



PROFIT & LOSS STATEMENT

Fiscal Year 2022

Sharron Scott
Chief Financial and Operating Officer

FY2022 Unrestricted Financial Performance

FY2022 Financial Performance was stronger than budget, with net revenues over expenses ending at a positive \$28.6 million with the use of one-time funds. Excluding all one-time sources, net revenue was \$3.8 million or 2.2% of total budget. Performance at Community College of Vermont, and the Office of the Chancellor¹ ended in positive territory, with the remaining three locations seeing negative balances ranging from -\$1.4 million to -\$5.8 million.²

Three key factors drove these results, the first is receipt of \$21 million in one-time bridge funding from the State of Vermont in the form of an American Rescue Plan Act grant for economic support. The second was the receipt of federal grants in the form of Higher Education Emergency Relief Funding (HEERF) and Coronavirus Relief Funds (CRF). Lastly, improved student revenues at all institutions and continued strong budget control by each institution within the VSCS improved performance relative to budget.

FY22 Unrestricted Fund	VSCS	CCV	CU	NVU	VTC	OC
Total Revenues	201,188	30,446	56,154	44,282	38,256	32,050
Total Expenses	172,587	28,639	57,560	50,113	36,602	(327)
Net Revenue/(Deficit)	28,601	1,807	(1,406)	(5,831)	1,654	32,377
HEERF/CRF Funding	3,802		711	2,929	162	
Net Revenue w/o CRF/HEERF	24,799	1,807	(2,117)	(8,760)	1,492	32,377
Bridge Funding	21,000					21,000
Net Revenue after all One-Time	3,799	1,807	(2,117)	(8,760)	1,492	11,377

Student revenues, in the form of tuition and fees and room and board, were better than budgeted as a system with all institutions seeing stronger than budgeted tuition and fee revenue. Room and board revenue was stronger at all three residential institutions.

From an expense perspective, overall expenses were lower than budget across nearly all categories with the greatest variances, in absolute value, in the area of Salaries and Benefits where actual spending was 8.4% less than budget. This reduction was caused a combination of faster than normal attrition and associated slowed hiring cycles and judicious rehiring practices by the presidents.

¹ Office of the Chancellor expenses ended with a -\$327 thousand balance, which is a “pick-up” in expense – carrying the same effect as a revenue. Therefore, the -\$327 thousand balance is added to the total revenues. Algebraically, this is (Revenues-(-Expense)) or (\$32,050-(-327) = \$32,377.

² VTC’s positive balance in this category is due entirely to the recognition of Advanced Manufacturing Center grant funding as part of Workforce Development. Actual performance for VTC operations was negative.

FY22 Actual as of June 30, 2022

(Amounts rounded to \$1,000)

