Compact and Budget Planning Guidelines for FY22 - Academic Units

Materials Due one week prior to budget oversight/compact meeting

January 19, 2021

(Distributed by the University Budget Office)
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### Attachment 1 - Template
A. Context

Compact/Budget Development Process for FY22

All units will be asked to submit compact and budget materials as detailed in these instructions. The compact portion of the submission is outlined in section B-1, and the budget materials are outlined in sections B2-4 (strategic) and C (technical). Much of this document focuses on the state appropriation and tuition funded portions of the budget (O&M) because that is where most of the institution-level discretion and decision making lies relative to balancing the budget. However, a complete all-funds review of every unit is completed annually by the University Budget Office, and the budget framework for the upcoming year recognizes the potential interplay between O&M and all other funds generated by the units. Therefore, as you prepare a response to these instructions, please include any relevant information, regardless of funding source: this is an all-funds budget review.

Level of Implementation

For purposes of budget development, the “unit” designation used in these instructions remains the Resource Responsibility Center (RRC). Although some aspects of the budget model require calculations at a DeptID level (department or lower), by and large decisions will continue to be made at the RRC level. If a Dean/Chancellor/RRC Unit Head wishes to systematically or formulaically allocate costs down to a department level, he or she will first need approval from the Provost. Each RRC remains the organizational level of the University to be held accountable for the financial management of the units within it, so there is no expectation that a unique knowledge and skill base in financial management be developed in all departments in response to the budget model. It is, however, the responsibility of the RRC level management to communicate the financial framework context and information to departments and units as appropriate to foster a better understanding of the budget throughout the University.

Academic Units Included in these Instructions

Units receiving these instructions are considered academic units for purposes of the internal budget model. These are the units that will:

1) receive earned revenues directly
2) receive as allocations 100% of the state appropriation
3) receive charges annually for costs/budgets approved for support unit operations
Biennial Budget Request to the State

Table 1 (below) outlines the state general fund appropriations to the University of Minnesota for the 2020 -2021 biennium as well as the requested changes for the 2022-2023 biennium. The appropriations from the Health Care Access Fund, and the appropriation to the Academic Health Center pursuant to Minnesota Statutes, section 297.10 are $2.2 million and $22.3 million respectively, and have been excluded from the table.
Table 1
University of Minnesota

<table>
<thead>
<tr>
<th></th>
<th>FY2022</th>
<th>FY2023</th>
<th>Biennium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Biennial Base Level Appropriation</td>
<td>$671,256</td>
<td>$671,256</td>
<td>$1,342,512</td>
</tr>
<tr>
<td>Requested Change from Biennial Base Level</td>
<td>$15,500</td>
<td>$31,000</td>
<td>$46,500</td>
</tr>
<tr>
<td>% Change from Prior Year</td>
<td>2.3%</td>
<td>4.5%</td>
<td></td>
</tr>
<tr>
<td>% Increase from Biennial Base Level Funding</td>
<td></td>
<td></td>
<td>3.5%</td>
</tr>
</tbody>
</table>

The biennial budget request to the state approved by the Board of Regents in October of 2020 contains one item: “Accelerate Success” – core mission support and an emphasis on advancing a component within the systemwide strategic plan that is key to the state. The total request is for an incremental $15.5 million in the first year of the biennium and an additional $15.5 million in the second year of the biennium. In “biennial math” the total is $46.5 million (year one times two – because it is funded twice within the biennium – plus the year two increment). This amount represents a 3.5% increase in the University’s general fund two-year (biennial) appropriation base of $1.3 billion. Note that the total recurring increase to the budget, if funded would be $31.0 million.

The proposal seeks state funding to help maintain the quality of the University. It will contribute to holding down tuition increases and supporting student services; it will aid the University in carrying out its core missions; and it will allow for a focus on advancing the three goals of the strategic plan’s MNtersections Commitment: Next Generation Health, A Fully Sustainable Future, and Natural Resources and Agro-Food Systems. All three of these initiatives are fundamental to the mission of the University and in turn, contribute to the success of the State of Minnesota. Should the request be approved, specific allocation of dollars across the institution will be implemented consistent with the strategic plan and system-wide strategic priorities and determined through the internal annual budget development process as directed by the President and approved by the Board of Regents.

B. FY22 Budget – Strategies and Planning
Background:

Budget Framework for FY22: The annual budget framework generally represents the President’s current proposal for planning purposes. For FY22, the three framework models presented below reflect a continuum of outcomes that appear possible at this point in time, so current plans involve contingency scenarios based on aspects of all three. The final outcome as incorporated into the operating budget recommended to the Board of Regents for review and action in June will differ based on actions by the state of Minnesota, input from the Board of Regents, and unit-level decisions made during the remainder of the budget development.
process. At this date, incremental planning figures should be viewed in terms of ranges as presented for each row in the following table (some explanatory information included below the table).

<table>
<thead>
<tr>
<th>FY22 Framework for Incremental Budget Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources</strong></td>
</tr>
<tr>
<td>Biennial Request Framework</td>
</tr>
<tr>
<td>Tuition-Res Undergrad</td>
</tr>
<tr>
<td>Tuition-Nonres</td>
</tr>
<tr>
<td>Tuition-Grad &amp; Professional</td>
</tr>
<tr>
<td>New State Appropriation</td>
</tr>
<tr>
<td>Reallocation - General</td>
</tr>
<tr>
<td>Other Revenues-TBD</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Costs</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
</tr>
<tr>
<td>Facilities</td>
</tr>
<tr>
<td>FY21 Recurring Shortfalls (Tuition plus..)</td>
</tr>
<tr>
<td>Program/Service Investments</td>
</tr>
<tr>
<td>Technology Licenses/Maintenance</td>
</tr>
<tr>
<td><strong>Total Challenge/Spend</strong></td>
</tr>
<tr>
<td><strong>Balance - Resources over Challenge</strong></td>
</tr>
</tbody>
</table>

The tuition estimates included in the framework are based on a range of potential rate increases in the 1-2.5% range to show how those moderate increases could be incorporated into a balanced budget. For planning purposes, a realistic expectation for rate changes will likely be in the 0-1.5% range. However, as explained later in these instructions, a tuition estimating supplement will be distributed in early February that incorporates FY21 information as of the second week of spring semester. Instructions for estimating the revenue changes for FY22 compared to the updated FY21 base will incorporate a standard increase across all tuition categories of 1% so further analysis can quickly adjust to any desired rate change. In recent years tuition rate change plans have been very fluid up until the end of the process, so the estimating process must be flexible enough to handle a decision for any rate change differing from 0%.

The state appropriation change could realistically vary within the ranges presented above: approval of our requested increase on the high end (column A), continuation of our current funding level as a medium impact option (column B), and a reduction of 10% implemented evenly across the two years of the biennium (column C). The Governor’s recommended appropriation for the University will be communicated the end of January and will be the first marker of what may happen. An update of the state’s general fund forecast will then be released in February, marking a second indication of what is possible. And the continuing
discussion of plans and committee targets in the legislative process will further provide information on what may occur. The final appropriation will not be known until late May, but the markers leading up to that point will allow for a refinement of the estimates in the table above, which will help to solidify plans for the recommended budget to the Board of Regents.

The reallocation expectation included in the table above ranges from 1.7% to 2.7% as an average across all units necessary to balance within the remaining variable assumptions. For planning purposes, however, each unit is being asked to provide plans in the 3-9% range as indicated on page 10 of these instructions. Responses to those levels of reduction allows for a more robust list of options to achieve what is ultimately necessary to balance the budget.

The final revenue category is an estimate of how other miscellaneous revenues may be available to support the estimated incremental costs. This would be net revenue growth across the institution, over and above what is necessary to cover the costs related to the activities generating that revenue: incremental growth that could be redeployed to take the place of increases in state appropriation and tuition. The availability of such revenue will vary significantly across units, and will be discussed as appropriate during the budget/compact meetings.

The expenditure categories in the framework generally match those of previous years: compensation increases are currently planned in the 0%-1.5% range depending on other factors; facility costs incorporate debt service, leases, utilities and the opening of new buildings; and the program and service investment total for support and academic units includes potential funding of needs and priorities surfacing during the budget process. One additional factor for FY22 is a placeholder of $20 million to address recurring revenue shortfalls due to the impacts of COVID-19, including tuition revenue shortfalls due to reduced enrollment from this year carrying through to subsequent years.

Planning for Reallocations: Under any scenario currently contemplated, it will be necessary to move forward with a reallocation or budget reduction for FY22. Current models for state funding contemplate scenarios ranging from our requested increase to a potential 10% appropriation reduction as indicated above. As a result, it will serve the budget development process best to have a menu of options associated with reallocation levels for each unit of 3%, 6% and 9% as previously communicated. Across the institution, the full 9% reallocation would total a 5%-6% reduction to the state and tuition funds combined, or would offset a roughly 13% reduction to the University’s general fund appropriation base for the biennium (a $90 million reduction in each of the next two fiscal years) - a 20% reduction in “biennial math”. A portion of this overall reallocation plan was implemented in support units during the fall process through productivity improvements and cost or service reductions, and a portion will be implemented within the academic units (see section B-3 below for the reallocation targets by unit and further guidelines on how to approach this reallocation). Implementation of reallocations is generally not an across-the-board exercise: unique situations will be taken into account as necessary, so the final reallocation you will be asked to implement for FY22 may not equal the target below.
To Submit:

Compact Materials
For all TC units, the responses to section B-1 will be posted on the TC Deans’ portal to allow for information sharing across units. See section D-1 on page 41 for further information on submitting your information. For discussion at the annual oversight meetings, all academic units are asked to submit a brief and concise narrative addressing the following:

1) A description of your unit’s top three priorities for the next 1-3 years, and explain how these link with the approved system-wide strategic plan;
2) A description of potential future initiatives and investments associated with #1 and directly linked to the system-wide strategic plan. This could be viewed as development of an early list for potential university investments – in FY23 and beyond, or as early as FY22 if the financial circumstances rebound faster than anticipated.
3) An explanation of issues or problems, if any, in moving forward with your plans under #1.

TWIN CITIES COLLEGES: To respond to items 1 and 2 above, please complete the Excel document distributed with these instructions titled “Template – TC College Strategic Plan Compact Response”. This template and exercise should be viewed as a pilot to closely align the compact process with the system-wide strategic plan. The areas on the template highlighted in green are those to be completed by colleges – wherever they are relevant for your particular unit and adjusted for your population as appropriate. Central Administration is also working to populate column E “Current Status” by unit and will forward that information as it is finalized. A separate narrative response to items 1 and 2 above is not expected, but may be provided if you wish. Item 3, however, if it is relevant for you, can be submitted as a short paragraph included with your overall compact/budget response.

SYSTEM CAMPUSES: You can submit responses to items 1-3 above as in the past (narrative sections included with your overall compact/budget response), or if you wish to respond using the distributed Excel template created for the TC colleges by the Provost’s Office, you are welcome to do so. If you choose the latter, please respond to item 3 above, if relevant, as a short paragraph included with your overall compact/budget response.

OTHER ACADEMIC UNITS: Please respond to items 1-3 above as in the past; as narrative sections included with your overall compact/budget response. Do not complete the distributed Excel template.

Significant Financial Concerns

The FY22 budget will focus on what it will take to maintain current operations (including pandemic recovery where relevant), rather than considering opportunities to expand activities.
or scope. Within that context, it remains important that the process uncovers any significant financial issues you foresee as you approach the next year, regardless of fund source.

Please limit your response to only significant situations of immediate concern, that need attention in order to fulfill our commitments to serve students and provide safe environments for them and our employees, to meet our contractual obligations, or to take advantage of high priority immediate opportunities for which the timeline requires action and there are no alternatives. If these situations exist, submit a brief description of the issue, with an estimate of budget impact and rationale for why it needs to be addressed at this time.

Please note, submitted financial concerns should not be related to any estimated general salary increase plus fringe benefit costs or any increases in cost pool charges. Those general parameters would be funded within the overall budget framework over and above any amounts identified for potential academic investment and will automatically be taken into consideration.

O&M Reallocations for FY22

Earlier this summer, each unit submitted proposed options for implementing reduction/reallocation targets of 3% and 6% in the state appropriation and tuition funds this year – should that be necessary due to the impact of COVID-19. Those amounts are identified below in columns A and B. How much of the 3% and 6% targets must be implemented this year, and the breakdown of that between nonrecurring and recurring actions, has tentatively been discussed during current year budget monitoring meetings and follow-up, but final plans are unknown at this time.

Therefore, in response to these instructions for FY22, please do the following:

- reassess your original 3% and 6% submissions and indicate which RECURRING components you would maintain as options for implementation in FY22 should we determine they need not be implemented in FY21 (we are not looking for nonrecurring solutions for the FY22 budget at this time);
- submit additional RECURRING actions to bring the total of the last bullet and this bullet to the sum of columns A and B below; to get back to a full list of options equaling the 3% and 6% targets – all recurring; and
- submit a third set of options totaling the target identified in column C below.
While assigning targets in an across-the-board manner does not account for differences in units’ ability to absorb cuts, it does give managers the authority to determine appropriate actions and the flexibility to propose and implement reductions where they will do the least damage. The final reallocation you will be asked to implement for FY22 may not equal any of the exact target amounts above.

