DEPARTMENT OF HIGHER EDUCATION
FY 2020-21 JOINT BUDGET COMMITTEE HEARING AGENDA (2 OF 3)

Tuesday, January 14, 2020
2:00 pm – 5:00 pm

2:00-3:15 METROPOLITAN STATE UNIVERSITY OF DENVER AND COLORADO MESA UNIVERSITY

INTRODUCTIONS AND OPENING COMMENTS

JBC QUESTIONS

Main Presenters:
- Dr. Janine Davidson, President, Metropolitan State University of Denver
- Tim Foster, President, Colorado Mesa University

INTRODUCTIONS AND OPENING COMMENTS

QUESTIONS FOR PANEL DISCUSSION

- Higher Education Funding Model: Page 1, Questions 1-4 in the packet
- Requests R1 and R2 General Fund Support and Tuition Limits for Public Institutions of Higher Education, Page 9, Question 5 in the packet
- Impact of Enrollment and Funding Trends: Page 12, Questions 6-8 in the packet
- Cost Drivers: Page 16, Questions 9-10 in the packet
- Master Plan Goals and Institutional Efficiency: Page 22, Questions 11-12 in the packet

3:15-3:30 BREAK

3:30-5:00 ADAMS STATE UNIVERSITY, WESTERN COLORADO UNIVERSITY, FORT LEWIS COLLEGE

Main Presenters:
- Dr. Cheryl Lovell, President, Adams State University
- Dr. Tom Stritikus, President, Fort Lewis College
- Dr. Greg Salsbury, President, Western Colorado University

QUESTIONS FOR PANEL DISCUSSION

- Higher Education Funding Model: Page 29, Questions 14-16 in the packet
- Requests R1 and R2 General Fund Support and Tuition Limits for Public Institutions of Higher Education: Page 33, Question 17 in the packet
- Impact of Enrollment and Funding Trends: Page 34, Questions 18-20 in the packet

- Cost Drivers: Page 39, Questions 21-22 in the packet
- Master Plan Goals and Institutional Efficiency: Page 42, Questions 23-24 in the packet

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PANEL QUESTIONS

HIGHER EDUCATION FUNDING MODEL

1. Do you support the November 12, 2019 Department proposal for a new funding allocation model? What are the strengths and weaknesses of the Department's proposal? Do you have any recommendations for eliminating, adding, or modifying components? Should all funding flow through a model or only a portion? Should the State explore a different kind of model? Stop using a model altogether? Consider a "hybrid" approach that includes both model components and base changes determined through decision items (e.g., to ensure minimum base increases or address inequities), as recommended by JBC staff?

Metropolitan State University of Denver

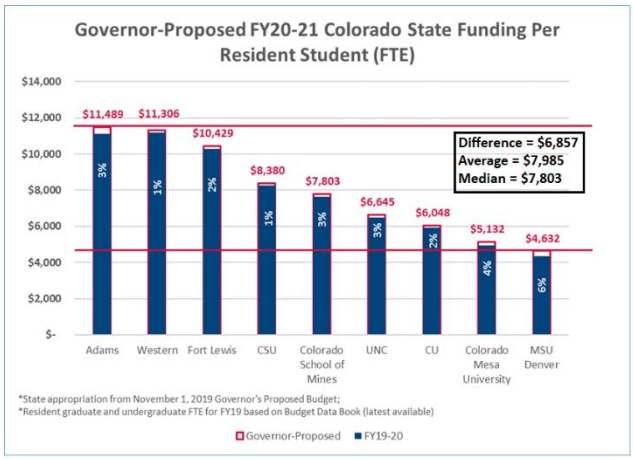
"No funding model alone can compensate for chronic under-funding or disproportionate distribution of funds over a period of years. This model does a better job than the previous iteration at reflecting the priorities of state leaders and serving the needs of Colorado students first. It does not remediate the historical underfunding of MSU/Denver, nor does it do enough to support and serve the University's unique student population."

The model proposed by the department is not without flaws, but it does better represent the workforce needs of the State as reflected in the Talent Pipeline Report and the higher education attainment goals identified by state leaders. We appreciate that it rewards schools that align with these objectives. In addition to these overall strengths, the model is also fairly simple and transparent. Finally, it also removes the non-resident funding mechanism, focusing rightly on using Colorado State funding for the benefit of Colorado's students.

Weaknesses in the proposal include incentivizing schools to carve out set amounts of money through the Specialty Education Programs (SEP) funding model. We believe that funding should not be driven through the SEP model, as this perpetuates a flat-rate funding model versus performance-based funding. The SEP funding should ideally be eliminated, or significantly reduced to incent institutional performance in accordance with state aspirations for IHEs. Another weakness is the factor in the model for "non-system" schools and their location. This factor is not driven by regional economic data, but rather is used to help reallocate the funding distribution amongst institutions. The model currently fails to allocate funding to schools focused on educating first-generation students, a significant portion of Colorado's future talent pool, and a population that requires additional resources and wrap around services to help them to graduation. This could/should be fairly simple to correct in this iteration of the model.

With regards to the amount of funding that should flow through the model, this is not as important as fixing the inequities in the current funding flows (primarily the SEPs set-asides) and/or increasing the overall amount of funding Colorado allocates to higher education. By processing 100 percent of higher education's funding through the model, MSU Denver would benefit greatly; but with serious consequences for several other schools in the state.

A better fix would be to address the gap in base funding that MSU Denver, Colorado Mesa, and several other schools have to get us to the average state funding per student. This gap is a result of the perennial flat percentage-based incremental increases the state has used in lieu of more strategic allocations that would have closed, not widened this gap (a 3% increase at Adams or Western is considerably more money per student than a 3% increase at MSU/Denver). The result is that the Colorado students with some of the highest needs receive the least amount of funding. Once this funding gap is closed, then new funding can be more easily run through a model that rewards institutions whose performance best matches the education and workforce goals of the state. This is a fix that could be made over a relatively short period of time (several years), and would be reflective of a hybrid and performance based model as recommended by JBC staff.



Colorado Mesa University

CMU supports a simplified model with perhaps 3-5 measurable outcomes, while adequately addressing differences in student demographics—both financially and preparedness--and CMU's unique tri-college mission ranging from certificates/two-year associate degrees to graduate/professional programs. The model must recognize the high cost of successfully serving PELL and First Generation students, with special attention to small and rural institutional needs. Most importantly, the model must begin to address state base funding inequities, which have continued under the 1319 funding model and are perpetuated in large part in the new proposed model.

Unfortunately, CMU was disadvantaged greatly during the last recession. At a time when CMU's enrollment increased by over 50%, CMU's state funding did not grow at the same rate as enrollment. The chart below suggests that CMU remains greatly underfunded on a per resident FTE basis when compared to its peers, with CMU receiving about 67% of the statewide four-year college funding per COF FTE student. Additional state funding for CMU would be needed to address this long-standing funding inequity and to serve CMU students on parity with other campuses.

CMU has and will continue to demonstrate efficiencies. However, as noted below with one of the highest FTE student to FTE staff ratios there is only so much an institution can accomplish with limited staffing resources, especially as over 2/3 of CMU's students are PELL and/or First Gen and require significant faculty and staff supports.

	FTE Student/ FTE Staff
Community College of Denver	22.6
Metropolitan State University of Denver	22.6
Colorado Mesa University	20.8
Pueblo Community College	16.5
Red Rocks Community College	15.4
University of Colorado Colorado Springs	14.8
Colorado State University-Pueblo	14.0
Western State Colorado University	12.3
University of Northern Colorado	11.6
Colorado School of Mines	10.0
Colorado Mountain College	9.1
Fort Lewis College	8.9
Adams State University	8.4
Colorado State University-Fort Collins	7.9
University of Colorado Boulder	6.2
University of Colorado Denver/Anschutz Medical Campus	2.9

Fall 2017 IPEDS data

Another example of efficiency comes from a recent NACUBO report that benchmarked Student Financial Services staffing. The data noted below suggests that CMU has about ½ and in some cases about 1/3 the number of staff in Student Financial Services as other institutions across the country.

2019 Student Financial Services Benchmarking Report
NACUBO Benchmarking (406 public and private colleges & universities reporting)

		Undup HC Enrollment *		
	All Institutions	8.000 to 14,999	4,000 to 7,999	CMU *
Average SFS FTE permanent staff positions	10.2	12.3	8.4	4
FTE Students per SFS Staff	831	860	669	1937
SFS Staff with 10+ years of employment	39.0%	41.6%	37.7%	0%
SFS Budget per FTE student	$148	$105	$148	$44

Source: https://www.nacubo.org/News/2019/10/2019-NACUBO-Student-Financial-Services-Benchmarking-Report-Released

At the same time, CMU continues to pay special attention to student affordability—both through controlled tuition and fee rates and consistently growing institutionally supported financial aid. While CMU is proud of the fact that it continues to have among the lowest tuition and fee rates, the JBC staff table below suggests that over 70% of CMU's E&G revenues are from tuition income, leaving less than 30% funded by the state general fund. While other campuses, such as CSU, Ft. Lewis, CU and Mines may generate an even larger share of their revenues from tuition one must keep in mind that these campuses have a significantly larger non-resident population paying higher tuition rates and therefore generating more tuition revenues or a state-subsidized program such as the Native American tuition waiver. At CMU over 85% of the students are from CO.

FY 2018-19 Education and General Revenue Sources				
Total	State General Fund	Resident Tuition	Nonresident Tuition	Indirect Cost Recoveries, Fees, Other
Adams State University	44.0%	32.0%	23.9%	0.1%
Colorado Mesa University	29.1%	57.2%	13.5%	0.2%
Metropolitan State University	32.9%	58.7%	5.6%	2.8%
Western Colorado University	42.6%	26.7%	30.3%	0.4%
Colorado State University System	20.2%	30.6%	32.2%	16.9%
Fort Lewis College	24.6%	18.7%	56.4%	0.3%
University of Colorado System	13.8%	31.7%	36.9%	17.6%
Colorado School of Mines	11.7%	28.1%	46.7%	13.5%
University of Northern Colorado	30.0%	45.9%	19.0%	5.0%
Community College System	34.8%	49.1%	7.2%	8.9%

As a result, CMU suggests that legislative policy related to tuition limitations, if any, should take into account differences in current tuition rates between institutions—noting that a 1% rate increase on a lower base rate generates fewer new resources. Once again, institutions that have worked hard to control rates over the years are disadvantaged with across-the-board tuition policies. Perhaps, the Assembly should consider adding general fund support to make up the difference between the average amount generated through the standard tuition policy (e.g. 3%) and the amount it generates at those institutions with the lowest tuition rates. This will allow the low cost institutions to remain low cost, while recognizing that the same institutions are funded well below the statewide average for both state general fund and tuition income support.

CMU's local governing board, student input and sensitivity to market competition and students' ability to pay have served to limit rate increases and keep them well below the state legislatively imposed limits as demonstrated below.

	FY11*	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Imposed Limit	9.00%	9.00%	9.00%	6.00%	6.00%	6.00%	8.00%	7.00%**	3.00%	0.00%
CMU actual tuition and fee rate increase	5.80%	4.80%	4.93%	4.89%	5.80%	5.03%	4.83%	6.88%	3.00%	0.00%
Unused Balance	3.20%	4.20%	4.07%	1.11%	0.20%	0.97%	3.17%	0.12%	0.00%	0.00%
*excluding change associated with model conversion										
** includes 1% in support of new programs in PA, PT, and OT										

2. Should statute continue to require that funding for certain types of entities--local district colleges, area technical colleges, and specialty education programs--continue to increase/decrease at the state average? Why not determine increases/decreases through annual policy decisions?

Metropolitan State University of Denver

"Specialty Education Programs (SEPs) are financial gerrymandering. They do not reflect the current priorities of state leaders and devalue the performance-based incentives represented by the formula, in favor of schools who have managed to lobby for and receive special set-asides that precede any formulaic distribution of funds."

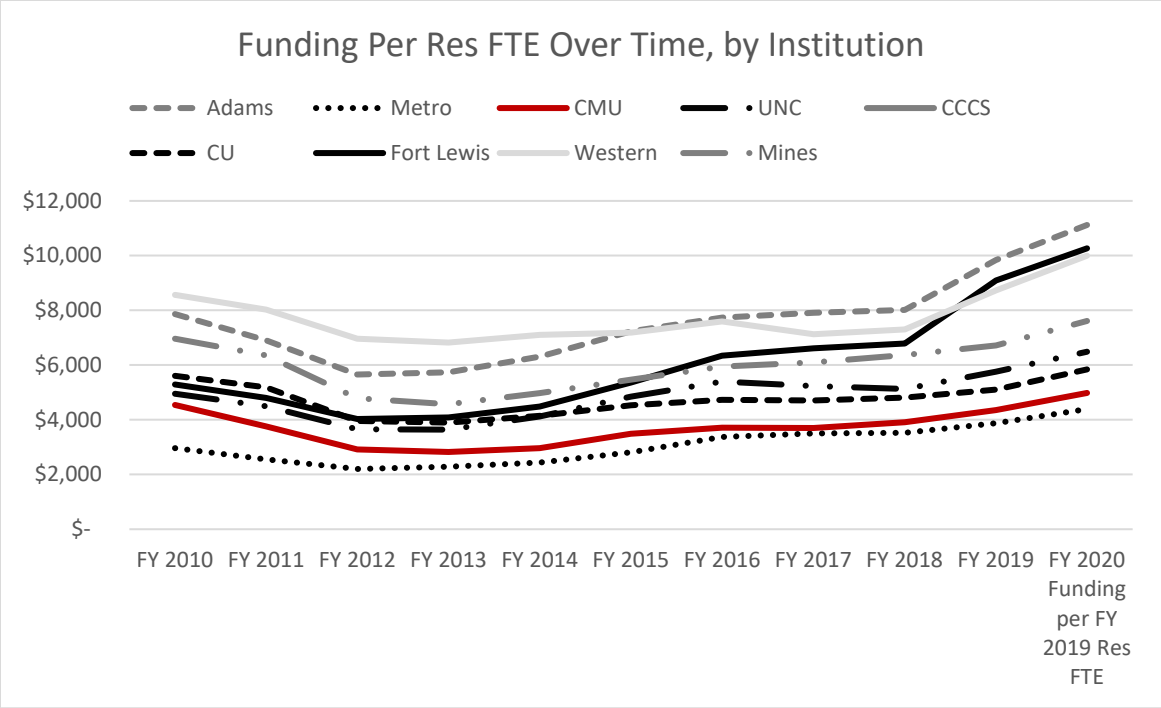
As stated in the previous section, MSU Denver believes that the SEP funding model is flawed. It not only does not reflect the goals of the state, but is also a method that institutions can use to stabilize their own funding flow

by diverting funds from the performance-based model. This drives IHEs to increasingly lobby for their own SEP funding in an effort to have predictable funding flows. Each institution can make a case for funding our unique student populations and missions, but this does not necessarily address the objectives of the state.

By creating SEPs, institutions are able to create funding streams that are unaffected by the goals and expectations of policy makers, and that divert funds from funding streams that do reflect those goals and expectations. If the state decides to keep SEP funding, then it should not be increased incrementally as state funding increases; nor should it decrease proportionally with state funding. Increases and decreases should be made through annual strategic assessments and explicit policy decisions. Furthermore, if the SEP model is to be perpetuated, the state should consider creating SEP funding mechanisms for those institutions servicing high need populations, such as low income and first-generation students who require additional wrap around services from IHE's to graduate.

Colorado Mesa University

While using a set increase/decrease amount certainly simplifies the model for some entities, it does not affect policy change, address higher education goals and hold all entities accountable to the state's agenda. Further, with respect to the Local District Colleges it ignores the very significant increases in local property taxes that they have received over the past decade. Moreover, it also limits resources available to address long-standing state funding inequities in the model, as noted below.



3. Should the State still be trying to develop a new model for use in the FY 2020-21 budget? (JBC staff has recommended that the General Assembly use the existing H.B. 14-1319 statute, adjusted to ensure a funding "floor" for institutions, for setting the FY 2020-21 budget and that any statutory changes apply to the FY 2021-22 budget.)

Metropolitan State University of Denver

"Change is eternal. No formula will accurately reflect the context of the state budget and needs of IHEs, or the priorities of state leaders, year-after-year. There are fundamentals that CDHE has identified that probably should

be common to the formula each year but, yes, the State should revisit and revise – as needed – the formula on an annual basis."

MSU Denver supports the intent to improve higher education funding allocations. But the fact is, no model will be perfect year-after-year. We must review the allocation vis-à-vis our strategic goals every year and recalibrate as needed. The flaws in the current model are well known and adjustments can be made now to create a model that more accurately reflects and incentivizes the goals and expectations of the State. Waiting another year to make any adjustments to the current model with the hope of getting it "perfectly right" next year or the year after simply delays progress again and may be perceived as political maneuvering and stalling. Hoping for perfect is unrealistic, not strategic, and risks failing too many Colorado students in need. We believe we can make some adjustments this year and that the department has done a good job highlighting many of the adjustments needed to better fund the State's goals. It is not perfect, and we should continue to adjust the model next year and in future years, but we should not let the promise of "perfect" be the enemy of "good enough."

In sum, the department's proposed funding model makes concrete moves to re-align state funding toward the State's goals. This is only a partial fix to the overall challenges of funding for higher education. For those schools with significant base funding gaps, additional funding must be considered if we are to meet the needs of our unique Colorado student populations and compete as a state in this increasingly competitive global economy.

Colorado Mesa University

The short answer is that improvements in the methodology are still needed. CMU suggests the JBC use, as its 2020-21 budget starting point, the Governor's proposed model with some limited modification. CMU has long advocated, consistent with the legislative directive, that the model separately address first generation students much like it does for PELL students. While the first generation data set is not perfect, adding it to the model now will certainly incent standardized data, which can be improved on over time. The new model now includes a new component for underrepresented minorities (URMs); and, while noteworthy and commendable it does not recognize the fact that some URM students come from better prepared, better supported and wealthier backgrounds than do many first generation students. First generation students, coupled with PELL students generally simply require more support for success.

CMU advocates establishing a model that addresses long-standing state funding inequities over a reasonable period of time, without doing serious harm to any institutions. But, once the new model is in place, it should be consistently used for a period of time—say five years—to see how it impacts change and introduces a level of predictability to institutional financial planning.

4. First Generation students: Is the methodology used by different institutions to collect information on first generation students different? Could it be subject to "gaming"? What number/percentage of Colorado resident students are first generation in their families to attend college at your institution(s) based on the common definition adopted by the Department[1] and your methodology? If you look only at data collected through the FAFSA (federal student aid application), what number/percentage of students at your institution(s) are "first generation"?

[1] An individual both of whose parents did not complete a baccalaureate degree or, in the case of any individual who regularly resided with and received support from only one parent, an individual who's only such parent did not complete a baccalaureate degree.

Metropolitan State University of Denver

"If CDHE chooses to account for first-generation students in the model, transparency in methodologies will limit "gaming" of the system. However, the real "gaming of the system" will be if CDHE is persuaded not to include first-generation students in the model because some are concerned that the methodologies are not perfect."

While there is currently some variation across Colorado four-year institutions in how to count first-generation students, the processes are transparent enough that "gaming" should not be an issue. Other states, such as California and Texas, have an agreed-upon process for counting their first-generation students; Colorado can easily adopt one as well. Not including first-generation students in the allocation model because the methodology might not be "perfect," risks the perception that the exclusion is a politicized attempt to under-fund these high-need populations and is, in fact, exactly the sort of "gaming" this question considers.

"56% of our student body is made-up of first-generation students. This is not a fluke or a transient marketing strategy: Serving first-generation students is core to MSU Denver's mission."

If MSU Denver looks at both FAFSA and data contained within a student's admissions application to the university, 55.9% of our student body is made up of first-generation students (Census data, Fall 2019).

"The Venn circle of MSU/Denver first-generation students is 21% larger than the Venn circle of MSU/Denver first-generation students who are eligible for federal loans and likely to complete the FAFSA. Among disadvantaged students, FAFSA itself is an entitlement; not available to all. Why on Earth would FAFSA data be considered any sort of accurate reflection of our first-generation students?"

Looking only at FAFSA data results in a total of 34.9% of MSU Denver's student body consisting of first-generation students (Census data, Fall 2019).

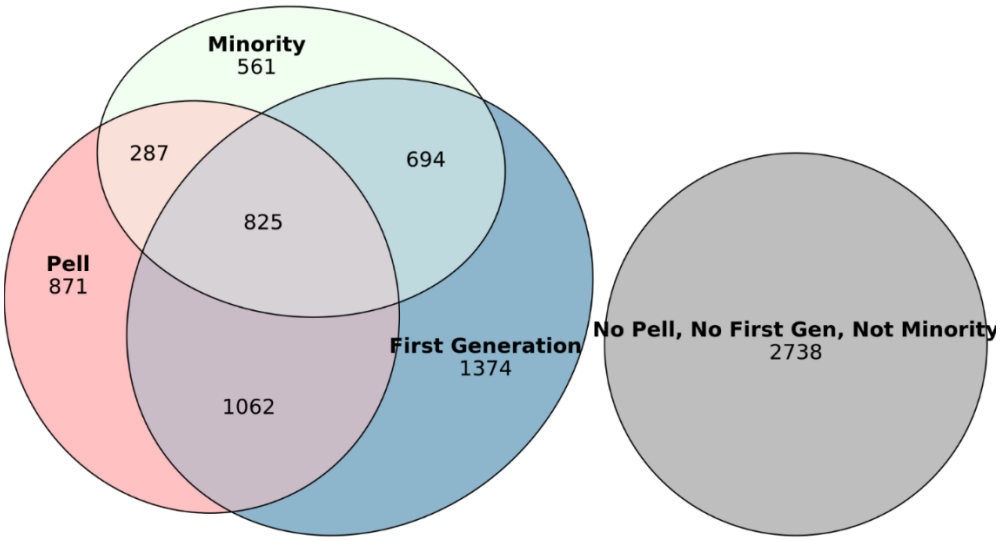
It is important to understand that the FAFSA-only method results in a significant undercount of MSU Denver's first-generation population (roughly 3,800 first-generation students – of a student population of ~18,000 – would not be represented in a FAFSA-only count). The US Department of Education requires that students meet certain citizenship criteria in order to receive federal financial aid; and undocumented students, including DACA recipients, are not eligible for federal student aid. Although FAFSA can be used for distribution of state funds, its primary use is for federal aid and we know that many first-generation students do not use the FAFSA.

Colorado Mesa University

While the first generation data set is not perfect, adding it to the model now will certainly incent standardized data, which can be improved on over time.

