

TOPIC: UPDATE ON DEVELOPMENT OF STATE TUITION POLICY

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I. SUMMARY

This discussion item is to update the Commission on progress related to the proposed CCHE tuition policy, as required by HB 14-1319. Based on Commission feedback at the September 3 CCHE meeting, staff developed the attached document to share the key concepts of the proposed CCHE policy with various stakeholders. This document is being used to solicit feedback. The purpose of the October 5, 2015, CCHE conference call is to review the Proposed Tuition Policy with Commissioners, provide an update on feed back to date, and keep Commissioners abreast of developments. A second conference call is scheduled for Thursday, October 15 to update the Commission on the funding allocation model and any further developments with the proposed tuition policy. The Commission will take action on the proposed tuition policy at its October 29, 2015 Commission meeting.

BACKGROUND

HB 14-1319 tasked the Colorado Commission on Higher Education (CCHE) with developing a new performance-based allocation model by January 15, 2015, to allocate State funds to public institutions of higher education. The legislation also directed CCHE to submit to the General Assembly by November 1, 2015, a tuition policy recommendation that ensures both accessible and affordable higher education for Colorado residents, while reflecting the level of state funding for institutions and the need of each institution to enhance the financial position of the institution.

As part of the implementation plan for HB 14-1319, the Department established a Cost Driver and Analysis Expert Team to provide the CCHE with a thorough analysis of what is driving costs of higher education in Colorado. Additionally, the topic of the CCHE's annual retreat, which was held August 6-7, was "affordability" with the primary goal of formulating a preliminary tuition policy. At its September 3 meeting, CCHE received a presentation from staff and provided additional direction for the development of the proposed policy.

II. STAFF ANALYSIS

N/A

III. STAFF RECOMMENDATIONS

This item is for discussion only; there is no recommendation at this time.

IV. STATUTORY AUTHORITY

§23-18-306(5) The General Assembly finds and declares that it is vital that Colorado's higher education system is accessible and affordable for all Coloradans. The institutions' tuition policies are an important component of ensuring both the affordability and sustainability of Colorado's higher education system. With the expiration of tuition policies implemented pursuant to recent legislation, it is imperative that the commission and the governing boards of state institutions of higher education, as well as other interested parties, work cooperatively to structure an ongoing tuition policy for the state. Therefore, by November 1, 2015, the commission shall submit to the joint budget committee and to the education committees of the House of Representatives and the senate tuition policies that ensure both accessible and affordable higher education for Colorado's residents. The tuition policies must also reflect the level of state funding for institutions and the need of each institution to enhance the quality of educational programs and offerings and strengthen the financial position of the institution. The commission shall develop the tuition policy recommendations in consultation with the governing boards of the institutions and other interested parties using an inclusive and transparent process.

ATTACHMENT(S):

- CCHE Proposed Tuition Policy



Proposed Tuition Policy

Colorado Commission on Higher Education
Conference Call
October 5, 2015



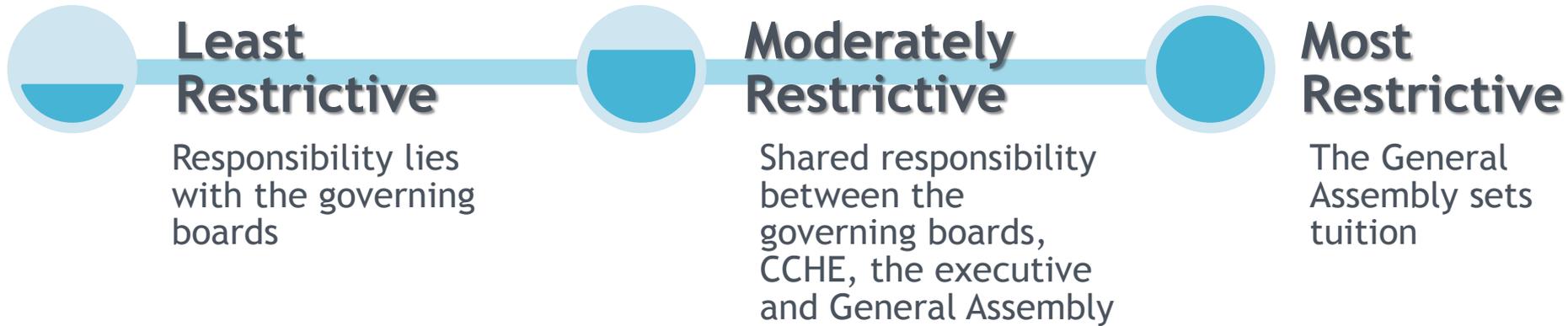
COLORADO
Department of
Higher Education

The Statutory Charge

Charge to Develop Tuition Policies Pursuant to H.B. 14-1319

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Tuition Policy Background: Roles and Responsibilities



