



VERMONT

— STATE COLLEGES SYSTEM —



First Pass Budget

Finance & Facilities Committee

February 13, 2023

“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.”

Act 74 2021 as amended 2022.

Composite Financial Index

Measure	Target	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13
Primary Reserve	>=.40	1.59	1.35	0.65	0.54	0.53	0.46	0.46	0.48	0.49	0.48
Net Operating Revenue	2% - 4%	1.00	1.00	0.49	(0.12)	(0.20)	(0.17)	(0.44)	(0.17)	(0.38)	(0.74)
Viability Ratio	1.25 to 2.0	0.93	0.67	0.32	0.26	0.25	0.21	0.23	0.23	0.23	0.22
Return on Net Position	3% to 4%	1.96	2.00	0.66	(0.11)	(0.13)	0.05	(0.30)	(0.40)	(0.28)	0.84
Composite Financial Index		5.48	5.02	2.11	0.59	0.45	0.55	(0.05)	0.14	0.06	0.79

Composite Financial Index Scale	
-1 to 1	Assess viability to survive
0 to 3	Reengineer
3 to 5	Direct resources to allow transformation
5 to 7	Focus resources to compete in future
7 to 9	Opportunities to experiment with new initiatives
8 to 10	Deploy resources to achieve robust mission

Critical Assumptions

- \$5M in structural deficit reduction
- Policy 403 Adjustments
 - State appropriation distributed according to the new formula
 - Retiree medical costs have been moved to Office of the Chancellor
 - Information Technology and Library costs moved to Shared Services
- Tuition, Fees, and Enrollment
 - VTSU tuition adjusted to revised rates
 - New student enrollment based on most current projections
- Scholarships adjusted to reflect VTSU's new tuition model

Vermont State Colleges Total Entity Budget

	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0
TOTAL REVENUES	182,772	193,101	172,982
TOTAL EXPENSES	184,278	187,212	182,875
	-	-	-
NET REVENUES/(DEFICIT)	<u>(1,506)</u>	<u>5,888</u>	<u>(9,893)</u>
ONE-TIME FUNDS			
Carried Over Funds	-	-	8,693
Strategic Reserve	-	-	-
All Other	-	-	1,200
TOTAL ONE-TIME FUNDS	-	-	9,893
TOTAL OPERATING RESULT	<u>(1,506)</u>	<u>5,888</u>	<u>(0)</u>

Revenue Adjustments

- State appropriation increase
- VTSU tuition structure
- New student enrollment change at VTSU
- Projected enrollment at CCV

Vermont State Colleges Total Entity Budget

	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0
TOTAL REVENUES	182,772	193,101	172,982
TOTAL EXPENSES	184,278	187,212	182,875
	-	-	-
NET REVENUES/(DEFICIT)	(1,506)	5,888	(9,893)
ONE-TIME FUNDS			
Carried Over Funds	-	-	8,693
Strategic Reserve	-	-	-
All Other	-	-	1,200
TOTAL ONE-TIME FUNDS	-	-	9,893
TOTAL OPERATING RESULT	(1,506)	5,888	(0)

Expense Adjustments

- VTSU scholarship / tuition strategy
- Planned information technology replacements
- Set asides for strategic initiatives & economic stabilization

Vermont State Colleges Total Entity Budget

	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0
TOTAL REVENUES	182,772	193,101	172,982
TOTAL EXPENSES	184,278	187,212	182,875
	-	-	-
NET REVENUES/(DEFICIT)	(1,506)	5,888	(9,893)
ONE-TIME FUNDS			
Carried Over Funds	-	-	8,693
Strategic Reserve	-	-	-
All Other	-	-	1,200
TOTAL ONE-TIME FUNDS	-	-	9,893
TOTAL OPERATING RESULT	(1,506)	5,888	(0)

Estimated Net Deficit Coverage

- \$5M advance on increase base appropriation for FY2023
- \$1.2M draw from Information Technology Reserve fund
- \$3.7M from current year favorable balance

Shared Services

	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0
EXPENSES			
Salaries and Benefits	-	-	8,670
Services, Supplies, Travel	-	-	9,006
Utilities	-	-	30
Shared Services			(16,506)
TOTAL EXPENSES	-	-	1,200
NET REVENUES/(DEFICIT)			
	-	-	(1,200)
ONE-TIME FUNDS			
All Other	-	-	1,200
TOTAL ONE-TIME FUNDS	-	-	1,200

New for FY2024

- Shared Services budget isolated and shared independent of Office of Chancellor & colleges
- Services include:
 - Information technology
 - Finance
 - Libraries
 - Human Resources
 - Legal
 - Workforce Development
- One-time funds to cover planned IT equipment replacement

