

FY09 Budget Instructions Academic Units

Tuition and ICR Supplement

January 2008

Materials Due: five working days prior to the scheduled compact/budget meetings. Units that have already submitted materials in advance of the scheduled meetings should submit the required figures and a revised budget development worksheet as soon as possible

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A. Tuition and University Fee Estimates

The attribution of tuition revenue will remain the same as previous years with 75% of the revenue delivered to the college that teaches the course and 25% of the revenue delivered to the college where the student taking the course is enrolled. Collegiate units are asked to review the centrally developed tuition revenue estimates and then either accept them or revise them based upon their own intersession/summer session, and regular session tuition revenue estimates for FY09 using the following information.

Figures 1 and 2 below have preliminary tuition and University Fee revenue projections for FY08 and FY09. Figure 1 has detail for both tuition and the University Fee for FY07 actual and projections for FY08 and FY09. Figure 2 has combined tuition and University Fee totals for FY07 actual, the FY08 approved budget, and updated projections for FY08 and FY09. It also has columns showing the variance between the FY08 budget and projection amounts and the increase for the FY09 projection over updated FY08. The assumptions and specific methodology used in developing the projections are as follows:

1. Assumptions

- a) The overall FY09 increase in tuition and the University Fee for an individual resident student is 7.5 percent on all campuses and for each student level.
- b) The University Fee is increased 10 percent, from \$50 per credit to \$55 per credit up to a 10-credit maximum of \$550 per term.
- c) The increase for nonresident students is the same dollar amount as the increase for resident students on all campuses and for each student level. (Also see #3 below.)
- d) The increase for Wisconsin reciprocity undergraduate students is the same percentage increase as for Minnesota residents. Note that Wisconsin will probably not set its tuition rates until July or August 2008. (Also see #3 below.)
- e) The enrollment and registration pattern of students will be exactly the same in FY09 as in FY08 on all campuses and for each student level.

2. Methodology

The model uses actual tuition and University Fee amounts for FY07 total, fall 2006, and fall 2007. The FY08 projections assume that for each campus and college the fall 2007 revenue will be the same percentage of the FY08 total as fall 2006 revenue was for the FY07 total. The FY09 projection is based on the assumptions above. The revenue increase is less than 7.5 percent for nearly all units because the increase for nonresident students is the same dollar amount as for resident students and is therefore significantly less than 7.5 percent.

3. Changes that May Affect the FY09 Projections

In fall 2008, the University will implement two changes for undergraduate students that may affect tuition and University fee revenue in FY09. First, new Wisconsin reciprocity students will be assessed the Minnesota resident tuition rates rather than the lower Wisconsin tuition rates. Second, new nonresident, non-reciprocity students on the Duluth and Twin Cities campus will be assessed a significantly lower tuition rate. The new rate for nonresident undergraduate students on the Duluth campus will be the Minnesota resident rate plus \$1,000 per semester. The new rate for nonresident undergraduate students on the Twin Cities campus will be the Minnesota resident rate plus \$2,000 per semester.

Prior modeling has shown that these changes will have only a minor impact on tuition and University fee revenue that is positive for most units, with the increased revenue from new Wisconsin undergraduate students more than offsetting the decreased revenue from new nonresident undergraduate students. However, until more is known about University of Wisconsin FY09 tuition increases, including differential increases by UW colleges, there is no way to refine the projections shown in Figure 1 in a meaningful way. An update will be provided when more is known about the UW situation.

Questions regarding the updated tuition revenue and University fee projections for FY08 and FY09 may be directed to Peter Zetterberg (j-zett@umn.edu).

