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

VERMONT STATE COLLEGES SYSTEM

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

MEMORANDUM

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

FROM: Sharron R. Scott, Chief Financial and Operating Officer

DATE: July 20, 2020

SUBJECT: Finance and Facilities Meeting on July 23, 2020

The Finance and Facilities Committee of the Board of Trustees is scheduled to meet from 10:30 a.m. to 12:30 p.m. via Zoom, for which personalized instructions will be provided separately by e-mail.

There are several critical topics for discussion, review, and/or action at this meeting. These include the following:

1. Review and approval of a consent agenda comprised of the minutes of the June 17, 2020 special committee meeting and the approval of a revision to the anticipated funding for the Northern Lights Early Childhood Professional Develop System Grant for the Community College of Vermont. These two items are included as Attachment 1.

2. An update will be provided to the committee regarding the VSCS' FY2021 State Appropriation Request

3. The VSCS will provide a legislative update

4. A discussion and review of estimated FY2021 financial performance based on the latest information available. An analysis of the current performance of the VSCS is included as Attachment 2.

5. Review, discussion, and approval of several policy adjustments that support and strengthen the VSCS' ability to respond rapidly to current fiscal conditions. Materials regarding this subject are included as Attachment 3.

6. Executive session to discuss possible land transactions.

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

Attachments

CC: VSC Board of Trustees
Council of Presidents
Business Affairs Council

Vermont State Colleges Board of Trustees
Finance and Facilities Committee Meeting
July 23, 2020
Via Zoom

AGENDA

1. Call to order

2. **Approve** consent agenda
    a. Minutes of June 17, 2020 special meeting
    b. Early Childhood Professional Development System Grant for Community College of Vermont (revision)

3. Legislative Update

4. Review FY2021 State Appropriation Request

5. Review and Discuss Estimated FY2021 Performance

6. Discuss and **Approve** Resolution waiving or revising policies, or portions thereof:
    a. VSC Policy 403 – System Annual Operating Budget
    b. VSC Policy 407 – Responsibility for Deficits Incurred after June 30, 1979
    c. VSC Policy 429 – Policy on Contracting for Goods and Services

7. Executive Session to Discuss Land Transaction(s)

8. Other Business

9. Public Comment

10. Adjourn

Attachment 1:
Consent Agenda

Minutes of the VSCS Board of Trustees Finance and Facilities Committee held Wednesday, June 17, 2020 at 4:00 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 Wednesday, June 17, 2020 via Zoom.

Committee members present:	Church Hindes (Chair), David Silverman (Vice Chair), Lynn Dickinson, Peg Flory, Adam Grinold (4:45 p.m.), Linda Milne, Mike Pieciak
Other Trustees present:	Ryan Cooney, Karen Luneau
Presidents:	Elaine Collins, Joyce Judy, Pat Moulton, Jonathan Spiro (Interim)
Chancellor's Office Staff:	Donny Bazluke, Network/Security Analyst Kevin Conroy, Chief Information Officer Todd Daloz, Interim General Counsel 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:	Sarah Chambers, Coordinator of Instructional Technology, Castleton University Veronica Golden, Hartness Library, Vermont Technical College Laura Jakubowski, Chief Budget & Finance Officer, Castleton University Alison Lathrop, President, VSC Faculty Federation Sandra Noyes, President, VSC Staff Federation, Northern Vermont 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, Incoming President, VSCUP, Northern Vermont University
From the Public:	Tom Evslin, Community Member Cyndi Miller, AFT Vermont Amy Nixon, Reporter, Caledonian Record

1. Chair Hindes called the meeting to order at 4:03 p.m.

2. Approval of June 1, 2020 meeting minutes

Trustee Pieciak moved and Trustee Silverman seconded the approval of the minutes. The minutes were approved unanimously.

3. 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

Chief Financial Officer Steve Wisloski explained that Policy 410 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 the 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.

Trustee Pieciak moved and Trustee Flory seconded the motion to recommend to the Board the approval of Resolution 2020-006, Waiver of Policy 410, Financial Aid and Other Financial Awards for Fiscal Year 2020. The motion was approved unanimously.

Mr. Wisloski explained that 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.

Trustee Flory moved and Trustee Dickinson seconded the motion to recommend to the Board the approval of Resolution 2020-007, Waiver of Level or Declining Debt Service Requirement of Policy 433, Debt Management Policy. The motion was approved unanimously.

4. Legislative Update, including anticipated additional funding

Interim Chancellor Sophie Zdatny shared that the Budget Adjustment Act 2 was signed by the Governor, which provides the VSC with $12.5 million in Coronavirus Relief Funds (CRF) for fiscal year FY20. The VSC is waiting on the Agency of Administration to provide guidance on how the funds can be spent. In the meantime, the Colleges are working together to prepare a report determining how the funds will be spent, making sure the uses are consistent with the State's requirements.

5. Discuss Reports from the Office of the State Treasurer and Independent Consultant James Page

Mr. Wisloski shared an overview of the reports. The Treasurer's report provided three budget scenarios for FY2021: a "Best/Middle Likely" scenario projecting a $19.3 million system 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.

6. Discuss and Approve FY2021 Transitional System First Quarter Budget Resolution

Mr. Wisloski stated that the proposed Transitional System First Quarter Budget Resolution covers just the period from July 1 to September 30, and its sole purpose being to provide spending authority to the System while full-year budgets are being developed. The proposal mirrors the approach taken by the State of Vermont and the University of Vermont.

Trustee Silverman moved and Trustee Flory seconded the motion to recommend to the Board the approval of Resolution 2020-008, FY2021 Vermont State Colleges System Transitional First Quarter Budget. The motion was approved unanimously.

7. Review and Discuss the FY2021 meeting schedule through December

Mr. Wisloski noted that a July Finance and Facilities meeting date needed to be added. Chancellor Zdatny stated that it would be July 23rd.

8. Other Business

Mr. Wisloski shared that the Standard and Poor's (S&P) rating for VSC's underlying general obligation credit, which applies to the System's 2013 Bonds, was downgraded from an A- with a negative outlook to BBB+ with a negative outlook, but added that over 100 other colleges also had their outlooks changed from stable to negative at the same time, including Champlain College and St. Michael's College. Trustee Silverman also reminded the Committee that the VSC issued bonds using an Aa2 (Moody's) rated "State intercept" credit through the Vermont Bond Bank in 2017 and again in 2020, and with the Vermont Bond Bank's approval could continue to do so if needed in the future.

9. Comments from the public

There were no comments from the public.

10. Executive Session

At 5:15 p.m. Trustee Dickinson moved that the VSC Board of Trustees enter executive session pursuant to 1 V.S.A. § 313(a)(1)(F), for the purpose of receiving confidential attorney-client communications made for the purpose of providing professional legal services; and § 313(a)(1)(E) to discuss pending civil litigation to which the VSC is a party; because premature general public knowledge of these discussions would place VSC at a substantial disadvantage, it is appropriate for

the Committee to enter executive sessions. Trustee Dickinson further moved that the Board enter executive session pursuant to 1 V.S.A. § 313(a)(2) to discuss negotiating or securing real estate purchase or lease options. The motion stated that the Board would make any final decision regarding any such public officer in an open meeting and would explain the reasons for this final decision during the open meeting. Along with the members of the Board present at the meeting, the Board invited the Interim Chancellor, The Presidents and Deans of Administration for Vermont Tech and Northern Vermont University and VSC Chief Financial Officer and Interim General Counsel to attend portions of the executive session. Trustee Milne seconded the motion and it passed unanimously.

