University of Missouri System

BUDGET BOOK

2025

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Fiscal Year 2025 Operating Budget
UM

At the June 27, 2024, Board of Curators Meeting, Executive Vice President for Finance and Operations Ryan Rapp will present the FY2025 budget. The FY2025 budget reflects the culmination of planning efforts undertaken by each institution throughout the spring. For FY2025, each University submitted a budget in line with financial plans from February. MU Healthcare's budget represents an improvement over current performance, but the budget remains below target. MU Healthcare has initiatives underway to further improve performance through growth, efficiency, and throughput initiatives.

The FY2025 all funds budget is $4.9 billion, the following table shows budget by unit ($'s presented in millions).

	MU	MU Healthcare	UMKC	MO S&T	UMSL	UM System	Univeristy Wide Units	Total
Net Tuition and Fees	$ 353.8	$ -	$ 148.9	$ 60.0	$ 68.3	$ -	$ -	$ 631.0
Federal Pell Grants	25.0	-	14.0	6.2	13.4	-	-	58.6
Government Scholarship Funding	18.0	-	5.7	6.0	4.1	-	-	33.8
Grants and Contracts	372.6	-	90.0	52.6	53.4	-	-	568.6
Auxiliary Enterprises	442.5	29.0	38.0	29.3	13.6	21.7	-	574.1
Patient Medical Services Net	395.9	1,822.8	42.8	-	-	-	-	2,261.5
Other Operating Revenues	32.0	0.4	20.0	4.8	2.2	8.0	(0.2)	67.2
State Appropriations	270.0	-	91.2	62.0	70.7	-	7.8	501.7
Federal Appropriations	18.9	-	-	-	-	-	9.3	28.2
Private Gifts	48.0	1.0	17.8	20.4	11.9	0.1	-	99.2
Spendable Investment Income	85.6	-	16.7	14.2	9.5	5.1	(7.8)	123.3
Total Operating Revneue	**$ 2,062.3**	**$ 1,853.2**	**$ 485.1**	**$ 255.5**	**$ 247.1**	**$ 34.9**	**$ 9.1**	**$ 4,947.2**
Salaries and Wages	1,146.4	608.5	239.6	124.7	110.7	48.0	-	2,277.9
Benefits	348.6	184.8	77.8	39.4	35.8	17.8	-	704.2
Supplies, Services and Other Operating Expenses	378.2	904.5	126.0	54.5	82.5	(38.6)	17.3	1,524.4
Depreciation	112.2	104.2	25.3	26.5	20.2	6.2	-	294.6
Interest Expense	29.5	22.8	6.9	4.6	4.6	0.2	2.9	71.5
Total Operating Expense	**$ 2,014.9**	**$ 1,824.8**	**$ 475.6**	**$ 249.7**	**$ 253.8**	**$ 33.6**	**$ 20.2**	**$ 4,872.6**
Net Operating Income	**$ 47.4**	**$ 28.4**	**$ 9.5**	**$ 5.8**	**$ (6.7)**	**$ 1.3**	**$ (11.1)**	**$ 74.6**
Net Operating Margin	**2.3%**	**1.5%**	**2.0%**	**2.3%**	**-2.7%**	**3.7%**	**-122.0%**	**1.5%**

FY2025 Consolidated Budget

The FY2025 consolidated budget reflects an improvement over the projected performance for FY2024. The consolidated budget remains below target, driven by the underperformance of MU Healthcare. The FY2025 budget represents an improvement over FY2024 and demonstrates management action to bring performance back into line with financial plans and back closer to historical levels. The key for FY2025 is improving operating performance over FY2024 levels. The University will use the financial planning process in the fall to further balance operating performance with growth, capital investment, and debt plans. The University can sustain a lower level of operating performance, but that must be balanced with lower capital investment, debt and/or growth.

Resource Allocation Principles

The University's resource allocation principles allow each individual University to determine it's own success. Each University retains their own revenues and the benefit of

any efficiencies they generate. UM System Administration does not receive any revenue and is charged as a service to the universities where scale can be utilized to deliver services across institutions. The resource allocation principles give the Chancellors autonomy to make their universities successful. These principles also require each University to maintain integrity to their financial targets, as the autonomy also comes with accountability for performance to expectations.

Next Steps

The Board of Curators will approve the FY2025 dividend at the September Board meeting and receive an update on FY2024 performance at the November Board meeting. 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. 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 FY2025 budget.

No. 1

Recommended Action - UM Fiscal Year 2025 Operating Budget, UM

It was recommended by the respective Chancellors, endorsed by President Choi, recommended by the Finance Committee, moved by Curator _____ and seconded by Curator _____ that the following recommendations be approved:

- that the President of the University System be authorized to develop the FY2025 budgets in accordance with the attached planning assumptions and financial summaries, which include the allocation of FY2025 state appropriations less 3.0% statutory withholdings.
- that the President of the University System be authorized to: (a) make required changes to working capital and reserve funds and (b) make supplemental allocations within the funds available to several campuses and programs, such allocations to be made on the basis of priority and need. The President will report periodically to the Board of Curators any material changes in sources and uses of current funds;
- that the operating budget for FY2025 and allocation as stated herein can be modified as necessary by the President to bring the same into harmony with the state appropriations as finally approved by the governor and any withholdings in excess of those shown above.

Roll call vote Finance Committee:	YES	NO
Curator Blitz		
Curator Fry		
Curator Graves		
Curator Holloway		

The motion _____.

Roll call vote:	YES	NO
Curator Blitz		
Curator Fry		
Curator Graves		
Curator Holloway		
Curator Krewson		
Curator Layman		
Curator Sinquefield		
Curator Wenneker		
Curator Williams		

The motion _____

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* denotes:

- 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 22. 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. Operating margin serves as the funding stream to invest in growth initiatives, fund capital projects, and repay debt. While the consolidated performance is below target, it is better than projected performance for FY2024 and MU Healthcare's budget represents an improvement over the prior three years of performance.

Budgeting Builds Credibility

Over the past decade, the University maintained academic quality through an enrollment crisis, a global pandemic, and price caps that forced revenue growth below inflation. The results achieved by the University were the result of strong governance supporting planning and management execution. Strong governance practices led to the consolidated enterprise consistently managing expenditures within available revenues. Moody's recognizes the University's history of solid results in its rating report:

> "Strong financial management contributes to consistently favorable operating performance, with EBIDA margins averaging 14% over the last five years."

A component of the institution's credit rating considers governance and financial policy. Moody's scores the institution's governance as strong (G-2 Rating) which contributes to the positive view of the institutional credit:

> "MU's G-2 incorporates its active fiscal oversight and conservative budgeting practices, which contribute to good predictability in financial results across the consolidated enterprise. A demonstrated record of favorable operating performance and ample liquidity reflect management credibility. Sound financial strategy, reflected by detailed strategic and capital planning practices, mitigate the risks of operating a large, complex organization consisting of academic, healthcare, and research enterprises."

Over the past decade, the Board has improved governance processes by adding five-year financial plans, improving the capital planning process, and adopting new policies for financial accountability, resource allocation, and pension risk mitigation. Under the continued oversight of the Board, management has continued to deliver results in line with plans and budgets, leading to credibility with rating agencies, investment banks, and investors. Moody's continues to rate the University's governance as strong due to these actions.

The University of Arizona provides an example of how more limited monitoring, poor performance, and a negative surprise on performance can lead to negative rating outcomes. The justification for the University of Arizona's negative outlook, the agency cited "turnover in management, recent evidence of weaker financial monitoring, and ongoing governance scrutiny" as reasons for the change in outlook. A key to maintaining credibility and a strong rating is avoiding surprises and executing on plans. Misses to target or budget can be tolerated if they are one off in nature and there is a plan to improve performance.

Rating reports also provide the types of quantitative issues that can lead to a negative credit impact. For the most recent credit update for the University, each agency highlighted factors that could lead to a negative credit action, those factors include the following:

- Material demand decline leading to operating cash flow margin falling below 10% on a sustained basis.
- Significant weakening in financial leverage or reserves.

While the University has not crossed these thresholds, FY2024 performance is likely only to be about one percent above the 10% cash flow margin cited by Moody's over multiple years. Management recognizes that current operating performance does not support planned growth, capital, and debt over the five-year planning horizon. Improvements will be necessary at the underperforming units, as each unit retains their own resources. Units with results close to plan have sustainable financial performance, and those units generate their own revenues to fund initiatives.

Resource Allocation Principles

The Board has established the following resource allocation principles. The resource allocation principles give the Chancellors more autonomy to make their universities successful while establishing additional accountability for them in achieving sustainable

financial results. These principles also require each unit to maintain integrity to their financial targets, as revenues generated stay at that institution.

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.

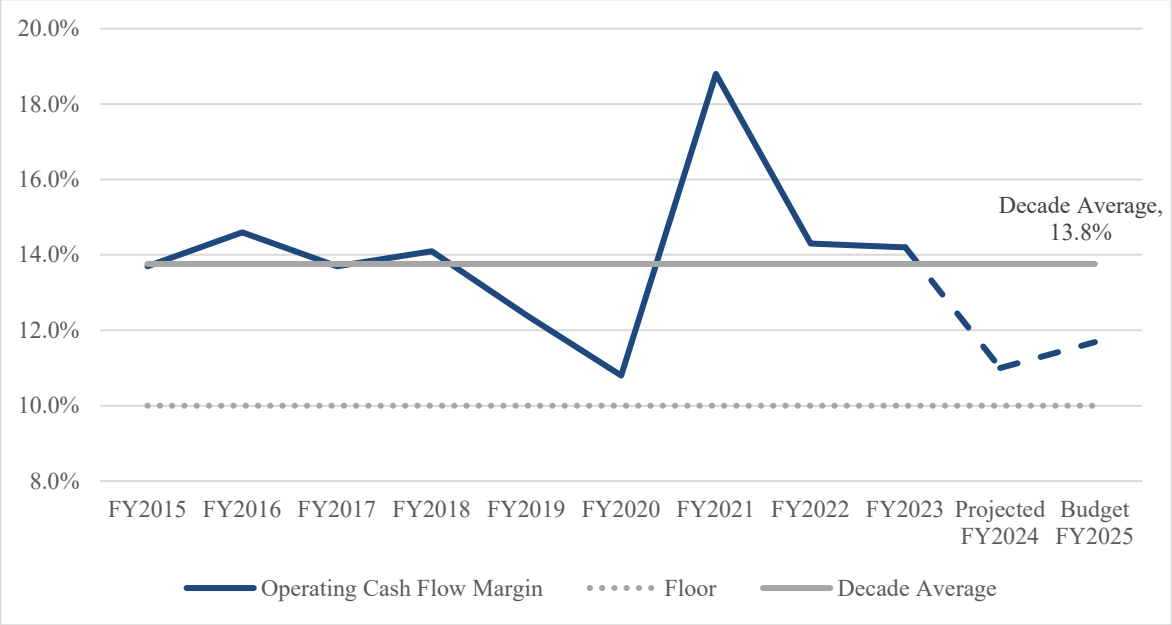
b. Any percent annual cost growth in these services will be capped at one percent less revenue growth for the consolidated entity.
c. The President could override this cap as needed in consultation with the Council of Chancellors.

These principles provided the universities with an increased level of autonomy with which to operate. That autonomy was also coupled with the increased level of accountability defined in CRR 140.025 Financial Performance and Accountability, which outlines the process for setting financial performance expectations and holding units accountable. These principles guide the budget process, with each University and MU Healthcare building their budgets in line with their own goals.

Consolidated Performance

The University's consolidated operating performance in FY2024 is projected to fall below 2023 levels, but not cross below the 10% operating cash flow margin noted by Moody's. Operating cash flow margin (otherwise known as EBIDTA) represents operating earnings before any depreciation of capital or interest on debt. The figure below presents operating cash flow margin for the University over the past decade comparison to the 10% marker outlined in the Moody's credit rating report.

Figure 1: Operating Cash Flow Margin for the University of Missouri



Note: Operating Cash Flow Margin presented in Figure 1 is based on Moody's Methodology normalizes spendable investment income in a consistent manner across rated Universities instead of using the actual University of Missouri policies.

