



Missouri State
U N I V E R S I T Y

August 3, 2017

Missouri Department of Higher Education
c/o Ms. Zora Mulligan
Commissioner of Higher Education
Missouri Department of Higher Education
205 Jefferson Street
Jefferson City, MO 65102

Dear Commissioner Mulligan:

Missouri State University is pleased to submit its Fiscal Year 2019 Appropriations Request for Operations. The request includes core funding and new decision items. We are providing this request in compliance with the policies and practice of the Coordinating Board of Higher Education. The total request of \$93,959,306 is comprised of the following:

Existing Funding for Core Operations

1. Operating Appropriation Base (Fiscal Year 2018 Core)	\$85,620,837
2. Collaborative Engineering Program (Fiscal Year 2018 Core)	<u>500,000</u>
Existing Funding for Core Operations – Total	\$86,120,837

New Funding for Core Operations

1. Core Operating Support / Performance Funding	\$4,281,042
2. Collaborative Engineering Program	<u>500,000</u>
New Funding for Core Operations – Total	\$4,781,042

New Decision Item Requests

1. Nursing Program Expansion	\$900,000
2. Entrepreneurship Program	325,000
3. Equity Funding for West Plains Campus	<u>833,979</u>
New Funding Decision Item Requests – Total	<u>\$2,058,979</u>

Total Core and New Funding Decision Item Requests **\$92,960,858**

Debt Offset Tax Authority **\$350,000**

Missouri Returning Heroes Act **\$648,448**

Total Missouri State University Request **\$93,959,306**

The justification for each of our requests follows.

Very Truly Yours,

Clifton M. Smart III
President

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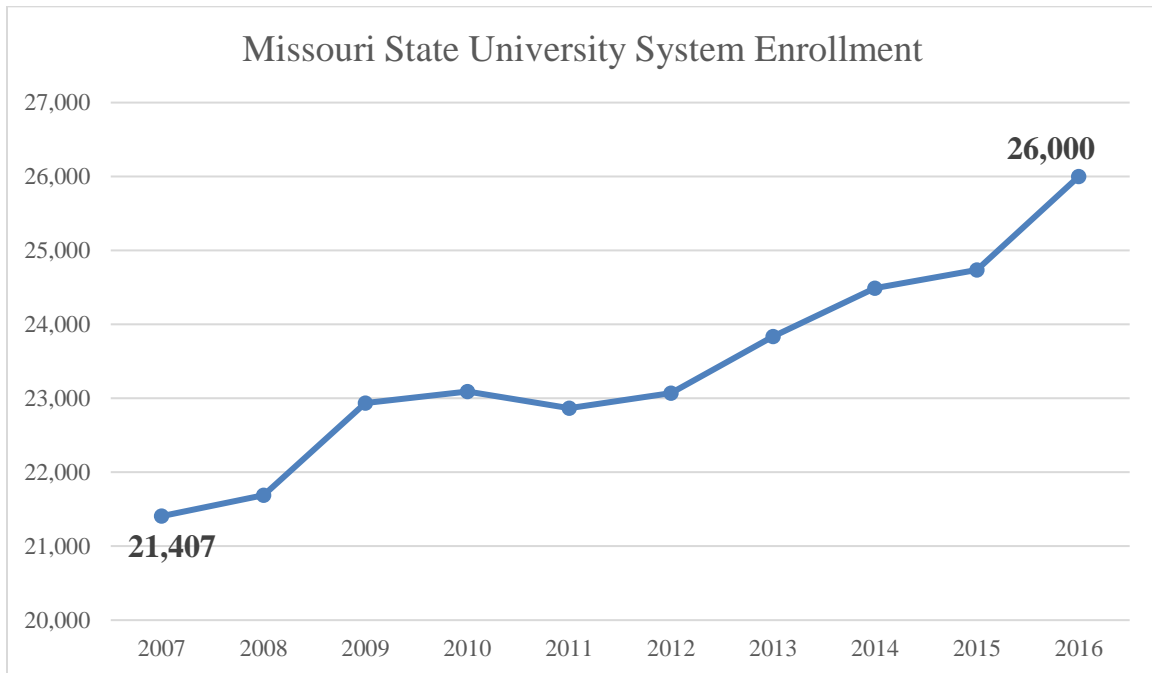
Missouri State University Fiscal Year 2019 Appropriations Request for Operations

A. Introduction

Missouri State University is committed to efficiency, affordability and quality.

