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Finance Committee

Campus Governance

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2-4-2021

### Finance minutes 02/04/2021

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# UMM FINANCE COMMITTEE MINUTES

2-4-21 (via Zoom)

Members Present: Brad Deane, Roger Rose, Angela Hume, Kara Nell, 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 Wroblewski

## Agenda:

### **I. Approval of Minutes**

The minutes were approved with no opposition.

### **II. Update from Bryan**

Bryan let the committee know that the budget compact meeting is on March 4 (right after the next Finance Committee meeting). The budget instructions have been received and there are still a lot of questions around this. The Sources and Uses document is still being developed based on information received from the Budget Compact information as well as cost pool information that was received last week.

After retirement incentive options were submitted, the Twin Cities came out with a form for every position. Morris decided to look at all retirements and other departures and submitted one document with a cohesive plan. This was submitted after Thanksgiving and was approved several weeks later.

#### O&M Positions Document

Bryan shared the Positions document to show the overview of position reductions. The following is a list of what O&M positions were reduced in what department: 4 positions – Facilities Management, 2 positions – Division Support, 1 position – Academic Success, IT, EDI, HR, Chancellor's Office, Faculty, Admissions, .75 position – Business Office, .5 position – Registrar, Communication & Marketing. Morris had a total of 14.75 positions for a total of \$1.1 million for salary and fringe. The following is a list of what auxiliary positions that were reduced: 1 position – Duplicating, Residential Life (down 2 people now but 1 position may be filled in the future), .75 – Fleet (some are in

Facilities Management). Auxiliary positions had a total of 6 position reductions. The total campus savings is \$1.59 million from both Auxiliary and O&M positions being reduced.

Brad asked who was involved in putting together this plan. Bryan said that the Vice Chancellors, Division Chairs, and the leadership in each of these units were involved. Brad also asked how many of these were voluntary retirements from a campus morale perspective as opposed to forced reductions. Bryan said 20 people took the retirement incentive option and there were several other positions that people had left during this year. Brad noted that we don't know when someone will retire but wondered if there are projections over the next few years of likely retirements. He also asked if anyone has looked into how many people we can afford to lose – such as in Facilities Management who are already strained. Bryan said that they are looking ahead and already know that Facilities Management can't take any more position reductions. It is really hard to project retirements because it is an individual decision for people. If people didn't take the retirement incentive this year but we don't know if they will retire next year. He added that it is hard to know who may think about retiring.

Brad thought it may be helpful if the Division Chairs could have conversations with faculty about possible conversations about retirement. Bryan said that he knows Division Chairs have conversations with faculty about the next year course offerings and that a faculty member may have that conversation if they are thinking of retiring within the next year. Peh said that the Division Chair's must walk carefully because they can't compel people to retire and have to follow University rules. If there is some University retirement incentive option it would be sent out to faculty and the faculty members can bring it up if they want to. The University can plan ahead once faculty has started the conversation but faculty needs to approach the Division Chairs first.

Peh asked what the threshold is for Facilities Management and wondered what those boundaries are because we are already feeling these cuts now. Bryan said we currently have 2 carpenters and 2 electricians whereas before we had 4 carpenters and 3 electricians. He added that Grounds is down 2.5 positions, and noted that the square footage of our campus hasn't gotten any

smaller. Facilities Management is trying to find ways to be more efficient and have custodial staff have a part-time appointment to help take care of grounds. He concluded that it is challenging to maintain an aging campus with less people. Angela asked if these are permanent or temporary reductions. Bryan said that as of now these reductions are permanent and said that every year we continually evaluate and may bring back a position eventually.

#### Sources and Uses document

Bryan reviewed the sources and uses document for next fiscal year. He mentioned that they are still predicting what to project for auxiliaries for next year. The phone system may also have some savings with potentially transferring over in the summertime to use common good service from central OIT. There are 3-4 different models on tuition increase and the Regents will be discussing increases soon. Right now, Morris will likely propose a 1.5% increase. There are also step and stability payments relating to labor contracts that are still being discussed and those amounts may change. The RIO expense shows the last part of the payment. The Governor has also come out in full support of the University's budget but it is still unknown what will happen politically. The cost pool will decrease as the bulk of the savings is from cuts in support units through the Twin Cities and our enrollment is down and a lot of those costs are billed on a per student basis. There is still a deficit for FY22 and it is unsure at this time if we will receive support for the deficit.