Over the past decade the University operating cash flow margin average was 13.8%, which is close to the Moody's median of 14.3%. For FY2024, the University projects operating cash flow margin to decline to 11%, or 3% below historical levels. While the operating cash

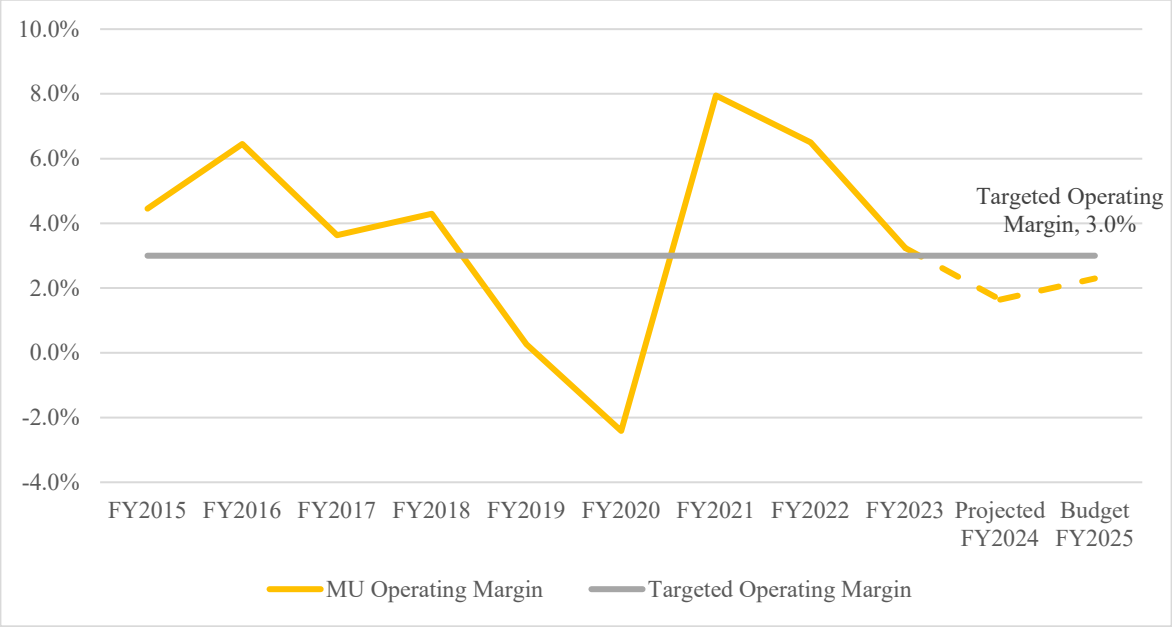
flow margin does not cross the 10% threshold, it is projected to end below historical levels and close to the threshold defined by Moody's. A single year of performance below the historic average will not damage the University's strong financial profile; however, it does need to trend upward in FY2025. Figure 1 demonstrates the negative trend in operating cash flow for the consolidated enterprise from 2021 to 2024

The financial planning exercise allows the University to determine the impact of lower operating performance if a return to the historical average is not possible. Lower operating performance can be balanced with a combination of lower growth, lower capital investment, and less use of debt. The purpose of the annual financial planning process in the fall is to consider these factors and reset targets in a way that manages financial performance holistically and in line with expectations.

Operating Unit Trends Driving Performance

MU and MU Healthcare collectively comprise 77% of operating performance in the FY2025 budget and serve as the primary drivers of consolidated performance. Under or over performance at these two units drive the total for the consolidated enterprise. Figures 2 and 3 will show MU and MU Healthcare's performance on operating margin over the past decade. Operating margin includes depreciation and interest. The University's operating performance target is operating margin.

Figure 2: MU Operating Margin History



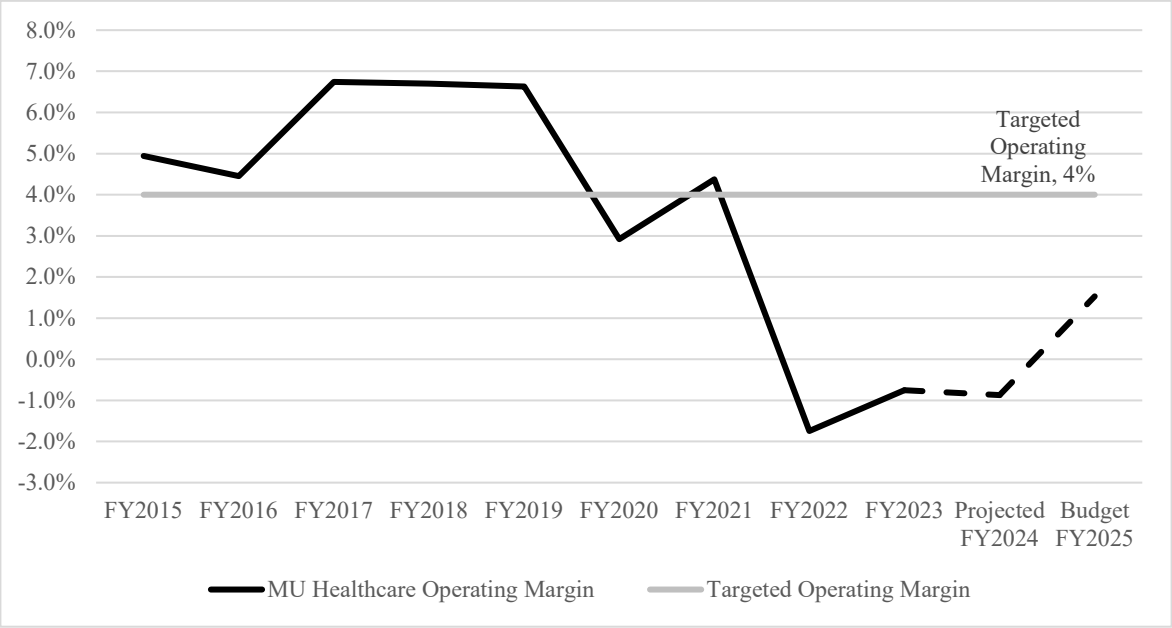
Note: Operating margin includes adjustment for $15M research support from MUHC. Previous target excluded this impact and was set at 2.0%.

Figure 2 demonstrates MU's performance on operating margin over the past decade. The University of Missouri (UM) was put on negative watch for downgrade in June of 2017, but was able to avoid a downgrade by maintaining strong performance through FY2018. With

the onset of the pandemic, MU's operating performance dropped below target, resulting in a significant adjustment through the FY2021 budget process and overperformance for several years. Management demonstrated a continued ability to adjust operations within available resources in a reasonable timeframe for a higher education institution.

For the FY2025 budget, MU is targeting an improvement in performance consistent with the fall financial plan and close to target. The primary driver of the FY2024 underperformance at MU are auxiliary and clinical operations. The FY2025 budget includes performance improvement initiatives to keep MU close to target. While the budget remains balanced in total, continued focused financial improvement work will be necessary in some units that are not meeting their financial goals. MU's five-year average of operating performance remains above target. MU will need to continue to keep capital budgets and new debt in line with available resources generated from operating performance.

Figure 3: MU Healthcare Operating Margin



Note: Operating margin includes CRMC across all years and adjustment for academic support provided to MU. Previous target excluded these two impacts and was set at 7%.

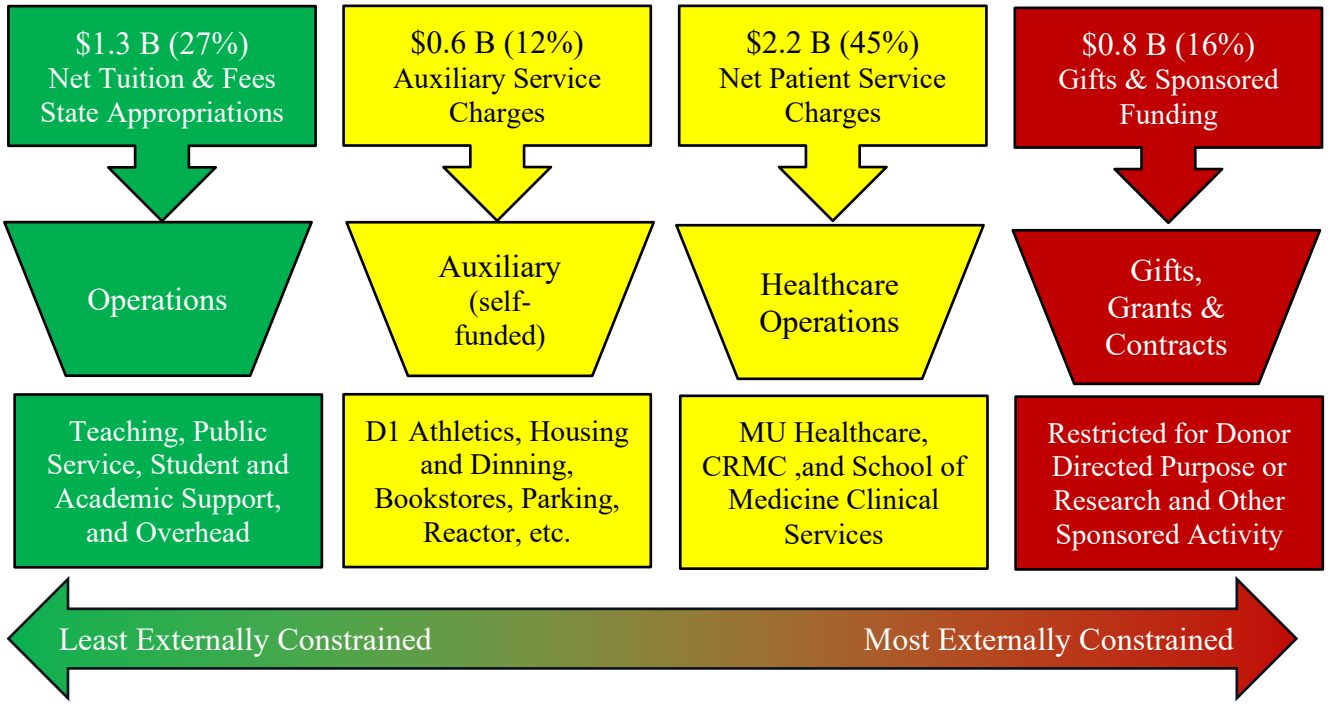
MU Healthcare has fallen below operating targets for the past five consecutive years. In the prior three years (FY2022-FY2024) MU Healthcare has underperformed target by 5% or more. In FY2022 and FY2023, MU's overperformance offset MU Healthcare's underperformance at the consolidated level. MU Healthcare's operating underperformance is significant enough to drive a decline in Day's Cash on Hand to 40% below target by FY2024. During the Fall 2023 financial planning process, MU Healthcare identified that improvement back towards historical levels was unattainable given the state of the healthcare industry. This led to the reduction of MUHC' operating margin target from 7% down to 4%. The adjustment came with lower levels of capital investment and debt to keep healthcare's financials in balance.

MU Healthcare's FY2025 budget is an improvement over prior year. While not back to target, the budget reflects the realization of significant stewardship and growth initiatives, including the full integration of CRMC into MU Healthcare across all functions. With improved operating performance in FY2025 coupled with a $50 million capital budget, MU Healthcare's budget will stop the decline in Day's Cash on Hand. If MU Healthcare continues to perform at FY2022-FY2024 levels in FY2025, consolidated performance will not improve as budgeted and key credit metrics will face negative pressure.

Budgets By Unit Using the "Colors of Money"

The University benefits from a diverse revenue stream. The "Colors of Money" illustration in Figure 4, presents the different types of revenue sources that support the University's mission. This graphic depicts the different types of funding sources for the University, color coded like a stoplight to represent the level of spending restriction on the funding source. This is a useful way to segment the University's operation and move a layer beneath the consolidated performance.

Figure 4: Color of Money - Operating Revenue



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 operations in the form of overhead payments for services provided by the operations fund (such as accounting, procurement, legal, grant management, facilities, etc.). Operations fund revenues contribute 27% of total current fund revenues.

Auxiliary 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. These activities comprise 57% of the current fund budget.

Third parties, primarily donors and granting agencies, restrict the remainder of the current funds between Gifts and Grants & Contracts. These funds are shown in red on the chart because there is very little flexibility in how the funds are spent. Gift funds must be spent within donor stipulations. Grants and Contracts require delivery on a set scope of work. Restricted funds contribute to 16% of the current funds budget.

Figure 5: Operating Margin by Fund Type FY2025 Budget

	Operations[1] $1.3B	Auxiliaries $0.6B	Healthcare & MU Clinical Operations $2.2B	Gifts & Grants $0.8B	Operating Cash Flow Margin	Depreciation & Interest Expense	Operating Margin
MU	12.0%	14.2%	-0.3%	6.5%	9.2%	-6.9%	2.3%
UMKC	6.2%	11.7%		13.8%	8.6%	-6.6%	2.0%
S&T	9.1%	44.7%		16.1%	14.5%	-12.2%	2.3%
UMSL	7.7%	12.9%		5.0%	7.3%	-10.0%	-2.7%
MUHC			8.4%		7.6%	-6.9%	1.5%
Consolidated Margin	**10.0%**	**15.3%**	**6.9%**	**8.4%**	**8.9%**	**-7.4%**	**1.5%**
				Moody's Adjustment	2.8%	0.2%	3.0%
				Moody's Calculated Consolidated Margin	**11.7%**	**-7.2%**	**4.5%**

1: Non-capital maintenance and repairs funded by plant reserves and service operations are included in operations.

Figure 5 demonstrates the University's operating budget by "color of money". Overall, the academic enterprise (which is primarily composed of the green and red buckets) maintain higher margins in operations paying for the lower cash flow margins in gifts and grants. The margins in the operating fund and gifts and grants are in line with historical averages and financial plans. The key departure from longer-term history and targets is the performance of the clinical enterprise at MU and MU Healthcare, as discussed in Figure 3. Figure 5 also demonstrates the relationship between operating cash flow margin and operating margin, and the impact of depreciation (capital) and interest (debt) on performance (higher cash flow margin supports more capital and more debt).

The University's operating margin demonstrates management's ability to adjust expenditures within revenues received in an annual period across all sources of funding. The FY2025 budget is in line with both financial plans and targets for each institution, except for MU Healthcare and UMSL:

Table 1: FY2025 Operating Margin to Target by Unit

	Budget FY2025	Financial Plan FY2025	Target
MU	2.3%	2.7%	3.0%
UMKC	2.0%	2.2%	2.0%
S&T	2.3%	2.0%	2.5%
UMSL	-2.7%	-0.7%	1.0%
MU Healthcare	1.6%	3.2%	4.0%
Consolidated	1.5%	2.6%	3.0%

All unit budgets are close to target except for UMSL and MU Healthcare. In FY2025 UMSL will have one-time non-capital expenditures to demolish structures to make way for new construction projects as a part of the Campus of the Future. These expenditures are one-time and will be reimbursed by funding received from the State. When excluding these one-time reimbursed expenditures UMSL operating margin would be breakeven for FY2025, which is better than planned for FY2025. As discussed above, MU Healthcare's budget remains below both target and submission in the five-year plan.

