

Financial Accountability Plan
Colorado State University
System

SECTION I: Process for Development of the FAP

The Board of Governors adopted a five-year strategic plan in February 2010, *Our Commitment to Building a Stronger Colorado*, acknowledging the economic uncertainty facing the state and the campuses and recognizing that a strategic long-term plan is essential to our system's future success. As a major economic engine in Colorado, the CSU system is focused on growing the state's economy. The plan has four initiatives that build on efforts already underway at Colorado State University, Colorado State University-Pueblo and Colorado State University Global Campus along with the system's commitment to finding a sustainable funding source for Colorado's public higher education system.

The Board of Governors recognize that going forward, the system must expand current revenues and identify additional revenue sources to offset the decline in state support and to make certain that the CSU System can respond to the demands of an ever-changing job market while providing a nationally competitive education for its students. This Financial Accountability Plan (FAP) reflects the goals outlined in the system's strategic plan and approval of the plan will support the initiatives, goals and strategies of the campuses.

Through the development of the FAP, the Board of Governors is seeking permission to consider additional tuition increases above 9% with a commitment to increased quality and availability of academic offerings along with improving student access through increased scholarship opportunities. Our goal is to protect and improve the value of a Colorado State University System degree and increase access and availability of academic programs to current and future students.

The FAP allows the board to deliver its long term vision while aggressively positioning our institutions to succeed in light of the economic obstacles they continue to face. The FAP is a critical part of the success of the board's strategic plan over the next five years.

Each campus FAP was put through the traditional campus budgetary review process that begins in the fall each year. This process brings together faculty, students, and administrators in various forums and retreats to discuss the strategies that are needed to move the universities forward.

Input from deans, department heads, faculty and students are sought out and their suggestions and comments incorporated into the yearly plans. With the current problems with the state fulfilling its promise to pay one-third of the cost the education of a resident student and the rapid withdrawal of funding that looms on the horizon these discussions have taken on a multi-year approach. Campus constituencies have engaged in a review of what happens should state funding begin to decline over an unspecified time. All have generally agreed that maintaining a strong learning environment with high quality faculty is of the highest priority.

Colorado State University Process

Inspired by its land-grant heritage, Colorado State University is committed to excellence, setting the standard for public research universities in teaching, research, service, and extension of educational knowledge for the benefit of Colorado, the United States, and the world. CSU is also committed to access and ensuring all Colorado students who are qualified to attend one of the world's best public research universities have the opportunity to do so. This Financial Accountability Plan takes into consideration the resources necessary to maintain excellence in all aspects of our operations.

This plan parallels our ongoing budget discussions for FY12 and our current analysis of the impact state budget reductions will have on higher education and CSU. In early July, we developed a skeleton version of our FY12 budget, taking into consideration funding forecasts, including the loss of the remaining component of the American Recovery and Reinvestment Act (ARRA) funds of approximately \$16.6M, the potential for tuition increases beyond the previous 9% limitation, and other existing commitments.

This skeleton budget, including related tuition options, was discussed at the following meetings within our campus community. These discussions provide opportunity for faculty, staff, and students to offer feedback on the strategies for developing a comprehensive and responsive financial plan:

- **Faculty Council Committee on Strategic and Financial Planning--July 27 and Sept. 13, 2010**
Membership on this committee comprises representatives from each of the eight colleges, the Chair of the Classified Personnel Council, the Chair of the Administrative Professional Council, an undergraduate student representative from the Associated Students of Colorado State University (ASCSU), a graduate student representative from the Graduate Student Council, and members of the Provost's Office. The Associate Vice President of Finance and Budgets is an ex officio member.
- **Faculty Council—Sept. 7, 2010**
The membership of this body is elected from the regular faculty of the institution, and it is the formal body that approves curricular and Faculty Manual changes, subject to Board approvals, in our system of shared governance.
- **Colorado State University System Board of Governors-- August 10 and Sept. 9, 2010**
The faculty representative and President of ASCSU are non-voting members of the Board and were present for these meetings.
- **Combined Council of Deans and the President's Cabinet Fall Retreat, August 24, 2010.**

Included the academic deans, all vice presidents, vice provosts, the director of athletics, and chair of Faculty Council.

- **Academic Affairs Committee of the Board of Governors of the CSU System, Sept. 14, 2010.**

- **Fall Leadership Forum, September 16-17, 2010.**

Participants included both the President and the Vice President of the Associated Students of Colorado State University (ASCSU), the head of the Graduate Student Council, all college deans and academic department heads, members of the President's Cabinet, and other invited guests.

- **Associated Students of Colorado State University, scheduled meeting October 20, 2010.**

President Frank will meet with the student senate to review budget and tuition planning and gather feedback on options under consideration.

