

RADFORD UNIVERSITY

Board of Visitors

BUSINESS AFFAIRS AND AUDIT COMMITTEE

9 A.M.

SEPTEMBER 7, 2023

KYLE HALL, ROOM 340, RADFORD, VA

DRAFT MINUTES

COMMITTEE MEMBERS

Mr. Tyler W. Lester, Chair
Mr. George Mendiola, Vice Chair
Mr. Robert A. Archer
Dr. Jay A. Brown
Ms. Joann S. Craig
Mr. James C. Turk

BOARD MEMBERS PRESENT

Dr. Debra K. McMahon, Rector
Mr. Marquett Smith, Vice Rector
Ms. Jeanne S. Armentrout
Ms. Betsy D. Beamer
Dr. Betty Jo Foster
Ms. Jennifer Wishon Gilbert
Ms. Lisa W. Pompa
Mr. David A. Smith
Dr. Kurt Gingrich, Faculty Advisory Representative

OTHERS PRESENT:

Dr. Bret Danilowicz, President
Ms. Sharon Barrett, Associate Athletics Director for Business Services
Ms. Karen Castele, Secretary to the Board of Visitors and Special Assistant to the President
Mr. Jorge Coartney, Associate Vice President for Facilities Management
Mr. Brandon Cohen, University Budget Director
Ms. Crystal Cregger, Director of University Services
Ms. Allison Gallimore, Budget Analyst
Ms. Lisa Ghidotti, Executive Director of Government Relations
Dr. Danette Gomez Beane, Vice President for Enrollment Management and Strategic Communications
Dr. Rob Hoover, Vice President for Finance and Administration and CFO
Ms. Stephanie Jennelle, Associate Vice President for Finance and University Controller
Dr. Angela Joyner, Vice President for Economic Development and Corporate Education
Dr. Eric Lovik, Director of Institutional Research
Ms. Margaret McManus, University Auditor

Dr. Jeanne Mekolichick, Associate Provost of Research, Faculty Success and Strategic Initiatives
Mr. Mike F. Melis, Senior Assistant Attorney General, Commonwealth of Virginia
Mr. Ed Oakes, Associate Vice President for Information Technology Services and CIO
Ms. Allison Pratt, Assistant Vice President for Enrollment Management and Director of Financial Aid
Ms. Susan Richardson, University Counsel
Ms. Lauren Snelson, Assistant Director of University Services
Ms. Leah Taylor, Assistant Vice President for Human Resources
Dr. Susan Trageser, Vice President for Student Affairs
Dr. Bethany Usher, Provost and Senior Vice President for Academic Affairs
Ms. Penny White, Interim Vice President for University Advancement

CALL TO ORDER

Mr. Tyler Lester, Chair, formally called the meeting to order at 8:58 a.m. in Kyle Hall, Room 340. Mr. Lester welcomed everyone to the September meeting of the Business Affairs and Audit Committee.

APPROVAL OF AGENDA

Mr. Lester asked for a motion to approve the September meeting agenda, as published. Dr. Jay Brown so moved, Mr. George Mendiola seconded, and the motion carried unanimously.

APPROVAL OF MINUTES

Mr. Lester asked for a motion to approve the minutes of the June 8, 2023 meeting of the Business Affairs and Audit Committee, as published. Mr. Robert Archer so moved, Dr. Brown seconded, and the motion carried unanimously.

REPORTS

University Auditor's Report

University Auditor Margaret McManus presented oral reports related to auditor independence, the internal quality assurance program, and the quarterly review of the University Discretionary Fund. She also presented reports related to prior and projected audit department activity, four audit reports, a follow-up audit status report, and reports on FY 2023 and FY 2024 goals. A copy of the reports was included with the board materials.

ACTION ITEMS

Capital Projects Update and Recommendation for Approval of 2024-30 Six-Year Capital Plan

Associate Vice President for Facilities Management Jorge Coartney provided a project status update on current Capital Projects, which included the Artis Center and the 1001 East Main Street project. A full report of Capital Projects and Information Technology Services updates was included with the board materials. Mr. Coartney also presented the 2024-30 Six-Year Capital Outlay Plan, which included projects for each biennium through 2030, as well as 2031 and beyond. Projects included are driven by the initiatives within the University's strategic priorities and Master Plan. Mr. Lester asked for a motion to recommend the Radford University 2024-30 Six-Year Capital Outlay Plan, as presented, to the full board for approval. Mr. James Turk so moved, Dr. Brown seconded the motion, and the motion carried unanimously. A copy of the proposed resolution is attached hereto as *Attachment A* and is made a part hereof.

Recommendation for Approval of Amendment to 401(a) Supplemental Retirement Plan

Associate Vice President for Finance and University Controller Stephanie Jennelle presented to the Committee a technical amendment to the Supplemental Defined Benefit Plan for Faculty, in which annual lump sum distributions will be required. Mr. Lester asked for a motion to recommend the amendment to the 401(a) Supplemental Retirement Plan, as presented, to the full board for approval. Mr.

Mendiola so moved, Dr. Brown seconded the motion, and the motion carried unanimously. A copy of the proposed resolution is attached hereto as *Attachment B* and is made a part hereof.

Recommendation for Approval of Appointment of Trustees of the Retirement Benefit Trust

Ms. Jennelle presented to the Committee the need for two successor Trustees for the Retirement Benefit Trust. Mr. Lester asked for a motion to recommend the appointment of Robert N. Hoover, Vice President for Finance and Administration and Chief Financial Officer, and Brandon L. Cohen, University Budget Director, as Trustees for the Retirement Benefit Trust, as presented, to the full board for approval. Dr. Brown so moved, Mr. Archer seconded the motion, and the motion carried unanimously. A copy of the proposed resolution is attached hereto as *Attachment C* and is made a part hereof.

Recommendation for Approval of the Six-Year Plan

Vice President for Finance and Administration Rob Hoover presented the University's 2023 Six-Year Plan. He reported that the University's Six-Year Plan reflects the status of existing strategies based on institutional priorities. The institution will resubmit the final plan to SCHEV by October 1, 2023. Mr. Lester asked for a motion to recommend the Six-Year Plan as presented in the format provided by the State Council of Higher Education for Virginia to the full board for approval. Mr. Mendiola so moved, Mr. Archer seconded the motion, and the motion carried unanimously. A copy of the proposed resolution is attached hereto as *Attachment D* and is made a part hereof.

2022-23 Financial Performance Report and Recommendation to Approve the 2023-24 Operating Budget

Vice President Hoover presented the 2022-23 Financial Performance Report, which included a review of year-end financial activity as of June 30, 2023, and the 2023-24 Proposed Operating Budget. Mr. Lester asked for a motion to recommend the 2023-24 Operating Budget, as presented, to the full board for approval. Dr. Brown so moved, Mr. Mendiola seconded the motion, and the motion carried unanimously. A copy of the proposed resolution is attached hereto as *Attachment E* and is made a part hereof.

