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**Joint Budget Committee**  
**Jan. 14, 2020**  
**President Davidson Remarks – as prepared**

Chair (Daneya) Esgar and members of the committee, good afternoon and thank you for the opportunity to meet with you today on behalf of the students, faculty and staff of Metropolitan State University of Denver.

Before I get started, I want to thank the Roadrunners who came to support MSU Denver, including our board members and several of our students, many of whom are first-generation college students.

MSU Denver is the third-largest university in Colorado; we graduate the most Colorado undergrads into the state workforce.

We have historically been dramatically underfunded. Average state funding in Colorado per FTE student is \$7,623. MSU Denver receives \$4,370 per FTE, the lowest in the state.

In aggregate, we need a correction to our base of \$47 million to bring us to the state average. If that's not fiscally possible this one year, then we need \$9.7 million to meet obligations this fiscal year to meet our core obligations – and that is just to tread water.

I am here today, as are my colleagues from the other Colorado institutions of higher education, to advocate strongly on behalf of my university. But you know, I am not a fierce advocate of MSU Denver just because I am the president. I am the president of MSU Denver *because* I am a fierce advocate of the American dream.

There is no better way to catalyze social and economic mobility, fill the Colorado talent pipeline and ensure our state thrives and competes nationally and globally than to invest in public higher education.

That is why I joined the University two and a half years ago – and every day I am even more amazed by the transformational experience we are able to provide for so many hard-working Colorado students.

Let me give you an example ...

In 2017, Rebecca Leyva Hernandez and her family were told that the home they were renting was going to be sold. The market was hot, and the house sold in one week, leaving Rebecca and her family homeless.

For five months, they bounced between the houses of family members. And do you know what else she was doing during that time? She was a first-generation college student at MSU Denver. Some nights, she stayed late at the library because she didn't know where else to go.

And yet, she held on fiercely to her dream of getting a higher education. In December, Rebecca graduated with a degree in health care management and a 4.0 GPA.

I share this story because Rebecca is representative of the students we *catch and launch* at MSU Denver – the students who are with us today. Some start their journey with us and finish elsewhere; 54% come to us from other institutions, including other universities as well as community colleges.

We serve more than 19,000 Rebeccas – students who are hungry to advance their lives and the future of our state but who need an opportunity.

Here are some numbers:

- Every year, we graduate approximately 3,500 students.
- 76% have one of these characteristics: first-generation, Pell-eligible, veteran or student of color.
- They are sometimes called “nontraditional students or historically underserved students”; we just call them Colorado’s students.
- 96% of MSU Denver students are from Colorado; most stay in Colorado after graduation.
- They are the future of our state, the next generation of leaders in our communities and industries.

They are also the students the state says it wants to support through its higher-education goals:

- Increasing credential completion to 66%;
- Erasing the equity gap between students of color and white students;
- Improving student success; and
- Investing in affordability and innovation.

Remarkably, and unfortunately, this is NOT how our funding is aligned.

- This is something I pointed out to the JBC 2 years ago.
- It was the first time I spoke to the JBC as a university president, having come from D.C., and just learning the Colorado system. I was perplexed.
- I didn't understand the formula – and the department had not released it to our CFOs – but it was clear that what Colorado was saying as a state was not what it was funding.

Last year, you directed the department to fix this, with SB19-095.

- We applauded. Again, NOT just because it helps so many of my students but because it is the right thing to do.
- We supported the efforts to adjust the formula, and the work done by Amanda (Bickel, chief legislative analyst) and CDHE this year was promising in better supporting Colorado's diverse, first-generation and low-income students.
- But, as you heard yesterday, there is a movement to throw up our hands and revert to the old way – HB1319 with increments added as a flat percent across the board.
- Allocating increases as a flat percentage only widens the gap between us and everyone else. It is basic math: The same percent of a small number is a small number.
- So, let me be clear: This funding process is not working for MSU Denver.

Let me explain how the current proposal will affect our University:

- A 2.5% increase in state funding is an additional \$3.7 million for MSU Denver.
- Our core needs for FY 20-21 are **\$9.7 million**.
- That's a **\$6 million gap**, just to pay our bills.
- This is assuming a flat enrollment rate and no tuition increase. And right now, like so many of our higher-education counterparts, we see flat enrollment as our best-case scenario.

