

## **Annual report of the Financial and Physical Planning Committee for 2020-21**

Submitted by Jane Knodell, Chair.

Membership of FPPC in AY 20-21: Jane Knodell (CAS), chair; Terry Bradshaw (CALS); Terri Donovan (RSENR); Teresa Cahill-Griffin (CNHS); Tony Julianelle (CEMS); Guillermo Rodriguez (CAS); Andrey Ukhov (Grossman); Cory Teuscher (LCOM); Haley Woodside-Jiron (CESS); Paul Philbin (Libraries). Prof Donovan has completed her term and we appreciate her service. The Committee is staffed by Tiera Porter, and we appreciate her service and support.

### Highlights of FY21 UVM budget: a most unusual year

The University operated with an interim budget between July 1 and September 30 (the first quarter of the fiscal year). In September 2020, the Board approved a general fund budget of \$370 m. At the time, the administration projected that net tuition revenue in FY 21 would be \$23 m below that of FY 20, resulting in a projected operating budget deficit of about \$21 m. Although Fall 20 enrollments were down only modestly, there was still a large projected net tuition loss due to the increased share of in-state students in total undergraduate enrollments.

To address this expected shortfall, expenses were reduced in a variety of areas (salaries of administrators and non-represented staff, General Fund support for the UVM Foundation, deferred maintenance). In September 2020, the administration reported that the Larner College of Medicine had a balanced budget of \$78.3 m, which included salary reductions for administrators and non-represented faculty and staff. The University received \$33.4 m of State and Federal funding to address expenses related to the COVID public health crisis, which was to be committed by December 2020. At the end of the Fall 2020 semester, all academic units except LCOM and CEMS had been charged with developing plans to fill budget gaps in FY 21 and to make structural changes to have balanced budgets in FY 22.

The FY 21 budget outlook improved once we got into the Spring Semester. It was determined that the shortfall in net tuition revenue in FY21 would be significantly smaller than that originally expected. Reductions in base salaries were rescinded. In the middle of the Spring 2021 semester, with FY 22 budget preparations in progress, Congress passed and the President signed the American Rescue Plan, under which UVM will receive an grant from the federal government, at least half of which must be used for need-based financial aid. FPPC has not received information about the size of this grant or the proposed use.

The FY 22 budget will be discussed and presumably adopted at a special Board of Trustees meeting scheduled for June 4, 2022.

### Activities of FPPC in 2020-21:

At a number of our meetings this year, the FPPC received general budget updates from VP Richard Cate and academic budget updates from Provost Patty Prelock. FPPC also studied, reviewed, and sought information about the following topics:

The financial relationship between UVM's operating budget and the UVM Foundation (being carried out by Prof Ukhov, Grossman School of Business)

Financing of start-up costs of proposed new Occupational Therapy Doctorate in CNHS

How new financial model for Residential Learning Communities is working

College/school-level updates about low enrollment program review

Provost Prelock's Strategic Investment Fund grants and loans

Provost Prelock's initiatives for new tuition revenue generation

Work of the Resources subgroup of Academic Reorganization project

Construction projects under way and updating of campus master plan

#### Topics for the 21-22 Academic Year

Continued deep dive into the financial flows between the UVM operating budget and the UVM Foundation

Study of the relationship between the LCOM budget and the UVM general fund budget

Study of the general fund "actuals" from recent fiscal years against budgets for those years