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Finance minutes 03/08/2016

Finance Committee

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UMM Finance Committee Minutes

3.8.16

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

Members Absent: Jong-Min Kim

Guests: Jacquie Johnson, Colleen Miller, Melissa Bert

Agenda:

1. Approval of February 15, 2016, minutes: approved unanimously as written.
2. Approval of February 22, 2016, minutes: approved unanimously as written.
3. Benchmarking Study presented by Colleen Miller

The study is part of President Kaler's Operational Excellence initiative. He wants a reduction in the Leadership and Oversight category and Mission Support category as a percentage of the total spent. With a target reallocation each year, we try to hold Direct Mission harmless. A reduction in Direct Mission is not precluded if that is the only way to make the assigned Target Reallocation. The study is completed by the Office of Budget & Finance in the Twin Cities and then sent to units.

Salaries are direct charges to the categories based on job codes. Non personnel costs are based on assumptions and calculations. Personnel cost for Direct Mission at UMM increased from 41.7% in FY14 to 42.0% in FY15. Personnel cost for Mission Support increased from 44.0% in FY14 to 44.9% in FY15. Personnel cost for Leadership and Oversight decreased from 14.4% in FY14 to 13.1% in FY15. Do not expect huge swings in these percentages since the reallocation targets were \$258,000 this year, \$306,000 last year, and about \$514,000 the year before.

Q: With the job family study, are employees doing the same work but showing a decrease in the Leadership and Oversight category?

A: Employees with new job codes should have stayed in the same category as before their reclassification.

The Senate Committee on Finance and Planning received the all-University version of this report. Due to changing job codes, all of the FY14 numbers were recalculated prior to comparison with FY15 in order to show the actual changes to the percentages. The percentages on the FY14 report did change.

Q: How does the classification work? How do some numbers get in one of the three categories? For example, how does DeptID 10588 – Student Affairs have about \$200,000 of Direct Mission Delivery and how does DeptID 10645 – Finance Office have about \$33,000 of Direct Mission Delivery?

A: Some teaching employees are paid from these DeptID's. Colleen will look for answers and study the allocation of non-personnel costs.

A member commented that the scale for benchmarking is difficult; an individual residence hall is listed and the Dean's Office is listed. Colleen advised not paying attention to the DeptID's because the job codes across the U are driving which category is chosen, not the DeptID's. One employee's salary can

be divided among multiple DeptID's though an employee can only have one Human Resources department code.

Jacque asked: What is the overall question that we want answered? Do these data answer the question? Are we moving funds adequately out of Leadership and Oversight and reallocating to Direct Mission?

A: The evidence before us here suggests it is happening at Morris, in the direction President Kaler wants. At the all-University level, elaborate explanations are given but the data are not showing reallocation.

Q: What is the impact to campus? Is reallocation damaging to meeting our mission, or should we keep doing this 20 more years?

Q: Employees in the Leadership and Oversight category are not doing less work. Is the campus losing buying power with inflation?

Q: Are things not getting done? Do individuals have more work piled on them?

Q: Don't we want to do the reallocation to be in compliance with President Kaler's Operational Excellence initiative?

Q: Outreach is part of Direct Mission. Are any P&A left in outreach after employees were moved to new job classifications?

A: Employees who were in Direct Mission before their job family study are still in Direct Mission. All outreach probably stayed in Mission Support. The reclassifications did not intend to move employees among the three categories.

The shifts have been very small percentages. The Leadership and Oversight change is primarily due to the voluntary layoff/retirement program in Facilities Management that has short term expenses and longer term savings and also in External Relations where a vice chancellor was not replaced and work flowed to some directors. Jacque doubts we would have done these things in support of Direct Mission without President Kaler's directives, but UMM is part of the U system.

Q: Are the new models of supervision/management working?

A: One supervisor for 35 buildings and grounds workers is a stretch. Thanks to good staff that do not need much supervision, it is working. The Sightlines report shows this department is efficient. The cuts of the grounds crew take a toll on parking lot cleaning. Funds that would do cosmetic fixes to make buildings look better were cut. Opinions vary. Not everyone is happy with the changes. During the transition to team cleaning, complaints and concerns were mentioned. Jacque is no longer hearing complaints; this way of working seems alright.

Two more years of reallocations need to be made, so FY18 and FY19 will also have reallocations. Reallocations across the U will total \$90 million after six years of \$15 million reallocations per year. There has been resistance to continuing the reallocations. The U is ahead of schedule in making realloca-

tions. Fitz made a proposal to finish the reallocation this year that was not accepted; RRC managers were against taking the cuts at once.

4. Future agenda items

- a. Cost of Instruction – Jacquie will invite Linc Kallsen and Julie Tonneson to meet with Finance Committee to explain how this is calculated.
- b. Morris is behind its peers in classroom equipment and software. Increases to the Tech Fee and other funding for information technology should be discussed. Colleen has made a report of all technology spending on campus. In addition to Tech Fee, many other resources are spent on technology. The Student Fee was increased a few years ago and expanded to part-time and summer students. The increased funding went to a centralized fund for information technology. Dennis will forward this topic to the Planning Committee and Academic Support Services Committee. Finance Committee could then comment on those committees' ideas.
- c. Review carry forwards and the "tax" on them to help balance the FY17 budget.
- d. Review departmental budgeting for O&M.

Announcement: The Constitution Review Task Force will be asking if committees have the right number of members and division of people or can be smaller and if the Finance Committee and Planning Committee should be combined into one committee again. Those with thoughts should share them with a member of the Constitution Review Task Force.

Meeting adjourned.

Next meeting will be Monday, March 21 at 9 a.m. in the Moccasin Flower Room.

Minutes respectfully submitted by Laura Thielke, substituting for Melissa Wroblewski.