



Tab 18
FY 2021 Budget Request Summary

Coordinating Board for Higher Education
September 11, 2019

DESCRIPTION

The Coordinating Board for Higher Education (CBHE) submits requests for funding for Department of Higher Education and Workforce Development operations, state student financial aid programs administered by the department, higher education institutions' operating budgets and initiatives, and institutional capital projects each year. In addition, the CBHE may request supplemental funding when additional funds are needed to continue to operate a program for the remainder of the current fiscal year. Decisions about request levels are made in close consultation with the Office of Administration's Division of Budget and Planning and the state budget director.

In July of each year, the state budget director issues budget instructions that provide guidelines for the preparation of each agency's budget request. The FY 2021 budget instructions [cover letter](#) from Dan Haug, State Budget Director, is attached to this agenda item. Of particular importance is the statement that:

"Departments may request mandatory and priority FY 2021 new decision items. For priority items, departments need to look at existing resources as a funding source."

This informational item is a summary of MDHE staff recommendations for the FY2021 budget requests for department operations, student financial assistance programs, institutions' operating budgets and initiatives, and capital funding. Additional detail is provided in the agenda items dedicated to these topics.

FY 2020 (Supplemental Budget)

For the current fiscal year, due to delays in the state's new debt offset system implementation, a one-time supplemental increase in debt offset spending authority is needed for the following public universities. Debt offset refers to the statutory authorization for public agencies, including public colleges and universities, to intercept state tax refunds in order to pay an outstanding debt owed to those agencies by the taxpayer.

- \$300,000 for University of Missouri System
- \$150,000 for Southeast Missouri State University

No additional supplemental budget requests are anticipated at this time.

FY 2021 Proposed Increases

MDHE Operations

Two new decision items are being recommended by the department to improve academic quality and review processes. The first would allow the department to implement a statutorily authorized fee and review processes for certification of dual credit providers in the state. The fees charged would cover the cost of the program at \$78,000 annually. The second decision items for \$165,000 would ensure the Core 42 Program courses are meeting statewide academic standards for quality, ensuring the seamless transferability of those courses.

Fast Track

Increase funding by \$14,608,037 over the FY 2020 core appropriation from General Revenue. This is projected to fully fund the new program per the fiscal note prepared by the department for the authorizing legislation.

Bright Flight & Fund Swap	Increase funding by \$500,000 over the FY 2020 core appropriation to maintain full award amounts (\$3,000) for students in the top three percent of eligible test takers. A total of \$10 million (\$3.5 million for Bright Flight) in general revenue is also required to replace the loan program operating funds used in FY 2020. The fund cannot sustain further scholarship allocations.
Access Missouri & Fund Swap	Increase funding by \$7 million over the FY 2020 core appropriation. This increase would move from the current award level, which is 72% of the statutory maximum, to 82%. This would constitute the first part of a three-year plan to provide funding sufficient to fund the program at the statutory maximum. A total of \$10 million (\$6.5 million for Access Missouri) in general revenue is also required to replace the loan program operating funds used in FY 2020. The fund cannot sustain further scholarship allocations.
A+	Increase funding by \$4.8 million over the FY 2020 core appropriation to maintain full funding for the program.
Ross-Barnett	Maintain current funding to support renewals. No new students will be added to the program as this program is being phased out.
Public Service Officer Survivor Grant Program	Increase funding by \$4,000 over the FY 2020 core appropriation to maintain full program funding.
Wartime Veterans Survivor Grant Program	Increase funding by \$9,000 over the FY 2020 core appropriation to meet inflationary needs to serve the maximum of 25 individuals authorized in statute.
Dual Credit Certification and Scholarship Program (SB 997)	A total of \$3,773,706 is needed to implement legislation passed in 2016 (SB 997) that was never funded. A portion of this will be covered by fees charged to dual credit providers for the certification process.
Dual Credit Program (HB 604)	A total of \$22,852,863 is needed to implement legislation passed in 2019 (HB 604). The legislation established a dual credit scholarship linked to the existing A+ program but was not funding for FY 2020.
Returning Heroes	Per state statute, institutions are allowed to ask for the amount of tuition they have waived in complying with the Missouri Returning Heroes Act. For FY 2021, an appropriation \$1,278,711 is requested to reimburse the institutions.
Institutions' Operating Budgets – Performance Funding	The core FY 2021 budgets are recommended with an inflationary increase of 1.9% to be earned based upon three performance measures related to workforce development (Tab 20 - Attachment A). If all institutions meet all performance measures, this request would result in an appropriation of \$2,727,840 for the community colleges, \$114,577 for State Technical College of Missouri, and \$14,487,721 for the public universities, totaling \$17,330,138.
Institutions' True Up Funding	In order to address enrollment changes that have occurred but that have not been reflected in prior appropriations, an initial "True Up" adjustment was anticipated to be requested in FY 2021. However, due to a lack of consensus, this item is being tabled for further discussion with key policy and budget decision makers. The board may be asked to take a position on this item at its December 2019 meeting.
MoExcels	To incentivize workforce initiatives designed to target state and regional workforce needs, a request for \$18,915,975 is included. This is the amount appropriated in FY 2020.

**Institutions’
Maintenance & Repair
Funding**

\$18,242,251 (2% of FY 2021 core) is requested for maintenance and repair needs. Based on the 2018 Facility Review, Missouri’s public institutions of higher education have over \$1.5 billion in deferred maintenance.

**Other Institutional
Requests**

Institutions and other organizations funded by House Bill 3 were invited to submit specific new decision items for consideration.

Capital Projects

The amount to be recommended by the CBHE will be determined after presentations are made to the board by the top ranked projects.

STATUTORY REFERENCE

Sections 173.005-750, RSMo

RECOMMENDED ACTION

This is an information item only.

NO ATTACHMENTS