

Draft Outline for the Initial Report of the Select Committee on the Future of Higher Education in Vermont



The National Center for Higher Education Management Systems

November 6, 2020

1. Executive Summary
2. Introduction
 - a. The precipitating conditions for VSC
 - i. Enrollment declines—declining numbers of HS grads
 - ii. History of low state support
 - iii. Increasing reliance on tuition revenues and escalating costs to students—affordability an issue
 - iv. Previous chancellor’s recommendation to close three campuses as a way of balancing the System’s budget
 - b. The response of the legislature
 - i. Pushback against the recommendations of the Chancellor
 - ii. Commissioned studies by the State Treasurer and Jim Page
 1. Confirm (or not) the fiscal situation as presented by the System
 2. Determine the level of “bridge funding” required to keep the System going until a plan for System sustainability could be developed and implemented
 3. Allocated \$30 million in supplemental funding to fill the immediate needs for the System
 - iii. Circulated an RFP seeking a consultant to assist the Select Committee in offering recommendations on how to increase affordability for students, access, retention, attainment, relevance, and fiscal sustainability, including the following issues:
 1. The financial sustainability of the VSC system and its impact on institutional capacity to innovate and meet State goals and learners’ needs, including a comparison of higher education programs, delivery models, tuition, tuition-reduction and tuition-free programs, and structures in other states
 2. The current organizational structure of the VSC and public higher education in Vermont and its ability to promote student success
 3. The alignment of VSC and the public higher education system in Vermont with workforce development goals, policy frameworks, and partnerships between businesses and institutions of higher education that are designed to meet the needs of employers and promote the public value of education
 4. Collaboration among Vermont’s public higher education institutions to move Vermont toward increasing affordability for students, access, retention, attainment, relevance, and fiscal sustainability
 - iv. NCHEMS was awarded the contract to conduct this work.
3. The work of the Select Committee (SC)
 - a. The SC, with assistance from NCHEMS, developed and endorsed a set of guiding principles for a process that was:

- i. Be data-driven, informed by robust analysis of the current realities facing the state and public institutions.
 - ii. Be consultative and inclusive, incorporating input from a broad range of stakeholders.
 - iii. Incorporate insights and recommendations from reviews of the Vermont State College System currently underway and completed in the past.
 - iv. Provide for a respectful—and robust—dialogue about needs and solutions.
 - v. Emphasize the urgent need for change, providing specific proposals for change and innovation.
 - vi. Be action-oriented, providing a detailed plan.
 - vii. Be future-oriented, envisioning the future postsecondary learning needs of the state.
 - viii. Result in a process and a plan that fits the Vermont context, is owned by the SC members, and lays out implementation steps that have a high likelihood of adoption.
 - b. More detail about the process
 - i. Data analysis—major topics covered—details in an appendix
 - ii. Monthly reviews with the Select Committee
 - iii. Stakeholder reviews—specifics in an appendix
 - iv. Draft report in December, revised report in February, final report in April
- 4. The Ends to be Served—State Goals and Student Needs
 - a. The charge to the Select Committee states that the Committee should make recommendations regarding “the financial sustainability of the VSC system” as judged through the lens of having “impact on institutional capacity to innovate and meet State goals and learners’ needs.”
 - b. The work was framed by agreement about the following goals
 - i. The committee interprets “meeting learner needs” to mean:
 - 1. Providing access to relevant academic programs in all regions of the state—relevant means programs that prepare students for the world of work and for participating in a democratic society.
 - 2. Ensuring that these programs are available to students regardless of income, race/ethnicity, parents’ education, age, prior academic experience, or place of residence.
 - 3. Students are provided the necessary support to ensure that they can succeed in their academic endeavors—they successfully complete their programs of study. Necessary support includes access to broadband and the technology necessary for on-line learning.
 - 4. Postsecondary education is affordable to all students regardless of their economic circumstances.
 - ii. The committee interprets “meeting state needs” to mean:
 - 1. Fulfilling the state’s workforce development needs—meeting the needs of employers in all sectors of the state’s economy.

