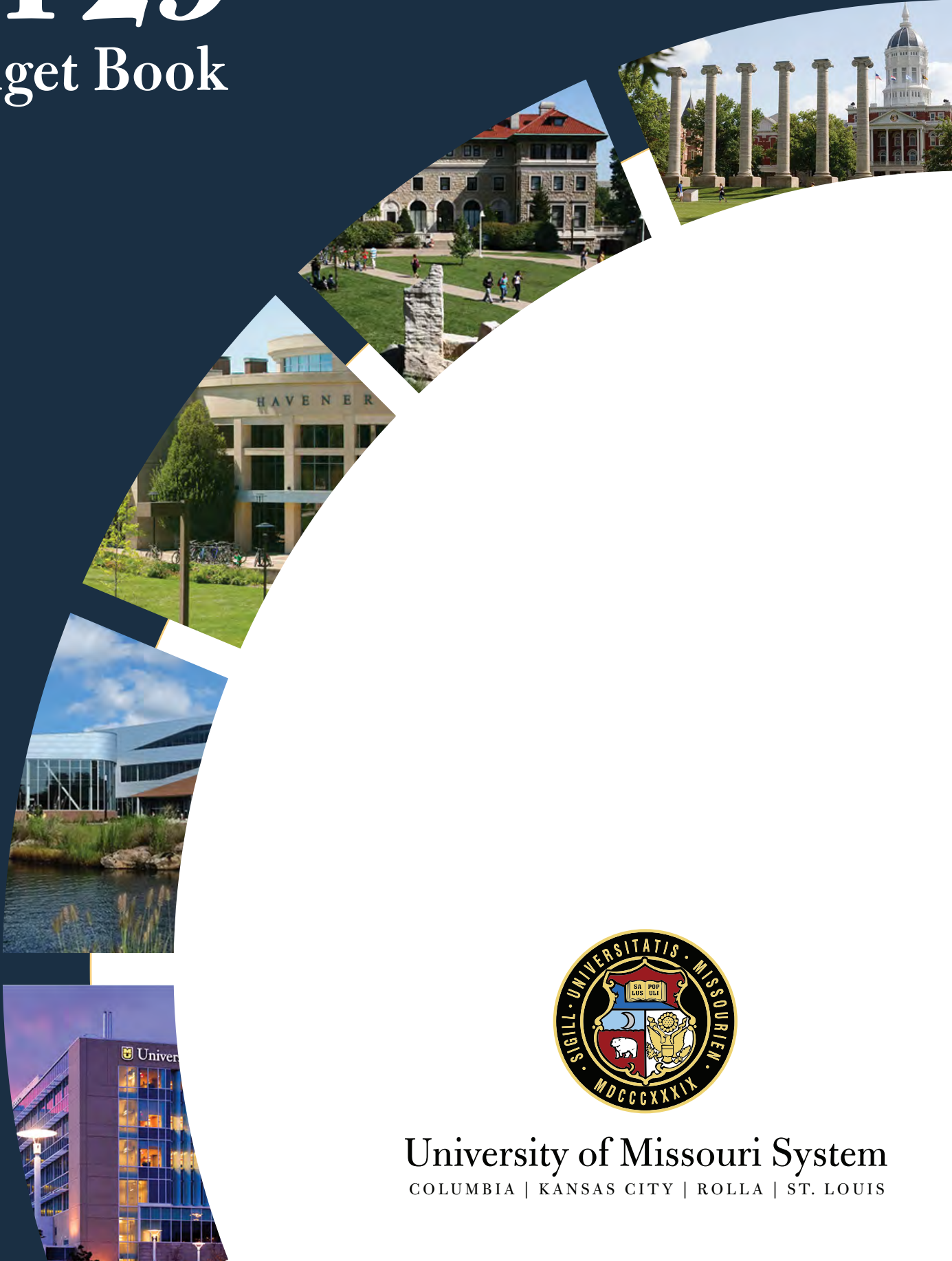


FY23

Budget Book



University of Missouri System
COLUMBIA | KANSAS CITY | ROLLA | ST. LOUIS

TABLE OF CONTENTS

	PAGE
Summary.....	1
FY 23 Budget Overview	1
FY 23 All Funds Budget	1
FY 23 Planning Process.....	4
FY 23 Budget Plans	
Consolidated	7
MU	10
UMKC	17
Missouri S&T	23
UMSL	29
Hospital Units	35
System Administration	37
University-wide Units	39
Fund Budget View	41

Fiscal Year 2023 Operating Budget
UM

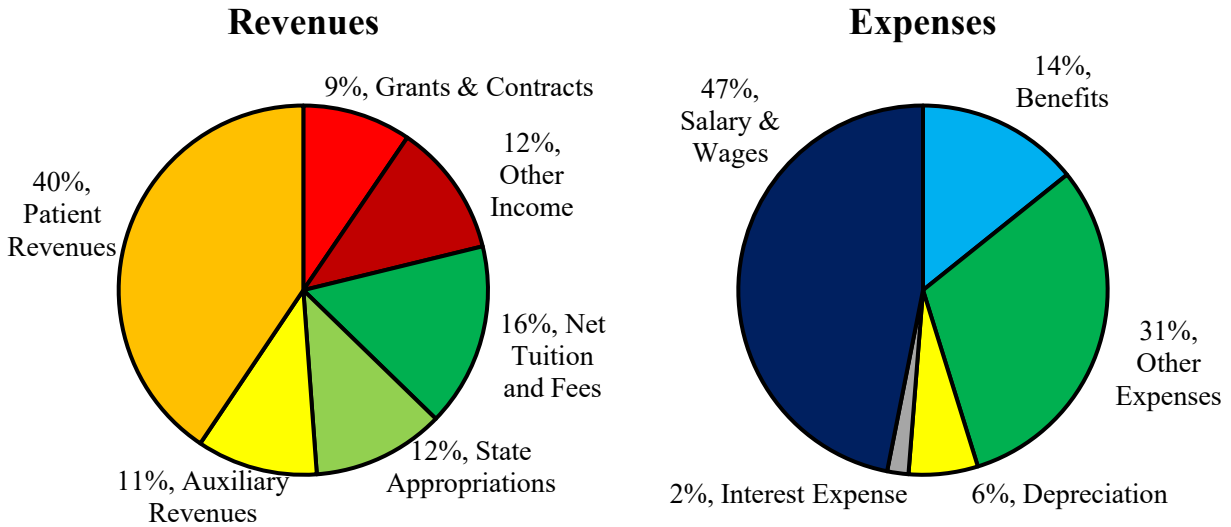
The FY 2023 budget reflects the culmination of planning efforts undertaken by each institution throughout the spring. The FY 2023 budget represents a return to normal operations in the wake of the pandemic, with all operating federal stimulus funding now expired.

The FY 2023 all funds revenue budget is \$3.9 billion. The following table shows the FY 2023 revenue budget by revenue source (\$'s presented in millions).

FY 2023 Revenue Budget	MU			MO		UM	University	Total
	MU	Healthcare	UMKC	S&T	UMSL	System	Wide Units	
Net Tuition and Fees	\$ 282.7	\$ -	\$ 143.5	\$ 54.7	\$ 72.9	\$ (0.0)	\$ -	\$ 553.8
Federal Pell Grants	24.7	-	12.6	6.3	13.5	-	-	57.1
Government Scholarships	17.0	-	4.0	5.0	3.7	-	-	29.7
State Appropriations	244.5	-	82.3	55.9	63.1	-	9.5	455.2
CARES Funding	-	-	-	-	-	-	-	-
Grants & Contracts	279.8	0.0	66.1	41.6	32.7	-	-	420.2
Auxiliary Revenues	313.6	22.9	43.1	22.9	15.2	22.9	-	440.6
Patient Revenues	294.1	1,350.8	40.5	-	0.1	-	-	1,685.5
Private Gift Revenues	38.0	0.7	11.3	22.4	11.9	0.1	-	84.4
Endowment & Investment	78.4	-	16.5	11.7	8.4	7.0	(9.5)	112.5
Other Income	55.0	-	20.5	2.1	2.2	4.1	9.5	93.5
Total Revenue	\$ 1,627.7	\$ 1,374.5	\$ 440.6	\$ 222.6	\$ 223.6	\$ 33.9	\$ 9.6	\$ 3,932.5

FY 2023 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 Expenses chart shows 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.



The FY 2023 budgets reflect a return to more normal operations but in the face of inflationary pressure. Expenses for the FY 2023 budget process will experience pressure if inflation remains in the 8% range instead of the 5% range that was more in line with trends when budget planning started in the early winter. The state budget continues to perform well on tax collections, but cost pressures will impact state programs as well and have the potential to adversely affect higher education. These inflationary forces will be an ongoing challenge, and the Universities will have to find both cost efficiencies and ways to increase prices in line with inflation to continue to support the mission and strategic investments. The recent underperformance of healthcare operations relative to expectations presents a risk for consolidated operating performance on a forward basis. Healthcare operations represent a large share of operating revenues and capital investment for the institution. The FY 2023 budget reflects a recovery in healthcare performance due to cost actions and growth initiatives.

Next Steps

After the FY 2023 budget process, each university will spend the fall updating their 2023 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 serves as the basis for setting financial performance targets as codified in Collected Rule 140.025. A key focus for the financial planning process next fall will be specifically identifying the match components and underwriting the significant

capital investments made by the state and the federal government over the last appropriation cycle.

Each University will continue transition work on the new tuition models approved by the Board at the Special May Meeting. Over the course of the next year, each University will provide an informational update on their tuition model transition. The Board will be presented the rates within the new model and any inflationary increases in the Spring of 2023 for approval.

Attached is the recommended action followed by supporting narrative and FY 2023 summary budgets by fund group by university.

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 fiscal management and the Board holding leadership accountable for maintaining the institution's 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 adjust 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 each year. A positive operating margin indicates available revenues exceed annual operating expenses.

FY 2023 Planning Process

The FY 2023 planning process started in the fall with each institution developing a five-year financial plan to align long-term financial priorities with each unit's strategy. The financial plan served as the starting place for the FY 2023 budget, which represents the more detailed annual resource allocation process.

