



# Department of Higher Education & Workforce Development Overview: 101st General Assembly

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# Department of Higher Education & Workforce Development

## State of Missouri

The Missouri Department of Higher Education & Workforce Development develops, coordinates and implements a plan that outlines how the state’s postsecondary education system and public workforce system can most effectively and efficiently provide higher education to students and meet the state’s workforce needs. The Office of Workforce Development administers federal and state funded employment and training programs to develop a strong talent pipeline for Missouri’s growth nationally and globally.

*“Every Missourian empowered with the skills and education needed for success”*

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# Department Highlights

## About the Commissioner

Zora Mulligan has served as Missouri’s Commissioner of Higher Education since August 2016. During her time as commissioner, Mulligan and her team have partnered with colleges and universities around the state to substantially improve transfer for Missouri students, increase graduation rates by offering alternatives to remedial coursework, and implement new rules that give public colleges and universities greater ability to meet statewide and regional workforce needs.



In 2018, Mulligan and Missouri’s Director of Economic Development co-led Talent for Tomorrow, an initiative that built a statewide coalition of corporate executives, educators, community leaders, legislators, and members of the executive branch to develop and advocate for a comprehensive suite of proposals to address workforce needs. Those proposals, which included restructuring state government to bring the agencies responsible for postsecondary education, workforce development, and economic research together; funding for public colleges and universities to develop or expand academic programs that lead to jobs in high-demand occupations; and a full-tuition grant program for adults, were featured in Gov. Mike Parson’s 2019 State of the State address and adopted by the General Assembly during the 2019 legislative session.

## Creation of the Department

On Jan. 17, 2019, Gov. Mike Parson issued Executive Order 19-03 creating the Missouri Department of Higher Education and Workforce Development (MDHEWD). The order, which went into effect on Aug. 28, 2019, moved the Division of Workforce Development (DWD) and the Missouri Economic Research and Information Center (MERIC) from the Department of Economic Development to the Department of Higher Education.

## Department Duties

**Planning** is one of the MDHEWD’s core functions. The department is responsible for developing and overseeing implementation of a coordinated plan for higher education for the state and its subregions (§ 173.020(4)), identifying the state’s higher education and workforce needs (§ 173.020(2)), and delineating each institution’s areas of competence (§ 173.005.2(10)). The department reviews each public college’s and university’s mission periodically (§ 173.030(8)) and has authority to approve applications from institutions seeking to establish a statewide mission (§ 173.030(9)). The department collects data to use in its decision-making processes and makes those data available in the annual Higher Education Fact Book published on the MDHEWD website and in response to requests.

**Academic program approval and review** are closely linked to the department’s planning function. The department reviews new degree program proposals offered by public colleges and universities (§ 173.005.2(1)) and has authority to make recommendations to institutions’ governing boards regarding the development, consolidation, or elimination of programs, degree offerings, and facilities (§ 173.030(2)).

The department is also tasked with fostering **institutional relationships** that serve the state’s higher education needs. Specific responsibilities in this area include encouraging the development of cooperative agreements for the offering of graduate degrees, as well as developing arrangements for more effective and economical specialization among institutions, and for more effective coordination and mutual support among institutions in the use of facilities, faculty, and other resources (§ 173.020(3)).

The department coordinates public colleges and universities' core operating and capital projects **budget requests** by establishing guidelines for public universities' requests (§ 173.005.2(4)), approving a community college funding model (§ 163.191.3), and submitting a unified budget request for community colleges (§ 163.191.2).



The department also develops budget requests for and oversees the state's **student financial aid** programs, the largest of which are Access Missouri (§ 173.1103.1); the Higher Education Academic Scholarship Program, commonly referred to as "Bright Flight" (§ 173.250.3); and the A+ Scholarship Program (§ 160.545).

