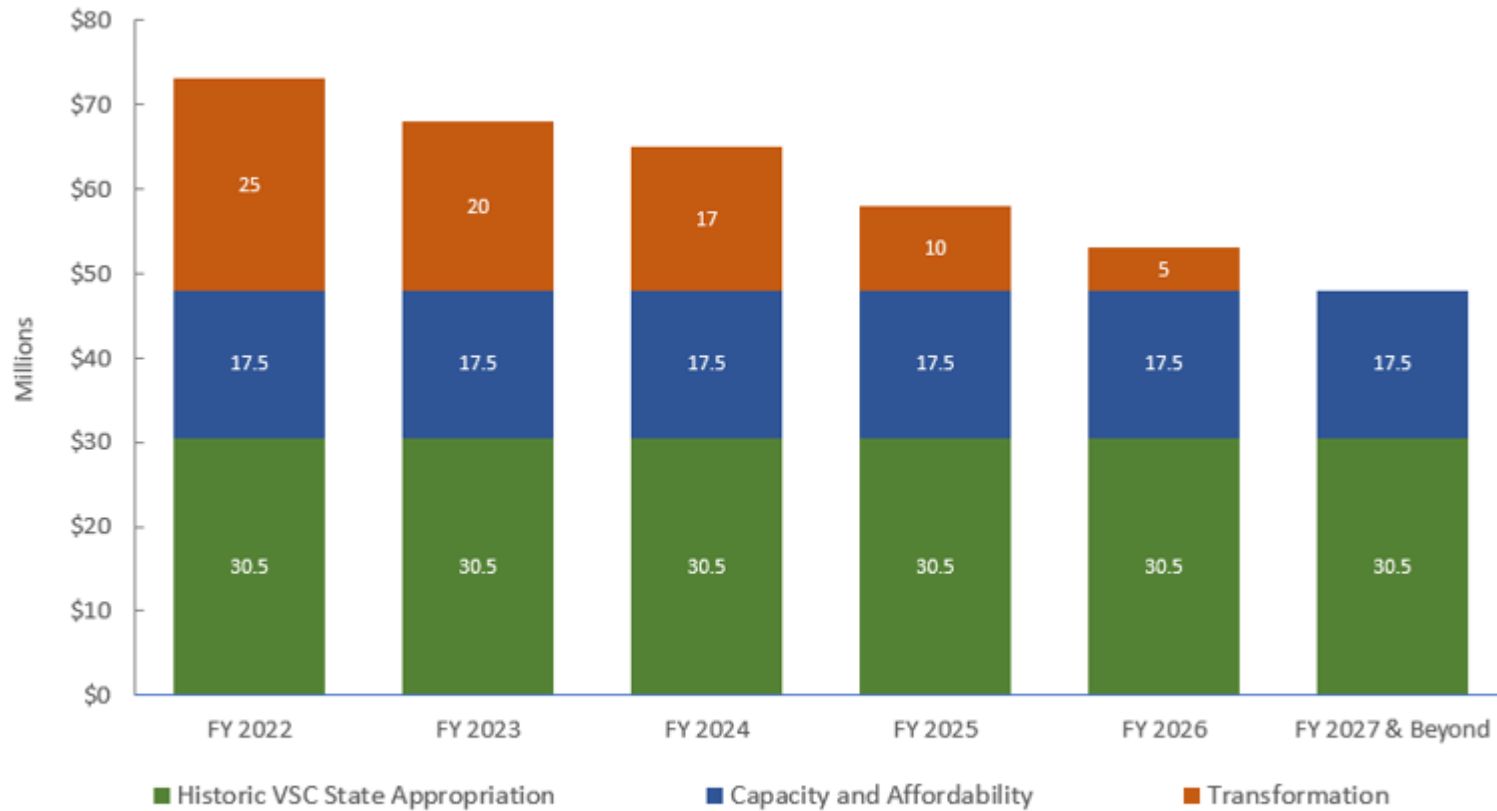
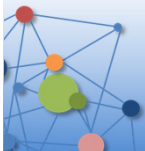


Recommendation for Funding and Deficit Reduction – Revised Draft

Figure 5. State Investments in Transformation and Ongoing Support at VSC



Note: Not included in this depiction are COVID mitigation costs that have deepened the VSC System’s overall deficit. These costs will be covered at least in part by federal stimulus funding, but the exact amount and allowable use of federal stimulus dollars remains to be determined.



