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Finance Committee

Campus Governance

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11-9-2015

### Finance minutes 11/09/2015

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# UMM Finance Committee Minutes

11.9.15

Members Present: Dennis Stewart, Michael Korth, Kerri Barnstuble, Pieranna Garavaso, Jess Larson, Mary Zosel, Jayne Blodgett, Laura Thielke, Bryan Herrmann, Jong-Min Kim, Mark Logan, Elsie Wilson

Members Absent: Rachel Brockamp,

Guests: Jacquie Johnson, Colleen Miller, Melissa Wrobleski -Note Taker

## Agenda:

1. Approval of October 26<sup>th</sup>, 2015 minutes:

Minutes were approved and seconded as is by the committee.

2. Update on Budget Instructions: Colleen Miller presented
3. Discussion of the \$700,000 (available in FY17 – July 2016): Chancellor Johnson presented

Colleen began the discussion with a handout titled, "FY17 Budget Planning." She explained that the handout provided a depiction of the anticipated sources and uses of funds for UMM for Fiscal Year 2017. The most updated version of this document will be used in the Budget/Compact materials that are sent to the Office of Budget and Finance. The FY17 Budget Compact meeting for UMM is March 4<sup>th</sup>, 2016 and our documents need to be submitted to the Budget Office no later than February 26<sup>th</sup>, 2016.

Next Colleen walked the committee through the handout. First she pointed out the FY17 reallocation target for UMM is expected to be between (\$225,000) – (\$265,000) which is about .73% of our base. The prior year reallocation targets were: FY16 (\$306,000), FY15 (\$514,000), and FY14 (\$291,000). Colleen clarified to the committee that the money that we have to identify for the reallocation target is then added back as a source of funds for the FY17 budget.

The next section on the handout is Merit Financial Aid. UMM does not receive from the Budget Office what we are approved for funding until May each year. In previous years, UMM has requested funding for \$225,000 and \$100,000 for Merit Financial Aid that has not been approved. The preliminary placeholder for FY17 is an additional \$50,000 on top of the previous, \$325,000 for Merit Aid.

Continuing down the handout was the anticipated Tuition Shortfall of (\$438,000) for FY16. Variables that are being reviewed included: students taking 13 or more credits, students taking less than 13 credits, number of students on Exchange programs, number of International students, and the number of Native American students. Colleen then explained that when tuition is down, typically there is excess Merit Aid remaining but there is not a direct correlation. In FY15 there was a tuition shortfall of (\$677,000) and there was excess Merit Aid of \$177,000.

Colleen continued down the handout and stated that there is a planned tuition increase for FY17 of 1.75% which is expected to yield an additional \$299,065 in tuition revenue. The compensation section for FY17 includes a 2.5% salary increase, subject to bargaining unit negotiations, reduced fringe rates

and the 3<sup>rd</sup> of a 3 year increase to Faculty salaries, with caveats for meeting enrollment goals and a balanced budget. UMM's total anticipated additional funding needed is (\$603,650) to (\$563,650).

There was a question of whether or not summer tuition was included in the anticipated tuition shortfall, and yes, it is included in the numbers. Other comments from the committee were about tuition and Merit Financial Aid. There is an extremely competitive market out there and it is challenging to meet what other schools may offer.

At this time UMM needs around an additional \$800,000 to have a balanced budget for FY17. Chancellor Johnson added that there is talk of implementing a tuition differential here at Morris for non-resident, non-reciprocity (NRNR) students. The discussion on this topic will begin with the MCSA group. Bryan Herrmann then stepped in to say that if Morris did implement the NRNR tuition differential, that UMM would in turn offer NRNR students a scholarship. He also wanted to remind people that this tuition differential would not only affect international students, but also students from the U.S. that do not live in Minnesota or an outlying state that offers reciprocity. If the tuition differential was implemented, the difference would begin at \$1,000 per semester.

Another area discussed was the faculty salary increase of \$100,000. This goal of increasing tenure/tenure track faculty salaries each year for three years at \$100,000 was made contingent on meeting goals each year. Other options in helping to find funds to cover the projected shortfall for FY17 may include reducing/eliminating programs and/or positions; increasing the rates charged to auxiliary units. Our auxiliary units include the Office of Residential Life and Sodexo (food service).

A committee member suggested that when it comes to the \$100,000 for the faculty salaries, that there could be the option of using half the funds for faculty salaries and the other half could go toward the balancing of the budget. Other options for the budget shortfall were to use the \$700,000. Some of the funds need to be used for capital financing plans, but this is an option to think about.

Other possibilities that could help balance the budget, but are very remote possibilities included:

1. Federal support to offset the American Indian Tuition Waiver (AITW).
  - a. This is being pursued as we speak.
2. More system support for the American Indian Tuition Waiver (AITW).
  - a. Morris has roughly forgone about \$1.5 million in tuition revenue due to the AITW.
3. Negotiate a lesser amount for UMM's targeted reallocation.

UMM needs to think about how to meet the \$225,000 reallocation target now.

Committee members then discussed the American Indian Tuition Waiver (AITW). It was asked if there had ever been discussions of capping the waiver, or if there was a credit limit that went along with this waiver? Chancellor Johnson answered saying that there is not a limit on the tuition waiver and that it is a Federal Mandate that governs us. As a reminder, Native American students are subject to the same admittance standards as all UMM students.

Currently there is a bill in the senate that is being lobbied for the Federal Government to provide funds to the two colleges in the U.S. (Morris and Fort Lewis College in Colorado) to supplement the American

Indian Tuition Waivers they provide. It was also mentioned that that there was a bill for MN funds to help support our AITW shortfall but it would be best to have that bill as a rider on another bill.

Time ran out and it was stated that this conversation could be continued at a later date if needed.

Meeting adjourned.

Next meeting will be November 23<sup>rd</sup> at 2:10 pm in the Moccasin Flower Room.