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Finance Committee

Campus Governance

10-15-2020

Finance minutes 10/15/2020

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UMM FINANCE COMMITTEE MINUTES

10-15-20 (via Zoom)

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

Member Positions Unfilled: USA Position, USA Position

Others Present: Jessica Broekemeier, Melissa Wroblewski

Agenda:

I. Approval of Minutes/Review from Last Meeting

The minutes were approved with no oppositions. Brad noted again that the Finance Committee still has two unfilled USA Positions. Shelby Maloney and Cole Maxwell are the student Finance Committee members. Brad also noted that it would be helpful to have documents uploaded to the Finance Committee drive prior to meetings as it is hard to follow along on a shared screen. Bryan said that the documents will be in the shared drive after the meeting and that information was still being changed up until the morning of the meeting.

II. Fiscal Year 21

Enrollment Prediction Document

This document is broken out into cohort (sophomores to 5th year). Bryan said that the official fall 2020 enrollment is 1,243. This includes 269 new high school students and 57 transfer students. The Other section includes spring term or students beyond 5 years. Readmits are students who came back to campus. IUT are inter-university transfer students who came from another campus within the University of Minnesota system. In regards to the NHS count, if a student deferred a year they will still count as a NHS student as long as they didn't go to school anywhere else. Bryan noted that anything beyond the fall 2020 count are only projections. He said that 80% of fall 2019 first year students returned this fall. Brad asked what the percentage of the "melt" was in spring last year. Bryan said he'd get that amount for him after the meeting, and that 92% of students are retained from fall to spring but that includes all students.

Bart asked what assumptions the Finance Department is making regarding international student enrollment. Bryan answered that some transfer students will be international, but that there were a lot of unknowns with international students given Covid-19 and other restrictions.

Comparison of Tuition document

Bryan showed an updated version of this document with the actual fall enrollment. He said that with this calculation the Finance Department projects our campus collects about the same amount of tuition revenue as years before. Summer tuition was still held flat but that amount may be adjusted later as well. Bryan added that FY2022 predictions will continue being adjusted.

FY22 Budget Planning document

Bryan reviewed this document and said that FY21 has one-time reductions that will need to be made permanent and that a recurring source will need to be found. The projected tuition variance comes from the current FY2022 enrollment projections on the Comparison of Tuition document. Currently, the Budget Office says there won't be any fringe increases but amounts are still budgeted for now as a placeholder as this isn't a sure thing. There is an estimated salary increase of 0% as the budget instructions noted this. Brad asked if the 0% salary increase is off of the base rate and not the furlough rate. Bryan said that it is off of the base rate. Step and stability increases are still left on for bargaining units. Bryan said that all contracts for labor represented staff are up this year so the amount is still in flux pending on what happens. There is an expense for the 27th pay period as every 11 years there is an extra pay period that needs to be accounted for. There is also an RIO expense for the current retirement incentive. That amount will change depending on how many people take this retirement incentive. The retirement incentive option is a payment to a Health Savings Account totaling \$38,000 over two years. Bryan said that the budget instructions have asked units to budget with a 3%, 6%, and 9% reduction. Our current budget plan has reductions over 3% already. If there was a 9% reduction to the O&M budget cuts the campus will need to figure out how to come up with those cuts. Currently, we don't know what (if any) state appropriation reduction there will be but the Budget Office wants to analyze what it would look like if the state were to cut O&M funding. There are still a lot of unknowns yet and

there will be several forecasts that come out between now and then. Bryan said that we won't know until May but it may likely happen after that as well. Other risks include what will happen with auxiliaries. Peh asked what the amount of students that live on campus are. Bryan said in the dorms there are about 580 students but that he didn't have the exact number. Peh asked if there will be an addition in January. Bryan said that this document includes current projections for FY22 and not this fiscal year. The numbers for FY21 are still unknown as well as there is a lot of movement. The campus won't be open from Thanksgiving until the start of the spring semester. Dining will likely not be open during this time so food and labor will be adjusted.