Also in the affordability category, the department administers the Higher Education Student Funding Act, commonly referred to as SB 389, which generally requires that a public university that increases tuition and some fees more than the rate of inflation must receive a waiver from the Commissioner or pay a penalty (§ 173.1003.5). Changes to the law passed in 2018 provide some additional flexibility following years in which state support decreased from the prior year.

**Proprietary school certification** is another of the department's important responsibilities. The department licenses and oversees for-profit proprietary schools like the University of Phoenix and some not-for-profit schools such as non-Missouri institutions like Western Governors University based in Utah (§§ 173.612.2 & 173.616.1).

Finally, the department offers resources that help students **plan for and complete** postsecondary programs. MDHEWD's Journey to College programs support high school students as they apply for college admission and financial aid, and celebrate students' choices about attending college and participating in military service.

The department has a long history of working with colleges and universities to develop guidelines that promote **transfer** between institutions; a statewide library of core general education courses that transfer from one institution to another; and a policy fostering "reverse transfer," which allows a student who transfers from a community college before earning enough credits to receive an associate degree to be awarded an associate degree when he or she earns the remaining needed credits at the university to which they have transferred (§ 173.005.2(9)).

Senate Bill 997, a higher education omnibus bill that became law on August 28, 2016, gave the department significant additional responsibilities, many of which strengthen the department's role in promoting transfer. The department is tasked with working with an advisory committee – the majority of which must be faculty members – to develop a core curriculum that is guaranteed to transfer to another institution and a common course numbering equivalency matrix (§ 178.780.2(10)). These provisions essentially make mandatory practices that have been voluntary in the past. The law also requires the department to evaluate and maintain data on each institution's transfer practices (§ 178.788.1) and to resolve disputes about transfer (§ 178.788.2).

Senate Bill 997 required the department to develop programs designed to promote **on-time completion**, including "15 to Finish" (§ 173.2510) and guided pathways (§ 173.2515); to establish a pilot program for "concurrent enrollment," which allows community college students to enroll in a public university, take select university classes, and use the university's facilities (§ 173.2520); and to create a website that provides information about academic programs available at each institution, financial aid, and transfer of course credit (§ 173.035). In addition, the Senate Bill 997 establishes a dual-credit scholarship for high school students who meet certain academic standards and demonstrate financial need.

The department has served as the state-designated student loan guaranty agency in the Federal Family Education Loan Program (FFELP) since 1979, making it possible for generations of students, regardless of personal resources, to receive loans because of protection against defaults.

As a FFELP guaranty agency, MDHEWD receives servicing fees from the U.S. Department of Education (USDE) and retains a portion of defaulted student loan collections. These revenues are used to fund loan administration functions and other financial aid-related activities. In addition, MDHEWD purchases defaulted student loans from lending institutions and is reimbursed for loan purchases by USDE (20 U.S.C. §1072a).

As Missouri's guaranty agency, MDHEWD helps students and families pay for a college education by:

- Providing information on postsecondary opportunities and financial aid directly to students and families (20 U.S.C. § 1072b);
- Creating financial literacy materials and programs for students, families, and schools to help them better manage finances (§ 165.275); and
- Helping borrowers resolve problems repaying their loans and restore their credit if they default (20 U.S.C. § 1072b).

### Office of Workforce Development (OWD)

OWD administers the Workforce Innovation and Opportunities Act (WIOA) located at 28 USC 3101.

The purpose of WIOA is to increase access to employment, education, and training for those with barriers to employment. WIOA amends the Wagner-Peyser Act of 1933 to incorporate Wagner-Peyser services into the WIOA one-stop service delivery model. OWD also includes and oversees the states' community job centers, which help unemployed and dislocated workers find new jobs and access WIOA-supported training and education programs.

OWD serves primarily as a pass-through of WIOA dollars and administers the Wagner-Peyser funding in house.



