

# **President's Recommended FY2014 Annual Operating Budget**

Presentation to the Board of Regents

Finance Committee

June 13, 2013

# Budget Planning & Development

## PART A

Fiscal Year 2014

President's Recommended  
Operating Budget Plan

## PART B

Fiscal Year 2015

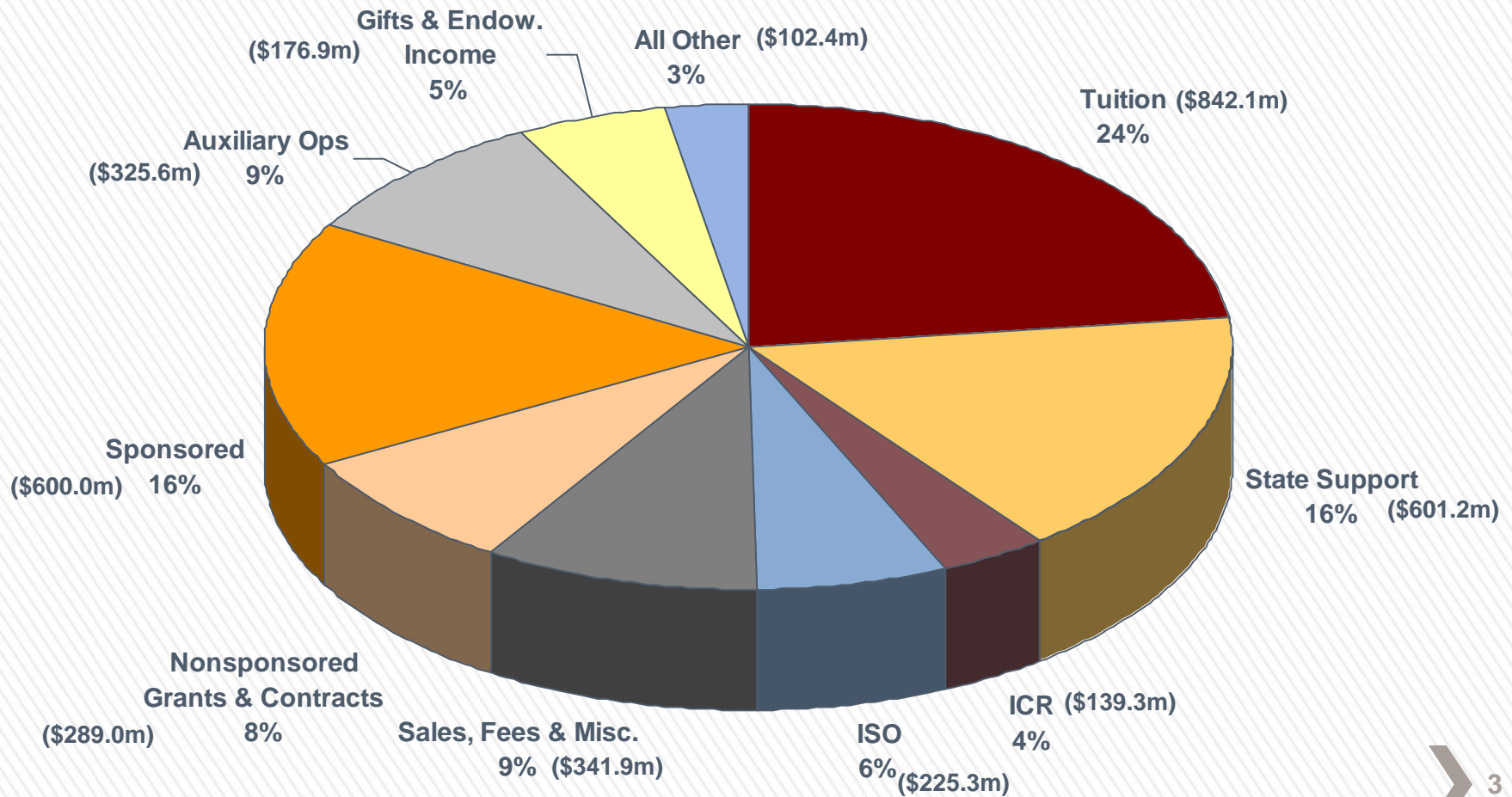
Preliminary Challenge and  
Solutions

## PART C

- A. Long Term Financial Planning
- B. Biennial Budget Development

# University of Minnesota Revenue Sources

## All Funds FY14: \$3.6 Billion



# All-Funds Budget Structure - FY2014

## \$3.6 Billion

**Sponsored Funds**  
**\$600 Million**

**Non-Sponsored Funds**  
**\$3.0 Billion**

**Local Unit Generated Revenues**  
**\$1.4 Billion**

**Centrally Distributed & Attributed**  
**\$1.6 Billion**

**\$326 Million**  
**Auxiliary**  
**Operations**  
(e.g. bookstores,  
parking, food,  
housing)  
**\$225 million internal**  
**sales**

**\$910 Million**  
**Clinical Income**  
**Gifts**  
**Grants & Contracts**  
**Fed Appropriations**  
**Sales & Services**  
**Fees**  
**Endowment Income**

**State O & M/Other Misc.**

**State Specials**

**Tuition**

**Indirect Cost Recovery**

**Central Reserves**

# President's Recommended Operating Budget (O&M, Tuition, State Specials, ICR, Central Reserves)

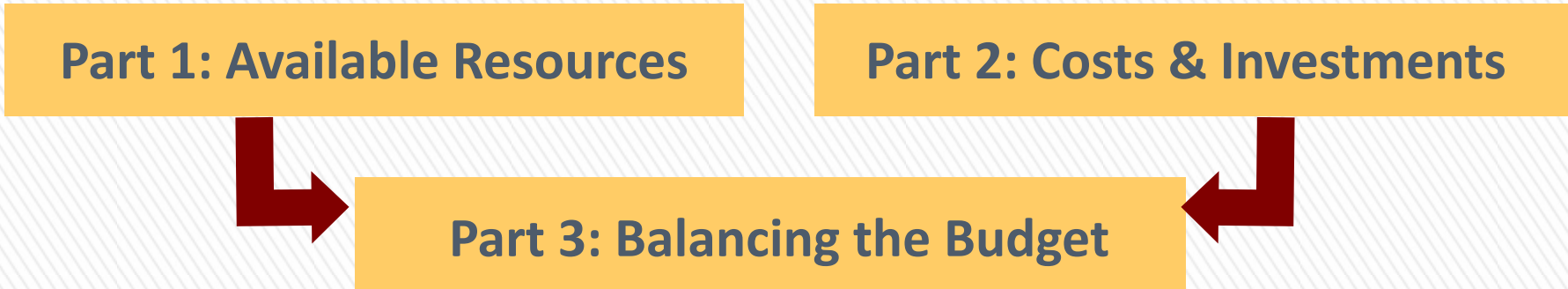
## FY14 Recommended

<i>Beginning Balance</i>	\$18,503,710
 <i>Revenues &amp; Net Transfers</i>	
Operations & Maintenance-State	515,211,000
Operations & Maintenance – Other	21,350,000
State Specials	85,995,000
Tuition	842,099,186
Indirect Cost Recovery	139,331,772
Central Reserves	13,299,625
 <i>Total Net Resources</i>	 <b>\$1,635,790,293</b>
 <i>Allocations to Units</i>	 <b><u>\$1,615,055,007</u></b>
 <i>Ending Balance</i>	 <b>\$20,735,286</b>

Increase in Allocations – O&M/State Specials & Tuition - FY13 to FY14 - \$32.9m or 2.1%

