

MEMORANDUM

TO: VSC Finance & Facilities Committee
M. Jerome Diamond
Tim Jerman
Bill Lippert, Vice Chair
Christopher Macfarlane, Chair
Linda Milne
Heidi Pelletier
Martha O'Connor, *ex officio*

FROM: Tom Robbins, Vice President of Finance & Administration
Chief Financial Officer

DATE: November 25, 2014

SUBJ: Finance & Facilities Committee Meeting scheduled for December 3, 2014

Tom

The Finance Committee of the VSC Board of Trustees will meet at 4 p.m. in Room 101 at the Chancellor's Office in Montpelier. The agenda and back up material for the meeting are enclosed.

If you have any questions, I can be reached at (802) 224-3022.

Thank you.

cc: VSC Board of Trustees
Council of Presidents
Business Affairs Council
Sam Winship, Dept. of Finance & Mgmt
Douglas Hoffer, State Auditor

**Finance and Facilities Committee Meeting
December 3, 2014**

AGENDA

A. ITEMS FOR DISCUSSION AND ACTION

1. Minutes of the October 22, 2014 Finance & Facilities Committee
2. Review and Approve VSC Policy 408 Revision
3. Review and Approve VSC Policy 426 Revision
4. Establishment of Endowments: Consent Agenda
5. Real Estate Transaction

B. ITEMS FOR INFORMATION AND DISCUSSION

1. VSC FY2015 Budget vs. Actual Review and Discussion
2. Discuss FY2016 Budget Development
3. Discuss Benchmarks and Ratios
4. Update on Ongoing VSC Construction
5. Review Capital Projects Report

C. ITEMS FOR INFORMATION ONLY

1. Monthly Grant Activity Report
2. Monthly Cash Report
3. VSC October 30, 2014 Endowment Performance

A. ITEMS FOR DISCUSSION AND ACTION

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

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

Note: these are unapproved minutes, subject to amendment and/or approval at the subsequent committee meeting.

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 legislature 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.

2. Review and Approve VSC Policy 408 Revision

At the last Finance & Facilities Committee meeting we discussed revising VSC Policy 408 and how to make the policy more practicable and efficient. The revised policy that incorporates these suggestions is attached. The table below summarizes the revision to each policy.

VSC Policy 408:

- Increase requirement for grant review and approval if grant is over \$750,000 per year.
- Increase requirement for grant review and approval if grant involves annual matching and cost sharing over \$375,000.
- Remove requirement for grant review and approval if grant is a continuation proposal or renewal.



Manual of Policy and Procedures

Title EXTERNAL FUNDING: PROPOSALS FOR GRANTS	Number 408	Page 1 of 5
	Date 3/13/08 12/11/14	

PURPOSE

Consistent with Board of Trustees' responsibility for oversight of all VSC finances, the purpose of this policy is to define and establish the process for reviewing and acting upon requests/ proposals/ applications/renewals for grant funding from public or private sources by the Vermont State Colleges. This policy identifies the steps through which funding proposals must be processed up to and including approval by the Board of Trustees.

STATEMENT OF POLICY

The Board of Trustees encourages the submission of grant proposals ~~which~~ that are expected to be of benefit to the VSC and/or the member college.

The Chancellor, a member ~~o~~ college president, or their designees may apply for grants provided that all provisions of the grant are in conformance with this and other VSC policies.

Wherever possible, draft grant proposals shall be submitted to the Vice President for Finance and Administration, in the Office of the Chancellor, for review before submission to the granting agency but in no event not later than the time grant proposals are forwarded to the granting agency.

The Chancellor may require revision or withdrawal of a grant proposal at any time prior to its award ~~(in the event of a proposal not requiring Board of Trustees approval)~~, or at any time before it is submitted to the Board of Trustees ~~(in the event of a proposal requiring Board approval)~~.

A grant proposal shall require review and approval by the Finance and Facilities Committee and the Board of Trustees if it:

1. Requests ~~\$750,000~~ ~~\$150,000~~ or more per fiscal year, or
2. Involves annual matching or cost sharing of ~~\$375,000~~ ~~\$50,000~~ or more even though budget changes are not required.

The Finance and Facilities Committee and the Board of Trustees shall be notified of all other grant proposals and grant renewals which are submitted but do not require individual review and shall be updated on a regular basis as to the outcome of the proposals and, if successful, their implementation.

~~Continuation proposals and renewals shall be submitted to the Board of Trustees by the Office of the Chancellor for review and approval beyond the initial year application using the same criteria as with the initial year application.~~

In the event the Board of Trustees votes not to approve a grant proposal, the Chancellor or his/her designee shall direct the appropriate VSC official or the college president to notify in writing the granting agency and withdraw the proposal from consideration.

The Chancellor, or his/her designee(s) shall review proposal awards for consistency with initial proposals and take any action which might be indicated to assure compliance.

CRITERIA FOR REVIEW AND ENDORSEMENT

In determining whether to approve a grant proposal, the Board of Trustees shall consider, among other factors, whether and to what degree the award of the grant would:

1. Contribute to the VSC mission and the college mission;
2. Be susceptible to successful implementation fiscally and/or operationally in light of the following considerations:
 - a) Indirect Costs
This includes contributions of staff, space, equipment, administrative services (purchasing, accounting, security) custodial services and maintenance.
 - b) Matching Funds
This includes salaries, fringe benefits, operating expenses, and some indirect costs associated with the conduct of the project.
 - c) Adequacy of facilities, equipment and administrative services needed to support proposed grant activities.
 - d) Adequacy of personnel needed to support proposed grant activities.
3. Requires the VSC to continue activities beyond the period for which external support is provided;

4. Commit the VSC to maintain personnel funded under the proposal beyond the grant period for which external support is provided;
5. Require alteration of an approved program or establishment of a new program; and
6. Contribute to student support services, faculty research and development, institutional development, development or enhancement of approved programs, and which at the same time present no significant residual financial burdens, and/or adequately identify the source for such continued financial support from either new funds or redistribution of existing funds.

The Chancellor shall adopt and from time to time update procedures for processing grant applications. Such procedures shall accompany this policy and shall include the specific forms to be used.

All use of grant funds shall be in accordance with VSC policies, the terms of the grant awarded, and any applicable state or federal laws.

Signed by: Robert G. Clarke <u>Timothy J. Donovan</u> Chancellor

**VERMONT STATE COLLEGES
MANUAL OF POLICY AND PROCEDURES**

**POLICY 408 – ATTACHMENT A
PROCEDURES
12-19-06**

EXTERNAL FUNDING: PROPOSALS FOR GRANTS

PURPOSE

The purpose of ATTACHMENT A (Procedures) to POLICY 408 is to ensure consistent implementation of the Policy throughout the VSC.

REPORTING PROCEDURES

A. Proposal Submission

At the time of submission of a grant proposal to the funding agency, the submitter shall furnish to the Office of the Chancellor a completed VSC "Grant Proposal Budget Analysis" form. The specific information and format of this form may be updated from time to time to enable meaningful evaluation by the Board and Chancellor's Office.

B. Grant Notification Report

Copies of a grant award or rejection letter shall be submitted to the Office of the Chancellor within thirty days of receipt of such notice. In the event of a grant award, the college shall provide:

- 1) A revised Grant Proposal Budget Analysis form, if changes occurred, and
- 2) A copy of the completed VSC "New Funding Source Document".

C. Report of Grant Proposals

The Chancellor shall provide a summary report of grant proposals for each Finance and Facilities Committee and Board of Trustees meeting.

The report shall contain the following:

- 1) Unit submitting the proposal,
- 2) Organization to which submitted,
- 3) Brief description of purpose of the proposal,
- 4) Period(s) of the grant, including any residual requirements,
- 5) Amounts requested and any proposed match for each year of the proposal,
- 6) Catalog of Domestic Federal Assistance (CFDA) # Number,
- 7) State Revenue # Number (if applicable),
- 8) Person responsible for the proposal of grant,

- 9) Title of the grant, and
- 10) Additional sources of funding, if any, anticipated for the lifetime of the grant, including funding to pay for any residual requirements.

The Monthly Summary Grant Report shall include notice of any awards, renewals, or denials for previously reviewed proposals as they are received. This will provide timely awareness of status of proposals

D. Monthly Grants Report Verification/Changes

Monthly, the Office of the Chancellor shall require each grant applicant or recipient to verify the information on the Monthly Summary Grant Report. Corrections and changes shall be sent to the Chancellor's Office within the time frame specified by the Chancellor.



Manual of Policy and Procedures

Title <p style="text-align: center;">EXTERNAL FUNDING: PROPOSALS FOR GRANTS</p>	Number <p style="text-align: center;">408</p>	Page <p style="text-align: center;">1 of 5</p>
		Date <p style="text-align: center;">12/11/14</p>

PURPOSE

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STATEMENT OF POLICY

The Board of Trustees encourages the submission of grant proposals that are expected to be of benefit to the VSC and/or the member college.

The Chancellor, a member college president, or their designees may apply for grants provided that all provisions of the grant are in conformance with this and other VSC policies.

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This includes salaries, fringe benefits, operating expenses, and some indirect costs associated with the conduct of the project.
 - c) Adequacy of facilities, equipment and administrative services needed to support proposed grant activities.
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3. Requires the VSC to continue activities beyond the period for which external support is provided;
4. Commit the VSC to maintain personnel funded under the proposal beyond the grant period for which external support is provided;
5. Require alteration of an approved program or establishment of a new program; and

6. Contribute to student support services, faculty research and development, institutional development, development or enhancement of approved programs, and which at the same time present no significant residual financial burdens, and/or adequately identify the source for such continued financial support from either new funds or redistribution of existing funds.

The Chancellor shall adopt and from time to time update procedures for processing grant applications. Such procedures shall accompany this policy and shall include the specific forms to be used.

All use of grant funds shall be in accordance with VSC policies, the terms of the grant awarded, and any applicable state or federal laws.

Signed by:

Timothy J. Donovan
Chancellor

**VERMONT STATE COLLEGES
MANUAL OF POLICY AND PROCEDURES**

**POLICY 408 – ATTACHMENT A
PROCEDURES
12-19-06**

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- 7) State Revenue # Number (if applicable),
- 8) Person responsible for the proposal of grant,

- 9) Title of the grant, and
- 10) Additional sources of funding, if any, anticipated for the lifetime of the grant, including funding to pay for any residual requirements.

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VERMONT STATE COLLEGES

BOARD OF TRUSTEES

RESOLUTION

Revision of VSC Policy 408:
External Funding: Proposals for Grants

WHEREAS, The VSC Board of Trustees requested that the policy be reviewed with regard to grant review and approval thresholds; and

WHEREAS, The Council of Presidents has reviewed the policy and revised it appropriately; and

WHEREAS, The Finance and Facilities Committee reviewed this policy revision and endorses it; therefore, be it

RESOLVED, That the VSC Board of Trustees revises VSC Policy 408: External Funding: Proposals for Grants as attached.

December 11, 2014

3. Review and Approve VSC Policy 426 Revision

At the last Finance & Facilities Committee meeting we discussed revising VSC Policy 426 and how to make the policy more practicable and efficient. The revised policy that incorporates these suggestions is attached. The table below summarizes the revision to each policy.

VSC Policy 426:

- Increase requirement for lease review and approval if lease is over \$250,000 per year.
- Delete the requirement to review every lease if it exceeds five years and insert \$1,000,000 over the life of the lease.



Manual of Policy and Procedures

<p><u>LEASES, ACQUISITION AND DISPOSAL</u> <u>-OF REAL ESTATE</u></p>	Number	Page
	426	1
		Date
		<u>6/22/2007</u> <u>12/11/14</u>

PURPOSE

Any acquisition or disposal of real estate shall benefit the VSC and shall be consistent with appropriate business practices.

STATEMENT OF POLICY

When deemed to benefit a college and the system, VSC colleges may convey or acquire real estate (including easements and rights-of-way) by way of purchase, sale, trade or donation. In addition, with the approval of the Chancellor or the Chancellor’s designee, VSC colleges may enter into leases of real property when deemed to be of benefit to a college and the system. However, any lease over ~~\$250,000~~ ~~\$100,000~~ per year or ~~over \$1,000,000 over the life of the lease~~ ~~5-years-in-duration~~ shall require Board approval.

The VSC Board of Trustees shall approve any purchase, sale, trade or donation of real estate in accordance with the following procedures:

The college president, after consultation with the ~~chancellor~~ **Chancellor**, shall submit any proposal to acquire or dispose of real estate to the Finance & Facilities Committee for review.

The proposal will include:

- a description of the property~~;~~
- rationale for the acquisition or disposal~~;~~
- costs and benefits associated with the proposal.

Any real estate sale shall occur only after a public advertising or bidding process, unless special circumstances are present and documented. Any real estate purchase shall occur only after due diligence appropriate to the circumstance.

The Finance & Facilities Committee will review any proposal to acquire or dispose of real estate, and will make a recommendation to the full Board of Trustees regarding action.

Signed by: ~~Robert G. Clarke~~
Timothy J. Donovan
Chancellor



Manual of Policy and Procedures

LEASES, ACQUISITION AND DISPOSAL OF REAL ESTATE	Number 426	Page 1
	Date 12/11/14	

PURPOSE

Any acquisition or disposal of real estate shall benefit the VSC and shall be consistent with appropriate business practices.

STATEMENT OF POLICY

When deemed to benefit a college and the system, VSC colleges may convey or acquire real estate (including easements and rights-of-way) by way of purchase, sale, trade or donation. In addition, with the approval of the Chancellor or the Chancellor’s designee, VSC colleges may enter into leases of real property when deemed to be of benefit to a college and the system. However, any lease over \$250,000 per year or \$1,000,000 over the life of the lease shall require Board approval.

The VSC Board of Trustees shall approve any purchase, sale, trade or donation of real estate in accordance with the following procedures:

The college president, after consultation with the Chancellor, shall submit any proposal to acquire or dispose of real estate to the Finance & Facilities Committee for review. The proposal will include:

- a description of the property;
- rationale for the acquisition or disposal;
- costs and benefits associated with the proposal.

Any real estate sale shall occur only after a public advertising or bidding process, unless special circumstances are present and documented. Any real estate purchase shall occur only after due diligence appropriate to the circumstance.

The Finance & Facilities Committee will review any proposal to acquire or dispose of real estate, and will make a recommendation to the full Board of Trustees regarding action.

Signed by:

Timothy J. Donovan
Chancellor

VERMONT STATE COLLEGES

BOARD OF TRUSTEES

RESOLUTION

Revision of VSC Policy 426:
Leases, Acquisition and Disposal of Real Estate

- WHEREAS, The VSC Board of Trustees requested that the policy be reviewed with regard to lease approval thresholds; and
- WHEREAS, The Council of Presidents has reviewed the policy and revised it appropriately; and
- WHEREAS, The Finance and Facilities Committee reviewed this policy revision and endorses it; therefore, be it
- RESOLVED, That the VSC Board of Trustees revises VSC Policy 426: Leases, Acquisition and Disposal of Real Estate as attached.

December 11, 2014

4. Establishment of Endowments: Consent Agenda

Castleton State College and Lyndon State College seek Board approval for the following endowments. Appropriate documentation follows for your review.

CSC: Dr. Virginia S. and Wesley C. Larrabee Scholarship Endowment for a junior or senior with a 3.0 GPA who is an education major and a Vermonter demonstrating financial need.

LSC: Col. Merle Woodall Scholarship Endowment for Atmospheric Sciences students whose work has been accepted for presentation by the American Meteorological Society or other professional organization.

Vermont State Colleges, Form C

~~NEW FUNDING SOURCE DOCUMENT~~

CASTLETON STATE COLLEGE

(College Name)

Submit to Chancellor's Office for all activities based upon a new funding source. Place copy in front of any applicable master file.

1. Name of grant, endowment, or other activity, (type in all caps):
THE DR. VIRGNIA S. AND WESLEY C. LARRABEE SCHOLARSHIP

2. Granting agency/donor/other funding source, (attach support information)
Family and friends of Virginia and Wesley Larrabee

3. Purpose of activity:
Scholarship support as outlined in endowment agreement

<p>4a <u>Proper accounting fund:</u></p> <p><input type="checkbox"/> General</p> <p><input type="checkbox"/> Designated</p> <p><input type="checkbox"/> Auxiliary</p> <p><input type="checkbox"/> Restricted</p> <p><input type="checkbox"/> Agency</p> <p><input type="checkbox"/> Loan</p> <p><input checked="" type="checkbox"/> Regular Endowment</p> <p><input type="checkbox"/> Term Endowment</p> <p><input type="checkbox"/> Unrestricted Quasi-Endowment</p> <p><input type="checkbox"/> Restricted Quasi-Endowment</p>	<p>4b <u>Why this fund selected:</u></p> <p><u>Per donor request</u></p>
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5. General Ledger Account Number, as proposed or assigned: _____

<p>6a <u>Beginning Date:</u></p> <p>August 2014</p>	<p>6b <u>Ending Date:</u></p> <p>NA</p>	<p>6c <u>Duration:</u></p> <p>In perpetuity</p>
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7. Reporting Requirements; format/to whom/frequency/other: Annual, as outlined in endowment agreement.

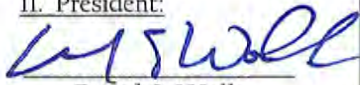
<p>8a <u>Funding Amount:</u></p> <p>\$10,370.00</p>	<p>8b <input type="checkbox"/> One-time or <input checked="" type="checkbox"/> Ongoing funding (indicate timeframe)</p> <p>No specific timeframe, restricted funds will be added when received</p>
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9a If endowment, is principal use allowed? yes no With Board OK? yes no

9b If yes, is replenishment of principal allowed or required? yes no

10. If investment proceeds generated, indicate intended disposition:

- Fully expend for program as prescribed
- Increase principal for inflation and expend remainder
- Fully apply to increasing principal
- Other (describe): Up to 5% of the annual balance to be used annually for scholarship. Apply proceeds above this amount to principal.

<p>11. <u>President:</u></p> <p></p> <p>David S. Wolk</p>	<p>12. <u>Date to Chancellor's Office:</u></p>	<p>13. <u>Date Board Approved:</u></p>
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**The Castleton State College
Dr. Virginia S. and Wesley C. Larrabee Scholarship**

This agreement made by and between Castleton State College, a member of the Vermont State Colleges, hereinafter called "Donee" and the family and friends of Dr. Virginia S. and Wesley C. Larrabee, hereinafter called Donor, for the purpose of establishing an endowment to be known as the Dr. Virginia S. and Wesley C. Larrabee Scholarship.

Witnesseth:

WHEREAS: The family and friends of Dr. Virginia S. and Wesley C. Larrabee desire to establish an endowment fund at Castleton State College.

WHEREAS: Castleton State College is willing to accept this donation on the terms hereinafter set forth;

NOW THEREFORE: In consideration of the mutual covenants and conditions herein contained, the parties agree as follows:

1.0 Creation of Fund

1.1 Donors have transferred cash in the amount of \$ 10,310.00 to Castleton State College for the purpose of using income generated from the donation to provide a scholarship to a qualified, eligible student who is enrolled on a full-time basis at Castleton State College.

1.2 This cash will be held in perpetuity to accumulate annually accrued interest and additional gifts from Donors.

1.3 Donor and anyone else may make additional contributions to The Fund. There is no limit on the amount of corpus which may be added to the fund.

2.0 Purpose

2.1 Income equal to up to five percent (5%) of the annual balance of the endowment's principal will be used during the following fiscal year to provide a scholarship to an academically qualified student. If the earnings of the endowment are not equal to, or greater than 5% of the annual balance, the award will be reduced to the amount of the interest earned, rounded to the nearest \$100.

2.2 Scholarship will be awarded based on the following criteria:

- Applicant will be a junior or senior when the scholarship is awarded
- Applicant will have a GPA of 3.0 or higher
- Applicant will be a declared education major
- Applicant must demonstrate financial need
- Applicant will be a resident of Vermont

- 2.2 No disbursement from the corpus shall be authorized. The fund will exist in perpetuity.
- 2.3 Once the amount of the scholarship award is determined as stated in Section 2.1, the balance of earnings shall be returned to the corpus for growth.
- 2.4 The Donee shall use its best judgment in accomplishing the purpose of The Fund.

3.0 Determination of Recipients

The Castleton State College Scholarship Committee shall determine who shall receive the annual award. The committee shall have the right to withhold the award if (i) no student is thought sufficiently eligible to receive the award, or (ii) the income from The Fund is insufficient to fund the award. Under such circumstances, income from The Fund shall become part of the principal.

4.0 Consolidation

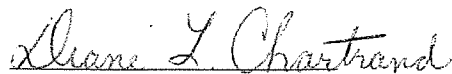
- 4.1 The Fund shall be consolidated with the other endowment funds of the Donee for the purposes of investment only. The Fund's income shall be deemed to be the same portion of the total income of the consolidated investments that the principal value of The Fund bears to the principal value of the consolidated investments from year to year.
- 4.2 Any income generated and used for the purpose herein stated shall be identified as the Dr. Virginia S. and Wesley C. Larrabee Scholarship.

5.0 Accounting

After the close of each fiscal year and audit thereof, upon request, Donor shall be provided with an accounting of The Fund showing:


- a) Market value of principal as of the close of the fiscal year;
- b) Income for that fiscal year;
- c) Expenditures for that fiscal year.
- d) Higher Education Trust Fund matching contribution if funds are available

For the Donors:


Diane L. Chartrand

3/26/12
Date

For the Donee:


David Wolk, President
Castleton State College

3/28/12
Date

Appendix C

New Funding Source Document

College Name: **LYNDON STATE COLLEGE**

Submit to Chancellor's Office for all activities based upon a new funding source.

Place copy in front of any applicable master file.

1. Name of grant, endowment, or other activity: (type in all CAPS)

COL. MERLE WOODALL ENDOWMENT

2. Granting agency/donor/other/funding source: (attach support information)

GIFTS IN MEMORY OF COL. MERLE WOODALL

3. Purpose of activity:

To provide annual award(s) to LSC Atmospheric Sciences (ATM) student(s) whose work has been accepted by the American Meteorological Society (AMS) or other professional organization for presentation at a conference, to help defray the costs of attending and creating professional presentation graphics. Recipients will be chosen at the discretion of the ATM department chair after discussing with the ATM faculty.

4. a. Proper accounting fund: b. Why was this fund selected?

- General
- Designated
- Auxiliary
- Restricted
- Agency
- Loan
- Regular Endowment
- Term Endowment
- Unrestr'd Quasi-Endwmt
- Restricted Quasi-Endwmt

This endowment is being created with gifts from alumni and friends of Merle Woodall and being matched by Universal Weather and the Valade Endowment Matching Funds.

5. General Ledger account number: (as proposed or assigned) **TBA**

6. a. Beginning date: **November 17, 2014** b. Ending date: **None** c. Duration: **In Perpetuity**


7. Reporting requirements: (format/to whom/frequency/other): **None**

8. a. Funding amount: **\$20,994** b. One-time OR Ongoing funding (indicate timeframe:)

9. a. If endowment, is principal use allowed? (w/Board OK?) Yes No
 b. If yes, is replenishment of principal allowed or required: Yes No

10. If investment proceeds generated, indicate intended disposition:

- Fully expend for program as prescribed
- Increase principal for inflation and expend remainder
- Fully apply to increasing principal
- Other (describe)

11) President: 

12) Date to Ch's Ofc:

13) Date Board Approved:

VERMONT STATE COLLEGES
BOARD OF TRUSTEES
RESOLUTION

Establishment of Endowments: Consent Agenda

- WHEREAS, Policy 412 requires Board of Trustees approval for all new endowment and quasi-endowment funds before being established and receiving investments; and
- WHEREAS, Castleton State College and Lyndon State College have submitted the following proposals to establish new endowments and recommend them to the full Board; and
- WHEREAS, The VSC Finance & Facilities Committee has appropriately reviewed the current endowment proposals and recommends them to the full Board; therefore, be it
- RESOLVED, That the Vermont State Colleges Board of Trustees hereby establishes the following new endowments titled, in the amount, and for the specific purpose as indicated:
- CSC: Dr. Virginia S. and Wesley C. Larrabee Scholarship Endowment in the amount of \$10,370 for a junior or senior with a 3.0 GPA who is an education major and a Vermonter demonstrating financial need.
- LSC: Col. Merle Woodall Scholarship Endowment in the amount of \$20,994 for Atmospheric Sciences students whose work has been accepted for presentation by the American Meteorological Society or other professional organization.

December 11, 2014

5. Real Estate Transaction

The committee will discuss a real estate transaction.

B. ITEMS FOR INFORMATION AND DISCUSSION

1. VSC FY2015 Budget vs. Actual Review and Discussion

The Q1 financials, tuition & fees monitoring reports, and narratives are attached for Committee review. At this point in the year, due primarily to decreased FPE or a change in the mix of FPE, most colleges are projecting FY2015 deficits. They are actively looking at their revenues and expenses for ways to make up for these shortfalls. It is worth repeating that the Q1 financials contain the first three months actuals and the remaining nine months projections; therefore they will not be as accurate as the Q2 and Q3 financials.

The colleges will be prepared to have an in-depth discussion about their financials at the Committee meeting.

Vermont State Colleges

Consolidated Financial Reports

**Period ended
September 30, 2014**

Executive Summary

September 30, 2014

Total Operating Revenue:

Enrollments are under-budget, creating a budget variance of -\$3.1 million for student-based revenue. Non student-based revenue is up a bit from budget so the total revenue variance is -\$2.8 million for total revenue. Detail by college is:

Enrollment summary

	Student-Based Revenue	
	Variance - FPE*	Variance Net Tuition
CCV	155	1,024,303
CSC	(23)	(1,612,846)
JSC	(28)	(309,589)
LSC	(87)	(1,112,666)
VTC	(31)	(650,400)
NAH	45	659,900
TOTALS	31	(2,001,398)
Auxiliary Revenue		(682,795)
Student-Based Revenue Variance		(2,684,193)

	Budgeted	Actual Projected	Variance
Operating Revenue	143,857,602	140,460,773	(3,396,829)
Other Revenue	28,847,322	29,439,651	592,329
TOTAL Revenue	172,704,924	169,900,424	(2,804,500)
Total Revenue Variance			(2,804,500)

*Full Paying Equivalent

Total Operating Expenses:

Colleges have adjusted expenses to compensate for reduced revenue. Total Expense Variance is a positive \$1.6 million. When added to the Revenue variance, the total variance is a negative 1,238,553 for the system.

