CASTLETON UNIVERSITY
COMMUNITY COLLEGE OF VERMONT
NORTHERN VERMONT UNIVERSITY
VERMONT TECHNICAL COLLEGE

OFFICE OF THE CHANCELLOR
PO BOX 7
MONTPELIER, VT 05601
P (802) 224-3000

MEMORANDUM

TO: <u>VSCS Finance & Facilities Committee</u>
Lynn Dickinson
Peg Flory
Adam Grinold
J. Churchill Hindes, Chair
Linda Milne
Michael Pieciak
David Silverman, Vice Chair

FROM: Steve Wisloski

DATE: June 11, 2020

SUBJ: Finance & Facilities Committee Special Meeting on June 17, 2020

The Finance and Facilities Committee of the Board of Trustees is scheduled to meet from 4:00 p.m. to 5:30 p.m. via Zoom, for which personalized instructions will be provided separately by e-mail.

The meeting agenda and materials are attached, with the minutes of the June 1 meeting included in the Consent Agenda as **Attachment 1**. There is also a placeholder for a possible executive session to discuss a real estate transaction. The four main agenda items for this meeting will be (1) to discuss and approve waivers to two VSC Policies, (2) to review and discuss the reports from the Office of the State Treasurer and former Chancellor of the University of Maine System James Page, and to provide a status update on pending legislation and anticipated State funding, (3) to discuss and approve a FY2021 Transitional System First Quarter Budget pending development of the full year System Annual Operating Budget, and finally (4) to review the proposed Committee schedule and work plan through December.

With respect to the first item, the two waivers requested are to VSC Policy 410, Financial Aid and Other Financial Awards, and VSC Policy 433, Debt Management Policy. Policy 410, which was last updated in January 1999, limits financial awards to 5% of operating budgets, and further limits both non-need based aid and aid to non-Vermonters to 50% of total institutional aid. Tuition discounting has increased steadily over the past two decades, in is now over 50% at many private colleges. Also, in VSC's case, because non-Vermonter tuition is approximately twice as much as in-State tuition, a non-Vermonter with a relatively large discount still pays significantly more than a Vermonter with no discount. Also, the limitation on non-need based aid limits the ability to recruit students based on criteria such as academic merit. For these reasons, and as a practical matter because three of the System's four Institutions were not in compliance with the Policy, the System sought and received a waiver of Policy 410 for fiscal year 2019, and seeks a waiver for fiscal year 2020 as well. The Resolution requesting this waiver, along with Policy 410 for reference, are included as **Attachment 2**.

Policy 433 requires that the System's total annual debt service must be level or declining, and not increasing, in each fiscal year. Following the 2017 restructuring of the System's 2005, 2008 and 2009 loans with TD Bank, the System received a waiver of this provision until the beginning of FY2022. However, the refinancing of the Series 2010B bond issue in February was structured to provide savings during fiscal years 2021 through 2024 inclusive, and as a result the System's maximum annual debt service now occurs in fiscal year 2025. As such, a waiver is being requested of this provision until the beginning of fiscal year 2025; both the applicable Resolution and Policy 433 are included as **Attachment 3**.

The second item is a proposed review and discussion of the reports from the State Treasurer (included as **Attachment 4**) and from Jim Page (**Attachment 5**), as well as an update regarding pending legislation. To summarize, the Treasurer's report provided three budget scenarios for FY2021: a "Best/Middle Likely" scenario projecting a $19.3 million deficit; a "Worse Likely" scenario projecting a $36.3 million deficit; and a "Worst Likely" scenario projecting a $46.3 million deficit. Mr. Page's report recommended that the State provide $30 million of "bridge" funding in FY2021, with an additional $10-$12 million of funding if in-person instruction cannot resume in the fall. More generally, the budget scenarios provided in both reports closely follow the System's standard budget and financial reporting formats, provide detailed narrative discussions, and serve as a useful starting point for the System's FY2021 System Annual Operating Budget development process.

Regarding legislation, as of this writing the FY2020 Supplemental Budget Adjustment bill (H.953), which included $12.5 million from the State of Vermont's Coronavirus Relief Fund (CRF) for the System, was delivered to the Governor on June 9; and the Transitional FY2021 First Quarter Appropriations bill (H.961), which included another $15.3 million of CRF assistance, plus provided 25% of the System's general fund appropriation (increased from 23% in the Governor's recommendation) had passed the House. The situation is evolving literally by the hour, and updates are anticipated at the meeting.

The third item is the discussion and proposed approval of a "FY2021 Transitional System First Quarter Budget" covering just the period from July 1 to September 30, and only for the purpose of providing spending authority to the System while full-year budgets are being developed. The proposal attempts to mirror the State of Vermont's approach with H.961, and was also influenced by the University of Vermont's similar initiative. A Resolution and Policy 403, System Annual Operating Budget for reference are included as **Attachment 6**.

The final item is a review of the proposed Committee meeting dates and preliminary topics through December, with a particular focus on development of the full-year FY2021 System Annual Operating Budget, and with setting maximum Tuition, Fees, Room and Board rates for FY2022, and potentially revisiting rates for FY2021. Both the final FY2020 schedule and proposed FY2021 schedule through December are included as **Attachment 7**.

Should you have any questions regarding these materials or any other matter, please contact me at stephen.wisloski@vsc.edu or (802) 224-3022. Thank you.

Attachments

cc: VSC Board of Trustees, Council of Presidents and Business Affairs Council

Vermont State Colleges Board of Trustees
Finance and Facilities Committee Special Meeting
June 17, 2020

Via Zoom Conference

AGENDA

1. Call to order

2. **Approve** consent agenda
    a. Minutes of June 1, 2020 regular meeting

3. Executive Session regarding potential real estate transaction (as needed)

4. Discuss and **Approve** Resolutions waiving policies or portions thereof:
    a. VSC Policy 410, Financial Aid and Other Financial Awards
    b. VSC Policy 433, Debt Management Policy

5. Legislative Update, including anticipated additional funding

6. Discuss Reports from the Office of the State Treasurer and James Page

7. Discuss and **Approve** FY2021 Transitional System First Quarter Budget Resolution

8. Review and discuss proposed FY2021 meeting schedule through December

9. Other business

10. Public comment

11. Adjourn

MEETING MATERIALS

1. Consent agenda (approval)
2. VSC Policy 410 and Resolution requesting waiver (approval)
3. VSC Policy 433 and Resolution requesting waiver (approval)
4. Report from Office of the State Treasurer
5. Report from James Page
6. FY2021 Transitional System First Quarter Budget Resolution (approval)
7. Committee meeting schedules: FY2020 final, and FY2021 proposed through December

Attachment 1:
Consent agenda

Minutes of the VSCS Board of Trustees Finance and Facilities Committee held Monday, June 1, 2020 at 1:00 p.m. via Zoom - UNAPPROVED

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

The Vermont State Colleges Board of Trustees Finance and Facilities Committee met on Monday, June 1, 2020 via Zoom.

Committee members present:	Church Hindes (Chair), David Silverman (Vice Chair), Lynn Dickinson, Peg Flory, Adam Grinold, Linda Milne, Mike Pieciak
Other Trustees present:	Ryan Cooney, Bill Lippert, Karen Luneau, James Masland
Presidents:	Elaine Collins, Joyce Judy, Pat Moulton, Jonathan Spiro (Interim)
Chancellor's Office Staff:	Donny Bazluke, Network/Security Analyst Todd Daloz, Interim General Counsel Brenda Flint, Associate Controller Jocelyn Haley, Director of Financial Operations Wayne Hamilton, Interim Controller Jen Porrier, Administrative Director Meg Walz, Program Manager, Library Coordinator Steve Wisloski, Chief Financial Officer Sophie Zdatny, Interim Chancellor Yasmine Ziesler, Chief Academic Officer
From the Colleges:	Nolan Atkins, Provost, Northern Vermont University Sarah Chambers, Coordinator of Instructional Technology, Castleton University Jonathan Davis, Dean of Students, Northern Vermont University Michael Fox, Dean of Enrollment & Marketing, Northern Vermont University Laura Jakubowski, Chief Budget & Finance Officer, Castleton University Karen Madden, Director of Academic Support Services, Northern Vermont University Sandra Noyes, President, VSC Staff Federation, Northern Vermont University Linda Olson, VP Education AFT-VT, Castleton University Maurice Ouimet, Dean of Enrollment, Castleton University Andy Pallito, Dean of Administration, Community College of Vermont Sharron Scott, Dean of Administration, Northern Vermont University Michael Stevens, Director of Facilities, Northern Vermont University Littleton Tyler, Dean of Administration, Vermont Technical College

Beth Walsh, President, VSCUP, Northern Vermont University

From the Public: Lola Duffort, Reporter, VT Digger
Amy Nixon, Reporter, Caledonian Record

1. Chair Hindes called the meeting to order at 1:12 p.m.

2. Approval of February 3, 2020 meeting minutes

Trustee Silverman moved and Trustee Pieciak seconded the approval of the meeting minutes. The motion was approved unanimously.

3. Approval of Endowments
    a. Elaine H. and Sok Nam Ko International Student Scholarship (Castleton)

Castleton University Interim President Jonathan Spiro shared that Sok Nam Ko was a 1958 graduate from CU and one of the first International students at CU. He has passed away but his wife Elaine, who was also a CU graduate, has created this scholarship for international students demonstrating a history of community involvement and volunteerism.

The endowment was approved unanimously.

4. Approval of Grants
    a. Castleton University CARES Act Student Aid
    b. Castleton University CARES Act Institutional Funds
    c. Northern Vermont University CARES Act Student Aid
    d. Northern Vermont University CARES Act Institutional Funds
    e. Vermont Technical College, Small Business Development Corporation (SBDC) CARES Act Award

Chief Financial Officer Steve Wisloski provided an overview of the listed Grants with the first four relating to the CARES Act. The fifth Grant relates to the Vermont Technical College Small Business Development Corporation CARES Act.

Trustee Flory moved and Trustee Silverman seconded the motion to approve the five Grants as listed. The motion was approved unanimously.

5. Approval of Annual Banking and Investments Resolution 2020-005

Mr. Wisloski noted that Johnson State College is listed on the Resolution because it is noted that way on the bank account.

<u>Trustee Flory moved and Trustee Pieciak seconded the motion to approve the Annual Banking and Investments Resolution 2020-005. The motion was approved unanimously.</u>

6. <u>General update since February 3 meeting</u>

Mr. Wisloski shared that while the Coronavirus pandemic has dramatically and negatively impacted the System's enrollment outlook, the resulting policy intervention by the federal government and State of Vermont, combined with extraordinary spending restraint by the Colleges, ironically may have significantly improved the System's FY2020 results. Additionally, the Business Affairs Council (BAC) is currently working with State Treasurer Beth Pearce, and with former Chancellor of the University of Maine System Jim Page, both at the request of the Legislature. Specifically, the Treasurer is attempting to provide an independent assessment of the cost, and range of potential deficits, necessary to maintain the System's current physical footprint through the end of FY2021. Meanwhile, the former Maine System Chancellor is providing a separate assessment and recommendation informed by long-term enrollment trends and long-term costs such as deferred maintenance, debt and other post-employment (OPEB) liabilities.

7. <u>Review and discuss 3rd Quarter FY2020 financial results and projection to year-end</u>

Mr. Wisloski stated that the State of Vermont's supplemental FY2020 budget adjustment act includes $12.2 million for the System; of this amount, $5.1 million is to cover the cost of room and board refunds, and another $175,000 covers student travel refunds and infrastructure costs, both of which will offset VSC's anticipated FY2020 budget deficit of $5.7 million dollar-for-dollar. It is important to note, however, that this is one-time money, and the FY2021 budget is still being developed and could have a wide range of outcomes depending upon the degree of COVID restrictions on in-person instruction in the fall.

8. <u>Discuss the FY2021 budget development and meeting schedule:</u>
    a. <u>Proposed: Wednesday, June 17 (Special Meeting) – First Pass FY2021 Budgets</u>
    b. <u>Proposed: Monday, July 27 (Special Meeting) – Second Pass FY2021 Budgets</u>
    c. <u>Monday, August 24 (Regular Meeting) – Third Pass FY2021 Budgets</u>
    d. <u>Proposed: Monday, September 21(Special Meeting) – Final FY2021 Budgets</u>

Mr. Wisloski reviewed the purposes for the proposed special meetings schedule to prepare the FY2021 budgets, and suggested that the Committee and Board adopt a "one quarter" budget from July 1 through September 30 to provide spending authority while full year budgets are developed, similar to the processes being used both by the State of Vermont and the University of Vermont. Chair Hindes asked Administrative Director Jen Porrier to look at the possibility of adding the July 27th meeting to the Committee's calendar while the remainder of the dates coincide with regularly scheduled meetings.

9. <u>Quarterly reports for information (and discussion)</u>
    a. Cash and Investments
    b. Fixed Income Investments (TD Wealth)
    c. Endowment (Morgan Stanley)
    d. Grants

Mr. Wisloski gave a comprehensive review of the quarterly reports related to cash and investments, the System's fixed income portfolios with TD Wealth, the endowment with Morgan Stanley and a grants update.

10. Other Business

Mr. Wisloski advised that there might need to be three amendments or waivers to Policies at the next meeting, including Policy 403, System Annual Operating Budget (if the Trustees adopt a one-quarter budget through September 30); Policy 410, Financial Aid and Other Financial Awards (another one-year waiver as this policy is revised); and Policy 433, Debt Management Policy (to waive the requirement for level or declining debt service until FY2025).

11. Comments from the public

There were no comments from the public.

12. Adjourn

Chair Hindes adjourned the meeting at 2:45 p.m.

Attachment 2:
VSC Policy 410, Financial Aid and Other Financial Awards, and Resolution requesting waiver for FY2020

VERMONT STATE COLLEGES SYSTEM

BOARD OF TRUSTEES

RESOLUTION 2020-006

Waiver of Policy 410, Financial Aid and Other Financial Awards for Fiscal Year 2020

WHEREAS, Policy 410 limits overall financial aid to 5% of general operating budgets; and requires both that no more than 50% of an Institution's institutional aid be allocated to non-residents, and no more than 50% of financial aid be non-need-based; and

WHEREAS, Several Institutions are not anticipated to meet these limitations as of June 30, 2020; and

WHEREAS, Since the last revision to Policy 410 on January 29, 1999, tuition discounting practices have changed considerably, and explicit limitations on both overall aid and the allocation of aid can be counterproductive to providing the lowest overall cost to Vermont residents; and

WHEREAS, As a result of the disruptions created by the global coronavirus pandemic (COVID-19), the System was unable to propose a satisfactory amendment updating Policy 410 during fiscal year 2020; and

WHEREAS, COVID-19 is anticipated to have an unprecedented and as yet unquantifiable impact on tuition discounting practices going forward; and

WHEREAS, The Chancellor, in consultation with the Institutions' Presidents, intends to provide an update on tuition discounting practices and, if able, to propose an amendment updating Policy 410 for the Board's consideration during fiscal year 2021; therefore, be it

RESOLVED, That Policy 410, Financial Aid and Other Financial Awards, is hereby waived for fiscal year 2020.

Approved: June 18, 2020

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J. Churchill Hindes, Chair of the Board of Trustees

VSC

VERMONT STATE COLLEGES

Manual of Policy and Procedures

Title	Number	Page
FINANCIAL AID AND OTHER FINANCIAL AWARDS	410	1 of 2
	Date: 1/29/99	

PURPOSE

Colleges administer need-based financial aid and non-need-based financial award programs with funds from various sources. Financial Aid includes allocations from federal, state, institutional and other sources to students with demonstrated financial need. Financial awards include allocations to students in recognition of special attributes, skills or accomplishments. The purpose of this policy is to guide the colleges' administration of all financial aid and financial awards supported through revenues from the college's general fund and the federal campus-based aid programs.

STATEMENT OF POLICY

In keeping with the legislated missions of the Vermont State Colleges to provide public higher education in Vermont and of the Vermont Student Assistance Corporation and the federal government to provide financial assistance to students, this policy provides direction for the colleges' administration of need-based financial aid and non-need-based financial award programs to:

1. assist financially-needy students to attend college and to complete their college education;
2. increase diversity among the colleges' student population;
3. provide financial incentives to promote student interest in higher education;
4. acknowledge and reward student achievements and skills.

Need-Based and Non-Need Based Financial Awards

Colleges may budget and expend up to 5% of their general operating budgets for the combination of need-based aid and non-need-based financial awards, as defined in this policy. VSC endowment funds and other externally generated funds including federal financial aid program expenditures, NEBHE waivers, and VSAC awards are not counted toward the 5% limit.

These funds will be expended to meet the dual goals of providing access to education for needy students and for maximizing the enrollment goals of the Vermont State Colleges.

Colleges may allocate no more than 50% of their institutional aid funds for meeting the needs of non-residents. In addition, no more than 50% of these funds shall be allocated for non-need-based financial aid.

Signed by:	Charles I. Bunting Chancellor

Attachment 3:
VSC Policy 433, Debt Management Policy,
and Resolution requesting waiver of
level or declining debt service requirement

<u>VERMONT STATE COLLEGES SYSTEM</u>

<u>BOARD OF TRUSTEES</u>

<u>RESOLUTION 2020-007</u>

<u>Waiver of Level or Declining Debt Service Requirement of Policy 433, Debt Management Policy</u>

WHEREAS, Policy 433 states that "debt principal shall amortize such that annual debt service on a total portfolio basis shall be level or declining over time, and not increasing;" and

WHEREAS, At its meeting on June 21, 2018, in consideration of the fact that the System's debt service profile would not meet this requirement following the 2017 restructuring of the System's 2005, 2008 and 2009 loans, the Board of Trustees waived this requirement until the beginning of fiscal year 2022; and

WHEREAS, To better enable investment in improvements, the System opted to concentrate the savings from the February 2020 refinancing of the System's 2010 Series B bond issue upfront during fiscal years 2021 through 2024, as opposed to over the full term of the bonds through fiscal year 2041, by deferring principal repayments for the first four fiscal years; and

WHEREAS, This principal deferral has caused the System's maximum annual debt service to occur in fiscal year 2025; therefore, be it

RESOLVED, That the provision of Policy 433, Debt Management Policy, requiring level or declining total portfolio debt service is hereby waived until the beginning of fiscal year 2025.

Approved: June 18, 2020

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J. Churchill Hindes, Chair of the Board of Trustees

Manual of Policy and Procedures

Title	Number	Page
DEBT MANAGEMENT POLICY	433	1 of 3
	Date: **6/20/17**	

POLICY STATEMENT:

The Vermont State Colleges System (hereinafter, the "System") may incur debt when necessary to fulfill the System's strategic mission. The System's debt management objectives are to:

1) Maintain access to capital;

2) Maintain a credit rating that minimizes the risk-adjusted cost of capital and maximizes favorable business terms; and

3) Limit financial risk.

This policy assigns debt management responsibilities, and sets forth guidelines with respect to debt limits, structuring, issuance, management and use of derivatives.

PROCEDURES:

1) Approval from the Finance and Facilities Committee and the Board of Trustees is required for all debt transactions.

2) The Officer of the Chancellor will initiate and manage all debt transactions.

3) The Chief Financial Officer is responsible for debt portfolio management and compliance with this policy.

DEBT LIMIT:

1) The System's debt limit will target medians and ratios appropriate to a rating of A or the equivalent from Standard & Poor's Ratings Group.

2) The System will maintain a debt service ratio (annual principal plus interest, divided by total expenses) of not more than 6%.

STRUCTURING:

1) Any System debt with a term longer than three (3) years shall be fixed rate.

2) The maximum maturity of any debt issue shall be the shorter of 30 years, or the useful life of the asset being financed.

3) Debt principal shall amortize such that annual debt service on a total portfolio basis is either level or declining over time, and not increasing.

ISSUANCE:

1) The System shall engage a qualified, nationally-recognized independent financial advisor to assist with any debt transaction.

2) Debt may be publicly sold or privately placed, however privately placed debt may not include business terms less favorable than for public debt (e.g., additional financial covenants beyond those contained in the System's bond resolution).

3) Public debt should generally be sold competitively. If a sale is negotiated, the underwriter must provide an estimate of interest rates for each maturity expressed as a spread to AAA-MMD™ or another widely-recognized and readily available independent index (for tax-exempt debt) or U.S. Treasury yields (for taxable debt) prior to the sale, and the independent financial advisor must concur with these rates prior to award.

MANAGEMENT AND COMPLIANCE:

The Chief Financial Officer shall create procedures regarding the investment of bond proceeds, ensuring compliance with all necessary Federal, State of Vermont and applicable regulations, primary and secondary market disclosure practices, and arbitrage rebate monitoring and filing, and report to the Chancellor and the Finance and Facilities Committee at least annually, and also immediately following any material event (e.g., a credit rating change).

DERIVATIVES:

Derivatives (e.g., interest rate swaps) are not permitted. Any derivatives in place prior to the approval of this policy shall be valued no less frequently than annually, and may be held to maturity or terminated with the approval of the Board of Trustees. The System must engage a qualified independent derivative advisor to manage any such termination, and to provide a fairness opinion documenting that the derivative was terminated at fair market value.

OTHER PROVISIONS:

The Finance and Facilities Committee will review this policy on an annual basis or in the interim whenever substantive changes to the guidelines are proposed by the Chancellor.

Any activity or expense related to federal grants or contracts must comply with *2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* in addition to the provisions above.

Jeb Spaulding, Chancellor

Attachment 4:
Report from Office of the State Treasurer

TO:	Mitzi Johnson, Speaker of the House Tim Ashe, Senate President Pro Tempore Steve Klein, Chief Fiscal Officer, Joint Fiscal Office
FROM:	Beth Pearce, State Treasurer
DATE:	June 8, 2020
RE:	Vermont State College System Financial Review

The onset of COVID-19 has presented colleges and universities across the country with significant financial uncertainty, and it has exacerbated the financial challenges already faced by the Vermont State College System (VSC) for years.

The Office of the State Treasurer was asked by leadership in the House of Representatives and the Joint Fiscal Office (JFO) to review VSC's financial position in response to both the outbreak of COVID-19 and the various announcements regarding the future of member institutions. Our review was limited to determining the level of funds needed to maintain the VSC system in its current footprint through FY21 under various scenarios. The Treasurer's Office makes no recommendations as to the future configuration of the VSC system.

To perform this review, Treasury staff met with VSC's Chief Financial Officer (Stephen Wisloski) and requested the following scenarios for each of the four educational institutions that make up VSC – Castleton University (Castleton), Northern Vermont University (NVU), Vermont Technical College (VTC), and the Community College of Vermont (CCV):

- Projected results for the FY20;
- A "Pre-COVID-19" projected result for FY21;
- A "Best Case" result for FY21; and
- A "Worst Case" result for FY21.[1]

These scenarios are intended to demonstrate the range of VSC's immediate and near-term financial needs related to both the impact of COVID-19 and the various announcements regarding the future of member institutions.

