COLORADO COMMISSION ON

HIGHER EDUCATION

ACCESS TO HIGH-QUALITY, AFFORDABLE EDUCATION FOR ALL COLORADANS

FINANCIAL ACCOUNTABILITY PLAN

METROPOLITAN STATE COLLEGE OF DENVER

OCTOBER 2010

REVISED 10-29-2010

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Approved by CCHE: July 8, 2010

INTRODUCTION/RATIONALE

Senate Bill 10-03 grants Colorado institutions of higher education greater flexibility in setting tuition, while ensuring that institutions provide protection for low and middle income students.

Beginning in FY 2011-2012, those governing boards seeking increased flexibility are required to submit five-year financial accountability plans (FAPs) to the Colorado Commission on Higher Education (CCHE) for review and approval. Increased flexibility, for the purposes of this document, is defined as seeking to increase tuition rates for undergraduate students with in-state classification by more than nine percent per student or nine percent per credit hour over the tuition rate for the preceding fiscal year.

SB 10-03 requires that institutional governing boards, at a minimum, include the following in the FAP:

A. The percentage rate increase for tuition;
B. The manner in which the governing board shall ensure that access and affordability for enrollment of low and middle income students will be preserved, taking into account the availability of federal, state, institutional, and private monies;
C. Measures the institution will take to reduce student debt load, including the amount of institutional funds the governing board will allocate to need-based financial assistance;
D. How the institution will address the needs of underserved and underrepresented students;
E. Assurance that operational flexibility provided in statute will not reduce the level of service and quality.

Following submission of a FAP, the CCHE will have 90 days to review and either approve or deny the governing board's request for a tuition increase. In approving the plan, the CCHE may approve the request for two years and make the approval for the subsequent three years conditional on the governing board's success in implementing the plan. If a plan is denied, the governing board may submit an alternative plan to the CCHE in accordance with the adopted timelines. Once approved, FAPs become part of the CCHE annual budget recommendation to the Joint Budget Committee.

The CCHE will provide an additional opportunity for adjustments to approved FAPs should there be a significant change in budget projections based on the spring (2011) forecast. CCHE will not accept new FAP's during this time.

KEY DATES FOR FY 2011-2012

- CDHE public release of FAP template to institutions: **July 30, 2010**
- Governing Board/Institution Submission of FAPs to CCHE: **August 2, 2010-October 1,** 2010
- CCHE analysis/negotiation of FAPs: **August 20, 2010-October 29, 2010**
- CCHE adoption of final FAP recommendations: **December 4, 2010**
- Submission of CCHE recommendations to Joint Budget Committee: **December 10, 2010**

- March, 2011: **The CCHE will provide an additional opportunity for adjustments to approved FAP's should there be a significant change in budget projections based on the spring (2011) forecast.**

ASSUMPTIONS

1. Through this process, governing boards are requesting the authority to raise tuition up to the stated maximum declared in this FAP. It is understood that governing boards will make final tuition setting decisions during their normal budgeting process. Approval of this FAP is not an indication of final tuition rates at any given institution.
2. FY 2007-2010 institutional data are utilized in this template for the purposes of establishing baseline metrics. The CCHE will update metrics annually.
3. Data sources used to establish baseline data include Student Unit Record Data System (SURDS) and Budget Data Book (BDB).
4. The CCHE has established key dates to comply with SB 10-03 statutory requirements.
5. Governing boards/institutions will address agreed upon common metrics outlined in this template but may also provide additional data and narrative to support strategies employed by their institution(s) to ensure accessibility and affordability for underrepresented students including, at a minimum, low and middle income, first generation, and ethnic minorities during the period outlined in the FAP.
6. If applicable, list below any additional institutional/governing board assumptions utilized in the development of this FAP:

    - The College is requesting a range of tuition increases. These are based on the state appropriation approved at the September 8, 2010 CCHE meeting for a FY2012 Colorado higher education budget of $555 million and Metro State Budget of $39.15 million or a higher education budget of $500 million and a Metro State appropriation of $35 million.
    - In this model, the state appropriation remain the same for the next five years
    - Anticipate the College will restrict enrollment growth to 1.5% in FY2012 due to space constraints, and conservatively estimate a 3% enrollment growth FY2013 – FY2017.
        - Metro's enrollment is limited by available space on campus. The college is not taking action to cap or control enrollment beyond asking the student to meet application deadlines and working with the Community College system to enroll students who are in need of multiple basic skills courses. The future year growth estimates are based on the new student success building and backfill project creating available space in FY2013 and FY2014. These are conservative growth estimates, which may be greater through increases in online enrollment or if additional space becomes available.
    - Includes fee increases that are known at this time
    - No reduction to State Financial Aid
    - Metro State enrollment is approximately 97% resident undergraduate and 3% nonresident undergraduate. The data, programs and initiatives identified are for resident undergraduate students.

    - Metro made a decision to limit the total tuition increase to non-resident students to a maximum of 9%. Non-resident students represent approximately 3% of the population and currently pay over 4 times more in tuition. Non-resident students share in the conversion of the fee, by paying the same amount as a resident student, which is a significantly lower percent.
- Metro State graduate programs are 100% cash funded and they are not included in this request.

SECTION I: PROCESS FOR DEVELOPMENT OF THE FAP

Metro State strives to ensure that all of its major decisions are made in consultation with faculty, staff, and students, valued partners in the College's fulfillment of its mission, through a process of shared governance. To ensure that the development of the FAP fully employs this process of shared governance, the College is gathering input from key areas of the institution, including the Financial Exigency Committee, the President's Cabinet, the Student Body, and the Board of Trustees.

