

## MEMORANDUM

**TO:** VSCS Finance & Facilities Committee  
David Silverman, Chair  
Shawn Tester, Vice Chair  
Lynn Dickinson  
Bob Flint  
Marc Mihaly  
Sue Zeller

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

**DATE:** May 16, 2024

**SUBJECT:** Finance and Facilities Committee Meeting scheduled for May 20, 2024

The Finance and Facilities Committee of the VSC Board of Trustees meets Monday, May 20, 2024. The meeting is scheduled to begin at 2:30 p.m. and will be held via Zoom at [www.vsc.edu/botzoom](http://www.vsc.edu/botzoom).

The committee meeting the agenda includes the following items:

1. Review and approval of the **minutes of the last committee meeting**. You will find the minutes of the last meeting as **ITEM 1** in the materials.
2. Review of the **Vermont State Colleges Third Quarter Financial Results**. As with the previous two quarters, the VSC's performance continues to be stronger than budget. You will find a summary of performance, together with organization specific narratives in your materials as **ITEM 2**.
3. Receive an update from **Drake Turner, Director of Government Relations & External Affairs**, on the most recent legislative session.
4. Review and approval for consideration by the full Board of Trustees of the **FY2025 System-Wide Operating Budget**. This is the third and final pass of the budget and represents the system's current best estimates of performance for FY2025. A system-wide summary, together with organization specific budget narratives, can be found in your packet as **ITEM 3**.
5. Review and approval of the **Vermont State Colleges Annual Banking & Investment Resolution**.

6. Kellie Campbell, Chief Information Officer, will be on hand to provide an update on the **Enterprise Resource Planning (ERP) Summer Project Timeline**. As discussed at the April 15 Board of Trustees Meeting, the VSC is conducting a series of pre-work activities leading up to launching a request for proposals late this summer. The team will update the committee on their planned work.
7. Drake Turner will discuss the benefits and success of the faculty and staff liaison pilot to the EPSL committee and introduce a proposal to expand the liaisons to the Finance & Facilities, Audit & Risk Management, and Diversity, Equity & Inclusion committees of the Board of Trustees. This item is for discussion only at this time, and but will be considered by the full board at its June 10, 2024 meeting.
8. The meeting with conclude with an executive session to discuss labor negotiations.

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**

Zoom Meeting / YouTube Stream<sup>1</sup>

**May 20, 2024 at 2:30 p.m.**

### **AGENDA**

1. Call to Order
2. Public Comment – signup for public comment at [www.vsc.edu/signup](http://www.vsc.edu/signup)<sup>2</sup>
3. Review and approval: *April 5, 2024 minutes*
4. Review: *FY2025 Third Quarter Financial Results*
5. Government Affairs Update to Committee
6. Review and approve: *FY2025 Budget*
7. Review and approve: *2024-003: Annual Banking & Investment Resolution*
8. Review: *ERP Summer Timeline*
9. Review: *Adding Faculty & Staff Liaisons to Key Committees*
10. Other Business
11. Executive Session to discuss labor negotiations
12. Adjourn

<sup>1</sup> The livestream link is on YouTube at [www.vsc.edu/live](http://www.vsc.edu/live)

<sup>2</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:** Finance and Facilities Minutes, April 5, 2024
- ITEM 2:** FY2024 Third Quarter Financial Results
- ITEM 3:** FY2025 System-Wide Budget Description & Narratives  
2024-003: Vermont State Colleges System Annual Operating Budget
- ITEM 4:** 2024-004: Annual Banking & Investment Resolution
- ITEM 5:** ERP Summer Timeline
- ITEM 6:** Adding Faculty & Staff Liaisons to Key Committees (Draft Resolution)

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**ITEM 1:      MINUTES OF APRIL 5, 2024**

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**Minutes of the VSCS Board of Trustees Finance and Facilities Committee meeting held  
Friday, April 5, 2024 at 1:00 p.m. via Zoom – UNAPPROVED**

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

The Vermont State Colleges Board of Trustees Finance and Facilities Committee met on Friday, April 5, 2024 via Zoom.

Committee members present: David Silverman (Chair), Lynn Dickinson, Bob Flint, Marc Mihaly, Shawn Tester, Sue Zeller

Absent: David Durfee

Other Trustees: Karen Luneau

Presidents: David Bergh, Joyce Judy

Chancellor's Office Staff: Beth Mauch, Chancellor  
Jen Porrier, Administrative Director

Shared Services: Donny Bazluke, Network/Security Analyst  
Kellie Campbell, Chief Information Officer  
Wilson Garland, Director of Transformation Projects  
Sharron Scott, Chief Financial and Operating Officer  
Patty Turley, General Counsel  
Meg Walz, Director, Project Management

From the Colleges: Kelley Beckwith, Vice President, Student Success, VTSU  
Mary Droege, Faculty, VTSU  
Nicole Mace, Dean of Administration, CCV  
Sarah Truckle, Vice President of Business Operations, VTSU  
Littleton Tyler, Assistant Vice President, Finance & Compliance, VTSU

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

Trustee Dickinson welcomed and introduced new Legislative Trustee Marc Mihaly. Marc is a representative in the General Assembly representing the Washington-6 district.

2. Public Comment

Mary Droege offered a comment inquiring if the current VSC building assessment underway will be covering the buildings of Community College of Vermont as well. Chair Silverman informed Mary that someone would follow up with her.

3. Approve February 12, 2024 Meeting Minutes

Chair Silverman reminded the committee that Robert's Rules of Order, which guides parliamentary procedure in public meetings, does not necessitate the need to abstain from voting on minutes, even if the meeting was not attended personally, as this could lead to quorum issues.

**Trustee Dickinson moved and Trustee Zeller seconded the motion to approve the February 12, 2024 minutes. The motion was approved unanimously.**

4. Review and approval: *Sophie Zdatny Scholarship Endowment*

Chair Silverman noted that upon the departure of Sophie Zdatny from the position of Chancellor, a Scholarship Endowment was established in her honor. He then invited Trustee Dickinson to provide information on the endowment. Trustee Dickinson provided further information sharing that \$36k was raised with an additional \$11k pledged to the scholarship. Eligible students will receive a scholarship in their last term at CCV and in their first year at VTSU. The goal is to support student affordability and accessibility taking advantage of the high value transfer pathways between the two colleges. Further information can be found [here](#) on pages 10-12.

**Trustee Dickinson moved and Trustee Zeller seconded the motion to recommend to the Board the approval of the Sophie Zdatny Scholarship Endowment. The motion was approved unanimously.**

5. Review: *Second pass budget*

Chair Silverman shared this second pass review of the FY25 system-wide budget. He noted that the budget presented here is within \$500,000 of the target for FY25. Both institutions are continuing the hard work of refining their budgets, and the detailed narratives for CCV and VTSU are available [here](#) on pages 21-23. Chief Financial and Operating Officer Sharron Scott provided a brief overview of the changes to the budget, the entirety of which can be found [here](#) on pages 14-23. CCV Dean of Administration Nicole Mace and VTSU Vice President of Business Operations Sarah Truckle, responded to questions from the committee.

6. Review: ERP assessment Project – Recommendations from Steering Committee/Stakeholders

Chair Silverman reminded the committee that it has heard updates on the system's Enterprise Resource Planning Assessment project at their last several meetings. With the work concluded, the project steering committee and key stakeholders have created a recommendation regarding how to move forward. Kellie Campbell, Chief Information Officer, was invited to present the group's recommendations and offer additional context. This presentation can be found [here](#).

7. Other Business

Chair Silverman shared that he joined a VSC Student Government Association meeting recently and found it very interesting. One of the projects being undertaken by the SGA currently is a facilities accessibility audit which Chair Silverman felt would be interesting to his fellow committee members, so he extended an invitation to the SGA to present to the committee.

Chair Silverman adjourned the meeting at 2:07 p.m.



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**ITEM 2:      FY2024 THIRD QUARTER FINANCIALS**

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## QUARTER FINANCIAL RESULTS

The Vermont State Colleges forecasts concluding the year at \$17.6 million better than budget.

