

CPPM FY2011 Rate Review



UNIVERSITY OF MINNESOTA

Driven to DiscoverSM

CPPM FY2011 Rate Structure

- For FY11 CPPM project charges will be billed using an hourly fee methodology rather than a percentage fee
- The hourly fee is effective for all projects started after July 1, 2010 as well as all projects included in the 2010 State of Minnesota bonding bill
- Projects currently in progress will continue to be billed using the current percentage fee
 - \$1 - \$2,000,000 - 7%
 - \$2,000,001 - \$6,000,000 - 4.5%
 - \$6,000,001 and larger - 3%



Rationale for Rate Change

- The State of Minnesota issued a policy regarding the use of bond proceeds to pay for capitalized staff costs in response to a Legislative Audit completed in 2008
- Capitalizable costs include:
 - Compensation and benefits for employees working directly on projects
 - Additional costs directly related to project management that are capitalizable under generally accepted accounting principles (GAAP and federal tax law)



What is Included in the Rates and Project Charges

- The rates are structured to include the costs CPPM incurs to manage and support projects
 - Hours charged directly to the project include project manager and project coordinator hours
 - Rate consists of the hourly payroll and fringe for the type of resource and an overhead factor to cover overhead costs directly related to project delivery
 - Rates comply with University ISO policy
- Support provided by U Services Purchasing will be charged directly to each project
- Planning time will be recorded and charged to projects



What Does this Mean to Customers

- CPPM will continue to provide the same level of service on funded projects
- Project managers will complete an estimate of project management costs that will be included in the total project budget
- CPPM may have less flexibility in providing services for the review of future projects without funding
 - Funding alternatives for these activities are currently under review
- Rates will be finalized when the CPPM FY11 budget is finalized and approved



CPPM FY2011 Rate Structure

Questions?