Colorado State University – Pueblo Process

As a premier regional university focused on quality education, Colorado State University – Pueblo (CSU-P) is dedicated to helping and educating a diverse student population. In the last three years, the university has become the fastest growing university in new enrollment in the state. CSU-Pueblo has one of the most diverse student populations of any university in the state or region. Many of the students are first generation higher education customers who require a higher level of service to succeed. The growth in enrollment, while commendable, is not sustainable without state funding to provide the necessary level of services and to accept and retain students.

The university has held the following forums to receive input from various constituencies regarding what to do with tuition in order to keep the mission of the school alive. An initial draft budget, including related tuition options, has been discussed at the following meetings within the campus community. These forums have allowed faculty, staff, and student representatives to offer feedback on the strategies for developing a comprehensive multi-year fiscal plan for the university:

- **Strategic Budget Advisory Committee, September and early October, 2010**

The committee consists of deans, department heads, the President, administrators, faculty and the student body president. It is the central review committee for the campus where funding and other issues are brought before the committee and discussed. Similar to CSU, the advice and suggestions from the committee are thoroughly reviewed and many of the items are incorporated into a draft budget.

This fall, the multi-year approach to tuition was discussed with the committee. The potential reduction in state funding and the need to maintain university standards both were discussed and debated by the committee. While the debate was lively, most in the room recognized the need to increase tuition over several years to maintain a quality learning environment.

- **University Budget Board**

This is a faculty advisory committee to the President. The chair of the University Budget Board sits on the Strategic Budget Advisory Committee.

- **Open Campus Finance and Budget Presentation**

As part of the fall 2010 semester opening week activities, the first of four scheduled finance and budget forums was held to present historical and current financial information and future budget issues to the campus community. Future presentations are scheduled for October 2010, January 2011, and March 2011.

SECTION II: Required Tuition Increase

Currently, the CSU system relies upon a number of sources of revenue to support its \$950M + budget, such as revenues from unrestricted and restricted funding sources as well as auxiliary enterprises. State general funds and tuition make up the unrestricted portion of the system budget which goes to support the educational mission of the institutions. Tuition revenue is the largest unrestricted revenue source for the system and it must grow over the next five years to continue to support the educational mission of our institutions.

With a 23% reduction in state support from fiscal year 2009 (\$146.5M) to fiscal year 2011 (\$113.3M) and further reductions being discussed, the time to act must be now. While this reduction has been delayed using federal stimulus funds, the next several years will be challenging.

This Financial Accountability Plan is an initial request to the Colorado Commission on Higher Education to provide greater tuition flexibility as the actual determination of tuition rates and increases by the Board of Governors will not occur until next spring. Actual tuition rates will be dependent on the level of state funding for higher education in fiscal year 2012 and 2013.

As the system continues to work collaboratively with other governing boards and higher education leadership throughout the state on a sustainable funding source for public higher education, an immediate injection of replacement funds is imperative to our institutions. An increase in tuition revenue will allow the campuses to maintain program quality, address

employee salary and benefit issues, and make progress toward achieving the system’s strategic goals including significant investments in financial aid. While the use of funds for FY12 are preliminary and the budget development process will continue until May, the table below shows a draft FY12 budget for new revenues and expenses. After factoring in the loss of ARRA funds into the FY12 budget, the tuition plan proposed in the FAP would generate an additional \$11M in new revenues.

Revenues

Tuition Revenues Generated as Proposed in FAP	\$29.0M
Loss of Federal ARRA Funds	(\$18.0)M
Total – New Revenues	<u>\$11.0M</u>

Expenses

Financial Aid Increases Necessary to Maintain Access	\$9.0M
Mandatory Cost – Insurance, Risk Management, Controlled Maintenance, etc	\$2.0M
Internal Quality Improvements – Strategic Plan Investments	\$7.0M
Faculty/Salary Increase	\$3.0M
Unit Expense Reductions	(\$10.0)M
Total – New Expenses	<u>\$11.0M</u>

The FY12 budget plan will allow for a fairly small investment of \$7M for quality initiatives on both campuses such as academic program investments, funds to support increased instructional costs, and student success and retention initiatives. The budget also includes a modest increase in salaries for faculty and staff (1% at CSU and up to 3% at CSU-Pueblo depending on enrollment increases), who have experienced increases in PERA coupled with no salary adjustments for the past three-years. Of the \$29M generated by the proposed plan, nearly a third of the increase will go towards financial aid to fulfill our Commitment to Colorado pledge of access and affordability for low and middle class students. Without approval of the FAP, further reductions will be necessary and the proposed salary increase may need to be eliminated.

It is not a windfall of funding generated at the expense of resident students but rather allows the campuses to implement a stable long-term plan that incorporates funding for both mandatory costs and quality initiatives.

