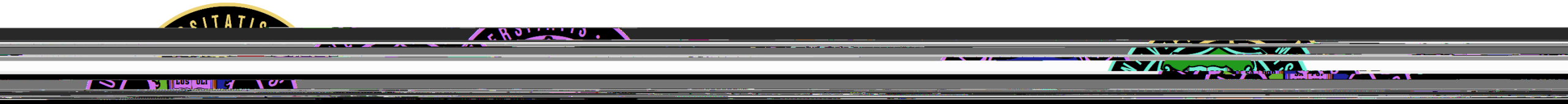
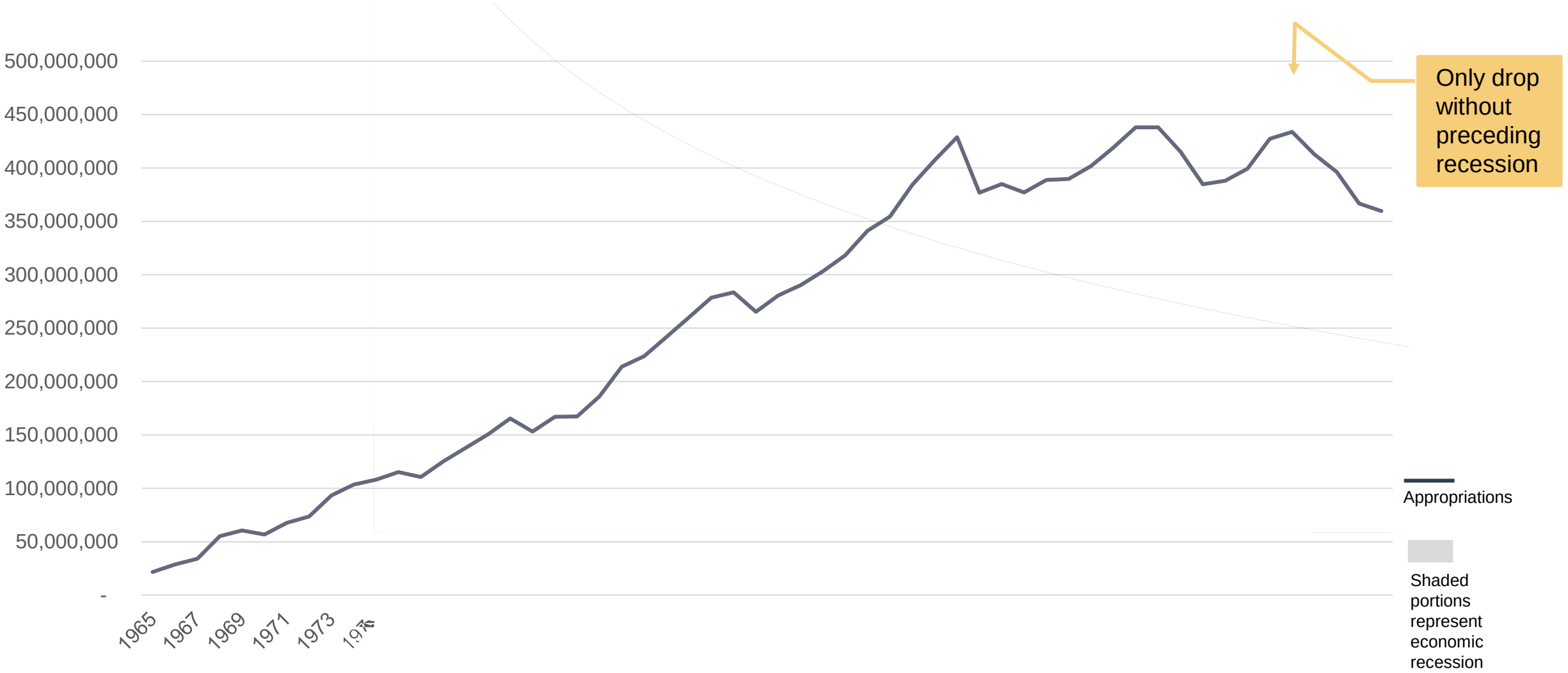
UMKC Financial Status Update