Tuition Policy Background: The History of Tuition Policy in Colorado

**FY 1999-00 to
FY 2009-10**

Restrictions on tuition increases were detailed in a footnote to the Long Bill (tuition revenue appropriated)

Authority to raise tuition rates for resident-undergraduate students up to 9% and exceed with CCHE approval

**FY 2010-11 to
FY 2013-14**

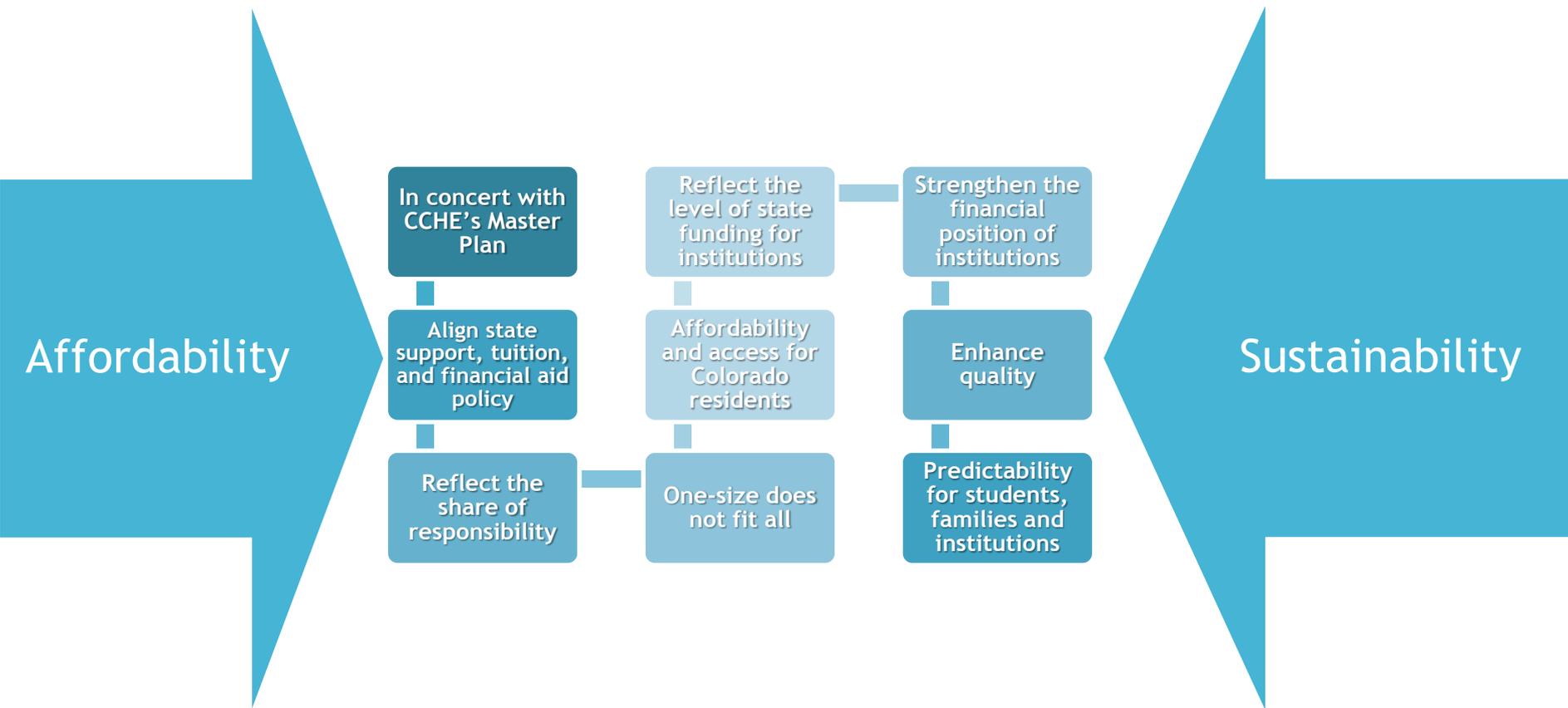
**FY 2014-15 to
FY 2015-16**

Resident undergraduate tuition rate increases capped at 6%

