

## MEMORANDUM

**TO:** VSCS Finance & Facilities Committee  
David Silverman, Chair  
Adam Grinold, Vice-Chair  
Lynn Dickinson  
Bill Lippert  
Jim Masland  
Shawn Tester  
Sue Zeller

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

**DATE:** April 9, 2022

**SUBJECT:** Finance and Facilities Committee Meeting scheduled for April 11, 2022

The Finance and Facilities Committee of the VSC Board of Trustees is scheduled to meet at 1:00 p.m. on Monday, April 11, 2022. This meeting will be held via Zoom.

There are three primary items on the agenda for Monday's meeting. These include:

- Approval of the minutes of February 7, 2022 and March 7, 2022;
- Review and approval of the Northern Lights at CCV grant; and,
- Review and discussion of the second full pass of the FY2023 budget

As you know, the Vermont State Colleges is required to reduce its structural deficit by \$5M annually. As of the last meeting, the presidents and their teams had identified structural savings that placed the colleges within the deficit reduction target window. These savings were exclusive of any adjustments relative to utilities costs and leadership changes for the institutions that will form Vermont State University.

The second pass of the budget, available in these materials, modestly adjusts the revenue forecast, and reflects a nearly 10% increase in the cost of utilities. Combined with increases in the supplies, services, and travel at Community College of Vermont, the total increase in expenses is estimated at \$1.11M relative to pass 1.5 of the budget.

Normally, the second pass of the budget would be nearly final as we wrap up our planning activities for the next fiscal year. However, this year is quite different due to the pending creation of Vermont State

University and hiring of its very first president. Therefore, we have made no further changes to this pass of the budget with the exception of changes to utilities, supplies, and services.

In the next few weeks we anticipate the successful conclusion of the presidential search and approval of the pending New England Commission on Higher Education (NECHE) substantive change request. Both of these pending items, plus the conclusion of the legislative budget cycle, will play an outsize role in remaining budget adjustments for FY2023.

Should you have any questions regarding these materials please contact me at [Sharron.Scott@vsc.edu](mailto:Sharron.Scott@vsc.edu) or 802.224.3022.

CC: VSCS Board of Trustees, Council of Presidents, Business Affairs Council

# Finance and Facilities Committee

April 11, 2022  
1:00 p.m. via Zoom

## AGENDA

1. Call to Order
2. **Approve** Minutes:
  - a. February 7, 2022
  - b. March 7, 2022
3. **Review and Approve:** Northern Lights at CCV Grant
4. **Review and Discuss:** FY2023 Pass 2.0 Budget
5. Other Business
6. Public Comment
7. Adjourn

# Meeting Materials

**ITEM 1:** February 7, 2022 Finance and Facilities Minutes

**ITEM 2:** March 7, 2022 Finance and Facilities Minutes

**ITEM 3:** Northern Lights at CCV Grants Request

**ITEM 4:** FY2023 Pass 2 Budget

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**ITEM 1: February 7, 2022 Minutes**

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**Minutes of the VSCS Board of Trustees Finance and Facilities Committee meeting held  
Monday, February 7, 2022 at 2:00 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, February 7, 2022 via Zoom.

Committee members present: David Silverman (Chair), Adam Grinold (Vice Chair), Lynn Dickinson, Bill Lippert, Jim Masland (2:06 p.m.), Shawn Tester, Sue Zeller

Other Trustees present: Karen Luneau, Mary Moran

Presidents: Joyce Judy, John Mills, Tom Mauhs-Pugh, Pat Moulton

Chancellor's Office Staff: Donny Bazluke, Network/Security Analyst  
Kellie Campbell, Chief Information Officer  
Wilson Garland, Director of Transformation Projects  
Katherine Levasseur, Director of Governmental & External Affairs  
Jen Porrier, Administrative Director  
Sharron Scott, Chief Financial and Operating Officer  
Mike Stevens, Manager of Transformation Projects & Planning  
Toby Stewart, System Controller  
Lit Tyler, Lead Financial Analyst  
Patty Turley, General Counsel  
Meg Walz, Director, Project Management  
Sophie Zdatny, Chancellor

