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Campus Resources and Planning Committee

September 17, 2010

Present: Bart Finzel, Mark Privratsky, Josh Preston, Lowell Rasmussen, Zak Forde,
Sara Haugen, Margaret Kuchenreuther, Martin Seggelke, LeAnn Dean,
Carol Marxen, Sydney Sweep, Andy Sharpe, Dave Aronson, Madeline Maxeiner,
Dave Swenson

Guests: Colleen Miller, Gwen Rudney, Sandy Olson-Loy

Announcements

CPRC will not meet on September 24 or October 15. Bart has asked Chancellor Johnson to give an update of the Blue Ribbon Task Force at the October 1 meeting.

Discussion regarding reserves

Today we will continue the discussion from last week regarding funding a \$2 million contingency and strategic reserve and to make a recommendation of what we do with undesignated carry forwards in future years. Bart asked if committee members had any remaining questions. Martin asked for an explanation of the ORL reserve. It was explained that because of the excess revenue that came into ORL last year, they are doing much better than expected. Margaret asked about current occupancy in the residence halls. Sandy reported we are up about 38 students from last year. We had planned for an increase of 10 based on the budget model.

Carol Marxen made the following motion:

The recommendation of the CRPC is that the contingency and strategic reserve be established using \$200,000 of the ORL reserve

AND

the entire Fund 1000 balances identified as available for contingency, subject to modification as needed after budget managers are informed.

Second by Sydney Sweep.

Bart asked if \$200K from ORL would be problematic. Sandy said the timing is a little challenging related to moving ahead with Green Prairie Living and Learning facility. We are in the process of setting up a call with Linc Kallsen to review the Green Prairie proforma with the hopes of taking the project to the Board of Regents in November. In the existing proforma we outlined, we used about \$1M in reserves for the total cost of the plan. She would be happy to lay out the bigger picture for this committee before moving ahead with the motion. Given that student numbers are up, Bart asked if it likely ORL will grow reserves beyond what is expected. Sandy anticipated ORL would have some additional reserves but didn't have the information with her today. Zak asked if the viability of the plan is weakened considerably by subtracting \$200K and if she felt comfortable going into the discussion with Linc. Sandy would like to go into the discussion with the best numbers to have the strongest case.

Carol agreed that we need to strengthen our case but she also wanted to remind the committee that academic units have been affected significantly. Tenure lines and budgets have been cut. Some units are purchasing their own office supplies. She believes we have got to find another place to start cutting other than academic units. Sandy added that we see the Green Prairie Living and Learning facility as a recruiting tool. While Martin said he understand the need to recruit, he agrees with Carol's statement about purchasing office supplies. While costs have gone up considerably, our budgets have stayed the same and it is a problem. Mark wants to make sure we have a strong argument for the green dorm and asked if we get an increase in student

numbers, if division budgets are increased. Colleen clarified that the \$2M is not entirely academic units but from departments all across the campus. Margaret said she would speak in favor of the motion because if \$500K is in strategic reserves, that money could be available to use for the Green Prairie Living and Learning facility if we need it. Zak said he is really nervous about taking \$200K from ORL right now and worried that maybe this is not the right way to move forward.

Bart asked if the committee was ready to vote. Motion passes with two no votes, no abstentions.

The committee turned its attention to carry over funds in the future. Bart wondered what we should do with the 1000 fund balances unspent at the end of a fiscal year. He assumes budget managers will have an opportunity to designate funds for particular future uses. Colleen said even though new allocations of O&M funds have already gone out, budget managers may not spend all of the money they were allocated for the year. Dave said he likes the concept that we have the ability to project carry forwards when we are submitting our budgets. If those carry forwards are larger than anticipated, perhaps that could be put into a reserve and as those funds grow, we could use those to be strategic. Just to clarify, Bart asked if Dave meant all excess funds would go into strategic reserves. Dave said yes, we could develop a policy that gives us a chance to address specific strategic goals we may have.

Margaret said last week we identified that for a campus our size, our reserve should be 10-15%; however, \$2M does not reach that goal. As we do our budget projections, will part of our operating funds go to enhance that reserve? What happens if there is any emergency in a department? Dave suggested this is the key reason for having this reserve—the reserve exists to cover expenses as they come up. Lowell said this becomes a policy question. CPRC should weigh in on whether there is a benefit for this fund to be at an institutional level rather than at the department level. Zak believes at some point we are simply micromanaging and wondered who would decide. Bart did not anticipate that this committee would be reviewing the requests. Andy commented that we seem to be talking about all or nothing and suggested an appropriate percentage. He made a motion that 30% of all nondesignated funds be moved to a central campus reserve with a reevaluation in three years. Second by Sydney Sweep. Mark wondered if we will decide which area the funds will go in before the committee votes—either for strategic efforts or will it all go into contingency. Colleen reminded the committee that when we had our budget meeting with TC officers, we were told that any excess funds were to go to pay down our sequestered deficit. While we anticipated a surplus of \$2M, we also understood that the next three years will be difficult to get through and those excess funds would be used to weather those years. Additionally, a percentage has already been established with central officers. Bart understood this was the case for the existing surplus and wondered about those going forward. Lowell expects that we may still end up negotiating. Dave said he would like to have the opportunity to think about the motion until the next meeting because writing motions on the floor can be problematic. Sydney moved to table the motion until the next committee meeting. Second by Dave. Motion passes unanimously.

Update on wind turbine

Lowell distributed budget information about the wind turbine. \$720K will be coming out of Plant Services reserves. We are getting pressure to change the power purchase agreements. He would like to see delivery of the turbine in November and have it up in January. He will keep the committee informed of the progress.

New business

Because SE&E division budgets vary greatly, Margaret would like to have the division chairs or the academic dean talk to CRPC at some point about the rationale for those budgets.