

Manual of Policy and Procedures

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SYSTEM ANNUAL OPERATING BUDGET	403	1 of 4

PURPOSE

The Board of Trustees considers the Vermont State Colleges System Annual Operating Budget as an essential oversight vehicle as well as the primary financial plan for operations of the System and its components for a given fiscal year (July 1 through the following June 30). This policy, and the sub-policies Policy 403-A, Policy 403-B, Policy 403-C, and Policy 403-D, prescribes the development, adoption, and subsequent administration of the Annual Operating Budget for the System as a whole, and for the individual Institutions and Chancellor's Office.

STATEMENT OF POLICY

1. Development of the System Annual Operating Budget

The Chancellor is responsible for developing the System Annual Operating Budget for recommendation to the Board of Trustees. The System Annual Operating Budget development will be conducted in a collaborative manner with the Council of Presidents to assure application of revenues, expenditures, one-time funds and other financial considerations in a consistent fashion and appropriate to functioning as an integrated System. The System Annual Operating Budget will be presented for each component unit (i.e. individual institutions, shared services and the Chancellor's Office) and as a consolidated budget for the entire System.

As circumstances confronting the System Annual Operating Budget change over the course of a year, the Chancellor may propose budget modifications for consideration by the Board for the purpose of more realistically reflecting increases, decreases, or shifts among budgeted revenue and expenditure categories.

2. Review and

The Board is responsible for reviewing the System Annual Operating Budget recommendations put forth by the Chancellor, and for adopting an official System Annual Operating Budget. This is consistent with the Board's ultimate fiduciary responsibility for the System. Timing of the Chancellor's recommendations will allow the Board to conduct its review and take action no later than the final Board meeting of each fiscal year.

- A. By September 30 of each year, the Board shall establish key initiatives and financial goals for the next budget cycle.
- B. Student revenues including tuition, fees, room, board, fees, and fundamental changes in discounting strategies, will be reviewed and approved prior to awarding aid for any upcoming year and will typically be complete by November of each year.
- C. By December 31 of each year, the Shared Services and Chancellor's Office budgets will be drafted for integration into institutional budgets.
- D. At minimum, two versions of the annual operating budget will be presented to the Finance and Facilities Committee in advance of the review of the final budget proposal.
- E. The Board of Trustees shall review and approve the annual operating budget proposal. The final proposal shall include:
 - (1) General fund financial budget for each component unit and a consolidated view of same. The budget proposal will include a comparison to current year third quarter forecast and current year budget
 - (2) Narrative for each component unit and the system as a whole outlining the key budget drivers, the ways in which the component unit is meeting the Board's key initiatives, and new spending proposals
 - (3) Published tuition rates for all primary academic programs and degree types
 - (4) Key performance metrics and budget regarding anticipated enrollment, residence hall participation, employment, and student mix will be provided
- F. By June 30 of each year the Board of Trustees will receive a recommendation from b-2 d.

On behalf of the Board of Trustees, the Chief Financial Officer is expected to collaborate and work with the Chancellor, Institutional Presidents and other appropriate Institution and System officials to assure the proper and effective administration of the System Annual Operating Budget as adopted by the Board. It is the responsibility of the Chief Financial Officer to report results to the Board of Trustees.

4. Reporting

A. Quarterly Reporting:

- (1) At a Finance & Facilities Committee meeting occurring not earlier than five (5) weeks after the close of each quarter (September, December, March), actual general fund operating results (financial) compared to budgeted general fund results will be provided to the Committee along with each entities' best forecast for the remainder of the fiscal year.
- (2) In addition to the general fund operating results, actual performance versus budgeted performance regarding key performance indicators in the areas of enrollment, enrollment mix, room participation, and staffing shall be provided to the committee.
- (3) A narrative, explaining variances to budgeted general fund performance and key performance indicators shall be provided by each primary operating unit. The narrative shall be written in a manner to facilitate understanding by the layperson.
- (4) All quarterly reports shall be shared at the primary unit level (institution, shared services, chancellor's office) and as a consolidated view of the entire entity.

B. Annual Reporting

- (1) The financial statements of the Corporation serve as the official record of system-wid

- (3) Financial ratios comprising the Composite Financial Index shall be presented to the Finance and Facilities Committee each year. The four ratios included shall be the primary reserve, net operating revenue, viability ratio, and return on net position. All ratios shall be presented for the most recently completed ten (10) fiscal years.

Signed by: SZdatny
Sophie Zdatny, Chancellor

Date	Version	Revision	Approved By
9/26/2018	1.0	Adopted	VSCS Board of Trustees
5/12/2020	2.0	Update	VSCS Board of Trustees
1/23/2023	3.0	Update	VSCS Board of Trustees