2. Stimulating economic development by increasing opportunities for Vermonters to be employed in jobs that provide an improved quality of life and reducing gaps in such opportunities across the state.
 3. Supporting the economic and cultural vitality of the state and its communities.
 4. Attracting and retaining talent to a vibrant and growing Vermont economy fueled by an entrepreneurial spirit, creativity, skilled labor, and relevant basic and applied research supplied by thriving public postsecondary institutions.
 5. Being a good steward of public funds and of funds received from tuition payments through efficient academic and administrative operations/functions.
- iii. The committee interprets “innovate” to mean:
1. That institutions offer postsecondary educational programs and credentials aligned with the needs of students (of all kinds, including adult and lifelong learners), the business community, and the state.
 2. Adapting/enhancing the ways postsecondary education is delivered in order to overcome deficiencies in service to students and the state.
 3. Changing how VSC functions—the ways in which it organizes and delivers administrative services and educational programs—in order to ensure its financial viability.
 4. Adjusting state-level policies to ensure that all of public postsecondary education in Vermont is oriented toward serving the needs of students and the state.
- iv. Additionally, the SC anticipates that the final products of its work will:
1. Include an implementation plan that outlines the roles and responsibilities of key parties to a ‘compact’ for public postsecondary education for Vermont.
 2. Establish key metrics for performance, outcomes, funding and accountability—linking performance metrics to each goal in the plan.
 3. Be addressed to the roles that public postsecondary education must play—including not just VSC institutions but also UVM and the state’s adult-focused career/tech education
 4. Ideally position Vermont as a national leader among similarly situated states in addressing the realities facing public postsecondary institutions and systems, particularly those searching for alternatives to circumstances facing public higher education caused by unfavorable demographics, declining

enrollment, low state investment, and constraints of legacy systems, etc.

5. Document review
 - a. Reference statement about the expectation for providing postsecondary education “substantially at the state’s expense” (or whatever language keeps appearing)?
 - b. Legislature provides little guidance in enabling statutes nor in appropriations bills
 - c. State statute invests nearly all requisite authority in the VSC board, with the exception of closing an institution
 - d. By-laws delegate considerable authority to the chancellor
 - i. Resource allocation policy (currently suspended) has flaws, but recent changes to present a consolidated budget is a step in the right direction
 - ii. Policies regarding program array, including evaluation, low-enrolled courses, etc.
 - e. Convergence around some principals and some recommendations among multiple groups examining the VSC challenges
 - i. System-ness
 - ii. Calibration of program array to workforce needs
6. An overview of what the evidence says—additional details in appendix (or separate document)
 - a. Findings relative to meeting needs of students
 - i. Numbers of HS graduates are decreasing—and will continue to do so
 - ii. Low participation rates
 1. Recent high school grads
 2. Adults
 - iii. Great disparities across the state with regard to
 1. Educational attainment
 2. Per capita income
 3. College participation
 4. Etc.
 - iv. Characteristics of Vermonters who are not participating in PSE
 - v. Measures of student success
 - vi. Migration patterns—Are graduates finding jobs in VT?
 - vii. A heavy orientation to baccalaureate programs. Relative lack of workforce-oriented certificate and associate programs.
 - viii. Affordability of VT postsecondary education
 - b. Findings regarding meeting state needs
 - i. The characteristics of employers in the state
 1. Size of enterprises—Largely small employers
 2. Employment by industry—how it’s changing
 3. Employment by occupation—how it’s changing

4. The unmet workforce needs: Data on open positions and growth occupations
 - ii. PSE's contributions to economic development
 1. Higher education as employer—the role in sustaining economies in communities.
 2. Role in fostering economic development
 - a. Entrepreneurship
 - b. Meeting the needs of small employers
 - c. Research spin-offs
 - d. Innovation assets—New Economy Index. (VT is losing ground.)
 - iii. Findings regarding financial support
 1. Low levels of state support
 2. Unusually high proportion of support provided by students and families
 3. Heavy and highly variable price discounting by VSC institutions
 4. Affordability to families of different incomes
 - iv. What will it take to make VSC economically sustainable?
 1. The size of the gap to be filled
 - a. The evidence
 - i. Audit data
 - ii. System data presented to the board
 - iii. Peer data
 2. Savings/efficiencies in delivery
 3. Savings/efficiencies in administrative functions
 4. Additional funding—
 - a. The combination of appropriations/student financial aid—especially investment funds to support necessary changes
 - b. Investments in “buying down” costs to students
 - c. The need to balance funding of institutions and funding of students
7. Summary of Comments Gathered During Stakeholder Engagement Activities to Date
- a. Need to better align programs and practices with student needs around:
 - i. Maintain student affordability; no appetite to impose a greater financial burden on Vermont residents
 - ii. Mobility/transferability of credits
 1. Difficulties of transferring credit within the system—easier to transfer credits to private institutions
 2. Low limits on credits that can be transferred in
 - iii. Cost reductions that can be passed on
 - iv. New, flexible delivery modes particularly those that serve the needs of adults

