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

VERMONT STATE COLLEGES SYSTEM

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MEMORANDUM

TO: VSCS Finance & Facilities Committee
David Silverman, Chair
Shawn Tester, Vice Chair
Lynn Dickinson
David Durfee
Bob Flint
Bill Lippert
Sue Zeller

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

DATE: May 18, 2023

SUBJECT: Finance and Facilities Committee Meeting scheduled for May 22, 2023

The Finance and Facilities Committee of the VSC Board of Trustees is scheduled to meet Monday, May 22, 2023. The meeting will begin at 2:00 p.m. or immediately following the Education, Personnel, and Student Life 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 April 17, 2022, meeting. The Committee has four items up for action. These include a grant request for Vermont State University's nursing program, the FY2024 Budget, approval of the Annual Banking & Investment Resolution, and two policy revisions related to endowments and the naming of campus facilities.

These action items will be followed by two presentations on facilities.

1. President Judy will provide an overview of Community College of Vermont facilities. During her session she will share information regarding the history of evolution of CCV's physical footprint and provide information on CCV's facilities. She will also be sharing recent examples of changes CCV has made to its physical footprint to respond to changes in enrollment.

2. Representatives from DumontJanks will join the committee to provide the committee with an update on the Vermont State University facilities master plan. DumontJanks, hired after a competitive search, kicked off the master planning process in early May. They will be sharing information about the process they are employing, the project's schedule, and the expected deliverables.

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

May 22, 2023
2:00 PM, or immediately following EPSL, whichever is later

1. Call to Order

2. Public Comment – signup for public comment at www.vsc.edu/signup.[1]

3. Review & Approve: Minutes of the April 17, 2023, Finance & Facilities Committee meeting.

4. Review & Approve: Nursing Grant Proposal

5. Review & Approve: FY2024 Budget

6. Review & Approve: Annual Banking and Investment Resolution

7. Review & Approve: Policy Revisions

   a. *Policy 412: Endowments, Gifts, & Quasi Endowments*
   b. *Policy 413: Naming of Campus Facilities & Properties*

8. Facilities Presentations

   a. Community College of Vermont Facilities
   b. Vermont State University Facilities Master Plan

9. Other Business

10. Adjourn

[1] To make a public comment you must be logged into the live session at https://www.vsc.edu/botzoom. The rules for public comment may be found on the VSC website at https://www.vsc.edu/wp-content/uploads/2022/08/VSC-BOT-Rules-for-Public-Comment.pdf.

Meeting Materials

ITEM 1: Finance and Facilities Minutes, April 17, 2023

ITEM 2: Vermont State University Nursing Grant Proposal

ITEM 3: FY2024 Budget

- *3A) Budget Overview*
- *3B) Community College of Vermont*
- *3C) Vermont State University*
- *3D) Shared Services*
- *3E) Chancellor's Office*

ITEM 4: Annual Banking and Investment Resolution

ITEM 5: Policy Revisions

- *5A) Policy 412*
- *5B) Policy 413*

ITEM 6: Facilities Presentations

- *6A) Community College of Vermont Facilities*
- *6B) Vermont State University Facilities Master Plan*

ITEM 1: Minutes from April 17, 2023

Minutes of the VSCS Board of Trustees Finance and Facilities Committee meeting held Monday, April 17, 2023 at 2:00 p.m. via Zoom - UNAPPROVED

Note: These are unapproved minutes, subject to amendment and/or approval at the subsequent meeting.

The Vermont State Colleges Board of Trustees Finance and Facilities Committee met on Monday, April 17, 2023 via Zoom.

Committee members present:	David Silverman (Chair), Lynn Dickinson, Bob Flint, Bill Lippert, Jim Masland, Shawn Tester
Absent:	Sue Zeller
Other Trustees Present:	Megan Cluver, David Durfee, Mary Moran, Perry Ragouzis
Presidents:	Joyce Judy, CCV Sarah Truckle, VTSU (Acting)
Chancellor's Office Staff:	Wilson Garland, Director of Transformation Projects Pat Moulton, Executive Director, Workforce Development Jen Porrier, Administrative Director Sharron Scott, Chief Financial and Operating Officer Toby Stewart, System Controller Patty Turley, General Counsel Sophie Zdatny, Chancellor Yasmine Ziesler, Chief Academic Officer
Shared Services:	Donny Bazluke, Network/Security Analyst Kellie Campbell, Chief Information Officer Sarah Chambers, Director, Learning Technologies Gayle Malinowski, Director, IT Operations Sarah Potter, Chief Human Resources Officer Meg Walz, Director, Project Management
From the Colleges:	Nolan Atkins, Provost, Northern Vermont University Kelley Beckwith, Vice President of Student Success, Castleton University Mary Droege, Faculty, Castleton University

Charlotte Gerstein, Reference & Instruction Librarian, Castleton University
Maurice Ouimet, Vice President of Admissions, Castleton University
Andy Pallito, Dean of Administration, Community College of Vermont
Denise Rhodes, Consultant, Finance & Registration Services, Castleton University
Dannielle Spring, Chief Budget & Finance Officer, Northern Vermont University
David Tabaruka, Controller, Community College of Vermont
Littleton Tyler, Assistant Vice President, Finance & Compliance, Vermont State University
Beth Walsh, President, VSCUP, Northern Vermont University

1. Chair Silverman called the meeting to order at 2:22 p.m.

2. Public Comment

Charlotte Gerstein, Mary Droege and Beth Walsh provided comments regarding the recent proposed changes to the libraries and athletics at Vermont State University.

3. Approve February 13, 2023 Meeting Minutes

Trustee Dickinson moved and Trustee Lippert seconded the motion to approve the minutes of February 13, 2023. The motion was approved unanimously.

4. Review and Approve: Request to Dissolve the *Major Gift Quasi-Endowment* at Castleton University

Chair Silverman explained that Castleton University requested dissolution of the *Major Gift Quasi-Endowment.* The endowment proceeds will be used to partially fund the replacement of Castleton's turf field and the remaining funds will come from other donor sourced funds. Acting President of Vermont State University, Sarah Truckle, explained that the turf at Castleton University experienced a tear last year and needs to be replaced, as it is now four years past its expected life. The plan is to use the proceeds from this endowment, combined with donor gifts, for replacement.

Chair Silverman moved and Trustee Dickinson seconded the motion to recommend to the Board the dissolution of the *Major Gift Quasi Endowment.* The motion was approved unanimously.

5. Review and Discuss: 3rd Quarter Financial Results

Chief Financial and Operating Officer Sharron Scott gave an overview of the 3rd quarter financial results, stating that performance continues to be favorable as of the second quarter. Details can be found here on pages 14-21. CFOO Scott stated that revenues are estimated better than budget with enrollment, sales, services, and other revenues all exceeding budget. Overall, the VSC is forecasting a net revenue $9.6 million better than budget.

6. Review and Approve: Request to Payoff 2013 Debt Instrument

Chair Silverman informed the committee that with the current year performance better than projected, there is a proposal to pay off the Series 2013 Revenue Bond. This proposal can be found here on pages 23-24. CFOO Scott shared that the estimated payoff amount is $11.6 million and will save the VSC $1.3 million annually for the next 10 years, while foregoing interest expenses of $2.4 million. The payoff amount was calculated based on the original use of the funds: 21.2% was originally used for Community College of Vermont, 42.9% for Castleton University, and 35.9% for Northern Vermont University-Lyndon.

Trustee Lippert moved and Trustee Dickinson seconded the motion to recommend to the Board the approval of the payoff of the 2013 Bond. The motion was approved unanimously.

7. Review and Discuss: 2nd Pass FY2024 Budget

CFOO Scott reviewed the changes to the 2nd pass of the FY2024 budget, the details of which can be found here on pages 26-36. While the total operating result is consistent with the first pass budget, the total revenues have been adjusted to reflect the revised VTSU enrollment projections and the restatement of transformation spending to a restricted expendable account.
Vice President of Enrollment, Maurice Ouimet, shared information on updated enrollment data for VTSU with the committee. The final pass of the budget will be presented to the committee at the May 22nd meeting.

8. Review and Approve: Policy Revisions

   a. *Policy 402: Use of College Facilities by Non-College Organizations*
   b. *Policy 408: Policy on Grants & External Funding*

Chair Silverman described the process being undertaken by the Business Affairs Council to review and update all finance policies. An overview of the policy review project, as well as the policies up for review can be found here on pages 37-72

Trustee Tester moved and Trustee Masland seconded the motion to recommend to the Board the approval of Policy 402: Use of College Facilities by Non-College Organization. The motion was approved unanimously.

Trustee Dickinson moved and Trustee Lippert seconded the motion to recommend to the Board the approval of Policy 408: Policy on Grants & External Funding. The motion was approved unanimously.

9. Other Business

There was no other business.

Executive session

At 3:36 p.m. Trustee Silverman moved that the Finance and Facilities Committee enter executive session pursuant to 1 V.S.A. § 313(a)(1)(A) to discuss contracts, and 1 V.S.A. § 313(a)(1)(F) to receive confidential attorney-client communications, and 1 V.S.A. § 313(a)(2) to discuss negotiating or securing real estate purchase or lease options, because premature general public knowledge of these discussions would place VSC at a substantial disadvantage, it is appropriate for the Committee to enter executive session. Along with the members of the Board present at the meeting, the Committee invited the VSC Chancellor, the VSC Chief Financial Officer, and the VSC General Counsel, the Acting President and VP of Business Operations of Vermont State University to attend. Trustee Dickinson seconded the motion and it was approved unanimously.

The committee exited executive session at 4:06 p.m.

Trustee Dickinson moved and Trustee Tester seconded a motion to recommend to the Board the approval of Resolution 2023-005: Authorizing Sale of FCC License for Call Number WWLR and Lease of Lyndon Property – Supplement. The motion was approved unanimously.

Chair Silverman adjourned the meeting at 4:08 p.m.

ITEM 2: Nursing Grant Proposal

VERMONT STATE UNIVERSITY NURSING GRANT PROPOSAL

In December 2022, Vermont State University was awarded $6.3M in congressionally designated spending for its nursing program. To receive these funds VTSU must complete a grant application. To meet board policies, VTSU must receive approval before proceeding due to the size of the grant.

At the time of the writing of these materials, the grant budget was in process. Materials will be forwarded to the committee in advance of the meeting on May 22, 2023.

ITEM 3A: FY2024 Budget

FY2024 BUDGET PROPOSAL

The first two passes of the FY2024 budget were reviewed at the Finance and Facilities Committee meetings on February 7, 2023 and April 17, 2023. The third and final review of the budget by Finance and Facilities occurs on May 22, 2023. At this meeting the committee's members will consider management's proposed budgets and, if they agree, recommend approval to the full board at its meeting on June 12, 2023.

At the prior two meetings we have discussed the key budget challenges – the need to address the Vermont State Colleges' structural deficit and enrollment – while simultaneously meeting the strategic goals of the Vermont State Colleges: affordability, accessibility, quality, and relevance. As described 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 act requires the Vermont State Colleges to take this action, reducing the structural deficit to create a sustainable future is essential to our success. We continue to be extremely grateful for the state's support in both base appropriation increases and one-time funding. However, we must continue to take meaningful steps to address financial sustainability through operational efficiencies, strategic investments, and revenue growth.

The FY2024 budget achieves the second $5,000,000 in structural deficit reduction required by the State of Vermont and prudent financial management. The budget for each of the next three years must see continuing reduction, leading ultimately to a balanced budget, system-wide, for FY2027.

