
OFFICE OF THE CHANCELLOR

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VERMONT STATE COLLEGES

CASTLETON STATE COLLEGE
COMMUNITY COLLEGE OF VERMONT
JOHNSON STATE COLLEGE
LYNDON STATE COLLEGE
VERMONT TECHNICAL COLLEGE

May 6, 2015

TO: Education, Personnel and Student Life Committee
Kraig Hannum, Chair
Jim Masland, Vice-Chair
Lynn Dickinson
Karen Luneau
Mike Pieciak
Alyssa Slaimen
Martha O'Connor

FROM: Yasmine Ziesler, Chief Academic & Academic Technology Officer



RE: EPSL Meeting on May 13, 2015

The EPSL Committee of the VSC Board of Trustees will meet on Wednesday, May 13th from 4-6 p.m. in conference room 101 of the Office of the Chancellor, 575 Stone Cutters Way, Montpelier. It is warned for 3:30 p.m. in the event the previous meeting ends early. The full EPSL agenda and materials are attached.

I can be reached at (802) 224-3025 if you have any questions.

Thank you.

cc: VSC Board of Trustees
Council of Presidents
Academic Deans
Student Affairs Council

**VERMONT STATE COLLEGES
BOARD OF TRUSTEES
EDUCATION, PERSONNEL AND STUDENT LIFE
COMMITTEE MEETING**

**May 13, 2015 at 3:30 p.m.
Office of the Chancellor, Montpelier, VT**

AGENDA

A. ITEMS FOR DISCUSSION AND ACTION

1. Update on AGB Conference
2. Lyndon: Update on Northern Essex Community College partnership
3. Castleton: Strategic Plan Update
4. Vermont Tech: Update on financial watch status for Equine Studies

A. ITEMS FOR DISCUSSION AND ACTION

1. Update on AGB Conference

Chair Hannum and Chancellor Spaulding attended the Association of Governing Board's annual conference on trusteeship in April. Chair Hannum will give an overview of his experience there.

2. Lyndon: Update on Northern Essex Community College partnership

Lyndon State College (LSC) is interested in entering into a cooperative agreement with Northern Essex Community College (NECC) in Lawrence, Massachusetts to provide three educational programs for a baccalaureate degree in Massachusetts. LSC plans to offer existing programs in Computer Information Systems, Music Business Industry, and Visual Communications, in Lawrence, for participating students, either in person or through distance learning technologies. While this structure is designed primarily for the education of students already resident in Massachusetts, LSC also envisions that the partnership with NECC will expand opportunities for Vermont-based LSC students, particularly in the Music Business Industry major. Among other things, LSC/VSC would have to form a Massachusetts corporation in order to receive state approval for operating higher education programs in Massachusetts. In order to make this initiative work, students would be attracted, in part, by offering Massachusetts students Vermont in-state tuition rates. Further, the educational programs would be offered in a building adjacent to NECC facilities that is leased to an organization known as Higher Education Partners (HEP). The building would also be occupied by NECC and another higher education institution. Because the Board sets tuition rates under Policy 403 and defines in-state tuition under Policy 301, Board approval would be appropriate given the plan to offer in-state rates to Massachusetts residents. Further, although there will be no formal lease or sublease agreement between LSC and HEP, and technically no property interest created, the effect of this arrangement is in essence to create a long-term lease that would bind LSC to occupy a portion of the building in Lawrence for 10 or more years. Accordingly, to the extent required by Policy 426, approval of this arrangement by the Board should be secured.

Partnership between Lyndon State College and Northern Essex Community College

Lyndon State College (LSC) is working with Northern Essex Community College (NECC; just north of Boston, MA) to deliver four-year bachelor's degrees on the NECC campus. Beginning in the fall 2015 semester, LSC will offer its current degree programs in Visual Communications, Music Business Industry, and Computer Information Systems. These degree programs are presently not easily accessible to NECC students.

NECC students who earn an A.S. degree with a GPA of 2.0 or greater will be accepted into an LSC degree program. After completing their A.S., a student will take a combination of NECC and LSC courses (with at least 30 credits coming from LSC) to complete a LSC degree. The LSC courses will be taught with a variety of delivery methods including face-to-face, hybrid, online, and video conferencing. LSC students at NECC will pay the Vermont resident tuition rate for the LSC courses. NECC and LSC will work collaboratively to provide LSC students the support they need to be successful. A full-time LSC site director will administer many of the requisite services for students including advising, registration, billing, and financial aid.

