# Compact and Budget Planning Guidelines for FY23 - Academic Units

<u>Materials Due one week prior to budget/compact oversight meeting</u>

January 14, 2022

*(Distributed by the University Budget Office)*

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## A. Context

## Compact/Budget Development Process for FY23

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

| | | |
|---|---|---|
| Academic Hlth Ctr Shared/OACA | Pharmacy | Research Computing |
| Ag Experiment Station | Public Health | Inst. On the Environment |
| Athletics | Rochester Campus | Law & Values Consortium |
| Auxiliary Services | Science & Engineering | Center for Transp Studies |
| Biological Sciences | Veterinary Medicine | Strat Partner/Rsrch Collab |
| Carlson School of Mgmt | AAPRV | Soc Science Rsrch Data |
| Continuing/Prof Studies | Center for Cognitive Sciences | University Press |
| Crookston Campus | CURA | STDAF |
| Dentistry | Inst for Advanced Study | Boynton |
| Design | Northrop/Ticketing Serv | Rec & Wellness |
| Duluth Campus | Weisman Art Museum | Student Conflict Resolution |
| Education & Human Dev | Intl Ctr/Rsrch & Comm Eng | Student Legal Services |
| Food, Ag, & Nat. Resource Sc. | AHSCI | TC Student Unions |
| Humphrey School | Education/Allied Health | Aurora Center |
| Law School | GPSTR* | UEDUC |
| Liberal Arts | Interdisc. Ctr Global Change | Air Force ROTC |
| Medical School | RSRCH | Army ROTC |
| MN Extension | Biomedical Genomics | Navy ROTC |
| Morris Campus | Hormel Institute | Academic Counseling |
| Nursing | Infectious Disease Rsrch | |

**Note - The Interdisciplinary Center for Global Change is included here as part of the academic unit budget process, while their materials were submitted in the fall to accommodate the Global Programs Strategy Alliance process. Final budgets will be approved as part of this process, so they are listed here, but they need not resubmit budget materials submitted last fall. They are invited to submit additional information responding to these instructions if it would supplement or add value to what has already been received.*

Budget Contact – RRC Chief Financial Managers and Contacts (and anyone with budget related questions) should feel free to contact the staff person associated with the particular issue in question if known. In addition, regardless of the question or issue, anyone can contact Julie Tonneson (612-626-9278 or tonne001@umn.edu) or Lawrence Parson (612-626-2361 or parso378@umn.edu), in the University Budget Office, and they will either answer the question or direct it to the staff member with the most expertise on the issue.

## **Biennial Budget – State Appropriations**

Table 1 outlines the state general fund appropriations to the University of Minnesota 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 remain stable at $2.2 million and $22.3 million respectively, and have been excluded from the table.

***Table 1***
University of Minnesota
2022 – 2023 Biennial Appropriations ($ in Thousands)

| | FY2022 | FY2023 | Biennium |
|---|---|---|---|
| Beginning Biennial Base Level Appropriation | $671,406 | $671,406 | $1,342,812 |
| Current Law State Funding Level | $690,656 | $690,656 | $1,381,312 |
| Change from Beginning Biennial Base Level | $19,250 | $19,250 | $38,500 |
| Change from Prior Year | $19,250 | $0 | |
| | | | |
| % Change from Prior Year | 2.9% | 0.0% | |
| % Increase from Biennial Base Level Funding | | | 2.9% |

The appropriation for each year of the biennium includes the following nonrecurring items that will be deducted from the base as identified above before moving into the 2024-25 biennium:

- $150,000 for the Rare Disease Council (nonrecurring appropriation FY20-FY23)
- $250,000 for the Natural Resources Research Institute
- $1,000,000 general O&M

As a result, the incremental recurring increase provided to the University for FY22 is $18,000,000 and for FY23 is $0. The recurring general fund annual base entering the 2024-25 biennial budget request process will be $689,406,000. Information on how these changes were incorporated into the FY22 and FY23 budgets is provided below.

In addition to the established appropriations reflected in the table, the University is submitting a supplemental budget request to the state for consideration during the 2022 legislative session. As approved by the Board of Regents in December, 2021, that request has the following components:

**University of Minnesota 2022 Legislative Request – Capital and Supplemental**

| | | | | |
|---|---|---|---|---|
| **1-A** | **Previously Approved 2022 Capital Request** | | **$273,600,000** | **$273,600,000** |
| | **Supplemental Items** | **Recurring** | **Nonrecurring** | **Total** |
| **1-B** | Support Priority University Projects (previously designated) | | $200,000,000 | **$200,000,000** |
| | | | | |
| **2** | Enhance Safety, Security and Sustainability | $10,000,000 | $175,000,000 | **$185,000,000** |
| **3** | Increase Access – Reduce Cost of Attendance Burden for MN Residents | $65,000,000 | | **$65,000,000** |
| **4** | Support the Future of Animal Agricultural Research in Minnesota | | $60,000,000 | **$60,000,000** |
| **5** | Advance the Quality of Health Care and Access | | $152,000,000 | **$152,000,000** |
| | **Total Supplemental** | **$ 75,000,000** | **$587,000,000** | **$662,000,000** |
| | **Total Current & Supplemental** | **$75,000,000** | **$860,600,000** | **$935,600,000** |

The Governor's recommendation regarding these requests will likely be made public before the end of January; the final results will not be known until the end of the legislative session. The proposal is to increase the O&M recurring appropriation by $75 million starting in FY23.

## B. FY23 Budget – Strategies and Planning

**Background:**

**Budget Framework for FY23:** At this point in the process a preliminary framework for addressing the state and tuition funded portion of the budget has been developed to guide the process. The assumptions and dollar estimates will change as the process unfolds, but today the following provides a basic foundation for planning and moving forward with budget discussions:

| Incremental Resources | |
|---|---|
| Tuition Revenue (3.49%/1.75%) | $30,800,000 |
| Uncommitted State Appropriation | 2,500,000 |
| Internal University Resources – Reallocation (~1.4%) | 27,200,000 |
| Other Misc. Revenues (including FY22 tuition above budget) | 5,000,000 |
| Total | $65,500,000 |

| Incremental Spending | |
|---|---|
| Compensation (3.85% + fringe) | $51,400,000 |
| Facilities/Tech – Operations (utilities, debt, etc.) | 1,025,000 |
| Strategic Investments – Academic and Support | 13,075,000 |
| Total | $65,500,000 |

**Please note: this is early in the planning process, without considering actual FY22 activity and with the potential for circumstances to change what is possible for FY23, so all the rate change assumptions and dollar estimates factored into the above framework could, and probably will, change as we move through the budget process. The tuition rate and salary merit pool increase assumptions in particular may be adjusted. Information collected during the fall support unit part of the budget process has been factored into the framework above.**

The tuition estimate included in the framework does not factor in revenue increases from changes in enrollment or surcharges, and instead projects what a 3.49% rate increase on the Twin Cities campus and a 1.75% rate increase on the system campuses would generate.

As outlined earlier in this document, the actual state appropriation increase in law between FY22 and FY23 is $0. However, the FY22 approved budget did not incorporate the full enacted recurring increase in the O&M appropriation for that year: $15.5 million recurring was incorporated into the FY22 approved budget, while the actual recurring increase was $18.0 million. Therefore, the variance between those two amounts ($2.5M) represents two things: a lump sum available for nonrecurring needs in FY22 and an as yet uncommitted recurring $2.5M to cover ongoing cost increases beginning in FY23.

The reallocation assumption is roughly 1.4% of the traditional base (corresponding unit targets appear in the next section of this document). Summed to an all University total, the $27.2M is the current estimate tied to that target and an amount that would be necessary to balance the budget with the planned compensation increases and low levels of unit investments, given the low increase in available state appropriations and the assumptions related to tuition revenue and other spending.

For planning purposes only - the cost of compensation assumes a potential 3.85% increase in salaries (+ steps for labor represented employees) and a significant swing in fringe rates (detailed below). Cost increase estimates for facility related expenses (utilities, debt service, new building operations), combined with technology system obligations, are currently estimated at just over $1 million. Funds available for discretionary investment in academic and support units, beyond compensation and the facility and technology obligations, will be limited; currently that total is $13 million.

**Planning for Reallocations:** Based on assumptions built into the framework, University leadership agrees on the need to move forward with a reallocation. For purposes of the framework funds, targets have been calculated for units to achieve an overall reallocation goal of $27 million, which results in a target average of approximately 1.4% of the FY22 adjusted O&M/State Specials/Tuition allocation base included in the approved budget (adjusted for the elimination of institutional financial aid programs, utilities, leases, etc.). 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 FY23 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 47 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) An update of information submitted for the FY22 cycle: a description of your unit's top three priorities for the next 1-3 years, and explain how these link with MPACT 2025's action items and measures. Note – this is meant to be a forward looking exercise and not a recap of achievements to date. Process card measures can be found in the University accountability report, starting on page 9. The draft accountability report presented at the December Board meeting can be found at: z.umn.edu/2021AccountabilityReport. Additionally, there are metrics beyond the progress card measures for each strategic plan commitment. Those metrics can be found in a separate 'SWSP measures' document at: z.umn.edu/Dec2021SWSP.

2) An identification of one or two lower-priority activities, reflecting areas from which you may propose to redirect current resources away in order to implement higher strategic priorities. Be as specific as possible in describing how you will restructure, reduce, or eliminate current activities in order to free up resources for higher priority goals. An explanation of anticipated savings and the academic implications of your proposals should be included.
3) A high level description of how you view the structural balance or imbalance in your budget. The assessment could be structured around fund groups (O&M/tuition and other unrestricted funds vs. restricted funds) because it may be a different answer depending on these grouping, or it could be from the all-fund perspective. The question is about whether you believe you are in balance overall or have a recurring imbalance, and for either case, how you think about it for budget management purposes. If you are projecting an imbalance, please indicate the magnitude and assumptions in arriving at the "number". Attaching a spreadsheet representation of your assessment, along with a narrative description, might be helpful.