The financial planning process identified key themes necessary to underwrite the future success of the Universities. The financial plans were built on improving revenue growth prospects and controlling costs over the coming five years. A key focus for the universities is continuing the growth trajectory in research demonstrated over the past three years. Other key themes in the plan include:

1. Sustained revenue growth in tuition and state support is necessary to underwrite quality improvements at each institution. These resources need to keep up with inflation. At Universities looking to improve quality and research rankings, these revenue streams will need to grow slightly above inflation when adding both state support and tuition together to generate funds for investment.
2. Enrollment declines have affected the available revenue streams for the institutions, as net tuition now supports half of unrestricted academic operations. Getting the enrollment size right is a key factor in generating revenues in the financial plan and operating budget.
3. Capital plans for each institution included significant extramural funding sources, and the federal stimulus package and current state budget surpluses lead to the appropriation of significant funding from these extramural sources. Some of this funding requires a matching component, and each institution is in a different place in its ability to generate the funding to meet the match component within its current financial resources.
4. Academic operations have balance sheet capacity after FY 2021. The key struggle for each university will be generating revenue growth and improving operating performance

over the next five years. MU Healthcare has a history of strong operating performance and revenue growth. The key limiting factor for healthcare will be setting priorities on balance sheet capacity and the ability to invest in capital and new initiatives. Significant underperformance on healthcare operating margin poses a financial risk for the institution.

- The financial plans approved by the Board in February were built on a sustained inflation rate of 2% over the five-year period. When the plans were started in August, inflation rates were closer to 5% and considered more transitory, leading the finance team to assume a consistent low inflation environment for the financial plans. With recent inflation readings coming in at 7-8% and the possibility that inflation will remain more permanent, cost pressures are likely to continue through FY 2023. Sustained inflation will continue to put pressures on operating margins and will require the University to continue to find operating efficiencies. If inflation remains high, the University will need to increase prices at higher rates than the recent past unless state appropriations begin to outpace inflation.

The financial planning process set units' performance targets for the upcoming five-year period. For FY 2023, each university and MU Healthcare was expected to submit a budget with operating performance in line with performance submitted as a part of the financial planning process.

Table 1: Operating Margin by Unit

	UM	MU	UMKC	Missouri S&T	UMSL	MU Healthcare
Target	>2.5%	>2.0%	>1.0%	>2.0%	>1.0%	>7.0%
2022 Financial Plan	3.2%	1.6%	1.4%	1.6%	0.4%	6.6%
FY 2023 Budget	2.7%	1.0%	2.1%	1.8%	0.0%	5.0%

FY 2023 University of Missouri Budget

The FY 2023 budget plans reflect a return to normal operations with the end of temporary stimulus support measures enacted during the pandemic. For the second straight year, the University's FY 2023 operating budget reflects growth in net tuition and fees, state appropriations, and grants and contracts. The FY 2023 budgeting process was not without challenges and prioritization, as operating revenue growth of 3.1% falls well below published inflation of 8.3%.

Each University's budget reflects their specific circumstances. The FY 2023 budget is the more detailed implementation of each University's financial plan that was approved by the Board at the February Meeting. As a planning target, each University was required to submit a budget in line with the performance reflected in the financial plans approved in February. Financial performance targets represent required performance over a period of time, and all financial plans met the financial performance targets over the duration of the plan. The consolidated performance for the enterprise exceeds the target. The University set the consolidated operating margin target to maintain the financial profile of the University. For unit level targets the University first set the goal of maintaining the financial profile of the University but then considered differences in business environments, peer comparisons, and

necessary strategic investments. Capital investments drove the need for a higher operating margin at MU and MU Healthcare through the planning process. This results in the sum of individual unit targets operating margin exceeding the consolidated target for credit purposes, as units' future capital plans drove the need for higher operating margins to finance capital plans.

Budgeted revenue numbers reflect the best available information at the time of the budget, which is finalized in mid-May. Each institution's operating budget reflects stable enrollment or slight growth over the prior year. Universities will adjust operating expenditures as they monitor final enrollments and other key revenue drivers.

The performance of MU Health Care remains a critical component for the enterprise on a forward basis. The FY 2023 budget for MU Healthcare reflects improvement upon performance to close FY 2022. While the healthcare industry has been struggling with staffing and cost as the pandemic winds down, MU Healthcare has a significant capital investment plan requiring solid operating performance to underwrite the investment. The successful development and execution of a financial improvement plan for MU Healthcare is critical over the next several years.

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 three columns:

- FY 2021 Actuals: actual performance for FY 2021.
- FY 2022 Projected: projected performance for FY 2022, which includes performance through April with a projection for the final two months to close.
- FY 2023 Budget: budgets completed for FY 2023.

Consolidated Summary

Schedule 1: University of Missouri System FY 2023 Budget (Dollars in Thousands) Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP – Unaudited

Line No.		Actuals FY 2021	Projected FY 2022	Budget FY 2023	% Change FY 2022 - 23
Operating Revenues					
1	Tuition and Fees	\$ 883,315	\$ 928,151	\$ 980,828	6%
2	Less Scholarship Allowances	374,650	411,935	427,050	4%
3	Net Tuition and Fees	508,665	516,216	553,778	7%
4	Federal Pell Grants	55,538	52,470	57,100	9%
5	Government Scholarship Funding	28,320	31,600	29,670	-6%
6	Institutional CARES Act Funding	116,872	50,012	-	-100%
7	Grants and Contracts	343,588	405,448	420,245	4%
8	Auxiliary Enterprises	411,511	410,753	440,562	7%
9	Patient Medical Services, Net	1,482,415	1,601,456	1,685,464	5%
10	Other Operating Revenues	61,238	56,260	65,226	16%
11	State Appropriations	419,691	424,953	455,235	7%
12	Federal Appropriations	27,964	28,409	28,320	0%
13	Private Gifts	83,933	74,335	84,375	14%
14	Spendable Investment Income	117,716	158,980	112,502	-29%
15	Total Operating Revenues	3,657,451	3,810,892	3,932,477	3%
Operating Expenses					
16	Salaries and Wages	1,565,021	1,697,088	1,800,019	6%
17	Benefits	471,475	483,006	546,194	13%
18	Supplies, Services and Other Operating Expenses	1,009,810	1,178,310	1,178,436	0%
19	Depreciation	214,253	231,526	231,891	0%
20	Interest Expense	68,972	72,894	71,167	-2%
21	Total Operating Expenses	3,329,531	3,662,824	3,827,707	5%
22	Net Operating Income	327,920	148,067	104,770	-29%
23	Net Operating Margin	9.0%	3.9%	2.7%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	764,308	186,967	214,075	14%
25	Spendable Investment Income	(117,716)	(158,980)	(112,502)	-29%
26	Other Nonoperating Revenues (Expenses)	25,975	2,469	568	-77%
27	State Capital Appropriations	-	3,202	22,000	587%
28	Capital Gifts and Grants	67,824	36,105	140,865	290%
29	Private Gifts for Endowment Purposes	61,030	49,840	35,230	-29%
30	Pension and OPEB Impact on Income Statement	115,006	55,658	71,845	29%
31	Mandatory Transfers	-	-	-	0%
32	Non-Mandatory Transfers	-	-	(183)	-100%
33	Net Nonoperating Revenues (Expenses)	916,427	175,261	371,898	112%
34	Increase in Net Position	1,244,347	323,329	476,668	
35	Net Position, Beginning of Year	4,852,418	6,096,765	6,420,093	
36	Cumulative Effect of Change in Accounting Principle	-	-	-	
37	Net Position, Beginning of Year, Adjusted	4,852,418	6,096,765	6,420,093	
38	Net Position, End of Period	\$ 6,096,765	\$ 6,420,093	\$ 6,896,761	

Note: Line 14 presents investment income based upon the University's investment spending distribution policies. Previously, this line was presented using the Moody's assumption for spendable investment income. The University's spending distribution policies are less than Moody's, and this is reflected in the lower consolidated operating margin target of 2.5% versus the previous 5.0%.

The University's budget includes a revenue increase of 7.5% over FY 2021 and 3.1% over FY 2022:

- Net Tuition Revenues are projected to grow by 6.7% or \$40 million year over year. Budgeted amounts include the tuition rate increases approved by the Board in May 2022. Enrollments are budgeted to remain stable or increase slightly depending on the university. 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 of these revenue streams. Increases in price ranged from 4.5% to 5.0%, while inflation as of April was over 8%. Additional discussion is provided in the appendix for each institution.
- Grants and Contracts are projected to grow by 3.6% or \$14.8 million year over year. MU continues to grow research grants and contracts with the Mizzou Forward initiative and investments in new faculty to grow research revenues. For FY 2022, MU is projected to grow research revenues by 14.4%. UMKC has also experienced significant growth in research grants and contracts.
- Auxiliary Enterprises are projected to grow by 5.6% or \$16.6 million over the prior year. Auxiliary enterprises are a diverse group of service units that offer goods and services to the University community that help maintain a fully functional research university, but don't contribute directly to the institution's core mission. It is expected those units operate sustainably, examples of auxiliary operations include student housing, student dining, athletics and bookstores. The growth in revenues reflect inflationary price increases and a full year of operations without pandemic restrictions.
- 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. The FY 2023 budget reflects no further stimulus, as the pandemic related stimulus measures to fund operations expired.
- 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. The core increase of 5.4% was the largest in the last two decades.
- Spendable Investment Income reflects the earnings from investments that can be utilized towards current operating purposes. This amount includes the spending distribution from endowments, interest on cash balances from the general pool, and the strategic dividend from the general pool. The decline from FY 2022 to FY 2023 is driven by lower investment performance in the general pool on rising interest rates, leading to a smaller estimated dividend in the FY 2023 budget. Spendable investment income has been updated to reflect the University's actual spending distribution policies rather than utilizing the Moody's investment income adjustment. This change reflects actual university policy.
- Details on the remaining revenues can be found for each university in the appendix.

