

St. Olaf College
Resource Planning Advisory Committee Minutes
April 24, 2017 ~ 8:00am-9:00am
Tomson Hall 200

Members Present:

Evan Lebo	Jan Hanson (joined late)	Michael Kyle (phone)
Steve Lindley (phone)	Chris George	Mike Goodson
Angie Mathews	Steve Freedberg	Marci Sortor
Cheri Floren		

Members Absent:

Matt Richey

Staff Present:

Anita Aase

CALL TO ORDER: Meeting called to order by Mathews at 8:05 am. Quorum present.

APPROVAL OF MINUTES: Minutes are not formally approved but are provided on the shared drive.

DISCUSSION AND ACTION ITEMS:

Current year budget-to-actual

Mathews shared the budget schedules that will be provided to the Finance Committee. The first schedule reflects the current fiscal year performance. Mathews highlighted that most revenues are trending close to budget. Although the overall gifts are on target with budget, the unrestricted gifts are projected to be about \$600K short of budget. Salaries are projecting to be over budget, largely because of the \$700K faculty accrual error, as well as some adjunct faculty that were not budgeted. Health experience is \$230K over budget. Non-compensation expenses are currently trending ahead of budget, projecting to end the year \$500K over budget, in areas such as legal/Title IX, facilities and athletics. The College committed to finding ways to cover expense overages, and has identified savings by adjusting the vacation accrual. Because there is no vacation tracking system for exempt staff, the current accrual assumes all exempt staff have 1 year of vacation accrued, amounting to approximately \$1.2 million, which is overly conservative. Reducing the accrual to a more realistic level will help offset the expense overages this year. The overall unrestricted net change is expected to be around \$3M, rather than the \$3.7M budgeted, all of which will be allocated to capital, with no remaining amount available for quasi-endowment transfer.

FY18 Budget

The FY18 budget is preliminary at this point, especially as enrollment deadlines are still ahead of us. Tuition and discount are fairly steady from last year, while room and board are up \$1M, resulting in a projected comprehensive fee increase of \$1M. There was discussion about the discount growth, related to strategic decisions the college has made, such as replacing unsubsidized loans with grants and increasing the multi-cultural population, which both impact the discount and net tuition revenue. Gifts are budgeted \$1.7M lower than the FY17 budget, because previous year gifts included large one-time gifts or large gifts-in-kind that cannot be reasonably relied upon. The President's Leadership Team identified and incorporated \$2M of

budget reductions, including some revenue increases, wage and benefit reductions, and expense reductions. Some college-wide expenses are increasing, such as board plan expenses, depreciation, and the elimination of a capital labor allocation that helped the operating budget by charging some facilities labor to capital projects when capital expenses were larger. The preliminary budget includes wage pool increases of 2% + .5% for promotions, which would be pending enrollment outcomes. The budget is currently balanced with \$3.8M of unrestricted net change, \$3.2M of which is allocated to capital and \$600K as contingency or possible quasi-endowment transfer. Future year projections remain challenging, but are still producing net income. Conversations regarding overall benefit packages, financial aid policies and other budget items will need to continue to address future budget challenges.

Capital Budget

Mathews reviewed the overall capital budget allocation process, and indicated current year capital expenditures are anticipated to be approximately \$4M over budget, mostly due to Holland Hall. Mathews also reviewed the new capital budgeting process, where thorough detailed budgets are submitted for each capital project, and prioritized into the future, creating a 6 year capital plan. Large facilities capital projects for FY18 are limited mainly to the landscaping and furniture and fixtures for Holland Hall and code requirements in Mohn Hall, such as fire safety improvements.

The group discussed the intention behind limiting expense growth from exceeding revenue growth in the FY18 budget, and the necessity to continue that trend into the future. The group also discussed how increases in health care costs could also impact future projections.

ANNOUNCEMENTS – None

ADJOURN - Meeting adjourned at 8:55 am.

NEXT MEETING

May 17 at 8:00am in TOH200

Recorded by: Angie Mathews