



## 2018 Financial Action Plan: FAQ

### **Q: I've heard about a Financial Plan of Action for Adams State. What is it and why is it necessary?**

During the 2017-18 academic year Adams State University embarked on the development of a Financial Action Plan (FAP) to address revenue shortfalls that have resulted from declining enrollment in recent years. Development of the Plan has included a campus-wide evaluation of all programs: academic programs, student services programs, athletic programs, and administrative and operational programs. ASU students and families of students should note that Adams State is moving aggressively and with sure footing to address its financial situation. Adams State recognizes that funding models of higher education are changing and Adams State's financial picture is in no worse shape – and in fact better shape – than many of its peer institutions.

### **Q: Where is Adams State with its plan?**

So far, Adams State has identified and executed \$800,000 in reduced costs so that it will finish its current budget year in manageable shape. The university operates on a fiscal year calendar of July 1 to June 30 and has closed its deficit for the current fiscal year that ends June 30, 2018. The university has also identified \$2.7 million in net position change between FY19 compared to FY18. Those two reductions – the \$800,000 this fiscal year and \$2.7 million next fiscal year – have put Adams State in a solid position moving forward and are addressing the concerns the ASU Board of Trustees raised earlier in the year when it requested the FAP.

### **Q: What all went into the \$2.7 million in reduced expenses for the next fiscal year that ends June 30, 2019?**

On Friday, April 6, 2018, the Board of Trustees adopted a recommended list of cost reductions that was put forward by the ASU administration to cut up to \$2.7 million from the 2018-19 budget. The recommended reductions were \$2.2 million in personnel costs and \$500,000 in non-personnel costs. In total 45 employees, or 11 percent of the university's full-time benefits-eligible workforce, are impacted through the recommended list of expense reductions. The list includes eliminating 27 positions across the university. Of those positions, 18 were voluntary reductions due to retirements of faculty and staff, or positions that were already vacant and won't be filled. Another 9 positions were cut involuntarily, meaning employees lost those jobs as a result of the university's need to reduce its total workforce. In addition to the voluntary and involuntary job losses, another 22 employees of the university had their pay reduced either through a voluntary pay cut or a reduction in pay by going to a 10-month rather than a 12-month employment contract.

### **Q: How are students impacted by these decisions?**

No current student will lose momentum in a degree plan. Adams State eventually will phase out degree areas of emphasis in physics and information technology due to low enrollment in those two areas. The degrees specifically impacted are math and chemistry majors who have an emphasis in

physics, and mathematical science majors who have an emphasis in information technology. Again, those areas of emphasis are being phased out due to low enrollment numbers. Even so, students currently enrolled in those areas of emphasis will continue to earn their degrees. Adams State simply will not enroll new students in those areas of emphasis. To be clear, the math and science degrees at Adams State remain intact and strong, and in fact thanks to support from the Porter Scholars program, ASU math and science degrees remain among the best in the nation. It is the physics and information technology areas of emphasis within those degree majors that are being phased out.

**Q: Are there any other areas where students are impacted?**

Yes, in athletics some student-athletes will be housed in ASU dormitories rather than given a stipend to live off campus starting in the Fall 2018. This is actually a net revenue benefit to the university. Adams State typically pays, as part of its student-athlete support, for some athletes to live off campus. This will change so that rather than paying students to live off campus, Adams State Athletics will pay ASU housing for dorm rooms for more student athletes, thus generating income for the university. ASU Athletics is also growing its roster-size of student athletes on the football and wrestling teams to previously agreed-upon levels, which will serve to generate additional revenue for the university in the form of tuition and fees. ASU will add 20 non-scholarship athletes to the football team and 12 non-scholarship athletes to the wrestling team for an anticipated revenue gain.

