

## 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:** August 17, 2023

**SUBJECT:** Finance and Facilities Committee Meeting scheduled for August 21, 2023

The Finance and Facilities Committee of the VSC Board of Trustees is scheduled to meet at 1:00 p.m. on Monday, August 21, 2022. This meeting will be held via Zoom.

In addition to review and approval of the minutes of the May 22, 2023 meeting. The Committee has one item requiring action, two items requiring review and discussion, and an executive session.

Up for action is review and approval of **Policy 435: Financial Conflict of Interest in Research**. The proposed policy revisions are necessary for compliance with federal regulations. Betsy Ward, Director of Grant Development and Award Monitoring for Vermont State University, will be on hand to provide a brief summary of the changes and answer your questions.

The Committee will then receive an update on **FY2023 unaudited financial results** as well as an early look at **FY2024 enrollment**. This will be followed by an update from DumontJanks, the firm leading **Vermont State University's facilities master plan**. The meeting will conclude with an executive session in which the Committee will receive confidential attorney-client communication regarding a potential contract. No formal action is expected to be taken upon exiting the executive session.

Should you have any questions regarding these materials please contact me at [Sharron.Scott@vsc.edu](mailto:Sharron.Scott@vsc.edu) or 802.224.3022.

**CC:** VSCS Board of Trustees, Council of Presidents, Business Affairs Council

# Finance and Facilities Committee

August 21, 2023  
1:00 p.m. via Zoom

## AGENDA

1. Call to Order
2. Public Comment – signup for public comment at [www.vsc.edu/signup](http://www.vsc.edu/signup).<sup>1</sup>
3. **Review & Approve:** Minutes of the May 22, 2023, Finance & Facilities Committee meeting.
4. **Review & Approve:** *Policy 435: Financial Conflict of Interest in Research*
5. **Review:** FY2023 Unaudited Financial Results & FY2024 Enrollment Forecast
6. **Review:** Vermont State University Facilities Master Plan Progress with DumontJanks
7. **Executive Session**
8. Other Business
9. Adjourn

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<sup>1</sup> 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:** May 22, 2023 Finance and Facilities Minutes

**ITEM 2:** Policy 435: Financial Conflict of Interest in Research

**ITEM 3:** FY2023 Unaudited Financial Results & FY2024 Enrollment Forecast

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**ITEM 1:      May 22, 2023 Minutes**

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**Minutes of the VSCS Board of Trustees Finance and Facilities Committee meeting held  
Monday, May 22, 2023 at 2:30 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, May 22, 2023 via Zoom.

Committee members present: David Silverman (Chair), Shawn Tester (Vice Chair), Lynn Dickinson, David Durfee, Bob Flint, Bill Lippert, Sue Zeller

Other Trustees Present: Megan Cluver, Karen Luneau, Mary Moran

Presidents: Joyce Judy, Mike Smith

Chancellor's Office Staff: Wilson Garland, Director of Transformation Projects  
Jen Porrier, Administrative Director  
Sharron Scott, Chief Financial and Operating Officer  
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  
Meg Walz, Director, Project Management

From the Colleges: Nolan Atkins, Provost, Northern Vermont University  
Kelley Beckwith, Vice President of Student Success, Castleton University  
Nicole Mace, Dean of Administration, Community College of Vermont  
Maurice Ouimet, Vice President of Admissions, Castleton University  
Lauren Philie, Assistant Vice President, Institutional Advancement & Alumni Relations, Northern Vermont University  
David Rubin, Dean of Administration, Vermont Technical College  
Dannielle Spring, Chief Budget & Finance Officer, Northern Vermont University

David Tabaruka, Controller, Community College of Vermont  
Littleton Tyler, Assistant Vice President, Finance & Compliance,  
Vermont State University  
Beth Walsh, President, VSCUP, Northern Vermont University

From the Public: Ricardo Dumont, Landscape Architect/Co-Founder, DumontJanks  
Gregory Janks, Analytics/Co-Founder, DumontJanks

1. Chair Silverman called the meeting to order at 2:30 p.m.
2. Public Comment

Beth Walsh expressed concern that the facilities planning work not assume that current levels of enrollment will not increase in the future. Beth also requested that the Board consider providing a virtual option for its in-person meetings.

3. Approve April 17, 2023 Meeting Minutes

**Trustee Dickinson moved and Trustee Tester seconded the motion to approve the minutes. Trustee Lippert identified that the minutes did not reflect the committee's request to isolate retiree healthcare from wages and benefits. The motion was amended to reflect this change in the minutes of the April 17, 2023 meeting. After amendment, the motion to accept the minutes with the revision was approved unanimously.**

4. Review and Approve: Nursing Grant Proposal

Vermont State University President Mike Smith informed the committee that VTSU's nursing program has secured \$6.3 million in federal funding, through Senator Leahy, to expand its infrastructure and provide additional nursing seats across the state of Vermont. Further information on this grant proposal can be found [here](#).

**Trustee Tester moved and Trustee Lippert seconded the motion to recommend to the Board the approval of the Nursing Grant Proposal request. The motion was approved unanimously.**

5. Review and Approve: FY2024 Budget

Chief Financial and Operating Officer Sharron Scott gave an overview of the proposed FY2024 budget. This is the third review of the budget by this committee. Details of the budget proposal can be found [here](#) on pages 13-47. CFOO Scott's presentation can be found [here](#).

**Trustee Zeller moved and Trustee Dickinson seconded the motion to recommend to the Board the approval of Resolution 2023-006, FY2024 VSC Annual Operating Budget. The motion was approved unanimously.**

6. Review and Approve: Policy Revisions
  - a. Policy 412: Endowments, Gifts, & Quasi Endowments
  - b. Policy 413: Naming of Campus Facilities & Properties

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 54-72.

**Trustee Tester moved and Trustee Zeller seconded the motion to recommend to the Board the approval of Policy 412: Endowments, Gifts, & Quasi Endowments, and Policy 413: Naming of Campus Facilities & Properties. The motion was approved unanimously.**

7. Review and Approve: Annual Banking and Investment Resolution

Chair Silverman explained that this standard annual resolution allows the VSC managers to conduct banking and investing activities on behalf of the system.

**Trustee Dickinson moved and Trustee Lippert seconded the motion to recommend to the Board the approval of Resolution 2023-007, Annual Banking and Investment Resolution. The motion was approved unanimously.**

8. Facilities Presentations

Chair Silverman stated that there would be a presentation from each institution regarding facilities and turned first to Greg Janks and Ric Dumont from DumontJanks.

- a. Vermont State University Facilities Master Plan

Greg Janks and Ric Dumont provided an overview and initial impressions of Vermont State University campuses and how their firm will begin the process of approaching the VTSU Facilities Master Plan. You can view the presentation [here](#).

- b. CCV Facilities

Community College of Vermont President Judy began by introducing David Tabaruka, CCV's Controller, and welcomed Nicole Mace, CCV's newly appointed Dean of Administration. President Judy provided an overview of CCV's physical facilities in Vermont and discussed the importance of location and visibility. President Judy explained CCV frequently assesses its facilities' needs in light of changing demographics and access demands to ensure that CCV is not using its student tuition to pay for unnecessary space. You can view the presentation [here](#).

9. Other Business

There was no other business.

Chair Silverman adjourned the meeting at 4:23 p.m.

UNAPPROVED



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**ITEM 2:**  
**Policy 435: Financial Conflict of Interest in Research**

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**POLICY 435: FINANCIAL CONFLICT OF INTEREST IN RESEARCH**

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The Vermont State Colleges adopted a *policy on financial conflict of interest in research* in 2019 to comply with the Department of Health and Human Services regulation 42 CFR Part 50. The VSC also needed a research misconduct policy to comply with CFR 42.93.103, a requirement for having Institutional Review Board approval by HHS. To comply with this second regulation Castleton University and Northern Vermont University had their own research misconduct policies. A final regulatory requirement – to have a policy on the responsible conduct of research is needed to comply with National Institutes of Health and National Science Foundation requirements.

The revised ***Policy 435: Financial Conflict of Interest in Research*** policy addresses all three requirements. In addition to the policy, new implementing procedures have been drafted to comport with the updated policy. The procedures do not require approval from the Committee.

Betsy Ward, Director of Grant Development and Award Monitoring at Vermont State University and previously Grants Compliance Officer for the Vermont State Colleges System, has worked with individuals throughout the VSCS to revise the policy to meet the federal standards.

The policy revisions are extensive, requiring a complete rewrite of the document. Therefore, instead of providing the committee with a redlined copy of the draft policy followed by a clean copy of the draft policy, we are sharing a clean copies of both the draft and original policy for your review.

Betsy Ward will be at the meeting and will provide a brief summary of the revisions to the policy as well as answer any questions you may have.

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**REVISED POLICY**  
**435: Financial Conflict of Interest in Research**

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## Manual of Policy and Procedures

<b>EXTERNALLY FUNDED RESEARCH</b>	Number 435	Page
	Date <b>09/XX/2023</b>	

A. Definition

As defined by 42 CFR 50, “research” means a systematic investigation, study, or experiment designed to develop or contribute to generalizable knowledge. The term encompasses basic and applied research (e.g., a published article, book, or book chapter) and product development (e.g., a diagnostic test or drug.)

B. Policy Regarding Externally Funded Research

Individuals conducting research with external funds are required to comply with the following:

1. Financial Conflict of Interest in Research: To promote objectivity in research and to ensure, to the extent possible, that the design, conduct, or reporting of research is not compromised by a researcher’s conflicting financial interests, the VSC takes steps to mitigate real or perceived financial conflicts of interest associated with externally funded research. These steps are outlined in the procedures.

Individuals at VSC institutions who conduct research are required to disclose whether they, their spouse or partner, and/or their dependent children hold any significant financial interests that might bias their research. Designated officials shall review financial disclosure statements and determine whether a financial conflict of interest exists. If a financial conflict of interest is identified, the VSC shall appropriately manage, reduce, or eliminate the conflict.

