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Campus Resources and Planning Committee

February 26, 2010

Present: Lowell Rasmussen, Mark Privratsky, Sarah Mattson, Kathy Julik-Heine, Sara Haugen, LeAnn Dean, Sydney Sweep, Zak Forde, Bryan Herrmann, Bart Finzel

Guests: Cheryl Contant, Colleen Miller, Pareena Lawrence,

Pete said the agenda for today is to start walking through the budget. We will plan to finish the discussion at the meeting next Monday.

Colleen Miller reported that based on the information we have at this time, it looks like we will have a net surplus at the end of the year of over \$2 million. Lowell added that while this is good news, he would like CRPC to discuss the need for rainy day funds.

Note on utilities, repair and maintenance: Lowell reported that in Linc Kallsen's model, "utilities, repairs and maintenance" include all of the budgets across campus, not just Plant Services. Pete asked if the committee could get the net actual for this category. Lowell said some one-time projects are included in the current fiscal year budget—wind turbine and biomass.

Note on chancellor's reserve fund: At the meeting next Monday, Lowell will distribute a budget model spreadsheet based on Linc's model. Until this year, we have never had a chancellor's reserve account. One was created last using auxiliary reserves from the bookstore, plant services and residential life. Sara asked the purpose of a chancellor's reserve account. Lowell said it would give her the ability to facilitate new ideas. He believes it is counter productive to use the money to simply fill holes. Sara suggested that we have another name for the account, since is not actually intended to be a "reserve."

Campus reserve's and carry-forward balances: Lowell would like this committee to address policy issues related to campus wide reserves and carry forward balances. If positive balances hold for this year, he gives kudos to the budget managers across the campus. He feels that we have a problem, however, in that reserves and carry-forwards are distributed across unit budget lines and not centrally available for UMM-wide needs. His analogy is that we are a company with 64 banks with money available to departments but not to the institution. He would like to propose that carry forward balances be split at the end of the year. One suggestion was a 60/40 split where the department takes 60% and UMM takes 40%. We do not have institutional reserves but we do have department reserves and auxiliary reserves. Lowell feels that we have got to change how we manage reserves on this campus and Lowell believes the institution will be better served with a "we" mentality rather than a "this is mine" mentality. He is open to suggestions on ratios or percentages and added that we don't need a hard number today. Additionally, we need to hear the outcomes from the Blue Ribbon Task Force. Another approach is to simply take a percentage off the top but that will hurt units that are already underfunded.

Mark's initial reaction is that 40% might be a shock for some of the offices on campus. Sara added that there was a time on this campus when balances were scoped and departments spent everything. Sydney asked if a decision was necessary today. Lowell said he would like to know if this committee endorses building campus reserves or if we should stay status quo.

Motion by Sydney, second by Zak: We support creation of campus reserve funds as a general concept, with the details to be negotiated later. Motion passed unanimously.

Lowell added this will be a work in progress and it may take us a year or two to get this to work on campus. Our budget will dictate what our reserve looks like. Zak asked if Lowell wanted input from this committee on where the reserves should come from. Lowell said the committee will have the budget in front of them at the meeting on Monday and they will be able to see actual line dollars. Bart expressed concern about the carry forwards and wondered if units could have capital accounts built in. Pete said it needs to be based on what you came into the year with and not what you ended with in July. Lowell was open to that and added that EFS will show us where the money is going.

Lowell would also like to see the campus create an investment pool. This is not as critical as creating reserves; however, an

investment pool would put us in a situation to be opportunistic of what we should be doing in the future.