It is no longer required that all proposals be focused on reducing administrative costs. Please note – maintaining the University’s commitment to student financial aid remains a top priority. Therefore, all types of financial aid for students (scholarships, fellowships, block grants) whether for undergraduate, graduate or professional students, must remain protected. Please consider the Academic and Research Planning Workgroup Report

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<table>
<thead>
<tr>
<th>Academic Unit</th>
<th>Target A</th>
<th>Target B</th>
<th>Target C</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3%</td>
<td>6%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>over Target A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>over Targets A &amp; B</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Academic Clinical Affairs              | 1,300,000| 1,300,000| 1,400,000| 4,000,000 |
| Academic Hlth Sciences                 | 202,000  | 202,000  | 258,000  | 662,000   |
| Agricultural Experiment Station        | 162,000  | 161,000  | 157,000  | 480,000   |
| Athletics                              | 204,000  | 205,000  | 204,000  | 613,000   |
| Auxiliary Services                     | 7,000    | 7,000    | 8,000    | 22,000    |
| Biological Sciences                    | 1,588,000| 1,587,000| 1,551,000| 4,726,000 |
| Carlson School of Management           | 2,839,000| 2,839,000| 3,109,000| 8,787,000 |
| Continuing & Prof Studies              | 668,000  | 667,000  | 632,000  | 1,967,000 |
| Crookston Campus                       | 849,000  | 848,000  | 826,000  | 2,523,000 |
| Dentistry                              | 1,359,000| 1,360,000| 1,348,000| 4,067,000 |
| Design                                 | 868,000  | 869,000  | 823,000  | 2,560,000 |
| Duluth Campus                          | 4,766,000| 4,766,000| 4,644,000| 14,176,000|
| Education & Human Development          | 2,669,000| 2,668,000| 2,572,000| 7,909,000 |
| Equity & Diversity                     |          |          |          |           |
| Exec VP & Provost                      |          |          |          |           |
| Food, Ag, & Natural Resource Sc        | 2,725,000| 2,725,000| 2,670,000| 8,120,000 |
| submitted with support materials       |          |          |          |           |
| Global Prog Strategy Alliance          |          |          |          |           |
| Humphrey                               | 421,000  | 419,000  | 423,000  | 1,263,000 |
| submitted with support materials       |          |          |          |           |
| Law                                    | 1,452,000| 1,452,000| 1,689,000| 4,593,000 |
| Liberal Arts                           | 7,375,000| 7,375,000| 7,309,000| 22,059,000|
| Medical School                         | 4,762,000| 4,761,000| 4,658,000| 14,181,000|
| MN Extension                           | 867,000  | 867,000  | 851,000  | 2,585,000 |
| Morris Campus                          | 1,066,000| 1,067,000| 992,000  | 3,125,000 |
| submitted with support materials       |          |          |          |           |
| Nursing                                | 730,000  | 729,000  | 719,000  | 2,178,000 |
| submitted with support materials       |          |          |          |           |
| Pharmacy                               | 992,000  | 993,000  | 952,000  | 2,937,000 |
| submitted with support materials       |          |          |          |           |
| President’s Office                     |          |          |          |           |
| submitted with support materials       |          |          |          |           |
| Public Health                          | 937,000  | 937,000  | 768,000  | 2,642,000 |
| Research                               | 726,000  | 727,000  | 707,000  | 2,160,000 |
| Rochester Campus                       | 476,000  | 475,000  | 505,000  | 1,456,000 |
| Science & Engineering                  | 6,193,000| 6,194,000| 6,507,000| 18,894,000|
| submitted with support materials       |          |          |          |           |
| Student Affairs                        |          |          |          |           |
| submitted with support materials       |          |          |          |           |
| Undergraduate Education                |          |          |          |           |
| submitted with support materials       |          |          |          |           |
| Veterinary Medicine                    | 1,284,000| 1,284,000| 1,369,000| 3,937,000 |
| submitted with support materials       |          |          |          |           |

Totals                                | 47,487,000| 47,484,000| 47,651,000| 142,622,000|
https://president.umn.edu/sites/president.umn.edu/files/2020-10/Academic%20&%20Research%20Planning%20Report%20September%202020%20FINAL.pdf which outlines priorities as you develop proposals for consideration.

The proposal should briefly outline actions to reduce your recurring O&M/State Specials/Tuition budget and the projected impact on unit activities and service levels. It is perfectly acceptable to submit one list of prioritized options that would be additive across the targets/columns. In addition, however, you may find that at some point moving along that list, you would choose to replace the collection of many actions, with one large action that would, on its own, meet the target in full, or a large part of it. If that is the case, submit both optional paths. Please structure your response in a way that highlights strategies to maintain quality programming in the highest priority areas and increase efficiencies going forward, while clearly describing projected outcomes related to programs and services that would be eliminated or reduced. Tell a story with your response so that leadership can understand the thought and analysis that went into the options as well as the potential outcomes and changes that would result with implementation of those options. Your proposals will be held confidential to the leadership team and the discussions on the budget. Note that you cannot submit cost pool charge reductions as a way of addressing your targets: those reductions are a result of cuts to support unit budgets, which were necessary reallocations over and above the targets given to academic units.

Please keep in mind that the reductions will contribute to balancing your budget first, supporting your costs in the framework related to any salary and fringe increases, cost pool increases and other investments. From the larger perspective, the reallocations contribute to balancing the overall institutional budget framework, and therefore in the end will support costs in the final framework, whether these costs are within your unit or in another unit. These cost increases that are within your unit, therefore, will not have to be covered over and above the reduction amounts identified above and addressed in your proposed strategy.

Reallocation proposals will be reviewed during the budget oversight meetings. Not all proposals will be accepted and implemented. Instead, the responses will provide a menu of actions to discuss during the budget meetings and in the weeks following.

Reallocations in Other Nonsponsored Funds for FY22

There will not be reallocation targets to respond to for the other non-sponsored funds in FY22. It is important to understand the budget management expectation for these funds, however, which is that revenues must grow to cover the associated cost increases, or actions need to be taken to reduce costs to a level equal to or less than the available resources. Therefore, as you plan for new COVID-19 related expenses, salary and general inflation increases and/or revenue losses in FY22 in the other non-sponsored funds, please summarize in a narrative response how you plan to address the situation for each major fund group, through:
1. Estimated revenue growth (explain what is generating the growth)
2. Planned reallocations (explain what actions will be taken to reduce costs)
3. Use of balances (explain why that is a responsible action; how long balances can cover cost growth)
4. Potential subsidization by O&M funds (temporary if possible)

C. FY22 Budget – Technical Considerations
Assumptions and Background:

Salary and Fringe Benefits
Information in this document related to compensation matters has been prepared for budget planning purposes only and should not be interpreted as an attempt by the University to disregard good faith bargaining with affected employee groups or to ignore all other mandates of PELRA. In addition, all described plans are subject to Board of Regents approval.

At this point, we are planning for a general salary pool increase in the range of 0% to 1.5% for FY22, based on different modeling assumptions for tuition rate and state appropriation changes. Because we will need to evaluate different options as we move through the process, we are asking you to develop and report an estimate of what each 1% increase in salaries will cost you for FY22. Regardless of any changes in salaries, current budgeting plans incorporate no changes in projected fringe rates compared to the current year, displayed below. See section C-9 of this document for further details on building this cost estimate, which will represent a general planning parameter to be used at the unit level.

The projected fringe benefit rates are based on analysis of FY20 actual costs and salary bases and the recoveries/payments into the pool during FY19 and FY20. The actual fringe rates used for FY22 may differ from what is indicated below because the federally required methodology for calculating fringe rates, which must reconcile to the annual audited financial statement, resulted in lower rates that are currently being reviewed by DHHS. In all of the categories, the fringe rates for FY22 indicated below are equal to those for FY21. Lower expenditures for health care in the last quarter of FY20 will hold down the rates, and the final calculations submitted to DHHS pull the rates down below those for FY21. If those lower rates are approved, the actual rate increases for FY23 will likely be significant as costs rebound back to pre-pandemic growth levels and rates will be applied to a constrained or reduced salary base. The final approved rates for FY22 and how we will manage them for budgeting purposes will be communicated as soon as possible, but in the meantime, flat rates is a reasonable budget planning assumption.

<table>
<thead>
<tr>
<th>Category</th>
<th>Actual 2020-21</th>
<th>Projected 2021-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic/Police</td>
<td>36.5%</td>
<td>36.5%</td>
</tr>
<tr>
<td>Non-Academic</td>
<td>31.8%</td>
<td>31.8%</td>
</tr>
<tr>
<td>Partial Benefits (Trades, Temp Casual, Residents/Fellows)</td>
<td>8.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Student Professional with GA Health</td>
<td>19.9%</td>
<td>19.9%</td>
</tr>
<tr>
<td>Student Professional with UPlan Health</td>
<td>25.4%</td>
<td>25.4%</td>
</tr>
<tr>
<td>Undergrads/Professionals in Training</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
A set of documents outlining the details of implementing the final salary plans for FY22 will be distributed from Human Resources at a later date.

As in years’ past, the FY22 fringe rates cannot be used in sponsored proposals until the U.S. Department of Health and Human Services (DHHS) approves the rates. Unlike the fringe benefit rates, DHHS does not formally approve the University’s graduate tuition remission rates. It is therefore allowable for departments to immediately begin using the graduate tuition remission rates in any sponsored project proposals covering performance in July 2021 or later (FY22).

The table below depicts how the rates should be used.

<table>
<thead>
<tr>
<th>Internal University Budget Process</th>
<th>Estimated FY22 Fringe Benefit Rates</th>
<th>Estimated FY22 Graduate Tuition Remission Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use now for FY22</td>
<td>Use now for FY22</td>
<td>Use now, but only for project periods beginning July 2021 or later</td>
</tr>
<tr>
<td>Sponsored Project Proposals &amp; Other Work with External Entities</td>
<td>Do not use until approved by DHHS</td>
<td></td>
</tr>
</tbody>
</table>

**Budgeting for Graduate Student Remission Charges:**
All Graduate Assistants (GAs) are required to be on biweekly payroll.

To be eligible for tuition benefits (based on the University’s general graduate tuition rate), GAs must be registered for a minimum number of credits and work a specified number of hours per semester.

*Registration requirement:* GAs must register for a minimum of 6 credits. GAs who qualify for advanced master’s status or advanced PhD status will meet the GA registration requirement with 1 credit of 8333 (master’s) or 1 credit of 8444 (PhD).

*Hours of work required/tuition benefits earned:*
- 390 hours of work per semester (20 hours per week for 19.5 weeks) equals 50% GA appointment, which provides a 100% tuition benefit.
- 97.5 to 390 hours of work per semester provide prorated tuition benefits. For example:
  - Fewer than 97.5 hours equals a GA appointment below 12.5%, which provides no tuition benefits.
  - 97.5 hours equals 12.5% GA appointment, which provides a 25% tuition benefit.
  - 195 hours equals 25% appointment, which provides a 50% tuition benefit.
- GA appointments between 12.5% and 25% qualify only for the hourly benefit toward resident tuition.
- GA appointments above 25% qualify for a waiver of non-resident tuition.
Charges to Employers

1. The fringe benefit charge for tuition is a flat hourly rate set to recover the tuition benefit earned by the GA. Next year’s estimated $8,880 semester benefit (University’s estimated general graduate tuition rate) will be covered by an hourly charge of $21.27 per hour for 390 hours of work, plus a potential subsidy to the GA tuition remission pool. The hourly charge of $21.27 per hour is preliminary, as tuition rates have not yet been approved by the Board of Regents. Employers will be charged the hourly rate for every hour worked by the GA, even for appointments less than 12.5% or more than 50%. Anticipated charges for tuition remission should be budgeted in account code 710300.

2. The GA health insurance benefits program provides similar benefits for GAs and their enrolled dependents. The health portion of the FY22 fringe rate is 19.7% of salary.

Ph.D. Candidates

The semester after a PhD student has passed the preliminary oral examination and completed 24 doctoral thesis credits, they are eligible for employment in one of four job classifications at a significantly lower tuition fringe cost.

- The eligible student registers for 1 credit of 8444 (advanced PhD status), and receives the value of one credit of tuition.
- For GA appointments less than 50%, the tuition benefit is prorated as noted above.
- Employers pay a corresponding estimated hourly fringe rate of $3.37 hourly fringe rate.

Summer

The full benefit for 260 hours of GA employment during the 13-week summer period will equal the previous year’s semester value.

- Students who work fewer than 260 hours receive prorated benefits (except for summer session teaching assistants; see below.)
- Students may use this benefit for any mix of registrations during summer session terms.
- Employers pay the same $21.27 hourly fringe rate on these job classes for summer 2021.

