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Finance minutes 09/11/2014

Finance Committee

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UMM Finance Committee Minutes

9.11.14

Members Present: Dennis Stewart, Michael Korth, Sara Haugen, Pieranna Garavaso, Timna Wyckoff, Ellery Wealot, Brad Deane, Mary Zosel, Lowell Rasmussen, Jong-Min Kim

Members Absent: Jayne Blodgett, Laura Thielke, Marco Riley

Guests: Colleen Miller, Melissa Wroblecki-Note Taker

Agenda:

1. Introductions:

The committee chair started and the members/guests continued around the room and said where they worked on campus and what role they have on the committee.

2. Review of charge:

Dennis reviewed the charge and what it meant for the members of this committee. The committee had no questions or amendments to the committee charge.

3. Approval of minutes:

No corrections were made to the May 2nd, 14 minutes. Approved

4. Issues for the committee to consider this year:

A list of possible Finance Committee agenda items was handed out. The group was asked to review the list and give any recommendations. It was agreed that numbers 1, 2, 4, 6, 7, 8, & 10 of the list (see list on page 4) were annual topics to discuss.

There was the recommendation that #7 – ‘Merit financial aid projections in mid-January for FY16 budget,’ to be presented by Bryan Herrmann, should be done earlier if possible. Dennis will check with Bryan Herrmann and see if this is possible.

- It was suggested that Bryan Herrmann should be invited before January and be invited back again. The committee should present him with a list of what the committee would like to know from him before he is asked to present. One should be the benefits to the institution based on choices related to enrollment.

Dennis then asked if there were any topics committee members would like to see added to this list. The following were suggested:

- Plan for Financing Capital Debt
- The Impact of the Job Classification on the Budget
 - The study hasn't been finished yet, but members have heard of unexpected cost increases and would like to know the impact to UMM.
 - Michael Korth agreed to provide minutes from the Kathy Brown meeting mentioning this topic.
 - This discussion could come up in agenda item #2 and #5 also.
- Bart Expanding MSAF (Morris Student Administrative Fellows)

- It did not happen in FY14 and the committee members would like to know plans, if any, for future expansion.
- Out-of-State Tuition Differential
 - UMM was proposing an increase of \$1,000/semester increase in tuition, with an increased scholarship for out-of-state students. Currently nothing is planned to take place until at least FY17. It was said that this proposed change in out-of-state tuition could possibly attract more out of state students because of the increase in the scholarship if this proposal goes through. (This fee would be for non-reciprocity, non-resident students.)
- RAR
 - Committee members are interested in a schedule of reviews for non-academic departments. Why did UMM go away from the annual reviews of departments? What are further steps that can be made to be more consistent throughout the campus to measure efficiency and effectiveness? Fiscal metrics of the campus may be helpful in this discussion and Lowell is trying to get a group together to work on this topic. Brad Deane stated he would be interested in more unit level data also.
 - The Chancellor should be invited to a meeting for the Finance Committee where this is discussed.

Dennis then asked if there were any items on the list that they would like off:

- Agenda item 11 was brought up, but it was decided that this committee needed to discuss the topic of recommendations for the repurposing of the \$700,000. If this committee doesn't talk about it and agree on a way to use the funds, they will more likely just be 'sucked in.'
- Number 16. This should be discussed further to determine what the right enrollment number for this campus is. The Planning Committee already has a report on this. Jon Anderson and Bryan Herrmann should be invited to discuss this. Other topics that need to be a factor in this discussion should be: Native American students, International students, out-of-state students, non-resident, non-reciprocity students and resident students.
 - Might want to invite Hilda Ladner to this meeting as well to comment on plans for the International Programs.
- Agenda item 17 was deemed not possible due to the logistics of scheduling a joint meeting between finance and planning committees. However, it was proposed that possibly a subcommittee of finance might be able to meet with a subcommittee of planning.

Colleen with plan on presenting agenda items 1 and 2 for the next meeting, and the committee can discuss at a later date the order of all the agenda items.

