Board of Visitors
Retreat

July 10-11, 2017
RADFORD UNIVERSITY BOARD OF VISITORS
RETREAT MINUTES
10:00 A.M.**
JULY 10-11, 2017
LANDSDOWN RESORT, SARNOFF ROOM
44050 WOODRIDGE PARKWAY, LEESBURG VA

APPROVED

JULY 10, 2017

BOARD MEMBERS PRESENT
Mr. Mark S. Lawrence, Rector
Mr. Randolph “Randy” J. Marcus, Vice Rector
Mr. Robert A. Archer
Dr. Jay A. Brown
Mr. Gregory A. Burton
Ms. Krisha Chachra
Dr. Rachel D. Fowlkes
Dr. Susan Whealler Johnston
Mr. James R. Kibler
Dr. Debra “Deb” K. McMahon
Ms. Karyn K. Moran
Ms. Georgia Anne Snyder-Falkingham

BOARD MEMBERS ABSENT
Ms. Mary Ann Hovis
Mr. Steve A. Robinson
Dr. Javaid Siddiqi

OTHERS PRESENT
President Brian O. Hemphill, Ph.D.
Mr. Danny M. Kemp, Vice President for Information Technology and Chief Information Officer
Ms. Katherine “Kitty” McCarthy, Vice President for Enrollment Management
Mr. Chad Reed, Associate Vice President for Budget and Financial Planning
Ms. Ashley Schumaker, Chief of Staff, Office of the President
Ms. Mary Weeks, Secretary to the Board of Visitors/Senior Assistant to the President
Mr. Allen Wilson, Senior Assistant Attorney General, Commonwealth of Virginia
CALL TO ORDER
Mr. Mark S. Lawrence, Rector, called the meeting to order at 10:14 a.m. in the Sarnoff Room, Lansdowne Resort, Leesburg, Virginia. Rector Lawrence welcomed everyone, and introductions of all attendees were provided.

APPROVAL OF AGENDA
Rector Lawrence requested approval of the agenda as published. Mr. Randolph “Randy” Marcus, Vice Rector, so moved, Dr. Jay A. Brown seconded, and the agenda was unanimously approved.

INTRODUCTION AND OVERVIEW
Rector Lawrence provided a brief overview of the two-day agenda and meeting. He also thanked everyone for taking valuable time from schedules in order to attend the retreat and to engage in valuable discussions before the start of the 2017-2018 academic year.

REVIEW OF PROTOCOL AND COMMUNICATION 2.0
Rector Lawrence and Ms. Ashley Schumaker provided a briefing on information protocol, structure and Radford University staff commitments in responding to Board member information requests. The presentation is hereto attached as (Attachment A) and is made a part thereof.

EMBRACING THE TRADITION AND ENVISIONING THE FUTURE: A YEAR IN REVIEW
President Brian O. Hemphill briefed Board members on goals set for his first year at Radford University. President Hemphill provided an overview of faculty feedback he received during his visits with each college and department. President Hemphill stated that in all of his meetings this past year with colleges and departments, it was clear that Radford University has a talented faculty who care deeply about the students. President Hemphill also provided information on forthcoming activities and initiatives. Discussion ensued regarding efforts to streamline transfer processes, expand international student recruiting efforts and increase internships for students.

President Hemphill also updated the Board on the progress of the Strategic Plan. Board members will have a draft document for the September 14-15, 2017 quarterly Board meeting. The presentation and handout on the Adaptive Innovation and Creativity Center are hereto attached as (Attachment B) and (Attachment C) respectively and made a part thereof.

THE INNOVATIVE UNIVERSITY
Mr. Danny Kemp and Ms. Ashley Schumaker lead discussion of readings from the book, ‘The Innovative University’ by Henry J. Eyring. Discussion included the topics of rising quality, lowering cost and serving more students. The presentation is hereto attached as (Attachment D) and is made a part thereof.