The Board exited Executive session at 6:05 p.m.

11. Adjourn

Chair Hindes adjourned the meeting at 6:06 p.m.

Vermont State Colleges
Grant Proposal Budget Analysis

Form A & B

AMENDED	Instead of a new grant, the state amended the FY20 contract and increased the amount from the expected $1,365,000 to $1,430,359

College: Community College of Vermont

Grant Title: Early Childhood Professional Development System

Grant Agency: AHS/DCF/CDD

Project Director: Becky Millard

Purpose of Grant: Renewal of grant to support staffing and operational costs for Northern Lights at CCV. Northern Lights at CCV supports the development and growth of individuals in early childhood and afterschool professions in Vermont, including career advising, professional development trainings, state registry support, outreach, and early childhood system oversight.

Grant Period: Beginning on of after 7/1/2020 to Ending one year later: 6/30/2021 or after

Review Period: 1 Multi-Yr** / Cumulative Grant Amt: Not to exceed $1,365,000
(please enter number of years covered) ***REVISED: $1,430,359*

	1st Yr		2nd Yr		3rd Yr	
Proposed Funding	Grant	College	Grant	College	Grant	College
Direct Costs	$ 1,087,096.18	---------------	---------------	---------------	---------------	---------------
Salaries & Wages	$ 659,581.96					
Employee Benefits	$ 323,439.22					
Operations	$ 63,350.00					
Travel	$ 33,725.00					
Equipment & Supplies	$ 7,000.00					
Library Acquisitions						
Other: Books						
Total Direct	$ 1,087,096.18	$ -	$ -	$ -	$ -	$ -
Indirect Costs*	$ 277,261.44					
Total Budget	$ 1,364,357.62	$ -	$ -	$ -	$ -	$ -

*(In-Kind & Other costs for space, utilities, maintenance, administrative support, etc.)

What is(are) the sources of College Funding?

What continuing cost obligations does Granting Agency require/expect?

What Continuing cost obligations does the College intend/see likely?

Business Officer Review by: Andy Pallito Date:

Programmatic Review by: Deborah Stewart Date:

Presidential Review by: Joyce Judy Date:

Attachment 2:
FY2021 Forecast

FY2021 Financial Forecast

Based on currently available information, the VSCS forecasts a total deficit of $29.896M for fiscal year 2021. This forecast was developed by each institution with the most up-to-date enrollment forecasts and has been adjusted to reflect each institution's currently anticipated primary mode of instruction for the fall term.

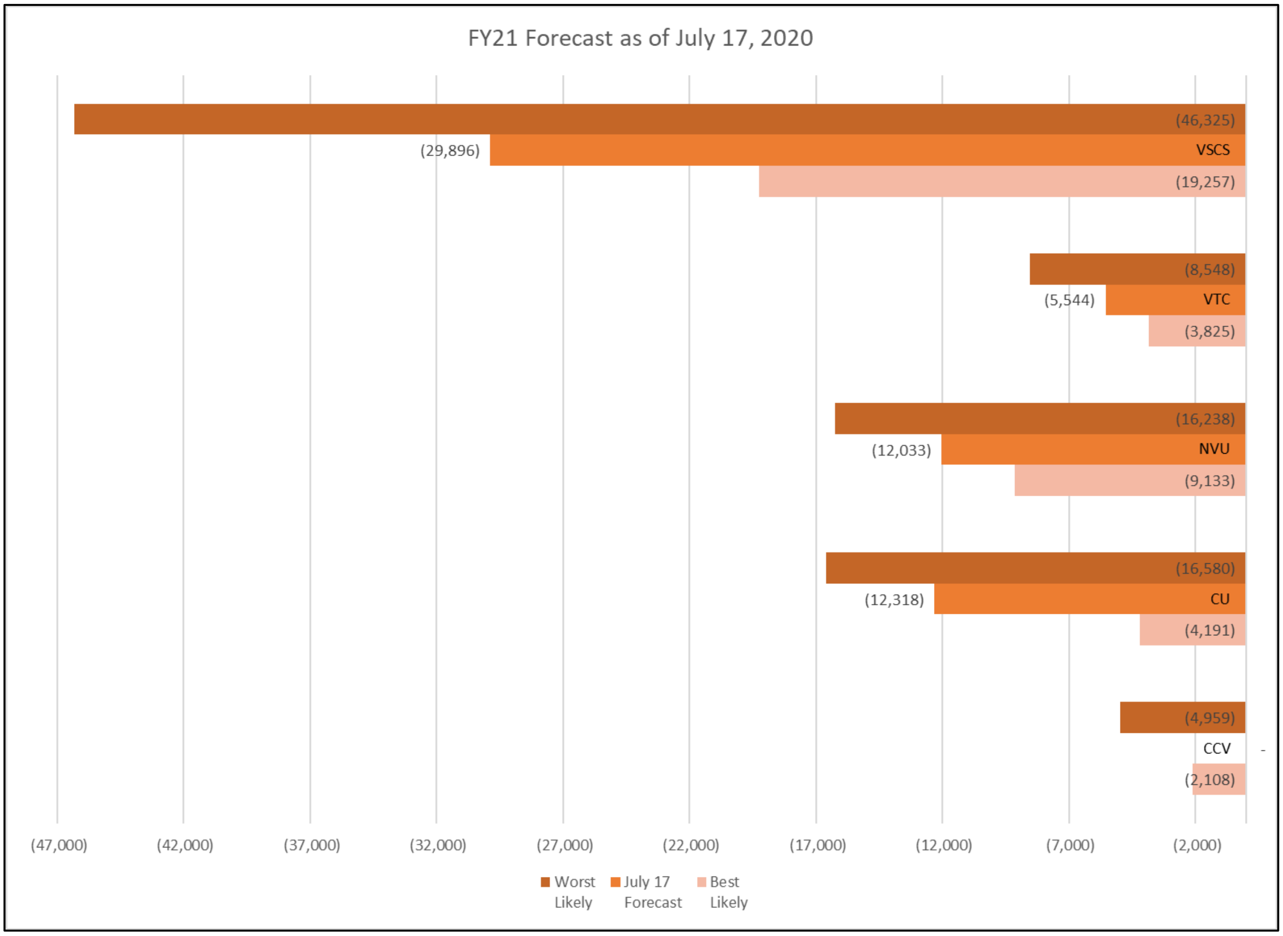
Due to the extreme uncertainty regarding conditions under which we are operating, the predictive value of the estimates shared here have a lower level of confidence than normal. Throughout the development of the forecast, each institution was clear to state that a wide variety of both risks and opportunities can and will move these numbers in directions both positive and negative. It is important to note that these numbers are changing daily and that the forecast presented here was the central tendency as of July 17, 2020. It should be considered, at this point, the VSCS's Best Likely scenario.

