

FY22 Budget Book

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UM Fiscal Year 2022 Operating Budget

Summary

The University's Fiscal Year 2022 Operating Budget was approved at the June 2021 Board of Curators meeting. The FY 2022 budget reflects the culmination of planning efforts undertaken by each institution throughout the spring. With the pandemic stabilizing, the University's FY 2022 budget represents a return to more stable operations.

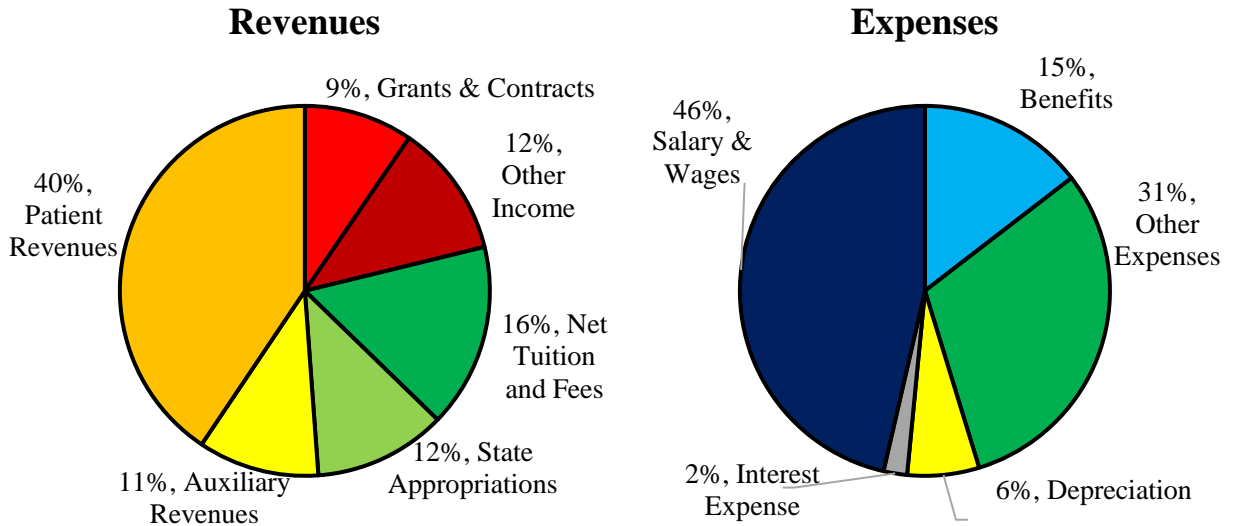
Budget Overview

The FY 2022 all funds revenue budget is \$3.7 billion. The following table shows the FY 2022 revenue budget by revenue source (\$'s presented in millions).

FY 2022 Revenue Budget	MU		UMKC	MO		UM System	University		Total
	MU	Healthcare		S&T	UMSL		Wide Units		
Net Tuition and Fees	\$ 251.8	\$ -	\$ 138.2	\$ 56.6	\$ 69.9	\$ (0.1)	\$ -	\$ -	\$ 516.4
Federal Pell Grants	24.0	-	12.8	5.8	13.5	-	-	-	56.1
Government Aid Funding	14.0	-	4.0	5.0	3.7	-	-	-	26.7
State Appropriations	228.0	-	78.0	53.4	60.5	1.8	9.5	-	431.2
CARES Funding	21.6	-	10.6	7.2	10.7	-	-	-	50.1
Grants & Contracts	237.9	-	53.6	38.7	24.3	-	-	-	354.5
Auxiliary Revenues	272.5	23.5	40.6	21.9	15.4	20.6	-	-	394.5
Patient Revenues	278.1	1,195.7	38.0	-	0.1	-	-	-	1,511.9
Private Gift Revenues	35.1	0.7	11.6	14.7	11.1	0.1	-	-	73.3
Endowment & Investment	108.2	-	15.6	17.1	11.2	6.9	66.6	-	225.6
Other Income	49.4	-	17.0	3.0	2.0	4.6	9.7	-	85.7
Total Revenue	\$ 1,520.6	\$ 1,219.9	\$ 420.0	\$ 223.4	\$ 222.4	\$ 33.9	\$ 85.8	\$ -	\$ 3,726.0

FY 2022 All Funds Budget

The pie chart on the left indicates major sources of revenues for the University of Missouri. The unrestricted portion of the academic enterprise represents 39% of available funds consisting of auxiliaries, tuition, and state support. Healthcare continues to grow and represents another 40% of revenues. The remaining 21% is spread largely across restricted sources, such as gifts, endowment distributions and grants. The chart on the right shows that 61% of the total budget is spent for compensation, 6% for depreciation and 33% of all other types of expenditures. Compensation remains the largest expense for the University.



Next Steps

After the FY 2022 budget process, each university will spend the fall completing the five-year financial plans and financial performance targets to be presented at the February Board of Curators Meeting. The financial plan serves as the link between the strategic plan, capital plan, and operating budget and also serves as the time to reset financial performance targets as codified in Collected Rule 140.025. The financial planning process will focus each University on ensuring their strategy is built upon sustainable financial performance, including connecting their key academic initiatives and financial drivers to actionable plans with quantified financial results. The financial plan will serve as the foundation to post-pandemic budgets.

Through the coming fall, each University will work on developing detailed plans for new tuition models and vet those plans with relevant constituencies. The universities will work on their specific transition and implementation plans, with a planned presentation to the Board for approval in the spring of 2022. The first possible semester of implementation for any model changes would be fall of 2023, but some universities may desire to wait longer to allow for further communications and planning for students recruited into the new model.

The FY 2022 budgets were built in the middle of the pandemic, with the expectation that financial performance at each university should balance within available revenues, however, revenue growth contained within the FY 2022 budget will not be sustainable over the long-run. The state budget will face challenges upon the expiration of federal stimulus and the potential implementation of Medicaid expansion. Market pressures in public higher education will force public institutions to better link degree outcomes with prices. Across the board tuition increases will be difficult in the future, and students will demand more pricing transparency and predictability in relation to their public education. Each University will need to develop a better understanding of their degrees across student demand, contribution to the university's finances, and the relationship of the degree to the mission.

Attached is the recommended action followed by supporting narrative and FY 2022 summary budgets by fund group by campus.

FY 2022 University of Missouri Budget

The FY 2022 budget plans reflects the actions necessary for each institution to emerge from the pandemic. For the first time since 2016, the University's FY 2022 operating budget reflects growth in net tuition and fees, state appropriations, and grants and contracts. The FY 2022 budget also includes continued positive performance by MU Healthcare. Overall, expenses for FY 2022 are budgeted to grow within available revenues, maintaining a consolidated operating margin above the 5% target set via the 2019 financial planning process.

Each University's budget reflects their specific circumstances, and the planning guidelines issued reminded each university that federal and other stimulus funding was one-time in nature and should only be used for one-time spending. Each university has been challenged to only add permanent cost structures to areas where they see sustained revenue growth. Each university has submitted a budget above break-even. The FY 2022 budget does not solve for the long-term goals or the strategies of each institution.

The pandemic disrupted the typical recruiting cycle for the fall 2022 freshman class, making the first-time freshman class a difficult cohort to predict. Enrollment related revenue budgets are based upon the best available data from May, which is historically a strong indicator of opening day enrollments. Final enrollments will be monitored closely and budget adjustments will be made if necessary.

Assumptions around federal and state revenue streams have solidified as the state and country start to move past the worst parts of the pandemic. Significant federal stimulus has provided the universities with a buffer to adapt to the changes. The stimulus funding filled in lost revenues and covered increased costs in preparing each campus for safe in-person learning.

The Purpose of a University's Budget

The Board approves the annual budget, monitors the university's financial condition, and sets policy guidelines affecting the use of assets. Leadership prepares the operating budget, provides the board with quarterly updates on financial performance against the approved budget, and operates the institution within the Board's defined policy framework. A key component of the financial health of any institution is the commitment of the institution's leadership to sound financial management and the board holding leadership accountable for maintaining the institution's financial health. The budget serves as the guide to help each institution plan for the future as well as assess current financial health. The Board approved budget serves as the guide for the year, as the assumptions underlying the budget may change throughout the year causing management to make adjustments to maintain the financial health of the institution.

The key metric on each University's Statement of Revenues, Expenditures, and Changes in Net Position is the "operating margin" on line 23. The operating margin reflects management's ability to balance operating expenses within revenues in a given year. A positive operating margin indicates available revenues exceed annual operating expenses.

For FY 2022, each university built a budget to balance expenditures within available revenues in the midst of the pandemic. The financial planning process will be completed in the Fall of 2021 to begin tying together desired strategic outcomes with aligned financial and capital plans.

Rating Agency Outlook

Moody's updated the higher education market outlook from "negative" to "stable" noting improved revenue forecast over the next year and half. Moody's notes the following key factors in their outlook revision release from March 2021:

Return to campus in fall 2021 expected to increase tuition and auxiliary revenue. The expectation campus presence will increase in comparison to prior fall, will drive revenue growth in housing and dining and other student auxiliary operations. However, there is still an unpredictability in enrollment yield rates due to the atypical recruiting cycle and test-optional admissions.

“Additionally, the typical recruiting cycle was interrupted for fall 2021, and the move to test-optional admissions has significantly shifted student application patterns, leading to difficulty in predicting yield rates for fall 2021. Data on the Free Application for Federal Student Aid (FAFSA) indicates that overall applications are down over 9% through March 5, with 43.1% of high school seniors completing the form compared to 47.2% the prior year. In particular, applications from lower income Title I high school students are down over 12%, compared to a 6.5% decline from Title I ineligible schools, highlighting that access-oriented colleges stand to face greater enrollment disruptions headed into fall 2021.”

Federal government relief funds subsidized pandemic-related revenue loss and expense increases. Government relief funds provided additional budgetary support for the pandemic related revenue disruption and unbudgeted expenses related to reopening the universities and infrastructure to support remote learning. In addition to the American Rescue Plan Act funding Moody's noted:

“For research-intensive institutions, the environment for research funding is likely to remain positive. In fiscal 2021, for example, funding to the National Institutes of Health increases by 3% and to the National Science Foundation by 2.5%. Funding is unlikely to be reduced in fiscal 2022.”

State economies recover with assistance from the American Rescue Plan Act. The risk of material state appropriation withholds or cuts for public institutions has decreased as revenue forecasts for the current fiscal year and fiscal year 2022 indicate stronger than expected tax collection and additional federal fiscal stimulus funding.

Financial market strength support philanthropy and endowments. Moody's report noted:

“Improved economic growth prospects in the second half of 2021 will enhance families' ability to pay tuition and bolster philanthropic donations. Moody's upgraded its forecast for economic growth in 2021 to 4.7% from

4.2% and for 2022 to 5.0% from 3.9%, in part reflecting the support for consumers from the federal fiscal stimulus and the vaccine rollout.”

