



OFFICE OF THE STATE AUDITOR



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ENROLLMENT GROWTH CRITICAL TO WESTERN STATE COLORADO UNIVERSITY'S FISCAL CHALLENGES

DENVER—The Colorado Office of the State Auditor (OSA) has released a performance evaluation of Western State Colorado University prompted by a continuing trend of financial losses seen in its financial audits from Fiscal Years 2011 through 2015. The evaluation, which was conducted by the Huron Consulting Group (Huron) on behalf of the OSA, found that Western needs to increase its operating cash flows by \$2 to \$3 million above Fiscal Year 2015 levels if it is to cover its debt service burden and capital renewal needs.

Western State Colorado University was established in 1901 and is located in Gunnison. For academic year 2014-2015, the university enrolled approximately 2,149 undergraduate and graduate students three-quarters of who are Colorado residents. In Fiscal Year 2015, Western's revenues totaled approximately \$45.4 million, while its expenses totaled approximately \$47.5 million. Western employed about 295 faculty and staff during the same period.

Huron found that Western generated between \$3 and \$5 million per year in operating cash flows before depreciation and interest during Fiscal Years 2013 through 2015; however, with debt service requirements of about \$5 million per year, Western cannot afford additional, large, debt-financed capital investments, which its recent capital-intensive growth strategy has focused on.

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Huron also found that Western's net tuition revenue per full-time student was about \$6,817 in Fiscal Year 2014, which was the highest among the institutions included in the peer group used for the analysis. However, without an increase in enrollment and retention, while mitigating a further increase in costs, Western will continue to struggle financially.

Huron notes that Western's strategic initiatives appear to target and build upon areas of programmatic and geographic strengths in order to attract more students. However, they warn against the common pitfalls in the increasingly competitive higher education marketplace of allowing costs to increase as a result of trying to be all things to all students.

The full report is available @ www.colorado.gov/auditor.

Under the direction of the state auditor, the OSA is the state's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with laws and regulations and in a manner that accomplishes intended program goals. Financial audits include annual audits of the state's basic financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.