Expense Detail by college is:

<u>College:</u>	Budgeted	Actual Projected	Variance
CCV	29,277,495	29,594,267	(316,772)
CSC	49,684,796	49,765,964	(81,168)
JSC	29,524,101	29,342,468	181,633
LSC	32,112,427	31,821,582	290,845
VTC	30,132,035	29,376,792	755,243
CO	(5,638,256)	(5,902,008)	263,752
NAH	6,070,891	6,715,562	(644,671)
VIT	1,154,941	1,143,813	11,128
WFD	1,510,421	1,461,360	49,061
TOTALS	173,828,851	173,319,800	509,051
Non-operating Expense	5,845,117	5,663,241	181,876
Total Expense	179,673,968	178,983,041	690,927
Expense variance without GASB45 (unfunded)		875,021	875,021
Total Expense Variance			1,565,948
Net Variance (Revenue and Expense)			1,565,948
Total Net Variance			1,565,948

Projected Changes in Unrestricted Net Assets excluding Unfunded OPEB by College

	Projected Total Year	Total Board Approved Budget	Projection vs Budget Variance
CCV	266,215	-	266,215
CSC	(2,302,308)	-	(2,302,308)
JSC	(97,243)	-	(97,243)
LSC	(126,387)	-	(126,387)
VTC	(2,784,795)	(2,405,009)	(379,786)
CO	1,281,754	(1)	1,281,755
NAH	141,686	-	141,686
VIT	(1)	-	(1)
WFD	(22,485)	-	(22,485)
Total VSC-Unrestricted	(3,643,563)	(2,405,010)	(1,238,553)
WFO Restricted	-	-	-

Vermont State Colleges
Consolidated
For the Three Months Ending September 30, 2014
Budget vs Actual Report

	Actual 2015	Actual 2014	Variance Prior Yr Fav/(Unfav)	Projected Balance of 2015	Projected Total Year 2015	Board Approved Budget 2015	Approved Carry Forward	Total Board Approved Budget 2015	Projection vs Budget Variance Fav/(Unfav)	Total Year 2014 Actual
OPERATING REVENUES										
Tuition and Fees (Gross)	59,518,825	59,795,999	(277,174)	55,387,450	114,906,275	117,715,992	-	117,715,992	(2,809,717)	115,684,318
(Less Scholarship Allowances)	2,799,271	2,785,435	13,837	2,401,499	5,200,770	5,086,094	-	5,086,094	(114,676)	5,454,481
Net Tuition and Fees:	56,719,554	57,010,565	(291,011)	52,985,951	109,705,505	112,629,898	-	112,629,898	(2,924,393)	110,229,837
Federal Grants and Contracts	1,815	1,230	585	11,019	12,834	12,648	-	12,648	186	23,795
State and Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	4,279	4,783	(505)	-	4,279	-	-	-	4,279	9,332
Interest Income	-	-	-	-	-	-	-	-	-	-
Sales and Services	2,074,629	1,935,086	139,544	2,906,959	4,981,588	5,260,806	-	5,260,806	(279,218)	5,061,917
Auxiliary Enterprises	12,990,301	13,423,768	(433,467)	11,693,466	24,683,767	25,366,562	-	25,366,562	(682,795)	25,549,992
Other Operating Revenue	663,110	106,604	556,506	409,690	1,072,800	587,688	-	587,688	485,112	953,575
TOTAL OPERATING REVENUE	72,453,688	72,482,036	(28,348)	68,007,085	140,460,773	143,857,602	-	143,857,602	(3,396,829)	141,828,448
OPERATING EXPENSES										
Salaries and Wages	17,084,521	17,347,801	263,281	57,008,309	74,092,830	74,079,013	-	74,079,013	(13,817)	76,202,634
Employee Benefits - Group Insurance	5,022,187	4,973,801	(48,386)	15,583,428	20,605,615	20,477,943	-	20,477,943	(127,672)	18,152,762
Employee Benefits - GASB 45	1,543,000	874,300	(668,700)	3,896,055	5,439,055	4,564,034	-	4,564,034	(875,021)	6,189,974
Payment to Trust for GASB45 benefits	-	-	-	3,360,969	3,360,969	3,497,029	-	3,497,029	136,060	-
Employee Benefits - Other	4,161,828	4,074,267	(87,561)	12,078,129	16,239,957	16,279,535	-	16,279,535	39,578	16,108,196
Scholarships and Fellowships	3,770,461	3,197,151	(573,310)	3,586,177	7,356,638	6,635,773	-	6,635,773	(720,865)	6,276,288
Supplies and Other Services	8,498,009	9,348,507	850,498	23,200,668	31,698,677	32,633,708	-	32,633,708	935,031	32,748,865
Travel	470,441	461,634	(8,807)	1,641,556	2,111,997	2,032,499	-	2,032,499	(79,498)	3,095,731
Equipment	350,019	663,838	313,819	929,381	1,279,400	1,662,171	-	1,662,171	382,771	1,055,423
Library Acquisitions	305,290	289,269	(16,021)	721,889	1,027,179	1,028,992	-	1,028,992	1,813	791,541
Utilities	979,253	891,603	(87,650)	6,385,475	7,364,728	7,266,970	-	7,266,970	(97,758)	7,286,102
Transfers										
Inter-entity	814,599	1,817,037	1,002,437	3,349,611	4,164,210	5,151,316	-	5,151,316	987,106	4,159,878
Intra-entity	(430,135)	681,475	1,111,609	(991,319)	(1,421,454)	(1,480,132)	-	(1,480,132)	(58,678)	1,413,002
TOTAL OPERATING EXPENSES	42,569,472	44,620,682	2,051,210	130,750,328	173,319,800	173,828,851	-	173,828,851	509,051	173,480,396
Operating Income (Loss)	29,884,216	27,861,354	2,022,862	(62,743,243)	(32,859,028)	(29,971,249)	-	(29,971,249)	(2,887,779)	(31,651,948)
NON-OPERATING REVENUES (EXPENSES)										
State Appropriations	6,536,272	6,573,302	(37,030)	19,644,354	26,180,626	26,394,944	-	26,394,944	(214,318)	26,030,899
Gifts	728,846	770,006	(41,160)	668,565	1,397,411	982,381	-	982,381	415,030	2,629,658
Investment Income (Net of Expenses)	(77,838)	220,143	(297,981)	591,277	513,439	624,997	-	624,997	(111,558)	802,967
Interest Expense on Capital Debt	(636,266)	(743,213)	106,947	(5,026,975)	(5,663,241)	(5,845,117)	-	(5,845,117)	181,876	(5,916,020)
Other Non-Operating Revenues	(825)	(725)	(100)	-	(825)	-	-	-	(825)	3,374
Use of Strategic Reserve	-	675,000	(675,000)	1,349,000	1,349,000	845,000	-	845,000	504,000	-
VSC Line of Credit	-	-	-	-	-	-	-	-	-	-
Net Non-Operating Revenues	6,550,189	7,494,512	(944,324)	17,226,221	23,776,410	23,002,205	-	23,002,205	774,205	23,550,879
Increase (Decrease) in Unrestricted Net Assets	36,434,404	35,355,866	1,078,538	(45,517,022)	(9,082,618)	(6,969,044)	-	(6,969,044)	(2,113,574)	(8,101,069)
Increase (Decrease) in GASB45 liability	1,543,000	874,300	668,700	3,896,055	5,439,055	4,564,034	-	4,564,034	875,021	6,189,974
TOTAL	37,977,404	36,230,166	1,747,238	(41,620,967)	(3,643,563)	(2,405,010)	-	(2,405,010)	(1,238,553)	(1,911,095)

VERMONT STATE COLLEGES
- FY'15 TUITION & FEES REVENUE MONITORING REPORT -

All Schools
September 30, 2014

	BUDGETED		ACTUAL/ESTIMATED		VARIANCE	
	FPE*	Revenue	FPE*	Revenue	FPE*	Revenue
Fall 2014						
Vermonter	7,202	30,847,720	7,083	29,929,475	(119)	(918,245)
Non-Vmtr (o/s)	1,240	13,220,478	1,129	12,069,702	(111)	(1,150,776)
NEBHE	629	8,545,701	636	6,559,809	6	14,108
Grad Vermonter	159	1,319,013	128	845,417	(31)	(473,596)
Grad Non- Vermonter	19	252,050	14	155,022	(5)	(97,028)
Total	9,250	\$52,184,962	8,990	\$49,559,425	(260)	(\$2,625,537)
Spring 2015						
Vermonter	6,850	28,931,154	6,887	28,878,698	37	(52,458)
Non-Vmtr (o/s)	1,135	11,915,308	1,089	11,600,167	(46)	(315,141)
NEBHE	574	5,960,901	589	6,129,421	15	168,520
Grad Vermonter	163	1,234,527	132	814,541	(31)	(419,986)
Grad Non- Vermonter	17	228,833	14	147,700	(3)	(81,133)
Total	8,738	\$48,270,723	8,710	\$47,570,527	(28)	(\$700,196)
SUMMER SESSIONS I. (J/Aug)						
Vermonter	397	2,087,939	525	2,797,241	128	709,302
Non-Vmtr (o/s)	15	156,499	40	428,039	26	271,540
NEBHE	19	190,266	26	266,915	7	76,647
Grad Vermonter	34	204,251	62	357,027	27	152,776
Grad Non- Vermonter	3	33,974	3	38,436	1	4,462
Total	467	2,672,931	656	3,887,658	189	1,214,727
SUMMER SESSIONS II> (May/J)						
Vermonter	566	3,004,279	577	3,058,017	11	53,738
Non-Vmtr (o/s)	12	134,529	12	136,281	0	3,752
NEBHE	20	191,357	20	196,368	0	5,011
Grad Vermonter	24	147,052	29	175,552	5	28,500
Grad Non- Vermonter	2	29,996	2	26,603	(0)	(1,393)
Total	624	\$3,507,213	640	\$3,596,821	16	\$89,608
FY 2015 TOTAL (Avg)						
Fall & Spring						
Vermonter	7,026	\$59,778,874	6,985	\$58,808,173	(41)	(\$970,701)
Non-Vmtr (o/s)	1,188	25,135,786	1,109	23,669,869	(79)	(1,465,917)
NEBHE	602	12,506,602	612	12,689,230	11	182,628
Grad Vermonter	161	2,553,540	130	1,659,958	(31)	(893,582)
Grad Non- Vermonter	18	480,883	14	302,722	(4)	(178,161)
S/T	8,994	\$100,455,685	8,850	\$97,129,952	(144)	(\$3,325,733)
Summer Sessions (annualized)	836	6,180,144	1,010	7,484,479	102	1,304,335
Total Student Tuition	9,830	106,635,829	9,861	\$104,614,431	31	(\$2,021,398)
Student Fees		11,085,556		10,758,672		(326,884)
Total Tuition and Fees		\$117,721,385		\$115,373,103		(\$2,348,282)
Less: Waivers		(5,091,488)		(5,200,771)		(109,283)
Total Net Tuition & Fees		\$112,629,897		\$110,172,332		(\$2,457,565)
Auxiliary:						
Room & Board Fall		12,733,016		12,386,724		(346,292)
Room & Board Spring		11,633,547		11,297,044		(336,503)
Bookstore		1,000,000		1,000,000		0
Total Auxiliary		25,366,563		24,683,768		(682,795)

* FPE: Full Paying Equivalent, i.e. # students at full tuition value

** Summer Sessions charge rates utilized in preceeding Academic Year

Vermont State Colleges

Detailed College Financial Reports

Period ended September 30, 2014

Vermont State Colleges
Community College of Vermont
For the Three Months Ending September 30, 2014
Budget vs Actual Report

	Actual 2015	Actual 2014	Variance Prior Yr Fav/(Unfav)	Projected Balance of 2015	Projected Total Year 2015	Board Approved Budget 2015	Approved Carry Forward	Total Board Approved Budget 2015	Projection vs Budget Variance Fav/(Unfav)	Total Year 2014 Actual
OPERATING REVENUES										
Tuition and Fees (Gross)	12,901,953	12,950,411	(48,458)	11,846,130	24,748,083	24,117,535	-	24,117,535	630,548	25,051,385
(Less Scholarship Allowances)	223,926	173,174	50,752	204,554	428,480	428,480	-	428,480	0	487,997
Net Tuition and Fees:	12,678,027	12,777,237	(99,210)	11,641,576	24,319,603	23,689,055	-	23,689,055	630,548	24,563,388
Federal Grants and Contracts	1,630	1,085	545	11,019	12,649	12,648	-	12,648	1	17,510
State and Local Grants and Contracts	0	0	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	0	1,500	(1,500)	-	-	-	-	-	-	812
Interest Income	0	0	-	-	-	-	-	-	-	-
Sales and Services	36,896	5,351	31,546	63,103	99,999	100,000	-	100,000	(1)	21,616
Auxiliary Enterprises	0	0	-	-	-	-	-	-	-	-
Other Operating Revenue	17,859	9,017	8,843	7,141	25,000	25,000	-	25,000	0	25,276
TOTAL OPERATING REVENUE	12,734,413	12,794,189	(59,777)	11,722,839	24,457,252	23,826,703	-	23,826,703	630,549	24,628,602
OPERATING EXPENSES										
Salaries and Wages	3,763,394	3,802,761	39,368	12,026,761	15,790,155	15,505,156	-	15,505,156	(284,999)	16,409,584
Employee Benefits - Group Insurance	674,274	665,961	(8,313)	2,032,760	2,707,034	2,624,195	-	2,624,195	(82,839)	2,490,610
Employee Benefits - GASB 45	246,000	53,900	(192,100)	272,938	518,938	518,938	-	518,938	-	1,018,162
Payment to Trust for GASB45 benefits	177,668	120,757	(56,911)	564,775	742,443	710,672	-	710,672	(31,771)	461,609
Employee Benefits - Other	569,317	595,477	26,160	1,896,153	2,465,470	2,548,309	-	2,548,309	82,839	2,465,419
Scholarships and Fellowships	82,188	27,963	(54,225)	233,689	315,877	315,877	-	315,877	(0)	198,630
Supplies and Other Services	1,106,158	1,019,413	(86,745)	2,809,101	3,915,259	3,866,259	-	3,866,259	(49,000)	4,098,481
Travel	46,037	25,945	(20,091)	115,163	161,200	210,200	-	210,200	49,000	200,369
Equipment	21,347	7,095	(14,252)	165,704	187,051	187,052	-	187,052	1	197,129
Library Acquisitions	0	0	-	-	-	-	-	-	-	-
Utilities	57,739	60,853	3,114	232,261	290,000	290,000	-	290,000	(0)	319,904
Transfers										
Inter-entity	633,190	817,881	184,691	2,034,324	2,667,514	2,667,512	-	2,667,512	(2)	2,191,103
Intra-entity	(39,013)	(27,125)	11,888	(127,662)	(166,675)	(166,675)	-	(166,675)	0	465,626
TOTAL OPERATING EXPENSES	7,338,300	7,170,881	(167,419)	22,255,967	29,594,267	29,277,495	-	29,277,495	(316,772)	30,516,625
Operating Income (Loss)	5,396,113	5,623,308	(227,195)	(10,533,128)	(5,137,015)	(5,450,792)	-	(5,450,792)	313,777	(5,888,023)
NON-OPERATING REVENUES (EXPENSES)										
State Appropriations	1,187,706	1,193,629	(5,922)	3,563,118	4,750,824	4,798,386	-	4,798,386	(47,562)	4,774,513
Gifts	19,820	3,977	15,843	20,180	40,000	40,000	-	40,000	(1)	52,466
Investment Income (Net of Expenses)	16,775	25,233	(8,457)	76,693	93,468	93,468	-	93,468	0	72,316
Interest Expense on Capital Debt	0	0	-	-	-	-	-	-	-	-
Other Non-Operating Revenues	-	-	-	-	-	-	-	-	-	-
Net Non-Operating Revenues	1,224,301	1,222,838	1,463	3,659,991	4,884,292	4,931,854	-	4,931,854	(47,562)	4,899,295
Increase (Decrease) in Unrestricted Net Assets	6,620,414	6,846,146	(225,732)	(6,873,137)	(252,723)	(518,938)	-	(518,938)	266,215	(988,728)
Increase (Decrease) in GASB45 liability	246,000	53,900	192,100	272,938	518,938	518,938	-	518,938	-	1,018,162
TOTAL	6,866,414	6,900,046	(33,632)	(6,600,199)	266,215	-	-	266,215	266,215	29,434

VERMONT STATE COLLEGES
- FY'15 TUITION & FEES REVENUE MONITORING REPORT -

Community College of Vermont
9/30/2014

	BUDGETED			ACTUAL/ESTIMATED		VARIANCE	
	Rate	FPE*	Revenue	FPE*	Revenue	FPE*	Revenue
Fall 2014	(Semester)						
Vermonter	2,868	2,884	\$8,271,300	2,884	\$8,270,134	(0)	(\$1,166)
Non-Vmtr (o/s)	5,736	177	1,015,300	167	957,434	(10)	(\$7,866)
NEBHE	5,736	33	189,300	47	268,971	14	79,671
Grad Vermonter	-	-	-	-	-	-	-
Grad Non- Vermonter	-	-	-	-	-	-	-
Total		3,094	\$9,475,900	3,097	\$9,486,539	3	\$20,639
Spring 2015	(Semester)						
Vermonter	2,868	2,884	\$8,271,300	2,901	\$8,321,300	17	\$50,000
Non-Vmtr (o/s)	5,736	177	1,015,300	177	1,015,300	0	0
NEBHE	5,736	33	189,300	33	189,300	0	0
Grad Vermonter	-	-	-	-	-	-	-
Grad Non- Vermonter	-	-	-	-	-	-	-
Total		3,094	\$9,475,900	3,111	\$9,525,900	17	\$50,000
SUMMER SESSIONS I. (J/Aug)	**						
Vermonter	5,568	251	\$1,397,600	369	\$2,052,238	118	\$654,638
Non-Vmtr (o/s)	11,136	7	78,000	29	323,501	22	245,501
NEBHE	11,136	2	22,300	7	75,825	5	53,525
Grad Vermonter	-	-	-	-	-	-	-
Grad Non- Vermonter	-	-	-	-	-	-	-
Total		260	1,497,900	404	2,451,564	144	953,664
SUMMER SESSIONS II> (May/J)	**						
Vermonter	5,736	310	\$1,778,200	310	\$1,778,200	0	\$0
Non-Vmtr (o/s)	11,472	8	91,800	8	91,800	0	0
NEBHE	11,472	2	22,900	2	22,900	(0)	0
Grad Vermonter	-	-	-	-	-	-	-
Grad Non- Vermonter	-	-	-	-	-	-	-
Total		320	\$1,892,900	320	\$1,892,900	0	\$0
FY 2015 TOTAL	(Acad Yr)	(Avg)					
Fall & Spring							
Vermonter	\$5,736	2,884	\$16,542,600	2,892	\$16,591,434	8	\$48,834
Non-Vmtr (o/s)	11,472	177	2,030,600	172	1,972,734	(5)	(\$7,866)
NEBHE	11,472	33	378,600	40	458,271	7	79,671
Grad Vermonter	-	-	-	-	-	-	-
Grad Non- Vermonter	-	-	-	-	-	-	-
S/T		3,094	\$18,951,800	3,104	\$19,022,439	10	\$70,639
Summer Sessions (annualized)		580	3,390,800	724	4,344,464	72	953,664
Total Student Tuition		3,674	\$22,342,600	3,829	\$23,366,903	155	\$1,024,303
Student Fees			1,774,935		1,848,010		73,075
Total Tuition and Fees			\$24,117,535		\$25,214,913		\$1,097,378
Less: Waivers			(428,480)		(428,480)		0
Total Net Tuition & Fees			\$23,689,055		\$24,786,433		\$1,097,378
Auxiliary:							
Room & Board Fall			0		0		0
Room & Board Spring			0		0		0
Bookstore			0		0		0
Total Auxiliary			0		0		0

* FPE: Full Paying Equivalent, i.e. # students at full tuition value

** Summer Sessions charge rates utilized in preceeding Academic Year

Community College of VermontSeptember 30, 2014**Narrative Highlights for Budget vs. Actual****Projection
vs.
Budget**

Based on the YTD results, the FY15 change in net assets is currently expected to be an increase in net assets of \$266K (without GASB 45 commitments).

Net Tuition and Fees is projected to exceed the annual budgeted amount by approx. \$631k as a result of a better than anticipated FY15 Summer Session offset by a projected slight decrease in Spring enrollment.

YTD Variance

The YTD FY15 increase in net assets is \$6,866,414 versus an increase of \$6,900,046 YTD in FY14 and \$6,703,084 YTD in FY13. Total operating revenue is slightly lower (\$59k or 0.5%) than for this period last year. Total operating expenses are greater than last year (\$167k or 2.3%) driven by the increase in this year's GASB 45 commitments (\$249k).

Vermont State Colleges
 Castleton State College
 For the Three Months Ending September 30, 2014
 Budget vs Actual Report

	Actual 2015	Actual 2014	Variance Prior Yr Fav/(Unfav)	Projected Balance of 2015	Projected Total Year 2015	Board Approved Budget 2015	Approved Carry Forward	Total Board Approved Budget 2015	Projection vs Budget Variance Fav/(Unfav)	Total Year 2014 Actual
OPERATING REVENUES										
Tuition and Fees (Gross)	15,282,929	15,665,666	(382,737)	14,662,056	29,944,985	31,639,486	-	31,639,486	(1,694,501)	30,157,965
(Less Scholarship Allowances)	284,930	162,294	122,636	125,070	410,000	320,000	-	320,000	(90,000)	332,414
Net Tuition and Fees:	14,997,998	15,503,372	(505,374)	14,536,986	29,534,984	31,319,486	-	31,319,486	(1,784,502)	29,825,551
Federal Grants and Contracts	0	0	-	-	-	-	-	-	-	-
State and Local Grants and Contracts	0	0	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	4,075	1,083	2,992	-	4,075	-	-	-	4,075	6,319
Interest Income	0	0	-	-	-	-	-	-	-	-
Sales and Services	566,733	458,565	108,168	357,267	924,000	824,000	-	824,000	100,000	1,275,439
Auxiliary Enterprises	5,157,376	5,727,377	(570,000)	4,839,360	9,996,736	10,524,889	-	10,524,889	(528,153)	10,934,404
Other Operating Revenue	76,862	8,523	70,340	97,138	176,000	141,000	-	141,000	35,000	306,934
TOTAL OPERATING REVENUE	20,805,045	21,698,919	(893,875)	19,830,751	40,635,796	42,809,375	-	42,809,375	(2,173,579)	42,348,647
OPERATING EXPENSES										
Salaries and Wages	4,241,334	4,351,657	110,324	14,689,676	18,931,010	18,525,844	-	18,525,844	(405,166)	18,380,595
Employee Benefits - Group Insurance	1,368,923	1,278,610	(90,313)	4,253,177	5,622,100	5,573,100	-	5,573,100	(49,000)	5,250,827
Employee Benefits - GASB 45	410,000	265,300	(144,700)	1,058,517	1,468,517	1,468,517	-	1,468,517	-	1,669,368
Payment to Trust for GASB45 benefits	218,149	141,145	(77,004)	655,292	873,441	872,597	-	872,597	(844)	561,833
Employee Benefits - Other	1,194,432	1,156,486	(37,946)	3,433,646	4,628,078	4,677,078	-	4,677,078	49,000	4,431,374
Scholarships and Fellowships	1,322,105	1,008,422	(313,683)	956,272	2,278,377	1,412,377	-	1,412,377	(866,000)	2,024,143
Supplies and Other Services	2,428,228	2,531,622	103,394	5,063,484	7,491,712	8,440,555	-	8,440,555	948,843	8,590,486
Travel	164,407	184,453	20,047	315,593	480,000	480,000	-	480,000	0	1,102,082
Equipment	149,962	173,998	24,036	321,038	471,000	471,000	-	471,000	(0)	195,890
Library Acquisitions	101,668	115,750	14,082	320,832	422,500	422,500	-	422,500	(0)	252,018
Utilities	266,461	239,727	(26,735)	2,010,686	2,277,147	2,277,147	-	2,277,147	(0)	2,199,156
Transfers										
Inter-entily	1,294,060	1,342,094	48,034	4,073,936	5,367,996	5,367,996	-	5,367,996	(0)	3,444,273
Intra-entily	(290,995)	305,600	596,595	(254,920)	(545,915)	(303,915)	-	(303,915)	242,000	1,355,631
TOTAL OPERATING EXPENSES	12,868,735	13,094,865	226,130	36,897,229	49,765,964	49,684,796	-	49,684,796	(81,168)	49,457,675
Operating Income (Loss)	7,936,310	8,604,054	(667,744)	(17,066,478)	(9,130,168)	(6,875,421)	-	(6,875,421)	(2,254,747)	(7,109,028)
NON-OPERATING REVENUES (EXPENSES)										
State Appropriations	1,187,706	1,193,629	(5,922)	3,563,119	4,750,825	4,798,386	-	4,798,386	(47,561)	4,774,513
Gifts	101,848	84,649	17,199	353,152	455,000	455,000	-	455,000	(0)	561,542
Investment Income (Net of Expenses)	7,414	60,243	(52,829)	146,104	153,518	153,518	-	153,518	0	182,252
Interest Expense on Capital Debt	(944)	(1,282)	338	944	0	-	-	-	0	(3,206)
Other Non-Operating Revenues	-	-	-	-	-	-	-	-	-	-
Net Non-Operating Revenues	1,296,024	1,337,239	(41,215)	4,063,319	5,359,343	5,406,904	-	5,406,904	(47,561)	5,515,102
Increase (Decrease) in Unrestricted Net Assets	9,232,334	9,941,293	(708,959)	(13,003,159)	(3,770,825)	(1,468,517)	-	(1,468,517)	(2,302,308)	(1,593,926)
Increase (Decrease) in GASB45 liability	410,000	265,300	144,700	1,058,517	1,468,517	1,468,517	-	1,468,517	-	1,669,368
TOTAL	9,642,334	10,206,593	(564,259)	(11,944,642)	(2,302,308)	-	-	-	(2,302,308)	75,442

**VERMONT STATE COLLEGES
- FY'15 TUITION & FEES REVENUE MONITORING REPORT -**

**Castleton State College
9/30/2014**

	BUDGETED			ACTUAL/ESTIMATED		VARIANCE	
	Rate	FPE*	Revenue	FPE*	Revenue	FPE*	Revenue
Fall 2014	(Semester)						
Vermonters	4,884	1,435	7,378,486	1,381	6,742,987	(54)	(\$635,499)
Non-Vmtr (o/s)	12,216	600	7,243,897	533	6,512,371	(67)	(731,526)
NEBHE	12,216	2	24,432	12	146,592	10	122,160
Grad Vermonters	6,598	38	509,692	23	152,933	(15)	(356,759)
Grad Non- Vermonters	9,600	14	182,389	9	87,422	(5)	(94,977)
Total		2,089	\$15,338,906	1,958	\$13,642,305	(131)	(\$1,696,601)
Spring 2015	(Semester)						
Vermonters	4,884	1,320	6,676,648	1,381	6,742,987	61	\$66,339
Non-Vmtr (o/s)	12,216	540	6,414,494	533	6,512,371	(7)	97,877
NEBHE	12,216	2	24,432	12	146,592	10	122,160
Grad Vermonters	6,598	34	449,692	23	152,933	(11)	(296,759)
Grad Non- Vermonters	9,600	13	182,389	9	87,422	(4)	(94,977)
Total		1,909	\$13,747,665	1,958	\$13,642,305	49	(\$105,360)
SUMMER SESSIONS I. (J/Aug)	**						
Vermonters	4,464			12	55,035	12	\$55,035
Non-Vmtr (o/s)	6,696			2	10,867	2	10,867
NEBHE	-				-	0	0
Grad Vermonters	5,580			21	116,558	21	116,558
Grad Non- Vermonters	8,352			1	6,655	1	6,655
Total		0	0	36	189,115	36	189,115
SUMMER SESSIONS II> (May/J)	**						
Vermonters	4,656	-	-	0	\$0	0	\$0
Non-Vmtr (o/s)	6,984	-	-	0	0	0	0
NEBHE	-				-	0	0
Grad Vermonters	5,803			0	0	0	0
Grad Non- Vermonters	8,937			0	0	0	0
Total		0	\$0	0	\$0	0	\$0
FY 2015 TOTAL	(Acad Yr)	(Avg)					
Fall & Spring							
Vermonters	9,768	1,378	\$14,055,134	1,381	\$13,485,974	3	(\$569,160)
Non-Vmtr (o/s)	24,432	570	13,658,391	533	13,024,742	(37)	(633,649)
NEBHE	24,432	2	48,864	12	293,184	10	244,320
Grad Vermonters	13,196	36	959,384	23	305,866	(13)	(653,518)
Grad Non- Vermonters	19,200	14	364,798	9	174,844	(4)	(189,954)
S/T		1,999	\$29,086,571	1,958	\$27,284,610	(41)	(\$1,801,961)
Summer Sessions (annualized)		0	0	18	189,115	18	189,115
Total Student Tuition		1,999	29,086,571	1,976	\$27,473,725	(23)	(\$1,612,846)
Student Fees			2,552,915		2,471,260		(81,655)
Total Tuition and Fees			\$31,639,486		\$29,944,985		(\$1,694,501)
Less: Waivers			(320,000)		(410,000)		(90,000)
Total Net Tuition & Fees			\$31,319,486		\$29,534,985		(\$1,784,501)
Auxiliary:							
Room & Board Fall			4,864,159		4,596,736		(267,423)
Room & Board Spring			4,660,731		4,400,000		(260,731)
Bookstore			1,000,000		1,000,000		0
Total Auxiliary			10,524,890		9,996,736		(528,154)

* FPE: Full Paying Equivalent, i.e. # students at full tuition value
 ** Summer Sessions charge rates utilized in preceeding Academic Year

Castleton State College
September 30, 2014
Narrative Highlights

SRECNA-Budget v. Actual

Tuition and Fees- Although overall enrollment is on par with last year, Castleton has seen what we believe to be a short-term decline in undergraduate enrollment. This has resulted in a reduction in net tuition and fee revenue. Revisions have been made to the Spring Semester expectations and we are confident we will meet the revised target.

Auxiliary - Student Housing and Meals has also seen a reduction in revenue due to the enrollment decline.

Sales and Services - As of September, Castleton has already reached 68% of its budget expectation for this category, in large part due to additional Polling Institute contracts. We are optimistic that we will maintain this trend and with increases in Conference & Events and Center for Schools, will well exceed our goal for the current fiscal year. These entrepreneurial initiatives and others are critical to our future.

Operating Expenses- Salary and benefits activity are all reasonable compared to prior year, given the contract increases and expectations. Our institutional scholarships are projected to exceed budget. We are mitigating this through other operational adjustments, including a 20% rescission in all of our operating budgets. All other operating expenses are following traditional patterns. There have not been any significant events to change general operational activities.

Transfers- Castleton transferred some available funds to assist with operational obligations, which is reflected in the intra-entity line item. With last year's carry-forward and some added expected revenue, we expect the shortfall to be reduced in the next few weeks.

Non-Operating Revenues- There was a small revocation of appropriations after the budget was approved. This has been adjusted to actual expectations. Investment income continues to decrease.

