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Finance minutes 02/11/2013

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UMM Finance Committee Minutes

2/11/2013

Members Present: Brad Deane, Pieranna Garavaso, Michael Korth, Reed Olmscheid, Gwen Rudney, Timna Wyckoff, Mary Zosel

Guest: Colleen Miller

1. Approval of minutes. The minutes of the previous meetings were presented for approval; Colleen submitted three changes to the minutes of the previous meeting on February 4. Discussion ensued concerning Bart's statement that instructional positions will be protected. It was decided that the chair of the committee will email Bart and Jacquie concerning their intentions re: the protection of instructional positions. Colleen indicated that the budget instructions from the Twin Cities included the need to cut \$291K in administrative costs, but UMM needs to refill other areas of the budget, e.g., funds for the U promise scholarship. \$291K is only a fraction of the total amount that needs to be cut, which comes up to \$1,118,000. For balancing our budget outside of the \$291K, there is no protection concerning which areas will be cut.

The minutes were amended and approved.

2. FY14 budget instructions

Brad distributed a graph based on the Institutional Data book (UMM FTE 1988-2011) showing that while the number of faculty (including teaching P&A and adjunct positions) stayed pretty much the same, slightly above 100 count, non-instructional personnel grew from below 200 to 250 approximately. Brad mentioned his question to Jacquie during previous meeting and not being fully satisfied with the response which pointed out the difficulties of correctly classifying positions as administrative. Brad went back to the Wall Street Journal article about classifications of position and stated that he does not think that the classification issue is at the origin of the problem; there is imbalance. He has concern with this as we may not be looking at the real problem; our cost for instruction is coming down and not even keeping up with inflation; but administrative costs are growing. We should talk about this concern.

Timna expressed similar/related concerns: she understands that the budget instructions are complicated, but she worries that \$291K were supposed to be cut not in instruction but in administration, but fears that we are not going to do that because of the greater cut required; there seems to be no warranty that the \$291K will be cut in areas not related to instruction. This worries her.

Colleen: In the past, budget preparation has always started from current-year figures but now the central administration has used actual data from FY2012. As a result, the benchmarks are based on outdated numbers.

Michael: Benchmarking of what?

Colleen explained that benchmarking characterized people into three groups, based upon job codes, related to direct mission, mission support, or administration. This has no relationship to how we built the budget in the past; Jacquie said we are not going to start from that. UMM has been ahead in adopting different ways to address budget issues. Central administration stated that this was another tool but we do not need to use it.

Timna; How does what you say address the concern that Brad and I are raising?

Colleen: Since we have to cut more than a million dollars, even if we take \$291K only from administration, we will need to look at all areas for the total amount of cuts. The order for the cuts is first administration, second mission support, last direct mission, but since we need to cut \$1M and we have to cut \$800K on top of \$291K it did not seem as important to keep the \$291K out of administration only.

Gwen: Let us go back to the graph. What is the significance of this number graph?

Brad: I understand that there is so much to cut that in practical terms it may not be useful to focus on the \$291K to be cut only from only administration; however, we need to continue discussing this situation.

Colleen; It is ok to talk about the \$291K, just let us not tie it to the budget preparation. I am not the best person to speak about the graph.

Mike clarified that all coaches, adjunct instructors and teaching P&A are included in the count of the faculty line of the graph.

Mary points out that the increase in the non-faculty lines is due to the creation of for example the Center for Small Town, the Healthy Eating initiative, Community Engagement, International Students Programs, etc. When all those programs started we increased the people who are not instructional.

Brad: This is correct, but the question is whether we can afford these programs.

Timna pointed out that some of these initiatives may have been initially supported by a grant, but then the campus has to support them.

Gwen pointed out that we reallocate resources all the time.

Mike: Should this be an agenda item for the committee?

Timna: Can we do it soon enough for it to be relevant?

After some concern regarding the timing of this discussion, it is decided to prepare a statement for Jacquie on this concern.

Brad: It seems like the growth of costs outside instructional costs is not considered a problem but perhaps it is and I would like people to keep this in mind. It should be taken seriously; we should make a statement to Jacquie even if not immediately. The size of the administration is growing in contrast with what is going on in the classroom. It seems like we improve things by remodeling Behmler, for example, but there are other needs to address. The Planning Committee expressed hostility toward the remodeling of Behmler but this remodeling is being done. Brad will draft a statement for Jacquie from

this committee.

Mary: Will anything coming out of RAR help?

Gwen: Any info looking at ourselves will be useful however we do it. A better understanding of Brad's graph would be helpful. It would be useful to explain where we got more people in different offices.

Brad: It gets very murky because we are told that administrative positions have been cut, for example Vice Chancellor for Enrollment or Assistant/Associate Vice Chancellor for Academic Affairs. We end up talking too much about the trees and lose the forest view.

Timna: For example, making choices to add the initiatives in Mary's list, but not adding other instructional lines.

Mike: Brad will prepare a statement for the committee to consider.

The meeting was adjourned at 5:40 pm.