



**2005-06 BUDGET INSTRUCTIONS  
PHASE II**

**OFFICE OF BUDGET AND FINANCE**

March, 2005

**IMPORTANT DATE:**

- I. Materials Due to Budget Office: April 4, 2005**



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## **2005-06 Budget Instructions: Phase II**

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## I. Budget Context

### A. Two-Year Budget Plan

The budget plan to be presented to the Board of Regents this spring will once again include an emphasis on a two-year financial framework. Specifically, the two components presented will be:

- President's *Recommended* Fiscal Year 2005-06 Operating Budget Plan
- President's *Preliminary* Fiscal Year 2006-07 Operating Budget Plan

### B. 2006-2007 Biennial Budget Request

The framework of the University's request to the state of Minnesota for fiscal years 2006 and 2007, entitled "2006-2007 Biennial Budget Partnership Proposal: Ensuring Excellence" is the basis for Phase II Budget Instructions. The premise of the proposal is that the University of Minnesota represents an economic, cultural and civic advantage to the state of Minnesota, so the state must continue to invest in the University, and in return, the University will do its part to leverage the state investment and work to preserve its strengths and comparative advantages. The core principles used in development of the proposal are:

- The University proposes a long-term, 50-50 financial partnership.
- The proposal will advance the critical needs of the University.
- The proposal will advance the University in research, education and outreach.
- The University will maintain responsibility for:
  - Costs of faculty and staff base compensation increases
  - Operation of facilities infrastructure
  - Inflationary support costs
  - Selected investments
- The State will be responsible for new funding to:
  - Support critical investments in research
  - Attract and retain top faculty, staff and students
  - Support critical investments in the infrastructure
  - Promote student access and unique educational opportunities

As submitted to the state, the 50-50 financial partnership was detailed as in the table below.

	FY06 <i>(Increase over 05)</i>	FY07 <i>(Increase over 06)</i>
University Share for Compensation & Infrastructure	\$42,000,000	\$42,000,000
State Share for:		
Biosciences for a Healthy Society	\$12,000,000	\$12,000,000
Preparing Students for the 21 <sup>st</sup> Century	6,500,000	6,500,000
Competitive Compensation	5,000,000	5,000,000
Research Support	11,500,000	11,500,000
21 <sup>st</sup> Century Technology	<u>7,000,000</u>	<u>7,000,000</u>
Total State Share	\$42,000,000	\$42,000,000

In “biennial math”, the funding from the state would equal \$126 million (2 years of the FY06 \$42 million plus one year of the incremental \$42 million for FY07).

The University’s share of this partnership would be funded through a combination of a modest tuition and University fee increase of 5.5% generating \$27 million each year and internal reallocations of \$15 million each year.

#### Governor’s Recommendation

In January, the Governor’s budget recommendation was submitted to the legislature and included an increase in the University’s appropriation for each of the next two years. Relative to the proposed increases outlined above, the Governor recommended the following:

	FY06 <i>(Increase over 05)</i>	FY07 <i>(Increase over 06)</i>
Governor’s Recommendation for:		
Biosciences for a Healthy Society	\$12,000,000	\$12,000,000
Preparing Students for the 21 <sup>st</sup> Century	6,500,000	6,500,000
Competitive Compensation	5,000,000	5,000,000
Research Support	20,000,000	(5,000,000)
21 <sup>st</sup> Century Technology	<u>0</u>	<u>0</u>
Total Governor’s Recommendation	\$43,500,000	\$18,500,000

In “biennial math”, the Governor’s recommendation would equal \$105.5 million, or 84% of our original request as described above.

In addition, the Governor included in his recommendations a one-time, \$15 million appropriation for the Mayo-University partnership. \$7.5 million of that appropriation would come to the University for activities associated with the partnership, and the remaining \$7.5 million would be passed on to the Mayo Clinic.

### C. 2005-06 Budget Framework

The first step in developing the budget for fiscal year 2005-06 is to reassess the assumptions and estimates used in building the biennial budget request. While the priority investment plans remain unchanged from what was submitted to the state, estimates for the University's compensation costs and infrastructure needs have been updated. In addition, the University will face additional cost pressures for academic investments and miscellaneous items beyond those included in the original \$42 million planning scenarios. As a result, budget assumptions for internal reallocations and for tuition/University fee increases have been changed as follows:

- Internal reallocations are now planned at a total of \$18.4 million for fiscal year 2005-06
- The tuition and University fee increase is now planned to be 7.5%

#### Impact of the Budget Framework on Tuition-Generating Units

As described above, the original plan for the biennium included a tuition increase and an internal reallocation that would cover the full cost increase related to compensation for O&M and state specials plus a variety of other academic and infrastructure investments. The assumption in this plan is that revenue gained from a tuition rate increase plus a required amount of internal reallocation would be used to cover those identified costs. Some of the costs are internal to the tuition generating unit (compensation) and some of the costs are external to the unit. Therefore, some of the tuition plus reallocation must be left in the unit, and some of the resources must be deducted from the unit's budget allocations to cover costs in other parts of the budget. All the tuition generated will continue to be attributed 100% to the units generating that tuition. As done last year, however, a reduction to the O&M base will be implemented to accomplish the balance of the plan. Figure 1 below identifies the initial calculations for each tuition-generating unit to arrive at the planned O&M reduction.

Some points regarding the calculations:

- Estimated compensation costs are based on a 3% salary increase plus the increased fringe costs assuming the fringe rates detailed on page 23.
- The proportional reallocation is based on each unit's particular share of the total O&M and State Special FY05 allocations. Tuition is not included in the base, and O&M allocations for the libraries within the Law School, Crookston, Duluth and Morris have been subtracted from the base. The permanent transfers planned for 2005-06 between TAHS and the colleges and between TAES and the colleges have been incorporated.
- The tuition estimates used in this part of the process are based on the tuition estimates on page 12. As changes are proposed in those initial estimates, any potential impact on the analysis presented here will be analyzed and **MAY** change the resulting calculations. Each proposed change to the tuition estimates will be reviewed individually.
- The administration has decided to leave the equivalent of a 1% tuition rate increase with the tuition-generating units (thereby reducing the O&M base reduction).
- The figures in column F below do not yet reflect positive budget allocations relating to new building operations, utility cost increases and other related infrastructure funding on the coordinate campuses. These units should contact the budget office for additional information regarding these allocations.

**Figure 1**  
**Impact of Budget Framework – Academic Units**

	A	B	C	D	E	F
	Estimated Compensation Costs	Proportional Reallocation on O&M/SS	Remaining Compensation Costs (A+B)	Estimated Tuition Increase	1% Tuition Rate Left With the Unit	Change in O&M Allocation -(C+D-E)
Crookston	(402,939)	248,860	(154,079)	288,180	56,156	(77,945)
Duluth	(2,653,554)	1,178,451	(1,475,103)	4,143,860	598,989	(2,069,768)
Morris	(744,395)	391,532	(352,863)	763,773	108,491	(302,419)
Rochester	(56,540)	46,284	(10,256)	27,212	4,156	(12,799)
Ag., Food & Env. Sciences	(1,280,260)	982,560	(297,700)	656,315	102,658	(255,958)
Architecture/Landscape Arch.	(199,066)	65,821	(133,245)	336,369	52,301	(150,823)
Biological Sciences	(574,349)	300,459	(273,890)	695,984	108,481	(313,613)
Carlson School of Mgmt	(1,130,695)	195,678	(935,017)	2,609,130	401,038	(1,273,075)
Continuing Education	(442,067)	109,615	(332,452)	740,269	110,170	(297,647)
Ed. & Human Development	(860,887)	207,922	(652,965)	1,742,436	262,414	(827,057)
General College	(311,464)	47,016	(264,448)	585,566	91,822	(229,296)
Human Ecology	(385,151)	131,719	(253,432)	566,296	88,000	(224,864)
Humphrey Institute	(154,113)	53,258	(100,855)	230,263	36,344	(93,064)
Institute of Technology	(2,618,399)	1,389,343	(1,229,056)	3,451,108	538,855	(1,683,197)
Law School	(447,841)	70,156	(377,685)	1,002,942	157,454	(467,803)
Liberal Arts	(3,323,911)	641,951	(2,681,960)	6,739,936	1,051,779	(3,006,197)
Natural Resources	(243,377)	192,148	(51,229)	183,601	28,727	(103,644)
Dentistry	(508,383)	282,232	(226,151)	584,764	87,523	(271,089)
Duluth School of Medicine	(236,987)	150,466	(86,521)	170,560	25,351	(58,688)
Medical School	(1,792,756)	1,397,977	(394,779)	1,746,176	256,854	(1,094,542)
Nursing	(242,651)	93,478	(149,173)	336,253	51,222	(135,858)
Pharmacy	(412,857)	132,442	(280,415)	586,870	90,361	(216,093)
Public Health	(328,204)	154,555	(173,649)	387,633	59,600	(154,384)
Veterinary Medicine	(655,121)	419,743	(235,378)	518,148	79,866	(202,904)
AHC-Shared	(194,335)	916,335	722,000	1,953	310	(723,642)

Impact of the Budget Framework on Support Units

For non-tuition generating units, the impact of the budget framework focuses on the cost of compensation. Because these units have no tuition revenue to support their cost of compensation or the planned academic and infrastructure investments, their participation in the overall budget plan is represented only by internal reallocations. The amount of required internal reallocation is equal to the estimated cost of compensation for O&M and state special funded salaries as identified below. These estimates are based on a 3% increase in salaries plus the increased fringe costs assuming the fringe rates detailed on page 23 of these instructions. These amounts will not be deducted from base O&M allocations, but instead represent the amount of compensation cost each unit will have to cover without increased resources.

Board of Regents	\$20,652	Health & Safety	\$132,513
President's Office	104,182	Public Safety	288,408
Athletics	84,949	University Services VP	108,636

General Counsel	120,161	Sr VP Academic Affairs	807,104
University Relations	233,513	Information Technology	1,003,272
Audits	75,089	University Libraries *	0
Human Resources	369,744	Student Affairs	102,804
Research	102,758	Graduate School	77,530
Budget and Finance	95,082	Ag. Experiment Station	75,531
Controller	313,292	Sr VP System Admin	451,589
Auxiliary Services	30,878	MN Extension Service	775,112
Capital Planning	53,821	Sr VP-Health Sciences	201,047
Facilities Management	2,284,105		

\* University Libraries is exempt from the internal reallocation plan.

On page 19 of these instructions, each support unit will be asked to explain their plans for implementing the internal reallocations identified above as part of their Phase II response.

### New State Funds

Should the University receive new appropriations from the state for fiscal year 2005-06, the allocation of those funds will be communicated at a later date. While plans exist around each of the investment items included in the request, final details of which units would receive funds and in what amounts have not yet been determined. Additionally, if the new appropriations are provided in amounts or categories other than those originally proposed, the initial plans would have to be modified. There is not enough information at this time for any unit to build these potential funds into budget planning.

### **D. New Institutional Budget Model**

As has been communicated through RRC manager meetings and discussions with the Deans and faculty, the University has begun a process to revise the budget decision-making model at the institutional level. In July, 2004, President Bruininks charged a working group to build a recommended model. Specifically, the charge to the group was as follows: “The goal is to build a simple and responsive budget model that supports the stated values of the institution, allows for long-term financial investments, and addresses the overhead needs of the University, while providing reliable, stable and predictable incentives for sound financial planning and strong fiscal management. The model should create appropriate incentives and disincentives to enhance the University’s excellence and use of resources.” In December, the working group recommended to the President that a revised model should be first implemented in fiscal year 2006-07 (not 2005-06 as originally hoped). The working group is continuing to meet and is beginning the process of designing specific aspects of a revised model. As pieces of a recommended model begin to take shape, consultation with the University community will increase, particularly in the May – Sept. time-frame, and then into the fall before the 2006-07 budget process begins in earnest.

An important concept to communicate at this time relates to the way the new institutional budget model connects with the Strategic Positioning efforts underway. They are not one in the same. The Strategic Positioning efforts will set the goals and objectives for the University and will begin to identify some of the strategies and tactics to achieve those goals. The Institutional Budget Model is just a set of revenue and expenditure attribution rules that assists in achieving the strategic goals and

objectives. Those rules do not in any way determine the goals and objectives. The budget model is a tool used in conjunction with Strategic Positioning, but that tool shouldn't change as policies, priorities and procedures change in response to the strategic goals and objectives.

As the University moves forward with both these efforts, the link between the two will become more apparent. Recommendations to the Board of Regents through the Strategic Positioning process may impact some of the budget decisions made for fiscal year 2005-06, and those impacts will be described in the final budget. The changes to the institutional budget model will not impact budget development until fiscal year 2006-07.

The remainder of this document outlines the materials required for submission and more of the specific planning assumptions that all units should use in planning for fiscal year 2005-06. Details contained in these instructions should be understood and considered as planning information – subject to modification should circumstances and operating assumptions change.



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## **II. Materials Due**

### **A. Tuition Revenue 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 fiscal year 2005-06 using the following information.

Figure 2 below has preliminary tuition revenue projections for fiscal year 2004-05 and fiscal year 2005-06.

The fiscal year 2004-05 tuition projections are based on end of term revenue for summer 2004 and fall 2004, beginning of term revenue for spring 2005, and modeled revenue for summer 2005. The model assumes no change in registration patterns (enrollment or credit load) by term for any campus or college.