Vermont State Colleges
Johnson State College
For the Three Months Ending September 30, 2014
Budget vs Actual Report

	Actual 2015	Actual 2014	Variance Prior Yr Fav/(Unfav)	Projected Balance of 2015	Projected Total Year 2015	Board Approved Budget 2015	Approved Carry Forward	Total Board Approved Budget 2015	Projection vs Budget Variance Fav/(Unfav)	Total Year 2014 Actual
OPERATING REVENUES										
Tuition and Fees (Gross)	9,589,075	9,580,500	8,575	8,596,589	18,185,664	18,536,278	-	18,536,278	(350,614)	18,276,281
(Less Scholarship Allowances)	489,357	443,202	46,155	430,634	919,991	847,744	-	847,744	(72,247)	829,017
Net Tuition and Fees:	9,099,719	9,137,298	(37,579)	8,165,955	17,265,674	17,688,534	-	17,688,534	(422,861)	17,447,264
Federal Grants and Contracts	-	-	-	-	-	-	-	-	-	-
State and Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	204	2,200	(1,996)	-	204	-	-	-	204	2,200
Interest Income	-	-	-	-	-	-	-	-	-	-
Sales and Services	269,828	229,515	40,313	199,040	468,868	548,506	-	548,506	(79,638)	398,818
Auxiliary Enterprises	2,610,398	2,433,838	176,559	2,281,011	4,891,409	4,606,173	-	4,606,173	285,236	4,657,483
Other Operating Revenue	49,206	9,450	39,756	76,432	125,638	125,638	-	125,638	(0)	196,642
TOTAL OPERATING REVENUE	12,029,353	11,812,301	217,052	10,722,438	22,751,791	22,968,851	-	22,968,851	(217,060)	22,702,407
OPERATING EXPENSES										
Salaries and Wages	2,545,773	2,596,235	50,462	8,574,775	11,120,548	11,166,956	-	11,166,956	46,408	11,859,104
Employee Benefits - Group Insurance	818,799	846,590	27,792	2,674,358	3,493,157	3,486,839	-	3,486,839	(6,318)	3,339,597
Employee Benefits - GASB 45	173,000	90,100	(82,900)	519,000	692,000	729,119	-	729,119	37,119	701,259
Payment to Trust for GASB45 benefits	136,789	88,057	(48,732)	410,367	547,156	547,155	-	547,155	(1)	330,621
Employee Benefits - Other	610,338	599,925	(10,414)	1,821,792	2,432,130	2,499,406	-	2,499,406	67,276	2,503,313
Scholarships and Fellowships	992,925	834,785	(158,139)	1,014,397	2,007,322	2,069,000	-	2,069,000	61,678	1,687,622
Supplies and Other Services	987,917	1,081,789	93,873	2,985,343	3,973,260	3,973,260	-	3,973,260	0	4,042,029
Travel	46,173	54,499	8,326	286,508	332,681	326,180	-	326,180	(6,501)	568,864
Equipment	50,840	80,149	29,309	169,191	220,031	220,031	-	220,031	(0)	120,114
Library Acquisitions	61,413	50,072	(11,341)	76,467	137,880	137,880	-	137,880	0	141,975
Utilities	243,823	236,978	(6,846)	1,322,713	1,566,536	1,508,423	-	1,508,423	(58,113)	1,549,354
Transfers										
Inter-entity	868,189	830,364	(37,824)	2,694,021	3,562,210	3,602,294	-	3,602,294	40,084	3,253,096
Intra-entity	(166,007)	(174,255)	(8,248)	(576,435)	(742,442)	(742,442)	-	(742,442)	0	(567,276)
TOTAL OPERATING EXPENSES	7,369,971	7,215,288	(154,684)	21,972,497	29,342,468	29,524,101	-	29,524,101	181,633	29,529,673
Operating Income (Loss)	4,659,382	4,597,014	62,368	(11,250,059)	(6,590,677)	(6,555,250)	-	(6,555,250)	(35,427)	(6,827,265)
NON-OPERATING REVENUES (EXPENSES)										
State Appropriations	1,187,706	1,193,629	(5,922)	3,586,807	4,774,513	4,798,386	-	4,798,386	(23,873)	4,774,513
Gifts	67,215	114,851	(47,636)	122,636	189,851	189,851	-	189,851	0	277,865
Investment Income (Net of Expenses)	24,682	45,195	(20,513)	138,212	162,894	162,894	-	162,894	0	128,998
Interest Expense on Capital Debt	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Revenues	(825)	(1,250)	425	675,000	(825)	-	-	-	(825)	3,374
Use of Strategic Reserve	-	-	-	-	-	-	-	-	-	-
Net Non-Operating Revenues	1,278,779	1,352,425	(73,646)	4,522,655	5,801,434	5,826,131	-	5,826,131	(24,697)	5,184,749
Increase (Decrease) in Unrestricted Net Assets	5,938,161	5,949,439	(11,278)	(6,727,404)	(789,243)	(729,119)	-	(729,119)	(60,124)	(1,642,516)
Increase (Decrease) in GASB45 liability	173,000	90,100	82,900	519,000	692,000	729,119	-	729,119	(37,119)	701,259
TOTAL	6,111,161	6,039,539	71,622	(6,208,404)	(97,243)	-	-	(97,243)	(97,243)	(941,257)

VERMONT STATE COLLEGES
- FY'15 TUITION & FEES REVENUE MONITORING REPORT -

Johnson State College
9/30/2014

	BUDGETED			ACTUAL/ESTIMATED		VARIANCE	
	Rate	FPE*	Revenue	FPE*	Revenue	FPE*	Revenue
Fall 2014	(Semester)						
Vermonter	4,796	1,044	5,005,682	1,014	4,861,085	(30)	(144,597)
Non-Vrmlr (o/s)	10,803	155	1,673,982	121	1,310,117	(34)	(363,865)
NEBHE	10,803	84	909,901	113	1,215,826	28	305,925
Grad Vermonter	6,131	89	546,169	84	513,096	(5)	(33,073)
Grad Non- Vermonter	13,238	5	69,651	5	66,022	(0)	(3,629)
Total		<u>1,377</u>	<u>8,205,385</u>	<u>1,336</u>	<u>7,966,146</u>	<u>(41)</u>	<u>(239,239)</u>
Spring 2015	(Semester)						
Vermonter	4,796	926	4,439,001	925	4,438,171	(0)	(830)
Non-Vrmlr (o/s)	10,803	143	1,545,214	111	1,196,136	(32)	(349,078)
NEBHE	10,803	69	744,465	103	1,110,049	34	365,584
Grad Vermonter	6,131	97	591,683	76	468,456	(20)	(123,227)
Grad Non- Vermonter	13,238	4	46,434	5	60,278	1	13,844
Total		<u>1,238</u>	<u>7,366,797</u>	<u>1,220</u>	<u>7,273,090</u>	<u>(18)</u>	<u>(93,707)</u>
SUMMER SESSIONS I (J/Aug)	**						
Vermonter	4,656	96	445,477	96	445,244	(0)	(233)
Non-Vrmlr (o/s)	10,488	3	28,579	3	28,579	0	0
NEBHE	10,488	4	38,176	4	38,176	0	0
Grad Vermonter	5,952	31	186,863	32	188,351	0	1,488
Grad Non- Vermonter	12,852	3	33,974	2	31,781	(0)	(2,193)
Total		<u>136</u>	<u>733,069</u>	<u>136</u>	<u>732,131</u>	<u>0</u>	<u>(938)</u>
SUMMER SESSIONS II> (May/J)	**						
Vermonter	4,796	86	412,395	84	400,720	(2)	(11,675)
Non-Vrmlr (o/s)	10,803	2	21,969	2	25,721	0	3,752
NEBHE	10,803	3	29,347	3	34,358	0	5,011
Grad Vermonter	6,131	23	141,016	28	169,516	5	28,500
Grad Non- Vermonter	13,238	2	29,996	2	28,603	(0)	(1,393)
Total		<u>116</u>	<u>634,723</u>	<u>119</u>	<u>658,918</u>	<u>3</u>	<u>24,195</u>
FY 2015 TOTAL	(Acad Yr)	(Avg)					
Fall & Spring							
Vermonter	9,592	985	9,444,683	969	9,299,256	(15)	(145,427)
Non-Vrmlr (o/s)	21,606	149	3,219,196	116	2,506,253	(33)	(712,943)
NEBHE	21,606	77	1,654,366	108	2,325,875	31	671,509
Grad Vermonter	12,262	93	1,137,852	80	981,552	(13)	(156,300)
Grad Non- Vermonter	26,476	4	116,085	5	126,300	0	10,215
S/T		<u>1,307</u>	<u>15,572,182</u>	<u>1,278</u>	<u>15,239,236</u>	<u>(29)</u>	<u>(332,946)</u>
Summer Sessions (annualized)		126	1,367,792	128	1,391,049	1	23,257
Total Student Tuition		<u>1,433</u>	<u>16,939,974</u>	<u>1,405</u>	<u>\$16,630,285</u>	<u>(28)</u>	<u>(\$309,689)</u>
Student Fees			1,601,697		1,555,377		(46,320)
Total Tuition and Fees			<u>18,541,671</u>		<u>18,185,662</u>		<u>(356,009)</u>
Less: Waivers			(853,139)		(919,991)		(66,852)
Total Net Tuition & Fees			<u>17,688,532</u>		<u>17,265,671</u>		<u>(422,861)</u>
Auxiliary:							
Room & Board Fall			2,458,176		2,610,398		152,222
Room & Board Spring			2,147,997		2,281,011		133,014
Bookstore							0
Total Auxiliary			<u>4,606,173</u>		<u>4,891,409</u>		<u>285,236</u>

* FPE: Full Paying Equivalent, i.e. # students at full tuition value

** Summer Sessions charge rates utilized in preceeding Academic Year

Johnson State College
Period Ending Date - 9/30/14


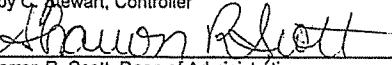
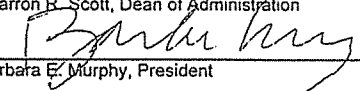
Narrative Highlights for Budget vs. Actual

Projection vs. Budget Fall enrollment for Johnson State College is 40 Full Paying Equivalent or 2.9% below budget for the fall semester. The shortfall in enrollment is comprised mainly of two factors, a reduction in new transfer students, and reduced persistence in the External Degree Program. This enrollment shortfall was partially off-set by Room and Board that is 6.2% better than budget. The net effect of these revenue adjustments is an estimated \$217K or 0.9% less than budget. It should also be noted that the rescission by the State Legislature resulted in a reduction of approximately \$24K in non-operating revenues.

Due to the lower enrollment numbers Johnson State College has closely monitored the number of sections opened, especially in the External Degree Program. Additionally, vacant positions have been held open where possible resulting in further savings. One-time revenue enhancement opportunities included in our FY15 budget including sustainable forestry, solar installation and property sale are currently underway. Adjustments to other budget lines, off-set by keeping the JSC pool open, are estimated to be approximately \$144K resulting in a currently projected net operating loss, after the approved use of reserves, of \$97K.

Johnson State College fully expects to mitigate this projected net operating loss. The College is exploring further reductions in travel, supplies and hospitality. In addition, the College will continue to carefully assess the viability of courses with small class numbers.

As we move through the second quarter Johnson State College expects to develop a tool to more closely monitor the revenues and expenses of academic departments and programs. We will be working to align our instructional expenses with the numbers of students served.

 Toby C. Stewart, Controller	10/27/14 Date
 Sharron B. Scott, Dean of Administration	10-27-2014 Date
 Barbara E. Murphy, President	10.27.14 Date

Vermont State Colleges
Lyndon State College
For the Three Months Ending September 30, 2014
Budget vs Actual Report

	Actual 2015	Actual 2014	Variance Prior Yr Fav/(Unfav)	Projected Balance of 2015	Projected Total Year 2015	Board Approved Budget 2015	Approved Carry Forward	Total Board Approved Budget 2015	Projection vs Budget Variance Fav/(Unfav)	Total Year 2014 Actual
OPERATING REVENUES										
Tuition and Fees (Gross)	11,007,710	11,240,943	(233,233)	9,666,109	20,673,819	21,977,669	-	21,977,669	(1,303,850)	21,527,475
(Less Scholarship Allowances)	1,369,409	1,225,524	143,884	1,207,891	2,577,300	2,691,970	-	2,691,970	114,670	2,651,306
Net Tuition and Fees:	9,638,302	10,015,419	(377,117)	8,458,218	18,096,520	19,285,699	-	19,285,699	(1,189,179)	18,876,168
Federal Grants and Contracts	135	105	30	-	135	-	-	-	135	3,380
State and Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-
Sales and Services	436,685	433,338	3,347	344,183	780,868	724,377	-	724,377	56,491	946,455
Auxiliary Enterprises	3,169,578	3,157,263	12,315	2,751,145	5,920,723	6,080,000	-	6,080,000	(159,277)	5,959,096
Other Operating Revenue	65,839	27,322	38,517	54,000	119,839	90,000	-	90,000	29,839	134,547
TOTAL OPERATING REVENUE	13,310,539	13,633,447	(322,908)	11,607,546	24,918,085	26,180,076	-	26,180,076	(1,261,991)	25,919,647
OPERATING EXPENSES										
Salaries and Wages	2,869,020	2,654,478	(214,542)	8,539,495	11,408,515	11,371,819	-	11,371,819	(36,696)	11,400,230
Employee Benefits - Group Insurance	903,843	903,355	(488)	2,838,609	3,742,452	3,694,667	-	3,694,667	(47,785)	3,683,113
Employee Benefits - GASB 45	262,000	160,900	(101,100)	786,000	1,048,000	650,000	-	650,000	(398,000)	1,056,790
Payment to Trust for GASB45 benefits	153,628	90,445	(63,182)	425,207	578,835	614,510	-	614,510	35,676	357,415
Employee Benefits - Other	762,195	751,963	(10,232)	1,980,010	2,742,205	2,720,793	-	2,720,793	(21,412)	2,694,320
Scholarships and Fellowships	974,520	1,066,160	91,640	947,699	1,922,219	1,957,219	-	1,957,219	35,000	1,814,687
Supplies and Other Services	1,407,396	1,283,511	(123,885)	3,642,969	5,050,365	5,223,476	-	5,223,476	173,111	5,340,198
Travel	60,542	69,166	8,625	513,608	574,150	574,150	-	574,150	0	619,587
Equipment	72,260	274,900	202,641	255,448	327,708	632,708	-	632,708	305,000	218,046
Library Acquisitions	38,092	19,167	(18,926)	143,207	181,299	183,112	-	183,112	1,813	152,480
Utilities	163,067	111,263	(51,804)	1,460,933	1,624,000	1,624,000	-	1,624,000	(0)	1,474,848
Transfers										
Inter-entily	606,245	793,539	187,293	2,415,589	3,021,834	3,182,973	-	3,182,973	161,139	2,927,145
Intra-entily	11,434	(98,803)	(110,237)	(411,434)	(400,000)	(317,000)	-	(317,000)	83,000	170,415
TOTAL OPERATING EXPENSES	8,284,242	8,080,045	(204,197)	23,537,340	31,821,582	32,112,427	-	32,112,427	290,845	31,909,275
Operating Income (Loss)	5,026,297	5,553,402	(527,105)	(11,929,794)	(6,903,497)	(5,932,351)	-	(5,932,351)	(971,146)	(5,989,628)
NON-OPERATING REVENUES (EXPENSES)										
State Appropriations	1,187,706	1,193,629	(5,922)	3,574,968	4,762,674	4,798,386	-	4,798,386	(35,712)	4,774,513
Gifts	22,441	65,669	(43,228)	127,559	150,000	171,530	-	171,530	(21,530)	1,185,535
Investment Income (Net of Expenses)	22,402	59,837	(37,435)	120,034	142,436	142,435	-	142,435	1	190,717
Interest Expense on Capital Debt	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Revenues	-	525	(525)	-	-	-	-	-	-	-
Use of Strategic Reserve	-	-	-	674,000	674,000	170,000	-	170,000	504,000	-
Net Non-Operating Revenues	1,232,549	1,319,659	(87,110)	4,496,561	5,729,110	5,282,351	-	5,282,351	446,759	6,150,765
Increase (Decrease) in Unrestricted Net Assets	6,258,846	6,873,061	(614,215)	(7,433,233)	(1,174,387)	(650,000)	-	(650,000)	(524,387)	161,137
Increase (Decrease) in GASB45 liability	262,000	160,900	101,100	786,000	1,048,000	650,000	-	650,000	398,000	1,056,790
TOTAL	6,520,846	7,033,961	(513,115)	(6,647,233)	(126,387)	-	-	-	(126,387)	1,217,927

**VERMONT STATE COLLEGES
- FY'15 TUITION & FEES REVENUE MONITORING REPORT -**

Lyndon State College
9/30/2014

	BUDGETED			ACTUAL/ESTIMATED		VARIANCE	
	Rate	FPE*	Revenue	FPE*	Revenue	FPE*	Revenue
Fall 2014	(Semester)						
Vermonter	4,848	734	3,558,432	680	3,295,776	(54)	(262,656)
Non-Vmtr (o/s)	10,380	221	2,293,980	216	2,239,431	(5)	(54,549)
NEBHE	10,380	384	3,985,920	359	3,730,422	(25)	(255,498)
Grad Vermont	6,036	32	193,152	21	129,388	(11)	(63,764)
Grad Non- Vermont	13,008	-	0	0	1,578	0	1,578
Total		<u>1,371</u>	<u>10,031,484</u>	<u>1,277</u>	<u>9,396,595</u>	<u>(94)</u>	<u>(634,889)</u>
Spring 2015	(Semester)						
Vermonter	4,848	681	3,301,488	620	3,005,760	(61)	(295,728)
Non-Vmtr (o/s)	10,380	189	1,961,820	177	1,837,260	(12)	(124,560)
NEBHE	10,380	348	3,612,240	340	3,529,200	(8)	(83,040)
Grad Vermont	6,036	32	193,152	32	193,152	0	0
Grad Non- Vermont	13,008	-	0	0	0	0	0
Total		<u>1,250</u>	<u>9,068,700</u>	<u>1,169</u>	<u>8,565,372</u>	<u>(81)</u>	<u>(503,328)</u>
SUMMER SESSIONS I. (J/Aug)	**						
Vermonter	4,656	40	186,240	34	159,664	(6)	(26,576)
Non-Vmtr (o/s)	9,984	5	49,920	6	57,879	1	7,959
NEBHE	9,984	13	129,792	14	139,230	1	9,438
Grad Vermont	5,796	3	17,388	9	52,118	6	34,730
Grad Non- Vermont	12,504	-	0	0	0	0	0
Total		<u>61</u>	<u>383,340</u>	<u>63</u>	<u>408,891</u>	<u>2</u>	<u>25,551</u>
SUMMER SESSIONS II> (May/J)	**						
Vermonter	4,848	30	145,440	30	145,440	0	0
Non-Vmtr (o/s)	10,380	2	20,760	2	20,760	0	0
NEBHE	10,380	5	51,900	5	51,900	0	0
Grad Vermont	6,036	1	6,036	1	6,036	0	0
Grad Non- Vermont	13,008	-	0	0	0	0	0
Total		<u>38</u>	<u>224,136</u>	<u>38</u>	<u>224,136</u>	<u>0</u>	<u>0</u>
FY 2015 TOTAL	(Acad Yr)	(Avg)					
Fall & Spring							
Vermonter	\$9,696	708	6,859,920	650	6,301,536	(58)	(558,384)
Non-Vmtr (o/s)	20,760	205	4,255,800	196	4,076,691	(9)	(179,109)
NEBHE	20,760	366	7,598,160	350	7,259,622	(16)	(338,538)
Grad Vermont	12,072	32	386,304	27	322,540	(5)	(63,764)
Grad Non- Vermont	26,016	0	0	0	1,578	0	1,578
S/T		<u>1,311</u>	<u>19,100,184</u>	<u>1,223</u>	<u>17,961,967</u>	<u>(88)</u>	<u>(1,138,217)</u>
Summer Sessions (annualized)		50	607,476	51	633,027	1	25,551
Total Student Tuition		<u>1,360</u>	<u>19,707,660</u>	<u>1,273</u>	<u>18,594,994</u>	<u>(87)</u>	<u>(1,112,666)</u>
NEKSDC Tuition & Misc			70,000		50,000		(20,000)
Student Fees			2,200,009		2,028,825		(171,184)
Total Tuition and Fees			<u>21,977,669</u>		<u>20,673,819</u>		<u>(1,303,850)</u>
Less: Waivers			(2,691,969)		(2,577,300)		114,669
Total Net Tuition & Fees			<u>19,285,700</u>		<u>18,096,519</u>		<u>(1,189,181)</u>
Auxiliary:							
Room & Board Fall			3,208,281		3,131,590		(76,691)
Room & Board Spring			2,871,719		2,789,133		(82,586)
Bookstore							
Total Auxiliary			<u>6,080,000</u>		<u>5,920,723</u>		<u>(159,277)</u>

* FPE: Full Paying Equivalent, i.e. # students at full tuition value
 ** Summer Sessions charge rates utilized in preceeding Academic Year

Lyndon State College
9/30/2014

Narrative - Budget vs. Actual

Lyndon's overall fall semester enrollment and tuition revenues fell below budget estimates. Total FPE enrollment was 1277 against an approved budget of 1371 and LSC's contingency budget of 1271. This is a 6.9% decrease from the approved budget and a 0.5% increase from the contingency budget. Graduate enrollments fell behind expectations; however, undergraduate enrollment decreased the most. Although all categories of matriculated students saw a decline in enrollments, the Non-Vermonters were within budgeted targets. This decrease in enrollment of matriculated students was offset slightly by the growth in non-matriculated headcount which can be attributed to the increase in dual enrollment, the implementation of early college, and our new partnership with College Steps. This overall enrollment decline equates to a negative variance from budget in net tuition and fee revenue of nearly \$1.2million. With less heads, auxiliary revenues are also projected to be below budget. With the slight positive variances in sales and services and other operating revenue, the net operating revenue variance projected is a negative \$1.26million.

Operating expenses and transfers are projected to total \$31,822,000 for the fiscal year, approximately .9% below the total approved budget. This is a direct result of the college's conscious decision to implement its' contingency budget for operations based on the decline in Fall enrollments projected in early summer. The contingency budget included cuts to operations, holding open certain vacancies, and scaling back projects. It also includes the use of unspent gift funds, available endowment earnings from prior years that have not been spent, carry forward funds from fiscal 2014 and unspent carry forwards from prior years.

With these measures in place, our current projection for the fiscal year is for a slight deficit of approximately \$126,000 when all categories of operating revenues, operating expenses and transfers, and non-operating revenues are considered. This amount represents approximately .4% of the total approved budget for FY2015.

Associate Dean of Administration
Sheilah M Evans

10/21/14

Dean of Administration
Loren Loomis-Hubbell

President
Joseph A. Bertolino

Vermont State Colleges
Vermont Technical College
For the Three Months Ending September 30, 2014
Budget vs Actual Report

	Actual 2015	Actual 2014	Variance Prior Yr Fav/(Unfav)	Projected Balance of 2015	Projected Total Year 2015	Board Approved Budget 2015	Approved Carry Forward	Total Board Approved Budget 2015	Projection vs Budget Variance Fav/(Unfav)	Total Year 2014 Actual
OPERATING REVENUES										
Tuition and Fees (Gross)	8,235,819	8,573,718	(337,899)	7,510,289	15,746,108	16,543,508	-	16,543,508	(797,400)	15,989,809
(Less Scholarship Allowances)	309,509	712,693	(403,184)	310,491	620,000	637,000	-	637,000	17,001	983,304
Net Tuition and Fees:	7,926,311	7,861,026	65,285	7,199,798	15,126,109	15,906,508	-	15,906,508	(780,399)	15,006,505
Federal Grants and Contracts	50	40	10	-	50	-	-	-	50	2,905
State and Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-
Sales and Services	460,978	439,951	21,027	968,322	1,429,300	1,614,300	-	1,614,300	(185,000)	1,205,191
Auxiliary Enterprises	2,052,950	2,105,290	(52,341)	1,821,950	3,874,900	4,155,500	-	4,155,500	(280,600)	3,999,009
Other Operating Revenue	56,071	49,194	6,877	149,979	206,050	206,050	-	206,050	0	285,264
TOTAL OPERATING REVENUE	10,496,360	10,455,501	40,859	10,140,049	20,636,409	21,882,358	-	21,882,358	(1,245,949)	20,498,875
OPERATING EXPENSES										
Salaries and Wages	2,333,977	2,546,559	212,583	8,346,970	10,680,947	11,123,633	-	11,123,633	442,686	11,567,992
Employee Benefits - Group Insurance	878,950	896,318	17,368	2,636,850	3,515,800	3,591,400	-	3,591,400	75,600	3,569,309
Employee Benefits - GASB 45	268,000	211,900	(56,100)	804,000	1,072,000	847,600	-	847,600	(224,400)	1,022,141
Payment to Trust for GASB45 benefits	119,299	77,072	(42,227)	357,896	477,195	477,195	-	477,195	0	264,708
Employee Benefits - Other	622,221	612,200	(10,022)	1,953,310	2,575,531	2,677,050	-	2,677,050	101,519	2,682,498
Scholarships and Fellowships	331,497	234,266	(97,231)	359,120	690,617	785,000	-	785,000	94,383	487,115
Supplies and Other Services	1,317,811	1,444,861	127,051	5,128,407	6,446,218	6,427,218	-	6,427,218	(19,000)	5,836,897
Travel	104,260	76,483	(27,778)	245,740	350,000	215,535	-	215,535	(134,465)	351,704
Equipment	53,324	120,379	67,055	53,324	53,324	58,500	-	58,500	5,176	309,310
Library Acquisitions	104,117	104,281	164	181,383	285,500	285,500	-	285,500	0	245,068
Utilities	238,244	223,358	(14,886)	1,307,156	1,545,400	1,545,400	-	1,545,400	0	1,659,142
Transfers										
Inter-entity	423,970	603,847	179,877	843,391	1,267,361	2,048,104	-	2,048,104	780,743	(1,429,081)
Intra-entity	7,768	533,791	526,023	409,132	416,900	49,900	-	49,900	(367,000)	420,012
TOTAL OPERATING EXPENSES	6,803,437	7,685,314	881,877	22,573,355	29,376,792	30,132,035	-	30,132,035	755,243	26,985,816
Operating Income (Loss)	3,692,923	2,770,187	922,736	(12,433,306)	(8,740,384)	(8,249,677)	-	(8,249,677)	(490,707)	(6,486,940)
NON-OPERATING REVENUES (EXPENSES)										
State Appropriations	1,187,706	1,193,629	(5,922)	3,563,118	4,750,824	4,798,386	-	4,798,386	(47,562)	4,774,513
Gifts	15,082	59,530	(44,448)	45,000	60,082	126,000	-	126,000	(65,918)	110,883
Investment Income (Net of Expenses)	(30,837)	88,206	(119,043)	103,519	72,682	72,682	-	72,682	0	309,015
Interest Expense on Capital Debt	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Revenues	-	-	-	-	-	-	-	-	-	-
VSC Line of Credit	-	-	-	-	-	-	-	-	-	-
Net Non-Operating Revenues	1,171,952	1,341,365	(169,413)	3,711,637	4,883,589	4,997,068	-	4,997,068	(113,479)	5,194,411
Increase (Decrease) in Unrestricted Net Assets	4,864,874	4,111,552	753,322	(8,721,669)	(3,856,795)	(3,252,609)	-	(3,252,609)	(604,186)	(1,292,529)
Increase (Decrease) in GASB45 liability	268,000	211,900	56,100	804,000	1,072,000	847,600	-	847,600	224,400	1,022,141
TOTAL	5,132,874	4,323,452	809,422	(7,917,669)	(2,784,795)	(2,405,009)	-	(2,405,009)	(379,786)	(270,389)

**VERMONT STATE COLLEGES
- FY'15 TUITION & FEES REVENUE MONITORING REPORT -**

Vermont Technical College
9/30/2014

	BUDGETED			ACTUAL/ESTIMATED		VARIANCE	
	Rate	FPE*	Revenue	FPE*	Revenue	FPE*	Revenue
Fall 2014	(Semester)						
Vermonter	5,928	830	4,918,870	821	\$4,869,146	(8)	(\$49,724)
Non-Vmtr (o/s)	11,352	79	900,295	81	919,410	2	19,115
NEBHE	11,352	105	1,191,960	76	863,314	(29)	(328,646)
Grad Vermonter							
Grad Non- Vermonter							
Total		<u>1,014</u>	<u>\$7,011,125</u>	<u>978</u>	<u>\$6,651,870</u>	<u>(36)</u>	<u>(\$359,255)</u>
Spring 2015	(Semester)						
Vermonter	5,928	780	\$4,621,187	771	\$4,570,488	(9)	(\$50,699)
Non-Vmtr (o/s)	11,352	78	885,456	80	908,160	2	22,704
NEBHE	11,352	102	1,157,904	73	828,696	(29)	(329,208)
Grad Vermonter							
Grad Non- Vermonter							
Total		<u>960</u>	<u>\$6,664,547</u>	<u>924</u>	<u>\$6,307,344</u>	<u>(36)</u>	<u>(\$357,203)</u>
SUMMER SESSIONS I. (J/Aug)	**						
Vermonter	5,760	10	58,622	15	\$85,060	5	\$26,438
Non-Vmtr (o/s)	11,016	0	-	1	7,213	1	7,213
NEBHE	11,016	0	-	1	13,684	1	13,684
Grad Vermonter							
Grad Non- Vermonter							
Total		<u>10</u>	<u>58,622</u>	<u>17</u>	<u>105,957</u>	<u>6</u>	<u>47,335</u>
SUMMER SESSIONS II> (May/J)	**						
Vermonter	5,928	10	61,014	13	\$79,737	3	\$18,723
Non-Vmtr (o/s)	11,352	0	-	0	0	0	0
NEBHE	11,352	0	-	0	0	0	0
Grad Vermonter							
Grad Non- Vermonter							
Total		<u>10</u>	<u>\$61,014</u>	<u>13</u>	<u>\$79,737</u>	<u>3</u>	<u>\$18,723</u>
FY 2015 TOTAL	(Acad Yr)	(Avg)					
Fall & Spring							
Vermonter	\$11,856	805	\$9,540,057	796	\$9,439,634	(8)	(\$100,423)
Non-Vmtr (o/s)	22,704	79	1,785,751	80	1,827,570	2	41,819
NEBHE	22,704	104	2,349,864	75	1,692,010	(29)	(657,854)
Grad Vermonter	0	0	0	0	0	0	0
Grad Non- Vermonter	0	0	0	0	0	0	0
S/T		<u>987</u>	<u>\$13,675,672</u>	<u>951</u>	<u>\$12,959,214</u>	<u>(36)</u>	<u>(\$716,458)</u>
Summer Sessions (annualized)		10	119,636	15	185,694	5	\$66,058
Total Student Tuition		<u>997</u>	<u>13,795,308</u>	<u>966</u>	<u>\$13,144,908</u>	<u>(31)</u>	<u>(\$650,400)</u>
Student Fees			2,748,200		2,601,200		(147,000)
Total Tuition and Fees			<u>\$16,543,508</u>		<u>\$15,746,108</u>		<u>(\$797,400)</u>
Less: Waivers			(637,000)		(620,000)		17,000
Total Net Tuition & Fees			<u>\$15,906,508</u>		<u>\$15,126,108</u>		<u>(\$780,400)</u>
Auxiliary:							
Room & Board Fall			2,202,400		2,048,000		(154,400)
Room & Board Spring			1,953,100		1,826,900		(126,200)
Bookstore							0
Total Auxiliary			<u>4,155,500</u>		<u>3,874,900</u>		<u>(280,600)</u>

* FPE: Full Paying Equivalent, i.e. # students at full tuition value

** Summer Sessions charge rates utilized in preceeding Academic Year

VTC FY15 First Quarter Budget Narrative

November 12, 2014

SUMMARY

Vermont Technical College continues to operate in a challenging financial climate. Operating with a budgeted shortfall for the second year in a row, the non-NAH divisions of the college are experiencing additional pressure from multiple primary factors: Fall 14 enrollments in non-NAH programs, which have declined from expectation; delays in the bringing the Anaerobic Digester online as a viable energy & revenue source. Budgeted for a \$2.4M shortfall, the non-NAH VTC is currently on pace to exceed that shortfall by approximately \$250k. We are and continue to implement measures to mitigate this loss.