CMU students come from different backgrounds, and therefore have different behaviors than those at some sister institutions. Nearly 2/3 of CMU students received Pell and/or reported they were first generation. Unlike some underrepresented minority students who may come from high income or multi-generational educational families, PELL and First Gen students generally lack the financial resources, sophistication and family support networks to help them navigate post-secondary education. Additionally, CMU's differing admissions policies, especially for two-year programs, attracts a less well-prepared academic student than at many other Colorado campuses. Again, taking more resources to help them achieve completion goals.

Fall 2018 Undergraduates



In order to support their success, low-income and first-generation students often need more support to graduate and therefore, are more costly to serve. They use a large share of these services provided by CMU including:

- *Career/college advising in local high schools*
- *Assistance completing financial aid forms*
- *Loan management and financial counseling*
- *Registration assistance*
- *Specialized courses on success in college*
- *Developmental education*
- *Frequent one-on-one interactions with academic coaches*
- *Regular meetings with advisors on progress*
- *Frequent meetings with faculty on coursework*
- *Utilizing individual tutoring services and the writing center*
- *Mentoring and advocacy services*
- *Diversity and inclusion services*
- *Access to integrated medical health care services including emotional/mental health/behavioral (averaging approximately four visits per year semester for behavioral services). Other services include suicide prevention efforts, drug and alcohol prevention, eating disorder awareness and prevention, and peer mentoring programs.*
- *Career services counseling*

The Georgetown Center on Education and Workforce reported to CCHE at its 2017 retreat that the estimated added annual cost of serving a low-income, often underprepared student is between $10,000 to $20,000 per year. If Colorado stands any chance of meeting the CCHE's aggressive credential attainment goals, Colorado must invest resources in keeping these at-risk student populations engaged, supported and on the path towards earning their degree. The first step in doing this is to adequately fund first generation students. CMU therefore recommends

using both FAFSA and application gathered data to support a funding metric. DHE and JBC can refine the definitions and data over time.

Institutions report First Generation data on the SURDS enrollment file. Here is the definition from CDHE for the data element:

- *Definition: A flag that indicates whether an undergraduate student is First Generation as defined in the Higher Education Act of 1965 which is: (A) an individual both of whose parents did not complete a baccalaureate degree; or (B) in the case of any individual who regularly resided with and received support from only one parent, an individual who's only such parent did not complete a baccalaureate degree.*
- *Codes/Notes: 0 = No, 1= Yes, Blank = Unknown*
- *This is a yes/no field signifying the selection of this category. "1" specifies a "yes" response, "0" specifies a "no" response, blank specifies "unknown". Flag is to be collected for undergraduate students only. Definition of "Parent" is to be determined by the institution. Element refers to the household environment a student grew up in.*

When using FAFSA data note that guidance for answering parents' highest school completed questions are in alignment with the above HEA definition.

Within the definition, two possible data sources (application and FAFSA) are identified but exactly how to collect and exactly how to translate the collected data into the values 0,1,blank are left to the discretion of each institution. These details can continue to be refined over time, but do not appear to be significant enough to warrant delaying implementation another year.

In Fall 2018, CMU identified 46% of its undergraduates as first generation--see table below. If FAFSA data only were used, CMU would identify 28% of its students as first generation. However, relying solely on FAFSA data would undercount first generation students. One of the considerations when working with first generation students is that their families may be less familiar with higher education processes (such as completing the FAFSA); and, therefore first generation students may be less likely than their counterparts to complete the FAFSA. CMU data also shows that first generation students who complete the FAFSA do so, on average, at a later date than non-first generation students.

Group of students	Number of students in group	Percent of total student population
Not First Generation	5,066	54%
First Gen on App Only	1,666	18%
First Gen on FAFSA Only	553	6%
First Gen on Both	2,080	22%
Total First Gen	4,299	46%
Total Undergraduates	9,365	100%

REQUESTS R1 AND R2 GENERAL FUND SUPPORT AND TUITION LIMITS FOR PUBLIC INSTITUTIONS OF HIGHER EDUCATION

5. What level of General Fund increase and/or tuition increase is needed for you to cover your institutional base funding needs? Would the combination of 3.0 percent resident tuition increase, the General Fund amount included in the Department's November 1 request (under H.B. 14-

1319), and other revenue sources available to you (nonresident tuition, indirect cost recoveries, fees etc.) cover your base costs? Would the combination of a 3.0 percent resident tuition increase, the funding provided based on the Department's November 12 proposed new funding model, and other available revenue cover your base costs?

Metropolitan State University of Denver

"MSU/Denver needs an additional $9.7M in base costs for FY2020-21: We believe this should come in the form of State funding outside of the model to bring MSU/Denver up to the average State funding provided to IHEs (per figure 2 below). MSU/Denver is different from other schools in Colorado, in that we have very few sources for generating additional funds. We do not have, for example, funds from parking, food services, campus housing, out-of-state students, etc. It is the percentage increases in tuition and/or State support that contributed to MSU/Denver's funding falling behind that of other schools. A 3% increase in tuition for MSU/Denver generates a cost to the student (and revenue for the university) of $8/credit hour. The same 3% increase at the School of Mines produces $16.70 per credit hour. Likewise, because we receive less State funding per student than any other school in the state, a flat percentage increase in State funding would put us yet farther behind our peer institutions."

For Fiscal Year 2020-21, the University estimates an additional $9.7 million in base costs, to be realized through state funding and/or tuition increases. These additional costs include only essential cost increases such as classified staff salary adjustments, a cost-of-living adjustment[2], the Denver minimum wage increase, normal faculty promotions, tenure, and post tenure reviews; PERA expenses; Auraria Campus (AHEC) and Library annual cost increases; and on-going contracts including technical contract annual increases. This estimate does not include investments in student-facing initiatives which are proven to enhance student success such as integrated student community support for diverse and first-generation students or such as the Classroom to Career Hub, which connects students to employers. The estimate also excludes base funding of many on-going operating expenses that the University has been covering from the fund balance.

MSU/Denver lacks any significant ability to generate income through nonresident tuition, indirect cost recoveries, etc.

The University is dependent on tuition revenue and state support because, unlike many other Colorado IHEs, there are a limited number of alternative revenue sources. For example, MSU Denver does not have the ability to generate auxiliary revenue such as parking and dining services, due to the AHEC structure. Per our mission, MSU Denver is not a research institution, which reduces the University's ability to generate indirect cost recoveries. Also, as a traditionally commuter school, without on-campus housing, the overwhelming majority of MSU Denver's students are Colorado residents from the local area; so increasing non-resident tuition would have a minimal impact. Therefore, any additional revenue need would have to come from either state funding or an increase to resident tuition or student fees.

[2] MSU/Denver is proposing a 3% across the board salary increase in fiscal year 2020/21. This is considered an "essential cost" in light of an historical inability to provide incremental increases that keep pace with recognized costs of living. To wit, since FY2010-11 our COLA have averaged 1.5%, while inflation has averaged 2.6%. This 3% increase is necessary to sustain MSU/Denver as a competitive employer in the field of Higher Education.

Table 1 FY20-21 Funding Models and Core Needs

Funding and additional core needs FY2020-21	Dept. Nov. 1st request (under H.B. 14-1319)	Dept. Nov. 12th request (New Funding Model)	Difference
Est. Additional State Support	3,695,074	3,819,588	124,514
Estimated tuition revenue at 3% increase with flat enrollment	3,600,000	3,600,000	-
Total additional revenue	7,295,074	7,419,588	124,514
Less:			
Additional Core Needs w/out New Initiatives	(9,671,590)	(9,671,590)	-
Total Shortfall with flat enrollment	***(2,376,516)***	***(2,252,002)***	***124,514***
Percent Tuition Increase Needed with Flat Enrollment	2%	2%	

A 3% tuition increase is about $3.6 million in additional revenue, meaning the University would need an additional $6.1 million in state support to cover the base needs for FY20-21.

It is important for legislators to understand that a 3% tuition increase for MSU Denver generates significantly less cost for students (and revenue for the university) than 3% at most other Colorado IHEs. This is because our tuition is already so low: A 3% tuition increase at MSU/Denver results in an additional $8 of cost/revenue per credit hour; a similar increase at School of Mines results in a tuition increase of $16.70.

Likewise, percent increases in base funding to MSU Denver has a significantly smaller impact because of our smaller base relative to other IHE's (with the Governor-proposed state funding for higher education, MSU/Denver would receive $4,632/FTE – less than any other IHE in Colorado – as compared to Adams and Western, who each would receive over $11,000/FTE).

Figure 1 Tuition Increase in real dollars

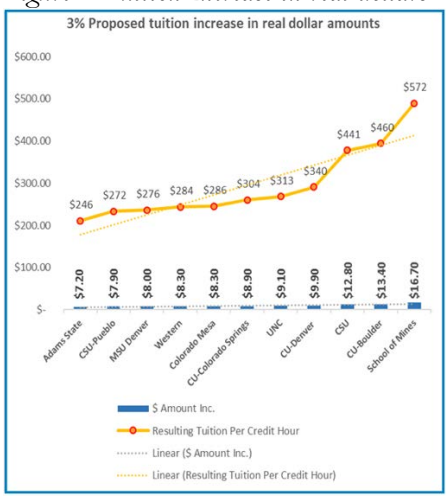
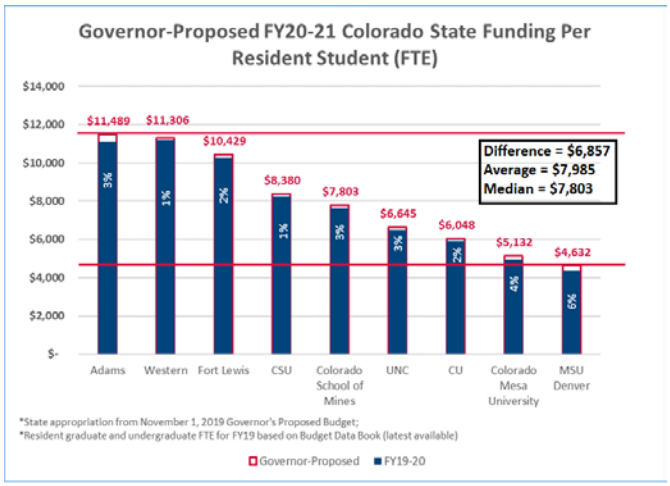
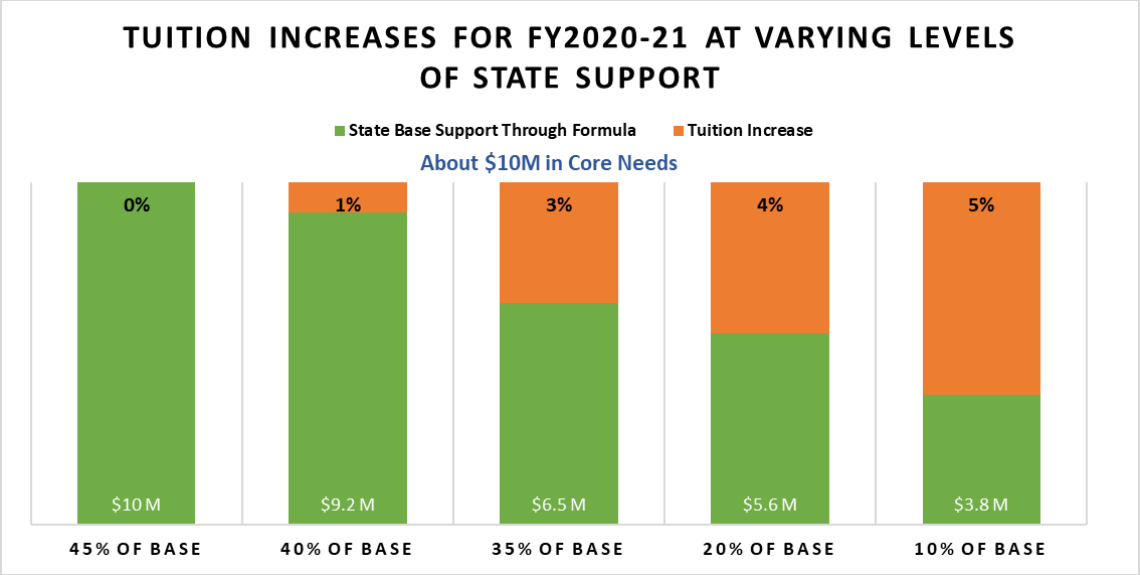


Figure 2 Governor-proposed funding



Assuming a 2.5% increase to higher education funding, the allocation in either funding models is not sufficient to cover the FY20-21 base costs increases. As shown in Figure 1 below, in either scenario, MSU Denver will need to increase tuition by a total of 5% to cover mandatory costs. In order to fully cover the FY21 base needs at a 3% tuition increase, MSU Denver requires a base adjustment of $6.1 million, or more of the base needs to be run through the November 12th new funding model. Figure 3 shows that 35% of the base would need to run through the new funding model to cover MSU Denver's base needs with a 3% tuition increase. MSU Denver's base needs would be fully covered without a tuition increase if 45% of the base was run through the new model.

Figure 3 Tuition Increase Needs at Different Funding Levels



Colorado Mesa University

Although early in the budget process, CMU anticipates being able to cover most costs to continue or minimum cost increases within the Governor's proposed budget when coupled with a three percent tuition rate increase; however, it would not be sufficient to cover for example, faculty positions needed to support the new Occupational Therapy program or any departmental budget requests which have not yet been submitted. A general fund increase of between 4-5% plus a 3% tuition rate increase would be required to support total estimated cost increases. Sensitivity to marketplace rates, along with local Governing Board controls and student input suggest that something more than a three percent tuition increase is not likely at CMU. Nonetheless, CMU would continue to advocate for institutional flexibility in setting rates, as there are several internal and external "controls" in place that serve to limit institutional capacity to increase tuition rates. CMU has proven over time that we have been judicious in rate increases, which is demonstrated by having one of the lowest rates in Colorado. Any tuition caps should take into account differences in tuition rates across CO colleges and universities. A three percent increase at one institution with higher tuition rates will generate more new revenue than at a campus, like CMU, with low rates. CMU would suggest that if limits are imposed that they vary by institution, or that a minimum dollar increase be permitted. Further, perhaps addressing the disparity in dollar generation from tuition increases by backfilling with general fund dollars those with lower tuition rates thereby bringing their dollar collection up to the average.

IMPACT OF ENROLLMENT AND FUNDING TRENDS

6. Discuss the enrollment trends for your institution(s). When in declining enrollment, how do you sustain operations and balance the budget?

Metropolitan State University of Denver

"Declining enrollment currently and in past years has both immediate and more deliberate, long-term consequences for the University. In the short-term we have had to find ways to improve our efficiency and reduce costs to reflect diminishing financial resources. Longer-term we have and will continue to examine our operating assumptions and offerings. Our state mandate is to serve the students of Colorado, and in particular those who are traditionally under-served. We also serve the businesses and economy of Colorado by providing graduates in degree fields that are critical to the state's continued growth."

An immediate consequence of declining enrollment is a constant effort to improve our efficiency and ensure that our operations are as cost-effective and lean as is possible. For the last decade, MSU Denver has consistently maintained the best efficiency ratio of educational and general expenses per degree granted annually in our national peer group per the National Center for Higher Education Management systems.[3] With about 73% of the educational and general budget committed to personnel and no extraneous programs, the University does not have any truly variable costs remaining that can be decreased along with enrollment. Additionally, MSU Denver does not have the same revenue generating opportunities as other universities, such as parking, dining, and housing, because of the Auraria Campus structure. Therefore, MSU Denver's options for balancing the budget when enrollment declines are limited.

Over the past five fiscal years, in response to declining enrollment, the University has implemented over $6.2 million of either budget cuts or cost savings:

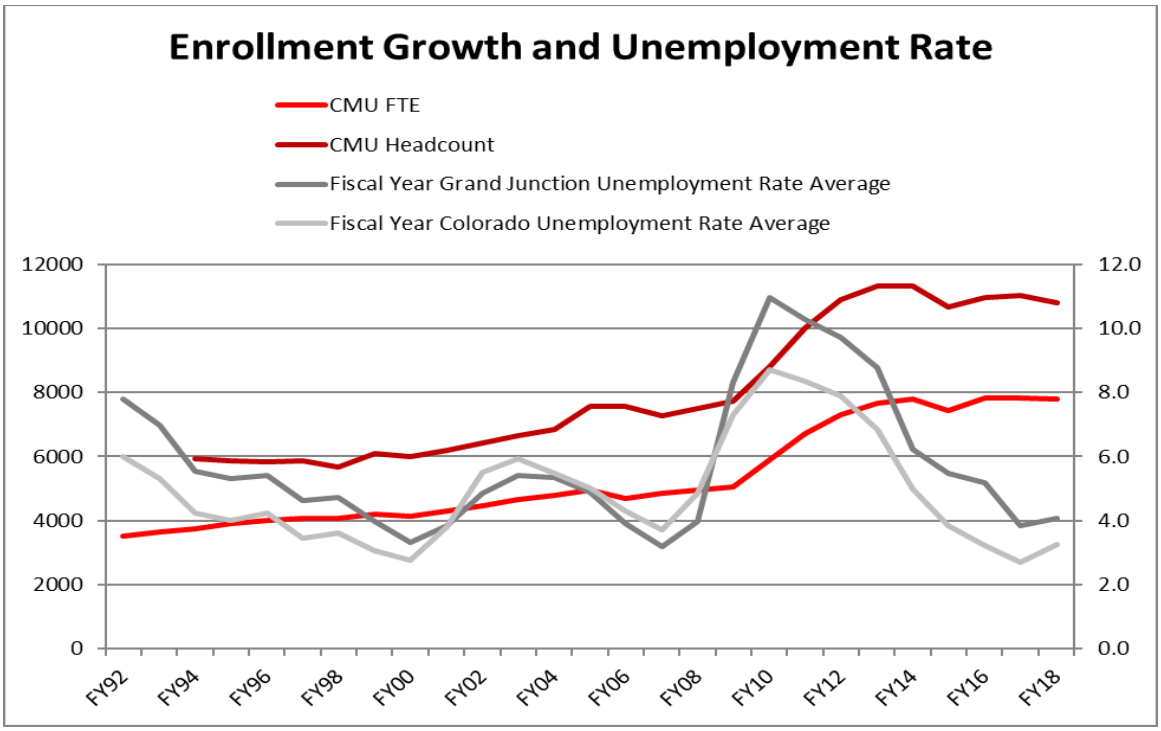
- *For Fiscal Year 2018-19, MSU Denver did not offer any Across-The-Board (ATB) salary increases to Faculty and Administrators, while state personnel received the mandatory 3% ATB increase. This saved the University over $3 million.*
- *For Fiscal Year 2017-18, the University offered its Faculty Administrators only one percent ATB salary increases, while all state agencies offered ATB and merit increases of about 3%. This created over $2 million in saving.*
- *Starting with FY 2016-17, all salary adjustments or additional budget allocation decisions are deferred to October 1st instead of July 1st to be more strategic in allocating our resources. Only mandatory additional costs are covered starting July 1st.*
- *In Fiscal Year 2015-16, the University added a Process Transformation position to focus on implementing a culture of continuous Process Improvement based on Lean principles. During this time, the University has leveraged this position to reduce the application/admission processing time to better serve our students, identified improvements in our student accounts collection process to improve our collections rates and keep students in school, and to improve our hiring process to reduce the time to fill vacant positions. All of this work was done without adding additional resources to these processes.*
- *In Fiscal Year 2014-15, the University cut over $1.2 million from its budget, which included eliminating $540K in vacant positions, as well as other non-personnel cuts identified across departments due to either process improvements or simply reducing the budget.*

A longer-term consequence of what is anticipated to be national declines in enrollment for some years to come is a deep examination of how our university is presently structured; both physically and substantively. We have some programs considered to be critical to the talent pipeline and the economic future of Colorado – such as Nursing, Education, Engineering, and Aviation – that are operating at capacity now due to our limited physical infrastructure. We have other programs that are not. As we face increasing competition for a decreasing pool of potential students we will continue to reallocate resources within the university to ensure that we are optimizing our appeal to prospective students and serving the educational needs of Colorado by producing graduates who will enter the workforce in critical fields, well-prepared and ready to contribute.

[3] As an example of this fiscal "leanness," consider the ratio of students to non-instructional staff. Per the latest IPEDS data, MSU/Denver has 27 students per non-instructional staff member. Within the state of Colorado, the next-highest number of students/staff is Mesa, at 24, then UC Colorado Springs at 13. The numbers continue to drop steeply, to UC/Denver/Anschutz, at 2 students/non-instructional staff member.

Colorado Mesa University

CMU's enrollment has historically been correlated to the Grand Junction and Colorado unemployment rates, a trend that only changed in the last few years, with CMU maintaining and growing enrollment, despite unemployment rates.



Source: CMU and https://fred.stlouisfed.org.

Part of that countercyclical success comes from CMU innovation and partnering with the local city/county governments to support local students. For example, CMU spends about $330k annually to place a CMU employee in each of the local high schools to advise high school students about college and other opportunities beyond high school. Additionally, the local Grand Junction and Montrose communities provide $625k per year to provide student scholarships to students interested in continuing their education at CMU. These homegrown partnerships are unique and show the dedication and value the Western Slope places on CMU and its students.

CMU has not had to deal with decreasing enrollment, except for a minor correction in 2015. CMU approached the 2015 challenge as it always approaches budgeting: conservatively. CMU has consistently budgeted conservatively, including maintaining a contingency in the event that budget to actual revenues or expenses vary significantly.

Over the next 10 years, CMU expects to continue innovating to meet the needs of its students and stakeholders. This innovation will come in the form of creative workforce development partnerships through our community college division known as Western Colorado Community College. It will come in the form of new academic programs that meet workforce needs and provide students with job opportunities upon graduation. For example, CMU is about to enter its second year of its Master of Physician Assistant Studies program and is about to begin its Occupational Therapy Doctorate Program. In addition to strong workforce demand for these programs, regional communities are thrilled about the program given its potential to increase the number of primary care providers in areas of the state experiencing healthcare shortages and affordability challenges. Innovation at CMU will include continued

strategic investments made possible by conservative budgeting and the development of more unique partnerships. Whether it is our decade-old partnership with CU-Boulder to bring engineering programs to western Colorado or our long-standing support from regional local governments to fund student scholarships each year, CMU will keep looking for creative ways to serve students, families and stakeholders across Colorado each and every year.

7. Discuss the cyclical nature of state funding and enrollment and how your institution responds to these fluctuations in terms of making personnel decisions. How did you manage state funding cuts and enrollment increases during the last recession? Did you have layoffs? Would you expect to see the same pattern during the next economic downturn?

