

Minutes from the November 4, 2008 Meeting of the Budget Steering Committee

Present: Seth Allen, Elena Bernal, Nancy Combs, Houston Dougharty, Kathryn Jacobson, John Kalkbrenner, Leslie Gregg-Jolly, Alisha Mehta, Mickey Munley, Mark Schneider, Susan Schoen, Kathleen Skerrett, Paula Smith, Marci Sortor, Karen Voss, Greg Wallace, and Emily Wax.

Marci Sortor called the meeting to order at 4:03 p.m. central time.

Minutes

The Committee approved the minutes of the meeting of October 10, 2008, with the following change (in bold print): “ . . . that the College will remain cautious budgetarily by delaying discretionary capital expenditures; not immediately filling all vacant staff positions; not adding any new positions, and putting a hold on planned capital projects. ”

FY2009 Budget Update

Marci Sortor reported on the current budget outlook to date. Revenues and expenditures are currently in line with the budget, but she cautioned that the coming months are still in question. Efforts are being made to find areas of savings in the budget such as postponing some special projects. Ms. Sortor urged budget managers to bring forward any unbudgeted expenditures which may arise in the remaining months of the current fiscal year, in order to discuss the issue and gauge their appropriateness. Karen Voss noted that she continues to monitor the cost of utilities and the financial aid situation. Discussion ensued.

FY2010 Budget Planning

Marci Sortor stated that the academic subcommittee has begun to review requests for term faculty positions, and that both committees will soon begin their work of sorting through the budget requests in detail. She commended those groups for their careful work on what is their most important task in the budget steering process. She also directed the Committee to the letter from the Stanford University President and Provost which had been distributed and commented on its instructive quality with regard to the current economic volatility and the financial health of institutions of higher education, including Grinnell.

Budget Priorities

Ms. Sortor stated that during these unstable economic times, and because we can't control or predict the market movements, as an institution of higher learning we need to control our expenditures. In regard to endowment spending, she reiterated the two guiding principles, required by the Board of Trustees, on which the operating budget is developed: contributing no more than 4% of the 12-quarter rolling average of the value of the endowment to the operating budget, and a “collar” limiting the annual increase in the endowments' contribution to the operating budget by no

more than 5%. She explained that a trustee-sanctioned exception to the 5% collar was made in the case of the FY 2009 budget to accommodate the adoption of the new lower loan cap and the continued implementation of the Strategic Plan initiatives. She explained that this year, we need to try to budget for no increase in the endowment's contribution to the operating budget.

Karen Voss distributed a list of preliminary assumptions for the FY 2010 budget model from which she arrived at a budget deficit to date of a little over \$5 million. Not all of the budget requests had been factored into this list nor have any changes in the requests for term faculty. In light of this significant budget shortfall, Marci Sortor asked the Committee for suggestions in helping think about institutional priorities that the budget must continue to address and areas where reductions could be realized. A lively discussion ensued.

The meeting was adjourned at 5:19 p.m.

Respectfully submitted,

Susan M. Schoen

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