

**Text of Email from CU President Betsy Hoffman
with a “Reality Check” analysis performed by
the Colorado Department of Higher Education**

Betsy Hoffman <*Betsy.Hoffman@cu.edu*> wrote:

Subject: University of Colorado Tuition Fall '06: Update

Date: Wed, 8 Jun 2005

Dear Business & Community Leaders:

On Friday, June 3rd I briefed members of the press regarding the University of Colorado's proposed tuition and total cost of attendance rates for FY 2006. Our announcements and the CU Board of Regents' subsequent approval of campus tuition increases generated some media stories last weekend with conflicting and unclear information. I am writing to provide you with relevant facts and figures so that you have a greater understanding of what is being addressed by the increases our Colorado students and families will experience this year. Our decision on tuition increases is not made without sensitivity to the impacts on students and their families. However, because of five years of a lack of increase in state funding for higher education in Colorado we are faced with hard choices in order to maintain quality and excellence in our programs and services for students. It is important to note that CU's tuition increases for Fall '06 will provide a significant amount of increase in funds available for financial aid to maintain access for students with need.

First, the facts and figures:

From FY 01/02 to FY 04/05, CU's state support has been reduced significantly.

- o \$75 M in operating cuts and \$120 M in capital construction cuts.
- o \$5.4 M or a 51% cut in state financial aid
- o In FY 04/05 the state paid less than 25% of the cost to educate a resident student

Reality Check. It is true that CU's state funding is down by \$75 million, but its tuition revenue over the same period is up \$177 million. Reason: Over the same time period full-time undergraduate resident tuition is up an average of 47% system-wide. If you factor in enrollment growth, CU's per student revenue was \$10,234 in 2001 and is \$11,184 this year, an 8.5% increase. Adding another 28% tuition hike on top of this, CU's per student revenue next year will be \$12,288. Its revenue from tuition and state support next year, factoring in the regents' 28% tuition spike, will be \$508 million, up more than 38% in the last six years. The state has allowed CU to more than offset state funding reductions with increased tuition revenue.

Fiscal year 05/06 tuition increases are essential to maintain quality and access.

- o Non-resident tuition subsidizes the cost of educating resident students.

Reality Check. Non-Resident tuition subsidizes resident education at almost every state institution in the country, as it should. Out-of-state students pay for the privilege of going to school in Colorado and make it more affordable for Colorado citizens.

- o Non-resident tuition is as high as the market will bear (\$21,900 in FY 05/06).

Reality Check. CU has presented little evidence this is the case. A survey of public and private institutions – both in Colorado and outside of Colorado – indicate the only market CU is in danger of pricing itself out of is the market for in-state students. CU's in-state cost of attendance is higher than it is at the University of Michigan. Meanwhile, CU's out-of-state cost of attendance is lower than Michigan's. Also, the cost of attending either the University of Denver or Colorado College is higher than the out-of-state cost of attendance at CU.

- o CU will allocate at least 20% of the undergraduate resident tuition increase to financial aid. **In FY 05/06, financial aid will increase by \$9.2 M or 44%.**

Reality Check. Under state law, all public colleges and universities are required to put 20% of all tuition increases into financial aid. The \$9 million CU is placing into financial aid is the bare minimum required by state law; it is not an extraordinary effort.

- o Fiscal year 05/06 will be the fifth year without a general fund increase. Resident enrollment increased by over 4,700 students at CU during these five years.

Reality Check. CU, unlike Colorado's other institutions, was able to increase tuition in order to have tuition offset budget cuts. In fact, by the JBC's own estimation, CU's net funding during Colorado's most difficult budget years (FY 01-02 through 04-05) was down only 3% when tuition increases are factored in. The community college system, for example, dealt with a 16.7% net decrease in funding.

The most important number, CU's per student revenue was \$10,234 in 2001, is \$11,184 this year, and if the Regents' 28% tuition hike stands will be \$12,288 next year.

- o The Long Bill increased cash spending authority which will allow CU to generate an additional \$43.5 million in tuition revenue to pay for mandated costs, controlled maintenance, quality improvements and financial aid
- o A Long Bill footnote that gives higher education needed flexibility to utilize the cash spending authority was approved by the Legislature and Governor.

