UMD Budget Process

Strategic Planning & Budget Committee
November 10, 2021
Three distinct processes:

1. State level
2. Institutional level
3. Campus level
State of MN’s Budget
Where the General Fund Dollars Come From?
2021 Governor's Recommendations

2022-23 Biennium

Forecast Balance Forward
3,025

Non-Dedicated Revenues:
Individual Income Tax  21,238
Sales Tax  12,507
Corporate Tax  3,705
Statewide Property Tax  1,540
Liquor, Wine, Beer Taxes  209
Cigarette & Tobacco Taxes  1,204
Other Tax Revenues  1,885
All Other Revenues  1,459
Subtotal Non-Dedicated Revenues  56,774

Transfers From Other Funds  300
Prior Year Adjustments  75
Subtotal Other Resources  383

SUBTOTAL CURRENT RESOURCES  54,182

TOTAL AVAILABLE RESOURCES, FY 2022-23  54,182

Less: Estimated Expenditures  52,419
  Cash Flow Account  350
  Budget Reserve  647
  Stadium Reserve  100

Projected General Fund Balance  479

SPBC, November 10, 2021
University of Minnesota’s Operating Budget
University of Minnesota
Non-Sponsored Funds
Fiscal Year 2020 - $3.6 Billion
By Revenue Source

- Tuition: 28%
- State Support: 19%
- Internal Sales: 7%
- All Other: 8%
- Grants/Contracts, Misc: 12%
- Auxiliary Enterprises: 11%
- Sales, Fees, & Misc: 11%
- F&A/ICR: 4%

SPBC, November 10, 2021
University of Minnesota
Non-Sponsored Funds
Fiscal Year 2020 - $3.4 Billion
By Function

- Academic Support: 17%
- Student Services: 5%
- Institutional Support: 8%
- Op. & Maint of Plant: 9%
- Scholarships/Fellowships: 10%
- Auxiliary Enterprises: 9%
- Instruction: 26%
- Public Service: 6%
- Research: 10%
“Other Funds” have grown as a percent of the University’s total revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>State Appropriations</th>
<th>Tuition</th>
<th>All Other Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>39%</td>
<td>12%</td>
<td>49%</td>
</tr>
<tr>
<td>1996</td>
<td>32%</td>
<td>13%</td>
<td>55%</td>
</tr>
<tr>
<td>2002</td>
<td>32%</td>
<td>16%</td>
<td>52%</td>
</tr>
<tr>
<td>2008</td>
<td>27%</td>
<td>22%</td>
<td>52%</td>
</tr>
<tr>
<td>2014</td>
<td>18%</td>
<td>25%</td>
<td>57%</td>
</tr>
<tr>
<td>2020</td>
<td>18%</td>
<td>25%</td>
<td>57%</td>
</tr>
</tbody>
</table>
FY22 UMD Operating Budget
All Funds by Revenue Source
$273,019,813

- Tuition: $108,695,132 (40%)
- State Appropriation: $50,786,386 (18%)
- State Special: $4,452,946 (2%)
- Student Fees, Course Fees, SSF: $13,855,853 (5%)
- Indirect Cost Reimbursement: $2,062,916 (1%)
- Auxiliary Revenue: $39,767,996 (14%)
- Financial Aid: $21,627,090 (8%)
- Gifts and Endowments: $11,091,154 (4%)
- Sponsored Research: $13,156,114 (5%)
- Other Income: $7,524,226 (3%)

"Other Income" includes internal sales, non-athletic events and admissions, external sales, educational activities, sales and services, and clinical services.
FY22 UMD Operating Budget
by Expenditure Account
$282,799,585

- Salaries: $115,130,761 (41%)
- Fringe Benefits: $42,657,874 (15%)
- Supplies & Services: $29,588,050 (10%)
- Repairs & Maint: $10,990,501 (4%)
- Utilities: $7,617,348 (3%)
- Student Assistance: $39,833,777 (14%)
- Cost Pool: $17,408,473 (6%)
- Materials for Resale: $9,277,451 (3%)
- Assets and Equipment: $10,295,350 (4%)

Materials for Resale
Resale used for UMD Stores and Dining Svcs
FY22 UMD Operating Budget
Expenditures by Function
$282,799,585