THE STUDENT DEBT CHALLENGE
Ms. Kitty McCarthy, led a discussion on student debt and provided comparisons of Radford University with other state funded institutions. Data provided included the amount of debt incurred, sources of funds and borrowing levels of Radford students. The data was also broken out demographically by gender, income level, first generation and ethnicity. Ms. McCarthy also
updated the Board members on current enrollment data for fall 2017. A copy of the presentation is hereto attached as (Attachment E) and is made a part thereof.

Meeting adjourned at 5:10 p.m., to reconvene at 6:00 p.m. for dinner.
Members of the Board of Visitors reconvened at 6:00 p.m. for dinner at the Riverside Hearth Restaurant, Lansdowne Resort, Leesburg, Virginia. Dinner concluded at 7:30 p.m.

TUESDAY, JULY 11, 2017

RECONVENED SESSION

BOARD MEMBERS PRESENT
Mr. Mark S. Lawrence, Rector
Mr. Randolph “Randy” J. Marcus, Vice Rector
Mr. Robert A. Archer
Dr. Jay A. Brown
Mr. Gregory A. Burton
Ms. Krisha Chachra
Dr. Rachel D. Fowlkes
Dr. Susan Whealler Johnston
Mr. James R. Kibler
Dr. Debra “Deb” K. McMahon
Ms. Georgia Anne Snyder-Falkinham

BOARD MEMBERS ABSENT
Ms. Mary Ann Hovis
Ms. Karyn K. Moran
Mr. Steve A. Robinson
Dr. Javaid Siddiqi

OTHERS PRESENT
President Brian O. Hemphill, Ph.D.
Mr. Richard Alvarez, Vice President for Finance and Administration
Mr. Danny M. Kemp, Vice President for Information Technology and Chief Information Officer
Ms. Katherine “Kitty” McCarthy, Vice President for Enrollment Management
Mr. Chad Reed, Associate Vice President for Budget and Financial Planning
Ms. Ashley Schumaker, Chief of Staff, Office of the President
Ms. Mary Weeks, Secretary to the Board of Visitors/Senior Assistant to the President
Mr. Allen Wilson, Senior Assistant Attorney General, Commonwealth of Virginia

CALL TO ORDER
Rector Mark Lawrence called the meeting to order at 9:00 a.m., in the Sarnoff Room, Lansdowne Resort, Leesburg, Virginia.

OVERALL BUDGET FORECAST AND RADFORD UNIVERSITY BUDGET MODEL
Mr. Richard Alvarez provided an overview of the current budget and anticipated budget forecast based on current and anticipated enrollment figures for fall 2017. Background information included: structure
of operating budgets; sources of funding and use; tuition cost; operating allocations; FTE spend comparisons with state institutions and financial aid sources. A copy of the presentation is hereto attached as (Attachment F) and is made a part thereof.

RESPONSIBILITY CENTERED MANAGEMENT (RCM) BUDGET MODEL
Mr. Chad Reed led a discussion on various budget models. Information provided included alternate models, challenges, opportunities, and control versus accountability. Outcomes to consider in implementing a new budget model included encouraging flexibility and ability to meet market demands; increasing entrepreneurship behavior; increasing accountability; best use of resources; and risk level the university would assume in adopting a new budget model. A copy of the presentation is hereto attached as (Attachment G) and is made a part thereof.

CLOSING REMARKS
President Hemphill thanked everyone who prepared presentations. He thanked Mr. Alvarez for his leadership over the past year and for the successful close out of budget for 2016-2017. President Hemphill acknowledged Ms. Schumaker for leading the process of the Strategic Plan. Board members will have a draft at the September 14-15, 2017 meeting. He thanked the members of the Board of Visitors for their support.

Rector Lawrence thanked everyone for attending the Board Retreat, and noted that it was a successful investment of time in the exploration of topics and conversations. He thanked President Hemphill for an incredible first year at Radford University. In preparing for the September 14-15, 2017 quarterly Board meeting, please review committee minutes. Rector Lawrence reminded Board members of the upcoming SCHEV New Board Member Orientation October 24-25, 2017 in Richmond Virginia. If any returning member would like to attend the SCHEV Orientation as a refresher, please contact Mary Weeks know.

