INSTITUTIONAL POLICY AND PLANNING COMMITTEE
MEETING MINUTES
February 2, 2018
10:30 a.m.

PRESENT: Cerri A. Banks (by phone); Marta Brunner; Grace Burton; Paul Calhoun; Sean Campbell; Kira Geary '18; Greg Gerbi; Philip A. Glotzbach, Chair; Tim Harper; Lisa Hobbs; James Kennelly, Vice Chair; Kris Leggiero; Martin Mbugua; Crystal Moore; Eric Morser; Levi Rogers; Joseph Stankovich; Nicki Werner '18; Michael D. West; and Joshua C. Woodfork.

NOT PRESENT: Mary Lou Bates; Bill Duffy; and Hèdi Jaouad.

Guests: Kelley Patton-Ostrander and Dan Rodecker

Called to order at 10:30 AM.

President Glotzbach welcomed new members: Crystal Moore, Marta Brunner (CEPP), Kira Geary (SGA) and Nicki Werner (SGA).

1. Approval of Meeting Minutes
IPPC **approved** the minutes from the December 15, 2017 meeting.

2. *TED Talk*: Alan Smith, "Why You Should Love Statistics"
Levi Rogers and Joe Stankovich presented this *TED Talk*. Joe noted that he likes this talk as it makes the viewer consider what they know and what they think they know. Levi appreciates that the speaker points out that our perspectives can be way off, and that it is good to be able to have awareness about your own faults in perspective.

Members of the committee discussed this issue of perspective, perception, judgements based on assumptions, and cognitive dissonance.

Vice Presidents Sean Campbell and Martin Mbugua volunteered to provide the *TED Talk* for the next committee meeting, which will be held on February 16, 2018.

Joshua Woodfork, Vice President for Strategic Planning and Institutional Diversity, asked for volunteers for the March and future meetings, and encouraged new members of IPPC to pair up, select, and facilitate a talk. He noted that he would send a list of available partners and steps, along with future committee meeting dates.

3. Admissions and Financial Aid Update
Mary Lou Bates, Vice President and Dean of Admissions and Financial Aid, and her staff provided an update on admissions and financial aid, which was presented by Joshua Woodfork in their absence:

- Total applications are up about 7% – currently at 10,750
- Male/Female is the same as last year at this time – 38%/62%
- Percent of applicants requesting financial aid is up from 74% last year to 76% this year
- 30% of the applicants are self-identified domestic students of color – last year 29%

- 30% of the applicants are self-identified international students – last year 29%
- Early Decision (ED) I enrolled – 258
- Early Decision (ED) II applications are now at 282 compared to 260 last year

4. Recent Center for Integrated Sciences (CIS) Steps Update

President Glotzbach noted that there has been much progress on the Center for Integrated Sciences (CIS) and asked Michael West, Vice President for Finance & Administration and Treasurer, to provide an update to the committee.

Michael reported that a few weeks ago, the Saratoga County Capital Resource Corporation approved our application to finance $35 million (net proceeds) of the $67.5 million project in the form of a tax-exempt bond.

He noted that he is pleased to report that this week we received a favorable rating outlook from Moody's, the credit rating corporation, of A1 - Stable, which is great, and very significant when you consider that Moody's also noted that the outlook for the overall higher education industry is currently negative. Also, this week the approved bond was placed in the market and we expect to know the pricing, which is determined by the market, next week.

Also, we have now completed the bid documents for CIS, and these have been issued. We expect to award the contract for the first phase of the project in early April 2018, and we are on schedule to start construction in May 2018. We also received our building permit this past week.

He indicated that as we prepare for the project to begin, we are also looking ahead and preparing to fund the related debt service, which will begin in 2021. To that end, we are on track to set aside the projected additional approximately $800,000 - $900,000 that we will need then, beginning with $500,000 that we have included in the FY '19 Draft Operating Budget, subject to approval by the Board of Trustees.

This is tremendous progress, thanks to the hard work by our colleagues, and great work and coordination by our external partners. We are gratified by this significant progress on this project and we look forward to providing you with further updates as this project continues to move forward.

5. Moody's Report and Rating Update

Michael West asked that the committee read the press release and full Moody's presentation provided to them during this meeting. He indicated that he was pleased to report that Moody's has given Skidmore an A-1 credit rating with a "stable" outlook. He reviewed the press release and report. Members of the committee congratulated Michael and his team for their excellent work.

6. Operating Budget Update FY '18, Key Budget Parameters & Capital Budget for FY '19

Kelley Patton-Ostrander and Dan Rodecker joined the meeting. Michael West began his presentation by informing the group that the IPPC will not be asked for a formal vote at this time, as he is just providing an overview today, and will answer questions. He noted that at our next committee meeting, he will be seeking approvals. He also noted that the Board of Trustees will be asked to approve the capital budget and key budget assumptions when they meet in late February 2018. The Operating Budget is scheduled for Trustee approval in May 2018.

Michael reviewed the Operating Budget and pointed out the key budget parameters that shape the Operating Budget for the fiscal year June 1, 2018 - May 31, 2019. He updated the Committee on the discussions occurring at President's Cabinet on both the Operating and Capital Budget for FY '19. He reported that much good progress has been made. This information is confidential at this time.

Operating Budget Update FY '18

As we begin the Spring semester, we continue to project a balanced budget, while preserving our contingency fund of $0.7 million for the fiscal year. While the estimates for most operating budget items remain as previously contemplated and presented in October, we do need to point out that we will have more grant-related activity (higher revenue and related expenses) this year than originally planned.

Based on extremely strong investment performance, the market value of our endowment as of 2017 calendar year end, a key quarter-end date that is used in the calculation of our take out, was approximately $384.4 million. This higher-than-planned market value will enable us to enjoy larger endowment income this fiscal year.