# Budget Development Process

## Defining the Budget Framework & Balancing the Budget

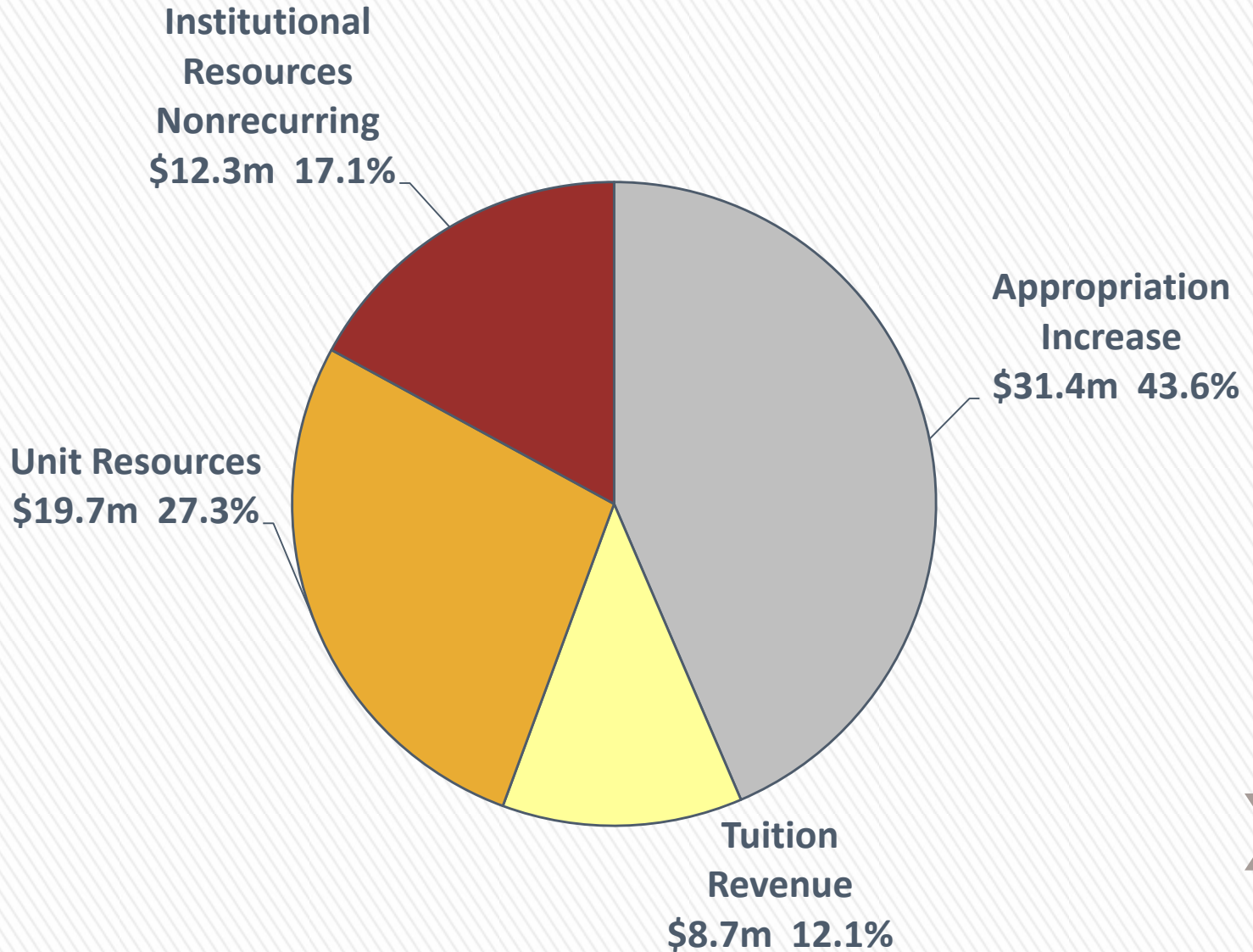


### FY14 Budget Framework – Incremental Change

<b>Resources:</b>	
Increased State Appropriation	\$31,400,000
Tuition Revenue Increase	8,700,000
Unit Resources	19,700,000
One-Time Institutional Funds	<u>12,300,000</u>
<b>Total Incremental Resources</b>	<b>\$72,100,000</b>
<b>Expenditures:</b>	
Compensation	\$13,200,000
Student Financial Aid	2,900,000
Academic Initiatives	43,900,000
Mission Support & Operations	<u>11,800,000</u>
<b>Total Incremental Expenditures</b>	<b>\$71,800,000</b>

# University of Minnesota FY2014

## Part 1: Available Incremental Resources = \$72.1 Million



# 2013 Legislative Result – Positive for the University – 7.1% Biennial Increase

Fiscal Year and Biennial Appropriations - \$ in Thousands

	FY2014	FY2015	Biennium	FY16-17 Biennium
Base Level Appropriation	\$545,344	\$545,344	\$1,090,688	
S. F. 1236 State Funding Level	\$576,799	\$591,099	\$1,167,898	\$1,182,198
Change from Base	\$31,455	\$45,755	\$77,210	
Change from Prior Year	\$31,455	\$14,300		
% Increase from Prior Year	5.8%	2.5%		
% Increase from Base			7.1%	

\$591.1m x 2

All appropriation increases are permanent increases to the appropriation base



# 2013 Legislative Session – Request and Results (Increments over Prior Year):

## Submitted Biennial Request

	A	B
	2014	2015
Tuition Relief	\$ 14.2	\$ 14.2
MnDRIVE	\$ 18.0	\$ -
AHC Loan Forgiveness Program	\$ -	\$ 1.5
Accountability Fund	\$ -	\$ 11.5
Total	\$ 32.2	\$ 27.2
Percent change prior period	5.9%	4.7%

## Enacted Appropriation Changes

	A	B
	2014	2015
Tuition Relief	\$ 14.2	\$ 14.2
MnDRIVE	\$ 17.8	\$ 0.1
AHC Loan Forgiveness Program	\$ -	\$ -
Accountability Fund	\$ -	\$ -
Total	\$ 32.0	\$ 14.3
Percent change prior period	5.9% *	2.5%

*\*Note – two other changes enacted outside of biennial request items result in a net change in FY14 funding level of 5.8% rather than 5.9% - decrease of \$645k for transfer of funding to OHE and an increase of \$125k for the Labor Education Service in the System Special*

# University of Minnesota

## S.F. 1236- FY14 & FY15 Appropriations

Operations and Maintenance	515,211,000	529,511,000
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### Special Appropriations:

- |   |            |            |
|---|------------|------------|
| (a) Agriculture and Extension Service<br>For the Agricultural Experiment Station, Minnesota Extension Service.  | 42,922,000 | 42,922,000 |
| (b) Health Sciences<br>For the rural physicians associates program, the Veterinary Diagnostic Laboratory, health sciences research, dental care, the St. Cloud residency program, and the Biomedical Engineering Center | 4,854,000  | 4,854,000  |
| (c) Institute of Technology<br>For the Geological Survey and the Talented Youth Mathematics Program.  | 1,140,000  | 1,140,000  |
| (d) System Specials<br>For general research, industrial relations education, Natural Resources Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey exhibit.     | 5,181,000  | 5,181,000  |
| (e) University of Minnesota Mayo Foundation Partnership   | 7,491,000  | 7,491,000  |
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Primary Care Initiatives This appropriation is from the health care access fund	2,157,000	2,157,000
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### Academic Health Center

The appropriation to the Academic Health Center under Minnesota Statutes, section 297F.10, is \$22,250,000 each year.

## **Centrally Attributed and Distributed Funds Operations and Maintenance Fund**

	A FY2012-13	B FY2013-14	B-A Change
Balance Forward	\$7,043,797	\$721,673	( \$6,322,124)
Revenues	\$499,481,000	\$536,561,000	\$37,080,000
Interfund Transfers	\$10,964,520	\$9,300,000	(\$1,664,520)
Total Resources	\$517,489,317	\$546,582,673	\$29,093,356
Allocations	\$516,767,644	\$546,239,049	\$29,471,405
Ending Balance	\$721,673	\$343,624	(\$378,049)

# Centrally Attributed and Distributed Funds

## State Specials

	A FY2012-13	B FY2013-14	B-A Change
Balance Forward	\$0	\$0	\$0
Revenues	\$85,870,000	\$85,995,000	\$125,000
Interfund Transfers	\$0	\$0	\$0
Total Resources	\$85,870,000	\$85,995,000	\$125,000
Allocations	\$85,870,000	\$85,995,000	\$125,000
Ending Balance	\$0	\$0	\$0

# Unit and Institutional Resources

## \$19.7m recurring & \$12.3m nonrecurring

\$12.3 million = balances from system level earnings, cancellation of allocations & float from recurring investments in future years

\$3.9 million = increases in other revenues (ICR, sales, clinical income etc.)