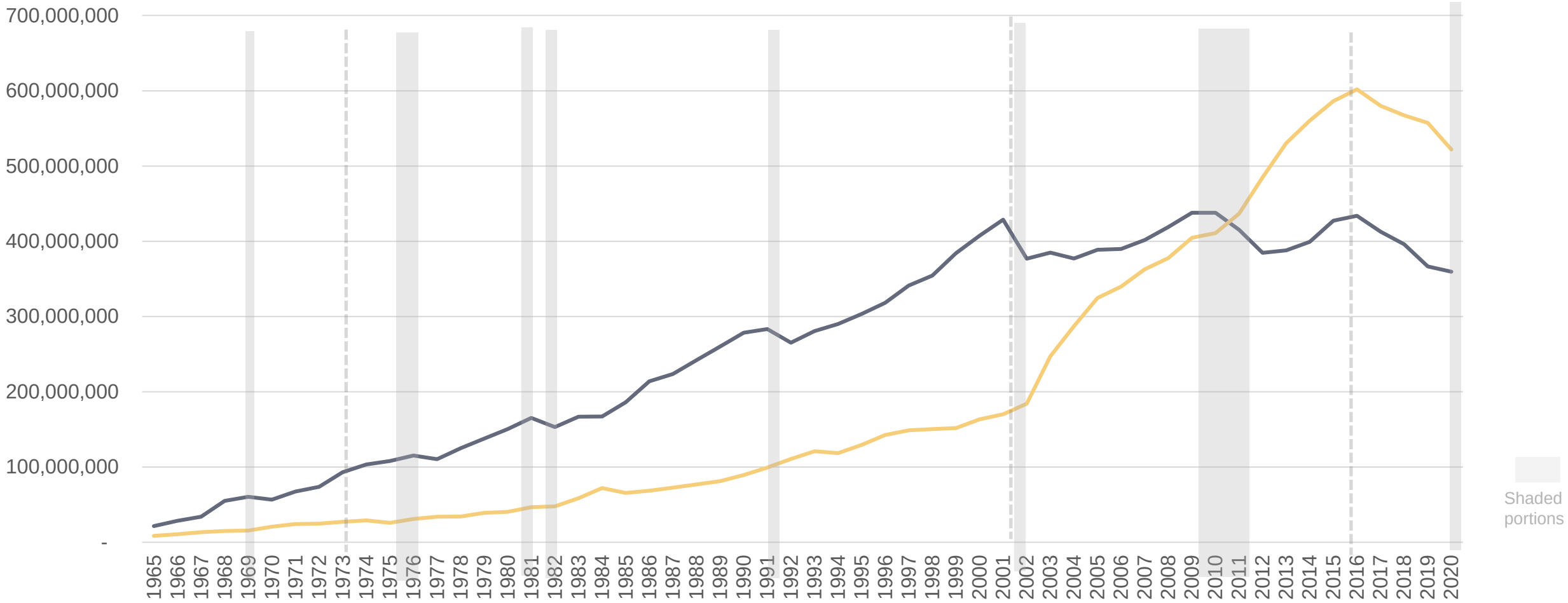


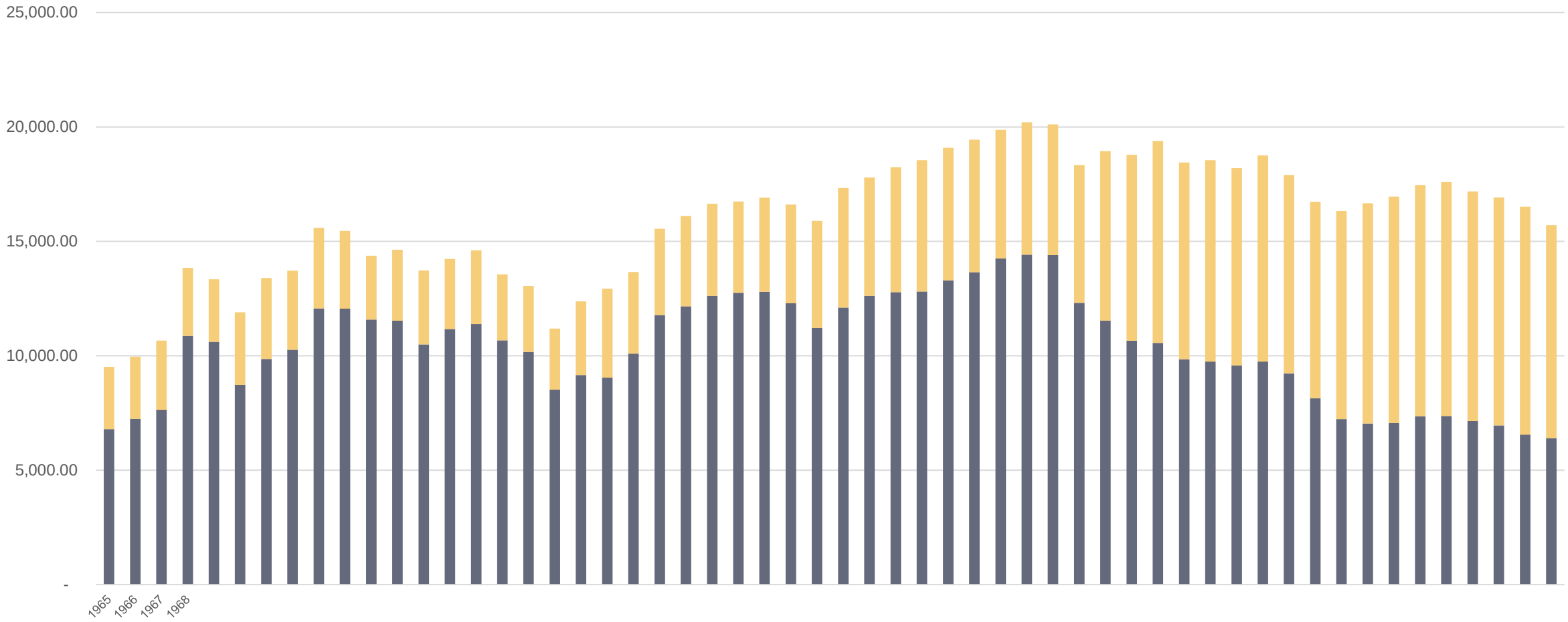
1 Higher Education Funding Environment

State Support is Changing Significantly

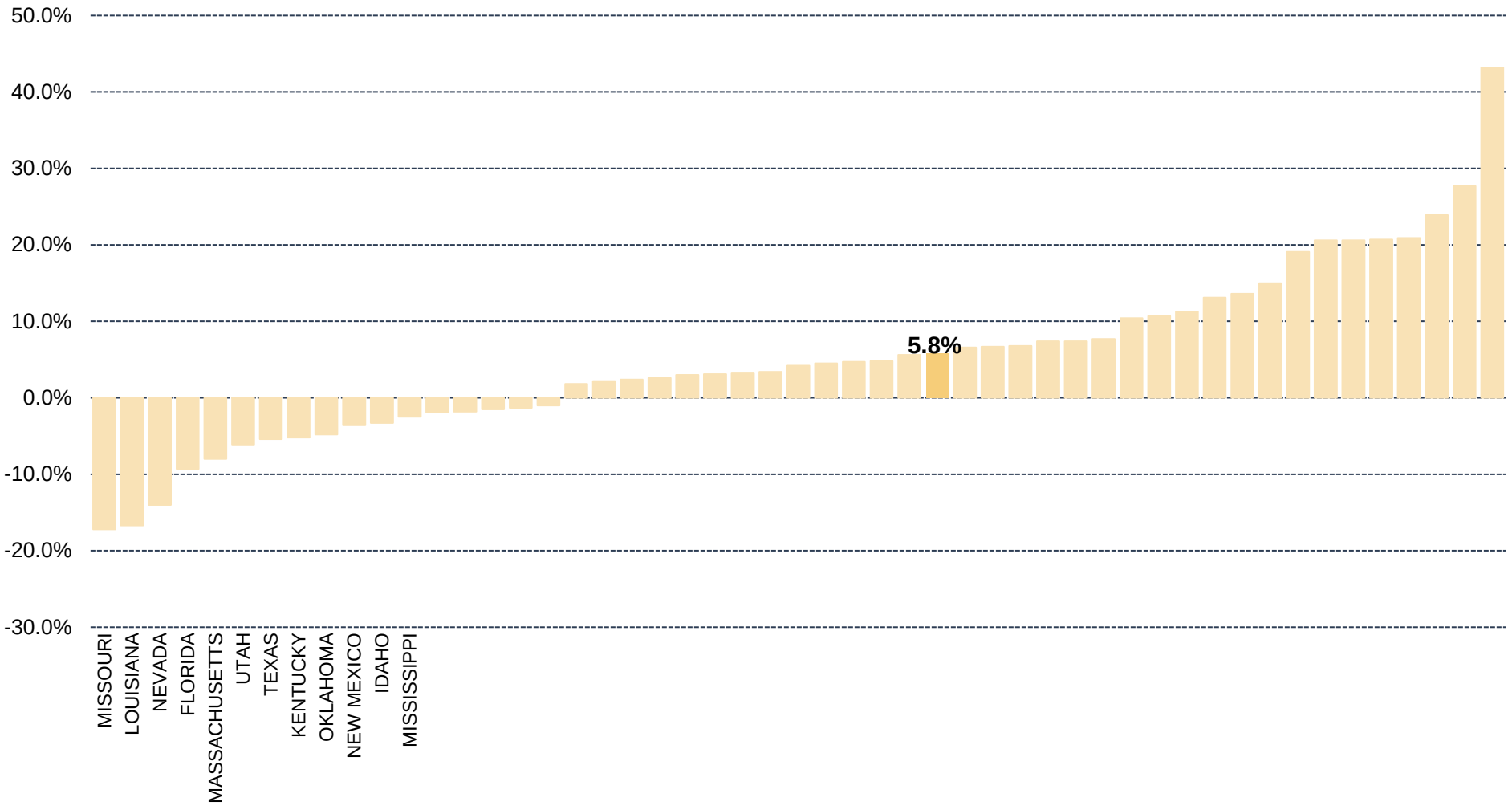


Tuition Replaces State Support as Primary Revenue Source

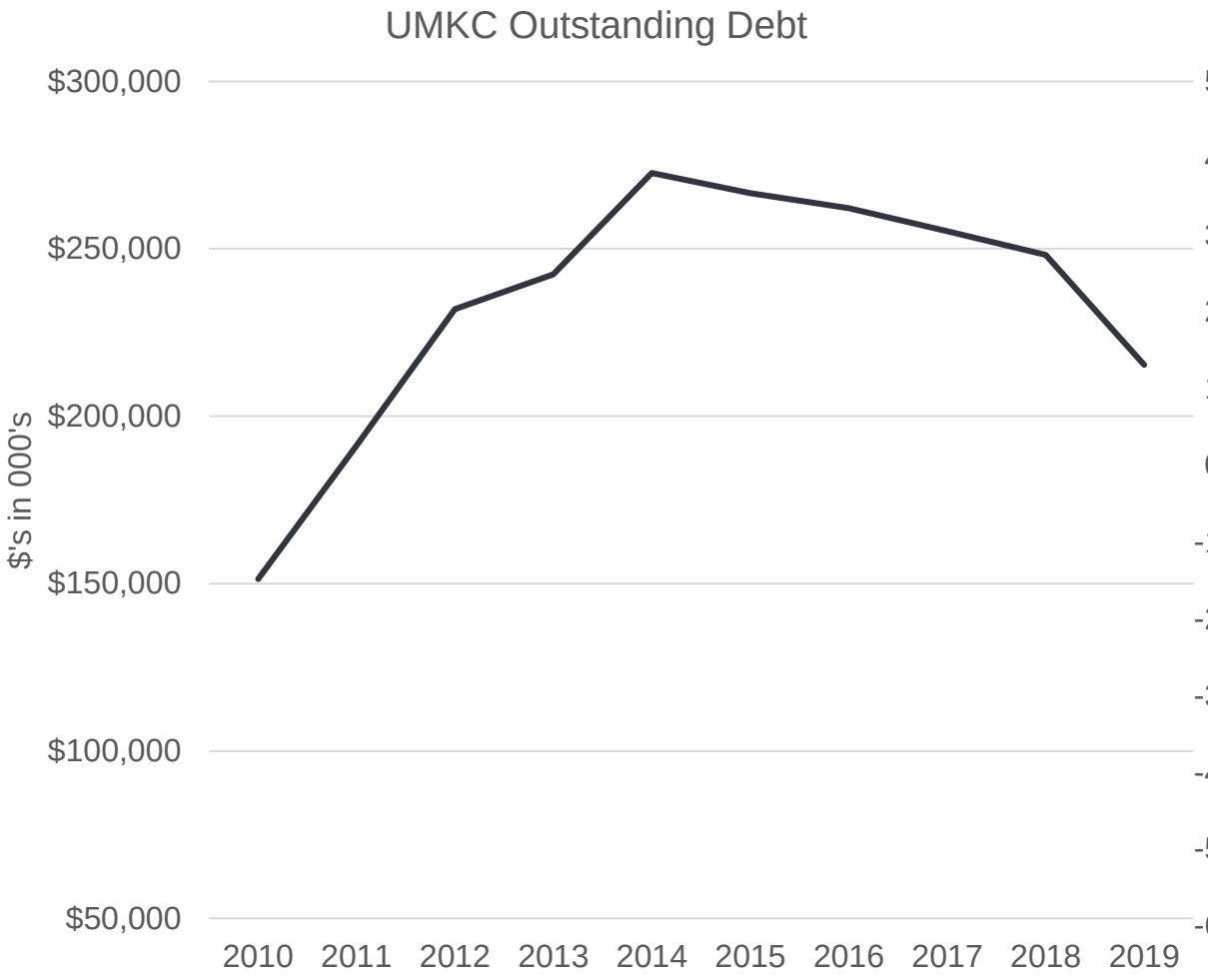


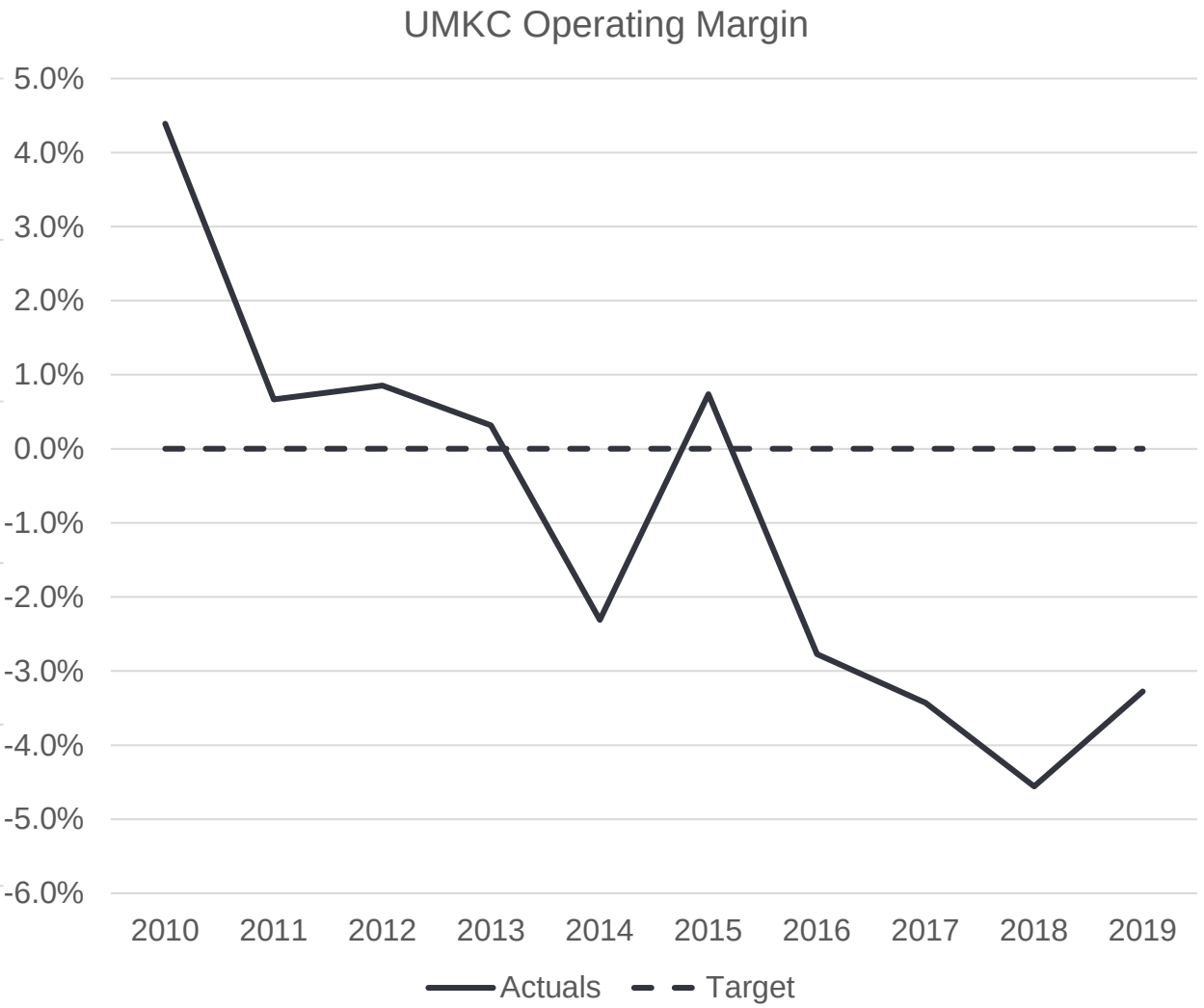

25,000.00
20,000.00
15,000.00
10,000.00
5,000.00
-
1965
1966
1967
1968

Missouri Ranks Last in Revenue per FTE Student Growth Since the Great Recession (through 2017)

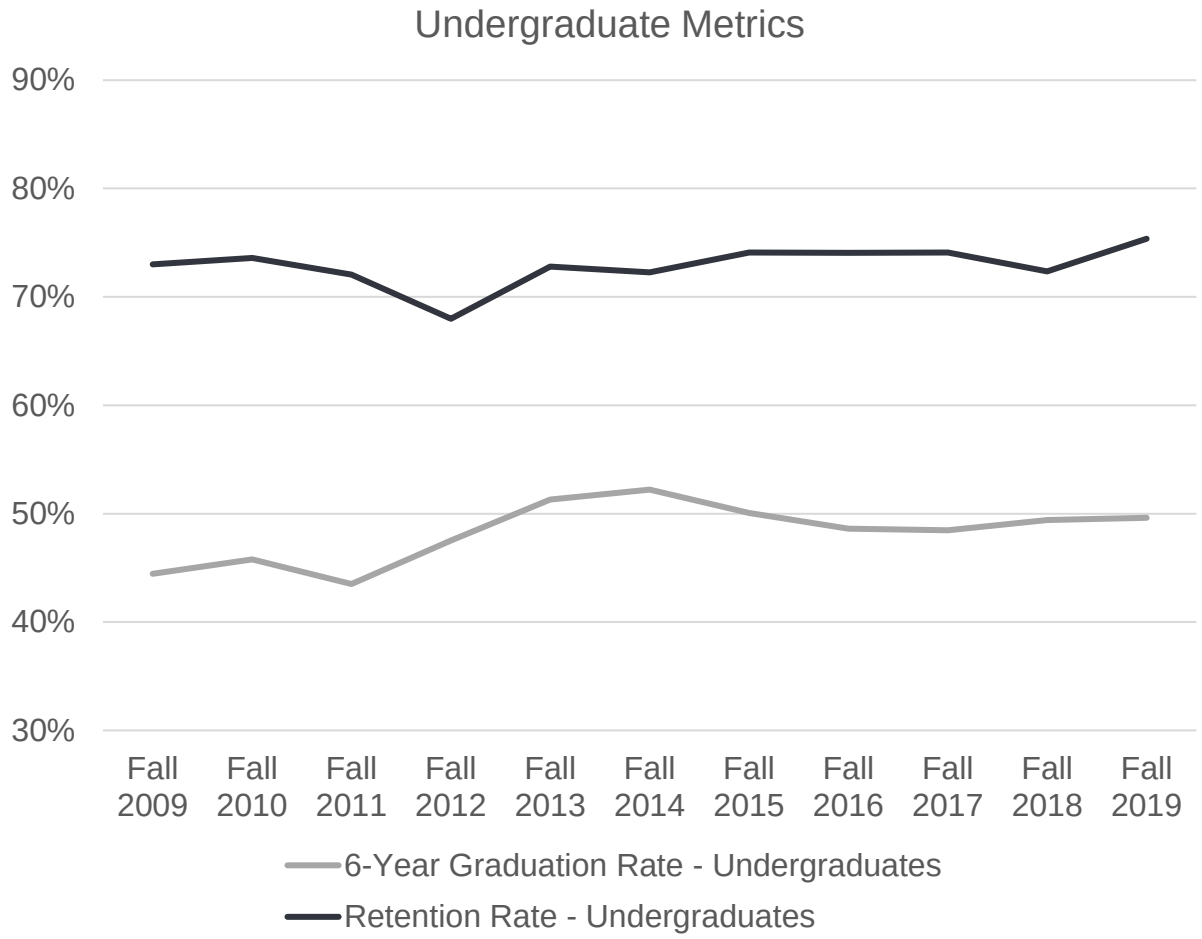


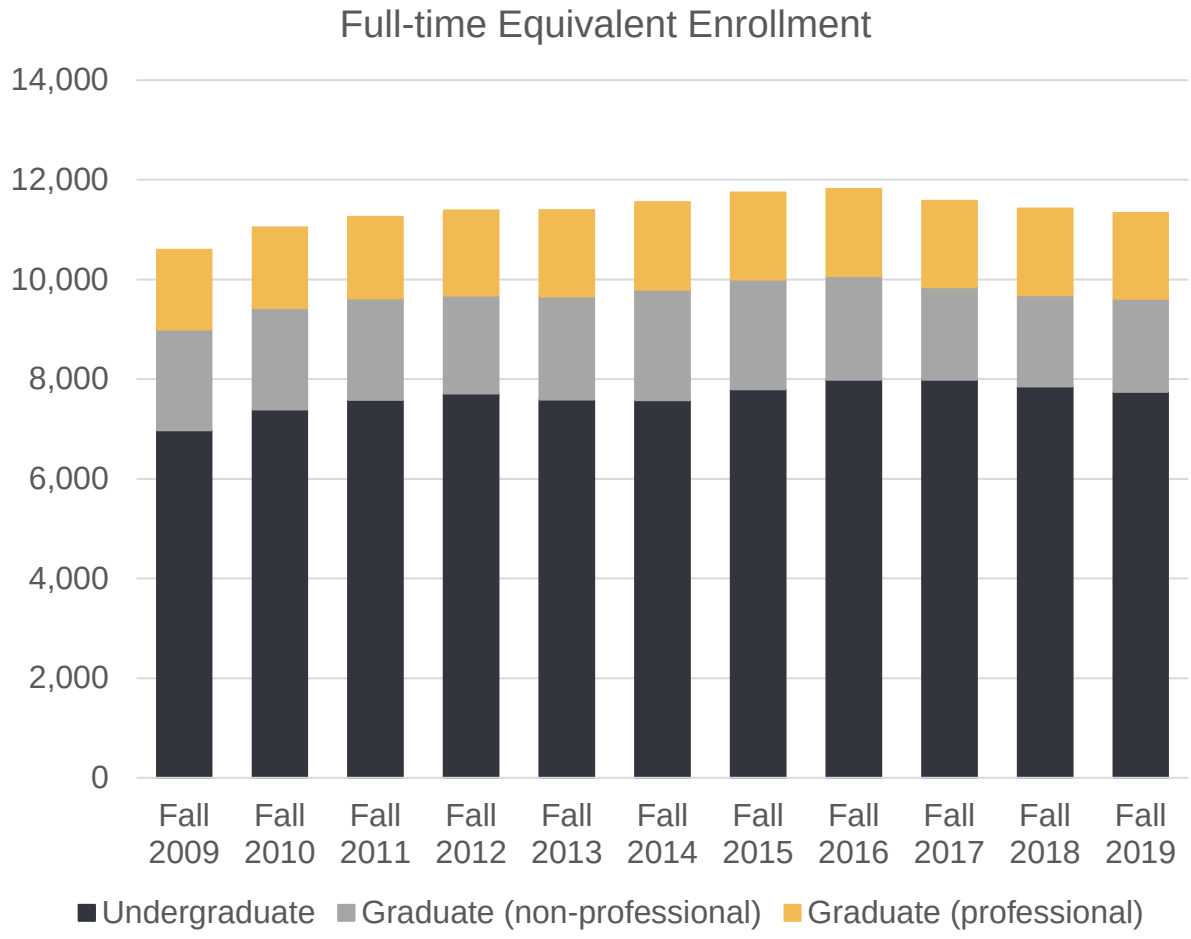
Increasing Debt, Negative Margins





Enrollment grew until 2015, graduation rates improved from 2009-2014, then flattened





The Changing Role of System Administration

Historical Role of System in Resource Allocation

μ

Historical Change in State Appropriations

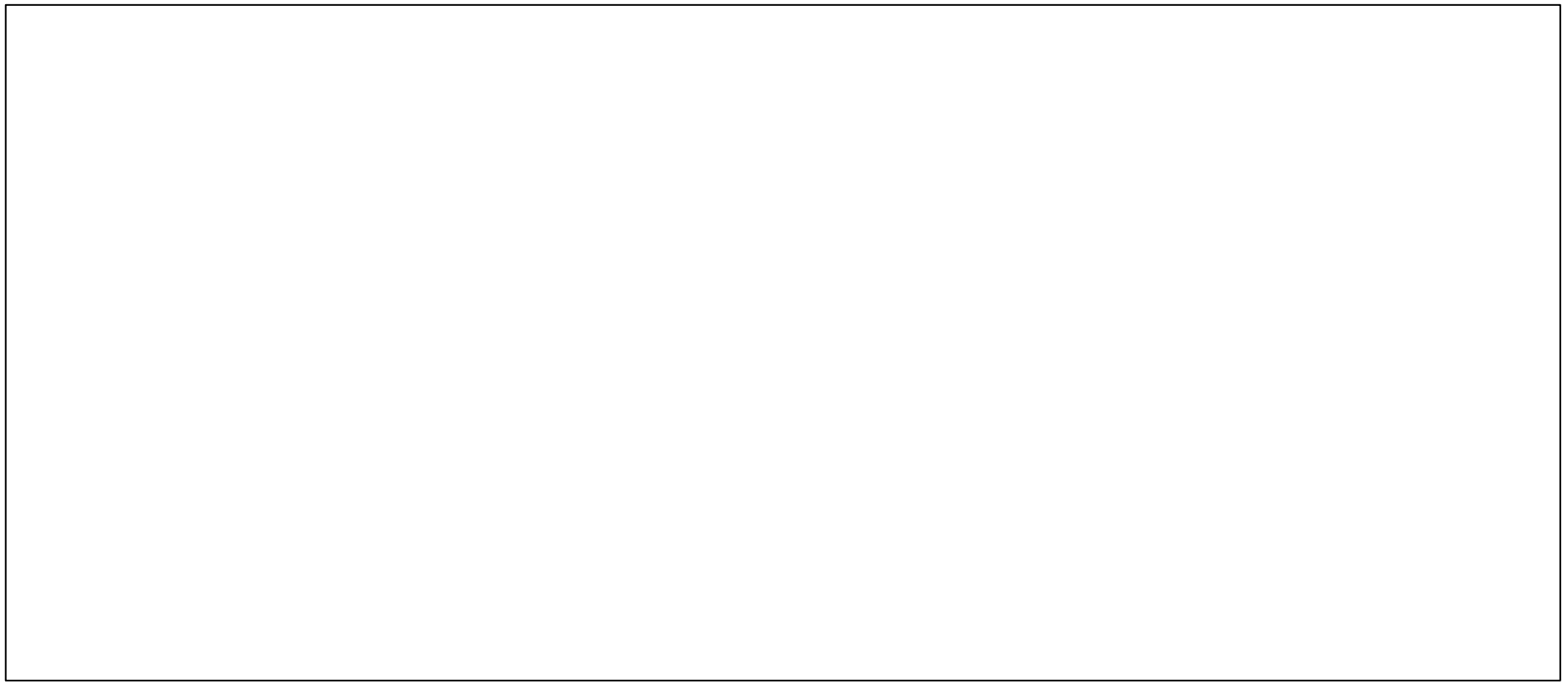
- Appropriations are becoming a smaller part of revenues
- Cuts have been allocated as a pro rata share over the course of history, increases based on priority
- The last three budget years experienced the following reductions:
  - FY2018: $36M in recurring cuts
  - FY2019: $11M in recurring cuts
  - FY2020: $10M increase before $52M withhold

Source: IPEDs, 2002-

System Also Allocates Credit & Investment Earnings

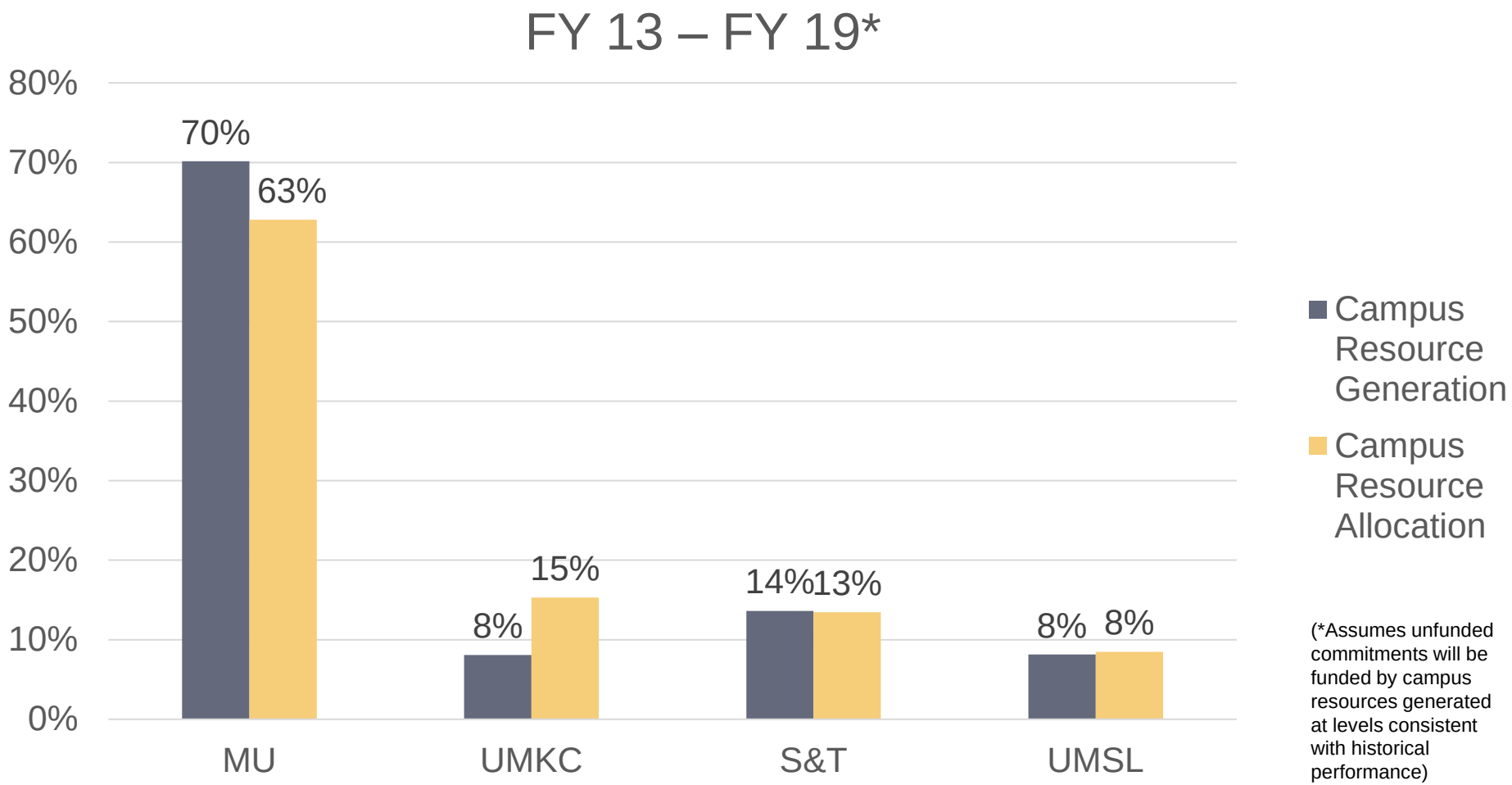
- Board approves any debt funding as a part of the capital investment process, UM System Manages the debt portfolio
- UM System also manages the general pool, which represents the investment of the University's working capital. General pool income funds:
  - A portion of System Admin's Operations
  - Interest on cash balances for business activities and capital
  - A dividend that funded a significant portion of the $260 Million in Missouri Compacts Investments
  - Detail of these allocations follows on the next slide.