	Vermont State Colleges System		
	Projected FY24	Budget FY24	Proj vs. Bud Fav / (Unfav)
TOTAL REVENUES	169,648	160,646	9,002
TOTAL EXPENSES	171,535	180,105	8,570
NET REVENUES/(DEFICIT)	(1,887)	(19,459)	17,572

This favorable improvement is due largely to the following one-time and extraordinary activities equaling \$12.4 million:

1. Sale of assets for electronic broad band services (EBS) licenses and the Lyndon/National Guard transaction. These sales resulted in one-time cash payments to Vermont State University equivalent to approximately \$1.5 million
2. Unrestricted investment income stronger than budget
3. Budget adjustment of \$2.3 million related to retiree medical insurance; and,
4. Receipt of unbudgeted bridge funding, \$3.4 million as a general fund state appropriation; and
5. Receipt of \$5.2 million transfer from ARPA a State ARPA grant

Excluding these one-time and extraordinary activities, the net revenue over budget is \$5.2 million better than budget

## SYSTEM-WIDE REVENUES

System-wide revenues are forecasted at \$9.0 million better than budget.

	Vermont State Colleges System		
	Projected FY24	Budget FY24	Proj vs. Bud Fav / (Unfav)
<b>REVENUES</b>			
Tuition and Fees	87,355	83,735	3,620
State Appropriation	53,595	49,586	4,009
Room and Board	18,529	20,314	(1,785)
Sales and Services	4,694	4,549	145
Gifts	951	1,135	(184)
Other Revenue	2,805	1,327	1,478
Other Revenue-one time	1,719	-	1,719
<b>TOTAL REVENUES</b>	169,648	160,646	9,002

Excluding the one-time sale of the Educational Broadband Licenses, property to the Vermont National Guard, and bridge funding in the form of State Appropriation, the forecasted improvement is \$4.1 million (Total Favorable Revenues of \$9.0 million less asset sales \$1.5 million, less General Fund Bridge of \$3.4) Placed into context, this is a 2.6% improvement in revenue performance for FY24.

## SYSTEM-WIDE EXPENSES

System-wide expenses are forecasted of \$8.6 million better than budget with improvements across all categories of spending except services, supplies and travel, and scholarships.

	<b>Vermont State Colleges System</b>		
	Projected	Budget	Proj vs. Bud
	FY24	FY24	Fav / (Unfav)
<b>EXPENSES</b>			
Salaries and Benefits	102,531	103,869	1,338
Retiree Medical Expenses	7,000	9,294	2,294
Services, Supplies, Travel	41,493	40,653	(840)
Scholarships	10,062	8,133	(1,929)
Utilities	7,296	8,603	1,307
Other Expenses	3,795	3,795	-
Debt Service	6,826	7,865	1,039
Shared Services	(93)	-	93
Chancellor's Office	-	-	-
Other Transfers	(9,776)	(4,507)	5,269
Other Transfers-one time	(0)	-	0
Strategic Initiatives (3%)	1,440	1,440	-
Economic Stabilization (2%)	960	960	-
<b>TOTAL EXPENSES</b>	<b>171,535</b>	<b>180,105</b>	<b>8,570</b>

The greatest driving factor for improved performance is the transfer of ARPA bridge funding from a State of Vermont Grant to the unrestricted general fund. This amount, shown in other transfers, is \$5.3 million. In addition to this major adjustment, personnel lines – specifically salaries and benefits, and retiree medical expenses are forecasted to be \$3.6 million better than budget. This is driven largely by turnover across the Vermont State Colleges and a correction to the retiree medical budget.<sup>1</sup>

<sup>1</sup> Retiree medical was over-budget for FY24. With the second quarter forecast, the VSC has corrected its forecast and issued an adjustment in the state appropriation to the institutions to reflect the revision.

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### THIRD QUARTER METRICS

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The FY24 budget is predicated on key values related to enrollment, room occupancy and employee wages. As part of the FY2024 budgeting process, each institution within the Vermont State Colleges supplied the Finance and Facilities Committee with the foundational metrics upon which their budgets were built as a means for the Committee to gauge current year budget performance.

CCV's full-paying equivalent enrollment for the current fiscal year is currently forecasted at 3.9% better than budget, with significantly stronger than budgeted out-of-state enrollment. Enrollment of Vermonters has remained strong at 2.1% better than budget due partially to the Vermont Tuition Advantage Program funded by the General Assembly.

Vermont State University's net student revenue (tuition and fees plus room and board less scholarships) is currently estimated at \$2.3 million worse than budget when excluding Workforce Development, or approximately 3.1% of budget. When including Workforce Development, the effect is a modest \$437 thousand, or 0.58% worse than budget. While VTSU's full-paying equivalents are 1.7% better than budget, the mix of in state and out-of-state students is unfavorable, thus leading to worse than anticipated revenue. The University has accounted for this change in mix as part of its FY25 budget.

**System-wide budget and forecast: 3<sup>rd</sup> Quarter FY24**

	Vermont State Colleges System			Community College of Vermont			Vermont State University			Shared Services			Chancellor's Office		
	Projected FY24	Budget FY24	Proj vs. Bud Fav / (Unfav)	Projected FY24	Budget FY24	Proj vs. Bud Fav / (Unfav)	Projected FY24	Budget FY24	Proj vs. Bud Fav / (Unfav)	Projected FY24	Budget FY24	Proj vs. Bud Fav / (Unfav)	Projected FY24	Budget FY24	Proj vs. Bud Fav / (Unfav)
<b>REVENUES</b>															
Tuition and Fees	87,355	83,735	3,620	22,712	22,000	712	64,642	61,735	2,907	-	-	-	1	-	1
State Appropriation	53,595	49,586	6,303	9,370	8,797	573	30,314	27,977	2,337	7,001	9,294	1	6,911	3,518	3,393
Room and Board	18,529	20,314	(1,785)	-	-	-	18,529	20,314	(1,785)	-	-	-	-	-	-
Sales and Services	4,694	4,549	145	2	1	1	4,692	4,548	144	-	-	-	-	-	-
Gifts	951	1,135	(184)	40	80	(40)	908	1,055	(147)	-	-	-	3	-	3
Other Revenue	2,805	1,327	1,478	183	183	0	172	1,144	(972)	-	-	-	2,449	-	2,449
<i>Other Revenue-one time</i>	<i>1,719</i>	<i>-</i>	<i>1,719</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1,719</i>	<i>-</i>	<i>1,719</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>TOTAL REVENUES</b>	<b>169,648</b>	<b>160,646</b>	<b>9,002</b>	<b>32,308</b>	<b>31,061</b>	<b>1,247</b>	<b>120,976</b>	<b>116,773</b>	<b>4,203</b>	<b>7,001</b>	<b>9,294</b>	<b>(2,293)</b>	<b>9,364</b>	<b>3,518</b>	<b>5,846</b>
<b>EXPENSES</b>															
Salaries and Benefits	102,531	103,869	1,338	21,358	21,353	(5)	72,010	72,470	460	8,364	9,203	839	799	843	44
Retiree Medical Expenses	7,000	9,294	2,294	-	-	-	-	-	-	7,000	9,294	2,294	-	-	-
Services, Supplies, Travel	41,493	40,653	(840)	5,716	4,847	(869)	26,475	26,559	84	8,956	8,992	36	346	255	(91)
Scholarships	10,062	8,133	(1,929)	170	170	(0)	9,522	7,963	(1,559)	-	-	-	369	-	(369)
Utilities	7,296	8,603	1,307	352	352	0	6,934	8,221	1,287	10	10	-	1	20	19
Other Expenses	3,795	3,795	-	-	-	-	-	-	-	-	-	-	3,795	3,795	-
Debt Service	6,826	7,865	1,039	1,561	1,561	(0)	5,265	6,304	1,039	-	-	-	-	-	-
Shared Services	(93)	-	93	5,347	5,347	0	11,658	11,658	(0)	(17,098)	(17,005)	93	-	-	-
Chancellor's Office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Transfers	(9,776)	(4,507)	5,269	(1,831)	(2,569)	(738)	1,404	1,040	(364)	-	-	-	(9,348)	(2,978)	6,370
<i>Other Transfers-one time</i>	<i>(0)</i>	<i>-</i>	<i>0</i>	<i>(365)</i>	<i>-</i>	<i>365</i>	<i>(1,819)</i>	<i>-</i>	<i>1,819</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>2,184</i>	<i>-</i>	<i>(2,184)</i>
Strategic Initiatives (3%)	1,440	1,440	-	-	-	-	-	-	-	-	-	-	1,440	1,440	-
Economic Stabilization (2%)	960	960	-	-	-	-	-	-	-	-	-	-	960	960	-
<b>TOTAL EXPENSES</b>	<b>171,535</b>	<b>180,105</b>	<b>8,570</b>	<b>32,308</b>	<b>31,061</b>	<b>(1,247)</b>	<b>131,449</b>	<b>134,215</b>	<b>2,766</b>	<b>7,232</b>	<b>10,494</b>	<b>3,262</b>	<b>546</b>	<b>4,335</b>	<b>3,789</b>
<b>NET REVENUES/(DEFICIT)</b>	<b>(1,887)</b>	<b>(19,459)</b>	<b>17,572</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>(10,473)</b>	<b>(17,442)</b>	<b>6,969</b>	<b>(231)</b>	<b>(1,200)</b>	<b>969</b>	<b>8,818</b>	<b>(817)</b>	<b>9,635</b>
<b>ONE-TIME FUNDS</b>															
Carried Over Funds	-	9,135	-	-	-	-	-	-	-	-	-	-	-	9,135	-
Strategic Reserve	-	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000	-
All Other	10,473	-	-	-	-	-	10,473	-	-	-	-	-	-	-	-
<b>TOTAL ONE-TIME FUNDS</b>	<b>10,473</b>	<b>14,135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,135</b>	<b>-</b>
<b>TOTAL OPERATING RESULT</b>	<b>8,586</b>	<b>(5,324)</b>	<b>17,572</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>(17,442)</b>	<b>6,969</b>	<b>(231)</b>	<b>(1,200)</b>	<b>969</b>	<b>8,818</b>	<b>13,318</b>	<b>9,635</b>

