

MEMORANDUM

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

FROM: Sharron R. Scott

DATE: September 11, 2024

SUBJECT: Finance and Facilities Committee Meeting September 16, 2024

The Finance and Facilities Committee is scheduled to meet 9:00 a.m. on Monday, September 16, 2024 at Lake Morey Resort and Conference Center in Fairlee, Vermont.

In preparation for the committee's discussion, in the accompanying materials please find the Finance and Facilities Committee meeting minutes of May 20, 2024, along with an endowment request for the *Helping Professions Scholarship*, and a preview of the Vermont State Colleges unaudited financial performance for FY2024.

Following approval of the May 20, 2024, meeting minutes and any public comment, the committee will (1) review the *Helping Professions* endowment requests, (2) receive a preview of the FY2024 unaudited financial performance for FY2024, and (3) receive a verbal update from the institutions regarding their AY2024-25 Enrollment Preview. Then the committee will go into executive session to discuss public employees, labor relations and to receive confidential attorney-client communications. The committee will consider any additional business and then adjourn.

Note: Please be advised that the board has seven members. The quorum to start the meeting and to take any action is four members of the committee.

The board assistant may be reached at (802) 224-3021 for any questions.

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

**Vermont State Colleges Board of Trustees – Finance & Facilities Committee
Lake Morey Resort and Conference Center
Waterlot Room
Monday, September 16, 2024, at 9:00 a.m.**

AGENDA

1. Call to order
2. Comments from the public
3. Approval of May 20, 2024, Minutes
4. Endowment approval: *Helping Professions Scholarship*
5. FY2024 Unaudited Review of Unrestricted Performance
6. AY2024-25 Enrollment Preview
7. Additional business
8. Adjourn

Meeting Materials

- ITEM 1:** Finance and Facilities Minutes, May 20, 2024
- ITEM 2:** Helping Professions Scholarship Endowment Request
- ITEM 3:** Unaudited FY2024 Unrestricted Financial Results

ITEM 1: MINUTES OF MAY 20, 2024

Minutes of the VSCS Board of Trustees Finance and Facilities Committee meeting held Monday, May 20, 2024 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 20, 2024 via Zoom.

Committee members present: David Silverman (Chair), Lynn Dickinson, David Durfee, Bob Flint (3:02 p.m.), Marc Mihaly, Shawn Tester, Sue Zeller

Other Trustees: Karen Luneau

Presidents: David Bergh, Joyce Judy

Chancellor's Office Staff: Beth Mauch, Chancellor
Jen Porrier, Administrative Director
Drake Turner, Director of External & Governmental Affairs

Shared Services: Kellie Campbell, Chief Information Officer
Sarah Chambers, Director of Learning Technologies
Wilson Garland, Director of Transformation Projects
Jason Kaiser, Learning Spaces Technology Specialist
Sharron Scott, Chief Financial and Operating Officer
Toby Stewart, Controller
Patty Turley, General Counsel

From the Colleges: Nolan Atkins, Provost, VTSU
Kelley Beckwith, Vice President, Student Success, 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 2:30 p.m.

2. Public Comment

There was no public comment.

3. Approve April 5, 2024 Meeting Minutes

Trustee Zeller moved and Trustee Dickinson seconded the motion to approve the April 5, 2024 minutes. The motion was approved unanimously.

4. Review: FY2025 Third Quarter Financial Results

Chair Silverman noted that the VSC forecasts ending the year better than budget. Much of the improved performance is due to one-time activities, including bridge funding and the sale of assets. Chief Financial and Operating Officer Sharron Scott provided a brief update on the budget and third quarter financial results, which are available [here](#) on pages 10-19.

5. Government Affairs Update to Committee

Drake Turner, Director of Governmental & External Affairs, provided an update on the actions related to the Vermont State Colleges from the recently concluded session of the General Assembly. Ms. Turner focused her update on the budget, stating that the VSC received the full requested \$10 million in one-time bridge funding, \$1 million for CCV's Vermont Tuition Advantage program, and \$50.94 million for base appropriation - which reflects a 3% inflationary increase plus and an additional \$1.5 million, or \$2.94 million in additional funding in base appropriations. There is a change to the structural deficit reduction requirement, which formerly was a mandated \$5 million reduction per year (\$25 million over 5 years), and has now been adjusted to \$22 million, or \$3.5 in each of the next 2 years. CFO Scott shared that the additional \$1.5 million would be set aside to address the VSC's structural deficit issues in a future year and would not be distributed in FY25.

