UNIVERSITY OF MISSOURI
BOARD OF CURATORS MEETING

December 11-12, 2014
University of Missouri-St. Louis Campus
St. Louis, Missouri

AGENDA

Unless otherwise noted, public session meetings will be conducted in Century Rooms A & B, in the Millennium Student Center, on the University of Missouri – St. Louis campus. Times are approximate and room designations are tentative and subject to change.

THURSDAY, DECEMBER 11, 2014

BOARD OF CURators MEETING – PUBLIC SESSION

11:00 A.M.   Call to Order

GENERAL BUSINESS

Information
   1.  Review Consent Agenda

Action
   1.  Resolution, Executive Session of Board of Curators Meeting, December 11-12, 2014

11:03 A.M.  AUDIT COMMITTEE MEETING
   (Curators Henrickson, Bradley, Goode, Phillips, Steelman, Steward)

Action
   1.  Resolution, Executive Session of the Audit Committee

11:05 A.M.  BOARD OF CURATORS MEETING – EXECUTIVE SESSION
   (time is approximate)
   Location: Millennium Student Center, Room TBD
The Board of Curators will hold an executive session of the December 11-12, 2014 meeting, pursuant to Section 610.021(1), 610.021(2), 610.021(3), 610.021(12), 610.021(13) and 610.021(17) RSMo, for consideration of certain confidential or privileged communications with university counsel, personnel, property, contract and litigation items, confidential or privileged communications with university auditors, all as authorized by law and upon approval by resolution of the Board of Curators.

11:35 A.M.  AUDIT COMMITTEE – EXECUTIVE SESSION
(time is approximate)
Location: Millennium Student Center, Room TBD

The Audit Committee will hold an executive session of the meeting on December 11, 2014 (time permitting) and December 12, 2014 as needed, pursuant to Section 610.021(1), 610.021(3), 610.021(13) and 610.021(17) RSMo for consideration of certain confidential and privileged communications with university counsel, personnel matters and confidential or privileged communications with university auditors, as authorized by law and upon approval by resolution of the Audit Committee.

2:00 P.M.   RECONVENE PUBLIC SESSION

GENERAL BUSINESS

Action
  2.  Community Physician Affiliates
      a. Amendment to Collected Rules and Regulations 320.050 Employee Status
      b. Amendments to and Restatements of Benefits Program Plans Collected Rules and Regulations Chapter 500

Information
  2. Strategic Plan Highlights – University of Missouri-St. Louis

2:45 PM    COMPENSATION AND HUMAN RESOURCES COMMITTEE MEETING
(Curators Phillips, Bradley, Cupps, Goode and Henrickson)

OPEN – AGENDA - 2
Information
1. Faculty and Staff Compensation Update
   2. Benefits Annual Enrollment Report

Action
1. Amendment to Collected Rules and Regulations 540.010 Long Term Disability Plan
   2. Adjourn Compensation and Human Resources Committee Meeting

3:20 PM  ACADEMIC, STUDENT AND EXTERNAL AFFAIRS COMMITTEE MEETING
          (Curators Steward, Covington, Cupps, Henrickson and Steelman)

Information
1. Research and Economic Development Annual Report
   2. University Relations Report

Action
1. New Degree Program - Bachelors in Digital Storytelling, MU
   2. New Degree Program - Masters in Dietetics, MU
   3. Adjourn Academic, Student and External Affairs Committee Meeting

4:15 PM  FINANCE COMMITTEE MEETING
          (Curators Covington, Cupps, Goode, Phillips, Steelman and Steward)

Information
1. FY2014 Efficiencies and Effectiveness Report, UM
   2. Preliminary FY 2016 Tuition and Fees, UM
   3. Maintenance and Repair Update, UM
   4. Project Design, Dobbs Group Replacement Project – Phase One, MU

Action
1. Project Approval, Lafferre Hall – 1935/44 Renovation and Repair, MU
   2. Revised Project Approval, Missouri Orthopaedic Institute – Addition and Renovation, MU
   3. Adjourn Finance Committee Meeting

5:15 PM  GOVERNANCE, RESOURCES AND PLANNING COMMITTEE MEETING
          (Curators Goode, Bradley and Covington)

OPEN – AGENDA - 3
Information
1. Review New Curator Orientation Plan
2. Preservation of Red Campus on the MU Campus

Action
1. Adjourn, Governance, Resources and Planning Committee Meeting

5:40 PM AUDIT COMMITTEE MEETING
(Curators Henrickson, Bradley, Goode, Phillips, Steelman and Steward)

Information
1. FY2014 External Auditors Report, UM

Action
2. Resolution, Executive Session of the Audit Committee Meeting

6:15 P.M. Recess Board of Curators Meeting

6:30 P.M. Reception and Dinner for Board of Curators, President and General Officers (by invitation)
Hosted by: Chancellor Thomas F. George
Location: Lee Theater, Touhill Performing Arts Center, 1 University Blvd,
St Louis, MO 63121

FRIDAY, DECEMBER 12, 2014
BOARD OF CURATORS MEETING – PUBLIC SESSION
8:00 A.M. Breakfast hosted by UMSL Faculty Senate with the Board of Curators (by invitation)
Topic: UMSL SUCCEED Program
Presenter: Dr. Deborah Baldini, Associate Dean, Professional and Continuing Studies for the College of Arts and Sciences
Location: Century Room C, Millennium Student Center

BOARD OF CURATORS – PUBLIC SESSION
9:00 A.M. Call to Order
GENERAL BUSINESS

Information
3. University President’s Report

Consent Agenda

Action
2. Approval of Spinal Cord Injuries and Congenital or Acquired Disease Processes Research Program Proposals

General Business

Information
4. Board Chairman’s Report

Action
3. Resolution for Retiring Curator, David R. Bradley
4. Resolution for Retiring Curator, Wayne Goode
5. Resolution for Retiring Curator, Don M. Downing

Information
5. Good and Welfare of the University

Action
6. Election of Board of Curators Chairperson, 2015
7. Election of Board of Curators Vice Chairperson, 2015
8. Adjourn Board of Curators Meeting – Public Session

11:45 A.M.   AUDIT COMMITTEE – EXECUTIVE SESSION
(time is approximate)
Location: Millennium Student Center, Room TBD

The Audit Committee will hold an executive session of the meeting on December 11, 2014 (time permitting) and December 12, 2014 as needed, pursuant to Section 610.021(1), 610.021(3), 610.021(13) and 610.021(17) RSMo for consideration of certain confidential and privileged communications with university counsel, personnel matters and confidential or privileged communications with university auditors, as authorized by law and upon approval by resolution of the Audit Committee.

12:30 P.M.   BOARD OF CURATORS MEETING – Executive Session, as needed
(time is approximate)
OPEN – AGENDA - 5
Location: Millennium Student Center, Room TBD

The Board of Curators will hold an executive session of the December 11-12, 2014 meeting, pursuant to Section 610.021(1), 610.021(2), 610.021(3), 610.021(12), 610.021(13) and 610.021(17) RSMo, for consideration of certain confidential or privileged communications with university counsel, personnel, property, contract and litigation items, confidential or privileged communications with university auditors, all as authorized by law and upon approval by resolution of the Board of Curators.

Upcoming meetings of the Board of Curators:
February 5-6, 2015        University of Missouri - Columbia
April 9-10, 2015         Missouri University of Science and Technology - Rolla
June 25-26, 2015        University of Missouri System – Columbia
July 24, 2015            TelePresence
GENERAL BUSINESS

DAY ONE
REVIEW CONSENT AGENDA

There are no materials for this information item.
Recommended Action – Resolution for Executive Session of the Board of Curators Meeting, December 11-12, 2014

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 December 11-12, 2014 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(17), RSMo**, relating to matters identified in that provision, which include confidential or privileged communications between a public governmental body and its auditor.

Roll call vote of the Board:  

<table>
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<th>YES</th>
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<td>Curator Bradley</td>
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<td>Curator Steelman</td>
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<td>Curator Steward</td>
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The motion ____________.
AUDIT COMMITTEE

Pamela Q. Henrickson, Chairwoman

David R. Bradley
Wayne Goode
John R. Phillips
David L. Steward

The Audit Committee will assist the Board of Curators in fulfilling its oversight responsibilities relating to: the integrity of the University's financial statements, the systems of internal control, the performance of the University's independent auditors and internal audit function, the independent auditor's qualifications and independence, and the University's compliance with legal and regulatory requirements.

a. The Audit Committee shall be the Board Committee on audit.
b. The Audit Committee shall meet four times per year to consider business related to its audit function. Sufficient opportunity for the internal and independent auditors to meet with the Committee should be provided. At least annually, the Audit Committee, as part of its audit function, shall meet solely with the independent auditor and the internal auditor.
c. The Audit Committee in its audit role may investigate any matter brought to its attention with full access to all records, facilities, and personnel of the University and the authority to engage other individuals as necessary to carry out its duties.
d. The responsibilities of the Audit Committee in its audit function include, but are not limited to, a review of the internal audit plan, a review of audits completed, a review of annual audited financial statements, and recommending to the full Board of Curators the appointment of the University's independent and internal auditors.
e. The Audit Committee may establish processes, procedures, and regulations governing their oversight of the internal and external audit process.
## Annual Audit Committee Meeting Topics

### January/February
- Review charter to reassess adequacy and reports to the Board on any revisions needed in light of new best practices and new legal, regulatory, accounting or auditing requirements
- Review the university’s code of conduct to ensure that it is adequate and up-to-date (Biennially)
- Review annual summary of Fiscal Misconduct Reporting Line
- Review quarterly internal audit reports
- Approve the appointment of the independent auditors and related fees

### March/April
- Review scope of current year independent audit with independent auditors and Vice President for Finance
- Review quarterly internal audit reports
- Review bi-annual internal audit follow-up reports and dashboard
- Review A-133 Audit Report

### June
- Review and approve the appointment of the internal auditors and related fees
- Review quarterly internal audit reports

### July

### September/October
- Review annual audited financial statements (either October or December)
- Review the internal audit risk assessment, and the resulting audit plan
- Review quarterly internal audit reports
- MU Health System - Internal Audit Compliance Committee Annual Report
- Review bi-annual internal audit follow-up reports and dashboard
- Meet with the independent auditor at the completion of the annual financial audit; with the internal auditor in conjunction with risk assessment review (either at October or December meeting)

### November/December
- Review annual audited financial statements (either at October or December meeting)
- Meet with the independent auditor at the completion of the annual financial audit; with the internal auditor in conjunction with risk assessment review (either at October or December meeting)
No. 1

Recommended Action - Resolution for Executive Session of the Audit Committee, December 11-12, 2014

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 Audit Committee meeting December 11-12, 2014, 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(3), RSMo, relating to matters identified in that provision, which include hiring, firing, disciplining, or promoting of particular employees; 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 (17), RSMo, relating to matters identified in that provision, which include confidential or privileged communications between a public governmental body and its auditor.

Roll call vote of the Committee: YES NO
Curator Bradley
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ________________.

December 11-12, 2014

OPEN – AUD – 1-1
Amendment to Collected Rules and Regulations 320.050 Employee Status

This Collected Rule and Regulation defines the employee groups within the University of Missouri, and an amendment is recommended to include the extension of benefit coverage to subsidiary employees, such as the newly approved Health Affiliate employees.
No. 2a

Recommended Action - Amendment to Collected Rules and Regulations 320.050, Employee Status

It was recommended by Vice President Rodriguez, endorsed by President Wolfe, recommended by the Compensation and Human Resources Committee, moved by Curator ________________ and seconded by Curator ________________, that the following action be approved:

that Collected Rules and Regulations 320.050 Employee Status be amended to include the extension of benefit coverage to subsidiary employees, such as the newly approved Health Affiliate employees.

Roll call vote of Board of Curators: YES NO
Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward
The motion ____________.
Chapter 320: Employment and Termination

320.050 Employee Status

Bd. Min. 2-27-76; Amended 9-26-97; Amended Bd. Min. 10-17-03; Amended 4-03-09; Amended 6-14-13.

I. **Academic Staff Appointment**: There are two categories of Academic Staff appointments, Regular and Nonregular, as defined by Section 310.020 of the Collected Rules and Regulations (CRR). For the purposes of Section 320.050 of the CRR, the status of Academic Staff appointments is based on the terms of the employment relationship with the University, and both Regular and Nonregular academic staff employees may be either a Fully Benefit Eligible Employee or a Variable Hour Employee as determined by the definitions below:

A. **Fully Benefit Eligible Academic Appointment**: An employee with an Academic Staff appointment that is at least 75 percent full time equivalent (FTE) and with indicated appointment duration of at least nine months. Individuals who are simultaneously employed by the University and the Harry S. Truman Veterans Administration Hospital, pursuant to an agreement between said organizations, where the total combined appointments are greater than 75 percent FTE, but the University portion of the appointment is less than 75 percent FTE, are considered Fully Benefit Eligible except for the purpose of participation in the University's Retirement Disability and Death Plan and the Employee Retirement Investment Plan.

B. **Variable Hour Employee**: An employee with an Academic Staff appointment that does not meet the definition of Fully Benefit Eligible above or the definition of Regular Employee (Administrative, Service and Support Staff) below, or the definition of Student Employee below.

II. **Administrative, Service and Support Staff**: The following provisions defining Regular Employee, Variable Hour Employee, Nonregular Employee and Per Diem Employee are in effect for all Administrative, Service and Support Staff employees, unless specifically exempted by policy.

A. **Regular Employee**: An employee with an appointment that is at least 75 percent FTE with an appointment duration of at least nine months. Service credit under the UM retirement program requires a minimum of 1500 hours worked per year.
B. **Variable Hour Employee**: An employee that does not have an Academic Staff Appointment that meets the definition of Fully Benefit Eligible Academic Appointment above or the definition of Regular Employee (Administrative, Service and Support Staff) above, or the definition of Student Employee below. A Variable Hour Employee in an administrative, service and support staff appointment may be either a Nonregular Employee or a Per Diem Employee as defined below.

1. **Nonregular Employee**: An employee that has an administrative, service and support staff appointment that does not qualify for Regular Employee status as defined above. Employees may be reappointed beyond the initial appointment, but in no instance may a Nonregular Employee earn service credit under the retirement plans.

2. **Per Diem Employee**: An employee that has an administrative, service and support staff appointment that is not a part of an operating unit's regular work schedule and is scheduled to work only on an "as needed" basis. Work may be scheduled prospectively but should be considered as "elected" by the employee. Per Diem employees are provided an hourly rate of pay following approved rate schedule(s).

III. **Subsidiary Employee**: The following provisions defining Regular Employee, Variable Hour Employee, Nonregular Employee and Per Diem Employee are in effect for all Subsidiary Employees, unless specifically exempted by policy. A "Subsidiary Employee" means an employee of a "subsidiary entity" (which is defined to mean any organization (whether or not incorporated) which is required to be aggregated with the University pursuant to sections 414(b), (c), and (m) of the Internal Revenue Code and the regulations thereunder).

A. **Regular Employee**: A Subsidiary Employee with an appointment that is at least 75 percent FTE with an appointment duration of at least nine months.

B. **Variable Hour Employee**: A Subsidiary Employee that does not meet the definition of Regular Employee (Subsidiary Employee) above. A Variable Hour Employee in a Subsidiary Employee appointment may be either a Nonregular Employee or a Per Diem Employee as defined below.

1. **Nonregular Employee**: An employee that has a Subsidiary Employee appointment that does not qualify for Regular Employee status as defined above.

2. **Per Diem Employee**: An employee that has a Subsidiary Employee appointment that is not a part of an operating unit's regular work schedule and is scheduled to work only on an "as needed" basis. Work may be scheduled prospectively but should be considered as "elected" by
the employee. Per Diem employees are provided an hourly rate of pay following approved rate schedule(s).

IV. **Student Employees:** An *A University* employee that is enrolled as a student at the University of Missouri and whose primary association with the *University* is related to the pursuit of an academic program. Because academic pursuit is the primary purpose of the student role, Student Employees should not be scheduled to work more than an average of 28 hours per week across all concurrent *University* jobs during the measurement period [1] and should be in a student title as described in HR-204 Student Position Titles.

V. IV—The President is hereby authorized, subject to approval of the language by the General Counsel, to modify the language of benefit plan documents, as necessary to make them consistent with the above revisions of Section 320.050.

[1] Measurement and Stability Periods are designated by the University in accordance with Section 4980H of the Internal Revenue Code and the regulations thereunder.
### Summary Report:
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OPEN - GB - 2a-6
Chapter 320: Employment and Termination

320.050 Employee Status

Bd. Min. 2-27-76; Amended 9-26-97; Amended Bd. Min. 10-17-03; Amended 4-03-09; Amended 6-14-13.

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A. Fully Benefit Eligible Academic Appointment: A University employee with an Academic Staff appointment that is at least 75 percent full time equivalent (FTE) and with indicated appointment duration of at least nine months. Individuals who are simultaneously employed by the University and the Harry S. Truman Veterans Administration Hospital, pursuant to an agreement between said organizations, where the total combined appointments are greater than 75 percent FTE, but the University portion of the appointment is less than 75 percent FTE, are considered Fully Benefit Eligible except for the purpose of participation in the University's Retirement Disability and Death Plan and the Employee Retirement Investment Plan.

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B. **Variable Hour Employee**: An employee that does not have an Academic Staff Appointment that meets the definition of Fully Benefit Eligible Academic Appointment above or the definition of Regular Employee (Administrative, Service and Support Staff) above, or the definition of Student Employee below. A Variable Hour Employee in an Administrative, Service and Support Staff appointment may be either a Nonregular Employee or a Per Diem Employee as defined below.

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A. **Regular Employee**: A Subsidiary Employee with an appointment that is at least 75 percent FTE with an appointment duration of at least nine months.

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V. The President is hereby authorized, subject to approval of the language by the General Counsel, to modify the language of benefit plan documents, as necessary to make them consistent with the above revisions of Section 320.050.

[1] Measurement and Stability Periods are designated by the University in accordance with Section 4980H of the Internal Revenue Code and the regulations thereunder.
Amendments to and Restatements of Collected Rules and Regulations
Chapter 500 Benefits Program Plans

The university’s benefit plans are being restated or amended to allow for the following overall changes:

- Extension of benefit coverage to other participating employers who qualify, such as University of Missouri Health System subsidiaries;
- Changes as required under Patient Protection and Affordable Care Act (PPACA);
- Changes to reflect annual benefit design changes; and
- Other required regulatory changes.

Where there were numerous changes to a plan, it has been restated, meaning that the approved plan document will replace the former plan document. In instances where there were minimal changes, the amendment has been made to the current plan document. The plans listed below have been restated or amended. A summary of the actual changes is included on the following pages. Due to the volume of material, the full redlined and clean documents may be accessed at https://board.um.umsystem.edu. These documents will be maintained according to the normal document retention practices.

- 500.010 Medical Benefits Plan – Restatement of Plan
- 510.010 Dental Benefits Plan – Restatement of Plan
- 530.010 Retirement, Disability and Death Benefit Plan – Amended
- 530.030 Employee Retirement Investment Plan – Amended
- 550.010 Flexible Benefits Plan – Restatement of Plan
- 570.010 401(a) Supplemental Retirement Plan – Restatement of Plan
- 580.010 457(b) Deferred Compensation Plan – Restatement of Plan
- 590.010 403(b) Tax Deferred Annuity Plan - Amended
Summary of Changes to Collected Rules and Regulations

Chapter 500 Benefit Plans

500.010 Medical Benefits Plan – Restatement of Plan

1. Changes due to the Affordable Care Act (ACA)
   a. Eligibility to allow coverage of variable-hour employees who become eligible under the ACA
   b. Benefit requirements under the ACA for clinical trials
   c. Copayments are required to count toward the out-of-pocket maximum
   d. Removal of dollar limits within the benefit plan design

2. Changes to extend coverage to other participating employers (i.e. MUHC subsidiaries)

3. 2015 plan design modifications
   a. Addition of Custom Network option
   b. Revisions to names of Plan options (myChoice changed to PPO and myOptions changed to Healthy Savings Plan)

4. Definitions
   a. Definitions that are included in the Summary Plan Description (SPD) were added as appropriate
   b. Definitions were revised for consistency with SPD definitions

5. Dependent Eligibility
   a. The requirement to provide proof of relationship documentation was added in accordance with the University's existing policy

6. Benefit Changes
   a. Revised PPO annual deductible, annual out-of-pocket maximum, and prescription drug out-of-pocket limit
   b. Revised benefit schedules for consistency with the SPD benefit schedules

7. Legally required updates
   a. Revised COBRA provisions in accordance with recent Department of Labor (DOL) model notices
   b. Two new permissible changes in status events based on recent IRS guidance
   c. Revised HIPAA provisions
   d. Revised for compliance with the Mental Health Parity and Addiction Equity Act

8. Appeals
   a. Added language to ensure compliance
   b. Shortened statute of limitations for a lawsuit

9. Removed detailed contribution information
510.010 Dental Benefits Plan – Restatement of Plan
1. Changes to extend coverage to other participating employers (i.e. MUHC subsidiaries)
2. Legally required updates
   a. Added two changes in status events based on recent IRS guidance
   b. Revised COBRA provisions in accordance with recent DOL model notices
   c. Revised HIPAA provisions for legal updates
3. Dependent Eligibility
   a. The requirement to provide proof of relationship documentation was added in accordance with the University's existing policy
4. Appeals
   a. Added language to ensure compliance
   b. Shortened the statute of limitations for a lawsuit

530.010 Retirement, Disability and Death Benefit Plan – Restatement of Plan
1. Incorporated the amendments required in connection with the determination letter
   a. Excluded pick-up contributions from IRC § 415(c)(3) compensation definition
   b. Revised the plan to provide that purchases of service credit will comply with IRC § 415(n)
2. Revised the role of the Committee to align with practice in a supporting and advisory role with respect to the plan administrator
3. Eligibility
   a. Excluded adjunct faculty, subsidiary employees and reclassified employees (i.e., independent contractors who are later determined to be employees by a court or government agency) from participating in the plan

530.030 Employee Retirement Investment Plan – Amended
1. Incorporated the amendments required in connection with the determination letter
   a. Revised the provision requiring return of contributions to the University in the event the IRS determines the plan is not initially qualified
2. Revised the role of the Committee to align with practice in a supporting and advisory role with respect to the plan administrator
3. Eligibility
   a. Excluded adjunct faculty, subsidiary employees and reclassified employees from participating in the plan
4. Changed the definition of spouse to comply with federal tax law

550.010 Flexible Benefits Plan – Restatement of Plan
1. Extend coverage to other participating employers (i.e. MUHC subsidiaries)
2. Legally required updates
   a. Added two permissible changes in status events based on recent IRS guidance
   b. Updated the maximum annual Health Savings Account (HSA) contribution amount
   c. Revised HIPAA provisions for legal updates
3. Dependent Eligibility
   a. Added requirement to provide proof of relationship documentation in accordance with the University's existing policy
4. Enrollment
   a. Revised to provide new employees 31 days to elect coverage
   b. Revised to require active enrollment

570.010 401(a) Supplemental Retirement Plan – Restatement of Plan
1. Incorporated amendments required in connection with the determination letter
   a. Revised the definition of IRC § 415 compensation
2. Eligibility
   a. Excluded reclassified employees from participating in the plan
   b. Revised the plan to allow participation by employees of subsidiaries who adopt the plan
3. Irrevocable Employee Contributions
   a. Revised the plan to allow eligible employees to make contributions immediately
   b. Revised the plan to require employee contribution elections upon first becoming eligible for any University retirement plan, except that University employees employed on December 31, 2014 have until the end of February 2015
4. Subsidiary Employer Contributions
   a. Subsidiary employers will make 3% nonelective contributions and 3% matching contributions (the match is based on 457(b) plan salary deferrals) for their employees
   b. Subsidiary employees must complete one year of service before participating in the 3% nonelective contributions and 3% matching contributions
   c. Service is based on elapsed time and is forfeited after a 12 month break in service
   d. One year of service requirement can be waived (e.g., for employees employed on a specific date, such as the date of the transaction)
5. Changed the definition of spouse to comply with federal tax law
6. Appendix A Nonelective Contributions
   a. Revised the plan non-elective contributions to reflect changes that have occurred
**580.010 457(b) Deferred Compensation Plan – Restatement of Plan**

1. Eligibility
   a. Excluded reclassified employees from participating in the plan
   b. Revised the plan to allow participation by employees of subsidiaries who adopt the plan
2. Changed the definition of spouse to comply with federal tax law

**590.010 403(b) Tax Deferred Annuity Plan – Amended**

1. Revised the definition of compensation to include pick-up contributions by the University, to be consistent with the other University retirement plans
2. Eligibility
   a. Excluded subsidiary employees and reclassified employees from participating in the plan
3. Changed the definition of spouse to comply with federal tax law
Recommended Action - Amendments to and Restatements of Collected Rules and Regulations Chapter 500: Benefits Program Plans

It was recommended by Vice President Rodriguez, endorsed by President Wolfe, recommended by the Compensation and Human Resources Committee, moved by Curator ________________ and seconded by Curator ________________, that the following action be approved:

that Collected Rules and Regulations Chapter 500: Benefits Program Plans be amended or restated as appropriate to 1) include the extension of benefit coverage to employers who qualify; 2) allow for changes required under Patient Protection and Affordable Care Act; 3) allow for changes to reflect annual benefit design changes; and 4) allow for other required regulatory changes.

Roll call vote of Board of Curators: YES NO

Curator Bradley

Curator Covington

Curator Cupps

Curator Downing

Curator Goode

Curator Henrickson

Curator Phillips

Curator Steelman

Curator Steward

The motion ________________.
Amendment to Collected Rules and Regulations 85.030 and 85.050, Risk Management, and 490.010 and 490.020, Defense and Protection

UM

The Vice President for Finance is recommending for Board approval modifications to Collected Rules and Regulations 85.030 Hazardous Chemicals and Radioactive Materials Policy – Defense and Protection of Employees, 85.050 Health Care Compliance Policy – Defense and Protection of Employees, 490.010 Defense and Protection of Employees, and 490.020 Medical, Professional and Patient General Liability. These changes would amend the rules to extend liability protection to employees of University affiliate entities designated by the Assistant Vice President for Management Services.

At its October 2014 meeting, the Board approved the formation of new wholly owned subsidiaries to allow University of Missouri Health Care (UMHC) to acquire assets of and employ the staff of community physician practice groups. Since the entities are wholly owned subsidiaries, UMHC desires to self-fund for their anticipated liabilities in the same manner that it currently provides for liability of individuals that it directly employs.

Objectives of Proposed Policy Changes

- Allow liability protection to be extended to the employees of the community practice groups, which will be operated as wholly owned subsidiaries of the University;
- Allow coverage to be extended to employees of future University affiliates and subsidiaries with different corporate structures, subject to approval of the Assistant Vice President of Management Services.

Benefits of Proposed Policy Changes

- Provides liability protection to employees of the new physician practices with which UMHC affiliates;
- If the university is financially responsible for an entity and its employees, including the entities in the existing Defense and Protection programs of the University, helps manage the University’s risk exposure and also ensures a consistent approach to risk management among health system components.
- Allows flexibility for University of Missouri Health System to adapt to a changing health care marketplace and teaching environment;
- May allow other campuses, schools, and units to offer liability protection to employees of University affiliates when it advances a University purpose and subject to approval of the Assistant Vice President of Management Services.

This rule change would generally provide the same liability protection to employees of the affiliates as is currently provided for direct employees of UMHC. UMHC would reserve additional funds in anticipation of potential liabilities of the entities in an amount determined to be appropriate by the University’s actuarial firm. These revisions were developed with the Office of General Counsel.

The proposed revisions to the Collected Rules and Regulations are attached.

December 11-12, 2014
Recommended Action - Amendment to Collected Rules and Regulations 85.030 and 85.050, Risk Management, and 490.010 and 490.020, Defense and Protection, UM

It was recommended by Vice President Burnett, endorsed by President Wolfe, moved by Curator _________________ and seconded by Curator ________________, that the following action be approved:

that Collected Rules and Regulations 85.030 Hazardous Chemicals and Radioactive Materials Policy – Defense and Protection of Employees, 85.050 Health Care Compliance Policy – Defense and Protection of Employees, 490.010 Defense and Protection of Employees, and 490.020 Medical, Professional and Patient General Liability, be amended to extend liability protection to employees of University affiliate entities designated by the Assistant Vice President for Management Services, as reflected in the attached.

Roll call vote Full Board: YES NO
Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ________________.
A. Purpose

1. The purpose of this policy is to establish a procedure for defense and protection of employees in matters where the U.S. Environmental Protection Agency (EPA), the U.S. Nuclear Regulatory Commission (NRC), the Missouri Department of Natural Resources (DNR), the Occupational Safety and Health Administration (OSHA) or similar administrative agencies are alleging violations of federal and state laws, statutes, and regulations.

B. Defense and Protection -- Civil Proceedings -- Defense and protection against loss, damage or expense will be provided to:

1. Employees--An officer, faculty member, or other employee of the (a) University of Missouri or (b) a subsidiary or affiliate of the University that has been designated as eligible for coverage under this Rule by the Assistant Vice President of Management Services in connection with any claim or suit allegedly rising out of the performance of duties for, or employment with, or by The Curators of the University of Missouri, a public corporation, or a designated University subsidiary or affiliate; and

2. Such an officer, faculty member or employee who, individually or with others is named a defendant in legal actions or is the subject of a claim submits a request for such defense and protection to the President.
   a. Such a request shall include:
      (1) A brief description of the circumstances surrounding the incident giving rise to the legal action or claim; and
      (2) Documentation to verify that the named individual was acting within the scope of his or her official duties at the time of the incident; and
      (3) A copy of the summons or petition served on the named individual or any other information concerning the claim.
   b. The President determines that the named individual was acting in good faith and within the scope of his/her employment or authority.
C. Defense and Protection -- How Provided
While such defense and protection normally will be provided by insurance maintained by the University, this policy applies without regard to the availability of insurance coverage. If the initial determination is made by the President that the named individual is entitled to defense, it shall be provided either by insurance or by the General Counsel or by an outside counsel appointed by the General Counsel on behalf of the individual.

D. Defense -- Criminal Proceedings -- Defense will be provided to an officer, faculty member, or other employee of the University in a criminal investigation, subject to the conditions and requirements of Paragraph B above, until the occurrence of one of the following:

1. The individual or the University is advised by a U.S. Department of Justice representative or an appropriate official of the prosecuting attorney's office that the person is a target of the criminal investigation; or
2. The individual is named the defendant in an indictment issued by a grand jury, or is named the defendant in an information, or is named the defendant in a complaint filed by a prosecuting attorney which complaint charges the commission of a crime; or
3. The President concludes that the individual was not acting in good faith or within the scope of his/her employment or authority.

E. Reimbursement -- Attorney Fees -- When
When an officer, faculty member, or other employee is refused defense by the University under the terms of Paragraph D above, and the officer, faculty member or other employee retains an attorney to represent him or her in the criminal proceeding such person shall be entitled to reimbursement for fees paid to the attorney if:

1. The individual is acquitted or the criminal charges are dismissed; and
2. The President determines that the charges for which reimbursement is sought are reasonable.

F. Financial Protection -- When Provided
The University will protect officers, faculty members or other employees from civil penalties imposed by such outside agencies but will not protect officers, faculty members and employees from fines levied in any criminal proceedings.
A. Purpose

1. The purpose of this policy is to establish a procedure for defense and protection of employees in matters where the U.S. Health Care Financing Administration (HCFA), the Office of the Inspector General, the Department of Justice, or any federal or state administrative agencies with jurisdiction are alleging violations of federal and state health care laws, statutes, and regulations.

B. Defense and Protection -- Civil Proceedings -- Defense and protection against loss, damage or expense will be provided to:

1. Employees -- An officer, faculty member, or other employee of (a) the University of Missouri or (b) a subsidiary or affiliate of the University that has been designated as eligible for coverage under this Rule by the Assistant Vice President of Management Services in connection with any claim or suit allegedly rising out of the performance of duties for, or employment with, or by The Curators of the University of Missouri, a public corporation, or a designated University subsidiary or affiliate; and

2. Such an officer, faculty member or employee who, individually or with others is named a defendant in legal actions or is the subject of a claim submits a request for such defense and protection to the President.

   a. Such a request shall include:

      (1) A brief description of the circumstances surrounding the incident giving rise to the legal action or claim; and

      (2) Documentation to verify that the named individual was acting within the scope of his or her official duties at the time of the incident; and

      (3) A copy of the summons or petition served on the named individual or any other information concerning the claim.

   b. The President determines that the named individual was acting in good faith and within the scope of his/her employment or authority.

   c. Such defense or protection is legally permissible.
C. Defense and Protection -- How Provided
While such defense and protection normally will be provided by insurance maintained by the University, this policy applies without regard to the availability of insurance coverage. If the initial determination is made by the President that the named individual is entitled to defense, it shall be provided either by insurance or by the General Counsel or by an outside counsel appointed by the General Counsel on behalf of the individual.

D. Defense -- Criminal Proceedings -- Defense will be provided to an officer, faculty member, or other employee of the University in a criminal investigation, subject to the conditions and requirements of Paragraph B above, until the occurrence of one of the following:

1. The individual or the University is advised in writing by a representative of the U.S. Attorney's office or an appropriate official of the prosecuting attorney's office that the person is a target of the criminal investigation; or
2. The individual is named the defendant in an indictment issued by a grand jury, or is named the defendant in an information, or is named the defendant in a complaint filed by a prosecuting attorney which complaint charges the commission of a crime; or
3. The President concludes that the individual was not acting in good faith or within the scope of his/her employment or authority.

E. Reimbursement -- Attorney Fees -- When
When an officer, faculty member or other employee is refused defense by the University under the terms of Paragraph D1 or D2 above, and the officer, faculty member or other employee retains an attorney to represent him or her in the criminal proceeding such person shall be entitled to reimbursement for fees paid to the attorney if:

1. The individual is acquitted or the criminal charges are dismissed; and
2. The President determines that the charges for which reimbursement is sought are reasonable.

F. Financial Protection -- When Provided
When an officer, faculty member, or other employee is provided a defense under Paragraph B above, and if legally permissible, the University will protect officers, faculty members or other employees from civil penalties imposed by such outside agencies, but will not protect officers, faculty members and employees from fines levied in any criminal proceedings. No protection will be provided if a court determines that the action arose out of malfeasance in office or willful or wanton action or neglect of duty.
Collected Rules and Regulations
Benefit Plans
Chapter 490: Defense and Protection

490.010 Defense and Protection of Employees

Bd. Min. 5-3-85; Bd. Min. 7-13-00.

A. Defense and Protection -- Defense and protection against loss, damage or expense will be provided to:

1. Employees -- An officer, faculty member, or other employee of (a) the University of Missouri or (b) a subsidiary or affiliate of the University that has been designated as eligible for coverage under this Rule by the Assistant Vice President of Management Services in connection with any claim or suit allegedly rising out of the performance of duties for, or employment with, or by the Curators of the University of Missouri, a public corporation, or a designated University subsidiary or affiliate; and

2. Students -- A duly enrolled student at the University of Missouri in connection with any claim or suit allegedly arising out of the performance of duties as a member of a University of Missouri committee to which the student has been appointed by a duly authorized University of Missouri administrative officer, subject to the following conditions.

3. Volunteer -- A duly authorized volunteer of the University of Missouri in connection with any claim or suit allegedly arising out of the performance of duties of volunteer service for the University of Missouri or the performance of duties as a member of a University of Missouri committee to which the volunteer has been appointed by or requested to provide the services by a duly authorized University of Missouri administrative officer, subject to the following conditions.

4. Such an officer, faculty member, employee, authorized volunteer, or student who, individually or with others, is named a defendant in legal actions or proceedings submits a request for such defense and protection to the President.

   a. Such a request shall include:
      (1) A brief description of the circumstances surrounding the incident giving rise to the legal action;

      (2) Documentation to verify that the named individual was acting within the scope of his or her official duties at the time of the incident; and

      (3) A copy of the summons or petition served on the named individual.
b. The President determines that the named individual was acting in good faith and within the scope of his/her employment or authority.

c. Such defense or protection is legally permissible.

d. No protection will be provided if a court determines that the action arose out of malfeasance in office or willful or wanton action or neglect of duty.

B. While such defense and protection normally will be provided by insurance maintained by the University, this policy applies without regard to the availability of insurance coverage. If the initial determination is made by the President that the named individual is entitled to defense, it shall be provided either by insurance or by the General Counsel or by an outside counsel appointed by the General Counsel on behalf of the individual.
Collected Rules and Regulations

Benefit Plans

Chapter 490: Defense and Protection

490.020 Medical, Professional and Patient General Liability

Bd. Min. 2-24-78, Amended Bd. Min. 5-26-78, Amended Bd. Min. 7-27-79; Revised 1-21-98; Revised 10-1-98, Amended Bd. Min. 11-22-02; Revised 1-31-14

A. Article I: Definitions -- As used herein:

1. **Plan** -- The term "Plan" shall mean the University of Missouri Medical Professional and Patient General Liability Plan.

2. **Employer** -- The term "Employer" shall mean The Curators of the University of Missouri, a public corporation, including all its campuses, divisions, branches and parts and also including subsidiaries and affiliates of the University that are designated for coverage under this Plan by the Assistant Vice President.

3. **Injury** -- The term "injury" shall mean physical damage to or destruction of tangible property, bodily or mental injury, sickness or disease, including death, to which the Plan applies and resulted from an "occurrence" while the Plan was in effect. The term "injury" shall not be deemed to mean intentional torts.

4. **Damages** -- The term "damages" shall mean any monetary consideration due a claimant, including but not limited to money, services, waiver of amounts payable from patients and any other similar consideration approved pursuant to the Plan or the amount of a final judgment awarded by a court of competent jurisdiction.

5. **Covered Person** -- The term "covered person" shall mean any person or organization designated in the Covered Persons provision of the Plan.

6. **Occurrence** -- The term "occurrence" shall mean an "incident", including continuous or repeated exposure to conditions, which results in an "injury" neither expected nor intended from the standpoint of the covered person and/or neither expected nor intended from the standpoint of the claimant.

7. **Incident** -- The term "incident" shall mean any happening which is not consistent with the routine or commonly practiced care of a patient, including an accident or a situation which might result in an accident. An incident is also an actual or alleged injury arising out of the rendering or failure to render professional services by a "covered person" or by any person for whose acts or omissions the "covered person" is legally responsible, which resulted from or was attendant to a therapeutic or diagnostic procedure. Also included as an incident is a claim by or on behalf of a "patient" that there was a failure to obtain an informed consent from a person or entity with the legal authority to provide such consent. An incident...
shall also include a claim of negligence in regard to the handling of or performing post-mortem examinations on human bodies or animal bodies.

8. **Director** -- The term "Director" shall mean the Director of Insurance and Risk Management, or the successor position thereto by whatever name it is entitled, a UM position.

9. **Medical Facility** -- The term "medical facility" shall mean any hospital, Student Health Service, School of Medicine, School of Dentistry, School of Pharmacy, School of Nursing, College of Veterinary Medicine and any other similar facilities owned or operated by the "Employer" approved for coverage by the "Assistant Vice President" or a facility to which "covered persons" have been assigned by the "Employer" or at which "covered persons" rendered professional services with the permission of the "Employer" where the health care and treatment of persons or animals are performed.

10. **Employee** -- Except as otherwise provided in this paragraph, the term "employee" shall mean a person whose services are secured by written agreement by "Employer" at a "medical facility" or a person employed by "Employer" at a "medical facility" or who has administrative or supervisory authority with respect to a "medical facility" or personnel thereof and at the time of an "occurrence" was in the performance of his or her regularly assigned duties as determined by the appropriate person having supervisory authority of the employee, including the performance of attending to emergency medical care (commonly known as Good Samaritan Service) and incidental and non-continuing medical service with the permission of the appropriate person having supervisory authority of the employee and shall also include non-employee volunteers rendering service at such "medical facility" as well as enrolled students of the University of Missouri pursuing courses of instruction at or under the direction or auspices of the "medical facility". The term "employee" shall not include medical residents employed by Employer as part of the residency program at the University of Missouri - Kansas City School of Medicine so long as professional liability coverage is provided to those medical residents by an entity other than the Employer or health care professionals jointly employed by Employer at the University of Missouri-Kansas City School of Medicine and any entity other than Employer.

11. **Plan Territory** -- The term "Plan Territory" shall mean:

   a. the United States of America (including its territories and possessions), Puerto Rico and Canada;

   b. international water or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above, or

   c. anywhere in the world if:

      i. the injury or damage arises out of:
(1) goods or products made or sold by the University or covered persons in the territory described in a. above, or
(2) the activities of any covered person permanently domiciled in the territory described in a. above, though temporarily outside such territory, and

ii. the original suit for damages because of any such injury or damage is brought within the United States of America (including its territories and possessions), Puerto Rico or Canada.

12. Incident and Claim Review Committee -- The term "Incident and Claim Review Committee" (ICRC) shall mean any group or committee established at or for a "medical facility" and whose responsibilities under the "Plan" are to review incidents occurring at a "medical facility", resulting claims or suits brought, including recommendations on settlements of such claims or suits.

13. Gender -- Persons described or referred to in the masculine gender include females and persons described or referred to in the feminine gender include males.

14. Patient -- The term "patient" shall mean an animal or a natural person who is in or on the premises of a "medical facility" or in transit when in the care of a "covered person", for the purpose of receiving professional care or services rendered directly or indirectly by the "medical facility" or by a "covered person".

15. Assistant Vice President -- The term "Assistant Vice President" shall mean the Assistant Vice President for Management Services, or the successor position thereto by whatever name it is entitled, a UM System position.

B. Article II: Effective Date -- The effective date of the Plan shall be July 1, 1978.

C. Article III: Covered Persons -- Each of the following is a covered person under the Plan to the extent set forth below:

- The Employer and any of Employer's administrative personnel;

- Individual members of the Board of Curators of the University of Missouri and the Board of Curators of the University of Missouri; and

- All employees.

1. Coverage shall not extend to a covered person while in the exercise of his duties where an occurrence is within the provisions of the Federal Tort Claims Act as provided in 38 USC4116 or any other federal legislation or program. In the event the covered person does not come under the provisions of said Federal Tort Claims Act, the covered person shall come under the provisions of the Plan.

2. Coverage shall not extend to medical residents employed by Employer as part of the residency program at the University of Missouri - Kansas City School of Medicine so long as professional liability coverage is provided to
those medical residents by an entity other than the Employer or to health care professionals jointly employed by Employer at the University of Missouri-Kansas City School of Medicine and any entity other than Employer.

3. The coverage afforded applies separately to each covered person against whom claim is made or suit is brought, except with respect to the limits of the Plan's liability.

D. Article IV: Coverage Agreement

1. The Employer, based on the provisions of the Plan and from the Plan Trust will pay on behalf of the covered person all sums which the covered person shall become legally obligated to pay as damages because of injury to the person or property of a patient arising out of the operations of a medical facility or because of injury arising out of the rendering of or failure to render, while the Plan is in effect, professional services by the covered person, or by any person for whose acts or omissions such covered person is legally responsible, performed in the practice of the individual covered person's profession including service by the individual covered person as a member of a formal accreditation or similar professional board or committee of a medical facility or professional society.

2. The Employer shall have the right and duty to defend any suit seeking such damages against the covered person, even if any or all of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and such settlement of any claim or suit as it deems expedient, but the Employer shall not be obligated to pay any claims or judgment or to defend any suit after the applicable limit of the Plan's liability has been exhausted by payment of judgments or settlements. In the event that a claim or suit is being defended at the time the applicable limit of the Plan's liability becomes exhausted, such defense shall continue as provided by Employer.

3. In the event that any covered person elects to employ his own legal counsel (see ARTICLE VI below) and declines legal counsel provided by Employer, there is no obligation under the Plan to pay any sum such covered person may become legally obligated pay, unless payment of settlement or judgment is approved by the Assistant Vice President (see ARTICLE VII below).

E. Article V: Exclusions -- The Plan does not apply:

1. To bodily injury to any employee of the Employer arising out of and in the course of his employment by the Employer;

2. To any obligation for which the Employer or any carrier as his insurer may be held liable under any workmen's compensation law, unemployment compensation law or disability benefits law, or under any similar law;

3. To medical residents employed by Employer as part of the residency program at the University of Missouri - Kansas City School of Medicine so long as professional liability coverage is provided to those medical residents by an
entity other than the Employer or to health care professionals jointly employed by Employer at the University of Missouri-Kansas City School of Medicine and any entity other than Employer.

4. To the Nuclear Energy hazard as follows:

a. Under any Liability coverage, to bodily injury or property damage;
   (1) With respect to which a covered person under the Plan is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
   (2) Resulting from the hazardous properties of nuclear material and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the covered person is, or had the Plan not been established, would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

b. Under any Medical Payments Coverage, or under any Supplementary Payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

c. Under any Liability Coverage, to bodily injury or property damage resulting from the hazardous properties of nuclear material, if
   (1) The nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of, a covered person or (b) has been discharged or dispersed therefrom;
   (2) The nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of a covered person; or
   (3) The bodily injury or property damage arises out of the furnishing by a covered person of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to property damage to such nuclear facility and any property thereat.
d. The provisions of Section 490.020 E.4.a, b and c above notwithstanding, this exclusion shall not apply to any covered person as respects his liability for injury arising from the treatment in a medical facility; provided however, this exclusion shall apply if such injury is otherwise covered by any other policy of insurance of the Employer and such other policy of insurance was in effect and the covered person under the Plan was a covered person under such other policy of insurance at the time of the occurrence.

5. As used in this exclusion:

a. "Hazardous properties" include radioactive, toxic or explosive properties;

b. "Nuclear material" means source material, special nuclear material or byproduct material;

c. "Source material", "special nuclear material", and "byproduct material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

d. "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

e. "Waste" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (1) or (2) thereof;

f. "Nuclear facility" means

   (1) Any nuclear reactor,
   (2) Any equipment or device designed or used for (a) separating the isotopes of uranium or plutonium, (b) processing or utilizing spent fuel, or (c) handling, processing or packaging waste,
   (3) Any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
   (4) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,
   (5) And includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

g. "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
h. "Property damage" includes all forms of radioactive contamination of property.

F. Article VI: Legal Services

1. The furnishings of all legal services, including legal defense, shall be the responsibility of the Employer through its General Counsel. Required legal services may be provided by the General Counsel and his staff, or if outside legal counsel and services are needed, such may be engaged by the General Counsel.

2. Any covered person may request the employment of outside counsel, including recommending the desired counsel or law firm. Such request must be made in writing and forwarded through the ICRC to the General Counsel for consideration.

3. In the event a covered person desires, in addition to the legal services provided above through the General Counsel to employ legal counsel of his choice, such employment of legal counsel shall be at the covered person's expense. In the event that the covered person elects to employ his own legal counsel to assist the General Counsel or counsel hired by the General Counsel, the right to make all decisions in regard to the defense of the claim or suit shall remain the rights and the duty of the Employer and its General Counsel.

G. Article VII: Claims Adjustment

1. All claims adjustment activities shall be deemed to be carried out for the sole and only purpose of assisting the Office of the General Counsel in defending potential legal action, causes of action or litigation against the Employer or any covered person, and shall be closed meetings, records and votes.

2. Procedures for claims adjustment, including claim payments, denials and suit settlements shall be as determined by the Assistant Vice President and shall include the duties of a medical facility Risk Manager of the ICRC and the Office of the General Counsel.

3. Since under the Plan written consent or approval in claim or suit settlement will not be required from an employee, input from any employee should be made to the ICRC.

4. The Assistant Vice President and the Director, shall after consultation with the General Counsel or his designee, notify the Director of the disposition to be made of each claim or suit. The Director will notify the medical facility Risk Manager of the disposition. The Risk Manager will be responsible for notifying the ICRC and other appropriate parties.

H. Article VIII: Payment of Claims and Suits

1. Subject to the provisions of ARTICLE VII and IX, the payment of the claims and suit judgments from the Trust Fund will be on certification to the Trustee by the Director.
2. Payments from a Trust Fund will be made in the order that claims or suit final judgments become payable, without regard to claim reserves previously established, date of incident, date of claim demand or date suit was filed.

3. The amount for a specific claim or suit judgment that can be paid from the Trust Fund will be determined by the Director based on the balance of the Trust Fund on the day such claim or suit judgment is payable. Any deficiency in the Trust Funds which would not permit full payment of such claim or suit judgment shall not impose any liability on the Employer.

I. Article IX: Limits of Liability

1. The Plan's Limits of Liability are as follows:
   - $7,500,000 per occurrence and $15,000,000 annual aggregate;
   - or the balance of the Trust Fund (see ARTICLE XI) as of the day a claim or suit final payment is due, whichever is less. Claim reserves will not be encumbered against the Trust Fund.

J. Article X: Plan Funding -- The Board of Curators instructs the administration to fund the Plan under the following guidelines:

1. The funding of the Plan shall be determined by the Board of Curators based on actuarial projections of an independent actuary employed by the Employer.

2. The level of amount of funding shall be sufficient to support or pay for actuarially projected costs of claims and Plan expenses such as claims adjustment, loss prevention and legal defense.

3. The amount of contribution to the fund will, within applicable fiscal constraints of HEW reimbursement regulations, consider the lag between the time a claim arises and when payment is to be made.

4. To the extent that it can be actuarially projected, the level of funding for each medical facility for the period July 1, 1978 through June 30, 1979, shall be based on each facility's previous claim experience as modified and trended to account for anticipated current year incidents and cost, including shock-losses as actuarially determined.

5. Second and subsequent year funding levels determination shall include, where appropriate, the factors outlined in Section 490.020 J.4, but in addition will include the actuarial review of claim reserves established for each medical facility. Based on this review and the cost-trending to determine the estimated ultimate claim cost of each reserve and the anticipated year(s) in which payment or payments would be due, the level of funding for each medical facility will be determined.

6. The Director will advise the appropriate fiscal office(s) of the required level of funding, as determined above, for each medical facility in order that such amounts can be transferred to the Trust Fund.
7. To the extent that it can be determined by means of the above procedures, each medical facility will be ultimately charged only for its share of Plan expenses and the claim costs for which each medical facility is responsible and incurs.

8. The Medical Practice Income Plan, as the same has been approved and adopted by the Board of Curators, shall for the sole and only purpose of contributions and level of funding under this ARTICLE X and the possible return of contributions under paragraph 1 of ARTICLE XI (Section 490.020 K.1), be considered as a medical facility.

K. Article XI: Trust Fund

1. The Plan fund and all additions thereto shall be set aside and dedicated as a Trust Fund and so shall remain as long as any claim or expense payable under the Plan or any changes adopted thereto prior to its termination, may be outstanding and may become payable. Such Trust Fund shall be use solely for the purpose of payment of such claims and expenses and not be subject to diversion for any other purpose by the Board of Curators so long as said Trust shall exist. It is the intent of the Board of Curators that upon termination of the trust all funds not needed as specified above shall be returned proportioned to the various accounts of the University from which contributions were made.

2. The Plan fund shall be held by the Employer as Trustee or a bank or other financial institution as Trustee. Selection of the Trustee shall be by the Vice President for Finance and Administration, upon the recommendation of the General Counsel and approved by the Board of Curators.

3. The Plan Trust Fund shall be the sole source of all payments authorized by the Plan and in no circumstances shall any other funds of the Employer, any member of the Board of Curators individually, employees of the Employer or any other covered persons of the Plan be liable or responsible therefor.

4. Employer's General Counsel shall prepare the required Trust Agreement and shall have same properly executed after the approval of the Board of Curators.

L. Article XII: Miscellaneous Provisions

1. Covered Person's Duties in the Event of Occurrence, Claim or Suit --
Upon the covered person becoming aware of an incident in which the covered person is involved resulting in any alleged injury to which the Plan applies, written notice containing particulars sufficient to identify the injured person and covered person and also reasonable obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the covered person to the Director as soon as practical.

If claim is made or suit is brought against a covered person, the covered person shall forward to the Director every demand, notice, summons or other process received by him or his representative as soon as possible.
The covered person shall cooperate with the Employer and, upon the Employer's request, assist in making settlements, in the conduct of suits and enforcing any right of contribution or indemnity against any person or organization who may be liable to the covered person because of injury or damage with respect to which coverage is afforded under the Plan; and the covered person shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The covered person shall not, except as his own cost, voluntarily make any payment, assume any obligation or incur any expense. Failure of the covered person to cooperate with the Employer shall constitute a waiver of the coverage provisions provided by the plan.

2. Action Against the Plan -- No action shall be maintained by a covered person against the Employer unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of the Plan, not until the amount of the Plan's obligation to pay shall have been finally determined either by final judgment against the covered person or by written agreement of the Employer and the Claimant.

No person or organization shall have any right under the Plan to join the Employer as a party to any action against the covered person to determining the covered person's liability, nor shall the Employer be impeded by the covered person or his legal representative. Nothing in the Plan shall be construed as a waiver of any governmental immunity of the Employer, the Board of Curators of the University of Missouri nor any of its employees in the course of their official duties.

3. Other Insurance of Covered Person -- The coverage afforded by the Plan is primary coverage, except when stated to apply in excess of or contingent upon the absence of other insurance. When this coverage is primary and the covered person has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the Plan's payment shall not be reduced by the existence of such other insurance.

When both the Plan and other insurance apply to the loss on the same basis, whether primary, excess or contingent, the Plan shall not be liable for a greater proportion of the loss than that stated in the applicable contribution provision below:

a. Contribution by Equal Shares -- If all of such other valid and collectible insurance provides for contribution by equal shares, the Plan shall not be liable for a greater proportion of such loss than would be payable if the Plan and the insurance covering each covered person contributes an equal share until the share of each equals the lowest applicable limit of liability under any one policy or Plan or the full amount of the loss is paid, and with respect to any amount of loss not so paid the Plan and remaining insurance on covered persons then continue to contribute equal shares of the remaining amount of the loss until the Plan and each insurance
policy on such covered person has paid its limit in full or the full amount of the loss is paid.

b. Contribution by Limits -- If any of such other insurance does not provide for contribution by equal shares, the Plan shall not be liable for a greater proportion of such loss than the applicable limit of liability under the Plan for such loss bears to the total applicable limit of liability of the Plan and all valid and collectible insurance against such loss.

4. Subrogation -- In the event of any payment under the Plan, the Employer shall be subrogated to all the covered person's rights or recovery therefor against any person or organization and the covered person shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The covered person shall do nothing after loss to prejudice such rights. Any such recovery by the Employer shall be used to adjust the next annual contribution to the Trust Fund from the medical facility on whose behalf the subrogation was effected.

5. Changes in the Plan -- All changes in the Plan subsequent to the first approval of the Plan by the Board of Curators on the date appearing on the Plan cover page, shall be prepared by the Assistant Vice President and forwarded to the ICRC for review and recommendation. After approval as to legal form by the General Counsel, the Assistant Vice President will submit the changes to the President of the Board of Curators. Changes shall become effective on the date fixed by the Board of Curators.

6. Assignment -- The interest hereunder of any covered person is not assignable. If the covered person shall die or be adjudged incompetent or cease for any reason to be a covered person under the Plan, this coverage shall thereupon terminate, but shall cover the covered person's legal representative as the covered person with respect to damages previously incurred and to which this Plan applies.

7. Cancellation -- The Plan may be canceled by the Employer effective July 1 of any year, with notice of such cancellation being given to all covered persons at least ninety (90) days prior to the effective date of such cancellation.

8. Plan Territory -- The coverages provided by the Plan apply only to an occurrence within the Plan territory and then only when claim is made and suit is brought within the United States of America, its territories, or possessions, Puerto Rico or Canada.

9. Plan Review -- As of June 30, 1979, and each year thereafter that the Plan remains in effect, the Assistant Vice President will submit an evaluation report of the Plan to the President of the University. The report shall contain, but not be limited to, the following:

   a. Adequacy of coverage;
b. Funding levels commensurate with desired limits of liability and actual claim experience;

c. Investment income earned; and

d. Plan changes under consideration. The ICRC may submit a report to the Assistant Vice President covering any or all of the above parts or covering any other part of the Plan, including recommended changes of the Plan.

10. **Plan Constitutionality** -- In the event that any part of the Plan is held to be unconstitutional or otherwise declared illegal, the other parts of the Plan will remain in full force and effect.
A. Purpose

1. The purpose of this policy is to establish a procedure for defense and protection of employees in matters where the U.S. Environmental Protection Agency (EPA), the U.S. Nuclear Regulatory Commission (NRC), the Missouri Department of Natural Resources (DNR), the Occupational Safety and Health Administration (OSHA) or similar administrative agencies are alleging violations of federal and state laws, statutes, and regulations.

B. Defense and Protection -- Civil Proceedings -- Defense and protection against loss, damage or expense will be provided to:

1. Employees--An officer, faculty member, or other employee of the (a) University of Missouri or (b) a subsidiary or affiliate of the University that has been designated as eligible for coverage under this Rule by the Assistant Vice President of Management Services in connection with any claim or suit allegedly rising out of the performance of duties for, or employment with, or by The Curators of the University of Missouri, a public corporation, or a designated University subsidiary or affiliate; and

2. Such an officer, faculty member or employee who, individually or with others is named a defendant in legal actions or is the subject of a claim submits a request for such defense and protection to the President.

   a. Such a request shall include:

      (1) A brief description of the circumstances surrounding the incident giving rise to the legal action or claim; and
      (2) Documentation to verify that the named individual was acting within the scope of his or her official duties at the time of the incident; and
      (3) A copy of the summons or petition served on the named individual or any other information concerning the claim.

   b. The President determines that the named individual was acting in good faith and within the scope of his/her employment or authority.

   c. Such defense or protection is legally permissible.
C. **Defense and Protection -- How Provided**

While such defense and protection normally will be provided by insurance maintained by the University, this policy applies without regard to the availability of insurance coverage. If the initial determination is made by the President that the named individual is entitled to defense, it shall be provided either by insurance or by the General Counsel or by an outside counsel appointed by the General Counsel on behalf of the individual.

D. **Defense -- Criminal Proceedings** -- Defense will be provided to an officer, faculty member, or other employee in a criminal investigation, subject to the conditions and requirements of Paragraph B above, until the occurrence of one of the following:

1. The individual or the University is advised by a U.S. Department of Justice representative or an appropriate official of the prosecuting attorney's office that the person is a target of the criminal investigation; or
2. The individual is named the defendant in an indictment issued by a grand jury, or is named the defendant in an information, or is named the defendant in a complaint filed by a prosecuting attorney which complaint charges the commission of a crime; or
3. The President concludes that the individual was not acting in good faith or within the scope of his/her employment or authority.

E. **Reimbursement -- Attorney Fees -- When**

When an officer, faculty member, or other employee is refused defense by the University under the terms of Paragraph D above, and the officer, faculty member or other employee retains an attorney to represent him or her in the criminal proceeding such person shall be entitled to reimbursement for fees paid to the attorney if:

1. The individual is acquitted or the criminal charges are dismissed; and
2. The President determines that the charges for which reimbursement is sought are reasonable.

F. **Financial Protection -- When Provided**

The University will protect officers, faculty members or other employees from civil penalties imposed by such outside agencies but will not protect officers, faculty members and employees from fines levied in any criminal proceedings.
Collected Rules and Regulations  
Business Management  
Chapter 85: Risk Management  

85.050 Health Care Compliance Policy -- Defense and Protection of Employees  

A. Purpose

1. The purpose of this policy is to establish a procedure for defense and protection of employees in matters where the U.S. Health Care Financing Administration (HCFA), the Office of the Inspector General, the Department of Justice, or any federal or state administrative agencies with jurisdiction are alleging violations of federal and state health care laws, statutes, and regulations.

B. Defense and Protection -- Civil Proceedings -- Defense and protection against loss, damage or expense will be provided to:

1. Employees -- An officer, faculty member, or other employee of (a) the University of Missouri or (b) a subsidiary or affiliate of the University that has been designated as eligible for coverage under this Rule by the Assistant Vice President of Management Services in connection with any claim or suit allegedly rising out of the performance of duties for, or employment with, or by The Curators of the University of Missouri, a public corporation, or a designated University subsidiary or affiliate; and

2. Such an officer, faculty member or employee who, individually or with others is named a defendant in legal actions or is the subject of a claim submits a request for such defense and protection to the President.

   a. Such a request shall include:

      (1) A brief description of the circumstances surrounding the incident giving rise to the legal action or claim; and

      (2) Documentation to verify that the named individual was acting within the scope of his or her official duties at the time of the incident; and

      (3) A copy of the summons or petition served on the named individual or any other information concerning the claim.

   b. The President determines that the named individual was acting in good faith and within the scope of his/her employment or authority.

   c. Such defense or protection is legally permissible.
C. **Defense and Protection -- How Provided**

While such defense and protection normally will be provided by insurance maintained by the University, this policy applies without regard to the availability of insurance coverage. If the initial determination is made by the President that the named individual is entitled to defense, it shall be provided either by insurance or by the General Counsel or by an outside counsel appointed by the General Counsel on behalf of the individual.

D. **Defense -- Criminal Proceedings** -- Defense will be provided to an officer, faculty member, or other employee in a criminal investigation, subject to the conditions and requirements of Paragraph B above, until the occurrence of one of the following:

1. The individual or the University is advised in writing by a representative of the U.S. Attorney's office or an appropriate official of the prosecuting attorney's office that the person is a target of the criminal investigation; or
2. The individual is named the defendant in an indictment issued by a grand jury, or is named the defendant in an information, or is named the defendant in a complaint filed by a prosecuting attorney which complaint charges the commission of a crime; or
3. The President concludes that the individual was not acting in good faith or within the scope of his/her employment or authority.

E. **Reimbursement -- Attorney Fees -- When**

When an officer, faculty member or other employee is refused defense by the University under the terms of Paragraph D1 or D2 above, and the officer, faculty member or other employee retains an attorney to represent him or her in the criminal proceeding such person shall be entitled to reimbursement for fees paid to the attorney if:

1. The individual is acquitted or the criminal charges are dismissed; and
2. The President determines that the charges for which reimbursement is sought are reasonable.

F. **Financial Protection -- When Provided**

When an officer, faculty member, or other employee is provided a defense under Paragraph B above, and if legally permissible, the University will protect officers, faculty members or other employees from civil penalties imposed by such outside agencies, but will not protect officers, faculty members and employees from fines levied in any criminal proceedings. No protection will be provided if a court determines that the action arose out of malfeasance in office or willful or wanton action or neglect of duty.
Collected Rules and Regulations

Benefit Plans

Chapter 490: Defense and Protection

490.010 Defense and Protection of Employees

Bd. Min. 5-3-85; Bd. Min. 7-13-00.