**System-wide metrics: 3<sup>rd</sup> Quarter FY24**

		Community College of Vermont				Vermont State University				Vermont State Colleges			
		FY24 Budget	FY24Q3	Var \$	Var %	FY24 Budget	FY24Q3	Var \$	Var %	FY24 Budget	FY24Q3	Var \$	Var %
<b>Student Revenue &amp; Wages (\$millions)</b>													
Net Student Revenue		\$ 21,830	\$ 22,542	\$ 712	3.3%	\$ 74,086	\$ 71,675	\$ (2,411)	-3.3%	\$ 95,916	\$ 94,217	\$ (1,699)	-1.8%
Annual Employee Wages		\$ 15,719	\$ 15,719	\$ -	0.0%	\$ 46,655	\$ 47,024	\$ 369	0.8%	\$ 62,374	\$ 62,743	\$ 369	0.6%
<b>Full Paying Equivalent Enrollment</b>													
Annual FPE		2,932	3,047	115	3.9%	4,141	4,211	70	1.7%	7,073	7,258	185	2.6%
<b>FPE by Term</b>													
Fall		2,560	2,614	54	2.1%	4,280	4,318	38	0.9%	6,840	6,932	92	1.3%
Spring		2,224	2,423	199	8.9%	4,002	4,070	68	1.7%	6,226	6,493	267	4.3%
Other		1,080	1,057	(23)	-2.2%	-	-	-	0.0%	1,080	1,057	(23)	-2.2%
<b>FPE by Value Stream</b>													
Vermonters		2,783	2,880	97	3.5%	1,693	1,722	29	1.7%	4,476	4,602	126	2.8%
Out-of-State		116	127	12	10.1%	859	874	15	1.7%	975	1,001	27	2.7%
NEBHE & Good Neighbor		39	40	2	4.1%	200	203	3	1.5%	239	243	5	1.9%
Nursing & Allied Health		n/a				545	554	9	1.7%	545	554	9	0.01651
Online		n/a				291	296	5	1.7%	291	296	5	1.7%
<b>Graduate</b>													
Vermonters		n/a				207	211	4	1.9%	207	211	4	1.9%
Out-of-State		n/a				60	61	1	1.7%	60	61	1	1.7%
<b>Room Occupancy</b>													
Annual Occupancy		n/a				1,650	1,505	(145)	-8.8%	1,650	1,505	(145)	-8.8%
<b>Occupancy by Term</b>													
Fall		n/a				1,751	1,597	(154)	-8.8%	1,751	1,597	(154)	-8.8%
Spring		n/a				1,550	1,414	(136)	-8.8%	1,550	1,414	(136)	-8.8%
Other		n/a				0		-	0.0%	-	-	-	0

- VTSU net student revenue excludes Workforce Development for these metrics.

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## COMMUNITY COLLEGE OF VERMONT

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CCV's FY24 Fall and Spring semester enrollment revenue was higher than budget due to the Vermont Tuition Advantage (VTA) program. Since we awarded the full \$4m in VTA funds in the Fall and Spring semesters, we expect CCV's Summer semester tuition and fees to be consistent with budget. CCV is projecting a \$712k increase in tuition and fees revenue over the FY24 budget. The amount of CCV's state appropriation is also anticipated to come in \$573k higher than budget due to adjustments in retiree medical expenses. Together these two developments mean CCV is projecting a \$1.2m increase in revenue over budget.

This increase in revenue will be offset by anticipated increases in our ReUp fees, bad debt expense, and marketing costs associated with the launch of the Vermont Tuition Advantage program. These expense increases are projected to total \$682k. As noted in Q1 & Q2, CCV planned to use \$300k in carryforward funds to support critical safety and security upgrades. Due to the improved revenue projections described above we are now expecting to have sufficient revenue to cover the expenses for our safety and security upgrades without having to access any carryforward funds.

### **Revenues:**

**Tuition and Fees:** Overall total tuition and fees are projected to come in \$712k higher than BOT approved budget.

**Appropriation:** State appropriation (non-VTA revenue) is anticipated to be \$573k higher than budget.

**Sales & Services/Gifts/Other Revenues:** Projecting a slight increase (\$1k) in sales and services revenue; \$40k decrease in gifts.

### **Expenses:**

**Salaries & Benefits:** Projecting slight increase over budget (\$5k).

**Service, Supplies & Travel:** \$869k over budget due to planned safety and security upgrades, ReUp fees, VTA advertising, and bad debt expense.

**Scholarships & Fellowships:** No change.

**Other Transfers:** \$373k reduction in transfer from the Chancellor's Office due to higher than budgeted appropriation revenue.

VTSU's bottom-line projection, at Q3, is significantly favorable to budget, mainly due to \$5.0M of one-time and unexpected activity. Budgeting a \$17.6M deficit, the University projects a \$10.4M deficit.

### Student Revenue.

VTSU's FY24 net student revenue is projected to be \$2.3M below budget.

- Tuition revenue is projected to be slightly better than budgeted (up 1.7%).
- Auxiliary revenue (room and board) is significantly down from budget (down 8.8%). VTSU (Vermont State University) is projecting revenue of \$18.5M against \$20.3M budgeted
  - Residential enrollment was down significantly: 1,744 in Fall '22; 1,485 in Fall '23, a 15% year-to-year decline.
  - This follows an ongoing trend on our residential campuses. Overall, VTSU is down 36% in residential enrollment when compared to the last pre-pandemic year, Fall '19. Furthermore, only half of VTSU's capacity is currently in use.

Campus	19FA	20FA	21FA	22FA	23FA	Delta, 22FA - 23FA	Delta, 19FA - 23FA	Current Total Capacity*	% of capacity in use
Castleton	993	423	867	893	809	-9%	-19%	1,115	73%
Johnson	448	281	257	274	213	-22%	-52%	692	31%
Lyndon	397	272	302	315	229	-27%	-42%	666	34%
Randolph	426	108	232	224	193	-14%	-55%	562	34%
Williston	58	23	37	38	41	8%	-29%	50	82%
<b>All</b>	<b>2,322</b>	<b>1,107</b>	<b>1,695</b>	<b>1,744</b>	<b>1,485</b>	<b>-15%</b>	<b>-36%</b>	<b>3,085</b>	<b>48%</b>

\*current total capacity includes buildings that are "offline", such as Senator's North at Johnson Campus.

- Scholarships are outpacing budget: expense is projected to exceed budget by 19.6%.
  - As part of VTSU's tuition restructuring, scholarship expenses were expected to decline 59% year-to-year; VTSU has only realized a 51% decline.
  - FY23 scholarship expense was \$19.5M; VTSU budgeted \$8.0M; current projections suggest expense closer to \$9.5M.
  - The likely contributing factor is a shift in student mix.