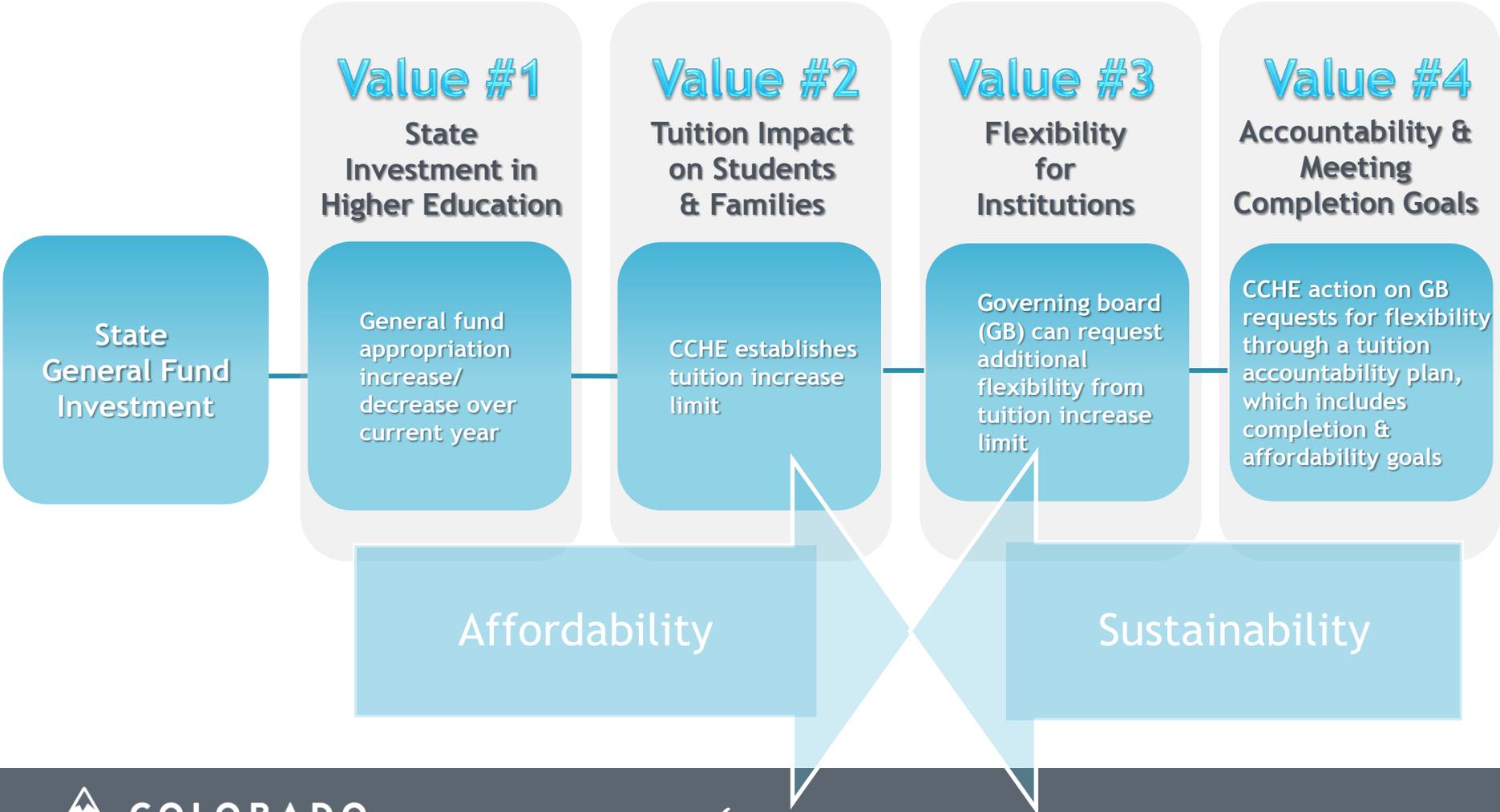
FY 2016-17

Restrictions on tuition increases to be detailed in a footnote to the Long Bill (tuition revenue appropriated)

Tuition Policy Background: Principles



Proposed Tuition Policy: Philosophy and Values



Proposed Tuition Policy:

Conditions for Establishing a Tuition Increase Limit

State appropriations are the key incentive to keep tuition low and play the biggest role in the tuition rate charged.

