# Strategic Resource Allocation Project
Planning Guideline
Fall 2017

Background Information/Context:
(Why are we engaging in this project? What has precipitated the need for this project?)
Since 2012 the College's revenue base has remained relatively stable, growing by $4 million or 3.2%. During that same period the College's expenses have grown by $7.7 million or 6.6%. The net operating income, or revenues in excess of expenditures, over that same period has decreased by $3.7 million or 38%. Increased expenses that aren't offset by revenues have eroded the College's operating income. The preliminary fiscal 2018 budget shows the College's net operating income down to less than $100,000, a razor thin margin. Without taking corrective action now, the point is coming when the College's expenses will exceed revenues.

Unrestricted Net Change Trendline
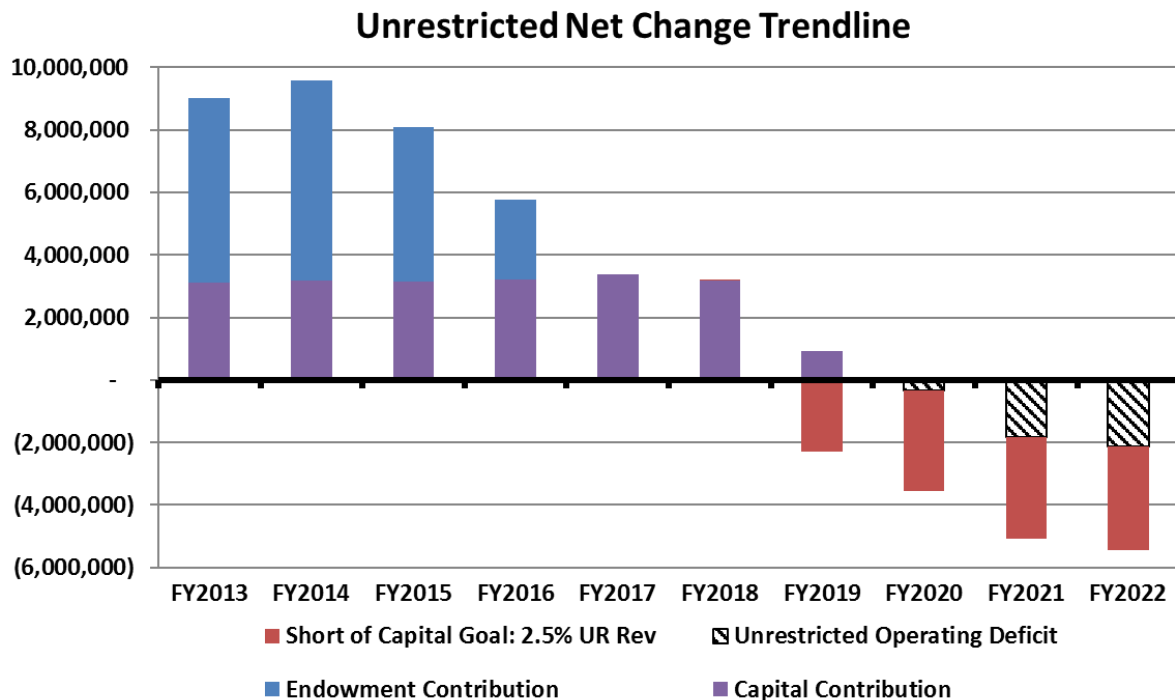
Project Description: *(What are we trying to accomplish?)*
This project will include a comprehensive review of all of the College's operations, including administrative and instructional programs. This project will ensure that we know what the College's most important functions and activities are, whether they are properly resourced, and whether the College is utilizing its resources in the most strategic way to deliver on the College's mission. This project is designed to be not only a cost-cutting exercise, but also an opportunity to re-engineer activities, explore opportunities to increase revenues, and identify where new investments are needed.

Project Impact: *(What is the impact of this project?)*
The recommendations generated from this project, and the decisions made, will determine the financial trajectory of St. Olaf for years to come.