6. Review and approve: FY2025 Budget

Chair Silverman shared that this is the final pass of the FY25 system-wide budget. The budget presented is within \$350,000 of the target for FY25. Detailed narratives for CCV and VTSU, along with budgets for all sectors, and consolidated results, can be found [here](#) on pages 21-37. CFO Scott went on to share [this](#) presentation with further details on the third quarter forecast and FY2025 system-wide operating budget, revenues and expenses.

Trustee Zeller moved and Trustee Tester seconded the motion to recommend to the Board the approval of Resolution 2024-003: Vermont State Colleges System Annual Operating Budget.

7. Review and approve: 2024-003: Annual Banking & Investment Resolution

Chair Silverman reminded the committee that each year the Vermont State Colleges approves a banking and investment resolution authorizing specific individuals to conduct the banking and investment activities.

Trustee Zeller moved and Trustee Tester seconded the motion to recommend to the Board the approval of Resolution 2024-004: Annual Banking and Investment. The motion was approved unanimously.

8. Review: ERP Summer Timeline

Chair Silverman asked Chief Information Officer Kellie Campbell to give the committee an update regarding the team's work on the current pre-assessment related to replacement of the system's Enterprise Resource Planning system. Dr. Campbell shared [this](#) presentation and discussed the planned activities for this summer, explaining that a resolution would be brought to the Board at its June 10, 2024 meeting to approve the final requirements for issuance of a request for proposals.

9. Review: Adding Faculty & Staff Liaisons to Key Committees

Chair Silverman shared that the EPSL committee has benefitted from faculty and staff liaisons since the fall of 2022. Stemming from that success, the VSC is considering expanding the roles to other key committees. Drake Turner provided an overview of the proposal, sharing that each institution would appoint one faculty member and one staff member to Finance & Facilities, Audit & Risk Management, and Diversity, Equity and Inclusion Committees. They will be non-voting members who will receive the materials in advance of meetings and, as appropriate, to topics – solicit input or feedback from faculty and staff and represent that input at the appropriate committee meetings. Further information, and the draft resolution can be found [here](#) on pages 46-47; a version of this resolution will be brought to the Board at its June 10, 2024 meeting for review and approval

10. Executive Session to discuss labor negotiations

At 3:51 p.m. Trustee Silverman moved that the Finance and Facilities Committee of the VSC Board of Trustees enter executive session, pursuant to 1 V.S.A. § 313(a)(1)(B) to discuss labor relations agreements with employees, because premature general public knowledge of these discussions would place VSC at a substantial disadvantage, it was appropriate for the Committee to enter executive session. Along with the members of the Board present at this meeting, in its discretion, the Committee invited the VSC Chancellor, the VSC Chief Financial and Operating Officer, and the VSC General Counsel to attend. Trustee Dickinson seconded the motion, and it was approved unanimously.

The committee exited executive session at 4:11 p.m. and took no action.

11. Other Business

There was no other business.

Chair Silverman adjourned the meeting at 4:11 p.m.

UNAPPROVED

**ITEM 2: HELPING PROFESSIONS SCHOLARSHIP
 ENDOWMENT REQUEST**



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T 802-828-2800 F 802-828-2805
www.ccv.edu

August 9, 2024

Elizabeth Mauch, Chancellor
Vermont State Colleges
PO Box 7
Montpelier, VT 05601

Dear Chancellor Mauch,

It is my privilege to present our request to establish a new endowment at the Community College of Vermont to encourage CCV students to prepare for careers in the "helping professions."

This endowment is made possible by a generous gift of \$25,000 from Ken Liberto. The adage "keep it simple" worked well for Ken during his 46 years living and working in Vermont and with this gift, Ken seeks to recognize and applaud the Community College of Vermont as a prime example of an institution that has utilized this mantra for over five decades.