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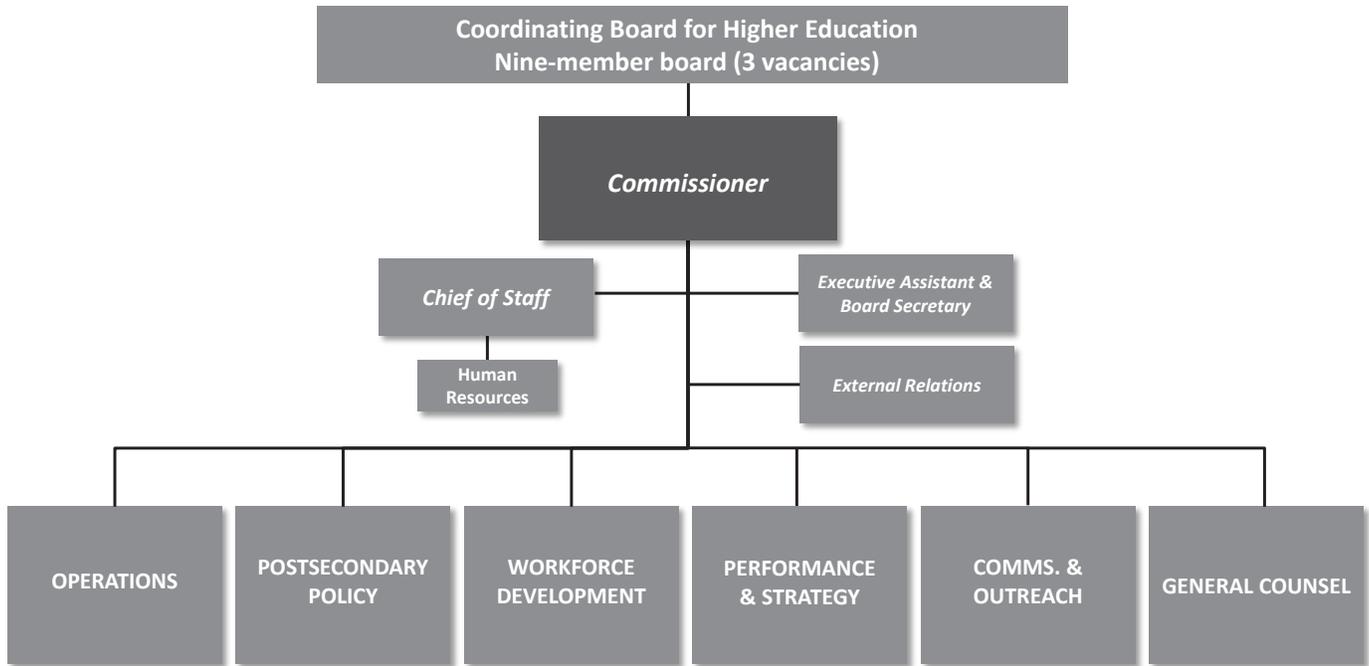
## Missouri Economic Research and Information Center (MERIC)

MERIC, as part of the Office of Performance and Strategy, serves as the research division of the department, providing innovative analyses and assistance to policymakers and the public, including studies of the state’s economic trends, targeted industries, and labor markets.

MERIC research also includes workforce region studies, spatial analyses, and comprehensive coverage of the state’s industry and occupational data produced in cooperation with the U.S. Department of Labor.

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## Overview of Offices



### Office of the Commissioner

The Office of the Commissioner oversees efforts to advance the department’s vision of “Every Missourian empowered with the skills and education needed for success.” The office advances this vision by setting core priorities, identifying initiatives to advance those priorities, and providing leaders in each of the department’s offices with the resources they need to execute on initiatives successfully.

The Office of the Commissioner—which includes Human Resources and its full complement of services for employees—also ensures that all staff understand the department’s core priorities, why they matter, and how each individual plays a vital role in achieving the department’s goals. The office also leads the effort in ensuring MDHEWD is a place where all staff are proud to work – that values and invests in its people, operates as one team, and motivates and inspires everyone to do the hard work of empowering Missourians every day.

