

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: May 19 2022

SUBJECT: Finance and Facilities Committee Meeting scheduled for May 23, 2022

The Finance and Facilities Committee of the VSC Board of Trustees is scheduled to meet at 2:30 p.m. on Monday, May 23, 2022. This meeting will be held via Zoom.

In addition to review and approval of the minutes of the April 11, 2022 meeting. The Committee has two items requiring action, two items requiring review and discussion, and an executive session.

The first item up for action includes review and approval of the **Annual Banking and Investment Resolution**. The banking and investment resolution authorizes key personnel within the Vermont State Colleges to perform banking and investment transactions. This resolution is approved annually at the conclusion of each fiscal year in advance of the annual June board meeting.

The second action item is review and approval of the **FY2023 System-Wide Operating Budget**. This is the culmination of the system's annual budgeting process, and I am pleased to report that the Vermont State Colleges is budgeted to favorably exceed the required structural deficit reduction for FY2023. Enclosed in this packet you will find detailed budget narratives, measurement metrics for the upcoming year, and an updated multi-year budget forecast.

In addition to these important action items, the Committee will receive an update on third quarter operating results and FY2022 forecast. Additionally, the Committee will learn about the business planning and administration team's transformation work. During this portion of the meeting we will be seeking your input regarding the team's design principles relative to allocation methodologies, budgeting, and planning processes.

An executive session is scheduled to occur following public comment. No action items are anticipated during this portion of the meeting.

Should you have any questions regarding these materials please contact me at Sharron.Scott@vsc.edu or 802.224.3022.

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

Finance and Facilities Committee

May 23, 2022
2:30 p.m. via Zoom

AGENDA

1. Call to Order
2. **Approve:** Minutes of the April 11, 2022 Finance & Facilities Committee meeting.
3. **Review and Approve:** Annual Banking and Investment Resolution
4. **Review and Discuss:** FY2022 Q3 Forecast
5. **Review and Approve:** FY2023 Operating Budgets, Metrics, and Proposed CapEx projects
6. **Review and Discuss:** Business Planning Design Principles
7. Other Business
8. Public Comment
9. **Executive Session**
10. Adjourn

Meeting Materials

- ITEM 1:** April 11, 2022 Finance and Facilities Minutes
- ITEM 2:** Annual Banking & Investment Resolution
- ITEM 3:** FY2022 Q3 Forecast and Institutional Narratives
- ITEM 4:** FY2023 Operating Budgets, Metrics & Proposed CapEx Projects
- ITEM 5:** Business Planning Design Principles

ITEM 1: April 11, 2022 Minutes

**Minutes of the VSCS Board of Trustees Finance and Facilities Committee meeting held
Monday, April 11, 2022 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, April 11, 2022 via Zoom.

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

Absent: Bill Lippert, David Silverman

Other Trustees present: Mary Moran

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

Chancellor's Office Staff: Donny Bazluke, Network/Security Analyst
Kellie Campbell, Chief Information Officer
Katherine Levasseur, Director of Government & External Affairs
Jen Porrier, Administrative Director
Sharron Scott, Chief Financial and Operating Officer
Toby Stewart, System Controller
Patty Turley, General Counsel
Meg Walz, Director, Project Management
Sophie Zdatny, Chancellor
Yasmine Ziesler, Chief Academic Officer

From the Colleges: Roy Brock, Dean of Administration & Finance, Northern Vermont University
Sarah Chambers, Coordinator of Instructional Technology, Castleton University
Karen Madden, Director of Academic Services, Northern Vermont University
Andy Pallito, Dean of Administration, Community College of Vermont
David Rubin, Dean of Administration, Vermont Technical College
Dannielle Spring, Chief Budget & Finance Officer, Northern Vermont University

David Tabaruka, Controller, Community College of Vermont

1. Vice Chair Grinold called the meeting to order at 1:02 p.m.
2. Approve Minutes
 - a. February 7, 2022
 - b. March 7, 2022

Trustee Zeller moved and Trustee Tester seconded the motion to approve the minutes of February 7, 2022. The motion was approved unanimously.

Trustee Zeller moved and Trustee Tester seconded the motion to approve the minutes of March 7, 2022. The motion was approved unanimously.

3. Review and Approve: Northern Lights at CCV Grant

Community College of Vermont President Joyce Judy shared information about the pass-through state grant with Northern Lights. It is a grant that offers professional development, career advising, and registry supports for early childhood educators and afterschool professionals.

Trustee Masland moved and Trustee Zeller seconded the motion to approve the Northern Lights at CCV Grant. The motion was approved unanimously.

4. Review and Discuss: FY2023 Pass 2.0 Budget

Chief Finance and Operating Officer Sharron Scott shared information from the second pass of the FY2023 Budget. Normally this would be the second of three passes of the budget but this year an additional pass was added at the request of the committee. The materials presented [here](#) on pages 21-23 are for the second full pass of the budget. The second pass of the budget still places the VSC 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 is due primarily to the significant rise in utilities over the last two months due to the situation in Ukraine and its impact on worldwide oil prices. Not included in the Second Pass Budget is the gap of \$7.4M between the House's approval of \$48 million for the VSC and the VSC's request for \$55.4 or the anticipated senior leadership changes, due to pending NECHE approval. 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. Ms. Scott added that the final version of the budget will be presented for review and approval on May 23rd at the next Finance and Facilities Committee meeting.

5. Other Business

There was no other business.

6. Public Comment

There was no public comment

7. Adjourn

Vice Chair Grinold adjourned the meeting at 1:31 p.m.

UNAPPROVED

ITEM 2: Annual Banking & Investment Resolution

ANNUAL BANKING AND INVESTMENT RESOLUTION

The Vermont State Colleges System's Banking and Investment Resolution prescribes what financial activities are empowered to the Chancellor and/or Chief Financial Officer on behalf of the System, and what are empowered to the Presidents and/or Chief Business Officers on behalf of the individual Institutions. Financial institutions with which we deal desire to see such a document endorsed periodically by the Trustees, to assure the Board is currently comfortable with its implications. To accommodate this desire, now presented for review and approval is the following resolution, which is unchanged from the one passed by the Board last year.

While the resolution wording is in necessary legal language, it provides for the following:

1. Empowers the Chancellor and/or Chief Financial Officer to take the following actions:
 - a. Establish and administer bank or other accounts for System operations;
 - b. Perform System cash management and investment activities;
 - c. Secure financing consistent with applicable Board or legislative authority;
 - d. Pledge collateral as may be necessary for certain financing;
 - e. Handle virtually all other aspects relevant to financial matters of the System; and

2. Empowers Institution Presidents and/or Institution Chief Business Officers, however so named, to take the following actions:
 - a. Administer bank or other accounts for Institutional operations; and,
 - b. Perform Institution cash management activities.

VERMONT STATE COLLEGES SYSTEM

BOARD OF TRUSTEES

RESOLUTION 2022-012

Banking and Investment

- WHEREAS, The conduct of the business affairs of the Vermont State Colleges System and each of its constituent member Institutions requires the establishment of banking relations and investment of funds; and
- WHEREAS, Selected officials of the System should be empowered to conduct banking and investment affairs in keeping with the organization of System; and
- WHEREAS, The term “bank” throughout this resolution also refers to credit unions and other depository or lending institutions that are licensed by the state of Vermont or the federal government; therefore, be it
- RESOLVED, That the Chancellor and/or Chief Financial Officer are authorized to do the following:
1. Establish accounts with banks and authorized brokers/dealers (safekeeping, trust, checking, savings, money market, time or demand deposit) through which to transact the cash management and investment business of the System, and delegate authority for initiation of related wire transfers;
 2. Borrow money and obtain credit from banks, authorized brokers/dealers, or other lending agencies in conformity with Board of Trustees approved budgets: and execute and deliver notes, draft acceptances, instruments of guaranty, and any other legal obligations of System, therefore, in form satisfactory to the lending agency;
 3. Pledge or assign and deliver, as security for money borrowed or credit obtained, stocks, bonds, bills receivable, accounts, mortgages, merchandise, bills of lading or other shipping documents, warehouse receipts, insurance policies, certificates and any other property held by, or belonging to, this corporation, with full authority to endorse, assign, transfer or guarantee the same in the name of this corporation, except as restricted by Vermont Statute;

4. Discount any bills receivable or any paper held by this corporation, with full authority to endorse the same in the name of this corporation;
5. Withdraw from banks or authorized brokers/dealers and give receipt for, or authorize banks or authorized brokers/dealers to deliver to bearer or to one or more designated persons, all or any documents and securities or other property held by it, whether held as collateral security or for safekeeping or for any other purpose;
6. Invest funds of System in legal investments as established by Board of Trustees policy;
7. Sell or authorize and request banks, or authorized brokers/dealers to purchase or sell, for the account of this corporation, foreign exchange, stocks, bonds, and other securities;
8. Apply for and receive letters of credit, and execute and deliver all necessary or proper documents for that purpose;
9. Execute and deliver all instruments and documents required in connection with any of the foregoing matters, and to affix the seal of this corporation; and, be it further

RESOLVED,

That the President and/or Chief Business Officer (Dean of Administration, Chief Budget and Finance Officer, or designee) of each Institution of the System (Community College of Vermont, Castleton University, Northern Vermont University, Northern Vermont University – Johnson, Northern Vermont University – Lyndon, Vermont Technical College, and Vermont State University) are authorized to do the following:

1. Administer bank or accounts (safekeeping, trust, checking, savings, money market, time or demand deposit) through which to transact the banking business of the Institution in which they are officers.

Approved: _____

Eileen “Lynn” Dickinson, Chair of the Board of Trustees

ITEM 3: FY2022 Q3 Forecast

3RD QUARTER RESULTS – UNRESTRICTED PERFORMANCE

FY2022 financial performance is forecasted stronger than budget with net revenues with an overall improvement of \$25.4M before use of carryforward and Coronavirus Relief Funds (CRF) and is \$19.9M better than budget after use of CRF monies. While this is a large sum, it must be noted that \$10M of these funds is specially designated for transformation and the *Welcome Home* scholarship leaving approximately \$9.9M as available.

	Projected FY22	Budget FY22	Proj vs. Bud Fav / (Unfav)
TOTAL REVENUES	199,250	173,393	25,857
TOTAL EXPENSES	180,131	179,686	(445)
	-	-	-
NET REVENUES/(DEFICIT)	19,119	(6,293)	25,412
Unrestricted use of CRF	1,638	(3,826)	(5,464)
Net Revenue without use of CRF	20,757	(10,119)	19,948

System-wide, overall revenues are \$25.9M better than budget and student revenues (tuition, fees, room, and board) are \$11.2M or 10% better than budgeted (\$13.9 including \$2.7M use of institutional HEERF). This correlates strongly with the institutional key performance indicators. Three of four institutions are seeing improved enrollment and housing participation, with enrollment up 11% system-wide and room occupancy up 20%.