Vermont State Colleges
FY2021 Financial Forecast as of July 17, 2020

	VSCS Estimated Performance			Forecast by Institution			
Revenues	**Best Likely Scenario**	**Central Tendancy as of 7/17**	**Worst Likely Scenario**	**Community College of Vermont**	**Castleton University**	**Northern Vermont University**	**Vermont Tech**
Tuition and Fees	107,315	96,924	80,308	20,517	31,000	23,414	21,993
State Appropriation	30,985	30,985	30,985	6,119	6,804	10,920	7,142
Room and Board	20,188	12,194	8,908	-	5,300	5,498	1,396
Sales and Services	2,258	2,093	1,567	6	700	493	894
Gifts	830	830	830	50	400	250	130
Other Revenue	1,173	1,156	1,173	86	420	497	153
Total Revenues	162,749	144,182	123,771	26,778	44,624	41,072	31,708
Expenses							
Employee Salaries & Benefits	111,018	106,191	108,217	20,418	29,929	32,765	23,079
Services, Supplies and Travel	30,348	30,010	29,153	5,058	9,500	8,011	7,441
Scholarships and Fellowships	17,919	16,964	10,773	170	9,700	4,914	2,180
Utilities	6,414	5,958	6,170	325	2,000	2,158	1,475
Other Expenses	191	-	191	-	-	-	-
Debt Service	5,607	5,999	5,607	1,034	2,095	1,756	1,114
Chancellor's Office	7,991	8,075	7,991	1,551	1,810	2,951	1,762
Other Transfers	2,518	880	1,994	(1,778)	1,909	549	200
Total Expenses	182,006	174,078	170,096	26,778	56,942	53,105	37,252
Net Revenues	(19,257)	(29,896)	(46,325)	-	(12,318)	(12,033)	(5,544)

1: FY2021 Forecast as of July 17, 2020

As noted here, the current estimated deficit is approximately 65% of the Worst Likely Scenario as described by Jim Page's evaluation of the Vermont State Colleges System[1] commissioned by the Joint Fiscal Office. This forecasted deficit represents a substantial deviation in the VSCS' usual performance, and is outside of the capacity of the VSCS' to respond without both substantial legislative support, and significant change at each institution.

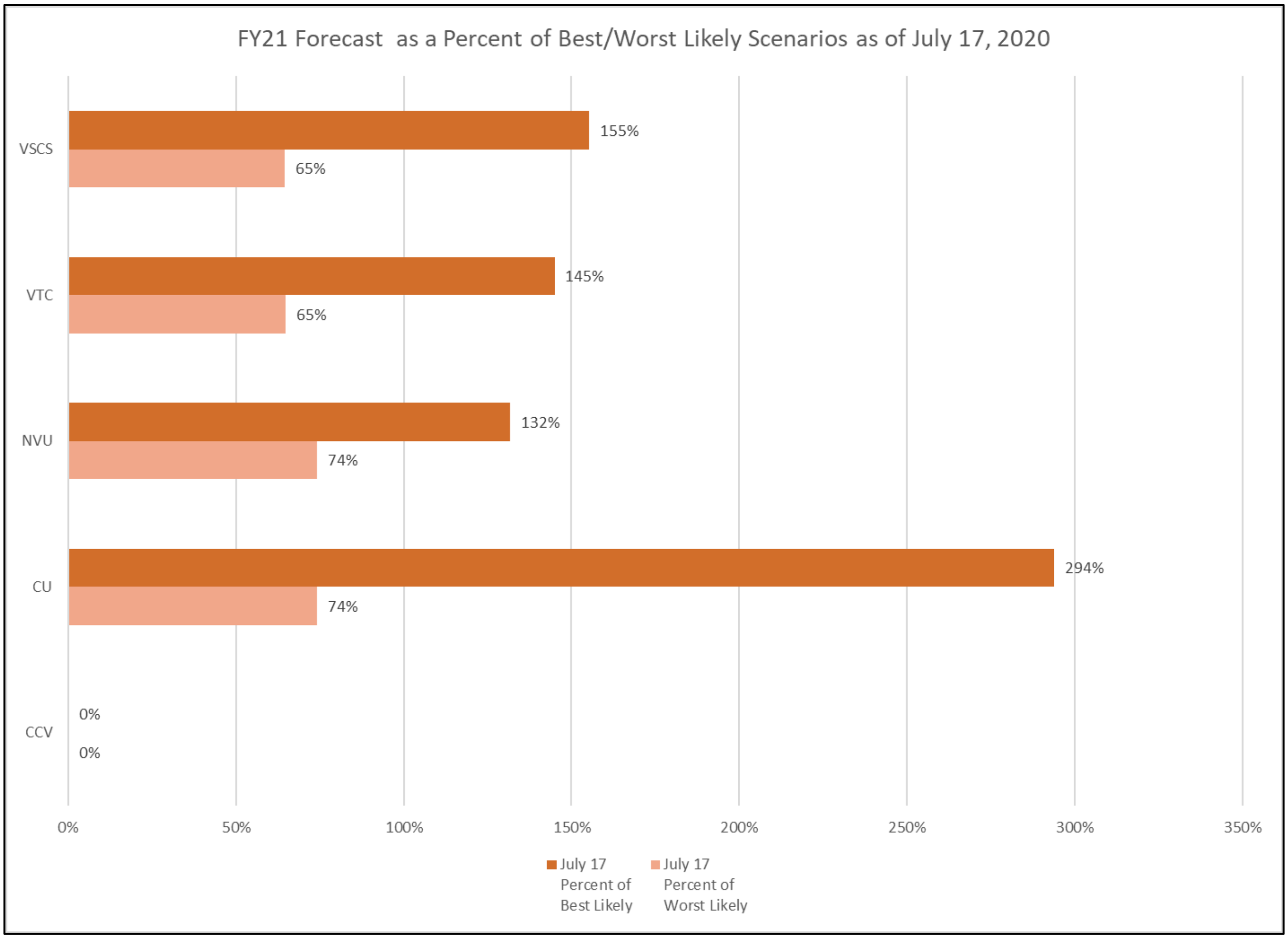


2: FY2021 Forecast Compared to Best & Worst Likely Scenarios

Except for CCV[2], all institutions anticipate a significant deficit that is closer to the institution's Worst Likely scenario, than to their Best Likely scenario. Castleton University and Northern Vermont University currently project deficits of more than $12M while Vermont Tech is forecasting a deficit in excess of $5M. In all instances the performance drivers are enrollment, residence hall participation, and limited budget flexibility.