A. Defense and Protection -- Defense and protection against loss, damage or expense will be provided to:

1. Employees -- An officer, faculty member, or other employee of (a) the University of Missouri or (b) a subsidiary or affiliate of the University that has been designated as eligible for coverage under this Rule by the Assistant Vice President of Management Services in connection with any claim or suit allegedly rising out of the performance of duties for, or employment with, or by the Curators of the University of Missouri, a public corporation, or a designated University subsidiary or affiliate; and

2. Students -- A duly enrolled student at the University of Missouri in connection with any claim or suit allegedly arising out of the performance of duties as a member of a University of Missouri committee to which the student has been appointed by a duly authorized University of Missouri administrative officer, subject to the following conditions.

3. Volunteer -- A duly authorized volunteer of the University of Missouri in connection with any claim or suit allegedly arising out of the performance of duties of volunteer service for the University of Missouri or the performance of duties as a member of a University of Missouri committee to which the volunteer has been appointed by or requested to provide the services by a duly authorized University of Missouri administrative officer, subject to the following conditions.

4. Such an officer, faculty member, employee, authorized volunteer, or student who, individually or with others, is named a defendant in legal actions or proceedings submits a request for such defense and protection to the President.

a. Such a request shall include:

(1) A brief description of the circumstances surrounding the incident giving rise to the legal action;

(2) Documentation to verify that the named individual was acting within the scope of his or her official duties at the time of the incident; and

(3) A copy of the summons or petition served on the named individual.
Collected Rules and Regulations Section 490.010  
(Clean copy with recommended changes incorporated)

b. The President determines that the named individual was acting in good faith and within the scope of his/her employment or authority.

c. Such defense or protection is legally permissible.

d. No protection will be provided if a court determines that the action arose out of malfeasance in office or willful or wanton action or neglect of duty.

B. While such defense and protection normally will be provided by insurance maintained by the University, this policy applies without regard to the availability of insurance coverage. If the initial determination is made by the President that the named individual is entitled to defense, it shall be provided either by insurance or by the General Counsel or by an outside counsel appointed by the General Counsel on behalf of the individual.
A. Article I: Definitions -- As used herein:

1. **Plan** -- The term "Plan" shall mean the University of Missouri Medical Professional and Patient General Liability Plan.

2. **Employer** -- The term "Employer" shall mean The Curators of the University of Missouri, a public corporation, including all its campuses, divisions, branches and parts and also including subsidiaries and affiliates of the University that are designated for coverage under this Plan by the Assistant Vice President.

3. **Injury** -- The term "injury" shall mean physical damage to or destruction of tangible property, bodily or mental injury, sickness or disease, including death, to which the Plan applies and resulted from an "occurrence" while the Plan was in effect. The term "injury" shall not be deemed to mean intentional torts.

4. **Damages** -- The term "damages" shall mean any monetary consideration due a claimant, including but not limited to money, services, waiver of amounts payable from patients and any other similar consideration approved pursuant to the Plan or the amount of a final judgment awarded by a court of competent jurisdiction.

5. **Covered Person** -- The term "covered person" shall mean any person or organization designated in the Covered Persons provision of the Plan.

6. **Occurrence** -- The term "occurrence" shall mean an "incident", including continuous or repeated exposure to conditions, which results in an "injury" neither expected nor intended from the standpoint of the covered person and/or neither expected nor intended from the standpoint of the claimant.

7. **Incident** -- The term "incident" shall mean any happening which is not consistent with the routine or commonly practiced care of a patient, including an accident or a situation which might result in an accident. An incident is also an actual or alleged injury arising out of the rendering or failure to render professional services by a "covered person" or by any person for whose acts or omissions the "covered person" is legally responsible, which resulted from or was attendant to a therapeutic or diagnostic procedure. Also included as an incident is a claim by or on behalf of a "patient" that there was a failure to obtain an informed consent from a...
person or entity with the legal authority to provide such consent. An incident shall also include a claim of negligence in regard to the handling of or performing post-mortem examinations on human bodies or animal bodies.

8. **Director** -- The term "Director" shall mean the Director of Insurance and Risk Management, or the successor position thereto by whatever name it is entitled, a UM position.

9. **Medical Facility** -- The term "medical facility" shall mean any hospital, Student Health Service, School of Medicine, School of Dentistry, School of Pharmacy, School of Nursing, College of Veterinary Medicine and any other similar facilities owned or operated by the "Employer" approved for coverage by the "Assistant Vice President" or a facility to which "covered persons" have been assigned by the "Employer" or at which "covered persons" rendered professional services with the permission of the "Employer" where the health care and treatment of persons or animals are performed.

10. **Employee** -- Except as otherwise provided in this paragraph, the term "employee" shall mean a person whose services are secured by written agreement by "Employer" at a "medical facility" or a person employed by "Employer" at a "medical facility" or who has administrative or supervisory authority with respect to a "medical facility" or personnel thereof and at the time of an "occurrence" was in the performance of his or her regularly assigned duties as determined by the appropriate person having supervisory authority of the employee, including the performance of attending to emergency medical care (commonly known as Good Samaritan Service) and incidental and non-continuing medical service with the permission of the appropriate person having supervisory authority of the employee and shall also include non-employee volunteers rendering service at such "medical facility" as well as enrolled students of the University of Missouri pursuing courses of instruction at or under the direction or auspices of the "medical facility". The term "employee" shall not include medical residents employed by Employer as part of the residency program at the University of Missouri - Kansas City School of Medicine so long as professional liability coverage is provided to those medical residents by an entity other than the Employer or health care professionals jointly employed by Employer at the University of Missouri-Kansas City School of Medicine and any entity other than Employer.

11. **Plan Territory** -- The term "Plan Territory" shall mean:

   a. the United States of America (including its territories and possessions), Puerto Rico and Canada;

   b. international water or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above, or

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c. anywhere in the world if:
   i. the injury or damage arises out of:
      (1) goods or products made or sold by the University or covered persons in the territory described in a. above, or
      (2) the activities of any covered person permanently domiciled in the territory described in a. above, though temporarily outside such territory, and
   ii. the original suit for damages because of any such injury or damage is brought within the United States of America (including its territories and possessions), Puerto Rico or Canada.

12. Incident and Claim Review Committee -- The term "Incident and Claim Review Committee" (ICRC) shall mean any group or committee established at or for a "medical facility" and whose responsibilities under the "Plan" are to review incidents occurring at a "medical facility", resulting claims or suits brought, including recommendations on settlements of such claims or suits.

13. Gender -- Persons described or referred to in the masculine gender include females and persons described or referred to in the feminine gender include males.

14. Patient -- The term "patient" shall mean an animal or a natural person who is in or on the premises of a "medical facility" or in transit when in the care of a "covered person", for the purpose of receiving professional care or services rendered directly or indirectly by the "medical facility" or by a "covered person".

15. Assistant Vice President -- The term "Assistant Vice President" shall mean the Assistant Vice President for Management Services, or the successor position thereto by whatever name it is entitled, a UM System position.

B. Article II: Effective Date -- The effective date of the Plan shall be July 1, 1978.

C. Article III: Covered Persons -- Each of the following is a covered person under the Plan to the extent set forth below:
   o The Employer and any of Employer's administrative personnel;
   o Individual members of the Board of Curators of the University of Missouri and the Board of Curators of the University of Missouri; and
   o All employees.

1. Coverage shall not extend to a covered person while in the exercise of his duties where an occurrence is within the provisions of the Federal Tort Claims Act as provided in 38 USC4116 or any other federal legislation or program. In the event the covered person does not come under the
provisions of said Federal Tort Claims Act, the covered person shall come under the provisions of the Plan.

2. Coverage shall not extend to medical residents employed by Employer as part of the residency program at the University of Missouri - Kansas City School of Medicine so long as professional liability coverage is provided to those medical residents by an entity other than the Employer or to health care professionals jointly employed by Employer at the University of Missouri-Kansas City School of Medicine and any entity other than Employer.

3. The coverage afforded applies separately to each covered person against whom claim is made or suit is brought, except with respect to the limits of the Plan's liability.

D. Article IV: Coverage Agreement

1. The Employer, based on the provisions of the Plan and from the Plan Trust will pay on behalf of the covered person all sums which the covered person shall become legally obligated to pay as damages because of injury to the person or property of a patient arising out of the operations of a medical facility or because of injury arising out of the rendering of or failure to render, while the Plan is in effect, professional services by the covered person, or by any person for whose acts or omissions such covered person is legally responsible, performed in the practice of the individual covered person's profession including service by the individual covered person as a member of a formal accreditation or similar professional board or committee of a medical facility or professional society.

2. The Employer shall have the right and duty to defend any suit seeking such damages against the covered person, even if any or all of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and such settlement of any claim or suit as it deems expedient, but the Employer shall not be obligated to pay any claims or judgment or to defend any suit after the applicable limit of the Plan's liability has been exhausted by payment of judgments or settlements. In the event that a claim or suit is being defended at the time the applicable limit of the Plan's liability becomes exhausted, such defense shall continue as provided by Employer.

3. In the event that any covered person elects to employ his own legal counsel (see ARTICLE VI below) and declines legal counsel provided by Employer, there is no obligation under the Plan to pay any sum such covered person may become legally obligated pay, unless payment of settlement or judgment is approved by the Assistant Vice President (see ARTICLE VII below).

E. Article V: Exclusions -- The Plan does not apply:

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1. To bodily injury to any employee of the Employer arising out of and in the course of his employment by the Employer;

2. To any obligation for which the Employer or any carrier as his insurer may be held liable under any workmen's compensation law, unemployment compensation law or disability benefits law, or under any similar law;

3. To medical residents employed by Employer as part of the residency program at the University of Missouri - Kansas City School of Medicine so long as professional liability coverage is provided to those medical residents by an entity other than the Employer or to health care professionals jointly employed by Employer at the University of Missouri-Kansas City School of Medicine and any entity other than Employer.

4. To the Nuclear Energy hazard as follows:
   a. Under any Liability coverage, to bodily injury or property damage;
      (1) With respect to which a covered person under the Plan is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
      (2) Resulting from the hazardous properties of nuclear material and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the covered person is, or had the Plan not been established, would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
   b. Under any Medical Payments Coverage, or under any Supplementary Payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
   c. Under any Liability Coverage, to bodily injury or property damage resulting from the hazardous properties of nuclear material, if
      (1) The nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of, a covered person or (b) has been discharged or dispersed therefrom;
      (2) The nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored,
transported or disposed of by or on behalf of a covered person; or

(3) The bodily injury or property damage arises out of the furnishing by a covered person of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to property damage to such nuclear facility and any property thereat.

d. The provisions of Section 490.020 E.4.a, b and c above notwithstanding, this exclusion shall not apply to any covered person as respects his liability for injury arising from the treatment in a medical facility; provided however, this exclusion shall apply if such injury is otherwise covered by any other policy of insurance of the Employer and such other policy of insurance was in effect and the covered person under the Plan was a covered person under such other policy of insurance at the time of the occurrence.

5. As used in this exclusion:

a. "Hazardous properties" include radioactive, toxic or explosive properties;

b. "Nuclear material" means source material, special nuclear material or byproduct material;

c. "Source material", "special nuclear material", and "byproduct material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

d. "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

e. "Waste" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (1) or (2) thereof;

f. "Nuclear facility" means

(1) Any nuclear reactor,
(2) Any equipment or device designed or used for (a) separating the isotopes of uranium or plutonium, (b) processing or utilizing spent fuel, or (c) handling, processing or packaging waste,
(3) Any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the

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(Clean copy with recommended changes incorporated)

premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,

(4) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

(5) And includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

g. "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

h. "Property damage" includes all forms of radioactive contamination of property.

F. Article VI: Legal Services

1. The furnishings of all legal services, including legal defense, shall be the responsibility of the Employer through its General Counsel. Required legal services may be provided by the General Counsel and his staff, or if outside legal counsel and services are needed, such may be engaged by the General Counsel.

2. Any covered person may request the employment of outside counsel, including recommending the desired counsel or law firm. Such request must be made in writing and forwarded through the ICRC to the General Counsel for consideration.

3. In the event a covered person desires, in addition to the legal services provided above through the General Counsel to employ legal counsel of his choice, such employment of legal counsel shall be at the covered person's expense. In the event that the covered person elects to employ his own legal counsel to assist the General Counsel or counsel hired by the General Counsel, the right to make all decisions in regard to the defense of the claim or suit shall remain the rights and the duty of the Employer and its General Counsel.

G. Article VII: Claims Adjustment

1. All claims adjustment activities shall be deemed to be carried out for the sole and only purpose of assisting the Office of the General Counsel in defending potential legal action, causes of action or litigation against the Employer or any covered person, and shall be closed meetings, records and votes.

2. Procedures for claims adjustment, including claim payments, denials and suit settlements shall be as determined by the Assistant Vice President and shall include the duties of a medical facility Risk Manager of the ICRC and the Office of the General Counsel.
3. Since under the Plan written consent or approval in claim or suit settlement will not be required from an employee, input from any employee should be made to the ICRC.

4. The Assistant Vice President and the Director, shall after consultation with the General Counsel or his designee, notify the Director of the disposition to be made of each claim or suit. The Director will notify the medical facility Risk Manager of the disposition. The Risk Manager will be responsible for notifying the ICRC and other appropriate parties.

H. Article VIII: Payment of Claims and Suits

1. Subject to the provisions of ARTICLE VII and IX, the payment of the claims and suit judgments from the Trust Fund will be on certification to the Trustee by the Director.

2. Payments from a Trust Fund will be made in the order that claims or suit final judgments become payable, without regard to claim reserves previously established, date of incident, date of claim demand or date suit was filed.

3. The amount for a specific claim or suit judgment that can be paid from the Trust Fund will be determined by the Director based on the balance of the Trust Fund on the day such claim or suit judgment is payable. Any deficiency in the Trust Funds which would not permit full payment of such claim or suit judgment shall not impose any liability on the Employer.

I. Article IX: Limits of Liability

1. The Plan's Limits of Liability are as follows:
   - $7,500,000 per occurrence and $15,000,000 annual aggregate;
   - or the balance of the Trust Fund (see ARTICLE XI) as of the day a claim or suit final payment is due, whichever is less. Claim reserves will not be encumbered against the Trust Fund.

J. Article X: Plan Funding -- The Board of Curators instructs the administration to fund the Plan under the following guidelines:

1. The funding of the Plan shall be determined by the Board of Curators based on actuarial projections of an independent actuary employed by the Employer.

2. The level of amount of funding shall be sufficient to support or pay for actuarially projected costs of claims and Plan expenses such as claims adjustment, loss prevention and legal defense.

3. The amount of contribution to the fund will, within applicable fiscal constraints of HEW reimbursement regulations, consider the lag between the time a claim arises and when payment is to be made.

4. To the extent that it can be actuarially projected, the level of funding for each medical facility for the period July 1, 1978 through June 30, 1979, shall be

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based on each facility's previous claim experience as modified and trended to account for anticipated current year incidents and cost, including shock-losses as actuarially determined.

5. Second and subsequent year funding levels determination shall include, where appropriate, the factors outlined in Section 490.020 J.4, but in addition will include the actuarial review of claim reserves established for each medical facility. Based on this review and the cost-trending to determine the estimated ultimate claim cost of each reserve and the anticipated year(s) in which payment or payments would be due, the level of funding for each medical facility will be determined.

6. The Director will advise the appropriate fiscal office(s) of the required level of funding, as determined above, for each medical facility in order that such amounts can be transferred to the Trust Fund.

7. To the extent that it can be determined by means of the above procedures, each medical facility will be ultimately charged only for its share of Plan expenses and the claim costs for which each medical facility is responsible and incurs.

8. The Medical Practice Income Plan, as the same has been approved and adopted by the Board of Curators, shall for the sole and only purpose of contributions and level of funding under this ARTICLE X and the possible return of contributions under paragraph 1 of ARTICLE XI (Section 490.020 K.1), be considered as a medical facility.

K. Article XI: Trust Fund

1. The Plan fund and all additions thereto shall be set aside and dedicated as a Trust Fund and so shall remain as long as any claim or expense payable under the Plan or any changes adopted thereto prior to its termination, may be outstanding and may become payable. Such Trust Fund shall be use solely for the purpose of payment of such claims and expenses and not be subject to diversion for any other purpose by the Board of Curators so long as said Trust shall exist. It is the intent of the Board of Curators that upon termination of the trust all funds not needed as specified above shall be returned proportioned to the various accounts of the University from which contributions were made.

2. The Plan fund shall be held by the Employer as Trustee or a bank or other financial institution as Trustee. Selection of the Trustee shall be by the Vice President for Finance and Administration, upon the recommendation of the General Counsel and approved by the Board of Curators.

3. The Plan Trust Fund shall be the sole source of all payments authorized by the Plan and in no circumstances shall any other funds of the Employer, any member of the Board of Curators individually, employees of the Employer or any other covered persons of the Plan be liable or responsible therefor.

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4. Employer's General Counsel shall prepare the required Trust Agreement and shall have same properly executed after the approval of the Board of Curators.

L. Article XII: Miscellaneous Provisions

1. Covered Person's Duties in the Event of Occurrence, Claim or Suit -- Upon the covered person becoming aware of an incident in which the covered person is involved resulting in any alleged injury to which the Plan applies, written notice containing particulars sufficient to identify the injured person and covered person and also reasonable obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the covered person to the Director as soon as practical.

If claim is made or suit is brought against a covered person, the covered person shall forward to the Director every demand, notice, summons or other process received by him or his representative as soon as possible.

The covered person shall cooperate with the Employer and, upon the Employer's request, assist in making settlements, in the conduct of suits and enforcing any right of contribution or indemnity against any person or organization who may be liable to the covered person because of injury or damage with respect to which coverage is afforded under the Plan; and the covered person shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The covered person shall not, except as his own cost, voluntarily make any payment, assume any obligation or incur any expense. Failure of the covered person to cooperate with the Employer shall constitute a waiver of the coverage provisions provided by the plan.

2. Action Against the Plan -- No action shall be maintained by a covered person against the Employer unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of the Plan, not until the amount of the Plan's obligation to pay shall have been finally determined either by final judgment against the covered person or by written agreement of the Employer and the Claimant.

No person or organization shall have any right under the Plan to join the Employer as a party to any action against the covered person to determining the covered person's liability, nor shall the Employer be impeded by the covered person or his legal representative. Nothing in the Plan shall be construed as a waiver of any governmental immunity of the Employer, the Board of Curators of the University of Missouri nor any of its employees in the course of their official duties.

3. Other Insurance of Covered Person -- The coverage afforded by the Plan is primary coverage, except when stated to apply in excess of or contingent upon the absence of other insurance. When this coverage is primary and the
covered person has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the Plan's payment shall not be reduced by the existence of such other insurance.

When both the Plan and other insurance apply to the loss on the same basis, whether primary, excess or contingent, the Plan shall not be liable for a greater proportion of the loss than that stated in the applicable contribution provision below:

a. Contribution by Equal Shares -- If all of such other valid and collectible insurance provides for contribution by equal shares, the Plan shall not be liable for a greater proportion of such loss than would be payable if the Plan and the insurance covering each covered person contributes an equal share until the share of each equals the lowest applicable limit of liability under any one policy or Plan or the full amount of the loss is paid, and with respect to any amount of loss not so paid the Plan and remaining insurance on covered persons then continue to contribute equal shares of the remaining amount of the loss until the Plan and each insurance policy on such covered person has paid its limit in full or the full amount of the loss is paid.

b. Contribution by Limits -- If any of such other insurance does not provide for contribution by equal shares, the Plan shall not be liable for a greater proportion of such loss than the applicable limit of liability under the Plan for such loss bears to the total applicable limit of liability of the Plan and all valid and collectible insurance against such loss.

4. **Subrogation** -- In the event of any payment under the Plan, the Employer shall be subrogated to all the covered person's rights or recovery therefor against any person or organization and the covered person shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The covered person shall do nothing after loss to prejudice such rights. Any such recovery by the Employer shall be used to adjust the next annual contribution to the Trust Fund from the medical facility on whose behalf the subrogation was effected.

5. **Changes in the Plan** -- All changes in the Plan subsequent to the first approval of the Plan by the Board of Curators on the date appearing on the Plan cover page, shall be prepared by the Assistant Vice President and forwarded to the ICRC for review and recommendation. After approval as to legal form by the General Counsel, the Assistant Vice President will submit the changes to the President of the Board of Curators. Changes shall become effective on the date fixed by the Board of Curators.

6. **Assignment** -- The interest hereunder of any covered person is not assignable. If the covered person shall die or be adjudged incompetent or
Collected Rules and Regulations Section 490.020
(Clean copy with recommended changes incorporated)

cease for any reason to be a covered person under the Plan, this coverage shall thereupon terminate, but shall cover the covered person's legal representative as the covered person with respect to damages previously incurred and to which this Plan applies.

7. Cancellation -- The Plan may be canceled by the Employer effective July 1 of any year, with notice of such cancellation being given to all covered persons at least ninety (90) days prior to the effective date of such cancellation.

8. Plan Territory -- The coverages provided by the Plan apply only to an occurrence within the Plan territory and then only when claim is made and suit is brought within the United States of America, its territories, or possessions, Puerto Rico or Canada.

9. Plan Review -- As of June 30, 1979, and each year thereafter that the Plan remains in effect, the Assistant Vice President will submit an evaluation report of the Plan to the President of the University. The report shall contain, but not be limited to, the following:
   a. Adequacy of coverage;
   b. Funding levels commensurate with desired limits of liability and actual claim experience;
   c. Investment income earned; and
   d. Plan changes under consideration. The ICRC may submit a report to the Assistant Vice President covering any or all of the above parts or covering any other part of the Plan, including recommended changes of the Plan.

10. Plan Constitutionality -- In the event that any part of the Plan is held to be unconstitutional or otherwise declared illegal, the other parts of the Plan will remain in full force and effect.
UNIVERSITY OF MISSOURI – ST. LOUIS
STRATEGIC PLAN HIGHLIGHTS

There are no materials for this information item.
The Compensation and Human Resources Committee may have referred to it matters relating to the compensation, benefits and other human resource functions of the University and associated programs and policies.

1. The Vice President for Human Resources of the University of Missouri or some other person or persons designated by the President of the University shall be an ex officio member of this Committee.

2. The Compensation and Human Resources Committee shall be the Board Committee for executive compensation based on established individual dollar threshold and multi-year contract arrangements; Retirement Disability and Death Benefits Program; medical plan and all other benefit programs of the University; human resource and labor policy; and attendant financial considerations associated with these programs with the exception of the Retirement Trust. The Compensation and Human Resources Committee has broad responsibility for oversight in matters involving personnel and compensation throughout the University. The President shall regularly consult with the committee in the following areas:

   a. Multi-year employment contracts and extensions;
   b. Compensation and salary levels for General Officers, faculty, and staff;
   c. Performance and annual review protocols;
   d. Market and wage comparator groups;
   e. Evaluating benefits, retirement, and post-retirement plans; and
   f. Promulgating employee recruitment, hiring, and termination policies.
# Annual Compensation and Human Resources Committee Meeting Topics

<table>
<thead>
<tr>
<th>Period</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>January/February</td>
<td>Annual Benefits Update</td>
</tr>
<tr>
<td>March/April</td>
<td>Annual retirement plan actuarial report &amp; required contribution</td>
</tr>
<tr>
<td>June</td>
<td></td>
</tr>
<tr>
<td>July</td>
<td></td>
</tr>
<tr>
<td>September/October</td>
<td></td>
</tr>
<tr>
<td>November/December</td>
<td></td>
</tr>
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</table>
Faculty and Staff Compensation Update

Sixty-one percent of the university’s operating expenses are spent on salary and wages, benefits and other expenses related to people. In the past four years, a concerted effort has been made to improve compensation structures and to assure consistent practices across campuses. The result is the ability to better evaluate the university’s compensation competitiveness for both faculty and staff, clarify comparators and begin the development of staff career ladders to encourage development and advancement.

This presentation is for information purposes and provides an overview of the progress to date, including information on the Fall 2014 faculty and staff salary increases.
Advancing Missouri

Faculty and Staff Compensation Update

Board of Curators
December 11-12, 2014
UM salary and wages* totaled 49% of FY14 operating expenses; benefits totaled 12%
Perspective... 10 year salary increase history

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>0%</td>
</tr>
<tr>
<td>2003</td>
<td>2%</td>
</tr>
<tr>
<td>2004</td>
<td>2%</td>
</tr>
<tr>
<td>2005</td>
<td>2%</td>
</tr>
<tr>
<td>2006</td>
<td>2%</td>
</tr>
<tr>
<td>2007</td>
<td>2%</td>
</tr>
<tr>
<td>2008</td>
<td>4%</td>
</tr>
<tr>
<td>2009</td>
<td>0%</td>
</tr>
<tr>
<td>2010</td>
<td>0%</td>
</tr>
<tr>
<td>2011</td>
<td>0-2% budget (varied by campus)</td>
</tr>
<tr>
<td>2012</td>
<td>0-2% budget (varied by campus)</td>
</tr>
<tr>
<td>2013</td>
<td>1-2% budget (varied by campus)</td>
</tr>
<tr>
<td>2014</td>
<td>0-3% budget (varied by campus)</td>
</tr>
</tbody>
</table>
Perspective... faculty and staff merit increases

Average of awarded merit increases by benefit eligible faculty and staff (by type and by campus) in **2014**

<table>
<thead>
<tr>
<th>Faculty/Staff Type</th>
<th>MU</th>
<th>UMKC</th>
<th>S&amp;T</th>
<th>UMSL</th>
<th>UM System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty: Ranked (TT)</td>
<td>4.40%</td>
<td>0%</td>
<td>3.50%</td>
<td>2.50%</td>
<td>n/a</td>
</tr>
<tr>
<td>Faculty: Ranked (NTT)</td>
<td>2.46%</td>
<td>0%</td>
<td>2.43%</td>
<td>3.88%</td>
<td>n/a</td>
</tr>
<tr>
<td>Academic Personnel: Unranked</td>
<td>2.15%</td>
<td>0%</td>
<td>2.17%</td>
<td>2.44%</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Faculty/Academic Overall Average</strong></td>
<td>3.44%</td>
<td>0%</td>
<td>3.29%</td>
<td>2.91%</td>
<td>n/a</td>
</tr>
<tr>
<td>Benefit Eligible Staff: Salaried</td>
<td>3.17%</td>
<td>0%</td>
<td>1.91%</td>
<td>2.27%</td>
<td>2.31%</td>
</tr>
<tr>
<td>Benefit Eligible Staff: Hourly</td>
<td>2.55%</td>
<td>0%</td>
<td>2.00%</td>
<td>1.41%</td>
<td>1.88%</td>
</tr>
<tr>
<td><strong>Staff Overall Average</strong></td>
<td>2.93%</td>
<td>0%</td>
<td>1.96%</td>
<td>1.88%</td>
<td>2.24%</td>
</tr>
</tbody>
</table>
Faculty compensation... MU strategic investments for faculty salaries
Calendar year 2014

- 393 ranked faculty (both Tenure-Track & NTT) received an average of 9.65% salary increase

- Process for doing so...
  - Deans nominated their most productive faculty focusing on research and teaching and service
  - Two rounds – February $1.7M, September $1.5M, both plus benefits
  - College had to provide 2% or more from own funds (September round)

- Overall 13% of faculty (TT & NTT) received no raise, 56% received 3% or less, 21% received 4-10%, and 10% received more than 10%
Perspective... MU faculty peers (AAU 2013)

- Chart shows percent growth in overall salary base, with an average salary
- MU average salary for ranked faculty is $87,300
- In Fall '09, MU fell to last among the AAU publics and has remained there
- MU had a 1.2% annual increase in Fall '13, and remained in last place
- Excludes medical faculty

### Average Salaries for Ranked Faculty at Public AAU Institutions

**All Ranked Faculty Combined**

May 2014 - Using Previous Fall Salary Information

<table>
<thead>
<tr>
<th>Institution - Ranked High to Low on Fall '09 Salaries</th>
<th>Fall '03</th>
<th>Fall '12</th>
<th>Fall '13</th>
<th>Three Yr Growth '10 to '13</th>
<th>Five Yr Growth '08 to '13</th>
<th>Ten Yr Growth '03 to '13</th>
<th>One Yr Growth '12 to '13</th>
</tr>
</thead>
<tbody>
<tr>
<td>California, University of -- Los Angeles</td>
<td>102,125</td>
<td>142,474</td>
<td>147,600</td>
<td>12.5%</td>
<td>22.1%</td>
<td>44.5%</td>
<td>3.6%</td>
</tr>
<tr>
<td>California, University of -- Berkeley</td>
<td>105,975</td>
<td>137,523</td>
<td>142,500</td>
<td>10.2%</td>
<td>16.7%</td>
<td>34.5%</td>
<td>3.6%</td>
</tr>
<tr>
<td>California, University of -- San Diego</td>
<td>94,370</td>
<td>122,543</td>
<td>126,400</td>
<td>9.8%</td>
<td>12.7%</td>
<td>33.9%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Michigan, University of -- Ann Arbor</td>
<td>93,548</td>
<td>121,313</td>
<td>126,400</td>
<td>7.8%</td>
<td>12.0%</td>
<td>35.1%</td>
<td>4.2%</td>
</tr>
<tr>
<td>California, University of -- Santa Barbara</td>
<td>92,082</td>
<td>120,968</td>
<td>125,700</td>
<td>10.1%</td>
<td>14.7%</td>
<td>36.5%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Virginia, University of</td>
<td>90,485</td>
<td>115,736</td>
<td>122,800</td>
<td>11.2%</td>
<td>14.7%</td>
<td>35.7%</td>
<td>6.1%</td>
</tr>
<tr>
<td>California, University of -- Irvine</td>
<td>87,459</td>
<td>117,187</td>
<td>121,800</td>
<td>11.8%</td>
<td>15.0%</td>
<td>39.3%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Rutgers, State Univ of New Jersey</td>
<td>90,699</td>
<td>122,518</td>
<td>126,400</td>
<td>4.5%</td>
<td>7.7%</td>
<td>33.8%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Georgia Institute of Technology</td>
<td>93,749</td>
<td>116,397</td>
<td>120,300</td>
<td>5.6%</td>
<td>7.6%</td>
<td>28.3%</td>
<td>3.4%</td>
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<tr>
<td>Texas, University of -- at Austin</td>
<td>84,918</td>
<td>117,333</td>
<td>119,800</td>
<td>7.6%</td>
<td>10.6%</td>
<td>41.1%</td>
<td>1.8%</td>
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<td>California, University of -- Davis</td>
<td>90,296</td>
<td>116,181</td>
<td>118,700</td>
<td>10.1%</td>
<td>13.1%</td>
<td>31.5%</td>
<td>2.2%</td>
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<tr>
<td>Illinois, University of -- Urbana</td>
<td>86,190</td>
<td>113,115</td>
<td>117,300</td>
<td>10.9%</td>
<td>15.5%</td>
<td>36.1%</td>
<td>3.7%</td>
</tr>
<tr>
<td>North Carolina, University of -- Chapel Hill</td>
<td>87,454</td>
<td>116,000</td>
<td>117,700</td>
<td>1.6%</td>
<td>2.1%</td>
<td>32.6%</td>
<td>-</td>
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<tr>
<td>Maryland, University of -- College Park</td>
<td>89,869</td>
<td>113,372</td>
<td>115,700</td>
<td>4.3%</td>
<td>5.0%</td>
<td>28.7%</td>
<td>2.1%</td>
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<tr>
<td>Pennsylvania State University</td>
<td>85,356</td>
<td>113,518</td>
<td>114,900</td>
<td>7.8%</td>
<td>10.9%</td>
<td>34.6%</td>
<td>1.2%</td>
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<tr>
<td>State University of NY at Stony Brook</td>
<td>84,096</td>
<td>111,149</td>
<td>111,500</td>
<td>0.3%</td>
<td>9.7%</td>
<td>32.6%</td>
<td>0.3%</td>
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<tr>
<td>Ohio State University</td>
<td>82,785</td>
<td>110,335</td>
<td>111,200</td>
<td>5.4%</td>
<td>10.5%</td>
<td>34.3%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Washington, University of</td>
<td>79,892</td>
<td>110,300</td>
<td>110,700</td>
<td>9.9%</td>
<td>7.1%</td>
<td>38.1%</td>
<td>-</td>
</tr>
<tr>
<td>Minnesota, University of -- Twin Cities</td>
<td>83,575</td>
<td>107,408</td>
<td>109,000</td>
<td>8.6%</td>
<td>7.9%</td>
<td>30.4%</td>
<td>1.5%</td>
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<tr>
<td>Indiana University -- Bloomington</td>
<td>80,987</td>
<td>106,257</td>
<td>107,500</td>
<td>10.2%</td>
<td>13.3%</td>
<td>32.7%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Wisconsin, University of -- Madison</td>
<td>84,737</td>
<td>102,787</td>
<td>106,800</td>
<td>7.2%</td>
<td>11.5%</td>
<td>26.0%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Purdue University</td>
<td>79,616</td>
<td>104,200</td>
<td>106,200</td>
<td>7.1%</td>
<td>14.5%</td>
<td>33.4%</td>
<td>1.9%</td>
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<tr>
<td>Texas A &amp; M University</td>
<td>78,573</td>
<td>100,023</td>
<td>106,100</td>
<td>10.7%</td>
<td>11.7%</td>
<td>35.0%</td>
<td>6.1%</td>
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<tr>
<td>Colorado, University of -- Boulder</td>
<td>80,431</td>
<td>103,697</td>
<td>105,700</td>
<td>10.0%</td>
<td>7.3%</td>
<td>31.4%</td>
<td>1.9%</td>
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<tr>
<td>Iowa, University of</td>
<td>78,261</td>
<td>102,325</td>
<td>104,600</td>
<td>4.9%</td>
<td>7.4%</td>
<td>33.7%</td>
<td>2.2%</td>
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<tr>
<td>Michigan State University</td>
<td>81,631</td>
<td>101,549</td>
<td>104,000</td>
<td>5.9%</td>
<td>9.2%</td>
<td>27.4%</td>
<td>2.4%</td>
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<td>Pittsburgh, University of</td>
<td>80,555</td>
<td>100,951</td>
<td>103,200</td>
<td>4.8%</td>
<td>8.9%</td>
<td>28.1%</td>
<td>2.2%</td>
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<tr>
<td>State University of NY at Buffalo</td>
<td>80,620</td>
<td>103,475</td>
<td>102,200</td>
<td>-1.3%</td>
<td>5.9%</td>
<td>26.8%</td>
<td>-1.2%</td>
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<tr>
<td>Florida, University of</td>
<td>74,809</td>
<td>95,085</td>
<td>101,000</td>
<td>8.8%</td>
<td>14.7%</td>
<td>35.0%</td>
<td>6.2%</td>
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<tr>
<td>Iowa State University</td>
<td>75,147</td>
<td>97,792</td>
<td>100,400</td>
<td>7.3%</td>
<td>9.4%</td>
<td>33.6%</td>
<td>2.7%</td>
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<tr>
<td>Arizona, University of</td>
<td>76,616</td>
<td>97,655</td>
<td>99,600</td>
<td>4.2%</td>
<td>7.7%</td>
<td>30.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Kansas, University of</td>
<td>70,204</td>
<td>93,932</td>
<td>96,100</td>
<td>5.2%</td>
<td>5.2%</td>
<td>36.9%</td>
<td>2.3%</td>
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<tr>
<td>Oregon, University of</td>
<td>65,293</td>
<td>89,654</td>
<td>91,300</td>
<td>7.2%</td>
<td>13.9%</td>
<td>39.8%</td>
<td>1.8%</td>
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<tr>
<td>Missouri, University of -- Columbia</td>
<td>68,751</td>
<td>86,284</td>
<td>87,300</td>
<td>7.3%</td>
<td>7.0%</td>
<td>27.0%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>
Perspective... faculty pay, campuses vs. peers

<table>
<thead>
<tr>
<th>Rank</th>
<th>Peers</th>
<th>MU²</th>
<th>MU³</th>
<th>Peers</th>
<th>UMKC²</th>
<th>Peers</th>
<th>S&amp;T²</th>
<th>Peers</th>
<th>UMSL²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professor</td>
<td>$139,200</td>
<td>$117,500</td>
<td>$119,000</td>
<td>$114,600</td>
<td>$106,600</td>
<td>$137,500</td>
<td>$121,500</td>
<td>$109,500</td>
<td>$98,200</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>$94,100</td>
<td>$78,200</td>
<td>$78,700</td>
<td>$82,500</td>
<td>$78,100</td>
<td>$93,800</td>
<td>$82,900</td>
<td>$81,300</td>
<td>$71,500</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td>$82,400</td>
<td>$64,700</td>
<td>$74,600</td>
<td>$70,900</td>
<td>$67,100</td>
<td>$88,800</td>
<td>$73,000</td>
<td>$70,600</td>
<td>$60,800</td>
</tr>
</tbody>
</table>

1 – Peer data as of November 1, 2013 (based on FY2014 AAUP 50th percentile), reported spring 2014
2 – AAUP reported data as of 2013 Census (November 1, 2013)
3 – University salary data as of December 1, 2014 reflective of MU faculty salary increase initiative
Staff compensation... new structure, changes, and opportunities

- Significant streamlining resulted in reductions:
  - 5,000 staff titles to 700
  - 1,100 pay ranges to 19
- Consistent titling and pay structure across campuses for first time in decades
- Improves market comparisons
- Sets foundation to address availability of people data, HR analyses, pay-for-performance, and career opportunities
Staff compensation... implementing pay-for-performance for UM System staff in 2014

- Outstanding (Consistently exceeds expectations)
- Exceeds Expectations
- Successful
- Improvement Expected (Gaining proficiency in meeting expectations)
- Unacceptable (Low in Range)
- Pay
- High in Range (High in Range)
Staff compensation... compa-ratio distribution by campus and system-wide
Our people... System and campuses
Staff by Function, Campus to Campus (as of April 2014, post-GGS implementation)

- UMKC: 1260; 15%
- UM: 430; 5%
- UMSL: 930; 11%
- MU: 5160; 60%
- S&T: 850; 10%
Our people... new staff title and pay structure

Impact on career ladders and professional advancement
Leveraging info... revisiting April

Information Technology: Central vs. De-Central

(Current Projected)
Looking ahead... people data & HR analytics

Growth in data complexity

- Global data warehouse
- Dashboard; Metrics reporting
- Bench-marking
- Trending
- Projections; Future-state modeling
- Causal analysis; Controlled evaluation

Data management: Internal tracking, External ref. point, Directional insight, Future risk management, Outcome optimization

complex data

foundational data
A number of changes were made to the design and delivery of the medical and wellness plans during the 2015 Annual Enrollment. Many of these changes were the result of the Total Rewards Task Force recommendations presented to the Board of Curators in April 2014. Specific Task Force recommendations addressed include:

- Increase flexibility within the Total Rewards programs
- Utilize medical plan options to encourage healthy behavior and efficient use of health care services
- Invest in communication and education about Total Rewards that promotes informed decision making

This presentation is for informational purposes and provides an overview of the actions and outcomes during the 2015 Annual Enrollment.
Benefits Annual Enrollment Report

Board of Curators

December 11-12, 2014
Total Rewards Task Force
Goals delivered for annual enrollment

- Increase flexibility within the Total Rewards programs
- Utilize medical plan options to encourage healthy behavior and efficient use of health care services
- Invest in communication and education about Total Rewards that promotes informed decision-making
Changes that made an impact

1. Flexibility
2. Healthy behavior / efficient health care
3. Communications & education
Communications and education

RESULT: 99.9% of faculty and staff completed enrollment
A high level overview of the medical plans

<table>
<thead>
<tr>
<th>Plan</th>
<th>Monthly Premiums</th>
<th>Employee</th>
<th>Family</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Healthy Savings Plan</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Lowest monthly premium; HSA with university contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- $1,500 employee deductible (medical and ℞ combined)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- No copays; 10% after deductible</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Broad provider network (same as 2014)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Custom Network Plan (new plan in 9 counties around Columbia)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Middle premium level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- $0 medical and ℞ deductible</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- $5 primary care / $25 specialist care copays</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- In-network providers are primarily MUHC + a few others</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PPO Plan</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Highest premium</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- $350 employee medical deductible; $75 ℞ deductible</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- $15 primary care / $25 specialist care copays</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Broad provider network (same as Healthy Savings Plan)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
System-wide medical plan choices

Enrollments, by plan

- PPO: 40%
- Custom Network: 32%
- Healthy Savings Plan: 19%
- Waive: 9%

2014 vs. 2015 plan choices

Medical plan enrollment, 2014 vs. 2015

- PPO: 77% (2014) vs. 40% (2015)
- Custom Network: 0% (2014) vs. 32% (2015)
- Healthy Savings: 13% (2014) vs. 19% (2015)
- Waive: 10% (2014) vs. 8% (2015)
Custom network plan

9-county area

- Availability: Live or work in the Columbia area
- Network:
  - Primarily MUHC provider and hospital network + a few others
  - Same pharmacy network as PPO plan
Custom network plan, cont’d.
Columbia-area enrollment

- **PPO 40%**
- **Custom Plan, 32%**
- **Healthy Savings Plan, 19%**
- **Waive 9%**

Enrollments, by plan, among faculty and staff eligible for the Custom Network

- **PPO 29%**
- **Waive 8%**
- **Healthy Savings Plan 16%**
- **Custom Network 47%**

Enrollment system-wide
[Same chart as on slide 5]
Wellness incentive

Tier 2: Invest in yourself
- $300

Tier 1: Educate yourself
- $150

14,056 Took the Wellness Pledge during Annual Enrollment (75% of those eligible)

5,191 35% Completed the incentive
Future goals related to Task Force recommendations

- Institute a 2016 tobacco-free discount on medical insurance premiums
- Continue active enrollment
- Explore narrow network plans in other regions
- Continue to build communications and education successes
Amendment to Collected Rules and Regulations 540.010 Long Term Disability Plan

Long Term Disability is a low frequency, high severity benefit that employees are eligible to receive after being disabled for 149 consecutive calendar days. UM pays the full premium for the base coverage and currently holds the liability for the claims (i.e. self-funds the claims), manages the benefit and issues payment to participants. A third-party provides medical determinations.

Effective January 1, 2015, Metropolitan Life Insurance Company will fully guarantee and administer coverage under the Long Term Disability Plan, and the terms of the insurance policy issued by Metropolitan Life Insurance Company will govern the benefits provided under the Long Term Disability Plan. Consequently, effective January 1, 2015, the terms of such insurance policy will supersede and replace the terms of the Long Term Disability Plan contained in the Collected Rules and Regulations 540.010. Before January 1, 2015, the terms of the Long Term Disability Plan, as contained in 540.010, will govern. This action does not change the benefits offered to faculty and staff.
Recommended Action - Amendment to Collected Rules and Regulations 540.010 Long Term Disability Plan

It was recommended by Vice President Rodriguez, endorsed by President Wolfe, recommended by the Compensation and Human Resources Committee, moved by Curator _______________ and seconded by Curator _______________, that the following action be approved:

that Collected Rules and Regulations 540.010 Long Term Disability Plan be amended to allow Metropolitan Life Insurance Company to fully guarantee and administer coverage under the Long Term Disability Plan effective January 1, 2015. At that time, the terms of such insurance policy will supersede and replace the terms of the Long Term Disability Plan contained in the Collected Rules and Regulations 540.010.

Roll call vote of the Committee: YES NO

Curator Bradley
Curator Cupps
Curator Goode
Curator Henrickson
Curator Phillips

The motion ______________.
Roll call vote of Board of Curators: YES NO

Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ______________.
# Amendment to Collected Rules and Regulations 540.010 Long Term Disability Plan

## Section 540.010 Preamble

<table>
<thead>
<tr>
<th>Current Section with Changes</th>
<th>Proposed</th>
</tr>
</thead>
</table>

In accordance with the action of the Board of Curators on April 20, 1973, the following Long Term Disability Plan is hereby instituted for all Eligible Employees of The Curators of the University of Missouri to provide benefits to those Eligible Employees who elect to become members of the plan, subject to the exceptions, limitations and provisions of this plan. Effective January 1, 2015, the terms of the Plan are as set forth in Paragraph Q.

## Section 540.010.Q.

<table>
<thead>
<tr>
<th>Current Section with Changes</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q. Plan Terms Effective January 1, 2015 -- Effective January 1, 2015, Metropolitan Life Insurance Company has been designated to fully guarantee and administer coverage under the Long Term Disability Plan, and the terms of the insurance policy issued by Metropolitan Life Insurance Company will govern the benefits provided under the Long Term Disability Plan. Consequently, effective January 1, 2015, the Plan is hereby amended such that the terms of that insurance policy will apply and determine the terms of the Long Term Disability Plan coverage. Effective January 1, 2015, such insurance</td>
<td>Q. Plan Terms Effective January 1, 2015 -- Effective January 1, 2015, Metropolitan Life Insurance Company has been designated to fully guarantee and administer coverage under the Long Term Disability Plan, and the terms of the insurance policy issued by Metropolitan Life Insurance Company will govern the benefits provided under the Long Term Disability Plan. Consequently, effective January 1, 2015, the Plan is hereby amended such that the terms of that insurance policy will apply and determine the terms of the Long Term Disability Plan coverage. Effective January 1, 2015, such insurance</td>
</tr>
</tbody>
</table>

December 11-12, 2014

OPEN – C&HR – 1-4
policy terms shall supersede and replace the Plan terms set forth in Paragraphs A-O. Before January 1, 2015, the terms of the Long Term Disability Plan, as contained in Paragraphs A-P of CRR 540.010, will govern. The Board of Curators may terminate the Plan at any time by giving six months notice of such termination to Member Employees. The Plan may be amended by the Board of Curators at any time.
Recommended Action - Adjourn Board of Curators Compensation and Human Resources Committee Meeting.

It was moved by Curator __________ and seconded by Curator __________, that the Board of Curators Compensation and Human Resources Committee meeting, December 11-12, 2014, be adjourned.

Roll call vote of the Committee: YES NO

Curator Bradley
Curator Cupps
Curator Goode
Curator Henrickson
Curator Phillips

The motion ____________.
The Academic, Student and External Affairs Committee may have referred to it matters relating to curricula, faculty and student affairs, government relations and external relations.

1. The Executive Vice President for Academic Affairs, the Vice President for Government Relations and the Assistant Director of Strategic Communications, of the University or some other person(s) designated by the President shall be an ex officio member of this Committee and be responsible for the agenda and for transmitting Committee recommendations.

2. The Academic, Student and External Affairs Committee shall be the Board Committee on external affairs and shall be responsible for review of University of Missouri System, including each campus, activities and efforts that effect public perception of the entire University System and its mission.
   a. Coordinate policy and planning relative to institutional relations with outside constituencies in conjunction with the President of the University and the offices of Governmental Relations and Strategic Communications. This may include activities pertaining to government affairs, alumni affairs, community relations, parent organizations and the media.
   b. Consider, with the President, all recommendations and observations that the Board directs to the committee and to report to the Board all recommended actions and policies for Board consideration to advance the University.
c. Support long range planning efforts of the Board by developing plans aimed toward elevating the status of public higher education to all local, state and federal constituencies and agencies, including the Missouri Legislature and the general public.

d. Assist the Board and administration with articulating the mission of the University, its resource and revenue requirements to all local, state and federal constituencies and agencies, including the Missouri Legislature and the general public.

e. Assist the Board and the University administration (the University System and each of its campuses), in establishing and maintaining such development and fund raising policies, procedures and programs as are deemed appropriate to obtain donor financial support for the University as a whole and each of its campuses in order to fulfill identified financial goals necessary for the University to accomplish its mission. The committee shall assist the Board in identifying ways to participate and encourage active participation of the Board and its individual members in the development activities of the University.
### Annual Academic, Student & External Affairs Committee Meeting Topics

<table>
<thead>
<tr>
<th>Month(s)</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>January/February</td>
<td>Review Financial Aid Report (either in December or January)</td>
</tr>
<tr>
<td></td>
<td>Review Strategic Plan Dashboard</td>
</tr>
<tr>
<td></td>
<td>University Relations Update</td>
</tr>
<tr>
<td>March/April</td>
<td>Approve Spring Semester Degrees (Consent)</td>
</tr>
<tr>
<td></td>
<td>University Relations Update</td>
</tr>
<tr>
<td>June</td>
<td>Approve Summer Semester Degrees (Consent)</td>
</tr>
<tr>
<td></td>
<td>University Relations Update</td>
</tr>
<tr>
<td>July</td>
<td></td>
</tr>
<tr>
<td>September/October</td>
<td>Strategic Plan Annual Report</td>
</tr>
<tr>
<td></td>
<td>Approve Fall Semester Degrees (Consent)</td>
</tr>
<tr>
<td></td>
<td>Research and Economic Development Annual Report</td>
</tr>
<tr>
<td>November/December</td>
<td>Review Financial Aid Report (either in December or January)</td>
</tr>
<tr>
<td></td>
<td>Review of the Fall Enrollment Report</td>
</tr>
</tbody>
</table>
RESEARCH AND ECONOMIC DEVELOPMENT
ANNUAL REPORT

Materials for this information item will be distributed at the meeting.
UNIVERSITY RELATIONS REPORT

There are no materials for this information item.
Bachelor of Art in Digital Storytelling, University of Missouri-Columbia

Combining the ancient practices of narrative with new and emerging tools of multimedia environments, **Digital Storytelling** emphasizes skills in writing, visual communication and design, and production. Like other forms of storytelling, digital storytelling reaches audiences for artistic, educational, and commercial purposes, translating human knowledge and experience into multimedia spaces. In an age of big data and rapidly changing communication environments, translational skills to connect audiences with interdisciplinary knowledge and expressive arts—from public health to climate science to campaigns to video games—are in high demand across business, government, nonprofit and research sectors. Training in the field requires literacy in narrative, multimedia and networked communication, as well as all elements of digital production, including writing, audio and visual production, and design.

The University of Missouri-Columbia proposes a new **B.A. program in Digital Storytelling**, to begin in the fall semester of 2015. The proposal is the result of collaboration among faculty across campus, including the College of Arts and Science (which will serve as the host of the actual degree program), the School of Journalism, the College of Engineering, the College of Human Environmental Sciences, and the College of Education. While the program will be based in the liberal arts curriculum of the College of Arts and Science, it leverages existing courses across campus to serve a body of students who want and need digital skills for a wide variety of careers.

The program has developed from converging interests among faculty, alumni, business leaders, and students, and has gathered substantial momentum with support from the Mizzou Advantage “Media of the Future” initiative. Importantly, investment in the program represents a truly interdisciplinary effort, crossing departments and divisions on campus and bringing MU into closer partnership with regional community and commercial enterprises. The program has been further incubated during a series of summits and conferences on Digital Storytelling hosted by the School of Journalism, the School of Health Professions, and regional business organizations such as the Mid-America Regional Council, the Technology Council of Greater Kansas City, Hallmark, and the Full Employment Council.

The program responds to national, state and local needs for graduates who combine narrative and digital skills (written, audio and visual)—that is, graduates who can work broadly across several skill sets rather than a single area of specialized technical training. Specifically, graduates will be prepared to take advantage of the emergence of Digital Storytelling as an engine of economic development in the greater Kansas City area (see section 3.A.1. for a detailed market analysis).

On campus, the program trains students in the translational, persuasive, and expressive communication skills that *all* graduates will need in order to navigate the digital environments of the twenty-first century, and it coalesces this “digital arts and sciences” skill set within a flexible liberal arts curriculum. The program also takes advantage of existing resources and is economically feasible from year one (when expenses and revenues from student credit hours are about equal). Projections indicate that the program will generate revenue by the second year, and will continue to generate net new revenues and net new students at increasing levels during its first five years.
No. 1
Recommended Action – Bachelor of Art in Digital Storytelling, University of Missouri-Columbia

It was recommended by Executive Vice President Henry C. Foley, endorsed by President Timothy M. Wolfe, recommended by the Academic, Student and External Affairs Committee, moved by Curator ______________, seconded by Curator ________________,
that the following action by approved:

that the University of Missouri-Columbia be authorized to submit the attached proposal for a Bachelor of Art in Digital Storytelling to the Coordinating Board for Higher Education for approval.

Roll call vote of Committee: YES NO
Curator Covington
Curator Cupps
Curator Henrickson
Curator Steelman
Curator Steward

The motion ________________.

Roll call vote of Board: YES NO
Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ________________.
Bachelor of Art
(B.A) in
Digital Storytelling

University of Missouri-Columbia
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1. Introduction

Academic components of the program and examples of career paths

The Digital Storytelling (DS) major will position MU to become more visible nationally in undergraduate education as an innovator in digital studies. Our program is unique in its breadth and interdisciplinarity, with a flexible curriculum that takes advantage of existing strengths across academic units while also encouraging students’ ability to adapt imaginatively to evolving digital tools. Our vision is far more expansive than existing university digital studies programs nationwide, and encompasses the multiple uses of Digital Storytelling for persuasion, documentation, artistic expression, entrepreneurship, interpretation and community development. Digital Storytelling is ideal as a contributing program to a number of other fields as well—either as a potential double major or as supporting elective coursework—because of its focus on translational communication with wider publics and the potential for university-community projects.

A degree in Digital Storytelling prepares graduates to create multimedia narratives using a wide range of computer-based images, text, and audio and video technologies. From the ubiquitous card-swipe at the checkout line to informational screens in cars and gymnasium equipment, to the proliferation of smartphones, iPads, televisions, and computers—screens are everywhere in twenty-first century daily life. Examples of digital storytelling products might include iPod and iPad apps, computer games, public health and safety outreach campaigns, story-based ads and banner ads, web design, motion graphics, personal or community digital stories, public service announcements, theatrical production designs, interactive art and entertainment installations, and computer animated or stop-motion feature and short films.

Students in the DS program will complete all required general education courses and a 33-hour major. The curriculum consists of four core courses in Digital Storytelling that teach digital literacy as well as foundational skills in narrative, writing, new media and audio-visual production. Subsequent coursework for the major consists of 21 credit hours from cross-listed elective courses across divisions on campus in the four DS distribution areas: at least 3 credit hours in writing; at least 6 credit hours in theories of narrative, visual culture and new media; at least 3 credit hours in visual communication and design; and at least 3 credit hours in audio-visual production. The Digital Storytelling program is designed to leverage more than 45 existing courses from the Departments of Art; Art History and Archaeology, Communication, English, Film Studies, German/Russian, Romance Languages and Theater in the College of Arts and Science; the School of Journalism; Architectural Studies in the College of Human Environmental Sciences; and the School of Information Science and Learning Technologies in the College of Education. In the future, the Digital Storytelling program may expand to include graduate education and continuing education/certificate programs as well.

The curriculum will also include a variety of one-hour practicum courses and intersession courses taught by a range of faculty, including both MU faculty and visiting faculty who are active practitioners and theorists of digital storytelling. Coursework will provide ample opportunities for students to develop the collaborative skills they will need in professional
settings, and will also offer experiential learning opportunities both on campus and through internships in the marketplace. Rather than focusing on mastery of specific tools (which will themselves quickly become outdated), the curriculum is designed to help students develop agility in applying knowledge and techniques to new media tools and contexts as Digital Storytelling itself evolves.

The program is designed to prepare students to assume high-paying positions and help the state retain some of its brightest and most talented college graduates. Occupations requiring the narrative and technical training that our Digital Storytelling curriculum provides include the following (using Bureau of Labor Statistics categories): Multimedia Artists and Animators, Art Directors, Graphic Designers, Producers and Directors, Writers and Editors, Public Relations Specialists, Audio and Video Equipment Techs, Sound Engineering Technicians, Camera Operators, Photographers, Broadcast Technicians, Film and Video Editors, Web Developers, Computer Support Specialists, Computer Programmers, and Software Developers and Programmers.

In addition, program graduates would be qualified to pursue other fields such as entertainment and media or copyright law, high school and post-secondary teaching, training and development management, market research analysis, fundraising, and a variety of careers related to public health and safety and social and community service. At least six of the careers listed above (Multimedia Artists and Animators, Graphic Designers, Public Relations Specialists, Web Developers, Computer Support Specialists, and Computer Programmers) have been flagged by the Bureau of Labor Standards “Standard Occupational Classifications” as high-need and high-growth areas of employment both locally and nationally. A full list and discussion of potential careers for graduates of the Digital Storytelling B.A. is provided in section 3.A.1. Based on this market research and conversations with industry leaders regionally, we believe that the program will help stimulate various areas of the media industry within the state and encourage the most innovative and entrepreneurial graduates to found start-up companies. Thus, the program will provide tremendous potential for external collaboration and external grant funding.

**History of the concept for the program**

The initial impetus for this new major came from recent alumni with strong writing skills who found that their jobs also required skills in production (audio and video) and visual communication. This new major addresses this need by providing an integrated approach to multimedia communication. The program was developed by a group of faculty from a number of colleges and schools at MU, including the College of Arts and Science (Departments of Art, Art History and Archaeology, Communication, English, Film Studies, Geography, German and Russian Studies, and Religious Studies), the School of Journalism, the College of Engineering (Information Technology), the College of Human Environmental Sciences (Department of Architectural Studies), and the College of Education. Further conversations are in progress with the School of Health Professions and the School of Social Work. The DS proposal is also part of the Mizzou Advantage Media of the Future initiative.

In February 2012, the College of Arts and Science Committee on Curriculum, Instruction & Advising (CIA) voted in favor of approving this new major. In May of 2014, the Preliminary
Proposal for the new major was approved by the Provost’s office, with a planned launch date of Fall 2015.

**Preliminary steps taken toward the degree**

The proposal emerges from multi-faculty momentum across divisions on campus, and the preliminary steps towards the degree have included a series of conferences on campus and off-campus. In March 2012 the Reynolds Journalism Institute in the School of Journalism, with co-sponsorship from Mizzou Advantage and Hallmark, hosted a Digital Storytelling Summit with talks by artists and entrepreneurs from companies such as MediaStorm, Act 3, Aurora Photos/Nova Select, and Hallmark. Streaming video from the conference is archived here: [http://rjionline.org/news/digital-storytelling-summit-recorded-sessions](http://rjionline.org/news/digital-storytelling-summit-recorded-sessions)

That summit was followed by the June 2012 “Kansas City Digital Storytelling Forum,” co-sponsored by RJI and Mizzou Advantage as well as the Mid-America Regional Council, the Technology Council of Greater Kansas City, the Full Employment Council, and Hallmark. An overview of the conference is available here: [http://www.rjionline.org/events/kansas-city-digital-storytelling-forum](http://www.rjionline.org/events/kansas-city-digital-storytelling-forum) and streaming video of the presentations here: [http://www.rjionline.org/news/kansas-city-digital-storytelling-forum-recorded-sessions](http://www.rjionline.org/news/kansas-city-digital-storytelling-forum-recorded-sessions)

In October 2014 the MU School of Health Professions and Mizzou Advantage held a one-day conference, “To Your Health: Digital Storytelling in Healthcare,” with plans to stage a larger international conference in the fall of 2015. In addition to these campus and regional conferences, MU faculty (Rebecca Dingo, Monika Fischer and Joanna Hearne) have attended international Digital Storytelling conferences in Spain in 2012 and in Turkey in 2013. Other MU faculty are conducting research on Digital Storytelling as a therapeutic method, such as the work of Kim Anderson in the School of Social Work, available here: [http://digitalstorytherapy.com/](http://digitalstorytherapy.com/) The current proposed major reflects the intellectual work and energy behind this initiative, making it available to students and enabling them to benefit from the interdisciplinary range of Digital Storytelling and its connections with a robust twenty-first century Midwestern industry.

As a result of these activities, Digital Storytelling is already branded as a unique feature at MU, closely connected with both Kansas City’s burgeoning industry and national and international scholarly organizations (such as the annual international Digital Storytelling conference). Faculty have already come together across campus units to plan grant proposals (responding to initiatives at the Rockefeller Foundation and the Robert Wood Johnson Foundation), joint programming, and curricular initiatives (interdisciplinary cross-listed and new courses). The strong network among MU scholars and industry leaders around Digital Storytelling, along with growing visibility for MU internationally and nationally for its innovative programming, is a direct payoff of years of groundwork.

**Person and department responsible for the success of the program**

The program will be housed in the College of Arts and Science, overseen by Dean Mike O’Brien, and will be administered by an interdepartmental DS Advisory Committee and a half-time Director. The Director will not be a new hire but rather a current MU faculty member of the Advisory Committee, Dr. Joanna Hearne, Associate Professor in the English Department. The revenue from the program more than covers the costs of this half-time administrative position, as detailed in Section 3.B.1.
2. Fit With University Mission and Other Academic Programs

2.A. Alignment With Mission and Goals

University of Missouri Mission Statement:

“Our distinct mission, as Missouri's only state-supported member of the Association of American Universities, is to provide all Missourians the benefits of a world-class research university. We are stewards and builders of a priceless state resource, a unique physical infrastructure and scholarly environment in which our tightly interlocked missions of teaching, research, service and economic development work together on behalf of all citizens. Students work side by side with some of the world's best faculty to advance the arts and humanities, the sciences and the professions. Scholarship and teaching are daily driven by a commitment to public service—the obligation to produce and disseminate knowledge that will improve the quality of life in the state, the nation and the world.”

The baccalaureate program in Digital Storytelling fulfills MU’s mission and goals by preparing graduates to succeed in the digital culture of the twenty-first century, and it does so in both broad and very specific ways. The key features of the major include external partnerships in commercial, nonprofit and educational areas, a flexible curriculum, experiential learning, collaboration, agility, and advanced skills in the key areas of the curriculum. As the first Digital Storytelling undergraduate degree with this emphasis on hybrid skills for an agile worker, the program will establish University of Missouri as a national leader in digital studies.

The B.A in Digital Storytelling encourages “commitment to public service—the obligation to produce and disseminate knowledge that will improve the quality of life in the state, the nation, and the world” through the study and practice of public communication. Digital Storytelling directly connects experience and knowledge across “the arts and humanities, the sciences, and the professions” with the wider public at local, regional, national, and international levels. The major directly connects MU graduates with a growing and nationally recognized area of regional economic strength in the business and craft of Digital Storytelling and a need for creative employees with hybrid technical skills in digital media. Further, Digital Storytelling skills prepare graduates for work nationally and internationally as entrepreneurs, expressive artists and social activists—in short, as both leaders and citizens of the digital world. Study abroad opportunities include planned cross-listed electives such as “International Development: NGOs and Advocacy in Ghana,” taught by Associate Professor Valerie Kaussen, a member of the DS advisory committee.

