

Business Affairs and Audit Committee
10:30 a.m.
September 5, 2024
Mary Ann Jennings Hovis Board Room, Radford, VA

DRAFT
Minutes

Committee Members Present

Dr. Betty Jo Foster, Chair
Mr. George Mendiola, Jr., Vice Chair
Mr. Tyler W. Lester, Vice Rector
Mr. Dale S. Ardizzone
Ms. Betsy D. Beamer
Ms. Callie M. Dalton
Mr. William C. Davis
Ms. Jennifer Wishon Gilbert
Ms. Lisa Pompa
Mr. David A. Smith
Dr. Matthew Close, Faculty Representative

Others Present

Dr. Bret Danilowicz, President
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. Kimberly Dulaney, Executive Director of Strategic Sourcing
Ms. Lisa Ghidotti, Executive Director of Government Relations and Strategic Initiatives
Dr. Dannette Gomez-Beane, Vice President for Enrollment Management and Strategic Communications
Dr. Rob Hoover, Vice President for Finance and Administration and CFO
Dr. Angela Joyner, Vice President for Economic Development and Corporate Education

Mr. Ed Oakes, Associate Vice President for Information Technology Services and CIO
Ms. Susan Richardson, University Counsel
Ms. Deana Sentman, Associate Vice President for Finance and University Controller
Dr. Susan Trageser, Vice President for Student Affairs
Dr. Bethany Usher, Provost and Senior Vice President for Academic Affairs
Ms. Penny White, Vice President for University Advancement

Call to Order

Dr. Betty Jo Foster, Chair, formally called the meeting to order at 10:26 a.m. in the Mary Ann Jennings Hovis Board Room, Martin Hall. Dr. Foster welcomed everyone to the September meeting of the Business Affairs and Audit Committee.

Approval of Agenda

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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 an update to the previously submitted 2024-25 Six-Year Plan to the State Council of Higher Education for Virginia (SCHEV) on July 17, 2024, while making no substantive changes. 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:

As has been discussed broadly with the Board, 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.

Conservative assumptions were used to develop the 2024-25 budget based on enrollment projections and retention trend data from prior years. Enrollment for 2024-25 on main campus is cautiously projected below prior year levels as the University seeks to stabilize 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. Early enrollment data, however, indicates that the university will see an increase in student headcount instead of the projected declines, resulting in a more optimistic outlook and confidence in meeting tuition revenue targets.

Mandatory Cost Increases:

The University compiled the fiscal year 2025 budget with the information as provided within the 2024 Special Session I Virginia Acts of Assembly Chapter 2 and estimates that were anticipated to impact future funding considerations as shown below:

2024-25 General Assembly Estimated Impact Summary

| | 2024-25 |
|---|---------------------|
| E&G - Educational & General | |
| Compensation Adjustments * | \$8,060,402 |
| Affordable Access Funding | 6,397,000 |
| Fringe/Central System Changes* | 2,824,970 |
| Total E&G General Fund Recommendations | \$17,282,372 |
| SFA - Student Financial Assistance | |

██████████ate Undergraduate Financial Aid

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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 Mandatory Costs, combine to total \$3.6 million for the University.

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 (90 percent as of Fall 2023). 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.).

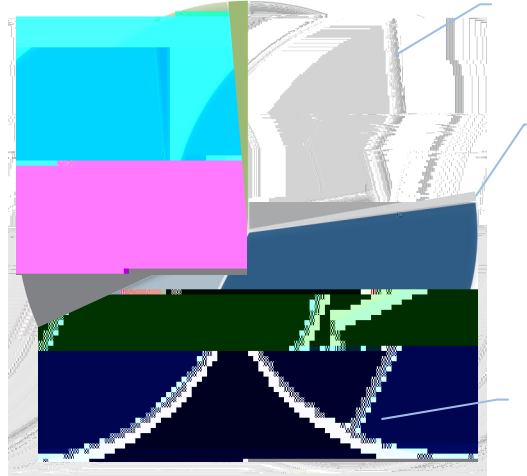
As demonstrated in Figure 1, the 2024-25 projected E&G general fund split is still below the Commonwealth's policy of 67 percent. The difference reflects funding of essential programmatic needs to support the University's in-state student population.

Figure 1: E&G General Fund Appropriation Historical Trend

Figure 2 displays the E&G general fund and non-general fund trends between 2005 and 2025 (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

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

Figure 3: 2024-25 Projected Total Revenue (All Sources and Programs)



2024-25 Projected Total Expenditures

Expenditures are expected to total \$281.9 million for 2024-25.

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 61.4 percent of the expenditure budgeted while Auxiliary Enterprises accounts for 24.2 percent. The remaining 14.4 percent is split between Student Financial Assistance and Sponsored Programs.

Figure 4: 2024-25 Projected Expenditures by Major Program

Attachment I and Schedules A and B provide an overview of the University's proposed 2024-25 operating budget by major program. Attachment I details the 2024-25 Funded E&G Initiatives, Schedule A provides an overview of the 2024-25 Total University Operating Budget, and Schedule B reflects the 2024-25 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 2024-25 E&G operating budget (base and one-time) totals \$173.0 million. The percentage of the E&G budget supported by general funds is projected

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 2024-25 is \$29.9 million, which is a \$5.7 million increase over fiscal year 2023-24. 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

RADFORD UNIVERSITY BOARD OF VISITORS
Resolution

REVENUE - estimated**General Fund Changes**

| | |
|---|--------------|
| Compensation Adjustments (prior 7%, current 3%) | \$ 8,060,402 |
| Affordable Access Funding | \$ 6,397,000 |
| Fringe Benefits & Other | \$ 2,824,970 |

Total GF Changes **\$ 17,282,372**

Non General Fund Changes

| | |
|--|----------------|
| Tuition Impact (Enrollment: 3.03%, Tuition Rate increases) | \$ (624,275) |
| Tuition Refund (UG In State 1.5%) | \$ (786,853) |
| Other | \$ (2,270,000) |

Total Non GF Changes **\$ (3,681,128)**

Total

| | Original Total Budget | Adjusted Total Budget | 2023-24 Adjusted Total Budget | Technical Adjustments | Base Adjustments | One-Time Adjustments | 2024-25 Recommended Total Budget |
|--|--------------------------|--------------------------|-------------------------------------|--------------------------|---------------------|-------------------------|--|
| Residential & Dining Programs | | | | | | | |
| NET | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Bookstore | | | | | | | |
| NET | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Student Health Services | | | | | | | |
| NET | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Student Programming | | | | | | | |
| NET | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building & Facilities | | | | | | | |
| NET | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Enterprise Functions | | | | | | | |
| NET | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Intercollegiate Athletics | | | | | | | |
| NET | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Auxiliary Enterprise | | | | | | | |

End of Board of Visitors Materials

