

Research Update:

University of Missouri Debt Rating Affirmed At 'AA+'

December 23, 2025

Overview

- S&P Global Ratings affirmed its 'AA+' long-term rating on the [University of Missouri Board of Curators](#)' debt outstanding issued for the [University of Missouri](#) (UM).
- S&P Global Ratings also affirmed its 'A-1+' rating on UM's commercial paper (CP) notes.
- The outlook is stable.

Rationale

Security

UM had total debt of about \$1.8 billion outstanding as of June 30, 2025, including all finance (operating and capital) leases. All debt is secured by a general obligation pledge, and all of UM's debt portfolio is currently fixed rate. We based our 'A-1+' short-term rating on the university's provision of self-liquidity. The rating reflects both ample liquidity and the sufficiency of the assets identified by the university to cover the total debt supported by self-liquidity. The university does not have any CP notes outstanding and has \$1.8 billion in discounted total assets with same-day liquidity as of Sept. 30, 2025, and has the necessary procedures to access funds in a timely manner.

Credit highlights

We assessed UM's enterprise risk profile as extremely strong, characterized by solid full-time-equivalent enrollment, healthy retention, and above-average student quality, offset by moderate selectivity. We assessed UM's financial risk profile as very strong, with consistent and positive operations on a full accrual basis we expect will continue in fiscal 2026, solid and improving health care operations, growing financial resources, and a low debt burden. We believe these credit factors, combined, lead to an anchor of 'aa+' and a final rating of 'AA+'.

The 'AA+' long-term rating reflects our view of UM's:

- Position as Missouri's flagship and land-grant institution;
- History of balanced-to-positive operations on a full accrual basis for the system, with positive operations expected in fiscal 2026;

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- Solid financial resource ratios for a state-related university, supported by an endowment of about \$2.6 billion as of June 30, 2025, with cash and investments equal to 129% of expenses and 397% of total debt (approximately \$1.8 billion);
- Good revenue diversity from student tuition and fees, research grants, gifts, endowment income, and state operating appropriations (which accounted for only 9% of fiscal 2025 revenue); and
- Very manageable maximum annual debt service burden of 2.8% of fiscal 2025 adjusted operating expenses when smoothing.

Offsetting factors, in our opinion, include UM's:

- Limited geographic diversity with about 75% of students enrolled from Missouri, a state with unfavorable demographics for high school graduating seniors; and
- Overall stable enrollment, although some regional campuses have faced modest declines.

Established in 1963, the University of Missouri System has 45 colleges, schools, and divisions, and approximately 70,000 students in fall 2025 on four campuses in Columbia (University of Missouri [MU], its largest and oldest campus), St. Louis, Kansas City, and Rolla. Approximately 47% of UM's total student population attends a regional campus. UM is the state's research and land-grant university system, and the Columbia campus is the state's flagship campus.

In our view, there are heightened sector risks, including those related to UM's significant research program given evolving federal policies. However, we view UM's financial position as sound given the university's robust liquidity and flexibility to face short-term funding disruptions. Revenues from grants and contracts for the fiscal year ended June 30, 2025, was approximately \$598 million, with approximately 45% of the funding awarded from the federal government. For the fiscal year ended June 30, 2025, approximately 10% of total spending of the university went toward research. The negotiated indirect cost-recovery rate for most on-campus research during fiscal 2025 was 56%. UM is home to MURR, the most powerful research reactor in the U.S. at 10 megawatts (MW), which generated \$223 million in research revenues in fiscal 2025. UM is exploring plans to build NextGen MURR, a larger research reactor (10-20 MW) that will allow for the next iteration of radioisotope production. We believe that the university maintains significant liquidity to provide flexibility should these risks transpire.

Environmental, social, and governance

We think Missouri institutions are affected by changing demographic and population trends, which we view as a social risk, with the potential for further enrollment pressure at regional campuses during the next few years. However, the Columbia campus, which makes up the majority of UM's enrollment, maintains strong demand. Despite elevated social risk, we view UM's environmental and governance risks as neutral in our credit rating analysis.

Outlook

The stable outlook reflects our belief that the university will sustain its strong demand characteristics, diversified revenues, and solid operations and financial resource ratios relative to the rating category during the next two years.

Downside scenario

We could consider a negative rating action if enrollment declined substantially, the university established a trend of full accrual deficits, or financial resource ratios deteriorated substantially from current levels.

