

MEMORANDUM

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

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

DATE: April 13, 2023

SUBJECT: Finance and Facilities Committee Meeting scheduled for April 17, 2023

The Finance and Facilities Committee of the VSC Board of Trustees is scheduled to meet Monday, April 17, 2023. The meeting will begin at 2:00 p.m. or immediately following the Audit & Risk Management Committee meeting, whichever is later. The meeting will be held via Zoom at www.vsc.edu/botzoom.

In addition to review and approval of the minutes of the February 13, 2022, meeting. The Committee has three items up for action, two items scheduled for review and discussion, and an executive session planned.

Included in this agenda:

- 1) Castleton University requests dissolution of the *Major Gift Quasi-Endowment*. They are proposing using these funds to replace the turf field at the Castleton stadium. The materials regarding this request can be found in this packet as **ITEM 2**.
- 2) Fiscal year 2023 performance continues to be strong. A brief review of third quarter financial progress can be found in your materials as **ITEM 3**.
- 3) Management recommends early payoff of the Series 2013 Bond. This action, possible due to the stronger than expected performance in FY2023 and in support of financial sustainability, eliminates \$1.3M in annual debt service beginning in FY2024. The materials regarding this request can be found in this packet as **ITEM 4**.
- 4) Review the second pass budget. You will find the budget materials in your packet as **ITEM 5**.

5) The Vermont State Colleges launched a holistic review of all finance policies in late 2022. Included in this packet are revised forms of *Policies 402 on the use of college facilities* and *408 on grants and external funding*. If time allows, we will ask for your review and approval of these efforts. The policies can be found in your packet as **ITEMS 6A and 6B**.

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

AGENDA

April 17, 2023

Immediately following Audit Committee or 2:00 PM, whichever is later

1. Call to Order
2. Public Comment – signup for public comment at www.vsc.edu/signup. Note, to make a comment you must be logged into the live session at <https://www.vsc.edu/botzoom>. Please test your microphone and camera before logging into the session.
3. Review & Approve: Minutes of the February 13, 2023, Finance & Facilities Committee meeting.
4. Review & Approve: Request to Dissolve the *Major Gift Quasi-Endowment* at Castleton University
5. Review & Discuss : 3rd Quarter Financial Results
6. Review & Approve: Request to Payoff 2013 Debt Instrument
7. Review & Discuss: 2nd Pass FY2024 Budget
8. Review & Approve: Policy Revisions
 - a. *Policy 402: Use of College Facilities by Non College Organizations*
 - b. *Policy 408: Policy on Grants & External Funding*
9. Other Business
10. Executive Session
11. Adjourn

Meeting Materials

ITEM 1: Finance and Facilities Minutes, February 13, 2023

ITEM 2: Request to Dissolve *Major Gift Quasi-Endowment* at Castleton

ITEM 3: Third Quarter Financial Results

ITEM 4: Request to Payoff 2013 Debt Instrument

ITEM 5: Second Pass FY2024 Budget

ITEM 6: Policy Revisions

A) Policy 402: Use of College Facilities by Non College Organizations

B) Policy 408: Policy on Grants & External Funding

ITEM 1: February 13, 2023 Meeting Minutes

**Minutes of the VSCS Board of Trustees Finance and Facilities Committee meeting held
Monday, February 13, 2023 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, February 13, 2023 via Zoom.

Committee members present: David Silverman (Chair), Lynn Dickinson, Bill Lippert, Jim Masland (1:45 p.m.), Shawn Tester, Sue Zeller

Absent: Adam Grinold

Other Trustees Present: Megan Cluver, David Durfee, Mary Moran, Perry Ragouzis

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
Kathryn Levasseur, Director of Governmental and External Affairs
Pat Moulton, Executive Director, Workforce Development
Jen Porrier, Administrative Director
Sarah Potter, Chief Human Resources Officer
Kathryn Santiago, Associate General Counsel
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: Andrew Alexander, Faculty, Castleton University
Nolan Atkins, Provost, Northern Vermont University
Kelley Beckwith, Vice President of Student Success, Castleton University
Megan Blossom, Faculty, Castleton University
Brandon Burmeister, Student, Castleton University
Rich Clark, Faculty, Castleton University

Sam Davis-Boyd, Faculty, Castleton University
Mary Droege, Faculty, Castleton University
Allison Fiske, Student, Castleton University
Charlotte Gerstein, Reference & Instruction Librarian, Castleton University
Lindsey Melo, Assistant Vice President of People & Culture, Vermont State University
Billie Neathawk, Unit Chair, Staff Federation, Castleton University
Linda Olson, VP Education AFT-VT, Castleton University
Maurice Ouimet, Vice President of Admissions, Castleton University
Andy Pallito, Dean of Administration, Community College of Vermont
Michelle Perry, Cataloger, Castleton University
Lisa Pleban, Faculty, Castleton University
Angela Sillars, Faculty, Castleton University
Anne Slonaker, Faculty, Castleton University
Denise Rhodes, Consultant, Finance & Registration Services, Castleton University
David Rubin, Dean of Administration, Vermont Technical College
Dannielle Spring, Chief Budget & Finance Officer, Northern Vermont University
David Tabaruka, Controller, Community College of Vermont
Sarah Truckle, Vice President of Business Operations, Vermont State University
Littleton Tyler, Assistant Vice President, Finance & Compliance, Vermont State University
Beth Walsh, President, VSCUP, Northern Vermont University
Deborah Waggett, Faculty, Castleton University
Phil Whitman, Faculty, Castleton University

1. Chair Silverman called the meeting to order at 1:00 p.m.

2. Public Comment

Beth Walsh and Linda Olson provided comments voicing their opposition to recent proposed changes to athletics and libraries at Vermont State University. Further public comments were deferred to later in the meeting to give those who had signed up to make comments an

opportunity to join the meeting.

3. Approve December 12, 2022 Meeting Minutes

Trustee Zeller moved and Trustee Dickinson seconded the motion to approve the minutes of December 12, 2022. The motion was approved unanimously with one abstention.

4. Review and Discuss: 2nd Quarter Financial Results

Chair Silverman shared that system-wide, performance continues to be favorable as of the second quarter. Institutional and system results can be found [here](#) on pages 10-17.

Chief Financial and Operating Officer Sharron Scott introduced Sarah Truckle, new Vice President for Business Operations at Vermont State University. CFOO Scott went on to report that the second quarter report continues to be favorable with revenues 5.4% better than budgeted. Overall system wide enrollment is up by 4% over budget. While that varies institution by institution, the trend universally is favorable. Expenses are forecasted to be higher than budgeted, primarily due to transformation expenses that will be fully covered by the transformation appropriation provided to VSC by the legislature in 2022. Overall 2nd quarter performance continues to be very strong.

5. Public Comments Revisited

The Committee then heard comments from the public for the next twenty minutes. All comments were focused on the proposed changes to athletics and libraries at Vermont State University. Vermont State University President Parwinder Grewal shared additional context regarding the transformation of the libraries in response to one question.

6. Review and Discuss: 1st Pass FY2024 Budget

CFOO Scott presented a first pass of the FY2024 budget, which is very close to meeting the system's target reduction in structural deficit of \$5 million. That presentation can be found [here](#). She noted that while the budget is currently favorable, enrollment at Vermont State University is currently difficult to derive because of the merger. Subsequent passes of the budget will bring greater clarity and the Committee should expect stronger indicators of performance during the April and May passes. Chair Silverman reminded the committee that there will be two to three additional opportunities to review the 2024 budget before it becomes finalized.

7. Review and Discuss: Launching Investment Subcommittee

Chair Silverman informed the committee that in 2019, the Financial Services Subcommittee was formed and was focused on looking at asset and debt management of VSC. That subcommittee has been dormant since shortly after its inception, due to both COVID-19 and the heavy workload related to transformation. As the first step to reinvigorate the committee, Chair Silverman called for the reaffirmation of Resolution 2019-010: Creation of a Financial Services Subcommittee of the Finance and Facilities Committee. The committee agreed to reaffirm the resolution, and to reinvigorate the committee. Chair Silverman and Trustee Zeller both volunteered to serve on the subcommittee. CFO Scott will work with the subcommittee to schedule a mutually agreeable time for a meeting.

Trustee Dickinson moved and Trustee Masland seconded the motion to appoint Trustees Silverman and Zeller to the Investment Subcommittee. The motion was approved unanimously.

8. Other Business

Chancellor Zdatny expressed support for President Grewal and his team and the hard work they've been doing to address the concerns being expressed by the institutions and community as they address the proposed changes to the libraries and athletics at VTSU.

Chair Silverman adjourned the meeting at 2:17 p.m.

**ITEM 2: Request to Dissolve *Major Gift Quasi-Endowment*
at Castleton University**

CASTLETON UNIVERSITY: QUASI-ENDOWMENT DISSOLUTION

Castleton University's turf field was installed in 2009 at the time the university's stadium was built. Turf fields such as the one installed at Castleton have a life of approximately ten (10) years. Due to funding issues, the field has not been replaced since installation and at fourteen (14) years the field has not only exceeded its expected useful life but has deteriorated to the point where replacement can no longer be deferred. This past year, the turf field experienced a tear that fortunately was repairable, a larger tear would have prevented the field from being used, and would have required the University to cancel and/or relocate athletic events held on the field. A larger tear is inevitable without replacement this summer.

The project is expected to cost \$696,104 inclusive of striping for field hockey. The University has identified donor sources to fund 70.1% of the replacement costs and will use \$387,986 from the *Edmund and Betty McCormack fund* and \$100,000 from *Athletics fundraising* to cover this portion of the project.

For the remaining funds, the institution requests dissolving the *Major Gift Quasi Endowment* that was established in 1993. The current value of this fund is \$214,229. Any funds remaining from this project will provide seed funding for future turf field replacement as Vermont State University recognizes that building a replacement fund for the turf field is necessary for fiscal sustainability.

Per [Policy 412: Endowments, Gifts & Quasi Endowments](#), a quasi-endowment may be dissolved by the Board of Trustees for use by the college based on the recommendation of the President and Chancellor. The Chancellor concurs with the recommendation of the President and recommends dissolving the *Major Gift Endowment* at Castleton University to fund the replacement of its turf field.



Castleton University

April 7, 2023

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

Dear Chancellor Zdatny,

I am requesting approval to dissolve a quasi-endowment at Castleton University. The “Major Gift Quasi-Endowment” (#27013) was established with an unrestricted estate gift in 1993. The fund has a balance of \$214,229 and we are hoping to utilize these funds to complete a long-overdue deferred maintenance project to replace the turf field, which has reached the end of its lifecycle. In order to complete the project, these funds will be supplemented by a significant donor gift and funds raised to support Castleton athletics through their GivingTuesday campaign. The turf has now torn and if we defer this maintenance any longer, we risk being unable to use the field at all.

Over 600 student-athletes and their varsity athletics programs depend on the use of this turf field. In addition, the field and facilities are rented out to summer camps and other teams (including the Boston Crusaders) and groups, so there will be negative impacts on enrollment and finances if we lose use of the field.

We have done our due diligence to ensure that this quasi-endowment was not intended for other purposes. We have no record of established endowment guidelines and the VTSU Chief Budget and Finance Officer has confirmed that there has been no recent activity in this account.

I request that the Vermont State College’s Board of Trustees approve the dissolution of this quasi-endowment in order to offer our students and community the best possible athletics experience on our campus.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Grewal'.

Parwinder Grewal, Ph.D.
President

ITEM 3: Third Quarter Financial Results

THIRD QUARTER FINANCIAL RESULTS

Third quarter results continue to be promising with total revenues \$8.9M better than budget. Gross student revenues are forecasted 5% better than budget and sales, services, and other revenues are have exceeded budget by a large margin. The state appropriation is forecasted slightly less than budget due to the restatement of revenues for Workforce Development. Please note, the appropriation for transformation has been moved from the general (unrestricted) fund to a restricted expendable fund and is not represented in these materials.

Overall, enrollment system-wide is up 3.8% compared to budget. Community College of Vermont's enrollment is up 2.4% compared to budget continuing their strong performance. Vermont State University continues to experience strong current year enrollment at 4.9% better than budget. Individually, the institutions that comprise Vermont State University are also performing well, with marked increases relative to budget at Vermont Tech with a 5.4% improvement over budget and a 10.5% improvement for Northern Vermont University.

In addition to strong overall enrollment, each enrollment value stream is strong. Compared to budget, enrollment of Vermonters is up 3.2% system-wide. By institution, enrollment in this important category is up 2.1% at CCV and 5% at Vermont State University. Additionally, out-of-state enrollment is also strong relative to budget with a 6% improvement for CCV and a 2.7% improvement for Vermont State University.

Expenses are currently forecasted \$640K less than budget. This differs from the second quarter forecast due to improved performance across all categories coupled with the restatement of transformation expenses to a restricted expendable fund from the general fund. While performance is comparable to budget, there has been some shift in the expense profile. Wages and benefits are forecasted slightly better budget. This change is offset by increased expenses in the *services, supplies, and travel* category as well as *scholarships* and *utilities* as explained within the institutional narratives following this summary.