Metropolitan State University of Denver

"State funding cuts have historically coincided with economic downturns (and increased unemployment). Our enrollment has historically tracked unemployment. So, to a modest degree, the consequences of state funding cuts have been mitigated by increased enrollment. The mitigation has not been perfect, however, and we have had to cut programs, cut benefits to faculty and staff, and layoff some employees."

The State has gone through two recessions since 2000, both times state funding for MSU Denver has been cut while enrollment has gone up: However, the increased tuition revenue from enrollment growth was not sufficient to cover the total cut in state funding. During the mini-recession of 2003, the University identified and eliminated several positions which resulted in approximately $1.8 million in savings to the budget. Additionally, during this time of the economic downturn, recognizing the financial challenges facing our unique student population, the University intentionally held tuition flat during Fiscal Year 2004.

During the great recession of 2009, the State reduced MSU Denver's base funding by $9.6 million. The University cut nearly 68 FTE, with over half of those positions in Academic Affairs. The University also reduced salaries for existing positions, eliminated a program within Student Services, and cut non-labor operating expenses. A portion of the reductions were offset by the one-time America Recovery and Reinvestment Act (ARRA) fund allocation. Unfortunately, ARRA funds could not be used to cover the base positions that were cut but MSU Denver was able to invest nearly $2 million of the ARRA funding to reducing waste and inefficiencies, while improving services to our students. These efforts led to nearly $500K in annual savings to the University.

Historically, MSU Denver's enrollment has tracked with changes in the unemployment rate. As unemployment goes up, so does the University's enrollment. Therefore, it is reasonable to assume that any future increase in unemployment would lead to an increased pool of potential students. However, the potential enrollment increase may not be sufficient to cover increased base needs. Prior to the Great Recession, state funding made up nearly half of the University's budget. At the time, enrollment would need to increase by 1% for every 1% reduction in State support. Currently, State support makes up only 33% of MSU Denver's budget. As of FY19-20, enrollment or tuition would need to increase by 0.5% to offset any 1% decrease in State support.

It is important to note that many of our most popular programs (and those most crucial to the talent pipeline and Colorado's future success) are already at capacity and would not be able to support increased enrollment without additional resources.

Colorado Mesa University

As mentioned above, CMU's enrollment bloomed during the last recession, so CMU did not need to institute layoffs. Conversely, due to funding limitations, CMU was not able to add staff at the rate needed to support growing enrollment. Data provided earlier in this response shows CMU to be highly efficient from a staffing perspective but there are certainly some negative consequences to this conservative staffing approach. For example,

staff get stretched thin and are subject to burn-out and turnover; students may not receive the immediate attention they always need; and, there are some services/resources that simply are not available to all students, such as financial literacy services (both in general literacy resources, counseling, and outreach to high schools in the area), more academic advising, more mental health services and expanded mental health counseling. Given state funding did not grow at the same rate as CMU's enrollment growth during this period of time, per student funding inequities continued to grow as well.

High quality faculty and staff are the backbone of the institution. Due to conservative budgeting and continuous position review and control, CMU has not had to go through a budgetary layoff. The university constantly reviews programs and budgets and makes adjustments to positions as they become vacant. No position is automatically refilled without consideration for restructuring or elimination. Likewise, CMU has been a leader in energy efficiency through the use of geo-thermal heating and cooling systems, saving the State over $1.1M per year compared to more traditional utility sources.

Depending on the severity of the next recession, CMU would attempt to be as creative as possible in its solution to decreased revenue. Some strategies could include holding off on re-filling certain positions, providing early retirement options and shifting job duties; cutting back on new programs and new initiatives; and exploring additional technological options. CMU recently implemented an e-forms solution to allow the importation of form information directly to its administrative software system, without requiring any manual keying of data. But, it must be recognized that CMU is already quite lean and with about 60% of the budget in salaries and wages, any material budget cuts would likely have an impact on personnel—the backbone of the institution.

8. How well prepared are you to weather the next downturn?

Metropolitan State University of Denver
"MSU/Denver lacks the deep pockets and reserves common to university systems. We also lack the auxiliary services that can generate revenue to help universities cushion economic downturns. We anticipate being one of the hardest-hit of Colorado IHEs when the next downturn occurs."

MSU Denver's limited resources and limited revenue generating opportunities prevent the accumulation of reserves, making declining enrollment and/or reductions in state funding difficult to manage. The University also does not have access to large endowments which leaves a heavy reliance on tuition and fee revenue. As discussed above, the University has had to resort to layoffs in particularly lean years and cannot afford cost of living increases in pay every year, which has a direct impact on the level of service we're able to provide. While specific efforts are made to ensure the University remains financially viable, should state resources decline, services would be reduced where possible, and the remaining financial burden would need to be shifted to our students.

Colorado Mesa University
See previous response.

COST DRIVERS

9. How much have posted tuition and fees and total educational and general revenue per student FTE increased at your institution since FY 2013-14, when state funding began to rebound?

Metropolitan State University of Denver
"The total revenue per student FTE, including tuition and fees and state support, has increased by $5,334 from FY2013-14 to FY2019-20. Per figure 4, below, our total revenue per FTE is considerably lower than the average for Colorado IHEs."

The total revenue per student FTE, including tuition and fees and state support, has increased by $5,334 from FY2013-14 to FY2019-20. As shown in Figure 4 below, MSU Denver's per student FTE revenue is still the lowest in the state. The increase in revenue is the net result of increased state support, tuition and fee increases, and decreased student FTE.

Figure 4 Total Revenue per Student FTE (FY14-FY20) information from Budget Data Books

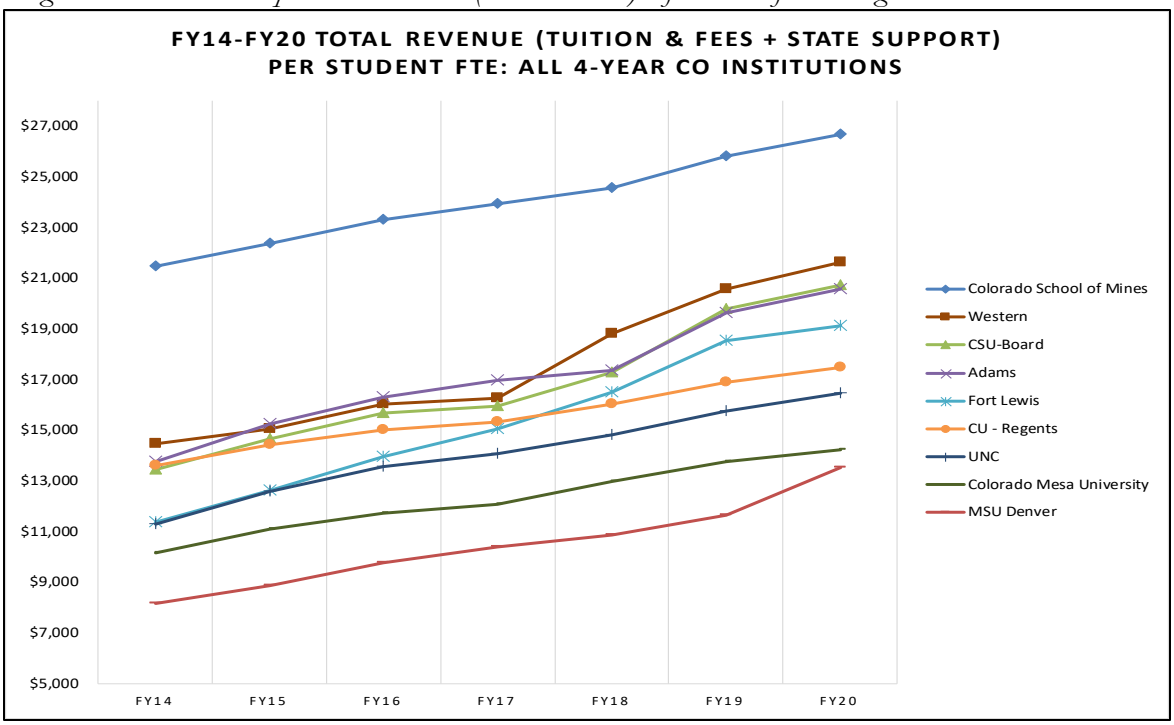
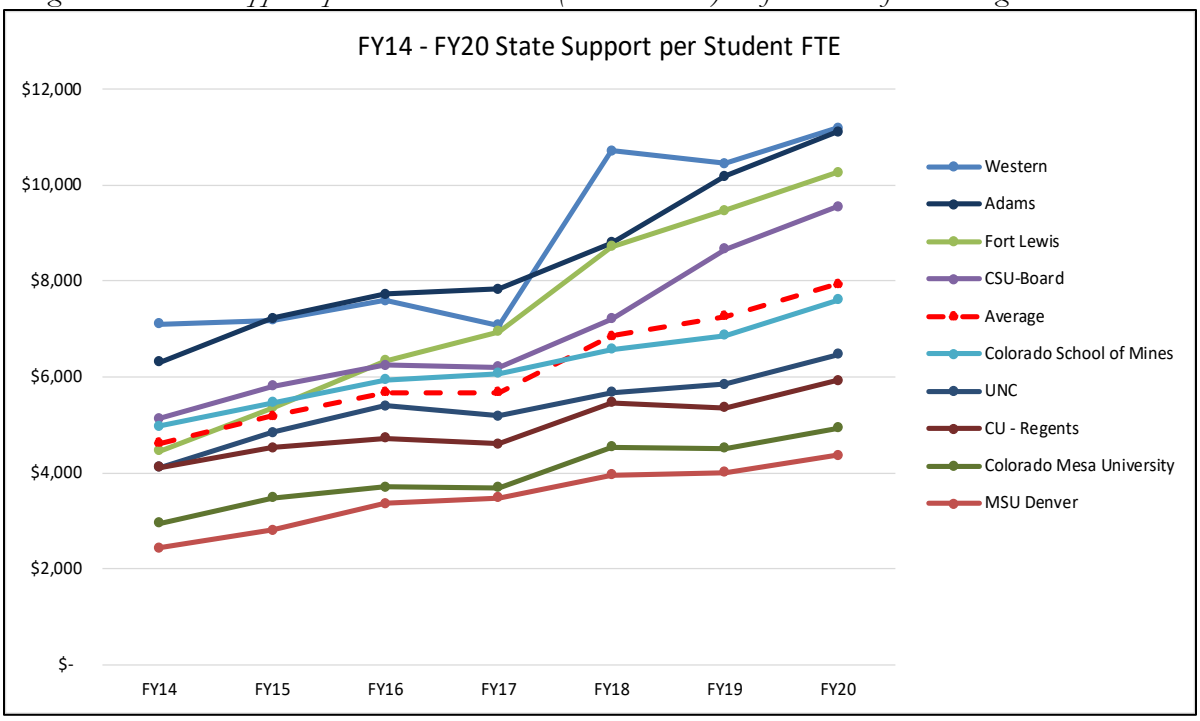


Figure 5 below shows the change in state support per student FTE since FY2013-14. Over the last seven years, MSU Denver has remained the lowest funded institution per student FTE despite the State investing more in higher education because the total dollar increase for MSU Denver's students was lower than any other institution.

Figure 5 State Support per Student FTE (FY14-FY20) Information from Budget Data Books



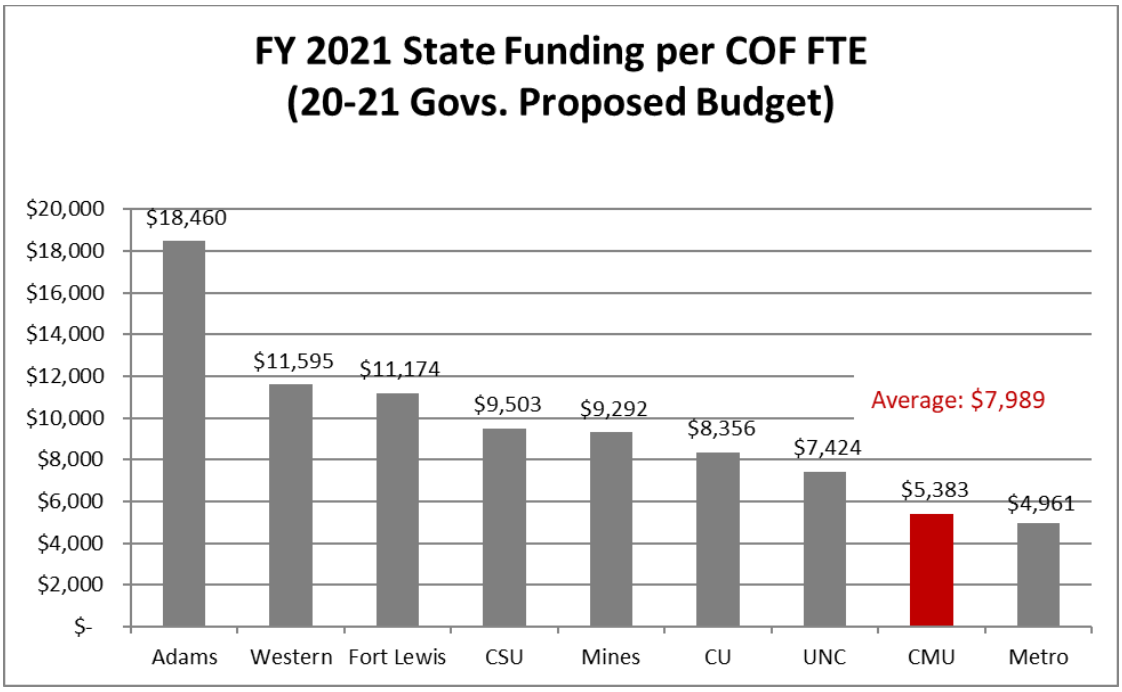
MSU Denver tuition and fees per academic year (at 15 credit hours per semester) have increased by a total of $3,406 since fiscal year 2014. Of that increase, $365 per academic year is from new, student approved fees. These include the Mental Health fee which was a fee requested by students and which provides students with unlimited access to mental health services. Additionally, $804 per academic year comes from closing the tuition window by 50% in FY19-20.

The tuition window allowed students to take 13 to 18 credit hours for the same cost as 12 credit hours. The window was originally established to incentivize reduced time to graduation and to further support financially disadvantaged students. However, a university analysis found no evidence that the tuition window either reduced time to graduation or improved graduation rates. It also found that the students within the window were more likely to have higher average incomes than those out of the window, and many did not even know they were receiving this "incentive." Ultimately, the University discovered that students with fewer financial resources were essentially subsidizing the free credits within the window for those who were financially better off. The additional revenue from closing the window was invested directly in high impact practices, wrap-around services, and campus safety.

The remaining increase of $2,237 was to cover the University's mandatory cost increases and provide students with essential services. These increases in tuition and fees were necessary, in part, because MSU Denver receives about 55% of the average per FTE state support compared to other Colorado IHEs. Nonetheless, MSU Denver still remains the most affordable university in the Denver-Metro area and the second most affordable in the state of Colorado.

Colorado Mesa University

Unfortunately, CMU was disadvantaged greatly during the last recession. At a time when CMU's enrollment increased by over 50%, CMU's state funding did not grow at the same rate as enrollment. Therefore, CMU remains greatly underfunded per FTE, compared to its peers.



The growth in E&G revenue is from a combination of: major shift in state policy from the state subsidizing the major portion of the cost education to the student now subsidizing the cost; increased non-resident enrollment who pay higher tuition rates; formula recognition of PELL enrollments, of which CMU has a large majority; and, incremental growth in state funding. While increases in state funding are appreciated, many times they have not been sufficient to cover the ongoing mandatory operating costs of the institution and not enough to finally correct historical funding inequities. Hence, CMU has had to absorb those additional costs internally.

In FY 2018-19, 29.1% of CMU's E&G revenue came from state COF and FFS—about the same percentage as in FY13-14; 13% came from non-resident tuition; and 1.2% came from graduate tuition. The remaining 56.0% came from the student share of resident tuition. Clearly, both state support and resident tuition remain vital components of CMU's budget.

10. What are the major cost drivers impacting your governing board? Is there a difference between the general inflation rate (CPI) and the inflation rate experienced by your institution(s) of higher education? Why?

Metropolitan State University of Denver

"Like most business enterprises these days, personnel cost, health insurance and pension costs, technology, and student support and mental health costs are our largest cost drivers. And, it is worth noting, many of those are non-discretionary costs over which we have little if any control."

The major cost drivers for MSU Denver that rise higher than general CPI rates are:

- *Personnel*
  - *Higher Education is a service industry and the workforce is highly educated. Therefore, payroll is a greater percent of our overall budget compared to other industries and personnel salaries are higher than other industries.*

- *Minimum wage increases for the state of Colorado have resulted in an estimated $1 million in cost increases over the last three years. The Denver minimum wage increase is projected to have an additional impact of $3.9 million by FY2023.*
- *MSU Denver was not able to provide inflationary salary adjustments for its employees during fiscal years 2017-18 and 2018-19. Therefore, the employee turn-over rate – which is itself a cost driver – may increasingly be a problem that MSU/Denver, and other IHEs within the state of Colorado, will face if the State under-invests in Higher Education. For example, the faculty are behind the CPI adjustments by 5.5% and the Administrators are behind the CPI by nearly 10%, since fiscal year 2010.*

- *Health Insurance and Pension Costs*
  - *As with other industries, health insurance and pension costs for MSU Denver have increased faster than the CPI due to external pressures and market forces.*
  - *Health Care: MSU Denver's healthcare and related contributions have increased $9.7M over CPI from fiscal year 2000 to fiscal year 2019. This is due primarily to rising costs in the health care industry. Additionally, MSU Denver's employer contribution on health care has fluctuated from 60% to 72.5% over the last 20 years to compete with other Colorado institutions that offer 74% to 100% in this area.*
  - *PERA: There was also $8.1M increase over CPI related to pension costs since 2000. This was due, in part, to the increases in the amortization equalization disbursement and the supplemental amortization equalization disbursement that have since stabilized in fiscal year 2018. Additionally, the University tries to remain competitive in relation to salary and the pension contributions are based on rising salary amounts.*
- *Technology*
  - *Technology is a specific expense that, in many ways, did not even exist not too long ago. Keeping up with technology trends, expectations, and requirements in government and in higher education in particular has demanded new investments in myriad systems, including the digitization of core administrative functions, communications systems, externally-facing informational websites, on-line course offerings, smart classrooms, app-based student support systems, and others. For all of these, cybersecurity requirements have also driven costs and risks.*
  - *In the last twenty years Technology expenses have increased by $11.5M, adjusted for inflation. While MSU Denver is the least funded University in Colorado, we must secure the same current technology to provide students with a reliable and relevant educational experience. New high school graduates and the younger generation are more tech-savvy and demand the most recent technology, including different communication tools and on-line offerings.*
  - *To keep pace with industry trends, MSU Denver has transformed the technology landscape to leverage modern solutions for campus needs. This includes migrating select mission critical systems to the cloud, implementing redundant and higher speed internet connectivity, and deployment of next-generation security solutions. Online course offerings and increasingly mobile students and faculty require robust and secure connections to our on-campus and hosted systems.*
  - *MSU Denver now offers secure VPN connectivity to campus for all students, faculty, and staff. Multi-factor authentication enhances account security for all account holders. Advanced monitoring tools provide rapid response to malicious cyber threats, and scanning tools check for vulnerabilities in on-campus systems. Security awareness training and newsletters are employed to ensure that our campus maintains an appropriate security posture. In the event of a significant security incident, cyber security insurance (through Chubb) provides financial coverage, as well as technical support in responding to the incident.*
  - *MSU Denver IT Services is committed to a focus on improved security. The position of Chief Information Security Officer (CISO) was created along with new positions for Security Manager, Security Analyst, and Jr. Security Analyst. Part-time student employee positions are also funded for the security team. The number of staff hours focused on security has tripled in the past decade.*

- *Student Support and Mental Health*
  - *Meeting our mission and supporting our student population requires maintaining an affordable tuition rate while providing more wrap-around services to ensure our students succeed. Mental health services is a good example of an ever-increasing requirement which in previous years was not part of the student services that the University needed to offer. The Student Health Center expenses have increased by nearly $4M in the last twenty years including $1.9 M explicitly for Mental Health (and noting that much of the $2.1M not explicitly identified as Mental Health was still related to or a consequence of mental health issues in the community: In a recent briefing by the Health Center, it was noted that 1/3 of the students seen at the Center were in some way related to mental health issues).*
  - *Twenty years ago, the Student Health Center's budget funded .5 FTE of psychiatric professionals. In 2020, this same budget line now includes 5.0 FTE. Additionally, the Counseling Center has doubled their clinical personnel during this same time period. It is also important to note that the mental health needs of students is not just being met by the mental health professionals at the Counseling Center and the Health Center. Our primary care medical personnel are now diagnosing and treating mental health needs in approximately 33% of their office visits with students, which has contributed to the need for additional primary care providers.*
  - *Another example of MSU Denver's response to addressing the mental health needs of students has been the creation of our behavioral health response team (CARE Team), which required additional professionals within the Dean of Student's office to manage this new service.*
  - *The Student Health Center has also contracted with Metro Crisis Services to ensure 24/7 after-hours support for student mental health needs.*
- *Infrastructure*
  - *The aging infrastructure of the Auraria Campus has not adequately been addressed for many years. The shared buildings on the Auraria Campus – in which MSU Denver conducts over 85% of its core educational activity – has $88 million in deferred maintenance, and tens of millions more in needed upgrades to the learning environments. Capital state support for Higher Education has not been adequate to accommodate today's needs and deferred maintenance.*

Colorado Mesa University

Given it is early in the annual budget process, CMU is currently projecting costs increases of well over $3.5 in 2020-21, which does not yet include funding any departmental specific budget requests, which are not due until after the first of the calendar year. This amount includes projected mandated increases for state classified salary increases; mandated minimum wage increases which are particularly significant when the number of student employees is considered; mandated PERA employer contributions; 2% exempt staff COLA salary adjustment; additional faculty positions to address student class demand; new academic programs to meet CO workforce needs such as the OT, Veterinary Technician, Mechatronics programs; health care cost increases which are traditionally higher on the west slope; inflationary cost increases passed on by third party service providers such as security; and utilities increases.

CMU faces several challenges in hiring and retaining high quality faculty and staff, due to market compression and hiring in an environment of low unemployment. CMU also faces costs over which we have limited control over, such as mandated cost increases for accreditation requirements, clinical sites and other state mandated changes. It should be noted that the Family Leave Program change proposed by Governor Polis could have a substantial cost impact to CMU to temporarily fill positions out on extended leave. This is not factored into the cost estimates above.