1. Online programming that is supported with high-quality instructional design and effective coaching
2. System-wide, flexible academic schedule
3. Prior learning assessment and incorporation of principles of competency-based education
- v. Access to full array of System programs regardless of where student resides, including at UVM.
- vi. Inclusion of a work experience, e.g., work-based learning activities, internships, apprenticeships, etc., in as many programs as possible, including liberal arts programs
- b. Recognition of the need to calibrate the program array to state needs—especially employers’ and adults:
 - i. More deliberately differentiating missions at VSC member institutions, especially NVU and Castleton. Locus of expertise for programs located on a campus, but programs delivered across the system.
 - ii. Eliminating some programs and combining others across campuses
 - iii. Developing new programs that lead to sub-baccalaureate credentials with better alignment to the needs of employers, as well as adult learners, displaced workers, etc.
 - iv. Need to seek efficiencies in administrative services
 - v. Consideration of complementarity with UVM offerings
 - vi. Acknowledgment that too narrow a view of workforce relevancy is unhelpful, but underlying that basic truth is a tension between the degree to which current programs are best fitted to those needs on their own, or if the programs—particularly those in the liberal arts—build competencies that are a necessary but not sufficient condition for student and state success over the long term
- c. Working with faculty through the assembly and its unions to effect change will be critical, but failure to achieve broad agreement cannot be used as an excuse for not making necessary changes quickly
- d. Need to both adapt and downsize physical space through various means, including the following. Choices about which of these to employ should be deliberate and mission-aligned and not just opportunistic.
 - i. Leasing
 - ii. Selling
 - iii. Renovation/repurposing
 - iv. Demolition (in recognition that obsolete buildings have substantial carrying costs that impact operational budgets year after year)
- e. Potential willingness to consider a “grand bargain”
 - i. Chancellor Spaulding’s aborted proposal, together with the reports produced by the State Treasurer and Jim Page, and the conditions created by the pandemic, have elevated alarm over VSC conditions. This

combination of conditions has created an environment in which there is at least the possibility of additional funding from the legislature.

- ii. But any additional state funds will come with strings attached, for example, one-time investments (or a series of them over up to 5 years) provided on the assurance that substantial structural reform will occur
- iii. As costs are brought down through these structural reforms, any longer-term operational commitments should increasingly go towards improving affordability—the substitution of state funding for tuition revenues through either:
 - 1. Funding to institutions on the condition of reductions to the sticker price.
 - 2. Additional funding for need based student aid.
- f. The need for political will to lead the necessary changes
 - i. Uncertainty regarding locus of that political will.
 - ii. Assumption among stakeholders interviewed to date is that leadership must be provided by the governor working in concert with the legislature, but
 - 1. The governor has not made VSC (or PSE) a priority.
 - 2. There has been a perceived lack of clear direction from state policymakers—now and historically—about what specific purposes the VSC institutions should serve.
 - 3. Legislators in key areas defend critical employment centers in their districts, or in other rural areas, and will likely oppose some of the changes necessary to achieve sustainability if not handled adroitly.
 - 4. Lack of guidance from the public and political leadership about the role they want VSC to play/the outcomes they want the system to produce.
 - iii. Perceptions from stakeholders interviewed to date is that the VSC board has not historically taken bold action.
 - iv. Lack of a strong network of large and influential businesses in multiple sectors in Vermont — “pull” from the business community is diffuse and weak, with little tradition of business involvement in education policy discussions
- g. Little to no coordinated economic development strategy at the state level
 - i. Recent efforts by VSC institutions to engage public/private partnerships notwithstanding
 - ii. VSC institutions not currently expected to contribute in any obvious way apart from their workforce development missions, and these expectations are focused on CCV and VTC. No obvious expectations regarding
 - 1. Developing new businesses through entrepreneurship
 - 2. Commercialization of UVM research
 - iii. No regional strategy