An additional item of note is the \$2M increase to the State Appropriation due to the passage of the *Welcome Home Scholarship*, and \$8M in *Transformation Funding* after approval of the FY2022 budget. **Excluding these specially budgeted items, and CRF, the total improvement in revenue compared to budget is \$13.1M.**

	Projected FY22	Budget FY22	Proj vs. Bud Fav / (Unfav)
REVENUES			
Tuition and Fees	103,477	95,462	8,015
State Appropriation	67,570	57,436	10,134
Room and Board	19,398	16,247	3,151
<i>CRF/HEERF: Room & Board</i>	2,723	-	2,723
Net Room and Board	22,121	16,247	5,874
Sales and Services	4,398	2,584	1,814
Gifts	1,209	825	384
Other Revenue	474	839	(365)
TOTAL REVENUES	199,250	173,393	25,857

Overall, expenses are forecasted approximately \$.5M lower than budget. Excluding an expected reduction of CRF transfers for Community College of Vermont¹, CRF transfers for Salaries, Services, and Supplies², and \$2M for the *Welcome Home Scholarship*, the actual improvement is \$4.3M. Two primary factors affect this number. The first is nearly \$5M in savings on salaries and benefits and the second is an overall increase in the cost of scholarships, excluding *Welcome Home*.

	Projected FY22	Budget FY22	Proj vs. Bud Fav / (Unfav)
EXPENSES			
Salaries and Benefits	106,408	111,287	4,879
<i>CRF/HEERF: Salaries</i>	<i>(973)</i>	-	<i>973</i>
Services, Supplies, Travel	38,811	38,705	(106)
<i>CRF: Services/Supplies/Travel</i>	<i>(112)</i>	-	<i>112</i>
Scholarships	21,298	18,086	(3,212)
<i>CRF: Scholarships</i>	-	-	-
Utilities	6,465	6,216	(249)
Other Expenses	4	10	6
Debt Service	12,577	12,575	(2)
Chancellor's Office	(2)	-	2
Other Transfers	(4,345)	(3,367)	978
<i>CRF: Other Transfers</i>	-	<i>(3,826)</i>	<i>(3,826)</i>
TOTAL EXPENSES	180,131	179,686	(445)

Consolidated system and institutional projected performance is available on the next two pages.

¹ CCV's FY2022 budget anticipated transferring in \$3.8M in CRF funding early in the fiscal year. However, the institution was able to make this transfer at the conclusion of FY2021 making this transfer moot. Evaluation of actual performance, therefore, should exclude this anticipated transfer.

² Public Health/Public Safety employees, supplies, and services were covered by CRF in the first half of FY2022, the total amounted to approximately \$1M

	Projected FY22	Budget FY22	Proj vs. Bud Fav / (Unfav)
REVENUES			
Tuition and Fees	103,477	95,462	8,015
State Appropriation	67,570	57,436	10,134
Room and Board	19,398	16,247	3,151
<i>CRF/HEERF: Room & Board</i>	2,723	-	2,723
Net Room and Board	22,121	16,247	5,874
Sales and Services	4,398	2,584	1,814
Gifts	1,209	825	384
Other Revenue	474	839	(365)
TOTAL REVENUES	199,250	173,393	25,857
EXPENSES			
Salaries and Benefits	106,408	111,287	4,879
<i>CRF/HEERF: Salaries</i>	(973)	-	973
<i>Wage/Ben. Reserve Adj</i>	-	-	-
Services, Supplies, Travel	38,811	38,705	(106)
<i>CRF: Services/Supplies/Travel</i>	(112)	-	112
Scholarships	21,298	18,086	(3,212)
<i>CRF: Scholarships</i>	-	-	-
Utilities	6,465	6,216	(249)
Other Expenses	4	10	6
Debt Service	12,577	12,575	(2)
Chancellor's Office	(2)	-	2
Other Transfers	(4,345)	(3,367)	978
<i>CRF: Other Transfers</i>	-	(3,826)	(3,826)
TOTAL EXPENSES	180,131	179,686	(445)
	-	-	-
NET REVENUES/(DEFICIT)	19,119	(6,293)	25,412
Unrestricted use of CRF	1,638	(3,826)	(5,464)
Net Revenue without use of CRF	20,757	(10,119)	19,948

VSCS Board of Trustees
Finance & Facilities Committee

May 23, 2022

	Community College of Vermont			Castleton University			Northern Vermont University			Vermont Technical College ²			Chancellor's Office		
	Projected	Budget	Proj vs. Bud	Projected	Budget	Proj vs. Bud	Projected	Budget	Proj vs. Bud	Projected	Budget	Proj vs. Bud	Projected	Budget	Proj vs. Bud
	FY22	FY22	Fav / (Unfav)	FY22	FY22	Fav / (Unfav)	FY22	FY22	Fav / (Unfav)	FY22	FY22	Fav / (Unfav)	FY22	FY22	Fav / (Unfav)
REVENUES															
Tuition and Fees	23,255	19,125	4,130	35,100	32,600	2,500	22,320	21,516	804	22,801	22,221	580	1	-	1
State Appropriation	6,811	6,811	-	8,169	8,169	-	11,868	11,868	-	8,523	8,523	-	32,199	22,065	10,134
Room and Board	-	-	-	10,330	9,200	1,130	6,061	4,926	1,135	3,007	2,121	886	-	-	-
<i>CRF/HEERF: Room & Board</i>	-	-	-	272	-	272	2,451	-	2,451	-	-	-	-	-	-
Net Room and Board	-	-	-	10,602	9,200	1,402	8,512	4,926	3,586	3,007	2,121	886	-	-	-
Sales and Services	1	6	(5)	950	700	250	669	689	(20)	2,778	1,189	1,589	-	-	-
Gifts	138	50	88	450	400	50	275	275	-	345	100	245	1	-	1
Other Revenue	117	86	31	265	300	(35)	410	250	160	144	203	(59)	(462)	-	(462)
TOTAL REVENUES	30,323	26,078	4,245	55,536	51,369	4,167	44,054	39,524	4,530	37,598	34,357	3,241	31,739	22,065	9,674
EXPENSES															
Salaries and Benefits	21,296	21,138	(158)	28,100	29,900	1,800	28,270	31,976	3,706	23,196	23,701	505	5,546	4,572	(974)
<i>CRF/HEERF: Salaries</i>	-	-	-	(439)	-	439	(382)	-	382	(147)	-	147	(5)	-	5
<i>Wage/Ben. Reserve Adj</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services, Supplies, Travel	5,607	4,910	(697)	9,400	10,475	1,075	9,866	10,041	175	7,568	7,974	406	6,370	5,305	(1,065)
<i>CRF: Services/Supplies/Travel</i>	-	-	-	-	-	-	(97)	-	97	(15)	-	15	-	-	-
Scholarships	165	170	5	12,200	11,635	(565)	5,365	4,659	(706)	1,568	1,622	54	2,000	-	(2,000)
<i>CRF: Scholarships</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	291	292	1	2,200	2,200	-	2,339	2,383	44	1,607	1,312	(295)	28	29	1
Other Expenses	-	-	-	-	10	10	4	-	(4)	-	-	-	-	-	-
Debt Service	1,824	1,823	(1)	3,060	3,061	1	2,340	2,338	(2)	778	778	-	4,575	4,575	-
Chancellor's Office	1,878	1,879	1	2,252	2,254	2	3,276	3,275	(1)	1,976	1,976	-	(9,384)	(9,384)	-
Other Transfers	(1,398)	(543)	855	888	807	(81)	432	509	77	(552)	956	1,508	(3,715)	(5,096)	(1,381)
<i>CRF: Other Transfers</i>	-	(3,826)	(3,826)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	29,663	25,843	(3,820)	57,661	60,342	2,681	51,413	55,181	3,768	35,979	38,319	2,340	5,415	1	(5,414)
NET REVENUES/(DEFICIT)	660	235	425	(2,125)	(8,973)	6,848	(7,359)	(15,657)	8,298	1,619	(3,962)	5,581	26,324	22,064	4,260
Unrestricted use of CRF	-	(3,826)	(3,826)	(167)	-	167	1,972	-	(1,972)	(162)	-	162	(5)	-	5
Net Revenue without use of CRF	660	(3,591)	(3,401)	(2,292)	(8,973)	7,015	(5,387)	(15,657)	6,326	1,457	(3,962)	5,743	26,319	22,064	4,265

3RD QUARTER KEY INDICATORS

The FY2022 budget is predicated on key values related to enrollment, room occupancy and employee wages. As part of the FY2022 budgeting process, each institution within the Vermont State Colleges supplied the Finance and Facilities Committee with the foundational metrics upon which their budgets were built as a means for the Committee to gauge current year budget performance. Overall performance related to these key indicators is positive. The following indicators have been updated for the 3rd Quarter.

		Vermont State Colleges			
		FY2022	Q3 Forecast	Var \$	Var %
Student Revenue & Wages (\$millions)					
	Net Student Revenue	\$93,623	\$ 103,671	\$10,048	10.7%
	Annual Employee Wages	\$66,848	\$ 64,437	\$ (2,412)	-3.6%
Full Paying Equivalent Enrollment					
	Annual FPE	6,596	7,304	708	10.7%
FPE by Term					
	Fall	5,149	6,925	1,776	34.5%
	Spring	4,827	6,434	1,607	33.3%
	Other	985	1,246	261	26.5%
FPE by Value Stream					
	Vermonters	3,766	5,323	1,557	41.3%
	Out-of-State	1,051	1,007	(44)	-4.2%
	NEBHE & Good Neighbor	387	342	(45)	-11.6%
	Nursing & Allied Health		164	n/a	n/a
	Online	264	234	(30)	-11.4%
Graduate					
	Vermonters	175	184	9	5.1%
	Out-of-State	62	57	(5)	-8.1%
Room Occupancy					
	Annual Occupancy	1,398	1,678	280	20.0%
Occupancy by Term					
	Fall	1,526	1,734	208	13.7%
	Spring	1,268	1,622	354	27.9%
	Other	-	-	n/a	n/a

Detailed information by institution is available on the next page.