ADJOURNMENT
With no further business to come before the Board, Rector Lawrence asked for a motion to adjourn. Vice Rector Marcus made the motion to adjourn, and Ms. Debra McMahon seconded. The meeting adjourned the meeting at 11:55 a.m.

Respectfully submitted,

Mary Weeks
Secretary to the Board of Visitors/Senior Assistant to the President
Attachment A

Board Protocol and Communication 2.0

RADFORD UNIVERSITY

Board of Visitors Retreat July 10-11, 2017

Board Protocol and Communication

• Board Rector
• Board Vice Rector
• Board Committee Chairs
• Board Members
• One Employee Concept
  ➢ President
  ➢ Board Secretary (Board Liaison)
  ➢ Vice Presidents

July 10-11, 2017 Board of Visitors Retreat RADFORD UNIVERSITY
Board Protocol

- Contact Board Secretary (If E-mail, Copy Rector, President and Chief of Staff) for Data/Information Requests
  - Acknowledgement/Response within 24 Hours
  - Follow-Up (If Needed) within 72 Hours
  - Additional Research and/or Discussion (If Needed) with Vice President and Other University Officials

- Collected Data/Information to be Shared with Full Board of Visitors (Exceptions May Apply)

Flow of Communication

- Board Member
- Board Member and Full Board
- Secretary to the Board
  - Mary Allen
  - Chief of Staff
  - Jerri Schuster
- President
  - Brian O. Hemphill, Ph.D.
- As needed
- Rector
  - Mark E. Lawrence
- Vice Rector
  - Randolph "Rollie" J. Marcus
- Appropriate Vice President

July 10-11, 2017 Board of Visitors Retreat

RADFORD UNIVERSITY
Board Communication

- Regular Communication
  - Meetings, Retreats, New Member Orientations, Etc.

- Three Levels of Additional Communication with Board Members
  - High-Level/Advance Notice
  - Exploratory/Anticipation
  - Regular Campus Updates

July 10-11, 2017 Board of Visitors Retreat

Board Protocol and Communication 2.0

RADFORD UNIVERSITY

Board of Visitors Retreat

July 10-11, 2017
Attachment B

Embracing the Tradition and Envisioning the Future: A Year In Review

RADFORD UNIVERSITY

Brian O. Hemphill, Ph.D.       July 2017 Board of Visitors Retreat

Action Plan: Phase One (December 2015-January 2016)

Phase One
(within 45 days of accepting the position)

✓ Telephone Conversation with Each Member of the Board of Visitors
✓ Telephone Conversation with SCHEV Director Peter Blake
✓ Conference Call with Presidential Transition Team
✓ Introductory Call to 20 Prospective Students
✓ Introductory Call to 10 Faculty Members
✓ Introductory Call to 10 Student Leaders
✓ Introductory Call to Top 10 Business and Industry Leaders
✓ Introductory Call to Top 10 Donors/Alumni

July 2017 Board of Visitors Retreat
**Action Plan: Phase Two** *(July 2016)*

- Initiate a Series of Administrative Meetings with Direct Reports to Gain an Understanding of the University’s Action Plans
- Review Budgetary Projections and Analyze Fall Enrollment Trends
- Meet with Each Member of the Board of Visitors
- Meet with SCHEV Director Peter Blake
- Meet Individually with Key University Personnel
- Meet with Business and Industry Leaders
- Host Presidential “Fireside Chats” with Students, Faculty, and Staff
- Host Donor and Alumni Forums
- Schedule Community Meet-and-Greet Receptions and Speaking Engagements
- Visit All Off-Site Locations
- Meet with Commonwealth of Virginia Key Legislative Officials

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**Phase Two** *(first 30 days of active employment)*

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**Action Plan: Phase Three** *(September/October 2016)*

