



# FY2026 3<sup>rd</sup> Quarter Forecast

May 11, 2026

# Q3 Forecast: Positive Outcome Driven by One-Time Funds

**\$3.2M favorable result masks a growing structural gap**

- FY26 Q3 forecast projects a \$3.2M favorable variance to budget
- Result depends on \$7.8M in one-time funding, including:
  - \$5.0M state bridge funding
  - \$1.5M Board-approved CCV endowment
  - \$1.35M prior-year carryforward
- Underlying structural deficit: \$4.6M, worsened by \$754K (20%) since Q2

# Revenue Pressure and Expense Discipline

Revenue pressures offset by state support and expense discipline

- Revenue: −\$851K vs. budget:
  - Tuition & fees: −\$4.8M (VTSU enrollment decline)
  - Room & board: −\$1.9M
  - Gifts: −\$352K
  - Offset by: +\$5.0M state funding +\$1.4M other revenue
- Expenses (+\$1.2M favorable to budget):
  - Vacancy-driven salary savings: +\$2.5M
  - Lower scholarships: +\$1.1M
  - Offset by: +\$2.5M in services/supplies (including Workday)

# Key Risks and Forward Outlook

## Structural imbalance and enrollment trends remain defining risks

- Enrollment decline at VTSU continues to drive tuition and auxiliary losses
- Structural deficit persists at \$4.6M, reflecting mismatch between recurring revenue and expenses
- Bridge funding ends after FY26, removing a critical offset
- Future sustainability depends on:
  - Revenue growth and diversification
  - Continued cost discipline and structural alignment



# FY2027 System-Wide Operating Budget Proposal

May 11, 2026

# FY2027 Budget 3.0: Continued Progress, Remaining Gap

Deficit narrows, system-wide budget is \$5.7 million deficit for FY27.

- System-wide deficit improves by \$373K to \$5.7M
- Improvement driven by modest revenue growth outpacing expenses
- Reflects refined assumptions and improved baseline stability
- Gap remains structural and unresolved

# System-wide Financial Overview

Modest growth on both sides, with revenue slightly outpacing expenses

- Revenue: \$171.5 million (+1.2% / +\$2.06 million)
- Expenses: \$177.2 million (+1.0% / +\$1.69 million)
- Net Position: \$5.7 million deficit
- Improvement reflects more stable and informed operating assumptions

# Key Changes from Budget 2.0

Revenue gains offset targeted investment in priorities

- Revenue +\$2.06M
  - Tuition & Fees: +\$2.24M (+2.5%)
  - Auxiliary: -\$398K
- Expenses +\$1.69M
  - Scholarships: +\$1.22M (+14.5%)
  - Operating reductions: -\$638K
- Net impact: \$373K improvement

# Entity-Level Highlights

Performance reflects scale, structure, and transitional pressures

- CCV: improved to break even ~\$1.0 million improvement
- VTSU: largest driver of both revenue and opportunity and cost pressure
- Shared Services/System Office: structurally balanced
- Chancellor's Office: stable, no material variance
- Variability reflects different stages of operational maturity, complexity, and integration

# Structural Context

## Loss of one-time funding exposes underlying structural gap

- FY26 included nonrecurring supports not available in FY27
  - \$5M in bridge funding
  - \$2.2 in transfers to support VTSU university
- FY27's deficit bridged through planned use of system-wide reserves

# Outlook FY28 and Beyond

Progress is real – sustained structural action remains required

- Ongoing pressures
  - Demographic enrollment decline
  - Workforce alignment and program relevance
  - Commitment to access and affordability
- FY 27 provides
  - Greater clarity and operating discipline
  - A narrowed, but still material, gap
- Looking ahead:
  - Achieving structural balance will require sustained, multi-year discipline not one-time solutions