Upon receiving the requested scenarios, Treasury staff met with representatives from each of the four educational institutions. Mr. Wisloski and Jim Page, an educational consultant contracted by JFO to perform a wider educational review, also attended these meetings. The purpose of these meetings was to allow Treasury staff to ask questions about the scenarios and to clarify the projections. As a result of these meetings, supplemental requests were made related to enrollment, residency expectations, receivables, and reserves.

[1] VSC operates on a fiscal year that runs from July 1 through June 30.

In some cases, the educational institutions were asked to provide additional scenarios or demonstrate the impact of different assumptions in order to represent additional challenges resulting from COVID-19 restrictions. This resulted in the development of a different number of scenarios for the educational institutions, which we include here to best reflect the range of potential outcomes. Treasury staff wanted to obtain the projected impact from each institution without given assumptions, as both a way to evaluate the methodology used, as well account for differences in demographics and educational delivery. Accordingly, while there are a different number of scenarios reflecting unique assumptions for each the four educational institutions, they follow a consistent framework. The best case scenario represents only a modest impact due to COVID-19, and the additional scenarios – ranging from middle case, worse case, to worst case – reflect increasingly dire assumptions.

The following information is presented in summary form to inform the General Assembly about the educational institutions' current financial position as well as the range of potential immediate and near-term financial needs, assuming no major changes to their operating footprints. While Treasury staff performed various analytical procedures to assess the reasonableness of the information provided by VSC, the difficulty in predicting the impact and duration of COVID-19 creates a range of possibilities. Accordingly, we have included areas where there may be upside potential or additional downside risk.

This information was reviewed predominantly on a cash or budgetary basis and not on a full accrual basis. Further review of long-term liabilities and plant assets should be completed.

Enrollment Trends Impacted by COVID-19

As will be seen in the narratives about each of the four educational institutions, enrollment figures are a key variable in projecting the educational institutions' financial position. A recent study completed in April of this year by the American Council on Education found that:

- 83% of all students intend to enroll in the fall term as originally planned before COVID-19.
- 3% were planning to enroll in the fall to make up classes not completed due to COVID-19.
- 10% were uncertain about fall enrollment because of COVID-19.
- 5% were not planning to enroll either because of COVID-19 or were previously not planning on enrolling prior to COVID-19. [2]

A series of studies noted the following:

[2] American Council on Education (ACE) & American Association of Collegiate Registrars and Admissions Officers (AACRAO), *AACRAO, ACE Survey Finds Uncertainty About Current College Student Fall Enrollment Plans, Optimism about Completing Spring Coursework* (April 23, 2020), *available at* https://www.acenet.edu/News-Room/Pages/AACRAO-ACE-Survey-Finds-Uncertainty-About-Current-College-Student-Fall-Enrollment-Plans-Optimism.aspx.

- 10% of college-bound seniors who had planned to enroll at a four-year college before the COVID-19 outbreak have already made alternative plans.
- 14% of college students said they were unlikely to return to their current college or university in the fall, or it was "too soon to tell." In mid-April, that figure had gone up to 26%.
- Gap years may be gaining in popularity. While hard to track, there are estimates that 3% of freshmen take a gap year. Since the pandemic, internet searches for gap years have skyrocketed.[3]

Generally speaking, college students prefer in-classroom to online courses. To finish their degrees, 85% want to go back to campus and 15% want to finish online.[4] While each of the four educational institutions in the VSC face unique enrollment challenges and opportunities, it is important to recognize that they are all subject to these nationwide trends.

The Treasurer’s Office also reviewed undergraduate FAFSA application data year-to-date through May 2020 for Vermont public institutions. These demonstrated similar enrollment trends. Application levels compared to the previous year were down 7% to 20% for the VSC educational institutions. In some cases, they are down 30% for first year students.

Summary of Results

The table below summarizes the projected FY20 balance for each of the educational institutions and the consolidated VSC. These outcomes are based on actual results from the third quarter of FY20 and the expected results from the fourth quarter of FY20. While there may be variations in the actual outcomes due to still-undetermined COVID-19 impacts, these results give the best estimate from the educational institutions and VSC on their immediate needs. Certain potential incoming funds, most notably the proposed room & board refunds under consideration by the General Assembly, may result in revisions to the projections.

[3]Scott Jaschik, *Colleges Could Lose up to 20 Percent of Students, Analysis Says*, (April 29, 2020), *available at* www.insidehighered.com/admissions/article/2020/04/29/colleges-could-lose-20-percent-students-analysis-says.
[4] *Id.*

Unrestricted Revenues and Expenses
FY2020 Budget Outlook as of March 31, 2020
Vermont State Colleges System
(Amounts rounded to $1,000)

EXECUTIVE SUMMARY

	FY2020 Budget	Outlook as of 31-Mar	Mar 31 vs. Budget	Var > +3%	**COVID-19 Changes**	**Mar 31 vs. w/COVID**	Mar 31 vs. w/COVID Budget
REVENUES							
Castleton University	56,958	55,894	(1,064)				
Community College of Vermont	27,504	28,018	514				
Northern Vermont University	56,730	52,469	(4,261)	*			
Vermont Technical College	38,715	40,257	1,542	*			
Chancellor's Office	500	620	120				
TOTAL REVENUES	180,407	177,258	(3,149)				
EXPENSES							
Castleton University	56,952	56,367	(585)				
Community College of Vermont	27,754	27,801	47				
Northern Vermont University	58,496	55,331	(3,165)	*			
Vermont Technical College	38,843	39,428	585				
Chancellor's Office	500	596	96				
TOTAL EXPENSES	182,545	179,523	(3,022)				
NET REVENUES/(DEFICIT)							
Castleton University	6	(473)	(479)	*	(1,938)	**(2,411)**	(2,417)
Community College of Vermont	0	217	217			**217**	217
Northern Vermont University	(1,766)	(2,862)	(1,096)	*	(1,183)	**(4,045)**	(2,279)
Vermont Technical College	(128)	830	958	*	(300)	**530**	658
Chancellor's Office	0	24	24			**24**	24
NET REVENUES/(DEFICIT)*	(1,888)	(2,265)	(377)	*	(3,421)	**(5,686)**	(3,798)
		-1.2%	**-0.2%**		**-1.9%**	**-3.1%**	**-2.1%**

CCV ncludes $250K of carry forward in the revenue line item.
VTC includes workforce development which is not included in Exhibit VTC-1.
Exhibit VTC-1 reclassifies capital investment and systems debt and further reduces expenses by $30K.

The next table provides a snapshot of the FY21 scenarios developed for each of the four educational institutions and for VSC in aggregate. Please note that while we have provided a different number of scenarios for certain educational institutions in the narratives below, we have included three scenarios in the table here for ease of comparison across the four educational institutions. For comparison purposes, the chart below reflects the most likely best/middle case, the most likely worse case, and a most likely worst case.

Each educational institution has its own unique set of circumstances, and their current and projected enrollment levels will vary from one to the next. The purpose of this review is to provide policymakers with a sense of the range of financial impacts to VSC across a variety of potential circumstances.

Summary of Scenarios and Net Revenue
FY 2021
Vermont State Colleges
(Amounts rounded to $1,000)

Best/Middle Likely Scenario Assuming On Campus Access Fall 2020

	FY2021	NVU	VTC	CCV*	Castleton**
REVENUES					
Tuition and Fees	107,314	26,059	23,603	22,615	35,038
State Appropriation	30,985	10,920	7,142	6,119	6,804
Room and Board	20,188	6,119	3,269	0	10,800
Sales and Services	2,258	681	671	6	900
Gifts	830	250	130	50	400
Other Revenue	1,173	497	170	86	420
TOTAL REVENUES	162,747	44,526	34,984	28,876	54,362
EXPENSES					
Employee Salaries & Benefits	(111,017)	(32,765)	(24,336)	(23,917)	(30,000)
Services, Supplies and Travel	(30,348)	(8,011)	(7,469)	(4,373)	(10,495)
Scholarships and Fellowships	(17,919)	(5,469)	(2,280)	(170)	(10,000)
Utilities	(6,414)	(2,158)	(1,687)	(325)	(2,244)
Other Expenses	(191)			(191)	0
Debt Service	(5,607)	(1,756)	(722)	(1,034)	(2,095)
Chancellor's Office	(7,991)	(2,951)	(1,630)	(1,600)	(1,810)
COVID Efficiencies			394		
Other Transfers	(2,120)	(549)	(288)	626	(1,909)
TOTAL EXPENSES	(181,213)	(53,659)	(38,018)	(30,984)	(58,553)
CAPITAL INVESTMENT & SYSTEM DEBT					
Payment to C/O for System Debt	(392)		(392)		
Investment in Capital	(400)		(400)		
NET REVENUE	(19,258)	(9,133)	(3,826)	(2,108)	(4,191)

* Data for CCV University utilizes "middle" scenario listed as best. It is essentially an Q3 rollforward to FY21.
** Data for Castleton University utilizes a middle scenario as current enrollment deposits and pre-registration is closer to this projection.

Summary of Scenarios and Net Revenue
FY 2021
Vermont State Colleges
(Amounts rounded to $1,000)

	Worse Likely Scenario*				
	FY2021	NVU	VTC	CCV	Castleton**
REVENUES					
Tuition and Fees	86,580	21,316	19,669	16,963	28,632
State Appropriation	30,985	10,920	7,142	6,119	6,804
Room and Board	16,105	5,005	2,180	0	8,920
Sales and Services	1,567	314	447	6	800
Gifts	830	250	130	50	400
Other Revenue	1,173	497	170	86	420
TOTAL REVENUES	137,239	38,302	29,737	23,224	45,976
EXPENSES					
Employee Salaries & Benefits	(106,402)	(32,765)	(24,336)	(19,301)	(30,000)
Services, Supplies and Travel	(30,348)	(8,011)	(7,469)	(4,373)	(10,495)
Scholarships and Fellowships	(14,623)	(4,473)	(2,280)	(170)	(7,700)
Utilities	(6,414)	(2,158)	(1,687)	(325)	(2,244)
Other Expenses	(191)		0	(191)	0
Debt Service	(5,607)	(1,756)	(722)	(1,034)	(2,095)
Chancellor's Office	(7,991)	(2,951)	(1,630)	(1,600)	(1,810)
COVID Efficiencies	918		918		
Other Transfers	(2,120)	(549)	(288)	626	(1,909)
TOTAL EXPENSES	(172,777)	(52,663)	(37,494)	(26,368)	(56,253)
CAPITAL INVESTMENT & SYSTEM DEBT					
Payment to C/O for System Debt	(392)		(392)		
Investment in Capital	(400)		(400)		
NET REVENUE	(36,331)	(14,361)	(8,549)	(3,144)	(10,277)

*Decline in enrollment calculated at 25% except NVU which is projected to be 29.9%.
** Castleton University also presented an additional scenario with 13% enrollment decline with a resulting deficit of $6.0 million; scenario above is at 25% decline.

Summary of Scenarios and Net Revenue
FY 2021
Vermont State Colleges
(Amounts rounded to $1,000)

	FY2021	NVU	VTC	CCV**	Castleton***
	Worst Likely Scenario*				
REVENUES					
Tuition and Fees	80,308	21,316	19,669	16,963	22,360
State Appropriation	30,985	10,920	7,142	6,119	6,804
Room and Board	8,908	3,128	2,180	0	3,600
Sales and Services	1,567	314	447	6	800
Gifts	830	250	130	50	400
Other Revenue	1,173	497	170	86	420
TOTAL REVENUES	123,770	36,425	29,737	23,224	34,384
EXPENSES					
Employee Salaries & Benefits	(108,217)	(32,765)	(24,336)	(21,116)	(30,000)
Services, Supplies and Travel	(29,153)	(8,011)	(7,469)	(4,373)	(9,300)
Scholarships and Fellowships	(10,773)	(4,473)	(2,280)	(170)	(3,850)
Utilities	(6,170)	(2,158)	(1,687)	(325)	(2,000)
Other Expenses	(191)	0	0	(191)	0
Debt Service	(5,607)	(1,756)	(722)	(1,034)	(2,095)
Chancellor's Office	(7,991)	(2,951)	(1,630)	(1,600)	(1,810)
COVID Efficiencies	918		918		
Other Transfers	(2,120)	(549)	(288)	626	(1,909)
TOTAL EXPENSES	(169,303)	(52,663)	(37,494)	(28,183)	(50,964)
CAPITAL INVESTMENT & SYSTEM DEBT					
Payment to C/O for System Debt	(392)		(392)		
Investment in Capital	(400)		(400)		
NET REVENUE	(46,325)	(16,238)	(8,549)	(4,959)	(16,580)

* The above scenarios assumes 25% decline <u>and</u> closure of campuses for Fall semester for Castleton and Vermont Technical College. NVU decline is projected to be 29.9% with closure of campus for Fall semester.

**CCV assumes -25% enrollment and a reduction in class size.

***Castleton University also presented an additional scenario with 13% enrollment decline with closure of campus for Fall semester, with a resulting deficit of $14.7 million; scenario above is at 25% decline

VSC has submitted a request to the General Assembly for reimbursement of additional COVID-related expenditures from the Coronavirus Relief Fund (CRF). The request, which was set forth in a letter dated May 22, 2020, modifying an earlier request of May 11, 2020, is as follows.

Vermont State Colleges System
State of Vermont Coronavirus Relief Fund (CRF) Request

Fiscal Year 2020/Over the Summer COVID-Related Cost	Castleton University	Community College of of Vermont	Northern Vermont University	Vermont Technical College	System Level	Total
Room and Board Refunds (previously reported on May 5)	**$2,235,834**		**$1,922,230**	**$959,728**		**$5,117,792**
Cancelled Student Travel			65,000	60,000		125,000
Masks	37,500	25,000	37,500	25,000		125,000
Equipment & Supplies/PPE	15,000	100,000	15,000			130,000
Facilities Modifications	150,000		150,000	150,000		450,000
Remote/Hybrid Instruction	1,730,000	177,623	1,125,000	1,115,000	70,000	4,217,623
Increased Sanitation & PPE	150,000	100,000	400,000	350,000		1,000,000
Health Screening/Medical Support	25,000	25,000	25,000	25,000		100,000
FFCRA/Sick Leave Costs					950,000	950,000
TOTALS	**$4,343,334**	**$427,623**	**$3,739,730**	**$2,684,728**	**$1,020,000**	**$12,215,415**

Fiscal Year 2021 COVID-Related Cost	Castleton University	Community College of of Vermont	Northern Vermont University	Vermont Technical College	System Level	Total
Health Screening/Medical Support	200,000	25,000	325,000	375,000		925,000
Instruction Changes for Distancing	250,000	2,225,057	200,000	250,000		2,925,057
Mental Health for Students	100,000		80,000	75,000		255,000
Admissions & Recruiting	495,000		721,000	620,000		1,836,000
Financial Aid	1,500,000		2,000,000	2,450,000		5,950,000
Marketing	600,000	20,000	667,000	330,000		1,617,000
FFCRA/Sick Leave Costs					1,750,000	1,750,000
TOTALS	**$3,145,000**	**$2,270,057**	**$3,993,000**	**$4,100,000**	**$1,750,000**	**$15,258,057**

TOTAL FY2020 & FY2021: **$27,473,472**

Per VSC staff, only $5.3 million of the $12.2 million requested for FY20 would go toward reducing the $5.686 million FY20 deficit calculated as of the third quarter.[5] Assuming no other changes in the fourth quarter, VSC would close FY20 with about a $400,000 deficit. The remaining $6.9 million ($12.2 million - $5.3 million) reflects additional costs over and above the budget and projections to deliver both remote and socially distanced, in-person education in the post-COVID environment. **Per VSC staff, the entire $15.3 million requested for FY21 reflects additional COVID-related costs over and above the deficit projections provided by the educational institutions.**

[5] This includes $5.1 million of room & board refunds, plus $125,000 of travel refunds, plus $50,000 of facilities modifications for NVU.

In sum, only $5.3 million of the overall combined FY20-21 request of $27.5 million reduces the educational institutions' deficits, and $22.2 million reflects additional COVID-related costs.

Use of Reserves

While VSC could use its reserves to reduce the overall FY21 budget request, extreme caution should be exercised before doing so. Just as the State's budget relies on the maintenance of reserves to cover future unanticipated changes to revenues and expenditures, VSC maintains reserves for a similar purpose. Tapping into reserves now could put the system in a precarious situation, especially in light of the range of uncertainty VSC is facing as a result of COVID-19.

VSC's total unrestricted balances per the FY19 audited financial statements (ended June 30, 2019) are as follows on an accrual basis per GASB.

Net Position[6]

Net investment in capital assets	$**46,529,627**
Restricted nonexpendable	**18,564,953**
Restricted expendable	**13,185,660**
Unrestricted	(**152,036,105)**
Total Net Position	**(73,755,865)**

The breakdown of these reserves among the educational institutions (including workforce development and the Office of the Chancellor) is as follows.

Fund Type	CCV		CU		NVU		VTC		WFD		OC	TOTAL
Contingency (Board Required) Reserve	690,850	2.5%	385,394	0.7%	1,429,225	2.5%	905,300	2.5%	19,800	2.5%	-	3,430,569
Strategic Reserve	1,435,000	5.2%		0.0%	2,296,881	4.0%	820,246	2.3%	-	0.0%	-	4,552,127
Carry Forward Reserve	1,200,989	4.3%		0.0%	985,000	1.7%	-	0.0%	-	0.0%	-	2,185,989
Quasi-Endowments	-		315,498		718,344		2,189,636		-		165,317	3,388,795
All Other - Discretionary	1,074,396		1,090,244		(323,637)		(168,270)				(2,676,446)	(1,003,713)
All Other - Non-Discretionary			1,289,403		711,122		134,533		255,028		7,524,153	9,914,239
OPEB Accrual	-				-						(177,024,554)	(177,024,554)
CRM Reserve (aka "Plant Fund")	3,600,497		(1,687,877)		1,645,900		388,124		0		(1,426,201)	2,520,443
Total Unrestricted Net Position	8,001,732		1,392,662		7,462,835		4,269,569		274,828		(173,437,731)	**(152,036,105)**

The unrestricted net position includes an unfunded OPEB liability. Since the purpose of this report is to state VSC's potential needs on a budgetary/cash basis, the OPEB liability is excluded. This results

[6] Net investment in capital assets includes the value of property and equipment, encumbered project funds and debt principal outstanding. Restricted nonexpendable is endowment principal. Restricted expendable includes grants and contracts, scholarships, gifts, reinvested endowment earnings and endowed scholarships.

in reserves of $24,988,449, which are further reduced by non-discretionary balances for total “available” reserves of $15,074,210 as of June 30, 2019. Use of such funds, at least in full, is not recommended as the VSC position is in deficit on a full accrual basis.

FY19 reserve balances are used because day-to-day transactions do not flow to the net position but are “closed” to net position at year end. Accordingly, if the FY20 projected $5.7 million deficit is not met by either CRF funds or other appropriations by the General Assembly, the available reserve balance would be reduced by that amount. The remaining balance would be “closed” to FY21.

In addition, there is a $1,837,093 plant reserve, with varying surpluses and deficits by educational institution as of December 31, 2019. These funds are treated as investments in capital assets. They need to be reconciled at year end as some of the colleges have already used a portion of these funds and reflect them in the FY20 and FY21 scenarios.

Education Institution-by-Education Institution Reports

We have included a section for each of the four educational institutions below. Each section begins with a narrative, which sets forth the FY20 projections, and then proceeds to explain each of the FY21 scenarios. Following the narrative section, we have included supporting charts and tables that provide further detail on the subjects addressed in the narrative.

We hope that this information is helpful and look forward to assisting the General Assembly with any further inquiries or clarifications.

Castleton University: Narrative and Exhibits

Projected FY20 Results - Estimates

Prior to the COVID-19 outbreak, Castleton University projected a $473,000 operating deficit. This was based on budget to actual reports as of March 31, 2020, and it reflects an improvement in the operating position as of the December 31, 2019 data.

Subsequent to COVID-19, the FY20 deficit is projected to be $2,411,000. The drivers for the change include losses in summer tuition ($111,000), conference and events ($255,000), room and board refunds ($2,200,000), and reduced gifts ($250,000). These losses are partially offset by certain funds included in the CARES Act. The projected FY20 deficit does not include amounts from the $1.25 billion Coronavirus Relief Fund established in the CARES Act, which are currently under consideration by the General Assembly.

FY21 Projections

For FY21, Treasury staff worked with staff from Castleton University to develop scenarios reflecting the range of financial uncertainty facing the educational institution, particularly in light of COVID-19. At the outset, Castleton staff were asked to complete best and worst case scenarios for FY21.

As the exercise progressed, it was determined that four scenarios would best capture the range of potential FY21 outcomes: best, middle, worse, and worst. The four scenarios assume that Castleton's campus is open in the fall, and they differ based on enrollment projections.

- The best case scenario assumes that student enrollment is down 3 percent from FY20.
- The middle case scenario assumes that student enrollment is down 8.3 percent from FY20.
- The worse case scenario assumes that student enrollment is down 13 percent from FY20.
- The worst case scenario assumes that student enrollment is down 25 percent from FY20.

The four scenarios were also adjusted to reflect the projected financial impacts if the educational institution's campus is unable to re-open in the fall.

Background

Castleton's enrollment history, like that of VTC, has been volatile in recent years, while CCV and NVU have generally faced a steadier decline. Detail on Castleton's enrollment is included in Exhibit Castleton-2.

Castleton's enrollment had a big swing from 2017 through 2019. In 2017, enrollment fell off as New York made a big push to offer incentives for students to stay in-state. This had a significant impact on Castleton's out-of-state population. Castleton staff believe that this was a short-term event, as the educational institution was able to market to middle income out-of-state students and therefore stem the tide. The downward trend was also exacerbated by aggressive discounting of tuition by both public and private educational institutions and increased wait list enrollments from educational institutions in the region.

In 2019, enrollment increased. However, this was somewhat of an anomaly and largely attributable to the Teachout Program,[7] with 146 students transferring from closed educational institutions. As of this spring, 40 students from this group are set to graduate and 43 have registered to return.

Enrollment, however, remains an issue as more and more educational institutions compete for a decreasing pool of students and Castleton has had to respond to aggressive discounting of tuition by other public and private colleges. At present, out-of-state students from Castleton's neighboring regions are offered the equivalent of in-state tuition. Castleton officials report that over $3,250,000 in institutional aid was provided to Vermont students. This represents 51% of the State's FY20 $6,418,000 appropriation to Castleton.

Net tuition and fees (including tuition and fees plus room and board fees less scholarships) is the most significant contributor to Castleton's revenue base, comprising 65% of Castleton's revenues. The combination of enrollment demographics and discounting places considerable budgetary strain on many higher education institutions, including Castleton.

