

University of Minnesota Morris Digital Well

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Finance Committee

Campus Governance

2-20-2020

Finance minutes 02/20/2020

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UMM FINANCE COMMITTEE MINUTES

2-20-20

Members Present: Brad Deane, Roger Rose, Jon Anderson, Mary Elizabeth Bezanson, Michael Korth, Marie Hagen, Naomi Skulan, Juan Vasquez Garcia, Maddie Happ, Arne Kildegaard, Bryan Herrmann

Others Present: Jessica Broekemeier, Melissa Wrobleski

Members Absent: Angela Anderson, Angela Hume

Agenda:

I. Approval of Minutes/Introductions

The minutes from the 2/6/2020 Finance Committee meeting were approved. Bryan noted that Brian Burnett's PowerPoint presentation from that meeting is now on the Finance Committee drive.

Juan Vasquez Garcia was introduced as the newest member of the Finance Committee, replacing David Ayers Moran as a student member.

II. Responses to Brian Burnett's visit and possible implications for future Finance Committee meetings.

Brad mentioned that Brian thought the Finance Committee should think of what to do to grow revenue and hold expenses, as well as spread financial awareness across the campus. Juan thought that there is untapped potential in Central Minnesota and that funds should be allocated to a Spanish speaking Admissions counselor to target students around the area. Mary Elizabeth noted that she feels the Finance Committee has an obligation to explain what the committee does to other members on campus. She asked if we need to report out to campus about the Finance Committee. Brad added that we haven't educated campus and have always been more informal when talking about what the committee does. Maddie asked if the committee would educate only faculty and staff or if students could be educated as well. Brad said that the students would be included in this process. Maddie agreed that students should be included and said there appears to be a lack of knowledge with the finances at UMM. She said many students question how much UMM can control tuition and that many students wonder what tuition will be in the coming years. Mary Elizabeth added that this information shouldn't just be in

paper form, but emailed to students to try and reach a wider community. Arne said that the committee could educate students on the diminishing state support as well as statistics of the average debt level today. Mary Elizabeth added that the committee could also prepare students for Lobby Day. She said the benefit of a college education could be shown to students. Roger asked if this is something the Finance Committee should do or if this falls under a different committee's responsibility. Mary Elizabeth replied that if the committee had this information it could be shown to students as financial problems are a top reason why they leave. Maddie thought that an open forum to the student would be beneficial. Brad asked when Lobby Day was. Maddie said it is on March 26. Bryan added that it is a bonding year and there will be discussion on the bonding bill. Next year is an operational request year. Roger added that currently when students arrive on Lobby Day they are only prepped for a short time. Brad said that the Finance Committee could get a group of people to present to students before Lobby Day. He asked Maddie, Arne, and Roger to take on this task and have more information on this for the next meeting. Bryan pointed out that there should be a connection with Jenna Ray in Communications & Marketing to make sure what legislators hear is coordinated and the message(s) do not lose power. Roger added that this would be more about communicating more basic information and that maybe next year there can be more discussion for Lobby Day.

III. Enrollment

Roger mentioned that the Chronicle said there has been changes in the norms for Admissions and colleges can now poach students at other campuses. This will make colleges more aggressive in getting transfer students. Brad asked if this is within the University of Minnesota system. Roger said that it is both within our system and with any other college. Bryan noted that there was an agreement within NACAC that recruiting efforts stopped after a student committed to a college. Now these students can still try to be recruited all the way through the college career. It won't matter if a student is a freshman, sophomore, if it is fall, spring, summer, colleges can now recruit any student at any point of their college career.

Brad mentioned that Melissa Bert would like to hear from committees. He asked if the Finance Committee would like her to come to a meeting, and if so, what information should be provided. Mary Elizabeth said that she doesn't think the committee is ready for a visit yet, and that numbers from

admissions should be looked at before talking with her. Naomi added that it would be good to have her when we get more to the tactic stage of completed goals as those will have quantifiable financial implications. Mary Elizabeth said that the goals are set and the strategies are being made with tactics soon to come. Jon added that if there is data the committee would like to see that he could make sure it is available and knows what to ask for since Jon is on the data team of the Strategic Enrollment Management project (SEM). Brad mentioned that last year Jon had talked about enrollment trends and retention, and asked if he is still doing this. Jon answered that he was, and that the process is timely and he isn't aware of one that is readily usable to look at retention. He noted that this will happen as a by-product of data and information being collected for other reporting purposes.

Brad asked where the campus is after the spring melt. Bryan said that we have 1,369 students with 1,261 being degree seeking. Last fall, there were 1,400 degree seeking students. Melissa Wroblewski added that 57 student graduated and there were 5 new students as of today. Mary Elizabeth had a document with overall numbers but the degree seeking numbers are not easily distinguished. She asked why a document she was provided with the current enrollment is not correct. Bryan said that the report derives centrally, and sometimes the report classifies students in other (incorrect) categories. It won't show degree seeking students unless the raw data for the report is reviewed. Mary Elizabeth asked when the official statistics will come out. Bryan replied that the statistics are provided about 3 weeks after the beginning of the semester on the Office of Institutional Reporting website (OIR.umn.edu). Roger asked how the loss of about 82 students in the true melt compares with prior years. Bryan said that it all depends on the year. He noted that this year one challenge is that less students from China are due to travel restrictions from the coronavirus outbreak. Brad asked if the size of the melt helps decide the Finance Department's projections. Bryan said the projections were not adjusted as there is a lot of variation determining the enrollment. He added that this enrollment prediction had to be determined by February 14 instead of mid-March like prior years. Had there been additional time to review data and trends, projections may be adjusted slightly.