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Figure 1. Isolating the Structural Component of VSC’s Total Operating Deficit from the Fiscal Impact of COVID-19

	FY 2022	FY 2023	FY 2024	FY20 25	FY20 26	FY2027 & Beyond
VSC Total Operating Deficit	45	20+?	15+?	10+?	5+?	?
COVID Mitigation (Assumes additional fed stimulus)	20	?	?	?	?	?
Existing VSC Structural Deficit	25	20	15	10	5	0

Note: “?” marks refer to unknown COVID-related costs that may be incurred after FY 2022, as well as any that may be carried forward into future fiscal years if the \$20M costs estimated for FY 2022 are not covered in that year.

Figure 2. Schedule for Reducing VSC’s Structural Deficit

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 & Beyond
Existing VSC Structural Deficit	25	20	15	10	5	0
Reductions in VSC Structural Deficit (Annual)	5	5	5	5	5	
Reductions in VSC Structural Deficit (Cumulative)	5	10	15	20	25	

Figure 3. State Investments in Transformation and Ongoing Support at VSC to Address the Structural Deficit

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 & Beyond
Historic VSC State Appropriation	30.5	30.5	30.5	30.5	30.5	30.5
Additional State Investments in VSC	42.5	37.5	34.5	27.5	22.5	17.5
State Investments in Transformation	25	20	17	10	5	
State Ongoing Investments in Improved Capacity and Affordability at VSC	17.5	17.5	17.5	17.5	17.5	17.5
Total Non-COVID-Related State Investments in VSC (excludes federal stimulus funding to address COVID-related fiscal impacts)	73	68	65	58	53	48
Additional State Ongoing Investments in Affordability through VSAC	5	5	5	5	5	5
Total State Investments to VSC & VSAC	78	73	70	63	58	53

Note: As a reminder, not included in this table are COVID mitigation costs estimated at \$20M in FY 2022 that have deepened the VSC System’s overall deficit. It is assumed that these costs will be covered by federal stimulus funding, but the exact amount and allowable use of federal stimulus dollars remains to be determined.

Figure 4. Summary of Total State and Federal Investments in VSC in FY 2022

	FY 2022
State and Federal Investments in COVID Mitigation	20
Historic VSC State Appropriation	30.5
Additional State Investments in VSC in Transformation and in Capacity and Affordability	42.5
Total State and Federal Investments in VSC	93



Recommendation for Funding and Deficit Reduction – Initial Draft

Figure 1. Schedule for Reducing VSC's Structural Deficit

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 & Beyond
VSC Total Operating Deficit	45					
COVID Mitigation (Assumes additional fed stimulus)	20	?	?			
Existing VSC Structural Deficit	25	20	15	10	5	0
Reductions in VSC Structural Deficit (Annual)	5	5	5	5	5	
Reductions in VSC Structural Deficit (Cumulative)	5	10	15	20	25	

Figure 2. State Investments in Transformation and Ongoing Support at VSC

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 & Beyond
State Investment in Transformation	25	20	17	10	5	
Operational	20	15	15	10	5	
Capital (eliminate underutilized space, renewal/refurbishments)	5	5	2			
State Ongoing Investments in Improved Capacity and Affordability at VSC	17.5	17.5	17.5	17.5	17.5	17.5
Operational	10	10	10	10	10	10
Capital (deferred and major maintenance)	7.5	7.5	7.5	7.5	7.5	7.5
Total Additional State Investments in VSC	42.5	37.5	34.5	27.5	22.5	17.5
Historic VSC State Appropriation	30	30	30	30	30	30
Total State Investments to VSC	72.5	67.5	64.5	57.5	52.5	47.5
Ongoing State Investments in Affordability through VSAC	5	5	5	5	5	5
Total Additional State Investments to VSC & VSAC (Above FY 2020 Levels)	47.5	42.5	39.5	32.5	27.5	22.5