Tuition rates for Colorado State University and Colorado State University-Pueblo are far below the level of competing universities. If granted additional flexibility, resident tuition rates at CSU and CSU-Pueblo still will be nearly 20% lower than their peer institutions. Coloradans will be able to obtain a world class degree at a reasonable price.

The requested increases will help replace the loss of federal stimulus funds and reduce the amount of budget reductions necessary to balance our budget and pay for mandatory and badly needed operating increases.

Without approval of the proposed tuition changes, little budgetary flexibility will exist at any level within the system. Adequate funding will not exist to maintain an infrastructure sufficient to provide appropriate support for teaching, research, and extension programs which are all vital to achieving the mission of our institutions and to providing a world class education to the citizens of Colorado. The system must have sufficient resources to be successful in accomplishing the mission. Each campus has proposed a five-year plan that will enable the campus to accomplish its mission with excellence.

Colorado State University Tuition Concepts

The Board of Governors would like the option to consider a tuition rate increase in lieu of the statutorily authorized (9%) for FY12 which may be necessary to continue to uphold CSU's land-grant mission, address 3 years of no salary increases for staff, and manage potential state funding reductions. From July 1, 2010, through June 30, 2012, Colorado State University will have experienced a total reduction in state funding of approximately \$30M or 23%. In addition to these reductions, the University has lost state funding for controlled maintenance as well as funding increases to cover mandatory costs such as salary increases, workers compensation, property insurance, and enrollment. To the extent these costs continue to rise or are unavoidable, the University will have to rely on increases in tuition to cover such costs. We will continue to make adjustments to our financial aid portfolio to ensure access and affordability to low- and middle income, first generation, and underserved/underrepresented students, as discussed in Sections III and V.

The total net increase in resident undergraduate tuition income for FY12 is estimated to be approximately \$16M to \$24M, depending on the outcome of our evaluation of differential tuition models. The total net increase in each year from FY13 through FY16 is estimated to be between \$9M and \$16M, depending on enrollment. In the event additional state reductions are applied to CSU above the approximate \$16.6M current reduction, tuition rates will be adjusted upward to backfill the revenue shortfall.

The requested flexibility for FY12 will be the result of changing two separate tuition components. The first component relates to the closure of the credit hour gap that exists at CSU. Currently, CSU's full-time tuition rate is based on ten (10) credit hours, making the University an outlier among Colorado colleges and universities. We are asking for flexibility to consider moving this up to 12 credit hours, which would translate to an additional \$525 in tuition per semester or almost 20%. Students taking 10 or fewer credit hours will not experience an

increase in their tuition based on the credit hour closure. By making this change, CSU will be brought into alignment with other Colorado institutions and specifically other research universities. The full-time student credit hour basis for the Colorado School of Mines is 15 credits; University of Colorado at Boulder is 11 credits; University of Colorado Denver is 12 credits; University of Northern Colorado is 12 credits; Mesa State College is 12 credits; and Metropolitan State College of Denver is 12 credits. Colorado State University-Pueblo is also 12 credits.

The second piece of flexibility we are requesting involves implementation of a more comprehensive differential tuition plan. CSU already has implemented some forms of differential tuition. As you are aware, we use these in high demand or high cost programs to help cover expenses and improve program quality. We have been modeling several different options for a more comprehensive plan and are now in the midst of evaluating each option. Prior to determining the most appropriate model, each college will solicit feedback from students, parents, faculty, and staff. Once the appropriate model is determined, CSU plans to ask the Board of Governors for approval and phase in this component over multiple years. Based on a full-time load, and depending on a student’s course of study, the differential tuition amount might range from \$10 up to \$100 per credit hour for expensive programs. A full 100 percent of the estimated \$4M-\$8M generated through differential tuition would be returned to academic programs. The funds would be used to maintain quality and improve the programs serviced by the differential.

Subsequent to FY 2012, assuming no further reductions in state funding, CSU is requesting flexibility to raise tuition by no more than 12% per year in years FY13 through FY16. However, depending on the economic conditions of the state forecasted for FY 2013 and beyond, the CSU System may have to seek additional flexibility as allowed in statute. The chart below shows the proposed rate increase for FY12 through FY16. It does not reflect the potential change to our differential tuition rate.