The traditional reference of Boulder-Denver-Greeley CPI is a general average that does not address specific cost increases, nor necessarily relate to costs on the Western Slope. The proposed $1.283 million general fund increase for CMU coupled with a 3% in-state tuition cap will go a long way to help CMU cover these costs, but it will not cover the costs in their entirety. However, CMU respects the need to maintain student affordability and has demonstrated that through historically moderate tuition rate increases. While positive for students, the negative effect is that with a lower base tuition rate, a three percent rate increase does not generate as much additional tuition revenue for CMU, as it does for other institutions.

This is further exacerbated by the fact that CMU is slated to receive $2,606 less in state funding per student than other four-year CO institutions in the Governor's proposed budget, based on statewide appropriation per FTE student. Hence, making absorbing unfunded costs even that much more difficult at CMU.

MASTER PLAN GOALS AND INSTITUTIONAL EFFICIENCY

11. Discuss the graduation rates for your institutions (graduation within 100-150 percent of time). Should the State be concerned about these? Why/why not?

Metropolitan State University of Denver

"Our student body and our mission are different than that of more traditional 4-year schools, so our metrics for graduation are different as well. Our students are non-traditional (their average age is 26). Many are working, supporting families, and dealing with life issues not typical of traditional students at traditional universities. We care less about how quickly they graduate than we do about how well-educated and job-ready they are when they do graduate. Because nearly 80% of our students work full- or part-time, the additional time to graduate means our students often graduate with less debt: Many of our students are truly working their way through college and paying as they go rather than relying primarily on student loans."

Our metrics regarding graduation rates are intentionally different. As the only modified open-enrollment four-year IHE in Colorado, we graduate students into the workforce with degrees who would otherwise probably not have that opportunity. As such, MSU Denver is an institution where thousands of students often begin their higher educational journey by taking a few classes after high school and then transferring elsewhere; or where they come home to complete their degrees after starting at another school or perhaps taking a break to work. We work hard to provide flexible pathways that fit into their "zig-zaggy" lives. Moreover, because significant numbers of our students (whose median age is 26) work 30-40 hours a week in order to pay tuition and provide for their families, how we define "on-time" graduation at MSU Denver varies across our student population. All this means that we look at different metrics to score our "graduation rates" compared to more traditional and more selective universities.

- *Transfer students are a majority: MSU Denver's transfer student population accounts for more than half (on average 56%) of our new undergraduate student population each fall (source). Of our 2018-2019 graduating class, 68% of them originally came to us as transfer students.*
- *It is worth noting that this additional time to graduation does not always result in greater student loan debt. We know anecdotally that many of our students minimize loan debt by working more hours. We are working to confirm details of this phenomenon.*
- *First-Time Full-Time Freshman: Of the undergraduate students that start at MSU Denver right out of high school, we estimate that 39% finish their undergraduate degrees within 6 years, either at MSU Denver or at another IHE.*

Based on Fall 2012 cohort data from Student Achievement Measures (SAM), 14% of students who began as new students at MSU Denver went on to graduate with a Bachelor's degree elsewhere within 6 years of beginning with us.

In Fall 2019, 95% of undergraduate students were Colorado residents. Our most recent outcomes survey of undergraduates receiving their degrees from us showed that 85% of respondents who were employed were employed in Colorado (of graduates between Spring 2017 and Fall 2018).

Of our more than 96,000 graduates, more than 22,000 have been first-generation college students (23%). 19,000 of our graduates have been students of color (20%).

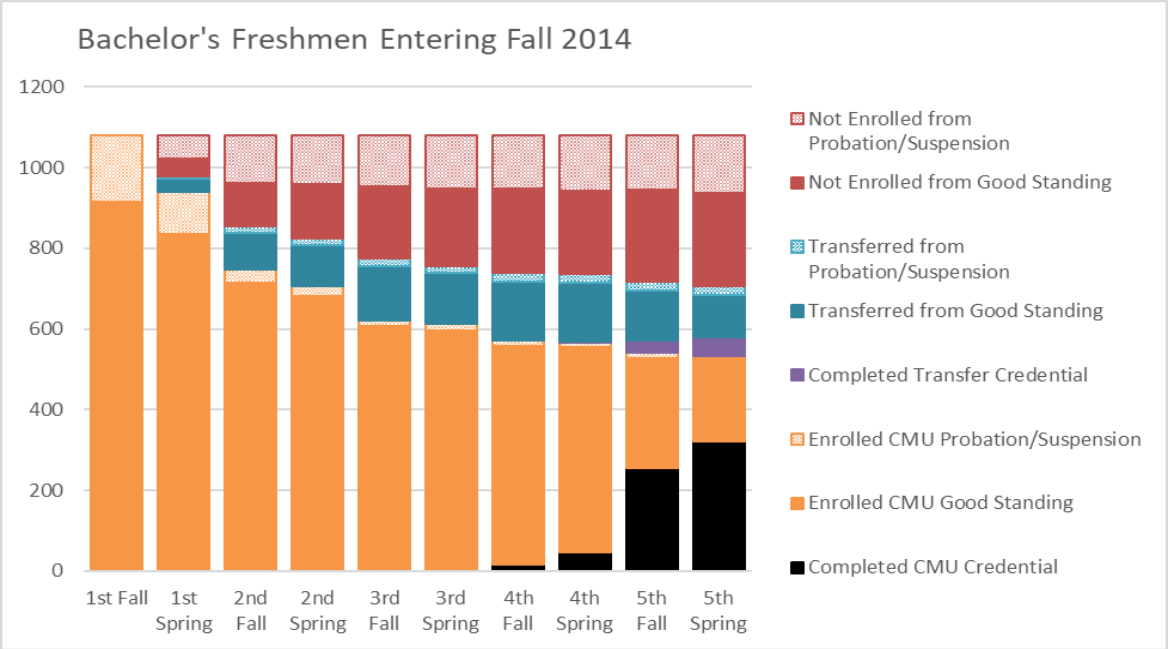
Colorado Mesa University

CMU could achieve higher graduation rates in 100-150 percent of time range if CMU only accepted students who were academically, financially, and emotionally prepared for college, but that is not who CMU serves. CMU uniquely has a tri-college mission, including a two-year college with an open admission policy. CMU also serves as a regional university with a much more modest four year program admission policy. According to national data, retention rates are higher at more selective institutions. Also according to the National Center for Education Statistics, just 41% of first-time full-time college students (average college students, who are probably better prepared on average than CMU students) earn a bachelor's degree in four years, and only 59% earn a bachelor's in six years, (https://www.cnbc.com/2019/06/19/just-41percent-of-college-students-graduate-in-four-years.html).

The reason CMU students take longer to complete is because they are disproportionally Pell and/or first generation. This means CMU students work more: on the 2019 NSSE survey, freshmen who were not Pell and not First Generation reported working 7.5 hours per week on average while freshmen who were Pell and/or First Generation worked 12.2 hours per week. Also, First Gen students submit their FAFSA later than non-First Gen, more First Gen students delaying verification. Therefore, financial aid packaging completion tends to happen closer to the start of the fall semester for First Gen students. Since some state grant aid is given out on a first come first serve basis, later packaging can mean the students can receive less of this state grant aid. This leads Pell and/or first generation students to need to take out more loans or reduce their class load and related semester costs.

CMU does fairly well compared to peers with the same student population and resource base as our own, as evidenced in the newest DHE model graduation peer comparisons. CMU's peers graduate students in 4 years at rates ranging from 8.9% to 17.1%, making CMU's 17.1% the highest graduation rate among its peers. CMU's peers graduate students in 6 years at rates ranging from 19.5% to 36.9%, making CMU's 32.9% one of the higher graduation rates.

Moreover, just because CMU students have not graduated in 6 years does not mean they have dropped out. Nearly 2/3 of CMU students received Pell and/or reported they were first generation, which means that these students are more likely to work while in school, taking longer to complete their degrees, as well as more likely to take time off between semesters. As shown in the table below, at the end of students' 5th year, 34% had completed some sort of degree, 20% were still enrolled at CMU, 12% had transferred to another school, this only leaves 34% who had left CMU without some credential.

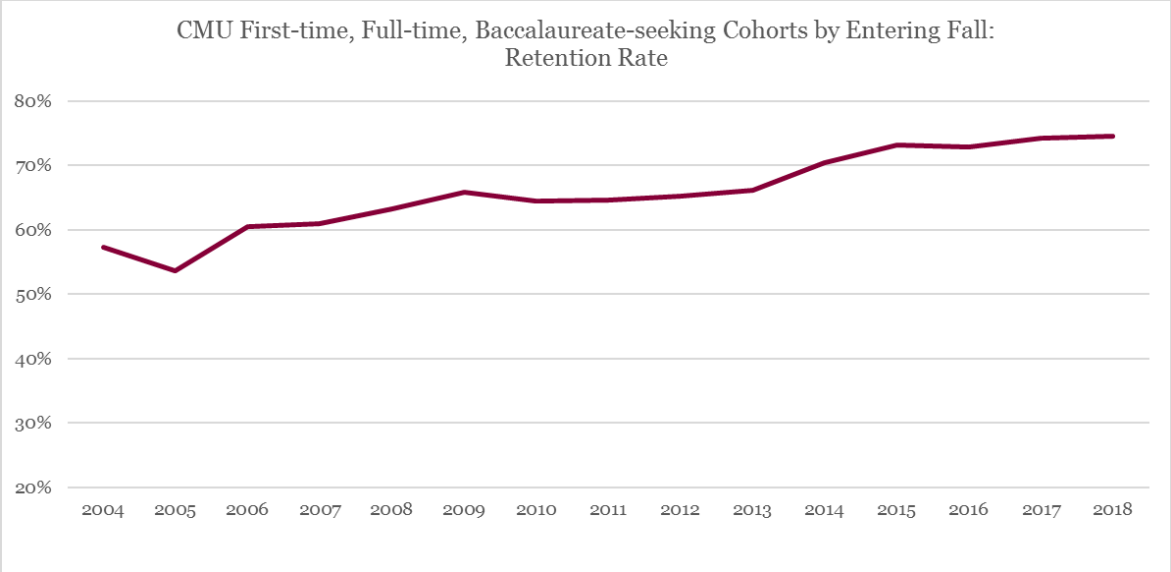


CMU actually conducted a calling campaign in February of 2019, contacting students who had been registered for Fall 2018, but not for Spring 2019. Of the 808 students who were not graduate students, non-degree seeking students, concurrent students, and employees, 355 students (43.9%) had been prevented from registering due to institutional reasons such as a financial hold for owing above $500 (80.3%), academic suspension (8.2%) or both (11.5%). The remaining 453 students who did not return for student reasons were contacted via phone and 119 students responded with a total of 147 reasons for not returning (some students gave more than one reason). Reasons why students chose not to return were sorted into four categories: financial, academic, personal and transfer. The majority of students chose not to return to CMU due to personal reasons, with 12% stating they were only taking a semester off. Of all students who chose not to return for the Spring 2019 semester, 36% did plan to return eventually (63% in the Fall 2019 semester; 18% in the Spring 2020 semester, and 19% "later"), and 19% maybe planned to return (18% in the Fall 2019 semester; 14% in the Spring 2020 semester, and 68% "later"). The complete results are below.

Category	Reason Students Chose Not to Return	Count	Percentage
Financial		**21**	**14.3%**
	Challenges with Financial Aid Process	1	0.7%
	Cost	17	11.6%
	Financial Aid Ineligibility	3	2.0%
Academic		**15**	**10.2%**
	Academically Un(der)prepared	2	1.4%
	CMU Didn't Offer Degree/Major	4	2.7%
	CMU Required Course Not Available	2	1.4%
	Lack of Quality Time with Faculty and/or Advisor	1	0.7%
	Unsatisfactory Grades	2	1.4%
	Waiting On Nursing Acceptance	4	2.7%
Personal		**80**	**54.4%**
	Break - Just Sitting Out A Semester	19	12.9%
	Chose Not To Answer	3	2.0%
	College Degree Not Needed	1	0.7%
	College Isn't The Right Fit	8	5.4%
	Didn't Like The Area	3	2.0%
	Employment	10	6.8%
	Had Too Much Fun	1	0.7%
	Medical Reason	10	6.8%
	Mental Health - Anxiety/Stress/Loneliness/Isolation	6	4.1%
	Personal/Family Emergency	11	7.5%
	Unsure/Undecided on Major/Degree	8	5.4%
Transferred		**31**	**21.1%**
	Transferred - Another University/College	28	19.0%
	Transferred - Fully Online University/College	3	2.0%
Total		**147**	**100.0%**

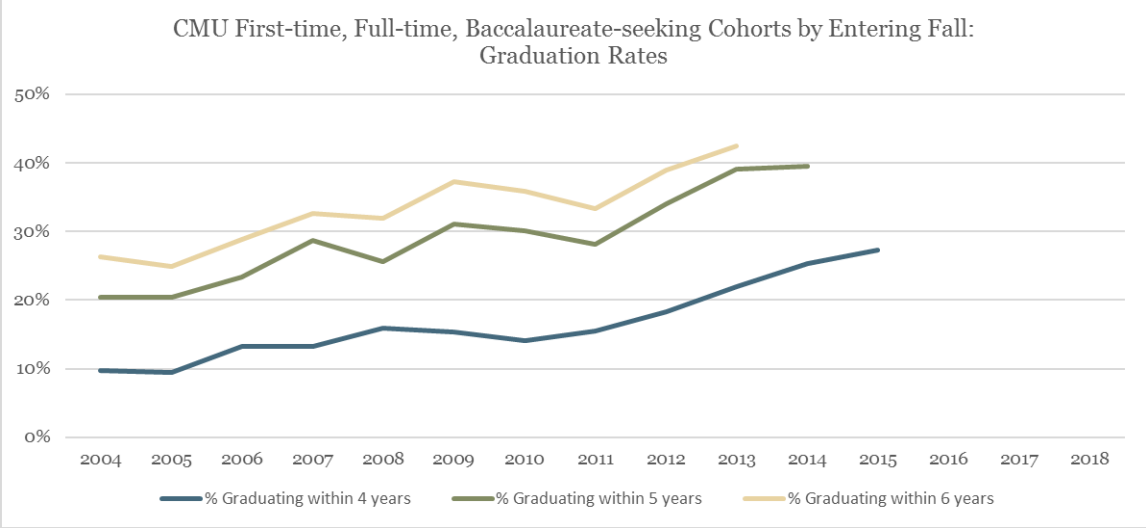
CMU can even get more specific than this, when you look at the status in Spring 2019 of bachelor's freshmen entering in Fall 2014. Data suggests that 44% of Pell students were not enrolled, had not completed a degree, or transferred, compared to 30% of non-Pell students. For first generation students, 42% of first generation students were not enrolled, had not completed a degree, or transferred, compared to 29% of non-first generation students. There was only a 3% difference for URM vs. non-URM students.

Despite these challenges, CMU is continuing to improve retention as noted in the table below.



Cohort Entering in Fall:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
# in Cohort	783	829	721	689	731	964	1108	1288	1215	1125	1063	1198	1200	1164	1233
% Retained	57%	54%	61%	61%	63%	66%	64%	65%	65%	66%	70%	73%	73%	74%	75%

Success is increasing over time and much higher 6 year success rate which is consistent with the national trend and reflective of CMU's student body.



CMU continues to allocate its limited resources to critical staffing areas including faculty positions to address course and program student demand (Hospitality Management, Electrical and Computer Engineering, Nursing, PA, OT, Criminal Justice); and student service positions to provide necessary student support such as high school career advisors, advising, and international admissions. Finally, in 2018, CMU brought its mental health counseling service in-house to provide better and additional services to students. This area has only continued to expand.

But, the data clearly points to the fact that CMU is lean in resources, and therefore, this is reflected in the level of support that can be provided to students---especially the majority of CMU students that due to their economic and social backgrounds require more support.

One of the greatest challenges in fulfilling our mission is inequitable state funding. As the CCHE heard at its annual retreat in 2017, the Georgetown Center on Education and Workforce estimates that the added annual cost of serving a low-income, often underprepared student is between $10,000 to $20,000 per year. If Colorado stands any chance of meeting the CCHE's aggressive credential attainment goals, we must invest resources in keeping these at-risk student populations engaged, supported and on the path towards earning their degree. The proposed FY 2020-21 budget provides average state funding for four-year Higher Education institutions of $7,989 per COF FTE student. Comparatively, CMU receives $0.67 on the dollar or $5,383 per COF FTE student. CMU is also among the highest Pell/First Gen serving institutions in Colorado. CMU has among the least amount of resources available to serve the highest need students. Additional state funding of $16.2 million for CMU would be needed to address this long-standing funding inequity and to serve CMU students on parity with other campuses. Additional state funding would be used to address many of the critical resource needs to support student completion.

12. How can the State obtain more high quality degrees while lowering students' cost per degree/certificate? Is this something your institution is actively working on? How? What opportunities and obstacles does your institution face in achieving this?

Metropolitan State University of Denver

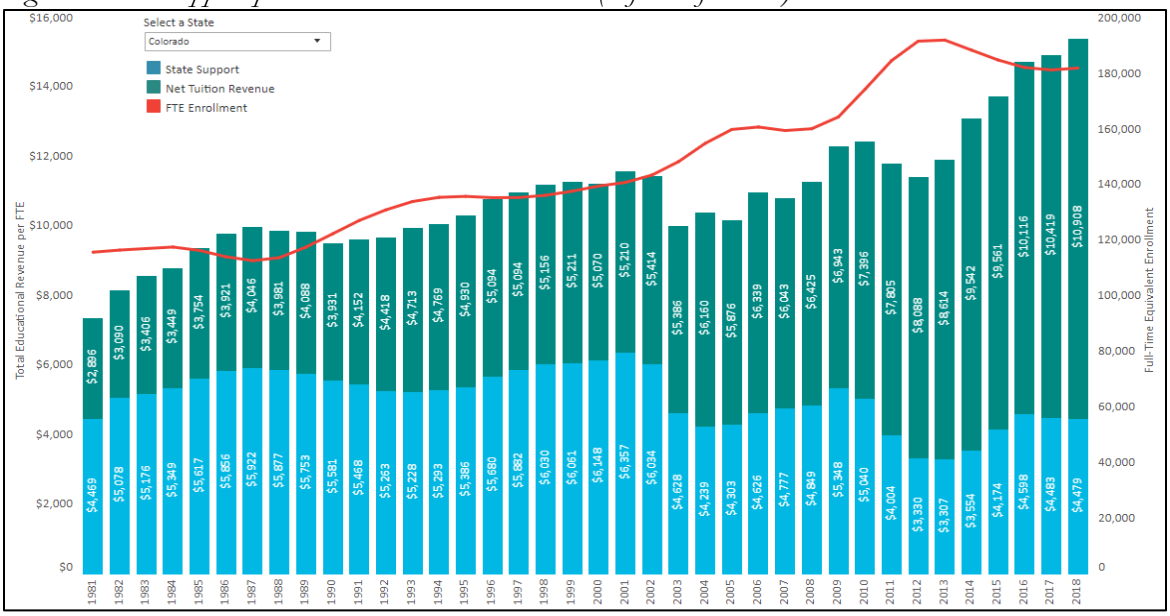
"The best – perhaps the only – way to generate more high-quality degrees while reducing student costs is to restore State financial support to IHEs to a respectable level. Per figure 6, below, Colorado is 47th out of 50 with respect to funding IHEs. Colorado state support to IHEs has only increased $10 since 1981, while costs to students have increased $8,012."

Given our mission and the communities we serve, MSU/Denver is particularly attuned to keeping the costs of higher education as low as possible, so that those least able to afford the price of an education are able to pursue that dream and all that it entails. MSU/Denver is limited in our ability to generate revenue by the unique nature of the shared Auraria Higher Education Campus and by our focus on educating Coloradans rather than out-of-state students. We depend on state support and, when that fails, tuition and fees. We are "lean" to the point of being counterproductive. Our staff salaries are below the average; our student to non-instructional staff ratio, at 27:1, is the highest in the State, and considerably higher than national averages for peer institutions; and the facilities we offer our students are serviceable, but in need of repair.

The best way to decrease the financial burden on our students is to restore a reasonable level of state investment in higher education (Colorado currently ranks 47th/50 among state levels of funding, and would likely fall even lower were it not for accounting differences in two states[4]). Per Figure 6 below, state support (per FTE) to higher education in Colorado has increased by only $10 since 1981, while the net tuition costs have increased $8,012.

[4] https://www.mhec.org/sites/default/files/resources/mhec_affordability_series6.pdf (Page 7, Figure 5).

Figure 6 State Support per Student FTE 1981-2018 (adjusted for CPI)



https://public.tableau.com/profile/sheeo#!/vizhome/SHEF_FY18_Interactive_Data/About

Colorado Mesa University

This is something CMU is constantly working on. Some of CMU's initiatives have included:

- *CMU has institutionally committed to OER (Online Educational Resources), and just received word that we got some seed money from CDHE to help with these efforts, which can potentially lower student book costs when implemented at sufficient scale;*
- *an e-forms solution, which will reduce FTE time to enter forms;*
- *concurrent enrollment programs that allow college courses to be taught in the high schools thereby providing cost savings on faculty and space while providing a path towards a credential;*
- *CMU's partnership engineering programs, which provide students access to CU engineering degrees while living at home on the Western Slope;*
- *CMU's new Office of Student Success and Engagement which leverages CMU resources to provide support services to student who need assistance in academic, professional, and personal areas to reach their educational goals;*
- *Local government partnerships providing significant scholarship support to students;*
- *CMU faculty focus on teaching and advising, thereby typically teaching heavier loads;*
- *Lean staffing as evidenced by data provided earlier.*

The best way to help lower students' costs, other than the obvious need to increase the state contribution to our budget is to assist in lowering time to degree completion. In recent years, CMU has refined course maps, made institutional efforts to ensure that general education courses are applicable across degrees, and invested in technologies such as DegreeWorks and the Advise CRM, which help increase our efficacy in communicating requirements to students.

However, the need for more high-touch academic advising—especially for first- and second-year students—is an expensive obstacle to guiding our students, especially first generation ones, through the complexities of understanding the intellectual, cultural, and course-related demands of pursuing a degree. Our faculty advisors perform well in this role once students reach the latter years of their degrees (and provide cost-savings in that CMU does not need

to hire full-time advisors for students in later years), but in the early years students need help in seeking appropriate help on campus and adapting to the fundamentals of academic life. Institutional financial support targeted to staffing mentoring and academic advising programs for students would be extremely helpful for us. Similarly, state-based financial aid that supports and incentivizes students' ability to complete 30+ credits per academic year would move the needle.