1. Efficiency

Each year Missouri State takes steps to become more efficient. Enrollment has dramatically increased at Missouri State—rising by 21 percent since 2007.



Revenue has not kept pace with enrollment. Ninety-eight percent of Missouri State’s revenue comes through tuition, fees and state appropriations. Between fiscal years 2007 and 2017, without adjusting for inflation, Missouri State’s revenue from these sources per full time equivalent student (FTE) decreased by \$327. This was driven by a decrease of \$1,695 in state appropriations per FTE. Missouri State’s decreasing revenue per FTE has required Missouri State to become more efficient each year.

Moreover, Missouri State receives less state appropriations per FTE than any other public university in the state. By necessity, this has made Missouri State a leader in the state on efficiency.

Institution name	State Approp. (minus 3%)	Fall 2016 FTE Enrollment	State Approp. per FTE
Lincoln U	\$18,515,480	2,160	\$8,572
Harris-Stowe State U	\$10,085,080	1,251	\$8,062
Truman State U	\$43,341,223	5,505	\$7,873
U of Missouri System	\$434,940,406	57,778	\$7,528
Northwest Missouri State U	\$32,176,410	5,495	\$5,856
Missouri Western State U	\$22,647,639	3,988	\$5,679
U of Central Missouri	\$57,921,105	10,532	\$5,500
Southeast Missouri State U	\$47,838,554	9,174	\$5,215
Missouri Southern State U	\$24,549,785	4,869	\$5,042
Missouri State U	\$88,900,030	18,375	\$4,838

**chart prepared by Missouri Southern State University*

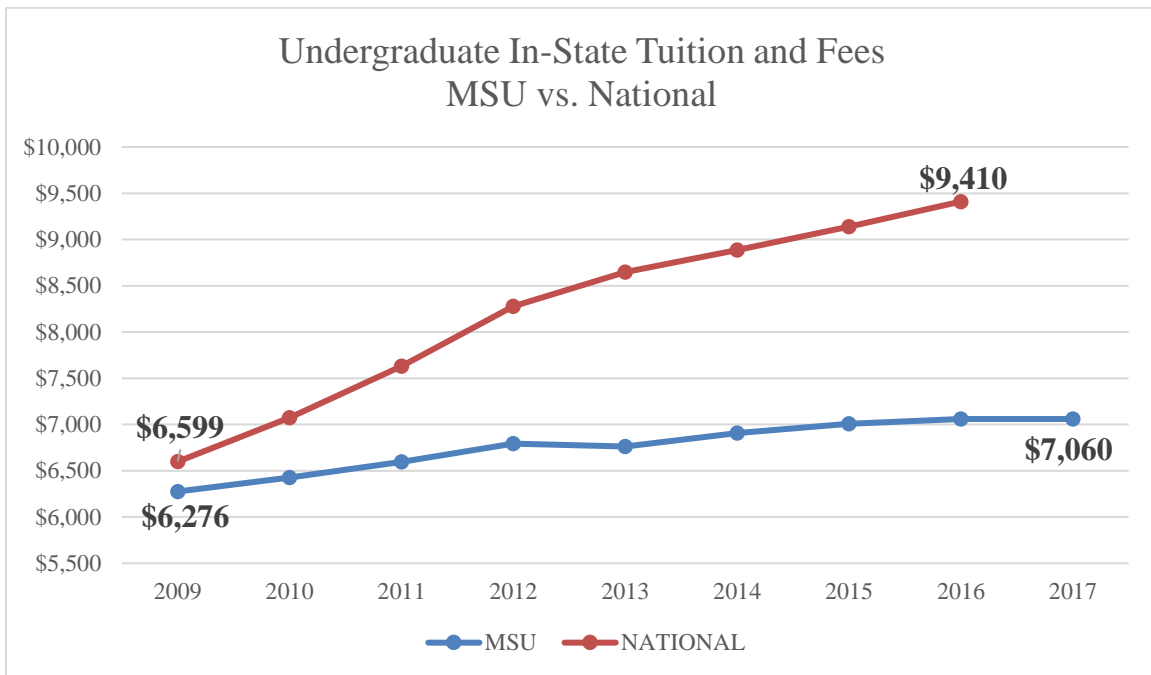
Limited resources have driven Missouri State to find cost savings and creative revenue through collaborative programs, aggressive procurement, renegotiated contracts, and reallocation of resources. Missouri State takes steps to manage its operations leaner and tighter each year, and the university takes pride in its record of efficiency.