#### **Resident Tuition Rates**

The proposed increases for fiscal year 2005-06 tuition revenue assume an overall 7.5 percent increase in the tuition rate and the university fee combined for individual, resident students with the university fee set at \$900 per year. The specific tuition rate increases used to arrive at the overall tuition and fee increase of 7.5 percent are as follows:

	\$ Increase	% Increase
Twin Cities Undergraduate	\$461	6.90%
Crookston	\$372	6.77%
Duluth	\$463	6.90%
Morris	\$535	6.98%
Rochester	\$461	6.90%
Graduate Programs	\$573	7.01%
Law	\$1,145	7.25%
Dentistry	na *	7.27%
Medicine	na *	7.27%
Pharmacy	\$966	7.20%
Veterinary Medicine	\$1,144	7.25%

\* Note that a dollar amount for Medicine and Dentistry is not shown, since students go year round and all of the other amounts are just for the academic year (i.e., fall and spring semesters). The situation in Medicine is further complicated by the fact the school is phasing in an entirely new tuition structure.

The plan for an overall 7.5 percent increase in tuition and the University Fee is based on the budget assumptions currently in use regarding the potential level of state support and projected cost increases. In the event that these assumptions change – if the estimated cost of infrastructure (including costs related to new building operations, utility and debt requirements) decrease or state support increases beyond the Governor’s recommendation – the planned increase in tuition and the University Fee may be lessened. Should this happen, the benefit of the lower rate increase will accrue to the students. Due to the nature of the funding formulas being proposed in this budget framework, the net impact on colleges would remain unchanged: the O&M reduction may be reduced, but the tuition revenue would be reduced in a like amount, leaving the net impact of the rate reduction neutral for the colleges and campuses. All colleges and campuses should plan their budgets around the variables in these instructions, and if a change in the overall rate increase is proposed by the President, additional instructions will be distributed.

#### Non-resident Students

The increase for non-resident students is set to be the same dollar increase as for resident students. This is consistent with the tuition model used for fiscal year 2004-05. For undergraduate students on each campus and first professional students in each of the University’s five first professional programs the current ratio between a resident rate and a non-resident rate was used to determine a percentage increase for non-resident students that would produce the same dollar increase as for resident students.

For example, a 7.5 percent increase in tuition and the university fee for resident undergraduate students on the Twin Cities campus is \$561. The tuition amount is \$461 with a \$100 increase in the University fee. That requires a 6.9 percent increase in the resident tuition rate and a 2.52 percent increase in the non-resident rate to produce the same dollar amount.

The specific tuition rate increases used for non-resident students are as follows:

	\$ Increase	% Increase
Twin Cities Undergraduate	\$461	2.52%
Crookston	\$372	6.77%
Duluth	\$463	2.60%
Morris	\$535	6.98%
Rochester	\$461	2.52%
Graduate Programs	\$573	3.75%
Law	\$1,145	4.42%
Dentistry	na *	4.32%
Medicine	na *	3.91%
Pharmacy	\$966	3.89%
Veterinary Medicine	\$1,144	3.62%

\* A dollar amount for Medicine and Dentistry is not shown, since students go year round and all of the other amounts are just for the academic year (i.e., fall and spring semesters). The situation in Medicine is further complicated by the fact the school is phasing in an entirely new tuition structure.

For graduate students the ratios for the basic graduate school rates were used. Modeling the increases for non-resident students is not an exact science, because of numerous variations in the rates for graduate students.

Note that projected tuition revenue under these assumptions will be somewhat less than 7.5 percent for two reasons. First, the increase in revenue is obviously less because the increases for non-resident students are less than 7.5 percent. Second, the increase in revenue is less because of the way summer tuition revenue is allocated over two fiscal years.

Summer tuition revenue is now split over two fiscal years, as required by accounting standards adopted several years ago. The split used in these projections is 50/50. So 50 percent of summer 2004 tuition revenue is allocated to fiscal year 2003-04 and 50 percent to fiscal year 2004-05; 50 percent of summer 2005 tuition revenue is allocated to fiscal year 2004-05 and 50 percent to fiscal year 2005-06; and 50 percent of summer 2006 tuition revenue is allocated to fiscal year 2005-06 and 50 percent to fiscal year 2006-07.

Finally, while the tuition revenue projections are based on actual registration patterns for individual students, the allocation of projected fiscal year 2004-05 and fiscal year 2005-06 tuition revenue for Twin Cities colleges/units is based on the IMG allocation pattern for each term for fiscal year 2004-05. This proportional allocation between colleges is necessary because students take courses outside their college of registration.

#### Analyzing and/or Modifying the Tuition Estimates

There are two main areas of analysis that must be considered when determining the college's fiscal year 2005-06 tuition revenue estimate:

- Rate changes from fiscal year 2004-05 to fiscal year 2005-06, and
- Enrollment changes from fiscal year 2004-05 to fiscal year 2005-06

## 1. Rate changes from fiscal year 2004-05 to fiscal year 2005-06

For planning purposes, the tuition rate increases from fiscal year 2004-05 to fiscal year 2005-06 are those shown in the tables above.

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 7.5% for programmatic reasons (e.g., market factors). Such proposals will be reviewed on an individual basis.

If a college chooses to deviate from the recommended rate increase, please note the budget balancing issues identified on page 6. If a proposed rate is lower than the rates described above, the college or campus may generate less of an increase in tuition revenue than was used to determine the reduction to the college's O&M allocation. Just as last year, this shortfall will have to be managed by the college or campus because the amount of O&M reduction for each college is based on the overall 7.5% revenue increase and the calculations on page 6, regardless of how an individual college may choose to change the proposed tuition estimates. This scenario is also true in the reverse case in which a college proposes a rate increase higher than the 7.5%. Tuition revenue generated in excess of the amount needed for budget balancing will remain with the college.

## 2. Enrollment changes from fiscal year 2004-05 to fiscal year 2005-06

Under IMG, 25% of a student's tuition is attributed to that student's college of registration. 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 the estimates on Figure 2, stable enrollment was assumed. Enrollment increases factored into revised estimates will not be included in the budget balancing calculations for purposes of the O&M reduction and revenues derived from enrollment increases will remain with the College.

### University Fee

For planning purposes, it may be necessary to factor in proposed changes to the University Fee when contemplating a tuition rate increase different than those identified above. The University Fee is planned to increase from \$800/yr. to \$900/yr., for fiscal year 2005-06 for all campuses. Just as last year, the revenue generated at the coordinate campuses through this fee will be directly allocated to coordinate campus accounts. However, O&M allocations for the coordinate campuses will then be reduced by an amount corresponding to the \$100 increase in the fee. Questions about implementing the increased fee given this accounting model should be directed to a budget officer.

**Figure 2  
Tuition and U Fee Revenue Estimates Fiscal Year 2005-06**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	<b>Unit</b>	<b>FY2004-05 Tuition Estimate</b>	<b>Incremental Change To FY2005-06</b>	<b>FY2005-06 Tuition Estimate</b>
	Crookston	\$5,615,587	\$288,180	\$5,903,767
	Duluth	59,898,897	4,143,860	64,042,757
	Morris	10,849,124	763,773	11,612,897
	Graduate School	394,982	25,447	420,429
	Ag., Food & Env. Sciences	10,265,769	656,315	10,922,084
	Architecture/Lndscp Arch.	5,230,065	336,369	5,566,434
	Biological Sciences	10,848,115	695,984	11,544,099
	Carlson School of Management	40,103,841	2,609,130	42,712,971
	Continuing Education	11,016,975	740,269	11,757,244
	Education & Human Dev.	26,241,417	1,742,436	27,983,853
	General College	9,182,182	585,566	9,767,748
	Human Ecology	8,799,977	566,296	9,366,273
	Humphrey Institute	3,634,408	230,263	3,864,671
	Institute of Technology	53,885,546	3,451,108	57,336,654
	Law School	15,745,420	1,002,942	16,748,362
	Liberal Arts	105,177,923	6,739,935	111,917,858
	Natural Resources	2,855,330	182,499	3,037,829
	Bell Museum	17,387	1,102	18,489
	Dentistry	8,752,348	584,764	9,337,112
	Duluth School of Medicine	2,535,097	170,560	2,705,657
	Duluth Pharmacy	341,101	21,459	362,560
	Medical School	25,685,415	1,746,176	27,431,591
	Nursing	5,122,229	336,253	5,458,482
	Pharmacy	8,695,032	565,411	9,260,443
	Public Health	5,960,030	387,633	6,347,663
	Veterinary Medicine	7,986,599	518,148	8,504,747
	Health Sciences – Sr VP	329,713	21,556	351,269
	AHC-Shared	31,025	1,953	32,978
	Executive VP and Provost	252,767	15,905	268,672
	Research	11,236	708	11,944
	Rochester	415,644	27,212	442,856
	<b>Total</b>	<b>\$445,881,181</b>	<b>\$29,159,212</b>	<b>\$475,040,393</b>
	<b>University Fee Estimates</b>			
	Twin Cities Campus	\$36,886,150	\$5,374,633	\$42,260,783
	Crookston Campus	887,388	122,188	1,009,576
	Duluth Campus	7,629,903	1,051,201	8,681,104
	Morris Campus	1,421,893	193,056	1,614,949

Phase II Response

For the Phase II response, complete Figure 3 to indicate your estimated tuition revenue for fiscal year 2005-06 (intersession/summer session and regular session). The response should be prepared to indicate whether or not the college agrees with the estimate that appears on Figure 2, and if not, present an alternative estimate and include all relevant assumptions and rationale.

**Figure 3**  
**Fiscal Year 2005-06 Tuition Revenue Estimate – Response**

Please use the following format to submit a tuition revenue estimate for fiscal year 2005-06.

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

Budget Office estimate of tuition revenue for fiscal year 2005-06 \$  
(See column D of Figure 2)

Collegiate estimate of tuition revenue for fiscal year 2005-06 \$

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.

Please remember, changes the college chooses to make to rate or enrollment, will not affect the amount deducted from the 2005-06 O&M allocation. Estimated tuition revenue that is less than the Budget Office estimate due to rate or enrollment adjustments will need to be recovered within the college because the O&M reduction will not be changed. Alternative plans to meet that O&M reduction assuming a tuition rate lower than the rates identified above should be included as part of the proposal.

## **B. ICR Revenue Estimates**

### New Rate Development

In November 2004, the University signed a new Facilities and Administrative (F&A) rate agreement with the Federal Department of Health and Human Services (DHHS). Effective November 15, 2004 the F&A rate charged to new federal grants increased to 49.5% from 48.5%. This new rate only applies to new grants. Any grant previously awarded at the old 48.5% rate will continue to use the 48.5% rate through the end of the grant.

### IMG Distribution of Indirect Cost Revenue for Fiscal Year 2005-06

Because it takes several years for the majority of active grants to roll over to a new F&A rate, the IMG distribution percentages for ICR will remain 49.5% to the college and 50.5% to central administration for fiscal year 2005-06. For coordinate campuses, the 2005-06 IMG distribution percentages will remain at 85.5% to the coordinate campus and 14.5% to central administration. In the case of the Duluth School of Medicine, 49.5% will be distributed to the Duluth School of Medicine, 36% will go to the Duluth campus, and central administration will receive 14.5%.

As discussed earlier in the document, the Internal Budget Model Working Group is currently exploring several options for redefining the budgeting process at the University. The disposition of ICR revenue is part of that analysis, and therefore any future change in the IMG distribution rates will depend upon the outcomes of budget model discussions. Absent a new budget model, current policy would have the IMG distribution percentages change to reflect the distribution of the individual components of the new 49.5% F&A rate effective for fiscal year 2007-08.

### Budgeting for ICR Revenue

During Phase II of the budget process each unit that generates ICR revenue must develop an estimate of how much ICR they expect to generate in the coming fiscal year. Attachment B at the end of this document provides an estimate developed by the Budget Office of fiscal year 2005-06 total ICR revenue. Column b presents an updated estimate of total annual ICR revenue for fiscal year 2004-05 ICR. This updated estimate was developed using actual ICR revenue generated over the first six months of fiscal year 2004-05 and includes both the collegiate and central share of the revenue. Column d, fiscal year 2005-06 Total ICR Revenue, was derived by inflating the current estimate of fiscal year 2004-05 ICR revenue in column b by 2%. Columns h and i show how the budgeted revenue in column d would be allocated via the IMG model between the collegiate unit and central administration.

The amounts on the attached schedule represent a starting point in estimating 2005-06 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 Phase II, please complete Figure 4 entitled *Fiscal Year 2005-06 ICR Revenue Estimate* to indicate your estimate for 2005-06 ICR revenue and associated rationale.

### Distribution of ICR for Grants Associated with an Off-Campus ICR Rate

For a variety of reasons, research is occasionally conducted in facilities that do not belong to the University. When this happens, the cost of the space where the research is housed is paid for as a direct charge to the grant. Since the rent for the space is charged directly to the grant, the grant does

not contribute the facilities portion of the F&A rate to the University. This scenario results in a different, lower F&A rate on grants associated with non-University space. The existing policy regarding distribution of ICR revenue associated with research designated as off-campus activity will also remain in place for fiscal year 2005-06. That is, for units that had off-campus ICR revenue in fiscal year 1997-98, the amount of off-campus ICR generated in fiscal 2005-06 will be split with central administration on a 49.5% (unit): 50.5% (central) basis up to the point in which central receives the same amount of ICR that was received in fiscal year 1997-98. All off-campus ICR in excess of the 1997-98 amounts will then be distributed 77% to the generating unit and 23% to central administration.