Financial market performance will continue to remain volatile, however strong market performance typically correlates with an increase in philanthropy.

Moody’s outlook reflects the significant inflow of funding which institutions are expected to receive over the next fiscal year. The stable outlook is driven by these one-time funding sources which have short life span. In order to continue to maintain a stable the outlook institution must focus on recurring revenue sources from tuition and auxiliary revenue. The industry outlook could once again shift negative if the public health crisis accelerates in 2022 or 2023. Other factors that could lead to worsening outlook include a deterioration in macroeconomic conditions supporting state and federal budgets or a significant disruption in the financial markets. There is a high dependency on federal policy, any changes could add significant volatility to universities budgets.

S&P kept a negative outlook for U.S. not-for profit higher education sector. S&P issued their rating in January as there was still uncertainty surrounding federal policy and support and vaccinations. The report indicated:

“While many schools were having difficulty meeting enrollment and revenue targets pre-COVID, the pandemic has exacerbated those pressures, and has forced a fundamental shift in business models for all. The effectiveness of vaccination will be critical to in-person class resumption, but challenges facing the industry are not affecting all schools equally. Schools with weaker demand and financial profiles will have less operating flexibility and could face credit deterioration.”

FY 2022 Planning Process

Each university submitted a budget above the breakeven minimum guidance issued in the midst of the pandemic. Risks in the current budget center around fall 2022 enrollments. The future success of each University depends on their ability to understand the market for degree programs, the margin on those degree programs, and the connection of each degree program and department to the University’s research and public service missions.

The summaries that follow show both the revenue and expense plans for each university and the consolidated system. Financial results will be presented using the Moody’s framework in four columns:

- FY 2019 Actuals: actual performance for FY 2019
- FY 2020 Actuals: actual performance for FY 2020.
- FY 2021 Projected: projected performance for FY 2021, which includes performance through April with a projection for the final two months to close.
- FY 2022 Budget: budgets completed for FY 2022.

Consolidated Summary

Schedule 1: University of Missouri System FY 2022 Budget (Dollars in Thousands) Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP – Unaudited

Line No.		Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Operating Revenues					
1	Tuition and Fees	\$ 857,456	\$ 873,335	\$ 876,140	\$ 901,264
2	Less Scholarship Allowances	333,682	353,141	376,711	384,847
3	Net Tuition and Fees	523,774	520,194	499,429	516,417
4	Federal Pell Grants	56,595	54,480	54,420	56,100
5	Government Scholarship Funding	33,551	29,038	26,941	26,670
6	Institutional CARES Act Funding	-	14,520	114,245	50,012
7	Grants and Contracts	309,500	323,688	335,619	354,573
8	Auxiliary Enterprises	408,320	374,961	360,714	394,496
9	Patient Medical Services, Net	1,345,638	1,355,094	1,463,139	1,511,908
10	Other Operating Revenues	69,763	65,576	58,039	57,251
11	State Appropriations	408,797	364,412	420,853	431,213
12	Federal Appropriations	27,026	27,108	28,082	28,454
13	Private Gifts	85,809	71,003	57,507	73,337
14	Spendable Investment Income (Moody's)	194,567	210,100	223,586	225,603
15	Total Operating Revenues	3,463,340	3,410,174	3,642,574	3,726,034
Operating Expenses					
16	Salaries and Wages	1,547,032	1,588,345	1,548,052	1,639,017
17	Benefits	461,479	481,679	481,575	512,664
18	Supplies, Services and Other Operating Expenses	1,020,750	975,374	1,033,377	1,079,916
19	Depreciation	203,860	207,216	214,217	221,136
20	Interest Expense	65,058	63,282	71,108	72,390
21	Total Operating Expenses	3,298,179	3,315,896	3,348,329	3,525,123
22	Net Operating Income	165,161	94,278	294,245	200,911
23	Net Operating Margin	4.8%	2.8%	8.1%	5.4%
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	194,426	31,857	285,151	195,268
25	Spendable Investment Income (Moody's)	(194,567)	(210,100)	(223,586)	(225,603)
26	Other Nonoperating Revenues (Expenses)	210	31,409	6,434	534
27	State Capital Appropriations	-	-	-	21,000
28	Capital Gifts and Grants	67,106	40,648	37,501	55,489
29	Private Gifts for Endowment Purposes	30,524	45,916	42,142	31,766
30	Pension and OPEB Impact on Income Statement	(96,094)	(104,906)	(80,000)	(100,000)
31	Mandatory Transfers	-	-	-	-
32	Non-Mandatory Transfers	-	-	-	-
33	Net Nonoperating Revenues (Expenses)	1,605	(165,176)	67,642	(21,546)
34	Increase in Net Position	166,766	(70,898)	361,887	179,365
35	Net Position, Beginning of Year	4,725,967	4,890,236	4,852,418	5,214,305
36	Cumulative Effect of Change in Accounting Principle	(2,497)	33,080	-	-
37	Net Position, Beginning of Year, Adjusted	4,723,470	4,923,316	4,852,418	5,214,305
38	Net Position, End of Period	\$ 4,890,236	\$ 4,852,418	\$ 5,214,305	\$ 5,393,670

As schedule 1 demonstrates, the University projects revenues to increase over FY 2020 by 9% and grow over the projection for FY 2021 by 2%:

- Net Tuition Revenues are projected to grow by 3% or \$18.4M year over year, additional discussion is provided for each institution. In addition, Federal Pell Grants (line 4) and Government Scholarship Funding (line 5) represent amounts provided to the University as additional aid to students. The long-term success of the academic enterprise is dependent on successful growth these revenue streams.
- CARES Act Funding as presented on line 6 of the income statement represents federal stimulus funding awarded which allowed the university to recover increased expenses related to reopening the universities, supported infrastructure for remote learning, and recovered lost revenues stemming from the pandemic. \$29.4M of CARES funding is allocated to Net Tuition and Fees, included in line 2, to off-set financial aid grants to students awarded as part of the federal stimulus package.
- State Appropriations are budgeted at the amount Truly Agreed and Finally Passed (TAFP) by the legislature for the 2021 legislative session. Appropriations for capital projects (HB19) are reported as “State Capital Appropriations” on line 27.
- Discussions around remaining operating revenues will be provided for each unit.

The University’s operating expenses are projected to increase over FY 2020 by 6% and grow over the projection for FY 2021 by 5%:

- Discussions of operating expenses related to Salaries and Wages, Supplies Services and Other, Depreciation, and Interest expenses are included in the section for each university that follows.
- Benefits are projected to grow in line with the growth in Salaries and Wages. Benefits remain an area that will apply upward pressure on the institution’s costs over the long-term. Contributions for the pension plan will increase over the coming years to fund the pension liability based upon the current funding policy. The Board will review and approve pension assumptions and funding plans during FY 2022. Benefits budgets also reflect a 5% decrease in medical costs as a result of the medical plan changes implemented for calendar year 2022. Additional areas of increase include unemployment insurance from the high level of personnel actions taken by the University to deal with the pandemic in FY 2021 and FY 2022. In total, the benefits expense grew due to increased contributions necessary for retirement offset by the changes to the medical plan. The University will continue to manage benefit costs with a focus towards market competitiveness and manage costs in line with the corresponding labor market.

MU

MU's FY 2022 budget reflects the institution's emergence from the pandemic. In FY 2020 and FY 2021, MU took the necessary actions to balance budgets and protect resources to respond to the unknown aspects of the budget. MU's budget carries forward the necessary permanent actions into the FY 2022 budget and invests the revenue growth in the key priorities of research growth, student success, and academic excellence.

Schedule 2: MU FY 2022 Budget (Dollars in Thousands)

Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP - Unaudited

Line No.	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Operating Revenues				
1	\$ 419,279	\$ 432,603	\$ 441,051	\$ 458,111
2	171,671	184,088	201,048	206,306
3	247,608	248,515	240,003	251,805
4	21,702	22,520	22,620	24,000
5	18,955	14,894	13,272	14,000
6	-	7,711	55,132	21,600
7	210,471	219,499	225,345	237,887
8	274,339	258,060	248,361	272,541
9	246,068	256,272	267,673	278,123
10	38,916	39,309	30,631	30,763
11	208,149	188,295	218,723	228,028
12	17,198	17,237	18,256	18,542
13	43,752	37,864	30,408	35,069
14	88,646	94,453	96,637	108,241
15	1,415,804	1,404,629	1,467,061	1,520,599
Operating Expenses				
16	785,164	814,562	789,103	833,801
17	216,353	226,984	233,000	256,687
18	281,558	261,487	245,728	277,934
19	87,245	88,849	91,848	92,735
20	29,432	29,582	36,187	32,398
21	1,399,752	1,421,464	1,395,866	1,493,555
22	16,053	(16,835)	71,195	27,044
23	1.1%	-1.2%	4.9%	1.8%
Nonoperating Revenues (Expenses)				
24	63,863	20,366	163,652	106,260
25	(88,646)	(94,453)	(96,637)	(108,241)
26	967	12,529	6	506
27	-	-	-	16,000
28	24,304	14,304	19,907	21,216
29	22,141	39,237	28,200	25,450
30	61	(4,677)	-	-
31	27,828	56,938	31,667	30,117
32	50,518	44,244	146,795	91,308
33	66,571	27,409	217,990	118,352
34	2,868,042	2,932,281	2,970,602	3,188,592
35	(2,332)	10,912	-	-
36	2,865,710	2,943,193	2,970,602	3,188,592
37	\$ 2,932,281	\$ 2,970,602	\$ 3,188,592	\$ 3,306,944

MU's FY 2022 budget reflects a 1.8% operating margin. Key drivers for revenue growth include increasing enrollments and a return to normal operations for auxiliary operations. Key drivers of expense growth include investments to improve the faculty and production of research; both key factors in academic excellence.