For GAs who must register during the summer, the regular-year job classifications are retained.

- Health insurance coverage and fringe charges continue for the regular job classifications.

Five job classifications are available to GAs who otherwise are not required to register for summer.

- These job classifications are available only for the summer period.
Payment of tuition/tuition fringe charges are not required for these job classifications.

Because the GA is not a registered student, they are considered an employee; therefore, FICA taxes are incurred.

Health insurance coverage and non-tuition fringe charges continue for the summer job classifications.

Summer Session Teaching Assistants
To provide summer session TAs with equitable tuition benefits to those of a fall or spring semester TA, a higher hourly fringe rate ($47.35 for summer 2022) for the recorded 200 summer session teaching hours is charged.

- Summer TAs receive the same total pay and benefits as for fall and spring semester.
- Summer session departments pay the same total fringe charge as for fall and spring semester.

Professional Program Assistantships
Medical Fellows and Medical Resident Positions
- These are clinical residency positions that typically involve 100% time appointments.
- The fringe rate is set to recover the tuition costs over 780 hours of work per semester.

Veterinary Resident-Grad Program Positions
- These are clinical residency positions that typically involve 75% time appointments.
- Therefore, the fringe rate has been set to recover the tuition costs over 682.50 hours of work per semester.

Professional Program Assistant (9535)
- This job classification is for students pursuing professional post-baccalaureate degrees (e.g., the JD and MBA) who are employed within their college of registration, and who do not require teaching/research experiences to prepare for future careers.
- No tuition benefit or fringe charges are incurred.
- Students with appointments of 25% or greater in this job classification are included in the GA health benefit program

The above information is summarized in table format in Figure 1 of these instructions.

For human resource-related policy questions, please contact Susan Brantsseg/Graduate Assistant Employment/Office of Human Resources at gaesinfo@umn.edu.
**Figure 1**

*Graduate and Professional Student Fringe Table*

**Tuition Fringe as Dollar per Hour Charge**

*Fiscal Year 2022-23*

<table>
<thead>
<tr>
<th></th>
<th>Tuition per hour</th>
<th>Health</th>
<th>FICA &amp; Other Charges*</th>
<th>Total of % Fringe</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Summer Term Only</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9571 Summer Term TA</td>
<td>$0.00</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9572 Summer Term RA</td>
<td>$0.00</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9573 Summer Term AF</td>
<td>$0.00</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9574 Summer Session TA w/ T. Ben</td>
<td>$47.35</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9575 Summer Session TA w/o T. Ben</td>
<td>$0.00</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td><strong>Academic Year and Summer Term</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9510 Grad Assistant Coach</td>
<td>$21.27</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9511 Teaching Assistant (TA)</td>
<td>$21.27</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9515 Graduate Instructor</td>
<td>$21.27</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9517 Ph.D. Cand. Graduate Instructor</td>
<td>$3.37</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9518 Adv. Masters TA</td>
<td>$3.37</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9519 Ph.D. Cand. w/24 thesis cred. TA</td>
<td>$3.37</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9521 Research Assistant (RA)</td>
<td>$21.27</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9526 Graduate Research Project Asst.</td>
<td>$21.27</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9527 Ph.D. Cand. Grad Research Proj. Asst.</td>
<td>$3.37</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9528 Adv. Masters RA</td>
<td>$3.37</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9529 Ph.D. Cand. w24 thesis cred. RA</td>
<td>$3.37</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9531 Admin Fellow (AF)</td>
<td>$21.27</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9532 Adv. Masters AF</td>
<td>$3.37</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9533 Ph.D. Cand. w/24 thesis cred. AF</td>
<td>$3.37</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9535 Professional Program Asst.</td>
<td>$0.00</td>
<td>19.7%</td>
<td>0.2%</td>
<td>19.9%</td>
</tr>
<tr>
<td>9538 Legal Project Assistant w/T. Ben</td>
<td>$48.02</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>9539 Legal Project Assistant w/o T. Ben</td>
<td>$0.00</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>9553 Dental Fellow</td>
<td>$21.27</td>
<td>0.00%</td>
<td>7.6%</td>
<td>7.6%</td>
</tr>
<tr>
<td>9554 Med Fellow, Graduate Program</td>
<td>$10.64</td>
<td>0.00%</td>
<td>7.6%</td>
<td>7.6%</td>
</tr>
<tr>
<td>9559 Med. Resident, Graduate Program</td>
<td>$10.64</td>
<td>0.00%</td>
<td>7.6%</td>
<td>7.6%</td>
</tr>
<tr>
<td>9549 Vet Resident, Graduate Program</td>
<td>$14.19</td>
<td>0.00%</td>
<td>7.6%</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

* This column includes Social Security, Medicare, Unemployment Insurance, Workers Compensation, and an Internal Administration Fee. All job classes, except the Legal Project Assistant classes, contribute 0.2% for the Internal Administration Fee. In addition to the Internal Administration Fee, Dental Fellow, Medical Fellow, Medical Resident, and Veterinary Resident job classes contribute 7.2% to Social Security/Medicare, 0.1% to Unemployment Insurance, and 0.1% to Workers Compensation for a total of 7.6%.
Enterprise Assessment

The Enterprise Assessment is a systematic method of assessing units a fee to pay for the development, implementation, maintenance and replacement of institutional business systems. The assessment collected covers the costs of the Enterprise System Upgrade Project over a reasonable timeframe plus additional enterprise systems requirements.

The monthly assessment charges 1.75% against certain salary expenditures in specific funds via a general ledger journal entry posted to individual fund-deptID-programs in the actual general ledger.

The following assumptions should be built into the FY22 budget plans at this time:

- Assessment rate of 1.75% of projected FY22 salaries
- Expected assessment should be budgeted in account code 820200 – Enterprise Assessment-Final Budget Only. (Actual charges will hit account code 820201)
- Assessment is on actual salary expenditures in the following funds:
  - State Appropriations and Tuition – fund 1000
  - Auxiliaries – funds 1100-1106, 1152, 1153
  - Other Unrestricted – funds 1020, 1023, 1024, 1025, 1026, 1028
  - Private Practice – fund 1030
  - Restricted State Specials – funds 1801-1807
- Assessment occurs near the end of an accounting period based on actual salary expenses in that period. Both debits and credits to salaries are included in the assessment calculation.

Salary expense used in the calculation will include the following account codes:

<table>
<thead>
<tr>
<th>Account Code</th>
<th>Description</th>
<th>Account Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>700101</td>
<td>Salaries – Faculty Regular</td>
<td>700111</td>
<td>Salaries – Faculty Adjunct/Clin</td>
</tr>
<tr>
<td>700102</td>
<td>Salaries – Faculty Adjunct/Clin</td>
<td>700211</td>
<td>Salaries – Faculty Contract</td>
</tr>
<tr>
<td>700103</td>
<td>Salaries – Faculty Contract</td>
<td>700311</td>
<td>Salaries – Grad Asst/9535</td>
</tr>
<tr>
<td>700104</td>
<td>Salaries – Faculty Temp/UMD-NonReg</td>
<td>700401</td>
<td>Salaries – Residents/Fellows</td>
</tr>
<tr>
<td>700105</td>
<td>Salaries – Faculty Visiting</td>
<td>700402</td>
<td>Salaries – Professional in Training</td>
</tr>
<tr>
<td>700121</td>
<td>Salaries – Faculty Fed Benefits</td>
<td>700501</td>
<td>Salaries – Undergraduate Student</td>
</tr>
<tr>
<td>700201</td>
<td>Salaries – Academic Professional</td>
<td>700511</td>
<td>Salaries – Civil Service</td>
</tr>
<tr>
<td>700202</td>
<td>Salaries – Academic Administrative</td>
<td>700512</td>
<td>Salaries – AFSCME</td>
</tr>
<tr>
<td>700203</td>
<td>Salaries – Police</td>
<td>700521</td>
<td>Salaries – Teamsters</td>
</tr>
<tr>
<td>700211</td>
<td>Salaries – Post Doc</td>
<td>700531</td>
<td>Salaries – Trades</td>
</tr>
<tr>
<td>700221</td>
<td>Salaries – P&amp;A Prof Fed Benefits</td>
<td></td>
<td>Salaries – Temp/Casual</td>
</tr>
</tbody>
</table>

Note: The following salary accounts are NOT included:
• Workstudy: 700351, 700451, 700452, 700551, 700552
• 27th Pay Date Accrual: 700801

Questions regarding the Enterprise Assessment allocation process can be directed to the University Financial Helpline at (612) 624-1617 or finsys@umn.edu.

Property & Liability and Non-Profit Organization Liability Insurance:

Property and Liability Insurance: The University purchases property and liability insurance centrally for all of its campuses and programs. The University’s property insurance provides coverage to University-owned buildings and contents for perils such as fire, windstorm, hail, explosions, smoke, vandalism, water damage, etc. General Liability insurance provides coverage for third party injury/damages. This policy provides coverage for injuries/damages to students, volunteers, and visitors on campus when the University is determined to be negligent.

The Office of Risk Management charges RRCs for University property and liability insurance premiums based on each RRC’s share of total University space. The premium expenditure should be budgeted by each RRC as account code 720313. The Office of Risk Management will initiate a journal entry to complete the transaction for FY22 sometime in the first three months of the fiscal year.

Non-Profit Organization Liability (NPOL): The University purchases Non-Profit Liability Insurance centrally for all its employees, officials and authorized volunteers. Non-profit liability insurance has primarily focused on the cost of employment disputes, including claims of sexual harassment, unlawful discrimination and various statutory violations. Employment related litigation has increased over the years, as has the volatility of damage awards.

The Office of Risk Management charges RRCs for a portion of the University Non-Profit Organization Liability insurance premiums based on each RRC’s share of the total current, non-sponsored salaries based on the FY21 DeptID assignment by RRC. The premium expenditure should be budgeted by each RRC as account code 720313. The Office of Risk Management will initiate a journal entry to complete the transaction for FY22 sometime in the first three months of the fiscal year.

For FY22, each unit should assume a 6.71% increase in the amounts billed for FY21. The FY21 actual/FY22 projected charges are listed below by unit. For support units with some academic functions/units, the full estimate for the RRC is provided below.

<table>
<thead>
<tr>
<th>RRC</th>
<th>FY21</th>
<th>FY22 Charge</th>
<th>RRC</th>
<th>FY21</th>
<th>FY22 Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>AES</td>
<td>$55,904</td>
<td>$59,655</td>
<td>DESGN</td>
<td>$83,424</td>
<td>$89,022</td>
</tr>
<tr>
<td>AHCSH</td>
<td>144,464</td>
<td>154,157</td>
<td>HHH</td>
<td>43,748</td>
<td>46,684</td>
</tr>
<tr>
<td>ATHL</td>
<td>571,336</td>
<td>609,672</td>
<td>LAW</td>
<td>107,865</td>
<td>115,102</td>
</tr>
<tr>
<td>AUXSV</td>
<td>1,112,331</td>
<td>1,186,968</td>
<td>MED</td>
<td>896,173</td>
<td>956,306</td>
</tr>
</tbody>
</table>
Utility Rates – Twin Cities Campus

Utility costs will continue to be managed by each campus (or research and outreach station).

On the Twin Cities campus, costs for steam, electrical, gas, and chilled water use will continue to be allocated to each RRC based on the actual consumption of these utilities by the buildings in which the RRC has programs in operation.

If your RRC is not included in the Facilities cost pool, you will continue to be directly billed for all Facilities Management (FM) services and these additional utilities.

Below is a short summary of these utilities, their cost components, how FM develops and tracks both cost and utilization of these utilities, and a summary of the rates.

There are 2 factors in determining the allocated utility cost for electricity, steam (heat), gas, chilled water, water, sewer and stormwater:
   a. Utility rate
   b. Utility consumption

The Steam, Electrical, Gas, Chilled Water, Water, Sewer and Stormwater utility rates are applicable to units on the Twin Cities campus. The newly published rates will be effective on July 1, 2021 and are held stable for the complete fiscal year. The rates include costs to purchase, produce, manage, and deliver the utilities and are described in more detail below. Utilities are operated as an internal sales activity and are managed to be a ‘break-even’ operation. Therefore, at the end of each fiscal year, the difference in actual cost to provide the utility vs. the published ‘rate’ cost to provide the utility is rolled into future published rates (i.e. surpluses help lower future rates, and deficits increase future rates).

Consumption of steam, electricity, gas, chilled water, water and sewer are metered for every building on campus on a monthly basis. Stormwater charges are determined based upon the number of impervious square feet that a building’s footprint occupies. This information is then used to allocate cost for the month based on the ASF (assignable square feet) of each program.
within each building (DeptID level information from the space database ‘snapshot’ taken in the fall). The space information used for this allocation is updated annually in the fall (see Space Information in Appendix B for more on this process).

To assist in budgeting for these utility costs, the projection of costs for FY22 for each unit is included on the budget development worksheet. In addition, a schedule with this information and with projections of utility consumption for each building and RRC (with DeptID detail) will be made available on the Budget Office web site in the near future (you will get e-mail notification of the posting of data). A projection of consumption is also available to customers outside the cost pool such as academic enterprises, independent organizations, and institutional supported departments upon request. Requests can be made to Arwen Bloomdahl at extension 612-625-0725 (abloomda@umn.edu).