Externally, the Office of the Commissioner works on priorities identified by and in partnership with the governor and the General Assembly and builds broad coalitions of support to ensure MDHEWD has the right resources and policies in place.

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## Office of the Operations

The Office of Operations brings together four functional units, all of which support the work of the department and its vision. Those units include:

The **Grant and Scholarship** unit administers nine state-funded student aid programs. In total, those programs serve more than 64,800 students and disburse more than \$134 million in assistance to support their education and training. The **Fiscal and Budget** unit handles all financial operations for the department, including preparation of a unified higher education budget of more than \$1 billion and financial operations related to multiple U.S. Department of Labor grants that fund the state's workforce preparation system. The **Missouri Student Loan Program** is a legacy guaranty agency for the Federal Family Education Loan Program. Although no new loans have been guaranteed since 2010 due to federal changes, the program continues to service a loan portfolio of approximately \$1 billion. The **Facilities and Office Support** unit provides support for internal department purchases and supports the operation of the 29 Missouri Job Centers and their affiliated sites around the State of Missouri.

## Office of Workforce Development

As the employment and training arm of MDHEWD, the Office of Workforce Development (OWD) provides a robust menu of vital re-employment services, including access to skill-building training, career connections for job seekers and human resources assistance for businesses. These services are provided through a statewide network of Missouri Job Centers and the jobs.mo.gov website.

OWD collaborates with the 14 local workforce development boards, several state agencies, and community colleges to support Missourians who are unemployed, underemployed, or dislocated workers. This collaborative effort provides career and training services to guide Missourians to in-demand occupations for a more resilient workforce. OWD also provides several innovative, targeted skill-building programs, including the Show-Me Heroes program for veterans, an on-the-job training (OJT) program for job-ready participants, and the National Career Readiness Certificate.

OWD oversees Apprenticeship Missouri and leads the Office of Apprenticeship and Work-Based Learning. Apprenticeship Missouri offers outreach to businesses, community colleges, and other stakeholders to support the "earn and learn" model. Apprenticeship Missouri seeks to modernize, sustain, and support non-traditional apprenticeship programs such as information technology and health care. Missouri has consistently ranked in top three in the nation in apprenticeship program completions and new apprentices registered.

In addition, OWD provides staff to the governor-appointed Missouri State Workforce Development Board (SWDB). This board sets workforce policy for Missouri's local workforce areas and strengthens ties among employment, training, and education. The board currently includes 28 members, a majority of whom represent high-level management from Missouri's most progressive and successful companies. The board meets quarterly and engages the directors and commissioners of five state agencies to meet the objective of strengthening Missouri's workforce system. The SWDB's role is to help integrate and align a more effective job-driven workforce development system that invests in the connection between education and career preparation. As a result, the board serves as a convener of state and regional workforce development system partners to enhance the capacity and performance of the workforce development system, align and improve employment, training, and education programs, and through these efforts promote economic growth. The role of the SWDB is to assist the governor in the development and implementation and modification of the State Plan.

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## **Office of Performance and Strategy**

The purpose of the Office of Performance and Strategy is to provide MDHEWD, legislators, educators, and other stakeholders with accurate, objective information needed to make data-informed decisions. The office fulfills this purpose by collecting, editing, and storing data on the status and performance of Missouri's labor market, workforce system, and postsecondary education system for public consumption. In addition, the office creates and manages internal dashboards that measure performance of Missouri's workforce and postsecondary education system, along with providing research and training on labor market, related socio-economic, postsecondary education, and performance data.

The Missouri Economic Research and Information Center (MERIC) is housed within the office and provides comprehensive analysis of Missouri's socioeconomic environment at the local, regional, and statewide levels. Coupled with its analysis capability, MERIC serves as the state's cooperative labor market information partner with the U.S. Department of Labor, managing key labor market information collection and administering a comprehensive labor market database, which houses a variety of employment/unemployment, wage, labor availability and other information designed to help understand the state's labor market conditions.