Operating Revenues:

The biggest driver of the University's overall revenues related to the academic enterprise is enrollment which drives both teaching revenues and the majority of auxiliary enterprises. Lines 1-5 of from Schedule 2 above are summarized in Schedule 3 below with the key drivers. Other key areas of revenue for MU include:

- Institutional CARES Act Funding reflects the additional funding available from the Higher Education Emergency Relief Fund (HEERF) from the third round of stimulus passed in the Spring of 2021. Full guidance on this funding has not been issued by the Department of Education as of May 2021, and the University budgeted the full amount of funding in FY 2022. Depending on the funding restrictions, this amount could move across fiscal years. For financial statement presentation purposes student aid funded by the CARES Act is not included in the revenues as it is a direct flow through to students. These amounts total to \$7.7 million, \$8.1 million and \$21.6 million for fiscal years 2020, 2021, and 2022, respectively.
- Grants and Contracts are projected to increase by 6% over the prior year. MU is committed to improving research competitiveness and experienced a 7% growth in awards from FY 2020 to FY 2021. The budgeted revenue growth aligns with trends in proposals and awards as leading indicators of research expenditure growth.
- Auxiliary Enterprises revenues are budgeted to return to pre-pandemic levels. As more students returning to campus in the Fall and with capacity limits removed; venues operated by the University are back at full operations.
- Net Patient Medical Service revenues are projected to increase by \$10.4 million over projected FY 2021, representing a 4% growth. University Physicians continues to expand their primary care base and emergency medicine services. The School of Medicine anticipates a growth in volume coming out of the pandemic. The revenues from University Physicians fund the clinical compensation of the clinical portions of Medical School faculty appointments.
- State Appropriations are projected to increase by \$9.3 million over FY 2021 projection. The primary drivers of this increase include the reallocation of appropriations from UM System Administration to the campus, a line-item for the delta center in southeast Missouri, and a line-item for the law school veteran's clinic, and the MoExcels project for Clinical Engineering.
- Spendable Investment Income is projected to increase by \$11.6 million over FY 2021 projection. The primary driver of the increase is the reallocation of investment income previously provided to UM System Administration to fund operations. There is a corresponding increase in Supplies, Services, and Other for the UM System Administration charges to MU.

Schedule 3: MU Net Tuition Revenue Detail

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Enrollment - Full-time Equivalent				
Undergraduate				
<i>Resident</i>	15,956	16,044	17,101	17,545
<i>Non-Resident</i>	4,610	4,481	4,197	4,103
Total Undergraduate	20,566	20,525	21,298	21,648
Graduate/Professional	4,796	4,823	4,972	5,077
Gross Tuition and Fees \$'s in thousands				
Undergraduate Tuition				
<i>Resident</i>	\$ 132,539	\$ 143,242	\$ 158,248	\$ 171,632
<i>Non-Resident</i>	96,665	98,429	99,486	100,373
Total Undergraduate Tuition	229,204	241,671	257,734	272,005
Graduate/Professional Tuition	76,818	80,378	79,688	82,927
Undergraduate Supplemental Fees	37,849	41,171	44,629	45,319
Graduate/Professional Supplemental Fees	7,028	6,486	7,167	6,784
Activity and Facility Fees	16,622	16,913	17,647	19,304
Continuing Education Fees	47,568	42,118	30,709	28,689
Other Educational Fees	4,190	3,866	3,477	3,083
Total Tuition and Fees (Line 1)	\$ 419,279	\$ 432,603	\$ 441,051	\$ 458,111
Aid Awarded by Institution \$'s in thousands				
Unrestricted				
<i>Undergraduate</i>	\$ (71,574)	\$ (83,713)	\$ (97,574)	\$ (91,510)
<i>Graduate/Professional</i>	(33,098)	(33,804)	(32,806)	(36,088)
<i>Miscellaneous Aid</i>	(3,313)	(3,596)	(3,782)	(3,852)
Total Unrestricted Aid	(107,985)	(121,113)	(134,162)	(131,450)
Restricted Donor Aid				
<i>Undergraduate</i>	(12,413)	(12,515)	(21,143)	(23,707)
<i>Graduate/Professional</i>	(3,705)	(4,495)	(4,246)	(4,347)
Total Restricted Donor Aid	(16,118)	(17,010)	(25,389)	(28,054)
Restricted Non-Gift Aid/Waivers	(6,912)	(8,551)	(5,605)	(8,802)
Federal Pell Grant Aid	(21,702)	(22,520)	(22,620)	(24,000)
Government Scholarships	(18,955)	(14,894)	(13,272)	(14,000)
Total Scholarship Allowances (Line 2)	\$ (171,671)	\$ (184,088)	\$ (201,048)	\$ (206,306)
Net Tuition and Fees (Line 3)	\$ 247,608	\$ 248,515	\$ 240,003	\$ 251,805
Federal Pell Grants (Line 4)	\$ 21,702	\$ 22,520	\$ 22,620	\$ 24,000
Government Scholarship Funding (Line 5)	\$ 18,955	\$ 14,894	\$ 13,272	\$ 14,000

- The enrollment numbers presented in the schedule above represent projected fall census. MU is budgeting a fall undergraduate enrollment increase of 2% over prior year. As shown in the trends above, the goals and strategies put into place in 2019 enhanced student access and increased the undergraduate enrollment by 5% from Fall

2019. Scholarship expense grew to reflect the need to invest to both grow enrollment and improve the overall quality of the incoming class. MU continues to see growth in graduate and professional degree programs.

- The gross tuition and fee budgeted amounts include rate increases approved by the Board in May 2021.
- The \$11.2M increase over FY 2020 in undergraduate restricted donor aid in FY 2021 and 2022 stems from the Promise & Opportunity Scholarship and Next Generation Merit Scholarship Programs that were both implemented as a part of the Missouri Compacts program.

Operating Expenses

Overall, MU's operating expenses are projected to increase within revenue growth reflecting increased spending as the University emerges from the pandemic. Schedule 4 and 5 provides additional detail changes in Salaries and Wages and Supplies Services and Other for the FY 2022 budget.

Schedule 4: MU Salaries and Wages Detail (Dollars in Thousands)

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Salaries and Wages				
<i>Teaching and Research</i>				
Unrestricted	\$ 324,243	\$ 331,574	\$ 335,549	\$ 345,636
Restricted (Gifts & Grants)	69,971	73,826	73,205	78,209
Total Teaching and Research Salaries	394,214	405,400	408,754	423,845
<i>Staff and Supporting Services</i>				
Operations and Service Operations	176,439	183,498	169,707	175,127
Auxiliary Enterprises	81,563	91,228	81,642	90,865
Patient Services	90,893	92,052	85,947	94,645
Restricted (Gifts & Grants)	42,055	42,384	43,053	49,319
Total Staff and Supporting Services Salaries	390,950	409,162	380,349	409,956
Total Salaries and Wages (Line 16)	\$ 785,164	\$ 814,562	\$ 789,103	\$ 833,801

Salaries and Wages

- All wages for FY 2022 budget include the effect of a 2% performance-based merit and market raise pool.
- *Teaching and Research (Unrestricted)* represent faculty and teaching salaries funded from tuition and state appropriations is budgeted to increase by \$10.1 million from FY 2021 projection. The budgeted increase represents additional faculty and targeted investments to enhance the overall quality of the University's faculty. This increase in cost will provide additional teaching and research capacity providing students with access to additional course selections.
- *Teaching and Research (Restricted)* represent faculty and researcher salaries funded from grants and gifts. Spending on these salaries is contingent upon available revenues and is anticipated to increase by 7% or \$5.0 million from FY 2021 projection.

- *Operations and Service Operations* are budgeted to increase from FY 2021 projection, reflective of the 2% raise pool. In total, staff size will remain close to projected levels from FY 2021.
- *Auxiliary Enterprises* wages are budgeted to increase year over year by \$9.2 million. This increase is attributed to the increase in on-campus presence in Fall 2021 and represents a return to normal operations.
- *Patient Services* staff wages are budgeted to increase by \$8.7 million correlating with the growth in anticipated volumes. During the pandemic clinic positions were left vacant, with the anticipated expansion, these positions will need to be filled.
- *Staff (Restricted)* funded from grants and gifts are anticipated to increase by \$6.3 million or 13%. This compensation and workforce size is dependent on the availability of the related revenues to fund research.

Schedule 5: MU Supplies, Services and Other Operating Expenses Detail (Dollars in Thousands)

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Supplies, Services and Other Operating Expenses				
Operations and Service Operations	\$ 75,677	\$ 43,314	\$ 37,568	\$ 67,592
Auxiliary Enterprises	125,736	139,613	121,470	121,370
Patient Services	(23,674)	(28,838)	(16,806)	(28,631)
Restricted (Gifts & Grants)	85,375	80,846	80,557	87,277
Plant	18,444	26,553	22,940	30,326
Total Supplies, Services and Other Operating Expenses (Line 18)	\$ 281,558	\$ 261,487	\$ 245,728	\$ 277,934

Supplies, Services and Other Operating Expenses

- *Operations and Service Operations* expenditures are budgeted to increase \$30 million over FY 2021 projection, \$11.8 million is related to UM System expense allocation which is offset by \$14.8 million reallocated revenues to MU. Investments of \$5.4 million are include in the FY 2022 budget to support student success and academic excellence. Investments of \$5.7 for research support is also included in the FY 2022 budget to support research revenue and expenditure growth efforts.
- *Auxiliary Enterprises* expenditures are budgeted flat from FY 2021 projection. This budgeted amount is a reflection of the University no longer needing contracted quarantine space which is off-set by the increase expense from auxiliaries operating at pre-pandemic levels.
- *Patient Services* expenditures are presented as a negative expense as a charge to the Hospital for clinical services provided by University Physicians, including anesthesia coverage, call coverage, and other purchased services common in healthcare operations. The amount budgeted for FY 2022 is in line with funding received in FY 2020.
- *Restricted* expenditures funded from grants and gifts are anticipated to increase by 8% or \$6.7 million from FY 2021 projection, this increase correlates with the budgeted revenue growth in grants and contracts. These expenditures relate to the specific supplies and services needed by individual gift or grant agreements.
- *Plant* expenditures are projected to increase by \$7.4 million over prior year due to planned maintenance and repair (M&R) projects.

UMKC

In March of 2021, UMKC launched UMKC Forward, an initiative aimed at improving student success, faculty development, research, career expansion and community engagement. The plan calls for significant investment over five years; the FY 2022 budget earmarks \$10 million in funding for the first full year of this initiative.

Significant investments in student success included in the FY2022 budget are as follows:

- *Effective Advising* - the campus has centralized advising and invested additional funds to improve the student experience and path to graduation.
- *Professional Mobility Escalators* - a unique system of personalized support and services which will propel students from their academic studies to higher-paying careers. This system intended to improve retention, graduation and post-graduation outcomes for UMKC's students.
- *Director of Career Preparedness* position is being added to facilitate UMKC's professional mobility escalator goals and centralized advising.

UMKC Forward Faculty and Research Excellence, Career Expansion and Community Engagement investments include:

- *Center for Advancing Faculty Excellence (CAFE)* - which will feature a comprehensive program of mentoring, development opportunities and resources to support, attract and retain high quality and engaged faculty.
- Investments in increasing and improving research infrastructure.
- *Talentlink* - will improve UMKC's non-credit bearing course offerings to adult learners and corporations.
- *Grow Student Internships* - create opportunities to engage with the community

UMKC is committed to making strategic investments for the campus and student body. Utilizing the resources received in FY 2021 UMKC intends to continue to improve their operating margin so future investments can be made.