Digital Storytelling will also contribute to intellectual and creative dynamism on campus. The major will enhance digital literacy for DS majors and non-majors who take core DS courses as electives in support of other majors (e.g. A&S majors, Journalism, Social Work, Health Professions), augmenting a rigorous course of theory and analysis with experiential, hands-on creative and team work. DS summits, master classes, and other events will raise the level of discussion about our shared media and networked world—even conversations about the latest YouTube video take on greater intellectual gravity in light of the serious study and practice of digital culture.
Alignment with campus goals and priorities as stated in the campus strategic plan

Digital Storytelling is closely aligned with the University’s strategic goals as articulated in two documents: the Strategic Operating Plan (MUSOP) and “One Mizzou: 2020 Vision for Excellence.” The new B.A. in Digital Storytelling will

- develop educational programs within “Media for the Future,” one of the four Mizzou Advantage areas (MUSOP target 1.1.1)
- create a new undergraduate major to access new revenues from net new students (MUSOP target 1.2.1)
- provide revenue sharing incentives with Colleges to encourage development of new programs that generate net new revenue (MUSOP target 4.1.1)
- provide an innovative curriculum that prepares people for dynamic careers of the 21st century (“One Mizzou” Goals 1.1, 1.5)
- establish an interdisciplinary new major based in Mizzou Advantage’s Media of the Future that builds on MU’s existing strengths in media and communication (“One Mizzou” Goal 2)
- strengthen MU’s collaborations with community colleges (“One Mizzou” Goal 1.6). (St. Louis Community College at Meramec and Johnson County Community Colleges have been involved in our planning efforts.)
- foster economic development in Missouri by providing the educated workforce needed for new and emerging digital communication industries (“One Mizzou” Goal 1.23)

Reasons for the program as a campus priority

The DS major takes advantage of the depth of MU’s existing programs, majors, and course offerings, bringing together units across campus. The program has the strong potential to put MU on the map as a signature program, bringing national and international visibility to the university in undergraduate education, while developing the university’s identity as a forward-thinking twenty-first century leader in digital studies. The major also promises to bring more students to campus, generating net new revenue for the university, and in the long term creating a new alumni base from higher-level employment in growth professions. The DS major will build on the growing regional identity and economic emergence of Kansas City as a Midwest center for Digital Storytelling through developing partnerships with local and regional firms. St. Louis is home to a number of firms that we anticipate will want to employ graduates with strong Digital Storytelling skills, such as Anheuser-Busch. Further, the DS major, and the interdisciplinary partnerships it fosters across campus, create terrific opportunities for large grants (from the NIH and NSF for example). DS majors’ ability to tell stories and to communicate complex concepts, scientific data, public health messages, and other knowledge to wide audiences suggest that important broader impacts are possible through collaboration on campus and beyond.

The Digital Storytelling program recognizes and brings together a number of significant, existing strengths at Mizzou. It simultaneously connects and fills the gap between several excellent but highly focused programs on campus. These rich resources include specific projects such as the new Digital Humanities Commons in the Allen Institute, Reynolds
Journalism Institute projects such as the Futures Lab and Pictures of the Year, the new Jonathan B. Murray Center for Documentary Journalism, the Center for eResearch, and the newly renovated Academic Support Center. In addition, Columbia hosts a number of community events that enrich the study of digital media production, such as the Citizen Jane Film Festival and True/False Film Festival.

From its earliest inception, the Digital Storytelling major was designed to meet the needs and interests of students not currently served by our curriculum, and we are focusing on recruitment of new students and increased retention of current MU students. One of the specific targeted audiences for improving retention is out-of-state students who come to Mizzou interested in a Journalism degree but do not ultimately pursue that degree, either because they realize that journalism is not a good fit or because they are academically ineligible to continue in the Journalism School. Thus we are certain that we can recruit new students and retain out-of-state students who come to MU for the Journalism School but ultimately leave the major. This particular demographic has influenced our assumptions regarding revenue. Because 60-65% of current Journalism students are out-of-state (and this is a population likely interested in the DS major), we are assuming that 50% of DS majors will be out-of-state students, even though that figure is higher than MU’s overall percentage.

The limited availability of Digital Storytelling majors at other universities has also influenced our expectations about successful recruiting of new students. Although it is extremely difficult to predict its appeal precisely, we believe that with good national marketing, this new major can quickly make MU a “destination campus” for students wanting to pursue DS work. Furthermore, our close connections with industry leaders have given us considerable advantages in curricular design. Industry leaders have repeatedly emphasized that they are not looking for employees who simply have high-level technical skills; rather they have asked us to educate students who can adapt creatively to new directions in multimedia storytelling. Thus, unlike some other programs that are based in highly technical curricular plans, we have designed this major with a foundation in the liberal arts. Our students, we believe, will have the technical, creative, and critical skills to respond with agility to the rapidly changing demands of multimedia storytelling. Not only will they be able to do the work, but they also will have the critical thinking skills to envision new ways for the work to be done by others.

2.B. Duplication and Collaboration Within Campus and Across System

Duplication of existing programs within the UM System or the state of Missouri

There are no areas of duplication for this degree program.

Collaboration with existing complementary programs

The DS major complements but does not duplicate several programs on campus, particularly the School of Journalism’s new Documentary Journalism program, and the Communications major, English major, and Film Studies major in the College of Arts and Science. New core courses for the DS major will be cross-listed with these programs, while existing course offerings in writing, production, critical studies, and other areas of these programs will be available for DS majors to take as electives within their distribution requirements. Further collaborations are under way with the College of Engineering (Information Technology), the College of Education (Information Science and Learning Technology), the School of Social
Work, the School of Health Professions, and the College of Human Environmental Sciences (Architectural Studies). Conversations with several centers on campus are also proceeding including the Jonathan B. Murray Center for Documentary Journalism and the Digital Humanities Center at the Allen Institute.

Plans for collaboration with other institutions include outreach to regional community colleges such as St. Louis Community College at Meramec and Johnson County Community College, and to private colleges in Missouri such as Cotey College and Stephens College. We envision collaborative program planning around visiting industry professionals and shared master class opportunities for student training, and ultimately articulation agreements with several community colleges.

There are only one or two degree programs emphasizing Digital Storytelling in the country, and those that exist focus on technical skills rather than the broader interdisciplinary training embedded in this major.

3. Business-Related Criteria and Justification

3.A. Market Analysis

3.A.1. Need for Program

One advantage of the Digital Storytelling major is its interdisciplinary range, which prepares students for a wide variety of jobs, from corporate careers to social activism. It would not be unusual, for example, for Digital Storytelling majors to use their degrees in diverse industries such as marketing and public relations; public outreach and community development for nonprofits; corporate communication; development, production and distribution of websites, video games, music videos, software, feature films, TV shows and other digital media; copyright and entertainment law; creative arts; secondary education and higher education; entertainment and film criticism; and corporate and other fields.

The U.S. Department of Labor lists projected growth rates for a number of these fields, and continues to predict that most of the anticipated 10.8% employment growth will be in service-providing industries. For example, the Bureau of Labor Statistics’ Occupational Outlook Handbook lists “Market Research Analysts and Marketing Specialists” among the fastest-growing occupations for 2012-2022, projecting a 31.6% growth rate for the field (and a healthy median salary in 2012 of $60,300) (http://www.bls.gov/ooh/). Similarly, “Software developers” positions are expected to grow 22.8% in the same period, with a median salary of $90,060. The following list, drawn from the Bureau of Labor Statistics, includes the projected growth rate in employment from 2012 to 2022 for fields related to Digital Storytelling:

- Market Research Analysts and Marketing Specialists: 31.6%
- Software developers: 22.8%
- Health Educators and Community Health Workers: 21%
- Social and Community Services Managers: 21%
- Web Developers: 20%
- Post-secondary teachers: 19%
- Fundraisers: 17%
- Technical writers: 15%
- Public Relations and Fundraising Managers: 13%
- Public Relations Specialists: 12%
- Advertising, Promotions, and Marketing Managers: 12%
- Training and Development Managers: 11%
- Broadcast and Sound Engineering Technicians: 9%
- Graphic Designers: 7%
- Multimedia Artists and Animators: 6%
- Music Directors and Composers: 5%
- Photographers: 4%
- Art Directors: 3%
- Film and Video Editors, Camera Operators: 3%
- Producers and Directors: 3%
- Writers and Authors: 3%

Of these professions, several are identified by the Bureau of Labor Standards “Standard Occupational Classifications” as H1-B targeted professions. Initiated by Congress in 2011, the H1-B Technical Skills Training Grant Program identifies and supports efforts to raise the technical skill level of American workers so that they can obtain employment in high-growth industries and occupations. H1-B targeted professions include Web Developers, Computer Programmers, Multimedia Artists and Animators, Graphic Designers, Computer Support Specialists, and Public Relations Specialists.

The Missouri Economic and Research Information Center (MERIC) data also lists several of these fields as among the fastest growing in the state. For example, positions for Marketing Research Analysts and Marketing Specialists are predicted to grow 5.41% within the next two years alone, with an above average salary of over $65,000. Similarly, Software Developers and Systems Software positions are expected to grow by 3.98% over the same time, with salaries averaging $99,000 (see http://www.missourieconomy.org/regional/index.stm)

How the program will help meet Missouri’s academic and economic needs

Some companies are specifically seeking creative, digitally-adept employees in order to expand their online business models. Hallmark Cards, for example, with headquarters in Kansas City and more than 3,700 full-time employees in the area, is actively seeking graduates with digital writing and production skills as it moves away from ink-and-paper greeting cards to digital content in online and cable television venues. However, Hallmark is unusual in its size; more typical are the many smaller advertising, public relations, and social
media firms. These firms—484 of them in the greater Kansas City area alone—are not large enough to hire specialists in particular technical areas; instead, they require creative employees with hybrid skills, who can work broadly across several areas and in teams. According to a recent publication by the Mid-America Regional Council, these needs translate to 34,743 jobs in Digital Storytelling in the Kansas City metro area (see “Digital Storytelling in the Kansas City Metro” in the Appendix). The Kansas City “DigiStory” initiative plans to give structure to this developing regional industry by converting the historic Laugh-O-Gram building, the incubator for the Walt Disney Company, to become the Mid-America Center for Digital Storytelling.

In addition, Digital Storytelling is a developing area of focus for nonprofit organizations and granting foundations, as evidenced by the Rockefeller Foundation report “Digital Storytelling for Social Impact” (see Appendix). Community-based Digital Storytelling initiatives are also flourishing, many of them seeded by the nonprofit Center for Digital Storytelling in Berkeley, California.

### Letters of support

The Digital Storytelling program has received strong support from key administrators in Journalism and Arts and Science. Dean of Arts and Science Mike O’Brien wrote in support of the program: “I support the addition of a new interdisciplinary B.A. degree program in Digital Storytelling. This innovative program will help fill a need for current and prospective students, particularly those interested in working in multimedia environments.” Dean of the School of Journalism, Dean Mills, wrote to express his “support for the proposed new B.A. degree in Digital Storytelling that has been developed by faculty in four different schools and colleges across campus. Collaborative and interdisciplinary, this innovative program has been designed to help us recruit new students and retain existing ones, particularly those who, for various reasons, have decided not to pursue a degree in Journalism.” (See Appendix for full letters of support).

The Digital Storytelling proposal has been created with input from regional industry leaders, who have made a compelling case for the need for highly skilled employees in Digital Storytelling. Lisa Riggin, Writing Director at Hallmark Cards, Inc., writes that “Hallmark Cards is pleased to support the efforts to establish a four-year degree program in Digital Storytelling at the University of Missouri-Columbia. We have partnered with Mizzou in development of this proposal due to the increasing importance of digital storytelling to Hallmark’s current and future programs. Through the ages, storytelling has had to adapt to the medium—from campfires, to songs, to books, to film—and the burgeoning digital realm requires continued learning and adaptation. Because of this growing need, Hallmark is interested in expanding the regional multimedia talent base for digital storytelling professions and views this degree as a vital element in achieving that goal.” Students with advanced skills in DS will be able to respond to changes in the business community, as companies continue to find new ways of communicating with the public, via websites, social media, short-form video, etc.
3.A.2. Student Demand for Program

We have projected student demand for the program based on several measures, including examples from other recently designed new programs, conversations with recruiters and community college instructors, and our own brief online survey distributed through MU Info.

Film Studies (FS) is an interdisciplinary B.A. program, designed and launched in 2010, which is complementary with Digital Storytelling. The FS program initially anticipated having approximately 35 majors by the end of its first five years, but now (in year four) has surpassed that goal with nearly 80 majors. The Digital Storytelling program would have an even broader appeal for students seeking training in design, motion graphics, animation, writing for digital media, and other skills.

Discussion with University of Missouri recruiters active in Kansas City, St. Louis and Springfield indicates clear interest from high school students in a Digital Storytelling degree program. The recruiters also said that interest continues to grow. For example, one of the recruiters who covers the Kansas City area reported that so far in the current recruiting cycle he has met about two dozen students who inquired specifically about degree programs in areas that would be covered by the Digital Storytelling major (e.g., digital animation, filmmaking, cinematic set design, video game development, etc.). Similarly, MU’s recruiter for the Springfield region said: “I had three students in my mid-day fair yesterday alone ask about video gaming programing and computer programming. I get asked about this opportunity all of the time. I hate to say it but many may not get into the engineering school with computer science, and really it isn't the same thing. This would go over really well with a lot of students, especially in my area of rural southwest Missouri.”

According to the Kansas City recruiter, the only option these students perceive to be available now is to attend a specialized school on the West Coast, which is highly competitive for anyone and financially out of reach for students of modest means. Thus many students interested in a Digital Storytelling career are forced to study something else because they don’t currently have the option of pursuing their dream at a more attainable in-state university. Additionally, the Kansas City recruiter said that because this type of program is not offered by neighboring state universities, it is likely students from the metro areas in Missouri’s neighboring states would choose Mizzou over their own state universities specifically for this program.

We also conducted a survey, completed by 360 current MU students. It found that 58% (208) would be interested in taking Digital Storytelling classes and 52% (187) would recommend Digital Storytelling to a student who has yet to declare a major. 47% (170) of the responding students said they would be interested in having a Digital Storytelling major at MU.

Additionally, at professional events we have heard anecdotal evidence that suggests working professionals who completed only community college or other technical training (such as that offered by Johnson County Community College) would find the Digital Storytelling major at Mizzou to be a compelling motivator to pursue completion of a bachelor’s degree.

The following enrollment projections are supported by these findings and by other factors as explained below:
We arrived at these figures by estimating that 10% of the students taking the 1000-level course “Storytelling across Time and Media”—a course geared towards students new to campus—will become Digital Storytelling majors. Since we anticipate enrolling between 60 (in year one) and 120 (in year 5) students each fall in this course, we based our projections in Table 1b (enrollment of students new to campus) on gaining between 6 and 12 majors, new to campus, each year. See the “fiscal note” in 3.B.2 for a brief explanation of our calculation of student course enrollment; see also the financial projections in Appendix B for a breakdown of DS courses, plans for staffing those courses, and resulting credit hours generated in the first five years.

We project that in addition to a percentage of students new to campus, additional students who are already attending MU with an undeclared major will choose Digital Storytelling. For example, in the Fall of 2013 there were 1,828 pre/undecided Journalism majors (503 non-resident) and 301 pre-communication majors, all in the College of Arts and Science. Of those, at least 10% left those majors in their first year (the first-year retention rate for pre/undecided Journalism is 84.6% and for pre-communication is 80.3%). Thus, if even 1% of the 2,129 undecided pre-Journalism and pre-Communications students become Digital Storytelling majors we would have an additional 21 majors per year. Estimating conservatively, in Table 1a we project 10 additional majors (approximately .5% of 2,129) per year after the first year based on this calculation (beyond the enrollment projection of DS students new to campus in Table 1b).

Table 1a. Student Enrollment Projections (anticipated total number of students enrolled in program during the fall semester of given year).

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>6</td>
<td>24</td>
<td>36</td>
<td>48</td>
<td>54</td>
</tr>
<tr>
<td>Part-Time</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>24</td>
<td>36</td>
<td>48</td>
<td>54</td>
</tr>
</tbody>
</table>

Table 1b. Student Enrollment Projections (anticipated number of students enrolled during the fall semester of given year who were new to campus).

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>6</td>
<td>14</td>
<td>26</td>
<td>38</td>
<td>44</td>
</tr>
<tr>
<td>Part-Time</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>14</td>
<td>26</td>
<td>38</td>
<td>44</td>
</tr>
</tbody>
</table>

Table 1c. Projected Number of Degrees Awarded

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Degrees Awarded</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>17</td>
<td>25</td>
<td>34</td>
<td>39</td>
<td>46</td>
<td>61</td>
</tr>
</tbody>
</table>
We projected these numbers by projecting that 70% of students would complete the program in four years, using the enrollment figures from Table 1a. However, some students may complete the program sooner.

3.B. Financial Projections

3.B.1. Additional Resources Needed

MU already has most of the resources in place to offer the B.A. in Digital Storytelling. Resources to launch the program have been committed by the Office of the Provost (see letter of support in the Appendix). The primary costs will be:

- hiring a new non-tenure-track faculty member (in year one) to teach Digital Storytelling Production
- hiring a tenure-track faculty member (in year three) to teach new media and digital writing
- hiring a half-time staff member
- hiring two quarter-time GTAs
- re-allocation of one current faculty member (half-time) to direct the program
- startup costs for production lab equipment (and ongoing maintenance and occasional updates starting in year four). This is the primary startup cost for Digital Storytelling Production courses. The total costs for initial lab equipment purchase is approximately $20,000, with an additional $20,000 in Year Three and $5,000 to maintain and refresh equipment every other year thereafter. Should equipment and maintenance costs for the production lab become difficult to sustain as the program grows, a small lab fee can be designated for production courses.

The following sections detail financial information.

3.B.2 Revenue

Fiscal note: the numbers of students expected to enroll in core DS courses—the basis for the program’s revenue generation—are highlighted in the Financial Projections Excel spreadsheet (Appendix B). We carefully calculated the number of new, core DS course sections that we could offer based on available faculty and new hires. We capped enrollment for Digital Storytelling Across Time and Media at 60 students (taught by one faculty member and one quarter-time GTA), Writing and Theory for Digital Media at 30 students, and Digital Storytelling Production at 20 students. Our staffing projections are based on existing faculty contributions (which we did not count towards DS revenue), one non-tenure-track faculty member teaching three courses per semester, one (and, by Year Three, two) quarter-time GTAs supporting sections of the 60-student Storytelling Across Time and Media course, and (in Year Three) one tenure-track faculty member teaching two courses per semester.

This estimate, calculated with guidance from Todd MacKley in the Budget Office, is a fairly conservative course plan in terms of revenue. For example, we assumed less than full
enrollment in the new courses during the first two years, although based on the interest expressed across campus, we may have full enrollment as early as year one.

Detailed projected course offerings data can be found in Table 1b within the appendix.

All revenue for the DS program is generated by student credit hours from courses taught by faculty and teaching assistants for which the DS program bears the costs.

3.B.3. Net Revenue

The program is revenue-neutral in the first year, and revenue-generating by the second year. Each year, the expenses as a percent of net tuition decreases, from 99.2% in the first year to 56.59% in year five (see the Financial Projections spreadsheet in Appendix B).


Based on the financial projections made in Section 3.B, provide (in Table 3) the minimum enrollment needed at Year 5 for the new degree program to be financially viable. Briefly explain how financial viability projections were determined based on revenue and expenses.

Financial viability projections were determined based entirely upon revenue generated from courses taught by faculty and GTAs for which Digital Storytelling bears the cost (see Fiscal Note in 3.B.2, above).

Table 2. Financial Projections for Proposed Program for Years 1 through 5.

<table>
<thead>
<tr>
<th>1. Expenses per year</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. One-time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New/Renovated Space</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Equipment</td>
<td>20,000</td>
<td>0</td>
<td>20,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Library</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Consultants</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total one-time</td>
<td>20,000</td>
<td>20,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

| B. Recurring         |        |        |        |        |        |
| Faculty              | 90,000 | 91,800 | 161,262| 164,487| 167,777|
| Staff                | 20,000 | 20,400 | 20,808 | 21,224 | 21,649 |
| Benefits             | 38,907 | 39,685 | 66,220 | 69,400 | 72,682 |
| Equipment            | 0      | 0      | 0      | 5,000  | 5,000  |
| Library              | 0      | 0      | 0      | 0      | 0      |
| Other                | GTA, 10,000 | GTA   | GTA   | GTA   | GTA   |
|                      | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Total recurring      | 190,908 | 184,289 | 302,604| 294,846| 310,681|
| Total expenses (A+B) |        |        |        |        |        |


<table>
<thead>
<tr>
<th>2. Revenue per year</th>
<th>192,457</th>
<th>244,180</th>
<th>452,312</th>
<th>459,097</th>
<th>548,967</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition/Fees</td>
<td>192,457</td>
<td>244,180</td>
<td>452,312</td>
<td>459,097</td>
<td>548,967</td>
</tr>
<tr>
<td>Institutional Resources</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>State Aid -- CBHE</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>State Aid -- Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total revenue</td>
<td>192,457</td>
<td>244,180</td>
<td>452,312</td>
<td>459,097</td>
<td>548,967</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Net revenue (loss) per year</th>
<th>2,457</th>
<th>59,891</th>
<th>149,708</th>
<th>164,251</th>
<th>238,286</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>2,457</td>
<td>59,891</td>
<td>149,708</td>
<td>164,251</td>
<td>238,286</td>
</tr>
</tbody>
</table>

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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>2,457</td>
<td>62,348</td>
<td>212,056</td>
<td>376,307</td>
<td>614,593</td>
</tr>
</tbody>
</table>

Table 3. Enrollment at the End of Year 5 for the Program to Be Financially and Academically Viable.

<table>
<thead>
<tr>
<th>Enrollment Status</th>
<th>Full-Time</th>
<th>Part-Time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Students</td>
<td>44</td>
<td>0</td>
<td>44</td>
</tr>
</tbody>
</table>

We based this number on the projected enrollment of new students in Table 1b.

3.C. Business and Marketing Plan: Recruiting and Retaining Students

Initial marketing plan for the new degree program

We will advertise the new program in a variety of ways, including outreach to advisors (such as the Advisors Forum), outreach to recruiters, social media such as Twitter and FaceBook (DS already has a FaceBook page), requests to post in Chancellor Loftin’s tweets, electronic publications and announcement venues such as Mizzou Weekly and MU Info, and the creation of a DS Freshman Interest Group (FIG). We will also reach out to the following groups:

- High schools in Missouri, in particular those that have digital video production or digital media courses.
- Community colleges that have digital media courses, and in particular students in the following programs:
  - St. Louis CC Certification of Specialization Program in Digital Media
  - Meramec CC Certification of Specialization Program in Digital Media
  - Kansas City Kansas Community College Digital Imaging Design, AAS Program
  - Johnson County CC Interactive Media, AAS Program
  - Ozarks Technical CC Electronic Media Production, AAS Program
- Youth media organizations around the country. These include Free Spirit Media (Chicago), Twin Cities Youth Media Network, Y-Press Youth News Network
(Indianapolis), and Global Action Project (New York). At the outset this recruiting effort will focus mainly on areas where MU has a strong existing network for recruitment. As the major becomes established, we will then expand to feeder institutions and youth media organizations nationwide.

- Entering undeclared first-year students and current MU undergraduate students.

In terms of internal marketing, for current students who are undecided about their majors or who are exiting their first choice of major (such as English or Journalism) and are at risk of transferring away from MU, the best outreach is to encourage them to enroll in the courses Storytelling across Time and Media, Introduction to Digital Storytelling Production, and Writing for Digital Media. Special events and master classes will also draw students to the program.

According to our conversations with Rachel Orr in the Office of Academic Exploration and Advising Services, we can market the degree program by adding the introductory course (Storytelling across Time and Media) to the list of courses that meet general education requirements for students. Students will then learn more about the major through a course that also meets a requirement for them, whether they continue in the major or not.

In addition, the marketing strategy for the new B.A. will focus on the following features:

- The program directly prepares students for the digital environment of the twenty-first-century workplace.
- The program develops student skills that are relevant and necessary in almost any career: critical skills in visual analysis, digital literacy, creative media production, technical capabilities with digital media equipment, and reading, thinking, and writing critically and effectively. Consequently, it is a strong choice as a major, it serves as an ideal double major with other existing majors, and it can provide courses to support other programs as well as the MU general education requirements.
- The program is strengthened by its emphasis on the global nature of digital distribution.

Projected program growth over time

We expect student awareness of the program to increase dramatically in the first four years. As the program grows, our marketing reach will expand from current feeder schools to nation-wide recruitment. We also plan to strengthen and formalize our relationships with regional community colleges by establishing articulation agreements and online exchanges. The development of the program will be reflected in increasingly rich and effective online and print materials advertising the DS major.

Estimated costs for marketing

In addition to producing flyers at little cost (which can be easily drawn from the program’s operating budget), marketing for the DS program will rely on existing MU recruiting resources, using proven strategies to reach prospective students. These established methods include the following:

- Press releases and marketing through the Mizzou Advantage marketing office, the MU recruitment office, and other existing publicity offices on campus

December 11-12, 2014
Announcements through list-servs, MU Info, and advising networks (Missouri Academic Advising Association, MU Advisor’s Forum, etc.)

• Development of a DS website
• Links to the DS program website on collaborating program, department, and unit websites
• Direct mail of DS materials to high schools and community colleges
• Communication with high school guidance counselors
• Presentations at high school and first-year recruiting fairs

Plans to retain students

One of the primary reasons for initiating the DS major is to retain students, especially out-of-state students, who might otherwise transfer to other schools. The flexibility of the program offers students many pathways to pursue their interests and is designed for retention. In support of student success throughout their course of study in the DS major, the advisor for DS (based in the Dean’s Office in the College of Arts and Science) will pay close attention to student progress, individualized course plans, quality of coursework, and educational experience. Further, the DS major will include opportunities for experiential learning that are appealing to students while also preparing them for post-graduation employment, such as internships with media/entertainment companies or nonprofits.

Plans to ensure program enrollment outcomes

Full enrollment in DS courses will be encouraged by one or more yearly Freshman Interest Groups (FIGs) in Digital Storytelling, flyers and online course descriptions advertising DS core courses, frequent communication with advisors in A&S and across campus, and collaborative relationships with complementary programs, especially Communications, English, Film Studies, and Journalism. Partnerships and articulation agreements with regional community colleges will also bolster enrollment.

4. Institutional Capacity

Most of the resources to complete development and inaugurate the DS program by the Fall of 2015 are already in place at MU in the College of Arts and Science and units such as Journalism. The DS core course offerings are complementary with the new Documentary Journalism program and the Film Studies program and can help support those growing majors, especially through collaborations among faculty teaching production courses.

The DS program will also serve a wide array of non-majors as part of the General Education curriculum and in support of interdisciplinary digital literacy needs for various majors across campus, such as the School of Social Work and the School of Health Professions. It is an ideal double major with a range of current MU majors such as Journalism, English, Film Studies, Communications, Women’s Studies, and Theatre.

Technology & Facilities

Digital Storytelling courses are technology-intensive, which is part of their appeal and educational value for students. MU has much of the technology in place to offer courses for the major. Indeed, the classroom technology currently available in classrooms such as Tate Hall 111 and 110 serve media studies courses very well and need only to be maintained in good working order to remain a robust resource for expanded course offerings. In addition,
the current renovation of the Academic Support Center offers many new possibilities for production courses; we met with ASC Director Sue Hollingsworth in Spring 2014 and are excited about the substantial new classroom and production space there (see letter of support in Appendix A). The Digital Storytelling Production course, however, will require some new resources in the way of audio-visual media equipment for digital production. This production course, one of the showcase courses for the program, requires $20,000 for equipment purchase in the first and third years, along with $5,000 every other year to refresh software and equipment. Digital Production lab equipment will include at least two professional-quality cameras, with sound packages and light kits, and at least two editing bays equipped with Adobe, Maya, and other professional-grade software. These one-time costs represent an important provision of resources for the Digital Storytelling major, enabling the program to have an audio-visual component. Students will be able to use the equipment for independent projects after taking Introduction to Digital Storytelling Production.

5. Program Characteristics

5.A. Program Outcomes

As stated earlier, graduates of the Digital Storytelling major will be prepared to communicate in multimedia environments, with training and skills in five key areas: writing; theories of narrative, visual culture, and new media; audience and media literacy; visual communication and design; and production skills (video and audio). Since we are training students for a rapidly changing communications environment, students will develop agility in applying knowledge and techniques to new media tools and contexts as digital storytelling itself evolves, rather than focusing on mastery of specific tools (which will themselves quickly become outdated). Specific program outcomes include the following (mapped to the core courses for the major):

Visual communication and production (audio and video):

- To understand and be able to complete the preproduction process of digital video creation, including analyzing a script, producing storyboards, and generating a budget
- To define, classify, and demonstrate the features of current digital video cameras (white balance, manual focus, iris control, shutter speed, ND filters, audio adjustments, media storage, etc.)
- To capture professional quality video, with attention to shot composition
- To employ basic NLE editing techniques, including 3-point editing, insert, overlay, lift, extract automation, and importing footage
- To use current editing tools effectively and to be able to compare different editing styles
- To understand the role of the visual in narrative with attention to setting, character, plot, and conflict
- To work in teams to produce collaborative outcomes
- To produce a short narrative video with dialogue

Writing, audience and media literacy:

- To learn a variety of writing and narrative conventions, structures, and techniques
necessary for—and sometimes specific to—digital media

- To practice the skills of source assessment, evidence gathering, research and documentation necessary for effective writing and communication in digital media
- To become aware of strategies and techniques for effectively addressing different audiences in social and digital media environments
- To determine how to fit the message to the media and the media to the message for effective writing and communication in digital media
- To be exposed to the different stages of production in writing for digital media (from tweet to script)
- To become familiar with media theory

Theories of narrative, visual culture, new media, and design:

- To understand the historical development of various forms and genres of storytelling
- To examine the basic tools of narrative structure and the elements of a story, including plot, setting, tone, style, point of view, character, and theme
- To introduce a cultural, historical and contemporary range of storytelling media, including (but not limited to) text, image, video, radio, television, film, digital media, comics, video games, animation, websites and social media
- To learn to analyze, critique and produce stories in various formats, including written, visual, gestural, sonic and electronic
- To learn to recognize the role of storytelling and technology in everyday life
  - Understand how storytelling is embedded in and used in different contexts and media, including art, design, advertising, and other fields
  - Become familiar with critical and theoretical concepts in new media
  - Learn strategies for working creatively within changing forms of digital and social media
  - Explore how storytelling media function globally in different cultural contexts and technological environments
  - Explore the ethical implications and impacts of digital storytelling
  - Gain an understanding of the audio-visual media production of diverse cultures or subcultures
  - Become familiar with a range of audio, visual, and textual techniques for digital storytelling, such as animation, sampling, filmmaking, performance, sound and image recording, design, and networked communication
  - Synthesize information and employ various digital, online, and audio-visual technologies as tools in creating, collecting, applying and disseminating that synthesis

5.B. Structure

Housed in the College of Arts and Sciences, the B.A. in Digital Storytelling is an interdisciplinary major that requires 33 credit hours, only 12 credits of which are new course listings. At least 12 of the 33 credit hours must be at 3000-level or above.

1. Total credits required for graduation: 120 credits (standard)
2. Residency requirements, if any: 30 of the final 36 hours at the University of Missouri-Columbia

3. General education

Total credits for general education courses: 54 credits

Courses (specific course or distribution area and credit hours):

<table>
<thead>
<tr>
<th>Course</th>
<th>Hrs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>English 1000</td>
<td>3</td>
</tr>
<tr>
<td>Math 1100 or 1120</td>
<td>3</td>
</tr>
<tr>
<td>Foreign Language</td>
<td>12</td>
</tr>
<tr>
<td>Behavioral and Social Science</td>
<td>15</td>
</tr>
<tr>
<td>Humanities and Fine Arts</td>
<td>12</td>
</tr>
<tr>
<td>Biological, Physical and Mathematical Sciences</td>
<td>9</td>
</tr>
</tbody>
</table>

4. Major requirements

Total credits specific to degree: 33 credits

Courses (specific course or distribution area and credit hours):

<table>
<thead>
<tr>
<th>Course</th>
<th>Hrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000-level, Storytelling across Time and Media</td>
<td>3</td>
</tr>
<tr>
<td>2000-level, Writing and Theory for Digital Media</td>
<td>3</td>
</tr>
<tr>
<td>3000-level, Introduction to Digital Storytelling Production</td>
<td>3</td>
</tr>
<tr>
<td>4000-level, Digital Storytelling Capstone</td>
<td>3</td>
</tr>
<tr>
<td>Writing (distribution area)</td>
<td>3</td>
</tr>
<tr>
<td>Theories of Narrative, Visual Culture and New Media (distribution area)</td>
<td>6</td>
</tr>
<tr>
<td>Visual Communication and Design (distribution area)</td>
<td>3</td>
</tr>
<tr>
<td>Production (distribution area)</td>
<td>3</td>
</tr>
</tbody>
</table>

5. Free elective credits

Total free elective credits: 33 credits

6. Requirement for thesis, internship or other capstone experience: The required 3-credit capstone seminar completes the degree requirements.

7. Any unique features such as interdepartmental cooperation:

This program will be housed in the College of Arts and Science, and will have a close and complementary relationship involving cross-listed courses with the School of Journalism
(especially the John Murray Center for Documentary Journalism) and a number of other units including the College of Engineering, the College of Human Environmental Sciences, and the College of Education. Collaboration with the School of Social Work and the School of Health Professions is also planned. Within the College of Arts and Science, the program is organized to take advantage of cross-listed courses among many departments and programs including Art, Art History and Archeology, Communications, Film Studies, English, Geography, German and Russian Studies, Peace Studies, Religious Studies, Romance Languages, and Theatre.

5.C. Program Design and Content

**Curriculum**: The credit-hour requirements for the baccalaureate in Digital Storytelling will be similar to existing majors. Students pursuing this degree would be required to complete 33 credit hours of core and cross-listed courses. Beyond the core sequence of four required courses (twelve credit hours), students take cross-listed courses as well as practica and internships. At least 12 of the 33 credit hours must be at 3000-level or above.

In addition to the regular course offerings, a yearly intensive practicum offered by a visiting filmmaker or film scholar forms an essential part of the Digital Storytelling B.A. experience. Further special intensive courses, such as programs at partner institutions, media research or production workshops during study abroad semesters, or internships in the field, are strongly encouraged. As the program expands, these activities will be formalized for credit with course titles such as Digital Storytelling Internship, Digital Storytelling Study Abroad, and Digital Storytelling Independent Study and Research. Potential internships might include working on social media, animation or audio-visual productions for non-profit or for-profit organizations; acting as a production assistant for a film shoot; assisting in the organization of a major film festival; working as an assistant for a marketing or public relations firm; or working as a research assistant.

**Required Courses**:

1. **Storytelling Across Time and Media** (1000-level, new course)
   
   This course provides an introduction to media literacy and to basic concepts in digital storytelling, manifested historically and currently across a range of media. It focuses on theories and concepts that support the critical analysis and creation of contemporary narrative in digital form with particular attention to audio, visual and written communication. Through a series of tutorial workshops, students will be introduced to a range of specific strategies for digital communication such as stop-motion, flash, and other forms of animation, sampling, mash-ups, and other techniques.

2. **Writing and Theory for Digital Media** (2000-level course)
   
   Ideally the second course that students take in Digital Storytelling, this course emphasizes the writing skills necessary when working in digital media.

3. **Introduction to Digital Storytelling Production** (3000-level course)
   
   Emphasis will be placed on helping the student to become agile with digital video technology through applied experiences. Assignments will build student confidence in digital video production by examining how video narratives are created and how images and audio
enhance the structure, mood, and theme of the narrative. Instruction will focus on planning a video production and developing the tools and practices in lighting, sound recording, image capturing, and editing. Students will complete five assignments: preproduction of a video, image capturing, editing, visual narrative, and narrative scene.

4. **Capstone class** (4000-level course, requiring an advanced senior project)

**Recommended Courses to Cross-List with Digital Storytelling**

MU currently offers many courses which could be cross-listed with Digital Storytelling and which could be taken as electives for credit towards the B.A.

**Distribution Requirements:** Please note that the following list of courses is necessarily incomplete and is provided here to represent the range of courses that will be included in the major. During preliminary planning in spring semester 2015 and throughout the first year of the program, the Digital Storytelling advisory committee will consider additional courses for cross-listing.

Students must complete 21 hours, coming from a combination of courses from the following four areas:

1. At least 3 credit hours in writing:
   - Communication 3310: Message Design and Writing for the Media (Prereq: COMM 2100)
   - English 3010: Advanced Composition
   - English 2510: Intermediate Fiction Writing (Prereq: ENGLSH 1510)
   - English 4510: Advanced Fiction Writing (Prereq: ENGLSH 2510)
   - English 2520: Intermediate Creative Nonfiction (Prereq: ENGLSH 1520)
   - English 4520: Advanced Creative Nonfiction (Prereq: ENGLSH 2520)
   - Theatre 3920/English 3560: Intermediate Playwriting (Prereq: THEATR 2920 or ENGLSH 2560)
   - Theatre 4920/English 4560: Advanced Playwriting (Prereq: THEATR 3920 or ENGLSH 3560)
   - Film Studies 3930: Screenwriting for Television and Film (Prereq: ENGLSH 1000)
   - German 4820/Russian 4820/French 4820: Web Blogging in Cultural Context

2. At least 6 credit hours in theories of narrative, visual culture and new media. At least 3 of these hours must be in courses 3000 or above:
   - Journalism 1000 or Journalism 1100 or Communication 2100: Media Communication in Society
   - English 4700/Anthropology 4150: Special Themes in Folklore
   - English 4710/Anthropology 4160/Black Studies 4710: Themes in African Diaspora Folklore
   - English 4780/Women’s and Gender Studies 4780: Women’s Folklore and Feminist Theory
   - Film Studies/English 1800: Introduction to Film Studies
   - Film Studies/English 3855: Documentary Film (Prereq: ENGLSH 1000)
• Film Studies/English 4810: Film Theory (Prereq: ENGLISH 1000 and ENGLISH/FILM 1800)
• Film Studies/English 4840: Culture and Media (Prereq: ENGLISH 1000 and ENGLISH/FILM 1800)
• Journalism 4301: Topics in Journalism: Journalism and Chaos: How to Understand and Cover 21st Century Business Models
• Communication 3490: Media Theory (Prereq: COMM 2100)
• Communication 4618: TV Criticism
• Communication 4638: New Technologies and Communication
• Journalism 4950: Understanding Audience (JOURN 2000)

3. At least 3 credit hours in Visual Communication and Design
• Journalism 4510: Visual Communication
• Architectural Studies 2210: Understanding Visualization for Animated Film
• Architectural Studies 4550: Visual Presentation for Design (online)
• ARHA 2150: The Art of the Book
• ARHA 2850: Introduction to American Visual Culture
• ARHA 3750: Modern Art in Europe and America (Prereq: ARHA 1120)
• ARHA 3760: Contemporary Art (Prereq: ARHA 1120)
• ARHA 3850: American Art and Culture, 1913-Present (Prereq: ARHA 1120 or 2830)

4. At least 3 credit hours in Production
• Art-Graphic Design 1400 (1): Beginning Digital Imaging
• Art-Graphic Design 2400 (1): Advanced Digital Imaging (Prereq: ARTGRDN 1400)
• Communication 2315: Basic Audio Production and Performance
• Communication 3390: Television Production (Prereq: COMM 2100)
• Communication 3395: TV Field Production (Prereq: COMM 3390)
• Film Studies 2520: Film Pre-Planning and Production
• Film Studies 3005: Topics: Film Editing and Post-Production
• Information Technology 1610: Introduction to Entertainment Media
• Information Technology 2610: Audio/Video I
• Information Technology 3610: Audio/Video II (Prereq: INFOTC 2610 and CMP 2050)
• Information Technology 3640: Digital Effects (Prereq: INFOTC 1610 or 2610)
• Information Technology 4640: Digital Effects II (Prereq: INFOTC 3640)
• IS&LT 4360: Introduction to Web Development
• IS&LT 4361: Introduction to Digital Media
• IS&LT 4364: Flash Authoring
• IS&LT 4370: Intermediate Web Development (IS&LT 4360)

MU also currently offers many courses that would be of interest to Digital Storytelling majors as electives—such as foreign languages—that would augment their program of study but that would not count towards the major.
5.D. Program Goals and Assessment

National and/or local assessments: There are no standardized assessment tests for this field.

Retention and graduation rates: Our goal is that approximately 70% of matriculating students will complete the program within one year of expected graduation.

Graduates per annum at three and five years: As noted above in Table 1c, we project awarding degrees to 0 students by year three and to 17 students by year 5, although we believe some students may complete the program earlier.

Proportion of students who will achieve licensing, certification or registration: There is no licensing or registration system for this field.

Placement rates in related fields, in other fields, and unemployed: It is anticipated that approximately 85% of program graduates will find employment in a field engaging digital storytelling skills. However, this estimate will be adjusted according to assessments gained from annual graduate surveys.

Additional measures of success: Evaluation of the program’s success will be based on core course enrollments, numbers of declared majors, numbers of degrees granted, surveys of graduating majors and alumni, job placements, and other measures of success.

5.E. Student Preparation

Preparation recommended for students entering program to ensure success

Any student meeting the admissions requirements for the University of Missouri and to the College of Arts and Science will be eligible for the Digital Storytelling major. No special preparation is required.

Characteristics of specific population to be served

There is no specific target population. In fact, the program is designed to serve as wide a range of students as possible.

5.F. Faculty and Administration

Name and position of the individual who will be responsible for the success of this program

Dr. Joanna Hearne, Associate Professor, Department of English.

How instructional needs will be met

Currently, the major can be established with the hiring (in year one) of one non-tenure-track Assistant Teaching Professor of Digital Storytelling Production, and (in year three) one tenure-track faculty member in new media and digital writing. In addition, the core course sequence requires two quarter-time Graduate Teaching Assistants. Advising for the program will be provided through the office of the Dean of the College of Arts and Science.

Because the program leverages existing courses at MU, the remainder of the instructional needs for the program will be met by regularly scheduled courses across departments and divisions, taught by full-time faculty.
In addition, some courses may be taught by full time faculty members of the Digital Storytelling Committee:

Dr. Chip Callahan, Department of Religious Studies  
Dr. Melissa Click, Department of Communications  
Dr. Joanna Hearne (.50 FTE devoted to DS) Department of English and Film Studies  
Program  
Dr. Valerie Kaussen, Department of Romance Languages  
Dr. Mark Palmer, Department of Geography  
Dr. Kristin Schwain, Department of Art History and Archaeology  
Mr. Reuben Stern, School of Journalism

Special requirements for assignment of teaching for this degree program

The non-tenure-track position in Digital Storytelling Production will require a terminal MA or MFA or significant equivalent professional experience, as well as training and experience in all aspects of audio-visual production and skills in techniques such as animation, computer graphics, and networked communication. The position in Digital Writing will require a Ph.D. and an active research agenda in new media and writing for digital media.

Estimate the percentage of the credit hours assigned to full-time faculty

Approximately 80-90% of the core Digital Storytelling courses will be taught by full-time tenure-track and non-tenure-track faculty. The 1000-level introductory course Storytelling Across Time and Media will be taught by regular full-time faculty, with breakout sections taught by qualified graduate teaching assistants under faculty supervision. We do not have plans to hire adjunct faculty at this time.

Expectation for faculty involvement in professional activities, special student contact, teaching/learning innovation

Faculty who are involved in the program will continue to conduct and publish research in their fields, attend and present their research at professional meetings, and teach courses. Faculty teaching the core course sequence will create an innovative program of study for students that emphasizes digital literacy, creative forms of communication, agility with existing and emerging technical tools, and attention to audience. Teamwork, experiential learning, and interdisciplinary breadth are signature elements of teaching and learning in this program.

5.G. Alumni and Employer Survey

Methods to be used to survey alumni

The Digital Storytelling Advisory Committee and the DS Director will initiate self-study procedures that will include alumni surveys. As part of the program’s continuing quality improvement process, committee members will remain in contact with potential employers and industry leaders, especially within the region, to track employment and gather qualitative and quantitative data about the effectiveness of the program and the job climate for graduates.
Methods to be used to obtain feedback from employers of graduates

The outcomes of the program will be assessed in the following ways:

- Evaluation of senior capstone academic and creative work
- Interviews and surveys with graduating seniors and recent alumni
- Review of surveys

Initially, the evaluation of work by capstone seminar participants will take place internally to allow the Digital Storytelling Committee to assess how the program is functioning and to improve the performance of the program. Information from internal program assessments will be used to conduct the Digital Storytelling program review.

5.H. Program Accreditation

Digital Storytelling is a new area of study. There is no accrediting body in this field.
Appendix A – Letters of Support
October 30, 2014

Steve Graham
309 University Hall
University of Missouri System

Dear Steve:

I am writing to confirm MU’s financial support regarding the Digital Storytelling proposal. Within our strategic operating plan action item 1.2.1, we are investing in new programs that we believe will generate net new revenues while also driving other results we are seeking as a campus.

Our financial commitment for Digital Storytelling is planned in two stages. Initially, we will support the hiring of one NTT faculty member and additional expenses related to launching the program. We will monitor the credit hours and enrollment carefully, and when we have reached expected levels, we will enhance our investment with the hiring of a full time tenure-track faculty member.

Let me know if you have other questions.

Sincerely,

Kenneth D. Dean
Interim Provost

KDD td
August 20, 2012

Provost Brian Foster
114 Jesse Hall
CAMPUS

Dear Brian,

I am writing to express my support for the proposed new B.A. degree in Digital Storytelling that has been developed by faculty in four different schools and colleges across campus. Collaborative and interdisciplinary, this innovative program has been designed to help us recruit new students and retain existing ones, particularly those who, for various reasons, have decided not to pursue a degree in Journalism.

The School of Journalism will contribute courses toward this major, which will be housed within the College of Arts and Science.

Sincerely,

Dean Mills

120 Neff Hall  Columbia, MO 65211  Phone: 573-882-6686  Fax: 573-884-5400  Web: journalism.missouri.edu
August 9, 2012

Provost Brian Foster
114 Jesse Hall

Dear Brian:

I support the addition of a new interdisciplinary B.A. degree program in Digital Storytelling. This innovative program will help fill a need for current and prospective students, particularly those interested in working in multimedia environments. The accompanying preliminary proposal provides a succinct overview of the program.

Although several other colleges and schools on campus will contribute courses, the program is designed to reflect a liberal arts foundation and will be housed in the College of Arts and Science.

Please don't hesitate to let me know if you have any questions.

Sincerely,

Michael J. O'Brien
Dean

MJO/css

317 Lowry Hall Columbia, MO 65211 Phone: 573-882-4421 Fax: 573-882-3404
There's Only One Mizzou
To the Board of Curators:

In my work with undeclared students at the University of Missouri over the past nine years, there has been a steady and consistent interest in courses and a degree related to multimedia communication. As the coordinator for Academic Exploration and Advising Services, which serves undeclared, pre-communication, and pre-journalism students, I oversee ten academic advisors who work with many students interested in careers in technology, communication, and writing. While related degrees are available in areas like Journalism, many students are not eligible to continue in that program or are interested in a degree with greater flexibility in their course of study. Students not eligible for Journalism that might otherwise transfer to another school would be drawn to a program like Digital Storytelling. Further, a degree in Digital Storytelling provides students digital, design, and writing skills that employers are looking for in a variety of fields.

Our office sees between 50 and 75 current students each year that express an interest in multimedia communication and would be excited about a degree in Digital Storytelling that combines technology, creativity, analysis and writing. These students have been directed to various programs within the University, but they would be much better served by an in depth program that provides digital skills needed in a global, technology driven market.

I am excited to support offering students the opportunity to pursue a Bachelor of Arts degree in Digital Storytelling at the University of Missouri.

Sincerely,

Rachael Orr
Assistant Dean, Advising and Student Support Services
Academic Exploration & Advising Services
University of Missouri
August 22, 2012

Board of Curators
University of Missouri System
Columbia | Kansas City | Rolla | St. Louis

To the Board of Curators:

Hallmark Cards is pleased to support the efforts to establish a four-year degree program in Digital Storytelling at the University of Missouri – Columbia. We have partnered with Mizzou in development of this proposal due to the increasing importance of digital storytelling to Hallmark’s current and future programs. Through the ages, storytelling has had to adapt to the medium – from campfires, to songs, to books, to film – and the burgeoning digital realm requires continued learning and adaptation. Because of this growing need, Hallmark is interested in expanding the regional multimedia talent base for digital storytelling professions and views this degree as a vital element in achieving that goal.

Hallmark Cards was founded in 1910 and is one of Kansas City’s largest employers with over 3,700 full-time employees. The company has over 65,000 different products and produces or redesigns over 18,000 products annually. Included in our Kansas City employee base are 700 artists, designers, stylists, multimedia designers, web developers, and writers. The company has a strong commitment to the community and works collaboratively with our workforce development system, including our colleges and universities.

Should the Digital Storytelling degree be established at the University of Missouri, Hallmark would continue to be interested in doing what is possible to ensure its success.

Sincerely,

Lisa Riggin
Writing Director
Hallmark Cards, Inc.

2501 McGee, Box 419580, Kansas City, Missouri 64141-6580
October 23, 2014

Letter in Support of Digital Storytelling

I am writing this letter in support of the proposal to establish a B.A. degree in Digital Storytelling at the University of Missouri. The proposed program is in an exciting new area of media studies that converges well with other recent developments on campus. With respect to the production side of the program, it will mesh well with the new emphasis area (application under submission) in film production. Starting in AY 2013–14 we have been offering a strong slate of film production courses, and the degree program in Digital Storytelling will provide some possibilities for constructive collaboration. It will also fit well with the new concentration on documentary filmmaking and the recently established collaboration of Film Studies with the School of Journalism’s new Center for Documentary Journalism.

I think this is a program that will put MU at the leading edge of universities offering courses in new forms of digital media. I give it my full support.

Roger Cook
Professor of German and Director of the Film Studies Program
October 27, 2014

Steve Graham,
Sr. Associate Vice President for Academic Affairs
University of Missouri System
309 University Hall
Columbia, Missouri 65211

Dear Mr. Graham

The Digital Storytelling Center of Kansas City is pleased to support the creation of a new four-year degree in digital storytelling at the University of Missouri. Narrative-based digital media is the communication method of choice for programs and businesses across the spectrum of our society. As new tools for communication emerge, our infrastructure and support systems need to adapt to integrate those tools effectively. Currently, academic programs across the nation have been slow to adjust their programs to prepare their students for this cross-discipline need. Early in the process of the University of Missouri's exploration into this new degree program, University representatives asked Teri Ann Drake, then Vice President of Hallmark's Creative division, what her greatest talent development needs were. She responded, "I need hybrids." She needed creative employees who could effectively perform across disciplines to develop digital media solutions for Hallmark products. While I was leading Hallmark's Creative University program, my biggest ongoing challenge was to prepare creative employees in all job categories to be able to employ new digital media tools effectively in areas that stretched them beyond their traditional disciplines.

This cross-disciplinary skill set is a critical need for Kansas City businesses. Of the 484 studios, advertising and public relations firms in Kansas City, all but a few are small businesses with employee counts under twenty-five. In these businesses, employees must be able to support a range of digital media skill requirements that extends well beyond the typical range of solutions offered by most academic program structures. Kansas City has a robust digital media and digital storytelling economy. The Economic Development Administration has taken notice of this emerging economic cluster and is investing in exploratory programs to expand this economy in our region. Business leaders are recognizing that digital storytelling could be one of the most promising new economic growth sectors for the city.
These Kansas City businesses need a dependable pipeline of talent to meet this emerging need. The University of Missouri is recognized in Kansas City as a leader in providing quality educational programs in journalism, media and the communication arts. I strongly support the proposal to establish a four-year degree in digital storytelling at the University of Missouri.

Sincerely,

Ron Green
Founding Director
UNIVERSITY of MISSOURI
SCIENCE AND AGRICULTURAL JOURNALISM
COLLEGE OF AGRICULTURE, FOOD AND NATURAL RESOURCES

Oct. 27, 2014

MU Office of Academic Affairs
309 University Hall
University of Missouri

As the Program Chair for the Science and Agricultural Journalism Program in CAFNR, I am writing this letter of support for the proposed degree in Digital Storytelling.

Telling stories is one of the most effective means of communicating complex ideas. In this age of confusion over the merits of various technological advances in agriculture, the food system, health, and the big umbrella of “science,” we believe it is of the utmost importance to support educational efforts to improve storytelling skills.

Faculty members in the Science and Agricultural Journalism Program can see the potential for shared courses with the Digital Storytelling Program and would be excited to have the opportunity to develop courses using digital storytelling methods to better communicate about food, the environment, and agriculture.

Sincerely,

[Signature]

Sharon Wood-Turley
Program Chair
MU Science and Agricultural Journalism
October 23, 2014

To Whom It May Concern:

Please accept this letter as a strong endorsement for establishing a Bachelor of Arts degree in Digital Storytelling on the MU campus. As the director of the new Jonathan B. Murray Center for Digital Journalism at the Missouri School of Journalism, I’m excited to see the potential this degree program would bring to campus and the increased opportunities for journalism students and others interested in similar storytelling approaches.

The addition of the program means additional course availability for students in the documentary journalism interest area, either to be enrolled as cross-listed courses or as electives to add to the depth and breadth of material for these students. The program would also make it possible for collaborative work between students in the two areas, exploring the intersection of traditional documentary work and the new digital frontier.

I have had extensive talks with Prof. Hearne regarding the program and fully support her efforts to create it. Moving from the Radio-TV faculty in the journalism school to run the new documentary center, I have encountered a number of students seeking to focus their studies in the digital realm, exploring the newest avenues for their storytelling work through video, animation and more. And just this week, while attending a gathering of those interested in making Kansas City a center for digital storytelling, the University of Missouri was not only well represented among participants, but praised over and over again for its efforts to establish itself as a showplace in the digital arena.

This new program would be a shining example of a commitment by this campus to engage our students not only in academic learning, but also in developing the tools and techniques of tomorrow’s storyteller. I fully support this effort and will throw the resources of the documentary journalism center behind it however I can.

Sincerely,

Stacey Woelfel, Ph.D.
Director, Jonathan B. Murray Center for Documentary Journalism
October 27, 2014

Steven Graham
Senior Associate Vice President
UM System
309 University Hall
Columbia, MO 65211

Dear Steve,

From the moment I read the proposal for the Digital Storytelling (DS) major, I have been in complete support of it and extremely excited about it. One reason I think it is a terrific, timely idea is due to the number of missed opportunities I have witnessed in the recent past. For years, journalism, communication, theatre and film studies students have all been locked in their own departmental boxes and missing out on opportunities to work with and learn from one another and from faculty from other departments. This DS major, designed to complement and take advantage of the other excellent existing MU programs, could be one catalyst for change that would truly advance MU into being the destination campus for students seeking to pursue this unique educational experience in digital storytelling.

Not everyone wants to focus on just one skill set, be it lighting design, video editing, audio engineering, or cinematography. Some students prefer to be versed in a variety of skills such as writing, producing, directing, and editing because they feel more marketable having a skill set rather than just one area of expertise. Allowing these students to collaborate in their coursework, though following different career paths, is priceless for all involved. This whole will truly be other, and greater, than the sum of its parts.

Along with the opportunity to take classes across departments, these students need a place to encounter one another, and I believe the Academic Support Center (ASC) Media Laboratory is just that place. The Media Labs, newly renovated with all the tools required to shoot and edit, are once again bustling with students. Although Communication classes are solely scheduled therein this semester, several Film Studies classes are scheduled for Spring Semester 2015. The DS students would be a wonderful and welcome addition. The labs have the potential to be a cinematographic hub, and a prime example of that is the hugely popular Film Production Club, open to students of any major, that meets in ASC’s state of the art classroom every Wednesday evening.

Classes taught in the Media labs used to include students from communication, theatre, and journalism, and their daily encounters proved to be beneficial for all. One example is when advertising teams (not required to know the production side), and communication teams (not required to know the advertising side) worked
together to produce television commercials. These collaborative efforts resulted in stellar performances by all, and they gave the students the real world experience of working in such teams. Therefore, I am confident the move toward the DS major, in conjunction with existing majors working together, will once again bring these diverse students together and produce similar positive results.

Another valuable aspect of the students working in ASC is that for their final project they get to work in the large commercial production studio alongside the professional team of digital storytellers on staff. The Video Production team works daily with top administrators, faculty, researchers, grant writers, and the entire campus community producing digital stories designed to: help faculty compete for grant dollars, tout the incredible teaching, research, service and economic development work done here that makes this campus so special, increase student enrollment via recruitment videos, and the list goes on. This is an incredible opportunity for the students, many of whom then apply for internships with the video team. These internships, along with the sample reels they are able to create, get them jobs.

We all know storytelling has always had to adapt to the medium du jour, and that is not likely to change any time soon. We also know the storytelling itself is at the heart of this issue. That is why we strive to provide our students with the knowledge and the tools needed to tell terrific stories, the skills necessary to manipulate the media, and exposure to faculty and students of all walks of life. We believe this formula is a winning one, and we believe it is one that will put MU on the map as the place to learn all there is to know about digital storytelling.

Sincerely.

Susan B. Hollingsworth
Director, Academic Support Center
Appendix B – Projected Course Offerings
### Appendix B. Projected Course Offerings

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December 11-12, 2014

**OPEN - AS&EA 1-44**
### Appendix B. Projected Course Offerings

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| December 11-12, 2014 |

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The new BS to MS (BS-MS) Coordinated Program in Dietetics will provide all didactic (coursework) and supervised practice (fieldwork) required for a student to take the national Registration Examination for Dietitians and thus, to become a registered dietitian (RD). By 2017, the Accreditation Council for Education in Nutrition and Dietetics (ACEND) suggests programs begin advising incoming freshman that a master’s degree will be needed in order to become a registered dietitian to prepare for 2024, when the profession of dietetics will become masters entry-level. The current undergraduate Coordinated Program at Mizzou is well-poised to make this transition because it has provided a highly effective a seamless RD training model for over 30 years.

Currently, Mizzou is the only Coordinated Program in Dietetics in the state of Missouri, and the only dietetics program in the University of Missouri system. This program provides all of the training to become an RD in a one-stop-shop. At the undergraduate level, the current program takes five years of requirements and compacts them into four years. That said, with the implementation of the new BS-MS Coordinated Program, the existing undergraduate Coordinated Program at Mizzou would be eliminated. With the new, proposed program, a student would receive a BS, MS and the required minimum of 1200 hours of supervised practice in five years. Students will take two years of prerequisite courses and then apply to the program. Successful candidates will then be retained for the additional three years to complete the program including their supervised practice requirements. Only students who complete all aspects of this 5-year sequence will meet requirements to take the RD exam. Therefore, we expect nearly 100% of students will remain for the entire five.

The job outlook for dietitians and nutritionists exceeds growth across all fields with the Bureau of Labor Statistics predicting 21% growth from 2012-2022 (1). With the rise of obesity and chronic related diseases in this country, along with the increasing cost of healthcare, there will be a need to train students who want to become nutrition experts in the area of disease prevention and medical nutrition therapy. Because Mizzou provides its supervised practice training within the state of Missouri, there is great opportunity for students and their preceptors to address these needs among Missouri citizens. Within several months of graduation, Mizzou alums have been successful in finding employment in their degree field. This program will keep Mizzou graduates competitive in the job market.

Costs for the new program will consist of full time salary and benefits for three teaching track faculty, costs associated with paying the preceptor sites, and costs for administrative support and for adjunct faculty stipends. There will be no tuition/fee waivers as this will be 100% self pay and will result in new tuition dollars for 5 students per class undergraduate and 20 students per class at the graduate level. The net costs for the transition to the BS/MS program would be the addition of the 0.26 FTE faculty plus the full benefits cost of that position, the payment of preceptor sites and administrative costs. The payment of the preceptor sites will be needed due to additional students and hence increased demand for, and burden on, exiting preceptor sites. Payment for the sites will secure them for Mizzou and deter “poaching” that can occur given the intense demand.
Recommended Action – Master of Science in Dietetics, University of Missouri-Columbia

It was recommended by Executive Vice President Henry C. Foley, endorsed by President Timothy M. Wolfe, recommended by the Academic, Student and External Affairs Committee, moved by Curator ______________, seconded by Curator ________________, that the following action by approved:

that the University of Missouri-Columbia be authorized to submit the attached proposal for a Master of Science in Dietetics to the Coordinating Board for Higher Education for approval.

Roll call vote of Committee: YES NO

Curator Covington
Curator Cupps
Curator Henrickson
Curator Steelman
Curator Steward

The motion ______________.

Roll call vote of Board: YES NO

Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ______________.
Master of Science
(M.S.) in
Dietetics

University of Missouri-Columbia
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1. Introduction

The BS-MS Coordinated Program in Dietetics comprises all components necessary for graduates to be eligible to take the RD exam. Five years are allotted for the student to complete the bachelors, masters and all supervised practice. The bachelors will be awarded after spring semester year four and the masters after spring semester year five. The one year graduate curriculum will be non-thesis. The 1200 hours of supervised practice is spread throughout years three-five. The student must complete the both the bachelors and master’s degree in order to complete all of the 1200 hours necessary to take the exam. This will prevent attrition after year four.

This program prepares students to become registered dietitians (RD). This is the credential required to work in healthcare settings such as hospitals and clinics. In addition, RDs work in a variety of settings including community and public health, long-term care, grocery stores, athletic teams, food management, private practice and research.

The Coordinated Program model of training Mizzou dietetic students has been in existence on the MU campus for over 30 years. The program is proposing this new BS-MS Coordinated Program in Dietetics so that it prepares students to meet upcoming requirement for master entry-level practice in dietetics.

The BS-MS Coordinated Program in Dietetics is based upon the existing undergraduate Coordinated Program in Dietetics. This model has proven quite successful, with a 97% pass rate on the RD exam, a waiting list to get into the program and successful employment post-graduation. While the current undergraduate Coordinated Program will be eliminated in its current form, many of the courses from the current undergraduate curriculum will be retained. Some existing courses, previously offered at the undergraduate level, will be restructured and thus, offered at the graduate level. The 1200 hours of supervised practice, which are listed as supervised practice experience (SPE) courses, will be retained. A Program of Study is listed in Table 6.

