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Finance Committee

Campus Governance

2-14-2019

Finance minutes 02/14/2019

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UMM FINANCE COMMITTEE MINUTES

2-14-2019

Members Present: Roger Rose, Jon Anderson, Michael Korth, Ramsay Bohm, Naomi Skulan, Justin Terhaar, Kerri Barnstuble, Bryan Herrmann

Others Present: Melissa Wrobleski, Jessica Broekemeier

Members Absent: Isaac Hunt, Arne Kildegaard, Angela Anderson

Agenda:

i. Review, Changes & Approval of 12/13/2018 Minutes

The minutes of the meeting from 12/13/2018 were sent to the committee prior to the meeting and were approved.

ii. Enrollment for Spring 2019

Bryan reviewed the document Comparison of Tuition – FY15 to FY19 (Projections). He noted that this is not official yet and factors can still change the student enrollment. The current overall rate for fall to spring semester comparison is 92.9%, which is higher than was projected rate from fall semester. The tuition that is billed can still change, but the 100% refund date has now passed. The University of Minnesota, Morris has collected 78.8% of tuition costs after waivers. The current summer projection enrollment has not changed. There will be more online classes taught this coming summer.

Jon asked Bryan to explain what the adjusted summer deferral is. Bryan replied that at the end of the year the Budget Office will clean up tuition accounts and make necessary transfers based on any changes from a prior semester. He noted that Inter University Transfers (IUT), the campus in which the student is enrolled in receives 25% of tuition while the campus teaching receives 75% of tuition. Also, the summer deferral can include student refund appeals being cleaned up as well as study abroad trips.

The current projected variance to budget balance is lower than what was projected at the beginning of the fall. This relates to having more students in the spring semester than what was projected. Bryan mentioned that between the fall and spring semester, there was about the same number of students graduating as well as coming in so it balanced out. Bryan said that the next

step is to take this document to the Budget Compact Meeting and show what the projection of tuition will look like for FY2020 and beyond.

Roger Rose asked if the shortfall for this fiscal year will be rolled into next year. Bryan replied that it needs to be covered by the end of this fiscal year. The contingency account can help cover some, as well as some salary variance at the end of the year. The next step will be predicting what the shortfall will be next fiscal year. Bryan noted that it is important not to be too optimistic or pessimistic for the next year's projections.

Roger noted that the percentage of students from fall to spring seems like a stable number. Bryan said that this isn't the retention rate, but instead the ins and outs of students enrolled. Keri noted that some students she has worked with, may leave for a semester and then come back. Bryan added that most of the new students this semester are transfer students, while some are re-admits. Jon mentioned that this comes back to the retention rate, and how many students are leaving the university. Bryan replied that the students leaving include mostly graduating students and first year students leaving. Keri added that students leaving have complex reasons, and that some students also have outstanding bills on their student accounts prohibiting their registration. Bryan said that some of these students can work with the University to register and use future financial aid. Keri added that each student has a One Stop Counselor who will work with them on these issues. Roger mentioned that people outside the University are misled into believing that the number of students leaving are drastic changes rather than quite ordinary numbers after taking all factors into consideration.

iii. Status of Reductions for the FY20 Budget

Roger asked where the campus was at in terms of the FY20 budget. Bryan stated it is in process, and a few things are being adjusted. The fringe is slightly different than it was in the fall and now needs to be adjusted. This will impact the fringe on current salary as well as the 2.5% budgeted increase in salary. Tuition will also probably be adjusted. The Regents are proposing a 0% increase for all campuses, but individual campuses can propose their own increases.

There is \$200,000 in carryforwards that have been broken down by Vice Chancellor, which will be used to help balance the FY20 budget. The Vice Chancellors and Division Chairs/Department Heads, are responsible for working together to identify those funds. FREF funds, other awards, and reserve accounts will not be considered for supporting the budget.

Roger asked if there is a dollar amount by area, to finding the money for salary cuts yet. Bryan said it is still in process. Keri mentioned that these cuts can vary with open positions wherever they may fall. Bryan noted that there are no specific amounts assigned to the departments. The Dean asked Division Charis where they could find salary savings. The total reduction for the campus is currently about $\frac{3}{4}$ of the total identified. Nothing is set yet, but materials are due March 7. Michael wondered if this amount will all be recurring. Bryan responded that yes, these cuts will be.

Bryan mentioned that the campus will ask the Central Budget Office and Budget Five to help solve a portion of the shortfall for FY20. He and Chancellor Behr spoke with two of the Budget Five members back in December, and that they are aware of our anticipated shortfall, and it won't be a shock come the Budget Compact Meeting. The campus will still need to have a multi-year plan to solve the shortfall. Last year, Morris received \$600,000 in recurring dollars. With the request the University of Minnesota is making to the Legislature, there has been talk about support for non-Twin Cities campuses. Morris is hoping to receive support from that.

Bryan mentioned that the campus is working on collecting information on student fees that were due from departments yesterday (2/13/19). He noted that two years ago the Legislature said activities fees can't increase by more than 2%. The campus have put fees on a three year cycle. Other campuses actions on fees and comparing with them are also factors to take into consideration. The fees will be submitted at the Budget Compact Meeting.

Roger asked what the thinking for the American Indian tuition waiver will be. Bryan said we received \$500,000 two years ago and that allocation shouldn't be taken away. The governor's budget comes out next Tuesday (2/19/19). The question will be how we cover the rest of the waivers. There will be a continuation in lobbying with Fort Lewis to receive federal funds. Roger

wondered if other campuses have other categories of waivers that cost them significant revenue. Bryan said no, but other campuses also don't receive the O&M funds that Morris does either.

iv. Future Meetings

Roger spoke with James, from the Planning Committee, for joint meetings. He will make a connection and see where members stand. Roger said it would be nice to have at least 2-3 members from the Finance Committee be present for these joint meetings.

Roger also asked if anyone had suggestions for agenda items for future meetings. Justin thought there should be some discussion with a multi-year plan. Bryan said the multi-year framework (numbers and not actual details) needs to be submitted for the Budget Compact Meeting. Bryan also mentioned Chancellor Behr will be there to talk about the vision and strategic planning. Roger asked if Chancellor Behr will say how the strategic plan will go in line with the multi-year plan. Bryan said that won't be necessary and that the Budget Five members will be more concerned with what it will take to get a balanced budget. Roger thought it would be important for strategic planners to have the numbers of a multi-year plan to help them know what they have to work with.

Naomi noted that in past meetings there was talk on ideas the Finance Committee could have in giving guidance in the budget development. Jon mentioned he would be willing to use data to help develop and start prediction models (i.e. data sources) if the Finance Committee would like. Roger asked if Jon could send examples or documents on what this could look like to be able to visualize this. Michael asked if this would be for budgeting purposes only. Jon said this could be fall to fall or fall to spring enrollment projections.

Naomi asked what the timeline is for the strategic planning process. Bryan said there are four committees that are working on it now. Each committee is tasked to work on an aspirational statement and strategy implementations to get to it. This is due tomorrow (2/15/19), although he didn't think all committees are done due to weather delays.

The meeting was adjourned.