



Budget Office
Business and Finance

To: Academic Business Managers
From: Leslie Brunelli, Associate Vice President for Finance & Budget Director
Subject: Base Tax Calculation
Date: March 12, 2009

Attached to this email is a workbook with the base tax recalculation for FY2010. This recalculation is preliminary pending the final reconciliation of the base budget. The revised tax recalculation is based on the three allocation factors that were sent out last month.

Please note that **normally** the base tax does not change during this process - it equals the amount that the tax is for FY2009. The changes to your unit, whether up or down, are due to shifting in the credit hours, FTE, and budget factor across all the academic units.

This year we will reduce the base tax by \$6,624,470 for the service unit budget cuts. This amount is the second and third budget cuts in October and December 2008. The first cut to the service units totaling \$1,879,802 was rolled in to the tax recalculation in September. This tax will be loaded in your line-item budget later this spring along with an adjusted state appropriation number. For the service unit budget reductions, the state appropriations for the academic units will be reduced, but the tax-out will be reduced by the same amount. In the base line-item file, the academic unit state appropriations will be reduced for budget cuts in 31510 and to adjust for the 1% reallocation and FEI transfers.

The tax will increase and be reallocated in the early fall of this year after the tuition and initiatives are reviewed and approved by the Board of Trustees.

There are three versions of the tax billing attached:

FY10 BASE TAX – BEFORE SERVICE UNIT CUTS – this page shows the tax at the current level allocated by the revised factors. The total academic portion remains \$141,956,878 as it is currently. We are providing this calculation to show just the change in each unit's tax before the service unit cut is applied. This is the real effect of the change in tax for your unit.

FY10 BASE TAX – ALLOCATE SERVICE UNIT CUTS – this page shows the allocation of the service unit cuts of \$6,624,470. For each dollar reduced in the tax, the academic unit state appropriations will be reduced.

FY10 BASE TAX - TOTAL – this page shows the tax amount that will be allocated to each unit in the base line item. These amounts will be the base 86150.

The tax calculation should not change any more during the development of the base line-item budget, but we have not yet reconciled the entire budget. If there is an error, we will correct and resend this information.

Susie Vitaris will update each academic unit's five year budget model with the revised tax and state appropriation numbers.

Please let us know if you have questions.