REVENUES

Current non-NAH revenue is significantly under budget. Vermont Tech planned for a FTE enrollment decline of 4.6% from prior year, which was informed by two expectations: first, that returning student population would be substantially reduced, as last year's small freshmen class would translate to fewer sophomores this year; and second, that this effect would be mitigated in part by a modest rebound in numbers of new students. Continued attrition in new student enrollments and a small but unanticipated decrease in our ratio of out-of-state students to in-state students are projected to substantially increase our shortfall--7.0% decline in FTE corresponding to approximately \$1M in terms of tuition, fees, room, and board revenues. Compounding this decline are continued delays in bringing to full operationality an Anaerobic Digester that was budgeted to generate robust electricity sales for the duration of the fiscal year. Our overall revenue shortfall is projected at \$ 1.25 M.

EXPENSES

Vermont Tech has begun reacting aggressively to meet this challenging financial situation. A number of administrative positions have been left vacant, and beginning this past summer, the Academic Dean's office has spearheaded an effort across all Academic Departments to close and consolidate course sections. At our current spend rate, FY2015 salary, wage, and non-GASB benefit expenses are on pace to come in under budget by 3.5%. Our overall expense projections suggest efficiencies along the order of 2.6%.

ACTION SUMMARY

Vermont Tech continues to closely monitor its financial progress with the goal of reacting aggressively to budgetary challenges. In addition to the proactive measures already taken, we are evaluating a number of corrective measures: operational budget cuts; personnel action; a transition in the oversight of Anaerobic Digester; the installation of \$500k worth of TAACCCT-funded milk processing equipment to modernize our dairy operation. It is our goal to close FY2015 within the parameters laid out in our board approved budget: a \$2.4M loss.

Vermont State Colleges
System Office
For the Three Months Ending September 30, 2014
Budget vs Actual Report

	Actual 2015	Actual 2014	Variance Prior Yr Fav/(Unfav)	Projected Balance of 2015	Projected Total Year 2015	Board Approved Budget 2015	Approved Carry Forward	Total Board Approved Budget 2015	Projection vs Budget Variance Fav/(Unfav)	Total Year 2014 Actual
OPERATING REVENUES										
Tuition and Fees (Gross)	-	-	-	-	-	-	-	-	-	-
(Less Scholarship Allowances)	-	-	-	-	-	-	-	-	-	-
Net Tuition and Fees:	-	-	-	-	-	-	-	-	-	-
Federal Grants and Contracts	-	-	-	-	-	-	-	-	-	-
State and Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-
Sales and Services	-	-	-	-	-	-	-	-	-	-
Auxiliary Enterprises	-	-	-	-	-	-	-	-	-	-
Other Operating Revenue	392,115	3,089	389,027	-	392,115	-	-	-	392,115	3,089
TOTAL OPERATING REVENUE	392,115	3,089	389,027	-	392,115	-	-	-	392,115	3,089
OPERATING EXPENSES										
Salaries and Wages	542,235	573,073	30,838	1,630,000	2,172,235	2,274,876	-	2,274,876	102,641	2,426,107
Employee Benefits - Group Insurance	157,302	153,379	(3,924)	469,000	626,302	604,646	-	604,646	(21,656)	(1,102,568)
Employee Benefits - GASB 45	65,000	28,200	(36,800)	195,000	260,000	206,860	-	206,860	(53,140)	255,904
Payment to Trust for GASB45 benefits	(841,007)	(539,872)	301,136	841,007	(0)	-	-	-	0	(2,061,876)
Employee Benefits - Other	233,980	161,269	(72,710)	302,000	535,980	259,242	-	259,242	(276,738)	403,529
Scholarships and Fellowships	-	-	-	-	-	-	-	-	-	-
Supplies and Other Services	859,976	1,715,827	855,851	2,500,000	3,359,976	3,235,052	-	3,235,052	(124,924)	3,560,188
Travel	22,995	19,621	(3,373)	30,000	52,995	54,693	-	54,693	1,698	98,436
Equipment	858	133	(725)	-	858	65,614	-	65,614	64,756	554
Library Acquisitions	-	-	-	-	-	-	-	-	-	-
Utilities	6,643	15,264	8,620	33,000	39,643	-	-	-	(39,643)	62,764
Transfers	-	-	-	-	-	-	-	-	-	-
Inter-entity	(2,960,163)	(2,609,994)	350,169	(9,989,833)	(12,949,996)	(12,339,239)	-	(12,339,239)	610,757	(6,670,551)
Intra-entity	-	(4,244)	(4,244)	-	-	-	-	-	-	(249,715)
TOTAL OPERATING EXPENSES	(1,912,182)	(487,344)	1,424,838	(3,989,826)	(5,902,008)	(5,638,256)	-	(5,638,256)	263,752	(3,277,227)
Operating Income (Loss)	2,304,297	490,432	1,813,865	3,989,826	6,294,123	5,638,256	-	5,638,256	655,867	3,280,316
NON-OPERATING REVENUES (EXPENSES)										
State Appropriations	-	-	-	-	-	-	-	-	-	-
Gifts	502,433	441,322	61,111	-	502,433	-	-	-	502,433	441,322
Investment Income (Net of Expenses)	(111,560)	(74,390)	(37,171)	-	(111,560)	-	-	-	(111,560)	(139,500)
Interest Expense on Capital Debt	(635,323)	(741,931)	106,609	(5,027,919)	(5,663,241)	(5,845,117)	-	(5,845,117)	181,876	(5,912,815)
Other Non-Operating Revenues	-	-	-	-	-	-	-	-	-	-
VSC Line of Credit	-	-	-	-	-	-	-	-	-	-
Net Non-Operating Revenues	(244,450)	(374,999)	130,549	(5,027,919)	(5,272,369)	(5,845,117)	-	(5,845,117)	572,748	(5,610,994)
Increase (Decrease) in Unrestricted Net Assets	2,059,847	115,433	1,944,414	(1,038,093)	1,021,754	(206,861)	-	(206,861)	1,228,615	(2,330,677)
Increase (Decrease) in GASB45 liability	65,000	28,200	36,800	195,000	260,000	206,860	-	206,860	53,140	255,904
TOTAL	2,124,847	143,633	1,981,214	(843,093)	1,281,754	(1)	-	(1)	1,281,755	(2,074,774)

Chancellor's Office

September 30, 2014

Narrative Highlights

Budget vs Actual

During FY2015 the OC is projecting an overall positive variance with the budget of \$1.28K. This is primarily from unbudgeted income from gifts and rebates through Pepsi and Sodexo contracts.

Vermont State Colleges
 Allied Health
 For the Three Months Ending September 30, 2014
 Budget vs Actual Report

	Actual 2015	Actual 2014	Variance Prior Yr Fav/(Unfav)	Projected Balance of 2015	Projected Total Year 2015	Board Approved Budget 2015	Approved Carry Forward	Total Board Approved Budget 2015	Projection vs Budget Variance Fav/(Unfav)	Total Year 2014 Actual
OPERATING REVENUES										
Tuition and Fees (Gross)	2,501,339	1,784,761	716,577	3,105,277	5,607,616	4,901,516	-	4,901,516	706,100	4,681,403
(Less Scholarship Allowances)	122,141	68,548	53,593	122,859	245,000	160,900	-	160,900	(84,100)	170,443
Net Tuition and Fees:	2,379,198	1,716,213	662,984	2,983,418	5,362,616	4,740,616	-	4,740,616	622,000	4,510,960
Federal Grants and Contracts	-	-	-	-	-	-	-	-	-	-
State and Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-
Sales and Services	114,983	111,536	3,447	57,517	172,500	172,500	-	172,500	0	196,196
Auxiliary Enterprises	-	-	-	-	-	-	-	-	-	-
Other Operating Revenue	3,083	-	3,083	25,000	28,083	-	-	-	28,083	61
TOTAL OPERATING REVENUE	2,497,263	1,827,749	669,514	3,065,935	5,563,198	4,913,116	-	4,913,116	650,082	4,707,216
OPERATING EXPENSES										
Salaries and Wages	491,077	489,145	(1,932)	2,192,404	2,683,481	2,745,600	-	2,745,600	62,119	2,775,538
Employee Benefits - Group Insurance	121,634	130,079	8,446	395,957	517,591	553,700	-	553,700	36,109	553,812
Employee Benefits - GASB 45	36,000	-	(36,000)	108,000	144,000	-	-	-	(144,000)	137,443
Payment to Trust for GASB45 benefits	35,475	22,397	(13,079)	106,425	141,900	141,900	-	141,900	-	85,690
Employee Benefits - Other	105,697	128,805	23,107	469,366	575,063	590,500	-	590,500	15,437	643,048
Scholarships and Fellowships	67,226	25,554	(41,672)	75,000	142,226	96,300	-	96,300	(45,926)	64,091
Supplies and Other Services	204,089	153,935	(50,154)	569,348	773,437	809,437	-	809,437	36,000	574,454
Travel	4,935	9,437	4,502	41,565	46,500	46,500	-	46,500	0	45,782
Equipment	575	4,299	3,724	10,000	10,575	17,966	-	17,966	7,391	9,631
Library Acquisitions	-	-	-	-	-	-	-	-	-	-
Utilities	3,274	4,161	886	18,726	22,000	22,000	-	22,000	(0)	20,935
Transfers										
Inter-entity	222,618	236,919	14,301	1,441,113	1,663,731	1,046,988	-	1,046,988	(616,743)	1,027,940
Intra-entity	(4,942)	33,495	38,437	-	(4,942)	-	-	-	4,942	(195,660)
TOTAL OPERATING EXPENSES	1,287,658	1,238,225	(49,433)	5,427,904	6,715,562	6,070,891	-	6,070,891	(644,671)	5,742,703
Operating Income (Loss)	1,209,605	589,524	620,081	(2,361,969)	(1,152,364)	(1,157,775)	-	(1,157,775)	5,411	(1,035,486)
NON-OPERATING REVENUES (EXPENSES)										
State Appropriations	287,501	295,874	(8,373)	862,503	1,150,004	1,157,775	-	1,157,775	(7,771)	921,186
Gifts	8	8	-	38	46	-	-	-	46	46
Investment Income (Net of Expenses)	(6,715)	15,819	(22,534)	6,715	0	-	-	-	0	59,171
Interest Expense on Capital Debt	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Revenues	-	-	-	-	-	-	-	-	-	-
Net Non-Operating Revenues	280,794	311,701	(30,907)	869,256	1,150,050	1,157,775	-	1,157,775	(7,725)	980,403
Increase (Decrease) in Unrestricted Net Assets	1,490,399	901,225	589,174	(1,492,713)	(2,314)	-	-	-	(2,314)	(55,083)
Increase (Decrease) in GASB45 liability	36,000	-	36,000	108,000	144,000	-	-	-	144,000	137,443
TOTAL	1,526,399	901,225	625,174	(1,384,713)	141,686	-	-	-	141,686	82,360

**VERMONT STATE COLLEGES
- FY'15 TUITION & FEES REVENUE MONITORING REPORT -**

**Nursing and Allied Health
9/30/2014**

	BUDGETED			ACTUAL/ESTIMATED		VARIANCE	
	Rate	FPE*	Revenue	FPE*	Revenue	FPE*	Revenue
Fall 2014	(Semester)						
Vermonter	6,228	275	\$1,714,950	304	\$1,890,347	28	\$175,397
Non-Vrmt (o/s)	11,628	8	93,024	11	130,939	3	37,915
NEBHE	11,628	21	244,188	29	334,684	8	90,496
Grad Vermont							
Grad Non- Vermont							
Total		304	\$2,052,162	344	\$2,355,970	39	\$303,808
Spring 2015	(Semester)						
Vermonter	6,228	260	\$1,621,530	289	\$1,799,992	29	\$178,462
Non-Vrmt (o/s)	11,628	8	93,024	11	130,940	3	37,916
NEBHE	11,628	20	232,560	28	325,584	8	93,024
Grad Vermont							
Grad Non- Vermont							
Total		288	\$1,947,114	328	\$2,256,516	40	\$309,402
SUMMER SESSIONS I. (J/Aug)	**						
Vermonter	-	-	-	-	-	-	-
Non-Vrmt (o/s)	-	-	-	-	-	-	-
NEBHE	-	-	-	-	-	-	-
Grad Vermont	-	-	-	-	-	-	-
Grad Non- Vermont	-	-	-	-	-	-	-
Total		0	0	0	0	0	0
SUMMER SESSIONS II> (May/J)	**						
Vermonter	4,671	130	607,230	140	\$653,920	10	\$46,690
Non-Vrmt (o/s)	8,721	-	-	-	-	-	-
NEBHE	8,721	10	87,210	10	87,210	-	-
Grad Vermont							
Grad Non- Vermont							
Total		140	694,440	150	741,130	10	46,690
FY 2015 TOTAL	(Acad Yr)	(Avg)					
Fall & Spring							
Vermonter	12,456	268	3,336,480	296	3,690,339	28	353,859
Non-Vrmt (o/s)	23,256	8	186,048	11	261,879	3	75,831
NEBHE	23,256	21	476,748	28	660,268	8	183,520
Grad Vermont	-	-	-	-	-	-	-
Grad Non- Vermont	-	-	-	-	-	-	-
S/T		296	3,999,276	336	4,612,486	40	613,210
Summer Sessions (annualized)		70	694,440	75	741,130	5	\$46,690
Total Student Tuition		366	4,693,716	411	5,353,616	45	659,900
Student Fees			207,800		254,000		46,200
Total Tuition and Fees			4,901,516		5,607,616		706,100
Less: Waivers			(160,900)		(245,000)		(84,100)
Total Net Tuition & Fees			4,740,616		5,362,616		622,000
Auxiliary:							
Room & Board Fall			0		0		0
Room & Board Spring			0		0		0
Bookstore			0		0		0
Total Auxiliary			0		0		0

* FPE: Full Paying Equivalent, i.e. # students at full tuition value

** Summer Sessions charge rates utilized in preceeding Academic Year

NAH FY15 First Quarter Budget Narrative

SUMMARY

Following a challenging fiscal 2014, Nursing and Allied Health (NAH) are seeing a strong rebound in enrollment and revenue: NAH is on pace to achieve its budget target in fiscal 2015.

Current revenue compares favorably to last year's. FTE enrollments are up by 12.9%, due in large part to robust enrollments in ADN and PN programs, particularly in our satellite campuses and Brattleboro--the sight of a recently opened, shared bricks & mortar building with CCV.

The Nursing & Allied Health division continues to be a strong financial contributor to Vermont Technical College.

Vermont State Colleges
 Vermont Interactive TV
 For the Three Months Ending September 30, 2014
 Budget vs Actual Report

	Actual 2015	Actual 2014	Variance Prior Yr Fav/(Unfav)	Projected Balance of 2015	Projected Total Year 2015	Board Approved Budget 2015	Approved Carry Forward	Total Board Approved Budget 2015	Projection vs Budget Variance Fav/(Unfav)	Total Year 2014 Actual
OPERATING REVENUES										
Tuition and Fees (Gross)	-	-	-	-	-	-	-	-	-	-
(Less Scholarship Allowances)	-	-	-	-	-	-	-	-	-	-
Net Tuition and Fees:	-	-	-	-	-	-	-	-	-	-
Federal Grants and Contracts	-	-	-	-	-	-	-	-	-	-
State and Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-
Sales and Services	31,270	58,213	(26,943)	287,527	318,797	330,000	-	330,000	(11,203)	158,556
Auxiliary Enterprises	-	-	-	-	-	-	-	-	-	-
Other Operating Revenue	74	9	64	-	74	-	-	-	74	853
TOTAL OPERATING REVENUE	31,344	58,222	(26,878)	287,527	318,871	330,000	-	330,000	(11,129)	159,409
OPERATING EXPENSES										
Salaries and Wages	122,972	135,706	12,733	458,228	581,200	581,200	-	581,200	(0)	565,879
Employee Benefits - Group Insurance	51,683	53,453	1,771	157,317	209,000	209,000	-	209,000	0	196,468
Employee Benefits - GASB 45	26,000	1,900	(24,100)	(18,400)	7,600	7,600	-	7,600	-	102,402
Payment to Trust for GASB45 benefits	-	-	-	-	-	-	-	-	-	-
Employee Benefits - Other	26,795	28,664	1,868	100,752	127,547	127,547	-	127,547	(0)	115,787
Scholarships and Fellowships	-	-	-	-	-	-	-	-	-	-
Supplies and Other Services	50,008	49,934	(74)	135,087	185,095	185,095	-	185,095	(0)	171,317
Travel	2,120	3,324	1,204	17,379	19,499	19,499	-	19,499	(0)	16,612
Equipment	-	-	-	-	-	-	-	-	-	-
Library Acquisitions	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Inter-entily	(11,129)	(3,731)	7,398	25,000	13,871	25,000	-	25,000	11,129	(147,086)
Intra-entily	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	268,450	269,250	800	875,363	1,143,813	1,154,941	-	1,154,941	11,128	1,021,378
Operating Income (Loss)	(237,106)	(211,027)	(26,078)	(587,836)	(824,942)	(824,941)	-	(824,941)	(1)	(861,970)
NON-OPERATING REVENUES (EXPENSES)										
State Appropriations	204,335	202,311	2,024	613,006	817,341	817,341	-	817,341	-	809,249
Gifts	-	-	-	-	-	-	-	-	-	-
Investment Income (Net of Expenses)	-	-	-	-	-	-	-	-	-	-
Interest Expense on Capital Debt	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Revenues	-	-	-	-	-	-	-	-	-	-
Net Non-Operating Revenues	204,335	202,311	2,024	613,006	817,341	817,341	-	817,341	-	809,249
Increase (Decrease) in Unrestricted Net Assets	(32,771)	(8,716)	(24,054)	25,170	(7,601)	(7,600)	-	(7,600)	(1)	(52,721)
Increase (Decrease) in GASB45 liability	26,000	1,900	24,100	(18,400)	7,600	7,600	-	7,600	-	102,402
TOTAL	(6,771)	(6,816)	46	6,770	(1)	-	-	-	(1)	49,681



VIT FY15 First Quarter Budget Narrative

October 21, 2014

STATUS SUMMARY

VIT closed FY14 with a healthy surplus of \$49,681. This is the ninth consecutive year that VIT has carried over a modest surplus. In these tough economic times, this is an accomplishment of which the VIT team is particularly proud. The carry over balance will be used to fund VIT's GASB45 post retirement obligation.

VIT's FY15 budget is tighter than budgets of years past. On the revenue side, VIT secured a 1% state appropriation increase for the current fiscal year 2015. The FY15 sales goal reflects an 8% increase over FY14 actual. VIT hopes to attain this goal through a rate increase that was implemented on July 1 and increased sales. On the expense side, all expenses have been reduced to minimal operational levels.

REVENUES

In this first quarter of FY15, VIT's total revenue, which includes sales and services (470) and inter-entity transfers (910), is down compared to last year. However, in addition to the sales and service income received in the first quarter, VIT currently has another \$192,433 in reservations on the VIT schedule for later in FY15. When year-to-date, plus projected revenue is added together, VIT is actually slightly ahead of last year at this same time. New reservations are received daily. With 9 months still remaining in this fiscal year, the FY15 sales goal of \$330,000 remains an aggressive, but realistic goal.

EXPENSES

VIT has a new expense line item totaling \$25,000 annually. This is reimbursement to Vermont Tech for overhead expenses provided. \$6,250 was charged to VIT in the first quarter and is reflected in inter-entity transfers (910). As a result, the inter-entity transfer income actually totaled \$17,379, but shows only \$11,129 because the \$6,250 first quarter payment was deducted. Even with this new expense, VIT's FY15 first quarter expenses are down slightly compared to FY14 first quarter expenses.

SUMMARY

As always, the VIT staff and Council will continue to track revenue and expenses carefully. VIT's biggest users are in the education, nonprofit and government categories. All three categories are experiencing serious financial constraints that could impact their future utilization of VIT. If at the end of the 2nd quarter the sales goal appears to be unattainable, VIT will look at ways to further reduce expenses in order to avoid any potential shortfall.

At the end of the first quarter, VIT is in good health and is expected to close FY15 with a balanced budget. Prepared by Tara Lidstone, Executive Director

Vermont State Colleges
Workforce Development
For the Three Months Ending September 30, 2014
Budget vs Actual Report

	Actual 2015	Actual 2014	Variance Prior Yr Fav/(Unfav)	Projected Balance of 2015	Projected Total Year 2015	Board Approved Budget 2015	Approved Carry Forward	Total Board Approved Budget 2015	Projection vs Budget Variance Fav/(Unfav)	Total Year 2014 Actual
OPERATING REVENUES										
Tuition and Fees (Gross)	-	-	-	-	-	-	-	-	-	-
(Less Scholarship Allowances)	-	-	-	-	-	-	-	-	-	-
Net Tuition and Fees:	-	-	-	-	-	-	-	-	-	-
Federal Grants and Contracts	-	-	-	-	-	-	-	-	-	-
State and Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-
Sales and Services	157,256	198,617	(41,362)	630,000	787,256	947,123	-	947,123	(159,867)	859,646
Auxiliary Enterprises	-	-	-	-	-	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-	-	-	-	-	910
TOTAL OPERATING REVENUE	157,256	198,617	(41,362)	630,000	787,256	947,123	-	947,123	(159,867)	860,556
OPERATING EXPENSES										
Salaries and Wages	174,740	198,186	23,446	550,000	724,740	783,929	-	783,929	59,189	817,605
Employee Benefits - Group Insurance	46,779	46,054	(725)	125,400	172,179	140,396	-	140,396	(31,783)	171,594
Employee Benefits - GASB 45	57,000	62,100	5,100	171,000	228,000	135,400	-	135,400	(92,600)	226,506
Payment to Trust for GASB45 benefits	-	-	-	-	-	133,000	-	133,000	133,000	-
Employee Benefits - Other	36,852	39,479	2,627	121,100	157,952	179,610	-	179,610	21,658	168,908
Scholarships and Fellowships	-	-	-	-	-	-	-	-	-	-
Supplies and Other Services	136,426	67,615	(68,812)	366,929	503,355	473,356	-	473,356	(29,999)	534,814
Travel	18,972	18,705	(267)	76,000	94,972	105,742	-	105,742	10,770	92,296
Equipment	853	2,884	2,031	8,000	8,853	9,300	-	9,300	447	5,749
Library Acquisitions	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Inter-entity	(262,381)	(193,882)	68,499	(187,930)	(450,311)	(450,312)	-	(450,312)	(1)	(436,961)
Intra-entity	51,620	113,016	61,396	(30,000)	21,620	-	-	-	(21,620)	13,969
TOTAL OPERATING EXPENSES	260,861	354,158	93,296	1,200,499	1,461,360	1,510,421	-	1,510,421	49,061	1,594,479
Operating Income (Loss)	(103,605)	(155,540)	51,935	(570,499)	(674,104)	(563,298)	-	(563,298)	(110,806)	(733,923)
NON-OPERATING REVENUES (EXPENSES)										
State Appropriations	105,905	106,974	(1,070)	317,715	423,620	427,898	-	427,898	(4,279)	427,898
Gifts	-	-	-	-	-	-	-	-	-	-
Investment Income (Net of Expenses)	-	-	-	-	-	-	-	-	-	-
Interest Expense on Capital Debt	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Revenues	-	-	-	-	-	-	-	-	-	-
Net Non-Operating Revenues	105,905	106,974	(1,070)	317,715	423,620	427,898	-	427,898	(4,279)	427,898
Increase (Decrease) in Unrestricted Net Assets	2,299	(48,566)	50,865	(252,784)	(250,485)	(135,400)	-	(135,400)	(115,085)	(306,025)
Increase (Decrease) in GASB45 liability	57,000	62,100	(5,100)	171,000	228,000	135,400	-	135,400	92,600	226,506
TOTAL	59,299	13,534	45,765	(81,784)	(22,485)	-	-	-	(22,485)	(79,519)

VERMONT TECHNICAL COLLEGE (Workforce Development)

October 21, 2014

NARRATIVE HIGHLIGHTS FOR BUDGET VS ACTUAL – 1st Qtr Review

Workforce Development Entity is comprised of Vermont Manufacturing Extension Center (VMEC), Small Business Development Center (SBDC), Continuing Education and Workforce Development (CEWD), and Vermont Corporate College (VCC).

Unrestricted Fund:

Sales and services revenue is projected to lower than budget due to lower training program income. A reduction in expenditures is projected to offset most of the revenue decline.

Restricted Fund:

Many of WFD grants continue year to year. Currently for FY15, there are 7 federal grants and 6 state grants reflected in the WFD restricted report. The federal SBDC E-Commerce Grant will finish in October and the State CEWD Department of Economic Housing & Community Development Training Grant completed at the end of September.

2. Discuss FY2016 Budget Development

We have begun the FY2016 budget process. Over the next few months we will continue to analyze both our revenue and expense line items and begin to adjust for known cost and trend line variances. We are underway in discussions with our insurance brokers to review our various policy coverages and premiums. As part of the annual process we will also analyze interest income, interest expense, bad debt expense, debt retirement, OC allocation, etc.

As we begin preparing the FY2016 budget there is every expectation that it will be a very challenging year.

3. Discuss Benchmarks and Ratios

We continue to refine the benchmarks and ratios in consultation with Chair Macfarlane. We intend to have a full review and discussion at the next Finance and Facilities Committee meeting.

4. Update on Ongoing VSC Construction

Project updates:

Construction of the JSC 150kw solar array project started in early October. Construction of the array moved very quickly and has been essentially completed with the exception of the utility company interconnection. The interconnection necessitated that the utility lines and poles on Clay Hill be upgraded. These utility poles are owned by FairPoint, not the local utility. The local utility is working with FairPoint to expedite the utility upgrades.