That \$9.7 million in core needs includes only the very basics, such as paying into the **Auraria Higher Education Center**, mandatory raises for classified staff and **PERA** and **health** insurance increases. It does not allow us to invest in our students by adding services to help with housing or food insecurities, not to mention tutors or advisors. It does not allow us to strategically manage long-term investments in faculty and staff, technology or infrastructure.

MSU Denver's state funding per student has always been one of the lowest for four-year institutions in Colorado.

- For FY 20, state funding for an MSU Denver student FTE is \$4,370.
- The average state funding per student FTE is \$7,623. The school with the highest state funding receives \$11,120 per student FTE.
- That is a \$6,750 per student differential.
- A 2.5% flat increase is \$109.25 per student at MSU Denver versus \$278 per student at Adams and \$190 per Colorado student.

So, you can see how giving everyone the **same percent** is not the same as providing **the same increase** – it is nowhere near. We continue to fall farther behind every time this happens, and I am told by my team that this is how increases – small or large – have been allocated nearly every year for the past few decades.

This is my third legislative cycle as president. As you can see by the graph I shared, we are the lowest-funded institution in the state. I am dedicated to changing that – and of course, I need your help.

Our mission is to be affordable and accessible. It is time the state provided a **correction** to MSU Denver's base funding. We are **at least \$40 million** behind the average in this state. We need to start closing this gap so we can do more than tread water.

This historically low base funding from the state has made us tuition-dependent.

- We receive 50% of the funding in tuition and fees that schools similarly situated and sized do.
- This means we are funded to serve about 10,000 students, when we actually have more than 19,000.
- So, even when we have declining enrollment, and therefore less revenue, we are still short on staff and faculty to support the students we have right now.

**This is why we need more than just a flat increase. We need an adjustment to our base.**

Without this correction, where might we come up with the money to meet those core expenses? Our options are limited:

1. Non-state tuition? But 96% of our students are Coloradans.
2. Efficiencies? Limited again. We have been systematically cutting fat for the last 5 years. We are proud of this but are starting to cut into muscle and bone.

Turns out, MSU Denver is massively efficient – maybe the most efficient university in the state; Mesa is pretty good at it too.

- Don't take my word for it; for the last decade, we have been consistently ranked by the National Center for Higher Education Management Systems as having the **best efficiency ratio** of education and general expenses per degree granted annually in our national peer group.
- Over the past 5 fiscal years, we implemented over **\$6.2 million** of either budget cuts or cost savings through eliminating vacant positions, not offering across-the-board salary increases to faculty and administrators, and implementing other process-improvement initiatives.
- Far from suffering the legendary higher-ed "administrative bloat," MSU Denver has a 27:1 student/staff ratio. Average in Colorado is 12:1 with some as low as 4:1. We are at the point of being dangerously lean.
  - Being one professional staff deep in so many areas means that we take risk in areas like emergency management, audit, cybersecurity, federal compliance and others.
  - And, sadly, we shortchange services in a few student-support areas. We must correct this.
- For example: Our current ratio of advisors to students is 1:500. The norm is 1:300. Best practice is considered 1:150. We know that advising is a major factor in retaining

students. Where donors help us reduce the ratio to 1:100, we have an 81% retention rate. This is an area with a proven ROI and where I will invest as soon as I can.

- We have also been innovative in trying to generate additional revenue, such as building a hotel on our campus. The revenues of the hotel not only paid for the new learning space, but they meant that we did not use any state tax or student tuition/fees to build a state-of-the-art learning space that benefits our students and the Colorado communities they will eventually serve.
- We plan to apply these lessons to our much-needed Health Institute building project.

While we are proud of our efficiency efforts, there are simply **no more quarters in the couch**.

- It is my responsibility to tell you that we are reaching a danger point that, without a correction to our historically and perennially underfunded base, could prove devastating to the day-to-day support services we provide our students and to the state's higher-ed goals.

Again – it is imperative that MSU Denver's base funding is corrected.

