E-mail dated April 27, 2010 from President Scoggins

Dear Colleagues:

I hope your semester is going well. I wanted to take this opportunity to update you on discussions at the State Capitol that impact higher education and, in particular, Mines.

**Addressing Financial Challenges**

First and foremost on everyone’s mind is the state’s budget, which unfortunately remains difficult. State revenues over the past year have been approximately $1 billion short of original estimates made in November 2008. The negative impact of this shortfall on higher education was temporarily offset in the current fiscal year through the infusion of federal funds from the American Reinvestment and Recovery Act (ARRA). With very little ARRA funds remaining, however, we are anticipating our state funding to be cut from $23.3M to around $18.7M next year (FY2011).

To offset the loss in state funding, our students and their families will again be asked to dig deeper as we anticipate tuition increases next year of 9% for residents and 5% for non-residents. Strong tuition and research revenue, as well as the continued campus efforts to manage expenses, are allowing us to absorb the anticipated cut in state funding without having to institute drastic steps such as layoffs or furloughs. At the same time, I am keenly aware that enrollment and research growth have caused significant strain on already over-burdened teaching loads, student services, and infrastructure. Everyone has been asked to do more with less. Compounding the frustration and strain, the Governor has again announced a salary freeze for the state personnel system for FY2011, and signed legislation requiring all PERA members to contribute an additional 2.5% of salary to PERA in FY2011—effectively a take-home pay reduction. I recognize the pain this loss of income creates for many.

Beyond these immediate problems, an even larger challenge looms for Colorado higher education in FY2012. ARRA funding and the protection from its requirements will be gone. As economic conditions recover slowly, the financial needs of other state operations will once again put funding for higher education at significant risk, potentially resulting in further cuts of $300 million or more. Possible solutions, including ballot initiatives, are being discussed by various groups throughout the state. While these ideas may provide some relief, it is more likely that such solutions will result in little net gain. One doesn’t have to look too far beyond recent history, and conflicting interests within higher education itself, to forecast such results.

**Forging a Path Forward**

The best and most viable solution for Mines is to push forward with our efforts to achieve financial self-reliance. Simply, we cannot let our potential be limited by the constant financial constraints of the state. Let me be perfectly clear, though, this does not mean we have any plans to privatize Mines as some may have speculated. Beyond general fund support, we enjoy many
other benefits from being a state institution, such as our land and buildings. But it is also clear from future state budget scenarios that we must be prepared sooner than later to build financial models which rely solely on tuition, research, endowment, and other entrepreneurial enterprises.

Toward this end, we have over the past year discussed possible changes to our Exemplary Institution statute with the Governor’s office and the general assembly. Our intention had been to introduce legislation in the 2011 General Assembly. Recently, however, strong advocates for Mines in the legislature have suggested that the momentum for pushing forward these changes may be through the current higher education flexibility bill instead of waiting until next year. I emphasize “may” because discussions with the Governor’s office and key legislators on this matter are still in progress. With the short time remaining in the current session, the process has been significantly condensed and various drafts of the bill are being circulated more broadly than usual. As of now, it is not completely clear what will be in the final version – or if any Mines exemplary institution language will be in the version – when the bill is introduced in its first committee.

Key components in our discussions include tuition autonomy for our Board and a return to the block grant concept that was part of our original exemplary institution statute. Currently the Board’s tuition authority is limited to twice Boulder-Denver CPI. In order to fulfill our obligation to support key statewide goals for access and affordability, Mines would pledge to use the block grant for resident undergraduate scholarships and graduate fellowships. Because Mines still relies on state funds for operations, we have proposed a 3-5 year transition of the block grant to gradually adjust our resident tuition and financial aid models. Scholarships and fellowships for non-resident students would still be supported through our unrestricted operating (E&G) budget.

Our proposal emphasizes that Mines is a unique institution – given our high admission standards, focused mission, and high cost programs – that does not fit standard performance measurements that are usually based on comprehensive research universities. Instead, as we continue to elevate our national reputation, we are seeking the flexibility to charge resident students tuition levels that reflect the cost of a Mines education without creating a cost barrier to those students who can least afford it. Increasing funding for scholarships and fellowships will also ensure that Mines is able to compete with national universities for the best and brightest students.

Let me stress again that there are no plans to privatize Mines or change its status as a state institution. Instead, we are navigating Mines through the quickly changing landscape of public higher education to ensure we maintain our capability to achieve greater levels of preeminence. Exemplary Institution 2.0, as it has been pegged internally, places the responsibility solely on Mines to control its future. It will be incumbent upon us to sharpen the quality and uniqueness of our programs to compete with the best national universities for students and research dollars. It will also be incumbent upon us to raise private gifts so that we can replace state supported scholarships and fellowships if necessary. The transition of state support to scholarships and fellowships begins to build the case for making this happen in the upcoming fundraising campaign.
Expanding our World-Class Reputation

Thanks to each and every member of our dedicated campus community, we continue to make significant strides despite these challenging economic times. Research awards are on track for another record year, and the demand for a Mines education – at both undergraduate and graduate levels – is unprecedented. More importantly, the quality of our teaching and research is world-class, and our growing recognition at the national level helps ensure future success. Although the pressures caused by this success are clearly evident, the opportunities to reach the high aspirations we have set for ourselves have never been greater. This is indeed both a challenging and exciting time for Mines. I thank you for your contributions and know that you share my pride in being a part of this vibrant community.

I will continue to communicate to you progress on our legislative discussions when more substantive information is known.

Best regards,

Bill Scroggins