



Financial and Accountability Plan

Reauthorization Request

February 2013

**Western State Colorado University
Financial and Accountability Plan (FAP) Reauthorization
February 2013**

In December 2010, the Colorado Commission on Higher Education (CCHE) granted a 2-year approval of Western State Colorado University's (WSCU) FAP. In March 2012, the University submitted a revised FAP for consideration and approval by the CCHE. The revised FAP accounted for reductions in appropriation in FY2012-13 not contemplated in the original FAP. At that time, the University also updated the CCHE on the various initiatives outlined in the original FAP, including financial aid targets, student demographic changes, and outreach efforts for underserved students.

The University is requesting approval for the final three years of tuition flexibility as authorized in Section 23-5-130.5 of the *Colorado Revised Statutes*.

Section I: Process for FAP Development (Update)

Western State Colorado University (WSCU) continues to actively utilize and update the five-year budget plan that was developed for the FAP and share this information with the Board of Trustees and campus budget committee. The administration has consulted with Student Government Association on proposed changes in tuition and fees and has kept them informed of the changing landscape of higher education funding in the state of Colorado. As the University moves through the process of budget development in the weeks and months to come, staff will continue to consult with all campus constituents as is the general practice.

Section II: Requested Tuition Increase (Update)

The University is requesting the authority to increase resident tuition up to 14.0 percent for FY2013-14 and up to 12 percent for FY2014-15 and FY2015-16. These rate increases assume a minimum state appropriation level of \$9.5 million which is the projected appropriation for FY2013-14. Table 1 below presents information on changes in tuition rates, both resident and nonresident, as well as net revenue changes.

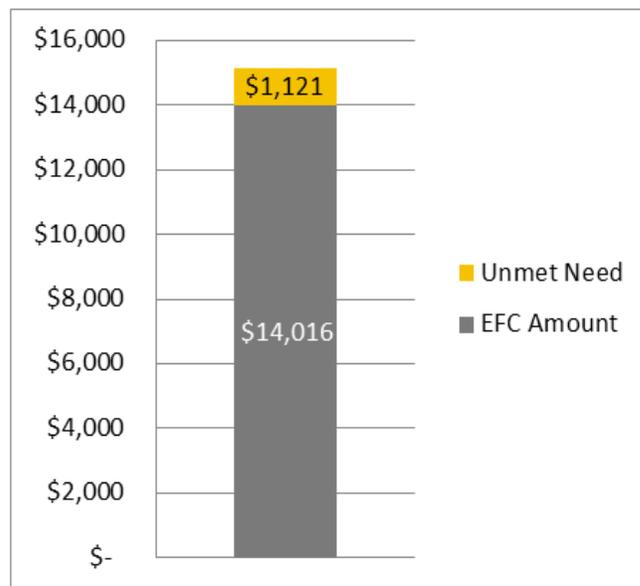
Table 1

Western State Colorado University Tuition Rate Increases (Actual and Estimated): State Support of \$9,509,963						
	FY2010-11 Actual	FY2011-12 Actual	FY2012-13 Estimate	FY2013-14 Projected	FY2014-15 Projected	FY2015-16 Projected
Resident Tuition (Full Time)	\$3,422	\$3,922	\$4,627	\$5,275	\$5,908	\$6,617
Resident Tuition (Per Credit)	\$142.60	\$163.40	\$192.80	\$219.80	\$246.20	\$275.70
\$ Increase (/FT)		\$500	\$706	\$648	\$633	\$709
\$ Increase (/credit)		\$20.80	\$29.40	\$27.00	\$26.40	\$29.50
% Increase		14.6%	18.0%	14.0%	12.0%	12.0%
Nonresident Tuition (Full Time)	\$12,888	\$13,536	\$14,496	\$15,221	\$15,982	\$16,781
Nonresident Tuition (Per Credit)	\$537.00	\$564.00	\$604.00	\$634.20	\$665.90	\$699.20
\$ Increase (/FT)		\$648	\$960	\$725	\$761	\$799
\$ Increase (/credit)		\$27.00	\$40.00	\$30.20	\$31.70	\$33.30
% Increase		5.0%	7.1%	5.0%	5.0%	5.0%
Net Revenues		(\$1,007,566)	(\$200,663)	(\$96,313)	\$143,842	\$321,735

Beyond the linkage to state support, the University’s requested tuition increases are tied to a five-year budget model that includes other variables such as enrollment, mix of students (resident vs. nonresident), inflation and other expenditure factors. While variables within the five-year model have been updated, most of the expenditure assumptions have remained consistent with the model presented with the original FAP.

