



Tab 22

Report on the Higher Education Student Funding Act

Coordinating Board for Higher Education
June 7, 2018

BACKGROUND

The Higher Education Student Funding Act (HESFA) sets the amounts by which public institutions may increase tuition without incurring a financial penalty. For all practical purposes, HESFA exempts community colleges from its requirements. HESFA provides that institutions with tuition above the state average may increase tuition by the same percentage as the increase in the consumer price index (CPI) for the preceding year. Institutions at which tuition is below the average may increase their tuition by an amount equal to the percentage change in the CPI times the average tuition. Institutions that increase tuition at a rate that exceeds the statutorily permitted amount must pay a fine of 5% of their state operating appropriation.

The commissioner of higher education may waive that fine if the institution requests that it be waived and the commissioner finds that the increase is sufficiently warranted. If the commissioner determines the increase is not sufficiently warranted, she recommends to the full Coordinating Board for Higher Education that the institution be required to remit an amount of up to 5% of its current year state operating appropriation to the board. The Coordinating Board makes a binding and final decision, by means of a majority vote, regarding the matter.

Although HESFA has been in effect since 2007, the only year for which institutions have only sought waivers is 2011-2012. In that year, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Truman State University, and the University of Missouri sought waivers.

- The commissioner determined that the increases proposed by Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Truman State University, and the University of Missouri were sufficiently warranted and that no penalty should be imposed. Then-Governor Nixon withheld funds from the University of Missouri at a higher rate than for other institutions.
- The commissioner determined that the increase initially proposed by Missouri Southern State University was not sufficiently warranted. The institution reduced the proposed increase. The commissioner concluded that the revised increase was not sufficiently warranted, but still recommended that the institution not be fined.
- Dialog between the commissioner and Missouri Western State University was ongoing when then-Governor Nixon withheld funds from MWSU and the University of Missouri at a higher rate than for other institutions. At the request of the commissioner, MWSU's board of governors reduced the proposed increase and the commissioner found the new increase to be sufficiently warranted. No penalty was imposed by the commissioner or the Coordinating Board.

CURRENT STATUS

Department staff notified institutions as to which were above and below average tuition for the 2018-2019 academic year and the rate of change in the CPI for the applicable period, which is 2.1%. The commissioner has also distributed a link to the HESFA waiver request process and a reminder that waiver requests must be submitted on March 1, May 1, or July 1.

As of May 1, 2018, the MDHE had received one notice of tuition change that will trigger the fine provision of HESFA if the institution does not request and receive a waiver of that provision. Missouri Southern State University (MSSU) intends to increase its annual tuition by \$900, or 15%. The maximum increase permitted

for MSSU without triggering the fine provision of HESFA is \$147.14. The commissioner has informed MSSU that this increase triggers the fine provision and has provided information about how to request a waiver.

Other tuition notifications received as of May 1, 2018:

Missouri Western State University will increase tuition by \$147.00 from \$6,692.60 to \$6,839.00 for 2018-2019. This does not trigger the HESFA fine provision.

State Technical College of Missouri will increase tuition by \$142.50. They were allowed to raise tuition up to \$147.14. This does not trigger the HESFA fine provision.

NEXT STEPS

The commissioner will evaluate any requests for waivers of the fine provision, determine whether any increases above the statutorily permitted amount are sufficiently warranted, recommend a fine, and asked the Coordinating Board to make a final decision about the amount of the fine.

RECOMMENDATION

This is an information item only.