WSCU Financial Accountability Plan (FAP) Q&A

1. WSCU requested a revision to the FAP last year that estimated the need for an 18 percent resident tuition increase for FY2013-14, what factors are driving the need to request tuition setting authority for FY 2013-14? What is the relationship of the state's current FY 2013-14 request to WSCU tuition?

Response: WSCU's revised FAP approved in March 2012 anticipated an increase in resident tuition rates of 18 percent for FY2013-14. This estimate was based primarily on state appropriation levels remaining at FY2012-13 levels. Because state appropriations are expected to increase by \$30 million for higher education (and approximately \$414,000 for WSCU) in FY2013-14, the University was able to reduce expected growth rates from 18 percent to 14 percent. The projected, partial restoration of higher education funding has saved Colorado resident students at WSCU approximately \$200 annually in tuition rate increases.

In addition, the University will continue to invest a significant portion of the projected increase in tuition dollars into institutional financial aid. With this increased investment, the University calculates the net effective increase in the resident tuition rate at 8.6 percent, on average. The University remains committed to access for low- and middle-income students and will direct resources towards these populations.

2. The initial WSCU FAP underscored that Western's resident tuition was well below peers and the current request states that tuition and fees are still below national peers. How much has that gap closed? Is Western approaching a "ceiling" for resident tuition similar to non-resident?

Response: For resident tuition rates, the University most closely monitors other Colorado 4-year publics. While the percentage increases in rates at WSCU over the last couple years have been generally higher than most institutions, the application of these percentage increases against a relatively small tuition base has not necessarily resulted in larger increases in absolute costs. This is demonstrated by the fact that in FY2010-11 (the year prior to tuition flexibility), there were three, 4-year publics that had full-time resident tuition rates lower than WSCU; today, only two, 4-year publics have full-time resident rates lower than WSCU.

In addition, WSCU continues to serve a resident population that tends to be more affluent than other regional, 4-year institutions. Figure 1 in the FAP Reauthorization Request illustrates a relatively high EFC of WSCU's Colorado resident students as compared against the direct costs of attendance. These data underscore the results of a recent price

sensitivity study conducted for WSCU which found the University's Colorado resident population to be highly inelastic to price.

Yet, notwithstanding this traditional characteristic, WSCU continues to invest heavily into institutional financial aid for Colorado resident students in order to ensure access and affordability. The University has set a targeted, average discount rate for Colorado residents of 25 percent by FY2015-16 and continues to work towards this goal through budget development and refinement of awarding policies.

3. The WSCU FAP explains that projected tuition increases are calculated using a 5-year budget model that includes a number of revenue and cost variables. What are some of the examples of variables that have changed since the original FAP was approved? What changes might be foreseeable over the next three years?

Response: There are three examples that best describe the changes since the original FAP:

- State appropriations. In December 2010, the CCHE approved the University's FAP which included an assumption that state support for WSCU would not go below \$9.0 million over the five-year flexibility period. In FY2012-13, state appropriations for WSCU were originally set at \$8.8 million, although appropriations have been slightly restored. This reduction necessitated a revision to the original FAP that the CCHE approved in March 2012. As mentioned in question #1, the projected increase in state support for FY2013-14 has significantly mitigated potential tuition increases. As the University looks to the final three years of the FAP, the current assumption is that state support will remain at FY2013-14 projected levels. Changes in this variable, up or down, will have impacts on tuition increases.
- Enrollment. In December 2010, the CCHE approved the University's FAP which included an assumption that enrollment would remain constant at FY2010-11 levels (approximately 2,100-E&G headcount) over the five-year flexibility period. In fact, enrollment has changed in the past two years with the University experiencing a decrease in FY2011-12 and an increase in the current fiscal year. As the University looks to the final three years of the FAP, the current assumption is that enrollment will remain at FY2012-13 levels. Changes in this variable, up or down, will have impacts on the University's revenues and expenditures.
- Expenditures. In December 2010, the CCHE approved the University's FAP which included an assumption that expenditures at WSCU would moderately increase (indexed on enrollment and inflation) over the five-year flexibility period. Given the changes experienced in state support and enrollment over the

past two years, the University has annually adjusted these assumptions. In particular, for the current year, rather than budget for increases in operating expenditures, the University reallocated over \$500,000 to accommodate the decrease in state support and the changes in mandated costs. The remaining three years assume growth in expenditures that are greater than projected inflation in order to restore cuts to the University's academic and student support programs and ensure retention and recruitment of quality faculty and staff.

4. Section III illustrates recent increases in institutional aid and work study programs for the protection of low and middle income students while Section VII highlights improved retention and persistence. Is there a link between these factors? Are your efforts in Section V more directly related?

Response: Research suggests that the more engaged a student is in their academic program or other student activities, the more likely they are to persist and succeed. Recent University efforts to increase enrollment through engagement has included increasing opportunities for campus employment, linking students to peers in the SI program, assisting in the transition to higher education through the PRIME program, and implementing a first-year experience with a focus on engagement and the introduction of a first-year seminar. These programs are a direct result of our current strategic plan and position the University well to succeed under the recently adopted, outcome-based Master Plan.

5. The FAP reauthorization request mentions the passage of House Bill 12-1155 which among other things was intended to assist institutions like Western in serving students in need of basic skills. Please elaborate on how you anticipate this change to be implemented and how it relates to the FAP and recently drafted performance contract.

Response: HB12-155 authorizes WSCU to offer Supplemental Academic Instruction (SAI) to students in need of developmental education in math and English through the University's general fund program. Once the policies and guidelines governing this program are established by the DHE, WSCU will apply for authorization to offer SAI and receive COF funds for this instruction.

There are numerous benefits to this proposed program. First, students will be able to receive developmental instruction at a reduced price given the subsidy that is provided through the COF stipend. Currently, WSCU students in need of developmental education must take such coursework through the University's cash-funded, Extended University Studies program. Because these programs do not receive state subsidy, students must

pay the full-cost of the instruction. Second, by bringing these courses into the general fund, students will be able to count the credits completed toward their degree, thus facilitating more timely completion. While the developmental coursework offered under the Extended University Studies program can count toward financial aid eligibility, the credits completed do not count towards a degree. Finally, the Statewide Policy Taskforce on Remediation has seen evidence from other states that offering SAI programs, whose goals are to lessen remediation obstacles, result in greater student success. The University has experienced such success first-hand through its own supplemental instruction (SI) program which targets those courses with high fail and incompletion rates.

All of the benefits related to the efficient and effective delivery of developmental instruction support section V of the FAP and goals #2 and #3 of the Master Plan which focus on both student success and addressing the needs of underserved populations.

6. The original FAP stated that the Department of Personnel and Administration had been notified of WSCU intent to discontinue participation in the state's contract monitoring system. Does WSCU still participate in DPA's contract monitoring system? If yes, why was the decision made to stay in it? If not, has WSCU seen any operational savings from this decision?

Response: The University does not participate in the state's contract monitoring system. WSCU staff assessed participation in the program and determined that the limited benefits provided to the University were disproportionate to the extended amount of time required to enter data into the system. While the University has not realized hard operational savings, staff within the Purchasing/Procurement Department has been able to redirect time towards more strategic endeavors.