*See the Chancellor’s Procedures for Implementation of Policy 435: Financial Conflict of Interest in Research.*

2. Research Standards: To ensure that research undertaken at its institutions is conducted in an objective and ethical manner, the VSC has established research standards that

comply with federal regulations pertaining to responsible and ethical conduct of research, research on human subjects, and research involving animals.

a) Responsible and Ethical Conduct of Research

The VSC expects that all faculty, staff, and students in the system who are involved with research will follow ethical and professional standards. To ensure that participants in funded research receive training on how to ethically conduct research, the VSC maintains a Responsible and Ethical Conduct of Research plan. See the *Chancellor's Procedures for Implementation of Policy 435: Responsible and Ethical Conduct of Research*.

b) Research Involving Human Subjects

To protect human subjects from physical, psychological, or social injury resulting from research, each VSC institution maintains a process for reviewing and approving research requests that involve human subjects. Anyone planning to conduct research on human subjects must receive institutional approval before beginning work on the project. Institutions with Institutional Review Boards will comply with the U.S. Department of Health and Human Services regulations 45 CFR 46 – Protection of Human Subjects and 21 CFR 56 – Institutional Review Boards.

c) Research Involving Animals

The USDA and the Office of Laboratory Animal Welfare at the National Institutes of Health have established regulations and guidelines for the use of animals in research. The VSC requires that investigators comply with these regulations and guidelines if they use animals in their research.

3. Research Misconduct: The VSC expects that research performed at member institutions will be conducted with integrity and honesty. Institutions will promptly investigate all cases of alleged or apparent misconduct in research. The process for this is spelled out in the procedures. As defined by the U.S. Department of Health and Human regulation CFR 42.93.103, “research misconduct” means fabrication, falsification, or plagiarism in proposing, performing, or reviewing research, or in reporting research results. Research misconduct does not include honest errors or differences of opinion. See the *Chancellor's Procedures for Implementation of Policy 435: Research Misconduct*

Signed by:

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Sophie Zdatny, Chancellor

Date	Version	Revision	Approved By

DRAFT

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**REVISED IMPLEMENTING PROCEDURES**

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## VERMONT STATE COLLEGES SYSTEM

### CHANCELLOR'S PROCEDURES FOR IMPLEMENTATION OF POLICY 435: *FINANCIAL CONFLICT OF INTEREST IN RESEARCH*

#### I. PURPOSE

The following procedures are adopted pursuant to Vermont State Colleges Policy 435, *Externally Funded Research*, and outline the steps for identifying and responding to a financial conflict of interest in externally funded research. These procedures are to be read to comply with all federal and state legal requirements, VSC Policy 408 and other applicable VSC policies.

These procedures apply to all VSC faculty and staff involved in applying for or carrying out externally funded research. The procedures are meant to comply with the requirements of the Department of Health and Human Services regulation [42 CFR Part 50, Subpart F, "Promoting Objectivity in Research."](#) Following federal regulations, the procedures do **not** apply to Phase I Small Business Innovative Research (SBIR) and Small Business Technology Transfer (STTR) programs. The procedures do apply, however, to Phase II SBIR/STTR programs.

#### II. DEFINITIONS

As established by 42 CFR § 50.605, the following definitions are used in this policy:

**"Designated Institutional Official"** means the person(s) that the VSC institution has designated to review disclosures of significant financial interests. Unless otherwise elsewhere stated, this term shall mean the President, or designee, for each member institution, and the Chancellor, or designee, for the VSC system.

**"Financial Conflict of Interest"** means a significant financial interest that could directly and significantly affect the design, conduct, or reporting of research funded by non-institutional sources.

**"Financial Interest"** means anything of monetary value, whether or not the value is readily ascertainable, including, but not limited to: salary or other payments for services (e.g., consulting fees, honoraria, or paid authorships for other than scholarly works); any equity interests (e.g., stocks, stock options, or other ownership interests); and intellectual property rights and interests (e.g., patents, trademarks, service marks, and copyrights), upon receipt of royalties or other income related to such intellectual property rights and interests.

**"Institutional Responsibilities"** means an investigator's professional responsibilities on behalf of their VSC institution. Examples include activities such as research, research consultation,



teaching, professional practice, institutional committee memberships, and service on panels such as Institutional Review Boards.

**“Investigator”** means the project director or principal investigator and any other person, regardless of title or position, who is responsible for the design, conduct, or reporting of research.

**“Manage”** means taking action to address a financial conflict of interest, which can include reducing or eliminating the financial conflict of interest, to ensure, to the extent possible, that the design, conduct, and reporting of research will be free from bias.

**“PHS”** means the Public Health Service, the primary division of the U.S. Department of Health and Human Services.

**“PHS Awarding Component”** means the organizational unit of the PHS that provides funding for research. The following agencies award PHS funds: National Institutes of Health (NIH), Food and Drug Administration (FDA), Substance Abuse and Mental Health Services Administration (SAMHSA), Agency for Healthcare Research & Quality (AHRQ), Agency for Toxic Substances and Disease Registry (ATSDR), Centers for Disease Control and Prevention (CDC), Health Resources and Services Administration (HRSA), Indian Health Service (IHS), Office of Global Affairs (OGA), Office of the Assistant Secretary for Preparedness and Response (OASPR), and Office of the Assistant Secretary for Health (ASH).

**“PHS-Funded Investigator”** refers to a researcher receiving funding from any federal agencies that award PHS funds.

**“Principal Investigator”** means the person in charge of a research grant.

**“Research”** means a systematic investigation, study, or experiment designed to develop or contribute to generalizable knowledge. The term encompasses basic and applied research (e.g., a published article, book or book chapter) and product development (e.g., a diagnostic test or drug).

**“Significant Financial Interest”** means a financial interest consisting of one or more of the following interests of the investigator, the investigator’s spouse or partner, and/or dependent children that reasonably appears to be related to the investigator's institutional responsibilities:

- A. With regard to any publicly traded entity, a *significant financial interest* exists if the value of any remuneration received from the entity in the twelve months preceding the disclosure and the value of any equity interest in the entity as of the date of disclosure, when aggregated, exceeds \$5,000. For purposes of this definition, remuneration includes salary and any payment for services not otherwise identified as salary (e.g., consulting fees, honoraria, paid authorship); equity interest includes any stock, stock option, or other

ownership interest, as determined through reference to public prices or other reasonable measures of fair market value;

- B. With regard to any non-publicly traded entity, a *significant financial interest* exists if the value of any remuneration received from the entity in the twelve months preceding the disclosure, when aggregated, exceeds \$5,000, or when the investigator (or the investigator's spouse or dependent children) holds any equity interest (e.g., stock, stock option, or other ownership interest); or
- C. Intellectual property rights and interests (e.g., patents, copyrights), upon receipt of income related to such rights and interests;
- D. **For PHS-funded investigators only:** any travel expenses reimbursed directly to an investigator or paid directly on the investigator's behalf, regardless of amount of value, that is related to the investigator's institutional responsibilities, excluding travel that is reimbursed or paid by a federal, state, or local government agency, an institution of higher education, an academic teaching hospital, a medical center, or a research institute that is affiliated with an institution of higher education. This requirement only applies to investigators using PHS funding.

The term *Significant Financial Interest* does not include the following types of financial interests:

- A. Salary, royalties (including intellectual property rights and agreements to share in royalties related to those rights), or other remuneration paid by the VSCS to the investigator if the investigator is currently employed or appointed by the VSC;
- B. Income from investment vehicles, such as mutual funds and retirement accounts, as long as the investigator does not directly control the investment decisions made in these vehicles;
- C. Income from seminars, lectures, or teaching engagements sponsored by a federal, state, or local government agency, a domestic institution of higher, an academic teaching hospital, a medical center, or a research institute that is affiliated with an institution of higher education;
- D. Income from service on advisory committees or review panels for a federal, state, or local government agency, an institution of higher education, an academic teaching hospital, a medical center, or a research institute that is affiliated with an institution of higher education.

### III. PROCEDURES

A. Training

Each institution's Office of Sponsored Programs, or its equivalent office, shall inform each principal investigator (PI) of the VSC's policy on financial conflicts of interest and the PI's responsibilities regarding disclosure of significant financial interests.

The VSC shall require all investigators conducting research to complete training on this policy prior to engaging in research and at least every four years after that. The Office of Sponsored Programs, or equivalent office, at each institution will track the training renewal dates and notify the PIs. The VSC shall also require investigators to complete the training if the VSC materially revises its financial conflict of interest policies or procedures, if a PI is new to a VSC institution, or if the institution finds that a PI is not in compliance with the financial conflict of interest policy or a management plan implemented to mitigate a conflict.

B. Disclosures

Investigators submitting a proposal to conduct research are required to submit *Form D: Conflict of Interest Disclosure* indicating if they, or their spouse, partner, or dependent children, have a significant financial interest in the proposed research that would reasonably appear to be affected by the research for which funding is sought. The disclosure form shall be submitted no later than at the time the proposal is submitted.

In addition, investigators are required to submit disclosures at the following times:

- 1) Annually during the period of award;
- 2) Within 30 days of discovering or acquiring (e.g., through purchase, marriage, or inheritance) a new significant financial interest;
- 3) When a new investigator joins an ongoing research project; or
- 4) If the VSC institution finds that an investigator is not in compliance with the financial conflict of interest policy or management plan.

If a known significant financial interest in the research is identified on Form D, the investigator is required to fill out *Form E: Significant Financial Interests Disclosure*.

C. Travel Disclosures

**For PHS-funded investigators only:** Investigators conducting research with PHS funds are also required to disclose any travel expenses reimbursed directly to them (not through the VSC), or paid directly on their behalf, related to their institutional responsibilities. The disclosure shall be submitted to each institution's Office of Sponsored Programs, or equivalent, office, within 30 days of travel and include, at a minimum, the purpose of the trip, the identity of the sponsor/organizer, the destination, the duration, and, if known, the monetary value. This requirement does not apply to travel that is reimbursed or paid by a

federal, state, or local government agency, an institution of higher education, an academic teaching hospital, a medical center, or a research institute that is affiliated with an institution of higher education.

D. Review and Determination

The Office of Sponsored Programs, or equivalent office, will forward *Form E: Significant Financial Interests Disclosure* to each institution's appropriate designated institutional official, who will review the disclosure.

If the designated official reasonably determines that the investigator's significant financial interest could directly and significantly affect the design, conduct, or reporting of research, this shall constitute a financial conflict of interest. Any financial conflicts of interest will require a plan to eliminate, reduce, or manage the conflict.

E. Management of Financial Conflict of Interests

The investigator, after consulting with the designated institutional official, shall write and submit a management plan that specifies the actions to be taken to manage the financial conflict of interest.

Management plans may include but are not limited to the following:

- 1) Public disclosure of financial conflicts of interest (e.g., such as when presenting or publishing the research);
- 2) For research involving human subjects, disclosure of financial conflicts of interest directly to participants;
- 3) Appointment of an independent monitor capable of taking measures to protect the design, conduct, and reporting of the research against bias resulting from the financial conflict of interest;
- 4) Modification of the research plan;
- 5) Change of personnel or personnel responsibilities, or disqualification from participation in all or a portion of the research;
- 6) Reduction or elimination of the financial interests (e.g., sale of an equity interest);  
or
- 7) Severance of relationships that create financial conflicts.