## **Office of Postsecondary Policy**

The Office of Postsecondary Policy increases quality postsecondary education and skill attainment for Missourians by certifying schools, non-traditional postsecondary education providers, and work-based learning employer partners to operate in Missouri. It also reviews and approves academic programs for public two- and four-year colleges and universities. The office advocates for focused financial resources to increase capacity for and access to high-quality, high-demand education and career pathways and for financial aid resources to ensure affordability of a Missouri postsecondary education. These responsibilities include convening stakeholders and developing statewide partnerships to share and develop best practices, programs, and initiatives aimed at increasing persistence and graduation rates of Missouri students.

A critical component of the office's work is ensuring equitable access to and strong equitable outcomes across postsecondary education options through policy, public transparent performance measurement and reporting, and performance funding incentives. Initiatives within the Office of Postsecondary policy include:

- Academic program actions
- Certified school review
- Core 42, an online tool that supports the seamless transfer of credits as students move from one institution to another
- Math Pathways
- Equity initiatives, including annual equity report and Bridges to Success webinar series
- Military/Veteran-involved students

## **Office of General Counsel**

The Office of General Counsel collaborates with MDHEWD offices to provide quality services to Missourians in compliance with federal and state law. This includes coordinating and communicating between MDHEWD offices and other state and federal entities to ensure the department meets requirements outlined in federal and state statute, regulations, and guidance. The office also works to defend and support MDHEWD actions to maintain the integrity of services provided for and on the behalf of Missourians.

## Office of Communications & Outreach

The Office of Communications & Outreach supports MDHEWD's vision by promoting department initiatives, programs, and services through events and multiple communication channels. This is accomplished through:

- Responding to media inquiries and issuing press releases
- Developing content and designing print materials
- Maintaining department websites
- Managing department social media accounts
- Administering the Journey to College outreach programs
- Collaborating with external partners to provide resources and support to help students navigate the education and career planning process
- Assisting department staff by providing communication support

# Critical Issues

The following briefs summarize key facts on the issues to be aware of and consider, including:

1. Funding for Missouri's public higher education institutions
2. State grants and scholarships
3. Job Centers of the Future policy initiative
4. Monthly employment situation release

## 1. Funding for Missouri's Public Higher Education Institutions

The Coordinating Board for Higher Education (CBHE) is charged with preparing a unified budget request for the state's public higher education institutions. Section 173.1540, RSMo, requires public universities to prepare annual budget requests and submit them to the Missouri Department of Higher Education & Workforce Development (MDHEWD). The department is required to review those requests and prepare appropriation recommendations. Section 163.191.2, RSMo, contains a similar provision pertaining to community colleges' budgets. Section 178.638, RSMo, indicates that "all funds designated for [State Technical College] shall be included in the coordinating board's budget request."

Public institutions have three basic sources of revenue: tuition and fees, state assistance, and grants/gifts, though these are usually restricted to specific purposes and can't replace general revenue. Community colleges have an additional revenue source – local taxes. In understanding the financial situation of public universities, it is also important to recognize that statutory provisions limit those institutions' ability to increase tuition and fees for resident undergraduates, excluding student-approved and special course and program fees. Pursuant to § 173.1003, RSMo, tuition increases are generally limited to the rate of inflation. Institutions that raise tuition at a rate that exceeds the statutory cap must pay a fine unless the Commissioner of Higher Education waives the fine. Exceptions apply during periods when state support does not increase.

Higher education spending constitutes about half of the state's \$1.6 billion discretionary general revenue spending. As a result, when the state experiences an event that requires limiting or reducing general revenue, higher education is often subject to a substantial share of the resulting restrictions. Over the last five years, from FY 2017 to FY 2021, there have been restrictions every year, excluding FY 2019. In FY 2021, Gov. Parson released the previously restricted amounts.

