



Tab 22

FY 2023 Public College & University Operating Budget Recommendations

Coordinating Board for Higher Education
September 15, 2021

BACKGROUND

Section 173.1540, RSMo, requires public universities to prepare annual budget requests and submit them to the Department of Higher Education and Workforce Development. The department is required to review those requests and prepare unified appropriation recommendations. Section 163.191.2, RSMo, contains a similar provision pertaining to the appropriation of state funds to community colleges. Section 178.638, RSMo, indicates that “all funds designated for [State Technical College] shall be included in the coordinating board’s budget request.” Although the law assigns responsibility to the department – at least for the public universities and community colleges – the department’s practice has been to seek the Coordinating Board’s approval of those recommendations.

CURRENT STATUS

Earlier this year, the department developed and solicited feedback on specific priorities for the FY 2023 institutional budget requests. The FY 2023 draft budget instructions were first published on the department’s website as a part of the CBHE’s March 3, 2021, meeting materials. These draft instructions were later modified based on input for college and university leadership and finalized during the CBHE meeting on June 16, 2021. The instructions were sent to the public institutions’ chief financial officers (CFOs) on July 2 with a reminder to submit any new decision items and other budget materials by August 6th. On July 21, State Budget Director Dan Haug released the official FY 2023 budget instructions. CFOs were invited to the FY 2023 budget kickoff on July 8 with the governor and state leaders as they discussed performance measures.

The following items are structured around the priorities established as part of the budget instruction document and for the consideration of the CBHE for inclusion in the department’s formal FY 2023 budget request. Additional institution requests are provided for informational purposes only and will not be submitted as a part of the department’s formal FY 2023 budget request unless the CBHE chooses to include them.

- 1) **Institutional Operating Core:** DHEWD staff recommend an increase to core operating appropriations based on a percent increase linked to the rate of inflation. Based on a fiscal year basis (July to June), the increase in the official Consumer Price Index for all urban consumers (CPI-U) from July 1, 2020 until June 30, 2021 is 5.4 percent. This inflationary factor is applied to each four-year institution and State Technical College of Missouri’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.

Attachment A includes a breakdown by sector. A total of \$8,292,808 is recommended for community colleges; \$42,863,026 for public universities; and \$433,640 for the State Technical College of Missouri. The combined total new decision item for all three sectors is \$51,589,474.

- 2) **Maintenance and Repair:** Given the level of deferred maintenance on every public college and university campus, staff recommends additional ongoing funding for all public institutions, distributed according to the historic pro rata model. The recommendation is for a three percent increase to the total general revenue and lottery appropriation to each institution, with the funds to be dedicated to addressing the institution’s highest priority maintenance and repair needs. While these funds would be considered one-time and appropriated separately from the institutional core appropriation, staff would work with legislative leaders and the Governor’s Office to establish this as an ongoing appropriation item.

Attachment A also includes a breakdown of this request by sector. A total of \$4,607,115 is needed for community colleges; \$23,812,793 for public universities; and \$240,911 for the State Technical College of Missouri. The combined total for all three sectors is \$28,660,819.

- 3) **MoExcels:** For the past several budget cycles, DHEWD has highlighted the need to focus on strengthening our workforce development pipeline through the MoExcels process. The MoExcels process solicits institutional proposals, developed in collaboration with business and industry, for one-time increases to establish or expand academic programs linked to high-demand occupations. The pandemic has further elevated this need as we recover from the resulting economic disruption.

In previous requests for MoExcels funding, this agenda item included a request for a dollar amount based on specific projects proposed by public institutions. This year detailed project information will not be available in time for the October 1 submission deadline for our budget request. However, based on direction from the State Budget Director, staff is requesting approval of a \$15 million placeholder for this item. Detailed information about proposed projects will be provided later this fall and action by the board on those projects is anticipated at or before the December CBHE meeting.

- 4) **Missouri Returning Heroes:** 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. Contained in Attachment B are the amounts of tuition waived during FY 2021 in compliance with this statute, as reported by public colleges and universities. The total requested is \$1,169,151.
- 5) **Institution-Specific Requests:** Institutions can submit requests for funding for new decision items. Attachment C to this agenda item details the requests received by DHEWD. Institutional NDIs will not be formally entered into the budget process. The CBHE may opt to elevate some of those requests for inclusion in the formal budget request.