Full-time resident tuition and fees at WSCU are the third lowest of all four-year Colorado public institutions, only ahead of ASU and MSUD, and tuition and fee rates compared against national peers are still below the average. In addition, the University draws a resident demographic of student that is not like many other small, rural institutions. As shown below in Figure 1, the FY2012-13 estimated family contribution for first-time, full-time, resident students who applied for aid covered 93 percent of the direct cost of attendance.

Figure 1: Fall 2012 EFC of Colorado Resident Students as Compared Against Direct Costs of Attendance



While our current rates and the financial demographics of our student body suggest capacity to increase tuition, the five-year budget model, as represented in Appendix A, continues to include substantial investments into institutional financial aid. Along with investments from the WSCU Foundation and the University’s auxiliary enterprises, WSCU expects to reach its target discount rates of 25 percent for Colorado resident students and 33 percent for nonresident students by FY2015-16.

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

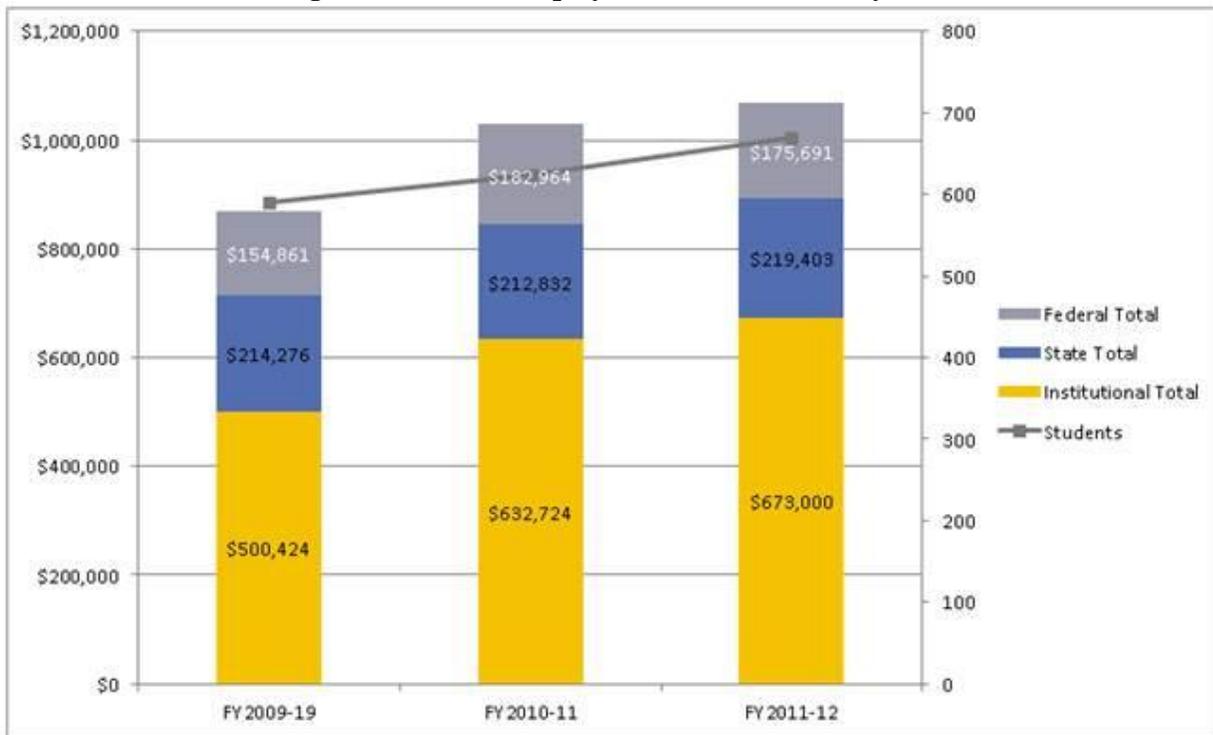
WSCU has substantially increased its institutional commitment to financial aid. Over the past 2 years, institutional resources have increased by approximately 25 percent. The institution recognizes the importance of increasing enrollment of all populations and continues to refine its awarding policies to encourage overall enrollment growth. Specifically mentioned in the University’s original FAP was the commitment to ensure affordability for those PELL, Level 1 and Level 2 resident students. Table 2 below demonstrates the changes experienced in these populations in recent years and how the University has packaged financial aid to ensure access and affordability.

