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

VERMONT STATE COLLEGES SYSTEM

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

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: December 8, 2022

SUBJECT: Finance and Facilities Committee Meeting scheduled for December 12, 2022

The Finance and Facilities Committee of the VSC Board of Trustees is scheduled to meet Monday, December 12, 2022 from 1:00 to 3:00 p.m. The meeting will be held via Zoom.

In addition to review and approval of the minutes of the October 17, 2022, meeting. The Committee has three items up for approval and one presentation planned.

The first agenda item includes two endowment requests. These include renaming the Farm Family fund to the **Rolfe1941 Farm Family Fund**, this request is made at the behest of the Rolfe Family. The second endowment request is establishment of the **Mary Elizabeth Trudeau Baker Nursing Scholarship**. This new scholarship, funded by a generous donation from the estate of Mary Baker, provides scholarships for nursing students in programs offered by Vermont Technical College. An additional gift from Ms. Baker's estate will come before the board when probate is complete. The materials are available as **ITEM 2** in your packet.

The second agenda item is review and approval of updates to **Policy 403: System Annual Operating Budget**. The policies, available as **ITEM 3** in your packet, include several major changes:

1) Revised formula for allocating the general fund and capital appropriations
2) New methodology for sharing expenses between the colleges
3) Updated process for approving student tuition, fees, and financial aid awarding strategies
4) Creation of two new reserve funds, one for economic stabilization and a second for information technology.

The third primary agenda item is review and approval of **system carry over requests**. Pending approval of the System Annual Operating Budget, the system requests approval of carry over to fund a new **Economic Stabilization Reserve** at $10 million, a new **Information Technology Reserve** at $5.2 million, and the **VSCS Strategic Reserve** at $4.4 million. Additionally, we request formal approval of $10 million for replacement of the system's Enterprise Resource Planning System (ERP) for $10 million, and a set aside of $2 million for Vermont State University's tuition reset approved during the September Retreat. A summary of these requests can be found as **ITEM 4** in your packet.

Lastly, representatives from Gordian will present an update regarding **Return on Physical Assets**. Their update refines the materials from last year, offering greater insight and analysis into our capital facilities and supporting the need to reduce the system's footprint.

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
Busines Affairs Council

Finance and Facilities Committee
AGENDA

December 12, 2022 1:00 PM

1. Call to Order

2. **Public Comment** – signup for public comment at www.vsc.edu/signup

3. **Review & Approve:** Minutes of the October 17, 2022, Finance & Facilities Committee meeting.

4. **Review & Approve**: Endowment Requests

   - Renaming the *Farm Family Fund* to the *Rolfe1941 Farm Family Fund*
   - New Funding for *Mary Elizabeth Trudeau Baker Nursing Scholarship*

5. **Review & Approve**: Policies – System Annual Operating Budget

6. **Review & Approve**: System Carryforward Requests

7. **Presentation**: Return on Physical Assets (Gordian)

8. Other Business

9. Adjourn

Meeting Materials

ITEM 1: Finance and Facilities Minutes, October 17, 2022

ITEM 2: Endowment Requests

- Rolfe1941 Farm Family Fund
- Mary Elizabeth Trudeau Baker Nursing Scholarship

ITEM 3: System Annual Operating Budget Policy Updates

- Policy 403: System Annual Operating Budget
- Policy 403-A: State Appropriation Allocation
- Policy 403-B: Shared Expenses
- Policy 403-C: Student Tuition and Fees
- Policy 403-D: Reserves, Carryforward, and Miscellany

ITEM 4: System Carryforward Requests

ITEM 5: Return on Physical Assets Presentation

ITEM 1: Minutes of October 17, 2022

Minutes of the VSCS Board of Trustees Finance and Facilities Committee meeting held Monday, October 17, 2022 at 2:45 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, October 17, 2022 via Zoom.

Committee members present:	David Silverman (Chair), Adam Grinold (Vice Chair), Lynn Dickinson, Bill Lippert, Jim Masland, Shawn Tester, Sue Zeller
Other Trustees Present:	Megan Cluver, David Durfee, Mary Moran
Presidents:	Parwinder Grewal, Joyce Judy
Chancellor's Office Staff:	Donny Bazluke, Network/Security Analyst Kellie Campbell, Chief Information Officer Wilson Garland, Director of Transformation Projects Katherine Levasseur, Director of External and Governmental Affairs Pat Moulton, Executive Director, Workforce Development Jen Porrier, Administrative Director Sarah Potter, Chief Human Resources Officer Sharron Scott, Chief Financial and Operating Officer Toby Stewart, System Controller Littleton Tyler, Lead Financial Analyst Patty Turley, General Counsel Yasmine Ziesler, Chief Academic Officer
From the Colleges:	Jae Basiliere, Chief Diversity Officer, Northern Vermont University Kelley Beckwith, Vice President, Student Success, Castleton University Sarah Chambers, Coordinator of Instructional Technology, Castleton University Laura Jakubowski, Chief Budget & Finance Officer, Castleton University Maurice Ouimet, Dean of Enrollment, Castleton 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
Beth Walsh, President, VSCUP, Northern Vermont University

1. Chair Silverman called the meeting to order at 2:45 p.m.

2. Public Comment

There was no public comment.

3. Approve August 22, 2022 Meeting Minutes

Trustee Zeller moved and Trustee Masland seconded the motion to approve the minutes of August 22, 2022. The motion was approved unanimously with one abstention.

4. Review and Approve: Endowment Requests

Chair Silverman introduced two Endowment requests to the committee: the William Fosbrook Aviation Scholarship for students in the Professional Pilot Program at Vermont Tech, and the Ian Muller Memorial Endowment for Veterans attending the NVU-Lyndon campus. Chair Silverman then invited President Grewal to share information regarding each request.

President Grewal requested approval of the William Fosbrook Aviation Scholarship for students in the Professional Pilot Program in the amount of $22,437.31. An additional unrestricted gift in the amount of $20,000.00 will be used to fund awards to current students while the endowment accrues interest.

Trustee Zeller moved and Trustee Masland seconded the motion to recommend to the Board that it approve the William Fosbrook Aviation Scholarship Endowment Request. The motion was approved unanimously.

President Grewal requested approval as the Ian Muller Memorial Endowment for NVU-Lyndon veterans in the amount of $20,000. Chair Silverman added that Ian Muller was a United States Marine and native of Danville who attended Lyndon State College from 2006-2007. He tragically died in Afghanistan in 2011, while conducting combat operations. Lyndon hosts an annual Rail Jam in Ian's honor, typically in connection with the Veteran's Summit.

Trustee Tester moved and Trustee Grinold seconded the motion to recommend to the Board that it approve the Ian Muller Memorial Endowment. The motion was approved unanimously.

5. FY2022 Financial Performance Review

Chief Financial and Operating Officer Sharron Scott presented the FY2022 Financial Performance and Fiscal Measures. These slides can be found here on pages 1-11. CFOO Scott noted that performance was stronger than budget due to the continued infusion of cash from HEERF and ARPA, as well as stronger enrollment and room participation, coupled with strong budget management by presidents. CFOO Scott shared the FY2022 financial ratios with the Committee. The ratios, including the Composite Financial Index, are universally favorable for the second year in a row. The ratio improvements were driven by a combination of increases to the state appropriation and one-time bridge funding, and the receipt of Higher Education Emergency Relief and American Rescue Plan Act funds. As these one-time infusions taper off, the ratios are expected to decline to the lower end of each ratio's target.

6. Review and Approve: Institutional Carryforward Requests
    a. Community College of Vermont
    b. Vermont Technical College

Chair Silverman invited Community College of Vermont President Judy to summarize the carryforward request for CCV. President Judy shared that CCV would like to use the one-time money for strategic one-time investments. A summary of these requests can be found here on page 23.

Trustee Zeller moved and Trustee Tester seconded the motion to recommend to the Board that it approve the Community College of Vermont's request for carryforward funds. The motion was approved unanimously.

President Grewal summarized the requests for Vermont Technical College's carry forward funds. Vermont Tech intends to use a portion of these funds to transform its agricultural program and facilitate the creation of a Center for Agriculture and Food Entrepreneurship at Vermont Tech and the future VTSU. A complete summary of Vermont Tech's request can be found here on page 24.

Trustee Zeller moved and Trustee Dickinson seconded the motion to recommend to the Board that it approve Vermont Technical College's request for carryforward funds. The motion was approved unanimously.

7. FY2023 1st Quarter Review

CFOO Scott provided a brief update on FY2023 1st Quarter results. These slides can be found here on pages 13-16. Overall, performance for FY2023 is forecasted to be stronger than budget. This change is driven largely by improvements at Vermont State University, with the Northern Vermont University campuses' significantly better than budget enrollment performance.

8. Governmental Affairs Update
    a. General Fund Budget Request
    b. State Capital Budget Request

Katherine Levasseur, Director of External and Governmental Affairs, provided an update on the VSC's budget requests, which included a total General Fund request of $63.35 million. This includes requests for a $48 million base appropriation, $9 million for FY2024 one-time Bridge Funding, $6 million to reduce CCV's tuition by 25%, and $350,000 of one-time funding to grow VTSU's restorative justice program. The base and bridge requests conform to the Select Committee's recommendations.

Additionally, Ms. Levasseur shared the VSCS submitted a Capital funding request for both FY2024 and FY2025 of $12.2 million. This request breaks down into $6.3 million for major maintenance, $1.1 million for transformation, and $4.8 million to fund major renovations at Vail Hall in Lyndon and Green Hall at Randolph. Both the budget and capital bill requests will now be considered by the Governor and his team.

9. Base Appropriation Design Principles Discussion

Chair Silverman reminded the committee that the Business Affairs Council asked the Finance & Facilities Committee to weigh in on the critical factors associated with the allocation of the base appropriation. The background materials and questions can be found here on pages 36-41. A robust discussion with the Trustees and Presidents provided many topics for further exploration. CFOO Scott and the Business Affairs Council were tasked with bringing allocation proposals to the Committee at its next regularly scheduled meeting.

10. What-If Scenario Discussion

Chair Silverman explained that the financial analysis team has been working to extend a modeling tool to test various scenarios and the potential impact on Vermont State University's budget. He then introduced Lead Financial Analyst Littleton Tyler who shared information about the work. Mr. Tyler shared a developmental version of the tool with the Committee and requested input from the committee on additional concepts to build out a more robust tool.

11. Other Business

There was no other business.

Chair Silverman adjourned the meeting at 4:41 p.m.

ITEM 2: Endowment Requests

VERMONT TECH

Office of the President
PO Box 500
Randolph Center, Vermont 05061

Tel: 802 728 1252
Email: president@vtc.edu

December 2, 2022

Sophie Zdatny, Chancellor
Vermont State Colleges System
PO Box 7
Montpelier, VT 05601

Dear Chancellor Zdatny,

I am pleased to provide you the New Funding Source Document required for renaming an existing endowment. The original name of the endowment is *Farm Family Fund*, but because there is another endowment name with a similar title, the donor family has requested the name be change to *Rolfe1941 Farm Family Fund*.

This endowment was funded with a gift of $12,364.00 on May 7, 1997. There are no other changes to the endowment except the name, however the family would like to see this change made as soon as possible.

I request that the Vermont State College's Board of Trustees approve this name change.

Sincerely,

Dr. Parwinder Grewal
President of Vermont Technical College, Castleton University, Northern Vermont University and Vermont State University

VERMONT TECH

Office of the President
PO Box 500
Randolph Center, Vermont 05061

Tel: 802 728 1252
Email: president@vtc.edu

December 2, 2022

Sophie Zdatny, Chancellor
Vermont State Colleges System
PO Box 7
Montpelier, VT 05601

Dear Chancellor Zdatny,

I am pleased to provide you the New Funding Source Document required for establishing an endowment to be titled the *Mary Elizabeth Trudeau Baker Nursing Scholarship Endowment*.

The endowment will be funded with a bequest gift that we have received in the amount of $1,655,727.22.

This scholarship will be awarded to students who are studying nursing through the legacy nursing program that originated at Vermont Technical College. There are no other restrictions on who can receive these scholarship awards.

Because the donor requested that a portion of her gift be put to immediate use for the benefit of current nursing students, we are requesting that a small portion ($20,000) of the gift be set aside for current use, while the remainder is invested in the endowment corpus.

I request that the Vermont State College's Board of Trustees accept the gift and approve the establishment of this exciting new endowment to benefit our nursing students.

Sincerely,

Parwinder Grewal, Ph.D.
President

- NEW FUNDING SOURCE DOCUMENT -

Vermont Technical College
(College Name)

Submit to Chancellor's Office for all activities based upon a new funding source.
Place copy in front of any applicable master file.

1) Name of grant, endowment, or other activity: (type in all CAPs)

MARY ELIZABETH TRUDEAU BAKER NURSING SCHOLARSHIP

2) Granting Agency/donor/other funding source: (attach supporting documentation)

3) Purpose of Endowment: (attach supporting documentation)

To award students in the Vermont Tech School of Nursing, nursing scholarship(s).

4a) Proper Account Fund:
☑ Regular Endowment ☐ Term Endowment

4b) Why this fund selected?

5) General Ledger account #: (as proposed or assigned)

TBD

6) Date Endowment Reach Endowment Status:

12/5/2022

7) Reporting requirements: (format/to whom/frequency/other)

None

8) Funding Amount:

$ $1,655,727.22

☑ One-time - Or - ☐ Ongoing funding (indicate time frame:)

9a) Is principal use allowed: (w/Board OK?)

9b) If yes, is replenishment of principal allowed or required?

10) If investment proceeds generated, indicate intended disposition:
☑ Per Board Approved Spending Procedure
☐ Fully expend for program as prescribed
☐ Increase principal for inflation and expend remainder

11) President:	12) Date to Ch's Office:	13) Date Board approved:
	12/6/2022	

ITEM 3: System Annual Operating Budget Policy Updates

SYSTEM ANNUAL OPERATING BUDGET

Over the last twelve months the Business Affairs Council has worked to update the policy regarding System Annual Operating Budget. This policy encompasses the annual budgeting process, reporting requirements, the allocation of general fund state appropriation, the setting of tuition and fees, the establishment of reserves, and the use of carry over funds. Last receiving a major update in advance of the FY2020 fiscal year, this policy warrants significant overhaul in light of system-wide transformation, the creation of Vermont State University, and expanded shared services.