	Vermont State Colleges System		Community College of Vermont		Castleton University		Northern Vermont University		Vermont Technical College		Chancellor's Office	
	Actual FY22	Budget FY22	Actual FY22	Budget FY22	Actual FY22	Budget FY22	Actual FY22	Budget FY22	Actual FY22	Budget FY22	Actual FY22	Budget FY22
REVENUES												
Tuition and Fees	104,010	95,462	23,396	19,125	35,415	32,600	22,441	21,516	22,757	22,221	1	-
State Appropriation	67,803	57,436	6,811	6,811	8,169	8,169	11,868	11,868	8,490	8,523	32,465	22,065
Room and Board	19,410	16,247	-	-	10,361	9,200	6,093	4,926	2,956	2,121	-	-
<i>CRF/HEERF: Room & Board</i>	<i>2,722</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>272</i>	<i>-</i>	<i>2,450</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Sales and Services	4,584	2,584	2	6	1,075	700	730	689	2,777	1,189	-	-
Gifts	1,361	825	142	50	540	400	315	275	358	100	6	-
Other Revenue	1,298	839	95	86	322	300	385	250	918	203	(422)	-
TOTAL REVENUES	201,188	173,393	30,446	26,078	56,154	51,369	44,282	39,524	38,256	34,357	32,050	22,065
EXPENSES												
Salaries and Benefits	101,884	111,287	21,447	21,138	27,764	29,900	27,772	31,976	23,344	23,701	1,557	4,572
<i>CRF/HEERF: Salaries</i>	<i>(968)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(439)</i>	<i>-</i>	<i>(382)</i>	<i>-</i>	<i>(147)</i>	<i>-</i>	<i>-</i>	<i>-</i>
Services, Supplies, Travel	37,746	38,705	4,356	4,910	9,896	10,475	9,009	10,041	7,620	7,974	6,865	5,305
<i>CRF: Services/Supplies/Travel</i>	<i>(112)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(97)</i>	<i>-</i>	<i>(15)</i>	<i>-</i>	<i>-</i>	<i>-</i>
Scholarships	20,200	18,086	98	170	12,190	11,635	5,416	4,659	1,582	1,622	914	-
<i>CRF: Scholarships</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Utilities	6,396	6,216	279	292	2,109	2,200	2,464	2,383	1,510	1,312	34	29
Other Expenses	4	10	-	-	-	10	4	-	-	-	-	-
Debt Service	12,725	12,575	1,823	1,823	3,061	3,061	2,338	2,338	778	778	4,725	4,575
Chancellor's Office	(1)	-	1,877	1,879	2,252	2,254	3,275	3,275	1,980	1,976	(9,385)	(9,384)
Other Transfers	(5,287)	(3,367)	(1,241)	(543)	727	807	314	509	(50)	956	(5,037)	(5,096)
<i>CRF: Other Transfers</i>	<i>-</i>	<i>(3,826)</i>	<i>-</i>	<i>(3,826)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
TOTAL EXPENSES	172,587	179,686	28,639	25,843	57,560	60,342	50,113	55,181	36,602	38,319	(327)	1
NET REVENUES/(DEFICIT)	28,601	(6,293)	1,807	235	(1,406)	(8,973)	(5,831)	(15,657)	1,654	(3,962)	32,377	22,064
TOTAL OPERATING RESULT	28,601	-	1,807	235	(1,406)	(8,973)	(5,831)	(15,657)	1,654	(2,172)	32,377	26,567
Unrestricted use of CRF ¹	(3,802)	(3,826)	-	(3,826)	(711)	-	(2,929)	-	(162)	-	-	-
Net Revenue without use of CRF	24,799	(10,119)	1,807	(3,591)	(2,117)	(8,973)	(8,760)	(15,657)	1,492	(3,962)	32,377	22,064

Enrollment & Discounting

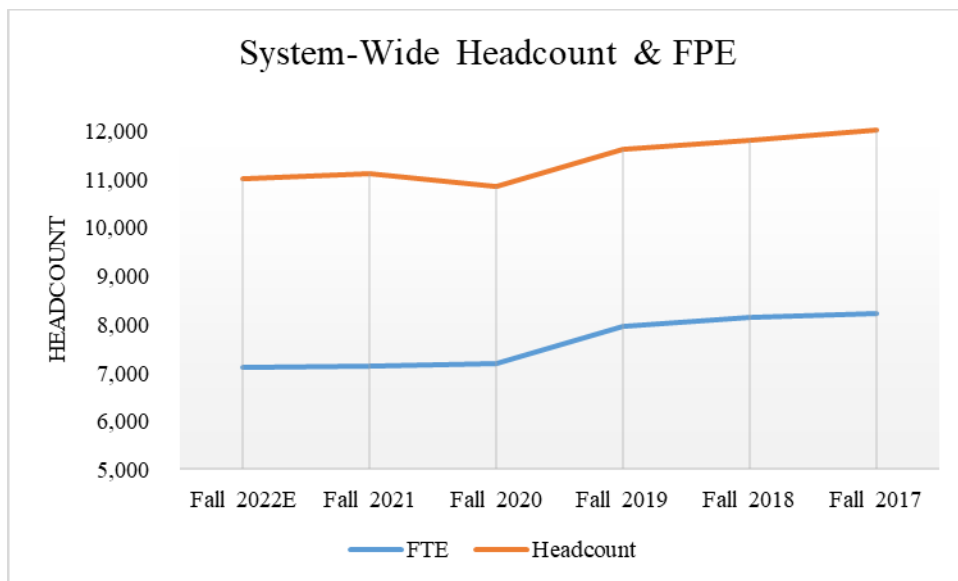
Currently, VSCS institutions use merit aid, need based scholarships, and scholarship allowances (tuition waivers) as a means of discounting tuition for students. The scholarship allowance is a contra-revenue and therefore lowers the gross tuition and fee revenue on the unrestricted fund. Scholarships & Fellowships are an expense. Combined, the scholarship allowance (contra revenue) and scholarship expense equal the total amount of aid and discounts offered to VSCS students as shown below.