Table 2

WSCU's Tuition Impact on PELL Eligible, Level 1 and Level 2 Colorado Residents					
Fall	# of PELL, Level 1, and Level 2 Colorado residents	Average Offered Aid Package	Offered Aid Package \$ Change	Resident Tuition \$ Change	% of Tuition Change Covered
2010	697	\$11,477	n/a	n/a	
2011	731	\$12,157	\$680	\$499	136%
2012	699	\$14,804	\$2,647	\$706	375%

Another form of institutional aid is the allocation of institutional work-study. While state and federal work-study allocations to WSCU have remained relatively flat in recent years, institutional commitments to student work-study has grown by approximately 35 percent from FY2009-10 to FY2011-12. The number of working students has grown by 79, or 13 percent, during this same period.

Figure 2: Student Employment and Work-Study Allocations



Section IV: Student Debt Load (Update)

According to the most recent data, WSCU students, on average, graduate with the lowest debt load of any students within Colorado's public four-year institutions (Table 3). The University has a dedicated financial aid counseling staff to assist our students with any financial aid issue that arises. This includes pre-loan counseling to help students better understand their loan options and obligations as well as recently implemented money management sessions provided during new student orientation. Counselors emphasize the importance of taking out only what is needed in efforts to minimize a student's debt load.

Table 3: 2012 Average Student Debt Load at Graduation

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

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

WSCU supports its students after they have taken out loans in a variety of ways. The University has collaborated with College Invest and is using its training materials to teach financial money management classes. Classes are open to all students so that there is an earlier understanding of the debt commitment. Students who are at the greatest academic and default risk, are required to take this course which helps them understand personal finances and debt management.

Per the original FAP, WSCU has transitioned to in-person exit counseling as a requirement for all graduating students. This format allows for completion of the counseling which is beyond the federal requirement of notification. In-person counseling also provides students with the tools to better understand loans, consolidation and debt in an effort to help them better manage their finances and personal debt load. The University believes that these sessions have aided in reducing our two-year cohort default rate.

Table 4: Student Loan Two-Year Cohort Default Rate

Year	Default Rate
2007-08	8.5%
2008-09	7.3%
2009-10	6.6%

As the Department of Higher Education moves from the two-year cohort calculation to a three-year cohort calculation, WSCU believes the financial aid counseling and the exit sessions will allow us to further improve upon default prevention/management and student debt load.

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

WSCU's original FAP identified several access and outreach initiatives and ways to promote success of the University's underserved and underrepresented populations. Updates on many of these initiatives have been provided above and include improving financial literacy about family options for covering the costs of attendance and prudent use of loans, increasing opportunities for student work-study (research shows that most

first-generation students opt to work rather than to take out loans), and implementing financial management programming to help with transitions after graduation and address issues of default.

In terms of outreach, over the last couple years, the University has been named a military friendly school, has hosted multiple high school/middle school AVID groups and continues to work with groups, such as the Southern Colorado Higher Education Consortium, to implement programs that will educate and expand access to underserved populations. WSCU has also developed tools that will allow us to notify prospective students early in the spring of their senior year about financial aid eligibility, helping them to chart a path towards matriculation and diminish anxiety about affordability.