FY2024 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 following assumptions have been revised since Pass 2 of the budget was reviewed by Finance & Facilities on April 17, 2023.[1]

1. **Shared Libraries Expenses:** At the Board's direction, Interim President Mike Smith paused implementation of the Library proposals offered in February 2023. After a period of review and consultation with President Judy and Chancellor Zdatny, President Smith rescinded the reduction in force notices related to the shared libraries. The resulting budgetary change, system-wide, is $578,574 of which $443,481 belongs to Vermont State University and $135,094 belongs to Community College of Vermont. These are unexpected costs for both CCV and VTSU. For FY2024, Chancellor Zdatny has agreed to a one-time no-cost transfer of $135,094 in FY2024 to CCV for this unexpected change.
2. **Retiree Medical Expenses:** Effective with this budget proposal, Medical Expenses are recorded on a line separate and apart from Wages and Benefits and can now be found within the Shared Services budget. This change was at the recommendation of the Finance and Facilities committee during its April 17, 2023 meeting.
3. **Debt Repayment:** In accordance with Finance and Facilities' recommendation and the Board of Trustees' approval, the Series 2013 Revenue Bonds will be paid in full before June 30, 2023. The payoff was anticipated as part of the Pass 2 budget; therefore, there are no additional savings in this

[1] The list above includes only changed budget assumptions since April 17, 2023. For a complete listing of the original assumptions see https://www.vsc.edu/wp-content/uploads/2023/04/FF-materials-final-4-17-23.pdf.

pass of the budget. However, it is noted here as the action was approved by the Board at their subsequent meeting on April 22, 2023.

ALLOCATION OF STATE APPROPRIATION

A revised model for the State Appropriation was approved at the January 23, 2023 meeting of the Board of Trustees. This model differs quite significantly from the previous model in that the new model seeks to drive the appropriation to where it is most needed to directly support the academic and administrative needs across the system, rather than being an arbitrary calculation.

As described in the December 2022 Finance & Facilities materials, the new methodology is a two-part calculation. First, the amount of general fund to be allocated is calculated. This is done by taking the total allocation to the Vermont State Colleges and deducting all of the following:

1. Legal Obligations
    a. Special purpose appropriations such as Allied Health and VMEC
    b. Extraordinary and one-time funding not named to a specific purpose (i.e. bridge funding)
    c. Retiree medical cost
2. Economic Sustainability and Strategic Initiatives
    a. 3% for strategic initiatives as established by the Chancellor
    b. 2% to create an economic stabilization fund
3. Corporate Functions
    a. Chancellor and staff
    b. Board Support
    c. External Affairs/Government Relations

These deductions are necessary to guarantee the Vermont State Colleges meets its legal obligations, has the resources necessary to lead the corporation, and provides the funds necessary for a sustainable future.

The second step is to distribute the remaining funds, after deduction of the above items. The proportion of funding for each institution is based on their proportional share of academic and administrative need using a three-year look back. The academic and administrative need of each institution is calculated as follows:

1. Total Student Revenues: tuition, fees, room, and board; minus
2. Gross Unrestricted Expenses: all expenses excluding athletics, development, camps and conferences

By including only student revenue and expenses related to running the academic and administrative portions of the operations the calculation therefore focuses solely on the core functions of each institution. The calculation for FY2024 is listed on the next page.

POLICY 403-A – ALLOCATION OF GENERAL FUND

Step 1: *Calculate the amount of general fund available for allocation*[2]

	FY2024
Allocated General Funds	49,586
a. Allocations named to a specific purpose	(1,586)
b. Extraordinary & one-time funding not named to a specific purpose	-
General Fund less Specal Purpose & Extraordinary	**48,000**
c. Strategic Initiatives (3% of General Fund less a and b)	(1,440)
d. Economic Stabilization (2% of General Fund less a and b)	(960)
c. Estimated Retiree Medical Insurance	(9,294)
f. Corporate Functions	(1,118)
Deductions before Distribution	**(12,812)**
Balance to Allocate	**35,188**

Step 2: *Distribute the available general fund appropriation to the colleges proportional to each institution's need for academic and administrative functions as calculated using a three-year lookback.*

	VSCS	CCV	VTSU
FY2024 Balance to Allocate	35,188		
Average Academic/Administrative Need		5,202	15,646
Proportion of Total Need		25%	75%
FY2024 Allocation		8,797	26,391

How does this Allocation Compare to Prior Years?

In terms of total value to each institution, CCV's appropriation compared to prior year is up $40K and VTSU's is down $4.46M.

Allocation Received in FY2023	**CCV**	**VTSU**
FY2023 Received General Fund Allocation	8,757	30,849
FY2024 General Fund Allocation	8,797	26,391
Change in Allocation FY2023 to FY2024	**40**	**(4,458)**

When evaluating the appropriation distributed between VTSU and CCV for FY2024, it is important to keep three concepts in mind:

[2] Funding for Allied Health and VMEC in the amount of $1.586M is deducted as specially budgeted items. The current estimate assumes a $2.5M increase in the base appropriation to $48M. Bridge funding is specifically excluded from this calculation as it is considered one-time.

1. Retiree medical expenses are no longer included in each institution's budget. Instead, these expenses are now deducted from the appropriation before distribution. The total amount for FY2024 is estimated at $9.4M with approximately 10% belonging to CCV and 87.1% belonging to VTSU. Despite the very large size difference in the retiree pool between institutions this methodology has no detrimental impact any one institution.

2. Corporate functions are no longer charged to each institution's budget. Instead, these expenses are now deducted from the appropriation before distribution. Historically, this charge has been 20% to CCV and 80% to VTSU.

3. The revised policy deducts funding for economic stabilization, a prudent financial hedge against unforeseen issues, to prevent a recurrence of the situation that happened in 2020. The previous policy allowed for a deduction of up to 3% for strategic initiatives. The revised policy continues funding for strategic initiatives, as well as a new economic stabilization fund. As discussed at previous meetings, this fund is vital to the Vermont State College System's ability to weather financial difficulties and is a key strategic goal. The deduction for Economic Stabilization for FY2024 is $960K. Under the old formula these funds would have been included in the distribution at 20% to CCV and 80% to VTSU.

It must also be noted that the state appropriation was allocated differently in FY2023 for CCV than it was for VTSU. By way of background, in FY2023, the Vermont State Colleges requested $40.5M in general fund appropriation and received $45.5M. The additional $5M, over and above the system's request, was earmarked for use in FY2024. Therefore, the base appropriation allocation to the institutions was based on the original request of $40.5M giving $7.8M to CCV and $30.8M to VTSU. During the FY2023 budgeting process, CCV requested to receive an amount equivalent to the share they would have received had the full balance been distributed in its entirety. This amount, $971K, was included in CCV's appropriation for FY2023 as an advance on the base appropriation anticipated for FY2024. At the time of the transaction, CCV was informed that this would have a deleterious effect on their FY2024 budget, as the anticipated base increase for the year following would be in a range of $0 to $2.5M and thus their increase would be significantly smaller than their counterpart. Had CCV not received the $971K advance on the appropriation, the variance in base appropriation between FY2023 and FY2024 would have been:

All Base Calculated at $40.5M	**CCV**	**VTSU**
FY2023 Calculated General Fund Allocation	7,786	30,849
FY2024 General Fund Allocation	8,797	26,391
Change in Allocation FY2023 to FY2024	**1,011**	**(4,458)**

This means the actual value of the appropriation received by CCV for FY2023 was based on $45.5M while VTSU's base appropriation was calculated based on a base of $40.5M. The difference to VTSU is approximately $3.9M. Therefore, in an apples-to-apples comparison at a base of $45.5M for FY2023, the calculation would have been:

All Base Calculated at $45.5M	**CCV**	**VTSU**
FY2023 Calculated General Fund Allocation	8,757	34,728
FY2024 General Fund Allocation	8,797	26,391
Change in Allocation FY2023 to FY2024	**40**	**(8,337)**

The proportion of appropriation distributed system-wide is a matter of great interest to the institutions, their communities, and the Board. Therefore, it is helpful to place the distribution of the base appropriation, exclusive of one-time and special purpose appropriations, into historical context: below:

		CCV		VTSU	
Fiscal Year	**Base (1)**	**$**	**% of Base**	**$**	**% of Base**
FY2020	30,072	6,119	20.3%	23,954	79.7%
FY2021	30,072	6,119	20.3%	23,804	79.2%
FY2022	35,072	6,811	19.4%	26,941	76.8%
FY2023 (2)	45,072	8,757	19.4%	30,849	68.4%
FY2024	47,572	8,797	18.5%	26,391	55.5%

(1) Base includes only general fund allocation, all special appropriations excluded

(2) FY2023 appropriation allocated at $40,072 for VTSU and $45,072 for CCV

As seen here, the total percentage of the base appropriation has shifted modestly for CCV between FY2020 and FY2023. There were two key drivers for this change. First, in FY2020, the base appropriation included $2.5M in funding to support tuition reductions for Vermonters. To keep all institutions "whole" the funds were distributed outside of the usual formula. The second key driver was the amount deducted for *strategic initiatives* before distribution of the allocation as the amount varied from year-to-year. VTSU's change in the appropriation during this period is starker due to the aforementioned drivers coupled with the smaller appropriation starting value, $40.072M, for their calculation.

Since FY2020, the Vermont State Colleges has been fortunate to receive a 58% increase in its base appropriation. At the same time, CCV has seen a 44% increase in its base appropriation and VTSU has seen a 10% increase in the base appropriation.

Fiscal Year	**Base**	**CCV**	**VTSU**
$ Change FY2020 to FY2024	17,500	2,678	2,437
% Change FY2020 to FY2024	58%	44%	10%

The disparity in the change in appropriation can be uncomfortable when not viewed in the context of the benefits that each institution receives as part of the new formula. As discussed previously, the new calculation model funds retiree medical insurance and corporate functions (chancellor, government affairs, board support) directly from the appropriation before allocation. By doing so, these costs are removed from each institution's budget. The result is a reduction in the proportion of general fund allocation to each institution. Once the value of the retiree medical care and corporate functions are added back into the appropriation, it is easier to see that that the appropriation has increased significantly for both institutions.

Appropriation Comparison Adjusted for Retiree Medical & Corporate Functions

	CCV	VTSU	VSC
(1) FY2023 General Fund Allocation	8,757	30,849	39,606
(2) FY2024 General Fund Allocation	8,797	26,391	35,188
Change in General Fund FY23 to FY24 (2-1)	***40***	***(4,458)***	***(4,418)***
(3) FY2024 Expenses Included in Appropriations (estimated)			
Corporate Functions	224	894	1,118
Retiree Medical	882	8,093	8,975
Expenses Included in Appropriations	***1,106***	***8,987***	***10,093***
(4) FY2024 Value of General Fund to Institution (2+3)	9,903	35,378	45,281
Change in General Fund Benefit (4-1)	**1,146**	**4,529**	**5,675**

As shown in (3) above, retiree medical and corporate functions covered by the appropriation are $1.106M for CCV and $8.987M for VTSU. When these amounts are added to the FY2024 general fund allocation from (2) for each institution, the value of the allocation is increased. For CCV, the adjusted amount, shown as "Change in Fund Benefit", is $1.146M higher than in FY2023. For VTSU, the adjusted value is $4.529M higher than in FY2023.

		CCV		VTSU	
Appropriation	**Base**	**$**	**% of Base**	**$**	**% of Base**
FY2024 Base Appropriation	47,572	8,797	18.5%	26,391	55.5%
FY2024 Base Appropriation Adjusted	47,572	9,903	20.8%	35,378	74.4%

Relative to the whole, with an adjustment to include retiree medical expenses and corporate functions, CCV's share of the appropriation increases from 18.5% to 20.8%. This is the actual received value of the appropriation to CCV. Simultaneously, VTSU's share of the appropriation increases from 55.5% to 74.4%. When compared to FY2020, CCV's value is 0.5% higher than in FY2020 and VTSU's appropriation is 5.3% lower.

ALLOCATION OF SHARED SERVICES

At its January 2023 Board of Trustees meeting the board approved a revised allocation model for the services shared across the Vermont State Colleges. Previously, the charges were allocated strictly on the percentage of appropriation received. Therefore, if an institution received 20% of the appropriation they paid 20% of the cost of shared services. This methodology was in place for many years, but it did not take into consideration any of the factors that drive the cost of shared services; nor, did it encourage cost containment because there was not a relationship between spending on services and the payment expended by an institution.