Investment & Debt Proceeds are allocated to the campuses by UM



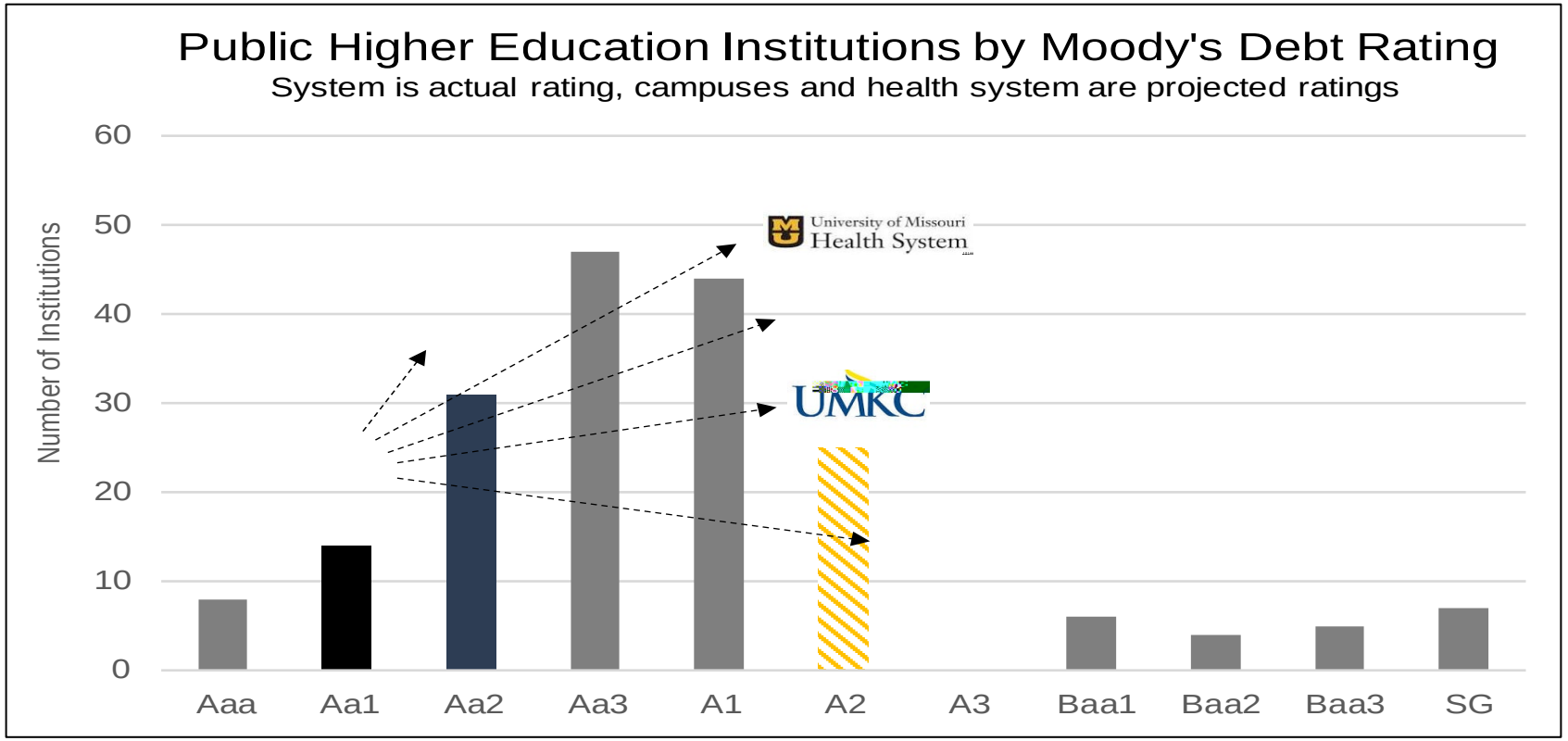
Sources of System Admin funding for the compacts are not recurring in nature and represent drawdowns of prior reserve savings.

Central Bank Allocations Generally Track with Balances that Generated the Resources with Select Exceptions



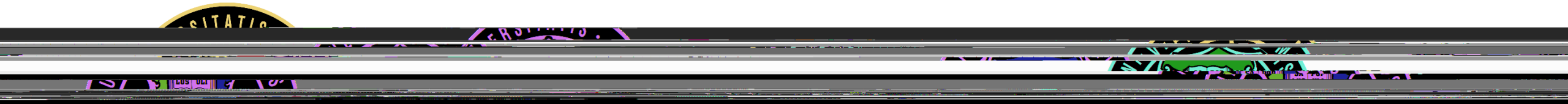
(*Assumes unfunded commitments will be funded by campus resources generated at levels consistent with historical performance)

Remaining Together Leverages Collective Strength and Generates Scale



TheUniversity of Missouri System bond Trading Desk 26 BT 13 Tm [(T4 ((T)-49.571.3)-1w)9T1 1oh1sl (i)3d67T

