

INSTITUTIONAL POLICY AND PLANNING COMMITTEE

MEETING MINUTES

December 19, 2014

10:30 am

PRESENT: President Philip A. Glotzbach, Chair; Natalie Taylor, Vice Chair; Mary Lou W. Bates; Addison Bennett '16; Joerg Bibow; Beau Breslin; Paul Calhoun; Rochelle Calhoun; Bill Duffy; Timothy Harper; Samuel Harris '15; Karen Kellogg; Wendy Kercull; Kathy Kinnin; William Lewis; Ting Li; Dan Nathan; Mehmet Odekon; Kelley Patton-Ostrander; Monique Smith; Joseph Stankovich; Michael West; and Joshua C. Woodfork.

ABSENT: Michael Casey; Viviana Rangil.

1. Approval of Minutes from December 5, 2014

The Minutes of the December 5, 2014 meeting were approved.

2. Welcome Spring 2015 IPPC Members

Professor Mehmet Odekon joined the meeting, as his teaching conflict with IPPC meetings was resolved because of the end of the classes for the fall semester. Professor Ting Li, another member of the Faculty Executive Committee (FEC), filled-in for Professor Odekon on IPPC for Fall 2014. Professors Dan Nathan and Barbara Black are serving as sabbatical replacements for Professor Tim Harper and Natalie Taylor and will fill their seats for the Spring 2015 semester on IPPC.

3. Update on SEIU Pension Fund Settlement

President Glotzbach reminded IPPC that our employees who were members of the SEIU union (Service Employees International Union) voted this year to be represented by a new union. Our employees had a pension and health plan with SEIU and when the employees voted in favor of the new union the College was assessed a significant liability from the SEIU pension plan. This plan had for several years been in "Red" status, with significant unfunded liabilities associated with the management of the fund by SEIU.

Vice President Michael West explained that in FY '13 we received notification that our liability was estimated at \$4.2 million, and then in FY '14 we were notified that it was revised to \$3.6 million, which we recorded as a liability in our financial statements and budget reports. Recently, the College received an "invoice" from SEIU with a further revised amount due of \$2.5 million, which means that we have a favorable number to our prior accrual of \$1.1 million. The College under ERISA and federal law is legally responsible for this liability. The College was unable to obtain a formal "settlement agreement," but we are pleased that this liability was less than what we had been notified earlier. The College believes that the matter is now closed. President Glotzbach noted that a decision on any unallocated remaining budgeted funds will be discussed by President's Cabinet and then the matter will also return to IPPC.

4. Minimum Wage

The IPPC Budget and Finance Subcommittee reviewed the request for increasing student employee's wage salaries for those who are currently being paid less than minimum wage, as is allowed under New York State law. In analyzing our peer's student compensation practices, the Subcommittee determined that most do pay the minimum wage, although they are not legally obligated to do so. Given that Skidmore is committed to paying market wages, the Subcommittee recommends that College, as of January 1st, increase pay to the minimum wage. The Subcommittee and the President's Cabinet recommend this increase. SGA President Addison Bennett voiced his appreciation of the recommendation. Motions coming forward from a subcommittee do not require a second; therefore, the motion came to a vote. There was no further discussion. The motion passed unanimously. Accordingly, the College will increase student workers' pay to current New York State minimum wage standards beginning January 1, 2015. President Glotzbach let the committee know he would announce this change in his "welcome to second semester" communication, but that students were able to share this news with their peers.

5. Budget Update FY '16

Vice President West reviewed the process for the Operating Budget for FY '16, which includes the last IPPC meeting's discussion regarding financial aid; the IPPC Budget and Finance Subcommittee's reviewing the key budget parameters; discussion and answering questions during this IPPC meeting; seeking approval of major budget parameters from the IPPC in January; seeking approval of the key budget parameters at the January Budget Workshop meeting of the Trustees and February Board of Trustees meeting; and then a vote on the FY '16 Operating Budget during the May Board of Trustees meeting. Vice President West reviewed our ranking by the College Board on the comprehensive fee, and our peer group. He explained that two key factors of our budgeting process include setting our tuition rate and setting our financial aid discount rate. The proposed Key Budget Assumptions include a 3.5% increase in tuition and fees, along with an increase in financial aid of 6.2%, so the internal financial aid discount rate is assumed to increase approximately 1%. The net tuition increase with these assumptions is 1.8%. President Glotzbach mentioned that our internal discount rate will be approximately 39.5% as planned, which will potentially likely pose some challenges to the Admissions and Financial Aid offers to accepted candidates for admission to the Class of 2019.

