



**VERMONT**

— STATE COLLEGES SYSTEM —



# FY2024 Budget

Finance & Facilities Committee

May 22, 2023



# Budget Adjustments since Second Pass Review

- \$578K adjustment for materials circulation in the VSC Libraries.
- Retiree healthcare shown as a separate line and reported in the Shared Services budget
- Debt repayment fully included in budget
- VTSU enrollment based on best available information, performance is still highly variable

# State Appropriation

- New formula for FY2024
- Drives funding to proportional need for academics and administration
- Moves key costs out of institution budgets and directly onto the appropriation including:
  - Retiree Healthcare
  - Economic Stabilization
  - System-wide “corporate” functions
- Allocation of available appropriation is 25% CCV and 75% VTSU

# Change in Appropriation Received FY2023-FY2024

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

Due to the new formula:

- CCV will receive \$40K more in appropriation
- VTSU will receive \$4.5M less in appropriation

# Change in Appropriation at \$40.5M FY2023- FY2024

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

In FY2023, CCV exchanged \$971K of its medical reserve for \$971 in state appropriation

Had they received the appropriation on the same basis as VTSU, CCV would see an increase an increase \$1M from FY2023

# Historical Appropriation by Institution

Fiscal Year	Base (1)	CCV		VTSU	
		\$	% 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

Change in percent of appropriation received FY2020 to FY2024 is due to some expenses moving directly out of the institution's budgets

# Change in Appropriation Received FY2020 to FY2024

<b>Fiscal Year</b>	<b>Base (1)</b>	<b>CCV</b>	<b>VTSU</b>
\$ Change FY2020 to FY2024	17,500	2,678	2,437
% Change FY2020 to FY2024	58%	44%	10%

Approximately 4% of the appropriation is retained to cover retiree healthcare, economic stabilization, strategic initiatives, and corporate functions

# Change in Value of Appropriation to Institutions FY2023 to FY2024

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



# RESTATED: Historical Appropriation by Institution

Fiscal Year	Base (1)	CCV		VTSU	
		\$	% 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 Adjusted (3)	47,572	9,903	20.8%	35,378	74.4%

(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

Change in percent of appropriation received FY2020 to FY2024 after adjustments for changes to formula

# Sample Expense Share

Sample Services	FY24 Budget	Allocation Method	CCV	VTSU
Duo Security (purchased from SHI)	40,000	Student Headcount	56.0%	44.0%
Ellucian	601,985	Faculty + Staff Headcount	31.2%	68.8%
Ultimate (UKG)	703,836	# of Active Ees in prior fiscal year	21.8%	78.2%
Educational Networks of America (Zoom)	32,634	Student FTE	38.9%	61.1%
Replacement Network Equipment	408,060	Network Infrastructure	9.9%	90.1%
Entrinsik	31,788	Staff Headcount	29.1%	70.9%
External Audit Annual	176,000	Total Entity Expenses	20.3%	79.7%
External Audit - Perkins Wind Down	36,000	VTSU	0.0%	100.0%

- Allocation method most closely matches cost driver and distributed proportionately.
- Each allocation method is derived from data such as student headcount and is recalculated annually

# Shared Services Comparison FY2023 to FY2024

	CCV	VTSU	VSCS
FY2023 Shared Expenses	3,717	12,228	15,945
FY2024 Shared Expenses	5,347	11,658	17,005
<b>Change in Shared Expenses</b>	<b>(1,630)</b>	<b>570</b>	<b>(1,060)</b>
% of FY2023 Expenses	23.3%	76.7%	
% of FY2024 Expenses	31.4%	68.6%	

Beginning in FY2024, CCV is responsible for a larger proportion of Shared Services due to the new methodology

