

SUMMARY OF IMPACT STATEMENTS FOR HIGHER EDUCATION INSTITUTIONS

A review of the impact of cuts to state appropriations must begin with an evaluation of the current level of state support. Missouri currently ranks 47th in the nation in per capita support for higher education, spending just \$159 per student compared to our neighbors in Kansas (\$297), Illinois (\$227) and Arkansas (\$303).

This ranking has its roots in the state's budget shortfall in fiscal years 2001-2002, when the budget was balanced in large part through reduced appropriations for public higher education.

Appropriations stagnated until the past two years, when modest and much-needed increases in state funding were provided. Nevertheless, state appropriations to public higher education institutions have just now reached levels last seen several years ago. Since then, enrollments have increased across the state by more than 15,000 students, as Missourians of all ages and backgrounds turn to higher education to prepare for careers, upgrade their skills and move forward financially.

This context makes it clear that higher education should be a last resort for core cuts as the state addresses its budget challenges. Missouri's public colleges and universities are already among the most poorly funded in the nation. To cut institutions' operating budgets further will have both short- and long-term negative implications for Missouri students, their families, their communities, and the ability of the state to grow its economy.

EFFICIENCIES IN HIGHER EDUCATION INSTITUTIONS

With fewer resources and more students, Missouri's public colleges and universities have, over the past several years, pursued a number of cost-saving measures in order to become more efficient. Several institutions provided lists of the various measures they have taken, many of which include:

- Phasing out academic programs
- Holding faculty and staff salary increases below inflation
- Using more adjunct faculty
- Deferring needed maintenance and repair
- Instituting energy conservation measures, and
- Reducing administrative positions and overhead.

The University of Missouri System, for example, saw an average enrollment increase among its four campuses of almost 16 percent during the time state appropriations were being cut and then not replaced. During this time the University instituted various efficiency and cost-containment measures that saved millions of dollars through organizational consolidations, energy conservation, business process improvements, workforce reductions, outsourcing, innovative use of technology, competitive contracting, and debt restructuring. Detailed documentation of these measures was provided by the University.

Higher education institutions will continue their commitment to operating efficiently and maximizing limited resources. At the same time, they must seek to maintain current levels service and quality with increased numbers of students seeking classes, employers seeking specialized workforce training, and state and local leaders seeking economic development.

IMPACTS OF CORE CUTS

Institutions have provided many examples of the impacts that cuts of this magnitude would have on their current operations and students. Among the impacts on university campuses are:

- **Missouri State University** -- a 25 percent budget cut would exceed the total amount of student scholarships and financial aid awarded by the school, or the entire budget of any of the colleges at the university
- **Truman State University** – a 25 percent reduction (and perhaps at the 15 and 20 percent reductions as well) would prevent the institution from fulfilling its mission as a highly selective public liberal arts institution
- **Harris-Stowe State University** – cuts of 20 to 25 percent would threaten the continued existence of the institution
- **Missouri Southern State University** – tuition increases of between 23 and 38 percent would be needed to replace such cuts
- **Missouri Western State University** – cuts of 25 percent would reduce student scholarships, financial aid, and employment opportunities by \$1.3 million

In addition, **community colleges** predicted that several academic programs would be cut, including technical education, career education, continuing education, Spanish, dental hygiene and computer networking. These programs play a key role for thousands of students in preparing to meet the demands of today's economy.

For remaining programs, the institutions predict larger student/teacher ratios, reduced financial aid, reduced choice of courses and times, loss of experienced faculty, higher costs to employers for job training, and loss of earning power by students who cannot afford projected tuition increases. These impacts will likely mean that it will take students longer to complete their programs, and the development of a competitive workforce in Missouri will be hindered.

Some entire facilities operated by community colleges would be closed, including the Lake of the Ozarks Education Center (a satellite of State Fair Community College) and two campus child care centers (at St. Louis Community Colleges). Most community colleges would defer routine maintenance on buildings to reduce costs immediately.

Community colleges also reported that they will likely lose outside revenue totaling \$5.1 million from grants that require local matches.

IMPACTS ON COMMUNITIES AND THE ECONOMY

Public institutions of higher learning contribute more than \$3 billion to the state's economy, with almost \$2 billion devoted to the salaries and benefits of their employees. Almost every

institutional response to potential cuts of 15 to 25 percent of their appropriation predicted that lay-offs would result.

With 550 full-time employees, Missouri Western is St. Joseph's 10th largest employer. Its expenditures in the community result in an additional 1,036 jobs. The total financial impact on the region each year is \$160.9 million. A significant reduction in appropriations would have a proportionate impact on the local economy.

In Warrensburg, the University of Central Missouri provides partial support for many economic, informational, and cultural community endeavors. A reduced appropriation would reduce or eliminate support for the Center for Entrepreneurial Studies and Development, public television and radio stations, the Missouri Safety Center, the National Police Institute and the community's performing arts series.

Linn State Technical College is responsible for roughly nine percent of the total economy of Osage County. The institution provides postsecondary technical education to students who will earn \$463,650 more than their peers with only high school diplomas.

Reduced state appropriations to community colleges would require lay-offs of faculty and staff at community colleges, ranging from 3 to 85 positions. The total number of positions likely to be eliminated at community colleges, based on reductions of 15, 20 and 25 percent are:

- 15 percent cuts – 198 positions eliminated
- 20 percent cuts – 225 positions eliminated
- 25 percent cuts – 234 positions eliminated

IMPACTS ON TUITION

Universities

State law prohibits public universities from raising tuition more than the CPI unless they seek a waiver from the Commissioner of Higher Education. Thus, the impact statements from the Universities are not premised on first raising tuition significantly. Higher education institutions are reluctant to significantly raise tuition to help offset state appropriation cuts, especially in this economic climate when so many people turn to higher education to upgrade their skills. However, with enrollments increasing around the state and the need to pay for unavoidable cost increases such as employee health care, retirement costs, and utilities, tuition increases above CPI will have to be considered if programs and services are to be continued.

Community Colleges

The community colleges, who provided standardized impact statements, indicate the potential for across-the-board tuition increases of up to 17.4 percent.

The average projected tuition increases among community colleges are:

- 15 percent cuts – 6 percent tuition increase
- 20 percent cuts -- 8 percent tuition increase

- 25 percent cuts – 9.5 percent tuition increase

This issue is especially challenging for community colleges as broad economic downturns usually lead quickly to increased enrollments. If state support is severely cut at the same time that more and more students are seeking to enroll, choices will likely have to be made between increasing costs substantially or reducing program offerings to the point that many students may be turned away.