- iv. Uncoordinated workforce development strategy and splintered set of providers (17 adult CTE training centers, 4 independent non-profit ABE providers, CCV and VTC).
8. Summary Observations
- a. Business as usual is not an option, nor is incremental change to the status quo.
 - b. VSC is overbuilt for the size of its current student population—in both personnel and facilities.
 - c. In the face of unfavorable demographic trends, right-sizing VSC will require some combination of increasing enrollments among populations not currently being served and reducing the size of the enterprise—both employment and the physical footprint of campuses.
 - d. Neither the state’s higher education policies nor institutional practices are designed to meet the needs of underserved populations—adults and low-income students.
 - e. Compelling educational and political reasons exist not to close institutions but maintaining existing locations can only be accomplished by implementing substantial changes to institutional missions and functions and sharing across campuses.
 - f. VSC institutions’ policies are designed to serve institutional needs, not students’, and create barriers to student enrollment and success.
 - g. It will be critical to identify the locus of leadership—and the ability to marshal the political will—that will be necessary to implement the Select Committee’s recommendations.
 - h. UVM and VSAC represent significant state investments in postsecondary education; solutions must consider their roles in achieving goals related to the needs of students and the state. The legislature and governor will have to more strategically consider how state funds are distributed among UVM, VSC, and VSAC
 - i. Lack of clarity about the locus of political will for making and enforcing unpopular decisions
9. Criteria for solutions
- a. Summary of Necessities
 - i. Sharing administrative services
 - ii. Academic “renovation”
 - 1. Program array better aligned
 - 2. Sharing of academic programs and resources across institutions
 - 3. Delivery modes and innovations in credit recognition
 - 4. New credentials and improved outreach to adults
 - iii. Cost reductions/sustainability that leads to improved affordability for students and the state
 - iv. Delivery of student supports to ensure success
 - v. Adequate funding support over a reasonable timeframe to achieve these large-scale changes.

- b. Criteria for achieving the goals related to student needs
 - i. Students in all parts of the state will be able to access the full array of academic programs offered by VSC System institutions, or through agreements between VSC and UVM.
 - 1. For some students, programs will remain primarily (or wholly) face-to-face, based on where faculty expertise is concentrated. Those programs will also be accessible to students attending other campuses in the system via online or other modes of delivery.
 - 2. Some programs will be online (in whole or in part) rather than face-to-face.
 - 3. The exceptions will be those programs that require considerable hands-on experience with specialized equipment.
 - ii. VSC institutions will ensure that programs are aligned with current and future workforce needs by
 - 1. Leveraging evolving educational models such as stackable credentials (certificates) with clear labor market payoffs.
 - 2. Working with local and statewide employers to develop meaningful internship and apprenticeship experiences for which students will earn academic credit toward relevant credentials and, where possible, wages that help cover costs of attendance.
 - iii. Students will be provided the full array of student support services they need to successfully take advantage of this array of academic services. Such support services will be available to students in-person and through other means designed to meet the different needs of different types of students. These supports will also include pre-enrollment career and financial planning to help students make informed decisions.
 - iv. Programs that require hands-on instruction will be provided in communities throughout the state where
 - 1. Local employers can demonstrate a demand for program completers.
 - 2. There is sufficient student demand to make the program economically viable. In cases where student demand is not sufficient to ensure economic viability, the program may still be offered if a local community or employers provide the necessary “bridge” funding.
 - 3. In providing such programs VSC will work with adult CTE programs to deliver these programs in a cost-effective manner.
 - v. The VSC system will be much more student-centric in terms of assuring more seamless recognition of credit across all member institutions, as well as from UVM (and, ideally, other institutions).
 - vi. Courses in the General Education core will be reengineered as hybrid courses and designed to:

1. Be delivered across the System either in person, online, or a combination of the two.
 2. In ways proven to deliver superior learning outcomes at substantially reduced costs.
 3. Improve quality through the incorporation of faculty development activities aligned with the needs of such delivery.
- vii. Back-office functions will be centrally coordinated but with access to generalist service providers to link users (students and employees) to these services as required.
- viii. Staff with deep functional expertise will be shared among the institutions, whereas staff who require expertise and deep relationships with end users will be assigned to specific institutions.
- c. Criteria for achieving the goals related to state needs
- i. The VSC system and its institutions will be understood as critical state assets and resources for the pursuit of state goals; they themselves are not to be treated as ends themselves, nor strictly as employment centers.
 - ii. The VSC system will have a clear path toward sustained financial sustainability, including, at a minimum, reduced costs per student.
 1. VSC institutions will have an employee complement that matches current and likely future enrollment.
 2. VSC institutions' infrastructure will match the needs of current and likely future enrollment, in order to ensure that the carrying costs of operating/maintaining obsolete and unused space are minimized.
 3. VSC institutions will have sufficient flexibility to deliver academic programs to all parts of the state at a sustainable cost. This will require shared academic programming across the system and, where appropriate, in collaboration with UVM.
 4. Restructuring of VSC institutions will recognize the realities of collecting bargaining agreements.
 - iii. VSC institutions will provide accessible and affordable postsecondary institutions primarily for the benefit of Vermonters.
 - iv. VSC institutions will have a clear mission with appropriate areas of expertise/excellence, e.g., with lead responsibility assigned for clusters of programs (engineering, business, health, etc.), both online and face-to-face. The refined missions will inform decisions about how best to reduce costs and consolidate programs.
 - v. VSC institutions migrate toward offering more content that provides students with skills that are needed by Vermont employers and consistent with Vermont's economic development plans. In order to meet employer needs, VSC will work with employers by
 1. Soliciting employer input in the development of programs for short-term certificate programs with clear labor market returns.