The College, as required in the Handbook for Professional Personnel, has a standing Financial Exigency Committee to address financial issues brought about by declining student enrollments, reductions in state funding, loss of other revenue sources, or other serious events that require unanticipated major expenditure reductions. The committee consists of:

- Vice President/Provost of Academic Affairs
- Vice President of Administration, Finance, and Facilities
- Faculty Senate President
- Faculty Trustee
- One Dean, elected by the deans
- One Chair, elected by the chairs
- Chair of the Program Review Committee
- Two faculty members elected from the School of Letters, Arts, and Sciences
- One faculty member elected from the School of Professional Studies
- One faculty member elected from the School of Business
- Vice President for Student Services
- Equal Opportunity Officer
- Legal Counsel (non-voting member)

The committee's role is to assist the College's president in developing a list of program priorities. This committee has played an instrumental role in vetting the FAP and possible solutions to negative fiscal scenarios to the College. Additionally, the Vice President for Administration, Finance, and Facilities is meeting with key college personnel, such as the director of financial aid, other senior vice presidents, and student leadership, to discuss the possibility of tuition increases and the impact they will have on student access and retention. This is an important process for ensuring that any recommendations made by the committee and key college personnel minimize or eliminate negative impacts to our student population.

Another method for seeking feedback is the Student Government Assembly's newly created program called the Runners. The Runners are student volunteers who meet with students on campus and in classrooms to provide updates on budgetary issues. They will also distribute two surveys of five questions related to the budget and student finances. Results of the survey will be reported to the Board of Trustees, as well as used to inform the decision making process. The Runners survey is one form of student feedback available to college leadership when discussing budgetary options for FY2012. In conjunction with the Runners program, leadership will meet with student organizations and seek input through various forms of communication.

In addition to the input sought from the different entities, the College has held several "town hall" meetings in Fiscal Years 2009 and 2010, with more planned for Fiscal Year 2011. The President's Office has also created a webpage both to provide current information on the fiscal situation of the state and College and to seek input or suggestions from the community. All information gathered from this site is shared with the Vice President of Administration, Finance, and Facilities, as well as with other key College personnel.

The College is a comprehensive, urban, non-residential institution that offers baccalaureate and selected master's degrees. With its modified open admission policy, the College welcomes students from all walks of life and circumstances, including all levels of academic preparation consistent with statutory guidelines. In addition to degree-seeking students, non-degree students seeking opportunities for continuing education are welcomed. Throughout the FAP process, College leadership has emphasized possible solutions that ensure we are able to meet this essential aspect of our mission. Some strategies discussed include the availability of institutional scholarships for the economically disadvantaged, the emphasis of a student success program to assist those students that need additional academic preparation, and continued investment in tenure/tenure track faculty.

Student success, supported in a collegial atmosphere of academic freedom, is of paramount importance, and all members of the College community seek to inspire students to strive for the highest level of future achievement. The College seeks excellence in all programs and activities and evaluates the attainment of excellence by utilizing measures focused on the knowledge, skills and understanding students gain during their educational experience with the College. A successful college experience enables students at Metro State to achieve their specific educational goals. The FAP process has centered on strategies to allow the College to continue to improve student retention and graduation, while maintaining access to new students.

The College provides students with an enriching education that leads to rewarding careers, prepares them for post graduate study, enhances the quality of their lives, and enables them to be well educated, critically-thinking citizens who contribute and participate in meaningful ways in community and civic life. Partnerships with the College's Foundation, Alumni Association, non-profit agencies and service organizations, corporations, businesses, civic and governmental agencies, as well as the community at large, assist Metro State in fulfilling its mission. Institutional priorities are established in accordance with the interests and needs of students, faculty, staff, employers, and the citizens of Colorado. The College continues to stress the importance of developing partnerships with the Metro Denver community, to help ensure that our students graduate and contribute to the local community.

On behalf of the Board of Trustees, and by the authority granted in SB10-03, Metro State has prepared and is requesting approval of the proposed FAP tuition increases.

SECTION II: REQUESTED TUITION INCREASE

Based on the assumptions outlined, Metro State is proposing a resident student tuition increase of 21% and an increase for non-resident student of 9%. This increase has been developed taking several factors into consideration including, operational needs, institutional initiatives, funds for mandated increases, and the conversion of identified student fees to tuition. The portion of this increase that is to convert existing fees to tuition was developed using a revenue neutral model. The College will propose to the Board of Trustees a conversion of the following fees: information technology and registration fee which are mandatory, as well as the course specific internet fee. The Board of Trustees will meet on November 3 to review and approve this proposal. Staff plans on presenting the recommendations to the Trustees during the fall semester, as well as providing the opportunity for dialogue from the campus community including students and governance leadership. In the event the Board does not approve the proposal to convert the identified fees, the resident tuition increase for FY2012 would become 12.5%.

The following table shows the anticipated revenue for resident students:

Metropolitan State College of Denver
Revenue Estimates (at $555 million)

	FY2010-11	FY2011-12	% Change
State Appropriation	39,778,568	39,152,048	-1.6%
Stimulus	4,289,163		-100.0%
Total	44,067,731	39,152,048	-11.2%
Tuition -- Resident			
Estimated Revenue	62,221,791		
Estimated Operating Increase		7,777,724	12.5%
Estimated Conversion from Fees		5,288,852	8.5%
Subtotal Rate Increase		13,066,576	21.0%
Estimated Resident Tuition Without Growth	62,221,791	75,288,367	21.0%
Total General Fund and Resident Tuition	106,289,522	114,440,415	7.7%
(Net transfer to Community Colleges)			

Student Fees are reduced by $5.28 million for the Fee conversion, and increased by approx. $1.75 million for the student approved third installment of the Metro Bond Fee.