College officials report that enrollments were fairly steady, after accounting for the Teachout Program anomaly in 2019, until two things occurred: 1) reports about the potential restructuring of VSC; and 2) the COVID-19 outbreak. Castleton provided a year-over-year snapshot of fall enrollment at a point in time (5/20/20 vs 5/14/19) and an overall downward trend was noted. The details are provided in Exhibit Castleton-3, and are summarized as follows:

Current Student Registration Statistics – overall 6% enrollment decline (equivalent to 67 full-time equivalent (FTE))

- Down 14% freshmen/rising sophomores (15% out-of-state, 14% in-state)
- Down 4% sophomores/rising juniors
- Down 7% juniors/rising seniors
- Up 1% seniors
- Up 30% graduate students

New Student Statistics – projected to be down 13% as of right now

- Down 11% freshmen deposits (3% out-of-state, 12% in-state)
- Up 8% transfers from 2018 (20% out-of-state, 3% in-state)

The increase in current seniors is attributed, in part, to the Teachout Program. Castleton officials report that first-year student new enrollments had been "running ahead all spring and came to a

[7] The Teachout Program allows for the transfer of students from closed Vermont colleges in 2019, specifically College of St. Joseph, Southern Vermont College, and Green Mountain College.

screeching halt on April 30th.” They have since picked up again, but the totals remain behind last year.

FY21 Scenarios (Campus Open)[8]

Best Case

Castleton officials provided a best case scenario reflecting an operating deficit of $1,602,695, which is $290,000 higher than its FY21 pre-COVID projected deficit of $1,312,695. Combined with the FY20 deficit after COVID, this brings the two-year total cumulative deficit to $4,013,695.

It should be noted that these numbers are very fluid. For this scenario, Castleton assumed a fall enrollment of 1,923, an approximately 3% decline from 2019. The mix of students included in that scenario/projection, as provided Castleton, are as follows:

VT Freshmen	363.7
VT Sophomores	223.3
VT Juniors	267.3
VT Seniors	299.3
VT Grad	90
OS Freshmen	240
OS Sophomores	160
OS Juniors	128
OS Seniors	116.5
OS Grad	35
Total Freshmen	603.7
Total Sophomores	383.3
Total Juniors	395.3
Total Seniors	415.8
Total Grad	125
Grand Total	**1923.1**

This scenario also assumed that students would be on campus, with 1,022 residential students in rooms and 974 students on meal plans for the fall semester. The scenario further assumes an enrollment “melt” (students who do not return to school after the winter break) for the spring semester, which follows historical trends.

Middle Case

At the time of the May 15th interview with Treasury staff, Castleton staff noted that recent enrollment trends place the current rough estimate for fall enrollment at approximating 1,818 students, a decline of 8.3%. Building a FY21 scenario off these numbers would result in a projected deficit for the FY21 operating year of $4,191,030 and a two-year cumulative deficit of $6,602,030.

[8] Scenario detail and comparison are set forth in Exhibit Castleton-1. Worst case corresponds to the “Ultra Worse” category used by Castleton.

It should be noted that this middle case is a best estimate at the time but is subject to change. Given the trends, however, Treasury staff has included this scenario as the most likely best/middle case in the VSC summary table above, recognizing that there is a range of possible results. While the situation can certainly approach the initial best case, we believe there is more downside risk to the current trend rate than upside.

Worse Case

Castleton staff projected a worse case scenario with a 13% decline in enrollment from FY20. This scenario includes 922 residential students in rooms and 854 students on meal plans for the fall semester. As in the best case scenario, the worse case assumes an historical melt for spring semester. Based on this level of enrollment, the educational institution would face a $5,978,555 deficit for FY21, resulting in a cumulative two-year deficit of $8,389,555. Enrollment data for the worse case scenario, as provided by Castleton, is as follows:

VT Freshmen	326.7
VT Sophomores	203.3
VT Juniors	249
VT Seniors	292
VT Grad	67
OS Freshmen	205
OS Sophomores	120
OS Juniors	118
OS Seniors	112
OS Grad	27
Total Freshmen	531.7
Total Sophomores	323.3
Total Juniors	367
Total Seniors	404
Total Grad	94
Grand Total	**1720**

Worst Case

While Castleton staff do not believe the enrollments would approach even the worse case levels, Treasury staff also requested an additional scenario based on an extreme or worst case enrollment level reflecting a 25% reduction. While this is on the outside bound of studies noted above, it may become a level that could accompany closing of the campus for the fall semester. It is therefore included as a reference point.

Summary of FY21 Scenarios (Campus Open)

In all of the scenarios (best, middle, worse, and worst), salaries and benefits remain the same, based on already negotiated contracts. Based on union contracts, any reduction in force requires notification such that any notice provided by fall 2020 would not be effective until the end of the fiscal year. Services/supplies/travel and other expenditure categories are held constant through the scenarios. Given lower enrollment, there may be some savings in these categories, though fixed costs will remain unchanged. Castleton will look to reduce the food service contract.

On the revenue side, sales and services are reduced to $900,000 in the best and middle case scenarios from the pre-COVID FY21 projection of $1,175,000 to reflect cancelled events. These revenues are further reduced to $800,000 in the worse and worst case scenarios. There is a $100,000 reduction to the gift category across all four scenarios as compared to the pre-COVID FY21 projection. Tuition and room and board revenues vary by enrollment levels while state appropriations and the "other revenue" categories remain constant.

The above scenarios indicate a reduction in net tuition (tuition and fees plus room and board minus scholarships) as the scenarios reflect worsening conditions and resulting operating deficits.

	Pre-Covid	Best Scenario	Middle Scenario	Worse Scenario	Worst Scenario
Net Tuition	$38,341,000	$38,326,000	$35,837,665	$34,150,140	$29,852,000
Operating Deficit	($1,312,695)	($1,602,695)	($4,191,030)	($5,978,555)	($10,276,695)

Summary of FY21 Scenarios (Campus Closed)

If campuses are unable to open to residential students in the fall, there will likely be significant reductions in enrollment, losses in revenue, and further deficits. Planning for such a disruption could lower enrollments past the 13% level, even approaching 20% or more. As noted earlier in the report, a survey stated that to finish their degrees, 85% of students want to go back to campus and only 15% percent want to finish online. Students may therefore opt for a gap year in increasing numbers.

It is thought that tuition may need to be discounted in the event that the campus is closed in order to both attract students and to acknowledge the significant change in student experience. To adjust the FY21 scenarios to reflect a closed campus, it is assumed that tuition for the first semester would need to be reduced from $5,900 per student to an average of $4,200 per student. The impact on net student tuition would be substantial. Using the four scenarios (best, middle, worse, and worst) and applying a reduced tuition, the scenarios would result in significant deficits reflected in the table below, with additional detail set forth in Exhibit Castleton-1.

	Best Scenario	Middle Scenario	Worse Scenario	Worst Scenario
Net Tuition	$26,620,000	$25,270,000	$24,033,000	$22,110,000
Operating Deficit	($12,069,695)	($13,419,695)	($14,656,695)	($16,579,695)

These scenarios will require further review and investigation as there exists even more uncertainty in the event that campuses are closed in the fall. There may be significant savings in the food service contract and supplies/travel. The lack of the use of athletic facilities will likely lower costs as well. On the other hand, costs for additional online capacity and training of faculty will be needed. Given that Castleton did not have a significant online presence pre-COVID (online coursework utilized primarily by graduate programs), this could be significant. Also, the sales and services revenues were not lowered from the on-campus scenarios which could further increase deficits. These issues will require further evaluation.

Exhibit Castleton-1

Scenarios

ESTIMATES ONLY

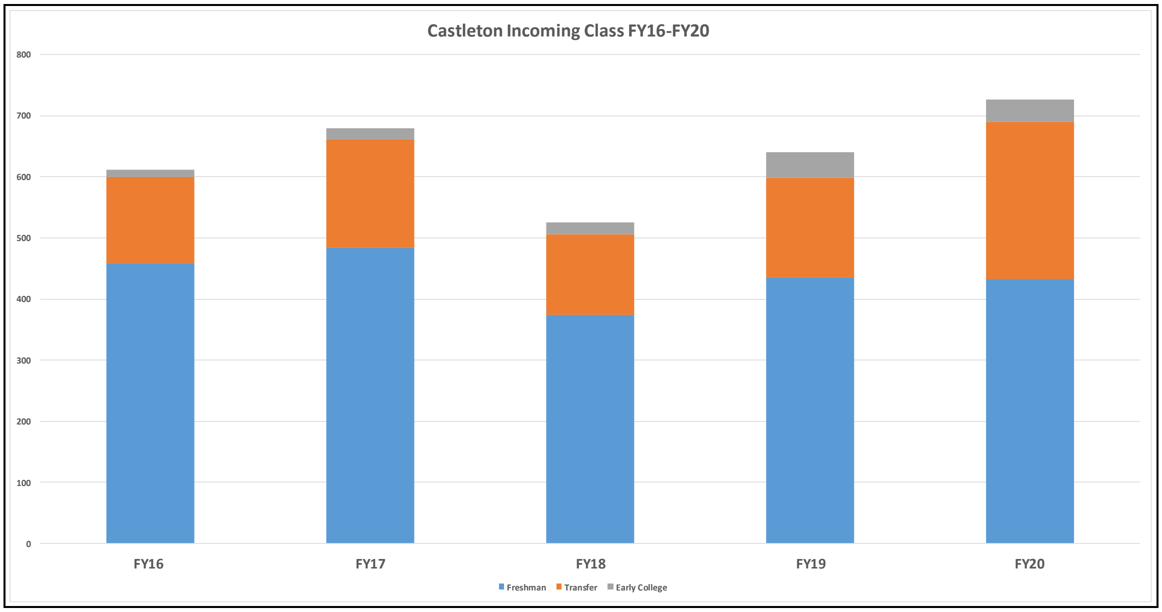
Castleton University

						AlternativeTuition	AlternativeTuition	AlternativeTuition	AlternativeTuition	
		New Column				Rate	Rate	Rate	Rate	
	Fall Enroll = 1923	Fall Enroll = 1818	Fall Enroll = 1720	Fall Enroll = 1489	Fall Enroll = 1957	Fall Enroll = 1923	Fall Enroll = 1818	Fall Enroll = 1720	Fall Enroll = 1489	Fall Enroll=1983
	3.0 % Decline	8.3% Decline	13.3% Decline	25.0% Decline		No Students Fall	No Students Fall	No Students Fall	No Students Fall	C
	Covid-19	Covi-19	Covid-19	Covid-19		Covid-19	Covid-19	Covid-19	Covid-19	6/30 Projection
	A - BEST	Middle	B- Worse	C-Ultra Worse	**Pre-Covid**	BEST	Middle	Worse	C-Ultra Worse	@ Q3
	FY21	FY21	FY21	FY21	**FY21**	FY21		FY21	FY21	FY20
Tuition & Fees	**37,326,000.00**	35,037,665.00	33,350,140.00	28,632,000.00	**37,441,000.00**	27,520,000.00	25,950,000.00	24,653,000.00	22,360,000.00	36,511,000.00
State Appropriation	**6,804,000.00**	6,804,000.00	6,804,000.00	6,804,000.00	**6,804,000.00**	6,804,000.00	6,804,000.00	6,804,000.00	6,804,000.00	6,418,000.00
Room & Board	**11,500,000.00**	10,800,000.00	10,200,000.00	8,920,000.00	**11,500,000.00**	4,600,000.00	4,320,000.00	4,080,000.00	3,600,000.00	10,700,000.00
Sales & Services	**900,000.00**	900,000.00	800,000.00	800,000.00	**1,175,000.00**	800,000.00	800,000.00	800,000.00	800,000.00	1,155,000.00
Gifts	**500,000.00**	400,000.00	400,000.00	400,000.00	**500,000.00**	400,000.00	400,000.00	400,000.00	400,000.00	650,000.00
Other Revenue	**420,000.00**	420,000.00	420,000.00	420,000.00	**420,000.00**	420,000.00	420,000.00	420,000.00	420,000.00	460,000.00
	57,450,000.00	54,361,665.00	51,974,140.00	45,976,000.00	**57,840,000.00**	40,544,000.00	38,694,000.00	37,157,000.00	34,384,000.00	55,894,000.00
Salary & Benefits	**30,000,000.00**	30,000,000.00	30,000,000.00	30,000,000.00	**30,000,000.00**	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00	28,400,000.00
Services Supplies Travel	**10,495,000.00**	10,495,000.00	10,495,000.00	10,495,000.00	**10,495,000.00**	9,300,000.00	9,300,000.00	9,300,000.00	9,300,000.00	10,000,000.00
Scholarships	**10,500,000.00**	10,000,000.00	9,400,000.00	7,700,000.00	**10,600,000.00**	5,500,000.00	5,000,000.00	4,700,000.00	3,850,000.00	10,680,000.00
Utilities	**2,244,000.00**	2,244,000.00	2,244,000.00	2,244,000.00	**2,244,000.00**	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,200,000.00
Interest Expense	**-**	-	-	-	**-**	-	-	-	-	-
Debt Service	**2,095,000.00**	2,095,000.00	2,095,000.00	2,095,000.00	**2,095,000.00**	2,095,000.00	2,095,000.00	2,095,000.00	2,095,000.00	3,483,000.00
Chancellor's Office	**1,810,000.00**	1,810,000.00	1,810,000.00	1,810,000.00	**1,810,000.00**	1,810,000.00	1,810,000.00	1,810,000.00	1,810,000.00	1,729,000.00
Other Transfers	**1,908,695.00**	1,908,695.00	1,908,695.00	1,908,695.00	**1,908,695.00**	1,908,695.00	1,908,695.00	1,908,695.00	1,908,695.00	(125,000.00)
	59,052,695.00	58,552,695.00	57,952,695.00	56,252,695.00	**59,152,695.00**	52,613,695.00	52,113,695.00	51,813,695.00	50,963,695.00	56,367,000.00
	(1,602,695.00)	(4,191,030.00)	(5,978,555.00)	(10,276,695.00)	(1,312,695.00)	(12,069,695.00)	(13,419,695.00)	(14,656,695.00)	(16,579,695.00)	(473,000.00)

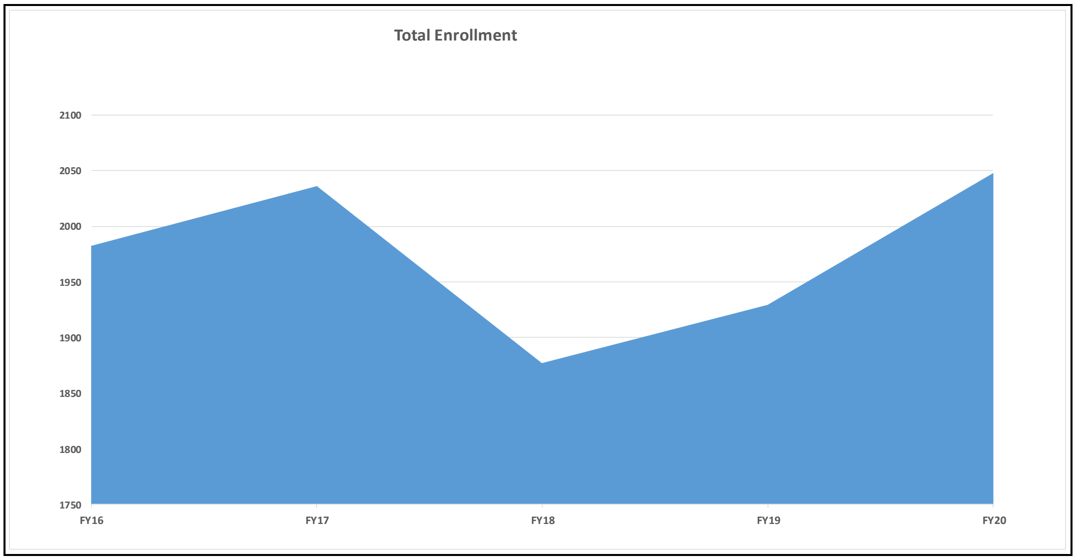
Covid Related:	
Summer Tuition	(111,000.00)
Conference & Events	(255,000.00)
Room & Board Adjustments/Refunds	(2,200,000.00)
Institutional Donations	(250,000.00)
CARES ACT Funding	878,000.00
	(2,411,000.00)

Exhibit Castleton-2

Castleton Enrollments, 5-Year History



	FY16	FY17	FY18	FY19	FY20
Freshman	459	484	374	435	433
Transfer	141	178	132	164	257
Early College	12	18	19	41	37



	FY16	FY17	FY18	FY19	FY20
Total Enrollment	1,982	2,036	1,877	1,929	2,048

Exhibit Castleton-3 – Year over Year Enrollment Trends as of May for the Fall Semester

Castleton University Fall 2020 Enrollment (as of 5/14/20)

Castleton University - FTE CSC Program - Fall 2020							
	Male		Female		Total		
14 May 2020	Full/Time	Part/Time	Full/Time	Part/Time	Full/Time	Part/Time	
Fresh	114	5.1	138	4.8	252	9.9	261.9
Soph	110	6.1	148	7.0	258	13.1	271.1
Junior	114	16.3	157	23.1	271	39.4	310.4
Senior	32	9.0	96	13.4	128	22.4	150.4
Graduate	5	6.3	13	10.6	18	16.9	34.9
Non-Degree		1.0		0.8		1.8	1.8
Total	375	43.8	552	59.6	927	103.4	1030.4

Castleton University Fall 2019 Enrollment (as of 5/15/19)

Castleton University - FTE CSC Program - Fall 2019							
	Male		Female		Total		
15 May 2019	Full/Time	Part/Time	Full/Time	Part/Time	Full/Time	Part/Time	
Fresh	159	6.6	131	8.6	290	15.3	305.3
Soph	121	4.7	149	8.5	270	13.2	283.2
Junior	131	10.3	169	24.3	300	34.5	334.5
Senior	38	15.8	82	13.0	120	28.8	148.8
Graduate	6	4.7	4	9.7	10	14.3	24.3
Non-Degree		0.8				0.8	0.8
Graduate Non-Degree				0.3		0.3	0.3
Total	455	42.8	535	64.3	990	107.1	1097.1

Source: Castleton University

Projected FY20 Results - Estimates

Prior to the COVID-19 outbreak, NVU projected a $3,326,000 operating deficit, based on budget to actual reports as of December 31, 2019 (Pre-COVID Projection). This budget assumed no impact from COVID-19.

In May 2020, NVU staff updated the projection for FY20 based on COVID-19 impacts and using budget to actual reports as of March 31, 2020. This increased the FY20 deficit to $4,044,000 (Post-COVID Projection). For this projection, all revenue categories were reduced. Expenditures were increased across the board, except in the case of debt service and Chancellor's Office expenses, which were unchanged. In addition, other transfers were adjusted due to the anticipated reduction in federal work study and capital equipment transfers during the remote learning phase of the spring 2020 semester.

FY21 Projections

For FY21, Treasury staff worked with staff from NVU to develop scenarios reflecting the range of financial uncertainty facing the educational institution, particularly in light of COVID-19. Staff at NVU were asked to complete best and worst case scenarios for FY21, and ultimately provided the following:

- The best case scenario assumes that residency may be vacated for up to 25% of the academic year and a 14.3 percent reduction in student enrollment.
- The worse case scenario assumes a 29.9 percent reduction in student enrollment.
- A worst case scenario, which adjusted the worse case to project the impacts if the campus is closed for the fall semester.

NVU officials also provided a FY21 pre-COVID rollforward estimate scenario (referred to in Exhibit NVU-1 as "Rollforward without COVID") that reflects an operating deficit of $3,179,000.

Background

NVU's enrollment history has seen a general decline in recent years, which has been exacerbated by recent events. NVU states that it has a stronger scholarship program than its sister institutions. Because of this strong scholarship program and the fact that it serves the lowest-income cohort of students relative to the other educational institutions, NVU has not ramped up scholarship offerings in response to enrollment challenges as the other educational institutions have. That said, the downward trend in enrollments has been aggravated as more and more educational institutions compete for a decreasing pool of students. NVU has been negatively impacted by aggressive discounting of tuition by other public and private colleges and increased wait-listing practices. NVU is also experiencing increased competition for students from New Hampshire, and outreach to Vermonters has grown since the recent press reports about closings and VSC's finances.

Although the Board of Trustees did not take action on the Chancellor's restructuring proposal, the notion that the educational institution could close has introduced significant uncertainty that is driving student decisions. Students pay attention to these announcements. In 2016, Johnson and Lyndon merged into NVU. While significantly lowering the institution's combined expenses, the merger had the effect of increasing departures/transfers of first-year students. NVU recovered from this disruption. However, recent events have resulted in further declines in enrollment and retention, which are reflected in the scenarios described below. Both NVU campuses are experiencing lower retention rates than the other residential colleges in the VSC system. These are attributable to higher levels of first generation and low-income students attending NVU.

One indicator of future enrollment is deposits made by accepted applicants. Although there is some level of "melt," as students may make deposits at multiple institutions while they assess their options, year-to-year trends provide some insight into the current year enrollment levels. The deposit data is consistent with lowering levels of first-time enrollments in fall 2020. The following data (representing number of deposits received from accepted students) was provided by NVU.

Location	**Date**	**2020**	**2019**	**2018**	**2017**	**2016**
Johnson	15-May	147	218	212	249	252
	15-Oct		279	275	304	299
Lyndon	15-May	99	198	232	263	280
	15-Oct		225	280	252	327
Online	15-May	37	34	20	30	32
	15-Oct		155	139	138	117

FY21 Scenarios

Using the FY20 scenarios as a base, rollforwards for FY21 were prepared. Based on the FY20 Pre-COVID Projection, a Pre-COVID FY21 deficit of $3,179,000 was projected. This reflects a 4.4% improvement over the FY21 deficit projected in the second quarter of FY20, largely due to a $1,030,000 decline in services and supplies and a $600,000 reduction in debt service based on the FY20 and FY21 schedules, which was offset by a 4.8% decline in enrollment and a corresponding decrease in room & board and scholarships. This results in a combined Pre-COVID deficit through FY21 of $6,505,000.

Exhibit NVU-1 provides a summary of the FY20 and FY21 scenarios discussed. It is important to recognize that enrollment is the key driver in these scenarios.

<u>Best Case</u>

Using the Post-COVID FY20 results as a base, NVU staff projected the impact of COVID and further erosion of enrollments. This best case FY21 scenario incorporates a reduction in enrollment, room & board, and scholarships of 14.3%. The room and board projection assumes that students may be required to vacate residency up to 25% of the academic year. This results in a projected FY21 operating deficit of $9,132,000. Combined with the FY20 Post-COVID Projection of $4,044,000, the two-year cumulative deficit is $13,176,000.