From the Colleges: Nolan Atkins, Provost, Northern Vermont University  
Roy Brock, Dean of Administration, Northern Vermont University  
Sarah Chambers, Coordinator of Instructional Technology, Castleton University  
Laura Jakubowski, Chief Budget & Finance Officer, Castleton University  
Andy Pallito, Dean of Administration, Community College of Vermont  
Dannielle Spring, Chief Budget & Finance Officer, Northern Vermont University

David Rubin, Dean of Administration, Vermont Technical College

From the Public: Ditee Hossain, Facilities Planning Analyst, Gordian  
Pete Zuraw, VP Marketing & Development, Gordian

1. Chair Silverman called the meeting to order at 2:00 p.m.
2. Consent Agenda
  - a. Approval of December 13, 2021 Meeting Minutes
  - b. Northern Vermont University -Cathy Higley Graduate Scholarship
  - c. ARPA Funded Grants – Scholarships and Pandemic Deficits / Bridge Funding

**Trustee Grinold moved and Trustee Dickinson seconded the motion to approve the consent agenda. The motion was approved unanimously.**

3. Review and Discuss: FY2022 2<sup>nd</sup> Quarter Financial Statements

Chief Financial and Operating Officer Sharron Scott presented a brief progress update on the FY2022 2<sup>nd</sup> Quarter financial results which can be found [here](#).

4. Review and Discuss: Gordian Space Utilization Study Presentation

Chair Silverman introduced Ditee Hossain and Pete Zuraw of Gordian who presented the results of the space utilization study. Gordian's Space Utilization Analysis can be found [here](#) on pages 37-71. Robust discussion followed with questions from Trustees and other meeting attendees.

5. Review, Discuss and Approve: Strategic Facilities Plan

CFOO Scott and Manager of Transformation Projects and Planning, Mike Stevens, presented the 10 Years Strategic Facilities Plan which can be found [here](#). Transformation of our facilities will be necessary to achieve financial sustainability. Act 74 requires the Board of Trustees to develop a 10-Year Strategic Plan for Facilities before March 1, 2022. Over the last several months the Committee has received information about the condition of facilities, as well as their utilization. At this meeting, the Committee reviewed the proposed plan.

**Trustee Grinold moved and Trustee Masland seconded the motion to recommend to the Board the approval of Resolution 2022-002: Approval of 10 Year Strategic Facilities Plan. The motion was approved unanimously.**

6. Review, Discuss and Approve: FY2023 Tuition, Fees, Room and Board

Chair Silverman stated that the Chancellor recommended a freeze on tuition for the 2022-2023 academic year, and a 3% increase in tuition. The rationale for the proposal can be found [here](#) on pages 82-83 and the revised rate table is available on pages 84-86. Chancellor Zdatny added that the tuition freeze this year was well received by students and the legislature. The Chancellor reiterated the importance of affordability as one of the Board adopted strategic priorities and this tuition freeze is meaningful in that endeavor.

**Trustee Tester moved and Trustee Dickinson seconded the motion to recommend to the Board the approval of Resolution 2022-003: AY2022-2023 Tuition Freeze. The motion was approved unanimously.**

7. Review and Discuss: FY2023 1<sup>st</sup> Pass Budget

Chair Silverman informed the committee that the system-wide budget process includes three opportunities for review by the Finance and Facilities Committee prior to approval by the full Board in June. CFOO Scott presented the first pass of this budget which can be found [here](#) on pages 88-92. Ms. Scott stated the second pass occurs on April 11<sup>th</sup> and the third pass on May 23<sup>rd</sup>. Chair Silverman requested an update on the budget proposal sooner than April 11<sup>th</sup> and it was agreed that a brief meeting would be scheduled for early March. By way of guidance, the Committee requested that the update seek a conservative revenue outlook, ways in which \$6M in savings can be achieved, some level of funding for capital expenditures and transformation, and begin identifying capital expenditure projects that could be funded in the event revenue is greater than the more conservative outlook.