**Q: Are any scholarships being eliminated?**

Adams State has been awarding what it calls a “milestone scholarship” to students who complete a two-year degree or associate’s degree. That will discontinue under the Financial Action Plan and will save the university an estimated \$100,000 a year. Students did not apply for the “milestone scholarship,” but rather it was automatically awarded as an incentive for students to continue on with their four-year degree plan. Most students who have finished an associate’s degree naturally are continuing on with their four-year degree, and the university determined the monetary incentive of the “milestone scholarship” was unnecessary. No other scholarships are affected by the FAP.

**Q: What is the status of the president of Adams State?**

The ASU Board of Trustees accepted the resignation of President Beverlee McClure, effective March 31, 2018. Trustees had placed Dr. McClure on administrative leave in February after determining that there was a lack of congruence between the priorities of President McClure and those of the Board of Trustees. With the resignation now official, the Board of Trustees is prepared to begin a process of replacing Dr. McClure. “The Board looks forward to receiving input from campus and community groups as the University identifies the right leader for ASU at this point in the University’s history,” Board Chairman Cleave Simpson said. At the request of the board, Dr. Matt Nehring began serving as Acting President on February 12 and has been leading the development of the university’s Financial Action Plan along with Finance Director Heather Heersink, Vice President of Student Affairs Ken Marquez, Chief Operating Officer Kurt Cary, Athletic Director Larry Mortensen and Director of Human Resources Tracy Rogers. Dr. Nehring has been a professor of physics at Adams State for nearly 20 years, served as department chair for more than 12 years and has been serving as Interim Vice President for Academic Affairs since June of 2017, while a national search is being conducted. The leadership of Adams State is stable. At its April 5, 2018 meeting, Trustees appointed Dr. Nehring Interim President of ASU. The university also anticipates naming a new Vice President for Academic Affairs by the summer of 2018 after successfully attracting a strong applicants pool for the position.

**Q: What is Adams State doing to address its declining undergraduate enrollment?**

Several things, starting with a stronger focus on the recruitment of students from areas of Colorado and neighboring states that ASU data shows have historically done very well at the university. In 2021, Adams State will celebrate 100 years since its founding and the university is looking to capitalize on that historic milestone by placing an emphasis on its roots as the regional higher education provider for southern Colorado, for rural communities across Colorado and neighboring New Mexico, and by refocusing its recruitment strategy in larger cities of Colorado through a more targeted outreach to students in those areas. Adams State's hallmark as a university is and historically has been a university that provides individual student attention and personalized learning through small class sizes and committed faculty who take the extra time to mentor and work closely with their students. Adams State believes that as its story of academic excellence is better told and as the university better showcases the success of its student body and its graduates, that enrollment can be stabilized and will grow. Adams State is producing outstanding graduates across its many academic areas and is committed to better telling its story of success to attract a growing number of undergraduate students.

**Q: Should students be concerned about the degree they are getting from Adams State?**

Absolutely not. Adams State continues to see strong placement in careers for its graduates and can point to many examples of students excelling in their fields of study and moving on to vibrant careers as intended. Adams State has seen an upward trend since 2011 of degrees awarded. The university is also closing ethnicity gaps in its graduation rates. Of the December 2017 graduating class, 46% of the 219 undergraduate awards were minority, 43% first-generation, and 45% low-income. In addition, 24% of the 171 graduate degrees went to minority students. Graduation rates are increasing and are expected to continue to increase due to initiatives such as Degree Works implementation, advisor training, career advising improvements, and other efforts focused on supporting degree completion. According to a new College Board Report, college graduates took home \$17,700 (61%) more in after-tax income than high school graduates.

**Q: I've heard rumors that Adams State will merge with another university. Is that true?**

No. There are no current or active discussions on a merger with another university system. Adams State does value its partnerships with institutions such as Colorado State University and Trinidad State Junior College. ASU and CSU have developed a joint business agriculture degree, and ASU and TSJC work together as community partners. For example, TSJC will hold its spring commencement on the Adams State campus this May. Adams State is excited to partner with TSJC on other efforts that bring value to both campuses in the San Luis Valley, and ASU will continue to look for opportunities to develop meaningful partnerships with other educational providers that enhance the student experience and bring value to the university. When you think about Adams State, keep in mind that its graduates contribute to the economic health of the San Luis Valley. For every four additional college graduates, more than \$1,000,000 pours into local communities for local goods and services in those graduates' lifetimes.

