

AGENDA ITEM SUMMARY

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FY 2018 Budget Update
Coordinating Board for Higher Education
June 8, 2017

DESCRIPTION

This item provides an update on the FY 2018 higher education budget, including final recommendations and actions taken by the House Budget and Senate Appropriations committees, as well as the FY 2017 supplemental budget.

FY 2018

Core institution funding. The department recommended full funding for institutions' core budgets and, through its high-priority funding list, a 5% increase through the performance funding model. The governor recommended a 10% reduction in General Revenue core funding for all institutions and no allocation through the performance funding model. The House Budget Committee recommended a change to the proposed reduction of institution core budgets. This revision changed the core cut to 6.58% and reduced from all lines of their core funding, not just General Revenue. This change was recommended for all institutions with the exception of the University of Missouri. The reduction for the UM System was increased to a 9.0274% overall core cut. The Senate Appropriations Committee recommended a core cut of 6.58% to the University of Missouri and 9.0274% to all other institutions, which resulted in the items being referred to the budget conference committee for negotiation. The decision of the conference committee was a 6.58% core cut to all institutions for FY 2018, which is what was included in the Truly Agreed and Finally Passed (TAFP) version.

Higher education initiatives. The department recommended funding all higher education initiatives at the amount in the TAFP FY 2017 appropriation bill. Funding for those initiatives was reduced by the expenditure restrictions announced by Governor Nixon on July 1 and September 15 and by Governor Greitens on January 16. The governor's budget included no FY 2018 recommendations for any of these existing higher education initiatives.

The House Budget Committee recommended funding of \$8.5 million for UM cooperative programs which included \$1 million for the UMKC/MSU Doctorate of Pharmacy program, \$5 million for medical school expansion in Springfield, \$1.5 million for the UMKC/MSSU satellite dental program and \$1 million for Missouri S&T/MSU engineering expansion. They also recommended \$100,000 for a college preparation program to provide low-income, first generation students with the academic enrichment, social support, and life skills needed to succeed in college and careers.

The Senate Appropriations Committee's budget recommendation agreed with \$5 million in funding for the medical school expansion and \$1 million for the S&T/MSU engineering expansion, but also included additional funding for each of the other initiatives. Furthermore, they recommended funding for four additional programs, including \$2 million for Missouri S&T

Clay County engineering expansion and \$400,000 for Project Lead the Way, \$500,000 to SEMO for their cyber security training program, and \$500,000 to Harris-Stowe State University for graduate and STEM education programs.

The Senate's request for additional funding resulted in all of these initiatives being referred to conference committee. The committee's recommendation for each higher education initiative includes:

- College Preparation Program - \$100,000
- UMKC/MSU Pharmacy Doctorate Program - \$1 million
- Missouri S&T Clay County Engineering Expansion - \$0
- Missouri S&T Project Lead the Way - \$400,000
- SEMO Cyber Security Program - \$0
- HSSU Graduate and STEM Programs - \$250,000
- UMKC/MSSU Cooperative Dental Program - \$3 million
- UM Medical School Expansion in Springfield - \$5 million
- Missouri S&T/MSU Engineering Expansion - \$1 million

These funding levels are included in the TAFP version of the bill.

Capital appropriations. HB 17 is the reappropriation bill for capital projects, meaning it provides continued authority for previously approved and funded projects that will not be completed in the current fiscal year. The bill would provide continued funding for 31 higher education projects totaling more than \$183 million. This includes five projects approved by the Coordinating Board through the Higher Education Capital Fund process (50/50 projects) and 22 maintenance and repair projects funded from the Board of Public Buildings Bond Proceeds Fund. It was approved by the General Assembly and has been sent to the governor for his action. Another capital improvement bill, HB 19, contained funding for new higher education projects but did not make it out of conference committee. Finally, HCR 19, which authorizes the University of Missouri–Kansas City to enter into a bonding agreement with the Missouri Health and Educational Facilities Authority (MOHEFA) to fund the construction of a new conservatory in downtown Kansas City, has been approved by the General Assembly and has been sent to the governor for his action. This project was approved by the Coordinating Board as a “50/50 project” with \$48 million in bond funding matching the same amount raised from private sources.