An estimate of the additional ICR revenue that will be available to the collegiate units in fiscal year 2005-06 as a result of this policy can be seen in column g of Attachment B.

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 fiscal year 2005-06, please call Robin Dittmann at (612) 626-9277.

**Figure 4**  
**Fiscal Year 2005-06 ICR Revenue Estimate - Response**

Please use this page to verify or propose a change to the Phase II preliminary ICR revenue estimates for 2005-06 as shown in Attachment B. Note, it is important that each unit record both an estimate of total ICR revenue that the unit expects to generate in fiscal year 2005-06 (column d) as well as the portion that will be distributed to the unit (column h) (49.5% or 85.5%)

Resource Responsibility Center:

1. If you agree with the proposed estimate for 2005-06 ICR revenue as presented in Attachment B, please record the estimated amount of total ICR revenue and the amount of ICR to be directed to the RRC below.

2005-06 estimated total ICR:

2005-06 unit portion (49.5% or 85.5%):

2. If you do not agree with the proposed estimate for 2005-06 ICR revenue as presented in Attachment B, please record a new unit estimate for total ICR revenue as well as the amount of ICR to be directed to the RRC below.

2005-06 estimated total ICR:

2005-06 unit portion (49.5% or 85.5%):

## **C. Rate and Fee Proposals**

**No new rate or fee shall be collected and no existing rate or fee shall be increased unless it is reported in the budget submittal and approved by the Senior Vice Presidents, the President and the Board of regents during Phase II of the budget process.**

1. Internal Service Organizations' Rates: As previously communicated in the Phase I Budget Instructions, the Controller's Organization has categorized the internal sales activity into two groups: 1) departments with orgs generating \$300,000 or more of annual internal sales and 2) departments with orgs generating less than \$300,000 of annual internal sales. At this point, ISOs meeting the \$300,000 threshold should submit a summary of their major rates for FY03-04, FY04-05 and proposed for FY05-06, including a comparison of the rates, and the percentage increases or decreases each year. "Major rates" are those associated with the product lines that generate the majority (75-80%) of annual revenues for the ISO. ISOs with less than \$300,000 in annual revenues should submit any rates that are new for fiscal year 2005-06 and/or anticipated increases in a current rate that exceeds 3%. (For more detailed instruction on ISO rates and the format for submittal, please refer back to the Phase I Budget Instructions.)

### 2. Course and College Fees

Each unit owning **college, 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 submit this information using the web site fee request system found at <https://intranet.oess.umn.edu//osf/fee/>. 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.

The Fee Request and Approval system will be used to capture all student fee information and helps ensure that units receive the fee revenues approved in the annual budget process. This year the fees owned by each college and approved for fiscal year 2004-05 have been rolled over in the system to fiscal year 2005-06 as pending fees. They are ready to be approved as is, or they can be edited or deleted.

The following data is necessary for fee setup:

- The CUFS account number (fund, area, org, suborg [optional], revenue source and subrevenue) where the fee revenue is to be recorded.
- The amount of the fee.
- The amount of expected revenue for term fees (fees not associated with a particular course or class). Expected revenue is not required for course and class fees.
- The semesters that the fee should be charged.
- Rate structure (example, is this fee a flat fee or a per credit rate? Are different amounts charged at different credit levels?).
- For course fees, the course subject and designator (for example ACCT 2050). If there are multiple components, the component to attach the fee to must be identified. If fees must be broken down to a section level, the section numbers are necessary.

- The method of assessment, that is, 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?

Additional information and instructions, including procedures designed to minimize data entry, can be found on the website referenced above. This site will also be used to capture any late changes or clarifications to fees that are made throughout the year (currently handled via email) and will provide a more accurate, up-to-date review of the fees that have been approved for the previous year.

After fees are submitted, the relevant budget officer in the Office of Budget and Finance will receive an e-mail message indicating that a proposal is awaiting action. After approval is given, the RRC manager will be able to go online and see the results. A report listing the final fee approvals will be generated for review by the Board of Regents. It is this final list of fees that will be entered into PeopleSoft for fiscal year 2005-06 implementation.

Please keep in mind, proposals for new course fees must meet the parameters established in Regents Policy – course fees must be designed to recover specific costs. They can be assessed for the purposes of paying for transportation related expenses associated with field trips, paying for expendable materials utilized in instruction, or addressing cost demand for services such as music lessons or access to very specialized equipment. The appropriate rationale for a proposed new fee will need to be entered into the web request system in order for your request to be considered.

**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 the fee request system and approved by the Regents may not be implemented until the next budget year.**

#### **D. Technology Fee Processes**

Listed below are the units with Board approved technology fees for fiscal year 2004-05. In an effort to better understand how technology fees are being set and used on campus, the units listed should submit a brief narrative summary of the processes around setting and allocating these technology fees. In responding, please be as brief and complete as possible and address the following questions:

- Who is involved in the fee setting process?
- How is the proposed fee amount determined?
- What is the final approval process for the fee levels?
- What method or process is used to allocate the fee revenue within the college?
- Are there any unique aspects of the technology fee process that should be included in a summary?

When the initial set of technology fees were created, there was a general understanding of the rationale for the fees, what the processes entailed and who was involved. As the technology fees have been in place a number of years now and have grown in dollar amount, this request for information is intended to determine if the initial understandings are still valid and will serve as the basis for a University level summary of such fees.

### Units with Board approved technology fees:

Duluth	General College
Morris	Human Ecology
Crookston	Humphrey Institute
Rochester	Institute of Technology
Ag., Food & Environmental Sciences	Law School
Architecture/Landscape Architecture	Liberal Arts
Biological Sciences	Medical School
Carlson School of Management	Natural Resources
College of Continuing Education	Public Health
Education & Human Development	

### **E. Impact of Internal Reallocation for Compensation Costs**

As mentioned earlier in the “Framework” section of the instructions, for budget planning purposes it is assumed that each tuition-generating unit will cover their own cost of compensation increases with an internal reallocation of funds and increased tuition revenue. Non-tuition generating units will also be responsible for their proposed compensation increases by internally reallocating resources.

On page 6 of these instructions, a list of the estimated compensation increase for O&M and State Special funds for fiscal year 2005-06 for support units was provided. These numbers, in essence, represent the amount of the reallocation that each unit will need to cover for fiscal year 2005-06. There will be no central allocation of funding to cover these increases.

In finalizing the budget, the Senior Vice Presidents and the President would like to consider the potential impacts of this decision. Therefore, each unit with an estimated compensation cost increase on page 6 should submit a brief narrative response describing how these costs will be covered and outlining the estimated impact. Be as specific as possible as to the impact on staffing levels, service levels and/or programming levels. At this point in the process, do not offer solutions to raise other revenues or pass tasks on to some other unit(s) to address the potential reductions, but instead, respond with the cost saving mechanisms that would be implemented and the negative impact on any capacity within current resources that would be realized. There is no set format for this response. A brief explanation provided in one page or less will suffice.

### **F. Significant Anticipated Interfund Transfers**

In a response to the fiscal year 1999-2000 Deloitte and Touche Management Letter, the University includes in the Phase II Budget Instructions, as part of an expanded oversight process, a request for RRCs to report on any significant anticipated interfund transfers for the upcoming fiscal year. The primary focus of the review is on identifying and monitoring transfers from current funds to noncurrent funds.

The current funds of the University are the unrestricted and restricted operating funds – those used by all units in the day-to-day operation of the University. They include four major categories: 1) the unrestricted centrally distributed and attributed funds of O&M, tuition, ICR, central reserves; 2) the self-sustaining funds of ISOs, auxiliaries, miscellaneous sales and services, etc.; 3) the non-sponsored

restricted funds of endowment earnings, state specials, federal appropriations, gifts, etc., and 4) sponsored funds. Noncurrent funds are less widely used across units. They include the categories of: 1) loan funds, 2) endowment and similar funds, and 3) plant funds.

To help once again in reporting information on interfund transfers, please review budget plans for fiscal year 2005-06 and submit a list and explanation of all planned transfers from current to noncurrent funds of \$100,000 or greater. This list is due to the Budget Office with the rest of the Phase II responses, as indicated below. Throughout the year, all actual transfers between the current and noncurrent funds will be reviewed by the Budget Office, with those over \$1,000,000 requiring approval by the CFO and Treasurer.



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### **III. Submittal Check List and Due Date**

Final budget submittals (individual items listed below) are due to the Budget Office by Monday, April 4, 2005. Please submit directly to the relevant budget officer. It is expected that the Senior Vice Presidents may establish internal timelines to coincide with the institutional deadlines.

- \_\_\_\_\_ Tuition Revenue Estimates
- \_\_\_\_\_ ICR Revenue Estimates
- \_\_\_\_\_ Rate and Fee Proposals
- \_\_\_\_\_ Technology Fee Processes
- \_\_\_\_\_ Impact of Internal Reallocation for Compensation Costs
- \_\_\_\_\_ Anticipated Interfund Transfers



## Appendix A Special Instructions

**1. Salary and Fringe Benefit Assumptions:** Information in this document related to compensation matters has been prepared for budgeting 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.

For planning purposes, the budget currently under development assumes the following general salary increases:

	<u>FY06</u>
Non-faculty academic employees	3.0%
Civil Service/Bargaining Unit Employees	3.0%
Faculty	3.0%

A separate set of documents attached to these instructions (Attachment A) outlines the details of implementing the salary plan for fiscal year 2005-06. Please refer to those documents for specifics.

Projected fringe benefit rates for fiscal year 2005-06 for use in budget planning are outlined below. See Figure 5 on page 23 for a breakdown of the components of the rates.

	<u>Projected 2005-06</u>
Civil Service (and undergraduate students)	34.9%
Academic	33.0%
Graduate Assistant	
Health	12.0%
FICA	7.5%*
Tuition	\$11.10 per hr.

\* The indicated rates for graduate students include 7.5% for Social Security and Medicare (FICA). The combined FICA rate for undergraduate students, included in the civil service rates above is 7.3% for 2005-06. Graduate and undergraduate students employed at the University will be exempt from FICA withholding on their University wages, and therefore, their salaries will not be assessed for the employer's share of FICA, if they meet the following test:

- (1) Enrolled for at least 6 credits per semester if an undergraduate student; or
- (2) Enrolled for at least 3 credits per semester if a graduate student (one credit for Ph.D. candidates working on a dissertation)

Pursuant to Revenue Procedure 2005-11, issued by the IRS on December 21, 2004, the University no longer applies an “hours worked” limitation. Questions regarding the withholding requirements may be directed to Karen Klein in Payroll Services (625-7549) or Kelly Farmer in the Tax Department (624-1053).

**Figure 5**  
**2005-06**  
**Fringe Benefit Rates by Component**

<b>2004-05 Actual</b>	<b>CIVIL SERVICE</b>	<b>ACADEMIC</b>	<b>GRADUATE ASSISTANT</b>
Retirement	4.1	13.3	--
Group Life & Disability	--	0.5	--
Workers Compensation	.9	--	--
Unemployment	--	0.8	--
Social Security	6.0	5.4	5.9
Medicare	1.4	1.5	1.4
Tuition	1.5	0.4	**
Health Insurance	17.9	10.6	14
Vacation	.7	.3	--
	32.5	32.8	21.3
<b>2005-06 Proposed</b>	<b>CIVIL SERVICE</b>	<b>ACADEMIC</b>	<b>GRADUATE ASSISTANT</b>
Retirement	4.1	13.5	---
Group Life & Disability	---	.8	---
Workers Compensation	1.3	---	---
Unemployment	.7	.4	---
Social Security	5.9	5.3	6.1
Medicare	1.4	1.5	1.4
Tuition	1.5	.5	**
Health Insurance	18.9	10.6	12
Vacation	1.1	.4	---
	34.9	33.0	19.5
<b>2006-07 Projected</b>	<b>CIVIL SERVICE</b>	<b>ACADEMIC</b>	<b>GRADUATE ASSISTANT</b>
Retirement	4.3	13.4	---
Group Life & Disability	---	.7	---
Workers Compensation	1.2	--	---
Unemployment	.3	.3	---
Social Security	6.3	5.4	6.1
Medicare	1.5	1.6	1.4
Tuition	2.1	.6	**
Health Insurance	19.7	11.3	18.6
Vacation	1.1	.4	---
	36.5	33.7	26.1

\*\* Graduate Student tuition remission is a flat charge per hour the student works.

## Budgeting for Graduate Student Remission Charges:

Graduate assistants qualify for tuition benefits according to the number of hours worked per semester, with 100% tuition benefits earned for 390 hours (20 hours per week for 19.5 weeks, which is a 50% appointment.) Students appointed between 97.5 and 390 hours per semester will receive prorated tuition benefits; for example a 12.5% appointment (97.5 hours) would receive one quarter of the tuition amount and a 25% appointment (195 hours) would receive half tuition. As in the past, students appointed below the 12.5% level will not receive tuition benefits. Those students appointed between 12.5% and 25% only get the hourly benefit toward resident tuition. A student must have a 25% appointment (195 hours) in order to qualify for the waiver of non-resident tuition. All graduate assistants will be required to be on biweekly payroll. It is possible to move individuals currently at the University to “positive pay” to avoid requiring them to begin keeping a timecard.