Budgeted revenue numbers reflect the best available information at the time of the budget, which is finalized in mid-May. The budget serves as the guidepost for the year, with each institution managing actual resources throughout the year and comparing to the expectations set in the budget. Units will continue adjusting operating expenditures as they monitor final enrollments and other key revenue drivers throughout the summer and fall.

Full statements for the consolidated enterprise are included in Appendix 1 and details for each unit are included in Appendix 2. Financial results will be presented using the Moody's framework, in three columns:

- FY2023 Actuals: actual performance for FY2023.
- FY2024 Projected: projected performance for FY2024, which includes performance through April with a projection for the final two months to close.
- FY2025 Budget: budgets completed for FY2025.

Next Steps: Review of FY2024 and Financial Plan Development

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 FY2024 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: FY25 BUDGET CONSOLIDATED INCOME STATEMENT

Schedule 1: University of Missouri System FY2025 Budget (Dollars in Thousands)
Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP – Unaudited

Line No.		Actuals FY2023	Projected FY2024	Budget FY2025	% Change FY2024-25
	Operating Revenues				
1	Tuition and Fees	$ 985,283	$ 1,058,226	$ 1,116,700	6%
2	Less Scholarship Allowances	432,143	480,642	485,706	1%
3	Net Tuition and Fees	553,140	577,584	630,994	9%
4	Federal Pell Grants	55,221	57,532	58,591	2%
5	Government Scholarship Funding	34,703	34,900	33,839	-3%
6	Grants and Contracts	473,576	532,556	568,652	7%
7	Auxiliary Enterprises	486,730	536,399	574,021	7%
8	Patient Medical Services Net	1,951,542	2,086,173	2,261,504	8%
9	Other Operating Revenues	79,304	90,197	67,246	-25%
10	State Appropriations	453,422	480,016	501,602	4%
11	Federal Appropriations	29,273	29,020	28,221	-3%
12	Private Gifts	121,806	103,227	99,211	-4%
13	Spendable Investment Income	115,211	121,009	123,288	2%
14	**Total Operating Revenues**	**4,353,928**	**4,648,613**	**4,947,170**	6%
	Operating Expenses				
15	Salaries and Wages	1,978,702	2,154,698	2,277,889	5.7%
16	Benefits	535,627	613,369	704,139	15%
17	Supplies, Services and Other Operating Expenses	1,373,929	1,496,558	1,524,486	2%
18	Depreciation	274,366	288,795	294,573	2%
19	Interest Expense	72,424	68,863	71,480	4%
20	**Total Operating Expenses**	**4,235,048**	**4,622,283**	**4,872,567**	**5%**
21	**Net Operating Income**	**118,880**	**26,330**	**74,603**	**183%**
22	**Net Operating Margin**	**2.7%**	**0.6%**	**1.5%**	
	Nonoperating Revenues (Expenses)				
23	Investment Income (Losses), Net of Fees	196,806	369,648	247,598	-33%
24	Spendable Investment Income	(115,211)	(121,009)	(123,288)	2%
25	Other Nonoperating Revenues (Expenses)	33,288	13,805	778	-94%
26	Capital Appropriations and Grants	30,239	184,106	344,322	87%
27	Capital Gifts	61,187	77,769	159,763	105%
28	Private Gifts for Endowment Purposes	38,045	28,549	21,636	-24%
29	Pension and OPEB Impact on Income Statement	(68,390)	(63,452)	(5,159)	-92%
30	Mandatory Transfers	-	-	-	0%
31	Non-Mandatory Transfers	-	-	-	0%
32	**Net Nonoperating Revenues (Expenses)**	**175,964**	**489,416**	**645,648**	**32%**
33	**Increase in Net Position**	**294,844**	**515,746**	**720,252**	
34	**Net Position, Beginning of Year**	**6,170,285**	**6,465,148**	**6,980,894**	
35	Cumulative Effect of Change in Accounting Principl	19	-		
36	**Net Position, Beginning of Year, Adjusted**	**6,170,304**	**6,465,148**	**6,980,894**	
37	**Net Position, End of Period**	**$ 6,465,148**	**$ 6,980,894**	**$ 7,701,146**	

The University's budget includes a revenue increase of 13.6% over FY2023 and 6.4% over FY2024:

Net Tuition and Fees (Line 3) are projected to grow by 5.5% or $58.5 million year over year. Budgeted amounts include the tuition rate increases approved by the Board in May 2024. Overall enrollment is budgeted to increase by 2%. 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 for each university is provided in the appendix 2.

Grants and Contracts (Line 6) are projected to grow by 6.8% or $36.1 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 FY2024, MU is projected to grow research revenues by 9.5%. UMKC is budgeting 2.3% growth in research grants and contracts.

Auxiliary Enterprises (Line 7) are projected to grow by 7.0% or $37.6 million over the prior year. Auxiliary enterprises are a diverse group of service units that offer goods and services to the University community that help maintain a fully functional research university, but don't contribute directly to the institution's core mission. It is expected those units operate sustainably, examples of auxiliary operations include MU Research Reactor (MURR), student housing, student dining, athletics and bookstores. The growth in revenues reflect growth in production lines for MURR, inflationary rate increases for other auxiliaries and stable enrollment.

Patient Medical Services (Line 8) are projected to grow by 8.4% or $175.3 million over the prior 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.

Other Operating Revenues (Line 9) are projected to decline by $22.9 million over the prior year. Other operating revenues include patent royalties, 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 10) are budgeted at the amount Truly Agreed and Finally Passed (TAFP) by the legislature for the 2024 legislative session. Appropriations for capital projects are reported as "Capital Appropriations and Grants" on line 26.

Federal Appropriations (Line 11) 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 12) are budgeted to decrease by $4.0 million. 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 13) 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 for each university are included in Appendix 2.

The University's operating expenses are projected to increase over FY2023 by 15.0% and grow over the projection for FY2024 by 5.4%:

Salaries and Wages (Line 15) are projected to grow by $123.2 million or 5.7%. The increased budget for salaries and wages largely reflects the impact of a 2% - 3% 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 16) are projected to grow with the growth in Salaries and Wages. The faster growth in benefits is driven primarily by increase medical costs and changes to the University's leave program. The University's leave program changed January 2024 this transition provides employees with paid parental and caregiver leave programs as well as short-term disability. With this transition employee's paid time off under short-term leave is recorded as a benefit. Prior to this transition, if available, employees would utilize their leave balances this would be reflected as salaries and wages.

Supplies, Services and Other Operating Expenses (Line 17) are projected to grow by $27.9 million or 1.9%. The increase is largely driven by inflation with some efficiency built in. Additional details for each University are included in Appendix 2.

Depreciation (Line 18) and Interest (Line 19) expenses grow in line with the capital investments, completions of projected capital projects and repayment of external debt.

Key Assumptions & Risks

At the time of budget completion, the University's state appropriations have passed the legislature and tuition rates have been set and approved by the Board in May. The key variables that will move throughout the coming year and drive revenue assumptions are:

1) Enrollment
2) Grants & Contracts
3) Auxiliaries
4) Patient Services

Enrollment

All four universities have strong leading indicators for enrollment growth. The following presents key metrics which the universities monitor on a weekly basis to determine projected enrollment for Fall 2024.

	MU	UMKC	S&T	UMSL
Change from PY in Deposits as of May for				
First-time College	18.3%	3.5%	13.1%	5.9%
Transfers	16.1%	9.0%	29.3%	2.5%
Change from PY in Enrollment as of May for				
Undergraduates	3.3%	5.1%	4.0%	3.4%
Total (Undergraduate, Graduates, & Professional)	1.0%	**-0.9%**	4.3%	**-2.6%**
FY2025 Budgeted Enrollment				
Total Enrollment Full-time	27,421	10,655	6,253	8,283
Total Enrollment Growth in Budget	1.8%	0.2%	2.9%	1.9%

As of May 2024, deposit and enrollment trends remain positive for undergraduate population across the four universities. Current students admitted with paid deposits are up across all four institutions. Budgeted enrollment numbers reflect the best available information at the time of the budget, which is finalized in mid-May. At the urban universities, a significant proportion of the student population comes from transfers who tend to enroll later in the fall and prove more difficult to project with leading indicators. Overall enrollment is budgeted to increase by 2% across the four Universities. Higher melt remains a key risk for the upcoming year with the delays in the issuance of key federal financial aid programs. Universities will adjust operating expenditures as they monitor key leading indicators.

Grants and Contracts

The University budgeted continued growth in grants and contracts given trends in research proposals and awards. The following presents the budgeted growth in grant revenue by university compared to FY2019 and associated improved metrics. Any variance in grant revenue growth will be offset by an expense.

	MU	UMKC	S&T	UMSL
Grants and Contracts[1]				
Budgeted Revenue FY2025	$373 M	$90 M	$53 M	$53 M
Growth from FY2024	**10%**	**2%**	**1%**	**2%**
Average Historical Annual Growth[2]	**9%**	**19%**	**10%**	**13%**
Faculty Productivity				
Budgeted Research per Faculty	$177,696	$255,682	$195,526	$243,890

Note 1: Amount reflects grant and sponsored program revenue recognized from the Federal, State and Other Organizations
Note2: Average growth from FY2019-2024

Each university continues to budget growth in grants and contract not only in total dollars but also research dollars per faculty. MU is planning on continuing the growth trend over the previous five years with further Mizzou Forward hires. The other three universities

budgeted for a slowdown in research growth for FY2025. Since FY2019 each university, grants and contracts revenue per faculty has grown by over 58%, as faculty productivity has improved. The FY2025 budget plans on growth in research and productivity in line with more recent historical trends.

Auxiliary Enterprises
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. Auxiliary enterprises have budgeted revenue growth above inflation. This growth is primarily attributed to MU Research Reactor (MURR). MURR operating revenue is budgeted to grow by 55% from FY2024. MURR's revenue growth is partially offset by expenditure growth required to support expanded operations and capital infrastructure.

Student auxiliaries such as housing and dining, recreation centers and student health have budget revenue based on approved rates and anticipated enrollment growth. Expenditures incurred by these operations are more centered around capital investments, debt service payments and other operating expenses instead of compensation when compared to the academic operations. Student auxiliary revenues are budgeted to grow with enrollment.

Patient Medical Services
Patient Medical Services revenues are budgeted to increase as MU Healthcare continues to keep an eye towards the mid-Missouri market and is currently evaluating new growth opportunities to reflect its position as an academic medical center. Even with a comparatively solid revenue base outlook for FY2025, the University budget is trending upward but will not achieve FY2023 operating performance.

Overall expenses are budgeted to increase over prior year but at a slower rate than revenues.

Detailed statements of Revenues, Expenses, and Changes in Net Position are provided with explanations in Appendix 2 for each operating unit.

APPENDIX 2: BUDGET DETAILS BY UNIT

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

For the FY2025 budget, operations within Capital Regional Medical Center (CRMC) are split between MU and MUHC. In FY2025, the community practice portion of CRMC will be moved to MU with University Physicians the remaining operations from CRMC will be consolidated with MUHC. The following is the consolidated financial impact of this change.

	Projected FY2024				Budget FY2025			
$'s in 000's	MUHC	CRMC	SOM - Clinical Operations	Total	MUHC	SOM - Clinical Operations	Total	% Change FY2024-25
Total Operating Revenues	**$1,502,123**	**$258,925**	**$ 309,005**	**$2,070,053**	**$1,853,151**	**$ 389,202**	**$2,242,353**	**8%**
Salaries and Wages	507,226	108,618	312,393	928,237	608,484	369,012	977,496	5%
Benefits	146,493	25,164	74,547	246,204	184,780	92,344	277,124	13%
Supplies, Services and Other Operating Expenses	745,450	121,772	(60,394)	806,828	904,538	(70,880)	833,659	3%
Depreciation	83,043	15,927	-	98,970	104,213	-	104,213	5%
Interest Expense	20,922	1,785	-	22,707	22,809	377	23,186	2%
Total Operating Expenses	**$1,503,134**	**$273,266**	**$ 326,546**	**$2,102,946**	**$1,824,825**	**$ 390,854**	**$2,215,679**	**5%**
Net Operating Income	**$ (1,011)**	**$ (14,341)**	**$ (17,541)**	**$ (32,893)**	**$ 28,326**	**$ (1,652)**	**$ 26,674**	
Net Operating Margin	**-0.1%**	**-5.5%**	**-5.7%**	**-1.6%**	**1.5%**	**-0.4%**	**1.2%**	

MU

MU launched Mizzou Forward with the goal of enhancing the university's research and education missions. Mizzou Forward has provide investments to achieve excellence as a public research, AAU institution guided by accountability and ambition.