The University's operating expenses are projected to increase over FY 2021 by 14.9% and grow over the projection for FY 2022 by 4.5%:

- Salaries and Wages are projected to grow by \$102.9 million or 6.1%. The increased budget for salaries and wages largely reflects the impact of a 4 or 5 percent market and merit pool across the different business units. New investments in people have largely been funded through efficiency measures within individual units to prioritize resources towards each unit's strategic priorities.
- Benefits are projected to grow in line with the growth in Salaries and Wages. Benefits budgets will remain stable as a share of payroll with the changes enacted by the Board to the pension plan at the April Board of Curators meeting. The University's employer share medical costs remain flat emerging from the pandemic, and the budget reflects the continuation of this trend for another year.
- Supplies, Services and Other Operating Expenses are projected to be flat over prior year's growth. A significant amount of the increase from FY 2021 to FY 2022 was driven by the resumption of normal operations and the repopulation of campuses. The increase from FY 2022 to FY 2023 is largely driven by inflationary pressures on the acquisition of goods and services, with some efficiency built in. Supplies, Services and Other expense also includes other one-time expenses from the pandemic such as quarantine space leases and contract labor that is expected to drop in FY 2023.
- Depreciation and Interest expenses grow in line with the capital investments and completions of projected capital projects.

Detailed statements of Revenues, Expenses, and Changes in Net Position are provided with explanations in Appendix 1 for each operating unit.

Next Steps: Financial Plans and New Tuition Models

After the FY 2022 budget process, the University will spend the fall completing the five-year financial plans for each university and the health system. Financial plans for FY 2023 will focus on underwriting the specific sources of matching and specific capital projects to be used for the most recent state and federal capital appropriations. For universities with lower reserve levels and high matching requirements, operating margin performance above target or increased philanthropy may be necessary to fully leverage identified capital dollars.

Throughout the next year, each university will also work with their constituents to develop transition plans for the new proposed tuition models. Each University will provide a summary of the specifics of their model during the upcoming Board meeting located at their university. Final versions of the new tuition models will be presented to the Board of Curators in the Spring of 2023 for approval. The first semester of implementation for the new models will be Fall 2023.

APPENDIX 1: BUDGET DETAILS BY UNIT

The details that follow show the breakout of the consolidated budget by operating unit. The key drivers of consolidated performance remain MU and MU Healthcare, which in total encompass three quarters of the University's operating expenditures.

MU

MU launched Mizzou Forward with the goal of enhancing the university's research and education missions. Mizzou Forward will provide investments to achieve excellence as a public research, AAU institution guided by accountability and ambition. To achieve excellence, the following investments are included in the FY 2023 budget:

- Funding for additional faculty hires for the Mizzou Forward Initiative and promotions and raises for existing excellent faculty.
- Investments in infrastructure in both the Provost's Office and Office of Research to support academic growth.
- Capital investments in the Indoor Practice Facility, Veterinary Medicine Diagnostic Lab, Research Reactor, NextGen Precision Health, and the School of Nursing.

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 2021	Projected FY 2022	Budget FY 2023	% Change FY 2022 - 23
Operating Revenues					
1	Tuition and Fees	\$ 449,414	\$ 493,400	\$ 519,067	5%
2	Less Scholarship Allowances	200,455	226,152	236,360	5%
3	Net Tuition and Fees	248,959	267,248	282,707	6%
4	Federal Pell Grants	23,794	24,677	24,700	0%
5	Government Scholarship Funding	15,963	17,415	17,000	-2%
6	Institutional CARES Act Funding	57,044	21,600	-	-100%
7	Grants and Contracts	230,748	264,000	279,840	6%
8	Auxiliary Enterprises	296,614	297,000	313,616	6%
9	Patient Medical Services, Net	269,641	280,423	294,105	5%
10	Other Operating Revenues	32,254	30,763	36,359	18%
11	State Appropriations	219,719	225,461	244,462	8%
12	Federal Appropriations	18,075	18,542	18,555	0%
13	Private Gifts	37,238	38,000	38,000	0%
14	Spendable Investment Income	72,936	109,966	78,386	-29%
15	Total Operating Revenues	1,522,985	1,595,095	1,627,730	2%
Operating Expenses					
16	Salaries and Wages	801,930	850,466	908,186	7%
17	Benefits	232,867	241,472	266,967	11%
18	Supplies, Services and Other Operating Expenses	252,351	306,807	301,937	-2%
19	Depreciation	93,077	102,212	102,000	0%
20	Interest Expense	36,687	34,562	32,616	-6%
21	Total Operating Expenses	1,416,912	1,535,519	1,611,706	5%
22	Net Operating Income	106,073	59,575	16,024	-73%
23	Net Operating Margin	7.0%	3.7%	1.0%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	313,566	106,260	137,946	30%
25	Spendable Investment Income	(72,936)	(109,966)	(78,386)	-29%
26	Other Nonoperating Revenues (Expenses)	2,273	506	510	1%
27	State Capital Appropriations	-	500	15,500	3000%
28	Capital Gifts and Grants	28,941	16,216	27,788	71%
29	Private Gifts for Endowment Purposes	43,072	40,450	30,264	-25%
30	Mandatory Transfers	85	-	-	0%
31	Non-Mandatory Transfers	16,402	23,695	35,518	50%
32	Net Nonoperating Revenues (Expenses)	331,402	77,661	169,140	35%
33	Increase in Net Position	437,475	137,237	185,164	
34	Net Position, Beginning of Year	2,970,602	3,408,077	3,545,314	
35	Cumulative Effect of Change in Accounting Principle	-	-	-	
36	Net Position, Beginning of Year, Adjusted	2,970,602	3,408,077	3,545,314	
37	Net Position, End of Period	\$ 3,408,077	\$ 3,545,314	\$ 3,730,478	

MU's FY 2023 budget reflects a 1.0% operating margin. Key drivers for revenue growth include tuition revenues and grants and contracts. 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:

- Grants and Contracts are projected to increase by 6% over the prior year. MU is committed to improving research competitiveness and is projecting a 14% growth in grants and contract revenue from FY 2021 to FY 2022. The budgeted revenue growth aligns with trends in proposals and awards due to Mizzou Forward initiatives.
- Auxiliary Enterprises revenue is projected to increase by \$16.6 million over FY 2022 representing 5.6% growth. The growth in revenue is driven by inflationary price increases for auxiliary operations.
- Net Patient Medical Service revenues are projected to increase by 4.9% over FY 2022. The growth in revenues aligns with MU Healthcare's budgeted revenue growth of 5.4%. The revenues from University Physicians fund the clinical compensation for Medical School faculty appointments.
- State Appropriations are projected to increase by \$19 million over FY 2022. This increase represents the 5.4% core increase proposed by the governor and approved by the legislature during the 2022 legislative session. The increase also includes the \$5 million in additional one-time funding for agriculture extension service. The remaining increase is attributed to additional line items and program support approved by the legislature during the 2022 legislative session.

Schedule 3: MU Net Tuition Revenue Detail

	Actuals FY 2021	Projected FY 2022	Budget FY 2023
Enrollment - Full-time Equivalent			
Undergraduate			
<i>Resident</i>	17,038	17,144	17,380
<i>Non-Resident</i>	4,260	4,557	4,505
Total Undergraduate	21,298	21,702	21,885
Graduate/Professional	4,972	4,921	5,160
Gross Tuition and Fees \$'s in thousands			
Undergraduate Tuition			
<i>Resident</i>	\$ 160,683	\$ 170,943	\$ 181,162
<i>Non-Resident</i>	101,608	115,559	119,956
Total Undergraduate Tuition	262,291	286,502	301,118
Graduate/Professional Tuition	80,292	84,742	94,370
Undergraduate Supplemental Fees	44,938	54,695	59,174
Graduate/Professional Supplemental Fees	6,899	7,827	7,881
Activity and Facility Fees	17,856	19,551	20,841
Continuing Education Fees	33,242	36,473	31,893
Other Educational Fees	3,896	3,610	3,790
Total Tuition and Fees (Line 1)	\$ 449,414	\$ 493,400	\$ 519,067
Aid Awarded by Institution \$'s in thousands			
Unrestricted			
<i>Undergraduate</i>	\$ (99,563)	\$ (114,835)	\$ (119,487)
<i>Graduate/Professional</i>	(32,639)	(32,592)	(29,656)
<i>Miscellaneous Aid</i>	(3,278)	(3,875)	(3,853)
Total Unrestricted Aid	(135,480)	(151,302)	(152,996)
Restricted Donor Aid			
<i>Undergraduate</i>	(12,565)	(13,126)	(15,742)
<i>Graduate/Professional</i>	(2,898)	(4,776)	(5,466)
Total Restricted Donor Aid	(15,463)	(17,902)	(21,208)
Restricted Non-Gift Aid/Waivers	(9,754)	(14,856)	(20,456)
Federal Pell Grant Aid	(23,794)	(24,677)	(24,700)
Government Scholarships	(15,963)	(17,415)	(17,000)
Total Scholarship Allowances (Line 2)	\$ (200,455)	\$ (226,152)	\$ (236,360)
Net Tuition and Fees (Line 3)	\$ 248,959	\$ 267,248	\$ 282,707
Federal Pell Grants (Line 4)	\$ 23,794	\$ 24,677	\$ 24,700
Government Scholarship Funding (Line 5)	\$ 15,963	\$ 17,415	\$ 17,000

- The enrollment numbers presented in the Schedule 3 represent projected fall census. MU is budgeting a fall undergraduate enrollment increase of 1% over prior year which remains in line with current new and existing enrollment trends. 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 2022.
- Institutional aid is budgeted to remain flat over FY 2022 projection reflecting the shape of the current class in relation to the University's scholarship programs. Increases in donor aid reflect programming to improve the University's use of donor funded scholarships.

Operating Expenses

Overall, MU's operating expenses are projected to increase by 5%. Schedule 4 and 5 provides additional detail changes in Salaries and Wages and Supplies, Services and Other for the FY 2023 budget.