[1] Report to the Vermont Legislative Joint Fiscal Office Concerning Vermont State Colleges System Funding for FY2020 and FY2021

[2] The numbers shown here reflect CCV's "mid case" scenario. As presented to the Treasurer's Office, CCV's best likely scenario is a $300K surplus



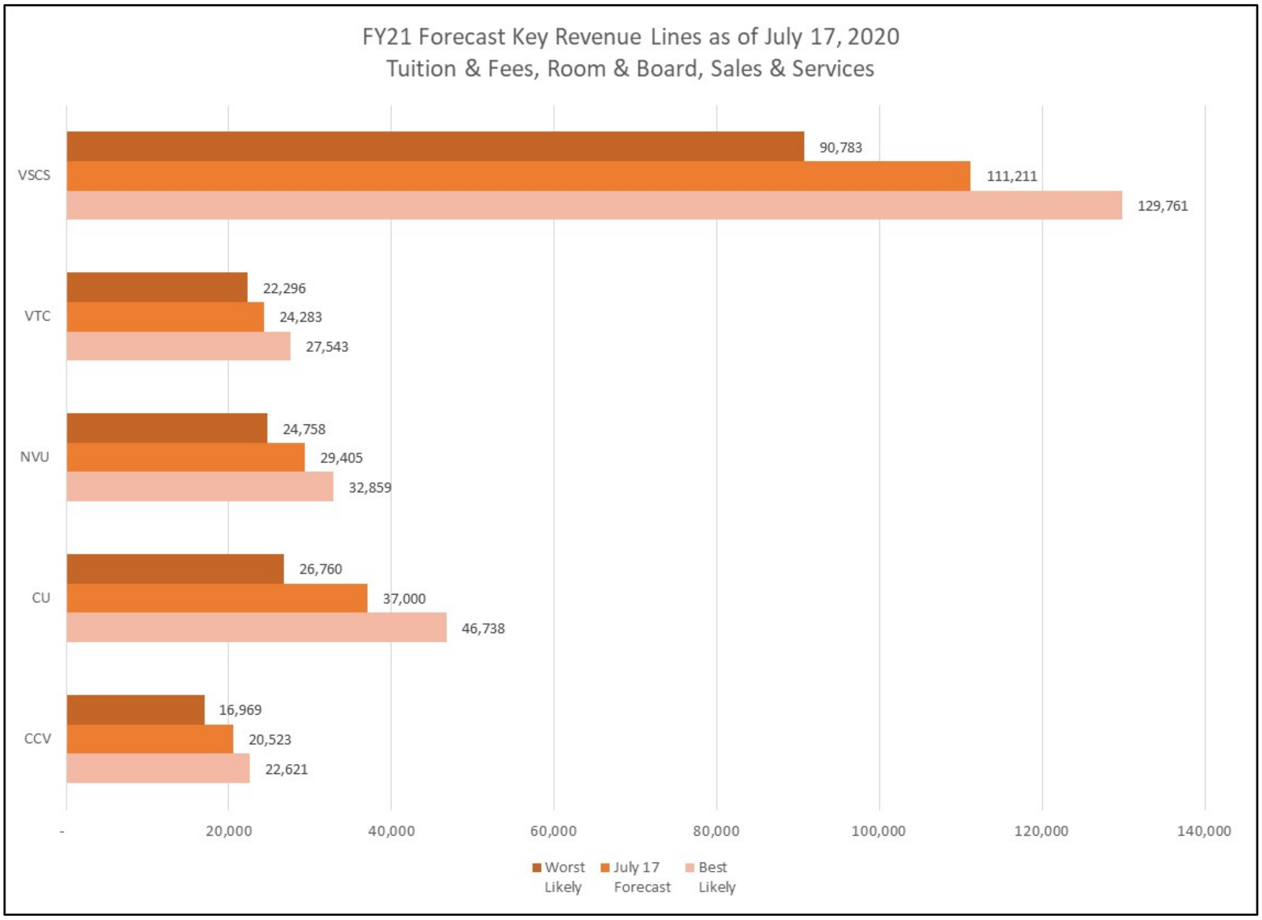
3: FY2021 Forecast as Percent of Best and Worst Likely Scenarios

Again, with the exception of CCV, all institutions anticipate that their FY2021 deficit will be between 65% and 74% of their Worst Likely budget scenarios. This relatively tight correlation in comparison to the Worst Likely scenario suggests the following: 1) consistency in the development of the Worst Likely scenario, 2) the possibility that some level of consensus may be forming in the marketplace, and 3) similar approaches to forecasting future enrollment were deployed for this forecast. The variance from Best Likely scenarios previously shared is relatively consistent between NVU and VTC and reflects wide variation CU. The wider variation by CU is due to their more optimistic outlook when developing Best and Worst Likely scenarios earlier this spring. For CCV[3] this is largely due to their ability to more flexibly accommodate dips in enrollment and use of Coronavirus Relief Funds received during FY2020 that were deferred to FY2021.

[3] The best likely scenario for CCV is a $300K surplus. Therefore, CCV's forecast is consistent with the range of best likely.

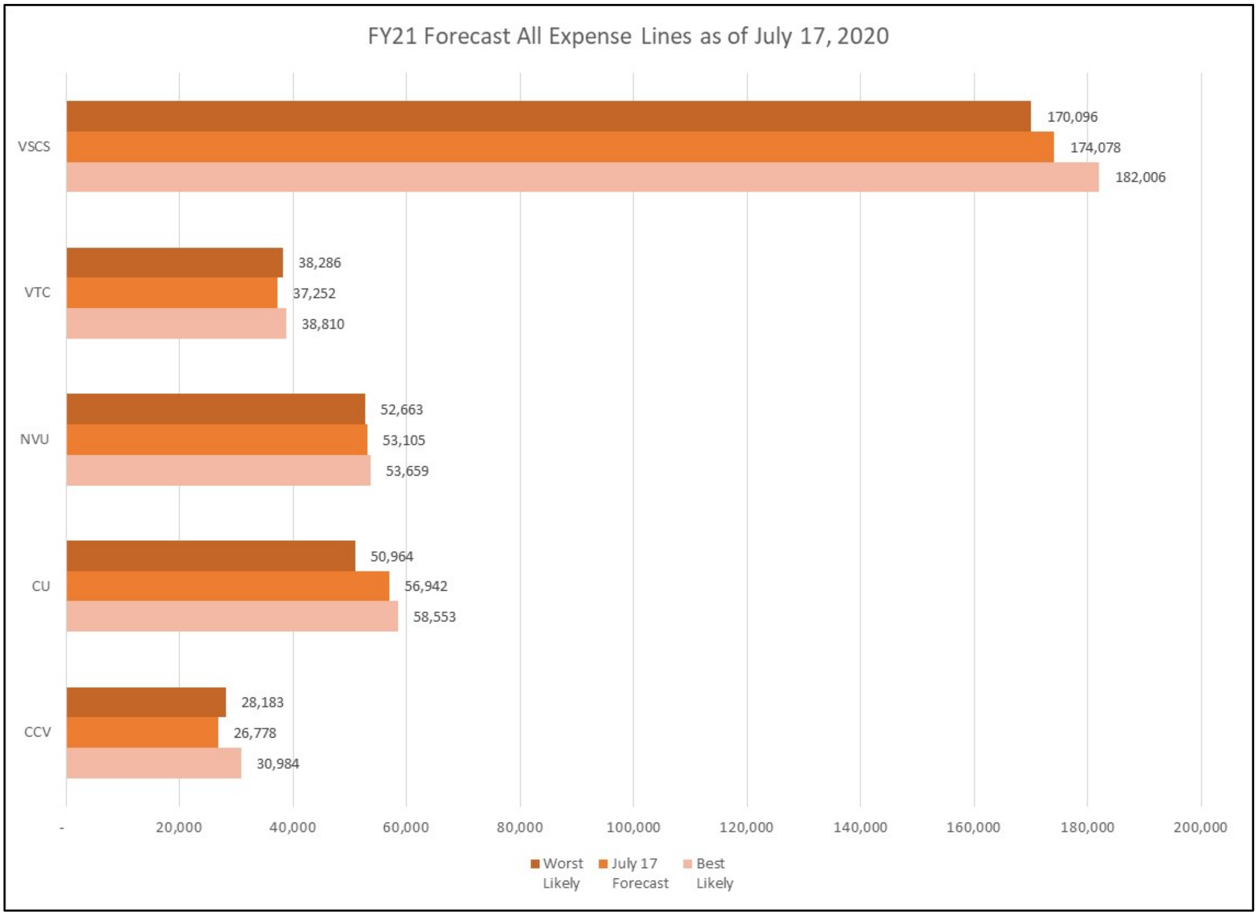
A key takeaway when reviewing this chart is the need for greater oversight and review of the budget and forecasting process to ensure consistency, clarity, and accuracy in the materials presented to and approved by the board.