*TWIN CITIES COLLEGES:* To respond to item 1 above, please complete the Excel document distributed by the Provost's Office and updated in individual College and School meetings over Fall 2021. If you need assistance with current or past data, feel free to reach out to Institutional Analysis, the Office of Undergraduate Education, or other appropriate unit. This template and exercise is an update of the pilot initiated last year to closely align the compact process with the system-wide strategic plan. Twin Cities colleges should continue to emphasize areas of the strategic plan and associated metrics that are of importance to each unit's mission and direction. In addition to including the spreadsheet as part of the compact/budget submission, please provide a short narrative response to item 1, describing your top three priorities of the various initiatives described in the spreadsheet. Items 2 and 3, should be submitted as short paragraphs included with your overall compact/budget response.

*CROOKSTON, DULUTH, MORRIS, and ROCHESTER**:*** 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 to item 1 using a modified data template of your choosing showing baseline data, goals, and descriptions of initiatives, you are welcome to do so.

*OTHER ACADEMIC UNITS**:*** Please respond to items 1-3 above as in the past; as narrative sections included with your overall compact/budget response. There is no need to complete an Excel template.

## Significant Financial Concerns

The FY22 approved budget included significant investment in the University's system-wide strategic plan that will be used to implement actions across the system this fiscal year and next. As a result, the budget framework for FY23 will have no incremental funding available for discretionary programmatic unit investments and requests will not be accepted as part of the budget development process this fall.

The tuition revenue increases and reallocation targets included in these instructions are necessary to cover anticipated cost increases associated with a robust compensation plan (phase II in addressing strategic plan goals), fringe benefits, utilities, technology maintenance, and so forth. They will not provide sufficient resources for programmatic investment.

Therefore, rather than considering opportunities to expand activities or scope, the process this year will focus on understanding any significant financial issues you foresee as you approach your normal course of operations over the next year. Please submit a brief summary of the following – only if applicable:

> Any unit facing an absolutely **essential or critical need** related to current activities which you have been unable to accommodate within your existing budget (outside of general compensation increases) should provide a narrative description of the issue, with an estimate of budget impact and rationale for why it needs to be addressed at this time.
>
> Please note: items of essential or critical need related to information technology (IT) purchases that exceed $500,000 (in purchase, implementation, and other costs committed on behalf of the institution) need sign-off by the Vice President for Information Technology (email: vpcio-admin@umn.edu). It is best to engage this office early in the development/determination of the potential solution to ensure that alignment, interoperability, and integration with existing University systems and technologies is considered – and for guidance/assistance in the competitive purchasing process.

**O&M Reallocations for FY23**

Each RRC receiving these instructions should develop and submit a proposal to address budget reductions in the amounts identified below. The University is in a different place than it was a year ago, but financial uncertainties remain amid the need to invest in the future. A goal of the budget development process is to acknowledge and address significant cost increases and investment needs without requiring deep budget cuts that would reduce the quality and effectiveness of our services. Prior to the pandemic, this goal was achieved implementing annual reallocation targets generally in the 0.75%-1.20% range – even in good financial times. The goal for FY23 is to keep the targets below what was implemented for FY22 (averaged 2.7%), and to address only the highest priority needs in an environment that continues to include the following concerns:

- minimal increase in state support ($2.5m appropriation increase = 0.4% of the FY22 base)
- continuing concern for the financial burden that tuition places on students and families,
- potential loss of other earned revenues due to the pandemic's continuing impact on regular activities,
- a potential of continuing COVID-19 related cost increases,
- rising inflation rates on basic operating costs, and

- the need to maintain excellence across the institution in an environment of flat or decreasing revenues.

Therefore, plans for recognizing efficiencies and eliminating existing lower-priority costs and activities will be necessary, and the 1.4% reallocation contemplated in the planning framework for FY23 is a place to start toward achieving those budgetary goals.

As mentioned above, the target amount(s) listed for your unit are the result of a proportional calculation to achieve a total reallocation across the University of roughly $27 million. The base for the calculation is the state funding and tuition revenue to academic units and the total O&M allocations to support units, adjusted in some cases to remove student aid, leases, utilities etc.

| **Unit** | **O&M/SS Reallocation Target** | |
|---|---|---|
| Academic Clinical Affairs | $648,000 | |
| Academic Health Sciences | 110,000 | |
| Agricultural Experiment Station | 78,000 | |
| Athletics | 100,000 | |
| Auxiliary Services | 4,000 | |
| Biological Sciences | 771,000 | |
| Carlson School of Mgmt | 1,409,000 | |
| Continuing & Professional Studies | 316,000 | |
| Dentistry | 655,000 | |
| Design | 410,000 | |
| Education & Human Dev. | 1,274,000 | |
| Equity & Diversity | *[16,000]* | *already responded in fall* |
| Exec. VP for Acad Affairs/Provost | *[200,000]* | *already responded in fall* |
| Food, Ag., Nat. Resource Sciences | 1,307,000 | |
| Global Programs/Strategy Alliance | *[14,000]* | *already responded in fall* |
| Humphrey Institute | 201,000 | |
| Law School | 729,000 | |
| Liberal Arts | 3,505,000 | |
| Medical School | 2,331,000 | |
| MN Extension | 419,000 | |
| Nursing | 372,000 | |
| Pharmacy | 414,000 | |
| President’s Office | 6,000 | |
| Public Health | 466,000 | |
| Science and Engineering | 3,075,000 | |
| Student Affairs-Academic Units | *[33,000]* | *already responded in fall* |
| UM Crookston | 411,000 | |
| UM Duluth | 2,257,000 | |
| UM Morris | 501,000 | |

| | |
|---|---|
| UM Rochester | 243,000 |
| Undergraduate Ed-Academic Units | 82,000 |
| Veterinary Medicine | 636,000 |
| VP for Research-Academic Units | 349,000 |

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 FY23 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.

The proposal should briefly outline actions to reduce your recurring O&M budget and the projected impact on unit activities and service levels. Please list your proposed actions in priority order and structure your response in a way that highlights strategies to maintain quality services in the highest priority areas and increase efficiencies going forward, while clearly describing projected outcomes related to 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 FY23**

There will not be reallocation targets to respond to for the other non-sponsored funds in FY23. 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 increased expenses, including currently planned salary and general inflation increases, and/or revenue losses in FY23 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:

- Estimated revenue growth (explain what is generating the growth)
- Planned reallocations (explain what actions will be taken to reduce costs)
- Use of balances (explain why that is a responsible action; how long balances can cover cost growth)

**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, our planning parameters incorporate a general salary pool increase of 3.85% for FY23. Because this level of increase is not final, we will need to evaluate different options as we move through the process so we are asking you to develop and report an estimate of what each 1% increase in salaries will cost you for FY23. Regardless of any changes in salaries, current estimates indicate there will be a cost related to the change in projected fringe rates, displayed below. In addition, step increases for labor-represented employees will be realized, and although significant amounts of this cost are recorded in funds outside of the framework, there will be some impact to state appropriation and tuition supported budgets.

The projected fringe benefit rates are calculated based on an analysis of FY21 actual costs and salary bases and the recoveries/payments into the pool during FY20 and FY21. The rates below have been submitted for approval by the US Department of Health and Human Services (DHHS), but to date the approval has not yet been communicated. It is unlikely, but the actual fringe rates used for FY23 may differ from what is indicated below as a result. If that happens, depending on where it occurs in the budget process, we will work with you to incorporate the changes. In all but one of the categories, the fringe rates for FY23 are increasing over those actually implemented in FY22 – and over those assumed in budgeting for FY22. Lower expenditures for health care in the last quarter of FY20 resulted in FY22 fringe rates lower than those in FY21: the impacts of the pandemic "artificially" held rates down for one year. As predicted last year, the rate increases for FY23 will be significant as costs rebounded back to pre-pandemic growth levels last fiscal year and the salary base used in the calculation (FY21) was also held down due to actions in response to the pandemic.

| | Actual 2021-22 | Projected 2022-23 |
|---|---|---|
| Academic/Police | 33.5% | 36.8% |
| Non-Academic | 28.7% | 32.0% |
| Partial Benefits (Trades, Temp Cas, Residents/Fellows | 7.5% | 8.3% |
| Student Professional with UPlan Health | 20.9% | 25.7% |
| Student Professional with GA Health | 23.6% | 24.1% |
| Undergrads/Professionals in Training | 0.0% | 0.0% |

A set of documents outlining the details of implementing the final salary plans for FY23 will be distributed from Human Resources at a later date.

As a reminder, budget balancing decisions were made for the FY22 budget assuming fringe rates equal to those in FY21. The actual fringe rates for FY22 are lower than what was assumed in the budget. Savings realized in all funds supporting payroll expenses serve two purposed: one time savings to be used or set aside in FY22 (some retained in the units and some returned to central) and recurring savings that will automatically be applied to projected fringe costs in FY23. In essence, a portion of the recurring cost increase for fringe benefits was "pre-paid" by covering it in the recurring FY22 budgets, so we won't have to find those resources again going forward.

