

# **FY08 Budget Instructions Academic Units**

## **Tuition and ICR Supplement**

**February 2007**

**Materials Due: five working days prior to scheduled compact/budget meeting**

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**A. Tuition and University Fee Estimates**

The attribution of tuition revenue will remain the same as previous years with 75% of the revenue delivered to the college that teaches the course and 25% of the revenue delivered to the college where the student taking the course is enrolled. Collegiate units are asked to review the centrally developed tuition revenue estimates and then either accept them or revise them based upon their own intersession/summer session, and regular session tuition revenue estimates for FY08 using the following information.

Figure 1 below has preliminary tuition and University Fee revenue projections for FY07 and FY08. The FY07 estimates have been changed from what was entered on the draft budget development worksheets to reflect the methodology of splitting intersession and summer session revenues between two fiscal years. The assumptions and specific methodology used are as follows:

1. Assumptions

- 1) The overall FY08 increase in tuition and the University Fee for an individual resident student is 4.5 percent on all campuses and for each student level.
- 2) The increase for nonresident students is the same dollar amount as the increase for resident student on all campuses and for each student level.
- 3) The increase for Wisconsin reciprocity undergraduate students is the same percentage increase as for Minnesota residents. Note that Wisconsin will not set its tuition rates until July or August.
- 4) The enrollment and registration pattern of students will be exactly the same in FY08 as in FY07 on all campuses and for each student level.

2. Methodology

The model uses actual registration patterns for the summer 2006 (final), fall 2006 (final), and spring 2007 (early) terms. Projected tuition and University fee revenue for the summer 2007, fall 2007, spring 2008, and summer 2008 terms is then projected based on the assumptions above.

The fiscal year total for FY08 allocates some revenue from the summer 2007 term and some revenue from the summer 2008 term to FY08, based on the most recent allocation percentages for each campus, using GASB accounting standards for treating summer terms.

(summer term 07 example)	prior yr FY07	subsequent yr FY08
Crookston	49.34%	50.66%
Duluth	62.80%	37.20%
Morris	63.60%	36.40%
Twin Cities	41.08%	58.92%

The model first produces tuition and University fee revenue projections for each campus. The Twin Cities total is then projected for each college using the actual allocation pattern for tuition and for the University fee for each college for each of the summer 2006, fall 2006, and spring 2007 terms.

The methodology used is the same for both FY07 and FY08 – the description above is in FY08 terms. Questions regarding the updated tuition revenue and University fee projections for FY07 and FY08 may

be directed to Peter Zetterberg ([j-zett@umn.edu](mailto:j-zett@umn.edu)).

**4. Analyzing and Modifying the Tuition and University Fee Estimates for FY08**

There are two main areas of analysis that must be considered when determining the college’s FY08 revenue estimate:

- Rate changes from FY07 to FY08, and
- Enrollment changes from FY07 to FY08

1. Rate changes from FY07 to FY08

For planning purposes, the tuition and University fee rate increase from FY07 to FY08 is 4.5%. The University fee is set to increase from \$975 per year or \$487.50 per semester (\$48.75 per credit, capped at 10 credits) to \$1,000 per year or \$500 per semester (\$50 per credit, capped at 10 credits).

For 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. As in the past, coordinate campuses and graduate and professional programs may propose tuition plans for consideration that deviate from the average increase of 4.5% for programmatic reasons (e.g., market factors). Such proposals will be reviewed on an individual basis.

2. Enrollment Changes from FY07 to FY08

Twenty-five percent of a student’s tuition and University fee is attributed to that student’s college of enrollment. Therefore, it is important that individuals within a college with responsibility for enrollment management communicate very closely with those individuals within a college with responsibility for estimating tuition revenue. Since colleges often provide instruction for students in other colleges, it is also important to be aware of possible enrollment changes in other colleges that may affect instructional demand and tuition revenue. In developing estimates on Figure 1, stable enrollment was assumed.