Overall, the Vermont State Colleges forecasts net revenue \$9.6M better than budget.

THIRD QUARTER METRICS

The FY2023 budget is predicated on key performance indicators related to enrollment, room occupancy and employee wages. These foundational metrics are one means for the Committee to gauge current year budget performance.

As noted above, CCV full-paying equivalent enrollment is 2.4% better than budgeted, with stronger than budgeted out-of-state enrollment. Fall enrollment was 3.6% better than budget and spring enrollment is currently estimated at 4.3% better than budget. However, CCV is currently anticipating a 4.5% decline, compared to budget, for "other" enrollments, or approximately 50 full paying equivalent students, thus softening the overall impact of fall and spring performance. CCV anticipates these numbers will tighten throughout the remainder of the fourth quarter as students register for their summer session.

Vermont State University's net student revenue (inclusive of scholarships) is currently estimated 6.7% better than budget as compared to a full-paying equivalent increase of approximately 4.9%. Student revenue is stronger than the full-paying equivalent performance would predict due to a sharp increase in out-of-state enrollment. Compared to budget, room occupancy is currently 11.5% better than budget, with slightly stronger numbers for the fall as compared to the spring, though both terms have excellent performance. Improvements in enrollment and room participation are reflected in this third quarter forecast.

System-wide budget and forecast: Third Quarter FY2023

	Vermont State Colleges System			Community College of Vermont			Vermont State University			Chancellor's Office		
	Projected FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)	Projected FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)	Projected FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)	Projected FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)
REVENUES												
Tuition and Fees	102,535	98,456	4,079	22,655	22,093	562	79,879	76,363	3,516	1	-	1
State Appropriation	61,546	61,837	(291)	8,757	8,757	-	32,643	32,435	208	20,146	20,645	(499)
Room and Board	20,798	18,754	2,044	-	-	-	20,798	18,754	2,044	-	-	-
Sales and Services	4,253	2,356	1,897	7	1	6	4,246	2,355	1,891	-	-	-
Gifts	1,135	1,150	(15)	80	80	0	1,055	1,070	(15)	-	-	-
Other Revenue	1,876	647	1,229	373	92	281	1,242	555	687	261	-	261
TOTAL REVENUES	192,143	183,200	8,943	31,872	31,023	849	139,863	131,532	8,331	20,408	20,645	(237)
EXPENSES												
Salaries and Benefits	108,526	110,335	1,809	22,538	22,788	250	80,551	82,624	2,073	5,437	4,923	(514)
Services, Supplies, Travel	38,524	37,476	(1,048)	5,590	4,940	(650)	27,306	26,938	(368)	5,628	5,598	(30)
Scholarships	20,364	19,366	(998)	170	170	0	19,581	19,196	(385)	613	-	(613)
Utilities	8,116	7,884	(232)	353	353	(0)	7,690	7,531	(159)	73	-	(73)
Other Expenses	4,410	4,585	175	-	-	-	2	10	8	4,408	4,575	167
Debt Service	8,003	8,003	(0)	1,824	1,824	(0)	6,179	6,179	-	-	-	-
Chancellor's Office	(1)	(1)	(0)	2,108	2,108	(0)	8,412	8,412	-	(10,521)	(10,521)	-
Other Transfers	(4,303)	(3,370)	934	(1,161)	(1,161)	1	1,745	2,887	1,142	(4,887)	(5,096)	(209)
TOTAL EXPENSES	183,638	184,278	640	31,421	31,022	(399)	151,466	153,777	2,311	751	(521)	(1,272)
NET REVENUES/(DEFICIT)	8,504	(1,079)	9,583	450	0	450	(11,603)	(22,245)	10,642	19,657	21,166	(1,509)

Vermont State University institutional budget and forecast: Third Quarter FY2023

	Vermont State University			Castleton University			Northern Vermont University			Vermont Technical College		
	Projected FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)	Projected FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)	Projected FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)	Projected FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)
REVENUES												
Tuition and Fees	79,879	76,363	3,516	35,211	35,075	136	22,214	20,105	2,109	22,454	21,183	1,271
State Appropriation	32,643	32,435	208	9,855	9,855	-	12,899	12,899	-	9,889	9,681	208
Room and Board	20,798	18,754	2,044	10,820	10,500	320	6,908	5,253	1,655	3,070	3,001	69
Sales and Services	4,246	2,355	1,891	1,201	900	301	1,066	1,045	21	1,979	410	1,569
Gifts	1,055	1,070	(15)	400	400	-	312	327	(15)	343	343	-
Other Revenue	1,242	555	687	234	250	(16)	585	250	335	423	55	368
TOTAL REVENUES	139,863	131,532	8,331	57,721	56,980	741	43,984	39,879	4,105	38,158	34,673	3,485
EXPENSES												
Salaries and Benefits	80,551	82,624	2,073	28,561	29,500	939	27,442	29,700	2,258	24,548	23,424	(1,124)
Services, Supplies, Travel	27,306	26,938	(368)	10,780	10,780	-	9,020	9,041	21	7,506	7,117	(389)
Scholarships	19,581	19,196	(385)	12,547	13,000	453	5,735	4,728	(1,007)	1,299	1,468	169
Utilities	7,690	7,531	(159)	2,730	2,775	45	2,907	2,885	(22)	2,053	1,871	(182)
Other Expenses	2	10	8	-	10	10	2	-	(2)	-	-	-
Debt Service	6,179	6,179	-	3,062	3,062	-	2,339	2,339	-	778	778	-
Chancellor's Office	8,412	8,412	-	2,668	2,668	-	3,492	3,492	-	2,252	2,252	-
Other Transfers	1,745	2,887	1,142	1,046	1,045	(1)	447	447	-	252	1,395	1,143
TOTAL EXPENSES	151,466	153,777	2,311	61,394	62,840	1,446	51,384	52,632	1,248	38,688	38,305	(383)
NET REVENUES/(DEFICIT)	(11,603)	(22,245)	10,642	(3,673)	(5,860)	2,187	(7,400)	(12,753)	5,353	(530)	(3,632)	3,102

System-wide metrics: Third Quarter FY2023

	Vermont State Colleges				Community College of Vermont				Vermont State University			
	FY23B	FY23Q3	Var \$	Var %	FY23B	FY23Q3	Var \$	Var %	FY23B	FY23Q3	Var \$	Var %
Student Revenue & Wages (\$millions)												
Net Student Revenue	\$97,844	\$ 103,457	\$ 5,613	5.7%	\$21,923	\$ 22,485	\$ 562	2.6%	\$75,921	\$ 80,972	\$ 5,051	6.7%
Annual Employee Wages	\$64,703	\$ 64,601	\$ (102)	-0.2%	\$15,925	\$ 15,925	\$ -	0.0%	\$48,778	\$ 48,676	\$ (102)	-0.2%
Full Paying Equivalent Enrollment												
Annual FPE	6,840	7,100	260	3.8%	2,967	3,037	70	2.4%	3,873	4,063	190	4.9%
FPE by Term												
Fall	6,590	6,880	290	4.4%	2,587	2,681	94	3.6%	4,003	4,199	196	4.9%
Spring	5,991	6,271	280	4.7%	2,248	2,344	96	4.3%	3,743	3,927	184	4.9%
Other	1,099	1,049	(50)	-4.5%	1,099	1,049	(50)	-4.5%	-	-	-	n/a
FPE by Value Stream												
Vermonters	4,529	4,675	146	3.2%	2,812	2,872	60	2.1%	1,717	1,803	86	5.0%
Out-of-State	1,008	1,039	31	3.1%	117	124	7	6.0%	891	915	24	2.7%
NEBHE & Good Neighbor	234	254	20	8.4%	38	41	3	6.8%	196	213	17	8.7%
Nursing & Allied Health	557	580	n/a	n/a	n/a	n/a	n/a	n/a	557	580	1	0.2%
Online	284	310	26	9.2%	n/a	n/a	n/a	n/a	284	310	23	8.1%
Graduate												
Vermonters	205	220	15	7.3%	n/a	n/a	n/a	n/a	205	220	15	7.3%
Out-of-State	62	64	2	3.2%	n/a	n/a	n/a	n/a	62	64	2	3.2%
Room Occupancy												
Annual Occupancy	1,580	1,761	181	11.5%	n/a	n/a	n/a	n/a	1,580	1,761	181	11.5%
Occupancy by Term												
Fall	1,675	1,869	194	11.6%	n/a	n/a	n/a	n/a	1,675	1,869	194	11.6%
Spring	1,487	1,655	168	11.3%	n/a	n/a	n/a	n/a	1,487	1,655	168	11.3%
Other	-	-	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	n/a

Vermont State University institutional Metrics: Third Quarter FY2023

	Vermont State University				Castleton University				Northern Vermont University				Vermont Technical College			
	FY23B	FY23Q3	Var \$	Var %	FY23B	FY23Q3	Var \$	Var %	FY23B	FY23Q3	Var \$	Var %	FY23B	FY23Q3	Var \$	Var %
Student Revenue & Wages (\$millions)																
Net Student Revenue	\$75,921	\$ 80,972	\$ 5,051	6.7%	\$32,575	\$ 33,483	\$ 908	2.8%	\$20,630	\$ 23,386	\$ 2,756	13.4%	\$22,716	\$ 24,103	\$ 1,387	6.1%
Annual Employee Wages	\$48,778	\$ 48,676	\$ (102)	-0.2%	\$17,133	\$ 17,496	\$ 363	2.1%	\$17,135	\$ 16,694	\$ (441)	-2.6%	\$14,510	\$ 14,485	\$ (25)	-0.2%
Full Paying Equivalent Enrollment																
Annual FPE	3,873	4,063	190	4.9%	1,624	1,630	6	0.4%	1,227	1,356	129	10.5%	1,022	1,077	55	5.4%
FPE by Term																
Fall	4,003	4,199	196	4.9%	1,678	1,684	6	0.4%	1,266	1,399	133	10.5%	1,059	1,116	57	5.4%
Spring	3,743	3,927	184	4.9%	1,570	1,576	6	0.4%	1,188	1,313	125	10.5%	985	1,038	53	5.4%
Other	-	-	-	n/a	-	-	-	n/a	-	-	-	n/a	n/a	n/a	-	n/a
FPE by Value Stream																
Vermonters	1,717	1,803	86	5.0%	700	703	3	0.4%	554	612	58	10.5%	463	488	25	5.4%
Out-of-State	891	915	24	2.7%	645	647	2	0.3%	176	194	18	10.2%	70	74	4	5.7%
NEBHE & Good Neighbor	196	213	17	8.7%	30	30	-	0.0%	149	165	16	10.7%	17	18	1	5.9%
Nursing & Allied Health	557	580	1	0.2%	148	149	1	0.7%	n/a	-	n/a	n/a	409	431	n/a	n/a
Online	284	310	23	8.1%	n/a	-	n/a	n/a	221	244	23	10.4%	63	66	n/a	n/a
Graduate																
Vermonters	205	220	15	7.3%	61	61	-	0.0%	144	159	15	10.4%	-	-	n/a	n/a
Out-of-State	62	64	2	3.2%	40	40	-	0.0%	22	24	2	9.1%	-	-	n/a	n/a
Room Occupancy																
Annual Occupancy	1,580	1,761	181	11.5%	842	868	26	3.1%	474	623	149	31.4%	264	270	6	2.3%
Occupancy by Term																
Fall	1,675	1,869	194	11.6%	885	912	27	3.1%	510	671	161	31.6%	280	286	6	2.1%
Spring	1,487	1,655	168	11.3%	800	824	24	3.0%	438	576	138	31.5%	249	255	6	2.4%
Other	0	0	0	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

INSTITUTIONAL NARRATIVES

Community College of Vermont

Q3 is trending positively compared to Q2 due to lower-than-expected salaries and wages. CCV is committed to being strategic and applying any savings in our budget to paying off outstanding student debt which reduces our bad debt expense in future years.

Revenues:

- **Tuition and Fees:** Same as Q2
- **Sales & Services/Gifts/Other Revenues:** Gains from investment income.

Expenses:

- **Salaries and Benefits:** Slightly reduction
- **Service, Supplies & Travel:** Slightly increase.
- **Scholarships & Fellowships:** No change.
- **Other Transfers:** No change.

Castleton University

Revenues:

- **Tuition and Fees:** Overall, tuition and fees are projected to be \$136K (0.4%) better than budget. The increase, relative to budget, is driven by stronger than budgeted fall and spring enrollment.
- **Room & Board:** Revenue in this category continues to be stronger than budget with a modest increase (\$320K) compared to budget. The increase, relative to budget is directly correlated with stronger enrollment.
- **Other Revenues (Sales & Services, Gifts, Other):** As of Q3 it is projected that the overall revenue for this category will be better than budget by \$300k, driven by increases in Camps and Conferences.

Expenses:

- **Salary & Benefits:** Savings in this category is project to be approximately \$1M. This is primarily due to unfilled positions and attrition during the fall semester.