Schedule 6: UMKC FY 2022 Budget (Dollars in Thousands)

Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP - Unaudited

Line No.		Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Operating Revenues					
1	Tuition and Fees	\$ 189,699	\$ 196,383	\$ 195,012	\$ 201,326
2	Less Scholarship Allowances	59,821	61,230	61,685	63,157
3	Net Tuition and Fees	129,878	135,153	133,327	138,169
4	Federal Pell Grants	13,599	12,949	13,000	12,800
5	Government Scholarship Funding	4,079	4,061	4,000	4,000
6	Institutional CARES Act Funding	-	2,948	24,657	10,577
7	Grants and Contracts	36,998	41,597	47,143	53,582
8	Auxiliary Enterprises	41,676	36,342	31,468	40,564
9	Patient Medical Services, Net	37,515	38,567	38,424	38,049
10	Other Operating Revenues	11,861	13,472	15,090	17,051
11	State Appropriations	73,852	64,058	74,060	77,992
12	Federal Appropriations	-	-	-	-
13	Private Gifts	19,092	17,318	10,070	11,605
14	Spendable Investment Income (Moody's)	13,030	13,537	13,720	15,609
15	Total Operating Revenues	381,580	380,002	404,959	419,998
Operating Expenses					
16	Salaries and Wages	193,297	194,985	183,248	202,180
17	Benefits	55,606	57,123	59,715	62,272
18	Supplies, Services and Other Operating Expenses	110,872	97,420	98,365	119,712
19	Depreciation	25,166	24,597	24,560	24,000
20	Interest Expense	9,140	8,611	7,700	8,000
21	Total Operating Expenses	394,081	382,736	373,588	416,164
22	Net Operating Income	(12,501)	(2,734)	31,371	3,834
23	Net Operating Margin	-3.3%	-0.7%	7.7%	0.9%
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	12,622	7,228	20,000	22,468
25	Spendable Investment Income (Moody's)	(13,030)	(13,537)	(13,720)	(15,609)
26	Other Nonoperating Revenues (Expenses)	1,051	22,552	-	-
27	State Capital Appropriations	-	-	-	-
28	Capital Gifts and Grants	36,657	12,784	12,000	11,000
29	Private Gifts for Endowment Purposes	436	471	800	800
30	Mandatory Transfers	25	39	-	-
31	Non-Mandatory Transfers	1,375	6,863	1,103	33
32	Net Nonoperating Revenues (Expenses)	39,136	36,400	20,183	18,692
33	Increase in Net Position	26,635	33,666	51,554	22,526
34	Net Position, Beginning of Year	420,480	447,115	501,858	553,412
35	Cumulative Effect of Change in Accounting Principle	-	21,077	-	-
36	Net Position, Beginning of Year, Adjusted	420,480	468,192	501,858	553,412
37	Net Position, End of Period	\$ 447,115	\$ 501,858	\$ 553,412	\$ 575,938

Overall, UMKC's operating margin is \$3.8 million, or 0.9%. The FY 2022 budget represents an improvement over a history of operating losses in FY 2020, FY 2019, and several preceding years.

Operating Revenues:

The biggest driver of the University's overall revenues related to the academic enterprise is enrollment which drives both teaching revenues and the majority of auxiliary enterprises. Lines 1-5 of from Schedule 6 above are summarized in Schedule 7 below with the key drivers. Other key areas of revenue for UMKC include:

- Institutional CARES Act Funding reflects the additional funding available from the Higher Education Emergency Relief Fund (HEERF) from the third round of stimulus passed in the Spring of 2021. Full guidance on this funding has not been issued by the Department of Education as of May 2021, and the University budgeted the full amount of funding in FY 2022. Depending on the funding restrictions, this amount could move across fiscal years. For financial statement presentation purposes student aid funded by the CARES Act is not included in the revenues as it is a direct flow through to students. These amounts total to \$2.9 million, \$3.5 million and \$11.4 million for fiscal years 2020, 2021, and 2022, respectively.
- Grants and Contracts are projected to increase by \$6 million over the prior year. UMKC is committed to improving research competitiveness and has planned to make investments in increasing and improving research infrastructure.
- Auxiliary Enterprises revenues are budgeted to return to pre-pandemic levels, as the UMKC campus repopulates in the fall.
- Net Patient Medical Service revenues are budgeted to remain flat for FY 2022. These revenues are contract services provided to the School of Medicine's hospital affiliates by UMKC medical residents
- State Appropriations are projected to increase by \$3.9 million over FY 2021 projection. The primary drivers of this increase include the reallocation of appropriations from UM System Administration to the campus and UMKC's participation in the \$5 million core increase provided to the University of Missouri.

Schedule 7: UMKC Net Tuition Revenue Detail

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Enrollment - Full-time Equivalent				
Undergraduate				
<i>Resident</i>	6,072	5,966	5,831	5,831
<i>Non-Resident</i>	1,781	1,777	1,622	1,622
Total Undergraduate	7,853	7,743	7,453	7,453
Graduate/Professional	3,571	3,592	3,621	3,632
Gross Tuition and Fees \$'s in thousands				
Undergraduate Tuition				
<i>Resident</i>	\$ 41,447	\$ 40,766	\$ 40,483	\$ 40,964
<i>Non-Resident</i>	31,223	32,398	29,263	29,734
Total Undergraduate Tuition	72,670	73,164	69,746	70,698
Graduate/Professional Tuition	93,133	97,804	101,019	103,763
Undergraduate Supplemental Fees	7,415	7,676	6,734	6,629
Graduate/Professional Supplemental Fees	3,768	4,802	5,113	5,311
Activity and Facility Fees	6,800	7,614	7,727	8,742
Continuing Education Fees	3,645	3,098	2,434	3,756
Other Educational Fees	2,268	2,225	2,239	2,427
Total Tuition and Fees (Line 1)	\$ 189,699	\$ 196,383	\$ 195,012	\$ 201,326
Aid Awarded by Institution \$'s in thousands				
Unrestricted				
<i>Undergraduate</i>	\$ (15,427)	\$ (15,135)	\$ (13,705)	\$ (14,818)
<i>Graduate/Professional</i>	(18,100)	(19,135)	(19,950)	(20,740)
Total Unrestricted Aid	(33,527)	(34,270)	(33,655)	(35,558)
Restricted Donor Aid				
<i>Undergraduate</i>	(5,340)	(5,573)	(6,581)	(5,325)
<i>Graduate/Professional</i>	(1,901)	(3,065)	(3,098)	(2,696)
Total Restricted Donor Aid	(7,241)	(8,638)	(9,679)	(8,021)
Restricted Non-Gift Aid/Waivers	(1,375)	(1,312)	(1,351)	(2,778)
Federal Pell Grant Aid	(13,599)	(12,949)	(13,000)	(12,800)
Government Scholarships	(4,079)	(4,061)	(4,000)	(4,000)
Total Scholarship Allowances (Line 2)	\$ (59,821)	\$ (61,230)	\$ (61,685)	\$ (63,157)
Net Tuition and Fees (Line 3)	\$ 129,878	\$ 135,153	\$ 133,327	\$ 138,169
Federal Pell Grants (Line 4)	\$ 13,599	\$ 12,949	\$ 13,000	\$ 12,800
Government Scholarship Funding (Line 5)	\$ 4,079	\$ 4,061	\$ 4,000	\$ 4,000

- The enrollment numbers above represent budgeted enrollment as of fall census. Overall, UMKC’s budget plans for flat enrollment over prior year.
- The gross tuition and fee budgeted amounts include the Board approved rates from May 2021. UMKC’s budget anticipates student’s course consumption remain at experienced spring 2021 level.

Operating Expenses

Overall, UMKC’s operating expenses are projected to increase by 11% reflecting increased spending as the University emerges from the pandemic. Schedule 8 and 9 provides additional detail changes in Salaries and Wages and Supplies, Services and Other for the FY 2022 budget.

Schedule 8: UMKC Salaries and Wages Detail (Dollars in Thousands)

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Salaries and Wages				
<i>Teaching and Research</i>				
Unrestricted	\$ 102,756	\$ 100,351	\$ 95,100	\$ 101,164
Restricted (Gifts & Grants)	11,591	12,315	12,638	15,864
Total Teaching and Research Salaries	114,347	112,666	107,738	117,028
<i>Staff and Supporting Services</i>				
Operations and Service Operations	57,184	58,843	53,810	60,821
Auxiliary Enterprises	10,914	10,814	9,621	11,547
Patient Services	608	496	278	989
Restricted (Gifts & Grants)	10,244	12,166	11,801	11,795
Total Staff and Supporting Services Salaries	78,950	82,319	75,510	85,152
Total Salaries and Wages (Line 16)	\$ 193,297	\$ 194,985	\$ 183,248	\$ 202,180

Salaries and Wages

- All wages for FY 2022 budget include the effect of a 2% performance-based merit and market raise pool.
- *Teaching and Research (Unrestricted)* funded from tuition and state appropriations is budgeted to increase by \$6.1 million from FY 2021 projection.
- *Teaching and Research (Restricted)* funded from grants and gifts are anticipated to increase by \$3.2 million from FY 2021 projection, spending on these salaries is contingent upon available revenues.
- *Operations and Service Operations* are budgeted to increase by \$7.0 million from FY 2021 projection this increase is attributed to the UMKC Forward investments in student advising and career preparation.
- *Auxiliary Enterprises* are budgeted to increase by \$1.9 million over FY 2021 projections. As auxiliaries begin to operate a pre-pandemic levels funding is needed to support the increase in services provided.
- *Staff (Restricted)* funded from grants and gifts budgeted flat over prior projected year. This compensation will only be realized if there is related gift and grant revenues to fund the compensation.

Schedule 9: UMKC Supplies Service and Other Operating Expenses Detail (Dollars in Thousands)

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Supplies, Services and Other Operating Expenses				
Operations and Service Operations	\$ 56,508	\$ 48,022	\$ 45,005	\$ 68,963
Auxiliary Enterprises	19,674	17,188	13,680	15,180
Patient Services	1,229	892	1,098	1,079
Restricted (Gifts & Grants)	21,407	21,481	38,581	34,490
Plant	12,054	9,838	1	-
Total Supplies, Services and Other Operating Expenses (Line 18)	\$ 110,872	\$ 97,420	\$ 98,365	\$ 119,712

Supplies, Services and Other Operating Expenses

- *Operations and Service Operations* expenditures are budgeted to increase \$23.9 million over FY 2021 projection, \$2.3 million is related to UM System expense allocation which is offset by \$3.2 million reallocated revenues to UMKC. Investment of \$10 million for UMKC Forward is included in the FY 2022 budget to improve student success, faculty development, research, career expansion and community engagement.
- *Auxiliary Enterprises* expenditures are budgeted to increase by \$1.5 million from FY 2021 projection due to operations resuming back to pre-pandemic levels.
- *Patient Services* expenditures are budgeted flat over prior projected year. This represents contracted physician services for the University's Medical School.
- *Restricted* expenditures funded from grants and gifts are anticipated to decrease by \$4.1 million from FY 2021 projection. Projected restricted expenditures in FY 2021 trended \$17.1 million higher than prior fiscal years which is attributed to reopening the universities and infrastructure for remote learning funded by federal stimulus funding.
- *Plant* expenditures in FY 2019 and FY 2020 had significant unexpected M&R projects surrounding student housing facilities.