Level 3 Projects for OC approval:

VTC is moving forward with plans for the construction of a milk processing facility at the Farmstead. An RFP was issued for the selection of a design team and the selection committee chose Northern Architects. The design team started working on the project immediately, gathering site and existing condition information. They also began meeting with the VTC building committee to establish building program and conceptual design. The design of this facility has a very short timeline; the design needs to be completed by late January for construction bidding in February. A construction start is planned for early April with a completion date of late June of 2015.

In mid-September VTC also released an RFP to partner with a developer for the construction of a 500kw solar farm to be located near the Langevin House. The selection committee selected All Earth Renewables as their partner and we are now in the process of negotiating the terms of the contract, which will be brought before the Board for final approval. All Earth will then begin permitting the project and the anticipated construction start will be late spring.

5. Review Capital Projects Report

For this month's Project Status Report, we removed 8 completed projects, which give us a total of 26 projects remaining on the Capital Project List.

November 2014 Capital Project Update									
Board Approved State Capital Projects	Preliminary Estimate	Budget	Final / Est. Cost	(Under)/ Over Budget	% Cash Dispersed	% Work Complete	Start	Finish	Notes
CSC FY 06 Glenbrook Waterline	\$ 42,196	\$ 42,196	\$ 42,196		50%	50%	7/1/08	6/31/14	
CSC FY 15 Leavenworth Window Replacement	\$ 325,000	\$ 270,250	\$ 408,823		99%	99%	7/1/14	11/14/14	Overage covered by unspent funds from other projects.
Castleton Totals		\$ 312,446	\$ 451,019	44%					
JSC FY 13 Martinetti Heat System Upgrades Phase I	\$ 95,000	\$ 95,000	\$ 95,000		100%	100%	7/2/12	8/8/14	
JSC FY 13 Campus Electrical Efficiency Upgrades	\$ 21,250	\$ 21,250	\$ 21,250		0%	25%	7/2/12	11/30/14	
Johnson Totals		\$ 116,250	\$ 116,250						
LSC FY13 Campus Building Brick Repairs	\$ 50,000	\$ 50,000	\$ 50,000		65%	80%	7/2/12	6/30/14	
LSC FY 14 Activities Building Renovations	\$ 140,000	\$ 140,000	\$ 139,500	-0%	100%	100%	7/1/13	6/30/14	
LSC FY 14 Vail Air Handler Replacement Phase I	\$ 60,000	\$ 60,000	\$ 60,000		100%	100%	7/1/13	6/30/14	
LSC FY 14 Campus Landscaping & Walkway Replacement	\$ 70,250	\$ 70,250	\$ 70,250		50%	60%	7/1/13	6/30/14	
LSC FY 15 Air Handler Replacement Phase II	\$ 49,000	\$ 49,000	\$ 49,000.00		100%	100%	7/1/14	6/30/15	
Lyndon Totals		\$ 369,250	\$ 368,750	-0%					
VTC FY 15 Exterior Painting & Building Repairs	\$ 56,000	\$ 56,000	\$ 56,000		70%	70%	7/1/14	6/30/15	
VTC FY 15 Campus Flooring Replacement	\$ 109,000	\$ 109,000	\$ 109,000		70%	80%	7/1/14	6/30/15	
VTC FY 15 Barn Roof Replacement	\$ 80,000	\$ 80,000	\$ 80,000		10%	10%	7/1/14	6/30/15	
VTC FY 15 Energy Management System Upgrades	\$ 25,250	\$ 25,250	\$ 25,250		0%	0%	7/1/14	6/30/15	
VTC Totals	\$ 270,250	\$ 270,250	\$ 270,250						
CCV FY 14 Facility Improvements	\$ 75,000	\$ 75,000	\$ 75,000		50%	50%	7/1/13	6/30/15	
CCV FY 15 Facility Improvements	\$ 75,000	\$ 75,000	\$ 75,000		0%	0%	7/1/14	6/30/15	
CCV Totals		\$ 150,000	\$ 150,000						
VSC FY 13 Brattleboro Academic Facility	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000		99%	99%	11/7/12	8/1/14	
VSC Total		\$ 2,000,000	\$ 2,000,000						

* Green Indicates project completed and will be removed from next report.

Board Approved VSC Dorm/Dining Projects	Preliminary Estimate	Budget	Final / Est. Cost	(Under)/ Over Budget	% Cash Dispers ed	% Work Comple te	Start	Finish	Notes
CSC FY 15 Residence Hall Reno Projects	\$ 250,000	\$ 250,000	\$ 250,000				7/1/14	6/30/15	
Castleton Totals		\$ 250,000	\$ 250,000						
JSC FY 15 Governors / Senators Electrical Upgrades Phase I	\$ 132,000	\$ 132,000	\$ 132,000		15%	50%	7/1/14	6/30/15	
Johnson Totals		\$ 132,000	\$ 132,000						
LSC FY 15 Wheelock Restroom Renovations	\$ 160,000	\$ 160,000	\$ 160,000		0%	0%	7/1/14	6/30/15	
LSC FY 15 Dining Services Equipment Replacement	\$ 90,000	\$ 90,000	\$ 90,000		33%	70%	7/1/14	6/30/15	
Lyndon Totals		\$ 250,000	\$ 250,000						
VTC FY 15 Morey / Nutting Flooring & painting	\$ 147,000	\$ 147,000	\$ 125,000	-15%	100%	100%	7/1/14	6/30/15	
VTC FY 15 Morey / Nutting Lighting Upgrades	\$ 27,000	\$ 27,000	\$ 27,000		0%	0%	7/1/14	6/30/15	
VTC FY 15 Old Dorm Shower Repairs and Upgrades	\$ 55,000	\$ 55,000	\$ 55,000		0%	0%	7/1/14	6/30/15	
VTC FY 15 44 Water St. Fire Alarm Replacement	\$ 21,000	\$ 21,000	\$ 21,000		0%	5%	7/1/14	6/30/15	
VTC Totals	\$ 250,000	\$ 250,000	\$ 228,000	-9%					
* Green Indicates project completed and will be removed from next report.									
OC Approved Self Financed	Preliminary Estimate	Budget	Final / Est. Cost	(Under)/ Over Budget	% Cash Dispers ed	% Work Comple te	Start	Finish	Notes
JSC Babcock Preserve	\$ 5,000	\$ 5,000	\$ 5,000		0%	0%	7/2/12	6/30/14	
OC Approved Green Revolving Fund	Preliminary Estimate	Budget	Final / Est. Cost	(Under)/ Over Budget	% Cash Dispers ed	% Work Comple te	Start	Finish	Notes
VTC Bio-digester Heat Recovery Phases I & II	\$ 225,000	\$ 335,000	\$ 335,000		33%	33%	12/2/13	8/9/14	Funding Sources: \$225,000 GRF, \$25,000 Clean Energy Fund, \$85,000 Efficiency Vt. Incentive
* Green Indicates project completed and will be removed from next report.									

C. ITEMS FOR INFORMATION ONLY

1. Monthly Grant Activity Report

There are 73 current grants, of which 8 are new.

There are 11 pending grants, of which 2 are new.

There are 11 denied grants, of which 1 is new.

There are 95 total grants altogether.

Vermont State Colleges
- Annual Grant Activity Report -
FY2015 New Grants and Currently Active Grants

A = Action Item (Grants over \$150,000 need Board Approval)
N = New Grants This Period
U = Updated (Awarded/Denied or Withdrawn)
E = Extended

Item	College	Grant Title (Project Director)	Status	CFDA #	Granting Agency (Fed,State,Other)	Funding Agency/Grant Period	Brief Description	Amount Requested	VSC Match	Amount Awarded	Reported to Board
	CCV	TRIO Student Support Services Program (Jen Garrett-Ostermiller)	Awarded	84.042A	Federal	US Dept of Education (9/1/10 - 8/31/15)	Program to serve students who are first generation, low income and/or have a disability. The objects are persistence, graduation and transfer, and financial literacy education. (1st yr: \$357K; 2nd & 3rd yr: \$346K; 4th yr: \$328K; 5th yr: \$346K)	\$ 1,754,827		\$ 1,721,644	Mar-11
	CCV	Community College Career Training Grant: Vermont ExpressED (Revised title to: Trade Adjustment Assistance Community College and Career Training Grants Program) (Penne Lynch)	Awarded	17.282	Federal	US Department of Labor (Jul 11 - Jun 14)-Revised to Oct11-Sept14	To support trade impacted workers in high demand occupations. CCV proposes to develop three new degree programs and a new, fast track degree model that includes embedded remediation, blended courses, and career coaches. (1st yr: \$860K; 2nd yr: \$978K; 3rd yr: \$662K)	\$2,500,000		\$2,500,000	Jun-11
	CCV	Vermont Digital Economy Project (Eric Sakai)	Awarded	11.307	Federal	Vermont Council on Rural Development (1/1/13 - 6/30/14) Extended to 12/31/14	Place CCV students in libraries of Vermont towns affected by 2011 storms to assist community members with Internet tasks such as information and job searches, community engagement, educational activities, and communications with family.	\$ 108,100		\$ 114,360	
	CCV	Vermont State GEAR UP (Deb Stewart)	Awarded	84.334	Federal	Vermont Student Assistance Corporation (8/1/13 - 8/31/14)	Embed peer mentors into the Dimensions First Initiative (Award amount increased by \$1,000)	\$15,000		\$16,000	
	CCV	Consolidated Perkins Postsecondary and Tech Prep (Debby Stewart)	Awarded	84.048	Federal	State of Vermont, Agency of Education (7/1/14 - 6/30/15)	Improving vocational and technical education at the secondary and post-secondary level	\$678,734		\$678,734	Sep-14
	CCV	Northern Lights Career Development Center (NLCDC) (Nancy Sugarman)	Awarded	93.596 & 93.575	Federal	State of Vermont, DHHD / Administration for Children and Families (7/1/14 - 6/30/15)	To enhance child care opportunities and sustain and improve the quality of programs for Vermont children.	\$347,676		\$350,269	Sep-14
U	CCV	Trade Adjustment Assistance Community College and Career Training Grants Program (Penne Lynch)	Awarded	17.282	Federal	Employment and Training Administration (10/1/14 - 9/30/18)	Improve retention and achievement rates to reduce time to completion (1st yr: \$936K; 2nd yr: \$699K; 3rd yr: \$765K; 4th yr: \$100K)	\$2,500,000		\$2,394,110	Sep-14
U	CCV	Perkins Reserve (part 1) (Debby Stewart)	Awarded	84.048	Federal	Vermont Department of Education (7/1/14 - 6/30/15)	Fast Forward dual enrollment model at regional career centers.	\$43,000		\$48,300	
U	CCV	Perkins Reserve (part 2) (Debby Stewart)	Awarded	84.048	Federal	Vermont Department of Education (7/1/14 - 9/30/14)	Fast Forward dual enrollment model at regional career centers.			\$1,700	
U	CCV	Vermont State GEAR UP (Heather Weinstein)	Awarded	84.334	Federal	Vermont Student Assistance Corporation (8/1/14 - 8/31/15)	Embed peer mentors into the Dimensions First Initiative	\$24,733	\$25,000	\$25,000	
	CSC	TRIO Student Support Services Program (Kelly Beckwith)	Awarded		Federal	US Dept of Education (9/1/10 - 8/31/15)	To increase college retention and graduation rates of first-generation and low-income students and students with disabilities. (5 yr -\$301,694 1st yr + 3-5% annual incr/yr thereafter)	\$1,508,470	\$ 611,750	\$ 301,694 1st yr funding	Jan-10
	CSC	CSC Woodruff Energy Efficiency Renovations (Chuck Lavoie)	Awarded	81.041	Federal (pass through)	Vermont Clean Energy Development Fund (2 yrs from date of award)	To remove and replace 90 windows and improve insulation deficiencies in Woodruff Hall.	\$143,271	\$132,658	\$137,964	
	CSC	2013 Division III Strategic Alliance Matching Grant (Deanna Tyson)	Awarded		Other	National Collegiate Athletic Association (9/1/13 - 8/31/16)	To hire full-time female/minority administrator in athletics (1st yr: \$50K; 2nd yr: \$34K; 3rd yr: \$18K)	\$101,904	\$101,323	\$101,904	Feb-13
	CSC	Deans' Summer Research (Ingrid Johnson-Robledo)	Awarded		Other	The Jack and Dorothy Byrne Foundation (5/19/14 - 8/16/14)	To fund summer faculty-student research projects	\$20,000		\$5,000	
	CSC	Vermont Geographic Alliance (Scott Roper, Ph.D.)	Awarded		Other	National Geographic Education Foundation (9/1/13 - 11/1/14)	Fund activities of Vermont Geographic Alliance.	\$34,500	\$13,480	\$29,000	
	CSC	North East Water Resources Network (Andrew Vermilyea, Ph.D.)	Awarded		Other	National Science Foundation - EPSCoR subaward (9/1/13 - 8/31/16)	To study changes to the Lake Champlain watershed brought about in part by the increasing number of severe storms that have been hitting the region in recent years. (1st yr: \$8K; 2nd yr: \$15K; 3rd yr: \$16K)	\$38,857		\$38,857	
	CSC	Leavenworth Window Replacement Project (Scott Dikeman / Chuck Lavoie)	Awarded		Other	Price Chopper's Golub Foundation (5/1/14 - 8/15/14)	To replace windows in Leavenworth Hall (750 Nov 2013; \$750 in Nov 2014)	\$75,000	\$225,000	\$1,500	Oct-13
	CSC	RUI: Collaborative Research: Proterozoic Mountain Building and Collapse, Eastern Adirondacks, New York (Timothy Grover)	Awarded		Other	National Science Foundation (7/1/14 - 6/30/16)	Understand; i) nature of the crust during these various orogenic processes, ii) the effects of Shawingian granulite facies metamorphism and anatexis relative to Ottawan granulite facies metamorphism and anatexis, and iii) how the crust evolved through time as the Grenville orogeny was constructed.	\$66,419		\$59,713	
	CSC	Spanish Club Film Festival (Ana Maia Alfaro-Alexander)	Awarded		Other	PRAGDA (9/1/14 - 10/31/14)	Show 5 Spanish films	\$1,000	\$1,500	\$100	
	CSC	Network of Alliances for Geographic Education	Awarded		Other	National Geographic Education Foundation	Funding for Vermont Geographic Alliance	\$27,500	\$18,425	\$27,500	

Vermont State Colleges
- Annual Grant Activity Report -
FY2015 New Grants and Currently Active Grants

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E = Extended

Item	College	Grant Title (Project Director)	Status	CFDA #	Granting Agency (Fed,State,Other)	Funding Agency/Grant Period	Brief Description	Amount Requested	VSC Match	Amount Awarded	Reported to Board
		(Scott Roper)				(9/1/2014 - 5/31/2015)					
N,U	CSC	White Coat Ceremony (Ellen Ceppetelli)	Awarded		Other	Arnold P Gold Foundation (9/1/2014 - 12/12/2014)	To fund the Nursing Department's White Coat Ceremony.	\$3,000		\$3,000	
	JSC	Student Support Services (Dr. Karen Madden)	Awarded	84.042A	Federal	U. S. Dept. of Education (9/05 - 8/09); (Renewed 9/1/10 - 8/31/15)	To increase the retention and graduation rates of JSC students who are low income, first generation students and students with disabilities who clearly demonstrate academic need.	\$ 406,702 (1st of 5 yrs: \$406,072)		\$ 406,702	Oct-10
	JSC	Transition and Postsecondary Programs for Students with Intellectual Disabilities (TPSID) (Perry LaRoque)	Awarded	84.407A	Federal	University of Vermont / U.S. Dept of Education (9/23/10 - 6/30/15)	To provide individual supports and services for the academic, physical, and social inclusion of students with intellectual disabilities in academic courses, extracurricular activities, and other aspects of the institution of higher education's regular postsecondary program including internships leading to gainful employment based upon the CDCI principles. (1st yr: \$32K; 2nd yr: \$59K; 3rd yr: \$54K; 4th yr: \$60K; 5th yr: \$59K)	\$264,058	\$72,844	\$264,058	Jan-11
	JSC	Mammals on the Move: Managing Cascadia Wildlife in the Face of Climate Change (Kevin Johnston)	Awarded Renewed	15.222	Federal	US Department of the Interior / Bureau of Land Management (12/10/10 - 8/3/15)	The core objective of this research is to inform and improve management by describing a range of potential outcomes and identifying high-priority species and habitats.	\$25,000		\$25,000	
	JSC	Adaptation to Climate Change in the Lake Champlain Basin (Dr. Robert Genter)	Awarded	47.076	Federal Pass-through	Vermont EPSCoR (9/1/11 - 6/30/16)	Research the climate change in the Lake Champlain Basin (1st yr: \$186K; 2nd yr: \$156K; 3rd yr: \$160K; 4th yr: \$164K; 5th yr: \$168K)	\$834,022		\$834,022	Oct-11
	JSC	Badger Leadership Promoting Healthy Choices (Camille Campanile)	Awarded		Other	NCAA (8/1/12 - 5/30/15)	Campus-wide collaboration for Alcohol Education & Student Leadership Training. Foster spirit of peer-caretaking & support for healthy choices. (1st yr: \$15K; 2nd yr: \$10K; 3rd yr: \$5K)	\$30,000	\$40,114	\$30,000	
	JSC	2012 Division III Strategic Alliance Matching Grant (Jamey Ventura)	Awarded		Other	NCAA (7/1/12 - 6/30/15)	To enhance gender and ethnic diversity through full-time professional positions in athletics administration. (1st yr: \$51K; 2nd yr: \$36K; 3rd yr: \$19K)	\$106,571	\$104,224	\$106,581	
	JSC	Student Transition, Achievement, Retention and Teaching (Leslie Kanat)	Awarded	47.076	Federal Pass-through	National Science Foundation (Aug 2012 - Jun 2017)	Students, faculty, support staff, and the administration will work together to prepare students for graduate school and future employment by providing realistic, relevant and challenging learning opportunities. Scholarships will be provided to 17 students who major in the Dept. of Environmental and Healthy Sciences. (1st yr: \$97K; 2nd yr: \$131K; 3rd yr: \$159K; 4th yr: \$133K; 5th yr: \$74K)	\$594,637		\$594,637	Oct-11
	JSC	Upward Bound (Tony Blueter)	Awarded	84.047A	Federal	U. S. Dept. of Education (6/01/2011-5/31/2015) Multiple Year Award	Help low income high school students transition to college	\$ 1,826,004		\$ 1,826,004	Jun-07
	JSC	Social Referencing and the Influence of Parental Affect on NonAmbulatory Infants (Gina Mireault, Ph.D.)	Awarded	47.074	Federal	National Institutes of Health (National Institute of Child Health & Human Development) (1/1/13 - 12/31/15)	Investigation of social referencing and parental affect on infant behavior, affect & physiology in the first 6 months of life. (1st yr: \$107K; 2nd yr: \$69K; 3rd yr: \$74K)	\$250,000		\$250,000	Apr-12
	JSC	Mammals on the Move: Managing Cascadia Wildlife in the Face of Climate Change Kevin Johnson	Awarded	15.222	Federal	US Dept of the Interior / Bureau of Land Management (7/1/12 - 8/3/15)	To inform and improve management by describing a range of potential outcomes and identifying high-priority species and habitats.	\$ 10,510	\$ -	\$ 10,510	
	JSC	Support for Veteran Students and Their Families (Dean David Bergh)	Awarded		Other	Vt. Community Foundation (6/1/13 - 12/31/14)	To develop a process for supporting veterans from admission through graduation.	\$ 10,000	\$ 1,655	\$ 10,000	
	JSC	Project Green's JSC High School Greening Summit Project (Russ Weis)	Awarded		Other	Canaday Family Charitable Trust (9/1/13 - 8/31/16)	To secure additional funding for the sixth, seventh, & eighth JSC H.S. Greening Summits (25K/year)	\$ 75,000		\$ 75,000	
	JSC	Project Green's JSC High School Greening Summit Project (Russ Weis)	Awarded		Other	Vermont Community Foundation's Green Mountain Fund (9/1/13 - 8/31/14)	To secure additional funding for the sixth JSC H.S. Greening Summit	\$ 5,000	\$ 600	\$ 5,000	
	JSC	GEAR UP (Michele Whitmore)	Awarded	84.334	Federal	Vermont Student Assistance Corporation (pass thru Dept of Ed) (8/1/13 - 5/30/14)	To support the success of students in their first year of postsecondary education so they can make a successful transition to the full college experience.	\$15,000		\$15,000	
	JSC	AlcoholEdu/Haven Grant (Michele Whitmore)	Awarded		Other	Lamoille Family Center/Partnership for Success Grant (Sept 2013 - Aug 2016)	To implement the on-line educational course Alcohol/Edu and Haven to our first year and transfer students as a proactive approach in addressing alcohol use and unhealthy relationships in college. \$11K/yr for 3 yrs	\$33,000	\$14,000	\$33,000	
	JSC	Community Grant / Bronze (Jeff Angione)	Awarded		Other	IBM (4/1/14 - 4/1/15)	Radio station sundries / CD player & storage unit	\$500		\$500	

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JSC		Mammals on the Move: Managing Cascadia Wildlife in the Face of Climate Change - Phase 4 (Dr. Kevin Johnston)	Awarded	15.222	Federal	US Dept of the Interior / Bureau of Land Management (6/1/14 - 8/3/15)	Core objective of this research is to inform and improve management by describing a range of potential outcomes and identifying high-priority species and habitats. In phase 4, we will run several different climate models and examine where they agree and disagree.	\$20,000		\$20,000	
JSC		Microbial Community Structure of the Vermont Asbestos Group Mine (Dr. Elizabeth Dolci)	Awarded	93.389	Federal	Vermont Genetics Network (6/1/14 - 5/31/15)	To study microbial community interactions at the Vermont Asbestos Group Mine.	\$69,994		\$69,994	
JSC		Comparative Effectiveness of Biofeedback vs. Exercise for Stressed Students (Amy Welsh, PhD)	Awarded	93.389	Federal	Vermont Genetics Network (6/1/14 - 5/31/15)	The proposed research project will seek to identify whether regular, short bouts of physical exercise and biofeedback improve anxiety-related physiological and psychological states in stressed students, and will explore factors that influence the effectiveness of these interventions.	\$69,801		\$69,801	
JSC		Undergraduate summer research investigating microbial community structure at the Vermont Asbestos Group Mine (Dr. Elizabeth Dolci) (Hannah Sargent)	Awarded	93.389	Federal	Vermont Genetics Network (6/1/14 - 5/31/15)	To provide students with the opportunity to directly experience scientific research by assisting on a project that is investigating microbial community structure.	\$5,000			
JSC		Undergraduate summer research investigating microbial community structure at the Vermont Asbestos Group Mine (Dr. Elizabeth Dolci) (Shayna Bennet)	Awarded	93.389	Federal	Vermont Genetics Network (6/1/14 - 5/31/15)	To provide students with the opportunity to directly experience scientific research by assisting on a project that is investigating microbial community structure.	\$5,000			
JSC		Undergraduate summer research investigating microbial community structure at the Vermont Asbestos Group Mine (Dr. Elizabeth Dolci) (Javayia Davis)	Awarded	93.389	Federal	Vermont Genetics Network (6/1/14 - 5/31/15)	To provide students with the opportunity to directly experience scientific research by assisting on a project that is investigating microbial community structure.	\$5,000			
N,U	JSC	Disc Golf Project (David Bergh)	Awarded		Other	Lamoille Family Center/Partnership for Success Grant (10/1/14 - 6/30/15)	To provide messaging around alcohol and drug use in a high visibility location while promoting healthy lifestyle alternatives.	\$2,662		\$2,662	
LSC		TRIO Upward Bound (84.047) ED-Grants-121911-001 (Rick Williams)	Awarded	84.047	Federal	US Department of Education (9/1/12 - 8/31/17)	To obtain funding for the Upward Bound project at LSC to serve nine target high schools in a three-county area to help students navigate the path towards success in postsecondary education. (1st yr: \$324,765)	\$1,623,825		\$324,765	May-12
LSC		TRIO Student Support Services Program (Bob McCabe)	Awarded	84.042A	Federal	US Dept of Education (9/1/10 - 8/31/15)	To increase college retention and graduation rates of first-generation and low-income students and students with disabilities. (5 yr -\$288,707 /yr)	\$1,443,535		\$ 279,757 3rd yr funding	Mar-11
LSC		Early Promise Community Outreach Coordinator (Dr. Heather Bouchey)	Awarded		Other	The Canaday Family Charitable Trust (7/31/13 - 7/31/16)	To help us implement and expand our existing Early Promise Program to increase postsecondary degree attainment in Northeast Kingdom. (50,000/yr for 3 yrs)	\$ 150,000	\$ 257,618 \$86K/yr		Dec-13
VTC		Central Recovered Biomass Facility (Geoffrey Lindemer) (Donna Barlow-Casey)	Awarded	81.087	Federal	U.S. Dept. of Energy (11/1/11 - 12/31/13) (Extended to 3/31/15)	Construction of large biodigester; securing feedstock, designing & permitting, project management (1st yr of 2 yrs: \$1,421,500)	\$1,421,500	\$2,477,471	\$1,421,500	Oct-12
VTC		Applied Agriculture Institute (TAAACCT) (Jeff Higgins) (Chris Beattie)	Awarded	17.282	Federal (Pass Through)	US Department of Labor (10/1/12 - 9/30/15) (10/1/12 - 9/30/16)	Workforce development (1st yr: \$1,141K; 2nd yr: \$656K; 3rd yr: \$689K)	\$ 2,485,920	\$ -	\$ 3,357,703	Oct-12
VTC		Northeast Photovoltaic Instructor Training Network US Dept of Energy (Donna Barlow Casey)	Awarded	81.087	Federal	Hudson Valley Community College is Administrator (Jul 2011 - Dec 2014)	The college will work in conjunction with the US DOE to support 25 Northeast Photovoltaic Training Network Participating Institutions throughout the states of CT, MA, NH, NY, RI, and VT to provide renewable energy training in VT (1st yr: \$9K; cumulative \$56K)	\$9,000		\$56,000	
VTC		Vermont Training Program (Maureen Hebert)	Awarded		State	Vermont Dept. of Economic, housing, and Community Development (12/24/12 - 5/31/13) (6/7/13 - 5/31/14) (to 9/30/14)	To cover 40% of tuition costs for eligible applicants for existing Vermont Tech Continuing Education programs in Healthcare, HR, Leadership, BPI, Manufacturing and Environmental Engineering.	\$50,000		\$100,000	
VTC		SBDC Cooperative Agreement (Lenae Quillen-Blume)	Awarded	59.037	Federal	Small Business Administration (10/1/12 - 9/30/15)	Statewide Business Counseling and Training (625K/yr)	\$1,875,000	\$817,155	\$625,000 1st yr	Oct-12
VTC		e-Commerce for EDA/VCRD (Lenae Quillen-Blume)	Awarded	11.307	Federal	Sub-Award through Vermont Council on Rural Development (2/1/13 - 7/31/14) Extended to 12/31/14 (Ended 10/31/14)	Develop resiliency in businesses through e-Commerce as an after effect of Irene (1st yr: \$220K; 2nd yr: \$110K)	\$330,000		\$330,000	Apr-13
VTC		TRIO-Student Support Services (Susan Polen)	Awarded	84.042A	Federal	U.S. Dept of Education (9/1/12 - 8/31/13) (9/1/14 - 8/31/15)	SSS Program designed to increase the number of disadvantaged low-income college students, first generation students and college students with disabilities in the U.S. who successfully complete a program of study. (1st yr: \$220K; 2nd yr: \$110K; 3rd yr: \$286K)	\$298,575	\$32,967	\$286,140	May-13