I ask this NOT just because closing this perennial and compounded funding gap between MSU Denver and our peer institutions would be more "fair" (which it would be) but because of how we would spend this increase and because of the exponential impact this investment will have on our state, on our talent pipeline, our future competitiveness and on the economic and civic well-being of our state.

Let me be clear: I would not spend this money on resort-style dorms or lazy rivers. I would spend every dime on things that directly impact student success.

With additional investment from the state, I would:

- Improve our **advisor-to-student ratio**, which has a direct ROI;
- Invest in innovative programs like our Classroom to Career Hub, which partners with companies across Colorado to provide pathways like internships or co-ops that help meet workforce needs and set up our students to land jobs right out of school;
- And we'd also fund more intervention services in areas like financial aid, food insecurity and other things that get in the way of our students' quest to graduate and get jobs.
- For example, last year we used some of the additional funding we received to provide case-management support for students, hiring a temporary case manager to build several programmatic supports. That included a **Student Emergency Grant Fund**, which helps students facing eviction, unemployment, unexpected medical bills, travel to care for a sick or dying loved one, or to cover school-related expenses. Having person-to-person services like these on campus, which connect students to resources, can make all the difference in student retention and success.

It's these types of supports that we need to provide for our nontraditional students. We know they work because we have seen them work.

Let me finish with a couple more real-life examples of the magic this funding can provide:

I think about a student like Estéfani Peña Figueroa, who is here with us today. Estéfani was born in Guatemala. When she was 7, her parents fled the country for the United States. Her mother wanted Estéfani to have the education she never had.

Today, Estéfani is the realization of her mother's dream as a senior studying health care management. She is a DACA student who has benefited from and is helping provide wraparound services to other students. As a member of the Immigrant Services Program, she is a peer mentor and tutor, working to support students whose stories often reflect her own.

She describes the support she has received at MSU Denver as "unconditional," citing things like financial aid and scholarship assistance, as well as her placement in the DUHOP program, which supports DACA/undocumented students in health.

I also think about a student like Evan Stratton, a Marine who was injured during an ambush in Iraq. His arm was paralyzed, and his face was severely wounded. He also suffered a traumatic brain injury and other stresses from combat that hindered his ability to get his life back on track when he came home.

Ultimately, he started to put the pieces back together, and part of that journey was restarting his academic career at MSU Denver. Today, he's studying finance, working full time in downtown Denver, and is a new father as well.

He started with us last summer and said transferring to MSU Denver was "like a concierge process" because of all the support for veterans. His advisor in the College of Business, also a veteran, helped him plan his classes around his busy life. It's this type of support that we want to provide for every student who walks through our doors.

But for every Estéfani and Evan, there are thousands of others that we can't serve as well as we know is necessary, because we lack the resources to scale our services.

So, here is my ask:

First, on behalf of all of Colorado and for the long term – recommit to public higher education, the engine room for the American dream and the best investment to ensure Colorado continues to compete.

Second, for this year, don't step backward: Help us keep college affordable for Colorado's students, some of whom you've heard about today.

- A 2.5% increase in state funding is not sufficient to cover core minimum costs for any of us. The presidents of Colorado's institutions of higher education are united in asking for a 5% general-fund increase (assuming a state-employee compensation pool of 2%).

And also assuming that this 5% is allocated strategically and not as a simple flat, across-the-board increase (as I have made perfectly clear). That, combined with a 3% tuition increase, would help MSU Denver close the \$6 million gap in our base budget. Unfortunately, even with this increase, we'd still be unable to provide additional investment in our student-support services and financial aid. But at least we'd be able to continue the work we are doing to fulfill our statutory mission of providing accessible education.

Finally, in the long term, we want to join you and the Governor's Office in solving the challenges that I discussed regarding the current funding formula. I know that the CEOs and CFOs of Colorado's colleges and universities are committed to working with you, the Governor's Office and your staff to develop solutions to address the formula challenges.

No formula is perfect, and it will need to be reassessed periodically. But we want to get out of the short-term "Hunger Games" mindset and avoid a cycle of annual revision. We would like your help in establishing a formula we can depend on for the next 5 years, so that we can focus on what matters most – serving Colorado's students.

Thank you for your time.