Other Department Budget Requests:

Administratively, the department's budget includes funding for the State Historical Society of Missouri. This state entity has its own governing board and the recommendation is to pass along their requests to the governor and the General Assembly. They have requested the following decision items:

- 1) \$389,000 is requested to help cover employee salary and benefit cost increases.
- 2) SHSMO requests recurring funds of \$92,100 to provide employees a 3% performance salary increase with associated benefits.
- 3) An additional \$296,900 is needed to hire additional historians, communication support and a research assistant.

NEXT STEPS

The Coordinating Board's recommendations become "department recommendations," which are submitted to the Office of Administration's Division of Budget & Planning by October 1. Budget and Planning then compiles requests for the governor and his staff to review. The governor decides whether to include department recommendations in his or her executive budget, which is released in connection with the State of the State address in late January or early February.

RECOMMENDATION

Staff recommend that the Coordinating Board approve the budget requests described above for submission to the governor and General Assembly and as described in Attachments A, B, and C.

ATTACHMENTS

- A. Institutional Core Inflationary Increase and Maintenance and Repair Increase
- B. Returning Heroes Reimbursement Request
- C. FY 2023 Public College and University New Decision Items

Tab 22 Attachment A
Institutional Core Inflationary Increase and Maintenance and Repair Increase

FY 2023 Institutional Core Increase based upon CPI of 5.4%

NAME	CORE APPROPRIATION	5.4% INFLATION	NEW CORE
COMMUNITY COLLEGE APPROPS	153,570,515	8,292,808	161,863,323
STATE TECHNICAL COLLEGE OF MO	8,030,371	433,640	8,464,011
UNIVERSITY OF CENTRAL MO	57,410,876	3,100,187	60,511,063
SOUTHEAST MO STATE UNIVERSITY	47,577,009	2,569,158	50,146,167
MISSOURI STATE UNIVERSITY	97,479,099	5,263,871	102,742,970
LINCOLN UNIVERSITY	18,374,270	992,211	19,366,481
LINCOLN UNIV LAND GRANT MATCH	4,890,320	264,077	5,154,397
TRUMAN STATE UNIVERSITY	43,201,754	2,332,895	45,534,649
NORTHWEST MO STATE UNIVERSITY	32,340,003	1,746,360	34,086,363
MO SOUTHERN STATE UNIVERSITY	26,920,398	1,453,701	28,374,099
MO WESTERN STATE UNIVERSITY	23,069,885	1,245,774	24,315,659
HARRIS-STOWE STATE UNIVERSITY	10,848,327	585,810	11,434,137
UNIV OF MISSOURI CAMPUSES	431,647,815	23,308,982	454,956,797
Universities Subtotal	793,759,756	42,863,026	836,622,782
Total	955,360,642	51,589,474	1,006,950,116

*Inflation is based upon CPI from July 2020 to June 2021

FY 2023 Maintenance and Repair Request - 3% of Core

NAME	CORE APPROPRIATION	3% INCREASE
COMMUNITY COLLEGE APPROPS	153,570,515	4,607,115
STATE TECHNICAL COLLEGE OF MO	8,030,371	240,911
UNIVERSITY OF CENTRAL MO	57,410,876	1,722,326
SOUTHEAST MO STATE UNIVERSITY	47,577,009	1,427,310
MISSOURI STATE UNIVERSITY	97,479,099	2,924,373
LINCOLN UNIVERSITY	18,374,270	551,228
LINCOLN UNIV LAND GRANT MATCH	4,890,320	146,710
TRUMAN STATE UNIVERSITY	43,201,754	1,296,053
NORTHWEST MO STATE UNIVERSITY	32,340,003	970,200
MO SOUTHERN STATE UNIVERSITY	26,920,398	807,612
MO WESTERN STATE UNIVERSITY	23,069,885	692,097
HARRIS-STOWE STATE UNIVERSITY	10,848,327	325,450
UNIV OF MISSOURI CAMPUSES	431,647,815	12,949,434
Universities Subtotal	793,759,756	23,812,793
Total	955,360,642	28,660,819