Graduate assistants will be required to register for at least 6 credits (except for those in the special advanced Ph.D. categories described below.) Students (such as masters students who have completed their coursework and thesis credits and part-time students) may petition to the Graduate School to register for fewer credits.

### **Charges to Employers**

1. The fringe benefit charge for tuition is a flat hourly rate that is set to recover the tuition benefit which the graduate assistant earns. To recover next year’s projected \$4,823 semester benefit (graduate school tuition plus the University fee) for 390 hours of work requires a tuition fringe rate of \$11.10 per hour. Because tuition rates have not yet been approved by the Board of Regents, the rate of \$11.10 is preliminary and reflects our best estimate at the time these instructions were written. This hourly rate will be charged to employers for every hour of work, even if the student works less than 12.5% or more than 50% time. Anticipated charges for graduate student tuition remission should be budgeted in object code 7102.

2. The graduate assistant health insurance benefits program will continue with similar benefits for graduate assistants and their enrolled dependents; the student will again pay 5% of the plan premium. The plan administrator will again be Blue Cross Blue Shield of Minnesota. The health fringe rate for fiscal year 2005-06 will be 12% of salary.

### **Ph.D. Candidates**

1. Once a Ph.D. student has passed the preliminary oral exam and completed 24 doctoral thesis credits he/she is eligible for employment in one of three job classes at a significantly lower tuition fringe cost. The student would receive the value of one credit of tuition. This benefit would be prorated for those appointed less than 50% time, as noted above. The employer would pay a corresponding hourly fringe rate estimated at \$1.79.

### **Summer**

1. The full benefit for 260 hours of graduate assistant employment during the 13 week summer period will equal the previous year’s semester value. Students who work fewer than 260 hours will 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 will pay the same \$11.10 hourly fringe rate on these job classes.

2. In order to avoid unnecessary tuition fringe charges for graduate assistants who don't need to register during the summer, four job classes are available for that period only. They carry no tuition benefit or tuition fringe charge, but of course they must then incur FICA taxes because the employee is not a registered student. For graduate assistants who do need to register during the summer, the regular year-round job classes should be retained. Health insurance coverage and fringe charge continues on both sets of job classes.

3. Summer session teaching assistants pose a unique problem because their entire salary (as with summer session faculty) is paid (at a higher hourly rate) in the 200 hours of a five-week term. To provide the same tuition benefit that a comparable graduate assistant would earn for teaching a course during fall, winter or spring quarters, requires charging a higher hourly fringe rate (\$26.31 for 2005-06) on those recorded 200 hours of teaching during the summer session. They end up with the same total pay and benefits as in other semesters and summer session departments will pay the same total fringe charge.

### **Professional Program Assistantships**

1. The job classes of Medical Fellow and Dental Fellow are clinical residency positions that typically involve 100% time appointments. Therefore, the fringe rate has been set to recover the tuition costs over 780 hours of work per semester.

2. Students pursuing professional post-baccalaureate degrees outside the Graduate School (such as JD or MBA) do not generally need the teaching or research experiences as preparation for their future careers. A specific job class, Professional Program Assistant, is for such students in those professional degree programs who are employed within their college of registration. These positions will carry no tuition benefit or fringe charge, but will be included in the graduate assistant health benefit program for students whose appointments are 25% time or greater.

The above information is summarized in table format in Figure 8 of these instructions. For questions about this policy, please contact George Green, Associate Dean in the Graduate School (625-7368 or [green007@umn.edu](mailto:green007@umn.edu).)

**Figure 6**  
**Graduate and Professional Student Fringe Table**  
**Tuition Fringe as Dollar per Hour Charge**  
**Fiscal Year 2005-06**

	<b>Tuition</b>	<b>Health</b>	<b>Social Security Medicare</b>	<b>Total % Fringe</b>
<b><u>Summer Only</u></b>				
9571 Summer Quarter TA	\$0.00	12.0%	7.5%	19.5%
9572 Summer Quarter RA	\$0.00	12.0%	7.5%	19.5%
9573 Summer Quarter AF	\$0.00	12.0%	7.5%	19.5%
9574 Summer Quarter TA w/ T. Ben	\$26.31	12.0%	7.5%	19.5%
9575 Summer Session TA w/o T. Ben	\$0.00	12.0%	7.5%	19.5%
<b><u>Academic Year and Summer Quarter</u></b>				
9511 Teaching Assistant (TA)	\$11.10	12.0%	7.5%	19.5%
9515 Graduate Instructor	\$11.10	12.0%	7.5%	19.5%
9517 Ph.D. Cand. Graduate Instructor	\$1.79	12.0%	7.5%	19.5%
9518 Advanced Masters TA	\$1.79	12.0%	7.5%	19.5%
9519 Ph.D. Cand. w/24 thesis cred. TA	\$1.79	12.0%	7.5%	19.5%
9521 Research Assistant (RA)	\$11.10	12.0%	7.5%	19.5%
9526 Graduate Research Project Asst.	\$11.10	12.0%	7.5%	19.5%
9527 Ph.D. Cand. Grad Research Asst.	\$1.79	12.0%	7.5%	19.5%
9528 Advanced Masters RA	\$1.79	12.0%	7.5%	19.5%
9529 Ph.D. Cand. w/24 thesis cred. RA	\$1.79	12.0%	7.5%	19.5%
9531 Administrative Fellow (AF)	\$11.10	12.0%	7.5%	19.5%
9532 Advanced Masters AF	\$1.79	12.0%	7.5%	19.5%
9533 Ph.D. Cand. w/36 thesis cred. AF	\$1.79	12.0%	7.5%	19.5%
9535 Professional Program Asst.	\$0.00	12.0%	7.5%	19.5%
9538 Legal Project Assistant w/T. Ben	\$20.59	0.00%	7.5%	7.5%
9539 Legal Project Assistant w/o T. Ben	\$0.00	0.00%	7.5%	7.5%
9553 Dental Fellow	\$11.10	0.00%	0.00%	0.00%
9554 Med Fellow, Graduate Program	\$5.56	0.00%	7.5%	7.5%
9559 Med Resident, Graduate Program	\$5.56	0.00%	7.5%	7.5%

FICA assessed only if student fails test for exclusion. Graduate students employed at the University will be exempt from FICA withholding on their University wages, and therefore, their salaries will not be assessed for the employer's share of FICA, if they meet the following test:

- Enrolled for at least 6 credits per term if an undergraduate student; or
- Enrolled for at least 3 credits per term if a graduate student (one credit for Ph.D. candidates working on a dissertation)

Social Security and Medicare components are 6.1% for FICA and 1.4% for Medicare (7.5% total)

## 2. Utility Rates

The utility rates listed below:

- Are only applicable for those units on the Twin Cities campus which currently pay Facilities Management for utilities or have an arrangement to make such a payment to Facilities Management;
- Will be effective July 1, 2005;
- Will be used in billings that are based upon actual consumption;
- Are established on a cost recovery basis, and
- Represent average billing rates for electricity and water/sewer. Monthly rates will vary slightly based upon University and zone consumption patterns.

Questions on utility rates should be directed to Twila Jensen, Facilities Management, at 625-9514.

	<u>FY2004-05 Current Rate</u>	<u>FY2005-06 Estimated Rate</u>
Steam – 1,000 lbs. of steam (MLB)	\$18.87	\$20.00
Electric Kilowatt Hours (KWHR)	.0625	.0641
Water & Sewer Hundred Cubic Feet (CCF) avg.		
Minneapolis Campus	6.39	6.98
St. Paul Campus	2.99	3.25
Chilled Water	.68	.70

## 3. Planning for the Enterprise System Assessment

The Enterprise Systems Assessment has been established as a permanent systematic method of assessing units for the purpose of paying for the development, implementation, maintenance and replacement of institutional business systems.

The assessment rate for fiscal year 2005-06, as well as the current methodology, will remain the same as the rate and methodology used in fiscal year 2004-05. The following assumptions should be built into the fiscal year 2005-06 plans at this time:

- Estimated assessment cost of **1.25%** of projected fiscal year 2005-06 salaries
- Object code used for budgeting the expected assessment is **8610** – Administrative Fees
- Assessment is on **actual** salary expenditures in the following fund classes, with a few individual account exceptions:

**GOM** – General Operations & Maintenance – funds 1000, 1001, 1002, 1003

**GOM** – University Fee Income – funds 1005, 1006, 1007, 1008

**GOM** – Tuition Income – funds 1010-1013

**AUX** – Auxiliaries – funds 1100-1125, 1163

**ICR** – Indirect Cost Recovery – funds 1040-1043

**RSS** – Restricted State Specials – funds 1521-1526; 1528-1533; 1535-1540; 1543-1549, 1556-1558 (this excludes LCMR funds 1520, 1527, 1534, and 1542)  
**UNR** – Other Unrestricted – funds 1021, 1022, 1190, 1194-1198  
**Funds 1570 and 1571** – Private Practice

- Assessment occurs near the end of an accounting period based on actual salary expenses in that month. Both debits and credits to salaries are included in the assessment calculation.

Salary expense used in the calculation will include the following object codes with all the related subobject codes except subobject 50 (Workstudy):

- 7000 – Academic Salaries
  - 10 – Professional/Administrative
  - 20 – Ranked Faculty
  - 30 – Student-graduate
- 7005 – Academic Salaries-Stdts-Grad/Prof/Trng
  - 10 – Grad/Prof/Trng
- 7010 – Civil Service & Union Salaries
  - 10 – Civil Service
  - 30 – Union Represented
- 7015 – Undergraduate Student Employees
  - 10 – Academic
  - 20 – Civil Service

Questions regarding the Enterprise Assessment process can be directed to the FSS Helpline at 624-1617.

#### **4. Planning for Internal Revenue Sharing**

Beginning in fiscal year 1999-2000, the institutional revenue sharing (IRS) plan was implemented. The purpose of this plan is to recognize that there are certain costs at the institutional level that result in benefits throughout the University, and that each unit should share in the responsibility of covering those costs.

For fiscal year 2005-06, the IRS rate assessed on academic units will remain at 8.5% assessed on revenue codes 4000 – 5899, plus 5985. As in previous years, adjustments will be made for tuition and indirect cost revenue to ensure that this revenue is not taxed twice.

The rate assessed on sales and services revenue will remain at 3.75% in fiscal year 2005-06. This 3.75% sales and services assessment will still be collected as an automatic monthly assessment on a narrow revenue base in fund groups AUX, UNR, and Private Practice (1570 & 1571). For academic units, the amount collected through this automatic assessment of 3.75% will be deducted from the total amount owed at the end of fiscal year 2005-06.

Two documents on the Budget Office web site (Institutional Revenue Sharing and Enterprise Assessment Parameters) provide a complete list of which funds and revenue codes will be included in the calculation of the IRS assessment. These documents can be found at [www.budget.umn.edu](http://www.budget.umn.edu) under “current documents”. Figure 7 below provides estimated IRS assessments for fiscal years 2004-05 and 2005-06. The IRS assessment should be budgeted as object code 8611, Institutional Revenue Sharing.

Beginning in fiscal year 2005-06, a number of permanent transfers of O&M and state special allocations will be made between TAHS and colleges within the Academic Health Center. These significant transfers will increase the revenues charged the academic IRS rate because TAHS is not subject to that higher rate. For next year, the incremental revenue moving to the academic rate in the affected colleges will be assessed at 1%, rather than 8.5%. The assessment for the colleges involved will initially be calculated at the higher 8.5% rate as indicated below in column c, but a manual adjustment will be made to those assessments, backing out 7.5% of just that incremental revenue. The manual adjustment to be made to the projected overall assessment is identified in column d.