The degree programs will be offered at the NECC Lawrence, MA campus. The facilities in which the programs will be offered introduce a second partner to the mix: Higher Education Partners (HEP). HEP will provide the built-out classroom and office space and support for our marketing efforts in the Lawrence area. HEP also provides a financial backstop for LSC, covering early years losses until the program runs at a surplus. In exchange, when the cash flows reach a sufficient level LSC pays HEP 15% of the tuition revenue for the programs offered. It is a 10-year proposed contract that is currently under legal review. Note that NECC and HEP already operate quite successfully under a comparable contract.

LSC has submitted an application to the MA Department of Higher Education to offer the aforementioned degree programs at NECC. It is presently in review.

Lyndon State College
NECC / HEP Site
Preliminary Budget Model

Overview

The financial drivers for the LSC degree program in Lawrence, MA resemble any education start up. There are front loaded costs in accreditation, marketing, program development, early personnel expense, and the like. Enrollments won't start with a bang but will ramp up over time, so early tuition revenues aren't high. There is the steady march of normal operating expenses for the educational facility. And then there are the capital costs of the "build out" and "fit up" of the space including classroom construction, furnishings, and equipment.

All these would normally lead to a profitability curve that shows a negative in the first year or so, trending upward to a strong return on investment in later years. What makes this start up different are the financial role of LSC's partner, Higher Education Partners (HEP) and the operational role of our educational partner, Northern Essex Community College (NECC).

HEP will bear the capital cost of the build out and fit up of the space. They will pay basic operating costs such as heat, light, electricity, network access, maintenance, and custodial. Additionally they will participate in certain marketing endeavors. LSC will pay direct costs for our personnel, supplies, etc. and an allowance to NECC for the provision of certain support services for our students. Lastly there is a payment of 15% of tuition revenues to HEP. We will jointly plan and budget with HEP for all of the operational costs and expected revenues for the program. Revenues will first pay LSC's direct costs, then HEP's direct costs, then the 15%. Any surplus after the expense waterfall stays with LSC. *Any shortfall along the way will be paid by HEP.* That means that LSC does not have a financial risk but is positioned to enjoy surpluses after the early years.

Not included in the projections for LSC are the incremental revenues for NECC. Because the baccalaureate degree completion program is a combination of courses offered by LSC and NECC, NECC will have additional student revenue. This is not reflected in attached projections.

The attached budget demonstrates the LSC flow of enrollment, expense growth, subsidy and surplus. Further detail on precise assumptions by line, follow the summary budget.

Lyndon State College
NECC / HEP Site
Preliminary Budget Model

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Student headcount	50	108	147	190	239	293
Rate per course						
LSC	1,248	1,248	1,285	1,324	1,364	1,405
NECC						
Number of NECC courses	18	37	39	43	50	62
Number of LSC courses	16	36	42	45	54	63
LSC course enrollments	195	446	632	782	1,021	1,244
LSC tuition revenue	243,360	556,608	812,120	1,035,368	1,392,644	1,747,820
LSC fee revenue	9,750	22,300	31,600	39,100	51,050	62,200
Total revenue	253,110	578,908	843,720	1,074,468	1,443,694	1,810,020
Course expenses						
Faculty per course	4,950	5,099	5,252	5,410	5,572	5,739
Total faculty cost	79,200	183,564	220,584	243,450	300,888	361,557
Office and other expense	5,000	5,150	5,305	5,464	5,628	5,797
Course fee expense	9,750	22,300	31,600	39,100	51,050	62,200
Allowance for NECC expense	12,500	27,000	36,750	47,500	59,750	73,250
Allowance for HEP direct exp	12,500	27,000	36,750	47,500	59,750	73,250
Allowance for LSC home exp	25,000	54,000	73,500	95,000	119,500	146,500
Site director	67,000	69,010	71,080	73,212	75,408	77,670
Studio rental	0	4,000	4,000	4,000	4,000	4,000
Marketing/Recruiting	63,000	33,540	34,546	35,582	36,649	37,748
Accreditation	25,000	3,000	3,000	5,000	3,000	3,000
Library materials	5,000	5,150	5,305	5,464	5,628	5,797
Total expenses	303,950	433,714	522,420	601,272	721,251	850,769
Operating surplus	-50,840	145,194	321,300	473,196	722,443	959,251
Partnership fee	0	83,491	121,818	155,305	208,897	262,173
HEP contribution (payback)	50,840	-61,703	-81,091	-15,914	-16,391	-16,883
Net return	0	0	118,391	301,977	497,155	680,195

