

## *Section VI*

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### *Budgetary Matters*

#### **A. Budget Climate at the University of Minnesota**

The University of Minnesota, like most state-supported universities across the country, has been subjected to significant budget reductions in the last several years. The University received a \$25 million retrenchment in its FY03 budget, most of which was covered by internal reallocation and increased taxes. The state portion of the University budget for the current biennium was cut \$185 million from that of the previous biennium. A 15% tuition increase offset a portion of this cut, but, nevertheless, this translated to a \$5 million cut to COAFES, whose budget constitutes approximately 5% of the total University budget. Extension faced proportionally similar cuts, following directly on the heels of budget and staff reorganization the previous year, the result of a decade of nearly flat state and federal extension support allocations. The FY03 reorganization produced significant cuts to campus Extension faculties' operating expenses. The current biennial cut of \$7.2 million led to a major reorganization of the out-state (regional and county) portions of Extension.

The University of Minnesota instituted two taxes on College/Department budgets. The first is the Institutional Revenue Sharing (IRS) Tax which, for FY05, constitutes 8.50% of most portions of the hard money budget, income funds, and gifts and endowments. The purpose of this tax is to provide funds to Central for reallocation to areas of need, new projects, general support services, etc. The second tax is the Enterprise Tax (ET), 1.25%, which was instituted to provide funds for the new accounting/personnel data management systems at the U of MN. Our IRS Taxes were \$269,413 in FY04 and will rise to an estimated \$325,237 in FY05.

DAS's budget was cut 10.19% (\$516,390) for FY04. Other departments received cuts ranging from approximately \$100,000 to \$550,000, depending, in large part, on previous departmental support levels. Due to the new Extension model, explained further in this section, DAS was also retrenched \$201,000 in FY03. The Department faces a 1% increase in IRS Taxes in the coming year which, in effect, is a further reduction in our budget.

Indirect Cost Recovery (ICR, institutionally-fixed at 48.5%) is currently distributed by the following formula: 51% remains in Central and 49% is passed on to the college where the funds were generated. COAFES splits ICR 50-50 with the department of origin. In FY04, DAS generated \$168,126 in ICR, with approximately 25% going to the Department. Of this amount 30% goes to the original faculty member who generated the ICR and the balance to DAS administration. The administration portion has been re-invested in research support in the form of RFP's to faculty for major pieces of research equipment. Examples of the equipment purchased in the last five years include a centrifuge, a real time PCR machine, a dual chamber incubator, vacuum pumps in AS/VM, a Biomek robot, an ABI sequencer, microscopes, a protein determinator and a sonicator.

The University operates under the Incentives for Managed Growth (IMG) budgetary principles, where, in theory, resources follow effort and productivity. Tuition is distributed to Colleges based on the following formula: Residence tuition (25% of total tuition) is allocated to the College in which a student's major program is housed. Instructional tuition (75% of total tuition per student credit hour) is, in theory, allocated to the instructor's College. In reality, however, tuition is allocated to the College in which the course designator is resident, thus leading to problems when faculty teach or team-teach courses in other colleges. The emphasis on IMG and tuition dollars is sometimes seen as a detriment to interdisciplinary and collaborative efforts.

## **B. Budgetary Process**

In the last two years, the budgetary process has changed in COAFES. In FY03 we submitted a partial compact requesting additional teaching funds. Starting this fiscal year, the annual budgetary process in COAFES was accomplished through a more comprehensive "compact" process, whereby departments provide the college administration with a document (their compact) describing their plans for the upcoming year and requesting specific budget lines to accomplish them. DAS's compact for FY05 is included in the following section. This upcoming budgetary year is the first year of a full compact process.

## **C. Departmental Budget**

Details of DAS's budget are provided in a table following this section and summarized below. Overall, DAS has a base allocated budget for FY05 of \$4,798,878 with \$1,234,544 in Instructional Funding, \$2,935,587 in Research, and \$628,747 in Extension. We will receive an additional \$130,000 in instructional support (TAs, plus online course development). There are other minor adjustments to the budget which alter the above figures somewhat.

### **Faculty Salaries**

Faculty salaries are based mainly on an 11-month appointment. This is often termed a 12-month appointment, with 1 month being vacation.

Compared to faculty at other Animal Science Departments in the North Central Region, FY04 faculty salaries in DAS are slightly lower than the mean for Professors (\$90,852/\$95,751), and slightly higher for Associate Professors (\$80,214/\$76,013), and Assistant Professors (\$65,492/\$64,039). Data are based on a 12-month appointment and are obtained from the Regional Heads' 2004 Salary Survey.

## **D. Support**

### **Support Staff**

#### ***Administrative and Clerical***

The Department has a small staff consisting of: Dana Souther, Administrative Director; Jackie Lee, Principal Accountant; Beth Magee-Beyer (75% time) and Mary Hartman, Principal Accounts Specialists, accounting and payroll; Kim Reno (75% time), Student Support Services Assistant; Bonnie Rae, Executive Administrative Specialist, web and document design. Three part time student employees also work in the clerical area.

#### ***Technical and Scientific***

DAS provides hard money support for one IT staff person and one part time student: Chris Buzzetta (50% time), Computer Support Supervisor and Faraz Shaukat (75%), Information Technologist.

### **Research Support**

Faculty receive a level of hard money support based on their percentage of research effort. Currently, faculty with a 50-100% research appointment receive \$28,000 per year in Experiment Station support. Faculty who have 25-50% appointments receive \$22,500 per year and faculty with appointments below 25% receive \$17,000. Tenure-track faculty receive \$25,250-\$50,250 per year based on their percent of research effort until they obtain tenure.