Figure 1. FY 2008 and FY 2009 Tuition and U Fee Projections						
	A	B	C	D	E	F
	FY07 Tuition Actual	FY07 Ufee Actual	FY08 Tuition Projection	FY08 UFee Projection	FY09 Tuition Projection	FY09 UFee Projection
CROOKSTON	6,214,590	993,398	6,813,040	1,089,060	7,311,424	1,183,334
DULUTH	69,296,547	9,378,519	71,086,916	9,620,826	76,274,123	10,352,186
MORRIS	11,078,740	1,479,903	10,159,172	1,357,067	10,766,391	1,613,565
ROCHESTER	607,072	59,652	525,214	51,608	557,212	60,209
BIOLOGICAL SCIENCES, COLL OF	13,620,354	1,586,212	14,340,248	1,670,050	15,415,951	1,695,858
DESIGN, COLL OF	10,317,878	1,121,665	10,860,376	1,180,640	11,612,520	1,258,845
EDUCATION & HUMAN DEVEL, COLL	41,573,784	4,547,284	39,336,951	4,302,622	42,098,662	4,591,878
LIBERAL ARTS, COLLEGE OF	117,969,930	14,419,608	126,323,568	15,440,683	135,115,410	16,380,875
AGRIC, FOOD, & ENVIR SCI, COLL	15,531,931	1,809,012	14,043,195	1,635,618	14,994,347	1,760,737
MGMT, CURTIS L CARLSON, SCH OF	46,515,728	3,174,047	50,563,916	3,450,279	54,032,517	3,782,266
DENTISTRY, SCHOOL OF	10,499,252	652,297	11,511,057	715,158	12,457,403	649,795
ACADEMIC AFFAIRS, SR VP	149,526	34,527	268,284	61,949	308,775	43,785
GRADUATE SCHOOL	423,816	31,737	427,094	31,982	454,109	36,981
HUMPHREY INST OF PUBL AFFAIRS	4,505,518	331,493	4,890,580	359,824	5,198,597	416,043
TECHNOLOGY, INSTITUTE OF	59,242,964	6,588,417	63,259,936	7,035,145	67,643,564	7,491,829
LAW SCHOOL	18,489,973	811,870	18,637,166	818,333	19,934,783	886,391
SYSTEM ACAD ADMIN, ACAD UNITS	141,103	3,342	54,281	1,200	58,059	1,250
SYSTEM ADMINISTRATION, SR VP	na	na	na	na	na	na
CONTINUING EDUCATION, COLL OF	12,236,977	1,388,963	12,574,028	1,427,220	13,643,162	1,348,817
DULUTH SCHOOL OF MEDICINE	2,533,219	144,474	2,662,437	151,844	2,849,230	168,273
ACAD HEALTH CTR-SHARED ALL	984,362	93,901	1,927,651	186,495	2,115,398	145,486
MEDICAL SCHOOL	25,850,360	1,739,217	26,668,976	1,794,294	28,512,364	2,015,232
NURSING, SCHOOL OF	6,400,901	631,221	7,024,978	692,764	7,509,155	750,204
PHARMACY UMTC UMDL	12,540,590	811,469	13,090,797	847,071	14,008,978	916,481
PUBLIC HEALTH, SCHOOL OF	9,558,814	748,628	10,437,654	817,457	11,170,749	882,467
VETERINARY MEDICINE, COLL OF	9,968,566	483,636	10,764,945	522,273	11,555,399	534,642
TOTAL	506,252,495	53,064,492	528,252,459	55,261,464	565,598,280	58,967,428

