"ATTACHMENT D"

Report from Michael West, Vice President for Finance and Administration and Treasurer, as presented at the November 2 Faculty Meeting:

The Budget and Finance Committee reviewed the Operating Budget results for fiscal 2007, which were moderately strong with revenues exceeding expenditures by $2.95 million, or 2.6 percent. These results were better than expected due to good investment performance, lower than expected financial aid expenditures, very strong auxiliary income, savings on utilities as the result of a warmer-than-average winter last year, relatively favorable energy prices-to-budget at that time, and departments overall staying within budgets. Vice President West thanked the Chairs, faculty and staff for their efforts in staying within their budgets. The College also had net revenues from over-enrollment of $1.5 million, with approximately sixty more students on campus than planned.

The Committee was updated on early projections for the operating budget for fiscal year 2008, said report stated that the College is on track for the current year in most respects. Over-enrollment looks to be in line with projections, at approximately forty students. Current financial aid awards are projected to exceed budget by $.5 million, or two percent, attributed primarily to the needs of the first-year class. This cost will be covered in the short term by projected over-enrollment revenues of $1.1 million. The College also expects slightly better revenues from auxiliary income (the dining hall) with, to date, greater-than-expected participation in meal plans from those that live in apartments and those who commute to campus. All other items, including utility costs, appear to be on target.

The next item discussed was an update on the Infrastructure Committee meeting held earlier. The Committee recommended the continuation of the practice of the past several years of providing early release funds for certain major construction projects planned for the summer. This practice aids in planning and securing better bid pricing when done in advance. As has been the practice in the past several years, the College is planning renovation of one residence hall in the summer; namely, Wilmarth Hall, at an estimated cost of $1.4 million. Work on Wilmarth includes the installation of sprinkler systems, improved fire protection, new furniture, renovations of bathrooms, and other necessary repairs. This work was planned with the Office of Residence Life, and Special Programs, and is supported by those offices. The Budget and Finance Committee supported the Infrastructure Committee's work on this item. The College is also working on a plan for the summer of 2009 to explore the possibility of renovating two residence halls which could be complicated by the impact to Summer Special Programs.

The Committee also heard a report from the Audit Committee and accepted that report. In essence, an unqualified (a clean) opinion was received, and there were no findings for the purposes of a management letter. There were no findings in a separate audit with respect to federal funds, particularly financial aid. The Board had a review of “preferred lending practices” at the College in view of the Attorney General’s efforts on this topic, and there were also no findings in this area.

The Committee also was updated on the Zankel Music Center project and the status of the sale of Moore Hall.

The Committee heard a report on retiree health. Vice President West then presented a PowerPoint presentation on facts and figures of the Colleges financial picture regarding retiree health care benefits. The report can be found online at the Institutional Policy and Planning Committee (IPPC) web site at: http://cms.skidmore.edu/IPPC/retiree-health-care.cfm. Peer institution comparisons can also be found online at: http://cms.skidmore.edu/IPPC/upload/FAS.pdf. Overall, the expense for retiree health care benefits each year are considerably higher than at other institutions. Skidmore’s projected actuarial liability is significantly larger than all of the other institutions when compared to respective endowments. For fiscal year 2007 (as of May 31, 2007), Skidmore’s liability is $34.2 million and the market value of Skidmore’s endowment at that date was $287 million. With respect to retiree health care, the IPPC continues to review the various Skidmore employee benefit plans. The committee recognizes that any proposed changes should remain current and competitive within these areas in order to recruit and hire new faculty and staff as well as contribute to retention of existing employees. The IPPC also reviewed the annual operating expenses as well as the balance sheet liability for the plan. Current available data from peer institutions has also been analyzed with regard to types of plans, eligibility, co-pays, cost-sharing and deductibles, College subsidies, and spousal participation. The College continues to explore alternatives to reduce costs. Those discussions include grand parenting employees hired before April 1, 1999, or thereabouts, and possibly not offering this plan to future hires. The College is also considering for current employees hired after April 1, 1999, or thereabouts, alternatives such as deferring to a less-attractive option (for employees) regarding some form of cost sharing. At this time no recommendations or decisions have been made by the IPPC or the IPPC subcommittee. A recommendation is scheduled to be completed by the end of the current fiscal year, May 31, 2008. Various concerns regarding changes have been raised, and more meetings have been scheduled to further discuss these difficult issues which will soon have to be addressed.