



Missouri State[™]

U N I V E R S I T Y

August 1, 2013

Missouri Department of Higher Education
c/o Dr. David Russell
Commissioner of Higher Education
Missouri Department of Higher Education
205 Jefferson Street
Jefferson City, MO 65102

Dear Commissioner Russell:

Missouri State University is pleased to submit its Form 5 – Decision Items for our Appropriations Request for Operations for Fiscal Year 2015. In all, there are three decision items requested: recovery of reduced appropriations, inflationary funding, and maintenance and repair funding. Should funds be available, we are respectfully requesting an appropriation of additional ongoing state revenues totaling \$11,933,870. As you know, we are providing this request in compliance with the policies and practice of the Coordinating Board for Higher Education.

A summary of the justification for our Decision Items is as follows:

Decision Item 01: Recovery of Reduced Appropriations **\$2,907,392**

For fiscal year 2014, Missouri State University's annual state appropriations are \$8.7 million less than the amount received in fiscal year 2009. For this five year period, CPI has increased 9.3%, or on average 1.8% annually. Missouri State University is requesting an increase in our appropriation to recover the reduced appropriations since fiscal year 2009 in three year installments - \$2,907,392 for the first year.

Decision Item 02: Inflationary Funding **\$1,134,102**

In order to continue to be competitive for excellent faculty, staff and students and to maintain the quality of our programs, the University must address the current rising cost of utilities, transportation, employee healthcare and wellness, and other supplies and services necessary for the development of an educated person.

Attracting and retaining outstanding faculty and staff is essential to the University's success. Unfunded enrollment growth and chronically low state funding have not allowed salaries to keep pace with competition. The University cannot attract or retain competitive staff without giving salary increases. The amount of increase should be comparable to inflation (1.4%).

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In addition, Missouri State University will emphasize student recruitment and retention to ensure student success that will benefit Missouri through a more educated society and productive workforce. Inflationary funding increases will enable Missouri State University to better identify qualified students, assist them as they transition into post-secondary education and provide support throughout their educational experience that will result in successfully completing their educational programs.

Increases in Inflationary Funding will permit Missouri State University to upgrade, expand and maintain laboratory and classroom facilities and technologies that are constantly changing. Tomorrow's leaders need to gain the expertise and experience that better tools and facilities can provide.

The cost of utilities has increased at a rate far greater than the consumer price index and the University has increased its total building square footage with the acquisition and construction of new buildings.

Decision Item 03: Maintenance & Repair Funding

\$7,892,376

The University's backlog of maintenance and repairs continues to grow faster than the available resources. At the end of fiscal year 2013, the backlog in maintenance and repair stood at \$105 million. The accepted industry standard for annual maintenance and repair expenditures is 2 to 4 percent of the base construction replacement value (BCRV). The 1.5% used for this request was recommended by the Missouri Department of Higher Education.

Progress in addressing the backlog in maintenance and repair of the physical plant was achieved in the late 1990s; however, since that time, with the exception of Lewis and Clark funding in FY2008, University maintenance and repair resources have been insufficient to accomplish little more than the correction of some life safety, accessibility and critical operational deficiencies. The \$7,892,376 represents 1.5% of the replacement value of the University's academic buildings, which are valued at \$526,158,380.

Each of our requests contains a basis of support, documentation and calculations. We believe our request is reasonable and reflects a commitment necessary to improve and advance the State of Missouri by developing educated persons.

Yours very truly,



Clifton M. Smart III
President

**UNRESTRICTED EDUCATION AND GENERAL
NEW DECISION ITEM REQUEST
FORM 5**

Department: Higher Education
Level 2: Missouri State University System
Level 3: Springfield, West Plains and Mountain Grove Campuses

Decision Item Name: Recovery of Reduced Appropriations

Decision Item Rank: 01

I. Purpose and Criteria for Inclusion in Request

Should funds become available, we are requesting a \$2,907,392 increase in our appropriation from the State of Missouri to recover one-third of the reduced appropriations since fiscal year 2009. This adjustment will aid in maintaining adequate support of core activities, including attracting and retaining outstanding faculty and staff.

II. Description

Missouri State University's Springfield Campus serves more than 21,000 students from all fifty states and 86 foreign countries. Of the total student enrollment, about 50 percent are from the 24-country southwest Missouri region and more than 85 percent are from the state of Missouri. Missouri State's required undergraduate tuition and fees for Missouri residents are at the average for all Missouri public universities. The Missouri State West Plains Campus serves more than 2,100 students from south central Missouri. The West Plain campus provides education to residents from one of the poorest congressional districts in the United States.

The University requires additional funding in order to continue to be competitive for excellent faculty, staff and students and to maintain the quality of our programs and the development of an educated person.

