Funding trends in higher education
- National
- Missouri
- University of Missouri System
- Missouri S&T

FY18 budget: guiding principles & actions

FY19 budget: governor & legislative proposals
- Predictions, planning, and guiding principles
- Proposed actions thus far

Helping ourselves thrive into the future
Factors driving U.S. public education budgets

- Falling state appropriations
- Increasing operations costs
- Flat to falling tuition per student
- Competitive enrollment environment (flat HS graduation rates)
- Increasingly competitive research environment
- Mandatory state obligations
- National policies
MISSOURI HIGHER EDUCATION

State Higher Education Executive Officers Association (SHEEO)

HIGHER EDUCATION SUPPORT PER CAPITA BY STATE, FY 2016

Missouri, $194
45th among states

U.S. average, $289
State Support is Changing Significantly

Only drop without preceding recession

Shaded portions represent economic recession
Tuition Replaces State Support as Primary Revenue Source

First time in U. history where both tuition and state support 3 yr. drop
MISSOURI HIGHER EDUCATION

State Higher Education Executive Officers Association (SHEEO)

TOTAL EDUCATIONAL REVENUE PER FTE (CONSTANT DOLLARS):
PERCENT CHANGE SINCE RECESSION (2008-2017)

Missouri, -17.2%
50<sup>th</sup> among states

U.S. average, +5.8%
## Operating income in millions, FY18 (projected)

<table>
<thead>
<tr>
<th></th>
<th>Operating revenues</th>
<th>Operating expense</th>
<th>Operating income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Columbia</td>
<td>1,342</td>
<td>1,361</td>
<td>(19)</td>
</tr>
<tr>
<td>Kansas City</td>
<td>365</td>
<td>384</td>
<td>(19)</td>
</tr>
<tr>
<td>Missouri S&amp;T</td>
<td>221</td>
<td>220</td>
<td>1</td>
</tr>
<tr>
<td>St. Louis</td>
<td>214</td>
<td>211</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total – academic enterprise</strong></td>
<td><strong>2,142</strong></td>
<td><strong>2,176</strong></td>
<td><strong>(34)</strong></td>
</tr>
<tr>
<td>UM System</td>
<td>72</td>
<td>71</td>
<td>1</td>
</tr>
<tr>
<td>MU Health Care</td>
<td>1,004</td>
<td>897</td>
<td>107</td>
</tr>
<tr>
<td><strong>Total consolidated</strong></td>
<td><strong>3,218</strong></td>
<td><strong>3,144</strong></td>
<td><strong>74</strong></td>
</tr>
</tbody>
</table>
Without action, a $150-200 million gap forms

Annual Assumptions
- 1% New Enrollment Growth
- 2% Tuition Increases
- Flat to Declining State Support
- Flat Employee Headcount
- 2% Salary Merit Pool

Graph showing trends in Total Revenues and Total Expenses from 2015 to 2023, projecting a $160 million gap.
Without action, a $150-200 million gap forms

Annual Assumptions

• 1% New Enrollment Growth
• 2% Tuition Increases
• Flat to Declining State Support
• Flat Employee Headcount
• 2% Salary Merit Pool
## Missouri S&T FY18 Budget

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State appropriations</td>
<td>(5,111,581)</td>
</tr>
<tr>
<td>Net tuition revenue increase</td>
<td>1,362,200</td>
</tr>
<tr>
<td>Unavoidable cost increases*</td>
<td>(1,400,000)</td>
</tr>
<tr>
<td>Strategic investments**</td>
<td>(3,605,619)</td>
</tr>
<tr>
<td>Total shortfalls</td>
<td>(8,755,000)</td>
</tr>
</tbody>
</table>

* Insurance, utilities, maintenance and repair, promotion and tenure, graduate aid
** Faculty and faculty support, supplemental core instruction, phonathon funding, enrollment contingency
Guiding principles for FY18

- Protect academic core
- Protect revenue streams
- Perform cuts strategically (no across-the-board reductions)