2. Developing non-credit programming to meet immediate employer needs, under the condition that resulting competencies can be converted to credits for students wishing to build on them.
 3. For employers seeking further education for their employees, providing a single point of contact who will ensure a response from an individual who can address their interests.
 4. Creatively seeding and nurturing entrepreneurialism generally, in connection to their programmatic areas of expertise, and in collaboration with UVM.
- vi. VSC institutions will contribute to the cultural vitality of the state and of their local communities.
 - vii. Academic programs will be available to residents throughout the state through a mix of online and face-to-face instruction. The latter will require maintaining a presence in existing communities, even if it is diminished.
10. Recommendations – Most of the following recommendations will be addressed to the VSC system (either the board, the Chancellor’s Office, or the leadership of member institutions). But in recognition of the fact that the VSC system and its institutions did not find themselves in a precarious position entirely of their own making, some of the recommendations will be addressed to the Vermont legislature and to the governor.
- a. Structure and missions
 - i. Background: Being clear about the institutions’ missions within the system means that the system will deliberately specify the following for each of its institutions:
 1. The array of awards and programs by field of study. Program array will reflect:
 - a. Clusters of concentrated expertise
 - b. A recognition that instruction in liberal arts and the general education curriculum will be accessible to students at all campuses
 - c. Differences in local needs
 - d. Applied programming (e.g., typically applied programs such as business and education as well as the extent to which other programs intentionally incorporate applied learning) where the institution has a unique programmatic capacity (e.g., meteorology at NVU) or linked to local needs.
 2. Audiences to be served, defined according to characteristics such as:
 - a. Geography
 - b. Level of academic preparation
 - c. Age
 - d. Attendance status

- e. Other characteristics
 - f. Employers/employees
 - 3. Other special or unique characteristics of the institution
- ii. With this background in mind, the objective is to create an array of institutions that:
 - 1. Have distinctive missions and cultures
 - 2. Can deliver a core general education program (standardized across the System) to enrollees at their campuses
 - 3. Can deliver shorter-term workforce-oriented programming in response to student and employer needs
 - 4. Have special competence in selected majors that can be
 - a. Delivered on-site to enrollees at their campuses
 - b. Delivered to students throughout the state—at other campuses and on-line—through alternative modalities
 - 5. Have a critical mass of faculty in each of their areas of special competence (majors offered) so that
 - a. Students get a variety of perspectives
 - b. Small, inefficient classes can be avoided.
 - c. This critical mass may be comprised of faculty located on more than one campus (e.g., it is not necessary for faculty to relocate to achieve the needed critical mass).
 - 6. Can provide the full range of System academic offerings to students in all parts of the state
- iii. Structure
 - 1. Maintain CCV as separate institutions
 - a. Preserves unique cultures related to key differences in program array
 - b. Assures priority is given to sub-baccalaureate and technical programs
 - c. Preserves CCV's unique business model
 - 2. Maintain VTC as a separate institution
 - a. Assures priority is given to its technical sub-baccalaureate and baccalaureate programs
 - b. Assures maintenance of employer contacts and responsiveness to their needs
 - c. Expand delivery of workforce-relevant technical education programming throughout the state, especially in collaboration with CCV and employers
 - 3. Options for NVU and Castleton
 - a. Consolidate into a singly accredited institution with a single CEO, provost, etc. and separate campus executive leaders