Tuition and Fees, Room and Board, and to a lesser extent Sales and Services, are the key revenue drivers for the VSCS with the exception of the State Appropriation. As noted in the chart below, the VSCS is currently anticipating that the three key revenue drivers, combined, will total $111.2M or approximately $28.7M less than the Best Likely scenario.



4: FY2021 Forecasted Tuition & Fees, Room & Board, Sales & Services by Institution Compared to Best and Worst Likely

As noted here, all institutions, including CCV, are projecting revenues substantially lower than the Best Likely scenario with CCV, NVU, and VTC projecting revenues that are between 88% and 90% of their Best Likely revenues, and CU estimating revenue from these key sources at approximately 79% of their Best Likely scenario.



5: FY2021 Forecasted Expenses Compared to Best and Worst Likely Scenarios

Forecasted expenses by institution when compared to Best and Worst Likely scenarios show a slightly different picture. CCV's forecasted expenses are better than both their Best and Worst Likely scenarios and explains why, though their forecasted revenue falls between their two scenarios, their performance is favorable overall. VTC's expense projections are also better than both their Best and Worst Likely scenarios thus pulling their forecast more favorable than would have been expected given their revenues. Proportionate to their performance, NVU has adjusted its forecast to reflect its financial picture. CU, too, has made modest expense adjustments reflecting their change enrollment, athletic, and residential patterns.

It is important to note that the institutions face many obstacles to making immediate budgetary changes. These include working within our existing collective bargaining agreements for compensation, benefits, and retiree obligations, as well as our fixed costs such as utilities, debt service, and meal plan charges. The combined effect offers very few degrees of freedom when addressing budget shortfalls of this magnitude in the short term.

Vermont State Colleges
FY2021 Financial Forecast as of July 17, 2020

	VSCS Estimated Performance			Forecast by Institution			
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Net Revenues	(19,257)	(29,896)	(46,325)	-	(12,318)	(12,033)	(5,544)

6: FY2021 Forecasted Budget as of July 17, 2020 (repeated)

As noted earlier, the VSCS currently forecasts a deficit of $29.896M. This is approximately 65% of the Worst Likely scenario presented earlier. It should be noted that many factors could have a positive or negative effect on the final result. Several factors to consider are:

Risks:

- A government order to shut down face-to-face learning and/or the residence halls of one or more campuses would have a negative financial impact. The duration of such an order, particularly if it crossed two academic terms, or required episodic closures could be substantial.
- The likely cancellation of varsity athletics for the fall given what is happening nationwide may harm enrollment. The length and duration of such an action would have a widely variable impact on an institution by institution basis, with those institutions with a stronger athletics program experiencing the issue more keenly.
- A continued surge in cases throughout the country, especially if that surge extends to the Northeast and New England states, may keep students home reducing both enrollment and participation in the residence halls to a greater degree.
- One or more cases of COVID-19 on a campus may have a detrimental impact on enrollment and residence hall participation if mitigation plans, short of closure, are not fully developed and well executed.

Opportunities

- The perceived safety of Vermont, its low number of cases, and the care with which Governor Scott has handled the pandemic may increase confidence for returning and new students allowing greater enrollment in programs and improving residence hall participation.
- External relief in the form of general fund bridge funding that could be used to offset revenue losses would improve performance as would a relaxing of restrictions on the use of CRF money for this purpose.
- Conditions that allow a residential program for both semesters would improve performance
- Budget adjustments that reduce expenditures across all institutions.

Summary

The VSCS is facing an unprecedented budgetary shortfall. Legislative support has been generous, with receipt of Coronavirus Relief Funds (CRF) in the amount of $12.515M for FY2020, of which $5.118M was earmarked to cover room and meals refunds to students, as well as $22.785M in CRF for FY2021 which must be spent by December 30, 2020. Additionally, the Legislature approved $5M in bridge funding from the General Fund, as well as 25% of the base appropriation for the first quarter. These are generous amounts for which the VSCS is extremely grateful, however, further support will be needed in addition to expense reductions throughout the VSCS.

Attachment 3:
Financial Policy Adjustments

Financial Policy Adjustments

The VSCS is facing an unprecedented budgetary shortfall. While legislative support has been generous, and there is hope for further support, the VSCS must begin addressing its underlying structural issues, and focus attention on meeting the mission of the VSCS as described by the Board of Trustees.

The current budget model, which emphasizes the financial autonomy of the institution above all else, has incentivized behaviors that are not always in the best interest of the VSCS. Examples include duplication of programs, pricing models for similar institutions that increase competition, and minimal focus on cooperative or group buying. It also deprives the organization of any kind of critical mass that is essential to addressing the kinds of challenges VSC faces.

This lack of cooperative focus, and emphasis on the performance of institutions as stand-alone entities, was adequate when competition was low. Institutions can and did compete directly against one another and, as long the budget was balanced, the system did not get involved. However, demographics throughout the Northeast and New England have played a significant role in reduced enrollments over the last few years, and these issues have only been compounded by the pandemic. These trends will not reverse even once the pandemic is over.

Currently, VSCS budgets are developed independently at an institutional level with little oversight and review by the Chancellor. Rather, each institution develops its budget without the benefit of substantive review by the Chancellor. The result, in some instances, is duplication of effort, increased costs, and reduced revenues. Further, there is no substantive opportunity for the System to drive initiatives or investments that are "appropriate to the functioning of an integrated system[1]" or for projects and initiatives that may be important to the VSCS and Vermont as a whole.

Seeking a solution to this problem, we have carefully reviewed Mr. Page's report[2], and started reviewing other financial models for large systems such as Connecticut and Georgia. Additionally, we have consulted with Mr. Page regarding actions we could take immediately to address our needs. From this, we conclude that stronger management, oversight, and administration of the VSCS budgets, in a collaborative effort with the Council of Presidents and Business Affairs Council is necessary. This will allow multi-year strategic planning that aligns with the VSC mission and Board-directed priorities, effective resource allocation, and effective audit. This in turn will enable the Board to exercise its fiduciary responsibilities.