**Operating Expense.** VTSU's FY24 expenses are projected at \$4.6M lower than budget.

- Salary and benefit lines are projected at ~3% below budget. (~\$1.8M) This is attributable to a higher than budgeted vacancy rate. Many of these vacancies are required to maintain smooth operations. The University is struggling to recruit in an extremely tight labor market. All severance packages associated with the Fall Reduction in Force have been accounted for in this projection.
- Utilities are projected at \$1.2M below budget: fuel consumption over the winter has been lower than anticipated, and a variable rate contract allowed us to capture savings from decreased cost per gallon.
- Q3 projections incorporate ~\$1.0M in savings from the recent bond buy-back, shown on the Debt Service & Capital Support line.
- Of note, Q3 projections **DO NOT** incorporate the transfer offsets of \$2M included in VTSU's Q1 projection. VTSU is no longer requesting this transfer and has reversed the transaction with the systems



office. Originally, it was anticipated this reserve would be needed considering the Fall enrollment; however, given the unanticipated and highly unusual amount of one time funding the University has seen in FY24 these funds are not needed at this time. VTSU will continue to maintain these funds in a reserve as intended by the Board to mitigate future enrollment variations. Given the FAFSA (Free Application for Federal Student Aid) delays, the upcoming FY25 budget will be difficult to project enrollment with the delays in awarding financial aid. These reserve funds will mitigate risk as we look to the FY25 budget build.

**One Time and Unexpected Activity.** VTSU's Q3 projections include several sources of one-time activity, cumulatively reducing the projected deficit by \$5.0M.

- One time. Asset sales, \$1.4M, impacting the "sales and services line". This 1.4 M is primarily composed of the sale of broadband rights to T-Mobile (\$1.2M) and the Lyndon / National Guard land transaction (\$0.3M).
- One time. Medical reserve return, \$1.8M, impacting the "other transfers" line.
- Unexpected. Retiree medical reserve adjustment, \$1.7M, impacting the "appropriations" line.

Excluding retiree medical expenses, the Shared Services budget is currently forecasted to end FY24 \$969 thousand better than budget. This improvement is due to two factors. First, is higher than expected turnover in Shared Services coupled with slower than predicted time to hiring and the second is the temporary hiring of an external resource (contractor) to serve as Libraries Director.

**Revenues:**

**State Appropriation:** The state appropriation budgeted for Shared Services is directed solely to coverage of retiree medical costs. With the adjustment to the retiree medical budget, this line has been reduced.

**Expenses:**

**Retiree Medical Expenses:** Reductions are being realized in this area and a favorable \$2.3M variance to budget.

**Salaries & Benefits:** As noted above, staff turnover and the Library Director position have reduced the current year forecast.

**Supplies, Services & Travel:** A slightly favorable \$36 thousand variance to budget is projected after an emphasis on cost containment.

**Shared Services:** the transfer into the Shared Services budget is forecasted at \$93 thousand higher than budget due to Vermont State University's repayment of outside legal contracts related to the sale of EBS licenses.

The Chancellor's Office budget holds the expenses for functions of the corporation. In terms of personnel, this budget includes the Chancellor, Director of External Relations & Government Affairs, Assistant to the Chancellor, and Chief Academic Officer for the system. The unit's functions include system oversight, strategic affairs, government relations, board support, and system-wide academic affairs.

The FY24 budget forecast current estimates a \$9.6 million improvement to budget due to improvements in revenue offset by modest increases in costs.

**Revenues:**

**State Appropriations:** Non-ARPA portion of the FY24 Bridge Funding was not budgeted and is therefore shown as a \$3.4 million improvement to budget.

**Other Revenue:** Unrealized investment income \$2.5 million that has not been distributed to the institutions.

**Expenses:**

**Other Transfers:** ARPA portion of the FY24 Bridge Funding was not budgeted and is therefore shown as a \$5.2M improvement to budget as a transfer from the restricted expendable ARPA grant.

**Other Transfers – One-Time:** This activity includes the transfer and distribution of the budgeted but unexpended portion of the FY23 medical reserve to the institutions.

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**ITEM 3:      FY2025 SYSTEM-WIDE BUDGET**

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## FY25 SYSTEM-WIDE BUDGET PROPOSAL

The budget target for FY25 is a deficit of \$10 million, excluding one-time spending related to the “step-in” for computer system replacement. The second pass of the FY25 budget is a deficit of \$10.35 million, divided roughly as a deficit of \$350 thousand for Community College of Vermont and \$10 million for Vermont State University. Both Vermont State University and Community College of Vermont have taken steps to tighten up their budget requests for FY25 with CCV showing a net deficit improvement of \$149 thousand since the second pass of the budget.

	FY2024 Budget	FY2024 Forecast	FY2025 Proposal
<b>TOTAL REVENUES</b>	160,646	169,647	167,677
<b>TOTAL EXPENSES</b>	180,105	171,535	178,029
	-	-	-
<b>NET REVENUES/(DEFICIT)</b>	(19,459)	(1,888)	(10,352)

The General Assembly has appropriated \$10 million in bridge funding to support the anticipated deficit for FY25. In the event funds of up to \$350 thousand will be needed to support spending in excess of the allocated \$10 million, the system will use reserve funds.

## FY25 SYSTEM-WIDE REVENUES

System-wide revenues are budgeted at \$167.7 million, approximately \$7 million higher than the FY24 budget, and \$2 million less than the FY24 third quarter forecast. Since the second pass of the budget, the greatest single change in budgeted revenue is related to tuition and fees at Vermont State University. The University anticipates a 7% increase in net student revenue based on a modest rebound in student enrollment. Current data and tracking suggest the University is on target to hit this number; however, they are closely monitoring student enrollments and will continue to take direct action to address variation in enrollment as the summer progresses.

	FY2024 Budget	FY2024 Forecast	FY2025 Proposal
<b>REVENUES</b>			
Tuition and Fees	83,735	87,355	90,970
State Appropriation	49,586	53,595	51,682
Room and Board	20,314	18,529	19,011
Sales and Services	4,549	4,693	4,238
Gifts	1,135	951	1,177
Other Revenue	1,327	2,804	598
<b>TOTAL REVENUES</b>	160,646	169,647	167,677

At the conclusion of the legislative session, the General Assembly increased the Vermont State Colleges base appropriation by 3% plus an additional \$1.5 million to allow the system additional time to meet its structural needs. Therefore, the 3% increase to the base has been included in the System-wide Operating Budget and the \$1.5 million has been set aside for use in a future year.

## FY25 SYSTEM-WIDE EXPENSES

System-wide operating expenses are budgeted at approximately \$2 million lower than the current year budget and \$6.5 million lower than the third quarter forecast. The change in expenses is a \$6 million improvement from the first pass of the budget.

	FY2024 Budget	FY2024 Forecast	FY2025 Proposal
<b>EXPENSES</b>			
Salaries and Benefits	103,869	102,531	103,364
Retiree Medical Expenses	9,294	7,000	7,700
Services, Supplies, Travel	40,654	41,493	40,477
Scholarships	8,133	10,061	9,501
Utilities	8,603	7,297	8,057
Other Expenses	3,795	3,795	3,608
Debt Service	7,865	6,826	8,445
Shared Services	(1)	(94)	(0)
Chancellor's Office	-	-	-
Other Transfers	(4,507)	(428)	(5,083)
<i>Other Transfers-one time</i>	-	(2,184)	-
Strategic Initiatives (3%)	1,440	1,440	980
Economic Stabilization (2%)	960	960	980
<b>TOTAL EXPENSES</b>	<b>180,105</b>	<b>171,535</b>	<b>178,029</b>

Several areas to note within this proposed budget. First, debt service increases in FY25 reflect the first year of principal payments on the 2020 Bonds. This increase has been anticipated throughout the budgeting process and is reflected on the debt service line. Second, a warmer than usual winter lowered the system's use of heating fuels. While this allowed for a favorable FY24 forecast, the institutions have budgeted at more typical volumes. Lastly, recent changes to the appropriation formula reduced the amount budgeted for strategic initiatives. This revised amount is reflected on the strategic initiatives line.

Effective with FY25, the shared services for libraries and human resources are moving from the system office to Community College of Vermont and Vermont State University. Library management will be shared between the colleges jointly. Shared services for human resources will be split between the institutions with Vermont State University overseeing all benefits activities, and Community College of Vermont overseeing the remaining activities. These functions continue to act as shared services, but the budgets and management of the services will occur at CCV and VTSU respectively.