As in years past, the FY23 fringe rates **cannot be used** in sponsored proposals until 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 2022 (FY23) or later. The table below depicts how the rates should be used.

| | **Estimated FY23 Fringe Benefit Rates** | **Estimated FY23 Graduate Tuition Remission Rates** |
|---|---|---|
| Internal University Budget Process | Use now for FY23 | Use now for FY23 |
| Sponsored Project Proposals & Other Work with External Entities | Do not use until approved by DHHS | Use now, but only for project periods from July 2022 on |

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 $9,100 semester benefit (University's estimated general graduate tuition rate) will be covered by an hourly charge of $21.69 per hour for 390 hours of work, plus a potential subsidy to the GA tuition remission pool. The hourly charge of $21.69 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 23.6% 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 $3.44 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 $21.69 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 ($48.29 for summer 2023) 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 Brantseg/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*

| | Tuition per hour | Health | FICA & Other Charges* | Total of % Fringe |
|---|---|---|---|---|
| Summer Term Only | | | | |
| 9571 Summer Term TA | $0.00 | 23.6% | 0.5% | 24.1% |
| 9572 Summer Term RA | $0.00 | 23.6% | 0.5% | 24.1% |
| 9573 Summer Term AF | $0.00 | 23.6% | 0.5% | 24.1% |
| 9574 Summer Session TA w/ T. Ben | $48.29 | 23.6% | 0.5% | 24.1% |
| 9575 Summer Session TA w/o T. Ben | $0.00 | 23.6% | 0.5% | 24.1% |
| | | | | |
| Academic Year and Summer Term | | | | |
| 9510 Grad Assistant Coach | $21.69 | 23.6% | 0.5% | 24.1% |
| 9511 Teaching Assistant (TA) | $21.69 | 23.6% | 0.5% | 24.1% |
| 9515 Graduate Instructor | $21.69 | 23.6% | 0.5% | 24.1% |
| 9517 Ph.D. Cand. Graduate Instructor | $3.44 | 23.6% | 0.5% | 24.1% |
| 9518 Adv. Masters TA | $3.44 | 23.6% | 0.5% | 24.1% |
| 9519 Ph.D. Cand. w/24 thesis cred. TA | $3.44 | 23.6% | 0.5% | 24.1% |
| | | | | |
| 9521 Research Assistant (RA) | $21.69 | 23.6% | 0.5% | 24.1% |
| 9526 Graduate Research Project Asst. | $21.69 | 23.6% | 0.5% | 24.1% |
| 9527 Ph.D. Cand. Grad Research Proj. Asst. | $3.44 | 23.6% | 0.5% | 24.1% |
| 9528 Adv. Masters RA | $3.44 | 23.6% | 0.5% | 24.1% |
| 9529 Ph.D. Cand. w24 thesis cred. RA | $3.44 | 23.6% | 0.5% | 24.1% |
| | | | | |
| 9531 Admin Fellow (AF) | $21.69 | 23.6% | 0.5% | 24.1% |
| 9532 Adv. Masters AF | $3.44 | 23.6% | 0.5% | 24.1% |
| 9533 Ph.D. Cand. w/24 thesis cred. AF | $3.44 | 23.6% | 0.5% | 24.1% |
| | | | | |
| 9535 Professional Program Asst. | $0.00 | 23.6% | 0.5% | 24.1% |
| | | | | |
| 9538 Legal Project Assistant w/T. Ben | $48.98 | 0.0% | 0.0% | 0.0% |
| 9539 Legal Project Assistant w/o T. Ben | $0.00 | 0.0% | 0.0% | 0.0% |
| | | | | |
| 9553 Dental Fellow | $21.69 | 0.00% | 8.3% | 8.3% |
| 9554 Med Fellow, Graduate Program | $10.85 | 0.00% | 8.3% | 8.3% |
| 9559 Med. Resident, Graduate Program | $10.85 | 0.00% | 8.3% | 8.3% |
| 9549 Vet Resident, Graduate Program | $14.47 | 0.00% | 8.3% | 8.3% |

* 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 0.5% for the Internal Administration Fee. In addition to the Internal Administration Fee, Dental Fellow, Medical Fellow, Medical Resident, and Veterinary Resident job classes contribute 6.9% to Social Security/Medicare, 0.5% to Unemployment Insurance, and 0.4% to Workers Compensation for a total of 8.3%.

## Enterprise Assessment

The Enterprise Assessment is a systematic method of assessing units to pay for the development, implementation, maintenance and replacement of institutional technology systems and infrastructure. 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 FY23 budget plans at this time:

- Assessment rate of 1.75% of projected FY23 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, 1027, 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:

| | | | |
|---|---|---|---|
| 700101 | Salaries – Faculty Regular | 700222 | Salaries – P&A Admin Fed Benefits |
| 700102 | Salaries – Faculty Adjunct/Clin | 700311 | Salaries – Grad Asst/9535 |
| 700103 | Salaries – Faculty Contract | 700321 | Salaries – Residents/Fellows |
| 700104 | Salaries – Faculty Temp/UMD-NonReg | 700401 | Salaries – Professional in Training |
| 700105 | Salaries – Faculty Visiting | 700402 | Salaries – Undergraduate Student |
| 700121 | Salaries – Faculty Fed Benefits | 700501 | Salaries – Civil Service |
| 700201 | Salaries – Academic Professional | 700511 | Salaries – AFSCME |
| 700202 | Salaries – Academic Administrative | 700512 | Salaries – Teamsters |
| 700203 | Salaries – Police | 700521 | Salaries – Trades |
| 700211 | Salaries – Post Doc | 700531 | Salaries – Temp/Casual |
| 700221 | Salaries – P&A Prof Fed Benefits | | |

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 controller@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 FY23 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 FY22 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 FY23 sometime in the first three months of the fiscal year.

For FY23, each unit should assume a 14.77% increase in the amounts billed for FY22, primarily due to a significant increase in the property insurance policy. The FY22 actual/FY23 projected charges are listed below by unit. For support units with some academic functions/units, the full estimate for the RRC was provided in the fall process, and it has not changed.

| RRC | FY22 | FY23 Charge | RRC | FY22 | FY23 Charge |
|---|---|---|---|---|---|
| AES | $68,410 | $78,514 | DESGN | $98,701 | $113,280 |
| AHCSH | 159,622 | 183,199 | HHH | 48,455 | 55,611 |
| ATHL | 687,137 | 788,627 | LAW | 124,445 | 142,825 |
| AUXSV | 1,358,821 | 1,559,519 | MED | 999,007 | 1,146,560 |
| CBS | 220,674 | 253,267 | MNEXT | 68,012 | 78,058 |

| RRC | FY22 | FY23 Charge | RRC | FY22 | FY23 Charge |
|---|---|---|---|---|---|
| CCAPS | 60,603 | 69,554 | NURS | 48,662 | 55,850 |
| CEHD | 252,695 | 290,018 | PHARM | 111,940 | 128,473 |
| CFANS | 658,559 | 755,828 | PUBHL | 123,650 | 141,913 |
| CLA | 620,230 | 711,838 | UMC | 291,254 | 334,272 |
| CSENG | 852,042 | 977,888 | UMD | 1,179,886 | 1,354,155 |
| CSOM | 177,719 | 203,968 | UMM | 362,012 | 415,482 |
| DENT | 158,050 | 181,394 | UMR | 9,561 | 10,973 |
| | | | VETMD | 274,042 | 314,519 |

**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.

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, 2022 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 FY23 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 Larson at extension 612-625-0725 (abloomda@umn.edu).

| | FY2021-22 Current Rate | FY2022-23 Rate |
|---|---|---|
| Steam – 1,000 lbs of steam (Mlb) | $26.73 | $27.70 |

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 – Kilowatt Hours (Kwhr) | $0.1182 | $0.1141 |

Electric costs are allocated based on Kilowatt Hours (Kwhr). The electric rate charged to the U 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 – Dekatherm (Dkthrm) | $8.41 | $7.70 |

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 (ton/hour) | $0.252 | $0.261 |

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.

| | | |
|---|---|---|
| Water – Hundred Cubic Feet (CCF) | $6.20 | $6.23 |
| Sewer – Hundred Cubic Feet (CCF) | $6.25 | $6.62 |
| Stormwater – Impervious Square Foot (SF) | $0.0879 | $0.0807 |

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 Larson (abloomda@umn.edu or 612-625-0725) or Shari Zeise (zeise@umn.edu or 612-625-9429).

## Tuition Estimates

Like most data this year, the effects of the pandemic have influenced our tuition models and projections in ways that are difficult to anticipate. To reduce potential variance, we are providing tuition projections that include both fall final tuition as well as preliminary spring tuition data. We appreciate your patience as we delayed communicating this information while allowing some of the spring data to become available.

### A. FY22 Final Tuition Projections

The updated FY22 tuition revenue estimates by unit are provided on the next page. Like most years, we examine fall actual tuition, and then look back at the historical proportion fall tuition has been for each unit as a percentage of total ledger tuition. Column D (FY21 Factor) is that proportion for each unit, looking at fall 2020 tuition vs. FY21 ledger tuition.

During the pandemic, many of our historic baselines and ratios have been thrown askew. For this reason, we have also included the FY19 factor we used during our last “normal” academic year. This was the proportion of Fall 2018 tuition as a percentage of total FY19 ledger tuition. In short, if you feel your student enrollment and course taking patterns this year feel much like last year, you may wish to use the FY21 factor in your estimate. If you feel as if your patterns have returned closer to pre-pandemic activity, you may wish to use the FY19 factor in your estimate. Because the differences between the two models are so significant for some units, we will re-run these models based on spring preliminary tuition data, which should give us a better picture of total FY22 activity.

Please review the centrally developed tuition revenue estimates and then revise them based on your own intersession/summer session, and regular session tuition revenue estimates for FY22. It may be that your analysis leads to a different estimate for the current year, so if that’s the case, please explain the difference and rationale for that difference. If the FY22 revenue exceeds what was budgeted and planned for, you should explain how that additional income was used, in part, to generate the increase, or how it is being used in your current year expenditure plans on a recurring or nonrecurring basis. Conversely, if the FY22 revenue estimate is less than what was included in the budget, please explain how that difference is being accommodated – through expenditure reductions, other revenue increases (including federal relief where relevant) or balances to bridge to next year. See section C below for the requested information and format.