8. Review and Approve: Extension of Suspension of Policy 403 and 407

Chair Silverman reminded the committee that in August 2020 the Board of Trustees suspended Policy 403: *System Annual Operating Budgets* and Policy 407: *Responsibility for Deficits Incurred after June 30, 1979* through development of the FY22 budget. The policies were suspended at that time because it was unclear what the path forward for the VSC would look like. Management requested that the trustees consider further extension of these policy suspensions through the development of the FY23 budget to give time to develop carefully calibrated policies that build financial sustainability, enhance our ability to serve Vermont and prevent unintended consequences. Chancellor Zdatny added that a requirement of Act 74 is that the Board ensures it implements all policies or take action to suspend those that are not in service. Further rationale for continuing the policy suspensions can be found on [here](#) on page 94.



**Trustee Grinold moved and Trustee Lippert seconded the motion to recommend to the Board the approval of Resolution 2022-004: Suspension of Policy 403 and Policy 407. The motion was approved unanimously.**

9. Other Business

There was no other business.

10. Public Comment

There was no public comment

11. Adjourn

Chair Silverman adjourned the meeting at 4:36 p.m.

UNAPPROVED

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**ITEM 2:      March 7, 2022 Minutes**

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**Minutes of the VSCS Board of Trustees Finance and Facilities Committee meeting held  
Monday, March 7, 2022 at 2:00 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, February 7, 2022 via Zoom.

Committee members present: David Silverman (Chair), Adam Grinold (Vice Chair), Lynn Dickinson, Jim Masland, Sue Zeller

Absent: Bill Lippert, Shawn Tester

Other Trustees present: Ryan Cooney, David Durfee, Mary Moran

Presidents: Joyce Judy, Pat Moulton

Chancellor's Office Staff: Donny Bazluke, Network/Security Analyst  
Kellie Campbell, Chief Information Officer  
Wilson Garland, Director of Transformation Projects  
Katherine Levasseur  
Jen Porrier, Administrative Director  
Kathryn Santiago, Associate General Counsel  
Sharron Scott, Chief Financial and Operating Officer  
Toby Stewart, System Controller  
Lit Tyler, Lead Financial Analyst  
Patty Turley, General Counsel  
Meg Walz, Director, Project Management  
Sophie Zdatny, Chancellor  
Yasmine Ziesler, Chief Academic Officer

From the Colleges: Nolan Atkins, Provost, Northern Vermont University  
Roy Brock,  
Sarah Chambers, Coordinator of Instructional Technology,  
Castleton University  
Bo Finnegan,  
Laura Jakubowski, Chief Budget & Finance Officer, Castleton  
University

Andy Pallito, Dean of Administration, Community College of Vermont

Dannielle Spring, Chief Budget & Finance Officer, Northern Vermont University

Ashley Stackowitz, Academic Support Counselor, Vermont Technical College

David Rubin, Dean of Administration, Vermont Technical College

Beth Walsh, President, VSCUP, Northern Vermont University

1. Chair Silverman called the meeting to order at 2:05 p.m.

2. Review and Discuss: FY2023 Pass 1.5 Budget

Chair Silverman reminded the Committee that the usual process is to receive three updates on the system wide budget prior to approval by the full Board in June. However at the Finance & Facilities Committee meeting in February, after the first pass review, it was agreed that one additional review would be appreciated and therefore Chief Financial and Operating Officer Sharron Scott presented pass 1.5 of the budget review which can be found [here](#).

Chair Silverman noted that good progress had been made on the budget and that the presidents and their teams should be commended for taking these difficult steps so early in the cycle.

CFOO Scott shared the remaining budget schedule, which includes two additional reviews of the budget before final approval by the Board of Trustees. The next budget revision is due on April 11, 2022 at which time additional revisions will be made.

