

Vermont State Colleges System

House Committee on Corrections and Institutions

January 28, 2022

For the benefit of Vermont





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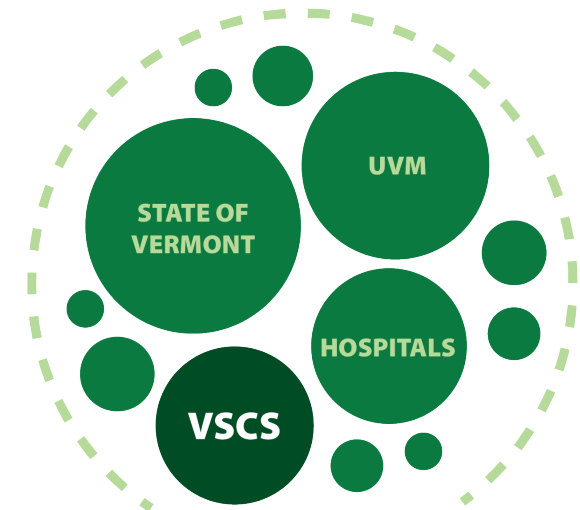
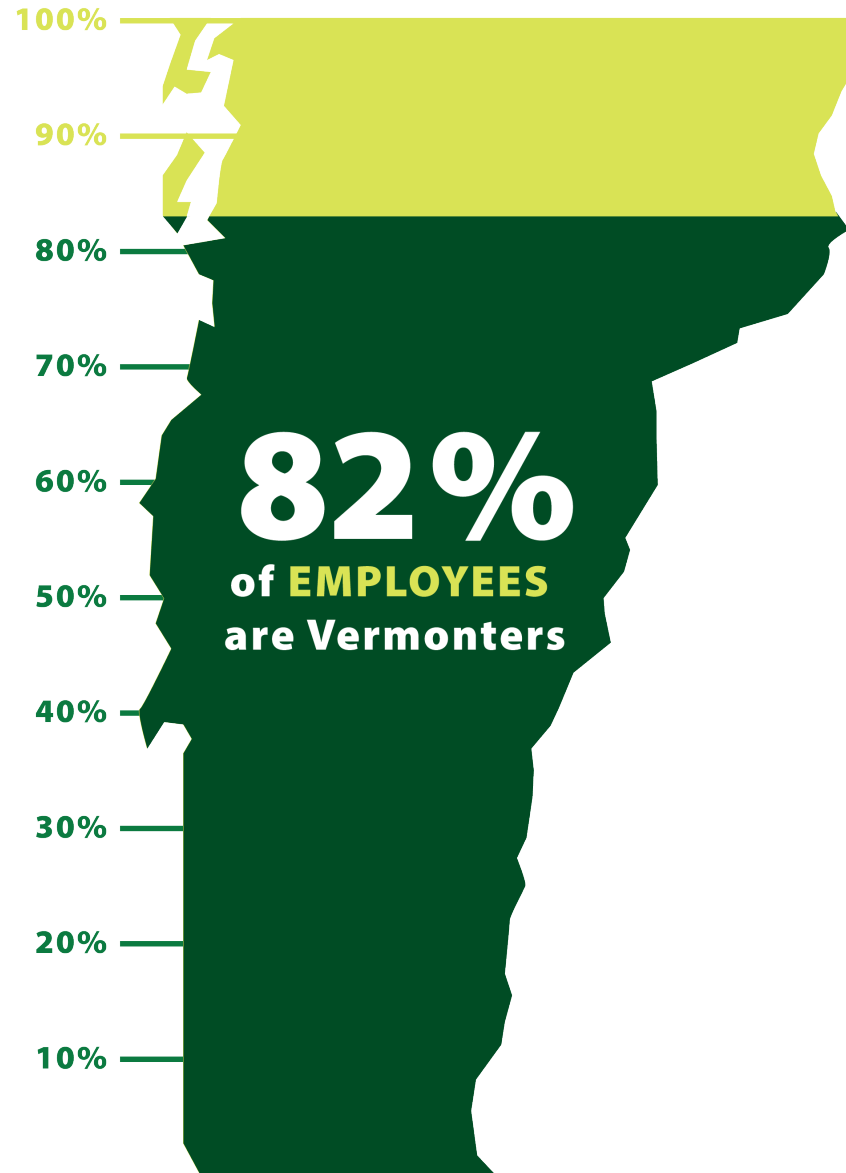
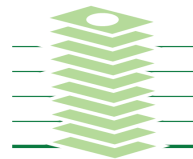