The revised model corrects these issues by allocating the cost of shared services proportional to institutional consumption, based on the cost drivers associated with each product or service offered. While the change is uncomfortable due to cost shifting between institutions, it is already driving positive change in the areas of cost containment.

In the new model, each expense category is assigned to an allocation distribution method. These distribution methods, shown below, approximate the consumption pattern for each category of spending. Each budget line is assigned to an allocation method that most closely matches the service. In instances where pricing is negotiated using a specific metric such as student or employee headcount, that metric is used. Where there is no specific metric, an allocation method was adopted after consultation with members of the appropriate Shared Services team and the Business Affairs Council.

	% Share		
Allocation Method	**CCV**	**VTSU**	**Corporate**
# of Active Ees in prior fiscal year	21.8%	78.2%	0.0%
# of applicants	49.3%	50.7%	0.0%
# of Bargaining Units	16.7%	83.3%	0.0%
# of Benefits Eligible Ees in prior fiscal year	32.3%	67.7%	0.0%
# of institutions	50.0%	50.0%	0.0%
20 VTSU / 80 CCV	80.0%	20.0%	0.0%
50/50	50.0%	50.0%	0.0%
80 VTSU / 20 CCV	20.0%	80.0%	0.0%
CCV	100.0%	0.0%	0.0%
Corporate	0.0%	0.0%	100.0%
Faculty + Staff + Student Headcount	52.5%	47.5%	0.0%
Faculty + Staff Headcount	31.2%	68.8%	0.0%
Network Infrastructure	9.9%	90.1%	0.0%
Other	50.0%	50.0%	0.0%
Server Replacement	56.0%	44.0%	0.0%
Staff Headcount	29.1%	70.9%	0.0%
Student FTE	38.9%	61.1%	0.0%
Student Headcount	56.0%	44.0%	0.0%
Total Computers	33.6%	66.4%	0.0%
Total Entity Expenses	20.3%	79.7%	0.0%
VTSU	0.0%	100.0%	0.0%

Once assigned, the budget amount for each line is allocated proportionately between CCV and VTSU. In some cases, lines are assigned solely to VTSU or CCV when only one institution uses the product or service. Below are several sample allocations:

Sample Services	FY24 Budget	Allocation Method	CCV	VTSU
Duo Security (purchased from SHI)	40,000	Student Headcount	22,416	17,584
Ellucian	601,985	Faculty + Staff Headcount	187,637	414,348
Ultimate (UKG)	703,836	# of Active Ees in prior fiscal year	153,764	550,072
Educational Networks of America (Zoom)	32,634	Student FTE	12,711	19,923
Replacement Network Equipment	408,060	Network Infrastructure	40,600	367,460
Entrinsik	31,788	Staff Headcount	9,253	22,535
External Audit Annual	176,000	Total Entity Expenses	35,697	140,303
External Audit - Perkins Wind Down	36,000	VTSU	-	36,000

As one can see from the above chart, allocating the cost of shared services according to the new methodology changes the amount charged based on the service rendered.

Using these same sample services, if the charges were allocated consistent with FY2023, the charges would look quite different as shown below:

Sample Services - FY2023 Method	FY24 Budget	Allocation Method	CCV	VTSU
Duo Security (purchased from SHI)	40,000	20% CCV, 80% VTSU	8,000	32,000
Ellucian	601,985	20% CCV, 80% VTSU	120,397	481,588
Ultimate (UKG)	703,836	20% CCV, 80% VTSU	140,767	563,069
Educational Networks of America (Zoom)	32,634	20% CCV, 80% VTSU	6,527	26,107
Replacement Network Equipment	408,060	20% CCV, 80% VTSU	81,612	326,448
Entrinsik	31,788	20% CCV, 80% VTSU	6,358	25,430
External Audit Annual	176,000	20% CCV, 80% VTSU	35,200	140,800
External Audit - Perkins Wind Down	36,000	20% CCV, 80% VTSU	7,200	28,800

The resulting change in the methodology shifts some of the cost of Shared Services toward CCV. This was an expected part of the process as one of the key design principles established by the Finance and Facilities Committee was to share costs in a way consistent with consumption where possible. This means that CCV and VTSU will pay for the services received. Where that service is based on student full-time equivalent status (FTE), the payment will be split 38.9% CCV to 61.1% VTSU. Where the service is based on student headcount, the expense will be split 56% CCV to 44% VTSU. Where the service is based on the number of benefits eligible employees in the prior year the charge will be split 32.3% CCV to 67.7% VTSU and so on.

Another factor to consider is each institution's local investment in shared services. As shown below, CCV's share of FY2023 shared expenses was higher than their estimated 20% due to local investment, while VTSU's share was lower.

	CCV	VTSU
FY2023 Shared Expenses	3,717	12,228
FY2024 Shared Expenses	5,347	11,658
Change in Shared Expense	**(1,630)**	**570**
% of FY2023 Expenses	23.3%	76.7%
% of FY2024 Expenes	31.4%	68.6%

For FY2024, The Shared Services Budget allocates charges based on the new methodology. CCV's share of the expenses moves from 23.3% to 31.4% while VTSU's share goes down from 76.7% to 68.6%.

COMBINED IMPACT OF STATE APPROPRIATION AND SHARED SERVICES ALLOCATIONS

The changes to the state appropriation and shared services allocations were intended to operate as a single calculation, as both sides of the equation are necessary to see the full impact to any one institution's budget.

The combined effect of the change in policy results in a $579K reduction in net available funds for CCV and a $4.3M increase in net available funds for Vermont State University. It was agreed at the January Board meeting that for FY2024, the VSC would provide a one-time transfer to cover this variance. In January, the amount was $682K.

	CCV	VTSU	VSC
(1) FY2023 General Fund Allocation	8,757	30,849	39,606
Charges paid by Institutions from FY23 Appropriation			
(2) FY2023 Retiree Medical	(802)	(7,357)	(8,159)
(3) FY2023 Corporate Functions	(209)	(836)	(1,045)
(4) FY2023 Shared Expenses	(3,717)	(12,228)	(15,945)
Total Charges paid by Institutions from FY23 Appropriation	(4,728)	(20,421)	(25,149)
(5) FY2023 General Fund Available for use by Institution	**4,029**	**10,428**	**14,457**
(6) FY2024 General Fund Allocation	8,797	26,391	35,188
(7) FY2024 Shared Expenses	5,347	11,658	
(8) FY2024 General Fund available for use by Institution	**3,450**	**14,733**	**35,188**
(9) Difference in net available funds FY23 to FY24	**(579)**	**4,305**	**20,731**

Recognizing that a reduction in net available funds for CCV is a hardship, the system is seeking opportunities to reduce the cost of shared services. This fall cost containment opportunities will be presented to the institutions for their consideration.

SYSTEM-WIDE BUDGET

The total operating deficit, before the use of one-time funds is $19.46M. The deficit is comprised of three components: 1) Vermont State University's proposed deficit of $17.4M[3], 2) a $1.2M planned draw from the newly created Information Technology Capital Fund created as part of VSC Policy 403-D: *Reserves, Carryforward, and Miscellany*[4], and 3) the one-time funding necessary to bridge CCV to the new formula for Shared Services and the change to the VSC Libraries.

Offsetting these deficits is one-time funding equaling $16.017M. These one-time funds are comprised of four components: 1) Bridge Funding equaling $9M, 2) the FY2023 advance on base appropriation equaling $5M, 3) a draw from the Information Technology reserve fund equaling $1.2M, and 4) a draw from the Chancellor's Strategic Reserve in the amount of $817K to fund the one-time transfer to CCV for shared services and libraries.

The remaining balance, $3.443M, shall be covered with unused bridge funding from FY2023 and FY2022.

Revenues

The Vermont State Colleges revenue drivers are the State Appropriation and Student Revenue. With this proposed budget, the State Appropriation accounts for 30.9% of all revenues. Student Revenue, tuition, fees, room, and board, accounts for 64.8% of all revenue. The remaining revenues are derived from sales and services, gifts, and other revenue.

Proportionately, the State Appropriation accounts for 28.3% of CCV's total revenues and 24% of all VTSU revenues. The primary difference between CCV and VTSU in this regard is VTSU's ability to generate revenue from room and board, as well as camps and conferences.

Student Revenues are anticipated to decline from the FY2023 forecast and budget for Vermont State University. While overall enrollment plays a factor in this budgeted decline, the key driving factor is VTSU's tuition reduction approved by the Board of Trustees in September 2022.

Expenses

The two key expense drivers for the Vermont State Colleges are personnel and the supplies, services, and travel category. With this proposed budget, the personnel lines account for 62.8% of all unrestricted expenses. Supplies, Services, and Travel accounts for 22.6% of the total expenses for the system. Interestingly, a third category, scholarships, has declined to approximately 4.5% of all expenses from 10.5% of all expenses for the FY2023 budget. This change is directly related to VTSU's change in tuition pricing model and directly offsets a portion of their revenue reduction.

Detailed budget narratives for each Community College of Vermont, Vermont State University, Chancellor's Office, and Shared Services follows this summary.

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[3] 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.

[4] 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 Budget

	Vermont State Colleges System		
	FY2023 Budget	FY2023 Forecast	FY2024 Proposal
REVENUES			
Tuition and Fees	98,456	102,535	83,735
State Appropriation	61,837	61,546	49,586
Room and Board	18,754	20,798	20,314
Sales and Services	2,356	4,253	4,549
Gifts	1,150	1,135	1,135
Other Revenue	647	1,876	1,327
TOTAL REVENUES	183,200	192,143	160,645
EXPENSES			
Salaries and Benefits	110,335	108,526	103,869
Retiree Medical Expenses	-	-	9,294
Services, Supplies, Travel	37,476	38,524	40,653
Scholarships	19,366	20,364	8,133
Utilities	7,884	8,116	8,603
Other Expenses	4,585	4,410	3,795
Debt Service	8,003	8,003	7,865
Shared Services	-	-	(1)
Chancellor's Office	(1)	(1)	-
Other Transfers	(3,370)	(4,303)	(4,507)
Strategic Initiatives (3%)	-	-	1,440
Economic Stabilization (2%)	-	-	960
TOTAL EXPENSES	184,278	183,639	180,105
NET REVENUES/(DEFICIT)	(1,078)	8,504	(19,460)
ONE-TIME FUNDS			
Bridge Funding	-	-	9,000
Strategic Reserve	-	-	5,000
All Other	-	-	2,017
TOTAL ONE-TIME FUNDS	-	-	16,017
TOTAL OPERATING RESULT	(1,078)	8,504	(3,443)