3. Other Business

There was no other business.

4. Public Comment

There was no public comment

5. Adjourn

Chair Silverman adjourned the meeting at 4:36 p.m.

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**ITEM 3: Northern Lights at CCV**

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**CONTRACT FOR NORTHERN LIGHTS AT CCV**

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CCV has had a contract for over 15 years with Vermont Agency of Human Services, Department for Children and Families, Child Development (CDD) to offer professional development, career advising, and registry supports for over 8000 Vermont early childhood educators and afterschool professionals through Northern Lights at CCV.

There are currently 12 CCV staff members supporting the work of Northern Lights at CCV, and we anticipate one additional position for FY23.

CDD has indicated that CCV will receive a contract for Northern Lights at CCV for FY23 and will not be required to submit a competitive RFA. We do not know when that contract will be awarded but anticipate the amount will not exceed \$1.5 million.

**FORM A: PRINCIPAL INVESTIGATOR/PROJECT INITIATOR INFORMATION**

<b>Principal Investigator/Project Initiator (PI)</b>	Diane Hermann-Artim
<b>E-mail Address</b>	diane.hermann-artim@ccv.edu
<b>Department</b>	Northern Lights at CCV
<b>I am:</b>	Staff
<b>Institution</b>	Community College of Vermont

**PROJECT INFORMATION**

<b>Proposal Submission Deadline</b>	05/15/22
<b>Project Title</b>	Northern Lights at CCV
<b>Project Description</b>	Provide the essential hub components of the Vermont Early Childhood and Afterschool Professional Development System (VT ECPDS)
<b>Co-Principal Investigators</b>	Rebecca Millard, Deborah Stewart
<b>Estimated Project Start Date</b>	07/01/22
<b>Estimated Project End Date</b>	06/30/23

**FUNDER INFORMATION**

<b>Name of Funder (the organization providing the funding DIRECTLY to your institution)</b>	Vermont Agency of Human Services, Department for Children and Families, Child Development Division
<b>Is the funding for this project passed through from another organization to this one?</b>	Yes
<b>Name of Organization Providing Primary Funding</b>	Federal DHS Administration of Children and Families: Child Care Development Fund and DHS Administration of Children and Families: Infant & Toddlers with Disabilities
<b>Funding Type (If this is pass-through funding, choose the primary source of funding)</b>	Federal

## PROJECT COST

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<b>Estimated Total Project Cost</b>	1500000
<b>Is a match required for this project?</b>	No
<b>What type of indirect cost does this funder allow?</b>	My institution's federally-negotiated rate

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## OTHER INFORMATION

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<b>If needed, add any additional information about the proposal here.</b>	<p>We currently have a contract from CDD to provide this work and anticipate receiving a new contract starting on July 1, 2022. We will not need to submit an RFA for a new contract. We were not sure what to list for the proposal submission due date.</p> <p>We do not know exactly when this contract will be awarded. The amount of award listed is a not to exceed amount.</p>
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## AFFIRMATIONS

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<b>I understand that my grant will require approval by the Board of Trustees prior to submission if this proposal either exceeds \$750,000 per fiscal year or \$350,000 in match per fiscal year.</b>	Yes
<b>Does this grant involve research on human subjects?</b>	No
<b>Are you anticipating that this project will include a course release for one or more people?</b>	No
<b>Are you anticipating purchasing new hardware or software as part of this project?</b>	No
<b>Are you anticipating purchasing new equipment as part of this project?</b>	No
<b>Are you anticipating hiring new full or part-time employees as part of this project?</b>	Yes
<b>I understand that before hiring any grant-funded staff, I must talk to the HR Officer for my institution.</b>	Yes

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## Approvals

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**Approval Status**

Approved

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**Approved By**

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**Approval Date**

April 5, 2022 12:59 PM

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**Comments**

[Apr 5, 2022 12:59 PM] Betsy Ward: Joyce Judy approved via email, as Andy is out of the office.

