

3-10-2017

Finance minutes 03/10/2017

Finance Committee

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Recommended Citation

Finance Committee, "Finance minutes 03/10/2017" (2017). *Finance Committee*. 98.
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UMM FINANCE COMMITTEE MINUTES

03-10-17

Members Present: Dennis Stewart, Michael Korth, Brad Deane, Mark Logan, Pieranna Garavaso, Kerri Barnstable, Bryan Herrmann, Jong-Min Kim, Laura Thielke, Mary Zosel, LeAnn Dean

Others Present: Melissa Wrobleski, Janine Teske

Members Absent: Ashiqul Alam, Kyle Hakala,

Agenda:

1. Approval of Minutes from 02-24-17

Minutes of the 02-24-17 meeting were approved

2. Benchmarking Report

Melissa Wrobleski presented the FY2016 Cost Benching documents to the committee that were received from the Office of Budget and Finance in the Twin Cities. The first document was a background of the cost definition and benchmarking results. This document reminded everyone that the cost benchmarking is part of the Presidents Operational Excellence Initiative, and the purpose is to better understand the way the University spends funds and track this information over time. Melissa highlighted some of the changes listed on the document, and moved on to the FY2016 spreadsheets.

The first spreadsheet illustrated the total FY2016 expense summary for the Morris RRC. Total personnel expenses for the year were \$28,819,882 and non-personnel costs were \$23,663,632 to total \$52,483,514. The next spreadsheet compared FY2016 to FY2015. Melissa went through the numbers and noted that the change in direct mission was from the Symphonic Winds Tour that occurred in FY2015 and was foreign travel, with increased expenses. In FY2016, Symphonic Winds took a domestic trip with less expense, and there for the cost-benchmarking document shows a variance of (178,603) from FY2015 to FY2016. It was also mentioned the variance in the leadership and oversight column was due in part to the annual reallocation targets we have to meet each year, and to the job family study. Melissa explained that changes in personnel changes the way non-personnel expense are prorated.

Melissa then reviewed the spreadsheet that was expenses for O&M/State Special Funds Only. She explained that she compared FY15 to FY16 and reported the following changes:

- Direct Mission - 6.5% increase in expenses from FY15 to FY16
- Student Aid - 3.7% increase
- Mission Support & Facilities - 5.9% increase
- Leadership & Oversight - 1% decrease

She concluded that Morris is following the goal of the cost benchmarking exercise which is to reduce cost in Leadership and Oversight, and try to hold Direct Mission as harmless as possible, all while hitting the reallocation targets received each year.

There were no questions at this time. A committee member asked if, in the future, the committee could receive the information a few days prior to the meeting. That would allow them time to review the information and have questions ready. It was agreed that in the future this would be the practice.

3. Cost of Instruction Report

Bryan Herrmann presented information on the Cost of Instruction for UMM for FY2014. This study is done every four years. The first spreadsheet Bryan reviewed illustrated the revenues and expenses that are included in the cost of instruction per student calculations. During the review of the document, it was stated that these calculations do not show the correct representation of actual research done on this campus either, and there for doesn't help keep our cost of instruction down. Calculations need to be modified to split UMM's faculty expenses between actual instruction and research better.

Bryan then moved on to show the cost of instruction comparison between our college, the system average, and the TC average. In FY2010, UMM came in with the highest cost of instruction. It was noted that almost 100 percent of faculty time at UMM has been included in instructional time unless it has been for a grant with release time. The model for this study is being refined to make it closer to actuals in instruction and research. The document did show that in FY2014 UMM's cost of instruction was had gone down, and Bryan stated that UMM no longer has the highest cost of instruction. The committee felt that the model needs to be more defined and based more on what the actual numbers are. Hopefully in the next report on cost of instruction, more modifications will be made to better separate revenues and expenses to get a more accurate representation of what UMM's cost is when faculty expenses are better split between instruction and research.

The meeting was adjourned. The next meeting is March 20th.