

2-29-2012

Finance minutes 02/29/2012

Finance Committee

Follow this and additional works at: <http://digitalcommons.morris.umn.edu/finance>

Recommended Citation

Finance Committee, "Finance minutes 02/29/2012" (2012). *Finance Committee*. 10.
<http://digitalcommons.morris.umn.edu/finance/10>

This Minutes is brought to you for free and open access by the Campus Governance at University of Minnesota Morris Digital Well. It has been accepted for inclusion in Finance Committee by an authorized administrator of University of Minnesota Morris Digital Well. For more information, please contact skulann@morris.umn.edu.

2/29/12

Finance Cmte. meeting minutes

Present: Roland Guyotte, Michael Korth, Mary Zosel, Gwen Rudney, Pieranna Garavaso, Sara Haugen, Andy Sharpe, Lowell Rasmussen, Reed Olmscheid

Absent: Timna Wyckoff, Manjari Govada, Laura Thielke

Guests: Colleen Miller, Bart Finzel, Jacquie Johnson, Bryan Herrmann,

RG: Agenda: to discuss faculty salary, how to move forward on budget.

JJ: Want to rephrase questions to help make decision. Why are we still so behind? Past decisions have led to continuing deficits; Morris Scholars/Prairie Scholars programs introduced in 2006, didn't realize total cost at time. Now with 4 years of history we are able to have a better understanding of how they affect the budget. Automatic Scholarships have also played a role in the problem. Private schools are no longer awarding scholarships on an "automatic" basis-should be a future discussion. What can we do to avoid future deficits? We are tracking the student info and be better able to predict the costs of the programs.

Historically, we have offered 100 Morris, 10 Prairie; expect to yield $\frac{1}{2}$ in each. Prairie yields higher, Morris has lost value and yield this year. This year, Morris: offered 107, Prairie: offered 11. These decisions by Jacquie may have an effect on yield and budget.

MK: Bryan showed data that merits will go over by ~160k, why are we at 500k deficit?

CM/BF: We have filled recurring deficit with one-time funds.

BF: Deficit has built up over years of overspending.

JJ: To know how the numbers play out, we need to be able to predict retention, yield, etc.

MK: numbers are budgeted; don't we need to stick to budgeted numbers?

CM: Number budgeted was never actually allocated to department.

JJ: We now need to look at managing into future.

GR: Do we need to adjust budget based on yield?

BH: Prospective students are doing different things based on value of scholarships. There are also other variables out of our control to change, such as the TC decision to roll U fee into tuition.

GR: Should we assume a higher yield?

JJ: We want to be as close as possible in the budget; we need to improve our precision in predicting these numbers, because changes to the programs effect change 4 or more years out. Last year's budget cuts of 1.8M may have caused us to leave out other issues.

PG: We need to move on to being clear with this year's strategy, and need to not dwell on past decisions.

JJ: Moving on to compact meeting.

Hand-Out

CM: This is the first pass at FY2013 budget, there may be differences as we move forward. I am looking for feedback on numbers used in FY2013.

JJ: What are the options to cover 564K deficit?

LR: Recommend one-time fix, not a good idea to make decision to recurring budgets until we can get info from RAR, since have the option to fill with one-time money.

RG: Seems that the process of reviewing each line would require a "tribunal" approach to making decisions about cuts.

CM: Past discussions have spent a lot of time on repairs.

PG: (to LR) elaborate on how we fill gap with one-time funds.

LR: We use *contingency* funds.

CM: Preliminary FY2013 budget; we haven't taken actions yet to fill last year's hole. Current unallocated contingency funds at 2.2M, has been as high as 3M, but RIO costs will be pulled out of that number at ~800K.

RG: Additional tuition revenue will also fill gap?

CM: Yes, since we have carry-forward balances (that include our contingency and auxiliary).

GR: Department budgets were told that excess funds would be taken back, but they haven't yet.

CM: Correct, departments were instructed to set aside what they don't need, it hasn't been taken yet.

LR: 2010 funds were taken back (FY2011(?)) would be nice to have policy to have people apply for contingency funds. With a large contingency, it would be better to have access to those funds than have depts. keep them as "insurance."

MK: I expected to see budgeted number for merit scholarship to increase by \$500K.

CM: Budget proposed is a plan, 2.8M is what we're budgeting for merits, we plan to have budget oversight to keep expenses within amounts.

BH/CM: Separation of lines 26 and 27 (in handout) make it easier to track what is being spent on merits vs. U promise programs.

GR: To clarify: this plan is the best guess for what we expect to spend in merit/promise programs?

CM: This is best guess, but some anticipated changes that have not yet been instructed such as increased current expenses and 14% increase in promise program.

RG: Do we expect to receive funding for these increases?

CM: Linc/Carol have said that TC will fund everything committed U Promise, but they are also receiving changes to info.

JJ: Answer to GR: yes, this is best guess, want to get to other important items.

MK: *Motion*: I move that the Finance Committee recommends to the administration that addressing the faculty salary problem should be among the priorities considered in the preparation of the FY 2013 budget. 2nd by Gwen

Discussion

JJ: will present revised fac/PA study as she has in past. She believes that it should be included in the discussion.

RG: idea of UMM making “earnest Money” commitment to encourage admin to consider salary increase

PG: to clarify, JJ will present, but we aren’t making budget adjustments

JJ: not enough time to make budgetary adjustment, but can make suggestions with numbers to adjustment, will talk about RAR, can ask for both one-time and recurring money, can present the process UMM is going through to make changes as salary is a recurring problem.

GR: motion from finance committee will support

RG: should we make motion to give ideas to where cuts should be?

JJ: assumes Finance Cmte not interested in recommending layoffs

Motion passes unanimously

SH: carry forward has increased perception is that we have extra money and should be used to balance budget

CM: we use “fund accounting,” all separate funds need to balance

JJ: funds have been moved, we should use the funds appropriately may need to change “traditions” on campus

LR: contingency funds may be available

CM: reminder: budget documents are not final budget and are meant for reference, not to be shared

RG: what should we do next meeting

JJ: Compact will not have happened, can address other concerns

Adjourn

Next Meeting: Wednesday, March 07, 2012 @ 1:00 p.m. Welcome Center Conf. Room