The management plan shall include how the plan will be monitored for compliance on an ongoing basis until the completion of the research project. It shall also include confirmation of the investigator's agreement to the plan and the designated institutional official's approval.

## F. Compliance

If an investigator fails to disclose a significant financial interest or to comply with the financial conflict of interest management plan, the designated institutional official shall consult with appropriate administrators at the investigator's Institution to determine what disciplinary action to take. This may include the suspension of the research project or other disciplinary sanctions, up to and including termination. The decision shall be documented in writing and shall include information about the right of the individual to appeal the decision. The procedures and mutual obligations of the VSC and the employee under any collective bargaining agreement, or the VSC personnel handbook, will apply to any resulting disciplinary action or appeal.

## G. Reporting Financial Conflicts of Interest to the Sponsor

In the event that a financial conflict of interest is determined to exist for a research project funded by non-PHS sources, the VSC institution shall follow the reporting requirements established by the funder.

**For PHS-funded investigators only:** Within 60 days of determining a financial conflict of interest exists for any PHS-funded project, VSC institutions are required to report this conflict to the PHS awarding component providing the funding. This report shall be submitted before any further funds are expended for the project and shall include the following:

- 1) Sufficient information to enable the PHS awarding agency to understand the nature and extent of the financial conflict and assess the appropriateness of the management plan;
- 2) Project number, principal investigator, name of the investigator with a financial conflict of interest, name of the entity with which the investigator has a financial conflict of interest, and nature of the financial interest;
- 3) Value of the financial interest (dollar ranges are permissible: \$0-\$4,999; \$5,000-\$9,999; \$10,000-\$19,999; amounts between \$20,000-\$100,000 by increments of \$20,000; amounts above \$100,000 by increments of \$50,000), or a statement that the interest is one whose value cannot be readily determined through reference to public prices or other reasonable measures of fair market value;
- 4) A description of how the financial interest relates to the PHS-funded research and the basis for the institution's determination that the financial interest conflicts with such research; and
- 5) A description of the key elements of the management plan, including the role and principal duties of the conflicted investigator in the research project, the conditions of the management plan, how the management plan is designed to

safeguard objectivity in the research project, confirmation of the investigator's agreement to the management plan, and how the management plan will be monitored to ensure investigator compliance.

If, in the course of an ongoing PHS-funded research project, an investigator who is new to participating in the research project discloses a significant financial interest or an existing investigator discloses a new significant financial interest, the institution shall do the following within 60 days:

- 1) Review the disclosure of the significant financial interest;
- 2) Determine whether it is related to the PHS-funded research; and
- 3) Determine whether a financial conflict of interest exists; and, if so, implement, on at least an interim basis, a management plan that shall specify the actions that have been, and will be, taken to manage such financial conflict of interest.

For any financial conflict of interest reported by the institution, the institution shall provide the PHS awarding component an annual financial conflict of interest report that addresses the status of the financial conflict and any changes to the management plan. The annual report, which shall be submitted for the duration of the PHS-funded research project, shall specify whether the financial conflict is still being managed or explain why it no longer exists.

#### H. Retrospective Review

In cases where a financial conflict of interest is not identified or managed in a timely manner, a retrospective review may be required to determine whether any funded research conducted prior to the identification and management of the financial conflict of interest was biased in the design, conduct, or reporting of such research. Examples of noncompliance include but are not limited to the following:

- 1) An investigator fails to disclose a significant financial interest that is determined to be a financial conflict of interest;
- 2) The VSC institution fails to review or manage a reported financial conflict of interest; or
- 3) An investigator fails to comply with a financial management plan.

**For PHS-funded investigators only:** PHS regulations require the VSC institution to complete a retrospective review of the investigator's activities within 120 days after noncompliance is determined. Documentation of the retrospective review shall include the project number, project title, principal investigator for the grant, the name of the investigator with the financial conflict of interest, name of the entity with which the investigator has the financial conflict of interest, reason(s) for the retrospective review,

detailed methodology used for the retrospective review, and the findings and conclusions of the review. If a failure of the investigator to comply with the VSC financial conflict of interest policy is found to have biased the research project, the institution is required to notify the PHS awarding component promptly and submit a mitigation report.

I. Subrecipients

**For PHS-funded research only:** If a VSC institution conducts research by passing through funding to a subrecipient, the institution is required to take reasonable steps to ensure that any subrecipient investigator complies with federal regulations on financial conflicts of interest in research. The institution shall incorporate as part of its written agreement with the subrecipient terms that establish whether the VSC policy or that of the subrecipient will apply to the subrecipient's investigators. The written agreement shall also specify time periods for the subrecipient to report all identified financial conflicts of interest to the institution. Such time periods shall be sufficient to enable the institution to provide timely financial conflict of interest reports as necessary.

J. Record Retention

The VSC institutions shall maintain records relating to all investigator disclosures of financial interests and the institution's review of, and response to, such disclosures for at least three years from the date the final expenditure report is submitted. (See Policy 209: *Records Retention*.)

K. Public Accessibility

The VSC institutions shall ensure public access to disclosed financial conflicts of interest by following the accessibility requirements outlined by external sponsors, which may vary depending on the funder.

**For PHS-funded research only:** Within five business days of receiving a request for information about financial conflicts of interest, the VSC institution shall provide a written response to the requestor if it meets the following criteria:

- 1) The significant financial interest was disclosed and is still held by the investigator;
- 2) The institution determines that the significant financial interest is related to the PHS-funded research; and
- 3) The institution determines that the significant financial interest is a financial conflict of interest.

The information provided shall include, at a minimum, the investigator's name; the investigator's title and role with respect to the research project; the name of the entity in

which the significant financial interest is held; the nature of the significant financial interest; and the approximate dollar value of the significant financial interest using dollar ranges, or a statement that the interest is one whose value cannot be readily determined through reference to public prices or other reasonable measures of fair market value.

L. Updates

The Chancellor shall periodically update these procedures consistent with federal and state law and general industry practice. Such updates will generally be developed in consultation with the VSC member institutions.



## VERMONT STATE COLLEGES SYSTEM

### CHANCELLOR'S PROCEDURES FOR IMPLEMENTATION OF POLICY 435: *RESEARCH MISCONDUCT*

#### I. PURPOSE

These procedures outline the steps the Vermont State Colleges System will take to respond to allegations or evidence of research misconduct. The following procedures are adopted pursuant to Vermont State Colleges Policy 435, *Externally Funded Research*, and are meant to comply with the requirements of the Public Health Service (PHS) Policies on Research Misconduct, [CFR Title I, Subchapter H, Part 93](#).

The procedures apply to allegations of research misconduct involving a person who, at the time of the alleged research misconduct, was employed by, was an agent of, or was affiliated by contract or agreement with a VSC institution.

#### II. DEFINITIONS

These definitions, as established by 42 CFR § 93.103, apply to these procedures:

**“Allegation”** a written or oral statement of possible research misconduct.

**“Complainant”** is the individual(s) who brings forward an allegation of research misconduct.

**“Fabrication”** means making up data or results and recording or reporting them.

**“Falsification”** means manipulating research materials, equipment, or processes, or changing or omitting data or results such that the research is not accurately represented in the research record.

**“Inquiry”** means the initial fact-finding, such as through individual interviews and document reviews, to determine whether an allegation of research misconduct warrants an investigation.

**“Investigation”** is the formal examination and evaluation of all relevant facts to determine if research misconduct has occurred, and if so, determine the responsible person and the seriousness of the misconduct.

**“Plagiarism”** means the appropriation of another person’s ideas, processes, results, or words without giving appropriate credit.

**“Research Integrity Officer”** is the institutional official, appointed by the chief academic officer

at each VSC institution, who is responsible for receiving allegations of research misconduct and overseeing the research misconduct process in accordance with the institution's policies and procedures.

**“Research Misconduct”** means fabrication, falsification, or plagiarism in proposing, performing, or reviewing research, or in reporting research results.

**“Respondent”** is the individual(s) against whom an allegation of research misconduct have been made.

### III. RESPONSIBILITIES & PROCEDURES

#### A. Responsibility to Report Misconduct

When an instance of research misconduct is observed or suspected, VSC employees and students must report the allegation to an Institutional official, such as the Chief Academic Officer, a Dean, a Director, or the President. The allegation can be a written or oral statement. The person who makes the report is the complainant. The person against whom an allegation of scientific misconduct is directed is the respondent. The allegation must be reported as soon as possible to the Institution's appointed Research Integrity Officer.

#### B. Assessment of Allegations

Upon receiving an allegation of research misconduct, the Research Integrity Officer, or designee, will immediately assess the allegation to determine if it warrants an inquiry, based on these factors:

1. The allegation is sufficiently credible and specific so that potential evidence of misconduct may be identified; and
2. The allegation meets the definition of research misconduct as outlined in the definitions above

The assessment period should be brief, preferably concluded within a week.

#### C. Confidentiality

The Research Integrity Officer, or designee, shall take reasonable actions to maintain the confidentiality of information regarding the complainant, the respondent, and other affected individuals. As required by 42 CFR § 93.108, this includes:

1. Limiting disclosure of the identity of respondents and complainants to those who

need to know in order to carry out a thorough, competent, objective and fair research misconduct proceeding; and

2. Except as otherwise prescribed by law, limiting the disclosure of any records or evidence from which research subjects might be identified to those who need to know in or order to carry out a research misconduct proceeding.

D. Protecting the Complainants, Witnesses, and Committee Members

Institutional members may not retaliate in any way against complainants, witnesses, or committee members. Institutional members should immediately report any alleged or apparent retaliation against complainants, witnesses or committee members to the Research Integrity Officer. The Research Integrity Officer, or designee, shall review the matter and, as necessary, make all reasonable and practical efforts to counter any potential or actual retaliation and protect and restore the position and reputation of the person against whom the retaliation is directed.

E. Protecting the Respondent

As requested and as appropriate, the Research Integrity Officer, or designee, and other Institutional officials shall make all reasonable and practical efforts to protect or restore the reputation of persons alleged to have engaged in research misconduct, but against whom no finding of research misconduct is made.

During the research misconduct proceeding, the Research Integrity Officer is responsible for ensuring that respondents receive all the notices and opportunities provided for in 42 CFR Part 93. Respondents may consult with legal counsel or a non-lawyer personal adviser (who is not a principal or witness in the case) to seek advice and may bring the counsel or personal adviser to interviews or meetings on the case.

