INSTITUTIONAL POLICY AND PLANNING COMMITTEE
MEETING MINUTES
September 20, 2019

PRESENT: Cerri A. Banks; Joerg Bibow; Grace Burton; Abby Ciccarone ’22; Greg Gerbi; Michelle Hubbs; Stephen Ives; Carolyn Lundy; Martin Mbugua; Jennifer Mueller; Kendrah Murphy; Donna Ng; Michael Orr; Joseph Porter; David Robakidze ’20; Joseph Stankovich; Dwane Sterling, Amy Tweedy and Joshua C. Woodfork.

NOT PRESENT: Phil Glotzbach, Mary Lou Bates, Levi Rogers, and Sean Campbell.

GUEST: Gail Cummings-Danson.

The meeting was called to order at 10:32 a.m. by Vice Chair Grace Burton.

1. **Approval of Minutes from the September 6, 2019 Meeting**

Associate Professor Kendrah Murphy asked for one change, that it be reflected she was present at the September 6th meeting. There being no further changes, the minutes were approved.

Vice Chair Burton read an update from VP and Dean of Admissions and Financial Aid Mary Lou Bates reporting that the admissions picture has changed slightly since her report to IPPC. Our melt has increased by 4 international students, instead of the class being 742 it is now 738. Instead of 11% international students, we are now at 10% and instead of being 28% domestic students of color, we are now at 29%.

2. **IPPC Subcommittee Check-In**

VP for Strategic Planning and Institutional Diversity Joshua Woodfork asked all committees: a) Do you have all of your committee members in place? B) Do you have a meeting schedule, including noting frequency of meetings? C) Do you have any agenda items on the horizon forthcoming to IPPC?

IPPC Subcommittee on Budget & Finance (B&F):
All members are in place, meeting schedule is set for the fall and spring semesters. The committee had its first meeting on September 13, 2019.

Campus Sustainability (CSS): In Chair Levi Rogers’ absence, Joshua indicated that the committee is missing three members and are in the process of identifying individuals to fill those positions.

IPPC Subcommittee on Student Affairs (SA):
Committee is missing one member: the SGA Senator, who should be identified by next Tuesday. Meeting schedule is in the works.

Committee on Intercultural and Global Understanding (CIGU):
We had our first meeting just prior to IPPC (9/20/19). We are missing the vacant position of the Director of the Office of Student Diversity Programs.

IPPC Subcommittee on Responsible Citizenship (SRC):
All members are in place, and our first meeting is scheduled for next Tuesday.

IPPC Subcommittee on Institutional Effectiveness (SIE):
All members are in place, we had our first meeting last week. Committee meetings have been scheduled through the Fall semester.

Space Planning Working Group (SPWG)
Although not an official IPPC subcommittee, a group charged by IPPC. Joshua will check to ensure that all members are in place and that the group is prepared to meet.

3. **Five-Year Financial Plan**

Vice President for Finance and Administration & Treasurer Donna Ng presented before the full committee a detailed plan that was reviewed at the IPPC Budget & Finance Subcommittee on September 13, 2019. VP Ng guided the committee to the budget parameter worksheet, noting that it is built upon assumptions for planning the next five fiscal years. Walking through these parameters, VP Ng explained to the committee how these various assumptions and forecasting affect how the budget is built for the future.

The first section deals with revenue, specifically net tuition revenue which is a major source of funding for the College. VP Ng provided the example in enrollment – what we assume "above the line" in our plan is that we have 2,350 students NFE's (net fiscal enrollment) for the academic year, and what we have "below the line" is 86 for FY'20. You can see how the net tuition revenue changes over time, this is due to detailed modeling and using other assumptions.

The next section deals with the comprehensive fee, which is our tuition, room, and board, and the assumption is that it will grow by 3.5% per year. Here, we can see how the cost of attending a private college is going up each year.

VP Ng next directed the committee to a section regarding net tuition revenue, sharing with the committee how we come up with the enrollment, the below-the-line number, and the forecasted financial aid number. For example, in FY'20 we were very detailed in looking at our classes – considering the number of students and then the number of financial aid award recipients based upon this class, which provides us with a percentage of aid. This varies for each class based upon enrollment and how much aid they need. From there we calculate the average award for each class, the financial aid budget, and the discount rate (financial aid as a percentage of tuition revenue). For each following fiscal year, the information from each class is carried forward, along with assumptions for retention and growth in average award.

Questions and comments were raised regarding changes in family circumstances and financial aid, class size, the discount rate, a potential recession, and what the appropriate amount of capital transfer should be from the operating budget.

VP Ng emphasized that net tuition revenue is a primary source of funding for the College's budget, and that compensation and benefits are a major expense in the College's operating budget. We also know that in terms of our annual General Salary Adjustment (GSA), we plan a 2.5% increase in our compensation. So when we talk about the fact that net tuition revenue isn't growing as much as the GSA is, these are the factors contributing to future deficits. In May, when we were planning five-year budgeting, we made assumptions as to whether we would have a 1% or 2% growth in net tuition revenue. What we want to do, in terms of looking at the planning at this stage, is to analyze those assumptions that we just reviewed in more detail – i.e., the probable sizes of incoming classes and the growth of financial aid.

VP Ng spoke of the budget parameters, highlighting the thought process behind each of the line items, such as the Skidmore Fund (the annual fund), which is a budget line-item that is projected, for planning purposes, to achieve 1% annual growth. This projection is based historically, on what have we've been able to realize in the past, and in looking forward at future prospects.

Regarding investment income, our endowment provides an annual take-out rate of 5%. We are estimating that, each year, we will add $7 million in gifts to the endowment. We also assume that we will have other investment earnings from for our operating cash and deposits, and we are currently seeing rates of return in the 2% area. For planning purposes, we put 1% of these revenues above the line and 1% below the line.

