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## Finance minutes 10/25/2018

Finance Committee

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# UMM FINANCE COMMITTEE MINUTES

10-25-18

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

Others Present: Melissa Wroblewski, Jessica Broekemeier

Members Absent: Michael Korth, Justin Terhaar, Arne Kildegaard

## Agenda:

### **i. Approval of 9/27/18 Minutes**

The minutes of the meeting from 9/27/18 were sent to the committee prior to the meeting. Additional information about new allocation of O&M funds received from the state as well as O&M Compensation expenses was added. The minutes were then approved by the committee.

### **ii. FY19 Budget Review & Situation**

Bryan Herrmann went over enrollment at the University of Minnesota, Morris on an overhead. This included past enrollment actuals as well as future projections. There were 358 new students in the fall of 2017. 76.4% of these students (the sophomore class) came back for the fall of 2018. The University of Minnesota, Morris has a goal of retaining 90% of students from freshman to sophomore year. In comparison, the Twin Cities campus retains about 93% from freshman to sophomore year. This fall, the incoming class included 370 NHS and 72 NAS students. NHS are new students out of high school, and NAS are transfer students. Keri Barnstuble noted that students are considered transfer students if they have college credits after graduation high school (high school students taking college classes are considered NHS students). Projections for the academic year 2019-2020 (Fiscal Year 2020), were made by looking at the past 6 years of enrollment and students retained to come up with a reasonable estimate for enrollment to base the FY20 budget off of. The committee was reminded that the estimate we are deciding is for budgeting purposes, and not an actual Admissions target goal. Admissions has their own goal that is higher than the fiscal budget enrollment number.

There was a discussion on this enrollment number and how to predict enrollment in the coming years. Keri Barnstable mentioned that the

Department of Education bases a success rate on a 6 year graduation rate, and that maybe more information on years 5 and 6 should be included in the enrollment projections. Jon Anderson also mentioned that the dynamics and demographics of the students change and that there may be clearer averages using only the past 3 or 4 years. Ramsay noted that it comes back to the drivers of the retention rate and what factors are able to be changed. Roger said that there are different dynamics in different years for student profiles in incoming classes, and what Morris can do different to accommodate them. Bryan stated that with the student profile that Morris has (25 average ACT score, high ability student, etc.) there should be a higher retention rate. Jon suggested creating a different model to help project enrollment. The model would be well served to take information known on incoming students and their profile and how to keep them. He noted that the current model uses one piece of information used in enrollment projections instead of taking more information into account. Ramsay agreed with this, and said that Morris can dig deeper and find more correlations in student retention. Bryan noted previous work in the area and models that had been developed Jon said a new model could focus more on characteristics instead of predicted outcomes to evaluate and see what level of uncertainty each variable is. Ramsay mentioned that this could be internal research instead of using an external source that was used for the previous model. Bryan agreed that predictions could be more accurate, but that this prediction is for the purpose of budget only and there are many factors that impact the actual tuition generated. Roger noted that a future model could be a topic of discussion and the value it has in the next meeting.

Further discussion on current enrollment was continued. Ramsay asked why Morris has the lowest application to enrollment rate out of the University of Minnesota campuses. Morris has an 11% application to enrollment rate while Duluth has a rate of 25%. Bryan said Morris admits more students but the students aren't accepting and coming here. Other campuses may have more specific recruitment, such as an Engineering Major in Duluth. He noted that there also wasn't as much shared applicants this year. Ramsay asked what percentage of students come to Morris for a few years and then transfer to the main campus in the Twin Cities. Bryan replied that very few students transfer to the Twin Cities or other private colleges. Ramsay also asked if there was a sense as to why the Fall 2012 incoming class has such a high

retention rate. Bryan said there wasn't a known reason, but the retention rate of 87% still didn't reach the 90% goal of UMM either. Roger wondered if it could be because the students witnessed the great recession and had more of a drive to graduate from college instead of wasting money and dropping out.

Bryan mentioned that the current estimated continuing students in the Fall 2019 semester (FY20) is at 1000, with the total degree count being 1472. That prediction came from current enrollment at the University.

A handout was distributed to members and Melissa and Bryan went over these documents.

1. Comparison of Tuition

After estimating the student enrollment based on current fall enrollment rates, the tuition received by the Morris Campus was predicted for the 2019 fiscal year. Bryan noted that assuming things are relatively stable and the amount of tuition estimated for FY20's budget should be reasonable. The remainder of the columns estimated out to FY2024 based on predicted enrollment numbers from the overhead projection at the start of the meeting.

2. FY20 Budget Planning

This document showed all known costs as of now for FY20. There are one-time reductions that need to be permanent, there is a reduction in tuition to be budgeted, and salary and fringe estimates to include.. The bottom of the document stated roughly how much UMM needs to reduce spending by to balance for FY20. Below, on the document, estimated what a tuition increase of 1% many add to the revenue to help balance.. Bryan noted that a tuition increase may not happen. Ramsay asked how Morris has done historically receiving funding for the American Indian Tuition Waiver (AITW)? Bryan said two years ago we received an additional \$500,000.

**iii. Future Meetings**

There will possibly be a community meeting in December.

The meeting was adjourned.