System Wide: FY2024 Budget

	Vermont State Colleges System			Community College of Vermont			Vermont State University			Shared Services			Chancellor's Office		
	FY2023 Budget	FY2023 Forecast	FY2024 Proposal	FY2023 Budget	FY2023 Forecast	FY2024 Proposal	FY2023 Budget	FY2023 Forecast	FY2024 Proposal	FY2023 Budget	FY2023 Forecast	FY2024 Proposal	FY2023 Budget	FY2023 Forecast	FY2024 Proposal
REVENUES															
Tuition and Fees	98,456	102,535	83,735	22,093	22,655	22,000	76,363	79,879	61,735	-	-	-	-	1	-
State Appropriation	61,837	61,546	49,586	8,757	8,757	8,797	32,435	32,643	27,977	-	-	9,294	20,645	20,146	3,518
Room and Board	18,754	20,798	20,314	-	-	-	18,754	20,798	20,314	-	-	-	-	-	-
Sales and Services	2,356	4,253	4,549	1	7	1	2,355	4,246	4,548	-	-	-	-	-	-
Gifts	1,150	1,135	1,135	80	80	80	1,070	1,055	1,055	-	-	-	-	-	-
Other Revenue	647	1,876	1,327	92	373	183	555	1,242	1,144	-	-	-	-	261	-
TOTAL REVENUES	183,200	192,143	160,645	31,023	31,872	31,061	131,532	139,863	116,773	-	-	9,294	20,645	20,408	3,518
EXPENSES															
Salaries and Benefits	110,335	108,526	103,869	22,788	22,538	21,353	82,624	80,551	72,470	-	-	9,203	4,923	5,437	843
Retiree Medical Expenses	-	-	9,294	-	-	-	-	-	-	-	-	9,294	-	-	-
Services, Supplies, Travel	37,476	38,524	40,653	4,940	5,590	4,847	26,938	27,306	26,559	-	-	8,992	5,598	5,628	255
Scholarships	19,366	20,364	8,133	170	170	170	19,196	19,581	7,963	-	-	-	-	613	-
Utilities	7,884	8,116	8,603	353	353	352	7,531	7,690	8,221	-	-	10	-	73	20
Other Expenses	4,585	4,410	3,795	-	-	-	10	2	-	-	-	-	4,575	4,408	3,795
Debt Service	8,003	8,003	7,865	1,824	1,824	1,561	6,179	6,179	6,304	-	-	-	-	-	-
Shared Services	-	-	(1)			5,346	-	-	11,658			(17,005)			
Chancellor's Office	(1)	(1)	-	2,108	2,108	-	8,412	8,412	-	-	-	-	(10,521)	(10,521)	-
Other Transfers	(3,370)	(4,303)	(4,507)	(1,161)	(1,161)	(2,569)	2,887	1,745	1,040	-	-	-	(5,096)	(4,887)	(2,978)
Strategic Initiatives (3%)	-	-	1,440										-	-	1,440
Economic Stabilization (2%)	-	-	960										-	-	960
TOTAL EXPENSES	184,278	183,639	180,105	31,022	31,422	31,061	153,777	151,466	134,215	-	-	10,494	(521)	751	4,335
NET REVENUES/(DEFICIT)	(1,078)	8,504	(19,460)	1	450	(0)	(22,245)	(11,603)	(17,443)	-	-	(1,200)	21,166	19,657	(817)
ONE-TIME FUNDS															
Bridge Funding	-	-	9,000	-	-	-	-	-	-	-	-	-	-	-	9,000
Strategic Reserve	-	-	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000
All Other	-	-	2,017	-	-	-	-	-	-	-	-	1,200	-	-	817
TOTAL ONE-TIME FUNDS	-	-	16,017	-	-	-	-	-	-	-	-	1,200	-	-	14,817
TOTAL OPERATING RESULT	(1,078)	8,504	(3,443)	1	450	(0)	(22,245)	(11,603)	(17,443)	-	-	-	21,166	19,657	14,000

System-Wide: *FY2024 Metrics*

	Community College of Vermont				Vermont State University				Vermont State Colleges			
	FY23 Forecast	**FY24 Budget**	**Var $**	**Var %**	**FY23 Forecast**	**FY24 Budget**	**Var $**	**Var %**	**FY23 Forecast**	**FY24 Budget**	**Var $**	**Var %**
Student Revenue & Wages ($millions)												
Net Student Revenue	$ 22,485	$ 21,830	$ (655)	-2.9%	$ 80,972	$ 73,975	$ (6,997)	-8.6%	$ 103,457	$ 95,805	$ (7,652)	-7.4%
Annual Employee Wages	$ 16,082	$ 15,719	$ (363)	-2.3%	$ 48,676	$ 46,655	$ (2,021)	-4.2%	$ 64,758	$ 62,374	$ (2,384)	-3.7%
Full Paying Equivalent Enrollment												
Annual FPE	3,037	2,932	(105)	-3.5%	4,063	3,816	(247)	-6.1%	7,100	6,748	(352)	-5.0%
FPE by Term												
Fall	2,681	2,560	(121)	-4.5%	4,199	3,944	(255)	-6.1%	6,880	6,504	(376)	-5.5%
Spring	2,344	2,224	(120)	-5.1%	3,927	3,688	(239)	-6.1%	6,271	5,912	(359)	-5.7%
Summer	1,049	1,080	31	2.9%	-				1,049	1,080	31	2.9%
FPE by Value Stream												
Vermonters	2,872	2,783	(89)	-3.1%	1,803	1,693	(110)	-6.1%	4,675	4,476	(199)	-4.3%
Out-of-State	124	116	(8)	-6.7%	915	859	(56)	-6.1%	1,039	975	(64)	-6.2%
NEBHE & Good Neighbor	41	39	(3)	-6.8%	213	200	(13)	-6.1%	254	239	(16)	-6.2%
Nursing & Allied Health	n/a				580	545	(35)	-6.0%	580	545	(35)	-6.0%
Online	n/a				310	291	(19)	-6.1%	310	291	(19)	-6.1%
Graduate												
Vermonters	n/a				220	207	(13)	-5.9%	220	207	(13)	-5.9%
Out-of-State	n/a				64	60	(4)	-6.3%	64	60	(4)	-6.3%
Room Occupancy												
Annual Occupancy	n/a				1,761	1,650	(111)	-6.3%	1,761	1,650	(111)	-6.3%
Occupancy by Term												
Fall	n/a				1,869	1,751	(118)	-6.3%	1,869	1,751	(118)	-6.3%
Spring	n/a				1,655	1,550	(105)	-6.3%	1,655	1,550	(105)	-6.3%

ITEM 3B: Community College of Vermont

COMMUNITY COLLEGE OF VERMONT

Our budget is responsive to the nine priorities listed in the CCV Strategic Plan and to the VSC's ongoing transformation. CCV is continuously working towards keeping tuition affordable while meeting ever increasing expenses. CCV is committed to creating opportunities that include philanthropic partners, and securing grants that support our strategic plan initiatives. We are focused on keeping our offerings current and responsive to the changing demands in the workplace by strengthening existing and developing new programs, certificates, and credentials.

INVESTMENTS & COST CONTAINMENT

CCV received a $4.5 m Congressionally Directed Spending grant to vastly expand our work with the Department of Corrections. With the support of the grant, CCV is expanding its course offering to both employees of the Department of Corrections, as well as to individuals who are incarcerated. Over time, this program will be self-sustaining because of the expansion of the Second Chance Pell program which will cover the tuition costs of students participating in this program.

A second major initiative is the design and implementation of the McClure Early Promise Program. This program provides tuition funding for the second year of an associate degree to students who participated in the early college program at CCV.

CCV continuously calibrates its staffing and facility footprint to respond to changes in student enrollment. CCV's course cancellation policy uses a transparent process for adding and cancelling course sections prior to the start of a semester. This carefully managed process allows the college to maintain a class size average that is consistent with our budget projections. Decisions to run or cancel classes are based on several factors, including enrollment in the course section, core course and program requirements for students, alternatives available to students, and the college's overall enrollment. This process allows CCV to manage costs as enrollment fluctuates.

CCV has 12 strategically located centers throughout the state. The College owns 3 centers and rents 9 other locations. In recent years CCV has shifted from long term to shorter leases in order to more regularly evaluate and adjust our physical footprint across all 12 centers. In the past year, we have adjusted our footprints and modified leases in two locations - Springfield and Morrisville - in order to better match our space size with building usage.

CCV will continue to engage with the Chancellor's Office and Shared Services to achieve efficiencies in a variety of cost centers while also maintaining CCV's ability to be nimble and responsive to evolving educational needs and enrollment fluctuations.

REVENUE FORECAST

CCV's primary sources of revenue are the state appropriation and tuition and fees. Other revenues from grants and gifts do not have a material impact on the budget.

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. Given Vermont's current population trends, CCV's FY24 budget reflects a 3% decline in enrollment.

CCV's FY24 budget process has been incredibly challenging due to the opposing forces of maintaining affordability to students while dealing with increasing costs from labor and utilities to supplies and services. All costs have consistently increased over the past several years and CCV has not raised tuition in four years. Tuition represents roughly 71% of the total revenues in CCV's budget. While the College fully supports the Board of Trustees' decision to hold tuition flat for the past four years, the long-term impact on our budget is profound. The tuition freeze results in a $0.6M revenue loss for CCV for one year, with a fourth-year accumulated impact of nearly $2.4M.

CCV is committed to creating opportunities that include philanthropic partners, and securing grants that support our strategic plan initiatives. We are focused on keeping our offerings responsive to the changing demands in the workplace by strengthening existing and developing new programs, certificates, and credentials.

EXPENSE FORECAST

Faculty and staff represent approximately 70% of CCV's annual expenses. CCV does not have a significant number of vacancies at the time of budget preparation, so the budget reflects actual staffing levels. Like all employers, CCV is under pressure to ensure that we offer a competitive wage and benefit package in order to attract and retain highly qualified personnel. Inflationary pressures have added to the cost of services, supplies and travel as well.

We anticipate paying off the Series 2013 Revenue Bond in FY24. We are also planning to clear approximately $1.8 million in student debt from CCV's books in FY23 using carryforward funds. Paying off old student debt will reduce our budgeted cost to clear debt expenses by $200,000 annually.

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. As the System has moved to shared services, CCV is expected to absorb over 30% of Shared Services expenses. At the same time, CCV is only receiving 17.7% of the total state appropriation. This imbalance is troubling.

We will continue to engage with the Chancellor's Office and Shared Services to achieve efficiencies in a variety of cost centers while also maintaining CCV's ability to be nimble and responsive to evolving educational needs and enrollment fluctuations.

FY2025 – FY2027 OUTLOOK

Contained in the FY 2024 CCV budget is a substantial one-time transfer from the Office of the Chancellor to make up for the increase in shared services that it assessed CCV. In FY24 CCV is budgeted to receive 17.7% of the total state appropriation while enrolling 57% of all students in the VSCS. If CCV's share of the state appropriation does not increase in FY25, we are starting the budget development process with a substantial deficit that will need to be closed before we account for a tuition freeze and increased staff costs.

CCV expects the trend of declining enrollment impacting educational institutions statewide to continue to persist. As discussed in the cost containment section, CCV has several tools at its disposal to adapt to declines in enrollment (course cancellation policy, expandable/contractable enrollment/budget model, e.g.), but if the distribution of the state appropriation remains at current levels, and/or if tuition freezes persist, these tools alone will not be sufficient to respond to continued declines in enrollment.

We have two significant opportunities that could impact enrollment, but at this point it is unclear what kind of impact they will have. The 802opportunity grant is available to any Vermonter or Vermont family that earns $75k or less. During the 21-22 AY 2,100 students took advantage of the program, and during the 22-23 AY 2,300 students participated, a 7% increase. In addition to enrollment increases, we saw a 47% reduction in the number of students borrowing money. Twenty students enrolled in the McClure Early Promise grant last year. So far this year we have seen 100 students express interest in the grant but it remains to be seen how that will translate to enrollment.

CCV is anticipated to receive a one-time appropriation in FY24 to reduce tuition for students enrolled in certain programs by 50%. This benefit will not impact enrollment in Summer courses, but it is possible that this tuition reduction program will increase enrollment in the Fall and Spring semesters. Again, this one-time money may lead CCV to see a boost in enrollment in FY24, but, without ongoing funding, enrollment gains may not be sustained once the tuition benefit sunsets.

Similarly, if Shared Services do not result in efficiencies and lower costs for CCV, along with increases in staff compensation in order to remain competitive in the marketplace, we expect more challenging budget years for the FY25-27 period.