Office of the Chancellor

	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0
REVENUES			
State Appropriation	20,645	24,146	25,787
Other Revenue	-	207	-
TOTAL REVENUES	20,645	24,353	25,787
EXPENSES			
Salaries and Benefits	4,923	6,407	11,887
Services, Supplies, Travel	5,598	8,598	2,525
Scholarships	-	335	-
Utilities	-	27	-
Other Expenses	4,575	4,408	4,228
Chancellor's Office	(10,521)	(10,521)	-
Other Transfers	(5,096)	(5,770)	(4,228)
Strategic Initiatives (3%)			1,425
Economic Stabilization (2%)			950
TOTAL EXPENSES	(521)	3,484	16,787
NET REVENUES/(DEFICIT)	21,166	20,869	9,000

New for FY2024

- Retiree medical expenses now covered from State Appropriation ~\$9.5M
- Corporate Functions ~\$1.1M:
 - Chancellor
 - Board Support
 - External Affairs
- Transformation is \$4M
- New line items for Strategic Initiatives & Economic Stabilization fund
- Favorable variance is Bridge funding

Community College of Vermont

	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0
REVENUES			
Tuition and Fees	22,093	22,655	22,000
State Appropriation	8,757	8,757	8,661
Sales and Services	1	4	1
Gifts	80	80	80
Other Revenue	92	196	83
TOTAL REVENUES	31,023	31,692	30,825

Revenue Adjustments

- Tuition & fees estimated at slightly less than budget
- State appropriation per revised Policy 403
- Total revenues \$198K less than current year budget and \$867K less than 2nd quarter forecast

Community College of Vermont

	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0
EXPENSES			
Salaries and Benefits	22,788	22,788	21,239
Services, Supplies, Travel	4,940	5,320	4,327
Scholarships	170	170	170
Utilities	353	353	351
Debt Service	1,824	1,824	1,840
Shared Services			5,315
Chancellor's Office	2,108	2,108	-
Other Transfers	(1,161)	(1,161)	(2,417)
TOTAL EXPENSES	31,022	31,402	30,825

Expense Adjustments

- Expenses down \$197K from budget and \$577K from budget
- Wages and Benefits down \$1.5M due to change in Policy 403
 - Moved retiree medical expenses to Office of Chancellor
 - Moved Information Technology & Library wages and benefits to Shared Services

Vermont State University – Student Revenue

	FY2023 Budget	FY2023 Forecast	FY2023 Forecast
Tuition & Fees	76,363	79,966	64,289
Room & Board	18,754	20,764	20,912
Scholarships	(19,196)	(20,166)	(8,155)
Net Student Revenue	75,921	80,565	77,046
Year over Year % Change			-4.4%

Student Revenue Adjustments

- Tuition structure change
- Scholarship structure change
- Enrollment project at -10%, year over year for new starts
- Change, year over year, is -4.4%

Vermont State University – Wages & Benefits

	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0
EXPENSES			
Salaries and Benefits	82,624	79,420	71,758
Services, Supplies, Travel	26,938	27,036	25,877
Scholarships	19,196	20,166	8,155
Utilities	7,531	8,215	8,782
Other Expenses	10	-	-
Debt Service	6,179	6,179	6,304
Shared Services			11,191
Chancellor's Office	8,412	8,412	-
Other Transfers	2,887	2,898	1,996
TOTAL EXPENSES	153,777	152,326	134,063
NET REVENUES/(DEFICIT)	(22,673)	(15,270)	(17,693)

Expense Adjustments

- \$10.5M moved from VTSU to Shared Services & Office of Chancellor to support Policy 403-A and 403-B
- Other changes according to collective bargaining agreements

Vermont State University – Services, Supplies

	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0
EXPENSES			
Salaries and Benefits	82,624	79,420	71,758
Services, Supplies, Travel	26,938	27,036	25,877
Scholarships	19,196	20,166	8,155
Utilities	7,531	8,215	8,782
Other Expenses	10	-	-
Debt Service	6,179	6,179	6,304
Shared Services			11,191
Chancellor's Office	8,412	8,412	-
Other Transfers	2,887	2,898	1,996
TOTAL EXPENSES	153,777	152,326	134,063
NET REVENUES/(DEFICIT)	(22,673)	(15,270)	(17,693)

Expense Adjustments

- \$1.1M shifted to Shared Services in support of Policy 403-B

Vermont State University – Net Deficit

	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0
EXPENSES			
Salaries and Benefits	82,624	79,420	71,758
Services, Supplies, Travel	26,938	27,036	25,877
Scholarships	19,196	20,166	8,155
Utilities	7,531	8,215	8,782
Other Expenses	10	-	-
Debt Service	6,179	6,179	6,304
Shared Services			11,191
Chancellor's Office	8,412	8,412	-
Other Transfers	2,887	2,898	1,996
TOTAL EXPENSES	153,777	152,326	134,063
NET REVENUES/(DEFICIT)	(22,673)	(15,270)	(17,693)

Change in Net Deficit

- Target deficit is \$17.673M
- Current budget is slightly higher at \$17.693M
- Budget will be further tightened as additional info is learned

Schedule

Activity	Due Date
First Pass of Budget to Finance & Facilities	February 13, 2023
Second Pass of Budget to Finance & Facilities	April 17, 2023
Third & Final Pass of Budget to Finance & Facilities	May 22, 2023
Board Approval	June 12, 2023