With that said, the governing policy regarding the System Annual Operating Budget requires little change to develop a system-wide budget, as it is clear that the responsibility for this process rests with the Chancellor[3]. However, the practical matter is that historically the authority has

[1] VSC Policy 403: System Annual Operating Budget
[2] Report to the Vermont Legislative Joint Fiscal Office Concerning Vermont State Colleges System Funding For FY2020 and FY2021
[3] While little change is required to give ownership of the budget development process, it is imperative that the System review its state appropriation formula and develop a process that balances the needs of institutional

been delegated to the individual presidents and it is firmly embedded into the culture of each institution. Further, the historical application of Policy 407: Responsibility for Deficits Incurred after June 30, 1979[4], has reinforced the ownership of budget development, rather than just budget performance. The result, naturally, is very tight institutional ownership and control of the budget development process as well as budget management. Lastly, Policy 429: Contracting for Goods and Services[5] further reinforces the Presidential ownership of institutional budgets by requiring little oversight by the Chancellor for large purchases or purchases extending over a period greater than twelve months.

Combined, the historical application and effect of these existing policies have emphasized the local at the expense of the whole. Today, with three of four institutions running substantial deficits and with every institution lacking the critical mass necessary for long-term success, it is imperative that the System exercises its authority to work collaboratively with the institutions to develop a unified plan that balances the needs of the institutions with the responsibilities of the system to meet the needs of Vermont and Vermonters now and into the future.

We therefore recommend the following actions:

Policy 403: System Annual Operating Budget

1) Reconfirm that the Chancellor is responsible for developing the System Annual Operating Budget for recommendation by the Board of Trustees.
2) Waive the State Appropriation Allocation formula for all bridge and CRF funding received from the State. Instead, allocate the bridge and CRF funding where it most needed, at the direction of the Chancellor
3) Requires Chancellor consultation, review, and approval for institutional tuition setting
4) Suspend Policy 403 for the development of the FY2022 System Annual Operating Budget and direct the Chancellor to rework the policy during the 2020-2021 academic year

Policy 407: Responsibility for Deficits Incurred after June 30, 1979

1) Reconfirm that the Chancellor is responsible for developing the System Annual Operating budget collaboratively with the Council of Presidents. The President is responsible for operating their institution within the approved budget, subject to any Board-directed guidelines and limits [e.g., for capital projects above a certain limit].
2) Suspend Policy 407 for the development of the FY2022 System Annual Operating Budget and direct the Chancellor to rework the policy during the 2020-2021 academic year

VSC Policy 429: Policy on Contracting for Goods and Services and

autonomy with the goals and mission of the system. Further, the Business Affairs Council is in agreement that the current state appropriations formula should not be applied to bridge funding received from the state

[4] VSC Policy 407: Responsibility for Deficits Incurred after June 30, 1979

[5] VSC Policy 429: Policy on Contracting for Goods and Services and Policy 429: Purchasing Standards

VSC Policy 429: Purchasing Standards

1) Add new language to the policy in the following areas to require review and approval of all purchases or leases anticipated to exceed $100,000, or twelve months per total transaction
   a. Before request for proposal
   b. At the time of a sole-source request
   c. During renewal of existing contracts

With these changes to the policies, and a reconfirmation of the role of the Chancellor in the development of the budget, the System can move toward the development of a system-wide budget that balances the needs of Vermont, Vermonters, the system, and our institutions.

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, and all extraordinary funding such as transitional, "bridge", or Coronavirus Relief Funding (CRF), 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. Further, after consultation, review, and approval by the Chancellor, e~~E~~ach 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~~Sophie Zdatny,
Chancellor

VERMONT
— STATE COLLEGES SYSTEM —

Manual of Policy and Procedures

Title	Number	Page
POLICY ON CONTRACTING FOR GOODS AND SERVICES	**429**	**1 of 2**
	Date **5/23/2013**	

PURPOSE

The VSC Policy on Contracting for Goods and Services is designed to allow colleges and other constituent units of the VSC to purchase or lease goods, services and equipment on an open and competitive basis, without preference to any vendor, in order to further the VSC mission of efficient use of financial resources. Contracting decisions will consider not only price but also, among other factors, quality, timing and delivery. The VSC will utilize consolidated purchasing when it would benefit the colleges or the system. In addition, the VSC will endeavor to uphold environmentally responsible and socially conscious purchasing practices.

STATEMENT OF POLICY

This policy includes all contracts for purchases and leases of goods, services and equipment except for real estate transactions already covered in Policy 426, broad-band services spectrum covered in Policy 427 capital construction covered in Policy 428, and retention of legal counsel under Policy 409.

Before a College may enter into a lease or purchase between $25,000 and $100,000 per total transaction it must first solicit, and document 3 or more bids from responsible suppliers. For the purposes of this policy, “solicit” means to request bids through public advertisement or vendor-specific invitation. The Colleges and the Chancellor’s Office shall maintain records of any such solicitation for the period specified in the VSC Records Retention Policy. The Chancellor or President may approve in writing a waiver of this requirement where three or more suppliers are not reasonably available or emergency circumstances are present and documented.

All potential obligations or leases anticipated to exceed $100,000 in total cost, or twelve months, must be reviewed and approved by the Chancellor or designee at each of the following times: 1) before RFP creation, 2) at the time of a sole-source request, and 3) at the time of contract renewal.

Purchases or leases exceeding $100,000 per total transaction require competitive bidding in the form of a Request for Proposals process. Where system-wide contracts for purchase of goods, services or equipment are entered into, the colleges and other constituent units of the VSC shall use that vendor only for items covered under the contract unless an exception is specifically approved by the President or Chancellor or their designees.

Upon approval of the President or designee, or the Chancellor, use of a sole source contract for purchases or leases otherwise subject to solicitation or bid under this policy may be acceptable under very limited circumstances such as where the item to be purchased is available from a single provider, where significant value is added by virtue of a long-term relationship with the provider, or other factors as may be approved by the President. Each sole source contract must be supported by a Non-Competitive Bid Statement completed on a form developed by the Chancellor.

At each institution, subject to presidential oversight, the Dean of Administration, or designee, is responsible for contracts for purchases and leases under this Policy. Subject to the Chancellor's oversight, the VSC VP of Finance and Administration, or designee, is responsible for purchasing insurances, leases, real estate and system-wide contracts, banking, and financing. Subject to the Chancellor's oversight, the Chief Information Officer, or designee, is responsible for system-wide information technology purchases.

RENEWAL OF CONTRACTS

Contracts may be renewed beyond the original term, including any renewals contained therein, once without resorting to a new solicitation or Request for Proposals process provided however the renewed term does not exceed the original term and in no event may the renewal period exceed three years.

CONFLICT OF INTEREST

In accordance with the applicable VSC Board of Trustees policies on conflict of interest, kickbacks, gifts and other favors from vendors are strictly prohibited.