	Community College of Vermont				Castleton University				Northern Vermont University				Vermont Technical College			
	FY2022	Q3 Forecast	Var \$	Var %	FY2022	Q3 Forecast	Var \$	Var %	FY2022	Q3 Forecast	Var \$	Var %	FY2022	Q3 Forecast	Var \$	Var %
Student Revenue & Wages (\$millions)																
Net Student Revenue	\$18,955	\$ 23,090	\$4,135	21.8%	\$30,165	\$ 33,502	\$ 3,337	11.1%	\$21,783	\$ 23,016	\$ 1,233	5.7%	\$22,720	\$ 24,063	\$1,343	5.9%
Annual Employee Wages	\$14,961	\$ 15,828	\$ 867	5.8%	\$18,603	\$ 17,100	\$(1,503)	-8.1%	\$19,141	\$ 17,484	\$(1,657)	-8.7%	\$14,144	\$ 14,025	\$ (119)	-0.8%
Full Paying Equivalent Enrollment																
Annual FPE	2,538	3,123	585	23.1%	1,563	1,648	85	5.4%	1,381	1,353	(28)	-2.0%	1,114	1,180	66	5.9%
FPE by Term																
Fall	2,092	2,723	631	30.2%	1,615	1,705	90	5.6%	1,442	1,367	(75)	-5.2%	1,067	1,130	63	5.9%
Spring	1,998	2,366	368	18.4%	1,510	1,591	81	5.4%	1,319	1,338	19	1.4%	1,075	1,139	64	6.0%
Other	985	1,156	171	17.4%	-	-	-	n/a	-	-	-	-	85	90	5	5.9%
FPE by Value Stream																
Vermonters	2,391	2,960	569	23.8%	739	733	(6)	-0.8%	636	609	(27)	-4.2%	964	1,021	57	5.9%
Out-of-State	133	123	(9)	-7.1%	544	615	71	13.1%	159	203	44	27.7%	62	66	4	1.9%
NEBHE & Good Neighbor	15	40	26	177.3%	30	33	3	10.0%	170	176	6	3.5%	87	93	6	3.5%
Nursing & Allied Health	n/a	n/a	n/a	n/a	164	156	(8)	-4.9%	n/a	n/a	n/a	n/a	embedded above		n/a	n/a
Online	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	264	234	(30)	-11.4%	n/a	n/a	n/a	n/a
Graduate																
Vermonters	n/a	n/a	n/a	n/a	50	71	21	42.0%	125	113	(12)	-9.6%	-	-	-	100.0%
Out-of-State	n/a	n/a	n/a	n/a	35	40	5	14.3%	27	17	(10)	-37.0%	-	-	-	0.0%
Room Occupancy																
Annual Occupancy	n/a	n/a	n/a	n/a	762	863	101	13.3%	442	540	98	22.2%	194	275	81	41.8%
Occupancy by Term																
Fall	n/a	n/a	n/a	n/a	800	877	77	9.6%	510	576	66	12.9%	216	281	65	30.3%
Spring	n/a	n/a	n/a	n/a	723	850	127	17.6%	373	503	130	34.9%	172	269	97	56.0%
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Community College of Vermont
FY22 Third Quarter Narrative
Narrative

CCV has had higher enrollment this year which is leading to a surplus of revenues. We believe this enrollment increase is due to unusual patterns and additional grants in the COVID environment, including HEERF.

This increase has also lead to higher cross college enrollment as well as increased instructional costs.

Revenues:

Tuition and Fees: increases due to higher than budgeted enrollment.

Sales & Services/Gifts/Other Revenues: this category is down due to the absence of students and in person classes. Sales of bus passes and papercut (copying) are down and less than budgeted workforce contract revenue. We have had an increase in gifts due to a larger than budgeted gift.

Expenses:

Service, Supplies & Travel: ReUp costs have increased more than expected and we have upgraded our IT rooms to accommodate remote options.

Scholarships & Fellowships: this category has an decrease in institutional aid but an increase in vouchers for high school students..

Other Transfers: this is increased due to higher than budgeted cross college revenues. Note, CCV's CRF was earned and drawn in during FY 21.

Castleton University

FY22 Q3

Narrative

Revenues:

Tuition and Fees: This budget was based on using a projected fall enrollment FTE count of 1,615 and a spring melt projected FTE of 1,510. The actual Fall FTE {Oct 15} ended up at 1,706 and the actual Spring FTE {Mar 15} ended up at 1,591. It is also important to note that the mix between in-state and out-of-state enrollments have shifted from budget projections. There are significantly more in the out-of-state category and fewer in the in-state category. The overall projected revenue for tuition and fees is projected to be \$2.5M better than budget.

Room & Board: This budget is based on using an annual average of 762 residential students living on the main campus, Rutland apartments and Killington site. As of Q3, we estimate an annual average of 855 residential students resulting in the overall revenue for this category projected to be \$1.4M better than budget. As noted above the result of more out-of-state students than originally budgeted, affect the room and meal projections as well. This \$1.4M does include 272K of CRF funding.

Other Revenues (Sales & Services, Gifts, Other): As of Q3 the overall revenue for this category is projected to be \$265k better than budget. This is however a lower estimate than anticipated at Q2 primarily due to unfavorable investment income results.

Expenses:

Salary & Benefits: Savings in this category is project to be \$2.2M. Approximately \$440k of this savings is attributed to Corona Relief Funds {CRF} being available to offset Public Safety and Health Services expenditures. The remaining savings is attributed to unfilled positions, and budget to actual variances in health insurance and other employee benefits.

Service, Supplies & Travel: Q3 projections anticipate a savings of \$1M. This is a difficult category to anticipate total spending. It is possible this category could end +/- this projection.

Scholarships: Are projected to be \$565k over budget, which is a direct correlation to the increased out-of-state enrollments that were recognized.

Transfers/Debt: On budget.

Northern Vermont University FY22Q3 Narrative

Revenue: Northern Vermont University is expected to be favorable on projected revenue by \$4.53 million.

Tuition and Fees: We have a favorable projected total year tuition and fees of \$22.320 million instead of the total year budgeted tuition and fees of \$21.5 million. Our tuition and fees projections are related to a favorable out-of-state mix of students. The overall enrollment numbers are behind where they should be. We are down in our Full Pay Equivalent (FPE) at both Johnson and Lyndon.

Fall 2021- The budgeted FPE for the Fall 2021 term was set at 1442 and at drop/add we were at 1367. Missing our target by 75 FPE.

Spring 2022 – The budgeted FPE for Spring 2022 term was set at 1319 and we are projected to be at 1338. Beating our target by 19 FPE.

Room and Board: Room and board is projected at \$6.061 million instead of the budgeted \$4.926 million. This favorable projection is related to a higher-than-budgeted student body living on campuses, and in correlation with the higher out of state mix and having CRF/HEERF funding in the amount of \$2.408 million.

Expenses: Northern Vermont University is expected to be favorable on projected expenses by \$3.768 million.

Payroll and Benefits: The favorable projected spend in expenses is attributed to one main category, and that is payroll/benefits. We are expected to be favorable to the budget by \$3.706 million for FY22. That is after putting in estimates for our current critical Full-Time Equivalent open positions across staff and faculty. There was also CRF/HEERF funding in a total amount of \$479 thousand across payroll/benefits and supplies that is not a part of that \$3.706 million show in payroll above.

Scholarships: The scholarship portion is projected to be \$706 thousand over budget for FY22.

Summary

Overall, Northern Vermont University expects to see a favorable variance to budget of approximately \$8.298 million over the FY22 budget submission. That does include \$3.803 million in CRF/HEERF Funding in both revenue and expenses.

VTC
FY22 Third Quarter Narrative
5/12/22

Revenue:

Overall, as of 3/31/21, Vermont Tech is trending to exceed original revenue projections. The projected FY22 total revenue was \$33.4 million and our new projected revenue total is \$35.8 million, a difference of \$2.4 million and very similar to last quarter's report. Again, a main reason for this development is a better-than-anticipated residential enrollment rebound. We originally budgeted super conservatively – 216 anticipated residents, given the unknowns of the pandemic. In the Fall, our revised count was 285 and the Spring semester total is 257. Also, 3rd-party residence hall leases to the Vermont Dept. of Mental Health (Visiting Nurses) and Vermont Law School have bolstered sales and services projections. The projected total - \$1.6 million – a million dollars more than the original budgeted amount – was recently buoyed further by proceeds from the sale of the milking herd.

We are experiencing stronger-than-anticipated enrollment, with tuition exceeding projections by \$400,000. The big story here: our Nursing and Health Occupations programs have enrolled their largest class ever, by a wide margin, and with 481 FTE, it now accounts for 44% of our overall enrollment. Some nursing enrollment was boosted by the Critical Occupations funding available last year.

Expenses:

Expenses this year had been trending steeper than initially anticipated. However, we are now on track to end the year at \$36.4 million versus projected expenses of \$37.3 million. A combination of factors had been driving the projection through the first two quarters, with greater heating oil costs than budgeted notable among them. Salary and Wages had been trending greater than anticipated for a number of reasons. For one, we'd been anticipating a Title III grant award that failed to materialize, which meant making hires for institutional research and advising without grant funding. These two positions are critical to retention, accreditation, and student success. The IR position is offset by a layoff; however, we are having difficulty filling *any* position and often, it is costing more than originally anticipated. Also, the general scale-up in Nursing and Health Occupations faculty has been greater than anticipated as we ramp up our expanded operations. But as of the end of the third quarter, continued challenges filling open positions had resulted in our expense projection now tracking to beat initial targets.

Workforce Development:

It should be noted that Vermont Tech's numbers on the "Budgets by Entity" tab reflect the combination of VTC's collegiate programs and Workforce Development (WFD), which includes: Continuing Education and Workforce Development (CEWD), the Vermont Manufacturing Extension Collaborative (VMEC), and the Small Business Development Center (SBDC). These departments house activities such as the apprenticeship programs and the new Advanced Manufacturing Center. Historically, the numbers have been reported separately. A separate budget for WFD, with combined revenues of \$1 million, is available upon request.

Chancellor's Office

FY22 Q3

Narrative

Revenues:

Tuition & Fees: The Q3 projection includes \$2M for the Welcome Home Scholarship that was not budgeted and \$8M in Transformation Funding received from the State of Vermont

Other Revenue: The (\$0.5M) represents the allocation (reduction) of interest earnings to the institutions.

Expenses:

Salaries and Benefits, Supplies, Services & Travel: Transformation spending is not budgeted; nor, allocated, to the institutions of the Vermont State Colleges. Rather these expenditures are covered by the \$8M in transformation funding received from the State of Vermont at the start of FY2022.

Scholarships: The \$2M increase in scholarships represents the Welcome Home Scholarship that was not budgeted but is funded.

**ITEM 4: FY2023 Operating Budgets, Metrics &
Proposed CapEx Projects**

FY2023 BUDGET BACKGROUND

The following is the fourth and final pass of the FY2023 Budget proposal for consideration by the Board of Trustees. Prior versions of the budget were reviewed on February 7, March 7, and April 11. This final version of the budget incorporates the best available information as of May 16, 2022.

As a reminder, 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.” Achieving this requirement is vital to the success of the Vermont State Colleges financial sustainability.

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
TOTAL REVENUES	156,457	161,457	163,957	163,957	163,957
TOTAL EXPENSES	178,908	174,460	171,098	166,265	161,723
NET REVENUES/(DEFICIT)	(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 targeted a budget deficit of \$22.451M or less for FY2023 – before bridge funding and any base appropriation increase above \$5M for the fiscal year.

FY2023 SYSTEM-WIDE BUDGET PROPOSAL

As with all budgets, assumptions must be made about revenues, expenses, and operational conditions. The following assumptions were used to develop this version of the budget.

REVENUE ASSUMPTIONS	EXPENSE ASSUMPTIONS
<p>Included:</p> <ul style="list-style-type: none"> • 3% rate increase on room & board • Student enrollment using current volume, anticipated graduation, and recent persistence rates • Base appropriation increased to \$45M¹ • Bridge funding of \$14.9M • Sales & Services using currently booked spaces <p>Excluded:</p> <ul style="list-style-type: none"> • Additional State Funded Scholarships • Transformation Funding 	<p>Included:</p> <ul style="list-style-type: none"> • Wage and benefit increases using current estimates and senior leadership adjustments related to presidential consolidations • Utilities rates using regional costs for <i>May 16, 2022</i>² • Supplies and services adjusting for fixed costs • Chancellor’s lease reduced by two-thirds • CRF Funded software moved to general fund <p>Excluded:</p> <ul style="list-style-type: none"> • Transformation Expenses³ • Capital infrastructure improvements

The net proposed net deficit for FY2023 is \$20.979M, excluding bridge and extraordinary funds, or \$1.472M better than the original target. This final version of the budget includes \$184.3M in expenses, nearly \$2.6M less than the version reviewed by Finance and Facilities on April 11. However, a comparable reduction in anticipated revenues, specifically at Vermont Technical College, offset these savings.