Goals:
Develop a plan that:
- ensures that the College has sufficient resources to support programs,
- aligns revenue and expense growth into the future,
- provides compensation increases to remain competitive in our labor markets,
- provides for the 2.5% commitment to capital enhancements,
- builds up to a 2% contingency for unforeseen emergencies that require financial resources or for investment in the endowment.

Project Manager: Jan Hanson, VP/CFO   **Project Sponsor:** President David Anderson

Stakeholders: *(Who cares about this? Who is affected?)*
- St. Olaf community broadly defined: Board of Regents, faculty, staff, current students, alumni, future students, donors

Project Team Roles: *(Who will work on this and what is their role?)*
- Steering Committee – establish project parameters, ensure progress is being made, provide clarification as needed, coordinate and host opportunities for recommendation feedback, make final strategic resource allocation recommendations
  - VP/CFO – Jan Hanson
  - Provost/Dean of the College – Marci Sortor
  - Faculty Governance Committee Chair – Jill Dietz
  - Board of Regents Faculty Representative – Anne Walter
  - Assistant to the President for Institutional Diversity – Bruce King
  - VP Mission – Jo Beld
  - Student Government Association Representative - Maren Weaver
- Review Groups – coordinate data gathering by program, review and synthesize information gathered, make preliminary strategic resource allocation recommendations
  1. Instructional Program Review Group Membership
     - Associate Provost (Chair) – Dan Dressen
     - Faculty Governance Committee member – Dan Hofrenning
     - Associate Deans –
           Kent McWilliams, Margaret O'Leary, Dana Gross, Mary Walczak, Rebecca Judge
     - Registrar – Steve McKelvey
     - Budget Advisory Committee member - Steve Lindley
     - Dean of Students – Roz Eaton
     - SGA Rep – Aiden Zielske
  2. Non-Instructional Program Review Group Membership
     - Chief Information Officer of Libraries and IT (Chair) – Roberta Lembke
     - Athletic Director – Ryan Bowles
     - Piper Center Director – Leslie Moore

- o Director of Music Orgs – Jean Parish
- o Institute for College Futures faculty participant – Steve Freedberg
- o Associate Dean of Students – Tim Schroer
- o Budget Advisory Committee member - Cheri Floren
- o SGA Rep – Maret McQuaig
3. Specialized Reviews:
   - o Financial Aid Strategies (VP Enrollment/College Relations and Enrollment Consultant) – Michael Kyle and Hardwick Day
   - o Benefits (VP Human Resources and Benefits Advisory Committee) – Mike Goodson
- Department Chairs, Program Directors – conduct analysis of programs

Additional Subject Matter Experts: (*Who may have additional information pertinent to this project?)*
- Angie Mathews, AVP Budgets/Auxiliaries
- Susan Canon, Institutional Research and Effectiveness
- Carly Eichhorst, Director of Financial Aid
- Nan Schroeder, Registrar's office
- Wendy Woitalla, IT

Tools & Resources: *(What is available to the group to accomplish its work? What will the group need to acquire to accomplish this work?)*
- Available:
  - o Standard Data Reports for Department/Program Review and Annual Reports
  - o Data from accreditation submissions
  - o Financial, budget, and staffing reports
- Need to acquire:
  - o Synthesis of information gathered from this project

Expectations: *(Givens relative to the process and outcomes)*
- All departments/programs will be assessed
- Discussion will be open and honest to bring the best thinking forward to inform recommendations and decisions
- Participants will assume good intentions and respect for all thoughts/suggestions
- Participants will respect the confidential nature of some of the conversations
- Participants will utilize data to inform the deliberations and conversations
- Participants are encouraged to have conversations across departmental boundaries
- The College community will be provided opportunities for recurring feedback as part of the process

