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Finance Committee

Campus Governance

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10-13-2022

### Finance minutes 10/13/2022

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# UMM Finance Committee

October 13, 2022

Meeting Minutes

Present: David Roberts, Roger Rose, Lucas Granholm, Stephen Gross, Mary Zosel, Matt Senger, Kendra DeRosa, Jennifer Deane, Bryan Herrmann

Absent: Marie Hagen, Bart Finzel

Guests: Melissa Wroblewski, Jessica Dierks

## 1) Approval of Minutes

There was a motion to approve the minutes from April 28, 2022. The motion was seconded and approved unanimously.

There was a motion to approve the minutes from September 1, 2022. The motion was seconded and approved unanimously.

## 2) Finance Leadership Presentation: FY22 End of Year and FY23 Budget Review

*\*This document is on the Finance Committee's shared drive\**

Section 1: Fiscal 2022 Year End

### 1. Comparison of Tuition and U Fee - FY20-22 document

This document reviewed the total tuition at Morris after all tuition and waivers.

Tuition includes NRNR (non-resident/non-reciprocity) tuition, and MSEP (Midwest student exchange program) tuition. Waivers include AITW (American Indian Tuition Waiver), NRNR waivers, and other waivers. There are reciprocity agreements with North Dakota, South Dakota, and Wisconsin. MSEP tuition included the states Iowa, Illinois, Indiana, Kansas, Missouri, and Nebraska. The percent of tuition collected for Morris has decreased from prior years.

The document also shows a retention rate from fall 2021 to spring 2022 of over 90%. This rate considers a melt from graduation and people leaving as well as new students or returning students for the spring.

Question: Has the yield of tuition collected gone down as we have more tuition waiver students?

Answer: Tuition waivers have gone up and tuition went down.

### 2. Contingency Reserve document

This document shows the reserves we hold on campus. Some contingency funds are in fund 1100 account strings, which include Housing and Dining. We can't move

these funds but they are available for campus use as a whole. There will be more savings as we move to VOIP. In fiscal year 2021 there was a last minute change in fringe so some money was transferred to the fringe reserve. Morris got money for COVID relief which came from the Federal Government as well as University of Minnesota central reserve dollars.

Question: On the right column there is a large number that are COVID Funds and transfers to Auxiliaries for COVID costs and losses. Will these both disappear in the future?

Answer: Money came from the Federal Government through the CARES Act. Money also came from the U of M central reserve. The Budget Office reached out and asked if there were any other things impacted by COVID as requests needed to be made by the end of FY22. There may be some transfers this year still from those requests. FEMA money was just received in this fiscal year as well.

Question: What makes up the salary variance amount?

Answer: The salary variance are the differences created by departures or unfilled positions.

Question: What is the importance of the contingency fund?

Answer: We use the contingency account to balance any shortfalls that may occur in tuition as well as budget adjustments we need to make.

### 3. FY2022 Expenses Chart

This chart shows where funds go to. Over half of expenses are for salary and fringe, followed by student aid, supplies/services/misc., and other smaller categories. This includes student aid from the state and federal programs which have specific spending instructions. Salary and fringe are a large part of our budget as we are a people institution. Salary and fringe are brought up when speaking about reductions as it is a majority of our budget. The bulk of the supplies/services/misc. category is the Dining Services contract. We charge students a meal plan and then turn around and pay Sodexo.

Question: There was a decrease in fringe, why did it go down?

Answer: The rate is generated system-wide and it is an adjusted rate. We receive an estimated fringe rate to budget for and then it is adjusted once the system has negotiated with the Federal government. Usually, the number given is pretty close to the actual fringe rate.

### 4. FY21 Expenses Chart

This document was not reviewed due to time restraints.

5. FY22 fund 1000 only (Tuition, & O&M funds) Chart  
Salary and Fringe makes up almost 75% of the fund 1000 budget. Almost 10% is student aid, which is determined from the system where it goes.
6. FY 21 Fund 1000 Only Expenses Chart  
This document was not reviewed due to time restraints.
7. FY22 Revenues Chart  
Most of the revenue for Morris is from State O&M (non-waiver allocation). There is also a portion for State O&M (waiver allocation). Tuition is the second largest revenue generator. Internal and external sales mostly consist of dining and housing. Non-sponsored grants and contracts include Pell and State grants and the NASANTI grant. There was an increase in external sales because we received Covid funding for ORL and Sodexo.
8. FY22 Fund 1000 Revenue  
State O&M makes up over 70% of fund 1000 revenue. We are more dependent on O&M.

Question: How would you characterize a private college's revenue to look like?  
Answer: A private college would have no O&M allocation. They would get state dollars through MN State and Pell grants but don't receive a direct allocation. It would be mostly funded through tuition, student fees, and non-sponsored grants.

9. FY21 Revenue  
This document was not reviewed due to time restraints.
10. FY21 Revenue – Fund 1000 only  
This document was not reviewed due to time restraints.

## Section 2: Fiscal Year 2023 Budget

11. Sources/Uses of Incremental O&M Funding  
There was a reduction in salary as well as an increase in tuition. There was also a cost pool adjustment and we received \$570,000 in recurring dollars from central. The budget office doesn't recognize Morris' one-time savings on this document. The salary savings ended up canceling out the compensation increase. The Budget Office has said that they will fill in whatever we are short this year.

12. Comparison of Tuition and U Fee – FY21-FY23.

We are estimating to collect less than 70% of what we billed for fall 2022. Our tuition waiver has gone down but the proportion to tuition is higher. This document projects a shortfall in tuition which is where the contingency account will come into play.

Question: What is the most important number? The student population is going down.

Answer: The student population is currently 1,024. This number is still COVID impacted. Freshman to sophomore retention was lower than the past. This could be COVID related as last fall wasn't as enjoyable as now even since there were little activities happening on campus. The retention rate was where Morris took the hit. Transfer student numbers dropped more than projected too. Last year it was also hard to be in a community college due to COVID as well.

Question: For the fall student population number, are tuition waiver students included?

Answer: Yes, there are approximately 320 tuition waiver students.

Question: How much allocation do we receive to cover tuition waivers?

Answer: The system has given us money to count towards the tuition waiver. Our tuition waiver is roughly \$3.8 million, so we are about \$1.2million short in tuition waiver.

Question: University-wide, other schools may see that we get more funding, but it really helps offset the tuition waiver?

Answer: When the system looks at our allocation they include the waiver piece. Any other college in the system sees us receiving 70% of funding from O&M when it really is split. Colleagues look and say we get more allocation dollars per student. While they aren't wrong, they also don't have the AITW.

Question: Has the system looked at our drop in enrollment and have any concerns for us yet?

Answer: Yes, we have had a discussion. For Duluth, Crookston, and Morris campuses there is HURON consulting making suggestions on finance. Morris meets with them next week.

There wasn't time to discuss the potential of having extra meetings so the next meeting will be the next regular scheduled meeting in November. The committee discussion can continue the budget discussion to see the projections for FY24 to help drive forward future discussions.

The meeting was adjourned.