	FY2022		FY2023
	Budget	Forecast	Proposal
TOTAL REVENUES	173,393	199,250	183,200
TOTAL EXPENSES	179,686	180,131	184,278
NET REVENUES/(DEFICIT)	(6,293)	19,119	(1,079)
Unrestricted use of CRF	(3,826)	(3,803)	-
Bridge & Excess Base	(21,000)	(21,000)	(19,900)
Net Revenue before New	(31,119)	(5,684)	(20,979)

As noted above, the legislature’s approved budget increased the base appropriation by \$10M - \$5M higher than our original request. While these funds are extremely welcome, they must be used as bridge funding to support the planned system-wide deficit. Combined, the approved new base of \$10M plus the bridge funding of \$14.9M is a total of \$5M higher than our original budget estimates. It is the therefore the expectation of the legislature that the VSCS will use the additional \$5M to directly offset the anticipated budget deficit in FY2024 thus lowering the bridge request for FY2024.

¹ The total base appropriation was increased to for FY2023 \$45.5M from \$35.5M in FY2022. This base increase is \$5M higher than originally requested and is therefore considered a portion of the system’s *bridge funding* for FY2023.

² 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, this final pass of the budget uses the best available information as of May 16, 2022. It is expected that these rates will change in the coming months.** The VSC will continue to pay close attention to utilities.

³ 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.

MULTI-YEAR ROLL FORWARD USING THE PROPOSED FY2023 BUDGET

Using the proposed FY2023 budget, and the same assumptions used to build the multi-year budget estimate for FY2022, the Vermont State Colleges is revising its multi-year budget forecast for the years FY2024 through FY2027.

Multi-Year Estimate Using FY2023 Budget Proposal					
	FY2023	FY2024E	FY2025E	FY2026E	FY2027E
TOTAL REVENUES	163,300	166,863	169,363	169,363	169,363
TOTAL EXPENSES	184,278	179,875	176,558	171,770	167,274
NET REVENUES/(DEFICIT)	(20,978)	(13,012)	(7,196)	(2,407)	2,089
Multi-Year Estimate using FY2022	(22,451)	(13,002)	(7,141)	(2,307)	2,234
Net Forecast Change	1,473	(10)	(55)	(100)	(145)

As shown above, while the forecast mix of revenue and expense varies from the multi-year pro-forma estimate from FY2022, there is little change in the net deficit for each forecasted year.

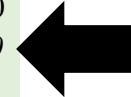
Looking ahead, the current budget adjusts the bridge funding request slightly for FY2024 from \$16.5M to \$11.5M with the anticipated carryover of \$5M from FY2023 bridge. All remaining bridge funding requests remain the same.

Multi-Year Estimate Using FY2023 Budget Proposal					
	FY2023	FY2024E	FY2025E	FY2026E	FY2027E
NET REVENUES/(DEFICIT)	(20,978)	(13,012)	(7,196)	(2,407)	2,089
One-Time Funds					
Bridge + Additional Base	19,900	11,500	10,000	5,000	-
FY23 to FY24 Bridge		5,000			
Total One-Time Funds	19,900	16,500	10,000	5,000	-
Net Revenue without One-Time	(1,078)	3,488	2,804	2,593	2,089

Therefore, the VSCS anticipates requesting \$11.5M in bridge funding for FY2024. The total remaining bridge funding for FY2024-FY2027 is \$26.5M.

FY2023 BUDGET: OVERVIEW

	FY2022		FY2023
	Budget	Forecast	Proposal
TOTAL REVENUES	173,393	199,250	183,200
<i>Total Revenue without Bridge</i>	152,393	168,250	163,300
TOTAL EXPENSES	179,686	180,131	184,278
<i>Total Expenses without CRF/HEERF</i>	183,512	183,934	184,278
NET REVENUES/(DEFICIT)	(31,119)	(15,684)	(20,978)



Total revenue, exclusive of Bridge Funding and the additional \$5M in base, is estimated at \$163.3M for FY23. As shown in the chart below, total tuition and fee revenue is expected to be approximately \$5.7M less than actual performance in FY22, a decline of approximately 4.4%. This anticipated decline is most significant at CCV and NVU, with estimated revenue reductions of 9.6% and 9.3% respectively. VTC is anticipating a revenue decline of approximately 4.9% and CU is currently estimating flat student revenue.

	FY2022	FY2022	FY2023
	Budget	Forecast	Proposal
Student Revenue			
Tuition and Fees	95,462	103,477	98,456
Room and Board	16,247	19,398	18,754
Total Student Revenue	111,709	122,875	117,210

Total expenses, exclusive of CRF/HEERF, are estimated at \$184.3M for FY2023. The primary drivers for the increase in expenses are as follows: 1) a budgeted increase in wages and benefits, and 2) an anticipated increase in utilities.

	FY2022	FY2022	FY2023
	Budget	Forecast	Proposal
SELECTED EXPENSES			
Salaries and Benefits	111,287	106,408	110,335
Services, Supplies, Travel	38,705	38,811	37,476
Scholarships	18,086	21,298	19,366
Utilities	6,216	6,465	7,884
TOTAL SELECTED EXPENSES	174,294	172,982	175,061

Throughout FY2022, institutions held a very firm line regarding the replacement of positions, in many cases leaving positions vacant. Combined, the three institutions that will form Vermont State University anticipate a decrease from budget in salaries and benefits of more than \$3.1M. Additionally, these institutions show a nearly \$1.6M cut in supplies, services, and travel expenses budgets.

The VSCS as a whole estimates an overall increase in scholarship spending relative to budget, however, this spending is expected to be less than the FY2022 forecasted amount.

FY22 BUDGET: BUDGET METRICS

The FY2023 budget is built on key values related to enrollment, room occupancy and employee wages. The following are the key metrics upon which the FY2023 budget was built. These metrics are tracked and reported back to finance and facilities with each quarter report.

Net Student Revenues: tuition and fees, room and board, less scholarships and discounts; is the single biggest driver of net revenue for the Vermont State Colleges. On the expense side, employee wages, at nearly \$65M annually for the colleges, accounts for more than 60% of all expenses. Therefore the following student revenue and employee wages lines are important measures of success.

	CCV	CU	NVU	VTC	Institutions
Student Revenue & Wages (\$000)					
Net Student Revenue	\$21,923	\$32,575	\$20,630	\$22,716	\$ 97,844
Annual Employee Wages	\$15,925	\$17,500	\$17,096	\$14,510	\$ 65,031

Enrollment on an annual basis, by term, and across value streams, is another important factor regarding the financial success of the Vermont State Colleges. Measuring enrollment based on full-paying equivalent (FPE), total student credit hours divided by 12 per semester, is the most accurate way to assess financial health relative to budget. Quarterly, the institutions compare their budgeted performance to actual, year-to-date and forecasted performance across value streams and term.

As shown below, the anticipated full-paying equivalent volume for FY2023 is 6,850. Approximately 57% of the full-paying equivalent volume is with the institutions that will form Vermont State University. Fall enrollment is typically higher than spring enrollment with volumes varying between institutions.

	CCV	CU	NVU	VTC	Institutions
Full Paying Equivalent Enrollment					
Annual FPE	2,967	1,624	1,146	1,114	6,850
FPE by Term					
Fall	2,587	1,678	1,193	1,068	6,526
Spring	2,248	1,570	1,098	1,075	5,991
Other	1,099			85	1,184
FPE by Value Stream					
Vermonters	2,812	700	482	965	4,959
Out-of-State	117	645	168	62	992
NEBHE & Good Neighbor	38	30	143	88	299
Nursing & Allied Health	n/a	148	n/a	n/a	148
Online	n/a	n/a	203	n/a	203
Graduate					
Vermonters	n/a	61	132		193
Out-of-State	n/a	40	18		58

Undergraduate students comprise more than 96% of the total student full-paying equivalent students. Additionally, in terms of student type, Vermonters comprise fully 75% of full-paying equivalents.

Residential room occupancy is another driver of net student revenue. Generally, room occupancy varies widely between the fall and spring, with greater room participation in the fall and less in the spring. Persistence in the residence halls from fall to spring can have an outsize impact on an institution’s budget and is measured on a quarterly basis relative to both annual occupancy and term occupancy.

	CCV	CU	NVU	VTC	Institutions
Room Occupancy					
Annual Occupancy	n/a	808	470	260	1,538
Occupancy by Term					
Fall	n/a	850	501	269	1,620
Spring	n/a	765	438	250	1,453
Other	n/a	n/a	n/a		-

FY2023 BUDGET: CAPITAL EXPENDITURES

An important item to note regarding the proposed budgeted expenses is that these budgets do not address the underlying capital infrastructure and reserve issues facing the Vermont State Colleges. For example, this budgets do 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. Recognizing that these are critical strategic financial planning issues for the Vermont State Colleges, the member institutions have included project proposals in their budget narrative for consideration by the Finance and Facilities Committee should performance be better than anticipated. These projects, including a combination of deferred maintenance, renovations, and equipment purchases, represents a small portion of the college’s needs. The Finance & Facilities Committee to expect to receive more detailed requests during FY2023.

<u>Capital Project Proposals for FY2023 pending funding</u>	
Community College of Vermont	\$650,000
Camera and Card Access Systems	
Printer Replacement	
Educational/Classroom Technology Replacements	
Administrative Remodel to Room 3D in Montpelier	
Casleton University	\$1,250,000
Replace Turf Field	
Dam Partial Reconstruction	
Northern Vermont University	\$875,000
Building Interior/Exterior Updates	
Renovation of College Bookstores for Other Use	
Vermont Technical College	\$1,300,000
Residence Hall Restroom Renovation	
Total Proposed Projects	\$4,075,000

FY2023 BUDGET: SYSTEM-WIDE BUDGET

	FY2022 Budget	FY2022 Forecast	FY2023 Proposal
REVENUES			
Tuition and Fees	95,462	103,477	98,456
State Appropriation	57,436	67,570	61,837
Room and Board	16,247	19,398	18,754
<i>CRF/HEERF: Room & Board</i>	-	2,723	-
Net Room and Board	16,247	22,121	18,754
Sales and Services	2,584	4,398	2,356
Gifts	825	1,209	1,150
Other Revenue	839	474	647
TOTAL REVENUES	173,393	199,250	183,200
SELECTED EXPENSES			
Salaries and Benefits	111,287	106,408	110,335
<i>CRF/HEERF: Salaries</i>	-	(968)	-
<i>Wage/Ben. Reserve Adj</i>	-	(5)	-
Services, Supplies, Travel	38,705	38,811	37,476
<i>CRF/HEERF: Services/Supplies/</i>	-	(112)	-
Scholarships	18,086	21,298	19,366
<i>CRF/HEERF: Scholarships</i>	-	-	-
Utilities	6,216	6,465	7,884
Other Expenses	4,585	4,579	4,585
Debt Service	8,000	8,002	8,003
Chancellor's Office	-	(2)	(1)
Other Transfers	(3,367)	(4,345)	(3,370)
<i>CRF/HEERF: Other Transfers</i>	(3,826)	-	-
TOTAL EXPENSES	179,686	180,131	184,278
NET REVENUES/(DEFICIT)	(6,293)	19,119	(1,079)