OTHER BUSINESS

Mr. Lester provided to the committee suggestions for a discussion on affordability that would take place during the full board meeting scheduled for Friday, September 8, 2023.

ADJOURNMENT

With no further business to come before the Committee, Mr. Lester asked for a motion to adjourn the meeting. Dr. Brown made the motion. Mr. Mendiola seconded, and the motion carried unanimously. The meeting adjourned at 10:26 a.m.

Respectfully submitted,

Pamela Fitchett
Executive Assistant to the
Vice President for Finance and Administration
and Chief Financial Officer

**RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
September 7, 2023**

**Action Item
Approval of the Six-Year Capital Plan for 2024-2030**

Item:

Approval of the 2024-2030 Radford University Six-Year Capital Outlay Plan.

Background:

Every two years, the University compiles a Six-Year Capital Outlay Plan for Board of Visitors approval. This plan drives the University's capital budget request submitted to the Department of Planning and Budget. From those requests, the Executive Branch prioritizes capital projects for the Commonwealth and to inform their decision on which projects will be slated for inclusion in the Governor's Executive Budget Bill which is presented in December of each year.

The Six-Year Capital Outlay Plan reflects the mission of the university. The projects are driven by initiatives and actions included in the University's current strategic priorities and Master Plan. The projects are submitted in priority order and identify the requested source of funding. The overall guiding principles of the plan were to identify future capital projects that modernize and repurpose existing academic buildings for the changing environment in higher education delivery and pedagogy; address the need to co-locate academic and administrative functions to improve operational efficiencies and departmental synergies; and modernize existing residence halls by updating building infrastructure and systems.

A summary of the submitted projects, by biennium, is presented in Appendix A and a brief description of each project is provided in Appendix B.

Action:

Radford University Board of Visitors approval of the 2024-2030 Radford University Six-Year Capital Outlay Plan, as presented in Appendixes A and B.

Radford University Board of Visitors
RESOLUTION
Approval of the Six-Year Capital Outlay Plan for 2024-2030
September 8, 2023

BE IT RESOLVED, the Radford University Board of Visitors approves the Radford University Six-Year Capital Outlay Plan for 2024-2030, as presented in Appendixes A and B.

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
September 7, 2023

Action Item

Approval of the Radford University Supplemental Defined Benefit Plan for Faculty First Amendment

Item:

Approval of the Radford University Supplemental Defined Benefit Plan for Faculty (Plan) in accordance with Section 401(a) of the Internal Revenue Code (Code).

Background:

The Faculty Early Retirement Program (FERP) provides special benefits to tenured faculty who voluntarily retire from Radford University employment. This program is administered in accordance with the Code of Virginia requirements for the Voluntary Early Retirement Incentive Program. This program is authorized by the Code of Virginia §23.1-1302 and represents one of several transitional workforce programs supported by the Commonwealth.

The Radford University Supplemental Defined Benefit Plan for Faculty is a defined benefit plan qualified under Section 401(a) of the Internal Revenue Code to which the FERP's incentive payments will be paid so participants in the FERP can receive the payments in a tax-advantaged manner. The Plan is a governmental plan within the meaning of Code Section 414(d) and Section 3(32) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As a governmental plan, ERISA does not apply. The Plan is funded through a Trust in accordance with the qualification requirements of the Code.

The Radford University Supplemental Defined Benefit Plan is being amended to streamline plan distributions in a tax advantageous way to allow for annual single lump sum payments.

Action:

Radford University Board of Visitors approval of the Radford University Supplemental Defined Benefit Plan for Faculty First Amendment, as presented.

**FIRST AMENDMENT TO THE
RADFORD UNIVERSITY SUPPLEMENTAL DEFINED BENEFIT PLAN FOR FACULTY
(Effective January 1, 2022)**

WITNESSETH

WHEREAS, the Board of Visitors (the "Board") of Radford University (the "University") established and maintains the Radford University Supplemental Defined Benefit Plan for Faculty (the "Plan"), a defined benefit plan under Section 401(a) of the Internal Revenue Code, effective January 1, 2022;

WHEREAS, Section 11.01 of the Plan permits the University to amend the Plan at any time; and

WHEREAS the University desires to amend the Plan to simplify the distribution provisions.

NOW THEREFORE, in accordance with the foregoing, the Plan is hereby amended as follows effective January 1, 2023:

1. Section 6.01 of the Plan, setting for the general rules for payment of benefits, shall be amended to be and read as follows:

Section 6.01. General Rule. The annual benefit set forth in Section 4.01 and Section 4.02, as applicable, shall be paid in single lump sum, with the first payment made as soon as administratively practicable after the Retirement Date and each subsequent payment made on the yearly anniversary thereof.

2. In all other respects the Plan shall be and remain unchanged.

IN WITNESS WHEREOF, the undersigned, being an authorized officer of the University, has caused this FIRST AMENDMENT TO THE RADFORD UNIVERSITY SUPPLEMENTAL DEFINED BENEFIT PLAN FOR FACULTY to be executed on behalf of the University as of the date set forth below, but effective January 1, 2023.

RADFORD UNIVERSITY

By: _____

Print: _____

Title: _____

Date: _____

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
September 7, 2023

Action Item

Appointment of Trustees for the Radford University Retirement Benefit Restated Trust Agreement

Item:

Appointment of Trustees for the Radford University Retirement Benefit Restated Trust Agreement

Background:

Radford University adapted the Radford University Supplemental Defined Contribution Benefit Plan, a qualified retirement plan under Section 401(a) of the Internal Revenue Code and established a single Trust as a vehicle for funds contributed under the Plan and other Code Section 401(a) plans as the University adopts.

In 2017, the University named Richard S. Alvarez, Chad A. Reed, and Stephanie J. Jennelle as Trustees. As transition at the University has occurred, two of the three trustees are being requested to be updated. Recommended trustees include Dr. Rob Hoover, Vice President for Finance and Administration and Chief Financial Officer and Brandon L. Cohen, University Budget Director for Board consideration.

Action:

Radford University Board of Visitors approval of Dr. Rob Hoover, Vice President for Finance and Administration and Chief Financial Officer and Brandon L. Cohen, University Budget Director as Trustees, as presented.

**APPOINTMENT/ACCEPTANCE AS TRUSTEE OF
RADFORD UNIVERSITY RETIREMENT BENEFIT TRUST**

APPOINTMENT

By signing below, Radford University appoints _____ as successor Trustee of the Radford University Retirement Benefit Trust, replacing _____ as Trustee. This Appointment of successor Trustee for the Radford University Retirement Benefit Trust shall be effective on execution of this Appointment and Acceptance of Appointment (“Effective Date”).