- Review Most Recent Campus Climate Survey of All Students, Faculty, Staff, and Alumni
- Develop a Strategic Planning Process and Chart a Course of Action for its Development/Completion/Tracking
- Launch a Student Engagement and Success Council
- Meet with Every Academic College
- Conduct a Comprehensive Campus Tour with Facilities Management Staff
- Schedule Alumni Meetings Throughout the Region and Beyond
- Introductory Calls with Key Partners of Educational Institutions and Other Entities

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July 2017 Board of Visitors Retreat  
RADFORD UNIVERSITY
Commonwealth Alumni Tour

July 2017 Board of Visitors Retreat

RADFORD UNIVERSITY
Presidential Open Forums

July 2017 Board of Visitors Retreat

College Meetings

- Emerging Trends Within the Commonwealth
- Development of New Programs
- Challenges and Opportunities
- Upcoming Accreditation Site Visits
- Six-Year Graduation Rates
- Credit-Hour Production Trends

July 2017 Board of Visitors Retreat
College Meetings

July 2017 Board of Visitors Retreat

RADFORD UNIVERSITY

College Meetings

July 2017 Board of Visitors Retreat

RADFORD UNIVERSITY
Department Meetings

Structure
- What are your strengths?
- What are your fundamental weaknesses?
- What are the fundamental action steps you could take to propel your department forward in the region and the Commonwealth?
- Are there current interdisciplinary academic programs or plans for partnership? If so, please provide.

Outcomes
- Strengths
- Weaknesses
- Reflections
Budget Planning Summit

July 2017 Board of Visitors Retreat
RADFORD UNIVERSITY

New River Valley: Business Leaders Breakfast

July 2017 Board of Visitors Retreat
RADFORD UNIVERSITY
New River Valley: Quarterly Investors Meeting

July 2017 Board of Visitors Retreat

Regional Alumni Tour

July 2017 Board of Visitors Retreat
City of Radford: Town and Gown

July 2017 Board of Visitors Retreat

Roanoke Valley: Partnership Opportunities

July 2017 Board of Visitors Retreat
Southwest Virginia: Partnership Opportunities

HrEd
SOUTHWEST VIRGINIA HIGHER EDUCATION CENTER

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Commonwealth: Partnership Opportunities

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The World: Partnership Opportunities

MONASH University

July 2017 Board of Visitors Retreat

College of Humanities and Behavioral Sciences

July 2017 Board of Visitors Retreat
Highlander Pride Weekend

July 2017 Board of Visitors Retreat
RADFORD UNIVERSITY

Artis College of Science and Technology

July 2017 Board of Visitors Retreat
RADFORD UNIVERSITY
Class of 2017

The Future: Strategic Planning

- Strategic Enrollment Growth
- Competency-Based Education
- Center for Adaptive Innovation and Creativity
- Student Venture Lab
- Appalachian Community Outreach Institute
- Capital Campaign
### Strategic Enrollment Growth

<table>
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<tr>
<th></th>
<th>Freshman</th>
<th>International (NEW)</th>
<th>Transfer</th>
<th>Continuing Undergraduate</th>
<th>Graduate</th>
<th>CBE</th>
<th>Total Enrollment</th>
<th>Increase</th>
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</thead>
<tbody>
<tr>
<td>Fall 2017</td>
<td>1,926</td>
<td>30</td>
<td>755</td>
<td>5,746</td>
<td>919</td>
<td>60</td>
<td>9,436</td>
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<td>Fall 2018</td>
<td>1,984</td>
<td>50</td>
<td>778</td>
<td>5,816</td>
<td>964</td>
<td>120</td>
<td>9,712</td>
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<td>Fall 2019</td>
<td>2,044</td>
<td>100</td>
<td>801</td>
<td>5,893</td>
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<td>240</td>
<td>10,078</td>
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<tr>
<td>Fall 2020</td>
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<td>150</td>
<td>825</td>
<td>6,054</td>
<td>1,050</td>
<td>480</td>
<td>10,664</td>
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<td>Fall 2021</td>
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<td>225</td>
<td>850</td>
<td>6,254</td>
<td>1,090</td>
<td>960</td>
<td>11,547</td>
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<td>Fall 2022</td>
<td>2,233</td>
<td>300</td>
<td>876</td>
<td>6,465</td>
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<td>Fall 2023</td>
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<td>6,689</td>
<td>1,166</td>
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<td>13,432</td>
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</tr>
</tbody>
</table>

