



BUDGET BOOK

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

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Fiscal Year 2024 Operating Budget UM

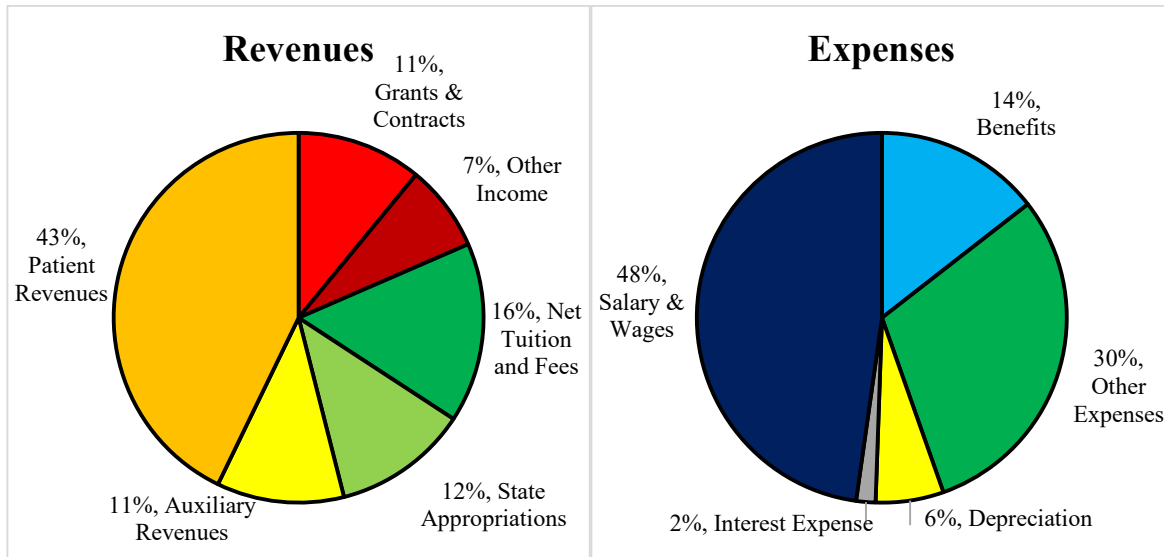
At the June 29, 2023, Board of Curators Meeting, Executive Vice President for Finance and Operations Ryan Rapp will present the FY2024 budget. The FY2024 budget reflects the culmination of planning efforts undertaken by each institution throughout the spring. For FY2024, each University and MU Healthcare has submitted a budget in line with the financial plans approved by the Board at the February meeting.

The FY2024 all funds revenue budget is \$4.2 billion. The following table shows the FY2024 revenue budget by revenue source (\$'s presented in millions).

FY2024 Revenue Budget	MU	MU Healthcare	UMKC	MO S&T	UMSL	UM System	University Wide Units	Total
Net Tuition and Fees	\$ 299.3	\$ -	\$ 148.8	\$ 58.5	\$ 70.8	\$ -	\$ -	\$ 577.4
Federal Pell Grants	25.7	-	12.6	5.4	11.5	-	-	55.1
Government Scholarships	19.0	-	5.0	5.0	3.8	-	-	32.8
State Appropriations	275.8	-	88.5	60.1	68.7	-	7.8	500.9
Grants & Contracts	308.4	-	70.0	43.8	41.0	-	-	463.1
Auxiliary Revenues	343.7	22.2	46.8	24.3	12.3	21.4	-	470.7
Patient Revenues	336.2	1,433.9	41.1	-	0.0	-	-	1,811.4
Private Gift Revenues	44.8	6.0	17.5	20.3	12.5	0.1	-	101.2
Endowment & Investment	83.2	-	15.7	14.3	9.1	5.1	(7.8)	119.6
Other Income	58.5	0.5	20.0	2.9	2.0	7.8	9.8	101.4
Total Revenue	\$ 1,794.6	\$ 1,462.6	\$ 466.0	\$ 234.5	\$ 231.6	\$ 34.4	\$ 9.8	\$ 4,233.5

FY2024 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 43% of revenues. The remaining 18% is spread across restricted sources such as gifts, endowment distributions and grants. The Expenses chart shows 62% of the total budget is spent for compensation, 6% for depreciation, and 30% of all other types of expenditures. Compensation remains the largest expense for the University.



While enrollments in Missouri face demographic headwinds, the University of Missouri System remains well positioned in the higher education marketplace with some of the best performing institutions in the state. The University System also benefits from its diversity of operations, with additional revenue streams for research, public service, and clinical operations. Tuition and state support serve as the cornerstone to sustain quality research universities, and the FY2024 budget reflects inflationary increases for both sources. The University budgeted continued growth in grants and contracts given trends in research proposals and awards. The budget plans for growth in Auxiliary and Patient Medical Services revenues at growth rates lower than historical trends.

Even with a comparatively solid revenue base outlook for FY2024, the University budget will not see revenue growth keeping pace with the 6.5% inflation experienced through calendar year 2022. 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. Healthcare's improvement remains on track to the plan submitted in February. Healthcare operations represent a large share of operating revenues and capital investment for the institution. The FY2024 budget reflects a recovery in healthcare performance with cost containment and revenue growth initiatives in line with the financial plan.

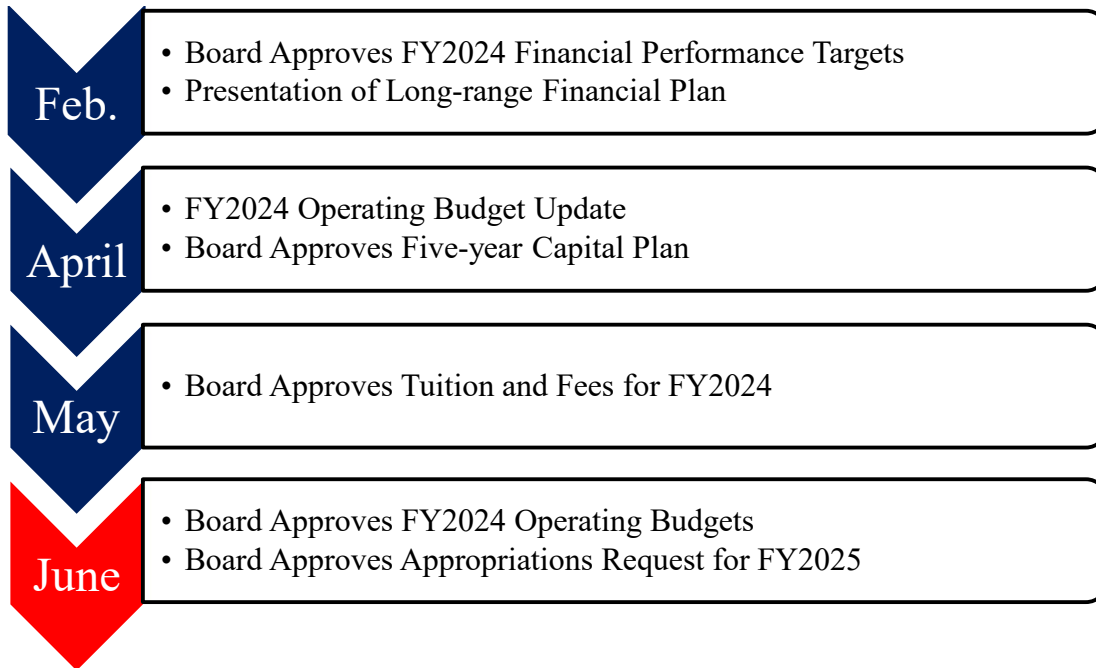
Next Steps

The Board of Curators will approve the FY2024 dividend at the September Board meeting and receive an update on FY2023 performance at the November Board meeting. As an additional item, the University will provide a financial aid update to the Board this fall. Throughout the fall, each university and the health system will update their 2024 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 provides a basis for setting financial performance targets as codified in Collected Rule 140.025. Financial plans will focus aligning targets to the industry after emerging from the pandemic. Targets recommended to the Board in February will consider industry trends or significant shifts in strategy necessitating a change in target for either the consolidated enterprise or amongst the units.

Attached is the recommended action followed by supporting narrative and FY2024 budget.

FY2024 Planning Process

The FY2024 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 FY2024 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 reflected a stable to improving operating environment for the academic units depending on the individual university. MU Healthcare's financial plan acknowledges the broader financial challenges of the healthcare industry and represented a commitment to restore financial performance to pre-pandemic levels over a five-year period. A key focus for the universities is continuing cost management within operating resources. MU Healthcare's budget represents management's commitment to improve financial performance by stabilizing cost and growing revenue. Other key themes in the plan include:

1. The four Universities have improved their financial wealth and, while varied, each have the capacity to invest in strategic priorities and capital projects. However, the operating margins have tightened and are closer to pre-pandemic levels. It is critical capital investments help support maintenance or improvement in financial operating margins.
2. MU Healthcare is improving in terms of financial wealth and operating margins but will take multiple-years to restore performance to historical levels.
3. Enrollment growth will be challenging in the future as Missouri high school graduates are projected to decline in 2026. The demographic pressures impact the

universities in the last fiscal year of the current financial plan. Planned enrollment growth differs by university, and most enrollment growth underwrites planned growth expenditures that can be avoided if enrollment growth is not realized. UMSL is dependent on enrollment growth to support its current expenditure base.