<table>
<thead>
<tr>
<th></th>
<th>FY2020-21</th>
<th>FY2021-22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Steam – 1,000 lbs of steam (Mlb)</strong></td>
<td>$26.50</td>
<td>$26.73</td>
</tr>
<tr>
<td><strong>Electric – Kilowatt Hours (Kwhr)</strong></td>
<td>$0.1115</td>
<td>$0.1182</td>
</tr>
<tr>
<td><strong>Gas – Dekatherm (Dkthrm)</strong></td>
<td>$8.50</td>
<td>$8.41</td>
</tr>
<tr>
<td><strong>Chilled Water (ton/hour)</strong></td>
<td>$0.244</td>
<td>$0.252</td>
</tr>
</tbody>
</table>

Steam costs are allocated based on Mlb (M-pound, or 1,000 pounds of steam). The steam rate includes the costs of fuel, operations of the boilers and plant (including the steam components of the new Main Energy Plant), capital and maintenance of the distribution systems, energy conservation projects, and administration.

Electric costs are allocated based on Kilowatt Hours (Kwhr). The electric rate charged to the University by Xcel is a complicated set of formulas based on timing of peak use, fuel cost pass-through, etc. The above University rate is set for the fiscal year and is a budgeted average cost. The electric utility rate includes the costs of purchasing and producing electricity, distribution costs, debt service, capital renewal, energy conservation projects and administration. This includes the cost of producing electricity at the new Main Energy Plant (formerly Combined Heat and Power Plant).

Gas costs are allocated based on dekatherms. The University rate is set for the year and is budgeted based upon average cost. It includes the costs of purchased gas, administration, and energy conservation. The purchased gas is a commercial/industrial firm gas provided by CenterPoint Energy or Xcel. This gas charge generally applies to buildings not on the campus steam systems but can also apply to buildings with such gas uses as laboratories or kitchens.
Chilled water costs are allocated based on tons of cooling hours (a metered measure). The chilled water rate includes the electric, steam and water costs used to generate the chilled water. Costs also include maintenance, capital renewal, energy administration and energy conservation. Central air conditioning via Chilled Water is not available in all buildings. Only those RRC’s with space in the buildings that are part of the Chilled Water distribution system will be charged for this Utility.

<table>
<thead>
<tr>
<th>Utility</th>
<th>FY21 Rate</th>
<th>FY22 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water – Hundred Cubic Feet (CCF)</td>
<td>$5.50</td>
<td>$6.20</td>
</tr>
<tr>
<td>Sewer – Hundred Cubic Feet (CCF)</td>
<td>$5.37</td>
<td>$6.25</td>
</tr>
<tr>
<td>Stormwater – Impervious Square Foot (SF)</td>
<td>$0.0980</td>
<td>$0.0879</td>
</tr>
</tbody>
</table>

The water, sewer and stormwater rates include purchased costs for these utilities. Costs also include maintenance of the water distribution system, stormwater management systems, capital renewal, energy administration and energy conservation.

Questions regarding utility rates should be directed to Arwen Bloomdahl (abloomda@umn.edu or 612-625-0725) or Shari Zeise (zeise@umn.edu or 612-625-9429).

**Tuition Estimates**

Due to the unique circumstances surrounding student enrollment and course registrations for FY21, the revenue estimating process for FY22 will be somewhat modified from the last several years. By mid-Feb., a separate tuition revenue estimating supplement to these instructions will be distributed. It is anticipated to include the following:

- An updated estimated of FY21 tuition revenue (by professional, graduate, undergraduate, resident and nonresident categories) based on actual activity to date, including spring information as of the second week of term;
- A comparison of the updated revenue estimate for FY21 and the entered budget for FY21;
- A new standard methodology for estimating FY22 tuition revenue that will attempt to incorporate nuances for what might be a recurring vs. a one-time drop in the base (FY21) and a change in enrollment anticipating a return to more recent patterns in fall 2021 enrollment (compared to fall 2020);
- Separate FY22 tuition revenue estimates for professional, graduate, undergraduate, resident and nonresident categories by RRC based on the new standard methodology and an assumed rate increase of 1% across the board;
- A comparison of the FY22 revenue estimates to the updated FY21 estimates; and
- Information related to FY20 tuition waivers (where relevant), with a request to update it for FY21 and FY22 and any proposals for changes to waivers in FY23.

The tuition supplement will include instructions for what to submit and a timeline coordinated with the budget/compact meetings that are currently being scheduled.
Scholarship Planning and Spending

It is the responsibility of each RRC to ensure that the University is spending all available resources designated for scholarships. The expectation is that each year all units will have spending plans for incoming freshmen undergraduate scholarships entered into STAR by the first week in February, and entered for all other scholarships by the first week of June, even if the plan is to spend nothing in the coming year. Plan entry into STAR is an indication that the balances/available funds are being reviewed and there is a defined strategy for appropriate and timely use of those funds. During the month of January the current spending plans will be reviewed centrally and the Provost’s Office will reach out to individual RRCs if there are any questions about these spending plans.

Cost Pool Allocations

Decisions made to date on the support unit budget items have decreased the overall cost pool allocations, and thus the total charges, for FY22. The impact on each academic unit will be entered into the budget development worksheets, so units can see the difference in what each of the costs were for FY20 and FY21 and what they will be for FY22 without further adjustments. Additionally, the spreadsheets used to calculate the cost allocations and the related summary of charges by college/campus, along with the detailed FY22 line-item increases added to each cost pool, are being discussed at the Cost Pool/Framework Overview meetings in January and will be available on the Budget Office web site in the very near future. An e-mail announcement of that posting will be sent out as soon as those documents are available for viewing. The general description of the budgets funded within each cost pool is included with these instructions as Appendix A.

Targeted reductions to support unit budgets, facility and technology licensing cost changes and some transfers of line items between the pools and academic units, combined with some very limited fringe increases and targeted investments, results in a net overall decrease of $3 million (-0.5%) identified below. In aggregate, the changes in cost pool totals from FY21 are as follows (prior to the double-step-down redistribution):

<table>
<thead>
<tr>
<th>Cost Pool Change</th>
<th>FY21 Total*</th>
<th>FY22 Total</th>
<th>$ Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support Service Units Systemwide</td>
<td>$89,713,795</td>
<td>$85,572,037</td>
<td>($4,141,758)</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Technology Systemwide</td>
<td>40,759,488</td>
<td>40,999,845</td>
<td>240,357</td>
<td>0.6%</td>
</tr>
<tr>
<td>Facilities O&amp;M</td>
<td>87,506,912</td>
<td>86,136,327</td>
<td>(1,370,585)</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Support Service Units Twin Cities</td>
<td>31,413,148</td>
<td>31,248,128</td>
<td>(165,020)</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Technology Twin Cities</td>
<td>39,161,077</td>
<td>39,392,007</td>
<td>230,930</td>
<td>0.6%</td>
</tr>
<tr>
<td>Student Services (All) Systemwide</td>
<td>15,052,297</td>
<td>14,959,758</td>
<td>(92,539)</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Student Services (All) Twin Cities</td>
<td>2,066,103</td>
<td>2,060,358</td>
<td>(5,745)</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Research Support Services</td>
<td>43,491,399</td>
<td>42,275,138</td>
<td>(1,216,261)</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Library</td>
<td>47,765,999</td>
<td>48,026,150</td>
<td>260,151</td>
<td>0.5%</td>
</tr>
<tr>
<td>Cost Pool</td>
<td>FY21 Total*</td>
<td>FY22 Total</td>
<td>$ Change</td>
<td>%</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------------</td>
<td>------------</td>
<td>-----------</td>
<td>----</td>
</tr>
<tr>
<td>Change</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Serv. Undergrad</td>
<td>22,101,682</td>
<td>21,870,603</td>
<td>(231,079)</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Student Serv. Undergrad Aid</td>
<td>37,470,962</td>
<td>37,470,962</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Student Serv. Grad Aid</td>
<td>10,500,000</td>
<td>10,500,000</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>General Purpose Classrooms</td>
<td>10,168,849</td>
<td>11,447,466</td>
<td>1,278,617</td>
<td>12.7%</td>
</tr>
<tr>
<td>Utilities/New Bldgs (direct-not in above pools)</td>
<td>59,984,054</td>
<td>62,096,603</td>
<td>2,112,549</td>
<td>3.5%</td>
</tr>
<tr>
<td>Debt (direct-not in above pools)</td>
<td>38,707,421</td>
<td>38,839,521</td>
<td>132,100</td>
<td>0.3%</td>
</tr>
<tr>
<td>Leases (direct-not in above pools)</td>
<td>4,005,066</td>
<td>3,993,374</td>
<td>(5,692)</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Warehouses (direct-not in above pools)</td>
<td>412,099</td>
<td>396,647</td>
<td>(15,452)</td>
<td>-3.7%</td>
</tr>
<tr>
<td>Totals</td>
<td>$580,280,351</td>
<td>$577,290,924</td>
<td>($2,989,427)</td>
<td>-0.5%</td>
</tr>
</tbody>
</table>

*The FY21 totals have been adjusted to reflect a “rebasings” of certain support unit allocations between pools – for units that have base operations funded from different cost pools (Undergraduate Education, VP Clinical Affairs etc.). The FY21 cost pools were set with an estimated distribution of these split allocations between the different pools, but now that the actual distributions are known, the pools are “rebased” to correctly reflect the final allocations for each unit by pool. The total of $580,280,351 did not change for this adjustment – only some of the amounts by pool within that total changed slightly.

In addition to looking at the change by pool, it is helpful to understand the increase for FY22 by looking at the various decision categories that resulted in the increase. There are nine categories of spending that netted to a decrease in the pools, and as the listing below shows, the most significant driver was support unit budget reductions. Embedded within the overall decrease, the most significant cost increase for FY22 was facilities (debt, utilities, new building operations): the 0.5% overall decrease in the pools would have been a decrease of 1.5% were it not for those facility increases.

(In order of magnitude of change):

- Unit Base Budget Reductions ($11,830,000)
- New Building Operations/Utilities 3,519,726
- Contractual/Safety/Tech Infrastructure 2,720,164
- Debt Service 1,999,365
- Strategic Academic Initiatives 244,000
- Strategic Support Investments 190,000
- Student Aid 95,000
- Leases 26,319
- Transfers from Academic Units to Pools 25,000
- Compensation Cost Increase 21,000

Total Net Change in Pool Charges ($2,989,426)
The complete list of funded items by cost pool will be posted to the Budget Office web site, but examples of the investments include: software licenses/maintenance costs for enterprise systems, Library collections, body cameras and evening security positions for Twin Cities Police, a sexual misconduct hearing secretary, and so forth. At this point, the budget framework we used for cost pool development was one anticipating a reduction to our state appropriation and therefore the pools were based on a salary increase assumption of 0%. If that decision is modified later in the process, the cost pools will increase, but plans for reallocations and other variables will also be adjusted to minimize or eliminate negative impacts on the academic units from the change.

When the budget for next fiscal year is finalized for Board review, all investments (whether included in the cost pools or direct funded in the colleges and campuses) will be summarized and explained together.

**To Submit:**

1. **Reallocations Implemented FY21**

Based on the initial responses received from each support unit on plans to implement the FY21 reallocations (the O&M target and the other nonsponsored funds target from last Feb./March) we created a preliminary list of reductions. In addition, there may be additional actions that will become necessary as the year progresses. Now we need your help in two ways:

   a) Please provide a description of what you have actually implemented to date in the way of recurring cost reductions for FY21 related to the O&M/State Special budget. We need to make sure the list you submitted as part of the budget development process is accurate and that you actually did what you said you would do. Please provide the following details for each recurring reallocation implemented in FY21:
      - Detailed description of what was implemented
      - Amount of reallocation
      - Funding source (O&M/State Specials or other nonsponsored funds)
      - Expenditure category (Direct Mission, Mission Support & Facilities and/or Leadership & Oversight)
      - Categorization of the reduction as personnel or non-personnel expenses
      - Detailed information on any position eliminations, including the number of positions eliminated by job code and position title.

   b) Please provide a list of cost reduction actions you are implementing in FY21 in addition to what was required as part of your reallocation target discussed during budget development (in addition to (a) above). This may not be the final for the fiscal year, but respond with what has actually been done to date. Regardless of funding source, if you have implemented additional cost reductions in FY21, we would like that full list and description of actions so we can collectively take credit for all the difficult decisions and
strategic choices made to address impacts of the pandemic and/or allow the continuation or enhancement of current services. Again, be as specific as possible so we are able to align actions to specific categories of spending.

2. ICR Revenue Estimates

A four-year F&A (facilities and administrative cost) rate agreement was signed on March 18, 2020, which is used to assist with projecting indirect cost recovery revenue. The F&A rates are effective through FY23 or until a new rate agreement is established. The rates vary by year: four years are depicted in the table below.

