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Finance minutes 02/07/2014

Finance Committee

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UMM Finance Committee Minutes

2.7.14

Members Present: Brad Dean, Michael Korth, Sara Haugen, Pieranna Garavaso, Timna Wyckoff, Lowell Rasmussen, Laura Thielke, Sam Fetting, Ellery Wealot, and Jayne Blodgett

Members Absent: Dennis Stewart, Gwen Rudney, May Zosel

Guests: Bart Finzel, Sandy Olson-Loy, Jacquie Johnson, Colleen Miller, Melissa Wrobleski-Note Taker

Agenda:

1) Approval of minutes:

Corrections were requested to the minutes from 1/24/14 to show Gwen Rudney as a member rather than a guest. Although Gwen is no longer on the Senate Committee on Finance and Planning, the Membership Committee has decided to have her continue in one of the faculty slots (but without vote). Michael Korth is now the UMM representative on the Senate Committee on Finance and Planning. The committee approved the amended minutes.

2) FY 15 Budget Preparation:

Colleen Miller presented at this meeting, information regarding the FY15 budget preparation. She stated the following facts, and then moved on to explaining schedules she brought to help explain the FY 15 budgeting process.

1. Budget Prep materials are currently out and available if anyone would like to see them.
2. 0% Tuition increase.
3. Hoping to receive \$5XX,XXX in-lieu of tuition increase this year
4. The total O&M reallocation for the University in FY15 is \$24.9 million. UMM's portion of this is \$514,000.
5. UMM was also assigned a reallocation of \$106,000 for Other Non-Sponsored Funds in FY15.
6. FY15 salaries are planned to increase 2.5% (subject to collective bargaining for unionized employees).
7. FY15 fringe rates change to: Faculty and P&A = 32.5%, Civil Service and BU's = 34.2%. This is a simplification from the 87 rates there are currently.
8. March 10th is the Compact Meeting so all materials have to be sent to the Twin Cities on March 3rd, 2014 for the UMM Campus.

After this, Colleen went on to discuss her schedule on FY15 Budget Prep acknowledging that there is still an amount of \$483,626 yet to be resolved for the FY15 budget. While going through this, the following questions arose:

1. Is the reallocation a cut or a re-direction?
 - a. It is the campus' responsibility to follow the rules. It was mentioned that it is as if we are funding our campus' 2.5% compensation increase, but the Regents want to see where the funds are coming from.
2. How does the reallocation work for the non-sponsored funds?

- a. Not sure on this yet.
3. Merit Scholarships – should Merit get its own budget line to say that is it going to increase? Why is it that the Merit fund gets whatever amount of money that is requested but no other area or departments do?
 - a. Budget instructions emphasize that the financial aid should remain harmless.
4. What is the priority of the funds for the Merit Scholarships?
 - a. Currently the Merit Scholarship is being recalibrated in relation to the number and type of students that UMM wants to attract. The Merit amount may increase over time based on the kinds of students UMM is recruiting.
5. How do we prioritize between scholarships and departments? We don't want to have students come and then departments not have the funds to support the students. What then?
 - a. When looking at the Resource Allocation Review Process, compared to other schools UMM doesn't want to have to cut programs, making this a very difficult process. UMM is trying not to cut programs and/or people. It will take major discussions to prioritize appropriately.

Additional statements made:

- Concern was expressed that we cannot continue the increase at this rate in the scholarship area and continue cutting in the departments.
- The new merit aid program was supposed to be cost-neutral but is requiring huge cost increases.
- It was mentioned that we need to remember that scholarships correlate to more students and more tuition dollars taken in.
 - Then it was stated that we need to remember that the correlation is not simple. Different students pay different amounts. For example with the American Indian Tuition Waiver no tuition dollars are taken in and, at the other end of the spectrum, international students pay the full tuition.
- UMM could change our ways on doing scholarships and distributions verses what kinds of student's faculty want to work with. This may be something else to discuss.
- When we are admitting students, we are not necessarily looking at what it cost to teach the students.
- Currently the cost increase in merit aid is more than the tuition revenue increase and we have to do something about this.

The next big question was if we want to reduce the budget strategically or across the board?

- Comments were made that it should be strategic to be fair to the departments.
- There were also statements about what areas of the college should have the cuts. The FY15 Compact and Budget Planning Guidelines for the Academic Units state that "you will implement reductions, to the extent possible, that would result in a decrease in the spending categories considered Mission Support & Facilities and Leadership & Oversight" rather than in Direct Mission Delivery. The Guidelines also say that in some units it would be "impractical" to not cut in each of the three areas. But if cuts are made to the Direct Mission Delivery portion of the budget, a rationale must be provided indicating why that was necessary.

From here, the conversation moved to fees. Again this year, it was mentioned that new fees will be heavily scrutinized. A question was then asked about the new \$250 International Student Academic Fee mentioned in Colleen's schedule that is going to be proposed and if that fee will even be entertained?

- Yes it will since UMM is following what is already happening on other campuses.

Time ran out for any other questions or statements.

Meeting adjourned.

Next meeting is February 21st, 2014 in the Moccasin Flower Room at 2:10 pm.