**Figure 7**  
**Institutional Revenue Sharing Estimates – Fiscal Year 2005-06**

	FY2004-05 Estimated IRS Assessment a	FY 2005-06 Incremental Increase B	FY 2005-06 IRS Assessment c = (a + b)	FY 2005-06 TAHS Adj. d		
<b><u>Academic Units</u></b>						
1	Crookston	\$1,395,362	\$26,008	\$1,421,370	1	
2	Duluth	\$10,538,151	\$263,978	\$10,802,129	2	
3	Morris	\$2,242,058	\$52,286	\$2,294,344	3	
4	Duluth School of Medicine	\$748,008	\$30,507	\$778,515	(\$16,875)	4
5	School of Dentistry	\$2,384,335	\$160,857	\$2,545,192	(\$10,800)	5
6	Medical School	\$10,533,742	\$977,722	\$11,511,464	(\$1,284,425)	6
7	School of Nursing	\$787,651	\$56,214	\$843,865	(\$47,550)	7
8	College of Pharmacy	\$1,443,611	\$143,178	\$1,586,789	(\$121,425)	8
9	School of Public Health	\$1,550,687	\$52,926	\$1,603,613	(\$30,000)	9
10	College of Veterinary Medicine	\$3,280,442	\$369,414	\$3,649,856	(\$54,375)	10
11	Subtotal	\$20,728,476	\$1,790,818	\$22,519,294	(\$1,565,450)	11
12	Agricultural Experiment Stations	\$3,442,936	(\$3,139,389)	\$303,547		12
13	Architecture and Landscape Arch.	\$807,493	\$28,963	\$836,456		13
14	College of Biological Sciences	\$2,123,002	\$74,831	\$2,197,833		14
15	College of Educ and Human Dev.	\$3,533,888	\$129,883	\$3,663,771		15
16	College of Human Ecology	\$1,101,137	\$237,107	\$1,338,244		16
17	College of Liberal Arts	\$11,891,180	\$326,078	\$12,217,258		17
18	College of Natural Resources	\$687,929	\$368,224	\$1,056,153		18
19	College of Agriculture and Food Sci.	\$2,402,777	\$2,513,357	\$4,916,134		19
20	Carlson School of Management	\$5,462,440	\$203,349	\$5,665,789		20
21	Minnesota Extension Service	\$3,224,073	(\$34,522)	\$3,189,551		21
22	General College	\$986,505	\$26,054	\$1,012,559		22

IRS Estimates continued	FY2004-05	FY 2005-06	FY 2005-06	FY 2005-06	
	Estimated	Incremental	IRS Assessment	TAHS Adj.	
	IRS Assessment	Increase	IRS Assessment		
	a	B	c = (a + b)	d	
23	Humphrey Institute of Public Affairs	\$776,113	(\$4,057)	\$772,056	23
24	Institute of Technology	\$10,902,495	\$200,853	\$11,103,348	24
25	Law School	\$1,891,534	\$24,017	\$1,915,551	25
26	College of Continuing Education	\$1,651,278	\$134,630	\$1,785,908	26
27	Subtotal	\$50,884,780	\$1,089,378	\$51,974,158	27
<b>Central Administrative Units</b>					
28	Rochester	\$126	\$2	\$128	28
29	Academic Health Center Admin	\$530,796	\$10,616	\$541,412	29
30	Audits	0	0	0	30
31	Auxiliary Services	\$3,439,131	\$68,783	\$3,507,914	31
32	Budget and Finance	0	0	0	32
33	Athletics	\$1,351,115	\$27,023	\$1,378,138	33
34	Office of the Controller	\$1,303	\$26	\$1,329	34
35	Sr. VP-Academic Affairs & Provost	\$20,670	\$414	\$21,084	35
36	Facilities Management	\$114,844	\$2,296	\$117,140	36
37	General Counsel	0	0	0	37
38	Human Resources	\$7,079	\$142	\$7,221	38
39	Health Sciences Sr. VP	\$46,086	\$922	\$47,008	39
40	Health Safety Management	\$20,673	\$414	\$21,087	40
41	Office of Information Technology	\$7,098	\$142	\$7,240	41
42	Institutional Relations	0	0	0	42
43	University Libraries	\$90,518	\$1,811	\$92,329	43
44	Office of the President	0	0	0	44
45	Sr. VP – System Admin.	\$38,611	\$772	\$39,383	45
46	VP for Research	\$462,725	\$9,254	\$471,979	46
47	Graduate School	\$263,375	\$5,268	\$268,643	47
48	Student Affairs	\$372,243	\$7,444	\$379,687	48
49	University Services	0	0	0	49
50	Capital Planning & Mgmt	0	0	0	50
51	Public Safety	0	0	0	51
52	Crookston Administration	\$102,131	\$2,145	\$104,174	52
53	Duluth Administration	\$1,022,588	\$20,248	\$1,043,040	53
54	Morris Administration	\$170,711	\$3,321	\$174,125	54
55	Subtotal	\$8,061,823	\$161,238	\$8,223,061	55
56	Total	\$93,850,650	\$3,383,706	\$97,234,356	56

## **5. Property & Liability & Non-Profit Organization Liability Insurance**

**Property and Liability Insurance:** The University centrally purchases property and liability insurance for all of its campuses and programs. General Liability insurance provides coverage for

third party injury/damages. This policy responds to injuries/damages to students, volunteers, and visitors on campus when the University is determined to be negligent. The University's property insurance provides coverage to buildings and contents for perils such as fire, windstorm, hail, explosions, smoke, vandalism, water damage, etc.

This year the University has switched to self insurance for Electronic Data Processing (EDP) Coverage or the "deductible buy-down" program for computers and computer peripherals. Departments will no longer receive a separate invoice/charge for this coverage as it is included in the Property and Liability Insurance Cost.

Since July 1, 1997, the Office of Risk Management has charged RRCs for University property and liability insurance premiums based on each RRC's share of total University space. No changes are being made to this process. The premium expenditure should be budgeted by each RRC as object code 7301. The Office of Risk Management will then initiate an IX document to complete the transaction.

Each RRC should forward a fund-area-org from which the General Liability and Property insurance premium will be assessed. This information should be faxed to the risk manager at 625-7384 or call 624-5884. Risk Management will be responsible for processing IXs for the assessment. This assessment will be completed in July, 2005, and a copy of the document will be forwarded to each RRC manager.

**Non-Profit Organization Liability:** The University centrally purchases Non-Profit Liability Insurance 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 constitutional violations. Employment-related litigation has increased at the University and throughout the country during the past ten years, as has the volatility of damage awards.

As done in fiscal year 2004-05, the Office of Risk Management will charge 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 in fiscal year accounts during fiscal year 2003-04. The premium expenditure should be budgeted by each RRC as object code 7301. The Office of Risk Management will then initiate an IX document to complete the transaction.

Each RRC should forward a fund-area-org form which the Non-Profit Organization Liability premium will be assessed. This information should be faxed to the Risk Manager at 625-7384 or call 624-5884. Risk Management will be responsible for processing IXs for the assessment. This assessment will be completed in July, 2005, and a copy of the document will be forwarded to each RRC manager.

Figure 8 contains a summary of the projected insurance charges for fiscal year 2005-06 by RRC. The total estimated Property and Liability Insurance and Non-Profit Organization Liability charges for the University as a whole will increase slightly for fiscal year 2005-06. The projected amounts by unit may also change slightly due to the relative distribution of updated space and payroll information.

**Figure 8**  
**Projected Insurance Charges Fiscal Year 2005-06**

RRC	Property and Liability Premium			Non-Profit Organizational Liability Premium			Total FY06 Charges
	FY06 SQ. FTG.	% of TOTAL	Projected FY06 Charge	FY04 Actual Payroll	% of Total	Projected FY06 NPOL Charges	
CXXX	307,543	2.34%	\$104,413	\$10,081,795	1.12%	\$3,793	\$108,205
DMED	61,497	0.47%	\$20,879	\$5,895,126	0.65%	\$2,218	\$23,096
DXXX	1,593,381	12.10%	\$540,962	\$68,301,791	7.58%	\$25,694	\$566,656
MXXX	527,358	4.00%	\$179,041	\$17,049,029	1.89%	\$6,414	\$185,455
RXXX	0	0.00%	\$0	\$1,131,373	0.13%	\$426	\$426
TAES	49,795	0.38%	\$16,906	\$30,288,248	3.36%	\$11,394	\$28,300
TAHS	261,873	1.99%	\$88,907	\$16,387,391	1.82%	\$6,165	\$95,072
TALA	77,005	0.58%	\$26,144	\$5,386,626	0.60%	\$2,026	\$28,170
TATH	661,944	5.03%	\$224,734	\$14,737,790	1.64%	\$5,544	\$230,278
TAUD	2,143	0.02%	\$728	\$1,068,623	0.12%	\$402	\$1,130
TAUX	2,104,222	15.98%	\$714,395	\$21,800,067	2.42%	\$8,201	\$722,596
TBFI	10,347	0.08%	\$3,513	\$2,355,441	0.26%	\$886	\$4,399
TCAP	37,397	0.28%	\$12,696	\$9,336,632	1.04%	\$3,512	\$16,209
TCBS	254,340	1.93%	\$86,350	\$14,490,013	1.61%	\$5,451	\$91,801
TCED	265,783	2.02%	\$90,235	\$24,110,827	2.68%	\$9,070	\$99,305
TCHE	111,740	0.85%	\$37,936	\$8,127,397	0.90%	\$3,057	\$40,994
TCLA	700,399	5.32%	\$237,789	\$79,677,761	8.84%	\$29,974	\$267,763
TCLF	440,732	3.35%	\$149,631	\$17,412,660	1.93%	\$6,550	\$156,181
TCNR	207,110	1.57%	\$70,315	\$4,892,929	0.54%	\$1,841	\$72,156
TCOA	824,952	6.26%	\$280,076	\$15,378,837	1.71%	\$5,785	\$285,861
TCSM	133,287	1.01%	\$45,252	\$32,411,101	3.60%	\$12,193	\$57,444
TCTR	15,471	0.12%	\$5,252	\$6,342,683	0.70%	\$2,386	\$7,639
TDEN	181,048	1.37%	\$61,467	\$20,514,258	2.28%	\$7,717	\$69,184
TESP	0	0.00%	\$0	\$284,945	0.03%	\$107	\$107
TEVP	174,297	1.32%	\$59,175	\$21,186,905	2.35%	\$7,970	\$67,145
TEXT	24,730	0.19%	\$8,396	\$27,442,752	3.05%	\$10,324	\$18,720
TFAC	195,815	1.49%	\$66,480	\$38,041,139	4.22%	\$14,311	\$80,791
TGCL	3,327	0.03%	\$1,130	\$2,610,519	0.29%	\$982	\$2,112
TGNC	51,238	0.39%	\$17,396	\$7,018,085	0.78%	\$2,640	\$20,036
TGRD	53,388	0.41%	\$18,126	\$8,136,526	.90%	\$3,061	\$21,186
THHH	48,630	0.37%	\$16,510	\$5,648,258	0.63%	\$2,125	\$18,635
THRS	39,356	0.30%	\$13,362	\$9,532,781	1.06%	\$3,586	\$16,948
THSC	125,393	0.95%	\$42,572	\$4,124,336	0.46%	\$1,552	\$44,123
THSM	45,784	0.35%	\$15,544	\$2,447,819	0.27%	\$921	\$16,465
TINF	167,766	1.27%	\$56,957	\$25,433,086	2.82%	\$9,568	\$66,525
TINS	11,595	0.09%	\$3,937	\$5,335,266	0.59%	\$2,007	\$5,944
TIOT	1,070,642	8.13%	\$363,489	\$73,470,332	8.15%	\$27,639	\$391,128
TLAW	181,096	1.38%	\$61,483	\$11,548,455	1.28%	\$4,344	\$65,828
TLIB	588,703	4.47%	\$199,868	\$16,288,977	1.81%	\$6,128	\$205,996
TMED	845,563	6.42%	\$287,073	\$124,306,436	13.79%	\$46,763	\$333,836
TNUR	32,318	0.25%	\$10,972	\$5,672,954	0.63%	\$2,134	\$13,106
TPHR	71,559	0.54%	\$24,295	\$10,088,947	1.12%	\$3,795	\$28,090

RRC	Property and Liability Premium			Non-Profit Organizational Liability Premium			Total FY06 Charges
	FY06 SQ. FTG.	% of TOTAL	Projected FY06 Charge	FY04 Actual Payroll	% of Total	Projected FY06 NPOL Charges	
TPRO	14,788	0.11%	\$5,021	\$1,931,981	0.21%	\$727	\$5,747
TPUB	163,597	1.24%	\$55,542	\$12,786,173	1.42%	\$4,810	\$60,352
TREG	0	0.00%	\$0	\$409,299	0.05%	\$154	\$154
TRES	0	0.00%	\$0	\$6,149,600	0.68%	\$2,313	\$2,313
TSAF	17,384	0.13%	\$5,902	\$5,787,838	0.64%	\$2,177	\$8,079
TSYA	53,514	0.41%	\$18,135	\$10,637,669	1.18%	\$4,002	\$22,136
TUCL	85,288	0.65%	\$28,935	\$11,659,647	1.29%	\$4,386	\$33,322
TUSV	1,416	0.01%	\$481	\$2,064,022	0.23%	\$776	\$1,257
TVET	273,932	2.08%	\$93,001	\$23,919,238	2.65%	\$8,998	\$102,000
Totals	13,170,327	100.00%	\$4,471,400	\$901,142,383	100.00%	\$339,000	\$4,810,400

## **6. Projecting Endowment Earnings**

Those units receiving quarterly distributions from their endowments included in the Consolidated Endowment Fund (CEF) managed by the University can estimate the fiscal year 2005-06 distribution amount by multiplying the Total Endowment Distribution for 12 months ending 12/31/04 by a factor of 1.06. The total distribution information can be found on the 12/31/04 endowment status reports. Funds managed by the University of MN Foundation or the MN Medical Foundation may be impacted differently. Any question on the CEF endowments can be directed to the Office of Asset Management at 624-5558.

## **Attachment A**

### **2005 – 2006 PAY PLANS**

- **Civil Service**
- **Non-Academic Student Employees**
  - **Academic Employees**

Pay plans for the following will be distributed at a later date:

- **TEAMSTERS**  
Service Maintenance & Labor, Unit 3
- **AFSCME**  
Health Care Non-Professional, Unit 4
- **AFSCME**  
Clerical, Unit 6
- **AFSCME**  
Technical, Unit 7
- **UMD**
- **UMC**

Prepared by  
Office of Human Resources - Compensation Division  
March 2005

March 9, 2005

**TO:** Chancellors, Vice Presidents, Deans, Directors, Department Heads/Chairs

**II. FROM:** Carol Carrier, Vice President for Human Resources

**SUBJECT: 2005-2006 Pay Plan for Employees Covered by Civil Service Rules**

Employees Covered under this Plan

The 2005-2006 Pay Plan for Civil Service employees who are not covered by collective bargaining agreements includes managerial, supervisory, professional, and confidential employees.

