



Tab 9 FY 2024 Budget Instructions

Coordinating Board for Higher Education
June 15, 2022

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 a preliminary plan for requests for funding for public higher education institutions. Based on feedback received, particularly related to the Operating Core item, the following is the revised plan for those requests, 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 from July 2021 through June 2022. The inflationary factor would be applied to each four-year institutions 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. Although the legislature proposed funding for a study of higher education that includes a review of funding formulas and performance funding, DHEWD staff do not anticipate the results of that study will be available in time to impact the FY 2024 department request.
- 2) **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 impact of the pandemic on employment and the economy make an ongoing response important. Consistent with previous cycles, DHEWD solicited 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 released the request for proposals on May 2 with proposals due back by July 1. This timeline provides sufficient time for department staff to review and score the proposals in time for the Coordinating Board to take action on the prioritized list of projects at its September meeting. This allows the FY 2024 projects to be included in the October Budget Book materials along with all other funding requests.
- 3) **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.
- 4) **New Decision Items:** Institutions can submit requests for funding for new decision items. New Decision Item forms will be available when the official budget instructions are released by the Office of Administration,

which typically occurs in July. 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.

- 5) **Capital Improvements and/or Maintenance and Repair:** Individual institutions' interest in and capacity to complete additional capital improvements in FY 2024 is not universal, particularly if the Governor and/or the legislature will only support recommendations that include matching funds. Department staff are not prepared to make a recommendation at the time of the board book mailing but will continue to monitor the interest from all parties in including capital improvement recommendations in the Coordinating Board's budget request.

NEXT STEPS

Following the June board meeting, budget instructions will be sent to public institutions' chief financial officers. Budget requests will be due back to the department by Friday, August 5, 2022. Based upon the requests received, the department will prepare an action item for the CBHE to consider at its September meeting.

RECOMMENDATION

This is an information item only.

NO ATTACHMENTS