MU

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 Projection	FY2025 Budget
Key Performance Trends							
Enrollment	25,362	25,348	26,269	26,623	26,785	26,927	27,421
Degrees/Certificates Awarded	10,776	9,832	9,036	9,503	10,926	Data Not Available	
Graduation Rate	71.3%	73.0%	72.5%	75.3%	76.2%		
Grants and Contracts [1]	$210 M	$220 M	$231 M	$257 M	$300 M	$340 M	$373 M
NSF Rankings [2]	80	78	70	70	Data Not Available		
Faculty Productivity							
Research per Faculty	$112,311	$117,254	$119,373	$133,952	$151,266	$164,988	$177,696
Enrollment per Faculty	13.53	13.54	13.59	13.87	13.51	13.06	13.14

Key Financial Trends							
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 Projection	FY2025 Budget
Operating Margin	0.3%	-2.4%	7.9%	6.5%	3.2%	1.6%	2.3%
Spendable Cash to Operations	0.82	0.76	0.86	0.85	0.80	0.77	0.74
Spendable Cash to Debt	1.48	1.29	1.53	1.69	1.87	2.08	1.99
Tuition less Institutional Aid per Student	$11,366	$11,280	$10,991	$11,612	$12,555	$13,443	$14,031
Institutional Resources per Student [3]	$19,573	$18,709	$19,355	$20,080	$21,615	$22,912	$23,871
Operating Expense per Degree Granted	$64,094	$67,988	$70,312	$78,160	$75,882	Data Not Available	

Note 1: Amount reflects grant and sponsored program revenue recognized from the Federal, State and Other Organizations

Note 2: NSF Rankings for total R&D Expenditures

Note 3: Institutional Resources = Tuition less Institutional Aid plus State Appropriations

Mizzou Forward investments have provided positive outcomes for students through improved graduation rate and for the University with faculty research productivity increasing 58% from FY2019 when compared to FY2025 budget. The FY2025 budget includes continued Mizzou Forward investments to support research and academic excellence. MU's budget includes 1.8% enrollment growth driven by the incoming freshman cohort and improved retention. Additional faculty and staff are included in the budget to support this enrollment growth.

MU's budget includes improvement from FY2024 but is not back to historical levels. Continued operating performance improvement is needed to support planned growth and capital investments. Capital investments included in FY2025 budget include Memorial Stadium, Center for Energy and Innovation, Thompson Center, Veterinary Medical Expansion, Meat Processing Facility, MURR West Addition, and other additions and renovations to laboratory and buildings. These capital investments are supported by $255 million in external funding from the State, federal government, and philanthropy.

Schedule 2: MU FY2025 Budget (Dollars in Thousands)

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

Line No.		Actuals FY2023	Projected FY2024	Budget FY 2025	% Change FY2024-25
	Operating Revenues				
1	Tuition and Fees	$ 528,876	$ 585,486	$ 610,549	4%
2	Less Scholarship Allowances	236,975	267,516	256,714	-4%
3	Net Tuition and Fees	291,901	317,970	353,834	11%
4	Federal Pell Grants	24,574	24,886	25,000	0%
5	Government Scholarship Funding	19,828	19,120	18,000	-6%
6	Grants and Contracts	299,810	340,206	372,627	10%
7	Auxiliary Enterprises	347,804	389,812	442,478	14%
8	Patient Medical Services Net	317,322	325,686	395,874	22%
9	Other Operating Revenues	33,700	48,905	31,986	-35%
10	State Appropriations	242,650	254,960	269,964	6%
11	Federal Appropriations	19,464	19,541	18,868	-3%
12	Private Gifts	54,294	54,602	48,038	-12%
13	Spendable Investment Income	80,357	84,351	85,605	1%
14	**Total Operating Revenues**	**1,731,704**	**1,880,039**	**2,062,275**	**10%**
	Operating Expenses				
15	Salaries and Wages	940,050	1,043,545	1,146,371	10%
16	Benefits	260,707	291,905	348,619	19%
17	Supplies, Services and Other Operating Expenses	333,082	371,446	378,241	2%
18	Depreciation	109,132	111,184	112,173	1%
19	Interest Expense	32,692	31,063	29,513	-5%
20	**Total Operating Expenses**	**1,675,663**	**1,849,143**	**2,014,918**	**9%**
21	**Net Operating Income**	**56,041**	**30,896**	**47,357**	**53%**
22	**Net Operating Margin**	**3.2%**	**1.6%**	**2.3%**	
	Nonoperating Revenues (Expenses)				
23	Investment Income (Losses), Net of Fees	74,354	123,894	123,833	0%
24	Spendable Investment Income	(80,357)	(84,351)	(85,605)	1%
25	Other Nonoperating Revenues (Expenses)	7,080	3,263	729	-78%
26	Capital Appropriations and Grants	24,801	130,295	154,274	18%
27	Capital Gifts	11,007	28,621	101,026	253%
28	Private Gifts for Endowment Purposes	30,302	21,637	16,054	-26%
29	Mandatory Transfers	158	-	-	0%
30	Non-Mandatory Transfers	40,157	10,265	2,681	-74%
31	**Net Nonoperating Revenues (Expenses)**	**107,502**	**233,624**	**312,992**	**34%**
32	**Increase in Net Position**	**163,543**	**264,520**	**360,350**	
33	**Net Position, Beginning of Year**	**3,516,046**	**3,679,479**	**3,943,999**	
34	Cumulative Effect of Change in Accounting Principle	(110)	-		
35	**Net Position, Beginning of Year, Adjusted**	**3,515,936**	**3,679,479**	**3,943,999**	
36	**Net Position, End of Period**	**$ 3,679,479**	**$ 3,943,999**	**$ 4,304,349**	

Note: $15 million in support from MU Healthcare was netted against Supplies, Services and Other Operating Expense (Line 17) this amount was previously presented in Non-Mandatory Transfers (Line 30). This movement is between MU and MU Healthcare and does not impact consolidated financial statements. The presentation aligns with targets set during the financial plan.

Schedule 3: FY2025 Budget Income Statement by Funding Source (Dollars in thousands)

	Operations	Auxiliary	SOM - Clinical Operations	Gifts & Grants	Total Current Funds	Plant and Non-Expendable Endowment	Budget FY2025
Operating Revenues							
Tuition and Fees	$ 610,549	$ -	$ -		$ 610,549	$ -	$ 610,549
Less Scholarship Allowances	188,884	-	-	67,830	256,714	-	256,714
Net Tuition and Fees	421,665	-	-	(67,830)	353,834	-	353,834
Federal Pell Grants	-	-	-	25,000	25,000	-	25,000
Government Scholarship Funding	-	-	-	18,000	18,000	-	18,000
Grants and Contracts	-	-	-	372,627	372,627	-	372,627
Auxiliary Enterprises	14,846	427,632	-	-	442,478	-	442,478
Patient Medical Services Net	-	6,830	389,044	-	395,874	-	395,874
Other Operating Revenues	99,478	-	-	(67,492)	31,986	-	31,986
State Appropriations	264,932	-	-	5,032	269,964	-	269,964
Federal Appropriations	-	-	-	18,868	18,868	-	18,868
Private Gifts	120	20,627	-	27,291	48,038	-	48,038
Spendable Investment Income	35,730	30	159	49,686	85,605	-	85,605
Total Operating Revenues	**836,771**	**455,120**	**389,203**	**381,182**	**2,062,275**	**-**	**2,062,275**
Operating Expenses							
Salaries and Wages	451,994	147,115	369,012	178,250	1,146,371	-	1,146,371
Benefits	153,294	49,664	92,344	53,317	348,619	-	348,619
Supplies, Services and Other Operating Expenses	105,117	193,620	(70,880)	124,692	352,549	25,693	378,241
Depreciation	-	-	-	-	-	112,173	112,173
Interest Expense	-	-	-	-	-	29,513	29,513
Total Operating Expenses	**710,405**	**390,399**	**390,477**	**356,259**	**1,847,539**	**167,379**	**2,014,918**
Net Operating Income	**126,367**	**64,721**	**(1,274)**	**24,923**	**214,736**	**(167,379)**	**47,357**

Within the detailed sections the use of highlighted text will correspond to the "Colors of Money" presented above.

Operating Revenues:

Tuition and Fees (Line 1) are budgeted to increase by $25.1 million or 4.3% over the prior year. Budgeted amounts include the tuition rate increases approved by the Board in May 2024. MU has budgeted 1.8% enrollment growth overall. The projected growth is based on growth in new first time college students over the prior year, and a projected shift in resident mix.

Scholarship Allowances (Line 2) are budgeted to decrease by $10.8 million or 4.0% 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. Scholarships are decreasing as the Missouri Compacts program has ended. MU changes programs annually to ensure scholarships are competitive with peer institutions and provide appropriate support to students.

Grants and Contracts (Line 6) are projected to increase by 9.5% over the prior year. MU is committed to improving research competitiveness and is projecting a 13.5% growth in grants and contract revenue from FY2023 to FY2024. The budgeted revenue growth aligns with trends in proposals and awards due to Mizzou Forward initiatives.

Auxiliary Enterprises (Line 7) revenue is projected to increase by $52.6 million over FY2024 representing 13.5% growth. The growth in revenue is driven by the MU Research Reactor (MURR) multi-year agreement which is budgeted to increase by $44.9 million over FY2024. MU Athletics' operating revenue growth is 3.7%, which is supported by philanthropy and stable ticket sales. Budgeted compensation growth for MU Athletics is 3.1% and other operating expenses are budgeted to decline by 5.8%. MU Athletics' budget for FY2025 remains close to FY2024 projection. The remaining budgeted increase is from inflationary rates.

Net Patient Medical Service (Line 8) revenues primarily represent revenues from University Physicians and CRMC Community Practice and are projected to increase by 21.6% over FY2024. The FY2025 budget reflects the integration of the community practice physicians at CRMC which is $49.9 million. University Physicians revenue outlook has improved in the fourth quarter of FY2024 and is projecting to end $10 million higher than the 3rd quarter projection utilized in the income statement presented above. The remaining $10.3 million in revenue growth aligns with MU Healthcare's budgeted growth. The revenues from University Physicians fund the clinical compensation for Medical School faculty appointments.

State Appropriations (Line 11) reflects the 3% core increase, or $7.6 million, and an additional $5 million one-time funding for extension services. The remaining increase is attributed to additional line items and program support approved by the legislature during the 2024 legislative session.

Operating Expenses

Overall, MU's operating expenses are projected to increase by 9.0%. Salaries and wages are budgeted to increase by 9.9% and include the effect of a 2% performance-based merit raise pool.

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

	Projected FY2024	Budget FY2025	Variance $	Variance %
Operations and Service Operations	$427,083	$451,994	$24,911	5.8%
Auxiliary Enterprises	132,932	147,115	14,183	10.7%
School of Medicine Clinical Operations	312,393	369,012	56,619	18.1%
Restricted (Gifts & Grants)	171,137	178,250	7,113	4.2%
Total Salaries and Wages (Line 15)	**$1,043,545**	**$1,146,371**	**$102,826**	**9.9%**

Salaries and Wages (Line 15)

- *Operations and Service Operations* are budgeted to increase from FY2024 projection by $24.9 million or 5.8%. $8.5 million of the increase reflects of the 2% raise pool. The remaining increase represents faculty and staff for Mizzou Forward initiatives and additional hiring to support enrollment growth.
- *Auxiliary Enterprises* wages are budgeted to increase by $14.2 million over the prior year. The budget for FY2025 addresses market compensation pressure and vacant positions needed to support revenue growth at MURR.

- *School of Medicine Clinical Operations* wages are budgeted increase $56.6 million from FY2024. The FY2025 budget reflects the integration of the community practice physicians at CRMC which is $41.7 million. Adjusted for the community practice physicians budgeted wage growth is 4.8% compared to 3.8% in budgeted revenue growth.
- *Restricted* funded wages from grants and gifts are anticipated to increase by $7.1 million. This compensation and workforce size are dependent on the availability of the related revenues to fund research.

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

	Projected FY2024	Budget FY2025	Variance $	Variance %
Operations and Service Operations	$107,777	$105,117	($2,660)	-2.5%
Auxiliary Enterprises	178,808	193,620	14,812	8.3%
School of Medicine Clinical Operations	(60,394)	(70,880)	(10,486)	17.4%
Restricted (Gifts & Grants)	116,606	124,692	8,086	6.9%
Plant	28,649	25,693	(2,956)	-10.3%
Total Supplies, Services and Other Operating Expenses (Line 17)	**$371,446**	**$378,241**	**$6,795**	**1.8%**

Supplies, Services and Other Operating Expenses (Line 17)

- *Operations and Service Operations* expenditures are budgeted to decrease by $2.6 million over FY2024 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. Expenditures in FY2024 reflect start-up costs for Mizzou Forward faculty, these expenses occur on an uncertain timeline as typically faculty have a few years to fully utilize these resources.
- *Auxiliary Enterprises* expenditures are budgeted to increase by $14.8 million over FY2024 projection. The primary driver for this increase is related to MURR which has budgeted a $19 million increase. This growth is offset by budgeted cost reductions from Athletics totaling $4.5 million.
- *Patient Services* expenditures are presented as a negative expense as a charge to the Hospital for clinical services provided by University Physicians and CRMC community practice, including anesthesia coverage, call coverage, and other purchased services common in healthcare operations. The larger negative represents a larger charge to the hospital for physician services, which are budgeted to increase with the integration of CRCM community practice.
- *Restricted* expenditures funded from grants and gifts are anticipated to increase $8.1 million from FY2024 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 $2.9 million over the prior year. With the increase in budgeted capital investments for FY2025 non-capital maintenance and repairs will decrease to align with available resources.

