

The Finance and Facilities Committee met on October 22, 2014 at the Chancellor's Office in Montpelier.

Committee members present: Jerry Diamond, Tim Jerman, Bill Lippert, Christopher Macfarlane (Chair), Linda Milne, Martha O'Connor, Heidi Pelletier

Other Trustees: Lynn Dickinson, Kraig Hannum, Jim Masland

From the Chancellor's Office: Bill Reedy, General Counsel  
Tom Robbins, CFO  
Elaine Sopchak, Executive Asst. to the Chancellor  
Sophie Zdatny, Associate General Counsel

From the Public: Kellie Bean, Provost, Lyndon State College  
Tess Conant, VSC United Professionals  
Scott Dikeman, Dean of Administration, Castleton State College  
Loren Loomis Hubbell, Dean of Administration,  
Lyndon State College  
Barbara Martin, Dean of Administration,  
Community College of VT  
Sharron Scott, Dean of Administration, Johnson State College  
Lit Tyler, Dean of Administration, Vermont Technical College

Chair Macfarlane called the meeting to order at 2 p.m.

A. ITEMS FOR DISCUSSION AND ACTION

1. Minutes of the May 22, 2014 Finance & Facilities Committee

Trustee Milne moved and Trustee Pelletier seconded the motion to approve the minutes. The minutes were approved unanimously.

2. Review and Approve FY2016 Operating Appropriation Request for VSC, WD, Allied Health and VIT

CFO Robbins gave the Committee an overview of the appropriations request for FY2016. Trustee Diamond moved and Trustee Jerman seconded the resolution to approve the appropriations request. The resolution passed unanimously.

3. Review and Approval of FY2014 Carryover Items

CFO Robbins reviewed the carryover requests made by Castleton, Lyndon and CCV. The presidents shared various ways in which they work hard to stay within or slightly below budget, and how small fluctuations in multiple revenue streams can impact the budget at the end of year. Trustee Lippert moved and Trustee Diamond seconded the resolution to approve the carryover requests. The resolution passed unanimously.

4. Review and Approval of FY2016 VSC Capital Projects

CFO Robbins reviewed the list of projects planned for FY2016. Trustee Diamond suggested that the Board tell the governor and legislation the actual dollar amount the system needs. Trustee Jerman inquired what the total need might be. CFO Robbins answered it would be approximately \$50M. CFO Robbins also reviewed the dorm/dining projects list. President Murphy reminded the Committee that they must also consider deferred maintenance, which would also be around \$50M. The Committee discussed other options for funding besides state funding.

Trustee Pelletier moved and Trustee Jerman seconded the resolution for the VSC capital projects request. The resolution passed unanimously.

5. Review and Approval of FY2016 VIT Capital Projects

Trustee Jerman moved and Trustee Pelletier seconded the resolution for the VIT capital projects request. The resolution passed unanimously.

6. Establishment of Endowment

Trustee Diamond moved and Trustee Jerman seconded the resolution Establishment of Endowment. The resolution passed unanimously.

7. Real Estate Transaction

Trustee Dickinson moved for the committee to go into executive session pursuant to 1 VSC 312(a)(2) to discuss a real estate transaction. The executive session included CCV President Joyce Judy, Dean of Administration Barbara Martin, General Counsel Reedy, CFO Robbins, and other Board members. The Committee entered executive session at 3:15 p.m. The Committee exited executive session at 3:45 p.m.

B. ITEMS FOR INFORMATION AND DISCUSSION

1. College Reports on Enrollment

CCV President Joyce Judy reported that summer enrollment was strong and finished ahead of budget projections. Fall enrollment is level with budget projections. The college had projected a 5% drop in headcount, but the fall headcount came in stronger than projected with a drop of 3%. In addition to total enrollment, class size average is an important factor in CCV's planning and budgeting. As a benchmark, CCV maintains a college-wide class size average of 12.5 students/section. The college has a well-developed and transparent process for reaching and maintaining this critical benchmark. While enrollment in traditional courses continues to be the major source of revenue, workforce development contracts are a growing part of the revenue picture.