2. Affordability

Missouri State's undergraduate tuition and fees are in the lowest half of the state's public four-year universities.

Institution name	In-state 2015-16	In-state 2016-17
U of Missouri – St. Louis	\$10,065	\$10,065
Missouri U of Science & Technology	\$9,620	\$9,629
U of Missouri – Kansas City	\$9,553	\$9,563
U of Missouri – Columbia	\$9,509	\$9,518
Northwest Missouri State U	\$8,459	\$9,179
Truman State U	\$7,456	\$7,456
U of Central Missouri	\$7,322	\$7,322
Missouri State U	\$7,060	\$7,060
Lincoln U	\$7,042	\$7,042
Southeast Missouri State U	\$6,990	\$6,990
Missouri Western State U	\$6,652	\$6,652
Missouri Southern State U	\$5,877	\$5,877
Harris-Stowe State U	\$5,820	\$5,820

From fiscal year 2009 through fiscal year 2017, Missouri State's undergraduate resident tuition increased by 10.2 percent while inflation was 12.6 percent. Meanwhile, public universities across the United States raised tuition and fees by an average of 46.2 percent.



Missouri State’s tuition remains considerably below its peers. In fiscal year 2017, the university’s tuition and fees were 26.8 percent below the national average for public universities. Despite sustaining reductions in state appropriations, Missouri State raised tuition and fees the last two years by only the rate of inflation.

3. Quality

Missouri State is recognized throughout the state, the country and the world for its signature undergraduate and graduate academic programs and superior student experience. The university has sought and received specialized accreditation in nearly all programmatic areas that have national accrediting organizations. Over half of Missouri State’s degree programs have specialized accreditation, and over half of Missouri State’s student body is pursuing a major in one or more of these programs.

Missouri State’s reputation has yielded significant enrollment growth, reaching 26,000 students in fall 2016. With over 4,000 students from the St. Louis area, over 4,000 students from the Springfield area, and over 1,500 students from the Kansas City area, Missouri State is truly a statewide comprehensive university.

While offering the benefits of a major public university, Missouri State remains a high-touch university. Students can easily access faculty and administrators, and Missouri State students and alumni take great pride in their university. As a comprehensive university (as opposed to a research university), Missouri State focuses on teaching students. Students are involved in the bulk of the research conducted at the university.

Missouri State focuses on developing the state’s workforce. The university’s two largest colleges offer degree programs directly connected to careers: the College of Business (5,497 students) and the College of Health and Human Services (4,570 students). Missouri State works each year to

eliminate academic programs with low workforce demand and create new programs in areas of high demand.

4. Concerns

Unfortunately, Missouri State's significant enrollment growth and lagging revenue has not only led to leaner and tighter operations. It now threatens the quality of the university.

Missouri State does not have sufficient resources to develop a number of academic programs in areas of critical workforce need. Missouri State has also not funded many student support initiatives that would decrease student's time to graduation and increase the university's output of credentialed workers in Missouri. While the university has made significant progress in developing new academic programs and implementing student support initiatives, much work remains to be done.

Compensation for all categories of employees at Missouri State lags behind national averages. Talented faculty, staff and administrators are leaving for better paying positions in private industry and other universities. It is becoming increasingly difficult to attract applicants to fill the vacated positions. As the pay gap widens, this becomes a worsening problem with a growing number of critical positions remaining vacant.

The Missouri State Employees' Retirement System (MOSERS) increased the employer contribution rate by 2.48 percent for fiscal year 2018. MOSERS has indicated another potential rate increase for fiscal year 2019 of approximately 2 percent. The impact of the increased employer contribution rate for fiscal year 2018 is approximately \$2.1 million and for fiscal year 2019 an estimated \$1.7 million. Since the state does not fund higher education's employer contributions to MOSERS, the fiscal year 2018 and potential fiscal year 2019 MOSERS increase represents an approximate 4.1 percent funding decrease.