FY2023 BUDGET: COMPONENT BUDGETS

	Community College of Vermont			Castleton University			Northern Vermont University			Vermont Technical College			Chancellor's Office		
	FY2022 Budget	FY2022 Forecast	FY2023 Proposal	FY2022 Budget	FY2022 Forecast	FY2023 Proposal	FY2022 Budget	FY2022 Forecast	FY2023 Proposal	FY2022 Budget	FY2022 Forecast	FY2023 Proposal	FY2022 Budget	FY2022 Forecast	FY2023 Proposal
REVENUES															
Tuition and Fees	19,125	23,255	22,093	32,600	35,100	35,075	21,516	22,320	20,105	22,221	22,801	21,183	-	1	-
State Appropriation	6,811	6,811	8,757	8,169	8,169	9,855	11,868	11,868	12,899	8,523	8,523	9,681	22,065	32,199	20,645
Room and Board	-	-	-	9,200	10,330	10,500	4,926	6,061	5,253	2,121	3,007	3,001	-	-	-
<i>CRF/HEERF: Room & Board</i>	-	-	-	-	272	-	-	2,451	-	-	-	-	-	-	-
Net Room and Board	-	-	-	9,200	10,602	10,500	4,926	8,512	5,253	2,121	3,007	3,001	-	-	-
Sales and Services	6	1	1	700	950	900	689	669	1,045	1,189	2,778	410	-	-	-
Gifts	50	138	80	400	450	400	275	275	327	100	345	343	-	1	-
Other Revenue	86	117	92	300	265	250	250	410	250	203	144	55	-	(462)	-
TOTAL REVENUES	26,078	30,323	31,023	51,369	55,536	56,980	39,524	44,054	39,879	34,357	37,598	34,673	22,065	31,739	20,645
SELECTED EXPENSES															
Salaries and Benefits	21,138	21,296	22,788	29,900	28,100	29,500	31,976	28,270	29,700	23,701	23,196	23,424	4,572	5,546	4,923
<i>CRF/HEERF: Salaries</i>	-	-	-	-	(439)	-	-	(382)	-	-	(147)	-	-	-	-
<i>Wage/Ben. Reserve Adj</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	(5)	-
Services, Supplies, Travel	4,910	5,607	4,940	10,475	9,400	10,780	10,041	9,866	9,041	7,974	7,568	7,117	5,305	6,370	5,598
<i>CRF/HEERF: Services/Supplies/</i>	-	-	-	-	-	-	-	(97)	-	-	(15)	-	-	-	-
Scholarships	170	165	170	11,635	12,200	13,000	4,659	5,365	4,728	1,622	1,568	1,468	-	2,000	-
<i>CRF/HEERF: Scholarships</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	292	291	353	2,200	2,200	2,775	2,383	2,339	2,885	1,312	1,607	1,871	29	28	-
Other Expenses	-	-	-	10	-	10	-	4	-	-	-	-	4,575	4,575	4,575
Debt Service	1,823	1,824	1,824	3,061	3,060	3,062	2,338	2,340	2,339	778	778	778	-	-	-
Chancellor's Office	1,879	1,878	2,108	2,254	2,252	2,668	3,275	3,276	3,492	1,976	1,976	2,252	(9,384)	(9,384)	(10,521)
Other Transfers	(543)	(1,398)	(1,161)	807	888	1,045	509	432	447	956	(552)	1,395	(5,096)	(3,715)	(5,096)
<i>CRF/HEERF: Other Transfers</i>	(3,826)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	25,843	29,663	31,022	60,342	57,661	62,840	55,181	51,413	52,632	38,319	35,979	38,305	1	5,415	(521)
NET REVENUES/(DEFICIT)	235	660	0	(8,973)	(2,125)	(5,860)	(15,657)	(7,359)	(12,753)	(3,962)	1,619	(3,632)	22,064	26,324	21,166

VERMONT STATE COLLEGES SYSTEM

BOARD OF TRUSTEES

RESOLUTION 2022-013

FY2023 VERMONT STATE COLLEGES SYSTEM ANNUAL OPERATING BUDGET

- WHEREAS, The Finance and Facilities Committee of the Board of Trustees has reviewed the FY2023 budget information presented for the Vermont State Colleges System; and,
- WHEREAS, The Committee has discussed individual aspects of the proposals with the Chancellor, Chief Financial Officer, and Presidents of the individual institutions; and,
- WHEREAS, The Finance and Facility Committee endorses approval of the Chancellor's recommendation by the full board; therefore be it
- RESOLVED, That the Board of Trustees of the Vermont State Colleges System hereby approves the System Annual Operating Budget of \$184.3 million, including the projected operating deficit of \$1.1 million, consistent with the attached materials.

Approved:

Eileen "Lynn" Dickinson, Chair of the Board of Trustees

COMMUNITY COLLEGE OF VERMONT FY2023 BUDGET NARRATIVE

CCV takes a very disciplined and strategic approach to budgeting, one that has helped us remain strong and sustainable as we work to deliver our mission of college access, affordability, and student success for Vermonters. While CCV's history of sound fiscal management has served us well, managing our budget requires significant planning, sacrifice, and the willingness to innovate.

Seventy percent of our annual revenue comes from tuition paid by our students, and eighty percent of annual expenditures go to salaries for faculty and staff. Because of this, we have always had the understanding that CCV's budget is primarily about people. We have long recognized the need to approach budgeting with the knowledge that 70% of the money we spend comes from our students. We are ever mindful of the balance between keeping our tuition affordable for students with the commitment to provide fair wages to all CCV employees.

CCV moved from 170 full-time staff members in FY2015 to 159 full-time staff members in FY2022, which includes seven new grant funded positions established in FY17 as well as several other grant funded positions added since then (i.e. McClure Grant). CCV's success in increasing its grant revenue has been critical to our ability to continue to deliver our mission in this challenging budget environment.

Since 2018, CCV has been actively engaged in implementing our current Strategic Plan. Our plan is a living document, setting the direction for the work of the College and serving as a guide in our annual budget building process. As CCV looks to the future past COVID, we must ensure our strategic priorities are responsive to the changing landscape of higher education and how students will access learning and support services in the future.

CCV should close its fiscal year FY2022, as we have historically, with a small surplus, allowing us to carry forward some funding for strategic investments.

CCV has developed a balanced budget for FY2023. Several pressures combined to make this a particularly challenging budget to build:

- 1) The third year of a tuition freeze supported by the Chancellor's Office and approved by the Board of Trustees to address affordability results in a \$0.6M revenue loss for CCV for one year, with a three-year accumulated impact of nearly \$2.0M.
- 2) Mirroring Vermont's demographics, as we have in prior years, we budgeted for an enrollment decrease of 5%, resulting in a \$1.2M revenue loss. Considering Vermont's continued demographic shifts, we believe that it would be irresponsible to do otherwise.

Note that with the above two revenue losses, CCV is moving from a total tuition and fees projection for FY2022 of \$23.255M to \$22.092M in FY2023.

- 3) The increase of 12% in Chancellor’s Office costs results in a \$0.228M increased expense for CCV to absorb in FY2023. Additionally, medical costs have been rising every year and this year are projected to rise upwards of 10%.

Through discipline, strategic thinking, short-term sacrifice, and long-term planning CCV has been able to balance its budget, even in tight times. Our strategic plan guides our spending decisions and supports collaboration, transparency, and sustainability in our budget planning and preparation.

Capital Projects:

The Board of Trustees has requested a list of Capital Projects from the colleges in the event that we experience additional funding. CCV has several IT projects identified by CCV and the VSC IT Council that CCV hopes to address through carryforward. These projects are as follows:

Community College of Vermont	\$650,000
-------------------------------------	------------------

- Security Camera and Door Card Access Systems
- CCV Wide Printer Replacement
- Educational/Classroom Technology Replacements
- Administrative Remodel to Room 3D in Montpelier

CASTLETON UNIVERSITY FY2023 BUDGET NARRATIVE

Revenues:

Tuition and Fees: Enrollment counts for **Fall 22** were arrived at using a forecasting methodology that incorporates the following:

- Incoming students level with Fall 2021
- Sophomore class 65% of original cohort plus new transfer student enrollments
- Junior class based on 3 year average return rates and new transfer student enrollments
- Senior class based on 3 year average return rates and new transfer student enrollments
- Graduate students level with Fall 2021

The total **Fall** FTE count included in this budget is 1,678 as compared to last year’s projection of 1,615. The mix, however, has shifted to include more students in the out of state category and fewer in the instate category. Year over year revenue increased \$2.4M.

Fall 2022 Estimate	# OF Students
Vermont	726
Vt Nursing	153
Non-Vermont	668
Nebhe	30
Grad VT	61
Grad Non-Vt	40
	1678

Room and Board: An estimated Fall 22 student count of 885 residential students is included in this budget as compared to last year’s Falls projection of 800. A Board approved 3% rate increase has been included. We have yet to return to pre-COVID occupancy but are trending in a positive direction.

State Appropriation: Includes Increase in appropriation to base and Policy 403 allocation adjustment increase. These two factors result in a budget-to-budget increase of 20.2%.

Sales and Services: The main driver in this category is revenue from Conference and Events. We are seeing a relatively steady return to pre-COVID times, “normalcy”. This overall category of revenue will be increased by \$200k over last year.

Expenditures:

Salary and Benefits: In addition to a roll forward of FY22 salary and benefits this FY23 budget includes a modest salary increase and a 10% increase on health insurance. This budget also includes budget amounts for several open positions and two new Faculty positions. The two new faculty positions will be in the following departments, one FTE Business, and one FTE in Wildlife and Forest Conservation. The Business program has the highest advising loads and one of the greatest reliance’s on both overloads and part-time faculty of any CU program. The MBA, added in 2019, has grown and requires faculty support. The Wildlife and Forest Conservation hire is for a new program in the Natural Science

department that was launched in fall 2019. At that time there was not a faculty member dedicated to this new program. The Wildlife and Forest Conservation degree has grown enrollment to 26 and now needs one faculty member to direct the program, advise its students, and reliably staff its core courses.

Supplies, Services, Travel: This category includes a 3% increase over projected actual costs in FY22. Where possible many accounts in this category are being level funded to continue our efforts to contain and control spending. However, there are some budget areas, facilities for example, that are requiring additional funding due to years of deferred maintenance and budget freezes.

Scholarships/Discounts/Waivers: The scholarship total in this scenario continues to illustrate the shift that is occurring among the percentage of in-state versus out of state students at Castleton. The enrollment trend over the last few years demonstrates a decline in Vermont students and a slight increase in out of state students. We anticipate a single digit percentage decrease in Vermont student enrollment and single digit percentage increase in out of state enrollment resulting in the projected expenditure of \$13M.

Utilities: A projected 12.5% increase has been included in this category. The major component of this increase is fuel costs. All other utilities average a 3% increase.

Chancellor's Office: A 6.2% increase is included. In addition to this increase, the Policy 403 adjustment is also included resulting in a total increase of 18.4%. The primary drivers for this increase are the addition of two FTE employees and increased software costs.

Other Transfers: This category includes a budget to budget increase of 27%. The main increase is due to the CCV Cross Enrollment transfer. A significantly greater number of Castleton students are enrolling in more CCV courses than in past years.

