

University of Minnesota Morris Digital Well

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Finance Committee

Campus Governance

3-4-2021

Finance minutes 03/04/2021

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UMM FINANCE COMMITTEE MINUTES

3-4-21 (via Zoom)

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

Members absent:

Member Positions Unfilled: USA Position, USA Position

Others Present: Jessica Broekemeier, Melissa Wrobleski

Agenda:

I. Approval of Minutes

Peh made some minor changes to clarify what she said in terms of not compelling faculty to retire. The minutes were then approved.

Brad updated the Finance Committee on meeting with guests outside of the Finance Committee. Melissa Bert has agreed to meet on April 1, and Chancellor Behr is meeting with the committee on April 15. The meeting with the Chancellor may be different now that she is retiring and we may want to try to meet with Interim Chancellor Janet Ericksen instead. We may want to talk with her before next year to see how she envisions our committee.

II. Update from Bryan

Bryan reminded the committee that the budget compact meeting is this afternoon. He said that the 57 page book was turned in last Thursday. This includes extra material beyond what was requested as there are new people on the budget compact group this year. There are also different requirements coming out of the Budget, President, and Provost Offices so there have been more requests. During the budget compact meeting Morris will present everything, then the budget compact group will ask questions, and we won't hear anything until the process is complete in May.

Sources and Uses Document

Bryan reviewed the changes to the Sources and Uses document from the last time he presented it. The total reduction decreased as there were a few positions from last year that weren't filled. More salary savings were found after going through position budgeting. VIOP transition is about \$40,000 and this is a more cautious number as we are not sure what we will pay for the transition. Morris is also budgeting for a 1.5% tuition increase.

No contracts are signed for bargaining units yet but it is currently budgeted as if the step/stability increase won't go away and is calculated. One time reductions to be made

permanent hasn't changed. The projected tuition reduction has changed as we saw the number of students went down a little and carried that through to be cautious of the pandemic. The summer tuition projection for 2021 was not increased after the increases with summer tuition last summer (2020). Projections will remain at historical revenues to be more cautious. The utility costs have changed as water rates will go up about 3% next year and it is also projected that natural gas prices will increase.

Peh wanted to let the committee know that the Regents allowing students to have free tuition will not affect these numbers by much. Bryan agreed and said that the Regents have a policy that if family income is below \$50,000 then the student will have free tuition. This doesn't impact budget much because currently students with a combination of pell grants, state grants, and/or the UPromise Scholarship reaches the cost of tuition. We receive UPromise money annually to be able to do this.

When reviewing the Auxiliary units, there is a loss from Dining this year. Due to this, there will be a request for a 4% increase on rates proposed for FY22. There will be a different structure in the contract between Sodexo and UMM beginning this year because of the pandemic so we now pay a management fee to help save us money, and hopefully help limit the deficit until numbers are back to a steady state. Housing is expected to have a loss next year that didn't happen this year due to carryforward from the previous fiscal year. There won't be any carryforward remaining after this year. Staffing in both dining and custodial staff have been reduced and these areas are trying to figure out any other ways to save money. The problem with both Dining and Housing is that there are very high fixed costs. Duplicating has 1 staff member left to try to keep providing services. If the revenue comes back to half of what it was pre-pandemic there won't be a loss. For Fleet there are 6 vehicles left (from 20). There are only vans and 1 car to try to support what we need for classroom use and athletics. All vehicles are leased and may be turned in before the summer if we don't see use in the spring. There is only .5 staff here and time is only billed when vehicles are worked on.

Multi-Year Projection Document

Bryan said that this document was started to show future projections through FY26. Over the years, tuition is projected to increase. This document also shows any reductions in salary as well as any tuition increases projected over time. Bryan noted that there are a lot of assumptions in this document but also said that the enrollment projections are not astronomical but modestly increase over time. A tuition increase alone doesn't cover salary increases but the Budget Office can decide whether or not they will give Morris an allocation increase to help cover additional expense due to compensation increases.

Brad noted that for FY22 there is a salary reduction and asked Bryan to walk the committee through that. Bryan said that there is currently a reduction because if there is a shortfall the Budget Office will push for us to cut what we need to. Roger noted that these are recurring

dollars so any cuts will be recurring. Bryan said that the challenge with this document is a snapshot in time and accurate with current information. The Budget Office won't hold us to these numbers as this document just shows them a plan that we are on the path to being positive. The recurring salary and fringe cuts would change with different scenarios such as no fringe increase or half of the salary increase.