In response to IPPC members' questions, other budget-related information was discussed. Skidmore's continued historic significant increases in financial aid are not in the long-term believed to be sustainable, so this needs to be carefully managed. President Glotzbach noted that we manage well our comprehensive fee and our compensation for faculty and staff, but that our financial aid discount rate is not able to be managed in the same way. The College is currently not projecting student over-enrollment for next year. We are trying to achieve around 40% of our class enrolled through early decision. In recent years, we have had an enrollment model where approximately 42% of the entering class would be on grant assistance, while the current first-year class came in at 47% on grant assistance. The proposed key budget parameter concerning the discount rate means that we are planning to

bring in a class with only 38% on grant assistance. The smaller class target will likely help in controlling the increase in the internal financial aid discount rate. We are budgeting for 2,330 net fiscal enrollment. The proposed 3.5% increase moves tuition and fees from \$59,942 to \$62,042.

Vice President West reviewed the other Key Budget Assumptions including: net fiscal enrollment, tuition increase, financial aid, annual giving, endowment return, spending rate, endowment gifts, endowment take out rate, endowment income with the campaign funding support, the general salary adjustment, and market and equity pool increases for certain employees, as well as a new proposed employer contribution to dental, services and supplies, transfers to plant, new initiatives, and new additional debt service funding to help finance the Center for Integrated Sciences.

For FY '15, we are projecting that our revenues exceed our expenditures. We also continue to project significant over enrollment net revenues. It is believed that we will have increased revenues from other investments, some savings in benefits this year and we are substantially at this time protecting our contingency.

For FY '16, we are proposing a new employer contribution for our dental benefit program that will augment wellness initiatives in an effort to improve the overall health of members of the campus community and in response to the recent Total Compensation Survey for faculty and staff. Basically, eligible employees who choose to enroll in the dental program would receive a modest \$400 annual tax-free contribution. The IPPC Budget and Finance Subcommittee and President's Cabinet recommend this dental employee contribution.

With all these key assumptions, we are projecting a balanced budget for FY '16. Vice President West noted that President's Cabinet is recommending that going forward we would limit the increase the discount rate in future years to one percentage increase point each year for future budgeting and projection models.

President Glotzbach explained that the key budget assumption for the New Initiative set-aside proposed for CIS funding is significant because of our considerations on CIS funding. Vice President Mary Lou Bates noted that enrollment of students for next year (and perhaps future years) will be challenging as we are running 3-4% behind last year's record-breaking applicant pool of 8,700 applicants. We are focusing on increasing our yield of accepted applicants this year. Vice President West noted that IPPC's budget conversations are confidential until approval at the Trustee's meeting scheduled in late February. President Glotzbach expressed his gratitude to the IPPC Budget and Finance Subcommittee and President's Cabinet for the work on making the many difficult choices related to the budget. Vice President West thanked President Glotzbach, Cabinet, IPPC and Kelley Patton-Ostrander for this important budget-related work.

6. Transition in IPPC Membership/Spring '15 Vice Chair

IPPC unanimously approved Professor Joerg Bibow to serve as Vice Chair of IPPC for Spring 2015. President Glotzbach welcomed Professor Bibow to this role. He also thanked Professor Natalie Taylor for her service as Vice Chair over the last year and a half.

The meeting adjourned at 11:21 am.

The next meeting will be held on Friday, January 30, 2015, 10:30-12:00 pm in Murray-Aikins Room 4.

Please notify the President's Office of any changes to these minutes.