Student financial assistance programs.

- A+: The department recommended continued funding for the A+ program of \$39.5 million and the governor recommended no change to this request. Both the House Budget

Committee and Senate Appropriations Committee also recommended no change to this funding.

- Bright Flight: The only higher education item approved by the board for the FY 2017 supplemental appropriation was a \$1.5 million increase for the Bright Flight program. The governor's recommendation included a supplemental appropriation of \$1,014,700. This additional funding, plus the release of the three percent statutory reserve, is necessary to maintain the full award amount of \$3,000. No changes to this appropriation line were made during the legislative budget process and the Governor signed the supplemental appropriation bill (HB 14) on May 8.

For FY 2018, the department recommended continued funding for the Bright Flight scholarship program of \$20,676,666 and through its high-priority funding list, an additional increase of \$4 million. The governor agreed to the increase in funding for the program and recommended a funding amount of \$24,676,666. The House Budget Committee agreed with the governor's request for additional funding, but the substitute recommended the additional \$4 million be transferred from the loan operating fund instead of General Revenue. The Senate Appropriations Committee agreed to this change in funding source.

- Access Missouri: The department's recommendation for the Access Missouri program included continued funding of \$76.5 million and through its high-priority list requested an additional \$7 million. The governor's request did not include any additional funding and remained equal to the FY 2017 funding of \$76.5 million. The House Budget Committee also recommended funding of \$76.5 million, but the substitute recommended \$5.5 million in transfer from the loan operating fund instead of General Revenue. The Senate Appropriations Committee agreed to this change in funding source.
- Other MDHE Student Financial Assistance Programs: The department requested continued funding at FY 2017 levels for all other student financial assistance programs plus an increase through the high-priority list of \$60,000 for the Wartime Veteran's Survivors Grant Program. The governor's recommendation did not include an increase in funding for any of these other student financial assistance programs, but recommended maintaining them at their current appropriated levels:
 - Advanced Placement Grants - \$100,000
 - Public Service Grant Program - \$140,000
 - Minority Teaching Scholarships - \$169,000
 - Marguerite Ross Barnett Scholarships - \$500,000
 - Wartime Veterans Survivor Grants - \$241,250
 - Kids Chance Scholarships - \$15,000
 - Minority Environmental Literacy Program - \$32,9643

The House Budget Committee recommended no changes to the governor's recommendations. However, the Senate Appropriations Committee recommended no funding for the Minority Teaching Scholarship program. This item was referred to the budget conference committee and the outcome was the Senate position of \$0 funding for this program. Department staff are currently working to communicate with program recipients concerning the wind-down of this program.

Missouri Student Loan Program. The Senate Appropriations Committee supported the House Budget Committee substitute recommendation to use \$10 million in spending from the Missouri Student Loan Program operating fund to support student financial aid programs as well as the additional appropriation of \$500,000 from the Missouri Student Loan Program operating fund which was recommended to develop the new student web portal as authorized in SB 997 (2016).

Additional items. The Senate Appropriations Committee recommended funding for four additional items within the University of Missouri core budget which the House Budget Committee had not included in their recommendation. These items included \$275,000 for the Greenley Research Center, \$500,000 for veterinary equipment, \$400,000 to the UMKC Neighborhood Initiative, and \$450,000 for the UMSL International Collaboration. These four items were assigned to the budget conference committee and two, the UMKC Neighborhood Initiative and UMSL International Collaboration, received funding recommendations.

Conclusion

The TAFP versions of all FY 2018 appropriation bill have been delivered to the governor for review and action. That action must occur prior to the beginning of the next fiscal year on July 1, 2017.

STATUTORY REFERENCE

Chapter 173, RSMo – Department of Higher Education

RECOMMENDED ACTION

This is an information item only.