Lyndon State College
NECC / HEP Site
Preliminary Budget Model

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Detail on Selected Budget Lines

- Enrollment numbers are built from entering students assumptions that start with 40 full time entrants per year plus 10 part time, and grow over the course of the next six years to 150 and 25 respectively. The entrant assumptions are overlaid with retention assumptions to produce the headcount numbers on the top line of the budget projection.
- Tuition for LSC courses is charged at the in state Vermont rate. Course fees were assumed to average \$50 per course.
- In order to provide an appropriate array of courses to support the major, we assumed that LSC would offer 34 courses in year 1 and 70 courses thereafter, until such time as enrollment pressure required the creation of additional sections. An enrollment cap of 20 was used for this calculation.
- Instructional costs were estimated using the Faculty Federation rates and applicable taxes.
- LSC will hire a dedicated site director. The estimate for this line includes salary, family benefits, and applicable taxes.
- Students will receive certain support services from NECC. While we don't yet have a negotiated rate, an allowance of \$250 per student was built into the budget. This may alternatively be used to support an additional LSC staff person.
- HEP needs to be paid for the direct costs of running the facility. As our enrollment grows so will our space needs. While we don't yet have a budget for these expenses, this preliminary budget includes an allowance of \$250 per student for those costs.
- While this cohort of LSC students will be in Lawrence, MA, and not in Vermont, serving them will increase costs at the home campus. We've put in an allowance of \$500 per student to cover this.
- Accreditation is an up front cost. The filing fees in MA are high and this line reflects the impact of that investment. Going forward the costs will be much lower.
- The marketing line includes traditional marketing costs as well as the expense of creating web sites, course catalogs, admissions materials, etc.
- The library materials line reflects only the incremental materials that will need to be purchased for the Lawrence campus. Because we are offering existing programs, the Lyndonville campus already possesses the appropriate materials, most of them in electronic format. The library allowance provides for an expansion of our use licenses to cover Lawrence students and for the purchase of materials uniquely found in physical format.
- The surplus section contains the original operating surplus, the partnership fee (15%) when it can be paid, the HEP contribution (+) when there is a deficit or payback (-) for prior deficits and missed partnership fees when there is sufficient surplus, and lastly the net return to LSC. Under these assumptions there is a positive return starting in year three.

VERMONT STATE COLLEGES

BOARD OF TRUSTEES

RESOLUTION

Partnership between Lyndon State College and
Northern Essex Community College

- WHEREAS, Lyndon State College (LSC) would like to collaborate with Northern Essex Community College (NECC) in Lawrence, Massachusetts to offer educational programming in three areas (Computer Information Systems, Music Business Industry, and Visual Communications) to NECC students in hopes of such students finishing their baccalaureate education through LSC; and
- WHEREAS, To make the program attractive to NECC students, courses would be offered at Vermont in-state tuition rates; and
- WHEREAS, The courses would be offered in a building leased by HEP to be occupied by NECC, another college, and LSC; and
- WHEREAS, The influx of new students could provide significant new revenues to LSC; and
- WHEREAS, The initial term of this arrangement would be ten years; and
- WHEREAS, This arrangement would allow the offering of day and evening courses, online distance learning opportunities, and other best practices to maximize student success; therefore be it
- RESOLVED, That the Trustees approve the offering of in-state tuition rates to NECC students taking courses through the NECC/LSC collaboration; and be it further
- RESOLVED, That the Trustees approve, to the extent necessary, the arrangement for occupying the HEP building in Lawrence, Massachusetts for the term set forth in the Collaboration Agreement between LSC and HEP; and be it further
- RESOLVED, That the Trustees authorize the VSC/LSC to form a Massachusetts corporation for the purpose of receiving Massachusetts approval for the operation of its programs in Massachusetts and to complete any other activities that are necessary and incidental to the operations of higher education programs in Massachusetts.

May 21, 2015

3. Castleton: Strategic Plan Update

In his cover letter accompanying Castleton's most recent two-year progress report to NEASC, dated January 7, 2014, President Wolk offered the following summary of the process that produced the college's ten-year strategic plan, "Castleton on the Move:"

Through an extensive and painstakingly inclusive fifteen-month enterprise, members of the college community have articulated a vision and plan for growing our undergraduate student population to 2,500; substantially improving our retention rates; making diversity a central characteristic of our campus; and establishing our identity as "Vermont's public master's institution." The work included, as a partial list of what we can accurately measure, 36 hours of small-group faculty meetings, 15 quintessential New England town hall meetings, and 22 draft plans.