To promote success, the University has developed programs, such as Supplemental Instruction (SI) and PRIME (Promoting Readiness in Math and English), that assist academically at-risk students. Supplemental Instruction identifies at-risk students in courses with traditionally high failure rates and assigns peer tutors. Initial indicators suggest that not only does participation in SI lead to successful completion of the course, but it may also improve overall persistence rates within these populations.

Led by two faculty members, the PRIME program was established to assist academically at-risk students, as identified by ACT scores, in navigating the often foreign world of higher education. In addition to these academic programs, the University recently implemented an online tool that assists students and parents with tracking academic performance and progress to degree completion.

There remain other initiatives identified in the original FAP that the University is still in the process of implementing. Creating Spanish promotional and educational videos about the admissions and financial aid processes and various University programs will assist in outreach efforts to the state's underserved and growing Hispanic population. WSCU is also exploring ways to ease reentry of part-time, PELL eligible students through need-based financial aid programs. Finally, with passage of HB12-1155, the University now has better ways to serve those students in need of developmental education and is exploring ways to encourage and assist in the completion of coursework necessary to ensure college success.

Section VI: Operational Flexibility (Update)

Over the past two years, the University has saved over \$100,000 through implementation of an independent risk management program. Beyond achieving budget savings, the transition has improved the University's overall program and its approach towards risk management.

The University continues to participate in the state fleet management program and follows the state's fiscal rules and processes for debt collection. WSCU will continue to explore opportunities for operational flexibility and will report to the CCHE if and when there is a decision to pursue an opt-out of these activities.

Section VII: Alignment with Statewide Master Plan (Update)

The initiatives undertaken as part of this FAP will support the implementation of the recently approved Statewide Master Plan for post-secondary education, and the University supports the outcome-based goals identified in the Plan. In relation to these goals, the University has experienced record levels of freshman-to-sophomore retention rates over the last two years. Other examples of University efforts to support persistence and completion include implementation of the first-year experience program which introduces incoming students into their new community and better connects them to their academic and co/extra-curricular endeavors. The University is working to develop a second-year experience which will capitalize on the achievements of the first-year experience and introduce additional programming such as living-learning communities that will further promote engagement.



APPENDIX A

February 2013 Update

Target Variables		FY2015-16 Projection
E&G Enrollment (Headcount)	◀ ▶	2,028
Student FTE : Faculty FTE Ratio	◀ ▶	15.7
Student FTE : Staff FTE Ratio	◀ ▶	12.1
NR % Share of Total Student FTE	◀ ▶	25.4%
Resident Discount Rate	◀ ▶	25.0%
Nonresident Discount Rate	◀ ▶	33.0%