The program will be housed in the Department of Nutrition and Exercise Physiology. Dr. Christopher Hardin is the Chair of this department. Dr. Raedeke has been the Director of the undergraduate Coordinated Program in Dietetics at Mizzou for over a decade. Dr. Raedeke will be the Director of the new BS-MS Coordinated Program in Dietetics. The Accreditation Council for Nutrition and Dietetics (ACEND) accredits the Coordinated Program and mandates that the program director have a minimum of a master’s degree and an RD. Dr. Raedeke is an RD and has a PhD in the nutrition area program. The current undergraduate Coordinated Program in Dietetics will be eliminated and Raedeke will become the director for this new program. Therefore, a new expense for the program director position is not expected.

2. Fit with University Mission and Other Academic Programs

2.A. Alignment with Mission and Goals

The proposed program meshes with the University’s mission of improving quality of life within Missouri. Student work side by side with practitioners in field sites throughout the state to deliver nutrition prevention and medical nutrition therapy. Furthermore, the program trains professionals ready for practice in numerous practice settings throughout the state. The
supervised training is provided in Missouri and therefore enhances Mizzou’s presence in over 40 practice sites in Missouri. The proposed program also includes a strong research component, with a minimum of one year of research courses.

The mission statement for the current Coordinated Program in Dietetics at the University of Missouri states “The University of Missouri’s accredited Coordinated Program in Dietetics, housed in a world-class research institution, provides academic training to prepare students for successful entry-level careers as registered dietitian nutritionists and registered dietitians. The program strives to improve health of Missourians and beyond by offering high-quality educational experiences, including a concentration area in nutrition therapy.” (Adopted 10/2/13). This mission statement was created with the anticipated move to a BS-MS Coordinated Program.

The proposed program will expand opportunities for experiential learning. The program will increase the number of students admitted by 33%, as compared to the existing Coordinated Program. In other words, enrollment will go from the current 15 juniors and 15 seniors to 20 juniors, 20 seniors and 20 master’s year students. The students will receive 1200 hours of hands-on training in multiple practice settings across the state of Missouri. In these settings, students will have the opportunity to work side-by-side with practitioners from multiple disciplines.

Moreover, the program will optimize faculty impact in teaching. The three core dietetics faculty (Raedeke, Hudson, Schnell) have over 30 years of combined experience working with the undergraduate Coordinated Program in Dietetics at Mizzou. Each has worked as an RD in healthcare and other practice areas prior to joining the program at Mizzou. Hudson is also a Certified Diabetes Educator. In the future, they hope to apply their practitioner skills to develop simulation lab training opportunities for students.

With this program, a new net revenue stream will be generated. The program will be a self-pay master’s program. Revenue generated from this program will be used to fund a partial faculty salary and provide funds to pay supervised practice sites. Payment to supervised practice sites will help ensure sites for Mizzou students in the future.

This program is a priority because the current dietetics training at Mizzou must evolve to meet the future master’s entry-level requirement for RDs. Furthermore, by 2017 the dietetics program must have a plan in place to advise students on how they can meet requirements to become an RD. The Coordinated Program model has remained a highly effective training model at the undergraduate level at Mizzou, as evidenced by the program’s current 97% pass rate for first time test takers on the RD exam, as compared to a national 80% rate for Coordinated Programs for both undergraduate and graduate students. In recent years, there has been a waiting list for admittance to the undergraduate Coordinated Program in Dietetics at Mizzou. Furthermore, this program would increase the number of graduate students within the Department of Nutrition and Exercise Physiology.

2.B. Duplication and Collaboration within Campus and Across System

The current Coordinated Program in Dietetics is the only dietetics program within the UM system and the only Coordinated Program in Dietetics in the state. This means it is the only dietetics program in the state where the student can get an undergraduate degree and all required supervised practice in four years. There are other undergraduate dietetics programs
across the state (SLU, MSU, UMC, SEMO, Fontbonne, NWMSU, College of the Ozarks) but those students must first complete their undergraduate degree and then apply for a national internship match in order to receive their supervised practice. Currently, nationwide, the placement rates through the national internship match is ~50%. The cost of internships often exceeds $10,000 (3).

Collaboration with existing institutions is limited because of competition for supervised practice sites. That said, the faculty in dietetics teach didactic courses, both in the classroom and online, and students from other disciplines and institutions can take these courses.

3. Business-Related Criteria and Justification

3.A. Market Analysis

3.A.1. Need for Program

Nationally, the Bureau of Labor Statistics projects a growth rate of 21% for dietitians and nutritionists from 2012-2022 (1). This growth rate is faster than the national average for all professions. Within Missouri, MERIC employment projections statewide 2013-2015 show a positive 1.87% change for dietitians and nutritionists. For the long term (2012-2022), the profession received a B with projected growth of 13.05% (4).

The current undergraduate Coordinated Program at Mizzou has been highly successful in preparing graduates for careers in their chosen field.

Table 1: Employment of Undergraduate Coordinated Program Alums from MU

<table>
<thead>
<tr>
<th>Survey Question (s)</th>
<th>2004-2008</th>
<th>2010-2013</th>
<th>2012-2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working in field of dietetics, attending graduate school or both (n=41)</td>
<td>95.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If looking, found job in dietetics <strong>within 3 months</strong> of program completion (n=28)</td>
<td></td>
<td>85.7%</td>
<td></td>
</tr>
<tr>
<td>If looking, found job in dietetics or related fields <strong>within one year</strong> of program completion (n=15)</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Specific survey questions asked changed over the years depending on accreditation requirements. All data based on program alumni survey. No data is available for 2009.

The BS-MS Coordinated Program in Dietetics will provide all didactic and fieldwork required to sit for the national Registration Examination for Dietitians (RD exam). This is the only program of its kind in the state of Missouri and the only dietetics training program in the University of Missouri system. This proposed seamless model of training will allow students to take what they learn in the classroom and apply it into supervised practice setting, often within the same day.

Given the role of proper nutrition in the prevention and intervention of disease, it is imperative that the University trains credentialed experts in this discipline. According to one source, Missouri ranks 39 in overall health in the US (5). Furthermore, the cost of obesity
was estimated to be $147 billion in 2008 (6). The job outlook, as noted above, indicates that there will be a continued need for registered dietitians in the workforce. Graduates of this program will be prepared to fill these positions.

The current undergraduate Coordinated Program at Mizzou is a highly sought-after program, with a waiting list each year for the past several years. The program attracts high achieving students with an average GPA of ~3.5-3.7. The program has a five year first time pass rate on the RD exam of 97%, as compared to ~80% national for Coordinated Programs. There are approximately 120 pre-dietetic students at Mizzou. Through careful screening and academic advising, much effort is taken to encourage and prepare only the best candidates to apply. The program receives 28-34 strong applications, from which 15 students are accepted and a waiting list created. It is noted that in 2012 the program increased the minimum GPA for applications from 2.9 to 3.2 and actually noticed an increase in applications. Therefore, with current enrollment maximum of 15 students, the program must turn away well-qualified applicants. The new program would increase yearly class size from 15 to 20 students, thus allowing more students access to the program without decreasing quality of students in the program.

Letters of support are found in appendix A. The letters address a willingness to accommodate the increase in enrollment generate by the program and also address the quality of students from MU. Because University Hospitals and Clinics and Campus Dining Services provide the greatest amount of fieldwork sites for our students, they were consulted regarding the proposed increase in program enrollment. That said, paying the preceptor sites and the pending development of a simulation lab will also help ensure adequate sites and training created by the increased slots.

3.A.2. Student Demand for Program

Current MU students in Coordinated Program in Dietetics:

In November 2012, 87.5% of current MU students in the Coordinated Program in Dietetics responded affirmatively when asked “If a master’s degree is mandated for RDs to practice and you were just starting to think about dietetics as a field of study, would you apply for Mizzou’s 5-year BS-MS-RD master’s Coordinated Program (n=24).

Annual Alumni Survey of Mizzou graduates of the Coordinated Program in Dietetics:

Mizzou dietetics alums are surveyed approximately one-year post graduation. They were asked the following: “If it were available at Mizzou, would you have stayed an additional year in the CP [Coordinated Program in Dietetics] to complete an MS degree?” Of the nine 2010 alums who responded to the survey, 44.4% said yes and 55.6% said maybe. One year later 100% of the four 2011 alumni respondents said yes to this question.

Anecdotally, the academic advisor for the Department of Nutrition and Exercise Physiology has noted an increased frequency of students asking about if and when a MS in dietetics program would be available.

For purposes of this spreadsheet, the authors used enrollment of student accepted into the program (years 3-5). They did not include pre-dietetic students, at which there are ~100 on campus at any given time (years 1-2). Maximum enrollment is 20 student/year.
Table 2a. Student Enrollment Projections (anticipated total number of students enrolled in program during the fall semester of given year).

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>20</td>
<td>40</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Part-Time</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>40</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
</tbody>
</table>

Table 2b. Student Enrollment Projections (anticipated number of students enrolled during the fall semester of given year who were new to campus).

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>BS=5</td>
<td>BS=10</td>
<td>BS=10, MS=20</td>
<td>BS=10, MS=20</td>
<td>BS=10, MS=20</td>
</tr>
<tr>
<td>Part-Time</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>BS=5</td>
<td>BS=10</td>
<td>BS=10, MS=20</td>
<td>BS=10, MS=20</td>
<td>BS=10, MS=20</td>
</tr>
</tbody>
</table>

Table 2c. Projected Number of Degrees Awarded

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Degrees Awarded</td>
<td>0</td>
<td>BS=2</td>
<td>BS=2</td>
<td>BS=2</td>
<td>BS=2</td>
<td>BS=2</td>
<td>BS=2</td>
<td>BS=2</td>
<td>BS=2</td>
<td>BS=2</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>MS=2</td>
<td>MS=2</td>
<td>MS=2</td>
<td>MS=2</td>
<td>MS=2</td>
<td>MS=2</td>
<td>MS=2</td>
<td>MS=2</td>
<td>MS=2</td>
</tr>
</tbody>
</table>

3.B. Financial Projections

3.B.1. Additional Resources Needed

Costs for the new program will consist of full time salary and benefits for three teaching track faculty, costs associated with paying the preceptor sites, and costs for administrative support and for adjunct faculty stipends. *There will be no tuition/fee waivers as this will be 100% self pay and will result in new tuition dollars for 5 students per class undergraduate and 20 students per class at the graduate level.* With our current BS in medical dietetics, we already incur the costs for 2.74 FTE of teaching faculty plus some adjunct faculty stipends and support staff costs. The net costs for the elimination of our current BS program and the initiation of our BS/MS program would be the addition of the 0.26 FTE faculty plus the full benefits cost of that position (moving from 0.74 to 1.0 FTE), the payment of preceptor sites and increased administrative costs. The payment of the preceptor sites will be needed because we are increasing student numbers and hence have increased demand for, and burden on, exiting preceptor sites. This is occurring against a backdrop of intense demand for
preceptor sites throughout the nation. In didactic programs (which we are not), only half the graduates are able to find acceptable preceptor sites. Therefore didactic programs are routinely trying to “poach” our sites. Payment for the sites will secure them for Mizzou.

\[
\begin{align*}
\text{Increased faculty FTE salary and benefits} & = \$46,566 \\
\text{Preceptor site payments} & = \$25,333 \\
\text{Support staff enhancements} & = \$8,122 \\
\text{Total} & = \$80,021
\end{align*}
\]

There will be no additional recurring expenses for equipment of any kind, library needs, travel, advertising, etc. This new BS/MS program will replace our existing BS program. The only additional expenses will be related to increased faculty and support staff time as well as payment of preceptor sites.

Please note the salary entered into the spreadsheet differs a bit from the one presented here because the spreadsheet did not allow for increasing an FTE and accounting for the changes in benefits rates. The total increase in faculty expense is correctly reflected in the final number for salary plus benefits.

3.B.2. Revenue

For the purposes of this proposal we are only counting as “new” students the ones who will be in the MS degree portion of our courses. That is, although we are expanding our BS program from 15-20 we are not counting those additional 5 students as new since they must already be on campus to apply to the program to enter in their junior year. All 20 students in the MS phase will be new since those students would not stay the extra year to earn their MS if this new MS program didn’t exist. All credit hours claimed as new in the MS courses are in courses fully staffed by faculty in our department (NS courses).

The sources of revenue are for 20 new students in the MS program taking 21 credit hours in NS courses specific to the program (NS 7385, NS 7380, NS 7382, NS 8975, NS 8380, NS 7390).

3.B.3. Net Revenue

After initial start-up costs, the program will have an annual net revenue of 10-13k. We have anticipated the start-up costs and will pay them from reserves. Therefore once the department initially covers the ~80k start-up the program will be in the back moving forward. It is essential to have the faculty on board before students are taking the MS courses to handle the increased supervised practice numbers and to make sure the curriculum is “ready to go” for the first students.


Table 3. Enrollment at the End of Year 5 for the Program to Be Financially and Academically Viable.

<table>
<thead>
<tr>
<th>Viability</th>
<th>Minimum Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>20</td>
</tr>
<tr>
<td>Academic</td>
<td>20</td>
</tr>
</tbody>
</table>
Table 4. Financial Projections for Proposed Program for Years 1 through 5.

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Expenses per year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. One-time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New/Renovated Space</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Equipment</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Library</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Consultants</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total one-time</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B. Recurring</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faculty</td>
<td>34388</td>
<td>35076</td>
<td>35778</td>
<td>36493</td>
<td>37223</td>
</tr>
<tr>
<td>Staff</td>
<td>6000</td>
<td>6120</td>
<td>6242</td>
<td>6367</td>
<td>6495</td>
</tr>
<tr>
<td>Benefits</td>
<td>14300</td>
<td>14600</td>
<td>14900</td>
<td>15200</td>
<td>15500</td>
</tr>
<tr>
<td>Equipment</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Library</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>25333</td>
<td>25333</td>
<td>25333</td>
<td>25333</td>
<td>25333</td>
</tr>
<tr>
<td><strong>Total recurring</strong></td>
<td>80021</td>
<td>81129</td>
<td>82253</td>
<td>83393</td>
<td>84551</td>
</tr>
<tr>
<td><strong>Total expenses</strong> (A+B)</td>
<td>80021</td>
<td>81129</td>
<td>82253</td>
<td>83393</td>
<td>84551</td>
</tr>
<tr>
<td><strong>2. Revenue per year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition/Fees</td>
<td>0</td>
<td>91864</td>
<td>93694</td>
<td>95563</td>
<td>97453</td>
</tr>
<tr>
<td>Institutional Resources</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>State Aid -- CBHE</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>State Aid -- Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>0</td>
<td>91864</td>
<td>93694</td>
<td>95563</td>
<td>97453</td>
</tr>
<tr>
<td><strong>3. Net revenue (loss) per year</strong></td>
<td>(80021)</td>
<td>10735</td>
<td>11441</td>
<td>12170</td>
<td>12903</td>
</tr>
<tr>
<td><strong>4. Cumulative revenue (loss)</strong></td>
<td>(80021)</td>
<td>(69286)</td>
<td>(57845)</td>
<td>(45674)</td>
<td>(32772)</td>
</tr>
</tbody>
</table>

Table 5. Enrollment at the End of Year 5 for the Program to Be Financially and Academically Viable.

<table>
<thead>
<tr>
<th>Enrollment Status</th>
<th>Full-Time</th>
<th>Part-Time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Students</td>
<td>20</td>
<td>0</td>
<td>20</td>
</tr>
</tbody>
</table>
3.C. Business and Marketing Plan: Recruiting and Retaining Students

The BS-MS Coordinated Program in Dietetics will be a niche program in the realm of dietetics education. Given the accelerated nature of the curriculum, thus saving students money, and the prior success of the undergraduate Coordinated Program in Dietetics at Mizzou, students will be attracted to Mizzou and this program. In recent years in the undergraduate CP at Mizzou, ~33% of students were out-of-state or international. With the implementation of the new program, it’s estimated that the number of non-resident students will increase.

Within the year, dietetics faculty travel to an estimated 40 different practice sites throughout the state of Missouri. This provides an excellent avenue for word-of-mouth marketing to other dietetics practitioners and employers throughout the state.

Individuals responsible for marketing the program are as follows: Coordinated Program in Dietetics Faculty (Raedeke, Hudson, Schnell), Academic Advisor for the Department of Nutrition and Exercise Physiology (Conrad), Support staff within the Department of Nutrition and Exercise Physiology (Garrett, Franklin), Student Services in the College of Human Environmental Sciences (Shahan, Embree, Jerome Beckmann). The program will be advertised on the Department of Nutrition and Exercise Physiology website, as well as the website for the Accreditation Council for Education in Nutrition and Dietetics (ACEND). It is noted that Raedeke receives many inquiries from prospective students through the ACEND website.

As previously noted, the job outlook for dietitians and nutritionists indicates growth in the profession. The job outlook, combined with evidence-based findings that show the importance of proper nutrition in the prevention and intervention of disease, suggests continued interest in dietetics. Therefore, it is anticipated that the number of pre-dietetic students will grow. However, because of the limited availability of supervised practice sites, the maximum number of students in the program will be 60 (maximum of 20 / year for years 3-5). If more sites become available or if the simulation lab takes the burden off sites enough that the program can accept more than 20 students/year, a request to increase would be made to ACEND. If approved, available slots in the program will be marketed on the department’s website.

The design of the program plans for student retention. In order to be eligible to take the RD exam, the student must complete all components of the program. Didactic work and 1200 of supervised practice are needed to sit for the exam. The 1200 hours of supervised practice will begin in year 3 and will not be completed until the end of year five.

It is noted that at the undergraduate Coordinated Program level, the program has demonstrated a high degree of success in student retention. From 2009-2013, 94.4 % of students enrolled in the CP completed the program within the allotted time frame designated by ACEND (Table 7).

The size of the undergraduates within the Department of Nutrition and Exercise Physiology will help ensure enrollment outcomes are met. Currently, the department has ~440 undergraduates across three emphasis areas (pre-dietetics, nutrition and fitness, nutritional sciences). This provides a great pool of candidates for the program. It is noted that currently there are ~102 pre-dietetics majors at Mizzou. The department’s academic advisor
works with current and prospective students and is a great resource in student recruitment. Additional marketing through Advisor’s Forum and guest presentations in other disciplines are options.

4. Institutional Capacity

The existing BS program is 15 students per year (junior and senior year). We would be replacing the BS program with a BS/MS as is required by the accrediting body. We would also be increasing the total number of students to 20 per years (junior, senior and 1 year of MS). With the historically strong applicant pool for our program and with the bright job prospects for graduates, we anticipate no problems filling our 20 slots with high quality students. Our program is desirable because it guarantees the preceptor hours and because our pass rate is extraordinarily high. The additional investment (~80k/year) above what we are currently spending on our BS program is quite modest considering the new student tuition that will be generated by the program.

5. Program Characteristics

5.A. Learning Outcomes

A list of learning outcomes is provided below. These are the required learning outcomes for the proposed program based on the 2012 ACEND Core Knowledge and Competencies. These outcomes include both didactic and skill building competencies. Each competency is assigned to a specific course.

1. Scientific and Evidence Base of Practice: Integration of scientific information and research into practice.

Knowledge

KRD 1.1 The curriculum must reflect the scientific basis of the dietetics profession and must include research methodology, interpretation of research literature and integration of research principles into evidence-based practice.

Competencies

CRD 1.1 Select indicators of program quality and/or customer service and measure achievement of objectives.

CRD 1.2 Apply evidence-based guidelines, systematic reviews and scientific literature (such as the Academy’s Evidence Analysis Library and Evidence-based Nutrition Practice Guidelines, the Cochrane Database of Systematic Reviews and the U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, National Guideline Clearinghouse Web sites) in the nutrition care process and model and other areas of dietetics practice.

CRD 1.3 Justify programs, products, services and care using appropriate evidence or data.

CRD 1.4 Evaluate emerging research for application in dietetics practice.
CRD 1.5 Conduct projects using appropriate research methods, ethical procedures and data analysis.

2. Professional Practice Expectations: Beliefs, values, attitudes and behaviors for the professional dietitian level of practice.

   **Knowledge**
   
   KRD 2.1 The curriculum must include opportunities to develop a variety of communication skills sufficient for entry into pre-professional practice.
   
   KRD 2.2 The curriculum must provide principles and techniques of effective counseling methods.
   
   KRD 2.3 The curriculum must include opportunities to understand governance of dietetics practice, such as the Scope of Dietetics Practice and the Code of Ethics for the Profession of Dietetics; and interdisciplinary relationships in various practice settings.

   **Competencies**
   
   CRD 2.1 Practice in compliance with current federal regulations and state statutes and rules, as applicable and in accordance with accreditation standards and the Scope of Dietetics Practice and code of Ethics for the Profession of Dietetics.
   
   CRD 2.2 Demonstrate professional writing skills in preparing professional communications.
   
   CRD 2.3 Design, implement and evaluate presentations to a target audience.
   
   CRD 2.4 Use effective education and counseling skills to facilitate behavior change.
   
   CRD 2.5 Demonstrate active participation, teamwork and contributions in group meetings.
   
   CRD 2.6 Assign patient care activities to DTRs and/or support personnel as appropriate.
   
   CRD 2.7 Refer clients and patients to other professionals and services when needs are beyond individual scope of practice.
   
   CRD 2.8 Apply leadership skills to achieve desired outcomes.
   
   CRD 2.9 Participate in professional and community organizations.
   
   CRD 2.10 Establish collaborative relationships with other health professionals and support personnel to deliver effective nutrition services.
   
   CRD 2.11 Demonstrate professional attributes within various organizational cultures.
   
   CRD 2.12 Perform self-assessment, develop goals and objectives and prepare a draft portfolio for professional development as defined by the Commission on Dietetic Registration.
   
   CRD 2.13 Demonstrate negotiation skills.
3. Clinical and Customer Services: Development and delivery of information, products and services to individuals, groups and populations

Knowledge

KRD 3.1 The curriculum must reflect the principles of Medical Nutrition Therapy and the practice of the nutrition care process, including principles and methods of assessment, diagnosis, identification and implementation of interventions and strategies for monitoring and evaluation.

KRD 3.2 The curriculum must include the role of environment, food, nutrition and lifestyle choices in health promotion and disease prevention.

KRD 3.3 The curriculum must include education and behavior change theories and techniques.

Competencies

CRD 3.1 Perform the Nutrition Care Process (a through e below) and use standardized nutrition language for individuals, groups and populations of differing ages and health status in a variety of settings.

a. Assess the nutritional status of individuals, groups and populations in a variety of settings where nutrition care is or can be delivered.

b. Diagnose nutrition problems and create problem, etiology, signs and symptoms (PES) statements.

c. Plan and implement nutrition interventions to include prioritizing the nutrition diagnosis, formulating a nutrition prescription, establishing goals and selecting the managing intervention.

d. Monitor and evaluate problems, etiologies, signs, symptoms and the impact of interventions on the nutrition diagnosis.

e. Complete documentation that follows professional guidelines, guidelines required by health care systems and guidelines required by the practice setting.

CRD 3.2 Demonstrate effective communications skills for clinical and customer services in a variety of formats.

CRD 3.3 Develop and deliver products, programs or services that promote consumer health, wellness and lifestyle management.

CRD 3.4 Deliver respectful, science-based answers to consumer questions concerning emerging trends.

CRD 3.5 Coordinate procurement, production, distribution and service of goods and services.

CRD 3.6 Develop and evaluate recipes, formulas and menus for acceptability and affordability that accommodate the cultural diversity and health needs of various populations, groups and individuals.
4. Practice Management and Use of Resources: Strategic application of principles of management and systems in the provision of services to individuals and organizations.

Knowledge

KRD 4.1 The curriculum must include management and business theories and principles required to deliver programs and services.

KRD 4.2 The curriculum must include content related to quality management of food and nutrition services.

KRD 4.3 The curriculum must include the fundamentals of public policy, including the legislative and regulatory basis of dietetics practice.

KRD 4.4 The curriculum must include content related to health care systems.

KRD 4.5 The curriculum must include content related to coding and billing of dietetics/nutrition services to obtain reimbursement for services from public or private insurers.

Competencies

Upon completion of the program, graduates are able to:

CRD 4.1 Participate in management of human resources.

CRD 4.2 Perform management functions related to safety, security and sanitation that affect employees, customers, patients, facilities and food.

CRD 4.3 Participate in public policy activities, including both legislative and regulatory initiatives.

CRD 4.4 Conduct clinical and customer service quality management activities.

CRD 4.5 Use current informatics technology to develop, store, retrieve and disseminate information and data.

CRD 4.6 Analyze quality, financial or productivity data and develop a plan for intervention.

CRD 4.7 Propose and use procedures as appropriate to the practice setting to reduce waste and protect the environment.

CRD 4.8 Conduct feasibility studies for products, programs or services with consideration of costs and benefits.

CRD 4.9 Analyze financial data to assess utilization of resources.

CRD 4.10 Develop a plan to provide or develop a product, program or service that includes a budget, staffing needs, equipment and supplies.

CRD 4.11 Code and bill for dietetic/nutrition services to obtain reimbursement from public or private insurers.

5. Support Knowledge: Knowledge underlying the requirements specified above
KRD 5.1 The food and food systems foundation of the dietetics profession must be evident in the curriculum. Course content must include the principles of food science and food systems, techniques of food preparation and application to the development, modification and evaluation of recipes, menus and food products acceptable to diverse groups.

KRD 5.2 The physical and biological science foundation of the dietetics profession must be evident in the curriculum. Course content must include organize chemistry, biochemistry, physiology, genetics, microbiology, pharmacology, statistics, nutrient metabolism and nutrition across the lifespan.

KRD 5.3 The behavioral and social science foundation of the dietetics profession must be evident in the curriculum. Course content must include concepts of human behavior and diversity, such as psychology, sociology or anthropology.

Nutrition Therapy (NT). Unique to Mizzou Program

NT 1 Provide nutrition care to patients with complex medical conditions such as renal, GI diseases, multi-system organ failure or trauma.
NT 2 Participate in clinical activities for the pediatric population.
NT 3 Provide appropriate care for nutrition support patients with complex medical conditions such as renal, GI diseases, multi-system organ failure or trauma.
NT 4 Counsel patients with complex medical conditions such as renal, GI diseases, Multi-system organ failure or trauma.
NT 5 Observe clinical and diagnostic procedures (i.e. nutrition support placements, GI scopes, cardiovascular procedure, etc.).
NT 6 Participate in basic physical assessment.
NT 7 Demonstrate desire to gain new knowledge about practices pertaining to care for patients with complex medical conditions.
NT 8 Perform the role of staff dietitian in clinical setting.

5.B. Program Structure

The program will be comprised of five years, four at the undergraduate level and one year at the graduate level (see figure 1). The program will be a non-thesis master’s. A mini-comprehensive exam will be administered during year four and a comprehensive exam at the end of year five. The program currently administers both of these in the existing Coordinated Program. However, content will be adjusted to reflect the new curriculum.

Students will apply to the program during the spring semester of year two. Successful candidates will then complete years three – five. A BS will be awarded at the end of year four. Supervised practice will be spread throughout years three-five. One dual enrollment class (NS 8340) will be offered at the graduate level during the final semester of year four. Graduate work will occur in year five. As previously noted, attrition from Mizzou’s current Coordinated Program is rare. That said, a student would be able to quit with a BS in this program but that student would not be eligible to sit for the RD exam. Likewise, ACEND required competencies are primarily assigned to years three-five and supervised practice occurs in years three-five. Therefore, a student would not be eligible to complete only the MS portion of this curriculum.
Students will not be required to take the GRE. However, during years three-five, each student will be required to meet minimum criteria for program continuation. Criteria include a minimum course grade of C- or better, a semester GPA of 3.0 or better, consistently scoring 70% or greater on exams and quizzes and show satisfactory program in supervised practice. The program currently utilizes these measures. As previously noted, retention rates of dietetic students in the existing program is greater than 90%. It is anticipated that number will remain with the combined BS-MS program.

Figure 1: Structure of Current Program (to be eliminated) and Proposed Program

1. **Total credits required for graduation**: 150 (120 BS, 30 MS)
2. **Residency requirements**: none
3. **General education credits**: 45

Courses (specific course or distribution area and credit hours):

<table>
<thead>
<tr>
<th>Course</th>
<th>Hrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Math 1100</td>
<td>3</td>
</tr>
<tr>
<td>Eng 1000</td>
<td>3</td>
</tr>
<tr>
<td>Writing Intensive</td>
<td>3</td>
</tr>
<tr>
<td>Capstone NS 4950</td>
<td>2</td>
</tr>
<tr>
<td>MRP-EscPs 4170</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Course</th>
<th>Hrs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Science</strong></td>
<td></td>
</tr>
<tr>
<td>Bio 1010/1020 of 1500</td>
<td>5</td>
</tr>
<tr>
<td>Chem 1320</td>
<td>4</td>
</tr>
<tr>
<td>Chem 2030</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Course</th>
<th>Hrs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Soc/Behavioral</strong></td>
<td></td>
</tr>
<tr>
<td>Psych 1000</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Course</th>
<th>Hrs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Humanities</strong></td>
<td></td>
</tr>
<tr>
<td>Comm 1200</td>
<td>3</td>
</tr>
<tr>
<td>Phil 1150 or 2440</td>
<td>3</td>
</tr>
<tr>
<td>Humanities (2000 level)</td>
<td>3</td>
</tr>
</tbody>
</table>
4. **Major requirements**

Total credits specific to degree: 106

Courses (specific course or distribution area and credit hours):

<table>
<thead>
<tr>
<th>Course</th>
<th>Hrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hlth Sc 1000</td>
<td>3</td>
</tr>
<tr>
<td>NS 2380</td>
<td>3</td>
</tr>
<tr>
<td>MPP 3202</td>
<td>5</td>
</tr>
<tr>
<td>NS 2340</td>
<td>3</td>
</tr>
<tr>
<td>Chem 2130</td>
<td>2</td>
</tr>
<tr>
<td>HES 1100 (optional)</td>
<td>1</td>
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<tr>
<td>Biochem 3630</td>
<td>3</td>
</tr>
<tr>
<td>Mgt 3000</td>
<td>3</td>
</tr>
<tr>
<td>NS 1995</td>
<td>3</td>
</tr>
<tr>
<td>HP 2190</td>
<td>3</td>
</tr>
<tr>
<td>NS 4590</td>
<td>3</td>
</tr>
<tr>
<td>NS 4360</td>
<td>3</td>
</tr>
<tr>
<td>NS 3590</td>
<td>1</td>
</tr>
<tr>
<td>NS 3400</td>
<td>1</td>
</tr>
<tr>
<td>NS 4290</td>
<td>2</td>
</tr>
<tr>
<td>PthAs 2201</td>
<td>3</td>
</tr>
<tr>
<td>FS 4310</td>
<td>4</td>
</tr>
<tr>
<td>MPP 4204</td>
<td>5</td>
</tr>
<tr>
<td>NS 4370</td>
<td>3</td>
</tr>
<tr>
<td>NS 3370</td>
<td>3</td>
</tr>
<tr>
<td>NS 8340</td>
<td>3</td>
</tr>
<tr>
<td>HDFS 1600 or 1610 or 2400</td>
<td>3</td>
</tr>
<tr>
<td>EscPs 7200</td>
<td>3</td>
</tr>
<tr>
<td>NS 7385</td>
<td>1</td>
</tr>
<tr>
<td>NS 7380</td>
<td>3</td>
</tr>
<tr>
<td>NS 7381</td>
<td>4</td>
</tr>
<tr>
<td>HMI 7340</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Course</th>
<th>Hrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>NS 8975</td>
<td>10</td>
</tr>
<tr>
<td>NS 8340</td>
<td>2</td>
</tr>
<tr>
<td>NS 7390</td>
<td>1</td>
</tr>
</tbody>
</table>

5. **Free elective credits:** 0

The sum of hours required for general education, major requirements and free electives should equal the total credits required for graduation.

6. **Unique features such as interdepartmental cooperation:**

Health Science 1000, Intro to Health Profession
5.C. Program Design and Content

A copy of the proposed 5-year course curriculum is listed below. It is noted that over the past several years, this curriculum format has been discussed with the graduate school, graduate faculty senate committee and provost office. The program of study included below has been reviewed within the last two months by the Coordinated Program faculty, NEP undergraduate curriculum committee, the NS graduate curriculum committee and the NEP faculty.

**Table 6. Program of Study for BS-MS Coordinated Program in Dietetics**

<table>
<thead>
<tr>
<th>First Year-Fall Semester</th>
<th>First Year-Spring Semester</th>
</tr>
</thead>
<tbody>
<tr>
<td>GN HES 1100</td>
<td>English 1000</td>
</tr>
<tr>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Bio Sci 1500 or 1010&amp;1020</td>
<td>Chem 1320, General Chem</td>
</tr>
<tr>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>HES Foundation [HDFS 1600 or 1610]</td>
<td>Hist or Poli Sci</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Math 1100, College Algebra</td>
<td>HS 1000 Intro to Health Professions</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Psych 1000, Gen Psych</td>
<td>Humanities Phil 1150 Intro to Bioethics or Phil 2440 Medical Ethics- suggested</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>15</td>
<td>16</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second Year-Fall Semester</th>
<th>Second Year-Spring Semester</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHEM 2030 Survey of Organic Chem.</td>
<td>Comm 1200 or 3571</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>CHEM 2130 Organic I Lab</td>
<td>NS 2340 Human Nutrition I</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>NS 2380 Diet Therapy for Health Professionals</td>
<td>BIOCHEM 3630</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>MPP 3202 Elements of Physiology</td>
<td>MGT 3000</td>
</tr>
<tr>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>HES Foundation [Finpln 2183]</td>
<td>NS 1995 Nutritional Food Science</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>16</td>
<td>15</td>
</tr>
</tbody>
</table>

**1st Year Dietitian Education Program (Coordinated Program)**

<table>
<thead>
<tr>
<th>Third Year-Fall Semester</th>
<th>Third Year-Spring Semester</th>
</tr>
</thead>
<tbody>
<tr>
<td>HP 2190 Med Terminology</td>
<td>NS 2450 Nutrition Throughout the Life Cycle</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>NS 4590 Community Nutrition</td>
<td>NS 4280 Foodservice Lecture</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>NS 4340 Human Nutrition II</td>
<td>NS 3290 Foodservice I SPE</td>
</tr>
<tr>
<td>3</td>
<td>1 4</td>
</tr>
<tr>
<td>NS 4360 Nutritional Assessment</td>
<td>Supporting Elective²</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>
NS 3360 Nutritional Assessment SPE | 2 | 8 | NS 3390 Teach and Counsel Humanities (WI) | 2 | 3  
Total | **14** | **8** | Total | **15** | **4**

**Third Year-Summer Semester**
NS 3590 Comm NSPE | 1 | 4  
NS 3400 Teaching and Counseling SPE | 1 | 4  
ESC PS 4170 Applied Stat | 3 | 5  
Total | **5** | **8**

---

### 2nd Year Dietitian Education Program (Coordinated Program)

<table>
<thead>
<tr>
<th>Course Description</th>
<th>Hrs.</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>NS 4950 Capstone Research Nut Sci</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>NS 4290 Foodservice II SPE [business plans]</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Supporting Elective</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>PthAS 2201 Anatomy (lecture only)</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>FS 4310 Food Chemistry</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Course Description</th>
<th>Hrs.</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>NS 4951 Nutr Research Comm (WI)</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>MPP 4204 Medical Pharmacology</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>NS 4370 MNT I</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>NS 3370 MNT 1 SPE</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>NS 8340 Nutrition in Human Health</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

Total | **14** | **8** | Total | **15** | **12**

---

### 3rd Year Dietitian Education Program-Graduate-(Coordinated Program)

<table>
<thead>
<tr>
<th>Course Description</th>
<th>Hrs.</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESCP 7200 Intro to Positive Psychology</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>NS 7385 Prof Develop I</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>NS 7380 MNT II</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>NS 7381 MNT II SPE</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>HMI 7340 Intro to Health Informatics</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Course Description</th>
<th>Hrs.</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>NS 8975 Practice of Dietetics SPE</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>NS 8380 MNT III</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>NS 7390 Prof Development II</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Total | **14** | **16** | Total | **13** | **40**

---

1.** one credit hour counts as SPE so 1:4 equivalent

2.**Supporting Electives: Health Psych 3830, Soc of Aging 4210, Healthcare in the US HRP 4300, Food Micro 4370, Marketing 3000, NS 4970, 3000-4000 statistics course, Study Abroad, Bio 2200 (Genetics), NS 2460 EDO, Bio 3750 Microbiology, FS 4370 Food Microbiology, SOC 3440 Sociology of Health, SOC 4340 Sociology of Sport, other pending. Study Abroad will not count as both elective and humanities.

3.** NS 8340- dual enrollment: count toward grad

**1. Descriptions: New Courses**

NS 4280: Foodservice Management (Lecture) (3 cr)
Organizational structure and relationships; policy making and implementation; budgeting and cost control; menu as a management tool; sanitation and safety; food preparation; and food delivery systems; issues related to marketing and financial control in the foodservice sector. Lecture course/discussion course. Prerequisites: MGT 3000.

**NS 7380: Medical Nutrition Therapy II (3 cr)**
Evaluation, design and monitoring of the nutrition care of complex health disorders such as renal disease, trauma, and multi-system organ failure; emphasis on nutrition support (enteral and parenteral nutrition). Lecture course. Prerequisites: NS 4370.

**NS 7381: Medical Nutrition Therapy II Supervised Practice Experience (4 cr)**
Practice in nutrition care of complex health disorders with emphasis on nutrition support. Prerequisite: NS 3360, NS 3370, NS 4370, concurrent enrollment in NS 7381. Open to students enrolled in CP only.

**NS 7385: Professional Development I (1cr)**
Lecture/discussion course designed to provide career exploration and assessment and prepare students for final semester rotations in the Coordinated Program. Prerequisites: Concurrent enrollment in NS 7380, 7381. Open to students enrolled in CP only.

**NS 7390: Professional Development II (1 cr)**
Lectures and discussions focus on issues and trends in dietetics. Discussions are used to encourage the development of skills and attitudes which foster life-long professional learning. Lecture/discussion course. Prerequisites: NS 4950 and NS 7380. Open to CP students only.

**NS 8380: Medical Nutrition Therapy III (2 cr)**
Supervised discussion and evaluation of case studies to enhance developmental understanding and nutritional assessment skills. Prerequisites: NS 7390

**NS 8975: Practice of Dietetics Superviced Practice Experience (10 cr)**
Supervised practice in providing quality nutrition services in clinical, community, management and specialty settings. Prerequisites: NS 3590, NS 4280, NS 4290, NS 4380, NS 4381, and NS 4590; Open to students enrolled in CP only.

**2. Descriptions: Supervised Practice Courses (Unique to Dietetics)**

**NS 3290: Foodservice I Supervised Practice Experience (1 cr)**
A practicum designed to expose the student to concepts of quantity food production, evaluation of products and resources, personnel administration and application of food microbiological principles. Concurrent enrollment NS 4280. Open to CP students only.

**NS 3360: Nutritional Assessment Supervised Practice Experience (2 cr)**
Supervised practice to develop skills in screening individuals for nutrition risk; use of dietary, anthropometric, laboratory, clinical and sociocultural criteria to assess nutritional status of individuals. Prerequisites: concurrently enrolled in NS 4360; Open to students in CP only.
NS 3370: Medical Nutrition Therapy I Supervised Practice Experience (3 cr)
Practice and application of principles of nutrition care for selected disease states.
Prerequisites: Concurrently enrolled in NS 4370; Open to students in CP only.

NS 3400: Teaching and Counseling Supervised Practice Experience (1 cr)
Skill development and practice in counseling individuals for health promotion and disease prevention and the teaching of food and nutrition topics to groups. 4 hours of supervised practice per week. Prerequisites: NS 3900, concurrent enrollment in NS 3590; Open to students in CP only.

NS 3590: Community Nutrition Supervised Practice Experience (1 cr)
A practicum which explores and applies the concepts and techniques of nutrition programming in a community setting. Prerequisites: NS 4590; Open to students in CP only.

NS 4290: Foodservice II Supervised Practice Experience (2 cr)
A practicum tailored to apply marketing and budgetary principles in the foodservice industry. Prerequisites: NS 3290, NS 4280; Open to students in CP only.

5.D. Program Goals and Assessment
Each learning outcome is attached to a particular course. Each faculty track performance in their assigned course. The outcome data is entered in a matrix on blackboard. In addition, the program will administer a mini-comprehensive exam at the end of year four, pre-rotation pre-tests and a comprehensive exam during year five. Students need to achieve a minimum of 70% on all exams and quizzes administered in the program.

We expect that 100% of graduates of the program will take the national Registration Examination for Dietitians (RD exam). In the current undergraduate Coordinated Program, over the most recent five years, the program has a pass rate of 97% for first time test takers. This is compared to a national pass rate for Coordinated Programs of 80% and that national rate includes Coordinated Program students from undergraduate and graduate programs. Data from 2008-2012 (more recent data not available yet) show that 100% pass the exam within a year of their first attempt.

Over the past five years (2010-2014), 94.5% of students who were admitted to the undergraduate Coordinated Program completed the program within the accredited allowed 150% or less time. Occasionally, a student choses to change majors, has health issues or another reason for leaving the program but shown by the data above, that is rare and it is anticipated that the program will exceed its goal of 80%. The current program does an excellent job of retaining its students. It is anticipated that this will remain, as the program moves to the combined BS-MS Coordinated Program in Dietetics.

It is anticipated that all 20 slots in the program will be filled each year. By year three 20 BS and 20 MS degrees will be awarded. Because of the program maximum, that number will be the same for year five as well.

Because employers will require registered dietitians to have a master’s degree, the new program will enhance employment opportunities for Mizzou graduates. From 2010-2013,
85.7% of alumni respondents reported successful employment in dietetics or related field within 3 months of graduation.

5.D.1 Goals and Outcomes for Proposed BS-MS Coordinated Program:

Goal 1: The CP will prepare competent registered dietitian nutritionists or registered dietitians for careers in a variety of practice settings throughout Missouri and the nation.

Objectives:
1.a First time test -takers will achieve a five-year average pass rate on the RD exam of 80% or better.
1.b 80% or more of the students enrolled in the CP will complete the program within 4 years of planned completion.
1.c 70% of CP alumni respondents who sought employment in dietetics or related fields will be employed in dietetics or related fields within 12 months.
1.d 80% of NS 8975 preceptors will rank the quality of MU students as above average (score 4-5).
1.e Alumni respondents working in the field of dietetics or related field will collectively identify 3 different practice areas as primary job settings.
1.f 50% of alumni respondents will be working dietetics or related fields in Missouri or adjoining states.

Goal 2: CP graduates will recognize the importance of professional development.

Objectives:
2.a 50% of alumni respondents will report being a member of a professional organization.
2.b 50% of alumni respondents will have sought information about obtaining a specialty certification.
2.c 50% of alumni respondents practicing in dietetics or related field, will regularly (at least monthly) seek out current research findings for application in their practice.

Note: A five-year period will be used to measure each objective.

Table 7. Goal 1, Objectives and Results for Current Program

Goal 1: The CP will prepare students to become competent entry-level dietitians ready for practice in nutrition therapy, foodservice management and community nutrition.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>First time test takers will achieve a five-year average pass rate on the RD exam of 80% or better.</td>
<td>2008: 10/12</td>
</tr>
<tr>
<td></td>
<td>2009:13/13</td>
</tr>
<tr>
<td></td>
<td>2010:13/13</td>
</tr>
<tr>
<td>---------------------------------------------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>program completion.</td>
<td>2010: 9/10</td>
</tr>
<tr>
<td>Met. First-time test takers achieved a five-year pass rate on the</td>
<td>2011:11/13</td>
</tr>
<tr>
<td>RD Exam of 94%.</td>
<td>2012:15/15</td>
</tr>
<tr>
<td>employment in dietetics will be employed within 12 months of</td>
<td>2010: 9/10</td>
</tr>
<tr>
<td>program completion.</td>
<td>2011:8/9</td>
</tr>
<tr>
<td>Met. Over a four-year period, 85.7% of alumni respondents were</td>
<td>2010: 9/10</td>
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<tr>
<td>successful in their job search.</td>
<td>2011:8/9</td>
</tr>
<tr>
<td>employment in dietetics will be employed within 12 months of</td>
<td>2010: 9/10</td>
</tr>
<tr>
<td>program completion.</td>
<td>2011:8/9</td>
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<tr>
<td>Met. Over a two-year period, 100% of alumni respondents who sought</td>
<td>2010: 9/10</td>
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<tr>
<td>employment in dietetics were employed in dietetics within a year.</td>
<td>2011:8/9</td>
</tr>
<tr>
<td>within 3 years (150%) of the time planned for completion.</td>
<td>2010:15/15</td>
</tr>
<tr>
<td>completed the CP in three years (150%) or less time.</td>
<td>2010:15/15</td>
</tr>
<tr>
<td>80% or more of employers will rank professional ability and</td>
<td>2010-2012: NA. No surveys returned by</td>
</tr>
<tr>
<td>potential, as compared to other beginning dietitians, as above</td>
<td>employers.</td>
</tr>
<tr>
<td>average.</td>
<td>2010-2012: NA. No surveys returned by</td>
</tr>
<tr>
<td>Met. In 2013, 100% of employer respondents ranked professional</td>
<td>employers.</td>
</tr>
<tr>
<td>ability and potential of MU graduates, as compared to other</td>
<td>2010: 9/10</td>
</tr>
<tr>
<td>beginning dietitians, as above average.</td>
<td>2010: 9/10</td>
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<tr>
<td>80% of NS 4975 preceptors will rank the quality of students from</td>
<td>2009:25/26</td>
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<tr>
<td>MU as above average (score 4 or better)</td>
<td>2010:27/29</td>
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<tr>
<td>2011:29/29</td>
<td>2012:30/32</td>
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<td>2013:19/19</td>
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</tbody>
</table>
5.E. Student Preparation

Students must be successfully admitted to the University and have completed three semesters of prerequisite courses. The fourth semester of prerequisite courses is in progress at the time in which the student applies to the program. The prerequisite courses contain a strong emphasis on chemistry, biology, organic chemistry, physiology, biochemistry and human nutrition. Students must meet a minimum GPA of 3.2 to apply to the program. Both the Mizzou GPA and from transfer institutions is used to calculate that GPA to determine eligibility.

In addition to meeting minimum GPA requirements and submitting application materials such as reference, job shadowing forms, etc., selected students will have a personal interview with members of the selection committee. Post interview, applicants complete an impromptu writing assignment. No specific population will be targeted with this new program.

5.F. Faculty and Administration

Nikki Raedeke, PhD, RD, LD will be the program director. Approximately 20-30% of her time will be devoted to program administration. This includes maintaining compliance with accreditation standards and requirements.

The core of the dietetics instructional needs will be met with two current assistant teaching professors. They are LeGreta Hudson, MS, RD, LD, CDE and Jennifer Schnell, MS, RD. For both ~90-100% of time will be dedicated to instruction.

The three core faculty of Raedeke, Hudson and Schnell are registered dietitians. This credential is required for all three positions.

Hudson and Schnell will be assigned to 9-12 credit hours for both fall and spring. This number takes into account that for supervised practice courses the time four hours of instruction for one hour of course credit (similar to a lab class). That time has to be taken into account when looking at instructional needs. Both Hudson and Schnell will be on an 11-month appointment so will be teaching summer classes for the dietetics program as well. The summer classes are supervised practice courses. Hudson and Schnell will be assigned 1-2 credit hours for the summer but will be in the classroom a maximum of 4-8 hours/day.

Raedeke is a 100% teaching assistant professor on an 11-month appointment. However, Raedeke does not teach during the summer, which allows for time for program administration. Raedeke will teach 17 credit hours over fall and spring semester.

Faculty will be involved in dietetics organizations from the local to the national level. Faculty will also travel to supervised practice sites to meet with the students and preceptors. This allows faculty to assess student progress but also to assess the learning environment. At the time of writing of this proposal, the faculty are in the process of creating a simulation lab in McKee. This site will allow for initial training in the clinical curriculum.
5.G. Alumni and Employer Survey

The program will continue its current plan of assessment of alumni. The program administers a one-year alumni post-graduation survey in June-July. The survey has been administered electronically using Survey Monkey. Expected satisfaction rates would be 80% to start.

The program will continue its current plan of assessment of employer feedback. This survey is administered one-year post graduation in June-July. It is administered electronically using Survey Monkey. Because of confidentiality, the program sends the survey to the alum and asks the alum to forward the survey link to their employer. While the program has found this to be the best method for soliciting feedback, response rates have been lower than that for the alumni data. That said, the program requests feedback from preceptors who have worked with students just prior to the graduation. That survey is administered electronically via survey monkey in May, just after the student graduates. From 2009-2013, 96.3% of NS 4975 preceptors ranked the quality of students from MU as above average (score 4-5/5, n=135) (Table 7). Between these two measures, an 80% satisfaction rate is realistic.

5.H. Program Accreditation

The current program is accredited by the Accreditation Council for Education in Nutrition and Dietetics (ACEND). The program recently went through successful reaccreditation, including a site visit in April 2014. The program is reaccredited through June 2024. The new program will require submission for program change to ACEND but no site visit is required.

6. References

Appendix A – Letters of Support
Letter of Support for Master's Degree in Dietetics

Dr. Hardin and Dr. Raedeke:

This is a letter of support from Campus Dining Services related to the proposed Master's Degree in Dietetics. The Master's Degree is becoming a requirement for this area of study and will also qualify the student to sit for the Registered Dietitian exam.

Campus Dining Services currently supports the Coordinated Undergraduate Program in Dietetics by serving as a supervised practice site during the students' junior and senior years. At the present time, we host up to 15 students. With the move to the Master's Program, Campus Dining Services will host up to 20 students for the supervised practice during their junior and senior years.

Campus Dining Services is pleased and proud to be a part of the dietetics program. The program has an excellent passing rate for those who sit for the Registered Dietitian exam. Thank you for including us in the education process.

Sincerely,

JULAINE R. KIEHN, R.D.
Director, Campus Dining Services

jrk
c: Nancy Monteer
January 25, 2014

Dr. Nikki Raedeke
Director-Coordinated Program in Dietetics

Dr. Christopher Hardin
Professor and Chair of Nutritional Sciences
University of Missouri
204b Gwynn
Columbia MO 65212

Dear Dr.’s Raedeke and Hardin:

On behalf of University of Missouri Health Care, we wish to express our enthusiastic support for the conversion of the University of Missouri’s Coordinated Program in Dietetics to a master’s degree program.

University of Missouri Health Care currently employs 19 Registered Dietitian Nutritionists and out of those 10 are graduates of the University of Missouri’s Coordinated Program in Dietetics, 8 hold master’s degrees and 8 have additional specialty certifications. We operate in three separate hospitals and in over 40 outpatient clinics. Last year alone our patient numbers grew over 7%. With our increased growth, there will be many opportunities to expand and support the extra dietetic practicum rotations needed for the additional students.

In addition the Academy of Nutrition and Dietetics will be requiring a graduate-level degree to enter the profession as a Registered Dietitian Nutritionist by 2021.

University of Missouri Health Care looks forward to collaborating with the Coordinated Dietetics Program in educating our future dietitians in the years to come.

Sincerely,

Janet Savesky, MS, RDN, LD
University of Missouri Health Care
Manager, Dining and Nutrition Services

Karen Derrick, MA, RDN, LD, CDE
University of Missouri Health Care
Manager, Clinical Nutrition
Dear Nikki:

I just wanted to notify you that St. Joseph Health Center and St. Joseph Health Center Wentzville will continue accepting dietetic interns from Mizzou. For the upcoming semester we would be happy to accept 2-3 clinical rotations and 1 community rotation. As always, please spread them out utilizing both sites.

The dietitians enjoy being preceptors to your students as they are always “ready to go” when they arrive and eager to gain a wealth of knowledge from their experience here. The preceptors also enjoy watching the students grow and develop their skills to complete the 2 week staff rotations. As the manager, I enjoy being able to hire the students as positions become available. I believe we are up to 5 or 6 now that we have hired over the past 22 years and all have been exceptional!

It’s always a pleasure working with you.

Sincerely,

Tricia Franeavitch MS, RD, LD
Clinical Nutrition Manager
Recommended Action - Adjourn Board of Curators Academic, Student and External Affairs Committee Meeting.

It was moved by Curator __________ and seconded by Curator __________, that the Board of Curators Academic, Student and External Affairs Committee meeting, December 11-12, 2014, be adjourned.

Roll call vote of the Committee: YES NO

Curator Covington
Curator Cupps
Curator Henrickson
Curator Steelman
Curator Steward

The motion ____________.
The Finance Committee may have referred to it matters relating to the fiscal and accounting functions of the University and associated programs and policies.

1. The Vice President for Finance and Administration of the University or some other person or persons designated by the President of the University shall be an ex officio member of this Committee. The Vice President for Finance and Administration shall be responsible for the agenda and for transmitting Committee recommendations.
2. The Finance Committee shall be the Board Committee on investments.
3. The Finance Committee shall be the Board Committee on physical facilities and management services. The Finance Committee may have referred to it matters relating to the planning, building, maintenance and operation of the physical facilities of the University, and the purchasing of equipment and supplies utilized by the University.
# Annual Finance Committee Meeting Topics

<table>
<thead>
<tr>
<th>Month</th>
<th>Topics</th>
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<tbody>
<tr>
<td><strong>January/February</strong></td>
<td>Review Tuition and Other Related Enrollment Fees</td>
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<tr>
<td></td>
<td>Review Strategic Financial Planning Assumptions and Five Year Budget Projections (either in December or January)</td>
</tr>
<tr>
<td></td>
<td>Review and approve Student Activity, Facility, and Health Service Fees</td>
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<td>Review and approve Residence Hall and Family Student Housing Rates</td>
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<td><strong>March/April</strong></td>
<td>Review Operating Budget Planning Information</td>
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<tr>
<td></td>
<td>Approve Tuition and Other Related Enrollment Fees</td>
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<td></td>
<td>Review A-133 Audit Report</td>
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<td>Review Debt Capacity</td>
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<td><strong>June</strong></td>
<td>Review Operating Appropriations Request</td>
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<td></td>
<td>Review Capital Appropriations Request and Capital Plans</td>
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<td></td>
<td>Approve Operating Budget</td>
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<tr>
<td><strong>July</strong></td>
<td>Approve Appropriations Request for Operations</td>
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<td></td>
<td>Approve State Capital Appropriations Request</td>
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<tr>
<td><strong>September/October</strong></td>
<td>Review Financial Status Report</td>
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<td>Review of Endowment &amp; Retirement Fund Performance</td>
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<tr>
<td><strong>November/December</strong></td>
<td>Review Preliminary Tuition and Other Related Enrollment Fees (either in December or January)</td>
</tr>
<tr>
<td></td>
<td>Review Strategic Financial Planning Assumptions and Five Year Budget Projections (either in December or January)</td>
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The mission of the University of Missouri, as a land-grant university and Missouri’s only public research and doctoral-level institution, is to discover, disseminate, preserve, and apply knowledge. The university promotes learning by its students and lifelong learning by Missouri’s citizens, fosters innovation to support economic development, and advances the health, cultural, and social interests of the people of Missouri, the nation, and the world. In carrying out the University’s mission is the expectation this is done in the most efficient and effective manner possible. The Collected Rules of the University highlight this concept noting “the University of Missouri shall be one University and this one University concept requires a centrally directed and unified administration and operation.”

Since 2008, the University of Missouri System has faced significant revenue pressure from declining state appropriations and inflation indexed tuition. In order to maintain a balanced budget and strong financial position the University has taken up many initiatives resulting in increased effectiveness and efficiency of university operations. The results have been impressive and demonstrate the University’s commitment to engage in a continuous process of identifying opportunities to reduce costs and increase efficiencies. However, the continued cost pressure is not going away. In the future, the University will need to execute current efficiencies and effectiveness initiatives while developing long term solutions to funding challenges, including competitiveness of faculty and staff compensation and deferred plant maintenance.

Public Higher Education Funding Landscape

One of the major sources of revenue for the general operation of Public Higher Education is state appropriations. In recent years this support has been on the decline across the country. The chart on the following page provides a comparison of state funding per student and funding per $1,000 in personal income across the country. The State of Missouri ranks 44th in funding per student and is in the bottom 25% per $1,000 in personal income.
The response to declining state appropriations across the country has largely been answered by increasing tuition and finding modest efficiencies on the cost side of the equation. The chart below highlights how the University has been different then its industry peers. The University has faced similar reductions in state appropriations on a per student when compared to its peers. However, the University has differentiated itself in its response to this challenge. The University has not simply addressed the shortfall in state support by increasing tuition on a per student basis as many of its peers have. The University has balanced modest tuition increases with aggressive enrollment growth and a focus on efficiencies and effectiveness to maintain a balanced budget.
Per Student Revenues Remain Flat

As previously discussed, the two major sources of revenue for the general operations of the University of Missouri are net tuition and fees, and state appropriations. Historically, these sources have contributed 85% or more of the total resources for general operations.

The chart on the following page shows total state appropriations and net tuition and fees per full-time equivalent (FTE) student since FY2001. As you can see, state appropriations per FTE student have declined while net tuition and fees per FTE student have increased. However, in nominal terms, the University is basically receiving the same amount of revenue on a per student basis as it did in 2001. Adjusted for inflation, the combined total funding per FTE student has actually fallen 28% per FTE student, as compared to FY2001. The university’s cost management and efficiency efforts have helped to bridge this gap.
Reduction in Operating Expenditures Per Degree

One clear indicator of reduction in costs during recent years is operating expenditures per degree awarded. In real terms the operating expense per degree has declined by almost $14,000 since FY2001, this represents a 17% reduction in cost per degree. The cost per degree for FY2014 was still below the peak of FY2009.

The chart demonstrates the University has steadily increased the number of degrees awarded since FY 2001 from fewer than 11,000 to over 17,000 in FY 14, while holding the cost per degree essentially flat since 2008 in nominal terms.

![Chart showing Total Operating Expense per Degree Awarded]

Additionally, over this same period the University has made significant improvement in retaining and graduation students. The six-year graduation rate for degree-seeking freshman has improved from 58% in the fall of 2001 to 65% in the fall of 2013.
Leveraging Faculty and Staff

The University has achieved much of the efficiency previously discussed by growing enrollments and limiting the growth in faculty and staff. The chart below shows that enrollment has grown by more than 40% since 2001 while faculty and staff have grown by less than 10% and been constant since 2008. While this has helped the University be more efficient it has increased faculty to student ratios. National rankings (such as US & World News Report) are influenced by total expenditures per student and faculty to student ratios.

![Graph showing enrollment growth vs. faculty/staff growth]

Specific Activities to Achieve Efficiency and Effectiveness

The University of Missouri has taken a holistic approach to improving both the efficiency and effectiveness of operations, undertaking projects across campuses and within each operating unit to achieve operating success. The following action items were implemented over the prior year, with cost savings listed where applicable.

*Electronic Personnel Action Form (ePAF)*

Historically, the Personnel Action Form (PAF) was a paper based form used to hire, terminate, promote or transfer employees into a position within the University’s Human Resources system. The paper based process lead to inconsistencies across departments and campuses, processing errors, and untimely data entry impacting other processes such as onboarding. The goal of ePAF was to standardize the process, create electronic smart forms with configurable electronic routing to speed the approval process and ultimately reduce processing and approval time. Since the implementation, over 40,000 employee actions have been processed, with savings conservatively estimated to be in excess of $2.5 million in annual operating costs.
Accounts Payable Shared Service Center

The four campuses and System embraced the principles of shared services to consolidate and standardize the back-office accounts payable processes. The consolidation of accounts payable into the service center provided the following benefits: created one point of contact to our vendors for payment questions, allowed resources to be redeployed to focus on enhancing front-end processes that occur in departmental administration for accounts payable, and reduced cost and time when implementing business process or technological changes in the future. In addition to the increased effectiveness and consistency across the accounts payable function, the shared service center will provide $100,000’s of annual costs savings for the accounts payable process.

Electronic Grant Proposal Submission Approval

In prior years, the University utilized a paper based system requiring multiple signatures for the submission of grant proposals. The paper based process was cumbersome and generated long lead times for gathering the required approvals for proposal submission which could lead to lost awards for research projects. The project created electronic approval routing to speed the review and approval process for grant submission. On average, 3,500 proposals are submitted across the system annually seeking grant dollars. The savings from this project are minimal, but the project does reduce lead time and lead to a more effective and timely approval process for proposals.

Total Rewards Task Force Targets Benefit Spend

During fiscal year 2014, the Total Rewards Task Force provided directional recommendations to improve the University’s benefit plans and address the rising cost of benefits. One of the recommendations asked the University to establish a benefit rate cap for the benefit rate charged to operating units to recover the cost of the benefit plans. As a result of the task force recommendation, the University made a commitment to maintain the current benefit rate for the next 3 years. With the cost increase trends, this results in cost avoidance of $9 million for 2015, $18 million in 2016, and $27 million in 2017. The University also began to take steps to proactively manage the benefit cost inflation, such as moving the Long-term Disability Plan to a less expensive, fully insured option and creating a new custom network plan encouraging employees in the Columbia area to utilize lower cost University Health System providers in exchange cheaper premiums and lower deductibles. Importantly, all of the cost reductions/avoidance were done without lowering the levels or value of benefits.

Strategic Use of eProcurement

The UM System Supply Chain continues to deliver value as it executes on strategic initiatives. This has included increasing use of on contract spend through Show-Me-Shop. UM System Supply Chain was reorganized this year to be more efficient and improve leadership development along with expanding services. Through this process UM System Supply Chain has continued to meet or exceed on all of its shared service agreements.
Collectively, these efforts have led to an average annual saving of approximately $15 million over the last 5 years.

**UM System Supply Chain Value Analysis Program Implementation**

The UM System Supply Chain implemented a physician-driven value analysis program to evaluate the use of medical and surgical supplies within the University Health System. In fiscal year 2014, the program achieved $9.3 million in savings based on a goal of $7.7 million. In times where other healthcare providers are seeing large increases in their supplies expense, the University was actually able to decrease medical supplies expense by $643,669 in fiscal 2014. Savings were also realized in the surgical units of the health system, with the Orthopedic Institute saving $146 per case and the University Hospital saving $217 per case. These cost cutting efforts had little effect on volume, with each operating area performing more cases than they did the prior year.

**Strategic Management of our Debt and Investments**

The University leveraged the historically low interest rate environment to generate up-front savings from debt restructuring for strategic investment. In the 2012 refinancing, the University was able to generate $15.3 million in up-front savings to immediately reinvest in maintenance and repair projects to maintain the University’s capital assets. During fiscal year 2014, the University was able to generate $26.1 million in savings which will be used for additional campus strategic capital investment. Sound management of the general pool enabled the issuance of a first-time $9.6 million dividend for FY 2014. In total, these actions generated $51 million in new resources for the University to help address critical needs.

