

## Benefits Committee 2001-2002 Annual Report

Date: May 28, 2002

The Benefits Committee met eight (8) times during the 2001-2002 academic/fiscal year. It would be fair to suggest that although the year began relatively quietly, it concluded in the midst of a fair amount of activity. The following reflect some of the more important activities the committee addressed:

**Benefits Coverage:** Skidmore benefits plans remained relatively unchanged during 2001-2002, and continued to provide a similar level of coverage as in the prior year. The Committee reviewed plans for what appeared to be a very successful "Benefits Fair" held on November 13 at the Sports and Recreation Center, as well as matters relating to the annual "open enrollment period" in November.

**Benefits Costs:** Unfortunately, while benefits coverage in FY 2002 was consistent with the prior year, benefits costs continued to spiral. For the fiscal year ending 2002, total benefit costs are projected to be \$14.5 million, representing 18% of the entire operating budget. This represents a 10.7% increase from the prior year. Benefits now represent, on average, 40% of wage and salary expense. Indeed, since 1990, total benefits expense has grown at an average annual rate of almost 9%. The brief summary below details some of the key parameters of trends in the growth of benefits costs (dollars in millions):

	1990	2001	2002	% Inc from 2001	Aver Annual Inc from 1990
Social Security	1.6	2.7	2.9	7.4%	6.8%
Retirement Plans	2.2	3.8	4.1	7.9%	7.2%
Health Insurance	1.9	4.7	5.3	12.8%	14.9%
Tuition Benefit	0.8	1.1	1.4	27.3%	6.2%
Other (Disability, etc.)	0.5	0.8	0.8	0.0%	5.0%
Total	7.0	13.1	14.5	10.7%	8.9%
Salary and Wages	21.2	34.9	36.1	3.4%	5.9%
% of Salary and Wages	33%	38%	40%		
Overall Op Budget	44.0	76.1	80.3	5.5%	6.9%
% of Overall Op Budget	16%	17%	18%		

It should be noted that these increases are quite consistent with nationwide trends in benefit costs, particularly health insurance costs, experienced in almost every sort of institution and enterprise. Skidmore is simply no exception to the prevailing trends, despite our best efforts to control and manage the rates of increase. Nor is there any indication that such trends will abate in the foreseeable future. Thus, both current and future increases in benefit costs continue to be of concern to both the Benefits Committee and FPPC. This year, however, benefits costs also received increased scrutiny from the Board of Trustees. At the February Board Meetings, the Budget and Finance Committee suggested, and the full Board agreed, that the Benefits Committee should concern itself anew with the issue of benefits costs.

**Benefits Task Force:** In attending to our own, and the Board's, concerns, the Committee met with the FPPC on April 18 to discuss FPPC's suggestion that a "benefits study" be conducted by a specially assembled "task force" rather than the existing Benefits Committee. Although there were some concerns about the use of another "ad-hoc" group outside the formal governance structure of the college, the Benefits Committee did concur that creating a benefits task force was probably the most sensible approach. Our reasoning was based upon the heavy time demands that will be placed upon this working group, the necessity to work through (probably) two

summers to develop final recommendations, and the belief that the subject under review lies at the intersection of primary concerns of both the Benefits Committee and the FPPC (and will include 3 representatives from Benefits Committee). Given that such a task force will also report on an interim and final basis to the Benefits Committee, we feel that we will have sufficient voice in this process. Additionally, the committee also felt strongly that any such task force should have equal representation (and voting) for each campus constituency: faculty, support staff, and administrative/professional. Finally, the committee felt that the creation of this task force should be accomplished in consultation with CFG. All of these sentiments were communicated to President Studley, by memo, in May. As of the date of this report, the Committee is poised to participate in this benefits review in whatever form it may take.

**Constituency Questions:** The Committee attempted to address a number of issues brought to us by members of the campus community. Those that fell within our purview include the following:

\* **Post-Retirement Health Benefits:** The committee received inquiries from three members of the campus community who do not qualify for post-retirement health benefits if they take early retirement. In effect, they asked that the committee review again the "Rule of 62" formula that went into effect in January, 1995, establishing criteria for being "grandfathered" into post-retirement health benefits at age 55. Although the committee was very sympathetic to their circumstances, it did not think it appropriate to attempt to overturn a "rule" that the Benefits Committee itself had endorsed over eight years ago, and only after a lengthy, contentious, campus-wide debate.

\* **Preventative Checkups, Colonoscopies, Dexascans and Other Procedures:** Several community members contacted the committee to suggest that it consider recommending that certain preventative procedures and physical examinations be covered under the college's self-insured indemnity plan (APA Partners). The logic was that this would encourage employees to have necessary tests done that would provide early indications of potential health risks/problems. The committee discussed these suggestions, particularly in light of the fact that under the flexible benefits package, employees have the option to choose either an HMO or the indemnity plan: two options that are considerably different. They may choose to join an HMO that would typically cover the cost of such preventative services, or join Skidmore's self-insurance plan (APA), which (generally) does not. In the short term, the committee asked Kathy Carter to insure that the literature distributed in connection with the open enrollment period for benefits emphasize to employees the differences between the indemnity and HMO plans, so that they could better choose the plan most appropriate for them. In the longer term, the committee expects such coverage questions to be evaluated as a part of the overall benefits review now in the planning stages.

**Long-Term Care Insurance:** The committee discussed the possibility of offering employees the opportunity to purchase long-term care insurance at group rates. As envisioned by the committee, the college would not cover any portion of the cost; rather, employees would be afforded the advantage of buying such insurance at group rates that are lower than those available to individuals. After discussion, and a presentation by CNA on their long-term care plan, the committee was very inclined to move affirmatively on this. However, in order to be duly diligent, the committee has asked Kathy Carter to evaluate other available plans, and their costs. The committee expects to take this up again in the Fall, with the hope that this insurance option may be offered to the community beginning in January 2003.

Finally, we are also very pleased to note that the incoming Chair for 2002-2003 is Lori Parks from the Campus Safety Department.

2001-2002 Benefits Committee Membership

Kathy Carter Non-Voting  
Mike Hall Non-Voting

Professional/Administrative  
Barbara Beck Voting  
Glen Egelman (2004) Voting  
Chuck Joseph Voting

Faculty  
David Atkatz (for Patricia Colby-2004) Voting  
Jim Kennelly-Chair (2003) Voting  
Denise Smith (2002) Voting

Support Staff  
Lorraine Bittel (2002) Voting  
Lori Parks (2004) Voting  
Anne Petruzzelli (2003) Voting

#### 2002-2003 Benefits Committee Membership

Kathy Carter Non-Voting  
Mike Hall (or TBD) Non-Voting

Professional/Administrative  
Barbara Beck Voting  
Glen Egelman (2004) Voting  
Chuck Joseph Voting

Faculty  
Patricia Colby (2004) Voting  
Jim Kennelly (2003) Voting  
Margo Mensing (2005) Voting

Support Staff  
TBD (2005) Voting  
Lori Parks (2004) Voting  
Anne Petruzzelli (2003) Voting