**Figure 1  
Tuition and U Fee Revenue Estimates FY07 and FY08**

A	B	C	D	E
Unit	FY07 Tuition Estimate	FY07 U Fee Estimate	FY08 Tuition Estimate	FY08 U Fee Estimate
Crookston	6,204,125	994,193	6,502,201	1,022,986
Duluth	69,682,692	9,444,190	72,978,553	9,715,911
Morris	11,194,800	1,518,243	11,728,948	1,560,401
Rochester	527,789	58,737	550,566	60,729
Academic Affairs, Sr. VP	251,058	34,443	261,756	35,326
Academic Hlth Center Shared	463,166	47,962	482,905	49,210
Biological Sciences*	12,304,631	1,588,434	12,891,073	1,633,291
Carlson School of Mgmt	46,761,815	3,422,031	48,768,566	3,533,924
Continuing Education	11,749,764	1,267,845	12,257,696	1,312,591
Dentistry	10,469,275	683,322	10,922,259	712,511

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
	<b>Unit</b>	<b>FY07 Tuition Estimate</b>	<b>FY07 U Fee Estimate</b>	<b>FY08 Tuition Estimate</b>	<b>FY08 U Fee Estimate</b>
	Design	10,517,984	1,157,377	10,968,097	1,190,345
	Duluth School of Medicine	2,580,702	173,847	2,692,500	181,394
	Education & Human Dev.	41,201,114	4,517,278	42,973,971	4,662,203
	Food, Ag. & Nat. Resource Sciences	15,669,987	1,842,600	16,340,055	1,893,821
	Graduate School	436,276	34,068	454,947	35,077
	Health Sciences Sr. VP	497,724	45,281	519,115	46,751
	Humphrey Institute	4,468,185	339,827	4,658,942	349,198
	Institute of Technology	59,938,810	6,678,378	62,502,897	6,866,530
	Law School	18,457,649	841,422	19,245,889	865,997
	Liberal Arts	118,400,804	14,352,638	123,466,282	14,755,230
	Medical School*	27,614,625	2,105,756	28,754,493	2,198,266
	Nursing	6,303,857	656,529	6,575,302	678,165
	Pharmacy	12,665,456	896,896	13,209,964	928,098
	Public Health	9,374,035	792,168	9,778,229	820,507
	System Admin. Sr. VP	37,364	3,390	38,957	3,477
	Veterinary Medicine	10,171,384	556,474	10,608,557	577,124
	<b>Totals</b>	<b>\$507,945,071</b>	<b>\$54,053,329</b>	<b>\$530,132,720</b>	<b>\$55,689,063</b>
	*\$1.4 million Subtracted from TCBS and added to TMED in both years.				

**5. Budget Response**

For this budget submittal, complete Figure 2 to indicate your estimated tuition revenue and University fee revenue for FY08 (Intersession/summer session and regular sessions). The response should be prepared to indicate whether or not the college agrees with the estimates that appear on Figure 1 for FY08, and if not present alternative estimates and include all relevant assumptions and rationale. The response should be submitted with the other budget materials due five working days prior to the scheduled compact/budget meetings.

**Figure 2**

**FY08 Tuition and University Fee Revenue Estimate – Response**

Please use the following format to submit a tuition revenue estimate for FY08.

**Resource Responsibility Center:** \_\_\_\_\_

Budget Office estimate of tuition revenue for FY08 \$  
(See column D of Figure 1)

Collegiate estimate of tuition revenue FY08 \$

Please include assumptions included in the collegiate estimate. Make clear any proposed rate changes from the assumed average increases included in the tables above. Include any supporting schedules that are necessary to explain the change in estimate.

Budget Office estimate of University Fee for FY08 \$  
(See column E of Figure 1)

Collegiate estimate of University Fee FY08 \$

Please include assumptions included in the collegiate estimate. Include any supporting schedules that are necessary to explain the change in estimate.

**B. ICR Estimates**

The current 49.5% Facilities and Administrative rate will be effective until June 30, 2007. Individual cost components comprising the 49.5% are as follows:

<b>Rate component</b>	<b>On Campus</b>	<b>Off Campus</b>
Building depreciation	4.6	
Equipment depreciation	3.3	
Interest on external debt	1.4	
Operations & maintenance	12.7	
Library	1.5	
Administration	<u>26.0</u>	<u>26.0</u>
Total	49.5	26.0

The University is due to submit a new F&A proposal to the Federal Government by March 31, 2007.