**Staff Compensation Project**

The University has been working on building a new staff compensation structure that provides consistent across the entire system and reduces the number of titles and pay ranges. The new structure allows for better market comparison and results in reductions in administrative time and expense. This project began in 2010 and was completed this year. The results of the project have created consistent processes and equity in job evaluation and salary structure. The project has reduced the number of job titles from 5,000 staff titles to 700 and moved from 1,100 pay ranges to 19, and ultimately leads to more efficient and effective talent management.

**Campus Specific Initiatives**

From the campus level down to the department, each operating unit remains focused on improving the efficiency and effectiveness of their operation. Several units have implemented new technology to improve student access to services, and also improve the efficiency and effectiveness of those services. Academic units continue to evaluate course formats, exploring blending and pure-online delivery to deliver the most cost effective education to their students based on the needs of the course. Campuses are also evaluating
hiring decisions, looking to redistribute work load across operating units, and exploring the use of business centers for more efficient fiscal oversight.

Financial Condition Remains Strong

It is important to note, while the university has worked hard to make cost cuts, we have continued to balance the budget each year while also maintaining access and affordability. Further, we have met these challenges while still working hard to maintain the financial strength of the university itself. As evidence of this achievement, Moody’s and S&P have recently reaffirmed the university’s solid Aa1 and AA+ credit ratings. The following observations were taken directly from the recently issued ratings reports:

“Historically, the system has effectively managed through operating and capital appropriation cuts, and we consider UM’s budgeting to be both conservative and proactive.” Standard and Poor’s report, dated October 15, 2014

“Prudent fiscal management with a focus on cost containment, enabled the university to continue to produce consistently positive operations despite variable state appropriations.” Moody’s report, dated October 15, 2014

Continuing Cost Pressure

The cost pressures faced by the University are showing no signs of diminishing going forward. State budgets remain strapped even in the recovery, and higher education cuts are always an easy lever to pull. There is continued focus on the cost of education with more and more states requiring legislative approval to raise tuition rates above inflation, similar to what Missouri did several years ago. Coupled with demographic changes in declining high school graduates, this means challenges in maintaining the two biggest revenue streams for public institutions, state appropriations and tuition revenue. “The time of comfortable annual growth in enrollments and revenues is over for most institutions” – National Commission on College and University Board Governance. To combat the budget cuts over the last 5 years, most University Systems have focused on the administrative side of their cost equation, but that might not be enough for the revenue cuts coming in the future. In a recent article, a former University Administrator and current industry consultant noted: efforts to wring out costs from the administrative side are “far from exhausted,” But that many not be enough. “At some point,” he says, “productivity gains have to come from the academic sector itself.” – Chronicle of Higher Education
The Way Forward: Continue to Increase Effectiveness and Efficiency

The University continues to maintain its proactive approach towards improving the efficiency and effectiveness of its operations, while maintaining a focus on cost containment. Over the next year, the University plans to:

1) Implement the recommendations of the Enterprise Resource Planning (ERP) optimization project and data center consolidation
2) Evaluate additional benefit plan options as recommended by the Total Rewards Task Force
3) Continue to leverage the results of the staff compensation project for efficient and effective talent management
4) Implement Voluntary Separation Program to provide flexibility in funding new faculty positions
5) Continue the implementation of the PwC Review of the Finance Function best practices including:
   o Defining the Finance function and related roles
   o Improving fiscal staff training and fiscal accountability
   o Enhancing the utilization of shared services for fiscal activities
6) Implement a plan to begin addressing deferred maintenance and repair and evaluate space utilization across the entire enterprise
7) Evaluate a managed travel program that is fiscally responsible and leverages buying power
University of Missouri
Board of Curators
December 11-12, 2014
Finance Committee

Efficiencies and Effectiveness Report
Fiscal Year 2014
State Funding for Higher Education per student

**Missouri: 44th out of 50 states**

*2013-14*

**SOURCE:** The College Board, *Trends in College Pricing 2014*, Figure 17B
Revenue Pressure felt by Higher Ed Across the Country – Missouri hit harder

2008 to 2013 % Change in Revenue per Student (Real $)

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<thead>
<tr>
<th></th>
<th>US Average</th>
<th>Missouri</th>
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<tbody>
<tr>
<td>State Appropriations</td>
<td>-23.0%</td>
<td>-26.1%</td>
</tr>
<tr>
<td>Net Tuition &amp; Fees</td>
<td>25.4%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>-5.9%</td>
<td>-11.6%</td>
</tr>
</tbody>
</table>
The University of Missouri takes its stewardship responsibility seriously and engages in a continuous process to identify opportunities to reduce costs and increase efficiencies.

Since 2008, the University has faced revenue pressure from declining state appropriations and inflation indexed tuition, but managed to maintain a balanced budget and strong balance sheet.
UM - State Appropriations plus Net Tuition & Fees per FTE Student Down 28% in Real Value
With Strong Budget Management, Operating Expense per Degree Awarded Dropped

Total Operating Expense per Degree Awarded

- Actual Operating Expense Per Degree Awarded
- 2001 Operating Expense per Degree Awarded - CPI Adjusted
- Degrees Awarded
Enrollment Growth has Outpaced Growth in Faculty and Staff
System Wide & Campus Activities to Achieve Efficiency and Effectiveness
Leveraging Technology for Efficiency & Effectiveness

- Implemented ePAF (Electronic Personnel Action Forms) to standardize processes and create electronic smart forms to speed the approval process.
- Embraced the principles of shared services to consolidate and standardize the back office Accounts Payable processes.
- Created electronic approval routing for grant submission to speed up the approval process.
- Conservatively savings is estimated to be in excess of $2.75 million annually for these changes.
Total Rewards Task Force Targets Benefit Spend – Benefit Rate to be Held Flat for 3 Years

- No increase to Benefit Rate generates cost avoidance: $9 million in cost avoidance for 2015, $18 million for 2016, and $27 million for 2017 while value of benefits remain competitive
- New Custom Network Plan provides more care to Employees in Columbia area via University Healthcare, keeping the dollars within the University as a whole and allows the University to reduce total medical benefit expense
Strategic Use of eProcurement

- UM System Supply Chain continues to enhance savings through strategic initiatives
  - Continued to increase on contract spend through the use of Show-Me-Shop to generate savings
  - Reorganized and rebranded supply chain to be more efficient and improve leadership development
  - Expanded services with a culture of credible program delivery and meeting or exceeding all shared service agreements
  - These steps along with initiatives from prior years have created average **annual savings of approximately $15 million**
Value Analysis Program Implementation (Physician driven)

- Achieved $9.3M in savings based on a goal of $7.69M in FY14
- Medical Supplies Expense in FY14 decreased by $643,699 (0.7%) while the number of patient days increased by 3,903 (3.1%) compared to FY13
- University Hospital OR Medical Supply Expense has decreased $217/case compared to prior fiscal year with 126 more cases performed
- Missouri Orthopedic Institute OR Medical Supply Expense has decreased $146/case compared to prior fiscal year with 84 more cases performed
Creating Value Through Strategic Management of our Debt and Investments

- Structured recent debt refinance transactions to generate upfront savings immediately available for strategic investment
  - Invested in M&R - $15.3 million from 2011-12 refinancing
  - Available for Investment - $26.1 million from 2013 – 2014 refinancing
- Sound management of General Pool investments enabled issuance of a first time $9.6 million dividend for FY 14
- These actions generated $51 million in new resources for the University to help address critical needs
Completed Staff Compensation Project

- Campus-wide project began in 2010 and was finalized in April 2014
  - Created consistency and equity in job evaluation and pay structure
    - 5,000 staff titles to 700
    - 1,100 pay ranges to 19
  - Created consistent titling and pay structure across campuses for first time in decades
  - Provides more accurate market comparisons for efficient talent management
Key Campus Initiatives

- MU implemented a strategic reallocation process that returns 2% from every sector for reallocation and will allow for over $35M to be reinvest in highest priorities.
- UMKC managed labor costs by evaluating and redistributing work load; on-going review of all hiring requests across the campus.
- UMSL consolidated library operations and reduced annual cost by $250,000.
- Missouri S&T developed academic department productivity measures which will drive resource allocation.
The Way Forward: Continue to Increase Effectiveness & Efficiency
Financial Condition Remains Strong

- Aa1/AA+ ratings reaffirmed by Moody’s and S&P

“Historically, the system has effectively managed through operating and capital appropriation cuts, and we consider UM’s budgeting to be both conservative and proactive.”
- recent S&P rating report comment

“Prudent fiscal management, with a focus on cost containment, enabled the university to produce consistently positive operations despite variable state appropriations.”
- recent Moody’s rating report comment
However continued cost pressure is not going away...

“"The time of comfortable annual growth in enrollments and revenues is over for most institutions” – National Commission on College and University Board Governance

As Mr. Curry stated, efforts to wring out costs from the administrative side are "far from exhausted." But that may not be enough. "At some point," he says, "productivity gains have to come from the academic sector itself.” – Chronicle of Higher Education
Initiatives to improve efficiency and effectiveness going forward

- Implement the recommendations of the Enterprise Resource Planning (ERP) optimization project and data center consolidation
- Evaluate additional benefit plan options as recommended by the Total Rewards Task Force
- Continue to leverage the staff compensation project for efficient and effective talent management
- Implement Voluntary Separation Program to provide flexibility in funding new faculty positions
Initiatives to improve efficiency and effectiveness going forward continued...

- **Continue to implement best practices from the PwC Finance review including:**
  - Defining the Finance function and roles
  - Improve fiscal staff training and fiscal accountability
  - Enhancing the utilization of shared services

- Implement a plan to address deferred maintenance and space utilization

- Evaluate a managed travel program
Questions?
The mission of the University of Missouri, as a land-grant university and Missouri’s only public research and doctoral-level institution, is to discover, disseminate, preserve, and apply knowledge. The university promotes learning by its students and lifelong learning by Missouri’s citizens, fosters innovation to support economic development, and advances the health, cultural, and social interests of the people of Missouri, the nation, and the world. In carrying out the University’s mission is the expectation this is done in the most efficient and effective manner possible. The Collected Rules of the University highlight this concept noting “the University of Missouri shall be one University and this one University concept requires a centrally directed and unified administration and operation.”

Since 2008, the University of Missouri System has faced significant revenue pressure from declining state appropriations and inflation indexed tuition. In order to maintain a balanced budget and strong financial position the University has taken up many initiatives resulting in increased effectiveness and efficiency of university operations. The results have been impressive and demonstrate the University’s commitment to engage in a continuous process of identifying opportunities to reduce costs and increase efficiencies. However, the continued cost pressure is not going away. In the future, the University will need to execute current efficiencies and effectiveness initiatives while developing long term solutions to funding challenges, including competitiveness of faculty and staff compensation and deferred plant maintenance.

Public Higher Education Funding Landscape

One of the major sources of revenue for the general operation of Public Higher Education is state appropriations. In recent years this support has been on the decline across the country. The chart on the following page provides a comparison of state funding per student and funding per $1,000 in personal income across the country. The State of Missouri ranks 44th in funding per student and is in the bottom 25% per $1,000 in personal income.
The response to declining state appropriations across the country has largely been answered by increasing tuition and finding modest efficiencies on the cost side of the equation. The chart below highlights how the University has been different than its industry peers. The University has faced similar reductions in state appropriations on a per student when compared to its peers. However, the University has differentiated itself in its response to this challenge. The University has not simply addressed the shortfall in state support by increasing tuition on a per student basis as many of its peers have. The University has balanced modest tuition increases with aggressive enrollment growth and a focus on efficiencies and effectiveness to maintain a balanced budget.
Per Student Revenues Remain Flat

As previously discussed the, two major sources of revenue for the general operations of the University of Missouri are net tuition and fees, and state appropriations. Historically these sources have contributed 85% or more of the total resources for general operations.

The chart on the following page shows total state appropriations and net tuition and fees per full-time equivalent (FTE) student since FY2001. As you can see, state appropriations per FTE student have declined while net tuition and fees per FTE student have increased. However, in nominal terms the University is basically receiving the same amount of revenue on a per student basis as it did in 2001. Adjusted for inflation, the combined total funding per FTE student has actually fallen 28% per FTE student, as compared to FY2001. The university’s cost management and efficiency efforts have helped to bridge this gap.
Reduction in Operating Expenditures Per Degree

One clear indicator of reduction in costs during recent years is operating expenditures per degree awarded. In real terms the operating expense per degree has declined by almost $14,000 since FY2001, this represents a 17% reduction in cost per degree. The cost per degree for FY2014 was still below the peak of FY2009.

The chart demonstrates the University has steadily increased the number of degrees awarded since FY 2001 from fewer than 11,000 to over 17,000 in FY 14, while holding the cost per degree essentially flat since 2008 in nominal terms.

![Chart of Total Operating Expense per Degree Awarded](chart.png)

Additionally, over this same period the University has made significant improvement in retaining and graduation students. The six-year graduation rate for degree-seeking freshman has improved from 58% in the fall of 2001 to 65% in the fall of 2013
Leveraging Faculty and Staff

The University has achieved much of the efficiency previously discussed by growing enrollments and limiting the growth in faculty and staff. The chart below shows that enrollment has grown by more than 40% since 2001 while faculty and staff have grown by less than 10% and been constant since 2008. While this has helped the University be more efficient it has increased faculty to student ratios. National rankings (such as US & World News Report) are influenced by total expenditures per student and faculty to student ratios.

![Enrollment Growth Outpaces Workforce](chart)

Specific Activities to Achieve Efficiency and Effectiveness

The University of Missouri has taken a holistic approach to improving both the efficiency and effectiveness of operations, undertaking projects across campuses and within each operating unit to achieve operating success. The following action items were implemented over the prior year, with cost savings listed where applicable.

**Electronic Personnel Action Form (ePAF)**

Historically, the Personnel Action Form (PAF) was a paper based form used to hire, terminate, promote or transfer employees into a position within the University’s Human Resources system. The paper based process lead to inconsistencies across departments and campuses, processing errors, and untimely data entry impacting other processes such as onboarding. The goal of ePAF was to standardize the process, create electronic smart forms with configurable electronic routing to speed the approval process and ultimately reduce processing and approval time. Since the implementation, over 40,000 employee actions have been processed, with savings conservatively estimated to be in excess of $2.5 million in annual operating costs.
Accounts Payable Shared Service Center

The four campuses and System embraced the principles of shared services to consolidate and standardize the back-office accounts payable processes. The consolidation of accounts payable into the service center provided the following benefits: created one point of contact to our vendors for payment questions, allowed resources to be redeployed to focus on enhancing front-end processes that occur in departmental administration for accounts payable, and reduced cost and time when implementing business process or technological changes in the future. In addition to the increased effectiveness and consistency across the accounts payable function, the shared service center will provide $100,000’s of annual costs savings for the accounts payable process.

Electronic Grant Proposal Submission Approval

In prior years, the University utilized a paper based system requiring multiple signatures for the submission of grant proposals. The paper based process was cumbersome and generated long lead times for gathering the required approvals for proposal submission which could lead to lost awards for research projects. The project created electronic approval routing to speed the review and approval process for grant submission. On average, 3,500 proposals are submitted across the system annually seeking grant dollars. The savings from this project are minimal, but the project does reduce lead time and lead to a more effective and timely approval process for proposals.

Total Rewards Task Force Targets Benefit Spend

During fiscal year 2014, the Total Rewards Task Force provided directional recommendations to improve the University’s benefit plans and address the rising cost of benefits. One of the recommendations asked the University to establish a benefit rate cap for the benefit rate charged to operating units to recover the cost of the benefit plans. As a result of the task force recommendation, the University made a commitment to maintain the current benefit rate for the next 3 years. With the cost increase trends, this results in cost avoidance of $9 million for 2015, $18 million in 2016, and $27 million in 2017. The University also began to take steps to proactively manage the benefit cost inflation, such as moving the Long-term Disability Plan to a less expensive, fully insured option and creating a new custom network plan encouraging employees in the Columbia area to utilize lower cost University Health System providers in exchange cheaper premiums and lower deductibles. Importantly, all of the cost reductions/avoidance were done without lowering the levels or value of benefits.

Strategic Use of eProcurement

The UM System Supply Chain continues to deliver value as it executes on strategic initiatives. This has included increasing use of on contract spend through Show-Me-Shop. UM System Supply Chain was reorganized this year to be more efficient and improve leadership development along with expanding services. Through this process UM System Supply Chain has continued to meet or exceed on all of its shared service agreements.
Collectively, these efforts have led to an average annual saving of approximately $15 million over the last 5 years.

**UM System Supply Chain Value Analysis Program Implementation**

The UM System Supply Chain implemented a physician-driven value analysis program to evaluate the use of medical and surgical supplies within the University Health System. In fiscal year 2014, the program achieved $9.3 million in savings based on a goal of $7.7 million. In times where other healthcare providers are seeing large increases in their supplies expense, the University was actually able to decrease medical supplies expense by $643,669 in fiscal 2014. Savings were also realized in the surgical units of the health system, with the Orthopedic Institute saving $146 per case and the University Hospital saving $217 per case. These cost cutting efforts had little effect on volume, with each operating area performing more cases than they did the prior year.

**Strategic Management of our Debt and Investments**

The University leveraged the historically low interest rate environment to generate up-front savings from debt restructuring for strategic investment. In the 2012 refinancing, the University was able to generate $15.3 million in up-front savings to immediately reinvest in maintenance and repair projects to maintain the University’s capital assets. During fiscal year 2014, the University was able to generate $26.1 million in savings which will be used for additional campus strategic capital investment. Sound management of the general pool enabled the issuance of a first-time $9.6 million dividend for FY 2014. In total, these actions generated $51 million in new resources for the University to help address critical needs.

**Staff Compensation Project**

The University has been working on building a new staff compensation structure that provides consistent across the entire system and reduces the number of titles and pay ranges. The new structure allows for better market comparison and results in reductions in administrative time and expense. This project began in 2010 and was completed this year. The results of the project have created consistent processes and equity in job evaluation and salary structure. The project has reduced the number of job titles from 5,000 staff titles to 700 and moved from 1,100 pay ranges to 19, and ultimately leads to more efficient and effective talent management.

**Campus Specific Initiatives**

From the campus level down to the department, each operating unit remains focused on improving the efficiency and effectiveness of their operation. Several units have implemented new technology to improve student access to services, and also improve the efficiency and effectiveness of those services. Academic units continue to evaluate course formats, exploring blending and pure-online delivery to deliver the most cost effective education to their students based on the needs of the course. Campuses are also evaluating
hiring decisions, looking to redistribute work load across operating units, and exploring the use of business centers for more efficient fiscal oversight.

Financial Condition Remains Strong

It is important to note, while the university has worked hard to make cost cuts, we have continued to balance the budget each year while also maintaining access and affordability. Further, we have met these challenges while still working hard to maintain the financial strength of the university itself. As evidence of this achievement, Moody’s and S&P have recently reaffirmed the university’s solid Aa1 and AA+ credit ratings. The following observations were taken directly from the recently issued ratings reports:

“Historically, the system has effectively managed through operating and capital appropriation cuts, and we consider UM’s budgeting to be both conservative and proactive.” Standard and Poor’s report, dated October 15, 2014

“Prudent fiscal management with a focus on cost containment, enabled the university to continue to produce consistently positive operations despite variable state appropriations.” Moody’s report, dated October 15, 2014

Continuing Cost Pressure

The cost pressures faced by the University are showing no signs of diminishing going forward. State budgets remain strapped even in the recovery, and higher education cuts are always an easy lever to pull. There is continued focus on the cost of education with more and more states requiring legislative approval to raise tuition rates above inflation, similar to what Missouri did several years ago. Coupled with demographic changes in declining high school graduates, this means challenges in maintaining the two biggest revenue streams for public institutions, state appropriations and tuition revenue. “The time of comfortable annual growth in enrollments and revenues is over for most institutions” – National Commission on College and University Board Governance. To combat the budget cuts over the last 5 years, most University Systems have focused on the administrative side of their cost equation, but that might not be enough for the revenue cuts coming in the future. In a recent article, a former University Administrator and current industry consultant noted: efforts to wring out costs from the administrative side are “far from exhausted,” But that many not be enough. “At some point,” he says, “productivity gains have to come from the academic sector itself.” – Chronicle of Higher Education
The Way Forward: Continue to Increase Effectiveness and Efficiency

The University continues to maintain its proactive approach towards improving the efficiency and effectiveness of its operations, while maintaining a focus on cost containment. Over the next year, the University plans to:

1) Implement the recommendations of the Enterprise Resource Planning (ERP) optimization project and data center consolidation
2) Evaluate additional benefit plan options as recommended by the Total Rewards Task Force
3) Continue to leverage the results of the staff compensation project for efficient and effective talent management
4) Implement Voluntary Separation Program to provide flexibility in funding new faculty positions
5) Continue the implementation of the PwC Review of the Finance Function best practices including:
   - Defining the Finance function and related roles
   - Improving fiscal staff training and fiscal accountability
   - Enhancing the utilization of shared services for fiscal activities
6) Implement a plan to begin addressing deferred maintenance and repair and evaluate space utilization across the entire enterprise
7) Evaluate a managed travel program that is fiscally responsible and leverages buying power
University of Missouri
Board of Curators
December 11-12, 2014
Finance Committee

Efficiencies and Effectiveness Report
Fiscal Year 2014
State Funding for Higher Education per student

Missouri: 44th out of 50 states

2013-14

 SOURCE: The College Board, Trends in College Pricing 2014, Figure 17B
Revenue Pressure felt by Higher Ed Across the Country – Missouri hit harder

2008 to 2013 % Change in Revenue per Student (Real $)

- State Appropriations
- Net Tuition & Fees
- Total Revenue

US Average
- Missouri

-30.0%
-25.4%
-23.0%
-26.1%
-20.0%
-15.0%
-10.0%
-5.0%
-1.0%
0.0%
5.9%
11.6%
University of Missouri – Good Stewards

The University of Missouri takes its stewardship responsibility seriously and engages in a continuous process to identify opportunities to reduce costs and increase efficiencies.

Since 2008, the University has faced revenue pressure from declining state appropriations and inflation indexed tuition, but managed to maintain a balanced budget and strong balance sheet.
UM - State Appropriations plus Net Tuition & Fees per FTE Student Down 28% in Real Value

Gap 28%
With Strong Budget Management, Operating Expense per Degree Awarded Dropped

Total Operating Expense per Degree Awarded

- Actual Operating Expense Per Degree Awarded
- 2001 Operating Expense per Degree Awarded - CPI Adjusted
- Degrees Awarded
Enrollment Growth has Outpaced Growth in Faculty and Staff
System Wide & Campus Activities to Achieve Efficiency and Effectiveness
Leveraging Technology for Efficiency & Effectiveness

- Implemented ePAF (Electronic Personnel Action Forms) to standardize processes and create electronic smart forms to speed the approval process
- Embraced the principles of shared services to consolidate and standardize the back office Accounts Payable processes
- Created electronic approval routing for grant submission to speed up the approval process
- Conservatively savings is estimated to be in excess of $2.75 million annually for these changes
Total Rewards Task Force Targets Benefit Spend
- Benefit Rate to be Held Flat for 3 Years

- No increase to Benefit Rate generates cost avoidance: $9 million in cost avoidance for 2015, $18 million for 2016, and $27 million for 2017 while value of benefits remain competitive

- New Custom Network Plan provides more care to Employees in Columbia area via University Healthcare, keeping the dollars within the University as a whole and allows the University to reduce total medical benefit expense
Strategic Use of eProcurement

- UM System Supply Chain continues to enhance savings through strategic initiatives
  - Continued to increase on contract spend through the use of Show-Me-Shop to generate savings
  - Reorganized and rebranded supply chain to be more efficient and improve leadership development
  - Expanded services with a culture of credible program delivery and meeting or exceeding all shared service agreements
  - These steps along with initiatives from prior years have created average annual savings of approximately $15 million
UM System Supply Chain Value Analysis Program Implementation

- Value Analysis Program Implementation (Physician driven)
  - Achieved $9.3M in savings based on a goal of $7.69M in FY14
  - Medical Supplies Expense in FY14 decreased by $643,699 (0.7%) while the number of patient days increased by 3,903 (3.1%) compared to FY13
  - University Hospital OR Medical Supply Expense has decreased $217/case compared to prior fiscal year with 126 more cases performed
  - Missouri Orthopedic Institute OR Medical Supply Expense has decreased $146/case compared to prior fiscal year with 84 more cases performed
Creating Value Through Strategic Management of our Debt and Investments

- Structured recent debt refinance transactions to generate upfront savings immediately available for strategic investment
  - Invested in M&R - $15.3 million from 2011-12 refinancing
  - Available for Investment - $26.1 million from 2013 – 2014 refinancing

- Sound management of General Pool investments enabled issuance of a first time $9.6 million dividend for FY 14

- These actions generated $51 million in new resources for the University to help address critical needs
Completed Staff Compensation Project

Campus-wide project began in 2010 and was finalized in April 2014

- Created consistency and equity in job evaluation and pay structure
  - 5,000 staff titles to 700
  - 1,100 pay ranges to 19

- Created consistent titling and pay structure across campuses for first time in decades

- Provides more accurate market comparisons for efficient talent management
Key Campus Initiatives

- MU implemented a strategic reallocation process that returns 2% from every sector for reallocation and will allow for over $35M to be reinvest in highest priorities.

- UMKC managed labor costs by evaluating and redistributing work load; on-going review of all hiring requests across the campus.

- UMSL consolidated library operations and reduced annual cost by $250,000.

- Missouri S&T developed academic department productivity measures which will drive resource allocation.
The Way Forward: Continue to Increase Effectiveness & Efficiency
Financial ConditionRemains Strong

- Aa1/AA+ ratings reaffirmed by Moody’s and S&P

“Historically, the system has effectively managed through operating and capital appropriation cuts, and we consider UM’s budgeting to be both conservative and proactive.”
- recent S&P rating report comment

“Prudent fiscal management, with a focus on cost containment, enabled the university to produce consistently positive operations despite variable state appropriations.”
- recent Moody’s rating report comment
However continued cost pressure is not going away...

“\textit{The time of comfortable annual growth in enrollments and revenues is over for most institutions}” – \textit{National Commission on College and University Board Governance}

As Mr. Curry stated, efforts to wring out costs from the administrative side are \textit{far from exhausted}. But that may not be enough. \textit{At some point}, he says, \textit{productivity gains have to come from the academic sector itself}.” – \textit{Chronicle of Higher Education}
Initiatives to improve efficiency and effectiveness going forward

- Implement the recommendations of the Enterprise Resource Planning (ERP) optimization project and data center consolidation
- Evaluate additional benefit plan options as recommended by the Total Rewards Task Force
- Continue to leverage the staff compensation project for efficient and effective talent management
- Implement Voluntary Separation Program to provide flexibility in funding new faculty positions
Initiatives to improve efficiency and effectiveness going forward continued...

- Continue to implement best practices from the PwC Finance review including:
  - Defining the Finance function and roles
  - Improve fiscal staff training and fiscal accountability
  - Enhancing the utilization of shared services

- Implement a plan to address deferred maintenance and space utilization

- Evaluate a managed travel program
Questions?
At the December board meeting, preliminary FY2016 tuition and fee recommendations will be presented as an information item. Final recommendations will be brought to the February board meeting for approval. Preliminary fee information and supporting details including high level budget revenue and expense drivers are presented in this document for discussion purposes.

First, some context and a discussion about some of the financial and budgetary pressures the University faces in planning for the FY2016 budget and tuition and fee rates:

- State appropriations are below FY2001 levels by $186 million or 32% in real terms, $29 million below in nominal terms, and have been unpredictable in recent years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Recurring State Appropriations</th>
<th>CPI-U Adjusted Recurring State Appropriations</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY01</td>
<td>$586</td>
<td>$186 Million or 32% Decline in Real Terms</td>
</tr>
<tr>
<td>FY02</td>
<td>$429</td>
<td></td>
</tr>
<tr>
<td>FY03</td>
<td>$400</td>
<td></td>
</tr>
<tr>
<td>FY04</td>
<td>$450</td>
<td></td>
</tr>
<tr>
<td>FY05</td>
<td>$500</td>
<td></td>
</tr>
<tr>
<td>FY06</td>
<td>$550</td>
<td></td>
</tr>
<tr>
<td>FY07</td>
<td>$600</td>
<td></td>
</tr>
<tr>
<td>FY08</td>
<td>$650</td>
<td></td>
</tr>
<tr>
<td>FY09</td>
<td>$700</td>
<td></td>
</tr>
<tr>
<td>FY10</td>
<td>$750</td>
<td></td>
</tr>
<tr>
<td>FY11</td>
<td>$80,000</td>
<td></td>
</tr>
</tbody>
</table>

- During this same period of declining appropriations, the University has experienced a 38% growth in the number of students with record enrollments annually since the fall of 2000.
Record enrollments push against the capacity of our faculty, staff and facilities. The growth in enrollment coupled with the decline in state support has led to a drop in state general operating support per FTE student of 32% from $10,462 in FY2001 to $7,095 in FY2014. This is a decline of $3,367 per FTE student in nominal dollars.

Consistent with trends affecting other public higher education institutions nationally, declines in state support for the University of Missouri have been offset with increases in tuition rates. Students are contributing more than ever to the cost of their education as the state provides less funding support.
Continued increases in tuition and fees to offset cuts in state appropriations are problematic due to legislative restrictions as well as access and affordability concerns.

The Higher Education Student Funding Act (SB 389 - Section 173.1000-173.1006, RSMo) effectively limits the increase in tuition and required fees charged to all Missouri resident undergraduate students to the yearly change in the CPI. An institution whose tuition and required fees increase in excess of the prescribed limit may be assessed a penalty of up to 5% of its current year state appropriation unless the institution asks for and receives a waiver of the penalty from the Commissioner of Higher Education. Any fee not charged to all Missouri undergraduate students, such as course fees and housing and dining fees, are exempted from SB 389. Also excluded are required fees approved by student referendum.

In addition to legislative restrictions, there is strong pressure to keep tuition and fee increases low to support student access and affordability. Concern about the growing debt load of college students, combined with potential cuts in grant aid from the state and federal government put additional pressure on the University.

In the face of a highly volatile economy over the past decade, the university overall has been able to maintain a strong financial position through prudent management. However, lack of real revenue growth has resulted in larger class sizes, increasing student faculty ratios, and decline of available quality faculty time for research. The problem varies greatly by program of study and discipline depending on student demand of the program. Both class size and student to ranked faculty ratios are increasing and in some program areas are reaching critical levels. This potentially puts the quality of instruction and research output at risk.

![Growth in Student Faculty Ratios](image_url)
The “Growth in Student Faculty Ratios” chart shows growth in student faculty ratios at the four campuses. The biggest issues are at S&T with an increase from 14.1 to 18.5 and MU with an increase from 17.7 to 21.5. It is important to note these ratios are for the entire campus. Many departments and program areas have critical needs which are much greater than the chart shows. This issue is a focus of the individual campus strategic plans.

These financial pressures have had and continue to have an impact on faculty and staff:

- Faculty salaries rank at or near the bottom of their comparator groups.
- Staff salaries are significantly below their peers in many cases.
- There is increased pressure on recruiting and retaining top faculty for success of strategic plans.

In the context of the FY2016 proposed tuition and fee increases, the following table illustrates the University’s tuition and required fees compared to other similar institutions.

### Average Doctoral In-State Undergraduate Tuition and Fees Compared to UM Campuses

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2015</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Doctoral - Nat'l Average</td>
<td>$37,445</td>
<td>$39,008</td>
<td>$1,563</td>
<td>4.2%</td>
</tr>
<tr>
<td>Public Doctoral - Nat'l Average</td>
<td>$9,805</td>
<td>$10,075</td>
<td>$270</td>
<td>2.8%</td>
</tr>
<tr>
<td>MU</td>
<td>$9,415</td>
<td>$9,433</td>
<td>$18</td>
<td>0.2%</td>
</tr>
<tr>
<td>UMKC</td>
<td>$9,456</td>
<td>$9,476</td>
<td>$20</td>
<td>0.2%</td>
</tr>
<tr>
<td>Missouri S&amp;T</td>
<td>$9,510</td>
<td>$9,529</td>
<td>$19</td>
<td>0.2%</td>
</tr>
<tr>
<td>UMSL</td>
<td>$9,474</td>
<td>$9,474</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>UM Average</td>
<td>$9,464</td>
<td>$9,478</td>
<td>$14</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

As the table illustrates, all of the UM campuses are below the public doctoral national average for tuition and required fees for the last two years. An undergraduate education at any of our campuses is a great value. In addition, increases in tuition and required fees have been very low over the last five years.

To put our increases into additional context, when comparing tuition and required fee increases for resident undergraduates over the past five years to the changes in contiguous states, our campuses have had an average annual increase of 2.0% to 2.9% compared to 3.2%-9.3%. In addition, our campuses all show smaller total tuition and fee increases (10.2% to 14.4%) than any other state over the past five fiscal years (2011-2015) as illustrated in the following chart.
The following chart shows the minimum semester tuition and required fees (12 credit hours) for resident undergraduate students in the region. Our campuses remain very competitive with surrounding states and institutions.

Additionally, as illustrated in the following chart, MU continues to be a great value with tuition and required fees for resident undergraduates well below the average of a number of different peer groups including the public members of the AAU, SEC, Big Ten, and Big XII.
FY2016 Proposed Tuition and Fee Changes

The December CPI, which is the measurement date under SB 389, will not be available until mid-January. For budget projections and discussion purposes the system is using a CPI change of 1.8%; this could increase or decrease when actual December data is released.

Undergraduate and Graduate Tuition

Resident undergraduate tuition will be requested to increase at the rate of inflation on all campuses. Resident graduate tuition will increase at the rate of inflation, with the exception of Missouri S&T where it is requested to increase by 3%. Nonresident tuition at MU is proposed to increase by 3%. At S&T, nonresident tuition for undergraduates is proposed to increase by 3% while nonresident tuition for graduate students is proposed to increase by 6%.

Proposed FY2016 Tuition Increases

<table>
<thead>
<tr>
<th></th>
<th>MU</th>
<th>UMKC</th>
<th>S&amp;T</th>
<th>UMSL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Resident</td>
<td>CPI</td>
<td>CPI</td>
<td>CPI+ (7.3%)</td>
<td></td>
</tr>
<tr>
<td>Undergraduate Non-Resident</td>
<td>3%</td>
<td>CPI</td>
<td>3%</td>
<td>CPI+ (3.9%)</td>
</tr>
<tr>
<td>Undergraduate Metro</td>
<td>N/A</td>
<td>CPI</td>
<td>N/A</td>
<td>CPI+ (7.3%)</td>
</tr>
<tr>
<td>Graduate Resident</td>
<td>CPI</td>
<td>CPI</td>
<td>N/A</td>
<td>CPI+ (7.3%)</td>
</tr>
<tr>
<td>Graduate Non-Resident</td>
<td>3%</td>
<td>CPI</td>
<td>6%</td>
<td>CPI+ (3.5%)</td>
</tr>
<tr>
<td>Graduate Metro</td>
<td>N/A</td>
<td>CPI</td>
<td>N/A</td>
<td>CPI+ (5.9%)</td>
</tr>
<tr>
<td>MBA Resident</td>
<td>N/A</td>
<td>N/A</td>
<td>3%</td>
<td>N/A</td>
</tr>
<tr>
<td>MBA Non-Resident</td>
<td>N/A</td>
<td>N/A</td>
<td>6%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

UMSL will begin assessing its Recreation & Wellness Center Fee in FY2016. This $17.25 per credit hour fee was approved by student referendum prior to the facility being approved by the Board and is excluded from the Higher Education Student Funding Act (SB 389).
calculation. However, it will cause a net increase in their combined tuition and fee rate that will exceed inflation. For resident undergraduate students the increase is 7.3%.

Graduate non-resident rates at S&T are proposed to increase by 6%. This request is driven by high international and graduate enrollment demand. Sixty percent of S&T’s nonresident graduate students are on appointment or fellowship and receive a waiver of the out-of-state portion of their fees; many of the remaining 40% are supported by third party sponsorships. This is the market that S&T intends to increase in support of the graduate programs. The increase is anticipated to generate $1,136,700 in tuition, roughly half of which will be used for fellowships and the remainder for global initiatives, lab renovations and equipment. These investments are all in support of their strategic goals with regards to doctoral enrollment and degrees.

Professional School Tuition

Professional school proposed tuition rates are summarized in the following table. Increases range from 0% to 6%. These proposed rate changes are made based on the needs of the individual programs and reflect both market demand and other cost drivers. UMSL Optometry tuition will increase by the CPI plus the previously discussed Recreation & Wellness Center Fee in FY2016.

<table>
<thead>
<tr>
<th>Proposed Professional School Program FY2016 Tuition Increases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residence</td>
</tr>
<tr>
<td>MU Law, JD *</td>
</tr>
<tr>
<td>MU Law, LLM *</td>
</tr>
<tr>
<td>MU Medicine, MD</td>
</tr>
<tr>
<td>MU Veterinary Medicine **</td>
</tr>
<tr>
<td>UMKC Dental School, DDS</td>
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</tr>
<tr>
<td>UMSL Optometry, OD</td>
</tr>
</tbody>
</table>

* $35 per credit hour increases on all rates
** $638 per semester increase on both resident and non resident

UMSL will begin assessing the Recreation & Wellness Center Fee that was student approved and is part of their combined tuition and required fees rates at $17.25 per credit hour.
Supplemental Fee Proposals

Discussions are currently underway between the campuses and system administration on FY2016 supplemental fee proposals. Meetings are scheduled in mid-December to further explore and refine the supplemental fee proposals. A special teleconference meeting will be scheduled in January to discuss the campuses’ final proposals with the Board prior to the February Board meeting.

Activity, Facility and Health Service Fees and Housing and Dining Rate Proposals

Planning is currently underway with regard to activity, facility and health service fee increases as well as housing and dining rates. The table below summarizes the current planning.

| Proposed FY2016 Activity, Facility, Health and Housing & Dining Rate Increases |
|--------------------------------|-----|-----|-----|-----|
|                                | MU  | UMKC| S&T | UMSL|
| Activity, Facility, & Health Fees | CPI | CPI | CPI | NA  |
| S&T NEW Student Services Fee (SB389) per semester |     |     | $7.90 |     |
| Combined                        | 3.3%| 3.1%| 3.1%| CPI |
| Housing                         | 4.0%| 3.5%| 3.0%| 1.2%|
| Dining                          | 1.9%| 2.5%| 3.5%| 2.5%|

The activity, facility and health service fees are subject to the Higher Education Student Funding Act (SB 389). They are currently proposed to increase at the rate of inflation. The exception to this is at S&T where their student government association approved a new student services fee of $0.79 per credit hour for a maximum of 10 credit hours per semester. These funds will be used to address demand growth in key student services areas including personal and professional development services. There has been rapid growth in student participation in all student support and program services that occurred at rates almost double the growth in enrollment. The approval of the fee by the elected student government association should exempt the fee from the SB 389 CPI calculation. The system will be working with DHE to make sure that this proposal is in compliance with CBHE implementation policy guidelines.

Housing and dining rate plans are also shown in the table and vary by campus. At MU, combined room and board rates are proposed to increase by 3.3%; housing rates are proposed to increase by 4% on average and dining plan rates to increase by 1.9%. Increases at this level are required to support ongoing strategic facilities renewal program. At UMKC, housing rates are recommended to increase by 3% plus a laundry fee of $35 per year for a total housing increase of roughly 3.5%; food service is provided by a third party vendor and dining costs will increase by 2.5%, for a combined rate increase of 3.1%. At S&T, housing and dining rate plans are proposed to increase by 3% and 3.5% respectively,
for an estimated combined increase of 3.1%. Increases at this level are required to cover the impact of inflation and to provide critical funding for housing facilities needs. At UMSL, combined housing and dining rates are proposed to increase at rate of inflation. Housing rates will increase by approximately 1.2% and dining options will increase by 2.5% as required by the third party contracts. These rate increase proposals are necessary to maintain fiscal health of the self-funded housing and dining operations and to support campus strategic plans.

As discussed at the beginning of this narrative, **two primary revenue drivers** for the operations fund budget are state appropriations and net tuition and fees. The budgetary impact of these drivers is summarized below.

**State Appropriations:** The President has pledged that all new state appropriations will be allocated to the campuses in support of their strategic plans. The system remains hopeful the Governor will recommend and legislature will appropriate increased funding for the University in FY2016. At this time the system does not anticipate any additional withholdings in FY2015 over the Governor’s 3% reserve and the current spending restrictions which include $10 million for the MU Medical School branch in Springfield. A 1% increase in state appropriations is approximately $4.2 million for the UM system.

**Net Tuition and Fees:** The following chart shows expected yield of a 1% increase in tuition rates by student level for undergraduate and graduate students net of student aid. The professional school marginal revenue number is based on proposed tuition of the Professional Schools.

**Net Revenue Generated by a 1% Increase in Tuition Rates**

<table>
<thead>
<tr>
<th></th>
<th>$ Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Resident</td>
<td>$2.26</td>
</tr>
<tr>
<td>Undergraduate Non-Resident</td>
<td>1.51</td>
</tr>
<tr>
<td>Graduate Resident</td>
<td>0.23</td>
</tr>
<tr>
<td>Graduate Non-Resident</td>
<td>0.32</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4.32</strong></td>
</tr>
<tr>
<td>Professional Schools (as proposed)</td>
<td>$1.62</td>
</tr>
</tbody>
</table>

Other key drivers with respect to net tuition and fee revenue are changes in enrollment and student mix and changes in scholarship allowances. These numbers above reflect current campus assumptions about tuition discount rates for FY2016.

Compensation is the major cost driver for the University as it accounts for 78% of the operations fund expenditure budget.
- A 1% increase in salaries and wages across the campuses costs $6.5 million plus associated benefits of $2.1 million for a total cost of $8.6 million; this is roughly equal to a 2% increase in undergraduate and graduate tuition rates.

- The flat benefit rate will remain unchanged. The rate for FY16 will be 27.72% of benefit eligible salaries based on current planning assumptions.

Overall, the FY16 budget will be driven by campus strategic plans and funding needed to advance those plans. Tuition and fee proposals are an important component part of funding strategic planning initiatives on the individual campuses and in the system.
University of Missouri
Board of Curators
Finance Committee
December 11, 2014

FY 2016 Tuition and Fees
UM
FY2016 Proposed Tuition and Fees

- Setting the Stage
- Tuition Proposals
- Other Required Fees Summary Proposals
- Housing and Dining Rate Planning
- Revenue and Cost Drivers
State Appropriations are below FY2001 levels in real and nominal terms.

In Millions

- FY01: $586
- FY02: $586
- FY03: $500
- FY04: $450
- FY05: $400
- FY06: $400
- FY07: $400
- FY08: $400
- FY09: $400
- FY10: $400
- FY11: $400
- FY12: $400
- FY13: $400
- FY14: $400

- FY02: $429
- FY03: $429
- FY04: $429
- FY05: $429
- FY06: $429
- FY07: $429
- FY08: $429
- FY09: $429
- FY10: $429
- FY11: $429
- FY12: $429
- FY13: $429
- FY14: $429

$186 Million or 32% Decline in Real Terms

Nominal Recurring State Appropriations Received
CPI-U Adjusted Recurring State Appropriations Received (June 2014$)
38% Enrollment Growth since FY2001
Result: State Appropriations per FTE Student have declined 32% in nominal terms and 50% in real terms since FY2001.
Tuition and Fees have replaced state support as the primary resource for the operating budget.
Tuition Increases are Constrained

- SB 389 effectively limits the increase in tuition and required fees for Missouri undergraduates to the increase in CPI
- Increases in excess of CPI require a waiver granted by the commissioner of DHE
- Access and affordability issues for students
- New fee increases must be targeted to strategic areas and part of strategic plan
Quality of Programming is at Risk As a Result of the Cost Management Necessity

- Student faculty ratios are increasing
  - In some program areas this is critical, potentially threatening accreditation or caps on enrollment.
  - Results in a negative impact on research productivity of faculty in many program areas.

- Increased class sizes are potentially impacting quality

- Issues vary by campus and by program of study

- This is a focus of the campus strategic plans
Growth in Student Faculty Ratios

Source: UM IR
Impact on Faculty and Staff

- Faculty salaries rank at or near the bottom of their comparator groups in key areas.
- Staff salaries are significantly below peers in many cases.
- Increased pressure on recruiting faculty for success of strategic plans.
UM’s resident UG tuition and fees is below the average for public doctoral institutions.

### Average Doctoral In-State Undergraduate Tuition and Fees Compared to UM Campuses

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2015</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Doctoral - Nat'l Average</td>
<td>$37,445</td>
<td>$39,008</td>
<td>$1,563</td>
<td>4.2%</td>
</tr>
<tr>
<td>Public Doctoral - Nat'l Average</td>
<td>$9,805</td>
<td>$10,075</td>
<td>$270</td>
<td>2.8%</td>
</tr>
<tr>
<td>MU</td>
<td>$9,415</td>
<td>$9,433</td>
<td>$18</td>
<td>0.2%</td>
</tr>
<tr>
<td>UMKC</td>
<td>$9,456</td>
<td>$9,476</td>
<td>$20</td>
<td>0.2%</td>
</tr>
<tr>
<td>Missouri S&amp;T</td>
<td>$9,510</td>
<td>$9,529</td>
<td>$19</td>
<td>0.2%</td>
</tr>
<tr>
<td>UMSL</td>
<td>$9,474</td>
<td>$9,474</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>UM Average</td>
<td>$9,464</td>
<td>$9,478</td>
<td>$14</td>
<td>0.1%</td>
</tr>
</tbody>
</table>
UM Four Campuses’ Average Annual Tuition & Required Fee Changes Over 5-years are the Lowest in the Region

FY2011-2015 Changes in Undergrad Resident Tuition & Required Fees

- 5 Year change
- Average Annual Change

<table>
<thead>
<tr>
<th>Campus</th>
<th>5 Year Change</th>
<th>Average Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iowa State</td>
<td>16.2%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Kansas State</td>
<td>26.8%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Oklahoma State</td>
<td>5.4%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Arkansas</td>
<td>19.9%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Illinois</td>
<td>18.2%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Iowa</td>
<td>31.7%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Kansas</td>
<td>30.6%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>10.8%</td>
<td>2.2%</td>
</tr>
<tr>
<td>MU</td>
<td>14.4%</td>
<td>2.9%</td>
</tr>
<tr>
<td>UMKC</td>
<td>12.3%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Missouri S&amp;T</td>
<td>10.2%</td>
<td>2.0%</td>
</tr>
<tr>
<td>UMSL</td>
<td>17.7%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Nebraska</td>
<td>46.5%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>38.1%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>7.6%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

The UM Four Campuses' average annual change over 5-years is among the lowest in the region.
FY2015 Minimum Semester Tuition & Required Fees (12 Credit Hours) Comparison in the Region

- Iowa State: $3,866
- Kansas State: $3,612
- Oklahoma State: $2,987
- Arkansas: $3,277
- Illinois: $7,510
- Iowa: $4,036
- Kansas: $3,889
- Kentucky: $5,311
- MU: $3,773
- UMKC: $3,785
- Missouri S&T: $3,812
- UMSL: $3,790
- Nebraska: $3,228
- Oklahoma: $3,809
- Tennessee: $4,757
MU FY2015 Tuition & Required Fees Is a Great Value Compared to Peer Institutions

<table>
<thead>
<tr>
<th>Institution</th>
<th>Highest</th>
<th>Lowest</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAU Public</td>
<td>$17,772</td>
<td>$6,313</td>
<td>$11,465</td>
</tr>
<tr>
<td>AAU Public &amp; Private</td>
<td>$51,008</td>
<td>$6,313</td>
<td>$26,510</td>
</tr>
<tr>
<td>SEC Public</td>
<td>$11,876</td>
<td>$6,313</td>
<td>$9,268</td>
</tr>
<tr>
<td>SEC Public &amp; Private</td>
<td>$43,838</td>
<td>$6,313</td>
<td>$11,737</td>
</tr>
<tr>
<td>Big Ten Public</td>
<td>$17,502</td>
<td>$8,070</td>
<td>$11,814</td>
</tr>
<tr>
<td>Big Ten Public &amp; Private</td>
<td>$47,251</td>
<td>$8,070</td>
<td>$14,345</td>
</tr>
<tr>
<td>Big XII Public</td>
<td>$9,798</td>
<td>$6,960</td>
<td>$8,687</td>
</tr>
<tr>
<td>Big XII Public &amp; Private</td>
<td>$38,723</td>
<td>$6,960</td>
<td>$14,678</td>
</tr>
<tr>
<td>MU</td>
<td></td>
<td></td>
<td>$9,433</td>
</tr>
</tbody>
</table>
Summary of Proposed Fee Changes for FY2016

- CPI is estimated at 1.8%

- Tuition and fees will be presented to the Board for approval at the February 5-6, 2015 meeting

- SB 389 only applies to resident undergraduate tuition and fees charged to all students
Summary of Proposed FY2016 Undergraduate, Graduate & Metro Tuition Changes

Proposed FY2016 Tuition Increases

<table>
<thead>
<tr>
<th></th>
<th>MU</th>
<th>UMKC</th>
<th>S&amp;T</th>
<th>UMSL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Resident</td>
<td>CPI</td>
<td>CPI</td>
<td>CPI</td>
<td>CPI+ (7.3%)</td>
</tr>
<tr>
<td>Undergraduate Non-Resident</td>
<td>3%</td>
<td>CPI</td>
<td>3%</td>
<td>CPI+ (3.9%)</td>
</tr>
<tr>
<td>Undergraduate Metro</td>
<td>N/A</td>
<td>CPI</td>
<td>N/A</td>
<td>CPI+ (7.3%)</td>
</tr>
<tr>
<td>Graduate Resident</td>
<td>CPI</td>
<td>CPI</td>
<td>3%</td>
<td>CPI+ (5.9%)</td>
</tr>
<tr>
<td>Graduate Non-Resident</td>
<td>3%</td>
<td>CPI</td>
<td>6%</td>
<td>CPI+ (3.5%)</td>
</tr>
<tr>
<td>Graduate Metro</td>
<td>N/A</td>
<td>CPI</td>
<td>N/A</td>
<td>CPI+ (5.9%)</td>
</tr>
<tr>
<td>MBA Resident</td>
<td>N/A</td>
<td>N/A</td>
<td>3%</td>
<td>N/A</td>
</tr>
<tr>
<td>MBA Non-Resident</td>
<td>N/A</td>
<td>N/A</td>
<td>6%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

UMSL will begin assessing their Recreation and Wellness Center Fee of $17.25 per credit hour in FY16.
## FY2016 Proposed Professional School Rate Increases

<table>
<thead>
<tr>
<th>Proposed Professional School Program</th>
<th>FY2016 Tuition Increases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Resident</td>
</tr>
<tr>
<td>MU Law, JD *</td>
<td>5.0%</td>
</tr>
<tr>
<td>MU Law, LLM *</td>
<td>4.4%</td>
</tr>
<tr>
<td>MU Medicine, MD</td>
<td>CPI</td>
</tr>
<tr>
<td>MU Veterinary Medicine **</td>
<td>6.0%</td>
</tr>
<tr>
<td>UMKC Dental School, DDS</td>
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<tr>
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<td>CPI+ (4.3%)</td>
</tr>
</tbody>
</table>

* $35 per credit hour increases on all rates

** $638 per semester increase on both resident and non resident

UMSL will begin assessing the Recreation & Wellness Center Fee that was student approved and is part of their combined tuition and required fees rates at $17.25 per credit hour.
FY2016 Supplemental Fee Proposals

- Discussions are under way between the campuses and the UM system concerning FY2016 supplemental fee proposals.
- A special teleconference meeting will be scheduled in January to discuss the final proposals with the Board.
## FY2016 Proposed Increases in Activity, Facility, & Health Fees and Housing & Dining Rates

### Proposed FY2016 Activity, Facility, Health and Housing & Dining Rate Increases

<table>
<thead>
<tr>
<th></th>
<th>MU</th>
<th>UMKC</th>
<th>S&amp;T</th>
<th>UMSL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity, Facility, &amp; Health Fees</td>
<td>CPI</td>
<td>CPI</td>
<td>CPI</td>
<td>NA</td>
</tr>
<tr>
<td>S&amp;T NEW Student Services Fee (SB389) per semester</td>
<td></td>
<td></td>
<td>$7.90</td>
<td></td>
</tr>
<tr>
<td><strong>Combined</strong></td>
<td>3.3%</td>
<td>3.1%</td>
<td>3.1%</td>
<td>CPI</td>
</tr>
<tr>
<td>Housing</td>
<td>4.0%</td>
<td>3.5%</td>
<td>3.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Dining</td>
<td>1.9%</td>
<td>2.5%</td>
<td>3.5%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
FY2016 Revenue Drivers

- State Appropriations and Net Tuition are the two primary revenue drivers for the operations budget.
- New state appropriations will continue to be allocated to campuses based upon the strength of strategic funding proposals.
- A 1% increase in state appropriations is $4.2 million for the UM system.
## Net Tuition From a 1% increase in Rates

### Net Revenue Generated by a 1% Increase in Tuition Rates

<table>
<thead>
<tr>
<th>Category</th>
<th>$ Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Resident</td>
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</tr>
<tr>
<td>Graduate Resident</td>
<td>0.23</td>
</tr>
<tr>
<td>Graduate Non-Resident</td>
<td>0.32</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4.32</strong></td>
</tr>
<tr>
<td>Professional Schools (as proposed)</td>
<td><strong>$1.62</strong></td>
</tr>
</tbody>
</table>
FY2016 Cost Drivers

- The cost of a 1% increase in S&W is $8.6 million
  - Roughly equal to a 2% increase in tuition rates

- The flat benefit rate will remain unchanged
  - The rate for FY2016 will be 27.72% of benefit eligible salaries.
FY2016 Tuition and Fees Next Steps

- System review of supplemental fee and differential tuition requests
- Campus proposals refined in early January
- Final campus requests forwarded to Board for teleconference discussion in January
- Board approval of FY2016 tuition, fee, housing and dining rates at February Board meeting
The University needs sustainable funding sources to fund maintenance and repair (M&R) on the campuses. The facility needs backlog continues to grow with the backlog currently at approximately $1.4 billion. Each year, the facilities continue to deteriorate due to the lack of funding required to maintain them. A funding strategy to achieve this goal includes the campuses reallocating more internal funding to facility needs; the State providing additional support; and exploring a potential student funded Educational Facility Improvement Fee.

In May, the State Legislature passed Senate Bill No. 723, which raised the cap from $175 million to $375 million on the amount of revenue bonds that may be issued by the State Board of Public Buildings for projects at public higher education institutions. The bill also stipulated that the funds may only be used for repair or renovation of existing buildings and facilities; and the projects must be approved by a majority of the house and senate members of the committee on legislative research of the general assembly, and approved by the committee on legislative research. The governor signed the bill in July, but withheld funding for the debt service. In October, he announced the release of the funds for the debt so bonds may be issued.

The University of Missouri has been allocated $95,017,740 of the $200 million of revenue bonds to be issued by the State Board of Public Buildings for maintenance and repair projects. The following projects have been identified for this funding:

<table>
<thead>
<tr>
<th>Project</th>
<th>State M&amp;R Amount</th>
<th>University’s Contribution</th>
<th>Total Project Cost</th>
<th>Deferred Needs Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>MU Lafferre Hall Renovation</td>
<td>$38,500,000</td>
<td>$6,175,000</td>
<td>$44,675,000</td>
<td>$16,900,000</td>
</tr>
<tr>
<td>MU Stewart Hall Renovation</td>
<td>$12,530,236</td>
<td>$5,469,764</td>
<td>$18,000,000</td>
<td>$6,324,384</td>
</tr>
<tr>
<td>UMKC Spencer Chemistry/Biological Sciences Renovation</td>
<td>$18,285,638</td>
<td>$3,000,000</td>
<td>$21,285,638</td>
<td>$21,285,638</td>
</tr>
<tr>
<td>S&amp;T Schrenk West Renovation</td>
<td>$12,076,451</td>
<td>$6,160,229</td>
<td>$18,236,680</td>
<td>$18,236,680</td>
</tr>
<tr>
<td>UMSL Benton Hall Renovation</td>
<td>$13,625,415</td>
<td>$11,686,585</td>
<td>$25,312,000</td>
<td>$25,312,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$95,017,740</strong></td>
<td><strong>$32,491,578</strong></td>
<td><strong>$127,509,318</strong></td>
<td><strong>$88,058,702</strong></td>
</tr>
</tbody>
</table>

Lafferre Hall Renovation was approved during the last legislative session. The remaining four projects have been tentatively submitted to the State for approval.

By leveraging internal funding with the State funding, MU will complete a second project and the other campuses will complete approximately fifty percent of their number one
priority project. All of the projects support STEM programs. These projects will also address approximately 6.2% of the $1.4 billion deferred needs backlog.

To continue to make forward progress, the campuses need sustainable funding sources. The campuses need to continue to reallocate more internal funding to facility needs; the State needs to provide additional support; and explore a potential student funded Educational Facility Improvement Fee. This fee would be $10 to $15 per credit hour and would provide a sustainable funding source to assist in the stabilization of university facilities. The Educational Facility Improvement Fee would generate the following revenue per year:

<table>
<thead>
<tr>
<th></th>
<th>MU</th>
<th>UMKC</th>
<th>S&amp;T</th>
<th>UMSL</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10/pt</td>
<td>$8,700,000</td>
<td>$3,200,000</td>
<td>$2,000,000</td>
<td>$2,800,000</td>
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<tr>
<td>$15/pt</td>
<td>$13,000,000</td>
<td>$4,800,000</td>
<td>$3,000,000</td>
<td>$4,100,000</td>
</tr>
</tbody>
</table>

The campuses projected planned maintenance and repair funding (recurring funding allocated for maintenance and repair) for FY16 is approximately 41% of the target funding needed to maintain the facilities at a FCNI of 0.3 in ten years. The Education Facility Improvement Fee would fund approximately 17% of the anticipated target (M&R) funding needed at the $10/credit hour and approximately 25% of the anticipated target at the $15/credit hour in FY16. The fee, however, is only a portion of the funding needed to meet the target goal. The remaining funding required to meet the goal will need to be appropriated by the State or reallocated by the campuses.
Board of Curators
Finance Committee
Maintenance and Repair Update
UM
Maintenance and Repair Plan of Action

- Campuses must continue to reallocate funding to capital projects.
- Additional State Support.
- Potential Educational Facility Improvement Fee for students
  ($10-$15 per credit hour).
Maintenance and Repair Spending Trend

Campuses reallocate funding every year.

**UM EO 28 Historical Actual Spending on E&G Buildings**

- Recurring Funds
- One-Time Funds
- Target
Maintenance and Repair - State’s Response

May 2014 – Legislation Approves Senate Bill 723
- Increases amount of bonds by $200 million
- To be used for Maintenance and Repair of existing public higher education buildings and facilities

July 2014 – Governor Nixon approves bill.

October 2014 – Governor Nixon announces the release of bonds.
- UM may receive $95 million one time funds
Our Number 1 Priority Renovation Projects
Are in Need of Renovation Now.

- Lafferre Hall
- Stewart Hall
- Schrenk Hall
- Spencer Chemistry & Biological Sciences
- Benton Hall
UM Leverages State Funding to Tackle Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>State M&amp;R Amount</th>
<th>University’s Contribution</th>
<th>Total Project Cost</th>
<th>Deferred Needs Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>MU-Lafferre</td>
<td>$38,500,000</td>
<td>$6,175,000</td>
<td>$44,675,000</td>
<td>$16,900,000</td>
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<tr>
<td>MU-Stewart</td>
<td>$12,530,236</td>
<td>$5,469,764</td>
<td>$18,000,000</td>
<td>$6,324,384</td>
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<tr>
<td>UMKC- Spencer Chemistry &amp; Biological Sciences</td>
<td>$18,285,638</td>
<td>$3,000,000</td>
<td>$21,285,638</td>
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<td>S&amp;T-Schrenk West</td>
<td>$12,076,451</td>
<td>$6,160,229</td>
<td>$18,236,680</td>
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<tr>
<td>UMSL-Benton</td>
<td>$13,625,415</td>
<td>$11,686,585</td>
<td>$25,312,000</td>
<td>$25,312,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$95,017,740</strong></td>
<td><strong>$32,491,578</strong></td>
<td><strong>$127,509,318</strong></td>
<td><strong>$88,058,702</strong></td>
</tr>
</tbody>
</table>
UM Leverages State Funding to Tackle Projects

Projects will eliminate 6.2% of the $1.4 Billion M&R Backlog, but it continues to grow....
Additionally, Sustainable Funding Sources are Needed.

### Potential Educational Facility Improvement Fee

- **MU**: $14/sch
- **UMKC**: $4/sch
- **S&T**: $1/sch
- **UMSL**: $2/sch

### Impact of Educational Facility Improvement Fee to the Target Needed in FY16

- **$10/sch**
  - Additional Money Needed to Achieve Target: 42%
  - Educational Facility Improvement Fee: 17%
  - Campus Planned M&R Funds: 41%

- **$15/sch**
  - Additional Money Needed to Achieve Target: 34%
  - Educational Facility Improvement Fee: 25%
  - Campus Planned M&R Funds: 41%
In Summary:

- Sustainable sources are needed to reduce the backlog.
  - Campuses must continue to reallocate funding to capital projects.
- Additional State Support.
- Potential Educational Facility Improvement Fee for students ($10-$15 per credit hour).
At the June 2013 meeting, the Board approved the $71,124,750 Dobbs Group Replacement Project - Phase One to be funded from $54,124,750 in Residential Life Revenue Bonds, $12,500,000 in Campus Dining Services Reserves, and $4,500,000 in Residential Life Reserves. Additionally, at the June 2013 meeting, the Board approved employing Kirschner Wuennenberg Koester Architects (KWK), Inc. St. Louis, Missouri, as the project architect.

The University of Missouri, Division of Student Affairs implemented the Residential Life Master Plan (RLMP) in 2001, and updated the plan in 2005, and again in 2012. The RLMP work is being completed in five cycles and includes renovation or replacement of existing housing facilities. Cycle V of the RLMP includes the proposed replacement of the Dobbs Group - Jones, Lathrop and Laws residence halls. Also, the Campus Dining Services master plan calls for the proposed replacement of Dobbs Pavilion. The replacement of Jones, Lathrop, Laws and Dobbs Pavilion project will be jointly funded by Residential Life and Campus Dining Services, and will be completed in phases allowing for adjustments to the program for the remaining buildings if necessary. This project will complete Phase One.

