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Finance minutes 01/28/2013

Finance Committee

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UMM Finance Committee Minutes

1.28.2013

Members Present: Bryce Blankenfeld, Brad Deane, Pieranna Garavaso, Sara Haugen, Michael Korth, Lowell Rasmussen, Gwen Rudney, Dennis Stewart, Laura Thielke, Tara Winchester, Timna Wyckoff, Mary Zosel. Members Absent: Reed Olmscheid

Guests: Chancellor Jacquie Johnson, Bryan Herrmann, Colleen Miller (note taker)

1. December 6, 2012 Finance Committee minutes:
Minutes from December 6, 2012 were unanimously approved
2. It was noted that with the meeting time change to 4:30 p.m., we are in need of someone to take minutes at each of the meetings. Michael will be asking for volunteers. Colleen Miller volunteered to take minutes for this meeting.
3. Michael opened the meeting with reference to the proposed agenda items for this term. There was not a discussion and no other suggestions made to add or delete from the list.
4. Bryan Herrmann presented the *Enrollment Projection Model* currently being used by UMM Admissions. Bryan distributed a working document that was only partially complete since he was soliciting input from committee members regarding its completion. He explained the categories used to identify students:
 - a. Enrollment Projection Model
 - i. Degree Seeking
 1. NHS – Hew High School
 2. NAS – New Advanced Standing (transfer students)
 3. Continuing Students – students currently enrolled at UMM, includes degree seeking only
 4. Re-admits – students who are being readmitted to UMM
 5. IUT – Inter University Transfer, students within the University of Minnesota system who have transferred to UMM
 6. Other – students who don't fall into one of the above categories (hopefully, we try to keep this number minimal)
 - ii. Non-Degree Seeking
 1. Int'l Exchange Students
 2. College in the Schools – college level classes being taught in high school
 3. GST/ELTAP – Global Student Teaching/English Language Teaching Assistant Program
 4. PSEO – Post Secondary Enrollment Options, students who are in high school and taking college level classes either on a full-time or part-time basis
 5. GenEd Web (PSEO) – On-campus PSEO or GenEd Web PSEO students can only be counted once, either as CIS, Continuing Non-Degree, or in their respective PSEO category

6. Other Non-Degree – includes members from the community who are taking a single class or who are not enrolled in a degree program
- b. Bryan explained the use of three different scenarios: Low, Middle, and High. These are intended to provide a range of the most likely scenarios, given historical data.
 - c. Budgeting, by its very nature, tends to be conservative.
 - d. Next, Bryan showed how the model tracks entering students by year and the subsequent retention of those students. This information provides percentages that can be then applied to cohorts of entering classes of students to project the future fall term enrollment for continuing students. A slight increase or decrease in the various percentages will impact the end result.
 - e. Discussion, Questions and Answers

Michael: Any guesses as to why the large drop in NHS students from 2011 to 2012?

Bryan (response): Possible factors influencing the number include:

- Tuition changed to include the University fee at this point
- We look more expensive with the University fee included in tuition
- Scholarships had more buying power earlier
- Stronger pool of applicants in 2011
- Currently numbers are affected by a shortage of MN women as applicants; they are the highest yielding group

Pieranna: If there was a retention issue from fall to spring of a 100 or so students, why isn't there more of a gap in the number of continuing students?

Bryan (response):

- New students from one year go into continuing students the next year

Timna: Explain the Low/Medium/High – Why only a variability of 5?

Bryan (response):

- At this time of year, it is still a guess
- We know the number of deposits made/early estimates of financial aid
- We can tell you better in May what the number will be
- UM Duluth is going to be more aggressive this year
- UMD and UMTC are UMM's biggest competitors

Timna: Do you know why retention was lower this past year?

Jacque (response):

- Noel Levitz has provided some insight based on their work
- Sciences and Social Sciences (particularly Psychology) less likely to retain; also students receiving the American Indian tuition waiver
- Other factors such as connecting with advisors, life in the residence halls, or even the experience of dropping a grade (college-level) from what they had been accustomed to in high school

Timna: Do we know the magnitude?

Bryan (response):

- Students who left us were not struggling (by normal indicators)
- The retention percentage for first generation, students of color, and Native American students was down
- Setting of expectations – students who typically received a 4.0 GPA in high school may feel as if they are failing when they receive a 3.0 in a college course
- We continue to have conversations about the data that we are receiving

Dennis: Are there lifestyle issues?

Bryan (response):

- Do we ask questions? Yes. But students are more likely to respond with an answer that they are bored or that “Morris is a small town” than to acknowledge that they are not attaining the grades that they have been accustomed to receiving. And we have only anecdotal evidence

Sara: Do we know where they go when they leave UMM?

Bryan (response):

- Typically to other U of MN campuses, or
- State school or Community College
- Cost of Attendance enters into the decision at this point on value received for amount being paid – “Am I getting the experience that I am paying for?”

Timna: How does the spring melt compare this year to last year?

Bryan (response): Roughly the same

Lowell (response): Tuition increase/packaging of scholarships all impact the decision to stay or go.

Bryan: For fall 2013 we are planning to change our scholarship package. We don't know the impact as of yet.

Jacque: Observations

- The 465 in 2011 was an aberration
- We may not have been a good fit for some students
- We weren't looking at retention as we are now
- We have taken steps to be more proactive (e.g., letter to first year students)
- Current academic dean notes that we were not adequately prepared or staffed for our incoming students—since taking office, he has worked with division chairs to address these challenges
- There is more work for us to do
- The first semester (first couple of weeks) does matter
- Articulation agreements

Michael: The budget needs a number of students to use for enrollment

Lowell: Revenue is tied to enrollment

Dennis: What are the consequences of the student enrollment number used?

Lowell (response):

- Budgeting for a lower number may produce excess tuition revenues at the end of the fiscal year, but there is not a guarantee that the unit will be allowed to keep this revenue. UMM has had a special agreement in place with Fitz (CFO) over the last several years that has allowed UMM to retain excess tuition to build a contingency reserve.
- Budgeting for a lower number means that there are fewer resources to work with and the expenditures need to be aligned (decreased) accordingly.
- Budgeting for an enrollment number that is not attained generally means that UMM has less revenue and will have to “pay back” the shortage. When central allocations are made at the beginning of the fiscal year, the assumption is made that units will hit or exceed their target. If there is a shortfall, this creates a deficit in the Tuition Pool and the shortage must be repaid.

Bryce: Reminder that other allocations are based on enrollment (i.e., Technology Fee allocations)

Michael: What number does Bryan recommend be used for FY14 budget purposes?

Bryan (response): 1,750 is a fair number, middle scenario, solid base, and competitive with the market place.

Dennis: Approximately, how much revenue does each student yield?

Bryan (response): Approximately \$10,000 per student for the year

Brad: Have we passed the hurdle of the anomaly of 465 students in 2011’s numbers and the related effect on retention?

Bryan (response): We typically lose 18% - 20% the first year and 10% the second year

Timna and Brad made a motion that the Finance Committee recommends to Chancellor Johnson that 1,750 degree seeking students be used as the number for FY14 budget planning purposes for fall 2013. Motion seconded. Motion approved unanimously.

Meeting adjourned.

Next meeting will be Monday, February 4 at 4:30 p.m.