FY22 Actual Student Revenues					
(amounts rounded to \$1,000)					
	VSCS	CCV	CU	NVU	VTC
Gross Tuition & Fees ¹	107,370	23,987	35,897	23,748	23,738
Room & Board ²	19,410		10,361	6,093	2,956
Gross Student Rev (\$k)	126,780	23,987	46,258	29,841	26,694
Scholarship allowance (Waivers)	(3,361)	(591)	(482)	(1,307)	(981)
Scholarship & Fellowship Expense ³	(19,286)	(98)	(12,190)	(5,416)	(1,582)
Waivers, Discounts, Scholarships	(22,647)	(689)	(12,672)	(6,723)	(2,563)
Net Student Rev Total (\$k)	104,133	23,298	33,586	23,118	24,131
Discount %	-18%	-3%	-27%	-23%	-10%
¹ Includes \$187K of Workforce development tuition for VTC					
² Excludes \$2.7M in HEERF for lost revenue					
³ Excludes \$914K of Welcome Home Scholarships funded by State of Vermont					

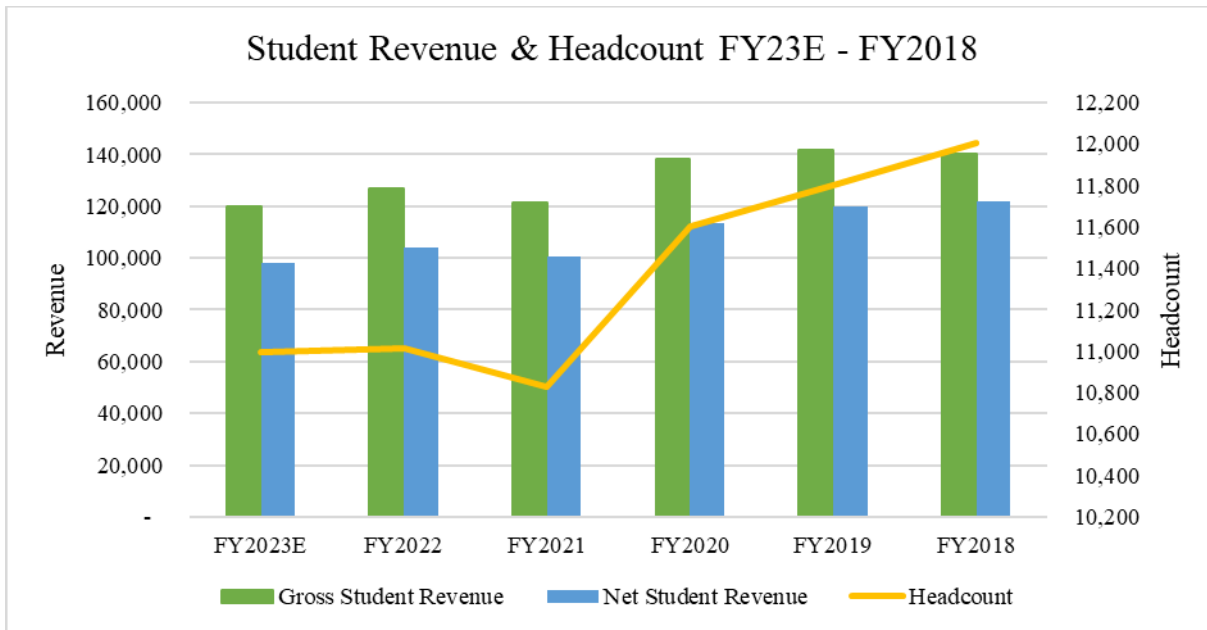
In FY2022, gross student revenue for the system was \$126.8 million and the VSCS offered \$22.6 million in various forms of aid to students. The net student revenue was \$104.1 million, for an overall 18% discount rate for the system. The discount rate by institution varies as shown above, with the lowest discount occurring at Community College of Vermont and the highest at Castleton University. Tuition discounting for FY2023 is budgeted comparably to FY2022 with slight increase in discounting anticipated for Castleton and a modest decrease in discounting for Northern Vermont University.