5. Report on Sightlines – Lowell Rasmussen:

Sightline is a consulting company hired by UMM to assess the Facilities Management Department. They currently work with over 300 institutions worldwide. They reported on four major areas: Annual Stewardship, Asset Reinvestment, Operational Effectiveness, and Service.

Issues that Sightlines laid out for UMM were:

- Older campus due to few major renovations
- Current funding model is not sufficient

- Energy usage is high, but from clean sources

Lowell went on to show the presentation from Sightlines about the campus rating us against other peer institutions. Having historical buildings sets us apart from our peers in many areas of Facilities Management making not all the graphs and data helpful to UMM. Use of space was also a concern in the reports.

In the conclusion of the report, it comes down to how to be efficient and effective as an older campus, and how to provide funding for renovations and improvements needed. UMM needs to start working on the problem buildings one-by-one. Integrated funding may be an option in the future, but some of those funds like the HEPRA funds do not cover chairs, tables, etc. that are also in need of updating.

Meeting adjourned.

Next meeting is September 25th, 2014 in the Moccasin Flower room at 3:30 pm.

Possible Finance Committee Agenda Items for AY14-15

1. Review of FY2014 Actual results including updates on revenue and expenses, net surplus for FY14, ending balances, contingency reserve, etc.. Presenter: Colleen Miller
2. FY15 Budget – Approved budget, decisions by President Kaler, updates to the requests discussed in the May 2, 2014 meeting by the Chancellor. Presenter: Colleen Miller
3. Data Book Pie Charts data and questions raised at the April 11, 2014 Finance Committee meeting. Presenter: Colleen Miller
4. Annual Report of gifts and endowments. Presenter: Maddy Maxeiner/Laura Thielke.
5. Expenditures/Benchmarks – Mission Direct, Mission Support, Leadership & Oversight (when the report for FY2014 becomes available from the Budget Office). Presenter: Colleen Miller
6. Enrollment projections in mid-January for FY16 budget. Presenter: Bryan Herrmann
7. Merit financial aid projections in mid-January for FY16 budget. Presenter: Bryan H.
8. FY16 Budget presentation in late January. Presenter: Colleen Miller
9. Roll out of the Enterprise System Upgrade Program (“ESUP”) mid-February 2015. This affects all University faculty, staff and students; as well as PeopleSoft Student systems, Financial systems, Human Resource and Managements systems (‘HRMS’), and Payroll. There will be communications, training, etc. made available.
10. O&M allocations to local UMM units in March. Presenter: Colleen Miller
11. Begin discussion on recommendations for use of the \$700,000 in O&M funds currently being used to pay back the Sequestered Deficit for UMM. The entire \$700,000 will first be available for repurposing in FY17.
12. Impact of the new Fringe Simplification program to UMM.
13. Entrepreneurship opportunities.

An examination of financial considerations for increasing the amount of money that university takes in each year. Example could include such things as outsourcing some functions done by the university such as dorm space . Another example might be how much money does solar energy make for UMM.

14. Critical fiscal metrics

Are there metrics that we should be tracking more consistently to alert us of potential

fiscal problems both imminent and distant. This idea was expanded to include not only at the overall campus level, but also the unit level. In particular, there was a discussion about how non-academic units review themselves.

Potential Guest: Jacqueline Johnson

15 Computation of instructional costs.

The current system for figuring out instructional costs per students puts us highest in the University of Minnesota system. Discuss why this occurs and offer alternative ways of computing this cost.

16. Financial implications of the number of students.

What are the financial implications of having a university with X number of degree seeking students?

Potential guests: Jon Anderson and Bryan Herrmann

17. Joint meetings with planning

18. Continuing funding of the two Great Lakes grant programs when funding runs out.

19. Plan for financing capital debt.

20. Impact of job classification redesign to the budget.

21. Expand MSAF.

Potential guest: Bart Finzel

22. Programs and plans for international students.

Potential guest: Hilda Ladner