# FY22 Tuition Projections by Campus/College

| | 2021-22 Tuition Projection from Fall data (Fall 2021 FINAL) | | | | | | Using Fall 2020 (FY21) Factor | | | | Using Fall 2018 (FY19) Factor | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | B | C | D | E | F | G | H | I | J | K | L | M |
| | | | FALL FINAL | Fall Final Surcharge | FY21 Factor | FY19 Factor | Projected | Budgeted FY22 | Variance | % | Projected | Budgeted FY22 | Variance | % |
| 1 | UMC | Crookston Campus | $ 7,104,586 | | 47.38% | 46.87% | $ 14,996,394 | $16,280,438 | ($1,284,044) | -7.9% | $ 15,158,701 | $16,280,438 | ($1,121,737) | -6.9% |
| 2 | UMD | Duluth Campus | $ 52,441,333 | $ 214,750 | 49.87% | 49.97% | $ 105,584,070 | $108,695,132 | ($3,111,062) | -2.9% | $ 105,361,577 | $108,695,132 | ($3,333,555) | -3.1% |
| 3 | UMM | Morris Campus | $ 5,245,539 | | 51.03% | 50.89% | $ 10,279,125 | $11,159,199 | ($880,074) | -7.9% | $ 10,308,153 | $11,159,199 | ($851,046) | -7.6% |
| 4 | UMR | Rochester Campus | $ 4,270,692 | | 49.51% | 50.06% | $ 8,626,759 | $ 8,480,810 | $145,949 | 1.7% | $ 8,530,666 | $ 8,480,810 | $49,856 | 0.6% |
| 5 | AHCSH | Academic Clinical Affairs | $ 412,287 | | 40.76% | 40.76% | $ 1,011,534 | $ 1,015,000 | ($3,466) | -0.3% | $ 1,011,499 | $ 1,015,000 | ($3,501) | -0.3% |
| 6 | AHSCI | Acad Health Sci | $ 2,347,895 | | 42.65% | 42.65% | $ 5,504,557 | $ 5,502,260 | $2,297 | | $ 5,505,029 | $ 5,502,260 | $2,769 | 0.1% |
| 7 | CBS | Biological Sciences | $ 14,404,515 | | 49.04% | 48.95% | $ 29,372,071 | $ 28,356,226 | $1,015,845 | 3.6% | $ 29,428,920 | $ 28,356,226 | $1,072,694 | 3.8% |
| 8 | CCAPS | Continuing and Prof. Education | $ 6,666,837 | | 44.45% | 42.59% | $ 15,000,040 | $ 15,555,052 | ($555,012) | -3.6% | $ 15,652,453 | $ 15,555,052 | $97,401 | 0.6% |
| 9 | CEHD | Education & Human Development | $ 31,218,856 | | 47.05% | 46.48% | $ 66,353,990 | $ 65,903,434 | $450,556 | 0.7% | $ 67,171,723 | $ 65,903,434 | $1,268,289 | 1.9% |
| 10 | CFANS | Food, Ag & Nat Res Sci. | $ 16,298,566 | | 50.67% | 51.80% | $ 32,166,355 | $ 32,027,378 | $138,977 | 0.4% | $ 31,464,703 | $ 32,027,378 | ($562,675) | -1.8% |
| 11 | CLA | Liberal Arts | $ 95,862,188 | $ 193,000 | 50.03% | 50.25% | $ 191,984,038 | $ 195,929,724 | ($3,945,686) | -2.0% | $ 191,159,615 | $ 195,929,724 | ($4,770,109) | -2.4% |
| 12 | CSENG | Science and Engineering | $ 73,155,904 | $ 4,244,614 | 49.33% | 51.65% | $ 156,609,785 | $ 149,652,374 | $6,957,411 | 4.6% | $ 149,958,188 | $ 149,652,374 | $305,814 | 0.2% |
| 13 | CSOM | Carlson School of Management | $ 39,800,710 | $ 3,013,375 | 44.24% | 44.16% | $ 95,881,324 | $ 88,447,509 | $7,433,815 | 8.4% | $ 96,041,434 | $ 88,447,509 | $7,593,925 | 8.6% |
| 14 | DENT | Dentistry | $ 12,617,272 | | 39.69% | 39.82% | $ 31,790,972 | $ 31,653,961 | $137,011 | 0.4% | $ 31,688,928 | $ 31,653,961 | $34,967 | 0.1% |
| 15 | DESGN | Design | $ 10,708,490 | | 52.00% | 53.28% | $ 20,591,859 | $ 20,786,507 | ($194,648) | -0.9% | $ 20,096,856 | $ 20,786,507 | ($689,651) | -3.3% |
| 16 | GPSTR | Global Studies | $ 82,328 | | 65.26% | 42.63% | $ 126,161 | $ 282,071 | ($155,910) | -55.3% | $ 193,135 | $ 282,071 | ($88,936) | -31.5% |
| 17 | GRAD | Graduate School | $ 259,615 | | 58.39% | 58.24% | $ 444,651 | $ 400,445 | $44,206 | 11.0% | $ 445,735 | $ 400,445 | $45,290 | 11.3% |
| 18 | HHH | Humphrey School of Public Affairs | $ 3,998,366 | | 51.08% | 51.01% | $ 7,827,421 | $ 7,429,926 | $397,495 | 5.3% | $ 7,838,899 | $ 7,429,926 | $408,973 | 5.5% |
| 19 | LAW | Law School | $ 18,631,677 | | 49.55% | 49.93% | $ 37,598,513 | $ 35,814,560 | $1,783,953 | 5.0% | $ 37,314,375 | $ 35,814,560 | $1,499,815 | 4.2% |
| 20 | MED | Medical School | $ 20,213,619 | | 39.38% | 39.81% | $ 51,328,106 | $ 51,648,642 | ($320,536) | -0.6% | $ 50,772,760 | $ 51,648,642 | ($875,882) | -1.7% |
| 21 | NURSG | Nursing | $ 8,183,697 | | 44.15% | 45.36% | $ 18,536,484 | $ 19,350,552 | ($814,068) | -4.2% | $ 18,043,469 | $ 19,350,552 | ($1,307,083) | -6.8% |
| 22 | PHARM | Pharmacy | $ 10,021,563 | | 44.36% | 42.64% | $ 22,593,592 | $ 22,079,456 | $514,136 | 2.3% | $ 23,504,058 | $ 22,079,456 | $1,424,602 | 6.5% |
| 23 | PUBHL | Public Health | $ 10,717,164 | | 44.71% | 44.98% | $ 23,969,401 | $ 24,285,063 | ($315,662) | -1.3% | $ 23,826,342 | $ 24,285,063 | ($458,721) | -1.9% |
| 24 | UEDUC | VP Undergraduate Education | $ 1,938,606 | | 52.04% | 53.08% | $ 3,725,037 | $ 3,568,932 | $156,105 | 4.4% | $ 3,652,139 | $ 3,568,932 | $83,207 | 2.3% |
| 25 | VETMD | Veterinary Medicine | $ 10,083,079 | | 45.42% | 46.09% | $ 22,200,178 | $ 21,724,005 | $476,173 | 2.2% | $ 21,877,021 | $ 21,724,005 | $153,016 | 0.7% |
| 26 | | Multi-institutional | $ 37,098 | | 48.41% | 48.41% | $ 76,633 | $ - | $76,633 | #DIV/0! | $ 76,633 | $ - | $76,633 | #DIV/0! |
| 27 | | | | | | | | | | | | | | |
| 28 | | ALL UNIVERSITY | $ 456,722,481 | $ 7,665,739 | 0.4809 | 0.4740 | **$ 974,179,052** | **$ 966,028,656** | **$ 8,150,396** | 0.8% | **$ 966,083,013** | **$ 966,028,656** | **$54,357** | 0.0% |

## B. FY23 Tuition Projections

Next year's tuition projections continue to be complicated by the uncertainty of how Minnesota and higher education will continue to respond to the pandemic. Every campus and college has a different set of academic programs and student mix, necessitating that each unit examine its own context against any global assumptions we have made. The pandemic's disruption of data patterns further challenges tuition projections.

The FY23 tuition revenue projections are provided on the next page. The baseline projection is from the generally more conservative of the two models projecting FY22. The only tuition increases modeled are in the surcharge column for colleges adding an additional class to their phased surcharge implementation. However, these base data will help you more easily fill in the requested data in section C.

In total, we anticipate total system enrollment to increase slightly in Fall 2022 over Fall 2021, but the mix of resident/reciprocity vs. NRNR students will to continue to change, as will the continued changing access and demand from international students. We also generally expect the number of new transfer students (NAS) to continue to decrease. However, these proportions and effects are different on each campus and college, so we welcome a closer examination from each RRC. Particularly this year you will have the best view of what is likely to influence your tuition revenue.

The attribution of tuition revenue will remain the same as previous years with 75% of the revenue delivered to the unit that teaches the course and 25% of the revenue delivered to the unit where the student taking the course is enrolled.

For Twin Cities undergraduate programs, there is no collegiate discretion in setting the tuition rate. Current Board of Regents tuition policy has each campus at a single undergraduate rate, allowing for Board approved collegiate tuition surcharges. As in the past, the Crookston, Duluth, Morris, and Rochester campuses and graduate and professional programs may propose tuition plans for consideration that might deviate from any standard or assumed increases for the graduate and TC undergraduate rates for programmatic reasons (e.g., market factors). Such proposals will be reviewed on an individual basis. At this time, no rate change has been factored into any of the revenue estimates in the table on the next page.

Please review the centrally developed tuition revenue estimates and then either accept or revise them based on your own analysis and revenue estimates for FY23. See section C below for the requested information and format.