Full-Time Resident Tuition Rate	FY11	FY12	FY13	FY14	FY15	FY16
Proposed Rate	\$5,253	\$6,304	\$7,060	\$7,908	\$8,857	\$9,919
\$ Increase Over Previous Yr		\$1,051	\$756	\$847	\$949	\$1,063
% Increase Over Previous Yr		20%	12%	12%	12%	12%

Per Credit Hour Resident Tuition Rate	FY11	FY12	FY13	FY14	FY15	FY16
Proposed Rate	\$263	\$287	\$321	\$360	\$403	\$451
\$ Increase Over Previous Yr		\$24	\$34	\$39	\$43	\$48
% Increase Over Previous Yr		9%	12%	12%	12%	12%

Colorado State University – Pueblo Tuition Concepts

The Board of Governors would like the flexibility to be granted to consider a tuition increase above the statutorily authorized limit of 9% for CSU-Pueblo. As with CSU, from July 1, 2010, through June 30, 2012, Colorado State University-Pueblo will have experienced a total reduction in state funding of approximately \$4M or 23%. In addition to these reductions, the University has lost state funding for controlled maintenance as well as funding increases to cover mandatory costs such as salary increases, workers compensation, property insurance, utilities, and enrollment. To the extent these costs continue to rise or are unavoidable, the University will be forced to rely on increases in tuition to cover such costs. The university will continue to make adjustments to its financial aid portfolio to ensure access and affordability to low- and middle income, first generation, and underserved/underrepresented students, as discussed in Sections III and V.

The requested flexibility for FY12 will result from changing the current tuition structure for selected credit hour ranges. Several years ago, CSU-Pueblo was successful in closing its credit hour window and starting to charge for all credit hours sold. However, while the window was successfully closed, a “discounting” of credit hour charges above 12 was put in place so as not to discourage students from taking greater credit hour loads. Rather, the University wanted to provide an incentive to students to move through their studies at a faster pace so as to limit the amount of loans incurred while completing their degree.

The flexibility that is being requested would maintain a credit hour increase of 9% (assuming no additional reductions in General Funds) as authorized by law for resident undergraduate students taking up to 12 credit hours and then change the discounted per credit hour rate that is currently in place from \$31 per credit hour to \$100 per credit hour for credits 13-18, which is still less than the \$176 per credit hour charged for students taking 12 or fewer hours. The table below shows the requested tuition rate increases for a full-time student in FY 12. A typical student taking 15 credit hours would experience an increase of \$380 per semester or 18%, The FY12 rate increase assumes the university will receive \$14M in state support. If there are additional cuts to higher education in FY 12, the University will seek a higher credit hour rate increase to backfill the loss of general funds.

In fiscal year 2013 and beyond, the credit hour discount window from 13-18 hours may need to be closed further depending on state funding levels. Assuming state funding remains stable, CSU-Pueblo is requests the flexibility to consider tuition increases up to 12% per year in FY13 through FY 16 as shown in the table below.

Resident Tuition Rate - 12 Credit Hrs	FY11	FY12	FY13	FY14	FY15	FY16
Proposed Rate	\$3,880	\$4,229	\$4,736	\$5,305	\$5,941	\$6,654
\$ Increase Over Previous Yr		\$349	\$507	\$568	\$637	\$713
% Increase Over Previous Yr		9%	12%	12%	12%	12%

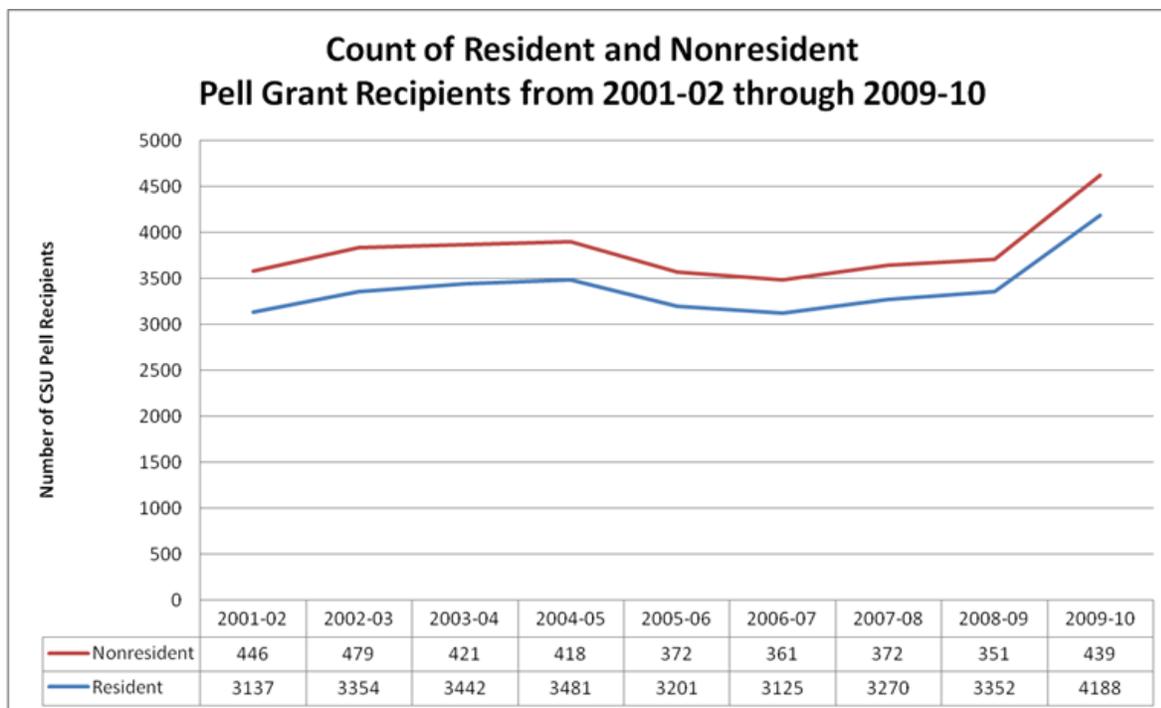
Resident Tuition Rate - 15 Credit Hrs	FY11	FY12	FY13	FY14	FY15	FY16
Proposed Rate	\$4,068	\$4,829	\$5,408	\$6,057	\$6,784	\$7,598
\$ Increase Over Previous Yr		\$761	\$579	\$649	\$727	\$814
% Increase Over Previous Yr		18.7%	12%	12%	12%	12%

