



Tab N

## Report on the Higher Education Student Funding Act

Coordinating Board for Higher Education

March 8, 2018

### BACKGROUND

The Higher Education Student Funding Act (HESFA) sets the amounts by which public institutions may increase tuition without incurring a financial penalty. For all practical purposes, HESFA exempts community colleges from its requirements. Pursuant to HESFA, those institutions with tuition above the state average may only increase tuition by the same percentage as the rise in the consumer price index (CPI) for the preceding year. Institutions at which tuition is below the average may increase their tuition by an amount equal to the percentage change in the CPI times the average tuition. Institutions that increase tuition at a rate that exceeds the statutorily permitted amount must pay a fine of 5% of their state operating appropriation. They may ask the commissioner of higher education for a determination that the increase is sufficiently warranted. If the commissioner determines the increase is not sufficiently warranted, she recommends to the full Coordinating Board that the institution shall remit an amount of up to 5 percent of its current year state operating appropriation to the board. The Coordinating Board makes a binding and final decision, by means of a majority vote, regarding the matter.

Although HESFA has been in effect since 2007, the only year for which institutions have only sought waivers is 2011-2012. In that year, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Truman State University, and the University of Missouri sought waivers.

- The commissioner determined that the increases proposed by Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Truman State University, and the University of Missouri were sufficiently warranted and that no penalty should be imposed. Then-Governor Nixon withheld funds from the University of Missouri at a higher rate than for other institutions.
- The commissioner determined that the increase initially proposed by Missouri Southern State University was not sufficiently warranted. The institution reduced the proposed increase. The commissioner concluded that the revised increase was not sufficiently warranted, but still recommended that the institution not be fined.
- Dialog between the commissioner and Missouri Western State University was ongoing when then-Governor Nixon withheld funds from MWSU and the University of Missouri at a higher rate than for other institutions. At the request of the commissioner, MWSU's board of governors reduced the proposed increase and the commissioner found the new increase to be sufficiently warranted. No penalty was imposed by the commissioner or the Coordinating Board.

### CURRENT STATUS

MDHE has distributed calculations to inform decisions about tuition for the 2018-19 academic year. The rate of change in the CPI on which those calculations are based is 2.1%. The commissioner has also distributed a link to the HESFA waiver request process and a reminder that waiver requests must be submitted on March 1, May 1, or July 1.

### RECOMMENDATION

This is an information item only.