### Competency-Based Education

- **Innovative Mobile Personalized Accelerated Competency Training (IMPACT) Program for Working Professionals**
- **Initial Focus on Cybersecurity and Geospatial Intelligence Certificates**
- **September 8, 2017 Launch Event**
- **October 1, 2017 Start Date**
- **Future Focus on Special Education, Health Promotion, and Opiate Addiction Counseling**
Center for Adaptive Innovation and Creativity

RADFORD UNIVERSITY

Merging health education, research, creativity and new technology to meet ever-evolving challenges of the future

July 2017 Board of Visitors Retreat

Student Venture Lab

- Building an Entrepreneurial Ecosystem and Enhancing the Student Learning Experience
  - Meeting the Need for Experiential Learning Opportunities
  - Supporting Students in Commercializing Ideas
  - Strengthening the Local and Regional Economies
  - Creating Businesses and Jobs
- Role of Faculty Fellows Through Interdisciplinary Approach
- Tentative Home in Undeveloped Space in Kyle Hall
- Highlander Venture Fund

July 2017 Board of Visitors Retreat
Appalachian Community Outreach Institute

- Improve Health, Vitality, and Economic Sustainability of Southwest Virginia Communities
- Partnerships with Existing Organizations
- Coordinated, Holistic Effort
- Contribute to Overall Economic Growth and Increased Employment Opportunities
- Develop Health, Education, Natural Resources, Arts/Culture, and Infrastructure Sectors

Philanthropic Giving

- FY 2014: $3,837,397
- FY 2015: $4,118,339
- FY 2016: $7,996,999
- FY 2017: $10,739,994
Capital Campaign

- Establish the Framework for a Capital Campaign
- Critical Areas of Focus

Embracing the Tradition and Envisioning the Future: A Year In Review

RADFORD UNIVERSITY

Brian O. Hemphill, Ph.D.

July 2017 Board of Visitors Retreat
Merging health education, research, creativity and new technology to meet ever-evolving challenges of the future
“We can’t solve problems by using the same kind of thinking we used when we created them.”

— Albert Einstein
Radford University proposes the demolition of its existing Porterfield and McGuffey Halls to create a facility that provides space for a radically different approach to health education and interdisciplinary research, featuring creativity at the center of the learning process.

The Situation

Facilities

Porterfield Hall, which houses most of Radford University’s Theatre and Cinema, Music, and Art Departments, was originally built in two phases. The first phase, Porterfield East, was built in 1968, and the second phase, Porterfield West, was built in 1971. The two phases are 33,228 and 47,680 square feet respectively and combine for a total 80,908 square feet. This square footage is not sufficient to contain all five of the College of Visual and Performing Arts (CVPA) departments, which are currently located in six separate facilities scattered across campus. Porterfield Hall has also been in continuous use for almost 50 years without the benefit of any significant renovation. Building components have been replaced as they have failed over time, but the building’s operating systems are outdated and inefficient.

McGuffey Hall is located directly adjacent to Porterfield Hall and houses the Department of Design. The building was built in 1952 and consists of 35,943 square feet in an extremely inefficient floor plan. While renovated in 1996, the building systems and equipment are now once again near the end of their useful life, and the space layouts are not conducive to current academic instructional tools and methods.