Over the past five years, FY 2017 to FY 2021, community colleges have seen a 9 percent reduction, public universities have seen a 5.61 percent reduction, and State Technical College of Missouri has seen a 0.77 percent reduction in state appropriations (TAFFP). Adjusted for inflation, core appropriations per full-time equivalent (FTE) over the last 10 years (through FY 2020) was down 26 percent. Tuition and fee revenue has risen 9 percent over a similar period, but institutions have had to forego vital institutional repairs and improvements.

The State Higher Education Finance (SHEF) report, which is produced by the State Higher Education Executive Officers (SHEEO) organization for FY 2019 was released earlier this year. Its findings include:

- In the last five years, total education revenues have declined in only five states (Indiana, Mississippi, Missouri, New Hampshire, and North Dakota).
- Missouri is 40th in terms of education appropriations and net tuition revenue per full-time equivalent (FTE) student. Meanwhile, Missouri is in the top half of all states based on FTE enrollment.
- When considering educational support per capita by state, Missouri was ranked 47th in the nation in FY 2018 (latest information available). Missouri ranked 44th when measured by support as a ratio of personal income. (See Figure 3)
- Adjusted for inflation, Missouri is **LAST** among states since 2009 in the rate of change in total education revenue per FTE and is one of only two states with a negative rate of change in net tuition revenue per FTE. Both have declined during this 10-year period. (See Figure 4)