By: _____

Date: _____, 202_____

Print: _____

Title: _____

ACCEPTANCE OF APPOINTMENT

By signing below, the undersigned accepts the appointment as successor Trustee of the Radford University Retirement Benefit Trust on the Effective Date set forth herein and agrees to be bound by the terms of the Radford University Retirement Benefit Restated Trust Agreement.

By: _____

Date: _____, 202_____

Print: _____

Title: _____

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
September 7, 2023

Action Item
Approval of Radford University's 2023 Six-Year Plan

Item:

Board of Visitors approval of Radford University's 2023 Six-Year Plan as required by § 23.1-306.

Background:

In response to the requirements outlined in § 23.1-306 of the Code of Virginia, attached is a copy of Radford University's 2023 Six-Year Plan submitted to the State Council of Higher Education for Virginia (SCHEV) by the stated deadline of July 17, 2023.

As a mandate established through the "*Preparing for the Top Jobs of the 21st Century: The Virginia Higher Education Act of 2011*" (TJ21) legislation, governing boards of each public institution of higher education shall develop and adopt biennially and amend or affirm annually a six-year plan for their institution. This requires the plans to be submitted to the State Council for Higher Education of Virginia each odd-numbered year and requires any amendments or affirmations to existing plans to be submitted each even-numbered year.

The traditional request from prior years was modified for this year's submission. The Op-Six which includes the Secretary of Finance, Secretary of Education, Director of the Department of Planning & Budget, Director of State Council of Higher Education for Virginia, and the staff directors of the House Appropriations Committee and the Senate Finance & Appropriations Committee and their staff modified the process and materials for this cycle with a particular focus on:

- Adapting to shifts in student/enrollment pipelines in the design and operations of institutions and programs
- Continuing to innovate on how to best prepare students for success and meet the state's evolving labor market needs
- Ensuring both tuition payers and taxpayers are getting the greatest possible return on their higher education investment

The plan provided the University the opportunity to outline plans and objectives and to include specific strategies related to affordability and access to quality postsecondary education that prepare students for success in life. The 2023 Six-Year Plan reflects the major four strategic priorities of the University. The plan is divided in two parts. Part I is an Excel template with five components for data entry that includes In-state Undergraduate Tuition and Fee Increase Rate, Tuition & Other Nongeneral Fund Revenue, Academic-Financial Plan, General Fund Requests, and Financial Aid Plan. Part II provides a narrative summary of the proposed strategies and a strategic deep dive into enrollment, program alignment and performance, financial effectiveness and sustainability, and budget request.

The strategies identified in the University's 2023 Six-Year Plan were developed collaboratively with the leadership of each operating division. The funding of the proposed strategies is subject to change unless incremental general fund support is received. Additionally, approval of tuition and fees is the responsibility of the Board of Visitors and may be adjusted based upon factors such as incremental general fund support, legislative requirements, projected enrollment, and prioritization of strategies to implement.

Action:

Radford University Board of Visitors approval of the Radford University 2023 Six-Year Plan.

RADFORD UNIVERSITY BOARD OF VISITORS
Resolution

Approval of Radford University's 2023 Six-Year Plan
September 8, 2023

WHEREAS, the Higher Education Opportunity Act of 2011 became effective July 1, 2011, and requires each public institution of higher education in Virginia to develop and submit an institutional six-year plan; and

WHEREAS, § 23.1-306 of the Act requires, “*The governing board of each public institution of higher education shall (i) develop and adopt biennially and amend or affirm annually a six-year plan for the institution; (ii) submit such plan to the Council (State Council of Higher Education for Virginia), the General Assembly, the Governor, and the Chairmen of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Education and Health, and the Senate Committee on Finance no later than July 1 of each odd-numbered year; and (iii) submit amendments to or an affirmation of that plan no later than July 1 of each even-numbered year or at any other time permitted by the Governor or General Assembly*”; and

WHEREAS, Radford University prepared a six-year plan in accordance with the requirements of the Higher Education Opportunity Act of 2011 and guidelines provided by the State Council of Higher Education for Virginia; and

WHEREAS, the University submitted the six-year plan to the State Council of Higher Education for Virginia by the stated deadline of July 17, 2023 for the 2023 submission; and

WHEREAS, the 2023 Six-Year Plan must be approved by the Board of Visitors prior to the October 1 final submission;

THEREFORE, BE IT RESOLVED the Radford University Board of Visitors approves the Radford University 2023 Six-Year Plan (Part I and Part II) as presented in the format provided by the State Council of Higher Education for Virginia; and

BE IT FURTHER RESOLVED, that the University is authorized to revise the 2023 Six-Year Plan as required by State officials for final submission by the stated deadline.

**RADFORD UNIVERSITY BOARD OF VISITORS Business
Affairs and Audit Committee
September 7, 2023**

**Action Item
Approval of the Radford University 2023-24 Operating Budget**

Item:

Board of Visitors approval of the Radford University 2023-24 operating budget.

Executive Summary:

Each year, the Vice President for Finance and Administration & Chief Financial Officer is responsible for presenting Radford University's projected annual operating budget to the Board of Visitors for the upcoming fiscal year. The 2023-24 operating budget was developed in consideration of projected enrollment levels, actions taken by the Governor and General Assembly during the 2023 session, Board-approved tuition and fee rates, the strategic goals of the University, and the economic outlook.

Since the rollout of the 2018-2023 Strategic Plan: *Embracing the Tradition and Envisioning the Future*, a conscious effort has been underway to align institutional resources in support of strategic plan objectives. The collaborative process of budget development has helped provide the framework for which all divisions review operating priorities and align their actions with strategic goals of the University. The information collected during this process is also instrumental in the development of the University's Six-Year Plan submission to the Commonwealth and further helps to frame the strategic direction of the institution.

The Commonwealth's revenue forecast has remained strong, providing the Governor the ability to include significant investments to address funding for: tax relief for Virginian families, increase funding for law enforcement, support the development of lab schools, and multiple higher education initiatives, including increased funding for undergraduate financial aid. Given the current stability of the Commonwealth's fiscal outlook, the amended 2023-24 biennial budget includes nearly a half billion in compensation increases, including a five percent pay raise for eligible state employees that was effective June 10, 2023.

Considering the aforementioned items, the 2023-24 operating budget demonstrates a conservative use of University resources. The proposed budget identifies key operating efficiencies that help to address mandatory and unavoidable cost increases while maximizing funding opportunities for strategic plan initiatives.