Tab 22 Attachment B
Returning Heroes Reimbursement Request

Higher Education Institutions FY 2023 Requested

Institutions	FY 2023 Request
Crowder College	\$3,381
East Central College	\$6,593
Jefferson College	\$1,860
Metropolitan Community College	\$21,607
Mineral Area College	\$729
Moberly Area Community College	\$2,388
North Central Missouri College	\$0
Ozarks Technical Community College	\$52,069
St. Charles Community College	\$3,360
St. Louis Community College	\$0
State Fair Community College	\$0
Three Rivers College	\$2,000
Community College Subtotal	\$93,987
State Technical College of Missouri	\$0
University of Central Missouri	\$89,128
Southeast Missouri State University	\$87,326
Missouri State University	\$142,259
Lincoln University	\$1,245
Truman State University	\$3,113
Northwest Missouri State University	\$15,232
Missouri Southern State University	\$56,830
Missouri Western State University	\$19,856
Harris-Stowe State University	\$0
University of Missouri	\$660,176
Public Universities Subtotal	\$1,075,164
All Institutions	\$1,169,151

Tab 22, Attachment C
FY 2023 Public College & University New Decision Items

Per statute, 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.

FY 2023 requests received from institutions for consideration by the CBHE are as follows:

<p>University of Missouri</p>	<p><u>FY 2022 3.7% Equity Funding Increase for Four-Year Institutions</u> - \$10,360,000 is requested as the University did not receive the full core four-year institution 3.7% equity increase and requests for full participation in the 3.7% increase received by all other four-year institutions in FY2022.</p> <p><u>Inflation Increase on Core</u> -- \$8,632,956 is requested for the University’s plans to participate in the core appropriations increase requested by DHEWD. For FY2023 forward, the University as a System will ensure state constituents understand the System is composed of four universities that generate over half of the four-year degrees issued in the state’s public higher education System. Advocacy will continue to focus on the scale and the unique capabilities of the four universities under one umbrella.</p> <p><u>Maintenance and Repair Funds</u> - \$100,000,000 is requested to focus on the most critical deferred maintenance needs at each institution. Each University will participate in the process and a collective \$100M in potential needs have already been identified.</p> <p><u>MoExcels Project Proposals</u> - MoExcels funding facilitates development and expansion of employer-driven education and training programs to increase educational attainment and career opportunities for populations historically underserved by higher education.</p> <p><u>American Rescue Plan Act Funding</u> - \$144,056,065 is requested to meet COVID-related higher education and workforce development needs.</p> <p>Alzheimer’s Program - \$555,500 is requested for research funding and related administrative costs as allowed for in state statute.</p> <p><u>State Historical Society</u> - \$389,000 is requested to help cover employee salary and benefit cost increases. SHSMO requests recurring funds of \$92,100 to provide employees a 3% performance salary increase with associated benefits. An additional \$296,900 is needed to hire additional historians, communication support and a research assistant.</p>
<p>Lincoln University</p>	<p><u>Land Grant Matching Funds</u> -- \$4,726,896 is requested for the remaining unmet match funds at the gross amount and it is anticipated that the federal allocation will increase each year.</p>