3:30-5:00PM: ADAMS STATE UNIVERSITY, WESTERN COLORADO UNIVERSITY, FORT LEWIS COLLEGE

QUESTION SPECIFIC TO FORT LEWIS COLLEGE

13. Provide an update on your efforts to obtain federal financial support for non-resident students attending Fort Lewis College.

Fort Lewis College

Between FY 2011-12 and FY 2018-19, the Fort Lewis College Foundation, on behalf of Fort Lewis College and the Board of Trustees, expended over $1.1M in an effort to pass federal legislation to help offset the cost of the Native American Tuition Waiver for the State of Colorado. While the legislation has many co-sponsors, the legislation has not yet passed. Challenges to passage include gridlock at the federal level, as well as opposition by the American Indian Higher Education Consortium (AIHEC), the lobbying arm of Tribal Colleges. AIHEC sees this bill as a threat to Tribal College funding.

The Board of Trustees continues to support legislation that would direct federal funding toward offsetting the State's obligation to pay for the Native American Tuition Waiver. However, the Board has evaluated its role, as well as that of the State, in lobbying for the legislation, taking a hard look at the financial outlay, political landscape, and chances for success. As a small, state supported public institution, Fort Lewis College has neither the financial capacity nor the leverage to significantly influence federal legislation. Such efforts are more likely to be successful as a joint effort with assistance from the State of Colorado, including the Governor's Office, Legislature, Colorado Department of Higher Education and Colorado Delegation. To that end, the Polis Administration has graciously agreed to offer Fort Lewis College limited support with their lobbying expertise in Washington, D.C. The President of Fort Lewis College continues to engage with relevant stakeholders, as well as coordinate with Governor Polis' lobbying team, the University of Minnesota – Morris, and the Colorado Delegation in the effort to secure federal funding for the institutions' Native American Tuition programs.

PANEL QUESTIONS

HIGHER EDUCATION FUNDING MODEL

14. Do you support the November 12, 2019 Department proposal for a new funding allocation model? What are the strengths and weaknesses of the Department's proposal? Do you have any recommendations for eliminating, adding, or modifying components? Should all funding flow through a model or only a portion? Should the State explore a different kind of model? Stop using a model altogether? Consider a "hybrid" approach that includes both model components and base changes determined through decision items (e.g., to ensure minimum base increases or address inequities), as recommended by JBC staff?

Adams State University

Adams State supports the Department's November 12th proposed model. First and most importantly, the proposed model aligns with the policy goals of the Statewide Master Plan: Colorado Rises. Funding and budgeting tools

should carry out the policy agenda and the proposed allocation formula does carryout the stated goals. Further, strengths of the model include outcomes are less erratic and more predictable, it simplifies the formula, it separates the funding into four distinct buckets/categories that do not pull back and forth from each other, and it better recognizes small, regional institutions. This model was initially developed under the assumption only funding increases would "run" through the model; the rest of the base would stay intact. The Department's proposed model now incorporates 10% of the base as well as the increase, and we understand that progressively more base is to be run through the model. However, it is not a model that was intended to allocate base, and would have to be adjusted a great deal to accommodate additional base re-allocations running through the model.

HB 14-1319 model is extremely complicated, in large part due to the number of factors included in the model. Furthermore, funding is almost entirely linked to volume. Enrollment increases alone do not have any connection to intended outcomes of the State's policy agenda with regard to underserved, underrepresented students. As a small rural institution serving a high percentage of underserved, underrepresented students, we are incredibly important to our students, our region, and to fulfilling the State's policy agenda. We believe this should be better recognized in any funding formula.

Fort Lewis College

As originally presented to the institutions by the Department of Higher Education (DHE), funding for higher education for FY 2020-21 was based upon the use of two funding formulas. Base funding was to be allocated through the existing HB 14-1319 model and new funding (for FY 2020-21) would be allocated through the proposed model. After introduction by the Department, the proposed model was adjusted to allocate all new funding, plus 10% of the base funding.

The College is generally supportive of the Department's new model in its simplicity and attempt to direct funding toward statewide goals. However, as currently proposed with 10% of base funding allocated through the new model, the increase recommended for higher education is insufficient for FLC and many other institutions to cover their minimum cost increases. If the current proposed model is utilized in the upcoming year, Fort Lewis College advocates for a 5% General Fund increase, assuming the proposed tuition cap of 3% and a 2% compensation pool. Alternatively, or additionally, guardrails could be employed to ensure that all institutions are able to cover the minimum base cost buildup.

The proposed model will require modifications for future years as an increasing percentage of base funding is allocated through the model. The college is open to exploring other models, and recommends that any future model include components that more accurately recognize both the lack of economies of scale and rural location. Fort Lewis College looks forward to working with both DHE and JBC staff in developing a model that allocates funding based on articulated statewide goals, is understandable and predictable, and that is robust enough to work in various economic scenarios.

Western Colorado University

While Western supports the policy goals outlined in Department's request, we cannot support the new funding model at the requested amount. If more funding is allocated through this model (e.g., 5.0% versus 2.5%), Western would be able to support this model, but only as a transition to a longer-term, more equitable model. The newly proposed model was developed to allocate new funding only and not to be a model to reallocate base funding. Any base funding allocated through this model disproportionately hurts Western, an institution that has demonstrated considerable improvements over the past several years, as demonstrated in the tables below. (Note: The comparison to 2012 is because this year was when the first statewide master plan was developed—many of the goals of which still exist today.)

Fall enrollment- All Students			
Institution	2012	2017	% Chg
Western	2,301	2,814	22%
UCCS	10,612	12,932	22%
CU-Denver	22,396	24,839	11%
CU-Boulder	31,945	35,338	11%
Mines	5,721	6,209	9%
CSU	30,659	33,083	8%
UNC	13,070	13,399	3%
CMU	9,482	9,591	1%
Adams	3,290	3,314	1%
CSU-Pueblo	6,805	6,639	-2%
Metro	23,381	20,304	-13%
Fort Lewis	3,883	3,332	-14%

Fall enrollment- URMs			
Institution	2012	2017	% Chg
Western	265	553	109%
UCCS	2,144	3,667	71%
CU-Denver	4,033	6,803	69%
CSU	4,194	6,004	43%
CU-Boulder	4,085	6,266	53%
Mines	608	878	44%
CMU	1,849	2,466	33%
UNC	2,537	3,366	33%
Fort Lewis	1,385	1,538	11%
Metro	6,898	7,643	11%
Adams	1,204	1,239	3%
CSU-Pueblo	2,228	2,226	0%

6 Year Grad Rate- All Students	
Institution	FY2018
Mines	80.19%
CSU	71.15%
CU-Boulder	70.74%
CU-Denver	48.07%
Western	48.00%
UNC	47.30%
UCCS	43.93%
Fort Lewis	42.65%
CMU	38.65%
CSU-Pueblo	32.29%
Adams	28.77%
Metro	28.16%

6 Year Grad Rate- URMs			
Institution	FY2013	FY2018	Point Chg
Western	19.0%	38.1%	19.0
Mines	60.3%	74.2%	13.9
Fort Lewis	30.2%	37.9%	7.7
CU-Boulder	57.0%	64.0%	7.0
CSU	56.7%	63.4%	6.7
UNC	36.0%	42.0%	6.1
CMU	26.3%	30.6%	4.3
Adams	20.1%	23.3%	3.1
Metro	21.3%	24.1%	2.8
CU-Denver	36.5%	38.9%	2.4
CSU-Pueblo	29.4%	31.3%	1.9
UCCS	42.1%	39.1%	-3.1

Source: Integrated Postsecondary Education Data Systems (IPEDS)

Western believes that any model, whether one that is developed to distribute all funding or only new money, should allocate a larger proportion of funding towards improvements or proportional changes to the outcomes/performance metrics important to the state. This includes improvements in graduation rates, retention rates, and enrollment and should look at both overall student improvements as well as improvements in outcomes to underserved populations.

15. Should the State still be trying to develop a new model for use in the FY 2020-21 budget? (JBC staff has recommended that the General Assembly use the existing H.B. 14-1319 statute, adjusted to ensure a funding "floor" for institutions, for setting the FY 2020-21 budget and that any statutory changes apply to the FY 2021-22 budget.)

Adams State University

Either a new model or a revision of H.B. 14-1319 could work, with some adjustments. The increasing mandated costs institutions of higher education face should be covered so we can keep tuition increases to a minimum. It is also important institutions like Adams State University are recognized for our unique role and mission, as well as our regional importance and challenges.

Fort Lewis College

Given timing constraints, Fort Lewis College believes that developing a new model for the FY 2020-21 budget cycle would be challenging. Since many months were devoted to creating the current proposed model, gaining agreement between all parties will be virtually impossible within a short period of time. That said, developing a new model and addressing any required statutory change in FY 2020-21 is ideal.

Western Colorado University

To develop a comprehensive, equitable formula requires extensive consultation with all stakeholders. There is not enough time to accomplish this within the legislative session. Similar to the process established for the development of the HB1319 model, teams with representation from each governing board should be formed and charged with working with the Department to develop a model. This process should start during the legislative session with a report and new funding formula presented to the legislature for consideration during the next funding cycle (FY2021-22).

For FY2020-21, if additional funding beyond the 2.5% requested cannot be appropriated, a temporary model developed in consultation with the governing boards should be considered in lieu of the new model proposed by the Department.

16. First Generation students: Is the methodology used by different institutions to collect information on first generation students different? Could it be subject to "gaming"? What number/percentage of Colorado resident students are first generation in their families to attend college at your institution(s) based on the common definition adopted by the Department[5] and your methodology? If you look only at data collected through the FAFSA (federal student aid application), what number/percentage of students at your institution(s) are "first generation"?

Adams State University

Incorporating first generation addresses the State's goal of focusing on equity and closing the equity gap. First generation students face multiple barriers to success. In order to mitigate those barriers, additional support systems and resources are needed. Adding first generation as a component in the model recognizes the required extra cost associated with educating this population and incentivizes institutions to serve them.

First generation status is currently collected when students and their families complete the FAFSA. This federal data collection methodology uses a focused question about the applicant's (student) parental education levels. If the FAFSA is used, there is no institutional involvement thus, there is no way any institution can "game" this process unless they ask or require students to not be honest when completing the FAFSA. Also, this is simple process utilizing already collected data by a third party (without institutional involvement).

[5] An individual both of whose parents did not complete a baccalaureate degree or, in the case of any individual who regularly resided with and received support from only one parent, an individual who's only such parent did not complete a baccalaureate degree.

We also need a statewide, consistently worded question/s on all university admission forms. This language must be identical across all institutions and approved before any data could be utilized. We need the first generation question on admission applications as not all students/families complete the FAFSA. Currently, there are some institutions that collect data via admissions applications regarding first generation students. Some institutions use the same language as the federal language used on the FAFSA, but others use their own language. If first generation were to be used as a metric in the formula, it is imperative the same language be used by all institutions when asking the question.

Fort Lewis College

At Fort Lewis College, First Generation data is collected in three ways; through the application for admission, through the FAFSA and through updates initiated by the student at any time after admission. In all cases, the information is self-reported and not subject to additional screening. While the institutions are likely not to "game" this statistic, students may change their first generation status from what is initially reported as they become more informed about definitions and consequences. Not all students complete the FAFSA and, in many cases, students will not report this status until there is a benefit to the student in reporting.

When using all data available, approximately 33% of the students that attended Fort Lewis College in FY 2018-19 were reported as First Generation. When using just the FAFSA, only 18% of FY 2018-19 FAFSA filers indicated first generation status.

Western Colorado University

At this point, it is unclear that there is a common methodology to collect information on students and whether they are first generation. Because of this, incorporation of this into a formula can and will likely lead to "gaming" which is why Western would not advocate for recognition of first generation students into a funding formula until a common methodology is established and employed by all institutions. At Western, our current methodology is a simple question on the admissions application: "Have either of your parents/legal guardians completed a bachelor's degree at a four-year college or university?" Based on responses to this question, 22% of Western's resident, undergraduate student population is first generation. If we used data collected through the FASFA, 14% would be first generation. This large gap suggests to us that a more rigorous methodology should be developed and used by all institutions to ensure a higher level of accuracy.

REQUESTS R1 AND R2 GENERAL FUND SUPPORT AND TUITION LIMITS FOR PUBLIC INSTITUTIONS OF HIGHER EDUCATION

17. What level of General Fund increase and/or tuition increase is needed for you to cover your institutional base funding needs? Would the combination of 3.0 percent resident tuition increase, the General Fund amount included in the Department's November 1 request (under H.B. 14-1319), and other revenue sources available to you (nonresident tuition, indirect cost recoveries, fees etc.) cover your base costs? Would the combination of a 3.0 percent resident tuition increase, the funding provided based on the Department's November 12 proposed new funding model, and other available revenue cover your base costs?

Adams State University

The Department's November 1st request included a 2.5% General Fund increase. However, this does not generate sufficient revenue to cover mandated cost increases with a 3% limit on resident undergraduate tuition. For us to keep our tuition to a 3% maximum increase for resident undergraduate students, a 5% increase in state funding is needed. This is assuming that classified employee compensation is increased 2%.

Guaranteed tuition limits the amount of revenue we receive with an increase in our tuition rate, as 60% of our undergraduate student population will be returning with the same guaranteed rate they are currently assessed. Our non-resident tuition rates are near market capacity, so we have limited opportunities to generate additional revenue from non-resident rate increases.
Adams State University's mission is as a teaching university with limited research capacity. In fulfilling our mission we do not have as many opportunities for indirect cost recoveries as the larger research-focused institutions.

Fort Lewis College
Fort Lewis College would require a total increase in combined Education & General Fund revenue of 3% (State GF, Resident tuition and Non-resident tuition) to cover institutional base funding needs for FY 2020-21. Depending on the funding formula utilized, a 3% resident tuition increase would be adequate to cover the base funding needs. However, as Fort Lewis College is negatively impacted in the November 12th proposed new funding model, a 3% tuition increase, coupled with the proposed 2.5% general fund increase, would be insufficient in covering base minimum cost increases.

As noted above, if the current proposed model is utilized in the upcoming year, Fort Lewis College requires a 5% general fund increase, assuming the proposed tuition cap of 3% and a 2% compensation pool. Alternatively, or additionally, guardrails could be employed to ensure that the college is able to cover the minimum base cost buildup.

Western Colorado University
Western's core minimum cost increase for FY2020-21 is anticipated to be $820,000. This includes salary increases of 2% for all staff and inflationary adjustments on operating budgets but does not include any funding for strategic plan initiatives. The Governor's November 1st budget request would allocate an additional $326,657 to Western under the existing HB1319 formula. With a 3% increase in resident undergraduate tuition, which would generate $257,756 assuming level enrollment, we would be $235,587 short of covering these core minimum cost increases. Using the November 12th request as the baseline and assuming the same increase in resident, undergraduate tuition, Western would be over $400,000 short of covering our core minimum cost increases.

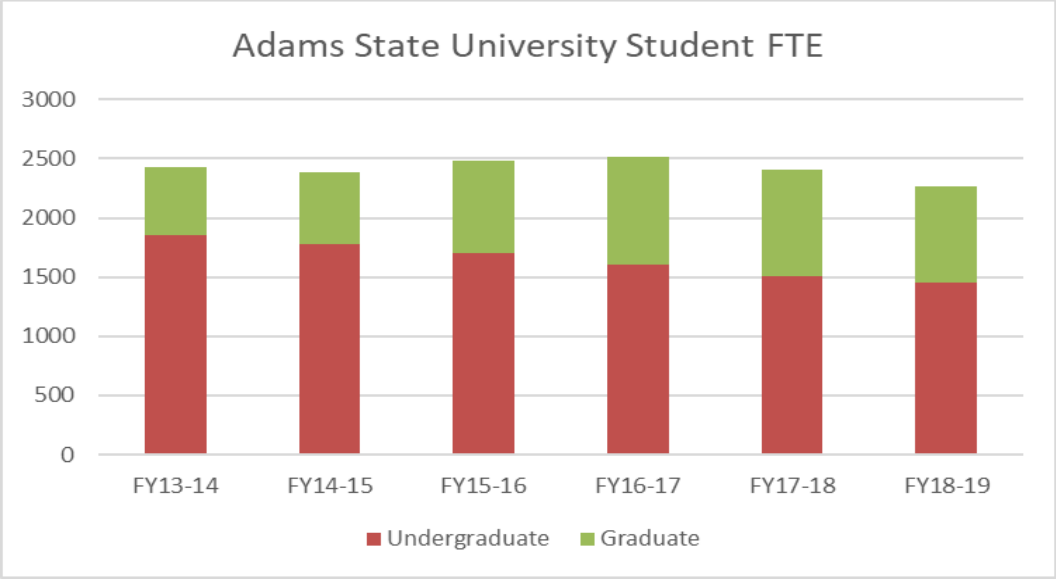
Western's tuition and fees are 6th highest among 4 year institutions. Any increase in tuition, in either resident or nonresident rates, will compromise our ability to recruit and retain students and may in fact lead to a drop in enrollment which would further widen the gap between funding and core minimum cost increases.

IMPACT OF ENROLLMENT AND FUNDING TRENDS

18. Discuss the enrollment trends for your institution(s). When in declining enrollment, how do you sustain operations and balance the budget?

Adams State University
Our undergraduate population is approximately 78% Colorado resident. Nearly half of these students are from the San Luis Valley. The expected size of the graduating senior class for San Luis Valley schools in 2020 is anticipated to be down about 2%. For our surrounding counties, the decrease is estimated to be 15%. While overall Colorado high school seniors are expected to be at a slight increase in 2020 over 2019, this is not true for our regional populations.

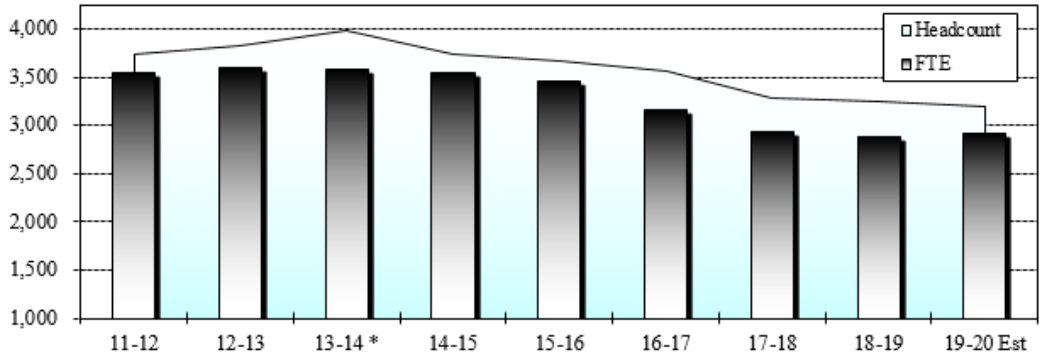
We are working to keep a diverse revenue pool to sustain operations and balance our budget. Our graduate programs continue to grow. Our Counselor Education program is operating at maximum capacity. We are expanding our Prison College program, and currently have the only Master's in Business Administration (MBA) degree offered to this population in the country.



Fort Lewis College

As seen in the following chart, both Undergraduate Fall headcount and student FTE decreased between FY 2014-15 and FY 2018-19. While Fall 2019 headcount is virtually flat with the previous year, student FTE is expected to increase slightly.

Fall Headcount and Fiscal Year FTE Comparison (1) - Undergraduate



(1) The above FTE and Headcount Enrollment figures reflect data reported in accordance with *CCHE Policy for Reporting Full-Time Equivalent Student Enrollment*, which does not include remedial. Reflects final adjusted Fall Headcount.
(*) FY 2013-14 FTE decreased because of the shift of summer session FTE to following fiscal year.

Fort Lewis College has faced several years of budget reductions due to overall declining enrollment, coupled with several years of relatively flat state funding. In order to present the Board of Trustees with a balanced budget, approximately $4.2M in expenditures (8% of the General Fund budget) were reduced in the FY 2018-19 budget cycle. Reduction strategies included the offering of voluntary separation incentives and reduction in the administrative and facilities forces.

At Fort Lewis College, faculty and staff salaries comprise approximately 68% of education & General Fund expenditures. When faced with such a large decline in revenues, the majority of budget reduction measures come from personnel costs. In order to meet the $4.2M reduction goal, 33.25 staff and faculty positions were either

eliminated or reduced. All of the positions that were eliminated resulted in having to reallocate the work done by those employees to other employees/positions.

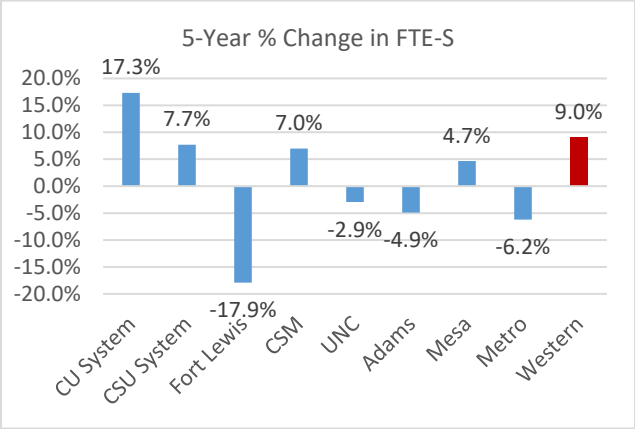
The College is continually evaluating and improving administrative processes. Some examples and benefits include:

- *Implemented direct deposit of financial aid refunds help create efficiencies in the accounting functions*
- *Installed online marketplace to automate/streamline collection of payments for various activities on campus*
- *Implementation biweekly payroll to reduce errors related to payroll processing*
- *Addition of online payment plans for students that reduce the manual tracking of plans*
- *Electronic routing systems reduce both the effort taken to route documents and the amount of paper used in the process*

The College has also worked to adjust the instructional business model to improve efficiency and effectiveness. All academic programs have updated their "maps to graduation" showing the courses required for each major. All academic programs completed a curricular redesign to help students graduate in four years and reduce costs. Low enrollment courses have been evaluated and where appropriate, eliminated. Resources have been reallocated to high enrollment programs, such as, engineering and health sciences.

Western Colorado University

Western has had the second largest growth rate (by Governing Board) in student FTE over the past five years. In general, this has had positive impacts on our institutional budget in terms of increased tuition revenue to support this growth and fund strategic initiatives. However, Western's growth has not been recognized through the State funding formula. Since the inception of the new funding formula (HB14-1319), Western's State support has not grown much beyond the statewide average. This is due to the volume-based nature of the funding formula which rewards sheer numbers and not proportional improvements or growth.