Northern Vermont University

Revenues:

- **Tuition and Fees:** Fall and spring enrollment are stronger than budget, with total tuition and fees revenue estimated at \$2.1M better (+10.5%) than budget.
- **Room & Board:** The Q3 forecast continues to be strong at \$1.6M better than budget. This can be attributed to stronger than anticipated returning residential programming in the spring.
- **Other Revenues (Sales & Services, Gifts, Other):** As of Q1 it is projected that the overall revenue for this category is projected better than budget by \$312k, driven by revenue in facilities rental.

Expenses:

- **Salary & Benefits:** Savings in this category is project to be \$2.2M. This is primarily due to unfilled positions and attrition.
- **Service, Supplies & Travel:** It is estimated that this category will be on budget.
- **Scholarships:** Are projected to be \$1M over budget. This increase is consistent with the increased enrollment relative to budget.

Vermont Technical College

Revenues:

- **Tuition and Fees:** Vermont Tech's enrollment is stronger than budget, with total tuition and fees revenue estimated at \$1.1M better than budget.
- **Room & Board:** The Q3 forecast continues to be favorable at \$69K better than budget
- **Other Revenues (Sales & Services, Gifts, Other):** Sales and Services is estimated to be \$1.9M better than budget due to the unbudgeted revenue associated with Continuing Education and Workforce Development (CEWD), part of the Workforce Development (WFD) entity which has been grouped with Vermont Technical College in this packet.
- , inclusive of the Vermont Manufacturing Collaborative (VT-MC), Continuing Education and Workforce Development (CEWD), the Small Business Development Center (SBDC), and Vermont Manufacturing Extension Center (VMEC).

Expenses:

- **Salary & Benefits:** Unbudgeted expenses related WFD mean the salaries and benefits are forecasted \$1.1M higher than budget. These expenses are offset by the increase in Sales and Services revenue noted above.
- **Other expenses:** Other expenses, in aggregate, are projected to come in close to budget.
- **Transfers:** Transfer revenue (in this report, shown as an offset to expense) is estimated to be \$1.1M better than budget due to the unbudgeted revenue associated with the Vermont Manufacturing Collaborative (VT-MC), part of the Workforce Development (WFD) entity which has been grouped with Vermont Technical College in this packet. This revenue relates to the final payment under the terms of the DoD contract which established the VT-MC and provided for the sub-entity's fit-up.

Office of the Chancellor

Revenues:

- **State Appropriation:** the funding for Workforce Development was coded improperly at the time the FY2023 budget was approved. The variance in this line is the proper reassignment of these funds to Vermont Technical College to support Workforce Development. Additionally, with this forecast, transformation expenses have been moved from the “general fund” to a “restricted expendable” fund. Current year expense and forecast have been restated to reflect this change.
- **Other Revenue:** this category unbudgeted interest income and purchasing rebates from the system’s operating accounts. These funds are allocated to the institutions as part of the inter-entity transfers.

Expenses:

- **Wages & Benefits:** the difference in this line is related to the funding of the Executive Director of Workforce Development and three system-wide library positions that were not originally funded as part of the FY2023 Office of the Chancellor budget.
- **Scholarships & Benefits:** the legislature funded the *Welcome Home Scholarship* via a special appropriation. The funds were received in FY2022 and will be expended until exhausted. The overage of \$613K in this line is due to the spending down of these funds.

ITEM 4: Request to Payoff 2013 Debt Instrument

SERIES 2013 BOND PAYOFF REQUEST

The Vermont State Colleges currently holds three bond: Series 2013, Series 2017, and Series 2020. The combined outstanding principal on the three bonds is \$97.165M plus \$12.135M in bond premium for a total outstanding value of \$109.3M. Bond payments cease in 2033, 2038, and 2041 respectively.

Fiscal Year	Series 2013			Series 2017			Series 2020		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	885,000	433,750	1,318,750	2,890,000	2,785,300	5,675,300	140,000	1,009,700	1,149,700
2025	910,000	393,300	1,303,300	3,040,000	2,637,050	5,677,050	1,405,000	971,075	2,376,075
2026	955,000	346,675	1,301,675	3,195,000	2,481,175	5,676,175	1,195,000	906,075	2,101,075
2027	1,005,000	297,675	1,302,675	3,360,000	2,317,300	5,677,300	1,250,000	844,950	2,094,950
2028	1,065,000	255,347	1,320,347	3,530,000	2,145,050	5,675,050	1,320,000	780,700	2,100,700
2029	1,095,000	220,472	1,315,472	3,710,000	1,964,050	5,674,050	1,130,000	719,450	1,849,450
2030	1,125,000	183,469	1,308,469	3,900,000	1,773,800	5,673,800	1,185,000	661,575	1,846,575
2031	1,165,000	144,069	1,309,069	4,100,000	1,573,800	5,673,800	1,240,000	607,150	1,847,150
2032	1,210,000	93,750	1,303,750	4,315,000	1,363,425	5,678,425	1,290,000	556,550	1,846,550
2033	1,270,000	31,750	1,301,750	4,535,000	1,142,175	5,677,175	1,340,000	503,950	1,843,950
2034				4,740,000	934,000	5,674,000	1,395,000	449,250	1,844,250
2035				4,935,000	740,500	5,675,500	1,450,000	392,350	1,842,350
2036				5,135,000	539,100	5,674,100	1,500,000	340,850	1,840,850
2037				5,345,000	329,500	5,674,500	1,545,000	295,175	1,840,175
2038				5,565,000	111,300	5,676,300	1,605,000	239,900	1,844,900
2039							1,665,000	174,500	1,839,500
2040							1,730,000	106,600	1,836,600
2041							1,800,000	36,000	1,836,000
Totals:	10,685,000	2,400,256	13,085,256	62,295,000	22,837,525	85,132,525	24,185,000	9,595,800	33,780,800

As discussed in the previous section of these materials, performance for the Vermont State Colleges System is forecasted to be \$9.6M better than budgeted, with Vermont State University performance \$10.6M better than budget. While there are many uses toward which the VSCS could put these funds, paying off the Series 2013 Bond has the greatest long-term benefit as doing so would reduce current year obligations by approximately \$1.3M per year for the next ten years and foregoes interest expense of \$2.4M over the remaining life of the bond.

Management therefore proposes paying off the principal and bond premium for the Series 2013 Bond for a total value of \$11,610,713 this fiscal year. The source of funds for this transaction is \$2.464M from CCV's carryforward reserve and \$9.147M from VTSU's current year budget. The payoff amounts for each institution were calculated proportional to the initial uses of the bond in 2013. At that time 21.22% of the bond's original value was used for projects at Community College of Vermont and 78.78% of the original value was used for projects at Vermont State University campuses (42.9% for Castleton University and 35.9% for Northern Vermont University-Lyndon).

The benefits of this transaction are two-fold.

1. **Reduces expenses by \$1.3M annually.** This transaction eliminates an estimated \$1.3M in debt repayment for the next ten years thus reducing VTSU's annual expenses, starting in FY24 by slightly more than \$1M and CCV's by approximately \$280K. This is an important step in the long-term financial sustainability of the Vermont State Colleges system.
2. **Eliminates \$2.4M in interest expense.** This transaction eliminates \$2.4M in interest expense obligations between FY2024 and FY2033.

Initial contact has been made with the attorneys who negotiated the Series 2013 Bonds for the Vermont State Colleges. The attorneys at *Norton Rose Fulbright US, LLP* are prepared to assist the VSCS with this transaction should the Board of Trustees approve this request for early payoff.

ITEM 5: Second Pass FY2024 Budget

SECOND PASS BUDGET

The board approved system-wide budgeting process includes three reviews of the Vermont State Colleges general fund operating budget. The reviews typically occur during the first three Finance and Facilities committee meetings of each calendar year. The Committee is tasked with reviewing and approving the system-wide budget in advance of forwarding the budget to the full board for approval at the last meeting of the fiscal year.

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.” While the state has provided one-time support to the VSC to backfill the structural deficit and allow transformation to occur, the VSC must take meaningful steps to address the issue through operational efficiencies, strategic investments, and revenue growth. Achieving this requirement is vital to the success of the Vermont State Colleges financial sustainability.

With the FY2023 budget the Vermont State Colleges achieved the first \$5M in structural savings. The second \$5M must be achieved with FY2024 concluding with a fully balanced budget by FY2027.

BUDGET ASSUMPTIONS

The FY2024 budget is predicated on a series of assumptions. These assumptions are revised with each successive pass of the budget as more data is gathered and the forecasts are refined. The assumptions include:

1. **Enrollment** is estimated as the most likely realistic expectation of enrollment considering anticipated new students and current persistence trends. Each institution has taken into consideration the best available information as of the time of the submission of these materials.

As noted with Pass 1 of the budget, Vermont State University is experiencing a high degree of variability relative to their enrollment patterns. The VTSU budget narrative available later in this section describes their current assumptions.

2. **Tuition and Fees** as with Pass 1 of the budget, revenue was adjusted to reflect Vermont State University’s new pricing model. It is important to note Vermont State University’s tuition is 15% lower for Vermonters. This change alone results in a substantial drop in student revenues relative to the FY2023 forecast. However, when combined with institutional aid (Scholarships and Fellowships) the resulting change is isolated solely to enrollment assumptions.
3. **Room and Board** revenue was adjusted to reflect the Board approved rate change of 4%. Overall room participation is estimated consistent with current and anticipated enrollment volume modified by housing constraints in each of our geographic areas.
4. **State Appropriation** allocation was updated to reflect the newly approved Policy 403-A: *Allocation of General and Capital Funds*. A detailed description of the calculation methodology can be found in the January 2023¹ Board packet.

¹ <https://www.vsc.edu/wp-content/uploads/2023/01/1-23-23-BOT-Materials-final.pdf> p17-18 description, p20 calculation

5. **Gifts, Sales and Services, and Other Revenue** were budgeted according to best available information.
6. **Shared Expenses for Libraries and Information Technology** were moved from the institutional budgets to the Shared Services per the revised formula defined in Policy 403-B: *Shared Expense Allocation*. The savings relative to proposed changes have been built into this budget.
7. **Retiree Medical Expenses** were moved from the institutional budgets to the Office of the Chancellor per the revised formula defined in Policy 403-A: *General and Capital Fund Allocations*. Expenses were then increased per recent trends in plan pricing and anticipated volume.
8. **Wages** were adjusted to reflect the terms of collective bargaining agreements and anticipated non-bargaining unit spending. Additional adjustments for institutional need were also made. As noted above, the expenses associated with Libraries and Information Technology were moved from the institutions to the Shared Services budget.
9. **Benefits** were adjusted based on anticipated rate changes. Additionally, as noted above, retiree medical was moved to the Office of the Chancellor, and information technology and libraries were moved from the institutions to Shared Services.
10. **Scholarships** were adjusted to reflect the change in tuition pricing at Vermont State University. As shared at the September 2022 Board meeting, the change in the face value of tuition will be off-set by a corresponding adjustment to scholarship spending.
11. **Utilities** were adjusted to reflect current market conditions accounting for inflation.
12. **All other expenses** were adjusted based on institutional need.
13. **Debt Repayment.** The proposed budgets assume repayment of the 2013 Bond. Early repayment reduces the ongoing debt service by approximately \$1M for VTSU and \$300K for CCV.
14. **Shared Expense Allocation Bridge for CCV.** Policy 403-B: *Shared Expense Allocation* resulted in the movement of some expenses to the Community College of Vermont that were previously covered by the institutions forming Vermont State University. As a one-year bridge, up to \$682K of system reserves will be used to support CCV should the change result in negative performance for CCV. This amount is built into CCV's Pass 2 budget and will be confirmed when actual performance is finalized next year.

SYSTEM-WIDE BUDGET

The total operating deficit, before the use of one-time funds is \$18.9M. The deficit is comprised of two components: 1) Vermont State University's proposed deficit of \$17.7M² and 2) a \$1.2M planned draw from the newly created Information Technology Capital Fund created as part of 403-D: *Reserves, Carryforward, and Miscellany*³.

Offsetting these deficits is one-time funding equaling \$15.2M. These one-time funds are comprised of three components: 1) Bridge Funding equaling \$9M, 2) the FY2023 advance on base appropriation equaling \$5M, and 3) a draw from the Information Technology reserve fund equaling \$1.2M.

The remaining balance, \$3.663M, shall be covered with unused bridge funding from FY2023.

² To meet the structural deficit requirements established by the Vermont State Legislature, the Vermont State Colleges must have a budgeted deficit \$5M less than the prior year. The entirety of the structural deficit rests with Vermont State University, therefore the budgeted deficit for FY2024 must be no greater than \$17.673.

³ The Information Technology Reserve was funded during the January 2023 Board meeting with \$5.2M. The colleges will draw from this fund for three years as they build up to the annual investment of \$2.6M as part of the normal budgeting cycle.