Six-Year Planning Processes and 2023-24 Budget Development:

The Virginia Higher Education Opportunity Act of 2011 (TJ21) was passed by the 2011 General Assembly and is based on recommendations from the Governor's Commission on Higher Education Reform, Innovation and Investment, which was formed through Executive Order No. 9 issued in March 2010. The TJ21 legislation requires institutions of higher education to prepare

and submit a “Six-Year Plan” by July 1st each year in accordance with criteria outlined by the Higher Education Advisory Committee (HEAC).

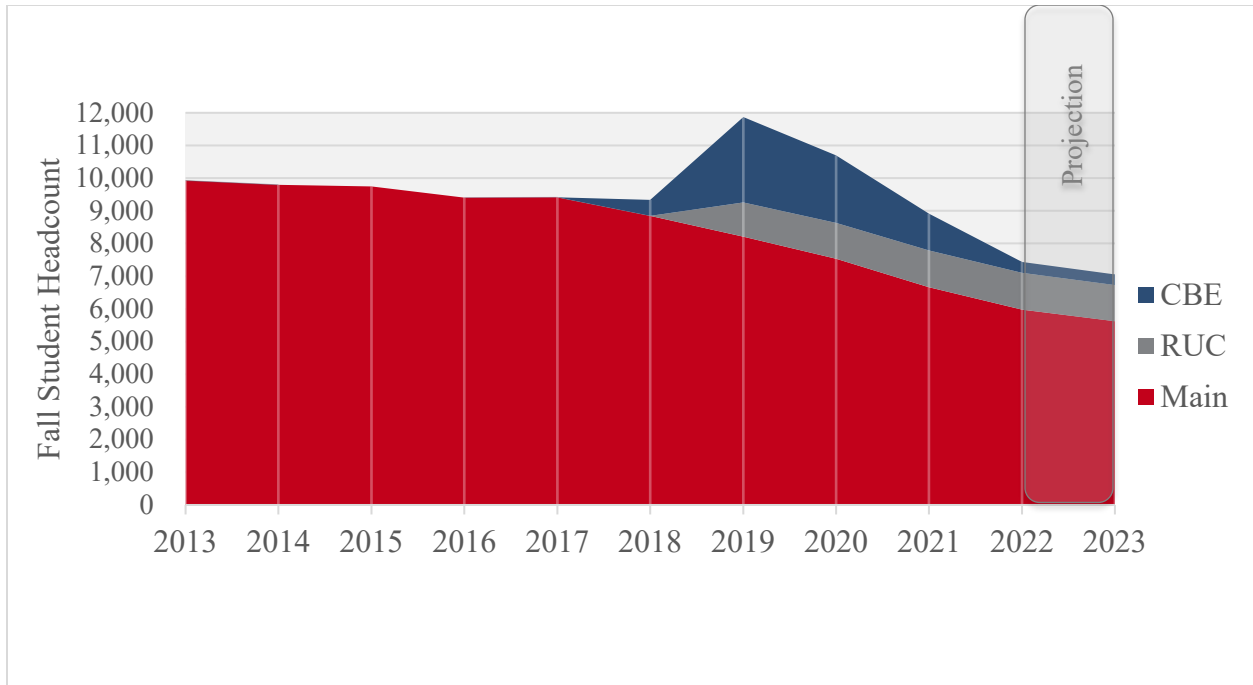
As an integral part of the six-year planning process, the University’s internal annual budget development cycle provides the opportunity to reevaluate the essential needs for the upcoming fiscal year and outline divisional priorities for the outlying years. The budget development review engages key personnel and provides a consistent mechanism to prioritize funding requests and strategically align the institution’s long-range goals with projected resources.

The University submitted the updated preliminary 2023-24 Six-Year Plan to the State Council of Higher Education for Virginia (SCHEV) on July 17, 2023, and will submit the final plan after Board action on October 1, 2023. The University’s Six-Year Plan identifies the targeted objectives and strategies to achieve both Virginia and institutional goals and provides a foundation for preparing tuition and mandatory fee recommendations for consideration by the Board.

Enrollment Trend:

While the University reached its highest total enrollment through the launch of Competency Based Education programs and the addition of Radford University Carilion (RUC) allied health programs in 2019, the University has seen a decrease in undergraduate enrollment for almost a decade. During that time, there has been an overall decrease and significant shift in the mix of student classification between instructional level and modality. This shift in enrollment classification is illustrated in the following chart. The University remains focused on increasing undergraduate student enrollment through innovative transfer options, such as the Bridge Program, as well as increasing enrollment in high demand Health Sciences programs offered on both main campus and at RUC.

Enrollment for 2023-24 on main campus is conservatively projected below prior year levels as the University seeks to stabilize enrollment throughout the upcoming years. Enrollment for RUC is projected slightly lower than prior year levels based on associate program offerings transferring to the Virginia Community College System.



Mandatory Cost Increases:

Given a revised budget was not approved during the traditional General Assembly 2023 session, the University proceeded with compiling the University fiscal year 2024 budget with the information as provided within the 2022 Special Session I Virginia Acts of Assembly Chapter 2 and estimates that were anticipated to impact future funding considerations as shown below:

2023-24 General Assembly Estimated Impact Summary

	2023-24
E&G - Educational & General	
Compensation Adjustments (Est @ 7% Salary Inc) *	\$3,404,240
Tech Talent	(887,128)
Fringe/Central System Changes*	483,724
Total E&G General Fund Recommendations	\$3,000,835
SFA - Student Financial Assistance	
In-State Undergraduate Financial Aid	8,269,400
Graduate Fellowships	87,300
Total E&G and SFA General Fund	\$11,357,535

Notes:

(*) Central Appropriation amounts are not included in the University's line-item appropriation. Instead, they are held centrally by the state and allocated after the start of the fiscal year. For this reason, estimates have been provided.

Other Mandatory Costs –

In addition to the state-mandated items, the University must also address teaching and research faculty promotion and tenure contractual commitments, operation and maintenance of facilities, contractual escalators for technology and maintenance contracts, escalating utilities, and committed costs for previously approved projects. These initiatives, referred to as central cost commitments, combine to total \$2.8 million for the University.

To offset the projected enrollment levels, sixteen teaching and research positions that were held vacant as a result of employees accepting the 2022-23 Faculty Early Retirement Program were eliminated resulting in savings of \$2.1 million, along with an additional \$7.2 million in savings from internal realignments, efficiencies, and cost savings.

For additional details, see Attachment I for a further breakdown of the mandatory cost requirements.

Funding Sources and Cost Drivers:

Radford University main campus is very reliant upon general fund support due to the significant number of in-state undergraduate students served (91 percent as of Fall 2022). The state’s cost share model identifies that the University’s E&G program should be funded 67 percent from Commonwealth’s general fund support and 33 percent through institutional non-general fund sources (i.e. tuition, E&G fees, etc.).