Economic Impact

employs **2,878** Vermonters

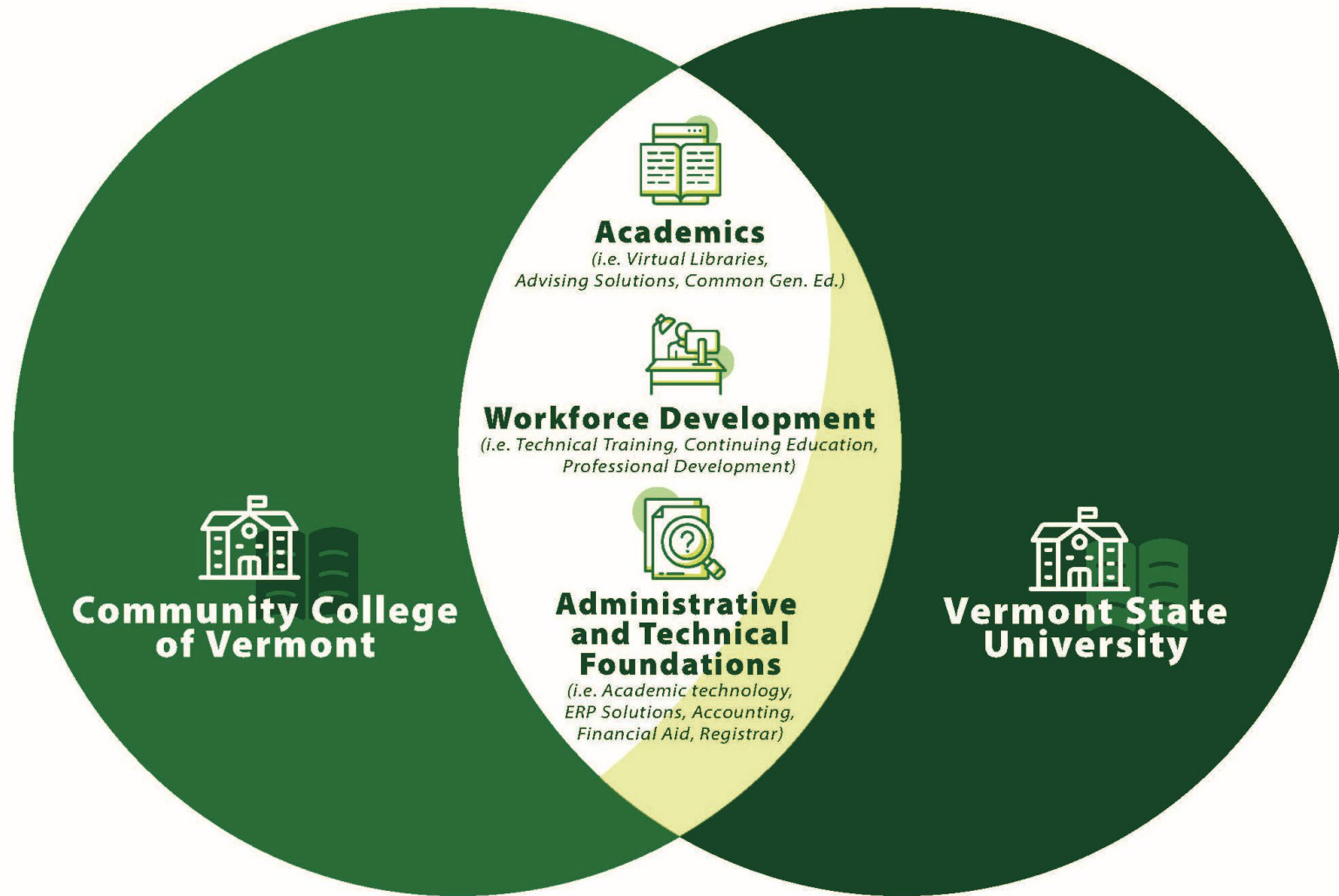


Average salary of a Full Time VSCS employee is **\$57,658**



VSCS is among the largest employers in the state

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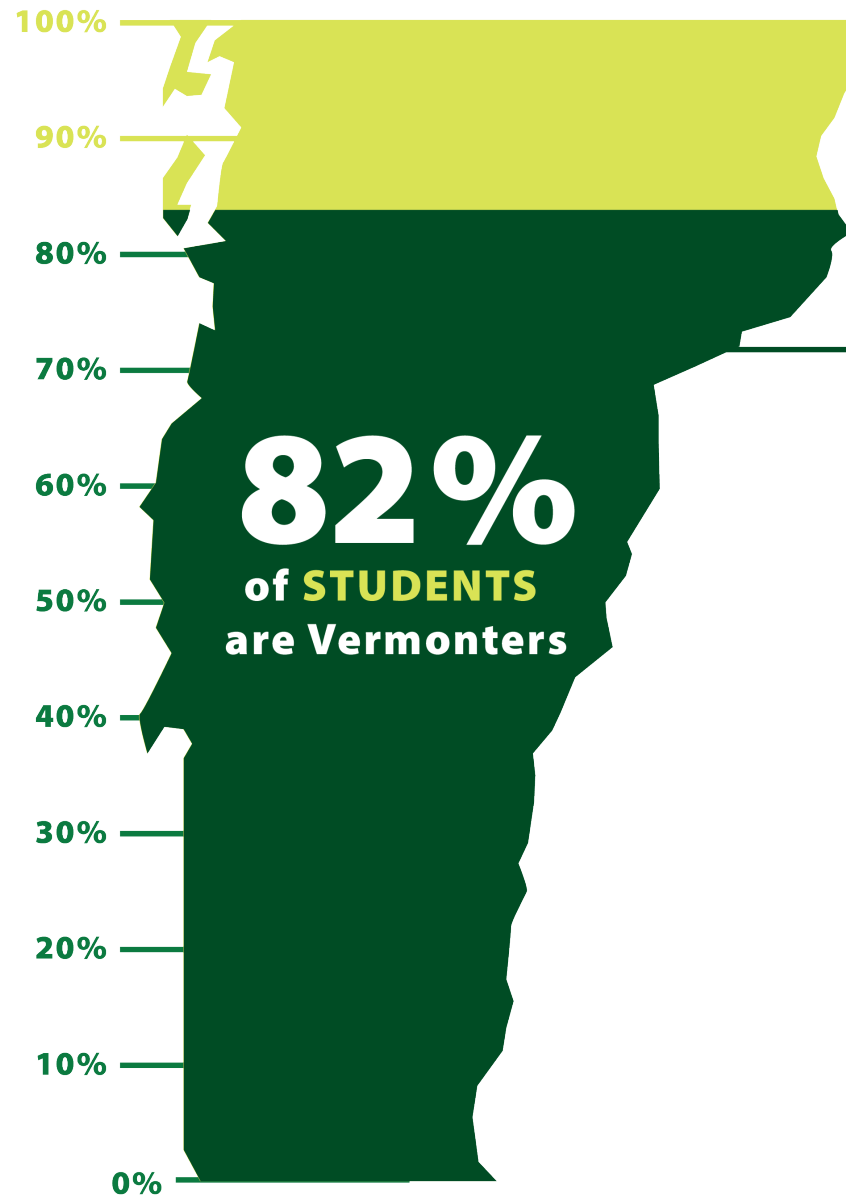
Graduated 1,643 Vermonters into the workforce in 2021 with degrees or certificates



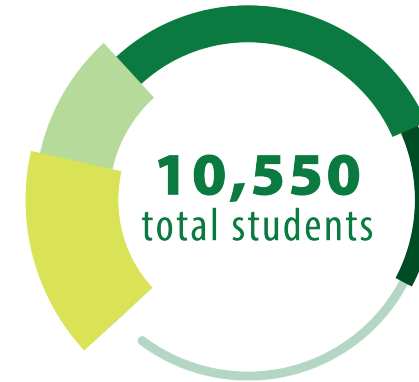
3,443
1st Generation Vermonters are enrolled in our undergraduate programs this fall.



That's 57% of undergraduate Vermonters and 45% of all undergraduates.



2/3 of alumni live and work in Vermont



- 1,212** High school students enrolled in VSCS programs
- 3,443** 1st gen Vermont undergrads
- 5,948** Undergraduate Vermonters
- 7,485** Undergraduates
- 10,550** Total students

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Act 74 Requirement: VSCS Facilities

*The VSC Board of Trustees shall develop and implement a **10-year strategic plan** for managing its physical assets that is fiscally sustainable, maintains reasonable net asset value, and meets the needs of Vermont learners.*

On or before March 1, 2022, the Chancellor shall present this Board approved plan to the House Committee on Corrections and Institutions and the Senate Committee on Institutions.

