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Finance minutes 04/11/2014

Finance Committee

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UMM Finance Committee Minutes

4.11.14

Members Present:, Michael Korth, Sara Haugen, Pieranna Garavaso, Timna Wyckoff, Ellery Wealot, Brad Deane, Laura Thielke, Mary Zosel, Sam Fettig, Jayne Blodgett, Dennis Stewart

Members Absent: Gwen Rudney, Lowell Rasmussen

Guests: Colleen Miller, Jacquie Johnson, Sandy Olson-Loy, Nancy Helsper, Melissa Wroblewski-Note Taker

Agenda:

1. Approval of minutes:

No corrections were made to the 3/28/14 minutes, approved.

2. Resource Allocation Review (RAR):

No corrections or additions made to the revised copy of the committee's response, approved.

3. Cost Definition and Benchmarking:

Colleen presented two handouts to the committee and explained the Administrative Cost Benchmarking between FY12 and FY13, and also the personnel cost. She reminded the committee of goals set out for Cost Benchmarking in 2012:

- Develop a shared understanding of University spending
- Promote a broader dialogue of our cost structure – where the money goes
- Identify gaps in processes, data and information
- Establish repeatable methodology to monitor changes or patterns in spending over time.

In addition, she highlighted comments from Julie Tonneson's (Budget Office) presentation to the Senate Committee on Finance and Planning from October 15, 2013:

- There are not many conclusions one can draw from only two years of data.
- This analysis does not address the Cost of Mission; it only allocates costs across the three categories defined in the analysis.
- There are over 600 Job Codes that have been categorized as one of the three: Direct Mission, Mission Support, Leadership & Oversight.
- Non-personnel costs are allocated based on function.

After Colleen went through each of the two handouts, she asked for questions.

- One question was about the recurring compact funds from central and how they are used in budgeting and if we are held accountable for how the funds are used.
 - UMM does have to report back to the Twin Cities each year about how the funds were used. For instance, funds were received in FY14 for a new position in institutional research and assessment but no one has yet been hired in that position. UMM has to explain that the search for a candidate is still ongoing.
 - We want to remain credible and not use the funds for something other than what the funds were requested for. Not using funds for the intended purpose could harm UMM in the long run when requesting funds.

- How does it work when UMM receives additional recurring funds of \$120K but has to cut \$514K?
 - Budget instructions provide direction. UMM has to demonstrate to Central where the amount we have to cut is coming from in a schedule in the Budget/Compact meeting in March. We have to plan for the full cut amount, and then in May/June we learn of funds Central is giving us for the upcoming year.
 - It would be inappropriate to cut or reallocate those funds now. They need to be used for the purpose for which they were requested.
 - Concern was expressed that this mechanism forces us to ask only for “dessert” when we might have greater need for “meat and potatoes”.

It was also mentioned that in the next year, we will most likely see a shift of positions from the Leadership & Oversight category to the Mission Support category due to the Job Classification Study.

4. Benchmarking at UMM:

Michael had sent out handouts for this agenda item. He provided a quick overview and asked the committee if this is something they would like to look further into? If so, what information would the committee like to see?

Guests of the committee commented that the data in the UMM Data Book was developed by several different people over the 20 year span. We don't know whether the data was presented consistently from year-to-year. Nancy Helsper said the definitions have not changed a lot.

The Committee would like:

- Further breakdown of the sections for the most recent year
- To know why each section of the pie graph has changed in the way it has over the past 20 years
- A list of job codes showing how they were divided into the three benchmarking categories.

A question we should keep in mind is, “are we spending where we should?”

Finance Committee members agreed that it did not need the additional breakdown information until next semester.

Agenda item #5 will be held over until the next meeting.

Meeting adjourned.

Next meeting is April 25, 2014 in Moccasin Flower Room at 2:10 pm.