

**Board of Curators Meeting
June 18-19, 2020
Public Session**



Vision

To advance the opportunities for success and well-being for Missouri, our nation and the world through transformative teaching, research, innovation, engagement and inclusion.

Mission

To achieve excellence in the discovery, dissemination, preservation and application of knowledge. With an unwavering commitment to academic freedom and freedom of expression, the university educates students to become leaders, promotes lifelong learning by Missouri's citizens, fosters meaningful research and creative works, and serves as a catalyst for innovation, thereby advancing the educational, health, cultural, social and economic interests to benefit the people of Missouri, the nation, and the world.

Missouri Compacts for Achieving Excellence

The Missouri Compacts for Achieving Excellence provide unifying principles that inform and guide the four universities and their strategic plans. Learn more about the compacts, below, at <http://umurl.us/prespri>.



Excellence in Student Success



Excellence in Research and Creative Works



Excellence in Engagement and Outreach



Inclusive Excellence



Excellence in Planning, Operations and Stewardship

Core Values

Our institution collectively embraces a series of core values that serve as the foundation upon which we build new knowledge and provide outstanding programs for students and citizens of our state and beyond.



- Academic freedom
- Access
- Accountability
- Civility
- Collaboration
- Creativity
- Discovery
- Engagement
- Excellence
- Freedom of expression
- Inclusion
- Innovation
- Integrity
- Respect
- Responsibility
- Transparency

Guiding Principles

1. Support courageous and proactive leadership that is articulate, unified and committed to excellence in carrying out our existing core missions of teaching, research, engagement and economic development and in meeting the changing needs of the world and the state.
2. Establish a collaborative environment in which UM System universities work together to achieve collective results that cannot be achieved individually and are committed to each other and our mutual success.
3. Exercise central authority that recognizes and respects institutional distinctiveness, appropriate deference and accountability.
4. Enact informed decisions based on collaboratively developed strategic directions and planning.
5. Identify and promote systemwide core values, including respect for all people, transparency, accountability, stewardship and purposeful self-assessment of performance.

UNIVERSITY OF MISSOURI



BOARD OF CURATORS MEETING AGENDA - **REVISED**

June 18-19, 2020

Originating from remote locations via Zoom webinar and/or conference telephone.

Board Committee meetings were held June 9, 10 and 15, 2020 in conjunction with the June 18-19, 2020 Board meeting.

THURSDAY, JUNE 18, 2020

BOARD OF CURATORS MEETING – PUBLIC SESSION

Zoom link: <https://umsystem.zoom.us/j/96281003431>

Meeting ID: 962 8100 3431

OR

Direct Dial: 646-876-9923

Meeting ID: 962 8100 3431#

8:30 A.M. Call to Order

General Business

Information

1. University of Missouri Board Chair's Report
2. Academic Analytics (Kathy Felts, Chris Riley-Tillman and Matt Martens)
3. University of Missouri System President's Report
4. Review Consent Agenda

Consent Agenda

Action

1. Minutes, April 9, 2020 Board of Curators Meeting
2. Minutes, April 9, 2020 Board of Curators Committee Meetings
3. Minutes, March 25, 2020 Board of Curators Special Meeting
4. Minutes, May 19, 2020 Board of Curators Special Meeting and Finance Committee Meeting
5. Degrees, Summer Semester 2020 for all Campuses
6. Security Resolution, June 2020

7. Retirement Plan Amendments

9:15 A.M. FINANCE COMMITTEE CHAIR REPORT
(Curators Steelman, Chatman, Hoberock, Williams)

Finance Committee Chair Steelman to provide an overview of action items and time for discussion.

Action

1. UM Fiscal Year 2021 Operating Budget
2. UM Fiscal Year 2022 State Appropriations Request for Operations
3. FY 2021 Tuition and Required Fees
4. FY 2021 Supplemental and Other Related Enrollment Fees

9:35 A.M. AUDIT, COMPLIANCE AND ETHICS COMMITTEE CHAIR REPORT
(Curators Layman, Graham, Steelman, Wenneker)

Audit Committee Chair Layman to provide an overview of committee business and time for discussion.

Information

1. Internal Audit and Consulting Annual Report, UM

Action

1. Fiscal Year 2021 Risk Assessment and Proposed Internal Audit and Compliance Plans, UM

9:45 A.M. HEALTH AFFAIRS COMMITTEE CHAIR REPORT
(Curators Graham, Steelman, Wenneker, Williams, Mr. Ashworth and Mr. Phillips)

Health Affairs Committee Chair Graham to provide an overview of committee business and time for discussion.

Information

1. Executive Vice Chancellor for Health Affairs Office and Plans
2. COVID-19 Pandemic Response Update (Jonathan Curtright and Steve Zweig)
3. Quarterly Compliance Report, MU Health – written report only
4. Quarterly Financial Report, MU Health – written report only

Action

1. Amendment, Collected Rule and Regulation 440.040, University Physicians Medical Practice Plan
2. Minutes Approval, January 30 and April 9, 2020 Health Affairs Committee Meetings

10:00 A.M. ACADEMIC, STUDENT AFFAIRS, RESEARCH AND ECONOMIC DEVELOPMENT COMMITTEE CHAIR REPORT
(Curators Chatman, Hoberock, Layman and Snowden)

Academic, Student Affairs, Research and Economic Development Committee Chair Chatman to provide an overview of committee business and time for discussion.

Information

1. NCAA Rules Education
2. 2020-21 Academic Year Calendar

Action

1. UMKC Development of New Branch Medical School Campus

10:15 A.M. Break

10:20 A.M. General Business (time is approximate)

Information

5. Strategic Theme Discussion – Title IX and New Regulations
6. Good and Welfare of the Board

Action

1. Resolution for Executive Session of the Board of Curators Meeting, June 18-19, 2020

11:30 A.M. NextGen Precision Health Institute Virtual Topping Off Ceremony
(Mun Choi)

12:10 P.M. Press Conference with Board of Curators Chair and UM System President (time is approximate)

Zoom link: <https://umsystem.zoom.us/j/93526427726>

Meeting ID: 935 2642 7726

OR

Direct Dial: 312-626-6799 and ID: 935 2642 7726#

12:40 P.M. BOARD OF CURATORS MEETING-EXECUTIVE SESSION (time is approximate)
Location: Zoom Webinar and conference telephone

The Board of Curators will hold an executive session of the June 18-19, 2020 meeting, pursuant to Sections 610.021(1), 610.021(2), 610.021(3), 610.021(12), 610.021(13) and 610.021(14) RSMo, for consideration of certain confidential or privileged communications with University Counsel, personnel, property, litigation, contract items, and records protected by law, all as authorized by law and upon approval by resolution of the Board of Curators.

2:30 P.M. Recess Board of Curators Meeting (time is approximate)

FRIDAY, JUNE 19, 2020

BOARD OF CURATORS MEETING – PUBLIC SESSION

Zoom link: <https://umsystem.zoom.us/j/96281003431>

Meeting ID: 962 8100 3431

OR

Direct Dial: 646-876-9923

Meeting ID: 962 8100 3431#

8:00 A.M. Call to Order

General Business

Information

7. Organizational Structure Evaluation of the University of Missouri System

Action

2. Adjourn Board of Curators Meeting and Committee Meetings, June 18-19, 2020

12:00 P.M. BOARD OF CURATORS MEETING-EXECUTIVE SESSION (as needed - time is approximate)
Location: Zoom Webinar and conference telephone

The Board of Curators will hold an executive session of the June 18-19, 2020 meeting, pursuant to Sections 610.021(1), 610.021(2), 610.021(3), 610.021(12), 610.021(13) and 610.021(14) RSMo, for consideration of certain confidential or privileged communications with University Counsel, personnel, property, litigation, contract items, and records protected by law, all as authorized by law and upon approval by resolution of the Board of Curators.

Upcoming meetings of the Board of Curators:

| | |
|--------------------|---|
| September 23, 2020 | Special Finance Committee Meeting, UMKC |
| September 24, 2020 | University of Missouri – Kansas City |
| November 19, 2020 | University of Missouri – St. Louis |
| February 4, 2021 | University of Missouri – Columbia |

GENERAL BUSINESS

UNIVERSITY OF MISSOURI
BOARD CHAIR REPORT

There are no materials for this information item.

ACADEMIC ANALYTICS

There are no materials for this information item.

UNIVERSITY OF MISSOURI SYSTEM
PRESIDENT'S REPORT

There are no materials for this information item.

REVIEW CONSENT AGENDA

There are no materials for this information item.

CONSENT AGENDA

CONSENT

Recommended Action - Consent Agenda

It was endorsed by President Choi, moved by Curator _____ and seconded by Curator _____, that the following items be approved by consent agenda:

CONSENT AGENDA

Action

1. Minutes, April 9, 2020 Board of Curators Meeting
2. Minutes, April 9, 2020 Board of Curators Committee Meetings
3. Minutes, March 25, 2020 Board of Curators Special Meeting
4. Minutes, May 19, 2020 Board of Curators Special Meeting and Finance Committee Meeting
5. Degrees, Summer Semester 2020 for all Campuses
6. Security Resolution, June 2020
7. Retirement Plan Amendments

| | | |
|------------------------------|-----|----|
| Roll call vote of the Board: | YES | NO |
|------------------------------|-----|----|

- Curator Brncic
- Curator Chatman
- Curator Graham
- Curator Hoberock
- Curator Layman
- Curator Snowden
- Curator Steelman
- Curator Wenneker
- Curator Williams

The motion _____.

No. 1

Recommended Action - Minutes, April 9, 2020 Board of Curators Meeting
Minutes

It was moved by Curator _____ and seconded by Curator _____, that the minutes of the April 9, 2020 Board of Curators meeting be approved as presented.

Roll call vote: YES NO

Curator Brncic
Curator Chatman
Curator Graham
Curator Hoberock
Curator Layman
Curator Snowden
Curator Steelman
Curator Wenneker
Curator Williams

The motion _____.

June 18-19, 2020

OPEN – CONSENT – 1-1

Consent 2

Recommended Action - Minutes, April 9, 2020 Board of Curators Committee Meeting Minutes

It was moved by Curator _____ and seconded by Curator _____, that the minutes of the April 2, 2020 Board of Curators committee meeting, held in conjunction with the April 9, 2020 Board of Curators meeting, and the April 9, 2020 Board of Curators committee meetings be approved as presented.

Roll call vote: YES NO

Curator Brncic
Curator Chatman
Curator Graham
Curator Hoberock
Curator Layman
Curator Snowden
Curator Steelman
Curator Wenneker
Curator Williams

The motion _____.

June 18-19, 2020

Consent 3

Recommended Action - Minutes, March 25, 2020 Board of Curators Special Meeting Minutes

It was moved by Curator _____ and seconded by Curator _____, that the minutes of the March 25, 2020 Board of Curators special meeting be approved as presented.

Roll call vote: YES NO

Curator Brncic
Curator Chatman
Curator Graham
Curator Hoberock
Curator Layman
Curator Snowden
Curator Steelman
Curator Wenneker
Curator Williams

The motion _____.

June 18-19, 2020

Consent 4

Recommended Action - Minutes, May 19, 2020 Board of Curators Special Meeting and Finance Committee Meeting

It was moved by Curator _____ and seconded by Curator _____, that the minutes of the May 19, 2020 Board of Curators special meeting and Finance Committee be approved as presented.

Roll call vote: YES NO

- Curator Brncic
- Curator Chatman
- Curator Graham
- Curator Hoberock
- Curator Layman
- Curator Snowden
- Curator Steelman
- Curator Wenneker
- Curator Williams

The motion _____.

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No. 5

Recommended Action - Approval of Degrees, Summer Semester 2020, for all Campuses

It was recommended by the Chancellors, endorsed by President Choi, recommended by the Academic, Student Affairs, Research & Economic Development Committee, moved by Curator _____, seconded by Curator _____, that the following action be approved:

that the action of the President of the University of Missouri System in awarding degrees and certificates to candidates recommended by the various faculties and committees of the four University of Missouri System campuses who fulfill the requirements for such degrees and certificates at the end of the Summer Semester 2020, shall be approved, and that the lists of said students who have been awarded degrees and certificates be included in the records of the meeting.

| Roll call vote of the Board: | YES | NO |
|------------------------------|-----|----|
|------------------------------|-----|----|

Curator Brncic

Curator Chatman

Curator Graham

Curator Hoberock

Curator Layman

Curator Snowden

Curator Steelman

Curator Wenneker

Curator Williams

The motion _____.

June 2020 Security Resolution
Executive Summary

The Security Executive Committee, first formed by Curator resolution in 1999, has the authority and responsibility for the negotiation, execution and administration of Department of Defense (DoD) and its User Agencies classified contracts. To perform their duties, these individuals are required, by the DoD's Defense Counterintelligence and Security Agency (DCS), to obtain personnel security clearances for access to classified materials to the level of the University's facility security clearance (currently at the TOP SECRET level). To date, there has been only one relatively minor policy decision decided by this committee.

The DoD's Defense Counterintelligence and Security Agency (DCS) requires that personnel security clearance exemptions be by individual name and not by position, so now that DCSA has recommended that the Chancellors and Provosts at all campuses with faculty engaged in classified research, and a designated member of the Board of Curators, be cleared and become committee members once fully cleared, and there have been additional changes in the personnel requiring clearances, a new resolution must be passed by the Board of Curators.

June 18-19, 2020

Consent 6

It was endorsed by President Choi, moved by Curator _____ and seconded by Curator _____, that the following resolution be approved:

Resolution

The Curators of the University of Missouri agree that the following individuals occupying the designated offices shall constitute a Security Executive Committee with full authority and responsibility for the negotiation, execution and administration of Department of Defense, or User Agency classified contracts as described in DoD 5520.22-M, “National Industrial Security Program Operating Manual”:

The members of this Security Executive Committee have been processed for a personnel security clearance for access to classified information up to the level of the facility security clearance granted to this institution, as provided for under the aforementioned security program.

Once the following personnel complete all the requirements for a Department of Defense Top Secret personnel security clearance, they too will become full voting members of the Security Executive Committee.

- President, University of Missouri System, and Interim Chancellor, University of Missouri-Columbia, Mun Y. Choi, Ph.D.
- Curator, University of Missouri System, Phillip Snowden, J.D.
- Provost, University of Missouri-Columbia, Latha Ramchand, Ph.D.
- Chancellor, University of Missouri-Kansas City, C. Mauli Agrawal, Ph.D.
- Provost, University of Missouri-Kansas City, Jennifer Lundgren, Ph.D.
- Chancellor, Missouri University of Science and Technology, Mohammad Dehghani, Ph.D.
- Interim Provost, Missouri University of Science and Technology, Stephen Roberts, Ph.D.

The Security Executive Committee is hereby delegated all of the Board’s duties and responsibilities pertaining to the protection of classified information under classified contracts of the Department of Defense or User Agencies awarded to the Curators of the University of Missouri.

The following officers and members of the University of Missouri Board of Curators shall not be required, shall not have, and can be effectively excluded from access to all classified information in the possession of the Curators of the University of Missouri, and do not occupy positions that would enable them to affect adversely the policies and practices of

June 18-19, 2020

the Curators of the University of Missouri in the performance of classified contracts for the Department of Defense or User Agencies awarded to the Curators of the University of Missouri, and need not be processed for a personnel security clearance:

All members of the Board of Curators, except the designated member of the Security Executive Committee:

- Julia G. Brncic
- Darryl M. Chatman
- Maurice B. Graham
- Greg E. Hoberock
- Jeffrey L. Layman
- David L. Steelman
- Robin R. Wenneker
- Michael A. Williams

Officers:

- General Counsel, Stephen J. Owens, J.D.
- Chief Audit and Compliance Officer, Michelle Piranio
- Vice President for Finance and Chief Financial Officer, Ryan Rapp
- Associate Vice President for Human Resources and Chief Human Resources Officer, Marsha Fischer
- Chief Marketing and Communications Officer, Kamrhan Farwell
- Vice President for Information Technology, Beth Chancellor
- Chancellor, University of Missouri-St. Louis, Kristin Sobolik, Ph.D.

Roll Call Vote:

YES

NO

Curator Brncic
Curator Chatman
Curator Graham
Curator Hoberock
Curator Layman
Curator Snowden
Curator Steelman
Curator Wenneker
Curator Williams

The motion _____.

June 18-19, 2020

Retirement Plan Amendments

Executive Summary

Pursuant to the expanded executive authority granted to the President of the University to allow the University to respond swiftly to the 2020 coronavirus pandemic, President Choi approved certain changes to the University's Employee Retirement Investment Plan (ERIP), Supplemental Retirement Plan (SRP), 403(b) Tax Deferred Annuity Plan (403(b) Plan), and the 457(b) Eligible Deferred Compensation Plan (457(b) Plan) permitted by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted into law on March 27, 2020. Such changes to the ERIP, SRP, 403(b) Plan, and 457(b) Plan include: (i) allowing eligible individuals to take coronavirus-related distributions from each plan; (ii) suspend required minimum distributions from each plan for 2020; and (iii) where applicable, extending the due date for plan loan repayments. Board materials include a side-by-side comparison of the current language for each plan and the proposed language for each plan which incorporates the changes approved by President Choi.

In addition to the changes noted above, the administration is proposing additional amendments to the ERIP and 403(b) Plans. If adopted as proposed, the additional amendment to the ERIP would grant participants service credit for purposes of vesting for prior service with Columbia Surgical Services, Inc. and Columbia Family Medical Services, Inc. If adopted as proposed, the additional amendment to the 403(b) Plan would establish a single-vendor option as only funding vehicles issued by Fidelity Management Trust Company will receive future elective deferrals and nonelective contributions to the 403(b) Plan. The side-by-side comparisons of the current and proposed language for each of the ERIP and 403(b) Plan shows the applicable additional amendment.

The proposed action is to ratify the 2020 coronavirus pandemic related changes to the ERIP, SRP, 403(b) Plan, and 457(b) Plan approved by President Choi, and approve the additional amendments to the ERIP and the 403(b) Plan recommended by the administration. Following is a summary of the proposed changes:

- Participants in the ERIP, SRP, 403(b) Plan, and 457(b) Plan will, effective January 1, 2020, (i) be permitted to take coronavirus-related distributions from the ERIP, SRP, 403(b) Plan or 457(b) Plan, as described in section 2202(a) of the CARES Act and (ii) pursuant to section 2203 of the CARES Act, required minimum distributions from the ERIP, SRP, 403(b), or 457(b) Plan will be suspended during 2020, unless the participant elects to receive a required minimum distribution.
- Participants in the SRP and 403(b) Plan with outstanding loan balances with respect to such plans may, effective as of March 27, 2020, extend the due date for any plan loan repayments as described in section 2202(b) of the CARES Act.

- Participants in the ERIP will, effective as of June 22, 2020, receive "Service Credit" (as defined in the ERIP) with respect to prior service with Columbia Surgical Services, Inc. and Columbia Family Medical Services, Inc.
- Given the decrease in active TIAA participants and the need to operate as efficiently as possible, the 403(b) Plan will move to a single-vendor option such that only funding vehicles issued by Fidelity Management Trust Company will receive elective deferrals and nonelective contributions (i) effective on or after August 1, 2020, with respect to Participants who are not enrolled in a TIAA-CREF Funding Vehicle, as well as all Employees who elect to participate and enroll in the Plan on or after August 1, 2020, and (ii) effective on or after January 1, 2021, with respect to all other Participants.

No. 7

Recommended Action - Retirement Plan Amendments - Employee Retirement Investment Plan (ERIP), Supplemental Retirement Plan (SRP), 403(b) Tax Deferred Annuity Plan (403(b) Plan), and the 457(b) Eligible Deferred Compensation Plan (457(b) Plan)

It was recommended by Associate Vice President and Chief Human Resources Officer Marsha Fischer, endorsed by President Choi, recommended by the Governance, Compensation and Human Resources Committee, moved by Curator _____, and seconded by Curator _____, that the following action be approved:

that the Employee Retirement Investment Plan (ERIP) be amended as indicated in the attached document containing proposed language changes, effective January 1, 2020 (unless otherwise noted), (i) to allow participants to take coronavirus-related distributions from the ERIP, as described in section 2202(a) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), (ii) to suspend required minimum distributions from the ERIP for 2020, unless a participant elects otherwise, pursuant to section 2203 of the CARES Act, and (iii) effective as of June 22, 2020, Participants shall receive Service Credit with respect to prior service with Columbia Surgical Services, Inc. and Columbia Family Medical Services, Inc.;

that the Supplemental Retirement Plan (SRP) be amended as indicated in the attached document containing proposed language changes, effective January 1, 2020 (unless otherwise noted), (i) to allow participants to take coronavirus-related distributions from the SRP, as described in section 2202(a) of the CARES Act; (ii) to suspend required minimum distributions from the SRP for 2020, unless a participant elects otherwise, pursuant to section 2203 of the CARES Act; and (iii) effective March 27, 2020, to extend the due date for plan loan repayments as described in section 2202(b) of the CARES Act;

that the 403(b) Tax Deferred Annuity Plan (403(b) Plan) be amended as indicated in the attached document containing proposed language changes, effective January 1, 2020, (unless otherwise noted), (i) to allow participants to take coronavirus-related distributions from the 403(b) Plan, as described in section 2202(a) of the CARES Act; (ii) to suspend required minimum distributions from the 403(b) Plan for 2020, unless a participant elects otherwise, pursuant to section 2203 of the CARES Act; (iii) effective March 27, 2020, to extend the due date for plan loan repayments as described in section 2202(b) of the CARES Act; (iv) to move to a single-vendor option for the 403(b) Plan's funding vehicle such that only funding vehicles issued by Fidelity Management Trust Company will receive elective deferrals and nonelective contributions (a) effective on or after August 1, 2020, with respect to Participants who are not enrolled in a TIAA-

CREF Funding Vehicle, as well as all Employees who elect to participate and enroll in the Plan on or after August 1, 2020, and (b) effective on or after January 1, 2021, with respect to all other Participants; and

that the 457(b) Eligible Deferred Compensation Plan (457(b) Plan) be amended as indicated in the attached document containing proposed language changes, effective January 1, 2020, (i) to allow participants to take coronavirus-related distributions from the 457(b) Plan, as described in section 2202(a) of the CARES Act and (ii) to suspend required minimum distributions from the 457(b) Plan for 2020, unless a participant elects otherwise, pursuant to section 2203 of the CARES Act.

Roll call vote of the Committee: YES NO

Curator Chatman
Curator Layman
Curator Snowden
Curator Williams

The motion _____.

Roll call vote of the Board: YES NO

Curator Brncic
Curator Chatman
Curator Graham
Curator Hoberock
Curator Layman
Curator Snowden
Curator Steelman
Curator Wenneker
Curator Williams

The motion _____.

RECOMMENDATION TO AMEND BENEFIT PROGRAM

Supplemental Retirement Plan Retirement Medical Long Term Disability
 Life Insurance Dental AD&D Flexible Benefits Tax Deferred Annuity

Effective Date of Amendment to Program: January 1, 2020 and June 22, 2020

Amendment Number: ERIP-6

Purpose of Recommendation:

To amend the Employee Retirement Investment Plan, effective January 1, 2020, unless otherwise provided below, to provide as follows:

- Allow participants to take Coronavirus-related Distributions, as described in section 2202(a) of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act");
- Suspend required minimum distributions for 2020, unless the participant elects otherwise, pursuant to section 2203 of the CARES Act; and
- Effective June 22, 2020, grant participants Service Credit with respect to any prior service with Columbia Surgical Services, Inc. and Columbia Family Medical Services, Inc.

Current Language (citation of specific section of Collected Rules and Regulations):

See attached.

Proposed Language (recommended citation):

See attached.

Cost, if Applicable:

Recommended for Approval:

Marsha Fischer
Chief Human Resources Officer

Date

Approval as to Legal Form:

Paul Maguffee
Legal Counsel

Date

Final Approval:

Mun Choi
President

Date

Copy to General Counsel, Human Resources, Board of Curators

Amendment to the Employee Retirement Investment Plan

Section 530.030.A.28A

| Current with Changes | Proposed |
|--|--|
| <p>28A. The amount of Service Credit a Participant earns after October 1, 2019, shall be determined in accordance with this Section 530.030.A.28A. For Participants who began Participation in this Plan prior to October 1, 2019, the amount of Service Credit earned under this Section 530.030.A.28A shall be added to the amount of Service Credit a Participant accrued as of October 1, 2019, under the provisions of Section 530.030.A.28., to determine such Participant's total amount of Service Credit.</p> <p>a. Each Participant's Service Credit shall be determined by aggregating all of the Participant's Periods of Service.</p> <p>b. A "Period of Service" begins on a Participant's first day of employment or reemployment with the University as an Eligible Employee and ends on the date of the Participant's subsequent Severance from Employment. Each Period of Service accrued by a Participant shall be measured in days, including both the first day of employment or reemployment and the date of the Participant's Severance from Employment. In each instance that a Participant accrues Periods of Service that in the aggregate total 365 days, such Participant shall be credited with a year of Service</p> | <p>28A. The amount of Service Credit a Participant earns after October 1, 2019, shall be determined in accordance with this Section 530.030.A.28A. For Participants who began Participation in this Plan prior to October 1, 2019, the amount of Service Credit earned under this Section 530.030.A.28A shall be added to the amount of Service Credit a Participant accrued as of October 1, 2019, under the provisions of Section 530.030.A.28., to determine such Participant's total amount of Service Credit.</p> <p>a. Each Participant's Service Credit shall be determined by aggregating all of the Participant's Periods of Service.</p> <p>b. A "Period of Service" begins on a Participant's first day of employment or reemployment with the University as an Eligible Employee and ends on the date of the Participant's subsequent Severance from Employment. Each Period of Service accrued by a Participant shall be measured in days, including both the first day of employment or reemployment and the date of the Participant's Severance from Employment. In each instance that a Participant accrues Periods of Service that in the aggregate total 365 days, such Participant shall be credited with a year of Service</p> |

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| <p>Credit. A Participant's Service Credit is equal to the sum of all Periods of Service, except as provided below, whether or not such Periods of Service are contiguous or continuous.</p> <ol style="list-style-type: none"> 1) Except as otherwise provided in this Section 530.030.A.28A.b, only days on which a Participant is performing services for regular Compensation shall be included in the number of days in a Period of Service. 2) Days on which a Participant whose full-time employment is under the control and direction of the University, but who renders only part-time service for teaching and research programs of the University and the compensation for the remainder of whose services is paid from funds under the control of the University, other than University funds, shall be included in the number of days in a Period of Service. 3) Any day on which the Participant is on a leave of absence (including, for example, military leaves of absence, extension of sick leave without pay, leaves of absence granted in accordance with the | <p>Credit. A Participant's Service Credit is equal to the sum of all Periods of Service, except as provided below, whether or not such Periods of Service are contiguous or continuous.</p> <ol style="list-style-type: none"> 1) Except as otherwise provided in this Section 530.030.A.28A.b, only days on which a Participant is performing services for regular Compensation shall be included in the number of days in a Period of Service. 2) Days on which a Participant whose full-time employment is under the control and direction of the University, but who renders only part-time service for teaching and research programs of the University and the compensation for the remainder of whose services is paid from funds under the control of the University, other than University funds, shall be included in the number of days in a Period of Service. 3) Any day on which the Participant is on a leave of absence (including, for example, military leaves of absence, extension of sick leave without pay, leaves of absence granted in accordance with the |
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| <p>Family Medical Leave Act, Furloughs, and seasonal leaves) shall be included in the number of days in a Period of Service.</p> <p>4) A Period of Service does not include any days before Participation in this Plan or any days worked by an employee who is not actively participating in this Plan because such employee is not an Eligible Employee.</p> <p>5) A Period of Service does not include any days on which the Participant is an attached Federal or State employee, as described in the Academic Tenure Regulations, adopted by the University on March 17, 1972.</p> <p>6) A Period of Service does not include any days on which a Participant is performing service for any agency or institution attached to the University but not an integral part of the University.</p> <p>7) In the event a Participant who is not vested in his or her Account in accordance with Section</p> | <p>Family Medical Leave Act, Furloughs, and seasonal leaves) shall be included in the number of days in a Period of Service.</p> <p>4) A Period of Service does not include any days before Participation in this Plan or any days worked by an employee who is not actively participating in this Plan because such employee is not an Eligible Employee.</p> <p>5) A Period of Service does not include any days on which the Participant is an attached Federal or State employee, as described in the Academic Tenure Regulations, adopted by the University on March 17, 1972.</p> <p>6) A Period of Service does not include any days on which a Participant is performing service for any agency or institution attached to the University but not an integral part of the University.</p> <p>7) In the event a Participant who is not vested in his or her Account in accordance with Section</p> |
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| <p>530.030.F.1 experiences a Severance from Employment and is not subsequently reemployed by the University as an Eligible Employee within the five year period following such a Participant's Severance from Employment, then all of such a Participant's Service Credit earned under this Section 530.030.A.28A before the Participant's Severance from Employment shall be disregarded.</p> <p>c. Notwithstanding anything in this Plan to the contrary, effective as of June 22, 2020, Participants shall receive Service Credit with respect to prior service with Columbia Surgical Services, Inc. and Columbia Family Medical Services, Inc.</p> | <p>530.030.F.1 experiences a Severance from Employment and is not subsequently reemployed by the University as an Eligible Employee within the five year period following such a Participant's Severance from Employment, then all of such a Participant's Service Credit earned under this Section 530.030.A.28A before the Participant's Severance from Employment shall be disregarded.</p> <p>c. Notwithstanding anything in this Plan to the contrary, effective as of June 22, 2020, Participants shall receive Service Credit with respect to prior service with Columbia Surgical Services, Inc. and Columbia Family Medical Services, Inc.</p> |
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Amendment to the Employee Retirement Investment Plan

Section 530.030.G.1.

| Current with Changes | Proposed |
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| <p>G. DISTRIBUTIONS</p> <p>1. Distribution Eligibility</p> <p>A Participant's vested Account Balance is distributable upon the occurrence of one of the following events:</p> | <p>G. DISTRIBUTIONS</p> <p>1. Distribution Eligibility</p> <p>A Participant's vested Account Balance is distributable upon the occurrence of one of the following events:</p> |

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| <p>a. The Participant has had a Severance from Employment;</p> <p>b. The Participant dies; or</p> <p>c. The Participant has reached his/her Required Beginning Date (as defined in 530.030.I.5.d.). Distributions upon a Participant's Required Beginning Date will be made in accordance with Section 530.030.I; or</p> <p>d. The Participant is a Qualified Individual eligible to take a Coronavirus-related Distribution from the nonforfeitable portion of the Participant's Account. Coronavirus-related Distributions will be made in accordance with this Section 530.030.G.1.d.</p> <p>1) A Participant who is a Qualified Individual may take a Coronavirus-related Distribution from the nonforfeitable portion of his/her Account, provided that the aggregate amount of Coronavirus-related Distributions received by the Participant for any taxable year from</p> | <p>a. The Participant has had a Severance from Employment;</p> <p>b. The Participant dies;</p> <p>c. The Participant has reached his/her Required Beginning Date (as defined in 530.030.I.5.d.). Distributions upon a Participant's Required Beginning Date will be made in accordance with Section 530.030.I; or</p> <p>d. The Participant is a Qualified Individual eligible to take a Coronavirus-related Distribution from the nonforfeitable portion of the Participant's Account. Coronavirus-related Distributions will be made in accordance with Section 530.030.G.1.d.</p> <p>1) A Participant who is a Qualified Individual may take a Coronavirus-related Distribution from the nonforfeitable portion of his/her Account, provided that the aggregate amount of Coronavirus-related Distributions received by the Participant for any taxable year from</p> |
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| <p>all plans maintained by the University does not exceed \$100,000.</p> <p>2) A Participant who receives a Coronavirus-related Distribution from this Plan may, at any time during the 3-year period beginning on the day after receipt of the Coronavirus-related Distribution, make one or more contributions to any plan sponsored by the University which accepts rollover contributions, as rollover contributions, in an aggregate amount not to exceed the amount of such Coronavirus-related Distribution.</p> <p>3) The Plan Administrator may rely on a Participant's certification that the Participant is a Qualified Individual eligible to receive a Coronavirus-related Distribution.</p> <p>4) For purposes of this Section 530.030.G.1.d., "Coronavirus-related</p> | <p>all plans maintained by the University does not exceed \$100,000.</p> <p>2) A Participant who receives a Coronavirus-related Distribution from this Plan may, at any time during the 3-year period beginning on the day after receipt of the Coronavirus-related Distribution, make one or more contributions to any plan sponsored by the University which accepts rollover contributions, , as rollover contributions, in an aggregate amount not to exceed the amount of such Coronavirus-related Distribution.</p> <p>3) The Plan Administrator may rely on a Participant's certification that he/she is a Qualified Individual eligible to receive a Coronavirus-related Distribution.</p> <p>4) For purposes of this Section 530.030.G.1.d., "Coronavirus-related</p> |
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| <p style="color: red;">Distribution" means a distribution from the Plan made on or after January 1, 2020, and before December 31, 2020, and as defined in Section 2202(a)(4)(A) of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which does not exceed \$100,000.</p> <p style="color: red;">5) For purposes of this section 530.030.G.1.d., "Qualified Individual" means any qualified individual as defined in Section 2202(b)(3) of the CARES Act.</p> | <p>Distribution" means a distribution from the Plan made on or after January 1, 2020, and before December 31, 2020, and as defined in Section 2202(a)(4)(A) of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which does not exceed \$100,000.</p> <p>5) For purposes of this section 530.030.G.1.d., "Qualified Individual" means any qualified individual as defined in Section 2202(b)(3) of the CARES Act.</p> |
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| Amendment to the Employee Retirement Investment Plan | |
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| Section 530.030.I. | |
| Current with Changes | Proposed |
| <p>6. Waiver of 2020 Required Minimum Distributions.</p> <p style="color: red;">a. <u>Waiver for 2020.</u> Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), a Participant or Beneficiary who would have been required to receive</p> | <p>6. Waiver of 2020 Required Minimum Distributions.</p> <p>a. <u>Waiver for 2020.</u> Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), a Participant or Beneficiary who would have been required to receive</p> |

minimum distributions for 2020 but for the enactment of Code Section 401(a)(9)(I) ("2020 RMDs") and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2020 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2020 RMDs) made at least annually for a period not to exceed 10 years to a designated beneficiary or, in the case of an "eligible designated beneficiary" under Code Section 401(a)(9)(E)(ii), expected to last for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancy) of the Participant and the Participant's eligible designated Beneficiary ("Extended 2020 RMDs"), will not receive those distributions for 2020 unless the Participant or Beneficiary chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), and solely for purposes of applying the direct rollover provisions of the Plan, a direct rollover will be offered only for distributions that would have been eligible rollover distributions without regard to Code Section 401(a)(9)(I).

minimum distributions for 2020 but for the enactment of Code Section 401(a)(9)(I) ("2020 RMDs") and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2020 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2020 RMDs) made at least annually for a period not to exceed 10 years to a designated beneficiary or, in the case of an "eligible designated beneficiary" under Code Section 401(a)(9)(E)(ii), expected to last for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancy) of the Participant and the Participant's eligible designated Beneficiary ("Extended 2020 RMDs"), will not receive those distributions for 2020 unless the Participant or Beneficiary chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), and solely for purposes of applying the direct rollover provisions of the Plan, a direct rollover will be offered only for distributions that would have been eligible rollover distributions without regard to Code Section 401(a)(9)(I).

RECOMMENDATION TO AMEND BENEFIT PROGRAM

Supplemental Retirement Plan Retirement Medical Long Term Disability
 Life Insurance Dental AD&D Flexible Benefits Tax Deferred Annuity

Effective Date of Amendment to Program: January 1, 2020, and March 27, 2020

Amendment Number: SRP-26

Purpose of Recommendation:

To amend the Supplemental Retirement Plan, effective January 1, 2020, except as otherwise provided below, to provide as follows:

- Allow participants to take Coronavirus-related Distributions, as described in section 2202(a) of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act");
- Suspend required minimum distributions for 2020, unless the participant elects otherwise, pursuant to section 2203 of the CARES Act; and
- Extend the due date for plan loan repayments, effective as of March 27, 2020, as described in section 2202(b) of the CARES Act.

Current Language (citation of specific section of Collected Rules and Regulations):

See attached.

Proposed Language (recommended citation):

See attached.

Cost, if Applicable:

Recommended for Approval:

Marsha Fischer
Chief Human Resources Officer

Date

Approval as to Legal Form:

Paul Maguffee
Legal Counsel

Date

Final Approval:

Mun Choi
President

Date

Copy to General Counsel, Human Resources, Board of Curators

Amendment to the Supplemental Retirement Plan

Section 570.010.G.1.

| Current with Changes | Proposed |
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| <p>G. DISTRIBUTIONS</p> <p>1. Distribution Eligibility</p> <p>A Participant’s Account Balance is distributable upon the occurrence of one of the following events:</p> <ul style="list-style-type: none">a. The Participant has had a Severance from Employment;b. The Participant is actively employed by the Employer and attains age fifty-nine and a half (59-1/2);c. The Participant is found to have suffered a financial hardship. Distributions because of hardship are subject to the rules and restrictions of Section 570.010.G.7.;d. The Participant has become totally and permanently disabled as defined in the University of Missouri Retirement, Disability and Death Benefit Plan;e. The Participant dies; orf. The Participant has reached his/her | <p>G. DISTRIBUTIONS</p> <p>1. Distribution Eligibility</p> <p>A Participant’s Account Balance is distributable upon the occurrence of one of the following events:</p> <ul style="list-style-type: none">a. The Participant has had a Severance from Employment;b. The Participant is actively employed by the Employer and attains age fifty-nine and a half (59-1/2);c. The Participant is found to have suffered a financial hardship. Distributions because of hardship are subject to the rules and restrictions of Section 570.010.G.7.;d. The Participant has become totally and permanently disabled as defined in the University of Missouri Retirement, Disability and Death Benefit Plan;e. The Participant dies;f. The Participant has reached his/her |

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| <p>Required Beginning Date (as defined in 570.010.I.5.d.). Distributions upon a Participant's Required Beginning Date will be made in accordance with Section 570.010.I.; or</p> <p>g. The Participant is a Qualified Individual eligible to take a Coronavirus-related Distributions from the nonforfeitable portion of the Participant's Account. Coronavirus-related Distributions will be made in accordance with this Section 570.010.G.1.g.</p> <p>1) A Participant who is a Qualified Individual may take a Coronavirus-related Distribution from the nonforfeitable portion of his/her Account, provided that the aggregate amount of Coronavirus-related Distributions received by the Participant for any taxable year from all plans maintained by the University does not exceed \$100,000.</p> <p>2) A Participant who receives a</p> | <p>Required Beginning Date (as defined in 570.010.I.5.d.). Distributions upon a Participant's Required Beginning Date will be made in accordance with Section 570.010.I; or</p> <p>g. The Participant is a Qualified Individual eligible to take a Coronavirus-related Distributions from the nonforfeitable portion of the Participant's Account. Coronavirus-related Distributions will be made in accordance with this Section 570.010.G.1.g.</p> <p>1) A Participant who is a Qualified Individual may take a Coronavirus-related Distribution from the nonforfeitable portion of his/her Account, provided that the aggregate amount of Coronavirus-related Distributions received by the Participant for any taxable year from all plans maintained by the University does not exceed \$100,000.</p> <p>2) A Participant who receives a</p> |
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| <p>Coronavirus-related Distribution from this Plan may, at any time during the 3-year period beginning on the day after receipt of the Coronavirus-related Distribution, make one or more contributions to this Plan, as rollover contributions, in an aggregate amount not to exceed the amount of such Coronavirus-related Distribution.</p> <p>3) The Plan Administrator may rely on a Participant's certification that the Participant is a Qualified Individual eligible to receive a Coronavirus-related Distribution.</p> <p>4) For purposes of this Section 570.010.G.1.g "Coronavirus-related Distribution" means a distribution from the Plan made on or after January 1, 2020, and before December 31, 2020, and as defined in Section 2202(a)(4)(A) of the Coronavirus Aid, Relief, and</p> | <p>Coronavirus-related Distribution from this Plan may, at any time during the 3-year period beginning on the day after receipt of the Coronavirus-related Distribution, make one or more contributions to this Plan, as rollover contributions, in an aggregate amount not to exceed the amount of such Coronavirus-related Distribution.</p> <p>3) The Plan Administrator may rely on a Participant's certification that the Participant is a Qualified Individual eligible to receive a Coronavirus-related Distribution.</p> <p>4) For purposes of this Section 530.030.G.1.g "Coronavirus-related Distribution" means a distribution from the Plan made on or after January 1, 2020, and before December 31, 2020, and as defined in Section 2202(a)(4)(A) of the Coronavirus Aid, Relief, and</p> |
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| <p>Economic Security Act ("CARES Act"), which does not exceed \$100,000.</p> <p>5) For purposes of this section 570.010.G.1.g, "Qualified Individual" means any qualified individual as defined in Section 2202(b)(3) of the CARES Act.</p> | <p>Economic Security Act ("CARES Act"), which does not exceed \$100,000.</p> <p>5) For purposes of this section 530.030.G.1.g, "Qualified Individual" means any qualified individual as defined in Section 2202(b)(3) of the CARES Act.</p> |
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Amendment to the Supplemental Retirement Plan

Section 570.010.I.7.

| Current with Changes | Proposed |
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| <p>7. <u>Waiver of 2020 Required Distributions.</u> Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), a Participant or Beneficiary who would have been required to receive minimum distributions for 2020 but for the enactment of Code Section 401(a)(9)(I) ("2020 RMDs") and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2020 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2020 RMDs) made at least annually for a period not to exceed 10 years to a designated beneficiary or, in the case of an "eligible designated beneficiary" under Code Section 401(a)(9)(E)(ii), expected to last for</p> | <p>7. <u>Waiver of 2020 Required Distributions.</u> Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), a Participant or Beneficiary who would have been required to receive minimum distributions for 2020 but for the enactment of Code Section 401(a)(9)(I) ("2020 RMDs") and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2020 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2020 RMDs) made at least annually for a period not to exceed 10 years to a designated beneficiary or, in the case of an "eligible designated beneficiary" under Code Section 401(a)(9)(E)(ii), expected to last for the life (or life</p> |

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| <p>the life (or life expectancy) of the Participant or the joint lives (or joint life expectancy) of the Participant and the Participant's eligible designated Beneficiary ("Extended 2020 RMDs"), will not receive those distributions for 2020 unless the Participant or Beneficiary chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), and solely for purposes of applying the direct rollover provisions of the Plan, a direct rollover will be offered only for distributions that would have been eligible rollover distributions without regard to Code Section 401(a)(9)(I).</p> | <p>expectancy) of the Participant or the joint lives (or joint life expectancy) of the Participant and the Participant's eligible designated Beneficiary ("Extended 2020 RMDs"), will not receive those distributions for 2020 unless the Participant or Beneficiary chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), and solely for purposes of applying the direct rollover provisions of the Plan, a direct rollover will be offered only for distributions that would have been eligible rollover distributions without regard to Code Section 401(a)(9)(I).</p> |
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| Amendment to the Supplemental Retirement Plan | |
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| Section 570.010.J.8.e. | |
| Current with Changes | Proposed |
| <p>8. Repayment Terms</p> <p>a. Each loan will be made effective as of the first day of a month.</p> <p>b. Loans must be repaid over a period not to exceed five (5) years in equal monthly installments starting with the first day of the calendar quarter beginning after the date of the loan.</p> | <p>8. Repayment Terms</p> <p>a. Each loan will be made effective as of the first day of a month.</p> <p>b. Loans must be repaid over a period not to exceed five (5) years in equal monthly installments starting with the first day of the calendar quarter beginning after the date of the loan.</p> |

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| <p>c. Prepayments of outstanding principal and accrued interest are permitted at any time, without penalty.</p> <p>d. Notwithstanding subsection b., above, if the loan is for the purchase or construction of the Participant's principal residence and the Participant provides the Trust with documentation of that, the loan may be repaid over a period not to exceed ten (10) years in monthly installments.</p> <p>e. Notwithstanding subsection b. or d., above, If a Qualified Individual has an outstanding loan from the Plan on or after the Qualified Beginning Date, then (i) if the date for any repayment of such loan occurs during the period beginning on March 27, 2020, and ending on December 31, 2020, the due date is extended for one year; (ii) the Plan will adjust any subsequent repayments to reflect the extension of the due date under (i) and any interest accrued during the extension; and (iii) the Plan will disregard the period of extension described in (i) in determining the 5-year period (or 10-year period) and the loan term under Code §72(p)(2)(B) or (C).</p> <p>a) For purposes of this Section 590.010.J.8.e, "Qualified Individual" means any qualified individual as</p> | <p>c. Prepayments of outstanding principal and accrued interest are permitted at any time, without penalty.</p> <p>d. Notwithstanding subsection b., above, if the loan is for the purchase or construction of the Participant's principal residence and the Participant provides the Trust with documentation of that, the loan may be repaid over a period not to exceed ten (10) years in monthly installments.</p> <p>e. Notwithstanding subsection b. or d., above, If a Qualified Individual has an outstanding loan from the Plan on or after the Qualified Beginning Date, then (i) if the date for any repayment of such loan occurs during the period beginning on March 27, 2020, and ending on December 31, 2020, the due date is extended for one year; (ii) the Plan will adjust any subsequent repayments to reflect the extension of the due date under (i) and any interest accrued during the extension; and (iii) the Plan will disregard the period of extension described in (i) in determining the 5-year period (or 10-year period) and the loan term under Code §72(p)(2)(B) or (C).</p> <p>a) For purposes of this Section 590.010.J.8.e, "Qualified Individual" means any qualified individual as defined in Section 570.010.G.1.g.5).</p> |
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| defined in Section 570.010.G.1.g.5). | |
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RECOMMENDATION TO AMEND BENEFIT PROGRAM

- Supplemental Retirement Plan Retirement Medical Long Term Disability
 Life Insurance Dental AD&D Flexible Benefits Tax Deferred Annuity

Effective Date of Amendment to Program: January 1, 2020, and March 27, 2020

Amendment Number: 403(b) - 26

Purpose of Recommendation:

To amend the 403(b) Tax Deferred Annuity Plan, effective January 1, 2020, except as otherwise provided below, to provide as follows:

- Allow participants to take Coronavirus-related Distributions, as described in section 2202(a) of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act");
- Suspend required minimum distributions for 2020, unless the participant elects otherwise, pursuant to section 2203 of the CARES Act;
- Extend the due date for plan loan repayments, effective as of March 27, 2020, as described in section 2202(b) of the CARES Act; and
- Move to a single-vendor option for the plan's funding vehicle such that only funding vehicles issued by Fidelity Management Trust Company will receive elective deferrals and nonelective contributions (i) effective on or after August 1, 2020, with respect to Participants who are not enrolled in a TIAA-CREF Funding Vehicle, as well as all Employees who elect to participate and enroll in the Plan on or after August 1, 2020, and (ii) effective on or after January 1, 2021, with respect to all other Participants.

Current Language (citation of specific section of Collected Rules and Regulations):

See attached.

Proposed Language (recommended citation):

See attached.

Cost, if Applicable:

Recommended for Approval:

Marsha Fischer
Chief Human Resources Officer

Date

Approval as to Legal Form:

Paul Maguffee
Legal Counsel

Date

Final Approval:

Mun Choi
President

Date

Copy to General Counsel, Human Resources, Board of Curators

Amendment to the 403(b) Tax Deferred Annuity Plan

Section 590.010.A.15.

| Current with Changes | Proposed |
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| <p>15. Funding Vehicles means the Annuity Contracts or Custodial Accounts issued for funding amounts held under the Plan and specifically approved by the University for use under the Plan. Only Funding Vehicles issued by Fidelity Management Trust Company and TIAA-CREF shall be eligible to receive Elective Deferrals and Nonelective Contributions under the Plan on or after October 1, 2012.</p> <p style="color: red;">Notwithstanding the foregoing, (i) effective on or after August 1, 2020, with respect to Participants who are not enrolled in a TIAA-CREF Funding Vehicle, as well as all Employees who elect to participate and enroll in the Plan on or after August 1, 2020, only Funding Vehicles issued by Fidelity Management Trust Company shall be eligible to receive Elective Deferrals and Nonelective Contributions under the Plan, and (ii) effective on or after January 1, 2021, only Funding Vehicles issued by Fidelity Management Trust Company shall be eligible to receive Elective Deferrals and Nonelective Contributions under the Plan.</p> | <p>15. Funding Vehicles means the Annuity Contracts or Custodial Accounts issued for funding amounts held under the Plan and specifically approved by the University for use under the Plan. Only Funding Vehicles issued by Fidelity Management Trust Company and TIAA-CREF shall be eligible to receive Elective Deferrals and Nonelective Contributions under the Plan on or after October 1, 2012.</p> <p>Notwithstanding the foregoing, (i) effective on or after August 1, 2020, with respect to Participants who are not enrolled in a TIAA-CREF Funding Vehicle, as well as all Employees who elect to participate and enroll in the Plan on or after August 1, 2020, only Funding Vehicles issued by Fidelity Management Trust Company shall be eligible to receive Elective Deferrals and Nonelective Contributions under the Plan, and (ii) effective on or after January 1, 2021, only Funding Vehicles issued by Fidelity Management Trust Company shall be eligible to receive Elective Deferrals and Nonelective Contributions under the Plan.</p> |

Amendment to the 403(b) Tax Deferred Annuity Plan

Section 590.010.A.33.

| Current with Changes | Proposed |
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| <p>33. Vendor means the provider of an Annuity Contract or Custodial Account. After September 30, 2012, Vendor shall only include Fidelity Management Trust Company and TIAA-CREF. Notwithstanding the foregoing, (i) effective on or after August 1, 2020, with respect to Participants who are not enrolled in a TIAA-CREF Funding Vehicle, as well as all Employees who elect to participate and enroll in the Plan on or after August 1, 2020, Vendor shall only include Fidelity Management Trust Company, and (ii) effective on or after January 1, 2021, Vendor shall only include Fidelity Management Trust Company. Additionally, notwithstanding the foregoing sentences, Annuity Contracts and Custodial Accounts with Vendors other than Fidelity Management Trust Company or TIAA-CREF, established before the dates specified above October 1, 2012, shall continue under the terms of the Plan.</p> | <p>33. Vendor means the provider of an Annuity Contract or Custodial Account. After September 30, 2012, Vendor shall only include Fidelity Management Trust Company and TIAA-CREF. Notwithstanding the foregoing, (i) effective on or after August 1, 2020, with respect to Participants who are not enrolled in a TIAA-CREF Funding Vehicle, as well as all Employees who elect to participate and enroll in the Plan on or after August 1, 2020, Vendor shall only include Fidelity Management Trust Company, and (ii) effective on or after January 1, 2021, Vendor shall only include Fidelity Management Trust Company. Additionally, notwithstanding the foregoing sentences, Annuity Contracts and Custodial Accounts with Vendors other than Fidelity Management Trust Company or TIAA-CREF, established before the dates specified above, shall continue under the terms of the Plan.</p> |

Amendment to the 403(b) Tax Deferred Annuity Plan

Section 590.010.G.5.

| Current with Changes | Proposed |
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| <p>5. <u>Suspension of Loans for Qualified Individuals.</u> If a Qualified Individual has an outstanding loan from the Plan on or after the Qualified Beginning Date, then (i) if the date for any repayment of such loan occurs during the period beginning on March 27, 2020, and ending on December 31, 2020, the due date is extended for one year; (ii) the Plan will adjust any subsequent repayments to reflect the extension of the due date under (i) and any interest accrued during the extension; and (iii) the Plan will disregard the period of extension described in (i) in determining the 5-year period and the loan term under Code §72(p)(2)(B) or (C).</p> <p>(a) For purposes of this Section 590.010.G.5, "Qualified Individual" means any qualified individual as defined in Section 2202(b)(3) of the CARES Act.</p> | <p>5. <u>Suspension of Loans for Qualified Individuals.</u> If a Qualified Individual has an outstanding loan from the Plan on or after the Qualified Beginning Date, then (i) if the date for any repayment of such loan occurs during the period beginning on March 27, 2020, and ending on December 31, 2020, the due date is extended for one year; (ii) the Plan will adjust any subsequent repayments to reflect the extension of the due date under (i) and any interest accrued during the extension; and (iii) the Plan will disregard the period of extension described in (i) in determining the 5-year period and the loan term under Code §72(p)(2)(B) or (C).</p> <p>(a) For purposes of this Section 590.010.G.5, "Qualified Individual" means any qualified individual as defined in Section 2202(b)(3) of the CARES Act.</p> |

Amendment to the 403(b) Tax Deferred Annuity Plan

Section 590.010.H.10.

| Current with Changes | Proposed |
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| <p>10. <u>Coronavirus-related Distributions.</u></p> <p>(a) A Participant who is a Qualified Individual may take a Coronavirus-related Distribution from the nonforfeitable portion of his or her Account in the Plan, provided the aggregate amount of Coronavirus-related Distributions received by a Participant for any taxable year (from all plans maintained by the University) does not exceed \$100,000.</p> <p>(b) A Participant who receives a Coronavirus-related Distribution from this Plan at any time during the 3-year period beginning on the day after receipt of the Coronavirus-related Distribution, may make one or more contributions to the Plan, as a rollover contributions, in an aggregate amount not to exceed the amount of such distribution.</p> <p>(c) The Plan Administrator may rely on a Participant's certification that he/she is a Qualified Individual eligible to receive a Coronavirus-related Distribution.</p> <p>(d) For purposes of this Section 590.010.H.10, "Coronavirus-related Distribution" means a distribution from the Plan made on or after January 1, 2020, and before December 31, 2020, and as defined in Section 2202(a)(4)(A) of the Coronavirus Aid, Relief, and Economic Security Act ("CARES</p> | <p>10. <u>Coronavirus-related Distributions.</u></p> <p>(a) A Participant who is a Qualified Individual may take a Coronavirus-related Distribution from the nonforfeitable portion of his or her Account in the Plan, provided the aggregate amount of Coronavirus-related Distributions received by a Participant for any taxable year (from all plans maintained by the University) does not exceed \$100,000.</p> <p>(b) A Participant who receives a Coronavirus-related Distribution from this Plan at any time during the 3-year period beginning on the day after receipt of the Coronavirus-related Distribution, may make one or more contributions to the Plan, as a rollover contributions, in an aggregate amount not to exceed the amount of such distribution.</p> <p>(c) The Plan Administrator may rely on a Participant's certification that he/she is a Qualified Individual eligible to receive a Coronavirus-related Distribution.</p> <p>(d) For purposes of this Section 590.010.H.10, "Coronavirus-related Distribution" means a distribution from the Plan made on or after January 1, 2020, and before December 31, 2020, and as defined in Section 2202(a)(4)(A) of the Coronavirus Aid, Relief, and Economic Security Act ("CARES</p> |

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| <p>Act"), which does not exceed \$100,000.</p> <p>(e) For purposes of this Section 590.010.H.10, "Qualified Individual" means any qualified individual as defined in Section 2202(b)(3) of the CARES Act.</p> | <p>Act"), which does not exceed \$100,000.</p> <p>(e) For purposes of this section 590.010.H.10, "Qualified Individual" means any qualified individual as defined in Section 2202(b)(3) of the CARES Act.</p> |
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Amendment to the 403(b) Tax Deferred Annuity Plan

Section 590.010.P.7.

| Current with Changes | Proposed |
|-----------------------------|-----------------|
|-----------------------------|-----------------|

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| <p>7. <u>Waiver of 2020 Required Distributions.</u> Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), a Participant or Beneficiary who would have been required to receive minimum distributions for 2020 but for the enactment of Code Section 401(a)(9)(I) ("2020 RMDs") and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2020 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2020 RMDs) made at least annually for a period not to exceed 10 years to a designated beneficiary or, in the case of an "eligible designated beneficiary" under Code Section 401(a)(9)(E)(ii), expected to last for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancy) of the Participant and the Participant's eligible designated Beneficiary ("Extended 2020 RMDs"), will not receive those distributions for 2020 unless the Participant or</p> | <p>7. <u>Waiver of 2020 Required Distributions.</u> Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), a Participant or Beneficiary who would have been required to receive minimum distributions for 2020 but for the enactment of Code Section 401(a)(9)(I) ("2020 RMDs") and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2020 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2020 RMDs) made at least annually for a period not to exceed 10 years to a designated beneficiary or, in the case of an "eligible designated beneficiary" under Code Section 401(a)(9)(E)(ii), expected to last for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancy) of the Participant and the Participant's eligible designated Beneficiary ("Extended 2020 RMDs"), will not receive those distributions for 2020 unless the Participant or Beneficiary</p> |
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| <p>Beneficiary chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), and solely for purposes of applying the direct rollover provisions of the Plan, a direct rollover will be offered only for distributions that would have been eligible rollover distributions without regard to Code Section 401(a)(9)(I).</p> | <p>chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), and solely for purposes of applying the direct rollover provisions of the Plan, a direct rollover will be offered only for distributions that would have been eligible rollover distributions without regard to Code Section 401(a)(9)(I).</p> |
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RECOMMENDATION TO AMEND BENEFIT PROGRAM

Supplemental Retirement Plan Retirement Medical Long Term Disability
 Life Insurance Dental AD&D Flexible Benefits Tax Deferred Annuity

Effective Date of Amendment to Program: January 1, 2020

Amendment Number: 457-16

Purpose of Recommendation:

To amend the 457(b) Eligible Deferred Compensation Plan, effective January 1, 2020, to provide as follows:

- Allow participants to take Coronavirus-related Distributions, as described in section 2202(a) of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"); and
- Suspend required minimum distributions for 2020, unless the participant elects otherwise, pursuant to section 2203 of the CARES Act.

Current Language (citation of specific section of Collected Rules and Regulations):

See attached.

Proposed Language (recommended citation):

See attached.

Cost, if Applicable:

Recommended for Approval:

Marsha Fischer
Chief Human Resources Officer

Date

Approval as to Legal Form:

Paul Maguffee
Legal Counsel

Date

Final Approval:

Mun Choi
President

Date

Copy to General Counsel, Human Resources, Board of Curators

Amendment to the 457(b) Eligible Deferred Compensation Plan

Section 580.010.F.7.

| Current with Changes | Proposed |
|--|---|
| <p>7. <u>Waiver of 2020 Required Distributions.</u> Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), a Participant or Beneficiary who would have been required to receive minimum distributions for 2020 but for the enactment of Code Section 401(a)(9)(I) ("2020 RMDs") and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2020 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2020 RMDs) made at least annually for a period not to exceed 10 years to a designated beneficiary or, in the case of an "eligible designated beneficiary" under Code Section 401(a)(9)(E)(ii), expected to last for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancy) of the Participant and the Participant's eligible designated Beneficiary ("Extended 2020 RMDs"), will not receive those distributions for 2020 unless the Participant or Beneficiary chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), and solely for purposes of applying the direct rollover provisions of the Plan, a direct rollover will be offered only for</p> | <p>7. <u>Waiver of 2020 Required Distributions.</u> Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), a Participant or Beneficiary who would have been required to receive minimum distributions for 2020 but for the enactment of Code Section 401(a)(9)(I) ("2020 RMDs") and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2020 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2020 RMDs) made at least annually for a period not to exceed 10 years to a designated beneficiary or, in the case of an "eligible designated beneficiary" under Code Section 401(a)(9)(E)(ii), expected to last for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancy) of the Participant and the Participant's eligible designated Beneficiary ("Extended 2020 RMDs"), will not receive those distributions for 2020 unless the Participant or Beneficiary chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), and solely for purposes of applying the direct rollover provisions of the Plan, a direct rollover will be offered only for distributions that would have been eligible rollover</p> |

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| distributions that would have been eligible rollover distributions without regard to Code Section 401(a)(9)(I). | distributions without regard to Code Section 401(a)(9)(I). |
|---|--|

| Amendment to the 457(b) Eligible Deferred Compensation Plan | |
|---|---|
| Section 580.010.G. | |
| Current with Changes | Proposed |
| G. UNFORSESEEABLE EMERGENCY DISTRIBUTIONS, CASHOUTS, AND QUALIFIED DOMESTIC RELATIONS ORDERS AND CORONAVIRUS-RELATED DISTRIBUTIONS | G. UNFORSESEEABLE EMERGENCY DISTRIBUTIONS, CASHOUTS, QUALIFIED DOMESTIC RELATIONS ORDERS AND CORONAVIRUS-RELATED DISTRIBUTIONS |

| Amendment to the 457(b) Eligible Deferred Compensation Plan | |
|---|---|
| Section 580.010.G.4. | |
| Current with Changes | Proposed |
| 4. <u>Coronavirus-related Distributions.</u> (a) A Participant who is a Qualified Individual may take a Coronavirus-related Distribution from the nonforfeitable portion of his or her Account in the Plan, provided the aggregate amount of Coronavirus-related Distributions received by a Participant for any taxable year (from all plans maintained by the University) does not exceed \$100,000. (b) A Participant who receives a Coronavirus-related Distribution from this Plan at any time during the 3-year period beginning on the day after receipt of the Coronavirus-related Distribution, | 4. <u>Coronavirus-related Distributions.</u> (a) A Participant who is a Qualified Individual may take a Coronavirus-related Distribution from the nonforfeitable portion of his or her Account in the Plan, provided the aggregate amount of Coronavirus-related Distributions received by a Participant for any taxable year (from all plans maintained by the University) does not exceed \$100,000. (b) A Participant who receives a Coronavirus-related Distribution from this Plan at any time during the 3-year period beginning on the day after receipt of the Coronavirus-related Distribution, |

| | |
|--|--|
| <p>may make one or more contributions to the Plan, as a rollover contributions, in an aggregate amount not to exceed the amount of such distribution.</p> <p>(c) The Plan Administrator may rely on a Participant's certification that he/she is a Qualified Individual eligible to receive a Coronavirus-related Distribution.</p> <p>(d) For purposes of this Section 580.010.G.4, "Coronavirus-related Distribution" means a distribution from the Plan made on or after January 1, 2020, and before December 31, 2020, and as defined in Section 2202(a)(4)(A) of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which does not exceed \$100,000.</p> <p>(e) For purposes of this Section 580.010.G.4, "Qualified Individual" means any qualified individual as defined in Section 2202(b)(3) of the CARES Act.</p> | <p>may make one or more contributions to the Plan, as a rollover contributions, in an aggregate amount not to exceed the amount of such distribution.</p> <p>(c) The Plan Administrator may rely on a Participant's certification that he/she is a Qualified Individual eligible to receive a Coronavirus-related Distribution.</p> <p>(d) For purposes of this Section 580.010.G.4, "Coronavirus-related Distribution" means a distribution from the Plan made on or after January 1, 2020, and before December 31, 2020, and as defined in Section 2202(a)(4)(A) of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which does not exceed \$100,000.</p> <p>(e) For purposes of this Section 580.010.G.4, "Qualified Individual" means any qualified individual as defined in Section 2202(b)(3) of the CARES Act.</p> |
|--|--|

FINANCE COMMITTEE

FINANCE COMMITTEE

David L. Steelman, Chair

Darryl M. Chatman

Greg E. Hoberock

Michael A. Williams

The Finance Committee (“Committee”) oversees the fiscal stability and long-term economic health of the University. The Committee will review and recommend policies to enhance quality and effectiveness of the finance functions of the University.