The accompanying policies replace *Policy 403: System Annual Operating Budget*. Together, these policies place a stronger emphasis on the strategic financial health of the Vermont State Colleges, fair and equitable distribution of system resources – both state general fund revenues and shared expenses expense, and give greater opportunity for Board of Trustees oversight.

POLICY 403

The following major changes were made to Policy 403:

1. The policy was divided into a main policy – Policy 403, and four sub-policies – Policy 403-A through 403-D – separating this policy into multiple sub-policies has been done to enhance understanding of the specific elements of the policy such as the allocation of appropriations, the sharing of expenses, the tuition setting process, and establishment of reserves.

2. Since FY2021, the VSCS has followed an expanded budget timeline that provides clear opportunities for the Board to exercise its fiduciary authority. Section two of the updated policy describes this timeline.

3. Section four has been updated to reflect the reporting standards the VSCS has used since FY2021.

POLICY 403-A – ALLOCATION OF GENERAL FUND AND CAPITAL FUND APPORPRIATIONS

Policy 403-A documents the proposed methodology for allocating the general and capital fund appropriations. As discussed at the October Finance & Facilities Committee meeting, the existing general fund appropriation allocation process dedicates 25% of the appropriation based on a historical status quo (20% to VTC, 20% to CU, 40% to NVU), 50% based on the previous three years of net student revenues, and 25% on each institution's proportional share of awarded degrees and credentials.

The revised methodology proposes a two-part calculation for allocating the general fund appropriation as noted below:

1. Calculate the amount of general fund available to allocate by deducting:
    a. Special purpose appropriations such as Allied Health and VMEC
    b. Extraordinary and one-time funding not named to a specific purpose (i.e. bridge funding)
    c. 3% for strategic initiatives as established by the Chancellor
    d. 2% to create an economic stabilization fund
    e. Retiree medical costs
    f. "Corporate" functions including the Chancellor and staff, Board Support, and External Affairs/Government relations

2. Distribute the available general fund appropriation to the colleges proportional to each institution's need for academic and administrative functions as calculated using a three-year look back. Need is calculated as:
    a. Student revenues (tuition, fees, room, and board) less
    b. Gross Unrestricted expenses excluding athletics, development, and camps and conferences.

Additionally, Policy 403-A describes the methodology by which Capital Funds will be allocated to the institutions. The proposed methodology distributes the funds proportional to each institution's owned square footage, after deductions for specially designated project funding and $500,000 for emergency repairs.

POLICY 403-B – SHARED EXPENSE ALLOCATION

Policy 403-B describes the process by which the system will share the expenses associated with shared services. Previously, all shared expenses (known as OC expense, system office expense, or Chancellor's Office expense) were shared proportionately to the allocation of the general fund appropriation. The revised policy allocates the cost of shared services proportional to institutional consumption. Additionally, this policy describes the timeline for development of the shared expense budgets.

POLICY 403-C – STUDENT TUITION AND FEES

The Board of Trustees is responsible for approving not-to-exceed maximum tuition, fees, room, and board, also known as published prices. The revised policy offers two meaningful changes:

1. Proposals to offer tuition, fees, room, and board rates that differ from Board approved not-to-exceed maximums will be proposed by the President and approved by the Chancellor based on supporting financial analysis

2. The Chancellor shall review and approve annual waiver, merit aid programs, and need-based financial aid for each institution. However, *major changes* to discounting strategies will be brought to the Finance and Facilities Committee prior to issuance of any financial aid award for an upcoming fiscal year giving the Board the opportunity to weigh on meaningful changes to discounting.

POLICY 403-D – RESERVES, CARRY OVER FUNDS & MISCELLANY

As discussed over the last year, the Vermont State Colleges must begin to address its funding of capital infrastructure, and must maintain at least three months of cash to weather unanticipated crises. Policy 403-D, therefore, creates two new reserve funds as noted below:

1. **Economic Stabilization Fund** – designed to hold 25% of unrestricted expenses at all times, use of this fund would be subject to approval of the Finance and Facilities Committee. By a separate action, the Vermont State Colleges proposes seeding this fund with $10,000,000 from System Operating Reserves (approximately 5.7%) and continuing to augment this balance using a 2% share of the general fund appropriation plus any institutional margins exceeding 5% of the current year budgeted general fund expenses

2. **Information Technology Capital Fund** – designed to serve capital to support equipment replacement, this fund is expected to hold a minimum of one-seventh of the replacement value of system-wide information technology equipment at all times. By a separate action, the Vermont State Colleges proposes seeding this fund with $5.2 million (two-sevenths of the replacement value of equipment) to smooth the transition to this methodology.

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Title	Number	Page
SYSTEM ANNUAL OPERATING BUDGET	403	1 of 4
	Date **F&F 12/12/2022** **BOT 01/23/2023**	

PURPOSE

The Board of Trustees considers the Vermont State Colleges System Annual Operating Budget as an essential oversight vehicle as well as the primary financial plan for operations of the System and its components for a given fiscal year (July 1 through the following June 30). This policy, and the sub-policies Policy 403-A, Policy 403-B, Policy 403-C, and Policy 403-D, prescribes the development, adoption, and subsequent administration of the Annual Operating Budget for the System as a whole, and for the individual Institutions and Chancellor's Office.

STATEMENT OF POLICY

1. Development of the System Annual Operating Budget

The Chancellor is responsible for developing the System Annual Operating Budget for recommendation to the Board of Trustees. The System Annual Operating Budget development will be conducted in a collaborative manner with the Council of Presidents to assure application of revenues, expenditures, one-time funds and other financial considerations in a consistent fashion and appropriate to functioning as an integrated System. The System Annual Operating Budget will be presented for each component unit (i.e. individual institutions, shared services and the Chancellor's Office) and as a consolidated budget for the entire System.

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

2. Review and Adoption of the System Annual Operating Budget

The Board is responsible for reviewing the System Annual Operating Budget recommendations put forth by the Chancellor, and for adopting an official System Annual Operating Budget. This is consistent with the Board's ultimate fiduciary responsibility for the System. Timing of the Chancellor's recommendations will allow the Board to conduct its review and take action no later than the final Board meeting of each fiscal year.

A. By September 30 of each year, the Board shall establish key initiatives and financial goals for the next budget cycle.

B. Student revenues including tuition, fees, room, board, fees, and fundamental changes in discounting strategies, will be reviewed and approved prior to awarding aid for any upcoming year and will typically be complete by November of each year.

C. By December 31 of each year, the Shared Services and Chancellor's Office budgets will be drafted for integration into institutional budgets.

D. At minimum, two versions of the annual operating budget will be presented to the Finance and Facilities Committee in advance of the review of the final budget proposal.

E. The Board of Trustees shall review and approve the annual operating budget proposal. The final proposal shall include:

   (1) General fund financial budget for each component unit and a consolidated view of same. The budget proposal will include a comparison to current year third quarter forecast and current year budget
   (2) Narrative for each component unit and the system as a whole outlining the key budget drivers, the ways in which the component unit is meeting the Board's key initiatives, and new spending proposals
   (3) Published tuition rates for all primary academic programs and degree types
   (4) Key performance metrics and budget regarding anticipated enrollment, residence hall participation, employment, and student mix will be provided

F. By June 30 of each year the Board of Trustees will receive a recommendation from the Finance and Facilities Committee regarding approval of the System Annual Operating Budget.

3. <u>Administration of the System Annual Operating Budget</u>

On behalf of the Board of Trustees, the Chief Financial Officer is expected to collaborate and work with the Chancellor, Institutional Presidents and other appropriate Institution and System officials to assure the proper and effective administration of the System Annual Operating Budget as adopted by the Board. It is the responsibility of the Chief Financial Officer to report results to the Board of Trustees.

4. Reporting

A. Quarterly Reporting:

(1) At a Finance & Facilities Committee meeting occurring not earlier than five (5) weeks after the close of each quarter (September, December, March), actual general fund operating results (financial) compared to budgeted general fund results will be provided to the Committee along with each entities' best forecast for the remainder of the fiscal year.

(2) In addition to the general fund operating results, actual performance versus budgeted performance regarding key performance indicators in the areas of enrollment, enrollment mix, room participation, and staffing shall be provided to the committee.

(3) A narrative, explaining variances to budgeted general fund performance and key performance indicators shall be provided by each primary operating unit. The narrative shall be written in a manner to facilitate understanding by the layperson.

(4) All quarterly reports shall be shared at the primary unit level (institution, shared services, chancellor's office) and as a consolidated view of the entire entity.

B. Annual Reporting

(1) The financial statements of the Corporation serve as the official record of system-wide performance for the Vermont State Colleges. The financial statements adhere to Government Accounting Standards Board (GASB) standards and are typically available in October for review by the Audit Committee and approval by the Board of Trustees.

(2) Supplemental performance, consistent with Quarterly Reporting, is provided to the Finance and Facilities Committee. In addition, the Finance and Facilities Committee shall receive updated information regarding enrollment, discounting, and net revenue for the most recently completed year and several years prior.

(3) Financial ratios comprising the Composite Financial Index shall be presented to the Finance and Facilities Committee each year. The four ratios included shall be the primary reserve, net operating revenue, viability ratio, and return on net position. All ratios shall be presented for the most recently completed ten (10) fiscal years.

Signed by:______________________________
Sophie Zdatny, Chancellor

Date	Version	Revision	Approved By
9/26/2018	1.0	Adopted	VSCS Board of Trustees
5/12/2020	2.0	Update	VSCS Board of Trustees
1/23/2023	3.0	Update	VSCS Board of Trustees

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Title	Number	Page
SYSTEM ANNUAL OPERATING BUDGET - ALLOCATION OF STATE GENERAL AND CAPITAL FUND APPROPRIATIONS	403-A	1 of 3
	Date **F&F 12/12/2022** **BOT 01/23/2023**	

PURPOSE

Vermont State Colleges System receives general and capital fund appropriations from the State of Vermont. The primary purpose of these appropriations is to support the VSCS and create access to higher education for Vermonters throughout the state. This policy describes the methodology by which the general fund and capital fund will be distributed across the component units (i.e. individual institutions, shared services and Chancellor's Office.)

STATEMENT OF POLICY

1. Allocation of General Fund Appropriation

   A. Deductions prior to allocation of the General Fund Appropriation:

      (1) Allocations named to a specific purpose by state law shall be allocated solely to that purpose and assigned to the appropriate component unit
      (2) All extraordinary and one-time funding not named to a specific purpose by state law
      (3) 3% of the total base appropriation less the values of (1) and (2) above for strategic initiatives at the discretion of the Chancellor
      (4) 2% of the total base appropriation less the values of (1) and (2) above allocated to an economic stabilization fund
      (5) Budgeted retiree medical costs
      (6) Corporate functions including Chancellor, Government Relations, Board Support, and related activities.

   B. After all deductions occurring in A above, the remaining balance shall be distributed to the member institutions to fill the gap between a three-year rolling average of actual unrestricted Student Revenue (Net Tuition and Fees plus Room and Board) plus special purpose general fund allocations as described in A(1) above, less all Unrestricted Expenses excluding all Athletics, Camps & Conferences, and Development/Fundraising. Where the need exceeds the available general fund balance, the amount shall be shared proportionately. Under no circumstances shall an institution receive less than 15% of the available appropriation and not more than 85%.

Example

Available general fund appropriation after application of deductions is $18,000,000.

	Institution 1	Institution 2
All Student Revenue	15,000,000	20,000,000
Gross Unrestricted Exp	23,000,000	40,000,000
Athletics	0	-6,500,000
Development	-75,000	-300,000
Camps and Conferences	0	-1,000,000
Net Expense	22,925,000	32,200,000
Balance	7,925,000	12,200,000
	39.4% of whole	60.6% of whole

The total need for both institutions is the sum of the balances for each organization: $12,200,000 + $7,925,000 = $20,125,000. Because the need of $20,125,000 exceeds the available balance, of $18,000,000, the available balance is distributed proportionately to the whole of the need. Therefore, Institution 1 would receive 39.4% ($7,092,000) of the available general fund appropriation and Institution 2 would receive 60.6% ($10,908,000) of the general fund appropriation.

2. Allocation of Capital Fund Appropriation

   A. Deductions prior to allocation of the Capital Fund Appropriation:

      (1) Allocations named to a specific purpose by state law shall be allocated solely to that purpose and assigned to the appropriate component unit
      (2) $500,000 for emergency repairs which shall be distributed at the discretion of the Chancellor or Chief Financial Officer

   B. After all deductions in A above, the remaining balance shall be distributed proportionate to owned square footage by institution as calculated the fall before the beginning of each

State Biennium; with the expectation that not less than $150,000 will issued to each institution regardless of proportionate value.

Signed by: ______________________________
Sophie Zdatny, Chancellor

Date	Version	Revision	Approved By
1/23/2023	1.0	Adopted	VSCS Board of Trustees

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Title	Number	Page
SYSTEM ANNUAL OPERATING BUDGET - SHARED EXPENSE ALLOCATION	403-B	1 of 3
	Date **F&F 12/12/2022** **BOT 01/23/2023**	

PURPOSE

The Vermont State Colleges System operates shared services that support universal administrative functions of the System. The allocation of these expenses is an important endeavor – the methodology selected must be predictable, well documented, transparent and efficiently created. Further, the methodology must drive strategic results, incentivize reduced costs while improving student outcomes, and balance the ease of implementation with the ability to allow Presidents the ability to make meaningful changes that manage the components of cost. This policy describes the methodology by which shared expenses will be distributed across the institutions comprising the Vermont State Colleges.

STATEMENT OF POLICY

1. **Definition**. Shared Expenses are the costs associated with the operation of shared services functions for the Vermont State Colleges System. Shared services are separate and distinct from the Chancellor's or System Office in that the former are shared functions universal to all component units of the Vermont State Colleges. The supervision of one or more of these functions may reside anywhere within the system. The Chancellor's Office includes only the functions necessary to support successful operation of corporate functions including Chancellor, Government Relations, Board Support, and related activities. These corporate functions are allocated as part of the general fund appropriation and are not included in this calculation.