In June 2009, the College implemented the budget reductions to FY2006 levels, or to the current base level of $39,778,568. This allowed the College to use the stimulus dollars for projects to improve technology and infrastructure rather than for ongoing operation expenses. The projects are designed to either improve our ability to generate revenue, avoid costs in the future or reduce costs. Although the reductions were difficult, the projects that are underway will allow the institution to be more efficient and direct funds to key initiatives to benefit our students. Following is a summary of the reduction implemented:

- The June 2009 reduction totaling $9,604,915 and 75.99 FTE include:
  - Abolish positions or reduce position funding -- $5,137,581 and 65.54 FTE
  - Change funding from State Approp. to Auxiliary -- $842,309 and 8.0 FTE
  - Cut Operating and Hourly Expenses -- $535,578
  - AHEC and Library -- $578,013
  - Eliminate Program -- $130,283 and 2.45 FTE
  - Faculty Pay for Performance Pool -- $2,166,015
  - Classified staff performance pool -- $215,136
- On July 1, 2009, the college covered the reduction balance of $329,929 from FY2010 new tuition revenue
- Total reduction $9,934,844

To determine the proposed tuition rate, the College took several factors into account. The first step was to identify the funds necessary to continue key initiatives that are designed to benefit all students, particularly students at risk. These initiatives include the First Year Success Program, increasing the number of tenure-tenure/track faculty so those lower level courses are taught by full-time faculty, scholarships and grants, and student support services. We then estimated mandated cost to the College over the next five years the primary sources taken into consideration are an annual increase to institutional scholarships equivalent to the annual tuition increase, annual PERA increases for AED and SAED, estimates for medical benefits, salary and benefit increases for classified support staff beginning in FY2013, and an estimated increase in risk management due to the addition of two Metro buildings in the near future. Additionally a factor is included for equity adjustments for faculty and administrators to assure the salaries do not drop below 85% of our peer average.

Finally, we determined the tuition rate necessary to convert student fees to tuition. As part of the process of evaluating all funding sources and identifying possible efficiencies the college is evaluating fees, as well as state appropriated program costs. The fee audit completed in the Summer of 2010 confirmed our focus and compliments our endeavors. For the mandatory information technology fee and the registration fee, the rate increase will be offset by the elimination of these student fees. For information technology and registration fee the college believes efficiencies can be achieved by using the dollars that are already available. The college is faced with significant technological infrastructure needs in all departments. In many cases faculty, students and support services are using outdated or inadequate systems. This is affecting the college’s ability to retain students, for example many students entering college are accustom to state of the art technology at the high school level. The conversion will allow the college to allocate the revenue to campus wide technological needs, including the classroom and to the faculty. The current purpose for the fee, primarily maintaining general use student labs, will continue to be maintained. In addition institution-wide information technology needs such as program specific classroom and labs can begin to be addressed. The revenue will continue to be used for information technology purposes and not for other needs. If the college does not convert the fee, it will seek student approval to expand the use of the fee which in essence makes it a general purpose fee or the same as tuition.

The internet fee is a specific fee charged only to students taking online courses. This fee was established to cover the costs of internet delivery. At the time the fee was created internet courses were not an integral portion of the curriculum. These courses are now fundamental to the delivery of education at Metro State. The fee audit and subsequent discussions focused on the need to assure that the student paying the fee receives a direct benefit from the fee. In the case of the internet fee we discovered that the students paying the fee do benefit, but advancements in technology allow all students and faculty to receive benefit. Online delivery has developed into a mainstream mode of delivery on and off of campus. As all students have the opportunity to benefit, it was determined all students should share in the cost associated with online technology. The tuition increase for this conversion is not directly offset by a student fee, but students who take an online course will see a significant savings. The fee was calculated using a revenue neutral model. The internet fee is $23.89 per credit hour, and in FY2010 approximately 66,000 CHP (or 2,200 FTES) paid the fee. In order to generate the same revenue through tuition, an increase of 2.6% resident and .60% non-resident is necessary.

The college has presented the concept of the fee conversion to the Board of Trustees, as well as students and campus leaders. Over the next few months open meetings, hearings and discussion will be scheduled. The FAP process or different special approval to raise tuition for the conversion is essential for this change to occur.

Following is Tuition and Fee Estimates for the Academic Year for Resident Students:

Academic Year Tuition and Fees

Credit Hour	Resident Tuition FY2011	Percent Change	Dollar Change	Proposed FY2012
1	258.90	21%	54.36	313.26
3	776.70	21%	163.10	939.80
12	3,106.80	21%	652.42	3,759.22
15	3,106.80	21%	652.42	3,759.22
18	3,106.80	21%	652.42	3,759.22

	Fees FY2011	Percent Change	Dollar Change	Proposed FY2012 *
1	477.36	-6.16%	(29.40)	447.96
3	525.76	0.27%	1.42	527.18
12	985.72	2.15%	21.20	1,006.92
15	985.72	2.15%	21.20	1,006.92
18	1,016.22	-0.92%	(9.34)	1,006.88

* Including proposed reduction in fees due to conversion to tuition and final installment of the approved Metro Bond Fee increase

To assure transparency, the college included fees that we know are going to increase in FY2012, in particular the student approved Metro Bond fee created to fund the student success building and backfill project. The academic year fee reduction at 15 hours, for the information technology fee and the registration fee is ($163.10); the bond fee increase is $184.80.