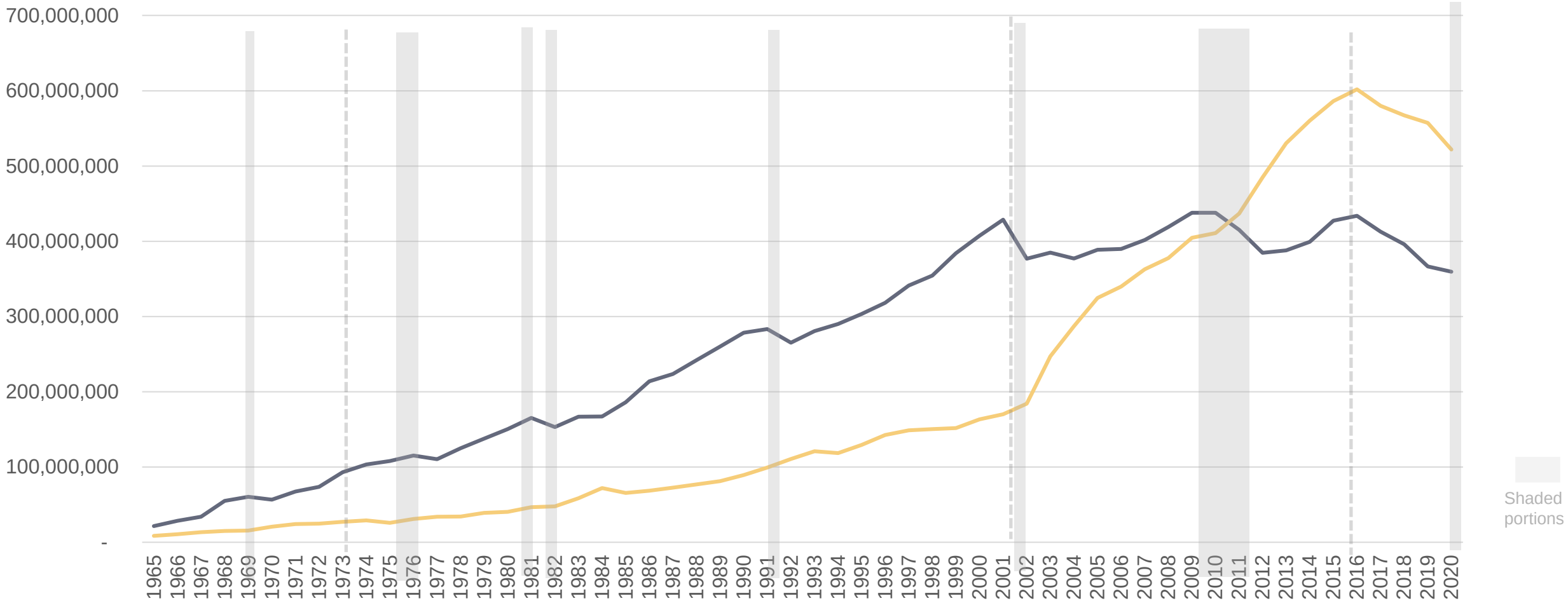
UMSL Financial Status Update

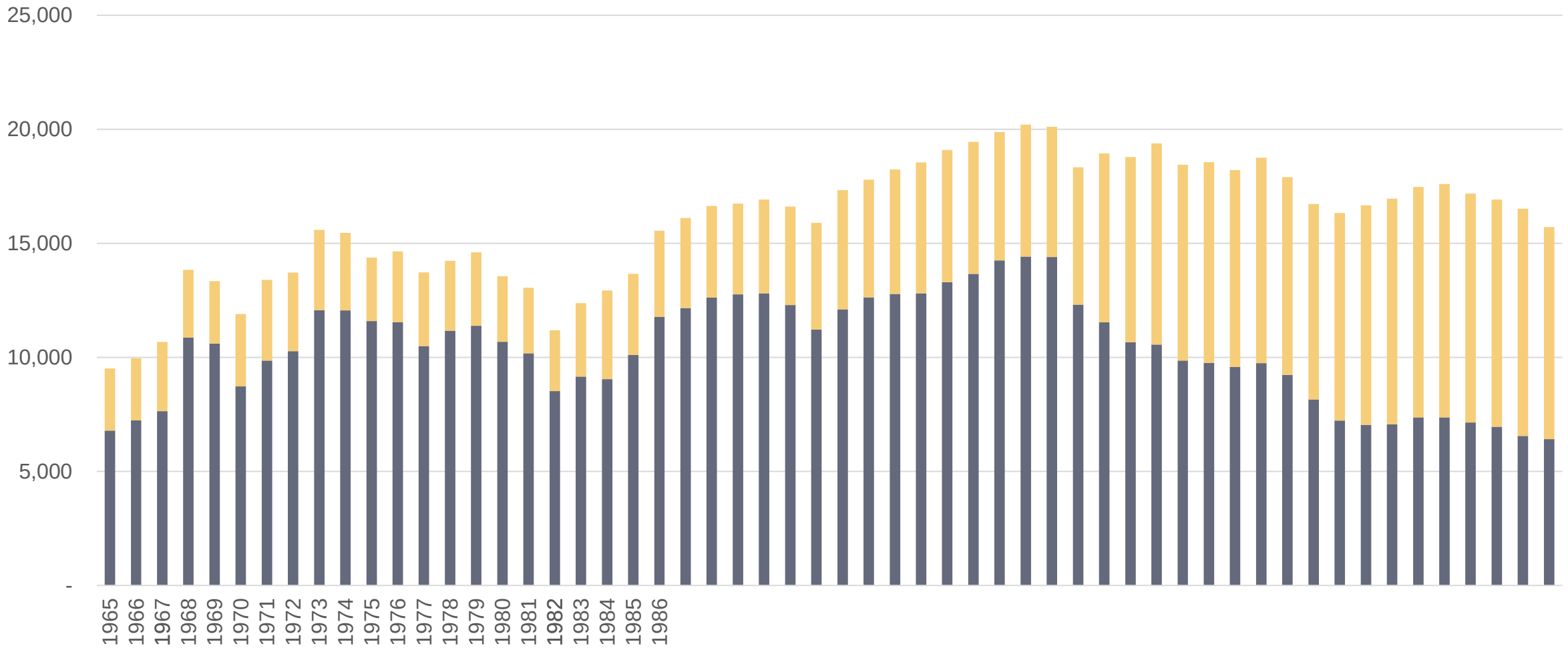


1 Higher Education Funding Environment

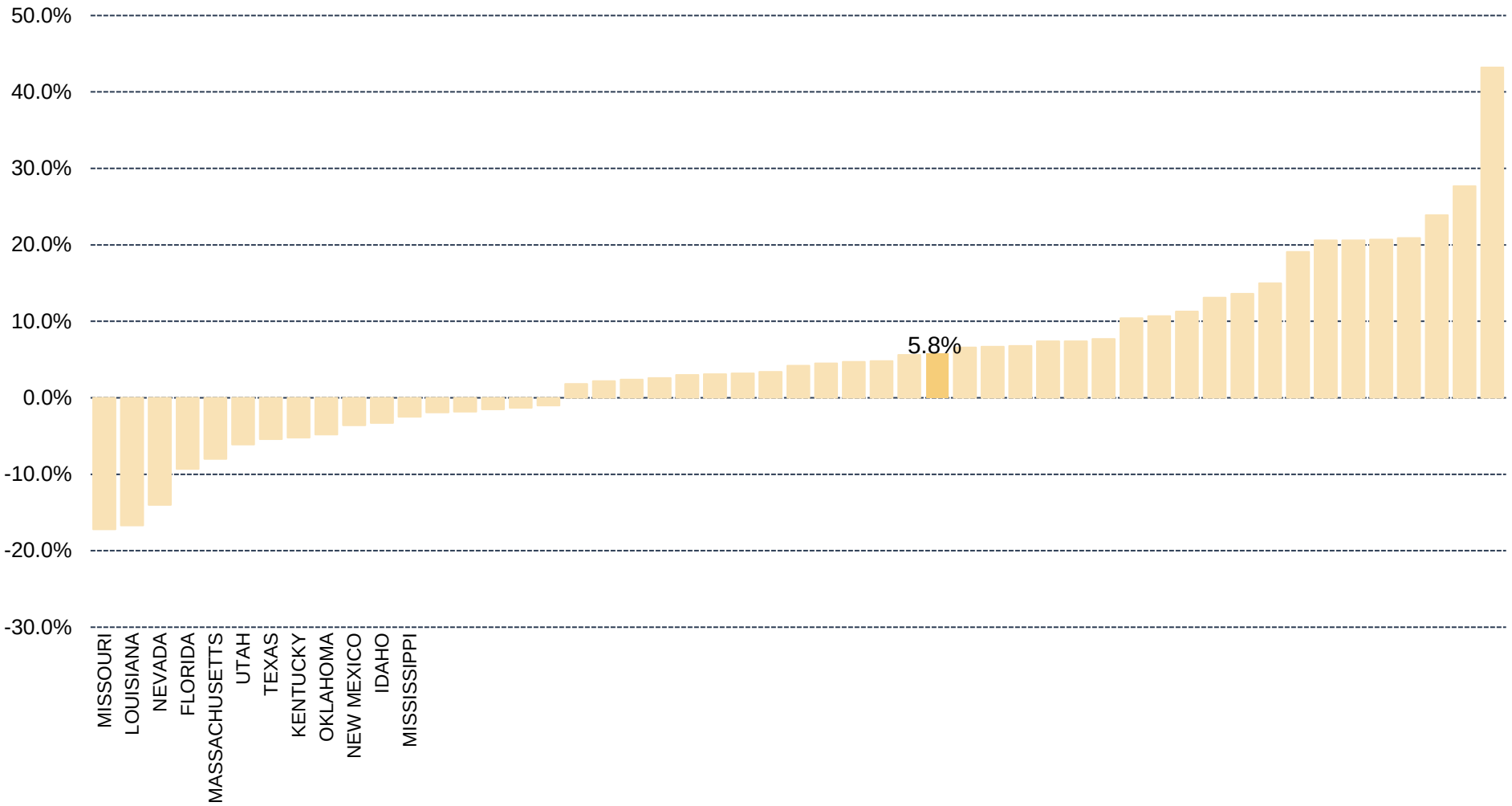
State Support is Changing Significantly

Tuition Replaces State Support as Primary Revenue Source

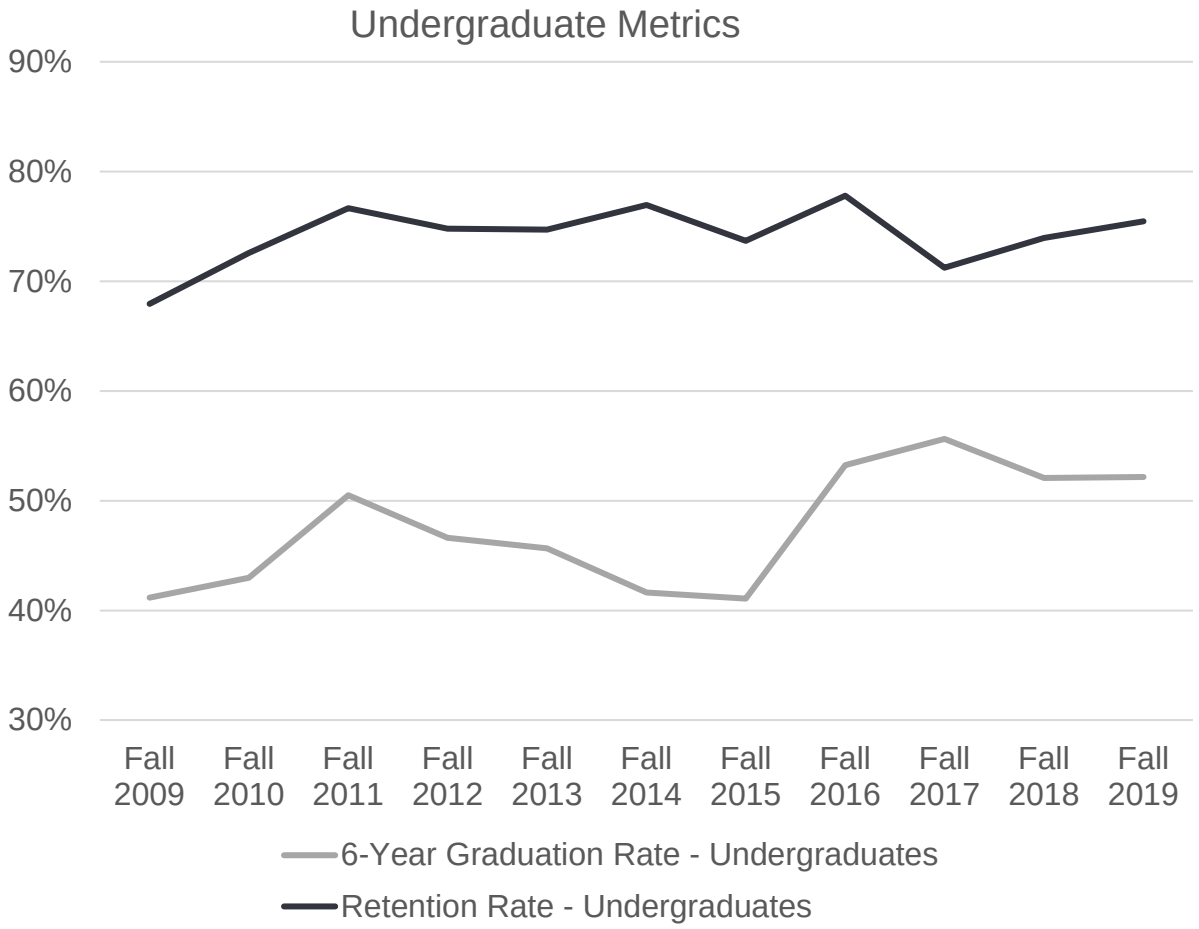


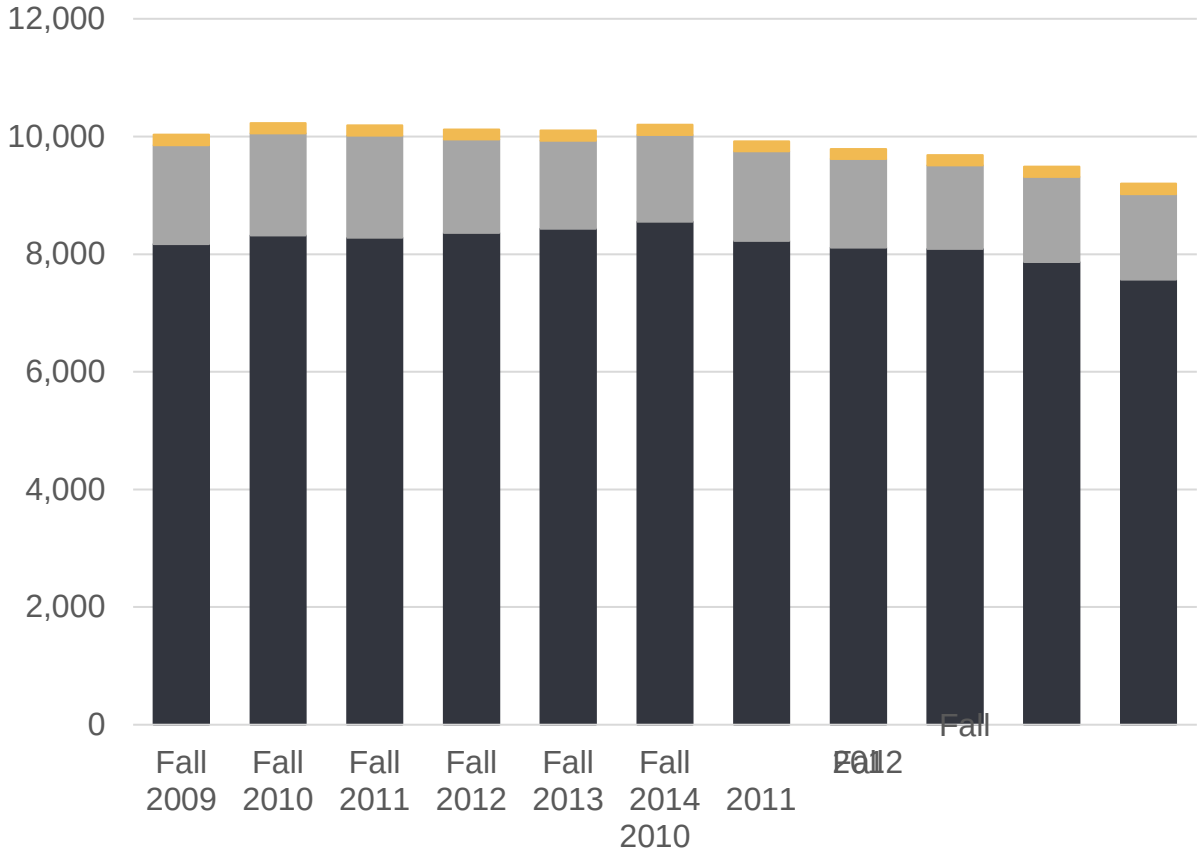

25,000
20,000
15,000
10,000
5,000
-
1965
1966
1967
1968
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985
1986

Missouri Ranks Last in Revenue per FTE Student Growth Since the Great Recession (through 2017)

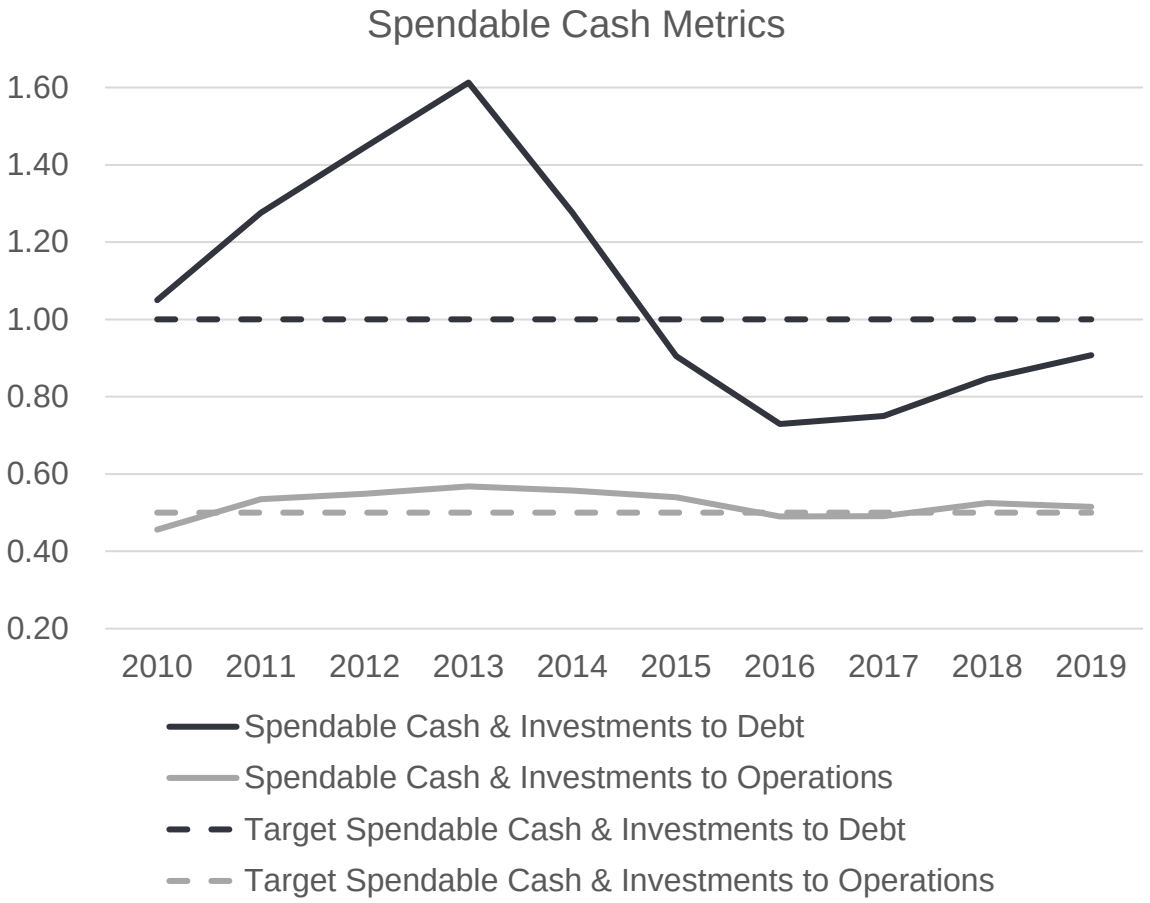


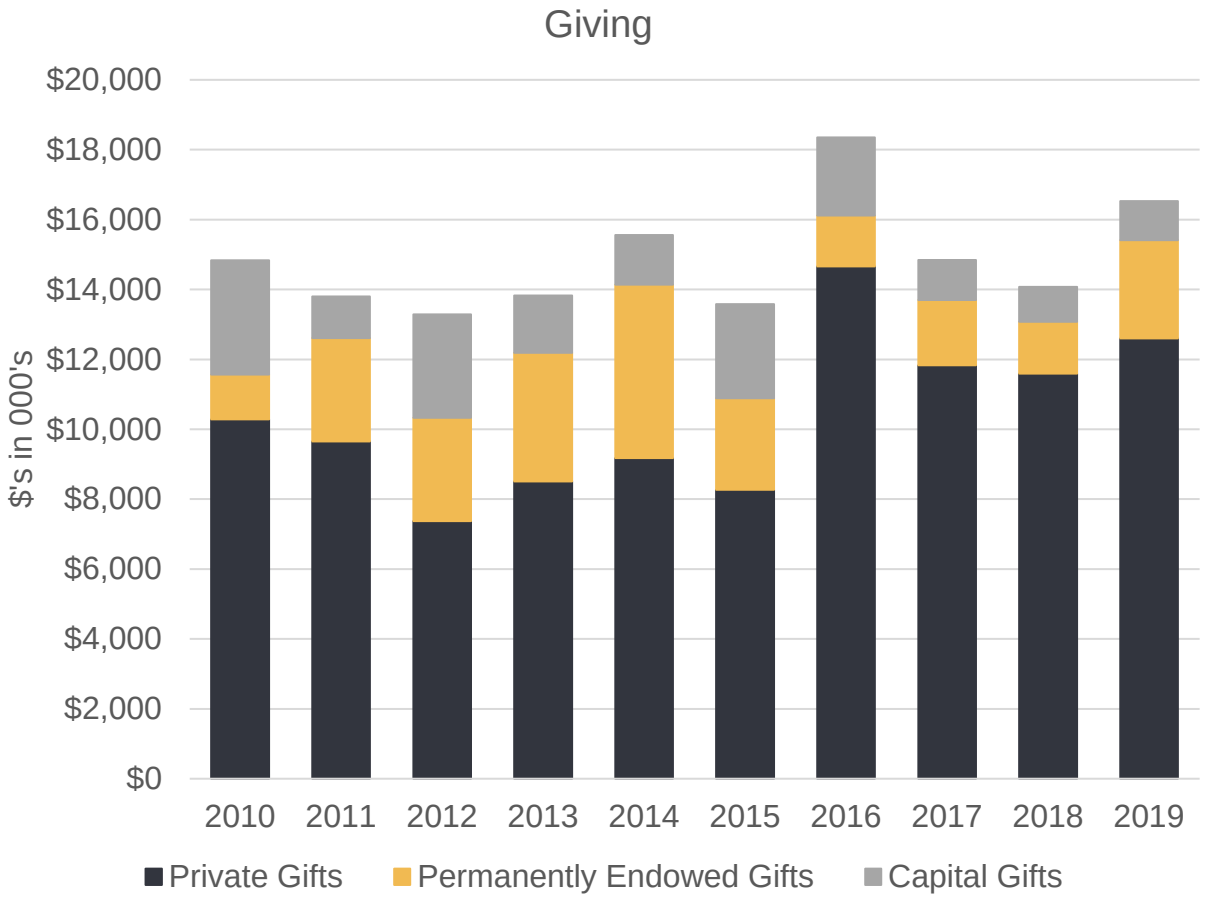
Graduation Improves while Enrollment Declines





Balance sheet leverage increases on increasing debt, giving grows moderately





The Changing Role of System Administration

Historical Role of System in Resource Allocation

μ

Historical Change in State Appropriations

- Appropriations are becoming a smaller part of revenues
- Cuts have been allocated as a pro rata share over the course of history, increases based on priority
- The last three budget years experienced the following reductions:
  - FY2018: $36M in recurring cuts
  - FY2019: $11M in recurring cuts
  - FY2020: $10M increase before $52M withhold

Source: IPEDs, 2002-

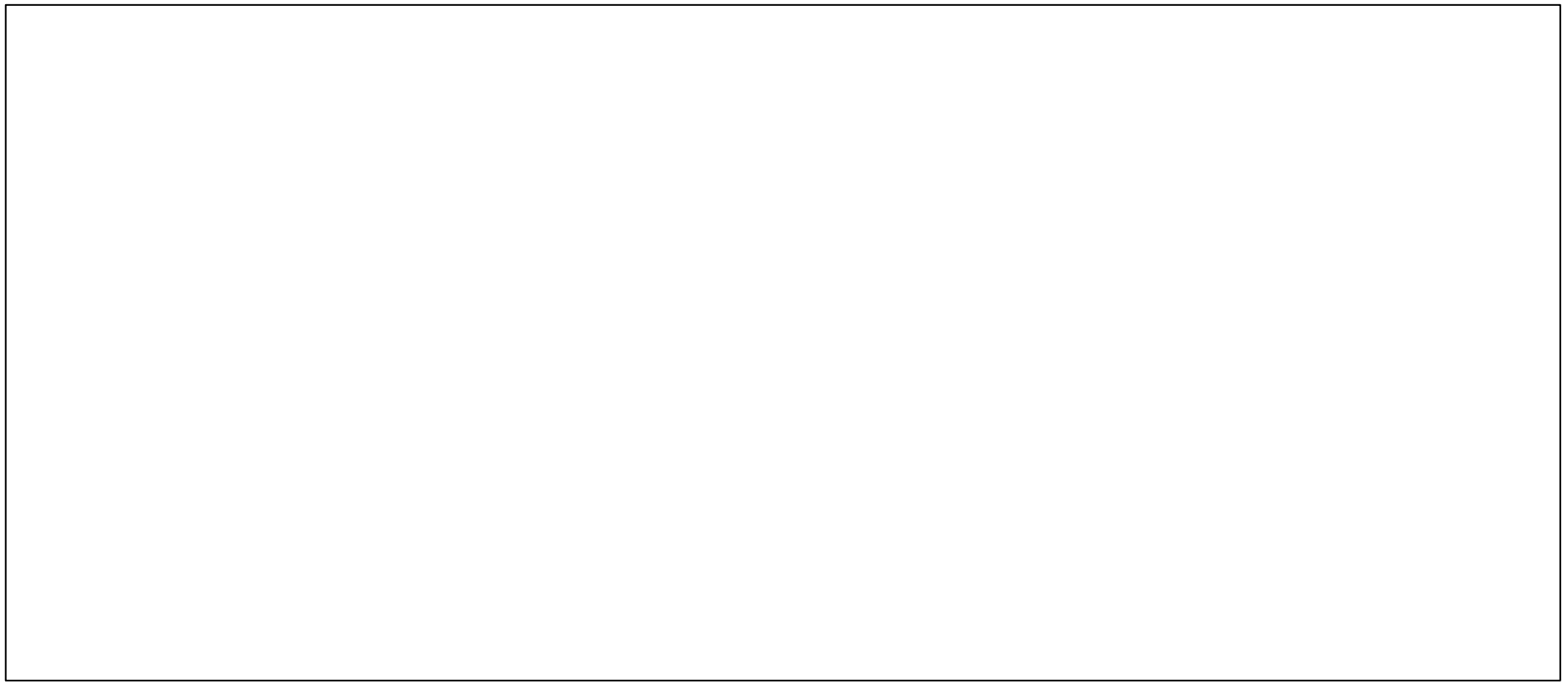
The allocations to UM lag other four years in the state

- Advocacy as a single institution has not been effective since at least 2010
- The gap continues to wide as UM is allocated a larger share of cuts
- Need to change our approach to change the outcome for the betterment of the four universities

System Also Allocates Credit & Investment Earnings

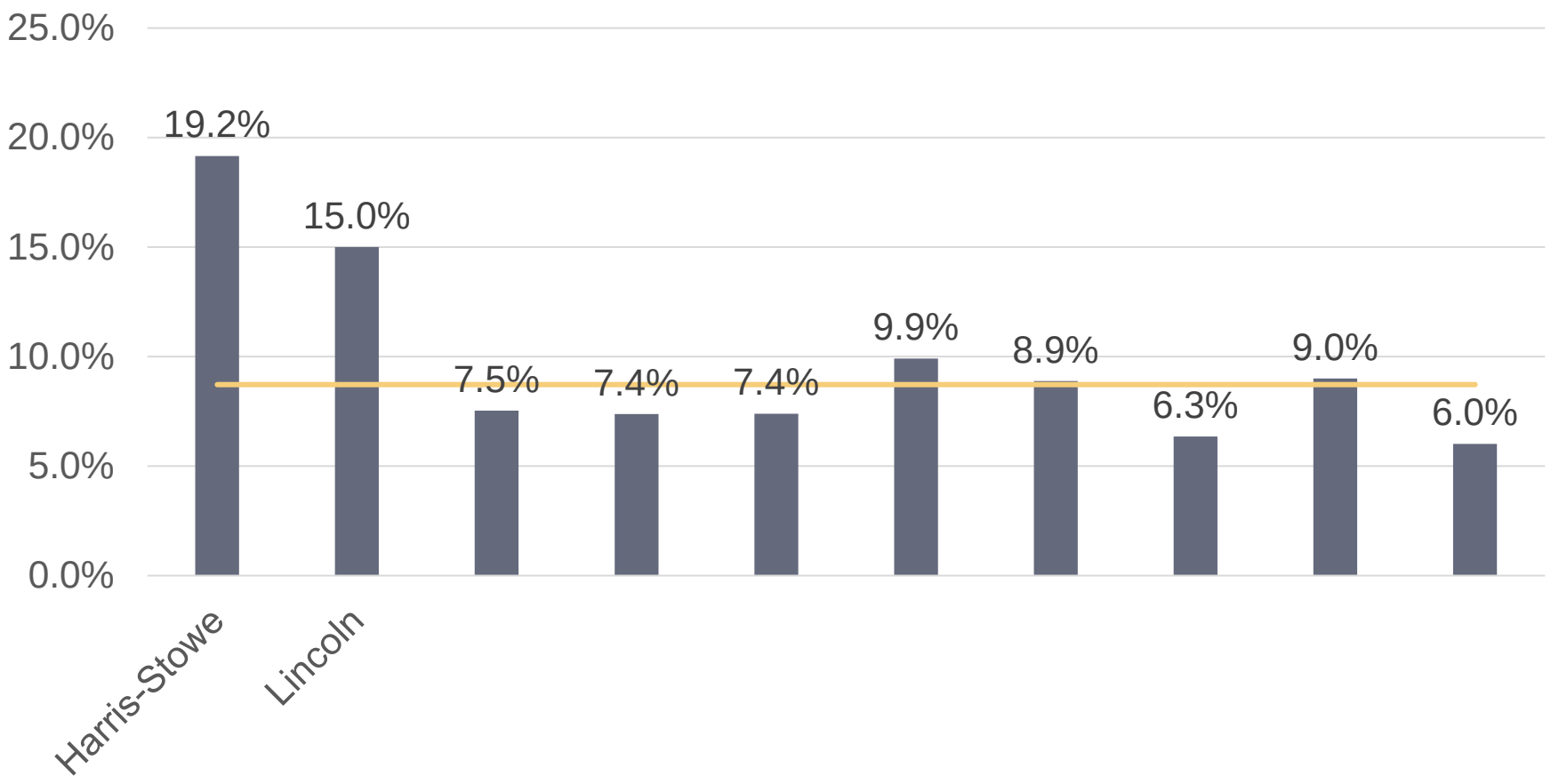
- Board approves any debt funding as a part of the capital investment process, UM System Manages the debt portfolio
- UM System also manages the general pool, which represents the investment of the University's working capital. General pool income funds:
  - A portion of System Admin's Operations
  - Interest on cash balances for business activities and capital
  - A dividend that funded a significant portion of the $260 Million in Missouri Compacts Investments
  - Detail of these allocations follows on the next slide.