4. The federal stimulus packages and current state budget surpluses have allowed for the appropriation of significant capital funding from both the state and federal government. These extramural capital sources have enabled significant capital investments over the coming three years. Over the longer planning horizon, the key source for future capital investment will be each unit's ability to generate a positive operating margin.
- 5.

The financial planning process set units' performance targets for the upcoming five-year period. For FY2024, 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%
2023 Financial Plan	2.5%	1.8%	1.0%	1.5%	0.0%	4.6%
FY2024 Budget	2.7%	1.8%	1.8%	2.6%	0.2%	4.9%

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 policy framework in Collected Rule 140.025 *Financial Performance and Accountability* encompasses the following financial accountability guidelines:

- Financial performance must fall within an acceptable, defined range of the individual targets on an annual basis. Average performance over the preceding five-year period should meet the defined financial performance targets.
- The four Universities and MU Healthcare (Unit) leadership is accountable for maintaining performance at or above target over time. Failure by a Unit to perform at targeted levels will require a corrective action plan to be presented to and approved by the President and Board of Curators.
- Units that fail to perform at targeted levels may experience preventative or corrective

measures.

The financial performance metric approved during the annual budget process is presented on each Unit'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.

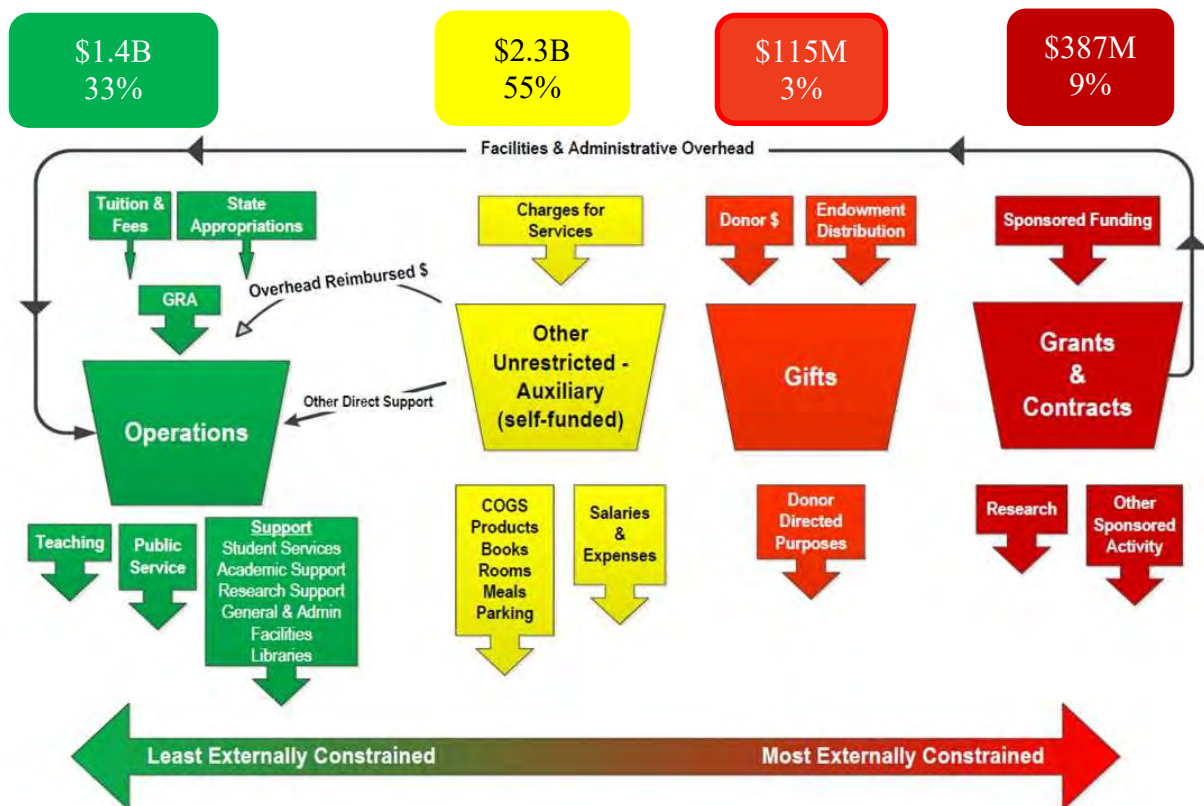
University Budgets Reflect Diverse Operations

As a public entity, the University is required to track funding across all the purposes of use. This includes maintaining separate cost centers for funding with specific restrictions, such as donor gifts with specific criteria or research grants issued for a specific scope of work. Fund accounting by public entities allows for tracking budgets across these differing funding restrictions and provides a useful way for the University to segment operations.

The University prepares an All-Funds Budget, which consists of current funds, plant funds, and endowment funds. 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.

The diagram below shows the purpose, funding streams, and spending flexibility of the different types of current funds.

Current Fund Budget Diagram



The operations fund, shown in green on the chart 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 33% 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 MU Healthcare and University Physicians, student auxiliaries (housing, dining, bookstores, and recreation centers), division I 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 55% 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 12% of the current funds budget.

Endowment and plant funds primarily affect the University's balance sheet and non-operating revenue sources. The primary funding streams for endowment funds are gift revenue and investment returns. These gifts are typically permanently restricted. The endowment fund's spending distribution provides endowment income to the current funds. These funds are primarily restricted in use by the donor and provide funding for scholarships, professorships, and other university support. The primary funding streams for plant funds are reserves from the University current funds, capital gifts or grants and capital appropriations. The capital planning process and project approvals govern the use of plant funds. The University's interest and depreciation expense is recorded in the plant fund. Interest expense is funded by the obligated operations or auxiliaries within the current fund.

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.

Resource Allocation Principles

In November 2020, the Board approved the following resource allocation principles in accordance with the development of the Council of Chancellors. The change in resource allocation principles provide the Chancellors more autonomy to make their universities successful while at the same time establishing additional accountability for the Chancellors in achieving sustainable financial results.

1. Each university will retain all resources, such as tuition and fees, gifts, sales and services, that it generates through its own activities.
2. Each university will retain resources that it generates through cost reductions.
3. Resource allocation for state funding will consider the different missions and unique nature of each university with funding based on enrollments, programs and levels of students (undergraduates versus graduates and professionals). The Council of Chancellors will propose the allocation of state funding to the Board for approval. The Board has full discretion of the allocation of State Appropriations.

4. University Outreach and Extension (Extension) is an integral part of the University's mission. Extension has been funded primarily by county, state and federal appropriations. Extension will remain at MU and serve all four universities where collaboration opportunities exist.
5. Investment in research remains a key priority for each university to maintain their status and rankings. Research investments will be managed by each Chancellor, with all research related revenues and overhead reimbursement retained by the university generating the awards.
6. Each Chancellor is responsible for ensuring the auxiliary operations generate income streams to meet their obligations, with the first and foremost being the obligations that arise from the debt issued for the university. Failure by a University to meet financial performance expectations as a whole will result in sanctions, as defined in CRR 140.025.
7. Investment income from the University's working capital will be allocated based upon each university's relative assets that generated the income. Investment income will be allocated through an annual dividend. The Board will retain approval rights for the use of the dividend portion of the proceeds, which represents the excess earnings above a cash rate of return provided to each university. Each Chancellor will submit a plan for the use of the dividend to the Board for approval at the September Board meeting.
8. System administration, which provides university-wide services in finance, human resources, information technology, government relations, and legal counsel, had been funded primarily by state appropriations and investment income. System administration currently operates as a cost center funded by the four universities and health system.
 - a. The cost for providing these services will be allocated to each university based on its share of the total operating expense or other cost drivers for specific services.
 - b. Any percent annual cost growth in these services will be capped at one percent less revenue growth for the consolidated entity.
 - c. The President could override this cap as needed in consultation with the Council of Chancellors.

Higher Education and Healthcare Industry Update

Moody's 2023 outlook was revised to negative from stable for the U.S. higher education sector as operating revenue growth is expected to significantly trail inflation in 2023. High inflation, a tight labor market, and a return to more normal operations will drive sector expenses materially higher through the second half of 2023. Prior years' strong investment returns will provide some cushion, though a growing share of universities will need to tap reserves to cover deficits. Key themes in the Moody's report include:

- Revenue growth is expected to be about 2% across the sector and lag inflation. Institutions heavily reliant on student charges with weak student demand will face the greatest challenges.
- Rising expenses will lead to operating deficits for a growing share of the sector, forcing more institutions to tap reserves. Restoration of spending cuts during the pandemic will lead to material expense growth in the industry.
- Prior cash and investment growth will provide some cushion, but downward pressure on investment returns and reserve balances remains.
- To move the outlook back to stable, Moody's would need to see revenue growth matching inflation, improved investment returns, and sound student demand with steady enrollment.

Moody's 2023 outlook for not-for-profit healthcare sector remains negative for 2023 as liquidity declines due to lower margins driven by labor shortages, high inflation and supply chain challenges coupled with an increase in capital spending. Key themes in the Moody's report include:

- Operating cash flows will grow but margins will be constrained by elevated expense growth. Operating cash flow is expected to grow 10-20% following a substantial decline in 2022. Projected levels for 2023 remain below the historical operating cash flow margin and would likely be insufficient over the long-term to enable adequate reinvestment in facilities and support organizational growth.
- Revenues are projected to grow by 7% in 2023 slightly exceeding expense growth of 6%. Revenues will remain constrained due to modest reimbursement increases and an uneven recovery in patient volumes, margin will not return to historical levels.
- Like the higher education industry, the healthcare industry has been impacted by high inflation and supply chain disruptions. Additionally, the shortage of nurses has limited management's ability to constrain expense growth.
- Liquidity is projected to decline in 2023 due to lower margins, decreased borrowing, increased capital spend and continued investment market volatility.