-State Tuition, Fees, and Financial Assistance Policies for Public Colleges and Universities: 2012-13, State Higher Education Executive Officers (SHEEO)



Increase in general fund support

- Establish:
 - Tuition increase limit
 - Level of governing board flexibility from tuition limit

General fund support is flat or declining

- Establish:
 - If there should be a tuition increase limit; and if so, determine the limit
 - Level of governing board flexibility from tuition limit

Proposed Tuition Policy:

CCHE Establishes Tuition Increase Limit

Value #2

Tuition Impact
on Students
& Families

CCHE establishes
tuition increase
limit

Institutional Costs

- Inflationary indices (CPI, HECA, HEPI, etc.)
- Inflation plus enrollment
- Enhancing Quality and investments

Affordability

- Change in median family income
- Change in Median Hourly Wage
- Ability to pay

Politics

- Restriction on increases (cap)
- Flexibility for institutions

Proposed Tuition Policy:

CCHE Establishes Tuition Increase Limit

Value #2

Tuition Impact
on Students
& Families

CCHE establishes
tuition increase
limit

Example #1



Example #2

IF
General
fund
growth
above X



Example #3

If
General
fund
growth



What if
general fund
appropriation
is flat or
declining?

Proposed Tuition Policy:

Approaches to Determining Tuition Increase Limit



Rate Limit

Under a rate limit the price of tuition cannot grow beyond a specified rate. For example, assuming a rate limit of 5%, a tuition rate for a full-time student of \$4,000 in year A would increase to a maximum tuition price of \$4,200 in year B.

Revenue Limit

Under a revenue limit the growth in the price of tuition is not explicitly stated, instead the income growth an institution can generate from tuition is limited.

\$ Limit

Under a dollar limit the price of tuition cannot grow beyond a specified amount. This allows for greater flexibility among institutions. For example, assuming a \$500 limit, and depending on base tuition levels, one institution could raise tuition by 5% while another institution could raise tuition by 10%.

Proposed Tuition Policy: Flexibility for Institutions

Value #3

Flexibility for Institutions

Governing board (GB) can request additional flexibility from tuition increase limit



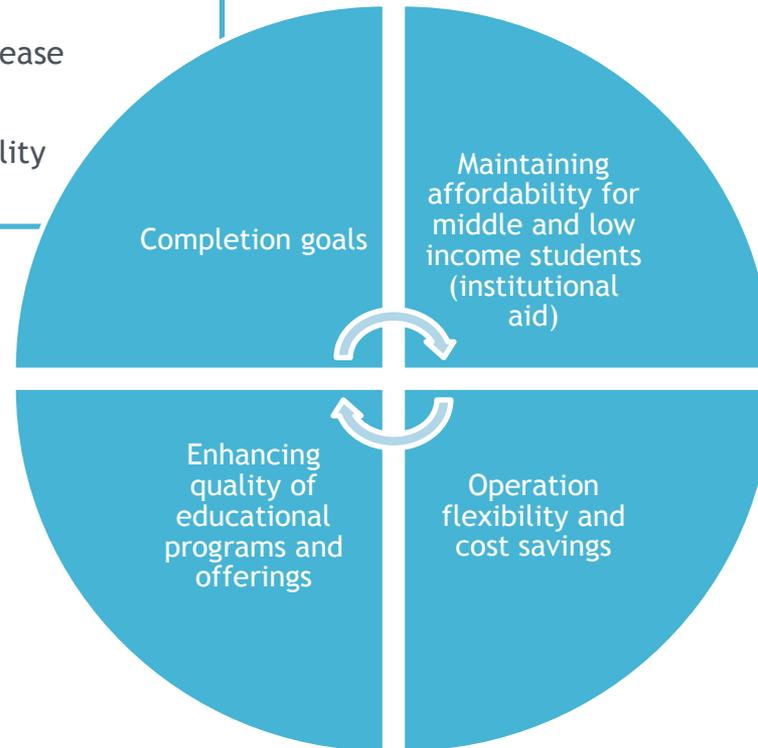
Proposed Tuition Policy: Accountability & Meeting Completion Goals