Figure 2. FY 2008 and FY 2009 Tuition and U Fee Projections - Combined

	FY07 Actual	FY08 Budget	FY08 Projection	08 Proj +/- 08 Budget	FY09 Projection	% Inc 08-09 Projection
CROOKSTON	7,207,988	7,449,039	7,902,100	6.1%	8,494,757	7.5%
DULUTH	78,675,066	80,958,622	80,707,741	-0.3%	86,626,309	7.3%
MORRIS	12,558,643	11,704,600	11,516,238	-1.6%	12,379,956	7.5%
ROCHESTER	666,724	611,295	576,822	-5.6%	617,421	7.0%
BIOLOGICAL SCIENCES, COLL OF	15,206,566	13,904,679	16,010,298	15.1%	17,111,809	6.9%
DESIGN, COLL OF	11,439,543	11,784,500	12,041,016	2.2%	12,871,365	6.9%
EDUCATION & HUMAN DEVEL, COLL	46,121,068	45,286,719	43,639,573	-3.6%	46,690,540	7.0%
LIBERAL ARTS, COLLEGE OF	132,389,538	137,985,196	141,764,251	2.7%	151,496,285	6.9%
AGRIC, FOOD, & ENVIR SCI, COLL	17,340,943	15,152,021	15,678,814	3.5%	16,755,084	6.9%
MGMT, CURTIS L CARLSON, SCH OF	49,689,775	53,702,998	54,014,195	0.6%	57,814,783	7.0%
DENTISTRY, SCHOOL OF	11,151,549	11,837,000	12,226,215	3.3%	13,107,198	7.2%
ACADEMIC AFFAIRS, SR VP	184,053	na	330,234	na	352,560	6.8%
GRADUATE SCHOOL	455,553	490,024	459,076	-6.3%	491,090	7.0%
HUMPHREY INST OF PUBL AFFAIRS	4,837,011	4,568,000	5,250,404	14.9%	5,614,640	6.9%
TECHNOLOGY, INSTITUTE OF	65,831,381	68,866,530	70,295,081	2.1%	75,135,393	6.9%
LAW SCHOOL	19,301,843	19,582,350	19,455,500	-0.6%	20,821,174	7.0%
SYSTEM ACAD ADMIN, ACAD UNITS	144,445	42,434	55,481	30.7%	59,309	6.9%
SYSTEM ADMINISTRATION, SR VP	na	na	na	na	na	na
CONTINUING EDUCATION, COLL OF	13,625,940	14,178,869	14,001,248	-1.3%	14,991,979	7.1%
DULUTH SCHOOL OF MEDICINE	2,677,693	2,842,390	2,814,280	-1.0%	3,017,503	7.2%
MEDICAL SCHOOL	1,078,263	2,265,638	2,114,146	-6.7%	2,260,884	6.9%
NURSING, SCHOOL OF	7,032,122	7,253,467	7,717,742	6.4%	8,259,359	7.0%
PHARMACY UMTC UMDL	13,352,059	13,990,902	13,937,868	-0.4%	14,925,459	7.1%
PUBLIC HEALTH, SCHOOL OF	10,307,442	10,732,356	11,255,111	4.9%	12,053,216	7.1%
VETERINARY MEDICINE, COLL OF	10,452,202	11,220,000	11,287,218	0.6%	12,090,041	7.1%
TOTAL	559,316,987	577,109,914	583,513,923	1.1%	624,565,708	7.0%

* Note: The variance between the FY 2008 budget and projection amounts is misleading in the case CBS and the Medical School. There is an annual transfer between the colleges that will decrease the final FY 2008 amount for CBS and increase it for the Medical School.

4. Analyzing and Modifying the Tuition and University Fee Estimates for FY09

There are two main areas of analysis that must be considered when determining the college’s FY09 revenue estimate:

- Rate changes from FY08 to FY09, and
- Enrollment changes from FY08 to FY09

1. Rate changes from FY08 to FY09

For planning purposes, the tuition and University fee rate increase from FY08 to FY09 is 7.5%. The University fee is set to increase from \$1,000 per year or \$500 per semester (\$50 per credit, capped at 10 credits) to \$1,100 per year or \$550 per semester (\$55 per credit, capped at 10 credits).

For undergraduate programs, there is no collegiate discretion in setting the tuition rate. Current Board of Regents tuition policy has each campus at a single undergraduate rate. As in the past, coordinate campuses and graduate and professional programs may propose tuition plans for consideration that deviate from the average increase of 7.5% for programmatic reasons (e.g., market factors). Such proposals will be reviewed on an individual basis.

2. Enrollment Changes from FY08 to FY09

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

5. Budget Response

For this budget submittal, complete Figure 3 to indicate your estimated tuition revenue and University fee revenue for FY09 (Intersession/summer session and regular sessions). The response should be prepared to indicate whether or not the college agrees with the estimates that appear on Figures 1 and 2 for FY09, and if not present alternative estimates and include all relevant assumptions and rationale. When possible, the response should be submitted with the other budget materials due five working days prior to the scheduled compact/budget meetings. Units that have already submitted materials in advance of the scheduled meetings should review and analyze this tuition and University fee information, and submit Figure 3 and a revised budget development worksheet as soon as possible.

Figure 3

FY09 Tuition and University Fee Revenue Estimate – Response

Please use the following format to submit a tuition revenue estimate for FY09.

Resource Responsibility Center: _____

Budget Office estimate of tuition revenue for FY09 \$
(See column E of Figure 1)

Collegiate estimate of tuition revenue FY09 \$

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

Budget Office estimate of University Fee for FY09 \$
(See column F of Figure 1)

Collegiate estimate of University Fee FY09 \$

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

B. ICR Estimates

A new four-year F&A (indirect cost) rate agreement went into effect October 30, 2007. The changes to the individual rates are shown below. All rates are effective from FY08 through FY11, and will continue to be used after the end of FY11 until a new rate agreement is established.