- i. Promotes mobility of credits, overcomes accreditation barriers to sharing programs
 - ii. Maintain separate institutional identities
 - 1. Heraldry and symbols, mascots, colors, etc.
 - 2. Connections to the local communities
 - 3. Enhance those identities via mission differentiation—special programmatic competence concentrated at each physical site
- b. Each remains a separately accredited institution but with clear mission distinctions and considerable sharing of programs/courses. Students at any institution can obtain programs from the others via a combination of delivery modes (in-person, online, PLA, etc.) but program area expertise is concentrated at and coordinated from a specific institution within the system. As one example of how to differentiate/make distinctive missions:
- i. Castleton:
 - 1. Residential education in the liberal arts tradition
 - 2. Education programs to serve statewide and more regional needs
 - 3. Selected workforce-oriented programs in health care and connected to the regional ski industry (e.g., residency program at Killington); otherwise such programs are available to its students via sharing with VTC or NVU
 - ii. NVU:
 - 1. More limited liberal arts programming – enough to provide a solid general education core and a few majors with existing capacity (faculty) and enrollment to match
 - 2. Education programs to serve statewide and more regional needs
 - 3. Distinctive programs related to historic strengths and to the environment, e.g., meteorology, environmental sciences; and tourism/hospitality
 - 4. Emphasis on workplace-based education
 - 5. Etc.
 - iii. The VSC board adapts its policies governing academic programs to include a regular and

rigorous review of programs for fitness to these distinctive missions.

4. Recognizing that allowing each institution to independently develop and deliver online instruction sacrifices opportunities for scaling these programs as well as for optimizing program and course quality and student success, VSC should assign responsibility for online programming system-wide to a new unit including
 - a. Coordination of online programming drawing on current capacity and business models in operation at NVU Online and CCV
 - i. Centralized catalogue of VSC online courses with full transferability within the system
 - ii. Capacity for assisting departments with high-quality instructional design for programs and courses
 - iii. Coordinated coaching and other student supports
 - iv. Establish conditions for integrating the regular full-time faculty and faculty assemblies into the design and delivery of online instruction
 - b. Planning for the systematic expansion of such programming to ensure that the needs of students and the state are met in a cost-effective manner.
5. Reassign responsibility for adult CTE programming in Vermont from the Agency on Education to CCV. CCV may offer programming directly and through existing regional sites, but it should hold ultimate responsibility for the statewide coordination of such activities. Rationale is that CCV's mission and expertise to serve adult populations are a closer fit for this role than the AOE, which focuses on younger students, and the lack of a coordinated statewide effort has limited marketing, outreach, and effectiveness to adult learners. Additionally, CCV has the necessary infrastructure to deliver the needed programming efficiently throughout the state.
6. A remaining question: Assignment of responsibility for Adult Basic Education (ABE)
 - b. Aggressively coordinate administrative services
 - i. The VSC system should consolidate administrative service operations, either by bringing them into the chancellor's office or by situating the capacity at a single member institution with broad policy oversight and enforcement accomplished by the VSC board, supported by the chancellor's office. In some cases, there will remain a need for an on-

campus presence but with policy and data managed centrally (e.g., facilities).

1. Legal services (already done)
 2. Procurement
 3. Payroll (already done, but poorly)
 4. Audit, budget, and accounting services
 5. Facilities and construction management
 6. Human resources
 7. Risk management—perhaps in concert with UVM
 8. Research oversight and compliance—perhaps in concert with UVM
 9. Compliance with federal regulations—perhaps in concert with UVM
 10. Book stores and food services—perhaps in concert with UVM
 11. Student services functions such as admissions and financial aid
- ii. Efforts to centralize services will require deliberate sequencing and a disciplined and highly professionalized project management approach. Where the relevant capacity will ultimately be situated (at the Chancellor’s Office or at one of the member institutions) will depend on where skills/competencies currently exist or can most effectively and efficiently be created. As one possible alternative, VSC should consider creating a separate subsidiary service corporation under the direction of a vice chancellor for administrative operations to sell administrative services to the VSC and other similar organizations, including UVM and private postsecondary institutions, and manage the relationship with UVM for jointly sourced functions (as described in the list above). While under the control of the VSC (and possibly in collaboration/co-ownership with UVM), the corporation would be exempt from any state personnel regulations that will limit its ability to be nimble and to attract and retain well-qualified and high-performing staff.
1. Provides for a more flexible way to develop, deliver, and maintain real competence in project management and product delivery
 2. Creates an arm’s-length relationship between consolidated administrative services for the system and the Chancellor’s Office itself.
 3. Potentially creates a revenue stream if it provides services to institutions that are external to VSC.
 4. After an initial period, is self-supporting, especially if it creates value for VSC and similar institutions in the form of greater efficiencies, improved performance, etc.
- c. Program array and delivery
- i. Adopt or refine policies at the system level that ensure that courses achieve a minimum section size in order to operate; include in the policy