<table>
<thead>
<tr>
<th>Award Type</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Campus Research</td>
<td>54%</td>
<td>54%</td>
<td>55%</td>
<td>55%</td>
</tr>
<tr>
<td>On-Campus Public Service (a.k.a. Other Sponsored Activities)</td>
<td>33%</td>
<td>33%</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>On-Campus Instruction</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Hormel Institute</td>
<td>55%</td>
<td>55%</td>
<td>59%</td>
<td>59%</td>
</tr>
<tr>
<td>Dept. of Defense Contracts</td>
<td>57%</td>
<td>57%</td>
<td>57%</td>
<td>57%</td>
</tr>
<tr>
<td>Off-Campus Projects</td>
<td>26%</td>
<td>26%</td>
<td>26%</td>
<td>26%</td>
</tr>
</tbody>
</table>

A Twin Cities college, greater MN campus, or support unit where research is conducted will receive 100% of the indirect cost revenue associated with that research. This revenue will be posted automatically by the PeopleSoft financial system into a designated RRC-level ICR chartstring.

As part of the FY22 budget development process, each unit that generates ICR revenue is asked to submit an estimate of how much ICR they expect to generate in FY21 (the current year) and also in FY22. Attachment 1 provides an updated estimate of FY21 ICR revenue and a preliminary estimate of total ICR revenue for FY22 developed by the University Budget Office. Column g of Attachment 1 contains an updated estimate of total annual ICR revenue for the current fiscal year, FY21. This updated estimate was developed using actual ICR revenue generated over the first six months of FY21. Column j, FY22 Estimated Total Revenue, is the result of multiplying the updated FY21 estimate in column g by 0.00, indicating a 0.0% inflation factor for FY22 over the updated estimate for FY21 ICR revenue due to the unprecedented and continued financial impact of the Pandemic and University reduced operations.

Overall external awards for the University were up by approximately 1.5% in FY20, the highest amount received year to date. Federal awards remained at roughly 60 percent of all awards, in keeping with previous years. Among all federal agencies, NIH ($303.8 million) and NSF ($85.6 million) awarded the most support. Business and industry awards accounted for 9.3% of total received awards with other private amounts accounted for 9.0%.
If activity in your unit suggests there will be less or more research spending and associated ICR revenue in FY22, feel free to modify the estimate as deemed appropriate.

As always, the amounts on Attachment 1 represent a starting point in estimating FY22 ICR revenue by RRC. It is very important for each unit that generates ICR revenue to evaluate these estimates in light of any circumstances or facts, Pandemic or non-Pandemic related, that may be known by the unit but not reflected in the Budget Office estimate. For the budget submittal, please complete Figure 3 entitled *ICR Revenue Estimate - Response* with estimates for FY21 (updated estimate) and FY22 (budget) ICR revenue.

If you have any questions regarding these instructions or calculating the ICR revenue estimate for FY21 or FY22, please contact Julie Tonneson (tonne001@umn.edu) or Lawrence Parson (parso378@umn.edu).
ICR Revenue Estimate - Response

Please use this page to verify or propose a change to the preliminary ICR revenue estimates for FY21 (updated estimate) and FY22 (budget) as shown in Attachment 1. Note: estimated ICR revenue should represent 100% of the amount generated.

Important! We are asking you to submit two estimates: (1) an updated estimate of how much ICR revenue you believe you will generate in the current year (FY21) plus (2) an estimate of ICR revenue for next year (FY22).

Resource Responsibility Center:

1a. Approved Budget for current year – FY21: ______________________________

1b. Updated estimate for current year – FY21: ______________________________

Explanation of Variance (if any):

2. Proposed budget estimate for FY22: ______________________________

If you agree with the proposed estimate for FY22 ICR revenue as presented in Attachment 1, please verify by recording the estimated amount of total ICR revenue.

If you do not agree with the proposed estimate for FY22 ICR revenue as presented in Attachment 1, please record a new unit estimate for total ICR revenue and provide a brief explanation for any variance.
3. Collegiate/Campus and Durable Goods Fees

Collegiate/Campus and Durable Goods Fees Definition: The collegiate/campus and durable goods fee definitions are as follows in Regents Policy:

Subd. 3. Academic Fees.
(a) Campus/Collegiate Fees. Campus/collegiate fees are campus- and college wide fees that may be assessed to all students enrolled on a campus or in a college for goods and services that directly benefit students but that are not part of actual classroom instruction. Allowable goods and services include advising, career services, computer labs, special equipment, orientation activities, and other goods or activities intended to enhance the student experience outside of actual classroom instruction. Each campus shall assess no more than one campus-wide fee and each college shall assess no more than one college-wide fee (note – UMD is the only RRC with both the campus designation and individual colleges, and therefore may have both a campus-wide fee and individual collegiate fees).

(b) Durable Goods Fees. Durable goods fees may be charged by a campus or a college to their enrolled students (or any cohort or subset of their enrolled students) for educational materials and equipment that will be owned by, potentially owned by, or assigned to a specific student for their use during the entire term. Durable goods fees may not be charged for services, or for use of any equipment owned and retained by the University, with the exception of computer or other specialized equipment assigned for a full term to a specific student.

Collegiate/Campus Fees Structure: In order to rationalize the set of collegiate/campus fees charged to students throughout the University and ensure appropriate application of the above definitions, the following standards are recommended for implementation. Limited exceptions to these standards may be approved with a compelling justification (e.g. capital enhancement fee and TCF Stadium fee on the Twin Cities campus):

1. As mentioned above, each campus may assess only one campus-wide fee and each college (for the Twin Cities and Duluth) may assess only one college-wide fee.

2. Campuses and colleges may charge these fees only to their own students – defined by unit of enrollment. Colleges may not charge a collegiate fee to students enrolled in other colleges.

3. Collegiate/Campus fee rates will be the same for each student within a college or campus, regardless of student level or program of enrollment. So, for example, the fee rate may not differ for undergraduate vs. graduate students or for students enrolled in one program within a college vs. another program.
4. Collegiate/Campus fees may vary by credit load. Colleges and campuses may choose to apply the same rate to all students regardless of credit load. However, if they choose to differentiate, the standard fee structure will be a flat rate with a single threshold of six credits: one flat rate applied to students registered for 6 or more credits and half that rate charged for students registered for less than 6 credits. This single credit threshold applies to undergraduate, graduate and professional level students.

5. Collegiate Campus fees may vary by term. Colleges and campuses may choose to apply the same rate to all students regardless of term. However, if they choose to differentiate, the standard fee structure will be a flat rate for summer term vs. fall and spring terms: one flat rate applied to students registered for fall and spring terms (with potential credit variations as mentioned in “4”) and half that rate charged for students registered for summer term. If this structure is implemented along with the variation in credit loads as mentioned in “4”, then the credit threshold for summer would be 3 credits, rather than 6.

6. Separate seating fees and orientation fees at the college or campus level should be eliminated. Costs related to these items may be justifiably included in the collegiate/campus fees.

**Durable Goods Fees Definition and Structure:** It is recognized that there are situations in which charging all students for a particular item required for enrollment is beneficial to the student in that it can be purchased at a lower bulk rate than the student would pay on their own. Therefore, a term fee, separate from the collegiate/campus fee, may be charged by the college or campus to their enrolled students (or any cohort or subset of their enrolled students) for educational materials that will be owned, or potentially owned in the future, by the student (e.g. laptop computers, scientific instruments, reference materials, etc.). Durable goods fees may be structured to change by program and academic year, depending on the relevant group of students and the corresponding “goods”. Durable goods fees may NOT be charged for usage of equipment owned and retained by the University or for services.

**Approval Process – Collegiate/Campus and Durable Goods Fees:** These fees must be entered into the Fee Request and Approval System (see next section below). In addition, each RRC proposing to either continue or change an existing fee in this category or to create a new fee in this category must submit the following information along with their other budget materials (provide separate sets of information for a collegiate/campus fee and a durable goods fee).

- The proposed fee rate and set up structure for FY22
- A detailed and specific explanation of what services or activities the fee will support (see definition)
- An estimate of the revenue that will be generated from the fee in FY22
- An allocation of that estimated revenue across the itemized list of services or activities supported through the fee
• A description of the internal fee process within the college or campus, indicating who was involved in setting the proposed fee level and determining the different uses for the fee.

These fee proposals will be discussed as part of the compact/budget oversight meetings. Please note – as the University is trying to limit additional financial burden on students, any proposal to increase these fees will receive significant scrutiny. In addition, proposals to increase existing or add categories of course and miscellaneous fees will receive the same scrutiny. No fee increases should be proposed to cover a financial shortfall related to COVID-19: increases should only be tied to traditional variables (inflation or significant cost increases, new purchases etc.).

4. **Course, Miscellaneous and Academic Fee Entry and Approval**

Each unit owning course and incidental fees charged to a student (most of which – but not all – are charged to a PeopleSoft student account and appear on billing statements) must review these fees, propose changes and new fees, remove fees no longer applicable, and submit them for approval on an annual basis using the Tuition and Fee Management System (TFMS). The information submitted will be incorporated into the overall tuition and fee plan presented to the Board of Regents along with the budget in June.

TFMS will be available for entry of FY21 fee information on February 1, 2021. **Fee entry should be completed by RRCs by April 9, 2020.** The system captures student fee information for review and analysis, helps ensure that units receive the fee revenues approved in the annual budget process, and feeds information to PeopleSoft to ensure accurate and efficient student account billings. Fees that have been entered in TFMS previously and have not been archived will roll over as FY22 fee requests and can be updated for submission. RRC contacts or financial managers who do not have access to TFMS should contact Emily Larson (e-lars@umn.edu) to be oriented to the system. Training and resources for using the system are accessed through links within TFMS. Additional information on fee entry will be provided in the beginning of February when TFMS opens for FY22 fee development.

The information required to create or update a fee request in the TFMS is similar to past years and will include:

- The amount of the fee
- The number of students who will be charged the fee
- The amount of expected revenue
- The semesters that the fee should be charged
- Rate structure (example, is this fee a flat fee or a per credit rate?)
- For course fees, the course subject and designator (for example ACCT 2050) and the course component to attach the fee to must be identified, and if fees must be broken
down to a section level, the section numbers are necessary (this information may be updated in TFMS later, but well prior to the effective semester)

- The method of assessment: will it be posted as part of the tuition calculation process, will a department be posting it directly to the student accounts, or is it collected by some other method
- An appropriate justification (required) – CANNOT BE TO OFFSET A SHORTFALL RELATED TO COVID-19
- Rate development as an attachment (required for any new or changed fees)
- A brief, but informative, public fee description
- The EFS chart string where the fee revenue is to be recorded

Due to uncertainty in the balancing of different modes of curriculum delivery for future terms in the wake of COVID-19, an updated justification and rate development are required for all fees submitted for FY22. In past years, fees without significant changes may have received less scrutiny in the review process. That will not be the case for FY22 due to significant changes in how courses have been delivered over the past year. It may be that courses in general return to modality patterns from fall 2019, but because of the uncertainty, it will be beneficial to understand any assumptions that would impact fee rationale.

Additional information and instructions, including guidelines for appropriate fee justification and rate development, are discussed in the TFMS materials. All fees charged by academic units, and all fees charged based on student registration must be submitted for approval (exception: some fees charged through the Learning Abroad Center and billed through the Education Abroad Module). A word of caution: changes to FY21 fees entered after the FY21 fees are rolled over to FY22 in TFMS on February 1 will not affect the FY22 version of the fee request. The FY22 request must be updated separately if the change also will be in effect for FY22.

After fees are submitted, they will be reviewed by the University Budget Office. Fee system users can go online and see the status of a fee at any time. A report listing the fees approved by Budget Office will be generated for review by the Board of Regents. It is this final list of fees that will be implemented in PeopleSoft for FY22.

There is no other process for implementation of fees – please make sure the list you submit is complete and accurate. Fees that are not requested via TFMS and approved by the Regents may not be implemented until the next budget year.

If you have questions about potential new fees, restructuring of fees, allowable rate components, or other complications please contact Emily Larson (e-lars@umn.edu, 612-626-1617) early in your fee review process to discuss possibilities.

5. Tuition Rate Verification – Submission in TFMS

TFMS will once again be used for submission and verification of tuition rates for FY22 for all academic programs. For tuition rates, TFMS is the mechanism used to communicate and verify
details of rates agreed upon during college or campus budget planning discussions. The Board of Regents approves all tuition rates. Tuition rates in TFMS are the only rates that will be submitted to the Board of Regents for approval and implemented for FY22. The rates will be loaded directly into PeopleSoft from TFMS.

Access to the Tuition fee type in TFMS is restricted to Chief Financial Managers (CFMs) and RRC contacts. Tuition rates for FY21 will be rolled over as rates “in development” for FY22 in the same way that fees are. Undergraduate and graduate school rates will be entered centrally. CFMs/RRC contacts enter only those rates specific to their college or campus.