### ATTACHMENTS

1. Summary of 2018-2019 Increases Permitted without Penalty or Waiver
2. HESFA Penalty Waiver Request Form

**Tab N Attachment 1**  
**Summary of 2018-2019 Increases Permitted without Penalty or Waiver**

**CALCULATION OF AVERAGE TUITION AND FEES**  
**2017-2018 Academic Year**

|   | 2016-2017 Actuals         | 2017-18                |                         |                              |              | 2018-2019 Permitted Increase for |
|---|---------------------------|------------------------|-------------------------|------------------------------|--------------|----------------------------------|
|   |                           | Total Tuition and Fees | Student Approved Fees   | Net Tuition and Fees (HESFA) | % Increase   |                                  |
|   | <u>Tuition</u>            |                        |                         |                              |              |                                  |
| UM System Average*                        | \$9,417.84                | \$9,913.98             | \$298.37                | \$9,615.61                   | 2.10%        | \$201.93                         |
| Northwest Missouri State University       | \$7,450.20                | \$9,571.50             | \$1,965.00              | \$7,606.50                   | 2.10%        | \$159.74                         |
| Truman State University                   | \$7,256.00                | \$7,656.00             | \$250.00                | \$7,406.00                   | 2.07%        | \$155.53                         |
| University of Central Missouri            | \$7,067.40                | \$7,519.50             | \$304.80                | \$7,214.70                   | 2.08%        | \$151.51                         |
| Southeast Missouri State University       | \$6,919.80                | \$7,455.00             | \$390.00                | \$7,065.00                   | 2.10%        | \$148.37                         |
| Lincoln University                        | \$6,887.56                | \$7,632.20             | \$600.00                | \$7,032.20                   | 2.10%        | \$147.68                         |
| <b>Applies to all Institutions below:</b> | <b>AVERAGE \$6,858.37</b> |                        | <b>AVERAGE \$700.71</b> |                              | <b>2.16%</b> | <b>\$147.14</b>                  |
| <b>Below Average</b>                      |                           |                        |                         |                              |              |                                  |
| Missouri State University                 | \$6,832.00                | \$7,306.00             | \$332.00                | \$6,974.00                   | 2.08%        | \$147.14                         |
| Missouri Western State University         | \$6,549.50                | \$6,842.60             | \$150.00                | \$6,692.60                   | 2.18%        | \$147.14                         |
| Missouri Southern State University        | \$5,924.30                | \$6,067.20             | \$0.00                  | \$6,067.20                   | 2.41%        | \$147.14                         |
| State Technical College of Missouri       | \$5,917.50                | \$6,060.00             | \$0.00                  | \$6,060.00                   | 2.41%        | \$147.14                         |
| Harris-Stowe State University             | \$5,220.00                | \$6,090.00             | \$750.00                | \$5,340.00                   | 2.30%        | \$147.14                         |
| *University of Missouri - St. Louis       | \$9,499.50                | \$10,275.00            | \$576.37                | \$9,698.63                   | 2.10%        | \$147.14                         |
| Missouri U. of Science & Technology       | \$9,553.56                | \$9,830.88             | \$76.12                 | \$9,754.76                   | 2.11%        | \$147.14                         |
| University of Missouri - Columbia         | \$9,446.22                | \$9,786.70             | \$142.00                | \$9,644.70                   | 2.10%        | \$147.14                         |
| University of Missouri - Kansas City      | \$9,172.06                | \$9,763.34             | \$399.00                | \$9,364.34                   | 2.10%        | \$147.14                         |

Notes:  
 Tuition and fees exclude student approved fees since 2008-2009.

**Tab N Attachment 2**  
**HESFA Penalty Waiver Request Form**

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**HIGHER EDUCATION STUDENT FUNDING ACT**  
**APPLICATION FOR PENALTY WAIVER**

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**I. Instructions**

According to MDHE's *Policy on Higher Education Student Funding Act Implementation*,\* an application for penalty waiver must set forth each factor supporting a waiver of HESFA penalty on account of the institution's increase in tuition exceeding the rate of increase in consumer price index.

In the following space, therefore, please provide a **brief** summary of your institution's points in support of a penalty waiver, with citations to documents substantiating key claims. Please attach documentation substantiating your written points.

The Commissioner will arrange to meet with institutional representatives as quickly as possible, but no more than 45 days, after receiving a complete application. Any written or oral clarifications may be delivered at that time.

**II. Primary Contact**

Institution:   
Name:  Title:   
Email:  Phone:

**III. Factors Supporting Waiver**

1. What percentage increase is proposed in your base in-state undergraduate tuition, as defined in the HESFA, section 173.1003.7 RSMo?

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\* Available at <http://dhe.mo.gov/policies/hesfaimp.php>.

2. Please submit spreadsheet(s) that provide(s) the following:
  - a. An estimate of the total net revenue generated by that increase. Explain the assumptions on which the estimate is based, including enrollment mix, discounting, and other relevant factors
  - b. An estimated percent of “common negative factors” the proposed increase will offset. For purposes of this application, common negative factors are reduced core general revenue appropriations, costs of implementing new mandates or legal requirements, increased required MOSERS contributions, and employer contributions to health insurance costs.
  - c. Reductions in ongoing operating costs during the last 10 years, and a short description of each cost-saving measure.
  - d. Increases in ongoing operating costs during the last 10 years, and a short description of each.
  - e. Planned reductions in ongoing operating costs for the 2018-2019 academic year, including cooperative arrangements with other institutions to eliminate or combine programs or services. Please indicate whether those reductions are one-time or ongoing, and total for both on-time and ongoing reductions. Include a short description of the impact of each reduction.
3. Describe the steps your institution has already or will take to reduce students’ overall cost, including efforts to reduce total credit hours taken. Examples include reducing, where program-appropriate, the number of hours required to earn a degree; block scheduling; guided pathways, etc.

4. Describe any other extraordinary circumstances, specific to your institution, that significantly bear on your waiver request.

*The contents of this Application for HESFA Penalty Waiver are true and complete to the best of my understanding.*

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President