Because funding has not kept pace with enrollment growth, Missouri State's faculty numbers have grown at a much slower pace than its student body. This has caused year-over-year increases to Missouri State's student to faculty ratio. The result is that Missouri State's ratio now exceeds the average for similar universities. Missouri State must invest in new faculty lines to keep pace with its significant enrollment growth.

5. Solutions

Missouri State will work throughout fiscal year 2018 to develop a plan to address these concerns. This plan will involve:

- Prioritizing and developing new undergraduate, graduate and micro-credential programs that will increase the number of qualified workers in health care, information technology, agriculture, entrepreneurship, and other areas of high workforce need.
- Prioritizing and developing student support programs that will decrease time to graduation, decrease the average number of credit hours at graduation, and increase retention and graduation rates.

- Developing a compensation package designed to enhance Missouri State’s ability to compete for talent in mission-critical positions.
- Increasing the number of faculty to teach Missouri State’s growing student body.
- Restructuring the university’s scholarship programs and increasing the university’s investment in these programs.

Missouri State is not asking for the state to fund the entire plan. Much of the plan can be funded by:

- Reducing expenses and reallocating resources. This will involve centralizing and reducing administrative support services currently provided on a decentralized basis.
- Generating new revenue through enrollment growth and creative revenue sources. Missouri State will continue its efforts to recruit and retain students and develop new degree programs in areas of high workforce need. Moreover, the university will evaluate and develop options for customized training, unbundled programs, and stackable non-degree credentials.
- Generate additional revenue through tuition and fee increases. The amount of these increases is unknown at this time, and the increases may trigger the Higher Education Student Funding Act limits. Missouri State charges significantly less than its competitors, and the university can increase tuition and fees without losing its value position. Missouri State’s restructured scholarship program will reduce the impact on the students most directly affected by tuition and fee increases. The university will also reduce the impact of tuition and fee increases on students through efforts to decrease time to graduation and the average number of credit hours at graduation.

Details about this plan will be shared as the year progresses.

B. Request for Existing Funding for Core Operations \$86,120,837

Missouri State requests that the state maintain its level of support included in the fiscal year 2018 budget. This support is critical to the university’s mission as a comprehensive institution offering undergraduate and graduate programs, including the professional doctorate. This funding supports the university’s Operating Fund for core student education and administrative operations. The funding for core operations is comprised of two items: 1) the fiscal year 2018 operating appropriation base of **\$85,620,837** and 2) **\$500,000** to fund an expansion of the collaborative engineering program with Missouri University of Science and Technology. The General Assembly first appropriated for the collaborative engineering program expansion in 2017. The appropriation was \$1,000,000 in fiscal year 2017 and \$500,000 in fiscal year 2018.

Missouri State further requests that the special line item for the collaborative engineering program be combined with the operating appropriation base into a single core line.

C. Request for New Funding for Core Operations

\$4,781,042

In addition to the support included in the fiscal year 2018 budget, Missouri State requests that the state increase its support for the two items referenced in section B above and in subsections C.1 and C.2 below.

1. Core Operating Support / Performance Funding

\$4,281,042

Consistent with the request of other Missouri public universities, Missouri State University requests that the state increase its operating appropriation base by five percent utilizing the established performance funding model. Missouri State will use these funds to reduce its student to faculty ratio from 22:1 to 21:1 at an estimated expense of \$3,322,300. The remaining funds will be used to implement other parts of the plan referenced in section A.5 above thereby reducing the revenue the university must generate through tuition and fee increases.

2. Collaborative Engineering Program

\$500,000

The university requests that the state restore the appropriation to expand the collaborative engineering program with Missouri University of Science and Technology to the fiscal year 2017 level (\$1,000,000). Details on the appropriation for this program can be found in section B above. Missouri State further requests that this appropriation be combined into Missouri State’s line item for core operating support.

D. Request for Funding for New Decision Items

\$2,058,979

In addition to existing and new funding for core operations, the university requests funding for the following decision items. These investments will improve the university’s ability to contribute to the state’s economic and workforce development goals. The decision items are in priority funding order.