Upside scenario

We could consider a positive rating action if the university improves demand metrics while maintaining stable enrollment, generates consistent solid operating margins, and continues to improve its financial resource ratios to levels consistent with a higher rating.

Credit Opinion

Enterprise Risk Profile--Extremely Strong

Market position and demand

The university's geographic diversity is more limited, with about 24% of total students on the Columbia campus coming from outside the state. Approximately 80% of students are undergraduates, and most attend full time. Demand remains strong, in our view, and headcount is stable. The university will continue to focus on student quality, retention, and graduation rates, which have been improving over the past few years. We consider UM selective compared with peer public flagship universities. International students make up about 4% of total full-time-equivalent enrollment, and the majority of these are graduate students. We expect that stronger enforcement of immigration policies by the new administration could weaken international enrollment levels nationally in coming years; however, we believe that UM's brand recognition and demand will likely insulate it from any material financial pressure as a result of any declines in this population.

The system offers both professional and doctoral degrees, including medicine, pharmacy, veterinary medicine, engineering, business, and nursing. While the university already has a large research presence, management is focused on further increasing its research base, which could lead to further demand for prestigious programs. Applications for graduate programs have increased significantly, which should help the university continue to increase its graduate enrollment. The university has taken major strides to expand its online education courses and nontraditional students have increased significantly, which provides flexibility given the impending demographic cliff.

The university has had outstanding fundraising success, as it continues to meet campaign goals and raise funds annually outside of the campaign. UM raised \$446 million in fiscal 2025, an increase from \$353 million in fiscal 2024. The last campaign raised \$1.4 billion. We expect fundraising on all campuses will remain solid.

Management and governance

We view senior management as experienced and thorough. The university is governed by a nine-member board of curators appointed by the governor and confirmed by the state senate. President Mun Choi, who has been the president of the system since March 2017, is also the MU chancellor. Each university campus chancellor develops individual goals that are unique to their mission but fall under unifying principles that emphasize student success, research, community engagement, financial viability, and inclusivity. The board approves these when complete. Management has been stable, and we view management's ability to stabilize enrollment, surpass

fundraising goals, and continue to generate positive full accrual surpluses favorably and anticipate its experience and depth should enable it to achieve most of its goals.

Financial Risk Profile--Very Strong

Financial performance

UM generated positive operations in fiscal 2025, with expectations for similar results in fiscal 2026. State appropriations have risen for several years, with a 1.5% increase in core operating appropriations in fiscal 2026. UM has excellent revenue diversity, with student funds accounting for about 33% of adjusted operating revenue, state appropriations about 9%, research about 11%, and health care revenue about 41%.

University health system (MU Health Care)

MU Health Care is a fully integrated academic system of hospitals and faculty practice clinics serving the health care needs of the 25 counties in central Missouri surrounding Columbia. The system includes:

- University Hospital and Clinics (UHC), a 389-bed, medical center that is a designated Level I trauma center;
- Women's and Children's Hospital, a 158-bed freestanding hospital;
- Missouri Orthopedic Institute, a 35-bed freestanding orthopedic center;
- Missouri Psychiatric Center, a 61-bed facility (included in the 389-bed count of UHC);
- Ellis Fischel Cancer Center; and
- Capital Region Medical Center.

The combined MU Health Care service area now consists of 25 counties, and combined market share within this area is 37.2%. Management reports that total inpatient volume has been climbing for the past few years due to increased medicine and surgery volumes, while clinic visits have increased for the past three years, to 1,187,704 in fiscal 2025 from 1,143,282 in fiscal 2023, with 1,253,580 budgeted for fiscal 2024. Discharges have also increased to 33,479 in fiscal 2025 from 31,883 in fiscal 2023; the fiscal 2026 budget is for 34,488 discharges. Operating room cases have also increased over the same time period, while emergency room visits have been fairly steady. This growing activity has led to an increase in net assets of \$106.9 million in fiscal 2025, and operating income of \$45 million, compared with \$28.8 million in fiscal 2022. MU Health Care has maintained a positive operating income while many health systems struggle to breakeven and despite continuing to experience cost pressure with staffing shortages and upward pressure on wages.

Management reports that while it has improved, MU Health Care continues to experience cost pressure with staffing shortages and wage pressure. UM has made strategic investments in faculty recruitment and has increased physicians and advanced practice providers by 131 net providers from fiscal 2023 to fiscal 2025, with a plan to add 142 providers by 2031.