The first Sources and Uses document showed a 3% change. The Twin Cities has asked us to put together a document for a 6% and 9% change. Bryan noted that the hopeful thing with the Governor putting the request from the University into the budget is that there will hopefully not be a cut to the University.

Roger noted that if the Governor supports the University's full request and it passes through the House and Senate and asked if there would be no need for a 3% reduction. Bryan said that the tuition shortfall is our 3% reduction so we will still need to make a 3% cut regardless. The budget office has not asked us to cut another 3% on top of the 3% enrollment shortfall. Naomi asked Bryan if we won't know how much we will have to cut by the time we go to the Compact Meeting. Bryan said that is correct and that we will present all of the

3%, 6%, and 9% cut scenarios. Peh asked what the amount of money the campus saved with furlough and pay reduction across the board. Bryan said there was \$278,000 on our campus. The budget office took a salary reduction but they don't receive tuition like we do. Morris is receiving some savings from other people who didn't work at Morris. Melissa added that for furlough savings the plan is currently for our campus to get \$435,000 back but it is pending all additional CARES funds as well. Bryan noted that it is challenging because they know that the CARES money is coming too and central support were given to us out of reserves that they may now try to balance.

Brad asked what the difference in enrollment was between the fall and spring semesters. Bryan said new enrollment was a little higher than usual but have also had more enrolled students between semesters than in the past. This was anticipated as there were students that deferred until the spring semester.

Peh said that if we have full enrollment we should be mindful of if we are still going to be social distancing this fall. We could see additional expenses if faculty can't teach a full lab in person with social distancing. Bryan understood what Peh was saying but added that there are still so many unknowns still with Covid right now. Brad agreed that the academic side is under pressure on thinking of ways to reduce the student faculty ratio but noted that the financial plan is calling for an upward projection for enrollment. He asked if both sides of this plan are communicating with each other. Bryan said that our student-faculty ratio is 10-1 this year and that our campus can't sustain that at 1,200 students. For a healthier institution we should be at 1,600-1,700 students. There is close work with Dean Janet Ericksen about positions and budget on a yearly and long range plan. Peh added that the Finance Committee and Planning Committee need to come together and think of long term planning and what student-faculty ratio and student enrollment we are okay with. The facilities support 1,600-1,800 and academic programs would support that as well.

### **III. Peer Group Research Notes**

Kara was looking at how we can make Morris more approachable to retain both students and faculty and noted we can improve the town and the

University at the same time. She found examples of how other institutions have done this through buying hotels and moving apartments off campus to help students interact with the town. She thought of this idea because this is what Albion College (her alma mater) did. Albion College was laying off tenured faculty members and cutting entire departments and have now done a great job turning it around. There was some endowment money used but the college also applied for a lot of grants to improve small towns. They partnered with the town to put in a new hotel as well as a new brewery downtown that students like. Their business department did real work with businesses across town to increase interaction in the town with students. She said the University can help get grant money as we understand grants and have the Center for Small Towns and the Office of Engagement. She concluded that Albion College has succeeded and has a huge incoming class this next fall.

Brad asked if anyone knew what kind of things the Center for Small Towns can do along these lines and wondered what else we could do to find grant money to help local businesses. Kara said she is a fellow for the Center for Small Towns/Office of Engagement and that any business can come and propose potential work. Students also go out and work with these businesses. Brad said that this seemed like a terrific idea and could be germane to what we are going through. He added that if we took our dependence on the health of the town more seriously we could find ways to use existing resources to channel energy to this project.

Brad concluded the meeting by saying that if anyone has further ideas that they should add them to the Google Document. He said that he's trying to put together 2 more visits from the Chancellor and Melissa Bert for the Finance Committee meeting.

The meeting was adjourned.