Proposed Capital Projects:

CU would like to propose that the Board of Trustees consider the following two projects as potential projects to be completed in the near future therefore setting aside the appropriate funds necessary.

- **Replacing the Turf Field:** This turf field has exceeded its useful life and is in great need of replacement. It could become a safety risk if not maintained/replaced in a timely manner. Estimated cost \$1,000,000.
- **Dam Partial Deconstruction:** The Vermont Agency of Natural Resources, Dam Safety Division has jurisdiction over the dam and based on a previous inspection there are repairs or a possible decommissioning of the dam necessary. We have already engaged with an engineer to evaluate the situation and provide options. Estimated cost \$250,000

NORTHERN VERMONT UNIVERSITY FY2023 BUDGET NARRATIVE

Revenues:

Tuition and Fees: Fall 2022 enrollment calculations were based on our normal attrition rate from class to class, larger graduating senior class in Spring 2022 being followed by 2 to 3 smaller than normal classes and incoming student applications being higher and deposits being flat or lower from the previous year. This produces an FY23 tuition and fees that will be down 12.5% under the FY22 projection (approx. \$2.832 million):

- Freshmen students will be slightly down from Fall 2021 (First years on track, Transfers and NVU online lower than normal in deposits)
- Sophomore, Junior and Senior classes were put in at current normal attrition rates.
- Graduate students level with Fall 2021
- CMH (Clinical Mental Health) – New Cohorts so will be in increase in enrollment.
- In total, NVU is projected to be down 13% in enrollment over Fall 2021.

The **Fall 2022 FPE** is 1,199 as compared to last year's projection of 1,367. We have increased our enrollment for the PCMH program for expansion in Wisconsin and Alaska.

The **Spring 2023 FPE** is based on our normal burn rate of 0.88. So, our Spring 2023 enrollment FPE is 1,101 as compared to last year's projection of 1,319.

Room and Board: We are still projected to be like Pre-Covid with having single occupancy rooms and we have put in for a 3% standard increase in prices. Our Fall 2022 occupancy is expected to be 501 compared to projected 576 for Fall 2021. Our Spring 2023 occupancy is expected to be 438 compared to 503 projection from Spring 2022. Overall, the larger senior class is being replaced by two smaller classes and that has led to this decrease in estimate.

State Appropriation: We did have an increase in state appropriations that resulted in an 8.6% increase over our FY22 budgeted amount.

Sales and Services: While in the FY22 budget, and projection, we are not expected to be at normal, we are projecting back to normal operations starting Summer 2022 as the Covid restrictions are being released more and more. This overall category of revenue will increase by \$376 thousand over last year.

Expenses:

Salary and Benefits: We calculated our savings from actual payroll in early March 2022 and added back any remaining open critical positions. Our overall projection for the FY23 budget, from Pass 1.0 to Pass 3.0, is to have reduced our payroll by a little over \$2.054 million or 6.5%. That came from a reduction of costs, in both faculty and staff areas, by streamlining efforts and also by reorganizing some areas for savings. We included adding in a 10% increase in healthcare costs as well as a necessary increases in payroll raises.

Supplies, Services, Travel: Our approach was to go line by line to find our best chances of creating any significant savings and assessing fully areas where there could be reductions. The overall efforts

reduced our 3.0 Pass by \$1.307 million over our 1.0 Pass. A number of the savings came from things such as implementing already existing policies on travel by using university provided vehicles rather than reimbursing mileage in most areas, by cutting spending by a similar amount to our reduction in revenue from lower student enrollment, and by putting in a savings for our current interim executive leadership roles (President/Dean). A reduction in our backup funding, that was held in our budgets for major issues that may arise in any given year, were taken to minimums. We also added in a 3% increase in most needed areas such as membership fees, vendor costs, and general fees. We put in a 7% increase for the dining services that should align with current rising food and vehicle fuel increases from most vendors.

Scholarships/Discounts/Waivers: Even though our FY22 budget showed an overage of around \$700 thousand. We projected our overall scholarship area to come in just slightly over the FY22 budget by \$100 thousand. There are some legacy EAB scholarship offerings in current classes that have this area a little higher, where we will see some savings as classes leave. We should see relief from our overage in spending because of the larger graduating senior class from 2022 and the following 2-3 classes being ½ to ¾ of its size.

Utilities: A projected 20% increase has been included over the FY22 budget. The major component of this increase is fuel costs at a little over \$300 thousand and a modest increase of around 3% in most other utility costs, totaling a \$500 thousand dollar increase in the category.

Chancellor's Office: A 6.6% increase is included for the Chancellor's office.

Other Transfers: In this category we saw a slight trending down from our FY22 budgeted amount as compared to our actuals projection for FY22. This warranted us to decrease our transfers by \$62 thousand, since enrollment seems flat to slightly down in some areas that there will not be an increase in cross institution transfers. The NVU Online program has shown a slight decrease and both campuses are up slightly in cross enrollment in transfers with CCV.

Proposed Capital Projects should net revenue be better than anticipated:

NVU is proposing that the Board of Trustees consider the following two projects as potential projects to be completed in the near future therefore setting aside the appropriate funds necessary.

- Building exterior/interior updates: A number of buildings need some updates with exterior door replacements, painting/stucco replacement, electronic lock replacements, and heat pump and heat exchanger replacements (energy savings items) – Approximate costs between \$750,000 – \$1,000,000 (if we break it down the projects range from \$50,000 each up to \$500,000 each)
- Rework of old bookstore spaces: Both old bookstore spaces are central spaces to campus and rethinking those to either be offices or mixed use spaces and not be empty long term to show vibrancy on campus – Approximate costs between \$150,000 – \$500,000 depends on final use.

VERMONT TECHNICAL COLLEGE FY2023 BUDGET NARRATIVE

Budgetary Overview

Vermont Technical College is facing another uncertain year in FY23, although the prospect of a societal shift toward “learning to live with COVID,” as the pandemic rounds the corner to endemic, gives promise for a return to student enrollment patterns that are more in line with historical norms. The budgetary proposal put before you today assumes general factors as listed below, which we believe conservatively estimate the likely outcomes of the coming year. In this proposal we request authorization to draw up to a \$4.06M deficit.

- *Enrollment & Tuition.* While FY22 saw a modest 2.4% increase in student tuition over FY21, for FY23, we’re projecting a decrease in enrollment driven largely by flat enrollment projections and the effects of enrollment changes during the year. At this time, it’s unclear how completely student tuition will rebound. In enrollment terms, this corresponds to a general FTE decrease from 1,092 to 1,033. As of now, we’re planning for an incoming class level that could continue the underperforming trends of FY21 and FY22. Tuition Rates for FY23 remain unchanged from FY21.
- *Residential.* Anticipating a general societal return to “normalcy”, we’re projecting our residential enrollment to mirror the current year. From pre-pandemic occupancy rates to current, we dropped from six of seven beds full to one of five. In FY23, we are hoping for a modest recovery, but budgeting for a scenario close to the current year. It should be noted that we are not expecting the third-party room rentals revenue we enjoyed this year.
- *Salary, Wage, & Benefit.* We have budgeted \$23.4M in salary, wage, and benefits—approximately \$1M below that of FY19, our last undisrupted year. This reflects a slight increase over our FY22 Q3 projections due to two factors: first the discontinuation of CRF support; and secondly, the refilling of several key positions left unfilled last year. We cannot continue with this vacancy rate and properly provide student services, meet accreditation requirements and fulfill obligations. Further, current labor market conditions make filling vacancies a challenge, resulting in upward salary pressures.
- *Other expense.* As the college continues its return to a more traditional level of operations, we’re anticipating a rebound in expense, as well. We’ve budgeted for an increase in utilities cost from \$1.6M to \$1.9M, a slight decrease in our supplies and services lines despite resumed athletics travel, increased Sodexo cost, rebounding facilities & maintenance costs, etc. This will be achieved through operational efficiencies and reduced marketing expenses.

Below, please find descriptions of several initiatives, in addition to system transformation initiatives, to which we are assigning resources in the coming year. Many are continuations of initiatives to address areas identified by the VSCS Board of Trustees in prior years and which remain relevant as we move toward system transformation.

Project-Management-Led Transformation Initiatives

Vermont Tech is still actively implementing two transformation planning projects, as well as the Agriculture and Food Systems Transformation work, during FY22 and FY23. The project charters and their alignment to college and Board of Trustees strategic priorities include:

- *Financial stability and Right sizing* – master plans for Randolph and Williston complete; property sales and right sizing to lower our overhead and allow for reinvestment in relevant priorities continues. Continued focus on equipment reserves and enhancing college reserves, when applicable, remain.
- *Creating a culture of continuous improvement*: Continued focus on assessment of learning outcomes and instilling a culture of continuous improvement in academics and operations remains a focus. Institutional research is a critical component of this work which has been an accreditation focus as well.

Aspiring to Regional Leadership in Advanced Manufacturing

Vermont Tech has established the Vermont Manufacturing Collaborative (VT-MC) and now boasts an Advanced Manufacturing Center at the Randolph Center campus through a \$12M contract partnership with the U.S. Department of Defense. This state-of-the-art lab, focusing on metal and polymer additive manufacturing equipment (3D printing) along with advanced post-processing technologies, will enhance the curriculum and advance both technology-enabled manufacturing and associated workforce readiness in Vermont and beyond. Additionally, revenue-generating activities will kick off in FY23, providing sustainability.

Expanded Nursing Programs

To increase access to our nursing programs statewide, Vermont Tech has worked in conjunction with regional medical centers on recent expansions. The Northwestern Medical Center's (NMC) new nursing education unit is now well-established; the new Gifford-Vermont Tech Simulation Center in Randolph continues to pay dividends borne out in enrollment increases; and the Lyndon expansion, fueled by an EDA grant, is quickly gathering momentum. These partnerships provide program access in local communities with an increase in enrollment in essential majors. They also bolster student and faculty relationships and collaboration with regional stakeholders which leads to significant support of the local nursing workforce in filling critical needs. Finding faculty and clinical instruction remains a challenge to achieving greater expansion.