The University's budget reflects management's plan to deal with these pressures for both the Higher Education and Healthcare industry. While growth in revenues is included, revenues are not keeping pace with inflation and budgets reflect necessary efficiency actions to manage resources within performance targets.

FY2024 University of Missouri Budget

While enrollments in Missouri face demographic headwinds, the University of Missouri System remains well positioned in the higher education marketplace with some of the best performing institutions in the state. The University System also benefits from its diversity of operations, with additional revenue streams for research, public service, and clinical operations. Tuition and state support serve as the cornerstone to sustain quality research universities, and the FY2024 budget reflects inflationary increases for both sources. The University budgeted continued growth in grants and contracts given trends in research proposals and awards. The budget plans for growth in Auxiliary and Patient Medical Services revenues at growth rates lower than historical trends. Even with a comparatively solid revenue base outlook for FY2024, the University budget will not see revenue growth keeping pace with the 6.5% inflation experienced through calendar year 2022.

Inflationary forces will be an ongoing challenge, and the Universities will have to realize cost efficiencies to continue to support the mission and strategic investments. Each unit's budget reflects their specific circumstances. All submitted budgets meet or exceed the operating performance levels from the February 2023 financial plan. The FY2024 budget reflects the continued recovery in healthcare performance with cost containment and revenue growth initiatives.

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.

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 throughout the summer and fall.

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

- FY2022 Actuals: actual performance for FY2022.
- FY2023 Projected: projected performance for FY2023, which includes performance through April with a projection for the final two months to close.
- FY2024 Budget: budgets completed for FY2024.

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 FY2022	Projected FY2023	Budget FY2024	% Change FY 2023 - 24
Operating Revenues					
1	Tuition and Fees	\$ 931,616	\$ 988,629	\$ 1,028,764	4%
2	Less Scholarship Allowances	408,251	442,599	451,418	2%
3	Net Tuition and Fees	523,365	546,030	577,346	6%
4	Federal Pell Grants	53,033	54,361	55,126	1%
5	Government Scholarship Funding	32,903	33,935	32,763	-3%
6	Institutional CARES Act Funding	50,012	-	-	0%
7	Grants and Contracts	400,813	432,377	463,138	7%
8	Auxiliary Enterprises	434,062	450,840	470,706	4%
9	Patient Medical Services, Net	1,587,381	1,706,879	1,811,353	6%
10	Other Operating Revenues	62,539	75,860	72,640	-4%
11	State Appropriations	424,949	453,418	500,871	10%
12	Federal Appropriations	28,290	28,716	28,697	0%
13	Private Gifts	80,261	100,868	101,244	0%
14	Spendable Investment Income	156,303	114,818	119,599	4%
15	Total Operating Revenues	3,833,911	3,998,102	4,233,483	6%
Operating Expenses					
16	Salaries and Wages	1,697,791	1,847,054	1,968,548	7%
17	Benefits	472,764	534,488	597,087	12%
18	Supplies, Services and Other Operating Expenses	1,150,538	1,202,104	1,238,953	3%
19	Depreciation	240,173	246,455	245,347	0%
20	Interest Expense	71,394	70,720	69,266	-2%
21	Total Operating Expenses	3,632,660	3,900,821	4,119,201	6%
22	Net Operating Income	201,251	97,281	114,282	17%
23	Net Operating Margin	5.2%	2.4%	2.7%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	(147,702)	132,739	241,988	82%
25	Spendable Investment Income	(156,303)	(114,818)	(123,394)	7%
26	Other Nonoperating Revenues (Expenses)	(1,133)	1,930	(1,673)	-187%
27	State Capital Appropriations	682	22,330	92,049	312%
28	Capital Gifts and Grants	30,528	64,796	128,081	98%
29	Private Gifts for Endowment Purposes	41,676	36,102	37,970	5%
30	Pension and OPEB Impact on Income Statement	(16,329)	(86,545)	(61,411)	-29%
31	Mandatory Transfers	(1)	-	-	0%
32	Non-Mandatory Transfers	-	-	-	0%
33	Net Nonoperating Revenues (Expenses)	(248,582)	56,534	313,610	455%
34	Increase in Net Position	(47,331)	153,815	427,892	
35	Net Position, Beginning of Year	4,852,418	4,806,010	4,959,825	
36	Cumulative Effect of Change in Accounting Principle	923	-	-	
37	Net Position, Beginning of Year, Adjusted	4,853,341	4,806,010	4,959,825	
38	Net Position, End of Period	\$ 4,806,010	\$ 4,959,825	\$ 5,387,717	

The University's budget includes a revenue increase of 10.4% over FY2022 and 5.9% over FY2023:

Net Tuition and Fees (Line 3) are projected to grow by 5.7% or \$31.3 million year over year. Budgeted amounts include the tuition rate increases approved by the Board in May 2023. Overall enrollment is budgeted to increase by 1%. Tuition and fee growth is mitigated by a changing mix of students, with resident student enrollment increasing and non-resident student enrollment flat to declining. The long-term success of the academic enterprise is dependent on successful growth of these revenue streams. Additional discussion is provided in the appendix for each institution.

Grants and Contracts (Line 7) are projected to grow by 7.1% or \$30.8 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 FY2023, MU is projected to grow research revenues by 8.2%. UMKC is budgeting 4.5% growth in research grants and contracts.

Auxiliary Enterprises (Line 8) are projected to grow by 4.4% or \$19.8 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 rate increases and stable enrollment.

Patient Medical Services (Line 9) are projected to grow by 6.1% or \$104.5 million over the prior year. The overall budget includes 3% volume growth year over year reflecting internal growth plans and an assessment of market opportunities. MU Healthcare 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.

Other Operating Revenues (Line 10) are projected to decline by \$3.2 million over the prior year. Other operating revenues include camps held and merchandise sold (i.e. t-shirts) by schools or colleges, pass through aid from third parties such as KC Scholars, and application and deposit fees. These revenues typically will not generate resources for academic units but will cover the cost associated for the goods or services provided.

State Appropriations (Line 11) are budgeted at the amount Truly Agreed and Finally Passed (TAFP) by the legislature for the 2023 legislative session. Appropriations for capital projects are reported as "State Capital Appropriations" on line 27. The core increase of 7% was the largest in the last two decades.

Federal Appropriations (Line 12) are budgeted to remain flat. Federal appropriations represent federal capacity funds received from the United State Department of Agriculture (Smith-

Lever, Hatch, etc.) which require an annual match from the State. Federal appropriations reported under the University-wide unit represent Build America Bond Tax Credits which provide a subsidy for qualified bond interest payments.

Private Gifts (Line 13) are budgeted to remain flat. These funds from donors provide support for scholarships, faculty salaries, and academic programs. Budgeted expenditures supported by private gifts are dependent on the availability of the related revenues.

Spendable Investment Income (Line 14) 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.

Details on the remaining revenues can be found for each university in the appendix.

The University's operating expenses are projected to increase over FY2022 by 13.4% and grow over the projection for FY2023 by 5.6%:

Salaries and Wages (Line 16) are projected to grow by \$121.4 million or 6.6%. The increased budget for salaries and wages largely reflects the impact of a 4% market and merit pool across the different business units. Additional investments budgeted include faculty and staff to support research revenue growth and market adjustments to fill vacant positions.

Benefits (Line 17) are projected to grow with the growth in Salaries and Wages. The faster growth in benefits is driven primarily by medical costs. The University's medical claims cost has increased as healthcare utilization has returned to more historical levels. The benefits budget includes this increase in cost to reflect the increase in medical costs.

Supplies, Services and Other Operating Expenses (Line 18) are projected to grow by \$36.8 million or 3.1%. The increase 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 one-time non-capital maintenance and repair expenses that are expected to drop in FY2024.

Depreciation (Line 19) and Interest (Line 20) expenses grow in line with the capital investments, completions of projected capital projects and repayment of external debt.

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

At the September Board of Curators meeting, the Board will approve the annual strategic dividend uses. At the November Board of Curators meeting, the Board will receive an update on FY2023 financial performance. Each University will spend the fall completing the five-year financial plans for each university and the health system. Financial plans will

focus on aligning resources to the strategic plans and resetting performance targets to reflect the balance between the use of financial resources and strategic priorities. Targets recommended to the Board in February will consider industry trends or significant shifts in strategy necessitating a change in target for either the consolidated enterprise or amongst the units.

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 FY2024 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 Veterinary Medicine Diagnostic Lab, MU Research Reactor West Expansion, MU Engineering and Applied Sciences Building, Agriculture, and NextGen Precision Health.