Financial resources

The university system has solid financial resource ratios compared with debt for the rating. Cash and investments rose to \$7.1 billion in fiscal 2025, reflecting investment returns, fundraising, and positive operations. This is equal to 129% of adjusted operating expenses and 397% of total debt.

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As of June 30, 2025, the university had \$2.6 billion in endowment funds, with \$358 million considered unrestricted. The university has distributed approximately 4.0% of the endowment market value on average each year for the past few years (based on a 28-quarter market value average).

University of Missouri--enterprise and financial statistics

	--Fiscal year ended June 30--					Medians for 'AA' category rated public colleges and universities
	2026	2025	2024	2023	2022	2024
Enrollment and demand						
Full-time-equivalent enrollment	53,675	52,512	51,767	51,627	51,906	37,533
Undergraduates as a % of total enrollment	81.3	80.1	78.7	78.0	78.6	80.3
First-year acceptance rate (%)	80.1	80.1	80.2	75.1	76.1	74.5
First-year matriculation rate (%)	24.2	26.9	27.3	28.9	29.3	25.4
First-year retention rate (%)	86.0	87.0	87.0	85.0	84.0	86.1
Six-year graduation rate (%)	72.0	69.0	68.0	68.0	68.0	71.0
Financial performance						
Adjusted operating revenue (\$000s)	N.A.	5,566,477	5,140,764	4,752,537	4,322,031	MNR
Adjusted operating expense (\$000s)	N.A.	5,481,867	5,108,691	4,666,111	4,349,872	MNR
Net adjusted operating margin (%)	N.A.	1.5	0.6	1.9	(0.6)	1.5
Estimated operating gain/loss before depreciation (\$000s)	N.A.	388,130	316,585	363,933	240,679	MNR
Tuition discount (%)	N.A.	39.1	36.4	35.6	35.9	29.2
Student dependence (%)	N.A.	31.2	31.2	31.4	32.5	36.0
State appropriations to revenue (%)	N.A.	8.9	9.4	9.5	9.8	19.1
Health care operations dependence (%)	N.A.	41.0	40.7	40.1	40.1	MNR
Research dependence (%)	N.A.	11.4	11.3	10.7	10.0	15.1
Financial resources						
Endowment market value (\$000s)	N.A.	2,551,592	2,411,408	2,234,828	2,220,996	1,454,416
Related foundation market value (\$000s)	N.A.	2,665	4,973	104,185	131,325	MNR
Cash and investments including foundation (\$000s)	N.A.	7,094,047	6,302,516	5,836,880	5,853,581	2,961,293
Cash and investments including foundation to operations (%)	N.A.	129.4	123.4	125.1	134.6	123.4
Cash and investments including foundation to debt (%)	N.A.	396.8	377.1	317.8	325.4	323.7
Cash and investments including foundation to pro forma debt (%)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Debt						
Foundation debt (\$000s)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Total debt with foundation (\$000s)	N.A.	1,787,618	1,671,118	1,836,775	1,798,741	1,012,913
Proposed debt (\$000s)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Total pro forma debt (\$000s)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Current MADS burden (%)	N.A.	2.5	2.8	3.0	3.2	3.7

University of Missouri--enterprise and financial statistics

	--Fiscal year ended June 30--					Medians for 'AA' category rated public colleges and universities
	2026	2025	2024	2023	2022	
Pro forma MADS burden (%)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Average age of plant (years)	N.A.	13.4	13.6	13.3	13.0	13.4

Total adjusted operating revenue = unrestricted revenue less realized and unrealized gains/losses and financial aid. Total adjusted operating expense = unrestricted expense plus financial aid expense. Net operating margin = 100*(net adjusted operating income/adjusted operating expense). Student dependence = 100*(gross tuition revenue + auxiliary revenue) / adjusted operating revenue. Current MADS burden = 100*(maximum annual debt service expense/adjusted operating expenses). Cash and investments = cash + short-term and long-term investments. Average age of plant = accumulated depreciation/depreciation and amortization expense. N.A.--Not available. MNR--Median not reported. MADS--Maximum annual debt service.

Ratings List

Ratings Affirmed

Education

University of Missouri, MO Unlimited Student Fees	AA+/Stable
University of Missouri, MO Unlimited Student Fees	A-1+

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