\$881 thousand = FY13 uncommitted tuition above budget

AND

\$14.9 million = reallocation of resources to higher priority needs



- Position eliminations - consolidation of work among fewer employees or fewer tasks
- Reductions in general operations – travel, food, professional services, supplies, etc.
- \$10 million already identified as administrative cost reductions
- Units finalizing plans in some cases – more administrative reductions to come

# State Performance Measure – Admin Costs

S.F. 1236 makes 5% of the University's FY15 appropriation (or \$26.5m) contingent on meeting three of five performance goals:

1. Increase by at least 1% the Twin Cities campus undergraduate four-year, five year or six year graduation rates averaged over three years, for low-income students reported in fall 2014 over fall 2012.
2. Increase by at least 3% the total number of undergraduate STEM degrees, averaged over three years, conferred by the University of Minnesota Twin Cities campus reported in fiscal year 2014 over fiscal year 2012.
3. Increase by at least 1% the four-year, five-year, or six-year graduation rates, averaged over three years, at the University of Minnesota reported in fall 2014 over fall 2012.
- 4. For fiscal year 2014, decrease administrative costs by \$15,000,000**
5. Increase invention disclosures by 3% for fiscal year 2014 over fiscal year 2013

- \$10m identified to date
- \$5m more will be identified by end of the fiscal year by documenting reallocations that continually take place as part of ongoing performance improvements and through operational excellence initiatives

# Centrally Attributed and Distributed Funds

## Tuition

	A FY2012-13	B FY2013-14	B-A Change
Balance Forward	\$0	\$0	\$0
Revenues	\$833,338,698	\$842,099,186	\$8,760,488
Interfund Transfers	\$0	\$0	\$0
Total Resources	\$833,338,698	\$842,099,186	\$8,760,488
Allocations	\$833,338,698	\$842,099,186	\$8,760,488
Ending Balance	\$0	\$0	\$0

# Tuition and Fees – FY14 Highlights

- 1) No increase in tuition for resident undergraduates (for FY15 as well)
- 2) Increasing the differential between resident and nonresident undergraduate students
  - \$1,000 increase on the Twin Cities and Duluth Campuses
  - Crookston, Morris and Rochester Campuses - nonresident = resident
- 3) Aligning graduate and professional tuition rates with market conditions and peer institutions – general graduate rate increase of 3%; others vary
- 4) Second year of 4-year phase in - Carlson School of Management tuition surcharge
- 5) No increase in campus/collegiate fees for the first time in decades
- 6) Course and Miscellaneous Fee increases minimized
- 7) International student academic support fee begins in 2013-14

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Resident undergraduate tuition and required fee changes at historic lows:

Crookston	(-0.1%)
Duluth	(+0.2%)
Morris	(+0.3%)
Twin Cities	(+0.7%)



## University of Minnesota 2013-14 Tuition Plan

(Primary Rate Changes)

			\$ Inc	\$ Inc	% Inc	% Inc
	Resident	Nonresident	Resident	Nonresident	Resident	Nonresident
Twin Cities Undergraduate	\$12,060	\$18,310	\$0	\$1,000	0%	5.8%
Duluth Undergraduate	\$11,720	\$15,385	\$0	\$1,000	0%	7.0%
Morris Undergraduate	\$11,720	\$11,720	\$0	\$0	0%	0%
Crookston Undergraduate	\$10,030	\$10,030	\$0	\$0	0%	0%
Rochester Undergraduate	\$11,720	\$11,720	\$0	\$0	0%	0%
Graduate General Programs	\$15,008	\$22,990	\$438	\$670	3.0%	3.0%

\* Other graduate and professional levels aligned with market conditions and peer institutions

## Change in Tuition, Fees and Room & Board – FY14 vs. FY13

<b>Twin Cities Campus, Undergraduate, Resident – Residence Hall</b>					
	FY13 Academic Year	FY14 Academic Year	\$ Increase	% Increase	FY14 % of Total
Tuition (13-credit band)	\$12,060	\$12,060	\$0	0.0	55.3
Student services fee	737	830	93	12.6	3.8
Collegiate fee*	443	443	0	0.0	2.0
Other Required Fees**	144	146	2	1.4	0.7
Subtotal tuition & required fees	13,384	13,479	95	0.7	61.8
Room & Board (double room, 14 meal plan)	8,000	8,312	312	3.9	38.2
<b>Total Cost– Twin Cities</b>	<b>\$21,384</b>	<b>\$21,791</b>	<b>\$407</b>	<b>1.9%</b>	<b>100.0%</b>

\*Average of all undergraduate programs, 6+ credits

\*\*MN Student Association, capital enhancement Fee, Stadium Fee, Transportation Fee

## TC Student Services Fees Per Semester Charges Change FY13 to FY14

	FY13	FY14	Change \$	Change %	
<b>Student Services Fees</b>	<b>\$ 368.29</b>	<b>\$ 414.91</b>	<b>\$ 46.62</b>	<b>12.7%</b>	
					Percent of Total Change
Boyton	\$ 118.00	\$ 123.26	\$ 5.26	4.5%	11%
<b>Rec Sports</b>	<b>\$ 75.54</b>	<b>\$ 110.98</b>	<b>\$ 35.44</b>	<b>46.9%</b>	<b>76%</b>
All Other	\$ 174.75	\$ 180.67	\$ 5.92	3.4%	13%
<b>Amount without Rec Sports</b>	<b>\$ 368.29</b>	<b>\$ 379.47</b>	<b>\$ 11.18</b>	<b>3.0%</b>	

89 Unique Line Items

## Change in Tuition, Fees and Room & Board – FY14 vs. FY13

<b>Crookston Campus, Undergraduate, Resident – Residence Hall</b>					
	FY13 Academic Year	FY14 Academic Year	\$ Increase	% Increase	FY14 % of Total
Tuition (13-credit band)	\$10,030	\$10,030	\$0	0.0	54.0
Student services fee	425	418	-7	-1.6	2.2
Campus Fee	1,000	1,000	0	0.0	5.4
Subtotal tuition & required fees	11,455	11,448	-7	-0.1	61.6
Room & Board (double room, 19 meal plan)	6,978	7,142	164	2.3	38.4
<b>Total Cost– Crookston</b>	<b>\$18,433</b>	<b>\$18,590</b>	<b>\$157</b>	<b>0.8%</b>	<b>100.0%</b>

## Change in Tuition, Fees and Room & Board – FY13 vs. FY12

<b>Duluth Campus, Undergraduate, Resident – Residence Hall</b>					
	FY13 Academic Year	FY14 Academic Year	\$ Increase	% Increase	FY14 % of Total
Tuition (13-credit band)	\$11,720	\$11,720	\$0	0.0	59.3
Student services fee	593	623	30	5.1	3.1
Campus Fee	472	472	0	0.0	2.4
Subtotal tuition & required fees	12,785	12,815	30	0.2	64.8
Room & Board (double room, 19 meal plan)	6,732	6,956	224	3.3	35.2
<b>Total Cost– Duluth</b>	<b>\$19,517</b>	<b>\$19,771</b>	<b>\$254</b>	<b>1.3%</b>	<b>100.0%</b>

## Change in Tuition, Fees and Room & Board – FY14 vs. FY13

Morris Campus, Undergraduate, Resident – Residence Hall					
	FY13 Academic Year	FY14 Academic Year	\$ Increase	% Increase	FY14 % of Total
Tuition (13-credit band)	\$11,720	\$11,720	\$0	0.0	58.4
Student services fee*	649	683	34	5.2	3.4
Campus fee	180	180	0	0.0	0.9
Subtotal tuition & required fees	12,549	12,583	34	0.3	62.7
Room & Board (double room, 19 meal plan)	7,324	7,482	158	2.2	37.3
Total Cost– Morris	\$19,873	\$20,065	\$192	1.0%	100.0%

\*Activities fee, Health Services fee, Student Center fee, Athletics fee, Regional Fitness Center fee

# Three Fee Categories: Summary of Changes for FY14

*(Fees in Lieu of Tuition Implemented as Course or Misc. Fees)*

Limited Increases or New Fees proposed:

- for new courses/misc. items in a grouping that has traditionally been supported through fees (e.g. new ARTS course)
- for areas where the costs covered through the fee are increasing significantly (e.g. chemical or dental supplies)
- for increased external pass-through costs (e.g. study abroad or testing services)
- for restructuring of existing fees to better reflect costs (e.g. 3 tiers moving to 4 tiers)

## Course Fees

74% - no change  
9% - decreasing  
8% - increasing  
9% - new

## Misc. Term Fees

86.7% - no change  
.3% - decreasing  
9.0% - increasing  
4.0% - new

Definition change proposed for Board of Regents Policy – clarification only.

## Academic Fees

There are no changes proposed for any campus or collegiate fee for FY14.