ATTACHMENT

Attachment A – FY 2018 Higher education operating budget status (House Bill 3)

FY 2018 Higher Education Operating Budget Status - HB 3

	FY 2017 Core (TAFP)	FY 2018 Governor Recommended	House Recommended	Senate Recommended	Truly Agreed and Finally Passed (TAFP)	TAFP Change from Gov Rec
Coordination Administration	\$933,628	\$933,628	\$932,459	\$932,349	\$932,349	(\$1,279)
Grant/Scholarships Administration	\$149,604	\$149,604	\$149,604	\$149,604	\$149,604	\$0
Univ of Missouri Review Commission	\$750,000	\$0	\$0	\$0	\$0	\$0
Proprietary School Administration	\$308,171	\$308,171	\$308,171	\$308,171	\$308,171	\$0
Proprietary Bond Fund	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$0
MHEC	\$115,000	\$115,000	\$115,000	\$115,000	\$115,000	\$0
Eisenhower/Teacher Quality	\$1,248,806	\$1,248,806	\$1,248,806	\$1,248,806	\$1,248,806	\$0
Statewide Student Web Portal	\$500,000	\$0	\$500,000	\$0	\$500,000	\$500,000
Federal Grants/Donations	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0
Other Grants/Donations	\$258,358	\$1,098,358	\$98,358	\$98,358	\$98,358	(\$1,000,000)
Academic Scholarship (Bright Flight)	\$20,676,666	\$24,676,666	\$24,676,666	\$24,676,666	\$24,676,666	\$0
Access Missouri Financial Assistance	\$76,500,000	\$76,500,000	\$76,500,000	\$76,500,000	\$76,500,000	\$0
A+ Schools Program	\$39,500,000	\$39,500,000	\$39,500,000	\$39,500,000	\$39,500,000	\$0
Advanced Placement Grants	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$0
Public Service Survivor Grant	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	\$0
Minority Teaching Scholarship Prgm	\$169,000	\$169,000	\$169,000	\$0	\$0	(\$169,000)
Marguerite Ross Barnett Scholarship Prgm	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$0
Veterans Survivor Grant	\$241,250	\$241,250	\$241,250	\$241,250	\$241,250	\$0
Kids' Chance Scholarship Program	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$0
Minority Environmental Literacy Prgm	\$32,964	\$32,964	\$32,964	\$32,964	\$32,964	\$0
Advantage Missouri	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$0
Loan Administration	\$8,533,446	\$6,033,446	\$6,032,029	\$6,031,955	\$6,031,955	(\$1,491)
Federal Loan Compliance	\$8,500,000	\$8,500,000	\$8,500,000	\$8,500,000	\$8,500,000	\$0
Loan Collections	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$0
Purchase Loans	\$160,000,000	\$120,000,000	\$120,000,000	\$120,000,000	\$120,000,000	\$0
College Prep Program	\$450,000	\$0	\$100,000	\$400,000	\$100,000	\$100,000
Transfer to State Legal Expense Fund	\$0	\$0	\$1	\$1	\$1	\$1
UMKC/MSU Doctorate Pharmacy Prgm	\$2,000,000	\$0	\$1,000,000	\$2,000,000	\$1,000,000	\$1,000,000
MO S&T Clay County Engineering Program	\$1,000,000	\$0	\$0	\$2,000,000	\$0	\$0
MO S&T Project Lead the Way	\$400,000	\$0	\$0	\$400,000	\$400,000	\$400,000
SEMO Cyber Security Program	\$500,000	\$0	\$0	\$500,000	\$0	\$0
Tier 1 Med Student Training (UM & MDHE)	\$5,000,000	\$0	\$0	\$0	\$0	\$0
HSSU Graduate and STEM Programs	\$500,000	\$0	\$0	\$1,000,000	\$250,000	\$250,000
UM-Columbia Medical School Expansion	\$10,000,000	\$0	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