Reductions and reorganization

- Eliminated 36 vacant staff positions and 15 occupied staff positions
- Eliminated two vice chancellor positions
- Reduced provost’s direct reports from 11 to 9
  - Provost’s immediate staff reduced from 11 to 6 since 2014
Guiding principles (FY18)
• Protect academic core
• Protect revenue streams
• Perform cuts strategically (no across-the-board reductions)

New guiding principles (FY19 budget)
• Enhance academic core
• Enhance/create revenue streams
• Strategic investments for enhanced efficiency/service
• New/different ways to serve students better
FY19 Governor’s Budget Proposal

**Proposed Budget Changes**

- **$87.5 million increase** for K-12 education
- **$162.8 million increase** for infrastructure
- **$68.2 million decrease** for higher education
- **-$43M UM System**
- **-$5.5M Missouri S&T**

- 7.7% cut to public higher education ($68.2M)
- Does not include 3% reserve (released only once in last 30 years)
- Additional 10% of core funding tied to performance measures
- Last year: ~10% reduction in core state funding
- Does not include line items
$68.2 million restored
No performance-measure funding this year
60% line item funding in core budget
- Expand Project Lead The Way
- Mechanical Engineering at Missouri State-S&T cooperative program
FY19 BUDGET PLANNING

$5 million reductions/investments to balance budget

- Reduction in state appropriations still possible
- Planning for slow/no enrollment growth and a change in student mix
- Tuition and fee increase
- Increases in operating costs
  - Planning for a 2% merit increase pool ($2 million, or 40% of $5 million)
  - Increase in medical benefits costs +
  - Some increases in mandatory costs

Investment needed to implement strategic plan
# Proposed FY19 Budget Actions

<table>
<thead>
<tr>
<th>Division</th>
<th>Current GRA</th>
<th>Proposed reduction / reinvestment</th>
<th>% reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advancement</td>
<td>4,545,892</td>
<td>631,235</td>
<td>13.9%</td>
</tr>
<tr>
<td>Chancellor</td>
<td>1,044,883</td>
<td>170,000</td>
<td>16.3%</td>
</tr>
<tr>
<td>Diversity, Equity and Inclusion</td>
<td>1,032,081</td>
<td>30,000</td>
<td>2.9%</td>
</tr>
<tr>
<td>Finance and Operations</td>
<td>12,900,821</td>
<td>626,000</td>
<td>4.9%</td>
</tr>
<tr>
<td>Marketing and Communications</td>
<td>1,821,547</td>
<td>50,000</td>
<td>2.7%</td>
</tr>
<tr>
<td>CASB</td>
<td>23,925,103</td>
<td>957,000</td>
<td>4.0%</td>
</tr>
<tr>
<td>CEC</td>
<td>39,717,790</td>
<td>1,588,712</td>
<td>4.0%</td>
</tr>
<tr>
<td>Provost – Academic Administrative Support</td>
<td>21,253,357</td>
<td>1,320,000</td>
<td>6.2%</td>
</tr>
<tr>
<td>Student Affairs</td>
<td>4,590,900</td>
<td>288,000</td>
<td>6.3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>110,832,372</strong></td>
<td><strong>5,660,947</strong></td>
<td><strong>5.1%</strong></td>
</tr>
</tbody>
</table>
## Proposed FY19 Budget Actions

<table>
<thead>
<tr>
<th>Division</th>
<th>Completed or proposed actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advancement</td>
<td>• Eliminate Corporate Relations (5 FTE)</td>
</tr>
<tr>
<td>Chancellor</td>
<td>• Eliminate 2 FTE</td>
</tr>
<tr>
<td>Diversity, Equity and Inclusion</td>
<td>• Reduce E&amp;E</td>
</tr>
<tr>
<td>Finance and Operations</td>
<td>• Reduce HR staff by 1 FTE</td>
</tr>
<tr>
<td></td>
<td>• Reallocate staff, reduce E&amp;E, charge for special support services in IT</td>
</tr>
<tr>
<td></td>
<td>• Move 1 University Police FTE to non-GRA</td>
</tr>
<tr>
<td></td>
<td>• Reduce University Police E&amp;E</td>
</tr>
<tr>
<td></td>
<td>• Eliminate 1 FTE in VC office</td>
</tr>
<tr>
<td></td>
<td>• Review institutional research function</td>
</tr>
<tr>
<td>Marketing and Communications</td>
<td>• Reduce E&amp;E</td>
</tr>
</tbody>
</table>
# Proposed FY19 Budget Actions