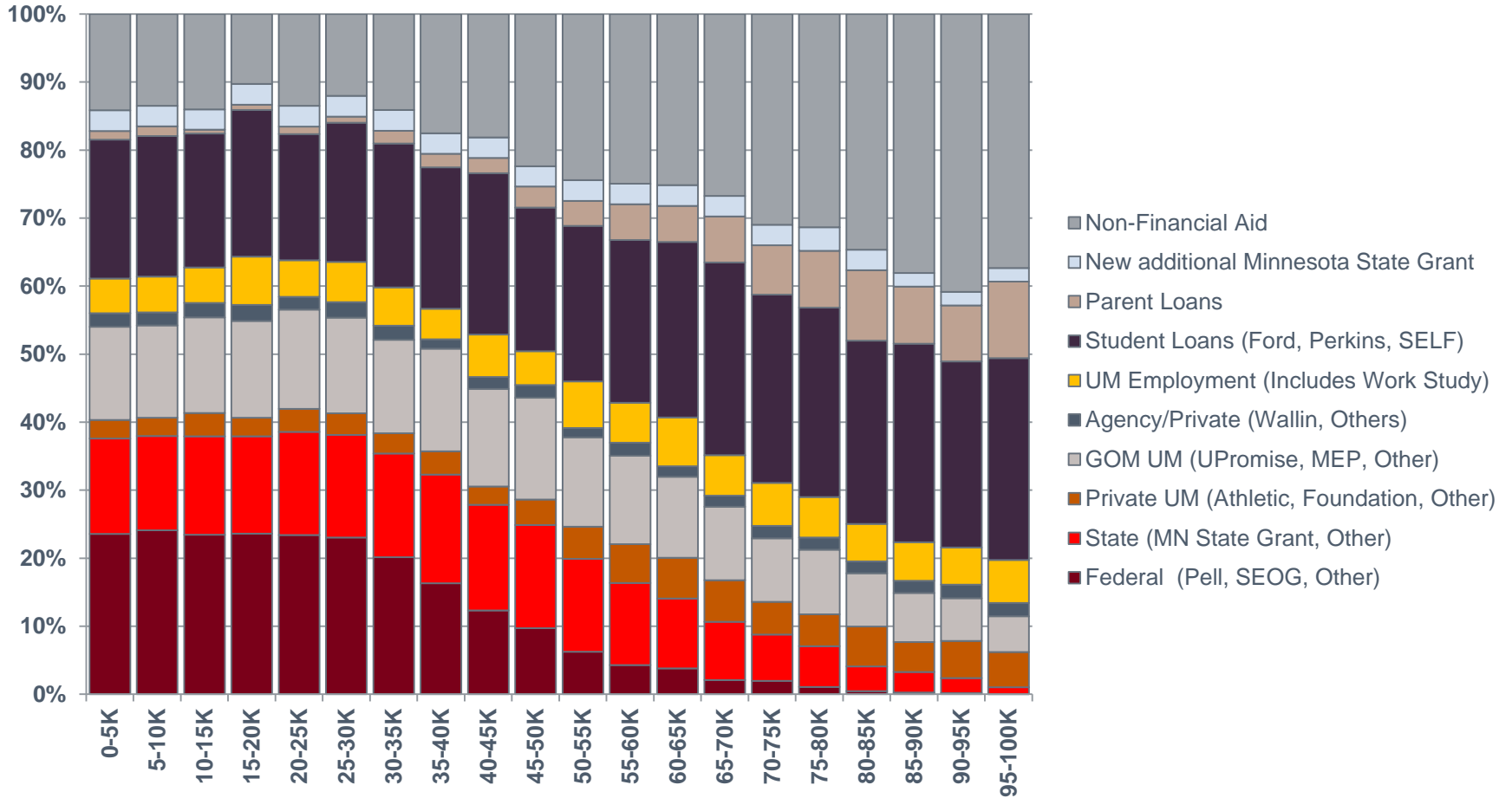
There is one proposed decrease in a durable goods fee at Rochester.

# Student Aid Changes – FY14 – PELL & MN State Grant

Grant Awards for Illustrative Students				
	2012-13	2013-14	Change	
<i>\$0 Expected Family Contribution</i>				
PELL Grant	\$ 5,550	\$ 5,645	\$	95
Minnesota State Grant	\$ 4,070	\$ 4,805	\$	735
U Promise	\$ 4,000	\$ 4,000	\$	-
<b>TOTAL</b>	<b>\$ 13,620</b>	<b>\$ 14,450</b>	<b>\$</b>	<b>830</b>
<i>\$25K-\$30K Adjusted Gross Income</i>				
PELL Grant	\$ 3,300	\$ 3,395	\$	95
Minnesota State Grant	\$ 4,160	\$ 4,895	\$	735
U Promise	\$ 3,624	\$ 3,624	\$	-
<b>TOTAL</b>	<b>\$ 11,084</b>	<b>\$ 11,914</b>	<b>\$</b>	<b>830</b>
<i>\$45K-\$50K Adjusted Gross Income</i>				
PELL Grant	\$ 800	\$ 895	\$	95
Minnesota State Grant	\$ 4,260	\$ 4,995	\$	735
U Promise	\$ 2,464	\$ 2,464	\$	-
<b>TOTAL</b>	<b>\$ 7,524</b>	<b>\$ 8,354</b>	<b>\$</b>	<b>830</b>
<i>\$75K-\$80K Adjusted Gross Income</i>				
PELL Grant	\$ -	\$ -	\$	-
Minnesota State Grant	\$ 980	\$ 1,810	\$	830
U Promise	\$ 1,140	\$ 1,140	\$	-
<b>TOTAL</b>	<b>\$ 2,120</b>	<b>\$ 2,950</b>	<b>\$</b>	<b>830</b>

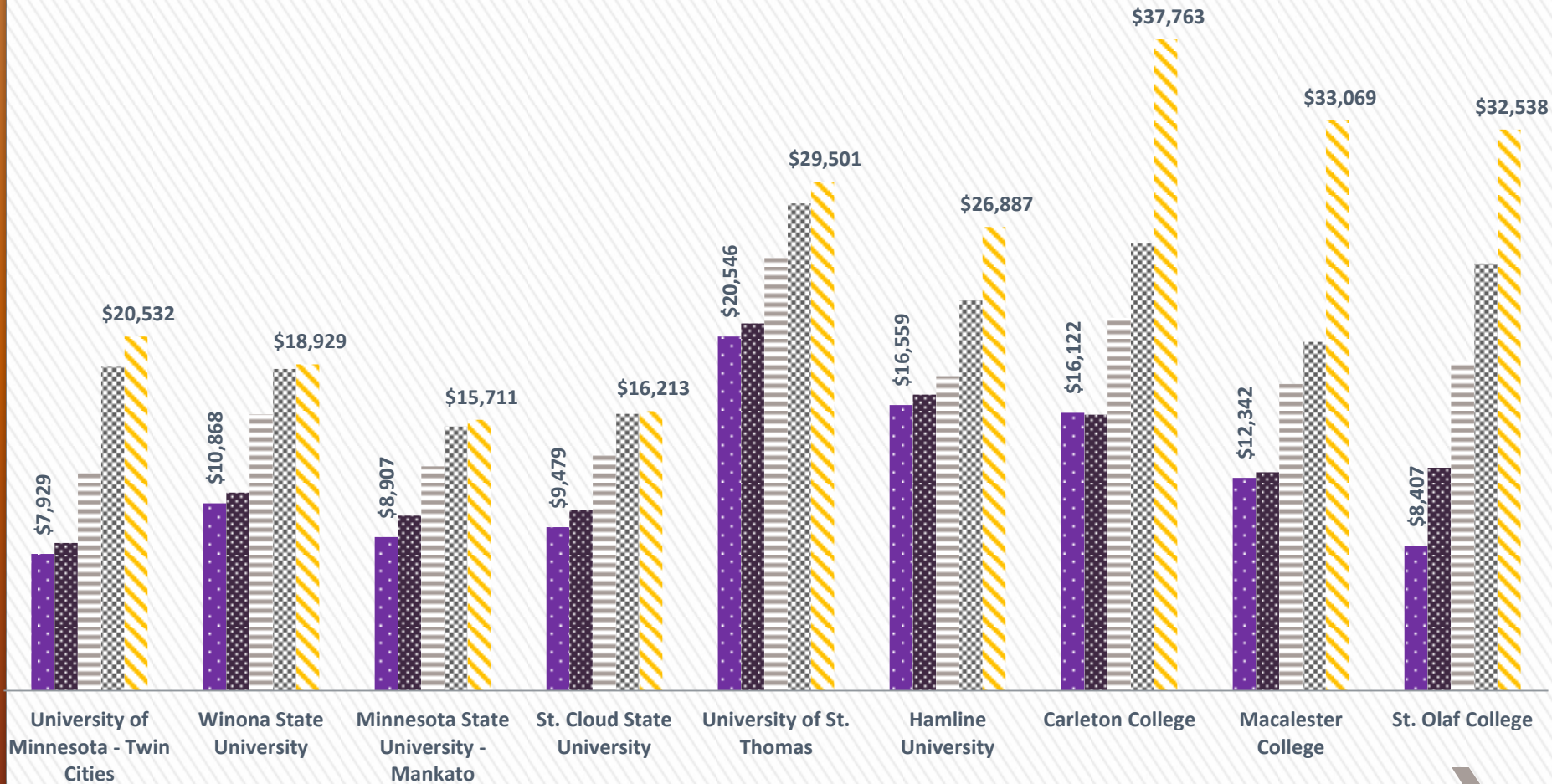


## FY 2014 Projected Share of Cost of Attendance for Twin Cities, Full-Time, Resident Undergraduates by Parent Income Level and Financial Aid Type