Community College of Vermont

	FY2023 Budget	FY2023 Forecast	FY2024 Proposal
REVENUES			
Tuition and Fees	22,093	22,655	22,000
State Appropriation	8,757	8,757	8,797
Sales and Services	1	7	1
Gifts	80	80	80
Other Revenue	92	373	183
TOTAL REVENUES	31,023	31,872	31,061
EXPENSES			
Salaries and Benefits	22,788	22,538	21,353
Services, Supplies, Travel	4,940	5,590	4,847
Scholarships	170	170	170
Utilities	353	353	352
Debt Service	1,824	1,824	1,561
Shared Services			5,346
Chancellor's Office	2,108	2,108	
Other Transfers	(1,161)	(1,161)	(2,569)
TOTAL EXPENSES	31,022	31,422	31,061
NET REVENUES/(DEFICIT)	1	450	(0)

ITEM 3C: Vermont State University

VERMONT STATE UNIVERSITY BUDGET NARRATIVE

In summary, the University requests authorization to draw a $17.6M deficit during FY2024 as the institution completes its transformation into a single institution; this deficit will be funded through current year and prior year state-provided bridge funding and $5M in system carryforward from FY2023 related to the State of Vermont's early adoption of the $45M in state appropriation. This budget follows VTSU's planned five-year plan to achieve financial sustainability, which began with the FY2023 budgetary deficit of $22.7M, and will continue with deficit targets of $11.7M, $5.8M, and $0.0M in Fiscal Years 2025, 2026, and 2027 respectively. The following narrative discusses various major aspects of the FY2024 budget, including both general themes such as enrollment; salary, wage, & benefit inflation; and major changes to our financial structure during this budget cycle, including planned tuition and scholarship restructuring; the shared services implementation; changes to the appropriation formula and the treatment of Chancellor's Office expense; and the buy-back of the VSCS 2013 Series bond.

REVENUE FORECAST

VTSU is budgeting for $74.0M dollars in FY2024 Net Student Revenue (NSR).[5] This reflects a year-to-year decline of 8.6% from our most up-to-date projections of FY2023 NSR ($81.0M). The two largest factors driving NSR in FY2024 are enrollment and tuition restructuring.[6] It should be noted that, due both to global changes in student enrollment patterns, and the difficult-to-quantify customer effect of transformation, there remains a high degree of uncertainty in these projections. The University will continue to monitor enrollment over the course of the summer, adjusting as necessary.

Enrollment forecasting for FY2024 was approached in two parts: incoming class, which we've budgeted down by 15%, and retained existing students, which we've budgeted according to calculations based upon our historical experience. Regarding our incoming class projections, our most recent funnel reports suggest that we're down 17% in deposits in comparison to the same time last year. At this point in mid-May, we are approximately 70% through the deposit cycle—last year, we'd received 1,229 of 1,697 deposits by May 15th. We've budgeted under the assumption that we can recover some ground during the summer; for frame of reference, if this assumption proves incorrect and our incoming class comes in 20% below last year, we estimate that our revenue experience will decline from these budgeted figures by an additional $1.4M.

[5] NSR is comprised of tuition, fees, room, and board, net of all scholarship aid.

[6] VTSU's tuition restructuring was approved in September 2022. The revised model decreases the base cost of both in-state and out-of-state tuition. Rates can be found here: https://vermontstate.edu/admission/tuition-and-fees/. General undergraduate tuition has been set at $9,984; additional program tuition varies depending on a students' course of study; average sticker price has declined by 18%. The new tuition model will be fully implemented for Fall 2023.

To project retention, we obtained several years of historical data, disaggregated by institution, student class, and student type.[7] We then calculated basic retention rates for each category by student level allowing us to understand the percent of students by academic class from one year to the next.[8] Naturally, there is tremendous year-to-year variability in retention rates. Therefore, we have chosen the 50th percentile rates when projecting forward this year's enrollment into next year's. Combining incoming class and retained students, we anticipate an aggregate year-to-year decline of 6.1% in our total full-time equivalent enrollment. We have budgeted for a proportional decline in our residential population. Additionally, in FY2024 Vermont State University is making sizable investments in the area of retention with the addition of key leadership and new staffing in student success to bring a student success advisor to every freshman and sophomore student to increase retention and reduce the impact of student loss on revenue.

In keeping with the tuition rates contemplated and approved by the VSCS Board of Trustees last autumn, Vermont State University has comprehensively restructured its tuition and scholarship practices for FY2024. Simultaneously, VTSU has reorganized its approach to financial aid and scholarship awarding, decreasing the overall aid pool from FY2023's forecasted $19.6M to a proposed $8.0M for FY2024 expense. As a result of these changes, we anticipate two main consequences. First, with a lower sticker price and a decreased discounting practice, students will experience a net expense, after aid, that is closer to sticker price than in prior years. Second, students will pay equal to or less, net of aid, than in prior years. An aggregated net revenue decline of $2.7M is estimated as a result of this restructuring and is reflected in this budget. It is anticipated that these changes in the long term will provide transparency in cost. Ultimately the goal is to both support affordability for students while encouraging additional students to apply and ultimately enrolling at the University as the published cost will be closer to the true cost a student will experience when attending.

Changes to our appropriation revenue will be discussed below, while other operational revenues—including camps and conferences, facilities rentals, gifts, SHAPE income—have been budgeted under the assumption that our FY2024 experience will be similar to our FY2023 experience. VTSU has not budgeted for any return in our investment income.

EXPENSE FORECAST

The enclosed budget proposal includes $70.5M in salary, wage, and benefit expense as well as $53.3M in other non-scholarship expenses. The largest factors influencing our expense structure for FY2024 are: inflationary pressure in employee compensation; reductions in our part-time faculty expense pool and planned vacancy rates; the FY2023 buy-back of the VSCS's 2013 Series bonds; and the multi-faceted restructuring of various aspects of the system's shared

[7] Student types include the classifications of by broad tuition categories such as in-state, out-of-state, Good Neighbor, New England Board of Higher Education (NEBHE).

[8] Within each student type by institution we calculated the percent of students by class year returning for the next. For example, the percent of out-of-state freshmen from Castleton returning as sophomores or the percent of in-state juniors at Northern Vermont University returning as seniors.

accounting, including the implementation of Shared Services and changes in the treatment of Chancellor's Office expense, retiree medical benefits, and State Appropriation.

Wages for VTSU employees continue to inflate at contractually negotiated rates, independent of any other macro-economic factors affecting the University. We have budgeted for the average retained employees' wages to increase by 5.3% from FY2023 to FY2024, while we're anticipating health care increases of 7%. Together, these inflationary factors add approximately $4.5M, annually, to the operating expense of the University, presuming all other factors remain the same. (In the absence of proportional tuition rate increases, this creates the need for annual budgetary action.)

Factored into the FY2024 budget are the assumptions that, over the course of the year, the University will be able to realize savings in two personnel categories. First, it is assumed here that, with depressed enrollment levels, and efficiency to be found by more aggressively managing under-enrolled course sections, adjunct & part-time instructional cost will decline by 20%. The University has, accordingly, budgeted for $1.3M in reduced adjunct wages. Second, the University has assumed that 5% of all currently held staff and faculty positions will become vacant by the first months of the fiscal year, and will be held so for the duration of the year. The University has, accordingly, budgeted for $2.9M in "vacancy" savings.

Regarding operational spending, the University has planned for a 6.9% inflation in utilities expense—an increase of $0.5M—with expectations of level spending in supplies, services, travel, and equipment. The FY2023 buy-out of the 2013 Series bond has reduced the FY2024 debt service by $1.0M.

(1) Shared Services, Chancellor's Office, Retiree Medical Expense, and Appropriation

As the result of system's new methodology for the treatment of these categories, a number of items in the University's FY2024 will appear differently than they have in the past.

First, as a result of the Shared Services transformation, direct expenses at the University related to the operation of the IT department and the libraries have been removed from the University's personnel and supply budgets. Expenses incurred in the operation of these departments will be held in the Shared Services entity, and charges paid by the University to the Shared Services entity will be listed on their own line. Additionally, payment from the University to the Chancellor's Office related to the operation of the system's Information Technology, Finance, Legal, Workforce Development, and Human Resources departments—previously included with the "Chancellor's Office" lines—have been consolidated to this Shared Services line. While the net effect is approximately level, this shift in accounting will shift $11.6M to Shared Services, from expense lines related to personnel, operating expense, and Chancellor's Office support.

Second, beginning in FY2024, the expenses related to VTSU retiree medical insurance, estimated at approximately $7.6M for FY2024 and the expenses associated with Vermont State

Colleges corporate functions[9] will be incurred at the Chancellor's office and paid for as part of the new State Appropriation allocation.

FY2025 – FY2027 OUTLOOK

As we move forward, we anticipate that enrollment will stabilize as the Vermont State University brand takes hold and the merger and recent controversy take a backseat to the day-to-day operations of the University. Additionally, the University will be able to hone its data and forecasting methodology to provide further refinements to enrollment projections and increase confidence levels. It is envisioned that stabilization will provide an opportunity for growth and resulting in identification of targeted opportunities for both growth and efficiencies.

Recognizing the need for revenue growth to achieve financial sustainability, the University is implementing a variety of strategies to achieve revenue growth, including:

- Targeted marketing strategy and allocation of resources based on return on investment

As we move forward, significant emphasis will be placed on a robust marketing strategy to increase student revenue in identified academic growth areas, notably online programming, graduate studies, nursing, engineering, and health sciences. The University will evaluate opportunities to reallocate existing resources into programmatic areas realizing or projected to see growth. This will target programmatic investment into programs with high demand, driven by actual data and national trends. Through these investments, the University will realize additional enrollments and achieve economies of scale in terms of instructional costs per section/program, thereby improving financial sustainability.

- Public/private partnerships for cost-sharing and enrollment sustainability

The University will focus on innovative mechanisms to increase revenue and decrease risk in critical programmatic offerings, including public/private partnerships to create cost-sharing strategies ensuring that critical programs are offered regardless of enrollment. The University successfully launched a cost-sharing partnership with the University of Vermont Health Network in its Respiratory Therapy program ensuring that this program continues to be offered creating a critical workforce pipeline while providing needed revenue outside of tuition to ensure program sustainability. This partnership also provides targeted marketing and career paths for existing partners' employees, which supports increased enrollment. The University anticipates expanding revenue streams such as these, in the coming years to reduce the deficit and mitigate risk, recognizing the declining demographics and the rural nature of Vermont.

In addition to growth, efficiencies and optimization will be critical to achieving financial sustainability in the years to come, areas identified for efficiencies include:

- Supplies and Services

[9] Corporate functions include the Chancellor, Board Support, and External Relations

Through the implementation of a unified chart of accounts this summer, targeted financial monitoring and optimization will occur across our supplies and services expenditures. In FY2025 the University will undergo a zero-based budgeting exercise in parallel with the unified chart of accounts to identify efficiencies and cost reductions within supplies and services across the campuses.

- Staffing

The University recognizes that our FTE student to FTE faculty ratio is amongst the lowest in the Northeast contributing to high expenditures for personnel costs. Over the coming years the University will work to right-size its faculty through attrition, while ensuring that programs are appropriately staffed based on the number of enrollments. Our goal here will be to get to an FTE average ratio between 17-21 by FY2027. In addition to rightsizing our staffing, the University will also enter union negotiations in the Fall 2024 to align personnel costs with market factors and fiscal realities, recognizing the significant portion of costs associated with benefits as well as the impact of inflationary factors.

- Programmatic Optimization

In FY2024, the University will undertake Optimization 2.0 related to its academic programs and general education requirements. Through this optimization effort, the University will utilize data, including enrollment trends, enrollment projections/targets, FTE ratios, space utilization, critical workforce demands, staffing, instructional costs – inclusive of fixed and variable costs, to analyze the optimal program offerings, section sizes and makeup of our programs across the campuses. Recognizing that this requires agile development, it is anticipated that this work will be part of continuous process improvement and will be embedded in the University's workflow in the out years to ensure that programs offered are efficient and maximized.

These combined efforts, in addition to the master facilities planning to reduce our physical footprint, will place us on a path of institutional sustainability and achieve our required balanced budget for FY2027.