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 FY2025 budget includes investments totaling $7 million for this project.
- *NextGen Precision Health Building - 4th Floor Fit Out* will be supported by capital reserves and governmental appropriations. The FY2025 budget includes investments totaling $1.1 million for this project.
- *Vet Med Diagnostics Lab* will be supported by governmental appropriations and gifts. Total project cost included in FY2025 is $4 million.
- *School of Medicine Building Renovations and Swine Facility Expansion* are anticipated to have $35 million in spending for FY2025. The project sources include capital reserves and governmental appropriations.
- *Thompson Center* will be support by capital reserves, gifts and state appropriations. The FY2025 budget includes investments totaling $33 million for this project.
- Renovations on *Pershing Hall* and *Lottes Health Science Library* will be funded by capital reserves are budgeted to be $2.5 million for FY2025.
- Work will begin on *Memorial Stadium* this project will be funded gifts, debt, and financing of revenues generated by the project. Total project cost included in FY2025 is $100 million.
- *Research Commons Thermal Plant - Chilled Water Addition* will be funded from capital reserves the FY2025 budget included investments totaling $8 million.
- Additional funding from the State will support the *Radioisotope Facility at Discovery Ridge, the Meat Processing Facility and Veterinary Medical Expansion* the FY2025 budget includes $20.5 million for these projects.

UMKC

UMKC continues to focus on furthering its educational and research mission through UMKC Forward, an initiative launched in Spring of 2021. Academic realignment was a necessary process to fund this initiative and reallocate resources to provide financial stability to UMKC. Funding in FY2025 continues to prioritize student recruitment and retention to slow the decline in enrollment. Faculty development and research initiatives are also funded through UMKC Forward.

UMKC							
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 Projection	FY2025 Budget
Key Performance Trends							
Enrollment	11,424	11,336	11,073	10,911	10,716	10,635	10,655
Degrees/Certificates Awarded	3,375	3,511	3,637	3,410	3,862	Data Not Available	
Graduation Rate	49.6%	53.8%	56.8%	56.1%	55.9%		
Grants and Contracts [1]	$37 M	$42 M	$48 M	$63 M	$82 M	$88 M	$90 M
NSF Rankings [2]	237	230	234	208	Data Not Available		
Faculty Productivity							
Research per Faculty	$91,580	$115,228	$137,544	$185,456	$239,670	$250,000	$255,682
Enrollment per Faculty	16.90	18.40	18.80	19.14	18.38	17.78	17.70
Key Financial Trends							
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 Projection	FY2025 Budget
Operating Margin	-3.7%	-0.8%	16.1%	9.0%	8.3%	2.1%	2.0%
Spendable Cash to Operations	0.40	0.41	0.78	0.79	0.89	0.89	0.87
Spendable Cash to Debt	0.72	0.83	1.52	1.78	2.27	2.44	2.78
Tuition less Institutional Aid per Student	$12,916	$13,423	$13,592	$14,149	$14,665	$14,219	$15,818
Institutional Resources per Student [3]	$19,381	$19,074	$20,280	$21,298	$22,345	$22,537	$24,374
Operating Expense per Degree Granted	$86,991	$78,086	$68,251	$79,714	$75,472	Data Not Available	

Note 1: Amount reflects grant and sponsored program revenue recognized from the Federal, State and Other Organizations

Note 2: NSF Rankings for total R&D Expenditures

Note 3: Institutional Resources = Tuition less Institutional Aid plus State Appropriations

UMKC financial performance over the past three years has been over target. Although UMKC's enrollment has declined, other revenue resources and expense management have provided positive operating financial performance results. Coupled with the positive performance, UMKC has received $33 million in capital philanthropy for the Health Science Building and KCUR building during FY2024.

Through the FY2025 budget process UMKC continues to manage expenditures within revenue resources. UMKC's capital plan for FY2025 includes investments of $99 million with additional philanthropy support of $21 million and $93 million for the State. Overall reserves remain strong for UMKC as capital giving was collected prior to construction for the capital projects.

Investments included in the FY2025 budget are as follows:

- *Student Support Services* include continued investments of counseling services and mentoring program for first generation students (First Gen Roo).
- *Professional Career Escalators* propel students from academic studies to higher-paying careers through a unique system of personalized support and services. This system is intended to improve retention, graduation, and post-graduation outcomes for UMKC's students. MOExcels funding totaling $7 million was awarded to UMKC in FY2023, FY2024, and FY2025 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.
- *Facility Investments* in research and classroom infrastructure and equipment, renovations of the student success center and library will continue in FY2025.

Schedule 6: UMKC FY2025 Budget (Dollars in Thousands)
Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP – Unaudited

Line No.		Actuals FY2023	Projected FY2024	Budget FY2025	% Change FY2024-25
	Operating Revenues				
1	Tuition and Fees	$ 220,984	$ 221,477	$ 239,439	8%
2	Less Scholarship Allowances	82,596	90,000	90,600	1%
3	Net Tuition and Fees	138,388	131,477	148,839	13%
4	Federal Pell Grants	13,528	14,000	14,000	0%
5	Government Scholarship Funding	5,231	5,740	5,700	-1%
6	Grants and Contracts	82,446	88,000	90,000	2%
7	Auxiliary Enterprises	42,754	45,796	38,048	-17%
8	Patient Medical Services Net	39,738	42,169	42,820	2%
9	Other Operating Revenues	21,192	25,000	19,950	-20%
10	State Appropriations	82,301	88,463	91,160	3%
11	Federal Appropriations	-	-	-	0%
12	Private Gifts	33,303	17,100	17,802	4%
13	Spendable Investment Income	16,544	15,714	16,740	7%
14	**Total Operating Revenues**	**475,425**	**473,459**	**485,059**	**2%**
	Operating Expenses				
15	Salaries and Wages	216,977	227,920	239,599	5%
16	Benefits	63,717	68,080	77,802	14%
17	Supplies, Services and Other Operating Expenses	122,667	132,000	125,974	-5%
18	Depreciation	25,390	28,540	25,301	-11%
19	Interest Expense	7,184	7,114	6,881	-3%
20	**Total Operating Expenses**	**435,935**	**463,654**	**475,558**	**3%**
21	**Net Operating Income**	**39,490**	**9,805**	**9,502**	**-3%**
22	**Net Operating Margin**	**8.3%**	**2.1%**	**2.0%**	
	Nonoperating Revenues (Expenses)				
23	Investment Income (Losses), Net of Fees	16,860	26,000	25,251	-3%
24	Spendable Investment Income	(16,544)	(15,714)	(16,740)	7%
25	Other Nonoperating Revenues (Expenses)	6,716	-	-	0%
26	Capital Appropriations and Grants	1,394	13,500	93,416	592%
27	Capital Gifts	14,155	20,000	20,500	2%
28	Private Gifts for Endowment Purposes	287	400	400	0%
29	Mandatory Transfers	26	-	(0)	0%
30	Non-Mandatory Transfers	3,940	1,400	(22)	-102%
31	**Net Nonoperating Revenues (Expenses)**	**26,834**	**45,586**	**122,806**	**169%**
32	**Increase in Net Position**	**66,324**	**55,391**	**132,308**	
33	**Net Position, Beginning of Year**	**673,178**	**739,502**	**794,893**	
34	Cumulative Effect of Change in Accounting Principle	-	-		
35	**Net Position, Beginning of Year, Adjusted**	**673,178**	**739,502**	**794,893**	
36	**Net Position, End of Period**	**$ 739,502**	**$ 794,893**	**$ 927,201**	

Overall, UMKC's operating margin is $9.5 million, or 2.0%. UMKC's margin is at target.

Schedule 7: FY2025 Budget Income Statement by Funding Source (Dollars in thousands)

	Operations	Auxiliary	Gifts & Grants	Total Current Funds	Plant and Non-Expendable Endowment	Budget FY2025
Operating Revenues						
Tuition and Fees	$ 239,439	$ -	$ -	$ 239,439	$ -	$ 239,439
Less Scholarship Allowances	53,112	-	37,488	90,600	-	90,600
Net Tuition and Fees	186,328	-	(37,488)	148,839	-	148,839
Federal Pell Grants	-	-	14,000	14,000	-	14,000
Government Scholarship Funding	-	-	5,700	5,700	-	5,700
Grants and Contracts	-	-	90,000	90,000	-	90,000
Auxiliary Enterprises	2,299	35,749	-	38,048	-	38,048
Patient Medical Services Net		42,820		42,820	-	42,820
Other Operating Revenues	25,312	-	(5,362)	19,950	-	19,950
State Appropriations	91,160	-	-	91,160	-	91,160
Federal Appropriations	-	-	-	-	-	-
Private Gifts	-	-	17,802	17,802	-	17,802
Spendable Investment Income	6,219	-	10,520	16,740	-	16,740
Total Operating Revenues	**311,317**	**78,570**	**95,172**	**485,059**	**-**	**485,059**
Operating Expenses						
Salaries and Wages	167,835	39,148	32,616	239,599		239,599
Benefits	54,179	11,255	12,368	77,802		77,802
Supplies, Services and Other Operating Expenses	64,929	18,990	37,081	120,999	4,975	125,974
Depreciation	-	-	-	-	25,301	25,301
Interest Expense	-	-	-	-	6,881	6,881
Total Operating Expenses	**286,943**	**69,393**	**82,065**	**438,401**	**37,157**	**475,558**
Net Operating Income	**24,375**	**9,176**	**13,108**	**46,659**	**(37,157)**	**9,502**

Within the detailed sections the use of highlighted text will correspond to the "Colors of Money" presented above.

Operating Revenues:

Tuition and Fees (Line 1) are budgeted to increase by $17.9 million or 8.1% over the prior year. The gross tuition and fee budgeted amounts include the Board approved rates from May 2024. Budgeted enrollment includes an overall flat enroll for undergraduate and 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 are projected to slightly increase within the medical school program at St. Joes and the dental school's Advance Standing Program.

Scholarship Allowances (Line 2) are budgeted to increase by $0.6 million or 0.7% 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. UMKC's scholarship is budgeted to remain flat.

Grants and Contracts (Line 6) are projected to increase by $2 million over the prior year.

UMKC experienced significant growth in grants and contracts during FY2023, budgeted growth is based on known proposals and awards.

Auxiliary Enterprises (Line 7) revenue is projected to decrease by $7.7 million over FY2024. The decline in auxiliary revenues is driven by movement of student health services from an auxiliary operation to being supported by operating funds as they are no longer a self-support operation. This decline is offset by increase in housing and dining rates approved in November 2023 and budgeted occupancy to remaining stable from FY2024.

Net Patient Medical Service (Line 8) revenues are projected to increase $651,000 over FY2024. These revenues are contract services provided to the School of Medicine's hospital affiliates through the graduate medical education programs.

Other Operating Revenues (Line 9) revenues are projected to decrease by $5 million over FY2024. These 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. The budgeted decline in revenues is based on anticipated decline in aid from third parties.

State Appropriations (Line 10) reflects the 3% core increase, or $2.7 million, approved by the legislature during the 2024 legislative session.

Operating Expenses

Overall, UMKC's operating expenses are projected to increase by 2.6%. Salaries and wages are budgeted to increase by 5.1% and include the effect of a 2.5% performance-based merit raise pool. UMKC has experienced high turnover rates and extended fill rates for many staff and faculty positions $1 million will be utilized to address market compression issues.

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

	Projected FY2024	Budget FY2025	Variance $	Variance %
Operations and Service Operations	$160,049	$167,835	$7,786	4.9%
Auxiliary Enterprises	10,166	9,286	(880)	-8.7%
Patient Service Auxiliaries	29,305	29,862	557	1.9%
Restricted (Gifts & Grants)	28,400	32,616	4,216	14.8%
Total Salaries and Wages (Line 15)	**$227,920**	**$239,599**	**$11,679**	**5.1%**

Salaries and Wages (Line 15)

- *Operations and Service Operations* are budgeted to increase by $7.8 million from FY2024 projection. This increase is attributed to investments in additional faculty to support new programs in Biomedical Engineering and Architecture; continued investment in UMKC Forward student advising, recruitment and career preparation; and market adjustments to existing faculty and staff.
- *Auxiliary Enterprises* are budgeted to decrease by $880,000 over FY2024 projections. The wages have declined in line with revenue resources.

- *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 increase by $4.2 million slightly over FY2024 projections. This compensation will only be realized if there is related gift and grant revenues to fund the compensation.

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

	Projected FY2024	Budget FY2025	Variance $	Variance %
Operations and Service Operations	$68,985	$64,929	($4,056)	-5.9%
Auxiliary Enterprises	15,073	15,388	315	2.1%
Patient Service Auxiliaries	3,691	3,601	(90)	-2.4%
Restricted (Gifts & Grants)	39,357	37,081	(2,276)	-5.8%
Plant	4,894	4,975	81	1.7%
Total Supplies, Services and Other Operating Expenses (Line 17)	**$132,000**	**$125,974**	**($6,026)**	**-4.6%**

Supplies, Services and Other Operating Expenses (Line 17)

- *Operations and Service Operations* expenditures are budgeted to decrease $4.1 million over FY2024 projection, due mainly cost containment measures put into place.
- *Auxiliary Enterprises* expenditures are budgeted to increase by $315,000 from FY2024 projection based on inflationary increases.
- *Patient Services* expenditures are budgeted to decrease by $90,000 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 $2.3 million from FY2024. The FY2025 budget reflects a shift of spending between compensation and other operating expenses.
- *Plant* expenditures are budgeted to increase by $81,000 over FY2024 projection related as UMKC continues to invest in classroom improvements and campus maintenance and renovation projects.

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 FY2025 budget includes investments totaling $50 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 FY2025 budget includes investments totaling $14 million for this project which will primarily be funded from state and federal appropriations.
- *Steamline Improvements* on the UMKC campus included in the FY2025 budget total $14.5 million.

- *Atterbury Student Success Center & Miller Nichols Library Renovations* will be funded from philanthropy, grants, and reserves. The FY2025 budget included investments totaling $9 million for this project.