**Illustrative Minnesota Colleges and Universities**  
**Average Net Price for 2010-11 Full-Time, First-Time Degree Seeking Undergraduates**  
**Awarded Federal Grant Aid, Work Study, and/or Loan Aid (Title IV aid)**  
**By Income Level**

■ \$0-30,000   
 ■ \$30,001-48,000   
 ■ \$48,001-75,000   
 ⊠ \$75,001-110,000   
 ■ \$110,001 and more

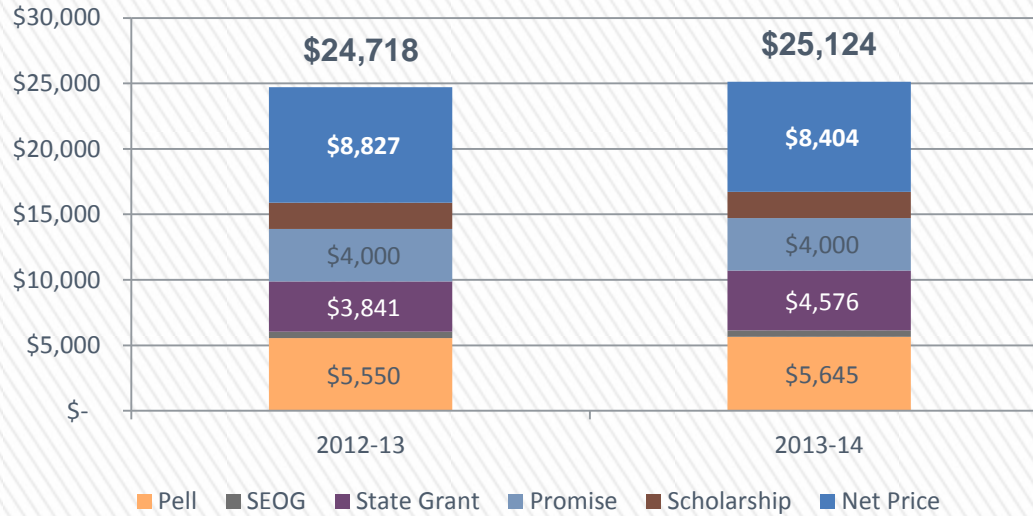


Net price = Cost of attendance (tuition, fees, books, room & board, misc.) minus Federal, State/local government, and institutional grant or scholarship aid.

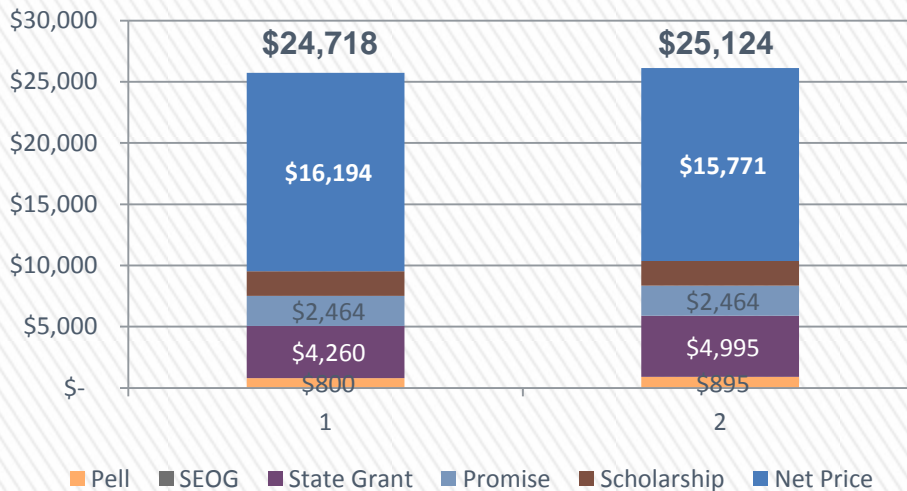
Source: US Dept. of Education National Center for Education Statistics

# Illustrative Student Grant Aid Packages 2012-13 vs. 2013-14 Twin Cities Campus

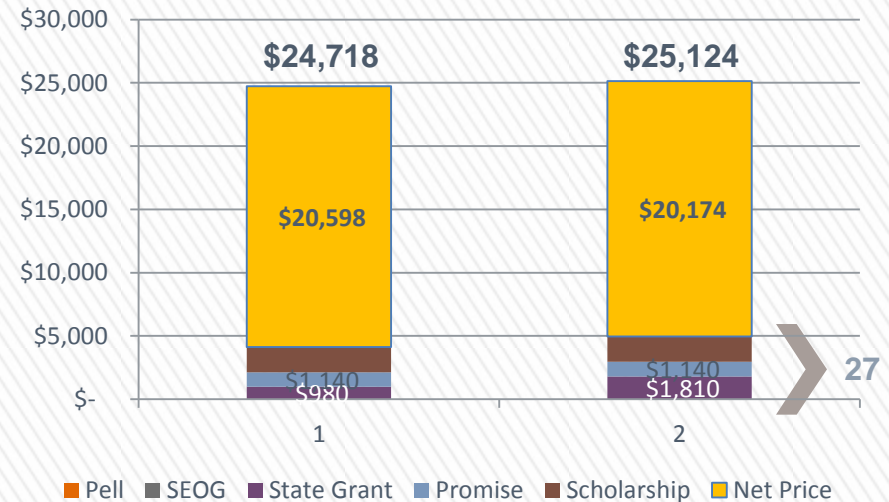
EFC = \$0: **4.8% decrease in net price**