The project will construct two new buildings: Residence Hall 1, consisting of 90,771 gross square feet with a 293-bed capacity; and Residence Hall 2/Dining Facility, consisting of 107,475 gross square feet with a 279-bed capacity and dining seating capacity of 615 persons. Both buildings are five-story structures located within the existing Dobbs Group on the southwest corner of Tiger Avenue and Kentucky Blvd., immediately east of the Southwest Campus Housing community.

The project will include the demolition of Jones Hall at the start of construction, and include the demolition of Dobbs Pavilion, upon the completion and occupancy of new Residence Hall 2/Dining Facility. The new Dobbs Group Replacement – Phase 1 project will be developed in context and harmony with the existing Southwest Campus Housing community to the immediate west, and will continue this theme with the Dobbs Group Replacement - Phase 2 in the future.

The housing program creates common areas in each new building; including the main lobby, lounge, front desk, and conference space; with a variety of support spaces as well as a two-bedroom hall coordinator apartment. The residential areas will incorporate community style living through the development of multiple living modules designed to accommodate 15-20 residents each. Each living module shall contain one study room and one community restroom. Each floor will also incorporate community and unisex restrooms, study rooms, and a social lounge. The dining program provides the flexibility of six distinct venues in a point-of-service concept during normal school year sessions, and can be converted to an all-you-care-to-eat concept for summer conferences and camps.
Dining seating capacity is 615 persons, sufficient for all current & planned student housing in this area.

The total construction cost for Phase One is $260/gsf and construction is anticipated to be fully complete by December 2017 in a sequenced manner, with new Residence Hall 1 complete by August 2016, followed by new Residence Hall 2/Dining Facility ready for occupancy by August 2017. The project is anticipated to earn LEED Certification. Site location map, a site plan, floor plans, building elevations, and renderings of the building design concept are attached.
AERIAL VIEW LOOKING NORTH
RESIDENCE HALL 1 – FIRST FLOOR PLAN
LEGEND
- Double Unit
- Single Unit
- Resident Bathroom
- Community
- Staff/Guest Apt
- RL Administration
- Support Spaces
- Dining/Servery/Kitchen
- Circulation

RESIDENCE HALL 2/DINING FACILITY – TYPICAL UPPER FLOOR PLANS
VIEW LOOKING NORTH
The University of Missouri-Columbia requests Project Approval for the Lafferre Hall – 1935/44 Renovation and Repair project. The total project budget is $44,675,000. Project funding will be provided from $38,500,000 in a State Appropriation plus $6,175,000 in Private Gifts.

Lafferre Hall constitutes 70% of the College of Engineering's space on the MU campus. It is comprised of 8 buildings cobbled together over the years 1892 - 2009 with a majority of the building's footprint built before 1950. In 2009, a 60,000 gross square foot (GSF) facility replaced the underutilized 1922 addition to create modern teaching and learning environments as well as up-to-date engineering research laboratories. This project will build on the successes of the 2009 addition to systematically renovate the 69,000 GSF of space in the 1935/1944 additions and the adjoining circulation systems to better address performance, way-finding and accessibility. In this area of the building, there is more than $15 million in critical needs with a Facilities Condition Needs Index (FCNI) of .91.

For the 1935/1944 additions, this project will renovate approximately 40,000 GSF on the first floor to provide space for experiential teaching and learning labs, computer labs, student machine shop, and student team areas; and approximately 29,000 GSF for research space for Electrical and Computer Engineering, Chemical Engineering and Mechanical and Aerospace Engineering. Renovation of these areas will encourage interdisciplinary interactions and better reflect what students can expect after graduation upon entering the workforce. Improved research facilities will yield better environments for graduate students and aid in improved research productivity through additional research expenditures per year. With the renovation, up to 15,000 GSF of additional shell space may be constructed as a third floor to the building using private funds. The renovation of the 1935/44 section will support the nearly 60% growth the College of Engineering has experienced over the past seven years.

Programmatically the project will provide flexible instructional teaching laboratories and experiential learning project space, research spaces and laboratories, academic support spaces, and collaborative student success spaces. The spatial and architectural solutions will focus on creating more transparency and flexibility with a minimal amount of constraining walls or partitions. Offices, where necessary, will default to more open collaborative work spaces with a minimal amount of closed offices. In addition, the project will address building envelope issues with a new roof, new windows and exterior masonry repair and tuckpointing; new infrastructure systems (mechanical, plumbing, electrical, fire protection, and communications); as well as addressing all code, accessibility and life safety issues in the 1935/1944 additions.

The project will also address other select areas of the Lafferre Hall complex that need specific renovation or repair to address high FCNI. These areas include the renovation of...
approximately 16,000 GSF in the 1892 Building which has an FCNI of .36, the renovation of approximately 7,500 GSF in the 1893 Building and 1993 addition, air handing unit refurbishment in the 1958 Addition, and re-roofing of the 1991 Addition Library area.

A Program and Planning Study is targeted to be complete by mid-December 2014.

Treanor Architects, P.A. Kansas City, Missouri, is the recommended Architect for this project. This team demonstrated the needed experience and knowledge to provide the design services required for this extremely complex project in terms of optimizing a successful programmatic solution within a deteriorating facility, in a logistically challenging siting context, and within an accelerated design and construction schedule. The team has significant College of Engineering projects at University of Kansas, Texas A&M, the University of North Texas, and University of Arkansas; and exhibited the ability to create flexible, adaptable and comfortable environments that encourage and stimulate educational advances and discovery. The design team will also include PW Architects, Inc., Columbia, Missouri as an associate architect; Ross & Baruzzini, Inc., St. Louis, Missouri for mechanical, plumbing and fire protection engineering; Antella Consulting Engineers, Inc., Kansas City, Missouri [MBE] for electrical engineering; Structural Engineering Associates, Inc., Kansas City, Missouri for structural engineering; SK Design Group, Inc., Shawnee Mission, Kansas [MBE] for civil engineering; Code Consultants, Inc., St. Louis, Missouri for code consulting; and Cooper Construction Estimating, LLC, St. Louis, Missouri for cost estimating.

The selection committee also interviewed Cannon Design, Inc., St. Louis, Missouri and Hellmuth Obata Kassabaum (HOK), Inc., St. Louis, Missouri.

The fee for basic architectural and engineering services has been determined by using the University of Missouri’s “Architectural and Engineering Basic Services Fee Estimating Guidelines” at 7.4% of construction cost of $32,000,000, or $2,368,000. Additional services for multiple bid packages, accelerated design to meet the schedule, and Audio/Visual specialty sub-consultant are anticipated at $186,000 for a total design fee of $2,554,000.

The total construction cost for the impacted area throughout Lafferre Hall is $294/GSF. The project will be delivered as a Construction Manager at Risk (CMR). Construction completion is scheduled for December 2016.
Recommended Action - Project Approval, Lafferre Hall – 1935/44 Renovation and Repair, MU

It was recommended by Chancellor Loftin, endorsed by President Wolfe, recommended by the Finance Committee, moved by Curator ________________ and seconded by Curator ________________, that the following action be approved:

the project approval for the Lafferre Hall – 1935/44 Renovation and Repair project for the University of Missouri-Columbia.

Funding of the project budget is from:

State Appropriations $38,500,000
Private Gifts 6,175,000
Total Funding $44,675,000

Roll call vote Finance Committee YES NO
Curator Covington
Curator Cupps
Curator Goode
Curator Phillips
Curator Steelman
Curator Steward

The motion ________________.

Roll call vote Full Board: YES NO
Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ________________.
Revised Project Approval
Missouri Orthopaedic Institute - Addition and Renovation
MU

The University of Missouri-Columbia requests revised project approval to increase the project budget for the Missouri Orthopaedic Institute (MOI) Addition and Renovation from $35,000,000 to $41,000,000 and to fund the $6,000,000 increase from a gift of $3,000,000 and the remaining $3,000,000 from either matching funds of $3,000,000 from the Higher Education Capital Fund or from MU Department of Orthopaedics Reserves (School of Medicine). In September 2013, the Board approved the Missouri Orthopaedic Institute - Addition and Renovation with a total project cost of $35,000,000 funded from $30,000,000 MU Health Care Revenue Bonds by University Health Care charges and $5,000,000 from MU Health Care Reserve Funds. Additionally, at the September 2013 meeting, the Board approved employing BSA Life Structures, Inc., St. Louis, Missouri, as the project architect). In October 2014, the Board approved an appropriations request to the Higher Education Capital Fund for $3 million.

The MOI expansion for University of Missouri Health Care is a 3-story, 72,865 gross square foot (GSF) addition and 18,340 GSF renovation to the existing 120,800 GSF facility completed in 2010. The additional funding will allow the construction of a 13,750 GSF fourth floor to the MOI addition for academic space to be known as “The Center for Regenerative Orthopaedics”. The space will include research laboratories, conference rooms, collaboration and display areas, offices, and support space. This new facility will provide space to bring together world class basic scientists and clinicians so that progress can be achieved efficiently and effectively. The faculty, clinicians, and staff using the space will strive for relentless pursuit of discoveries and advances in orthopaedic diagnostics and treatments aimed at saving quality of life through improvements in healthcare training and delivery. The new facility will support these people in bringing discoveries to real world application as never before.

This additional work will be included in the project base bid. The revised budget includes $257,400 for additional design costs to the design consultant, BSA Life Structures, Inc.

The construction estimate for this project is approximately $260/GSF. Construction is planned to be completed in June of 2017. Site location map, a site plan, floor plans, building elevations, and renderings of the building design concept are attached.
Recommended Action – Revised Project Approval, Missouri Orthopaedic Institute - Addition and Renovation, MU

It was recommended by Chancellor Loftin, endorsed by President Wolfe, recommended by the Finance Committee, moved by Curator _____________, and seconded by Curator _____________, that the following action be approved:

that the previously approved project budget for the Missouri Orthopaedic Institute Addition and Renovation be increased from $35,000,000 to $41,000,000 and to fund the $6,000,000 increase from a gift of $3,000,000 and the remaining $3,000,000 from either matching funds of $3,000,000 from the Higher Education Capital Fund or from MU Department of Orthopaedics Reserves (School of Medicine), for University of Missouri Health Care.

Funding of the project budget is from:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>MU Health Care Revenue Bonds</td>
<td>$30,000,000</td>
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<tr>
<td>MU Health Care Reserve Funds</td>
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</tr>
<tr>
<td>Private Gifts</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Higher Education Capital Funding or MU Department of Orthopaedics Reserves (School of Medicine)</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Total Funding</td>
<td>$41,000,000</td>
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Roll call vote Finance Committee YES NO
Curator Covington
Curator Cupps
Curator Goode
Curator Phillips
Curator Steelman
Curator Steward

The motion ________________.

Roll call vote Full Board: YES NO
Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ________________.
VIEW LOOKING AT NEW DROP OFF AND ENTRY

MISSOURI ORTHOPAEDIC INSTITUTE
ADDITION AND RENOVATION
December 2014
SITE PLAN

MISSOURI ORTHOPAEDIC INSTITUTE
ADDITION AND RENOVATION
December 2014
FIRST FLOOR PLAN

MISSOURI ORTHOPAEDIC INSTITUTE
ADDITION AND RENOVATION
December 2014
SECOND FLOOR PLAN

MISSOURI ORTHOPAEDIC INSTITUTE
ADDITION AND RENOVATION
December 2014
THIRD FLOOR PLAN

MISSOURI ORTHOPAEDIC INSTITUTE
ADDITION AND RENOVATION
December 2014
FOURTH FLOOR PLAN

MISSOURI ORTHOPAEDIC INSTITUTE
ADDITION AND RENOVATION

December 2014

BSA
Life Structures

North
VIEW AT MONK DRIVE AND STADIUM DRIVE

MISSOURI ORTHOPAEDIC INSTITUTE
ADDITION AND RENOVATION
December 2014
AERIAL VIEW LOOKING SOUTHWEST

MISSOURI ORTHOPAEDIC INSTITUTE
ADDITION AND RENOVATION
December 2014

December 11-12, 2014
Recommended Action - Adjourn Board of Curators Finance Committee Meeting

It was moved by Curator __________ and seconded by Curator __________, that the Board of Curators Finance Committee Meeting, December 11-12, 2014, be adjourned.

Roll call vote of the Committee: YES  NO

Curator Covington
Curator Cupps
Curator Goode
Curator Phillips
Curator Steelman
Curator Steward

The motion ________________.
The Governance Committee shall consist of three curators. The Board Chair and the President of the University shall serve as ex officio members of the committee. Ordinarily, not more than two of the three committee members shall be new in any given year. When possible, the immediate past chair of the board shall serve as chair of the committee. The committee shall have a broad mandate from the board to work with the board chair and the president of the university to help the board function effectively, efficiently and with integrity. Its responsibilities shall minimally include:

- ensuring that a substantive orientation process is in place for all new board members
- overseeing, or determining with the board chair and president, the timing and process of periodic board self-assessment;
- encouraging board members to participate periodically in in-service education opportunities;
- ensuring that the board adheres to its rules of conduct, including conflict-of-interest and disclosure policies, and that it otherwise maintains the highest levels of integrity in everything it does; and
- shall periodically review the adequacy of the board's bylaws and other Collected Rules and Regulations adopted by the Board that pertain to its internal operations. All recommendations for bylaws amendment shall first be considered by this committee.

In sum, this committee is responsible for good governance especially those policies and practices affecting the performance of the governing board and its members in service to the University of Missouri and to the public trust.
### Annual Governance Committee Meeting Topics

<table>
<thead>
<tr>
<th>Month Range</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>January/February</td>
<td>Review Efficiency &amp; Effectiveness Report</td>
</tr>
<tr>
<td>March/April</td>
<td>Missouri S&amp;T Campus Master Plan Update (every 3 years)</td>
</tr>
<tr>
<td>June</td>
<td>MU Campus Master Plan Update (every 3 years)</td>
</tr>
<tr>
<td>July</td>
<td></td>
</tr>
<tr>
<td>September/October</td>
<td>UMKC Campus Master Plan Update (every 3 years)</td>
</tr>
<tr>
<td>November/December</td>
<td>Review Curator Orientation Plan (biennially)</td>
</tr>
</tbody>
</table>
New Curator Orientation Plan, 2015

General Overview of Missouri Higher Education, Board of Curators and University of Missouri – President Wolfe and General Counsel Owens

1. General Overview of University of Missouri System
   A. The University of Missouri – brief history, structure, constitutional basis and land grant mission
   B. University of Missouri Board of Curators
   C. The nature of the university and a brief survey of public higher education and its governance system
   D. Coordinating Board for Higher Education, Senate Bill 389, Waiver process
   E. Board Communication
   F. Mission of the University of Missouri: Teaching, Research, Outreach, Economic Development

2. University of Missouri System Priorities and Legislative Priorities

UM Budget and Finances - Vice President Burnett

1. University of Missouri Consolidated Financial Statements
2. University of Missouri Budgeting
3. Investments and Endowments
4. Debt Financing

Human Resources – Vice President Rodriguez

1. Benefits
2. Retirement Plan
3. Compensation

December 11-12, 2014
Office of General Counsel – General Counsel Owens

1. Administration: Reporting lines
2. Introduction of Office of General Counsel, attorneys and responsibilities
3. Legal Name of the University
4. Sources of Laws and Rules
5. Board By Laws
6. Introduction to Sunshine Law
7. Board officers, meeting agendas, standing committees, etc.

Board Secretary Harmon

1. Forms, signatures
2. Meeting calendar and mechanics
3. Contacts/Communication
4. Organizations to begin communications with Curators (i.e., AGB, Chronicle for Higher Education)

ADDITIONAL ORIENTATION SESSIONS: (to be scheduled by Board Secretary)

Campus Orientations

University of Missouri-Kansas City campus orientation
Missouri University of Science and Technology campus orientation
University of Missouri-Columbia (MU campus, UMHC, Athletics and Extension) orientation
University of Missouri-St. Louis campus orientation

Campus Orientation Agenda
(orientation sessions scheduled in conjunction with board meetings)

- Introduction of chancellor’s staff

- Chancellor’s Presentation
  1. Campus Mission Statement
  2. Campus Master Plan
  3. Campus Strategic Plan
  4. Performance Measures
  5. Chancellor’s advisory council or trustee/alumni support group(s)
  6. Capital projects plan and appropriations request
  7. Capital campaign report
• Mission-directed campus tour (teaching, research, service, economic development)

**Vice Presidents’ Department Orientation Sessions** (orientation schedule to be coordinated by Board Secretary):

Departments to be scheduled:
- Academic and Student Affairs
- Research and Economic Development
- Information Technology
- University Relations

Department Agendas:
- Provide concise introduction to the department, personnel, etc.
- In-depth orientation to be provided to individual curators once committee appointments are made, focusing on committee responsibilities (role of Chair, prep for meetings).
- Focus presentation on the mechanics of the university as they relate to the obligations and responsibilities of the board of curators (policy-making/governance).
Gary Ward, MU Chief Operating Officer and Vice Chancellor for Operations, will provide information about the current conditions and future plans for renovation of MU’s buildings on the Francis Quadrangle. During his presentation, Ward will provide a recent history of other buildings that have been renovated and the outcomes of those renovations. Ward also will give a detailed explanation of the challenges with decommissioning Pickard Hall, its current status, and an approximate timeline for resolution.
Red Campus

Board of Curators
December 2014
E&G Buildings
Requiring Renovation

E&G Campus

December 11-12, 2014
## Francis Quadrangle

<table>
<thead>
<tr>
<th>Building</th>
<th>FCNI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Jesse Hall</td>
<td>.47</td>
</tr>
<tr>
<td>2. Swallow Hall</td>
<td>.54</td>
</tr>
<tr>
<td>3. Chancellor’s Residence</td>
<td>.05</td>
</tr>
<tr>
<td>4. Pickard Hall</td>
<td>.44</td>
</tr>
<tr>
<td>5. Reynold’s Journalism Institute</td>
<td>.08</td>
</tr>
<tr>
<td>6. Walter Williams</td>
<td>.09</td>
</tr>
<tr>
<td>7. Neff Hall</td>
<td>.60</td>
</tr>
<tr>
<td>8. Neff Addition</td>
<td>.64</td>
</tr>
<tr>
<td>9. Gannett Hall</td>
<td>.16</td>
</tr>
<tr>
<td>10. Geological Sciences</td>
<td>.35</td>
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<tr>
<td>11. McAlester Hall</td>
<td>.74</td>
</tr>
<tr>
<td>12. Parker Hall</td>
<td>.60</td>
</tr>
<tr>
<td>13. Old Student Health</td>
<td>.71</td>
</tr>
<tr>
<td>14. Noyes Hall</td>
<td>.92</td>
</tr>
<tr>
<td>15. Switzler Hall</td>
<td>.00</td>
</tr>
<tr>
<td>16. Lafferre Hall</td>
<td>.91</td>
</tr>
<tr>
<td>17. Hill Hall</td>
<td>.54</td>
</tr>
</tbody>
</table>
Recent Accomplishments

Tate Hall: $8.6M project
- Added 62 additional classroom seats and 23 offices
- Eliminated $6.97M in deferred maintenance

Switzler Hall: $7M project
- Added 220 additional classroom seats and 11 offices
- Eliminated $3.87M in deferred maintenance

Gwynn Hall: $11.5M project
- Improved 4,000 GSF of underutilized space for nutrition research
- Eliminated $9.21M in deferred maintenance

The Tate, Switzler and Gwynn projects reduced annual maintenance and utility costs by over $100K!
Jesse Hall

• .47 FCNI
• 1895: Built to replace Administrative Hall, which was destroyed by fire in 1892.
• 1996: Exterior work.
• Current project: Add a sprinkler/fire alarm system, improve HVAC system, replace existing elevator and add one additional elevator.
• $8.6M project
• Eliminates $8.8M in deferred maintenance
• Completion: March 31, 2015
Swallow Hall

- .54 FCNI
- 1893: Built as the zoological/geological building and later the School of Business and Commerce.
- 1931: Tornado tore one of the “witch’s hats” off the building. When money was unavailable for repairs, the other was taken off in order to make the building symmetrical.
- 2000: Exterior repairs, including returning the building to its original architectural glory.
- Current: Renovation is under way and slightly ahead of schedule.
- $16.9M project
- Eliminates $5.5M in facility needs
Swallow Hall
Lafferre Hall

- .91 FCNI
- $44.675M project
- Renovate 69,000 GSF in the 1935/1944 additions and address other building issues
- Provide flexible instructional teaching labs, experiential learning, research, lab, academic support and collaborative student success spaces
- Eliminates $15M in critical needs
- Completion in late Dec. 2016
Neff Hall & Neff Addition

• Neff Hall
  • .60 FCNI
  • Built in 1918
  • Served as the first journalism building
  • Future renovation would retain historical character

• Neff Addition
  • .64 FCNI
  • Built in 1959
  • No historical significance; served as the Columbia Missourian building
  • Prime location, as the northeast entrance to the university
Pickard Hall

- 1892: Chemical Laboratory Building constructed (24,601 SF)
- 1973: Placed on the National Register of Historic Places
- 1976: Home to art history, archaeology and museum, the building is renamed Pickard Hall after Dr. John Pickard, a professor of classical archaeology and art history from 1902 – 1929.
- 1987: Latest interior renovation
- 2014: Current FCNI of .44 (indicating complete renovation required)
Dr. Herman Schlundt

- 1902: Herman Schlundt joins the chemistry faculty at MU
- 1910: Dr. Schlundt becomes department chair and holds that position until his death
- 1913-1930s: Schlundt studies radium refining in the Chemical Laboratory Building (Pickard)
- 1922-mid 1930: Schlundt has thousands of pounds of radioactive waste shipped from Chicago and New Jersey to study
- 1928: He drinks water spiked with a known dose of radium as part of a study on workplace practices with radium
- 1937: He dies as a result of kidney failure. He was 68.
Regulatory Change

- **1960s**: MU discovers lingering radiation in Pickard Hall and institutes a monitoring program that indicates readings well below Missouri’s public exposure limits.

- **2005**: Nuclear Regulatory Commission’s (NRC) jurisdiction expands to include radium, which was previously state regulated.

- **2009**: NRC’s jurisdiction requiring decommissioning of sites with naturally occurring radioactive materials becomes effective in Missouri.

- **2009**: MU notifies the NRC that Pickard Hall falls under this jurisdiction. NRC asks for a two-year cleanup plan.

- **2011**: MU requests an indefinite delay citing education, cultural and historical significance of the building. Request was not favorably received.

- **2013**: MU retracts indefinite delay request and closes Pickard Hall to begin decommissioning.

- **2015**: Characterization plan due to NRC on March 31.
Characterization Plan

- Determine what contaminants are present?
- Determine where contaminants are?
- Determine if the contaminants are surface only or are also subsurface?
- Characterization Plan results used to determine decommissioning path.
Next Steps and Tentative Timeline

- Sept. 8, 2014: RFQ issued
- Oct. 10, 2014: Consultant selected
- March 31, 2015: Submit characterization plan to NRC; NRC will either accept or request additional information
  - Complete approval process will be approximately 12 months.
- 2016: Characterization Plan Implementation
  - Complete characterization process will be approximately 12 months.
- 2017: Campus/BOC discussion on final decommissioning path for Pickard
- 2017: Begin implementation of final decommission plan, 3-5 years completion time depending on plan
- 2020-2022: decommissioning complete
Questions
No. 1

Recommended Action - Adjourn Board of Curators Governance, Resources and Planning Committee Meeting.

It was moved by Curator ___________ and seconded by Curator ___________, that the Board of Curators Governance, Resources and Planning Committee meeting, December 11-12, 2014, be adjourned.

Roll call vote of the Committee: YES NO

Curator Bradley
Curator Covington
Curator Goode

The motion ______________.
AUDIT COMMITTEE

Pamela Q. Henrickson, Chairwoman
David R. Bradley
Wayne Goode
John R. Phillips
David L. Steward

The Audit Committee will assist the Board of Curators in fulfilling its oversight responsibilities relating to: the integrity of the University's financial statements, the systems of internal control, the performance of the University's independent auditors and internal audit function, the independent auditor's qualifications and independence, and the University's compliance with legal and regulatory requirements.

a. The Audit Committee shall be the Board Committee on audit.
b. The Audit Committee shall meet four times per year to consider business related to its audit function. Sufficient opportunity for the internal and independent auditors to meet with the Committee should be provided. At least annually, the Audit Committee, as part of its audit function, shall meet solely with the independent auditor and the internal auditor.
c. The Audit Committee in its audit role may investigate any matter brought to its attention with full access to all records, facilities, and personnel of the University and the authority to engage other individuals as necessary to carry out its duties.
d. The responsibilities of the Audit Committee in its audit function include, but are not limited to, a review of the internal audit plan, a review of audits completed, a review of annual audited financial statements, and recommending to the full Board of Curators the appointment of the University's independent and internal auditors.
e. The Audit Committee may establish processes, procedures, and regulations governing their oversight of the internal and external audit process.
<table>
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<tr>
<th><strong>Annual Audit Committee Meeting Topics</strong></th>
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<tr>
<td><strong>January/February</strong></td>
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<tr>
<td>Review charter to reassess adequacy and reports to the Board on any revisions needed in light of new best practices and new legal, regulatory, accounting or auditing requirements</td>
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<tr>
<td>Review the university’s code of conduct to ensure that it is adequate and up-to-date (Biennially)</td>
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<tr>
<td>Review annual summary of Fiscal Misconduct Reporting Line</td>
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<td>Review quarterly internal audit reports</td>
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<tr>
<td>Approve the appointment of the independent auditors and related fees</td>
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<tr>
<td><strong>March/April</strong></td>
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<tr>
<td>Review scope of current year independent audit with independent auditors and Vice President for Finance</td>
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<tr>
<td>Review quarterly internal audit reports</td>
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<tr>
<td>Review bi-annual internal audit follow-up reports and dashboard</td>
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<tr>
<td>Review A-133 Audit Report</td>
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<tr>
<td><strong>June</strong></td>
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<tr>
<td>Review and approve the appointment of the internal auditors and related fees</td>
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<tr>
<td>Review quarterly internal audit reports</td>
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<tr>
<td><strong>July</strong></td>
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<tr>
<td><strong>September/October</strong></td>
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<tr>
<td>Review annual audited financial statements (either October or December)</td>
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<tr>
<td>Review the internal audit risk assessment, and the resulting audit plan</td>
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<tr>
<td>Review quarterly internal audit reports</td>
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<tr>
<td>MU Health System - Internal Audit Compliance Committee Annual Report</td>
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<tr>
<td>Review bi-annual internal audit follow-up reports and dashboard</td>
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<tr>
<td>Meet with the independent auditor at the completion of the annual financial audit; with the internal auditor in conjunction with risk assessment review (either at October or December meeting)</td>
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<tr>
<td><strong>November/December</strong></td>
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<tr>
<td>Review annual audited financial statements (either at October or December meeting)</td>
</tr>
<tr>
<td>Meet with the independent auditor at the completion of the annual financial audit; with the internal auditor in conjunction with risk assessment review (either at October or December meeting)</td>
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Provided for the Audit Committee is the electronic file of the External Auditors Report which includes the documents listed below relating to the audits of the financial statements for fiscal year 2014. Susan Eickhoff, KPMG Partner, will present the External Auditors Report at the Audit Committee Meeting and will be available to answer questions.

I. Required Communication with the Audit Committee of the Board of Curators

II. Overview and Scope of KPMG’s Independent Audits

III. Engagement Letter

IV. Management Representation Letters in connection with audits of the following financial statements as of and for the years ended June 30, 2014:
   - University of Missouri System
   - University of Missouri Health Care

V. Independent Auditors’ Reports on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the University’s Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2014.

VI. Independent Auditors’ Reports on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the University of Missouri Health Care’s Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2014.

VII. Independent Auditors’ Reports on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Capital Region Medical Center’s Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2014.
University of Missouri System report to the Audit Committee of the Board of Curators

Independent external audits
For the fiscal year ended June 30, 2014
December 11, 2014
Agenda – December 11, 2014

Required communication with the Audit Committee of the Board of Curators

- Letter to members of the Audit Committee of the Board of Curators
- Our responsibility under professional standards
- Accounting policies and significant and unusual transactions
- Management judgments and accounting estimates
- Audit adjustments and uncorrected adjustments
- Interaction with management and other required disclosures

Overview and scope of our independent audits

Other deliverables

KPMG’s Audit Committee Institute (ACI)

Enclosures:

- Engagement Letters
- Management Representation Letters and Summaries of Uncorrected Adjustments
- Government Auditing Standards Internal Control Opinions
- KPMG’s System of Quality Controls and KPMG’s System of Quality Controls: An Addendum
Letter to members of the Audit Committee of the Board of Curators

Members of the Audit Committee of the Board of Curators
University of Missouri System:

We have completed our audits of the following financial statements, and have issued our reports thereon:

- The business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the University of Missouri System (the University), a component unit of the State of Missouri, as of and for the year ended June 30, 2014.
- The financial statements of University of Missouri Health Care (MU Health Care) as of and for the year ended June 30, 2014.

Under our professional standards, we are providing you with the enclosed information related to the conduct of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of Missouri System’s basic financial statements. The introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

U.S. generally accepted accounting principles require that the information in the Management’s Discussion and Analysis, and the schedules of changes in net pension liability, the schedule of contributions, the schedule of annual money-weighted rate of return on pension plan investments, the notes to required supplementary information, the OPEB plan schedule of funding progress, and the OPEB plan schedule of employer contributions to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Effective July 1, 2013 the University and MU Health Care implemented Government Accounting Standards Board (GASB) No. 65, \textit{Items Previously Reported as Assets and Liabilities}. Additionally, effective July 1, 2013, the University implemented GASB No. 67, \textit{Financial Reporting for Pension Plans}, and GASB No. 68, \textit{Accounting and Financial Reporting for Pensions}. Our opinions are not modified with respect to this matter.

This report to the Audit Committee of the Board of Curators is intended solely for the information and use of the Board of Curators and University management and is not intended to be and should not be used by anyone other than these specified parties. This report is not intended for general use, circulation or publication and should not be published, circulated, reproduced or used for any purpose without our prior written permission in each specific instance.

We wish to express our gratitude for the cooperation and courtesy extended to us by all University personnel.

Very truly yours,

KPMG LLP

Susan J. Eickhoff
Partner

December 11-12, 2014
Our responsibility under professional standards

We are responsible for forming and expressing opinions about whether the financial statements, that have been prepared by management with the oversight of the Audit Committee of the Board of Curators, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We have a responsibility to perform our audits of the financial statements in accordance with professional standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

In carrying out this responsibility, we planned and performed the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audit does not relieve management or the Audit Committee of the Board of Curators of their responsibilities.

In addition, in planning and performing our audits of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the University’s or MU Health Care’s internal control. Accordingly, we do not express an opinion on the effectiveness of the University’s or MU Health Care’s internal control.

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the Audit Committee of the Board of Curators in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.
Accounting policies and significant and unusual transactions

- The significant accounting policies used by the University and MU Health Care are described in the notes to the financial statements.

- We noted no transactions entered into by the University or MU Health Care during 2014 that were both significant and unusual and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

- We have discussed with management our judgments about the quality, not just the acceptability, of the University's and MU Health Care's accounting principles as applied in its financial reporting. The discussions generally included such matters as the consistency of the University's and MU Health Care's accounting policies and their application, and the understandability and completeness of the University's and MU Health Care's financial statements, which include related disclosures.
Management judgments and accounting estimates

■ The preparation of the financial statements requires management of the University and MU Health Care to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

■ Significant accounting estimates for the University and/or MU Health Care are as follows:
  – Management provides for an allowance for uncollectible accounts, pledges, and notes receivable based on management’s estimate of amounts which will ultimately become uncollectible.
  – Management records investments and interest rate swap agreements at their estimated fair value.
  – Management records an estimated liability for workers’ compensation claims, general liability claims, health claims, and medical malpractice claims incurred but not paid based on management’s estimate of amounts which will ultimately become payable.
  – Management records a net pension liability and deferred inflow of resources and makes contributions to the University’s Retirement, Death, and Disability Plan and to the University’s Other Postemployment Benefits Plan based on actuarially determined percentages.
  – Management provides estimates for contractual allowances and third-party settlements to record net patient medical service revenue at estimated realizable amounts.

■ We evaluated the key factors and assumptions used to develop the accounting estimates in determining that the estimates are reasonable at June 30, 2014 in relation to the financial statements, taken as a whole.
Audit adjustments and uncorrected adjustments

In connection with our audits of the financial statements, we have discussed with management a financial statement adjustment which has not been corrected in the books and records of the University as of and for the year ended June 30, 2014. We have reported the adjustment to management on the Summary of Uncorrected Financial Statement Adjustments and have received written representations from management that management believes the effect of the uncorrected financial statement adjustment is immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A copy of the summary which has been provided to, and discussed with, management is included as an attachment to the University management representation letter. The adjustment relates to the following:

- Change in fair value of nonmarketable alternative investments – Pension Trust Funds (Aggregate Remaining Fund opinion unit).

In connection with our audits of the financial statements, we have discussed with management financial statement adjustments which have not been corrected in the books and records of MU Health Care as of and for the year ended June 30, 2014. We have reported the adjustments to management on the Summary of Uncorrected Financial Statement Adjustments and have received written representations from management that management believes the effect of the uncorrected financial statement adjustments is immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A copy of the summary which has been provided to, and discussed with, management is included as an attachment to the MU Health Care management representation letter. The adjustments relate to the following:

- Additional liability reserve for prescription drugs.
- Cumulative effect of change in accounting principle for bond issuance costs in accordance with GASB 65.
Interaction with management and other required disclosures

- There were no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our auditors’ reports.
- To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the year ended June 30, 2014.
- We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the University and MU Health Care auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
- We hereby confirm that as of June 30, 2014 and December 11, 2014, we are independent accountants with respect to the University and MU Health Care under all relevant professional and regulatory standards.
- We received full cooperation from management in performing our audits.
- Enclosed in this report, please find copies of the following material written communications between University management and KPMG:
  - Engagement Letters
  - Management Representation Letters and Summaries of Uncorrected Financial Statement Adjustments
  - Government Auditing Standards Internal Control Opinions
- The enclosed document titled, “KPMG – Our System of Quality Controls” and “KPMG – Our System of Quality Controls: An Addendum,” is being provided to communicate to you matters related to KPMG’s system of quality control.
Overview and scope of our independent audits

- Financial Statements of the University of Missouri System

- Financial Statements of University of Missouri Health Care
  - The financial statements of MU Health Care are intended to present the net position, statements of revenues, expenses, and changes in net position, and cash flows of only that portion of the business-type activities of the University that is attributable to the transactions of MU Health Care. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2014 and 2013, the changes in its financial position or its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.
  - Effective July 1, 2013, MU Health Care implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

- Our audit scope and procedures for both the University and MU Health Care were consistent with our fiscal year 2014 audit plan discussed at the April 10, 2014 Board of Curators meeting.

- Independent Auditors’ Reports on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
  - No significant deficiencies or material weaknesses in internal controls were noted for either the University or MU Health Care.
Other deliverables

- Other Reports Issued
  - Financial Statements of Capital Region Medical Center.
  - Report on Debt Compliance of Capital Region Medical Center.

- Reports To Be Issued
  - Agreed-Upon Procedures required by the NCAA for the Intercollegiate Athletics Department (Columbia and Kansas City).
  - OMB Circular A-133 Single Audit.

- Other
  - We issued an Independent Accountants’ Consent for the inclusion of our report in the 2014 Commercial Paper issuance.
KPMG’s Audit Committee Institute (ACI)

- Upcoming Events
  - KPMG/ACI/National Association of Corporate Directors (NACD) Quarterly Audit Committee Webcast Series
    - Future 2015 Webcasts
      - January 8, 2015
      - March 26, 2015
      - June 25, 2015
      - September 24, 2015
  - Previous Webcasts available for replay
    - June 26, 2014 – Transitioning to COSO 2013: Considerations for the Audit Committee
    - March 27, 2014 – Cyber Insecurity: How Safe Can the Company’s Data Assets Be?
    - September 25, 2013 – Managing Risk for Strategic Value and Competitive Advantage
    - KPMG’s 11th Annual Audit Committee Issues Conference February 2-3, 2015
      - Governance Challenges & Priorities Driving the 2015 Agenda
        - JW Marriott Marquise Miami, Miami, FL
  - Audit Committee Institute Roundtable Series
  - Resources
    - Audit Committee Insights (email newsletter): www.kpmginsights.com
    - ACI website: www.kpmg.com/aci
    - ACI mailbox: auditcommittee@kpmg.com
    - ACI hotline: 1-877-KPMG-ACI
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Engagement Letters
March 26, 2014

PRIVATE & CONFIDENTIAL

Mr. Thomas Richards
Treasurer and Interim Vice President for Finance
University of Missouri System
215 University Hall
Columbia, MO 65211

Dear Tom:

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to The Curators of the University of Missouri (the University).

Objectives and Limitations of Services

Financial Statement Audit Services

You have requested that we audit the University's financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, with the objective of expressing an opinion as to whether the presentation of the financial statements that have been prepared by management with the oversight of those charged with governance, conforms with U.S. generally accepted accounting principles.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. In conducting the audit, we will perform tests of the accounting records and such other procedures, as we consider necessary in the circumstances, based on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud, to provide a reasonable basis for our opinion on the financial statements. We also will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and evaluate the overall financial statement presentation.

Our audit of the financial statements will be planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Because of the inherent limitations of an audit,
together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud (including fraud that may be an illegal act), and other illegal acts may exist and not be detected by an audit of financial statements even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards. Also, an audit is not designed to detect matters that are immaterial to the financial statements, and because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to detect abuse.

We will also perform certain limited procedures to the required supplementary information as required by auditing standards generally accepted in the United States of America. However, we will not express an opinion or provide any assurance on the information. Our report relating to the financial statements will include our consideration of required supplementary information.

Subject to the last sentence of this paragraph, we will issue a written report upon completion of our audit of the University’s financial statements addressed to the Board of Curators of the University. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add emphasis-of-matter or other-matter paragraphs or withdraw from the engagement.

While our report may be sent to the University electronically for your convenience, only the hard copy report is to be relied upon as our work product.

**Internal Control over Financial Reporting and Compliance and Other Matters**

In making our risk assessments as part of planning and performing our audit of the financial statements, we will consider the University’s internal control relevant to the preparation and fair presentation of the financial statements in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the University’s compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, our objective is not to provide an opinion on compliance with such provisions.

In accordance with Government Auditing Standards, we will prepare a written report, Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards (GAGAS report), on our consideration of internal control over financial reporting and tests of compliance made as part of our audit of the financial statements. While the objective of our audit of the financial statements is not to report on the University’s internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements, this report will include any material weaknesses and significant deficiencies to the extent they come to our attention. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material
misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. This report will also include instances of:

- Fraud and noncompliance with provisions of laws or regulations that have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance;

- Noncompliance with provisions of contracts or grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives; or

- Abuse that is material, either quantitatively or qualitatively.

The report will describe its purpose and will state that it is not suitable for any other purpose.

In accordance with Government Auditing Standards, we will also issue a management letter to communicate instances of noncompliance with provisions of contracts or grant agreements or abuse that have an effect on the financial statements that is less than material but warrant the attention of those charged with governance.

**OMB Circular A-133 Audit Services**

We will also perform audit procedures with respect to the University’s major federal programs in accordance with the provisions of OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133). OMB Circular A-133 includes specific audit requirements, mainly in the areas of internal control and compliance with laws, regulations, contracts, and grant agreements that exceed those required by Government Auditing Standards.

As part of our audit procedures performed in accordance with the provisions of OMB Circular A-133, we will perform tests to evaluate the effectiveness of the design and operation of internal controls that we consider relevant to preventing or detecting material noncompliance with laws, regulations, contracts, and grant agreements applicable to each of the University’s major programs. The tests of internal control performed in accordance with OMB Circular A-133 are less in scope than would be necessary to render an opinion on internal control.

In relation to compliance with the program requirements applicable to its federal programs, management acknowledges and understands its responsibility for:

- Identifying the University’s government programs and understanding and complying with the compliance requirements.

- Establishing and maintaining effective controls that provide reasonable assurance that the University administers government programs in compliance with the compliance requirements.
- Evaluating and monitoring the University’s compliance with the compliance requirements.

- Taking corrective action when instances of noncompliance are identified, including corrective action on audit findings of the compliance audit.

We will perform tests of the University’s compliance with certain provisions of laws, regulations, contracts, and grant agreements we determine to be necessary based on the OMB Circular A-133 Compliance Supplement (Compliance Supplement). The procedures outlined in the Compliance Supplement are those suggested by each federal agency and do not cover all areas of regulations governing each program. Program reviews by federal agencies may identify additional instances of noncompliance.

As required by OMB Circular A-133, we will prepare a written report which provides our opinion on the schedule of expenditures of federal awards in relation to the University’s financial statements. In addition, we will prepare a written report (A-133 report) which 1) provides our opinion on compliance with laws, regulations, contracts, and grant agreements that could have a direct and material effect on a major federal program and 2) communicates our consideration of internal control over major federal programs. The A-133 report will describe its purpose and will state that it is not suitable for any other purpose.

Offering Documents

Should the University wish to include or incorporate by reference these financial statements and our audit reports thereon into an offering of exempt securities, prior to our consenting to include or incorporate by reference our reports on such financial statements, we would consider our consent to the inclusion of our report and the terms thereof at that time. We will be required to perform procedures as required by the standards of the American Institute of Certified Public Accountants, including, but not limited to, reading other information incorporated by reference in the offering document and performing subsequent event procedures. Our reading of the other information included or incorporated by reference in the offering document will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements). The specific terms of our future services with respect to future offering documents will be determined at the time the services are to be performed.

Should the University wish to include or incorporate by reference these financial statements and our audit reports thereon into an offering of exempt securities without obtaining our consent to include or incorporate by reference our reports on such financial statements, and we are not otherwise associated with the offering document, then the University agrees to include the following language in the offering document:

“KPMG LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial
statements addressed in that report. KPMG LLP also has not performed any procedures relating to this official statement.”

Our Responsibility to Communicate with the Audit Committee of the Board of Curators

We will report to the Audit Committee or those charged with governance, in writing, the following matters:

- Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.
- Uncorrected misstatements accumulated by us during the audit and the effect that they, individually or in the aggregate, may have on our opinion in the auditor’s report, and the effect of uncorrected misstatements related to prior periods.
- Significant difficulties and disagreements with management, if any, encountered during our audit.
- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of relevant committee meetings for consistency with our understanding of the communications made to the Audit Committee and determine that the Audit Committee has received copies of all material written communications between ourselves and management. We will also determine that the Audit Committee has been informed of: (i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, (ii) the methods used by management to account for significant unusual transactions, and (iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the appropriate level of management about any illegal acts, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud. Further, to the extent they come to our attention, we also will communicate directly to the Audit Committee illegal acts that come to our attention, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud that involve senior management or that, in our judgment, cause a material misstatement of the financial statements.

In accordance with Government Auditing Standards, we are also required in certain circumstances to report fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse directly to parties outside the auditee.

If, during the performance of our audit procedures, circumstances arise which make it necessary to modify our report or withdraw from the engagement, we will communicate to the Audit Committee our reasons for modification or withdrawal.
Management Responsibilities

The management of the University acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements and all representations contained therein. Management also is responsible for identifying and ensuring that the University complies with laws, regulations, contracts, and grant agreements applicable to its activities, and for informing us of any known material violations of such laws and regulations and provisions of contracts and grant agreements. Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. Management is also responsible for informing us, of which it has knowledge, of all material weaknesses and significant deficiencies in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management of the University also acknowledges and understands that it is their responsibility to provide us with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements and the compliance requirements applicable to its federal programs such as records, documentation, and other matters; ii) additional information that we may request from management for purposes of the audits; and iii) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming opinions on the financial statements.

In addition to the OMB Circular A-133 requirements to maintain internal control and comply with the compliance requirements applicable to federal programs as discussed above, OMB Circular A-133 also requires the University to prepare a:

- Schedule of expenditures of federal awards;
- Summary schedule of prior audit findings;
- Corrective action plan; and
- Data collection form (Part I).

While we may be separately engaged to assist you in the preparation of these items, preparation is the responsibility of the University.
Certain provisions of OMB Circular A-133 allow a granting agency to request that a specific program be selected as a major program provided that the federal granting agency is willing to pay the incremental audit cost arising from such selection. The University agrees to notify KPMG LLP (KPMG) of any such request by a granting agency and to work with KPMG to modify the terms of this letter as necessary to accommodate such a request.

In accordance with Government Auditing Standards, as part of our planning of the audit we will evaluate whether the University has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the financial statements. To assist us, management agrees to identify previous audits, attestation engagements, or other studies that relate to the objectives of the audit, including whether related recommendations have been implemented, prior to September 1, 2014.

Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon, taken as a whole. Because of the importance of management’s representations to the effective performance of our services, the University will release KPMG and its personnel from any claims, liabilities, costs and expenses relating to our services under this letter attributable to any misrepresentations in the representation letter referred to above. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

Management is also responsible for providing us with written responses in accordance with Government Auditing Standards to the findings included in the GAGAS or A-133 report within 30 days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the reports, the reports will indicate the status of management’s responses.

Government Auditing Standards require external and internal auditors to meet minimum Continuing Professional Education (CPE) hours. Therefore, management is responsible for monitoring and documenting the compliance with the Government Auditing Standards CPE hours of those internal auditors assigned to the audit in direct assistance roles.

Management is responsible for the distribution of the reports issued by KPMG.

Dispute Resolution

Any dispute or claim arising out of or relating to this Engagement Letter or the services provided hereunder, or any other audit or attest services provided by or on behalf of KPMG or any of its subcontractors or agents to the University or at its request (including any dispute or claim involving any person or entity whose benefit the services in question are or were provided), shall be resolved in accordance with the dispute resolution procedures set forth in Appendix II, which constitute the sole methodologies for the resolution of all such disputes.
Other Matters

This letter shall serve as the University's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and the University and between KPMG and outside specialists or other entities engaged by either KPMG or the University. The University acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Further, for purposes of the services described in this letter only, the University hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of the University solely for presentations or reports to the University or for internal KPMG presentations and intranet sites.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

KPMG uses the services of KPMG controlled entities, KPMG member firms and/or third party service providers to provide professional services and administrative, analytical and clerical support. These parties may have access to certain of your information with the understanding that the confidential information will be maintained under information controls providing equivalent protection as our own. You also understand and agree that KPMG aggregates your information with information from other sources for the purpose of improving audit quality and service, and for use in presentations to clients and non-clients in a form where it is sufficiently de-identified so as not to be attributable to the University or where the University could be identified as a source of the information.

The work papers for this engagement are the property of KPMG. Pursuant to Government Auditing Standards, we are required to make certain work papers available in a full and timely manner to Regulators upon request for their reviews of audit quality and for use by their auditors. In addition, we may be requested to make certain work papers available to Regulators pursuant to authority provided by law or regulation. Access to the requested work papers will be provided under supervision of KPMG personnel. Furthermore, upon request, we may provide photocopies of selected work papers to Regulators. Such Regulators may intend, or decide, to distribute the photocopies or information contained therein to others, including other government agencies.

In the event KPMG is requested pursuant to subpoena or other legal process to produce its documents and/or testimony relating to this engagement for the University in judicial or administrative proceedings to which KPMG is not a party, the University shall reimburse KPMG at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such requests.
Other Government Auditing Standards Matters

As required by Government Auditing Standards, we have attached a copy of KPMG’s most recent peer review report.

Additional Reports and Fees for Services

Appendix I to this letter lists the additional reports we will issue as part of this engagement and our fees for professional services to be performed under this letter.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this letter.

* * * * * * *

Our engagement herein is for the provision of annual audit services for the financial statements and OMB Circular A-133 and for the periods described in Appendix I, and it is understood that such services are provided as a single annual engagement. Pursuant to our arrangement as reflected in this letter we will provide the services set forth in Appendix I as a single engagement for each of the University’s subsequent fiscal years until either those charged with governance or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by Management and the Audit Committee of the Board of Curators.

In accordance with your instructions, we have forwarded a copy of this letter to Pamela Q. Henrickson, Chair of the Audit Committee of the Board of Curators.
University of Missouri System  
March 26, 2014  
Page 10 of 10  

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Very truly yours,

KPMG LLP

[Signature]

Susan J. Eickhoff  
Partner

cc: Ms. Pamela Q. Henrickson, Chair of the Audit Committee of the Board of Curators  
Mr. Timothy M. Wolfe, President of the University of Missouri System  
Mr. Ryan Rapp, Controller of the University of Missouri System

ACCEPTED:

THE CURATORS OF THE UNIVERSITY OF MISSOURI

[Signature]

Authorized Signature

Thomas Richards  
Interim Vice President for Finance & Treasurer

[Date] 5-27-14

APPROVED AS TO LEGAL FORM

[Date] 5-27-14
### Appendix I

#### Fees for Services

Based upon our discussions with and representations of the University of Missouri System, our fees for services we will perform as of and for the year ended June 30, 2014 are estimated as follows:

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial statements of the University of Missouri</td>
<td>$316,702</td>
</tr>
<tr>
<td>Compliance audit of the University of Missouri in accordance with OMB Circular A-133</td>
<td>178,156</td>
</tr>
<tr>
<td>Financial statements of University of Missouri Health Care</td>
<td>142,290</td>
</tr>
<tr>
<td>Financial statements of Capital Region Medical Center</td>
<td>97,816</td>
</tr>
<tr>
<td>Minimum agreed-upon procedures required by the NCAA for the Intercollegiate Athletics Departments of the Columbia and Kansas City campuses</td>
<td>43,095</td>
</tr>
<tr>
<td>Expenses</td>
<td>68,577</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$846,636</strong></td>
</tr>
</tbody>
</table>

A separate engagement letter will be prepared relating to the minimum agreed-upon procedures required by the NCAA for the Intercollegiate Athletics Departments of Columbia and Kansas City.

The fees for services assume no significant change in the scope of the audits. Should the scope of the work change dramatically, including more than six federal award programs under OMB Circular A-133 or the effects of requirements being imposed upon Federal dollars to be received related to the American Recovery and Reinvestment Act of 2009 (including required increased sample sizes on major programs due to these requirements), or significant difficulties be encountered beyond the expected scope of the audits, we would expect to renegotiate our fees accordingly.

Additional audit hours to be incurred associated with the implementation of new accounting pronouncements or auditing standards issued by the Governmental Accounting Standards Board (including GASB Statements No. 65, 67, 68, 70, and 71), or the American Institute of Certified Public Accountants are considered a change in scope and will be billed on an hourly basis. Prior to commencement of additional audit hours to be incurred and additional billings will be negotiated at that point in time, at an hourly rate of $199.00 per hour.

Additional audit hours, if any, incurred beyond the anticipated normal scope of auditing services relating to 1) unanticipated follow-up on previous requests for information, and 2) inefficiencies caused by delays in “prepared by client” documents not being completed according to the originally mutually agreed upon schedule will be discussed with University management on a timely basis and additional billings will be negotiated at that point in time, prior to the commencement of additional audit hours.

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In addition, expenses are billed for reimbursement as incurred. Expenses for items such as travel, telephone, postage, and typing, printing, and reproduction of financial statements are estimated at $68,577. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

We will submit to the University for payment on a monthly basis a billing for professional fees based upon a percentage of total fees for services as follows:

<table>
<thead>
<tr>
<th>Month</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 30</td>
<td>5%</td>
</tr>
<tr>
<td>May 31</td>
<td>15%</td>
</tr>
<tr>
<td>June 30</td>
<td>25%</td>
</tr>
<tr>
<td>July 31</td>
<td>10%</td>
</tr>
<tr>
<td>August 31</td>
<td>15%</td>
</tr>
<tr>
<td>September 30</td>
<td>25%</td>
</tr>
<tr>
<td>Upon issuance</td>
<td>5%</td>
</tr>
</tbody>
</table>

Upon final receipt of our invoice, the University agrees to pay for services performed herein within 30 days. The final payment of 5% of the contract price shall not be payable until submission of the final reports.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill its clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the University. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.
Appendix II

Dispute Resolution Procedures

KPMG and the System (1) acknowledge that it is in their best interests to resolve any dispute, claim, or controversy arising out or relating to this engagement letter (any such dispute, claim or controversy, a "Dispute"); including any Dispute involving any person or entity for whose benefit the services in question are or were provided, in accordance with the dispute resolution procedures set forth below and (2) agree to use their best efforts so to resolve any such Dispute. With limitation, such efforts shall include mandatory submission of a Dispute to non-binding mediation as provided below. Should such Dispute not be resolved within 90 days after the issuance by one of the parties of a written Request for Mediation (or such longer period as the parties may agree), the System and KPMG may submit the Dispute to arbitration, if both agree to do so, or seek other legal recourse. Notwithstanding the foregoing, the parties knowingly, voluntarily and intentionally waive any right to a trial by jury in any action, suit or proceeding related to such Dispute. In the event the parties agree to submit a Dispute to arbitration, the rules below shall govern.

Notwithstanding the agreement to such procedures, either party may seek injunctive relief to enforce its rights with respect to the use or protection of (i) its confidential or proprietary information or material or (ii) its names, trademarks, service marks or logos, solely in the courts of the State of Missouri or in the courts of the United States located in the State of Missouri. The parties consent to the personal jurisdiction thereof and to the sole venue therein only for such purposes.

Mediation

Any party may request mediation of a dispute by providing a written Request for Mediation to the other party or parties. The mediator, as well as the time and place of the mediation, shall be selected by agreement of the parties. Absent any other agreement to the contrary, the parties agree to proceed in mediation using the CPR Mediation Procedures (effective April 1, 1998) issued by the Center for Public Resources, with the exception of paragraph 2 which shall not apply to any mediation conducted pursuant to this agreement. As provided in the CPR Mediation Procedures, the mediation shall be conducted as specified by the mediator and as agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with facilitation by the mediator, to reach a consensual resolution of the dispute. The mediation shall be treated as a settlement discussion and shall be confidential. The mediator may not testify for any party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceeding. Each party shall bear its own costs in the mediation. Absent an agreement to the contrary, the fees and expenses of the mediator shall be shared equally by the parties.
Arbitration

Arbitration will be conducted either (1) in accordance with the procedures in this document and the Rules for Non-Administered Arbitration of the CPR Institute for Dispute Resolution (“CPR Arbitration Rules”) as in effect on the date of the engagement letter or contract between the parties, or (2) in accordance with other rules and procedures as the parties may designate by mutual agreement. In the event of a conflict, the provisions of this document and the CPR Arbitration Rules will control.

Arbitration shall take place in St. Louis, Missouri. The arbitration will be conducted before a panel of three arbitrators, two of whom may be designated by the parties using either the CPR Panels of Distinguished Neutrals or the Arbitration Rosters maintained by any United States office of the Judicial Arbitration and Mediation Service (JAMS). If the parties are unable to agree on the composition of the arbitration panel, the parties shall follow the screened selection process provided in Section B, Rules 5, 6, 7, and 8 of the CPR Arbitration Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these procedures, including any contention that all or part of these procedures are invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator shall be appointed unless he or she has agreed in writing to abide and be bound by these procedures.

The arbitration panel shall issue its final award in writing. The panel shall have no power to award non-monetary or equitable relief of any sort. Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party’s actual damages, shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only as provided in the CPR Arbitration Rules. Before making any such disclosure, a party shall give written notice to all other parties and shall afford such parties a reasonable opportunity to protect their interests.

The award reached as a result of the arbitration will be binding on the parties, and confirmation of the arbitration award may be sought in any court having jurisdiction.
HIPAA BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement ("BAA") is entered into this 26th day of March, 2014 ("Effective Date"), by and between KPMG LLP ("Business Associate"), and The Curators of the University of Missouri ("Covered Entity") (collectively, the "Parties").

REQUITALS

WHEREAS, The Curators of the University of Missouri is a “Hybrid Entity” whose covered components are required to comply with the administrative simplification section of the Health Insurance Portability and Accountability Act of 1996 (the “Act”) and its implementing regulations, including the Standards for Privacy of Individually Identifiable Health Information (the “Privacy Rule”) and the Security Standards for the Protection of Electronic PHI (the “Security Rule”), amended by the Health Information Technology for Economic and Clinical Health Act (“HITECH Act”) and its implementing regulations, and as they may be further amended from time to time (collectively, “HIPAA”);

WHEREAS, Business Associate provides professional audit services for Covered Entity pursuant to an engagement letter dated March 26, 2014 and such other engagements as shall be entered into between the parties in the future in which Covered Entity discloses PHI to Business Associate (collectively, the “Master Agreement”);

WHEREAS, Business Associate, in the course of providing services to Covered Entity, may have access to certain Protected Health Information (“PHI”) and may be deemed a business associate for certain purposes under HIPAA;

WHEREAS, the Parties contemplate that Business Associate may obtain PHI, with Covered Entity’s knowledge and consent, from certain other business associates of Covered Entity that may possess such PHI; and

WHEREAS, Business Associate and Covered Entity are entering into this BAA to set forth Business Associate’s obligations with respect to its handling of the PHI, whether such PHI was obtained from another business associate of Covered Entity or directly from Covered Entity;

NOW, THEREFORE, for mutual consideration, the sufficiency and delivery of which is acknowledged by the Parties, and upon the premises and covenants set forth herein, the Parties agree as follows:

1. **Definitions.** Unless otherwise defined herein, capitalized terms used in this BAA shall have the meanings ascribed to them in HIPAA or the Master Services Agreement ("Master Agreement") between Covered Entity and Business Associate, as applicable.

2. **Obligations and Activities of Business Associate.** To the extent that Business Associate is provided with or creates any PHI on behalf of Covered Entity and is acting as a business associate of Covered Entity, Business Associate agrees to comply with the provisions of HIPAA applicable to business associates, and in doing so, represents and warrants as follows:

   (a) **Use or Disclosure.** Business Associate agrees to not use or disclose PHI other than as set forth in this BAA, the Master Agreement, or as required by law.

   (b) **Specific Use of Disclosure.** Except as otherwise limited by this BAA, Business Associate may:

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BAA

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(i) use or disclose PHI to perform data aggregation and other services required under the Master Agreement to assist Covered Entity in its operations, as long as such use or disclosure would not violate HIPAA if done by Covered Entity, or HIPAA permits such use or disclosure by a business associate;

(ii) use or disclose PHI for the proper management and administration of Business Associate or to carry out Business Associate's legal responsibilities, provided that with respect to disclosure of PHI, such disclosure is required by law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached; and

(iii) de-identify PHI and maintain such de-identified PHI indefinitely, notwithstanding Section 4 of this Agreement, provided that all identifiers are destroyed or returned in accordance with the Privacy Rule and Covered Entity consents in writing in advance of the de-identification of the PHI.

(c) Minimum Necessary. Business Associate agrees to take reasonable efforts to limit requests for, or uses and disclosures of, PHI to the extent practical, a limited data set, otherwise to the minimum necessary to accomplish the intended request, use, or disclosure.

(d) Safeguards. Business Associate shall establish appropriate safeguards, consistent with HIPAA, that are reasonable and necessary to prevent any use or disclosure of PHI not expressly authorized by this BAA.

(i) To the extent that Business Associate creates, receives, maintains, or transmits Electronic PHI, Business Associate agrees to establish administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic PHI that it creates, receives, maintains, or transmits on behalf of Covered Entity, as required by the Privacy Rule and Security Rule.

(ii) The safeguards established by Business Associate shall include securing PHI that it creates, receives, maintains, or transmits on behalf of Covered Entity in accordance with the standards set forth in HITECH Act §13402(h) and any guidance issued thereunder.

(iii) Business Associate agrees to provide Covered Entity with such written documentation concerning safeguards as Covered Entity may reasonably request from time to time.

(e) Agents and Subcontractors. Business Associate agrees to obtain written assurances that any agents, including subcontractors, to whom it provides PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity, agree to the same restrictions and conditions that apply to Business Associate with respect to such PHI, including the requirement that it agree to implement reasonable and
appropriate safeguards to protect Electronic PHI that is disclosed to it by Business Associate.

(f) **Reporting.** Within five (5) business days of discovery by Business Associate, Business Associate agrees to notify Covered Entity in writing of any use or disclosure of, or Security Incident involving, PHI, including any Breach of Unsecured PHI, not provided for by this BAA or the Master Agreement, of which Business Associate may become aware.

   (i) In the notice provided to Covered Entity by Business Associate regarding unauthorized uses and/or disclosures of PHI, Business Associate shall describe the remedial or proposed mitigation efforts required under Section 2(g) of this BAA.

   (ii) Specifically with respect to reporting a Breach of Unsecured PHI, Business Associate agrees to include the identity of the individual(s) whose Unsecured PHI was Breached in the written notice provided to Covered Entity, and any additional information required by HIPAA.

   (ii) Business Associate agrees to cooperate with Covered Entity upon report of any such Breach so that Covered Entity may provide the individual(s) affected by such Breach with proper notice as required by HIPAA.

(g) **Mitigation.** Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate resulting from a use or disclosure of PHI by Business Associate in violation of the requirements of this BAA or the Master Agreement.

(h) **Audits and Inspections.** Business Associate agrees to make its internal practices, books, and records, including policies and procedures, relating to the use and disclosure of PHI available to the Secretary, in a time and manner mutually agreed to by the Parties or designated by the Secretary, for purposes of the Secretary determining the Covered Entity's compliance with HIPAA.

(i) **Accounting.** Business Associate agrees to document and report to Covered Entity, within fourteen (14) days, Business Associate’s disclosures of PHI so Covered Entity can comply with its accounting of disclosure obligations in accordance with 45 C.F.R. §164.528 and any subsequent regulations issued thereunder.

(j) **Designated Record Set.** While the Parties do not intend for Business Associate to maintain any PHI in a designated record set, to the extent that Business Associate does maintain any PHI in a designated record set, Business Associate agrees to make available to Covered Entity PHI within fourteen (14) days:

   (i) for Covered Entity to comply with its access obligations in accordance with 45 C.F.R. §164.524 and any subsequent regulations issued thereunder; and

   (ii) for amendment upon Covered Entity’s request and incorporate any amendments to PHI as may be required for Covered Entity comply with its amendment obligations in accordance with 45 C.F.R. §164.526 and any subsequent guidance.
3. **Obligations of Covered Entity.**
   
   (a) Covered Entity agrees to notify Business Associate of any limitation(s) in Covered Entity’s notice of privacy practices in accordance with 45 C.F.R. §164.520, to the extent that such limitation may affect Business Associate’s use or disclosure of PHI.
   
