

INSTITUTIONAL POLICY AND PLANNING COMMITTEE
MEETING MINUTES
OCTOBER 13, 2023

Present: Marc Conner (Chair), Tim Harper, Michelle Hubbs, Masako Inamoto, Nick Junkerman, Dan Konstalid, Nathaniel Lowell '24, Josh Maxwell '26, Dorothy Mosby, Lori Parks, Beth Post, Jess Ricker, Tarah Rowse, Rodrigo Schneider, Joseph Stankovich, Elizabeth Stauderman, Dwane Sterling, Smriti Tiwari (Vice Chair), Amy Tweedy, Sarah Delany Vero, Dominique Vuvan, Joshua Woodfork, Carey Anne Zucca.

Absent: Adrian Bautista.

Guest: Julie Delay, HR.

This meeting was called to order by President Conner at 10:32 a.m.

1. Fiscal Year '23 Final Budget Results

Vice President for Finance and Administration Dan Konstalid explained some of the terminology for discussing the fiscal budget to help everyone understand the information. He reviewed the College's practice of budgeting around a core budget, a base budget, or what we consider budgeting around the College's long-term expected enrollment for students matriculating into Skidmore. The idea being that we want to build a budget that basically anticipates an appropriate enrollment level over the long term. This budget standard is what we refer to as the Net Fiscal Enrollment (NFE), the number of students over the long term that we expect will matriculate. For the year that closed May 31, that amount is on average 2,350 students. A large part of the revenues that the College enjoys is net tuition. This is both individually and, in the aggregate, the amount of tuition charges that we charge students offset by the amount of financial aid provided to assist those students that need it. The net, or result, is net tuition revenue. In turn, because we budget to a net fiscal enrollment, we take net tuition in aggregate, and we separate it. The amount of net tuition that is attributable to the first 2,350 on campus students is considered to be part of the base budget and any revenues that derive from students in excess of that amount are put aside and considered to be outside of the base budget. The base budget is also referred to as the "above the line" budget and things that fall outside the base budget are in our "below the line" budget. In years where our enrollment is in excess of the net fiscal enrollment, or the planning standard, we are going to have net revenues that fall into that below the line category.

VP Konstalid shared the highlights of our results for fiscal year 2023. From an above the line standpoint compared to our baseline budget, the College closed the year with an operating surplus of approximately \$4.6 million which is attributed to other variances. As a percentage of budgeted revenues, this surplus is about 2.7%. A margin of error in the 2 to 3% range is not uncommon. In addition, we closed the year with an additional below the line budget surplus of almost \$7.3 million dollars which is attributable primarily because we had 171 more students on campus last year beyond the NFE. Taken together, that is a surplus of just a bit under \$12 million relative to budget.

Looking at above the line revenues, we are constraining the number of students that are in this scenario and we are on budget for students on campus, with an additional 16 students that are studying abroad which we factored into our budget and to some extent is driving that tuition revenue higher than budget. Additionally, the amount of financial aid we provided last year was under budget. Understanding that net tuition is the net of the charges against financial aid we provide, this too contributes to net regular tuition being above budget. In terms of revenues beyond net tuition, the Skidmore Fund is above budget and sets a new milestone for the College at a little more than \$8 million. By the same token, endowment income closed the year below budget by almost \$2 million. The IPPC Subcommittee on Budget and Finance might consider whether the College would be better served by having that calculation start further back in the past and have it start 6 months before the year starts.

In other revenue areas, the primary contributor here is short term interest rates. When we put the operating budget together, we were envisioning interest rates on short term rates on our cash. Salary, wages and benefits are more or less a wash relative to budget. We were slightly over in terms of salaries and wages primarily because we needed to catch up our year end accrual to close the books. Generally accepted accounting practices require that we fully capture the value of expenses incurred but not paid out. This year we had more of a catch up to do than we have in the past that pushed our salaries above budget and by the same token, our self-insured claims for employee healthcare was under budget, the two largely offset each other. Beyond that we had a handful of negative variances that were out of our control due to inflationary pressures that were offset by contingency budget resulting in a soft landing in expenditure relative to budget.