	TUITION RATES						STUDENT FEE RATES					TOTAL
		Proposed Increase						Reduction	Increase Student (a)			
	Resident		Fee Conversion							Estimated		% Change Tuition &
Credit Hour	FY2011 *Current*	Operating 12.50%	IT & Reg 5.90%	Internet 2.60%	Resident FY2012	Percent Change	FY2011 *Current*	IT & Reg to Tuition	Approved Bond Fee	Fees FY2012 (b)	Percent Change	Fees
1	258.90	32.36	15.28	6.74	313.28	21.0%	477.36	(44.80)	15.40	447.96	-6.2%	3.39%
3	776.70	97.08	45.82	20.20	939.80	21.0%	525.76	(44.80)	46.20	527.16	0.3%	12.63%
12	3,106.80	388.36	183.30	80.78	3,759.24	21.0%	985.72	(163.60)	184.80	1,006.92	2.2%	16.46%
15	3,106.80	388.36	183.30	80.78	3,759.24	21.0%	985.72	(163.60)	184.80	1,006.92	2.2%	16.46%
18	3,106.80	388.36	183.30	80.78	3,759.24	21.0%	1,016.22	(194.10)	184.80	1,006.92	-0.9%	15.60%

(a) Spring 2009 students voted to approve a bond fee for the development of the Student Success Building and Backfill projects. The fee is designed to escalate in the first three years, with the maximum rate implemented in fall 2011. The bond fee is 70% for construction; 20% for student scholarships and 10% for classroom equipment and renovations.

(b) This includes the student fee rates known as of October 2010. Total estmated fees will be available in Spring 2011.

The following table shows the dollar increase and estimated new tuition rates based on the proposed tuition rate increases. Due to the uncertainty of future fee increases no estimates are made at this time for changes in fees for FY2014 – FY2016.

Estimated, Academic Year Tuition

Credit Hour	13% Increase	Estimated **FY2013**	9% Increase	Estimated **FY2014**	9% Increase	Estimated **FY2015**	9% Increase	Estimated **FY2016**
1	40.72	353.98	31.86	385.84	34.73	420.57	37.85	458.42
3	122.17	1,061.97	95.58	1,157.55	104.18	1,261.73	113.56	1,375.29
12	488.70	4,247.92	382.31	4,630.23	416.72	5,046.95	454.23	5,501.18
15	488.70	4,247.92	382.31	4,630.23	416.72	5,046.95	454.23	5,501.18
18	488.70	4,247.92	382.31	4,630.23	416.72	5,046.95	454.23	5,501.18

In developing the proposed rate, the College compared the proposed FY2012, 15 hour rate, to the peers identified in the NCHEMS study. For the Draft FAP submission, the college used the peers posted FY2011 academic year tuition and fee rates . As additional information becomes available through IPEDS and other national comparison databases the College will update the analysis to reflect "official" data. For fall 2010, Metro State's tuition and fees is approximately 62% of the peer average. This improvement as compared to our peers is primarily due to the bond fee recently approved for the Student Success Building and backfill projects. With Metro State's proposed net rate increases, and estimating an average 7% increase for the peer institutions, the College's tuition and fees will be approximately 72% of the peer average at the end of the five year period. The 7% represents the average change from last year to this year (again based on their available data) and a best guess of future increases. When presenting the concept to the Board of Trustees both a 7% and a 3% increase was used. Using a 3% increase for the peers still shows Metro resident tuition 25% below the peer average.

If the Higher Education funding is reduced to $500 million, an additional tuition increase of 10.5% would be necessary. This includes funds to assist low and middle income students with institutional aid. The additional revenue generated in this model, above the revenue in the $555 million estimate, is for student aid.

Metropolitan State College of Denver Revenue Estimates ($500 million)			
	FY2010-11	FY2011-12	% Change
State Appropriation	39,778,568	35,792,076	-10.0%
Stimulus	4,289,163		-100.0%
Total	44,067,731	35,792,076	-18.8%
Tuition -- Resident			
Estimated Revenue	62,221,791		
Estimated Operating Increase		14,311,012	23.0%
Estimated Conversion from Fees		5,288,852	8.5%
Subtotal Rate Increase		19,599,864	31.5%
Estimated Resident Tuition Without Growth	62,221,791	81,821,655	31.5%
Total General Fund and Resident Tuition	106,289,522	117,613,731	10.7%
(Net transfer to Community Colleges)			

Projected Tuition over the next 5 years, if the State Higher Education budget is $500 million:

Credit Hour	Estimated **FY2012**	Estimated **FY2013**	Estimated **FY2014**	Estimated **FY2015**	Estimated **FY2016**
	31.50%	**13%**	**9%**	**9%**	**9%**
1	170.23	192.36	209.67	228.54	249.11
3	510.68	577.07	629.01	685.62	747.33
12	2,042.72	2,308.27	2,516.01	2,742.45	2,989.27
15	2,042.72	2,308.27	2,516.01	2,742.45	2,989.27
18	2,042.72	2,308.27	2,516.01	2,742.45	2,989.27

The rate increases proposed in this five year model provide the funds necessary to allow the college to continue initiatives currently in place to serve students and improve retention.