Family Income \$50K-\$55K: **2.6% decrease in net price**

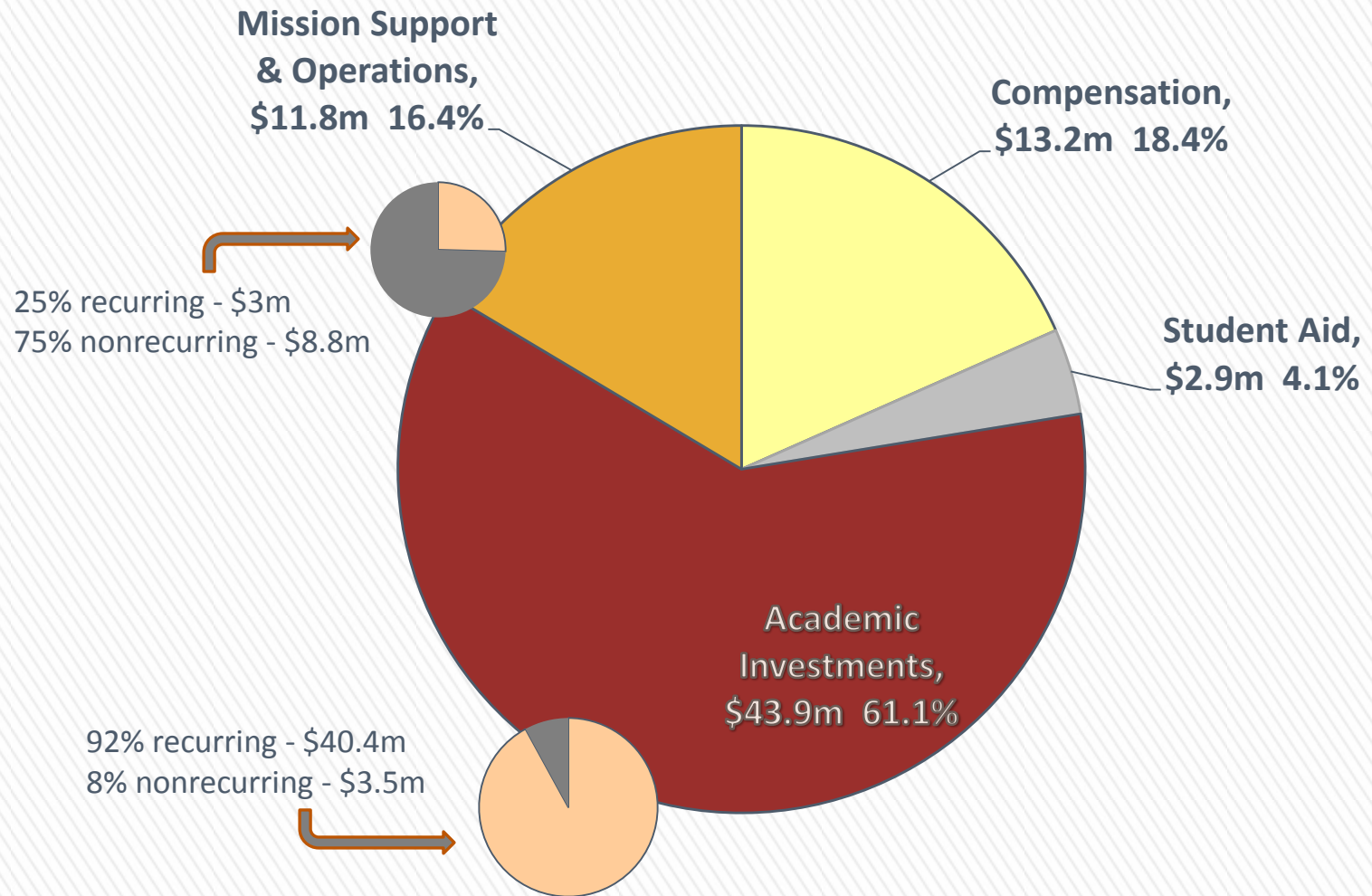


Family Income \$80K-\$85K: **2.1% decrease in net price**

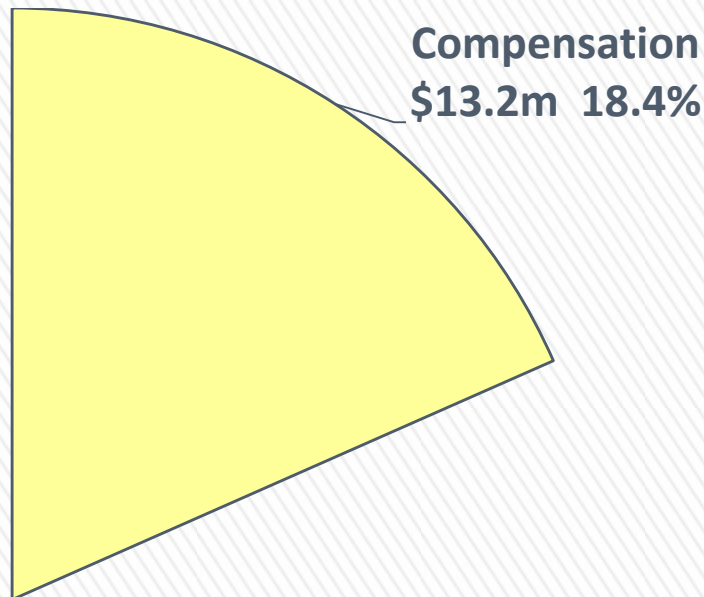


# University of Minnesota FY2014

## Part 2: Incremental Costs & Investments = \$71.8 Million



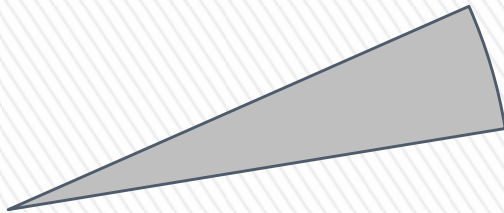
# University of Minnesota FY2014 Costs & Investments = \$71.8 Million



- Compensation costs projected based upon 2.5% salary adjustment plus related fringe benefit cost recovery for all employee groups.
- Fringe benefit costs for departments are decreasing compared to FY13 due to little growth in health care costs.
- Where applicable, the 2.5% will be delivered on a merit basis.

# University of Minnesota FY2014 Costs & Investments = \$71.8 Million

**Student Aid**  
**\$2.9m, 4.1%**



## Student Aid

\$2.0m – merit-based recruitment funds  
\$912k – targeted programs for specific student groups

## Additional Changes in Need-Based Aid

### Promise Scholarships

Award levels unchanged from FY13

13,000 students system-wide receive Promise Scholarships – those from families with income up to \$100,000

### State Grant Program

State increased funding 15%

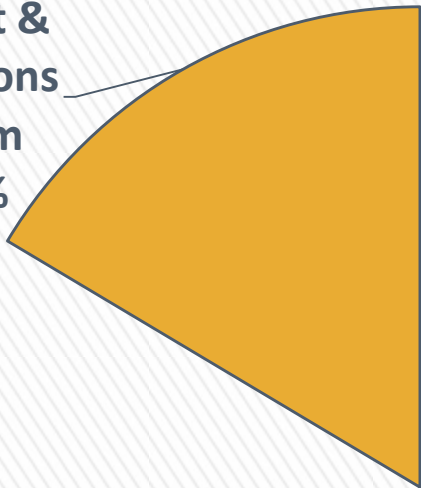
Average increase for UofM students = \$718 (equivalent to 6% of undergraduate tuition rate)

Combined with modest increases in federal PELL grants – approximately 11,000 students will see an effective tuition decrease for FY14

# University of Minnesota FY2014

## Costs & Investments = \$71.8 Million

**Mission  
Support &  
Operations**  
**\$11.8m**  
**16.4%**



### Recurring - \$3m (examples):

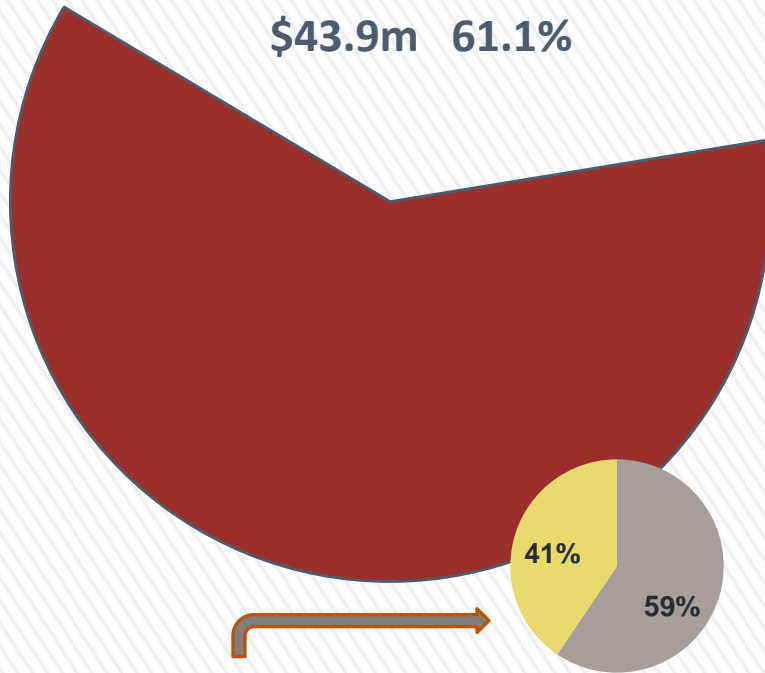
- Electronic Licensing Costs in the Library
- E-Procurement Software & Services
- Increase in the R&R Budget – Deliberate Strategy to Increase as New Buildings Come On Line
- Support for Clinical Trials & Clinical Research
- Enhance Public Safety on the Twin Cities Campus

### Nonrecurring - \$8.8m (examples):

- Transition year of utility and building operations costs for the new Cancer/Cardio and Physics/Nano buildings – recurring tail incorporated into next year's budget
- Transition expenses for the E-Procurement and Logistics operating costs as part of the Strategic Purchasing initiative
- Spike in costs for Disability Services

# University of Minnesota FY2014 Costs & Investments = \$71.8 Million

**Academic  
Investments**  
\$43.9m 61.1%



41% - MnDRIVE Initiatives  
59% - Academic Initiatives through the  
annual budget process

- \$40.4m recurring
- \$3.5m nonrecurring
- To more than 30 units – colleges, campuses and support units
- Proposals submitted through the compact/budget process
- New MnDRIVE funding program
- Funded with tuition, state appropriation and inst. resources

## Significant Examples:

- o Four interdisciplinary research areas in MnDRIVE
- o Clinical Trials Management System
- o Instructional & Student Service costs in CLA , the Law School and at Duluth
- o Distance Delivery infrastructure
- o New faculty across disciplines at UMC, CEHD, Vet Med, Pharmacy, Population Ctr & Carlson School
- o Office of Technology Transfer
- o Classroom-Lab Upgrades – TC campus, Vet Med and Design



# Centrally Attributed and Distributed Funds

## Indirect Cost Recovery

	A FY2012-13	B FY2013-14	B-A Change
Balance Forward	\$0	\$0	\$0
Revenues	\$144,772,873	\$139,331,772	(\$5,441,101)
Interfund Transfers	\$0	\$0	\$0
Total Resources	\$144,772,873	\$139,331,772	(\$5,441,101)
Allocations	\$144,772,873	\$139,331,772	(\$5,441,101)
Ending Balance	\$0	\$0	\$0