S&T

S&T's budget continues to invest in accordance with North Star objectives, which focuses on growing enrollment, elevating S&T rank and reputation and advancing as an R1 Carnegie Classification research institution. S&T continues to utilize funding from the Kummer Foundation to support the North Star objectives.

Missouri S&T

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 Budget
Key Performance Trends							
Enrollment	7,236	6,725	6,345	5,945	5,883	6,077	6,253
Degrees/Certificates Awarded	2,471	2,387	2,405	2,209	2,174	Data Not Available	
Graduation Rate	65.9%	66.7%	63.4%	61.7%	63.6%		
Grants and Contracts [1]	$33 M	$35 M	$38 M	$44 M	$46 M	$52 M	$53 M
NSF Rankings [2]	205	205	195	207	Data Not Available		
Faculty Productivity							
Research per Faculty	$101,006	$113,433	$133,532	$168,073	$178,708	$200,290	$195,526
Enrollment per Faculty	18.94	18.68	18.77	18.64	18.74	19.54	18.89

Key Financial Trends	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 Projection	FY2025 Budget
Operating Margin	3.5%	-1.9%	10.2%	11.2%	6.3%	2.7%	2.3%
Spendable Cash to Operations	0.84	0.81	1.04	1.11	0.93	0.82	0.76
Spendable Cash to Debt	1.34	1.27	1.64	1.84	1.77	1.84	1.88
Tuition less Institutional Aid per Student	$12,150	$11,699	$10,957	$11,294	$11,343	$11,874	$11,557
Institutional Resources per Student [3]	$19,085	$18,174	$18,896	$20,214	$20,853	$21,768	$21,466
Operating Expense per Degree Granted	$62,802	$61,948	$57,862	$62,119	$78,772	Data Not Available	

Note 1: Amount reflects grant and sponsored program revenue recognized from the Federal, State and Other Organizations

Note 2: NSF Rankings for total R&D Expenditures

Note 3: Institutional Resources = Tuition less Institutional Aid plus State Appropriations

Through the pandemic S&T experienced a decline in enrollment, FY2024 will be the first year of overall enrollment growth since FY2016; this positive trend is expected to continue into FY2025. From FY2016 to FY2024, S&T's enrollment has dropped 23%. Over this time frame S&T's financial performance has balanced expenses within revenue resources. S&T's cost management is reflected in the strong operating margin and spendable cash to operations metric over the last five years.

In FY2024 and FY2025 S&T's margin is projected to be lower than the previous three fiscal years as federal stimulus funding expired, and inflation placed pressure on expenditure growth. S&T will need to maintain a positive margin close to target to support capital plans. S&T's capital investment is projected to be $73 million in FY2024 and $134 million in FY2025. External resources from the Kummer Foundation, State, and other donors have been utilized to support the additional level of capital investment, these resources total $35.6 million for FY2024 projection and $91.5 million for the FY2025 budget.

Schedule 10: S&T FY2025 Budget (Dollars in Thousands)

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

Line No.		Actuals FY2023	Projected FY2024	Budget FY2025	% Change FY2024-25
	Operating Revenues				
1	Tuition and Fees	$ 126,007	$ 136,682	$ 146,972	8%
2	Less Scholarship Allowances	70,802	77,122	86,928	13%
3	Net Tuition and Fees	55,205	59,560	60,044	1%
4	Federal Pell Grants	5,580	6,600	6,200	-6%
5	Government Scholarship Funding	5,946	6,000	6,020	0%
6	Grants and Contracts	45,749	51,875	52,597	1%
7	Auxiliary Enterprises	24,474	25,900	29,280	13%
8	Patient Medical Services Net	-	-	-	0%
9	Other Operating Revenues	4,705	4,600	4,782	4%
10	State Appropriations	55,942	60,121	61,963	3%
11	Federal Appropriations	-	-	-	0%
12	Private Gifts	21,099	18,500	20,413	10%
13	Spendable Investment Income	14,269	14,490	14,207	-2%
14	**Total Operating Revenues**	**232,969**	**247,646**	**255,504**	**3%**
	Operating Expenses				
15	Salaries and Wages	105,699	115,409	124,699	8%
16	Benefits	31,976	35,250	39,422	12%
17	Supplies, Services and Other Operating Expenses	51,944	59,250	54,447	-8%
18	Depreciation	23,588	26,100	26,490	1%
19	Interest Expense	5,077	4,837	4,603	-5%
20	**Total Operating Expenses**	**218,284**	**240,846**	**249,660**	**4%**
21	**Net Operating Income**	**14,685**	**6,800**	**5,844**	**-14%**
22	**Net Operating Margin**	**6.3%**	**2.7%**	**2.3%**	
	Nonoperating Revenues (Expenses)				
23	Investment Income (Losses), Net of Fees	12,859	20,000	15,282	-24%
24	Spendable Investment Income	(14,269)	(14,490)	(14,207)	-2%
25	Other Nonoperating Revenues (Expenses)	(68)	830	24	-97%
26	Capital Appropriations and Grants	-	9,133	59,431	551%
27	Capital Gifts	30,332	26,482	32,034	21%
28	Private Gifts for Endowment Purposes	3,859	5,000	3,500	-30%
29	Mandatory Transfers	5	-	-	0%
30	Non-Mandatory Transfers	4,023	350	192	-45%
31	**Net Nonoperating Revenues (Expenses)**	**36,741**	**47,305**	**96,256**	**103%**
32	**Increase in Net Position**	**51,426**	**54,105**	**102,100**	
33	**Net Position, Beginning of Year**	**662,982**	**714,408**	**768,513**	
34	Cumulative Effect of Change in Accounting Principle	-	-		
35	**Net Position, Beginning of Year, Adjusted**	**662,982**	**714,408**	**768,513**	
36	**Net Position, End of Period**	**$ 714,408**	**$ 768,513**	**$ 870,613**	

Overall, S&T's operating margin is $5.8 million, or 2.3% which is in line with financial plan presented to the Board in February.

Schedule 11: FY2025 Budget Income Statement by Funding Source (Dollars in thousands)

	Operations	Auxiliary	Gifts & Grants	Total Current Funds	Plant and Non-Expendable Endowment	Budget FY2025
Operating Revenues						
Tuition and Fees	$ 146,972	$ -	$ -	$ 146,972	$ -	$ 146,972
Less Scholarship Allowances	55,509	-	31,419	86,928	-	86,928
Net Tuition and Fees	91,463	-	(31,419)	60,044	-	60,044
Federal Pell Grants	-	-	6,200	6,200	-	6,200
Government Scholarship Funding	-	-	6,020	6,020	-	6,020
Grants and Contracts	-	-	52,597	52,597	-	52,597
Auxiliary Enterprises	1,307	27,972	0	29,280	-	29,280
Patient Medical Services Net	-	-	-	-	-	-
Other Operating Revenues	13,705	-	(9,155)	4,550	232	4,782
State Appropriations	61,963	-	-	61,963	-	61,963
Federal Appropriations	-	-	-	-	-	-
Private Gifts	-	-	20,413	20,413	-	20,413
Spendable Investment Income	3,403	20	8,802	12,225	1,982	14,207
Total Operating Revenues	**171,841**	**27,992**	**53,458**	**253,291**	**2,214**	**255,504**
Operating Expenses						
Salaries and Wages	96,619	4,327	23,753	124,699		124,699
Benefits	32,865	1,727	4,830	39,422		39,422
Supplies, Services and Other Operating Expenses	27,668	9,433	16,292	53,393	1,054	54,447
Depreciation				-	26,490	26,490
Interest Expense				-	4,603	4,603
Total Operating Expenses	**157,152**	**15,486**	**44,875**	**217,513**	**32,147**	**249,660**
Net Operating Income	**14,689**	**12,506**	**8,583**	**35,778**	**(29,934)**	**5,844**

Operating Revenues:

Tuition and Fees (Line 1) are budgeted to increase by $10.3 million or 7.5% over the prior year. This increase is a result of tuition rate increases coupled with enrollment growth. S&T has budgeted 2.9% enrollment growth overall. The projected undergraduate enrollment growth is based on growth in first time college students and transfers over the prior year. Graduate enrollment at S&T is budgeted flat from prior year.

Scholarship Allowances (Line 2) are budgeted to increase by $9.8 million or 12.7% over the prior year which will maintain the same level of aid awarded when compared to tuition. 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.

Grants and Contracts (Line 6) are budgeted to increase by 1.4% or $722,000 over the prior year. The budgeted revenue growth aligns with trends in proposals and awards.

Auxiliary Enterprises (Line 7) revenue is budgeted to increase by 13.1% or $3.4 million over FY2024. The growth in revenue reflects the housing, dining and activity fees rate increases coupled with a budgeted 3% increase in the student population.

State Appropriations (Line 10) reflects the 3% core increase, or $1.8 million, approved by the legislature during the 2024 legislative session.

Operating Expenses

Overall, S&T's operating expenses are projected to increase by 3.7% reflecting a 3% performance-based merit and market raise pool.

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

	Projected FY2024	Budget FY2025	Variance $	Variance %
Operations and Service Operations	$88,219	$96,619	$8,400	9.5%
Auxiliary Enterprises	4,191	4,327	136	3.2%
Restricted (Gifts & Grants)	22,999	23,753	754	3.3%
Total Salaries and Wages (Line 15)	**$115,409**	**$124,699**	**$9,290**	**8.0%**

Salaries and Wages (Line 15)

- All wages for FY2024 budget include the effect of a 3% 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 $8.4 million from FY2024 projection. Along the with the 3% raise pool, the budget includes 34 new faculty and staff positions to support enrollment growth.
- *Auxiliary Enterprises* wages are budgeted to increase by $136,000 to fund market compensation pressure.
- *Restricted* wages funded from grants and gifts are budgeted to increase by $754,000, this increase corresponds with the increase in budgeted grant revenue.

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

	Projected FY2024	Budget FY2025	Variance $	Variance %
Operations and Service Operations	$28,605	$27,668	($937)	-3.3%
Auxiliary Enterprises	8,742	9,433	691	7.9%
Restricted (Gifts & Grants)	17,269	16,292	(977)	-5.7%
Plant	4,634	1,054	(3,580)	-77.3%
Total Supplies, Services and Other Operating Expenses (Line17)	**$59,250**	**$54,447**	**($4,803)**	**-8.1%**

Supplies, Services and Other Operating Expenses (Line 17)

- *Operations and Supporting Services* expenditures are budgeted to decrease $937,000 over FY2024 projection. Nonrecurring non-capital repairs to classroom facilities are included in the FY2024 projections and will not be necessary in FY2025.

- *Auxiliary Enterprises* expenditures are budgeted to increase from FY2024 projection by $691,000. Missouri S&T has two significant auxiliaries which drive the revenues and expenditures, Housing and Dining and University Centers. Expenditure growth is in line with budgeted revenue growth.
- *Restricted expenditures* funded from grants and gifts are anticipated to decrease by $977,000 from the FY2024 projection. This amount is dependent on external sources of funding.
- *Plant* expenditures are budgeted to decrease by $3.6 million over FY2024 projections due to a decrease 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, and federal grants. The FY2025 budget includes investments totaling $46.6 million for this project.
- *Student Experience Center (Engineering Research Innovation Lab)* will be funded from capital gifts, the FY2025 budget includes $2.8 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 FY2025 is $4.1 million.
- *Welcome Center* will be funded from capital reserves and gifts. Total capital investment included in the FY2025 budget is $17.0 million.
- *Advancing STEM in Missouri* projects FY2025 budget includes investments totaling $37.8 million budget resources will come from the State.

UMSL

UMSL's FY2025 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 FY2025 budget includes funding to improve enrollment including enhanced recruiting and advising, marketing, continued positive impact of branding revision, and revised financial aid initiatives.

UMSL							
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 Projection	FY2025 Budget
Key Performance Trends							
Enrollment	9,488	9,201	8,279	8,428	8,243	8,128	8,283
Degrees/Certificates Awarded	2,993	2,887	3,031	2,872	2,659	Data Not Available	
Graduation Rate	52.2%	56.3%	57.5%	51.6%	56.9%		
Grants and Contracts [1]	$29 M	$27 M	$27 M	$35 M	$44 M	$52 M	$53 M
NSF Rankings [2]	302	297	315	327	Data Not Available		
Faculty Productivity							
Research per Faculty	$118,623	$115,891	$108,438	$151,118	$201,720	$239,110	$243,890
Enrollment per Faculty	23.31	23.65	21.56	23.03	22.90	22.39	22.82
Key Financial Trends							
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 Projection	FY2025 Budget
Operating Margin	-2.2%	-6.5%	8.8%	5.7%	-1.5%	-2.2%	-2.7%
Spendable Cash to Operations	0.51	0.50	0.69	0.74	0.71	0.70	0.69
Spendable Cash to Debt	0.90	0.89	1.20	1.39	1.54	1.72	1.84
Tuition less Institutional Aid per Student	$9,521	$9,263	$10,144	$9,338	$10,061	$10,584	$10,006
Institutional Resources per Student	$15,404	$14,527	$16,901	$16,339	$17,711	$19,030	$18,541
Operating Expense per Degree Granted	$59,004	$59,711	$53,387	$56,247	$64,587	Data Not Available	

Note 1: Amount reflects grant and sponsored program revenue recognized from the Federal, State and Other Organizations

Note 2: NSF Rankings for total R&D Expenditures

Note 3: Institutional Resources = Tuition less Institutional Aid plus State Appropriations

UMSL enrollment has declined since Fall 2015; over the past decade the total full-time equivalent student population has declined by 2,075 or 20%. Through the pandemic UMSL was able to rebuild reserves with the assistance of federal stimulus funding and cost containment measures. With continued enrollment declines and reduction of federal stimulus funding, UMSL's financial performance has placed a strain on operating performance. UMSL put into place cost containment measures in FY2023 and 2024 to mitigate the enrollment decline. Additionally, UMSL is projected to receive $37.1 million from the State to support the space consolidation plan. With the support from the State and cost containment measures UMSL is projected to be at or above target for reserve and debt metrics.

