9-17-2020

Finance minutes 09/17/2020

Finance Committee

UMM FINANCE COMMITTEE MINUTES

9-17-20 (via Zoom)

Members Present: Brad Deane, Roger Rose, Kara Nell, Jon Anderson, Bart Finzel, Naomi Skulan, Cole Maxwell, Peh Ng, Bryan Herrmann

Member Positions Unfilled: USA Position, USA Position, Student Position

Others Present: Jessica Broekemeier, Melissa Wrobleski

<u>Agenda:</u>

I. **Approval of Minutes**

The minutes were approved with no oppositions or abstentions. Brad noted that the Finance Committee still has two unfilled USA Positions as well as a student position.

II. **FY20 Review**

<u>Comparison of Tuition and U Fee – FY16 to FY20 document</u>

Bryan reviewed this document. He noted that MSEP tuition is “Midwest Student Exchange Program” where certain states that don’t already have reciprocity with Minnesota have a different tuition rate. These states include Kansas, Illinois, Michigan, Ohio, Indiana, Missouri, Nebraska, and Iowa. States that have reciprocity with Minnesota include North Dakota, South Dakota, and Wisconsin. He explained that the Waiver is mostly made up of the Native American Tuition Waiver but also includes hearing, visual, or wards of the state waivers. The NRNR waiver is non-resident, non-reciprocity waivers that the Admissions Office may offer to students who are out of state, and for any student that was enrolled at UMM at the time the NRNR tuition rate was implemented. Students who enrolled in FY17 when UMM started the NRNR rate, are held harmless of the rate increase. In looking at the fall tuition billed, 75% was actually collected after waivers. Spring enrollment decreased to 1,262, and 75.5% of tuition was collected. In the summer, the tuition generated more than in the past. In FY20, a new policy was implemented where Morris didn’t charge a differential tuition for NRNR or MSEP to entice students to take classes during the summer. Since the summer months are divided in fiscal years, the bulk of the summer tuition is received from May-June. Peh noted that the reason we don’t have much tuition in the next fiscal year during the summer is because we don’t have a summer session that starts after the fiscal year.

Brad asked why there was more tuition collected this past summer. Bryan said it could because a result of the online courses that were offered this summer, which may have made it more accessible for students to take. Brad then followed up asking if there is any initiative to go after this in the future more aggressively since it had such a great outcome. Bryan said that there has been talk about this. Peh noted that we used to charge online course fees and that there has been some discussion of charging the fee this summer or not. Peh asked if this fee is included on this document. Bryan noted that it isn’t as the fee is incorporated in the Online Learning fee budget. Jon stated that he didn’t think the increase in summer enrollment was necessarily because there were more courses in the summer but just that these courses were offered online. He said that generally the classes had double enrollment than usual. Bryan said there could be a number of factors as to why this summer had such a high enrollment count. It could be because of the accessibility with online courses, or that people had a harder time getting summer jobs and chose to take classes instead. Melissa added that out of state students could get a great rate this summer with the flat rate tuition also. She noted that when it comes to summer courses, we could be more proactive with offering more courses students need to graduate. Brad said that the topic of summer teaching should be revisited in future Finance Committee meetings to discuss what works best in the future. Roger said that one way to possibly generate extra income is if there was a way to build in summer teaching with the teaching load during the year. Peh added that faculty are currently on a 9 month appointment and that changing contracts to a 12 month appointment would have to go through HR and may not be easily accomplished.

<u>Contingency Reserve Balance as of June 30, 2020 document</u>
Bryan said that we put funds into our contingency account in numerous ways. Any variance to salary is collected and put into the contingency account, as well as any carryforward reductions, and any shortfall in tuition typically comes out of the contingency account. If Morris was awarded one-time funds from the Budget Office, this is also received in the contingency account.

In FY20, money was taken from the contingency account to start the year with a balanced budget. The money moved into the contingency account included a salary variance, carryforward reductions, excess scholarship funds, and a one-time transfer from the budget office that we received after the FY20 Budget Compact Meeting. The System also gave $391,000 in COVID Funds. These funds were used for the Dining, Housing, and Fee refunds. As of June 30, 2020, there was $1.8 million in the contingency account. Funds were taken from the account to start with a balanced budget for FY21 so we have less reserves in the contingency as we move forward.

Roger asked if Bryan had a sense on what the system is thinking on our annual shortfalls we are having and asked if people are understanding that this is a tough year. Bryan said that since last year was such a scramble for the whole system, the Regents were receptive to capturing funds from central reserves to help support the system.

III. FY21 Review

Sources & Uses FY21 document

Bryan reviewed this document. FY21 had a reduction of compensation. There was originally a 1-1.75% tuition increase budgeted but that didn't happen once COVID hit and the President said there would be no tuition increases. Fee increases were also built in to help cover other areas in the budget but that also didn't happen. This fiscal year includes the 27th pay period. There has been money set aside for the past years to help pay this. The Morris campus was given $750,000 in new O&M recurring dollars. The University of Minnesota as a whole had $8-9 million recurring dollars to distribute and Morris received $750,000 of it. In comparison to our budget with other campuses we received a significant share. We also received $1.2 million from central for one-time only budget support.

Bryan noted that one of the biggest changes from the budget that was planned in May was that there was no salary increases. There is still fringe rate increases that happen regardless of salary changes or not. Bargaining units are under contract so those employees will still get a salary increase. Contractual steps were also under contract. The Perkins Loan program ended as well which used to help fund Financial Aid Administrative costs. Overall, the

2.25% salary savings was significant and helped set up the University for a much better year ahead. Bryan noted that even without much salary increases the compensation still increased by almost $1 million.

Peh asked how much we received in savings for salary cut for one semester. Bryan said that this document is the budget that was submitted before COVID and will show the furlough and salary savings and reductions on a coming document. Brad noted that along with the increase in fringe rates it appears that health care premiums will be going up between 9-15% and that employees will be shouldering more of that going forward.

<u>Tuition Document</u>
Bryan said that this document is still fluctuating. It is accurate as of the 10-day count but will still have changes. At the 10-day count, Morris had an overall enrolment of 1,242 (unofficial). The Twin Cities will calculate the official 10-day count so this amount may vary slightly. The tuition waiver is still changing as students who are eligible may still be submitting paperwork. The tuition number may adjust a little as well for students who leave and fall within a refund policy date.

While projecting spring enrollment numbers, Bryan said that a 92.6% rate based on fall enrollment was used. This percentage is consistent with what has happened over the last few years. If the waiver number in fall changes, the amount will change for spring projections as well. Bryan said that for the summer enrollment projection cautious numbers were used rather than considering last summer's enrollment.

Brad noted that unofficially some support we receive from Central is in response to the waivers. He asked how much we are receiving from them that relates to this. Melissa said that we currently get $2.468 million in support. Roger asked if that amount is generated by a formula. Bryan said that there is no formula for this. He said that central has been supportive of us and have recognized the impact of the tuition waiver on our campus.

Bart asked what the auxiliaries are currently looking like. Bryan said that this can be discussed at the next meeting, and added that Sodexo did have cost reductions and we did adjustments to help with the dining budget. Bryan also noted that he has one more document to review at the next meeting.

The meeting was adjourned.