



Missouri Department of Higher Education

Building Missouri's future...by degrees

May 25, 2011

Dr. Bruce Speck, President
Missouri Southern State University
3590 E. Newman Road
Joplin, MO 64801-1595

Dear President Speck:

MDHE staff have completed an initial review of Missouri Southern State University's request for a waiver of the penalty that otherwise would apply under the provisions of the Higher Education Student Funding Act (HESFA) because of the size of your tuition increase for the coming year.

In determining whether the waiver request is "sufficiently justified" as required by HESFA, the scope of our review will include detailed consideration of the responses to the criteria we published earlier. The university's waiver justification contains much useful information. However, for us to make a responsible, informed decision regarding your request, we need to ensure that the documentation is as complete as possible. In that context, we have prepared a series of clarifying questions for your staff to answer. They accompany this letter.

Once we receive this additional information, we will complete our evaluation and make a final decision with respect to the waiver request. As this process unfolds, I encourage you and members of your staff to contact Deputy Commissioner Paul Wagner, General Counsel Joe Cornelison, or me with your questions or requests for clarifications.

Regards,

A handwritten signature in black ink that reads 'David R. Russell'.

David R. Russell, Ph.D.
Commissioner of Higher Education

Enclosure

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**Questions for Missouri Southern State University
relating to
Request for Waiver of HESFA Penalty**

1. In response to criterion #3, at the bottom of page 8, there is the statement: "Indeed, the proposed tuition increase will not fully replace approximately \$2.9 million of lost appropriations from fiscal year 2011 and 2012." Does that mean that this tuition increase is of such an amount that it will allow for a balanced budget this year and make up at least some of the reductions in appropriations from the previous two years?

2. The response to criterion #5 refers to the \$1.1 million previously appropriated for the "Caring for Missourians" initiative and states that without a further appropriation for that purpose, MSSU "will need to address the continuation of these programs." It was well understood that this money was one-time in nature. Did the institution utilize these funds in a way that requires on-going financial support? If so, is the need for that support being presented as part of the justification for this tuition increase?

3. Criterion # 6 asked for information on the institution's budget structure. The waiver request provided information on the percent of operating expenses by functional and natural classifications for FY 10, but there is no information regarding the FY 11 or FY 12 budgets. Please provide the dollar figures associated with the percentages in the FY 10 chart and the same for the current budget year and for the budget proposed for FY 12 if available. If possible, please also provide total revenue figures by source.

4. If not apparent from the information provided in response to questions 1 or 3 above, is MSSU using any reserves to balance the FY 12 budget? If so, how much and what will be the balance in the reserve after any portion of it is used for the FY 12 budget? Also, what percentage of your FY 12 budget does that reserve represent?

5. The response to criterion #8 addresses actions taken to reduce costs and become more efficient. However, they are only declaratory statements with no dollar figures associated with them. Thus, it is difficult to assess their significance in adjusting to the budget realities of the past few years. Please provide whatever dollar amounts you can to reflect the savings from the measures described.