**St. Olaf College**

**Budget Advisory Committee Minutes**

**April 22, 2021 ~ 4:00 pm**

**Virtual Meeting**

Members Present:

|  |  |  |
| --- | --- | --- |
| Stacey Argabright | Alissa Jorgensen |  |
| Seth Binder | Ryan Sheppard |  |
| Sarah Burt | Marci Sortor |  |
| Carly Eichhorst | Mary Trull |  |

Members Absent:

|  |  |  |
| --- | --- | --- |
| Mike Goodson | Jan Hanson | Michael Kyle |

Staff:

|  |  |  |
| --- | --- | --- |
| Angie Mathews | Chris George |  |

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

**Approval of Minutes:** Minutes from the 4/1/21 and 4/15/21 were approved

**Discussion Items:**

1. Communication Plan – The group discussed that a BAC update communication sent out to faculty and staff on April 20. Eichhorst mentioned that she did receive feedback that it would be helpful to have more visuals and charts in the update, along with the bullets.
2. Faculty terms – The group discussed the decision for faculty terms lengths with Seth Binder serving 1 year, Mary Trull serving 2 years, and Ryan Sheppard serving 3 years. The faculty members of the Committee also recommend reconsidering how the terms are structured in the future, since the terms do not align with the FGC and Faculty Life terms, and the faculty representatives on the BAC are expected to report back to FGC and Faculty Life.
3. Capital Budget – Mathews provided an overview of the capital budget:
* Capital expense = $5,000+ cost with useful life of 5+ years
* Capital funding sources include college funds (allocate a portion of operating surplus equal to 2.5% of unrestricted revenues ~ $3.2M/year, depreciation expense allocated to fund capital projects, Board may allocate additional funds), debt funding, or gift/donor funded. Examples of projects and their combined funding sources were shared.
* Depreciation was explained as the amount our current assets reduce in value each year (total original cost of asset divided by the expected life of the asset to calculate annual depreciation/reduced value). We set aside the depreciation expense into the capital fund to keep up on our deferred maintenance and to reinvest into capital.
* Standard annual capital allocations are approximately $4.9M to replace/maintain equipment. The remaining funding available is then prioritized for other larger projects on a 6 year physical development plan. Projects need justification and are reviewed and prioritized by a group of individuals from the Provost’s Office, IT, Facilities and the Finance Office. The Board of Regents ultimately approves the capital budget.
* Capital project budget to actuals are monitored and reported on a monthly basis.
* There was discussion about how we sit in comparison to peers relating to capital funding. Our priority to invest the 2.5% of operating revenue into capital is not standard practice among peers, and we are lucky to allocate depreciation to fund capital expenditures, which most institutions do not do. It may be worthwhile to look at the facilities condition index or other capital benchmarks compared with peer institutions.

**UPCOMING MEETINGS:**

* **April 29, 2021**- Visioning Task Force Update
* **May 6, 2021-** **NO meeting, Board of Regents Meeting**
* **May 13, 2021-** Emerging/LT Trends, Existing Strategic Plan, Annual Plan Outcomes Report
* **May 20, 2021-** Philosophies for Year-End Positive Results, Contingency, and Compensation
* **May 27, 2021-** Aspirational Budget Group Discussion and Summer Communication Plan

**Meeting Adjourned** at 4:40 pm.

Recorded by: Angie Mathews