TOPIC: FINANCIAL AND ACCOUNTABILITY PLAN AMENDMENT

AND REAUTHORIZATION REQUEST FOR ADAMS STATE

UNIVERSITY

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I. <u>SUMMARY</u>

The Board of Trustees for Adams State University (ASU) is requesting approval of an amendment to their currently approved financial and accountability plan (FAP or "plan") including an increase in tuition setting authority for FY 2013-14. ASU is also seeking authorization to set tuition through FY 2015-16, the remainder of the tuition setting flexibility period set forth in Senate Bill 10-003.

II. <u>BACKGROUND</u>

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 and 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. ASU's tuition setting authority was initially approved 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. 23-5-130.5(4)(a) C.R.S.).

During the first two years of tuition setting flexibility, 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, which is 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 will allow governing boards to mitigate projected tuition increases and provide a greater degree of flexibility for campus operations. Nevertheless, operational planning options are inherently fewer at Colorado's rural colleges and universities, where tuition has historically been kept low and enrollments are smaller. This is one reason why ASU is in need of requesting additional tuition setting authority.

The CCHE FAP subcommittee met this week with ASU's leadership. Adams State shared details of its request, discussed the internal planning process it implemented in order to prepare the plan, and provided detail on cash flow, fixed costs, and progress on programs to assist low and middle income students. The CCHE FAP subcommittee was supportive of ASU's plan

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because of low state funding levels and the campus' need to plan for the upcoming year. The Subcommittee did, however, express concern about tuition prices compared to average family incomes in the San Luis Valley. The ASU request (attached) is summarized below.

STAFF ANALYSIS

Adams State University is requesting authority to increase resident tuition rates by 16 percent in FY 2013-14. ASU is counting on adequate state funding increases in FY 2014-15 and FY 2015-16 to be able to hold tuition increases at 9 percent in those years. If state funding does not increase next year, ASU will request tuition setting authority above 9 percent at that time.

The dollar increase for a full time resident ASU student next year would be \$618 or \$25 per credit hour. A specific part of the ASU request is to convert \$17.36 per credit hour in "permanent" student fees into tuition because of changes in technology and controlled maintenance of campus facilities. Like Metro State, ASU found that some student fees are more appropriately characterized as tuition.

Another part of the request is to increase the tuition differential in the ASU Nursing Program by 35 percent to deal with higher program costs and a 20 student enrollment cap. The ASU plan outlines the nursing differential increase as one-time and is not requesting additional Nursing Program tuition increases in FY2014-15 and FY 2015-16. In reviewing the ASU Nursing Program costs, DHE found that even with this tuition change ASU will remain the lowest cost nursing program among the four year institutions at \$4,456 per year.

Despite recent reductions in federal student aid, Adams State has been successful in keeping enrollment up and expanding cash funded programs such as distance learning and graduate education. Cash programs are a key component of ASUs strategy for holding tuition down to reasonable levels in future years.

The centerpiece of ASU's plan to support students and reduce student debt is called "Finish in Four," a plan designed to encourage students to take more credit hours per semester and stay on track to graduate on time. In recent years ASU has shown success in increasing the number of credit hours taken with this program. Finally, in response to the fluctuations in federal PELL which is especially important to Adams State, a new program is being considered specifically to assist local San Luis Valley students during the remaining period of tuition flexibility.

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.

*Adams State University Tuition Setting Authority Request

REVISED 3-1-13

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

- 1. ASU is requesting the authority to increase resident undergraduate tuition by 16 percent in FY 2013-14 and will seek approval to increase tuition by more than 9 percent in FY 2014-15 and FY 2015-16 if needed.
- 2. ASU is requesting the authority for a one-time increase of \$65 per credit hour for the Nursing Program,
- 3. ASU is seeking approval of the Financial and Accountability Plan and tuition setting flexibility through FY 2015-16.

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

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