Schedule 2: MU FY 2024 Budget (Dollars in Thousands)

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

Line No.		Actuals FY2022	Projected FY2023	Budget FY2024	% Change FY2023 - 24
Operating Revenues					
1	Tuition and Fees	\$ 492,275	\$ 530,951	\$ 543,834	2%
2	Less Scholarship Allowances	226,108	242,998	244,534	1%
3	Net Tuition and Fees	266,167	287,953	299,300	4%
4	Federal Pell Grants	24,200	24,700	25,650	4%
5	Government Scholarship Funding	18,764	19,000	19,000	0%
6	Institutional CARES Act Funding	21,600	-	-	0%
7	Grants and Contracts	257,053	284,940	308,382	8%
8	Auxiliary Enterprises	313,310	327,152	343,677	5%
9	Patient Medical Services, Net	288,366	313,478	336,248	7%
10	Other Operating Revenues	32,875	43,260	39,714	-8%
11	State Appropriations	225,457	242,645	275,815	14%
12	Federal Appropriations	18,127	18,951	18,808	-1%
13	Private Gifts	39,396	42,466	44,808	6%
14	Spendable Investment Income	109,923	82,112	83,172	1%
15	Total Operating Revenues	1,615,238	1,686,657	1,794,574	6%
Operating Expenses					
16	Salaries and Wages	851,109	927,211	996,663	7%
17	Benefits	241,473	261,164	284,916	9%
18	Supplies, Services and Other Operating Expenses	295,893	320,896	348,429	9%
19	Depreciation	102,427	105,718	101,943	-4%
20	Interest Expense	34,398	32,659	30,864	-5%
21	Total Operating Expenses	1,525,300	1,647,648	1,762,815	7%
22	Net Operating Income	89,938	39,009	31,759	-19%
23	Net Operating Margin	5.6%	2.3%	1.8%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	39,673	76,944	119,165	55%
25	Spendable Investment Income	(109,923)	(82,112)	(83,172)	1%
26	Other Nonoperating Revenues (Expenses)	(607)	510	515	1%
27	State Capital Appropriations/Grants	682	2,000	36,000	1700%
28	Capital Gifts and Grants	16,337	14,929	69,723	367%
29	Private Gifts for Endowment Purposes	32,023	28,382	32,298	14%
30	Mandatory Transfers	128	-	-	0%
31	Non-Mandatory Transfers	39,864	33,049	21,876	-34%
32	Net Nonoperating Revenues (Expenses)	18,177	73,702	196,405	102%
33	Increase in Net Position	108,115	112,711	228,164	
34	Net Position, Beginning of Year	3,408,079	3,516,047	3,628,758	
35	Cumulative Effect of Change in Accounting Principle	(147)	-	-	
36	Net Position, Beginning of Year, Adjusted	3,407,932	3,516,047	3,628,758	
37	Net Position, End of Period	\$ 3,516,047	\$ 3,628,758	\$ 3,856,922	

MU's FY2024 budget reflects a 1.8% 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 research productivity, both key factors in academic excellence.

Operating Revenues:

Tuition and Fees (Line 1) are budgeted to increase by \$12.9 million or 2.4% over the prior year. Budgeted amounts include the tuition rate increases approved by the Board in May 2023. MU has budgeted flat enrollment growth overall. MU anticipates undergraduate tuition to increase by \$20 million or 6.5%. This increase is offset by a budgeted decline in graduate enrollment and projected shift in resident mix within the graduate and professional programs.

Scholarship Allowances (Line 2) are budgeted to increase by \$1.5 million or 0.6% over the prior year. Scholarship allowance represents financial aid awarded to students, which includes institutional aid (funded by the institution or donors), federal grants (the largest being Pell), or government scholarships (Access Missouri and Bright Flight). The University operates as a pass-through for federal grants and government scholarships, aid is awarded to students and funding is received from the government.

<i>\$'s in thousand's</i>	Actuals FY2022	Projected FY2023	Budget FY2024
Scholarship Allowance (Line2)	\$226,108	\$242,998	\$244,534
Less:			
Federal Pell Grants (Line 4)	24,200	24,700	25,650
Government Scholarship Funding (Line 5)	18,764	19,000	19,000
Total Institutional Aid	\$183,144	\$199,298	\$199,884
Less: Restricted Donor Aid / Waivers	32,356	34,957	33,892
Institutional Aid funded from Operations	\$150,788	\$158,713	\$165,992

Institutional aid funded from operations is budgeted to increase by 4.6% or \$7.3 million. The increase will maintain the same level of aid awarded when compared to tuition. The University will provide the Board with a more detailed update of financial aid programs in the Fall.

Grants and Contracts (Line7) are projected to increase by 8.2% over the prior year. MU is committed to improving research competitiveness and is projecting a 10.8% growth in grants and contract revenue from FY2022 to FY2023. The budgeted revenue growth aligns with trends in proposals and awards due to Mizzou Forward initiatives.

Auxiliary Enterprises (Line 8) revenue is projected to increase by \$16.5 million over FY2023 representing 5.1% growth. The growth in revenue is driven by MU Research Reactor (MURR) multi-year agreement which is budgeted to increase by \$10.0 million over FY2023. The remaining budgeted increase is from inflationary rates.

Net Patient Medical Service (Line9) revenues primarily represent revenues from University Physicians and are projected to increase by 7.3% over FY2023. The growth in revenues aligns with MU Healthcare’s budgeted revenue growth. The revenues from University Physicians fund the clinical compensation for Medical School faculty appointments.

State Appropriations (Line11) reflects the 7% core increase, or \$17.4 million, and an additional \$5 million (one-time funding for extension services appropriated in FY2023 and include in recurring core balance from FY2024) approved by the legislature during the 2023 legislative session. The remaining increase is attributed to additional line items and program support approved by the legislature during the 2023 legislative session.

Operating Expenses

Overall, MU’s operating expenses are projected to increase by 7.0%. Salaries and wages are budgeted to increase by 7.5% and include the effect of a 4% performance-based merit and market raise pool.

Schedule 4: MU Salaries and Wages by Funding Source (Dollars in Thousands)

	Actuals FY2022	Projected FY2023	Budget FY2024
Operations and Service Operations	\$359,762	\$388,711	\$424,577
Auxiliary Enterprises	103,516	107,953	123,741
Patient Services Auxiliaries	258,764	292,766	293,248
Restricted (Gifts & Grants)	129,067	137,781	155,097
Total Salaries and Wages (Line 16)	\$851,109	\$927,211	\$996,663

Salaries and Wages

- *Operations and Service Operations* are budgeted to increase from FY2023 projection by \$35.9 million or 9.2%. \$15.5 million of the increase reflects of the 4% raise pool. The remaining increase represents faculty and staff for Mizzou Forward initiatives.
- *Auxiliary Enterprises* wages are budgeted to increase by \$15.8 million over the prior year. The budget for FY2024 addresses market compensation pressure and vacant positions needed to support revenue growth.
- *Patient Services* wages are budgeted flat from FY2023 correlating with the decline in purchased services from MU Healthcare.
- *Restricted* funded wages from grants and gifts are anticipated to increase by \$17.3 million. This compensation and workforce size are dependent on the availability of the related revenues to fund research.

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

	Actuals FY2022	Projected FY2023	Budget FY2024
Operations and Service Operations	\$78,338	\$98,039	\$96,565
Auxiliary Enterprises	137,435	141,867	149,390
Patient Services Auxiliaries	(36,162)	(38,404)	(20,998)
Restricted (Gifts & Grants)	84,418	89,044	101,727
Plant	31,864	30,350	21,745
Total Supplies, Services and Other Operating Expenses (Line18)	\$295,893	\$320,896	\$348,429

Supplies, Services and Other Operating Expenses

- *Operations and Service Operations* expenditures are budgeted to decrease by \$1.5 million over FY2023 projection. MU's budget is built on maintaining faculty and staff to support enrollment. The labor market continues to place pressure on wage rate and turnover within the organization. Cost reductions were budgeted to fund the additional compensation need to retain and recruit faculty and staff.
- *Auxiliary Enterprises* expenditures are budgeted to increase by \$7.5 million over FY2023 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 smaller negative represents a smaller charge to the hospital for physician services, which are budgeted to decrease as MU Healthcare manages expense growth within available revenue budget streams.
- *Restricted* expenditures funded from grants and gifts are anticipated to increase \$12.7 million from FY2023 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 \$8.6 million over the prior year. The decrease reflects less maintenance spending on buildings as capital investment ramps up.

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

- Expansion of *MU Research Reactor (MURR) West Expansion* will be supported by government appropriations. The FY2024 budget includes investments totaling \$12 million for this project.
- *NextGen Precision Health Building - 4th Floor Fit Out* will be supported by capital reserves and governmental appropriations. The FY2024 budget includes investments totaling \$22 million for this project.
- *Vet Med Diagnostics Lab* will be supported by governmental appropriations and gifts. Total project cost included in FY2024 is \$17 million.

- *Swine Facility Expansion and School of Medicine Building Renovations* is anticipated to have \$21 million in spending for FY2024. The project sources include capital reserves and governmental appropriations.
- *Thompson Center* will be support by capital reserves, gifts and by America Rescue Plan Act funds from the State. The FY2024 budget includes investments totaling \$5.5 million for this project.
- Renovations on the *Virginia Ave Parking Structure* funded by capital reserves are budgeted to be \$6.8 million for FY2024.
- Renovations on *Pershing Hall* and *Lottes Health Science Library* will be funded by capital reserves are budgeted to be \$14.4 million for FY2024.
- *Engineering and Applied Sciences Building* will be supported by governmental appropriations and gifts. Total project cost included in FY2024 is \$3 million.
- Work will begin on the *Electrical Interconnection and Substation* this project will be funded by capital reserves and governmental appropriations. Total project cost included in FY2024 is \$14 million.