Fundamental to each of the meetings and conversations that President Wolk describes was the issue of how much Castleton could grow without compromising its commitment to relationship-based education or damaging its deep sense of community.

In October 2013, the Faculty Assembly endorsed "Castleton on the Move" without a single dissenting vote. They had fully embraced the vision of "public master's institution" and for the past two years have made steady progress in implementing the plan.

Among the accomplishments are the growth of the Castleton Polling Institute, which has earned national recognition for the quality of its work; receipt of the Carnegie Foundation Community Engagement Classification in January 2015; an increase in graduate programs to eight with more being planned; the expansion and investment in downtown Rutland with the addition of the Spartan Arena, Spartan Dome plans, Castleton Downtown Gallery, and the Castleton Center for Entrepreneurial Programs; and the continued steady growth of Castleton's Center for Schools to provide professional development for educators around the state.

In short, Castleton has moved so significantly that calling itself a "college" no longer serves it well, and thus President Wolk believes it is time to address the question of moving to a new name.

4. Vermont Tech: Update on financial watch status for Equine Studies

In the Policy 109 report recommendations approved by the Board in April 2015, Vermont Tech recommended its B.S. in Equine Studies program be subject to further review. Equine Studies is one of several programs placed on a financial watch as of December 1, 2014. President Smith will provide an update on the review of the program. A summary of Policy 109 program data is provided below for your reference.

Degree Level: 5. Bach Major: Equine Studies

School	Degree Level	Major	Term	Official Enrollment												Degrees Awarded					
				Head Count	FTE	FT Stu	PT Stu	Res	Non-Res	Male	Female	FR	SO	JR	SR	Acad Year	Degree Count	Res	Non-Res	Male	Female
VTC	5. Bach	EQS	Fall 07	9	8.7	8	1	5	4		9	8	1			2007-08					
VTC	5. Bach	EQS	Fall 08	21	20.7	20	1	18	3		21	11	7	3		2008-09					
VTC	5. Bach	EQS	Fall 09	22	21.4	21	1	21	1	1	21	9	6	6	1	2009-10					
VTC	5. Bach	EQS	Fall 10	35	35.0	35		32	3		35	17	4	7	7	2010-11	4	3	1		4
VTC	5. Bach	EQS	Fall 11	42	41.3	40	2	35	7	2	40	22	8	4	8	2011-12	6	6			6
VTC	5. Bach	EQS	Fall 12	38	37.1	35	3	28	10		38	15	10	9	4	2012-13	4	4			4
VTC	5. Bach	EQS	Fall 13	42	41.7	41	1	34	8		42	15	9	10	8	2013-14	7	5	2		7
VTC	5. Bach	EQS	Fall 14	28	27.8	27	1	19	9	2	26	7	7	7	7	2014-15					



Manual of Policy and Procedures

<p>Title</p> <p style="text-align: center;">ANNUAL ENROLLMENT REVIEW OF EXISTING ACADEMIC PROGRAMS</p>	<p>Number</p> <p style="text-align: center;">109</p>	<p>Page</p> <p style="text-align: center;">1 of 3</p>
	<p>Date</p> <p style="text-align: center;">4/20/06</p>	

Purpose

The overall purpose of the policy is to support the mission of the VSC: for the benefit of Vermont, to provide affordable, high quality, student-centered and accessible education, fully integrating professional, liberal, and career study. To fully implement this mission, VSC academic programs must be of high quality and remain current, competitive, and cost-effective. Through this policy, the Board of Trustees charges the colleges with and establishes guidelines for an Annual Enrollment Review: annual college reviews of degree program enrollment, retention and graduation data to determine which, if any, programs should be designated by the presidents as “low-enrolled” and thus slated for additional review at the college and system levels.

This policy affects graduate, baccalaureate and associate degree programs. The criteria and processes for the Annual Enrollment Review follow. This policy is designed to complement VSC Policy 101: Academic Program Review.

Annual Enrollment Review: Policy and Procedures

Each president will review program enrollment, retention and graduation data on an annual basis within the context of ongoing institutional planning and improvement. Annual enrollment/retention/graduation reports and related recommendations on all VSC degree programs will be submitted to the Board of Trustees for review at their annual planning retreat, in accordance with established guidelines and using a standard format. Based on these reports and the presidents’ recommendations, the Board of Trustees will identify which, if any, programs will be subject to additional review at the college and system levels due to low-enrollment.

