

INSTITUTIONAL POLICY AND PLANNING COMMITTEE
MEETING MINUTES
December 1, 2017
10:30 a.m.

PRESENT: Cerri A. Banks; Erica Bastress; Dukehart; Mary Lou Bates; Beau Breslin; Grace
Burton; Paul Calhoun; [unclear] [unclear]-14 (e)-3 Tc -K-BDC racu; Cs<s l1 0 Td (:)Tj .1c
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4. Operating Budget Results for FY '17, Operating Budget Updates for FY '18, and Preliminary Discussion of Key Budget Assumptions for FY '19
Michael West welcomed Kelley Patton Ostrander (Director of Financial Planning and Budgeting) and Kyle Bernard (Controller and Associate Treasurer) to the meeting, and asked that they provide the Committee with an update and overview of the Operating Budget Results for FY '17, and an Operating Budget Update for FY '18.

Audited Financial Results

Kyle first called the Committee's attention to Skidmore's audited financial statements for the year ended May 31, 2017, which had been distributed in advance of the meeting. Kyle

insured, as are most of our peer group, and this past year claims were larger than planned (particularly related to specialty drugs).

- x Services & Supplies were slightly favorable by \$0.7 million due to lower spending associated with the Campaign (\$0.3 million), as well as lower anticipated expenses associated with our study abroad programs. In particular, the expenses associated with our program in Spain (for which we partner with Tufts University) were substantially less than planned (\$0.3 million).

Student over enrollment of 95 students provided \$4.3 million of additional net revenue, and was very close to the May estimate. She reported that as we have done in prior years, we purposely keep this net revenue separate from regular, ongoing operating budget activity so as not to become dependent upon it to support our ongoing operational needs.

FY '18 Operating Budget Update

Kelley then called to the Committee's attention an update on the FY '18 Operating Budget. Now that we have welcomed our incoming class to campus and the academic year gets underway, we have some notable operating budget updates to provide.

Financial aid is reflected higher than budget, with an estimated discount rate of 38.1% vs. the budgeted rate of 37.7% (or \$420,000 additional expense above the ~~line~~ budget contemplated that 40% of the incoming class would be aided, but in fact nearly 42% of this class is aided. We do tend to see fluctuations year to year in the proportion of the class aided (e.g. 40% for the class of 2020, 36% for the class of 2019 and ~~45%~~ 45% for the class of 2018), and continue to monitor this closely along with the offices of Admissions and Financial Aid.

Our Current Estimate also reflects an increase in health care expenses for ~~active~~ non faculty and staff health care expense based on FY17 experience. Assuming a 6% increase over prior year expense, we feel our health care expense could be \$700,000 unfavorable to budget. We believe some other benefits expenses (namely, tuition exchange and workers' compensation) will be favorable, ~~helping~~ helping to mitigate this unfavorable situation. The number of covered lives in our health insurance plans has increased, as has utilization, particularly of specialty drugs which are very costly. We are working to explore options for managing our self insured plans, including possible adjustments to our stop loss insurance coverage and examination of the parameters for specialty drug utilization.

In order to keep our operating budget in balance, we have reduced the contingency at this time from the budget of \$1.0 million to \$685,000.

From an enrollment perspective, we anticipate additional net revenue from over enrollment of \$2.9 million, associated with 65 students, compared to budgeted over enrollment net revenue of \$2.3 million based on 50 students.

Michael and Kelley then responded to questions from Committee members on these matters.

FY '19 Operating Budget Preliminary Planning

With respect to FY'19, Kelley and Michael noted that discussions about the key operating budget assumptions will begin ~~shortly~~ and that we will revisit and possibly revise some of these assumptions. These will be discussed and reviewed in detail at the upcoming Trustee Winter

Budget Workshop in early February 2018. The following additional background information has been included:

- x FY '17 Tuition, Fees, Room and Board data for the 75 most expensive private colleges in the U.S.,
- x Peer Comparison Group: Tuition, Fees, Room and Board
- x Peer Comparison Group: Faculty Salaries
- x Peer Comparison Group: Faculty Compensation
- x Peer Comparison Group: Endowment and Endowment per Student

Treasurer's Report

Michael called attention to the Treasurer's report that was shared earlier and noted the view presented for the financial outlook for the College. He also reported on several key possible impacts of the current tax reform bill, particularly on tax exempt borrowing and charitable contributions.

Michael thanked Kyle and Kelley for their excellent work.

5. Call for Agenda Items: December 15 and Next Semester

Phil reported that the Smoking Policy will be announced during the Faculty Meeting today and communicated via email to campus community this afternoon. He reminded the committee that the Skidmore Care Open House is this afternoon and encouraged all to bring their donations to Scribner House.

Upcoming agenda items:

Continued discussion of Key Budget Assumptions for FY '19
COACHE Collaborators Mass Email List Policy

The meeting adjourned at 11:40 a.m.

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