Proposed Capital Projects

* Vermont Tech has \$1.3M set aside for a residence hall bathroom renovation that will likely cost twice that in the current construction climate. This is our top capital investment priority, while the following table outlines projects/costs outlined in our 2021 Master Plan:

Fiscal Year	PG. # - ITEM #	CAMPUS	BUILDING	PROPOSED PROJECT DESCRIPTION	COST
2022	PG. 28 - ITEM 1	RANDOLPH	SHAPE	Renovation: Infill Pool & Add Fitness Area	\$ 115,000
2022	PG. 28 - ITEMS 2 & 3	RANDOLPH	SHAPE	Renovation: Proposed Student Study Space/ Offices/ E-Gaming	\$ 1,410,000
2023	PG. 36 - ITEM 2	RANDOLPH	MOREY	First Floor - Proposed Conference Space	\$ 450,000
2023	PG. 36 - ITEM 1	RANDOLPH	MOREY	First Floor - Proposed Bathroom Renovations	\$ 200,000
2023	PG. 24 - ITEMS 1 & 2	WILLISTON	700	Proposed Lounge/Activity Space	\$ 220,000
2023	PG. 24 - ITEM 3	WILLISTON	700	Proposed Classroom	\$ 160,000
2023	PG. 24 - ITEM 4	WILLISTON	700	Proposed Meeting Room	\$ 70,000
2023	DICK'S SUGGESTION	WILLISTON	700	1st Floor HVAC	\$ 200,000
2024	PG. 20- ITEMS 2 & 3	RANDOLPH		Proposed Entry Walk/Benches/Plantings North of Admin Building	\$ 45,000
2024	PG 31 - ITEM 1	RANDOLPH		Proposed Walk & Terrace south of Admin Building	\$ 300,000
2024	PG 31 - ITEM 5	RANDOLPH	MORRILL HALL	Proposed Entrance/Lobby Renovation	\$ 150,000
2025	PG. 23 - ITEM 3	RANDOLPH		Replace Walk from Morrill to Hartness Plaza	\$ 150,000
2025	PG. 19 - ITEM 5	WILLISTON		INTERIOR COURTYARD RENOVATION	\$ 375,000
2025	PG. 19 - ITEM 6	WILLISTON		PROPOSED PARKING LOT & SIGNAGE	\$ 130,000
2025	PG. 19 - ITEM 7	WILLISTON		PROPOSED PEDESTRIAN WALKS/STAIR/SIGNAGE/PLANTINGS	\$ 65,000
2025	PG. 16 - ITEM 8	WILLISTON		PROPOSED TREES	\$ 75,000
2026	PG. 26 - ITEM 5	RANDOLPH	SHAPE	Site Improvements: Proposed Walks West of SHAPE	\$ 340,000
2026	PG. 26 - ITEM 6	RANDOLPH	SHAPE	Site Improvements: Remove North area of Parking Lot H	\$ 40,000
2026	PG. 26	RANDOLPH	SHAPE	Site Improvements: Remove East Access Road and Add Turnaround	\$ 155,000
2026	PG. 26 - ITEM 7	RANDOLPH	SHAPE	Site Improvements: Proposed East Pedestrian Path/Terrace	\$ 250,000
2026	PG. 26 - ITEM 4	RANDOLPH	SHAPE	Site Improvements: Remove Lot & Add Basketball/Volleyball Courts	\$ 330,000
2027	PG. 19 - ITEM 10	RANDOLPH		Road, Parking Lot, & Turn Around at Judd & Conant Hall	\$ 230,000
2027	PG 35 - ITEM 1	RANDOLPH	CONANT HALL	First Floor - Remove Projection Booth & Expand Accessible Seating	\$ 25,000
2027	PG 35 - ITEM 3	RANDOLPH	CONANT HALL	Second Floor - Relocate Offices & Create Classroom	\$ 115,000
2027	PG. 25 - ITEM 8	RANDOLPH	KEENAN	Proposed Terrace	\$ 50,000
2027	PG. 20 - ITEM 5	WILLISTON	100	Proposed Addition	\$ 900,000
2028	PG. 21 - ITEM 1	WILLISTON	200	Proposed Vestibule	\$ 12,000
2028	PG. 21 - ITEM 2	WILLISTON	200	Proposed Classroom	\$ 140,000
2028	PG. 21 - ITEM 3	WILLISTON	200	Proposed Conference Space/Offices	\$ 170,000
2028	PG. 21 - ITEMS 3 & 4	WILLISTON	200	Proposed Student Lounge/Kitchen/Terrace/Skylight	\$ 335,000
2028	PG. 21 - ITEM 5	WILLISTON	200	Proposed Bathroom Core	\$ 160,000
2028	PG. 21 - ITEM 6	WILLISTON	200	Proposed Classroom & Open Office Space	\$ 175,000
2029	PG. 23 - ITEM 5	RANDOLPH	MORRILL HALL	Remove Tennis Courts & Establish Green	\$ 50,000
2029	PG. 36 - ITEM 4	RANDOLPH	MOREY	Site Improvements: Renovate Terrace	\$ 150,000
2029	PG. 36 - ITEM 5	RANDOLPH	MOREY	Site Improvements: Proposed Amphitheater	\$ 250,000
2029	PG. 37 - ITEM 5	RANDOLPH	MOREY	Second Floor - Proposed Bathroom Renovation	\$ 560,000
2029	PG. 37 - ITEM 7	RANDOLPH	MOREY	Second Floor - Proposed 2-Bedroom Suite	\$ 115,000
2029	PG. 37 - ITEM 6	RANDOLPH	MOREY	Second Floor - Proposed Single Rooms & Study Niche	\$ 85,000
2029	PG. 37 - ITEM 8	RANDOLPH	MOREY	Second Floor - Proposed Small Study Pod	\$ 55,000
2030	PG. 20 - ITEMS 1-4	WILLISTON	100	Renovate Entry/Student Lounge/Classroom	\$ 310,000
2032	PG. 22 - ITEM 1	WILLISTON	400	Proposed Student Lounge/Terrace	\$ 90,000
2032	PG. 22 - ITEM 2	WILLISTON	400	Proposed Conference Space/Offices	\$ 130,000
2032	PG. 22 - ITEMS 3 & 7 & 4	WILLISTON	400	Proposed Reception Area/Skylight/Entry Improvements	\$ 300,000
2032	PG. 22 - ITEMS 5 & 6	WILLISTON	400	Proposed Classroom/Offices/Vestibule	\$ 300,000
2033	PG. 43 - ITEMS 1-3	RANDOLPH	HARTNESS LIBRARY	Proposed Student Lounge	\$ 2,500,000
CAP CAMPAIGN	PG. 40 - ITEMS 1-3	RANDOLPH	OLD DORM	Basement: Proposed Student Lounge/Kitchen/Meeting Rooms	\$ 1,000,000
CAP CAMPAIGN	PG. 40 - ITEM 4	RANDOLPH	OLD DORM	Basement: Proposed Bathroom Renovations	\$ 170,000
CAP CAMPAIGN	PG. 40 - ITEM 10	RANDOLPH	OLD DORM	First Floor: Proposed Porch Expansions & New Ramp	\$ 400,000
CAP CAMPAIGN	PG. 40 - ITEMS 5 & 6	RANDOLPH	OLD DORM	First Floor: Proposed Conference Room & Support Space - East Wing	\$ 675,000
CAP CAMPAIGN	PG. 40 - ITEM 9	RANDOLPH	OLD DORM	First Floor: Proposed Bathrooms - East Wing	\$ 230,000
CAP CAMPAIGN	PG. 40 - ITEMS 7 & 8	RANDOLPH	OLD DORM	First Floor: Proposed Conference Space & Offices - West Wing	\$ 1,450,000
CAP CAMPAIGN	PG. 41 - ITEMS 2-4	RANDOLPH	OLD DORM	Second Floor: Proposed 1 & 2 Bedroom Apartments/Single Rooms	\$ 3,090,000
FUNDING CONTINGENT	PG. 19 - ITEM 2	RANDOLPH		Proposed Track & Athletic Field/Bleachers	\$ 2,500,000
FUNDING CONTINGENT	PG. 19 - ITEM 2	RANDOLPH		Proposed Parking Lot	\$ 150,000
FUNDING CONTINGENT	PG. 19 - ITEM 2	RANDOLPH		Proposed Trees & Plantings Around Field	\$ 30,000
FUNDING CONTINGENT	PG. 20 - ITEM 1	RANDOLPH		Proposed Academic Building - Assumed 2-Story, 16,800 SF	\$ 8,130,000
FUNDING CONTINGENT	PG. 33 ITEMS 1-5	RANDOLPH	GREEN HALL	Update Green Hall Entrance Landscape, Add Paths/Greens/Terraces	\$ 680,000
FUNDING CONTINGENT	PG. 23 - ITEM 4	RANDOLPH	MORRILL HALL	Proposed Addition - Assumed 2-Story, 15,400 SF	\$ 7,450,000
FUNDING CONTINGENT	PG. 26 - ITEM 3	RANDOLPH	SHAPE	Site Improvements: Proposed Amphitheater	\$ 185,000
FUNDING CONTINGENT	PG. 28 - ITEM 7	RANDOLPH	SHAPE	Proposed Student Center Addition - Assumed 1-Story, 6,350 SF	\$ 3,000,000
FUNDING CONTINGENT	PG. 28 - ITEM 8	RANDOLPH	SHAPE	Proposed Gym Addition - Assumed 13,300 SF	\$ 4,600,000

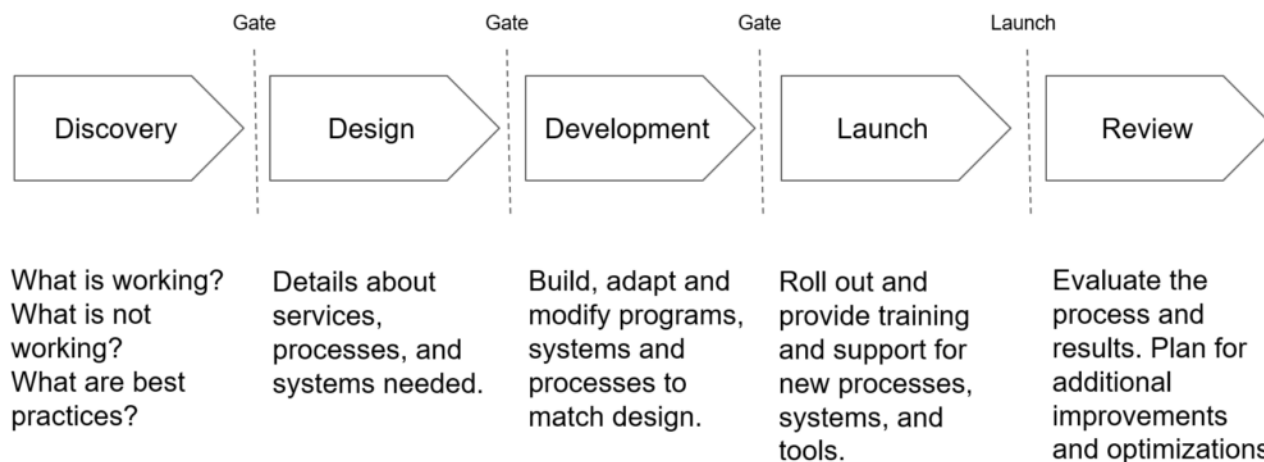
FUNDING CONTINGENT	PG. 25 - ITEM 1	RANDOLPH	NEW RES HALL	PROPOSED RESIDENCE HALL - Assumed 3-story, 10,000 SF/Floor	\$15,350,000
FUNDING CONTINGENT	PG. 25 - ITEM 2	RANDOLPH	NEW RES HALL	Proposed Residential Quad & Plantings	\$ 40,000
FUNDING CONTINGENT	PG. 19 - ITEM 6	RANDOLPH	NUTTING	NUTTING HALL - DEMOLISH	\$ 450,000
FUNDING CONTINGENT	PG. 37 - ITEMS 2 & 3	RANDOLPH	MOREY	Basement - Proposed Student Lounge/Fitness Rooms	\$ 570,000
FUNDING CONTINGENT	PG. 37 - ITEM 4	RANDOLPH	MOREY	Basement - Proposed Terrace	\$ 20,000
FUNDING CONTINGENT	PG. 20 - ITEM 5	WILLISTON	300	Proposed Addition	\$ 1,065,000
FUNDING CONTINGENT	PG. 28 - ITEM 1	WILLISTON	NEW RES HALL	PROPOSED NEW BUILDING (2-STORY 12,000 SF ASSUMED)	\$ 5,800,000

ITEM 5: Business Planning Design Principles

BUSINESS PLANNING & ADMINISTRATION TRANSFORMATION SUB-TEAM

Last October the Vermont State Colleges formed a transformation team focused on Business Planning and Administration. The team, comprised of members of the Business Affairs Council, faculty, and representatives from our full-time staff units, has met regularly to complete the *discovery* work necessary to address the business and planning needs of the VSCS.