Award Type	Former Rate	New Rate
On-Campus Research	49.5	51.0
On-Campus Public Service (a.k.a. Other Sponsored Activities)	31.0	32.0
On-Campus Instruction	50.0	50.0
Hormel Institute	51.0	52.5
Department of Defense Constructs	52.0	57.0
Off-Campus Projects	26.0	26.0

Budgeting for ICR Revenue

For FY09, as in FY08, a college or other unit where research is conducted will receive 100% of the indirect cost revenue associated with that research.

As part of FY09 budget development, each unit that generates ICR revenue must submit an estimate of how much ICR they expect to generate in FY09. Attachment 1 contains estimated total ICR revenue for FY09 developed by the Budget Office. Column g presents an updated estimate of total annual ICR revenue for FY08. This updated estimate was developed using actual ICR revenue generated over the first six months of FY08. Column j, FY09 Estimated Total Revenue, was derived by inflating the current estimate of FY08 ICR revenue in column g by 2%.

The amounts on Attachment 1 represent a starting point in estimating FY09 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 in the Budget Office estimate. For budget submittal, please complete Figure 4 entitled *FY09 ICR Revenue Estimate - Response* to indicate your estimate for FY09 ICR revenue and associated rationale. When possible, the response should be submitted with the other budget materials due five working days prior to the scheduled compact/budget meetings. Units that have already submitted materials in advance of the scheduled meetings should review and analyze this ICR information, and submit Figure 4 and a revised budget development worksheet as soon as possible.

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 FY08 or FY09, please call Robin Dittmann at (612) 626-9277.

Figure 4
FY09 ICR Revenue Estimate - Response

Please use this page to verify or propose a change to the preliminary ICR revenue estimates for FY09 as shown in Attachment 1. Note, given the budget model, estimated ICR revenue should represent 100% of the amount generated.

Resource Responsibility Center:

1. If you agree with the proposed estimate for FY09 ICR revenue as presented in Attachment 1, please verify by recording the estimated amount of total ICR revenue.

2008-09 estimated total ICR:

2. If you do not agree with the proposed estimate for FY09 ICR revenue as presented in Attachment 1, please record a new unit estimate for total ICR revenue.

2008-09 estimated total ICR:

Attachment 1 – ICR Estimates

Unit estimates for fiscal year 2008-09
 Estimated rebates have been removed

FY2008-09 Budget
 ICRForecast_FY09

	a	b	c	d	e	f	g	h	i	j		
	FY08	FY07	FY07	FY07	FY08	FY08	FY08	FY08	FY08	FY09		
	Total ICR	Total ICR	Total ICR	PER 07	Estimated Total Revenue	Estimated Total Revenue	Most Conservative Estimate	Budget ICR Revenue	Projected Variance to Budget	Estimated Total Revenue g * 1.02		
	Through Period 06	Through Period 06	Through Period 12	Percent of Total	a*(1/b)	a*2						
<u>Coordinate Campuses</u>												
1	Crookston	10,413	14,050	25,545	55.00%	18,932	20,826	18,932	22,855	(3,923)	19,311	1
2	Duluth	1,035,741	997,673	1,875,642	53.19%	1,947,210	2,071,482	1,947,210	1,710,304	236,906	1,986,154	2
3	Morris	38,155	37,794	80,713	46.83%	81,484	76,310	76,310	77,100	(790)	77,836	3
<u>Academic Health Center</u>												
4	Sr. VP	0	0	0	0	0	0	0	0	0	0	4
5	Academic Health Center-Shared	4,217,352	3,786,402	8,188,906	46.24%	9,120,928	8,434,704	8,434,704	7,025,131	1,409,573	8,603,398	5
6	Duluth School of Medicine	231,003	367,746	648,322	56.72%	407,249	462,006	407,249	700,000	(292,751)	415,394	6
7	School of Dentistry	877,235	1,200,710	2,244,896	53.49%	1,640,114	1,754,470	1,640,114	1,257,000	383,114	1,672,916	7
8	Medical School	19,053,531	19,003,954	38,011,659	50.00%	38,110,823	38,107,062	38,107,062	38,192,176	(85,114)	38,869,203	8
9	School of Nursing	320,257	379,974	823,388	46.15%	693,984	640,514	640,514	721,000	(80,486)	653,324	9
10	College of Pharmacy	1,258,037	835,421	1,868,974	44.70%	2,814,435	2,516,074	2,516,074	1,750,000	766,074	2,566,395	10
11	School of Public Health	6,966,110	5,946,809	12,003,444	49.54%	14,060,871	13,932,220	13,932,220	12,671,922	1,260,298	14,210,864	11
12	College of Veterinary Medicine	787,171	805,111	1,617,394	49.78%	1,581,354	1,574,342	1,574,342	1,421,000	153,342	1,605,829	12
13	Total Academic Health Center	33,710,696	32,326,127	65,406,983		68,429,758	67,421,392	67,252,279	63,738,229	3,514,050	668,597,325	13
<u>Executive VP and Provost</u>												
14	Executive VP and Provost	3,144	2,198	5,757	38.18%	8,235	6,288	6,288	7,099	(811)	6,414	14
15	College of Biological Sciences	2,171,048	2,087,300	4,003,752	52.13%	4,164,393	4,342,096	4,164,393	4,008,401	155,992	4,247,681	15
16	College of Liberal Arts	1,549,493	2,542,193	4,692,192	54.18%	2,859,940	3,098,986	2,859,940	4,799,726	(1,939,786)	2,917,139	16
17	Institute of Technology	10,755,269	10,677,950	18,981,196	56.26%	19,118,639	21,510,538	19,118,639	19,099,167	19,472	19,501,012	17
18	Agricultural Experiment Stations	1,329	1,782	2,725	65.39%	2,032	2,658	2,032	3,635	(1,603)	2,073	18
19	Design	90,004	85,904	202,813	42.36%	212,493	180,008	180,008	45,000	135,008	183,608	19