As demonstrated in Figure 1, the 2023-24 projected E&G general fund split is still below the Commonwealth’s policy of 67 percent. The difference reflects funding of essential programmatic needs to support the University’s in-state student population.

Figure 1: E&G General Fund Appropriation Historical Trend

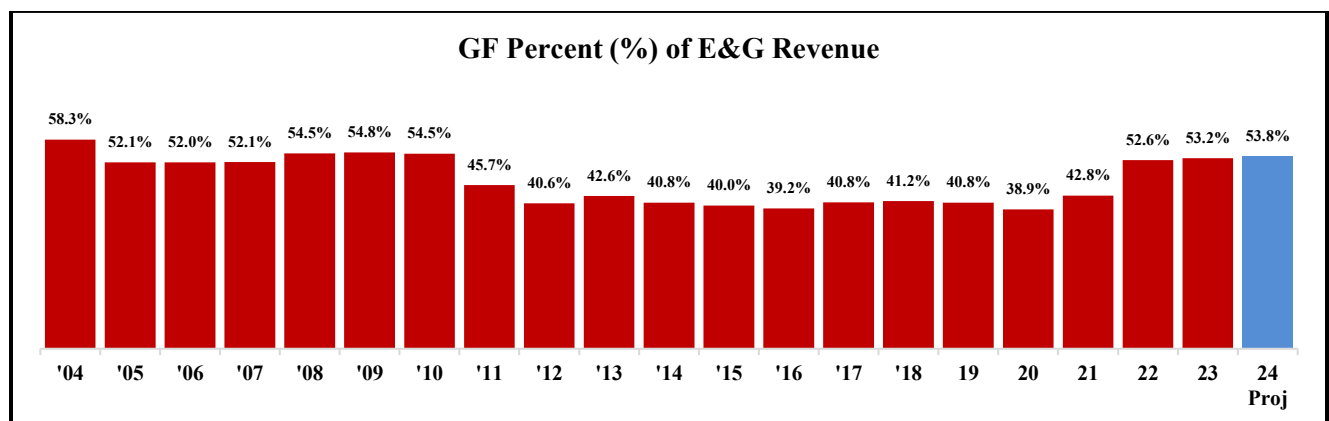
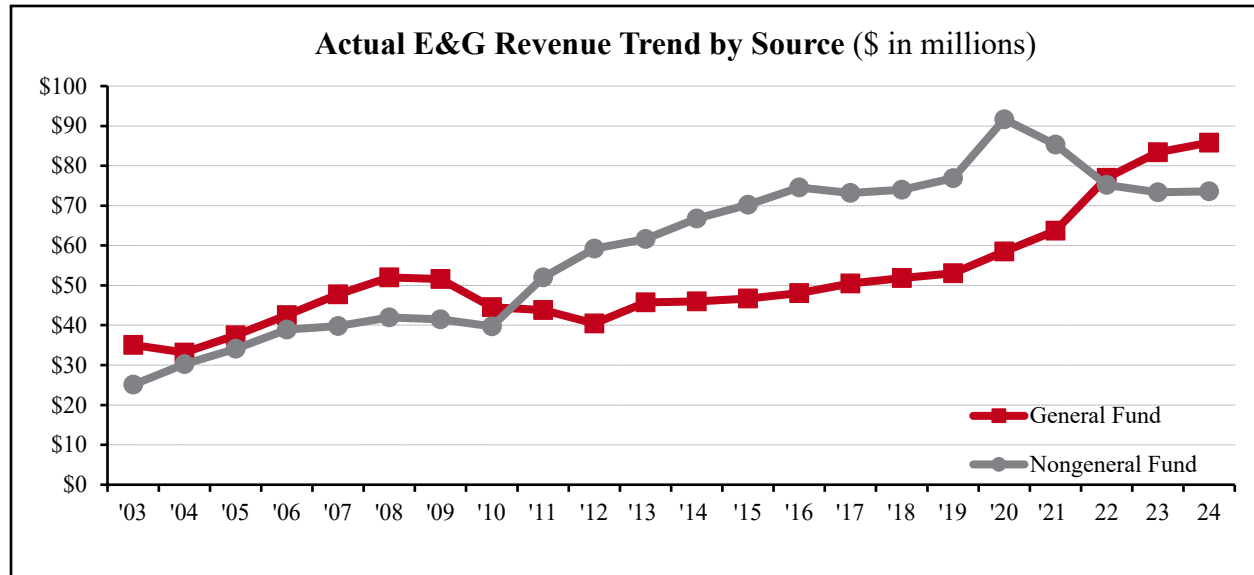


Figure 2 displays the E&G general fund and non-general fund trends between 2003 and 2024 (projected). In 2010, as a result of the economic downturn and the sustained loss of general fund support, students and their families began funding the majority of the cost of education. The increase in non-general funds for 2020 relates primarily to the merger with Jefferson College of

Health Sciences and the related \$20.6 million in Tuition and Fee revenue associated with the new RUC site. There is also an increase in general funds related to the initial \$1.7 million allocation to RUC, as well as an infusion of support for Tuition Moderation Funding and other mandatory cost increases. The most notable increase comes in 2022 with the historic \$10 million investment to equalize RUC tuition with the main campus, along with \$2.9 million to maintain affordability on main campus. The Commonwealth has continued to invest in higher education to ensure institutions remain affordable.

Figure 2: E&G General Fund/Non-general Fund Split Historical Trend (Nominal Dollars)



Proposed Operating Budget:

