

St. Olaf College
Budget Advisory Committee Minutes
March 18, 2021 ~ 4:00 pm
Virtual Meeting

Members Present:

Stacey Argabright	Mike Goodson	Ryan Sheppard
Seth Binder	Jan Hanson	Marci Sortor
Sarah Burt	Alissa Jorgensen	Mary Trull
Carly Eichhorst	Michael Kyle	

Members Absent:

None

Staff:

Chris George	Angie Mathews	Mark Gelle
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Call to Order: Hanson called the meeting to order at 4:00 pm. Quorum present.

Approval of Minutes: Minutes from the 3/11/21 meeting were approved.

Discussion Items:

1. CARES II and III Federal Allocations – The College has received notification of being awarded \$3M for Cares II, with \$1M going to students as grants, and \$2M for College use. The College is still awaiting guidance on how those funds can be used and how far the lookback period is. The College has also received unofficial notice that we will receive an additional \$5.5M award that we are calling CARES III. Half of this goes to students again as grants, with the remainder for College use, awaiting guidance on uses.
2. FY21 Year-End Projections – The financials are looking positive entering the last quarter of the year. The College has discussed restoring the retirement and VEBA contributions and is considering year-end bonuses. Hanson indicated technology investments could be considered or might be a good consideration with CARES funding. A recommendation was made to discuss year-end wage recommendations with the FLC. Hanson provided an overview of the areas contributing to the favorable projections, which included better than budgeted comprehensive fee and gift revenue; departments trending under budget due to slowed activities and travel; utility savings; health care savings; and CARES act funding.
3. Staff Term Lengths – Carly Eichhorst will serve the one-year term, Stacey Argabright will serve the two-year term, and Alissa Jorgensen will serve the three-year term. New members will be elected to replace on a three-year term as current terms end.
4. Endowment: Mark Gelle provided some history on the College’s endowment, showing the endowment value of \$27M in FY87, increasing to \$508M in FY20. The contributors of endowment growth were shown, with investments returns, new gifts and reinvestments contributing to the growth, while the amounts allocated for spending to the operating budget reduce the endowment value. The Endowment Oversight Structure was shared, including the Board of Regents, Investment Committee, Staff and Outside Consultants (CornerStone). Gelle shared the difference of permanently restricted endowments, which donors have directed we hold in perpetuity, vs. Quasi-Endowments, which are endowments that the College has discretion to allocate. Financial aid and program support are the largest areas the endowment supports. The College aims for returns from 5-7%, and spends

approximately 4.5%. Gelle explained that the endowment works similar to mutual funds, where each fund has a number of “units” (similar to shares of stock), and the unit values fluctuate as the market goes up and down. The endowment used to support 9.63% of the operating budget in FY12, and now supports 19.5% of the operating budget (over \$20M). Gelle discussed how we changed the reinvesting endowments to spend in September 2020 in order to help support the operating budget as we faced COVID financial challenges, and the extra endowment spend will help cover the interest on the Ole Avenue project in future years.

5. Hanson asked that everyone review and make suggested edits to the BAC Charter document and email her with any comments on the proposed meeting Agenda/Schedule.

NEXT MEETING: March 25, 2021; Agenda Focus: Enrollment

Meeting Adjourned at 5:01 pm.

Recorded by: Angie Mathews