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

	Actuals FY 2021	Projected FY 2022	Budget FY 2023
Salaries and Wages			
<i>Teaching and Research</i>			
Unrestricted	\$ 338,633	\$ 357,196	\$ 380,880
Restricted (Gifts & Grants)	77,423	85,047	90,150
Total Teaching and Research Salaries	416,056	442,243	471,030
<i>Staff and Supporting Services</i>			
Operations and Service Operations	167,647	176,093	188,066
Auxiliary Enterprises	86,099	97,561	106,731
Patient Services	87,645	92,047	97,284
Restricted (Gifts & Grants)	44,483	42,522	45,075
Total Staff and Supporting Services Salaries	385,874	408,223	437,156
Total Salaries and Wages (Line 16)	\$ 801,930	\$ 850,466	\$ 908,186
Benefits (Line 17)	\$ 232,867	\$ 241,472	\$ 266,967

Salaries and Wages

- All wages for FY 2023 budget include the effect of a 5% performance-based merit and market raise pool.
- *Teaching and Research (Unrestricted)* represent faculty and teaching salaries funded from tuition and state appropriations and are budgeted to increase by \$23.7 million or 6.6% from FY 2022. The budgeted increase represents performance-based merit and market increases and new Mizzou Forward faculty hires.
- *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 6% or \$5.1 million from FY 2022 projection.

- *Operations and Service Operations* are budgeted to increase from FY 2022 projection by \$12 million or 6.8%. \$8.8 million of the increase reflects of the 5% raise pool. The remaining increase represents staff support for Mizzou Forward initiatives.
- *Auxiliary Enterprises* wages are budgeted to increase by \$9.1 million over the prior year. The budget for FY 2023 addresses market compensation pressure and vacant positions needed to support revenue growth.
- *Patient Services* staff wages are budgeted to increase by \$5.2 million correlating with the growth in anticipated volumes.
- *Staff (Restricted)* funded from grants and gifts are anticipated to increase by \$2.5 million. This compensation and workforce size are 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	Projected	Budget
	FY 2021	FY 2022	FY 2023
Supplies, Services and Other Operating Expenses			
Operations and Service Operations	\$ 58,528	\$ 85,170	\$ 81,101
Auxiliary Enterprises	110,348	131,927	136,710
Patient Services	(11,460)	(27,742)	(35,044)
Restricted (Gifts & Grants)	74,382	88,942	94,904
Plant	20,553	28,510	24,266
Total Supplies, Services and Other Operating Expenses (Line 18)	\$ 252,351	\$ 306,807	\$ 301,937

Supplies, Services and Other Operating Expenses

- *Operations and Service Operations* expenditures are budgeted to decrease \$4.1 million over FY 2022 projection. Nonrecurring non-capital investments in classroom facilities are included in the FY 2022 projections and will not be continued in FY 2023. The increase from FY 2021 to FY 2022 represents the resumption of on-campus activities and travel during FY 2022.
- *Auxiliary Enterprises* expenditures are budgeted to increase by \$4.8 million over FY 2022 projection. This budgeted amount reflects the projected inflationary cost increases in supplies and other for auxiliary operations.
- *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 larger negative represents a larger charge to the hospital for physician services, which have increased because of the pandemic.
- *Restricted* expenditures funded from grants and gifts are anticipated to increase \$5.9 million from FY 2022 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 decrease by \$4.2 million over the prior year. The decrease reflects less maintenance spending on buildings as capital investment ramps up.

Capital investments over \$5 million included in MU's budget are as follows:

- *Athletics Indoor Practice Facility* budgeted project spend of \$15 million in FY 2023 funded by gifts.
- *School of Nursing Building* is anticipated to open in FY 2023, total budget project spend is \$6 million funded by gifts and capital reserves.
- Expansion of *MU Research Reactor* will be supported by capital reserves and America Rescue Plan Act funds from the State. The FY 2023 budget includes investments totaling \$4 million for this project.
- *NextGen Precision Health Building - 4th Floor Fit Out* will be supported by capital reserves and governmental appropriations. The FY 2023 budget includes investments totaling \$5 million for this project.
- *Vet Med Diagnostics Lab* will be supported by governmental appropriations and gifts. Total project cost included in FY 2023 is \$29 million.
- *Small Animal Vivarium Facility Expansion and School of Medicine Building Renovations* is anticipated to have \$10M in spending for FY 2023. The project sources include capital reserves and governmental appropriations.

UMKC

UMKC Forward's overall objective is to provide students with the best educational experience and faculty and staff with the best resources and support to continue world-class work. Academic realignment was a necessary process to fund this initiative and reallocate resources to provide financial stability to UMKC. Through the academic review process eleven schools/colleges will be scaled down to ten and several programs will be discontinued due to the lack of demand and affordability.

Investments in student success included in the FY 2023 budget are as follows:

- *Student Support Services* include expansion of counseling services, additional hires for academic recruiters, additional staffing to support KC Scholars program, and mentoring program for first generation students (First Gen Roo).
- *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 is intended to improve retention, graduation, and post-graduation outcomes for UMKC's students. MOExcels funding was awarded to UMKC in FY 2023 to support this initiative.
- *Scholarship Support* includes expanding the UMKC Advantage Grant to cover all student activity and course fees, in addition to tuition. Additional scholarships and stipends are included in the budget to retain and recruit top performing students.

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.

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 2021	Projected FY 2022	Budget FY 2023	% Change FY 2022 - 23
Operating Revenues					
1	Tuition and Fees	\$ 195,267	\$205,251	\$ 220,014	7%
2	Less Scholarship Allowances	61,676	73,000	76,485	5%
3	Net Tuition and Fees	133,591	132,251	143,529	9%
4	Federal Pell Grants	12,996	12,000	12,600	5%
5	Government Scholarship Funding	3,917	4,655	4,000	-14%
6	Institutional CARES Act Funding	24,299	10,577	-	-100%
7	Grants and Contracts	48,278	63,423	66,117	4%
8	Auxiliary Enterprises	33,664	36,000	43,113	20%
9	Patient Medical Services, Net	38,261	39,000	40,511	4%
10	Other Operating Revenues	16,567	17,300	20,619	19%
11	State Appropriations	74,060	77,992	82,301	6%
12	Federal Appropriations	-	-	-	0%
13	Private Gifts	27,074	15,000	11,274	-25%
14	Spendable Investment Income	13,165	19,237	16,508	-14%
15	Total Operating Revenues	425,872	427,435	440,572	3%
Operating Expenses					
16	Salaries and Wages	187,092	201,136	211,021	5%
17	Benefits	57,400	61,027	65,549	7%
18	Supplies, Services and Other Operating Expenses	81,344	116,000	124,090	7%
19	Depreciation	23,887	25,900	23,462	-9%
20	Interest Expense	7,616	7,500	7,100	-5%
21	Total Operating Expenses	357,339	411,563	431,222	5%
22	Net Operating Income	68,533	15,872	9,350	-41%
23	Net Operating Margin	16.1%	3.7%	2.1%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	53,705	22,468	25,062	12%
25	Spendable Investment Income	(13,165)	(19,237)	(16,508)	-14%
26	Other Nonoperating Revenues (Expenses)	2,179	-	-	0%
27	State Capital Appropriations	-	2,702	1,500	-44%
28	Capital Gifts and Grants	18,191	11,200	46,500	315%
29	Private Gifts for Endowment Purposes	441	2,100	900	-57%
30	Mandatory Transfers	25	-	-	0%
31	Non-Mandatory Transfers	1,542	600	1,085	81%
32	Net Nonoperating Revenues (Expenses)	62,918	19,833	58,539	90%
33	Increase in Net Position	131,451	35,705	67,889	
34	Net Position, Beginning of Year	501,858	633,309	669,014	
35	Cumulative Effect of Change in Accounting Principle	-	-	-	
36	Net Position, Beginning of Year, Adjusted	501,858	633,309	669,014	
37	Net Position, End of Period	\$ 633,309	\$ 669,014	\$ 736,903	

Overall, UMKC's operating margin is \$9.3 million, or 2.1%. UMKC's margin is above target of 1% and includes \$10 million of strategic investments for UMKC Forward.

Operating Revenues:

Enrollment is the primary driver of both teaching revenues and most 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:

- Grants and Contracts are projected to increase by \$2.6 million over the prior year. UMKC experienced growth in grants and contracts during FY 2022 and is committed to continuing to improve research competitiveness.
- Auxiliary Enterprises revenues are budgeted to increase by \$7.1 million over FY 2022 projection. The bookstores, housing, dining, and other auxiliaries have experienced shortfalls in revenue during the pandemic. Budgeted revenue reflects pre-pandemic revenues. The \$7.1 million increase includes \$2 million for the approved athletic fee increase.
- Net Patient Medical Service revenues are budgeted to increase by \$1.5 million for FY 2023. These revenues are contract services provided to the School of Medicine's hospital affiliates through the graduate medical education programs.
- State Appropriations are projected to increase by \$4.3 million over FY 2022 projection. This increase represents the 5.4% core increase proposed by the governor and approved by the legislature during the 2022 legislative session.

Schedule 7: UMKC Net Tuition Revenue Detail

	Actuals FY 2021	Projected FY 2022	Budget FY 2023
Enrollment - Full-time Equivalent			
Undergraduate			
<i>Resident</i>	4,341	4,122	4,122
<i>Non-Resident</i>	3,384	3,305	3,305
Total Undergraduate	7,725	7,427	7,427
Graduate/Professional	3,619	3,954	4,073
Gross Tuition and Fees \$'s in thousands			
Undergraduate Tuition			
<i>Resident</i>	\$ 39,885	\$ 38,550	\$ 40,280
<i>Non-Resident</i>	29,036	29,000	30,467
Total Undergraduate Tuition	68,921	67,550	70,747
Graduate/Professional Tuition	101,016	111,301	121,439
Undergraduate Supplemental Fees	6,723	6,400	6,603
Graduate/Professional Supplemental Fees	4,966	6,700	6,137
Activity and Facility Fees	7,732	7,800	9,080
Continuing Education Fees	3,377	3,000	3,353
Other Educational Fees	2,532	2,500	2,655
Total Tuition and Fees (Line 1)	\$ 195,267	\$ 205,251	\$ 220,014
Aid Awarded by Institution \$'s in thousands			
Unrestricted			
<i>Undergraduate</i>	\$ (13,633)	\$ (14,700)	\$ (16,224)
<i>Graduate/Professional</i>	(19,741)	(26,000)	(29,720)
Total Unrestricted Aid	(33,374)	(40,700)	(45,944)
Restricted Donor Aid			
<i>Undergraduate</i>	(6,838)	(8,000)	(6,377)
<i>Graduate/Professional</i>	(3,016)	(4,000)	(4,347)
Total Restricted Donor Aid	(9,854)	(12,000)	(10,724)
Restricted Non-Gift Aid/Waivers	(1,535)	(3,645)	(3,217)
Federal Pell Grant Aid	(12,996)	(12,000)	(12,600)
Government Scholarships	(3,917)	(4,655)	(4,000)
Total Scholarship Allowances (Line 2)	\$ (61,676)	\$ (73,000)	\$ (76,485)
Net Tuition and Fees (Line 3)	\$ 133,591	\$ 132,251	\$ 143,529
Federal Pell Grants (Line 4)	\$ 12,996	\$ 12,000	\$ 12,600
Government Scholarship Funding (Line 5)	\$ 3,917	\$ 4,655	\$ 4,000

- The enrollment numbers above represent budgeted enrollment as of fall census. UMKC’s budget plans for a flat undergraduate enrollment over prior year.
- The gross tuition and fee budgeted amounts include the Board approved rates from May 2022. UMKC’s budget anticipates student’s course consumption remain at experienced spring 2022 level.
- UMKC’s primary revenue driver remains graduate and professional programs, with the professional programs driving nearly 60% of the tuition program. Professional program enrollments remain stable with solid demand.