SECTION III: PROTECTION OF LOW AND MIDDLE INCOME STUDENTS

During the FY2010 year Metro State disbursed almost $150 million in aid to approximately 17,000 students. The headcount of Level 1 full-time and part-time was 11,325 and Level 2 counts showed a total of 1,438. The average state grant award for FY10-11 for all Level 1 students awarded was $1,200 and no state need based grant was awarded to Level 2 students.

Financial Aid offices do not have knowledge on how the Pell EFC will change for the next 5 years. As of 10/19/10, we have not received notice if it will change for the FY11-12 year or not. Based on no current projections for future Pell Grant amounts and the fact that the national elections could also affect any future Pell EFC's, Metro State would continue to define the low and middle income students based on the FY10-11 Level 1 and 2 EFC levels. This could be reviewed in the future depending on if changes are increased or decreased and funding levels given to the schools from the federal and state governments.

Summer is a 'trailer' at Metro State which means that students are eligible for leftover funding. Loans have annual limits which mean that students would not be eligible for loans if they have already borrowed their annual loan limit. However Pell Grants are now awarded year round which has students may be eligible to receive a Pell Grant in the summer even if they attend full time in the academic year. Our proposal does not include awarding any state or institutional grants during the summer semester unless we have funding not used during the academic year. To allow students preparation time to see if they can afford to attend in the summer, the Office of Financial sends a summer process email to all students with a FAFSA on file at the beginning of March stating how the summer processing works. To be considered for financial aid in the summer semester a student must be registered for at least 6 hours by mid April. All students who are Pell eligible are also sent a separate email explaining the new year round Pell Grant process. Students are encouraged to register for as many hours as they feel they can take for the summer semester. Students are then hand packaged for the summer semester by mid May. Students are then able to determine if they can afford the summer semester and cancel their registration if they can't afford it. (Metro State actually doubled the number of the summer Pell Grant recipients in summer 2010.) Our basic goal is communication to the students and promising them the award notices prior to the semesters first day. Based on lack of federal, state and institutional funds and annual loan limits, our goal is allow students enough time to determine if they are able to afford to attend in the summer semester.

Metro State is proposing a tuition increase of 21%, and a net tuition and fee increase of 16.5% for FY2012. The difference in the increase between 9 and 21% is $600 for the academic year. Using the assumption that the state need based grant will be remain approximately $9.4 million, our proposal is to:

- Fund 0-1000 EFC students (6,267 students) with their Federal Pell Grant award and to award either the FSEOG or the state need based grant in an amount of $600/year. The current 10-11 Pell Grant is $5,550-$4,600. We receive $535,000 in SEOG and assuming that Metro State would receive approximately $9.4 million in need based grant for FY2012.
- Fund the rest of the Level 1 students (5,058) a state grant of $1,000 for a total of $5.1 million.
- Fund Level 2 students (1,438) an institutional grant of $600 for a total of $862,000. Listed below is a chart which includes projected growth increases for low and middle income students.

EFC Range	Projected Award	# 2010-11 Students	Proj #2011-12 Students	Subtotal	Funding Source
0-1000	$600	6267	7834	$4,700,400	SEOG or state need based grant
1000-Level I	1000	5058	6323	$6,323,000	need based grant/institutional
Level II	600	1438	1798	$1,078,800	Institutional
TOTAL FUNDING NECESSARY				$12,102,200	
TOTAL INSTIUTIONAL AID				$2,136,482	

The College currently has a budget for institutional scholarships of $3.5 million. Of this total about $400,000 is awarded to Level 1 students. The balance is used for Level 2, merit and other non-need based awards.

Currently the Office of Financial Aid & Scholarship Center receives $3.5 million in institutional funds and we are estimating that an additional $3.3 million will be added from the revenue generated from the tuition flexibility to create a total of $6.8 to be awarded to low and middle income students as well as merit based scholarships. These dollars would ensure Level 1 and Level 2 students are not negatively impacted by the tuition increase. A portion of the increase will be set aside for an anticipated increase in the number of students seeking financial assistance. Additionally, dollars will remain available to continue merit scholarships, and provide some scholarships dollars to reach out to first generation, a greater number of middle class, and other at risk students.

Metro State has seen fluctuations over the past five years that in state need based grant. If the federal or state need based grants are reduced, then our allocation formula will need to change. Obviously if the amount of financial aid from the federal or state government is reduced, this would greatly impact the funding sources for our low and middle income students.

Our current proposed model does account for an estimated increase in low and middle income students for the 2011-12 academic year. So if the school were to receive less funding outside of Metro State institutional funds, we would need to review our proposal. Our model allows us to actually award students an amount over the difference between 9% and 21%. Lowering the funds anywhere would necessitate a review.

Also Metro State has the highest count of low and middle income students versus any other school in the state. We are dependent on our funding sources from the state to allow us to assist our current students. Our tuition costs have remained below our peers for years thus actually drawing students to want to attend Metro State.

Metro is planning on protecting the low and middle income students on being held to a 9% tuition increase total each year during the next five years. However this is a plan that is dependent on federal and state funding to be used in conjunction with the institutional funding. Metro State has the largest FTE count of low income students in the state. Our tuition and fees have been kept low on purpose in order to allow for affordability for these students.   But this means that due to our low institutional funding levels we are extremely dependent on federal and state aid. We will be able to increase the percentage of our institutional funding for Level 1 students but we need to make sure that we do a slow blend from merit over to need based since many students have received merit based institutional aid based on their excellent academic standing and any adjustments may hinder or slow their graduation pace. We wish to continue providing merit based scholarships for our students.