Waldron Hall, which houses the Waldron College of Health and Human Services (WCHHS), was constructed in the late 1990s. The building is approximately 58,000 square feet and includes the dean’s offices; the Departments of Communication Sciences and Disorders, Physical Therapy and Occupational Therapy; and the
Schools of Nursing and Social Work. The facility includes a clinic, laboratories, classrooms and offices. While the facility condition is adequate, the College is faced with increasing enrollments that are overwhelming the current available footprint. Further, newer equipment and simulation environments have been developed since the building’s opening, and the College needs to upgrade these areas to maintain its leadership in health care education in the Commonwealth.

Academics

The College of Visual and Performing Arts programs served by the existing Porterfield and McGuffey Halls have been seriously constrained by outdated and undersized instructional space that no longer meets the needs of contemporary instruction. Current instructional methods and techniques require active student involvement and pedagogy involving face-to-face interaction, critiques and rehearsals. Many of the programs require special equipment, classrooms and studios with access to running water, power tools, specialized lighting, acoustic treatments and electronic media, which are increasingly difficult to provide within the existing infrastructure.

Not only have sustained operations in overcrowded and inadequate facilities created barriers to effective learning, but issues directly associated with safety and accessibility require attention. Specifically, issues related to ventilation, lighting and sound isolation in areas such as the jewelry studio, theatre shop, sculpture studio and music practice rooms have been cited by health and safety inspectors and accreditation bodies.

A longstanding goal of the University has been to collocate all of the College of Visual and Performing Arts in the same vicinity of the campus. Currently, entire departments and programs are dispersed in multiple facilities across campus. For instance, the art studios of ceramics and sculpture have been remotely located for decades. Students spend significant time in these areas and have been deprived of synergies with other disciplines because of the physical distance between these area locations. In another significant case, the Department of Dance is located across campus in Peters Hall. In recent years, the Dance and Theatre Departments were merged to form the School of Dance and Theatre. The synergy created through this merger is limited by the physical separation of the two departments.
The Waldron College of Health and Human Services has a particularly pressing need for clinical practice facilities in which its students acquire hands-on simulated and live patient care experience. For example, the present Nursing Clinical Simulation Center is actually located off campus, which inhibits its ability for fully integrated use with the majority of the campus community. Outdated simulation equipment also diminishes the current available academic outcomes, as the overall health care industry has introduced many new and innovative devices and procedures. Its faculty members also need additional opportunities to obtain clinical practice hours to stay current in their fields and to stay current with these new, innovative practices and equipment.

This is the perfect time to reimagine a new landscape for higher education — a reality that is rapidly changing and evolving.
The Vision

“Every great advance in science has issued from a new audacity of the imagination.”

— John Dewey

Envision a building that never sleeps.

One that collects information on every data point available, that is flexible in its design, with numerous spaces that change in purpose and configuration on any given day, in any given hour. This space brings the digital world to the physical world through intelligent design, virtual and augmented reality and imagination. This building, with no academic silos, provides centralized meeting points where serendipitous interactions and cross-disciplinary collaborations ignite.

As you enter the building, you can hear the cello in juxtaposition to the hammering of metal and cross paths with an elderly woman receiving physical therapy while watching children practice ballet. In this space, artisans practice their craft through health and healing, while a nurse hones her skills in patient empathy through theatrical improvisation and clinical simulation.

The Center for Adaptive Innovation and Creativity embraces a new landscape for higher education — a space where failure is a part of discovery and ambiguity is commonplace. As we embrace the unexpected collisions between academia and the world at large, this is the Center for Adaptive Innovation and Creativity — its function and purpose remains relevant through time.
Rationale

Our nation is in the midst of a worldwide health care crisis, and the future holds currently unfathomable challenges. It is time to re-examine and rethink the ways in which we educate our future health care clinicians, practitioners and leaders. These professionals of tomorrow will increasingly be called upon to be nimble, critical thinkers who use creativity and professional knowledge to serve their patients and their communities.

Radford University proposes a radically different approach to health education and research that places creativity at the center of the learning process. People-centric teaching and learning practices, coupled with health care research and real-time data analytics, will transform the delivery of health education.