System Wide: FY2024 Pass 2 Budget

Vermont State Colleges System				
	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0	FY2024 Budget 2.0
REVENUES				
Tuition and Fees	98,456	102,535	86,288	85,032
State Appropriation	61,409	61,546	52,657	48,657
Room and Board	18,754	20,798	20,912	20,681
Sales and Services	2,356	4,253	2,581	2,581
Gifts	1,150	1,135	1,135	1,135
Other Revenue	647	1,876	409	509
TOTAL REVENUES	182,772	192,143	163,982	158,595
EXPENSES				
Salaries and Benefits	110,335	108,526	113,555	111,170
Services, Supplies, Travel	37,476	38,524	41,735	39,960
Scholarships	19,366	20,364	8,325	8,355
Utilities	7,884	8,116	9,163	9,144
Other Expenses	4,585	4,410	4,228	4,228
Debt Service	8,003	8,003	8,144	6,865
Shared Services			(0)	-
Chancellor's Office	(1)	(1)	-	-
Other Transfers	(3,370)	(4,303)	(4,649)	(4,639)
Strategic Initiatives (3%)			1,425	1,425
Economic Stabilization (2%)			950	950
TOTAL EXPENSES	184,278	183,639	182,875	177,458
	-	-	-	-
NET REVENUES/(DEFICIT)	(1,506)	8,504	(18,893)	(18,863)
ONE-TIME FUNDS				
Bridge Funding	-	-	8,963	9,000
Strategic Reserve	-	-	5,000	5,000
All Other	-	-	1,200	1,200
TOTAL ONE-TIME FUNDS	-	-	15,163	15,200
TOTAL OPERATING RESULT	(1,506)	8,504	(3,730)	(3,663)

System Wide: FY2024 Pass 2 Budget

	Vermont State Colleges System			Community College of Vermont			Vermont State University			Shared Services			Chancellor's Office		
	FY2023 Budget	FY2023 Forecast	FY2024 Budget 2.0	FY2023 Budget	FY2023 Forecast	FY2024 Budget 2.0	FY2023 Budget	FY2023 Forecast	FY2024 Budget 2.0	FY2023 Budget	FY2023 Forecast	FY2024 Budget 2.0	FY2023 Budget	FY2023 Forecast	FY2024 Budget 2.0
REVENUES															
Tuition and Fees	98,456	102,535	85,032	22,093	22,655	22,000	76,363	79,879	63,032	-	-	-	-	1	-
State Appropriation	61,409	61,546	48,657	8,757	8,757	8,661	32,007	32,643	27,209	-	-	-	20,645	20,146	12,787
Room and Board	18,754	20,798	20,681	-	-	-	18,754	20,798	20,681	-	-	-	-	-	-
Sales and Services	2,356	4,253	2,581	1	7	1	2,355	4,246	2,580	-	-	-	-	-	-
Gifts	1,150	1,135	1,135	80	80	80	1,070	1,055	1,055	-	-	-	-	-	-
Other Revenue	647	1,876	509	92	373	183	555	1,242	326	-	-	-	-	261	-
TOTAL REVENUES	182,772	192,143	158,595	31,023	31,872	30,925	131,104	139,863	114,883	-	-	-	20,645	20,408	12,787
EXPENSES															
Salaries and Benefits	110,335	108,526	111,170	22,788	22,538	21,353	82,624	80,551	71,129	-	-	8,551	4,923	5,437	10,137
Services, Supplies, Travel	37,476	38,524	39,960	4,940	5,590	4,652	26,938	27,306	25,877	-	-	9,156	5,598	5,628	275
Scholarships	19,366	20,364	8,355	170	170	170	19,196	19,581	8,185	-	-	-	-	613	-
Utilities	7,884	8,116	9,144	353	353	352	7,531	7,690	8,782	-	-	10	-	73	-
Other Expenses	4,585	4,410	4,228	-	-	-	10	2	-	-	-	-	4,575	4,408	4,228
Debt Service	8,003	8,003	6,865	1,824	1,824	1,561	6,179	6,179	5,304	-	-	-	-	-	-
Shared Services			-			5,254			11,264			(16,518)			
Chancellor's Office	(1)	(1)	-	2,108	2,108	-	8,412	8,412	-	-	-	-	(10,521)	(10,521)	-
Other Transfers	(3,370)	(4,303)	(4,639)	(1,161)	(1,161)	(2,417)	2,887	1,745	2,006	-	-	-	(5,096)	(4,887)	(4,228)
Strategic Initiatives (3%)			1,425												1,425
Economic Stabilization (2%)			950												950
TOTAL EXPENSES	184,278	183,639	177,458	31,022	31,422	30,925	153,777	151,466	132,547	-	-	1,199	(521)	751	12,787
NET REVENUES/(DEFICIT)	(1,506)	8,504	(18,863)	1	450	(0)	(22,673)	(11,603)	(17,664)	-	-	(1,199)	21,166	19,657	-
ONE-TIME FUNDS															
Bridge Funding	-	-	9,000	-	-	-	-	-	-	-	-	-	-	-	9,000
Strategic Reserve	-	-	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000
All Other	-	-	1,200	-	-	-	-	-	-	-	-	1,200	-	-	-
TOTAL ONE-TIME FUNDS	-	-	15,200	-	-	-	-	-	-	-	-	1,200	-	-	14,000
TOTAL OPERATING RESULT	(1,506)	8,504	(3,663)	1	450	(0)	(22,673)	(11,603)	(17,664)	-	-	1	21,166	19,657	14,000

COMMUNITY COLLEGE OF VERMONT

The CCV FY 2024 budget process has been incredibly challenging this year due to the opposing forces of maintaining affordability to students while producing a responsible budget. All costs have consistently increased over the past several years and CCV has not raised tuition in four years. Tuition represents roughly 80% of the total CCV budget.

The FY 2024 CCV budget is balanced reflecting enrollment patterns for the past few years with conservative projections regarding expenses. With Vermont's changing demographic projections as well as a 21% decline in enrollment in K-12 in the last eight years, CCV continues to be mindful of these trends as we developed our enrollment projections for the FY 2024 budget. Also, we recognize our fourth year with 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 fourth-year accumulated impact of nearly \$2.6M. Additionally, the introduction of Shared Services as part of the transformation has brought additional costs to CCV mostly relating to Information Technology, Library and Workforce Development.

Our budget is responsive to the nine priorities listed in the CCV Strategic Plan and to the VSC's ongoing transformation. For example, CCV is making investments consistent with priority number eight in the CCV Strategic Plan, (Recruit, hire and retain diverse and exceptional staff and faculty) CCV has included a 4% salary increase as well as 7% increases for medical and dental insurances which is established by the Chancellor's Office for the system, in the FY 2024 budget.

Community College of Vermont: FY2024 Pass 2 Budget

	Community College of Vermont			
	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0	FY2024 Budget 2.0
REVENUES				
Tuition and Fees	22,093	22,655	22,000	22,000
State Appropriation	8,757	8,757	8,661	8,661
Sales and Services	1	7	1	1
Gifts	80	80	80	80
Other Revenue	92	373	83	183
TOTAL REVENUES	31,023	31,872	30,825	30,925
EXPENSES				
Salaries and Benefits	22,788	22,538	21,239	21,353
Services, Supplies, Travel	4,940	5,590	4,327	4,652
Scholarships	170	170	170	170
Utilities	353	353	351	352
Debt Service	1,824	1,824	1,840	1,561
Shared Services			5,315	5,254
Chancellor's Office	2,108	2,108	-	-
Other Transfers	(1,161)	(1,161)	(2,417)	(2,417)
TOTAL EXPENSES	31,022	31,422	30,825	30,925
NET REVENUES/(DEFICIT)	1	450	-	(0)

VERMONT STATE UNIVERSITY BUDGET NARRATIVE

Vermont State University's (VTSU) Second Pass budget further refines the anticipated revenues and expenses associated with the operations associated with FY2024. This pass incorporates the current budget to actuals and projections associated with FY2023. From Pass 1 to Pass 2 VTSU has refined its staffing expenses through an associated per-employee salary projection and incorporated the updated staffing plans developed as part of the transformation process.

Additionally, we made several assumptions when developing the FY2024 budget:

1. Sustained savings (\$1M) associated with the early repayment of the 2013 bond. VTSU recommends using the favorable deficit variance between budget versus actuals in the FY2023 financials to pay off the 2013 bond. This will result in annual savings for VTSU of \$1M which supports the overall path towards institutional sustainability and closing our structural deficit.
2. 5% vacancy savings associated with VTSU staffing. VTSU will continue to be diligent with all staffing decisions in recognition that as part of achieving institutional sustainability, as positions become vacant VTSU will evaluate whether these positions are critical to the operations and mission of VTSU and whether they can be streamlined or reduced as part of efficiency gains. VTSU projects holding 23-29 positions to achieve the 5% vacancy rate, which will be achieved through known retirements and typical turnover.
3. 20% decline in the use of part-time faculty. A reduction in the use of part-time faculty is anticipated given the expected decrease in new enrollments and the greater ability to increase section sizes taught by full-time faculty through the multiple modalities of course offerings.
4. 15% decline in new enrollment. VTSU's first pass budget anticipated a 10% decline in new enrollments recognizing that we were still early in the admissions funnel, and the confidence level in the admissions data remained weak. As we have refined the budget as part of the Second Pass, we have downgraded our new enrollment projection to a 15% decline given the current information related to applications and deposits across the VTSU campuses. Currently, VTSU is seeing a 23% decline in deposits across the institution. We anticipate that this will continue to recover slightly in the coming months, recognizing that 40% of the deposits come after May. However, given the current funnel a downgrade was warranted based on the data.
5. Sustained retention across campuses. VTSU's Second Pass budget incorporates sustained retention based on historical trends.

As built, the FY24 budget meets VTSU's deficit target of \$17.6M. There remains significant volatility in the projections and confidence levels regarding the assumptions made in the FY2024 budget as presented and these will be further refined and finalized for Pass 3.

Vermont State University: FY2024 Pass 2 Budget

Vermont State University				
	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0	FY2024 Budget 2.0
REVENUES				
Tuition and Fees	76,363	79,879	64,289	63,032
State Appropriation	32,007	32,643	27,209	27,209
Room and Board	18,754	20,798	20,912	20,681
Sales and Services	2,355	4,246	2,580	2,580
Gifts	1,070	1,055	1,055	1,055
Other Revenue	555	1,242	326	326
TOTAL REVENUES	131,104	139,863	116,370	114,883
EXPENSES				
Salaries and Benefits	82,624	80,551	71,758	71,129
Services, Supplies, Travel	26,938	27,306	25,877	25,877
Scholarships	19,196	19,581	8,155	8,185
Utilities	7,531	7,690	8,782	8,782
Other Expenses	10	2	-	-
Debt Service	6,179	6,179	6,304	5,304
Shared Services			11,191	11,264
Chancellor's Office	8,412	8,412	-	-
Other Transfers	2,887	1,745	1,996	2,006
TOTAL EXPENSES	153,777	151,466	134,063	132,547
NET REVENUES/(DEFICIT)	(22,673)	(11,603)	(17,693)	(17,664)

SHARED SERVICES AND OFFICE OF THE CHANCELLOR BUDGET NARRATIVE

Beginning with FY2024, the Shared Expense budgets will be directly shared with the Board of Trustees and approved as part of the standard process. Development of the Shared Services budget is a critical first step in the annual budgeting process as this is a large input to institutional budgets. While the budgets can, and likely will, change, they are based upon the delivered services.

As discussed with the first pass of the budget, the FY2024 incorporates one major change to spending in regards to Information Technology replacements. Beginning with this budget pass, annual replacement of technology is now budgeted fully. The estimated \$2.6M is a large increase in spending on technology. Over the next four years (beginning in FY2024), the institutions will fully step up to this amount. To defray the cost for FY2024, \$1.2M will be drawn from the Information Technology.

The Office of the Chancellor Budget differs from prior years in that it consists solely of expenses related to the personnel and services necessary to run the corporation (Chancellor, External Affairs, Board Support, etc.), retiree medical, and placeholders to fund the strategic initiatives and economic stabilization reserve funds.⁴ As noted with the third quarter forecast, all transformation revenues and expenses have been moved to a restricted expendable account to allow for easier tracking and management.

⁴ Policy-A: *General and Capital Fund Allocations* includes pre-funding from the state appropriation money for Economic Stabilization and Strategic Initiatives. The amounts are now stated on the face of budget for express review and approval by the Board of Trustees.