If state appropriations are further reduced, the proposed tuition increase is modeled to accommodate the increased need for underrepresented, low and middle income students.

We have included how we currently award our institutional scholarship funding.

- 1,384 who received institutional funds, 66.33% were low to middle-income.
- The count of those who filed a FAFSA is 1,083, so of the students who filed a FAFSA were 84.77% who received the institutional funds were low to middle income. Listed below is the logic for each of the institutional awards given at Metro State. Most funds currently are awarded to students with need but that may not be the main criteria in determining who receives the award.
- <u>President's Academic Achievement Awards for High School Seniors</u> – Merit based, renewable, four (4) year awards made to incoming Colorado resident freshmen with a minimum 3.50 GPA from High School
- <u>President's Academic Achievement Awards for Transfer Students</u> – Merit based, renewable, two (2) year awards (part-time and full-time) made to incoming Colorado resident transfer students with a minimum of fifty (50) transferable hours and a minimum 3.30 transfer GPA.
- <u>Metro Scholars Educational Opportunity Scholarships (EOS)</u> – Need based. Renewable two (2) year awards (part-time and full-time) made to "Non-traditional" (20 years of age or older) incoming or re-admit Colorado resident students
- <u>Metro State President's Academic Achievement Awards (for continuing students)</u> – Merit based, year-by-year awards. Made to continuing Colorado resident students who have (current criteria) a minimum 3.90 cumulative GPA, an 85% or higher overall completion rate for hours attempted at Metro, and a minimum of 12 hours completed at Metro. Award amounts vary by grade level.
- <u>Metro Scholars First Generation Scholarships</u> – Need based. Offered per inter-institutional agreement to transferring First Generation Scholars from CCD, to continuing Metro students, and also via allocations made to the three Trio programs.

- Metro Scholars High School Upward Bound Awards (Summer) – To cover tuition, fees, books and small misc. amount for all HSUB summer program participants. Awards also cover standard award amount (historically $1000) for program Peer Mentors.
- Metro Scholars "Summer Bridge" Metro Summer Scholars program – To cover tuition, fees, books and small misc. amount for all Summer Scholars program participants. Awards also cover standard award amount (historically $1000) for program Peer Mentors.
- Metro Scholars Awards – Awards of varying amounts, based on Merit and/or need. Awards are used: as matching funds for LAEF scholarships, to fund LaRaza Scholars, provide additional support to students in SSS and SAS, provide supplemental funding to continuing Metro students throughout the year; including during the summer term.
- Metro Scholars Displaced Aurarian Scholarships – To cover student's share of in-state undergraduate tuition and fees for up to the equivalent of eight (8) full-time semesters (awards cover both part-time and full-time enrollment) for students who are certified (by Metro, CCD or UCD) as Displaced Aurarians (They, their parents or Grandparents were residents of Auraria neighborhood at some point between 1,955-1,973).
- Metro State Displaced Aurarian Masters Scholarships – To cover graduate tuition for up to the equivalent of four (4) full-time semesters (awards cover both part-time and full-time enrollment) for students who are certified (by Metro, CCD or UCD) as Displaced Aurarians (They, their parents or Grandparents were residents of Auraria neighborhood at some point between 1,955-1,973) and are admitted into a Metro State Graduate program and are taking graduate level coursework.
- Metro State President's Masters Awards – Standard two (2) year, renewable awards of $500 for part-time and $1,000 for full-time, Colorado residents admitted into a Metro State Graduate program and are taking graduate level coursework.
- Metro State Need based Grant – awarded to students who are Level 1 Colorado resident eligible

SECTION IV: STUDENT DEBT LOAD

Metro State is very concerned and committed to providing accessibility and keeping costs reasonable for our students. The Office of Financial Aid will award each undergraduate Colorado resident student with a 0EFC their Federal Pell Grant as well as either the FSEOG or state need based grant. This will more than cover the projected tuition increase. The rest of the Level 1 and 2 students will be granted an institutional need based grant of $600 to cover their projected tuition increase.

Currently we also verify where our dependent students and our single independent students live. Budgets vary depending on whether a student lives with or away from a family member. By verifying where the student lives we can more accurately predict their living costs, which will reduce the student's overall loan debt overall. Examples of how living arrangement predictions will lead to reduced debt load are:

- Students state on the FAFSA what their living arrangement will be during the year. This answer determines the Cost of Attendance that a student will receive in determining the amount of financial aid they will receive. Our COA for resident, at home is $13,680 for 10-11 and resident, away from home is $18,145. The difference between the two is $4,465.
- In being a Quality Assurance school with the Department of Education, we have found that students do not necessarily answer the housing question correctly on the FAFSA. This may be due to the living situation changing by the time fall starts or because students become aware that their budget is higher if they answer that they live away from home. We actually verify this question for many of our students and have found a 50% change for single independent students and a 30% change for dependent students. These students answer that they are living away from home when they are actually living with a family member.
- By receiving the lower budget, the student is receiving a more accurate budget for their educational costs and this typically results in borrowing less in student loans.

