

Rosary Finance Committee Meeting Minutes – March 21, 2023

In Attendance: Rob Hoertz, Shawna Pautsch, Dave Bigley, Tom Meyer, Anthony Jung, Jim Welch, Rick Price

Absent: Emily Egkan, Rob Curry

Shawna provided an update regarding the Director of Business Operations position. Steve Ruzsak will stay employed until June 30, 2023. A new job description has been posted and resumes are being received and reviewed. Shawna will start interviews in the near future. It is anticipated that the new-hire will start prior to Steve's departure so that he can assist in the training and transition.

2023/2024 budget – The remainder of the meeting was focused on the draft 2023/2024 budget. Shawna reported that a meeting with the Diocese has been scheduled for March 28 to review the draft and confirm the new tuition amount.

Shawna indicated that she and her team have been working on current year-end projections in order to develop next year's budget. Current projections for 2022/2023 indicate a negative \$713k deficit and a negative \$1.1m cash flow.

Next year's Freshman enrollment is expected to be in the 120-122 range (compared to 124 in the current year) for a total enrollment of 445 (including anticipated attrition) – no decrease/increase year over year. Financial aid requests have increased significantly and tuition has been budgeted to increase by 3.5%. Total Financial Aid has increased \$310k in the draft budget. Including a 5% average salary increase and 8.3% operating expense increase, the draft 2023/2024 budget indicates a negative \$944k deficit and a negative \$739k cash flow.

The Committee expressed deep concern with this draft budget as it projects to put Rosary in a perilous position from a savings/reserve perspective. Coupled with this year's large projected cash flow loss (\$1.1m), projections for total cash savings/reserves will be approximately \$3.5m, the lowest it has been since 2018/2019.

Discussion was held and ideas/recommendations were made as to how to improve the budget bottom line projections. These included:

- Reducing the size of remaining Financial Aid grants
- Increasing fundraising
- Seeking approval from the Diocese to lower the salary increases for faculty
- Implementing 'flat' salary increases for staff – not faculty - (as opposed to percentage increases)
- Increasing the Diocesan financial aid contribution
- Reducing employee headcount
- Eliminating capital expenditures
- Reducing assumed attrition

- Creating a ‘bottoms-up’ operating expense budget that uses department heads’ input (as opposed to using last year’s actuals with typical year-over-year increases) thereby reducing the 8.3% projected increase

The Committee was looking to drive the anticipated loss for 2023/2024 to a negative \$250k cash flow deficit, which was what the multi-year modeling previously demonstrated. This modeling included a recommended bottom line expense (cash use of \$10,872,000) forecast that the Committee strongly recommends be reviewed again to see if it is achievable.

Shawna and Steve will meet with the department heads to see what changes/reductions can be made. A new draft will be presented after that (and before the Diocese meeting on 3/28/23).

Next meeting: The next Finance Committee meeting is scheduled for **Tuesday, May 16, 2023** at **4:30 pm** and will be conducted in person at Rosary.