Act 74 of 2021

Planning Activities

Completed Activities

Facilities Assessments for Johnson, Castleton

Return on Physical Assets Studies

Facilities Planning Team Discovery

Facilities Planning Design Principles

Activities Pending Completion before February 28

Space Utilization Studies by Campus Location

Facilities Assessments for Lyndon, Randolph, Williston

Strategic Plan/Roadmap for Creating 10 Year Facilities Plan

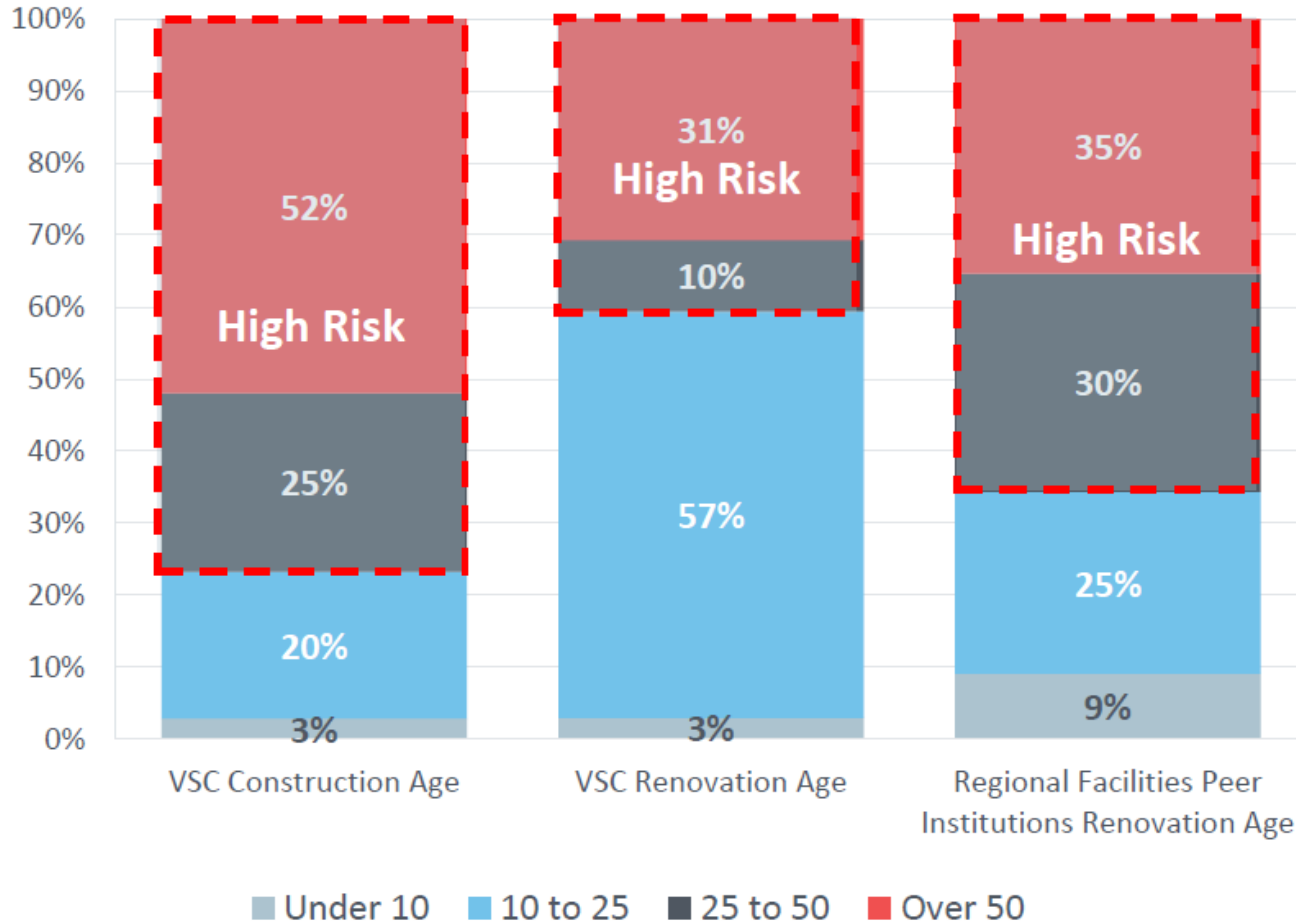
Return on Physical Assets

Vermont State Colleges Compared to Peer Institutions

Construction Age vs. Renovation Age

Ideal age profile would have equal distribution of age between four categories; however, large portions of the GSF will be moving to the next age category (from 10 to 25 → 25 to 50). This will create additional strain for facilities and management.