Worse Case

The worse case scenario includes the impacts of COVID and a larger drop in enrollment due to the news media reports on the status of VSC, and NVU in particular. In this assumption, there is a projected decrease in enrollment, room and board, and scholarships of 29.9%. This results in a FY21 operating deficit of $14,361,000 and a cumulative two-year deficit of $18,405,000. Based on national enrollment trends, the impact of COVID, and the impact of recent news reports, the Treasurer's Office does not believe this is an outlier.

Worst Case

The worst case scenario was developed by adjusting the worse case scenario described above to assume the closing of campuses for the entire first semester. This results in a FY21 operating deficit of $16,239,000, and a cumulative two-year deficit of $20,283,000. This projection may be mitigated by reductions in supplies, utilities, and other expenses. In addition, the numbers provided do not adjust for different on-campus enrollment by semester as there is some level of "melt" (students who do not return to school after the winter break) for the spring semester.

Summary of FY21 Scenarios

In the scenarios described above (and summarized in Exhibit NVU-1), staff salaries and benefits are the same. Based on union contracts, any reduction in force requires notification such that any notice provided by fall 2020 would not be effective until the end of the fiscal year. Trends in retirements and attrition should also be incorporated in future projections as NVU officials expect to see increasing departures over the next year.

Net tuition and fees (including tuition and fees plus room and board fees less scholarships) is the most significant contributor to NVU's revenue base, comprising 62% of NVU's revenues in FY20 and ranging down to 55% in the worse and worst case scenarios. The combination of enrollment, demographics, and discounting places considerable budgetary strain on many higher education institutions, especially NVU.

	FY20	FY21	FY20	FY21	FY21	FY21
	FY 20 Q2 Forecast Pre COVID	FY 21 Roll Forward witout COVID 4.8% enrollment Decline	FY 20 Q3 Forecast with COVID IMPACT	Best Scenario	Worse Scenario	Worst Likely with COVID and No Fall Semester
Net Tuition	33,017	32,612	30,076	26,710	21,848	19,970
Deficit	(3,326)	(3,179)	(4,044)	(9,132)	(14,361)	(16,239)

It should be noted that these numbers are very fluid. As NVU has explained, these are not hard and fast numbers but are more directional in nature. This is the case for all four colleges in the VSC system, although NVU is expected to have more downside risk given recent announcements. While the Treasurer's Office took a big picture look at the trends and potential outcomes, we recommend that JFO further review these scenarios.

Exhibit NVU-1
NVU Scenarios

	FY20 Q2 Forecast Pre COVID	FY21 Roll Forqard witout COVID 4.8% enrollment Decline	FY20 Q3 Forecast with COVID IMPACT	FY21 Best Scenario	FY21 Worse Scenario	FY21 Worst with COVID and Fall Semester
REVENUES						
Tuition and Fees	30,320	29,730	29,523	26,060	21,316	21,315
State Appropriation	11,331	10,920	11,331	10,920	10,920	10,920
Room and Board	8,907	8,971	6,749	6,119	5,005	3,128
Sales and Services	1,329	1,369	1,048	681	314	314
Gifts	450	563	250	250	250	250
Other Revenue	633	652	497	497	497	497
TOTAL REVENUES	52,970	52,205	49,398	44,527	38,302	36,424
EXPENSES						
Employee Salaries & Benefits	32,952	32,510	32,355	32,765	32,765	32,765
Services, Supplies and Travel	10,059	9,029	8,925	8,011	8,011	8,011
Scholarships and Fellowships	6,210	6,089	6,196	5,469	4,473	4,473
Utilities	2,450	2,499	2,272	2,158	2,158	2,158
Other Expenses						
Debt Service	2,357	1,756	2,357	1,756	1,756	1,756
Chancellor's Office	3,102	2,951	3,102	2,951	2,951	2,951
Other Transfers	(834)	550	(1,765)	549	549	549
TOTAL EXPENSES	56,296	55,384	53,442	53,659	52,663	52,663
NET REVENUE	(3,326)	(3,179)	(4,044)	(9,132)	(14,361)	(16,239)

Exhibit NVU-2

NVU Enrollments, 5-Year History

Fall Enrollment	FY2016	FY2017	FY2018	FY2019	FY2020
Campus Undergrad	15FA	16FA	17FA	18FA	19FA
Johnson	920	929	926	852	771
Lyndon	1,203	1,179	1,070	1,011	892
Online Undergrad	439	457	456	419	389
Graduate	15FA	16FA	17FA	18FA	19FA
Johnson	179	163	178	289	283
Lyndon	64	84	73	46	31

NVU Deposits, 5-Year History

Fall Deposits		FY2017	FY2018	FY2019	FY2020	FY2021
Campus	Reference Date	16FA	17FA	18FA	19FA	20FA
Johnson	15-May	252	249	212	218	147
	15-Oct	299	304	275	275	
Lyndon	15-May	280	263	232	198	99
	15-Oct	327	252	280	225	
Online	15-May	32	30	20	34	37
	15-Oct	117	138	139	155	

Projected FY20 Results – Estimates

Prior to the COVID-19 outbreak, VTC projected an operating surplus of $827,000. This was based on budget to actual reports as of March 31, 2020, and it reflects an improvement in the operating position as of the December 31, 2019 data ($66,000 surplus).

Lost revenue from COVID-19 put the FY20 projections into a deficit. Drivers for the change include revenue losses for conference and events ($250,000) and room and board refunds ($950,000). The projected deficit is partially offset by $500,000 of CARES Act funds. This does not include appropriations from the $1.25 billion Coronavirus Relief Fund established by the CARES Act, which are currently under consideration.

VTC has initiated several cost savings actions for FY20, including a reduction of salaries and benefits, supplies and travel line items, and other costs. The net result of these efforts was to generate an updated projected surplus of $ $559,564, as reflected in Exhibit VTC-1.

FY21 Projections

For FY21, Treasury Staff worked with staff from VTC to develop scenarios reflecting the range of financial uncertainty facing the educational institution, particularly in light of COVID-19. At the outset, staff at VTC were asked to complete best and worst case scenarios for FY21.

- The best case scenario assumes campus disruption for the first part of the fall semester and a 10 percent reduction in student enrollment.
- The worst case scenario assumes that the campus is closed for the full fall semester and a 25 percent reduction in student enrollment.

VTC officials also provided a FY21 pre-COVID rollforward estimate scenario (referred to in Exhibit VTC-1 as “No COVID”) that reflects an operating deficit of $284,212.

Background

VTC operates two residential campuses (Randolph and Williston) and twelve decentralized nursing sites. There are twenty degree programs with the highest enrollments in nursing (18% of the total) followed by computer information systems (10%), business (9%), electrical and computer engineering technology (9%), and mechanical engineering technology (7%). While VTC utilizes Telepresence for lecture programs, enabling delivery to multiple locations, the hands-on portion of programs is challenging to deliver through on-line methods. In the case of nursing programs, the twelve sites are equipped with simulation and skill labs. In addition, the nursing program partners with local hospitals. The engineering and computer related programs make use of lab-based services. VTC staff have also reported significant numbers of students participating in apprenticeship programs and customized employer training through its Continuing Education and Workforce Development Division (CEWD).

VTC's enrollment history has been fairly steady over the last three to five years for degree programs, with a steady to slight increase in non-degree programs and increased enrollments of high school non-degree students. Detail on VTC's enrollment by head count, as reported by VTC, for the last three years is as follows:[9]

17-18 Catalog Year	
Degree	1503
Non-degree	186
High School - ND	396
Total Students	2085
18-19 Catalog Year	
Degree	1508
Non-Degree	189
High School - ND	413
Total Students	2110
19-20 Catalog Year	
Degree	1500
Non-Degree	198
High School - ND	429
Total Students	2127

Full-time equivalent (FTE) enrollment has been plus/minus 1-2% year over year (detailed data is included in Exhibit VTC-2). Enrollment, however, remains an issue as more and more educational institutions compete for a decreasing pool of students, and VTC will likely need to respond to aggressive discounting by other institutions.

[9] Degree = all students enrolled in a degree program. Non-degree = all students taking classes but not in a degree program. High School - ND = dual enrollment students still at their high school taking college classes. Total Students = the accumulated total of all students.

Net tuition and fees (includes tuition and fees plus room and board fees less scholarships) is the most significant contributor to the revenue base, comprising between 83% and 84% in the base and best case/mild scenarios, indicating a high sensitivity to enrollment disruptions.

VTC officials report that enrollments had been steady through March, although the pace has slowed down since the Chancellor's restructuring plan was announced, which would have closed the Randolph Center campus. Officials also report that deposits from accepted applicants are down from prior years, particularly for out-of-state students. Five-year applicant deposits, as of May 15th of each year, are as follows:[10]

Deposits as of May 15th for upcoming school year

- 2017 453
- 2018 468
- 2019 531
- 2020 581
- 2021 446

Both deposits and enrollments are expected to have continued "melt" primarily due to 1) the news media reports on the status of VSC and 2) the impact of COVID-19.

Demographic data is included as Exhibit VTC-3.

FY21 Scenarios

Best Case

VTC officials provided a best case scenario (referred to in Exhibit VTC-1 as "mild") that assumes campus disruption for the first part of the fall semester and a 10% reduction in enrollment. An operating deficit of $3,826,387 was projected, which is significantly higher than VTC's calculated rollforward FY21 results without COVID-19. Combined with the FY20 surplus, this brings the two-year total cumulative deficit to $3,266,823.

It should be noted, however, that these numbers are very fluid. VTC contracted with Beacon Associates to prepare a COVID-19 impact study (Beacon Report). The results indicate significant downward pressures in enrollment. The Beacon Report cites a number of national trends facing American colleges and universities, indicating concerns by students about jobs, distance learning, and mental health distress.[11] The VTC consultant surveyed 401 VTC students, applicants, and potential applicants during the first week of remote delivery.[12] Its findings include the following:

[10] VTC staff note an unusually high enrollment in FY19 as an anomaly, which was also accompanied by a significant "melt."
[11] Beacon Associates, *Vermont Technical College: 2020 Covid-19 Impact Study, Final Report* (April 16, 2020) at 2 (Beacon Report).
[12] VTC is repeating this survey soon to determine if student views changed from the beginning of remote delivery.

- Among graduating students, 54% are coping with the on-line alternative, but 13% say it is a real challenge and 20% state that they strongly prefer in-class instruction. Among undergraduates, 28% stated it was a real challenge and 13% stated they may leave VST if on-line continues.[13]
- Among undergraduates, the authors calculated a 20% retention loss as follows:
    - +3% who were not planning to continue but now think they will,
    - -13% because of distance learning,
    - -5% not planning to continue in the fall, and
    - -5% going elsewhere.[14]
- In another set of questions, the authors noted that 29% of undergraduate students feel that COVID-19 is affecting their ability to attend college. The reasons are:
    - money/loss of funding (12%),
    - public heath reason (4%),
    - plans to spread their education over longer period (4%), and
    - issues around clinicals, lack of hands-on learning and technology (9%).

The issues cited by students in the Beacon Report are clearly over and above normal attrition and would appear to indicate additive impacts due to COVID-19. Given VTC's mission on career-focused education and the hands-on nature of the programs, these findings are of great concern.

The best/mild scenario assumes relatively similar enrollment in both semesters, although staff report an historical "melt" (students who do not return to school after the winter break) for the spring semester. This could impact the scenarios, although the level of such impact is not known.

In both this (best/mild) scenario and the one discussed below (worst/severe), the scholarship expense is capped at the FY21 preliminary rollforward level, presumably driven by budget constraints. While there are fewer enrollments associated with these scholarship levels and therefore higher levels per student, these levels may nonetheless hamper the ability of VTC to incentivize enrollments. VTC's discount rate is at 8%, lower than the 16% for public institutions.

Worst Case

If campuses are unable to open to residential students in the fall, there may be significant reductions in enrollment, losses in revenue, and further deficits. Such a disruption could lower enrollments to levels approaching 20% to 25% – very close to those referenced in the Beacon Report, or more.

This worst case scenario represents preliminary thinking for the purposes of this analysis, and it acknowledges the significant change in the student experience if students are not able to return to campus. Based on this scenario, an operating deficit of $ $8,548,687 is projected, with a cumulative two-year deficit of $7,989,123.

[13] Beacon Report at 4, 7.
[14] Beacon Report at 9.

Summary of FY21 Scenarios

Under either of the scenarios developed for FY21, the impact on net student tuition (and the resulting surplus/deficit) is substantial:

	Scenarios		
FY20 Projection	FY21 Rollforward	FY21 Best/Mild	FY21 Worst/Severe
$27,330,530	$28,303,955	$24,591,705	$19,568,205
$559,564	($284,212)	($3,826,387)	($8,548,687)

These scenarios will require further review as considerable uncertainty exists and will continue, at least into the near future. VTC has prepared a review of anticipated costs related to COVID-19. This extensive list includes remote learning costs such as IT infrastructure, training, and upgrading of classrooms. Other costs identified include health screening and medical support, enhanced public safety, increased sanitation and PPE, housing precautions, admissions and recruiting, and others. This may provide a format for discussion with other institutions within VSC. The full text is included as Exhibit VTC-4. These will require further review by JFO.

Exhibit VTC-1

VTC Scenarios

	2020	2021 S1: "No COVID"		2021 S2a: "COVID, mild"		2021 S2b: "COVID, severe"	
		(Preliminary roll-forward)		-10% enr, -1/2 sem d/d		-25% enr, -1 sem d/d	
	(Q3 PROJECTION)	$$$	DELTA	$$$	DELTA	$$$	DELTA
1. REVENUES	**$ 38,050,200**	**$ 38,919,895**	**2.3%**	**$ 34,984,145**	**-8.1%**	**$ 29,737,145**	**-21.8%**
Tuition & Fees	$ 25,743,371	$ 26,225,000	1.9%	$ 23,602,500	-8.3%	$ 19,668,750	-23.6%
State Appropriation	$ 7,141,895	$ 7,141,895	0.0%	$ 7,141,895	0.0%	$ 7,141,895	0.0%
Room & Board	$ 3,817,205	$ 4,359,000	14.2%	$ 3,269,250	-14.4%	$ 2,179,500	-42.9%
Sales & Services	$ 966,369	$ 894,000	-7.5%	$ 670,500	-30.6%	$ 447,000	-53.7%
Gifts	$ 134,393	$ 130,000	-3.3%	$ 130,000	-3.3%	$ 130,000	-3.3%
All Other Revenues	$ 246,967	$ 170,000	-31.2%	$ 170,000	-31.2%	$ 170,000	-31.2%
2. OPERATIONAL EXPENSES	**$ (36,637,636)**	**$ (38,412,107)**	**4.8%**	**$ (38,018,532)**	**3.8%**	**$ (37,493,832)**	**2.3%**
Salaries & Benefits	$ (23,465,183)	$ (24,335,800)	3.7%	$ (24,335,800)	3.7%	$ (24,335,800)	3.7%
Services, Supplies, & Travel	$ (7,333,463)	$ (7,469,100)	1.8%	$ (7,469,100)	1.8%	$ (7,469,100)	1.8%
Scholarships & Aid	$ (2,230,045)	$ (2,280,045)	2.2%	$ (2,280,045)	2.2%	$ (2,280,045)	2.2%
Utilities	$ (1,660,739)	$ (1,686,536)	1.6%	$ (1,686,536)	1.6%	$ (1,686,536)	1.6%
Other Expenses	$ -	$ -		$ -		$ -	
Bond Payment & Capital Support	$ (1,470,000)	$ (722,426)	-50.9%	$ (722,426)	-50.9%	$ (722,426)	-50.9%
Chancellor's Office	$ (1,629,620)	$ (1,630,000)	0.0%	$ (1,630,000)	0.0%	$ (1,630,000)	0.0%
Other *operational* Transfers	$ 1,151,414	$ (288,200)	-125.0%	$ (288,200)	-125.0%	$ (288,200)	-125.0%
Hypothetical: COVID Efficiencies @ 10%	$ -	$ -		$ 393,575		$ 918,275	
3. CAPITAL INVESTMENT & SYS DEBT	**$ (853,000)**	**$ (792,000)**	**-7.2%**	**$ (792,000)**	**-7.2%**	**$ (792,000)**	**-7.2%**
Payment to C/O for System Debt	$ (453,000)	$ (392,000)	-13.5%	$ (392,000)	-13.5%	$ (392,000)	-13.5%
Investment in Capital	$ (400,000)	$ (400,000)	0.0%	$ (400,000)	0.0%	$ (400,000)	0.0%
NET REVENUE	**$ 559,564**	**$ (284,212)**	**-150.8%**	**$ (3,826,387)**	**-783.8%**	**$ (8,548,687)**	**-1627.7%**

Exhibit VTC-2

Vermont Technical College Enrollments, 5-Year History (by FTE)

					2021 Scenarios		
					-3%	-13%	-28%
FTE Enrollment, by Campus/School, by FY	2017	2018	2019	2020	-10%	-13%	-28%
Randolph	**690.4**	**689.3**	**678.9**	**669.6**	**627.1**	**568.6**	**470.6**
Agriculture, Plant, & Animal Science	159.8	150.7	114.3	116.2	101.9	92.4	76.4
Engineering & Computing	267.3	278.8	281.4	291.0	279.2	253.2	209.5
Nusing & Allied Health	37.9	37.8	38.1	37.7	36.1	32.8	27.1
Professional Studies & Management	190.9	181.8	201.6	193.8	180.2	163.4	135.2
Undeclared, NDU, & Other	34.5	40.4	43.5	30.9	29.7	26.9	22.3
Williston	**374.5**	**355.1**	**368.8**	**389.2**	**373.4**	**338.6**	**280.2**
Agriculture, Plant, & Animal Science	1.0	0.6			0.0	0.0	0.0
Engineering & Computing	131.0	122.0	126.1	116.8	112.1	101.6	84.1
Nusing & Allied Health	149.7	142.9	137.1	164.2	157.5	142.8	118.2
Professional Studies & Management	74.5	80.1	82.8	88.5	84.9	77.0	63.7
Undeclared, NDU, & Other	18.3	9.5	22.9	19.7	18.9	17.1	14.2
Online	**60.3**	**58.2**	**63.8**	**50.1**	**48.1**	**43.6**	**36.1**
Nusing & Allied Health	52.1	48.0	54.9	43.2	41.4	37.6	31.1
Professional Studies & Management	8.3	10.2	8.8	6.9	6.6	6.0	5.0
Other	**241.4**	**236.7**	**236.3**	**269.0**	**295.0**	**267.4**	**221.3**
Engineering & Computing			1.3		0.0	0.0	0.0
Nusing & Allied Health	194.3	178.0	181.5	204.8	233.4	211.6	175.1
Professional Studies & Management				1.0	1.0	0.9	0.7
Undeclared, NDU, & Other	47.2	58.7	53.5	63.2	60.6	55.0	45.5
Grand Total	**1,366.7**	**1,339.3**	**1,347.8**	**1,377.8**	**1,343.5**	**1,218.2**	**1,008.2**

Source: VTC

Exhibit VTC-2 (continued)

Pre-Registration 5-Year History

All Pre-Registration Count @ May 15th for approaching FY	2016	2017	2018	2019	2020	2021
Randolph	**256**	**236**	**157**	**240**	**217**	**169**
Agriculture, Plant, & Animal Science	66	60	35	49	43	32
Engineering & Computing	113	105	84	119	110	92
Nusing & Allied Health	1			2		
Professional Studies & Management	75	71	38	70	63	41
Undeclared, NDU, & Other	1				1	
NA						4
Williston	**117**	**104**	**80**	**122**	**120**	**139**
Engineering & Computing	49	28	16	48	50	39
Nusing & Allied Health	27	47	47	38	29	65
Professional Studies & Management	41	27	17	34	40	34
Undeclared, NDU, & Other		2		2	1	1
Online	**28**	**26**	**30**	**45**	**44**	**22**
Nusing & Allied Health	23	22	25	40	34	17
Professional Studies & Management	5	4	5	5	10	5
Other	**2**			**5**	**3**	
Nusing & Allied Health	2			4	3	
Undeclared, NDU, & Other				1		
NA	**18**	**25**	**13**	**37**	**32**	
NA	18	25	13	37	32	
Grand Total	**421**	**391**	**280**	**449**	**416**	**330**

Deposit Counts for approaching fall semester, by FY

	2017	2018	2019	2020	2021
3/15	111	115	136	198	138
4/1	150	175	195	249	213
4/15	203	249	295	341	295
5/1	373	386	468	513	413
5/15	453	468	531	581	446
6/1	502	519	581	622	
6/15	554	562	616	642	
7/1	592	603	643	658	
7/15	608	622	653	661	
8/1	639	635	690	691	
8/15	661	655	713	708	
9/1	681	660	714	706	
9/15	681	661	706	694	

Source: VTC

Exhibit VTC-3 – Vermont Technical College Demographics

	Avg Age
Randolph	**21.9**
Agriculture, Plant, & Animal Science	22.1
Engineering & Computing	21.2
Nursing & Allied Health	25.8
Professional Studies & Management	21.4
Undeclared, NDU, & Other	22.7
Williston	**26.3**
Engineering & Computing	25.2
Nursing & Allied Health	28.8
Professional Studies & Management	23.2
Undeclared, NDU, & Other	22.5
Online	**34.7**
Nursing & Allied Health	35.3
Professional Studies & Management	31.4
Other	**29.2**
Nursing & Allied Health	31.4
Professional Studies & Management	17.7
Undeclared, NDU, & Other	25.8
Grand Total	**25.8**

	Avg Age
Agriculture, Plant, & Animal Science	**22.1**
Randolph	22.1
Engineering & Computing	**22.5**
Randolph	21.2
Williston	25.2
Nursing & Allied Health	**30.5**
Randolph	25.8
Williston	28.8
Online	35.3
Other	31.4
Professional Studies & Management	**22.4**
Randolph	21.4
Williston	23.2
Online	31.4
Other	17.7
Undeclared, NDU, & Other	**25.0**
Randolph	22.7
Williston	22.5
Other	25.8
Grand Total	**25.8**

%IS, by FTE	I/S	NEBHE	O/S
Randolph	**78%**	**7%**	**15%**
Agriculture, Plant, & Animal Science	81%	9%	10%
Engineering & Computing	76%	8%	16%
Nursing & Allied Health	100%	0%	0%
Professional Studies & Management	71%	7%	21%
Undeclared, NDU, & Other	85%	0%	15%
Williston	**87%**	**3%**	**10%**
Engineering & Computing	84%	3%	14%
Nursing & Allied Health	96%	2%	2%
Professional Studies & Management	71%	7%	22%
Undeclared, NDU, & Other	94%	0%	6%
Online	**71%**	**0%**	**29%**
Nursing & Allied Health	70%	0%	30%
Professional Studies & Management	73%	0%	27%
Other	**76%**	**16%**	**7%**
Nursing & Allied Health	76%	19%	4%
Professional Studies & Management	100%	0%	0%
Undeclared, NDU, & Other	77%	0%	23%
Grand Total	**80%**	**8%**	**12%**

%IS, by FTE	I/S	NEBHE	O/S
Agriculture, Plant, & Animal Science	**81%**	**9%**	**10%**
Randolph	81%	9%	10%
Engineering & Computing	**78%**	**6%**	**15%**
Randolph	76%	8%	16%
Williston	84%	3%	14%
Nursing & Allied Health	**84%**	**11%**	**5%**
Randolph	100%	0%	0%
Williston	96%	2%	2%
Online	70%	0%	30%
Other	76%	19%	4%
Professional Studies & Management	**71%**	**7%**	**22%**
Randolph	71%	7%	21%
Williston	71%	7%	22%
Online	73%	0%	27%
Other	100%	0%	0%
Undeclared, NDU, & Other	**82%**	**0%**	**18%**
Randolph	85%	0%	15%
Williston	94%	0%	6%
Other	77%	0%	23%
Grand Total	**80%**	**8%**	**12%**

Source: VTC

Exhibit VTC-4

Vermont Technical College Narrative

INCURRED AND ANTICIPATED COSTS RELATED TO COVID-19

Mental Health Counseling for Students: Vermont Technical College has experienced increased costs related to mental health counseling due to increased student need related to the pandemic. These needs are related to anxiety regarding the virus, the economy, job loss, loss of close personal relationships, disruptive changes in education and living situation, homelessness and food insecurity. Vermont Tech has incurred an increase in the current year's mental health counseling program for students and anticipates that mental health counseling related to COVID-19 will increase in the next fiscal year. We are currently working with four part-time, hourly contractual counselors, but it may be in our best interest to hire one full-time LMHC to work directly for the College

Estimated Incurred Costs FY20: $25,000
Anticipated Costs FY21: $75,000

Camps and Conferences Revenue: Vermont Tech offers camps and conferences throughout the summer and academic year as an additional revenue stream. Additionally, Vermont Tech provides community access to the pool and athletic facilities in its SHAPE building. These offerings provide significant net revenue that allow the university to meet its mission. Due to COVID-19 restrictions, Vermont Tech has experienced a significant loss of revenue.