## FY23 Tuition Projections by Campus/College Prior to Any Rate Changes

| | Professional | | | GRAD | | | UGRD | | | | | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Resident | Reciprocity | Non-Resident | Resident | Reciprocity | Non-Resident | Resident | Reciprocity | Domestic NR | Intl NR | Surcharge | |
| AHCSH | $ 61,992 | $ 1,226 | $ 45,770 | $ 373,945 | $ 8,726 | $ 423,489 | $ 69,640 | $ 8,339 | $ 11,813 | $ 6,559 | $ - | $1,011,499 |
| AHSCI | $ - | $ - | $ - | $ 3,419,161 | $ 485,605 | $ 385,625 | $ 945,081 | $ 93,821 | $ 128,704 | $ 47,032 | $ - | $5,505,029 |
| CBSXX | $ - | $ - | $ - | $ 1,134,034 | $ 35,598 | $ 1,911,470 | $ 16,905,155 | $ 3,529,223 | $ 4,212,855 | $ 1,700,585 | $ - | $29,428,920 |
| CCAPS | $ 8,702 | $ 2,190 | $ 4,085 | $ 2,142,609 | $ 100,889 | $ 781,438 | $ 9,469,608 | $ 834,663 | $ 1,176,595 | $ 1,131,675 | $ - | $15,652,453 |
| CEHDX | $ 1,680 | $ - | $ - | $ 16,914,285 | $ 1,764,685 | $ 9,640,195 | $ 23,896,741 | $ 4,335,334 | $ 7,327,306 | $ 3,291,498 | $ - | $67,171,723 |
| CFANS | $ - | $ - | $ - | $ 2,412,629 | $ 211,347 | $ 3,219,838 | $ 15,463,925 | $ 2,973,389 | $ 4,367,894 | $ 2,815,681 | $ - | $31,464,703 |
| CLAXX | $ 5,123 | $ - | $ 15,886 | $ 5,283,383 | $ 567,331 | $ 13,580,086 | $ 100,650,515 | $ 19,681,655 | $ 25,840,934 | $ 25,239,036 | $ 394,222 | $191,258,171 |
| CSENG | $ - | $ - | $ - | $ 10,206,678 | $ 363,320 | $ 24,470,110 | $ 60,357,921 | $ 10,604,674 | $ 18,359,154 | $ 17,759,254 | $ 10,449,436 | $152,570,547 |
| CSOMX | $ 25,996 | $ - | $ 15,676 | $ 30,751,900 | $ 851,338 | $ 15,608,355 | $ 26,126,230 | $ 5,044,350 | $ 6,438,020 | $ 5,581,769 | $ 5,597,800 | $96,041,434 |
| DENTX | $ 14,848,139 | $ 205,016 | $ 14,187,538 | $ 330,991 | $ 59,751 | $ 969,114 | $ 835,675 | $ 151,623 | $ 101,080 | $ - | $ - | $31,688,928 |
| DESGN | $ - | $ - | $ - | $ 2,126,159 | $ 350,554 | $ 1,740,916 | $ 8,999,292 | $ 2,743,567 | $ 2,516,113 | $ 1,620,255 | $ - | $20,096,856 |
| GPSTR | $ - | $ - | $ - | $ 8,127 | $ 1,569 | $ 22,760 | $ 56,333 | $ 19,651 | $ 21,903 | $ 62,793 | $ - | $193,135 |
| GRADX | $ 1,043 | $ - | $ 502 | $ 111,594 | $ 1,136 | $ 324,755 | $ 2,118 | $ - | $ 1,270 | $ 3,317 | $ - | $445,735 |
| HHHXX | $ 4,064 | $ - | $ 5,038 | $ 4,692,048 | $ 309,023 | $ 2,417,242 | $ 213,515 | $ 74,502 | $ 104,236 | $ 19,230 | $ - | $7,838,899 |
| LAWXX | $ 10,083,253 | $ 2,965,532 | $ 23,066,718 | $ 243,609 | $ 50,222 | $ 318,451 | $ 318,902 | $ 87,080 | $ 155,963 | $ 24,643 | $ - | $37,314,375 |
| MEDXX | $ 30,335,305 | $ 126,490 | $ 5,403,300 | $ 4,375,897 | $ 808,895 | $ 3,253,971 | $ 4,245,643 | $ 842,972 | $ 1,093,329 | $ 286,960 | $ - | $50,772,760 |
| NURSG | $ 41,242 | $ 2,171 | $ 8,914 | $ 9,166,695 | $ 350,642 | $ 2,214,537 | $ 3,738,041 | $ 902,332 | $ 1,455,258 | $ 163,637 | $ - | $18,043,469 |
| PHARM | $ 13,767,947 | $ 1,437,302 | $ 4,654,684 | $ 389,287 | $ 47,125 | $ 986,233 | $ 1,492,993 | $ 220,655 | $ 279,116 | $ 228,716 | $ - | $23,504,058 |
| PUBHL | $ 12,237 | $ 12,069 | $ 1,767 | $ 11,078,295 | $ 1,580,938 | $ 8,767,214 | $ 1,634,881 | $ 213,756 | $ 369,531 | $ 155,655 | $ - | $23,826,342 |
| UEDUC | $ - | $ - | $ - | $ 39,576 | $ 5,979 | $ 59,511 | $ 2,155,402 | $ 462,997 | $ 696,271 | $ 232,402 | $ - | $3,652,139 |
| UMCXX | $ - | $ - | $ - | $ - | $ - | $ - | $ 10,324,375 | $ 1,612,240 | $ 2,594,994 | $ 627,092 | $ - | $15,158,701 |
| UMDXX | $ 1,772 | $ - | $ - | $ 5,025,758 | $ 729,926 | $ 2,288,276 | $ 81,663,398 | $ 10,427,498 | $ 2,827,304 | $ 1,977,644 | $ 840,000 | $105,781,577 |
| UMMXX | $ - | $ - | $ - | $ - | $ - | $ - | $ 8,173,905 | $ 666,856 | $ 751,404 | $ 715,989 | $ - | $10,308,153 |
| UMNTC | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $0 |
| UMRXX | $ 6,674 | $ - | $ 3,337 | $ 652,796 | $ 43,129 | $ 463,756 | $ 6,128,834 | $ 497,637 | $ 698,739 | $ 35,764 | $ - | $8,530,666 |
| VETMD | $ 7,743,411 | $ 328,039 | $ 11,675,318 | $ 374,812 | $ 19,504 | $ 668,128 | $ 668,278 | $ 168,150 | $ 187,991 | $ 43,391 | $ - | $21,877,021 |
| **Grand Total** | **$ 76,948,581** | **$ 5,080,034** | **$ 59,088,534** | **$ 111,254,271** | **$ 8,747,233** | **$ 94,515,470** | **$ 384,536,397** | **$ 66,196,965** | **$ 81,717,775** | **$ 63,770,576** | **$ 17,281,459** | **$969,137,294** |
| CHANGE FROM FY22 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 3,130,915 | $ 3,130,915 |

### C. Budget Response

For this budget submittal, complete the tables below to indicate your estimated tuition revenue for FY22 and FY23. The response should be prepared to indicate whether or not you agree with the estimates that appear on the FY22 and FY23 tables above, and if not, present alternative estimates and include all relevant assumptions and rationale. Submit items 1-4 as applicable:

**FY22**

The dollar values entered in the table below are for illustration purposes only – your response should include the dollar values associated with your unit from the tables above and/or your unique estimates.

| | | **FY22 Tuition Estimates** | **Budget** | | |
|---|---|---|---|---|---|
| | | | **Office** | | **Unit** |
| | | | | | |
| 1 | | FY22 Budgeted Tuition | **$10,000,000** | | **$10,000,000** |
| | | (from table above-same in both columns) | | | |
| | | | | | |
| 2 | | Updated FY22 Estimate | **$10,100,000** | | **$9,350,000** |
| | | | | | |
| 3 | | Variance – Over(Under) Budget | **$100,000** | | **($650,000)** |
| | | | | | |

1. **FY22 Response:**

If applicable, itemize and explain the variables involved in changing your estimate for FY22 from the base estimate provided by the Budget Office – ($x due to anticipated larger drop off in spring, $x due to anticipated increase in summer session, $x change due to anticipated enrollment adjustments, etc. – whatever those variables might be for your unit).

If the FY22 estimated revenue exceeds what was budgeted and planned (your line 3 is positive in the "unit" column), please explain how that additional income was used, in part, to generate the increase, or how it is being used in your current year expenditure plans on a recurring or nonrecurring basis. Note – recurring use of positive tuition variances in the current year should have received approval by the Provost. Conversely, if the FY22 revenue estimate is less than what was included in the budget (your line 3 is negative in the "unit" column), explain how that difference is being accommodated – through expenditures reductions, other revenue increases or balances to bridge to next year.

**FY23:**

The dollar values entered in the table below are for illustration purposes only – your response should include the dollar values associated with your unit from the tables above and/or your unique estimates.

| | FY23 Tuition Estimates | Prof Res/Rec | Prof NRNR | Grad Res/Rec | Grad NRNR | Undergrad Res/Rec | Undergrad NRNR | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| 1 | Budget Office | $1,000,000 | $500,000 | | | | $100,000 | $1,600,000 |
| 2 | Unit | $1,100,000 | $450,000 | | | | $120,000 | $1,670,000 |
| 3 | Variance | $100,000 | ($50,000) | | | | $20,000 | $70,000 |
| | | | | | | | | |
| 4 | Updated FY23 Estimate – 1% Rate Increase | $1,111,000 | $454,500 | | | | $135,000 | $1,700,500 |
| | | | | | | | | |
| 5 | Revenue Increase (line 4 less line 2) | $11,000 | $4,500 | | | $15,000 | | $30,500 |

2. **<u>FY23 Response:</u>**

If you revise the Budget Office estimates (if line 3 is anything other than $0 in any column), please include all assumptions incorporated into the revised estimate, with the dollar value attached to each separate assumption. Please note – this cannot include any rate changes (see sections below for rate changes). Include any supporting schedules necessary to explain the change in estimates. If applicable, itemize and explain the incremental changes in your estimates of revenue from FY22 to FY23:

- $x due to revised FY22 base revenue estimate
- $x due to increase or decrease in enrollment of X, etc. – whatever those variables might be for your unit
- other

The Budget Office needs to fully understand the change in the tuition estimate in order to treat it as intended in the overall University budget framework, so explain the change in revenue as explicitly as possible.

**3. <u>Each 1%:</u>**

For each relevant column, please provide an estimate of what each 1% increase in the rate would generate in revenue, regardless of what you are proposing as the actual rate change (where there is discretion). In most cases this math will simply be the updated estimate from line 2 increased 1%. However, if there is anything that would alter that simple math, please incorporate and explain it. Because the decision on a rate change has not yet been made, this section allows for analysis on the impact of different rates scaling up or down.

**4. <u>Other Proposed Rate Changes</u>:**

As mentioned above, the Crookston, Duluth, Morris and Rochester campuses, as well as the professional programs, may choose to propose a rate change at a particular level, regardless of what the decision is on the general graduate and TC undergraduate rates. To do so, please submit the rationale for the proposed rate and the revenue impact it will have on the estimate provided in line 2 of the table above.

### D. Tuition Waivers

The Budget Office will be reviewing all waiver actuals for the past year against approved waivers, paying particular attention to RRC-specific waivers (versus centrally administered waivers). Any deviation from previous practices (change in number or type of waivers awarded, etc.) or requests for new waivers should be discussed during the FY23 budget/compact meetings. Requests for new waivers or changes to current waivers should include:

- The name of the waiver
- The purpose or goal of the waiver (benefit to the University)
- A description of who qualifies for the waiver and/or the process for granting the waiver
- An estimated total dollar amount of foregone tuition resulting from the waiver
- A description of the waiver structure (e.g., waive out of state tuition to in state rates)
- Any additional information that might be helpful to senior leaders to evaluate the waiver; for instance, which academic units would be affected by the loss of revenue.