CFMs/RRC contacts will (only for those rates specific to their college or campus):
1. Update the college/campus-specific tuition fee types with requested rates for FY22
2. Create new fees or dimensions with the tuition fee type to reflect tuition rates for new or changing programs
3. Submit the rates to the University Budget Office (status: Ready for OBF) by April 16, 2021.

The University Budget Office will:
1. Review tuition fee information to ensure submissions for FY22 match with expectations from budget discussions; contact CFMs/RRC contacts with any questions
2. Use the data extracted from TFMS to create the tuition rate submission for the Board of Regents
3. Route the tuition rate submission for the Board of Regents to CFMs/RRCs for a final verification prior to the docket deadline
4. Submit final rates to Student Finance for implementation AFTER tuition rates for FY22 are approved by the Regents.

Student Finance will:
1. Be available for consultation on TFMS entry structure.
2. Provide early feedback on technical feasibility of rates submitted in TFMS.
3. Load FY22 tuition rates into PeopleSoft from TFMS.

Additional information and tips on Tuition entry will be provided in the beginning of February when TFMS opens for FY22 rate development.

6. Student Services Fee Waivers

The Office of Student Affairs is again requesting colleges on the Twin Cities campus to apply for waiver status for all academic programs that wish to allow such waivers in FY21. If a waiver is granted, none of the students enrolled in the program in question will be charged student service fees. Though this is a financial benefit for students, it will make these students ineligible for access to student fee supported benefits or services such as the recreation centers, Boynton Health Service, and other student fee supported campus services. Students in these programs have the option of paying the student service fee, or they may purchase the Boynton Health
Service extended coverage but are not eligible to enroll in the Student Health Benefit Plan provided by the University (i.e., they are not eligible to purchase student hospitalization insurance). Please take this into consideration as you apply for program waiver status. Academic programs on the Crookston, Duluth and Morris campuses should consult their student affairs offices for policies specific to their campuses.

Programs must have a unique degree and major code, or have some other way in the registration system in which students as a group can be uniquely identified as belonging to the program for which the waiver would be applied. The entire program must qualify for the exemption – specific sections, terms, and locations cannot be made exempt. For FY21 the Board of Regents granted an exemption to allow certain off-campus credits to be counted towards the SSF credit threshold. An adjustment to the credit threshold restriction for off-campus courses will likely be in place for FY22. Therefore, it is more important than ever to submit program-level waiver requests based on the criteria below. Remember that all students registering for less than 6 credits during an academic term are automatically exempt from paying the student services fee. Also under current policy, non-degree seeking students and post-secondary enrollment option students are exempt from student service fees, and therefore need not be included in your proposals.

Programs currently receiving program-level waivers are listed below and do not need to reapply. However, please indicate in your budget response if one of these programs no longer meets the eligibility criteria. New programs requesting the waiver also must be identified in your budget response. Please contact Jill Merriam at 612-625-2515 or jmerriam@umn.edu with any questions you may have.

Criteria for granting student service fee waivers to programs:

The program must be designed specifically for full-time working professionals AND one of the following must also be true:

- The program is designed and delivered as a weekend-only and/or evening-only program;
- The program is delivered in its entirety via distance education; or
- The program is delivered in its entirety at an off-campus location.

Each college that has a program or programs that wish to apply for a program waiver should provide the following information as part of this budget submission:

- College
- Name of program
- Degree(s) offered
- Approximate number of students per term
- Approximate number of percentage of students taking six or more credits per term
- Brief description of program and rationale for program waiver
Programs currently approved for fee waivers

Education and Human Development
   Educational Policy/Admin Ed D
   Leadership in Education M Ed

Carlson School of Management
   Business Taxation MBT
   Evening MBA
   Executive MBA
   China Executive MBA
   Vienna MBA
   Warsaw MBA

Continuing Education
   Biological Sciences MBS
   Liberal Studies MLS
   Addictions Counseling MPS
   Arts and Cultural Leadership MPS
   Horticulture MPS
   Integrated Behavioral Health MPS

Humphrey School of Public Affairs
   MPA Program in Poland

Public Health
   Evening MHA (Health Care Administration)

Science & Engineering
   Management of Technology MS
   Software Engineering MS
   Infrastructure Systems Engineering MS
   Medical Device Innovation MS
   Security Technologies MS

7. Permanent Transfer of Allocation Between Units

If there should be a permanent transfer of base allocation between RRCs for FY22, please submit that information to Julie Tonneson and Lawrence Parson as soon as it is available. Do not wait for the final due date listed below in Section D-1. Please include the dollar amount to be transferred and the reason for the transfer. It would be most helpful if both RRCs involved in the transfer send in the same information as part of their individual budget submissions. If
this coordination is not done in advance, subsequent contacts will be made to ensure agreement on the adjustments.

8. Budget Development Worksheets

Entry of financial information in budget development worksheets in PeopleSoft (PS) is required as part of the budget review process. Although only one of multiple tools used for analysis, the worksheets are an essential element of the review of each unit’s overall financial structure and health.

The system allows worksheets to be completed at the RRC level only (UM Budget Dev Worksheet – RRC, required) or budget departments can complete the worksheet at the lower ZDeptID structural level (UM Budget Dev Worksheet, optional), which then rolls up to the RRC level. All units must submit the worksheets at the RRC level, but for RRCs with both fall and spring units, the ZDeptID level worksheets must be completed as well because the Budget Office will summarize the fall ZDeptID entries for the fall meetings and the spring ZDeptID entries for the spring meetings. For all other units, the functionality to enter at the lower ZDeptID level is available for those RRCs that would like their budgeting departments to submit a more specific level of financial planning information to them. In those cases, the Budget Office will not review the worksheets from that lower structural level unless it is necessary for more in-depth analysis.

The best way to review your DeptID-ZDeptID-RRC hierarchy is to view the DeptID tree in PS. Follow this path in the Reporting Instance to find the relevant breakdown by RRC on the Budget Tree:

```
Tree Manager > Tree View > tree: UM_DEPTID_BUDGET, effective dated 7/1/2020.
```

It is easiest to view this tree in the “Print Format” Option.

Units may begin entering in the Budget Development Worksheets at any time. The worksheets operate the same way they did when planning for FY21. The path to access the worksheets within PeopleSoft is UM Budgeting > UM Budget Dev Worksheet > UM Budget Dev Worksheet – RRC or UM Budget Dev Worksheet.

The worksheets are populated with FY19 Actuals, FY20 Actuals, the FY21 Approved Budget and FY21 Year to Date Actuals for all current nonsponsored funds. Each column includes the following information:

- Net assets at the beginning of the year (Prior Year Carryforward)
- Actual revenues (including O&M allocation) and expenditures by summary categories, with a separate section for cost allocation charges (information on the specific account codes under each category can be found in the reporting instance > Tree Manager >
Tree Viewer. Choose the tree UM_ACCOUNT_REPTG and pick the effective date 7/1/2020. Use the “Print Format” option to view all.)

- Net transfers in/out from other units
- (Decrease)/Increase in net assets overall (Annual Operating Balance) – defined as Revenues less Expenditures less Cost Allocation Charges plus Net Transfers
- Net assets at the end of the year (Ending Balance) and that figure represented as a percent of total expenditures
- Total sponsored expenditures

Completion of the final two columns of the worksheet is required. The Forecast 2021 column should contain projections through the end of FY21 to arrive at an updated estimate of carryforward into FY22. The final column (Budget 2022) is for projecting FY22 activity. For both columns, please fill in each row using the best information available at this time and the planning parameters described in this document. **FY22 projections should focus on current operations and plans carried forward and should not reflect new initiatives – this should reflect the ongoing costs of current operations only.** Note that projected increases entered in the Budget 2022 column do not guarantee approval of that expenditure level or increased allocations. The purpose of this part of the exercise is to best represent the costs of ongoing operations. Decisions on whether that level of activity is appropriate or desired will be made through the budget development process.

If the RRC chooses to budget at the ZDeptID level, a rollup of ZDeptID entries will display on the RRC version of the worksheet in the Rollup Forecast 2021 and Rollup Budget 2022 columns of the UM Budget Dev Worksheet – RRC. However, that information does not automatically populate the RRC Forecast 2021 and RRC Budget 2022 columns. These columns must be completed independently. Amounts entered here may differ from the rollup amounts at the discretion of the Chief Financial Manager.

If a transfer of base allocation is submitted under section C-7 above, the budget development worksheet should be completed assuming the transfer of activity is incorporated. In other words, if the allocation and corresponding expenditures associated with some activity is being transferred between RRCs for FY22, then the expense projections in the Budget 2022 column of the budget development worksheet should also reflect that transfer. In addition, planned reorganizations that result in DeptIDs moving from one RRC to another, or from one budget department to another should be reflected in the planning for FY22: revenues and expenditures for DeptIDs that are being reassigned should be included in the RRC to which they will be assigned in FY22.

**Please note** To ensure that the ending balance and the carryforward information at the bottom of each “actualls” column reconciles correctly to the balances in PeopleSoft and on UM Reports, a number of rows at the bottom of the worksheet reflect balance sheet transactions. For entry purposes, however, you are not asked to budget for or forecast those balance sheet transactions. You can complete the Forecast 2021 and Budget 2022 columns for all other rows, and the sheet will work as intended. Since you do not plan for the activity in the added rows,
the ending balance will calculate correctly in the Forecast 2021 and Budget 2022 columns without entering in those rows.

**Salaries** – Because we are still evaluating options on budgeting for salary increases in FY22, salary estimates in the Budget 2022 column should reflect current year salary levels *without* the furloughs and pay reductions in place for FY21. For hourly employees, the FY22 salary budget should return to the standard 26 pay periods, with the 27th pay date accrual calculated at 1/10th of one pay period (one day of pay). Later in the process, we will then be able to factor in the impact of different salary increases.

**Fringe** – At this point, the fringe benefit expense in the Budget 2022 column should reflect the estimated fringe cost with the rates (as detailed on page 13) applied to the salaries as you have estimated them for FY22. The increase will then represent the costs we know will happen regardless of what salary changes are implemented. Later in the process, when we factor in the impact of different salary increases, we can also adjust for the associated fringe expense and any changes to the proposed fringe rates.

If there is information missing in these instructions necessary to complete the Budget 2022 column, please contact Julie Tonneson or Lawrence Parson. Please note – the central allocation line for FY22 should contain the exact same amount as appears in the Budget 2021 column with one exception – it can be adjusted for planned permanent transfers between units (see section C-7).

The completed Budget Development Worksheet does not have to be sent in with the rest of the budget materials, although the due date remains the same. When it is submitted in the system, it will be considered complete. The Budget Office will review, download and format these sheets for distribution to the oversight meeting participants.

Job Aids are available to assist those new to the process with navigating the Budget Development Worksheets in EFS. Access the Job Aids in the Budget Entry/Budget Journals section of the Controller’s Office Training website ([http://controller.umn.edu/training/index.html](http://controller.umn.edu/training/index.html)): Budget Development Worksheet – Departments Job Aid, and Budget Development Worksheet – RRC Managers Job Aid. For questions about EFS functionality, contact EFS Customer Support at 612-624-1617 or controller@umn.edu.

**9. O&M/State Special Compensation**

The University’s overall budget framework, comparing available resources with projected cost increases, includes an annual projection of the increase in compensation costs for the O&M and State Special fund groups. That calculation is done centrally and provides useful information in trying to estimate the cost of compensation for each unit. For FY22, because the fringe rates aren’t changing compared to FY21 for planning purposes, there will be no additional fringe cost with no change in salaries. So the task is to create an estimate of the additional cost for each
1% increase in salaries. To verify that the central methodology yields reliable results, please calculate your estimate as follows (for O&M and State Special funds combined and then for all other non-sponsored funds):

A. Settle on your current estimates for FY21 salaries and FY21 fringe (separately) – excluding the impact of the furlough and temporary pay reduction program – so your recurring salary base

B. Apply the updated fringe rates for FY22 to your current estimate of FY21 salaries to get an estimated FY22 fringe expense – **SHOULD BE $0** due to no change in the fringe rates

C. Compare the FY22 estimated fringe cost from (B) to your estimated fringe cost for FY21 – keep note of that change

D. Apply a 1% increase in salaries to your current estimate of FY21 salaries

E. Apply the fringe rates for FY22 to the salaries that have been inflated by 1% (result of step D)

F. Compare the sum of (D) + (E) to (B) and keep note of the change

What you calculated in step (C) above is the answer to “what does the fringe rate increase cost with no change in salaries”. (**SHOULD BE $0 DUE TO NO CHANGE IN FRINGE RATES.**) What you calculated in step (F) above is the answer to “what is the additional cost for each 1% increase in salaries”.