Western has been able to achieve this level of enrollment growth, despite the increasing demographic challenges facing small, rural institutions. Specifically, population growth is primarily occurring in urban settings, not rural. Further, the college-going population is beginning to shrink, both nationally and within the State, and they are more economically strained. Finally, the number of competitors in the higher education market is increasing, as many out-of-state institutions are entering Colorado to recruit our students. Western is at a significant disadvantage in our ability to compete for students in the digital marketplace where we are limited in the breadth of terms we can target, number of impressions, frequency and share of audience we can reach given our extremely limited budget compared to other institutions. Recruiting students to attend Western will become increasingly challenging given these trends.

Even with this overall growth in the past five years, Western has experienced a couple years of enrollment decline. During these years, Western balanced the budget by reducing planned expenditures, whether that is through reducing planned salary increases or suspending hiring plans or expenditure increases that would support the implementation of our strategic plan. We recognize that this is not a sustainable practice, so this fall we launched a strategic resource allocation (SRA) study where every administrative, student service and academic program is being assessed

on a variety of criteria. The study will help Western prioritize expenditures and align our resources with our strategic plan.

19. Discuss the cyclical nature of state funding and enrollment and how your institution responds to these fluctuations in terms of making personnel decisions. How did you manage state funding cuts and enrollment increases during the last recession? Did you have layoffs? Would you expect to see the same pattern during the next economic downturn?

Adams State University

Declines in state funding eroded our financial stability. This led to an audit finding regarding deteriorating financial condition. In response to this audit finding, our Board of Trustees directed us to improve our bottom line by $3 million over the course of two years. They also put in place some budget priorities, such as cost of living adjustments for faculty and staff which had not kept pace in previous years. In order to meet the Board's directive and still cover the other priorities, we embarked on a "Financial Action Plan". We went through a very thorough and comprehensive review of every department on campus (academic, administrative, other). The plan made budget reductions of $2.7 million in year one (fiscal year beginning July 1, 2018). Twenty-seven faculty (including tenured), exempt, and classified positions were eliminated. Some positions saw a reduction in FTE. Overall, 45 positions were affected. Additional changes improving the bottom line by $2.1 million were implemented in the second year beginning July 1, 2019. Changes were made to policies to further control costs (i.e., both supplemental compensation policy and low enrolled course policy). We reduced the percentage we cover of faculty and exempt employees' health insurance from 78% to 75%. The second year also identified several areas for potential growth, including our Masters in Counselor Education program, a Food Studies program, and some re-working of existing programs.

Due to the extent of these recent cuts, if we see additional cuts in the near future, they will have negative impacts on the student support we are able to provide. We did our best to maintain adequate support systems in the midst of cuts due to the student population we serve. The majority of our students are under-served. We have a large population of first generation, Pell eligible, and minority students. Our student support systems are crucial for the success of these students.

Fort Lewis College

As Fort Lewis College is a small institution with limited resources to react to a recession, the 2012-2016 Strategic Plan called for the development a multi-year budget which includes an underlying assumption of the degradation of state support. The College has used this multi-year budget model since the FY 2012-13 budget cycle. The model considers out-year assumptions of changes to state funding, tuition, enrollment, non-discretionary costs and salaries. When considering the incremental funding available in the current budget cycle, the impacts of the proposed changes in future years are considered. As a result, the College can be more strategic in the allocation of funds in each budget cycle.

During the last recession, Fort Lewis College experienced budget reductions that included layoffs, voluntary separation agreements, and the elimination of academic programs. Another economic downturn would likely require the same type of budget reduction strategies, as 68% of the Education and General fund budget is related to salaries and benefits. Within the 68% of the budget devoted to personnel, 48% of that amount is tied to tenured/tenure-track faculty and 15% is tied to employees in the State Personnel system, further reducing flexibility.

Western Colorado University

During the period of the last economic recession, Western experience a moderate drop in enrollment at the same time as we were experiencing a significant cut in funding—an approximate cut of $3.0 million or about 25% of our State funding base. Prior to this time, Western had intentionally built strong reserves in anticipation of the recession. In addition, Western tuition and fee rates were some of the lowest among 4-year institutions. So, in response to the funding reduction and modest enrollment declines, we employed a three-tier approach that included expenditure reductions (over $750,000), tuition increases and reserve utilization. While we did not layoff any personnel, we did offer early retirement incentives and managed staffing reductions through attrition.

In anticipation for the next recession, Western will likely employ a similar strategy with one major exception—we will not be able to increase tuition rates without significantly compromising our ability to maintain enrollment at our current levels. This will result in heavier reliance on reserve use and expenditure reductions. Regarding reserves, we have been able to replenish our total reserves and they are currently at approximately 25% of our annual revenue base. In preparation for expenditure reductions, Western initiated a strategic resource allocation (SRA) study this past fall. The study will assess every administrative, student service and academic programs by a variety of criteria, and the outcome will help Western prioritize our expenditures and align our resources with our strategic plan.

20. How well prepared are you to weather the next downturn?

Adams State University

On the enrollment side we are diversifying our enrollment populations with strategic decisions to grow more online (outside of our typical regions), growing more adult/returning students, Additionally, we review our existing academic programs to ensure each is relevant to our regional needs, to make sure they are cutting edge and highly competitive. Degree productivity is also reviewed and programs with lower outcomes (degrees awarded) are closely reviewed to determine continuation. For example, we made a recent decision to eliminate our Information Technology degree program. This kind of review keeps our focus on needed programs.

On the operational side we have been addressing this by overhauling our financial infrastructure as discussed in the previous answer. We continue to streamline our expenses with every financial decision guided by a strong alignment of our revenue and expense budgets. We critically review the adding and replacement of faculty tenure track positions decisions with student enrollments and program growth as central decision point. New or replacement classified and exempt staff positions are also scrutinized for evidence of need/demand and growth opportunities.

We also look to form collaborations with other institutions whenever possible. We have a current partnership with CSU for an AgScience degree, and are actively pursuing other partnerships where we can share faculty to bring programs to Adams State we could not afford to do ourselves. Another example is in our new effort to share Enterprise Information Systems in the project: Digital Transformation for Rural Higher Education: A Collaboration of Adams State University, Fort Lewis College, and Western Colorado University.

Fort Lewis College

The College judiciously manages reserves to use as one-time funds to manage spikes in funding sources. Additionally, processes are continually evaluated to find efficiencies and funds are reallocated based upon institutional priorities.

The multi-year budget model discussed above is also utilized with various scenarios that address economic downturns.

Western Colorado University

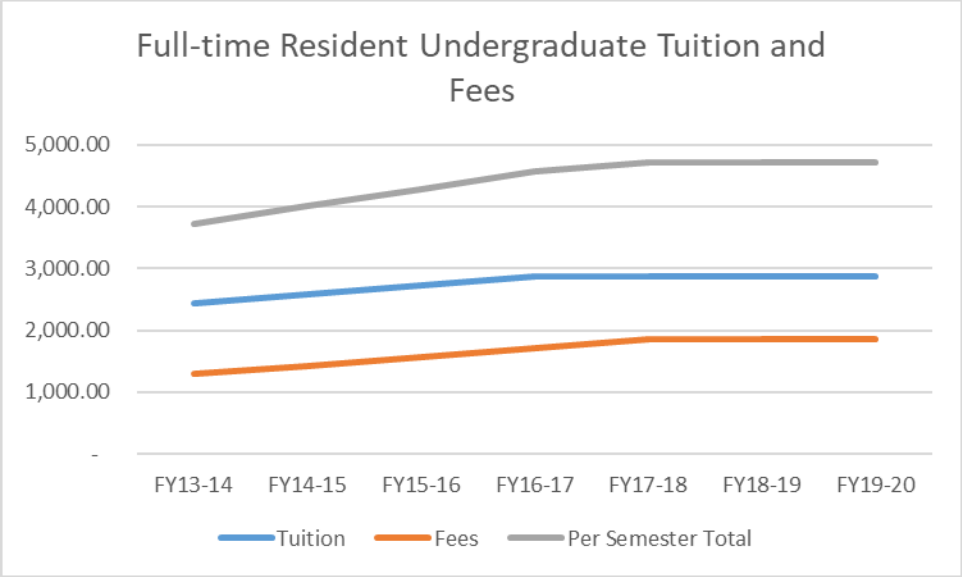
As discussed above, Western has been preparing for the next recession by replenishing our reserves and conducting a strategic resource allocation (SRA) study that will help us prioritize expenditures and align our resources with our strategic plan. While State funding cuts are never easy to manage, we believe we are taking appropriate steps to prepare for this inevitability.

COST DRIVERS

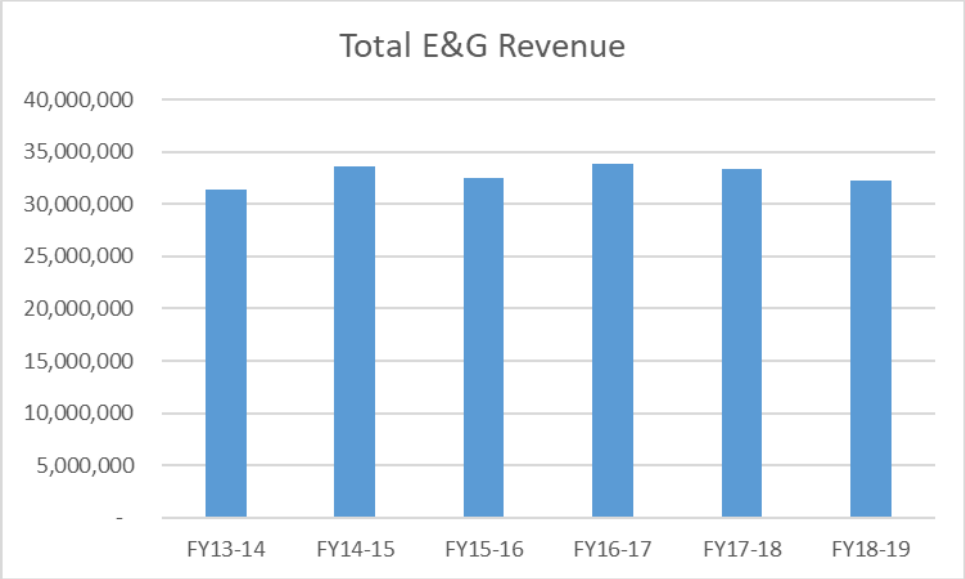
21. How much have posted tuition and fees and total educational and general revenue per student FTE increased at your institution since FY 2013-14, when state funding began to rebound?

Adams State University

Fiscal year 2019-2020 was our fourth year with no tuition increases for our resident undergraduate students. In addition to keeping the rates flat, we have also implemented a four year guaranteed tuition program, ensuring a freshman starting college will not see a tuition rate increase if they graduate in four years.



As a small, rural institution, maintaining a core base of education and general (E&G) revenue is imperative for our survival. Many of our costs are fixed, and need to be covered to just "open the doors". The graph below shows total E&G revenue since FY13-14.



Per FTE, our education and general revenues in nominal dollars have been:

	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
E&G Revenues per Student FTE	$12,912	$14,096	$13,068	$13,466	$13,895	$14,212

Fort Lewis College

The following table summarizes the percent change in tuition and fees (T&F), as well as total education and general revenue per student FTE.

Fiscal Year	Resident T&F Percent Increase	Non-Resident T&F Percent Increase	E&G Revenue per Student FTE Percent Increase
13-14	7.1%	0.2%	7.5%
14-15	4.8%	0.1%	3.4%
15-16	4.8%	0.2%	5.0%
16-17	6.6%	0.0%	6.3%
17-18	6.2%	5.3%	7.1%
18-19	5.0%	5.0%	9.7%

Western Colorado University

In the five year period from FY2013-14 to FY2018-19, Western's resident tuition rate increased by $1,349, or 25.5%, per full time student per year, increasing from $5,275 to $6,624. During this same time period, Western's nonresident tuition rate increased by $2,880, or 18.9%, per full time student per year, increasing from $15,216 to $18,096, and Western's undergraduate mandatory fees increased by $1,422, or 68.8%, per full time student per year, increasing from $2,068 to $3,490. The largest component of the mandatory fee increase ($1,319) was a required, scheduled increase in Western's facility fee which supplies funding for debt service payments, provides need-based financial aid for Western students and funds deferred maintenance projects across campus.

During this same time period, total E&G revenue per student FTE increased $4,344, or 31.9%, going from $13,606 to $17,949.

22. What are the major cost drivers impacting your governing board? Is there a difference between the general inflation rate (CPI) and the inflation rate experienced by your institution of higher education? Why?

Adams State University

Personnel costs are our single largest cost driver. Driving those costs include the Colorado PERA rates which have risen steadily for over ten years. We paid 10.15% for our employer share of PERA in 2005. Currently, this percentage had risen all the way to 20.4%, and is scheduled to increase to 20.9% in July 2020. This 106 percentage increase in PERA costs over the 15 year period drives increases in expense budgets which are completely out of the control of our governing board. While PERA reform is needed, it continues to drive up the costs, far outpacing the general CPI. Personnel costs are also driven by the cost of faculty, which require higher levels of education and corresponding nationally competitive salary. Being in a remote, rural location also hinders our ability to contain costs by shifting to less expensive opportunities such as adjunct faculty or vendors to outsource services. In almost all cases, the availability to outsource and the availability of a highly qualified adjunct pool are not possible. Employee health insurance premiums have also outpaced the general CPI, the significance of this compounded by personnel costs making up the largest percentage of our budget. We do work with other institutions as much as possible to broaden our cost pool and realize efficiencies. We are in a consortium with eight institutions for our insurance benefits, with Western and Metro for our retirement plan administration, and are currently working with Western and Fort Lewis to explore sharing Enterprise Resource Planning (ERP) systems. Our governing board works diligently to ensure we control costs we have decision making authority over; however, as noted, the major drivers of costs are not within our authority to control.

Fort Lewis College

The Fort Lewis College budget can be divided into three major categories, consisting of salaries and benefits, non-discretionary expenses, and operating costs. The salary category includes faculty, state personnel system (classified) staff and staff exempt from the state personnel system. Due to declining enrollment over the previous few years, faculty and exempt staff did not receive salary increases during FY 2017-18 and FY 2018-19. Classified staff increases, set by the legislature, have been in excess of the general inflation rate (CPI). Education & general fund salaries and benefits represent approximately 68% of the E&G budget.

Non-discretionary expenses include utilities, health benefits, PERA contributions, scholarships and contractual agreements. Most of these expenses have experienced annual increases in excess of the CPI rate.

Federal mandates, especially Title IX and Title IV, require increased staffing to keep the institution in compliance with federal expectations. Additionally, the high cost of living in Durango - due primarily to housing prices - have been a disadvantage when recruiting faculty and staff, leading to the need to have competitive (i.e., higher) salaries. Higher salaries for incoming/new faculty and staff has resulted in salary compression with existing employees, further exacerbating the problem.

Western Colorado University

Like most institutions of higher education, the biggest cost driver is the recruitment and retention of quality faculty and staff. Over two-thirds of Western's education and general fund expenses are personnel-related. This includes providing competitive benefit packages, such as health insurance, the cost of which is growing exponentially. Over the past five years, Western's contribution to health insurance premiums for the education and general fund grew by 38%, from $2.0M to $2.7M, well beyond the rate of inflation. In addition to the increasing cost of health care, PERA also increased the employer contribution rate from 20.15% to 20.4% effective July 1, 2019, and it will increase to 20.9% in July of 2020. Our cost increase is estimated at $50,000 in FY2021.

One of the largest challenges for Western in recruiting and retaining quality faculty and staff is the relatively high cost of living, a significant contributor of which is the high cost of housing, within Gunnison County. A report conducted by Headwaters Economics for the City of Gunnison in 2018 indicated that the median housing price in the Gunnison Valley is $635,000 as compared against the median housing price of the State of Colorado of $372,000.

Because a significant portion of our expenses are personnel-related, using a standard cost of living index that typically measures a "basket of goods" does not work well for higher education. As mentioned above, some of our biggest cost drivers on the personnel side have been insurance premiums and retirement contributions and these cost increases generally don't correspond with the Denver-Boulder-Greeley CPI, the index commonly used by the State. A more appropriate index is the Higher Education Price Index (HEPI) which was designed specifically to track the common cost drivers within higher education.

MASTER PLAN GOALS AND INSTITUTIONAL EFFICIENCY

23. Discuss the graduation rates for your institutions (graduation within 100-150 percent of time). Should the State be concerned about these? Why/why not?

Adams State University

Graduation rates can serve as an easy metric to reflect completions over a given period of time. Those who start at one time compared to those who ultimately complete the degree at your institution seems like a logical and useful data point. What this easy to use metric does not take into consideration is that not all students really "start" at the same place. For example, those students who have struggled academically in high school are not on an even par with those who excelled or took advance placement courses. However, using this simple metric the progress is blurred and not even for all student populations. The research literature is replete with numerous empirical studies showing first generation, students of color, low income students all have lower completion rates than students who do not fit these characteristics. While an easy metric to use it is not the only story to be told about completions and it is imperative each institution's mission be considered when reviewing a collection of completion data across multiple institutions.

The students we serve are the students who are least likely to go to college and stay in college. We serve students who, largely, are rural, first-generation, minority and/or low-income. These factors as well as the graduation rate metric of "first-time, full-time" affect our rate. Many of our students struggle to stay in school due to lack of financial resources, family support, and the skills to be successful in school. Some of our students fall out of the FTFT cohort to work or tend to family or personal matters and then return and complete later. In addition to offering support services such as tutoring, counseling, first-year advising, we have also implemented degree auditing software that helps students and advisors monitor progress to degree. We need to continue to find additional resources and financial aid to support these students.

Further, those students who transfer out of your institution are not considered with the completion, graduation metric. For Adams State 20% transfer out while other institutions have percentages who transfer out large as 57%). Great costs were incurred to begin these students into their general education courses (GE) and to get them completing course work at a successful level. For many first generation and low income students who later transferred they gained their skills to be successful in college work while attending Adams State. The costs to prepare them to function at a successful level was a direct impact to our operating budgets.

Adams State takes great pride in being the Premier Hispanic Serving Institution in Colorado and with our efforts to close the equity gap with graduation. For example our Hispanic students' completion rate has increased from 25% to 39% with the most recent IPEDS data. Overall, our completion rate is 32% for the entire campus over 150%. While we continually strive to improve our graduation rate, we are slightly above our peer average.

Fort Lewis College

As seen in the following table, the graduation rates at the college have generally increased in recent years.

Fall Semester	4-Year Graduation Rate	6-Year Graduation Rate
2010	24.6%	45.0%
2011	21.2%	40.0%
2012	25.7%	43.8%
2013	27.6%	41.2%
2014	29.4%	40.0%
2015	30.1%	

While Fort Lewis College's graduation rates are similar to, and in many cases exceed, peer rates, the college is working diligently to increase these rates, as well as to reduce the equity gap. The Fort Lewis College strategic plan is centered on student success and attainment. In recent years, the college changed from a faculty advising model to one that includes student success coaches, alongside faculty mentors. The college also implemented a degree tracking program and created degree maps where all programs have clear 4-year schedules of instruction. The degree tracking tool allows students to create maps towards graduation.

To improve retention and graduation rates, the First Year Launch program was implemented in the Fall 2019 semester, providing first time students with a small cohort, learning the business of being a student. The Skyhawk Station was opened in Fall 2019 to provide a "one stop shop" for many of the student business functions, i.e. student accounts, financial aid, registrar and advising. The Skyhawk Station gives students the opportunity to get many of their business questions answered in one place, helping make processes more efficient. Additionally, the Skyhawk Persistence Grant program was started in 2019, providing emergency, gap funding to students.

Western Colorado University

Western Colorado University has seen an upward trend in both its 4 year and 6 year graduation rates over the past 5 years. Our 4 year graduation rate has increased 13% over the past 5 years, with a current rate of 27.4%, while our 6 year graduation rate has increased 18% over the past 5 years, with a current rate of 51.3%. Western's rates have remained above our peer averages. For example, for the 2012 cohort, the average 4 year graduation rate for Western's CO Peer Institutions was 19.1% compared to Western's 24.2% and the average 6 year graduation rate at these peer institutions was 35.6% compared to Western's 48.0%. Much of the recent upward trend we feel is a direct result of our retention, persistence, progression, and on-time graduation academic initiatives that began in 2012 and have continued today. For example, the implementation of Complete College America's "game changers" which focus on proactive and meaningful advising, academic mapping, academic progression reporting, registering students in 15 credits each semester, early and often career counseling, and the availability of high-quality internship opportunities have positively impacted both retention and on-time graduation.

The State should be concerned and place special attention on the efforts towards increasing graduation rates; however, with respect to Western Colorado University, we are proud of the upward trend in graduation rates.

24. How can the State obtain more high quality degrees while lowering students' cost per degree/certificate? Is this something your institution is actively working on? How? What opportunities and obstacles does your institution face in achieving this?

Adams State University

There is a delicate balance of maintaining quality and investing in needed programs and support systems while lowering students' cost per degree/certificate. We have strived to keep costs to students as low as possible through the following means: implementation of a financial action plan as discussed earlier to cut our costs, offering a four year guaranteed tuition program, maintaining a generous tuition window where 12-20 credit hours are offered at the same rate, and maintaining flat tuition for the past four years. As noted previously we are also working collaboratively with other universities to share costs of instruction which should have a positive impact to State. Employment regulations may be barriers to how faculty can be shared and we are identifying what will inhibit more sharing of faculty assets across the State.

Fort Lewis College

The College is working to lower the cost per degree, where possible. Strategies include developing and implementing more online programs where appropriate to the institutional mission, as well as investigating collaboration opportunities with other institutions in the State of Colorado. Finally, the college continues to explore diversification of revenue streams, to reduce dependency on tuition increases.

Other strategies to lower students' cost per degree/certificate would include the allocation of more State funding to higher education. By increasing State funding to a level that is appropriate for the degrees required, tuition increases can be minimized. Additionally, the allocation of more funding towards financial aid would help those students most in need, and significantly improve their chances to succeed.

Western Colorado University

Statewide

Cost: To minimize student costs for degrees, the State would need to increase its overall share of total funding or support innovative ways to offering degree credits to students. Concurrent Enrollment is a strong tool in this respect: increasing the number of courses offered with university faculty to high school students so that students entering college are more likely to succeed and have fewer courses to take after high school graduation.

Time to graduate: Ensure course offerings so that students can obtain all 120 credits necessary within four years—an existing State practice.

Increase funding: Provide greater funds to universities in exchange for lower tuition and fees to students. Increase partnerships with corporate, non-profit or government entities to help fund student tuition and fees in exchange for labor or a commitment to remain employed after graduation. Increase in private donor contributions for scholarships.