At this time, we are projecting a balanced budget while protecting our contingency of $0.7 million, while we are also maintaining substantial net revenue from over enrollment. Our current estimate for over-enrollment has increased to 80 additional students on a net fiscal enrollment basis, providing additional net revenue of $3.7 million. Consistent with past practice, we will consider this surplus separate from normal operations.

Preliminary Budget FY '19

Our recommendations for next year's key budget parameters include increasing budgeted net fiscal enrollment by 20 to 2,350 students on a net fiscal enrollment (NFE) basis, and planning for over-enrollment of 20 students. This increase of less than 1% helps us achieve more funding of the debt service on our new, $35 million (net proceeds) bond issue in the support of the Center for Integrated Sciences (CIS). Importantly, because of predicted over-enrollment, we will not need to adjust our entering class recruiting efforts for the upcoming academic year. We will continue to seek 650 first year students on campus, and 36 students for our First-Year London program. We will, however, recognize those 20 additional students 'above-the-line', enabling us to fund our new debt service in the amount of $1.8 million. Recall that as of FY '18, we had been able to fund $1.3 million from our operating budget, so this increase of $0.5 million represents an increase of 38%. Our plan is to fund the remaining needed debt service in FY '20; we anticipate that the additional funding required to be approximately $0.4 million. We will know this number within the next week, once the bonds are priced in the market. Debt service payments will not be required until FY '21, which will be partial payment year; FY '22 is the first fiscal year during which full debt service payments will become due. Our estimate for total required debt service for this bond issue is $2.2 million. As we have done in recent years, the additional estimated debt service funded by the operating budget that is not yet actually required to service our new debt (i.e. as planned, in FY '19 $1.8 million, in FY '20 $2.2 million and in FY '21 $1.4 million; total $5.4 million) will be reserved to provide additional funding for CIS.

We are recommending a comprehensive fee increase of 3.5% and an increase in the internal financial aid discount rate of six-tenths of a percentage point. While we are very optimistic about our incoming class given the record number of applications we have received, it is still too early to be able to assess those students' financial aid needs. The proportion of applicants who have requested financial aid from the College is larger than last year. For the class of 2022, 76%

of our applicants are requesting financial aid from the College. A year ago, 74% of our applicants made this request while two years ago, this rate was 70%. This is an important statistic that we are paying close attention to, particularly in terms of planning for future years' financial aid expense. For FY '19, we are proposing an increase in the internal financial aid discount rate from 38.1% to 38.7%, which translates to an increase in the financial aid budget of 6.2%. This should enable us to aid approximately 42% of the incoming class. As two points of reference, 42% of the class of 2021 received financial aid, while 39% of the class of 2020 received financial aid.

In terms of compensation, the recommended general salary adjustment (GSA) for faculty and staff is 2.75%, along with a market equity adjustment pool of $0.3 million to address specific, necessary salary adjustments. During this year's discussion of new initiatives, the Cabinet prioritized an increase of a quarter-point from our initial assumption of 2.5%, recognizing that the market is likely to command higher salaries for our faculty and staff, and in light of inflation (including related health care costs). We remain committed to providing competitive compensation for our faculty and staff.

Capital transfers for campus-wide renewal and replacement projects, equipment and information technology needs are proposed at $9.0 million. Given the long list of capital requests from across campus (total requests exceeded $40 million), we will focus on the high-priority projects for next year as discussed in our FY '19 Proposed Capital Budget materials.

With a contingency of $1.0 million, we are presenting a Preliminary Operating Budget for next year that is balanced.

<u>Proposed Capital Budget FY '19</u>
Michael reviewed the Capital Budget. He provided a summary, and reiterated that the IPPC is not being asked to approve line items, but instead to gain an overall understanding of the budget and the key budget items. Michael further noted that while this proposed Capital Budget is substantial at $9.0 million, President's Cabinet was careful to prioritize projects and recommend funding only for the highest priority projects at this time. All high priority projects were funded with the exception of facilities, several of which because of limited funding, needed to be deferred. He noted he would be seeking approval of the Capital Budget for FY '19 at our next meeting.

He reported that it is important to note that we are deferring $3.6 million of high priority facilities projects such as Art building, New Dana and Bolton roofs, Jonsson Tower renovations, Jonsson Tower and Murray-Aikins Dining Hall window replacement, main entrance improvements, dining hall carpet and exterior maintenance on five Northwoods buildings.

Michael reviewed each top line budget items for areas such as Academic Affairs, Finance and Administration, Student Affairs, and Information Technology.

Michael indicated that members of the committee should feel free to contact his office with any questions. He, and committee members, thanked Kelley and Dan for their terrific work.

7. President's Report

President Glotzbach reported that as we go forward this semester, there will be several issues that will require attention:

- Anti-harassment training, ensuring that our training modules are effective and renewing our efforts to ensure that all employees (staff and faculty) have been trained;
- Policy on the protection of minors, which, after committee discussion in February 2017, will be brought back to the committee to review, finalize, and approve.
- Continuing efficiency efforts, recognizing that Skidmore is not a "wealthy institution" in comparison to our peers (with regard to our endowment), and that we need to continue to look at how we are spending our dollars and work to be as efficient and effective as possible.

8. Other Business

No other business was noted.

9. Call for Agenda Items

President Glotzbach noted the future agenda items previously recorded on the meeting agenda and called for other agenda items not on list. Cerri Banks, Dean of Students and Vice President for Student Affairs, announced that she and Interim Dean of the Faculty and Vice President for Academic Affairs, Crystal Dea Moore, will be reviewing our current policies related to campus speakers found in our various handbooks and website as we consider our efforts surrounding on free speech on campus.

The meeting adjourned at 11:55 a.m.

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