SECTION III: Protection of Low and Middle Income Students

In June, the Colorado State University System announced our Commitment to Colorado, a new financial aid program to assist lower and middle-income students with tuition and fees. Qualifying resident, undergraduate students pursuing their first bachelor’s degree will receive financial aid equal to tuition and fees at each campus. Approval of the FAP will allow each campus to continue to make investments in financial aid and allow those students who may otherwise not be able to attend a CSU campus the opportunity to do so. Each campus has developed a program that meets the needs of their unique student population which are described below.

Colorado State University

The University has a commitment to provide need-based financial aid to ensure equal opportunity for qualified students whose personal or family resources are insufficient to cover the cost of college. As we increase tuition, we consistently put a portion of existing revenue into need-based aid to protect low- and middle-income students, in keeping with the state’s commitment to provide broad access to higher education. For the last several years, financial aid has been the largest discretionary portion of the University’s budget. The University is seeing an increase in the number of highly qualified, Pell Grant-eligible students with significant financial need.



For the last two years, we have addressed this need with a program of Land Grant Awards, packaging financial aid to cover full tuition and fees for Pell-eligible students. This summer, we announced a significant expansion of this effort: CSU’s Commitment to Colorado. Beginning in fall 2011, state resident students pursuing their first bachelor’s degree whose families make \$57,000 or less - the median family income in Colorado - will pay only half the standard tuition rate. Using current tuition numbers, this would be annual savings of more than \$2,600, the equivalent of getting one semester’s tuition free each academic year. Students from lower-income families who are eligible for Pell grants will not pay any tuition or fees to attend CSU, saving roughly \$6,500 annually. This program has been possible through a repackaging of existing financial aid options and private support through the ongoing Campaign for Colorado State University. Ultimately, our goal is to fund the Commitment to Colorado through private gifts.

Colorado State University - Pueblo

As part of its role and mission to provide Colorado students with access to higher education, Colorado State University - Pueblo has historically tried to ensure that financial challenges not prevent any Colorado student who is admitted to the university from attending. Continuing in this tradition, CSU-Pueblo announced its Commitment to Colorado by making this promise: Starting in Fall 2011 CSU - Pueblo will tap a variety of sources – federal, state and institutional - to cover 100 percent of the cost of base tuition and mandatory student fees for full-time Colorado resident undergraduate students who receive a Pell grant of any amount and who have a family

Adjusted Gross Income (AGI) of less than \$50,000. This is particularly significant given that the median family income for undergraduate students at CSU-Pueblo who apply for financial aid is \$42,299 and that 39% of CSU-Pueblo's resident undergraduate students receive a Pell grant. Potentially, 91% of these students will benefit from the Commitment to Colorado.

Section IV: Student Debt Load

Colorado State University and Colorado State University - Pueblo

We continue to monitor debt load and work closely with students to help them maintain a reasonable and manageable load over the course of their CSU System career. Current average debt load for CSU graduates (\$19,864) is below both the average of university peers and the national average of \$23,200. One of the most significant measures of the impact of debt load on CSU students is the default rate, and CSU's default rate for FY08 (most recent year available) is 2.0, compared to the national average at 4-year publics of 4.4. CSU plans on to continue packaging aid to students in a fashion to continue to keep this default rate low.

CSU-Pueblo graduates current debt-load is at the median of peers and about even with national averages. Now with a concerted effort to dedicate additional funds to financial aid over the course of several years and push students to graduate on-time this average should be reduced. One of the methods being employed to get students to graduate faster is the University's unique Graduation Incentive Plan. The student signs a pledge to graduate within four years and, if successful, CSU-Pueblo refunds to them the tuition cost of their last semester. As discussed earlier, the University discounts the tuition cost for credit hours above 12 to incent students to move them through their studies at a faster pace so as to limit the amount of loans incurred while completing their degree.