Investment & Debt Proceeds are allocated to the campuses by UM

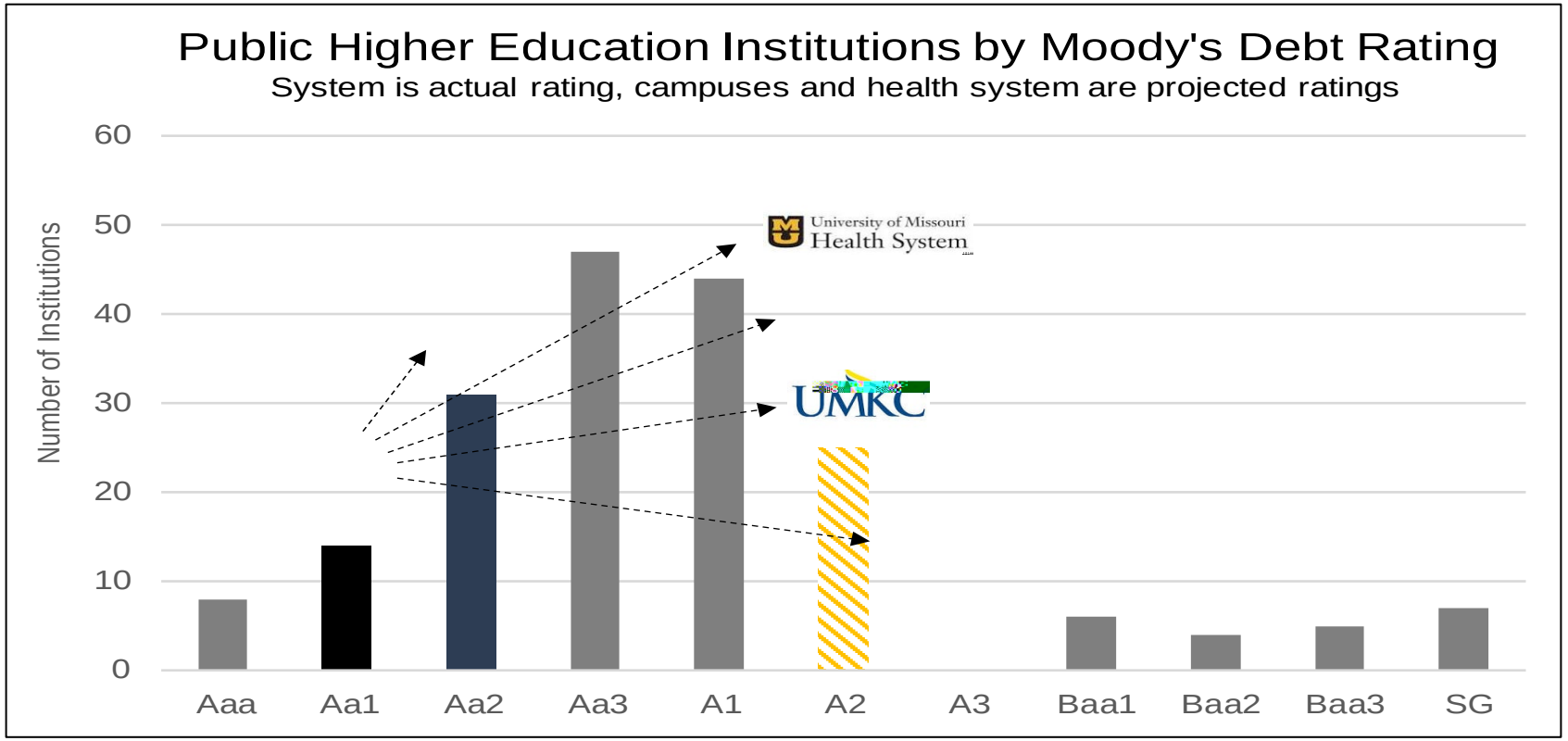


Sources of System Admin funding for the compacts are not recurring in nature and represent drawdowns of prior reserve savings.

Scale results in lower Admin Costs

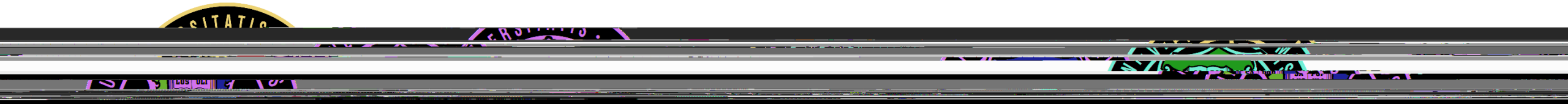


Remaining Together Leverages Collective Strength and Generates Scale



TheUniversity of Missouri System bond Trading Desk 26 BT 13 Tm [(T4 ((T)-49.571.3)-1w)9T1 1oh1sl (i)3d67T

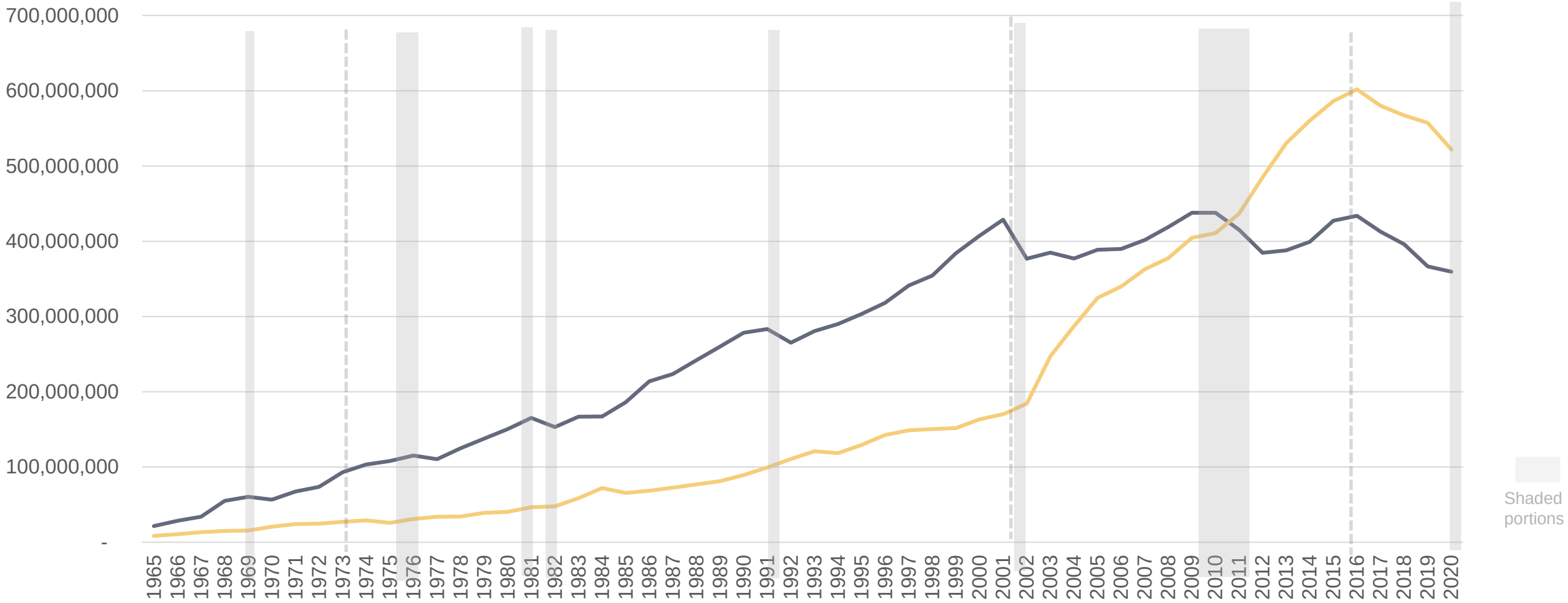
MU Financial Status Update



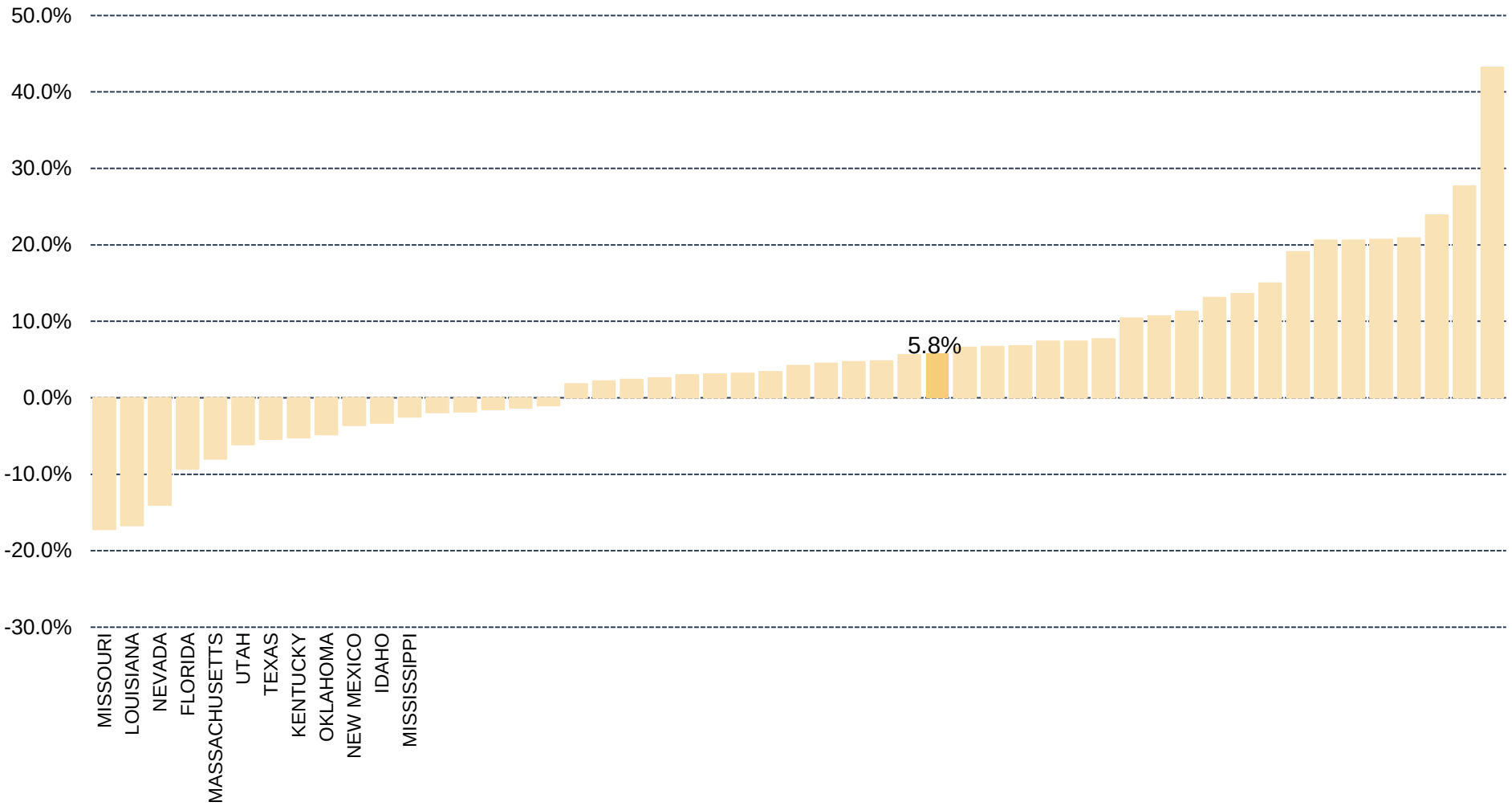
1 Higher Education Funding Environment

State Support is Changing Significantly

Tuition Replaces State Support as Primary Revenue Source



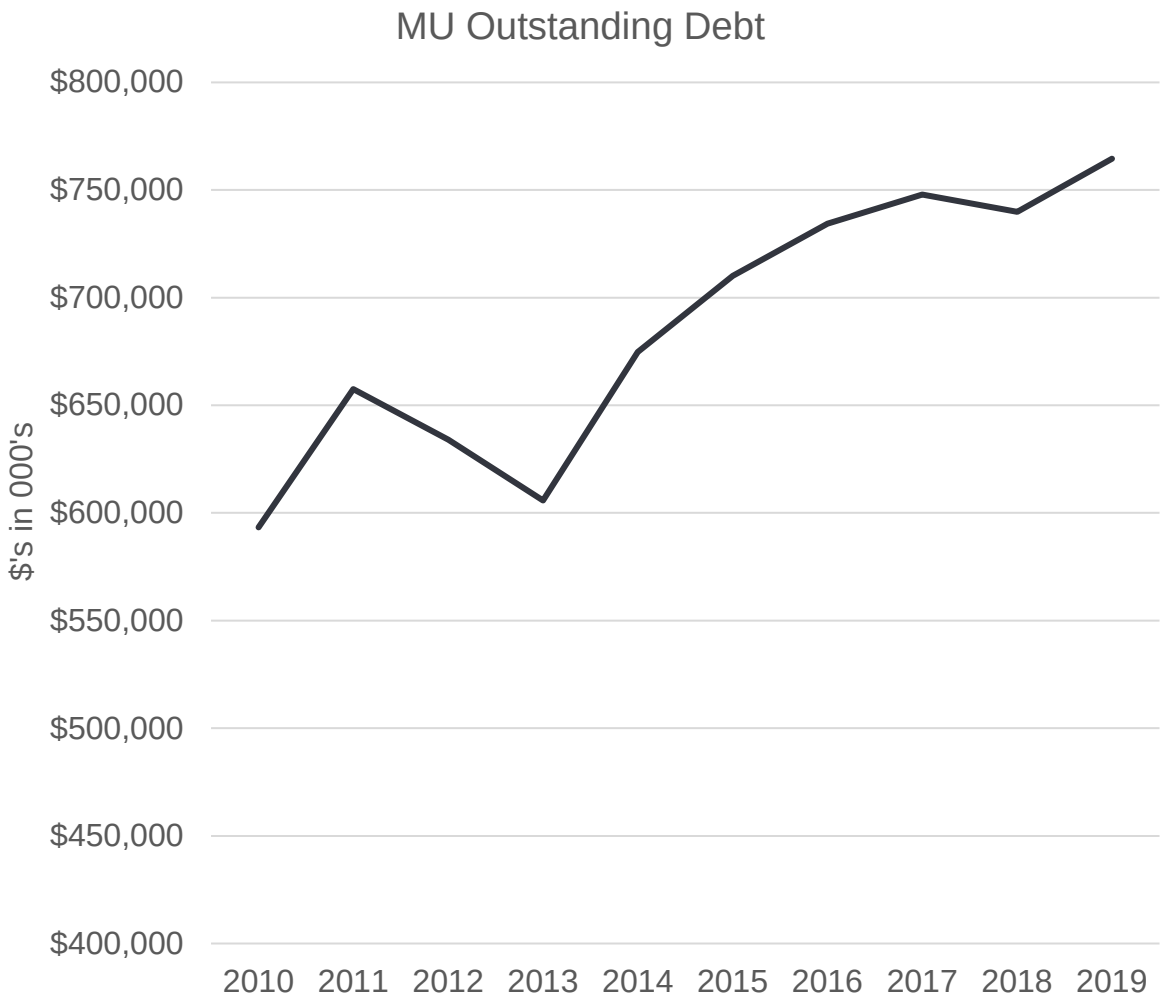
Missouri Ranks Last in Revenue per FTE Student Growth Since the Great Recession (through 2017)