In regards to expenses, for compensation our assumption is to have a GSA of 2.5%, for the union staff and, based upon results of negotiations, we are currently carrying 2%. We have a market equity pool of $300,000, which is used if we need to make any market-based or equity adjustments to salaries. This pool is also used for promotions. For healthcare there is a 10% increase in FY'20, and for future planning we are assuming a 7% annual increase (which may not be sufficient to handle the external pressures on this budget line). For the FY'20 budget, we realized a 6.7% savings from last year in supplies and services. But going forward we have included a 1% annual increase to help offset possible increases in vendor contracts and agreements. Regarding transfers of physical plant funds to capital, last year this amount was $10.7 million. In our planning, we have this item increasing by $1 million per year. The reason for this projected increase is that, in terms of best financial practices, annual capital set-asides eventually should approximate or equal depreciation, as calculated in our audited financial statements; this amount is now $16 million. The projected increases will bring us more in line with depreciation over time. In regards to debt service – which includes both principal and interest – this is not a parameter we can change; these values are locked in to the College's existing debt. New initiative funding, which is used to fund new projects, can go up or down, depending on the needs and the overall budget outlook.

For FY'20, we forecast a modest surplus overall, with a deficit above the line and a surplus below the line, but in the outlying years we see significant overall deficits. Going forward, we will need to look at ways to balance the budget. Deficits in this range of over $5 million indicate a *structural deficit*; this is not a deficit that can be easily remedied by modifying certain parameters. The good news is that we have time to address these issues. We will need to inform the community to help them understand the future financial challenges, get them engaged in this conversation, and elicit their input. We have discussed the possibility of engaging consultants who will work with us on developing a strategy to inform the community and to ultimately gain input from them.

Committee members discussed the idea of external consultants and ways that this approach might be effective, including the charge, timetable, deliverables, and cost. VP Ng explained that President's Cabinet and Vice Chair Burton have interviewed two potential consulting firms. It was agreed to have these consultants meet with IPPC via videoconference at the November 1st meeting.

4. **Athletics Facilities Update**

Dean of Students and Vice President for Student Affairs Cerri Banks reminded the committee that in 2017 a design for new athletic facilities was brought before IPPC. The goals were to address our needs around fitness, including changing spaces and workout spaces for both teams and other groups. We also were asked by the Board of Trustees to examine the possibility of including an ice hockey arena. Dean Banks reminded the committee that the College has a $7 million gift that is designated for tennis. Our contract with the YMCA for use of their tennis facility is set to expire in 2021, and it is unlikely that it will be renewed. The original design plan was beautiful, but it totaled $45 million, and we cannot afford that amount. More recently, we reengaged the request for proposal (RFP) process, and we identified a dollar parameter projecting what we could afford. The same architects, Cannon Design, that previously had been chosen to do the project, met the requirements of the design and the dollar limitation. An Athletic Working Group was formed, which included members of the Board of Trustees, the Athletic Director, members of the President's Cabinet, and the President. This group met several times to review project logistics and to choose the architectural firm, Cannon Design, for the project and the design-build firm Consigli.

Assistant VP for Student Affairs & Director of Athletics Gail Cummings-Danson walked the committee through several slides highlighting the phases of the project. Phase I of the project includes replacement and repair of the existing outside tennis courts, which will benefit the tennis team as well as recreational tennis players. A new two-story fitness building with a strength and conditioning room will benefit the entire campus. She noted that although you don't see the Greenberg Child Care building in this slide, it will remain in Phase I of the project, as well as the walkway. Phase II of the project will potentially include an ice rink. We have the space to do the whole project, but we need the additional funding to complete it. Our top priority is our fitness center, locker room space, and our tennis program, which is a nationally-ranked program.

Questions were raised about the height of the building, the possibility of a sky bridge, and construction safety.

Dean Banks asked that the committee look through the slides on sustainability and to forward any ideas that could be used to minimize the footprint. VP Ng added that the Campus Sustainability Subcommittee will also be a part of the discussion.

VP Ng next presented the budget cost perspective for each phase: Phase I: Indoor tennis and fitness, $16.2 million. Another factor related to Phase I is what we call the "bridge construction for hockey." The hockey team currently uses the City rink, and there needs to be improvements for continued play. We want to invest some funds to upgrade this structure until a decision has been made on a facility on campus for hockey. The bridge construction for hockey would be $1.5 million, for a total of $17.7 million for Phase I. Phase II: Hockey, $15.7 million. This amount does not include any cost escalation in regards to construction costs. Looking at operations costs for indoor tennis and fitness, i.e., utilities, staffing, etc. we are estimating $185,000 to $235,000 per year. Hockey would be much more expensive, an estimated $400,000 to $485,000 per year. We do believe that, in regards to the ice rink, we could generate some revenue, renting ice time, etc., and so we may be able to offset the operating expense by about $170,000 per year. Funding sources of funding is a very important part of this plan. As we noted, for Phase I, we already have gifts of $7.4 million, which is donor-designated for indoor tennis only. Advancement is looking at prospects for funding and thinks that $6.1 million additional can be raised. We already have a capital budget related approval of $1.5 million to renovate the City rental hockey space. With the cost of Phase II hockey of $15.7 million and Advancement estimating that we can project only $800,000 in gifts, we are still short by $14.9 million. VP Ng concluded that we will be asking for approval of Phase I at the October 2019 Board meeting.

Vice Chair Burton asked that his item return for further discuss at the next IPPC meeting, October 4th.

5. **<u>Other Business</u>**

No other business was brought forward.

Meeting adjourned at 11:59

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