Twenty-four hours a day, seven days a week, 12 months a year, this building will serve its mission to build bridges between ideas and application. With design thinking at its core, this flagship complex will embrace the emerging and evolving opportunities that present themselves at the intersection of multi-, inter- and trans-disciplinary/professional studies across areas in health care, the arts, intelligent systems (big data) and data security:

- Health education, which is in high demand and poised for a paradigm shift that must address the critical issues the health care system is facing today.
- The arts, which use a reiterative process to see multiple solutions that are adaptable and responsive.
- Intelligent building design, with a sensor network woven into the fabric of the building allowing the ability to collect big data in multiple ways through multiple mediums for research.

“The creative person is flexible; he is able to change as the situation changes, to break habits, to face indecision and changes in conditions without undue stress. He is not threatened by the unexpected as rigid, inflexible people are.”

— Frank Goble, aerospace engineer and founder of Jefferson Center for Character Education
The Center for Adaptive Innovation and Creativity will catapult higher education beyond the previously unimaginable to a reimagined reality.

The Concept

Overall Project Description
This project will demolish both Porterfield East and West, along with the adjacent McGuffey Hall, and will construct a new, approximately 200,000-square-foot facility located in the same general area near the northeast corner of the campus.

Site and Exterior Spaces
The northeast corner of main campus is bounded and served by two significant axes — Main Street to the north and Adams Street Pedestrian Corridor along the east. The location of the Center is at the intersection of not only these two critical travel paths, but also key student and faculty spaces. Student housing is located directly to the south of this site, while other academic buildings will be connected from both the west and east of the proposed building. In particular, the Covington Center for Visual and Performing Arts building, which houses portions of the Music Department, will be connected directly to the new building, while Waldron Hall is only a short walk away directly along Adams Pedestrian Corridor. The Student Recreation and Wellness Center, Dalton and Heth Halls and the Hurlburt Student Center, which provide a variety of student services, are adjacent to this area of campus.

The location of the Center for Adaptive Innovation and Creativity among all of these highly visible and high-traffic areas will greatly support the interdisciplinary nature of the building. This particular location for the Center will also facilitate the creation and enhancement of this important “district” of campus, including an outdoor learning and gathering commons courtyard area.
Interior Spaces

Overarching design decisions will adhere to the interior space objectives: Intentional Flexibility, Functional Longevity, Sensor-Driven Principles, Intelligent Technologies, Universal Design, Operational Synergies and Sustainability.

The Center for Adaptive Innovation and Creativity fosters dynamic spaces, both physically and metaphorically, where people are able to embrace change, explore the unknown, experiment with radically new ways of thinking and work together collaboratively. Design thinking will inform space design, with multiple uses and constituents at the forefront to cultivate relationships and innovation among disciplines while maximizing the use of space.

The Center for Adaptive Innovation and Creativity is an intelligent, dynamic and connected building that provides flexibility in its design.

Throughout the 24-hour day, the spatial arrangements within the Center for Adaptive Innovation and Creativity will be flexible and adaptable, given its current use and needs and those of the future. For example, a large atrium at the heart of the building can convert to a performance space, collaborative workspace, keynote speaker venue, community forum zone, student rest pods and wellness neighborhoods — while allowing analysis of each activity through sensors and data collection.
The proposed Center for Adaptive Innovation and Creativity will include traditional classrooms, studios and laboratories, in addition to multi-use environments such as maker spaces, simulation and virtual and augmented reality laboratories, computer centers, metalworking and clay pottery laboratories and other specialty environments to support the many and varied needs of multiple programs on campus.

High-level programming was performed to inform desired occupant space needs in the building, along with required circulation, ingress/egress and building system support requirements. Further, the interior spaces will be designed to relate directly to the exterior environment and outdoor teaching and performance spaces. High ceilings, exposed structure and building systems and significant glass fenestration will be used throughout the building.
Building Description

The Center for Adaptive Innovation and Creativity will exhibit an exterior façade that incorporates historic elements of the original campus buildings, including red brick, white precast and slate roofs. The building will also include more modern elements such as metal and glass to relate to recent adjacent buildings along Main Street, such as the Center for the Sciences and the College of Humanities and Behavioral Sciences Building. The building will incorporate daylighting to increase building efficiency and occupant comfort and effectiveness. This will also infuse natural light into critical studio and laboratory spaces.