2023-24 Projected Total Revenue

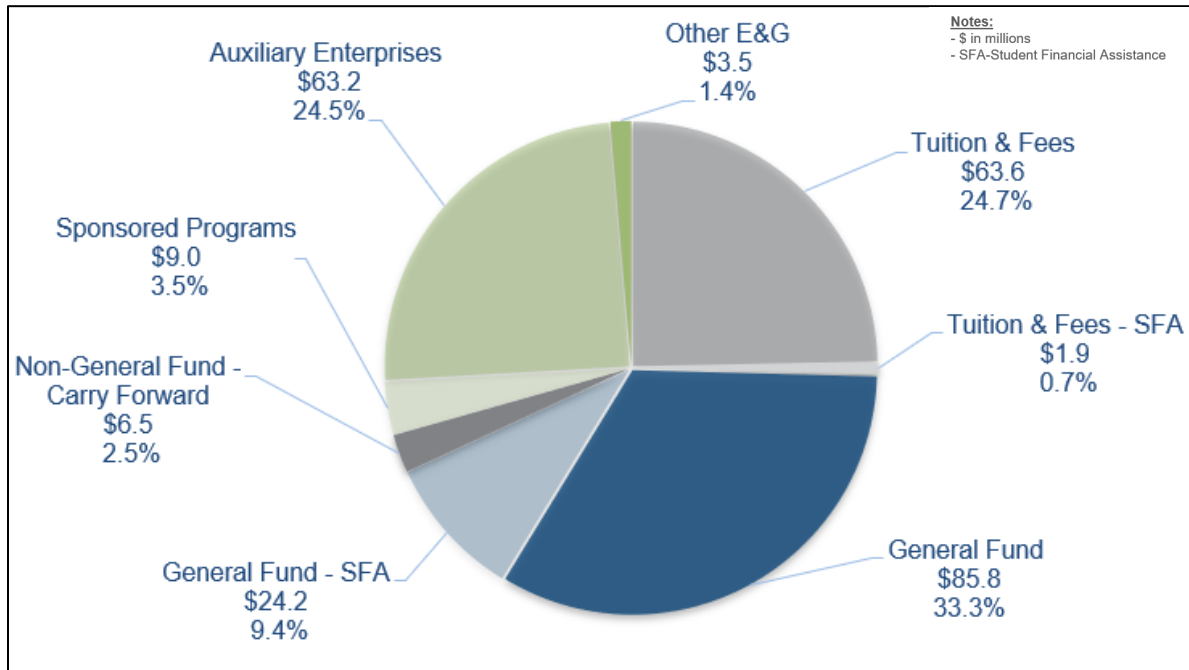
Radford University’s institutional budget is derived from two fund sources:

- **General Fund (GF)** – Virginia tax dollars (unrestricted), distributed through the Commonwealth’s budget process and documented through the Virginia Acts of Assembly (i.e. Appropriations Act).
- **Non-general Fund (NGF)** – tuition, mandatory (technology and comprehensive) fees, user (room and board) fees, other E&G and auxiliary enterprises fees, grants/contracts/research, federal student work study, and commissions (e.g. dining services, bookstore, laundry, etc.).

For the fiscal year 2023-24 the University is projecting revenue of \$257.7 million. This reflects a .01 percent increase from the 2022-23 Adjusted Total Budget.

The majority of the University’s total operating budget (57 percent) is supported through non-general fund sources. The remaining 43 percent is supported through the general fund. Figure 3 displays the breakdown of projected revenue by major funding sources.

Figure 3: 2023-24 Projected Total Revenue (All Sources and Programs)



2023-24 Projected Total Expenditures

Expenditures are expected to total \$258.7 million for 2023-24. Projected expenditures are set less than projected revenues due to required Auxiliary Enterprises reserve fund deposits that must be generated to meet the SCHEV guidelines for operating, equipment renewal and replacement, and capital projects.

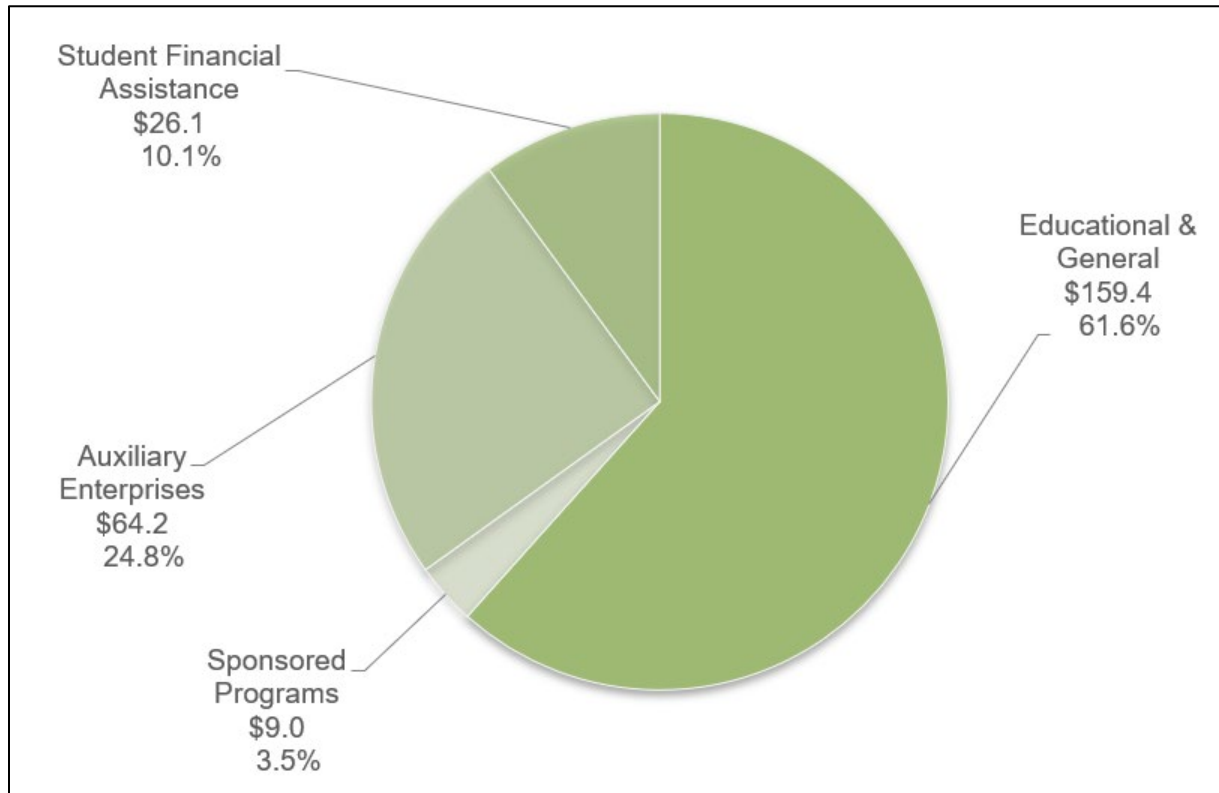
Figure 4 illustrates projected expenditures for each of the major programs which include:

- **Educational & General (E&G):** Activities to provide instruction, research, public service, academic support (e.g., library, deans), student support services (e.g., admissions, financial aid, registrar), and program support (e.g., administration, institutional support, physical plant) services.
- **Student Financial Assistance:** Activities to provide financial assistance to Virginia students.
- **Financial Assistance for Educational and General Services Program (Sponsored Programs, Grants and Contracts):** Activities to provide additional resources for educational and general services through third-party grants, contracts, and research.

- **Auxiliary Enterprises:** Self-supporting activities to provide goods or services to students, faculty, staff, and visitors (e.g. residence halls, dining services, bookstore, athletics, student activities, etc.).

