



Tab 12

FY 2026 Draft Budget Instructions

Coordinating Board for Higher Education

March 5, 2024

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 for Higher Education of those recommendations is a critical step in the process.

- Section 173.1540, RSMo, requires DHEWD to review annual budget requests from each public university and prepare a corresponding appropriation recommendation.
- Section 163.191.2, RSMo, requires DHEWD to 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.

To implement those provisions, § 173.005.2, RSMo requires the Coordinating Board for Higher Education establish guidelines for appropriation request by public institutions of higher education.

CURRENT STATUS

To operationalize those statutory requirements, DHEWD staff propose the following plan for Fiscal Year (FY) 2026 requests for funding for public higher education institutions, ranked in priority order.

- 1) **Institutional Operating Core:** DHEWD staff plan to recommend an increase to core operating appropriations. Staff are not prepared to offer a specific approach at the present time, in part because the results of the ongoing study of higher education funding and efficiency will not be known until later this year. Staff will work with institutional representatives and other policymakers over the next several months to develop an approach to core appropriation increases for institutions and will bring additional information to the Coordinating Board in June and a specific recommendation at its September meeting.
- 2) **Workforce Development Initiative (formerly 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 continuing challenges in the economy and workforce make an ongoing response important. This item would solicit institutional proposals, developed in collaboration with business and industry, for one-time increases to establish or expand academic programs linked to high-demand occupations.
- 3) **Maintenance and Repair:** Given the level of deferred maintenance as well as ongoing maintenance needs on every public college and university campus, staff plan to recommend additional ongoing funding for all public institutions. As with the operating core recommendation, staff are not prepared to offer a specific approach at the present time. Staff will work with institutional representatives to develop a model for allocation with the funds to be dedicated to addressing the institution's highest priority maintenance and repair needs.

- 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.
- 5) **New Decision Items:** Institutions can submit requests for funding for new decision items (NDI). Institutional NDI will not be formally entered into the budget process. The CBHE may opt to elevate some of those NDI request for inclusion in the formal budget request.

Institutions will likely still be focused on completing ARPA funded capital improvement projects during FY 2026. DHEWD will not include a list of recommended capital improvement projects in the FY 2026 unified higher education budget request but will continue to work with the Governor's Office and the General Assembly on a project-by-project basis, as needed. Institutions should continue to report all capital projects through the CIBR system so information about those projects is available if the legislature determines there are funds for this purpose.

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 2026 appropriation request. Subsequent to the meeting, DHEWD 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 a future Coordinating Board meeting.

RECOMMENDATION

This is an information only item.

NO ATTACHMENTS