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Finance minutes 02/20/2018

Finance Committee

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UMM FINANCE COMMITTEE MINUTES

2-20-18

Members Present: Roger Rose, Michael Korth, Brad Deane, Mark Logan, Angela Anderson, Ramsay Bohm, Naomi Skulan, Josiah Gregg, Dennis Stewart. Non-voting members present: Stacey Aronson, Kerri Barnstable, Bryan Herrmann

Others Present: Chancellor Michelle Behr, Melissa Wroblewski

Members Absent: n/a

Agenda:

1. Approval of Minutes from 2-13-18

Some members were not aware Janine had sent out minutes to the last meeting, and did not have time to review them. A comment was made that it would be nice to see more representation of the committee conversations in the minutes and not just a review of the presentations. Members were encouraged to add details to the minutes before they are approved.

2. FY18 & FY19 Budget Presentation by Chancellor Behr and Bryan Herrmann:

Michelle began by informing the committee that she and Bryan planned to present a condensed version of what was to be presented at the Community Meeting Wednesday, February 21. She also stated that some people in the room will be affected by decisions made for the FY18 and FY19 budget balancing, and that communications would be had with people before Wednesday's meeting.

To set the stage for the conversation, Michelle went back to enrollment trends at Morris. Over the last three years, Morris has seen sizable declines and retention has also dropped over these years. Because of this decline, there is a structural imbalance the campus needs to cover.

Enrollment for fall 17 was down 91 from the budgeted amount causing about a \$1,010,000 shortfall in tuition (pending how summer 2018 comes in). To cover this shortfall, Michelle went through the plan the committee has seen several times before. For FY19, Morris has set the fall enrollment estimate at 1528 for budgeting, holding retention rates constant at FY18 rates.

Michelle and Bryan went on to state that the plan to balance FY19 remains the same as the committee has seen before, but even with all our planned cuts, we will still be just shy of \$1 million short of balancing. Michelle and Bryan had conversations earlier with Brian Burnett, Senior Vice President of Finance and Operations for the U of M System, and Julie Tonneson,

Associate Vice President & Budget Director, on UMM's financial situation for FY18 and looking to FY19. From this conversation, a request from the Budget Office for a multi-year balancing plan from Morris was requested. The plan is that we will require one-time assistance to bridge gaps from year to year until we are able to balance on our own. Bryan had recently shown this plan to the committee. Committee members were curious where the salary reductions were going to be made, and when an announcement would be made.

Michelle went to answer the committee's question. She first stated that the goal was to preserve current jobs, take advantage of retirements, restructure departments to create efficiencies, and protect the academic mission. Long open tenure positions are not going to be filled at this time. There will not be automatic replacement when a position is vacated, instead the position will be evaluated before a hiring decision is made. There are staff and faculty that have reduced their appointments, both voluntary and involuntary. Chancellor Behr also stated that UMM Senior Administration has also volunteered to take unpaid leave both in FY18 and FY19 to help save the University some funds.

When it comes to the areas that will be restructured, they include:

- IT/IMT
- Onestop/Office of the Registrar
- Business Office
- ACE/Career Services

The Morris campus has to present a balanced budget plan to the Central Budget Office/Budget 5 on March 5th. Questions by the Committee:

1. Has the savings from the staffing changes been calculated?
 - a. Yes, the changes mentioned earlier have been calculated to know what amount of savings each decision will save the campus. In total, the savings is around \$1.1 million, but we are still looking to find a total of \$1.5 million in compensation savings.
2. The tenured positions, are there currently people in those positions?
 - a. No, the positions cut are currently vacant.
3. In the ACE and Career Services reorganization, will there also be reductions with this reorg?
 - a. Yes, there will be reductions.
4. Are there any strategic investments with these reductions?
 - a. Not currently. Chancellor Behr noted that with strategic planning in progress, she is hoping the process will identify areas that will receive strategic investments in the future.

5. When will the reorganizations happen?
 - a. Reorganizations will be effective March 5, and layoffs will be effective after the academic year.
6. Based on the documents reviewed today, in FY19 what's the plan to find another \$800,000 in compensation savings?
 - a. Depending on what the Central Budget Office funds us for FY19, and depending on how UMMs enrollment is in FY19, we may not need to find the full \$800,000. If we do need to find the full amount, it would hopefully be programmatic based on the strategic planning vision.
7. It doesn't seem like this plan (for balancing FY19) goes far enough. UMM has tried to be as conservative as possible in the past and yet we are here again?
 - a. The reason for doing it this way currently, is because we want to have the community help mold the strategic decisions and not make hasty decisions. It would be nice to be more strategic about any changes in the future years.
8. What conversations may have occurred outside the system to help provide possibilities to balance our budget and going forward? Or conversations within the system?
 - a. Michelle stated that she has had conversations with colleagues at other institutions and those conversations indicate that UMM is not alone in this issue. Places are making cuts like us, and they are also trying to distinguish themselves from other colleges to the prospective students they desire. Our future is in distinguishing ourselves from other small liberal arts colleges to succeed. We need to relate to students with our core liberal arts mission to pull them in. Other institutions are doing this evaluation of the mission, and cutting, cutting, cutting.

Time ran out. The committee will meet again in two weeks.

Adjourned.