Example:

<table>
<thead>
<tr>
<th></th>
<th>Salary</th>
<th>Fringe</th>
<th>Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step A</td>
<td>FY21 Academic</td>
<td>$100,000</td>
<td>$36,000</td>
</tr>
<tr>
<td>Step B</td>
<td>FY22 Academic</td>
<td>$100,000</td>
<td>$36,000</td>
</tr>
<tr>
<td>Step C</td>
<td>Difference to A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Steps D and E</td>
<td>FY22 Academic with 1%</td>
<td>$101,000</td>
<td>$36,865</td>
</tr>
<tr>
<td>Step F</td>
<td>Difference to B</td>
<td>$1,000</td>
<td>$865</td>
</tr>
</tbody>
</table>

Then, as part of your budget submission, please provide in total – not by employee group - the results of steps A through F above for the **O&M/State Special funds only** so we can verify the reliability of our centrally calculated estimates.

10. **ISOs - University Budget Office and University Finance Review**

Since the FY17 budget cycle, units have been required to submit information on all internal sales/recharge centers receiving subsidies, those with deficits exceeding $150,000 and variances greater than 15 percent, and those with balances in the Plant Fund exceeding $100,000. Recharge centers meeting these criteria have a higher likelihood of having a material, negative impact on their larger RRC’s budget.

The University Budget Office reviewed recharge center subsidies, deficits, and balances in the Plant Fund to establish a list of those creating a greater risk of a negative impact on their larger...
RRC budgets. As a follow up to this analysis, the Internal/External Sales Office was consulted to determine where additional discussions should occur. Based on this analysis, the following information is being requested from specific units:

**Subsidies for Recharge Centers**
Some RRCs directly subsidize their recharge centers through Account 600308 as well as indirectly by paying associated cost pool charges or equipment costs. The following units have previously provided direct subsidies to their recharge centers and should respond to questions in this section:

- Academic Clinical Affairs (DeptID 11340);
- College of Pharmacy (DeptID 11406)
- College of Science & Engineering (DeptID 11130)
- Medical School (DeptID 11758)
- University of Minnesota, Duluth (DeptID 10409)
- VP for Research (DeptIDs 11342 and 11347)

Subsidies are provided to the recharge centers from the RRCs for various reasons. In certain circumstances, subsidies allow for a more secure start-up phase; expanded use of specialized equipment; and lower rates for specific services. Subsidies may also be required to cover cost pool charges associated with recharge centers, specifically when a recharge center has not been designated as a Specialized Service Center. At the same time, long-term subsidization of the recharge centers has an impact on the RRCs’ broader budget. The units noted above should respond to the following as a follow up to plans submitted for FY21:

- For each recharge center listed above, provide an update on the status of the subsidy and confirm whether a subsidy continues to be built into the recharge center’s rates.
- If a subsidy has continued for FY21, discuss whether rates could be increased for FY22 to decrease or eliminate the subsidy. Please comment on the consequences of increasing rates and the impact of the subsidy on departmental or collegiate budgets.

**Recharge Centers with Deficits Exceeding $150,000 and Variances Greater Than 15 Percent**
The Internal/External Sales Office regularly works with recharge centers carrying deficits exceeding $150,000 and variances greater than 15% at fiscal year close to address any issues. Due to unprecedented budget impacts still being felt from the Pandemic and reduced operations, the deficit dollar threshold has been increased from $150,000 to $400,000 for purposes of this analysis. This new $400,000 deficit threshold may return to ‘normal’ levels in future budget planning documents once typical operations consistently resume. The Internal/External Sales Office in partnership with the Budget Office have identified the following units with significant deficits as of 12/15/2020 that may require subsidies or other intervention to resolve based on the new $400,000 deficit threshold:

- College of Science and Engineering (DeptIDs 11069 and 11072);
• Academic Clinical Affairs (DeptIDs 11354, 11333, and 12276);
• Medical School (DeptIDs 11879, 11884, and 11759);
• Auxiliary Services (Dept 11629)

These units should respond to the following questions:

• For each recharge center listed above, provide an explanation of the deficit at the end of FY20.
• Discuss plans for the elimination of the deficit, including a rationale for the plan.
• If the deficit elimination plan includes a subsidy (one-time or ongoing), discuss impacts on the departmental or RRC budget

In addition to the above units, the Budget Office asks departments with recharge centers who are estimating FY21 deficits at or below $400,000 to respond to the above questions if their plan to eliminate the deficit includes RRC funded subsidies that will significantly impact the remainder of the RRC budget for the year.

Plant Fund Balance with Deficit Greater Than $100,000
The Plant Fund is a useful tool for capital purchases and paying the cost of capital purchases over time. The University Budget Office reviewed recharge centers’ Plant Fund balances with the Internal/External Sales Office, and at this time no additional information is required from any of the academic units.

D. Process

1. Meetings and Due Dates

Budget oversight meetings will occur with each unit between February 23 and April 9. The timeline has been set to complete the President’s recommended operating budget and meet deadlines set by the President’s Office and the Board of Regents for review of the docket materials prior to the June Board of Regents meeting.

The meetings will focus on reviewing any significant issues surfacing from the materials submitted in response to these instructions. No supplemental presentation materials are necessary.

Submittal Due Date – Five working days prior to the scheduled meeting, please send all required materials in Sections B 1-4, and C 1-10 IN PDF FORMAT to Jessica LeBlanc (jleblanc@umn.edu). Any time prior to that, submit your Budget Development Worksheet in EFS.

In addition – for all TC academic units - please submit responses to Section B-1 to provost@umn.edu for posting to the TC Deans’ portal (see #2 below). If additional portions
of your unit’s response have not been widely shared within your unit and it could be
detrimental to do so, that information could be removed prior to sending to the Provost’s for
posting.

2. **Budget Recommendations**

At the conclusion of the meetings, Executive Vice President for Academic Affairs and Provost
Rachel Croson, Sr. Vice President Myron Frans, Vice President Jakub Tolar, Vice President Chris
Cramer, and Budget Director Julie Tonneson will make recommendations to the President on
the approval of specific initiative requests, reallocation levels, special tuition and fee requests,
and the O&M/State Special allocation for each unit. These recommendations will take into
consideration the proposals and funding levels necessary to make the unit successful and the
necessity of presenting a balanced budget to the Board of Regents. Meetings will be held
between this group and President Gabel throughout the process to update her on information
shared in the budget/compact meetings and to gather input from her that will aid in developing
the recommendations. The budget for the University must be balanced by early May to meet
presentation deadlines for the June Board of Regents meeting.

As mentioned previously in these instructions, communication on investment decisions going
forward will be done in an all-funds context. Each unit will receive a response to the items
submitted for consideration in the budget.

3. **Balancing the Overall University Budget**

Approximately half of the budget process has been completed with the distribution of these
instructions.

- Support unit budget instructions were distributed in September;
- Budget/compact meetings were held with each of the support units in October and
  November;
- Forecasting items have been updated to support the overall context for making decisions
  within the University’s budget framework;
- Initial support unit budgets for FY22 have received preliminary approval from the
  President and she has given approval to proceed on that basis;
- Cost pool charges have been calculated for FY22 based on the approval of preliminary
  support unit budgets.

The remaining components of budget development for FY22 will include:

- Budget/compact meetings with each of the academic units February into April;
- Development of academic budget recommendations to the President within the context
  of the overall budget, based on available information regarding resources, all-funds
analyses, investment needs of each unit, and the President’s priorities – to be completed in late April;

- Adjustment of support unit budgets, cost allocations and planned academic unit budgets near the end of the process only when a significant unforeseen impact to the budget occurs – otherwise, hold to approved budgets and cost allocations and deal with moderate to low impact variances through the use of central reserves or through adjustments to budgets and rates the following year;

- Delivery of the President’s recommended operating budget for FY22 to the Board of Regents for review and action in June.
APPENDIX A

Cost Pool Descriptions

There are nine primary cost pools in the budget model. A brief description of each cost pool and the basis for allocating the corresponding costs is described below. In addition, the detailed FY22 model that calculates the distribution of costs for each pool (the “double step-down” model) contains the specific unit-level statistics on which each cost pool is allocated and will soon be posted to the Budget Office web site for reference.

1. Support Service Units

This cost pool includes the budgets for those units with general support responsibilities. Most of them have institution-wide oversight, policy or programmatic responsibilities, but several areas clearly provide services only to the Twin Cities campus, so this cost pool incorporates a two-tiered methodology – spreading the “systemwide” budgets across all campuses and the “twin cities” budgets only to units on the Twin Cities campus. On the “double step-down” model, the statistics and cost allocations for this pool are split into two separate columns – one for System-wide and one for Twin Cities only. The units included within this pool are:

<table>
<thead>
<tr>
<th>System-wide</th>
<th>Twin Cities Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associate VP for Finance</td>
<td>Campus Mail/UMarket/Logistics</td>
</tr>
<tr>
<td>Audit</td>
<td>Equity and Diversity (50%)</td>
</tr>
<tr>
<td>Board of Regents</td>
<td>Graduate School</td>
</tr>
<tr>
<td>Equity and Diversity (50%)</td>
<td>University of MN Police - TC</td>
</tr>
<tr>
<td>Executive VP &amp; Provost (excl academic areas)</td>
<td>VP for University Services (82%)</td>
</tr>
<tr>
<td>General Counsel</td>
<td></td>
</tr>
<tr>
<td>Global Programs &amp; Strategy Alliance</td>
<td></td>
</tr>
<tr>
<td>Human Resources</td>
<td></td>
</tr>
<tr>
<td>Planning, Space &amp; Real Estate (excluding classrooms)</td>
<td></td>
</tr>
<tr>
<td>President’s Office</td>
<td></td>
</tr>
<tr>
<td>Public Safety (excluding Police)</td>
<td></td>
</tr>
<tr>
<td>Sr. VP Finance and Operations</td>
<td></td>
</tr>
<tr>
<td>University Relations</td>
<td></td>
</tr>
<tr>
<td>VP for Clinical Affairs</td>
<td></td>
</tr>
<tr>
<td>VP for University Services (18%)</td>
<td></td>
</tr>
</tbody>
</table>

This cost pool is allocated to the academic units based on their proportionate share of total expenditures (all funds) of the most recently closed fiscal year. The combined total of the FY22 approved budgets for the units listed above will be allocated based on the academic units’ proportionate share of FY20 total expenditures (all funds), with subcontracts included at 50%. Total expenditures was chosen as the base simply to represent the most reasonable way to spread a shared cost across all units. There is no recognized link between the amount of spending in a unit and that unit’s “use” of the services of a particular office within this pool.
2) Technology

This cost pool includes the portion of the Office of Information Technology’s (OIT) budget that are not operated as an Internal Sales Organization (ISO). The portions of OIT’s budget that have traditionally been managed as an ISO (prior to the current budget model) will continue to operate that way. The cost allocation charge implemented through the budget model will fund such things as the Data Network, Email, Voice Services, File Storage, PeopleSoft, E-Research, Helpdesk, Digital Media Center, Security and so forth.

As with the Support Service Unit Pool, much of the budget within this cost pool supports institution-wide oversight, policy or programmatic activities, but some areas within OIT primarily provide services only to the Twin Cities campus, so this cost pool also incorporates a two-tiered methodology – spreading some of the budget across all campuses and some only to units on the Twin Cities campus. For example, desk-top support is primarily a twin cities campus activity, while the Peoplesoft systems and security policy and procedures are system-wide activities. For FY22, 51% of OIT’s approved O&M budget has been allocated on a system-wide basis and the remaining 49% has been allocated only to the Twin Cities campus. Again, on the “double step-down” model, the statistics and cost allocations for this pool are split into two separate columns – one for System-wide and one for Twin Cities only.

This cost pool is allocated to the academic units based on a proportionate share of total employee and student headcount from the fall of the prior year. The FY22 approved centrally allocated budget for these technology functions is spread based on the academic units’ proportionate share of total headcount from the fall of 2020. Total headcount was chosen as the basis for this cost allocation because it was believed to be the best proxy for “use” of technology service across the institution. Whether any particular employee or student actually uses their account is not measured. Instead, the provision of the opportunity for use and the recognition that all students’ and employees’ records are maintained within the enterprise technology systems and networks of the University were the basis for the decision. It is a relatively stable, predictable and simple basis on which to allocate costs. The detailed query results that led to the headcount statistics for this pool on the “double step-down” model will be available for reference on the Budget Office web site. The student headcount has been adjusted so that part time students are weighted at .5.

3) Facilities Operations & Maintenance

This cost pool is charged only to Twin Cities units as it includes services within Facilities Management (FM) on the Twin Cities campus, which primarily serves the Twin Cities campus. Facility operations and maintenance costs will continue to be managed outside of this cost allocation pool by each greater MN campus or research and outreach station.

Services provided within the FM O&M cost pool include:

- Custodial Services
• Maintenance (preventive and repair maintenance to facilities and major equipment)
• Landcare
• Waste management
• R&R (Repair and Replacement, extraordinary maintenance and replacement of building components like roofs, windows, elevators, etc.)
• Facilities Management administration

The costs within this cost pool are based upon an agreed upon set of service levels for the Twin Cities campus. These service levels and the associated costs have been (and will continue to be on an annual basis) reviewed and approved through the budget process. Details of these service levels are available to download from the FM website (http://www.uservices.umn.edu/fm.html). In addition, a customer advisory group has been formed to meet monthly to work on facility related service delivery and service needs. Additional services beyond those funded within this cost pool are available by FM at their identified rates.