I. Scope

In carrying out its responsibilities, the Committee monitors the University’s financial operations, fundraising performance, debt level, capital priorities and investment performance; requires the maintenance of accurate and complete financial records; and maintains open lines of communication with the Board about the University’s financial condition.

II. Executive Liaison

The Vice President for Finance of the University or some other person(s) designated by the President of the University, with the concurrence of the Board Chair and the Committee Chair, shall be the executive liaison to the Committee and responsible for transmitting committee recommendations.

III. Responsibilities

In addition to the overall responsibilities of the Committee described above and in carrying out its responsibilities, the charge of the Committee shall include

1. Reviewing and making recommendations to the Board on the following matters:
 1. University operating budget and financial plan;
 2. University capital budget and master facility plans;
 3. capital projects;
 4. tuition, fees and housing rates;
 5. state appropriation requests;
 6. pursuant to applicable Collected Rules and Regulations, contracts and reports;
 7. insurance brokers and self-insurance programs;
 8. pursuant to applicable Collected Rules and Regulations, real estate sales, purchases, leases, easements and right-of-way agreements;
 9. the issuance of debt;
 10. asset allocation guidelines and other policies related to the University’s investment management function; and
 11. additional matters customarily addressed by the finance committee of a governing board for an institution of higher education.
2. Providing governance oversight to:
 1. long-range financial planning strategies;
 2. fundraising and development strategies;
 3. total indebtedness and debt capacity of the University;

4. the investment portfolio performance; and
 5. the financial condition of the pension fund.
3. Reviewing periodic reports including:
1. quarterly and year-end financial reports that measure the University's fiscal condition;
 2. annual purchasing reports on bids and equipment leases;
 3. quarterly debt-management reports;
 4. quarterly and year-end investment performance reports;
 5. semi-annual reports on development and fundraising activities; and
 6. other financial reports as requested by the Committee.

Approved by the Board of Curators: April 9, 2020

University of Missouri



Board of Curators

Finance Committee Meeting

**Monday, June 15, 2020
1:30 P.M.**

This Committee Meeting is being held in conjunction with the June 18-19, 2020 Board of Curators Meeting.

Originating:

From remote locations via conference telephone and Zoom webinar.

Please click the link below to join the webinar:

<https://umsystem.zoom.us/j/92081758249>

Or Telephone:

Dial US: +1 646 876 9923

Webinar ID: 92081758249

AGENDA

PUBLIC SESSION – 1:30 P.M.

Call to Order – Chair Steelman

Roll Call of the Committee

Action

1. UM Fiscal Year 2021 Operating Budget (Ryan Rapp)
2. UM Fiscal Year 2022 State Appropriations Request for Operations (Ryan Rapp)
3. FY 2021 Tuition and Required Fees (Ryan Rapp)
4. FY 2021 Supplemental and Other Related Enrollment Fees (Ryan Rapp)

Recess

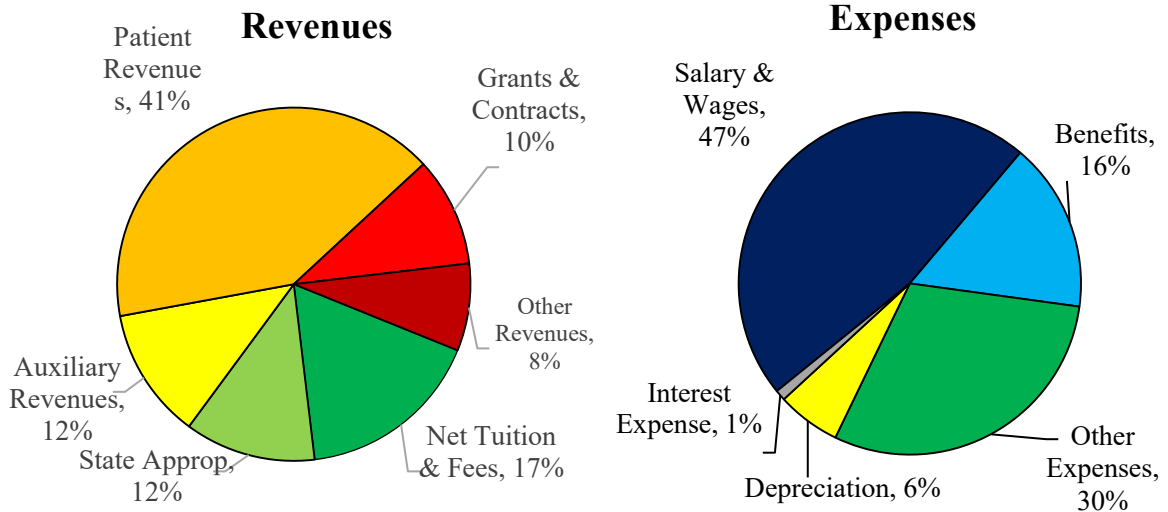
UM Fiscal Year 2021 Operating Budget

The Board will review the Fiscal Year 2021 University of Missouri System budget for approval at the June 18-19, 2020 meeting. The FY 21 all funds revenue budget is \$3.4 billion. The following table shows the FY 21 revenue budget by revenue source.

| FY 2021 Revenue Budget | MU | | MO | | | UM | University | Total |
|------------------------|------------------|-------------------|-----------------|-----------------|-----------------|----------------|----------------|------------------|
| | MU | Healthcare | UMKC | S&T | UMSL | System | Wide Units | |
| Net Tuition & Fees | \$ 275.8 | \$ - | \$ 146.9 | \$ 72.8 | \$ 88.1 | \$ (0.2) | \$ - | \$ 583.4 |
| State Appropriations | 217.8 | - | 73.9 | 50.2 | 55.9 | 12.3 | 9.5 | 419.6 |
| Grants & Contracts | 215.1 | 0.1 | 44.1 | 36.1 | 29.8 | - | - | 325.2 |
| Auxiliary Revenues | 269.7 | 23.9 | 40.6 | 19.8 | 18.2 | 22.7 | - | 394.9 |
| Patient Revenues | 262.2 | 1,080.9 | 40.0 | - | - | - | - | 1,383.1 |
| Private Gift Revenues | 22.7 | 1.3 | 11.2 | 6.6 | 11.3 | 0.1 | - | 53.2 |
| Endowment & Investment | 93.3 | - | 13.2 | 15.6 | 9.7 | 21.9 | 61.3 | 215.0 |
| Other Income | 51.0 | - | 13.9 | 4.4 | 2.8 | 3.5 | 9.3 | 84.9 |
| Revenue Contingency | (50.2) | - | (15.5) | (7.6) | (7.3) | (1.0) | - | (81.6) |
| Total Revenue | \$1,357.4 | \$ 1,106.2 | \$ 368.3 | \$ 197.9 | \$ 208.5 | \$ 59.3 | \$ 80.1 | \$3,377.7 |

The pie chart on the left shows the major sources of revenues across the University of Missouri. Auxiliary and Patient Service Revenues combine to account for 50% of the revenue budget. The unrestricted portion of the academic enterprise represents 40% of available funds consisting of auxiliaries, tuition, and state support. Healthcare continues to grow and represents another 40% of revenues. The remaining 20% is spread largely across restricted sources, such as gifts and grants. The chart on the right shows that 63% of the total budget is spent for compensation, 6% for depreciation and 31% of all other types of expenditures. Compensation remains the largest expense for the University of Missouri.

FY 21 All Funds Budget



Attached is the recommended action followed by supporting narrative and FY 21 summary budgets by fund group by campus.

No. 1

Recommended Action - UM Fiscal Year 2021 Operating Budget, UM

It was recommended by the respective Chancellors, endorsed by President Mun Y. 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 FY 21 budgets in accordance with the attached planning assumptions and financial summaries, which include the allocation of FY 21 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 FY 21 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 Chatman
Curator Hoberock
Curator Steelman
Curator Williams

The motion _____

Roll call vote of Board of Curators: YES NO
Curator Brncic
Curator Chatman
Curator Graham
Curator Hoberock
Curator Layman
Curator Snowden
Curator Steelman
Curator Williams
Curator Wenneker

The motion _____

June 18-19, 2020

At the June meeting, Vice President for Finance Ryan Rapp will present the FY 21 budget. The FY21 budget reflects the culmination of planning efforts undertaken by each institution throughout the spring. This year's budgeting cycle has been challenging, as information has changed rapidly throughout the cycle causing significant changes to budget assumptions and related plans. The University of Missouri has a history of following sound management practices and balancing expenditures within available revenues on a consolidated basis, and plans to continue that management throughout the upcoming year. With the amount of change and uncertainty in the current environment, the University's leadership team plans to update spending plans on a quarterly basis to reflect unforeseen changes in financial performance. These spending plans preserve financial resources in the short-term. However, additional work is necessary to achieve the necessary permanent structural changes to sustain the mission of the University and take strategic actions.

The University completed a five-year financial plan this fall, however, that plan did not consider the impacts of the health and economic crisis. As such, the University will not be presenting the five-year plan at this meeting. Updating budgets more frequently than in the past, the University will utilize the budget process to adjust to current and future economic conditions. The five-year financial planning and performance process will continue this fall and be adjusted for the permanent structural changes that are necessary.

Higher Education Sector Outlook Moves Negative

Both Moody's and Standard & Poor's (S&P) issued updated higher education market guidance in March to move their sector outlooks negative in response to the COVID-19 pandemic. Both rating agencies highlight the immediate negative financial impact of the pandemic along with significant downside risks as the health crisis continues into fiscal year 2021.

Moody's notes the following key points in their outlook downgrade release from March 2020:

Ability to respond to increasing downside risks varies widely across the sector. Universities with pre-existing weak operating performance and liquidity already face significant stress. Inability to resume normal operations in the fall or material declines in enrollment would drive more severe stress across a wider swath of the sector. Universities with greater budgetary flexibility due in part to sound operating cash flow and liquidity will better navigate these challenges.

“If there is a more material disruption in the fall, including an inability to resume classes or a significant enrollment decline, a greater proportion of the sector will confront more material financial stress. This could lead to some colleges declaring financial exigency.”

Coronavirus immediately hit revenues and drove expenses higher. Operating performance tightened across the sector as institutions shifted to online delivery and incurred emergency preparedness costs. Universities differed in their ability to shift to online educational delivery, underscoring the varying degrees of preparedness and relative competitive

position. Auxiliary facilities including housing and dining, parking, and athletics faced immediate revenue declines as students left campus.

Universities face multiple risks for revenue in 2021. The sector faces disruption across enrollment, state support, endowment income and philanthropy, and research grants and contracts. Universities face significant enrollment uncertainty for both new students and re-enrollment of existing students. These uncertainties appear to be especially concentrated in institutions with previous vulnerabilities in student demand.

As economic growth slows into recession, state funding for higher education is at risk. State funding for higher education is often the first item to be cut when states face their own fiscal challenges. Further, the impact of the coronavirus is driving state revenues towards other high need impact areas such as healthcare and public health.

For universities with significant research programs and academic medical centers, other risks are rising. The coronavirus outbreak is interrupting research programs, with some activities halting and others being deferred. Further, the performance of academic medical centers face disruptions as high margin optional procedures are delayed and their safety net provider status strains reimbursement with high levels of unemployment and Medicaid payments.

Financial market disruption presents several immediate and longer-term challenges. Disruptions of the financial markets will hit both assets and liabilities. Significant investment losses will most immediately hit reserves decreasing the buffer in operating reserves. If sustained, market losses will increase unfunded pension liabilities with accompanying budgetary impacts.

S&P's negative sector outlook is reflected in a wave of recent rating changes. In the first week of May, S&P placed an additional 27% of higher education institutions it rates on a negative outlook. With the change, nearly 40% of S&P's rated portfolio carries a negative outlook. These rating changes reflect the current pressures experienced by higher education institutions, and if on-campus classes can't be resumed in the fall, further rating actions may occur.

The rating agency outlooks reflect the significant uncertainty presented by the pandemic. It is anticipated the pandemic will have a lasting impact on higher education, exceeding the impact of the financial crisis in 2008. However, as noted by Moody's, the pandemic's impact will disproportionately impact institutions with weaker finances and weaker student demand characteristics. Different institutions within the system will be impacted differently, and that the institutions within the System are likely stronger in both resources and student demand than many other small public and private institutions in Missouri.

COVID Impact on Enrollments

McKinsey continues to follow the pandemic and publish insights for leaders on the challenges facing higher education leaders. Similar to Moody's view in the financial rating impact, McKinsey's [recent publication](#) identified enrollment as the key to the success for many Universities. A college's first year class helps define the student experience and heavily influences the institution's finances. McKinsey completed a broad survey of new high school graduates.

Overall, the survey found that enrollment numbers remain largely unchanged – but a remote fall semester could change things drastically. These observations track in line with what the University is experiencing with both new freshman enrollment and re-enrollments of existing students. Students expecting to defer college for a year are currently offset by students who are choosing to newly enroll or enroll in a four-year institution instead of a community college. Students continue to change their first-choice school, with distance found to be the key change in decision-making this year, with many students choosing to stay closer to home.

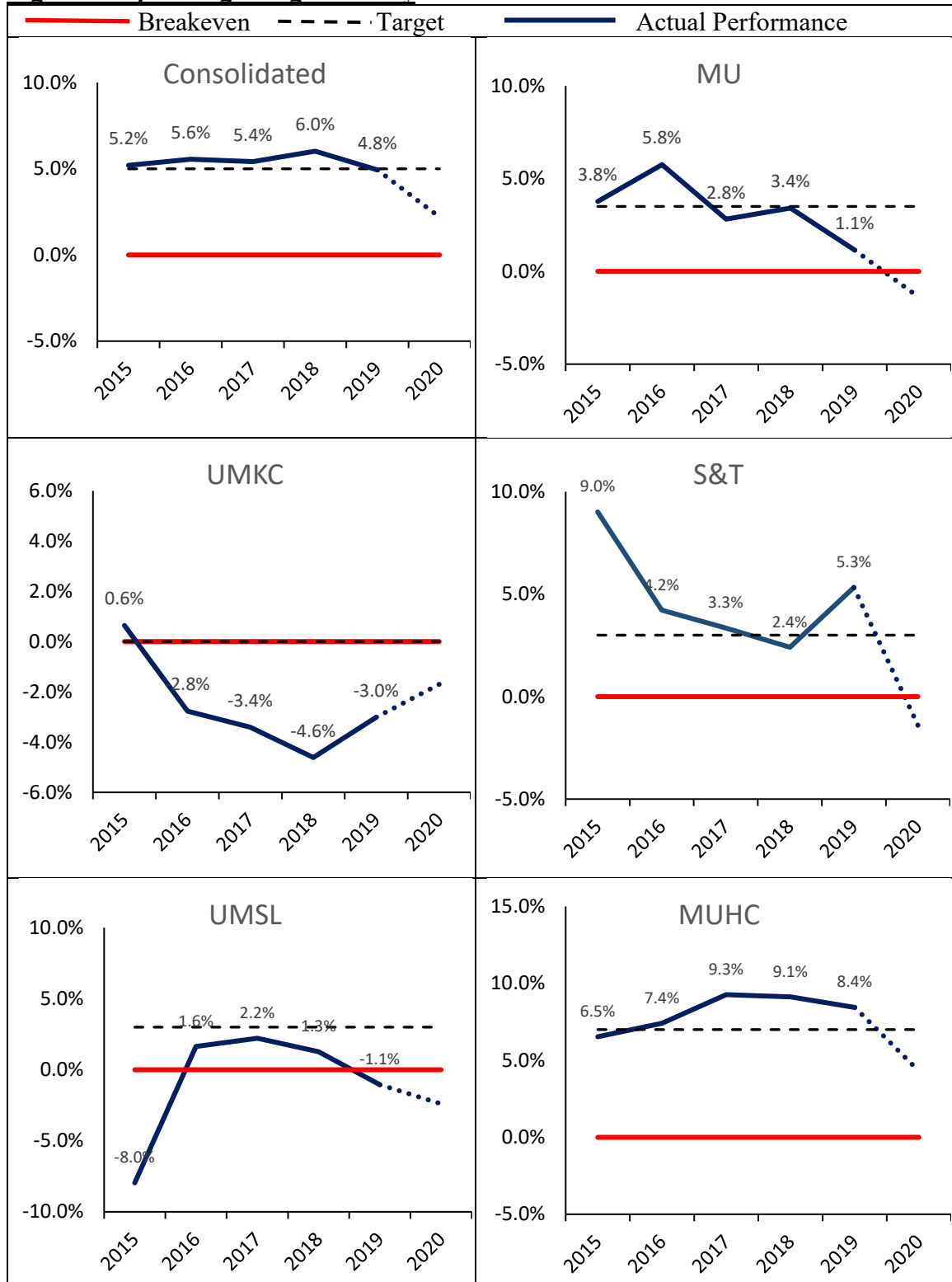
The possibility of a shift to online adds further complexity to the enrollment decision. Only 23 percent of students are confident they can get a high-quality education online and only 19 percent feel confident they can build relationships in an online environment. These concerns contribute significantly to students and their willingness to change enrollment plans. If the fall were to move online, nearly half (45 percent) of students would consider changing schools and another 15 percent would consider deferring their enrollment at least a semester. The most cited comments related to this shift include the lower quality of remote learning, lack of a campus experience, and the costs.

Any resurgence in the fall or spring will have a lasting impact on both enrollment and the student relationships. The University plans to take a thoughtful approach on any closure, and ensure students still receive the education they pay for. Students and the public understood the need for rapid and decisive closures in the spring of 2020, expectations around a transition to online in the fall of 2020 or the spring of 2021 will be much higher. Each university enters this new environment from a different place, with MU and S&T in a stronger position than the urban campuses who have been struggling to grow enrollment for several years.

Historical Context of Operating Performance

The University of Missouri has a long history of maintaining positive operating performance, even through periods of significant fiscal challenges. The University continues to focus on managing operations into the new reality with the pandemic. The level of action necessary during the FY21 planning process was not only dependent on the impact of the pandemic, but also the history of past operating performance for each university. The following charts demonstrate historical performance to target over the past five years

Figure 1: Operating Margin History



As demonstrated in figure 1, most of the business units and consolidated financial performance have trended close to target on operating performance over the past five years. UMKC has a consistent history of underperforming on operating margin, both to target and

breakeven performance. FY2020 projects to end closer to target than in the prior year, but significant work remains, necessitating deeper cuts in the FY2021 budget cycle than other operating units. UMSL also faces a challenge in the FY2021 budget cycle, with historical margins much closer to break even than other units and continued performance below target. MU, S&T, and MUHC all require cost action as a part of the FY2021 planning process, but do not have to take the same level of action as the urban campuses due to the stronger historical performance, with the pandemic driving most of the current financial performance issues.

The University has a track record of balancing budgets

The University has a track record of making the difficult decisions necessary to balance university budgets. Since November 2015 and the related enrollment declines, the University has taken significant action on cost to maintain positive operating performance. As quoted in the recent Moody’s credit opinion:

“Strong fiscal oversight will support longer-term operating performance stability and low double-digit operating cash flow margins. However, the coronavirus outbreak will drive near-term contraction, as both the university and healthcare business lines confront disruption. *Favorably, the system has a track record of implementing budget reductions to sustain surplus operations*”

From the fall of 2015 to the fall of 2019, the University reduced full-time staff across multiple functions:

Table 1

| Change in Full Time Staff Jobs - 2015 to 2019 | | | |
|--|------------------------|-----------------------------------|-----------------------------|
| Occupational Grouping | Fall 2019 Count | Change in Jobs (2015-2019) | Percent Change (5yr) |
| Office & Admin Support | 2,340 | -562 | -20% |
| Maintenance, Construction, Transportation | 684 | -117 | -16% |
| Service | 977 | -110 | -11% |
| Business Ops & Management | 2,455 | -22 | -1% |
| Other | 170 | -4 | -2% |
| IT/Engineering/Science | 1,588 | 7 | 0% |
| Community Service & Arts | 1,415 | 61 | 4% |
| Instructional Support | 488 | 149 | 44% |
| Healthcare Practitioners | 1,401 | 151 | 12% |
| Total | 11,348 | -443 | -4% |

Source: Institutional Research Table 3.10

As demonstrated in Table 1, the University reduced the labor force in full-time staff jobs by over 440 positions. Excluding healthcare in the schools of medicine that experienced related revenue growth, this job loss grows to nearly 600 positions and 5% of the total labor force. The University took actions that reduced the labor force to meet historical and

current budgets, and all of these numbers demonstrate job losses prior to the FY2021 budget which will be outlined later in this paper.

In addition to the reductions on the staffing side, the University also made significant reductions in the number of faculty:

Table 2

| Change in Full Time Faculty Jobs - 2015 to 2019 | | | |
|--|------------------------|-----------------------------------|-----------------------------|
| Faculty Type | Fall 2019 Count | Change in Jobs (2015-2019) | Percent Change (5yr) |
| Tenure / Tenure Track | 1,746 | -217 | -14.2% |
| non-Tenure Track | 1,496 | 76 | 4.8% |
| Total Full-time Faculty | 3,242 | -141 | -4.5% |

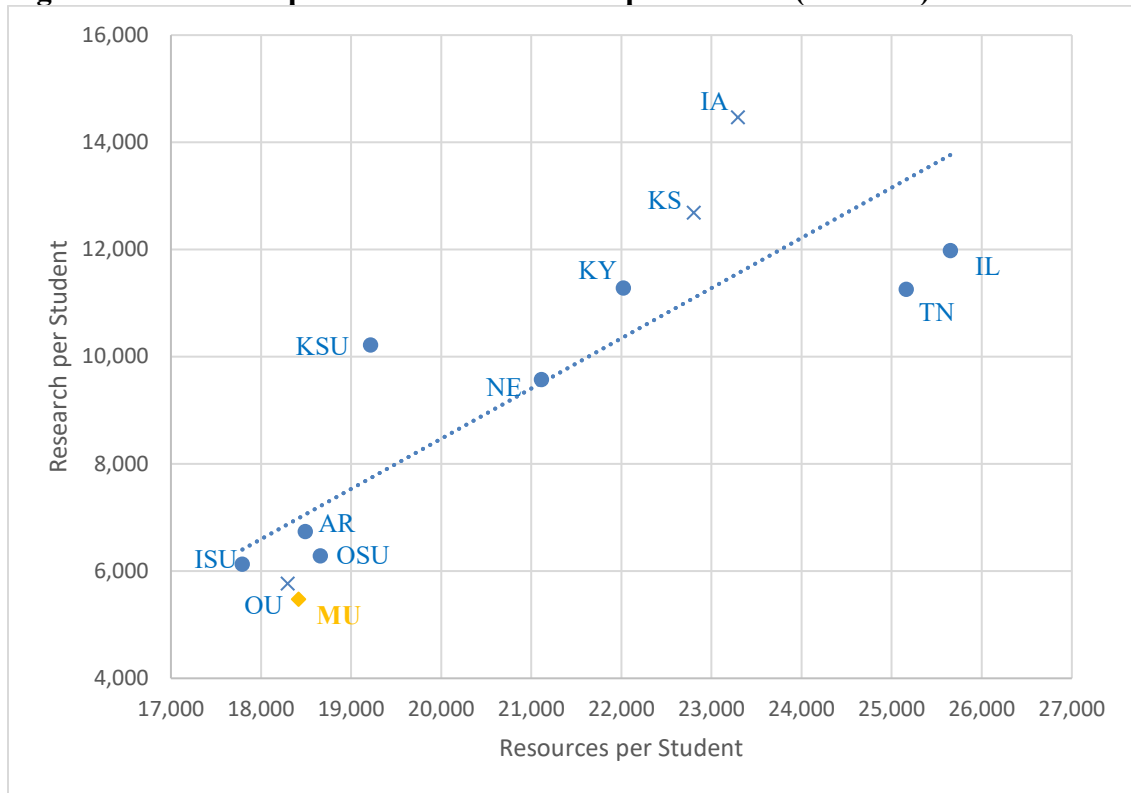
Source: Institutional Research Table 3.10

The University facilitated faculty transitions with several voluntary separation programs to relinquish tenure in exchange for a fixed payment. In some cases, the faculty were rehired to maintain teaching or research loads while transition plans could be made. Overall, the University continues to reduce tenured faculty in response to periods of budgetary stringency. In the short run, these actions balance budgets and free the institutions from longer term commitments in tenure lines. However, over the long-term, tenured faculty form the base of the institution and support the research profile. Long-term, sustained cuts to tenured faculty will continue to impact the University’s ability to perform research.

The Relationship between Resources & Research

Research at higher education institutions requires institutional investment; at the University of Missouri every \$1 in research revenue costs \$1.20 to produce. For the most part, the source of the research investment is state appropriations and tuition, the main unrestricted sources of funding at a University. This relationship exists across higher education, and the following chart displays the relationship between unrestricted funding (state support plus net tuition per student) and research (research per student) for flagship and land-grant institutions in states that border Missouri.

Figure 2: Resources per Student to Research per Student (FY 2018)



Source: IPEDS Finance and Enrollment

Figure 2 demonstrates the relationship between state support and net tuition per student and the amount of research performed per student. The scatterplot includes all public flagship and land grant institutions in Missouri and all bordering states. The X's represent institutions with only a research mission that do not have a related land-grant mission, which also requires some level of investment. As noted on the chart, there is a significant positive relationship between the resources per student and the amount of research done at an institution. The chart demonstrates the importance of generating additional unrestricted resources to fund research.

Focus Remains on Sound Management Practices

In an environment with revenue disruptions and upward pressure on expenses, having a system of control around financial performance is key. The University maintains the expectation that leaders will make the necessary decisions to balance the budget and make the appropriate decisions when they need to be made. The first step in this process was the mid-year spending restrictions implemented in FY2020 freezing hiring and significantly curtailing any non-personnel spend. Actions to manage FY2020 performance continued with furloughs and other temporary staffing reductions to manage cash flows and maintain balance sheet positioning. The FY2021 budgeting process is the next step in responding to the revenue reductions more permanently. These measures were primarily taken to maintain financial performance while more strategic permanent solutions are identified.

The President with the Board created the financial performance and accountability framework (140.025) to ensure sound fiscal management through periods of strong growth and periods of financial stringency. The President and Chief Financial Officer recommend the financial performance targets for the enterprise and the board approves those targets. The budgeting process serves as the annual planning exercise to ensure plans meet performance targets as they relate to the annual operating performance of the enterprise. The University's leadership team followed this framework in developing the FY2021 budgets, and worked to ensure reasonable revenue and expense assumptions that ultimately balanced budgets to expected financial performance. Due to the high level of uncertainty surrounding the University's operations for the upcoming year, the University identified both revenue contingencies for potential losses and related expenses that could be cut if revenues were not realized. The budgets that follow show both of those contingencies with related impacts on financial performance.

These budgets that follow only represent the beginning of necessary work over the upcoming year. The University plans to update the Board on a quarterly basis to reflect known changes in operations and the related financial impact. The University maintains the expectation that leaders will make the decisions that need to be made on a more frequent basis during this crisis. The past environment of stable enrollment throughout the year for traditional students is unlikely to exist for the upcoming year, as an outbreak of the virus could change operations and financial performance rapidly. Additionally, the state faces significant economic challenges and the probability of additional withholds throughout the year increase, especially without federal stimulus. Any disruptions of this nature will be accounted for through the quarterly process to reset spending targets. These updates are the tool to ensure that operational leaders adjust throughout the year and additional management actions continue based upon changes in the operating environment.

FY 21 Planning Process

The University completed the five-year planning process in January of 2020 to inform the FY2021 budgeting process. The plans did not anticipate the rapid onset of a pandemic and the disruption to operations that has ensued as a result. The plans will not be presented to the Board this year, as the pandemic changed many of the underlying assumptions and the FY2021 budgeting process was built on a different set of assumptions. For FY2021, each unit was expected to submit a balanced budget with reasonable revenue assumptions based on the most up to date data for FY2021.

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

- FY 19 Actuals: actual performance for FY19, tied to the University's audited financial statements.
- FY 20 Projected: projected performance for FY 20, which includes performance through April with a projection for the final two months to close.
- FY 21 Budget: budgets completed for FY 21.

After the completion of the FY21 budgeting, the University will begin a process to re-evaluate the performance targets set two years ago during the implementation of the

financial management framework with the Board. Much of the benchmarking and planning will likely change as Universities emerge from the crisis, and it is likely that peer benchmarks and the size of institutions will change. In addition, the size and needs of the institutions within the System will change, along with potential strategies, leading to the need to reconsider performance targets and adjust them either up or down. Enterprise level targets will be approved by the board with appropriate competitive market context as the University works to reset five-year financial plans next year.

Consolidated Summary

The University of Missouri FY 21 Budget overall demonstrates the University's continued commitment to manage expenses within available revenues. This year's budget process has been characterized by a significant level of uncertainty when compared to past budget cycles. The budgets that follow reflect management's best estimates taking in all information known at this time. Current budgets assume that each institution will open for on-campus instruction for the fall and have the ability to continue in-person instruction throughout the academic year. Each University has developed contingency plans for various revenue impacts and related plans to reduce expenses, and these items are reflected in the contingency lines of both revenues and expenses. All other lines reflect the current plan. The University plans to update budgets on a quarterly basis to manage these contingencies and maintain positive cash flows. Additionally, each University is working to identify the necessary permanent structural changes to their budget sustain the mission of the University and take strategic actions. Schedule 1 contains the detail on the operating budget on a consolidated basis:

Schedule 1. Consolidated FY 2021 Budget (Dollars in Thousands)

| Line No. | | Actuals FY 2019 ¹ | Projected FY 2020 | Budget FY 2021 | % Chg 19-21 |
|---|---|---------------------------------|----------------------|--------------------|----------------|
| Operating Revenues | | | | | |
| 1 | Tuition and Fees | \$ 857,456 | \$ 866,002 | \$ 856,898 | -0.1% |
| 2 | Less Scholarship Allowances ¹ | 333,682 | 378,244 | 356,142 | 6.7% |
| 3 | Net Tuition and Fees | 523,774 | 487,758 | 500,756 | -4.4% |
| 4 | Federal Pell Grants | 56,595 | 54,890 | 54,900 | -3.0% |
| 5 | Government Scholarship Funding ¹ | 33,551 | 34,121 | 27,792 | -17.2% |
| 6 | Grants and Contracts | 309,500 | 363,878 | 325,184 | 5.1% |
| 7 | Auxiliary Enterprises | 408,320 | 377,555 | 394,891 | -3.3% |
| 8 | Patient Medical Services Net | 1,345,638 | 1,276,934 | 1,383,090 | 2.8% |
| 9 | Other Operating Revenues | 69,763 | 67,568 | 56,910 | -18.4% |
| 10 | State Appropriations | 408,797 | 363,138 | 419,574 | 2.6% |
| 11 | Federal Appropriations | 27,026 | 27,764 | 28,011 | 3.6% |
| 12 | Private Gifts | 85,809 | 65,079 | 53,223 | -38.0% |
| 13 | Spendable Investment Income | 194,567 | 210,100 | 214,986 | 10.5% |
| 14 | Revenue Contingency | - | - | (81,580) | N/A |
| 15 | Total Operating Revenues | \$3,463,340 | \$3,328,785 | \$3,377,737 | -2.5% |
| Operating Expenses | | | | | |
| 16 | Salaries and Wages | 1,547,032 | 1,562,242 | 1,518,239 | -1.9% |
| 17 | Benefits | 461,479 | 488,925 | 505,775 | 9.6% |
| 18 | Supplies, Services and Other Operating Expenses | 1,020,750 | 949,033 | 957,966 | -6.2% |
| 19 | Depreciation | 203,860 | 205,035 | 203,276 | -0.3% |
| 20 | Interest Expense | 65,058 | 63,865 | 73,953 | 13.7% |
| 21 | Expense Contingency | - | - | (53,246) | N/A |
| 22 | Total Operating Expenses | \$3,298,179 | \$3,269,100 | \$3,205,963 | -2.8% |
| 23 | Net Operating Income | \$ 165,162 | \$ 59,685 | \$ 171,774 | |
| 24 | Net Operating Margin | 4.8% | 1.8% | 5.1% | |
| Nonoperating Revenues (Expenses) | | | | | |
| 25 | Investment Income (Losses), Net of Fees | 194,426 | (185,320) | 166,882 | -14.2% |
| 26 | Spendable Investment Income | (194,567) | (210,100) | (214,986) | 10.5% |
| 27 | Other Nonoperating Revenues (Expenses) | 210 | 1,880 | (520) | -347.1% |
| 28 | State Capital Appropriations | - | - | - | N/A |
| 29 | Capital Gifts and Grants | 67,106 | 39,409 | 59,703 | -11.0% |
| 30 | Private Gifts for Endowment Purposes | 30,524 | 27,313 | 5,689 | -81.4% |
| 31 | Pension and OPEB Impact on Income Statement | (96,094) | (123,945) | (80,000) | -16.7% |
| 32 | Mandatory Transfers | - | - | - | N/A |
| 33 | Non-Mandatory Transfers | - | - | - | N/A |
| 34 | Net Nonoperating Revenues (Expenses) | 1,605 | (450,763) | (63,232) | -4039% |
| 35 | Increase in Net Position | 166,767 | (391,078) | 108,542 | |
| 36 | Net Position, Beginning of Year | 4,725,967 | 4,890,237 | 4,499,159 | |
| 37 | Cumulative Effect of Change in Accounting Principle | (2,497) | - | - | |
| 38 | Net Position, Beginning of Year, Adjusted | 4,723,470 | 4,890,237 | 4,499,159 | |
| 39 | Net Position, End of Period | \$4,890,237 | \$4,499,159 | \$4,607,701 | |

Note 1: Actuals for FY 2019 were restated to reflect to a change in accounting principle which requires certain scholarship programs with administrative involvement to be counted in Grants and Contracts. Restatement does not effect total operating revenues and expenses or change in net position.

As schedule 1 demonstrates, the University projects revenues to remain flat over FY2019 and grow over the projection for FY2020 with the disruption:

- Net Tuition and Fees are projected to grow year over year. This reflects growth in enrollment and flat tuition and fees. FY2021 represents the first year since 2015 where the graduating class at MU is smaller than then incoming freshman class, meaning in future years this revenue line can continue grow with the improved focus on enrollment and retention. The long-term success of the academic enterprise is dependent on successful growth of net tuition and fees.
- Grants and Contracts are projected to decline over the prior year, but grow over FY2019. The decrease over FY2020 reflects the expectation that approximately \$50 million in CARES funding will not occur a second time. The budget reflects the University's efforts to improve research and creative works.
- State Appropriations are budgeted at the amount Truly Agreed and Finally Passed (TAFP) by the legislature for the 2020 legislative session.
- Net Patient Medical Services revenues are projected to grow by \$37 million over FY2019, representing 3% growth. The healthcare enterprise continues to grow at a faster rate than the remainder of the organization, although this growth is slowing after exceeding 5% for several years prior to FY2019 and FY2020. The gains experienced by the healthcare enterprise from market share capture are beginning to slow as the University has become the largest supplier in the market. As such, the MUHC leadership team has begun to focus on cost containment to preserve margin.
- Revenue Contingency represents risks to revenue identified in the FY2021 budgeting process. These risks represent enrollment disruptions, tuition rate changes, and potential losses in state support planned for in the FY2021 budget process.

The University's operating expenses are projected to decline in FY 21 as a result of cost containment measures:

- Salaries and Wages are projected to decline by \$44 million over prior year projection. The overall staffing is projected to decrease as the University utilizes both layoffs and salary reductions to respond to the disruption caused by the pandemic. In areas where budgets were reduced affecting personnel, the first priorities were towards capturing vacancies and retirements prior to reducing positions with incumbents. However, with the level of reduction necessary, many incumbents were impacted during this budgeting process.
- Benefits are projected to grow by 1.7%. Benefits remain an area that will apply upward pressure on the institution's cost over the long-term. With the closure of the defined benefit plan to new entrants this October, the University will slow the growth of the pension liability over the coming decades, though the pension plan will remain a significant exposure in the years to come. Investment returns will continue to force the University to increase contributions into the pension plan, at the same time operating budgets can least afford it. Over the coming year, the University will evaluate levers and actions necessary to stabilize the pension and act upon accelerating retirement costs. The University's medical cost growth continues to increase, and the University is evaluating taking significant actions to curtail medical cost growth with calendar year 2021 medical premiums and plan designs.
- Supplies, Services, and Other is projected to decline by \$63 million over FY2019 but increase over FY2020 projection. Growth back in FY2021 reflects some cost increases from reopening campuses, but not to previous levels. The University remains focused

- on lowering non-personnel spend, and continues to evaluate physical infrastructure that drives a significant portion of these costs.
- Expense Contingency reflect additional expense actions that can be quickly implemented in the case that revenue contingencies are realized. Most of the expense contingencies are temporary in nature and permanent changes will be necessary in the case of permanent revenue reductions. These contingencies will be managed on a quarterly basis along with other changes in operations that require a response by the University. If operations turn more positive than expected, the University will reinvest the funding in strategic research and student educational opportunities. The University will provide quarterly updates to the Board on progress related to financial performance and any use of contingency.

MU (Schedule 2)

The FY 21 MU budget planning process encompassed a wide range of outcomes for the pandemic, including the potential for significant enrollment losses. Each college developed a plan to respond to these scenarios. The leadership team identified the areas of highest opportunity from the college plans, ensuring budgets focused on maintaining the student experience and growing the research prominence of MU. Schedule 2 represents MU's operating budget for FY 21:

Schedule 2. MU FY 2021 Budget (Dollars in Thousands)

| Line No. | | Actuals FY 2019 | Projected FY 2020 | Budget FY 2021 | % Chg 19-21 |
|---|---|---------------------|----------------------|---------------------|----------------|
| Operating Revenues | | | | | |
| 1 | Tuition and Fees | \$ 419,279 | \$ 429,637 | \$ 427,521 | 2.0% |
| 2 | Less Scholarship Allowances | 171,671 | 205,270 | 187,838 | 9.4% |
| 3 | Net Tuition and Fees | 247,608 | 224,367 | 239,683 | -3.2% |
| 4 | Federal Pell Grants | 21,702 | 22,300 | 22,000 | 1.4% |
| 5 | Government Scholarship Funding | 18,955 | 19,925 | 14,122 | -25.5% |
| 6 | Grants and Contracts | 210,471 | 228,977 | 215,100 | 2.2% |
| 7 | Auxiliary Enterprises | 274,339 | 252,906 | 269,708 | -1.7% |
| 8 | Patient Medical Services Net | 246,068 | 222,518 | 262,166 | 6.5% |
| 9 | Other Operating Revenues | 38,916 | 36,978 | 32,758 | -15.8% |
| 10 | State Appropriations | 208,149 | 188,296 | 217,849 | 4.7% |
| 11 | Federal Appropriations | 17,198 | 17,964 | 18,256 | 6.2% |
| 12 | Private Gifts | 43,752 | 40,000 | 22,696 | -48.1% |
| 13 | Spendable Investment Income | 88,646 | 94,453 | 93,305 | 5.3% |
| 14 | Revenue Contingency | - | - | (50,238) | N/A |
| 15 | Total Operating Revenues | \$ 1,415,804 | \$ 1,348,684 | \$ 1,357,405 | -4.1% |
| Operating Expenses | | | | | |
| 16 | Salaries and Wages | 785,164 | 789,144 | 770,497 | -1.9% |
| 17 | Benefits | 216,353 | 234,598 | 242,425 | 12.1% |
| 18 | Supplies, Services and Other Operating Expenses | 281,557 | 234,776 | 230,766 | -18.0% |
| 19 | Depreciation | 87,245 | 86,193 | 86,414 | -1.0% |
| 20 | Interest Expense | 29,432 | 32,279 | 32,841 | 11.6% |
| 21 | Expense Contingency | - | - | (45,626) | N/A |
| 22 | Total Operating Expenses | \$ 1,399,751 | \$ 1,376,990 | \$ 1,317,317 | -5.9% |
| 23 | Net Operating Income | \$ 16,053 | \$ (28,306) | \$ 40,088 | |
| 24 | Net Operating Margin | 1.1% | -2.1% | 3.0% | |
| Nonoperation Revenues (Expenses) | | | | | |
| 25 | Investment Income (Losses), Net of Fees | 63,863 | (66,547) | 90,043 | 41.0% |
| 26 | Spendable Investment Income | (88,646) | (94,453) | (93,305) | 5.3% |
| 27 | Other Nonoperation Revenues (Expenses) | 967 | 63 | 6 | -99.4% |
| 28 | State Capital Appropriations | - | - | - | N/A |
| 29 | Capital Gifts and Grants | 24,304 | 24,751 | 14,907 | -38.7% |
| 30 | Private Gifts for Endowment Purposes | 22,141 | 22,004 | 133 | -99.4% |
| 31 | Mandatory Transfers | 61 | - | - | -100.0% |
| 32 | Non-Mandatory Transfers | 27,828 | 33,561 | 28,533 | 2.5% |
| 33 | Net Nonoperation Revenues (Expenses) | 50,518 | (80,621) | 40,317 | -20.2% |
| 34 | Increase in Net Position | 66,571 | (108,927) | 80,405 | |
| 35 | Net Position, Beginning of Year | 2,868,042 | 2,932,281 | 2,823,354 | |
| 36 | Cumulative Effect of Change in Accounting Principle | (2,332) | - | - | |
| 37 | Net Position, Beginning of Year, Adjusted | 2,865,710 | 2,932,281 | 2,823,354 | |
| 38 | Net Position, End of Period | \$ 2,932,281 | \$ 2,823,354 | \$ 2,903,759 | |

Budgeted enrollment includes a first-time college class that is the same size as prior year, with overall enrollment growth at 2% as the new first-time class will be larger than the previous class who graduated. Tuition rates were assumed flat to prior year in the budget. Auxiliary revenues are budgeted down to FY2019, but above FY2020 levels. Athletics (-9%) decline and Bookstores (-6%) drive the decline over 2019. Housing and Dining budgeted 20% growth over FY2019 with flat rates on housing and higher occupancy with the enrollment growth over FY2019 in fist time college students. Housing occupancy is now at historical levels with the return of enrollment. Patient Medical Services continues on projected volume growth at University Physicians with the recovery of volume from

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delayed non-emergent cases. Grants and contracts are budgeted to grow moderately over FY2019 but decrease over FY2020 due to the expiration of the CARES act funding. The revenue contingency includes tuition increases at inflation offset by drops in enrollment and declines in state support.

Through the FY2021 budget process, MU identified recurring cost reductions in both personnel and non-personnel spend. The reduction in salaries and wages is the result of the elimination of over 150 full-time equivalent positions, with 100 layoffs and 50 FTE reduced from retirements, contract non-renewals, or voluntary separations. Significant reductions in supplies and other include space and capital reductions, reductions in utilities, and the suspension of travel programs. The cuts identified in expense contingencies represent one-time expense reductions such as furloughs or temporary pay decreases that will be implemented upon the realization of revenue contingencies.

The pandemic and related budget reduction exercises provide the opportunity to further accelerate the implementation of the new resource allocation model. The new resource allocation model invests revenues generated in the areas of growth with a mechanism to capture research investment. If revenues come in above budget, these revenues will flow to areas of investment to generate further growth in revenue and further dollars for research.

UMKC (Schedule 3)

While UMKC remains financially challenged, with weak balance sheet and income statement metrics, UMKC is making important improvement to its financial performance. The FY 21 budget represents significant progress in achieving break even performance. This results in an improvement to the operating margin of over \$6 million and represents the third straight year of improvement in operating margin.

Schedule 3. UMKC FY 2021 Budget (Dollars in Thousands)

| Line No. | | Actuals FY 2019 | Projected FY 2020 | Budget FY 2021 | % Chg 19-21 |
|---|---|--------------------|----------------------|-------------------|----------------|
| Operating Revenues | | | | | |
| 1 | Tuition and Fees | \$ 189,699 | \$ 193,071 | \$ 191,832 | 1.1% |
| 2 | Less Scholarship Allowances | 59,821 | 62,220 | 62,539 | 4.5% |
| 3 | Net Tuition and Fees | 129,878 | 130,851 | 129,293 | -0.5% |
| 4 | Federal Pell Grants | 13,599 | 13,500 | 13,600 | 0.0% |
| 5 | Government Scholarship Funding | 4,079 | 4,026 | 4,000 | -1.9% |
| 6 | Grants and Contracts | 36,998 | 39,893 | 44,143 | 19.3% |
| 7 | Auxiliary Enterprises | 41,676 | 40,036 | 40,643 | -2.5% |
| 8 | Patient Medical Services Net | 37,515 | 35,589 | 40,008 | 6.6% |
| 9 | Other Operating Revenues | 11,861 | 17,000 | 13,949 | 17.6% |
| 10 | State Appropriations | 73,852 | 64,058 | 73,852 | 0.0% |
| 11 | Federal Appropriations | - | - | - | N/A |
| 12 | Private Gifts | 19,092 | 7,909 | 11,180 | -41.4% |
| 13 | Spendable Investment Income | 13,030 | 13,537 | 13,190 | 1.2% |
| 14 | Revenue Contingency | - | - | (15,500) | N/A |
| 15 | Total Operating Revenues | \$ 381,580 | \$ 366,399 | \$ 368,358 | -3.5% |
| Operating Expenses | | | | | |
| 16 | Salaries and Wages | 193,297 | 190,680 | 181,837 | -5.9% |
| 17 | Benefits | 55,606 | 58,744 | 58,936 | 6.0% |
| 18 | Supplies, Services and Other Operating Expenses | 110,872 | 92,000 | 97,436 | -12.1% |
| 19 | Depreciation | 25,166 | 25,502 | 24,560 | -2.4% |
| 20 | Interest Expense | 9,140 | 9,098 | 9,000 | -1.5% |
| 21 | Expense Contingency | - | - | (3,470) | N/A |
| 22 | Total Operating Expenses | \$ 394,081 | \$ 376,024 | \$ 368,299 | -6.5% |
| 23 | Net Operating Income | \$ (12,501) | \$ (9,625) | \$ 59 | |
| 24 | Net Operating Margin | -3.3% | -2.6% | 0.0% | |
| Nonoperating Revenues (Expenses) | | | | | |
| 25 | Investment Income (Losses), Net of Fees | 12,622 | (6,274) | 12,304 | -2.5% |
| 26 | Spendable Investment Income | (13,030) | (13,537) | (13,190) | 1.2% |
| 27 | Other Nonoperating Revenues (Expenses) | 1,051 | 400 | - | -100.0% |
| 28 | State Capital Appropriations | - | - | - | N/A |
| 29 | Capital Gifts and Grants | 36,657 | 7,150 | 24,606 | -32.9% |
| 30 | Private Gifts for Endowment Purposes | 436 | 400 | 800 | 83.5% |
| 31 | Mandatory Transfers | 25 | - | - | -100.0% |
| 32 | Non-Mandatory Transfers | 1,375 | 5,976 | 5 | -99.6% |
| 33 | Net Nonoperating Revenues (Expenses) | 39,136 | (5,885) | 24,525 | -37.3% |
| 34 | Increase in Net Position | 26,635 | (15,510) | 24,584 | |
| 35 | Net Position, Beginning of Year | 420,480 | 447,115 | 431,605 | |
| 36 | Cumulative Effect of Change in Accounting Principle | - | - | - | |
| 37 | Net Position, Beginning of Year, Adjusted | 420,480 | 447,115 | 431,605 | |
| 38 | Net Position, End of Period | \$ 447,115 | \$ 431,605 | \$ 456,189 | |

FY2021 budgeted revenues show 2% growth over FY2019, and significant growth in revenue over FY2020. Current budget plans assume campus remains open throughout the year and students show up in the fall. Expense and other contingencies are reflected in line 20, and include additional actions the University will take if the pandemic escalates, both on the revenue and expense side. Primary drivers of the increase year over year are grants and contracts and the Patient Medical Services revenue. The grants and contracts revenue growth reflect significant growth in research awards received during FY2020, with awards trending up around 50% higher from the prior year. Research awards are generally spent over a period of years for larger awards. The increase in patient revenues reflects increased

contracts for services provided by the medical school. Tuition and fee revenue remain relatively flat, with the University planning on a 7% decline in enrollment for FY2021 for undergraduates offset with a 7.5% increase in graduates. Budgets for the housing operations reflect 90% occupancy and no additional closures from COVID. UMKC has developed contingency plans in case the closure is necessary and has plans to adjust expenses accordingly. UMKC expects to still fill the on-campus housing to occupancy by cancelling previous contracts to expand housing capacity to third party providers in the immediate area of campus. The revenue contingency includes tuition increases at inflation offset by a contingency for lower enrollment and declines in state support.

UMKC focused the development of the FY2021 budget on finding the costs savings necessary to meet breakeven financial performance. Reductions included elimination of 100 positions, of which 50 were layoffs with the other 50 representing retirements and contract non-renewals. The University also eliminated 75 part-time positions including adjunct teaching appointments. Even with all of these position eliminations, the compensation budget did not decrease enough to meet the targeted cuts, so the University implemented a mandatory pay reduction program which is included in the expense contingency. The pay reduction program will be evaluated on a quarterly basis as the University's leadership team kicks off the UMKC Forward initiative, which seeks to evaluate campus structures, innovate and identify additional opportunities to improve financial performance. In addition to the labor cost opportunities, the University identified over \$12 million in savings on Supplies, Services, and Other spend over FY2019. Many of these opportunities are shorter term in nature, and the campus will continue to seek to identify more permanent changes through UMKC Forward.

S&T (Schedule 4)

Missouri S&T's FY 21 budget planning process focused on balancing operations to a new normal with a lower expense base than previous years. After years of positive performance, FY20 saw a significant decline in enrollment that was then compounded by the ongoing pandemic. S&T took significant cost action to adjust expenses within the new projected operating revenues.

Schedule 4. MO S&T FY 2021 Budget (Dollars in Thousands)

| Line No. | | Actuals FY 2019 | Projected FY 2020 | Budget FY 2021 | % Chg 19-21 |
|---|---|--------------------|----------------------|-------------------|----------------|
| Operating Revenues | | | | | |
| 1 | Tuition and Fees | \$ 132,300 | \$ 128,214 | \$ 121,550 | -8.1% |
| 2 | Less Scholarship Allowances | 58,280 | 63,767 | 61,563 | 5.6% |
| 3 | Net Tuition and Fees | 74,020 | 64,447 | 59,987 | -19.0% |
| 4 | Federal Pell Grants | 7,310 | 6,475 | 6,800 | -7.0% |
| 5 | Government Scholarship Funding | 6,587 | 6,150 | 6,000 | -8.9% |
| 6 | Grants and Contracts | 33,029 | 39,506 | 36,102 | 9.3% |
| 7 | Auxiliary Enterprises | 24,114 | 18,733 | 19,727 | -18.2% |
| 8 | Patient Medical Services Net | - | - | - | - |
| 9 | Other Operating Revenues | 5,102 | 4,947 | 4,389 | -14.0% |
| 10 | State Appropriations | 50,186 | 43,543 | 50,234 | 0.1% |
| 11 | Federal Appropriations | - | - | - | - |
| 12 | Private Gifts | 7,815 | 4,402 | 6,610 | -15.4% |
| 13 | Spendable Investment Income | 14,809 | 15,559 | 15,635 | 5.6% |
| 14 | Revenue Contingency | - | - | (7,612) | N/A |
| 15 | Total Operating Revenues | \$ 222,972 | \$ 203,762 | \$ 197,872 | -11.3% |
| Operating Expenses | | | | | |
| 16 | Salaries and Wages | 106,061 | 104,367 | 100,770 | -5.0% |
| 17 | Benefits | 30,532 | 30,639 | 32,360 | 6.0% |
| 18 | Supplies, Services and Other Operating Expenses | 51,609 | 47,259 | 37,936 | -26.5% |
| 19 | Depreciation | 17,540 | 18,600 | 17,660 | 0.7% |
| 20 | Interest Expense | 5,357 | 5,160 | 5,150 | -3.9% |
| 21 | Expense Contingency | - | - | - | N/A |
| 22 | Total Operating Expenses | \$ 211,099 | \$ 206,025 | \$ 193,876 | -8.2% |
| 23 | Net Operating Income | \$ 11,873 | \$ (2,263) | \$ 3,996 | |
| 24 | Net Operating Margin | 5.3% | -1.1% | 2.0% | |
| Nonoperating Revenues (Expenses) | | | | | |
| 25 | Investment Income (Losses), Net of Fees | 11,613 | (11,330) | 7,274 | -37.4% |
| 26 | Spendable Investment Income | (14,809) | (15,559) | (15,635) | 5.6% |
| 27 | Other Nonoperating Revenues (Expenses) | (75) | 1,500 | - | -100.0% |
| 28 | State Capital Appropriations | - | - | - | N/A |
| 29 | Capital Gifts and Grants | 2,037 | 6,750 | 20,190 | 891.2% |
| 30 | Private Gifts for Endowment Purposes | 5,120 | 2,800 | 3,255 | -36.4% |
| 31 | Mandatory Transfers | 12 | - | - | -100.0% |
| 32 | Non-Mandatory Transfers | 3,109 | 4,258 | 116 | -96.3% |
| 33 | Net Nonoperating Revenues (Expenses) | 7,007 | (11,581) | 15,200 | 116.9% |
| 34 | Increase in Net Position | 18,880 | (13,844) | 19,196 | |
| 35 | Net Position, Beginning of Year | 502,229 | 520,944 | 507,100 | |
| 36 | Cumulative Effect of Change in Accounting Principle | (165) | - | - | |
| 37 | Net Position, Beginning of Year, Adjusted | 502,064 | 520,944 | 507,100 | |
| 38 | Net Position, End of Period | \$ 520,944 | \$ 507,100 | \$ 526,296 | |

Missouri S&T budgeted for an 8% decline in undergraduate enrollment over the prior year. Freshman enrollment is currently trending higher over prior year, but the enrollment growth is not sufficient to offset the significant decline experienced in FY2020 and replace the larger graduating class. Budgeted revenues for auxiliary enterprises also decline over FY2019, but increase over FY2020. The primary driver of S&T's auxiliary revenues are housing and dining operations, which is currently planning on a decline in revenues in line with enrollment declines. Current plans for housing include 70% occupancy for the year, including providing students with the option of having single rooms. The revenue

contingency includes tuition increases at inflation offset by contingencies for lower than expected enrollment and declines in state support.

Through the FY 2021 budget process, S&T identified recurring reductions to operating budgets to adjust expenses within available revenues, including revenue contingencies. For personnel cuts, the University reduced ongoing personnel costs with over 40 layoffs and the capture of an additional 15 positions via retirement or voluntary separation. S&T also implemented a hiring freeze that captured 70 vacant positions that were previously occupied in FY2020. The University also identified significant reductions in supplies and other expense, by reducing supplies, utilities and leased space. Based on the reductions and restructurings identified, the University does not need to implement pay reductions or other temporary measures to meet budget targets at this time, so there is no expense contingency.

UMSL (Schedule 5)

UMSL continues to struggle to generate enrollment and revenue growth, but the leadership team has shown a history of managing breakeven financial performance, with the exception of FY2015. The FY21 budget process focused on finding cost opportunities to balance to prior year deficits and manage to expectations for FY21.

Schedule 5. UMSL FY 2021 Budget (Dollars in Thousands)

| Line No. | | Actuals FY 2019 | Projected FY 2020 | Budget FY 2021 | % Chg 19-21 |
|---|---|--------------------|----------------------|-------------------|----------------|
| Operating Revenues | | | | | |
| 1 | Tuition and Fees | \$ 116,178 | \$ 115,080 | \$ 115,995 | -0.2% |
| 2 | Less Scholarship Allowances | 43,758 | 46,841 | 44,098 | 0.8% |
| 3 | Net Tuition and Fees | 72,420 | 68,239 | 71,897 | -0.7% |
| 4 | Federal Pell Grants | 13,984 | 12,615 | 12,500 | -10.6% |
| 5 | Government Scholarship Funding | 3,930 | 4,020 | 3,670 | -6.6% |
| 6 | Grants and Contracts | 28,707 | 35,691 | 29,750 | 3.6% |
| 7 | Auxiliary Enterprises | 18,456 | 15,225 | 18,187 | -1.5% |
| 8 | Patient Medical Services Net | 32 | 40 | 51 | 59.4% |
| 9 | Other Operating Revenues | 2,690 | 2,320 | 2,804 | 4.2% |
| 10 | State Appropriations | 55,817 | 48,436 | 55,914 | 0.2% |
| 11 | Federal Appropriations | - | - | - | - |
| 12 | Private Gifts | 12,601 | 11,150 | 11,304 | -10.3% |
| 13 | Spendable Investment Income | 9,090 | 9,577 | 9,678 | 6.5% |
| 14 | Revenue Contingency | - | - | (7,221) | N/A |
| 15 | Total Operating Revenues | \$ 217,727 | \$ 207,313 | \$ 208,534 | -4.2% |
| Operating Expenses | | | | | |
| 16 | Salaries and Wages | 105,659 | 109,260 | 102,205 | -3.3% |
| 17 | Benefits | 32,026 | 34,150 | 34,170 | 6.7% |
| 18 | Supplies, Services and Other Operating Expenses | 58,531 | 45,355 | 48,712 | -16.8% |
| 19 | Depreciation | 17,882 | 17,911 | 17,417 | -2.6% |
| 20 | Interest Expense | 5,985 | 5,776 | 5,557 | -7.2% |
| 21 | Expense Contingency | - | - | (3,525) | N/A |
| 22 | Total Operating Expenses | \$ 220,083 | \$ 212,452 | \$ 204,536 | -7.1% |
| 23 | Net Operating Income | \$ (2,356) | \$ (5,139) | \$ 3,998 | |
| 24 | Net Operating Margin | -1.1% | -2.5% | 1.9% | |
| Nonoperating Revenues (Expenses) | | | | | |
| 25 | Investment Income (Losses), Net of Fees | 6,378 | (4,757) | 6,482 | 1.6% |
| 26 | Spendable Investment Income | (9,090) | (9,577) | (9,678) | 6.5% |
| 27 | Other Nonoperating Revenues (Expenses) | 38 | 106 | (200) | -626.3% |
| 28 | State Capital Appropriations | - | - | - | N/A |
| 29 | Capital Gifts and Grants | 1,110 | 758 | - | -100.0% |
| 30 | Private Gifts for Endowment Purposes | 2,815 | 2,108 | 1,500 | -46.7% |
| 31 | Mandatory Transfers | (139) | - | - | -100.0% |
| 32 | Non-Mandatory Transfers | 1,994 | 1,797 | 238 | -88.1% |
| 33 | Net Nonoperating Revenues (Expenses) | 3,106 | (9,565) | (1,658) | -153.4% |
| 34 | Increase in Net Position | 750 | (14,704) | 2,340 | |
| 35 | Net Position, Beginning of Year | 367,615 | 368,365 | 353,661 | |
| 36 | Cumulative Effect of Change in Accounting Principle | - | - | - | |
| 37 | Net Position, Beginning of Year, Adjusted | 367,615 | 368,365 | 353,661 | |
| 38 | Net Position, End of Period | \$ 368,365 | \$ 353,661 | \$ 356,001 | |

The FY21 budget for UMSL reflects a decline revenue over FY2019 and up about \$1 million over the projection for FY2020. Tuition and fee budgets were built on flat enrollment overall with no increases in tuition and mandatory fees. The increase over the projection for FY2020 largely reflects the assumption that campus will remain open and select refunds will not be necessary. The budget also shows growth in grants and contracts over FY2019, tracking with recent trends showing awarded amounts growing. Any misses on revenue related to grants and contracts will be balanced with related expenditure cuts. The auxiliaries show growth over prior year, largely driven by housing and the performing arts center. UMSL plans for 80% occupancy in dormitories, above previous levels of

performance. The leadership team raised occupancy by identifying areas where students are currently working with third parties where the housing stock would be a better option and thinks those conversions can be made.