Vermont State University

	FY2023 Budget	FY2023 Forecast	FY2024 Proposal
REVENUES			
Tuition and Fees	76,363	79,879	61,735
State Appropriation	32,435	32,643	27,977
Room and Board	18,754	20,798	20,314
Sales and Services	2,355	4,246	4,548
Gifts	1,070	1,055	1,055
Other Revenue	555	1,242	1,144
TOTAL REVENUES	131,532	139,863	116,773
EXPENSES			
Salaries and Benefits	82,624	80,551	72,470
Services, Supplies, Travel	26,938	27,306	26,559
Scholarships	19,196	19,581	7,963
Utilities	7,531	7,690	8,221
Other Expenses	10	2	-
Debt Service	6,179	6,179	6,304
Shared Services	-	-	11,658
Chancellor's Office	8,412	8,412	-
Other Transfers	2,887	1,745	1,040
TOTAL EXPENSES	153,777	151,466	134,215
NET REVENUES/(DEFICIT)	(22,245)	(11,603)	(17,443)

ITEM 3D: Shared Services

SHARED SERVICES BUDGET NARRATIVE

The FY2024 budget is the first Shared Services budget for the Vermont State Colleges. Created in accordance with the recommendations of the *Select Committee on the Future of Public Higher Education in Vermont* and many strategic conversations with the Board of Trustees, the Shared Services model is intended to provide high-quality, cost-effective services that meet the needs of the institutions of the Vermont State Colleges. In addition, Shared Services will assist with legal and regulatory compliance, security of the system, and offer equitable services across the institutions and locations.

INVESTMENTS & COST CONTAINMENT

Investments

For FY2024, the primary emphasis for Shared Services is on bringing together the existing, disparate services, previously in existence at the separate institutions. Through this work, specifically in Information Technology, new investments have been identified in regards to equipment replacement. This budget includes funding, with the use of the Information Technology Reserve approved in January 2023, to begin replacing computing technology equipment on a regular and scheduled basis. While it will take several years to bring all locations up to the same standard, this critical work commences with FY2024.

Shared Services IT anticipates further investments in cybersecurity technology. Recognizing the importance of this critical area, IT will seek to protect the system against bad actors.

Human Resources is investing in resources to better manage workers' compensation and unemployment claims, and medical leaves. Investing in these services allows for greater compliance with state and federal law, while simultaneously holding down costs.

Cost Containment

A critical goal of the Shared Services division is to provide high quality and consistent services while simultaneously driving down costs. A project to explore creative cost containment of Shared Services is planned for late June, ahead of the FY2025 budgeting process, which will commence in early September. These ideas may include adjusting service levels, eliminating certain services, or switching to more cost effective options.

REVENUE FORECAST

The Shared Services budget is not a revenue generating division. However, because it manages retiree healthcare costs, the corresponding state appropriation is assigned to this unit. For FY2024, the estimated cost of retiree healthcare is $9.3M.

EXPENSE FORECAST

The Shared Services budget holds the expense for all retiree healthcare. This is new for FY2024 and is identified on the retiree medical line. The remainder of the budget is comprised of Finance, Human Resources, Legal, VSC Libraries, Information Technology, and Workforce Development. The total budget for Shared Services is $17M, approximately $1M higher than in FY2023. While there have been many cost saving elements introduced into this budget, the key driver for the increase is new spending on information technology equipment replacement.

The Shared Services expense budgets are comprised of the following expense categories.

Expense Category	FY2024 Budget	% of Total
Wages & Benefits	9,202,830	54.1%
Supplies & Services	6,042,078	35.5%
Consulting	387,000	2.3%
Travel	56,622	0.3%
Equipment	1,306,593	7.7%
Utilities	10,000	0.1%
Grand Total	**17,005,123**	

The largest overall category of spending is wages and benefits, followed by supplies and services, then equipment, and consulting. It is no surprise that wages and benefits is the largest component of spending in Shared Services as higher education is a people-intensive business. The chief driver of the wages and benefits category is the number of full-time, benefits eligible, staff within each unit. Information Technology is the largest unit within Shared Services and therefore has the highest overall cost. The breakdown by service area within wages and benefits category is shown below.

Wages & Benefits	FY2024 Budget	% of Category
Finance	1,353,084	14.7%
Human Resources	673,313	7.3%
Legal	421,515	4.6%
VSC Libraries	1,927,644	20.9%
Information Technology	4,576,157	49.7%
Workforce Development	251,117	2.7%
Total Wages & Benefits	**9,202,830**	

The supplies and services category is second largest spending category within shared services. As with the wages & benefits category, spending here is directed primarily toward information technology. Information technology supplies include all the software, hardware, and equipment necessary to support the entire system.

Supplies & Services	FY2024 Budget	% of Category
Finance	230,564	3.8%
Human Resources	9,750	0.2%
Legal	154,350	2.6%
VSC Libraries	681,548	11.3%
Information Technology	4,963,366	82.1%
Workforce Development	2,500	0.0%
Total Supplies & Services	**6,042,078**	

Equipment is the third largest expense area for Shared Services. The entirety of the equipment budget is consumed by Information Technology. In addition to the amount directly budgeted within shared services for equipment, $1.2M will be transferred from the Information Technology Reserve Fund to supplement the total. We will taper the use of the reserve over three years building to fully-funded by FY2027.

Equipment	FY2024 Budget	% of Category
Information Technology	1,306,593	52.1%
IT Equipment Reserve Transfer	*1,200,000*	*47.9%*
Total Equipment	**2,506,593**	

Consulting, at $387K is the fourth largest expense area for Shared Services. The budget breakdown for consulting is shown below. Finance budget, at $212K is 54.8% of the consulting budget. This budget includes the costs for the external auditor and actuarial services that are required for the Uniform Guidance Single Audit and Financial Statement Audit.

Consulting	FY2024 Budget	% of Category
Finance	212,000	54.8%
Information Technology	175,000	45.2%
Total Consulting	**387,000**	

Travel is one of the smaller budgeted areas within Shared Services. This budget is used for inter-campus mileage reimbursement, as well as the travel associated with required professional development in each of the key service areas.

Travel	FY2024 Budget	% of Category
Finance	6,000	10.6%
Human Resources	650	1.1%
Legal	6,000	10.6%
VSC Libraries	4,500	7.9%
Information Technology	34,472	60.9%
Workforce Development	5,000	8.8%
Total Travel	**56,622**	

The remaining budget category is utilities. $10,000 is budgeted for Utilities within Shared Services, all of which is used to support the Information Technology Data Center.

FY2025 – FY2027 OUTLOOK

The Shared Services budget, exclusive of retiree healthcare, is budgeted at $17M or 9.4% of the total budgeted unrestricted expenses for the Vermont State Colleges. As noted earlier, the Shared Services Division will be kicking off a project in June to identify creative means to contain costs while maintaining high quality services. These ideas will be presented to the Institutions for their consideration, and implemented where practicable and feasible.

FY2024 *Shared Services Budget*

	FY2023 Budget	FY2023 Forecast	FY2024 Proposal
REVENUES			
State Appropriation			9,294
TOTAL REVENUES	-	-	9,294
EXPENSES			
Salaries and Benefits			9,203
Retiree Medical Expenses			9,294
Services, Supplies, Travel			8,992
Utilities			10
Shared Services			(17,005)
TOTAL EXPENSES	-	-	10,494
NET REVENUES/(DEFICIT)	-	-	(1,200)
ONE-TIME FUNDS			
All Other			1,200
TOTAL ONE-TIME FUNDS	-	-	1,200
TOTAL OPERATING RESULT	-	-	-

ITEM 3E: Chancellor’s Office

CHANCELLOR'S OFFICE BUDGET NARRATIVE

For the first time, the FY2024 budget for the Chancellor's Office is comprised solely of Corporate Functions, debt service support, and line items for strategic initiatives and economic stabilization. The purpose of the Chancellor's Office is to lead corporate functions of the Vermont State Colleges. These include the chief executive of the corporation, external affairs, board support, and academic affairs. The Chancellor's Office charges are expensed directly against the State Appropriation before allocation.

INVESTMENTS & COST CONTAINMENT

In FY2024, the Chancellor will be investigating a variety of options to control costs both within this division and across the Vermont State Colleges. For example, the incumbent in the role of Chief Academic Officer for the system will be vacating her position at the end of FY2023. The Chancellor is exploring how best to re-allocate the duties of this position in a cost-effective way.

REVENUE FORECAST

As with Shared Services, the Chancellor's Office is not a revenue generating organization. However, as the Chief Executive for the System, this budget holds the funded reserves for strategic initiatives and economic stabilization. Therefore, an amount of $2.4M is allocated from the state appropriation to cover these charges. In addition, $1.118M is set aside from the state appropriation to cover the charges related to corporate functions.

EXPENSE FORECAST

The Chancellor's Office budget is comprised of four key service areas: Board Support, Chancellor, External Affairs, and Facilities. Excluding debt support and inter-entity transfers, this budget is distributed across the service areas as follows:

Category	FY2024 Budget	% of Total
Board Support	105,432	9.4%
Chancellor	587,048	52.5%
External Affairs	304,976	27.3%
Facilities	120,820	10.8%
Grand Total	**1,118,275**	

The Board Support category includes all support for the Board of Trustees including administrative and logistical support, travel, membership in the Association of Governing Boards and related activities. The Chancellor's budget includes the Chancellor and administrative support, as well as academic affairs, the funding for subscriptions and memberships that serve the Vermont State Colleges, and a small amount of funding for consulting and ad hoc projects.

External Affairs includes the government affairs and external relations staff along with the travel and consulting necessary to support their work. The facilities budget includes the annual lease for 575 Stone Cutter's Way and associated utilities.

Within these service areas, the wages and benefits category accounts for 75.4% of all expenses. This is not surprising given the labor intensive nature of the work within the corporate functions.

Category	FY2024 Budget	% of Total
Wages & Benefits	842,954	75.4%
Supplies & Services	162,571	14.5%
Consulting	72,000	6.4%
Travel	20,750	1.9%
Utilities	20,000	1.8%
Grand Total	**1,118,275**	

FY2025 – FY2027 OUTLOOK

A well-functioning executive branch of the Vermont State Colleges is vital to its success. However, the Chancellor recognizes the need for the office to be as cost-effective and as efficient as possible and continues to explore ways to trim staffing where practicable and effective without jeopardizing the work of the system.

FY2024 *Chancellor's Office Budget*

	FY2023 Budget	FY2023 Forecast	FY2024 Proposal
REVENUES			
Tuition and Fees	-	1	-
State Appropriation	20,645	20,146	3,518
Room and Board	-	-	-
Sales and Services	-	-	-
Gifts	-	-	-
Other Revenue	-	261	-
TOTAL REVENUES	20,645	20,408	3,518
EXPENSES			
Salaries and Benefits	4,923	5,437	843
Retiree Medical Expenses	-	-	-
Services, Supplies, Travel	5,598	5,628	255
Scholarships	-	613	-
Utilities	-	73	20
Other Expenses	4,575	4,408	3,795
Debt Service	-	-	-
Shared Services			
Chancellor's Office	(10,521)	(10,521)	-
Other Transfers	(5,096)	(4,887)	(2,978)
Strategic Initiatives (3%)	-	-	1,440
Economic Stabilization (2%)	-	-	960
TOTAL EXPENSES	(521)	751	4,335
NET REVENUES/(DEFICIT)	21,166	19,657	(817)
ONE-TIME FUNDS			
Bridge Funding	-	-	9,000
Strategic Reserve	-	-	5,000
All Other	-	-	817
TOTAL ONE-TIME FUNDS	-	-	14,817
TOTAL OPERATING RESULT	21,166	19,657	14,000

VERMONT STATE COLLEGES SYSTEM

BOARD OF TRUSTEES

RESOLUTION 2023-006

FY2023 VERMONT STATE COLLEGES SYSTEM ANNUAL OPERATING BUDGET

WHEREAS, The Finance and Facilities Committee of the Board of Trustees has reviewed the FY2024 budget information presented for the Vermont State Colleges System; and,

WHEREAS, The Committee has discussed individual aspects of the proposals with the Chancellor, Chief Financial Officer, and Presidents of the individual institutions; and,

WHEREAS, The Finance and Facility Committee endorses approval of the Chancellor's recommendation by the full board; therefore be it

RESOLVED, That the Board of Trustees of the Vermont State Colleges System hereby approves the System Annual Operating Budget of $180.1 million, including the projected operating deficit of $3.443 million, consistent with the attached materials.