III. Cost Explanation

Our intended use of funds is documented in our newly adopted long-range strategic plan and summarized below.

Missouri State University intends to achieve four goals:

- Improving the undergraduate programs across campus through emphasis on student learning outcomes, and elevate multiple programs to "destination program" status.
- Strengthening and expanding focused graduate programs to positively impact the region and state.

- Creating a more diverse student body and workforce.
- Establishing the University as an “employer of choice.”

In fiscal year 2009, Missouri State University received \$87.3 million in state appropriations. Based upon a 3% state reserve holdback, we are projected to receive \$78.6 million in state appropriations for fiscal year 2014, a reduction of \$8.7 million from fiscal year 2009. The CPI index increased 9.3% during this five year period, or on average 1.8% annually. Since state appropriations have not been able to keep pace with inflation, the total shortfall in state appropriations taking into account inflation is approximately \$16.9 million.

Attracting and retaining outstanding faculty and staff is essential to the University’s success now and in the future. The reductions in appropriations have not allowed salaries to keep pace with competition. In fiscal year 2012, the average salary for Missouri State University-Springfield all rank faculty was 8.1% below their peers at public, master’s institutions. Staff and academic administrators average salaries were 13.5% below average and mid-level staff was 6.6% below average. This benchmark data is from the CUPA (College and University Professional Association for Human Resources) salary surveys.

TOTAL **\$8,722,175**

Our request is for **\$2,907,392 (one third of the total)**

Missouri State University requests if additional funds become available that the \$8.7 million reduction in appropriations since fiscal year 2009 be funded over a three year period. Missouri State University is requesting an increase in our appropriation to recover the reduced appropriations since fiscal year 2009 in three year installments - \$2,907,392 for the first year.

| | State Appropriations * | CPI Index | FY 2009 State Appropriation * Adjusted for Inflation |
|---------|------------------------|-----------|---|
| FY 2009 | \$87,299,246 | | \$87,299,246 |
| FY 2010 | \$87,299,244 | 0.1% | \$87,379,049 |
| FY 2011 | \$82,755,488 | 2.7% | \$89,756,922 |
| FY 2012 | \$77,192,869 | 1.5% | \$91,099,437 |
| FY 2013 | \$76,962,606 | 3.0% | \$93,798,184 |
| FY 2014 | \$78,577,071 | 1.7% | \$95,431,232 |

* Does not include the traditional 3% state reserve holdback

IV. Evaluation of Outcomes

Missouri State University has adopted six strategic directions within its long-range plan. They are:

- Access to Success
- Public Affairs Integration
- Engaged Inquiry
- Partners for Progress
- Valuing and Supporting People
- Responsible Stewardship

Each of these strategic directives has established measurable desired objectives and tactics. We will evaluate our success and achievements using the designated criteria.

**UNRESTRICTED EDUCATION AND GENERAL
NEW DECISION ITEM REQUEST
FORM 5**

Department: Higher Education
Level 2: Missouri State University System
Level 3: Springfield, West Plains and Mountain Grove Campuses

Decision Item Name: Inflationary Funding

Decision Item Rank: 02

I. Purpose and Criteria for Inclusion in Request

Should funds become available, we are requesting a \$1,134,102 (1.4%) increase in our appropriation from the State of Missouri to cover inflationary costs anticipated for the current year. This adjustment for inflation will aid in maintaining adequate support of core activities. (We recognize that the actual 2013 inflation index will not be known until January 2014. Our request is based on the most recent Urban CPI index – June 2013.)

II. Description

In order to continue to be competitive for excellent faculty, staff and students and to maintain the quality of our programs, the University must address the current rising cost of utilities, transportation, employee healthcare and wellness, and other supplies and services necessary for the development of an educated person.

III. Cost Explanation

Our intended use of funds is documented in our newly adopted long-range strategic plan and summarized below.

Missouri State University intends to achieve four goals:

- Improving the undergraduate programs across campus through emphasis on student learning outcomes, and elevate multiple programs to “destination program” status.
- Strengthening and expanding focused graduate programs to positively impact the region and state.
- Creating a more diverse student body and workforce.
- Establishing the University as an “employer of choice.”

In order to accomplish these four goals, Missouri State will focus on the following priorities:

**Maintaining salaries against inflation
(including associated fringe benefits)**

| | |
|--------------------|--------------------|
| Springfield | \$1,920,537 |
| West Plains | \$112,659 |

Attracting and retaining outstanding staff and faculty is essential to the University's success. Unfunded enrollment growth and chronically low state funding have not allowed salaries to keep pace with competition. The University cannot attract or retain competitive staff and faculty without giving salary increases. The amount of increase should be comparable to inflation (1.4%).