The UMSL leadership team approached the reduction process with a focus on protecting the mission and vital services to students. Overall, the team sought to reduce budgets to bring operating performance above breakeven and match expenses with expected shortfalls in revenue. The percentage reductions across units ranged from as high as 33% to as low as 5%. To fill the remaining gap, the leadership team instituted a temporary pay reduction that will add up to \$4.3 million, with 9 months of that reduction included in expense contingency. As UMSL moves into the next year, they will use the quarterly budgeting process to find and book additional opportunities and remove the temporary pay reduction program depending on the circumstances. Additional areas UMSL plans to explore for reduction in FY21 include increasing teaching loads, reviewing endowed professorships to identify additional salary support, unit consolidations and eliminations, evaluating shared programs with S&T, and reevaluating the space and real estate footprint of the campus.

MUHC (Schedule 6)

University of Missouri Health Care's (MUHC) FY 21 budget is a product of an extensive planning process. Coming off five solid years of financial performance prior to the disruption from COVID-19, MUHC has set the foundation for continuing solid financial performance.

Schedule 6. MUHC FY 2021 Budget (Dollars in Thousands)

| Line No. | | Actuals FY 2019 | Projected FY 2020 | Budget FY 2021 | % Chg 19-21 |
|---|---|---------------------|----------------------|---------------------|----------------|
| Operating Revenues | | | | | |
| 1 | Tuition and Fees | \$ - | \$ - | \$ - | - |
| 2 | Less Scholarship Allowances | - | - | - | - |
| 3 | Net Tuition and Fees | - | - | - | - |
| 4 | Federal Pell Grants | - | - | - | - |
| 5 | Government Scholarship Funding | - | - | - | - |
| 6 | Grants and Contracts | 159 | 19,500 | 89 | -44.0% |
| 7 | Auxiliary Enterprises | 23,631 | 23,853 | 23,906 | 1.2% |
| 8 | Patient Medical Services Net | 1,062,023 | 1,018,787 | 1,080,865 | 1.8% |
| 9 | Other Operating Revenues | 159 | 31 | 30 | -81.1% |
| 10 | State Appropriations | - | - | - | - |
| 11 | Federal Appropriations | - | - | - | - |
| 12 | Private Gifts | 1,878 | 1,502 | 1,318 | -29.8% |
| 13 | Spendable Investment Income | - | - | - | - |
| 14 | Revenue Contingency | - | - | - | - |
| 15 | Total Operating Revenues | \$ 1,087,850 | \$ 1,063,673 | \$ 1,106,208 | 1.7% |
| Operating Expenses | | | | | |
| 16 | Salaries and Wages | 323,980 | 333,818 | 331,490 | 2.3% |
| 17 | Benefits | 105,964 | 110,181 | 117,856 | 11.2% |
| 18 | Supplies, Services and Other Operating Expenses | 506,987 | 515,656 | 533,466 | 5.2% |
| 19 | Depreciation | 46,935 | 47,420 | 52,049 | 10.9% |
| 20 | Interest Expense | 12,134 | 11,233 | 11,074 | -8.7% |
| 21 | Expense Contingency | - | - | - | - |
| 22 | Total Operating Expenses | \$ 996,000 | \$ 1,018,308 | \$ 1,045,935 | 5.0% |
| 23 | Net Operating Income | \$ 91,850 | \$ 45,365 | \$ 60,273 | |
| 24 | Net Operating Margin | 8.4% | 4.3% | 5.4% | |
| Nonoperating Revenues (Expenses) | | | | | |
| 25 | Investment Income (Losses), Net of Fees | 1,715 | (15,600) | 1,715 | 0.0% |
| 26 | Spendable Investment Income | - | - | - | - |
| 27 | Other Nonoperating Revenues (Expenses) | (1,040) | (194) | (228) | -78.1% |
| 28 | State Capital Appropriations | - | - | - | - |
| 29 | Capital Gifts and Grants | 2,998 | - | - | -100.0% |
| 30 | Private Gifts for Endowment Purposes | 10 | - | - | -100.0% |
| 31 | Mandatory Transfers | - | - | - | - |
| 32 | Non-Mandatory Transfers | (26,607) | (23,645) | (18,328) | -31.1% |
| 33 | Net Nonoperating Revenues (Expenses) | (22,924) | (39,439) | (16,841) | -26.5% |
| 34 | Increase in Net Position | 68,926 | 5,926 | 43,432 | |
| 35 | Net Position, Beginning of Year | 781,881 | 850,807 | 856,733 | |
| 36 | Cumulative Effect of Change in Accounting Principle | - | - | - | |
| 37 | Net Position, Beginning of Year, Adjusted | 781,881 | 850,807 | 856,733 | |
| 38 | Net Position, End of Period | \$ 850,807 | \$ 856,733 | \$ 900,165 | |

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 11) and interest expense (line 19) which is an operating revenue in higher education and a non-operating item in healthcare.

Executive leadership worked collaboratively with leadership in the School of Medicine (SOM) to develop the core patient volumes for the plan. The FY2021 budget process focused the leadership team on managing costs within volumes, as the health system faces stronger revenue headwinds than in the previous five years of planning.

The health care service sector is expected to see continued downward pressure on operating margins reflecting inflationary cost increases, continued downward pressure on third-party

reimbursements, and moderate organic growth. Reimbursement rates continue to be a focus for MUHC with shifts to value-based versus volume initiatives, increasing risks to net revenues. Medicaid reimbursement, specifically, is an area with recent payment reductions and uncertainty of future reductions. Uninsured patients are likely to increase with higher levels of unemployment, putting further pressure on reimbursement. Inflationary cost increases are projected to exceed aggregate reimbursement rate increases. To manage within the revenues, MUHC leadership took significant steps to reduce the number of administrators and staff providers to the volumes in each unit. Over 70% of the employees for MUHC work in variable staffed units that flex staffing to the volumes of the operation. In addition to the variable labor, MUHC eliminated 63 positions with incumbents and 48 previously filled positions from fixed staffing units to meet plan targets. In addition to the permanent staffing changes, MUHC reduced executive salaries by 10% for three months and implemented a one-week furlough for 1,200 employees to reduce cash expenses for the temporary volume disruption from elective procedures cancelled for COVID-19. MUHC has demonstrated the ability to manage budgets within available resources over time.

UM System (Schedule 7)

The UM System Business Unit includes the administrative and support functions including service centers that provide unduplicated support to the four campuses and health system. Operating losses in FY2019 and FY2020 were largely driven by increased royalty payments to inventors related to significant intellectual property transactions from stock sales. Revenues from the transactions flow into non-operating investment income and related expenses flow through supplies, services, and other, resulting in an operating deficit. Each unit provided 10% and 15% reduction scenarios. The FY 21 budget for expenditures at UM System is down 15% as demonstrated in Schedule 7:

Schedule 7. UM System FY 2021 Budget (Dollars in Thousands)

| Line No. | | Actuals FY 2019 | Projected FY 2020 | Budget FY 2021 | % Chg 19-21 |
|---|---|--------------------|----------------------|-------------------|----------------|
| Operating Revenues | | | | | |
| 1 | Tuition and Fees | \$ - | \$ - | \$ - | - |
| 2 | Less Scholarship Allowances | 118 | 115 | 71 | -39.8% |
| 3 | Net Tuition and Fees | (118) | (115) | (71) | -39.8% |
| 4 | Federal Pell Grants | - | - | - | - |
| 5 | Government Scholarship Funding | - | - | - | - |
| 6 | Grants and Contracts | 136 | 311 | - | -100.0% |
| 7 | Auxiliary Enterprises | 26,104 | 26,802 | 22,720 | -13.0% |
| 8 | Patient Medical Services Net | - | - | - | - |
| 9 | Other Operating Revenues | 11,288 | 6,515 | 3,431 | -69.6% |
| 10 | State Appropriations | 11,326 | 9,338 | 12,258 | 8.2% |
| 11 | Federal Appropriations | - | - | - | - |
| 12 | Private Gifts | 669 | 115 | 113 | -83.1% |
| 13 | Spendable Investment Income | 17,985 | 21,800 | 21,905 | 21.8% |
| 14 | Revenue Contingency | - | - | (1,009) | N/A |
| 15 | Total Operating Revenues | \$ 67,390 | \$ 64,766 | \$ 59,347 | -11.9% |
| Operating Expenses | | | | | |
| 16 | Salaries and Wages | 33,435 | 34,636 | 31,440 | -6.0% |
| 17 | Benefits | 11,192 | 11,621 | 10,852 | -3.0% |
| 18 | Supplies, Services and Other Operating Expenses | 20,180 | 17,477 | 14,305 | -29.1% |
| 19 | Depreciation | 4,326 | 4,643 | 2,764 | -36.1% |
| 20 | Interest Expense | - | - | - | - |
| 21 | Expense Contingency | - | - | (625) | N/A |
| 22 | Total Operating Expenses | \$ 69,133 | \$ 68,377 | \$ 58,736 | -15.0% |
| 23 | Net Operating Income | \$ (1,743) | \$ (3,611) | \$ 611 | |
| 24 | Net Operating Margin | -2.6% | -5.6% | 1.0% | |
| Nonoperating Revenues (Expenses) | | | | | |
| 25 | Investment Income (Losses), Net of Fees | 43,132 | 5,273 | 25,604 | -40.6% |
| 26 | Spendable Investment Income | (17,985) | (21,800) | (21,905) | 21.8% |
| 27 | Other Nonoperating Revenues (Expenses) | (637) | 5 | 2 | -100.4% |
| 28 | State Capital Appropriations | - | - | - | - |
| 29 | Capital Gifts and Grants | - | - | - | - |
| 30 | Private Gifts for Endowment Purposes | - | - | - | - |
| 31 | Pension and OPEB Impact on Income Statement | - | - | - | - |
| 32 | Mandatory Transfers | - | - | - | - |
| 32 | Non-Mandatory Transfers | 63,270 | (2,341) | (718) | -101.1% |
| 33 | Net Nonoperating Revenues (Expenses) | 87,779 | (18,863) | 2,983 | -96.6% |
| 34 | Increase in Net Position | 86,036 | (22,474) | 3,594 | |
| 35 | Net Position, Beginning of Year | 167,106 | 253,142 | 230,668 | |
| 36 | Cumulative Effect of Change in Accounting Principle | - | - | - | |
| 37 | Net Position, Beginning of Year, Adjusted | 167,106 | 253,142 | 230,668 | |
| 38 | Net Position, End of Period | \$ 253,142 | \$ 230,668 | \$ 234,263 | |

In total, the System plans to reduce spend by \$8 million across administrative units, with the remaining reductions coming from the MOREnet. System reductions include over 20 layoffs and the elimination of 29 positions that were previously occupied in 2020. In addition to the personnel reductions, the System plans to move into owned space terminating an office space lease and reduced contracts for services and software. MOREnet provides high speed internet service to schools, higher education, and libraries across the state. The budgeted decrease in auxiliary revenues represents reductions in

services purchases at MOREnet from those entities as a result of the pandemic. Planned reductions at System will occur prior to any review of administrative structures that could identify opportunities to consolidate administrative functions geographically.

University-wide Units (Schedule 8)

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

Schedule 8. University-Wide Units FY 2021 Budget (Dollars in Thousands)

| Line No. | | Actuals FY 2019 | Projected FY 2020 | Budget FY 2021 | % Chg 19-21 |
|---|---|---------------------|----------------------|---------------------|----------------|
| Operating Revenues | | | | | |
| 1 | Tuition and Fees | \$ - | \$ - | \$ - | - |
| 2 | Less Scholarship Allowances | 34 | 31 | 33 | -2.9% |
| 3 | Net Tuition and Fees | (34) | (31) | (33) | -2.9% |
| 4 | Federal Pell Grants | - | - | - | - |
| 5 | Government Scholarship Funding | - | - | - | - |
| 6 | Grants and Contracts | - | - | - | - |
| 7 | Auxiliary Enterprises | - | - | - | - |
| 8 | Patient Medical Services Net | - | - | - | - |
| 9 | Other Operating Revenues | (252) | (223) | (451) | 79.0% |
| 10 | State Appropriations | 9,467 | 9,467 | 9,467 | 0.0% |
| 11 | Federal Appropriations | 9,828 | 9,800 | 9,755 | - |
| 12 | Private Gifts | 2 | 1 | 2 | 0.0% |
| 13 | Spendable Investment Income ¹ | 51,007 | 55,174 | 61,273 | 20.1% |
| 14 | Revenue Contingency | - | - | - | N/A |
| 15 | Total Operating Revenues | \$ 70,018 | \$ 74,188 | \$ 80,013 | 14.3% |
| Operating Expenses | | | | | |
| 16 | Salaries and Wages | (564) | 337 | - | -100.0% |
| 17 | Benefits | 9,806 | 8,992 | 9,176 | -6.4% |
| 18 | Supplies, Services and Other Operating Expenses | (8,987) | (3,490) | (4,655) | -48.2% |
| 19 | Depreciation | 4,766 | 4,766 | 2,412 | -49.4% |
| 20 | Interest Expense | 3,010 | 319 | 10,331 | - |
| 21 | Expense Contingency | - | - | - | - |
| 22 | Total Operating Expenses | \$ 8,031 | \$ 10,924 | \$ 17,264 | 115.0% |
| 23 | Net Operating Income | \$ 61,987 | \$ 63,264 | \$ 62,749 | |
| 24 | Net Operating Margin | 88.5% | 85.3% | 78.4% | |
| Nonoperating Revenues (Expenses) | | | | | |
| 25 | Investment Income (Losses), Net of Fees | 55,104 | (86,085) | 23,460 | -57.4% |
| 26 | Spendable Investment Income ¹ | (51,007) | (55,174) | (61,273) | 20.1% |
| 27 | Other Nonoperating Revenues (Expenses) | (93) | - | (100) | 7.5% |
| 28 | State Capital Appropriations | - | - | - | - |
| 29 | Capital Gifts and Grants | - | - | - | - |
| 30 | Private Gifts for Endowment Purposes | 2 | 1 | 1 | - |
| 31 | Pension and OPEB Impact on Income Statement | (96,094) | (123,945) | (80,000) | - |
| 32 | Mandatory Transfers | 41 | - | - | - |
| 33 | Non-Mandatory Transfers | (70,969) | (19,606) | (10,000) | -85.9% |
| 34 | Net Nonoperating Revenues (Expenses) | (163,016) | (284,809) | (127,912) | -21.5% |
| 35 | Increase in Net Position | (101,029) | (221,545) | (65,163) | |
| 36 | Net Position, Beginning of Year | (381,387) | (482,416) | (703,961) | |
| 37 | Cumulative Effect of Change in Accounting Principle | - | - | - | |
| 38 | Net Position, Beginning of Year, Adjusted | (381,387) | (482,416) | (703,961) | |
| 39 | Net Position, End of Period | \$ (482,416) | \$ (703,961) | \$ (769,124) | |

Note 1: Spendable investment income for University Wide Units includes an adjustment of approximately \$25 M reflecting the difference in methodology between healthcare and higher education. The University places this adjustment to show the consolidated numbers consistent with Moody's methodology.

While the units show a positive net operating income, this is primarily driven by investment income distribution adjustments. \$25 million of income relates to the hospital portion of investment income distribution moving up to operating, where it is a non-operating item for healthcare. This is a difference between the higher education and healthcare in Moody's performance methodology. For the consolidated analysis, the University gets credit for the hospital's investment balances in the Moody's methodology and makes the

June 18-19, 2020

adjustment in these holding units. The remainder of activity primarily relates to benefits, insurance, and investments and generally flows through non-operating. The growth in non-operating expenses generally reflects the growth in benefit liabilities, which will continue to raise contributions and benefit charges to the operating units on a forward basis. The University will evaluate both the investment income distribution and the benefit liabilities in the process of updating financial performance targets.

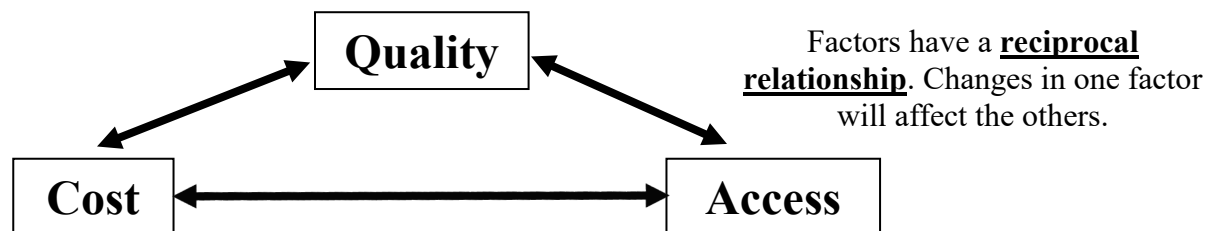
Next Steps

The FY2021 budget process represents a necessary step to continue the change at the University of Missouri. Throughout the coming year, the University will continue to work to identify strategic reallocation, the permanent changes that need to be made to structures to rebuild base operations at a sustainable level and identify permanent solutions where temporary solutions currently exist. An important step in this process is administrative and auxiliary restructuring to improve efficiency and effectiveness through strategic cost reduction and re-allocation. This work has begun at each University. The Administrative and Auxiliary Cost Working Group has been formed to oversee the work. The working group will establish the strategy and structure in June and launch the work in July.

In addition to the working groups focus, benefits costs will be reviewed and adjusted to limit the growth and remain market competitive. The University will accelerate efforts underway to reduce space, decrease deferred maintenance and improve space utilization.

Savings from these efforts will strategically fund the work to improve the performance of the academic enterprise and generate the top line revenue growth to sustain the University. Each institution will need to redefine itself while identifying where it can grow revenue so that diminished resources are invested rather than spent during and subsequent to the economic crisis.

Public universities cannot think about cost alone in a vacuum. Significantly moving cost requires a comprehensive look at the entire enterprise, and a significant share of costs in public universities lie in the academic enterprise. Administrative reductions improve cost dynamics and operations over time, but the key driver to operational excellence and financial performance rests within the academic units that generate revenue. The iron triangle represents the tradeoffs between key demands on the academic enterprise:

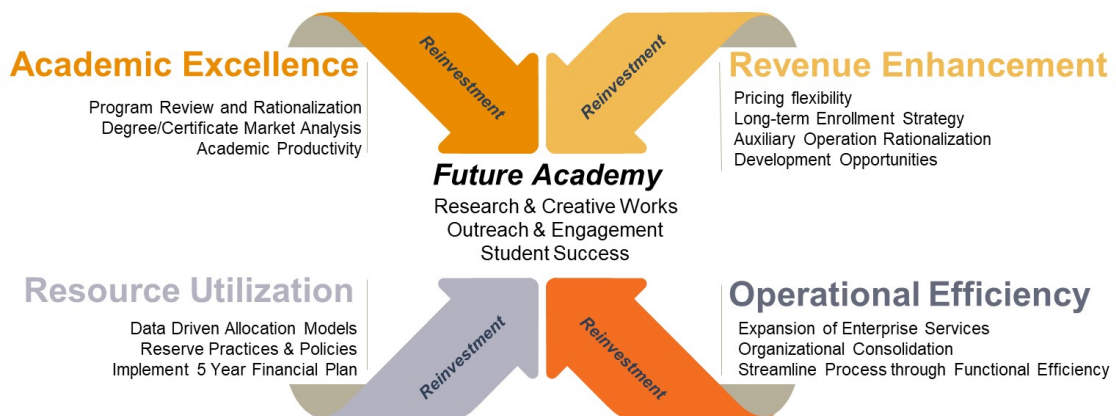


Each of these factors is linked in an unbreakable reciprocal relationship, such that change in one will inevitably impact the others. Operating efficiencies represent a way to break through the “triangle” by decreasing cost while maintaining quality and access. However, public higher education continues to face revenue pressure from flat or declining state

support per student and upward cost pressure from salary demands, eroding or delaying infrastructure and increased regulation. These cost pressures can easily outstrip the savings achieved from increased efficiency. Disruptive innovation has the potential to break the triangle over time, but the formation of that innovation will require financial investment on the part of higher education institutions and acceptance from students and, in many cases for traditional students, their parents.

Many higher education quality measures show the cost intensity of the institution, including US News and World Report for overall college rankings and the NSF HERD survey for research expenditures. The top-rated institutions tend to be those with the most resources, whether they be in the form of high tuition, a large endowment, or a high amount of state support. Students and parents desire small class sizes, and small classes are rewarded in many rankings. Small classes cannot be maintained with lower tuition and state support. Research requires investment as federal extramural grants, the foundation of research rankings, require significant subsidization. Research cannot grow without seed funding. Simply, there is no “free lunch” and cost cutting impacts the overall product offered. Significant, repeated cost cutting above industry norms also impacts the institution’s viewpoint in the job marketplace, which is especially important in attracting the best and brightest faculty. The University of Missouri has always lead with balancing the budget, but the budget must move into a growth phase instead of an austerity faze. The most successful enterprises do not cut themselves to greatness, they grow their way into it. This requires strategic reallocation and revenue growth.

The University of Missouri is well positioned to succeed. It will require execution and accountability on each of the key areas below. In doing this, the University will deliver on its mission of teaching, research, and engagement in a responsible, strategic and sustainable manner.



Fiscal Year 2022 State Appropriations Request for Operations
UM

The University's FY 2022 operations appropriation request is due to the Missouri Department of Higher Education and Workforce Development (MDHEWD) each year by August 1. The Board of Curators will consider and approve items to send in that request at the June 18-19, 2020 Board meeting.

The University's request details are discussed in the body of this paper but will be limited to securing stable continuing operations funding sources to support the University's future.

No. 2

Recommended Action - Fiscal Year 2022 State Appropriations Request for Operations, UM

It was recommended by Vice President Ryan Rapp, endorsed by President Mun Y. Choi, recommended by the Finance Committee, moved by Curator _____ and seconded by Curator _____, that the following recommendations be approved:

The President is authorized to file a request for state appropriations for operations as follows:

- (1) Funding the Core Operations continuing at equivalent level to prior year;
- (2) Submit new requests for any higher education directives that might be identified prior to submission;
- (3) Submit Other Curator Programs Requests which includes core funding continuing at the same amounts and new requests for State Historical Society; and
- (4) Submit requests in Accordance with Legislative Requirements.

Any material deviations from estimates in the paper will be reviewed with the Board.

| | | |
|----------------------------------|-----|----|
| Roll call vote Finance Committee | YES | NO |
| Curator Chatman | | |
| Curator Hoberock | | |
| Curator Steelman | | |
| Curator Williams | | |

The motion _____.

| | | |
|----------------------------|-----|----|
| Roll call vote full Board: | YES | NO |
| Curator Brncic | | |
| Curator Chatman | | |
| Curator Graham | | |
| Curator Hoberock | | |
| Curator Layman | | |
| Curator Snowden | | |
| Curator Steelman | | |
| Curator Wenneker | | |
| Curator Williams | | |

The motion _____.

June 18-19, 2020

Fiscal Year 2022 State Appropriations Request for Operations
UM

The University of Missouri System (UM) with four universities, MU Extension and MU Health Care is dedicated to the welfare and success of the citizens of Missouri. As the state’s premier public higher education and research institution, we know the contributions we make each day play a vital role in the state’s economic vitality. Our employees work, interact and strive to improve life for our citizens each day. The University of Missouri (UM) is unique among the other state’s other public universities in mission, focus and contributions. This has been the case since the establishment of UM with the Missouri Constitution providing the University independence of governance vested in the Board of Curators and assurance of state support.

The State’s partnership with UM is a good investment. A recent economic impact study, completed by Tripp Umbach consulting, found that the UM System has a \$5.4 billion economic impact on the state of Missouri. The system’s impact is not only on local and regional state economies but is wide-reaching for the economic and social vitality of Missourians.

Due to Missouri’s anticipated financial position in FY 2022, new appropriation requests will be limited to only items that become apparent from working with state leadership that have funds available. These are unknown at this time and new funding availability is not anticipated. Overall there will be the standard request for continuation of core items, requests to roll line items into the core, and requests for legislatively required items.

If the Governor signs the appropriation bill with the line items noted in Table 1, then the University will request for FY 2022 continuation of the core equivalent to the FY 2021 levels and from general revenue funding if economic growth and tax revenues recover. In addition, the University will request that the Precision Medicine Initiative be rolled into the core appropriation lines.

Table 1: Funding for Core Operations - FY 2022

| UM Core Operations | |
|-----------------------------------|-----------------|
| Appropriation Core | \$416.24 |
| Precision Medicine Initiative | 10.00 |
| Total Core Funding Request | \$426.24 |

Dollars in Millions

The University also submits appropriation requests for other programs as identified in Table 2. As with the other operating appropriations, the first goal in the FY 2022 appropriations request is to maintain FY 2021 core appropriations funded from General Revenue if state revenue is sufficient.

Because the State Historical Society of Missouri (SHSMO) funding is derived almost entirely from state General Revenue, appropriation increases must be requested to cover employee salary and benefit cost increases. SHSMO requests recurring funds of \$55,000 to provide employees a 2% performance salary increases with associated benefits. An additional \$55,000 is needed to cover mandatory increases of employee benefits for all employees resulting from rising costs of benefits. The total SHSMO new request is \$110,000 recurring and also is shown in Table 2.

Table 2: Other Programs - FY 2022 Request

| Other Programs | |
|--|----------------------|
| Greenley Research Water Works | \$0.28 |
| UMSL International Collaboration Core | 0.55 |
| S&T Project Lead the Way Core | 0.25 |
| Missouri Kidney Program Core | 1.75 |
| Missouri Telehealth Network Core | 0.44 |
| Show-Me Extension for Community Healthcare Outcomes Core | 1.50 |
| State Historical Society of Missouri Core | 3.25 |
| State Historical Society of Missouri - New request | 0.11 |
| Total Other Programs | <u>\$8.13</u> |

Dollars in Millions

The University has certain appropriation requests made annually as one-time or recurring requests in accordance with legislative authority. The University will request these appropriations continue in FY 2022, as summarized in Table 3. The first three rows have special fund sources that cannot be used for any other purpose and have been annually appropriated. The Spinal Cord Injury Fund balance is decreasing so the full \$1.5 million may not be available for research grants.

Missouri statutory language requires the University request annually, the last two shown, Alzheimer’s Research and Missouri Returning Heroes from General Revenue. Neither of these have been appropriated in recent years. The Returning Heroes request is higher than in past years due to legislation that expands the returning heroes’ opportunities to those pursuing master’s and non-professional doctoral degrees.

Table 3: Legislative Requirements - FY 2022 Request

| | |
|--|---------------|
| Debt Offset Tax Authority | \$1.40 |
| Spinal Cord Injury Research | 1.50 |
| Seminary Fund | 3.30 |
| Alzheimer's Research (One-time) | 0.60 |
| Missouri Returning Heroes (One-time) | 1.00 |
| Total Legislative Requirements Appropriations | \$7.80 |

Dollars in Millions

Table 4 represents the full FY 2022 request for operating appropriations. Appendix A provides background information on each appropriation item.

Table 4: Summary Request for Operations - FY 2022

| Item | Amount |
|---|-----------------|
| UM Core Operations | |
| Appropriation Core | \$416.24 |
| Precision Medicine Initiative | 10.00 |
| Pursue State Higher Education Directives | TBD |
| Total Core Funding Requests | \$426.24 |
| Request for Other Programs & Legislative Requirements | |
| Other Programs Core | \$8.02 |
| New Request for State Historical Society | 0.11 |
| Legislative Requirements | 7.80 |
| Total Requests for Other Programs and Legislative Requirements | \$15.93 |
| Total FY 2022 Request for Operations | \$442.17 |

Dollars in Millions

Appendix A

This appendix provides background information on each appropriation line item.

UM Core Operations

The \$416.24 million **Core Operating Appropriation** contributes 13% of the University's total operating revenues used for student instruction, research, public service, and supporting activities. Continued core funding is required to provide high quality student instruction, improvement in academic productivity, expansion of research and creative works, outreach and engagement with the citizens of Missouri, and continued focus on student access and success.

The **Precision Health Initiative** is expected to accelerate medical breakthroughs for patients in Missouri and beyond, increase collaboration among UM scientist and industry partners, attract research funding, generate jobs, and train a new generation of health care scientists and practitioners who will help Missouri address the health care needs of the future. The approximately 265,000 square-foot, five-story precision health facility will provide space for more than 60 principal investigators in areas of engineering, medicine, veterinary medicine, animal sciences, and arts and science. Increased federal and other investments in medical research will allow students the opportunity to work alongside experts and researchers developing new treatments for the most costly and deadly diseases.

Other Programs

The **MU Lee Greenly Jr Memorial Research Center** evaluates efficient and profitable crop production while emphasizing soil conservation, water quality and energy efficiency. It is involved in developing a systems approach for irrigation and drainage using drain tile and studying paired watersheds to evaluate the impact of agroforestry practices on water quality. Funds were appropriated in FY 2017 and FY 2018 but withheld both of those years. Funding was received in FY 2019 but part of the appropriation was withheld in FY 2020.

The purpose of the **UMSL International Collaboration** appropriation is to increase international collaboration and promote economic opportunity that helps attract and retain new economic activity to the St. Louis region. University of Missouri-St. Louis works with BioSTL, a regional nonprofit dedicated to advancing prosperity in St. Louis through the growth of biosciences and other targeted innovation clusters. The centerpiece of the program is the GlobalSTL program, which connects the economies of St. Louis and targeted international locations (including Israel, Ireland, and other countries) with a robust pipeline that engages and links experienced professionals to identify international companies who are likely to be attracted by St. Louis' convergence of corporate, university, and entrepreneurial strengths. Specific business strategies will partner prospective international companies with St. Louis and Missouri resources that might lead to recruitment of a presence in St. Louis. BioSTL provides matching funds. An increase of \$100,000 to \$550,000 recurring was provided in the FY 2020 appropriation cycle but part of the appropriation was withheld. In FY 2021 a portion of the funds are appropriated from

Federal Budget Stabilization Fund and a portion from General Revenue. The University is requesting full General Revenue appropriation in FY 2022.

The **Missouri S&T Project Lead the Way** appropriation permits S&T to partner with Southern Ozarks Alliance for Rural Development (SOAR) to increase the number of school districts utilizing Project Lead the Way (PLTW). The goal of PLTW is to help students understand STEM education is relevant in their lives and see potential for future careers. This appropriation was provided in FY 2017 to help school districts offset costs of these programs and to provide state match for potential federal grant money. Funding has been fully or partially withheld many years but when available has been used to fund grants to school districts within the targeted 10 county area for their needs in teaching STEM curriculums.

The **Missouri Kidney Program (MoKP)** is a state funded program, administered by the University of Missouri School of Medicine. MoKP provides financial assistance with transportation to and from dialysis, medication assistance, and insurance premium assistance to eligible Missourians who have kidney failure and are on dialysis, or have received a kidney transplant. The program supports education and research, partners with dialysis centers and transplant centers statewide, and has longstanding expertise in health insurance coverage for kidney disease, including MO HealthNet (Medicaid) and Medicare. All participants must meet residency, citizenship, financial eligibility and medical conditions.

The **Missouri Telehealth Network (MTN)** gives patients in underserved areas access to University of Missouri Health Care specialists without leaving their communities. The network saves patients transportation, discomfort and emotional costs. While all states have at least one telehealth network, Missouri has one of the most developed telehealth networks in the country.

Show-Me Extension for Community Healthcare Outcomes (ECHO) provides comprehensive, best-practice care to patients with complex health conditions, in their local community. Show-Me ECHO facilitates collaboration between specialty and primary care that expands access to best-practice medical care across Missouri. It links expert specialist teams at an academic ‘hub’ with primary care clinicians in local communities – the ‘spokes’ of the model. Together, they participate in regularly scheduled Show-Me ECHO clinics, which are virtual grand rounds, combined with mentoring and patient case presentations and discussions. The state provides this general revenue funding for creating and implementing programs in Asthma, Autism, Community Health Work, Child Psychology, Chronic Pain Management, Dermatology, Healthcare Ethics, Hepatitis C, and Opioid Use Disorder and the topics are increasing.

The **State Historical Society of Missouri (SHSMO)** is the premier research center for the study of Missouri state and local history. Founded in May 1898 by the Missouri Press Association and established as a trustee of the state by the legislature a year later, SHSMO collects, preserves, and publishes materials that enhance research and support learning opportunities in the study of Missouri and the Midwest. The general revenue core appropriation supports the operations for the SHSMO and the University is a fiscal agent

for the SHSMO. In FY 2021 a portion of the funding is from the Federal Budget Stabilization Fund and the University is requesting that it be fully from General Revenue in FY 2022. In addition, a total of \$55,000 recurring funds are requested to provide employees performance salary increases and \$55,000 is needed to cover mandatory increases of employee benefits. The total SHSMO new request is \$110,000 recurring.

Requests in Accordance with Legislative Requirements

The University annually makes certain requests, one-time or recurring, in accordance with legislative authority.

The **Debt Offset Tax Authority** appropriation is to cover unpaid debts owed to the institution by state taxpayers. This reduces bad debt expense to the institution by capturing state income tax refunds to pay overdue accounts owed to the University. The appropriation request is for \$1.4 million, from the Debt Offset Escrow Fund.

The **Spinal Cord Injury Fund** supports research in Missouri in the area of spinal cord injuries and congenital or acquired disease processes. The Spinal Cord Injury Fund was established by legislature in 2001 and is funded from a two-dollar surcharge on all county ordinance, criminal and traffic violation cases. State statute stipulates the Board of Curators shall request annually an appropriation for research awards and award administration from the Spinal Cord Injury Fund. Research awards are a maximum of \$250,000 per award. An appropriation of \$1.5 million is needed to ensure the new and existing awards can be funded. In future years, the award timing will need to be adjusted or this appropriation will need to decrease due to the declining fund balance.

The state **Seminary Fund** provides income for the general operation of University of Missouri – Columbia’s College of Agriculture and Missouri Science and Technology’s School of Mines and Metallurgy. This fund consists primarily from the sale of land grant property and other moneys donated on behalf of the University to the State of Missouri. Per state statute, the Seminary monies belong to the University but the state must hold the securities. A request must be made to the state annually for earnings, estimated at \$275,000, from the monies to be distributed to the University. An appropriation request must also be made for any reinvestment of the principal from maturing investments but is only used when the government securities mature and must be sold and reinvested. The \$3.0 million dollar appropriation level is sufficient for all investments to be reinvested in one fiscal year.

State statute (section 172.801, RSMo) requires the Board of Curators to annually request an appropriation to fund **Alzheimer’s Research**. The statute indicates the amount of the request be computed annually and be not less than \$200,000 adjusted for inflation. In addition, the request is to include administrative costs not to exceed ten percent of the appropriation for research. The estimated amount in FY 2022 is \$600,000. No appropriations have been provided for this program since FY 2005.

The **Missouri Returning Heroes Act** limits the amount of tuition charged to combat veterans who meet certain criteria but allows institutions to request the tuition waived in the following year’s appropriation request. The University is requesting an appropriation

equivalent to tuition waived in FY 2020 estimated at \$1 million. This request has not been funded in previous years, FY 2009 through FY 2019, but has benefited over 2,200 unduplicated students at an estimated \$6.0 million. The legislation has been expanded from undergraduate degrees to allow returning heroes opportunities to pursue master's and non-professional doctoral degrees. The impact for the FY 2022 request is estimated to be \$1 million.

Fiscal Year 2021 Tuition and Required Fees
UM

Following is a summary of FY 2021 tuition and fee recommendations which are being presented for approval at the June 18-19, 2020 Board meeting. The University of Missouri’s FY 2021 tuition and fee recommendations balance the financial hardship and uncertainty of our students and their families with the need to continue to provide a high quality education to our students. These recommendations strive to keep our commitment to student affordability, producing more college graduates who join the state’s highly skilled workforce, and provide high quality academic programs at a competitive cost.

In addition to the FY 2021 tuition and fee recommendations, Vice President Ryan Rapp will provide an update on the University’s long-term tuition plans and how the universities are considering changing their pricing strategies to improve predictability for students and encourage degree completion.

Executive Summary

- The University of Missouri is evaluating changes to current tuition and fee structures. The current structures across the four universities challenge predictability for students and the rate structures could be improved to encourage faster degree completion to better meet the state’s workforce needs.
- Undergraduate resident tuition rates are recommended to increase by the Higher Education Student Funding Act (HESFA, SB 807 & 577) allowable percent of 2.3%. These rates will be charged to all resident students, but the 1.6% increase from FY 2020 will continue to be waived to keep the student assessed amount equal to only the allowed FY 2021 inflationary increase.

| | Per Credit Hour Rate | | | Academic Year | Change on Assessed | |
|------|----------------------|------------------|-------------------|------------------|--------------------|---------|
| | To Be Approved | Waiver Amount | To Be Assessed | | Per Credit Hour | Percent |
| MU | \$311.00 | \$5.00 | \$306.00 | \$9,180 | \$7.00 | 2.3% |
| UMKC | \$306.60 | \$5.00 | \$301.60 | \$9,048 | \$6.80 | 2.3% |
| S&T | \$311.00 | \$5.00 | \$306.00 | \$9,180 | \$6.90 | 2.3% |
| UMSL | \$377.60 | \$6.20 | \$371.40 | \$11,142 | \$8.20 | 2.3% |

- Undergraduate nonresident and graduate tuition rates are proposed to increase by 2.3% except for S&T's graduate rates which remain flat.

| | Nonresident Undergraduate | Resident Graduate | Nonresident Graduate |
|------|------------------------------|----------------------|-------------------------|
| MU | 2.3% | 2.3% | 2.3% |
| UMKC | 2.3% | 2.3% | 2.3% |
| S&T | 2.3% | 0.0% | 0.0% |
| UMSL | 2.3% | 2.3% | 2.3% |

- Professional school tuition rates are recommended to increase from 1.4% to 6.0% depending on the program.
- Required fees are recommended to increase at CPI or 2.3% for UMKC and S&T. MU has one new student referendum approved fee for student media which makes the overall increase 2.8%.

No. 3

Recommended Action - Fiscal Year 2021 Tuition and Required Fees, 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 attached schedules of rates for tuition, information technology fees, and student activity, facility and service fees, be approved, effective with the 2020 fall term.

1. Tuition and information technology fees as shown in the attached schedules and described in the Board materials be approved and become effective beginning with the 2020 fall term. Specifically, this includes:
 - a. Tuition rates to increase as follows:
 - i. Resident undergraduate tuition to increase by 2.3%. For fall 2020 and spring and summer 2021 terms, resident undergraduate students will be assessed the 2.3% increase with the prior year waivers carried forward. The President is directed to use his authority under CRR 230.010.C to waive tuition so resident undergraduate students only pay the 2.3% increase and continue the same waiver as provided in FY 2020. The President may withdraw such waiver and require payment up to the maximum assessed rate in the event financial circumstances warrant.
 - ii. Nonresident undergraduate and graduate tuition rates are proposed to increase by 2.3% except for the S&T nonresident graduate rate which will not be changed.
 - iii. S&T will increase international undergraduate tuition by 2.3%. Tuition for international graduate students will not be changed.
 - iv. UMSL Illinois undergraduate and graduate tuition to increase by 2.3%
 - v. UMKC Kansas and Heartland undergraduate tuition to increase by 2.3%.
 - vi. Professional school tuition to increase from 1.4% to 6%.
 - b. Information Technology fee will increase by 2.3%.
2. Student activity, facility and service fees as shown in the attached schedule and described in the Board materials be approved and become effective beginning with the 2020 fall term.

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3. Effective beginning with the 2020 fall term, the Board of Curators revokes and repeals all previous tuition and required fee schedules and adopts the attached tuition and required fees rate schedules. The Board finds such action to be necessary for the maintenance and operation of the University.

Roll call vote Finance Committee: YES NO

- Curator Chatman
- Curator Hoberock
- Curator Steelman
- Curator Williams

The motion _____.

Roll call vote of Board of Curators: YES NO

- Curator Brncic
- Curator Chatman
- Curator Graham
- Curator Hoberock
- Curator Layman
- Curator Snowden
- Curator Steelman
- Curator Weneker
- Curator Williams

The motion _____

Long Term Tuition and Fee Models

Tuition has become the primary source of academic revenue for the University of Missouri System. This growth has occurred over the course of several decades, and forces within public higher education continue to shift. The University has not evaluated the overall framework for tuition and fees in over a decade to ensure they still support both trends in the marketplace and the needs of the institution.

Over the past year, the University of Missouri began a process to evaluate tuition models for the four Universities. The University's future tuition and fee strategies will encompass the following principles:

- Be more student friendly
 - Simplified bill
 - Predictable
 - Limited pricing variables
 - Ties to student outcomes
 - Facilitates retention and completion
- Generate resources to maintain program quality
- Be efficient and cost effective to administer
- Facilitate achievement of the strategic plan and campus mission
- Focus on the long-term needs of the institution (5+ years)

First and foremost, a new tuition structure must be student friendly. The primary revenue source for large public research institutions has shifted from state support to tuition. Competition for students has increased and students have begun to focus on value delivery as they pay a higher share of the cost. The tuition model should also support university retention and completion models, encouraging students to complete degrees on time and graduate.

Throughout the fall of 2019, each university worked to develop the concepts behind their long-term tuition model following these principles. Their plan was based on the unique needs of their individual student population and coalesced around the following two guiding principles:

- Differential fee consolidation and simplification
- “Plateau” pricing to improve both retention and completion

Differential Fee Consolidation and Simplification

College degrees increase earnings over a student's lifetime, with the average degree holder earning \$1 million more than the comparable high school graduate. Differences in earnings by major are even more stark, with the highest earning majors (engineering) out-earning the lowest earning majors (education) by over \$3 million in lifetime earnings ([Georgetown Center on Education and the Workforce](#)). Past tuition strategies of charging a single rate across majors do not reflect these economic differences and the market forces.

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The University of Missouri has differentiated pricing for bachelor’s degree programs with supplemental fees for more than a decade. Differential fees have become a standard pricing methodology in public higher education, as table 1 denotes:

Table 1: Differential Program Fees and Differential Course Fees for surrounding institutions

| Institution | Differential Program Fees | Course / Program Fees | Differential Charge Programs |
|---|---------------------------|-----------------------|--|
| University of Missouri | | X | Agriculture, A&S, Business, Education, Engineering, Health Professions, Journalism, Nursing, Music, etc. |
| Indiana University-Bloomington | | X | Business, Engineering, Computing, Media, Music, Nursing, Social Work |
| Iowa State University | X | | Architecture, Sophomore, Junior & Senior in Business, Engineering, Experiential Learning Based Majors, and etc. |
| Kansas State University | | X | Business, Engineering, Architecture, Agriculture, A&S, Human Ecology, English, etc. |
| Oklahoma State University | | X | Agriculture, A&S, Health Sciences, Business, Education, Engineering |
| Purdue University | X | | Computer Science, Engineering, Polytechnic, Management, Veterinary Technology, Data Science |
| University of Alabama | | X | Program fees per CH or per course for certain majors |
| University of Arkansas | X | X | Differential tuition for Business, Engineering, Nursing; course fee for Agricultural, Architecture, A&S, Business, Engineering, Education and Health Professions |
| University of Illinois - Urbana-Champaign | X | X | Differential tuition for Business, Engineering, Fine & Applied Arts, and selective majors in Media, Agricultural, Consumer & Environmental Sciences, Chemistry & Life Science; wide-spread course fees |
| University of Iowa | X | X | Higher differential tuition for Business, Engineering, Nursing; wide-spread course fees |
| University of Kansas | | X | Course fees for Architecture, Business, Education, Engineering, Music/Arts, Journalism, Social Welfare |
| University of Kentucky | | X | Course fees per course (50 pages) |
| University of Minnesota - Twin Cities | | X | Course Fees per CH & per Course (25 pages) |
| University of Nebraska - Lincoln | X | | Differential tuition for Architecture, Business, Engineering |
| University of North Dakota | | X | Program per CH for Aviation, Business, Engineering, Medical Lab Science, Nursing, Nutrition & Dietetics, and Social Work |
| University of Oklahoma | | X | Architecture, A&S, Atmospheric & Geo Science, Business, Earth & Energy, Education, Engineering, Fine Arts, Journalism |
| University of South Dakota | | X | Program fees per CH or per Semester for certain majors |
| University of Tennessee | | X | Engineering, Business, Nursing, Architecture, etc. |

Source: Independent analysis of institution websites as of February 2020

Every flagship or land grant institution in surrounding states has some form of differential program fees or course fees. Currently, the University of Missouri follows the course fee model whereby the fee is attached to the course rather than the student. In evaluating new models, several of the Universities are exploring moving from fees charged at the course level to fees charged based on the student and their major. The current model utilized by the University is the most common in the surrounding market, however, our students have voiced a desire to move to something that is easier to understand and more predictable.

Given the current pricing structure charges supplemental fees by individual course, students and parents do not know how much the next semester bill will be until the student enrolls in classes. Many may not understand the fees until they appear on the bill. Predictability can be enhanced by developing a tuition pricing strategy that has a limited set of pricing variables known to students earlier in the process.

Each university's plan includes an element of fee simplification for students. The plans are considering charging students with limited variables, with most focusing on pricing at the program level based upon the student's degree, rather than the classes the student selects. This simplification allows the student to know their rate per credit hour when they are accepted into a program or declare a major. The next phase of development in the long-term models involves researching the current fees in place and determining how to consolidate the current class-based fees into program-based fees. As these fees would not be charged to all students, they will continue not be subject to the increase cap under HESFA.

Plateau Pricing to Improve Retention and Completion

Tuition plateaus involve fixing the credit hour cost for a range of credit hours, generally with a minimum set around what a University views as a "full-time" student. This type of pricing strategy would result in a flat tuition rate for a set range of credit hours. The bottom of the range is usually 12 credit hours, or full-time student status for federal financial aid. Within the plateau, each additional credit hour of consumption above the low-end amount is free to the student. This encourages students to take fuller course loads and progress towards a degree faster.

The University of Missouri used a plateau rate from the 1960's through the mid 1980's. During this time the plateau range varied beginning with 8 credit hours, 9 credit hours, 12 credit hours, or 14 credit hours with no maximum number of credits.

Table 2: Public Institutions with plateau pricing and ranges for plateaus

| Institution | Plateau Charge Programs |
|---------------------------------------|--|
| Indiana University-Bloomington | Flat Rate for 12-18 Credit Hours (CH) |
| Iowa State University | Plateau for 12+ CH |
| Oklahoma State University | Plateau for 12+ CH |
| Purdue University | Plateau for 8+ CH |
| University of Alabama | Plateau for 12-16 CH |
| University of Iowa | Plateau for 12+ CH; Separate rate for non-resident and international students |
| University of Kentucky | Plateau for 12+ CH, with exception of Online and Engineering |
| University of Minnesota - Twin Cities | Degree seeking Flat Rate no matter CH taken; Non-Degree plateau 13+CH |
| University of North Dakota | Plateau for 12+CH; with exception of Online and Law |
| University of Oklahoma | Plateau for 12+CH Students who are charged the plateau rate and take fewer than 15 hours per semester may be able to bank hours to use in the summer. Guaranteed Tuition Program available to resident for 15% additional charge |
| University of Tennessee | Plateau for 12+ CH |
| University of Wisconsin - System | Plateau for 12-18 CH |
| Truman State | Flat Rate for 12-17 CH |

Source: Independent analysis of institution websites as of February 2020

When converting from a per credit hour tuition rate, it is important for Universities to project changes in student credit hour consumption. Over the spring and summer, each university will model the impact of their pricing strategies on the student population. The modeling will help determine both the changes in the revenues and the cost to the students. For the Universities implementing plateaus, they must also consider implementing some form of cap on the plateau to ensure students do not take too heavy of a load without appropriate approval. This can either be done with a cap on eligible hours (17 or 18 are not uncommon ending points for the plateau) or a requirement for additional approval to enroll in more than a set number of credit hours.

Summaries by Campus

MU

The University of Missouri is evaluating the adoption of a plateaued undergraduate tuition structure that would be differentiated by a student's primary program of study. The structure would apply to students enrolled in on-campus and distance degree programs. Three to five rates would be established to group programs into comparable tiers and consolidate current fee structures.

The plateau within each tier will allow students to take from 12 to 18 credit hours per term. The ability to take up to 18 credit hours per term will facilitate student's ability to complete their degree in four years without additional cost. Assessed tuition based on the student's program of study will provide consistency and the ability for students and families to plan for future terms.

The most crucial aspect for a successful transition and implementation will be effective communication. Stakeholder engagement for this project will span many constituencies both internal and external to the University. Internal communication will begin in 2020 with small focus groups of current students, faculty and staff. Through these focus groups insight will be gained into the preferences presented through the tiered model system and the potential challenges as we move from our current tuition model. This feedback would enhance the proposal that is planned to be presented to the Board of Curators in the spring of 2021 for approval. With the approval from the Board in the spring of 2021, communication would begin with our most critical external constituency, prospective students, regarding the transition to a new tuition structure. The changes to the tuition structure will be considered thoughtfully and likely implemented over a period of time, to allow for adequate communication for new students and a period of transition for current students.

UMKC

During the summer and fall of 2019 UMKC undertook a comprehensive review of its existing tuition and fees with a view to find strategies to improve the pricing structure, leading to an improved student experience and improved overall performance. After performing the review, UMKC has decided to move forward with differential program pricing using a tiered tuition model for the higher cost programs. This will eliminate supplemental fees within these programs and make pricing easier for students to predict. The movement towards differential pricing is also supported by UMKC's academic portfolio review and UMKC Forward. This process will encompass a review of colleges and degrees for academic quality and degree demand coupled with related margins on degree programs.

UMKC has reviewed plateau pricing, but it does not appear to fit the undergraduate population that trends more towards part-time students who come to UMKC to finish their degree. The plateau(s) being reviewed allowed a student to take 12 to 18 hours a semester

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for one set fee. UMKC's undergraduate entering class this past fall was 52% first-time-college and 48% transfer students (excludes dual high school students). The average First Time College (FTC) student enrolled in 14.33 hours and the transfer students averaged 2 hours less. Affordability and financial need are critical concerns for students. Many students have full-time jobs and family commitments, and the opportunity to actually enroll in more than 12 hours may be impractical.

UMKC plans to simplify student activity fees is continuing by rolling the separate rates and charging structures for mandatory fees into a single fee. This will simplify the bill and related pricing variables for students. UMKC plans to continue to work with student groups and other constituents over the next year to ensure the combination into a single fee is still transparent for students, as students have been involved in the use of the funding from these fees in the past. The goal is to simplify the pricing structure while still providing transparency into the use of funds. Both the fee simplification and the differential tuition proposal will be finalized by Spring 2021 for approval.

UMSL

The University of Missouri – St. Louis (UMSL) is considering implementing a tiered fee model based upon the student's declared major. The tiers will bundle together pricing for like programs based upon the cost to deliver the program, and consolidate what are now previously separate fees. The bundling of the fees provides a more predictable model for students, as they are able to understand their cost by the declared major. This model also reduces the cross subsidies across programs, as students will pay an amount closer to the actual cost of their program. UMSL is also considering the implementation of a plateau model, but the plateau model presents more challenge for UMSL due to the consumption patterns and differences in their current student population. UMSL desires the benefits of increased retention and graduation rates from plateau models, and is currently considering how to develop a strategy that delivers this to their specific student population, which tends to be more non-traditional and part-time.

S&T

Missouri S&T is considering the adoption of a plateaued tuition structure with additional program fees for Engineering, Computing and Business programs. Arts and Sciences programs will be proposed to maintain at the base rate. Current plans for the plateau encompass 12 to 18 hours, providing a large range of credit hours to encourage students to take a full load for completion. Charges above and below the plateau will be based upon an hourly rate. In addition, Missouri S&T plans to consolidate mandatory fees into simplified groups .

Missouri S&T designed the proposed model to be more student friendly. The draft model simplifies the pricing variables and makes the student bill easier to predict and understand. Plateau tuition has the additional benefit of simplifying the refund and course change process, as movements within the plateau do not have to be repriced on the student bill as today's fees do.

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The new model also facilitates improvements in both retention and graduation. The model will encourage students to take a full course load with no marginal cost for being at a full load of 15 hours. The plateau rate should:

- Reduce time to graduation
- Improve retention and graduation rates
- Reduce the total cost of education and opportunity costs of lost earnings
- Reduce students taking classes at other universities
- Reduce student debt at graduation.

Next Steps

Throughout the next year, each university will work with their constituents to vet the specifics of the proposed models. These sessions will provide feedback from students and other impacted parties on the items to consider in the change process, and the details that need to be determined as a part of a transition plan.

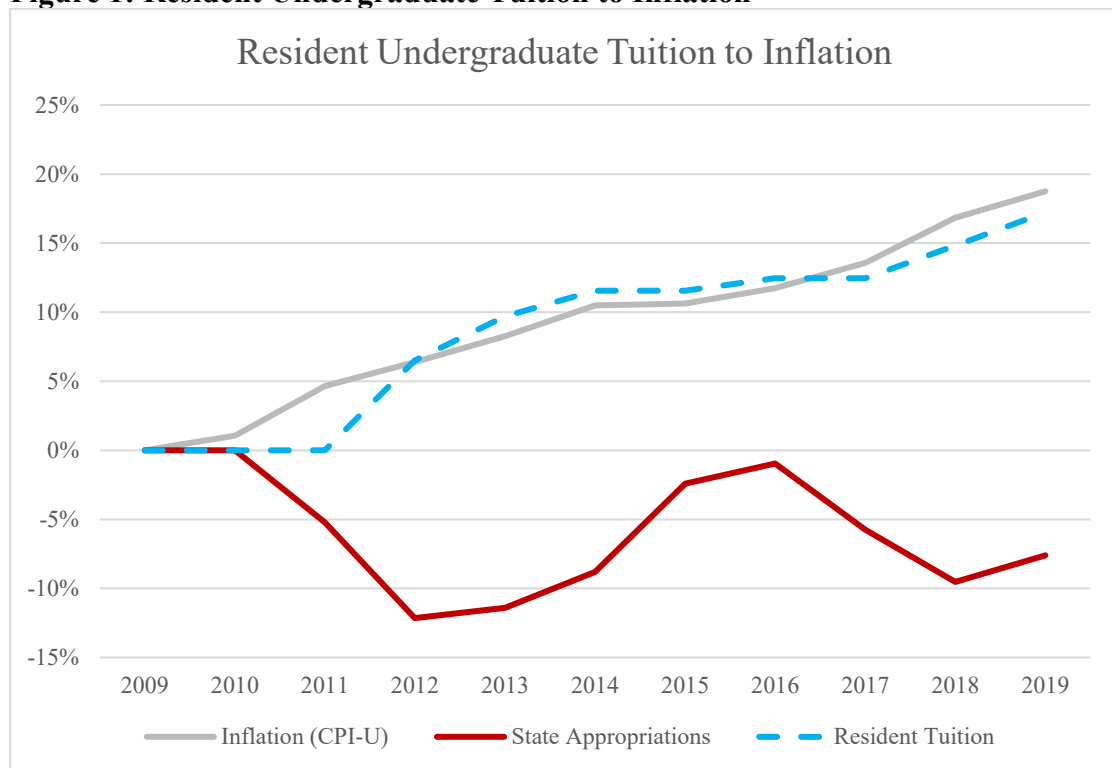
Each university will also complete modeling to determine the impact on both price setting and the related outcome metrics including retention and graduation. The modeling will help determine how to price consolidated fees and the tuition plateau in a manner to support program quality for students.

Through the feedback and modeling, each university will develop a specific implementation plan for their new tuition strategy. The detailed plan will delineate the specific pricing variables and ranges of the plateaus, based upon actual student data and feedback. The universities will also work on their specific transition and implementation plans, with a planned presentation to the board for approval with the approval of tuition and fees in the spring of 2021. The first possible semester of implementation for any model changes would be fall of 2021, but some universities may desire to wait longer to allow for further communications with students recruited into the new model.

Fiscal Year 2021 Tuition and Required Fees

For FY 2021 the University proposes inflationary increases to the majority of tuition and mandatory fees. These increases will be utilized to maintain and improve the quality of teaching and instruction at the University. As a part of the FY 2021 budgeting process and beyond, the University will realize significant cost reductions, and these tuition increases are necessary to ensure a high quality of education is maintained for the future. Without increases to tuition, the university will have to further reduce key instructional resources that drive tuition revenue and evaluate cutting key research initiatives.

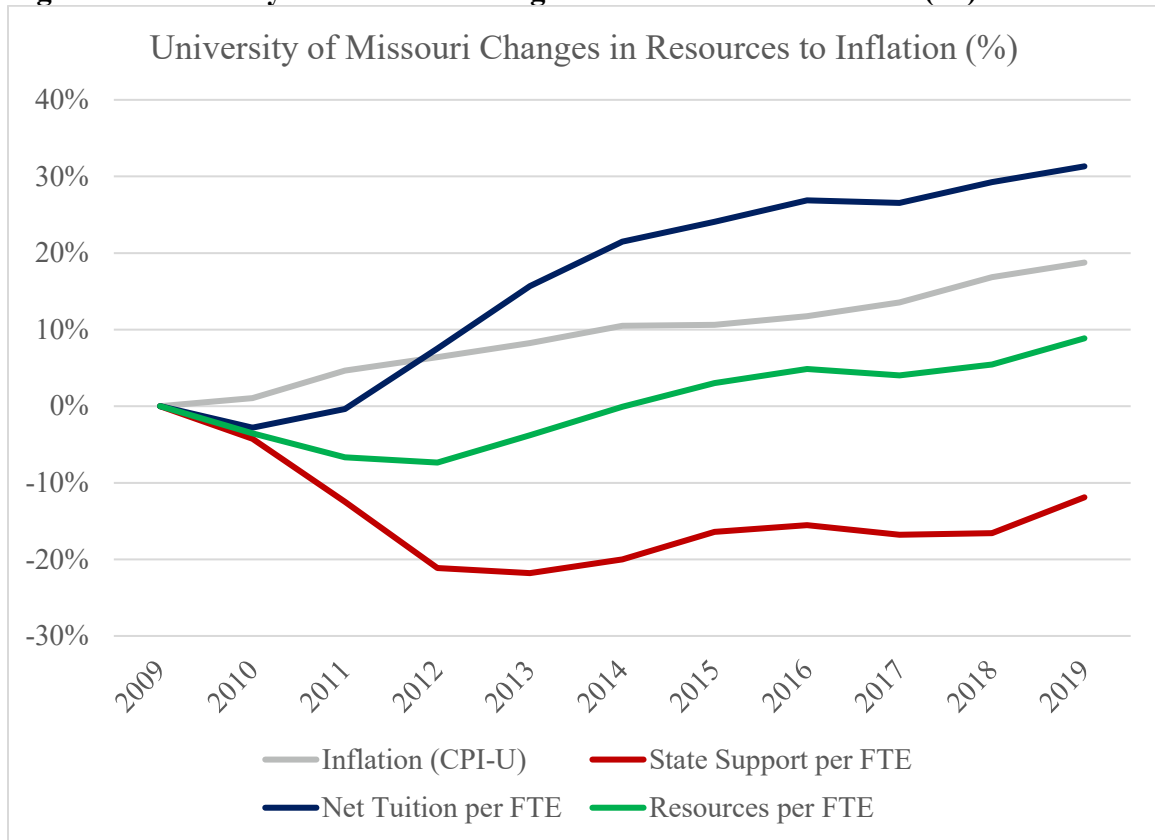
Figure 1: Resident Undergraduate Tuition to Inflation



Source: University of Missouri Financial Statements, tuition records, CPI-U from BLS

Over the past decade, the University of Missouri has not made up for cuts in state funding by raising tuition rates for Missouri undergraduate students. This is in contrast to the national narrative and trend on tuition increases for public higher education, especially research universities. At the same time tuition trended with inflation, state support dropped by 8% in nominal dollars and 23% in real dollars. This compares to the national average of 17% growth in real dollars and flat appropriations in real dollars (SHEEO). On average, the College Board's *Trends in College Pricing* found that published in-state tuition at public doctoral institutions increased by 2.2% above inflation over the past decade (2010-2020). For the same time-period, the University of Missouri increased prices by 0.4% above inflation.

Figure 2: University of Missouri Changes in Resources to Inflation (%)



Source: University of Missouri Financial Statements and IR FTE, CPI-U from BLS

Figure 2 demonstrates the change in net tuition and fees per student, state support per student, and the combination of both tuition and fees and state support in relation to inflation. It is important for public institutions to look at both state support and tuition when evaluating the resources available for a degree, as they represent the key revenues for the academic enterprise. Together, they provide the revenue sources that fund students' education. As noted on the chart, tuition increases moderately outpace inflation. Net tuition growth was primarily due to a change in a mix in enrollment with growth in the number of students from outside Missouri outpacing the growth in students from Missouri. The growth in net tuition per student was not enough to offset the falling state support per student. When tuition and state support are combined into resources per student, the sum grows at a slower rate than inflation, demonstrating the actual cost reductions that were necessary for the University to balance budgets and deliver a quality degree.

Following are the recommendations regarding tuition and required fees effective beginning with the 2020 fall term. Specifically, the materials include recommendations concerning undergraduate tuition, graduate tuition, professional schools' tuition, information technology fee, and student activity, facility and service fees. Detailed schedules are provided at the end of this document.

Higher Education Student Funding Act (HESFA) Change for Tuition and Required Fees

Undergraduate tuition and required fees charged to all Missouri resident students are governed by the Higher Education Student Funding Act (HESFA, SB 807 & 577 passed in 2018 revises Section 173.1003, RSMo, commonly referred to as SB389.) Tuition and required fees include the tuition and fees charged to all students. HESFA allows for increases above inflation only if state support declines in the most recent completed fiscal year. As the University of Missouri received an \$8 million increase in state support from FY 2018 to FY 2019 for specific programs, statute allows for an inflationary increase of 2.3%.

