

FROM: Margo Mensing
Chair, Benefits Committee

RE: Annual Report 2003-2004

DATE: June 1, 2004

Benefits Committee met 27 times between June 2003 and May 2004. The Committee began this calendar year as a subcommittee of FPPC. Since BC reports to Financial Planning and Policy Committee and FPPC was disbanded by Faculty vote in Spring 2004, BC ended the year under no direct college governing body.

Benefits Committee's challenge to find substantial ways and means to reduce spending began in 2002-2003. Research results from Segal Sibson and the Committee's findings aided the decision making process for 2003-2004. During the current year the Committee debated a large number of measures for reducing benefits costs through reviews of spending for health care for active and retiree employees, retirement, and tuition benefits. The report that follows is a general summary. The minutes for this year are available in Human Resources for review by interested members of the Skidmore community.

SUMMARY OF ACTIVITIES:

June 9, 2003 Chuck Joseph, Acting VP for Academic Affairs and Dean of the Faculty, sent BC a memo asking the Committee to identify areas for savings amounting to \$3-3.5 million dollars per year by 2008. During the summer BC met five times to consider changes to non-union (EE) employees benefits to reduce the College's costs aimed at alleviating a deficit. During the previous year BC had recommended that beginning in 01/04 all EE contribute on average 6.25% of the cost of their health plan according to a progressive scale ranging from 2.25-14.75% of the lowest to highest salary bands. President Glotzbach met with the Committee on 8/8/03 and agreed with the 6.25% but rejected BC's range of contribution percentages across salary bands. He changed that range to 4-12%. President's Staff recommended this measure to the BOT in October. The Committee also recommended an average of 15% in 2005 and a 20-25% average cost sharing in 2006, depending on budgetary needs as determined by the President

Membership of the Committee was another focus during spring and summer 2003. A member of the Committee questioned the appropriateness of the appointment of the Director of CITS and Chief Technology Officer rather than the Director of Financial Planning and Budgeting since the Faculty Handbook states "or an appropriate alternate chosen by the office of business affairs" as resource person. In a compromise measure Mike Hall, Director of Financial Planning and Budgeting, began attending meetings in February 2003. Since Bret Ingerman, Director of CITS and Chief Technology Officer, continued to attend meetings, this resulted in two non-voting, resource persons for one position. This was resolved in August when Karl Broekhuizen accepted Bret Ingerman's resignation.

During September the Committee concentrated on communicating to and with the Skidmore community on recommended and potential changes to benefits. Members of the Committee discussed each of the recommended changes at the two open meetings. Mike Hall prepared the materials for presentation and then made this data available on the Benefits web page.

Mehmet Odekon, Chair, FPPC, attended the 10/8 meeting and requested information for FPPC. BC reported to FPPC on 01/29/04 on Health Care Contributions (Active Employee, Non-union Plans); Retirement plan contributions (Non-union); time table for considering future changes; and relations between BC and FPPC. This document is available in FPPC files.

October through December were consumed with continuing deliberations on possible further reductions to benefits, in particular reductions to retirement and a discussion of tuition benefits. The Committee voted to recommend a 1% decrease in the College's contribution to the retirement plan for 2004-2005. The Committee also recommended the College review the budget needs prior to implementing any additional reductions. In the event additional reductions are deemed necessary the Committee recommended an additional 1/2% on June 1, 2006, and an additional 1/4% on June 1, 2007. No changes were made to tuition benefits. We discussed a

recommendation that spouses of Skidmore employees who are employed with institutions who provide health insurance must take insurance through their employers' plans. Segal later reviewed this measure and raised concerns about such a policy. In a formal vote, the Committee did not make the recommendation but agreed that the issue merits further study.

Meetings during spring semester focused on three presentations by the Segal Sibson team for a new Preferred Provider Plan (PPO) design to deliver health insurance. The new PPO would replace Skidmore's current indemnity plan with the selection of a new administrator for that plan. Segal presented its recommendations for the new PPO plan on January 29. Major cost savings will result from changes from a hybrid PPO to a "true" PPO with clearly specified network and non-network providers. Two clear differences in the new PPO will be: 1) Substantial offerings to provide wellness; and 2) a clear division between network and non-network providers. Using network providers will cost much less than using non-network providers. Segal sent requests for proposals (RFPs) to twenty vendors; fourteen responded with positive intent.

March 8 Segal returned with results, especially the promising news of approximate savings from \$195,000 to \$570,000 by switching to a PPO plan design. Using Segal's analysis, BC selected MVP and Blue Shield of Northeastern NY as the two finalists.

Segal Simpson returned on April 14 with research results for these two vendors. Benefits Committee recommended Blue Shield of Northeastern NY to be Skidmore's PPO beginning 01/05.

RECOMMENDATIONS FOR FUTURE STRUCTURE OF BENEFITS COMMITTEE

BC's final action this year is the following recommendation to the Committee on Faculty Governance:

Given the elimination of FPPC and the productive results of our work over the course of the last two years, a majority of members voted to recommend that the Benefits Committee as presently structured be disbanded. For the year of 2004-2005 the majority recommended that the members of BC with continuing terms plus two incoming members serve as a special task force. While most of the research and consultation BC intended to carry out during its recent review has been completed, there are still a small number of critical and complex decisions to make. This body will advise staff in Human Resources and Business Affairs when such parties identify the need for such input. This group is a fitting task force for such consultation because it has learned so much about the various issues related to benefits.

After 2004-2005 when need requires a significant review, as there has been these last two years, the President would appoint a temporary Benefits Task Force in consultation with the Committee on Faculty Governance. Members voting against this recommendation stated that they believe the Committee serves a valuable function for three college constituencies as it is presently constituted.

CONCLUSION

I thank every member of Benefits Committee. Our meetings were many and long and we struggled with complex issues, always striving to achieve minimum impact directed toward those who can least afford out-of-pocket increases. I thank especially Barbara Beck, Kathy Carter, and Mike Hall for their efforts in helping the rest of us understand these complicated issues and choices.

Committee Membership 2003-2004

Margo Mensing Chair, Faculty

Barbara Beck Admin-Prof

John Brueggemann Admin-Prof

Rebecca Burnham Support Staff

Kathy Carter Admin-Prof-non-voting

Roberta Chramoff Support Staff

Glenn Egelman Admin-Prof

Mary Ellen Fischer Retiree Representative

Mike Hall Admin-Prof-non-voting

Reg Lilly Faculty

Lori Parks Support Staff

Margaret Pearson Faculty

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Kathy Carter Admin-Prof-non-voting

Roberta Chramoff Support Staff

Mary Ellen Fischer Retiree Representative

Deb Hall Faculty

Mike Hall Admin-Prof-non-voting

Margo Mensing Faculty

Linda Vargha Faculty