MSSU/UMKC-Cooperative Dental Program	\$3,000,000	\$0	\$1,500,000	\$3,000,000	\$3,000,000	\$3,000,000
Truman State-Autism Services/Clinic	\$1,000,000	\$0	\$0	\$0	\$0	\$0
MSU/Missouri S&T Engineering Expansion	\$2,000,000	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
State Nursing Board Grants	\$2,000,000	\$0	\$0	\$0	\$0	\$0
Funding Based on Improved Outcomes	\$37,192,765	\$0	\$0	\$0	\$0	\$0
Community Colleges	\$151,874,958	\$143,041,815	\$147,391,746	\$143,527,235	\$147,391,746	\$4,349,931
State Technical College of Missouri	\$5,857,971	\$5,523,220	\$5,677,566	\$5,528,704	\$5,677,566	\$154,346
University of Central Missouri	\$57,399,456	\$54,346,328	\$55,784,610	\$54,321,976	\$55,784,610	\$1,438,282
Southeast Missouri State University	\$47,307,674	\$44,879,864	\$46,073,968	\$44,865,940	\$46,073,968	\$1,194,104
Missouri State University	\$87,826,944	\$83,451,576	\$85,620,837	\$83,375,917	\$85,620,837	\$2,169,261
Lincoln University	\$18,400,792	\$17,360,719	\$17,832,513	\$17,364,957	\$17,832,513	\$471,794
Lincoln University Land Grant Match	\$2,000,000	\$500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,000,000
Truman State University	\$43,110,124	\$40,671,122	\$41,742,526	\$40,648,065	\$41,742,526	\$1,071,404
Northwest Missouri State University	\$32,223,806	\$30,188,675	\$30,989,542	\$30,177,017	\$30,989,542	\$800,867
Missouri Southern State University	\$24,415,963	\$23,021,302	\$23,644,235	\$23,024,299	\$23,644,235	\$622,933
Missouri Western State University	\$22,523,461	\$21,252,706	\$21,812,252	\$21,240,350	\$21,812,252	\$559,546
Harris-Stowe State University	\$10,319,388	\$9,472,188	\$9,713,078	\$9,458,408	\$9,713,078	\$240,890
University of Missouri System	\$0	\$408,237,229	\$407,913,873	\$419,672,068	\$419,172,068	\$10,934,839
Univ of Missouri - Columbia Campus	\$190,551,699	\$0	\$0	\$0	\$0	\$0
Univ of Missouri - Kansas City Campus	\$79,066,457	\$0	\$0	\$0	\$0	\$0
Univ of Missouri - Rolla Campus	\$54,212,974	\$0	\$0	\$0	\$0	\$0
Univ of Missouri - St. Louis Campus	\$60,599,095	\$0	\$0	\$0	\$0	\$0
Univ of Missouri Extension	\$27,643,849	\$0	\$0	\$0	\$0	\$0
Univ of Missouri System Administration	\$11,404,771	\$0	\$0	\$0	\$0	\$0
Univ of Missouri - University-Wide Operations	\$7,757,727	\$0	\$0	\$0	\$0	\$0
Univ of Missouri Press (2015-16 MO Official Manual)	\$0	\$0	\$75,000	\$75,000	\$75,000	\$75,000
UMKC Neighborhood Initiative	\$400,000	\$0	\$0	\$400,000	\$400,000	\$400,000
UMSL Biotech	\$450,000	\$0	\$0	\$450,000	\$450,000	\$450,000
Telehealth	\$3,437,640	\$1,816,390	\$1,937,640	\$3,437,640	\$1,937,640	\$121,250
Alzheimer's Research	\$0	\$0	\$0	\$0	\$0	\$0
Spinal Cord Injury	\$1,500,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$0
Kidney Program	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000	\$0
State Historical Society	\$3,210,855	\$2,460,855	\$2,460,855	\$2,460,855	\$2,460,855	\$0
Seminary Invest	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$0
Seminary Interest	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$0
TOTALS	\$1,349,150,262	\$1,189,925,882	\$1,212,969,549	\$1,220,358,555	\$1,227,058,560	\$37,132,678

Notes:

The figures listed for the institutions do not include the Debt Offset Escrow Fund.