The Budget 5 approves all waivers. Waivers must be approved before they are offered.

## <u>Scholarship Planning and Spending</u>

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 increased the overall cost pool allocations, and thus the total charges, for FY23. 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 FY21 and FY22 and what they will be for FY23 without further adjustments. Additionally, the summary of charges by college/campus, along with the detailed FY23 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. 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, combined with the costs of a 3.85% salary increase plus fringe, some very limited targeted investments and net increases in facility and technology costs, results in **a net overall increase to the cost pools of $11.9 million** (2.0%). In aggregate, the changes in cost pool totals from FY22 are as follows (prior to the double-step-down redistribution):

| Cost Pool | FY22 Total* | FY23 Total | $ Change | % |
|---|---|---|---|---|
| Support Service Units Systemwide | $87,661,143 | $90,434,606 | $2,773,463 | 3.2% |
| Technology Systemwide | 41,423,655 | 43,562,524 | 2,138,869 | 5.2% |
| Facilities O&M | 86,865,327 | 87,881,417 | 1,016,090 | 1.2% |
| Support Service Units Twin Cities | 31,827,783 | 33,273,273 | 1,445,490 | 4.5% |
| Technology Twin Cities | 39,799,197 | 41,854,190 | 2,054,993 | 5.2% |
| Student Services (All) Systemwide | 15,094,455 | 15,613,952 | 519,497 | 3.4% |
| Student Services (All) Twin Cities | 2,077,006 | 1,929,814 | (147,192) | -7.1% |
| Research Support Services | 42,669,764 | 44,246,646 | 1,576,882 | 3.7% |
| Library | 48,393,150 | 48,819,819 | 426,669 | 0.9% |
| Student Serv. Undergrad | 22,276,851 | 22,749,314 | 472,463 | 2.1% |
| Student Serv. Undergrad Aid | 37,470,962 | 37,470,962 | 0 | 0.0% |
| Student Serv. Grad Aid | 10,500,000 | 10,500,000 | 0 | 0.0% |
| General Purpose Classrooms | 11,463,789 | 11,302,801 | (160,988) | -1.4% |
| Utilities/New Bldgs (direct-not in above pools) | 62,096,603 | 61,790,212 | (306,391) | -0.5% |
| Debt (direct-not in above pools) | 38,839,521 | 39,910,951 | 1,071,430 | 2.8% |
| Leases (direct-not in above pools) | 2,529,374 | 1,566,561 | (962,813) | -38.1% |
| Warehouses (direct-not in above pools) | 396,647 | 347,311 | (49,336) | -12.4% |
| Totals | $581,385,227 | $593,254,353 | $11,869,126 | 2.0% |

**The FY21 totals have been adjusted to reflect a "rebasing" 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 $581,385,227 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 FY23 by looking at the various decision categories that resulted in the increase. There are nine categories of spending that netted to an increase in the pools, and as the listing below shows, the most significant driver was the cost of a 3.85% salary increase plus fringe in the support units. The 2.0% overall change in the pools would have been -0.1% were it not for the costs of compensation.

| | |
|---|---|
| (In order of magnitude of change): | |
| Compensation Cost Increase | 12,263,000 |
| System Licensing and Maintenance | 1,835,134 |
| Contractual/Safety/Tech Infrastructure | 1,386,910 |
| Strategic Support Investments | 734,000 |
| Strategic Academic Initiatives | 397,750 |
| New Building Operations/Utilities | 180,588 |
| Student Aid | 90,000 |
| Leases | (465,381) |
| Debt Service | (624,705) |
| Unit Base Budget Reductions | ($3,928,170) |
| Total Net Change in Pool Charges | $11,869,126 |

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, operating support for Public Safety, institutional membership dues, and so forth.

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 FY22

As the fiscal year moves forward, we ask that you also revisit your initial FY22 O&M/State Special reallocation items finalized this past spring. We do this exercise now to: 1) Ensure the initially submitted FY22 reallocation list is still on track to be implemented by the end of this fiscal year, and 2) Give units the ability to modify this year's reallocation plan based on new or revised program/service information, estimates, or strategic plans.

We will send a separate Excel file to each support unit which includes the FY22 reallocation items we have on record for your review, based on your approved target for the year and initial plan submissions. This email and file will be sent directly to each unit's Chief Financial Manager (CFM) and RRC main contact shortly after these budget instructions are distributed. Consistent with reallocation confirmation exercises done in the past, we will ask you to review our list to confirm it represents the FY22 recurring O&M/State Special cost reductions that are planned to be implemented during this year, or to adjust and more accurately represent your unit's FY22 reallocation implementation plan, keeping in mind the reallocation total should remain **at least equal to** the approved target. Please alert us to any situations which prevent you from meeting the full target.

In addition, we encourage all units to include any FY22 planned recurring cost reductions, both O&M and non-O&M, that total *above* your O&M/State Special reallocation target so we can collectively understand the difficult decisions and strategic choices made across the University to allow for service continuation or enhancement. The FY22 reallocation Excel file will be a budget supplement and should be submitted along with your standard FY23 BCO materials. For consistency purposes, we will continue to categorize reallocations in the following manner:

a) A description of what you plan to implement in the way of recurring cost reductions for FY22 related to the O&M/State Special budget.
b) Classification of the expenditure category (Direct Mission, Mission Support & Facilities, or Leadership & Oversight.
c) Categorization of the reduction (e.g., Position Elimination, Operational Change, shift to non-O&M resource, etc.).
d) Amount of the reallocation.
e) Number of eliminated positions (FTE) because of reallocation, if applicable.
f) The non-O&M fund used (e.g., 1701, 1024) with each reallocation item which shifts expenses from O&M/State Special resources to a non-O&M resource, if applicable.

Keeping with our standard process, the Budget Office will still finalize all units' FY22 reallocation implementation plans that are submitted during this process after the fiscal year ends.

## 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:

| Award Type | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| On-Campus Research | 54% | 54% | 55% | 55% |
| On-Campus Public Service (a.k.a. Other Sponsored Activities) | 33% | 33% | 35% | 35% |
| On-Campus Instruction | 50% | 50% | 50% | 50% |
| Hormel Institute | 55% | 55% | 59% | 59% |
| Dept. of Defense Contracts | 57% | 57% | 57% | 57% |
| Off-Campus Projects | 26% | 26% | 26% | 26% |

Any unit (RRC level) 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 FY23 budget development process, each unit that generates ICR revenue is asked to submit an estimate of how much ICR they expect to generate in FY22 (the current year) and also in FY23. Appendix C provides an updated estimate of FY22 ICR revenue and a preliminary estimate of total ICR revenue for FY23 developed by the University Budget Office. Column g of Appendix C contains an updated estimate of total annual ICR revenue for the current fiscal year, FY22. This updated estimate was developed using actual ICR revenue generated over the first six months of FY22. Column j, FY23 Estimated Total Revenue, is the result of multiplying the updated FY22 estimate in column g by 0.00, indicating a 0.0% inflation factor for FY23 over the updated estimate for FY22 ICR revenue due to the unprecedented and continuing uncertain and unequal financial impact of the Pandemic.

If activity in your unit suggests there will be less or more research spending and associated ICR revenue in FY23, feel free to modify the estimate as deemed appropriate.

As always, the amounts on Appendix C represent a starting point in estimating FY23 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 FY22 (updated estimate) and FY23 (budget) ICR revenue.

If you have any questions regarding these instructions or calculating the ICR revenue estimate for FY22 or FY23, 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 FY22 (updated estimate) and FY23 (budget) as shown in Appendix C.  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 (FY22) plus (2) an estimate of ICR revenue for next year (FY23).**

Resource Responsibility Center:

1a. Approved Budget for current year – FY22: ______________________________

1b. Updated estimate for current year – FY22: ___________________________

Explanation of Variance (if any):

2. Proposed budget estimate for FY23: _______________________________

If you agree with the proposed estimate for FY23 ICR revenue as presented in Appendix C, please verify by recording the estimated amount of total ICR revenue.

If you do not agree with the proposed estimate for FY23 ICR revenue as presented in Appendix C, please record a new unit estimate for total ICR revenue and provide a brief explanation for any variance.

**1.**

## 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 FY23
- 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 FY23
- 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 FY23 fee information on January 31, 2022. **Fee entry should be completed by RRCs by March 16, 2022.** 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 FY23 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 FY23 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), with a clear display of how the fee rate was calculated (an excel spreadsheet showing detailed costs and calculating the per student amount is preferred).
- A brief, but informative, public fee description
- The EFS chart string where the fee revenue is to be recorded

**An updated justification and rate development are required for all fees submitted for FY23.** In past years, fees without significant changes may have received less scrutiny in the review process. Course delivery methods over the past year and into the future continue to be affected by COVID. 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 assumptions that impact the fees.

In the review of FY23 fees, evaluation of the projected total revenue for a fee will play a significant role. Currently, fees with projected revenues of less than $500 should not be submitted and will be denied. This year, we will be scrutinizing all fees with revenue under $1,000. Fees with small financial return create a significant administrative burden while also frustrating students. This year we will review these low revenue fees to ensure they are necessary and appropriate, with an eye towards adjusting the revenue threshold in the future.

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 FY22 fees entered after the FY22 fees are rolled over to FY23 in TFMS on February 25 will not affect the FY23 version of the fee request. The FY23 request must be updated separately if the change also will be in effect for FY23.

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 FY23.