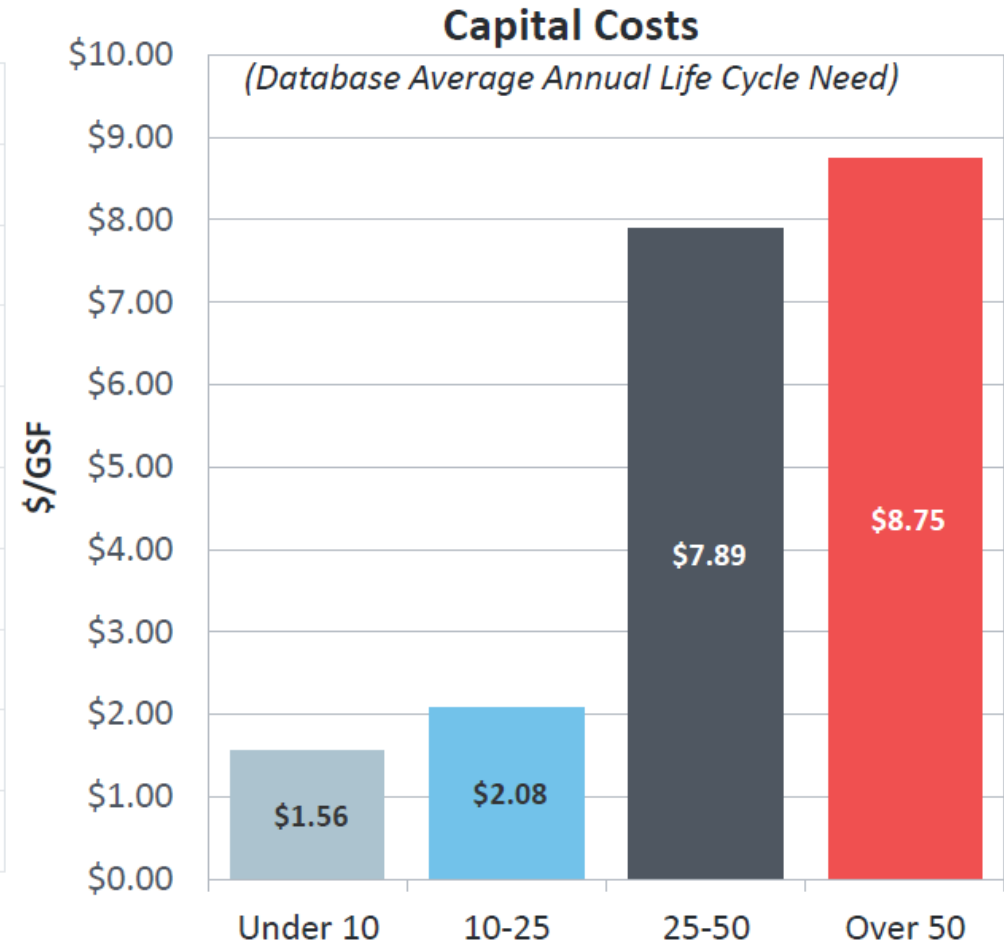
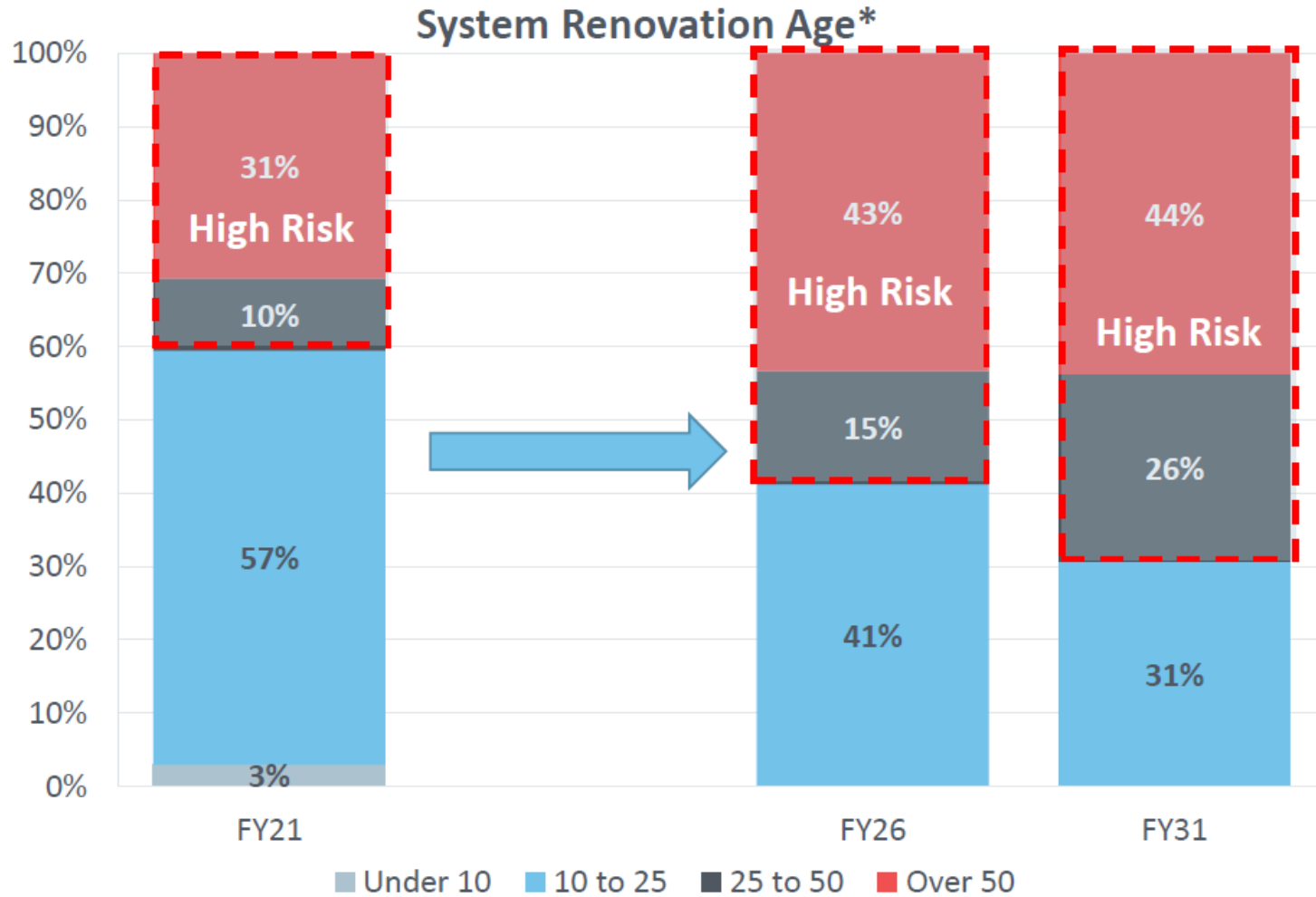
System Age by Category