[Apr 5, 2022 12:59 PM] Andy Pallito SKIPPED

[Apr 5, 2022 12:59 PM] Betsy Ward: Skipped Andy Pallito as approver

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## Ward, Betsy

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**From:** Judy, Joyce M.  
**Sent:** Tuesday, April 5, 2022 12:25 PM  
**To:** Hermann-Artim, Diane M.  
**Cc:** Stewart, Deborah A.; Ward, Betsy; Millard, Becky  
**Subject:** RE: Form A for NL FY23 grant - Approval needed before sending to BOT and F&F

Betsy - I approve the you approve the notification of an anticipated contract from CDD for funding Northern Lights at CCV. Please let me know if you need any additional information. Thanks. Joyce

Joyce Judy  
President  
[www.ccv.edu](http://www.ccv.edu)  
PO Box 489  
Montpelier, VT 05601  
(802) 828-2980



*The Community College of Vermont supports and challenges all students in meeting their educational goals through an abiding commitment to access, affordability, and student success.*

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**From:** Hermann-Artim, Diane M. <dmh01060@ccv.vsc.edu>  
**Sent:** Tuesday, April 5, 2022 11:02 AM  
**To:** Judy, Joyce M. <jmj10300@ccv.vsc.edu>  
**Cc:** Stewart, Deborah A. <das07200@ccv.vsc.edu>; Ward, Betsy <betsy.ward@vsc.edu>; Millard, Becky <becky.millard@ccv.edu>  
**Subject:** Form A for NL FY23 grant - Approval needed before sending to BOT and F&F

Hi Joyce and Debby,

I submitted Form A for the NL grant this morning so it can be shared at the next BOT and F&F meetings. See attached. The form requires Andy's signature, but I see that he is out of the office until April 11<sup>th</sup>.

Joyce, is this something you can approve instead? I have copied Betsy Ward. She said she can accept an email from you saying you approve the notification of an anticipated contract from CDD for funding Northern Lights at CCV. We have estimated a not-to-exceed amount of \$1.5 million. Betsy would like to send the form today if possible.

Please let me know if you have any questions.

Thank you.

Diane

Diane Hermann-Artim  
Associate Academic Dean  
Community College of Vermont / Northern Lights at CCV  
(802) 388-5371

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**ITEM 4:      FY2023 Pass 2 Budget**

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## BACKGROUND

Normally, the board approved system-wide budgeting process includes three reviews of the Vermont State Colleges operating budget. The reviews typically occur during the first three Finance and Facilities committee meetings of each calendar year. The Committee is tasked with reviewing and approving the system-wide budget in advance of forwarding the budget to the full board for approval at the last meeting of the fiscal year. This year, at the request of the Finance and Facilities Committee, a fourth pass of the budget was added to the schedule, along with an additional check-in meeting. For lack of a better term, we called this additional version of the budget Pass 1.5. The materials presented here are for the second full pass of the budget.

In addition to the strategic goals of the Vermont State Colleges: affordability, accessibility, quality, and relevance, the VSC must also achieve the expectations of the State of Vermont in regard to transformation. As outlined in Act 74 of 2021, the “VSC shall reduce its structural deficit by \$5,000,000 per year for five years through a combination of annual operating expense reductions and increased enrollment revenues, for a total of \$25,000,000.” Decades in the making and exacerbated by the ongoing pandemic, the system’s structural deficit is large. While the state has provided one-time support to the VSC to backfill the structural deficit and allow transformation to continue strategically and meaningfully, the VSC must take significant steps to address the issue. Achieving this requirement is vital to the success of the Vermont State Colleges financial sustainability.

As is the case every year, the early passes of the budget include many assumptions that will be clarified in the coming weeks and months. The system has made good progress on achieving its goal of reducing its structural deficit by \$5M for the coming year – however work continues as we refine the budget and consider areas of investment.