Resident Undergraduate Tuition

The University is recommending increasing board approved rates by the HESFA permissible inflation of 2.3%. These rates will be charged to all resident students, but the FY 2020 waiver of 1.6% will continue to reduce the effective cost for the student. The following table represents the FY 2020 board approved and recommended FY 2021 rates for resident undergraduate tuition and the impact to students with the 2.3% increase and the continuing waiver.

FY2021 Undergraduate Tuition for Missouri Resident Students

| | FY2020 | | | FY2021 | | | | Change on Assessed | |
|------|----------|----------|---------------|----------------|--------------|----------------|------------------------|--------------------|---------|
| | Approved | Assessed | Academic Year | To Be Approved | Waive Amount | To Be Assessed | Academic Year Assessed | Per Credit Hour | Percent |
| MU | \$304.00 | \$299.00 | \$8,970 | \$311.00 | \$5.00 | \$306.00 | \$9,180 | \$7.00 | 2.3% |
| UMKC | \$299.70 | \$294.80 | \$8,844 | \$306.60 | \$5.00 | \$301.60 | \$9,048 | \$6.80 | 2.3% |
| S&T | \$304.00 | \$299.10 | \$8,973 | \$311.00 | \$5.00 | \$306.00 | \$9,180 | \$6.90 | 2.3% |
| UMSL | \$369.30 | \$363.20 | \$10,896 | \$377.60 | \$6.20 | \$371.40 | \$11,142 | \$8.20 | 2.3% |

Approved rates will be charged to students, but will be reduced by a limited Missouri resident undergraduate tuition waiver. Resident undergraduate students only pay the inflationary increase over FY 2020 assessed provided the President may withdraw such waiver and require payment up to the maximum assessed rate in the event financial circumstances warrant.

Undergraduate tuition and required fees charged to all Missouri resident students are governed by the Higher Education Student Funding Act (HESFA, Section 173.1003, RSMo, commonly referred to as SB389.) Tuition and required fees typically include base tuition, information technology fee, and student activity, facility and services fees. In FY 2014 UMSL restructured their tuition rates to include base tuition and all required fees, and thus eliminated separate billing for other required fees. The Higher Education Student Funding Act modifies the definition of tuition and required fees to exclude fees that were passed by student referendum or officially recognized student government organizations popularly elected by the students on campus.

The table below shows tuition and required fees for a Missouri resident undergraduate student as defined by the Higher Education Student Funding Act (SB389.) The University

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recommends FY 2021 tuition rates and required fees for a resident undergraduate to increase up to CPI of 2.3%; which is the highest increase permissible without seeking a waiver. The University's tuition and required fees average if approved as submitted is \$237.75 and complies with the HESFA law.

Tuition and Required Fees, Missouri Resident Undergraduate Students *

| | FY2020 | FY2021 | Change | % Change |
|---------|-------------|-------------|----------|----------|
| MU | 10,328.34 | 10,568.88 | \$240.54 | 2.3% |
| UMKC | 10,063.34 | 10,295.96 | \$232.62 | 2.3% |
| S&T | 10,482.60 | 10,724.10 | \$241.50 | 2.3% |
| UMSL | 10,481.40 | 10,717.76 | \$236.36 | 2.3% |
| Average | \$10,338.92 | \$10,576.67 | \$237.75 | 2.3% |

* Excludes fees passed by student referendum per HESFA (SB389)

UMKC and UMSL have Metropolitan undergraduate tuition rates for students from Kansas and Illinois counties in their market area. UMSL and UMKC also have undergraduate rates which includes the entire state of Illinois and Kansas. The Metropolitan, Illinois and Kansas tuition rates are proposed to increase the same as Missouri resident rates. UMKC also has a Heartland undergraduate tuition rate which equals 150 percent of the Missouri resident rate. Heartland states include Arkansas, Iowa, Kentucky, Oklahoma, South Dakota, Tennessee, and Texas.

Non-Resident Undergraduate Tuition

The University recommends an increase of 2.3% for nonresident undergraduate tuition rates.

FY2021 Undergraduate Tuition for Missouri Nonresident Students

| | FY2020 | | FY2021 | | Change | |
|------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | Per Credit Hour | Academic Year | Per Credit Hour | Academic Year | Per Credit Hour | Academic Year |
| MU | \$899.70 | \$26,991 | \$920.40 | \$27,612 | \$20.70 | \$621 |
| UMKC | \$824.30 | \$24,729 | \$843.30 | \$25,299 | \$19.00 | \$570 |
| S&T | \$930.70 | \$27,921 | \$952.10 | \$28,563 | \$21.40 | \$642 |
| UMSL | \$976.50 | \$29,295 | \$999.00 | \$29,970 | \$22.50 | \$675 |

S&T is recommending a 2.3% increase for international undergraduate students which is \$1,031.90 per credit hour or \$30,957 per academic year.

Graduate Tuition

Resident and non-resident graduate tuition rates are recommended to increase 2.3% for MU, UMKC, and UMSL. S&T is proposing to keep both resident and non-resident rates unchanged.

FY2021 Graduate Tuition for Resident Students

| | FY2020 | | FY2021 | | Change | |
|------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | Per Credit Hour | Academic Year | Per Credit Hour | Academic Year | Per Credit Hour | Academic Year |
| MU | \$386.00 | \$9,264 | \$394.90 | \$9,478 | \$8.90 | \$214 |
| UMKC | \$397.60 | \$9,542 | \$406.70 | \$9,761 | \$9.10 | \$218 |
| S&T | \$435.50 | \$10,452 | \$435.50 | \$10,452 | \$0.00 | \$0 |
| UMSL | \$500.30 | \$12,007 | \$511.80 | \$12,283 | \$11.50 | \$276 |

FY2021 Graduate Tuition for Nonresident Students

| | FY2020 | | FY2021 | | Change | |
|------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | Per Credit Hour | Academic Year | Per Credit Hour | Academic Year | Per Credit Hour | Academic Year |
| MU | \$1,056.80 | \$25,363 | \$1,081.10 | \$25,946 | \$24.30 | \$583 |
| UMKC | \$1,026.50 | \$24,636 | \$1,050.10 | \$25,202 | \$23.60 | \$566 |
| S&T | \$1,231.60 | \$29,558 | \$1,231.60 | \$29,558 | \$0.00 | \$0 |
| UMSL | \$1,228.20 | \$29,477 | \$1,256.40 | \$30,154 | \$28.20 | \$677 |

UMKC and UMSL have Metropolitan graduate tuition rates for students from Kansas and Illinois counties in their market area. The Metropolitan tuition rates are the same as Missouri resident rates.

UMKC has a separate tuition rate for graduate nursing programs, which UMKC assesses on all graduate nursing credits. The nursing tuition rate for FY 2021 will be \$613.80 for residents and \$1,168.30 for nonresidents.

S&T is recommending international graduate rate remaining flat at \$1,306.60 per credit hour or \$39,198 per academic year.

Professional School Tuition

The University recommends to increase Professional tuition rates at varying levels based on cost and market analysis of the particular schools and their relationship to the University strategic plans. These recommendations are summarized below.

Proposed Professional School Program 2021 Tuition Increases

| | Resident | Non Resident |
|------------------------------------|----------|--------------|
| MU Law, JD | 2.3% | 2.3% |
| MU Law, LLM | 2.3% | 2.3% |
| MU Medicine, MD | 2.3% | 2.3% |
| MU Occupational Therapy, MOT & OTD | 2.3% | 2.3% |
| MU Veterinary Medicine | 2.3% | 2.3% |
| UMKC Dental School, DDS | 5.0% | 5.0% |
| UMKC Dental School, Grad | 5.0% | 5.0% |
| UMKC Law, JD | 2.5% | 2.5% |
| UMKC Law, LLM | 2.5% | 5.0% |
| UMKC Medicine Years 1-2 | 1.75% | 1.75% |
| UMKC Medicine Years 3-6 | 1.75% | 1.75% |
| UMKC Medicine, Anesthesia MS | 1.75% | 1.75% |
| UMKC Medicine, Physician Asst. MS | 1.75% | 1.75% |
| UMKC Pharmacy, PharmD | 6.0% | 6.0% |
| UMSL Optometry, OD | 2.3% | 1.4% |

Several professional schools had multi-year increases approved by the Board in prior year that would impact FY 2021. Many of these will be deferred for upcoming academic years. The following explains increase requests above CPI:

- UMKC Law JD program received approval from the Board to increase tuition by 2.5% for FY 2020 and FY 2021. The proposed rate increase is necessary in order to contribute to the overall fiscal health of the university while not adversely affecting the ability to recruit quality students.
- UMKC Law LLM program received approval from the Board to increase tuition by 2.5% for residents and 5% for non-residents for FY 2020 and FY 2021. The higher non-resident increase will generate additional revenue from government-sponsored students, which can offset the additional expenses and provide resources for expanding the program.
- UMKC School of Pharmacy is requesting a tuition increase of 6 percent. Market analysis indicates that tuition increases in this range would maintain the school's regional competitiveness with other Pharmacy schools. The increased revenue will cover increasing costs to delivery curricula, including hiring of faculty.
- UMKC Dental School is requesting a 5% increase to tuition due to increased costs of operation and changes that will be needed to keep the students, faculty and clinic

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patients safe. New CDC guidelines and the need for additional PPE will increase costs significantly.

- The MU School of Health Professions is requesting a new on-line tuition of \$700 per credit hour that includes the base tuition and an online fee to be assessed to Post-Professional Occupational Therapy Doctoral students. The professional designation for Occupational Therapy is in part because of the higher cost associated with administration of a health care related curriculum. The department has to employ licensed health care professionals to run the training program and a lower faculty-student ratio is required to teach clinical related content. The \$700 per credit hour fee requested is highly competitive based upon similar degree programs offered at peer institutions for this degree.

Information Technology Fee

The information technology fee is recommended to increase by CPI of 2.3% to \$14.35 at MU, \$15.00 at UMKC and \$15.65 at Missouri S&T. The Information Technology fee is a required fee and subject to the HESFA calculations.

Student Activity, Facility, and Service Fees

These fee proposals were prepared under the direction of the Vice Chancellors or Vice Provosts for Student Affairs on each campus. Planning for fee changes are conducted using operating assumptions unique to each campus and activity, within the context of general economic guidelines communicated by the Finance Division. Appropriate advisory groups, affected students, and/or their elected officers reviewed and supported the activity, facility, and service fee proposals.

Increases in undergraduate activity, facility, and service fees per semester are 2.3% at UMKC and Missouri S&T. The fees will increase at 2.8% at MU. These rate changes are in compliance with the HESFA (SB 807 & 577). Graduate and professional student fees increase by 2.8% at MU, and 2.3% at UMKC and Missouri S&T.

Fees are assessed predominantly on a per credit hour basis with a plateau of 12 credit hours per semester and 6 credit hours for the summer session. However, the graduate and professional student plateau is 9 credit hours per semester. Some fees are assessed at a flat rate per semester, or have a lower plateau.

At **MU**, total student activity, facility, and service fees per semester are proposed to increase by 2.8% or \$13.27 for undergraduate students and 2.8% or \$12.45 for graduate and professional students. The student activity fee increase above CPI reflects a student fee referendum passed in March to support Student Media. 75.5% of students voted in favor of the fee increase. MU Student Activity Fees include fees to fund: Student Government, Student Organizations, Multicultural Student Organizations, Readership Program, Sustainability Program, Sports Clubs, Associated Students, Capital Improvement, Divisional Councils, Transportation System, Student Unions, Student Life, Counseling Center, Jesse Auditorium, MU Libraries, and Technology.

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The MU Student Fee Review Committee, which is comprised of a representative mix of undergraduate and graduate students, annually reviews activity, facility, and health service fees in detail. They make a recommendation to the Vice Chancellor of Student Affairs regarding any increases or reallocations. The requested increases represent the Committee’s recommendations.

UMKC total student activity, facility, and service fees are proposed to increase at 2.3% or \$12.52 a semester.

Missouri S&T total student activity, facility, and service fees are proposed to increase by 2.3% or \$11.30 a semester.

In FY 14 the **UMSL** campus restructured their tuition and required fees into a base tuition rate. The campus no longer assesses student activity, facility, and service fees separately.

Fee Rate Schedules

Rate schedules for FY 2021 tuition, information technology fees, and student activity, facility, and service fees along with the marginal annual impact of the increases are below.

UNIVERSITY OF MISSOURI - Columbia
Tuition Rates
Beginning with the 2020 Fall Session

| TUITION | | | | 2019-2020 RATES | | 2020-2021 RATES | | | |
|---------------------------------------|------------------|-----------|---------|-----------------------|-------------|-----------------------|-------------|-------------------|---------------|
| Student Level or Professional Program | Residence Status | Term Type | Plateau | Per Credit Hour Rate | Flat Rate | Per Credit Hour Rate | Flat Rate | Percentage Change | Dollar Change |
| Undergraduate ¹ | Missouri | Semester | None | \$304.00 ² | | \$311.00 ² | | 2.3% | \$7.00 |
| | Nonresident | Semester | None | \$899.70 | | \$920.40 | | 2.3% | \$20.70 |
| Graduate | Missouri | Semester | None | \$386.00 | | \$394.90 | | 2.3% | \$8.90 |
| | Nonresident | Semester | None | \$1,056.80 | | \$1,081.10 | | 2.3% | \$24.30 |
| Law, JD | Missouri | Semester | None | \$674.40 | | \$689.90 | | 2.3% | \$15.50 |
| | Nonresident | Semester | None | \$1,282.80 | | \$1,312.30 | | 2.3% | \$29.50 |
| Law, LLM | Missouri | Semester | None | \$758.00 | | \$775.40 | | 2.3% | \$17.40 |
| | Nonresident | Semester | None | \$1,451.10 | | \$1,484.50 | | 2.3% | \$33.40 |
| Medicine, MD | Missouri | M1 & M2 | 18 | \$935.40 | \$16,837.50 | \$956.90 | \$17,224.80 | 2.3% | \$387.30 |
| | Missouri | M3 & M4 | 20 | \$935.40 | \$18,708.30 | \$956.90 | \$19,138.60 | 2.3% | \$430.30 |
| | Nonresident | M1 & M2 | 18 | \$1,904.90 | \$34,289.00 | \$1,948.80 | \$35,077.60 | 2.3% | \$788.60 |
| | Nonresident | M3 & M4 | 20 | \$1,904.90 | \$38,098.90 | \$1,948.80 | \$38,975.20 | 2.3% | \$876.30 |
| Occupational Therapy, MOT & OTD | Missouri | Semester | None | \$560.50 | | \$573.40 | | 2.3% | \$12.90 |
| | Nonresident | Semester | None | \$1,127.70 | | \$1,153.60 | | 2.3% | \$25.90 |
| OTD Distance Program - new | All | Semester | None | n/a | | \$700.00 | | n/a | n/a |
| Physical Therapy, DPT | Missouri | Semester | None | \$488.10 | | \$499.30 | | 2.3% | \$11.20 |
| | Nonresident | Semester | None | \$1,158.90 | | \$1,185.60 | | 2.3% | \$26.70 |
| Veterinary Medicine, DVM | Missouri | Semester | 16 | \$808.90 | \$12,942.10 | \$827.50 | \$13,239.80 | 2.3% | \$297.70 |
| | Nonresident | Semester | 16 | \$1,949.20 | \$31,186.90 | \$1,994.00 | \$31,904.20 | 2.3% | \$717.30 |

¹ Falls under Higher Education Student Funding Act (HESFA)

² The tuition charge is \$311.00 per credit hour, but is reduced by a limited Missouri resident undergraduate tuition waiver of \$5 to \$306.00 per credit hour. This waiver is the result of university action and may not continue in the future.

UNIVERSITY OF MISSOURI - Kansas City
Tuition Rates
Beginning with the 2020 Fall Session

| TUITION | | | | 2019-2020 RATES | | 2020-2021 RATES | | | |
|--|------------------|-----------|---------|----------------------|-------------|-----------------------|-------------|-------------------|---------------|
| Student Level or Professional Program | Residence Status | Term Type | Plateau | Per Credit Hour Rate | Flat Rate | Per Credit Hour Rate | Flat Rate | Percentage Change | Dollar Change |
| <i>Undergraduate</i> ¹ | Missouri | Semester | None | \$299.70 | | \$306.60 ² | | 2.3% | \$6.90 |
| | Nonresident | Semester | None | \$824.30 | | \$843.30 | | 2.3% | \$19.00 |
| | Kansas Rate | Semester | None | \$299.70 | | \$306.60 | | 2.3% | \$6.90 |
| | Heartland Rate | Semester | None | \$449.60 | | \$459.90 | | 2.3% | \$10.30 |
| Graduate | Missouri | Semester | None | \$397.60 | | \$406.70 | | 2.3% | \$9.10 |
| | Nonresident | Semester | None | \$1,026.50 | | \$1,050.10 | | 2.3% | \$23.60 |
| | Metropolitan | Semester | None | \$397.60 | | \$406.70 | | 2.3% | \$9.10 |
| Anesthesia, UMKC MS | Missouri | Semester | 18 | | \$11,905.20 | | \$12,113.50 | 1.75% | \$208.30 |
| | Missouri | Summer | 18 | | \$7,936.60 | | \$8,075.50 | 1.75% | \$138.90 |
| | Nonresident | Semester | 18 | | \$14,214.90 | | \$14,463.70 | 1.75% | \$248.80 |
| | Nonresident | Summer | 18 | | \$9,476.90 | | \$9,642.80 | 1.75% | \$165.90 |
| Med Physician Asst MS | Missouri | Semester | 18 | | \$11,057.50 | | \$11,251.00 | 1.75% | \$193.50 |
| | Missouri | Summer | 18 | | \$7,371.50 | | \$7,500.50 | 1.75% | \$129.00 |
| | Nonresident | Semester | 18 | | \$13,269.00 | | \$13,501.20 | 1.75% | \$232.20 |
| | Nonresident | Summer | 18 | | \$8,846.10 | | \$9,000.90 | 1.75% | \$154.80 |
| Dentistry, DDS | Missouri | Semester | 16 | \$1,067.30 | \$17,076.60 | \$1,120.70 | \$17,930.40 | 5.0% | \$853.80 |
| | Missouri | Summer | 8 | \$1,067.30 | \$8,538.20 | \$1,120.60 | \$8,965.10 | 5.0% | \$426.90 |
| | Nonresident | Semester | 16 | \$2,127.10 | \$34,033.40 | \$2,233.40 | \$35,735.10 | 5.0% | \$1,701.70 |
| | Nonresident | Summer | 8 | \$2,127.10 | \$17,016.70 | \$2,233.40 | \$17,867.50 | 5.0% | \$850.80 |
| Dentistry, Graduate Certificate and MS | Missouri | Semester | 14 | \$1,123.30 | \$15,725.50 | \$1,179.40 | \$16,511.80 | 5.0% | \$786.30 |
| | Missouri | Summer | 7 | \$1,123.20 | \$7,862.70 | \$1,179.40 | \$8,255.80 | 5.0% | \$393.10 |
| | Nonresident | Semester | 14 | \$2,242.50 | \$31,394.60 | \$2,354.60 | \$32,964.30 | 5.0% | \$1,569.70 |
| | Nonresident | Summer | 7 | \$2,242.50 | \$15,697.30 | \$2,354.60 | \$16,482.20 | 5.0% | \$784.90 |
| Law, JD | Missouri | Semester | None | \$614.50 | | \$629.90 | | 2.5% | \$15.40 |
| | Nonresident | Semester | None | \$1,213.10 | | \$1,243.40 | | 2.5% | \$30.30 |
| Law, LLM | Missouri | Semester | None | \$745.20 | | \$763.80 | | 2.5% | \$18.60 |
| | Nonresident | Semester | None | \$1,510.40 | | \$1,585.90 | | 5.0% | \$75.50 |
| Medicine, MD, Years 1 and 2 | Missouri | Semester | 16 | \$635.40 | \$10,165.80 | \$646.50 | \$10,343.70 | 1.75% | \$177.90 |
| | Missouri | Summer | 8 | \$635.40 | \$5,082.90 | \$646.50 | \$5,171.90 | 1.75% | \$89.00 |
| | Regional | Semester | 16 | \$953.00 | \$15,248.70 | \$969.70 | \$15,515.60 | 1.75% | \$266.90 |
| | Regional | Summer | 8 | \$953.00 | \$7,624.30 | \$969.70 | \$7,757.70 | 1.75% | \$133.40 |
| | Nonresident | Semester | 16 | \$1,270.70 | \$20,331.50 | \$1,293.00 | \$20,687.30 | 1.75% | \$355.80 |
| | Nonresident | Summer | 8 | \$1,270.70 | \$10,165.80 | \$1,293.00 | \$10,343.70 | 1.75% | \$177.90 |
| Medicine, MD, Years 3 thru 6 | Missouri | Semester | 18 | \$664.60 | \$11,963.20 | \$676.30 | \$12,172.60 | 1.75% | \$209.40 |
| | Missouri | Summer | 12 | \$664.60 | \$7,975.30 | \$676.30 | \$8,115.60 | 1.76% | \$140.30 |
| | Regional | Semester | 18 | \$997.00 | \$17,945.80 | \$1,014.40 | \$18,259.90 | 1.75% | \$314.10 |
| | Regional | Summer | 12 | \$997.00 | \$11,964.00 | \$1,014.50 | \$12,173.40 | 1.75% | \$209.40 |
| | Nonresident | Semester | 18 | \$1,329.20 | \$23,926.20 | \$1,352.50 | \$24,344.90 | 1.75% | \$418.70 |
| | Nonresident | Summer | 12 | \$1,329.20 | \$15,950.90 | \$1,352.50 | \$16,230.00 | 1.75% | \$279.10 |
| Pharmacy, Dpharm | Missouri | Semester | 15 | \$796.10 | \$11,942.20 | \$843.90 | \$12,658.70 | 6.0% | \$716.50 |
| | Missouri | Summer | 6 | \$796.10 | \$4,776.80 | \$843.90 | \$5,063.40 | 6.0% | \$286.60 |
| | Nonresident | Semester | 15 | \$1,750.50 | \$26,257.70 | \$1,855.50 | \$27,833.20 | 6.0% | \$1,575.50 |
| | Nonresident | Summer | 6 | \$1,750.60 | \$10,503.30 | \$1,855.60 | \$11,133.50 | 6.0% | \$630.20 |
| Nursing Graduate | Missouri | Semester | None | \$600.00 | | \$613.80 | | 2.3% | \$13.80 |
| | Nonresident | Semester | None | \$1,142.00 | | \$1,168.30 | | 2.3% | \$26.30 |

¹ Falls under Higher Education Student Funding Act (HESFA)

² The tuition charge is \$306.60 per credit hour, but is reduced by a limited Missouri resident undergraduate tuition waiver of \$5.00 to \$301.60 per credit hour. This waiver is the result of university action and may not continue in the future.

MISSOURI UNIVERSITY OF SCIENCE AND TECHNOLOGY
Tuition Rates
Beginning with the 2020 Fall Session

| TUIITION | | | | 2019-2020 RATES | | 2020-2021 RATES | | | |
|---------------------------------------|----------------------|-----------|---------|----------------------|-----------|-----------------------|-----------|-------------------|---------------|
| Student Level or Professional Program | Residence Status | Term Type | Plateau | Per Credit Hour Rate | Flat Rate | Per Credit Hour Rate | Flat Rate | Percentage Change | Dollar Change |
| Undergraduate ¹ | Missouri Nonresident | Semester | None | \$304.00 | | \$311.00 ² | | 2.3% | \$7.00 |
| | Nonresident | Semester | None | \$930.70 | | \$952.10 | | 2.3% | \$21.40 |
| | International | Semester | None | \$1,008.70 | | \$1,031.90 | | 2.3% | \$23.20 |
| Graduate | Missouri Nonresident | Semester | None | \$435.50 | | \$435.50 | | 0.0% | \$0.00 |
| | Nonresident | Semester | None | \$1,231.60 | | \$1,231.60 | | 0.0% | \$0.00 |
| | International | Semester | None | \$1,306.60 | | \$1,306.60 | | 0.0% | \$0.00 |

¹ Falls under Higher Education Student Funding Act (HESFA)

² The tuition charge is \$311.00 per credit hour, but is reduced by a limited Missouri resident undergraduate tuition waiver of \$5 to \$306.00 per credit hour. This waiver is the result of university action and may not continue in the future.

UNIVERSITY OF MISSOURI - St. Louis
Tuition Rates
Beginning with the 2020 Fall Session

| TUIITION | | | | 2019-2020 RATES | | 2020-2021 RATES | | | |
|---------------------------------------|-----------------------|-----------|---------|----------------------|-------------|-----------------------|-------------|-------------------|---------------|
| Student Level or Professional Program | Residence Status | Term Type | Plateau | Per Credit Hour Rate | Flat Rate | Per Credit Hour Rate | Flat Rate | Percentage Change | Dollar Change |
| Undergraduate ¹ | Missouri Nonresident | Semester | None | \$369.30 | | \$377.60 ² | | 2.2% | \$8.30 |
| | Nonresident | Semester | None | \$976.50 | | \$999.00 | | 2.3% | \$22.50 |
| | Metropolitan Illinois | Semester | None | \$369.30 | | \$377.60 | | 2.2% | \$8.30 |
| | Illinois | Semester | None | \$369.30 | | \$377.60 | | 2.2% | \$8.30 |
| Graduate | Missouri Nonresident | Semester | None | \$500.30 | | \$511.80 | | 2.3% | \$11.50 |
| | Nonresident | Semester | None | \$1,228.20 | | \$1,256.40 | | 2.3% | \$28.20 |
| | Metropolitan Illinois | Semester | None | \$500.30 | | \$511.80 | | 2.3% | \$11.50 |
| | Illinois | Semester | None | \$500.30 | | \$511.80 | | 2.3% | \$11.50 |
| Optometry, OD | Missouri | Semester | 16 | \$762.50 | \$12,200.00 | \$780.00 | \$12,480.00 | 2.3% | \$17.50 |
| | Nonresident | Semester | 16 | \$1,274.60 | \$20,393.60 | \$1,292.10 | \$20,673.60 | 1.4% | \$17.50 |

¹ Falls under Higher Education Student Funding Act (HESFA)

² The tuition charge is \$377.60 per credit hour, but is reduced by a limited Missouri resident undergraduate tuition waiver of \$6.20 to \$371.40 per credit hour. This waiver is the result of university action and may not continue in the future.

Information Technology Fees
Beginning with the 2020 Fall Session

| REQUIRED FEES | 2019-2020 RATES | | 2020-2021 RATES | | | |
|--|----------------------|-----------|----------------------|-----------|-------------------|---------------|
| | Per Credit Hour Rate | Flat Rate | Per Credit Hour Rate | Flat Rate | Percentage Change | Dollar Change |
| MU Information Technology Fee ¹ | \$14.03 | | \$14.35 | | 2.3% | \$0.32 |
| UMKC Information Technology Fee ¹ | \$14.67 | | \$15.00 | | 2.2% | \$0.33 |
| S&T Information Technology Fee ¹ | \$15.30 | | \$15.65 | | 2.3% | \$0.35 |

¹ Falls under Higher Education Student Funding Act (HESFA)

Student Activity, Facility, and Service Fees

| MU | FY2020 | FY2021 | Recommended Increase | | FY2020 | FY2021 | Recommended Increase | | |
|---|-----------|---|----------------------|----------|-----------|--|----------------------|----------|--|
| | | | Amount | % change | | | Amount | % change | |
| Maximum Fees per Term | | Semester Rates (12 or more credit hours) | | | | Summer Rates (7 or more credit hours) | | | |
| Undergraduate Students | | | | | | | | | |
| Student Activity Fee | 183.96 | 191.27 | 7.31 | 4.0% | 91.98 | 95.64 | 3.66 | 4.0% | |
| Student Services Enhancement Fee | 38.16 | 38.46 | 0.30 | 0.8% | 19.08 | 19.23 | 0.15 | 0.8% | |
| Recreation Activity and Facility | 150.76 | 154.23 | 3.47 | 2.3% | 75.38 | 77.11 | 1.73 | 2.3% | |
| Health Service Fee | 95.00 | 97.19 | 2.19 | 2.3% | 77.52 | 79.30 | 1.78 | 2.3% | |
| Total | \$ 467.88 | \$ 481.15 | \$13.27 | 2.8% | \$ 263.96 | \$ 271.28 | \$7.32 | 2.8% | |
| Graduate and Professional Students | | | | | | | | | |
| Student Activity Fee | 164.34 | 170.37 | 6.03 | 3.7% | 109.56 | 113.58 | 4.02 | 3.7% | |
| Student Services Enhancement Fee | 28.71 | 29.48 | 0.77 | 2.7% | 19.14 | 19.65 | 0.51 | 2.7% | |
| Recreation Activity and Facility | 150.76 | 154.23 | 3.47 | 2.3% | 75.38 | 77.11 | 1.73 | 2.3% | |
| Health Service Fee | 95.00 | 97.19 | 2.19 | 2.3% | 77.52 | 79.30 | 1.78 | 2.3% | |
| Total | \$ 438.81 | \$ 451.26 | \$ 12.45 | 2.8% | \$ 281.60 | \$ 289.65 | \$8.05 | 2.9% | |
| UMKC | FY2020 | FY2021 | Recommended Increase | | FY2020 | FY2021 | Recommended Increase | | |
| | | | Amount | % change | | | Amount | % change | |
| Maximum Fees per Term | | Semester Rates (12 or more credit hours) | | | | Summer Rates (6 or more credit hours) | | | |
| Undergraduate, Graduate, & Professional Students | | | | | | | | | |
| University Center Fee | 87.12 | 89.21 | 2.09 | 2.4% | 43.56 | 44.61 | 1.05 | 2.4% | |
| Student Union Fee | 188.40 | 192.73 | 4.33 | 2.3% | 94.20 | 96.37 | 2.17 | 2.3% | |
| Transportation Fee ¹ | 15.58 | 15.95 | 0.37 | 2.4% | - | - | - | - | |
| Athletic Fee | 61.80 | 63.35 | 1.55 | 2.5% | 30.90 | 31.67 | 0.77 | 2.5% | |
| Student Activity Fee | 71.02 | 72.76 | 1.74 | 2.4% | 35.66 | 36.53 | 0.87 | 2.4% | |
| Phys. Facility Fee | 9.00 | 9.22 | 0.22 | 2.4% | 4.50 | 4.61 | 0.11 | 2.4% | |
| Student Health Fee | 53.40 | 54.84 | 1.44 | 2.7% | 26.70 | 27.42 | 0.72 | 2.7% | |
| Library Activity Fee ² | 36.00 | 36.00 | - | 0.0% | 18.00 | 18.00 | - | 0.0% | |
| Rec. Facility Fee | 33.82 | 34.60 | 0.78 | 2.3% | 16.91 | \$17.30 | 0.39 | 2.3% | |
| Total | 556.14 | \$ 568.66 | \$ 12.52 | 2.3% | \$ 270.43 | \$ 276.50 | \$6.07 | 2.2% | |
| ¹ assessed only to new students in the summer semester at 50% of the fall rate | | | | | | | | | |
| ² student approved | | | | | | | | | |
| Missouri S&T | FY2020 | FY2021 | Recommended Increase | | FY2020 | FY2021 | Recommended Increase | | |
| | | | Amount | % change | | | Amount | % change | |
| Maximum Fees per Term | | Semester Rates (12 or more credit hours) | | | | Summer Rates (6 or more credit hours) | | | |
| Undergraduate Students | | | | | | | | | |
| Student Activity Fee | 151.80 | 156.40 | 4.60 | 3.0% | 48.30 | 49.25 | 0.95 | 2.0% | |
| Health Service Fee | 119.00 | 123.00 | 4.00 | 3.4% | 51.60 | 53.00 | 1.40 | 2.7% | |
| Intramural Facility Fee | 40.00 | 40.90 | 0.90 | 2.3% | 13.00 | 13.25 | 0.25 | 1.9% | |
| University Center Fee | 42.00 | 43.00 | 1.00 | 2.4% | 20.00 | 20.75 | 0.75 | 3.8% | |
| University Center Debt | 125.00 | 125.00 | - | 0.0% | 62.50 | 62.50 | - | 0.0% | |
| Rollmo Year Book ³ | 8.00 | \$8.00 | - | 0.0% | - | - | - | - | |
| Student Services Fee | 12.20 | 13.00 | 0.80 | 6.6% | 6.05 | 6.15 | 0.10 | 1.7% | |
| Total | \$ 498.00 | \$ 509.30 | \$11.30 | 2.3% | \$ 201.45 | \$ 204.90 | \$3.45 | 1.7% | |
| ³ Rollmo Year Book Fee assessed Fall semester only | | | | | | | | | |
| Graduate Students | | | | | | | | | |
| Student Activity Fee | 151.80 | 156.40 | 4.60 | 3.0% | 48.30 | 49.25 | \$0.95 | 2.0% | |
| Health Service Fee | 119.00 | 123.00 | 4.00 | 3.4% | 51.60 | 53.00 | 1.40 | 2.7% | |
| Intramural Facility Fee | 40.00 | 40.90 | 0.90 | 2.3% | 13.00 | 13.25 | 0.25 | 1.9% | |
| University Center Fee | 42.00 | 43.00 | 1.00 | 2.4% | 20.00 | 20.75 | 0.75 | 3.8% | |
| University Center Debt | 125.00 | 125.00 | - | 0.0% | 62.50 | 62.50 | - | 0.0% | |
| Graduate Student Fee | 3.35 | 3.35 | - | 0.0% | - | - | - | - | |
| Student Services Fee | 12.20 | \$13.00 | 0.80 | 6.6% | 6.05 | 6.15 | 0.10 | 1.7% | |
| Total | \$ 493.35 | \$ 504.65 | \$11.30 | 2.3% | \$ 201.45 | \$ 204.90 | \$3.45 | 1.7% | |

Note: UMSL restructured their tuition & required fees into a single tuition rate in FY2014 and will no longer be separately assessing required fees.

University of Missouri System Board of Curators June 18-19, 2020 Finance Committee

Fiscal Year 2021 Tuition and Required Fees
UM



The University of Missouri Evaluating Tuition and Fee Models

- Be more student friendly
 - Simplified bill
 - Predictable
 - Limited pricing variables
 - Ties to student outcomes
 - Facilitates retention and faster completion
- Generate resources to maintain program quality
- Be efficient and cost effective to administer
- Facilitate achievement of the strategic plan and campus mission
- Focus on the long-term needs of the institution (5+ years)

Differential Pricing – Fee Consolidation

- Current practice charges fees based on course
 - Common among surrounding flagships and land grant universities
 - Hard for students to predict bill as fees are charged at individual class levels
- Proposal to consolidate current fees into tiered tuition rates by student major (UMSL & MU)
 - Reduces pricing variables
 - Easier for students to predict
 - Instead of paying different rates based on courses, students pay same rate for all courses
- Also evaluating the consolidation of mandatory fees into a single fee (UMKC)

Plateau Model

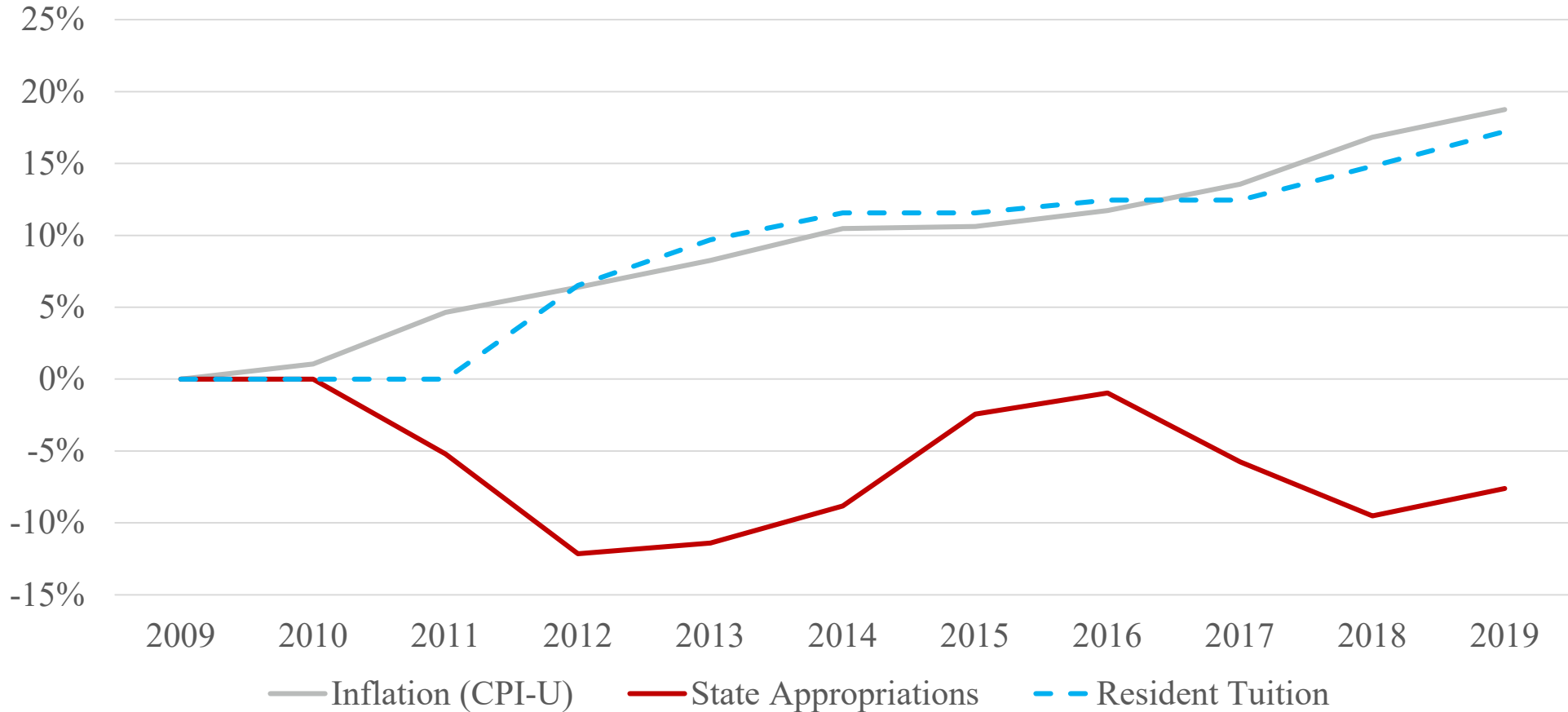
- Charges a flat tuition amount for full-time status (12-18 hours generally)
 - Encourages students to complete degrees faster as it makes taking more credit hours cheaper.
 - Will evaluate impact on part-time students and online programs as we move into design (UMSL and UMKC populations are a bit different)
- University of Missouri used plateau tuition from 1960's – 1980's
- Important to review credit hour consumption and include a cap on eligible hours to prevent student overload

Next Steps

- Model the revenue impact
- Seek student and other constituent feedback
- Develop specifics of proposals
 - Which fees get consolidated?
 - What ranges for plateaus?
 - What are the differentials and what is the impact?
 - How do we transition students? Do we transition current students?
- Board will be updated as proposals are developed
- Earliest approval of any change would be in the Spring of 2021

Over the last decade, Tuition increases have trended with inflation

Undergraduate Resident Tuition to Inflation



Increases are in line with other flagships and Public 4-years in Missouri

- Missouri State: 4.6%
- Missouri Southern: 2.4%
- UCM: 2.3%
- Truman State: 2.3%
- SEMO: 2.2%
- Missouri Western: 1.5%
- Iowa: no increase
- Iowa State: no increase
- Tennessee: no increase
- Oklahoma: no increase
- Arkansas: no increase
- Illinois: 2% increase
- Nebraska: 2% increase
- Oklahoma State: 4% increase
- Kentucky, Kansas, Kansas State remain undecided

Proposed Resident Undergraduate Tuition

- Tuition for Missouri residents is proposed to increase by 2.3% with the FY 2020 waiver extending to FY 2021

| | Per Credit Hour Rate | | | Academic Year | Change on Assessed | |
|------|----------------------|------------------|-------------------|------------------|--------------------|---------|
| | To Be Approved | Waiver Amount | To Be Assessed | | Per Credit Hour | Percent |
| MU | \$311.00 | \$5.00 | \$306.00 | \$9,180 | \$7.00 | 2.3% |
| UMKC | \$306.60 | \$5.00 | \$301.60 | \$9,048 | \$6.80 | 2.3% |
| S&T | \$311.00 | \$5.00 | \$306.00 | \$9,180 | \$6.90 | 2.3% |
| UMSL | \$377.60 | \$6.20 | \$371.40 | \$11,142 | \$8.20 | 2.3% |

Other Tuition Rates

| | Non-Resident UG | | Resident Grad | | Non-Resident Grad | |
|------|-------------------------|-------------|-------------------------|-------------|-------------------|-------------|
| | \$ Change per Credit | % Change | \$ Change per Credit | % Change | \$ Change | % Change |
| MU | \$ 20.70 | 2.3% | \$ 8.90 | 2.3% | \$ 24.30 | 2.3% |
| UMKC | 19.00 | 2.3% | 9.10 | 2.3% | 23.60 | 2.3% |
| S&T | 21.40 | 2.3% | - | 0.0% | - | 0.0% |
| UMSL | 22.50 | 2.3% | 11.50 | 2.3% | 28.20 | 2.3% |

Increases in Professional Tuition:

- UMKC Dental increasing tuition by 5%
- UMKC Law JD increasing by 2.5%
- UMKC Law LLM Non-Resident increasing by 5%
- UMKC Pharmacy increasing by 6%

All mandatory fees and professional school increases are 2.3% or less.



University of Missouri System

COLUMBIA | KANSAS CITY | ROLLA | ST. LOUIS

Fiscal Year 2021 Supplemental and Other Related Enrollment Fees
UM

Recommendations are being presented for approval at the June 18-19, 2020 Board meeting and will be effective with the Fall 2020 term.

Supplemental course and other enrollment fees are assessed for enrollment in specific courses or programs and are a means of differential pricing, and are very common in research universities.

Schedules of recommended supplemental fee rates by campus for FY 2021 are located at the end of this document. The changes fall into four broad categories:

- Increases in supplemental fees previously discussed with the Board that were to be phased in over multiple years.
- Small increases in supplemental fees to fund ongoing program costs. The majority of supplemental fee increases fall into this group and will increase at CPI of 2.3%; some supplemental fee rates will not increase.
- Restructured supplemental fees. MU is requesting approval of a fee simplification.
- New supplemental fees limited to healthcare and graduate programs where needs are critical at UMKC; plus, a new MU graduate level on-campus fee for Data Science and Analytics.

eLearning, special program delivery, and continuing education instructional fees will increase by CPI to reflect the same rate as the tuition rates they are linked to. UMKC and UMSL are recommending new undergraduate eLearning and special program delivery rate ranges, similar to those utilized by MU and S&T to align online fee structures across campuses for the eLearning platform.

No. 4

Recommended Action - Fiscal Year 2021 Supplemental and Other Related Enrollment Fees, 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 attached schedule of rates for supplemental and other enrollment fees be approved.

1. Supplemental course fees, eLearning, special program delivery, and continuing education instructional fees as shown in the attached schedules and described in the Board materials be approved and become effective beginning with the 2020 fall term.
2. The Board of Curators revokes and repeals all previous supplemental and other enrollment fee schedules and adopts the attached supplemental and other related enrollment fee schedules effective with the 2020 fall term. The Board finds such action to be necessary for the maintenance and operation of the University.

Roll call vote Finance Committee: YES NO

Curator Chatman
Curator Hoberock
Curator Steelman
Curator Williams

The motion _____

Roll call vote of Board of Curators: YES NO

Curator Brncic
Curator Chatman
Curator Graham
Curator Hoberock
Curator Layman
Curator Snowden
Curator Steelman
Curator Weneker
Curator Williams

The motion _____

June 18-19, 2020

Fiscal Year 2021 UM Supplemental and Other Related Enrollment Fees

The following materials provide background on supplemental fees and include detailed recommendations concerning supplemental course fees, eLearning and special delivery program fees, and continuing education instructional fees.

Degree programs have wide variation in cost to deliver and expected salary

According to *The Economic Value of College Majors* by the Center on Education and the Workforce at Georgetown University:

“The difference between the life-time wages of college and high school graduates is \$1 million; the difference between the highest and lowest-paying college majors is \$3.4 million”.

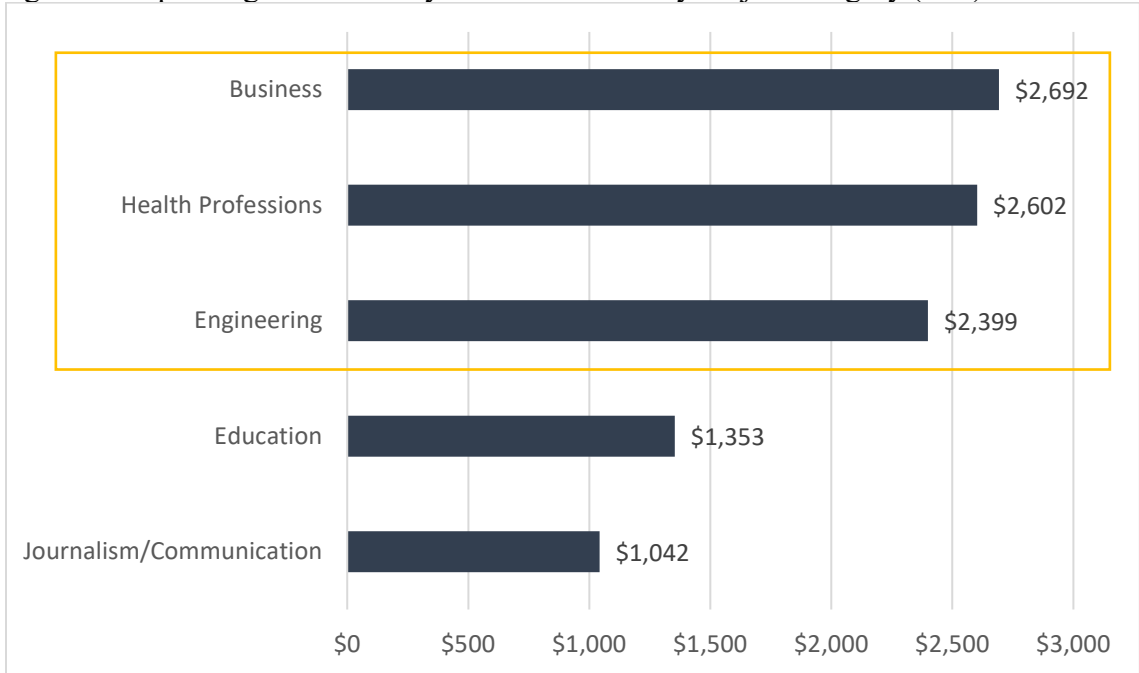
There is a wide variation of earnings outcomes for college majors, and the center’s work documented the following average mid-career earnings for college graduates by major:

Figure 1: Mid-career Earnings by Major Category



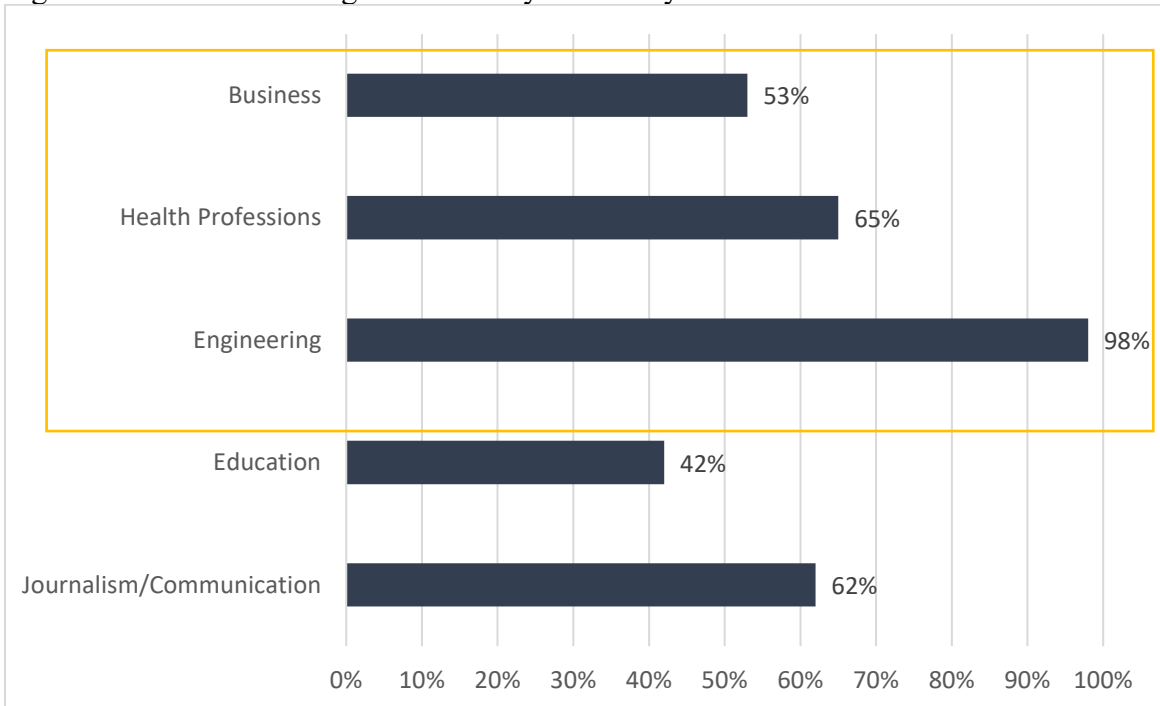
Figure 1 demonstrates the differences in earnings by the type of major at mid-career. The report also notes a similar gap in starting salaries, although the impact on starting salaries is more muted. The report found that growth rates in salaries over time compounded the differences in major and provided more income over time due to the differences in the growth rate.

Figure 2: Top 5 Degrees Issued by UM Institutions by Major Category (CIP) in 2018



Source: Office of Institutional Research

Figure 3: UM Share of Degrees Issued by Public 4-year Institutions in Missouri for 2018



Source: Office of Institutional Research and IPEDS

The Universities of the University of Missouri issue the majority of the degrees in the high earning fields from figure 1. UM's share of these degrees is half or more of the degrees

June 18-19, 2020

issued in the public marketplace. These degrees are also the most expensive degrees to deliver, as the faculty tend to be highly sought after by industry which will pay higher salaries.

Differential Pricing

Differential pricing has become the standard for high cost degree programs at public research universities. The following table shows the differential pricing strategies and impacted programs at flagships and land grants from surrounding states:

Table 1: Differential Pricing Methodologies from Surrounding States

| Institution | Differential Program Fees | Course / Program Fees | Differential Charge Programs |
|---|---------------------------|-----------------------|--|
| University of Missouri | | X | Agriculture, A&S, Business, Education, Engineering, Health Professions, Journalism, Nursing, Music, etc. |
| Indiana University-Bloomington | | X | Business, Engineering, Computing, Media, Music, Nursing, Social Work |
| Iowa State University | X | | Architecture, Sophomore, Junior & Senior in Business, Engineering, Experiential Learning Based Majors, and etc. |
| Kansas State University | | X | Business, Engineering, Architecture, Agriculture, A&S, Human Ecology, English, etc. |
| Oklahoma State University | | X | Agriculture, A&S, Health Sciences, Business, Education, Engineering |
| Purdue University | X | | Computer Science, Engineering, Polytechnic, Management, Veterinary Technology, Data Science |
| University of Alabama | | X | Program fees per CH or per course for certain majors |
| University of Arkansas | X | X | Differential tuition for Business, Engineering, Nursing; course fee for Agricultural, Architecture, A&S, Business, Engineering, Education and Health Professions |
| University of Illinois - Urbana-Champaign | X | X | Differential tuition for Business, Engineering, Fine & Applied Arts, and selective majors in Media, Agricultural, Consumer & Environmental Sciences, Chemistry & Life Science; wide-spread course fees |
| University of Iowa | X | X | Higher differential tuition for Business, Engineering, Nursing; wide-spread course fees |
| University of Kansas | | X | Course fees for Architecture, Business, Education, Engineering, Music/Arts, Journalism, Social Welfare |
| University of Kentucky | | X | Course fees per course (50 pages) |
| University of Minnesota - Twin Cities | | X | Course Fees per CH & per Course (25 pages) |
| University of Nebraska - Lincoln | X | | Differential tuition for Architecture, Business, Engineering |
| University of North Dakota | | X | Program per CH for Aviation, Business, Engineering, Medical Lab Science, Nursing, Nutrition & Dietetics, and Social Work |
| University of Oklahoma | | X | Architecture, A&S, Atmospheric & Geo Science, Business, Earth & Energy, Education, Engineering, Fine Arts, Journalism |
| University of South Dakota | | X | Program fees per CH or per Semester for certain majors |
| University of Tennessee | | X | Engineering, Business, Nursing, Architecture, etc. |

Source: Independent analysis of institution websites as of February 2020

For the purposes of this analysis:

- Differential Program Fee is defined as a price variation defined at the *student* level, meaning the student pays the fee no matter what classes they take. In the case of a student seeking a degree in business taking a class in Arts & Sciences, the student would pay the Business rate for Differential Program Fee.
- Supplemental Fees are defined as a price variation charged at the *course* level, meaning every student in the class pays the fee based on the class. In the case of a student seeking a degree in business taking a class in Arts & Sciences, the student would pay the Arts & Sciences rate for a Supplemental Fee.

As noted in the table above, differential pricing is the standard for research universities in surrounding states. The majority of Universities in surrounding states utilize the supplemental fee model to differentiate on price, with several using course fees in addition to differential pricing by degree program. Differential pricing is very common amongst similar programs, especially high cost programs such as engineering and business.

Supplemental course fees are assessed for enrollment in specific courses and are not subject to the Higher Education Student Funding Act (HESFA, Section 173.1003, RSMo, commonly referred to as SB389.) Supplemental fees represent about 11% of tuition and fees for the university. While they are not a significant part of the total tuition and fees budget, they can be critically important in meeting strategic needs of particular schools, colleges and programs. These recommendations are based on the specific needs of programs, cost of program delivery, relative price in the market for comparable programs, and student demand. Supplemental academic fees are commonly used in major institutions similar to the University of Missouri campuses and in surrounding states.

Schedules of the proposed supplemental fee rates by university for FY 2021 are at the end of this document. The changes fall into four broad categories described in the following paragraphs.

Increases in supplemental fees previously discussed with the Board that were to be phased in over multiple years.

- **UMKC Nursing/BHS/BSPH Clinical/Internship Course Fee** was approved in FY 19 at \$215 per credit hour and to increase \$10 per credit hour for each of the next five years (FY 19 – FY 23). Revenue generated by this fee will be used to invest in the increased expense of clinical/internship placements, travel by faculty to sites, and staff time in coordinating placements and evaluation. The increase will make the FY 2021 rate \$235 per credit hour.
- **UMKC Nursing Simulation Course Fee** was approved in FY 19 at \$40 per credit hour and to increase by \$10 per credit hour for each of the next five years (FY 19 – FY 23). Revenue generated by this fee will be used to support the hardware and software

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maintenance of the Nursing Simulation Lab. The FY 2021 rate will be \$60 per credit hour.

Small increases in supplemental fees to fund ongoing program costs. The majority of supplemental fee increases fall into this group and will increase at CPI of 2.3%, while some supplemental fee rates will not change.

Restructured supplemental fees. MU is requesting approval changes to the restructured supplemental fees described below.

- **MU** requests that the School of Medicine (SOM) Course Fee be expanded to encompass the Health Management and Informatics (HMI) Course Fee. This fee will be assessed on graduate courses provided by Health Management and Informatics and the change aligns the course fee with the existing SOM fee which already encompasses Anatomy, Microbiology, Pharmacology, and Radiology courses taught by the School of Medicine. This would be a simplification to the existing fee schedule and will be used to support professional development costs related to securing internships, fellowships, and employment directly complementing and building upon the students graduate studies. With this restructure students would see course fees change from \$44 to \$81.80. HMI Student Services approved the course fee increase at their February 2020 meeting. They believe that the new course fee would provide stronger funding for staff and activities benefitting HMI students' professional image and relationships.

New supplemental fees. Needs in this category vary, are driven by program needs and are described below. The increases in fees are not anticipated to impact program demand.

- **UMKC** is recommending a new Graduate Student Professional Development Support Fee of \$25 per semester for graduate students excluding professional students. A significant portion of this fee will provide support for the Graduate Writing Initiative as well as programming/operational support for graduate-focused career services and networking, grant and fellowship attainment, and general graduate student onboarding. The Graduate Student Council has reviewed the fee and indicated their support. The Graduate Writing Initiative is focused on providing graduate students with writing and editing skills needed to prepare theses, dissertations, and technical/grant proposals; which will lead to improved graduate student retention and graduation.
- **UMKC** is recommending a new Simulation and Assessment Fee for all undergraduate, graduate, and professional students enrolled in the UMKC School of Medicine (SOM) BA/MD program, MD program, Master of Science in Anesthesia program, and Physician Assistant program. The fee for 1-2 Year MD is proposed to be \$180 a semester and the fee for Year 3-6 MD, Masters of Science in Anesthesia and Physician Assistant would be \$286 a semester. Simulation is an advanced, interactive, immersive educational approach and supporting technology that replaces or amplifies real patient experiences. The fee will support simulation and assessment in the following broad domains: clinical and procedural skills training, facilities upgrades and enhancements, virtual simulation and technology, and educational and assessment program support.

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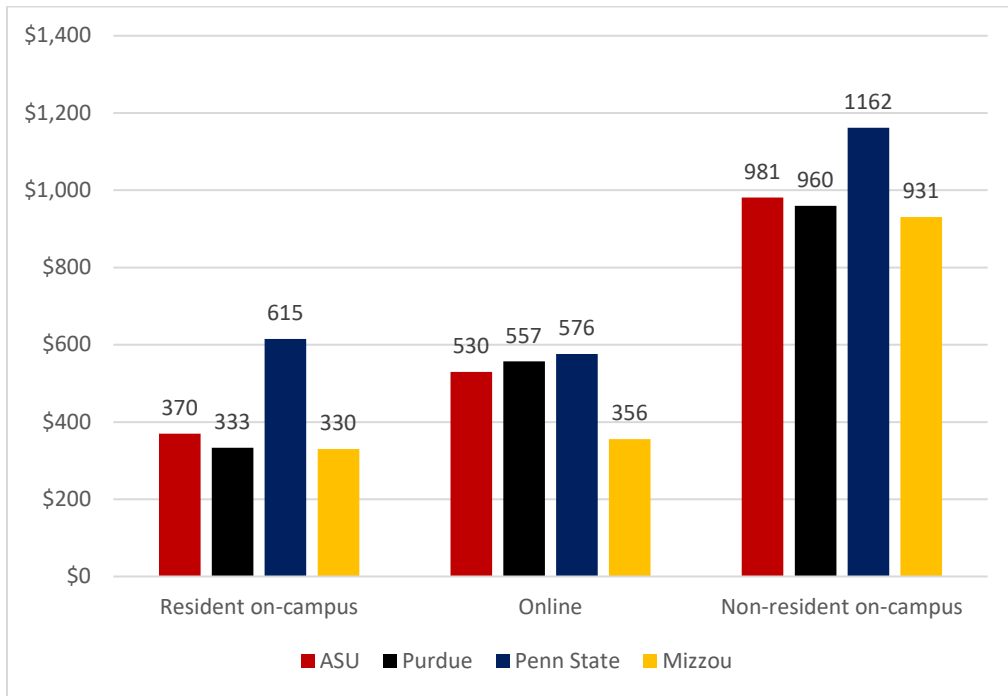
This fee will enable and sustain growth of simulation-based health professions education and assessment activities for students enrolled in UMKC SOM programs that use simulation as a required component of their curriculum. Affected students across the three programs impacted by this fee have been involved in the design of the program and the amount of the fee to be paid.

- **MU** requests a new graduate level Data Science & Analytics on-campus course fee for Data Science and Analytics. This \$180 per credit hour fee would apply to Informatics PhD and Data Science & Analytics MS degree students. Students training in both programs require substantial high-performance computing and cloud-based resources. The funds will be used to support the high instruction cost of cutting-edge STEM activity-based learning, cyberinfrastructure of Big Data, cutting-edge computing systems for the on-campus program and student development opportunities.

Other Related Enrollment fees.

eLearning, special program delivery, and continuing education instructional fees will increase at the same rate as the tuition rates they are linked to. These fees are primarily used for special instructional courses provided by contract to corporations or other entities. The contracted rates vary based on the instruction and the contract but must fall within a range that is greater than the resident undergraduate tuition rate and less than an approved maximum. These fees are also used for consortium and international exchange programs.

Figure 5: Comparison of Tuition Rates to Online



Source: UM Finance research of websites for programs. For MU, pricing was of communications degree similar to degrees priced for ASU, Penn State and Purdue.

In comparing to market rates, the eLearning rates at MU benchmark cheaper for the program minimums. Figure 5 compares the in-seat and online pricing for MU to three of the biggest public providers of online education, with in-seat pricing for the traditional resident and non-resident student experience as well: Most of the large players in the current market price tuition per credit hour between resident and non-resident tuition. In the case of each of these programs, the data reflects the cheapest degree offering. The pricing for MU's rate includes the non-resident differential charge to represent how the fees are advertised to students. The range of pricing allows for degrees to be priced at market competitive rates between with a floor of resident undergraduate tuition and a maximum of non-resident undergraduate tuition.

