

Higher Education Strategic Planning Group Short-Term Recommendation Related to Higher Education Funding

“Student Access Tuition Model”

March 5, 2010

The Higher Education Strategic Planning Group (“HESP”) was asked to consider and, if possible, make a proposal for a short-term measure to address the current funding challenges faced by the higher education system. According to its charge, the HESP submits the following proposal to Governor Ritter and the Colorado Commission on Higher Education (“CCHHE”).

This recommendation is submitted in terms of key principles, recognizing that implementation of these principles would require action by the Governor, General Assembly and the CCHHE.

The core of the recommendation is to permit the CCHHE to grant Colorado higher education institutions greater tuition and operational flexibility to help offset the projected impact of reduced state revenues and the loss of federal funds across the system in FY 2011-12. Any tuition rate increases above 9 percent must be contingent upon the institution demonstrating measures to protect affordability and accessibility for Colorado’s low and middle income students and families.

More specifically, the recommendation would allow publicly funded higher education institutions to develop and submit four-year financial and accountability plans (“plan”) to the CCHHE that incorporate a tuition increase and greater operational flexibility at the institution for FY 2011-12 and FY 2012-13. The CCHHE would have the authority to approve the institution plans in time to be included as part of the FY 2011-12 budget subject to the following:

1. The plan should clearly demonstrate that requested tuition rate increases greater than 9 percent will protect low and middle income students and families. The plan should consider financial aid from all sources: federal, state, institutional and private. The plan should also seek to minimize student debt load.
2. While a four-year financial and accountability plan is envisioned, CCHHE should be given the authority to allow for tuition and operational flexibility for a two year period. To the extent that authority is given to CCHHE to go beyond two years, flexibility approval should be reconsidered every two years by the CCHHE based upon the institution’s performance in meeting the obligations set forth in its plan during the prior two years.
3. Not all institutions are similarly positioned to be able to increase tuition, nor deal with the impact of the decreases in state and federal revenue. In those cases, the following principles should apply:
 - The Governor’s Office, the Department, and the CCHHE should work with the institutions to develop a methodology for allocating available revenues to reduce the impact on institutions with less ability to increase tuition,
 - The state should consider allocating a portion of available revenues “off-the-top” for need-based financial aid,
 - In allocating available revenues the state should take a “system-wide” approach to avoid suspending campus operations or closing institutions.
4. If an institution chooses to seek operational flexibilities as a part of the plan, it should clearly demonstrate how the operational flexibilities will create savings, efficiencies or service improvements for the institution, Governing Boards, and/or higher education system as a whole. Cost savings realized through operational flexibilities should also be cost neutral to the rest of state government.

As noted, this proposal is intended to be short-term in nature. The HESP recognizes that it has significant work before it for the better part of this year. That work includes: considering proposals for a long term model for higher education sustainability; reviewing the mission and governance structure of the system; ensuring accessibility and accountability; and, defining higher education’s role in improving the pipeline to post-secondary success. We look forward to working with the Governor, the General Assembly, the CCHHE and all of the many stakeholders dedicated to the future of Colorado’s system of higher education.

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