Peh noted that the Division Chairs and the Dean are talking about summer, and said that one constraint is that we don't have a lot of say in what fees are charged to students. Peh said that if the system compels us not to do something then we have to follow those rules and the amount generated may not be as high as we want them to be. Bryan agreed as a bulk of classes that are online have a fee for course delivery and technology. If the system or Board of Regents decide not to charge this fee that the campus will be impacted.

Bart noted that there were fairly alarming losses in auxiliaries for the year. He asked if we saved any money from shutting down during the summer. Bryan said that nothing was done differently for housing and dining this summer. Dining staff are on 9 month contracts and we only call them in if they are needed in the summertime. The only expenses the campus has in the summer are utilities but those are more limited expenses. The housing department didn't have any camps. Students and interns stayed in the Apartments for the summer. This generated revenue for the campus as there are very little expenses except cleaning the Apartments at the beginning and end of the stay. Bart noted that the CARES Act had funding that came in to offset the losses in auxiliaries and asked what fiscal year that came in. Bryan said the money came in FY20. After the CARES funding and central support funds there was just enough to cover the refunds to the students.

Shelby asked how the retention projections compare to other universities. Bryan said it depended on the university. He said that the Twin Cities has had a 91-92% retention rate while Duluth has been at 84-85%. Rochester is similar

to the Twin Cities. Other private liberal art colleges are higher while larger regional public schools are typically lower.

Roger asked how easily it is to make current one-time reductions permanent. Bryan said that given the numbers we will probably have to have one time savings that we will carryforward again.

Multi-Year Projection document

Bryan reviewed this document and said that this shows a 5-year projection to see how we get our budget to balance in the future. These numbers are still moving and are modeling a 3% cut in FY22. Bryan noted that there are many unknown factors still (such as Covid-19 effects, state budget, what the system chooses to do) that updates will continue to be made. Brad noted that this was the document he was reviewing at the budget meeting that gave him the thought to come up with a plan. He said that he didn't see the university sustaining that much more budget cuts.

Kara noted that in seeing this she wondered how the campus can do this and who is going to be impacted. She asked how departments will survive if people retire and their positions aren't filled as departments are already down faculty. If sections were combined or if the workload is increased for professors without getting a salary increase, something could possibly be taken off of faculty's shoulders. Brad agreed that it seemed hazardous to be making cuts by retirements instead of other decisions. He said that it may be too hard to do a programmatic change so the only option is to wait for people to retire. Kara said she knew of other schools to have cut a program and faculty or have downsized the program. Bryan said that he didn't think that is something the University of Minnesota can do. Bart noted that when talking about these cuts in monetary terms that the Institutional data book is out of date. He asked if we can look into how these changes are impacting staff across campus. Brad asked if a report can be created to show what has happened over the last few years in terms of salary. Bryan said he could check with Kristin Youngbloom to see what information can be pulled together. Kara asked who is working on tracking the overall workload on campus. Bryan said the workload is different in different departments. He said that in Facilities the workload has increased and noted that in other areas such as faculty it is harder to say as it wouldn't be proportionate number of students across

campus. Peh said that if we are going to talk about cutting and look at workload, we will want to look at not just the FTE of faculty but also the faculty/student ratio as that number is also changing. Peh added that in addition to cutting we could look at new revenue streams that the campus could try to get into. Cole said that from a student perspective the strain on faculty is already seen and additional cuts are really going to hurt. Brad agreed that the tension with faculty is already felt. Kara added that she thought it also had something to do with Covid-19 and that we are all exhausted and overworked. She said that it is impacting caregivers and different groups of people that may end up dropping out of the workforce if this continues. Kara said that female faculty are taking leave of absences and wondered if some won't come back. Brad said that people in the Twin Cities are talking about this and that talking to Janet may be a good idea as the issue of equity problems can't be overlooked.

Brad concluded the meeting by noting that he hasn't heard much feedback on what the committee would like to do in terms of topics to pursue. He said that members could send him an email of any ideas they have before the next meeting.

The meeting was adjourned.