Reality Check. The recent action by the Regents of the University of Colorado violates the specific deliberative decision making of the Colorado Commission on Higher Education and the legislature’s Joint Budget Committee. The legislative intent is not expressed solely in the footnote. During this year’s budgetary process, it was clear to the legislative and executive branches that average tuition cost increases for resident undergraduate students at CU would not increase more than 11%. At no time did any representative of the University of Colorado state publicly on the record at CCHE or the JBC, or unofficially off the record, that they disagreed with this intent or found it objectionable.

CU and other institutions were granted some flexibility to raise tuition higher for high cost programs, non-resident students, and graduate students, but as the tape-recorded public record clearly indicates, CU was informed that average resident undergraduate tuition rates would not exceed 11 %.

- o During FY 05/06, the **total cost to attend CU will not increase by more than 11.3%** for undergraduates (cost of attendance includes tuition, fees, books, room, board and personal expenses).

Reality Check. This number is immaterial in relation to the deal made on the budget and tuition increases. Furthermore, the mere fact that CU has not raised room and board and other fees to the same degree as they have raised tuition does not make their tuition increase any less onerous. For middle class Colorado families, the \$1,000 CU tuition hike is more than a month of day care, two car payments or a mortgage payment.

Proposed resident, undergraduate full-time tuition increases for FY 05/06:

	% Increase With Stipend in Base	% Increase Without Stipend in Base	% Increase on Total Cost of Attendance
Boulder	16.4%	27.8%	9.5%
Denver	16.2%	28%	7%
Health Sciences	9.9%	9.9%	6.3%
Colorado Springs	11.8%	20.3%	8.8%

Reality Check. The only column that is relevant to this discussion is the middle column. This column represents the actual out-of-pocket increase in tuition dollars for students and parents. For the Boulder campus, 28% is nearly a \$1,000 increase. Meanwhile, out-of-state increases are only 6% on the Boulder campus, 0% on the Colorado Springs campus, 1% on the Denver campus and 2% at the Health Sciences Center.

The proposed increases include a new tuition structure for full-time undergraduates.

- o The Boulder, Denver and Colorado Springs campuses have altered tuition structures, so students pay for more of the credits for which they enroll. At Boulder for example, in the past a student who took nine credit hours paid for only eight hours. Next year, a student who takes nine credits will pay for nine.

Proposed resident, graduate full-time tuition increases for FY 05/06:

- o Boulder – 28%
- o Colorado Springs – 22 to 28%
- o Downtown Denver Campus – 22 to 28%
- o Health Sciences Center – 3 to 29%

[Hoffman letter] Here are some questions and answers that we've prepared to respond to some of the most frequent concerns about tuition increases:

1. Why is the tuition increase so high? In the fifth consecutive year of decreased state funding and increased enrollment, we need to raise our tuition rates to be able to maintain the quality of education that our students expect of us as well as the access that Coloradans currently have to the university. This increase does not provide any enhancements to the university. It simply allows us to preserve what we have. Even at this level of increase, however, CU's resident tuition is still a bargain at about half that of other similar universities around the nation.

Reality Check. This is also the fifth straight year that CU has been able to increase its tuition higher than the rate of inflation, which recently has only been 1.1%. As discussed earlier, CU's past tuition increases already have more than made up for the decrease in state funding. Colorado is unique in the nation as having adopted a low cost, low aid model for higher education. CU is currently on a path to subvert that model to one that is high cost, low aid (the worst possible combination).

2. Why do you need this increase? Following \$75 million in state budget cuts since 2002 our current tuition model simply does not work in today's financial environment of decreasing state funding.

Reality Check. As stated previously, both in terms of per student funding and net funding, CU has increased its funding greater than the rate of inflation since 2002!

As an example, CU Boulder's resident tuition is about half that of other similar-sized universities around the nation. At the same time, it has among the highest non-resident tuition rates in the country, and we are now seeing a decline in out-of-state students, partly as a result of those high rates.