Shared Services and Chancellor's Office: FY2024 Pass 2 Budget

	Shared Services				Chancellor's Office			
	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0	FY2024 Budget 2.0	FY2023 Budget	FY2023 Forecast	FY2024 Budget 1.0	FY2024 Budget 2.0
REVENUES								
Tuition and Fees	-	-	-	-	-	1	-	-
State Appropriation	-	-	-	-	20,645	20,146	16,787	12,787
Other Revenue	-	-	-	-	-	261	-	-
TOTAL REVENUES	-	-	-	-	20,645	20,408	16,787	12,787
EXPENSES								
Salaries and Benefits	-	-	8,670	8,551	4,923	5,437	11,887	10,137
Services, Supplies, Travel	-	-	9,006	9,156	5,598	5,628	2,525	275
Scholarships	-	-	-	-	-	613	-	-
Utilities	-	-	30	10	-	73	-	-
Other Expenses	-	-	-	-	4,575	4,408	4,228	4,228
Shared Services	-	-	(16,506)	(16,518)	-	-	-	-
Chancellor's Office	-	-	-	-	(10,521)	(10,521)	-	-
Other Transfers	-	-	-	-	(5,096)	(4,887)	(4,228)	(4,228)
Strategic Initiatives (3%)	-	-	-	-	-	-	1,425	1,425
Economic Stabilization (2%)	-	-	-	-	-	-	950	950
TOTAL EXPENSES	-	-	1,200	1,199	(521)	751	16,787	12,787
NET REVENUES/(DEFICIT)	-	-	(1,200)	(1,199)	21,166	19,657	-	-
ONE-TIME FUNDS								
Bridge Funding	-	-	-	-	-	-	8,963	9,000
Strategic Reserve	-	-	-	-	-	-	5,000	5,000
All Other	-	-	1,200	1,200	-	-	-	-
TOTAL ONE-TIME FUNDS	-	-	1,200	1,200	-	-	13,963	14,000
TOTAL OPERATING RESULT	-	-	-	1	21,166	19,657	13,963	14,000

ITEM 6: Policy Revisions

POLICY REVISIONS

The Vermont State Colleges System currently has forty-three unique finance policies. Periodic review of the policies is necessary to ensure the system is compliant with state and federal regulations as well as best practices in accounting and financial management. Additionally, policy updates are necessary to reflect the changing nature of the Vermont State.

As the administrative keepers of the financial policies, the Business Affairs Council has undertaken a project to review and update, as needed, all finance policies over the next eighteen months. In January, the Finance and Facilities Committee and Board of Trustees approved *Policy 403: System Annual Operating Budget*.

The next set of policies, *Policy 402: Use of College Facilities* and *Policy 408 Grants and External Funding* are ready for your review. These policies have been revised by the Business Affairs Council and reviewed by the Council of Presidents. The changes to these policies are modest, though we expect future policy changes to be more comprehensive. Members of the Business Affairs Council will be available at the meeting to answer additional questions you may have.

For planning purposes, we are expecting to review one or more policies at each of the Finance and Facilities Committee meetings through the August 2024. Our tentative schedule is as follows:

- May 2023:** the policies on *Gifts, Driver Safety, Fleet Management*, and the suite of purchasing policies – *P-cards, Travel, Hospitality, Capital Construction, and Contracting for Goods & Services*.
- August 2023:** review the suite of cash, debt, and investment policies including *Cash Management, Endowment & Investment Spending, and Debt Management*.
- December 2023:** review *Capital Budget, Responsibility for Deficits, Financial Aid, Deferred Payment of Tuition & Fees, Tuition Discounting for Students age 65 and Over, and Information Technology and Data Security Systems*.
- February 2024:** review depreciation and capital policies related to *Asset Capitalization, Disposal of Equipment, Lease Acquisition and Disposal of Real Estate*
- April 2024:** internal accounting practices including *Internal Controls, Internal Audits and Merchant Credit Card Policies*
- May 2024:** the remaining miscellaneous policies including policies related to the *Use of External Legal Counsel, Copyrighted Materials, Communications, and Leasing and Sale of Broadband Spectrums*

**ITEM 6a: Policy 402: Use of College Facilities by Non-
College Organizations**



Manual of Policy and Procedures

Title USE OF COLLEGE FACILITIES BY <u>INTERNAL AND NON-</u> COLLEGE ORGANIZATIONS	Number 402	Page 1 of 2
		Date 03/19/22- 0X/XX/23

PURPOSE

The facilities of the Vermont State Colleges have been built to help provide a broad range of educational services. -Such services will be provided to diverse populations utilizing college facilities. -To meet its obligations to manage ~~college~~Vermont State Colleges facilities in the most effective ways, the facilities may be used on a continuous basis to support programs and special activities which are related to the missions of the colleges.-

STATEMENT OF POLICY

1. General Space Use

~~College~~Vermont State Colleges facilities/space may be utilized by individuals, groups, and organizations to the extent that such use does not detract from the primary programs, values, and operations of the ~~college~~institution and is complementary to the mission of the Vermont State Colleges as determined by the President or the President’s Designee.

2. Charges

Each ~~college~~institution shall provide a list of standard charges for use of all ~~college~~ facilities available for use by non-college organizations. The charges shall reflect at least a fair return on the investment in the facilities, plus the operating/maintenance costs of

the facilities. -The President or Designee may tailor the actual charges to users on the basis of whether the activities require extraordinary support or whether the activities are of special value to the college institution and qualify for a reduction in, or waiver of, charges.- All commitments for use of facilities should be in writing and signed by the college and user(s). All external users must provide a certificate of insurance unless an exception is granted by the President or Designee. Special insurances may be required for rentals that include minors.

Signed by: _____ Sophie Zdatny, Chancellor
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3. Procedures

The President or Designee may adopt procedures governing the use of facilities and modify them from time to time as necessary.

Date	Version	Revision	Approved By
12/07/060	1.0	Adopted	VSCS Board of Trustees
03/19/22	2.0	Updated to use gender-neutral language	VSCS Board of Trustees
<u>XX/XX/23</u>	<u>3.0</u>	<u>Added reference to procedures, reflect VSCS-wide values</u>	<u>VSCS Board of Trustees</u>



Manual of Policy and Procedures

Title <p style="text-align: center;">USE OF COLLEGE FACILITIES BY INTERNAL AND NON-COLLEGE ORGANIZATIONS</p>	Number <p style="text-align: center;">402</p>	Page <p style="text-align: center;">1 of 2</p>
Date <p style="text-align: center;">0X/XX/23</p>		

PURPOSE

The facilities of the Vermont State Colleges have been built to help provide a broad range of educational services. Such services will be provided to diverse populations utilizing college facilities. To meet its obligations to manage Vermont State Colleges facilities in the most effective ways, the facilities may be used on a continuous basis to support programs and special activities which are related to the missions of the colleges.

STATEMENT OF POLICY

1. General Space Use

Vermont State Colleges facilities/space may be utilized by individuals, groups, and organizations to the extent that such use does not detract from the primary programs, values, and operations of the institution and is complementary to the mission of the Vermont State Colleges as determined by the President or the President’s Designee.

2. Charges

Each institution shall provide a list of standard charges for use of all facilities available for use by non-college organizations. The charges shall reflect at least a fair return on the investment in the facilities, plus the operating/maintenance costs of the facilities. The President or Designee may tailor the actual charges to users on the basis of whether the activities require extraordinary support or whether the activities are of special value to the institution and qualify for a reduction in, or waiver of, charges. All commitments for use of facilities should be in writing and signed by the college and user(s). All external users must provide a certificate of insurance unless an exception is granted by the President or Designee. Special insurances may be required for rentals that include minors.

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Procedures

USE OF COLLEGE FACILITIES BY INTERNAL AND NON-COLLEGE ORGANIZATIONS

See Vermont State Colleges [Policy 402](#)

Reason for Procedures

University facilities and grounds are principally intended for use by University programs, activities, and operations. Requests for use by persons, groups, or organizations, internal or external to the Vermont State University (University or VTSU), will be resolved in accordance with the time, place, and manner of restrictions expressed in this policy, all of which will be administered in a manner reasonably designed to advance the mission of the institution, preserve the order necessary to conduct customary University operations and activities, protect the safety of persons and security of property, and maintain the aesthetic appearance of the campus.

This policy is intended to facilitate responsible stewardship of institutional resources and to protect the safety and security of persons and property.

Applicability of the Procedures

This policy applies to anyone requesting temporary use of all or part of a University building, facility, or outdoor space for any meeting, conference, event, or activity.

Definitions

Affiliate Organization: External organizations whose missions are compatible with those of VTSU and whose activities will significantly assist VTSU in advancing and achieving its strategic goals.

Event/Activity: Any gathering held on University property that is not formally included as part of the curriculum. This includes, but is not limited to student activities, performances, dances, concerts, athletic contests, alumni activities, seminars, conferences, symposia that are not research in nature.

External Event/Activity: Any Event/Activity that does not meet the criteria for an Internal Event/Activity will be considered an External Event/Activity. Organizations that have been granted recognition as an Affiliate Organization are considered External Parties.

External Party: Any non-VTSU entity, including affiliated organizations, who may request use of or be party to any agreement or arrangement for use of University Real Property.

External Vendors: Any vendors hired to facilitate the Event/Activity.

- Host/Sponsor: A University academic or administrative unit or a University-recognized group or organization that donates cash or in-kind goods or services to an External Event/Activity.
- Hosted/Sponsored Event/Activity: Any Event/Activity in which a requester elects to organize, facilitate, or pay some, or all, of the financial costs.
- Internal Event/Activity: A program or Event/Activity that meets the criteria for an Internal Event/Activity as determined by CES Event/Activity Classification criteria.
- Recognized Group or Organization: A student, faculty or staff group, organization, or club recognized by VTSU. See [VSC 307 Recognition of Student Organizations](#)
- Requester: A Recognized Group or Organization, or External-Party requesting use of University Facilities or Grounds.
- Services: Logistical support including, but not necessarily limited to, Event/Activity coordination, custodial and grounds services, utilities, ticketing services, police or security services, parking, transportation, catering, and the like, which are requested or required by the University to implement an Event/Activity. Costs associated with these services will be charged to the Event/Activity.
- Sponsored Event/Activity: See *Hosted/Sponsored Event/Activity*.
- Temporary Structure: In general, a temporary structure is a physical modification to University grounds or facilities intended to be in place for a short period of time. Excluded from these guidelines are temporary structures placed by the University or University contractors for purposes related to their contracts.
- University Facilities and Grounds: Buildings, rooms, facilities, outdoor space, or any other property owned and maintained by the University, including those not on the main campus.

Procedures

1) Request or Use

- a. **Internal:** Requests for facilities or grounds use for an Event/Activity by internal individuals or organizations must be submitted to Conferences and Events Services (CES) through the online University- preferred [event management system](#) software (EMS) or subsequent event management software adopted by the University. If online reservation is not available, reservations must be made by contacting CES. The request must be submitted by an individual or official authorized to commit the funds of the individual, unit, group, organization, or entity.

Conferences and Events Services (CES) is responsible for administering use requests including temporary use of all or part of a VTSU building, facility, or outdoor space, and for replacement of a temporary structure. Use requests regarding assignment of academic and administrative unit space and facilities and proposed permanent artistic displays are handled by the Office of the President. Use requests regarding use of University laboratories or use of facilities and equipment for research purposes are handled by the Office of the Provost. Use requests for facilities or grounds for campus demonstrations or rallies are handled by the Office of the Vice President of Student Success.

- b. **External:** Requests for facilities or grounds use for an Event/Activity by External Parties are processed through CES. All External Event requesters must sign a contract, furnish proof of liability

insurance naming the University as additional insured, and submit the security deposit specified by CES as a condition of approval of the request.

- c. **Non-Event/Activity:** Request for use of University facilities and grounds not categorized as an Event/Activity must follow VSC Policy 402.
- d. CES will consider and comply with all University policies and practices related to bond-financed facilities and grounds.

A decision on a fully completed request will ordinarily be made by CES within two business days, provided that additional review is not necessary.

The request decision, including applicable permit conditions, will be communicated to the requestor in writing by electronic or other appropriate means of communication. If a request is denied, the requestor will be provided a brief written explanation of the decision basis. Appeal of conditions, or the denial of a request, may be made as specified in this policy.

2) **Space Rental, Services, and Equipment Fees**

CES will maintain a schedule of fees for use of space, services, and equipment, as well as Event/Activity Classification criteria and procedures that may apply to requests for reduced or waived charges. Recipient persons, groups, organizations, or entities are not automatically entitled to facilities, grounds, or services at reduced or a free rate. Sponsoring an Event/Activity does not make the event an Internal Event. The University reserves the right, at its sole discretion, and at the expense of the Event/Activity, to use its own security services, parking staff, event coordinators, ticketing, physical plant staff, or other University personnel present at any Event/Activity covered by this policy. Preparation or coordination costs incurred by the University will be billed to the unit, group, organization, or entity if the unit, group, organization, or entity cancels the activity.

3) **General Conditions of Use Incorporated into Agreements for Use of Space**

- A) **Insurance and Liability:** The client, at its own cost and expense, agrees to have in effect a policy, or policies, of commercial or broad form comprehensive general liability insurance with limits of not less than \$1,000,000.00 combined single limit per occurrence, \$1,000,000.00 annual aggregate, including contractual liability, naming the University as an additional insured in the policy; and worker compensation insurance in accordance with Vermont statutes. Additionally, the client, if including minors its program must, at its own cost and expense, agree to have in effect a sexual molestation insurance policy with a limit of not less than \$1,000,000,000 combined single limit per occurrence, \$1,000,000 annual aggregate coverage. The client also agrees to supply the University with a certificate of insurance as evidence of all required insurance coverage.