- Instruction: $71,337,704 (25%)
- Student Aid: $39,126,994 (14%)
- Institutional Support: $33,908,694 (12%)
- Research*: $32,149,826 (11%)
- Academic Support: $31,444,334 (11%)
- O&M Plant: $16,752,808 (6%)
- Central Utilities: $5,081,250 (2%)
- Student Svcs: $16,594,711 (6%)
- Auxiliary Enterprises: $36,393,264 (13%)

*Research includes sponsored research and the division of sponsored programs.
<table>
<thead>
<tr>
<th>Institution</th>
<th>Tuition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northwestern University</td>
<td>$56,621</td>
</tr>
<tr>
<td>Penn State University</td>
<td>18,450</td>
</tr>
<tr>
<td>University of Michigan - Ann Arbor</td>
<td>15,558</td>
</tr>
<tr>
<td>Rutgers University</td>
<td>15,407</td>
</tr>
<tr>
<td>University of Illinois - Urbana - Champaign</td>
<td>15,122</td>
</tr>
<tr>
<td>University of Minnesota - Twin Cities</td>
<td>15,027</td>
</tr>
<tr>
<td>Michigan State University</td>
<td>14,460</td>
</tr>
<tr>
<td><strong>University of Minnesota - Duluth</strong></td>
<td><strong>13,680</strong></td>
</tr>
<tr>
<td>Ohio State University</td>
<td>11,084</td>
</tr>
<tr>
<td>Indiana University - Bloomington</td>
<td>10,947</td>
</tr>
<tr>
<td>University of Maryland - College Park</td>
<td>10,779</td>
</tr>
<tr>
<td>University of Wisconsin</td>
<td>10,725</td>
</tr>
<tr>
<td>Purdue University - West Lafayette</td>
<td>9,992</td>
</tr>
<tr>
<td>University of Iowa - Iowa City</td>
<td>9,606</td>
</tr>
<tr>
<td>University of Nebraska - Lincoln</td>
<td>9,522</td>
</tr>
</tbody>
</table>
Enrollment Change by College/School
Fall 2001 - Fall 2021
Undergraduate/Graduate headcount
Source: UM Office of Institutional Research

[Graph showing enrollment change by college/school from Fall 2001 to Fall 2021]

UMD
University of Minnesota Duluth
Driven to Discover
UMD Fall Enrollment Trend
2001 through 2021
(excludes PSEO enrollment)
Enrollment Data Source: UM Office of Institutional Research

Fall Enrollment increased by 1,876 students from 2001 to 2011.

From FY02 to FY12 the UMD's O&M Budget increased by $59 million

From FY12 to FY20 UMD's O&M Revenue budget increased by about $19 million but the O&M Expenditure budget increased by about $23 million (pre-COVID estimates)

Fall Enrollment decreased by 1,570 students from 2011 to 2020
UM Budget Balancing Terms

• Structural Imbalance – this occurs when an RRC (a unit of the University of which UMD is one) budgets more for Expenditures than it does for Revenue
  – UMD balanced its budget for FY2022

• Sequestered Deficit – this is the accumulated cash deficit created as the recurring budget is not balanced
  – UMD and the U System cooperatively reduced our $6.8 million to zero in FY2021
Two Operating Budget Processes:

- Biennial Budget Request to the State
  - Completed Every Two Years – Next is FY2024/2025
  - Annual Budget “Compact” - Feb, Mar
  - Conducted Every Year – Next is FY2023
University of Minnesota Cost Pool
How it impacts UMD
9 Primary Cost Allocation Pools
Highlighted Pools are allocated to UMD

Facilities Operations and Maintenance
(Allocation to RRCs based on Assigned space)
- Custodial, Waste, Landcare, R&R, Maintenance, BSAC

Utilities
(Allocation to RRCs based on Actual use)
- Steam, Gas, Electricity, Chilled Water

Debt & Leases
(Allocation to RRCs based on Actual debt service)
- Actual cost of Debt Service and Leases by Building

Information Technology
(Allocation to RRCs based on Employee & Student headcounts)
- Internet, E-mail, Voice Serv, File Storage, PeopleSoft, etc.

Support Service Units
(Allocation to RRCs based on pro-rata Total expenditures)
- HR, Controller, U Relations, Gen Cnsl, Pub Safety, etc.

Libraries
(Allocation to RRCs based on weighted student & faculty headcount)
- Twin Cities Libraries, excluding the Law Library

Student Services
(Allocation to RRCs based on pro-rata Student headcount)
- Student Finance, Honors, Aid, Admissions, Grad Sch., etc.

