



# Amendments to FY2012 Annual Operating Budget

September 9, 2011

Board of Regents

## FY12 Provisional Annual Operating Budget Plan Context

- Governor & Legislature failed to reach agreement on overall state budget for 2012-2013 biennium
- U of M provisional budget assumed legislative conference committee funding level
- Special legislative session held out possibility for improvement in University funding level
- Provisional budget plan outlined a framework for the use of any improvement in state funding
- July 19, 2011 1<sup>st</sup> special legislative session improved University funding

# University of Minnesota

## Outcome of 2011 1st Special Session

(\$ in millions)

	Fiscal Year 2012	Fiscal Year 2013	Biennial
Assumed State Appropriations (Down \$70.8M from FY11)	\$520.3	\$520.3	\$1,040.6
Enacted State Appropriations (Down \$45.8M from FY11)	\$545.3	\$545.3	\$1,090.6
Change	\$ 25.0	\$ 25.0	\$ 50.0

## Two Year Financial Framework Principles for Allocation of \$25.0M

- Adhere closely to the original framework outlined in provisional budget plan
- Maintain maximum budget flexibility to meet recurring budget needs & strategic investments in FY13
- Allocate 1/3<sup>rd</sup> recurring funds in FY12 to meet most critical academic needs
- Use portion of FY12 funds on a non-recurring basis to provide student tuition relief
- Deliver 1/3<sup>rd</sup> of recurring funds(\$8,300,000) in FY13 to lower the financial burden of tuition rate increases on Minnesota undergraduate students
- Use remaining 1/3<sup>rd</sup> of recurring funds for strategic investments in FY13.

President's Recommendations  
 FY12 Allocations  
 (\$ in millions)

	Fiscal Year 2012
Change in State Appropriations	\$25.00
Recurring Allocations FY12	\$ 8.15
Non-Recurring Allocations FY12	<u>\$10.75</u>
Unallocated Balance/Carried Forward to FY13	\$ 6.10

# President's Recommendations

## FY12 Recurring & Non-Recurring Allocations

- **FY12 Recurring Allocations: \$8,150,000**
  - \$4,000,000 for new faculty hires
  - \$3,050,000 to mitigate impacts of state cuts in Medical Education & Research Costs(MERC)
  - \$800,000 to support Veterinary Diagnostic Lab(VDL)
  - \$150,000 to support Undergraduate Research Opportunities Program(UROP)
  - \$150,000 to adjust budget reduction in College of Pharmacy
- **FY12 Non-Recurring Allocations: \$10,750,000**
  - \$4,150,000 for one-time scholarships for undergraduate students eligible for U Promise program for spring semester 2012 only
  - \$6,000,000 to support Doctoral Dissertation Fellowships(DDF) to be spent over 3 years
  - \$350,000 to assist Morris campus in the cost of network upgrade
  - \$250,000 to address a variety of issues/deficiencies on Crookston campus
- **Total FY12 Allocations = \$18,900,000**
- **\$6,100,000 to carried forward to FY13**

# Preliminary Framework FY13

(\$ in millions)

Recurring Funds	Fiscal Year 13 Framework
Funds Targeted for Tuition Relief FY13	\$8.30
Funds Targeted for Strategic Investment FY13	<u>\$8.55</u>
Subtotal Recurring Funds	\$16.85
Non-Recurring Funds	
FY12 Unallocated Balance(One-time investments)	\$6.10



**REGENTS OF THE UNIVERSITY OF MINNESOTA  
RESOLUTION RELATED TO  
AMENDMENTS TO THE FY12 ANNUAL OPERATING BUDGET**

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Regents hereby approves the final FY12 Annual Operating Budget, incorporating the following modifications to the earlier FY12 Provisional Budget Plan resulting from adoption of a 2012 – 2013 biennial appropriation to the Board of Regents of the University of Minnesota by the State of Minnesota during a 2011 special legislative session:

- An adjustment from \$520,334,000 to \$545,344,000 in state general fund appropriations for FY12 (enacted as an increase in the O&M appropriation only – the state special appropriations remain unchanged from the approved Provisional budget).
- An increased allocation of \$8,150,000 in recurring funds for the purpose of mitigating budget impacts in FY12.
- An increased allocation of \$10,750,000 in non-recurring funds for the purpose of supporting critical investments and to lessen the burden of tuition increases on undergraduate students in FY12.
- An increase in the O&M balance forward into FY13 of \$6,100,000.