Value #4

Accountability & Meeting Completion Goals

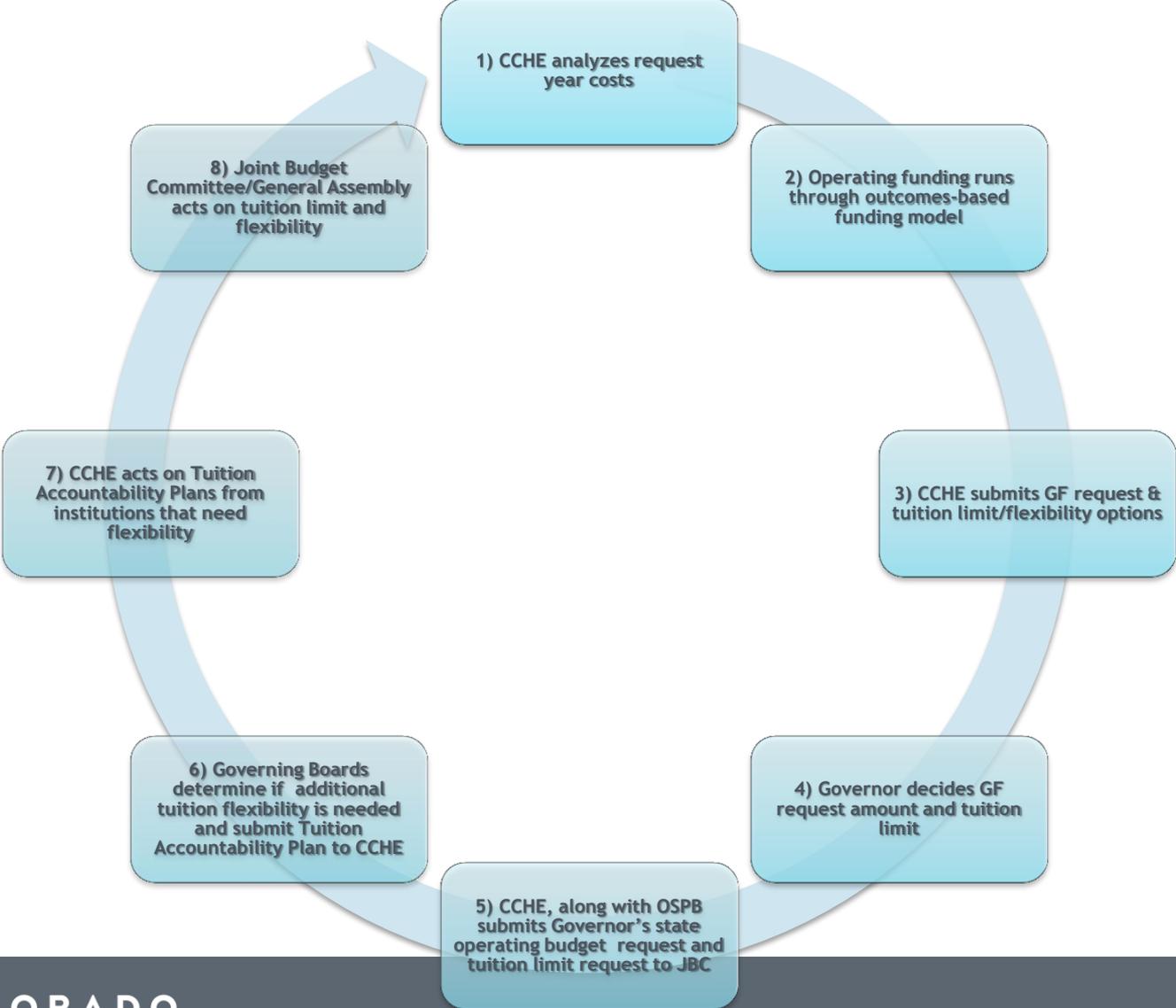
CCHE action on GB requests for flexibility through a tuition accountability plan, which includes completion & affordability goals

- CCHE action on request for tuition increase flexibility (Tuition Accountability Plan)