	Operational Demands:	Capital Risk:
Over 50	React as Needed: Issues in components past the end of their lifecycles will demand reactive maintenance.	Highest Risk: Life cycles of major components past due – end of building life cycle approaching.
25-50	Balance PM and Reactive Maintenance: Younger components still require PM.	Higher Risk: Life Cycles coming due in core building components.
10-25	Aging components require reactive maintenance.	Medium Risk: Lower cost space renewal updates needed.
Under 10	Focus on PM: Significant need for PM in young systems.	Low Risk: “Honeymoon” period – little need for capital reinvestment.

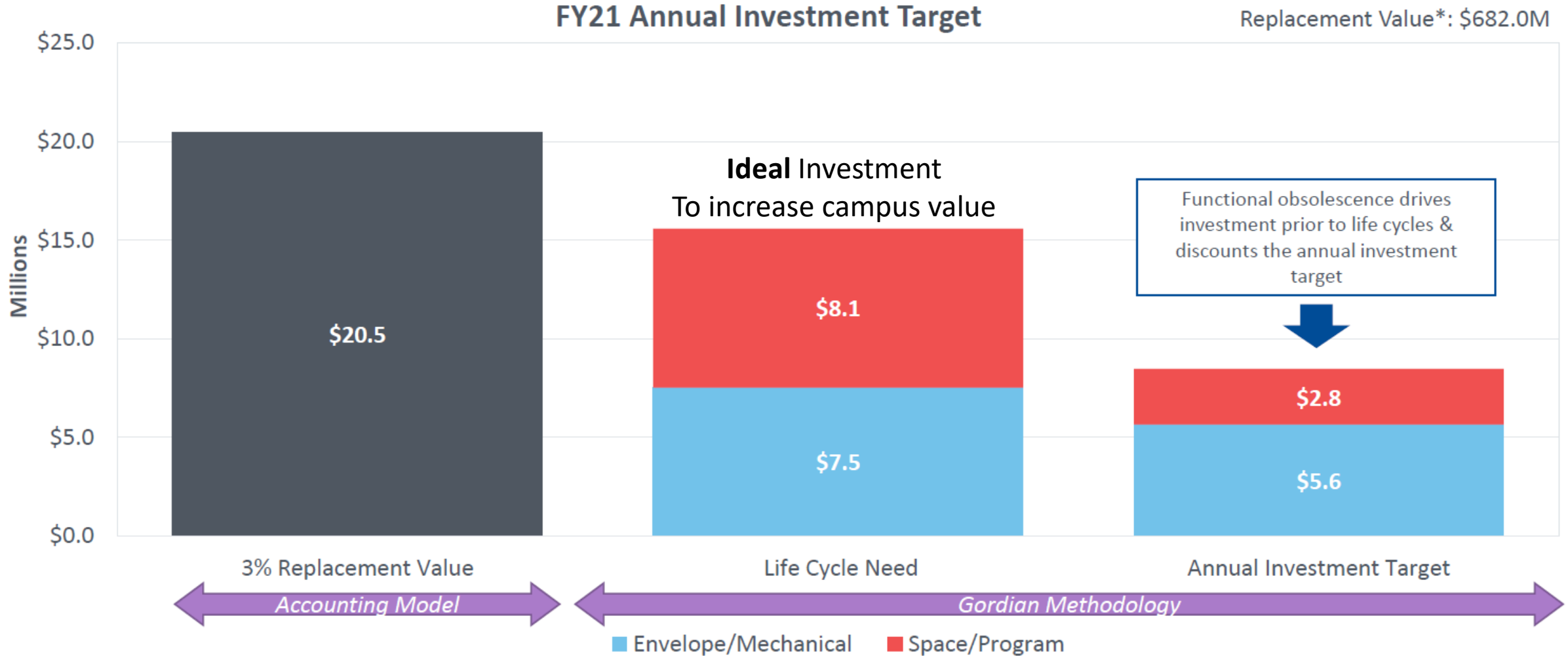
Age Projection Indicates Growing High-Risk Space

VSC profile will contain more high-risk space than peers in the next 10-years. It's projected to be 70% high-risk space by FY31 if there are no major renovations planned.