<p>Truman State University</p>	<p><u>Core Inflation</u> -- \$2,160,088 is requested for inflationary costs that includes an increase in the MOSERS rate, higher insurance rates, and the Missouri minimum wage hikes that impacts operating costs.</p> <p>Maintenance and Repair Funds-- \$3,250,000 is requested for Maintenance and Repair needs. Renovation and repairs will focus on zoning structures for multiple users so they can be operated more efficiently during different periods of use.</p> <p><u>Online Accounting Program</u> - \$435,000 is requested to provide start-up funds to hire additional faculty and support staff to develop courses for an online masters in accounting program.</p> <p><u>Anatomy Lab</u> - \$875,000 is requested to create a state of the art anatomy lab designed to serve multiple academic programs in the sciences and health sciences.</p> <p><u>Rural Telehealth Counseling Center</u> - \$200,000 is requested to help provide much needed counseling services in northeast Missouri and other rural areas of the state. Funds would be utilized for staff, equipment, and related overhead for the center.</p> <p><u>Music Therapy Master's Degree</u> - \$145,000 is requested to cover start-up costs for equipment and initial staffing for this program. Existing facilities will be utilized. This program would complement other healthcare related programs by providing an emerging therapeutic approach for elderly as well as other patients. Funds would support staff as well as instructional equipment.</p> <p><u>Enhanced Pre-Physical Therapy and Pre-Occupational Therapy Programs</u> - \$355,000 is requested to help enhance Pre-Physical Therapy and Pre-Occupational Therapy programs by expanding coursework and support for students preparing to enter these important healthcare fields. Funds would support staff and additional simulation and training equipment.</p>
<p>Northwest Missouri State University</p>	<p><u>Central Steam Plant – Phase 2</u> -- \$19,599,938 is requested for costs to continue on the central steam plant that provides heat and hot water utility to 1.7 million sq. ft. of core campus facilities. The requested amount is based on professional opinion from engineering firm and internal departmental estimation.</p> <p><u>Applied Health Sciences</u> - \$15,280,534 is requested for program expansion of the Applied Health Sciences. A complete renovation of Martindale Hall will address needs for space and will allow for centralization of operations for allied health sciences. The capital improvements to Martindale Hall should be accompanied by upgrades to equipment and an expansion of personnel necessary to align with Missouri workforce demand for healthcare professionals in Nursing, Mental Health, Ancillary fields such as PT, OT and PA, and preventative and population health fields such as Public Health, Healthcare Management and Health Education. Two positions are requested. The first request is for a staff position to coordinate practicum agreements and partnerships with external agencies. The second position is a faculty position that would provide expertise in the realm of Population Health, Healthcare Management, and Healthcare Administration.</p>

Missouri Southern State University	<p><u>Missouri Southern Center for Advanced Professional Studies</u> - \$80,250 is requested as MSSU will be a collaborative partner with area businesses and industries, which will provide unique experiential learning opportunities for area high school students resulting in practical career-oriented experiences.</p> <p><u>MSSU.edu website redesign and cloud hosting migration</u>– \$227,500 is requested for Missouri Southern’s website for the one-time cost of redesign that will enhance user experience, and ADA compliance of mssu.edu. Also, to help cover the costs for technical support.</p>
University of Central Missouri	<p><u>UCM Farms-Sustainability Initiatives and Infrastructure Modernization</u> - \$670,000 is requested for program expansion that will be used to fund sustainability initiatives and infrastructure modernization at the two University of Central Missouri farms.</p>
Mineral Area Community College	<p><u>Allied Health Program</u> - \$251,500 is requested for funding on this new program to support phlebotomy, Psychiatric technician, C N A. Grant funding that was received prior to COVID. The additional funding is needed for personnel costs and additional equipment/supplies/consumables. Personnel includes a full time instructor, and a part time CNA examiner, and a full time administrative assistant. Personnel also includes an enrollment specialist/recruiter for these new programs. This will help meet the needs of local employers. Funding is crucial to sustain the economic development of our geographical area.</p> <p><u>Welding Technology</u> - \$275,500 is requested for program expansion to construct a welding facility on campus. The funding provided for the building and limited equipment. Funding is still needed to provide equipment/supplies/consumables and personnel costs. Personnel needed includes a welding instructor, enrollment specialist/recruiter, and an administrative assistant. Welders are in demand in our service region to meet the needs of local employers. Funding is crucial to sustain the economic development of our geographical area.</p> <p><u>HVAC/Electrical Technology</u> - \$230,000 is requested for program expansion to provide equipment/supplies/consumables and personnel costs that grant funding was received to construct a building to house HVAC/electrical technology.</p> <p><u>Computer Networking</u> - \$281,000 is requested for program expansion. The college is part of the CISCO networking academy and the additional funding would be used to enhance the offerings of this program to include cyber security and fiber optic technologies into the curriculum. Funding is still needed to provide equipment/supplies/consumables and personnel costs. Personnel needed includes two full time instructor. Networking professionals are in demand in our area with a skill set that includes cyber security and fiber optics to provide support for broad band services being implemented in our service region. Funding is crucial to sustain the economic development of our geographical area.</p> <p><u>Expansion of Outreach Center Services</u> - \$144,000 is requested to help enhance financial aid services, advising, career placement, recruitment, and retention of students in the three rural outreach center locations. Seeking two full-time positions that include financial aid advisor, career planning, and advising that would cover all three centers on a rotating</p>

	basis. Funding is requested for travel expenses, office equipment, and consumables.
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