   (b) Covered Entity agrees to notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose PHI, to the extent that such changes may affect Business Associate’s use or disclosure of PHI.
   
   (c) Covered Entity agrees to notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. §164.522, to the extent that such restriction may affect Business Associate’s use or disclosure of PHI.
   
   (d) Covered Entity agrees to limit its use, disclosure, and requests of PHI under this BAA to a limited data set or, if needed by Covered Entity, to the minimum necessary PHI to accomplish the intended purpose of such use, disclosure, or request.

4. **Term and Termination.**
   
   (a) **Term.** This BAA shall become effective upon the Effective Date and, unless otherwise terminated as provided herein, shall have a term that shall run concurrently with that of the last expiration date or termination of the Master Agreement.
   
   (b) **Termination Upon Breach.**
   
   (i) Without limiting the termination rights of the Parties pursuant to the Master Agreement, upon either Party’s knowledge of a material breach by the other Party to this BAA, the breaching Party shall notify the non-breaching Party of such breach and the breaching party shall have fourteen (14) days from the date of notification to the non-breaching party to cure such breach. In the event that such breach is not cured, or cure is infeasible, the non-breaching party shall have the right to immediately terminate this BAA and those portions of the Master Agreement that involve the disclosure to Business Associate of PHI, or, if nonseverable, the Master Agreement.
   
   (c) **Termination by Either Party.** Either Party may terminate this BAA upon provision of thirty (30) days’ prior written notice.
   
   (d) **Effect of Termination.**
   
   (i) To the extent feasible, upon termination of this BAA or the Master Agreement for any reason, Business Associate agrees, and shall cause any subcontractors or agents to return or destroy and retain no copies of all PHI received from, or created or received by Business Associate on behalf of, Covered Entity. Business Associate agrees to complete such return or destruction as promptly as possible and verify in writing within thirty (30) days of the termination of this BAA to Covered Entity that such return or destruction has been completed.
   
   (ii) If not feasible, Business Associate agrees to provide Covered Entity notification of the conditions that make return or destruction of PHI not
feasible. Upon notice to Covered Entity that return or destruction of PHI is not feasible, Business Associate agrees to extend the protections of this BAA to such PHI for as long as Business Associate maintains such PHI.

(iii) Without limiting the foregoing, Business Associate may retain copies of PHI in its workpapers related to the services provided in the Master Agreement to meet its professional obligations.

5. **Miscellaneous.**

(a) **Regulatory References.** A reference in this BAA to a section in the Privacy Rule or Security Rule means the section as in effect or as amended.

(b) **Amendment.** The Parties acknowledge that the provisions of this BAA are designed to comply with HIPAA and agree to take such action as is necessary to amend this BAA from time to time as is necessary for Covered Entity to comply with the requirements of HIPAA. Regardless of the execution of a formal amendment of this BAA, the BAA shall be deemed amended to permit the Covered Entity and Business Associate to comply with HIPAA.

(c) **Method of Providing Notice.** Any notice required to be given pursuant to the terms and provisions of this BAA shall be in writing and may be either personally delivered or sent by registered or certified mail in the United States Postal Service, Return Receipt Requested, postage prepaid, addressed to each Party at the addresses listed in the Master Agreement currently in effect between Covered Entity and Business Associate. Any such notice shall be deemed to have been given if mailed as provided herein, as of the date mailed.

(d) **Parties Bound.** This BAA shall inure to the benefit of and be binding upon the Parties hereto and their respective legal representatives, successors, and assigns. Business Associate may not assign or subcontract the rights or obligations under this BAA without the express written consent of Covered Entity. Covered Entity may assign its rights and obligations under this BAA to any successor or affiliated entity.

(e) **No Waiver.** No provision of this BAA or any breach thereof shall be deemed waived unless such waiver is in writing and signed by the Party claimed to have waived such provision or breach. No waiver of a breach shall constitute a waiver of or excuse any different or subsequent breach.

(f) **Effect on Master Agreement.** This BAA together with the Master Agreement constitutes the complete agreement between the Parties and supersedes all prior representations or agreements, whether oral or written, with respect to such matters. In the event of any conflict between the terms of this BAA and the terms of the Master Agreement, the terms of this BAA shall control unless the terms of such Master Agreement are stricter, as determined by Covered Entity, with respect to PHI and comply with HIPAA, or the Parties specifically otherwise agree in writing. No oral modification or waiver of any of the provisions of this BAA shall be binding on either party. No obligation on either party to enter into any transaction is to be implied from the execution or delivery of this BAA.
(g) **Interpretation.** Any ambiguity in this BAA shall be resolved to permit the parties to comply with HIPAA and any subsequent guidance.

(b) **No Third Party Rights.** The terms of this BAA are not intended nor should they be construed to grant any rights, remedies, obligations, or liabilities whatsoever to parties other than Business Associate and Covered Entity and their respective successors or assigns.

(f) **Applicable Law.** This BAA shall be governed under the laws of the State of Missouri, without regard to choice of law principles.

(i) **Judicial and Administrative Proceedings.** In the event that Business Associate receives a subpoena, court or administrative order, or other discovery request or mandate for release of PHI, Business Associate agrees to collaborate with Covered Entity with respect to Business Associate’s response to such request. Business Associate shall notify Covered Entity within seven (7) days of receipt of such request or mandate.

(k) **Transmitting Electronic PHI.** Electronic PHI transmitted or otherwise transferred from between Covered Entity and Business Associate must be encrypted by a process that renders the Electronic PHI unusable, unreadable, or indecipherable to unauthorized individuals within the meaning of HITECH Act § 13402 and any implementing guidance including, but not limited to, 45 C.F.R. § 164.402.

6. **IN WITNESS WHEREOF,** the Parties hereto have executed this BAA to be effective on the date set forth above.

![Signature of Covered Entity]

**By:**

**Name:** Thomas Richards

**Title:** Interim Vice President for Finance & Treasurer

**Date:** 6/2/14

![Signature of Business Associate]

**By:** Susan J. Eickhoff

**Name:**

**Title:** Partner

**Date:** 3/26/2014

7/3/13

BAA

December 11-12, 2014
System Review Report

To the Partners of KPMG LLP
and the National Peer Review Committee of the AICPA Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of KPMG LLP (the Firm), applicable to non-SEC issuers, in effect for the year ended March 31, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards, audits of employee benefit plans, an audit performed under FDCIA, and an audit of a carrying broker-dealer.

In our opinion, the system of quality control for the accounting and auditing practice of KPMG LLP, applicable to non-SEC issuers, in effect for the year ended March 31, 2011, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. KPMG LLP has received a peer review rating of pass.

December 2, 2011

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP, 400 Campus Drive, P. O. Box 988, Florham Park, NJ 07932
T: (973) 236 4000, F: (973) 236 5000, www.pwc.com/us
December 8, 2011

John B. Veihmeyer, CPA
KPMG LLP
345 Park Ave Bsmnt LB6
New York, NY 10154

Dear Mr. Veihmeyer:

It is my pleasure to notify you that on December 8, 2011 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is September 30, 2014. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

James W. Brackens, Jr.
Vice President—Ethics and Quality Practice
+1.919.402.4502
nprc@aicpa.org

cc: Betty Jo Charles, CPA

Firm Number: 10054128          Review Number: 320334
October 13, 2014

Dr. Brian Burnett  
Vice President for Finance and Chief Financial Officer  
University of Missouri System  
215 University Hall  
Columbia, MO 65211

Dear Brian:

PRIVATE

This engagement letter confirms our understanding of our engagement to provide professional services to the Curators of the University of Missouri (the “University”).

Objectives and Limitations of Services

Offering Documents

We will provide professional services to the University in connection with the Preliminary Official Statement and the Official Statement exempt offering documents of the Curators of the University of Missouri System Facilities Revenue Bonds Series 2014B (tax exempt) (the “Bonds”) proposed to be filed by the University, which are exempt from registration under the Securities Act of 1933. These services are summarized below.

The Bonds exempt offering documents will include our reports upon our audits of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the University of Missouri System, a component unit of the State of Missouri, which collectively comprise the University of Missouri System’s basic financial statements as of and for the year ended June 30, 2014 and as of and for the years ended June 30, 2013 and 2012.

Prior to our consenting to the inclusion of our report on such financial statements in the Bonds exempt offering documents, we will perform procedures as required by the standards of the American Institute of Certified Public Accountants, including, but not limited to the following:

- Reading the Preliminary Official Statement and the Official Statement.
- Reading other information included or incorporated by reference in the Bonds exempt offering documents and performing subsequent events procedures. Our reading of the other information included or incorporated by reference in the Bonds exempt documents will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the aforementioned University of Missouri System’s basic financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements).
• Reading the minutes of the Board of Curators meetings of the University and inquiring about certain matters dealt with at such meetings.

• Review of financial data and making inquiries of personnel responsible for financial and accounting matters.

• Inquiring of the University’s legal counsel concerning litigation, claims, assessments, commitments, contingencies, and other matters.

• Making specific inquiries of University management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management as of the date of the Preliminary Official Statement and the Official Statement about these matters.

Management Responsibilities

The management of the University is responsible for the fair presentation, in accordance with U.S. generally accepted accounting principles, of the basic financial statements, including disclosures, schedules, and all representations contained therein. Management also is responsible for identifying and ensuring that the University complies with laws and regulations applicable to its activities, and for informing us of any known material violations of such laws and regulations. Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for establishing and maintaining effective internal control over financial reporting and procedures for financial reporting to maintain the reliability of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the basic financial statements. Management is also responsible for informing us, of which it has knowledge, of all material weaknesses and significant deficiencies in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management of the University agrees that all records, documentation, and information we request in connection with the procedures performed pursuant to this letter will be made available to us, that all material information will be disclosed to us, and that we will have the full cooperation of the University’s personnel.

Management of the University is responsible for the annual basic financial statements and for supplying us with a representation letter that will, among other things, confirm that no events have occurred that would require adjustments to (or additional disclosures in) the audited basic financial statements which are included in the Preliminary Official Statement and the Official Statement.

Dispute Resolution

Any dispute or claim arising out of or relating to this Engagement Letter or the services provided hereunder, or any other audit or attest services provided by or on behalf of KPMG or any of its subcontractors or agents to the University or at its request (including any dispute or claim involving any person or entity for whose benefit the services in question are or were provided), shall be resolved in accordance with the dispute resolution procedures set forth in Appendix I, which constitute the sole methodologies for the resolution of all such disputes.
Other Matters

This letter shall serve as the University’s authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and the University and between KPMG and outside specialists or other entities engaged by either KPMG or the University. The University acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Further, for purposes of the services described in this letter only, the University hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of the University solely for presentations or reports to the University or for internal KPMG presentations and intranet sites.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

KPMG uses the services of KPMG controlled entities, KPMG member firms and/or third party service providers to provide professional services and administrative, analytical and clerical support. These parties may have access to certain of your information with the understanding that the confidential information will be maintained under information controls providing equivalent protection as our own. You also understand and agree that KPMG aggregates your information with information from other sources for the purpose of improving audit quality and service, and for use in presentations to clients and non-clients in a form where it is sufficiently de-identified so as not to be attributable to the University or where the University could be identified as a source of the information.

Work Paper Access by Regulators and Other

The work papers for this engagement are the property of KPMG. In the event KPMG is requested pursuant to subpoena or other legal process to provide its documents and/or testimony relating to this engagement for the University in judicial or administrative proceedings to which KPMG is not a party, the University shall reimburse KPMG at standard billing rates for its professional time and expenses, including reasonable attorney’s fees, incurred in responding to such requests.

We may also be requested to make certain audit documentation available to regulators pursuant to authority provided by law or regulation. If requested, access to such audit documentation will be provided. Furthermore, regulators may obtain copies of selected audit documentation. The regulators may intend, or decide, to distribute the copies or information contained therein to others, including the SEC and other government agencies. We agree to communicate to you on a timely basis any requests by the regulators for access to the audit documentation of when they desire direct contact with members of the audit committee of the Board of Curators.

Fees for Services

Upon completion of the necessary procedures in accordance with professional standards, we anticipate that we will issue consents permitting the inclusion of our independent auditors’ report on the University of Missouri System financial statements as of and for the year ended June 30, 2014 and our independent
auditors' report on the University of Missouri System financial statements as of and for the years ended June 30, 2013 and 2012 to be included in the Preliminary Official Statement and the Official Statement for the Curators of the University of Missouri System Facilities Revenue Bonds Series 2014B (tax exempt).

Our professional fees for the professional services relating to the inclusion of our independent auditors' report within the Preliminary Official Statement and the Official Statement for the Curators of the University of Missouri System Facilities Revenue Bonds Series 2014B (tax exempt) will be based upon the assumption that we will issue two consents permitting the inclusion of our independent auditors' reports within the Preliminary Official Statement and the Official Statement, related to the Bonds will be $28,840.

This estimate assumes we will receive appropriate assistance from University management and your staff in the preparation of schedules and other matters, as requested. The above estimates are based on the level of experience of the individuals who will perform the services. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstance as they are assessed.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us to indicate your acknowledgement of, and agreement with, our arrangement and our respective responsibilities.

Very truly yours,

KPMG LLP

Susan J. Eickhoff
Partner

cc:
Ms. Pamela Q. Henrickson, Chair of Audit Committee of the Board of Curators
Mr. Timothy M. Wolfe, President of the University of Missouri System
Mr. Ryan Rapp, Controller of the University of Missouri System
University of Missouri System
October 13, 2014
Page 5 of 5

ACCEPTED:
THE CURATORS OF THE UNIVERSITY OF MISSOURI

[Signature]
Authorized Signature

Brian D. Burnett, Ph.D.
Title  Vice President for Finance &
Chief Financial Officer

Date

10/15/14

10-14-14

APPROVED
AS TO
LEGAL FORM

December 11-12, 2014
OPEN - AUD - INFO 1-42
Appendix I

Dispute Resolution Procedures

KPMG and the System (1) acknowledge that it is in their best interests to resolve any dispute, claim, or controversy arising out or relating to this engagement letter (any such dispute, claim or controversy, a “Dispute), including any Dispute involving any person or entity for whose benefit the services in question are or were provided, in accordance with the dispute resolution procedures set forth below and (2) agree to use their best efforts so to resolve any such Dispute. With limitation, such efforts shall include mandatory submission of a Dispute to non-binding mediation as provided below. Should such Dispute not be resolved within 90 days after the issuance by one of the parties of a written Request for Mediation (or such longer period as the parties may agree), the System and KPMG may submit the Dispute to arbitration, if both agree to do so, or seek other legal recourse. Notwithstanding the foregoing, the parties knowingly, voluntarily and intentionally waive any right to a trial by jury in any action, suit or proceeding related to such Dispute. In the event the parties agree to submit a Dispute to arbitration, the rules below shall govern.

Notwithstanding the agreement to such procedures, either party may seek injunctive relief to enforce its rights with respect to the use or protection of (i) its confidential or proprietary information or material or (ii) its names, trademarks, service marks or logos, solely in the courts of the State of Missouri or in the courts of the United States located in the State of Missouri. The parties consent to the personal jurisdiction thereof and to the sole venue therein only for such purposes.

Mediation

Any party may request mediation of a dispute by providing a written Request for Mediation to the other party or parties. The mediator, as well as the time and place of the mediation, shall be selected by agreement of the parties. Absent any other agreement to the contrary, the parties agree to proceed in mediation using the CPR Mediation Procedures (effective April 1, 1998) issued by the Center for Public Resources, with the exception of paragraph 2 which shall not apply to any mediation conducted pursuant to this agreement. As provided in the CPR Mediation Procedures, the mediation shall be conducted as specified by the mediator and as agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with facilitation by the mediator, to reach a consensual resolution of the dispute. The mediation shall be treated as a settlement discussion and shall be confidential. The mediator may not testify for any party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceeding. Each party shall bear its own costs in the mediation. Absent an agreement to the contrary, the fees and expenses of the mediator shall be shared equally by the parties.
Arbitration

Arbitration will be conducted either (1) in accordance with the procedures in this document and the Rules for Non-Administered Arbitration of the CPR Institute for Dispute Resolution ("CPR Arbitration Rules") as in effect on the date of the engagement letter or contract between the parties, or (2) in accordance with other rules and procedures as the parties may designate by mutual agreement. In the event of a conflict, the provisions of this document and the CPR Arbitration Rules will control.

Arbitration shall take place in St. Louis, Missouri. The arbitration will be conducted before a panel of three arbitrators, two of whom may be designated by the parties using either the CPR Panels of Distinguished Neutrals or the Arbitration Rosters maintained by any United States office of the Judicial Arbitration and Mediation Service (JAMS). If the parties are unable to agree on the composition of the arbitration panel, the parties shall follow the screened selection process provided in Section B, Rules 5, 6, 7, and 8 of the CPR Arbitration Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these procedures, including any contention that all or part of these procedures are invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator shall be appointed unless he or she has agreed in writing to abide and be bound by these procedures.

The arbitration panel shall issue its final award in writing. The panel shall have no power to award non-monetary or equitable relief of any sort. Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party’s actual damages, shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only as provided in the CPR Arbitration Rules. Before making any such disclosure, a party shall give written notice to all other parties and shall afford such parties a reasonable opportunity to protect their interests.

The award reached as a result of the arbitration will be binding on the parties, and confirmation of the arbitration award may be sought in any court having jurisdiction.
October 15, 2014

Dr. Brian Burnett  
Vice President for Finance and Chief Financial Officer  
University of Missouri System  
215 University Hall  
Columbia, MO 65211  

Dear Brian:

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to the Curators of the University of Missouri (the University).

Objectives and Limitations of Services

Offering Documents

We will provide professional services to the University in connection with the Offering Memorandum Commercial Paper Notes offering documents of The Curators of the University of Missouri Commercial Paper Notes, Series A (Tax Exempt) and Series B (Taxable) (the “Notes”) proposed to be filed by the University, which are exempt from registration under the Securities Act of 1933. These services are summarized below.

The Notes exempt offering documents will include our reports upon our audits of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the University of Missouri System, a component unit of the State of Missouri, which collectively comprise the University of Missouri System’s basic financial statements, as of and for the year ended June 30, 2014 and as of and for the years ended June 30, 2013 and 2012.

Prior to our consenting to the inclusion of our reports on such financial statements in the Notes exempt offering documents, we will perform procedures as required by the standards of the American Institute of Certified Public Accountants, including, but not limited to, the following:

- Reading the Notes exempt offering documents.
- Reading other information included or incorporated by reference in the Notes exempt offering documents and performing subsequent events procedures. Our reading of the other information included or incorporated by reference in the Notes exempt offering documents will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the aforementioned University of Missouri System’s basic financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements).
• Reading the minutes of the Board of Curators meetings of the University and inquiring about certain matters dealt with at such meetings.

• Review of financial data and making inquiries of personnel responsible for financial and accounting matters.

• Inquiring of the University’s legal counsel concerning litigation, claims, assessments, commitments, contingencies, and other matters.

• Making specific inquiries of University management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management as of the date of the Offering Memorandum about these matters.

Management Responsibilities
The management of the University is responsible for the fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements, including disclosures, schedules, and all representations contained therein. Management also is responsible for identifying and ensuring that the University complies with laws and regulations applicable to its activities, and for informing us of any known material violations of such laws and regulations. Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for establishing and maintaining effective internal control over financial reporting and procedures for financial reporting to maintain the reliability of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements. Management is also responsible for informing us, of which it has knowledge, of all material weaknesses and significant deficiencies in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management of the University agrees that all records, documentation, and information we request in connection with the procedures performed pursuant to this letter will be made available to us, that all material information will be disclosed to us, and that we will have the full cooperation of the University’s personnel.

Management of the University is responsible for the annual financial statements and for supplying us with a representation letter that will, among other things, confirm that no events have occurred that would require adjustment to (or additional disclosures in) the audited basic financial statements which are included in the Notes exempt offering documents.

Dispute Resolution
Any dispute or claim arising out of or relating to this engagement letter between the parties for the services provided hereunder, or any other audit or attest services provided by or on behalf of KPMG or any of its subcontractors or agents to the University or at its request (including any dispute or claim involving any person or entity for whose benefit the services in question are or were provided), shall be resolved in accordance with the dispute resolution procedures set forth in Appendix I, which constitute the sole methodologies for the resolution of all such disputes.
Other Matters

This letter shall serve as the University's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and the University and between KPMG and outside specialists or other entities engaged by either KPMG or the University. The University acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Further, for purposes of the services described in this letter only, the University hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all names, logos, trademarks and service marks of the University solely for presentations or reports to the University or for internal KPMG presentations and intranet sites.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

KPMG uses the services of KPMG controlled entities, KPMG member firms and/or third party service providers to provide professional services and administrative, analytical and clerical support. These parties may have access to certain of your information with the understanding that the confidential information will be maintained under information controls providing equivalent protection as our own. You also understand and agree that KPMG aggregates your information with information from other sources for the purpose of improving audit quality and service, and for use in presentations to clients and non-clients in a form where it is sufficiently de-identified so as not to be attributable to the University or where the University could be identified as a source of the information.

Work Paper Access by Regulators and Other

The work papers for this engagement are the property of KPMG. In the event KPMG is requested pursuant to subpoena or other legal process to produce its documents and/or testimony relating to this engagement for the University in judicial or administrative proceedings to which KPMG is not a party, the University shall reimburse KPMG at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such requests.

We may also be requested to make certain work papers available to regulators pursuant to authority provided by law or regulation. If requested, access to such work papers will be provided under the supervision of KPMG personnel. Furthermore, upon request, we may provide photocopies of selected work papers to the regulators. The regulators may intend, or decide, to distribute the photocopies or information contained therein to others, including the SEC and other government agencies. We agree to communicate to you on a timely basis any requests by the regulators for access to the work papers of when they desire direct contact with members of the audit committee of the Board of Curators.

Fees for Services

Upon completion of the necessary procedures in accordance with professional standards, we anticipate that we will issue a consent permitting the inclusion of our independent auditors' reports on the University of Missouri System financial statements as of and for the year ended June 30, 2014 and as of and for the years
ended June 30, 2013 and 2012 to be included in the Offering Memorandum of The Curators of the University of Missouri Commercial Paper Notes, Series A (Tax Exempt) and Series B (Taxable).

Our professional fees for the professional services relating to the inclusion of our independent auditors’ reports within The Curators of the University of Missouri Commercial Paper Notes, Series A (Tax Exempt) and Series B (Taxable) will be based upon the assumption that we will issue one consent permitting the inclusion of our independent auditors’ reports within the Offering Memorandum related to the Notes will be $15,450.

This estimate assumes we will receive appropriate assistance from University management and your staff in the preparation of schedules and other matters, as requested. The above estimates are based on the level of experience of the individuals who will perform the services. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Where KPMG is reimbursed for expenses, it is KPMG’s policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG’s standard billing rates and certain transaction charges which may be charged to clients.

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us.

Very truly yours,

KPMG LLP

Susan J. Eickhoff
Partner

cc: Ms. Pamela Q. Henrickson, Chair of the Audit Committee of the Board of Curators
Ms. Pamela Q. Henrickson, Chair of the Board of Curators
Mr. Timothy M. Wolfe, President of the University of Missouri System
Mr. Ryan Rapp, Controller of the University of Missouri System
ACCEPTED:

THE CURATORS OF THE UNIVERSITY OF MISSOURI

Authorized Signature

Brian D. Burnett, Ph.D.
Vice President for Finance &

Title Chief Financial Officer

Date 10/20/14
Appendix I

Dispute Resolution Procedures

KPMG and the System (1) acknowledge that it is in their best interests to resolve any dispute, claim, or controversy arising out or relating to this engagement letter (any such dispute, claim or controversy, a "Dispute"), including any Dispute involving any person or entity for whose benefit the services in question are or were provided, in accordance with the dispute resolution procedures set forth below and (2) agree to use their best efforts so to resolve any such Dispute. Without limitation, such efforts shall include mandatory submission of a Dispute to non-binding mediation as provided below. Should such Dispute not be resolved within 90 days after the issuance by one of the parties of a written Request for Mediation (or such longer period as the parties may agree), the System and KPMG may submit the Dispute to arbitration, if both agree to do so, or seek other legal recourse. Notwithstanding the foregoing, the parties knowingly, voluntarily and intentionally waive any right to a trial by jury in any action, suit or proceeding related to such Dispute. In the event the parties agree to submit a Dispute to arbitration, the rules below shall govern.

Notwithstanding the agreement to such procedures, either party may seek injunctive relief to enforce its rights with respect to the use or protection of (i) its confidential or proprietary information or material or (ii) its names, trademarks, service marks or logos, solely in the courts of the State of Missouri or in the courts of the United States located in the State of Missouri. The parties consent to the personal jurisdiction thereof and to the sole venue therein only for such purposes.

Mediation

Any party may request mediation of a dispute by providing a written Request for Mediation to the other party or parties. The mediator, as well as the time and place of the mediation, shall be selected by agreement of the parties. Absent any other agreement to the contrary, the parties agree to proceed in mediation using the CPR Mediation Procedures (effective April 1, 1998) issued by the Center for Public Resources, with the exception of paragraph 2 which shall not apply to any mediation conducted pursuant to this agreement. As provided in the CPR Mediation Procedures, the mediation shall be conducted as specified by the mediator and as agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with facilitation by the mediator, to reach a consensual resolution of the dispute. The mediation shall be treated as a settlement discussion and shall be confidential. The mediator may not testify for any party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceeding. Each party shall bear its own costs in the mediation. Absent an agreement to the contrary, the fees and expenses of the mediator shall be shared equally by the parties.

Arbitration

Arbitration will be conducted either (1) in accordance with the procedures in this document and the Rules for Non-Administered Arbitration of the CPR Institute for Dispute Resolution ("CPR Arbitration Rules") as in effect on the date of the engagement letter or contract between the parties, or (2) in accordance with other rules and procedures as the parties may designate by mutual agreement. In the event of a conflict, the provisions of this document and the CPR Arbitration Rules will control.
Arbitration shall take place in St. Louis, Missouri. The arbitration will be conducted before a panel of three arbitrators, two of whom may be designated by the parties using either the CPR Panels of Distinguished Neutrals or the Arbitration Rosters maintained by any United States office of the Judicial Arbitration and Mediation Service (JAMS). If the parties are unable to agree on the composition of the arbitration panel, the parties shall follow the screened selection process provided in Section B, Rules 5, 6, 7, and 8 of the CPR Arbitration Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these procedures, including any contention that all or part of these procedures are invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator shall be appointed unless he or she has agreed in writing to abide and be bound by these procedures.

The arbitration panel shall issue its final award in writing. The panel shall have no power to award non-monetary or equitable relief of any sort. Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages, shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only as provided in the CPR Arbitration Rules. Before making any such disclosure, a party shall give written notice to all other parties and shall afford such parties a reasonable opportunity to protect their interests.

The award reached as a result of the arbitration will be binding on the parties, and confirmation of the arbitration award may be sought in any court having jurisdiction.
Management Representation Letters and Summaries of Uncorrected Adjustments
October 10, 2014

KPMG LLP
10 S. Broadway
Suite 900
St. Louis, MO 63102

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the basic financial statements of the business-type activities, the aggregate discretely presented component unit, the aggregate remaining fund information, and the related notes to the financial statements, of the University of Missouri System (the University), a component of the State of Missouri, as of and for the year ended June 30, 2014, for the purpose of expressing opinions as to whether these financial statements present fairly, in all material respects, the respective financial positions, changes in financial positions, and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 10, 2014, the following representations made to you during your audit:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 26, 2014, for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles.

2. We have made available to you:

   a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements.

   b. Additional information that you have requested from us for the purpose of the audit.

   c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence.

   d. All minutes of the meetings of Board of Curators, or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. Except as disclosed to you in writing, there have been no:

a. Circumstances that have resulted in communications from the University’s external legal counsel to the University reporting evidence of a material violation of securities law or breach of fiduciary duty, or similar violation by the University or any agent thereof.

b. Communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

c. False statements affecting the University’s financial statements made to the University’s internal auditors, or other auditors who have audited entities under our control upon whose work you may be relying in connection with your audit.

4. There are no:

a. Violations or possible violations of laws or regulations that have come to management’s attention whose effects are regarded to be significant enough that they need to be considered for disclosure in the financial statements or as a basis for recording a loss contingency, except as disclosed in the financial statements or notes to the financial statements.

b. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62, paragraphs 96 – 113, except as disclosed in the financial statements or notes to the financial statements.

d. Material transactions, for example, grants and other contractual arrangements, that have not been properly recorded in the accounting records underlying the financial statements.

e. Events that have occurred subsequent to the date of the statement of net position and through the date of this letter that would require adjustment to or disclosure in the financial statements, except as disclosed in the financial statements or notes to the financial statements.

5. All known actual or possible litigation and claims have been accounted for and disclosed in accordance with GASB Statement No. 62, paragraphs 96 – 113.

6. The effects of the uncorrected financial statement misstatement summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements for each respective opinion unit.

7. We acknowledge our responsibility for the design, implementation and maintenance of programs and controls to prevent and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation
of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. We understand that the term “fraud” includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with U.S. generally accepted accounting principles.

8. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the University’s ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting, as those terms are defined in AU-C Section 265, Communicating Internal Control Related Matters Identified in an Audit.

9. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

10. We have no knowledge of any fraud or suspected fraud affecting the University’s financial statements involving:

   a. Management

   b. Employees who have significant roles in internal control over financial reporting, or

   c. Others where the fraud could have a material effect on the financial statements, except as disclosed to you in writing.

11. We have no knowledge of any allegations of fraud or suspected fraud affecting the University’s financial statements received in communications from employees, former employees, analysts, regulators, or others, except as disclosed to you in writing.

12. We have no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

13. We have no knowledge of any officer or member of the Board of Curators of the University, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.

14. The following have been properly recorded or disclosed in the financial statements:

   a. Related party relationships and transactions of which we are aware in accordance with the requirements of U.S. generally accepted accounting principles, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments, and amounts receivable from or payable to related parties.

   b. Guarantees, whether written or oral, under which the University is contingently liable.

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c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit or similar arrangements.

d. Agreements to repurchase assets previously sold, including sales with recourse.

e. Changes in accounting principle affecting consistency.

f. The existence of and transactions with joint ventures and other related organizations.

15. The University has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.

16. The University has complied with all aspects of laws, regulations, contractual agreements, donor restrictions, and grants that may affect the financial statements, including noncompliance.

17. Management is responsible for compliance with the laws, regulations, donor restrictions, and provisions of contracts and grant agreements applicable to the University. Management has identified and disclosed to you all laws, regulations, donor restrictions, and provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts.

18. The University’s reporting entity includes all entities that are component units of the University. Such component units have been properly presented as either blended or discrete. Investments in joint ventures in which the University holds an equity interest have been properly recorded on the statement of net position. The financial statements disclose all other joint ventures and other related organizations.

19. The financial statements properly classify all funds and activities, which are presented in accordance with the fund type definitions in GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

20. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

21. Receivables reported in the financial statements represent valid claims against debtors arising on or before the date of the statement of net position and have been appropriately reduced to their estimated net realizable value.

22. Deposits and investment securities are properly classified and reported.

23. We are responsible for making the fair value measurements and disclosures included in the financial statements, including determining the fair value of investments for which a readily determinable fair value does not exist. As part of fulfilling this responsibility, we have established an accounting and financial reporting process for determining the fair value measurements and disclosures, considered the appropriateness of valuation methods, adequately supported any significant assumptions used, and ensured that the presentation and disclosure of the fair value measurements are in accordance with generally accepted accounting principles. We believe the assumptions and methods used by us, including those used by specialists engaged by us, are appropriate in the circumstances and the resulting valuations and disclosures are reasonable.
24. Except as disclosed to you, the University has identified and properly reported all of its derivative instruments and any related deferred outflows of resources or deferred inflows of resources related to hedging derivative instruments in accordance with GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. The University complied with the requirements of GASB Statement No. 53 related to the determination of hedging derivative instruments and the application of hedge accounting. Further, the University has disclosed all material information about its derivative and hedging arrangement in accordance with GASB Statement No. 53.

25. The estimate of fair value of derivative instruments is in compliance with GASB Statement No. 53. For derivative instruments with fair values that are based on other than quoted market prices, the University has disclosed the methods and significant assumptions used to estimate those fair values.

26. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:
   a. The extent, nature, and terms of financial instruments with off-balance-sheet risk;
   b. The amount of credit risk of financial instruments with off-balance-sheet credit risk, and information about the collateral supporting such financial instruments; and
   c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.

27. We believe that all material expenditures or expenses that have been deferred to future periods will be recoverable.

28. Capital assets, including infrastructure assets, are properly capitalized, reported and, if applicable, depreciated.

29. The University has properly applied the requirements of GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, including those related to the recognition of outlays associated with the development of internally generated computer software.

30. The University has no:
   a. Commitments for the purchase or sale of services or assets at prices involving material probable loss.
   b. Material amounts of obsolete, damaged, or unusable items included in the inventories at greater than salvage values.

31. For variable-rate demand bond obligations that are reported as general long-term debt or excluded from current liabilities of proprietary funds, we believe all of the conditions described in GASB Interpretation No. 1, Demand Bonds Issued by State and Local Government Entities, have been met.

32. The University has complied with all tax and debt limits and with all debt related covenants.

33. We have received opinions of counsel upon each issuance of tax-exempt bonds that the interest on such bonds is exempt from federal income taxes under section 103 of the Internal Revenue Code of

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1986, as amended. There have been no changes in the use of property financed with the proceeds of
tax-exempt bonds, or any other occurrences, subsequent to the issuance of such opinions, that would
jeopardize the tax-exempt status of the bonds. Provision has been made, where material, for the
amount of any required arbitrage rebate.

34. We believe that the actuarial assumptions and methods used to measure financial statement
liabilities and costs associated with pension and other post-employment benefits and to determine
information related to the University's funding progress related to such benefits for financial
reporting purposes are appropriate in the University’s circumstances and that the related actuarial
valuation was prepared in conformity with U.S. generally accepted accounting principles.

35. There were no omissions from the participants’ data provided to the actuary for the purpose of
determining the pension liability, other post-employment benefit obligation and other actuarially
determined amounts in the financial statements.

36. Provision has been made in the financial statements for the University’s pollution remediation
obligations. We believe that such estimate has been determined in accordance with the provisions
of GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation
Obligations and is reasonable based on available information.

37. The University has identified and properly accounted for and presented all deferred outflows of
resources and deferred inflows of resources.

38. Components of net position (net investment in capital assets; restricted; and unrestricted) are
properly classified.

39. Revenues are appropriately classified in the statement of revenues, expenses and changes in net
position as operating revenues, non-operating revenues, capital contributions, or additions to
permanent endowment.

40. The University has identified and properly accounted for all nonexchange transactions.

41. Expenses have been appropriately classified in or allocated to functions and programs in the
statement of activities, and allocations have been made on a reasonable basis.

42. We have disclosed to you all accounting policies and practices we have adopted that, if applied to
significant items or transactions, would not be in accordance with U.S. generally accepted
accounting principles. We have evaluated the impact of the application of each such policy and
practice, both individually and in the aggregate, on the University’s current period financial
statements, and the expected impact of each such policy and practice on future periods' financial
reporting. We believe the effect of these policies and practices on the financial statements is not
material. Furthermore, we do not believe the impact of the application of these policies and
practices will be material to the financial statements in future periods.

43. We agree with the findings of specialists in evaluating the assumptions and methods used to
measure accrued self-insurance liabilities, the estimated fair value of interest rate swap agreements,
and actuarially required contributions for pension and other post-employment benefit plans, and
have adequately considered the qualifications of the specialist in determining the amounts and
disclosures used in the financial statements and underlying accounting records. We did not give or
cause any instructions to be given to specialists with respect to the values or amounts derived in an
attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

44. The University obtains actuarial analyses related to certain self-insured losses prepared by an independent specialist based upon loss information dated September 30, 2013, and December 31, 2013 respectively. The University is not aware of any claims that were omitted from the September 30, 2013 and December 31, 2013 loss reports or which were incurred or reported subsequent to September 30, 2013 and December 31, 2013, which would have a material impact on the respective self-insurance liabilities recorded as of June 30, 2014.

45. We acknowledge our responsibility for the presentation of the required supplementary information, which includes Management's Discussion and Analysis and the schedule of changes in the net pension liability, the schedule of contributions, the schedule of annual money-weighted rate of return on pension plan investments, the notes to required supplementary information, the OPEB plan schedule of funding progress, and the OPEB plan schedule of employer contributions, in accordance with the applicable criteria and/or prescribed guidelines established by the Government Accounting Standards Board (GASB) and:

a. Believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and/or prescribed guidelines.

b. The methods of measurement or presentation of the required supplementary information have not changed from those used in the prior period.

c. The significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information are reasonable and appropriate in the circumstances.

46. We confirm that all relevant information relating to the facts and circumstances, which are the subject of the investigation of the radiology department conducted by the U.S. Attorney's Office and four other potential federal health program reimbursement issues has been disclosed by us to the Board of Curators, to the investigating team, and to you. We also confirm that, where necessary, we have taken, or are taking, timely and appropriate remedial action.

47. In accordance with Government Auditing Standards, we have identified to you all previous audits, attestation engagements, and other studies that relate to the objectives of this audit, including whether related recommendations have been implemented.

48. Management has a process to track the status of audit findings and recommendations.

Further, we confirm that we are responsible for the fair presentation in the financial statements of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the University, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University of Missouri System's basic financial statements, in conformity with U.S. generally accepted accounting principles. We are also responsible for establishing and maintaining effective internal control over financial reporting.

December 11-12, 2014
Very truly yours,

THE UNIVERSITY OF MISSOURI SYSTEM

[Signature]

Timothy M. Wolfe
President

[Signature]

Brian D. Burnett, Ph.D.
Vice President for Finance and Chief Financial Officer

[Signature]

Ryan Rapp
Controller

[Signature]

Eric Vogelweid
Assistant Controller

[Signature]

Harold Berndt
Director, Financial Reporting and Taxation
<table>
<thead>
<tr>
<th>ID</th>
<th>Description of Measurement</th>
<th>Type of Measurement</th>
<th>Accounts</th>
<th>Initial</th>
<th>(In US$)</th>
<th>Income effect of revaluating the balances sheet at current market value (if applicable)</th>
<th>Income effect of revaluing the current period balance sheet</th>
<th>Income effect according to U.S. GAAP Financial Statement method</th>
<th>Equity</th>
<th>Current Assets</th>
<th>Noncurrent Assets</th>
<th>Current Liabilities</th>
<th>Noncurrent Liabilities</th>
<th>Memorandum Item</th>
<th>Total</th>
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<td>Change in Fair Value of Nonmarketable Alternative Investments (4/30/2015)</td>
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<td>Nonmarketable Alternative Investments - Pension Trust Funds (Aggreate Fair Value Fund option unit)</td>
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<td>(15,077)</td>
<td>0</td>
<td>(15,077)</td>
<td>(15,077)</td>
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</table>

**Business-Type Activities, option unit:**

2. The University records purchases of investments, net of sales and maturities within its Statement of Cash Flows. U.S. generally accepted accounting principles require presentation of such on a gross basis.

3. The University does not disclose interest rate risk within its U.S. GAAP disclosures. U.S. GAAP requires this financial statement disclosure.

4. The University’s foreign currency risk disclosure within its U.S.A. 10-F does not break out netted funds by currency denominations because such information is not available to fund managers.
October 10, 2014

KPMG LLP
10 S. Broadway
Suite 900
Saint Louis, MO 63102

Ladies and Gentlemen:

We are providing this letter in connection with your audits of the statement of net position of University of Missouri Health Care (MU Health Care) as of June 30, 2014 and 2013, and the related statements of revenue, expenses, changes in net position, and cash flows for the years then ended, for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of MU Health Care in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of net position, statements of revenue, expenses, change in net position, and cash flows in conformity with U.S. generally accepted accounting principles. We are also responsible for establishing and maintaining effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, as of October 10, 2014, the following representations made to you during your audits:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 26, 2014, for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles.

2. We have made available to you:
   
   a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements.
   
   b. Additional information that you have requested from us for the purpose of the audits.
c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence.

d. All fiscal intermediary and third-party payor reports and information.

3. Except as disclosed to you in writing, there have been no:

a. Circumstances that have resulted in communications from MU Health Care’s external legal counsel to MU Health Care reporting evidence of a material violation of securities law or breach of fiduciary duty, or similar violation by MU Health Care or any agent thereof.

b. Communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction (including those related to the Medicare and Medicaid antifraud and abuse statutes), deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

4. We have no knowledge of false statements affecting MU Health Care’s financial statements made to MU Health Care’s internal auditors, or other auditors who have audited entities under our control upon whose work you may be relying in connection with your audits.

5. There are no:

a. Violations or possible violations of laws or regulations, such as those related to the Medicare and Medicaid antifraud and abuse statutes, including but not limited to the Anti-Kickback Statute, Limitations on Certain Physician Referrals (commonly referred to as the "Stark law"), and the False Claims Act, in any jurisdiction, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

b. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, except for those matters related to potential federal health program reimbursement issues that have been disclosed and a liability accrued for in the consolidate financial statements.

c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62, paragraphs 96 – 113, except for those matters related to potential federal health program reimbursement issues that have been disclosed and a liability accrued for in the consolidate financial statements.

d. Material transactions, for example, grants and other contractual arrangements, that have not been properly recorded in the accounting records underlying the financial statements.

e. All events occurring subsequent to the statement of net position and for which U.S. generally accepted accounting principles requires adjustment or disclosure have been appropriately adjusted for and disclosed in the financial statements.
6. All known actual or possible litigation and claims have been accounted for and disclosed in accordance with GASB Statement No. 62, paragraphs 96 – 113.

7. We acknowledge our responsibility for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud.

8. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect MU Health Care’s ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting, as those terms are defined in AU-C Section 265, Communicating Internal Control Related Matters Identified in an Audit.

9. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

10. We have no knowledge of any fraud or suspected fraud affecting the entity involving:

   a. Management,

   b. Employees who have significant roles in internal control over financial reporting, or

   c. Others where the fraud could have a material effect on the financial statements.

11. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

12. Except as disclosed in the notes to the financial statements, MU Health Care has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

13. We have no knowledge of any officer or director of MU Health Care, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate or mislead you during your audit.

14. The following have been properly recorded or disclosed in the financial statements:

   a. Related party transactions including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.

   We understand that the term “related party” refers to affiliates of the enterprise; entities for which investments in their equity securities would, be required to be accounted for by the equity method by the enterprise; trusts for the benefit of employees, such as pension and
profit-sharing trusts that are managed by or under the trusteeship of management; principal
owners of the enterprise; its management; members of the immediate families of principal
owners of the enterprise and its management; and other parties with which the enterprise
may deal if one party controls or can significantly influence the management or operating
policies of the other to an extent that one of the transacting parties might be prevented from
fully pursuing its own separate interests. Another party also is a related party if it can
significantly influence the management or operating policies of the transacting parties or if it
has an ownership interest in one of the transacting parties and can significantly influence the
other to an extent that one or more of the transacting parties might be prevented from fully
pursuing its own separate interests.

b. Guarantees, whether written or oral, under which MU Health Care is contingently liable.

c. There are no off-balance sheet activities, including accounting policies relating to non-
consolidation and revenue recognition.

e. Arrangements with financial institutions involving compensating balances or other
arrangements involving restrictions on cash balances and lines of credit or similar
arrangements.

f. Agreements to repurchase assets previously sold, including sales with recourse.

g. Changes in accounting principle affecting consistency.

h. Significant relationships with affiliated organizations, and the financial statements of those
organizations, where required.

i. All assets and liabilities under MU Health Care’s control.

15. MU Health Care has satisfactory title to all owned assets, and there are no liens or encumbrances on
such assets, nor has any asset been pledged as collateral.

16. MU Health Care has complied with all aspects of contractual agreements that would have a material
effect on the financial statements in the event of noncompliance.

17. Billings to third-party payors comply in all material respects with applicable coding guidelines (e.g.,
ICD-9-CM and CPT-4) and laws and regulations (including those dealing with Medicare and
Medicaid antifraud and abuse) and only reflect charges for goods and services that were medically
necessary, ordered in writing by a treating physician, properly approved by regulatory bodies (for
example, the Food and Drug Administration), if required, and properly rendered.

18. Receivables reported in the financial statements represent valid claims against debtors for sales,
services, or other charges arising on or before the date of the statement of net position and have
been appropriately reduced to their estimated net realizable value.

19. Amounts advanced to related organizations represent valid receivables and are expected to be
recovered at some future date in accordance with the terms of related agreements.

21. MU Health Care does not have any off-balance-sheet risk and financial instruments with concentrations of credit risk other than those provided by the University. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:

   a. Extent, nature, and terms of financial instruments with off-balance-sheet risk;
   
   b. The amount of credit risk of financial instruments with off-balance-sheet credit risk, and information about the collateral supporting such financial instruments; and
   
   c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.

22. The University is responsible for making the fair value measurements and disclosures included in the financial statements, including determining the fair value of investments for which a readily determinable fair value does not exist. As part of fulfilling this responsibility, the University and MU Health Care have established an accounting and financial reporting process for determining the fair value measurements and disclosures, considered the appropriateness of valuation techniques, adequately supported any significant assumptions used, and ensured that the presentation and disclosure of the fair value measurements are in accordance with U.S. generally accepted accounting principles. We believe the assumptions and techniques used by us, including those used by specialists engaged by us, are appropriate in the circumstances and the resulting valuations and disclosures are reasonable.

23. We believe that all material expenditures or expenses that have been deferred to future periods will be recoverable.

24. Tax-exempt bonds issued have retained their tax-exempt status.

25. The University is in compliance with bond indentures or other debt agreements.

26. Management is responsible for the accuracy and propriety of all cost reports filed and all required Medicare, Medicaid, and similar cost reports have been properly filed. All costs reflected on such reports are appropriate and allowable under applicable reimbursement rules and regulations and are patient related and properly allocated to applicable payors. The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations. All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the cost report. Recorded third-party settlements include differences between filed (and to be filed) cost reports and calculated settlements, which are necessary based on historical experience or new or ambiguous regulations that may be subject to differing interpretations. While management believes the entity is entitled to all amounts claimed on the cost reports, management also believes the amounts of these differences are appropriate.
27. Provision, when material, has been made for:
   
a. Losses to be sustained from inability to fulfill any sales commitments.

b. Losses to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.

c. Losses to be sustained as a result of the reduction of excess or obsolete inventories to their estimated net realizable value.

d. Estimated loss to be sustained as a result of retroactive adjustments by third-party payors under reimbursement agreements that are subject to examination, including denied claims, Recovery Audit Contractors (RAC) audits, changes to Diagnosis-related Group (DRG) assignments or other classification criteria affecting reimbursement.

e. Loss to be sustained as a result of adjustments resulting from review of Medicare or other payor claim data by the payors’ reviewers with which MU Health Care has agreements.

f. MU Health Care, as part of the University, receives information about the fair value of investments from the University and losses to be sustained as a result of other-than-temporary declines in the fair value of investments, would be determined and allocated by the University.

g. Audit adjustments by fiscal intermediaries, third party payors, and other regulatory agencies.

i. MU Health Care pollution remediation obligations. We believe that such estimate has been determined in accordance with the provisions of GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, and is not material and is reasonable based on available information.

28. There are no liabilities for physician and medical services provided to members covered under capitation arrangements, as there are no such arrangements.

29. The financial statements disclose all of the matters of which we are aware that are relevant to the entity’s ability to continue as a going concern, including significant conditions and events, and our plans.

30. We have received opinions of counsel upon each issuance of tax-exempt bonds that the interest on such bonds is exempt from federal income taxes under section 103 of the Internal Revenue Code of 1986, as amended. There have been no changes in the use of property financed with the proceeds of tax-exempt bonds, or any other occurrences, subsequent to the issuance of such opinions, that would jeopardize the tax-exempt status of the bonds. Provision has been made, where material, for the amount of any required arbitrage rebate.

31. MU Health Care has properly applied the requirements of GASB No. 51 Accounting and Financial Reporting for Intangible Assets, including those related to the recognition of outlays associated with the development of internally generated computer software.
32. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. generally accepted accounting principles. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on MU Health Care’s current period financial statements, and the expected impact of each such policy and practice on future periods’ financial reporting. We believe the effect of these policies and practices on the financial statements and our assessment of internal control over is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.

33. MU Health Care has identified and properly accounted for all nonexchange transactions.

34. In accordance with Government Auditing Standards, we have identified to you the significant findings and recommendations from previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of this audit and have accurately communicated to you the related corrective actions taken to address the findings.

35. Management has reviewed, approved, and taken responsibility for accrual adjustments.

36. Management has a process to track the status of audit findings and recommendations.

37. Management has provided views on reported findings, conclusions, and recommendations, as well as management’s planned corrective actions, for the report.

38. Capital assets, including infrastructure assets, are properly capitalized, reported and, if applicable, depreciated.

39. Deposits and investment securities are properly classified and reported.

40. The financial statements properly classify all funds and activities.

41. Net asset components (net investment in capital assets; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.

42. MU Health Care has presented all required supplementary information. This information has been measured and prepared within prescribed guidelines.

43. Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.

44. All special and extraordinary items have been disclosed.

45. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

December 11-12, 2014
46. MU Health Care, as part of the University, receives information about the fair value of investments from the University as MU Health Care’s investments are invested in the University’s investment pools. The University determines the fair value of certain investments as required by GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. The amounts reported represent the University’s and MU Health Care’s best estimate of fair value of investments required to be reported under the Statement. MU Health Care also has disclosed the methods and significant assumptions used to estimate the fair value of its investments, and the nature of investments reported at amortized cost.

47. The University and MU Health Care have identified and made the appropriate disclosures for all derivative instruments not reported at fair value in the financial statements in accordance with GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments.

48. MU Health Care, along with other departments of the University, participates in the University’s Medical, Professional, and Patient General Liability Trust (the Trust), which was established by the Board of Curators of the University. The Trust is not a legally separate entity from the University. This Trust is akin to a self-insurance internal service fund serving the University’s department that has assumed the risk of the covered claims from the University’s departments, including MU Health Care.

49. MU Health Care obtained $55,000,000 of investments via two loans received from the University, in fiscal years 2001 and 2002. Management does not anticipate any repayments of these loans in fiscal year 2015.

50. MU Health Care’s reporting entity includes all entities that are component units of MU Health Care. Such component units have been properly presented as either blended or discrete. Investments in joint ventures in which the MU Health Care holds an equity interest have been properly recorded on the statement of net position. The financial statements disclose all other joint ventures and other related organizations.

51. All funds that meet the quantitative criteria in GASB Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, for presentation as major are identified and presented as such, and all other funds that are presented as major are considered to be particularly important to financial statement users by management.

52. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

53. We entered into agreements with Cerner Corporation in January 2010, which created the Tiger Institute for Health Innovation, which is not a separate legal entity. We have appropriately accounted for the transactions within the agreements and have provided all information regarding these agreements to you.

54. We acknowledge our responsibility for the presentation of the required supplementary information which includes management’s discussion and analysis, in accordance with the applicable criteria and prescribed guidelines established by the Governmental Accounting Standards Board and
believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines.

1. Believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines.

2. The methods of measurement or presentation of the required supplementary information have not changed from those used in the prior period.

3. The significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information are reasonable and appropriate in the circumstances.

55. MU Health Care has properly applied the requirements of GASB No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, and determined the service utility of the Missouri Rehabilitation Center (MRC) has declined significantly specific to the inpatient business. Management measured the impairment of the MRC facility attributable to the inpatient business based on the amount of space occupied by the inpatient units and the patient days census. Management believes the impairment recorded of $2.2 million as of and for the year ended June 30, 2014 financial statements accurately reflects the decline in service utility for the MRC facility based on the events and conditions that existed as of June 30, 2014 and through the report date.

56. The effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Further, we confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles.
We execute this letter of representation based upon representations made to us by the signatories below and not based upon our personal knowledge as it pertains to sections 14e, 21-22, 24-25, 27f, 30, 39 and 46-49. We have no reason and information which would indicate or imply that any matter set forth in this letter is not accurate and correct.

Very truly yours,

Mitch Wasden
Chief Executive and Operating Officer
University of Missouri Health Care

Jennifer Doll
Controller
University of Missouri Health Care

The Vice President for Finance and Chief Financial Officer for the University of Missouri, and the Controller, as the Chief Accounting Officer, execute this letter of representation based upon representations made to them by the signatories to this letter and not based upon their personal knowledge except for section 14e, 21-22, 24-25, 27f, 30, 39 and 46-49 of which they have personal knowledge; provided further the Vice President and Chief Financial Officer, and the Controller, have no reason and no information which would indicate or imply that any matter set forth in this letter is not accurate and correct.

Very truly yours,

Brian Burnett
Vice President for Finance and Chief Financial Officer
University of Missouri System

Ryan Rapp
Controller
University of Missouri System

December 11-12, 2014
Addendum

Summary of Uncorrected Financial Statement Misstatements

Amounts in thousands

1.) Dr Medical Supplies and Drugs $3,857
    Cr Third Party Settlements $3,857
    To record an additional liability reserve.

2.) Dr Net Position, beginning of year as adjusted $1,014
    Cr Cumulative effect of change in accounting principle $46
    Cr Interest Expense $968

To record the cumulative effect of change in accounting principle for bond issuance costs in accordance with GASB 65, Items Previously Reported as Assets and Liabilities.
October 21, 2014

KPMG LLP
10 South Broadway
Suite 900
St. Louis, MO 63012

Ladies and Gentlemen:

In connection with your audits of the basic financial statements of the University of Missouri System (the University), a component of the State of Missouri, as of and for the year ended June 30, 2014, for the purpose of expressing opinions as to whether the basic financial statements present fairly, in all material respects, the financial position of business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the University, and the changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles, you were previously provided with a letter of representations under date of October 10, 2014. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.

To the best of our knowledge and belief, no events have occurred subsequent to October 10, 2014 and through the date of this letter that would require adjustment to or disclosure in the aforementioned basic financial statements.
Very truly yours,

THE UNIVERSITY OF MISSOURI SYSTEM

[Signature]
Timothy M. Wolfe
President

[Signature]
Brian D. Burnett, Ph.D.
Vice President for Finance and Chief Financial Officer

[Signature]
Ryan Rapp
Controller

[Signature]
Eric Vogelweid
Assistant Controller

[Signature]
Harold Berndt
Director, Financial Reporting and Taxation
October 27, 2014

KPMG LLP
10 South Broadway
Suite 900
St. Louis, MO 63012

Ladies and Gentlemen:

In connection with your audits of the basic financial statements of the University of Missouri System (the University), a component of the State of Missouri, as of and for the year ended June 30, 2014, for the purpose of expressing opinions as to whether the basic financial statements present fairly, in all material respects, the financial position of business-type activities, the aggregate discreetly presented component unit, and the aggregate remaining fund information of the University, and the changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles, you were previously provided with a letter of representations under date of October 10, 2014. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.

To the best of our knowledge and belief, no events have occurred subsequent to October 10, 2014 and through the date of this letter that would require adjustment to or disclosure in the aforementioned basic financial statements.
Very truly yours,

THE UNIVERSITY OF MISSOURI SYSTEM

Timothy M. Wolfe  
President

Brian D. Burnett, Ph.D.  
Vice President for Finance and Chief Financial Officer

Ryan Rapp  
Controller

Eric Vogelweid  
Assistant Controller

Harold Berndt  
Director, Financial Reporting and Taxation

1.
October 31, 2014

KPMG LLP
10 South Broadway
Suite 900
St. Louis, MO 63012

Ladies and Gentlemen:

In connection with your audits of the basic financial statements of the University of Missouri System (the University), a component of the State of Missouri, as of and for the year ended June 30, 2014, for the purpose of expressing opinions as to whether the basic financial statements present fairly, in all material respects, the financial position of business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the University, and the changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles, you were previously provided with a letter of representations under date of October 10, 2014. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.

To the best of our knowledge and belief, no events have occurred subsequent to October 10, 2014 and through the date of this letter that would require adjustment to or disclosure in the aforementioned basic financial statements.
Very truly yours,

THE UNIVERSITY OF MISSOURI SYSTEM

Timothy M. Wolfe  
President

Brian D. Burnett, Ph.D.  
Vice President for Finance and Chief Financial Officer

Ryan Rapp  
Controller

Eric Vogelweid  
Assistant Controller

Harold Berndt  
Director, Financial Reporting and Taxation

1.
Government Auditing Standards
Internal Control Opinions
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

The Board of Curators
University of Missouri System:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the University of Missouri System, a component unit of the State of Missouri, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the University of Missouri System’s basic financial statements, and have issued our report thereon dated October 10, 2014. Our report on the basic financial statements included an emphasis of matter paragraph because effective July 1, 2013 the University of Missouri System implemented Government Accounting Standards Board (GASB) No. 65, Items Previously Reported as Assets and Liabilities, GASB No. 67, Financial Reporting for Pension Plans, and GASB No. 68, Accounting and Financial Reporting for Pensions. Our opinion was not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University of Missouri System’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University of Missouri System’s internal control. Accordingly, we do not express an opinion on the effectiveness of University of Missouri System’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University of Missouri System’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University of Missouri System’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University of Missouri System’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/ KPMG LLP

St. Louis, Missouri
October 10, 2014
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

The Board of Curators
University of Missouri:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of University of Missouri Health Care (MU Health Care) which comprise the statements of net position as of June 30, 2014, and the related statements of revenues, expenses, and changes in net position, and cash flow for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MU Health Care’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MU Health Care’s internal control. Accordingly, we do not express an opinion on the effectiveness of MU Health Care’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MU Health Care’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an
opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/ KPMG LLP

St. Louis, Missouri
October 10, 2014
Quality Controls
AUDIT QUALITY AND PROFESSIONAL PRACTICE

Our system of audit quality control

Serving the public interest through independence, integrity, ethics, objectivity, skepticism, and quality performance

December 2013

KPMG LLP
Our system of audit quality control

Serving the public interest through independence, integrity, ethics, objectivity, skepticism, and quality performance

December 2013
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Our quality statement

Promise of Professionalism

Our Promise of Professionalism to the capital markets we serve, our people, and the entities we audit is the basis for everything we do at KPMG LLP (KPMG) and the foundation for our strategic priorities of Professionalism and Integrity, Employer of Choice, Quality Growth, and Global Strength and Consistency.

Our operating and leadership structure is designed to enable KPMG to provide outstanding service to the capital markets we serve and the entities we audit and to be responsive to the evolving economic and regulatory environment in which we operate. It is designed to support our one-firm approach to our business and the proper safeguards and monitoring of our business practices to meet the needs of the marketplace, reinforce our sense of partnership, and deliver on our Promise of Professionalism—to the capital markets we serve, each other, and the entities we audit. Our operating structure separates risk management and compliance from operations at the highest levels of the firm to help ensure appropriate checks and balances in our governance. We have assigned roles and responsibilities to specific committees within this structure to help ensure that we fulfill our professional obligations. Clearly, our professionals are the most important component of the quality service we provide, and it is essential that we support them with a system of audit quality control designed to help them succeed.

Our system of audit quality control incorporates components that are implemented and operated by our Audit practice and components that are administered by other firm functions, including Legal, Risk and Regulatory.

The key components of our system of audit quality control embedded within our Audit practice are:

- KPMG International’s Global Services Centre, which develops the methodologies and supporting technology tools used in our audit service processes
- Audit Quality and Professional Practice Network, the components of which are described below, which supports the firm’s professionals in meeting their responsibilities in the areas of accounting and financial reporting, Securities and Exchange Commission (SEC) reporting matters, auditing and attestation standards, continuous improvement in audit quality, and internal and external inspection processes
- Department of Professional Practice, which provides technical guidance to engagement teams on engagement-related issues, develops and disseminates topic-specific guidance on emerging technical and professional issues, and assists with firm and individual issues pertaining to compliance with regulatory and professional standards
- Professional practice partners, who provide professional practice and audit quality leadership in their respective geographies and assist engagement teams with consultations regarding technical accounting and auditing matters
- Audit Quality and Process Monitoring group, which accumulates and analyzes information relative to audit quality; participates in the development of remedial action plans; and monitors the timely implementation, execution, and effectiveness of those plans
- Issue Council, which provides input to and oversight of the Audit Quality and Process Monitoring group with respect to issue identification, analysis, remediation, and monitoring of the most significant matters relative to audit quality and our system of audit quality control
- Inspections group, which executes our annual internal inspection program, the Quality Performance Review (QPR) Program, for the Audit practice and liaises closely with the Audit Quality and Process Monitoring group
- Audit Methodology, Training and Tools Specialists (AMTS) network, which provides direct guidance on audit methodology execution to engagement teams, training support, and assistance with elements of our monitoring systems.
The key components of our system of audit quality control administered by functions outside the Audit practice are:

- KPMG’s Code of Conduct, which defines the values and standards by which KPMG fulfills its professional obligations and outlines the resources available to help partners and employees achieve compliance with them
- Independence policies, supported by systems to facilitate firm and personnel compliance with applicable independence requirements
- The Risk Management group – Audit, which is responsible for oversight, monitoring, and/or participation in our Audit practice, as well as certain firmwide processes to manage risk
- The Legal, Risk and Regulatory Committee, which is the principal management-level structure through which legal, professional practice, regulatory, compliance, ethics, independence, and related risk management issues are reported to the Board (through the Professional Practice, Ethics and Compliance Committee of the Board), and through which legal, regulatory, compliance, ethics, independence, and related risk management actions of the firm are implemented and monitored; the Legal, Risk and Regulatory Committee also monitors professional practice actions of the firm
- The Professional Practice, Ethics and Compliance Committee of the Board, which promotes a firm culture committed to the highest standards of professional practice, ethics, and compliance and which monitors the activities and processes that facilitate KPMG’s adherence to ethical business practices, its compliance with laws, rules, regulations, and professional standards and related risk management actions
- Management Review Panel, which monitors discipline and other remedial actions taken in response to substantiated incidents of noncompliance with applicable laws, regulations, or firm policy; ensures consistency of remedial action across the firm; and determines sanctions for violations of the firm’s independence policies
- An ombudsman, who serves as one of several designated channels of communication through which KPMG professionals may raise issues involving SEC-registered entities we audit and their foreign operations
- Internal Audit, which is responsible for the development and execution of a risk-based audit plan, designed to monitor compliance with key quality control policies and procedures.
Our system of audit quality control

KPMG maintains a system of quality control for its Audit practice that is designed to meet or exceed the requirements of applicable professional standards issued by the Public Company Accounting Oversight Board (the PCAOB) and the American Institute of Certified Public Accountants (the AICPA).