**Budgeting for ICR Revenue**

Beginning in FY07, a college or other unit where research is conducted will receive 100% of the indirect cost revenue associated with that research. The only exception is for units that have preexisting agreements for manual rebates. Those agreements will continue unchanged.

As part of FY08 budget development, each unit that generates ICR revenue must submit an estimate of how much ICR they expect to generate in FY08. Attachment 1 contains estimated total ICR revenue for FY08 developed by the Budget Office. Column g presents an updated estimate of total annual ICR revenue for FY07. This updated estimate was developed using actual ICR revenue generated over the first six months of FY07. Column j, FY08 Estimated Total Revenue, was derived by inflating the current estimate of FY07 ICR revenue in column b by 2%.

The amounts on Attachment 1 represent a starting point in estimating FY08 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 that may be known by the unit but not reflected on the Budget Office estimate. For budget submittal, please complete Figure 3 entitled *FY08 ICR Revenue Estimate - Response* to indicate your estimate for FY08 ICR revenue and associated rationale. The response should be submitted with the other budget materials due five working days prior to the scheduled compact/budget meetings.

Electronic reports designed to assist managers with the analysis of ICR at the unit level can be located under *Finances* at <https://www.umreports.umn.edu>.

If you have any questions regarding these instructions or calculating the ICR revenue estimate for FY07 or FY08, please call Robin Dittmann at (612) 626-9277.

**Figure 3**  
**FY08 ICR Revenue Estimate - Response**

Please use this page to verify or propose a change to the preliminary ICR revenue estimates for FY07 as shown in Attachment 1. Note, given the new budget model, the estimated ICR revenue should represent 100% of the amount generated.

Resource Responsibility Center:

1. If you agree with the proposed estimate for FY08 ICR revenue as presented in Attachment 1, please verify by recording the estimated amount of total ICR revenue.

2007-08 estimated total ICR:

2. If you do not agree with the proposed estimate for FY08 ICR revenue as presented in Attachment 1, please record a new unit estimate for total ICR revenue.

2007-08 estimated total ICR:



**Attachment 1 – ICR Estimates**

Unit estimates for fiscal year 2007-08  
*Estimated rebates have been removed*

	a	b	c	d	e	f	g	h	i	j
FY2007-08 Budget ICRForecast_FY08	FY07 Total ICR Through Period 06	FY06 Total ICR Through Period 06	FY06 Total ICR Through Period 12	FY06 PER 06 Percent of Total	FY07 Estimated Total Revenue a*(1/b)	FY07 Estimated Total Revenue a*2	FY07 Most Conservative Estimate	FY07 Budget ICR Revenue	FY07 Projected Variance to Budget	FY08 Estimated Total Revenue g * 1.02
<b><u>Coordinate Campuses @ 85.5%</u></b>										
1 Crookston	14,050	18,711	29,841	62.70%	22,407	28,100	22,407	23,612	(1,205)	1.02
2 Duluth	901,290	876,101	1,629,907	53.75%	1,676,769	1,802,580	1,676,769	1,600,000	76,769	22,855
3 Morris	37,794	27,839	63,401	43.91%	86,073	75,588	75,588	56,792	18,796	1,710,304
<b><u>Academic Health Center</u></b>										
4 Sr. VP	4,376	0	0		0	8,752	8,752	0	8,752	8,927
5 Academic Health Center-Shared	3,782,026	2,739,378	6,166,650	44.42%	8,513,769	7,564,052	7,564,052	4,898,558	2,665,494	7,715,333
6 Duluth School of Medicine	367,746	420,629	817,856	51.43%	715,032	735,492	715,032	750,000	(34,968)	729,333
7 School of Dentistry	1,200,710	1,049,192	2,164,192	48.48%	2,476,732	2,401,420	2,401,420	1,978,274	423,146	2,449,448
8 Medical School	19,003,954	18,474,343	37,532,089	49.22%	38,608,036	38,007,908	38,007,908	37,183,223	824,685	38,768,066
9 School of Nursing	379,974	257,000	543,455	47.29%	803,497	759,948	759,948	524,280	235,668	775,147
10 College of Pharmacy	835,421	878,090	1,702,738	51.57%	1,619,997	1,670,842	1,619,997	1,709,963	(89,966)	1,652,397
11 School of Public Health	5,946,809	5,734,868	11,315,322	50.68%	11,733,497	11,893,618	11,733,497	11,699,131	34,366	11,968,167
12 College of Veterinary Medicine	805,111	685,928	1,400,144	48.99%	1,643,425	1,610,222	1,610,222	1,321,645	288,577	1,642,426
13 Total Academic Health Center	32,326,127	30,239,428	61,642,446		66,113,985	64,652,254	64,420,828	60,065,074	4,355,754	65,709,245
<b><u>Executive VP and Provost</u></b>										
14 Executive VP and Provost	2,198	8,209	15,136	54.23%	4,053	4,396	4,053	2,911	1,142	4,134
15 College of Biological Sciences	2,087,300	2,175,834	4,096,490	53.11%	3,929,805	4,174,600	3,929,805	4,418,031	(488,226)	4,008,401
16 College of Liberal Arts	2,542,193	2,233,702	4,134,595	54.02%	4,705,614	5,084,386	4,705,614	4,252,740	452,874	4,799,726
17 Institute of Technology	10,677,950	10,365,121	18,176,102	57.03%	18,724,674	21,355,900	18,724,674	18,764,538	(39,864)	19,099,167
18 Agricultural Experiment Stations	1,782	1,239	2,486	49.84%	3,576	3,564	3,564	5,000	(1,436)	3,635
19 Design	85,904	85,464	146,673	58.27%	147,428	171,808	147,428	223,981	(76,553)	150,377