Operating Expenses

Overall, UMKC’s operating expenses are projected to increase by 5%. Schedule 8 and 9 provide additional detailed changes in Salaries and Wages and Supplies, Services and Other for the FY 2023 budget.

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

	Actuals FY 2021	Projected FY 2022	Budget FY 2023
Salaries and Wages			
<i>Teaching and Research</i>			
Unrestricted	\$ 96,149	\$ 99,000	\$ 104,337
Restricted (Gifts & Grants)	13,515	15,836	15,388
Total Teaching and Research Salaries	109,664	114,836	119,725
<i>Staff and Supporting Services</i>			
Operations and Service Operations	54,629	58,500	62,928
Auxiliary Enterprises	9,969	12,000	12,781
Restricted (Gifts & Grants)	12,830	15,800	15,587
Total Staff and Supporting Services Salaries	77,428	86,300	91,296
Total Salaries and Wages (Line 16)	\$ 187,092	\$ 201,136	\$ 211,021
Benefits (Line 17)	\$ 57,400	\$ 61,027	\$ 65,549

Salaries and Wages

- All wages for FY 2023 budget include the effect of a 4% performance-based merit and market raise pool.
- *Teaching and Research (Unrestricted)* funded from tuition and state appropriations is budgeted to increase by \$5.3 million from FY 2022 projection.
- *Teaching and Research (Restricted)* funded from grants and gifts are anticipated to remain flat from FY 2022 projection as spending is contingent upon available revenues.
- *Operations and Service Operations* are budgeted to increase by \$4.4 million from FY 2022 projection; this increase is attributed to the UMKC Forward investments in student advising and career preparation.
- *Auxiliary Enterprises* are budgeted flat over FY 2022 projections.
- *Staff (Restricted)* funded from grants and gifts budgeted to remain 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	Projected	Budget
	FY 2021	FY 2022	FY 2023
Supplies, Services and Other Operating Expenses			
Operations and Service Operations	\$ 40,027	\$ 57,000	\$ 63,904
Auxiliary Enterprises	8,884	12,934	13,534
Patient Services	3,382	4,260	2,989
Restricted (Gifts & Grants)	23,600	35,353	38,763
Plant	5,451	6,453	4,900
Total Supplies, Services and Other Operating Expenses (Line 18)	\$ 81,344	\$ 116,000	\$ 124,090

Supplies, Services and Other Operating Expenses

- *Operations and Service Operations* expenditures are budgeted to increase \$6.9 million over FY 2022 projection. This increase reflects one-time funding for UMKC Forward initiatives.
- *Auxiliary Enterprises* expenditures are budgeted to increase by \$600,000 from FY 2022 projection due to inflationary pressures.
- *Patient Services* expenditures are budgeted to decrease by \$1.3 million over prior projected year. This decrease in expenditures is due to UMKC suspending a dental clinic.
- *Restricted (Gifts & Grants)* expenditures funded from grants increase by \$3.4 million from FY 2022. With supply chain issues the ability to complete projects has been a challenge, the FY 2023 budget reflects project spend shifting between fiscal years on restricted funds with more spending occurring in FY 2023.
- *Plant* expenditures are budgeted to decline by \$1.5 million over FY 2022 projection related to the classroom improvement projects also funded from Operations.

Capital investments over \$5 million included in UMKC’s budget are as follows:

- *UMKC Health Sciences District Development* – a new health professions teaching facility which will provide interprofessional training for future doctors, nurses, pharmacist, and dentists. Funding for this project will be supported by gifts and capital appropriations from the State. The FY 2023 budget includes investments totaling \$4 million for this project.
- *St. Joseph Health Center* – state and federal funding will be utilized for the expansion of classroom and laboratory space at the UMKC School of Medicine campus in St. Joseph, Missouri. The FY 2023 budget includes investments totaling \$11 million for this project which will primarily be funded from state and federal appropriations.
- *Steamline Improvements* on the UMKC campus included in the FY 2023 budget total \$5 million.

Missouri S&T

Missouri S&T's budget is built upon the re-emergence of growth after declining enrollments prior to the pandemic. After receiving the largest gift at a Missouri public institution in FY 2021, Missouri S&T seeks to become one of the top public STEM focused research institutions in the country. The following investments are included in the budget to support this vision:

- Student Success and Quality – scholarships and fellowships will be provided for highly qualified students through the continuation of the Kummer Vanguard Scholars program for undergraduates and the Kummer Innovation and Entrepreneurship Fellows program for doctoral students. Additional investments will be made in initiatives targeted at retention and student success.
- Faculty and Staff - to be a leader in innovation and entrepreneurial education recruitment of highly qualified faculty and staff are needed.
 - To enhance and expand Missouri S&T's research mission, FY 2023 budget includes 2 new professorships, 3 new research center directors, and investments in additional research staff.
 - The establishment of the Kummer College will include a new dean, associate dean, and filling two vacant department chair positions.
 - Corporate and professional development will add staff and faculty to revitalize in-person programs offered at the Global-St Louis location.

Schedule 10: S&T FY 2023 Budget (Dollars in Thousands)

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

Line No.		Actuals FY 2021	Projected FY 2022	Budget FY 2023	% Change FY 2022 - 23
Operating Revenues					
1	Tuition and Fees	\$ 119,678	\$ 119,300	\$ 124,421	4%
2	Less Scholarship Allowances	61,046	64,500	69,713	8%
3	Net Tuition and Fees	58,632	54,800	54,708	0%
4	Federal Pell Grants	6,032	5,350	6,300	18%
5	Government Scholarship Funding	4,865	5,800	5,000	-14%
6	Institutional CARES Act Funding	15,809	7,168	-	-100%
7	Grants and Contracts	37,656	41,000	41,575	1%
8	Auxiliary Enterprises	21,094	21,600	22,866	6%
9	Patient Medical Services, Net	-	-	-	0%
10	Other Operating Revenues	3,611	2,200	2,193	0%
11	State Appropriations	50,375	53,026	55,942	5%
12	Federal Appropriations	-	-	-	0%
13	Private Gifts	6,815	7,445	22,355	200%
14	Spendable Investment Income	11,337	17,235	11,674	-32%
15	Total Operating Revenues	216,226	215,624	222,613	3%
Operating Expenses					
16	Salaries and Wages	95,663	98,100	108,076	10%
17	Benefits	29,368	31,246	34,674	11%
18	Supplies, Services and Other Operating Expenses	44,193	46,500	46,241	-1%
19	Depreciation	19,789	22,900	24,337	6%
20	Interest Expense	5,072	5,184	5,296	2%
21	Total Operating Expenses	194,085	203,930	218,624	7%
22	Net Operating Income	22,141	11,694	3,989	-66%
23	Net Operating Margin	10.2%	5.4%	1.8%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	52,741	14,943	13,988	-6%
25	Spendable Investment Income	(11,337)	(17,235)	(11,674)	-32%
26	Other Nonoperating Revenues (Expenses)	9,069	(7,000)	31	-100%
27	State Capital Appropriations	-	-	5,000	100%
28	Capital Gifts and Grants	10,805	7,000	53,646	666%
29	Private Gifts for Endowment Purposes	13,255	3,250	2,250	-31%
30	Mandatory Transfers	27,616	-	-	0%
31	Non-Mandatory Transfers	(1,816)	1,885	1,854	-2%
32	Net Nonoperating Revenues (Expenses)	100,333	2,843	65,095	375%
33	Increase in Net Position	122,474	14,537	69,084	
34	Net Position, Beginning of Year	526,586	649,058	663,595	
35	Cumulative Effect of Change in Accounting Principle	-	-	-	
36	Net Position, Beginning of Year, Adjusted	526,586	649,058	663,595	
37	Net Position, End of Period	\$ 649,058	\$ 663,595	\$ 732,679	

Overall, S&T's operating margin is \$3.9 million, or 1.8%. Missouri S&T's margin is below the set target of 2% but is in line with financial plan presented to the Board in February.

