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Finance Committee

Campus Governance

2-28-2019

Finance minutes 02/28/2019

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Recommended Citation

Finance Committee, "Finance minutes 02/28/2019" (2019). *Finance Committee*. 124.
<https://digitalcommons.morris.umn.edu/finance/124>

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UMM FINANCE COMMITTEE MINUTES

2-28-2019

Members Present: Roger Rose, Jon Anderson, Michael Korth, Angela Anderson, Naomi Skulan, Kerri Barnstuble, Bryan Herrmann

Others Present: Melissa Wrobleski, Jessica Broekemeier

Members Absent: Isaac Hunt, Justin Terhaar, Arne Kildegaard

Agenda:

i. Review, Changes & Approval of 2/14/2019 Minutes

The minutes of the meeting from 2/14/2019 were sent to the committee prior to the meeting and were approved.

a. Replacement for Ramsay

No USA member replacement has been found for Ramsay for now after he has taken a job elsewhere.

ii. Tuition projections for FY20 & beyond

Bryan and Melissa reviewed the 'Comparison of Tuition from FY20 to FY24' document. Bryan said that he and Melissa evaluated percentages of tuition collected by the University of Minnesota Morris in FY19 and prior, and chose to keep future projections slightly lower than what we have seen. They wanted to account for waivers and feel the projections are could be slightly optimistic with enrollment number, but the percentages should bring us in line with what we anticipate to collect for revenue. The NRNR waiver may be a little high but are leaving for now. The current percentages for FY2019 have had lower percentages in the NRNR waiver line because the NRNR had been higher from the conversion of grandparented students from when the NRNR tuition differential was established on the Morris campus. Jon asked how the students are grandfathered in. Bryan stated that students who were enrolled at UMM when the NRNR tuition and waiver were established, are held harmless of the tuition increase. Grandfathered students still pay the resident tuition rate. Their tuition is reduced to resident amounts with the NRNR waiver. Bryan said that there are current waivers from admissions given to NRNR students also, during the recruiting phase. Keri wondered why it has gone down to 80,000 in FY19 from fall. Bryan replied that people graduated and with lower enrollment, there were lower waivers.

Jon asked if there is any way to know what the percentage of the NRNR waiver looking forward should be from other evidence. He wondered if there are any offers for waivers that are already out there that we could plan for. Bryan replied that some are out, but waivers are offered until September so there is no way to know for sure. Roger noted that the FY20 projections are starting with fewer students and wondered why we are expecting to collect less in tuition. He wondered if this has to do with the trend of increasing Native American students. Keri noted that the percentage of Native American students are going up because enrollment is down. Melissa replied that she took the three-year average of waivers verses tuition and use that percentage for modeling. We don't know what the Native American waiver and other waivers will be, so the idea was that this calculation should provide a reasonable estimate. Roger asked if this document showed projections based on no tuition increase. Melissa said yes, but the next document we will be looking at shows what a one percent increase in tuition may earn if approved. Roger noted that the Twin Cities campus is asking for a 2% tuition increase. Bryan said it doesn't appear the Legislature will give the University of Minnesota as much money as hoped for in the next biennium.

Jon had a concern that while we don't know what the final NRNR waiver percentage, we know a portion of it. He wondered if we could use what we do know to make a projection on the final waiver percentage. Bryan replied that we can do that with the students that are here. The campus currently doesn't look at every individual student but could know a portion and estimate on the remaining waivers that we don't know. Melissa noted that this is guaranteeing the students also come back. Bryan added that this just adds uncertainty in different spots but it could be calculated. Jon thought it would be useful to know this system and then decide if it should be used. Roger asked when we will know the students studying abroad in the fall. Bryan said we will know sometime after the compact meeting.

iii. Sources and Uses of Incremental O&M Funding for FY20 – Planning

Bryan noted this document includes the 1% resident tuition increase. He said we also have identified most of where the reduction in FY20 compensation will come from. A portion of this is one-time funds. This document includes a 2.5% salary and fringe increase, which may change, and one-time reductions

from the last two years that need to be permanent. The campus will request to receive help to cover the remaining deficit through one-time, or recurring, dollars. Roger asked what would happen if we were only given a portion of the money needed to cover our projected deficit. Bryan said we would request one-time money. We might need to go back to other documents to try and get more exact numbers across the board. Roger added that it could depend on with other campuses are asking, and if they are positive there may be more tolerance for us.

iv. Multi-Year Projection – FY19 to FY23

The FY20 estimate is the same as what is on the Sources and Uses document. Bryan noted that the allocation increase is optimistic and is just a guess for now. The remaining shortfall is what will need to be covered with one-time money. Roger asked if the remaining shortfall is one-time money, could we increase the allocation on these projections. Bryan noted that last year we received \$609,687 in allocation increase and we will ask for the entire shortfall in allocation, but one-time will work for us also. Recurring dollars are better, and the Budget Five knows our situation and is aware of what we will need.

Keri noted that we see a leap of projected enrollment throughout the fiscal year estimates and asked why that is. She asked if we will provide a narrative on why this is at the meeting. Bryan said they will ask about a strategic plan and what the campus is working on to increase enrollment. Roger noted that it appears the reduction in salary and fringe every year is significant. Bryan said there are open positions which are investments and reductions. He said that these modeled reallocation amounts are more modest than in previous years. Bryan also stated that we will continue to talk about the American Indian Tuition Waiver, and that the request will be the same as last year. Roger added that if, during the strategic planning, ideas worth pursuing come up, we may be able to ask for more recurring dollars to make the plan happen. Bryan replied that we don't think we can make that request this year but could in the future.

v. Model for Retention – overview concept

Due to shortage of time this topic has been moved to the next Finance Committee Meeting.

vi. What to report to Campus Assembly

Roger asked what the expectation is for the Finance Committee to report at the upcoming Campus Assembly. Bryan thought the agenda is pretty packed and we may not have much to report for now. There will be a budget meeting after spring break and may be more to report at the next meeting.

Meeting adjourned.