Five Year E&G Budget Projection Model

	Base Year FY2010-11 Actual	Annual Variables		FY2013-14		FY2014-15		FY2015-16	
		FY2011-12 Actual	FY2012-13 Estimate /1	FY2013-14 (Year 3)	FY2014-15 (Year 4)	FY2015-16 (Year 5)	State Appropriation % Change	Resident Tuition Rate Cap	Nonresident Tuition Rate Cap
Expenditure Variables:									
E&G Enrollment (Fall Headcount)	2,083	1,996	2,028	2,028	2,028	2,028	2,028	2,028	2,028
Inflation Applied to Expenditures /2		1.9%	0.0%	3.0%	3.1%	3.8%	3.1%	3.8%	3.8%
Student FTE to Faculty FTE Ratio	16.6	15.9	15.5	15.7	15.7	15.7	15.7	15.7	15.7
Student FTE to Staff FTE Ratio	12.5	11.9	12.1	12.1	12.1	12.1	12.1	12.1	12.1
E&G Expenditure Categories									
			% Chg	% Chg	% Chg	% Chg	% Chg	% Chg	% Chg
Faculty Salaries and Benefits	\$ 7,417,970	\$ 7,606,567	2.5%	6.7%	2.6%	2.8%	2.8%	3.8%	3.8%
Faculty FTE	112.00	113.00							
Administrative and Classified Salaries and Benefits	\$ 8,174,766	\$ 8,366,536	2.3%	1.5%	6.3%	3.3%	3.3%	3.8%	3.8%
Administrative and Classified FTE	148.80	150.50							
Operating Budgets	\$ 3,081,936	\$ 3,079,327	-0.1%	4.9%	2.6%	3.1%	3.1%	3.8%	3.8%
Professional Development/Travel	\$ 509,583	\$ 541,753	6.3%	4.1%	1.7%	3.1%	3.1%	3.8%	3.8%
Capital	\$ 428,365	\$ 228,164	-46.7%	74.7%	-39.5%	3.1%	3.1%	3.8%	3.8%
Student Employment	\$ 657,374	\$ 679,048	3.3%	-7.4%	5.0%	3.1%	3.1%	3.8%	3.8%
Scholarships & Fellowships-Gross	\$ 2,680,193	\$ 3,291,085	22.8%	1.5%	23.2%	9.4%	9.4%	9.0%	9.0%
Transfers (In) / Out	\$ 527,996	\$ 621,159	17.6%	-84.8%	0.9%	0.0%	0.0%	0.0%	0.0%
Utilities	\$ 522,430	\$ 506,980	-3.0%	-2.5%	3.1%	2.0%	2.0%	2.0%	2.0%
Overhead Allocation to Auxiliaries	\$ (2,074,500)	\$ (2,028,096)	-2.2%	1.8%	2.0%	2.1%	2.1%	2.8%	2.8%
Total E&G Expenditures	\$ 21,926,113	\$ 22,892,523	4.4%	1.8%	6.3%	4.2%	4.2%	4.7%	4.7%
Revenue Variables:									23.2%
Nonresident % Share of Total Student FTE	24.7%	25.5%	25.4%	25.4%	25.4%	25.4%	25.4%	25.4%	25.4%
E&G Revenue Categories									
			% Chg	% Chg	% Chg	% Chg	% Chg	% Chg	% Chg
Fee For Service	\$ 8,368,030	\$ 7,008,490	-16.2%	-1.0%	2.5%	0.0%	0.0%	0.0%	0.0%
COF Stipends	\$ 2,410,264	\$ 2,306,400	-4.3%	-1.1%	4.9%	0.0%	0.0%	0.0%	0.0%
Resident Tuition: Student Share	\$ 5,280,354	\$ 5,745,525	8.8%	16.2%	14.0%	12.0%	12.0%	12.0%	12.0%
Nonresident Tuition/3	\$ 6,211,238	\$ 6,466,166	4.1%	6.8%	5.0%	5.0%	5.0%	5.0%	5.0%
Other (including federal stabilization and fees)	\$ 970,174	\$ 358,376	-63.1%	-19.9%	0.6%	0.0%	0.0%	0.0%	0.0%
Total E&G Revenues	\$ 23,240,060	\$ 21,884,957	-5.8%	5.5%	6.8%	5.2%	5.2%	5.4%	5.4%
Gain or (Loss)	\$ 1,313,947	\$ (1,007,566)							17.6%
			% Chg	% Chg	% Chg	% Chg	% Chg	% Chg	% Chg
COF Stipend Rate	\$ 1,860	\$ 1,860	0.0%	0.0%	4.8%	0.0%	0.0%	0.0%	0.0%
Resident Tuition Rate (Student Share)	\$ 3,422	\$ 3,922	14.6%	18.0%	14.0%	12.0%	12.0%	12.0%	12.0%
Nonresident Tuition Rate	\$ 12,888	\$ 13,536	5.0%	7.1%	5.0%	5.0%	5.0%	5.0%	5.0%
Total Student FTE	1,854.4	1,793.1	-3.3%	-0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Resident FTE	1,396.6	1,336.3	-4.3%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Nonresident FTE	457.8	456.8	-0.2%	-0.6%	0.0%	0.0%	0.0%	0.0%	0.0%

/1 FY2012-13 estimate is based on proposed budget adjustments submitted for Board approval.

/2 Generally based on Denver/Boulder Consumer Price Index. In FY2012-13, the University did not budget inflationary increases. The Denver/Boulder CPI for 2011 was 3.7%. To account for this, out-year amounts have been generally adjusted to equal projected inflation plus 1%.