F. Initiation and Purpose of Inquiry

If the Research Integrity Officer, or designee, determines that the criteria for an inquiry are met, they will immediately initiate the inquiry process. The purpose of the inquiry is to conduct an initial review of the available evidence to determine whether to conduct an investigation. An inquiry does not require a full review of all the evidence related to the allegation. As soon as practical after the Research Integrity Officer, or designee, determines that an inquiry is required, they will secure the relevant research records as described in section H and notify the President of the institution. The Research Integrity Officer will also notify either the Health and Human Services Office of Research Integrity (for research funded by PHS agencies) or the funding agency (for all other research).

#### G. Notice to Respondent and Sequestration of Research Records

After the determination has been made that an investigation is warranted, the Research Integrity Officer, or designee, must make a good faith effort to notify the respondent in writing. If the inquiry subsequently identifies additional respondents, they must be notified in writing.

On or before the date on which the respondent is notified, or the inquiry begins, whichever is earlier, the Research Integrity Officer, or designee, must take all reasonable and practical steps to obtain custody of all the research records and evidence needed to conduct the research misconduct proceeding, inventory the records and evidence, and sequester them in a secure manner. When the research records or evidence encompass scientific instruments shared by a number of users, custody may be limited to copies of the data or evidence on such instruments, so long as those copies are substantially equivalent to the evidentiary value of the instruments.

#### H. Appointment of the Inquiry Committee

The Research Integrity Officer, or designee, in consultation with other Institutional officials as appropriate, will appoint an inquiry committee and committee chair as soon after the initiation of the inquiry as is practical. The inquiry committee must consist of individuals who do not have unresolved personal, professional, or financial conflicts of interest with those involved with the inquiry and should include individuals with the appropriate scientific expertise to evaluate the evidence and issues related to the allegation, interview the principals and key witnesses, and conduct the inquiry.

#### I. Inquiry Process

The Research Integrity Officer, or designee, will prepare a charge for the inquiry committee that:

1. Sets forth the time for completion of the inquiry;
2. Describes the allegations and any related issues identified during the allegation assessment;
3. States that the purpose of the inquiry is to conduct an initial review of the evidence, including the testimony of the respondent, complainant and key witnesses, to determine whether an investigation is warranted, not to determine whether research misconduct definitely occurred or who was responsible;
4. States that an investigation is warranted if the committee determines: (a) there is a

reasonable basis for concluding that the allegation falls within the definition of research misconduct and is within the jurisdictional criteria of 42 CFR § 93.102(b); and, (b) the allegation may have substance, based on the committee's review during the inquiry.

5. Informs the inquiry committee that they are responsible for preparing or directing the preparation of a written report of the inquiry that meets the requirements of this policy and 42 CFR § 93.309(a).

At the committee's first meeting, the Research Integrity Officer, or designee, will review the charge with the committee, discuss the allegations, any related issues, and the appropriate procedures for conducting the inquiry, assist the committee with organizing plans for the inquiry, and answer any questions raised by the committee. The Research Integrity Officer, or designee, will be present or available throughout the inquiry to advise the committee as needed.

The inquiry committee will normally interview the complainant, the respondent, and key witnesses as well as examining relevant research records and materials. Then the inquiry committee will evaluate the evidence, including the testimony obtained during the inquiry. After consultation with the Research Integrity Officer, or designee, the committee members will decide whether an investigation is warranted based on the criteria in this policy and 42 CFR § 93.307(d). The scope of the inquiry is not required to and does not normally include deciding whether misconduct definitely occurred, determining definitely who committed the research misconduct or conducting exhaustive interviews and analyses. However, if a legally sufficient admission of research misconduct is made by the respondent, misconduct may be determined at the inquiry stage if all relevant issues are resolved.

The inquiry, including preparation of the final inquiry report and the decision on whether an investigation is warranted, must be completed within 60 calendar days of initiation of the inquiry, unless the Research Integrity Officer determines that circumstances clearly warrant a longer period. If the Research Integrity Officer, or designee, approves an extension, the inquiry period must include documentation of the reasons for exceeding the 60-day period. The respondent must also be notified of the extension.

#### J. Inquiry Report

A written report must be prepared that includes the following information:

1. the name and position of the respondent;
2. a description of the allegations of research misconduct;
3. information about the awarded funding under inquiry, including, for example, grant

- numbers, grant applications, contracts and publications;
- 4. the basis for recommending or not recommending that the allegations warrant an investigation;
- 5. any comments on the draft report by the respondent or complainant

It could also include the names and titles of the committee and experts who conducted the inquiry, a summary of the inquiry process; a list of research records reviewed; summaries of any interviews; and whether any other actions should be taken if an investigation is not recommended. The VSC Legal Counsel shall review the report.

K. Notification to Respondent and Opportunity to Comment

The Research Integrity Officer, or designee, shall notify the respondent whether the inquiry found an investigation to be warranted, include a copy of the draft inquiry report for comment within 10 days, and include a copy of or refer to 42 CFR Part 93 and the VSC policies and procedures on research misconduct. A confidentiality agreement shall be a condition for access to the report.

Any comments that are submitted by the respondent or complainant will be attached to the final inquiry report. Based on the comments, the inquiry committee may revise the draft report as appropriate and prepare it in final form. The committee will deliver the final report to the Research Integrity Officer, or designee.

L. Institutional Decision and Notification

The Research Integrity Officer, or designee, will transmit the final inquiry report and any comments to the Institution's designated Deciding Official, typically the chief academic officer. The Deciding Official will determine in writing whether an investigation is warranted.

Within 30 calendar days of the Deciding Official's decision that an investigation is warranted, the Research Integrity Officer will provide to the Office of Research Integrity (or, in the case of non-PHS funding, to the cognizant funding agency) the Deciding Official's written decision and a copy of the inquiry report. The Research Integrity Officer will also notify those Institutional officials who need to know of the Deciding Official's decision.

If the Deciding Official decides that an investigation is not warranted, the Research Integrity Officer shall secure and maintain for 7 years after the termination of the inquiry sufficiently detailed documentation of the inquiry to permit a later assessment by the

cognizant funding agency of the reasons why an investigation was not conducted. These documents must be provided to funding agency personnel upon request.

#### M. Investigation Process

Upon receipt of the final Inquiry Report, the Research Integrity Officer, or designee, will appoint at least three members of University or College staff or tenured faculty at any College to an Investigation Committee to conduct the Investigation. A majority of the members of the Investigation Committee will be tenured faculty actively involved in research in the same field as the Respondent or a related field, and a majority of the members of the Investigation Committee will be tenured faculty members at colleges other than the Respondent's College. In addition, no staff member of the Respondent's College may serve on the Investigation Committee. The Investigation will begin within 30 calendar days after the President, Chancellor, or other designated Deciding Official. The Investigation Committee will give the Respondent written notice of any new Allegations of Research Misconduct not addressed during the Inquiry or in the initial notice of the Investigation within a reasonable amount of time after a determination to pursue any such new Allegations.

The investigation committee and the Research Integrity Officer, or designee, must:

1. Use diligent efforts to ensure that the investigation is thorough and sufficiently documented and includes examination of all research records and evidence relevant to reaching a decision on the merits of each allegation;
2. Take reasonable steps to ensure an impartial and unbiased investigation to the maximum extent practical;
3. Interview each respondent, complainant, and any other available person who has been reasonably identified as having information regarding any relevant aspects of the investigation, including witnesses identified by the respondent, and record or transcribe each interview, provide the recording or transcript to the interviewee for correction, and include the recording or transcript in the record of the investigation; and
4. Pursue diligently all significant issues and leads discovered that are determined relevant to the investigation, including any evidence of any additional instances of possible research misconduct, and continue the investigation to completion.

The investigation is to be completed within 120 days of beginning it, including conducting the investigation, preparing the report of findings, providing the draft report for comment, and sending the final report to the Office of Research Integrity (for PHS funded projects)

or to the cognizant funding agency (for other research). If the investigation will not be completed within this 120-day period, the Research Integrity Officer will submit to the Office of Research Integrity or the cognizant federal agency a written request for an extension, setting forth the reasons for the delay. If the extension is granted, the Research Integrity Officer will ensure that periodic progress reports are filed with the funding agency as directed.

#### N. The Investigation Report

The investigation committee and the Research Integrity Officer, or designee, are responsible for preparing a written draft report of the investigation that:

1. Describes the nature of the allegation of research misconduct, including identification of the respondent;
2. Includes information about the awarded funding under inquiry, including, for example, grant numbers, grant applications, contracts and publications;
3. Describes the specific allegations of research misconduct considered in the investigation;
4. Includes the institutional policies and procedures under which the investigation was conducted;
5. Identifies and summarizes the research records and evidence reviewed and identifies any evidence taken into custody but not reviewed; and
6. Includes a statement of findings for each allegation of research misconduct identified during the investigation. Each statement of findings must: (a) identify whether the research misconduct was falsification, fabrication, or plagiarism, and whether it was committed intentionally, knowingly, or recklessly; (b) summarize the facts and the analysis that support the conclusion and consider the merits of any reasonable explanation by the respondent, including any effort by respondent to establish by a preponderance of the evidence that he or she did not engage in research misconduct because of honest error or a difference of opinion; (c) identify the specific funded support of the research; (d) identify whether any publications need correction or retraction; (e) identify the person(s) responsible for the misconduct; and (f) list any current support or known applications or proposals for support that the respondent has pending with federal agencies.

The Research Integrity Officer, or designee, must give the respondent a copy of the draft investigation report for comment and, concurrently, a copy of, or supervised access to the evidence on which the report is based. The respondent will be allowed 15 days from the date of receiving the draft report to submit comments to the Research Integrity Officer, or designee. The respondent's comments must be included and considered in the final report.



On a case-by-case basis, the complainant may receive a copy of the draft investigation report, or relevant portions of it, for comment. The complainant's comments must be submitted within 15 days of receiving the draft report. The comments must be included and considered in the final report.

In distributing the draft report, or portions thereof, to the respondent and complainant the Research Integrity Officer, or designee, will inform them of the confidentiality under which the draft report is made available and may establish reasonable conditions to ensure such confidentiality. For example, the Research Integrity Officer may require that the recipient sign a confidentiality agreement or go to the Research Integrity Officer's office to review the report.

The Research Integrity Officer, or designee, will assist the investigation committee in finalizing the draft investigation report, including ensuring that the respondent's and complainant's comments are included and considered. The Research Integrity Officer, or designee, will also provide a draft of the report to the VSC Legal Counsel for review.

O. Decision by Deciding Official

The Research Integrity Officer, or designee, will transmit the final investigation report to the Deciding Official who will determine in writing: (a) whether the institution accepts the investigation report, its findings, and the recommended institutional actions; and (b) the appropriate institutional actions in response to the accepted findings of research misconduct. If this determination varies from the findings of the investigation committee, the Deciding Official will, as part of the written determination, explain in detail the basis for rendering a decision different from the findings of the investigation committee. Alternatively, the Deciding Official may return the report to the investigation committee with a request for further fact-finding or analysis.

