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Finance Committee

Campus Governance

1-19-2016

Finance minutes 01/19/2016

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Recommended Citation

Finance Committee, "Finance minutes 01/19/2016" (2016). *Finance Committee*. 75.
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UMM Finance Committee Minutes

1.19.16

Members Present: Dennis Stewart, Michael Korth, Kerri Barnstuble, Pieranna Garavaso, Jess Larson, Mary Zosel, Leanne Dean, Laura Thielke, Bryan Herrmann, Mark Logan, Elsie Wilson

Members Absent: Jong-Min Kim, Rachel Brockamp

Guests: Colleen Miller, Melissa Bert, Melissa Wroblewski -Note Taker

Agenda:

1. Approval of December 7th, 2015 minutes:

Dennis asked if there were any changes to the last meeting minutes. Laura made one correction and the minutes were approved as is.

Dennis also mentioned that since it was difficult to find a meeting time that worked for everyone's schedule, it would be helpful if anyone who has corrections to minutes, to email Dennis prior to the meetings.

2. Budget 17: Presented by Colleen Miller and Bryan Herrmann

Colleen began the meeting by passing around a handout. She stated that the budget instructions came out on Friday, January 15th. UMM's target reallocation this year is (\$258,000) for Fund 1000. There is also a target reallocation for Other Non-Sponsored funds of (\$110,000) which is consistent with the last three years but it has not been discussed and the Budget/Compact Meetings.

In reference to salary planning for FY17, the current plan is a 2.5% salary increase. Colleen is currently working with the Vice Chancellors and Chancellor to plan FY17 salaries.

Tuition for FY16 is looking like there will be a shortfall. There was currently a tuition shortfall from fall, and UMM is currently anticipating a greater shortfall for spring. There is a relationship between tuition and financial aid, so there may be a financial aid savings but it is not a 1:1 ratio so it is currently unknown what the financial aid saving might be. The shortfall in tuition this year will create budget challenges for FY17. Bryan stepped in and said that there are some levers that UMM may be able to use to help alleviate some of the challenges. They included: relooking at Non-Resident, Non-Reciprocity (NRNR), reviewing the \$100,000 for faculty salaries, different percent salary increases, and reorganizations and/or layoffs. UMM has currently been using the contingency fund (currently at a balance of about \$2.8 million) to balance the budget. This is an option again this year.

Next Colleen moved on to discussing the FY17 tuition. Colleen stated that she learned in a January 13th meeting with Julie Tonneson that there was interest in the system to create more of a tuition differential between the Twin Cities and the remaining system campuses. Currently there is a 0% tuition increase planned for Morris. The committee wondered if this was a good or bad thing. It was said that it is great for students, but what does it mean for the campus budget.

Colleen concluded her presentation by stating that the Budget/Compact meeting for UMM is Friday, March 4th. Our materials are due to the Budget Office in the Twin Cities one week prior on Friday, Feb-

ruary 26th. Colleen also said that from the Finance Committee, she would like a recommendation on an enrollment number for FY17 budgeting by February 1st.

Other questions/comments/concerns:

- When will you know more about the tuition band for Morris?
 - Colleen said it is typical to continue to go forward with last years numbers until we learn differently. It is unknown when we would know for sure.
 - Bryan also stated that the Board of Regents are set to meet in February and tuition will be a topic of conversation.
- Will the \$700,000 from the sequestered deficit payment also be used to balance the FY17 budget?
 - No decisions have been made yet. For FY17 budgeting, it is important to realize that the \$700,000 is not new money, but it may be used in the budgeting process. Salary attrition will also help with balancing the FY17 budget.
- What is causing the structural imbalance? Is this being looked at?
 - UMM is so tuition dependent that if UMM doesn't get the tuition numbers budgeted, it causes budget repercussions.
 - Setting the target number for enrollment is very important. Last fiscal year (FY15) UMM hit the enrollment number but tuition was down. Since we hit that number, it was decided to stick with the same enrollment number for FY16 and we have not hit that number.
- Will the target reallocation come from salary savings only and not include SE&E funds?
 - That has not been decided yet. Typically UMM has been able to meet the target reallocation with salary dollars.
- Has there been anything discussed about ways to save money?
 - Bryan mentioned that there were discussions going on currently about VOIP (Voice over Internet Protocol) and if this would be money saving for the University.
- When discussing the 3rd year of the \$100,000 faculty increase, if this was used to balance the budget does that mean that next year faculty would receive the remaining \$100,000 or would it turn in to 2 years of faculty increases and the 3rd year would just fall off?
 - That hasn't been discussed. In the agreement, it is believed that there were stipulations in enrollment, retention, and a balanced budget.
 - A comment was made by a committee member that faculty may feel cheated if the 3rd of the 3 year salary increase was taken away.

Meeting adjourned.

Next meeting will be Tuesday, January 26th at 9:00 am in the Moccasin Flower Room.