Missouri S&T

Missouri S&T experienced a decline in enrollment stemming from the pandemic. International students represent a significant part of S&T's graduate student population. As pandemic restrictions are lifted, S&T anticipates non-resident enrollment to increase going into Fall 2021. S&T received \$300 million gift in the fall 2020 from June and Fred Kummer, which will be held separately with the Kummer Institute and provide a source of increased private gifts as the foundation distributes money to S&T. S&T will receive the following investments supported by the Kummer Institute:

- Students – scholarships and fellowships will be provided for highly qualified students through two new programs
 - Kummer Vanguard Scholars – provide \$1,000 - \$3,000 a year for four years to 350 to 400 STEM scholars each year
 - Kummer Innovation and Entrepreneurship Doctoral Fellows – provides a 12-month stipends and tuition remission for up to 100 STEM PhD. students a year.
- Faculty and Staff - to be a leader in innovation and entrepreneurial education recruitment of highly qualified faculty are needed.
 - S&T will immediately begin recruiting and hiring 20 new faculty - 10 professors and 10 chairs.
 - These faculty members will drive the work of the Institute: one will serve as the Institute's Executive Director, and the other four will serve as directors of the four Centers.
- Facilities - state-of-the-art facilities, which attract faculty, students and partners. Three new facilities are envisioned.
 - The Kummer Institute for Education and Research will be anchored by an expansion of S&T's Engineering Research Lab.
 - The Kummer Institute for Entrepreneurship and Economic Development will be anchored by a Systems Integration and Prototype Development Facility, located off campus.
 - The “Lighthouse” is a facility that integrates a full range of student programs and resources into a central campus location and is key to reimagining the student experience.

Schedule 10: S&T FY 2022 Budget (Dollars in Thousands)

Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP - Unaudited

Line No.		Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Operating Revenues					
1	Tuition and Fees	\$ 132,300	\$ 128,227	\$ 121,550	\$ 120,112
2	Less Scholarship Allowances	58,280	62,086	61,563	63,529
3	Net Tuition and Fees	74,020	66,141	59,987	56,583
4	Federal Pell Grants	7,310	6,412	6,800	5,800
5	Government Scholarship Funding	6,587	6,127	6,000	5,000
6	Institutional CARES Act Funding	-	1,960	14,622	7,168
7	Grants and Contracts	33,029	34,824	36,102	38,675
8	Auxiliary Enterprises	24,114	19,982	21,767	21,872
9	Patient Medical Services, Net	-	-	-	-
10	Other Operating Revenues	5,102	4,216	4,389	3,107
11	State Appropriations	50,186	43,543	50,375	53,407
12	Federal Appropriations	-	-	-	-
13	Private Gifts	7,815	3,398	6,610	14,712
14	Spendable Investment Income (Moody's)	14,809	15,559	15,503	17,095
15	Total Operating Revenues	222,972	202,162	222,155	223,419
Operating Expenses					
16	Salaries and Wages	106,061	102,582	98,817	103,334
17	Benefits	30,532	30,385	30,958	32,913
18	Supplies, Services and Other Operating Expenses	51,609	44,245	45,812	51,384
19	Depreciation	17,540	18,970	20,000	23,646
20	Interest Expense	5,357	5,067	5,150	5,184
21	Total Operating Expenses	211,099	201,249	200,737	216,461
22	Net Operating Income	11,873	913	21,418	6,958
23	Net Operating Margin	5.3%	0.5%	9.6%	3.1%
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	11,613	3,637	19,288	18,461
25	Spendable Investment Income (Moody's)	(14,809)	(15,559)	(15,503)	(17,095)
26	Other Nonoperating Revenues (Expenses)	(73)	1,664	-	25
27	State Capital Appropriations	-	-	-	5,000
28	Capital Gifts and Grants	2,037	6,009	5,190	23,267
29	Private Gifts for Endowment Purposes	5,120	4,118	10,600	3,250
30	Mandatory Transfers	12	10	-	-
31	Non-Mandatory Transfers	3,109	4,491	106	1,885
32	Net Nonoperating Revenues (Expenses)	7,009	4,370	19,681	34,793
33	Increase in Net Position	18,882	5,283	41,099	41,751
34	Net Position, Beginning of Year	502,229	520,946	526,586	567,685
35	Cumulative Effect of Change in Accounting Principle	(165)	357	-	-
36	Net Position, Beginning of Year, Adjusted	502,064	521,303	526,586	567,685
37	Net Position, End of Period	\$ 520,946	\$ 526,586	\$ 567,685	\$ 609,436

Overall, S&T's operating margin is \$7.0 million, or 3.1%. S&T has a history of maintaining positive operating margins and financial performance.

Operating Revenues:

The biggest driver of the University's overall revenues is enrollment which drives both teaching revenues and the majority of auxiliary enterprises. Lines 1-5 of from Schedule 10 on the previous page are summarized in Schedule 11 on page 26 with the key drivers. Other key areas of revenue for S&T include:

- Institutional CARES Act Funding reflects the additional funding available from the Higher Education Emergency Relief Fund (HEERF) from the third round of stimulus passed in the Spring of 2021. Full guidance on this funding has not been issued by the Department of Education as of May 2021, and the University budgeted the full amount of funding in FY 2022. Depending on the funding restrictions, this amount could move across fiscal years. For financial statement presentation purposes student aid funded by the CARES Act is not included in the revenues as it is a direct flow through to students. These amounts total to \$1.9 million, \$2.6 million and \$7.2 million for fiscal years 2020, 2021, and 2022, respectively.
- Grants and Contracts are projected to increase by \$2.6 million over the prior year. S&T is committed to improving research competitiveness and has planned to make investments in increasing and improving research infrastructure, including those from the Kummer Institute.
- State Appropriations are projected to increase by \$3.0 million over FY 2021 projection. The primary drivers of this increase include the reallocation of appropriations from UM System Administration to the campus and S&T's participation in the \$5 million core increase provided to the University of Missouri.
- Auxiliary Enterprise revenues are budgeted to flat as undergraduate enrollment numbers are projected to decline.
- Private Gifts are projected to increase by \$8.1 million, largely driven by the increase in gift funding received by the Kummer Institute for new programming.

Schedule 11 S&T Net Tuition Revenue Detail

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Enrollment - Full-time Equivalent				
Undergraduate				
<i>Resident</i>	5,268	4,921	4,714	4,516
<i>Non-Resident</i>	855	818	757	820
Total Undergraduate	6,123	5,739	5,471	5,336
Graduate	1,113	986	874	863
Gross Tuition and Fees \$'s in thousands				
Undergraduate Tuition				
<i>Resident</i>	\$ 43,585	\$ 42,994	\$ 41,688	\$ 40,330
<i>Non-Resident</i>	21,850	22,628	20,752	23,257
Total Undergraduate Tuition	65,435	65,622	62,440	63,587
Graduate Tuition	19,898	17,611	14,850	14,653
Undergraduate Supplemental Fees	24,401	23,579	23,189	22,023
Graduate Supplemental Fees	3,472	3,186	3,000	3,072
Activity and Facility Fees	7,464	7,228	7,683	6,992
Continuing Education Fees	10,234	9,862	9,248	8,922
Other Educational Fees	1,396	1,139	1,140	863
Total Tuition and Fees (Line 1)	\$ 132,300	\$ 128,227	\$ 121,550	\$ 120,112
Aid Awarded by Institution \$'s in thousands				
Unrestricted				
<i>Undergraduate</i>	\$ (21,383)	\$ (23,507)	\$ (28,377)	\$ (28,800)
<i>Graduate/Professional</i>	(16,412)	(14,383)	(10,426)	(9,372)
Total Unrestricted Aid	(37,795)	(37,890)	(38,803)	(38,172)
Restricted Donor Aid				
<i>Undergraduate</i>	(3,205)	(8,480)	(8,087)	(7,147)
<i>Graduate/Professional</i>	(182)	(240)	(867)	(2,652)
Total Restricted Donor Aid	(3,387)	(8,720)	(8,954)	(9,799)
Restricted Non-Gift Aid/Waivers	(3,201)	(2,937)	(1,006)	(4,758)
Federal Pell Grant Aid	(7,310)	(6,412)	(6,800)	(5,800)
Government Scholarships	(6,587)	(6,127)	(6,000)	(5,000)
Total Scholarship Allowances (Line 2)	\$ (58,280)	\$ (62,086)	\$ (61,563)	\$ (63,529)
Net Tuition and Fees (Line 3)	\$ 74,020	\$ 66,141	\$ 59,987	\$ 56,583
Federal Pell Grants (Line 4)	\$ 7,310	\$ 6,412	\$ 6,800	\$ 5,800
Government Scholarship Funding (Line 5)	\$ 6,587	\$ 6,127	\$ 6,000	\$ 5,000

- The enrollment numbers presented in the schedule above reflect budgeted enrollment for fall census. With the lift of pandemic travel restrictions S&T is anticipating an

increase in non-resident and international students both at the undergraduate and graduate level.

- The gross tuition and fee budgeted amounts include the Board approved rates.
- The increase in undergraduate unrestricted aid starting in FY 2020 is driven in large by expansion of merit and need-based programs.
- The increase in undergraduate restricted donor aid beginning in FY 2020 was a result of the S&T leadership managing and utilizing gift and endowment balances to recruit and retain exceptional students.

Operating Expenses

Overall, S&T's operating expenses are projected to increase by 8% reflecting increased spending as the University emerges from the pandemic. Schedule 12 and 13 provides additional detail changes in Salaries and Wages and Supplies Services and Other for the FY 2022 budget.

Schedule 12 S&T Salaries and Wages Detail (Dollars in Thousands)

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Salaries and Wages				
<i>Teaching and Research</i>				
Unrestricted	\$ 47,166	\$ 44,657	\$ 42,864	\$ 43,553
Restricted (Gifts & Grants)	11,320	11,578	11,578	12,090
Total Teaching and Research Salaries	58,486	56,235	54,442	55,643
<i>Staff and Supporting Services</i>				
Operations and Service Operations	40,791	40,308	39,426	40,517
Auxiliary Enterprises	3,743	2,930	2,265	2,364
Restricted (Gifts & Grants)	3,041	3,109	2,684	4,810
Total Staff and Supporting Services Salaries	47,575	46,347	44,375	47,691
Total Salaries and Wages (Line 16)	\$ 106,061	\$ 102,582	\$ 98,817	\$ 103,334

Salaries and Wages

- All wages for FY 2022 budget include the effect of a 2% performance-based merit and market raise pool.
- *Teaching and Research (Unrestricted)* funded from tuition and state appropriations is budgeted to increase by 2% or \$690,000 from FY 2021 projection. This funding represents compensation increases for faculty.
- *Teaching and Research (Restricted)* funded from grants and gifts are anticipated to increase by 4% or \$511,000 from FY 2021 projection, this increase correlates with the budgeted revenue growth in grants and contracts and the faculty investment from the Kummer Institute.
- *Operations and Supporting Services* are budgeted to increase by \$1.1 million from FY 2021 projection this increase is to provide staff with market and equity adjustments.
- *Auxiliary Enterprises* wages are budgeted to increase to reflect a return to normal operations.
- *Staff (Restricted)* funded from grants and gifts are budgeted to increase by \$2.1 million to representing new faculty hired on support for the Kummer Centers.