When a final decision on the case has been reached, the Research Integrity Officer, or designee, will notify both the respondent and the complainant in writing. The Deciding Official will determine whether law enforcement agencies, professional societies, professional licensing boards, editors of journals in which falsified reports may have been published, collaborators of the respondent in the work, or other relevant parties should be notified of the outcome of the case. The Research Integrity Officer, or designee, is responsible for ensuring compliance with all notification requirements of funding or sponsoring agencies. The Research Integrity Officer should also maintain all other evidence and materials for possible agency review.

The final investigation report will be submitted to the Office of Research Integrity (for PHS funding) or the cognizant funding agency (for non-PHS funding) within 120 days of the first meeting of the investigation committee, unless the funding agency has granted an extension.

P. Appeals

The respondent has the right to appeal the findings and the Deciding Official's decision. The appeal must be submitted to the President, or designee, in writing within 7 days of receiving the Deciding Official's decision. The appeal must state the specific part of the decision that the respondent is appealing and include any information the respondent believes should be considered in the request to change the decision. Appeals should be completed within 120 days.

(1) Student Respondents

Both the complainant and respondent have the right to appeal the outcome on the following grounds: (1) procedural error where the error prevented fundamental fairness; (2) the discovery of previously unavailable evidence that could significantly impact the outcome of the case; (3) the determination is arbitrary or capricious; or (4) the institutional action is substantially disproportionate to the findings. Within 7 calendar days of receiving the notice of the determination and any applicable discipline, the parties may appeal to the President of the Institution (or the President's designee) by delivering a written statement of appeal to the President and to the Research Integrity Officer. The Research Integrity Officer will notify the other party of the appeal and the other party will have 7 calendar days in which to submit a written response to the appeal to the President (or the President's designee), with a copy to the Research Integrity Officer. Both parties will be informed simultaneously and in writing, of (1) any change to the institutional action imposed while the appeal is pending, and (2) the final decision, to the extent permitted by law. A copy of the notification will be sent to the Research Integrity Officer and to the VSC's general counsel. The decision of the President (or the President's designee) is final.

(2) Employee Respondents

In cases where the respondent is an employee, the respondent's right to appeal will be governed by the relevant employee collective bargaining agreement or the VSC personnel handbook for those employees not covered by a collective bargaining agreement. The Research Integrity Officer will notify the other party of the appeal and the other party will have 7 calendar days in which to submit a written response to the

appeal to the Chancellor (or the Chancellor's designee), with a copy to the Research Integrity Officer. The complainant may request to meet with the Chancellor. Both parties will be notified, simultaneously and in writing, of (1) any change to the institutional action imposed while the appeal is pending, and (2) the final decision, to the extent permitted by law. A copy of the notification will be sent to the Research Integrity Officer and to the VSC's general counsel.

Q. Notifying Cognizant Federal Agency

Unless an extension has been granted, the Research Integrity Officer must, within the 120-day period for completing the investigation, submit to the Office of Research Integrity or other cognizant federal agency the following:

1. A copy of the final investigation report and any appeal, with all attachments;
2. A statement of whether the institution accepts the findings of the investigation report or outcome of the appeal;
3. A statement of whether the institution found misconduct, and, if so, who committed the misconduct; and
4. A description of any pending or completed administrative actions against the respondent.

R. Maintaining Records

The Research Integrity Officer must maintain records of the research misconduct proceedings in a secure manner for 7 years after completion of the proceedings. The Research Integrity Officer is also responsible for providing any information required by the cognizant federal agency.

S. Completion of Cases

Generally, all inquiries and investigations will be carried through to completion and all significant issues will be pursued diligently. The Research Integrity Officer must notify the cognizant funding agency in advance if there are plans to close a case at the inquiry, investigation, or appeal stage on the basis that the respondent has admitted guilt, a settlement with the respondent has been reached, or for any other reason, except:

1. Closing of a case at the inquiry stage on the basis that an investigation is not warranted; or

2. A finding of no misconduct at the investigation stage, which must be reported to the Office of Research Integrity, as prescribed in this policy and 42 CFR § 93.315, or, in the case of non-PHS funding, to the cognizant federal agency.

T. Institutional Administrative Actions

If the Deciding Official determines that research misconduct is substantiated by the findings, the Deciding Official will decide on the appropriate actions to be taken, after consultation with other Institutional leaders. The administrative actions may include:

1. Withdrawal or correction of all pending or published abstracts and papers emanating from the research where research misconduct was found;
2. Removal of the responsible person from the particular project, letter of reprimand, special monitoring of future work, probation, suspension, salary reduction, or initiation of steps leading to possible rank reduction or termination of employment;
3. Restitution of funds to the grantor agency as appropriate; and
4. Other action appropriate to the research misconduct.

U. Termination or Resignation Prior to Completing Inquiry or Investigation

The termination of the respondent's institutional employment, by resignation or otherwise, before or after an allegation of possible research misconduct has been reported, will not preclude or terminate the research misconduct proceeding or otherwise limit any of the institution's responsibilities under 42 CFR Part 93.

If the respondent, without admitting to the misconduct, elects to resign after the institution receives an allegation of research misconduct, the assessment of the allegation will proceed, as well as the inquiry and investigation, as appropriate based on the outcome of the preceding steps. If the respondent refuses to participate in the process after resignation, the Research Integrity Officer and any inquiry or investigation committee will use their best efforts to reach a conclusion concerning the allegations, noting in the report the respondent's failure to cooperate and its effect on the evidence.

V. Protection of the Complainant, Witnesses, and Committee Members

During the research misconduct proceeding and upon its completion, regardless of whether the institution determines that research misconduct occurred, the Research Integrity Officer, or designee, must undertake all reasonable and practical efforts to protect the position and reputation of, or to counter potential or actual retaliation against, any complainant who made allegations of research misconduct in good faith and of any

witnesses and committee members who cooperate in good faith with the research misconduct proceeding. The Deciding Official will determine, after consulting with the Research Integrity Officer, and with the complainant, witnesses, or committee members, respectively, what steps, if any, are needed to restore their respective positions or reputations or to counter potential or actual retaliation against them.

W. Allegations Not Made in Good Faith

If relevant, the Deciding Official will determine whether the complainant's allegations of research misconduct were made in good faith, or whether a witness or committee member acted in good faith. If the Deciding Official determines that there was an absence of good faith, the Deciding Official will determine whether any administrative action should be taken against the person who failed to act in good faith.

## VERMONT STATE COLLEGES SYSTEM

### CHANCELLOR'S PROCEDURES FOR IMPLEMENTATION OF POLICY 435: *RESPONSIBLE AND ETHICAL CONDUCT OF RESEARCH*

#### I. PURPOSE

This policy is to promote and comply with requirements of certain federal sponsors (listed below) and to implement a Responsible Conduct of Research (RCR) training plan for certain individuals funded by these federal sponsors. The following procedures have been approved by the Chancellor pursuant to VSC Policy 435, *Externally Funded Research*.

#### II. PROCEDURES

##### A. National Science Foundation (NSF)

As required by the NSF, all personnel who conduct NSF-supported research must receive training in the responsible and ethical conduct of research (RECR).

##### *RECR Training Plan:*

1. The PI will notify all students, faculty, senior personnel, and staff performing work on an NSF award that they must complete the RCR Basic Training Course offered through the Collaborative Institutional Training Initiative (CITI).
2. The PI will provide each institution's Office of Sponsored Programs (or equivalent office) with a list of students working on NSF awards. The Office of Sponsored Programs, or equivalent office, will notify the PI when each student has completed the RCR Basic Training Course. The office will also follow up with students who have not completed the course in a timely manner.
3. Students, faculty, and senior personnel are required to complete the training within one month of beginning work on the project.

More information about the RECR requirement can be found in the NSF [Proposal & Award Policies and Procedures Guide](#).

##### *Safe and Inclusive Work Environments Plan (for off-site projects):*

In addition to the RECR training plan above, all NSF proposals that include work off-site must develop a Safe and Inclusive Work Environments Plan specific to the project. Each plan should include the following:

1. A brief description of the field setting and the unique challenges for the team.
2. The steps the proposing organization will take to nurture an inclusive off-campus or off-site working environment, including processes to establish shared team definitions of roles, responsibilities, and culture; (e.g., codes of conduct, trainings, mento/mentee mechanisms, and field support that might include regular check-ins and/or developmental events).
3. Communication processes within the off-site team and to the organization(s) that minimize singular points within the communication pathway (e.g., there should not be a single person overseeing access to a single satellite phone).
4. The organizational mechanisms that will be used for reporting, responding to, and resolving issues of harassment if they arise.

*See Research Safety Plan template.*

More information about the Safe and Inclusive Work Environment requirement can be found in the NSF Proposal & Award Policies and Procedures Guide, [II.E.9](#).

B. National Institutes of Health (NIH)

The NIH requires that all trainees, fellows, participants, and scholars receiving support through any NIH training, career development award (individual or institutional), research education grant, and dissertation research grant receive training in the responsible conduct of research.

*RCR Training Plan:*

As part of the application process, NIH requires that PIs include an RCR Training Plan in their proposals. The plan must address the following components:

1. Format: The NIH highly encourages RCR plans that incorporate substantial face-to-face discussions among the participants; a combination of didactic and small group discussions; and participation of research training faculty. Online courses from CITI can be a supplement to the RCR training, but NIH doesn't consider online courses adequate as the sole means of instruction.

2. Faculty Participation: Faculty are encouraged to contribute to formal and informal RCR instruction.
3. Duration: Instruction should consist of at least 8 contact hours between the students and the participating faculty.
4. Frequency of Instruction: RCR training should occur at every stage in a scientist's career, beginning at the undergraduate level.

The PI will oversee the required RCR training and will maintain records documenting that all NIH-funded trainees, participants, and scholars received training.

More information about the NIH RCR training requirements can be found in [NOT-OD-22-055](#).

C. National Institute for Food and Agriculture (NIFA)

NIFA requires that program directors, faculty, undergraduate students, graduate students, postdoctoral researchers, and any staff participating in the research project receive appropriate training and oversight in the responsible and ethical conduct of research. NIFA also requires that documentation of such training be maintained.

*RCR Training Plan:*

1. The PI will notify all NIFA-funded investigators, faculty, graduate students, undergraduate students, and staff that they must complete the RCR Basic Training Course offered through the Collaborative Institutional Training Initiative (CITI).
2. The PI will provide the institution's Office of Sponsored Programs, or equivalent office, with a list of these names. The Office of Sponsored Programs, or equivalent office, will notify the PI when each person has completed the RCR Basic Training Course. The office will also follow up with those who have not completed the course in a timely manner.
3. Students are required to complete the training within one month of beginning work on the project.