# Centrally Attributed and Distributed Funds

## Central Reserves

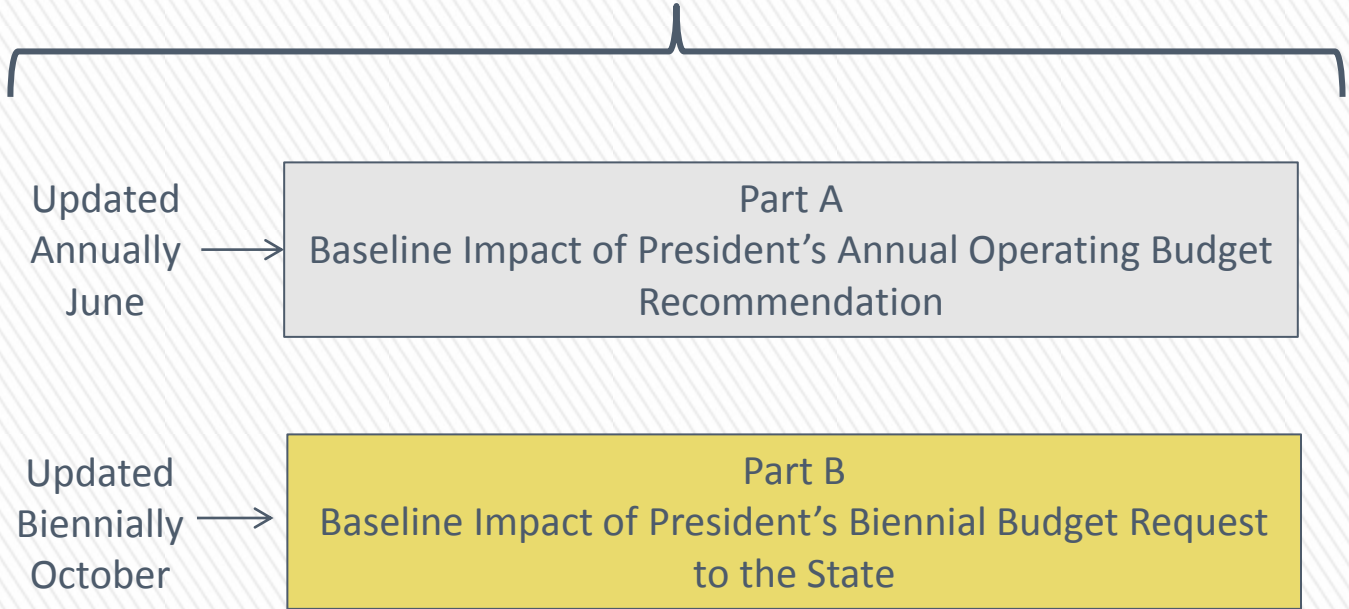
	A FY2012-13	B FY2013-14	B-A Change
Balance Forward	\$14,587,412	\$17,782,037	\$3,194,625
Net Revenues	\$13,866,625	\$13,299,625	(\$567,000)
Interfund Transfers	(\$9,300,000)	(\$9,300,000)	(\$0)
Total Resources	\$19,154,037	\$21,781,662	\$2,627,625
Allocations	\$1,372,000	\$1,390,000	\$18,000
Ending Balance	\$17,782,037	\$20,391,662	\$2,609,625

## **PART C**

- A. Long Term Financial Planning**
- B. Biennial Budget Development**

# Long Term Financial Planning Process & Timeline

## 6 Year Planning Horizon



# Revenue Assumptions – June 2013

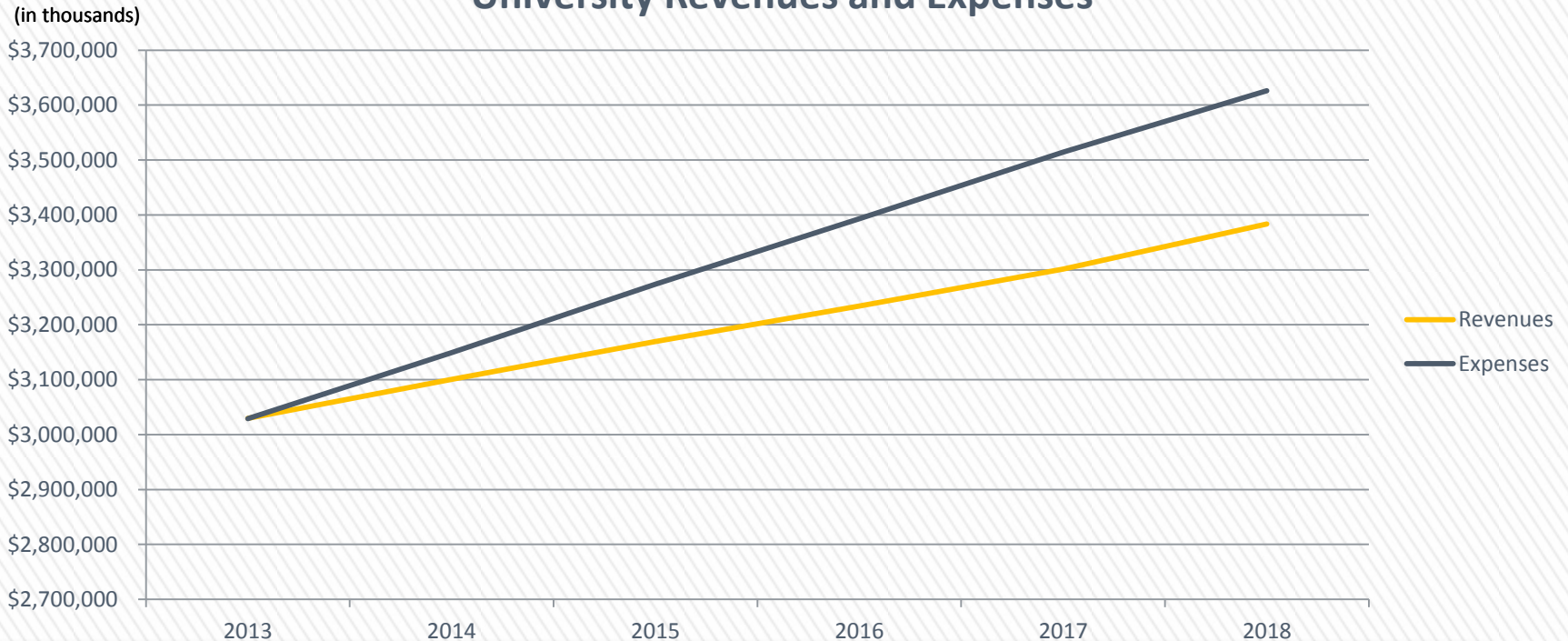
Revenues	FY2014 Assumptions Biennial Request	FY2015 Assumptions Biennial Request	FY2014 Assumptions June 2013	FY2015 Assumptions June 2013
Undergraduate rate increase	0% - Resident 3% - Non-res	0% - Resident 3% - Non-res	0% - Resident +\$1000 - Non-res	0% - Resident 3% - Non-res
Undergraduate enrollment change	+0.8%	+0.8%	-0.3%	Flat
Graduate and Professional rate and enrollment changes	3.0%	3.0%	2.7%	3.0%
Federal Grants and Contracts	2.0%	2.0%	Flat	1.0%
Sales and Services	2.0%	2.0%	2.5%	2.5%
Gifts	Foundations estimates	Foundations estimates	Foundations estimates	Foundations estimates
Auxiliary Enterprises	2.0%	2.0%	3.0%	3.0%
O&M and State Specials	\$577.5M	\$604.7M	\$576.8M	\$591.1M
Other State Appropriations	\$46.6M	\$49.0M	\$46.6M	\$49.0M

# Expense Assumptions – June 2013

Expense	FY2014 Assumptions Biennial Request	FY2015 Assumptions Biennial Request	FY2014 Assumptions June 2013	FY2015 Assumptions June 2013
Salaries	2.5%	2.5%	2.5%	2.5%
Departmental fringe expenses	-2.6%	4.8%	-2.6%	3.9%
Number of faculty	+1.0%	+1.0%	+1.0%	+1.0%
Number of staff	Flat	Flat	Flat	Flat
Remainder of Education and General expenses	3.1%	3.1%	3.1%	3.1%
Auxiliary enterprises	2.5%	2.5%	2.7%	2.7%
Additional University academic and infrastructure investments	\$15M	\$15M	\$28M	\$15M
New academic investments – biennial request	MNDrive: \$18M	Accountability Fund: \$11.5M AHC Loan Forgiveness Program: \$1.5M	MNDrive: \$17.8M	MNDrive: +0.1M
Internal reallocations (reductions)	(\$14M)	(\$14M)	(\$19.7M)	(\$16.8M)