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	VTC	EDA Disaster Assistance (Lenaë Quillen-Blume)	Awarded	11.307	Federal	Economic Development Administration (EDA), U.S. Dept of Commerce (6/1/13 - 12/31/15)	Disaster assistance	\$115,000	\$47,404	\$115,000	
	VTC	Anaerobic Digester Heat Recovery (Mary L. O'Leary)	Awarded		Other	Green Mountain Power (8/6/13 - 9/30/14)	First phase of the Digester Heat Recovery Project, which will provide hot water from the generator to the Maintenance Building.	\$25,000		\$25,000	
	VTC	SBDC FAST Grant (Linda Rossi)	Awarded	59.058	Federal	U.S. Small Business Administration, Office of Technology (7/1/13 - 6/30/14) (Revised to 9/30/13 - 9/29/2014)	Business advising and training	\$95,000		\$95,000	
	VTC	TRIO-Student Support Services (Susan Polen)	Awarded	84.042A	Federal	US Dept of Education (9/1/13 - 8/31/14) (4th year of 5 year grant)	SSS Program designed to increase the number of disadvantaged low-income college students, first generation students and college students with a disability in the U.S. who successfully complete a program of study.	\$271,175	\$32,967	\$271,175	Oct-13
	VTC	VT-ANR Pollution Prevention Grant / VTSBDC Business Environmental Assistance (Peter Crawford)	Awarded	66.708	Federal	Vt. Agency of Natural Resources (10/1/13 - 9/30/14)	To fund Vt SBDC to provide environmental assistance to VT businesses through the Vermont Business Environmental Partnership.	\$47,500		\$47,500	
N,U	VTC	VtSBDC Business Environmental Assistance (Peter Crawford)	Awarded	66.708	Federal	Vt. Agency of Natural Resources / Dept of Environmental Conservation (10/1/14 - 9/30/15)	To fund Vt SBDC to provide environmental assistance to VT businesses through the Vermont Business Environmental Partnership.	\$47,500		\$47,500	
	VTC	2014 SBA Core Funding Grant (Linda Rossi)	Awarded	59.037	Federal	U.S. Small Business Administration (10/1/13 - 9/30/14)	Business advising and training	\$574,667		\$631,250 Rec'd additional \$56,583 award	Feb-14
	VTC	Agency of Agriculture Digester Pond Liner (Chris Dutton)	Awarded		State	State of Vermont Agency of Agriculture, Food & Markets (10/1/13 - 12/31/15)	To improve farm management - which should improve water quality - by installing a flexible membrane pond liner/sealing.	\$50,000		\$50,000	
	VTC	CubeSat VTC Mentored Undergraduate Research Support (Carl Brandon)	Awarded	43.001	Federal	National Aeronautics and Space Administration (9/1/12 - 8/31/14)	Additional \$10,000 for work on CubeSet Project (\$10K/yr)	\$20,000		\$20,000	
	VTC	Capital & Infrastructure Investment Grant (Ag., Forestry, & Forest Products) (Chris Dutton)	Awarded		Other	Vermont Working Lands Enterprise Initiative (Apr 2014 - Oct 2015)	Provide funds for dairy processing plant fit-up at the VTC farm.	\$75,000	\$75,000	\$75,000	Sep-14
	VTC	VMEC NIST GRANT - Hollings Manufacturing Extension Partnership (Bob Zider)	Awarded	11.611	Federal	US Department of Commerce (7/1/2014 - 6/30/2015)	Improve manufacturing in Vermont and strengthen the global competitiveness of the state's smaller manufacturers. Focus on small to medium sized manufacturers; help them increase productivity, modernize processes, adopt advanced technologies, reduce costs, and stabilize the workforce. VMEC has a separate budget from the rest of the college.	\$600,000	\$1,200,000	\$600,000	May-14
	VTC	Vermont Manufacturing Extension Center (VMEC) (Bob Zider)	Awarded		State	State of Vermont Agency of Commerce and Community Development (9/1/2013 - 10/31/2014)	To provide facilitation and coaching services and support to the Northeast Kingdom (NEK) Workforce Development Team and maximize benefits to Vermonters in that region.			\$10,250	
	VTC	Vermont Procurement Technical Assistant Center (Linda Rossi, State Director)	Awarded	12.002	Federal	State of Vermont Agency of Commerce and Community Development (7/1/14 - 6/30/15)	Administering counseling, outreach event management, and training services to Vermont businesses interesting in government contracting.	\$94,798		\$94,798	
	VTC	Federal FY2014 Resource Sharing Grant (Jane Kearns)	Awarded	45.310	Federal	Vermont Dept of Libraries (Jul 2014 - Jun 2015)	To facilitate interlibrary loan in Vermont	\$500		\$500	
	VTC	Northern Boarders Contract #26162 (Linda Rossi)	Awarded		State	State of Vermont - Agency of Commerce & Community Development (3/1/14 - 12/31/14)	Website enhancements and development of marketing materials	\$100,000		\$100,000	
E	VTC	Nutrient Management Incentive Grant (Sosten Lungu)	Awarded		State	Vermont Agency of Agriculture, Food and Markets (Feb 2014 - Aug 2014) (Extended to 12/31/14)	Update nutrient management plan for the VTC, and OSHA farms	\$7,812		\$7,812	
	VTC	FAST Grant (Linda Rossi)	Awarded	59.058	Federal	U.S. Small Business Administration, Office of Technology (9/1/13 - 9/30/15) (One yr extension to 9/30/15)	Business advising and training	\$95,000	\$70,000		Sep-14
U	VTC	Perkins IV Basic Grant - Secondary & Postsecondary (Rosemary Distel)	Awarded	84.048	Federal	US Department of Education (7/1/14 - 6/30/15)	Improve the educational achievement of secondary and post-secondary students enrolled in vocational/technical programs through integrating rigorous academic skills with technical skills as related to all aspects of business and industry.	\$160,487		\$160,487	Sep-14
	SOS	Leadership for Pre-K Through 16 Council (Tim Donovan)	Awarded		Other	J. Warren and Lois McClure Foundation (7/1/13 - 6/30/15)	To support the Pre-K through 16 Council	\$25,000		\$25,000	

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SOS		GEAR-UP Dual Enrollment Subaward (VSAC) (Joyce Judy)	Awarded	84.334	Federal Pass-through	VSAC (9/30/13 - 8/31/14)	To support existing Partnership agreement for the dual enrollment program and Intro to College Studies.	\$350,000	\$400,000	\$350,000	Oct-13
SOS		GEAR-UP Dual Enrollment Subaward (VSAC) (Joyce Judy)	Awarded	84.334	Federal Pass-through	VSAC (9/30/14 - 8/31/15)	To support existing Partnership agreement for the dual enrollment program and Intro to College Studies.	\$350,000	\$400,000		Sep-14
SOS		Dual Enrollment Program Management (Contract) (Natalie Searle, Steve Vantine)	Awarded		State	Vt. Agency of Education (7/1/14 - 6/30/15)	To provide overall administration of dual enrollment program	\$140,000		\$140,000	

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	CCV	VT DOL - WET Fund Training Grant (Penne Lynch)	Vermont Department of Labor (9/1/14 - 8/31/15)	To give a strong basic career ready skill set to aspiring and underemployed Vermont workers looking to enter Manufacturing, Healthcare, Customer Service, and STEM careers.	\$108,918			
	CSC	Castleton State College Virtual Hospital (Marie McDuff)	Gladys Brooks Foundation (7/1/14 - 6/30/16)	Purchase a high fidelity simulation manikin for the Virtual Hospital located in the Nursing Department.	\$64,297	\$3,850		
	CSC	Using "negative acknowledgement" to restore a rape victim's credibility in court (Kathryn Sperry)	Vermont Genetics Network (6/1/14 - 5/31/15)	Examine the efficacy of "negative acknowledgement" as a way to combat the negative impact of perceived blameworthiness for victims of sexual assault.	\$24,305			
	CSC	Castleton Archives Digital Preservation Initiative (Karen Sanborn)	NEH (9/1/14 - 6/30/15)	Advise the Castleton State College Archives in developing its first digital preservation plan	\$6,000			
	CSC	Supporting Excellence and building Community in the Sciences (Catherine Garland, Ph.D)	National Science Foundation (7/1/15 - 6/30/20)	Improve the recruitment, retention, student community dynamics, financial support, success and career and graduate school placement of academically talented and financially needy undergraduate students working towards Bachelor of Science degrees in biology, chemistry, environmental science and geology. (1st yr: \$89K; 2nd yr: \$123K; 3rd yr: \$113K; 4th yr: \$149K; 5th yr: \$149K)	\$621,471			Sep-14
	CSC	"What is a Peaceful World?" (Candy Fox)	National Endowment for the Humanities (6/1/15 - 5/31/17)	Support development of What is a Peaceful World course through the NEH Enduring Questions division. (1st yr: \$19K; 2nd yr: \$2K)	\$20,512			
N	CSC	Castleton College Virtual Hospital (Marie McDuff)	Kinney Drugs Foundation (TBD)	Fund purchase of simulator manikin	\$80,445	\$14,525		
	LSC	Lyndon Promise Scholarship Challenge Grant (Bob Whittaker)	LSC Foundation FY2010 - FY2013	This challenge grant will provide an annual \$10K challenge to attract a total of \$10K in private support towards the Lyndon Promise Scholarship program. (10,000/yr for 4 yrs)	\$ 40,000	\$ 40,000		
	VTC	VMEC - Vermont Training Program (Bob Zider)	State of Vermont, Dept of Economic Development, Vermont Training Program (7/1/14 - 6/30/15)	Provide upgrade classroom training for employees in the following sectors: Manufacturing, Information Technology, Telecommunications, Healthcare, and Environmental	\$200,000			Sep-14

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	VTC	USDA Rural Business Enterprise Grant Project Proposal (Linda Rossi)	USDA Rural Development (10/1/14 - 9/30/15)	Advising and broadband services	\$32,500	\$40,525		
N	VTC	Measuring Effectiveness of Competency Models for Professional Development (Scott Sabol)	New England Transportation Consortium (Mar 2015 - Aug 2016)	Develop competency models that can be used by New England state transportation agencies to use related to workforce needs. Pilot a proposed model with at least one state transportation agency. (1st yr: \$56K; 2nd yr: \$43K)	\$99,081			

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	CSC	STEM Scholarships (Catherine Garland / Andrew Vermilyea / Tim Grover / Deborah Along)	Denied			National Science Foundation (8/1/14 - 7/31/19)	To fund scholarships for students in STEM fields (1st yr: \$86K; 2nd yr: \$123K; 3rd yr: \$113K; 4th yr: \$149K; 5th yr: \$149K)	\$621,471			Oct-13
	CSC	Study Skills for Developmental Learners (Kelley Beckwith)	Denied			People's United Foundation (Aug 2014-May 2015)	Improve Developmental Learners math & study skills	\$4,191			
	CSC	Adventure-Based Personal Development with Rutland County Youth (David Ievoli)	Denied			Explore Fund/Northface (7/1/14 - 8/15/14)	Funding to conduct a week-long adventure-based experience for ten (10) at-risk youth in Rutland County, Vermont	\$4,962			
	CSC	Upward Bound STEM Immersion Project (Jennifer Jones)	Denied			American Honda Foundation (8/1/14 - 8/31/15)	Increase participation of Castleton Upward Bound students in college STEM majors.	\$30,627			
	CSC	Spartan Study Abroad Office (Ana Alexander)	Denied			US Dept of Ed - UISFL (9/15/14 - 9/14/16)	Establish Study Abroad Office at Castleton (1st yr: \$44K; 2nd yr: \$74K)	\$117,672	\$67,475		Dec-14
U	CSC	EcoExplor Summer Camp (Mary Droege)	Denied			Melinda Gray Ardia Environmental Foundation Sumer 2015	Help support science themed summer camp in conjunction with Castleton Town Rec Dept.	\$2,961	\$2,195		
	LSC	NSF Scholarships in Science, Technology, Engineering, and Mathematics (S-STEM) (Janel Hanrahan)	Denied			National Science Foundation (3/1/14 - 2/28/19)	To provide scholarships, improve retention, expand academic interests, and increase gender diversity for S-STEM interested students. (1st yr: \$45K; 2nd yr: \$91K; 3rd yr: \$134K; 4th yr: \$176K; 5th yr: \$190K; 6th yr: \$0; 7th yr: \$40K, 8th yr: \$20K)	\$696,221	\$60,000		Dec-13
	LSC	Promise Neighborhoods Program Planning Grant Competition (Heather Bouchey)	Denied			US Dept of Education - Northeast Kingdom Promise Region (1/1/13 - 12/31/13)	To create a continuum of care in the region that prepares all youth to successfully transition to post-secondary education, training, and career opportunities.	\$486,745	\$284,897		Dec-12
	VTC	Developing a Successful Food System: Diversified Workshop series/Internship Curriculum (Molly Willard)	Denied			Northeast Sustainable Agriculture Research & Education NE SARE (Aug 13 - May 2015)	Build a program to support the Diversified Agriculture Degree. (1st yr: \$7.7K; 2nd yr: \$7.7K)	\$15,439			
	VTC	High Meadows Fund: Governor's Institute: Farms, Food, & Your Future (Maureen Hebert (Mgr) w/Molly Willard)	Denied			High Meadows Fund (Jun 2014 - Aug 2014)	To support the 2014 Governor's Institute: Farms, Food, & Your Future	\$7,500			
	VTC	FAST Grant (Linda Rossi)	Denied			U.S. Small Business Administration, Office of Technology (10/1/14 - 9/30/15)	Business advising and training	\$100,000			

2. Monthly Cash Report

There is \$36,132,000 being invested with TD Wealth. Of this amount \$18,062,000 is being invested in intermediate investments and \$18,070,000 is invested in long term investments. The intermediate investments are earning an average of .80% while the long term investments are earning an average of 1.80%. The long term investments tend to be premium bonds so the net interest rate (after premium amortization) is ~ 1.60%. At the same time we are keeping just enough money in our operating accounts to avoid monthly transaction fees.

Investment Type	Investment \$	Avg. Return	Annual Income
TD Wealth Intermediate Investments	18,062,000	.80%	144,496
TD Wealth Long Term Investments	18,070,000	1.60%	289,120
TD Bank Concentration Account	2,695,000	0.50%	13,475
TD Bank Money Market	10,343,000	0.15%	15,515
Green Revolving Fund - CSC	19,694	4.50%	886
Internal Loan Tent – CSC	250,000	4.50%	11,250
Loan to cover operating deficit - VTC	818,000	4.50%	36,810
Loan to cover operating deficit - VTC	2,233,000	4.50%	100,485

**VERMONT STATE COLLEGES
CASH & INVESTMENT REPORT: As of 10/31/2014**

(Excludes non-operating/non-endowment investments made by VSC capital bond trustees)

	<u>FY2013</u>			<u>FY2014</u>			<u>FY2015</u>		
	<u>CASH Avg Daily Balance</u>	<u>INV'MT Avg Daily Balance</u>	<u>CASH & INV'MT Avg Daily Balance</u>	<u>CASH Avg Daily Balance</u>	<u>INV'MT Avg Daily Balance</u>	<u>CASH & INV'MT Avg Daily Balance</u>	<u>CASH Avg Daily Balance</u>	<u>INV'MT Avg Daily Balance</u>	<u>CASH & INV'MT Avg Daily Balance</u>
JULY	34,609,914	21,101,708	55,711,622	5,296,427	48,332,067	53,628,494	5,693,454	49,867,648	55,561,102
AUGUST	36,786,951	21,468,719	58,255,670	9,825,415	47,302,618	57,128,033	10,617,091	50,457,909	61,075,000
SEPTEMBER	42,285,137	21,801,840	64,086,977	15,632,690	48,110,810	63,743,500	15,870,921	49,854,030	65,724,951
OCTOBER	52,777,737	21,700,666	74,478,403	21,718,225	53,810,622	75,528,848	23,455,481	50,257,327	73,712,808
NOVEMBER	49,615,535	20,388,853	70,004,388	13,853,469	54,060,408	67,913,877	0	0	0
DECEMBER	40,338,584	30,663,887	71,002,471	7,762,978	54,602,700	62,365,678	0	0	0
JANUARY	30,883,373	31,252,127	62,135,500	6,504,135	54,227,520	60,731,656	0	0	0
FEBRUARY	44,761,468	36,335,990	81,097,458	15,834,562	55,091,809	70,926,372	0	0	0
MARCH	33,357,876	51,827,022	85,184,898	24,539,278	55,145,994	79,685,272	0	0	0
APRIL	24,201,268	52,253,163	76,454,432	17,902,254	55,309,876	73,212,131	0	0	0
MAY	14,040,628	58,084,383	72,125,011	13,495,445	55,805,308	69,300,753	0	0	0
JUNE	5,486,546	52,596,707	58,083,253	5,486,546	52,596,707	58,083,253	0	0	0
Cash & Inv Avg thru 4 months	\$41,614,935	\$21,518,233	\$63,133,168	\$13,118,189	\$49,389,029	\$62,507,219	\$13,909,237	\$50,109,229	\$64,018,465

Summary of VSC Investments: October, 2014 (Daily Average Balances)

	<u>Amt</u>	<u>Annual Yield</u>
TD Bank Concentration Account	2,694,841	
TD Bank Wealth Medical Mgt	134,518	0.01%
TD Bank Money Market	10,343,389	0.15%
TD Wealth Investments	36,132,387	
Morgan Stanley (Endowment)	23,781,552	
Total Investment	\$73,086,686	
Remainder of money at local college banks earning varying interest rates. Average rate:	\$626,122	0.14%

3. VSC October 30, 2014 Endowment Performance

On October 30 the value of the VSC endowment was \$23,461,113 including \$95,543 of non-managed AGI stock. This money is spread over seven investment managers with well diversified portfolios. The assets allocation is within the VSC guidelines. The table below shows the VSC returns versus the representative index:

	<u>yr to date</u>	<u>last 5 yrs</u>	<u>last fiscal year since inception</u>	
VSC returns	4.2%	9.4%	17.2%	7.0%
Index	4.2%	9.0%	14.4%	7.2%

The endowments have increased ~\$932,965 in value since December 30, 2013.

Morgan Stanley

3Q14 Report

Thursday, October 30, 2014

Prepared for: Vermont State Colleges

Brian A. Pelkey, Senior Vice President, Financial Advisor
John O. Myhre, Vice President, Financial Advisor

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Morgan Stanley

Q3
2014

Capital Markets Overview

Introduction

- In the third quarter, equity performance in the United States was mixed, in part due to an uptick in volatility spurred by geopolitical concerns in Ukraine/Russia and the Middle East. Ongoing monetary stimulus by major central banks throughout the world helped keep equities afloat. Investor confidence was also bolstered by the Federal Reserve's (the "Fed") indication that short-term interest rates could remain in their current low range for some time after Quantitative Ease 3 (QE3) tapering is completed, most likely in October 2014. (QE3 allows the Fed to purchase billions of dollars in mortgage-backed securities to lower long-term interest rates and stimulate housing and other sectors dependent on borrowing.)
- The Dow Jones Industrial Average rose 1.9% in the third quarter. The NASDAQ Composite Index advanced 2.2% for the quarter. The S&P 500 Index rose 1.1% for the quarter, its seventh consecutive quarterly increase.
- Seven of the 10 sectors of the S&P 500 Index advanced in the third quarter. Health Care fared the best, with a 5.5% uptick. Information Technology rose 4.8% and Telecommunication Services advanced 3.1%. The laggards were Utilities, which declined 4.0%, and Energy, which fell 9.2%.
- Morgan Stanley and Co. LLC economists expect that U.S. real GDP will be 2.1% in 2014 and 2.8% in 2015. Morgan Stanley economists forecast global GDP growth to be 3.1% in 2014 and 3.5% in 2015.
- Commodities struggled throughout the third quarter; the Bloomberg Commodity Index declined 11.8%. For the quarter, gold was down 8.4%.
- For the third quarter of 2014, global mergers-and-acquisitions deal volume was \$889 billion, compared to \$686 billion for the third quarter of 2013. Global M&A activity increased to \$2.3 trillion in 2013 from \$2.2 trillion in 2012.

Please refer to the Index Descriptions and other important information at the end of this material.

The U.S. Economy

- The Department of Commerce estimated that Gross Domestic Product increased at an annual rate of 4.6% in the second quarter of 2014, in comparison to a 2.1% decrease in the first quarter of 2014. Morgan Stanley and Co. LLC economists forecast that U.S. Real GDP will be 2.1% in 2014 and 2.8% in 2015.
- For the quarter, the seasonally adjusted unemployment rate fell from 6.2% for July to 5.9% for September. Job gains in the quarter took place in retail trade, health care, and professional and business services. The unemployment rate (5.9%) and the number of unemployed persons (9.3 million) decreased in September. The number of long-term unemployed (3.0 million) was unchanged in September.
- According to the most recent estimate from the Bureau of Economic Analysis, corporate profits climbed 8.4% between the first quarter of 2014 and the second quarter of 2014, and rose 0.1% between the second quarter of 2013 and the second quarter of 2014.
- Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index rose 0.1% in July and decreased 0.2% in August. Morgan Stanley & Co. LLC economists forecast a 2.0% inflation rate for 2014 and 1.8% for 2015.
- The Census Bureau reported that private-sector housing starts in August 2014 were at a seasonally adjusted annual rate of 956,000—8.0% above August 2013 housing starts. The rise in housing starts over the past year indicates that despite some intermittent setbacks, the housing market is rebounding.
- The Census Bureau also reported that seasonally adjusted retail and food services sales increased 0.6% between July and August 2014, and increased 5.0% between August 2013 and August 2014.
- In September, the Institute for Supply Management's Purchasing Managers' Index (PMI), a manufacturing-sector index, was 56.6, down 2.4 from August, and down from July's 57.1. The latest PMI data indicates an expansion in the manufacturing sector for 16 consecutive months. Overall, PMI has been above 43 for 64 consecutive months. Generally speaking, a PMI or NMI (ISM Non-Manufacturing Index) over 50 indicates that the sector is expanding and a PMI below 50 but over 43 indicates that the sector is shrinking but the overall economy is expanding.
- The NMI rose 0.9 points to 59.6 between July and August of 2014, and fell 1.0 to 58.6 between August and September of 2014. The index has now been above 50 for 56 consecutive months.

Please refer to the Index Descriptions and other important information at the end of this material.

The U.S. Equity Markets

- The Dow Jones Industrial Average rose 1.9% in the third quarter. The NASDAQ Composite Index advanced 2.2% for the quarter. The S&P 500 Index rose 1.1% for the quarter, its seventh consecutive quarterly increase.
- Seven of the 10 sectors of the S&P 500 Index advanced in the third quarter. Health Care fared the best, with a 5.5% uptick. Information Technology rose 4.8% and Telecommunication Services advanced 3.1%. The laggards were Utilities, which declined 4.0%, and Energy, which fell 9.2%.
- Growth-style stocks of large-cap companies rose during the third quarter. The large-cap Russell 1000 Growth Index advanced 1.5%, with the best quarterly showing of the Russell indices referenced here. The Russell 1000 Index, a large-cap index, rose 0.7% for the quarter. The Russell 1000 Value Index, also a large-cap index, declined 0.2% for the quarter.
- The Russell Midcap Growth Index fell 0.7% for the quarter. The Russell Midcap Index dropped 1.7% for the quarter. The Russell Midcap Value Index fell 2.6% for the quarter. The Russell 2000 Growth Index, a small-cap index, declined 6.1% for the quarter. The small-cap Russell 2000 Index fell 7.4% for the quarter. The Russell 2000 Value Index, also a small-cap index, dropped 8.6% for the quarter, with the weakest showing of the quarter compared to the other Russell indices referenced here.
- Geopolitical tensions in Ukraine/Russia and the Middle East agitated the CBOE Volatility Index (VIX), the so-called “fear index,” in the third quarter. The index climbed to 17.0 by early August in the wake of the downing of a Malaysia Airlines jet over Ukraine and Israel’s invasion of Gaza. Geopolitical uncertainty in Hong Kong and Iraq/Syria, along with investor caution over the winding down of the Fed’s QE3 stimulus and potential interest rate increases, caused the index to rise again in September, ending the quarter at 16.3. Despite the renewed volatility, the VIX has been running below its long-run average of about 20 for most of 2014. The index’s third-quarter performance remains a distinct contrast from its August 8, 2011 high of 48.0.

Key U.S. Stock Market Index Returns (%) for the Period Ending 9/30/14				
	Quarter	12 Months	Five Years (Annualized)	Seven Years (Annualized)
S&P 500	1.1	19.7	15.7	6.0
Dow Jones	1.9	15.3	14.8	5.8
Russell 2000	(7.4)	3.9	14.3	6.0
Russell Midcap	(1.7)	15.8	17.2	7.5
Russell 1000	0.7	19.0	15.9	6.3

Source: Morgan Stanley

Past performance is not a guarantee of future results. Investors cannot invest directly in an index. The performance of unmanaged indices reflects no deductions for fees, expenses or taxes that would affect the performance of actively managed assets.

Please refer to the Index Descriptions and other important information at the end of this material.

Global Equity Markets

- In the third quarter, emerging markets (EM) and global equities generally declined. The MSCI EAFE Index (a benchmark for developed markets) fell 5.8% for U.S.-currency investors and rose 1.0% for local-currency investors, as the U.S. dollar appreciated in relation to the currencies of many nations in the index. In contrast, in the second quarter of 2014, the MSCI EAFE Index rose 4.3% in U.S. dollar terms and 3.7% in local currency terms.
- For the third quarter, the MSCI Emerging Markets Index declined 3.4% for U.S.-currency investors and rose 0.7% for local-currency investors, as the U.S. dollar appreciated in relation to many emerging-market currencies. This contrasts with the previous quarter, when the MSCI Emerging Markets Index rose 6.7% for U.S.-dollar-based investors and 5.3% for local-currency investors.
- The MSCI Europe Index fell 7.0% for U.S.-currency investors and fell 0.2% for local-currency investors during the third quarter. In comparison, the MSCI Far East Index declined 2.2% for the quarter in terms of the U.S. dollar and rose 4.6% in terms of local currencies.
- More specific emerging economy equity market indices were mixed in the third quarter. The MSCI BRIC (Brazil, Russia, India and China) Index fell 3.1% for the quarter in U.S. dollar terms and advanced 1.4% in terms of local currencies. In comparison, for the third quarter, the MSCI EM Asia Index declined 1.4% in U.S. dollar terms and rose 0.6% in local terms.

Key Global Equity Market Indices Based on the U.S. Dollar (%) for the Period Ending 9/30/14				
	Quarter	12 Months	Five Years (Annualized)	Seven Years (Annualized)
MSCI EAFE	(5.8)	4.7	7.0	0.3
MSCI EAFE Growth	(5.5)	3.3	7.9	0.7
MSCI EAFE Value	(6.1)	6.2	6.1	(0.2)
MSCI Europe	(7.0)	6.4	7.5	0.3
MSCI Japan	(2.2)	0.9	5.6	(0.6)
MSCI Emerging Markets	(3.4)	4.7	4.8	0.1

Source: Morgan Stanley

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Please refer to the Index Descriptions and other important information at the end of this material.

The U.S. Bond Market

- In the third quarter, bond market returns increased slightly—the Barclays Capital U.S. Aggregate Bond Index, a general measure of the bond market, rose 0.2% for the quarter. Interest rates declined during the third quarter, as the yield on the 10-Year U.S. Treasury note fell to a quarter-end 2.49% from 2.53% at the end of the second quarter.
- Also in the third quarter, riskier parts of the bond market such as U.S. High Yield debt registered negative returns. As a result, the Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, declined 1.9% for the quarter.
- Investors stepped away from mortgage-backed securities in the third quarter. Consequently, the Barclays Capital Mortgage Backed Securities Index rose just 0.2% for the quarter.
- During the third quarter, investors held steady in the municipal-bond market. As a result, the Barclays Capital Muni Index rose 1.5% for the quarter.

U.S. Bond Market Index Returns (%) for the Period Ending 9/30/14				
	Quarter	12 Months	Five Years (Annualized)	Seven Years (Annualized)
Barclays Capital U.S. Aggregate	0.2	4.0	4.1	5.0
Barclays Capital High Yield	(1.9)	7.2	10.6	8.7
Barclays Capital Govt/Credit	0.2	4.1	4.3	5.0
Barclays Capital Government	0.3	2.3	3.1	4.3
Barclays Capital Intermediate Govt/Credit	0.0	2.2	3.4	4.3
Barclays Capital Long Govt/Credit	1.0	12.9	8.0	8.2
Barclays Capital Mortgage Backed Securities	0.2	3.8	3.5	4.9
Barclays Capital Muni	1.5	7.9	4.7	5.1

Source: Morgan Stanley

Past performance is not a guarantee of future results. Investors cannot invest directly in an index. The performance of unmanaged indices reflects no deductions for fees, expenses or taxes that would affect the performance of actively managed assets.

Please refer to the Index Descriptions and other important information at the end of this material.

INDEX DESCRIPTIONS:

DOW JONES INDUSTRIAL AVERAGE: The most widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue-chip stocks, primarily industrials. The 30 stocks are chosen by the editors of The Wall Street Journal (WSJ) (which is published by Dow Jones & Company), a practice that dates back to the beginning of the century. Charles Dow officially started the Dow in 1896, at which time it consisted of only 11 stocks. The Dow is computed using a price-weighted indexing system, rather than the more common market cap-weighted indexing system. Simply put, the editors at WSJ add up the prices of all the stocks and then divide by the number of stocks in the index. (In actuality, the divisor is much higher today in order to account for stock splits that have occurred in the past.) **BLOOMBERG COMMODITY INDEX:** Composed of futures contracts on physical commodities which are traded on U.S. exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (LME). **NASDAQ COMPOSITE INDEX:** Covers 4,500 stocks traded over the counter. It represents many small company stocks but is heavily influenced by about 100 of the largest NASDAQ stocks. It is a value-weighted index calculated on price change only and does not include income. **S&P 500 INDEX:** Covers 400 industrial, 40 utility, 20 transportation and 40 financial companies in the U.S. markets (mostly NYSE issues). The index represents about 75% of NYSE market cap and 30% of NYSE issues. It is a capitalization-weighted index calculated on a total-return basis with dividends reinvested. **RUSSELL 1000 INDEX:** Measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 89% of the total market capitalization of the Russell 3000 Index. As of the latest reconstitution, the average market capitalization was approximately \$9.9 billion; the median market capitalization was approximately \$3.7 billion. The smallest company in the index had an approximate market capitalization of \$1,404.7 million. **RUSSELL 1000 GROWTH INDEX:** Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 1000 VALUE INDEX:** Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 2000 INDEX:** Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 11% of the total market capitalization of the Russell 3000 Index. As of the latest reconstitution, the average market capitalization was approximately \$592.0 million; the median market capitalization was approximately \$500.0 million. The largest company in the index had an approximate market capitalization of \$1,402.7 million. **RUSSELL 2000 GROWTH INDEX:** Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 2000 VALUE INDEX:** Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 3000 INDEX:** Measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. **RUSSELL MIDCAP INDEX:** Measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 35% of the total market capitalization of the Russell 1000 Index. As of the latest reconstitution, the average market capitalization was approximately \$3.7 billion; the median market capitalization was approximately \$2.9 billion. The largest company in the index had an approximate market capitalization of \$10.3 billion. **RUSSELL MIDCAP GROWTH INDEX:** Measures the performance of those Russell mid-cap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index. An investment cannot be made directly in a market index. **RUSSELL MIDCAP VALUE INDEX:** Measures the performance of those Russell mid-cap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value Index. An investment cannot be made directly in a market index. **VIX INDEX:** (Chicago Board Options Exchange Volatility Index) Estimates volatility in the S&P 500 Index for the next 30 days using a weighted blend of prices for various options on the S&P 500 Index.