Operating Revenues:

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

- Grants and Contracts are budgeted to increase by 1% over FY2022 projection. Missouri 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. The smaller growth over prior year growth rates reflects start-up time to recruit the new faculty.
- State Appropriations are projected to increase by \$2.9 million over FY 2022 projection. This increase represents the 5.4% core increase proposed by the governor and approved by the legislature during the 2022 legislative session.
- Auxiliary Enterprise revenues are budgeted to increase by \$1.3 million over FY 2022 projection. The increase revenues are reflective of the Board approved housing and dining rate increase of 3.3% and projected increase in first time college students.
- Private Gifts are projected to increase by \$14.9 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 2021	Projected FY 2022	Budget FY 2023
Enrollment - Full-time Equivalent			
Undergraduate			
<i>Resident</i>	4,690	4,260	4,165
<i>Non-Resident</i>	781	818	855
Total Undergraduate	5,471	5,078	5,020
Graduate/Professional	874	867	905
Gross Tuition and Fees \$'s in thousands			
Undergraduate Tuition			
<i>Resident</i>	\$ 41,676	\$ 39,500	\$ 40,052
<i>Non-Resident</i>	22,051	22,500	24,605
Total Undergraduate Tuition	63,727	62,000	64,657
Graduate/Professional Tuition	13,907	16,300	16,948
Undergraduate Supplemental Fees	23,132	22,100	22,810
Graduate/Professional Supplemental Fees	2,615	2,900	3,352
Activity and Facility Fees	6,823	7,000	7,537
Continuing Education Fees	8,233	7,900	8,272
Other Educational Fees	1,241	1,100	845
Total Tuition and Fees (Line 1)	\$ 119,678	\$ 119,300	\$ 124,421
Aid Awarded by Institution \$'s in thousands			
Unrestricted			
<i>Undergraduate</i>	\$ (26,804)	\$ (29,100)	\$ (32,123)
<i>Graduate/Professional</i>	(9,942)	(8,900)	(9,182)
Total Unrestricted Aid	(36,746)	(38,000)	(41,305)
Restricted Donor Aid			
<i>Undergraduate</i>	(7,851)	(7,900)	(9,567)
<i>Graduate/Professional</i>	(999)	(1,300)	(2,787)
Total Restricted Donor Aid	(8,850)	(9,200)	(12,354)
Restricted Non-Gift Aid/Waivers	(4,553)	(6,150)	(4,754)
Federal Pell Grant Aid	(6,032)	(5,350)	(6,300)
Government Scholarships	(4,865)	(5,800)	(5,000)
Total Scholarship Allowances (Line 2)	\$ (61,046)	\$ (64,500)	\$ (69,713)
Net Tuition and Fees (Line 3)	\$ 58,632	\$ 54,800	\$ 54,708
Federal Pell Grants (Line 4)	\$ 6,032	\$ 5,350	\$ 6,300
Government Scholarship Funding (Line 5)	\$ 4,865	\$ 5,800	\$ 5,000

- The enrollment numbers presented in Schedule 11 reflect budgeted enrollment for fall census. Missouri S&T is anticipating first-time college students will be up from prior year. Overall, enrollment will fall as the graduating senior class is larger than the projected incoming freshman class.
- The gross tuition and fee budgeted amounts include the Board approved rate increases.

- The increase in undergraduate restricted donor aid is a result of the Kummer gift and Missouri S&T leadership managing and utilizing gift and endowment balances to recruit and retain exceptional students.

Operating Expenses

Overall, Missouri S&T's operating expenses are projected to increase by 7% reflecting increase compensation cost driven by market inflation. Schedules 12 and 13 provide additional detail on changes in Salaries and Wages and Supplies Services and Other for the FY 2023 budget.

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

	Actuals FY 2021	Projected FY 2022	Budget FY 2023
Salaries and Wages			
<i>Teaching and Research</i>			
Unrestricted	\$ 43,066	\$ 41,300	\$ 41,691
Restricted (Gifts & Grants)	11,202	12,500	13,914
Total Teaching and Research Salaries	54,268	53,800	55,605
<i>Staff and Supporting Services</i>			
Operations and Service Operations	36,299	37,200	43,847
Auxiliary Enterprises	2,202	2,600	2,974
Restricted (Gifts & Grants)	2,894	4,500	5,650
Total Staff and Supporting Services Salaries	41,395	44,300	52,471
Total Salaries and Wages (Line 16)	\$ 95,663	\$ 98,100	\$ 108,076
Benefits (Line 17)	\$ 29,368	\$ 31,246	\$ 34,674

Salaries and Wages

- All wages for FY 2023 budget include the effect of a 5% performance-based merit and market raise pool. Missouri S&T has experienced high turnover rates and extended fill rates for many staff positions and will utilize the raise pool to address market concerns.
- *Teaching and Research (Unrestricted)* funded from tuition and state appropriations is budgeted to increase by 1% or \$391,000 from FY 2022 projection. This funding represents compensation increases for faculty.
- *Teaching and Research (Restricted)* funded from grants and gifts are anticipated to increase by 11% or \$1.4 million from FY 2022 projection, this increase is supported by the faculty investment from the Kummer Institute.
- *Operations and Supporting Services* are budgeted to increase by \$6.6 million from FY 2022 projection this increase is to provide staff with market and equity adjustments and to fill essential vacant positions within the university.
- *Auxiliary Enterprises* wages are budgeted to increase by \$374,000 to fund market compensation pressure.
- *Staff (Restricted)* funded from grants and gifts are budgeted to increase by \$1.1 million to representing new staff hired on support for the Kummer Centers.

Schedule 13 S&T Supplies Services and Other Operating Expense Detail (Dollars in Thousands)

	Actuals	Projected	Budget
	FY 2021	FY 2022	FY 2023
Supplies, Services and Other Operating Expenses			
Operations and Service Operations	\$ 24,892	\$ 24,600	\$ 22,797
Auxiliary Enterprises	9,194	9,200	8,244
Restricted (Gifts & Grants)	6,982	11,000	13,725
Plant	3,125	1,700	1,475
Total Supplies, Services and Other Operating Expenses (Line 18)	\$ 44,193	\$ 46,500	\$ 46,241

Supplies, Services and Other Operating Expenses

- *Operations and Supporting Services* expenditures are budgeted to decrease \$1.8 million over FY 2022 projection. \$4 million of the decline is the result of shifting cost to support the activities of the Kummer Institute for FY 2023. This decrease is offset by an increase in utility cost and travel and training expenditures.
- *Auxiliary Enterprises* expenditures are budgeted to decrease from FY 2022 projection by \$956,000. Missouri S&T has two significant auxiliaries which drive the revenues and expenditures, Housing and Dining and University Centers. These two auxiliaries have budgeted to drop contract labor from FY 2022 with the replacement cost in salaries and benefits.
- *Restricted expenditures* funded from grants and gifts are anticipated to increase by \$2.7 million from the FY 2022 projection. The increase is supported by the Kummer gift.
- *Plant* expenditures are budgeted to decrease by \$225,000 over FY 2022 projections due to a decrease in planned non-capital M&R plant projects.

Capital investments over \$5 million included in Missouri S&T's budget are as follows:

- *Missouri Protoplex Building* is a hub for connecting industry, state and federal agencies, and colleges and universities throughout Missouri to develop new manufacturing processes and new products. Funding for this project will be supported by gifts, state appropriations, and America Rescue Plan Act funds from the State. The FY 2023 budget includes investments totaling \$20.7 million for this project.
- *Student Experience Center* will be funded from capital reserves and gifts, the FY 2023 budget includes \$25.9 million for project cost.
- The *Arrival District* will provide Missouri S&T a front door fitting of its academic reputation and is funded through gifts, total project budget for FY 2023 is \$13.9 million.
- *Substation Relocation* total budgeted project cost for FY 2023 is \$7.2 million. State M&R funding received in the prior fiscal year will be utilized to support this investment.
- *Welcome Center* will be funded from capital reserves and gifts. Total capital investment included in the FY 2023 budget is \$3.8 million.

UMSL

UMSL's FY 2023 budget is built upon recapturing lost enrollments to regain revenues to match the institution's current cost base. Stabilizing enrollment is UMSL's highest priority. The FY 2023 budget includes funding to improve enrollment including enhanced recruiting and advising, marketing, a branding revision, investment in eLearning, and revised financial aid initiatives. To respond to the new expense base from falling enrollments, UMSL has expanded shared services and is implementing a space consolidation plan to reduce its capital footprint.

Schedule 17 UMSL FY 2023 Budget (Dollars in Thousands)

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

Line No.		Actuals FY 2021	Projected FY 2022	Budget FY 2023	% Change FY 2022 - 23
Operating Revenues					
1	Tuition and Fees	\$ 118,956	\$ 110,200	\$ 117,326	6%
2	Less Scholarship Allowances	51,269	48,200	44,415	-8%
3	Net Tuition and Fees	67,687	62,000	72,911	18%
4	Federal Pell Grants	12,716	10,443	13,500	29%
5	Government Scholarship Funding	3,575	3,730	3,670	-2%
6	Institutional CARES Act Funding	18,835	10,667	-	-100%
7	Grants and Contracts	26,676	34,600	32,687	-6%
8	Auxiliary Enterprises	13,400	13,400	15,182	13%
9	Patient Medical Services, Net	19	25	51	104%
10	Other Operating Revenues	2,124	1,650	2,209	34%
11	State Appropriations	55,940	59,007	63,063	7%
12	Federal Appropriations	-	-	-	0%
13	Private Gifts	11,428	12,500	11,913	-5%
14	Spendable Investment Income	6,814	11,289	8,377	-26%
15	Total Operating Revenues	219,214	219,311	223,563	2%
Operating Expenses					
16	Salaries and Wages	97,852	98,400	104,414	6%
17	Benefits	32,238	32,600	34,613	6%
18	Supplies, Services and Other Operating Expenses	46,384	55,600	61,208	10%
19	Depreciation	17,917	18,550	18,200	-2%
20	Interest Expense	5,557	5,350	5,086	-5%
21	Total Operating Expenses	199,948	210,500	223,521	6%
22	Net Operating Income	19,266	8,811	42	-100%
23	Net Operating Margin	8.8%	4.0%	0.0%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	27,080	11,000	9,777	-11%
25	Spendable Investment Income	(6,814)	(11,289)	(8,377)	-26%
26	Other Nonoperating Revenues (Expenses)	(70)	840	25	-97%
27	State Capital Appropriations	-	-	-	0%
28	Capital Gifts and Grants	348	1,500	12,925	762%
29	Private Gifts for Endowment Purposes	4,248	3,800	1,800	-53%
30	Mandatory Transfers	(1,888)	-	-	0%
31	Non-Mandatory Transfers	1,286	1,350	1,090	-19%
32	Net Nonoperating Revenues (Expenses)	24,190	7,201	17,240	8%
33	Increase in Net Position	43,456	16,012	17,282	
34	Net Position, Beginning of Year	356,526	399,982	415,994	
35	Cumulative Effect of Change in Accounting Principle	-	-	-	
36	Net Position, Beginning of Year, Adjusted	356,526	399,982	415,994	
37	Net Position, End of Period	\$ 399,982	\$ 415,994	\$ 433,276	

Overall, UMSL's operating margin of \$42,000 or 0%. The FY 2023 budget represents the loss of the institutional CARES funding, growth in enrollment, and an expense basis constrained by inflationary pressures.