## **FY25 System-wide Operating Budget**

	FY2024 Budget	FY2024 Forecast	FY2025 Proposal	FY2024 Budget	FY2024 Forecast	FY2025 Proposal	FY2024 Budget	FY2024 Forecast	FY2025 Proposal	FY2024 Budget	FY2024 Forecast	FY2025 Proposal	FY2024 Budget	FY2024 Forecast	FY2025 Proposal
<b>EVENUES</b>															
Tuition and Fees	83,735	87,355	90,970	22,000	22,712	21,899	61,735	64,642	69,072	-	-	-	-	1	-
State Appropriation	49,586	53,595	51,682	8,797	9,370	9,769	27,977	30,314	31,104	9,294	7,000	7,700	3,518	6,911	3,109
Room and Board	20,314	18,529	19,011	-	-	-	20,314	18,529	19,011	-	-	-	-	-	-
Sales and Services	4,549	4,693	4,238	1	2	1	4,548	4,691	4,237	-	-	-	-	-	-
Gifts	1,135	951	1,177	80	40	80	1,055	908	1,097	-	-	-	-	3	-
Other Revenue	1,327	2,804	598	183	183	199	1,144	172	399	-	-	-	-	2,449	-
<i>Other Revenue-one time</i>															
<b>OTAL REVENUES</b>	160,646	169,647	167,677	31,061	32,308	31,948	116,773	120,975	124,920	9,294	7,000	7,700	3,518	9,364	3,109
<b>XPENSES</b>															
Salaries and Benefits	103,869	102,531	103,364	21,353	21,358	22,282	72,470	72,010	73,492	9,203	8,364	6,796	843	799	793
Retiree Medical Expenses	9,294	7,000	7,700	-	-	-	-	-	-	9,294	7,000	7,700	-	-	-
Services, Supplies, Travel	40,654	41,493	40,477	4,848	5,716	5,085	26,559	26,475	27,709	8,992	8,956	7,328	255	346	355
Scholarships	8,133	10,061	9,501	170	170	130	7,963	9,522	9,371	-	-	-	-	369	-
Utilities	8,603	7,297	8,057	352	352	321	8,221	6,934	7,723	10	10	10	20	1	2
Other Expenses	3,795	3,795	3,608	-	-	-	-	-	-	-	-	-	3,795	3,795	3,608
Debt Service	7,865	6,826	8,445	1,561	1,561	1,694	6,304	5,265	6,752	-	-	-	-	-	-
Shared Services	(1)	(94)	(0)	5,346	5,346	4,192	11,658	11,658	9,942	(17,005)	(17,098)	(14,134)	-	-	-
Chancellor's Office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Transfers	(4,507)	(428)	(5,083)	(2,569)	(1,832)	(1,406)	1,040	1,404	(69)	-	-	-	(2,978)	(9,348)	(3,608)
<i>Other Transfers-one time</i>	-	(2,184)	-	-	(365)	-	-	(1,819)	-	-	-	-	-	-	-
Strategic Initiatives (3%)	1,440	1,440	980	-	-	-	-	-	-	-	-	-	1,440	1,440	980
Economic Stabilization (2%)	960	960	980	-	-	-	-	-	-	-	-	-	960	960	980
<b>OTAL EXPENSES</b>	180,105	171,535	178,029	31,061	32,308	32,298	134,215	131,449	134,920	10,494	7,232	7,700	4,335	546	3,110
	-	-	-												
<b>ET REVENUES/(DEFICIT)</b>	(19,459)	(1,888)	(10,352)	-	0	(351)	(17,442)	(10,474)	(10,000)	(1,200)	(232)	-	(817)	8,818	(1)

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## COMMUNITY COLLEGE OF VERMONT

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

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### INVESTMENTS & COST CONTAINMENT

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- What initiatives is your institution investing in during FY25?

The FY25 budget maintains CCV's commitment to access and affordability. As a key access point to the VSC system, we believe we should be taking all measures necessary to increase the affordability of Vermont's only community college. Therefore, this budget does not propose any tuition and fees increases. FY25 is the fifth year in a row that CCV has held tuition and fees level. The increases in the state appropriation in FY25 due to changes to Policy 403A made it possible for CCV to keep tuition level, but unless the appropriation continues to grow, we do not see a way to avoid tuition increases in the future. Given that CCV's tuition is twice the national average for two-year public colleges, that is an outcome we hope to avoid.

FY25 will see continued growth in our efforts to serve underserved populations that struggle to access higher education. CDS (Congressionally Directed Spending) funding allowed us to launch the Corrections Post-Secondary Education Initiative (CPSEI), which provides free college courses for Department of Corrections staff and Vermonters who are incarcerated. In FY25 we hope to obtain authorization to issue Pell Grants to inmates, which will make the program financially sustainable once the grant expires.

Our Workforce team is continuing to work with employers and industry leaders to develop apprenticeship and learn while you earn opportunities that meet the needs of students and employers. We are also launching a college-wide team dedicated to improving access for Vermont's multilingual learners. We have obtained philanthropic funding to establish a Multilingual Program Manager position, established partnerships with external service providers, identified opportunities within existing funding sources (Perkins, e.g.) and formed a multi-disciplinary working group to oversee and coordinate the work. By comprehensively addressing the unique barriers faced by immigrant and refugee learners, CCV seeks to empower these students to achieve their educational and career goals, thereby contributing to their integration into the social fabric of their communities and bolstering the economic prosperity of Vermont.

- **What initiatives is your institution *considering* for cost containment in during FY25?**

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

CCV has 12 strategically located centers throughout the state. The College owns 3 centers and rents 9 other locations. In recent years, CCV has shifted from long-term to shorter leases to evaluate and adjust our physical footprint across all 12 centers more regularly. In the past year, we shrunk our physical footprint in Morrisville



and St. Johnsbury. For FY25, we reduced our footprint in Bennington and were invited by the Vermont Community Foundation to move our location to their offices in Middlebury. Both changes will save the College over \$100k per year.

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

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## REVENUE FORECAST

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

With Vermont's changing demographic projections as well as a 21% decline in enrollment in K-12 in the last eight years, CCV continues to be mindful of these trends as we developed our enrollment projections for the FY 2025 budget. Given Vermont's current population trends, CCV's FY25 budget reflects a 5% decline in enrollment.

- **Pressures / Challenges related to achieving these targets:**

In 2021, in response to recommendations laid out in the *Select Committee on the Future of Public Higher Education in Vermont* report to the Legislature, the Vermont State Colleges System (VSCS) received a historic amount of state funding "to address weakness in student accessibility, success, and affordability at the VSC System and throughout the state." In making its recommendations to the Legislature, the Select Committee noted that "the State of Vermont should ensure that CCV continues to focus on its mission to provide Vermont residents with affordable access points to postsecondary education throughout the State, and to develop and deliver responsive workforce-relevant education and training programs."

CCV has raised concerns over the past two years about how the state appropriation is allocated between the two institutions, particularly given the shift of expenses to CCV through the shared services model. While recent changes to Policy 403A direct more of the appropriation to the institutions, CCV is expected to receive just 21% of the total appropriation in FY25, despite serving 55% of the students in the VSC. Working with the Office of the Chancellor and the Shared Services team, we were able to identify some savings in the Shared Services budget line, but CCV is still responsible for 30% of the expenses of this model, which continues to put significant pressure on CCV's operating budget.

While FY24 saw strong enrollment in CCV programs, we attribute much of that growth to the Vermont Tuition Advantage (VTA) Program and 802 Opportunity Grants. We anticipate very limited funding for VTA for the coming year and believe this poses a risk to enrollment given CCV's relatively high tuition rates.

In addition to the reduction in funds to support VTA, we are closely monitoring a growing trend of unpaid student tuition bills. Between FY2018 and FY2023, CCV saw a 30% increase in the amount of unpaid tuition bills. This is a trend seen across the country and coincides with the cessation of COVID funds that provided tuition assistance and debt forgiveness. CCV has embarked on a comprehensive, college-wide process to address this issue. We anticipate that tuition revenue may decrease slightly as the College initiates procedures intended to reduce the number of unpaid bills.

- **Opportunities**

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

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### **EXPENSE FORECAST**

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Faculty and staff represent approximately 70% of CCV's annual expenses. CCV does not have a significant number of vacancies at the time of budget preparation, so the budget reflects actual staffing levels. Like all employers, CCV is under pressure to ensure that we offer a competitive wage and benefit package in order to attract and retain highly qualified personnel. With a staff-to-FTE student ratio of 1:41, reducing staff positions would greatly impact operations and our ability to serve students. Inflationary pressures have added to the cost of services, supplies and travel as well.

CCV is also projecting a significant increase in our bad debt expense in FY25 due to the increase in the amount of unpaid bills in FY23 & 24. We are embarking on a multi-pronged response to this issue, but we do not expect to see immediate decreases. Given how the bad debt calculation works, it is likely we will be contending with unpredictable bad debt expenses for the coming few years.

Working with our partners in Shared Services, we were able to identify several opportunities to reduce expenses in CCV's FY25 shared expenses. We will continue to identify strategies to reduce expenses while ensuring high quality services are delivered to both institutions. We are supportive of the changes to the Libraries and HR models that are being made for FY25, as we believe the institutions will see an improvement in service for less cost.