UMKC and UMSL will add Undergraduate eLearning and Special Delivery rate ranges similar to the Graduate rates that already existed for each campus and also similar to rates at MU and S&T. This change allows for consistency in price setting across institutions for the eLearning initiative. The minimum on the range is equivalent to the resident undergraduate on-campus tuition and the maximum is equivalent to the non-resident undergraduate tuition. This will allow for the same pricing strategies to be used on the eLearning platform.

Detailed supplemental fee schedules and other related enrollment fee schedules for FY 2021 are shown on the following pages.

UNIVERSITY OF MISSOURI - Columbia
Supplemental Course Fees and Other Enrollment Fees
Beginning with the 2020 Fall Session

| SUPPLEMENTAL FEES | 2019-2020 RATES | | 2020-2021 RATES | | Percentage Change | Dollar Change |
|--|----------------------|-----------|----------------------|-----------|-------------------|---------------|
| | Per Credit Hour Rate | Flat Rate | Per Credit Hour Rate | Flat Rate | | |
| College of Ag, Food and Natural Resources Course Fee | \$54.20 | | \$55.40 | | 2.2% | \$1.20 |
| College of Ag, Food & Natural Resources Course Fee Upper Div & Graduate | \$90.00 | | \$92.10 | | 2.3% | \$2.10 |
| College of Arts & Science Course Fee ³ | \$43.30 | | \$44.30 | | 2.3% | \$1.00 |
| School of Medicine Course Fee ⁴ | \$80.00 | | \$81.80 | | 2.3% | \$1.80 |
| College of Veterinary Medicine Course Fee ⁵ | \$41.60 | | \$42.60 | | 2.4% | \$1.00 |
| Trulaske College of Business Undergraduate Course Fee | \$96.30 | | \$98.50 | | 2.3% | \$2.20 |
| Trulaske College of Business Graduate Course Fee | \$112.80 | | \$115.40 | | 2.3% | \$2.60 |
| Trulaske College of Business Undergraduate Excellence Fee | | \$203.80 | | \$208.50 | 2.3% | \$4.70 |
| College of Education Course Fee | \$53.00 | | \$54.20 | | 2.3% | \$1.20 |
| Applied Behavioral Analysis Course Fee | \$98.00 | | \$100.30 | | 2.3% | \$2.30 |
| College of Engineering Course Fee | \$214.00 | | \$218.90 | | 2.3% | \$4.90 |
| School of Health Professions Course Fee | \$102.10 | | \$104.40 | | 2.3% | \$2.30 |
| Health Management and Informatics Course Fee - <i>eliminated</i> | \$44.00 | | n/a | | n/a | n/a |
| School of Journalism Course Fee | \$110.00 | | \$112.50 | | 2.3% | \$2.50 |
| Sinclair School of Nursing Clinical Nursing Graduate Fee | \$213.20 | | \$218.10 | | 2.3% | \$4.90 |
| Sinclair School of Nursing Undergraduate Course Fee | \$140.70 | | \$143.90 | | 2.3% | \$3.20 |
| College of Human Environmental Sciences Course Fee | \$59.10 | | \$60.50 | | 2.4% | \$1.40 |
| Accountancy Program Fee | | \$565.60 | | \$578.60 | 2.3% | \$13.00 |
| Medical School Laboratory/Resource Fee | | \$826.40 | | \$845.40 | 2.3% | \$19.00 |
| Applied Music Fee | \$161.10 | | \$164.80 | | 2.3% | \$3.70 |
| Data Science & Analytics Graduate on-campus Course Fee - <i>new</i> | n/a | | \$180.00 | | n/a | n/a |
| Undergrad Distance Program & Special Delivery Tuition - Minimum ⁶ | \$299.00 | | \$311.00 | | 4.0% | \$12.00 |
| Undergrad Distance Program & Special Delivery Tuition - Maximum ⁶ | \$899.70 | | \$920.40 | | 2.3% | \$20.70 |
| Graduate Distance Program & Special Delivery Tuition - Minimum | \$386.00 | | \$394.90 | | 2.3% | \$8.90 |
| Graduate Distance Program & Special Delivery Tuition - Maximum | \$1,876.10 | | \$1,919.30 | | 2.3% | \$43.20 |
| Examination Only - Graduate Enrollment (tuition) | | \$386.00 | | \$394.90 | 2.3% | \$8.90 |
| CE Instructional Fee (for credit) - Minimum | \$304.00 | | \$311.00 | | 2.3% | \$7.00 |
| CE Instructional Fee (for credit) - Maximum | \$1,340.10 | | \$1,370.90 | | 2.3% | \$30.80 |

³ Includes all A&S courses level 2000 and 1000-level instruction intensive courses with enrollments capped at 49 or fewer students.

⁴ Includes Anatomy, Microbiology, Pharmacology, Radiology and Health Management Informatics courses offered by the School of Medicine level 2000 and above.

⁵ Veterinary Microbiology courses level 2000 and above.

⁶ Special Delivery Tuition includes consortium agreements with other post secondary institutions and reciprocal exchange agreements with post secondary international institutions. Reflects a 4% increase because 2020 rate on schedule is net of waiver.

UNIVERSITY OF MISSOURI - Kansas City
Supplemental Course Fees and Other Enrollment Fees
Beginning with the 2020 Fall Session

| | 2019-2020 RATES | | 2020-2021 RATES | | Percentage Change | Dollar Change |
|---|-----------------|-----------|----------------------|-----------|-------------------|---------------|
| | Per Credit Hour | Flat Rate | Per Credit Hour Rate | Flat Rate | | |
| SUPPLEMENTAL FEES | | | | | | |
| Counseling Psychology Graduate Course Fee | \$38.40 | | \$39.30 | | 2.3% | \$0.90 |
| Bloch School Graduate Business Supplemental Fee | \$104.40 | | \$106.80 | | 2.3% | \$2.40 |
| Bloch School Undergraduate Course Fee | \$72.30 | | \$74.00 | | 2.4% | \$1.70 |
| Bloch School Public Administration Graduate Course Fee | \$41.50 | | \$42.50 | | 2.4% | \$1.00 |
| School of Biological Sciences Fee | \$25.00 | | \$25.00 | | 0.0% | \$0.00 |
| School of Education Course Fee | \$17.60 | | \$18.00 | | 2.3% | \$0.40 |
| Engineering Course Fee | \$89.90 | | \$92.00 | | 2.3% | \$2.10 |
| Legal Technology Fee (Law School) | \$9.00 | | \$9.20 | | 2.2% | \$0.20 |
| Nursing/BHS/BSPH Clinical/Internship Course Fee | \$225.00 | | \$235.00 | | 4.4% | \$10.00 |
| A&S Media Studies Lab/Studio Fee | \$35.20 | | \$36.00 | | 2.3% | \$0.80 |
| A&S Science Lab Fee | \$14.30 | | \$14.60 | | 2.1% | \$0.30 |
| A&S Geosciences Lab Fee | \$14.30 | | \$14.60 | | 2.1% | \$0.30 |
| A&S Studio Arts Fee | \$45.00 | | \$46.00 | | 2.2% | \$1.00 |
| Online Course Fee | \$46.80 | | \$47.90 | | 2.4% | \$1.10 |
| Conservatory Undergraduate Program fee | \$45.90 | | \$47.00 | | 2.4% | \$1.10 |
| Conservatory Graduate Program fee | \$61.10 | | \$62.50 | | 2.3% | \$1.40 |
| Nursing Simulation Course Fee | \$50.00 | | \$60.00 | | 20.0% | \$10.00 |
| Social Work Field Graduate Education Fee | \$26.00 | | \$26.60 | | 2.3% | \$0.60 |
| Graduate Writing & Professional Development Fee - <i>new</i> | | n/a | | \$25.00 | n/a | n/a |
| School of Medicine Simulation & Assessment Yrs 1-2 - <i>new</i> | | n/a | | \$180.00 | n/a | n/a |
| School of Medicine Simulation & Assessment - other - <i>new</i> | | n/a | | \$286.00 | n/a | n/a |
| Undergrad Distance Program & Special Delivery Tuition - Minimum ³ - <i>new</i> | n/a | | \$306.60 | | n/a | n/a |
| Undergrad Distance Program & Special Delivery Tuition - Maximum ³ - <i>new</i> | n/a | | \$843.30 | | n/a | n/a |
| Graduate eLearning and Special Program Delivery Minimum | \$397.60 | | \$406.70 | | 2.3% | \$9.10 |
| Graduate eLearning and Special Program Delivery Maximum | \$1,026.50 | | \$1,050.10 | | 2.3% | \$23.60 |
| Examination Only - Graduate Enrollment | | \$397.60 | | \$406.70 | 2.3% | \$9.10 |
| CE Instructional Fee (for credit) - Minimum | \$299.70 | | \$306.60 | | 2.3% | \$6.90 |
| CE Instructional Fee (for credit) - Maximum | \$1,026.50 | | \$1,050.10 | | 2.3% | \$23.60 |

³ *Special Delivery Tuition includes consortium agreements with other post secondary institutions and reciprocal exchange agreements with post secondary international institutions.*

MISSOURI UNIVERSITY OF SCIENCE AND TECHNOLOGY
Supplemental Course Fees and Other Enrollment Fees
Beginning with the 2020 Fall Session

| | 2019-2020 RATES | | 2020-2021 RATES | | Percentage Change | Dollar Change |
|--|----------------------|-----------|----------------------|-----------|-------------------|---------------|
| | Per Credit Hour Rate | Flat Rate | Per Credit Hour Rate | Flat Rate | | |
| SUPPLEMENTAL FEES | | | | | | |
| Engineering & Computing Course Fee | \$214.00 | | \$218.90 | | 2.3% | \$4.90 |
| Sciences Course Fee | \$214.00 | | \$218.90 | | 2.3% | \$4.90 |
| Business and Information Technology Course Fee | \$101.90 | | \$104.20 | | 2.3% | \$2.30 |
| Undergraduate eLearning (distance students only) Minimum | \$304.00 | | \$311.00 | | 2.3% | \$7.00 |
| Undergraduate eLearning (distance students only) Maximum | \$930.70 | | \$952.10 | | 2.3% | \$21.40 |
| Graduate eLearning and Special Program Delivery Minimum | \$435.50 | | \$435.50 | | 0.0% | \$0.00 |
| Graduate eLearning and Special Program Delivery Maximum | \$3,000.00 | | \$3,000.00 | | 0.0% | \$0.00 |
| Examination Only - Graduate Enrollment | | \$435.50 | | \$435.50 | 0.0% | \$0.00 |
| CE Instructional Fee (for credit) - Minimum | \$304.00 | | \$311.00 | | 2.3% | \$7.00 |
| CE Instructional Fee (for credit) - Maximum | \$3,000.00 | | \$3,000.00 | | 0.0% | \$0.00 |

June 18-19, 2020

UNIVERSITY OF MISSOURI - St. Louis
Supplemental Course Fees and Other Enrollment Fees
Beginning with the 2020 Fall Session

| | 2019-2020 RATES | | 2020-2021 RATES | | Percentage Change | Dollar Change |
|---|----------------------|-----------|----------------------|-----------|-------------------|---------------|
| | Per Credit Hour Rate | Flat Rate | Per Credit Hour Rate | Flat Rate | | |
| SUPPLEMENTAL FEES | | | | | | |
| College of Business Administration Graduate Course Fee | \$119.60 | | \$122.40 | | 2.3% | \$2.80 |
| College of Business Administration Undergraduate Course Fee | \$83.30 | | \$85.20 | | 2.3% | \$1.90 |
| College of Education Supplemental Course Fee | \$29.10 | | \$29.80 | | 2.4% | \$0.70 |
| Engineering Course Fee | \$180.40 | | \$184.50 | | 2.3% | \$4.10 |
| Media & Communications Studies Lab/Studio Course Fee | \$33.30 | | \$34.10 | | 2.4% | \$0.80 |
| Nursing Undergraduate Course Fee | \$220.10 | | \$225.20 | | 2.3% | \$5.10 |
| Nursing DNP Fee | \$255.30 | | \$261.20 | | 2.3% | \$5.90 |
| Online Fee for 100% online courses | \$62.30 | | \$63.70 | | 2.2% | \$1.40 |
| Online Fee for partially (75%-99%) online courses | \$52.10 | | \$53.30 | | 2.3% | \$1.20 |
| Online Fee for blended (30%-74%) online courses | \$26.00 | | \$26.60 | | 2.3% | \$0.60 |
| College of Arts & Sciences Science Lab Fee | \$26.00 | | \$26.60 | | 2.3% | \$0.60 |
| Arts & Sciences Supplemental Fee | \$10.60 | | \$10.85 | | 2.4% | \$0.25 |
| Social Work Supplemental Fee Undergraduate | \$18.70 | | \$19.10 | | 2.1% | \$0.40 |
| Social Work Supplemental Fee Graduate | \$20.80 | | \$21.30 | | 2.4% | \$0.50 |
| Studio Arts Fee, UMSL (BFA) | \$36.40 | | \$37.20 | | 2.2% | \$0.80 |
| Applied Music Fee | | \$353.70 | | \$361.80 | 2.3% | \$8.10 |
| Patients Care Center Supplemental Fee | | \$900.00 | | \$900.00 | 0.0% | \$0.00 |
| Undergraduate eLearning and Special Program Delivery Minimum - <i>new</i> | n/a | | \$377.60 | | n/a | n/a |
| Undergraduate eLearning and Special Program Delivery Maximum - <i>new</i> | n/a | | \$999.00 | | n/a | n/a |
| Graduate eLearning and Special Program Delivery Minimum | \$500.30 | | \$511.80 | | 2.3% | \$11.50 |
| Graduate eLearning and Special Program Delivery Maximum | \$2,000.00 | | \$2,000.00 | | 0.0% | \$0.00 |
| Examination Only - Graduate Enrollment | | \$500.30 | | \$511.80 | 2.3% | \$11.50 |
| CE Instructional Fee (for credit) - Minimum | \$369.30 | | \$377.60 | | 2.2% | \$8.30 |
| CE Instructional Fee (for credit) - Maximum | \$2,000.00 | | \$2,000.00 | | 0.0% | \$0.00 |

June 18-19, 2020

University of Missouri System
Board of Curators
June 18-19, 2020
Finance Committee

Fiscal Year 2021 Supplemental and Other Related Enrollment Fees
UM



Supplemental Course Fees

- Represent a small portion of total revenue, but provide important student experiences, scholarships, and degree required but costly laboratory and equipment needs
 - Fees serve to align higher instructional cost with those students consuming the resources
- Provide the differential pricing of certain courses and programs
- Simplification of these fees will be part of the review for long term tuition and fee strategy

Supplemental Fees/Differential Tuition reflect this and are the market pricing mechanism

| University | Differential Tuition | Course Fees |
|-------------------------|----------------------|-------------|
| Iowa State | X | |
| Kansas State | | X |
| Oklahoma State | | X |
| University of Arkansas | X | X |
| University of Illinois | X | X |
| University of Iowa | X | X |
| University of Kansas | | X |
| University of Kentucky | X | X |
| University of Nebraska | X | |
| University of Oklahoma | | X |
| University of Tennessee | | X |

Common Fee Areas:

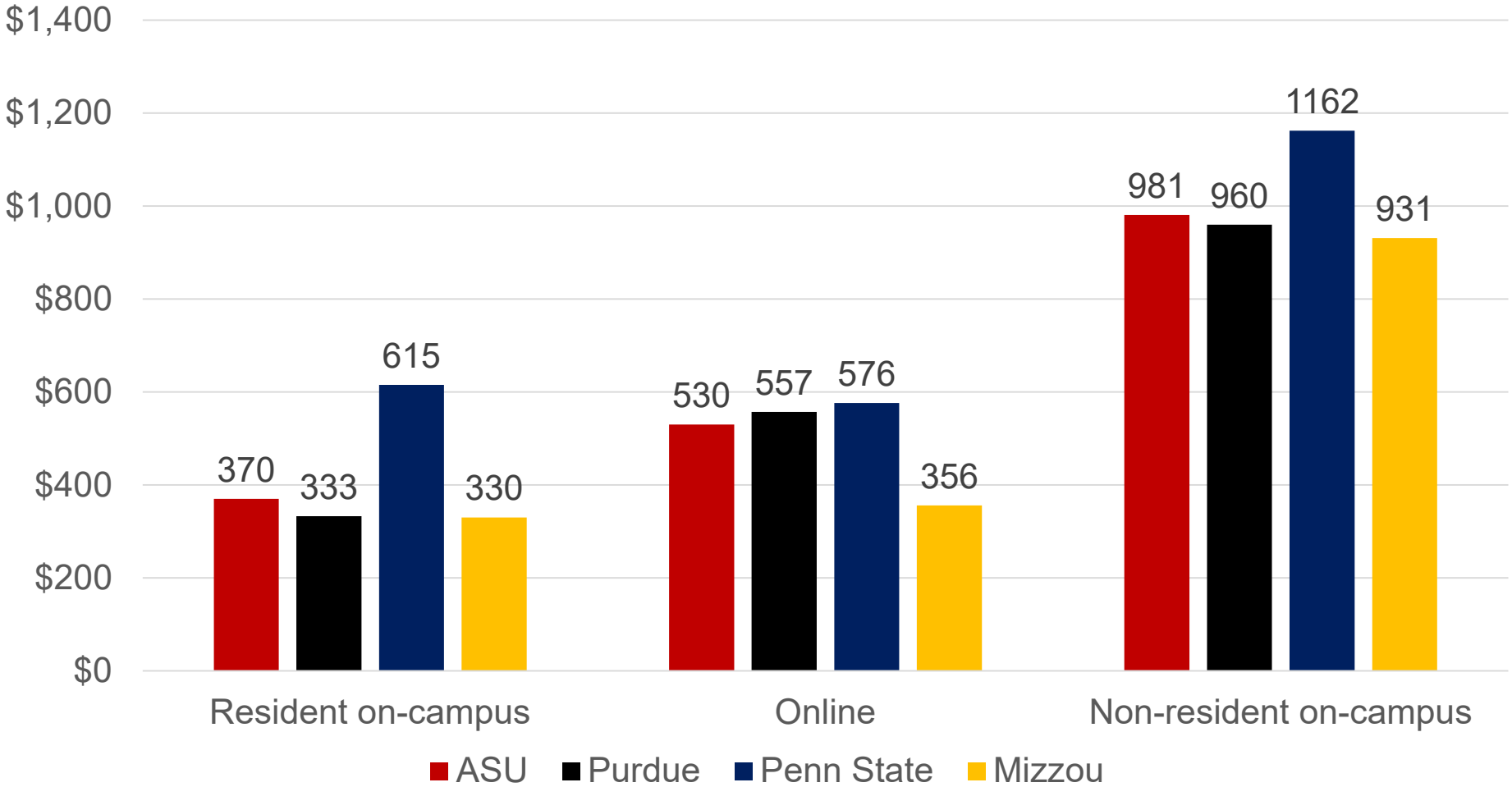
- Agriculture
- Business
- Engineering
- Health Sciences
- Journalism
- Nursing
- Sciences/Labs

Surrounding research universities already differentiate pricing by programs and classes – and this trend will continue into the future.

Supplemental Course Fees

- Supplemental fee increases are recommended for FY2021:
 - Increases previously discussed with the Board to be phased in over multiple years – discussed in mailing for UMKC Nursing
 - Small increases in supplemental fees to fund ongoing program costs – discussed in mailing most at CPI of 2.3%
 - Restructure of existing fees – at MU School of Medicine and Health Management and Informatics Graduate Level fee combination
 - Proposed new supplemental fees driven by program needs
 - UMKC Graduate Student Professional Development Support Fee
 - UMKC School of Medicine Simulation and Assessment Fee
 - MU Data Science and Analytics Graduate on-campus Fee

Online Pricing of major publics generally runs around \$500 per credit hour, significantly above in-state, on-campus



eLearning and Special Delivery Fee

- UMKC and UMSL will add Undergraduate eLearning and Special delivery rate ranges similar to the graduate rates that already exist for each campus and similar rates these rate at MU and S&T.
 - The minimum range on the rate is equivalent to the resident undergraduate on-campus tuition and the maximum rate is equivalent to the non-resident undergraduate tuition.



University of Missouri System

COLUMBIA | KANSAS CITY | ROLLA | ST. LOUIS

**AUDIT, COMPLIANCE AND ETHICS
COMMITTEE**

AUDIT, COMPLIANCE AND ETHICS COMMITTEE

Jeff L. Layman, Chair

Maurice B. Graham

David L. Steelman

Robin R. Wenneker

The Audit, Compliance and Ethics Committee (“Committee”) will review and recommend policies to enhance the quality and effectiveness of the University’s financial reporting, internal control structure and compliance and ethics programs.

I. Scope

In carrying out its responsibilities, the Committee monitors and assesses the University’s financial reporting systems and controls, internal and external audit functions, and compliance and ethics programs.

II. Executive Liaison

The Chief Audit and Compliance Officer of the University or some other person(s) designated by the President of the University, with the concurrence of the Board Chair and the Committee Chair, shall be the executive liaison to the committee and responsible for transmitting committee recommendations.

III. Responsibilities

In addition to the overall responsibilities of the Committee described above and in carrying out its responsibilities, the charge of the Committee shall include:

1. Reviewing and making recommendations to the Board in the following matters:
 1. the University risk assessment, audit plan and compliance plan;
 2. in conjunction with the Governance, Compensation and Human Resources Committee, the appointment, compensation, annual performance evaluation and termination of the University’s Chief Audit and Compliance Officer;
 3. the appointment, compensation, and termination of the university’s external auditors.
2. Providing governance oversight regarding:
 1. development and monitoring a University code of conduct;
 2. effectiveness of the internal control framework;
 3. ensuring that the significant findings and recommendations are received, discussed and appropriately resolved;
 4. procedures for reporting misconduct without the fear of retaliation;
 5. university compliance with applicable laws, regulations, and policies that govern all aspects of University operations including but not limited to the following:
 1. Administrative compliance risks
 2. Healthcare compliance risks
 3. Research compliance risks
 4. Information security compliance risks
 5. Privacy compliance risks

6. those additional matters customarily addressed by the audit, compliance and ethics committee of a governing board for an institution of higher education.
3. Reviewing periodic reports regarding:
 1. the independence, performance, resources and structure of the internal audit, compliance and ethics functions;
 2. audit reports and open audit issue status updates;
 3. management's written responses to significant findings and recommendations by the auditors;
 4. the adequacy of the University's information technology methodology with regards to security, internal controls and data integrity assurance;
 5. annual external audit reports, including audited financial statements, single audit and required procedures; and
 6. the effectiveness of the compliance and ethics program ensuring it has appropriate standing and visibility across the system.

Approved by the Board of Curators: April 9, 2020

University of Missouri



Board of Curators

Audit, Compliance and Ethics Committee Meeting

**Tuesday, June 9, 2020
10:30 A.M.**

This Committee Meeting is being held in conjunction with the June 18-19, 2020 Board of Curators Meeting.

Originating:

From remote locations via conference telephone and Zoom webinar.

Please click the link below to join the webinar:

<https://umsystem.zoom.us/j/92081758249>

Or Telephone:

Dial US: +1 646 876 9923

Webinar ID: 92081758249

AGENDA

PUBLIC SESSION – 10:30 A.M.

Call to Order – Chair Layman

Roll Call of the Committee

Information

1. Internal Audit and Consulting Annual Report, UM (Michelle Piranio)

Action

1. Fiscal Year 2021 Risk Assessment and Proposed Internal Audit and Compliance Plans, UM (Michelle Piranio)

Recess

No. 1

Recommended Action – Fiscal Year 2021 Risk Assessment and Proposed Internal Audit and Compliance Plans, UM

It was recommended by Vice President Rapp, endorsed by President Choi, recommended by the Audit Committee, moved by Curator _____, seconded by Curator _____, that the attached Fiscal Year 2021 Risk Assessment and Proposed Internal Audit and Compliance Plans be approved.

Roll call vote of Committee: YES NO

Curator Graham
Curator Layman
David L. Steelman
Robin R. Wenneker

The motion _____.

Roll call vote of the Board: YES NO

Curator Brncic
Curator Chatman
Curator Graham
Curator Hoberock
Curator Layman
Curator Snowden
Curator Steelman
Curator Wenneker
Curator Williams

The motion _____.

June 18-19, 2020



Internal Audit & Consulting Services

FY21 Risk Assessment and Proposed Internal Audit and Compliance Plans

June 2020

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Effects of the COVID-19 Pandemic on our Risk Assessment Approach

In the crisis we are experiencing, we know that risks have changed and will continue to change. Each organization will be impacted differently with a mix of opportunities and threats. We can't predict events, but we can focus on impact. The UM System has focused on impacts by:

- Shifting workers to telecommuting, minimizing the impact to productivity and keeping people safe.
- MU Health mobilizing and caring for our community – preparing for the worst and hoping for the best.
- Our universities shifting to on-line learning in an extremely short time-frame to keep students on track for graduation.
- Making difficult decisions to address the financial impact.

There is no silver bullet. Resiliency and agility are required to steer through these challenges, while taking care of patients, educating students, keeping staff safe and surviving the financial impact so our mission can continue and we are strategically positioned for success well into the future.

In the past, we performed the annual risk assessment by:

- Evaluating strategic, business and compliance objectives against the audit universe for the universities, health system and system office.
- Understanding leaders' concerns, how work was organized to achieve objectives (processes, accountability, resources) and the material impact, both financial and reputational.
- Through this process, areas were identified for an internal audit or consulting engagement and an annual plan developed.

Given the immediate risks to the financial health and business model impacts to our universities and health system accelerated by the COVID-19 era, following the past approach for conducting a risk assessment does not align with changing circumstances nor would it necessarily focus audit work on real-time emerging risks.

As the implications and ongoing uncertainty of the COVID-19 era continue its impact on the higher education and healthcare industries, internal audit and compliance professionals confronted this new reality by adjusting audit plans to meet their organizations emerging risks; and engaged in discussions around how internal audit and compliance prepare for the post-coronavirus business environment.

Since mid-March 2020, Ethics, Compliance and Audit Services staff have learned and engaged with other professionals through webinars, discussion sites with the Association of Healthcare Internal Auditors, Association of College and University Auditors and the University Risk Management and Insurance Association (a mix of compliance officers and risk managers). We learned that internal audit and compliance professionals agree that

successful approaches in the past will no longer be enough. Internal audit and compliance functions need to move with the speed of the organization to independently assess the actions taken and provide assurance that emerging risks are adequately addressed in a manner to protect the mission and ability to compete well into the future. Emerging risks due to COVID-19 include:

- Business continuity
- New funds and grants
- Supply chain and vendor management
- Workforce transition and strategies
- Adjusting operations to minimize virus outbreak
- Remote IT support functions
- Financial forecasting
- Cybersecurity and privacy concerns
- Regulatory change management
- Enrollment management/recruiting and retention (Universities)
- Remote learning and access (Universities)
- Coverage expansion (MU Health)
- Vaccines and diagnostic testing (MU Health)
- Telehealth expansion (MU Health)
- Revenue cycle (MU Health)
- Remote patient access (MU Health)
- Coding, billing and reimbursement of COVID-19 claims (MU Health)

Adapting what we learned to the UM System organization and situation, we recommend our priority audits and consulting engagements for FY2021 be re-evaluated every 60 to 90 days as leadership continues acting to reduce overhead through administrative consolidations, reducing the space footprint, improving contribution margins from academic programs and reevaluating existing program offerings and aggressively expanding online education capabilities. The following are criteria to use in guiding the decisions, particularly for the use of internal audit resources.

1. Planned or completed process changes. Process changes will be a result of consolidating activities and the addition of new services. To be effective, redesigned processes must achieve the intended outcomes (strategic, business, or compliance objectives). Having the appropriate activities in place (controls) to monitor progress towards intended outcomes while avoiding harmful outcomes to objectives, results in efficient and effective workflows. Internal audit can serve in a consulting capacity as processes are redesigned; or can audit processes post-implementation to validate these are operating as intended. This will concentrate audit work on evaluation of planned or current changes to processes.
2. Potential for fraud. In the current environment the potential for fraud heightens. Internal audit will perform automated routines in high risk areas to identify anomalies for further investigation. These areas include research grant spending, vendors, internally managed construction projects and retail operations.

June 18-19, 2020

3. Data access. Unauthorized access of data could result in data modification or corruption. Data can be exposed, stolen or used in an illegal or unauthorized manner. Internal audit will evaluate data access controls in processes susceptible to fraud and for systems storing sensitive information.

For this to work, internal audit needs to be apprised of governance and executive leadership decisions and plans for consolidation efforts and process changes. Robust discussions about the strategic importance of changes and the associated risks will provide necessary criteria to select the areas of highest risk.

Following is the proposed FY2021 Internal Audit Plan for the UM System, its universities and MU Health. The risk profiles are in Appendix A. A description about how the risk profiles were developed is also included.

FY2021 COVID-19 Related Internal Audit Plan

This proposed plan will be re-evaluated every sixty to ninety days with senior leadership, the Audit and the Compliance and Ethics Committee chair of the Board of Curators. Adjustments will be made based on recent/proposed process changes, emerging risks, or other COVID-19 related topics or concerns and balanced with internal audit resources.

| Criteria | Proposed Audit/Project | Entity |
|--------------------------------------|---|-----------|
| COVID-19 Funds Tracking | Assist System Controllers Office in evaluating the processes established to ensure compliance with criteria from all new funding and grant sources and the ability to meet reporting requirements. – Consulting | System |
| Completed Process Changes | Validate that process changes made in response to the COVID-19 pandemic are working as intended. Remote learning, enrollment management & recruitment, remote IT support, supply chain and vendor management are examples of areas experiencing changes to workflow that can be reviewed. - Assurance | System |
| Planned or Completed Process Changes | Support the Administrative Transformation implementation activities. - Consulting and/or Assurance | System |
| Planned or Completed Process Changes | Telehealth - Focus to be determined. Audit objectives will be consistent with changes to processes and data access validation procedures. - Assurance | MU Health |
| Planned or Completed Process Changes | Regulatory Change Management - Assess process to track and monitor regulatory changes and controls in place to ensure communicated changes are implemented in a manner aligned with compliance requirements. UM System regulatory change management will be part of the Ethics and Compliance plan. | MU Health |

| Criteria | Proposed Audit/Project | Entity |
|--------------------|--|-----------|
| Fraud Procedures | Using basic data analytics perform procedures to identify anomalies for further review in the following areas: <ul style="list-style-type: none"> • Research grant spending • Vendors • Internally managed construction projects • Retail operations <p style="text-align: right;">-Assurance</p> | System |
| Data Access/Fraud | Insurance payer websites – evaluation of controls for protecting PII and ePHI, and for preventing unauthorized user access and ability to divert payments. <p style="text-align: right;">-Assurance</p> | MU Health |
| Data Access/Fraud | Vendor/third party websites – evaluation of controls for protecting unauthorized user access and ability to create accounts to divert funds. <p style="text-align: right;">-Assurance</p> | System |
| Ongoing Activities | Risk Assessment and Audit Plan Development - Continue to review key and emerging risks to adjust the current audit and compliance plan and to use as the basis for the FY 2022 audit plan. | System |
| Ongoing Activities | Monitoring of Management Action Plan Implementation - Review the status of prior audit agreed to management action plans. | System |
| Ongoing Activities | Conduct investigations and manage the Integrity and Accountability Hotline. | System |

Additional Proposed Internal Audit Engagements

The internal audit engagements below are also recommended as part of the FY2021 Plan. Emerging risks will take priority over completion of these engagements as we balance internal audit resources with demand.

| Risk Area | Proposed Audit/Project | Entity |
|---------------------------------|--|----------------------------------|
| Finance | UM System benefits rates versus hospital discounts - Management request to validate if discounts provided by MU Health and University Physicians to the UM System benefits plans are consistent with contractual obligations. -Assurance | System/MU Health |
| Strategic/Health Care Reform | EMR Extension to Lake Regional - Complete the evaluation begun in FY2020 of the Organized Healthcare Arrangement that governs the EMR extension to Lake Regional. -Assurance | MU Health |
| Strategic/Health Care Reform | EMR Extension to Capital Region Medical Center - Post implementation review of the Organized Health Care Arrangement governing the EMR extension to Capital Region Medical Center. - Assurance | MU Health |
| IT systems implementation | Revenue Cycle Implementation - Ongoing monitoring of risks associated with this initiative. -Consulting | MU Health |
| Compliance | Conflict of Interest/Commitment - Effectiveness assessment of the conflict of interest and commitment process against established criteria. - Assurance | MU, MU Health, UMKC, UMSL & MS&T |
| Environmental health and safety | Lab Safety - Determine if adequate controls are in place to provide safe working conditions for faculty, students and staff who work in labs which house hazardous chemicals. -Assurance | UMKC, MS&T |
| Grants & Contracts | Arts, Science and Children's Service Fund Contracts - Management request to validate allowable expenses against contracts in lieu of hiring an external auditor. - Assurance | UMSL |
| Operations & Compliance | International Programs: Evaluate compliance with internal policies and regulations governing travel abroad. | MU |

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Rolling Audit Plan

These internal audit engagements comprise the rolling audit plan. As risks emerge or internal audit resources allow, these engagements will move up in priority for completion as part of the FY2021 Internal Audit Plan. These areas will also be evaluated as part of the FY2022 risk assessment process.

| Risk Area | Audit Description | Entity |
|-------------------------------------|--|-----------------------|
| Academic Enterprise/Reputational | Scholarship Awards: Assessment of scholarship awards to donor restrictions and/or established criteria. - Assurance | MU, UMKC, UMSL & MS&T |
| Strategic/Health Care Reform | Transition to Value Based Care: Review of the governance structure for overseeing the components related to the shift to value based care. - Assurance | MU Health |
| Compliance | Controlled Substances: Assessment of practices for purchasing, storing and safeguarding controlled substances. - Assurance | MU Health |
| Academic Enterprise/Reputational | Student Fees: Assessment of student fee use in accordance with purpose. | MU, UMKC, UMSL & MS&T |
| Academic Enterprise | Enrollment Management: Assessment of admissions processes for transparency, efficiency, effectiveness and bias against disadvantaged populations. | MU, UMKC, UMSL & MS&T |
| Operations | ePAF Processes: Evaluation of the electronic personnel action form processes, if not addressed in the Administrative Transformation work. | System |

FY2021 Ethics and Compliance Plan

The system-wide Ethics and Compliance Program's overall purpose is to promote the highest standards of ethics and professional conduct and ensure compliance with all applicable laws, regulations and policies throughout the UM Systems. The Ethics and Compliance Program's objectives are to:

- Reinforce a culture of caring, integrity and accountability
- Empower staff, faculty and leadership to "own" and take responsibility for doing what's right and reporting concerns
- Protects the organization while finding creative ways to further our mission
- Is consistent with Federal Sentencing Guidelines Effective Elements

This will be accomplished by:

- Establishing the foundation for ethics and compliance
- Engaging compliance professionals in a collaborative network to strengthen compliance with applicable laws, regulations and policies
- Creating and reporting internal and external benchmarks to demonstrate impact and signal when adjustments may be necessary

Foundational Elements of the UM System Ethics and Compliance Program

In addition to responding to emerging compliance issues and concerns, Ethics and Compliance will focus on the following foundational elements critical to establishing an effective compliance program. With the onset of the COVID-19 pandemic this work has been temporarily suspended as leaders, faculty and staff responded to ensuring the completion of the semester, keeping everyone safe, and making the necessary financial adjustments. The timing of these projects will be determined by the capacity of the organization to begin once again engaging in longer term initiatives.

Establish the system-wide audit and compliance committee

This committee will oversee initial work to establish the system-wide code of conduct, compliance education and training, and core compliance policies. To fulfill its responsibilities the committee will receive periodic reports from compliance functions, audit reports and risk assessment results. The committee will play a key role in resolving compliance concerns that impact the system and are challenging to resolve at a unit level. The Chief Audit and Compliance Officer will provide the committee, once appointed, with a draft charter defining purpose, roles and responsibilities, authority, and frequency of meetings for the committee to modify and finalize.

Develop and implement the code of conduct

A system-wide code of conduct will establish every day behavior expected to support our mission and values. It is a statement for ourselves and to the public about what we stand

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for, our values and how we conduct ourselves. It is the ethical foundation for our success in achieving our mission and living our values. A project plan with milestones for development and implementation of a code of conduct has been developed. A working committee consisting of representatives from compliance professionals across the system, human resources, office of general counsel and communications will develop, write and vet the code of conduct with stakeholders. Once approved it will be rolled out across the system in accordance with a well-developed communications/promotion plan. Education and training will be provided with staff and faculty attestations required. Annual training and attestations will become mandatory throughout the system.

Engaging Compliance Professionals in a Collaborative Network

Working with compliance professionals across the system, an assessment will be completed gauging the strengths and opportunities for improvement using the Seven Elements of an Effective Compliance Program. This assessment will also include understanding how changes to regulations are tracked and adjustments to procedures and practices are implemented (regulatory change management). These working relationships and assessments will provide guidance for achieving economies of scale by working collaboratively across units to establish consistent policies, practices, monitoring, investigations, discipline and reporting of metrics to gauge effectiveness. The three priority areas of focus are:

Research Compliance and Grant Management

This is a priority area of focus because of the importance of research to the strategic direction of the UM System. Collaborative work has begun in this area with a recognition that we have an opportunity to approach research compliance consistently across the UM System. The work in this area will provide the opportunity to:

- Understand the highest risk areas and how we are addressing concerns
- Validate the regulatory change management process for research
- Standardize operating practices in regulatory areas across the system
- Continue to build on collaborative relationships to extend expertise across the system
- Explore providing consistent compliance education and training for those involved in research activities across the system
- Develop metrics and reporting that provides transparency into the number of compliance concerns, types and substantiation rate for leadership and the Audit, Compliance and Ethics Committee of the Board.

Data Management Program

This is a priority area because protecting sensitive information is important to our business, faculty, staff, students and patients. Safeguarding of sensitive information is impacted by multiple regulations, such as Gramm-Leach-Bliley Act (GLBA), Family Educational Rights and Privacy Act (FERPA), Health Insurance Portability and Accountability Act

(HIPAA), General Data Protection Regulation (GDPR), and the California Consumer Privacy Act (CCPA).

This assessment work will allow us to establish an overall data management program that will encompass the most stringent regulations applicable to the UM System and continue to build on collaborative relationships to extend expertise across the system. We will develop an understanding of:

- How we ensure compliance with each regulation
- The regulatory change management process
- Similarities and differences in operating practices across the system and opportunities for standardization
- Opportunities to provide consistent compliance education and training for those staff with responsibilities in these areas
- Benchmarks and metrics that will provide insight into effectiveness and areas for improvement

Fostering Early Reporting of Issues, Prompt and Fair Resolution and a Non-Retaliatory Environment

The early reporting of issues is the best defense against a “bad actor” continuing his/her damaging behavior for years. To instill this type of culture, employees must feel safe and protected from non-retaliation and issues investigated promptly and fairly. In this current environment, whistleblowing activity is on the rise. OSHA, which oversees 22 federal whistleblower statutes received 386 retaliation claims in the month of March 2020 related to COVID-19.

The UM System has multiple reporting avenues available. Bringing together the professionals that field concerns and reports, conduct the investigations and provide guidance on discipline we can:

- Assess our current approaches and identify opportunities to strengthen our culture to safeguard against retaliation, develop trust and encourage reporting of issues
- Ensure we have a strong and effective retaliation prevention and response system
- Discuss how to engage managers in supporting staff who voice concerns
- Develop metrics and reporting that provides transparency into the number of reported concerns, types and substantiation rate for leadership and the Audit, Compliance and Ethics Committee of the Board.

Appendix A: Development of the Risk Profiles

As the UM System makes the necessary adjustments to emerge from the COVID-19 pandemic, it is important to remain grounded in the longer-term vision and necessary changes to continue our mission for the people of Missouri. The following four themes were developed based on input from the 2018 risk assessment discussions. Leaders affirmed the continued relevance of these themes in the 2019 risk assessment discussions. The themes remain relevant as the leaders at all levels in the system continue the necessary work of meeting the challenges accelerated due the COVID-19 pandemic. These themes are:

1. *Capability for Transformation*

The ability to execute on transformative issues, particularly the challenge of shifting to a more collaborative, innovative and accountable culture focused on resolving issues and moving forward.

2. *Business Processes*

How inefficient processes contribute to the inability to move quickly on change initiatives. It is important to identify processes that hinder the integration of innovation. The manual nature of many work processes diverts staff time from building relationships with faculty and students so concerns can be better understood and addressed. There was a general sense that processes across campuses were reinvented too much and moving towards a collaborative/shared model is as necessary as improving and automating the processes.

3. *Technology*

Technology was viewed as an enabler for changing the underlying business models for educating students, conducting research and providing infrastructure to assist with collaborative efforts across campuses. Specific challenges noted to utilizing technology for change and collaboration included the need for a data analytics approach, better tools for timely reporting without manual processes to compile information, and increased automation of workflow in general.

4. *Talent*

The ability to retain and/or attract the talent needed to position the organization for sustainable, long-term success. Specifically noted were the ability to attract and retain researchers which is important to retaining the AAU designation; and the ability to offer competitive salaries to ensure staff skill sets needed as the administrative functions are reorganized.

The focus of risk assessment discussions in the prior two years have been anchored in the challenges to achieving strategic objectives. The risk profiles for FY2021 were developed by cross-referencing the ongoing challenges to achieving strategic, business and compliance objectives with emerging risks. These combined risk profiles provide a guide for prioritizing audit engagements for the longer-term achievement of objectives and the emerging risks that are part of the current environment.


FY2021 Higher Education Risk Profile

| Category | Ongoing Challenges (previous risk assessments) | COVID-19 Emerging Risks |
|------------------------|---|--|
| Finance | Capability to fund the strategic plans currently in place. | <ul style="list-style-type: none"> • With the COVID-19 challenges, funding and budget decisions are on a 60 -90 re-evaluation time frame • Financial forecasting • New funds and grants |
| Human Resources | Alignment of salary structure, talent management and benefits with institutional priorities to ensure skill sets necessary for moving the organization forward. | Workforce transition and strategies |
| Information Technology | <ul style="list-style-type: none"> • Cybersecurity: challenges to adequately protect the critical data and infrastructure from theft, piracy, corruption, unauthorized usage, viruses, theft of service or sabotage. • Decentralization of systems leads to gaps in process, data inconsistencies and manual processes. • Current data analytics approach impacts the ability to compare data, track metrics, benchmark and generally use information to make informed and timely decisions. | <ul style="list-style-type: none"> • Remote IT support functions • Cybersecurity and privacy concerns |
| Operations | <ul style="list-style-type: none"> • Current approach to policy management results in unaligned policies at different levels of the organization, unclear guidance to users and difficulty in finding the policy/policies that apply when performing work. • Inability to recover from and continue uninterrupted operations during times of extraordinary events, systems or implementation failures. | <ul style="list-style-type: none"> • Business continuity • Supply chain and vendor management • Enrollment management/recruiting and retention • Remote learning and access • Adjusting operations to minimize virus outbreak |
| Compliance | Increasing compliance regulations place a burden on operating units already functioning with reduced FTEs. | <ul style="list-style-type: none"> • Regulatory change management |

FY2021 MU Health Risk Profile

| Category | Ongoing Challenges (previous risk assessments) | COVID-19 Emerging Risks |
|------------------------------|--|--|
| Strategic/Health Care Reform | <ul style="list-style-type: none"> • Continued growth through affiliations and contracting directly with small business, combined with aging infrastructure, limited space and hiring challenges, particularly a low unemployment rate, could impair ability to meet all MU Health obligations. • With changes in reimbursement models (ACOs, bundled payments, Value Based Purchasing, Direct to Employer Risk Corridors, etc.) being able to operationalize the multitude of models in a financially and compliantly successful way. | <ul style="list-style-type: none"> • With the COVID-19 challenges, funding and budget decisions are on a 60 -90-day re-evaluation time frame • Financial forecasting |
| Finance/Revenue Cycle | <ul style="list-style-type: none"> • Revenue cycle software conversion | <ul style="list-style-type: none"> • Financial forecasting • New funds and grants |
| Information Technology | <ul style="list-style-type: none"> • IT Systems implementation may result in the technology and/or processes not working as intended or result in loss of functionality or delays in processing payments. (Revenue Cycle software conversion). • Cybersecurity: challenges to adequately protect the critical data and infrastructure from theft, piracy, corruption, unauthorized usage, viruses, theft of service or sabotage. • Adjusting established IT operations to new business models and integrating wholly-owned subsidiaries with variations to systems. | <ul style="list-style-type: none"> • Remote IT support functions • Cybersecurity and privacy concerns |
| Operations | <ul style="list-style-type: none"> • Governance over data analytics to drive population health strategy, ability to impact quality measures and other relevant initiatives requiring data-driven performance. • Inventory management improvements will be critical to supporting cost controls and ensuring appropriate resourcing for all units. | <ul style="list-style-type: none"> • Vaccines and diagnostic testing • Coverage expansion • Telehealth expansion • Revenue Cycle • Remote patient access • Business continuity |

| Category | Ongoing Challenges (previous risk assessments) | COVID-19 Emerging Risks |
|------------|---|---|
| | <ul style="list-style-type: none"> •Research infrastructure investments will be necessary to meet the stated goals and initiatives to enhance research expenditures and drive collaboration between research areas and clinical units. | <ul style="list-style-type: none"> •Supply chain and vendor management •Adjusting operations to minimize virus outbreak •Workforce transition and strategies |
| Compliance | <ul style="list-style-type: none"> •Ongoing risks with managing the MU Health Corporate Integrity Agreement. | <ul style="list-style-type: none"> • Regulatory change management •Coding, billing and reimbursement of COVID-19 Claims •Cybersecurity and privacy concerns |



Best Practices for **Addressing the Coming Surge of Whistleblower Claims**

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Introduction

As employers navigate the uncharted waters of workplace and workforce management during a pandemic, new waves of whistleblower claims are cresting. Simultaneously, the Securities and Exchange Commission (SEC) has experienced a meteoric rise in whistleblower awards under the Dodd Frank Act. Whistleblower retaliation claims have also spiked at the Occupational Safety and Health Administration (OSHA) which oversees 22 whistleblower statutes including the Sarbanes Oxley Act. In the month of March alone, OSHA received 386 new complaints.

Adding to the firestorm, state legislatures have recently introduced or passed legislation to dramatically expand whistleblower protections. For example, Virginia passed sweeping new legislation offering enhanced protections and broad remedies to whistleblowers who experience retaliation and in New York legislation was introduced to expand the notion of protected activity.

The legislative expansion of rights in recent months is not limited to the United States. This past week, Iceland passed its first ever comprehensive whistleblower law. In late 2019, the European Union passed a new directive which requires companies to take affirmative steps with respect to reporting and other mechanisms for whistleblowers to voice concerns resulting in stiff penalties for any act of retaliation. Similarly, Australia recently passed expansive whistleblower retaliation legislation.

The spread of COVID-19 has further increased these risks. Cybersecurity has previously been an evolving area of risk due to enhanced scrutiny by the SEC but with the vast majority of employees working remotely, the risk of breach or threatened breach has risen dramatically with the pandemic. Another example is the wide swath of companies who have taken federal loans and are now arguably subject to whistleblower allegations under the federal False Claims Act.

Now is the time ensure for workplaces to have state-of-the art compliance measures in place. Read along as we provide concrete steps for employers to consider as they look to bolster commitment to compliance, foster transparency, and avoid retaliation.

Identify Issues Early: Foster a “Speak Up/Listen Up” Culture

The seeds of retaliation are planted when employee concerns are treated as unwelcome, go unaddressed, or are suppressed. Often, economic or other incentives or cultural forces overwhelm anti-retaliation goals. Employers should implement programs whose incentives and measures foster a “speak up / listen up” culture that encourages early reporting of issues, and their prompt and fair resolution, in a nonretaliatory environment. This will lead to earlier detection, less complex and polarized conflicts, more cost-effective remedies, a more positive work culture, lower legal and public relations risks, and improved teamwork. Don’t assume that no reports of incidents or retaliation means that no issues exist. The absence of reports more likely means that employees are afraid to speak up about deficiencies or violations or that there are active efforts to suppress reporting in parts of the organization.

Best Practices

- Organizations should have a structured and transparent system through which employees can, without risk, confidentially report concerns and be assured of timely, bias-free resolution.
- Make it easy for employees to report in low-key ways or to ask questions at an early stage.
- Multiple reporting avenues should be available, including for anonymous reporting. Anonymous reports are often the most serious and therefore reflect the most fear and are most crucial to hear.
- Provide ways for employees to receive unbiased, confidential advice about exercising whistleblower rights and how to cope with the stress of reporting concerns.
- Leaders should seek the input and involvement of workers in designing and implementing reporting channels and anti-retaliation programs.
- Whistleblowers who complain in good faith should be protected even if they are mistaken.
- Root out incentives or values that encourage or allow retaliation or discourage reporting.
- Employment agreements and confidentiality or nondisclosure rules should expressly carve out an exception for reporting to or contacting government agencies about issues or retaliation. Employees have a right to report to government entities and are not obliged to disclose that they did so.
- Employers should consider a policy of “no punishment” for reporting concerns—including subtle forms of punishment such as changes to work hours or assignments or the “silent treatment.” Punishing whistleblowers discourages others from reporting in the future.
- All employees and managers should learn to recognize retaliation against those who report and should understand their obligation to stop retaliation.

Whistleblower Claims Best Practices

Identify Issues Early: Foster a “Speak Up/Listen Up” Culture

| Do | Don't |
|---|--|
| <p>✓ Make it easy for employees to report issues or ask questions early and in low-key ways.</p> | <p>✗ Mandate reporting formats that would potentially subject an employee to ridicule, stigma, or pressure.</p> |
| <p>✓ Respond quickly to all issues and resolve them through a fair and objective process.</p> | <p>✗ Ignore or fail to investigate and resolve issues, and don't neglect to keep employees who report issues informed about how the matter is being handled.</p> |
| <p>✓ Take reasonable steps to try to uphold assurances of confidentiality in order to prevent retaliation.</p> | <p>✗ Leave an employee exposed to resentful or worried peers and supervisors.</p> |
| <p>✓ Investigate reported issues even if the employee raises them in an unwelcome way.</p> | <p>✗ Assume or try to assess an employee's motives for raising an issue.</p> |
| <p>✓ Focus on systemic shortcomings when investigating issues, and consider how easier reporting might have helped prevent the problem.</p> | <p>✗ Focus first on the employee who reported rather than on potential causes of the issue.</p> |
| <p>✓ Start without assumptions, and be ready to cut through coverups and false narratives about whistleblowers.</p> | <p>✗ Assume that past opinions or assessments of the employee or the issue are correct.</p> |
| <p>✓ Investigate issues thoroughly, transparently, and promptly, and respond promptly to the employee who reported them.</p> | <p>✗ Drop the issue into a long queue or ignore it because it doesn't seem important.</p> |

Ensure That Issues Surface: Implement an Independent Retaliation Prevention and Response System

Retaliation happens when management at some level doesn't want to recognize or acknowledge the initial complaint and would rather silence the employee. This not only creates legal liability risk but often sets up a spiraling conflict within the organization, often with profound consequences for the culture and for trust in management, as well as for productivity, quality, and ultimately profits. An effective retaliation response system should include a review process that is independent of the chain of command, with a direct reporting line that can reach the board if necessary. To be effective, the system must include defined and widely known roles, responsibilities, and expectations for top leaders, board members, managers, supervisors, employees, and compliance, legal, HR, and labor staffs. Confidentiality, absence of conflict of interest among those investigating, and protections against further retaliation are essential.

Best Practices

- As with issue reporting, the retaliation response system should include multiple avenues (including outside the chain of command), confidentiality, and ways to report anonymously.
- Employers should respond promptly to reported incidents of retaliation.
- The system should be transparent about how investigations are conducted, including roles and procedures, who will be involved, timing, quality standards, confidentiality, skills and training of investigators, and protections against conflicts of interest and retaliation.
- To protect employees from further retaliation and to prevent a chilling effect, reports of retaliation must be kept strictly confidential within the independent investigatory group.
- Reports and conclusions should derive from de novo, independent investigations. Employers should beware of false narratives, which are frequently used to discredit whistleblowers.
- Investigations should focus on facts, issues, and resolution, not on defense or “winning.”
- Leaders should avoid defaulting to a defensive position and should instead focus on problem solving.
- Leaders should ensure respectful and proper closure of the issue with the reporting party.
- Discipline or penalties for confirmed acts of retaliation should be imposed as a form of deterrence.
- To prevent retaliatory discipline against a whistleblower, all disciplinary actions should be reviewed by a pre-established, independent board that applies “just culture” principles such as:
 - Does the disciplinary action have a potential connection to past reporting behavior by the employee?
 - Has progressive discipline been applied, and has it been justifiable and appropriate?
 - Is the discipline proportional to that imposed on others for similar offenses?
- Retaliation investigations should include senior managers who can see broader implications, risks, and opportunities posed by the case, and who can then reform relevant practices.
- The reporting employee and others should be able to freely and safely elevate the issue to higher levels. The procedures for doing so must be widely known and accessible.
- Whistleblowers should be protected against retaliation after the alleged incident.

Whistleblower Claims Best Practices

Ensure That Issues Surface: Implement an Independent Retaliation Prevention and Response System

| Do | Don't |
|--|---|
| <p>✓ Maintain contact with and protect the reporting employee during and after—and sometimes long after—the investigation.</p> | <p>✗ Isolate the employee or allow later retaliation.</p> |
| <p>✓ Always promote confidentiality, carefully barring any bias or conflicts of interest within the investigative team and prohibiting the sharing of information between the team and others.</p> | <p>✗ Grant access to investigative information or the investigative team to anyone other than executive decision makers who have no conflict of interest.</p> |
| <p>✓ Use third-party investigators if needed for a credible, unbiased investigation.</p> | <p>✗ Promise anonymity if it can't be ensured.</p> |
| <p>✓ Recognize the chilling effect of retaliation and lack of response to it.</p> | <p>✗ Rely solely on prevailing in court or assume that the issues will go away if you “win”—they won't.</p> |
| <p>✓ Independently review any proposed discipline.</p> | <p>✗ Punish or threaten punishment for reporting.</p> |
| <p>✓ Look for underlying causes and hidden or informal incentives for retaliation.</p> | <p>✗ Assume that the cause of the problem has been fixed just because the case has been resolved.</p> |

Eliminate Confusion: Train Workers and Managers in Whistleblower Rights and Anti-retaliation

Anti-retaliation skills are not intuitive. In fact, some retaliatory behaviors are widely seen as acceptable or justifiable, even to higher-ups. All leaders, managers, supervisors, and employees should receive periodic training in legal protections for whistleblowers, what constitutes retaliation, and how to prevent and address it. As training is developed, employers should consult with union leaders (or, in a nonunion workplace, employee leaders) to get their input. Anti-retaliation training should be considered equal in importance to required certifications.

Best Practices

Whether for the board, senior management, front-line supervisors, or other employees, anti-retaliation training should cover the following topics, at a minimum:

- ▶ What constitutes retaliation—including less overt but still common behaviors such as peer pressure, ostracizing, mocking, and exclusion from meetings.
- ▶ How to respond to a whistleblower without inadvertent retaliation.
- ▶ Skills for preventing, defusing, and stopping retaliation in a work group.
- ▶ Elements of the organization’s anti-retaliation system, including roles, protections, responsibilities, how to report concerns, and how to escalate when the response is insufficient.
- ▶ The importance of confidentiality in handling reports of retaliation.
- ▶ Relevant laws, rights of employees, and risks and consequences of ignoring retaliatory behavior.
- ▶ What constitutes “notice” or “protected activity” (i.e., when management is required by law to respond).
- ▶ What constitutes an “adverse action” which may trigger liability for retaliation, recognizing these can include more subtle decisions made by managers such as transfer or reassignment of work, depending on the circumstances.
- ▶ Negative consequences of relying on discipline and litigation to resolve complaints.
- ▶ How to separate annoying or inappropriate behavior on the part of a whistleblower from the substance of the complaint and the right to safely report issues—and how to deal with each.

Whistleblower Claims Best Practices

Eliminate Confusion: Train Workers and Managers in Whistleblower Rights and Anti-retaliation

| Do | Don't |
|--|--|
| <p>✓ Recognize that some retaliatory behaviors are commonly believed to be acceptable and justifiable.</p> | <p>✗ Assume that people will intuitively know what retaliation is and can or will act to stop it.</p> |
| <p>✓ Note that most employees report first to a supervisor.</p> | <p>✗ Leave supervisors unprepared or uninformed.</p> |
| <p>✓ Ensure that board members understand their obligations and are prepared to act.</p> | <p>✗ Assume that board members have a background in this area or know their obligations to act or how to respond.</p> |
| <p>✓ Make sure all levels of management know how to put a reported problem on track for resolution.</p> | <p>✗ Assume that handoffs or referrals will naturally occur or that confidentiality will automatically be maintained during the process.</p> |

Identify Conflicting Incentives: Measure Results and Mitigate Conflicting Messages

Many formal and informal workplace incentive systems, including productivity and cost-reduction incentives, can inadvertently encourage or mask retaliation. Organizations should therefore track reports of issues and incidents of retaliation and periodically assess these systems and those for measuring or rewarding work performance to ensure that they do not discourage employee reporting or encourage retaliation.

Best Practices

- ▶ Accountability and measurement efforts should focus on “leading indicators” such as behavior that encourages compliance with workplace safeguards and fosters a “speak up / listen up” culture—rather than on traditional “trailing indicators” such as reported incidents. Evidence shows that the common practice of rewarding management for low levels of reporting leads to suppression—the primary precursor to retaliation.
- ▶ Periodically, and after any breakdowns in reporting or response, carefully review the formal and informal incentives that influence employee and management behaviors.
- ▶ Top leaders and the board should receive “dashboard” reports on reported issues, retaliation allegations, and issue resolution, along with detailed results of system audits.
- ▶ Monitoring should include near-misses and emerging issues and incidents, as well as trends in the types of issues reported and to whom they are reported.
- ▶ To ensure that informal workplace incentives and systems are understood, organizations should engage supervisors/managers in developing and reviewing monitoring efforts. Employers should strongly consider measuring manager performance in fostering a transparent workplace as part of their annual performance review.
- ▶ Be prepared for the number of reported issues to go up when a new program or more open reporting is implemented. Initially higher numbers may be due to employees feeling safer about reporting.

Whistleblower Claims Best Practices

Identify Conflicting Incentives: Measure Results and Mitigate Conflicting Messages

| Do | Don't |
|---|---|
| <p>✓ Consider using incentives that reward preventive activities and behaviors that encourage compliance with workplace safeguards.</p> | <p>✗ Risk complaint suppression by tying pay or group rewards to low volumes of reported issues.</p> |
| <p>✓ Use incidents (including near misses) to assess what should be changed.</p> | <p>✗ View reports of problems as negative information; instead, view them as opportunities.</p> |
| <p>✓ Pay attention to the types of issues reported, which can help pinpoint trends and problems.</p> | <p>✗ Close investigations without resolving the issue, addressing causes, sharing results, and ensuring a fair process.</p> |

Monitor Effectiveness: Conduct Independent Audits of the Program

Even well-conceived anti-retaliation programs can founder. Problems can be hidden from management; normal data collection can't measure employees' fears or attitudes about reporting. To ensure that a reporting or anti-retaliation program is working as intended, leaders should periodically oversee audits that go beyond normal monitoring efforts by employing specialized, independent analysis, surveys, and interviews. Comparing internal reports to reports in external systems—such as workers' compensation, insurance claims, grievances, and exit interviews—can quickly reveal discrepancies. These and other auditing tools can reveal employees' willingness to report issues, their fears of retaliation, and the gap between program objectives and reality in the workplace. Such auditing requires assured confidentiality in order to obtain candid replies. Senior leaders are frequently shocked by, and make significant reforms based on, the results of carefully conducted audits.

Best Practices

The most useful independent audits are likely to include some combination of the following:

- A simple examination of established whistleblower policy and program features to confirm that necessary basic policies are in place and roles are well defined.
- In-depth anonymous surveys and structured interviews with a broad sample of workers to determine whether they understand, have access to, and trust anti-retaliation policies and programs.
- Cross-checks of internal reporting data with other reporting channels, such as worker's compensation claims, grievances, attendance patterns, quit rates and locations, and exit interviews.
- Analysis of layoffs, terminations, and disciplinary actions to uncover correlations with prior reporting.
- Examination of incident investigation reports to see if policies and systems work under pressure.
- Improvement plans for delinquent facilities, work groups, and managers.
- Enforcement of parallel whistleblower and anti-retaliation provisions through supply chain contracts.
- Detailed reporting of audit results to the board so it can consider reforms or other action.

Whistleblower Claims Best Practices

Monitor Effectiveness: Conduct Independent Audits of the Program

| Do | Don't |
|--|--|
| <p>✓ Independently evaluate the effectiveness of the anti-retaliation program.</p> | <p>✗ Assume that good intentions are enough or that low reporting numbers indicate few issues or problems.</p> |
| <p>✓ Conduct confidential, independent, in-depth employee surveys and interviews, and check external data.</p> | <p>✗ Assume from a simple work climate survey that workers feel comfortable raising issues.</p> |
| <p>✓ Carefully protect the confidentiality of survey and interview participants.</p> | <p>✗ Allow the auditing process to be misused for retaliation.</p> |
| <p>✓ Ensure proper safeguards to avoid conflicts of interest among independent auditors.</p> | <p>✗ Let audits be controlled by those who might have something to hide.</p> |
| <p>✓ Consider wide distribution of audit results.</p> | <p>✗ Hide the results of audits.</p> |

Build Credibility: Demonstrate Leadership Commitment and Accountability

An effective whistleblower protection and anti-retaliation program requires commitment and accountability at all leadership levels. The appropriate policies and actions can often seem counterintuitive, so CEOs and governing boards must implement and sustain an effective program, follow through on their commitments, and continuously measure results. Managers and supervisors must be trained in—and held accountable for—implementing, operating, and supporting the program.