Defining an Annual Investment Target

Gordian recommends an Annual Investment Target of **\$8.4M** into existing space for FY21

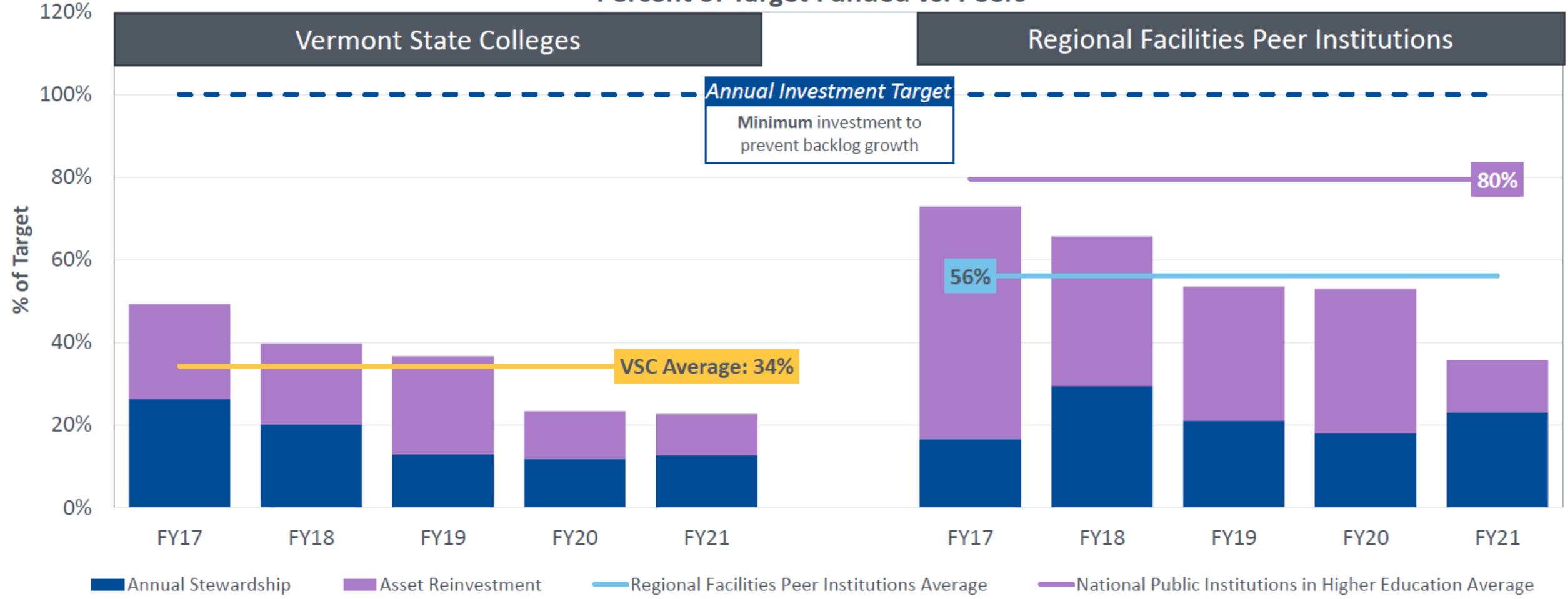


VSC Funds 34% of Target, Peers Fund More Than Half



Consistent shortfall to target contribute to the growth of deferred maintenance. Any investment below the annual investment target will lead to an increased risk on campus.