**2005-2006 Pay Plan for Civil Service Employees  
Not covered by  
Collective Bargaining Agreements  
Effective June 13, 2005  
Published March 9, 2005**

Base Pay Changes

Effective June 13, 2005, units are required to participate in either an across-the-board or merit-based salary increase program. Units will automatically be included in the across-the-board increase program UNLESS they notify the Director of Compensation, Office of Human Resources (OHR), by **April 1, 2005**, of their intent to offer a merit increase program.

The individual in the unit's top leadership position has the authority to decide which of the two salary increase programs all the departments (defined as having a 4 character PeopleSoft department code, e.g., 775A) within the unit will offer. Alternatively, the decision to choose between the two salary increase program options may also be delegated to the head(s) of individual departments (e.g., all civil service employees within one PeopleSoft department code) within the larger unit.

Pay increases, either merit or across-the-board, can be withheld due to previously documented unsatisfactory work performance. No employee may be paid below the salary range minimum or above the salary range maximum.

The University plans to offer the option of a merit increase program option in the 2006-2007 Civil Service Pay Plan. Colleges/departments/units considering a June 2006 merit salary increase program will want to work with the Office of Human Resources to implement their performance management program in Spring 2005.

**NOTE: This pay plan is pending approval by the University's Civil Service Committee.**

**Across-the-Board Salary Increase Program Option – June 13, 2005**

Effective June 13, 2005, there will be a recurring across-the-board base pay increase of 3%. Units will participate in the across-the-board increase program UNLESS the unit advises the Office of Human Resources that they plan to offer a merit increase program. If selected, this method of distribution

would apply to all eligible Civil Service employees within the individual department and/or entire unit. Units with sufficient resources to meet budgeted obligations and commitments may also award in-range salary adjustments (e.g., a one-time payment, base pay increase, or a combination of the two) and/or outstanding service awards (a one-time payment).

#### Merit Salary Increase Program Option – June 13, 2005

The merit increase is a recurring increase in base pay for all employees who are paid within their salary range. Employees at or near their salary range maximum receive a onetime lump sum payment for any portion of the increase greater than the salary range maximum.

Units that choose to offer merit based salary increases in June 2005 must have an OHR approved performance management plan for all Civil Service employees within the department and/or entire unit awarding merit increases. (Note: for this purpose department is defined as all civil service employees within one PeopleSoft department code.) The approved performance appraisal plan must be in place at the beginning of the performance plan year (e.g., June 2004). Performance reviews must be based upon performance standards/expectations that were clearly communicated to the employee at the start of the performance cycle (e.g., Spring 2004) and as expectations change throughout the year.

The cost of the unit's merit increase program must equal 3% of the unit's Civil Service payroll (e.g., the unit's total Civil Service payroll is determined by adding the salaries budgeted for vacant Civil Service positions, the salaries of employees not eligible for a merit increase, and the salaries of current employed Civil Service employees). Units with sufficient resources to meet budgeted obligations and commitments may also award in-range salary adjustments (one-time payment or base pay increase) and/or outstanding service awards.

#### **Merit Program Option Requirements - Deadline April 1, 2005**

Units delivering merit increases must notify the Director of Compensation, Office of Human Resources, no later than April 1, 2005, of their intent to offer a merit increase program. In addition, Units must provide the following:

- 1) Their OHR approved performance management plan, and
- 2) OHR approval of Unit's criteria and plan for fair distribution of merit increases (e.g., percent pay increase anticipated for each performance rating).

On or before April 1, 2005, e-mail intent and associated documents to Mary Luther, Director of Compensation, at Mary Luther <mert0022@umn.edu>

## Salary Range Changes

Effective June 13, 2005, pay range minimums and maximums will be increased as follows:

Salary Plan	Salary Grade	Percentage Increase	
		Minimum	Maximum
C1	04 - 11	2.5%	6.0%
C1	12 - 17	2.5%	5.0%
C1	19 - 23	2.5%	4.5%
C1	24 - 35	2.5%	4.0%
C3	00- 20	2.5%	10.0%
C3	21 - 30	2.5%	5.0%
Broad Pay Bands		3.0%	3.0%

The Civil Service salary ranges will be published on-line at:

[www.ohr.umn.edu/ohr/comp/payplans](http://www.ohr.umn.edu/ohr/comp/payplans)

## **Discretionary Salary Adjustments**

Units may offer In-Range Salary Adjustments, one-time payments based on In-Range Salary Adjustment criteria, and/or outstanding service awards at any time during the 2005–2006 fiscal year, at the discretion of the department/college. Each college, unit or coordinate campus, may determine the approval process and approval authority for discretionary pay increases.

Units and their human resources managers are advised to work with their OHR HR Consultant to develop and implement discretionary pay programs. In-Range Salary Adjustments and Outstanding Service Awards are examples of discretionary adjustments.

## **In-Range Salary Adjustments and One-Time Payments (in lieu of salary adjustments)**

Units may award In-Range Salary Adjustments or one-time payments or a combination of base salary adjustment and one-time payment. In-Range Salary Adjustments are recurring pay increases added to base pay. The increased base pay cannot exceed the pay range maximum. In-Range Salary Adjustments are allowed in the following categories:

- (1) Market adjustment
- (2) Merit adjustment
- (3) Retention adjustment
- (4) Internal equity adjustments
- (5) Significant permanent workload increases

Units may award lump sum (one-time) payments in lieu of a salary increase based on the five categories and requirements of the In-Range Salary Adjustment policy. The one-time payment must be documented and approved within the college/department/unit.

The University-wide In-Range Salary Adjustment Policy, with additional information about the requirements of the five categories, is on-line at:

<http://www1.umn.edu/ohr/ohrpolicy/Compensation/range.htm>

### **Outstanding Service Awards**

Outstanding Service Awards in the form of lump sum payments may be granted this year. Outstanding Service Awards may be made to employees without regard to where their salary falls in the salary range.

Guidelines for Outstanding Service Award Programs are attached. Consult your Human Resources Consultant in the design and implementation of Outstanding Service Award Programs.

### **Employees in "Rate Arranged" Classifications**

Units are encouraged to enter salary grade assignments for employees in Rate Arranged classifications into the PeopleSoft employee database.

Employees in Rate Arranged classifications are included in all Civil Service pay increase programs (e.g., June 13, 2005 Outstanding Service Award, etc.) if the unit has adopted the Civil Service Pay Plan for its Rate Arranged classification. (Units have automatically adopted the Civil Service Pay Plan unless they work with their central HR Consultant to develop an alternative compensation system.)

Base pay will not be increased over an employee's pay range maximum.

## **Compensation Policy, Related Information**

### **Shift Differential**

The shift differential is \$.60 an hour.

### **Promotional Pay Increases**

Promotional pay increases must meet or can exceed the requirements of Civil Service Rule 5.

### **Augmentation**

It is the department's responsibility to review the individual employee's augmentation pay and the Civil Service Rules to determine if adjustments to the augmentation pay are necessary.

### **Graduate Students**

Graduate students appointed to bargaining unit classifications are considered bargaining unit employees and are included in those salary plans.

### **Temporary and Casual Employees**

Temporary and Casual Employees (i.e., classifications 0001/0007) are covered by the Human Resources policy on Temporary and Casual Appointments (see <http://www1.umn.edu/ohr/ohrpolicy/Hiring/Temporary/index.htm>). Temporary and casual appointments are normally **not** eligible for pay increases. Consult your Human Resources Employment Consultant for exceptions to this policy.

## **Performance Appraisal**

The process of managing employee performance is critical to the success of employees, colleges/units, and the University. The Civil Service Rules (Rule 9 Performance Appraisal) require an annual written assessment of employee performance. It is important that performance criteria are communicated to employees when units/colleges initiate the annual performance appraisal process (prior to evaluating performance).

The Civil Service Rules (Rule 7 Probationary Period and Orientation) require at least one written performance appraisal for probationary employees.

The University-wide performance appraisal forms are located at <http://www1.umn.edu/ohr/st/forms.htm>

In some cases, colleges/departments/units may prefer to develop a performance appraisal/management plan (including a process, appraisal forms, and training for supervisors) specific to their unit. Alternate performance appraisal plans must be developed in conjunction with the unit's HR Pro and their OHR Human Resources Consultant and approved by the Office of Human Resources in consultation with the Civil Service Committee.

## **Pay Plan Questions**

Please direct questions about the Civil Service Pay Plan to your unit or Academic Health Center (AHC) HR professional or Office of Human Resources HR Consultant

## **Web Site Address List for Related Policies and Information**

1. 2005-2006 Civil Service Pay Plan  
[www.ohr.umn.edu/ohr/comp/payplans](http://www.ohr.umn.edu/ohr/comp/payplans)
2. 2005-2006 Civil Service Salary Ranges  
[www.ohr.umn.edu/ohr/comp/payplans](http://www.ohr.umn.edu/ohr/comp/payplans)
3. Outstanding Service Award Guidelines  
[www.ohr.umn.edu/ohr/comp/payplans](http://www.ohr.umn.edu/ohr/comp/payplans)
4. U of M In-Range Adjustment Policy  
<http://www1.umn.edu/ohr/ohrpolicy/Compensation/range.htm>
5. Human Resources Consultants Directory <http://www.umn.edu/ohr/st/directories.htm>
6. Academic Health Center employees can refer their questions to the Academic Health Center's Human Resources staff at (612) 624-7957
7. Civil Service Rules <http://www1.umn.edu/ohr/ohrpolicy/Governing/Civil/index.htm>

## **HRMS PeopleSoft Implementation Information**

HRMS PeopleSoft implementation dates and instructions will be available approximately June 1, 2005.

HRMS will send implementation instructions to HRMS ACES. Individuals can request copies of the HRMS instructions after June 1, 2005, by contacting Bonnie Marten at (612) 626-9665 or e-mail [marte004@tc.umn.edu](mailto:marte004@tc.umn.edu).

## University of Minnesota

### GUIDELINES FOR OUTSTANDING SERVICE AWARD PROGRAMS

Units of the University are required to document Outstanding Service Award Programs ("Programs") they might wish to implement. Typical considerations to address include, but are not limited to, the following:

#### **PURPOSE OF THE PROGRAM**

The purpose of the program should be identified; an example might be to recognize and reinforce employee contributions to the department / college.

#### **SELECTION CRITERIA**

Outstanding Service Awards are given to recognize employees for their performance, examples might be:

- a. continued / sustained excellent job performance;
- b. contributions to the unit and / or University resulting in, for example increased efficiency, increased quality of service, cost savings, or successful crisis management;
- c. significant contribution to a major unit project or operations; and/ or
- d. special service to the unit and / or University.

#### **ELIGIBILITY**

This identifies which employees will be eligible to participate (e.g., fulltime, part-time, bargaining unit).

#### **AWARD**

What form will the award take (e.g., monetary compensation, gift certificate, trophy, plaque)? *Note: Some awards are taxable income and/or affect overtime payment requirements.*

#### **SELECTION PROCESS**

**Will employees be nominated or recommended by management of the program?**

Who is eligible to nominate or recommend employees for the program?

What is the time frame for the nomination and selection processes?

Is there a selection committee? If so, who will the committee members be?

Will there be nomination forms or some other application documentation required?

What evaluation process will be established for the program?

#### **COMMUNICATION**

How will eligible employees be notified of the Outstanding Service Award program?

How will recipients be notified?

#### **REVIEW AND UPDATE**

Units are encouraged to review their Outstanding Service Award programs on a regular basis.

Refer questions to your OHR Human Resources Consultant.