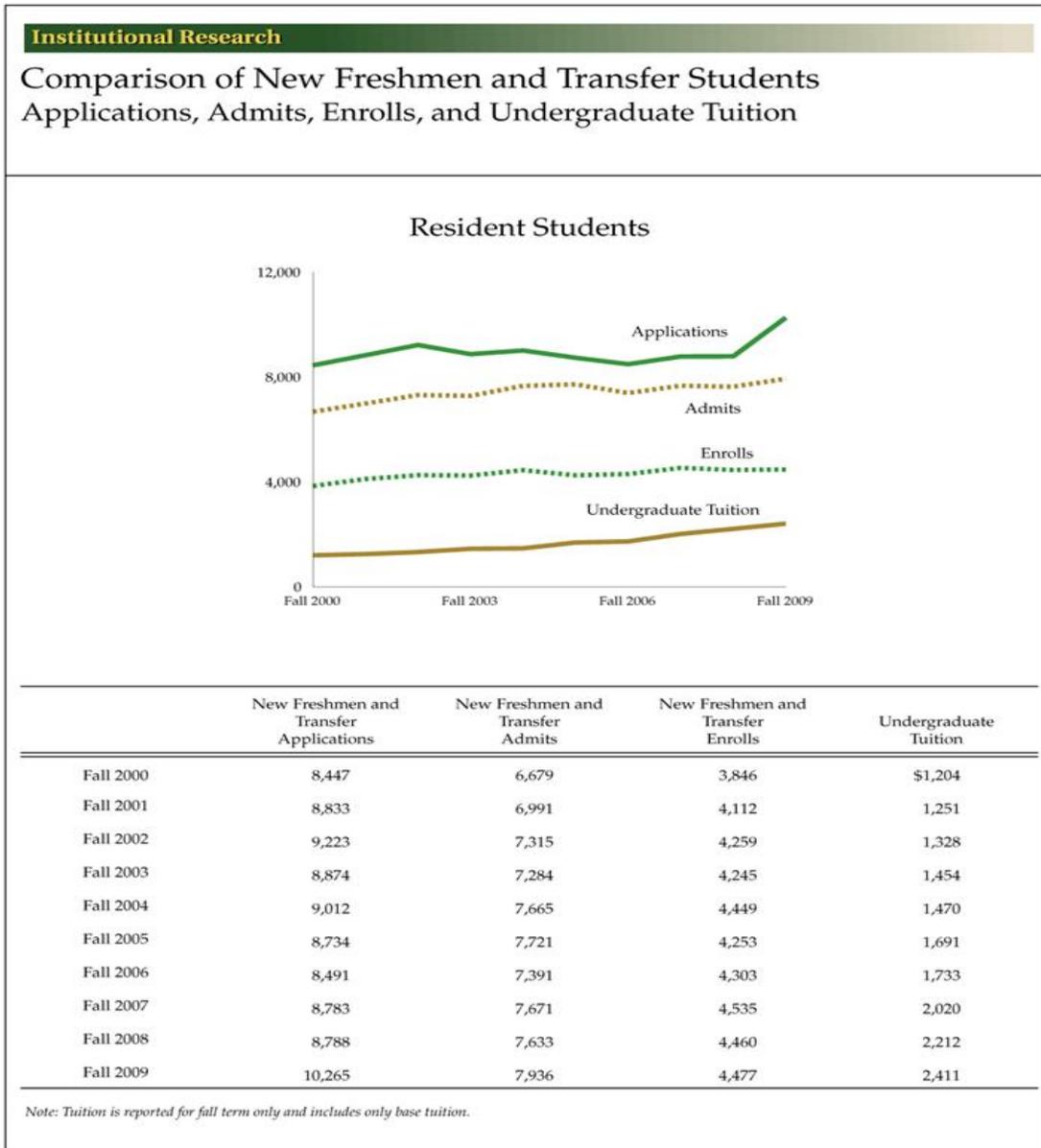
These and other efforts seek to maintain or reduce the average debt load of students in the coming years. The reality, however, is that this is dependent on the overall funding of higher education and how those funds will be generated in the future.

Section V: Address the Needs of Underserved and Underrepresented Students

Colorado State University

Colorado State in fall 2010 enrolled its largest and most diverse class in University history, and more resident Colorado students continue to choose CSU over any other university in the state. We also retained last year's freshman class at a rate of 83.9%--tying our record high retention rate set in 1992. To date, as indicated in the chart below, application and enrollment numbers

across the board have not been negatively affected by recent tuition increases, and we want to ensure that continues.