THE BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX: A broad-based benchmark that measures the investment grade, U.S.-dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS and CMBS. **BARCLAYS CAPITAL GOVERNMENT INDEX:** Barclays Capital Treasury bond and agency bond indices (all publicly issued debt of agencies of the U.S. government, quasi-federal corporations and corporate debt guaranteed by the U.S. government, but no mortgage-backed securities) are combined to form the government bond index. **BARCLAYS CAPITAL U.S. INTERMEDIATE GOVERNMENT/CREDIT BOND INDEX:** The Barclays Capital U.S. Intermediate Government/Credit Bond Index is a total return index consisting of investment-grade corporate debt issues as well as debt issues of U.S. government agencies and the U.S. Treasury. The debt issues all maintain maturities within a range of 1 to 10 years. An investment cannot be made directly in a market index. **BARCLAYS CAPITAL HIGH YIELD INDEX:** The Barclays Capital U.S. High Yield Index covers the universe of fixed-rate, noninvestment-grade debt. Pay-in-kind (PIK) bonds, Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Mexico, Venezuela, etc.) are excluded, but Yankee and global bonds (SEC-registered) of issuers in non-EMG countries are included. Original issue zeroes and step-up coupon structures are also included. Liquidity Rules: All bonds included in the High Yield Index must be dollar-denominated and nonconvertible and have at least one year remaining to maturity and an outstanding par value of at least \$150 million. Quality Rating Rules: Securities in the index must be rated Ba1 or lower. If both Moody's and S&P provide a rating for a security, the lower of the two ratings is used. A small number of unrated bonds are included in the index; to be eligible they must have previously held a high-yield rating or have been associated with a high-yield issuer, and must trade accordingly. Components: The index has several subcomponents. Intermediate indices include bonds with remaining maturities of less than 10 years; long indices include bonds with remaining maturities of 10 years or more. The index also has subdivisions by credit quality, and subindices are available that exclude securities in default. **BARCLAYS CAPITAL MUNI INDEX:** The composite measure of the total return performance of the muni bond market. The muni market contains over two million bond issues. The market is divided into seven major sectors: state G.O. debt (31%); prerefunded bonds (7.7%); electric-utility revenue bonds (7.79%); hospital revenue bonds (3.4%); state-housing revenue bonds (3.4%); industrial-development and pollution-control revenue bonds (1.8%); and transportation revenue bonds (7.1%). These weightings are reviewed annually. **BARCLAYS CAPITAL GOVT/CREDIT INDEX:** The U.S. Government/Credit Index is the nonsecuritized component of the U.S. Aggregate Index and was the first macro index launched by Barclays Capital. The U.S. Government/Credit Index includes Treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year), government-related issues (i.e., agency, sovereign, supranational and local-authority debt) and U.S. dollar corporates. In order to qualify for inclusion in the U.S. Government/Credit Index, a bond or security must have at least one year to maturity; at least \$250 million par amount outstanding; must be rated Baa3 by Moody's, BBB- by Standard & Poor's, and BBB- by Fitch Investor Service; must be fixed-rate, although it can carry a coupon that steps up; and it must be U.S.-dollar-denominated. **BARCLAYS CAPITAL LONG GOVERNMENT/CREDIT INDEX:** Composed of all bonds covered by BARCLAYS CAPITAL GCB Index with maturities of 10 years or greater. Total return comprises price appreciation/depreciation and income as a percent of the original investment. Indices are rebalanced monthly by market capitalization. **BARCLAYS CAPITAL MORTGAGE BACKED SECURITIES INDEX:** Includes all fixed securities issued and backed by mortgage pools of Ginnie Mae (GNMA), Fannie Mae (FNMA), Freddie Mac (FHLMC) and half-coupon securities. The index excludes buydowns, graduated equity mortgages (GEM), project loans, nonagency (whole loans), jumbos, collateralized mortgage obligations (CMOs), graduated payment mortgages (GPMs), adjustable rate mortgages (ARMs), manufactured home mortgages and prepayment-penalty collateral.

Formed by grouping the universes of over one million individual fixed-rate MBS pools into approximately 5,500 generic aggregates. Pool aggregates must be U.S.-dollar-denominated, have at least \$250 million current outstanding and average-weighted life of at least one year.

MSCI EUROPE, AUSTRALASIA AND THE FAR EAST (“EAFE”) INDEX: A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. **MSCI EUROPE INDEX:** A free-float-adjusted market capitalization-weighted index that is designed to measure developed market equity performance in Europe. As of June 2007, the index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the dividend distributed to individuals resident in the country of the company, but does not include tax credits. **MSCI JAPAN INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Japan. **MSCI EAFE GROWTH INDEX:** A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The MSCI Global Value and Growth Indices cover the full range of developed, emerging and All Country MSCI International Equity Indices across all size segmentations. MSCI Barra uses a two-dimensional framework for style segmentation in which value and growth securities are categorized using a multifactor approach, which uses three variables to define the value investment-style characteristics and five variables to define the growth investment-style characteristics, including forward-looking variables. The objective of the index design is to divide constituents of an underlying MSCI Equity Index into respective value and growth indices, each targeting 50% of the free-float-adjusted market capitalization of the underlying market index. **MSCI EAFE VALUE INDEX:** A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The MSCI Value and Growth Indices cover the full range of developed, emerging and All Country MSCI Equity Indices. As of the close of May 30, 2003, MSCI implemented an enhanced methodology for the MSCI Global Value and Growth Indices, adopting a two-dimensional framework for style segmentation in which value and growth securities are categorized using different attributes: three for value and five for growth including forward-looking variables. The objective of the index design is to divide constituents of an underlying MSCI Standard Country Index into a value index and a growth index, each targeting 50% of the free-float-adjusted market capitalization of the underlying country index. Country Value/Growth indices are then aggregated into regional value/growth indices. Prior to May 30, 2003, the indices used price/book value (P/BV) ratios to divide the standard MSCI country indices into value and growth indices. All securities were classified as either “value” securities (low P/BV securities) or “growth” securities (high P/BV securities), relative to each MSCI country index. **MSCI FAR EAST INDEX:** A free-float-adjusted market capitalization weighted index that is designed to measure developed market equity performance in the Far East. As of March 2010, the index consists of the following three developed country indices: Japan, Hong Kong and Singapore. **MSCI EMERGING MARKETS INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of May 27, 2010, the index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. **MSCI BRIC INDEX:** A free-float-adjusted market capitalization index that measures equity market performance in larger emerging markets. The index consists of the following emerging market country indices: Brazil, Russia, India and China. **MSCI EM ASIA INDEX:** A free-float-adjusted market capitalization index that measures equity market performance in emerging markets in Asia. The index consists of the following emerging market country indices: China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand. **MSCI ALL COUNTRY WORLD INDEX:** A free-float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The index consists of 45 country indices comprising 24 developed and 21 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey.

CONSUMER PRICE INDEX (CPI) includes monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.

INSTITUTE FOR SUPPLY MANAGEMENT’S PURCHASING MANAGERS’ INDEX (PMI): An indicator of the economic health of the manufacturing sector. The PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. A PMI of more than 50 represents expansion of the manufacturing sector, compared to the previous month. A reading under 50 represents a contraction, while a reading at 50 indicates no change. **ISM NON-MANUFACTURING INDEX (NMI):** An index based on surveys of more than 400 non-manufacturing firms’ purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM). The ISM Non-Manufacturing Index tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation.

CBOE VOLATILITY INDEX: The CBOE Volatility Index—more commonly referred to as “VIX”—is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500[®] Index (SPX) option bid/ask quotes. VIX uses nearby and second nearby options with at least eight days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index.

DISCLOSURES

Although the statements of fact and data in this report have been obtained from, and are based upon, sources the firm believes reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the firm's judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. This report may contain forward-looking statements, and there can be no guarantee that they will come to pass. Past performance is not a guarantee of future results.

The indices are unmanaged, and an investor cannot invest directly in an index. The indices are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns consist of income and capital appreciation (or depreciation) and do not take into account fees, taxes or other charges. Such fees and charges would reduce performance. Index performance is calculated on a total return basis and assumes that dividends and distributions were reinvested. Index returns do not include any expenses, fees or sales charges, which would lower performance.

To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. These risks may be magnified in **emerging markets**. International investing may not be for everyone. **Value investing** involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Small- and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. **Bonds** are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer. With respect to fixed-income securities, please note that, in general, as prevailing interest rates rise, fixed-income securities prices fall. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. **Commodities** markets may fluctuate widely based on a variety of factors, including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

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(10/14)



**VERMONT STATE COLLEGES
PORTFOLIO SUMMARY - ASSET ALLOCATION
September 30, 2014**

	Large Cap Growth	Large Cap Value	Small / Mid Growth	Small / Mid Value	International	International Emerging	Domestic and High Yield Fixed	International Fixed	Alternatives	Cash	Total	% of Total Portfolio
CG Advisor												
I shares Russell 1000 Growth	\$ 2,364,512										\$ 2,364,512	10.1%
I shares Russell 1000 Value		\$ 3,035,730									\$ 3,035,730	13.0%
I shares Trust S&P Mid Cap 400			\$ 25,141								\$ 25,141	0.1%
Royce Premier Fund				\$ 363,986							\$ 363,986	1.6%
William Blair Int Growth					\$ 1,208,324						\$ 1,208,324	5.2%
Oppenheimer Developing Mkts						\$ 470,831					\$ 470,831	2.0%
American Century International Bond								\$ 806,366			\$ 806,366	3.5%
Loomis Bond Fund							\$ 1,119,164				\$ 1,119,164	4.8%
Ishares Dj US Real Estate									\$ 316,244		\$ 316,244	1.4%
Vanguard REIT ETF									\$ 322,750		\$ 322,750	1.4%
Vanguard FI SECS Short Term GD							\$ 950,393				\$ 950,393	4.1%
Lazard Emerging Markets						\$ 473,494					\$ 473,494	2.0%
Money Funds										\$ 81,073	\$ 81,073	0.3%
Ironwood HF									\$ 500,004		\$ 500,004	2.1%
Skybridge HF									\$ 500,004		\$ 500,004	2.1%
Anchor				\$ 652,840							\$ 652,840	2.8%
Delaware					\$ 995,129						\$ 995,129	4.3%
Clearbridge	\$ 1,419,699	\$ -	\$ 812,532	\$ -	\$ -						\$ 2,232,232	9.6%
Madison							\$ 2,717,692				\$ 2,717,692	11.6%
Seix							\$ 1,376,698				\$ 1,376,698	5.9%
Thomas Partners	\$ 725,478	\$ 1,458,082	\$ 94,070	\$ 162,484	\$ 410,486						\$ 2,850,600	12.2%
Total Fund	\$ 4,509,689	\$ 4,493,811	\$ 931,743	\$ 1,179,309	\$ 2,613,940	\$ 944,325	\$ 6,163,947	\$ 806,366	\$ 1,639,001	\$ 81,073	\$ 23,363,205	100.00%
Allocation	19.30%	19.23%	3.99%	5.05%	11.19%	4.04%	26.38%	3.45%	7.02%	0.35%	100.00%	
<i>Strategic Target Allocation a/o 6.30.11</i>												
By Percent	12.00%	12.00%	6.00%	6.00%	17.00%	7.00%	28.00%	4.00%	8.00%	0.00%	0.00%	
By Dollar	\$ 2,803,585	\$ 2,803,585	\$ 1,401,792	\$ 1,401,792	\$ 3,971,745	\$ 1,635,424	\$ 6,541,697	\$ 934,528	\$ 1,869,056	\$ -	\$ 23,363,205	
Current Tactical Allocation	18%	18%	4%	4%	12%	4%	28%	4%	8%	0%	100%	
Operations Account		\$ 95,542.89			\$ 2,364.58		(money funds)				\$ 97,907	
Total All Accounts											\$ 23,461,113	
Basic Asset Allocation:												
				Stocks	63%							
				Alternatives	7%							
				Fixed Income/Cash	30%							

The above summary/prices/quote/statistics have been obtained from sources we believe to be reliable, but we cannot guarantee its accuracy or completeness. Past performance is no guarantee of future results. The information provided in this summary is for illustrative purposes only and does not represent an official statement by the firm. You must refer to your monthly statements for an accurate and complete record of your transactions, holdings & balances. Best efforts have been made to reflect the true values of the figures, but we can not guarantee the accuracy or completeness due to the element of human error. This is not a binding or legal document. This information is based upon the market value of your account as of the close of business on 09.30.14 and is subject to daily market fluctuation. Prepared by: John O. Myhre, Vice President, Financial Advisor

Prepared for:

Vermont State Colleges

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Brian A Pelkey
Senior Vice President - Wealth Management

John O Myhre
Vice President-Wealth Management

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Portfolio Review

Managed Endowment

Information as of September 30, 2014
Prepared on October 30, 2014

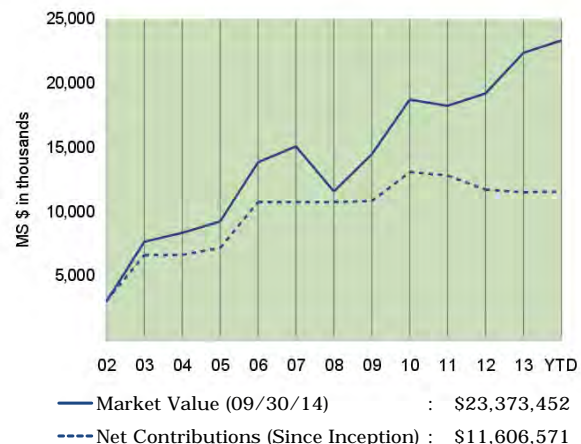
Investment Summary	2
Composite Allocation	3
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Composite Performance	6

Morgan Stanley

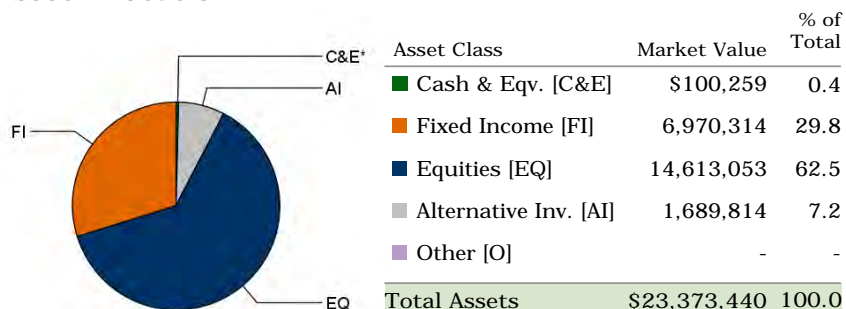
Investment Summary prepared for Managed Endowment as of 09/30/14

Asset Growth and Portfolio Returns¹

	Year-to-Date 12/31/13 to 09/30/14	Last-5-Years 09/30/09 to 09/30/14	Custom Period 06/30/13 to 06/30/14	For the Period 12/26/02 to 09/30/14
Beginning Value	\$22,384,760	\$14,014,026	\$20,471,723	\$3,085,318
Net Contributions	55,727	751,774	(563,059)	8,521,253
Ending Value	23,373,452	23,373,452	23,384,408	23,373,452
Total Returns	\$932,965	\$8,607,652	\$3,475,743	\$11,766,880
Dollar Weighted Rate of Return (IRR)	Annualized		Annualized	
Advisory Net Returns (%)	4.2	9.4	17.2	6.7
Brokerage Net Returns (%)	N/A	N/A	N/A	N/A
Total Net Returns (%)	4.2	9.4	17.2	7.0
40%S&P 15%EAFE 45%BCGC INT	4.2	9.0	14.4	7.2



Asset Allocation



*Available Cash is \$726,789 or 3.11%.

¹ The investment results depicted here represent a net return after the deduction of advisory fees for Morgan Stanley accounts only.

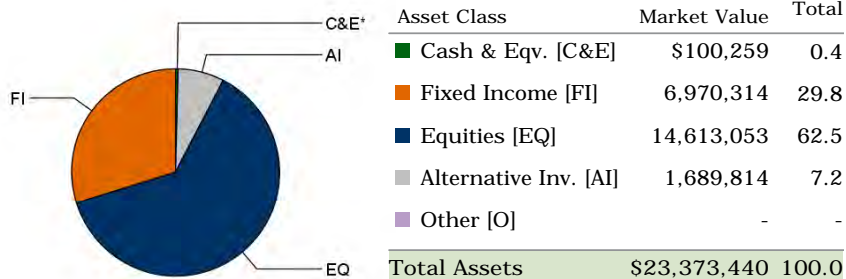
Income Summary

	Year-to-Date 01/01/14 09/30/14	Estimated	
		Year 2014 01/01/14 12/31/14	Next 12 Months 11/01/14 10/31/15
Taxable	373,604	503,478	483,078
Non Taxable	-	-	-
Tax Deferred	-	-	-
Morgan Stanley Total Income	373,604	503,478	483,078

If external holdings were provided, they have been included in this report in order to provide you with a more complete picture of your financial holdings. Please note: Morgan Stanley Smith Barney LLC is not responsible for information (including valuations) from external sources. Please contact your financial advisor to update your information.

Composite Allocation prepared for Managed Endowment as of 09/30/14

Asset Allocation



*Available Cash is \$726,789 or 3.11%.

Style Analysis

Fixed Income (% of Asset Class)
Domestic

Short	Intern.	Long	
0.0	27.1	0.0	High Quality
0.8	11.0	0.0	Medium Quality
17.7	0.0	0.4	Low Quality

International N/A

12.0	31.0
------	------

Equity (% of Asset Class)
Domestic

Value	Core	Growth	
28.1	5.8	27.7	Large Size
4.9	0.8	5.3	Medium Size
2.5	0.0	0.0	Small Size

International Other
Core Emerg.

18.0	6.5	0.4
------	-----	-----

Asset Allocation Detail

Account No.	Account	Cash Equivalents ¹	Fixed Income	Equities	Alternative Investments	Other	Total Account Value
Household Total		\$100,259	\$6,970,314	\$14,613,053	\$1,689,814	-	\$23,373,440
		-	29.8%	62.5%	7.2%	-	100.0%

Managed Endowment

383-108872	VERMONT STATE COLLEGES	81,073	2,875,923	7,942,017	638,994	-	11,538,007
	Consulting Group Advisor	0.7%	24.9%	68.8%	5.5%	-	100.0%
	Consulting Group Advisor						
383-108874	VERMONT STATE COLLEGES	-	-	996,768	-	-	996,768
	Delaware Investments - Internationa	-	-	100.0%	-	-	100.0%
	Fiduciary Services						

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¹ May include fixed income due within a year.

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Composite Allocation prepared for Managed Endowment as of 09/30/14

Asset Allocation Detail *continued from previous page*

Account No.	Account	Cash Equivalents ¹	Fixed Income	Equities	Alternative Investments	Other	Total Account Value
383-108918	VERMONT STATE COLLEGES	-	-	654,050	-	-	654,050
	Anchor Capital - Mid Cap Value	-	-	100.0%	-	-	100.0%
	Fiduciary Services						
383-108919	VERMONT STATE COLLEGES	-	-	-	-	-	-
	REG	-	-	-	-	-	100.0%
383-108920	VERMONT STATE COLLEGES	-	2,717,692	-	-	-	2,717,692
	Madison - Intermediate Govt-Corp	-	100.0%	-	-	-	100.0%
	Fiduciary Services						
383-110533	VERMONT STATE COLLEGES	-	-	2,233,461	-	-	2,233,461
	ClearBridge - Multi Cap Growth	-	-	100.0%	-	-	100.0%
	Fiduciary Services						
383-110534	VERMONT STATE COLLEGES	-	1,376,699	-	-	-	1,376,699
	Seix Advisors - High Yield Bond	-	100.0%	-	-	-	100.0%
	Fiduciary Services						
383-122584	VERMONT STATE COLLEGES	19,179	-	2,786,757	50,819	-	2,856,755
	ThomasPartners	0.7%	-	97.5%	1.8%	-	100.0%
	Investment Management Services						
383-020919	VERMONT STATE COLLEGES	4	-	-	500,000	-	500,004
	AAA	-	-	-	100.0%	-	100.0%
383-020918	VERMONT STATE COLLEGES	4	-	-	500,000	-	500,004
	AAA	-	-	-	100.0%	-	100.0%
Portfolio Total		\$100,259	\$6,970,314	\$14,613,053	\$1,689,814	-	\$23,373,440
		-	29.8%	62.5%	7.2%	-	100.0%
Household Total		\$100,259	\$6,970,314	\$14,613,053	\$1,689,814	-	\$23,373,440
		-	29.8%	62.5%	7.2%	-	100.0%

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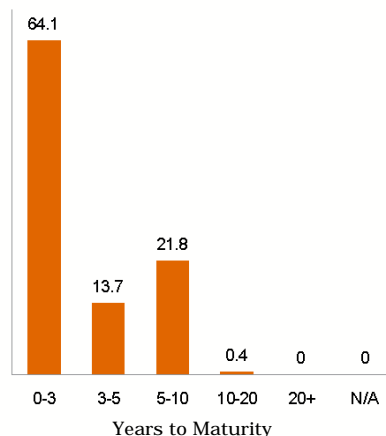
¹ May include fixed income due within a year.

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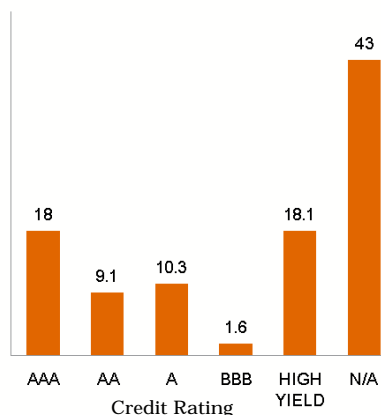
Composite Analysis prepared for Managed Endowment as of 09/30/14

Fixed Income

Maturity Schedule (%)



Credit Rating (%)



Fixed Income

Top Holdings

Security Name	Market Value	% of Fixed
LOOMIS SAYLES BOND INST	\$1,119,164	16.1
VANGUARD SH TM INVT GR INV	950,393	13.6
AMER CENT INTL BOND INV	806,366	11.6
UNITED STATES TREASURY NOTE	178,276	2.6
UNITED STATES TREASURY NOTE	172,423	2.5
UNITED STATES TREASURY NOTE	157,550	2.3
FED NATL MTG ASSN	153,444	2.2
FED HOME LN MTG CORP	152,333	2.2
UNITED STATES TREASURY NOTE	146,133	2.1
UNITED STATES TREASURY NOTE	135,342	1.9
Total Fixed Income Top Holdings	3,971,423	57.0
Total Fixed Income	6,970,314	100.0

Equities

Sector Allocation

Sector	Market Value	% of Equities
Consumer Discretionary	862,466	6
Consumer Staples	577,116	4
Energy	567,430	3.9
Financials	532,392	3.7
Health Care	1,092,572	7.6
Industrials	1,006,417	7
Information Technology	1,035,134	7.2
Materials	172,423	1.2
Telecommunication Services	324,125	2.2
Utilities	215,655	1.5
Others	8,021,806	55.7
Total	14,407,536	100.0

Top Holdings

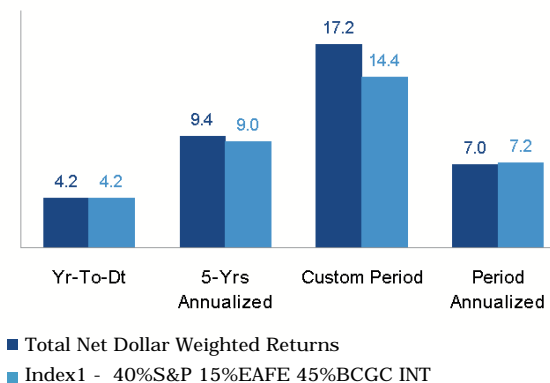
Security Name	Market Value	% of Equities
ISHARES RUSSELL 1000 VALUE ETF	\$3,035,730	20.8
ISHARES RUSSELL 1000 GRW ETF	2,364,512	16.2
WILLIAM BLAIR INTL GROWTH I	1,208,324	8.3
LAZARD EMERGING MKTS EQ I	473,494	3.2
OPPENHEIMER DEVELOPING MKTS Y	470,831	3.2
ROYCE PREMIER INV	363,986	2.5
COMCAST CORP CL A SPECIAL NEW	181,161	1.2
ACTAVIS PLC	155,143	1.1
UNITEDHEALTH GP INC	142,226	1.0
NOVARTIS AG ADR	119,545	0.8
Total Equities Top Holdings	8,514,951	58.3
Total Equities	14,613,053	100.0

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Morgan Stanley Composite Performance prepared for Managed Endowment as of 09/30/14

Portfolio Returns (%)¹
Morgan Stanley Accounts Only

	Year-to-Date 12/31/13 to 09/30/14	Annualized Last-5-Years 09/30/09 to 09/30/14	Annualized Custom Period 06/30/13 to 06/30/14	Annualized For the Period 12/26/02 to 09/30/14
Total Net Dollar Weighted Returns	4.2	9.4	17.2	7.0



Representative Index

Index	4.2	9.0	14.4	7.2
40%S&P 15%EAFE 45%BCGC INT	4.2	9.0	14.4	7.2

Account Performance¹
Morgan Stanley Accounts Only

Account No.	Account Name (Type)	Market Value 09/30/14	Return (%)				Date of Inception	Inception Value
			Year-to-Date 12/31/13 to 09/30/14	Annualized Last-5-Years 09/30/09 to 09/30/14	Annualized Custom Period 06/30/13 to 06/30/14	Annualized Since Inception to 09/30/14		
Total Net Dollar Weighted Returns		\$23,373,452	4.2	9.4	17.2	7.0	12/26/02	\$3,085,318
Advisory								
383-108872	VERMONT STATE COLLEGES (Consulting Group Advisor) Consulting Group Advisor	11,538,007	4.1	10.0	18.0	N/A	12/26/02	3,085,318

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Morgan Stanley Composite Performance prepared for Managed Endowment as of 09/30/14

Account Performance¹ *Continued from previous page*
 Morgan Stanley Accounts Only

Account No.	Account Name (Type)	Market Value 09/30/14	Return (%)				Date of Inception	Inception Value
			Year-to-Date 12/31/13 to 09/30/14	Annualized Last-5-Years 09/30/09 to 09/30/14	Custom Period 06/30/13 to 06/30/14	Annualized Since Inception to 09/30/14		
383-108874	VERMONT STATE COLLEGES (Fiduciary Services) Delaware Investments - Internationa	996,768	1.6	5.8	26.3	12.5	02/06/03	2,483,086
383-108918	VERMONT STATE COLLEGES (Fiduciary Services) Anchor Capital - Mid Cap Value	654,050	2.3	10.8	18.6	15.8	02/27/03	795,409
383-108920	VERMONT STATE COLLEGES (Fiduciary Services) Madison - Intermediate Govt-Corp	2,717,692	1.1	2.2	1.5	3.3	02/28/03	4,039,638
383-110533	VERMONT STATE COLLEGES (Fiduciary Services) ClearBridge - Multi Cap Growth	2,233,474	13.5	20.0	35.1	9.9	04/21/06	1,040,220
383-110534	VERMONT STATE COLLEGES (Fiduciary Services) Seix Advisors - High Yield Bond	1,376,699	2.4	8.0	8.9	6.6	04/21/06	700,952
383-122584	VERMONT STATE COLLEGES (Investment Management Services) ThomasPartners	2,856,755	3.1	N/A	19.8	14.4	03/09/12	1,627,719
Total Advisory		\$22,373,445	4.2	9.4	17.2	6.7	12/26/02	\$3,085,318
Brokerage								
383-108919**	VERMONT STATE COLLEGES (REG)	-	N/A	N/A	N/A	N/A	02/27/03	1,006,477
383-020918	VERMONT STATE COLLEGES (AAA)	500,004	0.0	N/A	N/A	0.0	09/24/14	500,000
383-020919	VERMONT STATE COLLEGES (AAA)	500,004	0.0	N/A	N/A	0.0	09/24/14	500,000

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** Account is ineligible for performance reporting.

