3-25-2013

Finance minutes 03/25/2013

Finance Committee

UMM Finance Committee Minutes
3/25/2013

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

Guest: Colleen Miller

1. Minutes from March 4, 2013:

The minutes were amended and approved.

2. Questions to Lowell Rasmussen on financing of capital projects on the Morris campus.

Question #1: Are we selling our position on the list too cheaply?

Lowell: It is essentially a hypothetical question and it is possible that history will show whether we sold it too cheaply or not?

Sara : We are looking at 10 million versus 21 million. Why the difference?

Lowell: It represents a sea change in how we talk about renovations.

Sara: Would it be of the same quality?

Lowell: It would force us to prioritize what is important to us.

Michael: How much of this Heaper and RR are we already getting?

LR: The U is ramp upping its requests. In the biennium it would get us about 1.6 million, which would come to us to in a prorated fashion. The proposal essentially calls for a doubling of both the Heaper and the RR requests. Also we would be making an internal contribution as part of this plan.

Question #2: Is HEAPR only for renovation of buildings?

LR: HEAPR is definitely restricted money. UMTC is adopting a much stricter definition of how this money can be used? The advantage is that the RR money is less restricted. We are looking for money that does the repairs, programmatic, and IT concerns of the campus which could hopefully be done with bundling these three sources of information: RR, Heaper and our internal contributions.

Question #3: If we use HEAPR funds this way, is there other work on campus that won't get done?

Yes, there are concerns, but $80,000 to 100,000 is budgeted for unplanned, emergency events.

Brad: Any feedback on this idea from the central administration?

LR: No real feedback at this time from the UMTC.   We have appealed to central to be a test case for this as opposed to waiting for all university program to be sent out on it.

2. Fund 1000 Allocations

(In the following discussion, page and line numbers refer to a spreadsheet that shows fund 1000 allocations by DeptID and Program for the years FY09, FY10. FY11, FY12, and FY13 with FY13 numbers further broken out into compensation and non-compensation portions.)

Colleen made some introductory comments.

Page 6, line 267 (total O&M allocation to the campus). We have 36.3 million. The O&M allocation has been going down from 2009. Compensation is impacted a lot by the rules given by central.

We have not changed the noncompensation for the last three years.

The dean in FY2013 instructed that some funding sources moved out into departments, which was an attempt to more accurately reflect how the money is being spent.

Our 0&M has decreased each year for five years, but our tuition has increased and we have been able to keep it to balance.

Michael Line34 (academic dean's administration): We see a dramatic reduction. Is this due to funds being pushed out to the actual department doing the actual work.

Colleen: Yes

Mike:

Line 48 & 49(Academic Assistance & Disability Services): Are these the other side of that pushing out?

Line 148 (Office of the Registrar): Is that also moving out from Dean's budget?

Line 160(Center for Small Towns): Why has small town budget gone up?

Colleen: There have been changes in the center for small towns, but uncertain about the why the number has changed.

Mary: It may be that some grant money from small town was paying for salary and when the grant went away we started paying for it.

Lowell: The dean could probably explain it.

Mike: Line 168 (athletics administration). The growth of the athletic budget over a 5 year period.

Colleen: Can't answer why this occurred.

Mike, Line 219 (Plant Services utility reserve). What is utilities reserve?

LR: We hold money in reserve because of the fluctuations in fuel contacts, which we may not always know.

A discussion arose about whether this is budgeted money or accumulated carryforwards and the answer was that it was annually budgeted money.

Mike: Shouldn't our contingency reserve cover things like unexpected fuel costs?

Lowell: We could, but I would ask for the money back when fuel costs are higher.

Gwen: Why is there a single reserve line and not different lines for each type of energy costs?

Lowell: We can't because we don't know on which one we are going to be wrong. If we could accurately predict then we might be able to do an amount for each energy component.

Laura: 216 (Plant Services, utilities--internal loan) What is an internal loan and what was it for?

Lowell: Thought it might be a biomass loan and Colleen wasn't entirely certain, but could find out.

Colleen: Described the difference between internal loan and deficits.

Michael: Line 239 (Student Employment –Merit)-- Why did this number increase up to 2.26 million?

Colleen: This line should be looked at together with other financial aid lines because there has been shifting between lines to make it clearer. There have been increases in the merit scholarship program and in the Upromise program.

Michael: Interesting to note budget has increased over the years (particularly tuition increases), while still losing money in O&M.