In addition, Missouri State University will emphasize student recruitment and retention to ensure student success that will benefit Missouri through a more educated society and productive workforce. Inflationary funding increases will enable Missouri State University to better identify qualified students, assist them as they transition into post-secondary education and provide support throughout their educational experience that will result in successfully completing their educational programs.

**Instructional, Research, Service, Facilities, and Academic,
Student and Institutional Support Expenses**

| | |
|--------------------|------------------|
| Springfield | \$394,466 |
| West Plains | \$21,071 |

The Consumer Price Index, as published by the Bureau of Labor Statistics, for All Urban Consumers (CPI-U) is currently at 1.4% (for June 2013) (www.bls.gov/cpi). Increases in Inflationary Funding will permit Missouri State University to upgrade, expand and maintain laboratory and classroom facilities and technologies that are constantly changing. Tomorrow's leaders need to gain the expertise and experience that better tools and facilities can provide. An increase for inflation for our supplies and services is being requested.

Utilities

| | |
|--------------------|-----------------|
| Springfield | \$55,270 |
| West Plains | \$3,884 |

The cost of utilities has increased at a rate far greater than the consumer price index and the University has increased its total building square footage with the acquisition and construction of new buildings. We are requesting an increase of 1.4% on our current utility costs. Energy conservation measures will continue to be sought and implemented to keep the trend of energy cost per square foot on a downward path.

| | |
|--------------|--------------------|
| TOTAL | \$2,507,887 |
|--------------|--------------------|

Our request is for **\$1,134,102** (45.2% of the total).

Should additional funding become available, we respectfully request that the difference between the documented need and the request be addressed.

IV. Evaluation of Outcomes

Missouri State University has adopted six strategic directions within its long-range plan. They are:

- Access to Success
- Public Affairs Integration
- Engaged Inquiry
- Partners for Progress
- Valuing and Supporting People
- Responsible Stewardship

Each of these strategic directives has established measurable desired objectives and tactics. We will evaluate our success and achievements using the designated criteria.

**UNRESTRICTED EDUCATION AND GENERAL
NEW DECISION ITEM REQUEST
FORM 5**

Department: Higher Education
Level 2: Missouri State University System
Level 3: Springfield, West Plains and Mountain Grove Campuses

Decision Item Name: Maintenance & Repair Funding

Decision Item Rank: 03

I. Purpose and Criteria for Inclusion in Request

Should funds become available, we are requesting \$7,892,376 increase in our appropriation from the State of Missouri to provide Maintenance & Repair Funding that will aid in maintaining the University's facilities. Our request is based on 1.5% of the replacement value of our buildings. In order to offer top-notch programs and maintain a competitive edge in enrollment, increased resources are needed for maintenance and repair of core academic buildings. The University has many life safety, accessibility and critical operational deficiencies that must be addressed.

II. Description

The University's backlog of maintenance and repairs continues to grow faster than the available resources. At the end of fiscal year 2013, the backlog in maintenance and repair stood at \$105 million. The accepted industry standard for annual maintenance and repair expenditures is 2 to 4 percent of the base construction replacement value (BCRV). The 1.5% used for this request was recommended by the Missouri Department of Higher Education.

III. Cost Explanation

Our intended use of funds is documented in our newly adopted long-range strategic plan and summarized below.

Missouri State University intends to achieve four goals:

- Improving the undergraduate programs across campus through emphasis on student learning outcomes, and elevate multiple programs to "destination program" status.
- Strengthening and expanding focused graduate programs to positively impact the region and state.
- Creating a more diverse student body and workforce.

- Establishing the University as an “employer of choice.”

In order to accomplish these four goals, Missouri State will focus on the following priorities:

Maintenance and Repair **\$7,892,376**

Progress in addressing the backlog in maintenance and repair of the physical plant was achieved in the late 1990s; however, since that time, with the exception of Lewis and Clark funding in FY2008, University maintenance and repair resources have been insufficient to accomplish little more than the correction of some life safety, accessibility and critical operational deficiencies. The amount requested is based on 1.5% of the replacement value of the University’s buildings which is \$526,158,380.

TOTAL REQUEST **\$7,892,376**

Should additional funding become available, we respectfully request that this request for additional state appropriations be addressed.

IV. Evaluation of Outcomes

Missouri State University has adopted six strategic directions within its long-range plan. They are:

- Access to Success
- Public Affairs Integration
- Engaged Inquiry
- Partners for Progress
- Valuing and Supporting People
- Responsible Stewardship

Each of these strategic directives has established measurable desired objectives and tactics. We will evaluate our success and achievements using the designated criteria.