- incentives that permit the operation of sections hosting students from multiple campuses.
- ii. Streamline the general education curriculum to create greater efficiencies in course availability—ensuring that the largest, most commonly enrolled courses that meet curriculum goals are prioritized.
 - iii. The VSC system should align programming more closely with the workforce needs in the state and post-graduation employment expectations of its students. This includes:
 - 1. New sub-baccalaureate credential programs aligned to employer needs that can show a clear return on investment and are stackable.
 - 2. Non-credit programming that can be converted into stackable credits.
 - iv. The VSC system should adapt delivery models to offer a more streamlined student-centered experience, especially for adult learners in the state. This includes:
 - 1. Ensuring that all credits awarded by a VSC institution are recognized across the system, including through online platforms.
 - 2. Calibrating academic calendars across the system.
 - 3. Awarding credit through prior learning assessment (PLA) and on the basis of demonstrated competencies.
 - v. The VSC system should develop and cultivate deep connections to the employer community, by
 - 1. Developing robust non-credit programming to meet the workforce needs of specific employers and targeted industry groups (and ensuring that such programming yields stackable credentials).
 - 2. Working with the state legislature and VSAC to ensure that students have funded opportunities for meaningful work experiences through paid internship and apprenticeship programs that also receive academic credit towards a degree or credential.
- d. Resource allocation
- i. Within VSC
 - 1. The VSC system should continue to utilize a system-wide budget. In allocating resources to constituent institutions, the system should develop an allocation mechanism that reflects:
 - a. Documentable differences in institutional equity based on the variable costs of the program array and other contextual sources of variation, e.g., deferred maintenance costs.
 - i. Performance metrics including the following:
 - 1. Evidence of progress – successful passage of gateway courses, achievement of 30 credits

2. Completion of degrees/credentials within 120% of required credits
3. Additional weights attached to the above metrics for subpopulations including underrepresented populations, low-income students, adults, etc.
 - b. Incentives for multi-campus collaboration in the delivery of academic programs.
2. The VSC system should offer an early retirement/separation incentive for faculty and staff. The incentive may be conditioned on the offer of a minimum number of full-time faculty opting into the program. Weights may be used to meet the minimum requirement, with weights used to strategically manage the resulting staffing to be in alignment with revisions to the program array and institutional missions.
3. Between the early retirement/separation incentive, the consolidation of administrative services, and the realignment and sharing of programs, the VSC should seek to reduce the ratio of full-time employees to full-time equivalent students to be roughly equivalent to the lowest level within the last 10 years.
4. The VSC system should establish a system-wide policy addressing the distribution of institutional aid and tuition waivers, and require a review of proposed aid budgets by the Chancellor's office. Such a policy should prioritize meeting the needs of low-income Vermont residents and should reduce competition for students among institutions.
- ii. Across public higher education in Vermont
 1. The legislature should continue to provide funding to assist VSC address substantial net revenue losses created by the coronavirus pandemic, including large additional and unbudgeted expenses to refund room and board payments, purchase of equipment and services to mitigate the spread of disease and to deliver courses online, etc., as well as to help address anticipated losses in tuition revenue created by short-term, sharp enrollment declines.
 2. The legislature should appropriate funding intended to help VSC reduce the structural operating deficit that VSC experience pre-COVID. This infusion of non-recurring funds should take place over a multi-year period to accomplish a variety of identified cost-savings measures within the VSC, including the necessary demolition of physical facilities unsuitable for an alternative use, funding an early retirement program for full-time faculty, etc. This additional support may be conditioned on requirements such as: reduced tuition prices for Vermont residents, a reduction in

payroll expenses among full-time faculty based on consolidations in the academic program array, etc.

3. As an alternative (or in addition) to appropriated funds, the State of Vermont may assume some of VSC's unfunded and noncurrent liabilities such as it already carries on behalf of other state agencies, such as unemployment insurance
4. The legislature should condition any additional support of VSC and UVM on limiting increases in published tuition price to undergraduate students and limiting increases in the net price paid by Vermont residents to be no more than inflation as measured by the CPI.

e. Physical space

- i. The VSC system will take steps to reduce its inventory of physical facilities by repurposing spaces for use by firms willing to enter into a partnership/leasing arrangement and for "maker" spaces connected to new entrepreneurial centers. Preference should be given to uses that provide students for opportunities for experiential learning.
- ii. Underutilized buildings that cannot be safely refurbished or renovated for an imminent alternate use should be demolished. This will require one-time funding from the legislature.

