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Finance minutes 02/15/2016

Finance Committee

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UMM Finance Committee Minutes

2.15.16

Members Present: Dennis Stewart, Michael Korth, Kerri Barnstable, Pieranna Garavaso, Mary Zosel, LeAnn Dean, Laura Thielke, Bryan Herrmann, Mark Logan, Kyle Hakala

Members Absent: Jess Larson, Jong-Min Kim

Guests: Colleen Miller, Jacquie Johnson, Melissa Wroblewski -Note Taker

Agenda:

1. Approval of February 9th, 2016 minutes:
Minutes approved as is.

2. Budget Challenge continued:

Before the committee continued with the budget challenges conversations, Bryan and Colleen had an update to a couple of the budget handouts they provided the committee earlier. First handout, the 'Comparison of Tuition and U Fee – FY13-FY16' Colleen noted that the correct budget amount for FY16 was \$17,089,437 not \$17,548,000 as previously seen on handouts from January 26th. The updated variance to budget for FY16 is (\$677,371). On the 'FY17 Budget Planning' handout, Bryan and Colleen plan to leave the tuition shortfall for FY17 at (\$900,000) for budgeting purposes. The change in the tuition shortfall number leads to less funds coming out of the contingency account.

Q. Are we still going to use all of the \$700k, or do we still have to do the "tax" on departments?

A. Discussions on FY17 budget planning are still on going, but for FY16 the (\$677,371) tuition shortfall will need to come from contingency.

Colleen then noted on the whiteboard a summary to explain to the committee what the FY17 budget planning levers looked like as of now:

<1,267,650>	Structural Imbalance to Resolve
700,000	Funds previously used for Sequestered Deficit Payment
150,000	"Tax" on Carry Forward Balances
100,000	"Churn" in Salary post Budget/Compact Meeting
50,000	Non-Resident, Non-Reciprocity Tuition (NRNR)
<u>267,650</u>	Contingency Fund
\$0	Balanced Budget for FY17

This illustration shows that instead of the original plan of using \$400,000-500,000 from contingency for FY17, we are now looking at using \$267,650 if everything else remains constant.

Chancellor Johnson also wanted to remind committee members that she had received a resolution from MCSA on the Non-Resident, Non-Reciprocity (NRNR) proposal; and that instead of im-

plementing the NRNR, students were more in favor of a minimal across the board tuition increase.

Dennis reminded the committee members of the other levers that are up for discussion today:

- Hiring Freeze
- Layoffs
- Salary increase modifications

Committee members felt that layoffs should be a last resort, and would prefer a salary increase modification instead. (*Reminder that bargaining units have negotiations for their salary increases; those salary increases cannot be changed outside of negotiations.)

It was mentioned that contingency account would allow for more ebb and flow than salary changes. Then, if mid-way through FY17, tuition increases, the funds used from contingency could be recovered. If tuition revenue increased mid-way through the year, there is no way to change salaries.

Q. Do we know if there are any majors that do not have smaller number of students in them?

A. Chancellor Johnson reminded the committee that there is a process in place for eliminating and approving programs that goes up to the Board of Regents for approval. The process is extensive and looks at service and majors coming from the program. The UMM Curriculum Committee also reviews this kind of information to understand what happens in each discipline too.

After further discussion it did not seem like removing programs would be a viable option either due to the long due process and most committee members seem to not be in favor of this idea also.

Chancellor Johnson then added a comment that Linc Kallson and Julie Tonneson (from the Budget Office in the Twin Cities) are planning to come out to Morris sometime this year to help explain the model they use to calculate "Cost of Instruction," and explain how we are the most expensive campus in the system. Committee members mentioned they were interested in any documents on this that they could receive and review before Linc and Julie came out to campus. Members also expressed their interest in meeting with Linc and Julie when they come here.

The last topic to be discussed in relation to the budget challenge levers was the hiring freeze. Comments were made that if there is a position on campus that needs to be filled, they believed it is important to fill that position and not wait. Other comments were made that they hoped that tenure track positions would not be frozen. If they were, it could be demoralizing for faculty and difficult for the students also.

This concluded the Budget Challenges discussion.

3. HEAPR and Bonding Request: presented by Bryan Herrmann

The University of Minnesota is requesting \$100 million in HEAPR funds (funds available for infrastructure, ADA compliance, safety issues, and energy efficiency), while the Governor is recommending \$55 million. If the University received the \$100 million, UMM would receive about

\$2.9 million, where as if the Governors recommendation goes through, UMM would receive about \$1.5 million. The amount we receive is based on a formula.

UMM's list of projects includes:

- HVAC in Humanities
 - About \$600,000
 - Predesign done, final design once funded
 - Plan to start Summer 2017
- Briggs Library
 - About \$160,000
 - Bathroom on Student Center Level needs to be ADA compliant
- Fire/Sprinkler System in Humanities
 - About \$400,000
- Guard rails and hand rails in HFA
 - Has to be fixed this summer
 - About \$100,000
- Water line under Science Auditorium
- Sewer line replacement on campus
- Window sills in Briggs library
- Blakely mechanical issues

UMM submitted three projects this year for the Bonding Bill:

1. Continued Strategic investment of \$4-6 million (similar to the request for this year)
2. Library Renovation
3. PE Center/Fieldhouse

The second phase of the bonding bill is a \$24 million bill where Morris would get about \$4 million and would be required to have a 1/3 debt match for the project. These funds would go to help for classroom remodels in HFA and Blakely Hall. Unfortunately, the HEAPR projects and the Bonding Bill projects funded by this \$4 million would have to be done separately even though it would be more efficient to do them together.

Questions arose about what the next topic of conversation would be for the next meeting. Chancellor Johnson stated that it would be good to hear investment ideas from the committee and she, Bryan and Colleen would try and give an update on the Budget/Compact presentation.

Meeting adjourned.

Next meeting will be Monday, February 22nd, at 9 am in the Moccasin Flower Room.