These reports are intentionally quantitative in nature and are designed to complement some of the more qualitative aspects of VSC Policy 101: Academic Program Review. These reports are not designed to judge program effectiveness but are intended to monitor scarce resources and to eliminate programs which no longer meet student demand. The Board of Trustees recognizes that some low-enrolled programs are also highly cost-effective, thus supporting other higher-cost programs at the institution. The Board further recognizes that the VSC mission requires full support of general education curriculum system-wide.

While the presidents have considerable discretion in which programs they designate as low-enrolled and thus recommend for further review, in general, VSC degree programs may be

<p>Signed by:</p>	<p>Robert G. Clarke Chancellor</p>
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subject to in-depth review at the system level if they demonstrate more than one of the following characteristics:

1. fewer than 15 declared majors in graduate programs, 25 declared majors in baccalaureate programs, including full and part-time students; fewer than 20 students in associate degree programs.
2. significant numbers of upper-level courses in the degree program with enrollment lower than accepted course minimums.
3. fewer than 5 graduates in any of the preceding three years.

In addition, a President may choose to include in this review degree programs with a significant decline in enrollment, retention and/ or net revenue over a three-year period. Programs that do not meet the criteria presented above may be included in the review of low-enrolled programs as determined by the President in consultation with the Chancellor. New programs (in existence three years or less) are exempt from low-enrollment review unless special circumstances, as determined by the President and Chancellor, warrant their inclusion. The President will provide a rationale for all programs recommended for review, as well as for those not included that demonstrate the criteria listed above.

The process for Annual Enrollment Review follows:

1. The Council of Presidents will confirm the format, data collection methodology and requirements of the enrollment reports to be submitted to the Board of Trustees.
2. By June of each year, the colleges will submit enrollment reports to the Chancellor, including recommendations for further review of programs they have designated as low-enrolled.
3. During their annual planning retreat, the Board of Trustees will review the enrollment reports and presidents' recommendations, and confirm the list of programs designated as "low-enrolled" and subject to further review. A program under review through Academic Program Review as described above will not be subject to "low-enrollment review" simultaneously.
4. The Presidents will submit to the Chancellor a brief report (2-3 pages) on each program designated for review, including the following components:
 - a. numbers enrolled over last five years.
 - b. numbers graduating over last five years (new programs provide as much longitudinal data as possible).
 - c. enrollment projection two years from date of review, broken out by category: new students, transfer students, continuing students.
 - d. marketing/ recruitment plan to build enrollment.
 - e. number of full-time equivalent faculty teaching in program; number of full-time equivalent staff associated with the program.
 - f. program budgets for last five years, assessment of cost-effectiveness and statement of significant unmet resource needs, if any.
 - g. statement and data related to graduate outcomes over last five years: job placement, continuing education, other as defined by college.

- h. relation of program to other programs (e.g., general education) and to College priorities.
 - i. recommended action and rationale.
5. The Council of Presidents will review all reports prior to their submission to EPSL, and will make recommendations to EPSL regarding the status of all programs under review (see four categories above).
 6. Before December 1, EPSL will review all reports and submit a resolution to the full Board of Trustees regarding the status of all programs under review (see four categories below).
 7. Before December 1, the Board of Trustees will place all degree programs under review in one of four categories: approve, approve with follow-up report required, approve with conditions, terminate (see description of each category below).

Approve: The program is approved for continuation. Programs recommended for continuation may be subject to review in subsequent years based on the criteria established above. Presidents may be charged with implementing specific program improvement strategies.

Approve with Follow-Up Report Required: The program is approved for continuation. Presidents are charged to work with faculty/ academic staff to report back to the Chancellor in specified time period on progress made in relation to specific program improvement strategies. Programs recommended for continuation may be subject to review in subsequent years based on the criteria established above.

Approve with Conditions and Follow-Up Report Required: The program will continue with major modifications or under specific conditions as determined by the Board of Trustees. Presidents are charged to work with faculty/ academic staff to implement specified actions or face termination of program. Progress reports must be submitted to the Chancellor by a specified date. In addition, programs placed in this category may be subject to subsequent review, based on the criteria established above.

Terminate: The program will be terminated. The determination from the Board of Trustees will include consultation with the faculty and contain a phase-out plan including reassignment or termination/ non-reappointment of faculty/ academic staff associated with the terminated program. The phase-out plan will ensure that any students enrolled in the program can complete it within a reasonable time period, as determined by the college.

The colleges also may be charged with consolidating particular programs and/ or strengthening collaboration between particular programs to meet the criteria above and to address any unnecessary duplication.