In Ken's words, *"The college has invested in its students by emphasizing educational access, impressive outreach, and affordable tuition while maintaining its mission to provide quality teaching in a supportive environment. Instead of creating cumbersome instruction or administrative bureaucracies, the College has relied on frugality and resourcefulness. The building blocks for success have been a high degree of creativity, innovation, and adaptability, allowing CCV to become the state's second largest higher education institution."*

During his decades of work in mental health, addictive disorders, and health care, Ken has had a relationship with CCV and its leaders from the beginning, meeting and conversing with Peter Smith back in the 1970s and continuing on with many other capable leaders following the growth and progression of the community college for over half a century. Ken has worked with dozens of CCV teachers and mentors who impressed him with their dedication, competence, and creativity. Over the decades, Ken has also met and worked with CCV graduates who have shared their personal success stories and their unique relationship with the College. For Ken, these inspiring stories give testimony to the true success of the CCV model of "student-centered" learning and motivation for creating future access to meaningful career opportunities.

As a former director of the Vermont Association for Mental Health and a fulfilling career as a public advocate in Vermont for three decades, Ken can point to many successful campaigns: new programs and services, evidence-based treatment, improved worker compensation, and new consumer-directed treatment models. But in more recent years, one challenge has been a diminishing workforce which has reduced access to care for many Vermonters. It is evident that now and into the future, Vermont is greatly challenged to recruit, train and maintain an adequate

workforce with careers throughout the “*helping professions*.”

Applauding the value of CCV and the need for “human services” for all populations, regardless of age, economic status, and cultural background, the *Helping Professions* Scholarship is designed to encourage CCV students to prepare for careers that will enhance health and wellness throughout the state in the coming years.

By purpose and design, the concept of *Helping Professions* is broad in scope and expansive in vision as current unmet needs are identified, and new ones become apparent. To meet this challenge, Vermont will require many more well-trained, educated students armed not only with compassion and empathy but with credentials and skills.

The *Helping Professions* Scholarship is intended to intersect with many career opportunities in mental health, social work, nursing, corrections, and allied healthcare fields. It is expected to enhance and invigorate programs in human services, community health, early childhood, behavioral sciences, and allied healthcare.

Ken is pleased and honored to invest in CCV’s future growth and development with the hope that the *Helping Professions* Scholarship becomes another building block in the College’s quest to promote quality of life for all Vermonters.

We seek approval from the Vermont State Colleges Board of Trustees to establish the *Helping Professions* Scholarship.

Most sincerely,



Joyce Judy
President

enc: VSC Policy 412 Form C

- NEW FUNDING SOURCE DOCUMENT - ENDOWMENTS ONLY

COMMUNITY COLLEGE OF VERMONT

(College Name)

Submit to Chancellor's Office for all activities based upon a new funding source.
Place copy in front of any applicable master file.

1) Name of endowment: (type in all CAP'S)

HELPING PROFESSIONS SCHOLARSHIP

2) Granting agency/donor/other funding source: (Attach supporting Documentation)

Ken Liberto

3) Purpose of endowment: (Attach supporting Documentation)

To provide scholarships to students working toward careers in the 'helping professions' that will enhance health and wellness throughout the State of Vermont.

4) Proper accounting fund:☒ Regular Endowment☐ Term Endowment5) General Ledger Activity Code(s): (as proposed or assigned)

#

6a) Date Endowment Reach Endowment Status:

Gift made in July 2024 and endowment approved September 2024.

7) Reporting requirements: (format/to whom/frequency/other)

BALANCE OF THE CORPUS, TOTAL GIFTS RECEIVED, AND TOTAL SCHOLARSHIPS AWARDED WILL BE REPORTED TO THE EXECUTOR OF KEN LIBERTO'S ESTATE OR OTHER DESIGNATED INDIVIDUAL ONCE PER YEAR

8a) Funding amount:

\$25,000

8b) ☒ One-time - OR☐ Ongoing funding (indicate timeframe:)9a) Is principal use allowed:
(w/Board OK?)

NO

9b) If yes, is replenishment of principal allowed or required:10) If investment proceeds generated, indicate intended disposition:☐ Per Board Approved Spending Procedure☒ Fully expend for program as prescribed☐ Increase principal for inflation and expend remainder☐ All Investment earnings added for ____ years before expending for endowment purposes begins☐ Other (describe:)11) President:
Joyce Judy12) Date to Ch's Ofc:
August 9, 202413) Date Board Approved:

**ITEM 2: UNAUDITED FY2024 UNRESTRICTED
FINANCIAL RESULTS**

UNAUDITED FY2024 RESULTS

	Act-Prelim. FY24	Budget FY24	Act-Prelim. vs. Bud Fav / (Unfav)
TOTAL REVENUES	173,056	160,646	12,410
TOTAL EXPENSES	169,211	180,104	10,893
NET REVENUES/(DEFICIT)	3,845	(19,458)	23,303

FY2024 unaudited financial performance is expected to be stronger than budget with net revenues, at \$23.3M favorable. One-time and extraordinary activities represent a significant portion (73%) of this favorable performance, with \$8.6M derived from bridge funding, \$3.1M related to savings relative to budgeted retiree medical insurance, \$3.8M in unanticipated interest income, and \$1.5M in the sale of assets. It is important to note that the \$2.4M for strategic initiatives and economic stabilization are intended to be unspent pending approval of their use by the Board of Trustees. Therefore, these amounts will be automatically placed in reserve at the end of the fiscal year.