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### **FY2026 – FY2028 OUTLOOK**

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In the FY24 budget, CCV relied on a \$817k transfer from the Office of the Chancellor to offset the increase in shared services assessed to CCV. In FY25 CCV is budgeting a \$351k deficit due to shared services. CCV's improved position is due to an increase in the amount of the appropriation directed to the institutions as part of the changes made to Policy 403A, along with reductions in CCV's shared services budget. While progress has been made, we have more work to do.

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

Similarly, if Shared Services do not continue to result in efficiency and lower costs for CCV, along with increases in staff compensation to remain competitive in the marketplace, we expect more challenging budget years for the FY26-28 period.

Community College of Vermont			
	FY2024 Budget	FY2024 Forecast	FY2025 Proposal
<b>REVENUES</b>			
Tuition and Fees	22,000	22,712	21,899
State Appropriation	8,797	9,370	9,769
Room and Board	-	-	-
Sales and Services	1	2	1
Gifts	80	40	80
Other Revenue	183	183	199
<b>TOTAL REVENUES</b>	<b>31,061</b>	<b>32,308</b>	<b>31,948</b>
<b>EXPENSES</b>			
Salaries and Benefits	21,353	21,358	22,282
Retiree Medical Expenses	-	-	-
Services, Supplies, Travel	4,848	5,716	5,085
Scholarships	170	170	130
Utilities	352	352	321
Other Expenses	-	-	-
Debt Service	1,561	1,561	1,694
Shared Services	5,346	5,346	4,192
Chancellor's Office	-	-	-
Other Transfers	(2,569)	(1,832)	(1,406)
<i>Other Transfers-one time</i>	-	(365)	-
Strategic Initiatives (3%)	-	-	-
Economic Stabilization (2%)	-	-	-
<b>TOTAL EXPENSES</b>	<b>31,061</b>	<b>32,308</b>	<b>32,298</b>
<b>NET REVENUES/(DEFICIT)</b>	<b>-</b>	<b>0</b>	<b>(351)</b>

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## VERMONT STATE UNIVERSITY

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### FY2025 OUTLOOK

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The University's budget proposal requests authority to draw a \$10.0M deficit during FY2025. This deficit will be funded through current year and prior year state-provided bridge funding, and follows VTSU's multi-year plan to financial sustainability, which began with the FY2023 budgetary deficit of \$22.7M, and, if implemented, will continue with deficit targets of \$5.0M and \$0.0M in Fiscal Years 2026 and 2027, respectively.

The two largest variables in this budget—as in any VTSU (Vermont State University) budget—are Student Revenue and Salary and Wages, which comprise 75% of our unrestricted revenue and 58% of our unrestricted expense, respectively. In FY2025, as in past years, tuition rate increases have failed to keep up with anticipated wage and health care increases, representing the single most consistent challenge to achieving long-term balance & sustainability. In other words, under the pressure of out-of-sync inflationary factors, significant budgetary action is required each year to avoid losing ground.

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### ALIGNMENT TO BOARD STRATEGIC PRIORITIES

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FY2025 budget proposal is based upon a modest tuition rate increase of 3.5%, as approved by the Board of Trustees last fall. Despite rising costs and inflationary rates that outpace tuition rate growth, VTSU has tried to prioritize student affordability, favoring cost containment to close budgetary gaps over passing cost along to students.

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### REVENUE

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VTSU's budget proposal contemplates a 7% increase in net student revenue increase based on a modest rebound in student enrollment, following post pandemic and transformation lows. Many of our predictive tools have been undermined due to disrupted student registration and enrollment patterns, following untimely changes in the administration of federal student aid. However, our early funnel reports have indicated strong enrollment signals. These budget materials plan for a 3.9% aggregate increase in FTE enrollment. We plan to monitor the admissions funnel closely throughout the rest of the recruitment cycle, recalculating our enrollment projections bi-weekly between now and fall add-drop period, and reacting to new information accordingly.

Student Revenue. VTSU has assumed a 3.9% rebound in overall enrollment. While preliminary funnel data continues to look very promising, VTSU has created a \$1M contingency in the enclosed budgetary materials, to account for and allow flexibility in case the funnel does not convert as expected. Additionally, VTSU plans to implement a 3.5% increase in tuition & fee rates as approved by the Board on January 22<sup>nd</sup>. Our '23-24 incoming class will be discounted at lower rate than graduating class, consistent with our approved financial aid and scholarship strategy; we estimate aggregate scholarship expense of \$9.4M.

Other Revenue. Base appropriation is budgeted as discussed at the December Finance and Facilities meeting and aligned with the Governor's proposed Gov Rec FY25 budget. Additionally, retiree medical expenses have decreased by \$0.8M, in accordance with the latest calculations from the Chancellor's Office—this revenue "offset" will be visible on the Appropriation line.

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## EXPENSE

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Salary, Wage, & Benefits. Salary, wages, and benefits represent 58% of VTSU's annual unrestricted expense. Workforce levels are set position-by-position based on anticipated staffing for FY2025. The University enters FY2025 with a considerable number of positions under recruitment and anticipates a modest amount of turnover in the coming year; a 2% overall vacancy rate has been assumed.

Non-personnel expenses. At the aggregate level, operational budgets—supplies, services, travel—have been level-funded to FY2024 amounts. Within that framework, the finance team has worked with budget managers to review all individual expenditure lines, looking for efficiencies where possible, and moving funds between lines according to need. VTSU's budget proposal includes the result: an aggregation of thousands of individual lines of budgetary detail, each scrutinized, reviewed, discussed, and reconsidered by the Finance team and our dozens of budget managers over the past two months. Utility expense budgets factor in a 4.3% rate of inflation (based on 3y CPI compound avg) as well as the assumption of increased oil usage of approximately 15%, following the warm winter.

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## FY2026 - FY2028 OUTLOOK

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VTSU plans to continue improving its budgetary outlook in subsequent years, achieving break-even in FY2027.

On the revenue side, VTSU anticipates two more years of gradual enrollment gains, as we recover from post-pandemic and transformation lows. This, along with modest tuition rate increases, should allow for a 7-8% revenue growth rate. Further, VTSU plans to continue expanding its Nursing Program, filling a vital need for the State of Vermont.

On the expense side, VTSU will need to find \$7M in cost efficiencies over two years. We will be evaluating and implementing cost-saving measures as part of our FY2026 and FY2027 planning.

Vermont State University			
	FY2024 Budget	FY2024 Forecast	FY2025 Proposal
<b>REVENUES</b>			
Tuition and Fees	61,735	64,642	69,072
State Appropriation	27,977	30,314	31,104
Room and Board	20,314	18,529	19,011
Sales and Services	4,548	4,691	4,237
Gifts	1,055	908	1,097
Other Revenue	1,144	172	399
<b>TOTAL REVENUES</b>	<b>116,773</b>	<b>120,975</b>	<b>124,920</b>
<b>EXPENSES</b>			
Salaries and Benefits	72,470	72,010	73,492
Retiree Medical Expenses	-	-	-
Services, Supplies, Travel	26,559	26,475	27,709
Scholarships	7,963	9,522	9,371
Utilities	8,221	6,934	7,723
Other Expenses	-	-	-
Debt Service	6,304	5,265	6,752
Shared Services	11,658	11,658	9,942
Chancellor's Office	-	-	-
Other Transfers	1,040	1,404	(69)
<i>Other Transfers-one time</i>	-	(1,819)	-
Strategic Initiatives (3%)	-	-	-
Economic Stabilization (2%)	-	-	-
<b>TOTAL EXPENSES</b>	<b>134,215</b>	<b>131,449</b>	<b>134,920</b>
<b>NET REVENUES/(DEFICIT)</b>	<b>(17,442)</b>	<b>(10,474)</b>	<b>(10,000)</b>

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## SHARED SERVICES

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The FY2025 budget is the second Shared Services budget for the Vermont State Colleges. Created in accordance with the recommendations of the Select Committee on the Future of Public Higher Education in Vermont and many strategic conversations with the Board of Trustees, the Shared Services model is intended to provide high-quality, cost-effective services that meet the needs of the institutions of the Vermont State Colleges. In addition, Shared Services will assist with legal and regulatory compliance, security of the system, and offer equitable services across the institutions and locations.

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## INVESTMENTS & COST CONTAINMENT

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### Investments

For FY2025, the primary emphasis for Shared Services is on bringing together the existing, disparate services, previously in existence at the separate institutions. Through this work, specifically in Information Technology, new investments have been identified in regards to equipment replacement, an expanded focus on cybersecurity, and continued investment in the software necessary to operate Community College of Vermont and Vermont State University.