It is the Client's responsibility to obtain proof of commercial general liability insurance from its participating vendors or exhibitors with limits equal to those enumerated above.

If the Client uses any vehicles for activities associated with this Agreement, at its own cost and expense, it must have in effect auto Liability limits of not less than \$1,000,000.00 combined single limit per occurrence to include coverage for owned, hired, and non-owned autos and supply the University with evidence of such I the form of a certificate of insurance

Private celebration events do not require commercial or broad form comprehensive general liability insurance. The University will instead require Client to provide a homeowner's/renters insurance certificate evidencing liability insurance. Client agrees to supply the University with a certificate of homeowner's insurance as evidence of all required insurance coverage.

- B) **Indemnity & Damage Losses:** Client will indemnify, defend and hold harmless Vermont State University and VSC, its officers, trustees, agents and employees from and against any and all claims, suits, demands, actions, judgments, liabilities, or expenses, including legal fees, as a result of personal injuries, including death, or property damage arising from the use of a VTSU facility by client, its employees, invitees (including participating vendors or exhibitors) and /or agents as authorized. Without limitation of the

preceding sentence, the client shall be liable to VTSU for any and all personal injuries, including death, or property damage, caused by the negligence of client, its employees, invitees and/or agents out of the activity. This indemnification and hold harmless agreement shall not apply in those instances where such claims, suites, demands, actions, judgments, liabilities, or expenses arise due to the sole negligence of Vermont State University.

VTSU assumes no responsibility for loss, theft or damage to personal property of the Client or any of its guests. VTSU accepts no responsibility for the securing of personal property or valuable including, but not limited to cash jewelry or personal electronic devices, and VTSU will not be financially responsible for the replacement or repair of such property. Be sure to communicate this with your event participants.

The client is liable for all damages to facilities resulting from the use of those facilities by the client and/or its guests. In addition, the terms and conditions of the agreement between VTSU and the client do not require the University to relinquish its control of its facilities and services to the client. The university retains the right to require the client, or any of its guests, to leave a VTSU premise if VTSU feels circumstances require it.

C) **Conduct, Supervision and Security:**

The client agrees to abide by all Vermont State University rules and regulations and all federal, state, and local laws that are applicable to the Agreement and the client's activities.

The client, its agents, and its employees shall not do or cause any act which will inure or harm any person or person, or which may in any way mar, deface over-stress, or damage VTSU property. The client agrees to notify Castleton in advance of any activity that may be deemed hazardous.

The client shall provide adequate supervision of all participants during their stay at VTSU, in accordance with all VTSU policies and guidelines.

Individuals whose actions are illegal or violate the terms of the agreement, or whose conduct is disruptive or dangerous, will be subject to immediate removal from the a VTSU campus by the Client or by law enforcement officials.

VTSU University reserve the right to approve operation procedures and attendance limits for all client-sponsored or supervised functions or activities. Vermont State University also reserved the right to require the client to supplement at the client's expense, security or safety measures appropriate to the activity which is the subject the agreement between VTSU and the client for space use.

D) **Smoking:**

On August 1, 2017 VSC campuses became tobacco-free. VTSU is committed to providing a healthy working and learning environment for the entire campus community and in becoming tobacco free seeks to reduce harm from tobacco use and secondhand smoke, provide an environment that encourages persons to be tobacco-free, and promote a campus culture of wellness. The use of tobacco, e-cigarettes, vapor pens and all smoking products are not permitted on or in any university-owned property. The tobacco free policy applies to all faculty, staff, students, and visitors of Vermont State University.

E) **Priority of Use:** Organized instruction and University Events/Activities shall have priority use of University facilities, grounds, and equipment. CES shall make final space use and assignment decisions.

F) **Non-Discrimination:** Vermont State University prohibits discrimination on the basis of unlawful criteria such as race, color, religion, national or ethnic origin, age, sex, sexual orientation, marital status, disability, or gender identity or expression, as those terms are defined under applicable law, in admitting students to its programs and facilities and administering its admissions policies, educational policies, scholarship and loan programs, athletic programs, and other institutionally administered programs or activities made available to students at the University.

- G) **Conduct:** Any person or entity using University facilities or grounds must adhere to all University policies and procedures, federal, state, and local permits, statutes, regulations, and ordinances. Failure to adhere to conditions of use may result in suspension or termination of eligibility for facilities or grounds use.
- H) **Representation:** The client shall not use or make use of Vermont State University's name insignia, logo, picture, or any other material that might create the impression of association, affiliation, partnership, or any joint venture, without the prior written permission of Vermont State University. The client may use the name of the University in its publicity of an event location as long as such use is not misleading with regard to sponsorship.

Vermont State University may request the client to place a disclaimer on all advertising for the event that communicates that the event and/or the client are not endorsed or sponsored by Vermont State University. Vermont State University shall have the right to review any publications, solicitations, advertisements, etc. produced by or for the Client which mention Vermont State University any way shape or form. The institution's name will only be represented in Client's materials or publications in the following forms: 1) Vermont State University or 2) Vermont State.

- a. Event/Activity promoters may use the University's name only in advertising the location of an Event/Activity.
 - b. All other use requires prior written approval obtained through CES, including any instructions.
- I) **Occupancy:** CES reserves the right to limit and or modify facility capacities and Event/Activity layouts, use ticketing or other systems.
- J) **Animals:** Only service animals are allowed in University buildings and facilities for Events/Activities as outlined below.
- a. Exceptions may include, but are not limited to, the following:
 - i. those used in research and teaching
 - ii. those boarded at University facilities in accordance with existing policies and practices
 - iii. those allowed as pets under University pet policies
 - iv. those performing official law enforcement functions.
 - b. All animals on University grounds must be in the control of their owners at all times. Under no circumstances should animals be allowed to run loose or be tied to buildings, handrails, trees, bicycle racks, or other objects.
 - c. Animal owners will be responsible for any damages incurred.
 - d. Any infractions or complaints should be brought to the attention of Public Safety, who will arrange to remove the animal from campus without notice.
- K) All furniture and space contents, including (but not limited to): tables, chairs, couches, A/V accessories, electrical cords, etc. will be returned to the state in which it was found.

4) **Appeal Process**

Appeals of use requests may be made in writing to the Vice President of Business Operations or their designee. Such appeals may address denials, Event/Activity classification and associated charges. The decision of the Vice President of Business Operations, or their designee, shall be final.

5) **Consequences of Unauthorized Use or Misrepresentation**

Unauthorized use of institutional grounds, facilities, and other resources may violate this policy, other applicable University policies, and/or civil and criminal laws. A demonstrated violation of policy or law may result in disciplinary or legal action against violators. In addition, VTSU reserves the right to promptly discontinue unauthorized uses, without compensation to persons, groups, or organizations acting in violation of this policy. The University also reserves the right to charge for appropriate services, insurance and/or room rental fees.

Misclassifying or misrepresenting an Event/Activity as internal for the sole purpose of offsetting costs to an external user is a violation of this policy. Should the Event/Activity be misclassified or misrepresented as an *Internal Event/Activity*, CES reserves the right to charge some or all costs associated with facility rental and event logistics to the University academic or administrative unit or University-recognized group or organization associated with the event reservation. Additionally, CES reserves the right to regulate access to University events management software and accounts.

Example

ITEM 6b: Policy 408: Policy on Grants & External Funding



Manual of Policy and Procedures

<p>Title</p> <p><u>POLICY ON GRANTS AND EXTERNAL FUNDING: PROPOSALS FOR GRANTS</u></p>	<p>Number</p> <p>408</p>	<p>Page</p> <p>1 of 5</p>
		<p>Date</p> <p>12/11/14 <u>XX/XX/23</u></p>

PURPOSE

Consistent with the Board of Trustees' responsibility for oversight of all VSC finances, the purpose of this policy is to define and establish ~~the process for reviewing and acting upon requests/ proposals/ applications/renewals for grant funding from public or private sources by the Vermont State Colleges. This policy identifies the steps through which funding proposals must be processed up to and including approval by the Board of Trustees~~ application, approval, acceptance, and monitoring processes for sponsored projects.

DEFINITION

A sponsored project is an activity with a specific scope of work that is funded externally by public or private sources. These include grants, sponsored contracts, and cooperative agreements.

STATEMENT OF POLICY

The Board of Trustees encourages the submission of ~~grant~~ proposals that are expected to be of benefit to the VSC and/or the member ~~college~~.

~~The Chancellor, a member college president, Institutions.~~ All use of sponsored projects funding shall be in accordance with VSC policies, the terms of the award, and any applicable state or their designees federal laws. Any activity or expense related to federal grants or contracts must comply with 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. This Policy is to be read consistent with federal and state law. If there is any conflict between this Policy and federal or state law, this Policy is to be interpreted consistent with federal or state law.

I. APPROVAL AND SUBMISSION OF PROPOSALS

Any employee of a VSC Institution or the VSC Chancellor's Office may apply for grants provided that all provisions of the grant are in conformance with this and other VSC policies. Student organizations may apply for grants under the supervision of an advisor.

~~Wherever possible, draft grant~~Prior to submission, all proposals shall be submitted to ~~for external funding, regardless of size, require approval of the Vice-President for Finance~~(or delegated authority) for member Institutions and Administration, in the Office of ~~of the Chancellor, for (or delegated authority) for system-wide requests. Each Institution's Office of Sponsored Programs, or equivalent office, must also perform a budget and compliance review before submission to the granting agency but in no event not later than the time grant proposals are forwarded to the granting agency-any proposals can be submitted.~~

~~The Chancellor may require revision or withdrawal of a grant proposal at any time prior to its award (in the event of a proposal not requiring Board of Trustees approval), or at any time before it is submitted to the Board of Trustees (in the event of a proposal requiring Board approval).~~

A ~~grant~~ proposal shall require review and approval by the Finance and Facilities Committee and the Board of Trustees if it:

1. Requests ~~\$750~~1,500,000 or more per fiscal year, or
2. Involves annual matching or cost sharing of \$375,000 or more~~even though budget changes.~~

~~2. Prior to submitting a proposal for external funding, applicants are not required to disclose any potential conflicts of interest to their appropriate administrator, following the procedures outlined in VSC Policy 207: Trustee and Executive Conflict of Interest and VSC Policy 210: Employee Conflict of Interest. If the proposal involves federal funds, the administrator shall disclose this potential conflict of interest, in writing, to the awarding agency or, in the case of pass-through funds, to the entity that is providing the federal sub-award.~~

~~The Finance and Facilities Committee and the Board of Trustees shall be notified of all other grant proposals and grant renewals which are submitted but do not require individual review and shall be updated on a regular basis as to the outcome of the proposals and, if successful, their implementation.~~

~~In the event the Board of Trustees votes not to approve a grant proposal, the Chancellor or his/her designee shall direct the appropriate VSC official or the college president to notify in writing the granting agency and withdraw the proposal from consideration.~~

~~The Chancellor or his/her designee(s) shall review proposal awards for consistency with initial proposals and take any action which might be indicated to assure compliance.~~

CRITERIA FOR REVIEW AND ENDORSEMENT

~~In determining whether to approve a grant proposal, the Board of Trustees shall consider, among other factors, whether and to what degree the award of the grant would:~~

- ~~1. Contribute to the VSC mission and the college mission;~~
- ~~2. Be susceptible to successful implementation fiscally and/or operationally in light of the following considerations:
 - ~~a) Indirect Costs
This includes contributions of staff, space, equipment, administrative services (purchasing, accounting, security) custodial services and maintenance.~~
 - ~~b) Matching Funds
This includes salaries, fringe benefits, operating expenses, and some indirect costs associated with the conduct of the project.~~
 - ~~c) Adequacy of facilities, equipment and administrative services needed to support proposed grant activities.~~
 - ~~d) Adequacy of personnel needed to support proposed grant activities.~~~~
- ~~3. Requires the VSC to continue activities beyond the period for which external support is provided;~~
- ~~4. Commit the VSC to maintain personnel funded under the proposal beyond the grant period for which external support is provided;~~
- ~~5. Require alteration of an approved program or establishment of a new program; and~~
- ~~6. Contribute to student support services, faculty research and development, institutional development, development or enhancement of approved programs, and which at the same time present no significant residual financial burdens, and/or adequately identify the source for such continued financial support from either new funds or redistribution of existing funds.~~

Proposals that involve research require additional approvals prior to submission. To comply with 42 CFR Part 50, Subpart F – Responsibility of Applicants for Promoting Objectivity in Research,

applicants proposing to conduct research using federal funding are required to identify significant financial interests. (See VSC Policy 435: *Externally Funded Research*).

II. ACCEPTANCE OF EXTERNAL AWARDS

All agreements for externally funded awards shall be signed by an authorized organizational representative (AOR). Presidents or a delegated AOR shall sign on behalf of their institutions. The Chancellor or a delegated AOR shall sign agreements for awards to the Chancellor's Office. Authorizing officials bear responsibility for reviewing the terms and conditions of awards before they are accepted.