Increase numbers of students served through greater efficiencies: Maintain classes at near their capacities relevant for the type of course offered. Increase hybrid and distance education courses.

Western Specific

Costs: Western has developed major maps that demonstrate to students that they can graduate in four years and we offer all students the courses they need for timely graduation. Western is partnering with CU Boulder to offer degrees in the high demand and well-paying fields of Computer Science and Mechanical Engineering. Finally,

Western is rapidly expanding Concurrent Enrollment programs and exploring better ways to deliver these course offerings. We have partnered with school districts and high schools to further increase these relationships.

Time to graduate: We are beginning to offer more certificate programs plus Western is exploring upskilling and adult degree completion programs. We have developed four year major maps for all majors plus are partnering with Complete College America to engage in best practices related to retention and timely graduation.

Increase funding: Western is beginning a comprehensive campaign to support scholarships and has recently raised about $90 million in private funds. Western is also exploring corporate and other partnerships to provide funding for student tuition plus delivering tax benefits to companies providing these partnerships.

Increase numbers of students served through greater efficiencies: Western is actively recruiting students to increase enrollment and diversifying our degree offerings to be attractive to more students. We have a developed a partnership with CU Boulder which should increase enrollment in STEM courses. We closely monitor classes for enrollment thresholds and adjust offerings to maximize class efficiencies.

Increasing competition for students has been the greatest challenge with most institutions competing for the same demographic of students. Many states have shrinking university age students and are thus actively recruiting Colorado high school students. We have rebuilt our marketing and recruitment approaches which has allowed Western to increase enrollment over the last several years. Western has actively worked to minimize costs and have had, on occasion, only cost of living raises provided to faculty. Western is currently undergoing a strategic resource allocation (SRA) study to ensure appropriate disbursement of resources. For partnerships, managing enrollment, tuition, fees, support services and transfer policies have been a challenge that we are actively working to solve.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED. PLEASE RETAIN THE NUMBERING IN ORDER TO MAINTAIN CONSISTENT LABELING FOR COMMON QUESTIONS ACROSS DEPARTMENTS.

QUESTIONS FOR THE INSTITUTIONS
[Note: Numbers reflect JBC standard numbers for common questions]

Responses Requested from Each Governing Board

1. Provide a list of any legislation that the governing board has: (a) not implemented, or (b) partially implemented. Explain why the governing board has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

Metropolitan State University of Denver
The University's governing board has implemented all legislation.
We do have concerns about the implementation of HB 19-1196 since, according to CDHE policy analysts, Colorado state need-based aid requires an application equivalent to the Free Application for Federal Student Aid (FAFSA) in order to determine need and eligibility for students. For ASSET students who might be eligible for state aid according to HB 19-1196, there are barriers to using the FAFSA since students who are considered non-eligible, non-citizens generally do not have social security numbers and cannot complete the FAFSA. To replace the FAFSA as an assessment of need, many state institutions developed internal applications for ASSET students and are using these applications for awarding state need-based aid to ASSET students. CDHE and the Commission have allowed schools to operate as such until a better method is determined and currently CDHE

staff are investigating the possibility of a implementing a state-wide aid application specifically for ASSET students. The application has not yet been developed and we have concerns as to cost and where the responsibility to pay for the development of the application may land (CDHE, schools, both). Additionally, there is reason for concern about the implementation of the state-wide application if eligibility criteria differs significantly from what schools have already implemented through their institutional applications to help determine need. A new state application may result in a change in the state need-based assistance already awarded to students. This is unlikely, but it could happen.

Colorado Mesa University
None specific to CMU.

Adams State University
None at this time.

Fort Lewis College
None at this time.

Western Colorado University
Western does not have any unimplemented legislation.

2. Does the governing board have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report: Status of Outstanding Audit Recommendations" that was published by the State Auditor's Office and dated June 30, 2019 (link below)? What is the Department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations? Please indicate where in the Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.

   http://leg.colorado.gov/audits/annual-report-status-outstanding-audit-recommendations-june-30-2019

   Summary Response:

   The Governing Boards do not have any high priority outstanding recommendations at this time.

4. Is the governing board spending money on public awareness or advertising campaigns? If so, please describe these campaigns, the goal of the messaging, and the cost of the campaign. *[JBC common question #4]*

   Metropolitan State University of Denver
   Yes. Earlier this fall, MSU Denver launched a new advertising campaign – Reimagine Possible, as an opportunity to showcase our strengths as a university and to leverage our programs, partnerships and innovation to demonstrate our growing impact in the Colorado community. In addition, the campaign is used to recruit and retain students in an increasingly competitive market.
   This campaign was designed to strengthen our brand by creating a more cohesive, consistent and centralized approach to advertising, marketing and communications across the University. From aligning our messaging and ensuring a consistent brand identity to identifying ways to collaborate in our advertising and marketing efforts across campus with academic departments on cost generation programs such as our Master's Degrees.

The cost of the campaign was $1 million. It includes ads on public transit and at the Denver airport, billboards, radio, video, print and digital as well as key changes and improvements to the MSU Denver website – the University's largest marketing tool. This cost included all creative costs (copy and design), media buy and placement, as well as the launch of a brand training program for all of MSU Denver's employees. It also includes a robust external communications plan to seek earned media placements that tell the MSU Denver story using the strategy of this campaign.

Metrics used to measure this campaign and past campaigns are through a brand audit that is conducted every other year. The last brand audit was conducted in 2018, gathered feedback on business leaders and external partners as well as our students, faculty, staff and alumni.

A key 2018 goal was to break the 80 percent threshold for community recognition. The University surpassed that goal, hitting 84 percent. This positions MSU Denver to meet and surpass its Strategic Plan goal of 85 percent recognition by 2020.

In addition to the brand audit, the University measures the campaign from website and digital ad impressions, as well as earned and social media placements. The campaign is coordinated with Enrollment Management to ensure metric alignment with student recruitment and retention goals.

MSU Denver is not currently working with other state or federal departments to coordinate this campaign, but we do partner with other higher ed. institutions, state and federal institutions from time to time on media relation campaigns that support access and affordability for our students.

Colorado Mesa University

CMU has a planned investment of $966,503 in FY 2020, from non-state and federal fund sources, for a paid public awareness campaign targeted at prospective undergraduate students, with the goal of improving enrollment via growth in awareness of CMU—including its two-year division Western Colorado Community College—as a high-quality, high-value option for post-secondary education. A variety of metrics are used to evaluate effectiveness, including growth in website traffic, new site users and site sessions due to campaign activity, inquiries from prospective students and applications for admission. Additionally, an annual survey of Colorado high school seniors is used to gauge effectiveness and overall shifts in awareness and perception.

Adams State University

Adams State uses social media platforms for general recruiting and promotion purposes. Adams State will earmark $10,000 or less for buys on these social media platforms. Adams State also occasionally purchases the following: print advertising in the local newspaper, a TV commercial buy with a commercial made internally, and digital impression buys via Google search. Adams State spends an estimated $30,000 to $35,000 on these various paid advertisements. Adams State looks at our ROI based on volume of applicants yielded through social media and digital impressions. We track with code how all purchases perform based on traffic generated to our core domain adams.edu.

Fort Lewis College

Fort Lewis College spends approximately $380,000 annually on print materials and advertising costs. The vast majority of these expenditures are directly related to student recruiting. Of this amount, approximately $250,000 is directed towards increasing awareness and reputation of the college through advertising and $130,000 towards costs of print materials. Existing marketing and communications staff are leveraged to accomplish this brand awareness. Some of the efforts include:

- *Print materials used by admission counselors to recruit students (viewbooks, road pieces, brochures, fliers, etc.).*
- *Feature stories and profiles about faculty, students, staff and benefactors that capture the brand of Fort Lewis College.*

- *Electronic and social media is used to deliver messages in a targeted way.*
- *A reputation building campaign in regional and nationwide media to tell the Fort Lewis College story.*
- *Wall displays and ads at the Denver airport and the Durango-LaPlata County Airport*
- *The FLC Magazine, now in its seventh issue, is mailed to appropriate leadership including governmental and civic leaders, local school systems, parents of current students, and benefactors.*
- *The Fort Report e-newsletter, created biweekly, is sent to alumni, donors, community members, family members of students, as well as campus constituents.*
- *Traditional TV and streaming campaigns through Comcast that target students in Colorado and northern New Mexico.*
- *Underwriting on Rocky Mountain PBS to communicate to influencers.*
- *Digital media and television campaign on KKTv in Colorado Springs.*
- *Digital marketing campaign with Glacier Communications, to reach prospective students via Facebook, Instagram, Spotify, and search.*
- *Wall-mounted ads in 14 high schools in our target market.*
- *Print ads in magazines, including Hemispheres, Essential Durango, The Gulch, and Winds of Change.*

Enhanced premium profiles on college search sites, including Peterson's, Niche, Naviance, Cappex, Study USA, and Strive 4 College.

Western Colorado University

Yes, Western does spend money on public awareness campaigns, both regionally and in the Gunnison Valley. These campaigns range from general community relations (i.e., sponsorships of events) to ad purchases, both digital and hard-copy, to billboards and banners in certain locations. The majority of our public awareness campaigns are part of an integrated marketing strategy that includes segmented messaging for prospective student populations. Less than 20 percent of our public awareness campaign spending is for standalone campaigns. For our ad purchases we do track metrics such as distribution, impressions, clicks and conversions as provided by the medium.

COLORADO MESA UNIVERSITY

Joint Budget Committee Update

January 14, 2020

Two Decades of Transformation at CMU

In 1999. . .

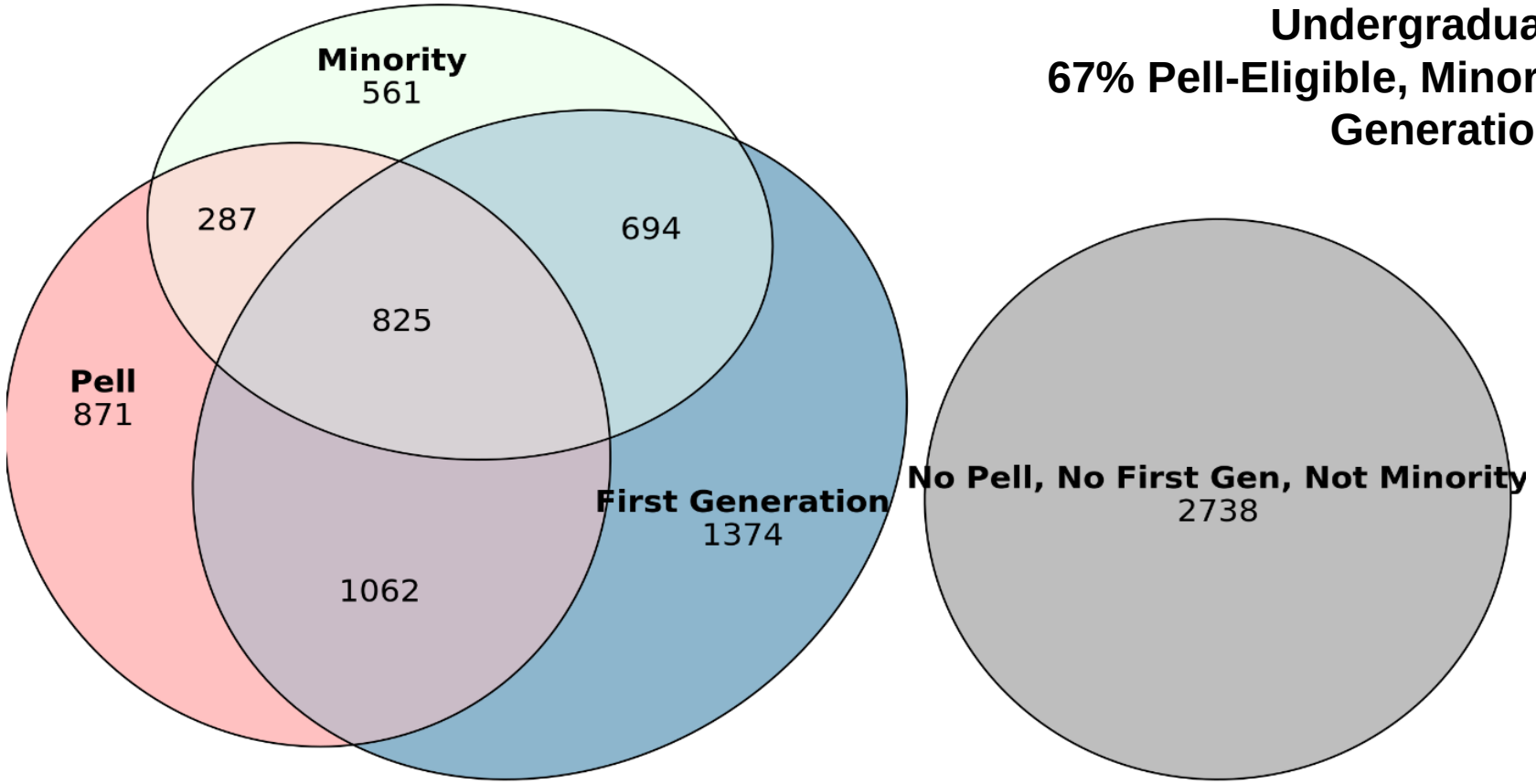
- Our percentage of Front Range students was 14%
- Our percentage of racial/ethnic minority students was 11%

In 2019. . .

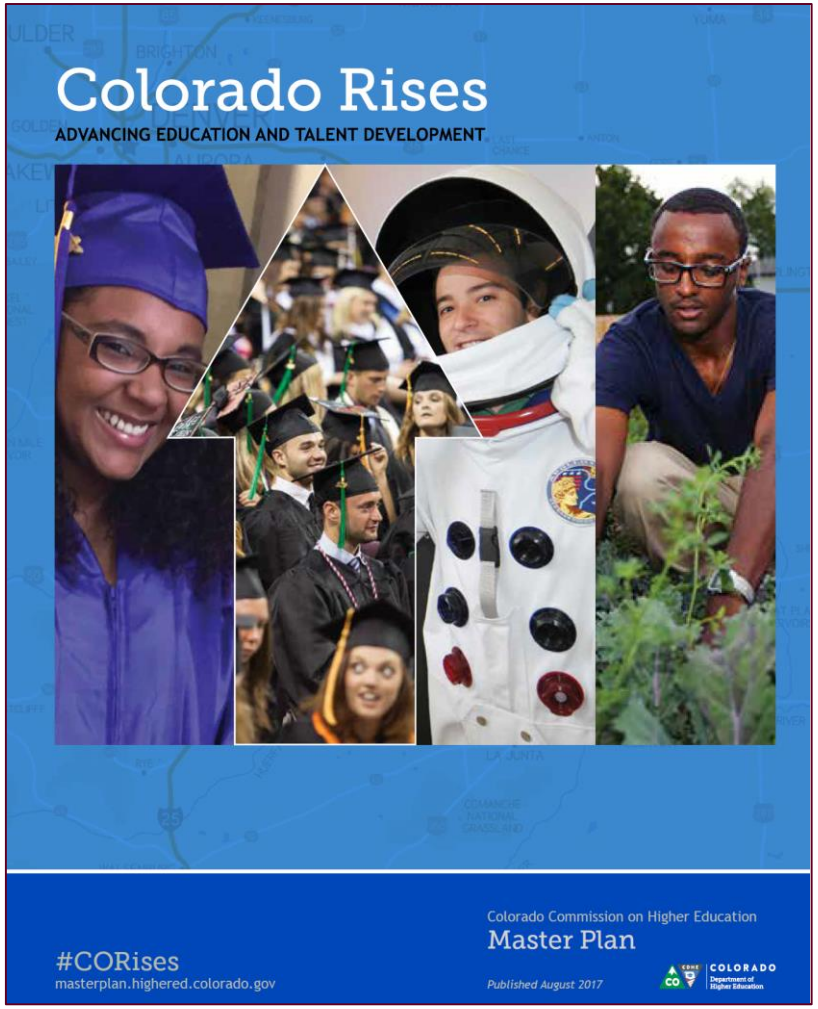
- Our percentage of Front Range students is 26%
- Our percentage of racial/ethnic minority students is 29%

Serving High Need Students

Fall, 2018 CMU Undergraduates:
67% Pell-Eligible, Minority and/or First Generation



CCHE Master Plan Goal



STRATEGIC GOAL #1

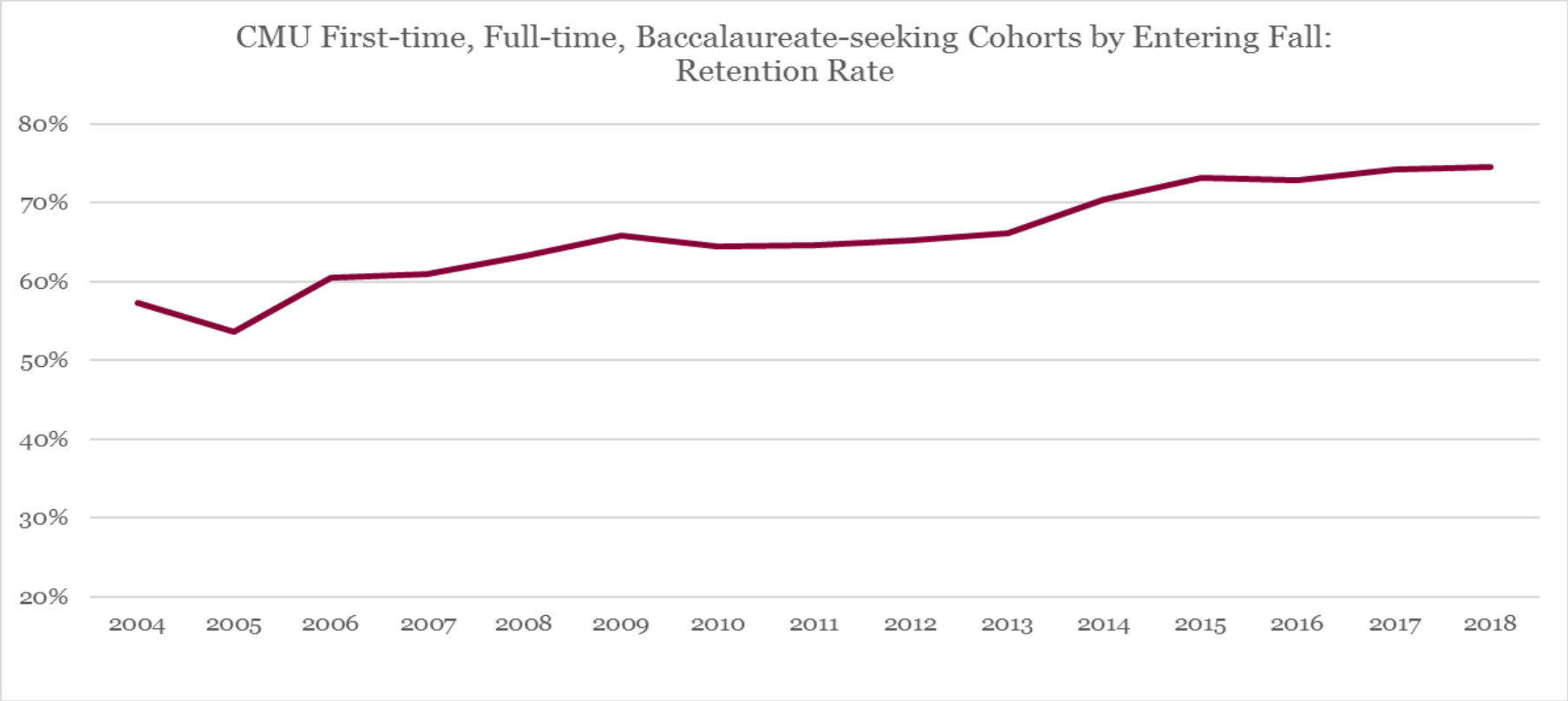
INCREASE CREDENTIAL COMPLETION:

This first strategic goal reiterates the importance of increasing credentials to meet workforce needs. It presents the challenge to the public system of higher education to issue approximately 73,500 degrees and certificates above current trends over an eight-year period to meet the 2025 goal. This goal also recognizes the need to anchor credential production to high-demand areas. Currently, Colorado has a higher demand for STEM-educated workers than the national average and a growing shortage of educators. We must increase the number of credentials in both areas.