## MULTI-YEAR BUDGET PLANNING AS OF FY2022 BUDGET APPROVAL

With approval of the FY2022 budget, a multi-year pro forma budget was shared with the Finance and Facilities Committee in May 2021. This multi-year forecast offered a path forward for eliminating the Vermont State Colleges Structural deficit within five years.

	Multi-Year Estimate Using FY2022 Budget				
	FY2023E	FY2024E	FY2025E	FY2026E	FY2027E
	Original	Original	Original	Original	Original
<b>TOTAL REVENUES</b>	156,457	161,457	163,957	163,957	163,957
<b>TOTAL EXPENSES</b>	178,908	174,460	171,098	166,265	161,723
<b>NET REVENUES/(DEFICIT)</b>	(22,451)	(13,002)	(7,141)	(2,307)	2,234

We made several assumptions when developing this multi-year estimate:

1. The FY2022 budget is the foundation for all calculations
2. Tuition, fees, room, and board would not increase and student enrollment would remain constant
3. State Appropriation would increase to \$48M by FY2025
4. Increases to wages, benefits, supplies and services would be reduced by a total of \$5M per year
5. Scholarships would increase at a rate of 1.5% per year
6. Utilities would increase at a rate of 4.85% per year
7. Debt service would adhere to the current schedule

As described with the model above, the deficit would decrease from \$22.5M in FY2023 to a modest surplus by FY2027. Bridge funding, in the amounts of \$14.9M, \$16.5M, \$10M, and \$5M for the years FY2023 to FY2026,

plus an additional \$10M from Higher Education Emergency Relief (HEERF) or carryover funds for FY2023, would be needed to close the deficit gap for these years.

**Using this pro-forma budget as a form of “goal seek” the Vermont State Colleges is targeting a budget deficit of \$22.451M or less for FY2023 – before bridge funding and any base appropriation increase above \$5M for the fiscal year.**

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## SECOND PASS BUDGET

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Each budget pass is based on a series of assumptions that all VSCS institutions use as the foundation for the budget. The second pass of the budget includes the following assumptions (changes noted in bold, italics and highlighted).

REVENUE ASSUMPTIONS	EXPENSE ASSUMPTIONS
<p><b>Included:</b></p> <ul style="list-style-type: none"> <li>• 3% rate increase on room &amp; board</li> <li>• Student enrollment using current volume, anticipated graduation, and recent persistence rates</li> <li>• Base appropriation increased to \$40.5M<sup>1</sup></li> <li>• Sales &amp; Services using currently booked spaces</li> </ul> <p><b>Excluded:</b></p> <ul style="list-style-type: none"> <li>• Estimated bridge funding of \$14.9M</li> <li>• Additional State Funded Scholarships</li> <li>• Transformation Funding</li> </ul>	<p><b>Included:</b></p> <ul style="list-style-type: none"> <li>• Wage and benefit increases using current estimates</li> <li>• Utilities rates using regional costs for <b>April 1, 2022</b><sup>2</sup></li> <li>• Supplies and services adjusting for fixed costs<sup>3</sup></li> <li>• Chancellor’s lease reduced by two-thirds</li> <li>• CRF Funded software moved to general fund</li> </ul> <p><b>Excluded:</b></p> <ul style="list-style-type: none"> <li>• \$2.3M in vacant or unfilled positions</li> <li>• Transformation Expenses<sup>4</sup></li> <li>• Senior leadership for Vermont State University<sup>5</sup></li> <li>• Capital infrastructure improvements</li> </ul>

The 1<sup>st</sup> Pass budget was the Finance and Facility Committee’s first look at the system-wide budget for the Vermont State Colleges for FY2023. This budget estimated a net deficit of \$24.1M and was short of the VSC’s target for FY2023 by \$1.67M. More importantly, this pass also increased overall expenses by nearly \$11M from the established target making it virtually impossible for the VSC to achieve a balanced budget by FY2027.