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 FY23 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 FY23.* 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 FY22 will be rolled over as rates “in development” for FY23 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 FY23
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 March 30, 2022.**

The University Budget Office will:

1. Review tuition fee information to ensure submissions for FY23 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 FY23 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 FY23 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 FY23 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 FY23. 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 students, sections, terms, and locations cannot be made exempt. 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*

Applied Business Analytics MABA
Business Taxation MBT
China Executive MBA
Evening MBA
Executive MBA
Global Doctor of Business Administration
Global Medical Industry GMIMBA
Medical Industry MIMBA
Vienna MBA

*Continuing Education*

Addictions Counseling MPS
Applied Science Leadership MPS
Arts and Cultural Leadership MPS
Biological Sciences MBS
Civic Engagement MPS
Horticulture MPS
Integrated Behavioral Health MPS
Liberal Studies MLS

*Science & Engineering*

Management of Technology MS
Software Engineering MS
Medical Device Innovation MS
Security Technologies MS

*Veterinary Medicine*

Integrated Food Systems Leadership Certificate

**7. Permanent Transfer of Allocation Between Units**

If there should be a permanent transfer of base allocation between RRCs for FY23, 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 heirarchy 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 Viewer > tree: UM_DEPTID_BUDGET, effective dated 7/1/2021.

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 FY22. 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 FY20 Actuals, FY21 Actuals, the FY22 Approved Budget and FY22 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 7/1/2021. Use the "Print Format" option to view all.)
- Net transfers in/out from other units or non-current funds
- (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 2022 column should contain projections through the end of FY22 to arrive at an updated estimate of carryforward into FY23. The fringe benefit expenditures in the FY22 budget column are based on rates higher than what was actually implemented. You may choose to continue those "higher/budgeted" rates into the FY22 forecast column, which will then show less of a year-end balance and less of a cost increase moving to FY23: an accurate depiction from a budget planning perspective. Alternatively, you may adjust to the lower implemented rates in the FY22 forecast column, but then remember to include the transfer out of a portion of the fringe "savings" during the year to more accurately represent the year-end balance.

The final column (Budget 2023) is for projecting FY23 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. <u>**FY23 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.***</u> Complete the FY23 column by:

- Estimating revenue changes based on best information available
- Adjusting current salary levels to incorporate a 3.85% general salary pool increase and estimated step increases
- Estimating fringe benefit expenses based on the preliminary rates in this document (note that the FY22 fringe savings is embedded in the FY22 column as your O&M allocation, and reallocations this year were more than you needed for actual fringe benefit costs – so those savings will carry into FY23 automatically to offset a portion of the fringe benefit increase. You should think through the impact that has within the worksheet even though it isn't obviously evident)
- Estimating inflationary changes to all other costs where appropriate
- Estimating transfer activity to arrive at the net transfer total you expect

- Carrying forward the FY22 O&M allocation at the same $ amount into FY23
- Excluding any adjustments for potential FY23 reallocations

Note that projected increases entered in the Budget 2023 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 and how any projected shortfall will be addressed 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 2022 and Rollup Budget 2023 columns of the UM Budget Dev Worksheet – RRC. However, that information does not automatically populate the RRC Forecast 2022 and RRC Budget 2023 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 G-1 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 FY23, then the expense projections in the Budget 2023 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 FY23: revenues and expenditures for DeptIDs that are being reassigned should be included in the RRC to which they will be assigned in FY23.

**Please note** To ensure that the ending balance and the carryforward information at the bottom of each “actuals” 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 2022 and Budget 2023 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 2022 and Budget 2023 columns without entering in those rows.

If there is information missing in these instructions necessary to complete the Budget 2023 column, please contact Julie Tonneson or Lawrence Parson. **Please note – the central allocation line for FY23 should contain the exact same amount as appears in the Budget 2022 column with one exception – it can be adjusted for planned permanent transfers between units (see section G-1 above).**

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): Budget Development Worksheet – Departments Job Aid, and Budget Development Worksheet – RRC Managers Job Aid. For questions about EFS functionality, contact EFS Customer Support at 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 FY23 we have again calculated what the fringe cost will increase with no change in salaries, and then an estimate of the additional cost for each 1% increase in salaries. Although the framework anticipates a 3.85% general increase in salaries, that decision is not final so we need to be prepared to alter our cost estimates for different scenarios. To that end, and 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 FY22 salaries and FY22 fringe (separately)
B. Apply the updated fringe rates for FY23 to your current estimate of FY22 salaries to get an estimated FY23 fringe expense assuming flat salaries
C. Compare the FY23 estimated fringe cost from (B) to your estimated fringe cost for FY22 – keep note of that change
D. Apply a 1% increase in salaries to your current estimate of FY22 salaries
E. Apply the updated fringe rates for FY23 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".
What you calculated in step (F) above is the answer to "what is the additional cost for each 1% increase in salaries".
Note – the Budget Office has on record the amount of the projected fringe cost increase that should be covered by recurring dollars in FY22 related to our decision to budget resources in excess of what was needed to cover actual costs. That amount will be factored in as an offset to the results of step (C) above. See example below. You do not need to complete the last two (blue) rows, but may if you wish. **(If you do – remember that this is the full amount of the projected savings for the year – the amount of savings you retained for one-time use in FY22**

**PLUS the amount transferred one-time back to central.)** The amount for "Covered by FY22 Plan" will not change even as the compensation increase (%) will change.
Example:

| | | Salary | Fringe | Sum |
|---|---|---|---|---|
| Step A | FY22 Example P&A Posn | $100,000 | $33,500 | $133,500 |
| Step B | FY23 Example P&A Posn | $100,000 | $36,800 | $136,800 |
| Step C | Difference to A | $0 | $3,300 | $3,300 |
| | | | | |
| Steps D and E | FY23 P&A Posn with 1% | $101,000 | $37,168 | $138,168 |
| Step F | Difference to B | $1,000 | $368 | $1,368 |
| | | | | |
| | Total New Cost (C + F) | | | $4,668 |
| | Covered by FY22 Plan | | | ($3,000) |
| | Net New Cost | | | $1,668 |

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 **<u>O&M/State Special funds only</u>** so we can verify the reliability of our centrally calculated estimates.

Note: Please estimate what your actual salary expenses will be for all employees included in the original FY22 budget (not for new unbudgeted positions) for Step A, even if they differ from what you budgeted. The Budget Office completed an analysis of salary budgets vs. actual expenses for the last ten years by fund group and unit, and where the data shows a unit has consistently over-budgeted salaries by more than 2% on avg. over the last five years, we adjusted our projected cost increase for FY23 down to reflect that continuous over-budgeting. If the Budget Office estimate differs significantly from what you submit under this section we will be in touch.

**10. <u>ISOs - University Budget Office and University Finance Review</u>**

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 (DeptIDs 11333, 11337, 11340, 11354, 12276)
- College of Biological Sciences (DeptID 10865)
- College of Science & Engineering (DeptIDs 11069, 11072)
- Medical School (DeptIDs 11879, 11921)
- VP for Research (DeptID 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:

- 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 FY22, discuss whether rates could be increased for FY23 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 in partnership with the Budget Office have identified the following units with significant deficits as of 12/13/2021 that may require subsidies or other intervention to resolve based on the $150,000 threshold:

- Academic Clinical Affairs (DeptIDs 11333, 12276, 11354)
- Auxiliary Services (DeptIDs 11629, 11632, 11611)
- AVP Finance (DeptID 10173)
- College of Science and Engineering (DeptIDs 11069, 11072)
- Medical School (DeptIDs 11884, 11879, 11885, 11698, 11848, 11759, 11896, 11901)
- VP of Research (DeptID 11347)

For each recharge center listed above, please respond to the following questions:

- An explanation of the deficit at the end of FY21, if applicable.
- 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

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 21 and March 31. 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 May 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. **Please focus the meeting discussion on the future – priorities of the next 1-3 years and financial issues surfaced in your materials that need to be addressed. This is not meant to be the venue to describe your overall success and achievements to date.**

**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, Interim Vice President Michael Oakes, and VP/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 mid-late April to meet presentation deadlines for the May 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 FY23 have received preliminary approval from the President and she has given approval to proceed on that basis;
- Cost pool charges have been calculated for FY23 based on the approval of preliminary support unit budgets.

The remaining components of budget development for FY23 will include:

- Budget/compact meetings with each of the academic units February through March;
- 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 early-mid 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 FY23 to the Board of Regents for review in May and action in June.

- Final entry of detailed budgets in the Enterprise Financial System 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 FY23 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:

*System-wide*

Associate VP for Finance
Audit
Board of Regents
Equity and Diversity (50%)
Executive VP & Provost (excl academic areas)
General Counsel
Global Programs & Strategy Alliance
Human Resources
Planning, Space & Real Estate (excluding classrooms)
President's Office
Public Safety (excluding Police)
Sr. VP Finance and Operations
University Relations
VP for Clinical Affairs
VP for University Services (18%)

*Twin Cities Only*

Campus Mail/UMarket/Logistics
Equity and Diversity (50%)
Graduate School
University of MN Police - TC
VP for University Services (82%)

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 FY23 approved budgets for the units listed above will be allocated based on the academic units' proportionate share of FY21 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 FY23, 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 FY23 approved centrally allocated budget for these technology functions is spread based on the academic units' proportionate share of total headcount from the fall of 2021. 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
- Repair and Replacement (R&R) – limited funding for repair and replacement of building components (roofs, windows, elevators)
- 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 (RRC Facility Managers) 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 FY23 approved budget for these activities within Facilities Management will be allocated based on the academic units' proportionate share of ASF from November 2021. 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.

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.

Finally, it is important to note that R&R funding allocated through this cost pool is insufficient to meet the renewal needs for the University's portfolio of buildings. Funding is allocated by Facilities Management to the highest priority needs. R&R funding is supplemented, when available, by Higher Education Asset Preservation and Replacement (HEAPR) funding from the state legislature. However, units should expect to be asked to fund deferred capital renewal as part of individual construction projects when central funding is not sufficient or available.

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 FY23 approved budgets for these two units is allocated based on the academic units' proportionate share of the total student headcount from the fall of 2021 (an unduplicated count from spring 2021 and fall 2021 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 FY23 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 2021. 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 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 FY23 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 2021. 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 web site.

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 2021 and fall 2021 is used for graduate student headcounts. $10.5 million included in the FY23 approved budgets for the Graduate School – for fellowship/scholarship programs managed by the Graduate School - is allocated based on the academic units' proportionate share of an unduplicated total headcount from the spring and fall of 2021. 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.