Estimated Lost Revenue FY20: $150,000
Anticipated Lost Revenue FY21: $350,000

Cancelled Student Travel: Vermont Tech offers an international travel program for students. This annual trip provides students with a cultural and educational exchange opportunity that cannot be found in Vermont. All planned and booked student travel has been cancelled for FY2020. The institution, which utilizes the same primary vendor as NVU, was unable to obtain a full refund. Additionally, Vermont Tech had to cancel student organization planned travel. Clubs have requested refunds.

Estimated Incurred Costs FY20: $60,000

Remote and Hybrid Instruction: Vermont Tech will require substantial investment in faculty development resources and significant upgrades to its IT infrastructure. These costs will involve professional development for faculty in order to improve and expand their capacity to continue delivering courses in online and hybrid formats to a standard in accordance with proper planning, as opposed to the emergency mode accepted in the spring semester. This professional development opportunities will take place during the summer, necessitating faculty as well as facilitator compensation. The expense of this professional development initiative is: $100,000 - $150,000 (including compensations, cost of trainings, inclusion in professional development networks, consulting, developed course materials, etc.), the postponed addition of an instructional designer (estimated at $100,000), loaner equipment (expanded laptop and mobile inventory, high-end cameras, wireless cards, etc.) for students in programs requiring higher-end hardware and equipment (estimated at $60,000 - $75,000), upgrading classrooms and labs to allow remote instruction for students in self-quarantine (estimated at $175,000 - 250,000), and Wi-Fi upgrades accommodate remote academic instruction (estimated at $150,000).

Other technological upgrades required for administering a socially distant academic workforce include:

(1) an innovation fund to test innovative lab delivery technologies ($50,000); (2) Software investment for workforce remote access ($10,000); (3) Virtualized server environment ($150,000); (4) Digitized phone system and VOIP technology ($100,000); (5) Lecture capture software to support online/remote learning ($30,000)

Estimated Incurred Costs FY20:	$50,000
Anticipated Costs FY21:	$1,065,000

Instruction Changes due to Social Distancing: In addition to the items above it will be necessary to create additional sections of labs, as well as high-enrollment courses, in order to make social distancing possible. This will require the hiring of additional faculty, ideally adjunct or on terminal contract, or the overload of current full-time faculty were other alternatives are not feasible.
The critical laboratory and clinical courses for VTC students will be the most impacted by these potential restrictions.

Anticipated Costs FY21: $200,000 - $250,00

Health Screening, Medical Support: Current guidelines require health screening of all employees upon arrival to their place of work, and it is anticipated that additional screening will be required of all students and visitors to our campuses. In addition, it is expected that campus based medical support for students, as well as transportation to physicians' offices, will be necessary. To support these activities, it is expected that our part-time coordinator of health services may need to become a full-time position for one year only.

Anticipated Costs FY21: $75,000

Enhanced Public Safety: Adding public safety personnel and a public safety station at the entrance of campus to support the Health Screening efforts described above.

Anticipated Costs FY21: $300,000

Increased Sanitation and PPE: Guidelines for colleges and universities have not yet been released regarding the cleaning and sanitizing of academic and residential spaces. However, it is clear that the college will be required to increase the level of sanitation on each campus. VTC therefore anticipates a need to hire up to four to six new custodians to support this work in the coming year. In addition, the university anticipates needing to purchase personal protective equipment for key personnel.
Anticipated Costs FY21: $350,000
Housing precautions: If we open housing for fall 2020 there may be a need to offer single rooms to promote social distancing. We normally charge an additional fee to students for

singles. This would not be fair if we are mandating that. Cost is based on 400 students in housing placed in singles for fall only.

Anticipated Costs FY21: $370,000

Admissions and Recruiting: The COVID-19 pandemic has resulted in an inability to travel. Our ability to reach students it with technology and printed materials to our best advantage. To do so, the college will need funding for virtual experiences for prospective students for approximately $20,000, an increase to its digital recruitment campaign with a four-year campaign approximately $450,000 annually, and the production and mailing of marketing pieces with corresponding postage estimated at $150,000.

Anticipated Costs FY21: $620,000

Lost Gifts/Development Opportunities: Due to an inability to travel, the institution anticipates that it will have difficulty stewarding critical donors. This loss of stewardship is expected to result in a loss of key gifts for the upcoming year.

Anticipated Loss of Revenue FY21: $100,000

Financial Aid: More than 80% of Vermont Tech's students are Vermonters and approximately 50% of its students are Pell Eligible. Our ability to support students requires optimization of our scholarship funding. The financial impacts of COVID-19 have hit those with the lowest incomes the hardest. An infusion of financial aid for Pell Eligible students, in the amount of $2,000 each (approx. 1,185 FTE) for the duration of their four years at the college, would help students return to the classroom.

Anticipated Cost FY21: $2,450,000

Marketing: Vermont Tech must be recognized as stable, open and ready to serve its students into their future. For Vermont Tech to demonstrate its stability in the marketplace, it needs to reach a broad referring market. We estimate that a three-year campaign would be necessary, estimated at approximately
$1,000,000.

Anticipated Cost FY21: $330,000

Enhanced Apprenticeship Outreach: To respond to Vermont workforce & employer's post-COVID-19 recovery needs, Vermont Tech's Continuing Education and Workforce Development division is seeking funding to augment its Apprenticeship program. We propose to add a FT position responsible for program coordination and outreach, along with software, travel, and support, and to expand the reach of the program while continuing to meet or exceed the requirements of the VDOL, local industry, and the accrediting agency.

Anticipated Cost FY21: $225,000

Community College of Vermont: Narrative and Exhibits

Projected FY20 Results – Estimates

Prior to the COVID-19 outbreak, CCV projected an operating deficit of $100,000, although this was reduced to zero by the application of a $250,000 carry-forward. The balance of $150,000 was then applied to reserves. This was based on budget to actual reports as of December 31, 2019.

CCV staff updated the projection for FY20 based on COVID-19 impacts and using budget to actual reports as of March 31, 2020. This updated projection reflects a reduction in tuition revenues, mitigated by reductions in costs for part-time instructional staff. This results in an operating deficit of $33,000, which was again offset by the carry-forward, with the balance applied to reserves.

FY21 Projections

For FY21, Treasury staff worked with staff from CCV to develop scenarios reflecting the range of financial uncertainty facing the educational institution, particularly in light of COVID-19. At the outset, staff at CCV were asked to complete best and worst case scenarios for FY21. Ultimately, four scenarios were produced.

- The best case scenario assumes no change in enrollment and maintaining the current average class size of 12.5 students. This results in a surplus of $311,953. This is the FY21 rollforward projection.
- The middle case scenario assumes no change in enrollment and a reduction in average class size to 9.8 students to accommodate social distancing. This results in a deficit of $2,107,931.
- A worse case scenario was calculated at the request of the Treasurer's Office. It assumed an enrollment reduction of 25% and maintaining the average class size of 12.5. This results in a deficit of $3,144,147.
- A worst case scenario assumes the 25% enrollment reduction and a decrease in the average class size to 9.8 students. This results in a deficit of $4,959,086.

The FY20 and FY21 projections are summarized in Exhibit CCV-1.

Background

CCV differs from the three residential colleges in the VSC system. It is the only community college in Vermont. Tuition is paid on a credit hour basis – $280 for in-state students and $560 for out-of-state students. People who live in counties that are adjacent to Vermont borders, but outside of the State, pay in-state tuition through the Good Neighbor Program. Because of its configuration, CCV is not experiencing the same competitive pressures as the other Vermont institutions. It is, however, impacted by declining numbers of high school students. Since CCV's tuition is higher than many community colleges due to the level of state and outside support, it may be out of reach for some Vermont students. As noted below, increased cost pressures due to COVID-19 will require increased use of reserves and/or increased tuition that could impact the educational institution's affordability.

CCV's enrollment history has seen a year-over-year reduction of 3% to 5% over the last five years. Detail on CCV's enrollment by head count, as reported by CCV, for the last five years is as follows.

Academic Year:	CCV Count[15]
15-16	11,829
16-17	11,589
17-18	11,027
18-19	10,674
19-20	10,003

CCV has twelve locations across the State. Over time, CCV has moved to online instruction, which presently accounts for 40% of the total classes. CCV offers eleven associates degrees and eighteen career certificates. Fall and spring courses total about 600, with approximately 390 to 400 in the summer.

CCV has strong articulation agreements and program pathways with the other colleges and universities in the VSC system, as well as UVM and the private colleges within Vermont. Many of these agreements include guaranteed admissions, junior status, and waived application fees for CCV graduates.

CCV's tuition budget is based on credit hours, the number of classes, and the average size per class (currently 12.5 students), plus administrative fees, a small budget for other classes and fees, minus any waivers. Over 71,000 credit-hours are included in the rollforward budget. These revenues are offset by faculty/instructional costs. For the rollforward budget, $8,783,281 of the $21,496,716 total staff cost and benefits are related to instructional costs as noted in the summary of FY21 scenarios below.

Class size is an important variable in the development of net revenues. If class enrollment does not approach the necessary student count, the class is cancelled and the instructor is paid a cancellation fee. CCV is therefore able to exercise control over its bottom line, despite declining enrollments, through FY20. There are, however, fixed costs including 160 non-instructional staff who are under contract for the year. Other payments for maintenance of facilities and debt service are also fixed.

While the model has worked successfully for many years, extreme changes in class size and enrollments could cause CCV to reach a tipping point, requiring it to dip into reserves for that year. The tuition could be increased in the subsequent year, which presents the risk that it could push CCV out the price range for a lot of Vermonters. Approximately 57% of the enrollment are first generation students and 51% of degree students are receiving financial aid. The impact of these

[15] Unduplicated annual head count. CCV uses full time equivalents (FTEs) for budgeting purposes.

variables is evident in the development of post-COVID costs, based on significant decline in enrollment coupled with a reduction of class size to accommodate social distancing, and are reflected in the development of the best, middle, worse and worst case scenarios.

Summary of FY21 Scenarios

Relationship Between Tuition and Fees and Instructional Costs				
Scenario:	Best	Middle	Worse	Worst
Enrollment and Class Size	**0%, 12.5**	**0%, 9.8**	**-25%, 12.5**	**-25%, 9.8**
Tuition and Fees	22,614,596	22,614,596	16,962,768	16,962,768
Instructional Staff	(8,783,281)	(11,203,165)	(6,587,553)	(8,402,492)
Subtotal	13,831,315	11,411,431	10,375,215	8,560,276
Other Staff and Benefits	$ 12,713,435	$ 12,713,435	$ 12,713,435	$ 12,713,435
Total Staff and Benefits	$ 21,496,716	$ 23,916,600	$ 19,300,988	$ 21,115,927

Before COVID-19, projected FY21 enrollment was approximating prior year levels. Post-COVID enrollments are hard to predict. CCV will not have a number for fall enrollments until September, but summer enrollments are presently down 10%. Staff believes that moving to full online courses was a contributing factor in the decline.

While a 25% enrollment decline cannot be predicted with any certainty, class size (currently projected at 9.5 students) could also drop to as few as 8 students/class, which would generate a significant operating deficit. CCV staff noted that every year presents a new enrollment mix as people enter, depart, and reenter the system. Staff stated that on average, a third of students are new every semester, a third were enrolled the previous semester, and a third are students returning after some period of leave.

While the CCV model has served the institution and Vermonters very well, the current COVID-19 environment creates substantial downside risk, including operating losses and the need to raise tuition costs for many low-income Vermonters. With the economic disruption experienced by many Vermonters during this public health crisis, barriers to education may increase.

Exhibit CCV-1

CCV Scenarios

Vermont State Colleges	Projected FY20	Projected FY20	0% Enrollment Change	0% Enrollment Change	-25% Enrollment Change	-25% Enrollment Change
Summary Budget	December 2019	March 2020	Class Size Avg = 12.5	Class Size Avg = 9.8	Class Size Avg = 12.5	Class Size Avg = 9.8
	Projected FY20	Projected FY20	Best Likely Scenario/FY21 Rollover	Middle Scenario	Worse Likely Scenario	Worst Likely Scenario
REVENUES						
Tuition and Fees	21,446,000	21,406,000	22,614,596	22,614,596	16,962,768	16,962,768
State Appropriation	6,119,000	6,119,000	6,119,000	6,119,000	6,119,000	6,119,000
Room and Board			0	0	0	0
Sales and Services	2,000	8,000	6,000	6,000	6,000	6,000
Gifts	70,000	70,000	50,000	50,000	50,000	50,000
Other Revenue	225,000	165,000	86,000	86,000	86,000	86,000
TOTAL REVENUES	27,862,000	27,768,000	28,875,596	28,875,596	23,223,768	23,223,768
EXPENSES						
Employee Salaries & Benefits	21,050,000	21,263,000	21,496,716	23,916,600	19,300,988	21,115,927
Services, Supplies and Travel	4,303,000	4,279,000	4,373,000	4,373,000	4,373,000	4,373,000
Scholarships and Fellowships	178,000	190,000	170,000	170,000	170,000	170,000
Utilities	320,000	294,000	325,000	325,000	325,000	325,000
Other Expenses	310,000	310,000	191,000	191,000	191,000	191,000
Debt Service	1,399,000	1,399,000	1,034,000	1,034,000	1,034,000	1,034,000
Chancellor's Office	1,621,000	1,621,000	1,599,927	1,599,927	1,599,927	1,599,927
Other Transfers	(1,219,000)	(1,555,000)	(626,000)	(626,000)	(626,000)	(626,000)
TOTAL EXPENSES	27,962,000	27,801,000	28,563,643	30,983,527	26,367,915	28,182,854
NET REVENUE	(100,000)	(33,000)	311,953	(2,107,931)	(3,144,147)	(4,959,086)
NON-RECURRING ITEMS						
Carry-Forward	250,000	250,000				
Other	(150,000)	(217,000)				
Total	-	-				

Attachment 5:
Report from James Page, former Chancellor of the University of Maine System

REPORT TO THE VERMONT LEGISLATIVE JOINT FISCAL OFFICE CONCERNING VERMONT STATE COLLEGES SYSTEM FUNDING FOR FY2020 AND FY2021

Table of Contents

Submitted in partial fulfillment of Vermont Contract #40026

James H. Page, Ph.D.

8 June 2020

1. Scope of Work

The work to be carried out under this assignment from the Vermont Joint Fiscal Office is:[1]

i) Working with the Vermont State Colleges System and the Joint Fiscal Office, undertake a financial assessment of the Vermont State Colleges System in academic years 2019-2020 and 2020-2021 in an advisory capacity. […] The assessment will include the following:
   1. Identify the financing gap in the current academic year,
   2. Identify the expected financing gap and the timing of needed funds in the 2020-2021 academic year if the system maintains operations at a level to be specified, and
   3. Provide a sense of the risks to the financial assessment given uncertainties in available data, enrollment in the coming academic year, and other factors.

ii) Conduct a review of the Vermont State Treasurer's internal assessment of the financing gaps described above.

iii) Present the findings of this work through both written and oral legislative briefings as well as reports and assessments as requested by the Joint Fiscal Office.

This document addresses (i). By agreement with the Joint Fiscal Office, my review of the Treasurer's report was undertaken as part of (i) with relevant notes incorporated here.

This assessment is a good faith, professional opinion offered from an educational administrator's perspective based entirely on a review of documents and representations provided by the Vermont State Colleges System and its member institutions (VSCS), the Joint Fiscal Office (JFO), and the Office of the Treasurer.[2] This assessment is not an audit, nor is it a budget rebuild; neither is it a plan for how VSCS should position itself post-FY2021 to meet the challenges outlined here. That work is outside the scope of this assignment and will be undertaken by others in the coming weeks and months. I will, however, make some observations that may be relevant to their efforts.

All meetings were by phone or teleconference due to Covid-19 restrictions. A list of reviewed documents and individuals consulted is provided in Section 8. Other documents used are referenced in the footnotes.

My thanks to everyone for their constructive engagement throughout the process.

[1] Contract #40026, Attachment A.

[2] This limitation accords with the expectations of the JFO which, in the Scope of Work, wrote in the above elision: "The financial assessment will represent an independent opinion that is wholly dependent on the accuracy of the information provided by the Vermont State Colleges System and the Treasurer's Office. It is the understanding of the Joint Fiscal Office that any assessments provided in this work will be based on estimates based on data and information provided by Vermont including by the Vermont State Colleges System and the Treasurer's Office. The Contractor bears no responsibility for the differences between estimates used in the work and actual amounts of expenditures/revenues/financial aid that might occur."

2. Executive Summary

The Vermont State Colleges System mission reads:

> "For the benefit of Vermont, the Vermont State Colleges System provides affordable, high quality, student-centered, and accessible education, fully integrating professional, liberal, and career study, consistent with student aspirations and regional and state needs."

VSCS exists for the benefit of Vermont. It educates its citizens and supports its businesses and communities. In return, Vermonters support VSCS through enrollment and tax support. In theory, this relationship creates a healthy cycle of opportunity, growth and advancement. In practice, success depends on resources, both human and financial. VSCS's long-term challenges threaten to break this cycle over just this question of resources. The planning undertaken and decisions made now and in FY2021 will determine how VSCS can best continue its mission of service to all Vermont families, businesses and communities. The financial decisions made in the next few weeks will determine whether VSCS will have the resources to carry out that work, hence the importance of the issues presented in the Scope of Work.

To summarize this document's main findings:

- VSCS's situation can only be understood in the context of a set of very powerful challenges. These include longer-term issues such as demography and levels of State support, as well as those brought on by the Covid-19 emergency and increasing public uncertainty about VSCS's viability, an uncertainty exacerbated by the System's spring 2020 plan, since withdrawn, to close certain campuses.

- The FY2020 financial results are likely to be as projected by VSCS, with a range of outcomes varying from a small surplus to a $500,000 deficit. VSCS has the capacity to cover a deficit within this range.

- The Legislature's commitment of $12.2MM for reimbursing accrued Covid-19 costs and its consideration of funding an additional $15.25MM for specific Covid-19-related expenditures from the Coronavirus Relief Fund (CRF) present a unique and strategic investment in the future of Vermont public higher education while sending a much needed message of support for VSCS and its students.

- Because of the unprecedented uncertainty around fall semester operating conditions, planning for FY2021 has led campuses to create a range of scenarios to reflect possible circumstances. These scenarios are presented as best-to-worst cases with associated deficits of up to $36MM due primarily to enrollment declines and Covid-19 restrictions. A reasonable Legislative set aside to address these deficits would be $30MM in addition to its regular appropriation and the CRF funds noted in the previous bullet. There is an additional $10.3MM deficit should campuses have to suspend in-person instruction and residential services. Under Federal guidelines, this latter expenditure would qualify for relief as well.

- Because of VSCS's long-term challenges, FY2021 should be thought of as a bridge year used for strategic change planning, and any supplemental FY2021 funds as bridge funding to help position VSCS to make those changes. Any bridge year funding should be directed to the Chancellor's Office and tied to aligned, measurable Board of Trustees' priorities and guided outcomes.

3. Context and Challenges

This is not the place to introduce or review the Vermont State Colleges System.[3] Nevertheless, assessing VSCS's financial situation requires an understanding of the larger context in which the System is situated. Budgets, after all, reflect longer-term context as well as short-term circumstances.

VSCS faces an extremely serious set of challenges which I have organized under three headings. There are the longer-term challenges presented in VSCS's 2019 "Whitepaper" that set out the demographic, economic, and related trends that threaten the System's viability. There is the singular but ongoing impact of the Covid-19 emergency. Finally, there is the impact of public uncertainty regarding VSCS's future, an uncertainty rooted in the Whitepaper challenges but magnified by the System's Spring 2020 plan to close campuses, an uncertainty that has survived the plan's withdrawal.

- The Whitepaper Challenges

VSCS published "Serving Vermont's Students by Securing the Future of the Vermont State Colleges System" (the Whitepaper) in which VSCS's main systemic challenges were presented in support of a call for major changes.[4] The Whitepaper listed six challenges.[5]

- Demographics
- Levels of State support
- Increasing pricing pressures
- Barriers to adaptability
- Changing student preferences and attitudes
- Disruptive technologies and delivery

I'll not review these as the Whitepaper is readily available. But to assess VSCS's financial situation, it is important to be clear about the demographic facts and their impact on enrollment, as well as the level of State support and the related issue of affordability and student debt.

