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## Finance minutes 03/07/2012

Finance Committee

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## UMM Finance Committee Minutes-3/7/12

Members Present: Roland Guyotte, Sara Haugen, Laura Thielke, Timna Wyckoff, Mary Zosel, Pieranna Garavaso, Michael Korth, Gwen Rudney, Manjari Govada, Andrew Sharpe, Lowell Rasmussen

Members Absent: Reed Olmscheid

Guests: Chancellor Jacqueline Johnson, Amanda Krosch, Colleen Miller, Sheila Windingstad, Note taker

Roland opened the meeting for anyone to comment:

Pierrana asked if there were any changes from last Wednesday's meeting. Colleen said, "Yes, the Twin Cities fine tuned budget revenue projections and made a couple of other adjustments." We were at a projected deficit of \$564,000 last week and are now closer to a projected deficit of \$632,000. Based on committee discussion last week, Chancellor Johnson has determined that one-time Contingency funds will be proposed to be used to balance the FY13 budget submission. Budget instructions include carryforward as a source of funds and are available for use in balancing the budget. UMM has approximately \$2 million set aside in Contingency funds (some is for reserve and some is for investment). Sara asked, "So the \$2 million is included in the \$7 million as shown on a previous handout?" Yes, that's correct.

Chancellor Johnson offered to speak about what is being taken to the March 9, 2012 Compact/Budget Meeting. In one of the sections we have the opportunity to ask for funding requests. This is where she will talk about the Faculty and P&A study. She will be proposing additional funding in the amount of approximately \$546,000 in recurring funds. This includes \$373,000 for faculty, which includes amounts for full professors, associate professors, and assistant professors in the salary request. The amount proposed brings average salaries up to the 60<sup>th</sup> percentile. This should bring us more in line with comparable groups. Also being requested is \$173,000 that would bring P&A salaries up to the midpoint. If we get approval for the funding, there would need to be more work done before the funds would be ready to be allocated. The Chancellor is confident the request is clear and it isn't excessive. She feels this is a good proposal. Sara asked that Chancellor Johnson convey to Mary Elizabeth Bezanson what she will be proposing at the Compact/Budget Meeting.

Mary asked Roland if the Faculty and P&A Study had been sent out to the entire Finance Committee. Roland responded that it was attached to minutes previously sent out. Mary Elizabeth will be sending out a revised version of the study. Chancellor Johnson advised that there aren't major changes in the updated version. She will relay to the Budget Oversight group that the UMM Finance Committee supports the request for additional funding as stated in a motion made and passed on 2/29/12. Her request for the additional funding is intended to address the faculty salary problem and should be among the priorities considered in the FY2013 budget. Timna asked whether the fact that we have a better benefits package might be brought up. Chancellor Johnson responded that COPLAC colleges are used for comparison. In addition, benefits have eroded some. We are not asking for UMM salaries to be at the Research I level, but to be in the 60% percentile. Plus, as Gwen stated, the other University of Minnesota campuses have the same benefits.

Andy asked that Chancellor Johnson try to ensure that Central understands the decisions they make regarding financial aid also affects the coordinate campuses. Chancellor Johnson confirmed that there are plans to talk about funding for the Promise program; and that she is willing to commit to a reallocation of \$512,000, but not to the \$650,000 proposed by Central.

Chancellor Johnson would like to invite the University's new Sr. Vice President for Academic Affairs and Provost to UMM's Undergraduate Research Symposium.

Chancellor Johnson stated that we (UMM) have a unique and distinctive responsibility, opportunity, and obligation to American Indian Students (we are one of two such schools in the country). The other school is Fort Lewis College in Durango, Colorado. They have a very similar history. With the privilege of being a unique institution for American Indian students also comes challenges since we don't get the same revenue stream. As part of federal mandates and state statutes, we forego tuition revenue. We are proud of our 6- year graduation rates for American Indian students (UMM is 20% higher). Our achievement gaps are also narrower than other schools. We have doubled the number of American Indian students in the last 10 years. We aren't doing as good of a job as we would like to, but we are doing well. UMM's student population has a 13% Native American Student base versus 1% in other baccalaureate schools. Every year that Chancellor Johnson has presented at the Compact/Budget Meetings, there have been conversations about adequately funding this unique opportunity. To-date, Central Administration has pledged to fund about 2/3 of the foregone revenue. Last year they acknowledged the impact of collapsing the U Fee into tuition and provided an additional \$276,000 to UMM. This still leaves us with foregone revenues of approximately \$902,000. Unlike UMM, Fort Lewis' tuition waiver is funded by their state legislature.