Budget Instructions Supplement - FY09 – Academic Units

Attachment 1 - continued		A	B	C	D	E	F	G	H	I	J	
		FY08	FY07	FY07	FY07	FY08	FY08	FY08	FY08	FY08	FY09	
		Total ICR	Total ICR	Total ICR	PER 07	Estimated Total Revenue	Estimated Total Revenue	Most Conservative Estimate	Budget ICR Revenue	Projected Variance to Budget	Estimated Total Revenue g * 1.02	
		Through Period 06	Through Period 06	Through Period 12	Percent of Total	a*(1/b)	a*2					
20	Education and Human Development	2,315,199	2,313,981	4,459,131	51.89%	4,461,478	4,630,398	4,461,478	4,477,224	(15,746)	4,550,708	20
21	Food, Ag. & Nat. Resource Sciences	1,755,349	1,675,913	2,988,448	56.08%	3,130,096	3,510,698	3,130,096	3,399,051	(268,955)	3,192,698	21
22	Carlson School of Management	53,247	90,270	144,776	62.35%	85,398	106,494	85,398	132,000	(46,602)	87,106	22
23	Humphrey Institute of Public Affairs	222,056	170,605	377,609	45.18%	491,488	444,112	444,112	575,000	(130,888)	452,994	23
24	Law School	95,585	98,355	223,849	43.94%	217,545	191,170	191,170	100,000	91,170	194,993	24
25	Minnesota Extension Service	665,420	581,389	1,296,216	44.85%	1,483,564	1,330,840	1,330,840	1,186,034	144,806	1,357,457	25
26	College of Continuing Education	0	160	160	100.00%	0	0	0	326	(326)	0	26
27	University Libraries	2,770	2,005	6,248	32.09%	8,632	5,540	5,540	5,000	540	5,651	27
28	Total Executive VP & Provost	19,679,913	20,330,005	37,384,872		36,243,933	39,359,826	35,979,934	37,837,663	(1,857,729)	36,699,533	28
29	VP for Research	1,191,652	0	0	0	0	0	0	0	0	0	29
30	VP for System Administration	210,416	292,255	506,872	57.66%	364,935	420,832	364,935	412,037	(47,102)	372,234	30
31	Office of International Programs	53,411	21,958	35,999	61.00%	87,565	106,822	87,565	40,000	47,565	89,316	31
32	Student Affairs	70,409	73,753	136,203	54.15%	130,027	140,818	130,027	150,456	(20,429)	132,628	32
33	Grand Total	56,000,806	54,093,615	105,452,829		107,303,845	109,618,308	105,857,192	103,988,644	1,868,548	107,974,336	33