We need to narrow the resident to non-resident tuition gap to be able to maintain the quality of education that our students expect of us as well as the access that Coloradans currently have to the university.

Reality Check. CU has presented little evidence that its drop in out-of-state students this year is due to the tuition increases more than scandals involving Ward Churchill, football and alcohol abuse. In addition, when using CU's own statistics on cost of attendance, CU is more expensive for the in-state student than the University of Michigan, Indiana University, the University of Iowa, the Ohio State University, the University of Nebraska, the University of Maryland and the University of North Carolina.

3. What happens if you don't get it? The university would be forced to make additional cuts that would erode the quality of education system-wide and reduce access to the university. Some of these actions would include:

- Elimination of faculty positions
- Reduction in student services
- Cutbacks in financial aid
- Limited class availability
- Larger class sizes
- Lengthier enrollment times to graduate
- Reduced classroom and building maintenance

Reality Check. Not true. CU presented a budget based upon mandatory cost increases that required a 7.8% increase in tuition revenue to maintain the status quo, including adjustments for inflation and student enrollment growth. CU received an additional 3.2% budget increase on top of this for new initiatives. CU could have tuition increases lower than 28% without cuts.

4. What other alternatives are there/have you considered? At this time, our options are very limited, based on all the cutbacks we already made. We have considered charging full-time undergraduate students by the credit hour. They currently pay a flat fee, regardless of their full-time class load. This option, however, would create an even greater rise in tuition than the 28 percent we have requested and impose significant hardships on full-time students. To date, we have done all that we can do to avoid raising tuition and are now faced with the potential for eroding the quality of education we provide.

Reality Check. CU has *not* done all it can to avoid raising tuition – its been steadily raising it for the last five years. In the last two years alone basic resident undergraduate student tuition is up 33% and for business and engineering students it is up 40%. Law school students last year faced an increase of 40% in one year alone!

5. Have you made all the financial cutbacks you can make? We have made all the cutbacks that we can make and still deliver the quality of education and access that is expected of the CU system. These include elimination of 500 faculty and staff positions, discontinuation of four academic programs, postponement of \$120 million of capital

funding initiatives, limited faculty and administrative compensation increases, reduction of library hours, reduction of student service programs, and many others.

Reality Check. CU has not made significant changes in its staff productivity levels, general education structure or classroom space utilization, all areas ripe for efficiency gains.

6. How much money will you generate from the increase? \$43 million.

Reality Check. \$29 million is for inflation, enrollment growth and other mandatory costs that will keep the status quo while \$14 million for new initiatives that in-state students are being asked to pay for with massive tuition increases.

7. On average, how much money will this cost per student? The important thing to remember is that tuition is only about one-fifth of the cost of attending CU. Other costs include housing, meals, books, fees, and transportation. Factoring all these together, the total cost of attending CU will only increase about 11 percent. The campus-by-campus breakdown is:

Boulder – in-state students will pay in the range of an additional \$300 to \$450 (\$20-\$30 per credit hour) per semester. Non-resident students will pay an additional \$500 per semester.

Colorado Springs – in-state students will pay in the range of an additional \$250 to \$350 (\$16-\$23 per credit hour) per semester, and non-residents will pay an additional \$350.

Denver – in-state tuition will increase in the range of about \$460 to \$515 (\$30-\$34 per credit hour) per semester for resident students and \$78 for out-of-state students.

Reality Check. Many students do not live on campus and therefore face different increases in housing, meals, transportation, etc. All students do however have to pay tuition, so increasing it by 28% hits them directly and means that Colorado families will have to borrow more money, or cut back elsewhere, to pay these new tuition hikes.

8. Why couldn't you phase in the increase over two or three years? The proposed increase is based on the University's immediate financial need. Phasing it in over time would only make that need worse.

Reality Check. CU has been increasing tuition every year – at a rate higher than the rate of inflation. In fact, in some majors, over the last three years students have already experienced a 50% increase in tuition.

9. In the face of declining enrollment, how sensible is it to raise tuition? Won't this aggravate the problem? The decline in enrollment is only among non-resident students. In-state enrollment continues to increase. Given our commitment to financial aid, we

believe that there will be continued access to in-state students who meet our entrance requirements.

