STATE BOARD FOR COMMUNITY COLLEGE AND OCCUPATIONAL EDUCATION

April 13, 2022

TOPIC: FY 2022-23 Tuition and Fees

PRESENTED BY: Mark Superka, Vice Chancellor for Finance and Administration

RELATIONSHIP TO THE STRATEGIC PLAN:

Redefine our value proposition through accessibility, affordability, quality, accountability, resource development, and operational excellence

EXPLANATION:

Resident and Non-Resident Tuition

Staff discussed at the February Board meeting that setting tuition levels typically revolves around balancing the need to keep up with rising operating costs at the campuses, accounting for changes in state funding, keeping tuition costs reasonable for resident students given our access mission, and assessing the potential impact of tuition increases on our enrollment. In addition to (and embedded within) these issues are short-term considerations—mandated and other potential operating costs, salaries and benefits, and state funding changes for next year—as well as long-term considerations like the overall outlook of state funding for higher education over the next 5 years, the prospects for Federal financial aid over the next several years, and needed/desired investments in our people, programs, and students.

With the March economic forecast and the introduction of the Long Bill (the State budget bill), staff now has a much more clear view of General Fund appropriations, tuition constraints, and cost-drivers for FY 2022-23. Governor Polis' November 1 budget request proposed a 4.3 percent increase in funding for higher education, which equated to a $9,236,335 increase in General Fund appropriations to CCCS. His budget request also sought to limit the resident undergraduate tuition rate increase to 0.0 percent. However, the Joint Budget Committee (JBC) approved an average increase of 11.4% for higher education and a 13% increase specifically for CCCS, which amounts to $27,788,910 for CCCS—in an effort to both cover mandatory costs and to provide funding to support low income, underrepresented minority, and first generation students as well limit tuition increases, particularly at access institutions. The Joint Budget Committee also gave approval to limit resident undergraduate tuition rate increases to 2.0 percent for FY 2022-23 for all higher education institutions with the exception of the University of Colorado request for adjustments related to guaranteed tuition and reclassification of the tuition tier for certain majors and a proposal to roll certain fees at UCD and UCCS into tuition. Please note that non-resident tuition increases have no such limitations. The Joint Budget

Committee also set classified salary increases for state employees at 3.0 percent in FY 2022-23.

While clearer than last month, these appropriation levels for higher education are not final, as the Long Bill still has to make its way through both the Senate and House and to the Governor for signature.

Staff Recommendations on Tuition

The Board has the authority to raise resident tuition by as much as 2.0 percent, and staff is recommending that base resident tuition rates be allowed to increase by 2.0 percent for FY 2022-23. For reference, the FY 2021-22 base resident tuition rate is $153.35 per credit hour or $4,601 for a full-time, 30 credit hour student. This would represent a $3.05 per credit hour increase and a $91.50 increase for a full time student. For context, in academic year 2022-23, the Pell maximum amount will be increased by a total $400 for a full-time student compared to 2.0% base resident tuition rate increase of $91.50. Appendix A outlines the summary of base resident tuition and mandatory fee recommendations for FY 2022-23.

Staff is also recommending a corresponding 2.0 percent increase in the standard non-resident tuition rate with the exception of the non-resident Masters of Physician Assistant rate. Staff recommends a 5.1 percent increase in accordance with the request from Red Rocks Community College that offers this program. In addition, staff is recommending a 2.0 percent increase to the resident and non-resident Bachelor of Applied Science (BAS) rates with the exception of the BAS online programs. Staff is recommending zero increase in the resident and non-resident online tuition rates, including the resident and non-resident BAS online program rates.

There are a number of revenue and cost factors that drive staff's FY 2022-23 tuition rate recommendations:

Revenue Factors

- Based on current estimates, the staff's 2.0 percent tuition rate increase recommendation will result in approximately $1.8 million more in net additional tuition revenue after taking into account forecasted enrollment in FY 2022-23.
- The Long Bill increases FY 2022-23 General Fund appropriations to CCCS by approximately $27.8 million when compared to the prior year Long Bill.
- Current Amendment 50 tax revenue forecasts show an increase of $5.7 million in FY 2022-23.

As a result, net additional revenue from tuition, General Fund, and Amendment 50 sources for FY 2022-23 is estimated to be approximately $35.3 million.

Cost Factors

- Salary increases of 3.0 percent for admin/pro-tech, classified employees, full-time faculty, and instructors of $8.8 million, which mirrors the JBC figure-setting.
- Required increases to PERA on the forecasted FY 2022-23 salary base are estimated to be $2.3 million, in part due to a 0.5 percent increase in the employer contribution required by S.B. 18-200.
- Required increases due to the Paid Family and Medical Leave Insurance Act (which becomes effective January 1, 2023 at 0.45 percent of total payroll annually) of $0.6 million in FY 2022-23 and annualizing to $1.2 million in FY 2023-24.
- Projected increases in general operating expenses across all colleges at the average of the projected CPI for calendar years 2022 and 2023 of 5.4 percent are estimated to be $6.7 million.
- An increase in health, life, and dental benefit costs of $1.2 million due to a combination of premium costs and employer-share increases.