### **Instructional Support**

DAS provides a small amount of hard money support in addition to the funds received through the compact for instructional activities, primarily for copying charges.

### **Extension Support**

SE&E support for Extension is allocated to departments at \$11,000 per FTE of Extension faculty. DAS currently has 5.86 FTE (ROC faculty Extension support is given to the ROC where the faculty member resides), and thus receives \$64,460 in support. The majority of this money goes to support administrative, clerical, and IT personnel in the Department, and \$6,000 is allocated to two tenure-track Extension faculty based on their offer letter.

In the current Extension model, travel and program support funds must be generated by the faculty member from entrepreneurial activities. Extension has a small pool of funds to allocate towards program support on a competitive basis.

### **Graduate Student Support**

Graduate students are supported by Fellowships, Research Assistantships, or Teaching Assistantships. 16.25 RAs and 4 TAs are paid from hard money funds; the others are paid from funds generated from external grants or gifts. Graduate students currently earn \$14,998 per year plus a benefits package amounting to about \$10,510 per year (includes tuition, health insurance, dental, and FICA). Researchers are required to generate approximately \$25,500 per year plus appropriate ICR for each graduate student supported.

## **E. Endowments and Gifts**

Following is a list of endowments and gifts that help us perform our mission:

- **Animal Science Research Fund.** Established for contributions/gifts from industry or individual donors (often alumni) in support of general research areas within DAS.
- **Animal Science Research-Upjohn Company.** Established to fund Animal Science research with long term rbST use in cattle.
- **Animal Science Service Fund.** Funds general needs, strengthens and further meets the goals and objectives of DAS.
- **Beef/Sheep Nutrition Research Fund** to support beef and sheep nutrition research.
- **J. D. Hawton Animal Evaluation and Teaching Fund** supports livestock judging.
- **W. E. Petersen Memorial Fund** supports a bi-annual dairy research symposium.
- **Frank A. Bele Memorial Scholarship Fund** supports an undergraduate student studying Animal Science with a preference in dairy.
- **Richard Bonde Scholarship Fund** supports an undergraduate student studying poultry.
- **Charles Christians Scholarship Fund** supports an undergraduate student studying livestock evaluation, improvement and judging.
- **Dr. M. E. Ensminger Scholarship Fund** supports a junior or senior undergraduate student based on scholastic achievement or leadership.
- **Richard D. Goodrich Fund** provides teaching or research support for an Animal Science undergraduate.
- **Robert M. Jordan Scholarship** supports a junior undergraduate student based on scholarly perseverance, student activity, contributions to campus life.
- **Wilson G. Pond Scholarship Fund** supports a junior or senior undergraduate student based on scholastic achievement or leadership in the area of ruminant nutrition.
- **Robert Touchberry Scholarship** supports a senior undergraduate student based on determination, motivation and academic excellence.
- **Leonard Wulf Scholarship** supports an Animal Science undergraduate student.

- **Zingenhagen Fund** provides travel funds for an Animal Science undergraduate student.
- **Babcock Swine Endowed Scholarship** supports a graduate student studying swine.
- **John D. Donker Award** supports a graduate student studying dairy and is based 40% on GPA, 30% leadership, 30% intangibles.
- **Pomeroy Scholarship Fund** supports a graduate student studying avian health - prevention, health, or pathology (awarded to DAS every other year).
- **R. N. Shoffner Award in Avian Genetics** supports a graduate student studying avian genetics.
- **Undergraduate Scholarships.** The College also provides a large number of scholarships and fellowships to undergraduate students; this year COAFES awarded more than \$900,000 to undergraduates.

## F. Departmental Budget Spreadsheet

FUND SOURCE:	ALLOCATED FUNDS				OTHER FUNDS				GRAND TOTAL
	AES	MES	O & M	Total Allocated	Grant/ Gifts & ICR	Endowed	Income*	Total Other	
<b>Expense Personnel (salaries &amp; fringe)</b>									
Faculty, Post-docs, Research Fellows	\$1,328,843	\$567,511	\$984,122	<b>\$2,880,476</b>	\$66,011			<b>\$66,011</b>	<b>\$2,946,487</b>
Administrative & Clerical Staff	\$275,484	\$48,750	\$82,271	<b>\$406,505</b>				<b>\$0</b>	<b>\$406,505</b>
Barn & Technical Staff	\$452,210		\$25,544	<b>\$477,754</b>	\$187,700		\$119,456	<b>\$307,156</b>	<b>\$784,910</b>
RAs & TAs	\$334,852			<b>\$334,852</b>	\$128,156			<b>\$128,156</b>	<b>\$463,008</b>
SE & E	\$338,874	\$6,936	\$28,244	<b>\$374,054</b>	\$1,046,849	\$2,200	\$637,643	<b>\$1,686,692</b>	<b>\$2,060,746</b>
IRS & ET Taxes	\$205,324	\$5,550	\$114,363	<b>\$325,237</b>			\$16,878	<b>\$16,878</b>	<b>\$342,115</b>
<b>TOTALS:</b>	<b>\$2,935,587</b>	<b>\$628,747</b>	<b>\$1,234,544</b>	<b>\$4,798,878</b>	<b>\$1,428,716</b>	<b>\$2,200</b>	<b>\$773,977</b>	<b>\$2,204,893</b>	<b>\$7,003,771</b>

\*Income column reflects Fiscal Year 04 expenses while all other columns contain Fiscal Year 05 projected plan.