f. Affordability

- i. The legislature should adopt an Affordability Standard based on a Shared Responsibility Model, as follows.
 1. The Standard would be defined and measured as the difference between the cost of attendance (tuition and fees plus living expenses) and the following sources of financial support available to students:
 - a. An equal-sized work commitment for students from all income backgrounds, such as state minimum wage x 15 hours/week x 48 weeks/year. This component is not intended to mean that students should be required to work; rather, it acknowledges the reality that many college students find it necessary work to cover their education costs and living expenses, and its real purpose is to define a reasonable level of working that does not interfere with their academic progress.¹
 - b. Available family contributions (generally specified by the parents' portion of the EFC but adjusted for independent students). As family income rises, so too does this

¹ A fuller discussion of this framework is available in Prescott, B.T. & Longanecker, D.A. (2014), *States in the Driver's Seat: Leveraging State Aid to Align Policies and Promote Access, Success, and Affordability*. Available at <https://www.wiche.edu/content/states-driver%E2%80%99s-seat-leveraging-state-aid-align-policies-and-promote-access-success-and>.

- component, and for students from sufficiently wealthy families, that contribution will fill the remaining gap between the work commitment and the cost of attendance.
- c. Gift aid from Pell Grants, state grants, and institutional grants and waivers
 - d. Tax credits
 - e. A level of annual borrowing that is based on evidence about an amount that leads to a total debt that is reasonable for graduates to pay off
2. The SRM Affordability Standard must be calculated for students from different income backgrounds. Adaptations to account for part-time enrollment and for different dependency statuses are also calculations important to ensuring that affordability is not sacrificed for adult learners in favor of traditional-age first-time students.
 - ii. VSC and UVM should be required to provide data on financial aid packages for all undergraduate students, including those without any known aid, to VSAC. VSAC should be required to annually produce a report to the legislature showing gift aid by source for all income levels, disaggregated for Vermont residents and non-residents.
 - iii. Working with the VSC system and UVM, the legislature should develop a state-funded work/study program that will help students fund the ‘self-help’ portion of the Affordability Standard while gaining meaningful work experience. There should be criteria in place to assure that the students’ placements provide them with meaningful experience and that work placements do not obstruct students’ educational progress (e.g., limitations on the number of hours per week).
 - iv. The VSC system and UVM should develop an office to serve the needs of employers and students in implementing and expanding the work/study program.
- g. Economic development
 - i. Recognizing that VT needs to slow or reverse projected demographic decline, and that it is more likely to be successful by developing and implementing strategies that are intentional and associated with an innovation economy, VSC institutions should seek out opportunities to engage.
 - ii. VSC and its institutions, supported by the VT Dept. of Commerce, should develop a town/gown task force to facilitate the development of a clear strategy for local economic development
 - iii. VSC and its institutions can serve a convening role for the identification of and development of solutions to local problems
 - iv. VSC and its institutions can engage with UVM’s extension services to ensure those resources are tapped as well.

- h. Accountability
 - i. VSC Board must engage its oversight role more deliberately and robustly. It has all the necessary authorities to compel changes but has seldom been active in using those powers to avoid crises and prevent them from growing worse. In particular, the Board should
 - 1. Sign off on collective bargaining agreements rather than delegating that assignment to the Chancellor.
 - 2. Ensure the enforcement of its policy regarding underenrolled courses section sizes and develop policy regarding streamlined curricula—policies designed to ensure instructional efficiency
 - 3. Develop a resource allocation model that creates strong incentives for institutional collaboration in instructional delivery.
 - 4. Commit to a robust board development strategy that ensures all new board members are effectively oriented to their role; annual board training takes place; and a periodic review of board performance, conducted by a qualified external entity, occurs.
 - 5. Ensure that committees of the board are capable of making thorough analyses of areas under their supervision and of advancing bold and carefully considered recommendations for action by the full board.
 - ii. The System must
 - 1. Develop the capacity and a culture for using data to diagnose issues and to take appropriate action by developing and using a limited and focused set of performance metrics that address:
 - a. Student access and performance
 - b. Service to the state
 - c. Distribution of resources to promote affordability
 - d. Efficient operations, both instructional and administrative
 - iii. Forge a data-sharing agreement with the Vermont Department of Labor so that the Department of Labor can report on the employment outcomes of graduates and non-graduates of the VSC institutions and of UVM who work in Vermont.
11. Implementation Steps (to be fleshed out in future reports following the December 4 report). This section will include assignment of implementation responsibilities to:
- a. The Executive Branch of Vermont state government.
 - b. The Legislature
 - c. The VSC Board
 - d. The VSC System Office
 - e. VSC campuses
 - f. UVM
 - g. Employers
 - h. VSAC