General Purpose Classrooms
(Allocation to RRCs based on pro-rata student registrations)
- Office of Classroom Management

Research
(3 year rolling average of sponsored expenditures)
- OVPR, Sponsored Financial Reporting, U HLth&Safety
## Support Service Units

### Part A: System-Wide Units that are “in” this cost pool

<table>
<thead>
<tr>
<th>Unit</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits</td>
<td>Public Safety (excluding Police)</td>
</tr>
<tr>
<td>Board of Regents</td>
<td>Sr. VP Academic Affairs/Provost (Sr. VP Office only)</td>
</tr>
<tr>
<td>Budget and Finance</td>
<td>VP Health Sciences</td>
</tr>
<tr>
<td>Capital Planning/Project Management</td>
<td>Human Resources</td>
</tr>
<tr>
<td>Controller’s Office (excluding SFR)</td>
<td>President’s Office</td>
</tr>
<tr>
<td>General Counsel</td>
<td>Graduate School</td>
</tr>
<tr>
<td>University Relations</td>
<td></td>
</tr>
<tr>
<td>University Services (20% of VP office)</td>
<td></td>
</tr>
</tbody>
</table>

Costs to be allocated based on proportionate share of system-wide total expenditures.

If college/campus A has 14% of total system-wide expenditures from most recent fiscal year end, then college/campus A will pay 14% of total approved budget for these units.

### Part B: Twin Cities Campus Only Units that are “in” this cost pool:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus Mail</td>
<td>University Services (80% of VP office)</td>
</tr>
<tr>
<td>Police Department</td>
<td>Alumni Relations (TC)</td>
</tr>
<tr>
<td>U Market/Logistics</td>
<td></td>
</tr>
</tbody>
</table>

Costs to be allocated based on proportionate share of Twin Cities Campus total expenditures.

If college B has 14% of total Twin Cities campus expenditures from most recent fiscal year end, then college B will pay 14% of total approved budget for these units.
## University of Minnesota
### Cost Pool Allocation to UMD
#### FY2016 to FY2022

<table>
<thead>
<tr>
<th>Cost Pool Category</th>
<th>FY2016</th>
<th>UMD</th>
<th>%</th>
<th>FY2017</th>
<th>UMD</th>
<th>%</th>
<th>FY2018</th>
<th>UMD</th>
<th>%</th>
<th>FY2019</th>
<th>UMD</th>
<th>%</th>
</tr>
</thead>
</table>
| **Information Technology**  
(Centrally Allocated/Unweighted Headcount/Tiered) - UMD shares in 51% of TC Costs | $58,200,000 | $4,953,405 | 7.3% | $58,500,000 | $4,888,081 | 7.1% | $70,500,000 | $5,019,603 | 7.1% | $73,600,000 | $5,592,209 | 7.1% |
| **Student Services**  
(3 "buckets" - Primarily Student Headcount/Aid Programs Included) - UMD shares in 80% of Student Finance Administration, Registrar, and Graduate Student Aid administration but not undergraduate aid or student services (i.e., Vice Provost, Admissions, Advising, Student Affairs) | $83,400,000 | $2,548,457 | 3.1% | $82,900,000 | $2,567,940 | 3.1% | $84,900,000 | $2,762,033 | 3.3% | $86,200,000 | $2,865,051 | 3.3% |
| **Debt & Leases**  
(Occupancy/General Purpose Classrooms) - actual debt service for UMD capital projects | $28,800,000 | $1,405,299 | 4.5% | $40,800,000 | $1,362,453 | 3.4% | $43,200,000 | $1,350,548 | 3.2% | $46,200,000 | $1,407,923 | 3.4% |
| **Research**  
(Sponsored Services / 3 Yr Rolling Avg Sponsored Expenditures) | $33,900,000 | $788,887 | 2.3% | $35,500,000 | $912,443 | 2.5% | $37,400,000 | $1,068,586 | 2.9% | $37,600,000 | $1,109,132 | 2.9% |
| **Support Service Units**  
(Total Expenditures/Tiered) - UMD does NOT share in costs of TC Campus Mall, Police Department, U Market/Logistics, Alumni Relations, and 80% of University Services (VP Office) | $107,500,000 | $7,132,700 | 6.6% | $89,400,000 | $7,157,891 | 8.0% | $91,200,000 | $7,053,247 | 7.7% | $93,700,000 | $6,821,149 | 7.3% |
| **Total Cost Pool Allocation** | **$321,700,000** | **$16,827,749** | **5.2%** | **$318,000,000** | **$16,916,663** | **5.3%** | **$326,000,000** | **$17,301,621** | **5.3%** | **$337,300,000** | **$17,136,564** | **5.1%** |