Vermont's demographic challenges are well known and daunting. The State's overall population has held roughly steady since 2012, registering a less than 1% decline from 626,090 in 2012 to 623,989 in 2019. But a closer look by age group highlights the issue. Between 2012 and 2018, the number of Vermonters graduating high school declined almost 15% from 6,932 to 5,900.[6] As the following JFO chart shows, the next 10 years is even more concerning, with a continuing

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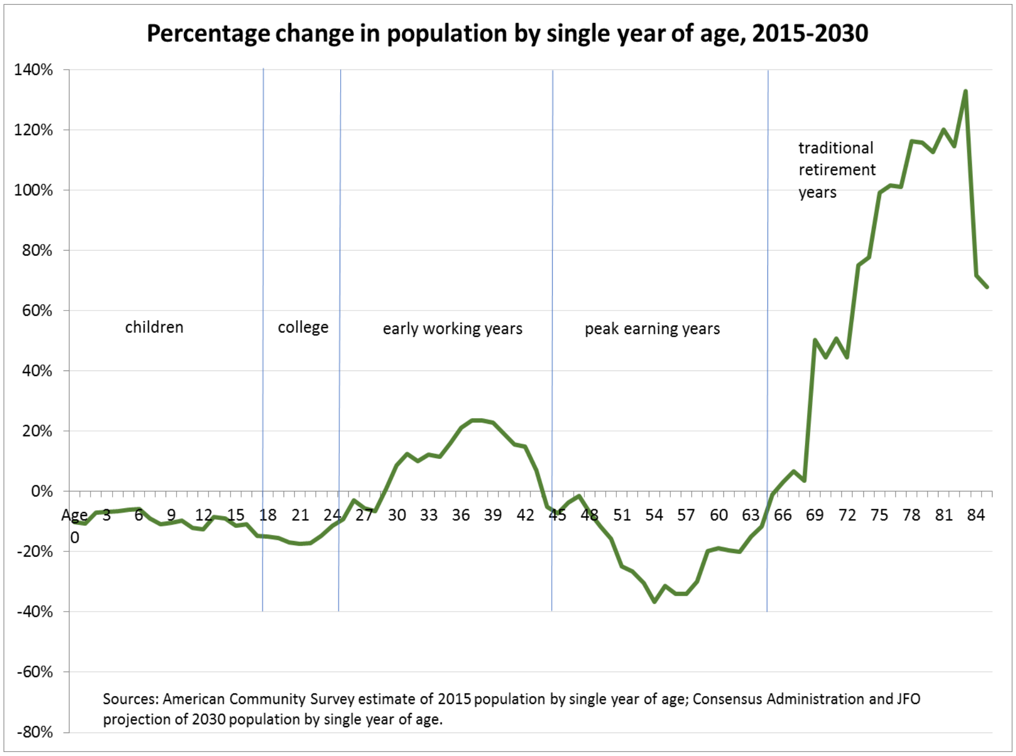
[3] For a general overview see the VSCS website www.vsc.edu and the February 2020 VSCS Data Sourcebook at the same site.

[4] Office of the Chancellor, v1.2, 26 August 2019. See www.vsc.edu/wp-content/uploads/2019/08/Securing-the-Future-Whitepaper-08.26.19.pdf.

[5] Whitepaper pp.5-22. There is also the extremely serious matter of the System's forecasted 5-year cumulative budget deficit of $85MM which accrues if these fundamental challenges are not addressed. (See the System's April 20, 2020 "Transformation for the Future" presentation to the Board of Trustees.) Even as an approximation, no system of VSCS's size and resource base can survive that outcome. The way to address it is to meet the challenges reviewed here.

[6] JFO. A simple comparison provides a sense of scale. In 2018, almost three times as many students attending school in the Manhattan district of NYC graduated high school as in all of Vermont.

decrease in the school- and college-age population and a marked decrease in the number of Vermonters in peak earning years.[7]



This demographic profile is economically challenging for the state and for VSCS. The decrease in the numbers of working age adults inevitably inhibits economic growth and makes the state less economically competitive. One way to measure this is to look at statewide educational attainment.

A nationally accepted benchmark for a state to be competitive in the national economy requires 60% of its adult working population having a 2- or 4-year degree, or a market-recognized credential of value; Advance Vermont has set the number at 70%. There has been progress. The numbers of working age Vermonters 25-64 who meet this target has increased from 43.6% in 2008 to 51.2% in 2018 against a national average of 32.9% in 2008 and 48.4% in 2018.[8] Yet it is arithmetically impossible to reach the 70% goal in the next 10 years using the K12 pipeline alone; there are simply not enough Vermont children. Instead, as VSCS has recognized, the core student profile must be expanded to include a greater number of adult and other non-traditional learners who are often placebound. To meet students where they are, there will need to be significant investment and retooling. Ironically, the Covid-19 emergency may provide the needed opportunity, as I'll discuss in Section 4.

[7] From the JFO Issue Paper "Vermont's Population: Single-Year-of-Age Numbers for 1996 Through 2030". August 2019. Joyce Manchester and Sean Sheehan. The growth in retirement-age Vermonters during this same period will only increase competition for limited State resources.

[8] See Lumina Foundation www.luminafoundation.org; Advance Vermont www.advancevermont.org.

The demographic impact on VSCS is even more direct. Approximately 83% of VSCS students are Vermonters. In FY2020, VSCS revenue from tuition and fees and room and board is slightly more than 78% of total budgeted revenue, essentially the same percentage as for FY2019.[9] Any variance in enrollment therefore has a significant impact on revenue.

The enrollment trends are concerning but not unexpected, keeping close pace with the decline in the number of high school graduates. Between 2012 and 2019, in-state enrollment declined 15.3% (10,794 to 9,142), just about matching the previously noted 15% decline in high school graduates.[10] The cost in dollars will be apparent when we review the projected year-end results and next year's revenue forecasts. As noted, the coming 10-year period offers no demographic relief.[11] While the impacts of these general demographic trends can be mitigated by VSCS increasing its share of Vermonters attending college and by increasing retention rates - all important strategies that must be continued - enrollment trends still most closely reflect the demographic facts.

Moving to the second topic, while VSCS has enjoyed a robust (and enviable) 31% increase in total state base appropriations between FY2011 and FY2019, it still accounts for just 18% of VSCS revenue.[12] This makes the State's funding contribution per (FTE) student the lowest in the nation, along with New Hampshire's.[13] The great majority of VSCS's budgeted revenue comes from a combination of student payments and state support; together, more than 96% of the total. As noted, student charges comprise about 78% of this number. (In 2016, Vermont students bore the highest percentage share of higher education costs in the nation at 84.9% compared to the national average of 46.5%.[14]) The point is that the less State support there is, the more the financial burden shifts to the student, and although there has been a meaningful increase in scholarships and other methods of financial support, the telling factor here is student debt.

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[9] VSCS Consolidated Quarterly Financials 4Q FY2019, 3Q FY2020. The percentages differ slightly by campuses, but the general point holds.

[10] Out-of-state enrollment declined by 9.4% (2117 to 1918) for a total decrease of 14.3% (12,911 to 11,060). VSCS Sourcebook, p.11.

[11] Nathan Grawe's authoritative national study on these matters shows Vermont and the entire northeastern US undergoing a greater than 15% decline in the number of college-going students between 2012 and 2029 (Nathan Grawe, *Demographics and the Demand for Higher-Education*. Baltimore: Johns Hopkins University Press, p.49). For New England regional 4-year colleges, he estimates the reduction in demand during this period to be 25% (p.73). VSCS's institutional accrediting body, the New England Commission for Higher Education (NECHE), is tracking these trends and how they apply to Vermont. In a letter to Vermont Tech that is representative of its recent communications to VSCS campuses, it asks the institution to continue "to enhance the institution's financial stability with attention to diversifying revenue and 'right-sizing' the institution" in its next accreditation self-study (NECHE, letter to VTC, 2/10/16).

[12] VSCS; JFO.

[13] This was not always the case. In 1980, Vermont State appropriations provided 49% of revenue (Whitepaper, p.11). See also the New England Board of Higher Education's 5 May 2020 presentation to the Vermont Legislature's Education Committee "Trends in Higher Education Sustainability", especially slide 10.

[14] Grawe, p.160 n4.

Currently, about 60% of Vermont graduates carry debt.[15] Although somewhat dated, the following compilation of median debt by completion status for VSCS students provides a sense of how large and pervasive this problem is.[16]

Median Debt by Completion Status

	CCV		CU		JSC		LSC		VTC	
	Complete	**Non-Complete**	**Complete**	**Non-Complete**	**Complete**	**Non-Complete**	**Complete**	**Non-Complete**	**Complete**	**Non-Complete**
2011-2012	$9,248	$3,639	$23,000	$5,500	$23,750	$7,920	$24,500	$5,677	$13,000	$6,333
2012-2013	$9,500	$3,750	$25,000	$7,000	$25,000	$8,850	$26,000	$5,651	$13,000	$7,100
2013-2014	$10,850	$3,900	$25,000	$7,350	$26,000	$10,000	$26,850	$6,500	$15,000	$6,942
2014-2015	$9,861	$4,000	$25,000	$6,625	$26,000	$10,653	$27,000	$8,250	$16,000	$7,100
2015-2016	$9,088	$4,400	$25,000	$8,750	$23,819	$10,819	$26,750	$9,500	$16,050	$7,029

The impact of these debt levels on the individual and on his or her communities is well established.[17] Financial hardship is the primary reason students stop or drop out of their programs, and the very risk of accruing substantial debt causes many to decide against pursuing higher education altogether. Graduates with debt are limited in their ability to participate in their local economy and may need to relocate to larger communities where there are jobs that pay enough to discharge their debt to the disadvantage of rural areas which are then deprived of the graduate's education and skills.[18] Given VSCS's other challenges, the best immediate chance to alleviate this burden is for the State to increase its share of support.[19]

[15] Advance Vermont. For details concerning student costs, see Sourcebook pp.52ff.

[16] Provided by the Chancellor's Office, VSCS.

[17] Vermont has an estimated 77,000 citizens, or 15% of its population, who have some college but no degree. (Vermont Insights: www.vermontinsights.org) Many, likely most, carry debt as the VSCS chart shows. This is a national problem but an opportunity as well if more of these people can be supported in returning to fulfill their educational goals.

[18] There is a wealth of information and studies on this phenomenon. See, for example, Cooper and Wang "Student Loan Debt and Economic Outcomes", The Federal Reserve of Boston Current Policy Perspectives, No.14-7 at www.bostonfed.org.

[19] There are, of course, other factors that impact affordability. The availability of scholarships is one, although most VSCS support in this form comes from tuition discounting, not third-party sourced funds or endowments. Increasing discounting rates, however, tends to increase intra-system competition.
Another strategy is cost containment which must be a component of future strategic planning. But there are limits to this strategy. VSCS has too small a resource base to cut its way to success. Cost containment properly implemented bends expense trends in a meaningful way. Cost containment badly implemented hollows out institutions.

- The Covid-19 emergency

Covid-19's impact on higher education is unprecedented, substantial, and unpredictable.[20] The immediate operational impact on VSCS has been the suspension of in-person instruction and residential services on March 13 and the completion of the academic year using distance learning methods. The major immediate financial impact was the proportional refunding of students' room and board charges, and loss of other revenue as will be noted in Section 4.

Covid-19's impact on FY2021 will be operational and financial, carrying considerable risk and costs. The operational risk will be to the health and safety of students, faculty and staff. The operational costs will include developing more capacity for distance / hybrid delivery of programs, creating physical accommodations for social distancing, increased medical testing and other safety features, and increased student services. The financial impact includes the costs of making these changes but center on the risk of a greater and possibly crippling decline in enrollment as well as the possibility of again having to suspend in-person instruction and residential services.[21]

- Public Uncertainty

The final challenge comes from public uncertainty concerning VSCS's future or, more accurately, the future of some of VSCS's member institutions. The Whitepaper challenges were not news to those who had been following developments over the past few years. It was widely appreciated, for example, that the consolidation of Johnson and Lyndon Colleges into Northern Vermont University was a necessary response to the changing circumstances addressed in the Whitepaper. What took many by surprise was the System's spring 2020 plan to shrink its footprint - that is, to close campuses - to accommodate declining enrollment. This dramatic announcement had an immediate impact on all campuses but especially NVU, causing a marked decline in inquiries, applications, and commitments to return as students and their families have concerns about programs and institutions that soon might not be there, a situation only complicated by the uncertainties around Covid-19. Some of these students will enroll elsewhere, many to established online institutions. Others will simply not pursue higher education, at least for a time, thereby adding to Vermont's educational attainment gap. This uncertainty also increases the risk of an institution's losing otherwise committed faculty and staff, and it compromises established and potential projects with external partners. The point is straightforward: <u>uncertainty increases instability and VSCS cannot afford more instability</u>. In addressing these issues, therefore, <u>time is of the essence</u>.

4. FY2020 End of Year Assessment

In assessing the projected FY2020 financial results, three questions are to be answered:

i. Are the financial results likely to be as projected by VSCS?

[20] The 1918 pandemic bears some similarities from a public health perspective, but the size and role of public higher education was so much smaller at that time making the comparison not very useful.

[21] It is unknown at this time what legal liabilities an institution may have if, for example, a student returns to in-person instruction and becomes infected as a result. Higher-ed leadership is currently pressing the Federal Government for guidance on this matter.

ii. Are the results consistent with VSCS history and with VSCS-identified external challenges?

iii. Are there significant factors that might improve or exacerbate the projected results?

I'll first consider the System's results as if there had been no Covid-19 emergency. Covid-19's impact will then be added and the total projected result assessed. This order is important so as to be clear about what portion of the projected results is due to structural and longer-term "Whitepaper" issues and what portion is due to Covid-19's immediate impact.

My review of the projected FY2020 results (and for the FY2021 budget projections) is based on a review of data and materials supplied by the Chancellor's Office and the individual campuses, together with phone conferences and individual discussions.[22] VSCS initiated the development of 'best-worse' case scenario planning and the campuses submitted their first drafts of these scenarios to the Treasurer's Office on May 6. This was followed by a series of teleconference meetings with each of the institutions to review and clarify the material that included the Treasurer's Office, the System's CFO, and myself. These meetings generated follow-up submissions with further information and additional or refined scenarios as requested. These materials compose the core of the data and information for my analysis, supplemented by additional discussions I have had with the Chancellor's staff, with each president individually, and with some campus staff.[23]

To understand the budgeting process, I reviewed the VSCS Board of Trustee's budgeting policies and practices as well as a recent history of their annual budgets and end-of-year results to assess consistency and forecasting accuracy.[24] VSCS uses a consolidated budget aggregating the budgets

[22] See Section 7 for a list of data and documents reviewed.

[23] The Treasurer's and my reviews therefore use common data by design. Our analyses and conclusions, while mutually informed, are our own. I want to thank Treasurer Pearce and her staff for their thorough work and penetrating analysis, and for their willingness to include me in their process.

[24] See the VSCS Consolidated Reviews 2017-2020 as well as the Audited Financial Statements for that same period available on the System's website. VSCS develops its budget in accordance with System Policy 403: System Annual operating Budget, and has followed a standard calendar and framework since FY2017. (Policy 403 is available on the System's website. A description of the calendar and framework is presented in VSCS Memorandum "Rationale for Proposed Reallocation of State Appropriation under Policy 403", 24 September 2018.)

The process begins with the Board Finance and Facilities Committee's February review of the current year's budget results to date, a detailed review of enrollment data and preliminary fall admissions outlook. Budget estimates are at that point top-down, "approximate and conservative". At the Committee's first meeting in April, each institution and the Chancellor's Office present preliminary "bottom up" numbers. A second April meeting reviews these numbers as developed in greater detail. The Committee approves final numbers in May and forwards them to the full Board for June approval. The budget is then checked quarterly throughout the fiscal year at the System and Board level with changes made as appropriate. This process provides adequate if not plentiful time; its effectiveness optimized to the degree campuses collaborate on addressing budget questions and coordinate their efforts.

Policy 403 currently uses an allocation formula that trends towards an outcomes-based funding model. Some systems have moved away from that model as it increases intra-system competition rather than cooperation. This should be considered in the next stage of System strategic planning.

from its four institutions together with that of the System Office using a standard set of Revenue and Expense categories. VSCS's most recent forecast dated March 31 captures actual revenue and expenses through the third quarter and presents an end-of-year projection that is the basis for this review. The summary numbers follow. Breakdown by individual campus is available in the full VSCS document.[25]

FY2020 Budget Outlook as of March 31, 2020
Vermont State Colleges System
(Amounts rounded to $1,000)
EXECUTIVE SUMMARY

	FY2020 Budget	Outlook as of 31-Mar	Mar 31 vs. Budget	Var > +3%	COVID-19 Changes	Mar 31 vs. w/COVID	Mar 31 vs. w/COVID Budget
REVENUES							
Castleton University	56,958	55,894	(1,064)				
Community College of Vermont	27,504	27,768	264				
Northern Vermont University	56,730	52,469	(4,261)	*			
Vermont Technical College	38,715	40,257	1,542	*			
Chancellor's Office	500	620	120				
TOTAL REVENUES	180,407	177,008	(3,399)				
EXPENSES							
Castleton University	56,952	56,367	(585)				
Community College of Vermont	27,754	27,801	47				
Northern Vermont University	58,496	55,331	(3,165)	*			
Vermont Technical College	38,843	39,428	585				
Chancellor's Office	500	596	96				
TOTAL EXPENSES	182,545	179,523	(3,022)				
NET REVENUES/(DEFICIT)							
Castleton University	6	(473)	(479)	*	(1,938)	**(2,411)**	(2,417)
Community College of Vermont	0	217	217			**217**	217
Northern Vermont University	(1,766)	(2,862)	(1,096)	*	(1,183)	**(4,045)**	(2,279)
Vermont Technical College	(128)	830	958	*	(300)	**530**	658
Chancellor's Office	0	24	24			**24**	24
NET REVENUES/(DEFICIT)*	(1,888)	(2,265)	(377)	*	(3,421)	**(5,686)**	(3,798)
		-1.2%	**-0.2%**		**-1.9%**	**-3.1%**	**-2.1%**

* The $1,888 budgeted deficit in this Summary is inclusive of $250 of Carried Over Funds from CCV; Carried Over Funds are listed as "Non-Recurring Items" in the VSC Consolidated presentation, resulting in budgeted Net Revenues of negative $2,138.

Pre-Covid, the above forecasts consolidated revenues of approximately $177MM and expenses of $179.5MM leaving a pre-Covid-19 operating deficit of $2.265MM (-1.2%), $377M (-0.2%) against budget. The likely accuracy of these numbers was confirmed in discussions with the

[25] VSCS Consolidated Budget vs. Actuals Report for the Quarter Ending March 21, 2020.

VSCS CFO, individual institutional staff members, and in discussions with the Treasurer's Office. [26] These results are also consistent with recent past results, demonstrating sustained accuracy in budgeting and forecasting as the following chart shows.[27]

FY	Budget	Actual	Variance	
2020	Rev: 180,407,000 Exp: 182,545,000	Rev: 177,008,000 Exp: 179,523,000	(3,399,000) 3,022,000	Pre-Covid19 estimate
2019	Rev: 171,979,000 Exp: 173,969,000	Rev: 173,911,000 Exp: 174,741,000	(1,932,000) (778,000)	
2018	Rev: 173,099,000 Exp: 173,132,000	Rev: 171,416,000 Exp: 168,637,000	(1,683,000) (3,495,000)	

Further comparison comes from looking at a history of student-sourced revenue and state allocations between FY2016-FY2020.[28] In FY2016 tuition and fees accounted for exactly the same percentage of revenue as is budgeted (pre-Covid-19) for FY2020: 64%. Similarly, Room and Board was within a half percent: 14.4% in 2016 v 14% in 2020. Appropriations increased significantly, from 14.9% in 2016 to 18% in 2020. On the expense side, wages and benefits dropped from 66% in 2016 to 62% in 2020, due primarily to position reductions undertaken in response to enrollment declines. It is worth noting that Scholarships / Fellowships - mostly in the form of tuition discounting - increased significantly from 5% of expenses in 2016 to 11% in 2020, reflecting increased attention to affordability, but putting increased pressure on revenue.

While all the revenue and expense categories are important, three revenue categories - Tuition and Fees, State Appropriations, Room and Board - tie directly to the issues highlighted in Section 3 and account for more than 96% of total budgeted FY2020 revenue (Tuition and Fees 64.25%, Appropriations 17.7%, Room and Board 14.42%).[29] These categories received particular attention.

[26] Balancing an approved budget is an important and, under these conditions, a noteworthy achievement. Yet a balanced budget is not necessarily a sign that all is financially well. A budget may underfund depreciation, for example. This strategy can be useful to bridge a short-term budget gap, but chronic underfunding leads to an inevitable and sometimes unrecoverable increase in deferred maintenance, an issue now requiring VSCS attention with its more than $108MM in deferred maintenance. Also, a budget that just breaks even may not have included investment funds to update programs, improve classroom technologies, etc. Any institution that foregoes investing puts itself at a significant competitive disadvantage.

[27] Another standard method of assessing an institution's fiscal position would be to look at four core financial ratios (Primary Reserve, Net Operating Revenues, Return on Net Position, Viability). The most recent VSCS report using this method dates from 2016 and so is of limited value here. (See "Vermont State Colleges Ratios, 2012-2016", prepared by O'Connor & Drew, P.C.) As this analysis will be required by the National Center for Education Statistics in future reporting, I recommend VSCS adopt it as a regular feature of their reporting as soon as is feasible. It should include national benchmarks as well as multi-year VSCS goals. For an example of a fully developed system, see the University of Maine System's "FY2018 Core Financial Ratios and Composite Financial Index" available at www.maine.edu.

[28] The following data are from the April 20, 2020 VSCS Board Presentation.

[29] VSCS Consolidated Budget vs. Actuals Report for the Quarter Ending 31 March 2020. Results for FY2021 will likewise center on these same three categories.

I have concluded from this review process that the forecasted, pre-Covid-19 results should be approximately as presented. I now turn to the projected end-of-year results with Covid-19's impact added.

The March 31 spreadsheet indicates $3.4MM in known Covid-19 related charges, leaving a total year end deficit of approximately $5.68MM, or 3.1% of budget. That number will be directly reduced by $5.1MM in pending CRF reimbursements for Room and Board refunds approved by the Legislature, $125,000 for cancelled student travel, and $50,000 of facilities modifications at NVU.[30] While this still leaves a projected deficit of approximately $500,000, that number should represent a worst-case outcome, one that may be appreciably improved as implemented expense reductions are fully counted. VSCS now believes the final result will be somewhere between a very small surplus, in effect a break-even, and the indicated deficit. In either event, closing a FY2020 deficit within this range is within VSCS's current resources.[31]

- Summer 2020 Investments

Before ending this section, it is important to consider additional VSCS costs and investments to be made in ongoing response to Covid-19. These efforts span the two fiscal years under consideration with many needing to be started before the end of FY2020 and all undertaken this calendar year. Details for FY2020 are in the top half of the following chart.[32] This lists reflects VSCS's substantial and impressive progress in planning for Covid-19's continuing impact. Receiving these funds will be necessary if VSCS is to meet its year-end projections and to make those investments necessary to address the continuing the health and safety threats posed by Covid-19.