We are proposing an increase in the UMM campus fee. Our campus fee is currently \$70/semester for spring/fall term. A sampling of Duluth's campus/college fees ranged from \$205-330/semester and Crookston is at \$250/semester. We are considerably below this amount. We are prepared to discuss an increase in the campus fee up to \$198, incrementing each year by \$35.00 over a 4-yr period. We will propose this and ask Central to provide bridge funding (\$300,000 in year one; \$200,000 in year two; \$100,000 in year three) for the difference. Campus fees are to be used to support things that are not part of classroom instruction (for the benefit of student goods and services). Chancellor Johnson has no idea how this will be received by the Budget Oversight Group. Due to conversations that have been on-going since last September she believes that Pfitzenreuter & Robert Jones won't support additional funding for the forgone revenue until at least 2017 or later. Increasing the UMM campus fee provides an additional revenue stream that would free up other resources on campus. Note that the campus fee also applies to online and summer students, at a lesser rate, which it didn't before.

Chancellor Johnson asked Lowell and Colleen if they had any additional input. Gwen verified that the campus fee is charged to every student.

What are things that are intended to be covered in the campus fee? Per the FY13 Budget Instructions: *"Campus/Collegiate Fees-Campus/Collegiate fees are campus-and college wide fees that may be assessed to all students enrolled on a campus or in a college for goods and services that directly benefit students but that are not part of actual classroom instruction. Allowable goods and services include advising, career services, computer labs, special equipment, orientation activities, and other goods or activities intended to enhance the student experience outside of actual classroom instruction."*

The budget office has been reviewing all fees over the past couple of years. This year the focus was on course fees. Humanities and Education divisions were asked to provide descriptions supporting the charge for each of their course fees as part of this exercise. Currently, there is only one campus/college fee allowed. For UMM, the campus fee includes funds used primarily to support tech fee expenditures.

Per Lowell, we are also looking at auxiliaries for additional revenue streams. When the number of overall students was lower, auxiliaries were strapped. As the number of students has increased, the auxiliary budgets have become more robust and may be able to provide additional funding for student services that would in turn, free up tuition and O&M dollars.

Michael stated that raising revenues doesn't seem like it should be tied to American Indian waivers. Will Central think in future years that we don't need assistance with the waiver, because now we have higher campus fees? Chancellor Johnson believes both revenue bases still need to be tied together in the proposal. This is a great opportunity for our institution and students, but it also tends to be a financial obligation. She believes the American Indian waiver issue has to be framed in this conversation as such.

Manjari wanted to know if the majority of the revenue will go toward filling the hole from the tuition waiver (the funds from the increased campus fee). The Chancellor stated, "This is a challenge that we are grateful to have, but we still have to deal with it financially." Sara asked, "How will the local community accept this increase in fee and the reasoning for it?" Roland stated that our campus fee is still significantly lower than others. A fee increase does have to be justified, but it is putting UMM in the same range with everyone else. Chancellor Johnson stated the link has to be at the Compact/Budget Meeting (we have had a 16% increase in enrollment over past 5 yrs, along with budget cuts in the last 2-3 years). Chancellor Johnson reminded everyone that we don't expect to have a response to the Compact/Budget presentation until sometime in May. The Budget Oversight Group is currently holding meetings with all academic units. However, she will bring back the reaction in general, as perceived by the discussion that takes place this Friday.

Chancellor Johnson will also be asking for recurring funds for a new American Indian Financial Aid Counselor position. This person would be responsible for verification of eligibility and providing services for American Indian students. This would help to mitigate risk to UMM in handling the increasing number of American Indian waiver requests from students each year.

She will also request one-time funds for planning a Master of Nursing Program that would focus on Rural Health/American Indian Health that would be under the accreditation of the Twin Cities Nursing program. The agreement with the University School of Nursing would be that they would hold places for 10 UMM students that choose to pursue a Masters in the Nursing program on the Twin Cities campus. Robert Jones has indicated that he is favor of this request.

Other Questions/Comments: Mary asked, "What is the advantage of a student coming here for 4 years and then doing the 16 month program in the Twin Cities? Timna responded that they are closer to a doctorate by the time they are done and they would get better placement. Pieranna inquired what their major would be. Timna stated it could be any major with the pre-requisites for the nursing program. Bryan said this would not only help with recruiting students, but also with retention. The Rural Health/American Indian Health program would tie in well with Rural Sustainability programs on campus.

Meeting Adjourned.

Chancellor Johnson will update us at the next Meeting 3/21/12 @ 1:00 p.m. in the Welcome Center.