Best Practices

- ▶ Leaders at all levels—from the board to front-line supervisors—must be formally accountable for ensuring whistleblower rights and the quality of response to issues and reports of retaliation.
- ▶ Top leaders should ensure that employees have safe, nonthreatening channels for reporting issues and getting them resolved. All channels must be free of bias and conflict of interest.
- ▶ Top leaders and the board should understand the evolving statutory definition of retaliation, their obligations to prevent it, and their employees' willingness to report it. They must understand that retaliation is easily camouflaged and must be alert to signs that it is happening.
- ▶ Board members should understand their legal responsibilities and exposure under applicable statutes (such as the Sarbanes-Oxley Act and the Dodd Frank Wall Street Reform And Consumer Protection Act).
- ▶ Board members should receive training, case studies, industry-specific data, and regular (at least annual) updates on reported issues, retaliation incidents, and program results.
- ▶ Multinational companies should know their obligations under the Foreign Corrupt Practices Act.
- ▶ The organization should have a chief compliance officer with authority to enact, enforce, and evaluate anti-retaliation policies and programs and report to the CEO and the board.
- ▶ Performance reviews and incentives for managers and leaders should promote anti-retaliation behavior, including support for training and compliance initiatives and taking action to address concerns and causes.
- ▶ In union workplaces, bargaining unit leaders can play a valuable role in creating management awareness and strengthening the willingness of employees to come forward.
- ▶ The board should enact a strong code of conduct and ethics programs to support fair treatment of employees who report issues, whether internally, to their union, or to government agencies.
- ▶ Consequences (such as discipline or penalties) should be imposed when acts of retaliation are confirmed; those consequences should be serious enough to serve as a deterrent to others.
- ▶ Employers should have a mechanism for updating internal training, auditing, and other practices in response to changes in laws and regulations and to changes within the organization.

Whistleblower Claims Best Practices

Build Credibility: Demonstrate Leadership Commitment and Accountability

| Do | Don't |
|---|--|
| ✓ Provide board training, case studies, industry- specific data, and internal monitoring data. | ✗ Provide the board with only general policies or cursory summaries. |
| ✓ Give the board regular updates—on reported issues, reports of retaliation, and program results. | ✗ Block employees from bringing issues directly to the board if others in the chain of command or reporting system are not responding. |
| ✓ Ensure adequate channels for reporting and resolving issues. | ✗ Assume that policies and statements are enough. |

For more information

If you have questions about any of these ongoing developments, please connect with:



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June 9, 2020

Audit, Compliance and Ethics Committee

FY2020 Annual Report and
FY2021 Risk Assessment and
Proposed Internal Audit and Compliance Plans

UM



Summary of Audit Findings

Opportunities to improve outcomes and manage risk by:

- Clarifying guidance, roles and responsibilities
- Evaluating control activities to improve achievement of desired outcomes
- Connecting processes across functions and departments

Why the Shift in Risk Assessment Approach

Previous Approach

- Orderly and deliberate
- One year view
- Evaluate objectives against audit universe
- Understand leaders concerns, how work is organized and material impact

Current Approach

- Strategies and objectives changing quickly
- Emerging risks
- Must move with the speed of the organization
- Sixty to 90 day re-assessment

Plan Development Criteria

- Planned or completed process changes
- Potential for fraud has heightened
- Securing our data by controlling access

Plan Reassessment Criteria

- Events and emerging risks
- Actions taken by management
- Strategy and process changes

Building a Solid Program

Foundational elements

- Establish the system-wide audit and compliance committee
- Develop and implement the code of conduct
- Develop and implement core compliance policies

The system-wide team

- Engaging the compliance professionals across the system
- Assessment against the seven effective elements
- Identify opportunities for standardization across the system
- Develop benchmarks & metrics

Key Takeaways

- The proposed FY2021 Internal Audit Plan is ***flexible and adaptable*** for responding to emerging risks and is designed to ***move at the pace of organizational changes***
- A ***re-evaluation of risks*** and proposed audit work will occur every 60 to 90 days
- The proposed FY2021 Compliance Plan focuses on ***establishing the foundational elements*** and proposes three focus areas for beginning the work of assessing compliance areas against the Seven Elements of an Effective Compliance Program: ***research compliance, data management and fostering a “speak-up” culture with no fear of retaliation***



University of Missouri System

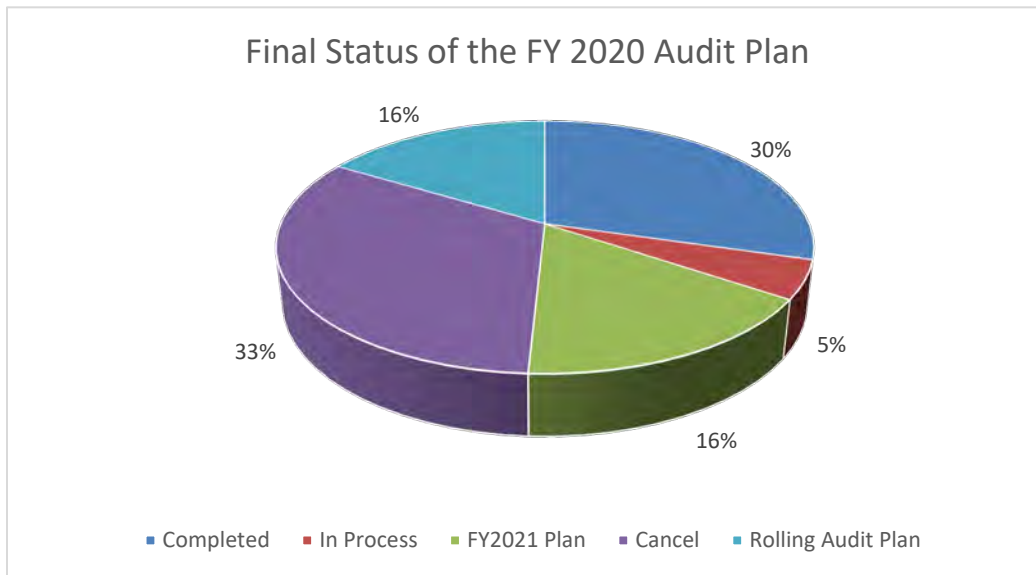
COLUMBIA | KANSAS CITY | ROLLA | ST. LOUIS

Internal Audit and Consulting Annual Report
UM

Final Status of the FY 2020 Annual Audit Plan

Internal Audit and Consulting Services (IACS) completed 18 projects from the fiscal year 2020 Internal Audit Plan with another one in process and two placed on hold, due to the COVID-19 pandemic. The FY 2020 Internal Audit Plan was adjusted as resources, events, emerging issues or management concerns changed.

- Eighteen projects completed
- One in process
- Two placed on hold
- Ten included on FY2021 Audit Plan
- Ten include on Rolling Audit Plan for future consideration
- Twenty canceled




The table below details the completed internal audit projects and investigations by unit.

| Unit | Assurance Projects | Consulting Projects | Investigations | Total |
|-------------------------|---------------------------|----------------------------|-----------------------|--------------|
| UM System | 5 | 2 | 0 | 7 |
| MU | 2 | 0 | 5 | 7 |
| MU Health | 3 | 1 | 0 | 4 |
| UMKC | 1 | 0 | 0 | 1 |
| Missouri S&T | 1 | 0 | 0 | 1 |
| UMSL | 3 | 0 | 2 | 5 |
| Total | 15 | 3 | 7 | 25 |

Completed Audit & Consulting Engagements by Risk Area (Investigations excluded)

| Audit Engagement | Finance | Compliance | Operations | Reputation |
|---|----------------|-------------------|-------------------|-------------------|
| Social Media* | | | | X |
| MUHC Credentialing & Privileging | | X | | |
| UMSL Arts & Sciences Children's Service Funds | | X | | |
| System One Card Approval Process | X | | X | |
| Cardiology PACS Security Review | | X | | |
| General Officers Expense Reviews | X | X | | X |
| Revenue Generating Physician Contracts | | X | | |
| Maxient Security Review | | X | | |
| Lab Safety* | | X | X | |
| Monitoring of risks related to the revenue cycle implementation project | | | | |
| Monitoring of management action plan implementation | | | | |
| Risk assessment and audit plan development | | | | |
| Development of the Minors on Campus central hub | | | | |

 Indicates a consulting engagement



*Indicates audits performed in more than one location

The audits currently in process address compliance and operations risk areas.

Audit Completions since the April 2020 Board of Curator’s Meeting

Listed below are the internal audit assurance reports issued since the April 2020 meeting of the Board of Curators. An executive summary of the audits is included for your information.

There is a time-lag between when field work is completed and when a report is issued in order to provide appropriate time for agreed upon action plans to be written. The full audit reports are available upon request from the Office of Internal Audit and Consulting Services.

| Internal Audit Assurance Reports | Report Risk Rating |
|----------------------------------|---|
| Lab Safety, MU October 2019 |  |
| Lab Safety, UMSL April 2020 |  |

The reports include an executive summary including our assessed level of risk, as well as a summary of issues and management's action plan. The following page contains the criteria used for the assessment of risk.

In addition, the Office of Internal Audit and Consulting Services completed the Risk Assessment and FY 2020 Audit Plan Development work, and two investigation.

Internal Audit also completed a review of controls over effort reporting, which is not reflected in the final numbers. Opportunity was identified to standardize the information provided to principle investigators, which is an important activity for ensuring the accuracy of grant effort information flowing into the payroll system. Management has agreed to address this issue as part of the improvement activities planned and underway.

Assessment of Risk:

- 5 **Extreme** – Very significant impact to the Institution, campus, or unit. Significantly material in terms of financial impact, external compliance violation, adverse publicity, significant or pervasive weakness in control environment, significant inefficiencies, etc. Typically requires campus and UM System administration along with Board attention to resolve.
- 4 **High** – Major impact to the Institution, campus, or unit. Material in terms of financial impact, external compliance violation, adverse publicity, significant or pervasive weakness in control environment, significant inefficiencies, etc. Typically requires campus and/or UM System administration to resolve.
- 3 **Medium** – Moderate in terms of impact to the Institution, campus, or unit. Individual instance or an aggregate of low risk items considered moderate in terms of financial impact, compliance violation, adverse publicity, weakness in control environment, efficiency, etc. Typically requires leadership attention for the selected audit area to resolve with some input from campus and/or UM System administration.
- 2 **Low** – Minor in terms of impact to the Institution, campus, or unit. Relatively immaterial in terms of financial impact, no external compliance violation, little adverse publicity, minor inefficiencies, etc. Typically limited to leadership of the selected audit area to resolve.
- 1 **Negligible** – Incidental or no impact to the Institution, campus, or unit. Immaterial or no financial impact, no external compliance violation, no adverse publicity, minor inefficiencies, etc. Typically requires little or no action to resolve.



Background

Academic labs which house hazardous materials are not regulated as closely as other types of labs, such as those which house radioactive materials, or research which involves animal or human subjects. In 2011, following some significant chemical accidents at research universities, the American Chemical Society (ACS) convened a task force to study safety risks and opportunities for improvement in academic labs. Their report established best practices for creating a “safety culture,” which the task force noted must be the foundation of any academic safety program.

The ACS task force emphasized that “a critical part of every safety program is to establish collaborative and trusting interactions among members of the institution, especially among faculty, staff, and environmental health and safety professionals.”¹ At MU, many different stakeholders are responsible for creating a safe working environment in research labs.² These stakeholders include both academic researchers primarily concerned with the work being done in the labs, and staff responsible for the safe management of university facilities.

Issues Summary

The scope of work was limited to labs which house hazardous chemicals. The following issues, related to lab safety practices, were identified:

- Inconsistent practices for notifying Environmental Health & Safety (EHS) when labs are opened, and who is working in those labs
- Limitations on access to lab safety training
- No university lab incident reporting system
- Disconnected and inconsistent communication on lab safety issues between faculty and staff, resulting in practices which vary significantly by department and college
- No university governance structure over lab safety

Management Action Plan Summary

The Office of Research and Environmental Health & Safety will take several steps to align their processes with best practices for safety in research labs, including: revising and updating university policies to require researchers to notify EHS of the existence and location of all labs and lab workers; implementing a new process to ensure access for lab safety training to minors and others who currently require a courtesy appointment to

¹ Retrieved from <https://www.acs.org/content/acs/en/education/students/graduate/creating-safety-cultures-in-academic-institutions.html>

² All references to “labs” in this report are understood to be labs housing hazardous chemicals, unless otherwise noted.

complete this training; implementing a new incident reporting system; and creating a university Lab Safety Committee. These changes are designed to improve critical communication between all research stakeholders, and to promote and support a culture of safety.

Risk Rating Rationale

The risks identified create the potential for significant impacts to the university, including endangering faculty and student safety, external compliance violation, and adverse publicity.

Internal Audit Summary Report
UMSL Lab Safety
April 20, 2019



Background

Academic labs which house hazardous materials are not as closely regulated as other types of labs, such as those which house radioactive materials or that house research involving animal or human test subjects. At the University of Missouri Saint Louis (UMSL), there are many stakeholders responsible for lab safety including academic faculty, researchers, lab staff, the Environmental Health and Safety (EHS) Office and Facilities Management personnel. To help ensure that lab safety is a priority at UMSL, EHS staff have built an open relationship with faculty and staff working in labs where hazardous materials are present and they also sit on or advise active science committees within the Chemistry and Biology departments that regularly discuss lab safety. Further, EHS and the College of Arts and Sciences has a Lab Safety Plan (LSP) created in 2015 which is used as the primary policy and procedures governing lab safety practices.

Issues Summary

Based on the work performed, UMSL has policies and procedures in place to prevent accidents in labs, however, there are some improvements that should be made. Most of these areas were self-identified by EHS and/or the Chemistry and Biology department chairs prior to the audit, and plans to mitigate the risks are in process. The following areas were noted as areas for improvement regarding lab safety.

- The process to identify and change lab space status.
- Inconsistencies between the Lab Safety Plan policy and procedures and actual practices.
- Training documentation should be easily searchable and accessible.
- Rooftop access should always be secured and signage should be considered to warn personnel of potential injury from fume hoods.

Management Action Plan Summary

Management has committed to continue their work in resolving these issues.

Risk Rating Rationale

A risk ranking of 2 was assigned to acknowledge that management had self-identified most issues and had begun addressing these issues.

Audits Currently in Process

| Audit Area | Overall Objective | Status | Risk Area(s) |
|---------------------------------------|---|-----------|------------------------|
| MU Conflict of Interest/Commitment | Review policies and procedures to determine if they are adequate to comply with the Collected Rules and Regulations governing conflicts of interest. Assess the disclosure process, the process of evaluating potential conflicts, and the continuous monitoring of management plans for effectiveness. | Fieldwork | Compliance |
| Extension of the EMR to Lake Regional | Complete the evaluation begun in FY2020 of the Organized Healthcare Arrangement that governs the EMR extension to Lake Regional. | On hold | Compliance |
| MU International Programs | Evaluate compliance with internal policies and regulations governing travel abroad. | On hold | Compliance, Operations |

In addition, we are actively working four investigations.

HEALTH AFFAIRS

HEALTH AFFAIRS COMMITTEE

Maurice B. Graham, Chair

Ronald G. Ashworth (non-curator member)

John R. Phillips (non-curator member)

David L. Steelman

Robin R. Wenneker

Michael A. Williams

The Health Affairs Committee (“Committee”) assists the Board of Curators in overseeing the clinical health care operations of the University and in coordinating those operations in furtherance of the University’s teaching, research, and clinical missions.

I. Scope

The Committee provides oversight for the University’s clinical health care operations in the areas of:

- Mission, vision, and strategy;
- Governance and operational oversight;
- Quality of care and patient safety;
- Regulatory compliance;
- Financial planning and performance; and
- Coordination of the clinical, teaching, and research missions.

II. Executive Liaison

The Executive Vice Chancellor for Health Affairs of the University of Missouri-Columbia or some other person(s) designated by the President of the University, with the concurrence of the Board Chair and the Committee Chair, shall be the executive liaison to the Committee and responsible for transmitting Committee recommendations.

III. Responsibilities

In addition to the overall responsibilities of the Committee described above and in carrying out its responsibilities regarding clinical health care operations, the charge of the Committee shall include:

1. Reviewing and making recommendations to the Board regarding:
 1. actions that are appropriate or necessary to assist the Board in overseeing clinical health care operations or coordinating the teaching, research, and clinical missions;
 2. significant actions related to health care which should require advance notice or approval by the Committee or Board; and
 3. other matters referred to it by the Board and University officers.
2. Requesting, receiving, and reviewing reports and other information from University officers and advisors regarding health care operations, coordination of the teaching, research, and clinical missions, and related matters, including meeting at least quarterly and receiving regular reports from appropriate officers of University of Missouri Health Care, the MU School of Medicine, and the MU Health Chief Compliance Officer.

3. Additional matters customarily addressed by the health affairs committee of a governing board for an institution of higher education.

IV. Committee Membership and Quorum Requirements

The Committee's membership may include non-Curator members in addition to Curator members. Subject to approval of the Board, the Board Chair shall determine the number of Curator and non-Curator members to appoint to the Committee and shall select individuals to serve as members of the Committee; provided that, the number of non-Curator members on the Committee shall not exceed the number of Curator members on the Committee, unless the Committee temporarily has more non-Curator members than Curator members because a Curator member of the Committee has resigned from the Board or the Committee. Non-Curator members may resign their Committee membership by providing written notice to the Board Chair. Non-Curator members of the Committee serve at the pleasure of the Board and may be removed by the Board Chair at any time, subject to approval of the Board.

A quorum for the transaction of any and all business of the Committee shall exist when:

1. Both a majority of all Curator members of the Committee and a majority of all members of the Committee are participating for Committee meetings which are held in conjunction with meetings of the Board; or
2. Both all Curator members of the Committee and a majority of all members of the Committee are participating for Committee meetings which are not held in conjunction with meetings of the Board; or
3. Both a majority of all Curator members of the Committee and a majority of all members of the Committee are participating for Committee meetings which are held solely for the purpose of reviewing and overseeing compliance matters.

Approved by the Board of Curators: April 9, 2020

University of Missouri



Board of Curators

Health Affairs Committee Meeting - **REVISED**

Wednesday, June 10, 2020
1:00 P.M.

This Committee Meeting is being held in conjunction with the June 18-19, 2020 Board of Curators Meeting.

Originating:

From remote locations via conference telephone and Zoom webinar.

Please click the link below to join the webinar:

<https://umsystem.zoom.us/j/92081758249>

Or Telephone:

Dial US: +1 646 876 9923

Webinar ID: 92081758249

AGENDA

PUBLIC SESSION – 1:00 P.M.

Call to Order – Chair Graham

Roll Call of the Committee

Information

1. Executive Vice Chancellor for Health Affairs Office and Plans (Richard Barohn)
2. COVID-19 Pandemic Response Update (Jonathan Curtright and Dean Zweig)
3. Quarterly Compliance Report, MU Health – written report only (Jennifer May)
4. Quarterly Financial Report, MU Health – (Kay Davis and Vic Arnold)

Action

1. Amendment, Collected Rule and Regulation 440.040, University Physicians Medical Practice Plan (Dr. Choma, Vic Arnold)
2. Minutes Approval, January 30 and April 9, 2020 Health Affairs Committee Meetings

3. Resolution for Executive Session of the Health Affairs Committee Meeting, June 10, 2020

2:30 P.M. HEALTH AFFAIRS COMMITTEE MEETING – EXECUTIVE SESSION
(time is approximate)

Location: Zoom Webinar and Conference Telephone

The Health Affairs Committee will hold an executive session of the June 10, 2020 meeting, pursuant to Section 610.021(1), 610.021(2), 610.021(3), 610.021(12) and 610.021(14) RSMo, for consideration of certain confidential or privileged communications with University Counsel, real estate, personnel, contract items, and records protected by law, all as authorized by law and upon approval by resolution of the Health Affairs Committee.

Recess



Health Care

Rick Barohn, MD, EVC for Health Affairs

Jonathan Curtright, Chief Executive Officer

Steve Zweig, MD, Dean, School of Medicine

Agenda

- **EVC for Health Affairs**
- **Leadership Focus and Strategic Plan**
- **Performance Metrics**
- **MU Health Care Response to COVID-19**
- **FY2020 and 2021 Performance with Impact of COVID-19**
- **Discussion**

Leadership for MU Health



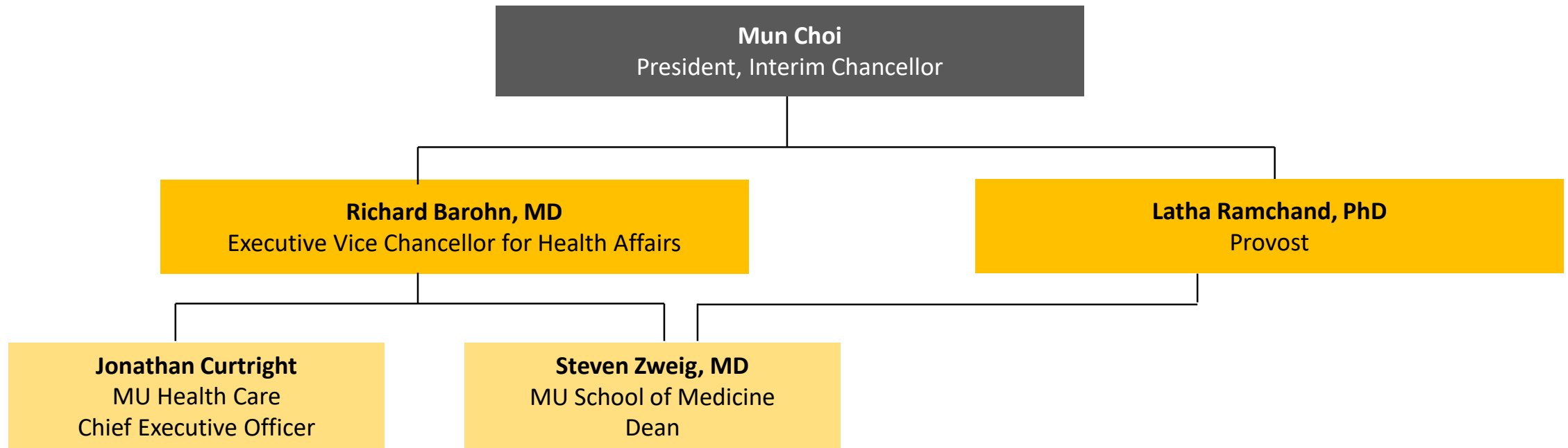
Richard Barohn

Executive Vice Chancellor for Health Affairs

Executive Scientific Director NextGen Precision Health Institute

- Official start date: May 11
- Duties: Lead MU Health Care, MU School of Medicine and NextGen Precision Health Institute
- Currently establishing EVCHA office/staff
- My approach
 - Stability
 - Service
 - Safety
 - Success

Organizational Structure



NextGen Precision Health Institute

**Currently on
budget/on time**

**Completion
October 2021**





Jonathan Curtright, Chief Executive Officer

MU Health Care Foundation Principles

MISSION

Save and Improve Lives

VISION

Missouri's Premier Academic Health System

VALUES

Respect • Responsibility • Discovery • Excellence

Leadership Focus and Alignment

Quality & Safety

- Performance Improvement quality & safety projects
- Vizient Quality & Accountability Study Rankings

Efficiency & Financial Performance

- COVID-19 Impact
- Efficiency and Operations
- Labor expense management
- Net Operating Income and Margin

Strategic Planning

- Re-Emergence planning and strength
- Academic Health Center Planning with Kaufman Hall
- Clinical Scale Strategy

Strategic Initiatives – Golden Threads

Strategic Imperatives



Deliver World-Class Health Care, Including Precision Health, Regardless of Where They Live or Ability to Pay



Fulfill Our Rural, Land-grant Mission



Empower Our People Through A Culture of Innovation and Optimization



Achieve Scale Needed to Support Clinical & Academic Excellence

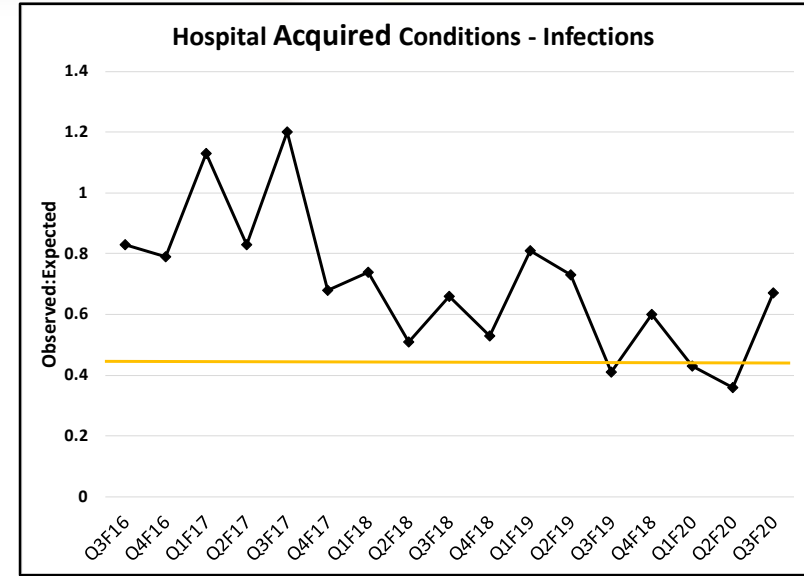
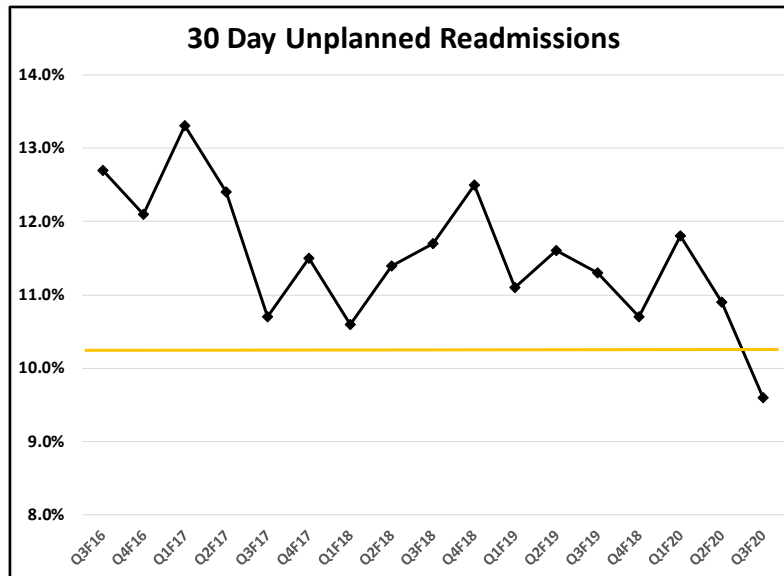
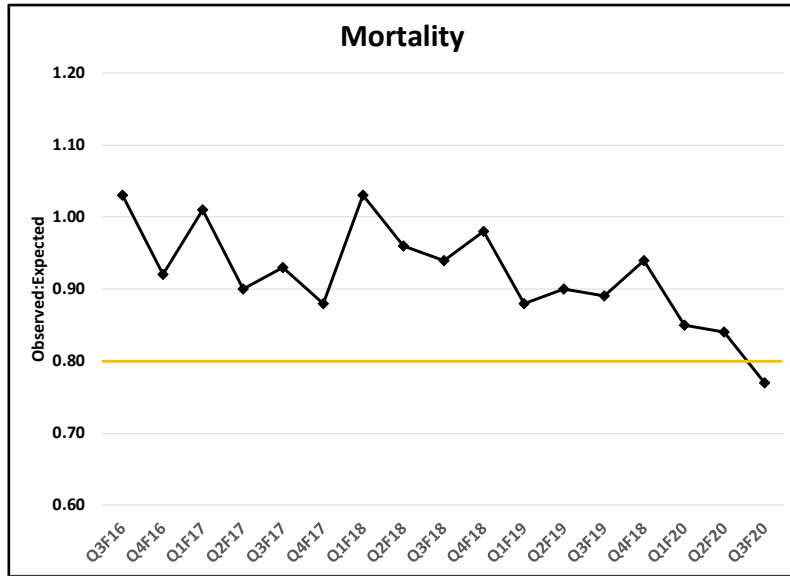


Cultivate Relationships to Increase Philanthropy



Performance Metrics

Operating Metrics: Quality and Safety

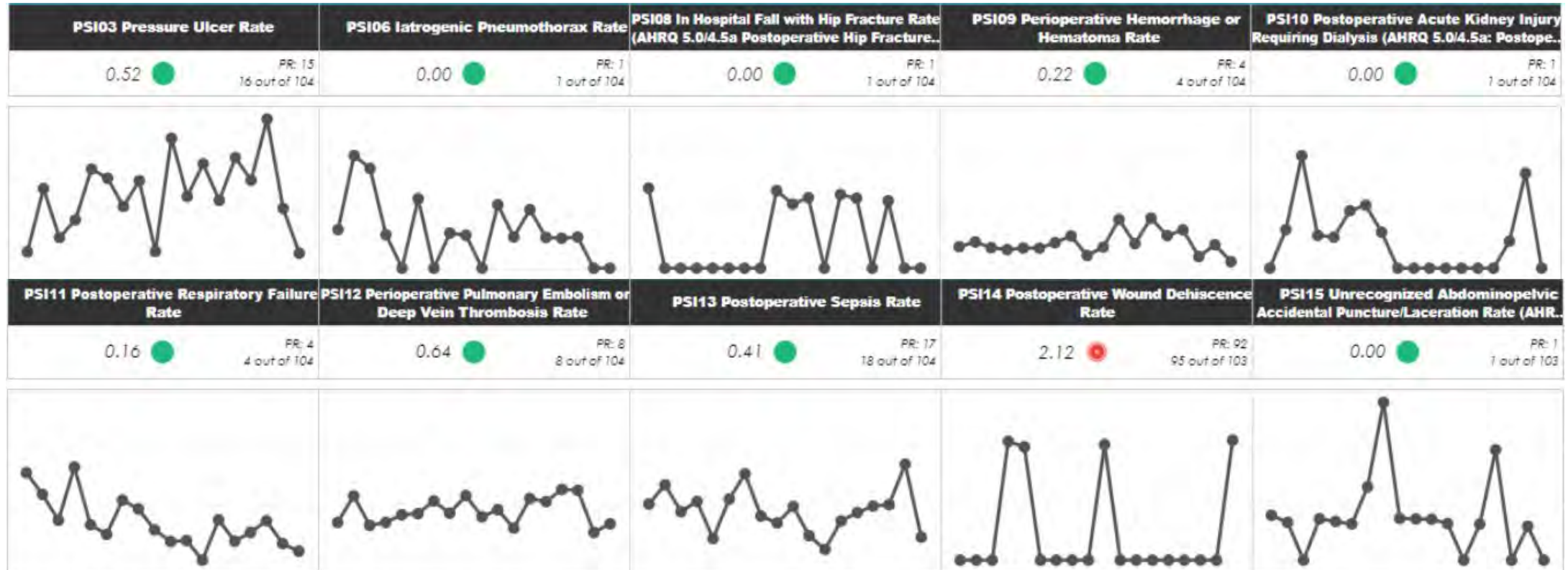


- Vizient rankings improving YTD
- Goal of top quartile each year
- Vizient rankings include 94 AHCs

Patient Safety Indicators

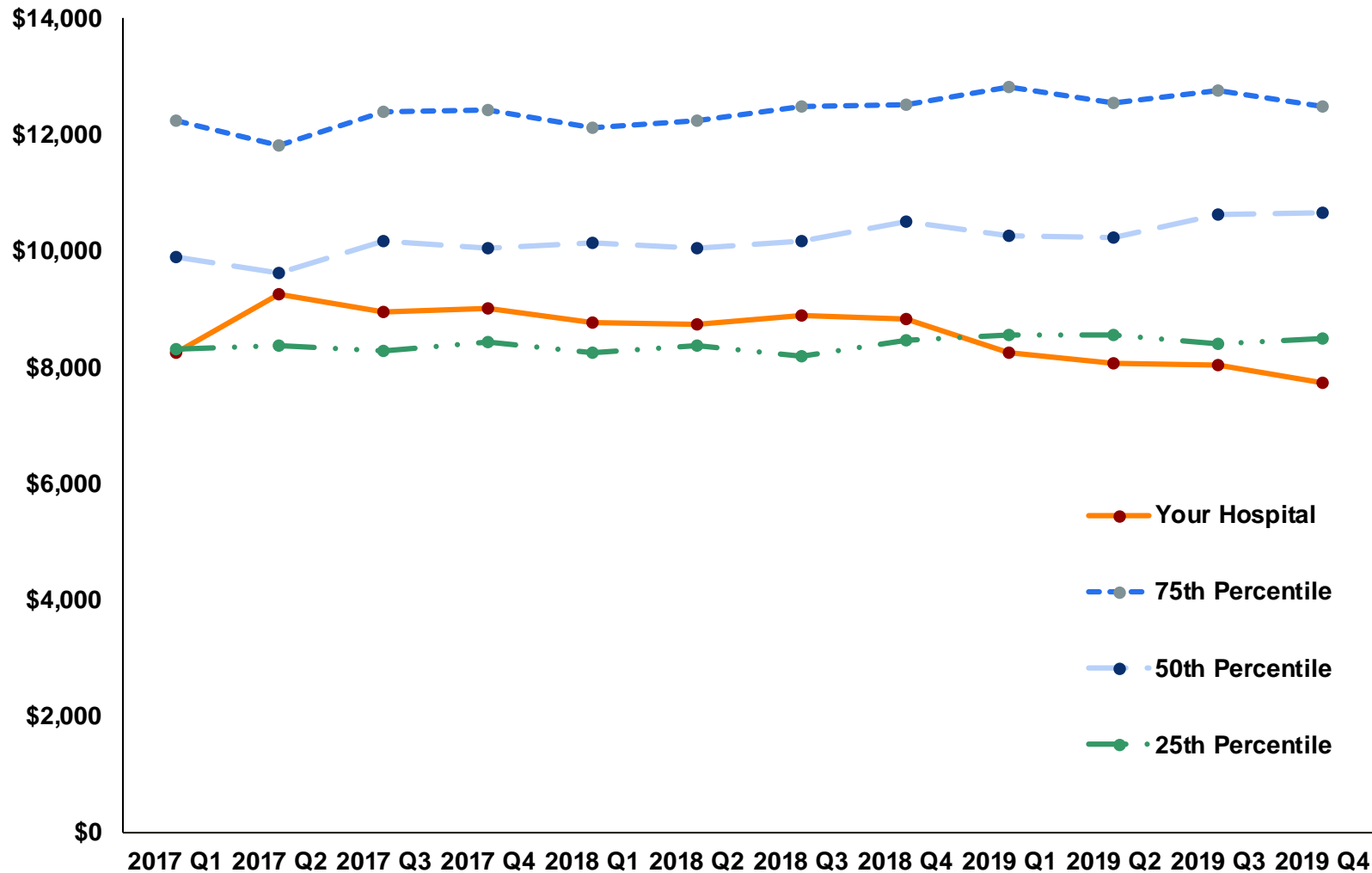
Latest Three Months through March 2020

Trends represent quarterly results since January 2016



Top Quartile performance in nine out of 10 PSI Metrics for Q3FY20

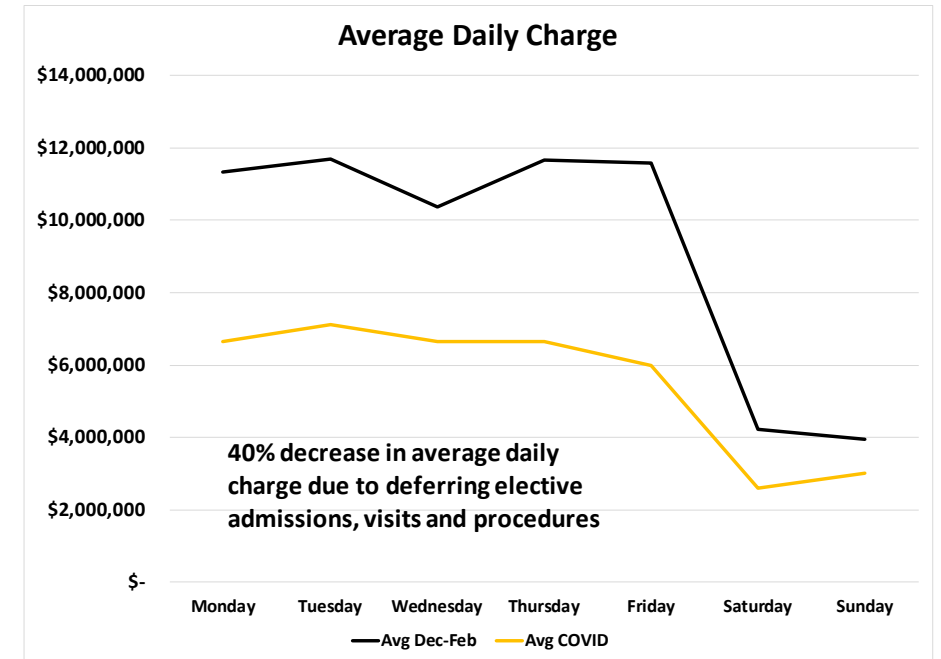
CMI Adjusted Expense per Adjusted Discharge



Compared to our AAMC-COTH peers, we have had great success at improving and sustaining lower cost care delivery for our patients

FY20 Performance

- February 2020
 - *FYTD Operating Income at \$52M (7.1% margin) and with increasingly strong volume performance and stewardship and efficiency initiatives, we expected to end the year on budget*
- March and April 2020
 - Operating loss of \$8M
 - Clinical volumes down 30-60%
- ***Projected year-end FY2020 \$55M NOI***
- ***Must fundamentally transform operations***





MU Health Care Response to COVID-19

COVID-19 Tiered Response

Guided by Incident Command Structure

Incident Command Lead

- Operations Section Chief
- Finance Section Chief
- Planning Section Chief

Our timeline of response

- March 13 – Incident command established
- March 17 – Announced our first COVID-19 case
- March 18 – Activated Level 2 response
- March 22 – Activated Level 3 response
- May 14 – Moved to C.A.R.E. response (Continued Active Response Environment to COVID-19)

Snapshots From Our Response



Testing for COVID-19



Keeping patients safe



Supplying & cleaning masks



Offering temporary daycare



Partnering with the community



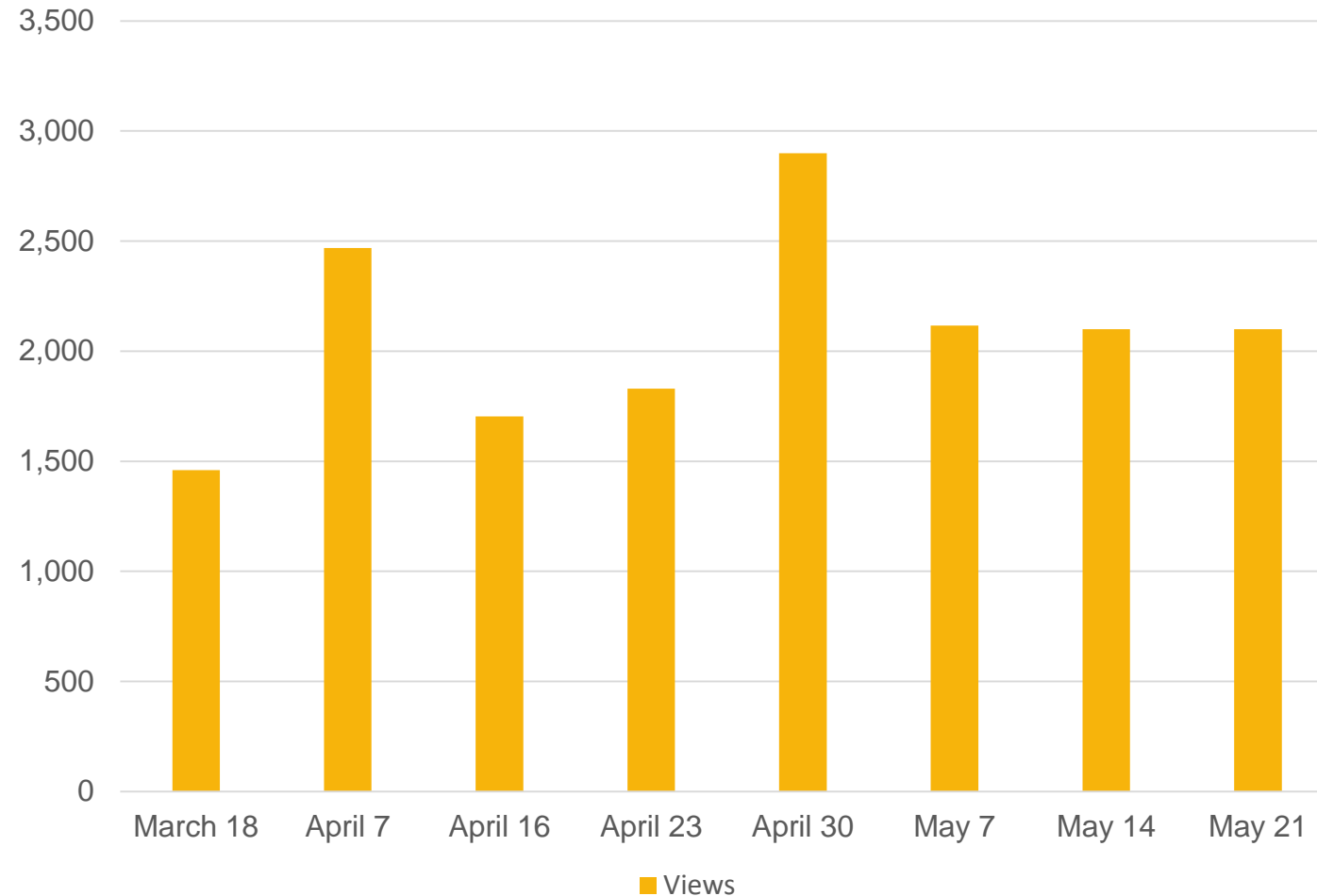
Planning for the future

Keeping MU Health Care Informed

Virtual town halls

- Provide updates
- Solicit feedback
- Answer questions
- Leadership visibility

Virtual Town Halls





FY2020 and 2021 with Impact of COVID-19

Short Term Actions – COVID-19 Response

- **Expense management**
 - 10% Executive comp. decreased for 3 months
 - 1,200+ furloughed/pay decrease in Q1 FY2021
 - 400+ paid FTEs decrease March/April 2020
 - 350+ vacant positions eliminated
 - 129 agency contracts eliminated
 - 61 employees laid-off April/May 2020
 - **\$75.8M April expense v. \$85.6M March YTD**
- **Revenues and volumes**
 - \$19.7M Stimulus funds (Consultant retained)
 - \$17M DSH liability income
 - **90% of pre-COVID-19 clinical volumes**
- **Liquidity and Capital Spending**
 - \$35M WCH envelope project eliminated
 - \$15M S. Providence real estate project eliminated
 - Closely managing all capital spend (COO, CFO)
 - **200+ days cash on hand. Increased from 190.**
- **Innovation and Academic Investments**
 - Telehealth and ambulatory services
 - Inpatient and ambulatory consolidations
 - Exclusive provider networks
 - **Continued investments in academic excellence (\$5M for NextGen, \$15M Academic Support)**

FY 2021 Budget - Major Assumptions

Expenses

- Labor management levers remain
- No merit salary adjustments
- Major consolidations
- Supply chain (Partners Co-Op, Surgical Preference Cards, Implants)


Revenues

- Volumes down approximately 20% in aggregate for first quarter FY 2021
- Volumes on-budget October 2020
- Medicaid rate decrease for 3 months of FY2021
- Specialty pharmacy growth
- Exclusive custom provider network

We Will Re-emerge Stronger

- **Significant gains** in quality, safety, service, and efficiency
- **Managing our expenses** using multiple levers
- Re-emergence planning, **volumes returning**
- **Transformations and consolidations** now vs. future with COVID-19 major accelerator
- Aggressive FY2021 budget -- **net operating income of \$70M**

OUR MISSION
TO SAVE AND IMPROVE LIVES.

 Health Care



School of Medicine

University of Missouri

Steven Zweig, MD, Dean

SOM Mission and Vision

Mission

To improve the health of all people, especially Missourians, through exemplary education, research and patient-centered care

Vision

To be a transformational leader in improving health

Year in Review – April YTD

- Net Clinical Revenue: \$5.9M
- Research Growth FY19-FY20
 - 10% Growth in Awards
 - 31% Growth in Expenditures
- Capital Plan Execution
- Clinical Faculty Growth: 36 (Net New)
- Collaborative Clinical and Research Strategic Plan Development
- New strategic PHI research hires: 19 (7 joint hires with other MU colleges)
- 99% Resident Match Rate



SOM Current Non-emergent Procedures



- **Surgical Cases: -40% down**
- **Cath lab Procedures: -50% down**
- **GI Lab (Endoscopy): -80% down**
- **Orthopaedic Surgery: -60% down**

Immediate Actions

FY20



10% all faculty pay reduction:
May–July (May only if incentive >30% of
compensation)



One week of furlough all staff
OR
10% pay reduction May-July



Eliminate or hold staff positions



Minimize spending

Estimated Savings



\$3.8 million



\$4 million



~\$5 million (annually)

SOM FY21 Budget Actions

| Personnel | Other Spending |
|--|--|
| Workforce reductions | Consolidation of administrative functions/unit |
| Furloughs | Travel reductions (50% of FY20) |
| Faculty (fte) reductions | Limit food expenses |
| Tenure track effort reductions | Capital deferrals |
| Review of non-tenure track | Expenses > \$2500 require CFO approval |
| Temporary increase of clinical effort (to address clinical backlog) | Maintenance agreements require CFO approval |
| No merit increases | |
| Dean's office approval required for: <ul style="list-style-type: none"> • Use of locums • Use of recruitment firms • Use of temporary staff | |

Challenges and Opportunities

Social response to pandemic transformed our practice

- Telemedicine -- Faculty went from 0 to 4,000/week virtual visits; last week clinics at 88% pre-COVID-19 capacity
- Emergency Department created virtual assessments, drive-thru testing, and ED triage system
- Hospital and ICU teams cared for COVID-19 and COVID-19-positive patients
- Pathology created collaboration for testing
- Daily message from leadership and Clinician Wellness Program to sustain confidence and morale
- Plans going forward must include virtual visits for local and outreach practices



Challenges and Opportunities

Lack of timely data and decisions on infections and PPE

- MUHC created incident command process led by Mary Beck, CNO and Steve Whitt, CCO with hospital and SOM team members – meeting twice a day to address problems and create policies

Almost total decline in non-emergent surgical cases

- Working with department and health system to make up backlog and care for new patients

Changing rules for reimbursement for telemedicine

- UP staff learned new models of coding and documentation

Students kept from campus

- Faculty created online curricula for pre-clinical and clinical medical students

Cancelled important rituals for our students

- Created virtual Match Day and Graduation ceremonies (Honors & Awards, Commencement)

PHI: Research Investments FY20

| Faculty Name | Department | Joint Hire | PHI Columns | | | | Deans Support |
|------------------------|------------------------|------------|-------------|--------|-------|----------|---------------|
| | | | Vascular | Cancer | Neuro | Emerging | CARTS R |
| ALLEN, Lee-Ann | MMI | | | | | X | 3,500,000 |
| ANDERSON, Carolyn | Chemistry/ Radiology | A&S | | X | | | 732,500 |
| BAKER, Olga | ENT/Biochemistry | | | X | | | 800,000 |
| CHEN, Shiyou | Surgery | | X | | | | 1,650,000 |
| CURTIS, Ashley | Psychiatry | | | | X | | 95,000 |
| DHILLON, Jaapna | NEP | | X | | | | 300,000 |
| EDWARDS, Bernie | Radiology/Biochemistry | A&S | | X | | | 822,750 |
| FROELIGER, Brett | Psychiatry | A&S | | | X | | 483,333 |
| LANGE-OSBORN, Margaret | MMI | | | | | X | 350,000 |
| LI, De-Pei | Medicine | | X | | | | 700,000 |
| LI, Yuanyuan | OB/Gyn | | X | X | | | - |
| MA, Weijun | MMI | CVM | | | | X | 610,000 |
| NAVARI, Rudolph | Medicine | | | X | | | - |
| RAO, Praveen | HMI | COE | | | | X | - |
| SHIRWAN, Haval | Child Health | | X | X | X | X | 1,500,000 |
| WAN, Henry | MMI | COE | | | | X | 1,000,000 |
| WARREN, Wes | Surgery | CAFNR | | X | | | 175,000 |
| Whiting, Rebecca | Ophthalmology | | | | | | 500,000 |
| YOLCU, Esmā | Child Health | | X | X | X | X | 1,500,000 |
| | | | | | | | 14,718,583 |

PHI Research: Addiction (Neuroscience)



Brett Froeliger, PhD
Professor
Psychiatry; Psychology

Dr. Brett Froeliger joined MU this week coming from the Medical University of South Carolina. He is bringing 4 NIH grants (over \$5 million in awards) supporting his research on brain imaging and addiction.

PHI Research: Salivary Gland Function (Cancer)



Olga Baker, PhD, DDS
Professor
Otolaryngology-Head and
Neck Surgery;
Biochemistry

Dr. Olga Baker is bringing to MU \$1.5 million in funding (two NIH grants awards) from the University of Utah to advance her research on salivary gland regeneration and the effects of radiation treatment on salivary gland function.

PHI Research: Aortic Aneurysms (Vascular)



Shiyou Chen, PhD
Professor
Surgery

Coming to MU in 2019, Dr. Shiyou Chen in the department of surgery and has add two new NIH awards worth \$4.4 million to funding he brought to MU. His work is in the cellular inflammatory mechanisms contributing to the development of aortic aneurysms.

PHI Research: Influenza (Emerging Infections)



Xiu-Feng "Henry" Wan, PhD
Professor
Molecular Microbiology &
Immunology

Since arriving last year, Dr. Wan has received over \$8.6 million in awards from NIH, USDA, and NSF on influenza structure, immunization, and transmission.

Virtual Commencement – click to play video



Memo

To: Board of Curators – Health Affairs Committee
University of Missouri System

From: Jennifer P. May, J.D.
Chief Compliance Officer
MU Health

Date: June 10, 2020

Re: Compliance Program Update

- A. Executive Compliance Committee – Overview of Activities FY20 YTD
 - a. General
 - i. 9 meetings (monthly except November; planned for June)
 - ii. Continued to refine compliance content area data reports
 - b. Topic Reports
 - i. Corporate Integrity Agreement Updates
 - 1. Obligations Review and Status Update (monthly)
 - 2. Review of Annual Report (Aug, Sept)
 - 3. Claims Review (Aug, Sept, Mar)
 - 4. Training Plan review (Mar)
 - ii. Compliance Reports
 - 1. General Program (compliance, privacy, information security) updates and program reviews (monthly)
 - 2. Privacy Incident Update (Aug, Sept, Dec, May)
 - iii. Risk Assessment and Work Plans
 - 1. Internal Audit update (Oct, Mar)
 - 2. Risk Assessment Process (May)
 - 3. FY20 Compliance Work Plan update (monthly)
 - 4. FY21 proposed work plan (scheduled for June)
 - iv. Other
 - 1. Board Agenda Review (Sept, Feb)
 - 2. Coding Compliance Plan (Oct)
 - 3. Healthicity (compliance software) Implementation (Dec)
 - 4. MU Health Code of Conduct (Dec, scheduled for June)
 - 5. Regulatory Affairs Update (Jan, Mar)

B. Ethics and Compliance Hotline

- a. FY19 Year End: 58 cases
- b. FY20 YTD: 49 cases

C. Compliance Program Update**a. Training and Education**

- i. As of May 28, 88% of current employees completed training modules
 1. Deadline: May 31, 2020 (extended due to COVID-19)
 - a. All Covered Persons learning set – 91%
 - b. Billers/Coders learning set – 99%
 - c. Providers learning set – 90%
 2. rolling process with HR to identify new employees
 3. for the past three years, 100% completion has been achieved by the end of the reporting period (June 30)
- ii. Orientation for all new employees on the Code of Conduct (bi-weekly)
- iii. Live training session to educate leaders (managers and above) on the Code of Conduct (Sept)

b. Management Certifications

- i. Annually, certifications of compliance must be made by management level personnel, as identified by title in the CIA
- ii. Process will be completed by June 30, 2020

c. Exclusion Screening

- i. Monthly checks conducted by a vendor
- ii. As of May 28, three confirmed matches have occurred during FY20; all cases closed with appropriate action
- iii. Expanded scope of responsibility to include UM System and SOM vendor files

d. Policy Updates scheduled for completion by June 30, 2020

- e. Monitoring and auditing projects for FY20, both scheduled and added to the work plans, as of May 28:
 - i. 47 audits/investigations, and 9 targeted probe reviews
 - ii. responded to 97 inquires related to topics such as coding, billing, CMS guidelines and physician oversight obligations
 - iii. 8 on-going monitoring programs
 - iv. 385 HIPAA reports and investigations, with 63 reportable incidents
 - v. cybersecurity penetration testing and results assessment
 - vi. collaboration with campus information technology and Tiger Institute on assessment and implementation of Microsoft Office 365

- vii. various support activities related to COVID-19, including telehealth rule implementation, patient privacy chart audits, and information security support for remote workforce expansion
- f. Risk Assessment and Compliance Plan for FY21
 - i. Truncated risk assessment due to COVID-19
 - ii. Proposed Compliance Plan for FY21 in development and will be presented to ECC in June 2020

Memo

To: Board of Curators – Health Affairs Committee
University of Missouri System

From: Jennifer P. May, JD, CHC
MU Health Chief Compliance Officer

Date: June 10, 2020

Re: Summary of Materials Reviewed YTD in Oversight of MU Health Compliance Program during Fiscal Year 2020 / CIA Reporting Period 4

In addition to discussions which occurred during both open and closed sessions of the Board meetings, below is a summary of the topic updates and materials reviewed by the Health Affairs Committee as of the date of this memo and during the fourth Reporting Period under the Corporate Integrity Agreement and in support of its oversight of the MU Health Compliance Program.

September 18, 2019

- CIA Reporting Period 3 Completion Update
- Annual Report elements and highlights
- Resolution request and approval

November 13, 2019

- CIA Reporting Period 4 Update
- Corporate Compliance Structure Review
- Compliance Program Update
- Privacy Program Update
- Information Security Program Update

January 30, 2020

- CIA Reporting Period 4 Update
- Compliance Program Update
- Information Security Program Update
- Privacy Program Update
- Review of Organized Health Care Arrangement structure and operations

April 2, 2020

- CIA Reporting Period 4 Update
- Compliance Program Update
- COVID-19 Compliance Report
- Work Plan and Volume Trends for Compliance and Privacy programs

University of Missouri Health System Corporate Integrity Agreement
Activities Summary and Completion Tracking - Reporting Period 4

| CIA Section # | CIA Section Title / Content Summary | Action Item | Assigned To | Completed |
|---------------|-------------------------------------|---|---------------------|--------------|
| III.A.1 | Chief Compliance Officer | quarterly reports to BOC | CCO / BOC HAC | 30-Jun-2020 |
| III.A.2 | Compliance Committee | quarterly meetings of ECC | CCO | 30-Jun-2020 |
| III.A.3 | BOC Compliance Obligations | description of materials reviewed | BOC (CCO) | 1-Oct-2020 |
| III.A.3 | BOC Compliance Obligations | resolution | BOC (CCO) | 1-Oct-2020 |
| III.A.4 | Management Certification | annual certification of compliance | CCO | 30-Jun-2020 |
| III.B.1 | Code of Conduct | annual review of COC | CCO | 30-Jun-2020 |
| III.B.1 | Code of Conduct | annual distribution to all Covered Persons | CCO | 30-Jun-2020 |
| III.B.2 | Policies & Procedures | annual review of all compliance policies | CCO | 30-Jun-2020 |
| III.C.1 | Training Plan | furnish training to all Covered Persons | CCO | 30-Jun-2020 |
| III.C.3 | Certification | Covered Persons certification of training | CCO | 30-Jun-2020 |
| III.C.5 | Update of Training Plan | annual review of training plan | CCO | 23-Mar-2020 |
| III.C.5 | Update of Training Plan | changes to training plan (<i>requires OIG approval</i>) | CCO | 26-Mar-2020 |
| Appendix B | Claims Review | annual review | IRO | 1-Oct-2020 |
| Appendix B | A.1.c. Population | furnish patient census and payor mix to OIG | CCO/ UP | 30-Mar-2020 |
| Appendix B | A.1.c. Population | proposed subset of claims for review (not req'd) | CCO / UP | 30-Mar-2020 |
| Appendix B | A.3 Repayment of Overpayments | UMHS shall repay IRO-identified overpayments | UP | if necessary |
| Appendix B | B. Claims Review Report | IRO prepares / CCO filed with Annual Report | IRO / CCO | 1-Oct-2020 |
| III.E | Risk Assessment and Internal Review | annual risk assessment conducted | CCO/ Internal Audit | 30-Jun-2020 |
| III.F | Disclosure Program | maintain disclosure log / record of disclosures | CCO | 30-Jun-2020 |
| III.G.2.b | Screening Requirements | screen current Covered Persons - annually - SAM | CCO | 30-Jun-2020 |
| III.G.2.b | Screening Requirements | screen current Covered Persons - montly - LEIE | CCO | 30-Jun-2020 |
| III.J.2 | Reporting of Reportable Event | notification to OIG of reportable event | CCO / CPO | as necessary |
| V.B | Annual Reports | submission of annual report | CCO | 1-Oct-2020 |
| V.C.1 | Certifying Employees | management certifications in annual report | CCO | 1-Oct-2020 |
| V.C.2 | CCO and EVC-HA | certification by CCO and EVC-HA in annual report | CCO / EVC-HA | 1-Oct-2020 |
| | | | | |

University of Missouri Health System Corporate Integrity Agreement
Activities Summary and Completion Tracking - Reporting Period 4

| COMPLETED DURING REPORTING PERIOD 1 | | | | |
|--|--------------------------------------|--|----------------------|-----------------|
| III.A.2 | Compliance Committee | appmt of Committee (ECC) / CCO chair | CCO | Completed RP1 |
| III.A.4 | Management Certification | written process for certifications | CCO | Completed RP1 |
| III.B.1 | Code of Conduct | implementation of code of conduct | CCO | Completed RP1 |
| III.B.1 | Code of Conduct | performance eval process includes Code of Conduct | HR | Completed RP1 |
| III.B.2 | Policies & Procedures | implementation of compliance policies | CCO | Completed RP1 |
| III.B.2 | Policies & Procedures | performance eval process includes policies | HR | Completed RP1 |
| III.B.2 | Policies & Procedures | (see a. - h. for policy topics) | CCO | Completed RP1 |
| III.B.2 | Policies & Procedures | policies available to all Covered Persons | CCO | Completed RP1 |
| III.C.1 | Training Plan | develop written training plan | CCO | Completed RP1 |
| III.C.2 | BOC Training | provide 2-hour training to BOC (certifications signed) | CCO / BOC Office | Completed RP1 |
| III.D.1.a | Engagement of IRO | engage IRO, as required in Appendix A | Finance | Completed RP1 |
| III.G.2.b | Screening Requirements | screen current CPs - initial | CCO | Completed RP1 |
| III.G.2.b | Screening Requirements | policy for Covered Persons to disclose exclusion | CCO | Completed RP1 |
| III.I.2 | Overpayments Policies and Procedures | develop and implement written policy | Finance | Completed RP1 |
| V.A | Implementation Report | submission of implementation report | CCO | Completed RP1 |
| V.C.3 | CFO of UMHS | first annual report only; cert of settlement agmt | CFO | Completed RP1 |
| COMPLETED PRIOR TO EFFECTIVE DATE | | | | |
| III.A.1 | Chief Compliance Officer | appmt of CCO/job duties | EVC-HA | Completed Prior |
| III.E | Risk Assessment and Internal Review | annual risk assessment process established | CCO / Internal Audit | Completed Prior |
| III.F | Disclosure Program | establish disclosure program (hotline) | CCO / Internal Audit | Completed Prior |
| III.G.2.a | Screening Requirements | screening process for prospective Covered Persons | HR | Completed Prior |

Finance Updates



MU Health Care Finance Updates

Agenda

- **Income Statement/Financial Results – April YTD**
- **Ratios and Benchmarks**
- **Capital Status**
- **COVID 19 Update**
- **Budget FY 21 Targets**

Financial Results – April YTD

Utilization

- FYTD patient utilization is lower than plan, exclusively due to the volume reductions necessary in March and April to manage the impact of COVID-19. Planned return of volumes began in late April.

