Manual of Policy and Procedures

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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: SEZdatny
Sophie Zdatny, Chancellor

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