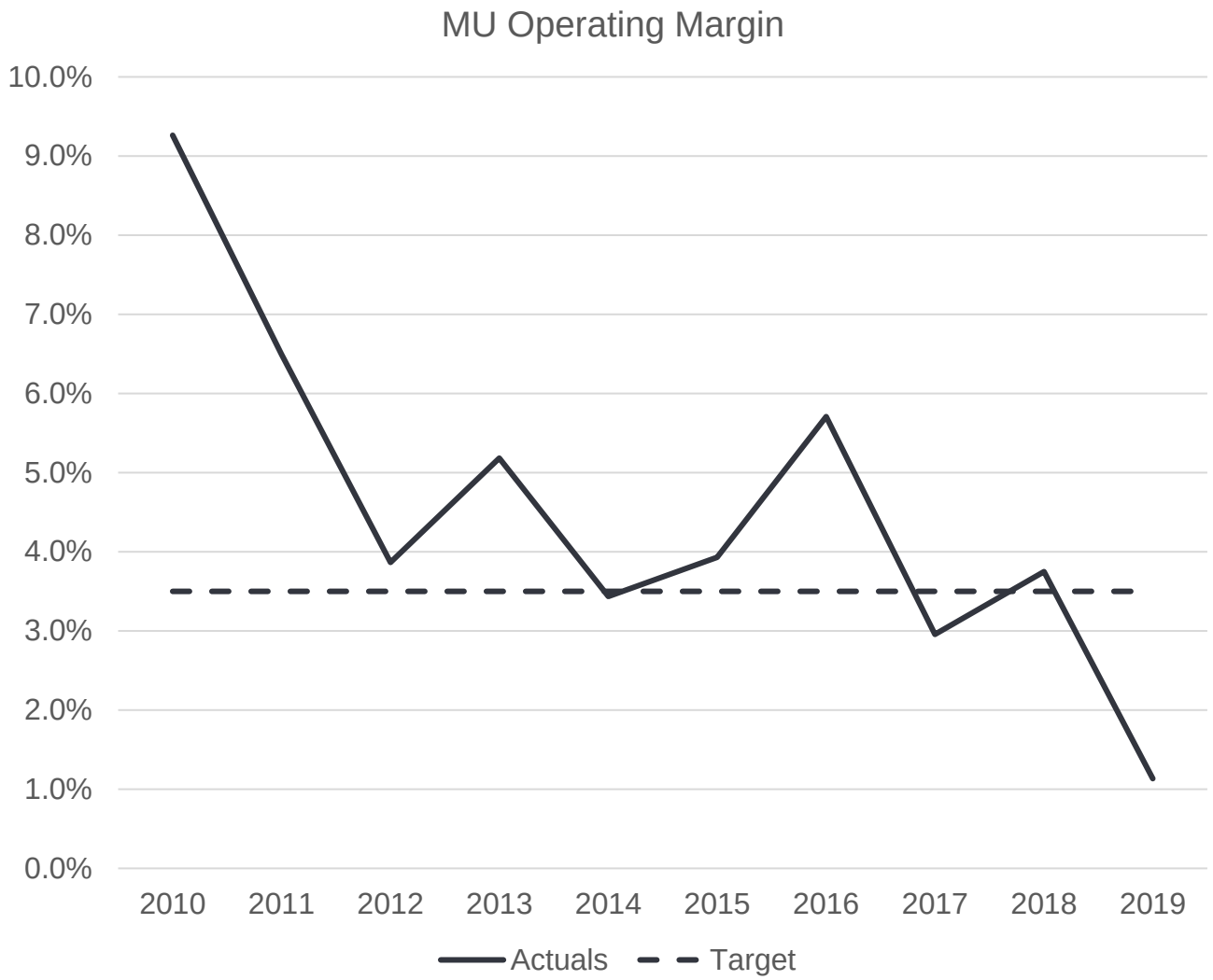


MU Financial Status Update

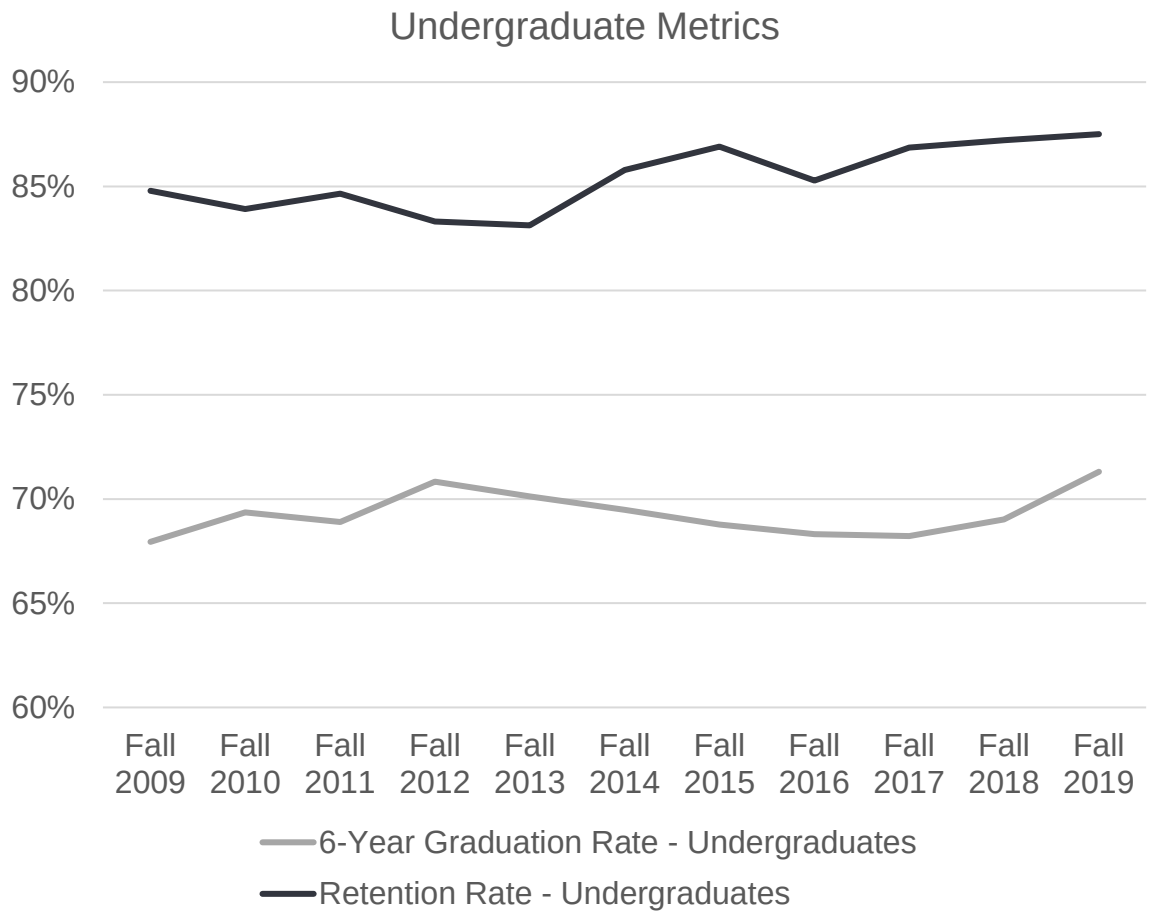
MU’s Composite Financial Index Healthy Over

Debt grew, margins fell but hovered around 3%

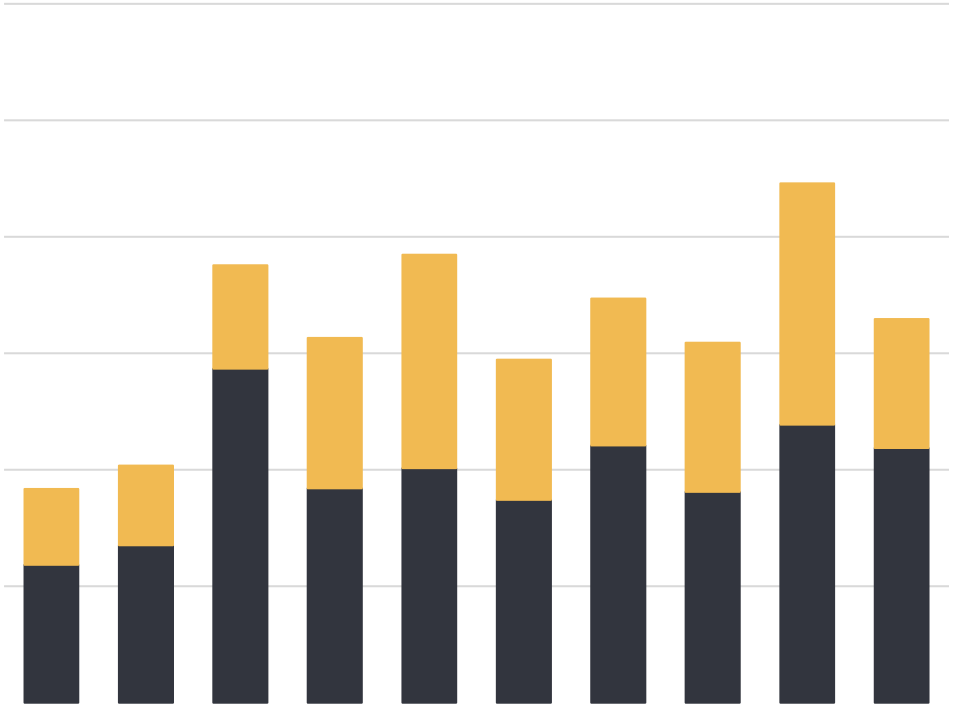




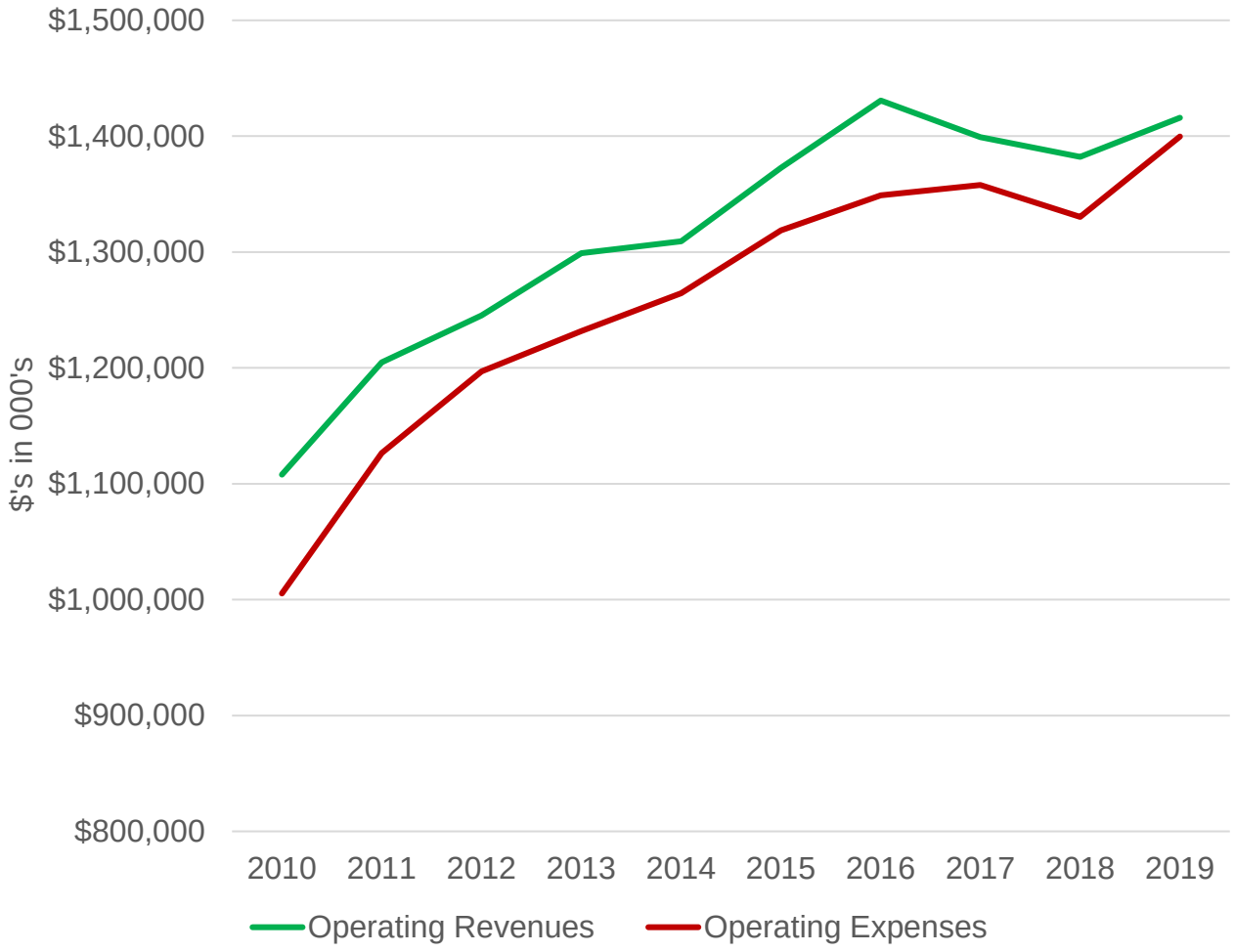
Enrollment fell significantly, graduation rate trends upwards

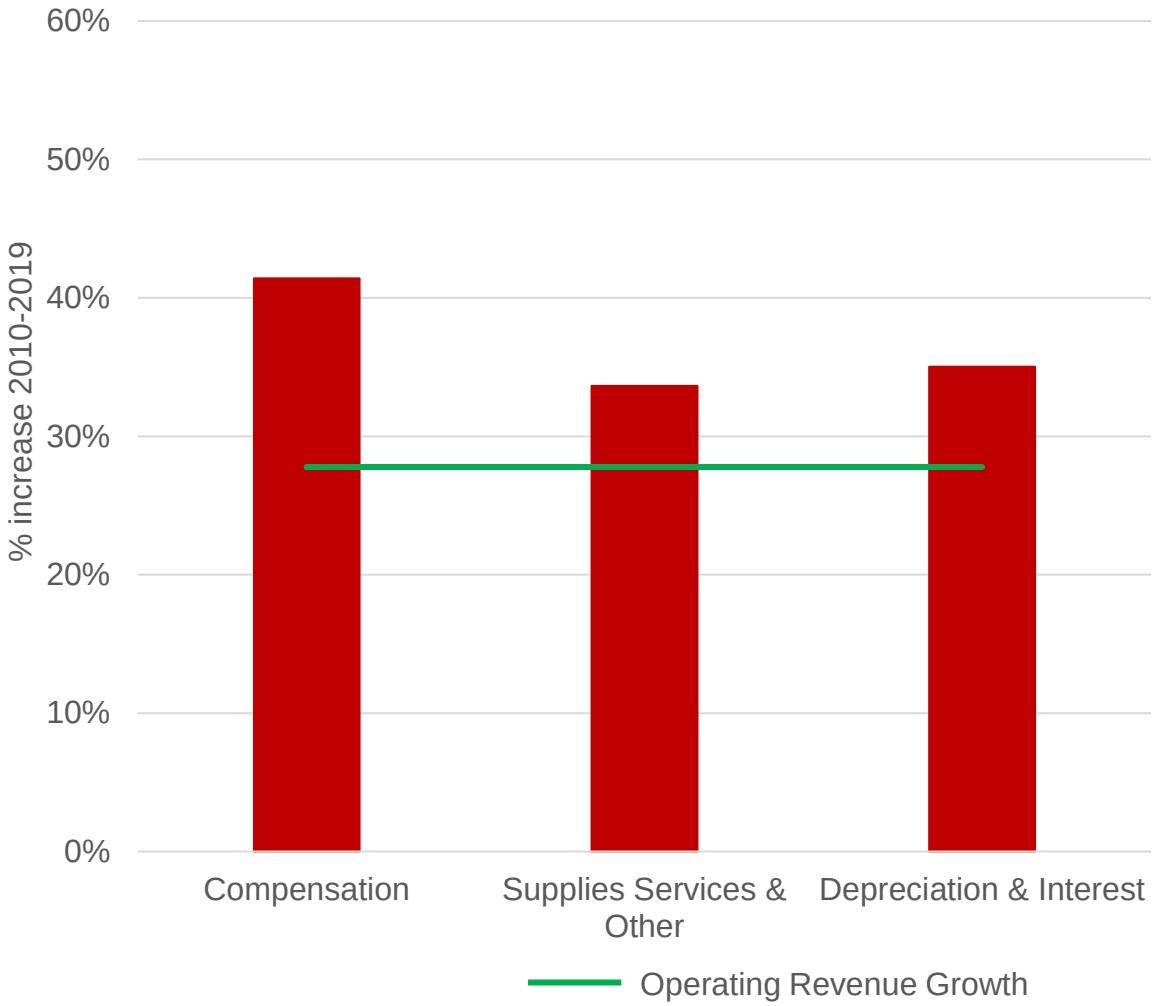


Balance sheet power increased, giving continues upward trajectory



Operating expenses grow in line with revenues





The Changing Role of System Administration

Historical Role of System in Resource Allocation

μ

Historical Change in State Appropriations

- Appropriations are becoming a smaller part of revenues
- Cuts have been allocated as a pro rata share over the course of history, increases based on priority
- The last three budget years experienced the following reductions:
  - FY2018: $36M in recurring cuts
  - FY2019: $11M in recurring cuts
  - FY2020: $10M increase before $52M withhold