Metro State also have plans to expand/increase funding for existing programs through the revenue generated from tuition flexibility in the debt prevention area. Listed below are some of the initiatives we are currently working on:

- o We will continue to leverage our partnerships and offer workshops on financial literacy.
- o **Financial Aid workshops**— we have already begun collaboration with the Student Academic Success Center to set up financial literacy and debt management workshops for students. Additional workshops on behalf of the OFA will include debt management sessions focusing on loan repayment options, loan repayment calculators, how to track student loan debt on the National Student Loan Data System (NSLDS), how to stay out of default, how to budget expenses for college, etc. The bulk of our content would be derived from but not limited to the Office of Financial Aid Debt Management site: http://www.mscd.edu/financialaid/debtmanagement/index.shtml
- o **Video tutorials**—using voice capture software such as Camtasia, we can begin creating video tutorials of our most commonly mistaken financial aid forms, how to navigate financial aid on MetroConnect, how to navigate the OFA webpage in general—including the Debt Management section.
- o **Video project**—our plan is to partner with an academic department who would be willing to create a class project for its students that would enhance the financial aid office experience and raise awareness of our services. Similar to the clips found on www.financialaidtv.com , a class of students would take on various aspects of the semester-long project. Such aspects would include filming, editing, using voice-capture software, collaborating with the OFA to ensure content quality and accuracy. This will be an ongoing endeavor as financial aid

regulations and processes continue to change. Likewise, a class project of this magnitude will most likely require more than one semester to satisfy our goals.

- **Continuous video loop—**to begin with, we propose utilizing the flat screen TV just outside of the Student Accounts office to play the various clips from the video project for students standing in the long financial aid line during semester startup. We may also seek funding (grant writing or other means) to purchase another flat screen for the current OFA location. Upon relocating to the new Student Success Building, we would employ at least 2 flat screen TV's in the hallway and lobby area to play the video feed. Other clips can include the video tutorials mentioned above as well as various financial literacy YouTube channels i.e., MoneyTalksNews Channel, Bankrate.com Channel, College.gov Channel, FDIC Channel, etc. These video clips may be streamed with internet connection or downloaded via third party software to ensure playability regardless of internet connection. Overall, a standalone computer would be dedicated to playing the video feed.
- **Default Management Task Force—**this would be comprised of individuals from various academic and student services departments, all collaborating to ensure financial literacy and debt management efforts are well received by all students. Meetings would take place throughout each semester to track the progress of above mentioned efforts.

SECTION V: ADDRESS THE NEEDS OF UNDERSERVED & UNDERREPRESENTED STUDENTS

Since 2006, Metro State has launched several initiatives, such as the First-Year-Success Program, designed to increase retention and provide necessary support students, in particular first generation and low income students.

Key components of the program include learning communities with a strong focus on paired courses, peer mentoring, supplemental instruction and civic engagement. Our long-term goal is that all freshmen will take a required first-year seminar that will provide valuable learning experiences and opportunities for better engagement with the academic community while improving retention and access patterns. In piloting this program with 400 students, we achieved an 81% retention rate (fall to fall). A follow-up pilot with 600 students achieved a 90% retention rate (fall to spring).

National studies show that many low-income and students of color are coming to college with severe academic deficiencies, particularly in the areas of writing, mathematics and science. Furthermore, many students from economically challenged backgrounds lack college-going family precedent or role models. It is critical that these students have access to full-time faculty of the same ethnic background to serve as peer mentors, helping them navigate the transition from high school to college.

Additionally, shifting demographics and a dramatically changing student body has had a dramatic effect on the support services we continue to provide our students, including Metro State's small class size (19:1 ratio), something that has become a niche at Metro State.

Statistics show a clear correlation between student retention and the number of full-time faculty teaching lower-division classes. To effectively impact retention, 60%-65% of the courses need to be taught by full-time faculty. At Metro State we have made great strides in this area. Since 2004, we have added nearly 200 full-time tenure-track faculty, with 49 being faculty of color. In 2004 only 36.5% of courses were taught by tenure, tenure-track faculty that percent is now 42%. Although the College has made significant strides in hiring faculty, the institution's enrollment has also increased significantly.

The number of full-time faculty has positively impacted the retention rates. In FY2004 Metro State's retention rate for first-time full-time freshman was 60.2%. After implementing the initiative to increase tenure/tenure track faculty our retention rate in FY2009 has increased to 67%. This rate well exceeds the benchmark identified in the performance contract for FY2009, of 62.8%. The Board initiative seeks to increase retention for first-time full-time freshman to 75%, and have 60% of credit hour production taught by tenure/tenure track faculty.

In 2005, Metro State participated in a study that monitors equity in four areas for historically underrepresented students: access, retention, institutional receptivity and academic excellence. The results indicated that:

1) These students are more likely to need remedial courses, earn poor grades and fail to graduate. This is true regardless of their grades from high school.

2) There is a lack of continuous advising and support from Metro State while students are taking remediation at the community colleges.

3) This creates a "trap-door" effect for many of these students, as Metro State admits them to the College but then allows most of their initial education to occur at community colleges.

Metro State has strengthened its safety net through a variety of initiatives, including the trustees' retention challenge in 2006. Strategies include:

Metro Summer Scholars – An eight-week summer program that transitions first-time freshman into the academic rigors of college.

Metro State Quick Start – Per Colorado statute, Metro State cannot offer remedial courses, this is done through Community College of Denver. Metro State Quick Start is a pilot program that offers accelerated remedial courses with Metro State students only.

Center for Urban Education – Created through a $9.5 million U.S. Department of Education grant to recruit, train and retain qualified teachers in urban schools. This Center has partnered with Denver Public Schools to align 10 elementary, middle and high schools in north Denver with Metro State.

Implementing the proposed tuition increase allows the College to continue these essential initiatives to improve the overall success rates of our underserved and underrepresented students.