PROCEDURES

The Chancellor shall adopt standards and procedures governing contracts for purchase and lease of goods, services and equipment and from time to time modify them as necessary.

AUTHORITY

The Chancellor's Office and each College shall, in writing, specify which officials are authorized to enter into contracts for the purchase or lease of goods, services or equipment. All those with such authority on behalf of a College or the VSC shall exercise their authority in full compliance with Policies 428 and 429 and these standards and procedures.

Signed by: ____________________   Chancellor

STANDARDS AND PROCEDURES: CONTRACTING FOR PURCHASES OR LEASES OF GOODS, SERVICES AND EQUIPMENT

I. PURPOSE

The following standards and procedures have been approved by the Chancellor pursuant to VSCS Purchasing Policy - 429. It is the responsibility of the Business Affairs Council to review and propose to the Chancellor revisions to these standards and procedures periodically. The terms and provisions of these standards and procedures shall be read to be consistent with the terms and provisions of VSCS Policy 429. Where there is reference herein to particular job titles, the standards and procedures are not to be construed as being limited to those individuals serving in those specifically-titled positions but rather to those serving in the general capacity of those titled positions, however named.

II. CONTRACTING STANDARDS AND PROCEDURES

The Chancellor's Office and each Institution shall, in writing, specify which officials are authorized to enter into contracts for the purchase or lease of goods, services or equipment. All those with such authority on behalf of the Institution or the VSCS will do so in full compliance with state and federal law, the VSCS Purchasing Policy – 429 and these standards and procedures.

Purchases made and obligations entered into on behalf of the VSCS will be made in a manner that supports the mission of the VSCS and its Institutions, and the efficient use of VSCS and Institution resources.

All potential obligations or leases anticipated to exceed $100,000 in total cost, or twelve months, must be reviewed and approved by the Chancellor or designee at each of the following times: 1) before RFP creation, 2) at the time of a sole-source request, and 3) at the time of contract renewal.

Potential obligations under this Policy between $25,000 and $100,000 in total cost, other than those purchases made with federal grant funds (as discussed, below), require solicitations of at least three quotations from responsible suppliers. The VSCS requires competitive bidding for purchases exceeding $100,000 per total transaction in the form of a Request for Proposal (RFP) process. The RFP will be issued to a minimum of three potential vendors who have been identified as having the ability to provide the goods, services or equipment at a quality level acceptable to the VSCS. In order to create a standardized process for purchases in excess of $25,000, the VSCS shall create a quick reference guide and a purchase summary sheet for use in all such transactions.

Except where federal grant funds are involved, regardless of the amount of the potential obligation, the Chancellor or a President, upon written application with a detailed justification, may waive in writing the above solicitation or RFP procedures in the interests of a College or the VSCS as a whole.

Selection of the vendor must take into account price, quality, terms, operating budget of the college or unit, delivery schedule, product availability, and environmental or social impact.

Before a sole-source contract may be issued, the requesting department shall complete a Non-Competitive Bid form (Attachment A) justifying the need for a sole-source contract. Use of a sole source contract may be infrequently acceptable, for example, for proprietary items that are only available from a single source or where there is significant added value from a long-term relationship. A sole-source purchase for which competitive bidding would otherwise be required shall be approved in writing by the Dean of Administration or the President of a college or, in the case of a VSCS system-purchase, the System CFO or the Chancellor.

All payments made by the Institutions for goods and services must be supported by appropriate documentation including, where appropriate, an invoice, a properly authorized Purchase Order and accompanying Receiving/Verification Form, or itemized receipts.

All purchases are exempt from Vermont Sales Tax by use of the Sales Tax Exemption Certificate. (available at: https://forms.vsc.edu/Documents/Tax%20Exempt%20Form.pdf)

The preferred method of purchase is the Purchasing Card (p-card). When a p-card cannot be used to make purchases in excess of $2,000, purchases should be made using the Purchase Order Requisition process.

The following are acceptable purchasing methods, in order of preference:

1) P-Card - credit or declining balance
2) Purchase Order when required by vendor or supervisor
3) Purchase with vendor on account - vendor bills VSCS directly
4) Cash Advance – Receipts must be submitted within 10 days of receipt of funds
5) Petty Cash – $75 maximum, managed by the institutions' business offices

Use of personal funds, including personal credit cards is prohibited. Exceptions to this prohibition are available in very rare instances but must be clearly documented and approved by the Institution's Dean of Administration or designee. Failure to receive approval or sufficiently document such expenditures may result in a denial of reimbursement.

Any personal gain (including without limitation: reward points, loyalty programs, cash-back bonuses, personal discounts, or other benefit to the employee personally) from the use of personal funds for business-related expenses is a violation of Policy 210 Employee Conflict of Interest Policy, which may result in disciplinary measures and/or a requirement to return or refund the benefit received.

Purchase Approval Limits, subject to available funds, are as follows:

1. Department Chairs, Office Directors, and CCV Site Managers or their authorized designees approve purchases up to $2,000. Lower limits may be established by the colleges;

2. Deans, CCV Regional Directors, Facility Directors, and Agency Heads (e.g., VMEC, SBDC, etc.) or their authorized designees may approve purchases up to $5,000. Lower limits may be established by the colleges;

3. At the VSCS Chancellor's-office all purchases in excess of $5,000 must be approved by the Chancellor or authorized designee. At the colleges all purchases in excess of $5,000 must be approved by the President or by the Dean of Administration or their authorized designees.

4. OTHER SPECIAL APPROVAL REQUIREMENTS:

   Purchase of Chemicals: All purchases of Chemicals for academic departments must be approved in advance by the designated College Chemical Hygiene Officer (CHO) or designee;

   Purchase of Information Technology items: All Information Technology hardware and software must be approved in advance by the Chief Technology Officer for the college or VSCS or their authorized designee.

III. PUCHASES FUNDED BY FEDERAL GRANTS

All Goods and Services purchased from federal grants and/or other federal sources, including federal contracts, must adhere to 2 C.F.R. § 200 subpart d. All VSCS institutions and personnel must comply with the following standards and procedures when making purchases using federal funds.

A. *Ethical Conduct*

Along with the requirements and prohibitions of VSCS Policy 207: *Trustee And Executive Conflict Of Interest Policy* and VSCS Policy 210: *Employee Conflict of Interest Policy*, no employee, officer or agent may participate in the selection, award or administration of a contract expending federal funds if the employee, officer or agent, or her/his immediate family, partner or any organization which employs (or is about to employ) the employee or their family member or partner, has a financial or other interest in, or may otherwise tangibly benefit from, a firm considered for the contract.

B. *Process Prior to Procurement*:

1. Before initiating the procurement process when expending federal funds, purchasers should seek to:

   - Avoid unnecessary or duplicative purchasing of equipment, supplies or services;
   - Consolidate purchases where possible, or break-out purchases into more economical units – this should include consideration of leasing versus purchasing; and

- Award contracts only to responsible contractors possessing the ability to perform successful under the terms and conditions of the proposed contract.

