

University of Minnesota Morris Digital Well
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Finance Committee

Campus Governance

10-19-2016

Finance minutes 10/19/2016

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UMM FINANCE COMMITTEE MINUTES

10-19-16

Members Present: Dennis Stewart, , Brad Deane, Kerri Barnstuble, Bryan Herrmann, Jong-Min Kim, Laura Thielke, Mary Zosel, LeAnn Dean, Kyle Hakala, Michael Korth, and Ashiqua Alam

Members Absent: Mark Logan, Pieranna Garavaso

Agenda:

1. Approval of Minutes from 10-05-16

Minutes of the meeting were approved with a change – Would like to change the wording of the question asked in topic #3 to: We discussed that Arne's email expressed concern of the shift of resources away from instruction and that even if we are satisfied about the Deans estimate of being able to cut \$450,000 without much effect on the instructional side of the budget and even though we accept that this is right, the email expresses something that we should have further discussion on because it is part of a pattern within this committee.

2. Addressing the Challenge – Budget Discussion

Continued discussion of the budget presentation that was presented by Chancellor Johnson at the Community meeting.

- If Admissions comes in higher than what we budgeted than reducing S&E expenditures is more attractive because it can be returned to unit – that can be restored easier than other things
 - Challenge is we don't know until late September – make use of money in January
- Ongoing reallocation – happens every year – almost unavoidable
 - Why are the number on the list last year on the list this year?
 - We adjusted our scholarship model 4 years ago – now everything is in order – requests in 2015-2017 to central administration to fund these (that is not the same amount from previous years)
 - Scholarships were formally funded by Foundation Funds – backfill from a 4 year program that is now expired
 - \$132,000 is recurring due to the fact that it is back into O&M
 - Put \$250,000 back into the budget because we base this on enrollment projections – want to show central administration that we are carrying that (we could state it differently)

- What are these numbers going to look like for FY19?
 - Will need to add more dollars because we will have less foundation funds, therefore, \$132,000 will go up to \$196,000 – we will see the difference next year
 - What will the \$225,000 be? – depends on retention/enrollment. Made some minor changes to the Scholarship program about 2 years ago. We need to re-evaluate our scholarship model because they are not as competitive as they were in the past. We have not increased tuition but other people have increased their scholarships.
 - Are there already plans for this year to talk about the scholarship changes needed? – not yet because we will not be able to adjust it for FY18. It's beneficial to talk about it though
- What are the established reserves for the fund 1000 and fund 1100 contingencies
 - What is the recommended amount of contingency? Around \$491,000 for FY17 will be at the end. Not where it should be.
 - Established reserve \$1.6 mil / \$284,000 - ended with on June 30, 2016
 - \$773,000 already taken out of contingency to balance out FY17 Budget which was part of the plan
 - Projected potential salary variance and tuition short falls in FY17
 - Tuition is where the bulk of our revenue comes from. We are short \$773,000 in tuition for FY17. This will carry forward to FY18. The amount was a one-time fix from contingency for FY17 so we have labeled this as a tuition shortfall.
 - Comparing tuition loaded for FY16 to FY18 will be the \$773,000 shortfall in FY17, and an additional \$524,000 less in FY18.
 - Left with \$450,000 in contingency – we can't go back to contingency to balance the budget for this year
 - Based budgeted for FY17 on 1646 students
 - FY16 budget was based on 1710 students and right now we are at 1681
 - FY18 – predict shortfall of \$524,000 because of tuition
- For the last couple years it looks like there have been a few shortfalls- when do you know these? For example, the salary/fringe variance? – June 30, 2016, end of the fiscal year as positions change throughout the year.
 - Retention from Fall to Spring has been 2-3% points below projection
 - Right now we have a \$6,000 positive salary variance – grant funded project that started in June that got put into the wrong category

- Projected salary variance shortfall is at \$276,000 – estimates based on retirements and potential movements in instruction
- In past years Facilities have had extra money left over that was put into the contingency fund. Do you foresee that happening again this year?
 - One year reallocation came mostly out of Facilities Management
 - There is very little money left in Facilities Management – \$90,000 in R&R to fix the campus. Got an extra \$60,000 for our last project but a bulk of it went into the water main fix
 - FM has a reserve for hail storm damage – need to preserve for future storm fixes.
- Since retention is a problem, do we know why we are losing students? –
 - Should we be talking about retention or does that fall under the Planning Committee?
 - Students who participated in the WELL program were retained at a higher rate
 - We have invested some soft money for retention
- Members would like to know how the finance proposal came about and where the cuts were actually made

Next meeting: November 16 because next week we have Chancellor Candidates on campus