

ASU Financial Accountability Plan (FAP) Q&A

1. The ASU request for a 16 percent increase in FY 2013-14 drops to a 9 percent increase in the outyears of tuition flexibility. It appears that this drop is contingent on a substantial additional increase in state investment. Please explain the interaction of state funding levels to the tuition flexibility requested by ASU through FY 2015-16. Does ASU anticipate coming back to request flexibility next year?

ASU Response: Continued restoration of state support is required or ASU will have to further modify the resident undergraduate tuition request for the final two years of the flexibility period. In order to cap the tuition increase at 9% for the final two years, the percentage increase of state support needed is 4.1% for FY2014-15 and 1.4% for FY2015-16. If this additional state support is not available in those years, ASU would have to raise tuition by 16% in FY14-15 and 12% in FY15-16.

2. Part of the ASU request is a conversion of “permanent” fees to tuition. Please describe which fees are being converted to tuition and the net impact to students. Does this reduce tuition levels requested?

ASU Response: A portion of the capital fee that is earmarked for controlled maintenance, equipment replacement, and technology replacement would be converted to tuition. It equates to \$17.36/cr. hr. and applies to all on-campus students, including graduate students. Students will not see an increase in their tuition and fee bill. The change allows for more budgeting flexibility.

3. Please help us understand the fluctuation of cash reserves throughout the year in the on the chart on page 3. Under the tuition levels requested, what would be the impact on reserves through FY 2015-16?

ASU Response: The peaks and valleys represent the institution’s cash flow. The peaks in August, January, and May result from tuition collection. As each semester progresses those tuition revenue dollars are expended on operational expense. The dip in November of 2011 was caused by a \$1.1 million cash capital outlay to acquire a classroom building from the Alamosa school district. Due to enrollment growth, we had to acquire this building to relocate our human performance and physical education program and relocate some of our general education classes. The primary reserve balance of \$1.9 million projected for June 30, 2013 will bring our reserve down to a 4% of operational expenses. If this request is approved, and enrollment remains at least flat, the FY13-14 operation budget will be balanced revenue to expense and the 4% reserve balance will be maintained.

4. ASU relies significantly on federal student aid. Please further describe the impact of recent changes in federal PELL on ASU operations and in particular tuition revenue to ASU. Have you run scenarios to show the impact on ASU under different levels of federal PELL funding?

ASU Response: The changes to the Federal Pell allocation had an enormous impact on ASU. We first noticed this with the elimination of the summer Pell grant for Summer 2012. These changes caused our summer enrollment to drop by 20% over the previous year. In the fall of 2012, we experienced an overall reduction in federal Pell dollars for the first time in more than two decades. The imposition of the lifetime eligibility limit made more than 150 ASU students ineligible for fall grants. Another 200 students, while still eligible, faced lifetime limits that made it virtually impossible for them to earn their degree. It is important to note that these changes happened so late in the enrollment process, so there was little time to work with these students to develop alternative financing arrangements.

We now monitor very carefully the number of hours completed by our Pell students and intervene to ensure that they remain on track to earn their degree. We communicate regularly with all Pell students (and their advisors) who have completed more than 450% of their lifetime eligibility to make sure they only take courses that will count toward their degree.

These changes, and the extensive face-to-face counseling they require, have dramatically increased the work load of the staff in the financial aid office and the one-stop student services center. Students wait longer for help, and there are more students who simply don't have the financial resources (including available aid) to enroll at ASU. They have no choice but to save their money and return at a later semester. This was not the case as recently as three years ago.

5. Describe the efforts to improve cash revenue to ASU and in particular with respect to graduate programs and distance learning programs. What are the projections for the future of these programs and what is the relationship to "traditional" undergraduate operations?

ASU Response: Adams has always been a very progressive enterprise. Four years ago, with massive state budget cuts on the horizon, ASU saw the need to further pursue alternative revenue streams.

We used our existing extended studies infrastructure, which serves over 18,000 students annually, to expand into the undergraduate online market. This added a new product into an already diverse portfolio, which includes professional development, brokered programs, print based correspondence courses and degrees, and a robust prison

ASU FAP Reauthorization Q&A

education program. In 2012 extended studies contributed \$1.2 million in revenue to support the on-campus undergraduate operation. They also contributed \$575,000 in cash reserves toward the east campus classroom building acquisition.

We also saw the need to revamp our graduate programs. In order to better serve place bound students, we aggressively converted existing programs into online and hybrid models. We also dramatically changed our pricing structure in order to capture larger net returns. Tuition rates in existing programs were more than doubled and a business model was developed for new programs requiring a net return of 30%+. Last fiscal year these programs generated \$1.2 million of new net revenue that was used to support the undergraduate on-campus program. It should also be noted that all of ASU's graduate programs are fully funded with tuition revenue. All state support goes toward undergraduate on-campus education.

We are not done. Beginning with the fall 2013 semester, Adams State is introducing a new adult degree completion program. ASU Mobile will offer potential students who have AA degrees or who have completed a significant amount of their general education requirements an opportunity to earn bachelors degrees in nursing, elementary education and general business in an online, cohort-based model. ASU Mobile will focus on using existing resources to reach thousands of potential students in Colorado.

6. What is the status and impact of any cost saving efforts and operational efficiencies since the initial FAP was approved?

ASU Response: During the last three years ASU has used a combination of staffing reductions(in excess of \$1.4 million), operating cuts(excess of \$500,000), and infusion of cash reserves (over \$2 million) to curtail tuition increases necessitated by state cuts.

Additional cost savings measures include:

- ASU opted out of risk management in 2011 which has saved approximately \$50,000 annually in premiums.*
- ASU faculty, staff, and administration have received only one cost of living increase equal to 2.5% over a five-year period.*
- In 2012 a 300 kW solar PV system was installed on north campus. It produces 6% of the institution's electrical needs at a 10% savings.*
- The recent completion of a \$2.7 million energy performance contract lowered ASU utility bills while reducing greenhouse emissions. The \$110,000 guaranteed annual savings financed installation of more efficient plumbing fixtures, over 10,000 light fixtures, motion sensor switches, energy efficient HVAC systems and controls*