UMKC

UMKC Forward was launched in Spring of 2021 with the overall objective 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 have been scaled down to ten and several programs were discontinued due to the lack of demand and affordability; this was completed in FY2023.

Investments in student success included in the FY2024 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 a 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 FY2023 and FY2024 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)* is a comprehensive program of mentoring, development opportunities and resources to support, attract and retain high quality and engaged faculty. Newly renovated space specifically dedicated to faculty development will open in August 2023.

- Investments in increasing and improving research infrastructure including staffing continue in FY2024.

UMKC FY 2024 Budget (Dollars in Thousands)

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

Line No.		Actuals FY2022	Projected FY2023	Budget FY2024	% Change FY2023 - 24
Operating Revenues					
1	Tuition and Fees	\$ 208,859	\$223,000	\$ 233,779	5%
2	Less Scholarship Allowances	71,848	86,000	85,000	-1%
3	Net Tuition and Fees	137,011	137,000	148,779	9%
4	Federal Pell Grants	12,659	12,750	12,600	-1%
5	Government Scholarship Funding	4,708	5,330	5,000	-6%
6	Institutional CARES Act Funding	10,577	-	-	0%
7	Grants and Contracts	62,684	67,000	70,000	4%
8	Auxiliary Enterprises	37,856	42,000	46,846	12%
9	Patient Medical Services, Net	39,843	40,800	41,145	1%
10	Other Operating Revenues	21,075	22,000	20,000	-9%
11	State Appropriations	77,992	82,301	88,463	7%
12	Federal Appropriations	-	-	-	0%
13	Private Gifts	18,311	26,500	17,500	-34%
14	Spendable Investment Income	19,597	15,467	15,714	2%
15	Total Operating Revenues	442,313	451,148	466,047	3%
Operating Expenses					
16	Salaries and Wages	201,566	210,000	229,492	9%
17	Benefits	59,472	63,900	71,921	13%
18	Supplies, Services and Other Operating Expenses	108,556	124,000	125,104	1%
19	Depreciation	25,505	25,360	24,220	-4%
20	Interest Expense	7,549	7,300	6,730	-8%
21	Total Operating Expenses	402,648	430,560	457,467	6%
22	Net Operating Income	39,665	20,588	8,580	-58%
23	Net Operating Margin	9.0%	4.6%	1.8%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	11,717	17,231	24,266	41%
25	Spendable Investment Income	(19,597)	(15,467)	(15,714)	2%
26	Other Nonoperating Revenues (Expenses)	(342)	547	-	0%
27	State Capital Appropriations	-	-	11,500	0%
28	Capital Gifts and Grants	5,816	16,500	18,500	12%
29	Private Gifts for Endowment Purposes	2,173	300	900	200%
30	Mandatory Transfers	30	-	-	0%
31	Non-Mandatory Transfers	484	1,085	187	-83%
32	Net Nonoperating Revenues (Expenses)	281	20,196	39,639	18%
33	Increase in Net Position	39,946	40,784	48,219	
34	Net Position, Beginning of Year	633,310	673,177	713,961	
35	Cumulative Effect of Change in Accounting Principle	(79)	-	-	
36	Net Position, Beginning of Year, Adjusted	633,231	673,177	713,961	
37	Net Position, End of Period	\$ 673,177	\$ 713,961	\$ 762,180	

Overall, UMKC's operating margin is \$8.6 million, or 1.8%. UMKC's margin is above the target of 1%.

Operating Revenues:

Tuition and Fees (Line 1) are budgeted to increase by \$10.8 million or 4.8% over the prior year. The gross tuition and fee budgeted amounts include the Board approved rates from May 2023. Budgeted enrollment includes an overall increase of 2% with modest increases in undergraduate enrollment and declining international graduate enrollment. 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.

Scholarship Allowances (Line 2) are budgeted to decrease by \$1 million or 1.2% from the prior year. Scholarship allowance represents financial aid awarded to students, which includes institutional aid (funded by the institution or donors), federal grants (the largest being Pell), or government scholarships (Access Missouri and Bright Flight). The University operates as a pass-through for federal grants and government scholarships, aid is awarded to students and funding is received from the government.

<i>\$'s in thousand's</i>	Actuals FY2022	Projected FY2023	Budget FY2024
Scholarship Allowance (Line2)	\$71,848	\$86,000	\$85,000
Less:			
Federal Pell Grants (Line 4)	12,659	12,750	12,600
Government Scholarship Funding (Line 5)	4,708	5,330	5,000
Total Institutional Aid	\$54,481	\$67,920	\$67,400
Less: Restricted Donor Aid / Waivers	12,872	21,620	17,212
Institutional Aid funded from Operations	\$41,609	\$46,300	\$50,188

FY2024 Institutional Aid budget includes enhanced scholarships offerings; including UMKC Advantage Grant which covers all tuition and fees beyond the Pell Grant and expansion of aid programs for international students.

Grants and Contracts (Line7) are projected to increase by \$3 million over the prior year. UMKC experienced growth in grants and contracts during FY2023 and is committed to continuing to improve research competitiveness.

Auxiliary Enterprises (Line 8) revenue is projected to increase by \$4.8 million over FY2023 representing 11.5% growth. The growth in auxiliary revenues is driven by anticipated improved occupancy rates and inflationary rate increases.

Net Patient Medical Service (Line 9) revenues are projected to increase \$345,000 over FY2023. These revenues are contract services provided to the School of Medicine's hospital affiliates through the graduate medical education programs.

State Appropriations (Line12) reflects the 7% core increase, or \$6.2 million, approved by the legislature during the 2023 legislative session.

Private Gifts (Line 13) are budgeted to decrease by \$9 million from FY2023 due to a significant one-time gift received in FY2023. Budgeted gift revenues align with historical giving.

Operating Expenses

Overall, UMKC's operating expenses are projected to increase by 6%. Salaries and wages are budgeted to increase by 9.3% and include the effect of a 4% performance-based merit and market raise pool. UMKC has experienced high turnover rates and extended fill rates for many staff positions and will utilize the raise pool to address market concerns.

UMKC Salaries and Wages Detail (Dollars in Thousands)

	Actuals FY2022	Projected FY2023	Budget FY2024
Operations and Service Operations	\$133,569	\$139,474	\$160,814
Auxiliary Enterprises	7,641	9,136	10,305
Patient Service Auxiliaries	29,096	29,354	29,039
Restricted (Gifts & Grants)	31,260	32,036	29,334
Total Salaries and Wages (Line 16)	\$201,566	\$210,000	\$229,492

Salaries and Wages (Line 16)

- *Operations and Service Operations* are budgeted to increase by \$21.3 million from FY2023 projection. This increase is attributed to investments in additional faculty as campus continues to restore faculty departures from voluntary separations and prior year reductions; continued investment in UMKC Forward student advising, recruitment and career preparation; and market adjustments to existing faculty and staff. UMKC has experienced high turnover rates and extended fill rates for many staff positions and will utilize the raise pool to address market concerns and fill current vacant positions.
- *Auxiliary Enterprises* are budgeted to increase by \$1.2 million over FY2023 projections. The increase in wages reflect the growth in auxiliary enterprises and the investment made in student service auxiliaries such as student health and counseling.
- *Patient Service Auxiliaries* wages reflect payments to resident physicians with the UMKC medical program. Payment for these services is supported by contract payments from local hospitals within the Kansas City area.
- *Restricted* salaries funded from grants and gifts are budgeted to decline slightly over FY2023 projections. This compensation will only be realized if there is related gift and grant revenues to fund the compensation.

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

	Actuals FY2022	Projected FY2023	Budget FY2024
Operations and Service Operations	\$54,450	\$64,379	\$62,912
Auxiliary Enterprises	12,266	11,847	15,983
Patient Service Auxiliaries	4,206	3,298	3,711
Restricted (Gifts & Grants)	29,902	40,732	37,523
Plant	7,732	3,744	4,975
Total Supplies, Services and Other Operating Expenses (Line18)	\$108,556	\$124,000	\$125,104

Supplies, Services and Other Operating Expenses

- *Operations and Service Operations* expenditures are budgeted to increase \$1.5 million over FY2023 projection, due mainly inflationary increases in insurance and utilities.
- *Auxiliary Enterprises* expenditures are budgeted to increase by \$4.1 million from FY2023 projection due to inflationary pressures.
- *Patient Services* expenditures are budgeted to increase by \$413,000 over prior projected year. This represents contracted physician services for the University's Medical School as well as expenditures in the University's Dental Clinic.
- *Restricted (Gifts & Grants)* expenditures funded from grants decrease by \$3.2 million from FY2023. 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 increase by \$1.2 million over FY2023 projection related to the classroom improvement and campus maintenance and renovation projects also funded from Operations.

Capital spend 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 FY2024 budget includes investments totaling \$25 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 FY2024 budget includes investments totaling \$5 million for this project which will primarily be funded from state and federal appropriations.
- *Steamline Improvements* on the UMKC campus included in the FY2024 budget total \$5 million.

S&T

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 FY2021, 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. S&T FY2024 budget includes investments in faculty and staff recruitment and retention efforts through merit, market and equity salary adjustments as well as professional development programs.
- Continued investments in research infrastructure are included in S&T's FY2024 budget which are supported by government appropriations, gifts, and capital reserves.