**Q: Is Adams State eliminating its police department?**

No. The ASU police force remains intact and will continue to provide patrolling and safety for the campus. A year ago, Adams State actually added one police officer to its staff to work as an ASU Housing Resource Officer. The idea was to have a dedicated officer provide education and services specifically for students who reside on campus. However, due to a smaller student resident population, the need for an additional officer is no longer warranted and the police department will reduce its staffing by one as part of the Financial Action Plan.

**Q: Is Adams State still on academic probation, and how has that impacted the university?**

Distance-education concerns were the primary reason Adams State was placed on probation in March 2016 by the Higher Learning Commission, which is one of six regional institutional accreditors in the United States. Since then Adams State has undergone a thorough examination of all of its distance-learning programs and processes and anticipates having its probation status lifted when the Higher Learning Commission board meets at the end of June 2018. A recommendation to remove probation status has been made by a site visiting team, which commended Adams State for the progress it's made in addressing prior HLC concerns and resolving federal compliance concerns. Negative publicity and unfounded rumors as a result of the probation certainly have impacted the university and its ability to recruit students. In reality Adams State is now a much stronger, more focused and more effective university as a result of how it has addressed and tackled head-on the concerns of the Higher Learning Commission through this process.

**Q: What is Adams State doing to address concerns around rising tuition?**

For starters Adams State implemented a Guaranteed Tuition program that locks in a student's tuition. Once admitted, a student's tuition does not increase as long as the student remains in school. The ASU Board of Trustees has also signaled no interest in increasing tuition, and in fact has discussed how to reduce tuition and fees for students. Adams State was also recently notified that the U.S. Department of Education is increasing Federal Pell Grant aid for the 2018-19 academic year to \$6,095 per student from \$5,920. Adams State has made summer Pell Grant available for students to help them pay for summer courses, which then helps a student graduate on time or earlier than planned. Adams State has a good amount of scholarship aid, including its SLV Promise Scholarship, which combined with federal and state sources, can cover the entire cost of tuition and fees with a \$1,000 book waiver.

**Q: What is Adams State doing to improve the student experience?**

ASU has made significant progress toward approving general education outcomes and implementing its Pathways Project led by the university's Center for Teaching, Innovation, & Research (CTIR) in conjunction with its Office of Title V Initiatives. The Pathways Project, to be fully implemented for Fall 2019, will reorient the undergraduate experience through first-year seminars, development of e-portfolios, extra- and co-curricular activities, and a capstone project the senior year.

**Q: Will future cuts be necessary?**

The Board of Trustees has asked for a plan that looks at the next two fiscal years. Key to the strategy is stabilization of the university's undergraduate student enrollment and funding levels from the state of Colorado as a public institution. Although enrollment for graduate degrees continues to increase annually, undergraduate enrollment has steadily declined since 2011. As such, the two-year plan will include both cuts and revenue-generating components. Growth in undergraduate enrollment can offset any additional necessary reductions to the ASU budget. Funding from the state of Colorado is another variable that plays into the financial equation from year to year. Adams State usually gets notified of state funding levels in the spring of each year and adjusts its budget based on what the state appropriates to higher education. In addition to stabilizing and growing enrollment, ASU is working to increase the quality and depth of experiences for students. Components include an effort to instill a strong culture of academic excellence; an increase in quality and depth of experiences for students; an increase in faculty and staff involvement in student retention; and a strategy to develop and maintain a recruiting and retention plan for each academic department. All of these steps will ensure not only Adams State's sustainability, but also its ability to grow and deepen its involvement with the San Luis Valley and the southern Colorado region it serves.