2. **Basis of Cost**. The basis of Shared Expenses are the service level agreements negotiated between the Shared Service areas and the Council of Presidents Aggregate shared expenses can be decreased through the elimination, consolidation, or substitution of services through negotiation between the Shared Services unit and the Institutions receiving services. Aggregate shared expenses will increase based on the actual value of the services (tangible goods and services, wages and benefits) and through negotiated additions of services.

3. **Allocation of Expenses**. Where practicable, aggregated shared expenses will be allocated proportionately based on consumption and usage. Each year, consumption data comporting with the standard pricing measures (i.e. student headcount or full-time equivalency, number of sites served, faculty headcount) will be collected and shared with the Institutional Presidents or designees. Where not practicable, a standardized unit of measure will be applied to the costs offering a best approximation of consumption.

4. **Budgeting Process.** The budgeting process is intended to facilitate issuance of a final, or near final, budget to the institutions no later than December 31 of each year.

   A. By September 30 of each year, Shared Services negotiations for the next fiscal year must begin with the end result modified service level agreements outlining the services to be provided by each shared services organization

   B. By November 15 of each year, preliminary Shared Services budgets will be shared with each institution. It is expected that further negotiation regarding service levels will be necessary at this time to accommodate institutional needs.

   C. By December 15 of each year, final shared services budgets shall be issued to the institutions for incorporation into their annual budgets.

   D. With each pass of the system annual operating budget, the Shared Services budgets will be reviewed. If further adjustments are necessary to support the annual operating budget and may necessitate additional negotiation regarding service levels and/or unanticipated additional costs. These will be shared with each institution as required.

5. **Reporting**. As part of the standard budget monitoring process, Shared Services budget versus actual reporting shall be supplied on a quarterly and annual basis.

6. **Mid-Year Budget Modifications**. Every effort will be made to avoid mid-year budget modifications to Shared Services. However, certain factors may result in adjustments such as:

   A. Negotiated service level changes by an institution and/or a request to expand services

   B. Emergency situations requiring immediate action to mitigate harm to the Vermont State Colleges

Signed by: ______________________________
Sophie Zdatny, Chancellor

Date	Version	Revision	Approved By
1/23/2023	1.0	Adopted	VSCS Board of Trustees

VERMONT STATE COLLEGES SYSTEM

Manual of Policy and Procedures

Title	Number	Page
SYSTEM ANNUAL OPERATING BUDGET - STUDENT TUITION AND FEES	403-C	1 of 2
	Date: **F&F 12/12/2022** **BOT 01/23/2023**	

PURPOSE

The Vermont State Colleges exist *for the benefit of Vermont.* The primary work of the system is to educate Vermonters in meaningful ways. Student revenues in the form of tuition, fees, room, and board are the lifeblood of each institution. This policy establishes the process by which student revenues are set, along with the procedures for receiving and managing these revenues.

STATEMENT OF POLICY

1. **Published Tuition, Fees, Room, and Board**.

   A. The Board is responsible for approving not-to-exceed maximum tuition rates, room and board program charges, and selected fees based on a review of a recommendation from the Chancellor. This affirmative act occurs annually, and is required regardless of the actual size of the increase proposed.

   B. Each institution may propose individual tuition rates, room and board program charges, and selected fees at or below the approved maximum rates to the Chancellor. Each proposal will be considered in light of a supporting financial analysis presented by the institution.

   C. The actual published tuition for each institution will be included in each institution's annual budget proposal.

2. **Institutional Discounting.** It is the Board's expectation that institutional aid shall be used strategically to increase affordability, improve access to education, and maximize net student revenue. All approaches to institutional discounting should balance these needs. Where there is a conflict, maximizing net student revenue shall take precedence.

A. For the purposes of unified understanding, institution discounting is comprised of aid not funded by institutional endowments, state or federal government, and outside agencies. This includes but is not limited to waivers and discounts occurring as reductions to revenue and expenses charged to scholarships and fellowships.

B. Each institution may propose waivers, merit aid programs, and need-based financial aid to the Chancellor that is best designed to maximize net student revenue and support overall enrollment. Each proposal will be considered in light of a supporting financial analysis presented by the institution and the means by which the proposal increases affordability for lower income students, improves accessibility, and maximizes net student revenue. Major changes to discounting strategies must be reviewed and approved by the Finance and Facilities Committee in advance of awarding for the upcoming fiscal year.

3. **Ownership of Student Revenue**. Each Institution will retain all student tuition & fees the Institution generates annually. During each year, student revenues available to each Institution will be as actually generated, whether below or above budgeted levels.

A. **Under-Realized Enrollments**. Each Institution is responsible for addressing the financial impacts from under-realized budgeted student enrollments. As soon as practicable, the President shall consult with the Chancellor or Chief Financial Officer how this under-realized revenue shall be addressed.

B. **Over-Realized Enrollments**. Each Institution is responsible for reporting and forecasting additional revenues from over-realized student enrollments as part of the quarterly reporting process. As soon as practicable, the President shall consult with the Chancellor or Chief Financial Officer to determine how these funds can be used.

Signed by:______________________________
Sophie Zdatny, Chancellor

Date	Version	Revision	Approved By
1/23/2023	1.0	Adopted	VSCS Board of Trustees

Manual of Policy and Procedures

Title	Number	Page
SYSTEM ANNUAL OPERATING BUDGET - RESERVES, CARRY OVER FUNDS & MISCELLANY	403-D	1 of 3
	Date **F&F 12/12/2022** **BOT 01/23/2023**	

PURPOSE

To be financially sound, the Vermont State Colleges System must maintain adequate financial reserves, fund capital equipment expenditures (information technology and facilities infrastructure), and have a sound plan for managing times of crisis. This policy establishes the minimum and maximum reserves, the procedures for addressing carry over funds, and related miscellaneous budgeted items.

STATEMENT OF POLICY

1. **Contingency Reserve Fund.** To hedge against unanticipated shortfalls in Institutional Annual Operating Budgets, each Institution shall maintain a Contingency Reserve Fund equivalent 2.5% of budgeted unrestricted expenses for the current fiscal year. Use of Contingency Reserves is subject to approval by the Chancellor, and depletion of an Institution's Contingency Reserves must be replenished in a timeframe determined in consultation with the Chancellor.

2. **Strategic Reserve.** The Institutions and System may reserve up to 10% of general fund budgeted expenses for the upcoming fiscal year as a Strategic Reserve. Such reserves may be budgeted as part of the system annual operating budget and with approval from the Board of Trustees.

3. **Economic Stabilization Fund**. The System shall maintain an Economic Stabilization Fund equivalent to three months (25%) of budgeted unrestricted expenses for the current fiscal year. Use of Economic Stabilization Fund is subject to approval by the Finance and Facilities Committee and depletion of the System's Economic Stabilization Fund must be replenished in a timeframe determined in consultation with the Finance and Facilities Committee.

A. Recognizing this is a major shift in reserve structure for the Vermont State Colleges, this provision shall be phased in over a period of **20** years. At minimum the System must have reserves equaling the amounts noted for each fiscal year unless otherwise stated by the Finance and Facilities Committee:

FY24: 5.7%	FY25: 6.7 %	FY26: 7.7%	FY27: 8.8%	FY28: 9.8%
FY29: 10.8%	FY30: 11.8%	FY31: 12.8%	FY32: 13.8%	FY33: 14.8%
FY34: 15.9%	FY35: 16.9%	FY36: 17.9%	FY37: 18.9%	FY38: 19.9%
FY39: 20.9%	FY40: 21.9%	FY41: 22.9%	FY42: 24.0%	FY43: 25.0%

4. **Information Technology Capital Fund**. Information technology equipment must be replaced on a regular basis. The VSC shall maintain a reserve equal to a minimum of one-seventh of the total replacement value of information technology equipment. Use of Information Technology Capital Fund is subject to approval by the Finance and Facilities Committee as part of the system annual operating budget process. In the event this reserve falls below one-seventh of the replacement value, a replenishment schedule shall be established in a timeframe determined in consultation with the Finance and Facilities Committee

   A. Recognizing this is a major shift in reserve structure for the Vermont State Colleges, the system will place in reserve two-sevenths, $5,700,000, of the total replacement value of information technology equipment, and a lump sum of $10,000,000 for replacement of the enterprise resource management system in the fund at the time of approval of this policy. By FY28, the fund must be self-supporting through Information Technology Shared Services.

   B. Existing reserves at the institutions for information technology shall be moved to the system-wide fund at the end of FY23.

5. **Construction, Renovation, and Maintenance Reserve**. The Institutions and System may reserve up to 15% of general fund budgeted expenses for the upcoming fiscal year as a Construction, Renovation, and Maintenance (CRM) Reserve. Such reserves may be budgeted as part of the system annual operating budget and with approval from the Board of Trustees.

6. **Carried Over Funds.** Upon the audited close of each fiscal year's books, any Carried Over Funds available (net of encumbrances forward, commitments forward, additions to Contingency Reserve (to bring up to minimum), *maintained* Contingency, Strategic and CRM Reserves) less than or equal to 5% of current year budgeted general fund expenses, may be proposed by the President for one-time uses subject to concurrence of the Chancellor

and approval by the Board. Additions to the Strategic Reserve and Construction, Renovation, and Maintenance Reserve require approval by the Board of Trustees and may not occur unilaterally. Funds exceeding 5% of the current year budgeted general fund expenses shall be deposited in the Vermont State College Economic Stabilization Fund.

Signed by: ______________________________
Sophie Zdatny, Chancellor

Date	Version	Revision	Approved By
1/23/2023	1.0	Adopted	VSCS Board of Trustees

ITEM 4: System Carryforward Requests

SYSTEM CARRY OVER REQUESTS

The Vermont State Colleges has received generous support from the State of Vermont to facilitate transformation and support financial sustainability. To continue this process, proposes $31,800,000 for the following carry over activities:

1. **Economic Stabilization Fund: $10,000,000**
   As proposed in Policy 403-D, the VSCS proposes seeding the Economic Stabilization fund with $10,000,000 from system reserves.

2. **Information Technology Capital Fund: $5,200,000**
   As proposed in Policy 403-D, the VSCS proposes seeding the Information Technology Fund with $5,200,000, an amount equivalent to two-sevenths of the replacement value of IT equipment as of FY2023.

3. **Enterprise Resource Management System Replacement: $10,000,000**
   At the conclusion of FY2021, setting aside $10,000,000 support replacement of the system's nearly two decade old student information was discussed. This request formalizes the proposal.

4. **VSCS Strategic Reserve: $4,400,000**
   Consistent with strategic reserves at the colleges, this project places funding aside at the system level for strategic initiatives.

5. **Vermont State University Tuition Reset: $2,200,000**
   At the September Board of Trustees Retreat, a reset of the tuition for Vermont State University was approved. This project sets aside the funds that are "at risk" associated with this tuition reset. If not needed for this purpose, we propose reverting the funds to the Economic Stabilization Fund.

ITEM 5: Return on Physical Assets Presentation

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Vermont State University
FY22 ROPA Presentation

Presented by Rachel Dern & Laura Dowdy
December 12th, 2022

University of Toledo
University of Vermont
University of Washington
University of West Florida
University of Wisconsin - Madison
Vanderbilt University
Virginia Commonwealth University
Wake Forest University
Washburn University
Washington State University
Washington State University - Tri-Cities Campus
Washington State University - Vancouver
Washington University in St. Louis
Wayne State University
Wellesley College
Wesleyan University
West Chester University
West Virginia Health Science Center
West Virginia University
Western Oregon University
Westfield State University
Widener University
Williams College
Worcester Polytechnic Institute
Worcester State University

Vermont State University

A Vocabulary for Measurement

Return on Physical Assets (ROPA)

Annual Stewardship	Asset Reinvestment	Operational Effectiveness	Service
The annual investment needed to ensure buildings will properly perform and reach their useful life ***"Keep-Up Costs"***	The accumulation of repair and modernization needs and the definition of resource capacity to correct them ***"Catch-Up Costs"***	The effectiveness of the facilities operating budget, staffing, supervision, and energy management	The measure of service process, the maintenance quality of space and systems, and the customers opinion of service delivery

Asset Value Change (Annual Stewardship ↔ Asset Reinvestment)

Operations Success (Operational Effectiveness ↔ Service)

Vermont State University Facilities Peer Institutions

ROPA Analysis Space Totaling 2.2M GSF. Analysis does not include the CCV Sites.