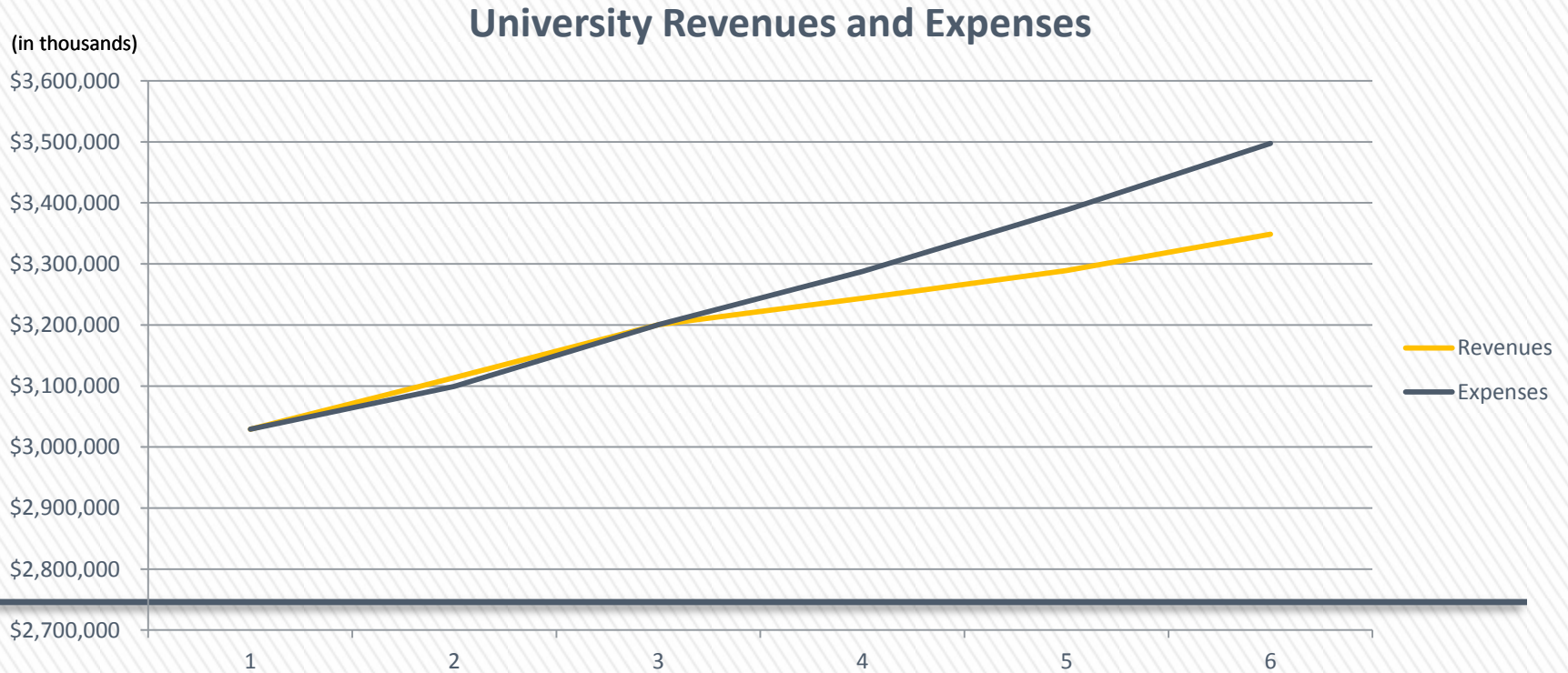
# Forecast Model with Baseline Assumptions June 2012

## University Revenues and Expenses



Assumes no tuition UG increases and modest declines in state support, but also no academic investment or extraordinary infrastructure investment

# Forecast Model with Baseline Assumptions October 2012 Update



Assumes President's proposed biennial request and additional updated assumption



# Revenue Assumptions – June 2013

Revenues	FY2016-19 Baseline	Baseline Projection Basis
Undergraduate rate increase	0%	Set at 0% to produce baseline
Undergraduate enrollment change	0%	Set at 0% to produce baseline
Graduate and Professional rate and enrollment changes	0%	Set at 0% to produce baseline
Federal Grants and Contracts	0%	Maintain against sequester
Sales and Services	2.5%	10 year average CPI
Gifts	Foundations estimates	Generally around 6-8%
Auxiliary Enterprises	2.75%	10 year average CPI + 0.25% for R&R
O&M and State Specials	Flat	15 year average
Other State Appropriations	Flat	

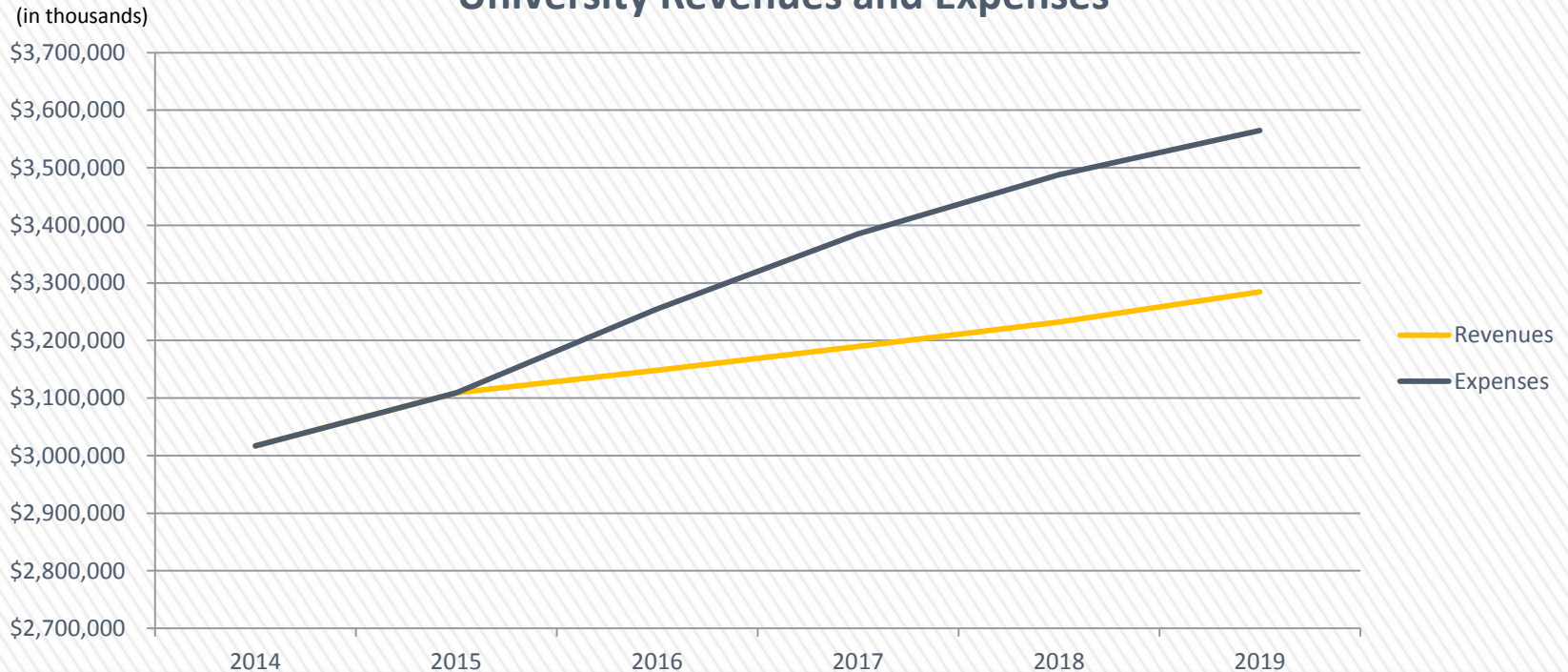
# Expense Assumptions – June 2013

Expense	FY2016-19 Baseline	Baseline Projection Basis
Salaries	2.7%	10 year HEPI weighted average of all employees
Fringe benefit costs	4.1%	10 year HEPI average
Number of faculty	Flat	Proposed FY14 operating budget
Number of staff	Flat	No material changes reported by units
Remainder of Education and General expenses	3.1%	10 year HEPI average of non-compensation expenses
Auxiliary enterprises	2.5%	10 year average CPI
Additional infrastructure investments	\$15M	New building expenses, software licenses, new tech expenses, etc.
New academic investments	\$0	Set at \$0 to produce baseline
Internal reallocations (reductions)	\$0	Set at \$0 to produce baseline

# Forecast Model with Baseline Assumptions

## June 2013 update

### University Revenues and Expenses



	2014	2015	2016	2017	2018	2019
Revenues	\$ 3,016,984	\$ 3,109,076	\$ 3,148,514	\$ 3,189,462	\$ 3,231,989	\$ 3,284,620
Expenses	\$ 3,016,984	3,109,076	\$ 3,254,984	\$ 3,384,908	\$ 3,488,049	\$ 3,564,517
Net	\$ -	\$ -	\$ (106,470)	\$ (195,446)	\$ (256,060)	\$ (279,897)

Assumes 0% tuition increase, flat state support, salary and fringe increases, and ongoing facility and technology cost increases

# The Fiscal Year 2013-14 Annual Operating Budget Resolution