In FY2024 and 2025 UMSL will have one-time non-capital expenditures related to the campus space consolidation. These expenditures are reimbursed by capital funding received from the State and are reported on Line 26 on the income statement. When excluding these one-time reimbursed expenditures UMSL operating margin would be -1.4% and breakeven for FY2024 and 2025, respectively. UMSL has experienced positive trends in deposits for Fall 2024 enrollment. If enrollment growth is achieved for FY2025 budget revenue resources will support expenditure base. If enrollment growth is not obtained, expense reductions will be necessary.

Schedule 14: UMSL FY2025 Budget (Dollars in Thousands)

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

Line No.		Actuals FY2023	Projected FY2024	Budget FY 2025	% Change FY2024-25
	Operating Revenues				
1	Tuition and Fees	$ 109,416	$ 114,581	$ 119,739	5%
2	Less Scholarship Allowances	41,728	45,896	51,410	12%
3	Net Tuition and Fees	67,688	68,685	68,329	-1%
4	Federal Pell Grants	11,539	12,046	13,391	11%
5	Government Scholarship Funding	3,698	4,040	4,119	2%
6	Grants and Contracts	43,975	52,365	53,412	2%
7	Auxiliary Enterprises	14,243	13,111	13,606	4%
8	Patient Medical Services Net	20	24	24	0%
9	Other Operating Revenues	1,803	2,298	2,211	-4%
10	State Appropriations	63,062	68,654	70,697	3%
11	Federal Appropriations	-	-	-	0%
12	Private Gifts	10,992	11,650	11,873	2%
13	Spendable Investment Income	8,740	9,332	9,469	1%
14	**Total Operating Revenues**	**225,760**	**242,205**	**247,132**	**2%**
	Operating Expenses				
15	Salaries and Wages	103,137	107,056	110,684	3%
16	Benefits	32,848	34,487	35,755	4%
17	Supplies, Services and Other Operating Expenses	69,654	82,820	82,602	0%
18	Depreciation	18,327	18,347	20,189	10%
19	Interest Expense	5,118	4,929	4,597	-7%
20	**Total Operating Expenses**	**229,084**	**247,639**	**253,827**	**2%**
21	**Net Operating Income**	**(3,324)**	**(5,434)**	**(6,695)**	**23%**
22	**Net Operating Margin**	**-1.5%**	**-2.2%**	**-2.7%**	
	Nonoperating Revenues (Expenses)				
23	Investment Income (Losses), Net of Fees	8,059	13,528	11,379	-16%
24	Spendable Investment Income	(8,740)	(9,332)	(9,469)	1%
25	Other Nonoperating Revenues (Expenses)	(110)	88	25	-72%
26	Capital Appropriations and Grants	4,044	31,178	37,201	19%
27	Capital Gifts	5,106	2,200	5,500	150%
28	Private Gifts for Endowment Purposes	3,589	1,500	1,660	11%
29	Mandatory Transfers	36	-	-	0%
30	Non-Mandatory Transfers	3,281	1,166	1,122	-4%
31	**Net Nonoperating Revenues (Expenses)**	**15,265**	**40,328**	**47,418**	**18%**
32	**Increase in Net Position**	**11,941**	**34,894**	**40,723**	
33	**Net Position, Beginning of Year**	**413,249**	**425,190**	**460,084**	
34	Cumulative Effect of Change in Accounting Principle	-	-		
35	**Net Position, Beginning of Year, Adjusted**	**413,249**	**425,190**	**460,084**	
36	**Net Position, End of Period**	**$ 425,190**	**$ 460,084**	**$ 500,807**	

Overall, UMSL's operating margin of ($6.7) million or -2.7% is due to one-time non-capital expenditures related to the campus space consolidation. Space consolidation involves building demolition, which is expensed in "Supplies, Services, and Other" instead of capitalized. These expenditures are reimbursed by capital funding received from the State and are reported on Line 26 on the income statement above.

Dollars in Thousands	FY2024 Projection	FY2025 Budget
Net Operating Income (Line 21)	($5,434)	($6,695)
Expenditures Reimbursed by State Capital Funding	$2,100	$6,800
Adjusted Net Operating Income	($3,334)	$105
Adjusted Margin	**-1.4%**	**0.0%**

When excluding these one-time reimbursed expenditures UMSL operating margin would be ($3.3) million or -1.4% and $105,000 or breakeven, for FY2024 and 2025, respectively. UMSL's budget reflects improved operating performance reaching breakeven levels.

Schedule 15: FY2025 Budget Income Statement by Funding Source (Dollars in thousands)

	Operations	Auxiliary	Gifts & Grants	Total Current Funds	Plant and Non-Expendable Endowment	Budget FY2025
Operating Revenues						
Tuition and Fees	$ 119,739	$ -	$ -	$ 119,739	$ -	$ 119,739
Less Scholarship Allowances	26,600	-	24,810	51,410	-	51,410
Net Tuition and Fees	93,139	-	(24,810)	68,329	-	68,329
Federal Pell Grants	-	-	13,391	13,391	-	13,391
Government Scholarship Funding	-	-	4,119	4,119	-	4,119
Grants and Contracts	-	-	53,412	53,412	-	53,412
Auxiliary Enterprises	1,891	11,715	-	13,606	-	13,606
Patient Medical Services Net	-	24	-	24	-	24
Other Operating Revenues	6,554	-	(4,343)	2,211	-	2,211
State Appropriations	70,697	-	-	70,697	-	70,697
Federal Appropriations	-	-	-	-	-	-
Private Gifts	-	-	11,873	11,873	-	11,873
Spendable Investment Income	4,179	-	5,290	9,469	-	9,469
Total Operating Revenues	**176,460**	**11,739**	**58,933**	**247,132**	**-**	**247,132**
Operating Expenses						
Salaries and Wages	85,932	2,198	22,554	110,684	-	110,684
Benefits	29,460	603	5,692	35,755	-	35,755
Supplies, Services and Other Operating Expenses	38,518	7,418	27,734	73,670	8,932	82,602
Depreciation	-	-	-	-	20,189	20,189
Interest Expense	-	-	-	-	4,597	4,597
Total Operating Expenses	**153,909**	**10,220**	**55,981**	**220,110**	**33,718**	**253,827**
Net Operating Income	**22,551**	**1,519**	**2,952**	**27,022**	**(33,718)**	**(6,695)**

Within the detailed sections the use of highlighted text will correspond to the "Colors of Money" presented above.

Operating Revenues:
Tuition and Fees (Line 1) are budgeted to increase by $5.2 million or 4.5% over the prior year. This increase is a result of a 5% undergraduate and graduate and 3.4% professional approved tuition rate increases. The budget includes 1.9% enrollment growth. The mix between student residency and level is reducing UMSL's overall gross tuition increase down to 4.5%. UMSL's budget is balanced upon the anticipated growth in full-time undergraduates; if enrollment growth is not realized, expense reductions will be necessary.

Scholarship Allowances (Line 2) are budgeted to increase by $5.5 million or 12.0% 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), and 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. UMSL has budgeted institutional aid funded from operations to increase by $3.9 million over prior year to respond to the budgeted increase in tuition and fees and included strategic investments to increase financial aid support provided to undergraduates.

Grants and Contracts (Line 6) are projected to increase by $1.0 million over the prior year. This increase reflects UMSL commitment on continued growth in research with the State and other sponsored entities.

Auxiliary Enterprise (Line 7) revenues are budgeted to increase by $495,000 over FY2024 projection. The increased revenues are reflective of continued growth in performing arts center revenues, approved housing and dining rates increases along with projected increased occupancy.

State Appropriations (Line 10) reflects the 3% core increase, or $2.0 million, approved by the legislature during the 2024 legislative session.

Operating Expenses
Overall, UMSL's operating expenses are projected to increase by 2.5%.

Salaries and Wages (Line 15) include the effect of a 2% performance-based merit raise pool.

Schedule 16: UMSL Salaries and Wages by Funding Source (Dollars in Thousands)

	Projected FY2024	Budget FY2025	Variance $	Variance %
Operations and Service Operations	$83,800	$85,932	$2,132	2.5%
Auxiliary Enterprises	2,205	2,198	(7)	-0.0%
Restricted (Gifts & Grants)	21,051	22,554	1,503	7.1%
Total Salaries and Wages (Line 15)	**$107,056**	**$110,684**	**$3,628**	**3.4%**

- Wages funded by *Operations and Service Operations* are budgeted to increase by $2.1 million from FY2024 projection. This increase represents a performance-based merit raise pool.

- *Auxiliary Enterprises* wages are budgeted to decrease by $7,000, this increase is a result of available auxiliary revenue sources.
- Wages funded by *Gifts and Grants* are budgeted to increase by $1.5 million from FY2024 projection this increase corresponds with the increase in budgeted grant revenue.

Supplies, Services and Other Operating Expenses (Line 17)

Schedule 17: UMSL Supplies Services and Other Operating Expenses Detail (Dollars in Thousands)

	Projected FY2024	Budget FY2025	Variance $	Variance %
Operations and Service Operations	$41,343	$38,518	($2,825)	-6.8%
Auxiliary Enterprises	7,597	7,418	(179)	-2.4%
Restricted (Gifts & Grants)	24,474	27,734	3,260	13.3%
Plant	9,407	8,932	(475)	-5.0%
Total Supplies, Services and Other Operating Expenses (Line17)	**$82,820**	**$82,602**	**($218)**	**-0.3%**

- *Operations and Service Operations* expenditures are budgeted to decrease $2.8 million over FY2024 projection. The decrease in expenditures reflects a reduction in emergency repairs necessary in FY2024 but not expected in FY2025.
- *Auxiliary Enterprises* expenditures are budgeted to decrease slightly because of operational efficiencies.
- *Restricted* expenditures funded from grants and gifts are anticipated increase $3.3 million from FY2024 projection. This increase reflects the one-time non-capital expenditures related to the campus space consolidation.
- *Plant* expenditures are budgeted to decrease $475,000 from FY2024 projections as UMSL prioritizes campus space consolidation projects.

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 $48.4 million for this project.

MUHC

Schedule 18: MU Healthcare FY2025 Budget (Dollars in Thousands)

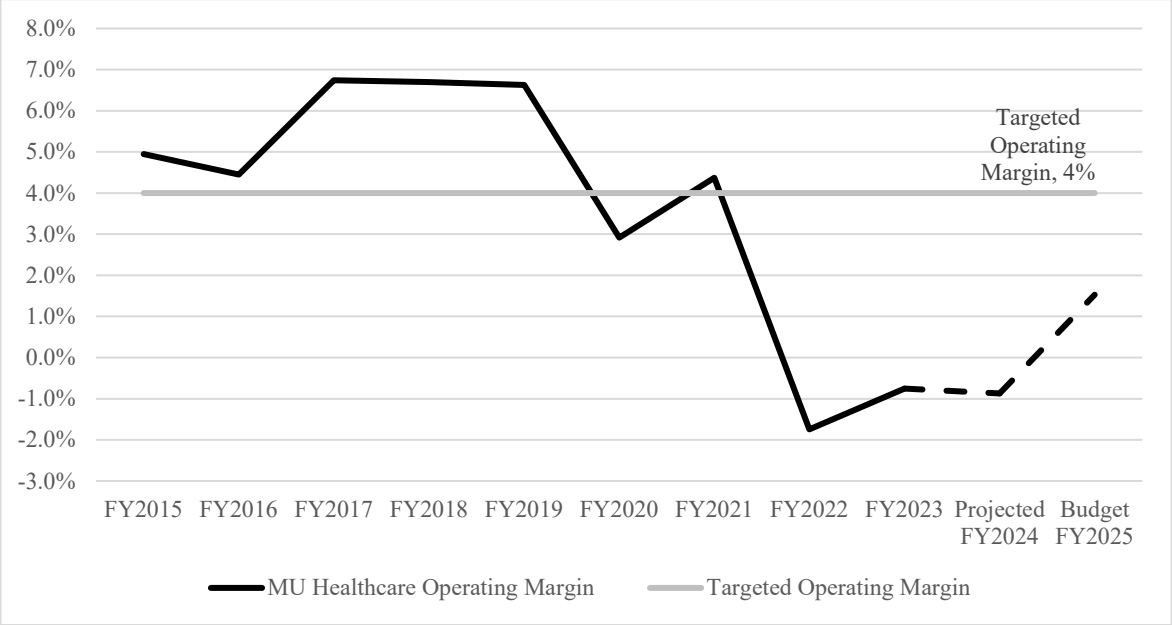
Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP – Unaudited