Peer Institutions	Location
Central Maine Community College	*Auburn, ME*
Keene State College	*Keene, NH*
Kennebec Valley Community College	*Fairfield, ME*
Plymouth State University	*Plymouth, NH*
Southern Maine Community College	*Portland, ME*
University of Maine at Fort Kent	*Fort Kent, ME*
University of Southern Maine	*Portland, ME*

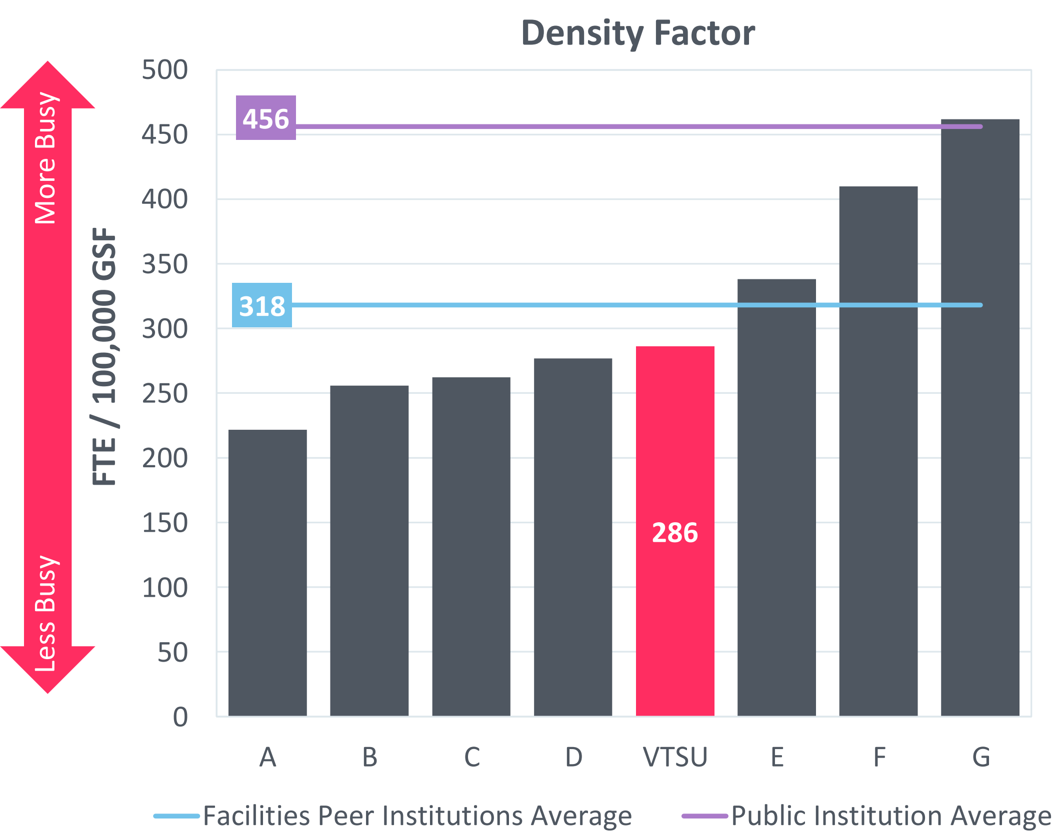
Comparative Considerations

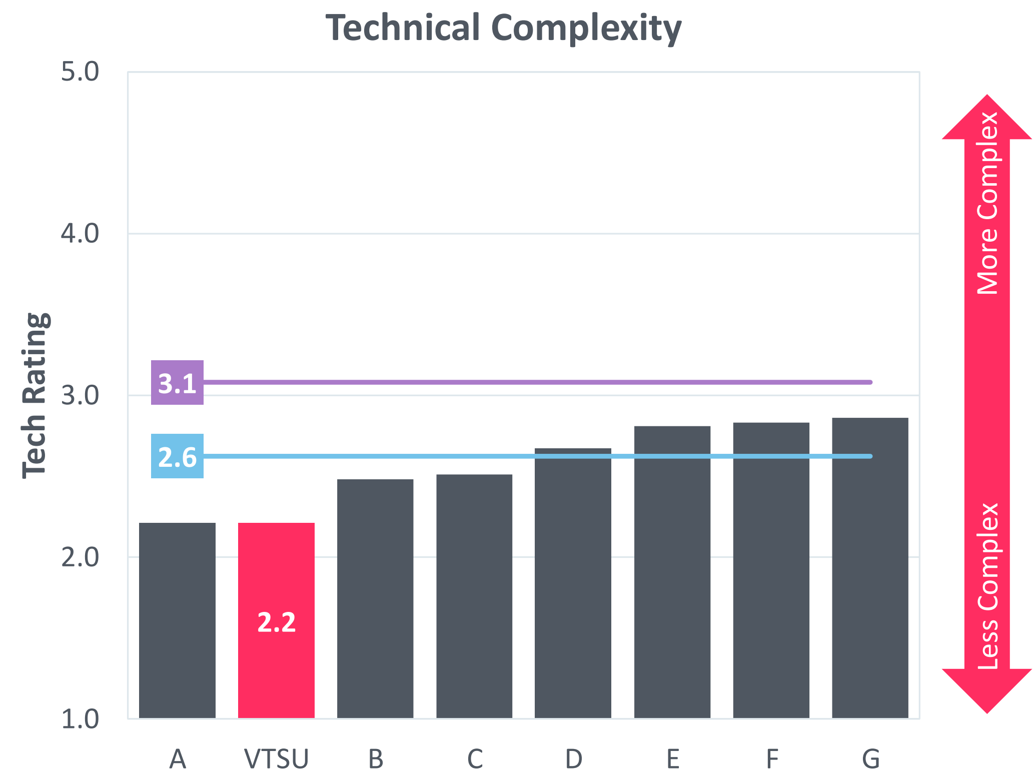
Size, technical complexity, region, geographic location, and setting are all factors included in the selection of peer institutions (Gordian Public Institutions within Higher Education)

Vermont State University

Establishing a Baseline: Density & Technical Complexity

Density factor and technical complexity impact asset stewardship, capital and operational demands





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Density: Measures number of users per 100,000 GSF
Users include all student, faculty and staff FTEs
Measures campus building usage daily

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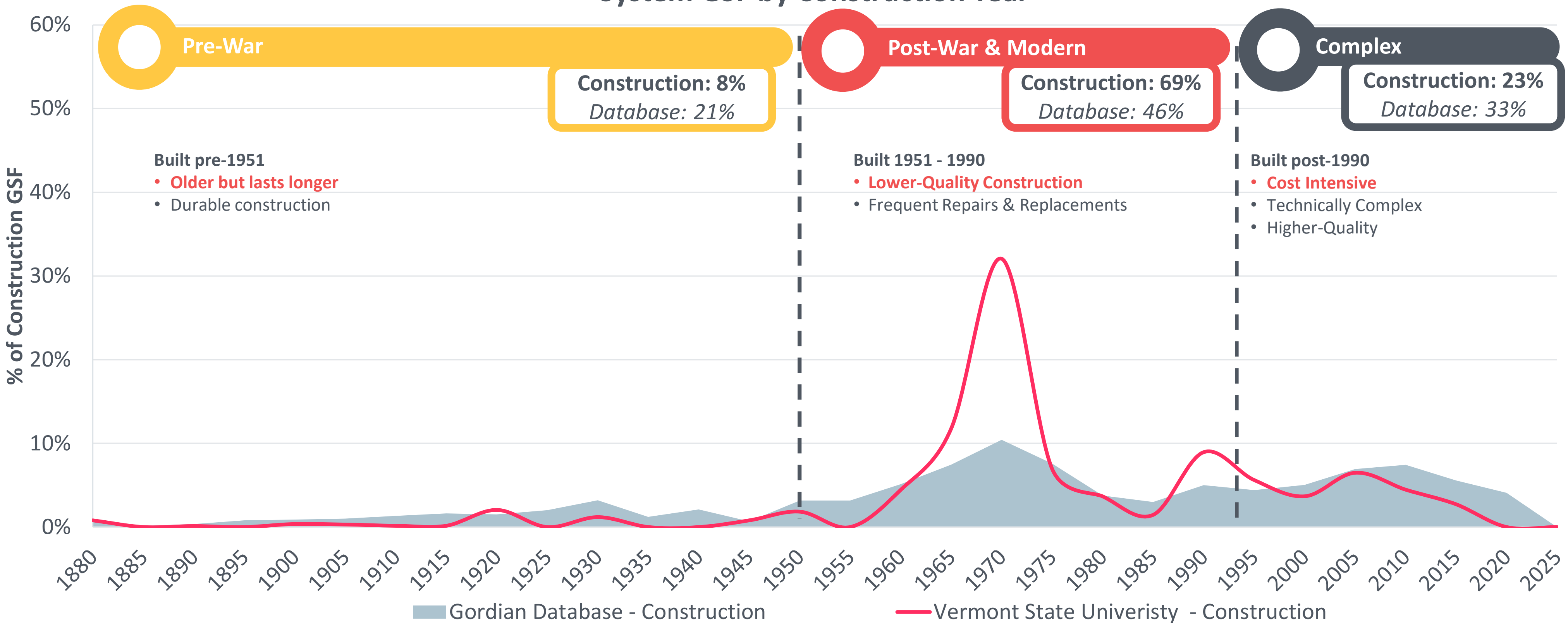
Space Profile

Vermont State University

Putting the System's Building Age into Context

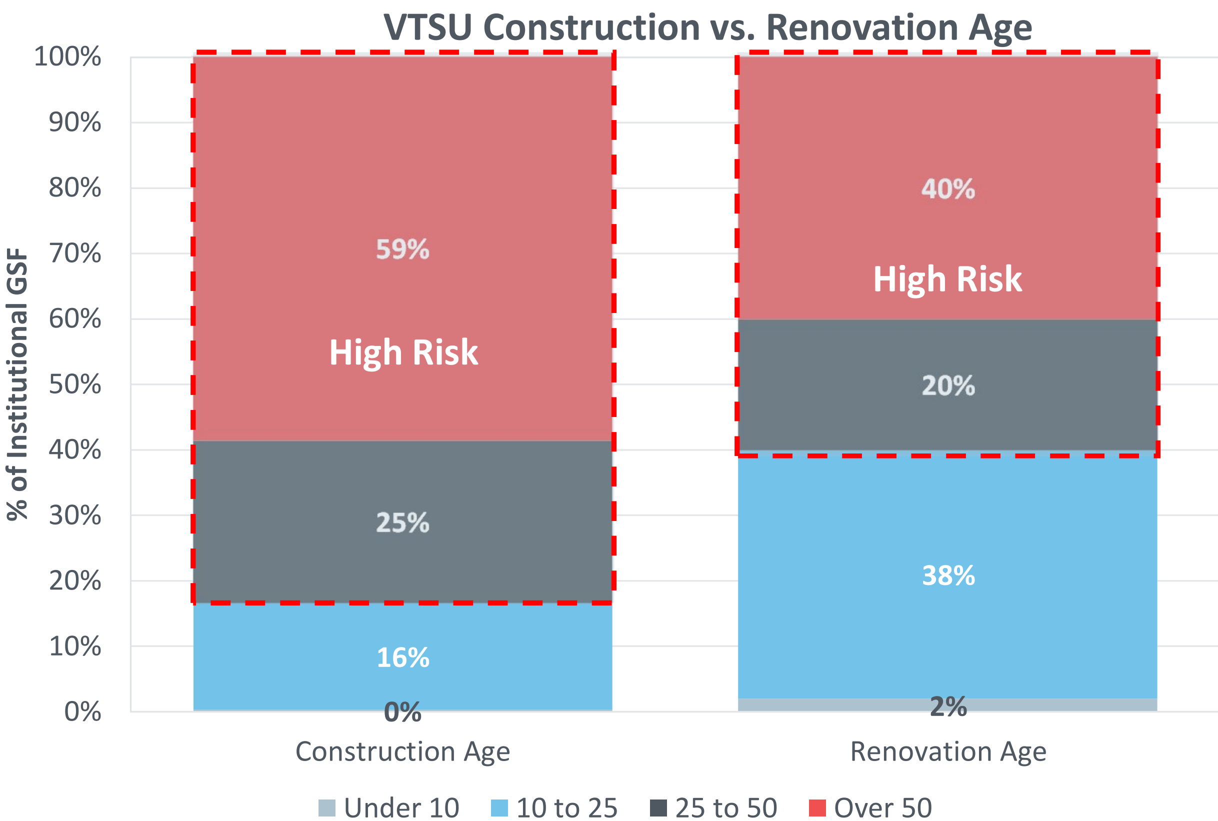
A majority of VTSU space is starting with a building foundation that needs more frequent repair and replacement.

System GSF by Construction Year



Renovations Mitigate Capital Risk and Operational Strain

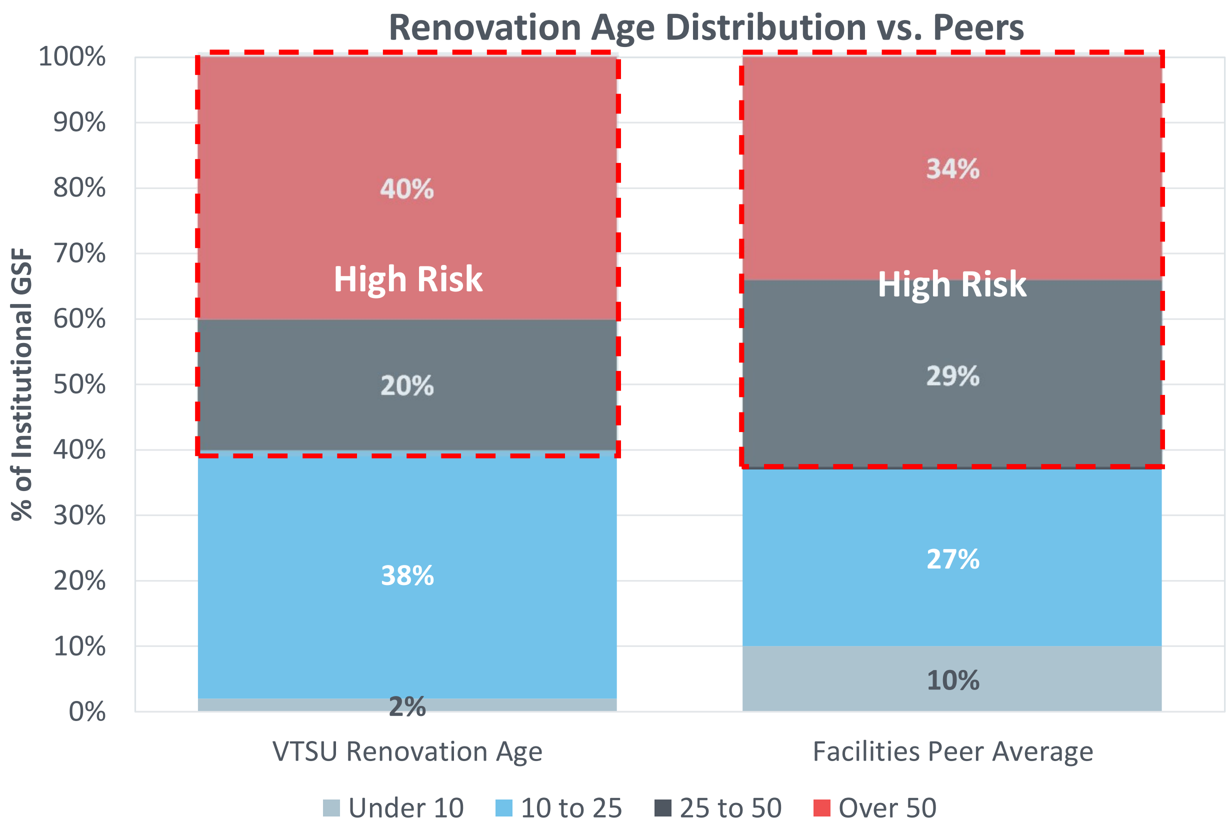
Renovations have resulted in 24% reduction in high/highest risk space at VTSU



Capital Risk:	Operational Demands:
Highest Risk: Life cycles of major components past due – end of building life cycle approaching.	**React as Needed:** Issues in components past the end of their lifecycles will demand reactive maintenance.
Higher Risk: Life Cycles coming due in core building components.	**Balance PM and Reactive Maintenance:** Younger components still require PM.
Medium Risk: Lower cost space renewal updates needed.	Aging components require reactive maintenance.
Low Risk: “Honeymoon” period – little need for capital reinvestment.	**Focus on PM:** Significant need for PM in young systems.