President Conner thanked VP Konstalid and reiterated that this surplus is one time and cannot be used for long-term budgeted items. This surplus doesn't help us long term unless we put it towards a permanent endowment to permanently pay for a position, which we did to create a new faculty line with the surplus last year. Skidmore also added to the endowment for need based financial aid and student research opportunities for about \$1 million each.

2. Single Record Keeper: Returning Item

This is a returning item to IPPC that was introduced by Interim Vice President for Finance and Administration Charles Ingram at the [April 28, 2023 IPPC Meeting](#) with continued discussion at the [May 12, 2023 meeting](#). President Conner asked General Counsel and Vice President for Human Resources Sarah Vero to provide an overview and update. VP Vero shared that a record keeper for a retirement plan is essentially our service provider. We share with the provider who is in the plan, employees are enrolled in the plan, the provider sets up a website so employees can take a look at their investments, the provider offers financial resource information and advising, and for all this service they charge participants a fee. Right now, with our basic retirement plan for our faculty and non-union staff, there are two service providers: TIAA and Vanguard. The Skidmore 403(b) Plan for employees represented by UPSEU Local 1222 has one service provider, which is Vanguard. As part of having these retirement plans, someone that is part of the organization is designated to oversee investment performance, provide contributors with financially competitive products and a variety of investment opportunities with low participant administrative fees for selecting, engaging and retaining the plan's service

provider(s). The College has a Retirement Oversight Committee (ROC) which includes: Julie Delay, Dan Konstalid, Kyle Bernard, the HR Assistant Director for Benefits, as well as a faculty member. This group meets on a quarterly basis to take a look at the investments, and spend time with our advisor who updates and gives recommendations to the plan. A couple of years ago, the recommendation came to us pointing out that we have two record keepers for one single retirement plan. We were told that we could save money for our employees and retirees if we had only one service provider. The ROC determined that TIAA was our best option, because TIAA can include all Vanguard products, but Vanguard does not include all TIAA products. Additionally, transitioning everything over to TIAA is estimated to reduce the administrative fees paid by employees and retirees, on average, by approximately 20%.

In several discussions, IPPC has worked to determine how to best communicate this possible change and make sure our employees understand these changes. Over the summer, Human Resources reviewed the feedback we received from IPPC last spring and revised a communication plan. HR Director Julie Delay shared a copy of the communication plan and stated that we are moving forward with a May 1, 2024 date in mind for implementation. The communication goals are intended to answer key questions such as how are employees and retirees impacted, why changes are being made, the timeline, and other key factors and goals. The communication plan components include the pre-communication steps which will be worked out in October and November planning. The initial communication announcement is targeted for late November. The reason for that timing is to separate the communication from benefits open enrollment to avoid confusion. IPPC members strongly recommended that we send out a communication to the community in late November then utilize the December Staff and Faculty meetings to share information and address any questions or feedback people may have. In addition to this, we will be reaching out to retirees to inform and update them. The February Staff and Faculty Meetings will provide an opportunity to share further information as we get closer to the May 1st implementation. Detailed information about these changes will be communicated to our community in March or April, 2024. We will have a benefits website that will contain an FAQ and will include a detailed transition guide that will be shared to all retirees and employees. Additionally, we will have webinars and offer individual assistance to employees that would include advisor appointments with TIAA.

Committee member and Professor of Management and Business Tim Harper raised several points, including:

Question/Comment (Q): Addressing people's concerns for this change and why more specific responses to the IPPC spring concerns were not listed in the communications plan:

Answer (A): VP Vero responded that these concerns were included in the IPPC meeting minutes previously and any information sent to the community would be more detailed and transparent.

Q: Under the communication the term "stakeholders" was used and feels it would be better to list it more prominently as current plan participants should include an explanation because it is too vague and provokes questions.

A: Director Delay stated that this document is for internal purposes for HR and to share with IPPC and the language will be different when a communication is shared with the community.

Q: We are saying we care for our employees and some employees won't believe that.