FIGURE 3: PUBLIC HIGHER EDUCATION SUPPORT PER CAPITA BY STATE, FY 2018

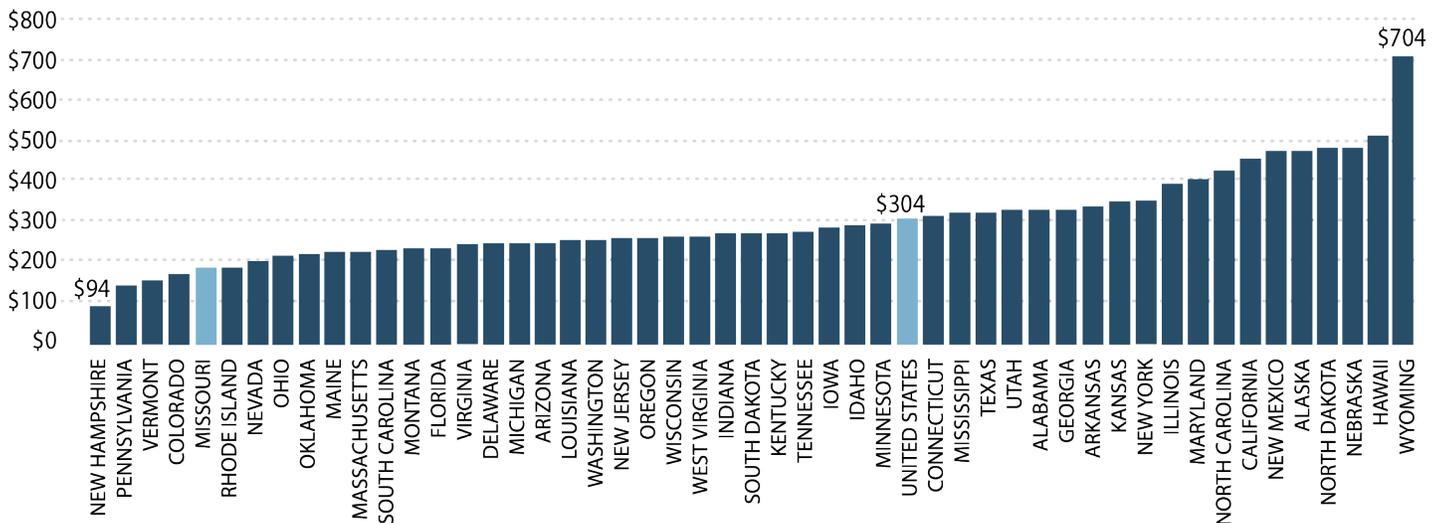
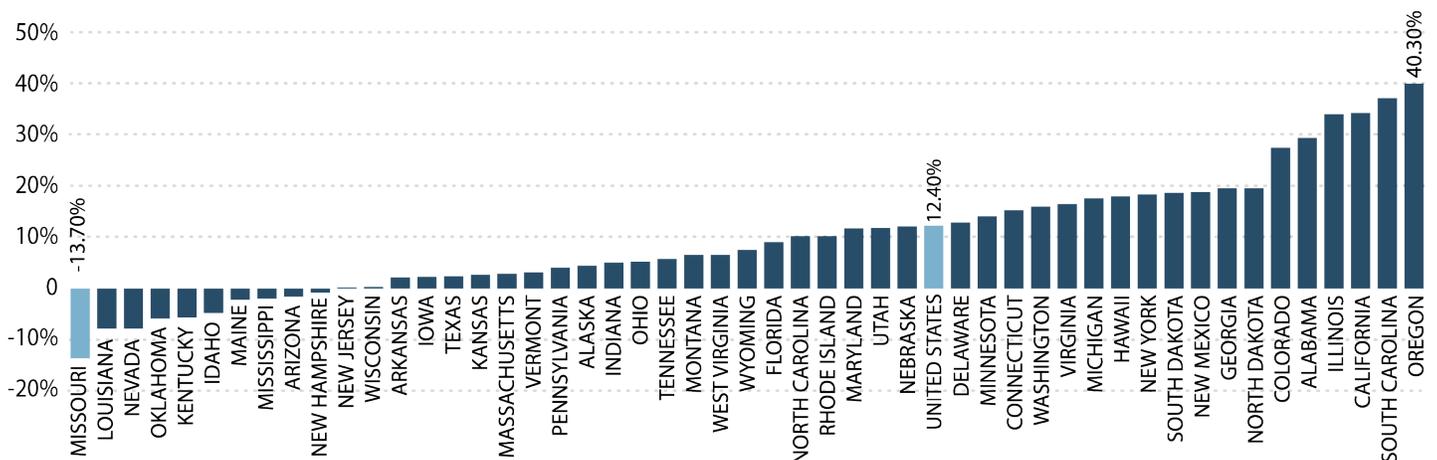


FIGURE 4: TOTAL EDUCATIONAL REVENUE PER FTE: PERCENT CHANGE (10 YEAR PERCENT CHANGE)



Public colleges and universities are not included in the mandatory increases the state has provided for health care, retirement, and technology increases, nor have they received adjustments for salaries (standard or market increases) provided to state employees. Additionally, all higher education institutions continue to face other increases in property insurance premiums, utilities, and other facility related costs.

## 2. State Grants and Scholarships

MDHEWD administers nine student financial assistance programs. In FY 2020, these programs disbursed more than \$134 million to about 65,350 Missouri resident students. Approximately 85 public and private institutions participate in at least one of these programs. The four major programs include:

- **Access Missouri Financial Assistance Program:** The state's primary need-based grant program.
- **Higher Education Academic Scholarship (Bright Flight):** A merit-based scholarship based on performance on the ACT or SAT exams.
- **A+ Scholarship:** A merit-based program designed to ensure an eligible student's tuition and fees at community colleges or public vocational schools are paid.
- **Fast Track Workforce Incentive Grant:** An adult-focused grant program that provides financial support for educational programs that lead to employment in high-demand occupations.

In response to the COVID-19 pandemic, MDHEWD implemented several accommodations in spring 2020 by waving or revising several regulatory requirements. For the A+ program, the accommodations for high school seniors included reducing the tutoring and mentoring requirement, providing additional flexibility for meeting the 2.5 grade point average, and clarifying the options districts have available for attendance appeals.