# Net Effect of Appropriation & Shared Services FY2024

	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)
<b>(5) FY2023 General Fund Available for use by Institution</b>	<b>4,029</b>	<b>10,428</b>	<b>14,457</b>
<hr style="border: 2px solid black;"/>			
(6) FY2024 General Fund Allocation	8,797	26,391	35,188
(7) FY2024 Shared Expenses	5,347	11,658	
<b>(8) FY2024 General Fund available for use by Institution</b>	<b>3,450</b>	<b>14,733</b>	<b>35,188</b>
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<b>(9) Difference in net available funds FY23 to FY24</b>	<b>(579)</b>	<b>4,305</b>	<b>20,731</b>

- CCV's increase is addressed by a transfer from Chancellor
- Careful service select can drive down costs



# FY2024 System-Wide Budget

	FY2023 Budget	FY2023 Forecast	FY2024 Proposal
<b>TOTAL REVENUES</b>	183,200	192,143	160,645
<b>TOTAL EXPENSES</b>	184,278	183,639	180,105
<b>NET REVENUES/(DEFICIT)</b>	<u>(1,078)</u>	<u>8,504</u>	<u>(19,460)</u>
<b>ONE-TIME FUNDS</b>			
Bridge Funding	-	-	9,000
Prior Year Appropriation	-	-	5,000
Strategic, IT Equipment	-	-	2,017
<b>TOTAL ONE-TIME FUNDS</b>	-	-	16,017
<b>TOTAL OPERATING RESULT</b>	<u>(1,078)</u>	<u>8,504</u>	<u>(3,443)</u>

- \$19.46M total deficit
- Funded by:
  - FY2024 Bridge
  - Prior year appropriation
  - IT Equipment Reserve
  - Strategic Reserve
  - Prior year bridge

# FY2024 System-Wide Revenues

	FY2023 Budget	FY2023 Forecast	FY2024 Proposal
<b>REVENUES</b>			
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
<b>TOTAL REVENUES</b>	<b>183,200</b>	<b>192,143</b>	<b>160,645</b>

- Tuition & Fees lower due to VTSU's tuition change & enrollment
- State appropriation lower due to change in bridge funding amount and how it is recorded

# FY2024 System-Wide Expenses

	FY2023 Budget	FY2023 Forecast	FY2024 Proposal
<b>EXPENSES</b>			
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
<b>TOTAL EXPENSES</b>	<b>184,278</b>	<b>183,639</b>	<b>180,105</b>

- New expenses recorded as part of budget:
  - IT equipment replacement
  - Economic stabilization
  - Strategic Initiatives
- Reduced by payoff of 2013 Revenue Bonds

# Office of the Chancellor Budget

	FY2023 Budget	FY2023 Forecast	FY2024 Proposal
<b>REVENUES</b>			
Tuition and Fees	-	1	-
State Appropriation	20,645	20,146	3,518
Other Revenue	-	261	-
<b>TOTAL REVENUES</b>	<b>20,645</b>	<b>20,408</b>	<b>3,518</b>
<b>EXPENSES</b>			
Salaries and Benefits	4,923	5,437	843
Services, Supplies, Travel	5,598	5,628	255
Scholarships	-	613	-
Utilities	-	73	20
Other Expenses	4,575	4,408	3,795
Chancellor's Office	(10,521)	(10,521)	-
Other Transfers	(5,096)	(4,887)	(2,978)
Strategic Initiatives (3%)	-	-	1,440
Economic Stabilization (2%)	-	-	960
<b>TOTAL EXPENSES</b>	<b>(521)</b>	<b>751</b>	<b>4,335</b>
<b>NET REVENUES/(DEFICIT)</b>	<b>21,166</b>	<b>19,657</b>	<b>(817)</b>

- Salaries & benefits includes only corporate functions
- Economic stabilization and strategic initiatives shown here. Funds will move to the reserves
- The \$817K to bridge CCV to the new model is reflected on the transfer line



# Shared Services Budget

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

- Retiree Healthcare and the associated appropriation recorded in Shared Services
- Expenses are split approximately equally between personnel and supplies, services, and equipment
- IT equipment reserve is funding \$1.2M of equipment replacement