S&T FY 2024 Budget (Dollars in Thousands)

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

Line No.		Actuals FY2022	Projected FY2023	Budget FY2024	% Change FY2023 - 24
Operating Revenues					
1	Tuition and Fees	\$ 119,995	\$ 126,023	\$ 131,330	4%
2	Less Scholarship Allowances	63,974	70,700	72,821	3%
3	Net Tuition and Fees	56,021	55,323	58,509	6%
4	Federal Pell Grants	5,445	5,625	5,400	-4%
5	Government Scholarship Funding	5,670	5,925	5,000	-16%
6	Institutional CARES Act Funding	7,168	-	-	0%
7	Grants and Contracts	44,203	40,682	43,775	8%
8	Auxiliary Enterprises	23,098	23,800	24,264	2%
9	Patient Medical Services, Net	-	-	-	0%
10	Other Operating Revenues	3,405	3,500	2,860	-18%
11	State Appropriations	53,026	55,942	60,121	7%
12	Federal Appropriations	-	-	-	0%
13	Private Gifts	8,208	18,700	20,269	8%
14	Spendable Investment Income	18,477	13,200	14,348	9%
15	Total Operating Revenues	224,721	222,697	234,546	5%
Operating Expenses					
16	Salaries and Wages	95,976	105,300	112,935	7%
17	Benefits	29,336	31,800	37,099	17%
18	Supplies, Services and Other Operating Expenses	45,052	50,200	48,670	-3%
19	Depreciation	23,901	24,500	24,918	2%
20	Interest Expense	5,304	5,100	4,847	-5%
21	Total Operating Expenses	199,569	216,900	228,469	5%
22	Net Operating Income	25,152	5,797	6,077	5%
23	Net Operating Margin	11.2%	2.6%	2.6%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	7,601	11,316	13,053	15%
25	Spendable Investment Income	(18,477)	(13,200)	(14,348)	9%
26	Other Nonoperating Revenues (Expenses)	(6,796)	41	50	22%
27	State Capital Appropriations	-	7,300	20,762	100%
28	Capital Gifts and Grants	5,339	27,085	34,694	28%
29	Private Gifts for Endowment Purposes	3,314	3,500	2,250	-36%
30	Mandatory Transfers	18	-	-	0%
31	Non-Mandatory Transfers	(2,189)	1,854	82	-96%
32	Net Nonoperating Revenues (Expenses)	(11,190)	37,896	56,543	43%
33	Increase in Net Position	13,962	43,693	62,620	
34	Net Position, Beginning of Year	649,058	662,982	706,675	
35	Cumulative Effect of Change in Accounting Principle	(36)	-	-	
36	Net Position, Beginning of Year, Adjusted	649,022	662,982	706,675	
37	Net Position, End of Period	\$ 662,982	\$ 706,675	\$ 769,295	

Overall, S&T's operating margin is \$6.1 million, or 2.6% which is in line with financial plan presented to the Board in February.

Operating Revenues:

Tuition and Fees (Line 1) are budgeted to increase by \$5.3 million or 4.2% over the prior year. This increase is a result of tuition rate increases approved by the Board. S&T's enrollment is budgeted to remain flat year over year.

Scholarship Allowances (Line 2) are budgeted to increase by \$2.1 million or 3.0% over the prior year. Scholarship allowance represents financial aid awarded to students, which includes institutional aid (funded by the institution or donors), federal grants (the largest being Pell), or government scholarships (Access Missouri and Bright Flight). The University operates as a pass-through for federal grants and government scholarships, aid is awarded to students and funding is received from the government.

<i>\$'s in thousand's</i>	Actuals FY2022	Projected FY2023	Budget FY2024
Scholarship Allowance (Line2)	\$63,974	\$70,700	\$72,821
Less:			
Federal Pell Grants (Line 4)	5,445	5,625	5,400
Government Scholarship Funding (Line 5)	5,670	5,925	5,000
Total Institutional Aid	\$52,859	\$59,150	\$62,421
Less: Restricted Donor Aid / Waivers	14,157	17,454	16,917
Institutional Aid funded from Operations	\$38,702	\$41,696	\$45,504

Institutional aid funded from operations is budgeted to increase by 9.1% or \$3.8 million. The increase will maintain the same level of aid awarded when compared to tuition.

Grants and Contracts (Line7) are budgeted to increase by 7.6% or \$3.1 million over the prior year. S&T seeks to become one of the top public STEM focused research institutions in the country. The budgeted revenue growth aligns with trends in proposals and awards due to investments from the Kummer Institute.

Auxiliary Enterprises (Line 8) revenue is budgeted to increase by 1.9% over FY2023. The modest growth in revenue is driven by scholarships budgeted by residential life to increase occupancy rates which has off-set inflationary rate increase.

State Appropriations (Line 11) reflects the 7% core increase, or \$4.2 million, approved by the legislature during the 2023 legislative session.

Private Gifts (Line 13) are projected to increase by \$1.6 million, largely driven by the increase in gift funding received by the Kummer Institute for new programming. Additional revenues from the Kummer Foundation are reported as gifts as the Foundation provides funding.

Operating Expenses

Overall, S&T's operating expenses are projected to increase by 5.3% reflecting increase compensation cost driven by market inflation.

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

	Actuals FY2022	Projected FY2023	Budget FY2024
Operations and Service Operations	\$77,038	\$83,168	\$88,301
Auxiliary Enterprises	2,382	3,046	3,246
Restricted (Gifts & Grants)	16,556	19,086	21,388
Total Salaries and Wages (Line 16)	\$95,976	\$105,300	\$112,935

Salaries and Wages (Line 16)

- All wages for FY2024 budget include the effect of a 4.5% performance-based merit and market raise pool. 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.
- *Operations and Supporting Services* are budgeted to increase by \$5.1 million from FY2023 projection this increase is to provide faculty and staff with market and equity adjustments and to fill essential vacant positions within the university.
- *Auxiliary Enterprises* wages are budgeted to increase by \$200,000 to fund market compensation pressure.
- *Restricted* wages funded from grants and gifts are budgeted to increase by \$2.3 million, this increase corresponds with the increase in budgeted grant revenue.

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

	Actuals FY2022	Projected FY2023	Budget FY2024
Operations and Service Operations	\$23,168	\$28,527	\$25,815
Auxiliary Enterprises	9,035	8,409	7,600
Restricted (Gifts & Grants)	12,440	12,209	14,104
Plant	409	1,055	1,151
Total Supplies, Services and Other Operating Expenses (Line18)	\$45,052	\$50,200	\$48,670

Supplies, Services and Other Operating Expenses (Line 18)

- *Operations and Supporting Services* expenditures are budgeted to decrease \$2.7 million over FY2023 projection. Nonrecurring non-capital investments in classroom facilities are included in the FY2023 projections and will not be continued in FY2024.
- *Auxiliary Enterprises* expenditures are budgeted to decrease from FY2023 projection by \$809,000. 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 FY2023 with the replacement cost in salaries and benefits.
- *Restricted expenditures* funded from grants and gifts are anticipated to increase by \$1.9 million from the FY2023 projection. The increase is supported by the growth in grant

revenue.

- *Plant* expenditures are budgeted to increase by \$96,000 over FY2023 projections due to an increase in planned non-capital M&R plant projects.

Capital spend over \$5 million included in 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, federal grants, and America Rescue Plan Act funds from the State. The FY2024 budget includes investments totaling \$20.9 million for this project.
- *Student Experience Center (Engineering Research Innovation Lab)* will be funded from capital reserves and gifts, the FY2024 budget includes \$18.1 million for project cost.
- The *Arrival District* will provide S&T a front door fitting of its academic reputation and is funded through gifts, total project budget for FY2024 is \$10.2 million.
- *Welcome Center* will be funded from capital reserves and gifts. Total capital investment included in the FY2024 budget is \$14.0 million.
- *Advancing STEM in Missouri* projects are funded through gifts, state funds, and capital reserves. The FY2024 budget includes investments totaling \$6.5 million for these projects.

UMSL

UMSL's FY2024 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 FY2024 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.

UMSL FY2024 Budget (Dollars in Thousands)

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

Line No.		Actuals FY2022	Projected FY2023	Budget FY2024	% Change FY2023 - 24
Operating Revenues					
1	Tuition and Fees	\$ 110,487	\$ 108,655	\$ 119,821	10%
2	Less Scholarship Allowances	46,278	42,824	49,030	14%
3	Net Tuition and Fees	64,209	65,831	70,791	8%
4	Federal Pell Grants	10,729	11,286	11,476	2%
5	Government Scholarship Funding	3,761	3,680	3,763	2%
6	Institutional CARES Act Funding	10,667	-	-	0%
7	Grants and Contracts	35,059	38,377	40,965	7%
8	Auxiliary Enterprises	13,638	14,119	12,321	-13%
9	Patient Medical Services, Net	25	24	24	0%
10	Other Operating Revenues	1,758	2,139	1,983	-7%
11	State Appropriations	59,007	63,063	68,654	9%
12	Federal Appropriations	-	-	-	0%
13	Private Gifts	12,785	11,800	12,531	6%
14	Spendable Investment Income	10,773	8,738	9,087	4%
15	Total Operating Revenues	222,411	219,057	231,595	6%
Operating Expenses					
16	Salaries and Wages	97,797	102,711	106,212	3%
17	Benefits	31,815	33,103	35,050	6%
18	Supplies, Services and Other Operating Expenses	57,754	64,236	67,136	5%
19	Depreciation	17,990	18,213	17,824	-2%
20	Interest Expense	5,368	5,123	4,860	-5%
21	Total Operating Expenses	210,724	223,386	231,082	3%
22	Net Operating Income	11,687	(4,329)	513	112%
23	Net Operating Margin	5.3%	-2.0%	0.2%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	6,379	7,742	10,701	38%
25	Spendable Investment Income	(10,773)	(8,738)	(9,087)	4%
26	Other Nonoperating Revenues (Expenses)	565	8	25	213%
27	State Capital Appropriations and Grants	-	13,030	23,787	0%
28	Capital Gifts and Grants	2,312	6,000	5,000	-17%
29	Private Gifts for Endowment Purposes	3,750	3,780	2,521	-33%
30	Mandatory Transfers	43	-	-	0%
31	Non-Mandatory Transfers	(679)	3,092	1,166	-62%
32	Net Nonoperating Revenues (Expenses)	1,597	24,914	34,113	68%
33	Increase in Net Position	13,284	20,585	34,626	
34	Net Position, Beginning of Year	399,982	413,249	433,834	
35	Cumulative Effect of Change in Accounting Principle	(17)	-	-	
36	Net Position, Beginning of Year, Adjusted	399,965	413,249	433,834	
37	Net Position, End of Period	\$ 413,249	\$ 433,834	\$ 468,460	

Overall, UMSL's operating margin of \$513,000 or 0.2%. The FY2024 budget represents the recapturing lost enrollments to match the institution's expenditure base.