The E&G program represents 61.6 percent of the expenditure budgeted while Auxiliary Enterprises accounts for 24.8 percent. The remaining 13.6 percent is split between Student Financial Assistance and Sponsored Programs.

Figure 4: 2023-24 Projected Expenditures by Major Program



Attachment I and Schedules A and B provide an overview of the University’s proposed 2023-24 operating budget by major program. Attachment I details the 2023-24 Funded E&G Initiatives by Division, Schedule A provides an overview of the 2023-24 Total University Operating Budget, and Schedule B reflects the 2023-24 Auxiliary Enterprise Budget by major program area.

The following is a narrative description by major program to complement the financial information presented in Attachment I and Schedules A and B.

Educational & General (E&G) Program –

The Educational and General (E&G) program supports instruction, academic support, libraries, public service, student services, institutional support, and operation/maintenance of the physical plant. The proposed 2023-24 E&G operating budget (base and one-time) totals \$159.4 million. The percentage of the E&G budget supported by general funds is projected

to be 53.8 percent for 2023-24. The University is anticipating to receive a net \$3.0 million in new base general funds over the previous year for mandated salary increases offset by a reduction in funding for the Tech Talent initiative. Projected E&G non-general fund revenue is derived primarily from tuition and fees at \$63.6 million, a 2022-2023 non-general fund carryforwards of \$6.5 million, with all other E&G revenue totaling \$3.5 million.

Resource Allocations

During the April 2023 Board of Visitors meeting, programmatic priorities were outlined and incorporated into the proposed 2023-24 budget which is provided in Attachment I.

Student Financial Assistance Program –

Commonwealth support from the general fund is appropriated for scholarships and fellowships to undergraduate and graduate students. The authorized general fund appropriation for fiscal year 2023-24 is \$24.2 million, which is a \$8.3 million increase over fiscal year 2022-23. In addition to general fund support, the University continues to commit \$1.9 million from institutional non-general fund resources to support undergraduate need-based financial aid.

Financial Assistance for Educational and General Services Program (Grants/Contracts) –

The University receives external funding for grants and contracts from a variety of federal, state, private, and local sources. For the fiscal year 2023-24, estimated annual activity for Sponsored Programs is projected at \$9.0 million.

Auxiliary Enterprises Program –

The Auxiliary Enterprises program supports student service activities such as residential life, dining, athletics, recreation, student health, and transportation. Funding for this program is generated from contract commissions and fees assessed to students and/or users. The Commonwealth requires Auxiliary Enterprises to be financially self-supporting. For this reason, general fund support and tuition revenue cannot be allocated to these activities.

For the fiscal year 2023-24, the revenue budget for Auxiliary Enterprises is projected to be \$63.2 million. It should be noted that all auxiliary budgets were adjusted to account for projected revenue changes due to enrollment levels, salary increases, auxiliary indirect rate, and contractual commitments, as necessary.

It is projected that approximately .1 million will be generated in 2023-24 for reserve fund contributions which can be used for future debt service, maintenance reserve projects, and construction and/or renovation costs associated with future capital projects. The following are future considerations for auxiliary reserve balances: residence hall improvements, athletic complex renovations, equipment renewal and replacement, and land acquisition.

Action:

Radford University Board of Visitors approval of the 2023-24 operating budget as presented in Schedule A for Total Operating Budget and Schedule B for Auxiliary Enterprises.

RADFORD UNIVERSITY BOARD OF VISITORS

Resolution

September 8, 2023

Approval of the Radford University 2023-24 Operating Budget

BE IT RESOLVED, the Radford University Board of Visitors approves the fiscal year 2023-24 operating budget as presented in Schedule A for Total Operating Budget and Schedule B for Auxiliary Enterprises.

**2023-24 Resource Allocation Analysis
As of July 1, 2023**

	Total
<u>REVENUE - estimated</u>	
General Fund Changes	
Tech Talent	(\$887,128)
Compensation Adjustments (Est @ 7% Salary Inc)	3,404,240
Other (Est. Central Systems, Fringe Benefits, etc.)	483,724
Total GF Changes	\$3,000,835
Nongeneral Fund Changes	
Enrollment Alignment	(\$5,225,637)
Tuition Rate Change	2,015,003
Tuition Alignment	2,780,055
Other	(47,626)
Total NGF Changes	(\$478,205)
Total Revenue Changes	\$2,522,630
<u>EXPENSES - estimated</u>	
Non-Discretionary Cost Increases - Mandatory	
Compensation & Fringe Adjustments	
Full-Time Personnel - June 2023, 7% Salary Inc	\$6,411,706
Adjunct - Pay Inc	135,466
Fringe Benefits	563,723
Central Cost Commitments	
Promotion & Tenure	275,720
Competitive Wage	1,850,000
New Facilities - O&M	163,758
Contracts & Compliance	408,874
Employee Tuition Waivers	100,000
Sub-Total Non-Discretionary	\$9,909,247
Discretionary - Division Commitments	
Academic Affairs	\$718,354
Finance & Administration	39,131
Central Administration	75,210
Student Affairs	410,213
University Relations & Advancement	146,993
Enrollment Management	181,013
Economic Development	130,758
Central Resources	205,069
Sub-Total Division Commitments	\$1,906,741
Total Expenditure Changes	\$11,815,988
<u>SAVINGS STRATEGIES -</u>	
Academic Affairs	(\$1,897,254)
Academic Affairs - FERP	(2,091,365)
Academic Affairs - Tech Talent	(689,100)
Finance & Administration	(563,127)
Student Affairs	(9,300)
University Relations & Advancement	(79,020)
Enrollment Management	(119,564)
Central Resources	(3,844,627)
Total Divisional Budgets	(\$9,293,357)
Total Savings Strategies	(\$9,293,357)
Total Base Budget	\$2,522,631
RECURRING SURPLUS/(DEFICIT)	(\$0)

