

Financial Strategic Plan

Team

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A broad projection for a sustainable budget based on traditional financial patterns at the college, projected demographics, and factoring in changes outlined in the strategic plan.

Objectives

Vermont Technical College enters the Vision 2024 strategic planning process in a relatively strong financial position. For two consecutive years, Vermont Tech has closed with an operational surplus on its unrestricted accounts, and consequently has been able to begin to rebuild our strategic reserves.

The main overarching goal of this sub-plan is to provide a blueprint by which to maintain and build upon this financial solidity. This goal is here expressed as several objectives and criteria:

- 1) Recognizing the need to maintain a certain amount of working capital as a financial safety net, the Vermont Tech will close the 2024 year with \$2,000,000 in strategic reserves.
- 2) Recognizing the age of our physical plant and infrastructure, and both the liabilities and opportunities inherent, Vermont Tech will allot \$400,000 per year into capital investment.
- 3) The financial plan will be built upon realistic and responsible assumptions regarding critical environmental conditions, such as enrollment trends, tuition rate increases, and health care costs.
- 4) The financial plan will be built at the 30,000 level and will provide general budgetary goals for each of the 5 years of the plan, allowing flexibility during subsequent years' budget processes to adapt to an ever changing landscape.

Assumptions

The single biggest variable in predicting Vermont Tech's financial state is enrollment, and consequently we have put the most thought into anticipating coming enrollment trends. Vermont Tech expects to see a 4.2% decline in HS graduation rates from academic year 18-19 to academic year 23-24¹. We've assumed that primarily traditionally-aged programs will most naturally have a likelihood to follow this trend, and therefore we have projected proportional declines in these programs². For primarily non-

¹ Extrapolated from 2017 WICHE data, which presents state-by-state projections for HS graduations numbers. The Projected HS Grad Deltas, presented at the bottom of Appendix 2 and which sum to this 4.2% decline, were obtained by using proportions of VTC enrollment by state to create a weighted average of the WICHE numbers.

² See Appendix 2, Future FTE Projections, by FY.

traditionally aged programs, most notably Nursing and Allied Health, we have assumed level enrollment, based on robust enrollment trends over the past several years combined with an ever-growing need in the state of Vermont for graduates with these critical skills.

Additional assumptions:

- 3% tuition rate increase, annually; a level general appropriation from the state of Vermont.
- General inflation of 2%
- Salary and wage inflation of 2.5%
- 6% health care inflation

General Conclusions

In broad terms, achieving our objectives as laid out above leaves an annual budgetary gap of \$435,000 for each of the 1st 4 years of the strategic plan, with a \$285,000 gap in the final year. This plan identifies 3 avenues to closing this gap: operational efficiencies; new revenue; reform of discounting policy.

In more specific terms, addressing these challenges will be rolled into our annual budgetary process. For example, beginning in winter 2019, Vermont Tech will begin the budget development process for fiscal year 2020. As shown in the first Appendix, Vermont Tech's goal will be a \$17,471 surplus in this budget year, and we project that there will need to be approximately \$435,000 worth of positive changes in order to make this happen. It will fall upon those involved in this process to identify and enact specific measures in order to stay within the general guidelines of this plan, i.e. achieving a small surplus on the year.