As a reminder, there are five phases in the transformation project management process.



The process begins with *discovery* – where the team discusses what is and is not working and sources of best practices. At this phase, the phase recently concluded by the Business Planning and Administration team, design principles are established. These principles serve as the foundation of the future design.

The Business Planning and Administration team is heading into the next phase, *design*, where they will be documenting the details regarding the services, processes, and systems needed.

REQUEST OF THE FINANCE & FACILITIES COMMITTEE

The Board of Trustees is the fiduciary authority for the Vermont State Colleges. As such, the Business Planning & Administration transformation team is seeking confirmation that the proposed design principles created as a part of the *discovery* process are in line with Finance & Facility Committee needs and expectations.

TEAM CHARTER

The sub-team's charter, as informed by the Council of Presidents, included the following areas of focus:

Develop a long-term forecast and strategic financial plan that balances the revenues and expenses of the system while simultaneously maintaining the capital and student infrastructure of the organization. The plan must meet the mission of the Vermont State Colleges System and its member institutions: Community College of Vermont and Vermont State University. Further, these plans will serve current and future students, their communities, and the state in a way that builds the foundation for an inclusive and sustainable future for higher education in Vermont.

Throughout the *discovery* and *design* phases, the team was tasked with:

Keeping students and prospective students at the center of the thinking about the work

- Seeking efficiencies and improvements that will lower administrative costs per student
- Remembering that the users of the services, processes, and systems are the system's internal customers
- Engaging in *discovery* and *design* with an eye towards best practices and innovative solutions
- Taking a digital first approach to improve efficiency wherever possible
- Focusing a lens specifically on the system's infrastructure needs and how to provide the resources and funding needed for long-term sustainability

The charter identified four primary deliverables:

1. Establishing guidelines and process for a multi-level strategic planning process to feed the strategic financial plan and provide a framework for reporting against objectives and develop a strategic financial plan that balances the revenues and expenses of the system and maintains the capital and student infrastructure
2. Developing a planning, budgeting, and measurement process that captures the unique and specific needs of programs, departments, and other units
3. Developing an allocation methodology for the state appropriation that supports the shared mission of the Vermont State Colleges System
4. Devising an allocation methodology for shared revenues, expenses, and services that supports and reflects institutional consumption and the shared mission of the Vermont State Colleges

CURRENT STATE ANALYSIS & SOURCES OF BEST PRACTICE

As part of our *discovery* process the Business Planning and Administration team analyzed the system's current state relative to the four primary deliverable areas. The team used input from the National Association of College and University Business Officers (NACUBO), the State Higher Education Executive Officers (SHEEO), NCHEMS and the knowledge and experience of key team members as sources of best practices.

DELIVERABLE 1: MULTI-LEVEL STRATEGIC FINANCIAL PLAN

In fall of 2021, the Vermont State College completed its first initial strategic financial planning analysis and shared early planning results with the Finance and Facilities Committee at its October meeting. At that time, we discussed the system’s chronic underfunding of its facilities, equipment, technology, and infrastructure. Since then, the Business Affairs Council has worked to understand these issues more clearly and begin the establishment of strategic financial planning goals. Additionally, the Business Planning and Administration team has provided input on the weighting factors relative to the strategic financial plan.

WHAT’S WORKING	WHAT’S NOT WORKING
<ul style="list-style-type: none"> • Debt is managed well • VSC has a clean audit record • Excellent access to historical data Strong accounting practices 	<ul style="list-style-type: none"> • Fiscal imbalances and losses have been evident for decades, indicating fundamental disequilibrium between revenues and expenses. (Total entity & unrestricted.) • Dependency, on an annual basis, for last minute appropriations decisions, makes strategic financial planning difficult/impossible • Underfunded capital infrastructure • We do not: <ul style="list-style-type: none"> ○ Maintain our capital infrastructure; adequately address capital investment needs related to facilities, equipment, and infrastructure ○ Support a planning, budgeting, and measurement process that captures the unique needs of programs, departments, and other financial units ○ Foster shared understanding and transparency ○ Identify funding sources and provides realistic economic appraisal of all key strategic initiatives

To address the current shortcomings of our existing process, the Vermont State Colleges proposes the following *design principles* for developing a multi-year budget and strategic financial plan. As the team moves through the design process, the team will be constantly testing the design against these principles. A design that does not meet all of these principles is not a good fit and will require continued rework.

The plan will be:

1. Developed in parallel with overall institutional strategy & strategic plan so as to justify, support, and make explicit financial aspects & impacts of the overall strategic plan.
2. Realistic and disciplined with budget planning and management processes that conform, ultimately, to explicit expectations as established by the Board of Trustees. The highest executive level will be highly engaged in, and accountable for, the plan from the very start of the process to the conclusion of each fiscal year.
3. Founded on well documented and best available: Enrollment, tuition, and discount forecasting and modeling; Expense forecasting will include best available personnel, debt, & operational expense
4. Inclusive of budget decisions that will be made using a culture of discipline and holistic financial decision making

DELIVERABLE 2: Planning, Budgeting, and Measurement

Today, the Vermont State Colleges has a system-wide budgeting process that includes coordination of budgeting efforts across the member institutions, and standardized practices for sharing budget materials with the Board of Trustees. Locally, however, the actual act of budgeting is an institutionally unique process that limits the consistency of outputs.

WHAT'S WORKING	WHAT'S NOT WORKING
<ul style="list-style-type: none"> • Existing budgeting processes were mutually developed between administration and faculty • Monthly budget reports are available for the colleges • Budgets are posted in early July when the new year opens 	<ul style="list-style-type: none"> • Compressed timing for gathering background data for planning • Inconsistent budgeting processes across institutions. • Reporting is limited. • No strategic plan for CapEx – Equipment, IT deferred maintenance • No return on investment methodology • Inconsistent usage of general ledger account numbers • Timing and ability to develop budget is dependent on outside inputs • Budget schedule varies from year to year • Process does not currently address cash management, budget forecasting, and expense controls • Healthcare budgeting is not done at the person level making budget planning challenging • Budget managers, department heads, deans, locations, lack detailed visibility into the organization's finances

To address the current shortcomings of our existing process, the Vermont State Colleges proposes the following *design principles* for developing planning, budgeting, and measurement processes. As the team moves through the design process, the team will be constantly testing the design against these principles. A design that does not meet all of these principles is not a good fit and will require continued rework.

The budget planning and measurement processes will incorporate or use:

1. Single set of guidelines for annual budgeting that is used among all VSC entities for consistency and ensure the quality of the resulting product
2. Yearly schedule for the budgeting process, including target dates for steps in the process to facilitate data collection, forecasting, and consistency
3. Budgeting/reporting software that supports forecasting, enforces budgeting guidelines, optimizes result and automates tasks to reduce manual effort and minimize errors
4. Training materials for the Budgeting Process including GL use protocol for Budget Managers and Budget Officers, to provide standardized expectations on budget spending/management

DELIVERABLE 3: State Appropriation Allocation

With the exception of student tuition and fees, the State Appropriation is the VSC’s single largest source of revenue. How these funds are distributed is a difficult issue. In fact, our best practice analysis has shown that allocation formulas are frequently under revision by state systems of higher education and that we are not alone in regards to the difficulty in developing a structure that meets the needs of the State of Vermont, our students, the financial health of the system, and our institutions.

WHAT’S WORKING	WHAT’S NOT WORKING
<ul style="list-style-type: none"> • We have a formula and had been abiding by it • Schools can predict what will be in their budget • Established a culture by which people adhere to the formula 	<ul style="list-style-type: none"> • Current policy favors overhead growth • The shared services/office of the chancellor allocation is split same as appropriation – no accounting for consumption • No accounting for overhead costs related to facilities • Favors revenue as a relative proportion of the appropriation • The formula can swing based on dynamic factors • Due to the nature of transformation, application of the formula has been waived

To address the current shortcomings of our existing process, the Vermont State Colleges proposes the following *design principles* for developing a state appropriation allocation. As the team moves through the design process, the team will be constantly testing the design against these principles. A design that does not meet all of these principles is not a good fit and will require continued rework.

The state appropriation allocation will:

1. Be more predictive, does not result in wild swings on an annual cycle, and includes a smaller number of inputs that can be automated
2. Honor the volume of Vermonters served, result in the lowest possible tuition for Vermonters, and incentivize student outcomes and financial diligence
3. Be revisited on a periodic basis to address unintended consequences and operational realities

DELIVERABLE 4: Shared Revenue, Shared Expenses & Shared Services Allocation

Revenue: The consortium agreement between the Vermont State Colleges dictates that during the fall and spring of each academic year, student tuition revenue is allocated to the institution where the student is matriculated. The sole exception is a revenue sharing program between CCV and the other colleges, where CCV serves as the “hub” and all other institutions are considered “spokes”. In this instance, any excess credits taken by an institution’s students at CCV (after deduction of CCV students taken credits at the sending institution) are paid for by the institution at 85% of CCV’s per credit rate.

Expenses: With the exception of the cost of the Chancellor’s Office, there is no formalized expense allocation process. Chancellor’s Office expenses are currently allocated based on the appropriation formula.

WHAT’S WORKING	WHAT’S NOT WORKING
<ul style="list-style-type: none"> • A rate table structure by institution assigns revenue based upon a student's home campus. Therefore, no need to allocate revenue • From an expense perspective, each institution tracks its expenses utilizes its own chart of accounts • Consortium agreement documents how revenue is allocated to institutions 	<ul style="list-style-type: none"> • Currently, not allocating the cost of operations to the final cost objectives. • Historically, we have not collaborated with shared services (ex: purchasing) that would optimize the expense structure of the VSC & its institutions • No process to allocate overhead across expense classifications (ex: physical plant across academics). • Not robust at allocating academic program revenues/expenses. • Overhead is a “black box” that is difficult to understand and could use a standard method and approach (down to program or department level) • We do not allocate shared costs based on usage (i.e. software)

To address the current shortcomings of our existing process, the Vermont State Colleges proposes the following *design principles* for developing an allocation methodology for shared revenues, shared expenses, and shared services. As the team moves through the design process, the team will be constantly testing the design against these principles. A design that does not meet all of these principles is not a good fit and will require continued rework.

The allocation of shared revenues, shared expenses, and shared services will be:

1. Efficient, drive strategic goals and support strategic and operational financial analysis that drive change
2. Well documented, easy to use and where possible calculated via an automatic system routine to avoid manual transactions
3. Transparent and visible for stakeholder engagement
4. Revenue and expense allocations will flow to the lowest possible unit of measure to allow class, program, department, location, institution, and system-wide budget managers have complete visibility to their area of operation