Patient Revenue

- 1.4% lower than plan, primarily due to COVID-19
- OP Ancillary Revenue and Specialty Pharmacy remain strong

Expense Trend

- Salaries and Wages
 - \$1.9M in COVID-19 Salary Expense
 - April Overtime and Agency was 70% lower than historic spend
- **Supplies and Pharmaceuticals**
 - April expense was 21% lower than plan

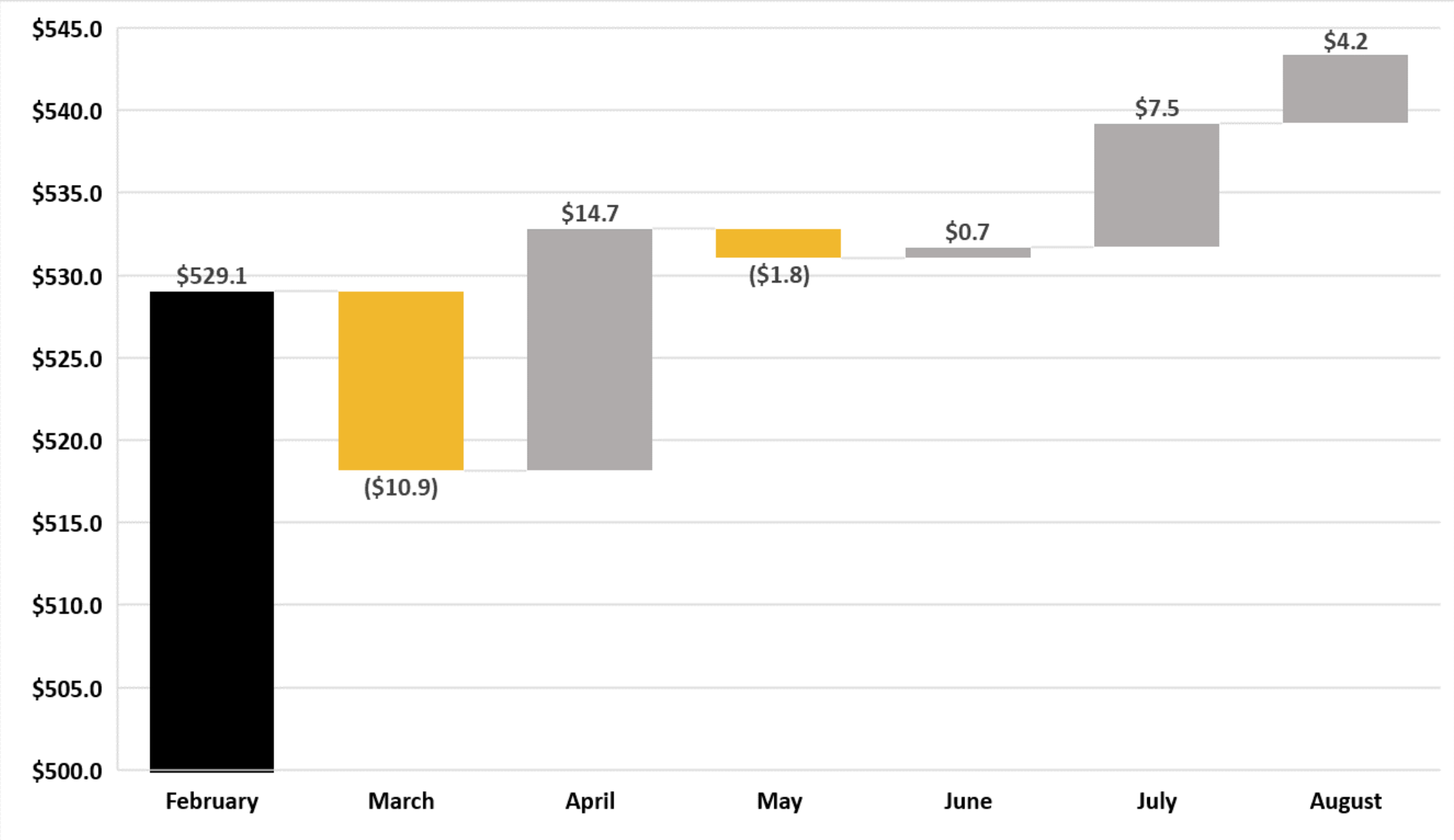
Financial Results – Consolidated Income Statement

| April 2020 | | | | | | Financial Results | April Year-to-date | | | | | |
|-------------------|---------------|------------------|--------------|------------------|--------------|---------------------------------|--------------------|--------------|-------------------|--------------|-------------------|--------------|
| Actual | % | Plan | % | Prior Year | % | | Actual | % | Plan | % | Prior Year | % |
| \$ 70,349 | 100.0% | \$ 89,112 | 100.0% | \$ 92,248 | 100.0% | Total operating revenue | \$ 891,048 | 100.0% | \$ 903,951 | 100.0% | \$ 884,450 | 100.0% |
| | | | | | | Operating expenses | | | | | | |
| 34,034 | 48.4% | 36,283 | 40.7% | 35,079 | 38.0% | Salaries & benefits | 370,641 | 41.6% | 366,973 | 40.6% | 354,750 | 40.1% |
| 16,199 | 23.0% | 20,631 | 23.2% | 23,298 | 25.3% | Drugs & supplies | 221,139 | 24.8% | 209,379 | 23.2% | 207,298 | 23.4% |
| 6,929 | 9.8% | 6,689 | 7.5% | 6,465 | 7.0% | Purchased services | 67,795 | 7.6% | 66,887 | 7.4% | 65,199 | 7.4% |
| 4,153 | 5.9% | 3,831 | 4.3% | 3,830 | 4.2% | FRA | 41,577 | 4.7% | 38,309 | 4.2% | 38,313 | 4.3% |
| 4,053 | 5.8% | 4,037 | 4.5% | 3,828 | 4.1% | Depreciation & amortization | 39,683 | 4.5% | 40,306 | 4.5% | 38,890 | 4.4% |
| 10,390 | 14.8% | 10,704 | 12.0% | 10,785 | 11.7% | Other expenses | 106,768 | 12.0% | 110,658 | 12.2% | 109,488 | 12.4% |
| \$ 75,758 | 107.7% | \$ 82,175 | 92.2% | \$ 83,285 | 90.3% | Total operating expenses | \$ 847,603 | 95.1% | \$ 832,512 | 92.1% | \$ 813,938 | 92.0% |
| \$ (5,409) | (7.7%) | \$ 6,937 | 7.8% | \$ 8,963 | 9.7% | Operating income | \$ 43,445 | 4.9% | \$ 71,439 | 7.9% | \$ 70,512 | 8.0% |
| 19,745 | 28.1% | - | 0.0% | - | 0.0% | Contributions | 19,745 | 2.2% | - | 0.0% | - | 0.0% |
| 3,694 | 5.3% | 416 | 0.5% | 2,779 | 3.0% | Investment income | (11,873) | (1.3%) | 4,164 | 0.5% | 1,744 | 0.2% |
| (946) | (1.3%) | (912) | (1.0%) | (1,005) | (1.1%) | Financing costs | (9,455) | (1.1%) | (9,438) | (1.0%) | (10,151) | (1.1%) |
| 193 | 0.3% | 142 | 0.2% | 52 | 0.1% | Other non-operating | 1,057 | 0.1% | 1,420 | 0.2% | 1,068 | 0.1% |
| (736) | (1.0%) | (734) | (0.8%) | (925) | (1.0%) | Transfers | (7,174) | (0.8%) | (7,220) | (0.8%) | (6,225) | (0.7%) |
| (1,250) | (1.8%) | (1,250) | (1.4%) | (833) | (0.9%) | Academic mission support | (12,500) | (1.4%) | (12,500) | (1.4%) | (8,333) | (0.9%) |
| \$ 15,291 | 21.7% | \$ 4,599 | 5.2% | \$ 9,032 | 9.8% | Net income | \$ 23,245 | 2.6% | \$ 47,864 | 5.3% | \$ 48,615 | 5.5% |

Financial Results – Ratios and Benchmarks

| Actual | Plan | Consolidated Financial Results | Prior Year | FY20 Annual Plan | Moody's A Rated |
|--|-----------|--------------------------------------|------------|------------------|-----------------|
| <i>(\$000's)</i> | | | | | |
| \$891,048 | \$903,951 | Net Revenues | \$884,450 | \$1,013,800 | |
| (847,603) | (832,512) | Operating Expenses | (813,938) | (939,400) | |
| 43,446 | 71,439 | Operating Income | 70,512 | 73,400 | |
| (20,201) | (23,574) | Non-operating Revenues, Net | (21,898) | (25,800) | |
| \$23,245 | \$47,864 | Change in Net Assets | \$48,615 | \$47,600 | |
| FINANCIAL RATIOS AND BENCHMARKS | | | | | |
| 4.9% | 7.9% | Operating Margin Percent | 8.0% | 8.0% | 2.2% |
| 2.2% | 4.9% | Annualized Return on Total Assets | 4.6% | 4.9% | 3.9% |
| 195.0% | 207.6% | Cash to Total Debt | 189.9% | 199.7% | 131.3% |
| 23.8% | 23.5% | Debt to Capitalization | 25.7% | 24.0% | 32.2% |
| 2.9 | 3.9 | Maximum Annual Debt Service Coverage | 4.5 | 3.9 | 4.7 |
| 198.2 | 208.1 | Days Cash on Hand | 211.2 | 215 | 215.1 |
| 40.0 | 50.2 | Net Days Revenue in AR | 52.1 | 50.0 | 45.9 |

COVID-19 Hospital Cash Impact



COVID-19

- **Total Expenses YTD - \$3.3M**
- **CARES Act/Public Health & Social Services Emergency Fund (PHSSEF)**
 - Initial Payment of \$30B on 4/10/2020 - \$11.8M
 - Medicare fee-for-service revenue
 - Second Payment of \$20B on 4/24/2020 - \$7.9M
 - General provider revenue
- **COVID Utilization Disbursement**
- **Uninsured Reimbursement Program**
- **FEMA**
 - Initial request for public assistance completed

COVID-19 Impact Action Plans

Revenue

- Stimulus funds
- Increase elective cases, based upon clinical prudence
- Execution of facility and service line specific re-emergence plans

Expense

- Innovation
 - Telehealth
 - Consolidation
- Staffing Efficiency
 - Volume-based
 - Decreased exec compensation
 - Furlough fixed positions
 - Hold/eliminate vacant positions
 - Decreased OT and Agency

Avg Midnight Census - IP



*OR Cases Performed



*Arrivals (Clinic/UC/QC)



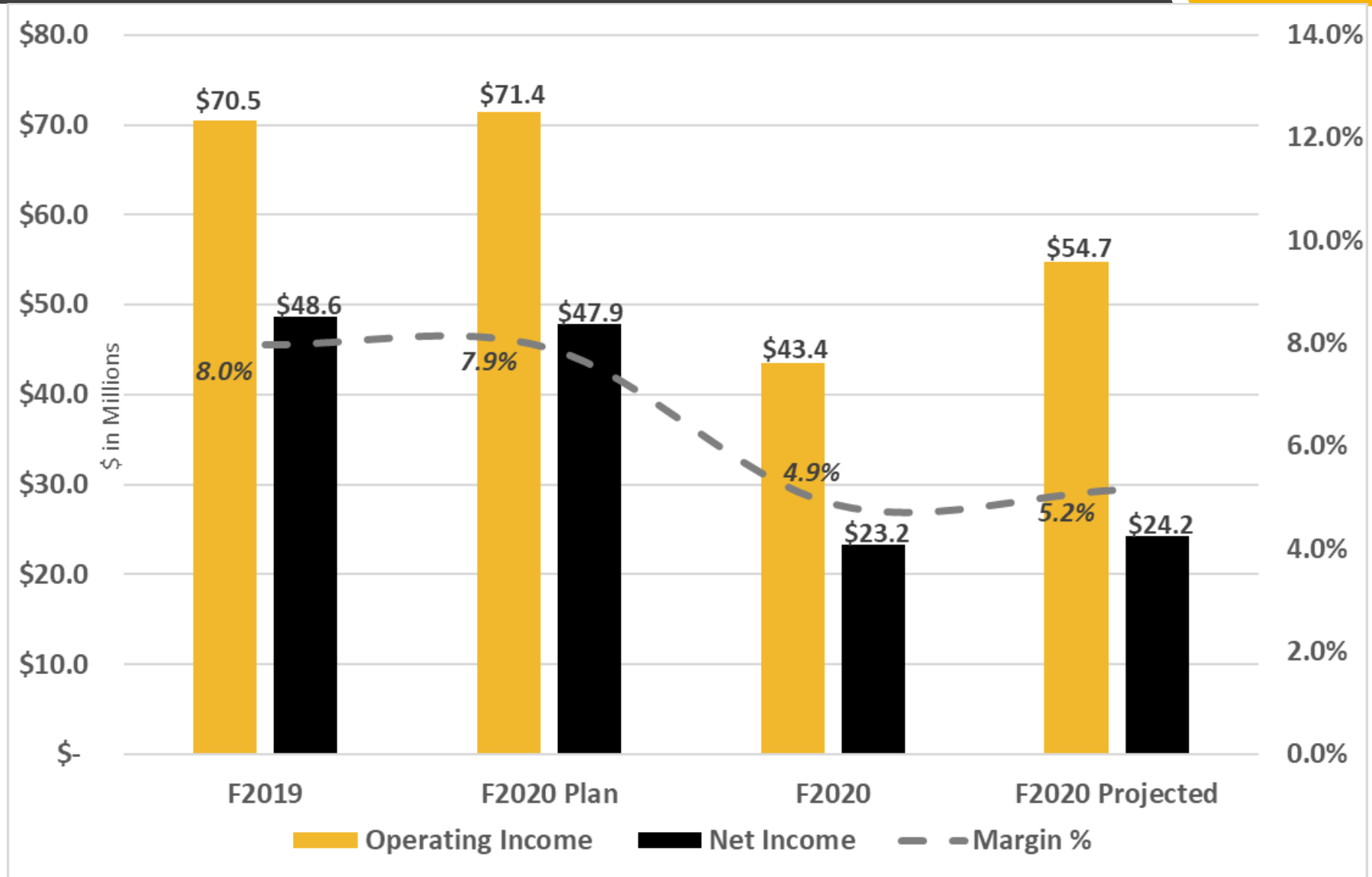
Represents 7-day rolling averages

Capital

| Description | Capital Budget FY20 | Projected Spending 6/30/2020 | Actual Spending 05/18/2020 | Remaining Projected Spend FY20 |
|---|------------------------|------------------------------------|-------------------------------|--------------------------------------|
| Minor Equipment (Under \$250K) | \$ 6,866,850 | \$ 6,269,192 | \$ 5,200,501 | \$ 1,068,691 |
| Major Equipment (Over \$250K) | 12,066,000 | 9,844,350 | 8,597,207 | 1,247,142 |
| Minor Renovation Projects (Under \$5M)* | 27,067,150 | 21,512,506 | 11,028,000 | 10,484,506 |
| Major Renovation Projects (Over \$5M)* | 68,885,609 | 38,636,408 | 27,383,347 | 11,253,061 |
| TIPS (IT) | 10,000,000 | 10,000,000 | 7,914,653 | 2,085,347 |
| Total** | \$ 124,885,609 | \$ 86,262,456 | \$ 60,123,709 | \$ 26,138,747 |

- Cath Lab
- Hybrid CT and IR Large Suite
- Project - PCT 3rd and 4th Floor Fit Out
- Medical Center Renovation at Berrywood
- MRI 3T Wide Bore

FY2020 Projection



BY21 Volume Assumptions

- Revised Key Volumes to assume continued Q1 ramp-up to Pre-COVID BY20 volumes.
 - Pre-COVID pace: Jul = **88%**; Aug = **92%**; Sep = **96%**
- October through June assumes we are **100% back on track** to BY20 pre-COVID pace
- Added in **50%** of the original projected BY21 growth for Cardiovascular, Neurosciences and Orthopaedics
- Assumes **15%** Telehealth visits
- Does not assume any increase related to deferred volume

BY21 Consolidated Financials

| | Actual 19 | Budget 20 | Actual 20 Feb Annualized | Budget 21 | Variance FY20 Feb Annl to Budget 21 | % Variance |
|---|----------------------|----------------------|-----------------------------|----------------------|---|---------------|
| Net Patient Revenues | 973,458,291 | 972,413,774 | 974,711,179 | 975,441,895 | 730,716 | 0.1% |
| Other Operating Revenues | 23,948,132 | 24,931,910 | 25,051,735 | 24,024,842 | (1,026,893) | -4.1% |
| Retail Pharmacy | 88,565,100 | 90,767,443 | 104,696,407 | 105,423,168 | 726,761 | 0.7% |
| Total Net Revenues | 1,085,971,523 | 1,088,113,127 | 1,104,459,321 | 1,104,889,905 | 430,584 | 0.0% |
| Salary & Wages | 319,333,566 | 327,482,122 | 335,178,311 | 327,454,424 | 7,723,887 | 2.3% |
| Benefits | 105,963,812 | 113,040,592 | 111,497,537 | 117,856,000 | (6,358,463) | -5.7% |
| Medical Supplies | 116,704,452 | 114,945,003 | 126,175,369 | 129,460,965 | (3,285,596) | -2.6% |
| Drug Supplies | 121,742,686 | 123,848,088 | 134,098,462 | 132,151,107 | 1,947,355 | 1.5% |
| Non Medical Supplies | 13,033,975 | 12,890,885 | 12,665,093 | 12,259,416 | 405,677 | 3.2% |
| Shared System Services | (0) | (0) | (0) | 0 | (0) | |
| Purchased Services and Support | 78,418,122 | 80,264,869 | 80,960,422 | 79,818,819 | 1,141,603 | 1.4% |
| FRA | 45,981,183 | 45,970,564 | 49,889,260 | 49,883,518 | 5,742 | 0.0% |
| Depreciation | 46,934,755 | 48,646,296 | 47,381,304 | 52,048,579 | (4,667,275) | -9.9% |
| Other Expenses | 135,752,943 | 133,783,605 | 128,658,942 | 133,928,328 | (5,269,386) | -4.1% |
| Total Operating Expenses | 983,865,495 | 1,000,872,026 | 1,026,504,701 | 1,034,861,156 | (8,356,456) | -0.8% |
| Operating Income | 102,106,028 | 87,241,101 | 77,954,620 | 70,028,749 | (7,925,871) | -10.2% |
| <i>before State Appropriations, Non Operating Rev(Exp), and Transfers</i> | | | | | | |

Operating Margin

9.4%

8.0%

7.1%

6.3%

Changes to Labor Expense

- **Reduced agency spend by \$11.6M**, converting to regular hours at significantly lower cost
- Continue to **improve efficiency** against benchmarks
- **Added 64 FTEs** for new operations and conversions (Battle, Broadway Urgent Care, Boonville, Thompson Center, CFMG and CSS)
- **Reduced 160 FTE** through efficiency, reorganization and furlough
- Net reduction of **96 FTE** from February Annualized (1.7%)

Expense per Adjusted Discharge

When factoring for inflation and comparing to same book of business, MU Health Care has **eliminated over \$27.0M (2.6%) in expenses** for BY21.

| | Feb Ann | BY21 |
|--------------------------------------|------------------|------------------|
| Total Expense per Adjusted Discharge | \$ 18,411 | \$ 18,509 |
| Impact of \$16.9M of inflation | 304 | |
| Back out New Venture Expenses | - | (275) |
| Adjusted Total Expense/AD | \$ 18,715 | \$ 18,234 |

Inflation: Market Pool = \$3.3M, Benefits increase = \$5.6M, Supply Inflation = \$8.0M

New Business: CSS/CFMG/Thompson Center = \$6.9M, Primary Care Expansions = \$3.5M, Other=\$5M

Implementing Rolling Budget Forecast

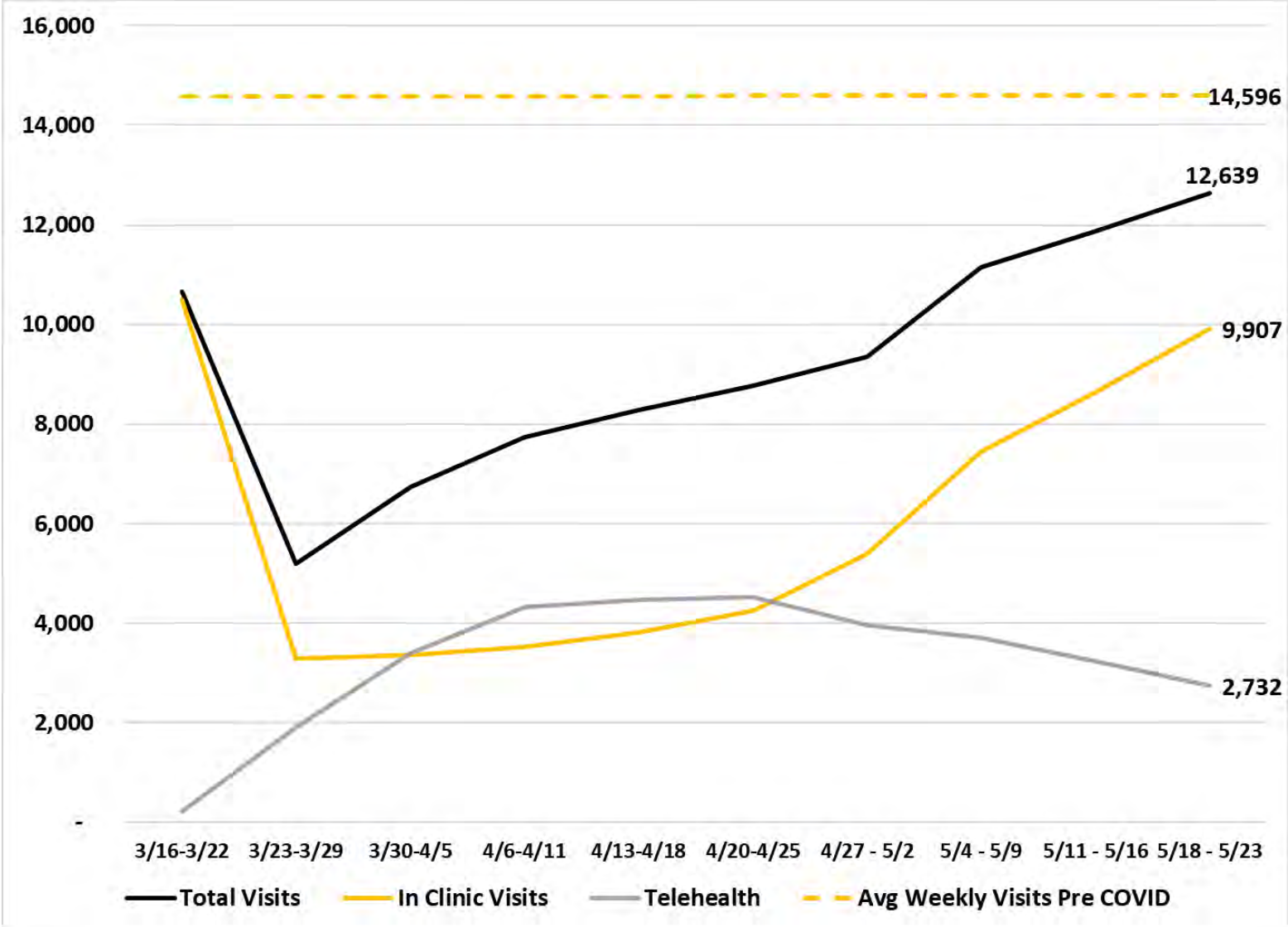
- **MU Health Care will be implementing a rolling budget process beginning September 2020**
 - Financially nimble, allowing for real-time adjustments to meet changing business conditions
 - More relevant data to make decisions on investment of resources
 - Focus on improvement year-over-year
 - Increased stewardship and accountability

School of Medicine Finance Updates

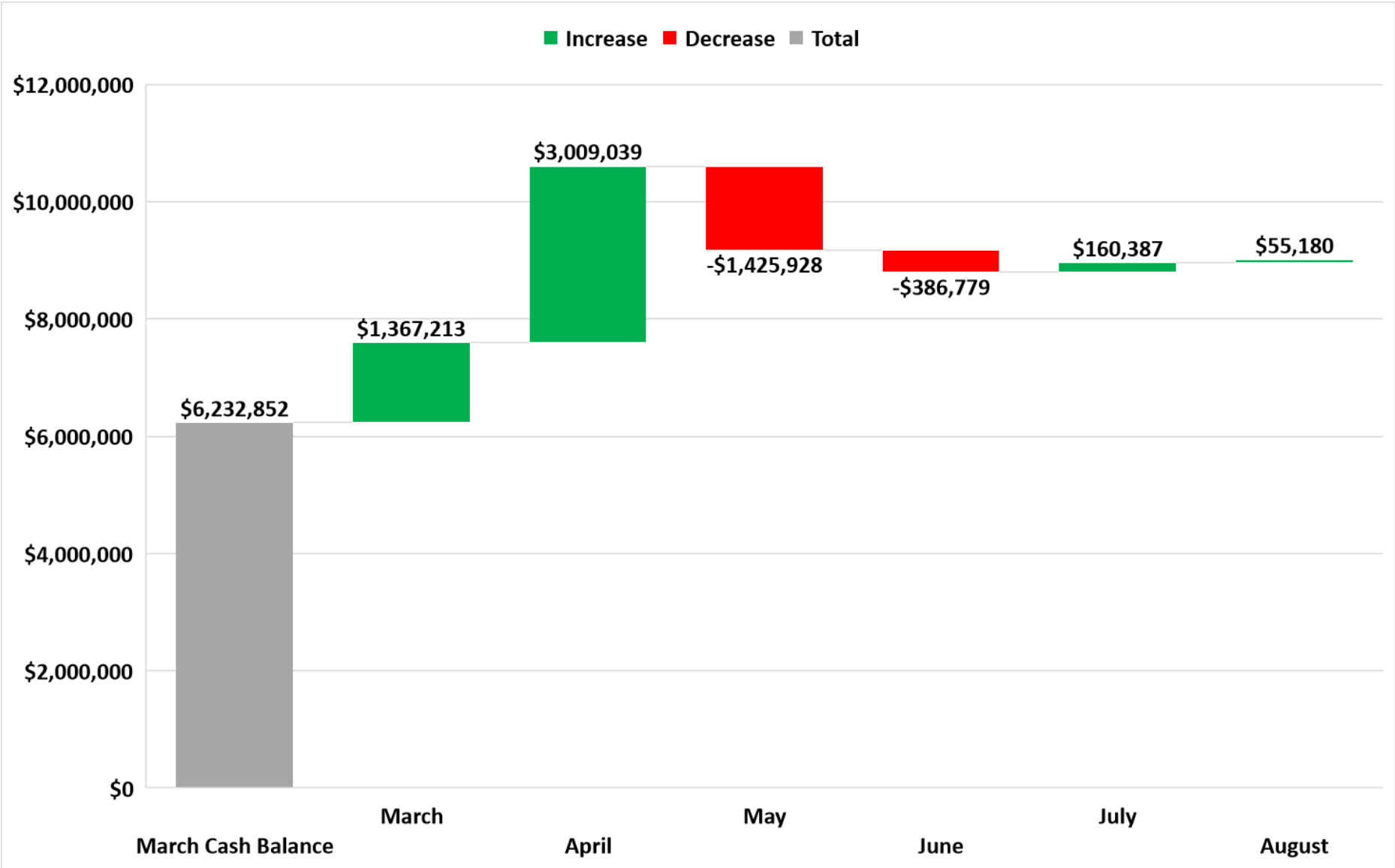
Financial Results – SoM April YTD

| | FY20 April YTD Actuals | FY20 April YTD Budget | Variance | FY19 April YTD Actuals |
|---------------------------------|---------------------------|--------------------------|--------------------|---------------------------|
| Net Clinical Revenue | 205,131,612 | 190,358,606 | 14,773,006 | 184,224,598 |
| Grants & Contracts | 45,951,351 | 40,803,602 | 5,147,749 | 39,523,211 |
| Other Income | 6,519,721 | 6,493,583 | 26,137 | 6,881,068 |
| Gifts / Endowment Income | 5,946,277 | 4,649,057 | 1,297,220 | 5,643,248 |
| State Approp / Tuition & Fee: | 32,986,107 | 31,409,982 | 1,576,126 | 33,492,124 |
| MUHC Support | 59,542,745 | 55,750,826 | 3,791,920 | 55,004,037 |
| Total Revenues | 356,077,813 | 329,465,656 | 26,612,157 | 324,768,285 |
| Salary & Wages | 225,948,457 | 225,348,324 | (600,133) | 211,047,960 |
| Benefits | 51,857,532 | 52,606,281 | 748,749 | 49,381,020 |
| Operating Expenses | 58,231,900 | 50,418,368 | (7,813,532) | 57,759,460 |
| Student Aid | 2,720,205 | 2,239,751 | (480,454) | 2,240,405 |
| F&A | 8,693,382 | 8,473,893 | (219,489) | 7,080,744 |
| Total Operating Expenses | 347,451,476 | 339,086,617 | (8,364,859) | 327,509,589 |
| Net Income | 8,626,337 | (9,620,961) | 18,247,298 | (2,741,304) |

COVID Impacts: Clinical Visits



COVID-19 SOM Cash Impact



State Appropriations

- FY20: -\$3.5M Reduction (Based on Total Assets)
- FY21 Round 1: -\$3.9M = 12.5% (from \$31m GRA allocation)
- FY21 Round 2 (Best Case): -\$2.9M additional reduction
- FY21 Round 2 (Most Likely): -\$6.9M additional Reduction
- FY21 Total Reduction Range: -\$6.8M-\$10.8M

COVID-19 Impact Action Plans

- **Short Term:**
- Reduced faculty & staff salaries by 10% May-July
- Holding 100 open staff & faculty positions
- Reduction of business meeting & travel expenses
- **Longer Term:**
- Non-renew non-tenure track faculty
- Administrative consolidation (Finance, HR, other)
- Tenured faculty with less than .5 funded effort reduced to .75FTE (sources can be teaching or research)

Amendment to CRR 440.040 Executive Summary

University Physicians and the Dean of the MU School of Medicine are recommending approval of changes to Collected Rule and Regulation 440.040, University Physicians Medical Practice Plan. The proposed changes have been previously approved by the University Physicians plan participants, the Dean, the MU Chancellor, and the President.

Background

The University owns and operates a practice plan for the faculty of the MU School of Medicine which is known as University Physicians (UP). UP provides administrative services in support of the clinical mission of MU School of Medicine faculty and other MU health professionals including billing and collections operations. UP's governance and operations are described by CRR 440.040.

Under CRR 440.040.I, recommendations for revisions to the faculty practice plan must be approved by an affirmative vote of two-thirds of a 50% quorum of the plan participants (currently MU School of Medicine clinical faculty), the Dean of the MU School of Medicine, the MU Chancellor, the President, and the Board of Curators.

CRR 440.040 was amended most recently in 2018. UP has begun a more formal process of annual reviews to identify areas where CRR 440.040 can be improved or clarified. For 2019, the UP Management Committee is proposing revisions for CRR 440.040 to redefine UP Membership to support the inclusion of a new type of member, Staff Physicians. This would allow physician employees of the University who are not ranked School of Medicine faculty to join UP.

These proposed changes were presented to the plan participants for a vote pursuant to CRR 440.040.I. The changes were approved by more than two-thirds of a 50% quorum of the plan participants (61% of eligible participants voted, and over 90% of the voters approved of the changes). The changes were then approved by the Dean of the School of Medicine, the MU Chancellor, and the President. The changes are now being presented for Board approval.

Recommendation

CRR 440.040 describes UP's structure, scope and governance and participants are currently limited to faculty of the School of Medicine. However, when opportunities to acquire or integrate with groups of community physicians arise, UP and the School of Medicine desire to have the option for them to participate in UP without having a faculty appointment. With the proposed revisions, the CRR would allow a staff physician to be a member of UP in a clinical role only. Staff

physicians would not be required to hold a faculty appointment. Staff physicians would not participate in the income distribution provisions set forth in CRR 440.040 for faculty physicians; instead, any incentive plans for staff physicians would be established and governed under other applicable Collected Rules and Regulations and University policies (e.g., CRR 360.150).

The UP Management Committee believes integrating community physicians with faculty has the potential to benefit faculty and community physicians, UP and the School of Medicine in several ways including improving access to care for patients across the spectrum of care, growing call coverage, decreasing overhead costs by sharing them over a broader group of physicians, growing the base for clinical trials patient accrual, and increasing academic support for the Dean's office, Departments, and UP.

The recommendation is to amend Collected Rule and Regulation 440.040 to incorporate the changes proposed by the plan participants. Redlined and clean versions of the text of CRR 440.040 are attached to show the specific changes being proposed.

The majority of changes are being made to allow for staff physicians to participate in UP under CRR 440.040, but there are also some minor revisions to update terminology and clerical errors. Some of the key changes include:

1. Redefining UP Membership in Section A, 5 to add Staff Physicians as Participants;
2. Clarifying that the income distribution provisions of the Rule do not apply to Staff Physicians;
3. Defining Staff Physician in Section A, 27; and
4. Creating a process for Staff Physician's to participate on the UP Management Committee.

Accordingly, it is requested that the Board approve the proposed changes to Collected Rule and Regulation 440.040.

No. 1

Recommended Action – Amendments to Collected Rule and Regulation 440.040

It was moved by _____ and seconded by _____, that Section 440.040 of the Collected Rules and Regulations, University Physicians Medical Practice Plan, be amended as described in the supporting documents.

Roll call vote of Health Affairs Committee: YES NO

Mr. Ashworth
Curator Graham
Mr. Phillips
Curator Steelman
Curator Wenneker
Curator Williams

The motion _____.

Roll call vote of Board of Curators: YES NO

Curator Brncic
Curator Chatman
Curator Graham
Curator Hoberock
Curator Layman
Curator Snowden
Curator Steelman
Curator Wenneker
Curator Williams

The motion _____.

June 18-19, 2020

Chapter 440: UMC Medical Services

440.40 University Physicians Medical Practice Plan

Amended February 27, 1976 & Bd. Min. 12-14-79 & 3-17-87; Amended Bd. Min. 9-28-17; Amended Bd. Min. 9-20-18.

A. Definitions

1. **University Physician Medical Practice Plan**—These rules and regulations shall be known and referred to as the “University Physicians Medical Practice Plan.”
2. **Plan**—The word “Plan” as used in these regulations shall be construed to mean the Plan herein created for the rendering of professional services to patients, consultation or any other services related to their professional skills rendered to others than the University by members of the Faculty of the School of Medicine of the University of Missouri-Columbia (“MU”), providing for the use of any fees or compensation received for such services and providing for additional compensation for those Faculty members who become participants in the Plan.
3. **Plan Income** —The words “Plan Income” shall be construed to mean all income received by the University by assignment which are derived from patient care activities from sources identified in Section 440.040.D.
4. **MU Health Care**—The words “MU Health Care” or “MUHC” as used herein shall refer to the facilities owned, operated or that are affiliates of MU Health Care and the School of Medicine. This includes MU and the UM System.
5. **Participant**—The word “Participant” as used in these regulations shall be construed to mean all Faculty or Staff Physicians of the School of Medicine who are members of the MUHC Medical Staff who as part of their employment-faculty responsibilities generate income from professional activities documented by a signed contract for patient care related services which is assigned to the University pursuant to the Plan.
6. **Department**—The words “Department” or “Departments” shall refer to those departments of the School of Medicine for whom departmental accounts have been recommended by the University Physicians Management Committee and approved by the Dean and in which one or more Faculty members or Staff Physicians shall have qualified as participants in the Plan.
7. **Departmental Account**—The words “Departmental Account” or “Departmental Accounts” shall refer to those departmental accountability records maintained in the University Physicians Administration Office in support of the percentage portion of the Plan income credited to the department as determined by the Plan.
8. **University Physicians**~~NIVERSITY PHYSICIANS~~—The words “University Physicians” shall mean the operating name of the University Physicians Medical Practice Plan.
9. **Section/Division**—The words “Section/Division” or “Sections/Divisions” shall refer to those sections/divisions of departments of the School of Medicine which have a separate account as provided in Section 440.040 G.3.
10. **Section/Division Chief** —The words “Section/Division Chief” shall refer to the head of a section/division within a department qualified under the Plan.
11. **Section/Division Account**—The words “Section/Division Account” or “Section/Division Accounts” shall refer to those sectional accountability records maintained in the University Physicians Administration Office in support of the portion of the Plan income credited to the section as determined by the Plan.
12. **Dean**—The word “dean” shall refer to the Dean of the School of Medicine.
13. **Chancellor**—The word “Chancellor” shall refer to the MU Chancellor.
14. **President**—The word “President” shall refer to the President of the UM System.
15. **Chief of Staff** —The words “Chief of Staff” shall refer to the Chief of Staff, MU Health Care.
16. **School of Medicine** —The words “School of Medicine” shall refer to the MU School of Medicine.
17. **University**—The word “University” shall refer to The Curators of the University of Missouri and UM System.

18. **Hospital**—The word "Hospital" shall refer to the facilities owned, operated or are affiliates of MU Health Care.
19. **Department Chair**—The words "Department Chair" ~~or "Department Chair"~~ shall refer to the head of a department in which one or more Faculty members shall have qualified as participants in the Plan.
20. **Chief Executive Officer of MU Health Care** —The words "Chief Executive Officer" ~~of MU Health Care~~ shall refer to the Chief Executive Officer of MU HealthCare.
21. **University Physicians Management Committee**—The words "University Physicians Management Committee" shall refer to the committee established by the Plan. As an exception to the general regulation providing for the appointment of University committees, there is hereby created a committee to be known as the University Physicians Management Committee.
22. **Executive Director of University Physicians** —The words "Executive Director of University Physicians" shall refer to the Executive Director of University Physicians.
23. **Base Salary Contract** —The words "Base Salary Contract" shall refer to the regular employment contract approved by MU.
24. **Participant Body**—The words "Participant Body" shall refer to the total collective participants in the Plan.
25. **Deduction Rate**—The words "Deduction Rate" or "Deduction Rates" shall refer to the percentage(s) accounted and budgeted annually for the costs of operation of the Plan.
26. **Group**—The word "Group" shall refer to participants within a department and/or section/division who pool their Plan income.
27. **Staff Physician** — The words "Staff Physician" shall refer to physician employees of the University who are not ranked faculty, are classified as Staff Physicians and generate income from professional activities documented by a signed contract for patient care related services which is assigned to the University pursuant to the Plan. Staff Physicians do not participate in Section F, Distribution of Net Plan Income, and Section G, Distribution of Incentive Income, of this Plan. To the extent Staff Physicians receive incentive compensation, such incentive compensation shall not be governed by this Plan but instead shall be established and governed under applicable Collected Rules and Regulations and University policies, including but not limited to Section 360.150 of the Collected Rules and Regulations.

B. Purposes of the Plan—Faculty members of the School of Medicine may be engaged in one or more of the following employment duties: teaching, research and patient care. Patient care is an integral part of the educational mission of the school for it provides to the instructor and the medical student the clinical experience essential to medical education. In the course of rendering patient care services, faculty members may generate income described in this Plan as plan income.

This plan has been created to provide a means for establishing salary compensation for employment services rendered by plan participants to their employer, the University, an educational organization. All payments to plan participants made pursuant to the provisions of this plan are salary payments by the employer to the participants as employees and subject to the rules and regulations of the University governing the approval and payment of salaries. All plan income referred to in Section 440.040 D. shall be irrevocably assigned to the employer by the plan participants as agents (employees) of the employer; no plan participant shall have any right, title or interest in any such plan income; and the employer shall have the unrestricted right to such income and complete control over its disposition. Provisions in this plan for accounting for plan income and expenses and for recommendations from plan participants are not intended to and shall not be construed to confer on plan participants any right, title or interest in plan income, any right to control the disposition of plan income and expenses, or any right to determine salaries. In addition, the plan is created to implement the following purposes:

1. To provide a system by which the faculty is enabled to achieve fulfillment of their commitment to high quality patient care.
2. To recognize that high quality patient care is related to faculty participation in teaching and research and also that high quality clinical teaching is dependent upon the faculty

being engaged in active medical practice, thereby assuring an adequate supply of clinical material for educational purposes.

3. To establish incentive mechanisms for faculty compensation which enhance the attainment of the patient care, teaching and research goals of the School of Medicine, University Physicians and MU Health Care~~the Health Sciences Center goals of patient care, teaching and research.~~
4. To assure a University Physicians Medical Practice Plan which will be competitive with income plans of other academic medical centers in the United States.
5. To assist with the retention of qualified faculty by contributing to their total compensation.
6. To establish and maintain a set of policies for the management of professional income which is sufficiently flexible to respond to the needs of all participating individuals, sections and departmental differences.
- ~~6-7.~~ To provide a mechanism for Staff Physicians to participate in the governance of University Physicians.
- ~~7-8.~~ To provide a mechanism to support programs that benefit the School of Medicine.
- ~~8-9.~~ To establish a methodology of professional income generation, distribution and utilization.

C. Participants—All Faculty and Staff Physicians of the School of Medicine who are members of the MU Health Care Medical Staff who as part of their employment~~faculty~~ responsibilities generate income from professional activities for patient care related services which is assigned to the University pursuant to the Plan shall be participants in the Plan.

1. For each participant, a written Agreement shall be executed annually and filed in the Business Office of University Physicians. Each Agreement shall contain a statement that the participant will abide by all provisions of the Plan.

~~1-2.~~ Section F, Distribution of Net Plan Income, and Section G, Distribution of Incentive Income, do not apply to Staff Physicians.

D. Plan Income—Within the framework of the Plan, Plan income means:

All income derived from patient care and other income derived from patient care provided by a participant in the performance of regularly assigned duties for the University as determined by the appropriate person having supervisory authority of the participant. For participants who are full time employees (0.75 FTE or greater), such participants may not engage in income-generating patient care activities outside of their regularly assigned duties for the University unless such outside activity complies with applicable law and University policy and has been approved by the Dean and Department chair.

1. As unique instances of patient care occur, the University Physicians Management Committee will recommend whether income derived from these instances constitute Plan income.
2. Income of participants not related to patient care shall not be Plan income.
3. Section 490.020 of the Collected Rules and Regulations of the University establishes the terms and conditions of coverage for Medical, Professional, and Patient General Liability for University employees and should be separately reviewed to determine whether and to what extent coverage exists for activities done outside of regularly assigned duties for the University.

E. Distribution of Plan Income

1. **Costs of Operations**—The costs of operations of the Plan will be funded by applying an approved deduction rate (percent) to Plan Income. The costs of operation of the Plan may include expenditures for the following items and activities:

- Billing and Collections Costs
- Professional Liability Insurance
- Support personnel, services and facilities
- Administrative costs
- Retirement
- Other items that are deemed necessary in the operation of the Plan

Annually and as requested by the University Physicians Management Committee, the Executive Director of the University Physicians will report to the University Physicians Management Committee the expenditures to date for the costs of operation of the Plan. A final accounting report will be issued after the close of the accounting period.

An annual budget will be submitted for the costs of operation of the Plan. Based on the budget that is submitted the University Physicians Committee shall recommend a deduction rate to be proposed for the period covered by the budget. The proposed deduction rate and budget for the next fiscal year must be approved by the Dean. Further, for certain types of Plan income, such as contract income and certain other types of "lump sum" income, requiring a minimum of administrative and business office expense, it may be appropriate to establish a special deduction rate(s) to cover operating costs.

In exceptional circumstances, it may be necessary to alter the deduction rate during the fiscal year. Such an alteration will be recommended by the University Physicians Management Committee and approved by the Dean.

Separate accounts will be established for each category of expenditures authorized in this Section 440.040 E.1. Expenditures from these accounts will be in accordance with standard University standards.

From time to time good accounting practice and effective fiscal management may well indicate a need to revise, expand, contract or otherwise modify the accounting system relative to the Plan. Nothing in this Plan shall be interpreted as preventing such accounting revision, expansion, modification or contraction so long as they adhere to generally accepted accounting principles and University policy.

2. **Dean's Office Account** —A Dean's office account shall be maintained. The account shall be credited with 6 percent of the Plan income. Any expenditures or transfers from this account must conform to standard University budgeting policy.

The Dean's Office account is established to support research and development costs, capital improvements, new members of the faculty, renovation, the Health Sciences Library and for such other purposes that are of general benefit to the School of Medicine.

3. **Departmental Accounts**—A departmental and or Sectional/Divisional account shall be maintained for each department and/or section/division. The departmental accounts shall be credited with 10 percent of the departmental Plan income.

Annually on the date established by the Dean, the department is to submit a comprehensive budget to include the distribution of the department's share of Plan income. This annual budget must be approved by the Chair of the Department and the Dean.

Expenditure from these accounts shall be in accordance with standard University policy. Voluntary contributions to the Dean's Office account may be made annually from each departmental and/or sectional/divisional account. The University Physicians Administration Office shall supply the Dean and the University Physicians Management Committee with a periodic statement of account for each departmental and/or sectional/divisional account. A periodic statement of account shall be furnished to each Department Chair or Section/Division Head for their own departmental or sectional/divisional account.

F. Distribution of Net Plan Income

1. **For purpose of this section, the following definition applies:** The words "Net Plan Income" shall be construed to be plan income (Section 440.040 A.3) less the distribution of plan income as outlined in Section 440.040 E. Net Plan Income will be those funds available to meet base salary contract commitments as outlined in Section 440.040 F.2, and incentive income as outlined in Section 440.040 G.

2. **Salary Contract—Base Salary** —A participant's base salary may be budgeted from plan income and/or from funds derived outside the Plan Recommendation of the individual faculty member's base salary contract from all sources including Plan income shall be made by the appropriate Departmental Chair and approved by the Dean to the appointing authority with this determination becoming a part of the recommended School of Medicine budget. That portion of the faculty member's base salary which is budgeted from Plan income shall preferably reflect the extent of their efforts in patient care. The salary contract will be negotiated in the same manner as other School of Medicine faculty contracts.

The portion of base salary budgeted from plan income is payable only to the extent of departmental net plan income. If Departmental net plan income is not sufficient to meet budgeted base salary, then the individual Department Trust funds or the School

of Medicine funds will meet the remainder of the obligation.

Under normal circumstances the portion of the individual's base salary budgeted from Plan income will be derived through only one Section/Division or Department. Under the special circumstances of interdisciplinary programs individuals with joint appointments may derive salary measured by Plan income from more than one Section/Division or Department with the approval of the participant, the Section/Division Chief or Chiefs, the Department Chair, University Physicians Management Committee and the Dean.

The faculty contract year for the purposes of the Plan will be the faculty contract year of MU. Faculty members who commence employment subsequent to the beginning of the faculty contract year may be a participant for the remainder of the year.

3. **Payment of Base Salary**—A departmental or divisional/sectional base salary pool shall be established for each department or division/section in which net plan income will be pooled and from which base salaries as outlined above (Section 440.040 F.2) will be paid.

G. Distribution of Incentive Income

1. For purposes of this section, the following definition applies: The words "Incentive Income" will refer to net plan income less the costs of base salary contract commitments as outlined in Section 440.040 F.

2. Individual Participant

- a. In addition to base salary (440.040 F. above) a participant may receive available incentive income as incentive salary. A participant can receive incentive salary only if the participant generated net revenue sufficient to meet their portion of base salary as described in Section 440.040 F.2. Individual participants may allow reductions of incentive salary for support of their Department or Section/Division. This amount will be determined by negotiations between the individual and their Department Chair with approval of the Dean. Such arrangements and the allocation of such incentive salary shall be determined prior to the commencement of the salary contract year and agreed to in writing by the participant and approved by the Chief of the Section/Division, the Department Chair and the Dean.

3. Group Participants

- a. In some circumstances it may be appropriate for participants within a department and/or section/division to practice as a group and pool their incentive income. Such arrangements and the allocation of such incentive salary among the participants in the department or section/division shall be determined prior to the commencement of the salary contract year and agreed to in writing by each participant and approved by the chief of the section/division, the Department Chair and the Dean.
- b. Annually on the date established by the Dean the appropriate Departments will submit proposals to practice as departmental or sectional/divisional groups to pool their Plan income under Section 440.040 G.3.a.

4. **Participant's Account**—An account shall be established for each Participant which shall be credited with the participant's portion of the Plan income as determined by the University Physicians Medical Practice Plan base salary contract and the incentive income distribution schedule. All expenditures or transfers from this account will conform with the participant's plan contract provisions relating to the participant's share of any incentive income.

H. Administration of the Plan

1. **University Physicians Management Committee** —The membership of the University Physicians Management Committee will include all Department Chairs or approved alternates, six members from the participants at large or their elected alternate. The Chair of the Plan with prior approval of the Executive Committee, Dean, Chancellor and President may appoint a Staff Physician to serve on the University Physicians Management Committee to represent groups of one or more Staff Physicians. The Dean of the School of Medicine, the Executive Director of University Physicians, the Chief of Staff of MU Health Care and the Chief Executive Officer of MU Health Care shall be ex-officio members without vote. The Department Chair will appoint the individuals to serve as their alternate. The members at large and their alternates will be elected by the participant body for three

year terms but may not serve for more than two consecutive terms. In the first year of the Plan, the six members at large and their alternates will be elected for staggered terms; two members and two alternates for three years, two members and two alternates for two years, and two members and two alternates for one year. Thereafter an annual election will be held for the purpose of electing two members at large and their alternates to serve three year terms.

The Committee shall organize by electing from the membership of the Plan a Chair and a Secretary. The term of office for the Chair and the Secretary will be two years. The Secretary shall function as the Vice Chair. In the first year of the Plan the Chair will be elected for a two year term and the Secretary for a one year term. Thereafter, annually the Committee will elect either a Chair or the Secretary to serve a two year term. In the event the Chair or Secretary is unable to complete the term of office and more than six months of the term remains, a special election will be held to elect a replacement to complete the term of office.

The Committee shall meet at least quarterly. Additional Committee meetings may be called by the Chair of the Committee or at the request of a majority of the members of the Committee.

2. Functions of the University Physicians Management Committee

- a. To establish an Executive Committee consisting of the Chair of the Plan and seven members of the University Physicians Management Committee. These seven members of the Committee shall be selected in the following manner. Four members shall first be elected by the University Physicians Management Committee from its voting membership. These members shall be elected to a two year term of office and may not serve more than two consecutive terms. In the first year of the Plan the four members will be elected for staggered terms; two members for one year and two members for two years. Thereafter an annual election will be held for the purpose of electing two members for the Committee. After the election of these members the Chair of the Plan shall appoint an additional three members from the voting membership of the University Physicians Management Committee to the Executive Committee. The Chair shall appoint three members annually at the date of the election of the other Committee members. There shall be no restrictions on the number of terms an appointee of the Chair may serve.

The Executive Committee is to review and recommend items for the agenda of the University Physicians Management Committee and to review other items as deemed necessary by the Chair or the University Physicians Management Committee.

- b. To review the functioning of the Plan to assure it is meeting the objective of the Plan.
- c. To annually review the operating costs of the Plan and the appropriateness of individual expenditures. It shall make any appropriate recommendations for changes in the operation of the Plan to the University.
- d. To recommend the hiring and be responsible for the administrative direction of the Executive Director of University Physicians in accordance with University Policy and Personnel guidelines.
- e. To develop and recommend such detailed policies and procedures as necessary to assure the effective implementation and operation of the Plan to the University.

e-f. . To develop and recommend policies and procedures as necessary to assure effective operation of the Plan for both faculty and Staff Physicians within a common organizational structure.

f-g. To make recommendations for revision of the Plan to the Participants. -

g-h. To recommend the budget for the costs of operation of the Plan including the amount of the Deduction Rate or Rates to the University.

h-i. To initiate and approve professional fees schedules of the participants with the advice of the Clinical Department Chair.

j. To discharge such other duties necessary to the efficient operation of the Plan and Committee.

i. —

3. **Participant Body**—The participant body will consist of all Plan participants, each with one vote, and will meet for the following reasons:
 - a. To elect the University Physicians Management Committee members at large and their alternates.
 - b. To vote on recommended revisions of the Plan.
 - c. For business as called by the Chair of the Committee.
 - d. As petitioned by 20% of the voting body to consider issues and develop recommendations for the Committee.
 - e. To consider business referred by 2/3 vote of the Committee. The Participant Body shall meet annually, as provided below, and at such other times as appropriate. Written notices giving the date, hour and place of all meetings shall be given to all participants in the Plan by the Committee Chair at least 15 days prior to the meeting date. The Committee Chair will preside and in their absence the Vice-Chair. Fifty percent (50%) of the Plan Participants shall constitute a quorum and a majority vote of those present and voting shall be required to conduct business, except voting to approve recommendations for revisions of the Plan shall follow Section 440.040 I. of the document.
4. **Annual Meeting**—In May of each year, the Chair of the Committee shall call a meeting of all participants in the Plan for the purpose of electing two committee representatives from the membership at large and conducting other business as appropriate. Nominations shall be made from the floor. Voting for the Committee shall be by secret ballot. No more than two members at large may be from the same Department. In the event a quorum is not present the Chair shall reschedule the meeting to a definite date and hour, but not more than ten days hence and written notice of such meeting shall be given to all participants in the Plan; or the Chair may, at their discretion, direct that the election be held by mail or electronic ballot, in which event a ballot shall be sent to each participant of the Plan and the participants receiving the highest number of votes cast shall be elected the representative of the Committee.
 - I. **Revision of the Plan** —The University Physicians Management Committee shall take all recommendations for revision of the Plan to the Plan participants. The Chair of the Committee shall call a meeting of all participants and the Plan for the purpose of voting on the proposed revisions of the Plan. A two-thirds affirmative vote of a 50% quorum shall be required for revisions to the Plan. Voting for the revisions shall be by secret ballot. In the event a quorum is not present the Chair shall reschedule the meeting to a definite date and hour, but not more than ten days hence, and written notices of such meeting shall be given to all participants in the Plan; or the Chair may at their discretion direct that the revision be voted on by mail or electronic ballot in which even a ballot shall be sent to each participant in the Plan. If approved the proposed revisions shall be forwarded through the Dean, Chancellor, and President, to the Board of Curators for their approval.
 - J. **Appeal Process for the Individual** —Any participant(s) perceiving unfair treatment under the provisions of the Plan may request a hearing before the University Physicians Management Committee. The request must be in writing to the Chair of the Committee. The Chair will call a special meeting of the Committee in not less than ten days nor more than thirty days following receipt of the request. The participant(s) and the Committee may be represented by legal counsel at the hearing. A report of the hearing along with recommendations for action will be prepared by the University Physicians Management Committee for the Chancellor. Copies of the report and recommendation will be provided to the participant, their Department Chair, and the Dean, all of whom will offer their comments directly to the Chancellor who shall make the final decision.
 - K. **Professional Charges**—Each participant may review their schedule of fees and recommend any changes to the Section/Division Chief, Departmental Chair and the Committee. It shall be the responsibility of the Committee to recommend general operating policies under which professional fees will not be billed to the patient or third party.
 - L. **Billing and Collection of Professional Fees** —All professional charges will be initiated and signed by the provider of the service and submitted to the University Physicians Business Office for processing. Billing for professional charges will be distinct from other services and will indicate the name of a participant or group of participants of the Plan. Fees collected shall be credited to the account of the participant or participants rendering the services for which the fee is collected as otherwise provided for in the Plan.

When it is clearly the intent of the payor to satisfy a specific portion of the patient's obligation to ~~the University, the Health Sciences Center~~, the monies received will be deposited in the account or accounts corresponding to the payor intent. In those instances where the intent of the payor is unclear, University Physicians Management Committee procedures for the allocation of monies received to the proper account shall apply.

In the instance of contractual agreements, special billing arrangements may be accomplished through other mechanisms as provided for in the contractual agreement.

- M. **Retirement and Other Staff Benefits**—For the purposes of determining average regular annual salary of a faculty member who is a plan participant under the University of Missouri Retirement Disability and Death Benefit Plan and for purposes of determining regular salary of a plan participant for other staff benefits such as life insurance and disability insurance the base salary as provided in 440.040 F. of this plan shall be used and incentive salary under 440.040 G. of this plan shall be excluded.
- N. **Special Situations**—All fees for professional services rendered by a plan participant are assigned to The Curators of the University of Missouri, and a plan participant shall at no time have any ownership interest in uncollected fees. For situations described below the disposition of uncollected fees and payments to a plan participant shall be made in accordance with this section.
1. **Termination of Employment - Voluntary or Involuntary** —Upon termination or resignation of employment a faculty plan participant shall be entitled to receive salary payments in accordance with their current salary contract for services rendered to the effective date of termination or resignation. Incentive salary, if any, will be based upon fees earned and collected at the effective date of termination or resignation; provided that, if the faculty plan participant resigns, the faculty plan participant shall provide written notice to the participant's Department Chair sixty (60) days before the effective date of the resignation to receive incentive salary for the final incentive period during the participant's employment. If the faculty plan participant provides less than 60 days advance written notice of resignation to the Department Chair, the plan participant shall not receive incentive salary for the final incentive period during the participant's employment unless the Department Chair for the plan participant waives the 60 day notice requirement. Uncollected fees at the effective date of termination or resignation which are subsequently collected shall be allocated to the departmental base salary pool (Section 440.040 F.3) after deductions for the cost of operation of the plan (Section 440.040 E.1) School of Medicine Account (Section 440.040 E.2), and Departmental Account (Section 440.040 E.3). Distribution of incentive salary, if any, to Staff Physicians upon termination or resignation shall be governed by the terms of the Staff Physician's incentive plan, if any, in effect at the time of the termination or resignation.
 2. **Death or Disability of a Plan Participant** —Upon the death or disability of a faculty plan participant there shall be paid to the faculty participant or the participant's estate all salary payments then due in accordance with their current salary contract for services rendered to the date of death or disability. Incentive salary, if any, will be based upon fees earned and collected at the date of death or disability. In addition there shall be paid to the faculty participant or the deceased faculty participant's estate an amount equal to the participant's incentive salary based on uncollected fees at the time of their death or disability, reduced by the amount of such fees that are not in disability. Reasonable efforts shall be taken to collect all such accounts within the six month period. This additional payment shall be made to the participant or the estate of the deceased participant as soon after the end of the six month period as is practicable. Income from any fees uncollected at the end of the six month period which are subsequently collected shall be allocated to the departmental base salary pool (Section 440.040 F.3), School of Medicine Account (Section 440.040 E.2), and Departmental Account (Section 440.040 E.3). Distribution of incentive salary, if any, to Staff Physicians upon death or disability shall be governed by the terms of the Staff Physician's incentive plan, if any, in effect at the time of the termination or resignation.
- 2.3. Termination of Plan Participation** —If the plan participant ceases to generate income from professional fees he will no longer be a participant in the plan. The effective day ~~off of~~ the termination of their participation shall be recommended by the

Department Chair subject to review by the Committee, and determined by the Dean. On termination of their participation, income from any uncollected fees which are subsequently collected shall be allocated to the departmental base salary pool (Section 440.040 F.3), School of Medicine Account (Section 440.040 E.2), and Departmental Account (Section 440.040 E.3).

- O. **Fiscal Year and Transition**—The fiscal year of the Plan shall be the fiscal year of MU. Unencumbered balances in all accounts shall be carried forward to the succeeding year. Upon implementation of this Plan, current departmental and Dean's Office accounts will become part of the new departmental, sectional/divisional, or School of Medicine Dean's Office account as appropriate or as otherwise specified in this Plan.
- P. **Assignment of Fees**—Each Participant shall annually execute an assignment in a form to be approved by the Executive Committee of the University Physicians Management Committee. For fiscal year 2018, the assignment form shall be substantially similar to the following form:

ASSIGNMENT
07/01/20__ through 06/30/20__

In consideration of my employment by The Curators of the University of Missouri and the salary payments described in this Plan, I hereby assign to The Curators of the University of Missouri all Plan Income, as defined by the University Physicians Medical Practice Plan. This assignment shall be an absolute assignment, subject only to the conditions that the fees charged by me shall not be altered, except as provided in the rules and regulations establishing said Plan.

I further agree that all monies received by me for such services shall be promptly turned over to the Business Office of University Physicians and all checks made payable to me for such fees shall be promptly endorsed and delivered to said Business Office. It is distinctly understood that this assignment applies only to the income specifically identified in the University Physicians Medical Practice Plan.

In consideration of my being permitted to participate in the University Physicians Practice Plan, I agree to fully cooperate therein and comply with all the rules and regulations of the Plan and my Department. I acknowledge receipt of the attached materials regarding billing, documentation, and compliance policies for rendering professional services.

I agree that I will comply with all applicable billing and documentation policies, including but not limited to those outlined in the Teaching Physician Regulations of the Centers for Medicare and Medicaid Services (CMS). Further, I agree to participate in the mandatory education programs on billing and documentation that are provided by the University Physicians Medical Practice Plan. These education programs will include regular and periodic reviews of billing and documentation practices and focused education with follow-up billing and documentation audit for any deficiencies identified. I understand that if deficiencies in compliance are identified after my participation in focused education, a comprehensive audit of my billing and documentation will be conducted at my expense and I may be subject to loss of eligibility for incentive income and other corrective actions specified in the University Physicians policies. I understand that failure to comply with these requirements may result in suspension of billing privileges, and may include disciplinary action by The Curators of the University of Missouri.

| | |
|----------------------------|------------|
| Participant's Printed Name | Department |
| Participant's Signature | Division |

Date

Attachments: Introduction, Policy Statement, Definitions

Medicare Claims Processing Manual Chapter 12 - Physicians/Nonphysician Practitioners CMS Carrier Manual:

<http://www.cms.gov/regulations-and-Guidance/Guidance/Manuals/downloads/clm104c12.pdf>

The University of Missouri Health System's Integrity and Compliance Program and Code of Conduct:

https://mymuhealth.org/body_sub.cfm?id=3123&fr=true

Guidelines for Teaching Physicians, Interns, and Residents:

<http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/Teaching-Physicians-Fact-Sheet-ICN006437.pdf>

HIPAA Confidentiality:

<http://www.ama-assn.org/ama/pub/physician-resources/solutions-managing-your-practice/coding-billing-insurance/hipaahealth-insurance-portability-accountability-act.page>

Chapter 440: UMC Medical Services

440.040 University Physicians Medical Practice Plan

Amended February 27, 1976 & Bd. Min. 12-14-79 & 3-17-87; Amended Bd. Min. 9-28-17; Amended Bd. Min. 9-20-18.