More information on the NIFA RCR requirement can be found in the [NIFA Regulations and Guidelines](#).



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**ORIGINAL POLICY**  
**435: Financial Conflict of Interest in Research**

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## Manual of Policy and Procedures

Title	Number	Page
<b>FINANCIAL CONFLICT OF INTEREST IN RESEARCH</b>	435	1 of 4
	Date <b>6/20/2019</b>	

### PURPOSE

The purpose of this policy is to promote objectivity in research by ensuring, to the extent possible, that the design, conduct, or reporting of research is not compromised by a researcher's conflicting financial interests. The policy establishes the steps that the Vermont State Colleges System should take to mitigate real or perceived financial conflicts of interest associated with externally-funded research.

### SCOPE

This policy applies to all VSCS faculty and staff involved in applying for or carrying out externally-funded research. This policy is meant to comply with the requirements of the Department of Health and Human Services regulation 42 CFR Part 50. Following federal regulations, the policy does **not** apply to Phase I Small Business Innovative Research (SBIR) and Small Business Technology Transfer (STTR) programs. The policy does apply, however, to Phase II SBIR/STTR programs.

### STATEMENT OF POLICY

Individuals at VSCS Institutions who conduct research are required to disclose whether they, their spouse or partner, and/or their dependent children hold any significant financial interests that might bias their research. Designated officials at each Institution shall review financial disclosure statements and determine whether a financial conflict of interest exists. If a financial conflict of interest is identified, the VSCS shall appropriately manage, reduce, or eliminate the conflict.

### DEFINITIONS

As used in this policy:

**“Designated Institutional Official”** means the person(s) that the VSCS has designated to review disclosures of significant financial interests. Unless otherwise elsewhere stated, this term

shall mean the President, or designee, for each member Institution, and the Chancellor, or designee, for the VSCS.

**“Financial Conflict of Interest”** means a significant financial interest that could directly and significantly affect the design, conduct, or reporting of research funded by non-Institutional sources.

**“Financial Interest”** means anything of monetary value, whether or not the value is readily ascertainable, including, but not limited to: salary or other payments for services (e.g., consulting fees, honoraria, or paid authorships for other than scholarly works); any equity interests (e.g., stocks, stock options, or other ownership interests); and intellectual property rights and interests (e.g., patents, trademarks, service marks, and copyrights), upon receipt of royalties or other income related to such intellectual property rights and interests.

**“Institutional Responsibilities”** means an investigators’ professional responsibilities on behalf of their VSCS Institution. Examples include activities such as research, research consultation, teaching, professional practice, institutional committee memberships, and service on panels such as Institutional Review Boards.

**“Investigator”** means the project director or principal investigator and any other person, regardless of title or position, who is responsible for the design, conduct, or reporting of research.

**“Manage”** means taking action to address a financial conflict of interest, which can include reducing or eliminating the financial conflict of interest, to ensure, to the extent possible, that the design, conduct, and reporting of research will be free from bias.

**“PHS”** means the Public Health Service, the primary division of the U.S. Department of Health and Human Services.

**“PHS Awarding Component”** means the organizational unit of the PHS that provides funding for research. The following agencies award PHS funds: National Institutes of Health (NIH), Food and Drug Administration (FDA), Substance Abuse and Mental Health Services Administration (SAMHSA), Agency for Healthcare Research & Quality (AHRQ), Agency for Toxic Substances and Disease Registry (ATSDR), Centers for Disease Control and Prevention (CDC), Health Resources and Services Administration (HRSA), Indian Health Service (IHS), Office of Global Affairs (OGA), Office of the Assistant Secretary for Preparedness and Response (OASPR), and Office of the Assistant Secretary for Health (ASH).

**“PHS-Funded Investigator”** refers to a researcher receiving funding from any federal agencies that award PHS funds.

**“Principal Investigator”** means the person in charge of a research grant.

“**Research**” means a systematic investigation, study, or experiment designed to develop or contribute to generalizable knowledge. The term encompasses basic and applied research (e.g., a published article, book or book chapter) and product development (e.g., a diagnostic test or drug).

“**Significant Financial Interest**” means a financial interest consisting of one or more of the following interests of the investigator, the investigator’s spouse or partner, and/or dependent children that reasonably appears to be related to the investigator's institutional responsibilities:

- a) With regard to any publicly traded entity, a *significant financial interest* exists if the value of any remuneration received from the entity in the twelve months preceding the disclosure and the value of any equity interest in the entity as of the date of disclosure, when aggregated, exceeds \$5,000. For purposes of this definition, remuneration includes salary and any payment for services not otherwise identified as salary (e.g., consulting fees, honoraria, paid authorship); equity interest includes any stock, stock option, or other ownership interest, as determined through reference to public prices or other reasonable measures of fair market value;
- b) With regard to any non-publicly traded entity, a *significant financial interest* exists if the value of any remuneration received from the entity in the twelve months preceding the disclosure, when aggregated, exceeds \$5,000, or when the investigator (or the investigator's spouse or dependent children) holds any equity interest (e.g., stock, stock option, or other ownership interest); or
- c) Intellectual property rights and interests (e.g., patents, copyrights), upon receipt of income related to such rights and interests;
- d) **For PHS-funded investigators only:** any travel expenses reimbursed directly to an investigator or paid directly on the investigator’s behalf, regardless of amount of value, that is related to the investigator’s institutional responsibilities, excluding travel that is reimbursed or paid by a federal, state, or local government agency, an institution of higher education, an academic teaching hospital, a medical center, or a research institute that is affiliated with an institution of higher education. This requirement only applies to investigators using PHS funding.

The term *Significant Financial Interest* does not include the following types of financial interests:

- a) Salary, royalties (including intellectual property rights and agreements to share in royalties related to those rights), or other remuneration paid by the VSCS to the investigator if the investigator is currently employed or appointed by the VSC;
- b) Income from investment vehicles, such as mutual funds and retirement accounts, as long as the investigator does not directly control the investment decisions made in these vehicles;

- c) Income from seminars, lectures, or teaching engagements sponsored by a federal, state, or local government agency, a domestic institution of higher, an academic teaching hospital, a medical center, or a research institute that is affiliated with an institution of higher education;
- d) Income from service on advisory committees or review panels for a federal, state, or local government agency, an institution of higher education, an academic teaching hospital, a medical center, or a research institute that is affiliated with an institution of higher education.

PROCEDURES

The Chancellor shall establish and periodically update the procedures for identifying, managing and excluding financial conflicts of interest in externally funded research at all VSCS Institutions. Such procedures shall be consistent with federal legal requirements and any collective bargaining agreements governing the rights and responsibilities of the VSCS, its member Institutions and employees.

The procedures established by the Chancellor may be modified as necessary to comply with federal and state law and to ensure compliance with research funding requirements, as applicable.

Signed by:  _____ Jeb Spaulding, Chancellor
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Date	Version	Revision	Approved By
6/20/2019	1.0	Adopted	VSCS Board of Trustees

**VERMONT STATE COLLEGES SYSTEM**  
**Chancellor's Procedures for Implementation of Policy 435:**  
***Financial Conflict of Interest in Research***

PURPOSE

The following procedures are adopted pursuant to Vermont State Colleges System Policy 435, and outline the steps for identifying and responding to a financial conflict of interest in externally funded research. These procedures are to be read to comply with all federal and state legal requirements, VSCS Policy 435 and other applicable VSCS policies. Terms defined in Policy 435 carry the same definition in these procedures.

PROCEDURE

I. Training

The VSCS shall inform each principal investigator (PI) of the VSCS's policy on financial conflicts of interest and the PI's responsibilities regarding disclosure of significant financial interests.

The VSCS shall require all investigators conducting research to complete training on this policy prior to engaging in research and at least every four years after that. The VSCS shall also require investigators to complete the training if the VSCS materially revises its financial conflict of interest policies or procedures, if a PI is new to a VSCS Institution, or if the VSCS finds that a PI is not in compliance with the financial conflict of interest policy or a management plan implemented to mitigate a conflict.

II. Disclosures

Investigators submitting a proposal to conduct research are required to submit a disclosure form to the VSCS Office of Sponsored Projects that lists any known significant financial interests (and those of the investigator's spouse or partner and dependent children) that would reasonably appear to be affected by the research for which funding is sought. The disclosure form shall be submitted no later than at the time the proposal is submitted.

In addition, investigators are required to submit disclosures at the following times:

- a) Annually during the period of award;
- b) Within 30 days of discovering or acquiring (e.g., through purchase, marriage, or inheritance) a new significant financial interest;
- c) When a new investigator joins an ongoing research project; or

- d) If the VSCS finds that an investigator is not in compliance with the financial conflict of interest policy or management plan.

### III. Travel Disclosures

**For PHS-funded investigators only:** Investigators conducting research with PHS funds are also required to disclose any travel expenses reimbursed directly to them (not through the VSCS), or paid directly on their behalf, related to their institutional responsibilities. The disclosure shall be submitted to the Office of Sponsored Projects within 30 days of travel and include, at a minimum, the purpose of the trip, the identity of the sponsor/organizer, the destination, the duration, and, if known, the monetary value. This requirement does not apply to travel that is reimbursed or paid by a federal, state, or local government agency, an institution of higher education, an academic teaching hospital, a medical center, or a research institute that is affiliated with an institution of higher education.

### IV. Review and Determination

If the disclosure form indicates a significant financial interest, the Office of Sponsored Projects will forward the form to each Institution's appropriate designated institutional official, who will review the disclosure.

If the designated official reasonably determines that the investigator's significant financial interest could directly and significantly affect the design, conduct, or reporting of research, this shall constitute a financial conflict of interest. Any financial conflicts of interest will require a plan to eliminate, reduce, or manage the conflict.

### V. Management of Financial Conflict of Interests

The investigator, after consulting with the designated institutional official, shall write and submit a management plan that specifies the actions to be taken to manage the financial conflict of interest.

Management plans may include but are not limited to the following:

- a) Public disclosure of financial conflicts of interest (e.g., such as when presenting or publishing the research);
- b) For research involving human subjects, disclosure of financial conflicts of interest directly to participants;
- c) Appointment of an independent monitor capable of taking measures to protect the design, conduct, and reporting of the research against bias resulting from the financial conflict of interest;
- d) Modification of the research plan;

- e) Change of personnel or personnel responsibilities, or disqualification from participation in all or a portion of the research;
- f) Reduction or elimination of the financial interests (e.g., sale of an equity interest); or
- g) Severance of relationships that create financial conflicts.