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Morgan Stanley Composite Performance prepared for Managed Endowment as of 09/30/14

Account Performance¹ *Continued from previous page*
Morgan Stanley Accounts Only

Account No.	Account Name (Type)	Market Value 09/30/14	Year-to-Date 12/31/13 to 09/30/14	Return (%)			Date of Inception	Inception Value
				Annualized Last-5-Years 09/30/09 to 09/30/14	Custom Period 06/30/13 to 06/30/14	Annualized Since Inception to 09/30/14		
	Total Brokerage	\$1,000,007	N/A	N/A	N/A	N/A	02/27/03	\$1,006,477
	Total Net Dollar Weighted Returns	\$23,373,452	4.2	9.4	17.2	7.0	12/26/02	\$3,085,318

Continued on next page

¹ The investment results depicted here represent a net return after the deduction of advisory fees for Morgan Stanley accounts only.

Disclaimers prepared for Managed Endowment as of 09/30/14

General Disclosures

Information Disclosures:

This performance report has been prepared for your information only and is not a substitute for your official Morgan Stanley Smith Barney LLC account statements. Do not use the information in this report as the sole basis for investment decisions, nor take action relying on this information without confirming its accuracy and completeness. Please carefully review the attached glossary. Past performance is not a guarantee of future results.

Information is approximate: The information in this report is approximate and subject to updating, correction and other changes. We are not obligated to notify you if information changes. If there are discrepancies between your official account statement and this report, rely on your official account statement. Prices shown in your official account statement may differ from the prices shown in this report due to, among other things, different reporting methods, delays, market conditions and interruptions. Also, the figures in this report do not include all relevant costs (e.g., fees, commissions and taxes).

We obtain pricing and other information from various standard quotation services and other sources which we believe to be reliable, but we do not warrant or guarantee the accuracy or completeness of this information. The price that you would actually receive in the market for any investment may be higher or lower than the price shown in this report. The prices of securities and other investments not actively traded may be estimated or may not be available. For example:

- Bonds trading less frequently: We rely on outside pricing services or a computerized trading model, which cannot always give us actual market values.
- Annuities: Data in this report may have been provided by third party insurance carriers. (Not all insurance carriers provide data on annuities for performance calculations. The list of providers that provide data is available on request. Performance calculations are based on annuity values as of December 31, 2006 or later, depending on carrier participation.) This report might not reflect a transaction that posted at the insurance company before this reporting period. Depending on the carrier, annuities transactions may be net of certain fees or expenses.
- Alternative investments: The assets in these investments (and in corresponding benchmark indices) are difficult to value, values may be several weeks or more old, and the index values reflect pricing from multiple sources. Index values may be more up-to-date than the data for the alternative investments shown in this report. This report shows the latest generally available alternative investment and index data as of the date of this report.
- Non-traded Real Estate Investment Trusts (REITs) and certain other investments: These are illiquid and have no public markets.
- For floating rate securities, the estimated accrued interest and estimated annual income are based on the current floating coupon rate and may not reflect historic rates within the accrual period.

We are not responsible for any clerical, computational or other errors or omissions. You are responsible for promptly reviewing your report and seeking clarification about entries that you do not understand. If you do not understand an entry in this report, suspect an error, or want more details on current prices or other information, contact your Financial Advisor.

Sources and Intent:

This investment evaluation is directed only to the client for whom the evaluation was performed. The underlying data has been obtained from sources considered to be reliable but its accuracy and completeness cannot be assured. This evaluation is for informational purposes only and is not intended to be an offer, solicitation, or recommendation with respect to the purchase or sale of any security. Performance for periods greater than one year is annualized. This information is being provided at your request and does not replace or supersede your monthly client account statement.

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Use of Report:

Disclaimers prepared for Managed Endowment as of 09/30/14

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Asset classifications and performance calculation methodologies can differ among the various supplemental performance reports available through us. For example, some reports calculate Time Weighted performance using a weighted or Modified Dietz approach while others use a daily approach. In addition, some reports may display Dollar Weighted Returns. These differences can generate meaningful dispersions in the performance numbers displayed on different reports.

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Classifications of Assets:

The security classifications in this report are based on information from several sources including: Morningstar, Moody's, Standard & Poor's and Morgan Stanley Investment Research. For the purposes of this report, fixed income assets that mature within 1 year may be classified as cash if they are a packaged product, or classified as fixed income if they are an individual security. Equity assets may be categorized based on their Capitalization as Large Cap, Mid Cap or Small Cap. Large Cap is defined as equities in the top 70 percent of investible market capitalization, Mid Cap is defined as the next 20 percent of investible market capitalization and Small Cap is defined as the next 7 percent of investible market cap. An "N/A" credit rating represents fixed income products that are not covered by S&P or Morningstar (or Moody's Rating). An "N/A" maturity rating represents fixed income products that are not covered by S&P or Morningstar (or Moody's). As a firm we classify assets based on general characteristics such as: asset type, underlying capital structure, and issuing organization. As many assets contain characteristics of more than one asset class, this asset classification may differ from others you may receive. These classifications are not intended to serve as a suitability analysis. For more information on asset classification methodology, please contact your Financial Advisor.

Advisory accounts are classified according to the manager's style mandate and may not match the classifications of the holdings at the time of this report.

Income Summary:

Current Year Estimated and 12 Month Forward projected income figures are based on a combination of stated interest and/or dividend yield, as well as recent payment history, and are not a guarantee of future payments.

Benchmarks, Charts and Graphs:

Benchmark indices are provided for general reference purposes only. Indices are unmanaged and do not reflect payment of any expenses, fees or sales charges an investor would pay to purchase the securities it represents. Such costs would lower performance. You cannot invest directly in an index. An index's past performance is not a guarantee of future results. Index values for certain types of investments (e.g. alternative investments) are approximate and subject to updating, correction and other changes. Charts and graphs are for illustrative purposes only and are not intended to represent the performance of any Morgan Stanley Smith Barney LLC offering. Also, if your account was enrolled in performance reporting prior to May 1, 2003, your gross portfolio returns and the returns for all comparative indices have a start date of the month following the account's inception date. Additionally, the following indices are available only on a monthly basis and are, therefore, measured from the beginning of the month following the account's inception: CPI, IFC Investable Emerging Markets, National Association REIT, Wilshire REIT, all Merrill Lynch Municipal Indices, the Merrill Lynch Investment Grade Convertible and the Merrill Lynch High Yield Master.

Performance Calculations

Contribution / Withdrawal Valuation:

The total value of capital contributed to or withdrawn from the account during the reporting period. The dollar amount represented by contribution or withdrawal transactions is excluded from the calculation of Portfolio Appreciation.

Disclaimers prepared for Managed Endowment as of 09/30/14

Internal Rate of Return (Dollar-Weighted):

Internal Rate of Return (IRR) tracks the performance of actual dollars invested over time. IRR is the discount rate that equates the cost of an investment with the cash generated by that investment. IRR accounts for the timing and magnitude of cash flows. IRR should not be used to compare an account's performance to benchmark indices (e.g. S&P 500) since index performance does not take into account the effect of cash flows.

Time Weighted Rate of Return:

Time Weighted Rate of Return (TWR) measures an account's compounded rate of growth over the specified time period. TWR is the return produced over time by an account independent of contributions or withdrawals. TWR is used to compare an account's performance to relevant benchmark indices (e.g. S&P 500). Different methodologies for calculating performance at the Household/Portfolio level and the Account level exist, making it possible for returns to be slightly different depending on the level being displayed. Households/Portfolios and Accounts with a historical period use a Modified Dietz calculation while Accounts with no historical periods use Modified Dietz but revalue on dates of large cash flows.

Morgan Stanley Accounts

Historical Data:

Portfolio Minder provides a life view of an account's history with the firm and will include performance to the original performance inception of the account. Performance inception date does not necessarily correspond to account inception. Please reference the inception column to establish performance coverage.

Return Reconciliation

Although checks and balances are in place, we strongly encourage you to review all returns carefully. This is especially true for returns up to a current date. Daily performance data is un-reconciled and is intended for illustrative purposes only. The CSG Performance Group will not reconcile daily performance inquiries.

Unsupervised Assets:

This report utilizes the total account view. Unsupervised assets contained within advisory accounts have been included under the advisory section and will be taken into account for both market value and performance.

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Prepared for:

Vermont State Colleges

Prepared by:

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South Burlington VT 05403

Portfolio Review

Information as of September 30, 2014
Prepared on October 30, 2014

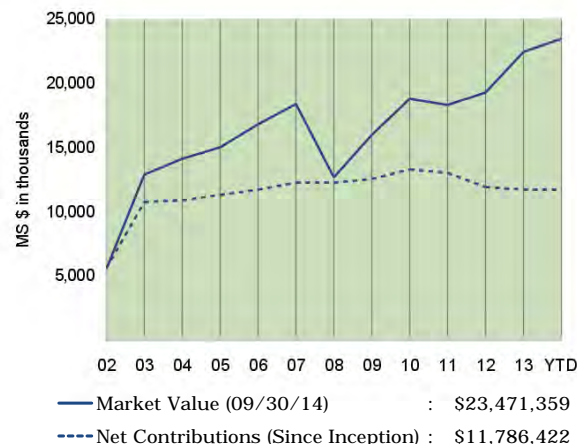
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Morgan Stanley

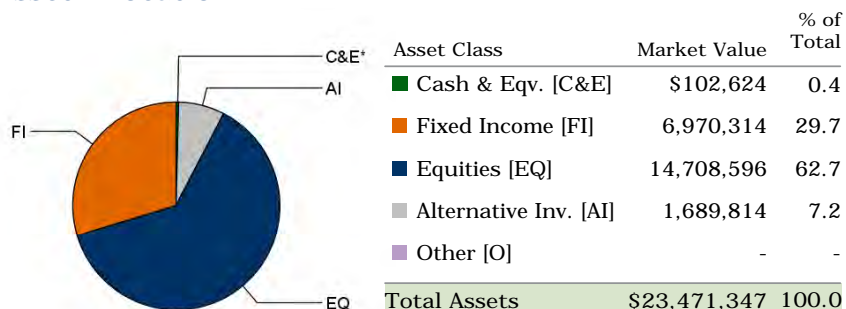
Investment Summary prepared for Vermont State Colleges as of 09/30/14

Asset Growth and Portfolio Returns¹

	Year-to-Date 12/31/13 to 09/30/14	Last-5-Years 09/30/09 to 09/30/14	Custom Period 06/30/13 to 06/30/14	For the Period 12/26/02 to 09/30/14
Beginning Value	\$22,475,160	\$15,489,856	\$20,551,208	\$5,616,088
Net Contributions	52,552	(779,798)	(160,389)	6,170,334
Ending Value	23,471,359	23,471,359	23,887,626	23,471,359
Total Returns	\$943,647	\$8,761,302	\$3,496,807	\$11,684,937
Dollar Weighted Rate of Return (IRR)	Annualized		Annualized	
Advisory Net Returns (%)	4.2	9.4	17.2	6.7
Brokerage Net Returns (%)	7.4	8.2	22.0	2.3
Total Net Returns (%)	4.2	9.3	17.2	6.0
40%S&P 15%EAFE 45%BCGC INT	4.2	9.0	14.4	7.2



Asset Allocation



*Available Cash is \$729,154 or 3.11%.

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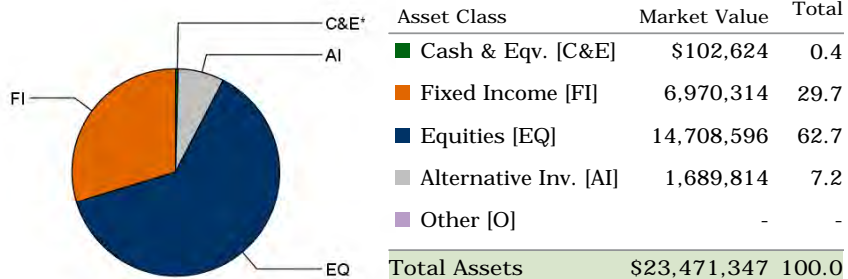
Income Summary

	Year-to-Date 01/01/14 09/30/14	Estimated	
		Year 2014 01/01/14 12/31/14	Next 12 Months 11/01/14 10/31/15
Taxable	374,143	504,194	483,794
Non Taxable	-	-	-
Tax Deferred	-	-	-
Morgan Stanley Total Income	374,143	504,194	483,794

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Composite Allocation prepared for Vermont State Colleges as of 09/30/14

Asset Allocation



*Available Cash is \$729,154 or 3.11%.

Style Analysis

Fixed Income (% of Asset Class)
Domestic

Short	Intern.	Long	
0.0	27.1	0.0	High Quality
0.8	11.0	0.0	Medium Quality
17.7	0.0	0.4	Low Quality

International N/A

12.0	31.0
------	------

Equity (% of Asset Class)
Domestic

Value	Core	Growth	
28.5	5.8	27.5	Large Size
4.9	0.8	5.3	Medium Size
2.5	0.0	0.0	Small Size

International Other
Core Emerg.

17.8	6.4	0.5
------	-----	-----

Asset Allocation Detail

Account No.	Account	Cash Equivalents ¹	Fixed Income	Equities	Alternative Investments	Other	Total Account Value
Household Total		\$102,624	\$6,970,314	\$14,708,596	\$1,689,814	-	\$23,471,347
		-	29.7%	62.7%	7.2%	-	100.0%

Managed Endowment

383-108872	VERMONT STATE COLLEGES	81,073	2,875,923	7,942,017	638,994	-	11,538,007
	Consulting Group Advisor	0.7%	24.9%	68.8%	5.5%	-	100.0%
	Consulting Group Advisor						
383-020919	VERMONT STATE COLLEGES	4	-	-	500,000	-	500,004
	AAA	-	-	-	100.0%	-	100.0%
383-108874	VERMONT STATE COLLEGES	-	-	996,768	-	-	996,768
	Delaware Investments - Internationa	-	-	100.0%	-	-	100.0%
	Fiduciary Services						

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¹ May include fixed income due within a year.

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Composite Allocation prepared for Vermont State Colleges as of 09/30/14

Asset Allocation Detail *continued from previous page*

Account No.	Account	Cash Equivalents ¹	Fixed Income	Equities	Alternative Investments	Other	Total Account Value
383-108918	VERMONT STATE COLLEGES	-	-	654,050	-	-	654,050
	Anchor Capital - Mid Cap Value	-	-	100.0%	-	-	100.0%
	Fiduciary Services						
383-108919	VERMONT STATE COLLEGES	-	-	-	-	-	-
	REG	-	-	-	-	-	100.0%
383-108920	VERMONT STATE COLLEGES	-	2,717,692	-	-	-	2,717,692
	Madison - Intermediate Govt-Corp	-	100.0%	-	-	-	100.0%
	Fiduciary Services						
383-110533	VERMONT STATE COLLEGES	-	-	2,233,461	-	-	2,233,461
	ClearBridge - Multi Cap Growth	-	-	100.0%	-	-	100.0%
	Fiduciary Services						
383-110534	VERMONT STATE COLLEGES	-	1,376,699	-	-	-	1,376,699
	Seix Advisors - High Yield Bond	-	100.0%	-	-	-	100.0%
	Fiduciary Services						
383-122584	VERMONT STATE COLLEGES	19,179	-	2,786,757	50,819	-	2,856,755
	ThomasPartners	0.7%	-	97.5%	1.8%	-	100.0%
	Investment Management Services						
383-020918	VERMONT STATE COLLEGES	4	-	-	500,000	-	500,004
	AAA	-	-	-	100.0%	-	100.0%
Portfolio Total		\$100,259	\$6,970,314	\$14,613,053	\$1,689,814	-	\$23,373,440
		-	29.8%	62.5%	7.2%	-	100.0%

Operations

383-108873	VERMONT STATE COLLEGES	2,365	-	95,543	-	-	97,907
	AAA	2.4%	-	97.6%	-	-	100.0%
Portfolio Total		\$2,365	-	\$95,543	-	-	\$97,907
		2.4%	-	97.6%	-	-	100.0%
Household Total		\$102,624	\$6,970,314	\$14,708,596	\$1,689,814	-	\$23,471,347
		-	29.7%	62.7%	7.2%	-	100.0%

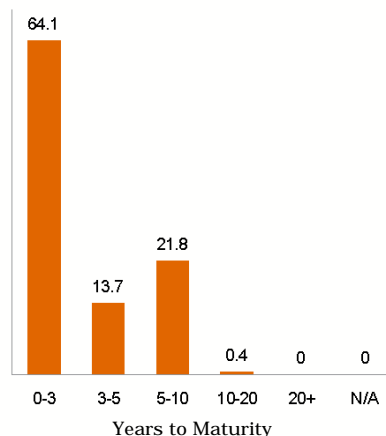
*continued on next page*¹ May include fixed income due within a year.

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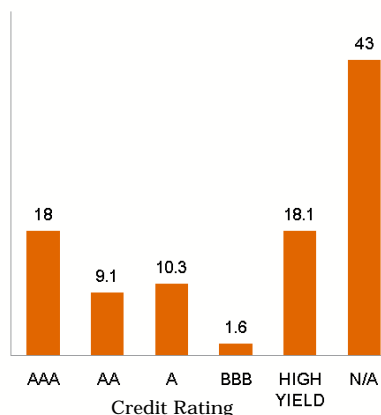
Composite Analysis prepared for Vermont State Colleges as of 09/30/14

Fixed Income

Maturity Schedule (%)



Credit Rating (%)



Fixed Income

Top Holdings

Security Name	Market Value	% of Fixed
LOOMIS SAYLES BOND INST	\$1,119,164	16.1
VANGUARD SH TM INVT GR INV	950,393	13.6
AMER CENT INTL BOND INV	806,366	11.6
UNITED STATES TREASURY NOTE	178,276	2.6
UNITED STATES TREASURY NOTE	172,423	2.5
UNITED STATES TREASURY NOTE	157,550	2.3
FED NATL MTG ASSN	153,444	2.2
FED HOME LN MTG CORP	152,333	2.2
UNITED STATES TREASURY NOTE	146,133	2.1
UNITED STATES TREASURY NOTE	135,342	1.9
Total Fixed Income Top Holdings	3,971,423	57.0
Total Fixed Income	6,970,314	100.0

Equities

Sector Allocation

Sector	Market Value	% of Equities
Consumer Discretionary	862,466	5.9
Consumer Staples	577,116	4
Energy	567,430	3.9
Financials	627,935	4.3
Health Care	1,092,572	7.5
Industrials	1,006,417	6.9
Information Technology	1,035,134	7.1
Materials	172,423	1.2
Telecommunication Services	324,125	2.2
Utilities	215,655	1.5
Others	8,021,806	55.3
Total	14,503,079	100.0

Top Holdings

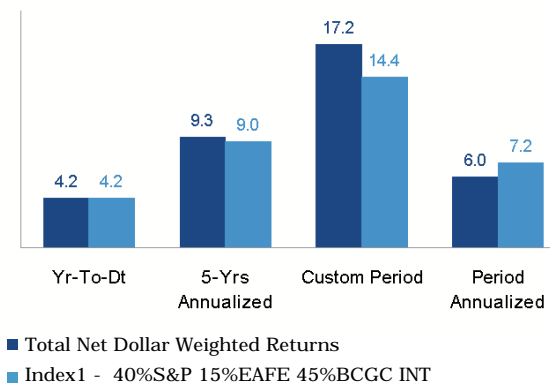
Security Name	Market Value	% of Equities
ISHARES RUSSELL 1000 VALUE ETF	\$3,035,730	20.6
ISHARES RUSSELL 1000 GRW ETF	2,364,512	16.1
WILLIAM BLAIR INTL GROWTH I	1,208,324	8.2
LAZARD EMERGING MKTS EQ I	473,494	3.2
OPPENHEIMER DEVELOPING MKTS Y	470,831	3.2
ROYCE PREMIER INV	363,986	2.5
COMCAST CORP CL A SPECIAL NEW	181,161	1.2
ACTAVIS PLC	155,143	1.1
UNITEDHEALTH GP INC	142,226	1.0
NOVARTIS AG ADR	119,545	0.8
Total Equities Top Holdings	8,514,951	57.9
Total Equities	14,708,596	100.0

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Morgan Stanley Composite Performance prepared for Vermont State Colleges as of 09/30/14

Portfolio Returns (%) ¹
Morgan Stanley Accounts Only

	Year-to-Date 12/31/13 to 09/30/14	Annualized Last-5-Years 09/30/09 to 09/30/14	Annualized Custom Period 06/30/13 to 06/30/14	Annualized For the Period 12/26/02 to 09/30/14
Total Net Dollar Weighted Returns	4.2	9.3	17.2	6.0



Representative Index

	4.2	9.0	14.4	7.2
40%S&P 15%EAFE 45%BCGC INT				

Account Performance¹
Morgan Stanley Accounts Only

Account No.	Account Name (Type)	Market Value 09/30/14	Return (%)				Date of Inception	Inception Value
			Year-to-Date 12/31/13 to 09/30/14	Annualized Last-5-Years 09/30/09 to 09/30/14	Annualized Custom Period 06/30/13 to 06/30/14	Annualized Since Inception to 09/30/14		
Total Net Dollar Weighted Returns		\$23,471,359	4.2	9.3	17.2	6.0	12/26/02	\$5,616,088
Advisory								
383-108872	VERMONT STATE COLLEGES (Consulting Group Advisor) Consulting Group Advisor	11,538,007	4.1	10.0	18.0	N/A	12/26/02	3,085,318

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Morgan Stanley Composite Performance prepared for Vermont State Colleges as of 09/30/14

Account Performance¹ *Continued from previous page*
 Morgan Stanley Accounts Only

Account No.	Account Name (Type)	Market Value 09/30/14	Return (%)				Date of Inception	Inception Value
			Year-to-Date 12/31/13 to 09/30/14	Annualized Last-5-Years 09/30/09 to 09/30/14	Custom Period 06/30/13 to 06/30/14	Annualized Since Inception to 09/30/14		
383-108874	VERMONT STATE COLLEGES (Fiduciary Services) Delaware Investments - Internationa	996,768	1.6	5.8	26.3	12.5	02/06/03	2,483,086
383-108918	VERMONT STATE COLLEGES (Fiduciary Services) Anchor Capital - Mid Cap Value	654,050	2.3	10.8	18.6	15.8	02/27/03	795,409
383-108920	VERMONT STATE COLLEGES (Fiduciary Services) Madison - Intermediate Govt-Corp	2,717,692	1.1	2.2	1.5	3.3	02/28/03	4,039,638
383-110533	VERMONT STATE COLLEGES (Fiduciary Services) ClearBridge - Multi Cap Growth	2,233,474	13.5	20.0	35.1	9.9	04/21/06	1,040,220
383-110534	VERMONT STATE COLLEGES (Fiduciary Services) Seix Advisors - High Yield Bond	1,376,699	2.4	8.0	8.9	6.6	04/21/06	700,952
383-122584	VERMONT STATE COLLEGES (Investment Management Services) ThomasPartners	2,856,755	3.1	N/A	19.8	14.4	03/09/12	1,627,719
Total Advisory		\$22,373,445	4.2	9.4	17.2	6.7	12/26/02	\$3,085,318
Brokerage								
383-108873	VERMONT STATE COLLEGES (AAA)	97,907	11.8	9.7	22.0	(19.0)	12/26/02	2,530,770
383-108919**	VERMONT STATE COLLEGES (REG)	-	N/A	N/A	N/A	N/A	02/27/03	1,006,477
383-020918	VERMONT STATE COLLEGES (AAA)	500,004	0.0	N/A	N/A	0.0	09/24/14	500,000
383-020919	VERMONT STATE COLLEGES (AAA)	500,004	0.0	N/A	N/A	0.0	09/24/14	500,000

Continued on next page

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** Account is ineligible for performance reporting.

*** Performance includes closed accounts. For a complete list of closed accounts included in performance please see the disclaimer page.

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Morgan Stanley Composite Performance prepared for Vermont State Colleges as of 09/30/14

Account Performance¹ *Continued from previous page*
 Morgan Stanley Accounts Only

Account No.	Account Name (Type)	Market Value 09/30/14	Year-to-Date 12/31/13 to 09/30/14	Return (%)			Date of Inception	Inception Value
				Annualized Last-5-Years 09/30/09 to 09/30/14	Custom Period 06/30/13 to 06/30/14	Annualized Since Inception to 09/30/14		
	Total Brokerage	\$1,097,915	7.4	8.2	22.0	2.3	12/26/02	\$2,530,770
	Total Net Dollar Weighted Returns	\$23,471,359	4.2	9.3	17.2	6.0	12/26/02	\$5,616,088

Continued on next page

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Disclaimers prepared for Vermont State Colleges as of 09/30/14

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Classifications of Assets:

The security classifications in this report are based on information from several sources including: Morningstar, Moody's, Standard & Poor's and Morgan Stanley Investment Research. For the purposes of this report, fixed income assets that mature within 1 year may be classified as cash if they are a packaged product, or classified as fixed income if they are an individual security. Equity assets may be categorized based on their Capitalization as Large Cap, Mid Cap or Small Cap. Large Cap is defined as equities in the top 70 percent of investible market capitalization, Mid Cap is defined as the next 20 percent of investible market capitalization and Small Cap is defined as the next 7 percent of investible market cap. An "N/A" credit rating represents fixed income products that are not covered by S&P or Morningstar (or Moody's Rating). An "N/A" maturity rating represents fixed income products that are not covered by S&P or Morningstar (or Moody's). As a firm we classify assets based on general characteristics such as: asset type, underlying capital structure, and issuing organization. As many assets contain characteristics of more than one asset class, this asset classification may differ from others you may receive. These classifications are not intended to serve as a suitability analysis. For more information on asset classification methodology, please contact your Financial Advisor.

Advisory accounts are classified according to the manager's style mandate and may not match the classifications of the holdings at the time of this report.

Income Summary:

Current Year Estimated and 12 Month Forward projected income figures are based on a combination of stated interest and/or dividend yield, as well as recent payment history, and are not a guarantee of future payments.

Benchmarks, Charts and Graphs:

Benchmark indices are provided for general reference purposes only. Indices are unmanaged and do not reflect payment of any expenses, fees or sales charges an investor would pay to purchase the securities it represents. Such costs would lower performance. You cannot invest directly in an index. An index's past performance is not a guarantee of future results. Index values for certain types of investments (e.g. alternative investments) are approximate and subject to updating, correction and other changes. Charts and graphs are for illustrative purposes only and are not intended to represent the performance of any Morgan Stanley Smith Barney LLC offering. Also, if your account was enrolled in performance reporting prior to May 1, 2003, your gross portfolio returns and the returns for all comparative indices have a start date of the month following the account's inception date. Additionally, the following indices are available only on a monthly basis and are, therefore, measured from the beginning of the month following the account's inception: CPI, IFC Investable Emerging Markets, National Association REIT, Wilshire REIT, all Merrill Lynch Municipal Indices, the Merrill Lynch Investment Grade Convertible and the Merrill Lynch High Yield Master.

Performance Calculations

Contribution / Withdrawal Valuation:

The total value of capital contributed to or withdrawn from the account during the reporting period. The dollar amount represented by contribution or withdrawal transactions is excluded from the calculation of Portfolio Appreciation.

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Internal Rate of Return (Dollar-Weighted):

Internal Rate of Return (IRR) tracks the performance of actual dollars invested over time. IRR is the discount rate that equates the cost of an investment with the cash generated by that investment. IRR accounts for the timing and magnitude of cash flows. IRR should not be used to compare an account's performance to benchmark indices (e.g. S&P 500) since index performance does not take into account the effect of cash flows.

Time Weighted Rate of Return:

Time Weighted Rate of Return (TWR) measures an account's compounded rate of growth over the specified time period. TWR is the return produced over time by an account independent of contributions or withdrawals. TWR is used to compare an account's performance to relevant benchmark indices (e.g. S&P 500). Different methodologies for calculating performance at the Household/Portfolio level and the Account level exist, making it possible for returns to be slightly different depending on the level being displayed. Households/Portfolios and Accounts with a historical period use a Modified Dietz calculation while Accounts with no historical periods use Modified Dietz but revalue on dates of large cash flows.

Morgan Stanley Accounts

Historical Data:

Portfolio Minder provides a life view of an account's history with the firm and will include performance to the original performance inception of the account. Performance inception date does not necessarily correspond to account inception. Please reference the inception column to establish performance coverage.

Return Reconciliation

Although checks and balances are in place, we strongly encourage you to review all returns carefully. This is especially true for returns up to a current date. Daily performance data is un-reconciled and is intended for illustrative purposes only. The CSG Performance Group will not reconcile daily performance inquiries.

Unsupervised Assets:

This report utilizes the total account view. Unsupervised assets contained within advisory accounts have been included under the advisory section and will be taken into account for both market value and performance.

Closed Accounts:

999-209262, 999-209263

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