<table>
<thead>
<tr>
<th>Cost Pool Category</th>
<th>FY2020</th>
<th>UMD</th>
<th>%</th>
<th>FY2021</th>
<th>UMD</th>
<th>%</th>
<th>FY2022</th>
<th>UMD</th>
<th>%</th>
</tr>
</thead>
</table>
| **Information Technology**  
(centrally allocated/unweighted headcount/tiered) - UMD shares in 51% of TC Costs | $79,000,000 | $5,553,731 | 7.0% | $79,500,000 | $5,610,225 | 7.0% | $80,400,000 | $5,513,192 | 6.9% |
| **Student Services**  
(3 "buckets" - Primarily Student Headcount/Aid Programs Included) - UMD shares in 80% of Student Finance Administration, Registrar, and Graduate Student Aid administration but not undergraduate aid or student services (i.e., Vice Provost, Admissions, Advising, Student Affairs) | $67,100,000 | $2,945,914 | 3.4% | $67,200,000 | $2,905,938 | 3.3% | $66,900,000 | $2,884,042 | 3.2% |
| **Debt & Leases**  
(occupancy/general purpose classrooms) - actual debt service for UMD capital projects | $45,200,000 | $871,023 | 1.4% | $42,700,000 | $1,454,473 | 3.5% | $42,800,000 | $1,415,426 | 3.3% |
| **Research**  
(sponsored services / 3 yr rolling avg sponsored expenditures) | $39,800,000 | $1,035,665 | 2.6% | $43,500,000 | $1,018,670 | 2.3% | $42,300,000 | $981,052 | 2.3% |
| **Support Service Units**  
(total expenditures/tiered) - UMD does NOT share in costs of TC campus mall, police department, U market/logistics, alumni relations, and 80% of university services (VP office) | $91,300,000 | $7,130,421 | 7.8% | $69,700,000 | $6,853,605 | 7.7% | $55,600,000 | $6,614,161 | 7.7% |
| **Total Cost Pool Allocation** | **$343,400,000** | **$17,318,544** | **5.0%** | **$343,000,000** | **$17,807,889** | **5.2%** | **$333,000,000** | **$17,408,473** | **5.2%** |

*from System Cost Pool Presentation

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**SPBC, November 10, 2021**
Capital Budget Process
Capital Process Overview

**Six-Year Capital Plan - directs prioritized and realistic capital planning & fundraising efforts**

- Identification of eligible projects through compact process
- Approved by the Board in October
- Includes all proposed projects for the upcoming 3 biennium
- Identifies projects that will be submitted to the legislature for funding, as well as large projects involving University debt or unit revenues
- Inclusion allows projects to proceed with predesign – but not authorized to proceed into design

**Annual Capital Budget – all planned capital expenditures for the following fiscal year**

- Instructions in February – RRCs submit list of eligible projects in March
- Approved by the Board in June
- Includes projects estimated to cost more than $1 million
- Projects must have a completed and approved predesign study through Capital Project Management
- Projects must have funding “in hand” or have an approved financing agreement with the University Budget Office
- Projects must be ready to proceed into design and construction

SPBC, November 10, 2021
Higher Education Asset Preservation and Renovation (HEAPR)

- Maximize the effectiveness and extend the life of the University of Minnesota's 29 million square feet of infrastructure. The University allocates HEAPR funding systemwide using a formula based on total campus square footage and facility condition (UMD is 8.8%).
- Projects fall into four categories:
  1. health, safety, and accessibility
  2. building systems
  3. utility infrastructure
  4. energy efficiency
2021 Capital Budget Request

- FY20-21 Board of Regents 1st Priority is $200 million for HEAPR; if appropriated, UMD share would be about $17 million

- UMD project on the Capital Request is A.B. Anderson Renovations for $6.2 million (1/3rd of which must be matching from UMD)
THANK YOU.

SPBC, November 10, 2021