Enrollment Projections document

Bryan reviewed this document showing enrollment projections with retention and recruitment included. He noted that our demographics are challenging and that there is a market share issue that will take a lot of effort to overcome. If we are able to increase enrollment over the next few years our campus will be moving in the right direction.

Angela asked if there has been discussion on the importance of protecting staff positions in marketing or services and programming on campus that work on retaining students. Bryan said that with retirements in Academic Success there has been a restructuring plan so that a position wouldn't be cut. Admissions positions have been evaluated as well to ensure we have the people needed to bring in incoming classes.

Bart noted that a concern is that we aren't trying to create a strategic investment reserve because we need to make investments in programs. Bryan said that any resources left for salary variance is put into the contingency fund.

Brad asked if anyone is keeping an eye on how some competitor schools in the Twin cities are doing now and if they are in the same trouble. Bryan said some private institutions did well in the pandemic because they have a small campus and could have classes mostly in person. Other institutions will have challenging finances from this year into next. In ways the CARES Act funding has helped but the next few years will be really challenging. Peh added that some private institutions have a lot of endowment and came out much better because of investments covering what they lost.

Jon asked if we have thoughts on how to designate what online courses are eligible to be charged a fee. He also asked if that fee goes into tuition revenue. Bryan said that the fees don't go into tuition revenue and instead go into a budget that has restricted uses. The online learning fee can only be used to support students. He added that when everything went online it was hard to determine which courses should be charged a fee and which shouldn't. Morris will be proposing a flat rate fee the same as the current \$45/credit fee. The proposal is that anything under 6 credits will be charged \$180 and anything over will be charged \$360. Melissa added that by changing the fee structure we are trying to provide the same services with less questions from students. Roger asked if the Division Charis or the Vice Chancellor of Academic Affairs have discussed about what criteria to use to decide what is an online course and what is a regular course that is taught online. Melissa said that currently if it has been an online course it has a section number and is charged a fee. Going

forward we will see if the fee is approved and then decide if every course online should be charged a fee or not. Bryan added that there won't be as much pressure on any blended courses if we are approved this change. Currently, nothing will be changed from FY19 and any courses online will have the fee of \$45/credit unless it is approved.

Roger said that the Reconciliation Bill that was passed by the House and is now before the Senate includes \$40 billion for Higher Education. He asked if this is something included in our current calculations or if that is something that we could ask to get an extra bit of money. Bryan said that will be determined. Currently, the University of Minnesota is still working on getting the "Cares II" funding that came out in January. This included over \$700,000 for the students and \$1.4 million for the institutional portion. There is still a lot of work going into it and the money will come. If there is more funding that comes in we don't know if we will receive it for this fiscal year or next. Roger noted it would be good to know if we can get some signal from the Twin Cities. Bryan added that the last meeting was spent deciding how to get money to the students because the institutional funding isn't available yet.

Roger mentioned that one fallout of the pandemic for students (mostly community college) is that the attitude of a college degree has gone down. He said we need some way to market our rural liberal arts and any new partnerships to be able to sell something meaningful. We have a lot of first generation students and imagine that students have a fair amount of questions on the value of a college degree. Bryan said that Nathan Grawe (faculty at Carleton) wrote a book of the demographics of college and has now wrote a book about being an agile college. Someone asked him what impact the pandemic will have. He had said that elite colleges and large state institutions will be fine but there is uncertainty in the rest. Bryan agreed that people are interested in things that are career focused but there is currently a lot of uncertainty of what jobs will look like in the future and how degrees could make students be more flexible. Brad added that one of the things we can look into is how we are pitching ourselves to students and identifying students who would be a good fit at the University of Minnesota, Morris. He questioned if there could be other things emerging such as articulation agreements and relationships between community colleges that could be further discussed. Peh said that if we have a discussion on articulation agreements we can invite our new Director of Transfer Services to answer any questions that may come up.

Brad said that our committee should identify 2-3 things we'd like to continue talking about and see if the Chancellor and Vice Chancellor's would like to discuss it as well. Angela added that we should keep in mind our role as the Finance Committee is to ask questions about Human Resources we need to pursue our plans. She said the conversation in our document is exiting and makes it clear that we need people and skills to implement these plans. Jon said that the committee should give thought or guidance on how we may want to share resources with sibling campuses. He could imagine a great statistics course being offered by

a colleague at UMD and wondered if we could also partner with the School of Public Health and have an undergrad of Public Health or Epidemiology.
The meeting was adjourned.