WESTERN STATE
COLORADO UNIVERSITY**

PREPARED BY: MARK CAVANAUGH, CHIEF FINANCIAL OFFICER

I. SUMMARY

The Board of Trustees for Western State Colorado University (WSCU) is requesting approval of an amendment to the currently approved financial accountability plan (FAP or “plan”) including an increase in tuition setting authority for FY 2013-14. WSCU is also seeking the authority to set tuition 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 (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. WSCU’s 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, a 5.8% increase from the current fiscal year and the first requested increase since FY 2008-09. The Governor’s budget is a step in the right direction and would, if funded, allow governing boards to mitigate projected tuition increases and provide a greater degree of flexibility for campus operations. Nevertheless, operational planning options are inherently more restricted at Colorado’s rural colleges and universities where tuition has historically been kept low and enrollments are smaller. This is one reason why WSCU is in need of requesting additional tuition setting authority.

The CCHE FAP subcommittee recently met with WSCU’s leadership. Western highlighted its pricing, tuition and institutional aid strategies as well as provided updated information on costs and expenditures. While recognizing the need for certainty around tuition setting in preparation for the upcoming academic and fiscal year, there was a substantial discussion about tuition

pricing and its impact on students. While the subcommittee was generally supportive of the near term plan for Western, it expressed fundamental reservations about the long-term viability of a tuition-based funding strategy. The committee believed that this issue deserves attention at a statewide level. The Western request (appendix) is summarized below.

STAFF ANALYSIS

Western State Colorado University is requesting authority to increase resident tuition rates by 14 percent in FY 2013-14, 12 percent in FY 2014-15, and 12 percent in FY 2015-16, although these “out year” levels are contingent on the availability of future state funding. The dollar increase in tuition for a full-time resident student would be \$648 or \$27 per credit hour next year.

WSCU notes that the initial anticipated increase for FY 2013-14 would have been greater (18 percent) but for the Governor’s request for increased operating funding, which at WSCU represents an increase of \$414,000, or 4.5 percent (note: the Governor’s \$30 million request represents a 5.8 percent increase for all of higher education). WSCU estimates that if state funding can be held at FY 2013-14 projected levels (\$9.5 million annually for Western) tuition increases would not exceed 12 percent for the remaining two years of the FAP.

Western updates a five-year budget model that considers variables like state funding, cost estimates, enrollment mix and inflation. Based on updates to Western’s planning model, this request will allow Western to meet enrollment projections and sustain a balanced budget while maintaining tuition rates that are among the lowest of Colorado’s 4-year public institutions.

With respect to protecting low and middle income students, over the past two years WSCU has institutional need-based financial aid by 25 percent and has grown its commitment to work study by 35 percent. In addition, Western will continue to hold Pell eligible as well as “Level 1” and “Level 2” students to one-half of the requested tuition increases.

Western works closely with Department of Higher Education agencies to assist students with debt management; the campus has the lowest average student debt among Colorado public institutions at \$20,794. Western’s plan highlights Supplemental Instruction (SI) and “PRIME” (Promoting Readiness in Math and English) programs to assist academically at-risk students. These kinds of programs are improving retention rates, particularly among students from underserved populations.

Operationally, Western is experiencing annual savings of \$100,000 and improved risk management operations by opting-out of the state risk management program.

III. STAFF RECOMMENDATIONS

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

Review Subcommittee is for authorization of tuition setting through FY 2015-16 and approval of requested tuition increase levels included in the FAP.

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.

***Western State Colorado University Tuition Setting Authority Request**

REVISED 3-1-13

Pursuant to section 23-5-130.5 C.R.S.; Western State Colorado University (WSCU) is requesting the following tuition setting authority:

1. WSCU is requesting the authority to increase resident undergraduate tuition by 14 percent in FY 2013-14 and 12 percent in FY 2014-15 and FY 2015-16.
2. The tuition setting authority requested by WSCU is dependent upon state, federal and other revenues remaining constant through the FY 2015-16 planning period.

CCHE FAP Review Subcommittee Recommendation: Approve the tuition authority requested by WSCU through FY 2015-16 and tuition setting flexibility for the final three years of the FAP. As part of this approval, Western State Colorado University will provide to the Commission the following:

1. Continued updates (as agreed to by the Department and WSCU) 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 WSCU Board of Trustees.**