FY23 Budget Student Revenues					
(amounts rounded to \$1,000)					
	VSCS	CCV	CU	NVU	VTC
Gross Tuition & Fees	101,105	22,631	35,432	20,823	22,219
Room & Board	18,754		10,500	5,253	3,001
Gross Student Rev (\$k)	119,859	22,631	45,932	26,076	25,220
Scholarship allowance (Waivers)	(2,650)	(539)	(356)	(718)	(1,037)
Scholarship & Fellowship Expense	(19,366)	(170)	(13,000)	(4,728)	(1,468)
Waivers, Discounts, Scholarships	(22,016)	(709)	(13,356)	(5,446)	(2,505)
Net Student Rev Total (\$k)	97,843	21,922	32,576	20,630	22,715
Discount %	-18%	-3%	-29%	-21%	-10%

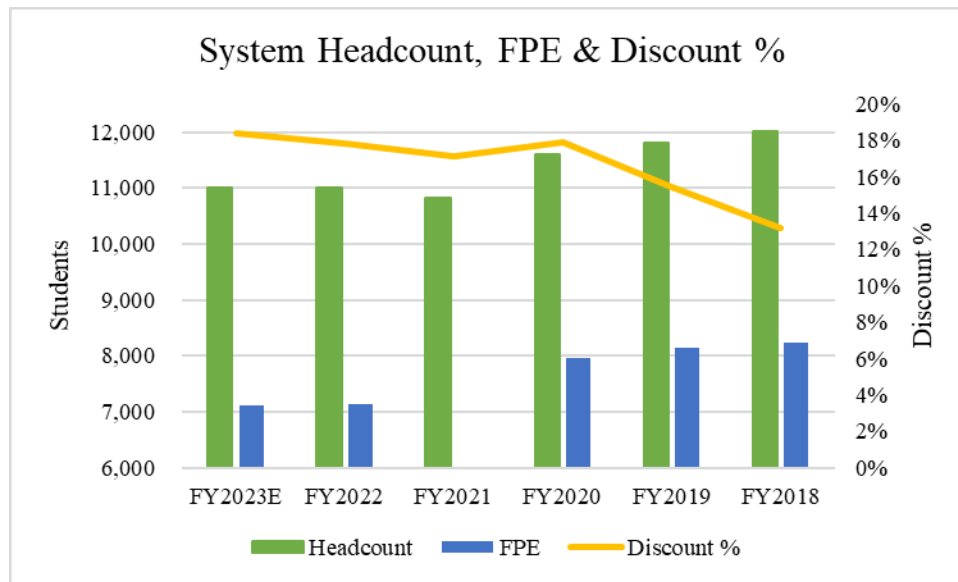
Since FY2017, System headcount has declined by approximately 900 students, or nearly 7.5%, with all institutions, except Castleton, seeing some degree of enrollment decline during this time. A corresponding decline in full-paying equivalency (FPE) has occurred at the same time. However, the rate of decline in FPE has been faster than the decline in headcount, suggesting that the VSCS is enrolling more students who are attending part-time. FY2022 saw recovery in enrollment at two of the four institutions post-pandemic. However, Northern Vermont University and Vermont Technical College continued to see depressed enrollments. This decline can, in part, be attributed to negative media attention in 2019 and 2020. However, early signs suggest that Northern Vermont University campuses at Johnson and Lyndon are beginning a slow recovery as of the fall of 2022.



Gross tuition revenues (tuition and fees plus room and board less all scholarships, waivers, and discounts) remained relatively steady between FY2018 and FY2020. FY2022 saw a slight positive increase in both gross and net student revenue, a welcome change in the prior fiscal year. FY2023's budget is proposed at less than FY2022 actual with early indications that the VSCS will surpass the budget.



The regional higher education landscape is highly competitive with significant competition from well-funded publics and privates. The Vermont State Colleges are competing with these institutions, and often that competition is based on price.