Percent of Target Funded vs. Peers



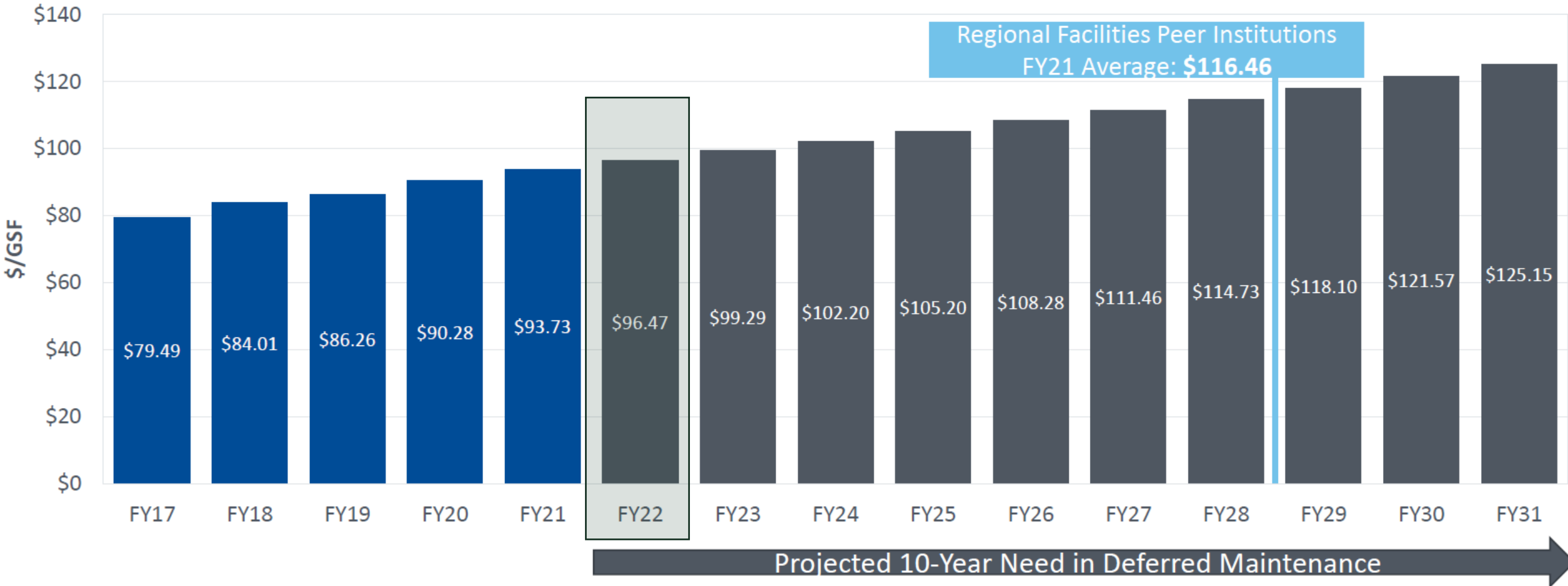
■ Annual Stewardship ■ Asset Reinvestment — Regional Facilities Peer Institutions Average — National Public Institutions in Higher Education Average

Excludes infrastructure, non-facilities and new construction investment

Deferred Maintenance Will Grow 33% in 10-Years

At current funding levels, VSC is projected to surpass peer's FY21 deferred maintenance average in just seven years. Current investment across VSC will not be sufficient to address growing need; VSC will see similar challenges as peers, but with less funding available.

Projected Deferred Maintenance for Next 10-Years



Facilities Investment

Capital Expenditures

“Balancing an approved budget is an important [and] noteworthy achievement.

***Yet a balanced budget is not necessarily a sign that all is financially well.** A budget may underfund depreciation, for example. This strategy can be useful to bridge a short-term budget gap, but chronic underfunding leads to an inevitable and sometimes unrecoverable increase in deferred maintenance, an issue now requiring VSCS attention.*

*Also, a budget that just breaks even may not have included investment funds to update programs, improve classroom technologies, etc. **Any institution that foregoes investing puts itself at a significant competitive disadvantage.**”*

Report to the Vermont Legislative Joint Fiscal Office
Concerning Vermont State Colleges System Funding for FY2020 and FY2021
James H. Page, June 8, 2020 p. 11

At current spending levels, \$7M short annually

Tradeoffs excluding cash infusion

Quality Factors

Shorten Replacement Cycle

Purchase Higher Quality Products

Design for Longevity

Implement Preventative Maintenance

Utilization Factors

Decrease square footage

Decrease equipment volume

Lease Space to other entities

Share Assets across System

Building Usage Principles

- The campus facility plan will be **grounded in data and financial analysis** that supports **financial sustainability** and **meets the academic, student life, and co-curricular needs** of the institution
- The facility master plan will **lower the total cost of ownership** of our facilities and/or **increase revenue potential**. This may include repurposing, selling, leasing, razing, or partnering with organizations
- Academic, student life, and co-curricular spaces will be designed to **enhance the experience of learners**
- Our buildings and spaces will be **accessible and inclusive** to all learners

Maintenance & Renovation Principles

- Campus facilities plan will **identify projects that reduce our deferred maintenance** and shift our daily operations from **reactionary to more preventative**. Budgetary saving will amplify by incorporating both strategies
- **Consistent systems** will be installed to allow for **better data** when budgets are allocated
- Seize the opportunity to **increase accessibility when implementing renovation**

Energy Consumption Principles

- An **Energy Management Plan** will set future goals and measures results
- A **Utilities Master Plan** that ensures systems are **upgraded prior to failure** and are driven by technological advances that bring efficiencies
- **Engage Efficiency Vermont** in a way that uses their industry knowledge to guide us in energy reduction steps as well as proper asset investment which provide better return on investment
- **Utilize the utility data** assembled by Gordian along with the detailed site assessments provided by SAS **to guide project selection**

Next Steps

- Create a strategic plan roadmap for facilities planning incorporating our **design principles**
- **Review and receive approval** of strategic roadmap with VSCS Board of Trustees
- **Present** approved strategic plan to House Committee on Corrections and Institutions
- **Begin 10-Year Facilities Planning activities**

Thank You

Sharron Scott

Chief Financial & Operating Officer

Sharron.Scott@vsc.edu

Katherine Levasseur

Director of External & Gov. Affairs

Katherine.Levasseur@vsc.edu