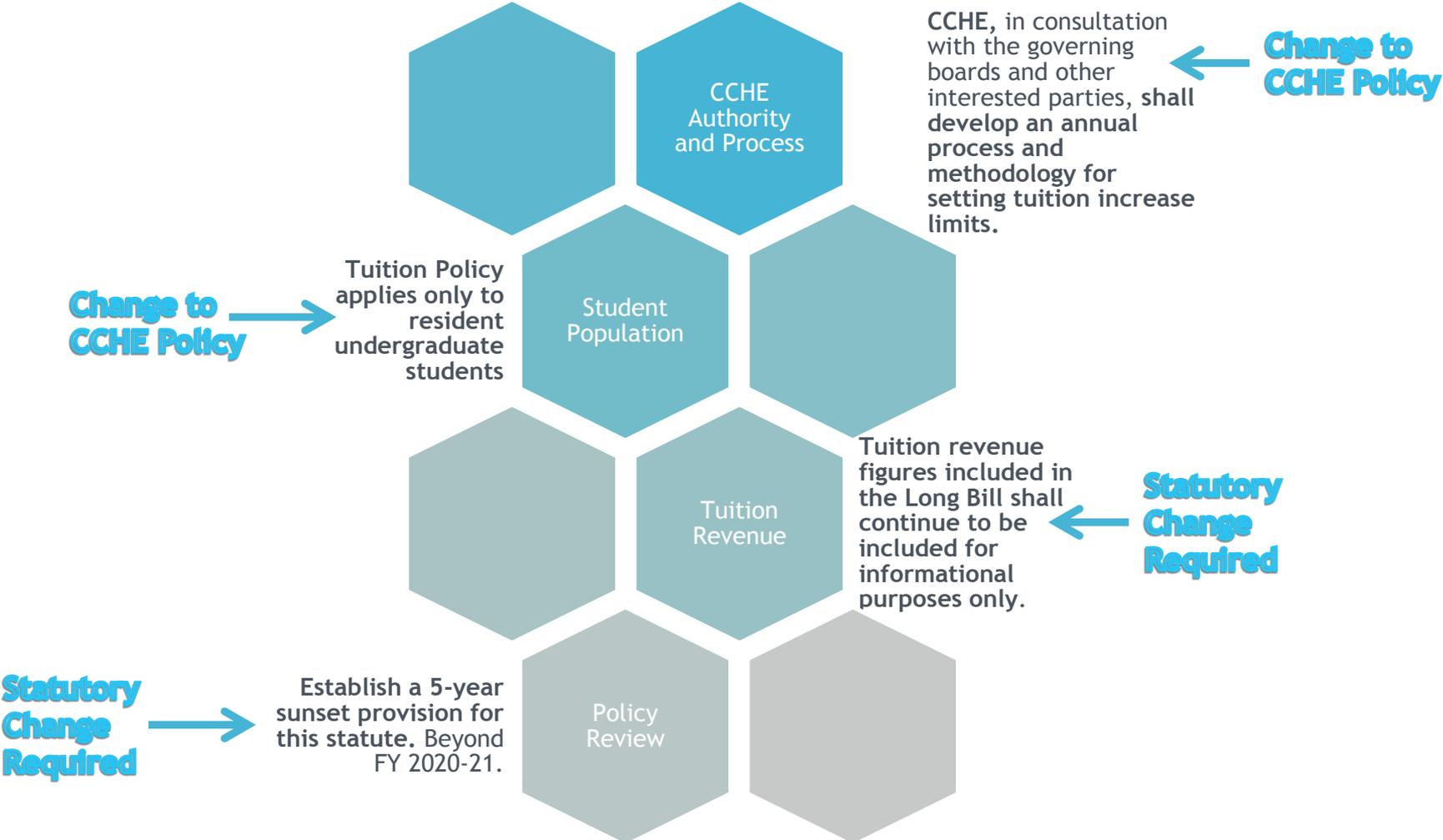


Tuition Policy Framework:

CCHE Business Cycle Approach to Tuition Policy



Proposed Tuition Policy: Developing and Implementing CCHE Tuition Policy



Tuition Policy: Next Steps

September 9	CCHE Standing Committee on Fiscal Affairs and Audit
September 15	CFO Meeting
September 24	CEO Meeting
Sept /Oct	Meetings with OSPB and Governor
Sept/Oct	Meetings with Key Legislators, especially JBC members
October 5	CCHE Conference Call - Update on Tuition Policy
October 8-9	Governing Board Summit
October 14	CCHE Standing Committee on Fiscal Affairs and Audit
October 15	CCHE Conference Call - Update on Allocations and Tuition
October 20	CFO Meeting
October 22	CEO Meeting
October 29	CCHE Meeting - Action on Funding Allocations and Tuition Policy Recommendation