## Rate Arranged Classifications

Please enter salary grade information for employees in the following classifications-

8206	Administrative Professional
7206	Administrative Professional
0206	Administrative Professional
7912	Community Program Assistant
8316	Community Program Associate
7316	Community Program Associate
8315	Community Program Specialist
7315	Community Program Specialist
8398	Construction Superintendent
8205	Executive Assistant
7205	Executive Assistant
0205	Executive Assistant
0603	Fmr Mgmt Salary Plan Admn
8348	Graphic Designer/Media Artist
7348	Graphic Designer/Media Artist
7086	Mechanical Construction Suprtn
8494	Musician
0150	Captain of Police
7151	Police Lieutenant

# SALARY ADMINISTRATION PLAN/GRADE REFERENCE

Effective Date: June 13, 2005

## C1 Salary Administration Plan (Formerly Known as 'A' Schedule)

HOURLY				ANNUALLY		
Grade	Min	Mid	Max	Min	Mid	Max
04	12.93	17.27	21.61	26,885	35,920	44,956
06	13.40	18.24	23.08	27,865	37,932	47,998
07	13.89	18.95	24.01	28,889	39,414	49,939
08	14.35	19.56	24.77	29,848	40,687	51,526
09	14.83	20.24	25.64	30,850	42,092	53,334
10	15.36	20.98	26.60	31,959	43,639	55,318
11	15.93	21.77	27.61	33,131	45,283	57,435
12	16.49	22.89	29.30	34,304	47,619	60,934
14	17.09	23.66	30.24	35,540	49,220	62,899
16	17.69	24.56	31.43	36,798	51,083	65,367
17	18.31	25.43	32.56	38,078	52,902	67,726
19	18.94	26.27	33.60	39,399	54,640	69,881
20	19.68	27.28	34.88	40,934	56,745	72,555
21	20.36	28.23	36.10	42,342	58,720	75,098
22	21.09	29.31	37.52	43,877	60,954	78,032
23	21.88	30.38	38.88	45,518	63,199	80,880
24	22.66	31.43	40.20	47,139	65,373	83,608
25	23.49	32.59	41.68	48,865	67,783	86,701
26	24.37	33.78	43.19	50,699	70,268	89,838
27	25.25	35.02	44.79	52,511	72,840	93,169
28	26.19	36.33	46.48	54,473	75,573	96,673
29	27.15	37.68	48.21	56,477	78,381	100,286
30	28.16	39.05	49.94	58,566	81,221	103,877
31	29.22	40.51	51.79	60,783	84,255	107,727
32	30.29	42.01	53.73	63,001	87,376	111,751
33	31.44	43.58	55.72	65,388	90,646	115,904
34	32.57	45.17	57.76	67,755	93,950	120,144
35	33.78	46.85	59.92	70,271	97,457	124,644

# SALARY ADMINISTRATION PLAN/GRADE REFERENCE

Effective Date: June 13, 2005

## C3 Salary Administration Plan (Formerly Known as 'C-2' Schedule)

HOURLY				ANNUALLY		
Grade	Min	Mid	Max	Min	Mid	Max
00	8.66	11.27	13.87	18,015	23,434	28,852
04	12.93	13.57	14.22	26,885	28,234	29,584
05	12.93	13.73	14.53	26,885	28,555	30,224
06	12.93	13.91	14.89	26,885	28,932	30,980
07	12.93	14.07	15.22	26,885	29,275	31,666
08	12.93	14.31	15.69	26,885	29,756	32,627
09	12.93	14.53	16.13	26,885	30,213	33,542
10	12.93	14.73	16.53	26,885	30,637	34,389
11	12.93	14.93	16.93	26,885	31,048	35,212
12	12.93	15.20	17.47	26,885	31,609	36,333
13	12.93	15.47	18.01	26,885	32,170	37,455
14	12.93	15.70	18.47	26,885	32,650	38,416
15	12.93	16.23	19.54	26,885	33,760	40,635
16	12.93	16.49	20.06	26,885	34,309	41,733
17	12.93	16.80	20.67	26,885	34,938	42,992
18	12.93	17.09	21.26	26,885	35,556	44,227
19	12.93	17.41	21.89	26,885	36,208	45,531
20	12.93	17.74	22.55	26,885	36,894	46,904
21	13.11	17.95	22.79	27,268	37,331	47,393
22	13.51	18.45	23.38	28,100	38,369	48,638
23	13.89	18.96	24.03	28,889	39,440	49,992
24	14.29	19.51	24.74	29,720	40,588	51,455
25	14.70	20.10	25.49	30,573	41,800	53,028
26	15.13	20.67	26.21	31,468	42,990	54,513
27	15.55	21.25	26.94	32,342	44,192	56,041
28	15.99	21.88	27.77	33,259	45,513	57,767
29	16.43	22.50	28.56	34,176	46,790	59,405
30	16.88	23.16	29.44	35,114	48,177	61,239

# SALARY ADMINISTRATION PLAN/GRADE REFERENCE

Effective Date: June 13, 2005

## Buyer Salary Administration Plans

Used for Classifications Assigned to Financial Broad Band Series

HOURLY				ANNUALLY		
Sal Plan Grade	Min	Mid	Max	Min	Mid	Max
F10 - 01	14.47	18.08	21.69	30,101	37,610	45,119
F10 - 02	17.62	22.02	26.42	36,656	45,805	54,953
F11 - 01	19.67	24.60	29.52	40,920	51,161	61,401
F11 - 02	25.37	31.71	--	52,767	65,964	--
F12 - 01	21.77	27.22	--	45,290	56,624	--
F12 - 02	25.37	31.71	--	52,767	65,964	--
F13 - 01	27.51	34.39	--	57,224	71,535	--

## Information Technology Salary Administration Plans

Used for Classifications Assigned to Information Technology Broad Band Series

HOURLY				ANNUALLY		
Sal Plan Grade	Min	Mid	Max	Min	Mid	Max
I1 - 01	16.52	22.03	27.53	34,364	45,815	57,266
I1 - 02	19.86	26.48	33.10	41,305	55,081	68,857
I2 - 01	23.88	31.86	--	49,661	66,264	--
I2 - 02	27.18	36.26	--	56,538	75,412	--
I4 - 01	24.62	32.82	--	51,203	68,257	--
I4 - 02	31.86	42.61	--	66,264	88,631	--
I6 - 01	34.24	45.67	--	71,213	94,994	--
I6 - 02	37.66	50.23	--	78,326	104,485	--

## Library & Museum Salary Administration Plans

Used for Classifications Assigned to Library & Collections Broad Band Series

HOURLY				ANNUALLY		
Sal Plan Grade	Min	Mid	Max	Min	Mid	Max
L10 - 01	13.51	21.62	29.74	28,108	44,980	61,851
L11 - 01	14.22	22.77	31.31	29,587	47,358	65,129
L12 - 01	16.87	17.21	--	35,093	35,800	--
L12 - 02	17.72	18.07	--	36,849	37,578	--
L20 - 01	14.84	21.70	28.56	30,872	45,140	59,409
L20 - 02	16.01	22.87	29.74	33,293	47,572	61,851
L21 - 01	16.01	23.66	31.31	33,293	49,211	65,129

# SALARY ADMINISTRATION PLAN/GRADE REFERENCE

Effective Date: June 13, 2005

## Healthcare Salary Administration Plans

Used for Classifications Assigned to Healthcare Broad Band Series

HOURLY				ANNUALLY		
Sal Plan Grade	Min	Mid	Max	Min	Mid	Max
H2 – 01	15.90	19.88	23.85	33,079	41,348	49,618
H2 – 03	17.89	22.37	--	37,213	46,533	--
H2 – 04	19.83	24.79	29.75	41,241	51,557	61,873
H2 – 05	19.89	24.86	29.83	41,370	51,707	62,044
H2 – 06	20.83	26.02	31.22	43,319	54,128	64,936
H2 – 07	22.24	27.80	33.36	46,254	57,823	69,392
H2 – 08	22.76	28.46	34.15	47,347	59,195	71,042
H2 – 09	23.24	29.05	34.86	48,333	60,416	72,499
H2 – 10	23.64	29.56	35.47	49,168	61,476	73,784
H2 – 12	27.19	33.99	--	56,559	70,699	--
H2 – 15	30.19	37.74	--	62,794	78,498	--
H3 – 01	18.34	22.92	27.50	38,156	47,679	57,202
H3 – 02	19.26	24.07	28.88	40,063	50,068	60,073
H6 – 01	20.75	26.97	33.19	43,169	56,099	69,028
H6 – 02	22.71	28.39	--	47,240	59,045	--
H8 – 01	23.94	29.94	--	49,789	62,280	--
H8 – 02	24.99	31.22	--	51,975	64,936	--
H8 – 03	27.19	33.99	--	56,559	70,699	--

## Paralegal Salary Administration Plans

Used for Classifications Assigned to Paralegal Broad Band Series

HOURLY				ANNUALLY		
Sal Plan Grade	Min	Mid	Max	Min	Mid	Max
P1 – 01	17.33	21.66	--	36,057	45,055	--

# SALARY ADMINISTRATION PLAN/GRADE REFERENCE

Effective Date: June 13, 2005

## Pharmacy Salary Administration Plans

Used for Classifications Assigned to Pharmacy Broad Band Series

HOURLY				ANNUALLY		
Sal Plan Grade	Min	Mid	Max	Min	Mid	Max
P2 – 01	30.23	37.78	--	62,879	78,583	--
P2 – 02	33.56	41.94	--	69,799	87,239	--

**March 10, 2005**

**TO:** Chancellors, Vice Presidents, Deans, Directors, Department Heads/Chairs  
**FROM:** Carol Carrier, Vice President for Human Resources  
**SUBJECT:** 2005-2006 Pay Plan for Non-Academic (Undergraduate) Student Employees on the Twin Cities Campus

**2005–2006 Pay Plan  
for Non-Academic Student Employees  
on the Twin Cities Campus**

Effective June 13, 2005

**Introduction**

The 2005–2006 Pay Plan for Non-Academic (Undergraduate) Student Employees on the Twin Cities Campus includes broad-banded classifications 27xx through 28xx.

Undergraduate and graduate academic student employees (95xx) are covered by a separate compensation plan. The 2005-2006 Academic Floors, Fixed Ranges and Fixed Rates Table for the undergraduate and graduate academic student employee salary plan are not included in this document. They are included in the 2005-2006 salary memo found on:  
<http://www1.umn.edu/ohr/comp/academicsalary/floors.html>

Graduate students appointed to bargaining unit classifications are considered bargaining unit employees.

**Salary Increases**

Salary Increase – June 13, 2005

Effective June 13, 2005, colleges/departments/units may choose to offer a recurring across-the-board increase of 3% to individuals employed in a non-academic student classification(s).

Units with alternative non-academic student pay plans, approved by the Office of Human Resources' Compensation Division, may continue to operate those pay plans.

**Discretionary Salary Adjustments**

Salary adjustments and/or lump sums increases may be granted at any time during the 2005 – 2006 fiscal year at the discretion of the department/college/unit. For example, colleges/departments/units may choose to award students who do not work during the summer months a 3% increase upon returning to work in the fall.

## **Compensation Policy, Related Information**

### Salary Minimum

The minimum salary remains \$6.50 an hour. Non-Academic student employees cannot be paid less than \$6.50 an hour.

### Shift Differential

The Shift Differential is \$.60 an hour.

### Overtime

The Student Employment Rules explain the overtime requirements for students. Rule 8 Hours, Attendance, Holidays, and Official University Closings is found at <http://www1.umn.edu/ohr/ohrpolicy/Student/Rules/rule8.htm>

### **Pay Plan Questions**

Please refer general questions to your Unit HR Professional, Office of Human Resources or Academic Health Center HR Consultant.

## **HRMS PeopleSoft Implementation Information**

There is no central implementation of this pay plan. The entry of all increases is the responsibility of the departments.

Copies:           Office of Human Resources  
                      HR Pros

### Appendix A

#### Definition of the Twin Cities campus

Students with a PeopleSoft location code(s) of 'BETHEL', 'CHANHASSEN', 'EXCELSIOR', 'OFFCMPTC', 'ROSEMOUNT', 'ROSERCHCTR', 'STPAUL', 'TCEASTBANK', 'TCWESTBANK' are included in the Twin Cities Non-Academic Student Pay Plan.

March 10, 2005

**TO:** Chancellors, Provost, Vice Presidents, Twin Cities Campus Deans

**FROM:** E. Thomas Sullivan, Senior Vice President for Academic Affairs  
and Provost  
Carol Carrier, Vice President for Human Resources

**SUBJECT:** Principles and Strategies for Salary Adjustments for Faculty (94XX) Not Covered by Collective Bargaining Agreements, Academic Professional and Administrative Staff (97XX, 96XX, 93XX) and Graduate Assistants and other 95XX student employees

### **Introduction**

This memorandum provides a set of guidelines and principles for the fiscal year 2005-2006 compensation strategy that is being recommended to the Board of Regents. These principles and recommended strategies are intended to provide guidance to units as they prepare salary plans for their individual budgets. Final approval of compensation levels and allocations by the Board of Regents will occur in June. The budget will be reviewed at the June 10, 2005 meeting of the Board and is expected to be acted on at a later date yet to be scheduled.

The principles outlined in this memorandum apply to:

- Faculty in the 94XX series, (but not including UMD or Crookston faculty represented by UEA)
- Academic professional and administrative staff (97XX, 96XX, 93XX)
- Graduate assistants and others in the 95XX series

### **Overall Framework for the Compensation Plan**

President Bruininks, supported by the Board of Regents, continues to support a management philosophy that focuses on decentralized and shared authority, accountability, and responsibility for the academic directions and investment strategies of the University. This philosophy is supported by the direct distribution of significant revenues to campuses, colleges, and other units. Consistent with this philosophy, the decision making process and funding sources for the 2005-2006 compensation plan, which must address merit and market issues, will be the responsibility of local units.

The average percentage increase to be distributed to base salaries should be at least 3% of faculty and academic personnel base salaries, based on merit calculations.

### **Funding of Increases**

Funding of increases in salary and benefits costs for fiscal year 2005-2006 will be the responsibility of each academic unit, campus and support unit. Please refer to the Phase II Budget Instructions, Section "2005-06 Budget Framework" for a full discussion of how the projected increases in compensation costs on centrally allocated funds have been built into overall budget planning for 2005-06.

### **Principles to be Observed in the Identification and Distribution of Funds for 2005-2006 for Faculty and Academic Professional and Administrative Staff Salary Increases**

1. The need to improve the competitiveness of faculty and staff salaries relative to the various markets in which we compete remains a primary principle of the University's compensation strategy.
2. Chancellors, vice presidents, and deans, with sufficient resources to meet budgeted obligations and commitments, may budget in excess of the general 3% increase for faculty and academic staff.

These additional funds must be used to address documented challenges of market competitiveness (e.g. compensation inflation in a field considerably higher than that for average faculty). Approval for a well-documented plan to add extra funding to a unit's compensation budget must be received by the appropriate senior vice president before such awards can be communicated to individuals. Senior administrators are also expected to consult with their faculty and P & A staff groups about the choices that must be made to provide such additional unit funding. Additional unit funds added to the general 3% budgeted for salary may be distributed as recurring base adjustments, non-recurring adjustments, or a combination of both.