A. Definitions

1. **University Physician Medical Practice Plan**—These rules and regulations shall be known and referred to as the “University Physicians Medical Practice Plan.”
2. **Plan**—The word “Plan” as used in these regulations shall be construed to mean the Plan herein created for the rendering of professional services to patients, consultation or any other services related to their professional skills rendered to others than the University by members of the Faculty of the School of Medicine of the University of Missouri-Columbia (“MU”), providing for the use of any fees or compensation received for such services and providing for additional compensation for those Faculty members who become participants in the Plan.
3. **Plan Income** —The words “Plan Income” shall be construed to mean all income received by the University by assignment which are derived from patient care activities from sources identified in Section 440.040.D.
4. **MU Health Care**—The words “MU Health Care” or “MUHC” as used herein shall refer to the facilities owned, operated or that are affiliates of MU Health Care and the School of Medicine. This includes MU and the UM System.
5. **Participant**—The word “Participant” as used in these regulations shall be construed to mean all Faculty or Staff Physicians of the School of Medicine who are members of the MUHC Medical Staff who as part of their employment responsibilities generate income from professional activities documented by a signed contract for patient care related services which is assigned to the University pursuant to the Plan.
6. **Department**—The words “Department” or “Departments” shall refer to those departments of the School of Medicine for whom departmental accounts have been recommended by the University Physicians Management Committee and approved by the Dean and in which one or more Faculty members or Staff Physicians shall have qualified as participants in the Plan.
7. **Departmental Account**—The words “Departmental Account” or “Departmental Accounts” shall refer to those departmental accountability records maintained in the University Physicians Administration Office in support of the percentage portion of the Plan income credited to the department as determined by the Plan.
8. **University Physicians**—The words “University Physicians” shall mean the operating name of the University Physicians Medical Practice Plan.
9. **Section/Division**—The words “Section/Division” or “Sections/Divisions” shall refer to those sections/divisions of departments of the School of Medicine which have a separate account as provided in Section 440.040 G.3.
10. **Section/Division Chief** —The words “Section/Division Chief” shall refer to the head of a section/division within a department qualified under the Plan.
11. **Section/Division Account**—The words “Section/Division Account” or “Section/Division Accounts” shall refer to those sectional accountability records maintained in the University Physicians Administration Office in support of the portion of the Plan income credited to the section as determined by the Plan.
12. **Dean**—The word “dean” shall refer to the Dean of the School of Medicine.
13. **Chancellor**—The word “Chancellor” shall refer to the MU Chancellor.
14. **President**—The word “President” shall refer to the President of the UM System.
15. **Chief of Staff** —The words “Chief of Staff” shall refer to the Chief of Staff, MU Health Care.
16. **School of Medicine** —The words “School of Medicine” shall refer to the MU School of Medicine.
17. **University**—The word “University” shall refer to The Curators of the University of Missouri and UM System.

18. **Hospital**—The word "Hospital" shall refer to the facilities owned, operated or are affiliates of MU Health Care.
19. **Department Chair**—The word "Department Chair" shall refer to the head of a department in which one or more Faculty members shall have qualified as participants in the Plan.
20. **Chief Executive Officer of MU Health Care** —The words "Chief Executive Officer" shall refer to the Chief Executive Officer of MU Health Care.
21. **University Physicians Management Committee**—The words "University Physicians Management Committee" shall refer to the committee established by the Plan. As an exception to the general regulation providing for the appointment of University committees, there is hereby created a committee to be known as the University Physicians Management Committee.
22. **Executive Director of University Physicians** —The words "Executive Director of University Physicians" shall refer to the Executive Director of University Physicians.
23. **Base Salary Contract** —The words "Base Salary Contract" shall refer to the regular employment contract approved by MU.
24. **Participant Body**—The words "Participant Body" shall refer to the total collective participants in the Plan.
25. **Deduction Rate**—The words "Deduction Rate" or "Deduction Rates" shall refer to the percentage(s) accounted and budgeted annually for the costs of operation of the Plan.
26. **Group**—The word "Group" shall refer to participants within a department and/or section/division who pool their Plan income.
27. **Staff Physician** — The words "Staff Physician" shall refer to physician employees of the University who are not ranked faculty, are classified as Staff Physicians and generate income from professional activities documented by a signed contract for patient care related services which is assigned to the University pursuant to the Plan. Staff Physicians do not participate in Section F, Distribution of Net Plan Income, and Section G, Distribution of Incentive Income, of this Plan. To the extent Staff Physicians receive incentive compensation, such incentive compensation shall not be governed by this Plan but instead shall be established and governed under applicable Collected Rules and Regulations and University policies, including but not limited to Section 360.150 of the Collected Rules and Regulations.

- B. **Purposes of the Plan**—Faculty members of the School of Medicine may be engaged in one or more of the following employment duties: teaching, research and patient care. Patient care is an integral part of the educational mission of the school for it provides to the instructor and the medical student the clinical experience essential to medical education. In the course of rendering patient care services, faculty members may generate income described in this Plan as plan income.

This plan has been created to provide a means for establishing salary compensation for employment services rendered by plan participants to their employer, the University, an educational organization. All payments to plan participants made pursuant to the provisions of this plan are salary payments by the employer to the participants as employees and subject to the rules and regulations of the University governing the approval and payment of salaries. All plan income referred to in Section 440.040 D. shall be irrevocably assigned to the employer by the plan participants as agents (employees) of the employer; no plan participant shall have any right, title or interest in any such plan income; and the employer shall have the unrestricted right to such income and complete control over its disposition. Provisions in this plan for accounting for plan income and expenses and for recommendations from plan participants are not intended to and shall not be construed to confer on plan participants any right, title or interest in plan income, any right to control the disposition of plan income and expenses, or any right to determine salaries. In addition, the plan is created to implement the following purposes:

1. To provide a system by which the faculty is enabled to achieve fulfillment of their commitment to high quality patient care.
2. To recognize that high quality patient care is related to faculty participation in teaching and research and also that high quality clinical teaching is dependent upon the faculty

being engaged in active medical practice, thereby assuring an adequate supply of clinical material for educational purposes.

3. To establish incentive mechanisms for faculty compensation which enhance the attainment of the patient care, teaching and research goals of the School of Medicine, University Physicians and MU Health Care.
4. To assure a University Physicians Medical Practice Plan which will be competitive with income plans of other academic medical centers in the United States.
5. To assist with the retention of qualified faculty by contributing to their total compensation.
6. To establish and maintain a set of policies for the management of professional income which is sufficiently flexible to respond to the needs of all participating individuals, sections and departmental differences.
7. To provide a mechanism for Staff Physicians to participate in the governance of University Physicians.
8. To provide a mechanism to support programs that benefit the School of Medicine.
9. To establish a methodology of professional income generation, distribution and utilization.

C. **Participants**—All Faculty and Staff Physicians of the School of Medicine who are members of the MU Health Care Medical Staff who as part of their employment responsibilities generate income from professional activities for patient care related services which is assigned to the University pursuant to the Plan shall be participants in the Plan.

1. For each participant, a written Agreement shall be executed annually and filed in the Business Office of University Physicians. Each Agreement shall contain a statement that the participant will abide by all provisions of the Plan.
2. Section F, Distribution of Net Plan Income, and Section G, Distribution of Incentive Income, do not apply to Staff Physicians.

D. **Plan Income** —Within the framework of the Plan, Plan income means:

All income derived from patient care and other income derived from patient care provided by a participant in the performance of regularly assigned duties for the University as determined by the appropriate person having supervisory authority of the participant. For participants who are full time employees (0.75 FTE or greater), such participants may not engage in income-generating patient care activities outside of their regularly assigned duties for the University unless such outside activity complies with applicable law and University policy and has been approved by the Dean and Department chair.

1. As unique instances of patient care occur, the University Physicians Management Committee will recommend whether income derived from these instances constitute Plan income.
2. Income of participants not related to patient care shall not be Plan income.
3. Section 490.020 of the Collected Rules and Regulations of the University establishes the terms and conditions of coverage for Medical, Professional, and Patient General Liability for University employees and should be separately reviewed to determine whether and to what extent coverage exists for activities done outside of regularly assigned duties for the University.

E. **Distribution of Plan Income**

1. **Costs of Operations**—The costs of operations of the Plan will be funded by applying an approved deduction rate (percent) to Plan Income. The costs of operation of the Plan may include expenditures for the following items and activities:

- Billing and Collections Costs
- Professional Liability Insurance
- Support personnel, services and facilities
- Administrative costs
- Retirement
- Other items that are deemed necessary in the operation of the Plan

Annually and as requested by the University Physicians Management Committee, the Executive Director of the University Physicians will report to the University Physicians Management Committee the expenditures to date for the costs of operation of the Plan. A final accounting report will be issued after the close of the accounting period.

An annual budget will be submitted for the costs of operation of the Plan. Based on the

budget that is submitted the University Physicians Committee shall recommend a deduction rate to be proposed for the period covered by the budget. The proposed deduction rate and budget for the next fiscal year must be approved by the Dean. Further, for certain types of Plan income, such as contract income and certain other types of "lump sum" income, requiring a minimum of administrative and business office expense, it may be appropriate to establish a special deduction rate(s) to cover operating costs.

In exceptional circumstances, it may be necessary to alter the deduction rate during the fiscal year. Such an alteration will be recommended by the University Physicians Management Committee and approved by the Dean.

Separate accounts will be established for each category of expenditures authorized in this Section 440.040 E.1. Expenditures from these accounts will be in accordance with standard University standards.

From time to time good accounting practice and effective fiscal management may well indicate a need to revise, expand, contract or otherwise modify the accounting system relative to the Plan. Nothing in this Plan shall be interpreted as preventing such accounting revision, expansion, modification or contraction so long as they adhere to generally accepted accounting principles and University policy.

2. **Dean's Office Account**—A Dean's office account shall be maintained. The account shall be credited with 6 percent of the Plan income. Any expenditures or transfers from this account must conform to standard University budgeting policy.

The Dean's Office account is established to support research and development costs, capital improvements, new members of the faculty, renovation, the Health Sciences Library and for such other purposes that are of general benefit to the School of Medicine.

3. **Departmental Accounts**—A departmental and or Sectional/Divisional account shall be maintained for each department and/or section/division. The departmental accounts shall be credited with 10 percent of the departmental Plan income.

Annually on the date established by the Dean, the department is to submit a comprehensive budget to include the distribution of the department's share of Plan income. This annual budget must be approved by the Chair of the Department and the Dean.

Expenditure from these accounts shall be in accordance with standard University policy. Voluntary contributions to the Dean's Office account may be made annually from each departmental and/or sectional/divisional account. The University Physicians Administration Office shall supply the Dean and the University Physicians Management Committee with a periodic statement of account for each departmental and/or sectional/divisional account. A periodic statement of account shall be furnished to each Department Chair or Section/Division Head for their own departmental or sectional/divisional account.

F. **Distribution of Net Plan Income**

1. **For purpose of this section, the following definition applies:** The words "Net Plan Income" shall be construed to be plan income (Section 440.040 A.3) less the distribution of plan income as outlined in Section 440.040 E. Net Plan Income will be those funds available to meet base salary contract commitments as outlined in Section 440.040 F.2, and incentive income as outlined in Section 440.040 G.

2. **Salary Contract—Base Salary**—A participant's base salary may be budgeted from plan income and/or from funds derived outside the Plan Recommendation of the individual faculty member's base salary contract from all sources including Plan income shall be made by the appropriate Departmental Chair and approved by the Dean to the appointing authority with this determination becoming a part of the recommended School of Medicine budget. That portion of the faculty member's base salary which is budgeted from Plan income shall preferably reflect the extent of their efforts in patient care. The salary contract will be negotiated in the same manner as other School of Medicine faculty contracts.

The portion of base salary budgeted from plan income is payable only to the extent of departmental net plan income. If Departmental net plan income is not sufficient to meet budgeted base salary, then the individual Department Trust funds or the School of Medicine funds will meet the remainder of the obligation.

Under normal circumstances the portion of the individual's base salary budgeted from Plan income will be derived through only one Section/Division or Department. Under the special circumstances of interdisciplinary programs individuals with joint appointments may derive salary measured by Plan income from more than one Section/Division or Department with the approval of the participant, the Section/Division Chief or Chiefs, the Department Chair, University Physicians Management Committee and the Dean.

The faculty contract year for the purposes of the Plan will be the faculty contract year of MU. Faculty members who commence employment subsequent to the beginning of the faculty contract year may be a participant for the remainder of the year.

3. **Payment of Base Salary** —A departmental or divisional/sectional base salary pool shall be established for each department or division/section in which net plan income will be pooled and from which base salaries as outlined above (Section 440.040 F.2) will be paid.

G. **Distribution of Incentive Income**

1. For purposes of this section, the following definition applies: The words "Incentive Income" will refer to net plan income less the costs of base salary contract commitments as outlined in Section 440.040 F.
2. **Individual Participant**
 - a. In addition to base salary (440.040 F. above) a participant may receive available incentive income as incentive salary. A participant can receive incentive salary only if the participant generated net revenue sufficient to meet their portion of base salary as described in Section 440.040 F.2. Individual participants may allow reductions of incentive salary for support of their Department or Section/Division. This amount will be determined by negotiations between the individual and their Department Chair with approval of the Dean. Such arrangements and the allocation of such incentive salary shall be determined prior to the commencement of the salary contract year and agreed to in writing by the participant and approved by the Chief of the Section/Division, the Department Chair and the Dean.
3. **Group Participants**
 - a. In some circumstances it may be appropriate for participants within a department and/or section/division to practice as a group and pool their incentive income. Such arrangements and the allocation of such incentive salary among the participants in the department or section/division shall be determined prior to the commencement of the salary contract year and agreed to in writing by each participant and approved by the chief of the section/division, the Department Chair and the Dean.
 - b. Annually on the date established by the Dean the appropriate Departments will submit proposals to practice as departmental or sectional/divisional groups to pool their Plan income under Section 440.040 G.3.a.
4. **Participant's Account**—An account shall be established for each Participant which shall be credited with the participant's portion of the Plan income as determined by the University Physicians Medical Practice Plan base salary contract and the incentive income distribution schedule. All expenditures or transfers from this account will conform with the participant's plan contract provisions relating to the participant's share of any incentive income.

H. **Administration of the Plan**

1. **University Physicians Management Committee** —The membership of the University Physicians Management Committee will include all Department Chairs or approved alternates, six members from the participants at large or their elected alternate. The Chair of the Plan with prior approval of the Executive Committee, Dean, Chancellor and President may appoint a Staff Physician to serve on the University Physicians Management Committee to represent groups of one or more Staff Physicians. The Dean of the School of Medicine, the Executive Director of University Physicians, the Chief of Staff of MU Health Care and the Chief Executive Officer of MU Health Care shall be ex-officio members without vote. The Department Chair will appoint the individuals to serve as their alternate. The members at large and their alternates will be elected by the participant body for three year terms but may not serve for more than two

consecutive terms. In the first year of the Plan, the six members at large and their alternates will be elected for staggered terms; two members and two alternates for three years, two members and two alternates for two years, and two members and two alternates for one year. Thereafter an annual election will be held for the purpose of electing two members at large and their alternates to serve three year terms.

The Committee shall organize by electing from the membership of the Plan a Chair and a Secretary. The term of office for the Chair and the Secretary will be two years. The Secretary shall function as the Vice Chair. In the first year of the Plan the Chair will be elected for a two year term and the Secretary for a one year term. Thereafter, annually the Committee will elect either a Chair or the Secretary to serve a two year term. In the event the Chair or Secretary is unable to complete the term of office and more than six months of the term remains, a special election will be held to elect a replacement to complete the term of office.

The Committee shall meet at least quarterly. Additional Committee meetings may be called by the Chair of the Committee or at the request of a majority of the members of the Committee.

2. **Functions of the University Physicians Management Committee**

- a. To establish an Executive Committee consisting of the Chair of the Plan and seven members of the University Physicians Management Committee. The seven members of the Committee shall be selected in the following manner. Four members shall first be elected by the University Physicians Management Committee from its voting membership. These members shall be elected to a two year term of office and may not serve more than two consecutive terms. In the first year of the Plan the four members will be elected for staggered terms; two members for one year and two members for two years. Thereafter an annual election will be held for the purpose of electing two members for the Committee. After the election of these members the Chair of the Plan shall appoint an additional three members from the voting membership of the University Physicians Management Committee to the Executive Committee. The Chair shall appoint three members annually at the date of the election of the other Committee members. There shall be no restrictions on the number of terms an appointee of the Chair may serve.

The Executive Committee is to review and recommend items for the agenda of the University Physicians Management Committee and to review other items as deemed necessary by the Chair or the University Physicians Management Committee.

- b. To review the functioning of the Plan to assure it is meeting the objective of the Plan.
 - c. To annually review the operating costs of the Plan and the appropriateness of individual expenditures. It shall make any appropriate recommendations for changes in the operation of the Plan to the University.
 - d. To recommend the hiring and be responsible for the administrative direction of the Executive Director of University Physicians in accordance with University Policy and Personnel guidelines.
 - e. To develop and recommend such detailed policies and procedures as necessary to assure the effective implementation and operation of the Plan to the University.
 - f. To develop and recommend policies and procedures as necessary to assure effective operation of the Plan for both faculty and Staff Physicians within a common organizational structure.
 - g. To make recommendations for revision of the Plan to the Participants.
 - h. To recommend the budget for the costs of operation of the Plan including the amount of the Deduction Rate or Rates to the University.
 - i. To initiate and approve professional fees schedules of the participants with the advice of the Clinical Department Chair.
 - j. To discharge such other duties necessary to the efficient operation of the Plan and Committee.
3. **Participant Body**—The participant body will consist of all Plan participants, each with one vote, and will meet for the following reasons:

- a. To elect the University Physicians Management Committee members at large and their alternates.
 - b. To vote on recommended revisions of the Plan.
 - c. For business as called by the Chair of the Committee.
 - d. As petitioned by 20% of the voting body to consider issues and develop recommendations for the Committee.
 - e. To consider business referred by 2/3 vote of the Committee. The Participant Body shall meet annually, as provided below, and at such other times as appropriate. Written notices giving the date, hour and place of all meetings shall be given to all participants in the Plan by the Committee Chair at least 15 days prior to the meeting date. The Committee Chair will preside and in their absence the Vice-Chair. Fifty percent (50%) of the Plan Participants shall constitute a quorum and a majority vote of those present and voting shall be required to conduct business, except voting to approve recommendations for revisions of the Plan shall follow Section 440.040 I. of the document.
4. **Annual Meeting**—In May of each year, the Chair of the Committee shall call a meeting of all participants in the Plan for the purpose of electing two committee representatives from the membership at large and conducting other business as appropriate. Nominations shall be made from the floor. Voting for the Committee shall be by secret ballot. No more than two members at large may be from the same Department. In the event a quorum is not present the Chair shall reschedule the meeting to a definite date and hour, but not more than ten days hence and written notice of such meeting shall be given to all participants in the Plan; or the Chair may, at their discretion, direct that the election be held by mail or electronic ballot, in which event a ballot shall be sent to each participant of the Plan and the participants receiving the highest number of votes cast shall be elected the representative of the Committee.
- I. **Revision of the Plan** —The University Physicians Management Committee shall take all recommendations for revision of the Plan to the Plan participants. The Chair of the Committee shall call a meeting of all participants and the Plan for the purpose of voting on the proposed revisions of the Plan. A two-thirds affirmative vote of a 50% quorum shall be required for revisions to the Plan. Voting for the revisions shall be by secret ballot. In the event a quorum is not present the Chair shall reschedule the meeting to a definite date and hour, but not more than ten days hence, and written notices of such meeting shall be given to all participants in the Plan; or the Chair may at their discretion direct that the revision be voted on by mail or electronic ballot in which even a ballot shall be sent to each participant in the Plan. If approved the proposed revisions shall be forwarded through the Dean, Chancellor, and President, to the Board of Curators for their approval.
- J. **Appeal Process for the Individual** —Any participant(s) perceiving unfair treatment under the provisions of the Plan may request a hearing before the University Physicians Management Committee. The request must be in writing to the Chair of the Committee. The Chair will call a special meeting of the Committee in not less than ten days nor more than thirty days following receipt of the request. The participant(s) and the Committee may be represented by legal counsel at the hearing. A report of the hearing along with recommendations for action will be prepared by the University Physicians Management Committee for the Chancellor. Copies of the report and recommendation will be provided to the participant, their Department Chair, and the Dean, all of whom will offer their comments directly to the Chancellor who shall make the final decision.
- K. **Professional Charges**—Each participant may review their schedule of fees and recommend any changes to the Section/Division Chief, Departmental Chair and the Committee. It shall be the responsibility of the Committee to recommend general operating policies under which professional fees will not be billed to the patient or third party.
- L. **Billing and Collection of Professional Fees** —All professional charges will be initiated and signed by the provider of the service and submitted to the University Physicians Business Office for processing. Billing for professional charges will be distinct from other services and will indicate the name of a participant or group of participants of the Plan. Fees collected shall be credited to the account of the participant or participants rendering the services for which the fee is collected as otherwise provided for in the Plan. When it is clearly the intent of the payor to satisfy a specific portion of the patient's obligation to the University, the monies received will be deposited in the account or accounts

corresponding to the payor intent. In those instances where the intent of the payor is unclear, University Physicians Management Committee procedures for the allocation of monies received to the proper account shall apply.

In the instance of contractual agreements, special billing arrangements may be accomplished through other mechanisms as provided for in the contractual agreement.

- M. **Retirement and Other Staff Benefits**—For the purposes of determining average regular annual salary of a faculty member who is a plan participant under the University of Missouri Retirement Disability and Death Benefit Plan and for purposes of determining regular salary of a plan participant for other staff benefits such as life insurance and disability insurance the base salary as provided in 440.040 F. of this plan shall be used and incentive salary under 440.040 G. of this plan shall be excluded.
- N. **Special Situations**—All fees for professional services rendered by a plan participant are assigned to The Curators of the University of Missouri, and a plan participant shall at no time have any ownership interest in uncollected fees. For situations described below the disposition of uncollected fees and payments to a plan participant shall be made in accordance with this section.
1. **Termination of Employment - Voluntary or Involuntary** —Upon termination or resignation of employment a faculty plan participant shall be entitled to receive salary payments in accordance with their current salary contract for services rendered to the effective date of termination or resignation. Incentive salary, if any, will be based upon fees earned and collected at the effective date of termination or resignation; provided that, if the faculty plan participant resigns, the faculty plan participant shall provide written notice to the participant's Department Chair sixty (60) days before the effective date of the resignation to receive incentive salary for the final incentive period during the participant's employment. If the faculty plan participant provides less than 60 days advance written notice of resignation to the Department Chair, the plan participant shall not receive incentive salary for the final incentive period during the participant's employment unless the Department Chair for the plan participant waives the 60 day notice requirement. Uncollected fees at the effective date of termination or resignation which are subsequently collected shall be allocated to the departmental base salary pool (Section 440.040 F.3) after deductions for the cost of operation of the plan (Section 440.040 E.1) School of Medicine Account (Section 440.040 E.2), and Departmental Account (Section 440.040 E.3). Distribution of incentive salary, if any, to Staff Physicians upon termination or resignation shall be governed by the terms of the Staff Physician's incentive plan, if any, in effect at the time of the termination or resignation.
 2. **Death or Disability of a Plan Participant** —Upon the death or disability of a faculty plan participant there shall be paid to the faculty participant or the participant's estate all salary payments then due in accordance with their current salary contract for services rendered to the date of death or disability. Incentive salary, if any, will be based upon fees earned and collected at the date of death or disability. In addition there shall be paid to the faculty participant or the deceased faculty participant's estate an amount equal to the participant's incentive salary based on uncollected fees at the time of their death or disability, reduced by the amount of such fees that are not in disability. Reasonable efforts shall be taken to collect all such accounts within the six month period. This additional payment shall be made to the participant or the estate of the deceased participant as soon after the end of the six month period as is practicable. Income from any fees uncollected at the end of the six month period which are subsequently collected shall be allocated to the departmental base salary pool (Section 440.040 F.3), School of Medicine Account (Section 440.040 E.2), and Departmental Account (Section 440.040 E.3). Distribution of incentive salary, if any, to Staff Physicians upon death or disability shall be governed by the terms of the Staff Physician's incentive plan, if any, in effect at the time of the termination or resignation.
 3. **Termination of Plan Participation** —If the plan participant ceases to generate income from professional fees he will no longer be a participant in the plan. The effective day of the termination of their participation shall be recommended by the Department Chair subject to review by the Committee, and determined by the Dean. On termination of their participation, income from any uncollected fees which are

subsequently collected shall be allocated to the departmental base salary pool (Section 440.040 F.3), School of Medicine Account (Section 440.040 E.2), and Departmental Account (Section 440.040 E.3).

- O. **Fiscal Year and Transition**—The fiscal year of the Plan shall be the fiscal year of MU. Unencumbered balances in all accounts shall be carried forward to the succeeding year. Upon implementation of this Plan, current departmental and Dean's Office accounts will become part of the new departmental, sectional/divisional, or School of Medicine Dean's Office account as appropriate or as otherwise specified in this Plan.
- P. **Assignment of Fees**—Each Participant shall annually execute an assignment in a form to be approved by the Executive Committee of the University Physicians Management Committee. For fiscal year 2018, the assignment form shall be substantially similar to the following form:

ASSIGNMENT
07/01/20__ through 06/30/20__

In consideration of my employment by The Curators of the University of Missouri and the salary payments described in this Plan, I hereby assign to The Curators of the University of Missouri all Plan Income, as defined by the University Physicians Medical Practice Plan. This assignment shall be an absolute assignment, subject only to the conditions that the fees charged by me shall not be altered, except as provided in the rules and regulations establishing said Plan.

I further agree that all monies received by me for such services shall be promptly turned over to the Business Office of University Physicians and all checks made payable to me for such fees shall be promptly endorsed and delivered to said Business Office. It is distinctly understood that this assignment applies only to the income specifically identified in the University Physicians Medical Practice Plan.

In consideration of my being permitted to participate in the University Physicians Practice Plan, I agree to fully cooperate therein and comply with all the rules and regulations of the Plan and my Department. I acknowledge receipt of the attached materials regarding billing, documentation, and compliance policies for rendering professional services.

I agree that I will comply with all applicable billing and documentation policies, including but not limited to those outlined in the Teaching Physician Regulations of the Centers for Medicare and Medicaid Services (CMS). Further, I agree to participate in the mandatory education programs on billing and documentation that are provided by the University Physicians Medical Practice Plan. These education programs will include regular and periodic reviews of billing and documentation practices and focused education with follow-up billing and documentation audit for any deficiencies identified. I understand that if deficiencies in compliance are identified after my participation in focused education, a comprehensive audit of my billing and documentation will be conducted at my expense and I may be subject to loss of eligibility for incentive income and other corrective actions specified in the University Physicians policies. I understand that failure to comply with these requirements may result in suspension of billing privileges, and may include disciplinary action by The Curators of the University of Missouri.

| | |
|----------------------------|------------|
| | |
| Participant's Printed Name | Department |

| | |
|-------------------------|----------|
| | |
| Participant's Signature | Division |

Date

Attachments: Introduction, Policy Statement, Definitions

Medicare Claims Processing Manual Chapter 12 - Physicians/Nonphysician Practitioners CMS Carrier Manual:

<http://www.cms.gov/regulations-and-Guidance/Guidance/Manuals/downloads/clm104c12.pdf>

The University of Missouri Health System's Integrity and Compliance Program and Code of Conduct:

https://mymuhealth.org/body_sub.cfm?id=3123&fr=true

Guidelines for Teaching Physicians, Interns, and Residents:

<http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/Teaching-Physicians-Fact-Sheet-ICN006437.pdf>

HIPAA Confidentiality:

<http://www.ama-assn.org/ama/pub/physician-resources/solutions-managing-your-practice/coding-billing-insurance/hipaahealth-insurance-portability-accountability-act.page>

No. 2

Recommended Action - Minutes, January 30 and April 9, 2020 Health Affairs
Committee Meetings

It was moved by _____ and seconded by _____, that the minutes of the January 30 Health Affairs Committee meeting, held in conjunction with the February 6, 2020 Board of Curators meeting, and the April 9, 2020 committee meeting, be approved as presented.

| Roll call vote of Committee: | YES | NO |
|------------------------------|-----|----|
|------------------------------|-----|----|

Mr. Ashworth

Curator Graham

Mr. Phillips

Curator Steelman

Curator Wenneker

Curator Williams

The motion _____.

June 18-19, 2020

No. 3

Recommended Action – Resolution for Executive Session of the Board of Curators Health Affairs Committee Meeting, June 10, 2020

It was moved by _____ and seconded by _____, that there shall be an executive session with a closed record and closed vote of the Board of Curators Health Affairs Committee meeting June 10, 2020 for consideration of:

- **Section 610.021(1), RSMo**, relating to matters identified in that provision, which include legal actions, causes of action or litigation, and confidential or privileged communications with counsel; and
- **Section 610.021(2), RSMo**, relating to matters identified in that provision, which include leasing, purchase, or sale of real estate; and
- **Section 610.021(3), RSMo**, relating to matters identified in that provision, which include hiring, firing, disciplining, or promoting of particular employees; and
- **Section 610.021(12), RSMo**, relating to matters identified in that provision, which include sealed bids and related documents and sealed proposals and related documents or documents related to a negotiated contract; and
- **Section 610.021 (14), RSMo**, relating to matters identified in that provision, which include records which are protected from disclosure by law.

Roll call vote of the Committee: YES NO

Mr. Ashworth
Curator Graham
Mr. Phillips
Curator Steelman
Curator Wenneker
Curator Williams

The motion _____.

June 18-19, 2020

**ACADEMIC, STUDENT AFFAIRS
AND RESEARCH & ECONOMIC
DEVELOPMENT COMMITTEE**

ACADEMIC, STUDENT AFFAIRS, RESEARCH AND ECONOMIC DEVELOPMENT COMMITTEE

Darryl M. Chatman, Chair

Greg E. Hoberock

Jeff L. Layman

Phil H. Snowden

The Academic, Student Affairs, Research and Economic Development Committee (“Committee”) will review and recommend policies to enhance quality and effectiveness of academic, student affairs, research and economic development and align the available resources with the University’s academic mission.

I. Scope

In carrying out its responsibilities, the Committee reviews and makes recommendations to the Board of Curators on strategies and policies relating to student and faculty welfare, academic standards, educational and instructional quality, intercollegiate athletics, degree programs, economic development, research initiatives, and associated programs.

II. Executive Liaison

The Senior Associate Vice President for Academic Affairs of the University, or some other person(s) designated by the President of the University, with the concurrence of the Board Chair and the Committee Chair, shall be the executive liaison to the committee and responsible for transmitting committee recommendations.

III. Ex Officio Member

The Student Representative to the Board of Curators shall be an ex officio member of the Committee.

IV. Responsibilities

In addition to the overall responsibilities of the Committee described above and in carrying out its responsibilities, the charge of the Committee shall include reviewing and making recommendations to the Board on the following matters:

1. Selection of Curators’ Distinguished Professors;
2. Approval and review of new degree programs;
3. Intercollegiate athletics, as specifically outlined in Section 270.060 of the Collected Rules and Regulations with a commitment to the academic success, and physical and social development of student-athletes;
4. Changes to university-level admissions requirements, academic standards, student services, and graduation requirements;
5. Quarterly and annual reports providing information on academic programs that have been added, deactivated, or deleted; and
6. Highlight successful research and economic development efforts and partnerships; linking research and commercialization from the University with business and industry across the state and around the world. Additional matters customarily addressed by the academic, student affairs, research & economic development committee of a governing board for an institution of higher education.

Approved by the Board of Curators: April 9, 2020

University of Missouri



Board of Curators

Academic, Student Affairs,
Research and Economic Development Committee Meeting - **REVISED**

Wednesday, June 10, 2020
10:30 A.M.

This Committee Meeting is being held in conjunction with the June 18-19, 2020 Board of Curators Meeting.

Originating:

From remote locations via conference telephone and Zoom webinar.

Please click the link below to join the webinar:

<https://umsystem.zoom.us/j/92081758249>

Or Telephone:

Dial US: +1 646 876 9923

Webinar ID: 92081758249

AGENDA

PUBLIC SESSION – 10:30 A.M.

Call to Order – Chair Chatman

Roll Call of the Committee

Information

1. NCAA Rules Education (Campus Athletics Compliance Officers)
2. 2020-21 Academic Year Calendar

Action

1. UMKC Development of New Branch Medical School Campus (Steve Graham and Mauli Agrawal)

Recess

Executive Summary
NCAA Rules Education

The University of Missouri is responsible for conducting its athletic programs according to NCAA and SEC rules. Hallmarks of Institutional Control include Prevention, Detection, and Correction. In cooperation with the Compliance Office, Institutional Responsibility is upheld by the Chancellor, the Intercollegiate Athletics Committee and the Faculty Athletics Representative.

Only authorized individuals (i.e., countable coaches) may recruit for the University of Missouri. Boosters are prohibited from contacting prospective student athletes (PSAs) to encourage enrollment, absent special circumstances. Communications with prospects, or PSAs, regardless of intent are regulated and monitored to ensure compliance with NCAA and SEC rules. Boosters and businesses cannot provide student-athletes with financial aid, benefits, or awards nor use a student-athletes name, image, or likeness to promote a for-profit entity. Recruiting restrictions extend to the PSA's family and friends. Violations related to prohibited recruiting activities can result in ineligibility, loss of recruiting opportunities for the team, postseason penalties, fines, and even disassociation.



NCAA Rules Education

University of Missouri System

Board of Curators

June 10, 2020



Board of Curators – Summary of Topics

1. Institutional Control
2. Recruiting & Boosters
 - A. Definitions
 - B. Recruiting: Communications & Solicitations
 - C. Publicity
 - D. Exceptions
3. Current Student-Athletes
4. Requests: Tickets, Memorabilia, Donation Requests, Autographs, & Appearances
5. Questions

Institutional Responsibility

Chancellor

- Has ultimate responsibility and final authority for the conduct of the athletics program.

Intercollegiate Athletics Committee

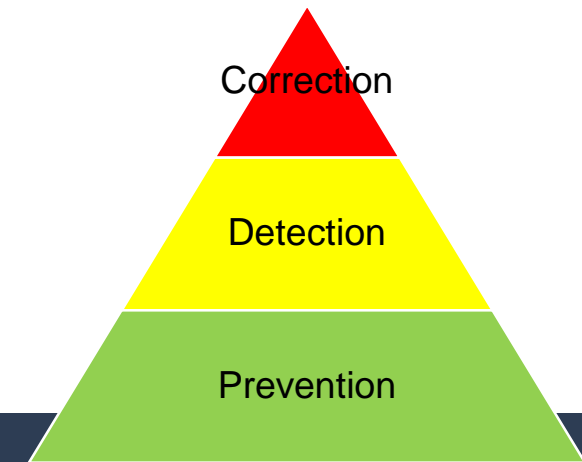
- Advises the Chancellor on intercollegiate athletics.
- The Chancellor appoints members of the committee and designates a faculty member as chair.

Faculty Athletics Representative (FAR)

- Faculty member, appointed by the Chancellor.
- Serves as one of many official representatives to the conference and the NCAA
- Provides oversight in the areas of academics, student-athlete welfare, eligibility certification, compliance, and enforcement.

NCAA Institutional Control

- Institution is responsible for conducting its athletics program according to NCAA rules
- Includes actions of staff members and “*any other individual or organization engaged in activities promoting the athletics interests of the institution.*”
- Hallmarks of Institutional Control, and responsibilities of Compliance Office:
 - 1. Prevention**
 - Commitment from Senior Leadership (“Culture of Compliance”)
 - Policies, Processes, & Procedures
 - Staffing & Resources, scaled and tailored for institution’s risk profile
 - Training, Rules Education, Interpretations/Advice/Waivers, and Continued Communication
 - 2. Detection**
 - Monitoring & Auditing Department Conduct
 - Documentation (demonstrating compliance)
 - Anonymous Reporting
 - 3. Correction**
 - Investigations
 - Discipline, Remediation, & Reporting



Recruiting & Boosters: Definitions

- Who are **Boosters**? (“**Representative of Athletics Interests**”)
 1. Athletics department coaches & staff
 2. Persons with oversight over athletics (including Board of Curators)
 3. Donors & Season Ticket Holders
 4. Former Student-Athletes
 - Once a booster, always a booster. Retain status as “booster” for life, regardless of employment/capacity.

- Who is a **Recruit**? (“**Prospective Student-Athlete**”)
 - A prospect is any individual in grades 9-12, or enrolled at a two-year college (regardless of athletics ability)
 - In many situations (i.e., use of facility, camps), a men’s basketball prospect’s status begins in 7th grade

Recruiting & Boosters: Recruiting

- **NCAA Recruiting Rule**: Only authorized people can recruit for the school
 - Recruiting = solicitation of a prospect for the purpose of securing enrollment and participation in intercollegiate athletics.
 - Athletics supporters who are NOT institutional staff members or coaches are prohibited from contacting a prospect to encourage enrollment by telephone, in person or in writing.
 - Institution's Board of Regents cannot have recruiting contacts (on or off campus) with a prospective student-athlete or their family.
 - Boosters may not make offers or provide inducements to prospects.
 - Motto: "*Leave the recruiting to the coaches.*"
- **Consequences:**
 - Interacting with a prospect (directly or indirect) can result in negative consequences for you, the prospect, and the university
 - Could cause violation, ineligibility, loss of recruiting opportunities for team, fines, disassociation

Examples of Prohibited Recruiting

- No In-person contact (on or off campus)
- No outgoing phone calls
- No outgoing text, email, or other direct messages (e.g., Social media)
- No arrangements or inducements
 - Gifts, loans, free or discounted goods or services
 - Transportation or use of a vehicle (even to visit campus)
 - Access to suites, tickets, or non-public areas
 - Arranging for third parties to solicit or provide benefits/arrangements (e.g., Legal fees, laundry, repair services)
 - Entertainment / meals
 - Scholarship offers / promises
 - Employment
- These are all prohibited for the recruit and the recruits friends & family
- Question: Is this benefit / arrangement available to the general public?

Recruiting & Boosters: Exceptions

- **Exception #1: Family / Legal Guardian**
- **Exception #2: Established Pre-Existing Relationships**
 - Relationship must predate 9th grade.
 - Relationship must be formed on basis unrelated to athletics.
 - Pattern of benefits provided must be consistent with that provided prior to status as an athlete.
- **Exception #3: Unavoidable, incidental, and unarranged contacts**
 - Must take affirmative steps to minimize or end contact.
- **Exception #4: Responding to Recruit's communication**
 - If a recruit reaches out to a booster, the booster can respond as a courtesy to inform of the NCAA rules and direct the individual to the athletics department.
- **Exception #5: Admissions Office**

Common Recruiting Questions

- Can I attend a high school contest?
 - Yes, but generally cannot communicate with recruit or family.
- What if I notice a good high school athlete?
 - Refer the name/high school to our coaching staffs.
- What if my son/daughter plays sports in high school?
 - Reasonable exceptions for contact in relationships, but cannot solicit on behalf of schools.
- Can I follow a top recruit on Twitter, Instagram, Facebook, etc.?
 - Yes, but cannot do outreach to the recruit or comment/reply to social media posts.
- What happens if I see a recruit “commit” on social media?
 - Pause! See if the official athletic department account has published the commitment.

Current Student-Athletes

- **NCAA Rule**: Generally, boosters and businesses cannot provide student-athletes with financial aid, benefits, or awards (similar to prospective student-athletes)
 - Any special arrangement is considered an “extra benefit,” which is a violation
 - A booster may not give game tickets to a student-athlete (or his/her family and friends)
 - A booster may not provide an honorarium to a student-athlete for a speaking arrangement
- **Consequences:**
 - Jeopardizes student-athlete’s remaining eligibility
 - Sport could be penalized
 - Possible disassociation of booster/business from the school’s athletic department
- **Exception:** Is the benefit available to the general public, or to the school’s general student body?

Current Student-Athlete: Exceptions

■ **Exception #1: Occasional Meals**

- Occasionally, a booster may provide a student-athlete with a meal in the booster's family home.
- All such meals must be prior approved by the Compliance Office.

■ **Exceptions #2: Employment**

- A student-athlete may be employed with PRIOR approval from the Athletics Department. All work performed by the student-athlete is governed by, but not limited to, the following rules:
 1. Compensation must be consistent with the going rate in the locality for similar services performed.
 2. The student-athlete may be paid only for work actually performed.
 3. Compensation may not include payment for the value that the student-athlete may have for the employer because of publicity, reputation, fame, or personal following resulting from athletic participation.
- The employer cannot provide transportation for prospects or student-athletes unless transportation is provided for all employees.
- The employer cannot use the student-athlete's name or picture to advertise or promote a commercial product or service.

Requests

■ Complimentary Tickets, Memorabilia, & Other Donation Requests

- Institutions and boosters cannot, directly or indirectly, assist with fundraising for prospective student-athletes.
- Boosters cannot provide their complimentary tickets, memorabilia, or other donated items to PSA, PSA's family, or to high school or club team fundraisers.

■ Autographs

- Individuals and commercial entities cannot use the name, picture, appearance, or likeness of an NCAA student-athlete for promotional purposes, including autographed memorabilia. If this rule is violated it could render a student ineligible.
- Personalized memorabilia, signatures of multiple student-athletes. Monitor sites like eBay.

■ Appearance Requests

- Businesses cannot use a student-athletes name, image, or likeness to promote a for-profit entity.
- Student-athlete may promote non-profits, with department approval.

Compliance Office Contact Information

- Andy Humes, Executive Associate AD, Mizzou, humesa@Missouri.edu, 573-882-0706
- Randy Krahulik, Assistant AD for Compliance, UMKC, krahulikr@umkc.edu, 816-235-1164,
- Josh Lind, Senior NCAA Compliance Manager, Missouri S&T, lindja@mst.edu, 573-341-7598
- Jessica Chandler, Associate Director of Athletics/SWA – UMSL, chandlerjb@umsl.edu, 314-516-5657

UMKC Development of a New Branch Medical School Campus

Executive Summary

UMKC School of Medicine Description

The UMKC SOM 6-year program has one of the longest track records of experience and success of any 6-year medical school program in the United States. The students in year 1 and 2 begin their undergraduate course work and professional clinical experience starting day 1 with small group learning communities (docent teams). These groups are led by practicing community physicians (docents) who work closely with the students in a mentoring/teaching capacity and guide the students' weekly patient encounters. Fundamentals of Medicine are taught during the first two years during the time that students pursue their undergraduate degree courses. We teach the biomedical science curriculum during the first three years of the program for our students and these classes are taught by UMKC SOM benefit eligible faculty (all > 0.75 FTE). Also, in year 3, students are assigned to new small group learning communities called Docent Teams as these students enter their core clinical rotations, clerkships, and electives including research experiences. Docents continue their roles mentoring students from Years 3-6. The school admits a second cohort of students who have an existing undergraduate and/or professional degree into a 4 year medical school curriculum known as the MD Only program to offset the attrition that occurs in the first two years of the six-year BA/MD program to ensure that the School of Medicine maintains full enrollment. Students entering the 4-year program include more Missouri residents due to intentional recruitment efforts by school. The intent of our proposal is to add a new branch campus located in Saint Joseph, Missouri to double the size of the cohort of MD Only students by enrolling students who originate from rural counties in Northwest Missouri.

The traditional US medical school model includes a university owned, campus-based hospital like MU—this represents about 2/3 of allopathic medical schools. The other 1/3 are community-based programs like UMKC SOM. UMKC SOM students' clinical experience takes place at 4 community hospitals (Truman Medical Centers, Inc., Saint Luke's Hospital, Children's Mercy Hospital, and Center for Behavioral Medicine) that represent the full spectrum of healthcare settings across the continuum of life. Because we do not own our healthcare institutions, we keep capital and operating costs down by building clinical partnerships with our affiliate primary care hospitals. The docents and other healthcare professionals who train our students carry courtesy academic appointments but are not benefit eligible UMKC employees. Those physicians assuming significant administrative duties receive UMKC compensation indirectly via purchase teaching time contracts between UMKC and their hospitals or practice plans. We are fortunate to be affiliated with premier institutions—the 15th largest children's hospital in the country, a premier academic institution that is large, high acuity, research focused and cutting edge plus the only safety net institution in the state. The program initiative described in this proposal will add a new clinical affiliate institution – Mosaic Life Care -

located in Saint Joseph, Missouri and although the physicians will carry UMKC courtesy academic appointments with purchase time, they will remain employees of Mosaic Life Care. Finally, UMKC SOM serves as the institutional sponsor for 37 Graduate Medical Education programs that run the spectrum of primary and specialty post-graduate training. A longer-term objective is to initiate targeted UMKC sponsored graduate medical education training programs in Saint Joseph. These programs are directly funded by the federal government, and physician trainees in graduate medical education training programs at Saint Joseph will be eligible to assume full time practice opportunities upon completion of their residency training.

The Opportunity

Major primary care physician workforce shortages exist across the US and these are projected to increase in the coming years. Rural areas, including the northwestern region of Missouri, are among the most impacted and evidence shows that this disparity results in higher rates of death, disability and chronic disease for rural Americans compared to those residing in urban regions. When the UMKC SOM opened its doors in 1971, it did so with a goal of training physicians who would become the primary care workforce for the people in Missouri. Now almost 50 years later and 4000 alumni strong, we rank as one of the top schools in the country where graduates pursue primary care training. However, following such training, UMKC SOM graduates in primary care tend to practice medicine in the major metropolitan areas where they trained, in urban areas like Kansas City, and most do not pursue practice opportunities in rural areas. Expansion of medical schools and training programs into rural areas is a clear strategy to bridge this gap. Research shows that medical students who graduate from rural residency programs are three times more likely to remain and practice in rural areas than those who graduate from urban programs. The goal of the initiative outlined in this proposal is to address the shortage of rural primary care practitioners in Northwest Missouri.

Strategy

UMKC School of Medicine will establish an additional location in Saint Joseph, Missouri to recruit, prepare and encourage graduates to become part of the primary health care community in rural Missouri counties. This goal addresses the existing shortage of primary care physicians and is consistent with the mission of the UMKC SOM and the UMKC strategic plan. To achieve this objective, UMKC SOM will launch a collaborative relationship with the Mosaic Life Care, a 350-bed tertiary care facility in Saint Joseph, Missouri that supports more than 40 rural satellite clinics. This clinical campus will serve as the training site for the proposed cohort of 20 additional 4-year MD Only track students in the UMKC SOM training program. The UMKC SOM will begin this new rural health care initiative by admitting 20 additional students per year and

locate them at the Saint Joseph campus. Students admitted to the rural curriculum tract at UMKC SOM will complete their four-year training program onsite in Saint Joseph resulting eventually in 80 students at UMKC SOM, Saint Joseph. Students will live close to the Saint Joseph campus and identify Saint Joseph as their community, and we believe will be more likely to stay and practice medicine in this region.

Creation of the UMKC SOM Saint Joseph campus also enhances existing programs sponsored by the UMKC SOM Department of Graduate Health Professions in Medicine. For example, the Saint Joseph campus provides rich training opportunities for the existing Physician Assistant Program and Anesthesia Assistant students while also providing the opportunity for targeted recruitment of these practitioners who could become providers to Mosaic Life Care at Saint Joseph, Missouri. Graduates of these two UMKC SOM training programs are sought after and the majority practice in Missouri, and it is noteworthy that many graduates practice at the same sites where they completed required clinical training.

Business Model

The demographics and academic credentials of our medical school applicants over the past three years lead us to conclude that we can recruit students who will prefer to train in Saint Joseph. We say this based on the number of students who come from rural Missouri as well as the number of students who we place on our admissions wait list each year due to class size limitations. We also are confident in our ability to recruit rural students because the UMKC SOM Health Resources & Services Administration (HRSA) federal grant (\$7,000,000) which was just awarded to the school provides additional resources to support targeted recruitment efforts in rural Missouri counties.

Currently UMKC SOM students are recruited from Missouri primarily (2/3), and most of our nonresidents originate from 5 regional states (Kansas, Illinois, Oklahoma, Nebraska, and Arkansas) with a smaller number coming from states beyond the regional states. Regional students pay educational fees that are 150% the instate rate, and students outside the regional cohort pay 200%. The school provides self-generated merit-based scholarships but there is no additional tuition discounting.

The curriculum at Saint Joseph will incorporate learning communities which UMKC introduced more 40 years ago using the “docent concept”. Each student will participate in a docent group led by a physician mentor throughout the 4-year program. The first two years of instruction will rely heavily on distance learning, but we will also have instructional staff onsite to reinforce basic science instruction. The online mode of curriculum delivery controls costs of the initiative. Students at Saint Joseph will also have access to university supported online reference materials and course management software applications that support instruction for other UMKC SOM students which also helps control costs. Academic and personal student support services staff that exist in the UMKC Health Sciences District will be available onsite and using Zoom and other

teleconferencing applications. The final two years of the program provide UMKC students with access to Mosai Life Care physician employees.

Proforma

A proforma for the initiative is presented in Appendix 1. The proforma incorporates revenue from the HRSA grant which offsets the majority of UMKC faculty and staff expenses which overlap planned grant expenses. With the addition of the HRSA support, the project is revenue positive in Year 1 and remains so throughout the duration of the grant (Year 4). Without grant funding, the tuition revenue offsets expenses in Year 3. Once we reach maximum student enrollment (N=80) at year 5, the tuition revenue offsets expenses yielding a net margin of \$1.2M. Key points from the proforma include:

- No additional basic science faculty are required to undertake this initiative since the curriculum mirrors our existing basic science curriculum and the Saint Joseph didactic instruction will be delivered online. For this reason, the proforma includes no additional basic science faculty. Of note, the COVID-19 pandemic forced all existing UMKC SOM basic science faculty to provide all instruction online, and the experience has been successful based upon preliminary comparison of student test scores to pre-COVID-19 years. This experience along with national and local trends to shift increasing amounts of core instruction online with appropriate onsite reinforcement is encouraging. The pandemic has also led to increasing reliance on virtual laboratory experiences in lieu of traditional onsite microscopy exercises, and these will be incorporated at Saint Joseph.
- Only a limited number of administrative/staff positions in the proforma are required since we are leveraging existing UMKC SOM staff.
- New academic space at Saint Joseph will be constructed to augment existing state-of-the-art classrooms and conference room facilities which are able to accommodate 20 students in 2021, 40 students in 2022, 60 students in 2023, and 80 students in 2024.
- No construction costs appear in the proforma since all construction occurs in Saint Joseph, and these construction start-up expenses will be assumed by Mosaic Life Care.
- Existing simulation facilities at the UMKC SOM Clinical Training Facility are sufficient to meet the needs of Saint Joseph-based students; therefore, these expenses are not included in the proforma. Mosaic Lifecare has already made a significant commitment to simulation equipment to support their current educational mission and UMKC students will have access to Mosaic simulation resources to support our student's training in CPR, intubation, central line placement, etc.
- In 2020 (Q3-4) UMKC SOM completed a substantial upgrade to its IT equipment and with this upgrade the IT facilities are adequate to undertake this initiative.
- UMKC SOM is a recipient of a \$7,000,000 federal (HRSA) grant whose overarching goal intersects with the UMKC School of Medicine initiative to open the rural branch campus in Saint Joseph, Missouri. The proforma reflects the addition of \$450,000 of grant support for the Saint Joseph initiative for years 1-4 of the initiative. Grant funding beyond year 4 is possible.

Summary

The strategic goals of the UMKC SOM and the Saint Joseph Mosaic Life Care are aligned on their mission to provide high quality primary care for the people in the northwestern area of Missouri. Development of a new branch medical school campus will also simultaneously contribute to the growth and vitality of the Saint Joseph community, and ultimately the success of the initiative will be judged by our ability to increase the number of much-needed health care practitioners who reside in and serve rural Missouri communities.

APPENDIX 1

PROGRAM PROFORMA

UNIVERSITY OF MISSOURI - Kansas City

PROFORMA: UMKC School of Medicine MD Only Expansion in St. Joe

Projection as of 6/2/2020

Prepared by: Paul Cuddy, Steven Waldman, & Becky Pottebaum

Reviewed by: Dean Mary Anne Jackson and Sharon Lindenbaum

| PROGRAM: | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
|--|-------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 |
| Enrollment Projections | | | | | | | | |
| Head Count Students - <i>new incoming</i> | | 20 | 40 | 60 | 80 | 80 | 80 | 80 |
| RIM Years 3-6 Prof HC Rate | \$ 12,146 | \$ 12,389 | \$ 12,637 | \$ 12,889 | \$ 13,147 | \$ 13,410 | \$ 13,678 | \$ 13,952 |
| Revenue Projections | | | | | | | | |
| Tuition | - | 247,778 | 1,010,936 | 1,804,521 | 2,629,444 | 3,218,440 | 3,282,808 | 3,348,465 |
| Supplemental & Other Fees | - | - | - | - | - | - | - | - |
| Net Tuition and Fees | - | 247,778 | 1,010,936 | 1,804,521 | 2,629,444 | 3,218,440 | 3,282,808 | 3,348,465 |
| Other Income | | | | | | | | |
| HRSA Grant | | 450,000 | 450,000 | 450,000 | 450,000 | | | |
| TOTAL PROGRAM REVENUE | \$0 | \$697,778 | \$1,460,936 | \$2,254,521 | \$3,079,444 | \$3,218,440 | \$3,282,808 | \$3,348,465 |
| Recurring State Support | | | | | | | | |
| TOTAL REVENUE | \$0 | \$697,778 | \$1,460,936 | \$2,254,521 | \$3,079,444 | \$3,218,440 | \$3,282,808 | \$3,348,465 |
| Expenditure Projections | | | | | | | | |
| Faculty Salaries (inc. Adjuncts) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Support Salaries | \$ - | \$ 197,806 | \$ 474,563 | \$ 484,054 | \$ 493,736 | \$ 503,610 | \$ 513,682 | \$ 523,956 |
| Total Salaries | \$ - | \$ 197,806 | \$ 474,563 | \$ 484,054 | \$ 493,736 | \$ 503,610 | \$ 513,682 | \$ 523,956 |
| Benefits | \$ - | \$ 80,543 | \$ 200,149 | \$ 205,585 | \$ 211,186 | \$ 216,960 | \$ 222,913 | \$ 229,049 |
| Purchased Time | \$ - | \$ 179,240 | \$ 350,400 | \$ 612,960 | \$ 768,920 | \$ 768,920 | \$ 768,920 | \$ 768,920 |
| Subtotal Salaries and Benefits | \$ - | \$ 457,588 | \$ 1,025,112 | \$ 1,302,599 | \$ 1,473,842 | \$ 1,489,491 | \$ 1,505,515 | \$ 1,521,925 |
| Operating Expense | | | | | | | | |
| Program Review Contingency | | | | | \$ 250,000 | \$ 200,000 | \$ 200,000 | \$ 200,000 |
| Computing Expenses | \$ - | \$ 12,000 | \$ 12,000 | \$ 12,000 | \$ 12,000 | \$ 12,000 | \$ 12,000 | \$ 12,000 |
| Non-capital Maintenance & Repair | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Noncapital Equipment | \$ - | \$ 50,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| Supplies | \$ - | \$ 11,060 | \$ 18,828 | \$ 24,328 | \$ 29,828 | \$ 29,828 | \$ 29,828 | \$ 29,828 |
| Professional & Consulting | \$ - | \$ 10,892 | \$ 21,784 | \$ 23,676 | \$ 25,568 | \$ 25,568 | \$ 25,568 | \$ 25,568 |
| Travel & Training | \$ - | \$ 8,512 | \$ 14,895 | \$ 14,895 | \$ 14,895 | \$ 14,895 | \$ 14,895 | \$ 14,895 |
| Misc. Expenses | \$ - | \$ 7,800 | \$ 7,800 | \$ 7,800 | \$ 7,800 | \$ 7,800 | \$ 7,800 | \$ 7,800 |
| Subtotal Operating Expense | - | \$100,264 | \$85,307 | \$92,699 | \$ 350,091 | \$ 300,091 | \$ 300,091 | \$ 300,091 |
| One-time Expenditures (Startup Costs) | | | | | | | | |
| Computer for New Employees | | \$ 9,344 | | | \$ 5,629 | \$ 4,545 | | |
| Office Equipment for New Employees | | \$ 12,000 | | | | | | |
| Carrel Desks for Students | | \$ 30,000 | \$ 30,600 | \$ 31,212 | \$ 31,836 | | | |
| Additional One-Time Capital as Program Grows | | | \$ 100,000 | \$ 100,000 | \$ 100,000 | | | |
| Additional Space Costs | \$ - | \$ 57,472 | \$ 126,832 | \$ 171,666 | \$ 206,767 | \$ 210,902 | \$ 215,120 | \$ 219,423 |
| Subtotal One-time Expense & Space | \$ - | \$108,816 | \$ 257,432 | \$ 302,878 | \$ 344,232 | \$215,447 | \$ 215,120 | \$219,423 |
| TOTAL EXPENDITURES | \$0 | \$666,668 | \$1,367,851 | \$1,698,175 | \$2,168,164 | \$2,005,029 | \$2,020,726 | \$2,041,438 |
| DIRECT MARGIN | \$0 | \$31,110 | \$93,084 | \$556,345 | \$911,280 | \$1,213,411 | \$1,262,083 | \$1,307,026 |
| CUMULATIVE DIRECT MARGIN | \$0 | \$31,110 | \$124,194 | \$680,540 | \$1,591,819 | \$2,805,231 | \$4,067,313 | \$5,374,340 |
| Subtract: | | | | | | | | |
| Revenue from Transfers within Campus | | | | | | | | |
| NET MARGIN TO THE CAMPUS | \$0 | \$31,110 | \$93,084 | \$556,345 | \$911,280 | \$1,213,411 | \$1,262,083 | \$1,307,026 |
| CUMULATIVE NET MARGIN TO THE CAMPUS | \$0 | \$31,110 | \$124,194 | \$680,540 | \$1,591,819 | \$2,805,231 | \$4,067,313 | \$5,374,340 |
| Campus Overhead Allocation (\$475/HC) | \$ - | \$ 9,500 | \$ 19,000 | \$ 28,500 | \$ 38,000 | \$ 38,000 | \$ 38,000 | \$ 38,000 |
| MARGIN AFTER CAMPUS OVERHEAD | \$0 | \$21,610 | \$74,084 | \$527,845 | \$873,280 | \$1,175,411 | \$1,224,083 | \$1,269,026 |
| CUMULATIVE MARGIN AFTER CAMPUS OVERHEAD | \$0 | \$21,610 | \$95,694 | \$623,540 | \$1,496,819 | \$2,672,231 | \$3,896,313 | \$5,165,340 |

2020-21 ACADEMIC YEAR CALENDAR

No materials for this information item.

GENERAL BUSINESS (continued)

**STRATEGIC THEME DISCUSSION:
TITLE IX AND NEW REGULATIONS**

There are no materials for this information item.

GOOD AND WELFARE OF THE BOARD

There are no materials for this information item.

No. 1

Recommended Action – Resolution for Executive Session of the Board of Curators Meeting June 18-19, 2020

It was moved by Curator _____ and seconded by Curator _____, that there shall be an executive session with a closed record and closed vote of the Board of Curators meeting June 18-19, 2020 for consideration of:

- **Section 610.021(1), RSMo**, relating to matters identified in that provision, which include legal actions, causes of action or litigation, and confidential or privileged communications with counsel; and
- **Section 610.021(2), RSMo**, relating to matters identified in that provision, which include leasing, purchase, or sale of real estate; and
- **Section 610.021(3), RSMo**, relating to matters identified in that provision, which include hiring, firing, disciplining, or promoting of particular employees; and
- **Section 610.021(12), RSMo**, relating to matters identified in that provision, which include sealed bids and related documents and sealed proposals and related documents or documents related to a negotiated contract; and
- **Section 610.021 (13), RSMo**, relating to matters identified in that provision, which include individually identifiable personnel records, performance ratings, or records pertaining to employees or applicants for employment; and
- **Section 610.021 (14), RSMo**, relating to matters identified in that provision, which include records which are protected from disclosure by law.

Roll call vote of the Board: YES NO

Curator Brncic
Curator Chatman
Curator Graham
Curator Hoberock
Curator Layman
Curator Snowden
Curator Steelman
Curator Wenneker
Curator Williams

The motion _____.

June 18-19, 2020

GENERAL BUSINESS (continued)

ORGANIZATIONAL STRUCTURE EVALUATION
OF THE UNIVERSITY OF MISSOURI SYSTEM

Materials for this item will be distributed prior to the meeting.

No. 2

Recommended Action - Adourn Board of Curators Meeting and Committee Meetings

It was moved by Curator _____ and seconded by Curator _____, that
the Board of Curators meeting and committee meetings, June 18-19, 2020, be adjourned.

| Roll call vote: | YES | NO |
|-----------------|-----|----|
|-----------------|-----|----|

Curator Brncic

Curator Chatman

Curator Graham

Curator Hoberock

Curator Layman

Curator Snowden

Curator Steelman

Curator Wenneker

Curator Williams

The motion _____.

Time: _____ Date: _____

June 18-19, 2020