<table>
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<tr>
<th>Division</th>
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<tr>
<td>CASB</td>
<td>• Reduce E&amp;E</td>
</tr>
<tr>
<td></td>
<td>• Reduce faculty and staff positions (strategically cancelling searches)</td>
</tr>
<tr>
<td>CEC</td>
<td>• Reduce E&amp;E</td>
</tr>
<tr>
<td></td>
<td>• Reduce faculty and staff positions (strategically cancelling searches)</td>
</tr>
<tr>
<td>Provost – Academic Administrative Support</td>
<td>• Use internal talent for CAFÉ initiative (eliminate full-time director position)</td>
</tr>
<tr>
<td></td>
<td>• Reduce supplemental support for academic units</td>
</tr>
<tr>
<td></td>
<td>• Review centralizing OSP post-award process</td>
</tr>
<tr>
<td></td>
<td>• Invest in first-year experience</td>
</tr>
<tr>
<td>Student Affairs</td>
<td>• Move some Career Fair expenses to non-GRA funding</td>
</tr>
<tr>
<td></td>
<td>• Eliminated Office of Professional Leadership and Campus Engagement (completed December 2017)</td>
</tr>
<tr>
<td></td>
<td>• Reduce student waivers in athletics, replace with non-GRA sources</td>
</tr>
<tr>
<td></td>
<td>• Reduce staffing</td>
</tr>
</tbody>
</table>
Our environment is changing, and the long-term trends are not going away

- Falling state appropriations
- Increasing operations costs
- Flat to falling tuition per student
- Competitive enrollment environment (flat HS graduation rates)
- Increasingly competitive research environment
- Mandatory state obligations
- National policies
What kind of university will we be in 5–10 years?

Without action, a $150-200 million gap forms

Annual Assumptions

- 1% New Enrollment Growth
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- Flat Employee Headcount
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We can close the gap
We must change significantly as an institution to thrive

- Must enhance our quality, which will require investment
- Investment will not come from the state
- Very little investment will come from tuition, and it must be program-specific
- Administrative review will generate some investment, but it won’t solve all of our needs
- Academic innovation, productivity, and program review will remain keys to our success
What kind of university will we be in 5–10 years?

- Where do we all see opportunities to excel?
- Opportunities to grow revenue in new and innovative ways
- Missouri S&T is starting from a position of strength
  - Strong or steady enrollment compared to other UM campuses
  - Increases in faculty numbers compared to other UM campuses
  - We offer remarkable ROI and remain a great value

- We will not excel by doing more with less
- Must invest in the success of our people and our students
Opportunities to enhance revenue & reputation

- Moving to "highly selective" status
- Growing partnerships with other institutions
  - Missouri S&T-Missouri State Cooperative Engineering Program
  - Engineering technology degrees?
  - Research partnerships with public and private sectors?
  - Joint degrees with UM campuses (e.g., PhD in Renewable Energy Engineering with Columbia; joint actuarial degree with UMSL)?
- Undergraduate "Minors" as "Certificates"?
- Professional graduate degrees?
- Incentivizing IP and patent activity?
- Additional/creative opportunities for post-docs, NTTs, etc.
HELPING OURSELVES THRIVE

Ask yourself “What can I do? What can we do together?”

- S&T is in a good place
- We can change our future
- I look forward to our journey together

In charting our course to the future, we are mindful of our path from the past

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I have noticed even people who claim everything is predestined, and that we can do nothing to change it, look before they cross the road.

Stephen Hawking

---

Brad Henry

PICUREQUOTES.com
THANK YOU!