2. Any solicitation for goods or services must include a clear and accurate description of the technical requirements for the good(s) or service(s) to be procured, and must identify the requirements which bidders must fulfill, together with the factors used in evaluating bids or proposals.

C. *Procurement Thresholds and Methods*:

Pursuant to 2 C.F.R. 200.320, the following thresholds apply to VSCS purchases:

3. **Micro Purchase** - the aggregate dollar amount does not exceed $10,000. This includes incremental payments that total less than $10,000. Micro-purchases should be equitably distributed among qualified suppliers and may be awarded without soliciting competitive quotations so long as the price is reasonable.

4. **Small Purchase** - the aggregate dollar amount ranges from $10,001 to $100,000. Price or rate quotations must be obtained from a minimum of three qualified sources prior to making a purchase, and these quotes should be documented and retained by the purchaser.

5. **Larger Purchase -** where the aggregate dollar amount is greater than $100,000, bids are publicly solicited using one of two methods:

   a) **Sealed Bids –** after formal advertising (e.g., RFP) a firm fixed price contract is awarded to the responsible bidder whose bid is the lowest price. This is the preferred method for procuring construction or certain types of equipment or services.

   b) **Competitive Proposals –** conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program with price and other factors considered.

6. **Noncompetitive proposals** - procurement through solicitation of a proposal from only one source. A waiver must be granted by submitting the Non-Competitive Bid form (Attachment A), documenting the rationale for making the request. The President, Chancellor or designee will approve such sole-source contract requests only when:

   a) The product or service is available only from a single source, for example: a work of art, a specialized piece of equipment or specialized service, existing infrastructure has specific compatibility requirements;

   b) There is an Emergency (defined below); or

c) The federal agency awarding the funds in question authorizes a non-competitive bid based on a written request from the VSCS.

D. *Recordkeeping*:

The purchasing entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. For Small Purchases, the purchasing entity should retain the price or rate quotations from the non-successful providers.

IV. Emergency Purchase Authorization

On rare occasion an emergency purchase may be necessary. "Emergency" is defined as any situation involving public health, public safety, or where an immediate purchase is required for repair to College property to prevent or minimize serious disruption in College operations. Although competitive bidding is not required under emergency circumstances, officials making emergency purchases shall adhere to as many established standards and procedures as the circumstances may allow and the purchase shall be approved by the appropriate authority in advance of the emergency purchase where feasible.

Chancellor

Date	Version	Revision	Approved By
	1.0	Initiated	Chancellor
6/26/15	2.0	Uniform Guidance Waiver	Chancellor
8/1 /18	3.0	Conform to updated Uniform Guidance	Chancellor
7/3/19	4.0	Conform with Policy 423	Chancellor

Non-Competitive Bid Request Form
[VSCS Institution]

Name: ______________________________

Department: ______________________________

Funding Source: ______________________________
(Grant, VSCS Operating Funds, State Capital Funds, VSCS Capital Funds, Other)

Project/Grant Name: ______________________________

Purchase Description: ______________________________

Vendor Name: ______________________________

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VSCS policy requires that competitive bids or quotes be obtained from at least three sources for all orders $25,000 or more ($10,001 for federally-funded expenditures). Any deviation from this policy requires written justification and evidence ***prior to commitment of an order.*** *This completed form should be submitted to the Dean of Administration.*

Please indicate the reason for requesting a waiver from the competitive bidding process.

- ☐ Only known product of its kind
- ☐ Only known supplier of the product
- ☐ Subaward Requirement (please provide section of award document stating this vendor is to be used)
- ☐ Compatibility with existing software or equipment. (Please provide existing software or equipment details)
- ☐ There has been an unexpected emergency (as defined in Policy 429 Procedures)
- ☐ Other (inapplicable for federally-funded expenditures)

Please describe in as much detail as possible the justification for the reason listed above and attach all relevant documents to help support the justification.

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I certify that the above statements are true and correct and that neither I nor a member of my family have any direct or indirect financial or other beneficial interest in the Vendor.

Signature: ______________________ Approval Signature: ______________________

Date: ______________________ Date: ______________________

VERMONT STATE COLLEGES SYSTEM

BOARD OF TRUSTEES

RESOLUTION No. 2020-014

Establishing a System-Wide Budget

WHEREAS, The Vermont State College System is facing deficits in excess of $30,000,000 for FY2021; and

WHEREAS, The State of Vermont, the United States, and the World are facing an unprecedented pandemic; and

WHEREAS, The current budget model and approach emphasizes autonomy of institutional budgetary performance over the performance of the Vermont State Colleges System as a whole; and

WHEREAS, The current budget model includes few opportunities for oversight by the Chancellor; and

WHEREAS, The Joint Fiscal Office engaged Jim Page, former Chancellor of the University of Maine System, as an external consultant, to conduct an external review of the Vermont State Colleges; and

WHEREAS, Mr. Page's final report to JFO recommended creation of a System-wide budget model for the Vermont State Colleges System; and

WHEREAS, A System-wide budgeting model offers the following key benefits 1) Allows VSCS institutions struggling to achieve a critical mass of human and capital resources to address the short-term and long-term issues related to the budget; and, 2) Enables multi-year comprehensive strategic planning and resource allocation; and 3) Allows the Board to exercise its full set of fiscal and audit responsibilities; and, 4) enables the System to meet the state-wide needs of Vermont.

WHEREAS, The following policies govern the creation, management, and administration of the System-wide budget: Policy 403: *System Annual Operating Budget, Policy 407: Responsibility for Deficits Incurred after June 30, 1979, and* Policy 429: *Policy on Contracting for Goods and Services*; and

WHEREAS, The Board of Trustees believes that a System-wide budget model is vital the short and long term success of the VSCS; and

WHEREAS, Policy adjustments are necessary to support the creation, management, and administration of a System-wide budget; therefore be it

RESOLVED, That the VSC Board of Trustees directs the Chancellor to develop a System-wide budget model in cooperation and collaboration with the Council of Presidents; and be it further

RESOLVED, That each President is responsible for executing the budget as approved by the Board as required by Policy 407: *Responsibility for Deficits Incurred after June 30, 1979*; and be it further

RESOLVED, That Policy 403: *System Annual Operating Budget* shall be amended as follows:

1) State Appropriation Formula shall be waived for all extraordinary funding such as transitional, bridge or CRF funding; and,
2) The Chancellor shall review and approve all changes to tuition programs for an institution; and be it further

RESOLVED, That Policy 429: *Policy on Contracting for Goods and Services* shall be amended to require review and approval by the Chancellor for all purchases anticipated to be greater than or equal to $100,000 per total transaction; or, with a term greater than twelve months; and be it further

RESOLVED, That Policy 403: *System Annual Operating Budget* and Policy 407: *Responsibility for Deficits Incurred after June 30, 1979* shall be suspended for the creation of the FY2022 budget; and be it further

RESOLVED, That the Chancellor is directed to redraft Policy 403: *System Annual Operating Budget* and Policy 407*: Responsibility for Deficits Incurred after June 30, 1979*, with a draft supplied to the Board of Trustees on or before the final FY2022 budget is submitted for approval.

Approved: , 2020

Chair of the Board of Trustees