



## Tab 15 FY 2022 Draft Budget Instructions

Coordinating Board for Higher Education  
March 4, 2020

### BACKGROUND

One of the primary responsibilities of the Department of Higher Education and Workforce Development is the development of a unified appropriation request for the public colleges and universities. Although the law technically assigns the responsibility to the department, approval by the Coordinating Board of those recommendations is a critical step in the process.

- Section 173.1540, RSMo, requires DHEWD review annual budget requests from each public university and prepare a corresponding appropriation recommendation.
- Section 163.191.2, RSMo, requires DHEWD review annual institutional budget requests and prepare an appropriation recommendation for the community colleges.
- Section 178.638, RSMo, requires the inclusion of funds designated for State Technical College of Missouri in the unified budget request.

In order to implement those provisions, Section 173.005.2 requires the coordinating board for higher education establish guidelines for appropriation requests by public institutions of higher education.

### CURRENT STATUS

To operationalize that statutory requirement, MDHEWD staff propose the following plan for requests for funding from public higher education institutions, ranked in order of priority

- 1) **Institutional Operating Core:** MDHEWD staff will recommend an increase to core operating appropriations based on a percent increase linked to the rate of inflation. The inflationary factor would be applied to each four-year institution's and State Technical College's base core appropriation in order to determine the amount of the new decision item. For community colleges, the inflationary factor would be applied to the total core state appropriation to the sector, with the result constituting the related new decision item.
- 2) **Capital Funding:** Institutions may request funding for capital projects, including Higher Education Capital Fund (50/50) projects. The process for development of recommendations for capital projects is currently under review. Final instructions will be included as part of the CBHE meeting materials in June.
- 3) **Missouri Returning Heroes Reimbursement:** The statute that establishes the Missouri Returning Heroes Education Act allows the Coordinating Board to include in its appropriation recommendations the amount of tuition waived during the prior fiscal year by public colleges and universities pursuant to the act.
- 4) **New Decision Items:** Institutions can submit requests for funding for new decision items. NDIs will generally be part of the department's informal communication about budget requests, not formally entered into the budget process. The CBHE may opt to elevate some or all of those NDI requests for inclusion in the formal budget request. Staff will not rank NDIs included in informal communications.

### RATIONALE

This discussion proposal contains a much shorter priority listing than was the case for FY 2021. In place of targeted funding priorities, the proposal includes a "base plus" recommendation that would be linked to the rate of inflation. Given the limited recent success in securing funding for more targeted investments and the growing financial pressure this situation has placed on institutional finances, staff are proposing a more direct and

focused approach to the request for the core operating appropriation, with the intent of highlighting the critical need to increase the funding base for all of the public colleges and universities.

## **NEXT STEPS**

As indicated above, these are draft instructions intended to provide the basis for an ongoing conversation relating to the development of the FY 2022 appropriation request. Subsequent to the meeting, MDHEWD staff will solicit additional input from stakeholders, including presidents and chancellors, chief financial officers, legislative leadership, and other interested parties. Based on that feedback, staff will revise the proposed prioritization plan for inclusion in an action item for the June Coordinating Board meeting. That item will include both the revised prioritization framework and the related timeline and more detailed instructions to institutions pertaining to the submission of the information needed to develop the overall funding recommendation.

## **RECOMMENDATION**

This is an information item only.

## **NO ATTACHMENTS**