**St. Olaf College**

**Budget Advisory Committee Minutes**

**April 1, 2021 ~ 4:00 pm**

**Virtual Meeting**

Members Present:

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

Members Absent:

|  |  |  |
| --- | --- | --- |
| Marci Sortor |  |  |

Staff:

|  |  |  |
| --- | --- | --- |
| Angie Mathews |  |  |

**Call to Order:** Hanson called the meeting to order at 4:00 pm. Quorum present.

**Approval of Minutes:** Minutes from the 3/25/21 meeting were approved.

**Discussion Items:**

1. Updates – None offered.
2. Communication Plan – The group brainstormed the best way to communicate budget and financial information to the broader St. Olaf community. There was concern on the faculty side of over-disclosing information inadvertently, and uncertainty of what information can be shared with the broader community. A recommendation was made that future slides could be marked with “confidential” if they should not be shared more broadly, as well as presenters verbally indicating if something should remain confidential within the group. For staff communication, it was noted that financial information is hard to convey via emails, so other alternatives should be considered. The OleInsider/OleNotes was discussed as an option to provide updates, although it was noted that people may not use this regularly and the information is filtered to meet individual preferences. Discussion followed regarding having a BAC staff and faculty representative work with the CFO to set agenda items and work on communication plans. There was no resolution regarding an established communication plan. Members were advised to consider options for further discussion at a subsequent meeting.
3. Charter – the Charter approval was put on hold, since it referenced the faculty and staff member working with the CFO to set agenda and communication items, so the wording may need to be re-worked based on the earlier discussion.
4. Operating Budget – Mathews provided a high-level financial overview, details on the components of the operating budget, a summary of the budget process, and a presentation of the preliminary FY21-22 budget. Primary discussion points included:
   1. Expense growing at a greater pace than revenues over the past decade, which will create financial challenges going forward.
   2. Revenues are primarily driven by tuition, room and board fees collected from students, which has remained relatively flat over the past decade. Discussion about how a small fluctuation in number of students and the revenue per student can have a significant impact on the budget (e.g., 20 students at $50K each creates a $1M swing in the budget).
   3. Endowment allocations to the operating budget have significantly increased over the past decade as endowment gifts have grown. Up until COVID, the College had been putting a portion of year-end surpluses into the endowment annually. Most of these surpluses were put into endowments that reinvested in the endowment (meaning the earnings on these surpluses were added back into the endowment, rather allocating/spending the 4.7% to support the operating budget, so the earnings have been compounding within the endowment). When COVID hit, these surplus endowments and certain other unrestricted endowments were set to spend and support the operating budget, rather than reinvesting.
   4. Expense components were discussed, highlighting how wages and benefits are the largest expense in the operating budget. The question was raised if the College has ever considered faculty/staff reductions. It was noted that there were some modest reductions with SRAP, as positions were phased out when people have retired or positions have become vacant. St. Olaf budgets for depreciation expense and sets that cash aside to fund capital projects such as library acquisitions, new faculty start-up expenses, equipment replacements and building renovations.
   5. The budget development process was discussed, highlighting how tuition revenue drives much of the budget. The College strives to have wage increases and competitive benefits, noting that is the largest annual increase to the expense budget each year.
   6. The preliminary FY21-22 budget was shared with the group, noting that it is fluid and will change as assumptions change and as we learn more about enrollment and what to expect with COVID going forward.
   7. The group briefly discussed the current year operating results outperforming budget, which will enable us to make up for some of the lost retirement contributions. The current year-to-date results will be discussed in more detail at the next meeting.

**NEXT MEETING: April 15, 2021;** Agenda Focus: Continued Operating Budget Discussions

**Meeting Adjourned** at 5:00 pm.

Recorded by: Angie Mathews