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, sub-contracts 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 FY23 approved budgets for the units identified above will be allocated based on the academic units' proportionate share of the average of FY19, FY20 and FY21 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 | .50 |
| Upper division undergraduate students | .75 |
| Professional and graduate students | 1.00 |
| Faculty (broadly defined) | 1.00 |

The FY23 approved budget for the University Libraries is allocated to the academic units based on the weighted headcount from the fall of 2021 (an unduplicated count from spring 2021 and fall 2021 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.

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 29. 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 FY23 is allocated based on total course registrations from the fall of 2021. 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 costs 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-Assignable 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), Non-Sponsored

Unit Revenue Estimates for Fiscal Year 2022-23

FY 2023 Budget

| | | a | b | c | d | e | f | g | h | i | j |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | FY22 Total ICR Through Period 6 | FY21 Total ICR Through Period 6 | FY21 Total ICR through Period 915 | FY21 Period 06 Percent of Total | FY22 Estimated Total Revenue a*(1/d) | FY22 Estimated Total Revenue a*2 | FY22 Most Conservative Estimate | FY22 ICR Revenue Budget | FY22 Conserv. Estimate to Budget Variance | FY23 Estimated Total Revenue g*1.00 |
| | **System Campuses** | | | | | | | | | | |
| 1 | Crookston | $ 6,198 | $ 7,185 | $ 44,906 | 16% | $ 38,739 | $ 12,397 | $ 38,739 | $ 14,371 | $ 24,368 | $ 38,739 |
| 2 | Duluth | $ 1,202,209 | $ 1,149,761 | $ 2,080,791 | 55% | $ 2,175,710 | $ 2,404,418 | $ 2,404,418 | $ 2,062,916 | $ 341,502 | $ 2,404,418 |
| 3 | Morris | $ 40,595 | $ 52,890 | $ 79,209 | 67% | $ 60,796 | $ 81,190 | $ 81,190 | $ 49,000 | $ 32,190 | $ 81,190 |
| 4 | Rochester | $ 15,497 | $ 18,418 | $ 34,760 | 53% | $ 29,249 | $ 30,995 | $ 30,995 | $ 36,835 | $ (5,840) | $ 30,995 |
| | **Academic Health Center** | | | | | | | | | | |
| 5 | Academic Clinical Affairs | $ 7,995,817 | $ 7,901,890 | $ 15,489,613 | 51% | $ 15,673,733 | $ 15,991,634 | $ 15,991,634 | $ 13,513,767 | $ 2,477,867 | $ 15,991,634 |
| 6 | Health Sciences Administration | $ 177,274 | $ 21,406 | $ 225,580 | 9% | $ 1,868,157 | $ 354,549 | $ 1,868,157 | $ - | $ 1,868,157 | $ 1,868,157 |
| 7 | School of Dentistry | $ 828,011 | $ 908,444 | $ 1,500,000 | 61% | $ 1,367,190 | $ 1,656,021 | $ 1,656,021 | $ 1,500,000 | $ 156,021 | $ 1,656,021 |
| 8 | Medical School | $ 34,087,082 | $ 30,894,676 | $ 63,271,956 | 49% | $ 69,809,966 | $ 68,174,163 | $ 69,809,966 | $ 61,789,353 | $ 8,020,613 | $ 69,809,966 |
| 9 | School of Nursing | $ 1,015,638 | $ 735,836 | $ 1,478,686 | 50% | $ 2,040,956 | $ 2,031,276 | $ 2,040,956 | $ 1,600,000 | $ 440,956 | $ 2,040,956 |
| 10 | College of Pharmacy | $ 2,738,145 | $ 2,875,209 | $ 5,638,100 | 51% | $ 5,369,327 | $ 5,476,291 | $ 5,476,291 | $ 5,750,419 | $ (274,128) | $ 5,476,291 |
| 11 | School of Public Health | $ 8,039,869 | $ 7,080,324 | $ 14,394,406 | 49% | $ 16,345,174 | $ 16,079,737 | $ 16,345,174 | $ 14,420,000 | $ 1,925,174 | $ 16,345,174 |
| 12 | College of Veterinary Medicine | $ 1,752,536 | $ 1,652,117 | $ 3,261,108 | 51% | $ 3,459,324 | $ 3,505,072 | $ 3,505,072 | $ 3,110,000 | $ 395,072 | $ 3,505,072 |
| 13 | Total Academic Health Center | $ 56,634,371 | $ 52,069,903 | $ 105,259,448 | | $ 115,933,827 | $ 113,268,742 | $ 116,693,272 | $ 101,683,539 | $ 15,009,733 | $ 116,693,272 |
| | **Executive VP and Provost** | | | | | | | | | | |
| 14 | Executive VP and Provost | $ 44,607 | $ 45,516 | $ 100,468 | 45% | $ 98,461 | $ 89,213 | $ 98,461 | $ 99,290 | $ (829) | $ 98,461 |
| 15 | Academic Health Sciences | $ 26,822 | $ 49,909 | $ 92,871 | 54% | $ 49,911 | $ 53,644 | $ 53,644 | $ 96,382 | $ (42,738) | $ 53,644 |
| 16 | College of Biological Sciences | $ 4,415,888 | $ 3,987,157 | $ 7,729,106 | 52% | $ 8,560,202 | $ 8,831,776 | $ 8,831,776 | $ 7,228,848 | $ 1,602,928 | $ 8,831,776 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 17 | College of Cont and Prof Studies | $ - | $ 1,450 | $ 3,723 | 39% | $ - | $ - | $ - | $ - | $ - | $ - |
| 18 | College of Ed & Human Devel | $ 3,311,733 | $ 3,450,399 | $ 6,697,265 | 52% | $ 6,428,113 | $ 6,623,466 | $ 6,623,466 | $ 5,950,000 | $ 673,466 | $ 6,623,466 |
| 19 | College of Food, Ag, & Nat Res Sci | $ 4,147,895 | $ 3,919,926 | $ 7,371,185 | 53% | $ 7,799,867 | $ 8,295,789 | $ 8,295,789 | $ 6,900,000 | $ 1,395,789 | $ 8,295,789 |
| 20 | College of Liberal Arts | $ 2,181,672 | $ 2,107,500 | $ 4,020,796 | 52% | $ 4,162,304 | $ 4,363,344 | $ 4,363,344 | $ 3,750,480 | $ 612,864 | $ 4,363,344 |
| 21 | College of Science & Engineering | $ 18,656,476 | $ 18,896,475 | $ 34,347,747 | 55% | $ 33,911,505 | $ 37,312,952 | $ 33,911,505 | $ 32,500,000 | $ 1,411,505 | $ 33,911,505 |
| 22 | Carlson School of Management | $ 103,950 | $ 114,757 | $ 211,310 | 54% | $ 191,410 | $ 207,899 | $ 207,899 | $ 186,718 | $ 21,181 | $ 207,899 |
| 23 | College of Design | $ 93,221 | $ 125,551 | $ 230,227 | 55% | $ 170,942 | $ 186,442 | $ 186,442 | $ 263,026 | $ (76,584) | $ 186,442 |
| 24 | Office of Equity & Diversity | $ 12,182 | $ 5,209 | $ 12,534 | 42% | $ 29,309 | $ 24,364 | $ 29,309 | $ 15,000 | $ 14,309 | $ 29,309 |
| 25 | Global Programs/Strategy Alliance | $ 2,091 | $ 2,767 | $ 8,221 | 34% | $ 6,214 | $ 4,182 | $ 6,214 | $ 12,787 | $ (6,573) | $ 6,214 |
| 26 | Humphrey School of Public Affairs | $ 202,921 | $ 329,388 | $ 589,527 | 56% | $ 363,180 | $ 405,841 | $ 405,841 | $ 516,621 | $ (110,780) | $ 405,841 |
| 27 | Law School | $ 135,271 | $ 101,654 | $ 249,407 | 41% | $ 331,886 | $ 270,542 | $ 331,886 | $ 171,603 | $ 160,283 | $ 331,886 |
| 28 | UMN Extension | $ 894,590 | $ 848,056 | $ 1,675,634 | 51% | $ 1,767,578 | $ 1,789,180 | $ 1,789,180 | $ 1,600,000 | $ 189,180 | $ 1,789,180 |
| 29 | Undergraduate Education | $ - | $ 2,865 | $ 2,865 | 100% | $ - | $ - | $ - | $ - | $ - | $ - |
| 30 | Total Executive VP & Provost | $ 34,229,317 | $ 33,988,580 | $ 63,342,885 | | $ 63,870,880 | $ 68,458,635 | $ 65,134,756 | $ 59,290,755 | $ 5,844,001 | $ 65,134,756 |
| 31 | Athletics | $ - | $ 121 | $ 121 | 100% | $ - | $ - | $ - | $ - | $ - | $ - |
| 32 | AVP Finance | $ - | $ - | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - |
| 33 | Information Technology | $ - | $ 4,651 | $ 7,174 | 65% | $ - | $ - | $ - | $ 3,552 | $ (3,552) | $ - |
| 34 | Student Affairs | $ - | $ 117 | $ 117 | 100% | $ - | $ - | $ - | $ - | $ - | $ - |
| 35 | Graduate School | $ 621 | $ - | $ - | 0% | $ - | $ 1,241 | $ 1,241 | $ - | $ 1,241 | $ 1,241 |
| 36 | University Libraries | $ 185,530 | $ 210,184 | $ 377,563 | 56% | $ 333,275 | $ 371,060 | $ 371,060 | $ 347,778 | $ 23,282 | $ 371,060 |
| 37 | VP for System Academic Admin | $ - | $ 9,651 | $ 10,785 | 89% | $ - | $ - | $ - | $ - | $ - | $ - |
| 38 | VP for Research | $ 4,494,037 | $ 3,439,002 | $ 7,087,035 | 49% | $ 9,261,233 | $ 8,988,073 | $ 9,261,233 | $ 6,011,576 | $ 3,249,657 | $ 9,261,233 |
| 39 | **Grand Total** | **$ 96,808,375** | **$ 90,950,463** | **$ 178,324,795** | | **$ 191,703,710** | **$ 193,616,751** | **$ 194,016,902** | **$ 169,500,322** | **$ 24,516,580** | **$ 194,016,902** |

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.

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