As shown on the chart above, tuition discounting increased steadily between FY2018 and FY2020 changing from average discount of 13% to an average discount of 18%. Since then, the discount rate has remained relatively constant at between 17% and 18%.

Financial Ratios

The Vermont State Colleges has established an accountability matrix that provides the Board of Trustees with necessary information to support the Board in its work. The following financial measures are included in the matrix:

- **Primary Reserve Ratio** – a measure of the overall financial strength of the organization
- **Net Operating Revenue Ratio** – measure of the organization’s ability to live within its means
- **Return on Net Assets Ratio** – a measure of the organization’s total economic return
- **Viability Ratio** - measures the availability of net assets to cover the organization’s debt

Combined these four ratios create the **Composite Financial Index (CFI)** a single measure that offers directional insight into the organization. These measures can help the Board answer critical questions such as:

- What is the system’s current capacity to carry out its work?
- What is the system’s expected capacity to carry out future programs?
- Is the trend improving or deteriorating?
- Are the VSCS’s resources sufficient and flexible enough to meet the mission?
- Do operating results indicate the system is living within available resources?
- Does financial asset performance support the strategic direction of the organization?

By reviewing these measures longitudinally, we can see where our actions, or lack thereof, can have a positive or negative impact on the whole organization.

Financial Ratio	Target	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13
Primary Reserve	>= 0.40	0.60	0.51	0.25	0.21	0.20	0.17	0.18	0.18	0.19	0.18
Net Operating Revenue	2% to 4%	15.5%	23.0%	3.4%	-0.8%	-1.4%	-1.2%	-3.1%	-1.2%	-2.7%	-5.2%
Viability Ratio	1.25 to 2.0	1.10	0.80	0.38	0.32	0.30	0.25	0.27	0.27	0.28	0.26
Return on Net Position	3% to 4%	19.6%	41.9%	6.6%	-1.1%	-1.3%	0.5%	-3.0%	-4.0%	-2.8%	8.4%

Net operating revenue and return on net position measures an organization’s ability to live within its means and the organization’s net return, met or exceeded the ratio targets for FY2022, FY2021, and FY2020 due largely to bridge funding and Higher Education Emergency Relief (HEERF) funding. The primary reserve ratio, a measure of the organization’s overall financial strength, met the target in FY2022 and FY2021, again due largely to bridge and HEERF funds. The viability ratio, a measure of the VSC’s ability to cover the organization’s debts, is nearing the low end of target.

The Composite Financial Index combines these four primary ratios into a single measure by standardizing the results on a scale between -1 and 10 and then weighting each ratio according to a formula suggested by the National Association of College and University Business Officers (NACUBO). As shown below, FY2022, FY2021, and FY2020 performance is significantly stronger than the previous seven years. This improved performance is again due to the receipt of one-time funds.

Measure	Target	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13
Primary Reserve	>=.40	1.59	1.35	0.65	0.54	0.53	0.46	0.46	0.48	0.49	0.48
Net Operating Revenue	2% - 4%	1.00	1.00	0.49	(0.12)	(0.20)	(0.17)	(0.44)	(0.17)	(0.38)	(0.74)
Viability Ratio	1.25 to 2.0	0.93	0.67	0.32	0.26	0.25	0.21	0.23	0.23	0.23	0.22
Return on Net Position	3% to 4%	1.96	2.00	0.66	(0.11)	(0.13)	0.05	(0.30)	(0.40)	(0.28)	0.84
Composite Financial Index		5.48	5.02	2.11	0.59	0.45	0.55	(0.05)	0.14	0.06	0.79

Comparing the VSC’s composite financial index to NACUBO’s composite financial index scale, at the years FY2013 to FY2019 suggested the organization should be considering its viability to survive. FY2022 and FY2021 improved to the point where the organization can and should be directing its resources to transform and to compete in the future thanks to investments by the State of Vermont, Higher Education Emergency Relief, and transformation.

Composite Financial Index Scale	
-1 to 1	Assess viability to survive
0 to 3	Reengineer
3 to 5	Direct resources to allow transformation
5 to 7	Focus resources to compete in future
7 to 9	Opportunities to experiment with new initiatives
8 to 10	Deploy resources to achieve robust mission