Source: IPEDs, 2002-

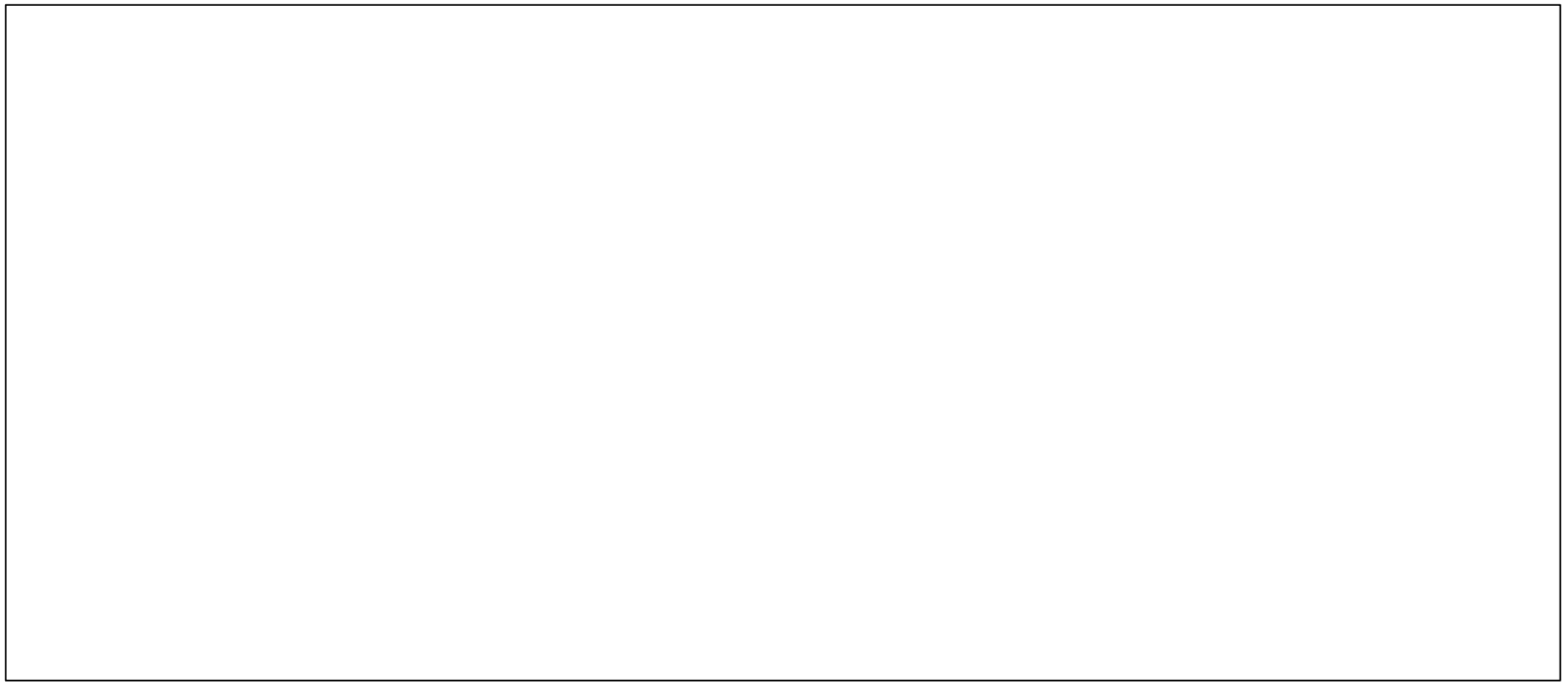
The allocations to UM lag other four years in the state

- Advocacy as a single institution has not been effective since at least 2010
- The gap continues to wide as UM is allocated a larger share of cuts
- Need to change our approach to change the outcome for the betterment of the four universities

System Also Allocates Credit & Investment Earnings

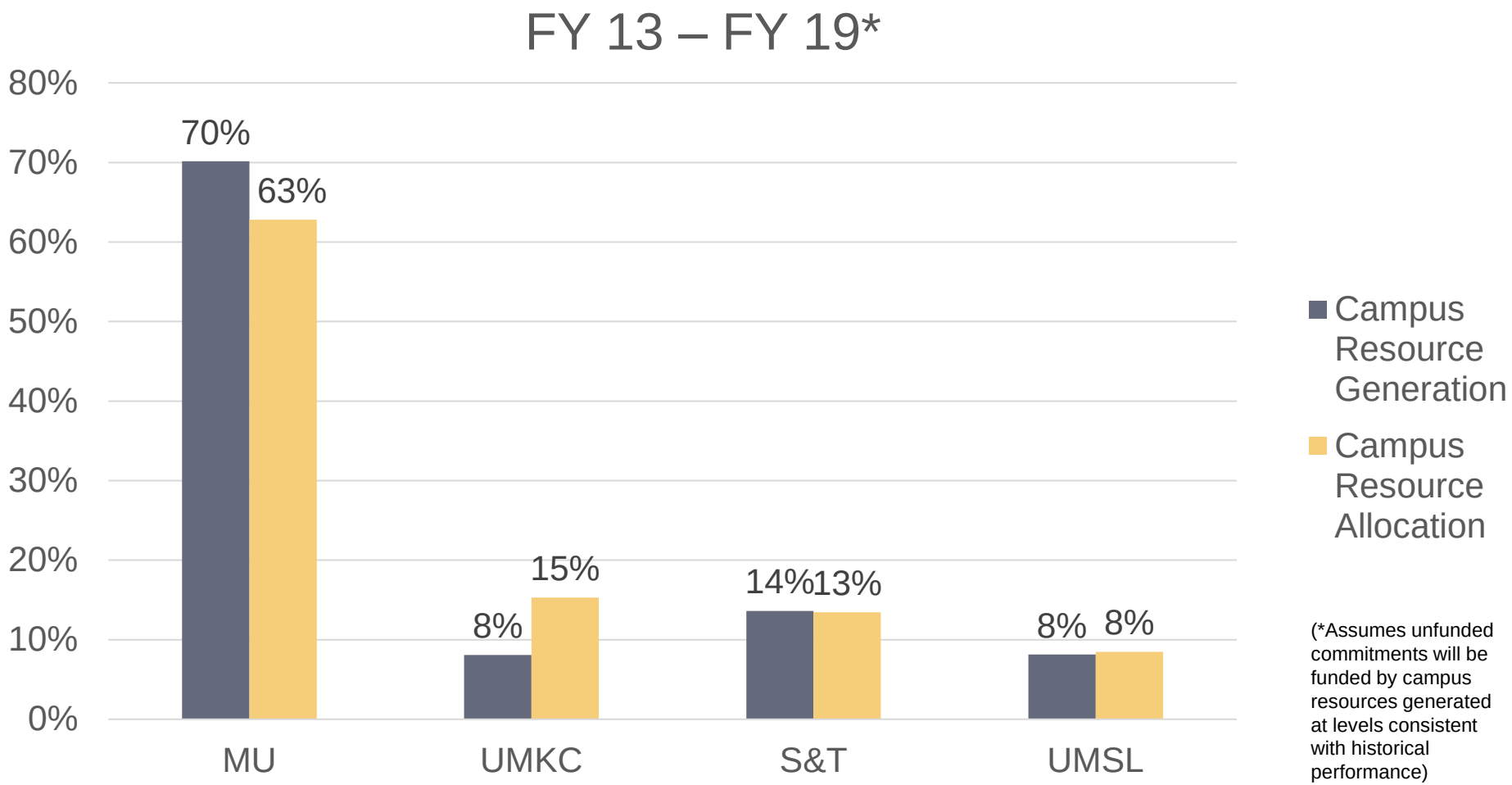
- Board approves any debt funding as a part of the capital investment process, UM System Manages the debt portfolio
- UM System also manages the general pool, which represents the investment of the University's working capital. General pool income funds:
  - A portion of System Admin's Operations
  - Interest on cash balances for business activities and capital
  - A dividend that funded a significant portion of the $260 Million in Missouri Compacts Investments
  - Detail of these allocations follows on the next slide.

Investment & Debt Proceeds are allocated to the campuses by UM



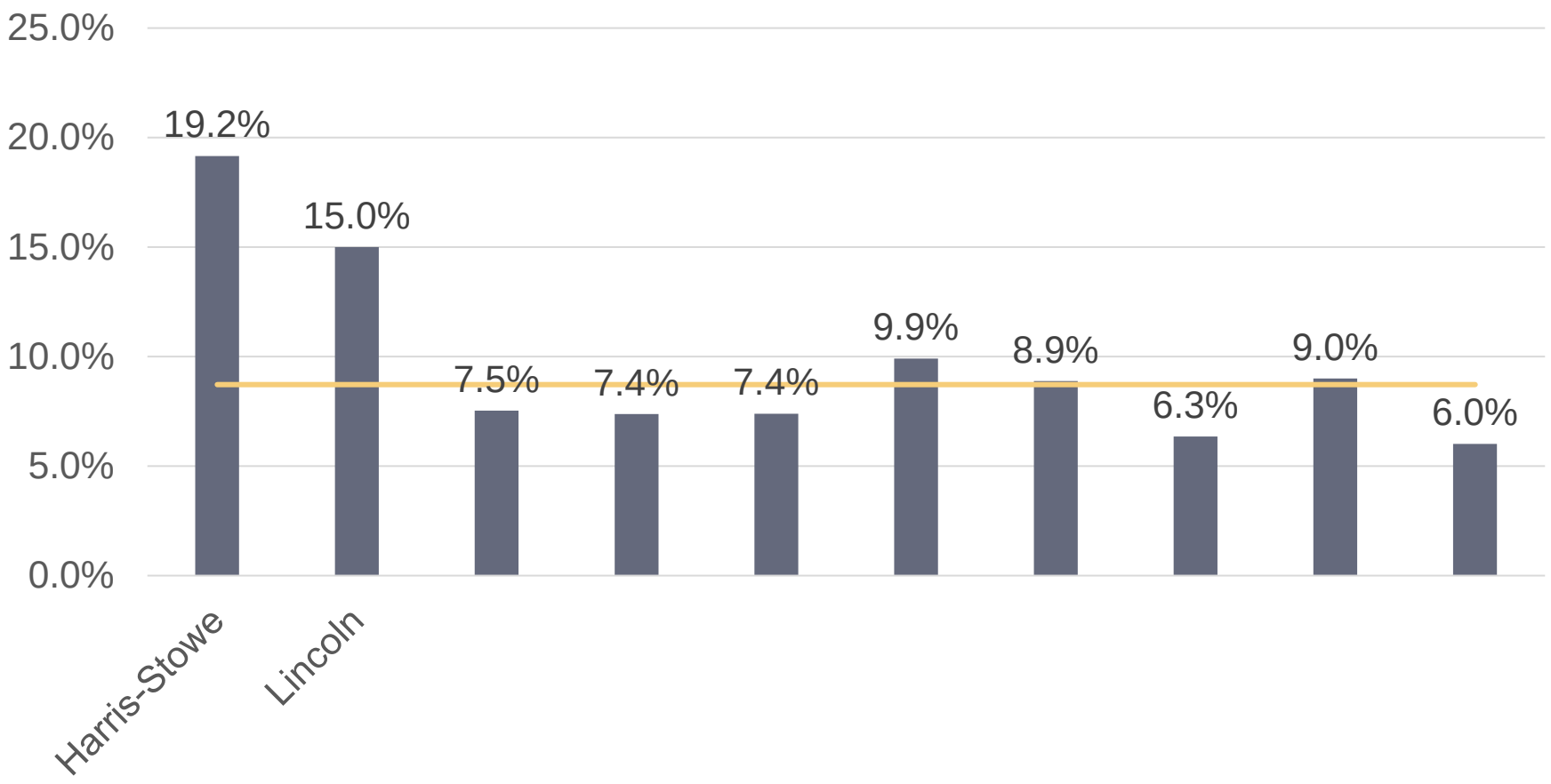
Sources of System Admin funding for the compacts are not recurring in nature and represent drawdowns of prior reserve savings.

Central Bank Allocations Generally Track with Balances that Generated the Resources with Select Exceptions

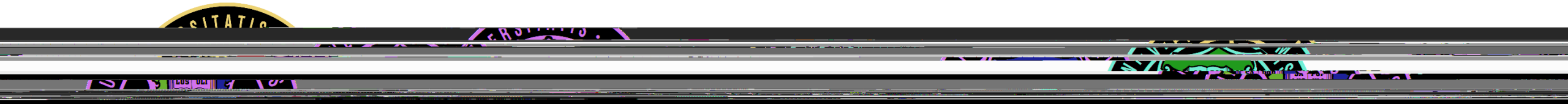


(*Assumes unfunded commitments will be funded by campus resources generated at levels consistent with historical performance)