As a result, the net increase in costs is estimated to be $19.6 million, leaving a positive net gap between projected revenues and expenses of $15.7 million. However, please note that $15.6 million of the $27.8 million in General Fund appropriations to CCCS (the Step 1 funding in the CCHE funding formula model) is intended to be used for increased investment to support the retention and completion of minority, low-income, and first generation students. In addition, there are potential costs for the colleges in the upcoming year related to potential collective bargaining legislation that are not captured in the costs described above. Also, during the past two years, our colleges have had to use federal funds to support programs traditionally supported by other funding sources due to the reduced General Fund appropriations and the reduction of other revenue sources due to COVID. As a result, some colleges have additional revenue gaps to fill that are not reflected in the revenue numbers above. Moreover, many colleges are looking at additional compensation adjustments above the 3% JBC amount, given inflationary pressures on wages, the tight labor market, and significant turnover in critical positions. Specific details of balancing measures, along with details of specific investments, from colleges will be included in the colleges' individual budget submissions at the June 2022 Board meeting.

This recommendation on resident tuition applies to all resident and non-resident tuition rate categories as specified in Table 1. All resident and non-resident tuition rates in Table 1 will be effective beginning with the Fall 2022 term.

Fees

Statute and the Department of Higher Education authorize higher education governing boards to approve all mandatory student fees, as well as pass-through and course materials fees. Board policy limits any annual increase in mandatory student fees to the Denver-Aurora-Lakewood CPI. Any increases above CPI require a student vote. The calendar year 2021 Denver-Aurora-Lakewood CPI was 3.5 percent. As a result, staff is recommending a maximum of 3.5 percent increase to existing system-wide and college-specific fees contained in Table 2. There are three exceptions to this:

- At the bottom of Table 2, the Auraria fees are increasing by more than 3.5 percent in accordance with Auraria's fee setting authority.

- Colorado Northwestern Community College (CNCC) is proposing a student center fee of $3.50 per credit hour. A student referendum will take place March 25th – 26th, 2022, related to the fee increase. If CNCC students pass the fee increase, staff will return in a subsequent Board meeting with a formal recommendation regarding the student-approved fee.

- Northeastern Junior College (NJC) is proposing to increase its associated student government fee by $3.00, from $3.00 to $6.00 per credit hour. A student referendum will take place March 29th, 2022, related to the fee application. If NJC students pass the fee request, staff will return in a subsequent Board meeting with a formal recommendation regarding the student-approved fee.

There are two new or extended mandatory fees (one new fee applies at two campuses of CNCC) being proposed for FY 2022-23, as outlined at the top of Table 4.

The Board also designates the Classification of Instruction Programs (CIP) categories for which the medium/high course fee can be applied. Staff is recommending that the Board approve the April 2022 Classification of Instructional Programs table (see Appendix B) as the basis for assigning medium and high course fees. There were no changes compared to last year's appendix.

<u>Materials and Service Fees</u>

Table 4 outlines the new fees of this type for all of the colleges for FY 2022-23, along with a brief explanation for why the new fee is requested. Table 5 outlines the changes to existing fees of this type for FY 2022-23, along with a brief explanation as to why the change occurred. New fees are typically the result of new programs/classes that are created and/or changes in curriculum that drive the need for the materials or service. Staff recommends the Board approve the new fees and changes to existing fees listed in Tables 4 and 5. In addition, the Board has previously approved existing fees of this type whose rates have NOT changed for FY 2022-23 and staff recommends this approval for these fees be extended. For your reference, Table 6 outlines the existing fees of these types. Table 7 outlines other changes for your reference. Also, staff recommends the Board allow for colleges to change mid-year existing pass-through materials and service fee rates if the vendor cost of the material and service fee changes mid-year and the college obtains approval for the change from the System Office's Vice Chancellor of Finance and Administration.

Room and Board

Table 3 outlines the FY 2022-23 requests for room and board increases for the colleges that have dormitories. Most of the increases are based on covering the projected increase in costs from various contracted food service vendors utilized by colleges, as well as typical room increases. Staff recommends approval of the room and board increases listed in Table 3.

RECOMMENDATION:

Staff recommends the approval of the FY 2022-23 tuition, fee, and room and board rates per Tables 1-7 and Appendix B, as well as the recommended mid-year flexibility in regard to materials and services fees. This approval does NOT include the proposed fee at CNCC or the fee increase at NJC. If the student referenda related to these fees passes, staff will bring those specific fees back to the Board for consideration at the May Board meeting.

In addition, staff requests that the Board allow staff to adjust the FY 2022-23 COF Stipend and Final Total Resident Tuition line items in Table 1 to reflect any last minute changes to the General Assembly's decisions on the COF stipend per credit hour amount.

ATTACHMENTS:
FY23 Tuition and Fees Template
Appendix A – CCCS Base Resident Tuition and Fees
Appendix B – CIP Index – FY23 Final