A: VP Vero suggested that employees are concerned with receiving adequate assistance, transparent information, and an understanding that the College has considered any potential drawbacks from reducing the number of service providers.

Q: Are the December Faculty and Staff Meetings going to be a presentation, a discussion, or an announcement? What format will it be presented to everyone?

Q: When organizations make decisions in general and communicate decisions and say the word "benefits" and throughout this document states all the great things that will happen as a result of this change, and there is not one mention of any potential negative suggests information is being kept from the community.

Q: It would be nice to have graphs and visuals to help people understand their investments.

A: Director Delay stated there will be visual information available to all participants to outline their investments and costs.

Q: Vice Chair Smriti Tiwari shared that it would be helpful to point out any potential negatives about making this change as was done with regard to the cyber security issue that Skidmore reported earlier this semester when the negatives were clearly listed and it was shared how we addressed them. There are some people that are concerned about the single record keeper change and we need to assure them that we understand their concerns.

Q: President Conner asked VP Vero and Director Delay what are the negatives of this transition?

A: Director Delay said that the change can be confusing and the necessity might not be understood. Another draw-back is people will lose their Vanguard advisor. HR has heard the need for communication and the tools to have answers to these questions. We also have new employees entering the College regularly and if we are making a change soon it is challenging not being able to explain the record keeper choices.

Q: President Conner asked that we map out the November and December communications plan to be clear about what the community is going to hear about.

A: VP Vero stated that like the IT breach, we use the December Staff and Faculty meetings to let the community know they will be seeing an announcement and get everything out in the open before they get an email about the changes being made. We hope to have this presentation with visuals and lay out the information, then send out the announcement, and provide information for people on where they can go to get their questions answered.

Q: Faculty Executive Committee Chair Dominique Vuvan suggested the Faculty Meeting would be beneficial to provide a "live FAQ" in the meeting and prior to this flag to the community that there is very important information that they need to read and to bring questions to the Faculty Meeting.

A: VP Vero stated that there is still work to be done regarding finalizing this change and notifying employees and union workers and notifying Vanguard. Step one being developing this plan to make changes and notify the community using a four-month lead time that would be

needed. Step two would include terminating the Vanguard contract and notifying the representatives of our union workers. This work that needs to be done by the end of November.

3. Board of Trustees (BOT) October Meeting Preview

President Conner gave an update on the upcoming BOT October meeting and announced that there are five new BOT members. One of the major items for the BOT is reviewing this year's Strategic Action Agenda, that IPPC endorsed, and its five goals. President Conner will discuss with the BOT the institutional planning process that we are anticipating, including Campus Master Planning, Visions and Values, Strategic Planning, Middle States reaffirmation of accreditation, and the Capital Campaign. We will share our campus response to some of the more specific opportunities that are happening there. A dinner with Board members will include 25 faculty and will be a great opportunity for enhancing the Board's relationship with the community. There will be an update on our current major project, the McCaffrey-Wagman Tennis and Wellness Center, and how it is progressing and how the fundraising and budgeting is going and how it fits into campus master planning.

Finally, President Conner will share some of our communications on the Israel-Gaza crisis with the BOT. Dean of Students Adrian Bautista reached out to our students and the community as events were unfolding in Israel and has been working with Parker Diggory, Director of Religious and Spiritual life, and Martina Zobel, our Coordinator of Jewish Life, who had several meetings and discussions. Our outreach has not just been for our Jewish students, but our entire community, and co-presidents of the Muslim Student Association. President Conner released his statement on Tuesday and there have been three buckets of responses so far. The first bucket was not a big response, the second bucket has been positive to very positive and the third bucket was critical to President Conner's statement. The critical responses were because the Hamas organization was not named and identified as a terrorist group in the statement. We are working on a strategy where others will respond to the 30 or 40 replies we have had. President Conner stands by his statement and acknowledges that the situation will likely only get worse as time goes by.

4. Call for Agenda Items

No agenda items were brought forth.

5. Other Business

None.

The Meeting adjourned at 11:58 a.m.

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