[30] VSCS. This math is correct at the System level, but Federal CARES dollars are allocated to campuses, not systems. Unless the Chancellor's Office and some of the campuses contribute "their" surpluses, the gap isn't really to projected levels. However, I believe the Board has the authority to direct these surpluses.

[31] Personal communication.

[32] Memorandum from VSCS CFO Stephen Wisloski to The Honorable Peter Fagin, House Committee on Appropriations and The Honorable Dylan Giambatista, House Committee on Education concerning VSC Systems requests for assistance from the State of Vermont's Coronavirus Relief Fund, dated 22 May 2020.

Vertmont State Colleges System

State of Vermont Coronavirus Relief Fund (CRF) Request

Fiscal Year 2020/Over the Summer **COVID-Related Cost**	**Castleton University**	**Community College of of Vermont**	**Northern Vermont University**	**Vermont Technical College**	**System Level**	**Total**
Room and Board Refunds (previously reported on May 5)	**$2,235,834**		**$1,922,230**	**$959,728**		**$5,117,792**
Cancelled Student Travel			65,000	60,000		125,000
Masks	37,500	25,000	37,500	25,000		125,000
Equipment & Supplies/PPE	15,000	100,000	15,000			130,000
Facilities Modifications	150,000		150,000	150,000		450,000
Remote/Hybrid Instruction	1,730,000	177,623	1,125,000	1,115,000	70,000	4,217,623
Increased Sanitation & PPE	150,000	100,000	400,000	350,000		1,000,000
Health Screening/Medical Support	25,000	25,000	25,000	25,000		100,000
FFCRA/Sick Leave Costs					950,000	950,000
TOTALS	**$4,343,334**	**$427,623**	**$3,739,730**	**$2,684,728**	**$1,020,000**	**$12,215,415**

Fiscal Year 2021 **COVID-Related Cost**	**Castleton University**	**Community College of of Vermont**	**Northern Vermont University**	**Vermont Technical College**	**System Level**	**Total**
Health Screening/Medical Support	200,000	25,000	325,000	375,000		925,000
Instruction Changes for Distancing	250,000	2,225,057	200,000	250,000		2,925,057
Mental Health for Students	100,000		80,000	75,000		255,000
Admissions & Recruiting	495,000		721,000	620,000		1,836,000
Financial Aid	1,500,000		2,000,000	2,450,000		5,950,000
Marketing	600,000	20,000	667,000	330,000		1,617,000
FFCRA/Sick Leave Costs					1,750,000	1,750,000
TOTALS	**$3,145,000**	**$2,270,057**	**$3,993,000**	**$4,100,000**	**$1,750,000**	**$15,258,057**
				TOTAL FY2020 & FY2021:		**$27,473,472**

FY2020 Expenditures include reimbursement for Room and Board refunds along with coverage for a number of medical and safety items, including facilities modifications if there is to be in-person but socially distanced fall instruction. Of particular note are those FY2020 and FY2021 expenditures associated with remote/hybrid instruction. The more than $7MM associated with these expenditures include substantial investment in VSCS's ability to provide effective distance delivery of programs. It includes technological improvements in, for example, IT infrastructure and software upgrades, developing more "smart" classrooms, and for providing advanced training to make these programs more effective.[33]

[33] Effective distance or hybrid instruction now requires a host of skills in addition to those found in the classroom. These include programmers and digital course designers working in teams with the instructor.

Importantly, almost every dollar invested in this area effectively serves two purposes. These investments enable the institutions to deliver (most of) their programs should Covid-19 repeat in FY2021, and these same investments will advance VSCS's strategic drive to expand program delivery, a necessary step if it is to be competitive in the developing higher educational landscape, especially with respect to serving working adults and other placebound learners. This is a unique opportunity to advance VSCS strategically and must not be passed over. These investments also send an important and timely message of support for VSCS and its students, helping combat the public uncertainty noted above.

There is a caveat. These resources should not simply be distributed to the campuses to carry out local versions of these projects. Uncoordinated implementation will be duplicative, more costly, will optimize the local to the detriment of the whole, and will miss an opportunity for achieving the significant financial and operational return on investment that comes from a tightly coordinated, system-wide project.[34]

Now, to answer (i-iii):

i. Are the financial results likely to be as projected by VSCS?

   Yes. VSCS's leadership has tracked and responded swiftly to the year's developments. VSCS should break-even in FY2020 with projected results running from a small surplus to a $500,000 deficit. VSCS has the capacity to handle any result in this range.

ii. Are the results consistent with VSCS history and with VSCS-identified external challenges?

   Yes, for both pre-Covid-19 and Covid-19 impacted results.

iii. Are there significant factors that might mitigate or exacerbate the projected results?

   Yes. The Legislature's actions reimbursing accrued FY2020 costs and funding the summer expenditures are essential if VSCS is not to find itself operationally unready or financially exhausted going into FY2021. Furthermore, in making funds available for improved distance / hybrid learning, the Legislature would be making a unique and strategic investment in the future of Vermont public higher education while sending a much-needed message of support for VSCS and its students.

5. FY2021 Scenarios Assessment

Deliverable i2 reads: "Identify the expected financing gap and the timing of needed funds in the 2020-2021 academic year if the system maintains operations at a level to be specified." The important issue here is operating "at a level to be specified". It has been determined that no campus will close in academic/fiscal year 2021.[35] Looking, then, at all campuses operationally,

[34] To be clear, this is not a concern about the professional skill sets that reside on the campuses. Implementation should certainly remain in the hands of the front line IT and instructional professionals. It is a strategic resource allocation and project management issue.

[35] I support this decision. Rural public colleges and universities are often among an economically challenged region's last and most important anchor institutions. Experience in Maine has shown that the

one fact is clear. Although most of the accommodations made in response to Covid-19 will remain in place for some time, the campuses will of necessity begin the new academic year organized and operating generally as they have in the past. There has been no time since the withdrawal of the Chancellor's spring plan or the Covid-19 onset to think through, let alone implement, the degree of changes that a fully realized strategic response to the various challenges demand. For that reason I agree with those who characterize FY2021 as a bridge year, joining past practice to future state. As we will see, there is no level of operations that will not require supplemental State support as bridge funding to support operations during this bridge year and to prepare the institution for whatever changes will come thereafter. [36]

Two primary, and primarily external, factors will drive FY2021 results: enrollment, including both new students and the retention of current ones, and Covid-19 restrictions. In addition to State support, the main budgeting variables driving FY2021 results will be the number of new and returning students and associated revenue from residential services (Room and Board). Enrollment numbers will be driven primarily by students and their families determining whether, how and where they will pursue their educational goals. Decisions about Covid-19 restrictions will be made by System or State authorities in response to general health and safety concerns.

At this time, no one knows enough about what actual fall health conditions will be or what choices students will make.[37] In the face of this uncertainty, VSCS has developed a number of campus-centered scenarios and associated budgets organized best case to worst. What follows, therefore, is a range of estimated deficits tied to the various scenarios. This is sound strategy. As a colleague has put it, in this situation every problem needs to be solved four different ways. As circumstances develop, as they quickly will, VSCS will then be prepared to make sound decisions and move forward. [38]

As was the case in reviewing the FY2020 projected results, a number of questions need to be answered in assessing the FY2021 budget scenarios:

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relatively small savings accrued by closing one of these institutions would be outweighed by the economic and social costs to the families, businesses, and communities served by these institutions. Nevertheless, this cannot be taken as an endorsement of the status quo. Maintaining operations may require wholesale change in *how* an institution provides these services.

[36] I am aware of four task forces concerned with the future of VSCS or one of its member institutions, not including any number of campus-based initiatives to address local issues, recruitment or retention, for example. These are: the NVU Strong Advisory Committee; VTC's Transition Action Taskforce; a System-wide task force; and possibly a Legislature-sponsored committee or commission to look at Vermont higher education generally. Coordination amongst these groups is essential if there is to be progress.

[37] Current surveys and other normally reliable enrollment predictors such as year-over-year admissions comparisons on particular dates have to be approached with caution as facts and attitudes are changing rapidly. (The decline in VSCS FAFSA processing referenced in the Treasure's Report may be an important exception.) The most reliable information is what admissions directors know every new morning. Nevertheless, decisions must be made. A simple headline review shows the range of responses as administrators try to bring order to their planning. The California State System, for example, has suspended almost all in-person classes for the fall. Purdue University, on the other hand, has determined it will open in the fall, with appropriate health and safety precautions in place.

[38] None of these scenarios reflect the situation if Vermont experienced an extraordinarily severe recession with major cuts to current levels of State support, students economically unable to enroll, and so forth. In that case a different kind of response might be necessary.

iv. Do the FY2021 budget scenarios reflect the likely circumstances? What factors might improve or worsen the projected results?

v. What level of additional state-provided funds should be available to maintain operations?

vi. What is the timing for these additional funds to be made available?

The process here is the one used in reviewing the FY2020 forecast outlined in Section 4. Because each campus developed their scenarios independently, attention must be paid to the differences in how they are presented. Actual enrollment declines could be anywhere within the identified ranges and will almost certainly differ between institutions. I will briefly summarize each institution's scenarios - details are in the Treasurer's Report - and then summarize the whole. All numbers are rounded.

Castleton University offers four scenarios.[39]

	Enrollment decline from FY2020	Operating deficit	Operating deficit with no in-person instruction or residential services
Best Case	-3%	($1.6MM)	($12MM)
Middle Case	-8.3%	($4.1MM)	($13.4MM)
Worse Case	-13%	($5.8MM)	($14.7MM)
Worst Case	-25%	($10MM)	($16.6MM)

I agree with the Treasurer's Office that CU's Best Case, while obviously desirable, is too optimistic for planning purposes and I will not include it in the summary.

It should be noted that CU has few regular online programs for undergraduates. Despite their rapid adjustment to distance delivery this spring, this puts them at a significant short-term competitive disadvantage if there is again a suspension of in-person instruction. Hence the investments in distance / hybrid delivery noted in Section 4 are of particular importance here.[40]

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[39] Plus a "pre-Covid-19" scenario with an operating loss of $1.3MM, reflecting estimated conditions should Covid-19 not have occurred.

[40] There are two points about CU's planning to be noted here. First, CU is highly dependent on Room and Board plans for revenue. It appears they have calculated reductions in those plans proportional to any decline in enrollment. Given students' and their families' health and safety concerns, that assumption may need to be revisited. Second, CU has budgeted a possible 25% reduction in tuition in the event of a suspension of in-person instruction. But if CU has to suspend in-person instruction, then presumably other VSCS institutions will too, along with most if not all of its regional competitors. It is then not clear that there would need to be a competitive discounting race of this magnitude. All VSCS institutions should be mindful of this issue. The VSCS Board should move to control discounting rates as a response to enrollment challenges, ensuring that any increases at one institution do not come at a cost to their sister institutions.

Northern Vermont University offers three scenarios.

	Enrollment decline from Post-Covid FY2020	Operating deficit	Includes
Best Case	-14.3%	($9.1MM)	No in-person instruction or residential services ½ of Fall semester
Worst Case	-29.9%	($14.4MM)	No in-person instruction or residential services ½ of Fall semester
Worst+ Case	-29.9%	($16.2MM)	No in-person instruction or residential services the entire fall semester

NVU faces the most immediate enrollment threat. While NVU's recent creation from the merging of Johnson and Lyndon was itself a reaction to local demographics, its enrollment since consolidation has been impacted as potential students and their families take time to become familiar with a "new" institution.[41] NVU then was faced with the fallout from the System's spring closure plan as well as the Covid-19 impact. The net effect, as one senior NVU administrator put it, has been "devastating". One can appreciate why. Few, after all, want to invest themselves, their family members, or their money in an institution that might soon not be there. NVU needs meaningful messages of support, and it needs time.

Vermont Technical College offers two scenarios.[42]

	Enrollment decline FY2020	Operating deficit	
Best Case	-10%	($3.8MM)	With in-person instruction
Worst Case	-25%	($8.5MM)	No in-person instruction for the entire Fall semester

While VTC has enjoyed relatively stable enrollment due in part to its focus on programs that are highly responsive to the needs of state employers, it has also felt some of the effect of the spring plan with its proposed closure of Randolph.

The Community College of Vermont offers four scenarios. Before reviewing them, it is important to note that CCV has a quite different business model. It has no permanent faculty but uses part-time instructors who are specialists in their fields. Budgets are built on average class sizes, providing maximum flexibility around program offerings and cost controls. Should a class not "make" its enrollment, it is cancelled with the instructor paid a cancellation fee. A critical budget

41 NVU is only in its second year and a certain amount of transitional disruption is normal. The consolidation shows promise, resulting so far in more than $2.3MM in annual savings, primarily through administrative consolidation. It is too soon to judge whether all the goals hoped for in the consolidation will be successful, but it is also too soon to conclude they will not be.

42 Plus a pre-Covid-19 scenario that carries an operating surplus of $285M.

factor, therefore, is class size. CCV's operating deficits therefore increase considerably if average class size must be reduced to accommodate social distancing or other Covid-19-related factors.

	Enrollment decline from FY2020	Average class size	Operating surplus / deficit
Best Case	no change	12.5	$300M
Middle Case	no change	9.8	($2.1MM)
Worse Case	-25%	12.5	($3.1MM)
Worst+ Case	-25%	9.8	($5MM)

Prior to Covid-19's onset, CCV's enrollment has been impacted by its high tuition rates relative to other nearby community college systems (attributed to state support levels), and to the declining number of high school students. CCV's 15% (headcount) enrollment decline over the past 5 years mirrors the decline in Vermont high school graduate reviewed in Section 3. While enrollments in community colleges have traditionally run counter-cyclical to economic expansions and contractions, Covid-19 calls even this predictor into question.

Summarizing the four institutional presentations: [43]

	CU	NVU	VTC	CCV	Total
Best Case	($4.1MM)	($9.1MM)	($3.8MM)	($2.1MM)	($19.1MM)
Worse Case	($10.MM)	($14.4MM)	($8.5MM)	($3.1MM)	($36MM)
Worst Case (suspension of in-person instruction and residential services)	($16.6MM)	($16.2MM)	($8.5MM)	($5MM)	($46.3MM)

(Best Cases for CU and CCV are not recorded here. Their Middle Cases is here considered Best. All worse case enrollment declines are up to 25%; 29.9% for NVU.)

Simplifying considerably, the best-to-worse case deficits of up to $36MM center on declines to enrollment. The additional $10.3MM comes from the suspension of in-person instruction and residential services for some or all of the fall semester. Although they are based in part on estimates and a great number of unknowns, they represent the campuses' best estimates, have been reviewed and checked thoroughly by the Treasurer's Office and are consistent with the discussions I have had with VSCS leadership.

I have a number of general points to add before making a recommendation concerning bridge funding.

- The worse case scenarios represent just that: worst cases.

[43] See the Treasurer's Office Summary spreadsheets attached as Exhibit 1 for details. There are minor differences in the tables due to small discrepancies in the data and differences in rounding. They are not material to the conclusions.

- These numbers assume flat FY2021 State appropriations. Any decline in appropriations will increase the deficit commensurately.

- Because of time constraints, there has been little attempt by the campuses to model expense reductions, especially under the more severe scenarios. While there are limits to any personnel changes under collective bargaining, there is much that can be done under the other categories or with reorganizations. Properly planned and implemented, these savings would be material.

- Various practical and legal encumbrances limit the amount of reserve funds readily available to $8-15MM. The Treasurer and I agree that these funds should be held in reserve and not used to close the FY2021 deficits under any but the most dire circumstances.[44] VSCS will need all the resources it can muster to support the change strategies that emerge from bridge year planning.

- Accepting any one of these scenarios is neither an endorsement of the status quo nor a request that the State write ongoing blank checks. The campuses are not asking for either. They agree the Whitepaper challenges are very real and that those pressures are accelerating.

Based on these factors, a reasonable and responsible Legislative set aside for bridge funding would be $30MM to address worse-case enrollment scenarios. An additional $10.3MM would be needed if there is a suspension of in-person instruction and residential services.

Importantly, if the campuses are unable to open for in-person fall instruction, or if they reopen but are again forced to suspend in-person instruction and residential services, the $10.3MM in Room and Board refunds and other directly associated costs would fall within the guidelines for CRF use if funds were still available. However, caution is required. These funds need to be tied to Covid-19-related events that occur before 30 December 30 2020. If these funds were available but fortunately did not have to be used, one would quickly have to find alternative acceptable use for those funds before the end of this calendar year.

The approximately $6MM difference between the $36MM worse-case deficit and the recommended $30MM set aside would be made up primarily by expense reductions and, only if necessary, judicious use of reserves. Should a 25% enrollment decline occur, it is quite reasonable to expect some correlating reduction in expenses. This reduction cannot be dollar-for-dollar, but $6MM amounts to about 3.5% of forecasted 'Worse Likely Scenario' expenses of $173MM.[45]

Unless there is an unlikely aligning of very best circumstances, failing to provide sufficient funds risks VSCS's not being able to serve its students or to be in position for successful operations post-FY2021. On the other hand, <u>having these funds available not only ensures continued operation at an appropriate level but also sends a timely, powerful, and much needed message</u>

[44] See Treasurer's Report for a complete accounting of VSCS reserves. 25% enrollment declines count as dire.

[45] See Exhibit 1.

that State leadership understands and supports the state's educational needs and the critical role VSCS plays in meeting those needs.

Finally, should the State provide bridge funding, I strongly recommend these funds be released to the Chancellor's Office and tied to aligned, measurable VSCS Board of Trustees priorities and guided outcomes for FY2021, giving VSCS the best chance for securing long-term institutional success. There is no time for diffuse, uncoordinated actions and expenditures.

In terms of when bridge funds should be available, VSCS requests that either the entire amount be available October 1 or whenever the budget for the last three-quarters of the year is complete or, alternatively, that some portion be available by October 1 with additional amounts determined using the FY2021 budget adjustment act in January 2021.[46] This request is reasonable. However, to repeat, I recommend these funds be released to the Chancellor's Office.

What happens after FY2021 with respect to any bridge funding depends, of course, on VSCS's future direction. It is quite likely, however, that whatever next steps are, there will be a need to increase base funding for the reasons outlined here.

To answer questions iv-vi:

iv. Do the FY2021 budget scenarios reflect the likely circumstances? What factors might improve or worsen the projected results?

    Yes, the budget scenarios reflect the likely circumstances, although there is not yet enough information to know with any certainty where in their ranges actual enrollments will be. The key factors driving the deficits are enrollment and Covid-19-related restrictions. Results may be improved by successful enrollment strategies, by tangible State support, and by collaborative, aligned System-wide planning and actions. Where necessary, there should be aggressive but carefully considered and closely monitored cost controls. The largest single decision affecting outcomes will be the decision to re-open or restrict in-person instruction and residential services.

v. What level of additional state-provided funds should be available to maintain operations?

    $30MM to address worst-case enrollment scenarios and another $10.3MM for the suspension of in-person instruction and the closing of residential services. As noted, funding for the $10.3MM may be available from Federal sources.

vi. What is the timing for these additional funds being available?

    The VSCS has requested that bridge funds be available October 1 or when the budget for the last three-quarters of the year is complete. As an alternative, they request some portion be available by October 1 with additional amounts determined using the FY2021 budget adjustment act in January 2021. I agree, subject to the proviso that these funds be released to the Chancellor's Office to be used according to Board priorities and directions.

[46] Personal communication with the Chancellor's Office.

A final observation: VSCS provides enormous value to its students and to the state. It has managed generally to live within its means, but it is not organized for long-term success. It has neither the time nor resources to meet its challenges at the individual institutional level, yet it still operates mainly as a confederation, not yet as a system. This artificially restricts the Board and Chancellor's ability to undertake strategic planning and to allocate resources as they are needed to implement any such plan. It also restricts the degree and pace of change.

To be successful, VSCS and its institutions must be highly collaborative, functionally integrated, and laser-focused on a single set of Trustee priorities directing how VSCS will best meet its mission. For these reasons, it would not, I think, be a misnomer to label FY2021 the Year of the Board. The Vermont State Colleges System is fortunate to have quality, committed faculty and staff. Working with the Trustees as a true system, there would be every reason to believe in their collective success for the benefit of Vermont.

6. Exhibit 1: Treasurer's Report Scenarios Summaries

(begins next page)

Summary of Scenarios and Net Revenue
FY 2021
Vermont State Colleges
(Amounts rounded to $1,000)

Best/Middle Likely Scenario Assuming On Campus Access Fall 2020

	FY2021	NVU	VTC	CCV*	Castleton**
REVENUES					
Tuition and Fees	107,314	26,059	23,603	22,615	35,038
State Appropriation	30,985	10,920	7,142	6,119	6,804
Room and Board	20,188	6,119	3,269	0	10,800
Sales and Services	2,258	681	671	6	900
Gifts	830	250	130	50	400
Other Revenue	1,173	497	170	86	420
TOTAL REVENUES	162,747	44,526	34,984	28,876	54,362
EXPENSES					
Employee Salaries & Benefits	(111,017)	(32,765)	(24,336)	(23,917)	(30,000)
Services, Supplies and Travel	(30,348)	(8,011)	(7,469)	(4,373)	(10,495)
Scholarships and Fellowships	(17,919)	(5,469)	(2,280)	(170)	(10,000)
Utilities	(6,414)	(2,158)	(1,687)	(325)	(2,244)
Other Expenses	(191)			(191)	0
Debt Service	(5,607)	(1,756)	(722)	(1,034)	(2,095)
Chancellor's Office	(7,991)	(2,951)	(1,630)	(1,600)	(1,810)
COVID Efficiencies			394		
Other Transfers	(2,120)	(549)	(288)	626	(1,909)
TOTAL EXPENSES	(181,213)	(53,659)	(38,018)	(30,984)	(58,553)
CAPITAL INVESTMENT & SYSTEM DEBT					
Payment to C/O for System Debt	(392)		(392)		
Investment in Capital	(400)		(400)		
NET REVENUE	(19,258)	(9,133)	(3,826)	(2,108)	(4,191)

* Data for CCV University utilizes "middle" scenario listed as best. It is essentially an Q3 rollforward to FY21.
** Data for Castleton University utilizes a middle scenario as current enrollment deposits and pre-registration is closer to this projection.

