

May 15, 2006

To: Deborah Powell, Dean, Medical School
Pete Mitsch, Fiscal Officer, Medical School
Susan Richards, RRC Manager, Medical School

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

Re: FY07 Strategic Investments and Central Allocations (TMED and DMED)

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>
Med 2010	\$400,000	NR		
Center for Indian Affairs	\$150,000	R	Medical School required to match \$150,000 R (1:1)	
Experimental Therapeutics	\$250,000	R	Medical School required to fund \$100,000 NR	
Surgery Chair Recruit	\$200,000	R		
Collegiate Priorities	\$400,000	R		New O&M to offset administrative cost pool increments
Special Compensation	\$820,000	R		\$800K Faculty \$20K P&A
Neuroscience Clinical Scholars	\$500,000	R	Medical School required to match \$500,000 R (1:1)	Part of U-wide neuroscience initiative; not referenced in attached allocations

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

Cc: Rick Ziegler
Laurie Dromeshauser
Kristy Frost-Griep

Attachment 1 - TMED

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 – TMED (Medical School):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 O & M ALLOCATION
Original O&M Allocation	\$31,293,966			
FY06 Compact-Integrated Physiology/Systems Bio		\$400,000		
Special Compensation – Faculty		\$620,000		
Special Compensation – P&A		\$156,355		
TA/RA Salary Increase		\$2,331		
“Hold Harmless”-Fiscal Page		\$26,103,489		
Special Compensation-Faculty			\$800,000	
Special Compensation-P&A			\$20,000	
Collegiate Priorities			\$400,000	
Am. Ctr. For Indian Affairs			\$150,000	
Surgery Dept. Chair			\$200,000	
Experimental Therapeutics			\$250,000	
Psych Lease-Transfer from TAHS			\$60,000	
Neuroscience Hire-Transfer from TAHS			\$35,000	
Med 2010 - NR			\$400,000	
				\$60,891,141

FY07 TUITION ALLOCATION SUMMARY – TMED (Medical School):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 TUITION ALLOCATION
Original Tuition Allocation	\$24,814,040			
Estimated Change to FY07		\$1,342,738		
				\$26,156,778

FY07 STATE SPECIAL ALLOCATION SUMMARY – TMED (Medical School):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 STATE SPEC. ALLOCATION
Original State Special Allocation	\$17,863,760			
				\$17,863,760

FY07 ICR ALLOCATION SUMMARY – TMED (Medical School):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 ICR ALLOCATION
Original ICR Allocation	\$18,291,914			
Updated FY06 Estimate		\$220,996		
Transition to 100%		\$18,435,776		
Estimated Change to FY07			\$234,537	
				\$37,183,223

FY07 UNIVERSITY FEE SUMMARY – TMED (Medical School):

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		\$2,200,000		
				\$2,200,000

Attachment 2 - TMED

FY07 Cost Pool Estimates – TMED

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)	\$14,251,593
Admin Service Units Twin Cities (8626)	2,151,511
Technology Systemwide (8627)	2,953,905
Technology Twin Cities Only (8628)	2,797,567
Facilities O&M Twin Cities Only (8629)	9,468,828
Student Systems and Services (8630)	339,935
Student Systems and Services Twin Cities Only (8631)	92,903
Student Services Undergraduate Twin Cities Only (8632)	166,732
Student Services Graduate (8633)	1,175,338
Research (8634)	6,108,122
Library (8635)	6,251,675
General Purpose Classrooms Twin Cities Only (8636)	559,318
Debt Service (8637)	5,024,013
Leases (8638)	641,968
Warehouses Twin Cities Only (8639)	314
Utilities	
Electric (8000)	4,002,119
Heating Gas (8001)	248,602
Non-Heating Gas (8004)	0
Steam (8005)	5,280,310
Water/Chilled Water (8006)	0
Total	\$61,514,753

Attachment 1 - DMED

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 – DMED (Duluth School of Medicine):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 O & M ALLOCATION
Original O&M Allocation	\$5,110,088			
“Hold Harmless”-Fiscal Page		(\$111,373)		
Asst. Dean Rural Health – Transfer from TAHS			\$60,000	
				\$5,058,715

FY07 TUITION ALLOCATION SUMMARY – DMED (Duluth School of Medicine):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 TUITION ALLOCATION
Original Tuition Allocation	\$2,546,339			
Estimated Change to FY07		(\$24,201)		
				\$2,522,138

FY07 STATE SPECIAL ALLOCATION SUMMARY – DMED (Duluth School of Medicine):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 STATE SPEC. ALLOCATION
Original State Special Allocation	\$225,000			
				\$225,000

FY07 ICR ALLOCATION SUMMARY – DMED (Duluth School of Medicine):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 ICR ALLOCATION
Original ICR Allocation	\$365,042			
Updated FY06 Estimate		\$53,423		
Transition to 100%		\$422,793		
Estimated Change to FY07			(\$91,258)	
				\$750,000

FY07 UNIVERSITY FEE SUMMARY – DMED (Duluth School of Medicine):

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		\$135,000		
				\$135,000

Attachment 2 - DMED

FY07 Cost Pool Estimates –DMED

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)	\$527,371
Admin Service Units Twin Cities (8626)	79,616
Technology Systemwide (8627)	103,496
Technology Twin Cities Only (8628)	0
Facilities O&M Twin Cities Only (8629)	0
Student Systems and Services (8630)	23,238
Student Systems and Services Twin Cities Only (8631)	6,351
Student Services Undergraduate Twin Cities Only (8632)	0
Student Services Graduate (8633)	34,739
Research (8634)	151,811
Library (8635)	207,658
General Purpose Classrooms Twin Cities Only (8636)	0
Debt Service (8637)	0
Leases (8638)	18,588
Warehouses Twin Cities Only (8639)	0
Utilities	
Electric (8000)	0
Heating Gas (8001)	0
Non-Heating Gas (8004)	0
Steam (8005)	0
Water/Chilled Water (8006)	0
Total	\$1,152,868