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 18 on the next page with the key drivers. Other key areas of revenue for UMSL include:

- Grants and Contracts are projected to decrease by \$1.9 million over the prior year. UMSL experienced strong growth in grants and contracts during FY 2022 but expects grants and contracts to decrease for FY 2023 budget.
- State Appropriations are projected to increase by \$4 million over FY 2022 projection. This increase represents the 5.4% core increase, or \$3.2 million, proposed by the governor and approved by the legislature during the 2022 legislative session. The remaining increase is attributed to additional line items and program support approved by the legislature during the 2022 legislative session.
- Auxiliary Enterprise revenues are budgeted to increase by \$1.8 million over FY 2022 projection. The increase revenues are reflective of operations returning to pre-pandemic levels.

Schedule 18 UMSL Net Tuition Revenue Detail

	Actuals FY 2021	Projected FY 2022	Budget FY 2023
Enrollment - Full-time Equivalent			
Undergraduate			
<i>Resident</i>	5,709	5,101	5,294
<i>Non-Resident</i>	778	630	722
Total Undergraduate	6,487	5,731	6,016
Graduate/Professional	1,549	1,504	1,579
Gross Tuition and Fees \$'s in thousands			
Undergraduate Tuition			
<i>Resident</i>	\$ 48,058	\$ 47,946	\$ 51,918
<i>Non-Resident</i>	11,408	11,122	13,247
Total Undergraduate Tuition	59,466	59,068	65,165
Graduate/Professional Tuition	32,131	28,971	31,846
Undergraduate Supplemental Fees	16,696	11,541	8,455
Graduate/Professional Supplemental Fees	4,896	4,293	4,481
Continuing Education Fees	3,968	4,363	4,981
Other Educational Fees	1,799	1,964	2,398
Total Tuition and Fees (Line 1)	\$ 118,956	\$ 110,200	\$ 117,326
Aid Awarded by Institution \$'s in thousands			
Unrestricted			
<i>Undergraduate</i>	\$ (24,254)	\$ (20,319)	\$ (14,559)
<i>Graduate/Professional</i>	(7,153)	(8,627)	(8,217)
<i>Miscellaneous Aid</i>	(135)	(113)	(112)
Total Unrestricted Aid	(31,542)	(29,059)	(22,888)
Restricted Donor Aid			
<i>Undergraduate</i>	(2,428)	(2,166)	(2,950)
<i>Graduate/Professional</i>	(253)	(360)	(621)
Total Restricted Donor Aid	(2,681)	(2,526)	(3,571)
Restricted Non-Gift Aid/Waivers	(755)	(2,442)	(786)
Federal Pell Grant Aid	(12,716)	(10,443)	(13,500)
Government Scholarships	(3,575)	(3,730)	(3,670)
Total Scholarship Allowances (Line 2)	\$ (51,269)	\$ (48,200)	\$ (44,415)
Net Tuition and Fees (Line 3)	\$ 67,687	\$ 62,000	\$ 72,911
Federal Pell Grants (Line 4)	\$ 12,716	\$ 10,443	\$ 13,500
Government Scholarship Funding (Line 5)	\$ 3,575	\$ 3,730	\$ 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 and through FY 2022 the students enrolled in those courses were charged a fee, UMSL provided aid to all of the students 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 discontinue to offer this aid in FY 2023 as the campus will be back to normal operations.

Operating Expenses

Overall, UMSL’s operating expenses are projected to increase by 6% reflecting increase compensation cost driven by market inflation. Schedules 19 and 20 provide additional detail on changes in Salaries and Wages and Supplies Services and Other for the FY 2023 budget.

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

	Actuals FY 2021	Projected FY 2022	Budget FY 2023
Salaries and Wages			
<i>Teaching and Research</i>			
Unrestricted	\$ 42,220	\$ 41,157	\$ 42,742
Restricted (Gifts & Grants)	5,040	5,055	4,881
Total Teaching and Research Salaries	47,260	46,212	47,623
<i>Staff and Supporting Services</i>			
Operations and Service Operations	37,609	36,476	41,646
Auxiliary Enterprises	1,732	1,890	1,523
Restricted (Gifts & Grants)	11,251	13,822	13,622
Total Staff and Supporting Services Salaries	50,592	52,188	56,791
Total Salaries and Wages (Line 16)	\$ 97,852	\$ 98,400	\$ 104,414
Benefits (Line 17)	\$ 32,238	\$ 32,600	\$ 34,613

Salaries and Wages

- Full-time wages for FY 2023 budget include the effect of a 4.5% performance-based merit and market raise pool. UMSL has experienced high turnover rates and extended fill rates for many staff positions and currently has \$3 million vacancy in FY 2022.

Teaching and Research (Unrestricted) funded from tuition and state appropriations is budgeted to increase by 4% or \$1.6 million from FY 2022 projection. This increase is attributed to raise pool.

- *Teaching and Research (Restricted)* funded from grants and gifts are anticipated to remain flat from FY 2022 projections based on flat restricted funding growth.
- *Operations and Service Operations* are budgeted to increase by \$5.2 million from FY 2022 projection. This increase includes \$1.6 million for a performance-based merit and market raise pool. The remaining \$3.6 million represents current vacancies which are included in the FY 2023 budget to support for enrollment recruitment and retention initiatives.
- *Staff (Restricted)* funded from grants and gifts are budgeted to remain flat from FY 2022 projections.

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

	Actuals FY 2021	Projected FY 2022	Budget FY 2023
Supplies, Services and Other Operating Expenses			
Operations and Service Operations	\$ 25,435	\$ 30,647	\$ 36,142
Auxiliary Enterprises	5,286	7,493	7,283
Restricted (Gifts & Grants)	12,269	16,758	16,180
Plant	3,394	702	1,603
Total Supplies, Services and Other Operating Expenses (Line 18)	\$ 46,384	\$ 55,600	\$ 61,208

Supplies, Services and Other Operating Expenses

- *Operations and Service Operations* expenditures are budgeted to increase \$5.5 million over FY 2022 projection. The increase in expenditures reflects the return to normal operations as the UMSL campus remained partially remote through FY 2022.
- *Auxiliary Enterprises* expenditures are budgeted to remain flat from FY 2022 projection.
- *Restricted* expenditures funded from grants and gifts are anticipated flat from FY 2022 projection, this contingent upon restricted revenue resources.
- *Plant* expenditures are budgeted to increase by \$901,000 over FY 2022 projections due to planned M&R projects and space consolidation plans.

Capital investments over \$5 million included in UMSL’s budget are as follows:

- *Space Consolidation* - will consolidate the university’s academic core to its North campus while renovating classroom, laboratory and community spaces. Funding for this project will be supported by capital reserves, gifts, and state capital appropriations. The FY 2023 budget includes investments totaling \$12.9 million for this project.

MUHC

Schedule 22: MU Healthcare FY 2023 Budget (Dollars in Thousands)

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

Line No.		Actuals FY 2021	Projected FY 2022	Budget FY 2023	% Change FY 2022 - 23
Operating Revenues					
1	Tuition and Fees	\$ -	\$ -	\$ -	0%
2	Less Scholarship Allowances	-	-	-	0%
3	Net Tuition and Fees	-	-	-	0%
4	Federal Pell Grants	-	-	-	0%
5	Government Scholarship Funding	-	-	-	0%
6	Institutional CARES Act Funding	-	-	-	0%
7	Grants and Contracts	124	613	26	-96%
8	Auxiliary Enterprises	22,750	22,673	22,930	1%
9	Patient Medical Services, Net	1,174,494	1,282,008	1,350,797	5%
10	Other Operating Revenues	(21)	(34)	(5)	-85%
11	State Appropriations	-	-	-	0%
12	Federal Appropriations	-	-	-	0%
13	Private Gifts	1,152	1,242	705	-43%
14	Spendable Investment Income	-	-	-	0%
15	Total Operating Revenues	1,198,499	1,306,502	1,374,453	5%
Operating Expenses					
16	Salaries and Wages	347,591	408,843	425,038	4%
17	Benefits	116,641	122,661	134,677	10%
18	Supplies, Services and Other Operating Expenses	588,861	658,698	670,261	2%
19	Depreciation	53,668	59,436	61,400	3%
20	Interest Expense	10,782	10,509	14,220	35%
21	Total Operating Expenses	1,117,543	1,260,147	1,305,596	4%
22	Net Operating Income	80,956	46,355	68,857	49%
23	Net Operating Margin	6.8%	3.5%	5.0%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	37,399	14,451	8,614	-40%
25	Spendable Investment Income	-	-	-	0%
26	Other Nonoperating Revenues (Expenses)	22,068	8,121	-	-100%
27	State Capital Appropriations	-	-	-	0%
28	Capital Gifts and Grants	4,519	189	6	-97%
29	Private Gifts for Endowment Purposes	11	239	15	-94%
30	Mandatory Transfers	-	-	-	0%
31	Non-Mandatory Transfers	(24,199)	(26,142)	(33,638)	29%
32	Net Nonoperating Revenues (Expenses)	39,798	(3,142)	(25,003)	1%
33	Increase in Net Position	120,754	43,213	43,854	
34	Net Position, Beginning of Year	894,820	1,015,574	1,058,787	
35	Cumulative Effect of Change in Accounting Principle	-	-	-	
36	Net Position, Beginning of Year, Adjusted	894,820	1,015,574	1,058,787	
37	Net Position, End of Period	\$ 1,015,574	\$ 1,058,787	\$ 1,102,641	

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.

In FY 2022, MU Health Care experienced a decline in operating margin from cost increases outpacing available revenue. Much of the cost increase reflected significant labor challenges in clinical staffing, as nursing agency contract rates during the pandemic increased dramatically. Additionally, drug cost increases from changes to the 340b program further reduced operating income. Both of these changes will take time to adapt to, and MU Healthcare is focused on improving financial performance, but must do so within a challenging marketplace to recruit staff and consistent shortages of needed supplies and drugs. The FY 2023 budget reflects a performance improvement over FY 2022, but does not go all the way to meeting the financial performance target and the performance in the five-year plan. MU Health Care is currently developing a three year plan to respond to the operational and financial pressures created by the pandemic. This plan will be incorporated into the fall financial planning process.