Summary of Scenarios and Net Revenue
FY 2021
Vermont State Colleges
(Amounts rounded to $1,000)

	Worse Likely Scenario*				
	FY2021	NVU	VTC	CCV	Castleton**
REVENUES					
Tuition and Fees	86,580	21,316	19,669	16,963	28,632
State Appropriation	30,985	10,920	7,142	6,119	6,804
Room and Board	16,105	5,005	2,180	0	8,920
Sales and Services	1,567	314	447	6	800
Gifts	830	250	130	50	400
Other Revenue	1,173	497	170	86	420
TOTAL REVENUES	137,239	38,302	29,737	23,224	45,976
EXPENSES					
Employee Salaries & Benefits	(106,402)	(32,765)	(24,336)	(19,301)	(30,000)
Services, Supplies and Travel	(30,348)	(8,011)	(7,469)	(4,373)	(10,495)
Scholarships and Fellowships	(14,623)	(4,473)	(2,280)	(170)	(7,700)
Utilities	(6,414)	(2,158)	(1,687)	(325)	(2,244)
Other Expenses	(191)		0	(191)	0
Debt Service	(5,607)	(1,756)	(722)	(1,034)	(2,095)
Chancellor's Office	(7,991)	(2,951)	(1,630)	(1,600)	(1,810)
COVID Efficiencies	918		918		
Other Transfers	(2,120)	(549)	(288)	626	(1,909)
TOTAL EXPENSES	(172,777)	(52,663)	(37,494)	(26,368)	(56,253)
CAPITAL INVESTMENT & SYSTEM DEBT					
Payment to C/O for System Debt	(392)		(392)		
Investment in Capital	(400)		(400)		
NET REVENUE	(36,331)	(14,361)	(8,549)	(3,144)	(10,277)

*Decline in enrollment calculated at 25% except NVU which is projected to be 29.9%.
** Castleton University also presented an additional scenario with 13% enrollment decline with a resulting deficit of $6.0 million; scenario above is at 25% decline.

Summary of Scenarios and Net Revenue
FY 2021
Vermont State Colleges
(Amounts rounded to $1,000)

	Worst Likely Scenario* FY2021	NVU	VTC	CCV**	Castleton***
REVENUES					
Tuition and Fees	80,308	21,316	19,669	16,963	22,360
State Appropriation	30,985	10,920	7,142	6,119	6,804
Room and Board	8,908	3,128	2,180	0	3,600
Sales and Services	1,567	314	447	6	800
Gifts	830	250	130	50	400
Other Revenue	1,173	497	170	86	420
TOTAL REVENUES	123,770	36,425	29,737	23,224	34,384
EXPENSES					
Employee Salaries & Benefits	(108,217)	(32,765)	(24,336)	(21,116)	(30,000)
Services, Supplies and Travel	(29,153)	(8,011)	(7,469)	(4,373)	(9,300)
Scholarships and Fellowships	(10,773)	(4,473)	(2,280)	(170)	(3,850)
Utilities	(6,170)	(2,158)	(1,687)	(325)	(2,000)
Other Expenses	(191)	0	0	(191)	0
Debt Service	(5,607)	(1,756)	(722)	(1,034)	(2,095)
Chancellor's Office	(7,991)	(2,951)	(1,630)	(1,600)	(1,810)
COVID Efficiencies	918		918		
Other Transfers	(2,120)	(549)	(288)	626	(1,909)
TOTAL EXPENSES	(169,303)	(52,663)	(37,494)	(28,183)	(50,964)
CAPITAL INVESTMENT & SYSTEM DEBT					
Payment to C/O for System Debt	(392)		(392)		
Investment in Capital	(400)		(400)		
NET REVENUE	(46,325)	(16,238)	(8,549)	(4,959)	(16,580)

* The above scenarios assumes 25% decline and closure of campuses for Fall semester for Castleton and Vermont Technical College. NVU decline is projected to be 29.9% with closure of campus for Fall semester.

**CCV assumes -25% enrollment and a reduction in class size.

***Castleton University also presented an additional scenario with 13% enrollment decline with closure of campus for Fall semester, with a resulting deficit of $14.7 million; scenario above is at 25% decline

7. Documents Reviewed; Individuals Consulted

Documents Reviewed

- VSCS Financials: Consolidated Quarterly Financials 4Q 2018 – 3Q 2020; 2019 Audited Financials; Slide presentation "Review with Standard & Poor Global-Ratings", 18 May 2020; Reserves Reports for 2019, 2020; 2012-2016 Financial Ratios Report, prepared by O'Connor & Drew, P.C.; Median Debt by Completion Status, 2012-2016 report; "Long Term Strategic Plan for the Most Effective Use of Capital Funds", 2017; Deferred Maintenance Project Report, January 2020.

- VSCS organization and policies: Chancellor's Office Organizational Chart, May 2020; System Policy 403 "System Annual Operating Budget" and the VSCS Memorandum "Rationale for Proposed Reallocation of State Appropriation under Policy 403", 24 September 2018.

- VSC basic data: Chancellor's Office and each institutional website; Sourcebook of Institutional Data, ("Sourcebook"), February 2020.

- VSCS change documents: "Serving Vermont's Students by Securing the Future of the Vermont State Colleges System" (the Whitepaper), Office of the Chancellor, v1.2, 26 August 2019; the Chancellor's Office 20 April 20 2020 Board Slide Presentation on Transformative Change.

- VSCS FY2021 data: Consolidated Admissions Report, 5/1/2020; CU, CCV, NVU, VTC FY2021 data, including initial budget estimates, enrollment projections and trends, Best/Worst scenarios with narratives, submitted between May 1 and June 2, 2020.

- Memoranda from VSC CFO Stephen Wisloski to The Honorable Peter Fagin, House Committee on Appropriations and The Honorable Dylan Giambatista, House Committee on Education concerning VSC Systems requests for assistance from the State of Vermont's Coronavirus Relief Fund, dated May 5, 11, and 22, 2020.

- Various New England Commission for Higher Education (NECHE, formerly NEASC) communications concerning recent accreditation reviews: VTC 5 year interim report summary 2/10/16; CCV 5/2/17 5 year interim report summary; CU 5 year interim report summary 1/12/17; NVU Unification Progress Report 10/28/19.

- Treasurer's Office Report "The Vermont State Colleges System Financial Review".

Individuals Consulted

- Office of the Treasurer
  Elizabeth Pearce, Vermont State Treasurer
  William Kriewald, Chief Financial Officer, Office of the State Treasurer

- Joint Fiscal Office
  Stephen Klein, Chief Fiscal Officer
  Catherine Benham, Associate Fiscal Officer, Chief Operating Officer

Dr. Joyce Manchester, Senior Economist

- Vermont State College System
    - Chancellor's Office
      Dr. J. Churchill Hindes, Chair, Board of Trustees
      Sophie Zdatny, Esq., Interim Chancellor
      Stephen Wisloski, Chief Financial Officer
      Dr. Yasmine Ziesler, Chief Academic Officer

    - Castleton University
      Dr. Karen Soforo, President
      Dr. Jonathan Spiro, Interim President
      Laura Jakubowski, Chief Budget and Finance Officer
      Maurice Ouimet, Dean of Enrollment

    - Community College of Vermont
      Joyce Judy, President
      Andrew Pallito, Dean of Admissions

    - Northern Vermont University
      Dr. Elaine Collins, President
      Sharron Scott, Dean of Admissions

    - Vermont Technical College
      Patricia Moulton, President
      Littleton Tyler, Dean of Admissions
      Jessica Van Deren, Assistant Dean of Admissions

About the author: James Page is the retired Chancellor of the University of Maine System.

Attachment 6:
FY2021 Transitional System First Quarter
Budget Resolution
(VSC Policy 403, System Annual Operating Budget
included for reference)

VERMONT STATE COLLEGES SYSTEM

BOARD OF TRUSTEES

RESOLUTION 2020-008

FY2021 Vermont State Colleges System Transitional First Quarter Budget

WHEREAS, Vermont State Colleges System Policy 403, System Annual Operating Budget, "prescribes the development, adoption, and subsequent administration of the Annual Operating Budget for the System;" and

WHEREAS, The global coronavirus pandemic (COVID-19) has disrupted and delayed the standard budget development process; and

WHEREAS, COVID-19 similarly has disrupted budgetary processes nationally, and both the State of Vermont and the University of Vermont have in response adopted budgets for their respective first fiscal quarters; therefore, be it

RESOLVED, That, for the sole purpose of providing spending authority after June 30, and notwithstanding any provisions of VSCS Policy 403 to the contrary, the Board of Trustees of the Vermont State Colleges System hereby approves a FY2021 Transitional First Quarter Budget of $45.5 million for the period from July 1 through September 30, 2020, which amount represents 25% of the total expenses in the "Best/Middle Likely" scenario on page 7 of the State Treasurer's report; and be it further

RESOLVED, That the Chancellor and Presidents intend to develop a full year FY2021 System Annual Operating Budget, which shall supersede the Transitional First Quarter Budget, to present to the Board for approval at its meeting in September.

Approved: June 18, 2020

J. Churchill Hindes, Chair of the Board of Trustees

Summary of Scenarios and Net Revenue
FY 2021
Vermont State Colleges
(Amounts rounded to $1,000)

Best/Middle Likely Scenario Assuming On Campus Access Fall 2020

	FY2021	NVU	VTC	CCV*	Castleton**
REVENUES					
Tuition and Fees	107,314	26,059	23,603	22,615	35,038
State Appropriation	30,985	10,920	7,142	6,119	6,804
Room and Board	20,188	6,119	3,269	0	10,800
Sales and Services	2,258	681	671	6	900
Gifts	830	250	130	50	400
Other Revenue	1,173	497	170	86	420
TOTAL REVENUES	162,747	44,526	34,984	28,876	54,362
EXPENSES					
Employee Salaries & Benefits	(111,017)	(32,765)	(24,336)	(23,917)	(30,000)
Services, Supplies and Travel	(30,348)	(8,011)	(7,469)	(4,373)	(10,495)
Scholarships and Fellowships	(17,919)	(5,469)	(2,280)	(170)	(10,000)
Utilities	(6,414)	(2,158)	(1,687)	(325)	(2,244)
Other Expenses	(191)			(191)	0
Debt Service	(5,607)	(1,756)	(722)	(1,034)	(2,095)
Chancellor's Office	(7,991)	(2,951)	(1,630)	(1,600)	(1,810)
COVID Efficiencies			394		
Other Transfers	(2,120)	(549)	(288)	626	(1,909)
TOTAL EXPENSES	(181,213)	(53,659)	(38,018)	(30,984)	(58,553)
CAPITAL INVESTMENT & SYSTEM DEBT					
Payment to C/O for System Debt	(392)		(392)		
Investment in Capital	(400)		(400)		
NET REVENUE	(19,258)	(9,133)	(3,826)	(2,108)	(4,191)

* Data for CCV University utilizes "middle" scenario listed as best. It is essentially an Q3 rollforward to FY21.
** Data for Castleton University utilizes a middle scenario as current enrollment deposits and pre-registration is closer to this projection.

VERMONT
— STATE COLLEGES SYSTEM —

Manual of Policy and Procedures

Title	Number	Page
SYSTEM ANNUAL OPERATING BUDGET	403	1 of 4
	Date: 9/26/2018	

PURPOSE

The Board of Trustees considers the Vermont State Colleges System Annual Operating Budget as an essential oversight vehicle as well as the primary financial plan for operations of the System and its components for a given fiscal year (July 1 through the following June 30). This policy prescribes the development, adoption, and subsequent administration of the Annual Operating Budget for the System as a whole, and for the individual Institutions and Chancellor's Office.

STATEMENT OF POLICY

1) Development of the System Annual Operating Budget

The Chancellor is responsible for developing the System Annual Operating Budget for recommendation to the Board of Trustees. The System Annual Operating Budget development will be conducted in a collaborative manner with the Council of Presidents to assure application of revenues, expenditures, one-time funds and any other factors in a consistent fashion and appropriate to functioning as an integrated System. The System Annual Operating Budget will be presented for individual Institutions, the Chancellor's Office, and as a consolidated budget for the entire System.

The Annual Operating Budget will include:

State Operating Appropriations and Chancellor's Office Expense Allocation
After deductions as required by State law, and of additional amounts up to 3% for strategic initiatives at the discretion of the Chancellor, all State operating appropriations shall be divided among the Institutions based upon an Allocation Formula as follows:

(1) 25% based upon the Status Quo Allocation of 40% for Northern Vermont University, and 20% each for Castleton University, the Community College of Vermont, and Vermont Technical College;

(2) 50% based upon the average of the previous three fiscal years' Net Student Revenues, defined as tuition, fees, room and board minus scholarships, fellowships and waivers; and

(3) 25% based upon the average of the previous three academic years' numbers of awarded Degrees and Credentials, with certificates multiplied by 0.6, associates degrees multiplied by 0.75, bachelor's degrees multiplied by 1, and master's degrees multiplied by 0.75.

The Allocation Formula will be phased in over four fiscal years as follows:

FY2020: 25% Allocation Formula, 75% Status Quo Allocation

FY2021: 50% Allocation Formula, 50% Status Quo Allocation

FY2022: 75% Allocation Formula, 25% Status Quo Allocation

FY2023: 100% Allocation Formula

The budgeted expenses for the Chancellor's Office will be funded by the Institutions according to the phased-in Allocation Formula.

Student Tuitions & Fees
Each Institution will retain all student tuitions & fees the Institution generates, and in consultation with the Chancellor can determine the use of these funds.

During each year student tuition and fees available to each Institution will be as actually generated, whether below or above budgeted levels. Each Institution will assume responsibility for addressing the financial impacts from under-realized budgeted student enrollments, and for reporting additional revenues from over-realized student enrollments.

The Board is responsible for approving not-to-exceed maximum tuition rates, room and board program charges, and selected fees. Each Institution is responsible for setting individual tuition rates, room and board program charges, and selected fees at or below the approved maximum rates. Further, each Institution may set such waivers, merit aid programs, and need-based financial aid as the individual Presidents believe are best designed to maximize net tuition revenue and support overall enrollment. Additionally, the System as a whole may enter into a waiver program (e.g., NEBHE) with the approval of the Chancellor in consultation with the Council of Presidents. The proposed impact of the rate setting and waivers must be shown in the materials included with the Annual Operating Budget presented for Board approval. Actual tuition rates approved and implemented by each Institution will be included in the budget materials provided to the Board. Each Institution will be responsible for the impact of the Institution's setting of rates, charges and fees, tuition waiver programs, and discounting practices.

Further Provisions

Incentive for sound cash management will be provided by allocation to the Institutions of all System investment income, returning this revenue to those whose funds produce it and doing so according to each Institution's monthly invested cash balances averaged over the fiscal year.

Each Institution will retain all other revenues the Institution generates and, in consultation with the Chancellor, can determine the use of these funds.

Periodic Review of the System Annual Operating Budget Model

Because the public higher education environment will continue to evolve, the Annual Operating Budget model and its key components should be reviewed periodically and, if necessary, recommendations made to the Board for recalibration or changes.

2) Review and Adoption of the System Annual Operating Budget

The Board is responsible for reviewing the System Annual Operating Budget recommendations by the Chancellor, and for adopting an official System Annual Operating Budget. This is consistent with the Board's ultimate fiduciary responsibility for the System. Timing of the Chancellor's recommendations will allow the Board to conduct its review and take action no later than the final Board meeting of each fiscal year. The Chancellor's System Annual Operating Budget recommendations are to include individual Institutions plus the Chancellor's Office and are to reflect combined System totals, within each current operating fund or group of System activities.

3) Administration of the System Annual Operating Budget

On behalf of the Chancellor and Council of Presidents, the Chief Financial Officer and Business Affairs Council are expected to collaborate and work with other appropriate

Institution and System officials to assure the proper and effective administration of the System Annual Operating Budget as adopted by the Board.

Reporting

Actual operating results compared to budgeted results for activities will be provided by each Institution through the Chancellor to the Board, by means of quarterly financial statements which reflect budgeted, projected actual, and variance to quarterly budget numbers for key enrollment, revenue, and expenditure areas, and variance to prior year quarterly actuals.

Contingency, Strategic and Construction, Renovation and Maintenance Reserves

To hedge unanticipated shortfalls in Institutional Annual Operating Budgets, each Institution will maintain Contingency Reserves in the amount of 2.5% of budgeted expenses for the current fiscal year. Use of Contingency Reserves is subject to approval by the Chancellor, and depletion of an Institution's Contingency Reserves must be replenished in a timeframe determined in consultation with the Chancellor. Institutions may reserve up to 10% of budgeted expenses as a Strategic Reserve, and an additional 15% of budgeted expenses as a Construction, Renovation, and Maintenance (CRM) Reserve. Such reserves may be budgeted and expended by the President with concurrence from the Chancellor.

Carried Over Funds

Upon the audited close of each fiscal year's books, any Carried Over Funds available (net of encumbrances forward, commitments forward, maintained Contingency, Strategic and CRM Reserves) may be proposed by the President for one-time uses subject to concurrence of the Chancellor and approval by the Board.

As circumstances confronting the System Annual Operating Budget change over the course of a year, the Chancellor may propose budget modifications for consideration by the Board for the purpose of more realistically reflecting increases, decreases, or shifts among budgeted revenue and expenditure categories.

Signed by: Jeb Spaulding

Jeb Spaulding, Chancellor

Attachment 7:
Committee Meeting Schedules; FY2020 Final, and FY2021 Proposed through December

Finance and Facilities Committee
Meeting Schedule for Fiscal Year 2020
as of June 17, 2020

Mtg #	Date		Topic Count	FY2020 Quarterly Results, Metrics	FY2021 Budget Development	FY2021 Tuition, Fees, Room & Board	FY2021 Appropriation Requests	Cash, Investments, Endowment	Debt Management	Capital Planning and Projects	Facilities Management	Grants and Gifts	Policies and Procedures	Exec. Session/ Special Topics	MEETINGS ON SAME DATE
1	Chancellor's Office Mon, Aug 26, 2019 (12:49pm - 2:47pm)	*	7	FY2019 results, Fall 2019 admissions update	Presidents' FY2020 budget outlooks	**Vote** to approve FY2021 tuition, fees, room & board		Regular quarterly report (per Policy 404)	Discuss refinancing of Series 2010B			Quarterly Grants Report, High Impact Endowment (NVU-J)	Discuss amendments to Policies 410 and 430, new policy re: minors		**EPSL, LRPC**
2	Chancellor's Office Mon, Oct 21, 2019 (2:10pm - 3:58pm)		8	Fall 2019 admissions update	Presidents' FY2020 budget outlooks		Review FY2021 Big Bill request, NEHBE Public College State Support Data	Regular quarterly report (per Policy 404)	Continued discussion of Series 2010B refunding	Proposed FY2021 capital projects		Quarterly Grants Report, Faith A. Smith Memorial Endowment (Castleton)		**Vote** to create Financial Services Subommittee	**Audit, EPSL, LRPC**
3	NVU-Lyndon Mon, Dec 2, 2019 (2:10pm - 3:58pm)	*	5	Q1 FY2020 results, FY2019 unrestricted funds, medical res adjustment	**Vote** to approve FY2019 Carry Over Funds proposals				Continued discussion of Series 2010B refunding			Holly Grace Cannon Memorial, Senior Class Scholarhip (NVU-L)		Functional expense categories from FY2014-2019	**EPSL, BOT**
4	Conference Call Mon, Jan 6, 2020 (3:02pm - 3:35pm)		2						**Approval** of Series 2010B refuding Resolution			Craig and Leslie Damon Scholarship (VTC)			
5	Chancellor's Office Mon, Feb 3, 2020 (3:30pm - 4:25pm)		6	Q2 FY2020 Results	FY2021 budget development discussion		Legislative update	Regular quarterly report (per Policy 404)	Recap of Series 2010B refunding results			Quarterly Grants; Life Gaps (CCV), Rodgers Nurs & Eng (VTCx2)			**Audit, EPSL**
6	CCV Sat, Mar 28, 2020 **CANCELLED**	*	4	Mar 15 admissions	Preliminary FY2021 Budgets "1st pass"		Legislative update						Review of Policy 403, Annual Operating Budget		**BOT**
7	Chancellor's Office Mon, Apr 20, 2020 **CANCELLED**		7	Q3 FY2020 Results, Apr 15 admissions and budgeted FY2021 enrollments	Preliminary FY2021 Budgets "2nd pass"	Initial FY2022 Tuition discussion	Legislative update	Regular quarterly report (per Policy 404)				Quarterly Grants Tracking Report	Recommended **amendment** to Policy 410		**Audit**
8	Via Zoom Conference Mon, Jun 1, 2020 (1:12pm - 2:45pm)	*	6	Q3 FY2020 Results	Discuss Treasurer and Page reports, FY2021 outlooks		Legislative update	Quarterly report, **Approve** Annual Banking & Investment Resolution (Policy 404)				Quarterly Grants Tracking Report, Elaine H. & Sok Nam Ko (Castleton)	Discuss waivers for Policy 410 (Inst Aid) and Policy 433 (Debt Mgmt)		**EPSL, LRPC, Audit**
9	Via Zoom Conference Wed, Jun 17, 2020	*	6	Discussion of State Treasurer's and Jim Page's Reports	**Approve** FY2021 Transitional Budget Resolution		Legislative update		**Approve** waiver of Policy 433 until FY2025				**Approve** waiver of Policy 410 for FY2020	Executive session for real estate matter	**BOT**

* Meeting on same day as, or last meeting before, quarterly Board of Trustees Meeting

Finance and Facilities Committee

Meeting Schedule for Fiscal Year 2021 Through December 31 DRAFT
as of June 17, 2020

Mtg #	Date		Topic Count	FY2021 Quarterly Results, Metrics	FY2021/22 Budget Development	FY2022 Tuition, Fees, Room & Board	FY2021/22 Appropriation Requests	Cash, Investments and Endowment	Debt Management	Capital Planning and Projects	Facilities Management	Grants and Gifts	Policies and Procedures	Exec. Session/ Special Topics	MEETINGS ON SAME DATE
1	Chancellor's Office/Zoom TBD July, 2020 **PROPOSED**		3		"First Pass" FY2021 budgets	Possible FY2022 tuition discussion	Legislative update								**EPSL, LRPC**
2	Chancellor's Office/Zoom Mon, Aug 24, 2020		6	Q4 FY2020 Results	"Second Pass" FY2021 budgets	FY2022 tuition discussion	Legislative update; Big Bill, Budget Adjustment	Regular quarterly report (per Policy 404)				Quarterly Grants Tracking Report			
3	Lake Morey Resort Tue, Sep 22, 2020 **PROPOSED**	*	2		**Vote** on "Third Pass" and Final FY2021 Budgets	**Vote** on FY2020 Tuition, Fees Room & Board Rates									**BOT**
4	Chancellor's Office Mon, Oct 26, 2020		5	Q2 FY2021 Results	**Vote** on FY2020 Carried Over Funds			Regular quarterly report (per Policy 404)		**Vote** on proposed FY2022 capital projects		Quarterly Grants Tracking Report			**Audit, EPSL, LRPC**
5	Location TBD Mon, Dec 7, 2020 **PROPOSED**	*	8	Financial Reporting Review	Budget Development Review	Tuition Process Review		Financial Services Subcommittee update	Debt Management Review	Capital Projects Prioritization	Facilities and Deferred Maintenance Review		Discussion of Policies; Candidates for Review and Removal		**EPSL, BOT**

* Meeting on same day as, or last meeting before, quarterly Board of Trustees Meeting