Schedule 16 S&T Supplies Services and Other Operating Expense Detail (Dollars in Thousands)

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Supplies, Services and Other Operating Expenses				
Operations and Service Operations	\$ 29,273	\$ 23,297	\$ 17,017	\$ 23,311
Auxiliary Enterprises	8,880	8,149	8,835	8,391
Restricted (Gifts & Grants)	9,043	7,254	15,761	13,132
Plant	4,413	5,545	4,199	6,550
Total Supplies, Services and Other Operating Expenses (Line 18)	\$ 51,609	\$ 44,245	\$ 45,812	\$ 51,384

Supplies, Services and Other Operating Expenses

- *Operations and Supporting Services* expenditures are budgeted to increase \$6.3 million over FY 2021 projection, \$1.2 million is related to UM System expense allocation which is offset by \$2.6 million reallocated revenues to S&T. With the increase in revenue sources, S&T plans to continue to invest in technology infrastructure throughout the campus.
- *Auxiliary Enterprises* expenditures are budgeted to decrease from FY 2021 projection by \$444 thousand.
- *Restricted expenditures* funded from grants and gifts are anticipated to decrease by \$2.6 million from the FY 2021 projection. Projected restricted expenditures in FY 2021 trended \$8.5 million higher than prior fiscal years which is attributed to expenses related to reopening the universities and supported infrastructure for remote learning funded by federal stimulus funding.
- *Plant* expenditures are budgeted to increase by \$2.3 million over FY 2021 projections due to planned M&R plant projects.

UMSL

UMSL's FY 2022 budget reflects a return to pre-pandemic operations. Generating enrollment growth is UMSL's highest priority. The FY 2022 budget includes funding for initiatives to increase enrollment including enhanced recruiting and advising, marketing, a branding initiative, and additional investment in eLearning. The University continues to review academic programs, including eliminating programs with low demand and identifying new areas of growth. To respond to the new expense base, UMSL has expanded shared services and is implementing a space consolidation plan to reduce its capital footprint.

Schedule 17 UMSL FY 2022 Budget (Dollars in Thousands)

Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP - Unaudited

Line No.		Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Operating Revenues					
1	Tuition and Fees	\$ 116,178	\$ 116,122	\$ 118,527	\$ 121,715
2	Less Scholarship Allowances	43,758	45,552	52,274	51,772
3	Net Tuition and Fees	72,420	70,570	66,253	69,943
4	Federal Pell Grants	13,984	12,598	12,000	13,500
5	Government Scholarship Funding	3,930	3,956	3,670	3,670
6	Institutional CARES Act Funding	-	1,901	19,833	10,668
7	Grants and Contracts	28,707	27,119	26,945	24,300
8	Auxiliary Enterprises	18,456	15,175	12,600	15,445
9	Patient Medical Services, Net	32	40	16	51
10	Other Operating Revenues	2,690	2,166	2,422	1,979
11	State Appropriations	55,817	48,436	55,940	60,507
12	Federal Appropriations	-	-	-	-
13	Private Gifts	12,601	10,749	9,445	11,131
14	Spendable Investment Income (Moody's)	9,090	9,577	9,813	11,196
15	Total Operating Revenues	217,727	202,287	218,937	222,390
Operating Expenses					
16	Salaries and Wages	105,659	107,866	97,930	101,843
17	Benefits	32,026	33,811	33,215	34,020
18	Supplies, Services and Other Operating Expenses	58,532	47,879	53,059	58,101
19	Depreciation	17,882	17,999	18,000	18,400
20	Interest Expense	5,985	5,776	5,557	5,328
21	Total Operating Expenses	220,084	213,331	207,761	217,692
22	Net Operating Income	(2,357)	(11,044)	11,176	4,698
23	Net Operating Margin	-1.1%	-5.5%	5.1%	2.1%
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	6,378	3,512	14,117	10,010
25	Spendable Investment Income (Moody's)	(9,090)	(9,577)	(9,813)	(11,196)
26	Other Nonoperating Revenues (Expenses)	38	72	14	-
27	State Capital Appropriations	-	-	-	-
28	Capital Gifts and Grants	1,110	1,501	400	-
29	Private Gifts for Endowment Purposes	2,815	2,048	2,500	2,250
30	Mandatory Transfers	(139)	(94)	-	-
31	Non-Mandatory Transfers	1,994	1,563	552	1,270
32	Net Nonoperating Revenues (Expenses)	3,106	(975)	7,770	2,334
33	Increase in Net Position	749	(12,019)	18,946	7,032
34	Net Position, Beginning of Year	367,615	368,364	356,526	375,472
35	Cumulative Effect of Change in Accounting Principle	-	181	-	-
36	Net Position, Beginning of Year, Adjusted	367,615	368,545	356,526	375,472
37	Net Position, End of Period	\$ 368,364	\$ 356,526	\$ 375,472	\$ 382,504

Overall, UMSL's operating margin of \$4.7 million, or 2.1% exceeds breakeven. The FY 2022 budget represents an improvement over a history of operating losses in FY 2020 and FY 2019.

Operating Revenues:

The primary driver of the University's overall revenues is enrollment which drives both teaching revenues and the majority of auxiliary enterprises. Lines 1-5 of from Schedule 17 on the prior page are summarized in Schedule 17 on the next page with the key drivers. Other key areas of revenue for UMSL include:

- Institutional CARES Act Funding reflects the additional funding available from the Higher Education Emergency Relief Fund (HEERF) from the third round of stimulus passed in the Spring of 2021. Full guidance on this funding has not been issued by the Department of Education as of May 2021, and the University budgeted the full amount of funding in FY 2022. Depending on the funding restrictions, this amount could move across fiscal years. For financial statement presentation purposes student aid funded by the CARES Act is not included in the revenues as it is a direct flow through to students. These amounts total to \$1.9 million, \$2.9 million, and \$10.8 million for fiscal years 2020, 2021, and 2022, respectively.
- Grants and Contracts are projected to decrease by \$2.6 million over the prior year.
- State Appropriations are projected to increase by \$4.6 million over FY 2021 projection. The primary drivers of this increase include the reallocation of appropriations from UM System Administration to the campus and UMSL's participation in the \$5 million core increase provided to the University of Missouri. Through the MOExcels program, UMSL was award \$1.5 million for the Nursing SIM Simulation Lab, in FY 2022.

Schedule 18 UMSL Net Tuition Revenue Detail

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Enrollment - Full-time Equivalent				
Undergraduate				
<i>Resident</i>	7,363	7,083	6,253	6,473
<i>Non-Resident</i>	502	485	476	507
Total Undergraduate	7,865	7,568	6,729	6,980
Graduate/Professional	1,623	1,633	1,549	1,615
Gross Tuition and Fees \$'s in thousands				
Undergraduate Tuition				
<i>Resident</i>	\$ 49,388	\$ 48,524	\$ 48,098	\$ 50,427
<i>Non-Resident</i>	13,189	12,768	11,686	13,320
Total Undergraduate Tuition	62,577	61,292	59,784	63,747
Graduate/Professional Tuition	31,819	33,417	31,449	32,261
Undergraduate Supplemental Fees	11,161	11,253	16,203	14,638
Graduate/Professional Supplemental Fees	3,584	3,879	4,619	4,359
Continuing Education Fees	4,659	4,342	4,065	4,678
Other Educational Fees	2,378	1,939	2,407	2,032
Total Tuition and Fees (Line 1)	\$ 116,178	\$ 116,122	\$ 118,527	\$ 121,715
Aid Awarded by Institution \$'s in thousands				
Unrestricted				
<i>Undergraduate</i>	\$ (15,700)	\$ (16,312)	\$ (24,736)	\$ (22,745)
<i>Graduate/Professional</i>	(6,075)	(6,682)	(7,381)	(7,530)
<i>Miscellaneous Aid</i>	(136)	(177)	(135)	(123)
Total Unrestricted Aid	(21,911)	(23,171)	(32,252)	(30,398)
Restricted Donor Aid				
<i>Undergraduate</i>	(2,284)	(2,400)	(2,419)	(2,962)
<i>Graduate/Professional</i>	(440)	(305)	(239)	(475)
Total Restricted Donor Aid	(2,724)	(2,705)	(2,658)	(3,437)
Restricted Non-Gift Aid/Waivers	(1,209)	(3,122)	(1,694)	(767)
Federal Pell Grant Aid	(13,984)	(12,598)	(12,000)	(13,500)
Government Scholarships	(3,930)	(3,956)	(3,670)	(3,670)
Total Scholarship Allowances (Line 2)	\$ (43,758)	\$ (45,552)	\$ (52,274)	\$ (51,772)
Net Tuition and Fees (Line 3)	\$ 72,420	\$ 70,570	\$ 66,253	\$ 69,943
Federal Pell Grants (Line 4)	\$ 13,984	\$ 12,598	\$ 12,000	\$ 13,500
Government Scholarship Funding (Line 5)	\$ 3,930	\$ 3,956	\$ 3,670	\$ 3,670

- The enrollment numbers presented in the schedule represent budgeted fall census. UMSL's student population differs from the other three institutions. Over half of UMSL undergraduate population is part-time and 70% of the graduate students are also.

part-time. These students' consumption patterns are more sensitive to economic shifts and are more difficult to predict.

- The gross tuition and fee budgeted amounts include the rates approved by the Board in May 2021. Undergraduate students at UMSL take on average 11 credit hours per semester. Graduate students take 6 student credit hours on average per semester. These student credit hour trends were utilized when budget gross tuition.
- The decrease in supplemental fees is driven by on-line course fees charged to students. When nearly all instruction went on-line during the pandemic the students enrolled in those courses were charged a fee, UMSL provide aid to all of the student to cover this on-line course fee.
- The increase in undergraduate unrestricted aid starting in FY 2021 is driven by the aid to cover the on-line course fee charged when the university switched to fully virtual learning. UMSL will continue to offer this aid through FY 2022 as the campus transitions back to pre-pandemic operations.

Operating Expenses

Overall, UMSL's operating expenses are projected to increase by 4% reflecting increased spending as the University emerges from the pandemic. Schedule 20 and 21 provides additional detail changes in Salaries and Wages and Supplies Services and Other for the FY 2022 budget.