1. Decision Item 01: Nursing Program Expansion

\$900,000

The shortage of nurses in Missouri has reached an all-time high. There are nearly 6,000 vacant nursing positions in Missouri hospitals. Details about the state’s nursing shortage can be found in the Missouri Hospital Association’s 2017 Workforce Report (<http://web.mhanet.com/workforce.aspx>). The report identifies “limited capacity of nursing schools” as a driving factor in the nursing shortage.

Missouri State’s School of Nursing offers community-based nursing programs from baccalaureate to doctorate. However, the capacity of Missouri State’s nursing programs is limited due to available resources. The university requests that the state invest in an expansion of its School of Nursing. This expansion will include:

- Increasing the capacity of its Bachelor of Science in Nursing (BSN) Program to cohorts of 100 students (cohorts currently consist of 61 students).

- Developing an accelerated second degree option for the BSN program that will allow adults who have a bachelor’s or graduate degree in a non-nursing discipline to fast-track their transition to licensure as a registered nurse.
- Implement leadership degree options in the university’s existing Doctor of Nursing Practice program to meet the needs of Missouri hospitals and health care providers lacking qualified applicants for administrative nursing positions.

To meet accreditation requirements, the university will hire approximately eight nursing faculty, four graduate assistants and one academic advisor to complete this expansion of the nursing program. This expansion is consistent with the plan referenced in section A.5 above.

2. Decision Item 02: Entrepreneurship Program \$325,000

Springfield has emerged as a hotbed for entrepreneurial activity. WalletHub named Springfield as the 11th best city in the nation to start a business, Milliken Institute included Springfield as the 53rd best-performing city in America and Forbes Magazine named Springfield as the top city “you didn’t expect to be great for business”.

Missouri State has played a significant role in this success. Most notably, Missouri State’s business incubator—the eFactory—was recently ranked third in Entrepreneur Magazine’s list of “incubators that can help your startup”. Through Missouri State’s economic development initiatives and activities like the Jordan Valley Innovation Center and the eFactory, the University has facilitated the generation of 1,038 jobs, \$30 million in private-funded capital and \$11 million in government-funded capital.

Meanwhile, Missouri State operates the largest business school in Missouri and the 34th largest in the United States. Missouri State’s College of Business provides an exceptional education—the university’s Ad Team has won seven national championships in the last nine years and the university cybersecurity online MBA program was recently ranked second in the country.

To meet the educational needs for the entrepreneurial workforce in the Springfield area and throughout the state, Missouri State requests that the state invest in an expansion of Missouri State’s entrepreneurship degree program. The expanded program will focus on engaging entrepreneurship students with the eFactory’s accelerator program, with the research occurring at the Jordan Valley Innovation Center and with outside speakers and consultants to participate in hands-on learning through business startup, pitch and business plan competitions, mentorship programs, competitive student clubs and teams, and the like. The university will hire one additional faculty member, a support staff member and a graduate assistant to complete this expansion. This expansion is consistent with the plan referenced in section A.5 above.

3. Decision Item 03: Equity Funding for West Plains Campus \$833,979

Missouri State University-West Plains (MSU-WP) is one of fourteen public two-year colleges in Missouri. The college is located in the 17th poorest congressional district and, unlike community colleges, it does not receive property tax revenue to support its operations. Over the past several years, thirteen other public two-year colleges have received equity funding above their core appropriations. MSU-WP was the only public two-year college not to receive equity funding. The

university requests that MSU-WP receives the same level of equity funding that State Technical College of Missouri, the only other public two-year college in Missouri that is not a community college, received during the past two years—\$833,979.

Should public two-year colleges receive equity funding or a similar appropriation in fiscal year 2019, the university requests that MSU-WP receive its share of such funding.

E. Debt Offset Tax Authority **\$350,000**

This represents the current amount Missouri State receives for the tax refund offset appropriation.

F. Missouri Returning Heroes Act **\$648,448**

The university requests reimbursement for tuition waived in FY2009 through FY2018 for the Missouri Returning Heroes Education Act. This act limits the amount of tuition charged to combat veterans who meet certain criteria but provides that institutions may request the tuition waived in the following year's appropriation request. Since the request was not funded in previous years, all years are included. Based on the most recent data available, 183 unduplicated students have benefited from this program.