		a		b		c		d		e		f		g		h		i		j	
		FY07 Total ICR Through Period 06	FY06 Total ICR Through Period 06	FY06 Total ICR Through Period 12	FY06 PER 06 Percent of Total	FY07 Estimated Total Revenue a*(1/b)	FY07 Estimated Total Revenue a*2	FY07 Most Conservative Estimate	FY07 Budget ICR Revenue	FY07 Projected Variance to Budget	FY08 Estimated Total Revenue g * 1.02										
20	Education and Human Development	2,313,981	2,398,707	4,550,153	52.72%	4,389,435	4,627,962	4,389,435	4,540,110	(150,675)	4,477,224	20									
21	Food, Ag. & Nat. Resource Sciences	1,633,946	1,534,483	3,059,494	50.15%	3,257,806	3,267,892	3,257,806	3,260,663	(2,857)	3,322,962	21									
22	Carlson School of Management	90,270	78,457	197,926	39.64%	227,727	180,540	180,540	131,931	48,609	184,151	22									
23	Humphrey Institute of Public Affairs	170,605	233,686	343,265	68.08%	250,604	341,210	250,604	100,000	150,604	255,616	23									
24	Law School	98,355	60,780	155,074	39.19%	250,943	196,710	196,710	0	196,710	200,644	24									
25	Minnesota Extension Service	581,389	442,689	1,017,165	43.52%	1,335,856	1,162,778	1,162,778	903,086	259,692	1,186,034	25									
26	Bell Museum	41,966	78,145	138,907	56.26%	74,597	83,932	74,597	0	74,597	76,089	26									
27	College of Continuing Education	160	385	2,101	18.32%	873	320	320	455	(135)	326	27									
28	University Libraries	2,006	7,044	9,287	75.85%	2,645	4,012	2,645	7,000	(4,355)	2,698	28									
29	Office of International Programs	21,958	19,020	33,125	57.42%	38,242	43,916	38,242	13,820	24,422	39,007	32									
30	Total Executive VP & Provost	20,351,963	19,722,965	36,077,979		37,343,876	40,703,926	37,068,815	36,624,266	444,549	38,810,191	33									
31	VP for Research	0	0	0		0	0	0	0	0	0	34									
32	VP for System Administration	292,255	230,009	484,818	47.44%	616,021	584,510	584,510	516,541	67,969	596,200	35									
33	Campus Life	73,753	14,442	40,907	35.30%	208,906	147,506	147,506	29,119	118,387	150,456	36									
34	<b>Grand Total</b>	53,997,232	51,129,495	99,969,299		106,068,037	107,994,464	103,996,423	98,915,404	5,081,019	106,076,351	37									