

4-25-2012

Finance minutes 04/25/2012

Finance Committee

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Recommended Citation

Finance Committee, "Finance minutes 04/25/2012" (2012). *Finance Committee*. 5.
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UMM Finance Committee Minutes-4/25/12

Members Present: Roland Guyotte, Laura Thielke, Timna Wyckoff, Reed Olmscheid, Pieranna Garavaso, Michael Korth, Manjari Govada, Sara Haugen, Gwen Rudney, Andrew Sharpe,

Members Absent: Mary Zosel, Lowell Rasmussen,

Guests: Bart Finzel, Colleen Miller, Bryan Herrmann, Amanda Krosch, Sheila Windingstad, Note taker

Roland proposed that everyone read over the minutes from prior meetings and send any proposed corrections to Sheila by Friday, 4/27/12. Michael asked whether they would be voted on. Colleen proposed all changes be routed to Sheila, who will then route to everyone so that all committee members see all changes. Roland will determine if there is a need for an additional meeting.

Bryan Herrmann presented a refresher on UMM Scholarship Programs

1. U Promise (formerly Founders)
 - a. Based on need to Minnesota residents with a family income up to \$100,000
 - b. No academic component, works more like a grant
2. Campus Merit
 - a. Competitive (Prairie, Morris Scholars)
 - b. Automatically awarded (Chancellor's, Dean's Associates - renewable for 4 years)
 - c. Market value depleting quickly
3. Donor Funded

History of UMM Scholarship Change

Pre-2001	½ Tuition Top 5%-for 1 yr ¼ Tuition Top 10%-for 1yr
2001	Chancellor's=\$2,000 Dean's=\$1,500 Associate's=\$500 Presidential Scholarship
2006	Chancellor's=\$3,000 Dean's=\$2,000 Associate's=\$1,000
2008	Chancellor's=\$3,500 Dean's=\$2,500 Associate's=\$1,000

Analysis in 2006 resulted in:

- Start of Prairie & Morris Scholarships
- Creation of Community of Scholars Event
- Increases in values of Automatic Scholarships

Why Change Now?

- a. Tuition this past year included U-fee being rolled into tuition
- b. Changes to U Promise program in level of family income & other eligibility requirements
- c. Challenges of our current program
- d. High Schools no longer ranking students
- e. An opportunity for strategic analysis versus repeating the same challenge (increasing dollar amounts without changing structure does not achieve desired end)

Timna asked if it is common across other colleges/universities for student receiving a scholarship (the top 5% and 10% from high school) to maintain a GPA greater than 2.5 in college? Bryan responded, "Yes." Timna then asked if we could increase the GPA to something greater than 2.5. Bryan responded, "Yes, we could, however, it would take scholarships away from students by raising it." He added, "Students want to know that a scholarship is renewable for four years."

Key things to be considered: family-ability to pay-expected family contribution (EFC), willingness to pay-perceived value, commitment to the institution, institution's position in the marketplace.

Goals of the new scholarship model

- a. We need to strategically leverage our resources to the fullest extent possible
- b. We want to effect quality measures
- c. Impact scholarship yield favorably
- d. Need flexibility in granting awards

How do we do this?

- a. Further econometric analysis
- b. Study retention effect of scholarship
- c. Develop an annual plan, 4-year enrollment and net revenue projections
- d. Review and compare to our peers/competitors

Looking at build a new model through the use of an outside firm

What changes?

- a. Automatic scholarship based on rank
- b. Timing for awarding donor funded scholarships
- c. Timing for awarding merit scholarships

What stays the same?

- a. Competitive scholarship process
- b. Awarding scholarships to strong students

Michael said a lot of parents care about the 4-yr scholarships. Bryan assured the committee the flexibility would not affect the renewability. The U Promise is set up so whatever amount it is the first year, it will be the same amount for the remaining 4 years.

Pieranna wanted to clarify, "So it's not a question of money, but a question of how to do it, right? Will you need more personnel or more training?" Per Bryan, messaging has to be part of it. Bryan said we

will be engaging a consultant to build the model and work with us on the messaging. There is no intent to increase staff in Admissions for building the new scholarship model.

There is a time crunch and we need to be timely in getting our financial aid packaging out. That is an important factor in competition. Timna asked if it was a goal to also serve the same number of students, but higher ability students. Bryan answered potentially more students with the same dollars.

According to Bryan the communication needs to be timed well and done correctly. We need to be strategic with the merit dollars

Bryan showed the intended timeline for new financial aid model

- 1st week of May-data collection
- Mid May thru June-data analysis
- End of June-testing of model
- July 1-present new model and corresponding marketing language
- Fall 2012-implementation and rollout

It would require a lot of in-house work for UMM to build a new scholarship model. The consultants have done a considerable amount work with private schools on this type of model and are now getting into the public sector. Timna and Pierana ask if they will be cost effective. Bryan believes it is much more cost effective to work with the consultants than to try to do it ourselves.

Roland asked, "What do you want from us?" Bryan replied if the Finance Committee is interested in seeing the model in mid July he would be happy to share it.

Manjari made a point that it is important to keep the competitiveness in the scholarship model. Bryan said that will remain part of it.

The final budget for UMM for FY13 is not available until after 7/1/12. Sara wants to see Linc's model with the final budget numbers. UMM was given a deadline of 3/2/12 to present materials at the COMPACT meeting and the materials were not final at that time. Timna asked if the committee can have the budget at the first meeting in the fall. Colleen replied yes.

Review revised minutes as you get them and route them back to Sheila indicating approved/not approved by Tuesday, May 1, 2012. She will then forward all results to Roland.

Meeting Adjourned.