- The five year draft model includes the following:
  - Additional scholarships
  - Increasing CHP taught by tenure/tenure track faculty to 60%
  - Renovation and operation of buildings and space management
  - Campus wide staffing and staff development
  - First Year Success Program and HSI initiative

The uses of these funds are still under discussion, it is anticipated the Board of Trustees will make the final decision and approve the plan in spring 2011. The final decision will take into account all factors including possible state funds reduction and potential institutional reallocations.

In an effort to continue our extensive outreach to non-traditional students and our modified open admissions, Metro State is accessible to many non-traditional populations. Sixty percent of our student body is transfer students, and more than 28% of our 24,000 undergraduates are students of color. We have an intentional plan in place to become a Hispanic Serving Institution (HSI) and reach a population of 25% Latino students. We currently enroll nearly 800 veteran students who have applied for benefits, an increase of 20% over last fall, and the number of our graduates continues to rise.

SECTION VI: OPERATIONAL FLEXIBILITY

SB10-003 allows institutions of higher education to exempt themselves from adherence to the state fiscal rules, including any forms or procedures or required reviews, provided they have adopted rules sufficient to adequately safeguard the expenditures of the institution. Institutions are still required to provide information, data, and reports to the State Controller, as needed however such reporting is limited to information readily accessible by the institution. Institutions of higher education are also exempted from statewide contract reporting requirements, including vendor reviews, and use of Central Collections for recovery of debts, provided fees to independent collection firms do not exceed 40% of the amount collected.

The College is currently exploring the option of adopting State Fiscal Rules and making them College policy. We have targeted October 29, 2010 to complete a review of all Fiscal Rules, determining what efficiencies we gain by making them our policies and streamlining the process of obtaining approvals from the State Controller. At this time Metro State does not have the staff to develop and manage its own fiscal rules. By adopting the state fiscal rules as our own we believe we can achieve some operational efficiency in purchasing, procurement and the ability to participate in higher education consortiums. The college will have the opportunity to incrementally modify the fiscal rules as needed. The college is taking advantage of the opportunity to opt out of central collections. The College is targeting December 31st to issue an RFP to obtain our own Collections Services and opt out of Central Collections. We anticipate selecting a private collections agency in late March and opting out of Central Collections by the end of Fiscal Year 2011.

Additionally, we anticipate that opting out of Central Collections has the opportunity to not only save the institution expenses, but has the opportunity to increase revenue streams to the College. Metro State's collections process requires us to turn students over to Central Collections the semester after the student has taken classes. Central Collections then has approximately 90 days to work with the debtor, and after that the accounts are turned over to private collection agencies. We know from experience that after 90 days, the likelihood of collecting on the debt decreases approximately 10.5 percent per month. By competitively bidding this process, we will be able to obtain a service that has a stronger incentive to collect the debt from the student than Central Collections. Additionally, by competitively bidding this service, it forces competition that should result in a lower cost to the College. We anticipate that the combination of savings and additional revenues should add approximately $100,000 to the College annually

Adopting the State Controller's Fiscal Rules should allow the College to obtain flexibility in its purchasing process as well as realize efficiency savings. The process to purchase goods and services is currently cumbersome. For example, we contract with private individuals to train teachers on how to provide early education to school districts. This important service is delivered to educators in rural areas of the state and there are only a few individuals who are capable of providing this essential service. Because these individuals could potentially earn $100,000 or more over a five-year period, we were required to develop a contract for each contractor. Annually, each contractor is paid between $25,000 and $50,000 depending on the number of training sessions that are held. By interpreting this fiscal rule strictly, the delivery of this program's services was unnecessarily delayed. Additionally, by requiring a renewable five-year contract, the College would unnecessarily give the impression that each contractor was guaranteed this level of work for five years. While we were able to work with the State Controller's Office to resolve this issue, this delayed the start of work for these contractors. By adopting the fiscal rules, the College's Controller will have the flexibility to apply his knowledge and experience to make these decisions on a more timely basis. This frees key College personnel from having to make requests or prepare these contracts for a lengthy review. We anticipate that the savings from streamlining the contracting process would be approximately 1 FTE per year, or approximately $50,000 per year.

Finally, by adopting the fiscal rules and applying them to the campus's procurement process, we believe we may be able to take advantage of Higher Education Consortiums to reduce overall costs. For example, in Fiscal Year 2004, Metro State, Colorado State University, the Community Colleges, Mesa State, Adams State, and Western State worked together to contract with Sungard SCT to modify our Banner system to implement the College Opportunity Fund stipend process. Initially each institution contacted SCT to perform this work. At the time of initial contact, it was estimated that each institution would pay approximately $250,000 to $500,000 for these modifications. The colleges and university formed a consortium that then contracted with SCT, which performed the work for all institutions for slightly less than $200,000, which was shared by all institutions. We anticipate that by taking advantage of other similar consortiums, not only with our state institutions, but our national institutions as well, we have the opportunity to save the College an additional $150,000 to $200,000 annually.

SECTION VII: ALIGNMENT WITH STATEWIDE STRATEGIC PLANNING

Metro State agrees with the strategy proposed in the statewide strategic plan; in particular the focus on providing opportunity and access to the emerging populations of underrepresented students. This includes increasing retention and graduation rates for all students, and assuring low and middle income students receive financial assistance. This proposal provides the college the ability to hire the necessary full-time faculty and staff to achieve retention and completion goals. With the necessary staff, the College will be able to continue the ramp up of the First Year Success Program to include 100% of the freshman population. The proposed tuition levels include a significant set aside for financial assistance to low and middle income students.