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Finance Committee

Campus Governance

9-27-2018

Finance minutes 09/27/2018

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UMM FINANCE COMMITTEE MINUTES

9-27-18

Members Present: Roger Rose, Jon Anderson, Angela Anderson, Ramsay Bohm, Naomi Skulan, Isaac Hunt, Justin Terhaar, Kerri Barnstuble, Bryan Herrmann

Others Present: Melissa Wrobleski, Jessica Broekemeier

Members Absent: Michael Korth, Arne Kildegaard

Agenda:

i. Review, Changes & Approval of 9/13/18 Minutes

The minutes of the meeting from 9/13/18 were sent to the committee prior to the meeting and were approved. Documents from meetings are now available on the team drive. It was also noted that Isaac Hunt is now the second student member on the Finance Committee.

ii. Questions based on Budget 101 Discussion from 9/13?

No questions were asked about the Budget 101 Discussion from 9/13.

iii. Fiscal Year 18: Review of Previous Year's Budget Challenges & Decisions Made to Address Them

Melissa Wrobleski and Bryan Herrmann reviewed the following documents to review Fiscal Year 2018.

1. Budget Development Worksheet:

This worksheet reviewed the budget and actuals for FY18, as well as the submitted FY19 budget compared to the FY18 budget. Melissa pointed out that at fiscal year-end 2018, UMM had spent much less than budgeted, which was expected due to discussions during FY18 to capture carryforward funds, and reduce SE&E allocations across campus to help balance the FY19 budget. For FY19, UMM is budgeting lesser amounts for revenues and expenses, than were budgeted in FY18 due to anticipated reductions in tuition revenue.

2. Comparison of Tuition – FY14 to FY18:

FY18 Tuition was less than what was budgeted for FY18, and Bryan mentioned that was what was estimated beginning in fall 2017 and planned for accordingly. This document includes only degree seeking

students in the enrollment headcount. A question was raised as to what the percentage is highlighted in yellow under each semester was about. Bryan explained that the percentage is what the university bills minus any waivers. It is the net tuition collected each semester. For FY18 fall semester, UMM collected 78.3% of all billed tuition. In spring FY18, UMM collected 79%, and summer was 61.6%. Overall for FY18, UMM collected 78.2% of tuition billed. This is understandable based on the multiple different waivers that Morris offers. Some examples of waivers offered include:

- Non-Resident Tuition Waiver
- American Indian Tuition Waiver
- Visually Impaired Tuition Waiver
- Hearing Impaired Tuition Waiver
- And others

3. Contingency Reserve:

This document reviews the University of Minnesota, Morris Contingency account. Roger asked to have a contingency fund explained for new committee members. Melissa explained that this is an account that is for future use for any unforeseen expenses that may arise for the Morris campus. UMM had been able to grow this account in the past, but in the most recent past years, the University has been gradually using up the funds that exist in this account. In FY18, UMM was able to increase the balance in the contingency account, but it was stated that this was temporary due to the use of funds to balance the FY19 budget, as planned in FY18 during the FY19 budget process. Melissa went through the FY18 transactions that occurred within the contingency account. Items included, salary/fringe variances coming, excess merit scholarship funds being transferred in, collecting carryforwards and SE&E amounts, covering the tuition shortfall at the end of FY18, and receiving one-time funds from University Budget and Finance for the FY18 fiscal year.

4. FY2018 Expenditures Pie Chart:

This document showed how the University spends money. This chart included all non-sponsored funds on the Morris campus (did not include grant funds). It was pointed out that salaries and fringe make up over 50% of the expenses for this campus. Bryan also stated that student aid is a

large portion of the graph at 20.6%, but a majority of student aid is federal and state financial dollars.

5. FY2018 Fund 1000 Only Expenditures Pie Chart:

This document shows the University's expenses from Fund 1000 only for UMM. Salary and fringe makes up almost three-quarter of the expenses funded from Fund 1000 (*Tuition and O&M – State allocated funds*) (73.9%). Bryan mentioned that student aid, in this document, consists of U Promise and Merit Scholarships and makes up 11.7% of total expenditure in FY18. Kerri Barnstuble asked where the difference in salary dollars are coming from between Fund 1000 and all funds. Bryan said these come from Residential Life, dining services, and student fees which pay the salary of some employees.

6. FYE (Fiscal Year End) 2018 Available Balances:

This document showed the available balances in each fund at the University of Minnesota, Morris as of June 30th, 2018. Melissa went through and explained what each of the different funds were for.

- Fund 1000 – O&M (State Appropriation & Tuition Revenue)
- Fund 1024 – Grant Office Funds – Indirect Cost Recovery
- Fund 1026 – Other unrestricted – student fees, external sales.
- Fund 1028 – Quasi – Unrestricted Endowment – funds from an old U of M endowment, not at the Foundation
- Fund 1100 – Auxiliary Services – ex. ORL & Dining Services
- Fund 1150 – Internal Sales – ex. Telephone & Duplicating
- Fund 15xx & 16xx – Federal and State financial aid funds
- Foundation/Endowment – 17xx funds
- State Specials – 18xx funds
- Plant Funds – 7xxx funds
- Agency – 9xxx funds

After reviewing the funds we went across the document and saw that there were “quasi-restricted balances” that included UROP, MORSE awards, and other awards. It was stated these funds were granted for a specific purpose and are not able to be included in any carryforward reduction.

Next was 'other restricted balances' that included the Tech Fee account, Eco Station accounts and others that had funds with balances that were also not to be touched except for the use they were given.

The last section of monies removed from the balance available for each fund in the document, was established reserves. At the bottom of the handout listed the different accounts on the Morris campus that are established reserve accounts. Some include, the contingency account, the wind turbine reserve, the bookstore reserve, and a few others. By subtracting out the account strings that have restricted balances or are reserve accounts, we were able to see the remaining balances in each fund.

While reviewing the funds, it was stated that Agency funds are not university owned, but that the university is holding that money. A prime example is the Regional Fitness Center (RFC). Angela asked what fund the bookstore would fall into. Bryan said the bookstore is owned by the University of Minnesota in the Twin Cities, and that Morris receives a percentage of the total sales each month. When the bookstore transferred to the Twin Cities campus, funds were held to keep the building up. Jon asked if the WCROC holds any responsibility for the two wind turbines across the highway from UMM. Bryan answered that the University of Minnesota, Morris campus holds responsibility for one, while the WCROC holds responsibility for the other. The campus buys electricity from the WCROC while guaranteeing them a certain amount of money with the guarantee that they provide the campus with a certain amount of power. There is a combined maintenance contract for simplicity, but each unit is solely responsible for their own turbine if something were to happen.

iv. **Discussion for the Next Meeting: Fiscal Year 19**

Starting at the next Finance Committee meeting the discussion will be focusing on FY19. Bryan mentioned that Chancellor Behr will be having an open forum, but no date is currently set. The 10 day counts are in, but official numbers will not be released until October. The Finance Office will have estimated headcount numbers along with actual net tuition amounts to present with the FY19 information.

The meeting was adjourned.