Castleton State College President Dave Wolk stated that headcount is up by nine students but that undergraduate enrollment is down. There has been a 50% increase in merit-based scholarships. Castleton's 2% increase in tuition above the base increase was allocated to need-based scholarships. Castleton is making up shortfalls by implementing a 10% rescission at the beginning of the year and a 10% rescission this week, which together raised \$900K. Revenue generating enterprises like the Polling Institute and conferences and events continue to do well.

Johnson State College President Barbara Murphy stated that there were four fewer first time freshmen, EDP retention is down, and there were 15 fewer transfers than expected. This is a total decrease of 2.9% from what's budgeted: just over \$200K. They have cut a series of course sections and are leaving open some vacant positions. First-to-second-year retention has improved 5%. There has been a 4-5% increase in students living on campus and a 23% increase in student athletes. President Murphy stated that the Early College Program has been very successful and she would like to see the cap be raised.

Lyndon State College Provost Kellie Bean stated that undergraduate enrollment is down 7.8%. Enrollment is six students below the target of the college's contingency budget. Graduate student and non-matriculated student enrollment are both up. LSC Dean of Administration Loren Hubbell stated that a \$1.5M shortfall is being addressed in the contingency budget. They are holding open vacancies and there are no plans for layoffs yet. The college has not spent all its endowment earnings so they have accounts for budget support, and they are using carryover funds of \$300K. Retention is stable. They are expanding evening and weekend courses.

Vermont Technical College Interim President Dan Smith stated that the college budgeted for four fewer FTE students than actually enrolled. Headcount is up by one student. In-state part time student enrollment is up 12%. There are 355 Nursing and Allied Health students, higher than expected. They projected 943 non-Nursing and Allied Health students; 919 actually enrolled. The budget is off by \$250K. They are closing and consolidating sections; canceling non-admissions related travel; and holding open key positions. The Continuing Education and Workforce Development group is working with employers. The biodigester and milk plant will have positive revenue impact in the long term. Out-of-state FTE enrollment is down 32 students (non NAH); overall out-of-state enrollment is down 8%.

## 2. Review and Discuss Benchmarks and Ratios

Chair Macfarlane began the discussion by stating the importance of benchmarks and ratios and how they can help the trustees spot trends. He stated that he and CFO Robbins have been discussing benchmarks that would be relative to the VSC. CFO Robbins handed out a spreadsheet that contained draft benchmarks. He stated that since tuition and fees and personnel costs are the biggest line items in the financials, it would make sense to place some focus on those areas. Additionally, there are student, operational and balance sheet benchmarks that might be informative for the Board. CFO Robbins stated that ideally the most important information can be distilled down to one page. This will be challenging with our multiple colleges and entities if we look at multiple year trends and index the colleges to their relative peer institutions. Chair Macfarlane stated that he and CFO Robbins will continue to work on the benchmarks prior to the December meeting.

3. Discuss VSC Board Policies for Revision

CFO Robbins noted that VSC Board policies are reviewed on a periodic basis and modified as needed. He further stated that there is a sense from the Board that certain policies should have higher thresholds before the VSC Board should become involved. This would allow the Board more opportunity to discuss strategic issues during meetings. Trustee Lippert voiced agreement with this approach. CFO Robbins will work with the BAC and COP to discuss and modify policies appropriately and then bring to the Finance and Facilities Committee for review.

4. Update on Ongoing VSC Construction

Due to the time constraint there was no discussion on this agenda item. CFO Robbins invited committee members to contact him for further review as needed.

5. Review Capital Projects Report

Due to the time constraint there was no discussion on this agenda item. CFO Robbins invited committee members to contact him for further review as needed.

C. ITEMS FOR INFORMATION ONLY

1. Monthly Grant Activity Report
2. Monthly Cash Report

Due to the time constraint there was no discussion on these agenda items. CFO Robbins invited committee members to contact him for further review as needed.