Approved:

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

ITEM 4: Annual Banking & Investment Resolution

ANNUAL BANKING AND INVESTMENT RESOLUTION

The Vermont State Colleges System's *Banking and Investment Resolution* is reviewed and approved annually by the Board of Trustees. As the fiduciary for the corporation that is the Vermont State Colleges, the Board must periodically document the financial authorities they have delegated and to whom. This resolution is provided to banks and other financial institutions to support the banking and investment transactions of the corporation.

The *Banking and Investment Resolution* on the following page is documents the authorities the board as delegated.

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

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

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

VERMONT STATE COLLEGES SYSTEM

BOARD OF TRUSTEES

RESOLUTION 2023-007

Banking and Investment

WHEREAS, The conduct of the business affairs of the Vermont State Colleges System and each of its constituent member Institutions requires the establishment of banking relations and investment of funds; and

WHEREAS, Selected officials of the System should be empowered to conduct banking and investment affairs in keeping with the organization of System; and

WHEREAS, The term "bank" throughout this resolution also refers to credit unions and other depository or lending institutions that are licensed by the state of Vermont or the federal government; therefore, be it

RESOLVED, That the Chancellor and/or Chief Financial Officer are authorized to do the following:

1. Establish accounts with banks and authorized brokers/dealers (safekeeping, trust, checking, savings, money market, time or demand deposit) through which to transact the cash management and investment business of the System, and delegate authority for initiation of related wire transfers;

2. Borrow money and obtain credit from banks, authorized brokers/dealers, or other lending agencies in conformity with Board of Trustees approved budgets: and execute and deliver notes, draft acceptances, instruments of guaranty, and any other legal obligations of System, therefore, in form satisfactory to the lending agency;

3. Pledge or assign and deliver, as security for money borrowed or credit obtained, stocks, bonds, bills receivable, accounts, mortgages, merchandise, bills of lading or other shipping documents, warehouse receipts, insurance policies, certificates and any other property held by, or belonging to, this corporation, with full authority to endorse, assign, transfer or guarantee the same in the name of this corporation, except as restricted by Vermont Statute;

4. Discount any bills receivable or any paper held by this corporation, with full authority to endorse the same in the name of this corporation;

5. Withdraw from banks or authorized brokers/dealers and give receipt for, or authorize banks or authorized brokers/dealers to deliver to bearer or to one or more designated persons, all or any documents and securities or other property held by it, whether held as collateral security or for safekeeping or for any other purpose;

6. Invest funds of System in legal investments as established by Board of Trustees policy;

7. Sell or authorize and request banks, or authorized brokers/dealers to purchase or sell, for the account of this corporation, foreign exchange, stocks, bonds, and other securities;

8. Apply for and receive letters of credit, and execute and deliver all necessary or proper documents for that purpose;

9. Execute and deliver all instruments and documents required in connection with any of the foregoing matters, and to affix the seal of this corporation; and, be it further

RESOLVED, That the President and/or Chief Business Officer, howsoever named (e.g. Vice President of Business Operations, Dean of Administration of each Institution of the System are authorized to do the following:

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

Approved: _______________

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

ITEM 5: Policy Overview

POLICY UPDATES: GIVING AND NAMING OF FACILITIES

The Vermont State Colleges has forty-three separate policies governing finance practices. These policies require periodic review and updating. The Business Affairs Council has undertaken a policy to review each of the finance policies over an eighteen month period. As policy revisions are identified these will be brought to the Finance and Facilities for review and recommendation for approval to the Board of Trustees.

The policies related to naming of facilities and gifts are presented here for your consideration. The changes to the policies include the following:

Policy 412: Endowments, Gifts & Quasi Endowments

1. Changed all references from College to Institution to be inclusive of both college and university naming constructs
2. Added language to consider the wishes of the donor for quasi endowments
3. Increased the endowment threshold from $10,000 to $20,000
4. Clarified the role of the President and Chancellor in making recommendations to the Trustees to make adjustments to quasi endowments
5. Encourages alumni, faculty, and business partners to give generously to the Vermont State Colleges
6. Requires receipt of approval from the President, after consultation with Chancellor and General Counsel, before acceptance of bequests

Policy 413: Naming of Campus Facilities and Properties

1. Added language regarding adhering to the Vermont State Colleges values as academic institutions when naming or renaming facilities and properties
2. Added definitions for “philanthropic” and “honorific” names. All naming proposals must now designate the type of name for facilities
3. Added a length of time someone must be retired from VSC service or deceased before an honorific name may be established
4. Established a minimum length of time an honorific name shall remain in place
5. Added language to allow for an alternate method of recognizing a donor/honoree, or withdrawal of recognition for reasonable grounds

Redline and clean versions of these policies are available following this summary.

ITEM 5A: Policy 412

VERMONT STATE COLLEGES

Manual of Policy and Procedures

Title	Number	Page
ENDOWMENTS, GIFTS & QUASI-ENDOWMENTS	412	1 of 5
	Date	
	06/12/2023	

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PURPOSE

Endowments, Gifts, and Quasi-Endowments are established to provide current and future institution support, supplementing those resources covered by annual operating budgets.

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STATEMENT OF POLICY

1) Definitions: Standardized definitions for Endowments and Quasi-Endowments and Gifts at Vermont State Colleges are contained in Appendix A.

   a. Endowments are separate funds established through gifts, including bequests and memorials, with the intention of producing income for the use of the institution. Endowment principal is not intended to be spent. Customarily, the donor will stipulate the gift to be invested as endowment to produce income, but in the case of a bequest, the gift will be considered a contribution to endowment at the choice of the President.

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   b. Quasi-Endowments are funds that may be treated as Endowment for investment and income-producing purposes, but differ from Endowments in that they are managed by the Trustees of the organization with consideration given to the wishes of the donor. On recommendation of the President and the Chancellor the Board of Trustees may dissolve Quasi Endowments for use by the Institution.

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   c. Gifts are any charitable contributions donated to the VSC or its member Institutions: gifts over $20,000 may qualify as new named Endowments if the donor and the Institution so choose and the Board of Trustees approves. Gifts of any amount may be added to pre-existing Endowment or Quasi-Endowment funds if the donor so chooses. Gifts of any amount may be made to capital, annual and special project purposes in accordance with this policy.

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2) Minimum Thresholds:

a. In order to assure financial viability and growth of the fund considering the cost of managing the fund no new Endowment fund may be established for less than $20,000.

b. Pre-existing Endowment funds under $ 20,000 will be retained by the VSC but donors may be invited to increase their fund to $20,000 or fold it into a more general endowment fund.

c. Each Institution may establish one or more General Endowment funds in order to accept smaller gifts designated for Endowment. The Institution may devise a means of acknowledging the donor that compensates for the fact that the Endowment fund is not a separate, namable fund.

d. Quasi-Endowment funds may be established for $20,000 or more. On the recommendation of the President and the Chancellor, the Trustees may decide to fold these into a General Quasi-Endowment fund three years after the initial gift if the principal is intact, the purposes of the fund match another fund, there is no apparent effort to increase the fund, or if the donor(s) prefer that the gift be treated as Endowment. On recommendation of the President and the Chancellor the Board of Trustees may dissolve Quasi Endowments for use by the Institution.

3) Gift Acceptance: The Board of Trustees of the VSC recognizes the importance of charitable giving to the well-being and future of the organization, and encourages its alumni, community, staff, faculty, business partners, neighbors and other friends to contribute generously to its annual fund, capital campaigns, endowments, and other purposes.

a. VSC and its institutions welcome gifts of cash, publicly traded bonds and stock, insurance policies, real and personal property and pledges, as well as deferred gifts such as trusts, annuities, and bequests.

b. Gifts of cash, securities, and paid insurance policies are accepted immediately upon receipt. Gifts are dated at the time they leave the donor's possession.

c. Gifts of real estate and other property are accepted provided they can be used to advance VSC's mission, or sold by VSC. The customary procedure will be to sell these immediately, but the VSC retains the right to postpone sale. The donor may not stipulate the timing of the sale. Any appraisal and environmental assessments found necessary will be conducted at the expense of the donor prior to gift acceptance unless otherwise approved by the President and Chancellor.

d. Gifts for restricted purposes will be accepted when those restrictions are a component of the VSC or Institution budget or of an active campaign. Major

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gifts, as defined by the institution, for other restricted purposes will be accepted only after the approval of the President or Chancellor and Board of Trustees.

e. VSC may choose not to directly manage gift annuities, and therefore any such gifts must be made with the understanding that a third party, such as the Vermont Community Foundation, may manage the annuity and make income payments directly to the donor.

f. Gifts cannot be applied to individual expenses such as residence fees, tuition, room, board or related expenses for personal benefit of a specific family or individual. Gifts may not be restricted for any purposes contrary to the values or mission of the organization, or for any purposes that would discriminate against any person or groups by reason of race, gender, ethnicity, age, sexual orientation, disability or other basis prohibited by law.

4) Approval Process:

a. All new Endowment and Quasi-Endowment funds must be approved by the VSC Board of Trustees before being established and receiving investments.

b. Before acceptance, bequest gifts must be approved by the President or Chancellor after consultation with VSC General Counsel.

c. All new Endowment Funds and Quasi-Endowment funds must be presented for approval with a letter from the President and a completed New Funding Source Document for review and recommendation by the Finance and Facilities Committee, and by the Chancellor.

5) Reporting:

a. Notice of additions to or changes in established Endowments and Quasi-Endowments shall be provided with quarterly development reports to the Institutions and a comprehensive report of all funds will be submitted to the Institutions annually.

b. Arrangements should be made with donors at the time an Endowment or Quasi-Endowment is established, stipulating the reports they may receive.

6) Acknowledgements:

a. VSC recognizes the importance and propriety of gift acknowledgement by the member Institution.

b. Once each year, each Institution may list all donors whose gifts have been received in the fiscal year in an annual report. At the end of each special campaign, a listing of donors may be published.

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Deleted: Gifts restricted for endowment or another special purpose fund may only be applied to a new named fund if the initial gift is $10,000 or more. Additions to existing named funds will be accepted in any amount.

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Deleted: <#>Notice of additions to and changes in Endowment and Quasi-Endowment should be provided to the appropriate colleges on a quarterly basis.¶

Deleted: <#>No donor of a fund less than $10,000 should expect to receive annual or quarterly detailed reports on income. All donors of Endowment or Quasi-Endowment funds should be informed at least annually of the disposition of income from their fund.

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c. The VSC may from time to time publish a listing of all donors to the VSC as a whole, and to member Institutions.

d. The VSC and member Institutions may maintain Legacy Societies which acknowledges the generosity of those who have left a bequest, or communicated their intention to leave a bequest to the institution; this implies no financial accounting or tax benefit for revocable gifts.

e. Donor requests for anonymity shall always be honored.

f. The VSC may accept gifts with the provision that an endowment or scholarship fund, building, or other property be named in honor of the donor, a member of the donor's family, an honored friend of the organization, or another individual. Such naming opportunities will be in accordance with the VSC Naming of Campus Facilities and Properties Policy and approved by the Board prior to gift acceptance.

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Appendix A

TRUE ENDOWMENTS

REGULAR ENDOWMENT FUNDS : (AICPA Audit Guide)

Funds which stipulate retention and investment in perpetuity, by donors or other outside agencies who also authorize expending investment proceeds and/or adding to principal.

GIFTS

UNRESTRICTED GIFTS :

Funds or items given by donors or other outside agencies, that are not appropriate to be endowed and use of which is not stipulated by the giver(s).

RESTRICTED GIFTS

Funds or items given by donors or other outside agencies, that are not appropriate to be endowed but use of which is stipulated by the giver.

QUASI-ENDOWMENTS

UNRESTRICTED QUASI-ENDOWMENT FUNDS: (AICPA Audit Guide)

Funds which stipulate retention and investment, but by the governing board rather than donors or other outside agencies. Internally vs. externally stipulated use means the governing board has the right to decide at any time to expend the principal. Source of funds proposed for establishing an unrestricted quasi-endowment should be current unrestricted.

