



Tab 14

FY 2026 Budget Instructions

Coordinating Board for Higher Education
June 12, 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 of those recommendations is a critical step in the process.

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

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

CURRENT STATUS

At the March CBHE meeting, department staff proposed a preliminary plan for requests for funding for public higher education institutions. Based on the feedback received, the following is the plan for those requests, ranked in order of priority.

- 1) **Institutional Operating Core:** DHEWD staff plan to recommend an increase to core operating appropriations based on the rate of inflation as reported by the Consumer Price Index for All Urban Consumer (CPI-U). Staff are not prepared to offer a specific increase at the present time but will work with institutional representatives and other policymakers once the rate for the current fiscal year is released. A specific recommendation will be proposed by staff at the September CBHE 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. DHEWD staff have developed a revised process for this program intended to shorten the timeframe from application to project award and reduce confusion and project changes. The revised process would begin with a placeholder budget request at the September CBHE meeting. Assuming the request is incorporated into the Executive Budget, the application window would likely be during February and March. As in the past, all proposals will be scored by a review team and the resulting ranked and funded list of projects would be approved by the CBHE at its June meeting.
- 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, the final approach has not been determined but it is anticipated the

recommendation will be for a percentage increase based on either core appropriations or total facility value.

- 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. Institutional NDIs will not be formally entered into the budget process. The CBHE may opt to elevate some of those NDI requests for inclusion in the formal budget request.

Based on the investment in capital improvements over the past several years, institutions are likely to be focused on completing existing projects, including those funded through the American Rescue Plan Act. Consequently, the department will not include a list of recommended capital improvement projects for the FY 2026 unified higher education budget request but will work with the Governor's Office and the General Assembly on a project-by-project basis as needed.

NEXT STEPS

Following the June board meeting, budget instructions will be sent to public institutions' chief financial officers. Budget requests will be due to the department by Friday, August 9, 2024. Based on the requests received, the department will prepare an action for the CBHE to consider at its September meeting.

RECOMMENDATION

This is an information only item.

NO ATTACHMENTS