Accommodations were also provided for the postsecondary component of A+. Due to the ongoing nature of the pandemic, similar accommodations have been implemented for the 2020-2021 academic year. Based on gubernatorial approval, the GPA requirement for other programs were also relaxed for the fall 2020 semester for Access Missouri, Bright Flight, and Fast Track. Depending on the extent of ongoing educational disruption due to COVID-19, these changes may need to be extended into future academic periods. Funding for several of the financial aid programs is also a critical issue.

- **Access Missouri** — Access Missouri has not been fully funded since 2009 and currently provides awards that are 70 percent of what is authorized in statute.
- **Bright Flight** — For FY 2021, Bright Flight funding was initially reduced through core reductions and spending restrictions by approximately \$10 million. This originally resulted in a reduced annual award of \$1,800, down from the \$3,000 that is referenced in statute and which was the award for the past several years. Gov. Parson released \$3.5 million in Bright Flight funding on Oct. 7, 2020, and \$1.7 million on Jan. 6, 2021. This support allowed the department to bring awards in the spring semester up to \$1,500 and therefore total awards for the academic year to \$2,400 (up from the initial \$1,800 award amount).
- **A+** — Although A+ funding was not reduced in FY 2021, growth in the program cost outpaced the appropriation level and resulted in a funding shortfall of approximately \$11 million. Gov. Parson supported the program by providing \$4.9 million in federal Coronavirus Relief Funds and recommending \$5.2 million in FY 2021 supplemental funding during his Dec. 16, 2020, announcement. With support of the federal funds, statutory reverse, and proposed financial commitment from the governor, the department can meet the A+ funding demand.

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### 3. Job Centers of the Future Initiative

The Job Centers of the Future (JCF) initiative is led by MDHEWD's Office of Workforce Development. Its goal is to transform Missouri's public workforce system by modernizing and expanding customer and service delivery, increasing access and delivery channels, and increasing operational performance.

Guiding principles for this initiative include:

- JCF will engage in customer journey mapping to best understand obstacles and successes for job seekers and employers
- JCF will follow benchmark Missouri's public workforce system against 13 midwestern states and establish performance goals to lead our state to the top of the list
- JCF will provide specific policy and technological recommendations necessary to modernize Missouri's public workforce system
- JCF will provide a marketing and outreach plan by which Missouri's public workforce system will no longer be our state's best kept secret

A statewide task force including government leaders (both state and local level), employers, job seekers, frontline staff, and state and local workforce development board staff governs this initiative. Focus groups and policy workshops held throughout the state are utilized to collect data, identify priorities, and shape policy outcomes. The task force will make recommendations in May 2021.

### 4. Monthly Employment Situation Release

MDHEWD releases the Missouri employment situation update each month, in partnership with the U.S. Department of Labor and support from the Bureau of Labor Statistics. This release includes the state's unemployment rate for the most recent month as well as the non-farm payroll employment for the state, private sector, and selected high-level industries. During times of economic downturn and subsequent recovery, this data is highly visible in the media and with other stakeholders, including your constituents.

The COVID-19 pandemic impact extends to the collection and results of standard labor market information data sets. During the pandemic, with historically high unemployment and furloughs, temporary business closures, and limitations in collecting data in-person due to social distancing, survey data collection has faced challenges and the U.S. Bureau of Labor Statistics has published that the survey response rates have been lower than pre-pandemic levels.

Despite these challenges, the data continues to have value in benchmarking the current situation at the time, providing comparisons to other states using a consistent methodology and for understanding data tendencies should a similar event occur in the future. However, no one data point represents the full picture of the economy, regardless of the current economic situation, and it is recommended that the monthly employment and unemployment situation data be used with appropriate context.

For the most current month, both the **press release narrative** and the latest **employment/unemployment data** can be found at [meric.mo.gov](http://meric.mo.gov).