

May 15, 2006

To: Patrick M. Lloyd, Dean, School of Dentistry
Harley Will, RRC Manager, School of Dentistry

From: Frank Cerra, Senior Vice President for Health Sciences
Julie Tonneson, University Budget Director
Beth Nunnally, CFO, Academic Health Center

Re: FY07 Strategic Investments and Central Allocations

Action Required: Please complete a final revision of your compact document to reflect the decisions detailed in this memorandum. Send an electronic copy of the revised compact to Beth Nunnally by Thursday, June 1. Following review by the Sr. VP for Health Sciences, Beth will forward the revised compact document to the Budget Office and to the Office of University Accountability.

Thank you for your productive involvement in the FY07 compact and budget process over these past several months. Through the efforts of you and your colleagues across the University, nearly \$24 million will be allocated to support our aspirational goal of becoming a top-three public research university within the decade.

Based on the compact-budget meetings held with all academic units and support units, President Bruininks and the three senior vice presidents have made strategic investment and central allocation decisions that will be presented to the Board of Regents for its review on May 12 and final action on June 9. In addition, the President's recommended operating budget will be the subject of a 1:00 p.m. public forum on Tuesday, May 23, in the Board Room (6th floor, McNamara Alumni Center).

Attached to this memorandum are the following documents for your academic unit:

1. FY07 central allocations
2. Revised fiscal page
3. Cost pool charges
4. Decision tracking form

Central Allocations: This attachment shows central allocations from O&M funds, tuition, state specials, ICR, and University fees. Please note that the FY06 final allocation was used as the base from which applicable IRS charges were subtracted (eliminating the IRS charge results in an equivalent increase in available revenues), new University Fee and ICR revenues were added, other applicable adjustments were made and centrally funded line items were added.

Revised Fiscal Page: The fiscal pages distributed to each academic unit in early February and updated through the compact process have been revised to reflect two corrections in the new budget model implementation. The first correction modified the University Fee estimates for each unit. The second correction modified the statistics used in the library cost pool allocation, which resulted in slight changes in many of the cost pool allocations. The revised fiscal page outlines the “hold harmless” transition to the new budget model as well as the projected revenues, cost pool charges, and allocations for FY07.

Cost Pool Charges: This attachment details the cost pool charges for your unit in FY07. This list should be used for budgeting purposes.

Decision Tracking Form: This form identifies your projected increases in tuition, the University Fee and ICR from FY06 to FY07; your projected cost increases for O&M/State Specials/ICR compensation and the cost pools; your requested initiatives, and the decisions made in applying resources to those costs and initiatives. This tracking form was used with your fiscal pages and the information gathered through the compact-budget meetings to arrive at final resource allocation decisions.

Strategic Investments and Central Allocations

Based on a thorough review of your compact and our compact meeting — and in consultation with President Bruininks, Provost Sullivan and Senior Vice President Jones — the following decisions have been made regarding your requests for new central administration investments and central allocations for FY 07:

<i>Description Initiative</i>	<i>Allocation Amount</i>	<i>R or NR</i>	<i>Matching Requirements</i>	<i>Other Comments</i>
MDRCBB Director	\$175,560	R		
Clinic Information Management System Replacement	\$500,000	NR	\$500,000 NR from collegiate funds required in match (1:1)	
Cone Scan Imaging System	\$316,000	NR		
Dental Simulations Lab	\$388,000	R		New allocation will begin in FY08, in alignment with the first internal loan repayment to be scheduled for FY08
Special Compensation	416,421	R		\$280,000 Faculty \$136,421 P&A

If you have questions or need assistance in the final revision of your compact document, please contact Beth Nunnally.

Cc: Kristy Frost-Griep

Attachment 1

For budgeting purposes, the amounts in column E of the tables below reflect your FY07 central allocations. Refer to the Budget Prep instructions for information on how to budget for these allocations.

FY07 O&M ALLOCATION SUMMARY – TDEN (School of Dentistry):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 O & M ALLOCATION
Original O&M Allocation	\$9,760,603			
FY06 Compact-Faculty Neuroscience		\$220,000		
Special Compensation – Faculty		\$260,000		
Special Compensation – P&A		\$161,000		
TA/RA Salary Increase		\$2,086		
“Hold Harmless”-Fiscal Page		\$3,269,437		
Special Compensation-Faculty			\$280,000	
Special Compensation-P&A			\$136,421	
MDRCCB Director			\$175,560	
Info Mgmt System Replacement-NR			\$500,000	
Cone Scan Imaging System-NR			\$316,000	
				\$15,081,107

FY07 TUITION ALLOCATION SUMMARY – TDEN (School of Dentistry):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 TUITION ALLOCATION
Original Tuition Allocation	\$9,303,535			
Estimated Change to FY07		\$789,721		
				\$10,092,956

FY07 STATE SPECIAL ALLOCATION SUMMARY – TDEN (School of Dentistry):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 STATE SPEC. ALLOCATION
Original State Special Allocation	\$144,000			
				\$144,000

FY07 ICR ALLOCATION SUMMARY – TDEN (School of Dentistry):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 ICR ALLOCATION
Original ICR Allocation	\$1,033,400			
Updated FY06 Estimate		\$5,300		
Transition to 100%		\$1,059,684		
Estimated Change to FY07			(\$120,110)	
				\$1,978,274

FY07 UNIVERSITY FEE SUMMARY – TDEN (School of Dentistry):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 U FEE ALLOCATION
Original University Fee Allocation	\$0			
Estimated Change to FY07		\$650,000		
				\$650,000

Attachment 2

FY07 Cost Pool Estimates – TDEN

The following amounts represent the cost pool charges estimated for your unit for FY07. They match what is reflected on the fiscal page, but have been displayed in more detail here to correspond to the budget prep instructions. As you enter budgets in CUFS, you should balance to these cost estimates:

Admin Service Units Systemwide (8625)	\$1,965,574
Admin Service Units Twin Cities (8626)	296,735
Technology Systemwide (8627)	436,466
Technology Twin Cities Only (8628)	413,365
Facilities O&M Twin Cities Only (8629)	1,918,782
Student Systems and Services (8630)	97,266
Student Systems and Services Twin Cities Only (8631)	26,583
Student Services Undergraduate Twin Cities Only (8632)	108,595
Student Services Graduate (8633)	192,512
Research (8634)	341,712
Library (8635)	882,309
General Purpose Classrooms Twin Cities Only (8636)	273,808
Debt Service (8637)	94,822
Leases (8638)	57,280
Warehouses Twin Cities Only (8639)	0
Utilities	
Electric (8000)	930,625
Heating Gas (8001)	1,543
Non-Heating Gas (8004)	0
Steam (8005)	724,188
Water/Chilled Water (8006)	0
Total	\$8,762,165