New with this budget, shared services responsibility for Libraries and Human Resources will reside with the institutions rather than the system office. Library services will continue to operate jointly as a unified service, with budget management responsibilities being shared between the two institutions. Human Resources shared services will continue to operate system-wide, with responsibility for Benefits Management and Retirees shifting to oversight at Vermont State University and remaining functions shifting to Community College of Vermont.

### Cost Containment

A critical goal of the Shared Services division is to provide high quality and consistent services while simultaneously driving down costs. Last year Shared Services worked to identify cost containment measures that were proposed to CCV and VTSU. These measures included creative concepts for holding down cost, especially in Information Technology. These efforts will continue into FY2025.

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## REVENUE FORECAST

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The Shared Services budget is not a revenue generating division. However, because it manages retiree healthcare costs, the corresponding state appropriation is assigned to this unit. For FY2025, the estimated cost of retiree healthcare is \$7.7M.

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## EXPENSE FORECAST

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The Shared Services budget holds the expense for all retiree healthcare. The remainder of the budget is comprised of Finance, Legal, and Information Technology. The total budget for Shared Services is \$14.1M, approximately \$2.9M lower than in FY2024. While there have been many cost saving elements introduced into this budget, the key driver for the decrease is reduced retiree medical expenses in addition to the management of Libraries and Human Resources switching to the institutions.

<b>Expense Category</b>	<b>FY25 Budget</b>	<b>FY24 Budget</b>
Wages & Benefits	6,795,867	9,202,830
Supplies & Services	5,416,071	6,042,078
Equipment	1,523,490	1,306,593
Consulting	301,280	387,000
Travel	58,506	56,622
Utilities	10,300	10,000
<b>Grand Total</b>	<b>14,105,514</b>	<b>17,005,123</b>

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

<b>Wages &amp; Benefits</b>	<b>FY25 Budget</b>	<b>FY2024 Budget</b>
Finance	1,342,290	1,353,084
Human Resources	0	673,313
Information Technology	4,993,903	4,576,157
Legal	459,673	421,515
VSC Libraries	0	1,927,644
Workforce Development	0	251,117
<b>Wages &amp; Benefits Total</b>	<b>6,795,867</b>	<b>9,202,830</b>

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

<b>Supplies &amp; Services</b>	<b>FY25 Budget</b>	<b>FY2024 Budget</b>
Finance	211,661	230,564
Human Resources	0	9,750
Information Technology	5,050,860	4,963,366
Legal	153,550	154,350
VSC Libraries	0	681,548
Workforce Development	0	2,500
<b>Supplies &amp; Services Total</b>	<b>5,416,071</b>	<b>6,042,078</b>

Equipment is the third largest expense area for Shared Services. The entirety of the equipment budget is consumed by Information Technology.

Consulting, at \$301K is the fourth largest expense area for Shared Services. The budget breakdown for consulting is shown below. Finance budget, at \$201K is 66.8% of the consulting budget. This budget includes the costs for the external auditor and actuarial services that are required for the Uniform Guidance Single Audit and Financial Statement Audit.



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

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

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### **FY2026 – FY2028 OUTLOOK**

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The Shared Services budget, exclusive of retiree healthcare, is budgeted at \$14.1M or 7.9% of the total budgeted unrestricted expenses for the Vermont State Colleges. As noted earlier, the Shared Services Division will continue to seek creative means to contain costs while maintaining high quality services. These ideas will be presented to the Institutions for their consideration, and implemented where practicable and feasible.

	Shared Services			
	FY2024 Budget	FY2024 Forecast	FY2025 Budget 2.0	FY2025 Proposal
<b>REVENUES</b>				
Tuition and Fees	-	-	-	-
State Appropriation	9,294	7,000	7,700	7,700
Room and Board	-	-	-	-
Sales and Services	-	-	-	-
Gifts	-	-	-	-
Other Revenue	-	-	-	-
<b>TOTAL REVENUES</b>	9,294	7,000	7,700	7,700
<b>EXPENSES</b>				
Salaries and Benefits	9,203	8,364	7,317	6,796
Retiree Medical Expenses	9,294	7,000	7,700	7,700
Services, Supplies, Travel	8,992	8,956	7,288	7,328
Scholarships	-	-	-	-
Utilities	10	10	10	10
Other Expenses	-	-	-	-
Debt Service	-	-	-	-
Shared Services	(17,005)	(17,098)	(14,615)	(14,134)
Chancellor's Office	-	-	-	-
Other Transfers	-	-	-	-
<i>Other Transfers-one time</i>	-	-	-	-
Strategic Initiatives (3%)	-	-	-	-
Economic Stabilization (2%)	-	-	-	-
<b>TOTAL EXPENSES</b>	10,494	7,232	7,700	7,700
<b>NET REVENUES/(DEFICIT)</b>	(1,200)	(232)	-	-

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## CHANCELLOR'S OFFICE BUDGET NARRATIVE

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For the second year, the FY2025 budget for the Chancellor's Office is comprised solely of Corporate Functions, debt service support, and line items for strategic initiatives and economic stabilization. The purpose of the Chancellor's Office is to lead corporate functions of the Vermont State Colleges. These include the chief executive of the corporation, external affairs, board support, and academic affairs. The Chancellor's Office charges are expensed directly against the State Appropriation before allocation.

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## INVESTMENTS & COST CONTAINMENT

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In FY2025, the Chancellor will be investigating a variety of options to control costs both within this division and across the Vermont State Colleges. For example, the incumbent in the role of Chief Academic Officer for the system vacated her position at the end of FY2023 and has been filling this role on a part-time basis. The Chancellor is exploring how best to re-allocate the duties of this position in a cost-effective way.

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## REVENUE FORECAST

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As with Shared Services, the Chancellor's Office is not a revenue generating organization. However, as the Chief Executive for the System, this budget holds the funded reserves for strategic initiatives and economic stabilization. Therefore, an amount of \$1.96M (down from \$2.4M in FY24) is allocated from the state appropriation to cover these charges. In addition, \$1.150M is set aside from the state appropriation to cover the charges related to corporate functions.

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## EXPENSE FORECAST

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

<b>Shared Services Department</b>	<b>FY25 Budget</b>	<b>FY2024 Budget</b>
Board Support	120,522	105,432
Chancellor	635,819	587,048
External Affairs	287,505	304,976
Facilities	105,320	120,820
<b>Grand Total</b>	<b>1,149,165</b>	<b>1,118,275</b>

The Board Support category includes all support for the Board of Trustees including administrative and logistical support, travel, membership in the Association of Governing Boards and related activities. The Chancellor's budget includes the Chancellor and administrative support, as well as academic affairs, the funding for subscriptions and memberships that serve the Vermont State Colleges, and a small amount of funding for consulting and ad hoc projects. External Affairs includes the government affairs and external relations staff along with the travel and consulting necessary to support their work. The facilities budget includes the annual lease for 575 Stone Cutter's Way and associated utilities.

Within these service areas, the wages and benefits category accounts for 69.0% of all expenses. This is not surprising given the labor intensive nature of the work within the corporate functions.

<b>Expense Category</b>	<b>FY25 Budget</b>	<b>FY2024 Budget</b>
Wages & Benefits	792,844	842,954
Supplies & Services	175,571	162,571
Consulting	154,000	72,000
Travel	25,250	20,750
Utilities	1,500	20,000
<b>Grand Total</b>	<b>1,149,165</b>	<b>1,118,275</b>

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### **FY2026 – FY2028 OUTLOOK**

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

	<b>Chancellor's Office</b>		
	<b>FY2024 Budget</b>	<b>FY2024 Forecast</b>	<b>FY2025 Proposal</b>
<b>REVENUES</b>			
Tuition and Fees	-	1	-
State Appropriation	3,518	6,911	3,109
Room and Board	-	-	-
Sales and Services	-	-	-
Gifts	-	3	-
Other Revenue	-	2,449	-
<b>TOTAL REVENUES</b>	<b>3,518</b>	<b>9,364</b>	<b>3,109</b>
<b>EXPENSES</b>			
Salaries and Benefits	843	799	793
Retiree Medical Expenses	-	-	-
Services, Supplies, Travel	255	346	355
Scholarships	-	369	-
Utilities	20	1	2
Other Expenses	3,795	3,795	3,608
Debt Service	-	-	-
Shared Services	-	-	-
Chancellor's Office	-	-	-
Other Transfers	(2,978)	(9,348)	(3,608)
<i>Other Transfers-one time</i>	-	-	-
Strategic Initiatives (3%)	1,440	1,440	980
Economic Stabilization (2%)	960	960	980
<b>TOTAL EXPENSES</b>	<b>4,335</b>	<b>546</b>	<b>3,110</b>
<b>NET REVENUES/(DEFICIT)</b>	<b>(817)</b>	<b>8,818</b>	<b>(1)</b>
<b>ONE-TIME FUNDS</b>			
Carried Over Funds	-	-	-
Strategic Reserve	-	-	-
All Other	-	-	-
<b>TOTAL ONE-TIME FUNDS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OPERATING RESULT</b>	<b>(817)</b>	<b>8,818</b>	<b>(1)</b>

