**St. Olaf College**

**Budget Advisory Committee Minutes**

**May 20, 2021 ~ 4:00 pm**

**Virtual Meeting**

Members Present:

|  |  |  |
| --- | --- | --- |
| Seth Binder | Mike Goodson | Ryan Sheppard |
| Sarah Burt | Jan Hanson | Marci Sortor |
| Filip Dusek | Alissa Jorgensen |  |
| Carly Eichhorst | Michael Kyle |  |

Members Absent:

|  |  |  |
| --- | --- | --- |
| Stacey Argabright | Mary Trull |  |
|  |  |  |

Staff & Others:

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| --- | --- | --- |
| Angie Mathews | Chris George | John Raitt, Finance Committee Chair |

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

**Approval of Minutes:** Minutes from the 5/13/21 were approved.

**Discussion Items:**

1. Remarks from John Raitt, Chair of Finance Committee & Member of Visioning Task Force: Raitt noted that the Task Force is charged with looking forward over the next 10 years at potential changes in the landscape, and threats and opportunities for our institution. They are looking in broad terms at strategic visioning for the future. Challenges discussed include slow growth in net tuition revenue, the reduction in number of high school graduations and growing need. Revenue growth is projected to be slower than expense growth, creating a wedge that is growing. The Task Force acknowledges that it is difficult to address this challenge with incremental changes, and that we need to make some transformational changes. The Task Force is looking at financial recommendations and repositioning recommendations to better serve the students and improve our market position to be more relevant. The Task Force is looking to emphasize our strength of developing the whole person and continue to build on our strength of being an inclusive community with Lutheran tradition. The Task Force thinks there could be opportunities to collaborate with nearby communities or corporations, such as Mayo, to enhance our education. The Task Force is also looking at improving our ratings to improve our market position. Other questions they are considering include: We meet full financial need – are there other ways to do this that might be less expensive? How can we use technology to make us more efficient? We need to understand profitability of our different programs to be intentional about our program offerings to grow the programs that the students want the most, and trimming the programs without as high demand. The Task Force is not charged with implementing the changes, but will make recommendations for Administration and Faculty to consider implementing.
2. Philosophies for Year-End Positive Results, Contingency, and Compensation
   * ***Current philosophy for year-end results:*** The current philosophy is to set aside 2.5% of revenues for capital enhancements, with remaining net revenue amounts budgeted as contingency. If the contingency is not used, it is typically moved to quasi-endowment at year-end to reinvest.
   * ***Compensation:*** Mike Goodson talked our current compensation philosophy includes across the board increases, where it might be worth considering pay increases based on performance. He also indicated there is old compensation philosophy on the website that we are in the process of updating.
   * ***Alternatives discussed for year-end positive results:*** The group discussed other alternatives for allocating the year-end one-time net income, which could include items such as enhancing DE&I efforts, retention and student thriving, acquisitions of software. The point was raised that the one-time income could become on-going support when put into the endowment. Another point was that investing in shared services and technology could minimize our administrative footprint and reduce staffing costs. It was also noted that we could considering investing year-end surpluses in a venture capitalist model where we test various opportunities for $5K-10K to figure out what does gain traction.
   * ***Contingency:*** We have had minimal contingencies built in recently, but it would be nice to have a larger contingency built in for things like high utility costs, health costs, etc. We have the CARES III funding as contingency next year, but do have an enrollment gap that we are working to close over the summer.
3. Closing Thoughts/Announcements: It was very nice to hear from a Board member and get their perspective.

**UPCOMING MEETINGS:**

* **May 27, 2021-** Aspirational Budget Group Discussion and Summer Communication Plan

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

Recorded by: Angie Mathews