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. The overall budget includes 3% volume growth year over year, tied to recruitment plans for new physicians. MU Health Care continues to keep an eye towards the mid-Missouri market and is currently evaluating new growth opportunities to maintain its status in the current market while growing into new markets to reflect its position as an academic medical center. Reimbursement for services will remain under pressure especially if inflation continues, as many contractual increases are tied to fixed percentage increases in reimbursement developed during the previous period of historically low inflation.

To manage expenditures within available revenues, MU Health Care has significant stewardship initiatives built into the budget. A key success factor remains replacing external agency labor with employed clinical care staff and reducing the agency hourly rate, both of which have been incorporated into the budget. The budget also includes a 5% market and merit pool to maintain competitive salaries, supply efficiencies, including a reduction in medical supplies previously used to respond to the pandemic, and reducing in external staffing costs post revenue cycle conversion. The budget also incorporates supply efficiencies, including a reduction in medical supplies previously used to respond to the pandemic.

UM System Administration

The UM System Business Unit includes the administrative and support functions including service centers that provide unduplicated support to the four universities 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.”

FY 2022 projection and FY 2023 budget reflect the funding structure change, with the universities and hospital now paying the cost of system administration. 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. UM System Administration’s budget growth lags the university’s growth to ensure that administration continues to be a smaller part of the organization.

Schedule 23: UM System Administration FY 2023 Budget (Dollars in Thousands)

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

Line No.		Actuals FY 2021	Projected FY 2022	Budget FY 2023	% Change FY 2022 - 23
Operating Revenues					
1	Tuition and Fees	\$ -	\$ -	\$ -	0%
2	Less Scholarship Allowances	168	50	44	-12%
3	Net Tuition and Fees	(168)	(50)	(44)	-12%
4	Federal Pell Grants	-	-	-	0%
5	Government Scholarship Funding	-	-	-	0%
6	Institutional CARES Act Funding	885	-	-	0%
7	Grants and Contracts	106	1,812	-	-100%
8	Auxiliary Enterprises	23,989	20,080	22,855	14%
9	Patient Medical Services, Net	-	-	-	0%
10	Other Operating Revenues	4,244	4,478	3,979	-11%
11	State Appropriations	10,130	-	-	0%
12	Federal Appropriations	-	-	-	0%
13	Private Gifts	223	146	126	-14%
14	Spendable Investment Income	22,931	10,720	7,024	-34%
15	Total Operating Revenues	62,340	37,186	33,940	-9%
Operating Expenses					
16	Salaries and Wages	33,173	40,143	43,284	8%
17	Benefits	11,270	14,000	15,096	8%
18	Supplies, Services and Other Operating Expenses	8,788	(19,485)	(27,039)	39%
19	Depreciation	3,503	2,528	2,492	-1%
20	Interest Expense	-	-	-	0%
21	Total Operating Expenses	56,734	37,186	33,833	-9%
22	Net Operating Income	5,606	-	107	100%
23	Net Operating Margin	9.0%	0.0%	0.3%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	45,053	12,640	9,888	-22%
25	Spendable Investment Income	(22,931)	(10,720)	(7,024)	-34%
26	Other Nonoperating Revenues (Expenses)	(1)	2	2	0%
27	State Capital Appropriations	-	-	-	0%
28	Capital Gifts and Grants	-	-	-	0%
29	Private Gifts for Endowment Purposes	-	-	-	0%
30	Mandatory Transfers	-	-	-	0%
31	Non-Mandatory Transfers	(1,586)	(1,388)	(3,977)	187%
32	Net Nonoperating Revenues (Expenses)	20,535	534	(1,111)	-288%
33	Increase in Net Position	26,141	534	(1,004)	
34	Net Position, Beginning of Year	211,269	237,410	237,944	
35	Cumulative Effect of Change in Accounting Principle	-	-	-	
36	Net Position, Beginning of Year, Adjusted	211,269	237,410	237,944	
37	Net Position, End of Period	\$ 237,410	\$ 237,944	\$ 236,940	

The primary remaining revenue at UM System is MOREnet which supplies high speed internet service to schools, higher education, and libraries across the state. MOREnet submitted a balanced budget in FY 2023. In total, the rest System Administration's budget expenses grew in line with overall revenue growth and includes a 5% performance-based market and merit raise pool. The negative \$27 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 5.7%, largely driven by the implementation of a 5% merit and market raise pool.

University-wide Units

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

Activity reflected in the unit's operating margin relates to benefits and insurance. The impact on the margin will fluctuate due to the actual cost of medical and insurance claims. The non-operating revenues (expenses) reflect the impact on benefit liabilities, which will continue to raise contributions and benefit charges to the operating units on a forward basis.

Schedule 24: University-wide Units FY 2023 Budget (Dollars in Thousands)

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

Line No.	Actuals FY 2021	Projected FY 2022	Budget FY 2023	% Change FY 2022 - 23
Operating Revenues				
1	\$ -	-	-	0%
2	36	33	33	0%
3	<u>(36)</u>	<u>(33)</u>	<u>(33)</u>	<u>0%</u>
4	-	-	-	0%
5	-	-	-	0%
6	-	-	-	0%
7	-	-	-	0%
8	-	-	-	0%
9	-	-	-	0%
10	2,459	(97)	(128)	32%
11	9,467	9,467	9,467	0%
12	9,889	9,867	9,765	0%
13	3	2	2	0%
14	(9,467)	(9,467)	(9,467)	0%
15	<u>12,315</u>	<u>9,739</u>	<u>9,606</u>	<u>-1%</u>
Operating Expenses				
16	1,720	-	-	0%
17	(8,309)	(20,000)	(5,382)	-73%
18	(11,410)	14,190	1,738	-88%
19	2,412	-	-	0%
20	3,258	9,789	6,849	-30%
21	<u>(12,329)</u>	<u>3,979</u>	<u>3,205</u>	<u>-19%</u>
22	<u>24,644</u>	<u>5,760</u>	<u>6,401</u>	<u>11%</u>
23	200.1%	59.1%	66.6%	
Nonoperating Revenues (Expenses)				
24	234,764	5,205	8,800	69%
25	9,467	9,467	9,467	0%
26	(9,543)	-	-	0%
27	-	-	-	0%
28	5,020	-	-	0%
29	3	1	1	0%
30	115,006	55,658	71,845	29%
31	(25,838)	-	-	0%
32	9,073	-	(2,115)	-100%
33	<u>337,952</u>	<u>70,331</u>	<u>87,998</u>	<u>24%</u>
34	362,596	76,091	94,399	
35	(609,238)	(246,642)	(170,551)	
36	-	-	-	
37	<u>(609,238)</u>	<u>(246,642)</u>	<u>(170,551)</u>	
38	\$ (246,642)	\$ (170,551)	\$ (76,152)	

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 25 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 25: University of Missouri FY23 Original Budget by Fund

University of Missouri Budget Planning: FY23 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	\$ 980	\$ -	\$ -	\$ -	\$ 1	\$ 981	\$ -	\$ 981
Less: Scholarship Allowances	(263)	-	-	-	(164)	(427)	-	(427)
Net Student Fees	\$ 717	\$ -	\$ -	\$ -	\$ (163)	\$ 554	\$ -	\$ 554
Federal Pell Grants	-	-	-	-	57	57	-	57
Government Scholarship Funding	-	-	-	-	30	30	-	30
Grants and Contracts	-	-	-	-	420	420	-	420
Sales & Services & Patient Revenue	29	153	255	1,689	-	2,126	-	2,126
Other Operating Revenues	106	-	-	-	(43)	63	3	66
State Appropriations	450	-	-	-	5	455	-	455
Federal Appropriations	-	-	-	-	19	19	9	28
Gift Income	-	-	11	-	72	84	-	84
Endowment & Investment Income	49	3	-	-	60	112	1	113
Total Operating Revenues	\$ 1,351	\$ 156	\$ 266	\$ 1,689	\$ 457	\$ 3,919	\$ 13	\$ 3,932
Operating Expenditures								
Salaries & Wages	\$ 731	\$ 19	\$ 115	\$ 722	\$ 213	\$ 1,800	\$ -	\$ 1,800
Employee Benefits	244	4	34	210	54	546	-	546
Total Compensation	\$ 975	\$ 23	\$ 149	\$ 932	\$ 267	\$ 2,346	\$ -	\$ 2,346
Supplies Service and Other Operating Expenses	159	85	99	638	161	1,142	36	1,178
Depreciation	-	-	-	-	-	-	232	232
Interest Expense	-	-	-	-	-	-	71	71
Total Operating Expenditures	\$ 1,134	\$ 108	\$ 248	\$ 1,570	\$ 428	\$ 3,488	\$ 339	\$ 3,827
Net Operating Income	\$ 217	\$ 48	\$ 18	\$ 119	\$ 29	\$ 431	\$ (326)	\$ 105
Nonoperating Revenue (Expense)								
Investment Income (Losses), Net of Fees	\$ 67	\$ 3	\$ -	\$ 9	\$ 55	\$ 134	\$ 80	\$ 214
Endowment/General Pool Distribution	(49)	(3)	-	-	(60)	(112)	(1)	(113)
Capital Expense & Offset	(28)	-	(2)	(4)	(19)	(52)	52	0
Other Nonoperating Revenues (Expense)	-	-	-	-	-	-	1	1
State Capital Appropriations	-	-	-	-	-	-	22	22
Capital Gifts and Grants	-	-	-	-	-	-	141	141
Private Gifts for Endowment Purposes	-	-	-	-	-	-	35	35
Pension and OPEB Impact on Income Statement	-	72	-	-	-	72	-	72
Mandatory Transfers (In) Out	(34)	(36)	(33)	(26)	(0)	(129)	129	-
Non-Mandatory Transfers (In) Out	(34)	(10)	7	(5)	(2)	(44)	44	-
Net Nonoperating Revenues (Expense)	\$ (78)	\$ 27	\$ (28)	\$ (26)	\$ (26)	\$ (131)	\$ 502	\$ 372
Change in Net Assets	\$ 139	\$ 74	\$ (10)	\$ 93	\$ 3	\$ 300	\$ 176	\$ 477

Office of Finance

118 University Hall
Columbia, MO 65211

www.umsystem.edu