VTSU Renovation Age Distribution Similar to Peers

Ideal age profile would have equal distribution of age between four categories



Capital Risk:	Operational Demands:
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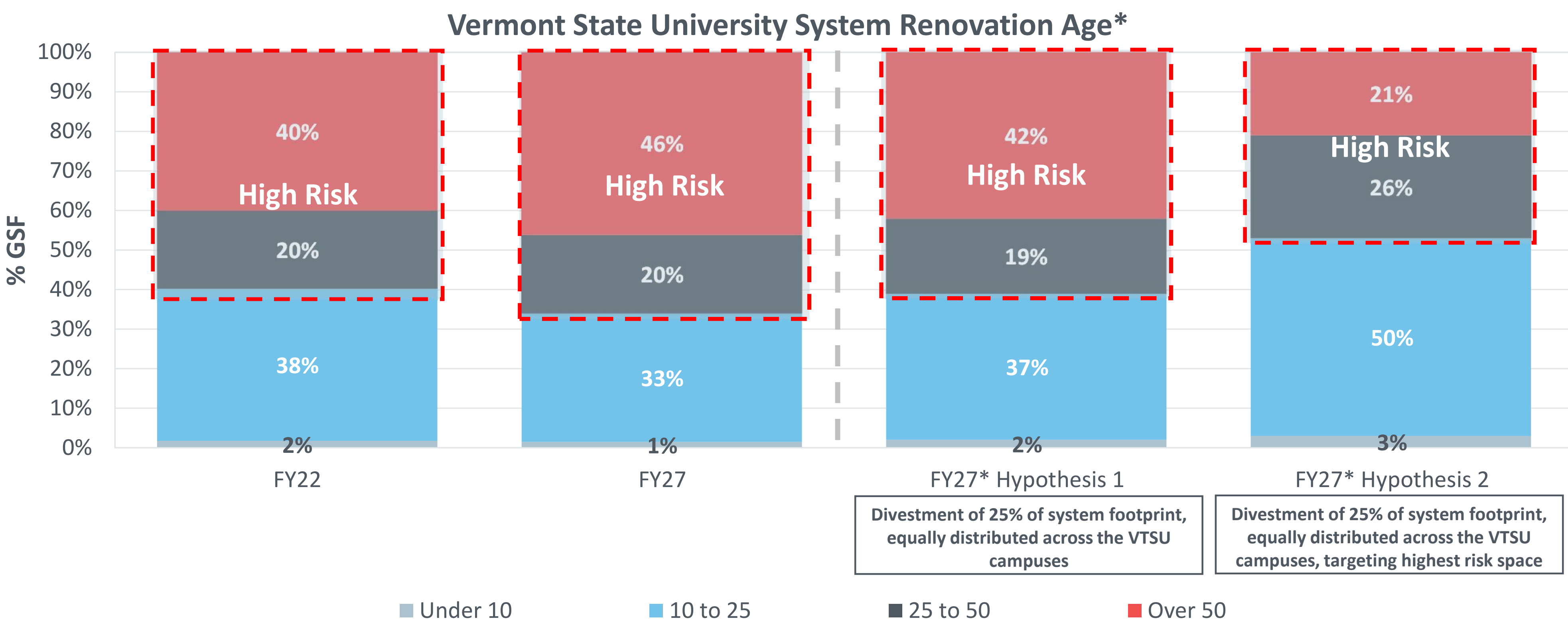
Medium Risk: Lower cost space renewal updates needed.	Aging components require reactive maintenance.
Low Risk: "Honeymoon" period – little need for capital reinvestment.	**Focus on PM:** Significant need for PM in young systems.

Reimagining What VTSU's Building Portfolio Looks Like

Historic capital investments and utilization rates of VTSU space is not enough to steward current portfolio of space; strategic decisions must be made to divest from specific VTSU assets



**Projections of space divestment are hypothetical scenario's modeling out different approaches to space divestment*

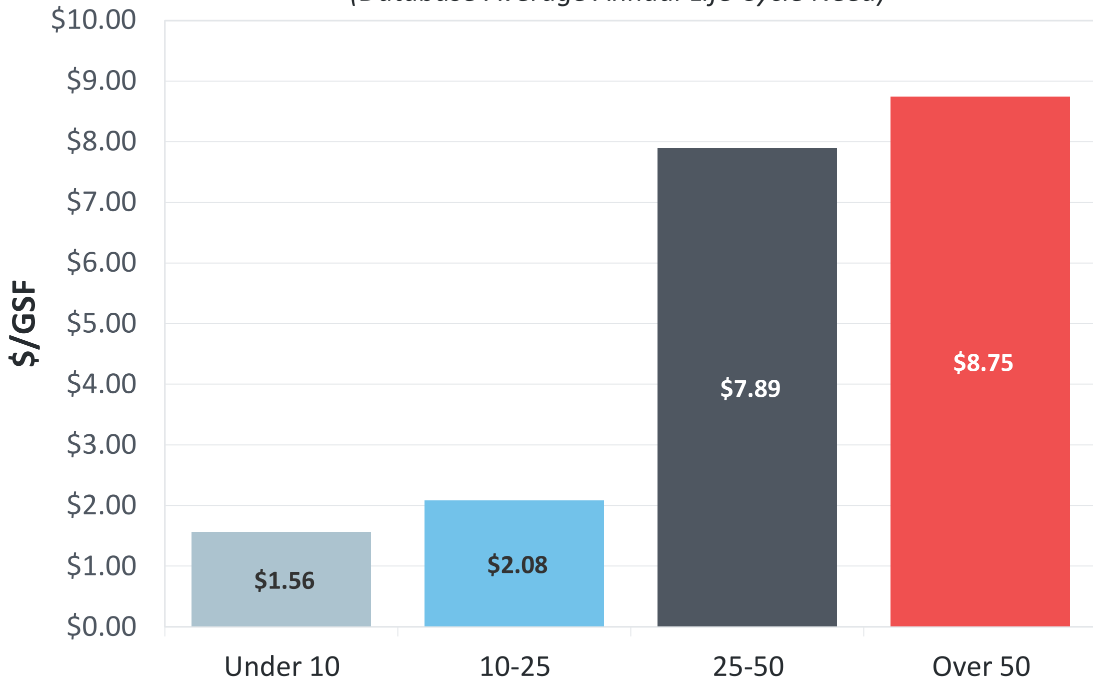
Vermont State University

Typical Capital Demands by Age Category

As buildings age the capital demands coming due progressively increase

Capital Costs

(Database Average Annual Life Cycle Need)



% of GSF	2%	38%	20%	40%

Capital Risk:	Operational Demands:
Highest Risk: Life cycles of major components past due – end of building life cycle approaching.	**React as Needed:** Issues in components past the end of their lifecycles will demand reactive maintenance.
Higher Risk: Life Cycles coming due in core building components.	**Balance PM and Reactive Maintenance:** Younger components still require PM.
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Low Risk: "Honeymoon" period – little need for capital reinvestment.	Focus on PM: Significant need for PM in young systems.

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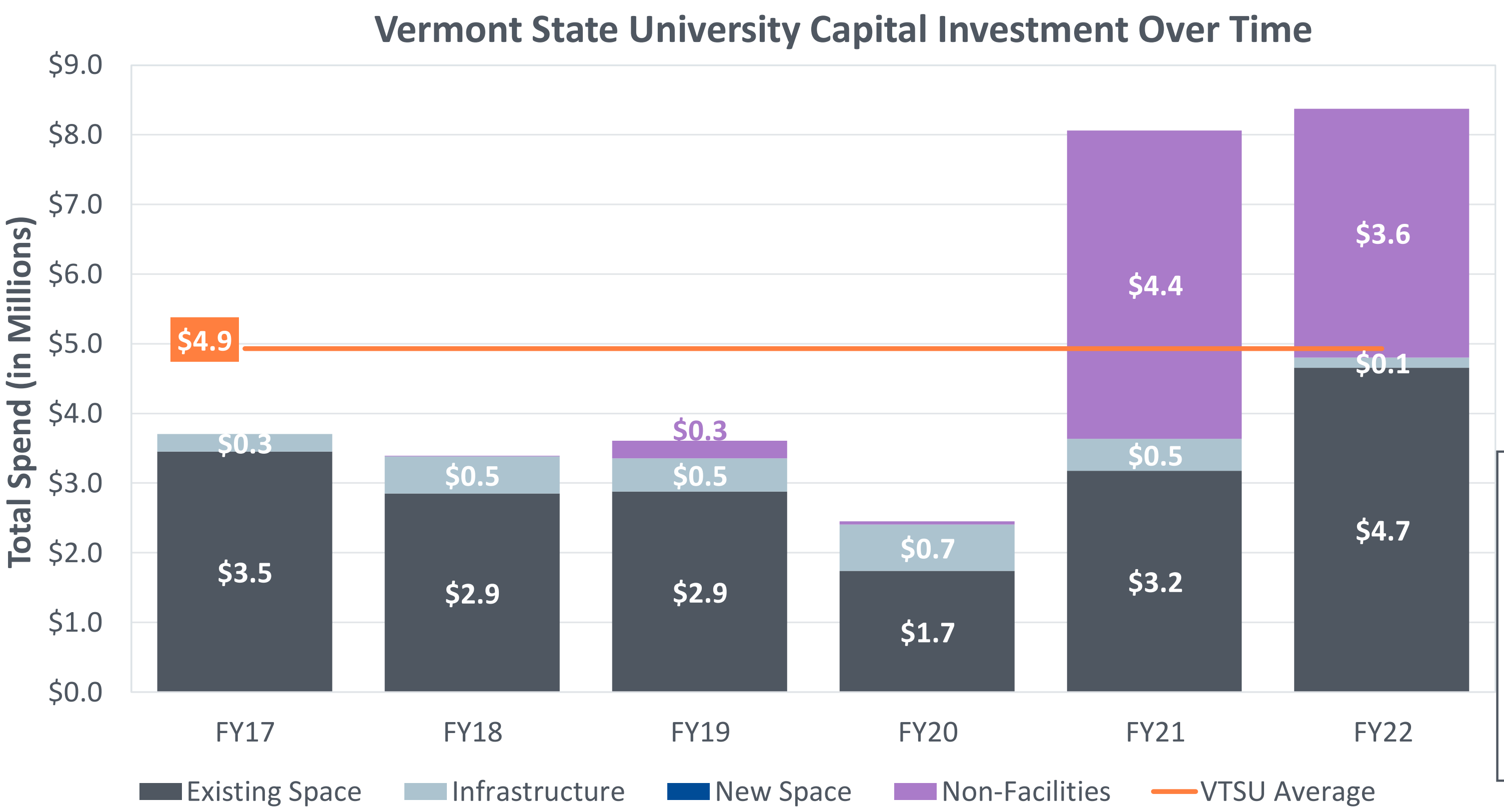
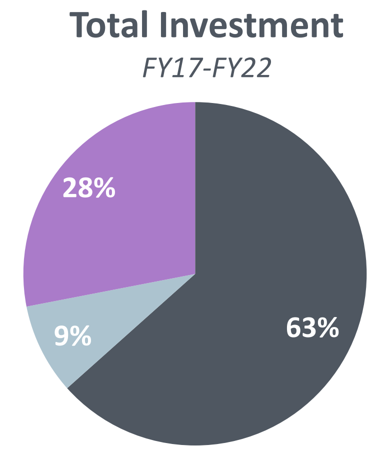
Capital Investments