Operating Revenues:

Tuition and Fees (Line 1) are budgeted to increase by \$11.2 million or 10.3% over the prior year. This increase is a result of a 6% approved tuition rate increase and 2% increase in budgeted enrollment which is equivalent to a 2.8% increase in student credit hours. UMSL's budget is balanced upon the anticipated growth in full-time undergraduates if enrollment growth is not obtained, expense reductions will be necessary.

Scholarship Allowances (Line 2) are budgeted to increase by \$6.2 million or 14.5% over the prior year. Scholarship allowance represents financial aid awarded to students, which includes institutional aid (funded by the institution or donors), federal grants (the largest being Pell), or government scholarships (Access Missouri and Bright Flight). The University operates as a pass-through for federal grants and government scholarships, aid is awarded to students and funding is received from the government.

<i>\$'s in thousand's</i>	Actuals FY2022	Projected FY2023	Budget FY2024
Scholarship Allowance (Line2)	\$46,278	\$42,824	\$49,030
Less:			
Federal Pell Grants (Line 4)	10,729	11,286	11,476
Government Scholarship Funding (Line 5)	3,761	3,680	3,763
Total Institutional Aid	\$31,788	\$27,858	\$33,791
Less: Restricted Donor Aid / Waivers	5,079	6,044	6,031
Institutional Aid funded from Operations	\$26,709	\$21,814	\$27,760

UMSL has budgeted institutional aid funded from operations to increase by \$5.9 million over prior year to respond to the budgeted increase in tuition and fees.

Grants and Contracts (Line 7) are projected to increase by \$2.6 million over the prior year. UMSL increased awards received from the Missouri Department of Mental Health related to opioid response, the revenues related to these awards will span across FY2023 and FY2024.

Auxiliary Enterprise (Line 8) revenues are budgeted to decrease by \$1.8 million over FY2023 projection. The decrease revenues are reflective of the closure of Mansion Hill Condominiums during Summer 2023. The residential life operation at UMSL has struggled to generate enough resources to cover expenses and maintain adequate facility conditions. With this closure and consolidation to Oak Hall, UMSL can focus on maintaining residential life facilities which generate resources to maintain remaining residential facilities and support the current and expected student population.

State Appropriations (Line 11) reflects the 7% core increase, or \$4.6 million, approved by the legislature during the 2023 legislative session. The remaining increase is attributed to additional line items and program support approved by the legislature during the 2023 legislative session.

Operating Expenses

Salaries and Wages (Line 16) include the effect of a 4% performance-based merit and market raise pool.

UMSL Salaries and Wages by Funding Source (Dollars in Thousands)

	Actuals FY2022	Projected FY2023	Budget FY2024
Operations and Service Operations	\$78,199	\$81,900	\$84,457
Auxiliary Enterprises	2,212	1,978	1,981
Restricted (Gifts & Grants)	17,386	18,833	19,775
Total Salaries and Wages (Line 16)	\$97,797	\$102,711	\$106,212

- Wages funded by *Operations and Service Operations* are budgeted to increase by \$2.6 million from FY2023 projection. This increase represents a performance-based merit and market raise pool of \$3.3 million off-set by natural annual attrition.
- *Auxiliary Enterprises* wages are budgeted to increase by \$3,000, this increase is minimal as result of available auxiliary revenue sources.
- Wages funded by *Gifts and Grants* are budgeted to increase by \$942,000 from FY2023 projection this increase corresponds with the increase in budgeted grant revenue.

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

	Actuals FY2022	Projected FY2023	Budget FY2024
Operations and Service Operations	\$30,351	\$36,374	\$38,106
Auxiliary Enterprises	7,505	8,226	6,845
Restricted (Gifts & Grants)	19,340	17,462	20,083
Plant	558	2,174	2,102
Total Supplies, Services and Other Operating Expenses (Line18)	\$57,754	\$64,236	\$67,136

Supplies, Services and Other Operating Expenses

- *Operations and Service Operations* expenditures are budgeted to increase \$1.7 million over FY2023 projection. The increase in expenditures reflects the additional \$1 million in program funding recommended by the governor and approved by legislation for UMSL International Collaboration & Economic Opportunity program.
- *Auxiliary Enterprises* expenditures are budgeted to decrease \$1.4 million from FY2023 projection which is attributed to the closure of Mansion Hills.
- *Restricted* expenditures funded from grants and gifts are anticipated increase \$2.6 million from FY2023 projection, this contingent upon restricted revenue resources.
- *Plant* expenditures are budgeted to slightly decrease from FY2023 projections UMSL will continue to have M&R projects related to the space consolidation plans.

Capital spend 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 FY2024 budget includes investments totaling \$23.4 million for this project.

MUHC

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 FY2022	Projected FY2023	Budget FY2024	% Change FY2023 - 24
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	867	117	16	-86%
8	Auxiliary Enterprises	23,187	21,652	22,161	2%
9	Patient Medical Services, Net	1,259,147	1,352,577	1,433,936	6%
10	Other Operating Revenues	166	257	442	72%
11	State Appropriations	-	-	-	0%
12	Federal Appropriations	-	-	-	0%
13	Private Gifts	1,417	1,279	6,008	370%
14	Spendable Investment Income	-	-	-	0%
15	Total Operating Revenues	1,284,784	1,375,882	1,462,563	6%
Operating Expenses					
16	Salaries and Wages	410,203	459,764	475,447	3%
17	Benefits	121,566	128,140	145,674	14%
18	Supplies, Services and Other Operating Expenses	655,791	671,672	676,552	1%
19	Depreciation	66,844	69,938	74,065	6%
20	Interest Expense	12,010	13,666	18,474	35%
21	Total Operating Expenses	1,266,414	1,343,180	1,390,212	4%
22	Net Operating Income	18,370	32,702	72,351	121%
23	Net Operating Margin	1.4%	2.4%	4.9%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	4,683	5,938	3,764	-37%
25	Spendable Investment Income	-	-	(3,795)	0%
26	Other Nonoperating Revenues (Expenses)	8,086	282	(2,266)	-904%
27	State Capital Appropriations	-	-	-	0%
28	Capital Gifts and Grants	724	282	164	-42%
29	Private Gifts for Endowment Purposes	264	133	-	-100%
30	Mandatory Transfers	-	-	-	0%
31	Non-Mandatory Transfers	(46,850)	(32,988)	(27,533)	-17%
32	Net Nonoperating Revenues (Expenses)	(33,093)	(26,353)	(29,666)	572%
33	Increase in Net Position	(14,723)	6,349	42,685	
34	Net Position, Beginning of Year	1,015,574	1,000,350	1,006,699	
35	Cumulative Effect of Change in Accounting Principi	(501)	-	-	
36	Net Position, Beginning of Year, Adjusted	1,015,073	1,000,350	1,006,699	
37	Net Position, End of Period	\$ 1,000,350	\$ 1,006,699	\$ 1,049,384	

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 FY2022, MU Healthcare 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 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.

MU Healthcare's FY2023 operating performance is projected to improve by \$14.3 million over FY2022 and is on track as of April to meet expectations outlined in the February financial plan. FY2024 operating performance is budgeted to trend upwards more towards historical levels with increase of \$39.6 million to operating margin over FY2023. MU Healthcare's FY2024 budget aligns with the five-year financial plan submitted to the Board in February. Budgeted revenue growth includes annual volume growth of 3% driven by strategic subspecialty growth along with inflationary rate increases. Budgeted operating expense efficiencies include reductions in agency labor, improved productivity as measured by labor per occupied bed, and non-personnel expense growth trailing inflation.

Leadership from MU Healthcare, 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. MU Healthcare 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 Healthcare has significant improvement 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 4% market and merit pool to maintain competitive salaries, supply efficiencies, and reducing in external staffing costs.

MU Healthcare's days cash on hand is budgeted to remain above 150 days with improved budgeted operating margin and a capital budget totaling \$126.6 million.

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.”