Pass 1.5, issued on March 7, was a significant improvement, improving the overall net deficit position by \$4.46M from the first pass of the budget and placing the system within its goal requirements of a deficit of no more than \$22.451M. The second pass of the budget still places us within the correct net deficit zone with a net deficit of \$20.665M as compared to the target of \$22.451M. However, it does increase expenses by \$1.1M. This increase, as described in the expense assumptions, is due primarily to the significant rise in utilities over the last two months.

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<sup>1</sup> The Chancellor has requested a total of \$55.4M in funding from the state through a combination of Base Appropriation and Bridge Funding. **As of April 1, 2022 the House approved \$48M in a combination of base and bridge funding. This amount is \$7.4M less than the VSC’s request.**

<sup>2</sup> The institutions of the Vermont State Colleges are largely heated with #2 and #4 fuel oil, augmented by a small amount of propane, and electric heat. **Due to the situation in Ukraine, and its impact on worldwide oil prices, the second pass of the budget adjusts utilities costs up by approximately 10% from the first pass and pass 1.5. The total change is approximately \$780K across the VSC.** The VSC will continue to pay close attention to utilities.

<sup>3</sup> **Community College of Vermont increased supplies, services, and travel with this pass of the budget to be consistent with the FY2022 budget instead of the FY2022 Q2 forecast.**

<sup>4</sup> While transformation revenue and expenses flow through the system operating budget they are funded via a separate state appropriation, therefore neither the revenue nor the expenses are charged to the colleges.

<sup>5</sup> NECHE approval is required for the proposed single president model of FY2023. Pending this decision, no leadership changes are noted in the budget shown here. **The pending substantive change request will be defended on April 21, 2022.**

	FY2022	FY2023E		
	Forecast	Budget 1.5	Budget 2.0	Original
<b>TOTAL REVENUES</b>	191,010	166,106	166,206	156,457
<b>TOTAL EXPENSES</b>	181,333	185,761	186,871	178,908
<b>NET REVENUES/(DEFICIT)</b>	9,677	(19,655)	(20,665)	(22,451)

An important item to note regarding budgeted expenses is that this budget does not yet address the underlying capital infrastructure and reserve issues facing the Vermont State Colleges. For example, this budget does not address the replacement of information technology hardware, deferred maintenance, program enhancements, facilities equipment, or the system’s fleet of vehicles. Additionally, the budgets, as currently drafted, do not take into consideration the need to consider expanding the financial reserves that each institution should set aside. In the coming weeks and months, as the final savings are derived, the system will bring forward to this committee several initiatives to consider that will address some of these underlying concerns.

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**MULTI-YEAR ROLL FORWARD USING THE SECOND PASS BUDGET**

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Using the FY2023 second pass budget, and the same assumptions used to build the multi-year budget estimate during FY2022 budgeting, the Vermont State Colleges can forecast a balanced budget by the end of FY2027. However, due to the large increase in utilities with this forecast, there is very little room for error in successive years as shown below.

	FY2023E		FY2024E		FY2025E		FY2026E		FY2027E	
	Pass 2	Original	Pass 2	Original	Pass 2	Original	Pass 2	Original	Pass 2	Original
<b>TOTAL REVENUES</b>	166,206	156,457	170,269	161,457	172,769	163,957	172,769	163,957	172,769	163,957
<b>TOTAL EXPENSES</b>	186,871	178,908	182,741	174,460	179,725	171,098	175,269	166,265	171,139	161,723
<b>NET REVENUES/(DEFICIT)</b>	(20,665)	(22,451)	(12,472)	(13,003)	(6,956)	(7,141)	(2,500)	(2,308)	1,630	2,234

As noted in the previous section, the second pass of the budget does not address the leadership consolidations related to the creation of Vermont State University; nor, does it begin to address the capital infrastructure needs of the VSC. Those adjustments, along with further adjustments related to transformation, will be proposed with the final version of the budget and will improve the overall financial picture.