



Tab 18 FY 2022 Budget Request Summary

Coordinating Board for Higher Education
September 16, 2020

DESCRIPTION

The Coordinating Board for Higher Education (CBHE) submits requests for funding for Department of Higher Education and Workforce Development operations, state student financial aid programs administered by the department, higher education institutions' operating budgets and initiatives, and institutional capital projects each year. In addition, the CBHE may request supplemental funding when additional funds are needed to continue to operate a program for the remainder of the current fiscal year. Decisions about request levels are made in close consultation with the Office of Administration's Division of Budget and Planning and the state budget director.

In July of each year, the state budget director issues budget instructions that provide guidelines for the preparation of each agency's budget request. The FY 2022 budget instructions [cover letter](#) from Dan Haug, State Budget Director, provided a state economic forecast. Of particular importance is the statement that:

"Departments may request mandatory and high priority Fiscal Year 2022 new decision items. For priority items, departments need to look at existing resources as a funding source."

This informational item is a summary of MDHE staff recommendations for the FY 2021 supplemental budget and FY 2022 department operations, student financial assistance programs, institutions' operating budgets and initiatives, and capital funding. Additional detail is provided in the agenda items dedicated to these topics.

FY 2021 Supplemental Budget

For the current fiscal year, due to delays in the state's new debt offset system implementation, a one-time supplemental increase in debt offset spending authority is needed for the following public universities. Debt offset refers to the statutory authorization for public agencies, including public colleges and universities, to intercept state tax refunds in order to pay an outstanding debt owed to those agencies by the taxpayer.

- Institutions have requested additional supplemental authority for their debt collection efforts as follows:
 - University of Central Missouri: \$25,000
 - Southeast Missouri State University: \$25,000
 - Missouri State University: \$265,000
 - Northwest Missouri State University: \$50,000
 - Missouri Western State University: \$50,000

In addition, the department proposes to request additional appropriations and spending authority for the following items:

- **Proprietary School Certification Fund:** One-time transfer a balance of \$152,841 in bond funds. Per statute, these funds are to be used to help administer the program (e.g. transcript/records management).
- Financial Aid Programs
 - **Bright Flight:** A supplemental request of \$10,100,000 is needed as a result of expenditure restrictions and program growth. This would restore the scholarship award amounts to \$3,000 per student for the top three percent of test takers.
 - **A+ Schools Program:** A supplemental of \$6,200,000 is required for FY 2021 program needs.

- **Federal Grants and Donations:** The department proposes to seek additional spending authority for the Reimagining Workforce Preparation Grant, a three-year grant established by the CARES Act. If DHEWD receives the grant, the department will need an estimated \$5 million in additional spending authority FY 2021. A separate request for FY 2022 is also being requested below. Awards will be made before the legislature begins its work on the budget in January.

FY 2022 Proposed Eliminations/Reductions

- The department plans to work with institutions to expend all the Governor’s Emergency Education Relief Funds (\$23,643,000) by the end of FY 2021. These temporary funds would be eliminated in the FY 2022 budget. However, the \$1 million allocated to Fast Track would remain.
- The Marguerite Ross Barnett Scholarship Program was eliminated by the General Assembly in FY 2021 and will be eliminated completely from the department budget in FY 2022.
- MoExcels is being eliminated in the FY 2022 budget.
- University of Missouri-State Seminary Fund: Communication with the University of Missouri, the Office of Administration, and the State Treasurer’s Office indicates that this \$3 million in appropriation authority can be eliminated. DHEWD staff recommended that this appropriation be eliminated. The fund is still intact and is managed by the State Treasurer. Going forward, only \$275,000 in spending authority is needed to manage the interest.
- Elimination of empty federal spending authority for public colleges and universities: Several appropriations were added in place of General Revenue for the public universities (\$67,541,446) and State Technical College of Missouri (\$549,415). Additionally, a variety of appropriations for CARES Act pass-through funds were also empty authority that can be eliminated. Per discussions with the Office of Administration, these appropriations with empty federal spending authority should be eliminated in the FY 2022 budget.

FY 2022 Proposed Increases

Fast Track	Increase transfer authority by \$2,000,000 and increase spending authority by \$2,700,000.
Bright Flight	Increase transfer authority by \$3,900,000 and increase spending authority by \$3,900,000.
Access Missouri & Fund Swap	Increase transfer authority by \$4,200,000 and increase spending authority by \$4,200,000.
A+	Increase transfer authority by \$9,500,000 and increase spending authority by \$9,500,000.
Wartime Veterans Survivor Grant Program	Increase transfer authority by \$10,000 and increase spending authority by \$10,000.
Minority and Underrepresented Environmental Literacy Program	Increase transfer authority by \$4,000 and increase spending authority by \$4,000.
Returning Heroes	Per state statute, institutions are allowed to ask for the amount of tuition they have waived in complying with the Missouri Returning Heroes Act. For FY 2022, an appropriation of \$1,142,074 is requested to reimburse the institutions.

Institutions' Core Restoration Plus

This new decision item would focus on restoration of core appropriations levels to the FY 2020 TAFP budgeted amounts plus the amounts they were restricted. A total of \$18,442,057 is needed for community colleges; \$98,902,206 for public universities; and \$769,080 for the State Technical College of Missouri. The combined total for all three sectors is \$118,113,343.

Other Institutional Requests

Institutions and other organizations funded by House Bill 3 were invited to submit specific new decision items for consideration. These can be found in Tab 20, Attachment B – Institutional FY 2022 Requests.

Debt Offset

The following institutions have requested an increase in their debt offset appropriations in FY 2022 as follows:

- \$25,000 University of Central Missouri
- \$25,000 Southeast Missouri State University
- \$150,000 Missouri State University
- \$50,000 Northwest Missouri State University
- \$50,000 Missouri Western State University
- \$144,000 Community Colleges Tax Refund Offset

Capital Projects

Tab 20, Attachment C – Capital Funding Requests: This includes the critical and emergency capital improvement requests received from institutions. These projects were not prioritized by the department as they were deemed to meet the critical and emergency criteria by the institution submitting the request. No formal ranking or scoring will be included in the submission to the Governor.

Other Requests

The State Historical Society of Missouri asked DHEWD to pass through two requests for funding, including a fund switch of \$288,022 and a pay and fringe increase of \$110,000.

STATUTORY REFERENCE

Sections 173.005-750, RSMo

RECOMMENDATION

This is an information item only.

NO ATTACHMENTS