The following Statement of Revenues, Expenses, and Changes in Net Position 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 FY2024 Budget (Dollars in Thousands)

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

Line No.		Actuals FY2022	Projected FY2023	Budget FY2024	% Change FY2023 - 24
Operating Revenues					
1	Tuition and Fees	\$ -	\$ -	\$ -	0%
2	Less Scholarship Allowances	20	44	-	-100%
3	Net Tuition and Fees	(20)	(44)	-	-100%
4	Federal Pell Grants	-	-	-	0%
5	Government Scholarship Funding	-	-	-	0%
6	Institutional CARES Act Funding	-	-	-	0%
7	Grants and Contracts	947	1,261	-	-100%
8	Auxiliary Enterprises	22,973	22,117	21,437	-3%
9	Patient Medical Services, Net	-	-	-	0%
10	Other Operating Revenues	3,453	4,832	7,769	61%
11	State Appropriations	-	-	-	0%
12	Federal Appropriations	-	-	-	0%
13	Private Gifts	143	121	126	4%
14	Spendable Investment Income	7,000	4,768	5,096	7%
15	Total Operating Revenues	34,496	33,055	34,428	4%
Operating Expenses					
16	Salaries and Wages	39,802	41,773	47,799	14%
17	Benefits	13,683	14,281	17,072	20%
18	Supplies, Services and Other Operating Expenses	(26,494)	(25,771)	(29,574)	15%
19	Depreciation	3,506	2,726	2,377	-13%
20	Interest Expense	106	23	-	0%
21	Total Operating Expenses	30,603	33,032	37,674	14%
22	Net Operating Income	3,893	23	(3,246)	100%
23	Net Operating Margin	11.3%	0.1%	-9.4%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	(5,139)	4,768	7,729	62%
25	Spendable Investment Income	(7,000)	(4,768)	(5,096)	7%
26	Other Nonoperating Revenues (Expenses)	(78)	542	3	-99%
27	State Capital Appropriations	-	-	-	0%
28	Capital Gifts and Grants	-	-	-	0%
29	Private Gifts for Endowment Purposes	50	6	-	0%
30	Mandatory Transfers	-	-	-	0%
31	Non-Mandatory Transfers	(7,489)	(3,977)	4,033	-201%
32	Net Nonoperating Revenues (Expenses)	(19,656)	(3,429)	6,669	-200%
33	Increase in Net Position	(15,763)	(3,406)	3,423	
34	Net Position, Beginning of Year	237,410	223,350	219,944	
35	Cumulative Effect of Change in Accounting Principle	1,703	-	-	
36	Net Position, Beginning of Year, Adjusted	239,113	223,350	219,944	
37	Net Position, End of Period	\$ 223,350	\$ 219,944	\$ 223,367	

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 FY2024. In total, the rest System Administration's budget expenses grew in line with overall revenue growth and includes a 4% performance-based market and merit raise pool. The negative \$29.5 million in Supplies, Services, and Other reflects the collections from the other Universities and Hospital on charges for services. The negative operating margin is related to one-time funding increase for e-Learning, this funding is supported by the universities through transfers which are excluded from the operating margin calculation and net to zero on a consolidated basis.

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 which the University self-insures. 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 FY2022	Projected FY2023	Budget FY2024	% Change FY2023 - 24
Operating Revenues					
1	Tuition and Fees	\$ -	-	-	0%
2	Less Scholarship Allowances	23	33	33	0%
3	Net Tuition and Fees	(23)	(33)	(33)	0%
4	Federal Pell Grants	-	-	-	0%
5	Government Scholarship Funding	-	-	-	0%
6	Institutional CARES Act Funding	-	-	-	0%
7	Grants and Contracts	-	-	-	0%
8	Auxiliary Enterprises	-	-	-	0%
9	Patient Medical Services, Net	-	-	-	0%
10	Other Operating Revenues	(193)	(128)	(128)	0%
11	State Appropriations	9,467	9,467	7,818	0%
12	Federal Appropriations	10,163	9,765	9,889	0%
13	Private Gifts	1	2	2	0%
14	Spendable Investment Income	(9,467)	(9,467)	(7,818)	-17%
15	Total Operating Revenues	9,948	9,606	9,730	1%
Operating Expenses					
16	Salaries and Wages	1,338	295	-	0%
17	Benefits	(24,581)	2,100	5,355	155%
18	Supplies, Services and Other Operating Expenses	13,986	(3,129)	2,636	-184%
19	Depreciation	-	-	-	0%
20	Interest Expense	6,659	6,849	3,491	-49%
21	Total Operating Expenses	(2,598)	6,115	11,482	88%
22	Net Operating Income	12,546	3,491	(1,752)	-150%
23	Net Operating Margin	126.1%	36.3%	-18.0%	
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	(212,616)	8,800	63,310	619%
25	Spendable Investment Income	9,467	9,467	7,818	-17%
26	Other Nonoperating Revenues (Expenses)	(1,961)	-	-	0%
27	State Capital Appropriations	-	-	-	0%
28	Capital Gifts and Grants	-	-	-	0%
29	Private Gifts for Endowment Purposes	102	1	1	0%
30	Pension and OPEB Impact on Income Statement	(16,329)	(86,545)	(61,411)	-29%
31	Mandatory Transfers	(220)	-	-	0%
32	Non-Mandatory Transfers	13,840	(2,115)	189	-100%
33	Net Nonoperating Revenues (Expenses)	(207,717)	(70,392)	9,907	-112%
34	Increase in Net Position	(195,171)	(66,901)	8,155	
35	Net Position, Beginning of Year	(246,642)	(441,813)	(508,714)	
36	Cumulative Effect of Change in Accounting Principle	-	-	-	
37	Net Position, Beginning of Year, Adjusted	(246,642)	(441,813)	(508,714)	
38	Net Position, End of Period	\$ (441,813)	\$ (508,714)	\$ (500,559)	

Schedule 25: University of Missouri FY24 Original Budget by Fund

University of Missouri Budget Planning: FY24 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	\$ 1,025	\$ 3	\$ -	\$ -	\$ 1	\$ 1,029	\$ -	\$ 1,029
Less: Scholarship Allowances	\$ (290)	\$ 0	\$ -	\$ -	(162)	(452)	0	(452)
Net Student Fees	\$ 734	\$ 3	\$ -	\$ -	\$ (161)	\$ 577	\$ 0	\$ 577
Federal Pell Grants	-	-	-	-	55	55	-	55
Government Scholarship Funding	-	-	-	-	33	33	-	33
Grants and Contracts	-	-	-	-	464	464	(1)	463
Sales & Services & Patient Revenue	26	242	201	1,812	-	2,282	-	2,282
Other Operating Revenues	124	7	-	-	(61)	70	3	73
State Appropriations	496	-	-	-	5	501	-	501
Federal Appropriations	-	-	-	-	19	19	10	29
Gift Income	-	16	-	-	85	101	-	101
Endowment & Investment Income	54	-	-	-	63	117	3	120
Total Operating Revenues	\$ 1,435	\$ 268	\$ 201	\$ 1,812	\$ 501	\$ 4,217	\$ 15	\$ 4,233
Operating Expenditures								
Salaries & Wages	\$ 752	\$ 129	\$ 64	\$ 798	\$ 226	\$ 1,969	\$ -	\$ 1,969
Employee Benefits	\$ 245	\$ 47	\$ 23	\$ 213	\$ 69	\$ 597	\$ -	\$ 597
Total Compensation	\$ 997	\$ 176	\$ 87	\$ 1,011	\$ 295	\$ 2,566	\$ -	\$ 2,566
Supplies Service and Other Operating Expenses	252	43	79	659	174	1,207	32	1,239
Depreciation	-	-	-	-	-	-	245	245
Interest Expense	-	-	-	-	-	-	69	69
Total Operating Expenditures	\$ 1,249	\$ 219	\$ 166	\$ 1,670	\$ 469	\$ 3,773	\$ 346	\$ 4,119
Net Operating Income	\$ 185	\$ 49	\$ 35	\$ 142	\$ 32	\$ 444	\$ (331)	\$ 113
Nonoperating Revenue (Expense)								
Investment Income (Losses), Net of Fees	\$ 54	\$ 50	\$ -	\$ 4	\$ 65	\$ 173	\$ 68	\$ 241
Endowment/General Pool Distribution	(54)	-	-	(4)	(63)	(121)	(3)	(124)
Capital Expense & Offset	(31)	(3)	(1)	(1)	(27)	(63)	62	(1)
Other Nonoperating Revenues (Expense)	-	-	-	(2)	-	(2)	1	(1)
State Capital Appropriations	-	-	-	-	51	51	43	94
Capital Gifts and Grants	-	-	-	-	-	-	128	128
Private Gifts for Endowment Purposes	-	-	-	-	-	-	38	38
Pension and OPEB Impact on Income Statement	-	(61)	-	-	-	(61)	-	(61)
Mandatory Transfers (In) Out	(23)	(71)	(7)	(36)	0	(137)	137	(0)
Non-Mandatory Transfers (In) Out	(18)	(11)	(12)	(3)	(19)	(64)	65	-
Net Nonoperating Revenues (Expense)	\$ (72)	\$ (96)	\$ (20)	\$ (42)	\$ 7	\$ (223)	\$ 539	\$ 314
Change in Net Assets	\$ 113	\$ (47)	\$ 15	\$ 100	\$ 39	\$ 221	\$ 208	\$ 428



University of Missouri System

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Office of Finance

118 University Hall
Columbia, MO 65211

www.umsystem.edu