66%

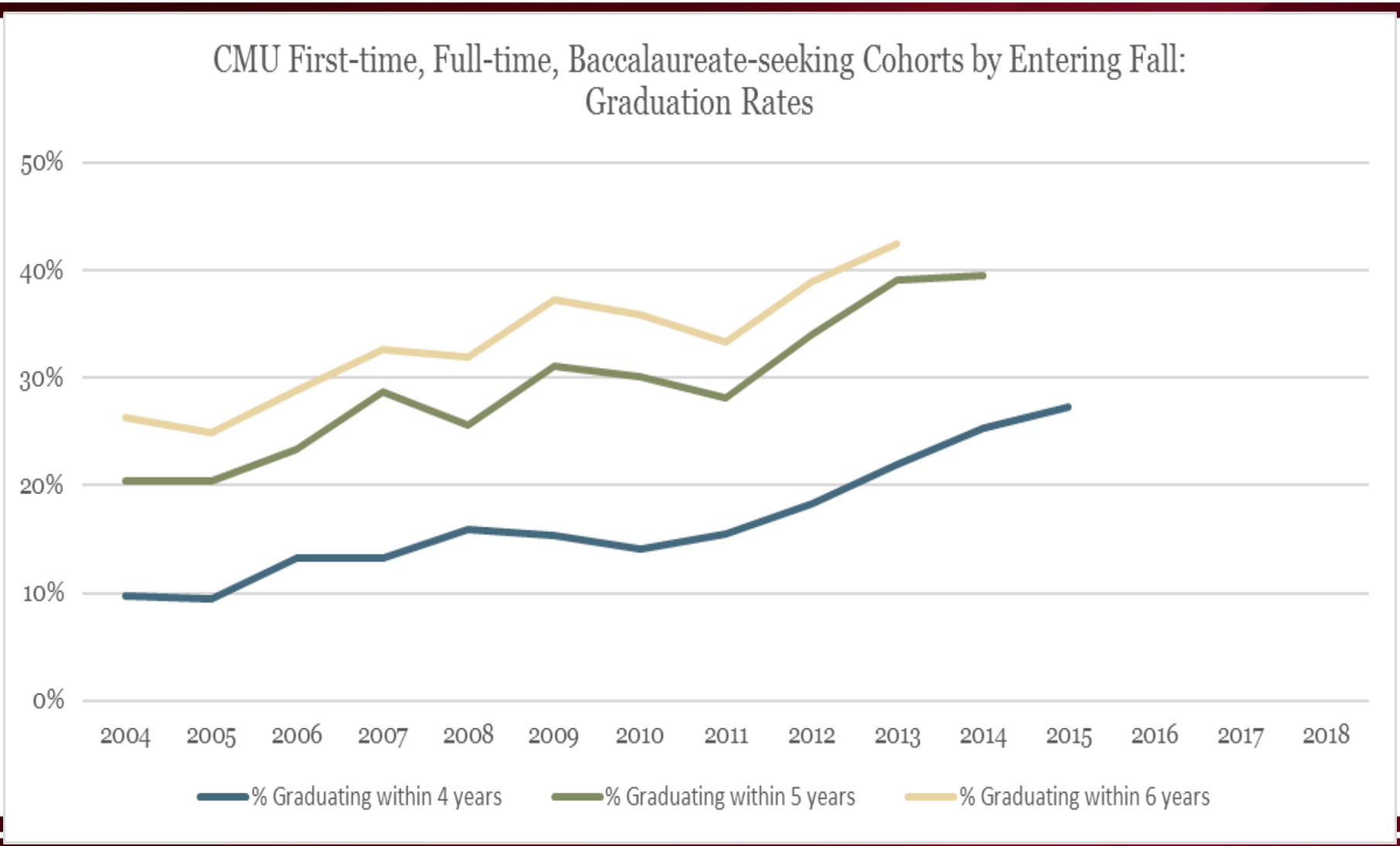
Statewide Attainment Goal

CMU Retention Rate

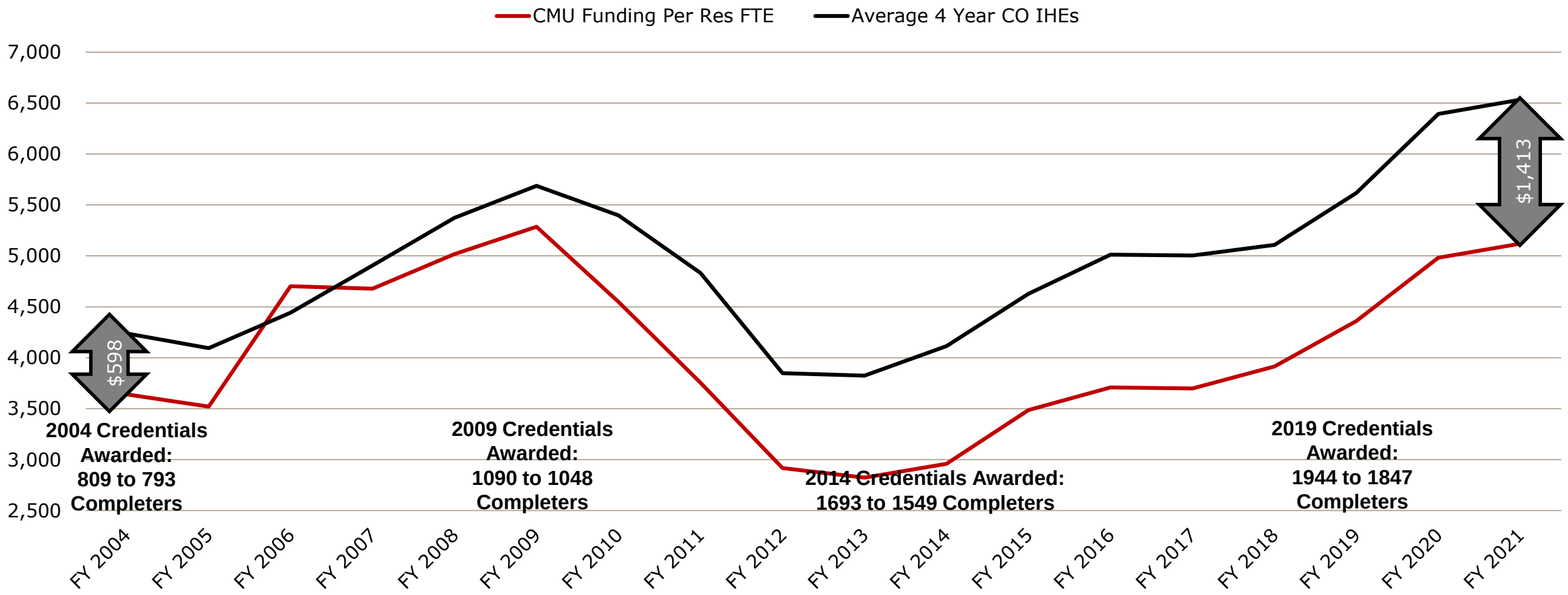


Cohort Entering in Fall:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
# in Cohort	783	829	721	689	731	964	1108	1288	1215	1125	1063	1198	1200	1164	1233
% Retained	57%	54%	61%	61%	63%	66%	64%	65%	65%	66%	70%	73%	73%	74%	75%

CMU Graduation Rate



Funding per Res FTE, by Year

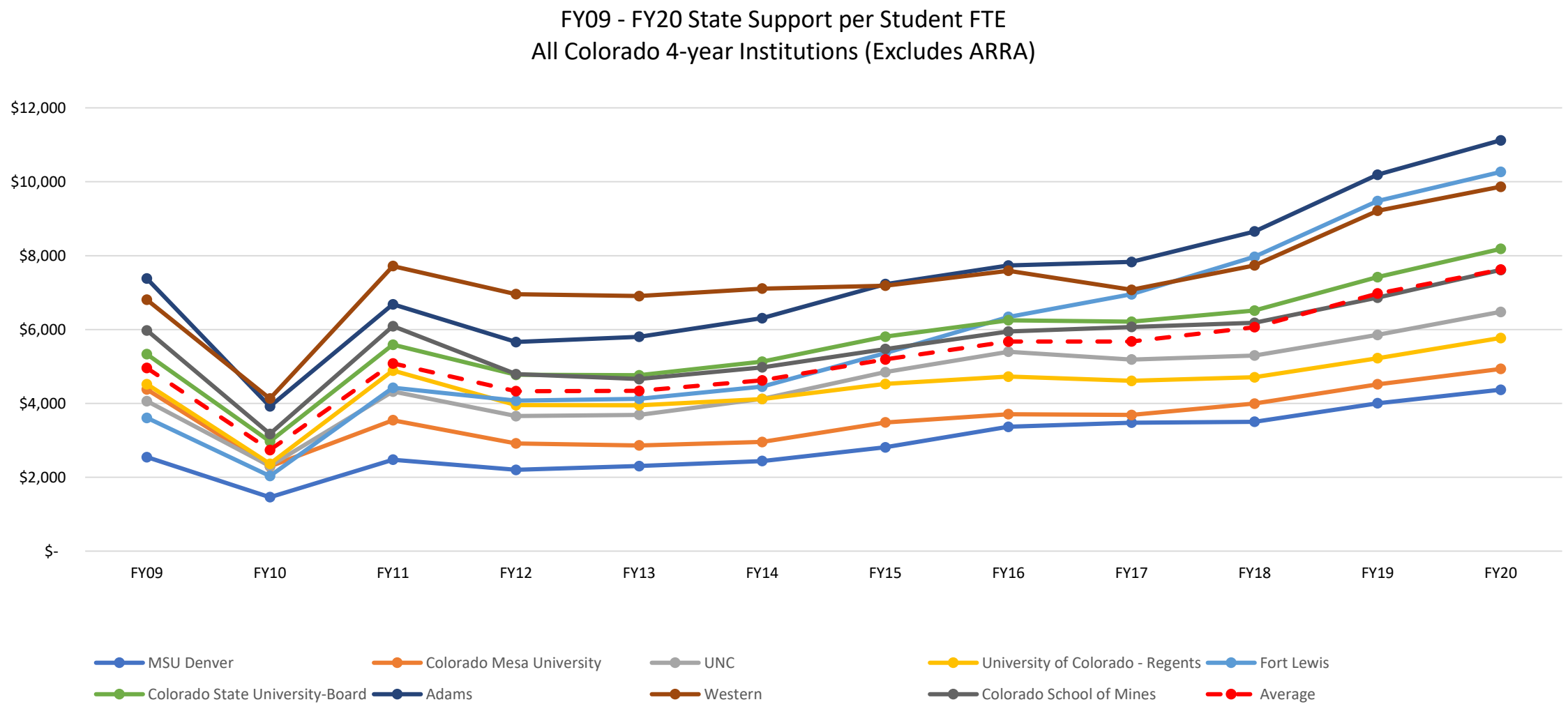


SOURCE: JBC, Long Bills, CDHE Tuition and Fees Report and FTE Report, 11.1.19 1319 funding model.

METROPOLITAN STATE UNIVERSITY℠ OF DENVER

Reimagine possible

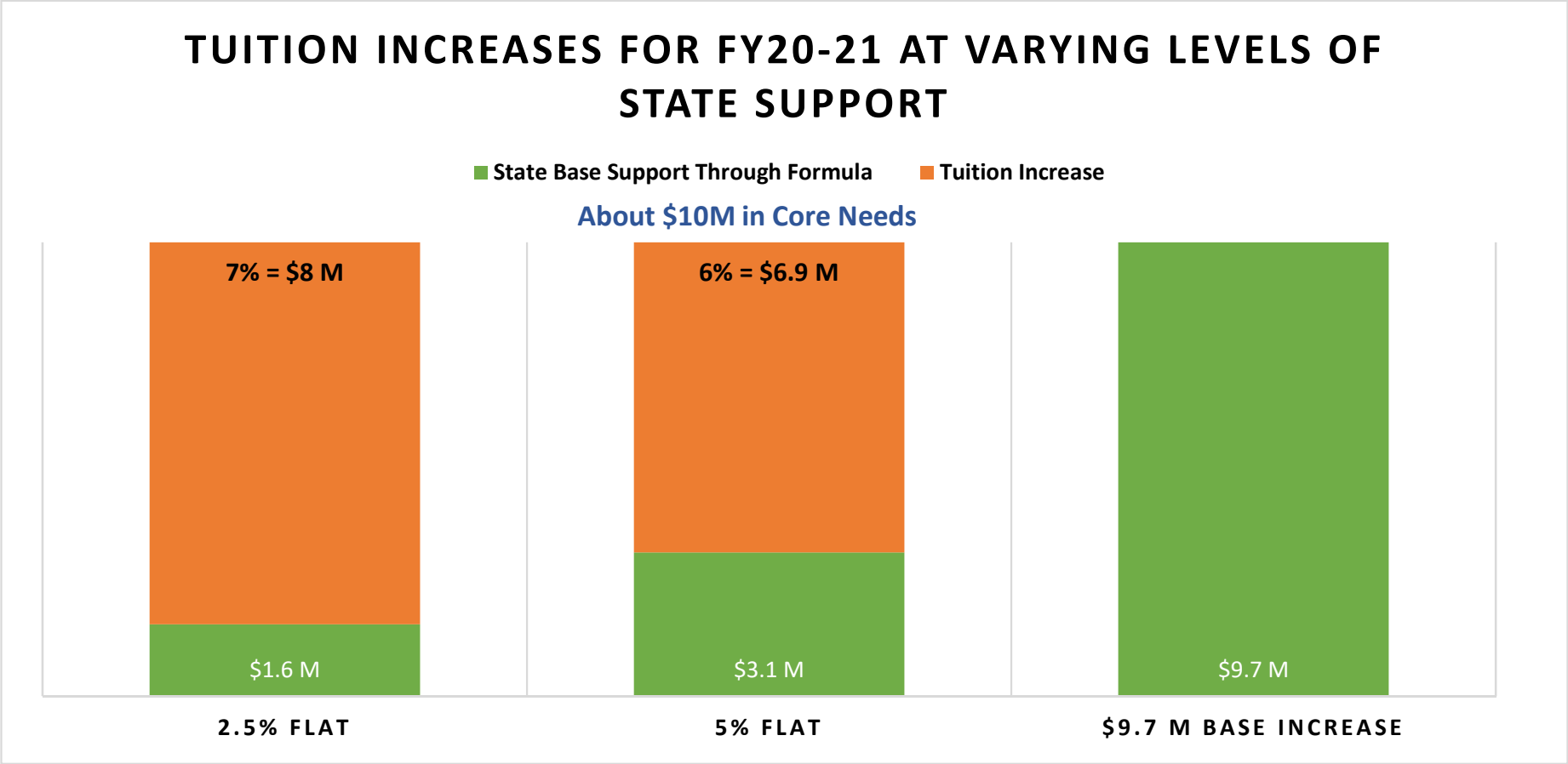
Joint Budget Committee Presentation January 2020

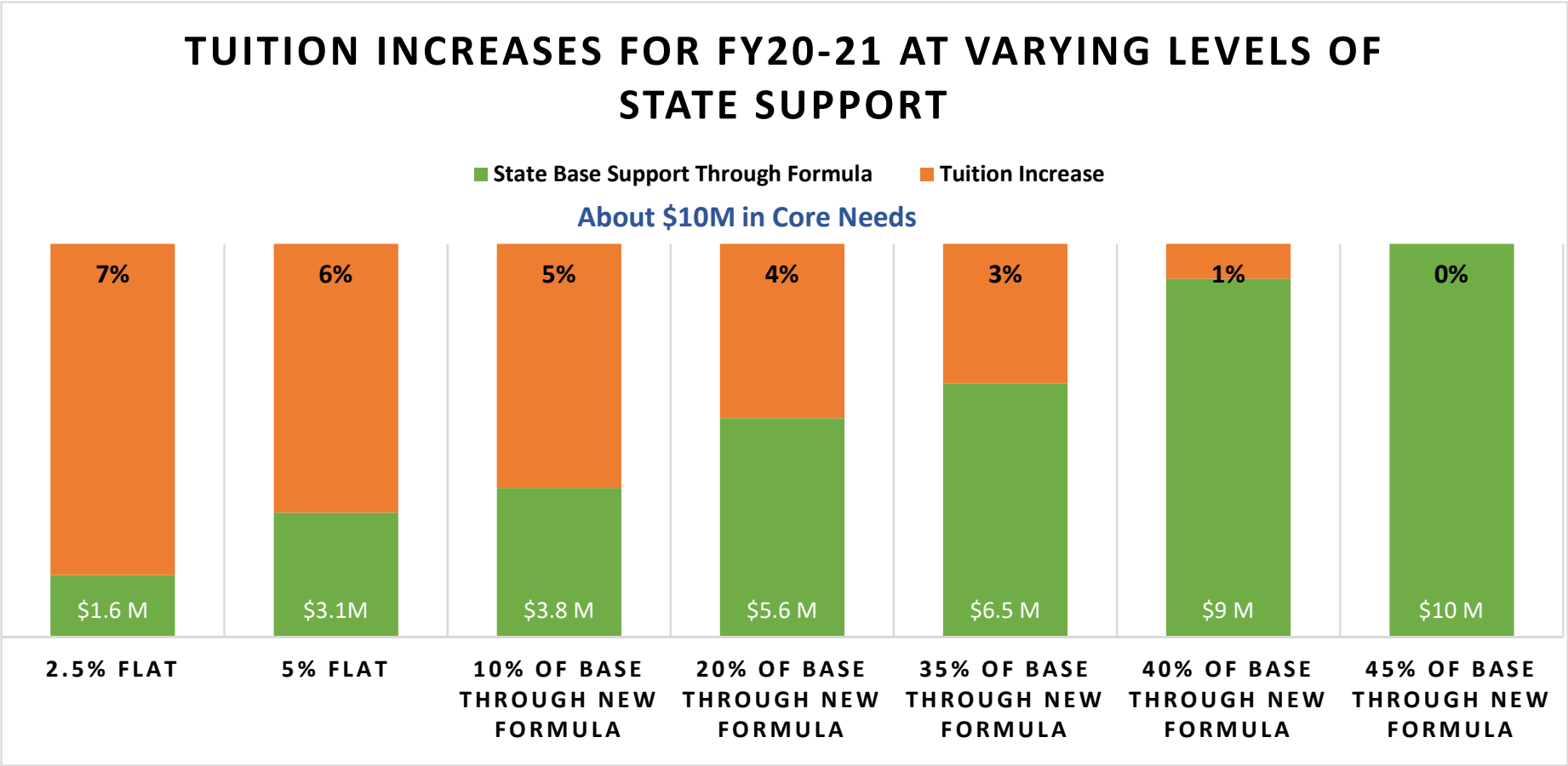


MSU Denver is approximately $47 million below Colorado Average State Funding based on $7,623 per student FTE.

State Support Per FTE (Excluding ARRA Funds)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	$ Change	% Change
MSU Denver	$ 2,546	$ 1,462	$ 2,477	$ 2,202	$ 2,304	$ 2,441	$ 2,813	$ 3,368	$ 3,481	$ 3,504	$ 4,004	$ 4,370	$ 1,823	72%
Colorado Mesa University	$ 4,380	$ 2,292	$ 3,547	$ 2,917	$ 2,863	$ 2,959	$ 3,487	$ 3,708	$ 3,688	$ 3,997	$ 4,519	$ 4,935	$ 555	13%
UNC	$ 4,063	$ 2,304	$ 4,322	$ 3,657	$ 3,692	$ 4,122	$ 4,848	$ 5,400	$ 5,188	$ 5,297	$ 5,856	$ 6,477	$ 2,414	59%
University of Colorado - Regents	$ 4,522	$ 2,365	$ 4,888	$ 3,954	$ 3,952	$ 4,121	$ 4,526	$ 4,727	$ 4,612	$ 4,710	$ 5,225	$ 5,772	$ 1,250	28%
Fort Lewis	$ 3,610	$ 2,036	$ 4,423	$ 4,073	$ 4,125	$ 4,456	$ 5,364	$ 6,343	$ 6,954	$ 7,968	$ 9,480	$ 10,267	$ 6,657	184%
Colorado State University-Board	$ 5,334	$ 2,971	$ 5,590	$ 4,774	$ 4,762	$ 5,132	$ 5,806	$ 6,252	$ 6,211	$ 6,514	$ 7,419	$ 8,184	$ 2,851	53%
Adams	$ 7,381	$ 3,922	$ 6,683	$ 5,663	$ 5,805	$ 6,307	$ 7,228	$ 7,733	$ 7,829	$ 8,653	$ 10,190	$ 11,120	$ 3,740	51%
Western	$ 6,807	$ 4,132	$ 7,717	$ 6,957	$ 6,905	$ 7,109	$ 7,186	$ 7,591	$ 7,077	$ 7,737	$ 9,215	$ 9,866	$ 3,059	45%
Colorado School of Mines	$ 5,978	$ 3,174	$ 6,092	$ 4,792	$ 4,659	$ 4,976	$ 5,472	$ 5,945	$ 6,070	$ 6,183	$ 6,863	$ 7,613	$ 1,635	27%
Average	$ 4,958	$ 2,740	$ 5,082	$ 4,332	$ 4,341	$ 4,625	$ 5,192	$ 5,674	$ 5,679	$ 6,062	$ 6,975	$ 7,623	$ 2,665	54%


TUITION INCREASES FOR FY20-21 AT VARYING LEVELS OF STATE SUPPORT
State Base Support Through Formula
Tuition Increase
About $10M in Core Needs
7% = $8 M
$1.6 M
6% = $6.9 M
$3.1 M
$9.7 M
2.5% FLAT
5% FLAT
$9.7 M BASE INCREASE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7%
6%
5%
4%
3%
1%
0%
$1.6 M
$3.1M
$3.8 M
$5.6 M
$6.5 M
$9 M
$10 M
2.5% FLAT
5% FLAT
10% OF BASE THROUGH NEW FORMULA
20% OF BASE THROUGH NEW FORMULA
35% OF BASE THROUGH NEW FORMULA
40% OF BASE THROUGH NEW FORMULA
45% OF BASE THROUGH NEW FORMULA

POWERED BY PLACE

SERVING RURAL COLORADO THROUGH AFFORDABILITY AND PARTNERSHIPS

AFFORDABILITY

LOWEST TUITION & FEES

FLC is the most affordable four-year public college in Colorado with tuition and fees at just $8,872 a year for residents and $19,528 a year for non-residents. Students receiving scholarships or grants were awarded on average $5,525.

TUITION PROMISE

The FLC Tuition Promise guarantees tuition costs are covered for Colorado residents whose family income is $60,000 or less. It's our commitment to Colorado's working families.

CIVIC MATCH SCHOLARSHIP

Eligible students attending FLC and who have received a scholarship from a civic organization located in one of 19 counties in southwest Colorado will now be awarded a one-time $500 match from the College.

SKYHAWK PERSISTENCE GRANT

The Skyhawk Persistence Grant pays off enough of selected students' fees so they can become eligible for class registration, and persist with their education. FLC also distributes the Skyhawk Emergency Grant and Skyhawk Medical Grant for students with in-semester financial emergencies.

PARTNERSHIPS

ROCKY MTN CHOCOLATE FACTORY Fort Lewis College and Rocky Mountain Chocolate Factory awarded an RMCF franchise to a student through the Applied Entrepreneurship course. The student created a winning business plan in the class to earn ownership of a store in Peoria, Illinois.

CENTER FOR INNOVATION FLC's new Center for Innovation brings together multiple organizations that serve entrepreneurs and small business owners in a single location in downtown Durango.

ENTANGLED SOLUTIONS FLC was awarded $2 million in in-kind consulting support from Entangled Solutions, a pioneering innovation consultancy for higher education. The multi-year engagement will focus on continuing FLC's enrollment and financial growth, while pursuing competitive solutions to meet students' needs.

GRADUATE DEGREE SOLUTIONS To enhance programming for students and increase their exposure to research university academics, FLC has also partnered with CU-Denver on a 3+2 Public History degree. The newly approved Principal Leadership master's degree was created in collaboration with local school districts, where culturally competent and linguistically diverse leadership is in high need.

YOUR ROLE: WHAT THE STATE CAN DO TO SUPPORT FLC

HEALTH SCIENCES CENTER FUNDING

This is the number one ranked project by CCHE. Construction of this building will serve students in our fastest growing degree program and will help us serve our region.

JTC REQUEST

This shared request (with ASU and WSCU) for cloud-based information and student information systems is an innovative and cost-saving solution to the challenges we face as rural institutions.

NEW FORMULA

FLC recommends the formula recognize the cost of doing business in rural Colorado – student and faculty recruitment and retention costs increase with the distance from the Front Range.

DEMOGRAPHIC DATA

41% Native American and Alaska Native Students

53% Students of Color

37% Federal Pell Grant Eligible

15:1 Student : Faculty

32% First Generation

99% Tenured / Tenure-Track Faculty with a Terminal Degree