The management plan shall include how the plan will be monitored for compliance on an ongoing basis until the completion of the research project. It shall also include confirmation of the investigator's agreement to the plan and the designated institutional official's approval.

#### VI. Compliance

If an investigator fails to disclose a significant financial interest or to comply with the financial conflict of interest management plan, the designated institutional official shall consult with appropriate administrators at the investigator's Institution to determine what disciplinary action to take. This may include the suspension of the research project or other disciplinary sanctions, up to and including termination. The decision shall be documented in writing and shall include information about the right of the individual to appeal the decision. The procedures and mutual obligations of the VSCS and the employee under any collective bargaining agreement, or the VSC personnel handbook, will apply to any resulting disciplinary action or appeal.

#### VII. Reporting Financial Conflicts of Interest to the Sponsor

In the event that a financial conflict of interest is determined to exist for a research project funded by non-PHS sources, the VSCS shall follow the reporting requirements established by the funder.

**For PHS-funded investigators only:** Within 60 days of determining a financial conflict of interest exists for any PHS-funded project, the VSCS is required to report this conflict to the PHS awarding component providing the funding. This report shall be submitted before any further funds are expended for the project and shall include the following:

- a) Sufficient information to enable the PHS awarding agency to understand the nature and extent of the financial conflict and assess the appropriateness of the management plan;
- b) Project number, principal investigator, name of the investigator with a financial conflict of interest, name of the entity with which the investigator has a financial conflict of interest, and nature of the financial interest;



- c) Value of the financial interest (dollar ranges are permissible: \$0-\$4,999; \$5,000-\$9,999; \$10,000-\$19,999; amounts between \$20,000-\$100,000 by increments of \$20,000; amounts above \$100,000 by increments of \$50,000), or a statement that the interest is one whose value cannot be readily determined through reference to public prices or other reasonable measures of fair market value;
- d) A description of how the financial interest relates to the PHS-funded research and the basis for the VSCS's determination that the financial interest conflicts with such research; and
- e) A description of the key elements of the management plan, including the role and principal duties of the conflicted investigator in the research project, the conditions of the management plan, how the management plan is designed to safeguard objectivity in the research project, confirmation of the investigator's agreement to the management plan, and how the management plan will be monitored to ensure investigator compliance.

If, in the course of an ongoing PHS-funded research project, an investigator who is new to participating in the research project discloses a significant financial interest or an existing investigator discloses a new significant financial interest, the VSCS shall do the following within 60 days:

- a) Review the disclosure of the significant financial interest;
- b) Determine whether it is related to the PHS-funded research; and
- c) Determine whether a financial conflict of interest exists; and, if so, implement, on at least an interim basis, a management plan that shall specify the actions that have been, and will be, taken to manage such financial conflict of interest.

For any financial conflict of interest reported by the VSCS, the VSCS shall provide the PHS awarding component an annual financial conflict of interest report that addresses the status of the financial conflict and any changes to the management plan. The annual report, which shall be submitted for the duration of the PHS-funded research project, shall specify whether the financial conflict is still being managed or explain why it no longer exists.

#### VIII. Retrospective Review

In cases where a financial conflict of interest is not identified or managed in a timely manner, a retrospective review may be required to determine whether any funded research conducted prior to the identification and management of the financial conflict of interest was biased in the design, conduct, or reporting of such research. Examples of noncompliance include but are not limited to the following:

- a) An investigator fails to disclose a significant financial interest that is determined to be a financial conflict of interest;
- b) The VSCS fails to review or manage a reported financial conflict of interest;  
or
- c) An investigator fails to comply with a financial management plan.

**For PHS-funded investigators only:** PHS regulations require the VSCS to complete a retrospective review of the investigator's activities within 120 days after noncompliance is determined. Documentation of the retrospective review shall include the project number, project title, principal investigator for the grant, the name of the investigator with the financial conflict of interest, name of the entity with which the investigator has the financial conflict of interest, reason(s) for the retrospective review, detailed methodology used for the retrospective review, and the findings and conclusions of the review. If a failure of the investigator to comply with VSCS's financial conflict of interest policy is found to have biased the research project, the VSCS is required to notify the PHS awarding component promptly and submit a mitigation report.

IX. Subrecipients

**For PHS-funded research only:** If a VSCS Institution conducts research by passing through funding to a subrecipient, the VSCS is required to take reasonable steps to ensure that any subrecipient investigator complies with federal regulations on financial conflicts of interest in research. The VSCS shall incorporate as part of its written agreement with the subrecipient terms that establish whether the VSCS policy or that of the subrecipient will apply to the subrecipient's investigators. The written agreement shall also specify time periods for the subrecipient to report all identified financial conflicts of interest to the VSCS. Such time periods shall be sufficient to enable the VSCS to provide timely financial conflict of interest reports as necessary.

X. Record Retention

The VSCS shall maintain records relating to all investigator disclosures of financial interests and the VSCS's review of, and response to, such disclosures for at least three years from the date the final expenditure report is submitted. (See Policy 209: *Records Retention*.)

XI. Public Accessibility

The VSCS shall ensure public access to disclosed financial conflicts of interest by following the accessibility requirements outlined by external sponsors, which may vary depending on the funder.

**For PHS-funded research only:** Within five business days of receiving a request for information about financial conflicts of interest, the VSCS shall provide a written response to the requestor if it meets the following criteria:

- a) The significant financial interest was disclosed and is still held by the investigator;
- b) The VSCS determines that the significant financial interest is related to the PHS-funded research; and
- c) The VSCS determines that the significant financial interest is a financial conflict of interest.

The information provided shall include, at a minimum, the investigator's name; the investigator's title and role with respect to the research project; the name of the entity in which the significant financial interest is held; the nature of the significant financial interest; and the approximate dollar value of the significant financial interest using dollar ranges, or a statement that the interest is one whose value cannot be readily determined through reference to public prices or other reasonable measures of fair market value.

XII. Updates

The Chancellor shall periodically update these procedures consistent with federal and state law and general industry practice. Such updates will generally be developed in consultation with the Office of Sponsored Projects and the VSCS member Institutions.

Adopted: July 1, 2019

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**ITEM 3:**  
**FY2023 Unaudited Financial Results &**  
**FY2024 Enrollment Forecast**

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**UNAUDITED FY2023 RESULTS**

	Act-Prelim. FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)
<b>TOTAL REVENUES</b>	181,500	183,200	(1,700)
<b>TOTAL EXPENSES</b>	181,600	184,278	2,679
	-	-	-
<b>NET REVENUES/(DEFICIT)</b>	<b>(100)</b>	<b>(1,079)</b>	<b>979</b>

FY2023 unaudited financial performance is expected to be stronger than budget with net revenues, at \$979K favorable or less than .1% of total system revenue for FY2023. However, unrestricted performance was stronger than is shown below as the system was able to pay-off the Series 2013 Revenue Bond in an amount equivalent to \$10.9M, movement of \$4M to the capital fund for Vermont State University, and \$400K in student debt pay-off for Community College of Vermont. The combined effect of these changes is \$15.3M.

	Act-Prelim. FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)
<b>REVENUES</b>			
Tuition and Fees	104,180	98,456	5,724
State Appropriation	46,658	61,837	(15,179)
Room and Board	21,084	18,754	2,330
Sales and Services	5,298	2,356	2,942
Gifts	1,406	1,150	256
Other Revenue	2,874	647	2,227
<b>TOTAL REVENUES</b>	<b>181,500</b>	<b>183,200</b>	<b>(1,700)</b>

System-wide, overall revenues appear worse than budget – however actual results are masked due to the receipt of \$14.9M in bridge funding via ARPA grant instead of State Appropriation. When restated, the actual revenue performance is \$16.6M better than budget (Actual \$181.5M – (Budget \$183.2M – Bridge Funding \$14.9M)). Total revenue has improved since the third quarter for both CCV and Vermont State University with CCV seeing an increase of \$577K over its predicted revenue of \$849K (a 68% improvement) bringing CCV’s total revenue to \$1.426M. Vermont State University also saw a significant increase in revenue coming in at \$3.6M higher than its predicted revenue of \$8.33M (a 43% improvement) bringing VTSU’s revenue to \$11.93M for FY2023.

From an institutional perspective, Vermont State University’s revenues – shown on the following pages – was significantly stronger than budget across virtually all categories. VTSU budgeted its revenue conservatively, anticipating a significant enrollment decline in FY2023, with an associated tuition & fee revenue decline of 5.0%. The University’s enrollment outperformed these enrollment targets by a significant margin, exceeding prior year revenue by a small amount. Additionally, room and board revenue saw a similarly stronger improvement with room and board revenue outperforming budget by 12.4%. Similarly, sales and services saw significant improvement for two reasons: first, Castleton University budgeted for a significant decline in Camps & Conferences business, but actually saw significant gains; and second, following the resolution of outstanding billing & account questions, Vermont Technical College realized a substantial amount of unbudgeted revenue from a state facilities contract (the VAEL lab). Finally, VTSU saw a large gain in investment income at \$843K and an improvement in unrestricted giving equal to \$274K.

Community College of Vermont’s revenues for FY23 were \$1.4m higher than budgeted largely due to improved performance in tuition and fees and strong performance in our investments. As shown in the following pages, tuition revenue was up 4% over budget (\$965K) due to higher than anticipated enrollment. Similar to VTSU, CCV’s investment income was \$408K higher than budget.

Projected total year revenue for the Office of the Chancellor is shown as \$15.1M less than budget. As noted earlier, this is due to the receipt of \$14.9M in bridge funding via an ARPA grant, rather than State Appropriation. The grant funds are shown as a credit to expenses for the Office of the Chancellor, thus lowering overall expenses.

	Act-Prelim. FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)
<b>EXPENSES</b>			
Salaries and Benefits	106,212	110,335	4,123
Services, Supplies, Travel	40,168	37,476	(2,692)
Scholarships	20,373	19,366	(1,007)
Utilities	7,207	7,884	677
Other Expenses	3,635	4,585	950
Debt Service	18,914	8,003	(10,911)
Chancellor's Office	-	(1)	(1)
Other Transfers	(14,909)	(3,370)	11,539
<b>TOTAL EXPENSES</b>	<b>181,600</b>	<b>184,278</b>	<b>2,679</b>

Overall, unaudited FY2023 expenses are \$2.7M lower than budget. However, this figure is artificially reduced due to the receipt of bridge funding as shown on the *Other Transfers* line. The largest change in change in expenses, relative to budget and from the third quarter to end of year, is the payoff the Series 2013 Revenue Bond noted on the *Debt Service* line.