After the President, Chancellor, or delegated AOR has signed an agreement, it must be forwarded to the VSC Finance Department along with any applicable forms. Work may not begin on an externally funded project until the VSC Finance Department has received the fully executed agreement and the accounts for the project have been set up.

Any proposals that involve research on human subjects must receive Institutional Review Board (IRB) approval before any expenses can be charged to the award. Each VSC institution maintains a process for reviewing and approving research requests that involve human subjects.

III. MONITORING, REPORTING, AND COMPLIANCE

To ensure that awarded funds are spent according to the requirements of the funding organization, the VSC maintains and follows documented procedures for the areas outlined below.

A. Internal Controls

In accordance with VSC Policy 431: *Internal Controls*, the VSC shall implement internal controls over all sponsored projects so as to provide reasonable assurance that the VSC is compliant with conditions and requirements of each award. The VSC shall follow an established system to evaluate and monitor its compliance with award requirements and will take prompt action when instances of noncompliance are identified in audit findings. The VSC shall take reasonable measures to safeguard personally identifiable information and other information designated as sensitive. (See VSC Policy 312: *Compliance with the Family Educational Rights and Privacy Act* and VSC Policy 627: *VSC Information Sensitivity*.)

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The VSC shall follow VSC Policy 429's *Standards and Procedures: Contracting for Purchases or Leases of Goods, Services and Equipment* for procuring goods and services,

in accordance with federal requirements. Additionally, the VSC shall avoid conflicts of interest for employees engaged in selecting, awarding, and administering contracts.

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The VSC shall expend and account for federal awards in compliance with federal statutes, regulations, and the terms and conditions of the award. Financial management procedures shall ensure that the following requirements are met for monitoring federal funds, as outlined in 2 CFR 200.302(b):

1. Identification: The VSC financial management system will identify in its accounts all federal awards received and expended and the federal programs under which they were received. This includes the assistance listing title and number, the federal award identification number and year, name of the federal agency, and the name of the pass-through entity, if applicable.
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6. Cash Management: The VSC shall follow a reimbursement method of payment for federal awards, unless specifically directed otherwise by the granting agency. Whenever advance payment procedures are required, the VSC shall minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. Cash advances shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the VSC in carrying out the purpose of the approved program or project. The timing and amount of advance payments shall be as close as administratively feasible to the actual disbursements by the VSC for direct program costs and the proportionate share of any allowable indirect costs.

7. Mandatory Disclosures: The VSC shall maintain procedures to identify and disclose in writing, in a timely manner, to the federal awarding agency or pass-through agency any violations of federal criminal law involving fraud, bribery, or gratuity.

D. Determining Direct and Indirect (F & A) Costs for Federal Awards

Direct costs are costs that can be identified specifically with a particular cost objective for a sponsored project or that can be directly assigned to such activities with a high degree of accuracy. Indirect costs (also referred to as Facilities & Administrative costs or F&A) are costs that are incurred for common objectives and can't clearly be identified with a particular project or activity. Examples include rent, utilities, administrative support, and accounting services. Direct and indirect costs shall be determined in compliance with federal regulations, the terms and conditions of the award, and each VSC institution's federally negotiated indirect rate. Costs incurred for the same purpose in like circumstances shall be treated consistently as either direct or indirect.

Recovered indirect funds will, in general, be assumed to compensate the institution for facilities and administrative support, though each VSC Institution may develop its own procedures for allocating these funds internally.

E. Allowability of Costs for Federal Awards:

To ensure that expenses charged to federal awards are allowable, the VSC shall follow the standards outlined in 2 CFR 200, Subpart E.

1. Factors Affecting Allowability: To be considered allowable, costs that involve federal funding must:

- a) Be necessary and reasonable for the performance of the federal award. This means the purchase must meet an important program objective and that sound business practices are followed in expending the funds. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
- b) Be allocable to the federal award. A cost is allocable to the federal award if the goods or services involved are chargeable to the federal award in accordance with the relative benefits received.
- c) Conform to any limitations or exclusions set forth as cost principles in CFR Part 200, Subpart E or in the terms and conditions of the award.
- d) Be consistent with policies and procedures that apply uniformly to both federally financed and other funded activities.

- e) Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated as an indirect cost under another award.
- f) Be determined in accordance with generally accepted accounting principles.
- g) Not be included as a match or cost-share for other federally financed programs, unless the specific federal program authorizes federal costs to be treated as such.
- h) Be adequately documented.

2. Allowability of Selected Items of Cost: 2 CFR Sections 200.421 through 200.475 establish principles to be applied in determining allowability. These principles are in addition to the other general allowability standards and apply whether or not a particular item of cost is properly treated as a direct or indirect cost. Principal investigators are required to be familiar with these selected items of cost. (See *Appendix A: Allowability of Selected Items of Cost* at the end of this policy.)

The reasonableness and allocability of certain items of cost may be difficult to determine in some cases. To avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, the VSC may require principal investigators to seek written approval from the federal awarding agency in advance of the incurrence of special or unusual costs. Prior written approval should include the time frame, justification of the costs or change in scope of the agreement.

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Contracts issued by the VSC that involve external funding will contain applicable provisions as described in Appendix II to Part 200 – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.

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Records relating to federal awards shall be maintained for three years from the final expenditure report's submission date or according to other retention requirement(s) placed by the external sponsor. (See VSC Policy 209: *Records Retention*.)

J. Externally Funded Research

In addition to following the requirements of this policy, individuals conducting research with external funds are required to comply with VSC Policy 435: *Externally Funded Research*.

K. Externally Funded Equipment

Federal regulations (2 CFR 200.33) define equipment as tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost of \$5,000 or more. Equipment funded by grants or other sponsored projects must be used and managed according to the requirements of the funder. The primary person associated with the implementation of the grant, such as the principal investigator or grant manager, shall manage the equipment. All equipment purchases must follow the established procurement procedures of the VSC as outlined in Policy 429 and its accompanying procedures.

Any hardware or software purchases must follow the approval process outlined in the VSC Hardware and Software Acquisition and Review Policy. If grant funds will be used to purchase technological equipment that is beyond the scope of what is typically

supported by institutional Information Technology (IT) departments, the grant manager is required to discuss the supportability of the equipment with the institution's director of IT before purchasing the equipment. (See *Chancellor's Procedures for Implementing Policy 408: Externally Funded Equipment.*)

L. Compensation for Participants Funded by Sponsored Projects

When compensating participants in a sponsored activity, the VSC will ensure the following: it is an allowable cost within the scope of the award; IRS regulations on taxable income are followed; and confidentiality of the participants is maintained. This process is outlined in the accompanying procedures. (See *Chancellor's Procedures for Implementing Policy 408: Participant Compensation.*)

M. Eligibility to Receive Federal Awards

VSC Institutions will maintain their eligibility to receive federal awards by annually updating their registration in the federal System for Award Management (SAM).

The Chancellor shall adopt and from time to time update procedures for ~~processing grant applications.~~the administration of grants. Such procedures shall accompany this policy and shall include the specific forms to be used.

~~All use of grant funds shall be in accordance with VSC policies, the terms of the grant awarded, and any applicable state or federal laws.~~

Signed by:

_____ Timothy J. Donovan
_____ Chancellor _____

~~VERMONT STATE COLLEGES
MANUAL OF POLICY AND PROCEDURES~~

~~POLICY 408 — ATTACHMENT~~

Appendix A
PROCEDURES
12-19-06

EXTERNAL FUNDING: PROPOSALS FOR GRANTS

PURPOSE

The purpose of ATTACHMENT A (Procedures) to POLICY 408 is to ensure consistent implementation of the Policy throughout the VSC.

REPORTING PROCEDURES

A. Proposal Submission

At the time of submission of a grant proposal to the funding agency, the submitter shall furnish to the Office of the Chancellor a completed VSC "Grant Proposal Budget Analysis" form. The specific information and format of this form may be updated from time to time to enable meaningful evaluation by the Board and Chancellor's Office.

B. Grant Notification Report

Copies of a grant award or rejection letter shall be submitted to the Office of the Chancellor within thirty days of receipt of such notice. In the event of a grant award, the college shall provide:

- 1) A revised Grant Proposal Budget Analysis form, if changes occurred, and
- 2) A copy of the completed VSC "New Funding Source Document".

C. Report of Grant Proposals

The Chancellor shall provide a summary report of grant proposals: **Allowability of Selected Items of Cost** for each Finance and Facilities Committee and Board of Trustees meeting.

The report shall contain the following:

- 1) Unit submitting the proposal,
- 2) Organization to which submitted,
- 3) Brief description of purpose of the proposal,
- 4) Period(s) of the grant,, including any residual requirements,
- 5) Amounts requested and any proposed match for each year of the proposal,
- 6) Catalog of Domestic **Federal** Assistance (CFDA) # Number, **Grants**
- 7) State Revenue # Number (if applicable),
- 8) Person responsible for the proposal of grant,
- 9) Title of the grant, and

~~10) Additional sources of funding, if any, anticipated for the lifetime of the grant, including funding to pay for any residual requirements.~~

~~The Monthly Summary Grant Report shall include notice of any awards, renewals, or denials for previously reviewed proposals as they are received. This will provide timely awareness of status of proposals~~

~~D. — Monthly Grants Report Verification/Changes~~

~~Monthly, the Office of the Chancellor shall require each grant applicant or recipient to verify the information on the Monthly Summary Grant Report. Corrections and changes shall be sent to the Chancellor's Office within the time frame specified by the Chancellor.~~

~~This chart lists selected items of cost contained in 2 CFR Part 200, Subpart E. Since many allowable costs have restrictions, VSC personnel responsible for charging expenses to federal grants should refer to the actual regulation for more guidance on whether a cost is allowable or not.~~

~~See <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E> for full descriptions of these categories.~~

<u>CFR Citation</u>	<u>Item of Cost</u>	<u>Allowability</u>
<u>421</u>	<u>Advertising and public relations</u>	<u>Allowable with restrictions.</u>
<u>422</u>	<u>Advisory councils</u>	<u>Unallowable unless authorized by statute or the federal awarding agency.</u>
<u>423</u>	<u>Alcoholic beverages</u>	<u>Unallowable.</u>
<u>424</u>	<u>Alumni activities</u>	<u>Unallowable.</u>
<u>425</u>	<u>Audit services</u>	<u>Allowable with restrictions.</u>
<u>426</u>	<u>Bad debts</u>	<u>Unallowable.</u>
<u>427</u>	<u>Bonding costs</u>	<u>Allowable with restrictions.</u>
<u>428</u>	<u>Collection of improper payments</u>	<u>Allowable.</u>
<u>429</u>	<u>Commencement and convocation costs</u>	<u>Unallowable. However, may be charged as indirect costs as provided for in Appendix III paragraph (B) (9).</u>
<u>430</u>	<u>Compensation-personal services</u>	<u>Allowable with restrictions. Special conditions apply.</u>
<u>431</u>	<u>Compensation-fringe benefits</u>	<u>Allowable with restrictions. Special conditions apply.</u>
<u>432</u>	<u>Conferences</u>	<u>Allowable with restrictions.</u>
<u>433</u>	<u>Contingency provisions</u>	<u>Allowable only if contingency provisions are included in award budgets.</u>
<u>434</u>	<u>Contributions and donations</u>	<u>Unallowable. However, value of goods and services donated to a VSC institution may be included as part of cost sharing/matching.</u>
<u>435</u>	<u>Defense and prosecution</u>	<u>Allowable with restrictions.</u>
<u>436</u>	<u>Depreciation</u>	<u>Allowable with restrictions.</u>
<u>437</u>	<u>Employee health and welfare</u>	<u>Allowable with restrictions.</u>
<u>438</u>	<u>Entertainment</u>	<u>Unallowable unless cost has programmatic purpose and is approved by the federal awarding agency.</u>
<u>439</u>	<u>Equipment & other capital expenditures</u>	<u>Allowable based on specific requirements. Prior written approval for direct charge of general purpose equipment over \$5,000.</u>
<u>440</u>	<u>Exchange rates</u>	<u>Allowable with restrictions. Prior approval of federal awarding agency required if change results in need for additional funding.</u>
<u>441</u>	<u>Fines, penalties, damages & other settlements</u>	<u>Unallowable except when incurred as a result of compliance with specific provisions of the award and with prior written approval.</u>