3. A dean, vice president, provost, or chancellor may hold a portion of the funds budgeted for salary for distribution during the year rather than assigning all funds at the beginning of 2005-2006. These funds must be used during the current fiscal year and are intended to support salary considerations related to current faculty and P&A staff.
4. In all cases, unit procedures for determining increases must be consistent with existing Faculty Compensation Policy and Academic Professional and Administrative Staff Compensation Policy.
5. The merit review process is to be carried out in a timely fashion and increases should be reflected in the new base pay rates for 2005-2006.
6. All increases to faculty and P & A base salaries, for individuals not covered by collective bargaining agreements, will be based on merit/market competitiveness; allocations are not to be distributed in an across-the-board fashion either in equal dollar increments or equal percentage increments to individuals.
7. University policy requires annual performance evaluations of all academic personnel as the means of assessing meritorious performance. Supervisory and administrative staff have special responsibilities for implementing our equal opportunity commitment in all aspects of the work environment, including the evaluation of personnel performance.
8. No minimum or maximum increases for individuals are mandated.

### **Salary Plans**

Senior vice presidents will notify their respective units of the appropriate turnaround date for submission of a one-page plan outlining their unit's compensation strategy. All plans must include the following components:

1. The average percentage increase to be distributed to base salaries. In general, this should be at least 3% of faculty and academic personnel base salaries. These increases must be based on a merit evaluation and are not to be "across the board" increases.
2. Any extraordinary market competitiveness situation that would argue for delivering a higher percentage increase to one or more subgroups of faculty or other academic personnel within the unit. These should include appropriate supporting data and documentation.
3. Inclusion of appropriate supporting data/documentation for conditions described in section #2.
4. The nature of the consultation process with faculty and P & A staff that was followed in arriving at the compensation strategy.

## **Promotional Salary Increases**

### **Faculty**

In no case shall the increase to base salary for those receiving promotions and or tenure be less than the amounts shown below:

- Awarding of promotion for regular faculty: Standard recurring increases for promotion and/or tenure to be added to the annual base salary are the following:
  - Assistant Professor without tenure to Associate Professor with tenure - \$1500
  - Assistant Professor with tenure to Associate Professor with tenure - \$1500
  - Associate Professor without tenure to Associate Professor with tenure - \$1500
  - Associate Professor without tenure to Professor with tenure - \$2000
  - Associate Professor with tenure to Professor with tenure - \$2000

Awarding of promotion for non-regular faculty (e.g., appointment types such as A, U, I, K, J): units may, at their discretion, award promotional increases in accord with past practice in the respective units provided that such increases do not exceed those proposed above for regular faculty.

### **Academic Professional and Administrative Staff**

In no case shall the increase to base salary for those receiving promotions and or continuous appointment be less than the amounts shown below:

- Awarding of continuous appointment for academic professionals: the standard increase is \$1500. (Note: if a promotion accompanies the continuous appointment, the total increase is still \$1500.)
- Awarding of promotion for academic professionals or academic administrators: the standard award is \$1500 for approved promotions (e.g., from "Associate Librarian" to "Librarian").

### **Retention Offers**

The approval of the appropriate chancellor, senior vice president or president is required when making retention offers. In addition, notification of a retention offer must be provided to the Office of Human Resources if it involves an increase in salary. Units must fund retention offers; no additional central funds will be available for this purpose.

### **Graduate Assistants and Other 95XX Titles**

The University needs to offer competitive compensation packages to recruit the best graduate students. For this reason, the minimum or salary floor for graduate assistants (teaching assistants, research assistants, administrative fellows, and legal project assistants) will be raised from its current level of \$13.85 per hour to \$15.25 per hour, an increase of \$1.40 per hour or slightly greater than 10%. The increase will be effective at the beginning of the 2005-06 fiscal year.

This new rate applies only to graduate assistants who are paid at the base, or would be making less than \$15.25 per hour in FY06. Approximately 44% of TAs, 25% of RAs, and 35% of all graduate assistants are in this situation. Those graduate students paid above the base will receive the proposed standard FY06 increase for academic employees.

Current budget planning includes an investment by central administration to cover the cost of this adjustment in graduate assistant base salaries for centrally allocated funds only. Further communication regarding this investment will be distributed later in the budget process.

Local units are responsible for generating a 3% pool of funds to support increases to graduate assistant salaries for all those paid above the base and for those paid from non-centrally allocated funds. Increases in rates for continuing graduate assistants and other 95XX classes should be made on the basis of criteria established by the graduate or professional training program. Individual performance should be a major determinant but other criteria may be considered as well.

### **Undergraduate Research and Teaching Assistants**

Units may choose to offer a recurring across-the-board increase of 3% to Undergraduate Research and Teaching Assistants. Individual units/departments are encouraged to pay one of the hourly rates listed on the 2005-2006 Academic Floors, Fixed Ranges and Fixed Rates table. However, units/departments are not required to pay the stated hourly rates. It is the responsibility of the unit/department to establish written rationale and consistent criteria for different pay rates. Units/departments may assign a rate of pay that differs from the stated hourly rates after considering criteria such as the nature/complexity of the duties assigned; level of responsibility assigned; the individual's related work and academic experience; academic progress and excellence; quality, and/or quantity of work.

### **Questions**

Questions related to the calculation of the centrally delivered funds can be answered by contacting the Budget Office at 612-625-4517.

Questions related to this academic compensation memo can be answered by the Office of Human Resources at 612-624-9817 or 612-624-6556.

### **Note**

Salary floors for academic employees for 2005-2006 have been increased. Note that these floors are most particularly relevant to newly hired academic employees.

Non-recurring increases, in whatever form, shall be explicitly documented to the affected individual using the standardized language.

The standardized template language for non-recurring increases, Academic Floors, Fixed Ranges and Fixed Rates document, and this memo are available at the following Human Resources web sites:

Template: <http://www1.umn.edu/ohr/comp/academicsalary/template.html>

Floors: <http://www1.umn.edu/ohr/comp/academicsalary/floors.html>

Memo: <http://www1.umn.edu/ohr/comp/academicsalary/index.html>

ETS/CAC/kll

**Attachment B. - Estimated Indirect Cost Recovery Revenue  
FY2005-06 Phase II Budget Instructions**

*Manual rebates have been removed*

	<b>a</b>	<b>b</b>	<b>c</b>	<b>d</b>	<b>e</b>	<b>f</b>	<b>g</b>	<b>h</b>	<b>i</b>	
	<b>FY05</b>	<b>FY05</b>	<b>FY05</b>	<b>FY06</b>	<b>FY06</b>	<b>FY06</b>	<b>FY06</b>	<b>FY06</b>	<b>FY06</b>	<b>FY06</b>
	<b>ICR</b>	<b>Total Annual</b>	<b>Budgeted</b>	<b>Total Revenue</b>	<b>Projected</b>	<b>Projected</b>	<b>Additional</b>	<b>Unit</b>	<b>Central</b>	
	<b>Through</b>	<b>Revenue</b>	<b>Total ICR</b>	<b>Estimate</b>	<b>Unit Share</b>	<b>Central Share</b>	<b>Off Campus</b>	<b>Revenue on</b>	<b>Revenue</b>	
	<b>Period 06</b>	<b>Estimate</b>	<b>Revenue</b>	<b>b * 1.02</b>	<b>49.50%</b>	<b>50.50%</b>	<b>Estimate</b>	<b>Worksheet</b>		
<b><u>Coordinate Campuses @ 85.5%</u></b>				1.02						
1	Crookston	20,377	40,754	21,597	41,569	35,542	6,028	35,542	6,028	1
2	Duluth	927,235	1,831,290	1,787,395	1,867,916	1,859,053	270,848	1,859,053	270,848	2
3	Morris	14,596	29,192	25,000	29,776	25,458	4,317	25,458	4,317	3
<b><u>Academic Health Center</u></b>										
4	Sr. VP						-	0		4
5	Academic Health Center-Shared	2,401,254	4,802,508	5,024,150	4,898,558	2,424,786	2,473,772	4,427	2,429,214	2,469,345
6	Duluth School of Medicine	366,728	713,466	666,667	727,735	360,229	105,522	2,042	362,271	103,479
7	School of Dentistry	969,750	1,939,500	2,120,751	1,978,290	979,254	999,036		979,254	999,036
8	Medical School	18,007,193	36,014,386	35,002,002	36,734,674	18,183,663	18,551,010	223,310	18,406,974	18,327,700
9	School of Nursing	263,960	527,920	440,969	538,478	266,547	271,932	204	266,751	271,728
10	College of Pharmacy	763,726	1,527,452	1,292,455	1,558,001	771,211	786,791	3,247	774,458	783,543
11	School of Public Health	5,633,029	11,266,058	11,889,444	11,491,379	5,688,233	5,803,146	90,924	5,779,157	5,712,222
12	College of Veterinary Medicine	715,987	1,431,974	1,272,511	1,460,613	723,004	737,610		723,004	737,610
13	Total Academic Health Center	29,121,627	58,223,264	57,708,949	59,387,729	29,396,926	29,728,819	324,155	29,721,081	29,404,663
<b><u>Executive VP and Provost</u></b>										
14	Executive VP and Provost	4,579	1,657	86,400	1,690	837	854		837	854
15	College of Biological Sciences	1,955,816	3,911,632	3,594,590	3,989,865	1,974,983	2,014,882	24,652	1,999,635	1,990,229
16	College of Liberal Arts	2,002,203	3,929,747	3,325,981	4,008,342	1,984,129	2,024,213	22,597	2,006,727	2,001,615
17	General College	50,444	87,441	78,788	89,190	44,149	45,041		44,149	45,041
18	Institute of Technology	9,793,855	19,473,056	17,404,437	19,862,517	9,831,946	10,030,571	70,920	9,902,866	9,959,651
19	Agricultural Experiment Stations	14,620	29,240	41,657	29,825	14,763	15,062		14,763	15,062
20	Architecture/Landscape Arch.	82,784	125,249	149,322	127,754	63,238	64,516		63,238	64,516
21	Education and Human Dev.	2,081,366	4,162,732	3,319,018	4,245,987	2,101,763	2,144,223	11,185	2,112,948	2,133,039
22	College of Human Ecology	369,293	265,110	924,700	270,412	133,854	136,558	10,161	144,015	126,397
23	College of Natural Resources	387,493	774,986	847,440	790,486	391,290	399,195	9,964	401,254	389,231
24	Ag., Food and Environ. Sciences	1,098,762	2,197,524	2,068,769	2,241,474	1,109,530	1,131,945		1,109,530	1,131,945
25	Carlson School of Management	166,013	300,793	248,672	306,809	151,870	154,938		151,870	154,938

ICR Revenue continued:

	<b>a</b>	<b>b</b>	<b>c</b>	<b>d</b>	<b>e</b>	<b>f</b>	<b>g</b>	<b>h</b>	<b>i</b>		
	<b>FY05</b>	<b>FY05</b>	<b>FY05</b>	<b>FY06</b>	<b>FY06</b>	<b>FY06</b>	<b>FY06</b>	<b>FY06</b>	<b>FY06</b>	<b>FY06</b>	
	<b>ICR</b>	<b>Total Annual</b>	<b>Budgeted</b>	<b>Total Revenue</b>	<b>Projected</b>	<b>Projected</b>	<b>Additional</b>	<b>Unit</b>	<b>Central</b>		
	<b>Through</b>	<b>Revenue</b>	<b>Total ICR</b>	<b>Estimate</b>	<b>Unit Share</b>	<b>Central Share</b>	<b>Off Campus</b>	<b>Revenue on</b>	<b>Revenue</b>		
	<b>Period 06</b>	<b>Estimate</b>	<b>Revenue</b>	<b>b * 1.02</b>	<b>49.50%</b>	<b>50.50%</b>	<b>Estimate</b>	<b>Worksheet</b>			
26	Humphrey Inst. of Public Affairs	412,372	824,744	386,402	841,239	416,413	424,826	110,893	527,306	313,933	26
27	Law School	42,023	84,046	133,602	85,727	42,435	43,292		42,435	43,292	27
28	Minnesota Extension Service	213,950	427,900	198,786	436,458	216,047	220,411	140,793	356,840	79,618	28
29	Bell Museum	47,889	94,334	66,078	96,221	47,629	48,591		47,629	48,591	29
30	College of Continuing Education	18,209	35,219	24,015	35,923	17,782	18,141		17,782	18,141	30
31	University Libraries	27,915	27,317	8,500	27,863	13,792	14,071		13,792	14,071	31
32	Total Executive VP & Provost	18,769,586	36,752,727	32,907,157	37,487,782	18,556,452	18,931,330	401,165	18,957,617	18,530,164	32
<b><u>Finance and Operations</u></b>											
33	Facilities Management										33
34	Controller										34
35	Treasury Operations										35
36	Total Finance and Operations				-		-				36
37	VP for Research	(2,247)			-		-			0	37
38	VP for System Administration	182,997	365,994	371,191	373,314	184,790	188,524		184,790	188,524	38
39	Campus Life	12,387	24,774	16,758	25,269	12,508	12,761		12,508	12,761	39
40	<b>Grand Total</b>	49,046,558	97,267,995	92,838,047	99,213,355	50,070,729	49,142,626	725,321	50,796,050	48,417,305	40