

May 15, 2006

To: Marilyn Speedie, Dean, College of Pharmacy  
Suzanne Bardouche, RRC Manager, College of Pharmacy

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 (6<sup>th</sup> 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 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>School / Matching Requirements</i>	<i>Other Comments</i>
Drug Discovery – Georg Recruitment	\$300,000	R		Combinatory chemistry personnel; high throughput screening director; part of request # 12 in 12-22-05 letter of recruitment.
Library of Compounds	\$350,000	NR		To purchase screening library of compounds; part of request # 12 in 12-22-05 letter of recruitment.
Health Informatics	\$140,000	R		
NIH K-12 Clinical Research Scholar Program	See School Requirement		School is to fund \$50,000 R for this initiative.	
Enhanced Technology Pharmaceutical Care Lab	See School Requirement		School is to fund \$35,000 NR for this initiative.	
Special Compensation	\$371,313	R		\$300,000 Faculty \$ 71,313 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 – TPHR (College of Pharmacy):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 O & M ALLOCATION
Original O&M Allocation	\$3,031,932			
FY06 Compact-Experimental Therapeutics		\$350,000		
Special Compensation – Faculty		\$465,500		
Special Compensation – P&A		\$30,000		
TA/RA Salary Increase		\$697		
“Hold Harmless”-Fiscal Page		\$2,305,065		
Special Compensation-Faculty			\$300,000	
Special Compensation-P&A			\$71,313	
Drug Discovery			\$300,000	
Health Informatics			\$140,000	
Library of Compounds - NR			\$350,000	
				\$7,344,507

FY07 TUITION ALLOCATION SUMMARY – TPHR (College of Pharmacy):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 TUITION ALLOCATION
Original Tuition Allocation	\$10,210,603			
Estimated Change to FY07		\$1,693,586		
				\$11,904,189

FY07 STATE SPECIAL ALLOCATION SUMMARY – TPHR (College of Pharmacy):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 STATE SPEC. ALLOCATION
Original State Special Allocation	\$1,444,000			
				\$1,444,000

FY07 ICR ALLOCATION SUMMARY – TPHR (College of Pharmacy):

A	B	C	D	E
	FY06 Approved Allocation	Adjustments (if applicable)	Plus: Funded Additional Investment	FY07 ICR ALLOCATION
Original ICR Allocation	\$774,458			
Updated FY06 Estimate		\$98,098		
Transition to 100%		\$883,624		
Estimated Change to FY07			(\$46,217)	
				\$1,709,963

FY07 UNIVERSITY FEE SUMMARY – TPHR (College of Pharmacy):

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		\$840,000		
				\$840,000

Attachment 2

FY07 Cost Pool Estimates – TPHR

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)	\$1,074,190
Admin Service Units Twin Cities (8626)	162,166
Technology Systemwide (8627)	525,329
Technology Twin Cities Only (8628)	497,526
Facilities O&M Twin Cities Only (8629)	856,251
Student Systems and Services (8630)	115,525
Student Systems and Services Twin Cities Only (8631)	31,573
Student Services Undergraduate Twin Cities Only (8632)	0
Student Services Graduate (8633)	230,146
Research (8634)	205,674
Library (8635)	1,318,626
General Purpose Classrooms Twin Cities Only (8636)	209,326
Debt Service (8637)	53,242
Leases (8638)	65,000
Warehouses Twin Cities Only (8639)	0
Utilities	
Electric (8000)	221,807
Heating Gas (8001)	21,781
Non-Heating Gas (8004)	0
Steam (8005)	423,503
Water/Chilled Water (8006)	0
Total	\$6,011,665