

**ADMINISTRATIVE CABINET**  
**November 17, 2008 – 8:30 AM**  
**Sargeant Student Center – Minnesota Room**  
**Meeting Minutes**

Present: Charles Casey, Peter Phaiiah, Andrew Svec, Les Johnson, Tricia Sanders, and Thomas Baldwin. Also present were Tim Norton, Corby Kemmer, and Stephanie Helgeson.

- I. Minutes from the November 10<sup>th</sup> meeting were reviewed. Peter moved to accept the minutes with a few minor edits. Motion seconded by Tom. Motion to accept minutes with slight modifications passed.
- II. Les presented a draft version of a list of administrators and directors at the University of Minnesota, Crookston for the 2008-09 academic year. He explained the process of identifying administrators and directors was a little more complex than it first appeared. An individual may perform similar management roles within their department, yet may have a different job title or be included in different job family. After some discussion, it was concluded that the goal was to prepare a list of only those who had significant budgetary and decision-making responsibility. Les said he would revise the list and send an updated version to all cabinet members before the end of the week.
- III. Chancellor Casey explained the University has been planning for potential changes in overall revenue sources in light of recent global, national, and state economic conditions. Currently, the state of Minnesota is facing a significant budget deficit. It is possible that by the time the Office of the Budget releases its February budget forecast, the state may be faced with a 3 to 5 billion dollar shortfall. The state's budget forecast information will be used by both the Governor and the state legislature for biennium planning. The net result is that the University may not receive the funding support it requested from the legislature.

The University has already started planning on how it will cope with reduced state financial support. UMC will also need to have a plan in place to handle a possible reduction in current funding levels. Chancellor Casey reviewed that the University had just concluded a retirement incentive offer (RIO). It was the goal of the University to achieve some long-term cost savings by not replacing all employees who chose to participate in the RIO.

In addition, the University has just initiated a hiring pause. While this is not a hiring freeze, great thought and care will be given to filling any vacant position. Positions that are essential to University operations, including critical health and safety functions, or those functions that ensure the University meets its academic and fiduciary responsibilities will continue to be filled. If a position is determined to be essential, prior University approval will be required before the position will be posted or filled. In some cases, other creative strategies will need to be explored to complete the work.

The Chancellor pointed out that every 1% of retrenchment in the budget will translate into about \$210,000 to the University of Minnesota Crookston. A three percent retrenchment

will translate into about a \$630,000 impact on the University of Minnesota, Crookston. At the same time, the University is committed to trying to hold tuition increases to 4.5%. A 4.5% increase in tuition will produce only about \$570,000 in revenue for UMC. Therefore, improvements in efficiencies and cost reductions will play an important role in helping solve a budget shortfall. All aspects of the budgeting process will be examined to achieve cost savings.

The University of Minnesota, Crookston's annual operating budget is approximately \$20.9 million. UMC relies on state allocation for \$12.4 million (approximately 59% of its annual operating budget) and \$8.5 million is generated from tuition revenue and University fees. The single biggest expense is employee salary and fringe costs at \$13 million for approximately 250 employees. All sources of funding are essential to UMC's operations. Corby pointed out that fundraising and external funding will continue to be an important part of the University's long-term strategic plan.

- IV. There being no further business before the cabinet, the meeting adjourned at 11:10 AM.
- V. A special Chancellor's Cabinet meeting will be held on Friday, November 21<sup>st</sup> at 2:00 pm in the Minnesota Room to discuss budget planning in more detail.

The next regular meeting is scheduled for 8:30 am on November 24<sup>th</sup> in the Minnesota Room.

Respectfully submitted,

Les Johnson