



Tab 19 FY 2023 Draft Budget Instructions

Coordinating Board for Higher Education
March 3, 2021

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

CURRENT STATUS

To operationalize that statutory requirement, DHEWD staff propose the following plan for requests for funding from public higher education institutions, ranked in order of priority

- 1) **Institutional Operating Core:** DHEWD staff will recommend an increase to core operating appropriations based on a percent increase linked to the rate of inflation. The inflationary factor would be applied to each four-year institution's and State Technical College's base core appropriation in order to determine the amount of the new decision item. For community colleges, the inflationary factor would be applied to the total core state appropriation to the sector, with the result constituting the related new decision item.
- 2) **Maintenance and Repair:** Given the level of deferred maintenance on every public college and university campus, staff will recommend additional ongoing funding for all public institutions, distributed according to the historic pro rata model. The model would apply a percent increase to the total general revenue and lottery appropriation to each institution, with the funds to be dedicated to addressing the institution's highest priority maintenance and repair needs.
- 3) **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 pandemic has further elevated this need as we recover from the resulting economic disruption. 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.
- 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.

Given the expectation that FY 2023 will continue to be a challenging year for the state budget and with the proposed attention on maintenance and repair during the appropriation process, MDHEWD will not include a list of recommended capital improvement projects in the unified higher education budget request. 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 2023 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 the June Coordinating Board meeting. That item will include the revised prioritization framework, the related timeline, and more detailed instructions regarding the submission of information needed to develop the overall funding recommendation.

RECOMMENDATION

This is an information item only.

NO ATTACHMENTS