Schedule 19: UMSL Salaries and Wages Detail (Dollars in Thousands)

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Salaries and Wages				
<i>Teaching and Research</i>				
Unrestricted	\$ 45,851	\$ 45,149	\$ 41,380	\$ 42,949
Restricted (Gifts & Grants)	4,917	5,236	4,672	4,586
Total Teaching and Research Salaries	50,768	50,385	46,052	47,534
<i>Staff and Supporting Services</i>				
Operations and Service Operations	41,727	43,288	37,768	39,553
Auxiliary Enterprises	1,721	1,809	1,712	2,034
Restricted (Gifts & Grants)	11,443	12,384	12,398	12,721
Total Staff and Supporting Services Salaries	54,891	57,481	51,878	54,308
Total Salaries and Wages (Line 16)	\$ 105,659	\$ 107,866	\$ 97,930	\$ 101,843

Salaries and Wages

- The FY 2022 budget includes targeted market adjustments but no raise pool for the University.
- *Teaching and Research (Unrestricted)* funded from tuition and state appropriations is budgeted to increase by 4% or \$1.6 million from FY 2021 projection. This increase is attributed to mandatory salary reductions implemented during the pandemic. These reductions ended in February 2021.
- *Teaching and Research (Restricted)* funded from grants and gifts are anticipated to remain flat from FY 2021 projections based on flat restricted funding growth.

- *Operations and Service Operations* are budgeted to increase by \$1.8 million from FY 2021 projection. This increase is attributed to mandatory salary reductions implemented during the pandemic. These reductions ended in February 2021. Additional resources to support for enrollment recruitment and retention initiatives are also include in the FY 2022 budget.
- *Staff (Restricted)* funded from grants and gifts are budgeted to remain flat from FY 2021 projections.

Schedule 20: UMSL Supplies Services and Other Operating Expenses Detail (Dollars in Thousands)

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Supplies, Services and Other Operating Expenses				
Operations and Service Operations	\$ 33,797	\$ 27,018	\$ 24,000	\$ 32,942
Auxiliary Enterprises	8,812	8,012	6,957	8,268
Restricted (Gifts & Grants)	14,328	12,134	21,450	13,601
Plant	1,595	715	652	3,290
Total Supplies, Services and Other Operating Expenses (Line 18)	\$ 58,532	\$ 47,879	\$ 53,059	\$ 58,101

Supplies, Services and Other Operating Expenses

- *Operations and Service Operations* expenditures are budgeted to increase \$8.9 million over FY 2021 projection, \$1.0 million is related to UM System expense allocation which is offset by \$2.6 million reallocated revenues to UMSL. The remaining increase in expenditures reflect the return to normal operations.
- *Auxiliary Enterprises* expenditures are budgeted to increase by \$1.3 million from FY 2021 projection as students repopulate the residential portions of campus and increase consumption on dining plans and within residence halls.
- *Restricted* expenditures funded from grants and gifts are anticipated decrease by \$7.8 million from FY 2021 projection. Projected restricted expenditures in FY 2021 trended \$7.8 million higher than prior fiscal years which is attributed to expenses related to reopening the universities and supporting infrastructure for remote learning funded by federal stimulus funding.
- *Plant* expenditures are budgeted to increase by \$2.6 million over FY 2021 projections due to planned M&R projects and space consolidation plans.

MUHC

Schedule 22: MU Healthcare FY 2022 Budget (Dollars in Thousands)

Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP - Unaudited

Line No.		Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Operating Revenues					
1	Tuition and Fees	\$ -	\$ -	\$ -	\$ -
2	Less Scholarship Allowances	-	-	-	-
3	Net Tuition and Fees	-	-	-	-
4	Federal Pell Grants	-	-	-	-
5	Government Scholarship Funding	-	-	-	-
6	Institutional CARES Act Funding	-	-	-	-
7	Grants and Contracts	159	137	84	130
8	Auxiliary Enterprises	23,631	23,255	21,718	23,461
9	Patient Medical Services, Net	1,062,023	1,060,215	1,157,025	1,195,684
10	Other Operating Revenues	159	2	(20)	(30)
11	State Appropriations	-	-	-	-
12	Federal Appropriations	-	-	-	-
13	Private Gifts	1,878	1,564	872	705
14	Spendable Investment Income (Moody's)	-	-	-	-
15	Total Operating Revenues	1,087,849	1,085,173	1,179,679	1,219,950
Operating Expenses					
16	Salaries and Wages	323,980	333,810	345,554	363,375
17	Benefits	105,964	110,721	119,208	126,775
18	Supplies, Services and Other Operating Expenses	506,987	525,676	576,683	581,906
19	Depreciation	46,935	48,164	53,577	59,781
20	Interest Expense	12,134	11,190	11,184	10,376
21	Total Operating Expenses	995,999	1,029,560	1,106,207	1,142,214
22	Net Operating Income	91,850	55,613	73,473	77,736
23	Net Operating Margin	8.4%	5.1%	6.2%	6.4%
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	1,715	(6,412)	19,030	7,735
25	Spendable Investment Income (Moody's)	-	-	-	-
26	Other Nonoperating Revenues (Expenses)	(1,040)	19,153	6,511	-
27	State Capital Appropriations	-	-	-	-
28	Capital Gifts and Grants	2,998	3,845	4	6
29	Private Gifts for Endowment Purposes	10	42	41	15
30	Mandatory Transfers	-	-	-	-
31	Non-Mandatory Transfers	(26,607)	(28,229)	(24,886)	(30,460)
32	Net Nonoperating Revenues (Expenses)	(22,923)	(11,600)	700	(22,704)
33	Increase in Net Position	68,927	44,012	74,172	55,032
34	Net Position, Beginning of Year	781,881	850,808	894,820	968,993
35	Cumulative Effect of Change in Accounting Principle	-	-	-	-
36	Net Position, Beginning of Year, Adjusted	781,881	850,808	894,820	968,993
37	Net Position, End of Period	\$ 850,808	\$ 894,820	\$ 968,993	\$ 1,024,025

This presentation format matches the higher education presentation of revenues and expenses. The health system follows the healthcare convention in their presentations to the Health Affairs Committee. The main difference is the classification of gift revenues (line 13) and interest expense (line 20) which is an operating revenue in higher education and a non-operating item in healthcare.

Leadership from MU Health Care, MU School of Medicine and University Physicians have collaborated in developing core patient volumes for the plan, based upon historical performance, market assessments and internal growth plans. MU Health Care continues to identify and implement stewardship initiatives to offset inflation and downward pressures from third party payors.

This year in particular, there are significant challenges to reimbursement related to the shift of payment methodology for Medicaid outpatient services, reduction in Managed Medicaid reimbursement rates, the uncertainty of Medicaid Expansion funding and the push from commercial payors to move outpatient services to non-hospital settings. MU Health Care is expecting volume growth related to strategies in primary care, cardiovascular and surgical specialties. To manage within the projected revenues, MUHC leadership is taking significant action to reduce supply chain spend by \$11M through better contracting and standardization, as well as plans to reduce an additional \$3M related to variations in care. Additional efficiency savings will be achieved this fall, as facility consolidation begins with the move of pediatrics to the main campus. MUHC continues to establish staffing levels consistent with national benchmarks and ensures that variable staffed units flex their staffing to operating volumes. MUHC has consistently demonstrated the ability to manage budgets within available resources.

UM System Administration

The UM System Business Unit includes the administrative and support functions including service centers that provide unduplicated support to the four campuses and health system. As described in the Report to the Board on Administrative Efficiencies from the November 2020 Board Meeting:

“Instead of funding administration with state appropriations and investment income, these services will be funded via a cost allocation to the Universities based upon their share of total operating expenses or other cost drivers. The cost allocation for services will also force administrative units to justify the scale and cost of their function to the Universities they support.”

The model has been structured to deliver the right support services, at the right level of the organization efficiently and effectively while supporting the mission. FY 2022 budget reflects these changes in the funding structure. The funding structure moved state appropriations and investment income out to the Universities, then charged a related amount to have each University pay system administration for the services provided.

The net results of the change in costing will result in an increase in available funding for each University, as the state appropriations and investment income from System Administration are larger than allocated costs:

Table 1: FY 2021 Change in Budget by University due to System Admin Costing Model

	MU	UMKC	S&T	UMSL	MUHC	Total
State Appropriations (line 11)	5,735	2,073	1,403	1,555	-	10,766
Investment Income (line 14)	9,083	1,180	1,256	1,071	3,410	16,000
Services Expense (line 18)	(11,832)	(2,344)	(1,183)	(1,040)	(3,453)	(19,852)
Gain/(Loss)	2,986	909	1,476	1,586	(43)	6,914

The impact of the implementation of the new funding structure on UM System Administration had the following impacts:

- Decreased State Appropriations by \$10.7 M (line 11, schedule 23)
- Decreased Spendable Investment Income by \$16.0M (line 14, schedule 23)
- Decreased Supplies, Services, and Other Expense by \$19.9M (line 18, schedule 23)

Schedule 23: UM System Administration FY 2022 Budget (Dollars in Thousands)

Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP - Unaudited

Line No.	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Operating Revenues				
1	\$ -	\$ -	\$ -	\$ -
2	118	156	108	50
3	(118)	(156)	(108)	(50)
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	136	512	-	-
8	26,104	22,148	24,800	20,613
9	-	-	-	-
10	11,288	5,887	4,970	4,478
11	11,326	10,612	12,289	1,812
12	-	-	-	-
13	669	109	100	113
14	17,985	21,800	21,905	6,905
15	67,390	60,912	63,956	33,871
Operating Expenses				
16	33,435	34,617	33,400	34,484
17	11,192	11,336	11,581	11,997
18	20,179	8,155	15,496	(15,218)
19	4,326	3,871	3,500	2,574
20	-	-	-	-
21	69,132	57,979	63,977	33,837
22	(1,742)	2,933	(21)	34
23	-2.6%	4.8%	0.0%	0.1%
Nonoperating Revenues (Expenses)				
24	43,132	14,738	25,604	10,130
25	(17,985)	(21,800)	(21,905)	(6,905)
26	(637)	(31)	2	2
27	-	-	-	-
28	-	-	-	-
29	-	-	-	-
30	-	-	-	-
31	63,270	(38,348)	(642)	(1,198)
32	87,780	(45,441)	3,059	2,029
33	86,038	(42,508)	3,038	2,063
34	167,106	253,144	211,269	214,307
35	-	633	-	-
36	167,106	253,777	211,269	214,307
37	\$ 253,144	\$ 211,269	\$ 214,307	\$ 216,370

The primary revenue source remaining at UM System is from MOREnet which provides high speed internet service to schools, higher education, and libraries across the state. MOREnet submitted a balanced budget in FY 2022, including reductions to match reductions in revenue. In total, the remainder System Administration's budget expenses grew in line with overall revenue growth and include a 2% performance-based market and merit raise pool. The negative \$15 million in Supplies, Services, and Other reflects the collections from the other Universities and Hospital on charges for services. UM System

Administration's spending increased by 2.5%, largely driven by the implementation of a merit and market 2% raise pool. Savings were realized by the combination of the President and Chancellor roles, elimination of leased space, and reductions to academic support functions at System Administration. Areas of increased spending include institutional effectiveness and eLearning.