RESTRICTED QUASI-ENDOWMENT FUNDS: (NACUBO Accounting Guide)

Funds which have donors or other outside agencies specifying how a gift is to be used but not when, thus allowing the governing board to set up a restricted quasi-endowment to optimize long-term investment. Income from such investments is automatically limited to the operating purposes to which the original gift was restricted.

VERMONT STATE COLLEGES

Manual of Policy and Procedures

Title	Number	Page
ENDOWMENTS, GIFTS & QUASI-ENDOWMENTS	412	1 of 5
	Date 06/12/2023	

PURPOSE

Endowments, Gifts, and Quasi-Endowments are established to provide current and future institution support, supplementing those resources covered by annual operating budgets.

STATEMENT OF POLICY

1) Definitions: Standardized definitions for Endowments and Quasi-Endowments and Gifts at Vermont State Colleges are contained in Appendix A.

   a. Endowments are separate funds established through gifts, including bequests and memorials, with the intention of producing income for the use of the institution. Endowment principal is not intended to be spent. Customarily, the donor will stipulate the gift to be invested as endowment to produce income, but in the case of a bequest, the gift will be considered a contribution to endowment at the choice of the President.

   b. Quasi-Endowments are funds that may be treated as Endowment for investment and income-producing purposes, but differ from Endowments in that they are managed by the Trustees of the organization with consideration given to the wishes of the donor. On recommendation of the President and the Chancellor the Board of Trustees may dissolve Quasi Endowments for use by the Institution.

   c. Gifts are any charitable contributions donated to the VSC or its member Institutions: gifts over $20,000 may qualify as new named Endowments if the donor and the Institution so choose and the Board of Trustees approves. Gifts of any amount may be added to pre-existing Endowment or Quasi-Endowment funds if the donor so chooses. Gifts of any amount may be made to capital, annual and special project purposes in accordance with this policy.

2) Minimum Thresholds:

a. In order to assure financial viability and growth of the fund considering the cost of managing the fund no new Endowment fund may be established for less than $20,000.
b. Pre-existing Endowment funds under $ 20,000 will be retained by the VSC but donors may be invited to increase their fund to $20,000 or fold it into a more general endowment fund.
c. Each Institution may establish one or more General Endowment funds in order to accept smaller gifts designated for Endowment. The Institution may devise a means of acknowledging the donor that compensates for the fact that the Endowment fund is not a separate, namable fund.
d. Quasi-Endowment funds may be established for $20,000 or more. On the recommendation of the President and the Chancellor, the Trustees may decide to fold these into a General Quasi-Endowment fund three years after the initial gift if the principal is intact, the purposes of the fund match another fund, there is no apparent effort to increase the fund, or if the donor(s) prefer that the gift be treated as Endowment. On recommendation of the President and the Chancellor the Board of Trustees may dissolve Quasi Endowments for use by the Institution.

3) Gift Acceptance: The Board of Trustees of the VSC recognizes the importance of charitable giving to the well-being and future of the organization, and encourages its alumni, community, staff, faculty, business partners, neighbors and other friends to contribute generously to its annual fund, capital campaigns, endowments, and other purposes.

a. VSC and its institutions welcome gifts of cash, publicly traded bonds and stock, insurance policies, real and personal property and pledges, as well as deferred gifts such as trusts, annuities, and bequests.
b. Gifts of cash, securities, and paid insurance policies are accepted immediately upon receipt. Gifts are dated at the time they leave the donor’s possession.
c. Gifts of real estate and other property are accepted provided they can be used to advance VSC’s mission, or sold by VSC. The customary procedure will be to sell these immediately, but the VSC retains the right to postpone sale. The donor may not stipulate the timing of the sale. Any appraisal and environmental assessments found necessary will be conducted at the expense of the donor prior to gift acceptance unless otherwise approved by the President and Chancellor.
d. Gifts for restricted purposes will be accepted when those restrictions are a component of the VSC or Institution budget or of an active campaign. Major

gifts, as defined by the institution, for other restricted purposes will be accepted only after the approval of the President or Chancellor and Board of Trustees.

e. VSC may choose not to directly manage gift annuities, and therefore any such gifts must be made with the understanding that a third party, such as the Vermont Community Foundation, may manage the annuity and make income payments directly to the donor.

f. Gifts cannot be applied to individual expenses such as residence fees, tuition, room, board or related expenses for personal benefit of a specific family or individual. Gifts may not be restricted for any purposes contrary to the values or mission of the organization, or for any purposes that would discriminate against any person or groups by reason of race, gender, ethnicity, age, sexual orientation, disability or other basis prohibited by law.

4) Approval Process:

a. All new Endowment and Quasi-Endowment funds must be approved by the VSC Board of Trustees before being established and receiving investments.

b. Before acceptance, bequest gifts must be approved by the President or Chancellor after consultation with VSC General Counsel.

c. All new Endowment Funds and Quasi-Endowment funds must be presented for approval with a letter from the President and a completed New Funding Source Document for review and recommendation by the Finance and Facilities Committee, and by the Chancellor.

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a. VSC recognizes the importance and propriety of gift acknowledgement by the member Institution.

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e. Donor requests for anonymity shall always be honored.

f. The VSC may accept gifts with the provision that an endowment or scholarship fund, building, or other property be named in honor of the donor, a member of the donor's family, an honored friend of the organization, or another individual. Such naming opportunities will be in accordance with the VSC Naming of Campus Facilities and Properties Policy and approved by the Board prior to gift acceptance.

Appendix A

TRUE ENDOWMENTS

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ITEM 5B: Policy 413

VERMONT STATE COLLEGES

Manual of Policies and Procedures

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NAMING OF CAMPUS FACILITIES AND PROPERTIES	413	1 of 3
	Date 06/12/2020	

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PURPOSE AND PRINCIPLES
The purpose of this policy is to provide a review process for naming or renaming properties owned or leased by the Vermont State Colleges that reflects the values of higher education and the Vermont State Colleges in particular. The principles guiding the naming and re-naming of spaces and programs should reflect our values as academic institutions. In fulfillment of these principles and in seeking to avoid improper influence and conflict of interest, each institution is committed to due diligence in the implementation of its naming policies and procedures.

STATEMENT OF POLICY

1. **Authority**

Major Facilities. The Vermont State Colleges Board of Trustees shall approve names for major facilities. Major facilities include but are not limited to all buildings; major portions of buildings; college streets or roads or pathways; sport fields and other areas of major assembly or activity; large areas of campus circulation; and all other highly visible facilities and properties.

While the Board possesses final authority to approve the naming of major facilities, no proposal to name such a facility will be sent forward from a college without the positive recommendation of the president and concurrence of the Chancellor.

Minor Facilities. The Presidents have the authority to name minor facilities in consultation with and approval from the Chancellor. Minor facilities include but are not limited to individual rooms, limited areas and individual items or features owned or leased within buildings, individual landscape items or features, limited outdoor areas, and other minor properties.

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2. **Criteria for Selection of Names**
   The name selected shall:

   a. Designate the function of a facility or property.
   b. Reflect natural or geographic features.
   c. Reflect a traditional theme of the college, and/or
   d. Honor an individual or an organization that has made a significant contribution to the VSC, higher education in general, or public service .

   Facilities and properties may be named for individuals or organizations responsible for a "substantial gift" benefiting the college, which shall be known as "Philanthropic" names. The term "substantial gift" may include personal services as well as monetary or in-kind gifts.

   When a proposal for naming in honor of an individual involves service to the VSC or college in an academic or administrative capacity, known as "Honorific" names, a proposal shall not be made until the individual has been retired or deceased for at least five (5) years. No facility or property will be named after seated, elected or appointed officials while they are actively serving their term of office.

3. **Procedures for Naming a Facility**
   Proposals for naming a major facility may be initiated by any college via its President, the Chancellor, or by the Board of Trustees. The proposal shall designate the name as either Honorific or Philanthropic, be formulated in accordance with the criteria set forth in this policy, and shall include a detailed justification for the proposed name. All proposals must be cleared with the VSC General Counsel to help assure legal and technical priority.

   The Chancellor must agree that a facility naming proposal meets the criteria outlined in this policy, to be considered by the Board of Trustees. Major Facility Naming Proposals meeting the preceding requirements will be forwarded to the Finance and Facilities Committee for review and potential recommendations to the full Board for approval.

   The Chancellor has approval authority for Minor Facilities.

4. **Temporary Names**
   Temporary names are permitted unless and until a permanent name is sought in accordance with this policy.

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<#>Temporary names are permitted unless and until a permanent name is sought in accordance with this policy. ¶
<#>¶
<#>**Permanency of Names**¶

Deleted: <#>As a general rule, once a facility is permanently named, it receives a designation that lasts its lifetime. Demolition or sale of a facility, however, ends its official name, although the old name would then be available for naming a replacement or different facility. ¶
<#>¶
<#>In those circumstances when a name is to be removed from an existing major or minor facility, approval must be sought through exactly the same procedures as are required for naming a facility as identified in item 5 below.¶
<#>¶

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5. **Permanency of Names**

   Approved Philanthropic names will generally remain on and associated with the facility or program for its lifetime, while approved Honorific names shall remain in place at least twenty (20) years. In the event of changed circumstances, including but not limited to the substantial change of a facility or program or inconsistency with the principles of the Vermont State Colleges, the Board of Trustees reserves the right to provide an alternate method of recognizing the donor or honoree or withdraw recognition on reasonable grounds.

   Discussions with individuals, families, and entities for whom Philanthropic and Honorific naming is contemplated must be conducted with the understanding that the Board of Trustees reserves final approval of the naming.

6. **Waiver of Policy**

   In special circumstances, the Board of Trustees may waive any or all of the above criteria.

7. **Confidentiality**

   Confidentiality will be maintained throughout the process of evaluating any proposals for naming campus facilities and properties, including explanations of either decision for approval or rejection.

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Signed by:

Robert G. Clarke, Chancellor

VERMONT STATE COLLEGES

Manual of Policies and Procedures

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Signed by: Robert G. Clarke

Robert G. Clarke, Chancellor

ITEM 6: Facilities Presentations

FACILITIES UPDATES

At the meeting the committee will receive updates on facilities from Community College of Vermont and Vermont State University.

Community College of Vermont

President Judy will provide an overview of current CCV facilities, as well as a history of the evolution of CCV's physical footprint. She will provide information on facility locations, ownership, partnerships, and lease terms. She will also provide several recent examples of how CCV has adjusted its physical footprint to respond to enrollment patterns.

Vermont State University

In early May the facilities master plan kicked-off at Vermont State University. Gregory Janks and Ricardo Dumont from DumontJanks, the firm selected to lead this critical effort, will join the committee to share information about the process they are employing, the project's schedule, and expected deliverables.

DumontJanks of Boston was selected after a competitive request for proposal process and was selected for their knowledge and experience working on similar projects. Their firm designs ideas, landscapes, strategies, and buildings for campuses and cities. Their goal is to make planning agile and data informed, capable of supporting decision making in complex environments, and to express bold ideas through beautiful design, restoring the mutually supportive nature of landscapes, buildings, and communities

Gregory Janks helps colleges and universities make strategic decisions. His work includes campus frameworks and master planning, strategic planning, financial analysis and resource allocation models, academic planning, space use analysis and programming, planning for academic medical centers, student and residential life studies, and a focus on how analytics can best support decision making.

Ricardo Dumont, co-founder of DumontJanks, trained as a landscape architect and architect. Ricardo's extensive institutional planning and design experience includes award-winning frameworks, master plans, urban design projects, and built work for over 75 institutions. His public and private urban development work includes planning, urban design, and built work for mixed-use and residential projects. His rural agricultural background has led to a strong understanding, beliefs, and work portfolio in large land preserves. He has also worked extensively with the large land resources of American colleges, universities, and land grant agricultural schools.

Slides from these presentations will be shared during the meeting and will be available on the Vermont State Colleges website post-meeting.