Mary Elizabeth noted that one goal in SEM is an enrollment of 1,700 in 2025. She asked if we provided the Regents with that number. Bryan said that that is a goal enrollment number, and that number isn't used with budgeting. He added that until our campus has an enrollment trend increasing towards the 1,700, we want to be conservative with our budgeting projections. Currently, there is a gradual approach to the goal in our budget. Mary Elizabeth asked how we can keep being persuasive if we keep saying something that doesn't happen. Bryan replied that this is why we are trying to be conservative and actually show projections for the next couple years based on certain assumptions. Melissa added that the central Budget Office also does their own analysis which they will compare our projections to theirs to make assumptions of their own.

IV. Compact Meeting Preview

Brad said he'd like to talk about the model of how the enrollment projection number derives. He added that he would like the Finance Committee to more formally endorse this projection. Bryan replied that he agrees. He said that this year, a number had to be chosen as multiple documents are affected by it. Brad asked if the timeline on getting these documents turned in will be the same next year. Bryan replied that he wasn't sure as the timeline was moved up so the new President and Regents could start discussing earlier. Brad said that he'd like the Finance Committee to give feedback on this number regardless of when the budget preparation needs to be complete. Bryan replied that he is open to this, but also mentioned that he thought the Finance Committee still needs to review all the information before diving into this. Brad mentioned that the committee could go to the Budget Summit to get this information before and focus on this information earlier. Mary Elizabeth asked if the Budget Summit can be streamed. Bryan said that this is an internal meeting that isn't done until October after the campus has ideas of what salary and fringe will be.

Mary Elizabeth asked how much Morris is currently short. Bryan said for this year we are about \$1 million short in projected tuition revenue. There is a request to receive a portion of that amount from central with the rest taken out of UMM's contingency fund. Marie asked if this takes into consideration the students that we lose in fall and spring. Bryan said that it does. He added that it depends when students leave, whether it be between fall and spring or during the summer.

Brad asked if there are any differences from what Morris has submitted to the Budget Compact. Bryan said no and that it's been made clear to Brian Burnett and Julie Tonneson where our numbers are. He said we will be requesting help to balance this current fiscal year and for money to help balance next fiscal year. Roger asked who is coming to the Budget Compact meeting and if the Budget Five will be there. Bryan said that typically not all of the Budget Five attend in person. The Budget Five includes: Jakob Tolar, Chris Cramer, Brian Burnett, Julie Tonneson, and Karen Hanson. He said that Chris or an Associate VP will come, Brian Burnett is usually there, Karen has accepted the invite but usually has someone else there, Julie will be gone, Jakob hasn't been there, and is unsure with the new Provost. He added that the Provost helps make the decision on what is done with investment dollars (one-time money).

Roger noted that it must be an issue with how little the University of Minnesota received from Legislature. Bryan said that in the past, the University has received more money to work with, but now is receiving \$9 million total, \$7 million of that is from last year. Roger added that the challenge with all units needing money is that we won't get what we need. Bryan said that they have \$9 million in recurring, and said we won't get all of the money requested in recurring. The rest would have to be one time money. Roger asked if we get any recurring money if it would go to salary increases. Bryan said that they have \$26 million for salary, with a portion being re-allocation. Roger asked if Bryan will know more after this next meeting. Bryan replied that we won't hear back until May or June. Roger then asked if the Finance Committee can plan that we will get money. Bryan said he is hopeful that Morris will potentially get one time money to fill the hole. He added that they may tell us to use more money from the contingency. Arne noted that we are asking for about 4/5 of the money we are short in FY20. He asked how much they filled for us that they are refilling now. Bryan said about \$1.9 million. There was a carry forward of \$1.2 million of structural into FY20. Going into FY21 we've added \$1.4 million that is structural as well. Michael noted that we are making recurring reductions as well. Bryan said that we are, but we also had \$900,000 in salary increases. After decreasing salary about \$900,000, this is a wash. The \$2.3 million is what is needed after that. Bryan added that at the next meeting we can go through documents to

get everyone on the same page of some of the reallocation Morris has implemented over time.

Brad asked how much we have left in our contingency fund. Bryan said that we are just short of \$1 million, but would like to keep some in reserve and not use it all to balance the FY20 budget. Mary Elizabeth asked how this is a sustainable model if we keep losing tuition and asking central for money. Brad noted that if we increase enrollment we can get ourselves out. Mary Elizabeth said that it worried her as even the potential number of students is also falling.

Brad asked if Admissions should hear our request about having a Spanish speaking counselor. Bryan said this request should be sent to the recruitment tactics group for Strategic Enrollment Management.

The meeting was adjourned.