VERMONT STATE COLLEGES SYSTEM

BOARD OF TRUSTEES

RESOLUTION 2024-003

FY2025 VERMONT STATE COLLEGES SYSTEM ANNUAL OPERATING BUDGET

- WHEREAS, The Finance and Facilities Committee of the Board of Trustees has reviewed the FY2025 budget information presented for the Vermont State Colleges System; and,
- WHEREAS, The Committee has discussed individual aspects of the proposals with the Chancellor, Chief Financial Officer, and Presidents of the individual institutions; and,
- WHEREAS, The Finance and Facility Committee endorses approval of the Chancellor's recommendation by the full board; therefore be it
- RESOLVED, That the Board of Trustees of the Vermont State Colleges System hereby approves the System Annual Operating Budget of \$178.029 million, including the projected operating deficit of \$10.352 million, consistent with the attached materials.

Approved:

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

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**ITEM 4:      BANKING & INVESTMENT RESOLUTION**

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## ANNUAL BANKING AND INVESTMENT RESOLUTION

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

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

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

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



VERMONT STATE COLLEGES SYSTEM

BOARD OF TRUSTEES

RESOLUTION 2024-004

Banking and Investment

- WHEREAS, The conduct of the business affairs of the Vermont State Colleges System and each of its constituent member Institutions requires the establishment of banking relations and investment of funds; and
- WHEREAS, Selected officials of the System should be empowered to conduct banking and investment affairs in keeping with the organization of System; and
- WHEREAS, The term “bank” throughout this resolution also refers to credit unions and other depository or lending institutions that are licensed by the state of Vermont or the federal government; therefore, be it
- RESOLVED, That the Chancellor and/or Chief Financial Officer are authorized to do the following:
1. Establish accounts with banks and authorized brokers/dealers (safekeeping, trust, checking, savings, money market, time or demand deposit) through which to transact the cash management and investment business of the System, and delegate authority for initiation of related wire transfers;
  2. Borrow money and obtain credit from banks, authorized brokers/dealers, or other lending agencies in conformity with Board of Trustees approved budgets: and execute and deliver notes, draft acceptances, instruments of guaranty, and any other legal obligations of System, therefore, in form satisfactory to the lending agency;
  3. Pledge or assign and deliver, as security for money borrowed or credit obtained, stocks, bonds, bills receivable, accounts, mortgages, merchandise, bills of lading or other shipping documents, warehouse receipts, insurance policies, certificates and any other property held by, or belonging to, this corporation, with full authority to endorse, assign, transfer or guarantee the same in the name of this corporation, except as restricted by Vermont Statute;

4. Discount any bills receivable or any paper held by this corporation, with full authority to endorse the same in the name of this corporation;
5. Withdraw from banks or authorized brokers/dealers and give receipt for, or authorize banks or authorized brokers/dealers to deliver to bearer or to one or more designated persons, all or any documents and securities or other property held by it, whether held as collateral security or for safekeeping or for any other purpose;
6. Invest funds of System in legal investments as established by Board of Trustees policy;
7. Sell or authorize and request banks, or authorized brokers/dealers to purchase or sell, for the account of this corporation, foreign exchange, stocks, bonds, and other securities;
8. Apply for and receive letters of credit, and execute and deliver all necessary or proper documents for that purpose;
9. Execute and deliver all instruments and documents required in connection with any of the foregoing matters, and to affix the seal of this corporation; and, be it further

RESOLVED,

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

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

Approved: \_\_\_\_\_

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Eileen “Lynn” Dickinson, Chair of the Board of Trustees

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**ITEM 5:      ERP SUMMER TIMELINE**

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**UPDATE TO COMMITTEE ON SUMMER TIMELINE FOR ERP**

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Kellie Campbell will join the committee to give an overview of the planned activities related to the ERP project.

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**ITEM 6:      ADDING FACULTY & STAFF LIAISONS  
TO KEY COMMITTEES**

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## **FACULTY AND STAFF LIAISONS PROPOSAL**

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In the fall of 2022 the Educational, Personnel, and Student Life Committee (EPSL) approved the creation of faculty and staff liaison roles. Subsequently approved by the Board of Trustees at its September 2022 board meeting, the liaisons have served as *ex officio* members of the committee since that time. Their input on matters of the committee since that time has been invaluable offering tremendous insight.

We recommend expanding faculty and staff liaisons to the Finance & Facilities, Audit & Risk Management, and Diversity, Equity, & Inclusion committees of the board and anticipate bringing a formal resolution to the Board at its June 2024 meeting. A draft copy of the resolution is shared on the next page for your consideration.

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## **PROPOSED STRUCTURE**

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1. From the Community College of Vermont and Vermont State University appoint one faculty member and one staff member to Finance & Facilities, Audit, and Diversity, Equity & Inclusion for a total of two faculty and two staff members to each committee.
2. Appointments shall be recommended by the appropriate governance groups at CCV and VTSU and shall be approved by the respective President of each institution.
3. Appointments shall be annual, commencing in July each year. Individuals may be reappointed by the appropriate governance groups.

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## **ROLES & RESPONSIBILITIES**

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1. Serve as *ex officio* (non-voting) members of each committee.
2. Receive committee materials in advance of the meetings on the same schedule as full voting members.
3. Identify to the Chair of the Committee or Chancellor's designee to the committee of particular interest to faculty or staff for committee consideration. The current Chancellor's designees are the Chief Financial and Operating Officer for Finance & Facilities and Audit & Risk Management, and Associate General Counsel for Diversity, Equity & Inclusion).
4. Attend relevant committee meetings estimated at three per year for Audit & Risk Management, three per year for Diversity, Equity & Inclusion, and six per year for Finance & Facilities.
5. As appropriate to topic, solicit input or feedback from faculty and staff through regular faculty and staff organization and governance mechanisms and represent that input at the appropriate committee meeting.

Establishment of VSCS Board of Trustees Committee Liaisons

**DRAFT LANGUAGE FOR REVIEW**

- WHEREAS, The VSC Board of Trustees' Education, Personnel, and Student Life Committee (EPSL) has had faculty and staff liaisons to the committee since fall 2022; and
- WHEREAS, The EPSL committee has found valuable the input of the faculty and staff liaisons; and
- WHEREAS, The Board of Trustees believes its work should be directly informed by faculty and staff perspectives, and the EPSL liaisons confirm this approach; and
- WHEREAS, The Board of Trustees believes expansion of the liaisons role to the Finance & Facilities (F&F), Diversity, Equity, and Inclusion (DEI), and Audit & Risk Management committees of the Board would offer important perspectives; and
- WHEREAS, Staff and faculty participation in governance groups occurs at both the Community College of Vermont (CCV) and Vermont State University (VTSU); and
- WHEREAS, The respective governance groups at each VSC institution can provide an appropriate mechanism for liaisons to solicit input for feedback to working committees of the Board of Trustees; therefore be it
- RESOLVED, That the VSC Board of Trustees authorizes the establishment of four Committee Liaisons for each committee named in the resolution including one faculty and one staff member from each institution for a total of twelve liaisons across the three committees, pursuant to Article VI, Section 3 of the VSC Bylaws, to serve as *ex officio* non-voting Committee members to serve on an annual appointment; and be it further
- RESOLVED, That the roles and responsibilities of Committee Liaisons will include receiving materials and projected topics in advance of committee meetings, attending Committee meetings, identifying to the Committee Chair or Chancellor's designee those topics of particular interest to faculty or staff for committee consideration, and as appropriate to the topic, soliciting input from faculty and staff; and be it further
- RESOLVED, That the VSC Board of Trustees directs the Presidents of CCV and VTSU to identify and support the participation of staff and faculty as Committee Liaisons through their respective governance groups; and be it further
- RESOLVED, That the VSC Board of Trustees directs the Chancellor or the Chancellor's designee to ensure regular communication with Committee Liaisons on projected committee agenda topics in fulfilment of their role.