Reality Check. CU's commitment to financial aid is nothing more than complying with the law – CU has not gone above and beyond what every other college in Colorado is also required to do – but no other institution has raised tuition as fast and far as CU has in recent years.

10. Given all the problems of the past 15 months, why would you ask for such a huge increase? The decline in state funding of the university goes back well past the last 15 months. This issue has been intensifying for years.

In the face of declining state dollars, \$75 million since 2002, we must make up for those lost funds elsewhere. We have already made all the cuts we can make, and we must now look to tuition to keep the quality of education at the level that is expected of us by our students and faculty.

Reality Check. As previously stated, CU already has made up for any decrease in state support with its previous tuition increases.

11. What's in this for the average citizen of Colorado? This increase will allow the university to maintain the quality of education expected of us by our students. It also will continue to allow access to the university by Colorado residents through our commitment to financial aid. Lastly, the total cost of attendance, including housing, meals, books, etc., for in-state students will increase by about 11 percent.

Reality Check. For the average citizen, this is an increase of nearly \$1,000 on the Boulder campus, \$670 on the Colorado Springs campus, and \$924 on the Denver campus. CU's "commitment" to financial aid is based on the requirements of state law. CU risks becoming an institution of the very rich and very poor, with the middle class largely left out.

12. Won't you price in-state students out of attending CU? Our commitment to access and financial aid will keep it affordable to in-state students. In fact, the budget increase allows for a 44 percent increase in institutional aid or about an additional \$9.3 million. Furthermore, over the next six years, we are committed to raising \$200 million in private funds for in-state financial aid.

Reality Check. Once again, CU's "commitment" is merely compliance with state law. CU is doing nothing extraordinary to help the middle class in a year of 28% tuition hikes after two years of annual 15% tuition hikes.

13. How much of this increase will go toward providing raises to administration and staff. Less than five percent of our costs system-wide are for administration. This year, under state mandate, we are limited to a range of three to four percent increases in salaries.

Reality Check. For classified (civil service) employees, state law limits salary increases to three to four percent. But for the 50% of CU employees, such as faculty, top administrators, etc, there is no state limit on salary increases. In fact, part of CU's justification in asking for budget increases was to pay faculty salary increases above those provided civil servants.

14. How much is it costing yearly to deal with the football lawsuit and the Ward Churchill issue? Almost all of these costs have already been paid for through our insurance carriers and self-insurance funds. At the same time CU pays the lowest insurance premiums of any state institution.

Reality Check. CU's insurance costs rose by 40% this year from \$16 million to \$23 million – at a time when every other college in the state saw a drop in insurance rates.

15. How did you come up with a figure of 28 percent for raising tuition? First of all, this number represents what the university needs to continue to maintain its current level of educational quality and accessibility and to keep pace with the rising costs of operating the institution. The figure has no padding. It is a status quo, break-even number to keep what we have today. If we don't get this increase, we can expect a general decline in a variety of areas across the university. Second, the 28 percent is within the spending authority granted to the university and signed by the governor during the past legislative session.

Reality Check. A status quo budget is actually only a 7.4% increase in tuition revenue based upon mandatory costs and CU could raise this revenue with in-state undergraduate tuition increases of 11%. CU asked for an additional 3.9% in tuition revenue for *new* initiatives. If it chose, the Regents could charge in-state students a tuition increase of only 11% and charge non-resident students and graduate students greater than the zero to six percent increases many are facing to generate additional revenue.

Further information can be found on our web site: www.cu.edu/budget-tuition. Also please see: http://www.denverpost.com/editorials/ci_2789410 Please feel free to email me, or contact us at the CU Office of Business & Community Relations, 1-800-228-4357 if you have comments or questions. Your interest in and support of the University of Colorado is valued and appreciated.

Reality Check. The same day as *The Denver Post* editorial linked above, a very different perspective ran in *The Rocky Mountain News* that CU failed to share. Please see “CU Tuition Increase Beyond the Pale” <http://www.rockymountainnews.com/drmn/opinion>.

Sincerely,

Betsy Hoffman
President