VTSU Invests $4.9M Annually Into Capital Projects

VTSU prioritizes investments into existing assets as opposed to building new



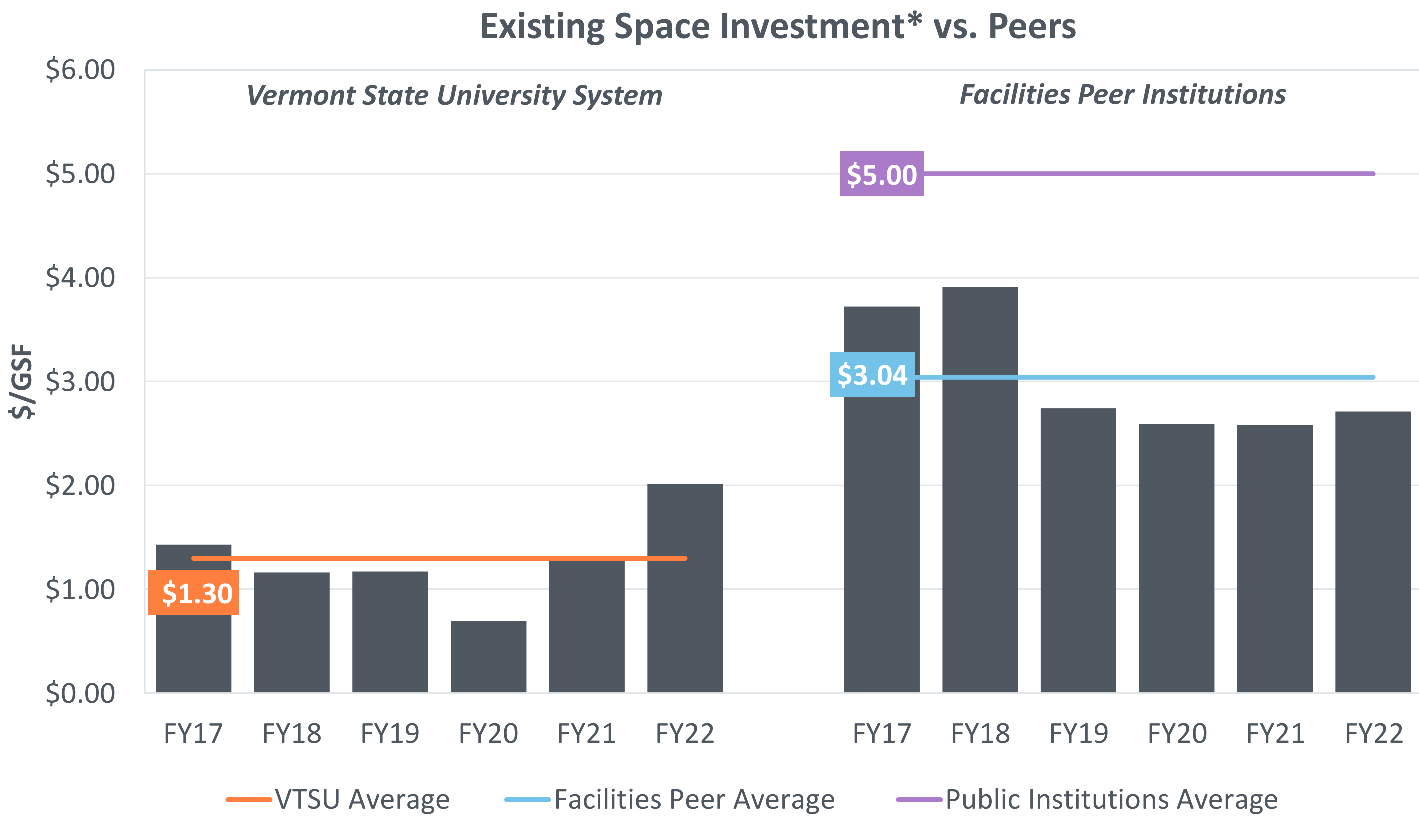


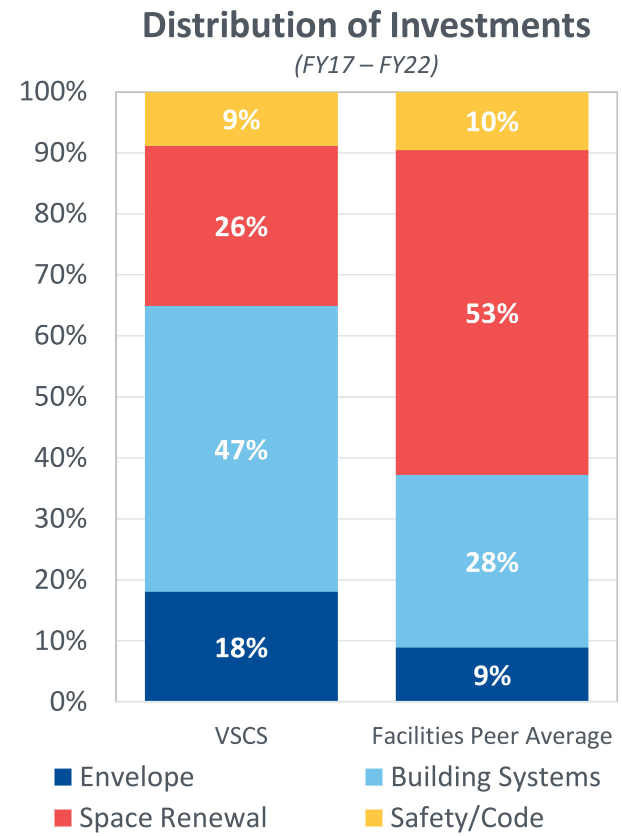
Examples of Large Capital Investments:

- FY21 & FY22 VTC Advanced Manufacturing Renovation
- FY21 CU North/South/Audet House HVAC
- FY20 & FY21 NVU Bentley Parking Lot
- FY18 & FY19 VTC Keenan & Nutting Windows
- FY17 VTC Morrill Mechanical Lab Upgrades
- FY17 CU Jeffords Science Lab Upgrades

VTSU Has Less Capital Resources Than Peer Institutions

Vermont State University prioritizes limited resources into high ROI projects (envelope & mechanical systems)

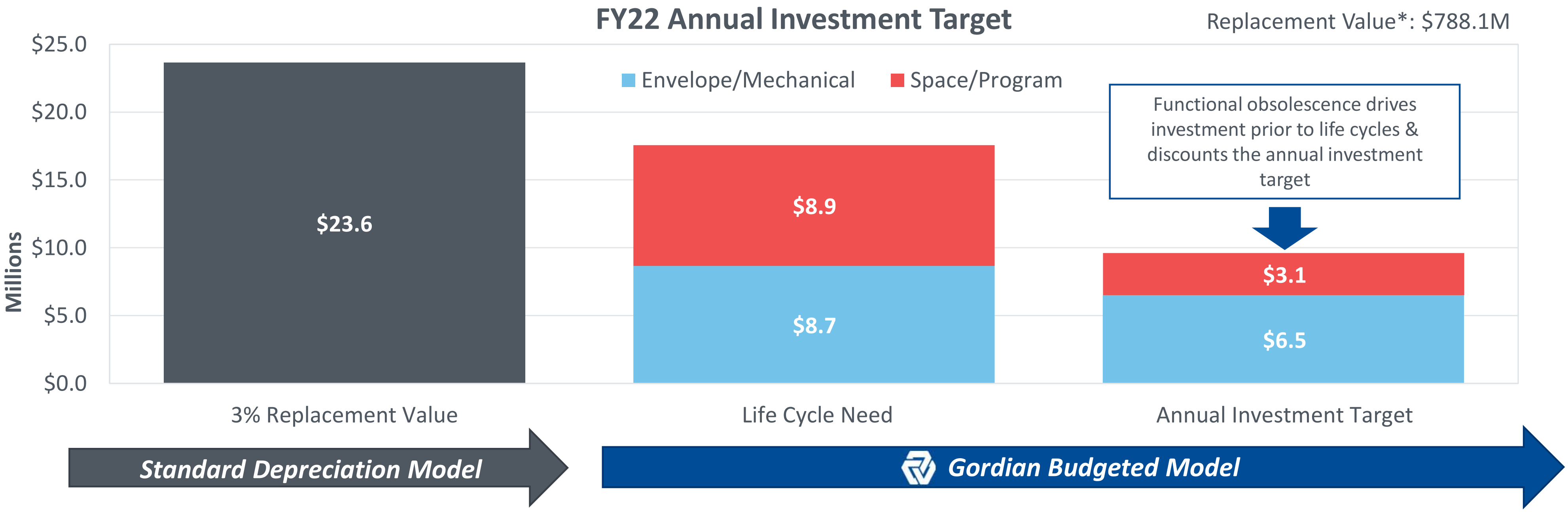




*Excludes New Space, Infrastructure, & Non-Facilities Spending

Defining an Annual Investment Target

*Gordian recommends an Annual Investment Target of **$9.6M** into existing space for FY22*



NACUBO standard takes 3% of the replacement value of every building on campus to estimate the amount needed to keep up with building lifecycles on an annual basis.

The **Life Cycle Target** shows the amount of dollars necessary to replace all building components at the completion of their useful life.

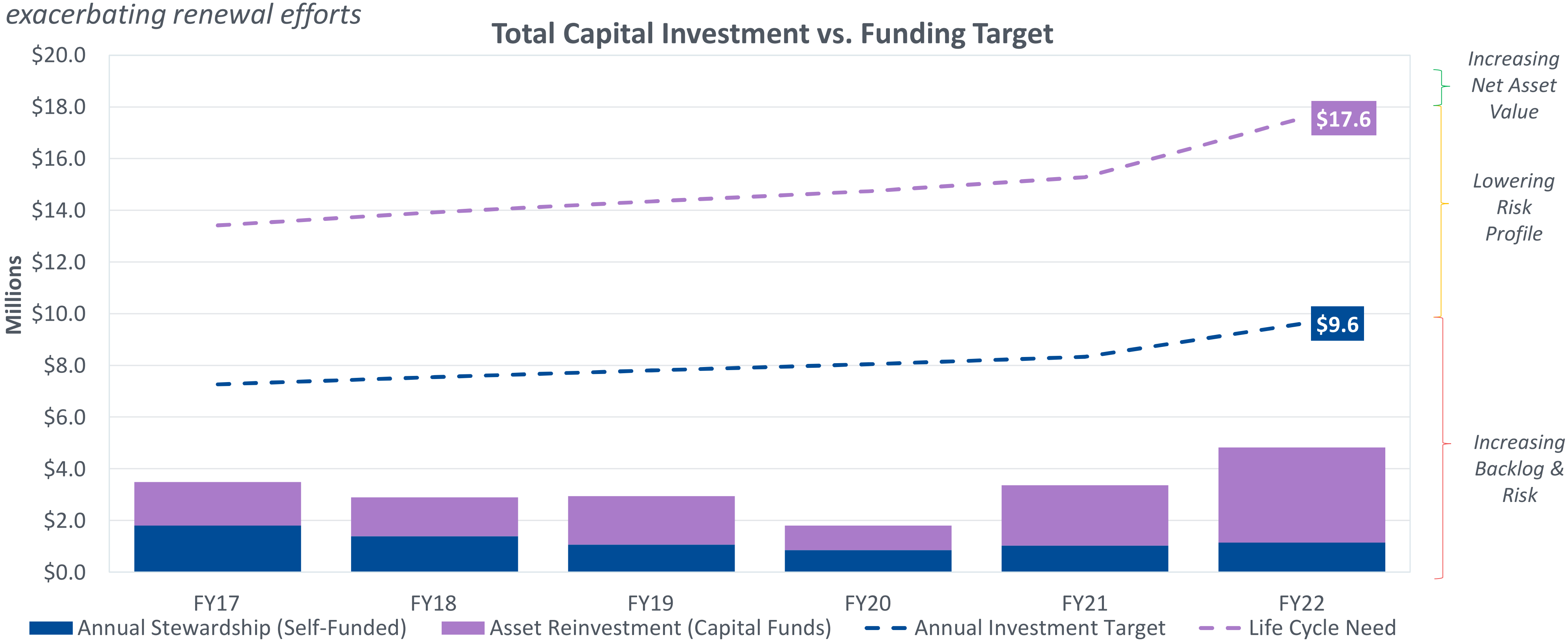
The **Annual Investment Target** discounts the lifecycle target to represent the annual minimum investment required to halt the increase of backlog.

**Replacement Value is the cost of replacing a building in kind (same construction, systems, etc.) in today's current dollar value. This figure reflects the total project cost, including soft costs.*

Vermont State University

Current Level of Funding Increases Backlog and Risk

Repeatedly investing below annual target contributes to increased risk and deferred maintenance, exacerbating renewal efforts



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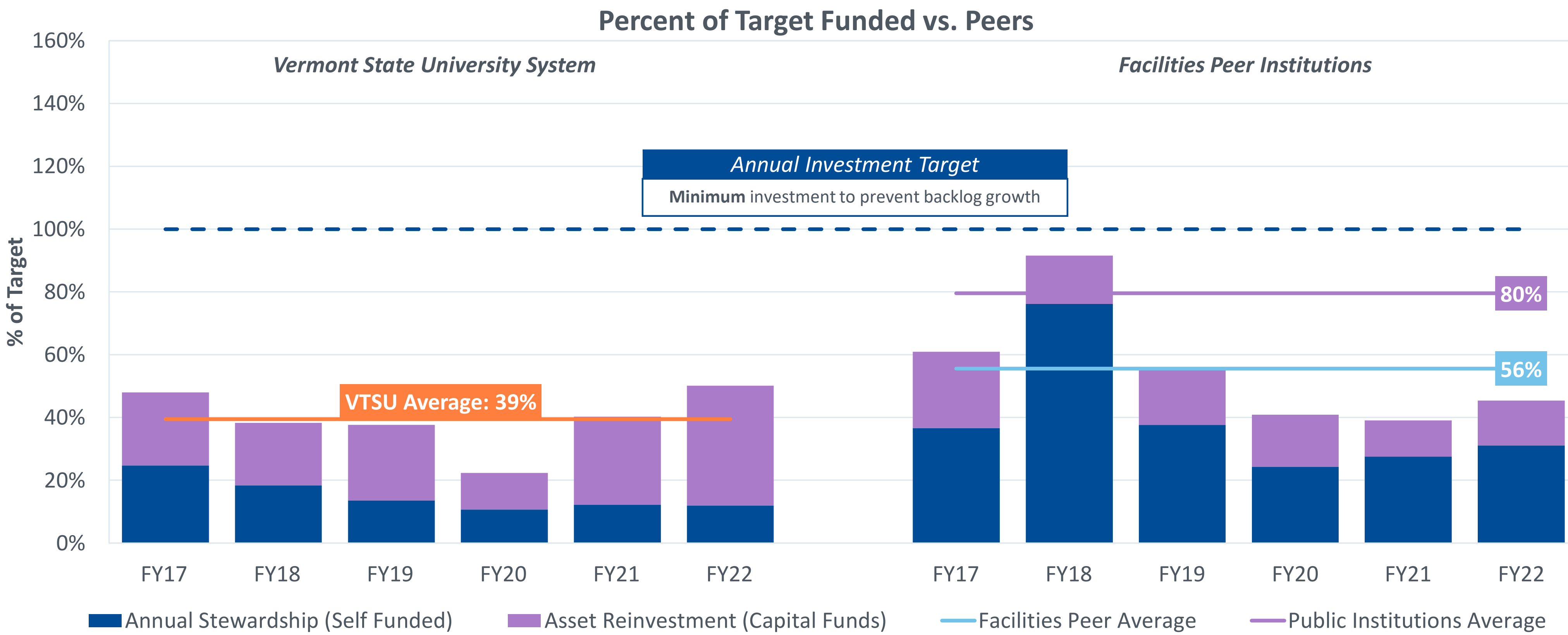
*Excludes infrastructure, non-facilities and new construction investment
**Gordian is using a 16.2% inflation rate across its database for FY22 from the RSMeans CCI catalog.