	Act-Prelim. FY24	Budget FY24	Act-Prelim. vs. Bud Fav / (Unfav)
REVENUES			
Tuition and Fees	88,589	83,735	4,854
State Appropriation	53,595	49,586	4,009
Room and Board	18,698	20,314	(1,616)
Sales and Services	4,763	4,549	214
Gifts	947	1,135	(188)
Other Revenue	4,745	1,327	3,418
<i>Other Revenue-one time</i>	<i>1,719</i>	<i>-</i>	<i>1,719</i>
TOTAL REVENUES	173,056	160,646	12,410

System-wide, overall revenues is currently estimated at \$12.4M favorable to budget – the significant drivers include student revenue (tuition & fees and room & board) outperforming the budget by \$3.3M or 3.1% in FY24. An additional \$3.3M of this anticipated upside is derived from unbudgeted bridge funding received via state appropriation during FY24. The remaining favorability are attributed to investment income in the amount of \$3.8M and \$1.5M of one-time sales of assets.

From an institutional perspective, Vermont State University's revenues – shown on the following pages – was \$7.9M (\$6.2M excluding Work Force Development) stronger than budget across several categories. VTSU budgeted its revenue conservatively, anticipating an enrollment decline in FY2024 along with an associated reduction of student tuition & fee rates. The University's enrollment outperformed these enrollment targets. Conversely, room and board revenue saw an 8% shortfall to budget, as occupancy was lower than planned. One time and extraordinary items such as sale of assets (\$1.5M), investment income (\$1.3M), and an improved appropriation allocation (\$2.3M) due to lower than budgeted retiree medical expenses further contributed to VTSU's stronger revenue. Offsetting these revenue gains were a scholarship expense that exceeded budget by \$1.5M: as part of VTSU's tuition restructuring, scholarship expenses were expected decline 59% year-to-year; however, VTSU realized a 51% decline.

Community College of Vermont's revenues for FY24 were \$2.5m higher than budget largely due to improved performance in tuition and fees (\$0.7M), which is driven by the Vermont Tuition Advantage Initiative. Similar to VTSU, CCV also realized an increased state appropriation allocation (\$0.8M) resulting from lower systems retiree medical expenses and strong investment income performance (\$1.1M).

As discussed throughout the second half of FY24, the Shared Services state appropriation allocation was reduced by \$3.1M and reallocated to CCV and VTSU to reflect lower than budgeted retiree medical expenses in FY24. The Office of the Chancellor state appropriation variance reflects the ARPA portion of the FY24 bridge funding that was not budgeted.

	Act-Prelim. FY24	Budget FY24	Act-Prelim. vs. Bud Fav / (Unfav)
EXPENSES			
Salaries and Benefits	101,277	103,869	2,592
Retiree Medical Expenses	6,084	9,294	3,210
Services, Supplies, Travel	38,292	40,653	2,361
Scholarships	9,981	8,133	(1,848)
Utilities	7,092	8,603	1,511
Other Expenses	4,022	3,795	(227)
Debt Service	6,825	7,865	1,040
Shared Services	(94)	(1)	93
Other Transfers	(4,268)	(4,507)	(239)
Strategic Initiatives (3%)	-	1,440	1,440
Economic Stabilization (2%)	-	960	960
TOTAL EXPENSES	169,211	180,104	10,893

Overall, unaudited FY2024 expenses are \$10.9M lower than budgeted. Two line items account for 53% of this positive variance, Salaries & Benefits and Retiree Medical Expenses.

From an institutional perspective, Community College of Vermont was able to balance their operating expense line items and end the fiscal year with a \$32k unfavorable variance to their expense budget. Lower than planned transfers were off-set by lower salaries & benefits and a one time medical reserve transfer from FY23.