Scale results in lower Admin Costs



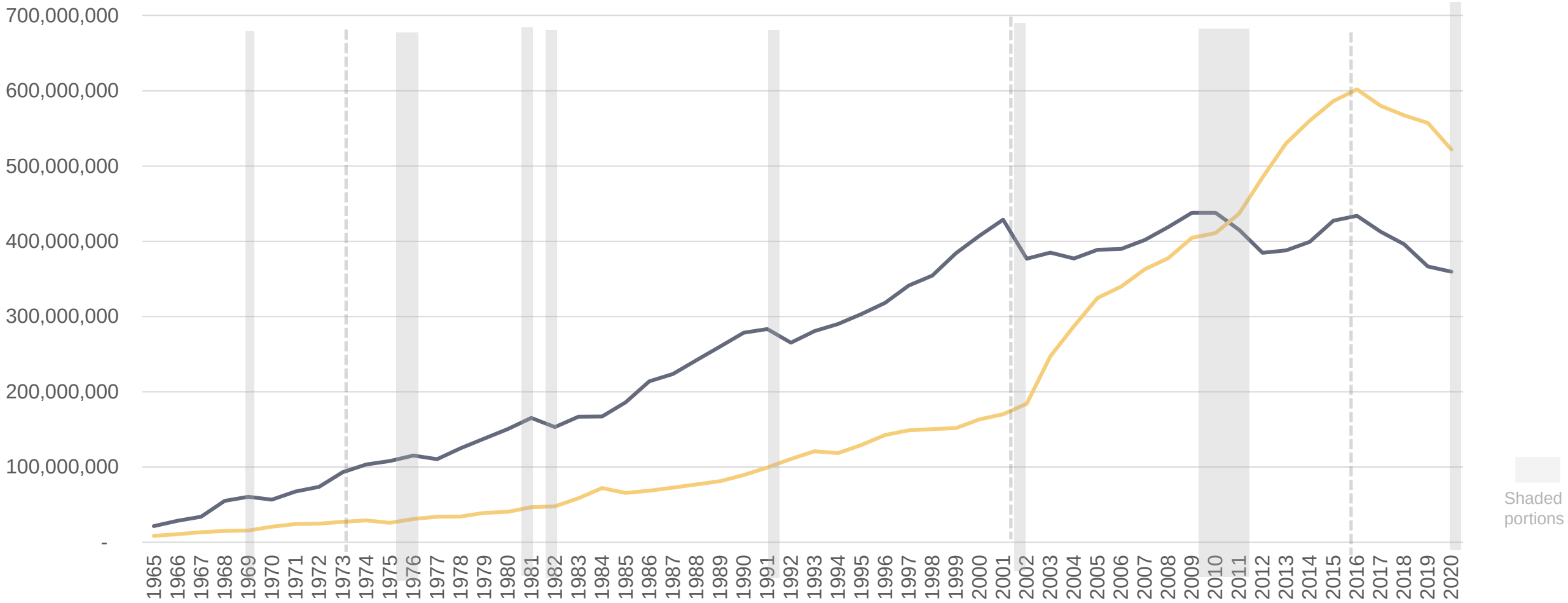
0 L V V RS&TU L
Financial Status Update



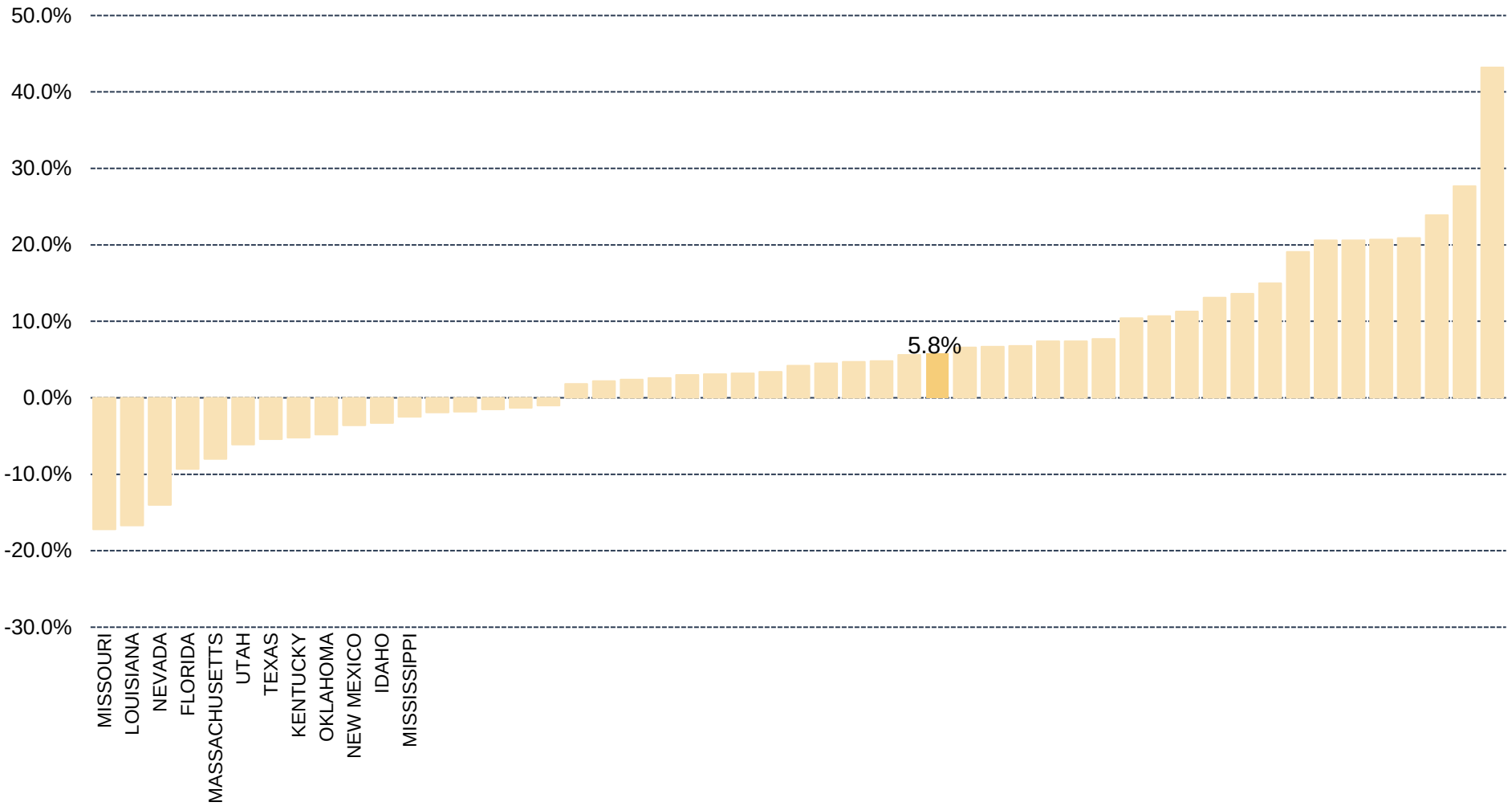
1 Higher Education Funding Environment

State Support is Changing Significantly

Tuition Replaces State Support as Primary Revenue Source

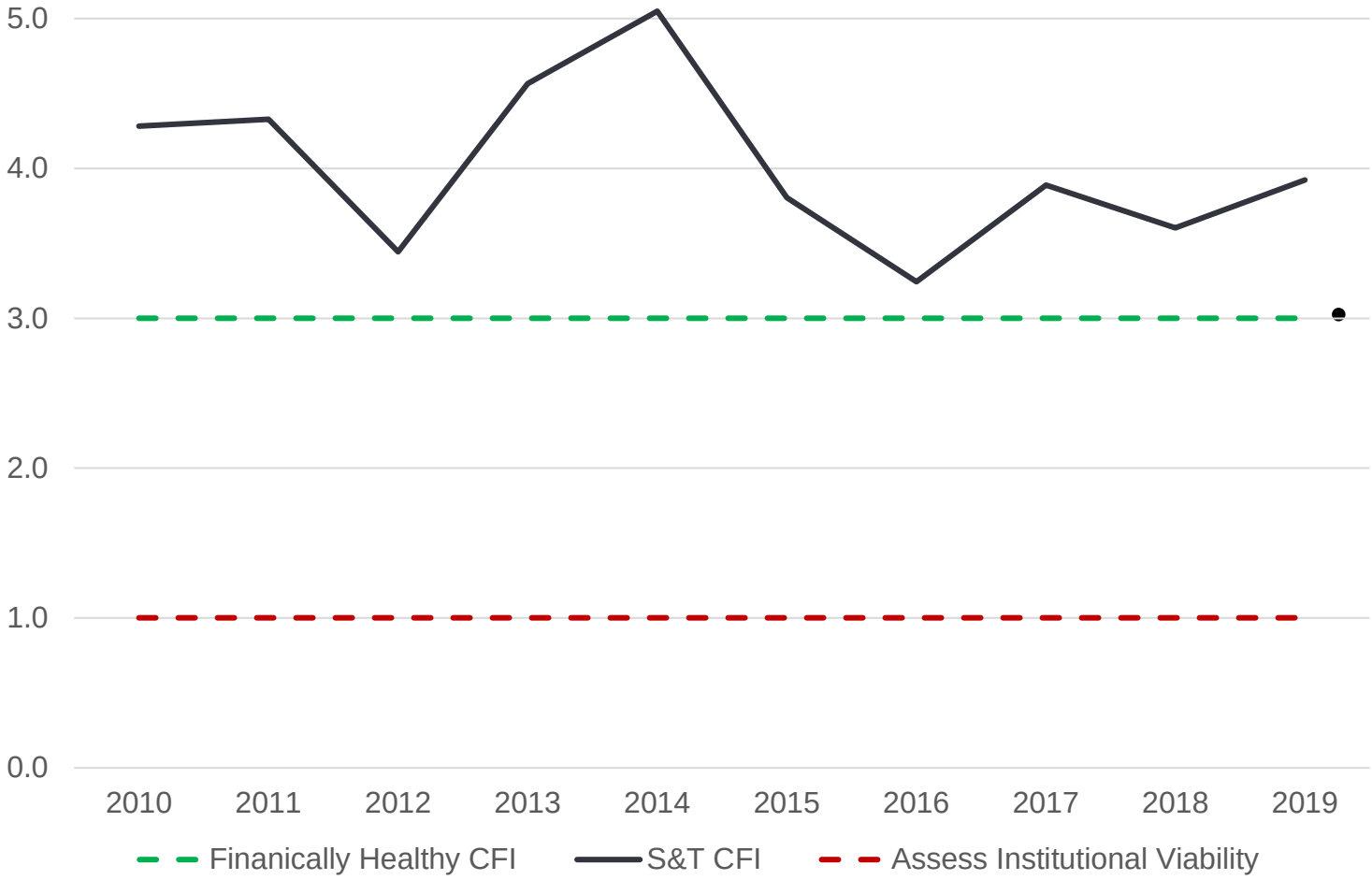


Missouri Ranks Last in Revenue per FTE Student Growth Since the Great Recession (through 2017)



S&T Financial Status Update

S&T's Composite Financial Index Healthy Over Past Decade



- A CFI of 3 is generally considered healthy
  - A CFI of 1-3 indicates that significant changes to the institution need to be made
  - A CFI below 1 indicates the need to assess the institution's viability
- A CFI below 1 begins a review by the University's accreditation body (HLC)
  - If the CFI falls below 1 for two years in a row, the institution must undergo a panel review process
  - If the CFI falls below -1 in any one year the panel review process is triggered

Increasing Debt, Positive Margins

The Changing Role of System Administration

Historical Role of System in Resource Allocation

μ

Historical Change in State Appropriations

- Appropriations are becoming a smaller part of revenues
- Cuts have been allocated as a pro rata share over the course of history, increases based on priority
- The last three budget years experienced the following reductions:
  - FY2018: $36M in recurring cuts
  - FY2019: $11M in recurring cuts
  - FY2020: $10M increase before $52M withhold

Source: IPEDs, 2002-

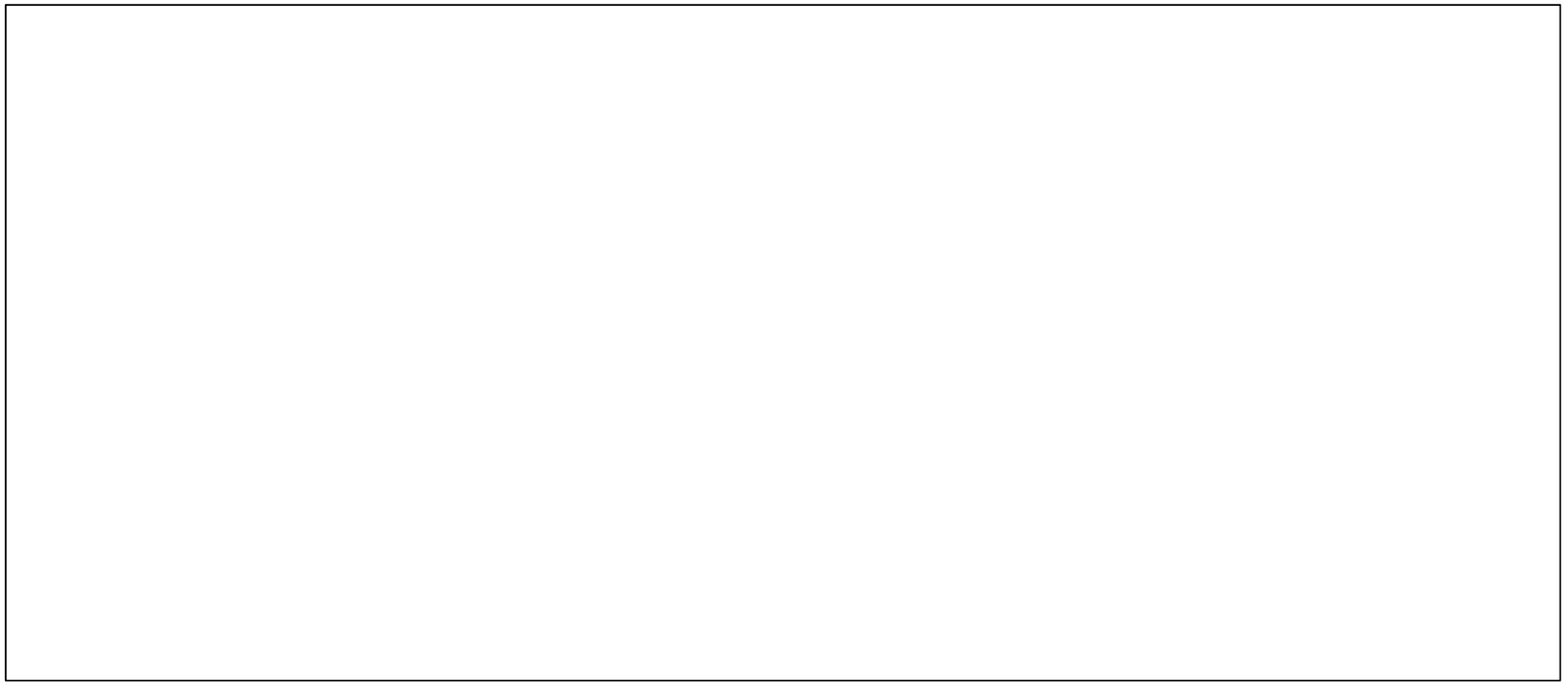
The allocations to UM lag other four years in the state

- Advocacy as a single institution has not been effective since at least 2010
- The gap continues to wide as UM is allocated a larger share of cuts
- Need to change our approach to change the outcome for the betterment of the four universities

System Also Allocates Credit & Investment Earnings

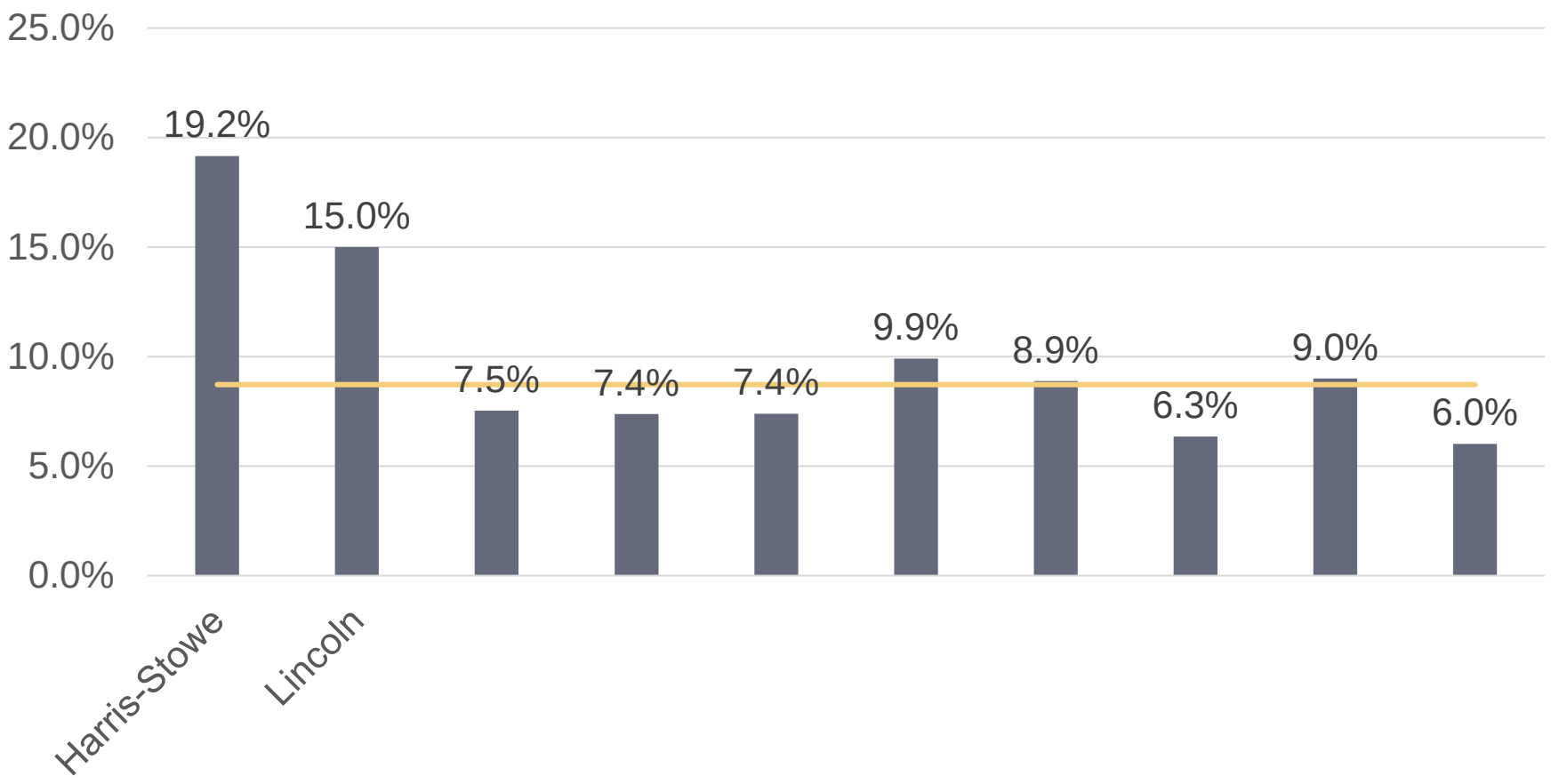
- Board approves any debt funding as a part of the capital investment process, UM System Manages the debt portfolio
- UM System also manages the general pool, which represents the investment of the University's working capital. General pool income funds:
  - A portion of System Admin's Operations
  - Interest on cash balances for business activities and capital
  - A dividend that funded a significant portion of the $260 Million in Missouri Compacts Investments
  - Detail of these allocations follows on the next slide.

Investment & Debt Proceeds are allocated to the campuses by UM

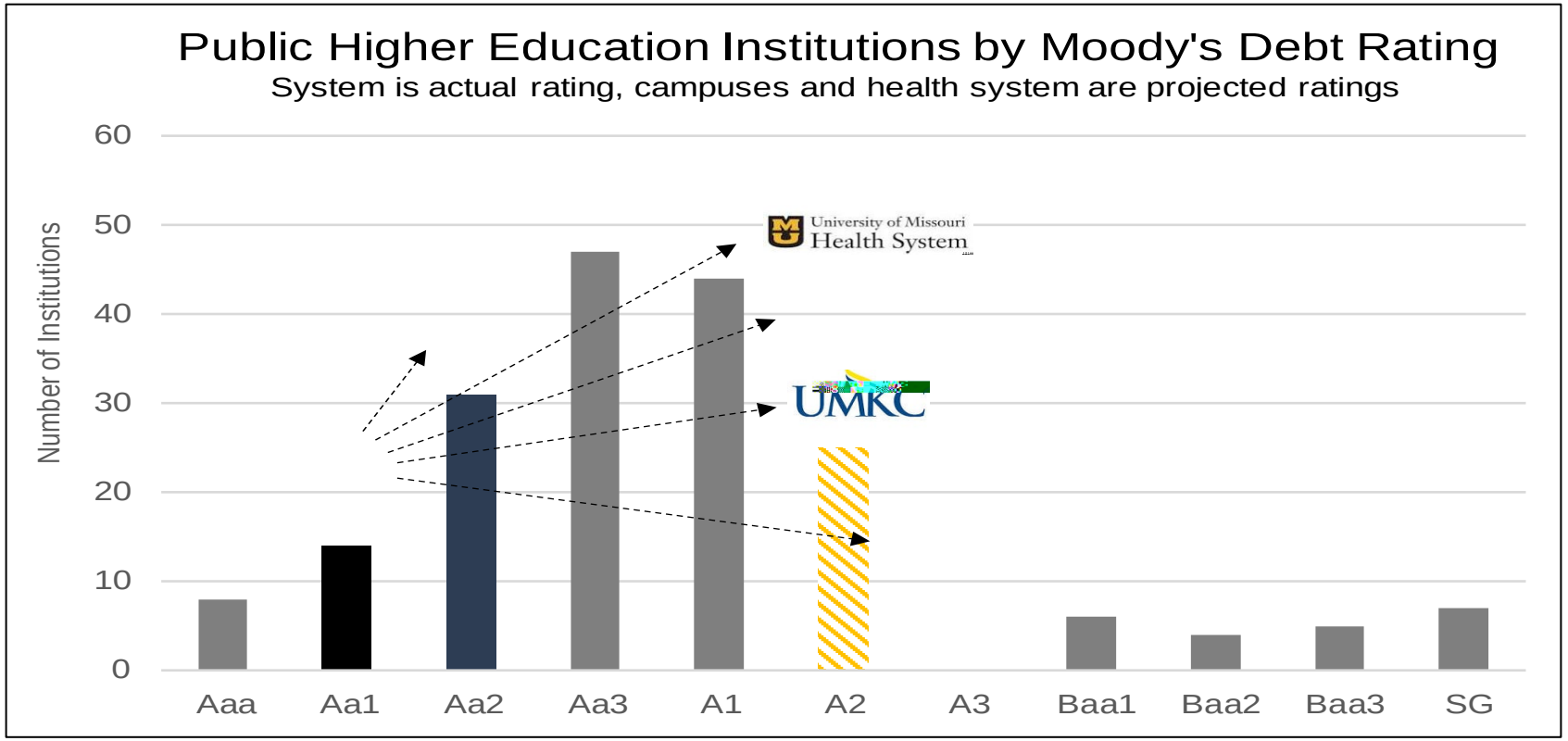


Sources of System Admin funding for the compacts are not recurring in nature and represent drawdowns of prior reserve savings.

Scale results in lower Admin Costs



Remaining Together Leverages Collective Strength and Generates Scale



TheUniversity of Missouri System bond Trading Desk 26 BT 13 Tm [(T4 ((T)-49.571.3)-1w)9T1 1oh1sl (i)3d67T