Principles Guiding the Process:
- Demonstrate alignment with the College's Mission and Mission in Practice statements
- Uphold the reputation and quality of the St. Olaf experience
- Contribute to St. Olaf's "Value Proposition" for current and prospective students
- Identify strategic opportunities or improvements
- Continue development of the Strategic Plan

College-Wide Deliverables: *(What do we want to accomplish?)*
- Identify goals to increase revenues
- Identify goals to manage costs
- Identify goals to reallocate resources and make program investments
- Identify strategic opportunities for the College

Recommendation Categories	Revenue Increases	Cost Reductions	Reallocation of Resources
A. Goals to Increase Revenues			
1.	$	$	$
2.	$	$	$
B. Goals to Manage Costs			
1.	$	$	$
2.	$	$	$
C. Goals to Reallocate Resources			
1.	$	$	$
2.	$	$	$
D. Strategic Opportunities/Other			
1.	$	$	$
2.	$	$	$

- A **goal** is a broad primary outcome.
- A **strategy** is the approach you take to achieve a goal.
- An **objective** is a measurable step you take to achieve a strategy.
- A **tactic** is a tool you use in pursuing an objective associated with a strategy.

Measurable Results: *(How we will know we are successful with this project)*
- St. Olaf will have an informed, strategic resource allocation plan that aligns revenue and expense growth into the future
- The current negative financial projection trend line is reversed

Timeline and Milestones: *(Deadlines for major accomplishments and completion of the project)*
- August : Announce to St. Olaf community as part of Fall 2017 opening week activities
- September:
  - Establish project parameters and evaluation criteria – (Steering Committee)
  - Establish information gathering templates – (Steering Committee)
  - Charge to review groups – (Steering Committee)
  - Identify existing data sets to inform review group analysis
- October:
  - Financial Aid Strategies developed for FY18/19 packaging - (VP ECR)
  - Distribute analysis templates and begin analyses - (department chairs/program directors)
- November:

- o Submit preliminary analyses to review groups – (department chairs/program directors)
- December: Open Forums to present preliminary findings and solicit feedback
- December/January: Review groups provide feedback to departments/programs
- February: Departments/Programs finalize analyses for review group action
- March:
  - o Review groups develop recommendations for steering committee consideration
  - o Open Forums to present review groups' recommendations and solicit feedback
- April/May:
  - o Steering committee considers review group recommendations and makes final recommendations for PDA consideration
  - o Final recommendations to be incorporated into FY18/19 budget planning
  - o FY18/19 Preliminary Budget approved by Board of Regents

Communication Plan: *(How will information on this project be disseminated to the broader College community?)*
- PDA introduces the SRAP process as part of 2017 Opening Day Remarks
- Establish website – September and update throughout the process
- Establish suggestion box for anonymous suggestions/ideas - September
- Brief Board of Regents at October board meeting
- Hanson email to campus with additional information on process, data, communication, web site - October
- Presentations at staff and faculty meetings
- Small group discussions (if needed)
- Town Hall meetings to gather feedback – first semester preliminary findings, second semester preliminary recommendations
- PDA reports on SRAP recommendations as part of the May 2018 preliminary budget assumptions

Risks: *(What could derail this project? How will risks be mitigated?)*
- Participants don't take this project seriously – PLT and review group members need to ensure that all programs are participating in a meaningful and thoughtful manner
- Lack of time, workload priorities; everybody needs to make this a priority
- SRAP work will be done at the same time units are reducing FY18 expenditures that may lead to confusion about which effort is which; SRAP leaders will need to emphasize that FY18 expenditure reductions are done to balance this year's budget and may not be strategic for the long term; SRAP focuses on long term strategic use of resources and may require several years to implement
- Potentially conflicting demands regarding implementation of the Strategic Plan's non-financial goals; acceptance that there may be ideas emanating from the SRAP process that will result in a re-examination of strategic goals and the means of achieving them
- Staff turnover on review groups or department chairs/managers; will need to identify back-ups