In light of its land-grant mission, CSU has long had a strong commitment to reach out to underserved and underrepresented populations to promote access to higher education. In addition to The Commitment to Colorado outlined above, the University’s outreach to these populations takes many forms, including the following current and ongoing programs:

- **The Access Center**

Colorado State University's Access Center draws together a number of pre-collegiate programs and activities targeted at developing the talents of those who have been traditionally underrepresented in higher education (first generation, low income, ethnically or racially diverse, and non-traditional age). These programs focus on promoting academic skills and motivation and supporting aspirations for college enrollment. They also help to facilitate the college application, enrollment, and student aid process.

- **Alliance Partnership**

CSU has designated a group of Alliance Partnership high schools around the state with a high percentage of underserved/underrepresented students. These include:

- Fort Lupton High School
- Adams City High School in Commerce City
- Hinkley High School in Aurora
- Sierra High School in Colorado Springs
- Central High School in Pueblo
- Rocky Ford High School
- John Mall High School in Walsenburg,
- Trinidad High School
- Centauri High School in La Jara
- Montezuma-Cortez High School in Cortez

The Alliance High School Partnership unites students, families, high school personnel, and the Colorado State University community in a common goal: to envision education beyond high school and send a greater number of Colorado students to college. Through the partnership, CSU is better able to respond to community needs and help to influence a culture in which there is an expectation of students pursuing their education beyond high school. Whether it be enhancing curriculum to improve academic rigor in the classroom, or increasing the retention of students from middle school to high school, or addressing concerns of parents and families, Colorado State strives to provide services tailored specifically to address the requests and needs of each member school.

Students from Alliance Partnership High Schools enrolling at CSU receive a base award of \$2,500 per academic year and may receive an increased award, up to the amount of Colorado resident tuition and fees, based on the student's documented financial need. This commitment to each student will continue for up to four years provided the student maintains satisfactory academic progress. A companion award is also available for Alliance high school graduates who attend a public Colorado community/junior college prior to transferring to Colorado State University. Qualified students will receive a base award of \$2,500 per academic year (for up to four years) and may receive an increased

award, up to the amount of Colorado resident tuition and fees, based on the student's documented financial need.

- **First Generation Awards**

CSU's governing board created The First Generation Award program in 1984 to encourage participation in college by first-generation college students who have significant financial need and to promote diversity within the University's student population. The selection process is competitive and only 55 are awarded each year. The award amount is up to a maximum of \$4,000 annually, and is contingent upon full time enrollment during both the fall and spring semesters. The award carries the possibility of renewal. Those eligible to apply are Colorado residents entering as freshmen or transfer students whose parents have not received a bachelor's degree and who demonstrate financial need.

- **Retention Plan**

Efforts to improve retention and graduation rates are critical to the University's commitment to enrich the undergraduate learning experience. Believing that improved retention rates are a by-product of investing resources, energy, and educational and administrative skill in talent development and institutional excellence, CSU in 2006 adopted a comprehensive plan to promote student success—a network of coordinated, systematic strategies in support of a high-quality learning experience. Implementation of this plan is ongoing and includes investments in advising services, the undergraduate experience, and proactive support for particular populations.

Colorado State University – Pueblo

CSU-Pueblo, already having one of the most diverse student populations of any university is working hard to increase retention and graduation rates. These efforts are important to ensure that underrepresented and ethnically diverse students graduate from the university and are successful. Since fall 2007, total Hispanic freshman enrollment has increased by 55% and African American freshman enrollment has increased by 198%. Also, contrary to the trend across higher education institutions in all sectors, during that time - total male freshman enrollment increased by 59%. Overall, in fall 2010, minority enrollment was 45% of the total enrollment at CSU-Pueblo. Over the past three years, while total enrollment grew by 24.2%, minority enrollment grew by 35.5% and male enrollment grew by 37.8%.

One of the challenges with a large diverse student body is structuring support systems that recognize the needs of students. This is particularly important at CSU-Pueblo where approximately one-third of the students are the first in their family to attend college. CSU-Pueblo has expended considerable time and money to improve counseling and advising services.

The university has built new student housing to improve overall living conditions for students. And, they have many more multi-cultural events now than in the past with a diverse set of speakers and community leaders sharing thoughts with students.

Expansion and establishment of multicultural clubs and activities has also helped with retention efforts. Creating a stronger quality of student life environment with the addition of football and cultural events has improved the efforts. Having a President who exudes positive support to all cultures within the region has brought the University national and regional recognition as a leader in minority education. CSU-Pueblo has experienced a large enrollment increase in the last three years and been able to slowly improve retention and graduation rates while taking on a very diverse student population. These efforts will continue.