<u>442</u>	<u>Fund raising & investment management costs</u>	<u>Unallowable except for the purpose of meeting federal program objectives. Prior approval must be obtained.</u>
<u>443</u>	<u>Gains and losses on disposition of depreciable assets</u>	<u>Allowable with restrictions.</u>
<u>444</u>	<u>General costs of government</u>	<u>Not specifically addressed for institutions of higher education.</u>
<u>445</u>	<u>Goods or services for personal use</u>	<u>Unallowable, except for housing allowances and personal living expenses with prior approval of federal awarding agency.</u>
<u>446</u>	<u>Idle facilities and idle capacity</u>	<u>Allowable with restrictions.</u>
<u>447</u>	<u>Insurance and indemnification</u>	<u>Allowable with restrictions.</u>
<u>448</u>	<u>Intellectual property</u>	<u>Allowable with restrictions.</u>
<u>449</u>	<u>Interest</u>	<u>Allowable with restrictions.</u>
<u>450</u>	<u>Lobbying</u>	<u>Unallowable unless specifically provided for in the award or prior approval obtained.</u>
<u>451</u>	<u>Losses on other awards or contracts</u>	<u>Unallowable.</u>
<u>452</u>	<u>Maintenance and repair costs</u>	<u>Allowable with restrictions.</u>
<u>453</u>	<u>Materials and supplies cost, including computing devices</u>	<u>Allowable with restrictions.</u>
<u>454</u>	<u>Memberships, subscriptions, & professional activity costs</u>	<u>Allowable with restrictions. Unallowable for lobbying organizations and country club memberships.</u>
<u>455</u>	<u>Organization costs</u>	<u>Unallowable except with prior approval from the federal awarding agency.</u>
<u>456</u>	<u>Participant support costs</u>	<u>Allowable with prior approval from the federal awarding agency.</u>
<u>457</u>	<u>Plant and security costs</u>	<u>Allowable; capital expenditures subject to 200.439.</u>
<u>458</u>	<u>Pre-award costs</u>	<u>Allowable with prior approval from the federal awarding agency.</u>
<u>459</u>	<u>Professional service costs</u>	<u>Allowable with restrictions.</u>
<u>460</u>	<u>Proposal costs</u>	<u>Allowable only as indirect costs.</u>
<u>461</u>	<u>Publication and printing costs</u>	<u>Allowable with restrictions.</u>
<u>462</u>	<u>Rearrangement and reconversion costs</u>	<u>Allowable as indirect costs. If charging as direct, it requires prior approval from the federal awarding agency. Budget justification must explain how facility modifications benefit the project.</u>
<u>463</u>	<u>Recruiting costs</u>	<u>Allowable with restrictions.</u>
<u>464</u>	<u>Relocation costs of employees</u>	<u>Allowable with restrictions.</u>
<u>465</u>	<u>Rental costs of real property and equipment</u>	<u>Allowable with restrictions.</u>
<u>466</u>	<u>Scholarships and student aid costs</u>	<u>Allowable with restrictions.</u>
<u>467</u>	<u>Selling and marketing costs</u>	<u>Unallowable unless prior approval is obtained from the federal awarding agency.</u>
<u>468</u>	<u>Specialized service facilities</u>	<u>Allowable with restrictions.</u>
<u>469</u>	<u>Student activity costs</u>	<u>Unallowable unless specifically provided for in the federal award.</u>
<u>470</u>	<u>Taxes (including Value Added Tax)</u>	<u>Allowable with restrictions.</u>
<u>471</u>	<u>Termination costs</u>	<u>Allowable with restrictions.</u>
<u>472</u>	<u>Training and education costs</u>	<u>Allowable for employee development.</u>
<u>473</u>	<u>Transportation costs</u>	<u>Allowable with restrictions.</u>
<u>474</u>	<u>Travel costs</u>	<u>Allowable with restrictions. Prior approval required for certain types of travel costs.</u>
<u>475</u>	<u>Trustees</u>	<u>Allowable with restrictions.</u>



Manual of Policy and Procedures

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POLICY ON GRANTS AND EXTERNAL FUNDING	408	1 of 5
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PURPOSE

Consistent with the Board of Trustees' responsibility for oversight of all VSC finances, the purpose of this policy is to define and establish application, approval, acceptance, and monitoring processes for sponsored projects.

DEFINITION

A sponsored project is an activity with a specific scope of work that is funded externally by public or private sources. These include grants, sponsored contracts, and cooperative agreements.

STATEMENT OF POLICY

The Board of Trustees encourages the submission of proposals that are expected to be of benefit to the VSC and/or the member Institutions. All use of sponsored projects funding shall be in accordance with VSC policies, the terms of the award, and any applicable state or federal laws. Any activity or expense related to federal grants or contracts must comply with 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. This Policy is to be read consistent with federal and state law. If there is any conflict between this Policy and federal or state law, this Policy is to be interpreted consistent with federal or state law.

I. APPROVAL AND SUBMISSION OF PROPOSALS

Any employee of a VSC Institution or the VSC Chancellor's Office may apply for grants provided that all provisions of the grant are in conformance with this and other VSC policies. Student organizations may apply for grants under the supervision of an advisor.

Prior to submission, all proposals for external funding, regardless of size, require approval of the President (or delegated authority) for member Institutions and of the Chancellor (or delegated authority) for system-wide requests. Each Institution's Office of Sponsored Programs, or

equivalent office, must also perform a budget and compliance review before any proposals can be submitted.

A proposal shall require review and approval by the Finance and Facilities Committee and the Board of Trustees if it:

1. Requests \$1,500,000 or more per fiscal year, or
2. Involves annual matching or cost sharing of \$375,000 or more.

Prior to submitting a proposal for external funding, applicants are required to disclose any potential conflicts of interest to their appropriate administrator, following the procedures outlined in VSC Policy 207: *Trustee and Executive Conflict of Interest* and VSC Policy 210: *Employee Conflict of Interest*. If the proposal involves federal funds, the administrator shall disclose this potential conflict of interest, in writing, to the awarding agency or, in the case of pass-through funds, to the entity that is providing the federal sub-award.

Proposals that involve research require additional approvals prior to submission. To comply with 42 CFR Part 50, Subpart F – Responsibility of Applicants for Promoting Objectivity in Research, applicants proposing to conduct research using federal funding are required to identify significant financial interests. (See VSC Policy 435: *Externally Funded Research*).

II. ACCEPTANCE OF EXTERNAL AWARDS

All agreements for externally funded awards shall be signed by an authorized organizational representative (AOR). Presidents or a delegated AOR shall sign on behalf of their institutions. The Chancellor or a delegated AOR shall sign agreements for awards to the Chancellor's Office. Authorizing officials bear responsibility for reviewing the terms and conditions of awards before they are accepted.

After the President, Chancellor, or delegated AOR has signed an agreement, it must be forwarded to the VSC Finance Department along with any applicable forms. Work may not begin on an externally funded project until the VSC Finance Department has received the fully executed agreement and the accounts for the project have been set up.

Any proposals that involve research on human subjects must receive Institutional Review Board (IRB) approval before any expenses can be charged to the award. Each VSC institution maintains a process for reviewing and approving research requests that involve human subjects.

III. MONITORING, REPORTING, AND COMPLIANCE

To ensure that awarded funds are spent according to the requirements of the funding organization, the VSC maintains and follows documented procedures for the areas outlined below.

A. Internal Controls

In accordance with VSC Policy 431: *Internal Controls*, the VSC shall implement internal controls over all sponsored projects so as to provide reasonable assurance that the VSC is compliant with conditions and requirements of each award. The VSC shall follow an established system to evaluate and monitor its compliance with award requirements and will take prompt action when instances of noncompliance are identified in audit findings. The VSC shall take reasonable measures to safeguard personally identifiable information and other information designated as sensitive. (See VSC Policy 312: *Compliance with the Family Educational Rights and Privacy Act* and VSC Policy 627: *VSC Information Sensitivity*.)

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2. Reporting: The financial management system will provide accurate, current, and complete disclosure of the financial results of each federal award.
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K. Externally Funded Equipment

Federal regulations (2 CFR 200.33) define equipment as tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost of \$5,000 or more. Equipment funded by grants or other sponsored projects must be used and managed according to the requirements of the funder. The primary person associated with the implementation of the grant, such as the principal investigator or grant manager, shall manage the equipment. All equipment purchases must follow the established procurement procedures of the VSC as outlined in Policy 429 and its accompanying procedures.

Any hardware or software purchases must follow the approval process outlined in the VSC Hardware and Software Acquisition and Review Policy. If grant funds will be used to purchase technological equipment that is beyond the scope of what is typically supported by institutional Information Technology (IT) departments, the grant manager is required to discuss the supportability of the equipment with the institution's director of IT before purchasing the equipment. (See *Chancellor's Procedures for Implementing Policy 408: Externally Funded Equipment*.)

L. Compensation for Participants Funded by Sponsored Projects

When compensating participants in a sponsored activity, the VSC will ensure the following: it is an allowable cost within the scope of the award; IRS regulations on taxable income are followed; and confidentiality of the participants is maintained. This process is outlined in the accompanying procedures. (See *Chancellor's Procedures for Implementing Policy 408: Participant Compensation*.)

M. Eligibility to Receive Federal Awards

VSC Institutions will maintain their eligibility to receive federal awards by annually updating their registration in the federal System for Award Management (SAM).

The Chancellor shall adopt and from time to time update procedures for the administration of grants. Such procedures shall accompany this policy and shall include the specific forms to be used.

Signed by:

Appendix A: Allowability of Selected Items of Cost for Federal Grants

This chart lists selected items of cost contained in 2 CFR Part 200, Subpart E. Since many allowable costs have restrictions, VSC personnel responsible for charging expenses to federal grants should refer to the actual regulation for more guidance on whether a cost is allowable or not.

See <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E> for full descriptions of these categories.

CFR Citation	Item of Cost	Allowability
421	Advertising and public relations	Allowable with restrictions.
422	Advisory councils	Unallowable unless authorized by statute or the federal awarding agency.
423	Alcoholic beverages	Unallowable.
424	Alumni activities	Unallowable.
425	Audit services	Allowable with restrictions.
426	Bad debts	Unallowable.
427	Bonding costs	Allowable with restrictions.
428	Collection of improper payments	Allowable.
429	Commencement and convocation costs	Unallowable. However, may be charged as indirect costs as provided for in Appendix III paragraph (B) (9).
430	Compensation-personal services	Allowable with restrictions. Special conditions apply.
431	Compensation-fringe benefits	Allowable with restrictions. Special conditions apply.
432	Conferences	Allowable with restrictions.
433	Contingency provisions	Allowable only if contingency provisions are included in award budgets.
434	Contributions and donations	Unallowable. However, value of goods and services donated to a VSC institution may be included as part of cost sharing/matching.
435	Defense and prosecution	Allowable with restrictions.
436	Depreciation	Allowable with restrictions.
437	Employee health and welfare	Allowable with restrictions.
438	Entertainment	Unallowable unless cost has programmatic purpose and is approved by the federal awarding agency.
439	Equipment & other capital expenditures	Allowable based on specific requirements. Prior written approval for direct charge of general purpose equipment over \$5,000.
440	Exchange rates	Allowable with restrictions. Prior approval of federal awarding agency required if change results in need for additional funding.
441	Fines, penalties, damages & other settlements	Unallowable except when incurred as a result of compliance with specific provisions of the award and with prior written approval.
442	Fund raising & investment management costs	Unallowable except for the purpose of meeting federal program objectives. Prior approval must be obtained.
443	Gains and losses on disposition of depreciable assets	Allowable with restrictions.
444	General costs of government	Not specifically addressed for institutions of higher education.
445	Goods or services for personal use	Unallowable, except for housing allowances and personal living expenses with prior approval of federal awarding agency.
446	Idle facilities and idle capacity	Allowable with restrictions.
447	Insurance and indemnification	Allowable with restrictions.
448	Intellectual property	Allowable with restrictions.
449	Interest	Allowable with restrictions.

450	Lobbying	Unallowable unless specifically provided for in the award or prior approval obtained.
451	Losses on other awards or contracts	Unallowable.
452	Maintenance and repair costs	Allowable with restrictions.
453	Materials and supplies cost, including computing devices	Allowable with restrictions.
454	Memberships, subscriptions, & professional activity costs	Allowable with restrictions. Unallowable for lobbying organizations and country club memberships.
455	Organization costs	Unallowable except with prior approval from the federal awarding agency.
456	Participant support costs	Allowable with prior approval from the federal awarding agency.
457	Plant and security costs	Allowable; capital expenditures subject to 200.439.
458	Pre-award costs	Allowable with prior approval from the federal awarding agency.
459	Professional service costs	Allowable with restrictions.
460	Proposal costs	Allowable only as indirect costs.
461	Publication and printing costs	Allowable with restrictions.
462	Rearrangement and reconversion costs	Allowable as indirect costs. If charging as direct, it requires prior approval from the federal awarding agency. Budget justification must explain how facility modifications benefit the project.
463	Recruiting costs	Allowable with restrictions.
464	Relocation costs of employees	Allowable with restrictions.
465	Rental costs of real property and equipment	Allowable with restrictions.
466	Scholarships and student aid costs	Allowable with restrictions.
467	Selling and marketing costs	Unallowable unless prior approval is obtained from the federal awarding agency.
468	Specialized service facilities	Allowable with restrictions.
469	Student activity costs	Unallowable unless specifically provided for in the federal award.
470	Taxes (including Value Added Tax)	Allowable with restrictions.
471	Termination costs	Allowable with restrictions.
472	Training and education costs	Allowable for employee development.
473	Transportation costs	Allowable with restrictions.
474	Travel costs	Allowable with restrictions. Prior approval required for certain types of travel costs.
475	Trustees	Allowable with restrictions.