Radford University
Proposed University Operating Budget
2023-24

Dollars in Thousands

	Annual Budget for 2022-23			2022-23	2023-24 Adjustments			2023-24	
	Original Total Budget	(a) Adjustments	Adjusted Total Budget	(b) Total Budget	Technical Adjustments	Base Adjustments	One-Time Adjustments	Recommended Total Budget	(c)
Educational and General Programs									
<u>Revenues</u>									
General Fund	\$83,371	\$393	\$83,764	\$83,764	(\$955)	3,001	\$0	\$85,810	
NGF Carryforward	7,106	0	7,106	7,106	(7,106)	0	6,500	6,500	
Tuition and Fees	62,842	1,730	64,573	64,573	(569)	(424)	0	63,579	
All Other Income	3,382	(45)	3,338	3,338	(1,700)	(54)	1,962	3,546	
Revenue	\$156,702	\$2,079	\$158,780	\$158,780	(\$10,330)	\$2,523	\$8,462	\$159,435	
<u>Expenditures</u>									
Instructional & Academic Support	(\$97,930)	(\$590)	(\$98,520)	(\$98,520)	\$2,806	(\$121)	(\$2,425)	(\$98,260)	
All Other Support Programs	(58,771)	(1,489)	(60,260)	(\$60,260)	\$7,523	(2,402)	(6,037)	(\$61,175)	
Expenditures	(\$156,702)	(\$2,079)	(\$158,780)	(\$158,780)	\$10,330	(\$2,523)	(\$8,462)	(\$159,435)	
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0	
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Student Financial Assistance									
Revenue	\$17,758	\$7,521	\$25,279	\$25,279	(\$7,521)	\$8,357	\$0	\$26,115	
Expenditures	(\$17,758)	(\$7,521)	(\$25,279)	(25,279)	7,521	(8,357)	0	(26,115)	
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0	
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Sponsored Programs									
Revenue	\$8,962	\$254	\$9,215	\$9,215	(\$254)	\$0	\$0	\$8,962	
Expenditures	(8,962)	(\$254)	(9,215)	(9,215)	254	0	0	(8,962)	
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0	
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Auxiliary Enterprises									
Revenues	\$68,517	(\$6,290)	\$62,228	\$62,228	\$6,324	(\$5,335)	\$0	\$63,216	
Expenditures	(66,505)	1,485	(65,020)	(65,020)	(876)	1,681	0	(64,215)	
Reserve Draw (Deposit)	(2,012)	4,805	2,793	2,793	(5,448)	3,654	0	999	
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total University									
Revenues	\$251,939	\$3,563	\$255,502	\$255,502	(\$11,781)	\$5,544	\$8,462	\$257,728	
Expenses	(249,926)	(8,368)	(258,295)	(258,295)	17,228	(9,198)	(8,462)	(258,727)	
Reserve Draw (Deposit)	(2,012)	4,805	2,793	2,793	(5,448)	3,654	0	999	
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Notes:

(a) Original Total Budget - Reflects the 2022-23 Operating Budget as of July 1, 2022 which was approved by the Board at the September 2022 meeting. Both recurring and one-time operating budgets are included.

(b) Adjusted Total Budget - Reflects the 2022-23 Operating Budget as of June 30, 2023. Both recurring and one-time operating budgets are included.

(c) Recommended Total Budget - Reflects the proposed 2023-24 Original Total Budget as of July 1, 2023. Both recurring and one-time operating budgets are included.

Radford University
Proposed Auxiliary Enterprise Budget
2023-24

Dollars in Thousands

	Annual Budget for 2022-23		2022-23	2023-24 Adjustments			2023-24
	Original Total Budget ^(a)	Adjusted Total Budget ^(b)	Adjusted Total Budget	Technical Adjustments	Base Adjustments	One-Time Adjustments	Recommended Total Budget ^(c)
Residential & Dining Programs							
Revenues	\$34,795	\$29,727	\$29,727	\$5,068	(\$1,943)	\$0	\$32,852
Expenditures	(\$34,023)	(\$32,884)	(32,884)	(922)	(55)	0	(33,860)
Reserve Draw (Deposit)	(772)	3,157	3,157	(4,147)	1,997	0	1,008
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bookstore							
Revenues	\$285	\$125	\$125	\$160	(\$215)	\$0	\$70
Expenditures	(\$273)	(\$63)	(63)	(210)	204	0	(69)
Reserve Draw (Deposit)	(12)	(62)	(62)	50	11	0	(1)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Parking & Transportation							
Revenues	\$1,833	\$1,787	\$1,787	\$47	(\$82)	\$0	\$1,752
Expenditures	(\$1,841)	(\$1,794)	(1,794)	(44)	127	0	(1,711)
Reserve Draw (Deposit)	8	8	8	(3)	(45)	0	(41)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications							
Revenues	\$585	\$585	\$585	\$0	(\$65)	\$0	\$520
Expenditures	(\$567)	(\$567)	(567)	11	48	0	(508)
Reserve Draw (Deposit)	(18)	(18)	(18)	(11)	17	0	(12)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Student Health Services							
Revenues	\$2,795	\$2,683	\$2,683	\$113	(\$248)	\$0	\$2,547
Expenditures	(\$2,859)	(\$3,111)	(3,111)	265	313	0	(2,533)
Reserve Draw (Deposit)	64	428	428	(377)	(65)	0	(14)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Student Programming							
Revenues	\$7,311	\$7,065	\$7,065	\$247	\$395	\$0	\$7,706
Expenditures	(\$7,608)	(\$7,479)	(7,479)	(172)	(7)	0	(7,658)
Reserve Draw (Deposit)	297	415	415	(75)	(388)	0	(48)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building & Facilities							
Revenues	\$2,530	\$2,351	\$2,351	\$1,550	(\$2,071)	\$0	\$1,829
Expenditures	(\$2,248)	(\$2,067)	(2,067)	232	281	0	(1,555)
Reserve Draw (Deposit)	(283)	(283)	(283)	(1,782)	1,790	0	(275)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Enterprise Functions							
Revenues	\$6,989	\$6,881	\$6,881	(\$1,262)	(\$1,156)	\$0	\$4,463
Expenditures	(\$5,699)	(\$5,371)	(5,371)	(359)	848	0	(4,883)
Reserve Draw (Deposit)	(1,290)	(1,510)	(1,510)	1,621	308	0	419
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intercollegiate Athletics							
Revenues	\$11,393	\$11,025	\$11,025	\$402	\$49	\$0	\$11,476
Expenditures	(\$11,386)	(\$11,684)	(11,684)	323	(79)	0	(11,439)
Reserve Draw (Deposit)	(7)	658	658	(725)	29	0	(37)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Auxiliary Enterprise							
Revenues	\$68,517	\$62,228	\$62,228	\$6,324	(\$5,335)	\$0	\$63,216
Expenses	(66,505)	(65,020)	(65,020)	(876)	1,681	0	(64,215)
Reserve Draw (Deposit)	(2,012)	2,793	2,793	(5,448)	3,654	0	999
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

(a) Original Total Budget - Reflects the 2022-23 Operating Budget as of July 1, 2022 which was approved by the Board at the September 2022 meeting. Both recurring and one-time operating budgets are included.

(b) Adjusted Total Budget - Reflects the 2022-23 Operating Budget as of June 30, 2023. Both recurring and one-time operating budgets are included.

(c) Recommended Total Budget - Reflects the proposed 2023-24 Original Total Budget as of July 1, 2023. Both recurring and one-time operating budgets are included.

End of Board of Visitors Materials

