



Tab 5 FY 2023 Budget Instructions

Coordinating Board for Higher Education
June 16, 2021

BACKGROUND

One of the primary responsibilities of the Department of Higher Education & 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, Section 173.005.2 requires the Coordinating Board for Higher Education establish guidelines for appropriation requests by public institutions of higher education.

CURRENT STATUS

At the March CBHE meeting, DHEWD staff proposed 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 of Missouri'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.

Typically, project information would be requested shortly after the June CBHE meeting with a deadline in August, consistent with other budget related deadlines. However, given that these FY 2023 projects are likely to be funded with American Rescue Plan Act funding, the process will be different for this budget cycle.

Earlier this year, DHEWD provided a broad range of project ideas to be funded through ARPA to the Office of Administration and the Governor, including information collected from colleges and universities. It is

assumed these requests will be the baseline for consideration but it is anticipated changes will be needed as more information becomes available about the act. Our current understanding is that most action on spending authority for these funds will be made during the 2022 legislative session. It is unlikely sufficient information will be available about funding to permit the department to follow the normal budget recommendation process, which must be submitted to OA by October 1. On the other hand, it is not feasible to wait until the session is underway to begin the development process. As we learn more about allowable uses from the federal government, we will be able to identify permitted fund uses. We can then use that information to develop proposal guidelines to assist development of project proposals as well as prioritize those projects. We will continue to monitor this changing situation with the goal of providing the colleges and universities the information needed to develop viable proposals in a timeframe that will allow the legislature to make funding decisions for these projects.

- 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.

These instructions are intended to provide the basis for the development of the FY 2023 appropriation request. Subsequent to the March CBHE meeting, DHEWD staff solicited input from stakeholders, including presidents and chancellors and chief financial officers. Staff received no requests for substantive revision. Consequently, this prioritization plan will be used for the development of institutional budget requests for action at the September Coordinating Board meeting.

With the current attention on maintenance and repair from the Governor and the General Assembly, DHEWD 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

Following the June board meeting, budget instructions will be sent to public institutions' chief financial officers. Budget requests and critical capital requests will be due back to the department by Friday, August 6, 2021. Based upon the requests received, the department will prepare an action item for the CBHE to consider at its September meeting. Department staff will also work closely with the Office of Administration, Governor's Office, General Assembly on plans to ensure higher education and workforce development needs are included as priorities as those bodies develop spending plans for the federal funds the state will receive.

RECOMMENDATION

This is an information item only.

NO ATTACHMENTS