University-wide Units

University-wide Business Units are used to hold resources and deliver programs that are utilized by the entire institution. These include the endowed chair programs that were established with recurring state appropriation to match endowment distributions, self-insurance related to health, welfare and risk management programs, and activities of the central bank. Most of the activity in the University-wide units relates to consolidating entries for non-operating items that is not spread to the other Universities, primarily related to the benefit plans, insurance and investments.

While the units show a positive net operating income, this is primarily driven by investment income distribution adjustments. \$25 million of income relates to a difference in the healthcare and higher education methodology for Moody's; the hospital's portion of investment income is non-operating for healthcare operations but gets counted as an operating income on the consolidated statement. For the consolidated analysis, the University gets credit for the hospital's investment balances in the Moody's methodology and makes the adjustment in these holding units. The remainder of activity primarily relates to benefits, insurance, and investments and generally flows through non-operating. The growth in non-operating expenses generally reflects the growth in benefit liabilities, which will continue to raise contributions and benefit charges to the operating units on a forward basis. The University will evaluate both the investment income distribution and the benefit liabilities in the process of updating financial performance targets.

Schedule 24: University-wide Units FY 2022 Budget (Dollars in Thousands)

Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP - Unaudited

Line No.		Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Operating Revenues					
1	Tuition and Fees	\$ -	\$ -	-	-
2	Less Scholarship Allowances	33	29	33	33
3	Net Tuition and Fees	(33)	(29)	(33)	(33)
4	Federal Pell Grants	-	-	-	-
5	Government Scholarship Funding	-	-	-	-
6	Institutional CARES Act Funding	-	-	-	-
7	Grants and Contracts	-	-	-	-
8	Auxiliary Enterprises	-	-	-	-
9	Patient Medical Services, Net	-	-	-	-
10	Other Operating Revenues	(253)	523	557	(97)
11	State Appropriations	9,467	9,467	9,466	9,467
12	Federal Appropriations	9,828	9,871	9,826	9,912
13	Private Gifts	1	2	2	2
14	Spendable Investment Income (Moody's)	51,006	55,173	66,009	66,558
15	Total Operating Revenues	70,016	75,007	85,827	85,809
Operating Expenses					
16	Salaries and Wages	(564)	(77)	-	-
17	Benefits	9,806	11,321	(6,101)	(12,002)
18	Supplies, Services and Other Operating Expenses	(8,988)	(14,880)	(1,767)	6,097
19	Depreciation	4,767	4,766	2,732	-
20	Interest Expense	3,010	3,056	5,330	11,104
21	Total Operating Expenses	8,031	4,186	194	5,200
22	Net Operating Income	61,985	70,821	85,633	80,609
23	Net Operating Margin	88.5%	94.4%	99.8%	93.9%
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	55,104	(11,213)	23,460	20,205
25	Spendable Investment Income (Moody's)	(51,006)	(55,173)	(66,009)	(66,558)
26	Other Nonoperating Revenues (Expenses)	(94)	(24,529)	(99)	-
27	State Capital Appropriations	-	-	-	-
28	Capital Gifts and Grants	-	2,205	-	-
29	Private Gifts for Endowment Purposes	2	1	1	1
30	Pension and OPEB Impact on Income Statement	(96,094)	(104,906)	(80,000)	(100,000)
31	Mandatory Transfers	41	4,722	-	-
32	Non-Mandatory Transfers	(70,970)	(8,669)	(7,900)	(1,648)
33	Net Nonoperating Revenues (Expenses)	(163,015)	(197,562)	(130,547)	(148,000)
34	Increase in Net Position	(101,032)	(126,741)	(44,914)	(67,390)
35	Net Position, Beginning of Year	(381,386)	(482,418)	(609,238)	(654,152)
36	Cumulative Effect of Change in Accounting Principle	-	(79)	-	-
37	Net Position, Beginning of Year, Adjusted	(381,386)	(482,497)	(609,238)	(654,152)
38	Net Position, End of Period	\$ (482,418)	\$ (609,238)	\$ (654,152)	\$ (721,553)

Current Fund Budgets

Current funds include resources of the University that are expendable for any purpose directly related to the primary missions of the University, i.e., instruction, research, public service, and economic development as well as related support services. Current funds are further broken down into fund groups, depending on their purpose and external restrictions. Current funds generally drive the “Operating” items in the formats utilized above.

The operations fund, shown in green on Schedule 9 is where the bulk of the University’s teaching, academic creative works, public service, and supporting service activities occur. Its primary funding sources are tuition and fees and state appropriations, although it does receive some support from unrestricted auxiliary and other enterprise like operations in the form of overhead payments for services provided by the operations fund (such as accounting, procurement, legal, grant management, facilities, etc.). In addition, the operations fund receives facilities and administrative cost recovery funding from grants and contracts to partially offset the costs of providing space and support services (overhead) to grants and contracts. Operations fund revenues are the most valuable because they are the least constrained by third parties. Operations fund revenues contribute 34% of total current fund revenues.

Other unrestricted funds are shown in shades of yellow on the chart. The primary source of funding for this group is fees for services provided. These operations are treated as separate enterprises and are expected to set fees for their services to cover their current operating costs plus depreciation, which is set aside for future capital and equipment replacement. Included in this category are University Hospitals and Clinics, student auxiliaries (housing, dining, bookstores, and recreation centers), intercollegiate athletics, student unions, research reactor, service operations (energy management, facilities design and construction, telecommunications, etc.), continuing education and self-insurance funds. These activities comprise 53% of the current fund budget.

Third parties, primarily donors and granting agencies, restrict the remainder of the current funds. These funds are shown in red on the chart because there is very little flexibility in how the funds are spent. The primary funding sources are gifts, spendable distributions from the endowment funds, and external grants and contracts. Grants and contracts are primarily for specific research, although some grants and contracts fund public service and instructional activities. This fund is also where federal financial aid is budgeted and accounted for due to the restricted nature of these funds. Restricted funds contribute 13% of the current funds budget.

Schedule 9. University of Missouri Budget Planning: FY22 Original Budget (Dollars in Millions)

	Operations	Other Unrestricted	Auxiliary Enterprises	Hospital Operations	Restricted Funds	Total Current Funds	Loan, Endowment, and Plant Funds	Total All Funds
Operating Revenues								
Tuition and Fees	\$891.3	\$9.4	\$0.0	\$0.0	\$0.5	\$901.1	\$0.2	\$901.3
Less: Scholarship Allowances	(235.3)	(0.3)	0.0	0.0	(178.6)	(414.3)	0.0	(414.3)
Net Student Fees	\$655.9	\$9.0	\$0.0	\$0.0	(\$178.1)	\$486.8	\$0.2	\$487.0
General Revenue Allocation	(2.6)	0.0	0.0	0.0	0.0	(2.6)	2.6	\$0.0
Federal Pell Grants	0.0	0.0	0.0	0.0	56.1	56.1	0.0	56.1
Government Scholarship Funding	0.0	0.0	0.0	0.0	26.7	26.7	0.0	26.7
CARES Funding	0.0	0.0	0.0	0.0	79.4	79.4	0.0	79.4
Grants and Contracts	0.2	0.0	0.0	0.0	354.0	354.2	0.4	354.6
Sales & Services & Patient Revenue	22.9	143.0	228.2	1,512.2	0.0	1,906.4	0.0	1,906.4
Other Operating Revenues	88.5	5.0	0.0	0.0	(36.7)	56.8	0.4	57.3
State Appropriations	422.8	0.0	0.0	0.0	8.4	431.2	0.0	431.2
Federal Appropriations	0.0	0.0	0.0	0.0	18.5	18.5	9.9	28.5
Gift Income	0.4	0.0	11.5	0.0	61.0	72.8	0.5	73.3
Endowment & Investment Income	168.1	0.0	0.0	0.0	56.9	225.0	0.5	225.5
Total Operating Revenues	\$1,356.2	\$157.0	\$239.7	\$1,512.3	\$446.3	\$3,711.5	\$14.4	\$3,726.0
Operating Expenditures								
Salaries & Wages	\$640.5	\$68.5	\$104.4	\$636.3	\$189.3	\$1,639.0	\$0.0	\$1,639.0
Employee Benefits	210.3	16.9	34.0	194.1	57.4	512.7	0.0	512.7
Total Compensation	850.8	85.3	138.4	830.4	246.7	2,151.7	0.0	2,151.7
Operating Expense	235.7	9.3	89.1	553.5	147.2	1,034.8	45.0	1,079.8
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	221.1	221.1
Income Expense	0.0	0.0	0.0	0.0	0.0	0.0	72.4	72.4
Total Operating Expenditures	\$1,086.5	\$94.6	\$227.5	\$1,384.0	\$393.9	\$3,186.5	\$338.5	\$3,525.0
Net Operating Income	269.8	62.4	12.2	128.3	52.4	525.0	(324.1)	201.0
Nonoperating Revenue (Expense)								
Investment Income (Losses), Net of Fees	\$59.8	\$6.1	\$0.1	\$7.9	\$59.2	\$133.1	\$62.2	195.3
Endowment/General Pool Distribution	(168.1)	0.0	(0.0)	0.0	(56.9)	(225.0)	(0.5)	(225.5)
Capital Expense & Offset	(24.1)	0.0	(2.8)	(6.3)	(18.7)	(52.0)	52.4	0.5
Other Nonoperating Revenues (Expense)	0.0	(0.5)	(0.0)	0.0	(0.0)	(0.5)	0.5	0.0
State Capital Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	21.0	21.0
Capital Gifts and Grants	0.0	0.0	0.0	0.0	0.0	0.0	55.5	55.5
Private Gifts for Endowment Purposes	0.0	0.0	0.0	0.0	0.0	0.0	31.8	31.8
Pension and OPEB Impact on Income Statement	0.0	(100.0)	0.0	0.0	0.0	(100.0)	0.0	(100.0)
Mandatory Transfers (In) Out	(22.2)	(45.3)	(34.7)	(25.6)	1.0	(126.7)	126.7	0.0
Non-Mandatory Transfers (In) Out	(24.1)	(8.1)	2.0	(4.2)	(18.5)	(53.0)	52.8	(0.2)
Net Nonoperating Revenues (Expense)	(\$178.6)	(\$147.7)	(\$35.5)	(\$28.2)	(\$34.0)	(\$424.0)	\$402.4	(\$21.6)
Change in Net Assets	\$91.1	(\$85.3)	(\$23.3)	\$100.1	\$18.4	\$101.0	\$78.3	\$179.3