VTSU Reliant on Asset Reinvestment to Bridge Funding Gap

VTSU funds 39% of the annual investment target while peers fund more than half

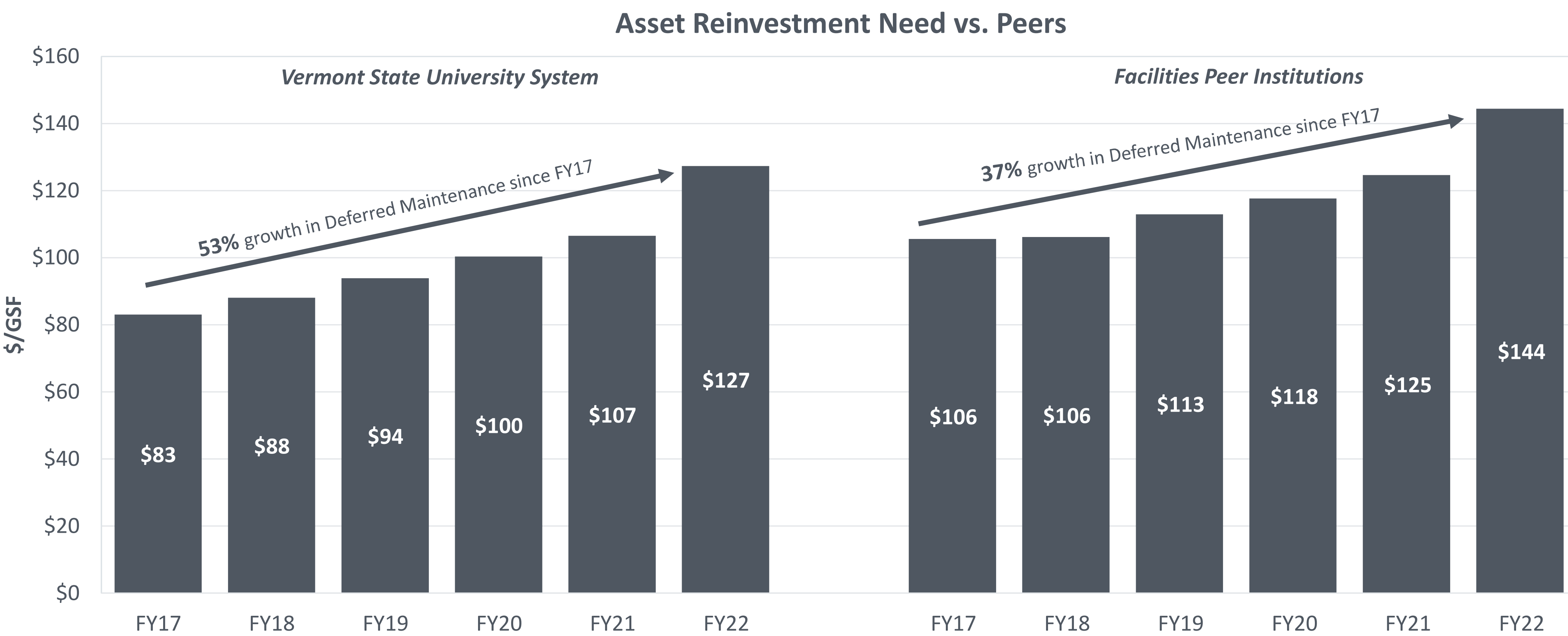


**Excludes infrastructure, non-facilities and new construction investment*
***Gordian is using a 16.2% inflation rate across its database for FY22 from the RSMeans CCI catalog.*

16

Shortfall to Annual Investment Target Results in AR Need Growth

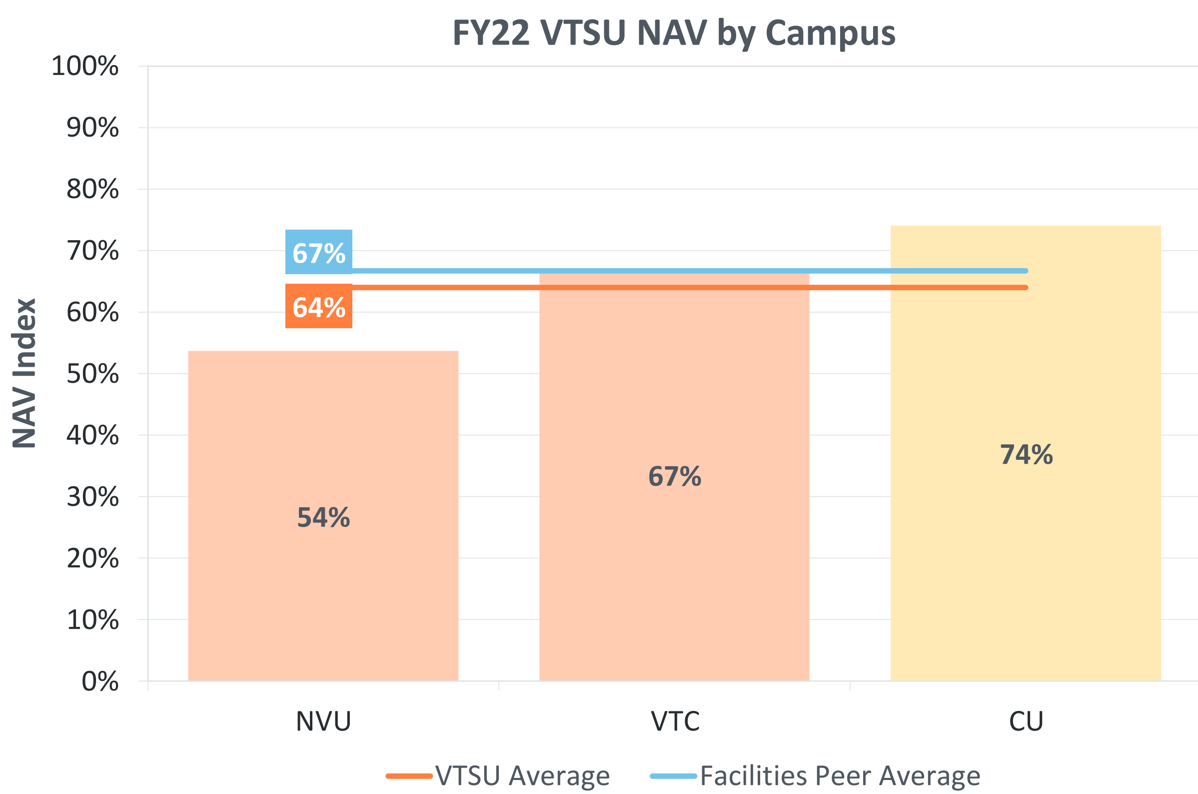
AR Need of $100/GSF typically indicate major lifecycles past due and have high risk/cost associated with projects

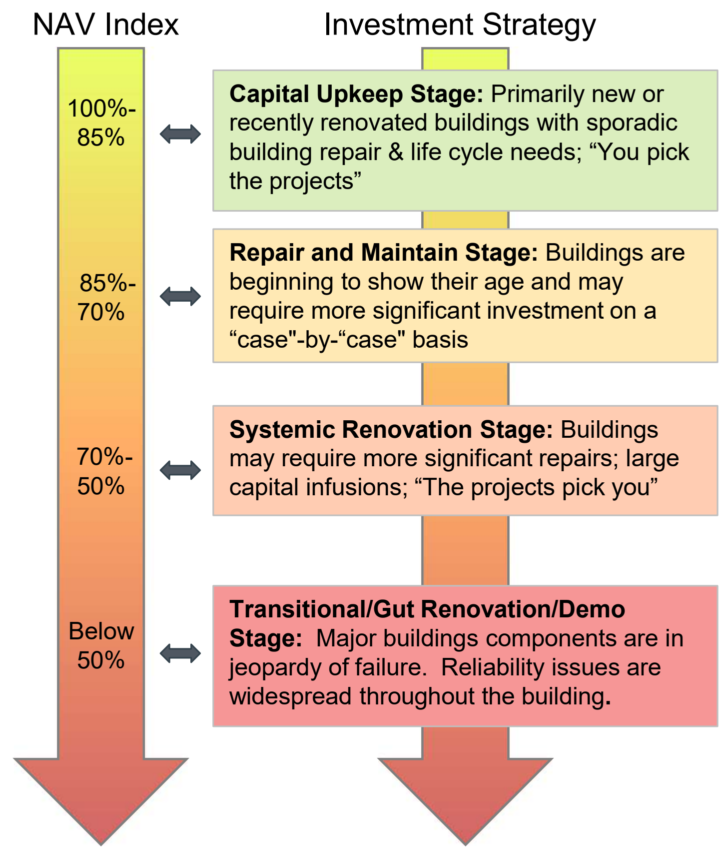


**Gordian is using a 16.2% inflation rate across its database for FY22 from the RSMeans CCI catalog.*

VTSU Composite System NAV Totals 64%

Utilize Net Asset Value to identify investment strategy for each campus within system





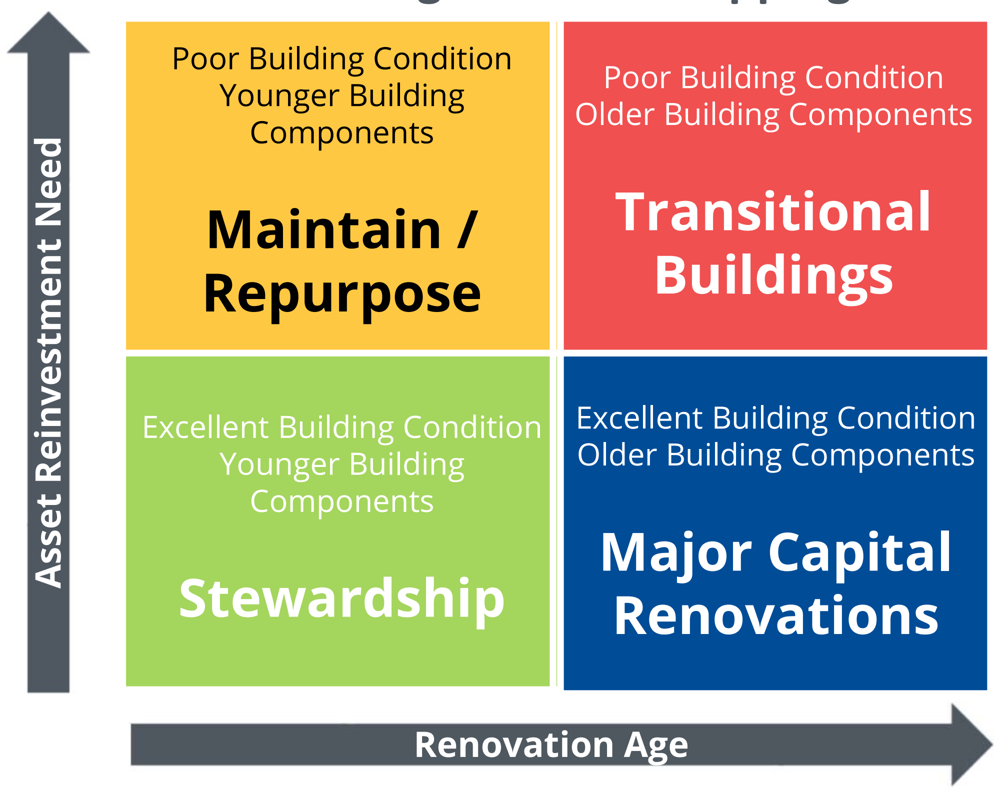
$$\textbf{Net Asset Value} = \frac{\text{Replacement Value – Backlog}}{\text{Replacement Value}}$$

Vermont State University

Linking Portfolios and Needs to Strategically Plan

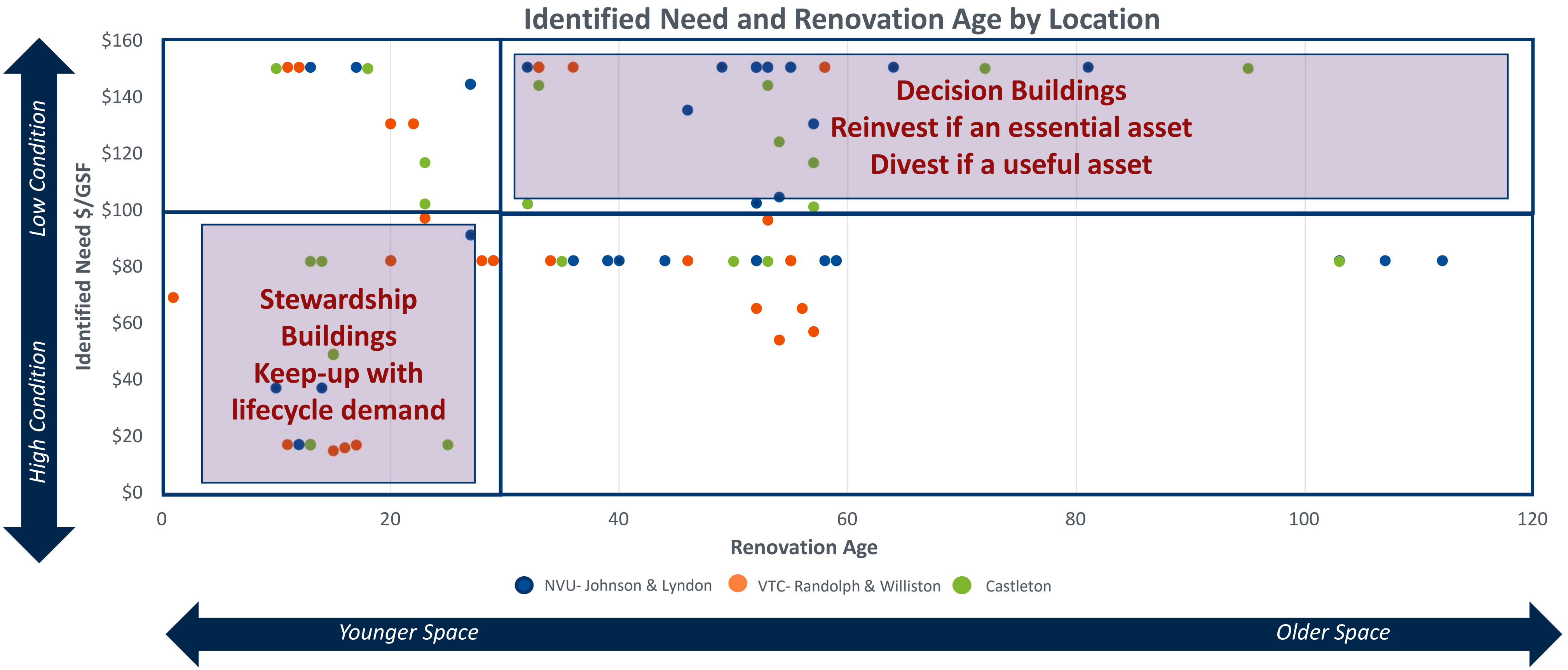
Utilizing the ROPA Prediction and renovation age to identify and select projects