Professional practice, risk management, and quality control are the responsibilities of every KPMG partner and employee, who are expected to understand, apply, and adhere to KPMG’s policies and associated procedures at all times.

Our policies reflect individual quality control elements to help KPMG partners and employees act with integrity, skepticism, and objectivity; perform their work with diligence; and comply with applicable laws, regulations, and professional standards.

KPMG’s system of audit quality control encompasses the following elements:

- Leadership responsibilities for quality within the firm (the “tone at the top”)
- Engagement performance
- Relevant ethical requirements, including integrity, objectivity, and independence
- Personnel management
- Acceptance and continuance of audit entities to serve and specific engagements
- Monitoring

Leadership responsibilities for quality within the firm
KPMG has established a culture that reflects an absolute commitment to audit quality. One of the main drivers of this culture is the assignment of responsibility for audit quality to top management of the firm.

Our vice chair of Audit, who reports to the chairman and CEO and the deputy chair and chief operating officer of the firm, has ultimate responsibility for our Audit practice, including our system of audit quality control. Our national managing partner of Audit Quality and Professional Practice, who reports to the vice chair of Audit, is responsible for the day-to-day operation of our system of audit quality control and our processes to continuously improve audit quality. In this role, the national managing partner of Audit Quality and Professional Practice has responsibility for, including evaluating the performance of, the Department of Professional Practice (DPP), the Audit Quality and Process Monitoring group, the Inspections group, the AMTS network, and our regional and business unit professional practice partners (collectively, the Audit Quality and Professional Practice Network).

Audit Quality and Professional Practice Network
The Audit Quality and Professional Practice Network consists of more than 280 partners, directors, senior managers, and other professionals who support the firm’s professionals in meeting their responsibilities in the areas of auditing and attestation, accounting and financial reporting, SEC reporting matters, continuous improvement in audit quality, and internal and external inspection processes.

Department of Professional Practice
DPP provides technical guidance to engagement teams on engagement-related issues and assists in communications with audit committee members and management on those issues, developing and disseminating topic-specific guidance on emerging technical and professional issues, and consulting on and assisting with firm and individual audit entity issues pertaining to compliance with regulatory and professional standards. Through liaisons with the SEC and PCAOB, as well as active participation in the standards-setting processes at the Financial Accounting Standards Board, the Governmental Accounting Standards Board, the AICPA, the Emerging Issues Task Force, the Auditing Standards Board of the AICPA, the International Auditing and Assurance Standards Board, and other similar organizations, DPP professionals develop and represent KPMG’s positions on current topics being addressed by regulatory and other standard-setting bodies. In addition, DPP professionals actively liaise with KPMG International’s International Standards Group, located in London, on international accounting and auditing standards matters.

Professional practice partners
The Audit practice is managed nationally, supported by two regional leadership teams, each with a designated regional professional practice partner. These senior partners provide professional practice and audit quality leadership and direct adherence to firm policies and professional standards within their respective regions. These regional professional practice partners are supported in their roles by a network of:

- Senior Audit partners who serve as professional practice partners for their business units
- A complement of Audit partners and senior managers devoted to assisting engagement teams with consultations regarding technical accounting and auditing matters.
The roles of our professional practice partners are to:

- Support and advise the partners on audit entity-related matters
- Assimilate information pertaining to the professional risks of the firm
- Provide reasonable assurance that firm policies and professional standards are followed
- Review firm policies and processes in an effort to continuously improve audit quality
- Provide performance feedback for every Audit partner in his or her business unit on audit quality.

Audit Quality and Process Monitoring group
The Audit Quality and Process Monitoring group is responsible for:

- Accumulating information relative to audit quality matters on a timely and consistent basis (e.g., from internal and external inspections, DPP consultations, litigation and regulatory matters, etc.)
- Analyzing such information and identifying common themes and related root causes
- Participating in the development of appropriately focused remedial actions in response to those root causes
- Monitoring the timely implementation, execution, and effectiveness of the remedial action plans.

In addition, the Audit Quality and Process Monitoring group provides support for purposes of identifying particular characteristics of our audit engagement portfolio (e.g., entities or industry sectors exhibiting higher risk characteristics) for which proactive risk assessment plans may be developed, implemented, and monitored.

Issue Council
The national managing partner of Audit Quality and Professional Practice chairs the firm’s Issue Council, which provides input to and oversight of the Audit Quality and Process Monitoring group with respect to issue identification, analysis, remediation, and monitoring of the most significant audit quality matters.

Inspections group
The Inspections group executes our annual internal inspection program, the QPR Program, for the Audit practice and liaises closely with the Audit Quality and Process Monitoring group. In addition, the Inspections group coordinates the firm’s external quality review programs for the Audit practice and also is the firm’s primary liaison with the PCAOB’s inspection staff.

Audit Methodology, Training and Tools Specialists
The AMTS network, comprising approximately 140 partners and managers located in our business units, provides direct guidance on audit methodology execution to engagement teams in their geographic regions, training support, and assistance with elements of our monitoring systems. The AMTS network is integrated with our other national office functions through our National Office AMTS Leader.
Engagement performance

Our system of audit quality control is embedded throughout the firm’s audit engagement process and includes policies and guidance to enable engagement personnel to perform work that meets applicable professional standards, regulatory requirements, and the firm’s standards of quality. Engagement performance encompasses all aspects of the design and execution of an audit engagement, including the firm’s audit methodology and the review, supervision, consultation, documentation, and communication of audit results. Our global Audit Quality Framework assists every KPMG partner and employee in concentrating on the skills and behaviors needed to deliver an appropriate independent audit. A critical element of the Framework is a culture that embraces independence, professional skepticism, and objectivity in the performance of audits. In addition, the firm’s training includes programs designed to enhance professionals’ ability to make judgments by employing a framework that addresses how biases impact decision making and how to recognize and overcome biases in making judgments and applying appropriate professional skepticism.

The KPMG Audit

KPMG International’s Global Services Centre is comprised of professionals who develop and regularly update the methodologies that constitute the global audit process, in cooperation with KPMG International’s International Standards Group and the U.S. firm’s DPP.

The KPMG Audit is, where applicable, an integrated audit model, which incorporates both the audit of the financial statements and the audit of internal control over financial reporting. Our integrated audit is enhanced through timely communications with the audit committee and management throughout the audit process.

In an integrated audit, we use our knowledge and experience to identify a number of different risks (e.g., inherent risk, control risk, fraud risk, and risk of failure of a control). We assess each of these risks within a continuous range from lower to higher. The higher the risk, the more persuasive the audit evidence needs to be to mitigate that risk. We exercise professional skepticism throughout the audit in gathering and objectively evaluating the sufficiency and appropriateness of audit evidence obtained, which includes evidence that is confirming as well as disconfirming.

Our audit methodology is enhanced through eAudIT, KPMG’s electronic audit tool. eAudIT is an activity-based workflow and electronic audit file that integrates our methodology, guidance, industry knowledge, and tools needed to facilitate the audit process.
The following discussion is a highly summarized depiction of our audit methodology work flow:

**Risk assessment**
- Obtain an understanding of the entity and its environment, including internal control
- Perform risk assessment procedures and related activities
- Identify and assess risks of material misstatement due to fraud or error
- Design audit responses to address the assessed risks of material misstatement due to fraud or error

**Testing**
- Test operating effectiveness of selected controls
- Plan and perform substantive procedures

**Completion and Communication**
- Perform completion procedures, including overall review of financial statements
- Document significant findings and issues
- Consider if audit evidence obtained is sufficient and appropriate
- Form an audit opinion
- Communicate to the audit committee or those charged with governance various matters, including our responsibilities in relation to the audit, the terms and timing of the audit engagement, the overall audit strategy, and significant observations arising from the audit

The KPMG Audit addresses both manual and automated controls and includes integration of the firm’s information technology professionals and other specialists into the core audit engagement team when appropriate. Our audit also includes procedures aimed at detecting and responding to fraud risks.

The KPMG Audit also guides the conduct of audits of financial statements comprised of two or more components (group audits) and clearly delineates responsibilities relative to managing group audits and the involvement of the group audit engagement team in the work performed by the component auditor. Our audit methodology includes policies and guidance related to those matters that merit special consideration in performing group audits, including:
- Performing the group risk assessment
- Identifying significant component(s)
- Identifying significant accounts/disclosures and relevant assertions at the group level
- Evaluating groupwide controls
- Establishing group and component(s) materiality
- Communicating with the component auditor(s)
- Being involved in the risk assessment for significant component(s)
- Evaluating the results and findings of all work performed and considering whether sufficient appropriate audit evidence has been obtained.

**Supervision, review, and support for the engagement team**
Supervision entails directing the efforts of professionals who are involved in accomplishing the objectives of the audit and determining whether those objectives are accomplished. Elements of supervision include instructing and guiding professionals, keeping informed of significant issues, reviewing the work performed, addressing issues, and agreeing on appropriate conclusions.

KPMG’s supervision and review guidelines for audit work include:
- Tracking the progress of an engagement
- Considering the capabilities and competencies of individual members of an engagement team
- Identifying matters for discussion with, or consideration by, more experienced engagement team members during an engagement
- Reviewing and approving engagement planning and risk assessment prior to the start of significant fieldwork
- Reviewing audit documentation by a KPMG professional other than the preparer; the engagement partner’s responsibilities include review of the financial statements, auditors’ report, representation letters, communications to those charged with governance, and review of audit documentation related to critical areas of judgment, significant findings and issues, and significant risks at the financial statement level and the relevant assertion level with respect to significant accounts and disclosures, including work performed by KPMG specialists relative to these significant risks
- Involving an engagement quality control review partner on financial statement and integrated audit engagements
- Preparing planning and completion documentation that summarize significant issues, which are approved by various parties, including the lead audit engagement executive and engagement quality control review partner
- Performing in-depth technical reviews in certain situations, led by the engagement quality control review partner.
Consultation and differencse of opinion
The firm has established protocols for consultation and documentation regarding significant accounting and auditing matters, including procedures to resolve differences of opinion on engagement issues. Consultation within KPMG is encouraged and, in certain circumstances, required. Technical support for each engagement team comes from a network that includes DPP as well as the professional practice partners.

Differences of opinion may arise within the engagement team, with those consulted, or between the lead audit engagement executive and engagement quality control reviewer. In circumstances when an engagement team member does not agree with the resolution of the difference of opinion, even after appropriate consultation, and believes it necessary to be disassociated from the matter, we require that individual to document the matter, including the basis for resolution, in the audit documentation and consult with DPP. Where partners involved in the audit are unable to resolve an issue, the matter may be elevated for resolution by DPP. In any case, we do not issue the auditor’s report(s) until differences of opinion are resolved, and the resolution is implemented and documented.

Engagement quality control review
An engagement quality control review is an important element of KPMG’s system of quality control that is designed to provide reasonable assurance that, among other things, the entity’s financial statements comply with applicable accounting and reporting standards and relevant regulatory requirements and that the auditors’ report(s) is appropriate. The engagement quality control review is assigned to a partner who has no responsibilities on the engagement other than those relating to performing a review of the financial statements, auditors’ reports, and certain audit documentation. Engagement quality control reviewers are expected to maintain their objectivity throughout their review, and if it is concluded that the reviewer’s objectivity is impaired, another engagement quality control reviewer is appointed.

The engagement quality control review partner meets certain qualifications and criteria to perform an engagement quality control review for a particular engagement. Partners who perform engagement quality control reviews of public company audits are provided incremental internal training; these individuals are the firm’s most experienced technical partners and are knowledgeable and experienced in SEC accounting and reporting matters and PCAOB professional standards (including, specifically, PCAOB Auditing Standard No. 7, Engagement Quality Review).

Our firm’s policies require some level of engagement quality control review prior to the report release date of the related report(s) for financial statement audits, integrated audits, financial statement reviews, reviews of interim financial information, audits or reviews by component auditors (with certain exceptions), and all other reports (except compilation reports) that may be used by more than one KPMG International member firm or relied upon by other parties and when requested to perform an engagement quality control review by another KPMG International member firm.

In general, engagement quality control review partners discuss significant matters arising out of the engagement with the lead audit engagement executive, review audit documentation related to significant judgments and conclusions, review the appropriateness of the financial statements and related disclosures, and evaluate the key conclusions of the engagement team with respect to the audit and reports to be issued. For certain nonpublic entity audits, the engagement quality control review may be limited to certain of the matters described above, subject to the engagement quality control review partner’s professional judgment. Completion of an engagement quality control review is documented when the engagement quality control review partner has performed the procedures in accordance with the firm’s requirements and is satisfied that all significant questions raised have been satisfactorily resolved.

Engagement documentation
Our audit documentation is completed and assembled according to the timeline established by firm policy, and we have implemented administrative, technical, and physical safeguards designed to protect the confidentiality and integrity of audit entity and firm information.

In addition, our Audit professionals are required to apply appropriate and reasonable controls to:

- Clearly determine when and by whom audit documentation was created, changed, or reviewed
- Protect the integrity and confidentiality of information, including Personally Identifiable Information, throughout the audit, especially when the information is shared within the engagement team or transmitted to other parties via electronic means
- Prevent unauthorized changes to audit documentation
- Allow access to documentation by an engagement team and other authorized parties as necessary to properly discharge their responsibilities

The firm’s document retention policies govern matters such as the retention period for audit documentation and other records relevant to an engagement in accordance with the relevant SEC and PCAOB rules as well as other applicable regulatory bodies’ standards and regulations.

December 11-12, 2014
Relevant ethical requirements

Ethics and integrity
KPMG is committed to doing the right thing, in the right way, for the capital markets we serve, our people, and the entities we audit. Our culture is built on the principle that every individual must take personal responsibility for ethics and compliance. As individuals, we take ownership, stay informed, lead by example, consult with others, stand firm, and raise our hands when we see something that is inconsistent with our values or professional responsibilities. Those who manage others act as role models, enhance understanding, set appropriate goals, and are responsive, responsible, fair, and accountable.

Our Code of Conduct (the Code) is the cornerstone of our ethics and compliance program. It helps us to articulate our standards of behavior related to professionalism and integrity expected of all KPMG partners and employees. By setting forth in clear, conversational prose our core values, shared responsibilities, channels of communication, as well as key policies and protocols, the Code provides a road map to guide how our individual and collective commitments to professionalism and integrity should be manifested and maintained. This approach directly contributes to the success of our strategic priorities, as we look to grow our business by working with companies that share our values and by recruiting and retaining employees who take pride in the positive contributions they make to our ethical culture.

At the time of hire, and each year thereafter as part of an annual confirmation process, every one of our people is asked to confirm in writing that he or she has reviewed the Code, understands it, and agrees to adhere to our core values, shared responsibilities, global commitments, and promises.

Objectivity
Independence, integrity, ethics, and objectivity are the pillars of our firm. Thus, we work diligently to avoid impairment of our independence or even the appearance of a conflict of interest. KPMG personnel are vigilant to recognize actual and potential conflicts of interest, identifying them at the earliest opportunity to resolve, manage, or avoid the conflict. Conflicts of interest may preclude KPMG from accepting an entity or an engagement.

Independence
KPMG’s independence policies require that the firm, its partners and management group, and the personnel assigned to each audit engagement must be free from financial interests in and prohibited relationships with the entity we audit, its management, its directors, and its significant owners. The firm requires adherence to applicable independence requirements and ethical standards, which meet or exceed the standards promulgated by the PCAOB, SEC, AICPA, Government Accountability Office (GAO), and all other applicable regulatory bodies. These policies and procedures, which cover areas such as personal independence, postemployment relationships, rotation of certain engagement personnel, and approval of audit and nonaudit services, are monitored continuously.

Some of the firm’s independence policies and processes include:

Personal independence
• With the support of the firm’s Independence group, each professional is ultimately responsible for maintaining his or her personal independence.
• Our partners, managing directors, managers, and those providing professional services to an entity we audit may not have direct or material indirect investments in an entity we audit or its affiliates (“restricted entities”), regardless of whether they are in possession of inside information about such entities.
• Certain other financial relationships with entities we audit or their affiliates (e.g., loans, credit cards, insurance products, and brokerage accounts) are either prohibited or subject to limitations.
• Close family members of certain KPMG partners, managing directors, and employees may not hold certain accounting or financial reporting roles with entities we audit or their affiliates.

Postemployment relationships
• KPMG professionals are required to report promptly to the firm any discussions or contacts between them and an entity we audit regarding possible employment.
• KPMG professionals engaged in negotiations regarding possible employment with an entity we audit are immediately removed from the audit engagement.
• If a professional accepts employment with an entity we audit, the engagement team gives active consideration to the appropriateness or necessity of modifying the audit procedures to adjust for risk of circumvention by the former professional of the firm.
• For SEC-registered entities we audit at the issuer level, a former member of the audit engagement team may not accept employment in a financial reporting oversight role until the required “cooling-off” period has expired.

Rotation
Under the Sarbanes-Oxley Act of 2002 and the SEC’s independence rules, the firm’s Audit partners and certain other partners and managing directors are subject to specific rotation requirements that limit the number of consecutive years certain individuals may provide services to an SEC-registered entity we audit. To monitor compliance with these requirements, the firm uses its Partner Rotation System, which assists in monitoring
Assignments of certain personnel and initiating changes on entities we audit. Additionally, Risk Management – Audit must approve any proposed change of a lead audit engagement partner if the change is for any reason other than required partner rotation or normal partner retirement. Our monitoring system also aids in the development of timely transition plans that help the firm to deliver consistent quality service to the entities we audit. The process of monitoring and tracking service time and rotations is subject to compliance testing as part of various monitoring functions.

Approval of audit and nonaudit services
The applicable lead audit engagement executive receives notification of all services to be provided to entities we audit and their affiliates and for SEC-registered entities we audit, obtains preapproval of permitted services from the audit committee. For engagements subject to GAO standards, the firm requires approval by the lead audit engagement executive before commencement of such services.

KPMG’s proprietary system, Sentinel™, facilitates compliance with the firm’s policies related to the provision of services and also is used to identify and manage potential conflicts of interest within and across member firms in the KPMG International network. Lead audit engagement executives are required to maintain group structures for their publicly traded and other entities we audit and their affiliates in the system. KPMG International member firms are required to enter every engagement into Sentinel prior to starting work. For SEC-registered and certain nonpublic entities we audit, the applicable lead audit engagement executive reviews and approves, or denies, any proposed service wherever the member firm is based. Together with our policies, Sentinel helps the firm resolve potential conflicts of interest, prevent the provision of prohibited services to SEC-registered and certain nonpublic entities we audit, and determine that permitted services are properly preapproved.

Independence Training, Reporting, and Monitoring
KPMG has established processes to communicate independence policies and procedures to our personnel. Among other things, the firm requires all professionals to complete independence training every year and affirm their independence using an electronic confirmation system. This confirmation is completed upon commencement of employment at the firm, every year thereafter, and at key promotions.

KPMG monitors compliance with its independence policies for financial interests through an independence compliance system (called KICS), as well as through a compliance audit process.

KICS contains an inventory of SEC registrants and the securities they have issued. KPMG’s SEC-registered entities we audit are marked “restricted” in KICS. Before purchasing a security, securing a loan, or initiating another financial relationship, partners, managing directors, and managers are required to use KICS to determine if the entity is restricted. Additionally, investments are required to be reported in KICS, which automatically notifies professionals if an investment becomes “restricted.”

To confirm our professionals’ and the firm’s independence, in fiscal year 2013, the firm’s Ethics and Compliance group audited the financial relationships of more than 500 individuals subject to the independence requirements. Any failure to comply with the firm’s independence policies is referred to the Management Review Panel for review and remediation, helping to ensure consistent resolution. Also, to help ensure that the firm remains independent of entities for which it performs assurance services, the firm’s Ethics and Compliance group reviews all new firm financial relationships for potential independence issues and conducts monthly audits of the firm’s investments and loans to confirm that there are no investments in, or loans from, restricted entities. Tests for ownership threshold levels are included to help ensure that any indirect financial interest in an entity we audit is not material.

Confidentiality
KPMG has policies and processes in place to help ensure that any nonpublic information that comes to the attention of our personnel as a result of their association with the firm (confidential information) is treated confidentially, in accordance with applicable laws, professional standards, and contractual provisions, and not subject to unauthorized disclosure. Among other things, our policies prohibit our personnel from discussing confidential information with others, including other KPMG personnel, who do not have a business need to know the information. When consultations within KPMG relative to technical, legal, ethical, or other issues are necessary, reasonable care is taken to help ensure that those consulted are aware of the confidential nature of the information, and reasonable efforts are made to confirm that there are no conflicts of interest prior to the consultation. KPMG personnel may not seek out confidential information unless they have a business need to know the information. Additionally, KPMG personnel are prohibited from engaging in the misuse of confidential information or insider trading (i.e., buying or selling a security in breach of a fiduciary duty or other relationship of trust and confidence while in the possession of material, nonpublic information about the issuer of public securities, or providing another with access to such information for the purpose of buying or selling a security). All KPMG personnel are trained on the firm’s confidentiality policies when they join the firm and confirm their understanding of and adherence to KPMG’s confidentiality policies at the time of hire and annually thereafter. In addition, the firm conducts an annual Information Protection and Safe Harbor Certification Assessment program, which is an important part of the firm’s overall efforts to...
Protect personally identifiable information and comply with the applicable laws, regulations, professional standards, firm policies, and agreements in the area of privacy.

Over the past year, KPMG has increased its communications to our personnel about the importance of maintaining the confidentiality of our clients’ information. For example, we have included messaging about confidentiality and insider trading at key career touchpoints, including during the recruiting, onboarding, performance management, and exit processes. We also have updated our annual compliance confirmation and annual independence confirmations to include specific language related to our confidentiality and anti-insider trading policies, respectively.

**Personnel management**

The firm’s personnel management system encompasses the areas of:

- Recruitment and hiring
- Assignment of engagement teams
- Professional development
- Performance evaluation, advancement, and compensation.

**Recruitment and hiring**

Prior to receiving an offer of employment, all candidates for professional positions complete and submit an application for employment and an authorization for release of information, which authorizes the firm to conduct a background investigation on a candidate. Candidates are interviewed and are subject to background checks where the information provided is verified through independent sources. Prior to their start date, candidates are provided access to the firm’s independence guidelines to ascertain and confirm their independence. Situations involving independence or conflicts of interest are to be resolved before the individual can begin employment. Upon joining the firm, personnel are also required to confirm their agreement to comply with KPMG’s Code of Conduct and to complete training programs on independence, ethics, respect and dignity, protection of confidential information, document retention, and security, in addition to any practice-related modules.

**Assignment of engagement teams**

Individuals are assigned to specific engagements based on their skill sets, relevant professional and industry experience, the nature of the assignment or engagement, and available capacity. Lead audit engagement executives and engagement quality control review partner assignments are approved by business unit leadership and may also be approved by regional and national leadership based on the individual characteristics of the entity we audit.

In connection with the assignment of professionals to an engagement team, the lead audit engagement executive considers that the engagement team collectively has the appropriate competencies and capabilities, including capacity, to perform the audit engagement in accordance with firm policies, professional standards, and applicable legal and regulatory requirements and to enable an appropriate auditors’ report to be issued. The competencies and capabilities of an engagement team include:

- An understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
- An understanding of professional standards and legal and regulatory requirements
- Technical skills, including knowledge of relevant information technology and other specialized areas of accounting or auditing
- Knowledge of relevant industries in which the audit entity operates
- Ability to apply professional judgment
- An understanding of KPMG’s audit quality control policies and procedures.

**Professional development**

Our policies require our professionals to maintain their technical competence and to comply with applicable regulatory and professional requirements regarding continuing professional education (CPE). The firm provides continuous learning opportunities to help our professionals meet these requirements, as well as their own professional development goals, by providing learning on an expanding range of topics, through a variety of methods, including traditional classroom courses, virtual courses, and Web-based self-studies. The firm measures results through course evaluations, proficiency tests, and follow-up focus groups to continuously improve the efficiency, effectiveness, and impact of our learning initiatives.

KPMG maintains a system that helps professionals monitor compliance with their CPE requirements, and the firm also monitors compliance with the requirements.

KPMG requires that client service professionals who are eligible to hold a certified public accountant (CPA) license (i.e., who have passed the CPA exam and met applicable state educational and experience requirements) be licensed to practice in the states where their principal place of business is located and that they meet all CPA licensing requirements in any other state(s) in which they practice public accounting. The firm closely monitors license expiration and renewal for its professionals using a database that automatically generates a notification prior to license expiration. Professionals who fail...
to obtain or renew a license on a timely basis or fail to provide accurate and complete licensing information to the firm on a timely basis may be subject to disciplinary action.

Audit quality and professional skepticism is continually emphasized to KPMG professionals through timely training and communication of accounting, auditing, and reporting matters. The firm’s training includes programs designed to enhance professionals’ ability to make judgments by employing a framework that addresses how biases impact decision making and how to recognize and overcome biases in making judgments and applying appropriate professional skepticism, including evaluating disconfirming evidence. In addition, the firm requires all professionals to complete KPMG’s annual training on independence standards and biennial training on the ethical standards embedded in our Code of Conduct. The firm also encourages professionals to stay abreast of technical updates by attending industry-specific training programs and conferences as well as reviewing pertinent bulletins and periodicals.

The firm also has developed a Career Architecture program that helps partners and employees understand their career opportunities through expansion of their skills, experiences, and networks within KPMG.

Performance evaluation, advancement, and compensation

The firm’s professionals, including partners, are subject to annual goal-setting and performance evaluations conducted by people management leaders, who are trained in the KPMG performance management process and are familiar with the professionals’ performance. The firm’s performance evaluation model has been developed to provide a consistent framework by which leadership and performance management leaders may discuss performance relative to goals and objectives and career development aspirations. Each professional is evaluated on his or her attainment of agreed-upon goals, demonstration of skills/behaviors, and adherence to the firm’s values. Skills/behaviors evaluated include quality focus and professionalism (including baseline ethics and integrity goals for all personnel), technical knowledge, accountability, business and strategic focus, leading and developing people, continuous learning, and relationship building. The results of the annual performance evaluation directly affect compensation and advancement of KPMG personnel, including partners, and in some cases, their continued association with the firm.

Our process for admission to the partnership is rigorous and thorough, involving the appropriate members of KPMG leadership. Each candidate for the partnership, whether via direct-entry hire or internal nomination, undergoes a background check and is interviewed by several members of firm leadership, including a professional practice or risk management partner and a Board member. Furthermore, an extensive review for each internal partner candidate is completed by a number of departments, including the Ethics and Compliance group, Audit Quality and Professional Practice, Risk Management, and the Office of General Counsel. All recommendations for admission to the partnership must be approved by an affirmative vote of two-thirds of the entire Board.

Audit partner compensation is determined annually by Audit leadership and approved by the Management Committee and Board. The professional practice partners have significant involvement in evaluating Audit partner performance and compensation.

All partners are compensated from the distributable profits of the firm. The determination of the profits available for distribution is based on the results of the firm as a whole and is not dependent directly on the performance of any particular line of business or function. Partner compensation is composed primarily of a predetermined proportion of the profits for the year, which is based, in part, on the seniority and experience of each partner.

Audit quality performance is the central factor in evaluating and compensating Audit partners. One of the factors considered in the compensation of Tax and Advisory partners who participate in audit engagements includes achievement of appropriate audit quality goals. Our policies for setting compensation amounts do not allow an Audit partner, as defined by the SEC, to be compensated for the sale of nonaudit services to an entity we audit that he or she serves.

Acceptance and continuance of audit entities to serve and specific engagements

KPMG recognizes that rigorous entity and engagement acceptance and continuance policies are vitally important to the firm’s ability to provide high-quality professional services, and the firm has established policies and procedures for deciding whether to accept or continue a professional relationship and whether to perform specific services for a particular entity. KPMG has developed a tool, known as CLEAS (Client and Engagement Acceptance System), to manage, control, and document its entity and engagement acceptance and continuance processes. An engagement code cannot be set up in the firm’s financial system, and an engagement team is not permitted to commence work on an engagement, before approval is obtained.

Conflict check system

Engagement teams proposing to perform a new audit engagement are required to perform a series of procedures, including a review of nonaudit services provided to the potential entity to be audited. KPMG’s system, Sentinel, is used to identify and manage potential conflicts of interest within and across member firms in the KPMG International network. When a potential conflict of interest is identified, a member of Risk Management determines how to resolve the potential conflict after appropriate consultations, if needed,
with the Office of General Counsel, and the resolution of all matters is documented. Resolution of potential conflicts requires approval from a second party, which could include the professional practice partner, Sentinel conflicts resolver, or the functional risk management group, before signing the initial audit engagement letter.

If the engagement is accepted, it may be necessary to establish "ethical dividers" with respect to the professionals assigned and to communicate with appropriate parties. If a potential independence issue or conflict cannot be resolved satisfactorily, in accordance with professional and firm standards, the prospective entity or engagement is declined.

Prospective entity/engagement evaluation processes
Prior to accepting an audit engagement with a new audit entity, firm policies require an evaluation of the entity and its principals, its business, and engagement-related matters, as appropriate. This evaluation typically includes a background investigation of the entity and selected senior management personnel.

Factors considered during the acceptance process include, but are not limited to:
• Character and competency of management and the audit committee (company reputation, financial viability, and control environment)
• Business-related matters (industry, products, competitors, and extent and location of key foreign operations)
• Service-related matters (firm and engagement team competency and capacity and technical risk associated with services requested)
• Independence-related matters (employment-related matters, financial relationships, investments, loans, and nonaudit services).

Prospective audit engagement evaluations require approval of the professional practice partner and the business unit partner in charge. New SEC audit engagements require additional approvals by the regional professional practice partner, and certain other entities also require the approval of Risk Management – Audit.

Continuance process
Lead audit engagement executives are required to review and evaluate their existing audit and attestation engagements with their professional practice partner at least annually. An engagement continuance evaluation is a process of formal approvals by various parties, including the regional professional practice partner in certain situations. The objective of these reviews is to identify those engagements where the firm should consider implementing additional safeguards to address audit risk and those instances where we should discontinue our professional association with the entity.

In addition, certain factors that require additional evaluation procedures to be conducted include, but are not limited to:
• New legal, regulatory, or professional requirements that alter our reporting responsibilities and professional risks
• A significant change in the nature, size, or structure of an entity’s business
• A significant change in ownership
• A significant change in an entity’s management, directors, principal owners, or other key personnel
• A significant, adverse change in the perceived integrity of current management or principal owners
• A significant, adverse change in the financial performance of the entity
• Particular audit findings (e.g., material weaknesses in internal control not being addressed by management)
• An existing nonpublic entity we audit plans to become an SEC registrant
• A restatement of financial statements
• Results of an investigation of the entity we audit by a regulatory body or its audit committee indicating involvement by a current member of management.

Monitoring
Monitoring of the firm’s system of audit quality control involves ongoing consideration and evaluation by the firm of the following matters:
• Relevance and adequacy of the firm’s policies and procedures
• Appropriateness of the firm’s guidance materials, tools, and practice aids
• Effectiveness of professional development activities
• Compliance with professional and firm standards, policies, and procedures
• Effectiveness of action plans developed to address recurring findings related to engagement reviews (i.e., QPR Program, PCAOB inspections, and other external inspections)

Internal inspection processes
Along with other monitoring activities previously described, KPMG meets the profession’s monitoring requirement through the implementation of our internal inspection processes, including the QPR and Risk Compliance Programs.

Components of the internal inspection processes include:
• A central, full-time review team that resides in the Inspections group of Audit Quality and Professional Practice and consists of partners and managers, supplemented by other KPMG professionals with applicable industry and technical knowledge
- Regular reviews of audit engagements of individual partners and managing directors generally following a three-year rotating schedule
- Reviews of audit engagements of selected individual managers in a lead role for an SEC-registered entity we audit
- Reviews of other audit engagements using risk-based selection criteria
- Reviews of general and functional controls, including independence, audit entity acceptance and continuance, personnel evaluations, CPE compliance, and document retention
- Frequent, timely reporting of firmwide inspection results
- Training and guidance that communicates to Audit professionals common inspection findings, those areas where audit quality can be improved, and where appropriate, the tools needed to achieve improvements in audit quality.

**Compliance testing**
The Ethics and Compliance group also is responsible for testing and monitoring compliance with certain firm policies, such as those related to independence, continuing professional education, and licensing.

**Global compliance reviews**
KPMG is subject to a cross-functional Global Compliance Review (GCR) once every three years. This GCR is designed by KPMG International and performed by individuals in KPMG International’s Global Compliance group. Participation in this program is a condition of ongoing membership in the network. The overall objectives of the GCR are to assess the firm’s controls and its compliance with selected KPMG International risk management and various other policies and procedures expected to be implemented by KPMG International member firms.

**Regulatory external reviews**
The enactment of the Sarbanes-Oxley Act in 2002 resulted in the creation of the PCAOB, the mission of which is to oversee the auditors of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports. To assist it in fulfilling its mission, the PCAOB conducts periodic inspections of registered firms. KPMG is subject to annual inspection by the PCAOB. Because the PCAOB plays an important role in improving audit quality, the PCAOB’s inspection process serves to assist us in identifying areas where we can improve our performance and strengthen our system of audit quality control.

The 2012 PCAOB inspection report on KPMG is the firm’s most recent inspection report and is accessible through our Web site at [http://www.kpmg.com/US/en/about/Pages/regulatory-peer-reviews.aspx](http://www.kpmg.com/US/en/about/Pages/regulatory-peer-reviews.aspx).

**External peer review**
To comply with licensing requirements of state boards of accountancy and the GAO, KPMG undergoes a triennial external peer review conducted by another Big Four firm. The firm’s most recent peer review report was issued by PricewaterhouseCoopers LLP in December 2011 on KPMG’s system of audit quality control for its nonpublic entity accounting and auditing practice. The firm received a peer review rating of pass for the year ended March 31, 2011. Firms can receive a rating of pass, pass with deficiency(ies), or fail.


**Complaints and allegations (Ethics and Compliance Hotline)**
To further our commitment to integrity and an ethical culture, KPMG maintains an Ethics and Compliance Hotline that allows both phone and Web reports to be made through an independent third-party provider by calling the toll-free number, 1-877-576-4033, or by submitting a report via the Web at [www.kpmgethics.com](http://www.kpmgethics.com). The firm encourages use of the hotline when KPMG partners and employees feel uncomfortable reporting concerns about possible illegal, unethical, or improper conduct through normal channels, when the normal channels of communication are impractical or perceived as ineffective, or when the reporter desires to remain anonymous. The hotline is available to external parties as well, including personnel at entities we serve, vendors, and professionals from other KPMG International member firms.

Reports filed through the hotline are directed to the firm’s chief compliance officer for review and, if necessary, assignment of appropriate firm resources for investigation and resolution.

Generally, the firm’s chief compliance officer assigns reports that involve an SEC-registered entity we audit, the firm’s system of quality control, or certain other significant professional practice matters to the Office of General Counsel for investigation or other appropriate action. However, when the firm receives an internal report related to an SEC-registered entity we audit involving an audit-related professional practice issue, the matter is handled at the direction of the firm’s ombudsman to ensure independence of the investigation. The firm’s chief compliance officer manages, on a day-to-day basis, all personnel matters under investigation, except ombudsman matters. All reports are handled confidentially (to the extent allowable by law and consistent with the needs of a thorough investigation) and anonymously, if requested, and retaliation of any kind for good-faith reporting or for otherwise participating in an investigation is prohibited.

A KPMG International Hotline also is available (except in France due to regulatory reasons) for KPMG International personnel; partners, employees, and personnel at entities served by KPMG International member firms; and other parties.
Risk management and other elements of quality control

To enhance our system of quality control, KPMG separates the responsibility for risk management and monitoring certain aspects of our quality control from the responsibility for managing the firm’s business and professional practice activities. KPMG’s vice chair – Legal, Risk and Regulatory has ultimate responsibility for firmwide risk management.

Legal, Risk and Regulatory
Reporting directly to the firm’s chairman and CEO, the vice chair – Legal, Risk and Regulatory oversees all aspects of the firm’s regulatory, compliance, and related risk management activities, including risk management’s responsibility for monitoring certain aspects of the firm’s quality controls. The vice chair – Legal, Risk and Regulatory also oversees and administers all aspects of the ethics and compliance program. The chief compliance officer, the firm’s general counsel, national managing partner – Risk Management, Office of Government Affairs, and Firmwide Security report directly to the vice chair – Legal, Risk and Regulatory.

The vice chair – Legal, Risk and Regulatory chairs the firm’s Legal, Risk and Regulatory Committee, which includes the national managing partner – Risk Management; the national managing partners/principal for Advisory, Tax and Audit; the national principal in charge of Washington National Tax; the national managing partner – Audit Quality and Professional Practice; the general counsel; the chief compliance officer; and the partners/principals in charge of Risk Management for Advisory, Tax, and Audit.

Risk Management groups (Audit, Tax, and Advisory)
The Risk Management groups (Audit, Tax, and Advisory) consist of partners, principals, and other professionals charged with oversight of quality control and monitoring risk for the Audit, Tax, and Advisory practices, respectively.

Risk Management – Audit is an essential and integral component to successfully achieving our firm’s priorities through oversight, monitoring, and/or participation in the Audit practice’s and certain firmwide processes to manage risk. This group is responsible for developing risk management policies, including those relating to which audit entities we serve, the acceptance and continuance of individual engagements, and for oversight of our Audit QPR Program. The firm’s risk management systems, including CLEAS and the Partner Rotation System, also fall under the responsibilities of this group.

Risk Management – Tax oversees compliance with the professional standards and requirements established by the firm, the AICPA, the Internal Revenue Service, and other governmental authorities governing the U.S. Tax practice. This group develops risk management policies specific to our Tax practice and also seeks to ensure engagement quality with frequent guidance and training; approval of certain new Tax engagements at inception; and close monitoring of compliance, including its year-round Tax Quality Performance and Compliance Program. Risk Management – Tax is supported by business unit and national service line risk management partners, principals, and managing directors.

Risk Management – Advisory develops risk management policies specific to our Advisory practice. This group monitors compliance with our Advisory risk management policies and procedures, including execution of the Advisory QPR Program, and also reviews new advisory service offerings. Risk Management – Advisory brings forward significant new advisory service offerings to the Legal, Risk and Regulatory Committee for review of related risk management protocols. Risk Management – Advisory is supported by a network of national and service line risk management partners/principals.

Washington National Tax
Washington National Tax provides leadership and support to maintain consistency in the overall quality and depth of tax services provided by the firm. This group issues guidance on existing and emerging tax rules and regulations, participates in the development of firmwide tax positions, and consults with tax professionals on entity-related matters. Through these activities, Washington National Tax helps our tax professionals understand and comply with the firm’s policies and procedures.
**Independence group**

The Independence group is responsible for the firm’s policies, practices, and controls with respect to independence matters, including those relating to Sentinel and KICS, and is assisted by the professional practice partners and the firm’s Ethics and Compliance group.

**Ombudsman**

KPMG’s ombudsman serves as one of several designated channels of communication through which firm personnel may raise professional practice issues involving SEC-registered entities we audit and their foreign operations. The ombudsman operates under the firm’s principles of confidentiality and nonretaliation. Reports from KPMG professionals received via the Ethics and Compliance Hotline that involve the audit of an SEC-registered entity and raise potentially significant professional practice issues are directed by the firm’s chief compliance officer to the ombudsman for review.
Conclusion

We are confident that our firm’s tone at the top, structure, policies, and procedures support our professionals and enable them to provide a high level of audit quality in an independent, objective, and ethical manner, maintaining public and stakeholder confidence.

As businesses and markets evolve, we pledge to keep pace by continuing our substantial investment in the research and development needed to maintain audit quality and by monitoring changing public and regulatory expectations in the audit environment.

KPMG intends to continue to provide our professionals with training, technology-based tools, and audit methodologies that contribute to high-quality audits.

We encourage you to contact KPMG with any comments or questions you may have.
Our system of audit quality control: An addendum

Assisting audit committees in meeting NYSE rules on auditor communications

January 2014

KPMG LLP
Our system of audit quality control
An addendum

Quality control
KPMG LLP (KPMG) maintains a system of audit quality control that is designed to meet or exceed the requirements of applicable professional standards issued by the Public Company Accounting Oversight Board (PCAOB) and the American Institute of Certified Public Accountants (AICPA). The accompanying document, *Our system of audit quality control: Serving the public interest through independence, integrity, ethics, objectivity, skepticism, and quality performance*, describes that system and encompasses:

- Leadership responsibilities for quality within KPMG (the tone at the top)
- Engagement performance
- Relevant ethical requirements, including integrity, objectivity, independence, and confidentiality
- Personnel management
- Acceptance and continuance of audit entities to serve and specific engagements
- Monitoring.

KPMG continuously reviews its policies and practices to respond to changes in regulatory and professional requirements.

External regulatory reviews
The PCAOB was established by the Sarbanes-Oxley Act of 2002 (Act) to oversee the audits of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports. To assist it in fulfilling its mission, the PCAOB conducts periodic inspections of registered public accounting firms.

KPMG has been subject to 11 periodic PCAOB inspections, including a limited inspection in 2003. The status of the five most recent PCAOB inspections follows:

For its 2013 inspection, the PCAOB selected certain of KPMG’s public company audit engagements for review. In addition, the PCAOB completed certain procedures relating to the activities and responsibilities of KPMG’s executive and national offices. The PCAOB has not yet released KPMG’s 2013 inspection report.


The PCAOB released KPMG’s 2010 inspection report in November 2011. The public portions of the report are available on our Web site, [http://www.kpmg.com/US/en/about/Pages/regulatory-peer-reviews.aspx](http://www.kpmg.com/US/en/about/Pages/regulatory-peer-reviews.aspx). KPMG submitted its response to the nonpublic portion of this report to the PCAOB in October 2011. In August 2013, the PCAOB determined that KPMG had addressed the quality control criticisms or defects included in the nonpublic portion of the 2009 inspection report to the PCAOB’s satisfaction for purposes of Section 104(g)(2) of the Act. As a result, under the Act, the PCAOB did not make public any part of the nonpublic portion of the 2009 inspection report.

The public portions of the PCAOB’s reports do not include information that, under the Act, is considered nonpublic, including any criticisms of a firm’s system of quality control. Although KPMG does not publicize nonpublic portions of PCAOB inspection reports, the firm would be pleased to discuss with our clients significant information contained in the reports and the areas of focus for audit performance improvements.

Internal quality reviews
KPMG conducts an annual internal review of its Audit practice through its Quality Performance Review (QPR) Program. The QPR Program is designed to meet the quality control element of monitoring required by applicable professional standards promulgated by the PCAOB and the AICPA. For the five-year period ended December 31, 2013, our QPR Program did not identify any issues considered to have a material effect on the conduct of KPMG’s Audit practice. Like most companies with quality review programs, we identify areas for continuous improvement and address our findings through enhancement of policies, tools, and guidance, where appropriate; other written communications to our professionals; internal training; and periodic partner, manager, and staff meetings. These areas also are emphasized in subsequent years of the QPR Program to assist our audit quality function in assessing our continuous improvement goals.
External peer reviews
KPMG’s system of audit quality control for its nonpublic company Accounting and Auditing practice is subject to external peer review triennially.

PricewaterhouseCoopers LLP issued a report on its most recent external peer review in December 2011. In that report, KPMG received a peer review rating of pass for the year ended March 31, 2011. Under the AICPA’s Peer Review Standards, firms may receive a rating of pass, pass with deficiency(ies), or fail.

KPMG’s most recent peer review report and the AICPA’s acceptance letter of our peer review are public documents and are accessible through our Web site, http://www.kpmg.com/US/en/about/Pages/regulatory-peer-reviews.aspx.

Review action plans
As part of our continuous improvement and quality control efforts, KPMG has a dedicated audit quality function that participates in the development of remedial action plans and monitors the timely implementation, execution, and effectiveness of those plans.

Other inquiries or investigations of audits carried out by the firm
Currently, we are not aware of any inquiry or investigation by governmental or regulatory authorities against KPMG or any of its partners that might have a material adverse effect on KPMG’s operations or our ability to fulfill our obligations as independent auditor to the entities we audit.

In the last five years, we believe that inquiries or investigations by governmental or regulatory authorities related to KPMG’s Audit practice have not resulted in material revisions to its audit-related quality control or other procedures. However, in resolving certain investigations, the firm agreed to enhance specific areas of its controls and policies. Accordingly, KPMG notes the following: In January 2014, KPMG and the SEC entered into a settlement of an administrative proceeding against the firm relating to alleged violations by the firm of the auditor independence rules with respect to three public company audit clients, between 2007 and 2011. As part of the settlement, KPMG consented to the entry of an administrative order by the SEC censuring the firm and requiring the payment of disgorgement and a civil monetary penalty totaling approximately $8.2 million. In the years since these matters occurred, KPMG has undertaken, and the settlement obligates the firm to make, certain enhancements to its internal policies and procedures that are designed to enhance the firm’s ability to educate, and monitor compliance by, its personnel with respect to applicable independence rules relating to the provision of nonaudit services to SEC audit clients. As a part of the settlement, KPMG agreed to retain an independent consultant acceptable to the staff of the SEC, who will review and evaluate whether the changes have been designed and implemented in a manner reasonably sufficient to achieve the goals summarized above concerning the provision of nonaudit services to SEC audit clients. This settlement is a final resolution of the matter between the SEC and the firm. As is typical in SEC settlements, KPMG neither admits nor denies the allegations against it.

KPMG remains fully committed to ensuring our independence – both in fact and appearance – with respect to all of our audit clients and their affiliates.
No. 1

Recommended Action - Resolution for Executive Session of the Audit Committee, December 11-12, 2014

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 Audit Committee meeting December 11-12, 2014, 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(3), RSMo, relating to matters identified in that provision, which include hiring, firing, disciplining, or promoting of particular employees; 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 (17), RSMo, relating to matters identified in that provision, which include confidential or privileged communications between a public governmental body and its auditor.

Roll call vote of the Committee: YES NO
Curator Bradley
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ________________.

December 11-12, 2014
PRESIDENT’S REPORT

There are no materials for this information item.
CONSENT AGENDA
CONSENT

Recommended Action - Consent Agenda

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

CONSENT AGENDA

2. Approval of Spinal Cord Injuries and Congenital or Acquired Disease Processes Research Program Proposals

Roll call vote of the full Board: YES NO

Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion __________________.
2014 Security Resolution

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), other government agencies and cleared companies classified contracts. To perform their duties, these individuals are required, by the DoD’s Defense Security Service, 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 Security Service requires that personnel security clearance exemptions be by individual name and not by position, so with the recent changes made to University senior management and the addition of Curator Steelman, a new resolution must be passed by the Board of Curators.
Recommended Action - 2014 Security Resolution

It was endorsed by President Wolfe, 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”:

President, University of Missouri System, Timothy M. Wolfe
Chancellor, University of Missouri, R. Bowen Loftin, Ph.D.
Executive Vice President for Academic Affairs, Henry C. Foley, Ph.D.
Facility Security Officer, University of Missouri System and University of Missouri-Columbia, Leon M. Hoffsette

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

The said 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 the Curators of the University of Missouri in the performance of classified contracts for the Department of Defense, other government agencies or cleared companies awarded to the Curators of the University of Missouri, and need not be processed for a personnel security clearance:

All nine members of the Board of Curators:

December 11-12, 2014

OPEN – CONSENT 1-2
Roll Call Vote of the Board: YES NO

Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ______________.
Spinal Cord Injuries and Congenital or Acquired Disease Processes
Research Program

The 91st General Assembly enacted legislation (HB 218 and HB 302, 2001) to provide support for a program of research projects that promote and advance knowledge in the areas of spinal cord injuries and congenital or acquired disease processes. As part of this legislation, there was created in the state treasury a “Spinal Cord Injury Fund” from which annual appropriations are to be made for the use of the Board of Curators of the University of Missouri. The primary source of money for this fund is a surcharge of two dollars levied on certain costs in criminal cases including violations of any county ordinance or any violation of criminal or traffic laws of the state.

The research grants funded by these appropriations are to be awarded by the Board of Curators to investigators who are affiliated with a public or private educational, health care, voluntary health association or research institution, based on the recommendations of an Advisory Board appointed by the Board of Curators for this purpose. Individual awards (originally limited to $50,000 per year, but increased in 2010 to $250,000 per year) shall expire at the end of one or two years. The objective of the grants is to obtain preliminary data to test hypotheses and to enable investigators to develop subsequent competitive applications for long-term funding from other sources. The research projects are to be conducted in Missouri.

“Congenital” spinal cord abnormalities include birth defects affecting the spinal cord such as spina bifida. In addition to traumatic injuries to the spinal cord that lead to paralysis, “acquired” abnormalities could include Friedreich’s ataxia, which manifests itself in teenage years and appears to run in families, and paralysis due to multiple sclerosis, polio, etc. Approximately 450,000 people in the United States have sustained traumatic spinal cord injuries (SCI), with approximately 11,000 new cases of SCI in the US every year. The majority (78%) of SCI victims are males. Most of the injuries result from motor vehicle accidents (50%), falls (24%), violence (11%), or sports injuries (9%).

The action requested of the Board is to approve funding for one research proposal approved by the Spinal Cord Injury Advisory Board.
Recommended Action - Spinal Cord Injuries and Congenital or Acquired Disease Processes Research Program Proposal

It was recommended by Executive Vice President of Academic Affairs, Henry C. Foley, Ph.D., endorsed by President Timothy M. Wolfe, recommended by the Academic, Student and External Affairs Committee, moved by Curator __________, and seconded by Curator __________, that the following actions be approved:

that the research proposals approved by the Spinal Cord Injuries Research Program Advisory Board be approved as presented on the following pages.

Roll call vote of the Committee:    YES    NO
Curator Covington
Curator Cupps
Curator Henrickson
Curator Steelman
Curator Steward

The motion ________________.

Roll call vote of the Board:    YES    NO
Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ________________.
I. The use of platelet-rich plasma derived scaffolds to treat chronic pressure ulcers

Scott A. Sell
Assistant Professor
Saint Louis University

Total funding recommended $250,000
I. ABSTRACT:

Scott A. Sell

*The use of platelet-rich plasma derived scaffolds to treat chronic pressure ulcers*

Patients suffering spinal cord injuries (SCI) are at lifelong risk of developing pressure ulcers; which are a cause of great distress for both patients and caregivers alike. These wounds are typically non-healing, and can be a source of morbidity and even mortality in mobility-limited populations. Patients with such wounds are subject to lengthy hospitalizations leading to significant decreases in quality of life, social isolation, emotional stress, and depression. Promoting accelerated healing, through the application of an off-the-shelf dermal regeneration template (DRT), would provide improvement to patient quality of life and reduce the economic impact that chronic wounds have on the health care system. Similarly, a DRT capable of reducing scar formation, which can pull skin tight across the joint and bony protuberances and increase the risk of ulcer reopening during common practices such as transferring or weight shifting, would hold great potential for alleviating suffering associated with SCI ulcer recurrence and re-hospitalization. We propose to utilize platelet-rich plasma (PRP) to stimulate the local healing response, coupled with a novel electrospun scaffold structure to minimize wound contraction and scar formation. PRP, which contains over 300 bioactive molecules known to increase cell mitogenesis, chemotaxis, and collagen production, as well as inflammatory mediation, has been used clinically to treat chronic pressure ulcers with some success in recent years. Our structure will release these biomolecules in a temporally relevant fashion to modulate the local environment and stimulate healing, while simultaneously providing a high porosity structure capable of enhanced cellular infiltration and decreased myofibroblast contraction.
GENERAL BUSINESS

DAY TWO (continued)
BOARD CHAIRMAN’S REPORT

There are no materials for this information item.
No. 3

Recommended Action - Resolution for Retiring Curator David R. Bradley

It was endorsed by President Wolfe, recommended by Chairman Downing, moved by Curator ___________ and seconded by Curator ____________, that the following resolution recognizing the dedicated service of David R. Bradley to the Board of Curators be approved:

RESOLUTION

WHEREAS, David R. Bradley has served the people of Missouri with distinction as a member of the University of Missouri Board of Curators since July 7, 2009; and

WHEREAS, during his term of service, Curator Bradley served on the Academic, Student and External Affairs; Compensation and Human Resources; Finance; Governance, Resources and Planning; and Executive Committees; and as Chairman of the Compensation and Human Resources; Executive; Finance; and Governance, Resources and Planning Committees; and

WHEREAS, Curator Bradley was Vice Chairman of the Board during 2011, and was elected to serve as Chairman of the Board of Curators from January 1 to December 31, 2012; and

WHEREAS, during his leadership as Chairman of the Board, Curator Bradley was an advocate of the service the university delivers statewide, and he promoted the implementation of electronic board meeting materials for increased efficiencies; and

WHEREAS, during his service on the Board, Curator Bradley was an active and enthusiastic spokesman for transparency and openness in public higher education, and understood the importance of giving faculty, students, staff and the public the opportunity to share their opinions with the Board, and for the Board to share information with them; and

WHEREAS, Curator Bradley was a proponent for the responsible use of resources for new construction, maintenance and repair of buildings and increased efficiencies throughout the system, and he served on the search committee for the 23rd president of the University of Missouri System; and

WHEREAS, Curator Bradley has freely given his considerable journalistic and business expertise for the greater good of the university. He was recognized by the University of Missouri School of Journalism in 1982 with the Missouri Honor Medal for
Distinguished Service in Journalism, which is presented on the basis of lifetime or superior achievement in journalism, and he returned in 2012 to assist in the presentation of this same award; and

WHEREAS, although his heart is in St. Joseph as the CEO of the News-Press & Gazette Company, Curator Bradley served as a knowledgeable and enthusiastic emissary for the entire University of Missouri System; and

WHEREAS, Curator Bradley is a person of high moral standards and a true professional. His contributions to the Board of Curators will have a lasting influence on the future of the University of Missouri System; and

WHEREAS, Curator Bradley balanced a successful business enterprise with the business of the Board of Curators. He and his wife, Suzanne, were wonderful advocates of the university and great hosts for System events:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Curators, on behalf of the students, faculty, staff and alumni of the University of Missouri System, and on behalf of the citizens of the state of Missouri, does hereby adopt this resolution in sincere appreciation of the dedicated and devoted leadership of David R. Bradley;

AND ALSO, that his future relations with the University of Missouri System be formally recognized by bestowing the title of “Curator Emeritus” upon David R. Bradley; and

BE IT FURTHER RESOLVED, that the Secretary of the Board of Curators cause this resolution to be spread upon the minutes of this meeting and that a duly inscribed copy thereof be furnished to David R. Bradley.

Roll call vote:   YES  NO
Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ________________.
No. 4

Recommended Action - Resolution for Retiring Curator Wayne Goode

It was endorsed by President Wolfe, recommended by Chairman Downing, moved by Curator __________________ and seconded by Curator __________________, that the following resolution recognizing the dedicated service of Wayne Goode to the Board of Curators be approved:

RESOLUTION

WHEREAS, Wayne Goode has served the people of Missouri with distinction as a member of the University of Missouri Board of Curators since July 7, 2009; and

WHEREAS, during his term of service, Curator Goode served on the Academic, Student and External Affairs; Audit; Compensation and Human Resources; Executive; Finance; and Governance, Resources and Planning Committees; and

WHEREAS, Curator Goode also served as Chairman of the Audit Committee in 2011, and as Chairman of the Governance, Resources and Planning Committee in 2014; and

WHEREAS, during 2012, Curator Goode was named Vice Chairman of the Board of Curators and was elected to be Chairman of the Board of Curators from January 1, 2013 to December 31, 2013; and

WHEREAS, while serving as Chairman of the Board, Curator Goode was an active proponent for increased research, intellectual property, and efficient processes across the University of Missouri System; and

WHEREAS, during his service on the Board, Curator Goode advocated for the proper maintenance of the Collected Rules and Regulations and the appropriate delegation of authority. He also participated in the search for the 23rd president of the University of Missouri System; and

WHEREAS, the citizens of Missouri have benefitted not only from his service as a member of the Board of Curators, but also from his term in the Missouri legislature. In January 1963, Representative Wayne Goode introduced House Bill 153, which would allow the Normandy School Board to sell the St. Louis Branch property to the university and saw the bill passed. Curator Goode’s experience in the legislature and vast historical knowledge of the university and state was invaluable during his term as a curator; and

WHEREAS, the statue of Curator Goode continues to oversee the University of Missouri-St. Louis campus, and the students honor his legacy by placing t-shirts promoting various groups and causes on the statute; and

OPEN – GB – 4-1
WHEREAS, Curator Goode has received many awards and recognitions, including the UMSL Chancellor’s Medallion, presented both in 1999 and 2004, honoring those who have demonstrated exemplary leadership and dedication to the principles of higher education and have made distinguished contributions to the growth and development of the University of Missouri-St. Louis, the St. Louis community, or the greater global community; and

WHEREAS, Curator Goode also received an honorary Doctor of Laws from UMSL in 2006, and the UM Presidential Citation Award for outstanding alumni service; and

WHEREAS, although his heart is in St. Louis, Curator Goode served as a knowledgeable and enthusiastic emissary for the entire University of Missouri System, always eager to learn more about the operations and effective governance of the university; and

WHEREAS, Curator Goode has sacrificed time with his wife, Jane, and family to attend to Board business. Curator Goode and Jane can now enjoy many years of travel, canoe trips and great experiences with family and friends:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Curators, on behalf of the students, faculty, staff and alumni of the University of Missouri System, and on behalf of the citizens of the state of Missouri, does hereby adopt this resolution in sincere appreciation of the dedicated and devoted leadership of Wayne Goode;

AND ALSO, that his future relations with the University of Missouri System be formally recognized by bestowing the title of “Curator Emeritus” upon Wayne Goode; and

BE IT FURTHER RESOLVED, that the Secretary of the Board of Curators cause this resolution to be spread upon the minutes of this meeting and that a duly inscribed copy thereof be furnished to Wayne Goode.

Roll call vote:     YES       NO

Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward
The motion ________________.
Recommended Action - Resolution for Retiring Curator Don M. Downing

It was endorsed by President Wolfe, moved by Curator _____________ and seconded by Curator ________________, that the following resolution recognizing the dedicated service of Don M. Downing to the Board of Curators be approved:

RESOLUTION

WHEREAS, Don M. Downing, has served the people of Missouri with distinction as a member of the University of Missouri Board of Curators since April 2, 2009; and

WHEREAS, during his term of service, Curator Downing served on the Academic, Student and External Affairs; Audit; Compensation and Human Resources; Governance, Resources and Planning; Finance; and Executive Committees, and was Chairman of the Finance Committee in 2011, 2012 and 2013; and

WHEREAS, during Curator Downing’s tenure as Chairman of the Finance Committee, he worked diligently to educate himself and his fellow board members about the issues facing the University and led the efforts in investment and retirement plan management; and

WHEREAS, Curator Downing was Vice Chairman of the Board of Curators in 2013 and elected Chairman of the Board of Curators from January 1, 2014 to December 31, 2014; and

WHEREAS, while serving as Chairman of the Board, Curator Downing was an avid proponent for alternative sources of revenue for the University of Missouri System; and

WHEREAS, throughout his service, Curator Downing was a strong advocate for reasonable tuition practices and improving faculty salaries, and he served on the search committee to appoint the 23rd President of the University of Missouri System; and

WHEREAS, as an esteemed attorney, Curator Downing has received many awards and recognitions, including the Citation of Merit from the University of Missouri School of Law in 2011 and 2012; and, he is giving back by leading the “25-for-25” fundraising initiative designed to assist with scholarships and faculty support for the law school; and

WHEREAS, Dean of the University of Missouri School of Law, Gary Myers, stated, “I have found Don to be a great source of guidance on the changing practice of law and on the future direction of the law school. I am grateful for his service on the Board of Curators and am proud to consider him a friend”; and

OPEN – GB – 5-1
WHEREAS, as a knowledgeable and enthusiastic emissary for the entire University of Missouri System, and with the desire to increase his knowledge of governance, he attended the Association of Governing Board’s annual Conference on Trusteeship, and accepted the AGB’s invitation to serve on their Council of Board Chairs; and

WHEREAS, Curator Downing marched in the processional and helped officiate the inauguration of the 22nd chancellor of the University of Missouri-Columbia; and

WHEREAS, Curator Downing was crowned as the first Mizzou Homecoming King in 1977. He continued to support the Homecoming tradition as a proud alumnus and member of the Beta Theta Pi fraternity and participated in several homecoming parades while serving on the Board; and

WHEREAS, Curator Downing is a person of great ethical values who is always gracious and a true professional. His contributions to the Board will have a lasting impact on the future of the University of Missouri System; and

WHEREAS, Curator Downing was able to balance his law practice and his work on the Board of Curators with the important role of husband to his wife, Tracy, and father to his four children:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Curators, on behalf of the students, faculty, staff and alumni of the University of Missouri System, and on behalf of the citizens of the state of Missouri, does hereby adopt this resolution in sincere appreciation of the dedicated and devoted leadership of Don M. Downing;

AND ALSO, that his future relations with the University of Missouri System be formally recognized by bestowing the title of “Curator Emeritus” upon Don M. Downing; and

BE IT FURTHER RESOLVED, that the Secretary of the Board of Curators cause this resolution to be spread upon the minutes of this meeting and that a duly inscribed copy thereof be furnished to Don M. Downing.

Roll call vote:    YES NO

Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward
The motion _______________.

OPEN – GB – 5-2
GOOD AND WELFARE OF THE BOARD

There are no materials for this information item.
Recommended Action - Election of Board of Curators Chairperson, 2015

Upon the motion of Curator ___________, Curator ___________ was nominated to serve as Chairperson of the Board of Curators for the term January 1, 2015 through December 31, 2015. The nomination was seconded by Curator ___________.

Roll call vote:       YES      NO
Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ______________.
Recommended Action - Election of Board of Curators Vice Chairperson, 2015

Upon the motion of Curator ___________, Curator ___________ was nominated to serve as Vice Chairperson of the Board of Curators for the term January 1, 2015 through December 31, 2015. The nomination was seconded by Curator __________.

Roll call vote: YES NO
Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ________________.

December 11-12, 2014

OPEN – GB – 7-1
Recommended Action - Adjourn Public Session of the Board of Curators Meeting, December 11-12, 2014.

It was moved by Curator __________ and seconded by Curator __________, that the public session of the Board of Curators meeting, December 11-12, 2014, be adjourned.

Roll call vote: YES NO

Curator Bradley
Curator Covington
Curator Cupps
Curator Downing
Curator Goode
Curator Henrickson
Curator Phillips
Curator Steelman
Curator Steward

The motion ________________.

Time: ________________________ Date: ________________________

December 11-12, 2014