Vermont State University's operating expenses – excluding scholarships discussed above – were lower than budget by \$0.6M. Lower spend rates on Services and Supplies (\$1.6M) from operational efficiency initiatives, lower utility usage (\$1.5M), savings realized from debt restructuring (\$1.0M), a one time medical reserve transfer from FY23 (\$1.8M), and lower wages and benefits (\$0.3M) provided VTSU the funding to transfer \$5.0M to investment in capital for future projects.

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.

Shared Services and Chancellor Office expenses ended FY24 \$5.0M and \$6.8M lower than budget respectively. The two most significant drivers are the \$5.2M ARPA bridge funding transfer in the Chancellor's Office and the retiree medical expenses under run of \$3.2M, which are tracked within shared services. Wages and benefits are combined \$1.9M lower than budget (\$0.8M SS and \$1.0 CO) due to staff openings and delayed replacements, lower than planned working compensation and tuition waiver utilization.

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

Vermont State Colleges System

	Vermont State Colleges System			Community College of Vermont			Vermont State University			Shared Services			Chancellor's Office		
	Act-Prelim. FY24	Budget FY24	Act-Prelim. vs. Bud Fav / (Unfav)	Act-Prelim. FY24	Budget FY24	Proj vs. Bud Fav / (Unfav)	Act-Prelim. FY24	Budget FY24	Proj vs. Bud Fav / (Unfav)	Act-Prelim. FY24	Budget FY24	Proj vs. Bud Fav / (Unfav)	Act-Prelim. FY24	Budget FY24	Proj vs. Bud Fav / (Unfav)
REVENUES			3.1%			3.1%			6.8%						
Tuition and Fees	88,589	83,735	4,854	22,683	22,000	683	65,905	61,735	4,170	-	-	-	1	-	1
State Appropriation	53,595	49,586	4,009	9,581	8,797	784	30,946	27,977	2,969	6,158	9,294	(3,136)	6,910	3,518	3,392
Room and Board	18,698	20,314	(1,616)	-	-	-	18,698	20,314	(1,616)	-	-	-	-	-	-
Sales and Services	4,763	4,549	214	3	1	2	4,760	4,548	212	-	-	-	-	-	-
Gifts	947	1,135	(188)	51	80	(29)	893	1,055	(162)	-	-	-	3	-	3
Other Revenue	4,745	1,327	3,418	1,297	183	1,114	1,788	1,144	644	-	-	-	1,660	-	1,660
<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>
TOTAL REVENUES	173,056	160,646	12,410	33,615	31,061	2,554	124,709	116,773	7,936	6,158	9,294	(3,136)	8,574	3,518	5,056
EXPENSES															
Salaries and Benefits	101,277	103,869	2,592	20,961	21,353	392	72,151	72,470	319	8,371	9,203	832	(206)	843	1,049
Retiree Medical Expenses	6,084	9,294	3,210	-	-	-	-	-	-	6,084	9,294	3,210	-	-	-
Services, Supplies, Travel	38,292	40,653	2,361	5,016	4,847	(169)	24,972	26,559	1,587	6,982	8,992	2,010	1,322	255	(1,067)
Scholarships	9,981	8,133	(1,848)	85	170	85	9,527	7,963	(1,564)	-	-	-	369	-	(369)
Utilities	7,092	8,603	1,511	321	352	31	6,759	8,221	1,462	10	10	-	2	20	18
Other Expenses	4,022	3,795	(227)	-	-	-	-	-	-	-	-	-	4,022	3,795	(227)
Debt Service	6,825	7,865	1,040	1,560	1,561	1	5,265	6,304	1,039	-	-	-	-	-	-
Shared Services	(94)	(1)	93	5,347	5,346	(1)	11,658	11,658	-	(17,099)	(17,005)	94	-	-	-
Other Transfers	(4,268)	(4,507)	(239)	(1,833)	(2,569)	(736)	6,672	1,040	(5,632)	1,089	-	(1,089)	(10,196)	(2,978)	7,218
<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
TOTAL EXPENSES	169,211	180,104	10,893	31,092	31,060	(32)	135,185	134,215	(970)	5,437	10,494	5,057	(2,503)	4,335	6,838
NET REVENUES/(DEFICIT)	3,845	(19,458)	23,303	2,523	1	2,522	(10,476)	(17,442)	6,966	721	(1,200)	1,921	11,077	(817)	11,894