Line No.		Actuals FY2023	Projected FY2024	Budget FY 2025	% Change FY2024-25
	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	Grants and Contracts	90	87	16	-82%
7	Auxiliary Enterprises	34,994	40,313	28,953	-28%
8	Patient Medical Services Net	1,594,462	1,718,294	1,822,786	6%
9	Other Operating Revenues	764	1,089	438	-60%
10	State Appropriations	-	-	-	0%
11	Federal Appropriations	-	-	-	0%
12	Private Gifts	1,990	1,265	958	-24%
13	Spendable Investment Income	-	-	-	0%
14	**Total Operating Revenues**	**1,632,300**	**1,761,048**	**1,853,151**	**5%**
	Operating Expenses				
15	Salaries and Wages	571,083	615,844	608,484	-1%
16	Benefits	144,841	171,657	184,780	8%
17	Supplies, Services and Other Operating Expenses	819,752	867,222	904,538	4%
18	Depreciation	91,740	98,970	104,213	5%
19	Interest Expense	17,172	22,707	22,809	0%
20	**Total Operating Expenses**	**1,644,588**	**1,776,400**	**1,824,825**	**3%**
21	**Net Operating Income**	**(12,288)**	**(15,352)**	**28,326**	**-285%**
22	**Net Operating Margin**	**-0.8%**	**-0.9%**	**1.5%**	
	Nonoperating Revenues (Expenses)				
23	Investment Income (Losses), Net of Fees	8,459	15,108	19,105	26%
24	Spendable Investment Income	-	-	-	0%
25	Other Nonoperating Revenues (Expenses)	19,997	9,375	-	-100%
26	Capital Appropriations and Grants	-	-		0%
27	Capital Gifts	587	466	703	51%
28	Private Gifts for Endowment Purposes	-	10	20	99%
29	Mandatory Transfers	-	-	-	0%
30	Non-Mandatory Transfers	(20,131)	(13,449)	(3,003)	-78%
31	**Net Nonoperating Revenues (Expenses)**	**8,912**	**11,510**	**16,825**	**46%**
32	**Increase in Net Position**	**(3,376)**	**(3,842)**	**45,151**	
33	**Net Position, Beginning of Year**	**1,123,303**	**1,120,005**	**1,116,163**	
34	Cumulative Effect of Change in Accounting Principle	78	-		
35	**Net Position, Beginning of Year, Adjusted**	**1,123,381**	**1,120,005**	**1,116,163**	
36	**Net Position, End of Period**	**$ 1,120,005**	**$ 1,116,163**	**$ 1,161,314**	

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. Additionally, $15 million in support provided to MU SOM was included in Supplies, Services

and Other Operating Expense (Line 17) this amount was previously presented in Non-Mandatory Transfers (Line 30). This movement is between MU and MU Healthcare and does not impact consolidated financial statements. The presentation aligns with targets set during the financial plan.

Figure 6: MU Healthcare Operating Margin



Note: Operating margin includes CRMC across all years and adjustment for academic support provided to MU. Previous target excluded these two impacts and was set at 7%.

MU Healthcare's operating performance hit a low in FY2022 as cost increases outpaced available revenue. Much of the cost increase reflected labor challenges in clinical staffing, as nursing agency contract rates during the pandemic increased. Drug cost increases from changes to the 340b program further reduced operating income. Prior to this decline, MU Healthcare's operating margin from FY2015-FY2021 averaged 5.3%. The operating margin target for MU Healthcare was adjusted during the 2024 planning cycle to reflect changes in capital and growth plans that could be sustained with a 4% margin.

MUHC							
Key Financial Trends							
	FY2019	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024 Projection**	**FY2025 Budget**
Operating Margin	6.6%	2.9%	4.4%	-1.7%	-0.8%	-0.9%	1.5%
Days Cash on Hand	193	183	172	148	139	117	126
Spendable Cash to Debt	2.00	1.71	1.82	1.50	1.09	0.93	1.11

MU Healthcare's operating performance improved in FY2023 and is projected to remain close to FY2024 performance. Cash balances throughout 2024 for MU Healthcare have continued to fall due to lower operating performance and capital investment in the new Children's Tower. The FY2025 budget will improve cash position with the achievement of operating performance improvements and lower capital spending.

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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 19: UM System Administration FY2025 Budget (Dollars in Thousands)

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

Line No.		Actuals FY2023	Projected FY2024	Budget FY 2025	% Change FY2024-25
	Operating Revenues				
1	Tuition and Fees	$ -	$ -	$ -	0%
2	Less Scholarship Allowances	23	75	20	-73%
3	Net Tuition and Fees	(23)	(75)	(20)	-73%
4	Federal Pell Grants	-	-	-	0%
5	Government Scholarship Funding	-	-	-	0%
6	Grants and Contracts	1,506	23	-	-100%
7	Auxiliary Enterprises	22,461	21,467	21,656	1%
8	Patient Medical Services Net	-	-	-	0%
9	Other Operating Revenues	13,993	6,634	8,007	21%
10	State Appropriations	-	-	-	0%
11	Federal Appropriations	-	-	-	0%
12	Private Gifts	126	108	126	17%
13	Spendable Investment Income	4,768	4,940	5,086	3%
14	**Total Operating Revenues**	**42,831**	**33,097**	**34,854**	**5%**
	Operating Expenses				
15	Salaries and Wages	41,407	46,345	48,046	4%
16	Benefits	14,059	16,347	17,760	9%
17	Supplies, Services and Other Operating Expenses	(31,751)	(36,978)	(38,572)	4%
18	Depreciation	6,189	5,654	6,207	10%
19	Interest Expense	363	177	170	-4%
20	**Total Operating Expenses**	**30,267**	**31,545**	**33,610**	**7%**
21	**Net Operating Income**	**12,564**	**1,552**	**1,244**	**-20%**
22	**Net Operating Margin**	**29.3%**	**4.7%**	**3.6%**	
	Nonoperating Revenues (Expenses)				
23	Investment Income (Losses), Net of Fees	7,086	7,729	7,625	-1%
24	Spendable Investment Income	(4,768)	(4,940)	(5,086)	3%
25	Other Nonoperating Revenues (Expenses)	(56)	249	0	-100%
26	Capital Appropriations and Grants	-	-	-	0%
27	Capital Gifts	-	-	-	0%
28	Private Gifts for Endowment Purposes	6	2	-	0%
29	Mandatory Transfers	-	-	-	0%
30	Non-Mandatory Transfers	(19,427)	79	(970)	-1327%
31	**Net Nonoperating Revenues (Expenses)**	**(17,159)**	**3,119**	**1,570**	**-50%**
32	**Increase in Net Position**	**(4,595)**	**4,671**	**2,814**	
33	**Net Position, Beginning of Year**	**223,347**	**218,803**	**223,474**	
34	Cumulative Effect of Change in Accounting Principle	51	-		
35	**Net Position, Beginning of Year, Adjusted**	**223,398**	**218,803**	**223,474**	
36	**Net Position, End of Period**	**$ 218,803**	**$ 223,474**	**$ 226,288**	

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 FY2025. In total, the rest System Administration's budget expenses grew in line with overall revenue growth and includes a 2% performance-based market and merit raise pool. The increases in salaries and wages represent a combination of increases from the onboarding of CRMC together with cost reduction measures to manage overhead growth, including position eliminations. The negative $38.6 million in Supplies, Services, and Other represents the charges to the operating units for the System services.

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. In total, there is over $400 million in self-insurance activity between benefits and insurance programs. The impact on the margin will fluctuate due to the actual cost of medical and insurance claims which the University self-insures. The budgeted $10.9 million operating loss is an expected one-time item where benefit costs for FY2025 will exceed amounts collected from the universities. Rates will be adjusted for FY2026 to achieve balanced performance. The non-operating revenues (expenses) reflect the impact on benefit liabilities, which will continue to affect contributions and benefit charges to the operating units on a forward basis.

Schedule 20: University-wide Units FY2025 Budget (Dollars in Thousands)

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

Line No.		Actuals FY2023	Projected FY2024	Budget FY 2025	% Change FY2024-25
	Operating Revenues				
1	Tuition and Fees	$ -	$ -	$ -	0%
2	Less Scholarship Allowances	19	33	33	0%
3	Net Tuition and Fees	(19)	(33)	(33)	0%
4	Federal Pell Grants	-	-	-	0%
5	Government Scholarship Funding	-	-	-	0%
6	Grants and Contracts	-	-	-	0%
7	Auxiliary Enterprises	-	-	-	0%
8	Patient Medical Services Net	-	-	-	0%
9	Other Operating Revenues	3,147	1,671	(128)	-108%
10	State Appropriations	9,467	7,818	7,818	0%
11	Federal Appropriations	9,809	9,479	9,354	0%
12	Private Gifts	2	2	2	-25%
13	Spendable Investment Income	(9,467)	(7,818)	(7,818)	0%
14	**Total Operating Revenues**	**12,939**	**11,119**	**9,194**	**-17%**
	Operating Expenses				
15	Salaries and Wages	349	(1,421)	6	-100%
16	Benefits	(12,521)	(4,357)	1	-100%
17	Supplies, Services and Other Operating Expenses	8,598	20,798	17,256	-17%
18	Depreciation	-	-	-	0%
19	Interest Expense	4,818	(1,964)	2,906	-248%
20	**Total Operating Expenses**	**1,244**	**13,056**	**20,169**	**54%**
21	**Net Operating Income**	**11,695**	**(1,937)**	**(10,975)**	**467%**
22	**Net Operating Margin**	**90.4%**	**-17.4%**	**-119.4%**	
	Nonoperating Revenues (Expenses)				
23	Investment Income (Losses), Net of Fees	69,129	163,389	45,122	-72%
24	Spendable Investment Income	9,467	7,818	7,818	0%
25	Other Nonoperating Revenues (Expenses)	(271)	-	-	0%
26	Capital Appropriations and Grants	-	-	-	0%
27	Capital Gifts	-	-	-	0%
28	Private Gifts for Endowment Purposes	2	-	1	100%
29	Pension and OPEB Impact on Income Statement	(68,390)	(63,452)	(5,159)	-92%
30	Mandatory Transfers	(240)	-	-	0%
31	Non-Mandatory Transfers	(11,811)	189	-	-100%
32	**Net Nonoperating Revenues (Expenses)**	**(2,114)**	**107,944**	**47,782**	**-56%**
33	**Increase in Net Position**	**9,581**	**106,007**	**36,807**	
34	**Net Position, Beginning of Year**	**(441,820)**	**(432,239)**	**(326,232)**	
35	Cumulative Effect of Change in Accounting Principle	-	-		
36	**Net Position, Beginning of Year, Adjusted**	**(441,820)**	**(432,239)**	**(326,232)**	
37	**Net Position, End of Period**	**$ (432,239)**	**$ (326,232)**	**$ (289,425)**	

University of Missouri Budget Planning: FY25 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	$ 1,111	$ 5	$ -	$ -	$ 1	$ 1,117	$ -	$ 1,117
Less: Scholarship Allowances	$ (324)	$ 0	$ -	-	(162)	(486)	-	(486)
Net Student Fees	$ 787	$ 5	$ -	$ -	$ (161)	$ 631	$ -	$ 631
Federal Pell Grants	-	-	-	-	59	59	-	59
Government Scholarship Funding	-	-	-	-	34	34	-	34
Grants and Contracts	-	-	-	-	568	568	0	568
Sales & Services & Patient Revenue	24	3	523	2,285	0	2,836	-	2,836
Other Operating Revenues	147	3	-	-	(86)	64	4	68
State Appropriations	497	-	-	-	5	502	-	502
Federal Appropriations	-	-	-	-	19	19	9	28
Gift Income	-	-	21	0	70	91	1	92
Endowment & Investment Income	54	-	-	-	70	124	-	124
Total Operating Revenues	$ 1,509	$ 11	$ 543	$ 2,285	$ 578	$ 4,926	$ 14	$ 4,939
Operating Expenditures								
Salaries & Wages	$ 791	$ 53	$ 166	$ 1,013	$ 257	$ 2,281	(0)	$ 2,281
Employee Benefits	$ 263	22	57	289	76	707	(0)	707
Total Compensation	$ 1,055	$ 75	$ 223	$ 1,302	$ 334	$ 2,988	$ (0)	$ 2,987
Supplies Service and Other Operating Expenses	259	(72)	238	858	211	1,493	26	1,519
Depreciation	-	-	-	-	-	-	292	292
Interest Expense	12	4	29	-	-	45	26	71
Total Operating Expenditures	$ 1,325	$ 7	$ 489	$ 2,159	$ 544	$ 4,526	$ 343	$ 4,869
Net Operating Income	$ 183	$ 4	$ 54	$ 125	$ 33	$ 400	$ (330)	$ 70
Nonoperating Revenue (Expense)								
Investment Income (Losses), Net of Fees	$ 54	$ 40	$ 0	$ 19	$ 72	$ 185	62	$ 248
Endowment/General Pool Distribution	(54)	-	-	-	(70)	(124)	-	(124)
Capital Expense & Offset	(34)	(0)	(4)	(2)	(53)	(93)	93	0
Other Nonoperating Revenues (Expense)	-	-	-	(0)	-	(0)	1	1
State Capital Appropriations	-	-	-	-	207	207	137	344
Capital Gifts and Grants	-	-	-	-	-	-	160	160
Private Gifts for Endowment Purposes	-	-	-	-	-	-	22	22
Pension and OPEB Impact on Income Statement	-	(5)	-	-	-	(5)	-	(5)
Mandatory Transfers (In) Out	(12)	(5)	(56)	(16)	0	(89)	89	-
Non-Mandatory Transfers (In) Out	(1)	(14)	(40)	(8)	(116)	(178)	178	-
Net Nonoperating Revenues (Expense)	$ (47)	$ 15	$ (100)	$ (6)	$ 42	$ (97)	$ 742	$ 645
Change in Net Assets	$ 136	$ 19	$ (46)	$ 119	$ 75	$ 303	$ 412	$ 715

University of Missouri System

Office of Finance

118 University Hall
Columbia, MO 65211

www.umsystem.edu