Section VI: Operational Flexibility

As a result of the current economic environment as well as the constitutional constraints placed on the state budget, Colorado institutions have had to do more with less while continuing to provide students with a quality education. Currently, Colorado higher education institutions have one of, if not the smallest, administrative and support structures for institutions in place in the nation. We are constantly asking employees to do more with less. The CSU System is continuously evaluating ways to do business more efficiently. To date, the CSU System has identified \$55M in cost savings and avoidance, while ensuring access to all qualified students who wish to attend one of our institutions. In the coming fiscal year even with the additional flexibility requested in this report the CSU System will have to make additional reductions and cuts amounting to over \$10 million.

Based on the initial budget for FY 12, even with the proposed tuition flexibility, the campuses have identified an additional \$10M in unit expense reductions to offset some of the loss in federal ARRA stimulus funds. This will mean that in the last three years the CSU System will have achieved budget reductions and cost savings amounting to almost \$70 million or 7%. The system must commit to making investments in the universities if we are to maintain academic quality and be able to recruit and retain the best faculty and students.

The operational flexibility granted in Senate Bill10-003 and House Bill 10-1181 are extremely helpful. As layoffs and operating unit reductions have occurred many employees are being asked to do more with less. As an example at the CSU System office we have downsized staff by 15% and yet the workload has increased. Each staff member has taken on more.

In order to maintain this level of workload non-essential functions must be eliminated, and the flexibility allowed in SB10-003 and HB10-1181 will allow us to begin to reduce the paperwork and signatures required across our system. With an estimated 100,000 to 150,000 authorizations

required each year we are in process of designing a system that ensures our financial integrity but reduces redundancy. Our efforts include:

- Opting out of state fiscal rules and developing a set of baseline rules that recognize sound accounting principles while eliminating unnecessary processes
- Studying opting out of the state procurement card processes and working directly with banks or other institutions to find a more profitable and responsive procurement card system
- Looking at travel rules and starting to revise requirements around how employees travel and requiring the assurance that the best price has been obtained
- Working with sister institutions across higher education to look at ways to share services and reduce costs.
- Expanding business opportunities and fund raising efforts to develop and improve other revenue streams
- Reexamining every work/operating process to squeeze out the maximum amount of efficiency possible while protecting the quality and integrity of our system.

These and numerous other efforts have all been created by the states funding dilemma and the operational flexibility granted in legislation over the last five years but most notably SB10-003. The system will continue to identify and implement operational efficiencies that will allow our institutions to generate cost savings that can offset losses in state support and minimize financial impact to our students.

Section VII: Alignment with Statewide Strategic Planning

The CSU System's Commitment to Building a Stronger Colorado from which the FAP was developed reflects many of the goals currently being discussed by the state's Higher Education Strategic Planning committee. And reflect those topics required of the new Master Plan as listed in law. A key aspect of the commitment is that the CSU System is driven by outcomes and performance similar to the performance recommendations discussed by the HESP committee. It is essential that highly desirable outcomes, such as high graduation rates, high retention rates and access to world-class degree programs be acknowledged and rewarded. Access coupled with student success and an emphasis on degree completion is essential in developing a sustainable university. Similar to the state-wide initiatives, the system is focused on producing highly qualified graduates that can enter the workforce. The CSU System plan focuses on four primary initiatives that build upon efforts underway at the campuses, and harnesses our strengths across

campuses with a lens on benefiting Colorado. It also commits to a collaborative effort for a sustainable funding source for Colorado's public higher education system.

The system's plan is outlined below.

The four initiatives of *Building a Stronger Colorado* are:

1. Ensure student satisfaction and success.

- Protecting access and affordability through CSU Commitment to Colorado
- Providing support and services students need to succeed, graduate and be successful after graduation
- Reducing student debt-load
- Increasing retention and graduation rates Improve critical thinking skills and disciplinary knowledge

2. Create financial sustainability. CSU will collaborate to find a long-term solution for a sustainable source of funding for higher education in Colorado. In doing so, the CSU community must be advocates of our contributions and value, while promoting the positive economic impact the state receives for its investment. We will continue to seek operational efficiencies, and evaluate sustainable financial models for our campuses.

3. Expand our statewide presence. Building more partnerships with Colorado communities can help increase the number of students enrolling in higher education and at CSU campuses. Through CSU Extension offices, which are in 59 of the 64 counties, we are uniquely qualified to reach and serve Coloradans statewide.

4. Transform Colorado's future. Being successful in the above three areas is fundamentally important, but we need to go farther. If we are to transform Colorado's future, we must provide an educated workforce to keep Colorado competitive, create new companies as a result of our research and discoveries, focus our research in areas that will improve the quality of life in Colorado and we will have to build a more robust pipeline of students from K-12 who pursue science, technology, engineering or math at a CSU campus, with a special emphasis on first-generation college students.