

SRAP Update: November 6, 2018

Dear Colleagues,

Last week I provided a written report on the SRAP progress to the faculty as part of their faculty meeting materials. Today I'm sharing that report with College staff.

Target Action Groups – The TAG team [website](#) is now live and contains summaries of the charges and expectations of each group. Each of the TAG teams has begun to meet and plan their work schedule. As part of their work, TAG members will confer with appropriate governance entities (e.g., relevant standing faculty committees) when potential recommendations invoke principles of shared governance. TAG project members welcome input from any colleague in the St. Olaf community. You can contact the manager(s) of the team directly, as listed on [TAG Team Charges](#), to provide information, share recommendations or concerns, or arrange to meet with the TAG team of interest. TAG research findings and recommendations will be submitted to the SRAP Steering Committee. The Steering Committee will share their recommendations with the President's Leadership Team (PLT), which will advise on next steps. The Steering Committee will confer as needed with affected offices and individuals to plan for the implementation of the recommendations.

How will SRAP decisions be communicated to the College community? If there are decisions made regarding FTE shifts when will the community know? As SRAP decisions are finalized they will be shared with the community via an appropriate mechanism. A number of decisions have already been made that have been shared via SRAP email updates. Those decisions were incorporated into the budget development process resulting in the approved FY18-19 budget that was approved at the October Board of Regents meeting. In those instances where decisions impacted individual offices and operations, the staff in those areas were brought into the conversations before any campus-wide announcements were made. That practice will continue throughout this SRAP process. There will be no “big bang” announcements or gatherings at which offices or individuals are first hearing about decisions impacting their areas. The Provost will be calling on her leadership team and existing governance processes to inform the academic units of potential changes. The PLT members will be consulting their various teams regarding implementation plans as SRAP decisions are made.

SRAP Fatigue – When will we be done? The College continues to experience a modest revenue growth rate. Here's a chart that shows our revenue history (*in 1000's*) over the past five years:

FY14	FY15	FY16	FY17	FY18	FY19 Budget
\$128,336	\$127,054	\$128,596	\$129,549	\$130,063	\$130,774

This represents an increase of just over \$2.4 million, or less than 2%. We will continue to be a tuition driven institution. As competition for new students continues to escalate, the ability to generate additional tuition revenue is challenged.

Here are the College's expenditures during that same timeframe:

FY14	FY15	FY16	FY17	FY18	FY19 Budget
\$117,427	\$117,458	\$122,700	\$123,578	\$122,286	\$125,508

Our expenditure pattern represents an increase of just over \$8 million, or approximately 6.9%. These charts represent some significant margins in the earlier years that were invested in the endowment. As we factor in the strategic commitment to capital enhancements of roughly \$3.2 million each year to maintain our buildings and mitigate deferred maintenance, and the need for a \$2 million contingency amount that could be used to meet an unexpected increase in expenditures or an unanticipated decrease in revenues, these margins begin to tighten up and become unsustainable into the future. The FY19 budget contains a contingency of less than \$400,000. Current modeling shows the College beginning to experience negative unrestricted net revenue in FY2021.

While we want to be thoughtful and strategic in our SRAP decisions, we do need to bring SRAP to conclusion. There was significant research and data gathering accomplished last year which is being considered in this next phase. We're asking the TAG teams to conclude their work by the beginning of second semester; the Steering Committee will be making its final recommendations based on TAG Team work and review group input shortly thereafter; the GE recommendations will be made this year. We've identified almost \$3 million of additional revenue or cost reductions to date; the SRAP goal was \$5-\$8 million. We've gathered data, we've analyzed the data and are refining that analysis in order to make final recommendations. It's up to all of us to forge ahead, make informed decisions to serve our students, envision what's possible for St. Olaf, and continue to uphold St. Olaf's academic reputation into the future.

Regards,
Jan

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