From an institutional perspective, Community College of Vermont’s operating expenses were lower than budget allowing CCV to both payoff the Series 2013 Revenue Bond at a cost of \$2.3M and pay down old student debt. CCV’s salaries and benefits were \$724K less than budget due to vacancy savings and lower unemployment and workers compensation benefit expenses. CCV’s supplies, services and travel were higher than originally budgeted by \$606K. Additionally, the institution wrote off \$1.8M in uncollected student debt, however, most of the student debt was covered by funds in CCV’s bad debt allowance account thus resulting in a net impact of \$400K to CCV’s operating performance. This write-off minimizes the annual bad debt expense on CCV’s books moving forward thus lowering the cost of operation for FY2024. The institution also saw a \$200K cost increase associated with its contract with Re-Up – the firm the Vermont State Colleges uses to encourage students who have left the VSCS to return to campus. However, this contract yielded more tuition revenue than budgeted, therefore the additional expenses were more than made up for in the increased tuition revenue.

Vermont State University’s operating expenses were lower than budget allowing VTSU to pay off the Series 2013 Revenue Bond at a cost of \$8.6M. For FY2023, VTSU’s institutions anticipated a 7-8% increase in salaries and benefits in their FY2023 budgets. Due to open positions, turnover, and transformation efforts, the University has outperformed its budgetary targets at all institutions by 3.6% or approximately \$3M. In terms of utilities, reduced utilization, reduced footprint from the sale of physical assets, and rate increases that locked in better than expected during the FY2023 budget development cycle, all Vermont State University institutions performed favorably to budget in terms of utility consumption with a savings of approximately 9.5% compared to budget. In the other transfers category, Vermont State University transferred \$4.0M to the capital fund. This amount included \$2.3M to supplement the 2024 Capital Bill funded Green Hall project, another \$1M for general master planning/deferred maintenance, and the remainder for equipment replacement. These funds are

dedicated to addressing critical need in campus deferred maintenance: a goal of the Board of Trustees and our institutions.

Carryforward projects addressing critical needs at VTSU and CCV will be brought to the Committee for consideration once the audited financial statements are available in October.

Projected expenses for the Office of the Chancellor for FY23 are \$12.4M less than budget. While reflected as favorable, this is largely related to receipt of bridge funding as an ARPA grant, as shown on the *Other Transfers* line. Additionally, the Office of the Chancellor's role as corporate aggregator for all system-wide transactions including such things insurance reserves, carryforwards, and transformation spending.

Consolidated system and institutional projected performance is available on the next two pages.

**Vermont State Colleges System**

	Vermont State Colleges System			Community College of Vermont			Vermont State University			Chancellor's Office		
	Act-Prelim. FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)	Act-Prelim. FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)	Act-Prelim. FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)	Act-Prelim. FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)
<b>REVENUES</b>												
Tuition and Fees	104,180	98,456	5,724	23,057	22,093	964	81,122	76,363	4,759	1	-	1
State Appropriation	46,658	61,837	(15,179)	8,757	8,757	-	32,655	32,435	220	5,246	20,645	(15,399)
Room and Board	21,084	18,754	2,330	-	-	-	21,084	18,754	2,330	-	-	-
Sales and Services	5,298	2,356	2,942	9	1	8	5,289	2,355	2,934	-	-	-
Gifts	1,406	1,150	256	62	80	(18)	1,344	1,070	274	-	-	-
Other Revenue	2,874	647	2,227	564	92	472	1,982	555	1,427	328	-	328
<b>TOTAL REVENUES</b>	<b>181,500</b>	<b>183,200</b>	<b>(1,700)</b>	<b>32,449</b>	<b>31,023</b>	<b>1,426</b>	<b>143,476</b>	<b>131,532</b>	<b>11,944</b>	<b>5,575</b>	<b>20,645</b>	<b>(15,070)</b>
<b>EXPENSES</b>												
Salaries and Benefits	106,212	110,335	4,123	22,064	22,788	724	79,628	82,624	2,996	4,520	4,923	403
Services, Supplies, Travel	40,168	37,476	(2,692)	5,545	4,940	(605)	26,236	26,938	702	8,387	5,598	(2,789)
Scholarships	20,373	19,366	(1,007)	109	170	61	19,547	19,196	(351)	717	-	(717)
Utilities	7,20	7,884	677	318	353	35	6,815	7,531	716	74	-	(74)
Other Expenses	3,63	4,585	950	-	-	-	4	10	6	3,631	4,575	944
Debt Service	18,914	8,003	(10,911)	4,139	1,824	(2,315)	14,774	6,179	(8,595)	-	-	-
Chancellor's Office	-	(1)	(1)	2,104	2,108	4	8,417	8,412	(5)	(10,521)	(10,521)	-
Other Transfers	(14,909)	(3,370)	11,539	(1,279)	(1,161)	118	6,102	2,887	(3,215)	(19,732)	(5,096)	14,636
<b>TOTAL EXPENSES</b>	<b>181,600</b>	<b>184,278</b>	<b>2,679</b>	<b>33,001</b>	<b>31,022</b>	<b>(1,978)</b>	<b>161,523</b>	<b>153,777</b>	<b>(7,746)</b>	<b>(12,924)</b>	<b>(521)</b>	<b>12,403</b>
<b>NET REVENUES/(DEFICIT)</b>	<b>(100)</b>	<b>(1,079)</b>	<b>979</b>	<b>(552)</b>	<b>0</b>	<b>(552)</b>	<b>(18,047)</b>	<b>(22,245)</b>	<b>4,198</b>	<b>18,499</b>	<b>21,166</b>	<b>(2,667)</b>
<b>ONE-TIME FUNDS</b>												
Carried Over Funds	552	6,079	-	552	-	-	-	-	-	-	6,079	-
Strategic Reserve	-	-	-	-	-	-	-	-	-	-	-	-
All Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ONE-TIME FUNDS</b>	<b>552</b>	<b>6,079</b>	<b>-</b>	<b>552</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,079</b>	<b>-</b>
<b>TOTAL OPERATING RESULT</b>	<b>452</b>	<b>5,000</b>	<b>979</b>	<b>0</b>	<b>0</b>	<b>(552)</b>	<b>(18,047)</b>	<b>(22,245)</b>	<b>4,198</b>	<b>18,499</b>	<b>27,245</b>	<b>(2,667)</b>



**Vermont State University Component Institutions for FY2023**

	Vermont State University			Castleton University			Northern Vermont University			Vermont Technical College		
	Act-Prelim. FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)	Act-Prelim. FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)	Act-Prelim. FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)	Act-Prelim. FY23	Budget FY23	Proj vs. Bud Fav / (Unfav)
<b>REVENUES</b>												
Tuition and Fees	81,122	76,363	4,759	36,028	35,075	953	22,463	20,105	2,358	22,631	21,183	1,448
State Appropriation	32,655	32,435	220	9,855	9,855	-	12,899	12,899	-	9,901	9,681	220
Room and Board	21,084	18,754	2,330	11,045	10,500	545	6,972	5,253	1,719	3,067	3,001	66
Sales and Services	5,289	2,355	2,934	1,470	900	570	1,324	1,045	279	2,495	410	2,085
Gifts	1,344	1,070	274	888	400	488	315	327	(12)	141	343	(202)
Other Revenue	1,982	555	1,427	558	250	308	488	250	238	936	55	881
<b>TOTAL REVENUES</b>	<b>143,476</b>	<b>131,532</b>	<b>11,944</b>	<b>59,844</b>	<b>56,980</b>	<b>2,864</b>	<b>44,461</b>	<b>39,879</b>	<b>4,582</b>	<b>39,171</b>	<b>34,673</b>	<b>4,498</b>
<b>EXPENSES</b>												
Salaries and Benefits	79,628	82,624	2,996	28,116	29,500	1,384	26,764	29,700	2,936	24,748	23,424	(1,324)
Services, Supplies, Travel	26,236	26,938	702	10,212	10,780	568	8,718	9,041	323	7,306	7,117	(189)
Scholarships	19,547	19,196	(351)	12,545	13,000	455	5,693	4,728	(965)	1,309	1,468	159
Utilities	6,815	7,531	716	2,566	2,775	209	2,762	2,885	123	1,487	1,871	384
Other Expenses	4	10	6	-	10	10	4	-	(4)	-	-	-
Debt Service	14,774	6,179	(8,595)	7,739	3,062	(4,677)	6,257	2,339	(3,918)	778	778	0
Chancellor's Office	8,417	8,412	(5)	2,672	2,668	(4)	3,493	3,492	(1)	2,251	2,252	1
Other Transfers	6,102	2,887	(3,215)	1,429	1,045	(384)	776	447	(329)	3,897	1,395	(2,502)
<b>TOTAL EXPENSES</b>	<b>161,523</b>	<b>153,777</b>	<b>(7,746)</b>	<b>65,279</b>	<b>62,840</b>	<b>(2,439)</b>	<b>54,467</b>	<b>52,632</b>	<b>(1,835)</b>	<b>41,777</b>	<b>38,305</b>	<b>(3,472)</b>
<b>NET REVENUES/(DEFICIT)</b>	<b>(18,047)</b>	<b>(22,245)</b>	<b>4,198</b>	<b>(5,435)</b>	<b>(5,860)</b>	<b>425</b>	<b>(10,006)</b>	<b>(12,753)</b>	<b>2,747</b>	<b>(2,606)</b>	<b>(3,632)</b>	<b>1,026</b>

*Note: Vermont Technical College performance includes all workforce development including VMEC, SBDC, WCED, and AMC.*

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**FY2024 ENROLLMENT UPDATE**

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**COMMUNITY COLLEGE OF VERMONT**

CCV has seen a good start to the year with summer enrollment aligned with its projections. It is too soon to predict how fall and spring enrollment will play out, but CCV is hopeful that the \$4M in tuition reduction appropriated by the legislature for use in FY2024 will increase enrollment in these semesters. At this time we are not projecting significant variances from the budget and narrative presented to the Board in June.

**VERMONT STATE UNIVERSITY**

The University budgeted for a 15% decline in incoming class; as of August 14, we are currently 19% behind in received deposits when compared to the same date last year. These declines are steepest at the northern campuses, particularly Lyndon; for in-state students, and less pronounced for out-of-state populations. If realized, an additional incoming class decline of 5% will reduce the University's FY2024 revenue by approximately \$1.5M which will need to be addressed.

In January 2023, the Finance and Facilities Committee approved a carryforward request of \$2.2M to address a potential decline in students should the University's updated tuition pricing plan require additional time to realize new enrollments. These funds are available to address a potential shortfall in FY2024.