Building Portfolio Mapping



Linking Age and Identified Needs to Strategically Plan

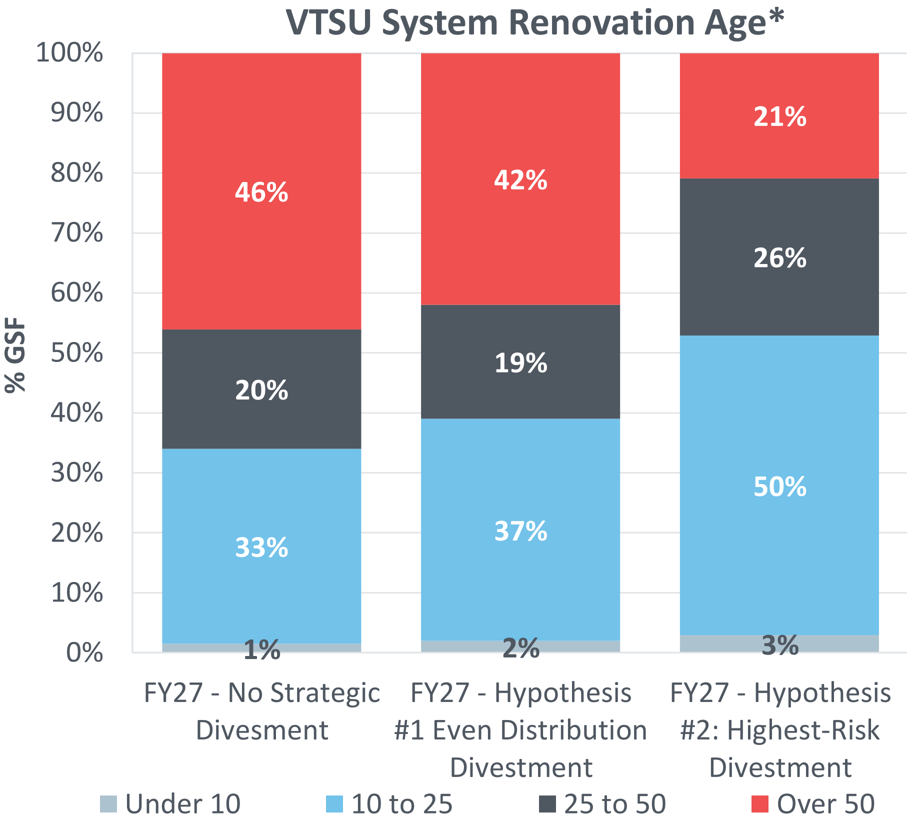
Lower condition buildings generally create larger operational demands

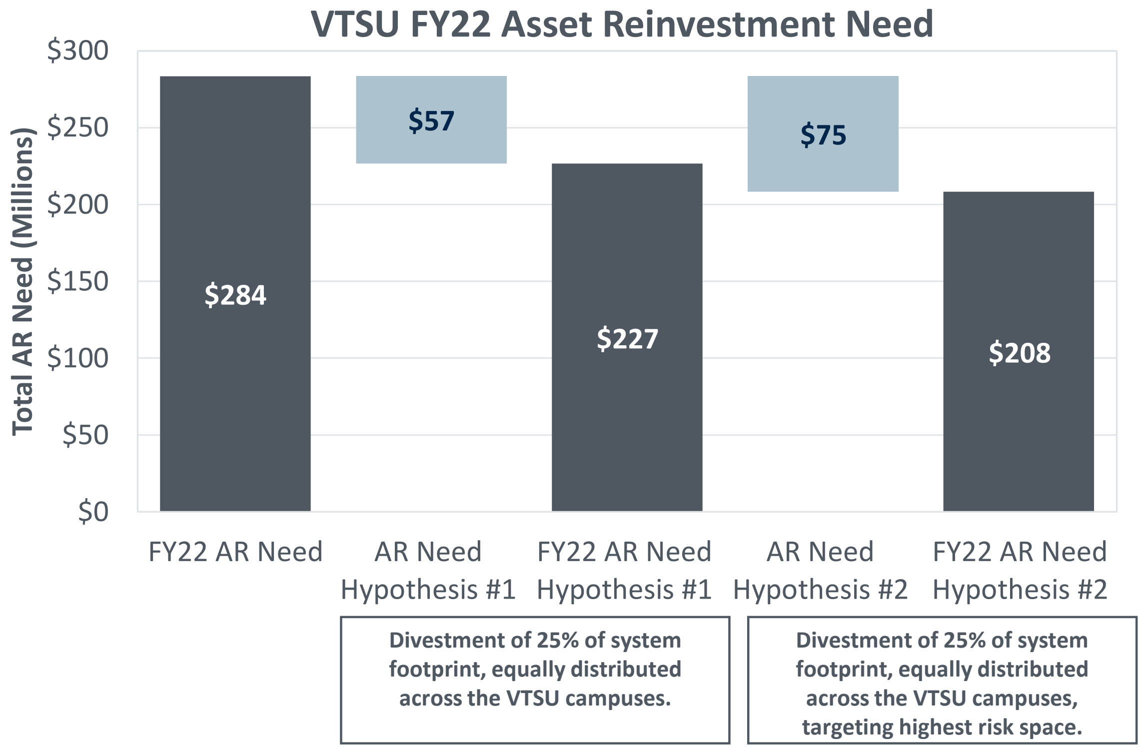


**Building level need is subject to change based on completion of prediction analysis in year three of analysis.*

Divestment to Reduce Capital and Operational Strain

Historic capital investments and utilization rates of VTSU space is not enough to steward current portfolio of space; strategic decisions must be made to divest from specific VTSU assets





**Projections of space divestment are hypothetical scenario's modeling out different approaches to space divestment*

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Campus Operations

Vermont State University

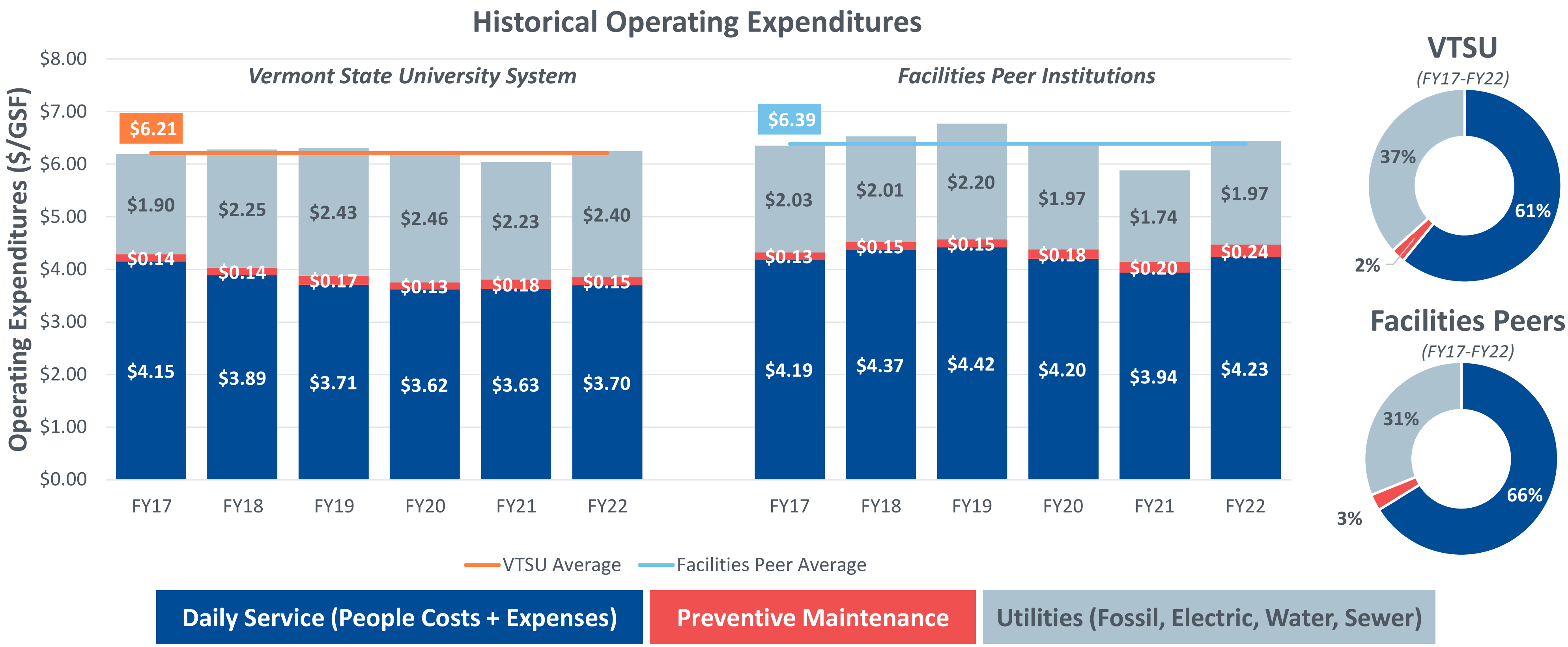
Balancing Capital Projects With Daily Operations

As capital investments increase, the daily operational cost to run campus will decrease. Facilities will be adequately equipped to handle the day-to-day operations, perform preventative maintenance to extend the useful life of systems, and effectively handle energy management.

Vermont State University

Distribution of Resources Differs Between VTSU and Peers

Facilities peers are spending $0.44/GSF more in daily service while larger portion of VTSU budget is directed towards utility costs



Planned Maintenance Lower than Peer Levels

Establishing good PM tracking and practices is integral in ensuring younger spaces age gracefully

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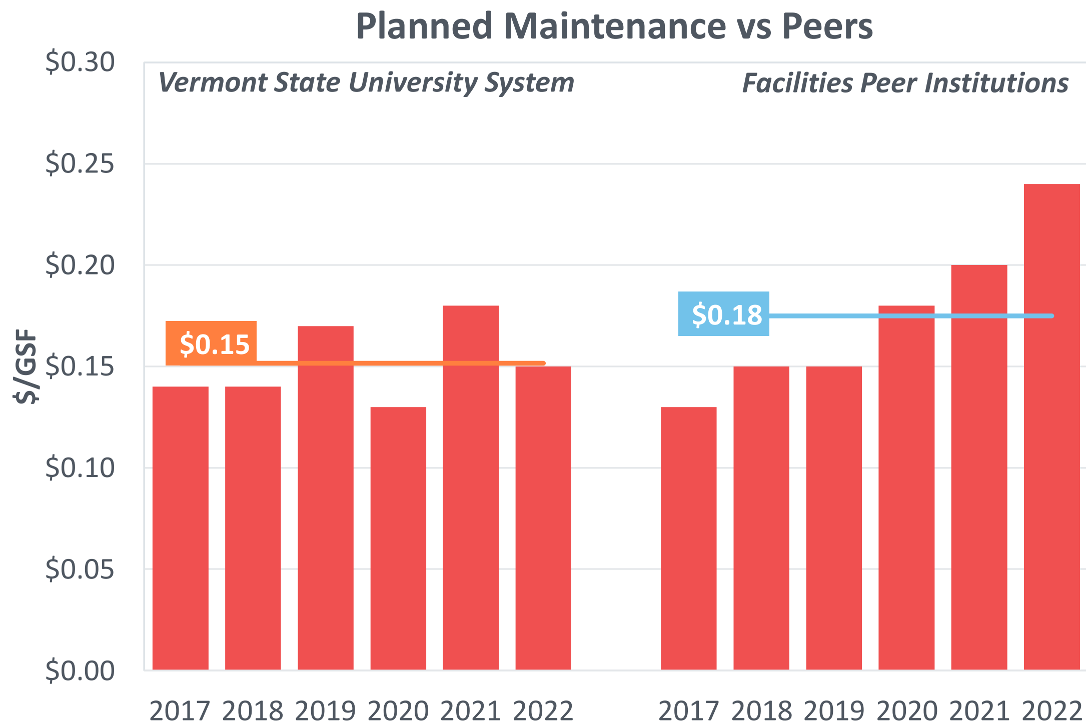
$1.00 invested in PM now

SAVES $2.78 in reactive maintenance later

Strategic Deferral of PM

- Usually in buildings/systems over 50 years old targeted for renovation or replacement
- Reallocates resources from the older buildings/systems to younger buildings and systems.
- Use Assessment in coordination with work order reporting to start identifying these opportunities.



**Saves $2.78 in reactive maintenance was determined by Ozane analytics through database research and does not reflect VTSU data*
https://www.businesswire.com/news/home/20130626005252/en/Study-Finds-That-Sightlines-College-and-University-Clients-Generate-11-Savings-in-Utilities-Costs

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Concluding Comments

Key Takeaways

- **Campus is aging resulting in significant capital needs across multiple systems coming due and competing for the same resources.**
  - To maintain current space portfolio, VTSU will need $9.6 - $17.6M each year to slow the aging process and mitigate deferred maintenance.

- **Without significant capital investment into existing assets, strategic space reductions must occur in order to decrease deferred maintenance.**
  - Building condition, classroom utilization, programmatic value and future vision of the VTSU system should be used to identify opportunities for space divestment.

- **What changes do we anticipate occurring at VTSU over the next 5 years?**
  - How will the curricular changes impact facility demands, and which buildings will warrant investment?
  - How will demographic changes impact the quantity of spaces in heavy use and/or the way those spaces will be utilized?
  - What building portfolio mix will best support those changes? What assets are crucial to the campus mission?

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Questions & Discussion