This cost pool is allocated to the academic units based on a proportionate share of total assignable square feet (ASF) from the fall of the prior year. The FY22 approved budget for these activities within Facilities Management will be allocated based on the academic units’ proportionate share of ASF from November 2020. Each unit was given an opportunity to review the space data assigned to it and make necessary changes prior to “locking” the data base for use in the budget model. That same process will take place each year. A more complete explanation of the rules used in the assignment of space is included in these instructions as Appendix B.

This pool excludes buildings operated to support auxiliary functions that are required to pay their actual costs, such as athletic venues, residential life student housing, parking ramps, student unions and Boynton Health Service. In addition, O&M costs (and the associated ASF) for “warehouse” type space is assigned costs from a separate direct consumption-based cost pool (since these facilities are much less expensive to operate and receive a lower level of services; for example, no custodial services). Warehouse space includes facilities such as gyms, field houses, and barns.

Finally, the space (and costs) leased to non-university tenants are excluded as well. Non-university tenant space is funded through lease revenue which off-sets these costs.

4) Student Services

This cost pool is divided into four categories, containing the budgets of various central support units dealing with student services.

a. Category 1 – Services to All Students (regardless of type or level). This category includes the budgets for Student Finance Administration (including PeopleSoft system administration) and the Registrar. Due to the nature of some of these
activities, this cost pool also incorporates a two-tiered methodology – spreading
some of the budgets across all campuses and some only to units on the Twin Cities
campus. Approximately 85-90% of the budgets for these two units (excluding
classroom activities) is distributed system-wide, and the remaining 10-15% is
distributed just to the Twin cities units. On the “double step-down” model, the
statistics and cost allocations for this pool are split into two separate columns – one
for System-wide and one for Twin Cities only.

The basis for distribution of this cost pool is total student headcount from a point in
time during fall semester of the previous year. The FY22 approved budgets for these
two units is allocated based on the academic units’ proportionate share of the total
student headcount from the fall of 2020 (an unduplicated count from spring 2020
and fall 2020 is used for graduate student headcounts). The detailed query results
that led to the headcount statistics for this pool on the “double step-down” model
will be available for reference on the Budget Office web site. The student headcount
has been adjusted to weight part-time students at .5.

b. Category 2 – Services to Twin Cities Undergraduate Students. This category is
charged only to Twin Cities units and includes the budgets for:
   Admissions Office and Scholarships
   Orientation & First Year Programs
   Health Career Center
   Student Affairs (excluding activities funded through student fees)
   Office of the Vice Provost for Undergraduate Education
   (Undergraduate Financial Aid has been isolated in a unique Category 3 – below)

The combined budgets for these activities are distributed only to units on the Twin
Cities campus. The basis for distribution of this cost pool is total undergraduate
student headcount from a point in time during fall semester of the previous year.
The FY22 approved budgets for these units and activities is allocated based on the
academic units’ proportionate share of the total TC undergraduate student
headcount from the fall of 2020. The detailed query results that led to the
headcount statistics for this pool on the “double step-down” model will be available
for reference on the Budget Office web site. The student headcount has been
adjusted to weight part-time students at .5.

c. Category 3 – Undergraduate Financial Aid. This category was new beginning FY12
and is charged only to units on the Twin Cities campus, even though some of the
scholarship funds may be distributed system-wide. It contains the undergraduate
financial aid programs managed by the Vice Provost for Undergraduate Education:
The Promise for Tomorrow Scholarship Program-TC allocation, the Presidential
Scholarship Match Program and the Admissions Scholarships.
The majority of combined budgets for these programs are distributed only to students enrolled in units on the Twin Cities campus. The basis for distribution of this cost pool is total full-time TC undergraduate student headcount from a point in time during fall semester of the previous year. The FY22 approved budget for these activities is allocated based on the academic units’ proportionate share of total full-time undergraduate student headcount from the fall of 2020. Part-time student headcounts are not included in the statistics for distribution of this cost pool. The detailed query results that led to the headcount statistics for this pool on the “double step-down” model will be available for reference on the Budget Office website.

d. **Category 4 – Graduate Student Aid.** This category includes only the budget for student aid (fellowship/scholarship pools) managed by the Graduate School. It is charged system-wide.

Beginning with the FY16 final cost pool charges, the basis for distribution of this cost pool is total headcount of students with the academic career of “graduate” and the degrees MA, MS, MFA, PhD - an unduplicated count from spring 2020 and fall 2020 is used for graduate student headcounts. The FY22 approved budgets for the fellowship/scholarship programs managed by the Graduate School are allocated based on the academic units’ proportionate share of an unduplicated total headcount from the spring and fall of 2020. The detailed query results that led to the headcount statistics for this pool on the “double step-down” model will be available for reference on the Budget Office website. The student headcount has been adjusted to weight part-time students at .5.

5) **Research Support Services**

This cost pool includes the budgets for central units that administer, support and monitor sponsored research activity. Structurally, these budgets exist within the office of the Vice President for Research (excluding the academic centers), Sponsored Financial Reporting in the Controller’s Organization, University Health and Safety, and the Office of Research within Clinical Academic Affairs. This pool is charged system-wide.

This cost pool is allocated to academic units based on their proportionate share of the average of the last three years of total sponsored expenditures. Beginning with the FY18 budget, subcontracts within total expenditures will be weighted at 50%. The three-year rolling average is used in this formula to recognize the relative variability in this revenue source for some units, which will serve to lessen large swings in the costs distributed by unit. The total of the FY22 approved budgets for the units identified above will be allocated based on the academic units’ proportionate share of the average of FY18, FY19 and FY20 total sponsored expenditures.
6) Library

This cost pool includes only the approved centrally allocated budget for the University Libraries. Because this budget primarily supports Twin Cities’ and University of Minnesota Rochester activities, this cost pool is allocated only to units on the Twin Cities and Rochester campuses. The basis for distribution is a weighted faculty and student headcount from the previous fall. The weighting factors are as follows:

- Lower division undergraduate students: 0.50
- Upper division undergraduate students: 0.75
- Professional and graduate students: 1.00
- Faculty (broadly defined): 1.00

The FY22 approved budget for the University Libraries is allocated to the academic units based on the weighted headcount from the fall of 2020 (an unduplicated count from spring 2020 and fall 2020 is used for graduate student headcounts). The detailed query results that led to the headcount statistics for this pool on the “double step-down” model will be available for reference on the Budget Office web site. The student headcount has been adjusted to weight part-time students at 0.5.

7) Utilities

This cost pool is for Twin Cities units only and represents the actual costs for the following utilities: steam, electricity, gas, chilled water, water, sewer and storm-water. A more complete description of this cost pool is included within the instructions beginning on page 44. Some units will continue to need the utility rates to plan for their budgets, so that information was included in the instructions as planning parameters.

Although estimated costs are used for budgeting purposes, the actual costs will be allocated to the academic units on the Twin Cities campus based on their actual consumption of the utilities involved. The cost is calculated at a building level and then distributed within the building based on each unit’s share of total assignable square feet for that building.

8) Debt & Leases

This pool includes the costs of centrally supported debt service and leases on behalf of units on all campuses. Costs are allocated based on the actual occupancy of space for which the University pays debt service or lease costs (again distributed within a shared building based on each unit’s share of total assignable square feet for that building).
9) **General Purpose Classrooms**

This cost pool includes the budget for the Office of Classroom Management within the Office of Undergraduate Education, which provides support, monitoring and management of general purpose classroom space on the Twin Cities campus, and the Health Sciences Classroom office currently within Planning, Space and Real Estate.

This cost pool is allocated to the academic units only on the Twin Cities campus based on their proportionate share of total course registrations in the fall of the prior year. The approved budget for these activities for FY22 is allocated based on total course registrations from the fall of 2020. The detailed query results that led to the course registration statistics for this pool on the “double step-down” model will be available for reference on the Budget Office web site.
APPENDIX B

Treatment of Space in the Budget Model

Space Information as it relates to Cost Pools:

There are four cost pools in the new budget model which rely upon how much space is assigned to RRCs:

Property & Liability Insurance
Twin Cities Campus Utilities
Twin Cities Campus Facilities O&M costs
Twin Cities Debt allocation

[Note: For greater MN campuses and research/outreach stations, the cost allocation processes will be allocated based on the campus/site and will not utilize individual space allocations within a building.]

Separately in these instructions, (in the Property & Liability and Non-Profit Organization Liability Insurance section on page 19 and Appendix A starting on page 44) the cost allocation for each of these cost pools is described. This section is intended to explain how the baseline space information is generated, managed and will be used to support cost allocation.

In a memo sent on October 5, 2006 to RRC managers from the Budget Office and the Office of Space Management, each RRC was asked, for the first time, to verify the area to which each room on the Twin Cities campus was assigned for purposes of implementing the budget model. The memo summarized how and where the University maintains the allocation of space, indicating that the space database, which tracks assignment, function and use of every room in every building at the University of Minnesota, will be used as the basis for determining the quantity of assignable square footage (ASF) assigned to each RRC (by DeptID) for calculation of the cost pool charges allocated by ASF in the budget model.

With this notice RRCs were given the opportunity to update the information within the space database for the first time. Each fall since then RRC facilities representatives have been given the opportunity to review and update the assignment of rooms to each RRC and Department by Building. After the space system is updated, a snapshot is taken and that information is used to calculate the building cost allocation for the following fiscal year. Changes to space allocation after that point and throughout the fiscal year will not be utilized to change any cost allocation throughout the year, but will be part of calculating the allocation of costs for the next fiscal year.

Any change in the allocation of space needs to be reviewed and approved by finance or facilities representatives within the impacted Departments and RRCs as well as space planning staff in Planning, Space and Real Estate. Allocation changes should be approved prior to recording the change within the space system. Though changes in the assignment of space may
be approved or dis-approved for a number of reasons, some general criteria and practices include:

- Space assignments within a DeptID require approval by the Director
- Space assignments within an RRC require approval by the RRC (Dean/AVP/etc.)
- Space changes between units require the approval of both sides of the change or the administrative leader for both of them (ex. a Dean can approve changes between departments) and the Office of Space Management.
- Space may be considered for a ‘return’ to the University as Unassigned if:
  - The change helps achieve a strategic goal
  - The space is contiguous, accessible from a public corridor, and of sufficient size to be assigned to another program

All cost will be allocated according to Assignable Square feet, defined as:

Assignable square feet (or “ASF”) is the sum of all areas on all floors of a building assigned to, or available for assignment to, an occupant. It is measured and tracked at the room level. Note that it does not include space used for the general operations of the building as described under non-assignable space below.

This means that all the costs relating to non-assigned space is excluded from the cost allocation process and are shared equally by each ASF within a building. Non-Assigned space is defined as:

The sum of all areas on all floors of a building not available for assignment to an occupant or for specific use, but necessary for the general operation of a building. This includes areas like public restrooms, corridors, stairwells, elevator lobbies and shafts, custodial closets, loading platforms, and mechanical rooms.

Space that is Unclassified is handled based on the following rules.
- Decommissioned is treated as Nonassignable space and excluded from the total assignable square footage.
- Inactive space is assigned to the Facilities Cost Pool and allocated accordingly.
- Unfinished areas or space that is being remodeled is typically assigned to the future tenant.
- Space undergoing a major renovation is excluded from the total assignable square footage.

Finally, there is Unassigned Space, i.e. space which could be assigned to someone but is not presently. Costs associated with Unassigned Space are distributed through the Facilities Cost Pool.

Any questions regarding the space data base should be directed to Facility Information Services.
## Appendix C

### Indirect Cost Recovery (ICR)

Unit estimates for fiscal year 2021-22

**FY 2022 Budget**

<table>
<thead>
<tr>
<th></th>
<th>FY21 Total ICR Through Period 6</th>
<th>FY20 Total ICR Through Period 6</th>
<th>FY20 Total ICR Through Period 915</th>
<th>FY20 Period 06 Percent of Total</th>
<th>FY21 Estimated Total Revenue a*(1/d)</th>
<th>FY21 Most Conservative Estimate</th>
<th>FY21 ICR Revenue Budget</th>
<th>FY21 Conserv. Estimate to Budget Variance</th>
<th>FY22 Estimated Total Revenue g*1.00</th>
</tr>
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<tbody>
<tr>
<td><strong>System Campuses</strong></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>FY21 Revenue</td>
<td>Change</td>
<td>2022 Plan</td>
<td>FY21 Plan</td>
<td>Change</td>
<td>2022 Plan</td>
<td>FY21 Plan</td>
<td>Change</td>
</tr>
<tr>
<td>------------------------------------------</td>
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<td>$297,317</td>
<td>$83,191</td>
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<td>$275</td>
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<td>$172,958,618</td>
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Note: Three units receive F&A revenue directly: St Anthony Falls Lab, Hormel Institute, and Community-University Health Care Clinic. The Figures above INCLUDE the estimated ICR for these units.