A three-dimensional computer-based model was constructed of all of the existing buildings and topography in this area of the campus to perform massing studies and footprint availabilities for the proposed building and exterior courtyard areas. The massing studies supported the construction of three- and four-story building elements to match other buildings in this area of campus and along Main Street. The Center will include a welcoming façade along Main Street to enhance the interaction between the University and City of Radford along this very public corridor.

Site and Utility Description

The existing utility infrastructure will be expanded and enhanced to serve the additional building footprint in this area of the main campus. It is anticipated that the main electrical service to this part of campus will need to be upgraded from the nearby City of Radford substation, while water, sanitary, stormwater, steam, chilled water and data will all need to be expanded for the demand from the new building. Existing utility corridors along Main Street and the Adams Street Pedestrian Corridor will be maintained to the maximum extent possible to reduce costs for relocation and reconstruction. Existing nearby surface parking areas will serve the Center for Adaptive Innovation and Creativity.

Proposed Project Costs

Based on the pre-programming and schematic estimating performed to date, the total cost for this project is estimated at $375 to $450 per square foot, including all hard costs and soft costs. There are no property acquisition costs since the Center will be constructed on land currently owned by the University. Comparison to current industry information for similar academic projects confirms this range of costs, with tabulated values of $400 to $500 per square foot for similar academic facilities. These costs per square foot would indicate a total project cost of approximately $75 to $90 million dollars.
“There is no doubt that creativity is the most important human resource of all. Without creativity, there would be no progress, and we would be forever repeating the same patterns.”

— Edward de Bono, physician, psychologist, author and inventor

Current industry costs for similar academic projects (per square foot) $400 - $500

Total cost for this project (per square foot) $375 - $450

Total project cost $75 - $90 million
The Center for Adaptive Innovative and Creativity will honor the impact and importance of Porterfield and McGuffey Halls with the establishment of the Porterfield Annex and the McGuffey Annex, thereby capturing the enduring legacy of the historical facilities and the campus connection to the building site.

A Closing Word

The Center for Adaptive Innovation and Creativity will place creativity at the forefront of natural collaborations among the arts, health sciences and information technology to meet the future challenges of health education and future health care industry workforce needs. With design thinking at its core, the Center’s function and purpose will remain relevant through time.
The Innovative University

RADFORD UNIVERSITY

July 2017 Board of Visitors Retreat
Featured Case Studies: Harvard University

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Featured Case Studies: BYU-Idaho

• Formerly Ricks Academy and Ricks College

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Main Book Concepts

- Two Types of Innovation
  - Sustaining
  - Disruptive

- Three Vital Jobs of Universities
  - Discovery
  - Memory
  - Mentoring

Setting the Stage: Academic Inertia

"The current crisis in today’s universities is real, and much of it is of the universities’ own making. In the spirit of honoring tradition, universities hang on to past practices to the point of imperiling their futures."

The Innovative University
Page xxii
Setting the Stage: The Paradox

"When reduced budgets force them to cut costs, they trim but rarely make hard tradeoffs. Nor do they readily reinvent their curricula to better prepare students for the increasing demands or the world of work."

The Innovative University
Page xxii

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Setting the Stage: The Value Proposition

"Paradoxically, they respond to economic downturn by raising prices. From a market competition standpoint, it is slow institutional suicide. It is as if universities do not care about what is going on around them or how they are perceived."

The Innovative University
Page xxii-xxiii
Discussion Focal Areas: Chapters 17-19

- Raising Quality
  - Pages 249-275

- Lowering Cost
  - Pages 276-300

- Serving More Students
  - Pages 300-324
Chapter 17
Raising Quality

Summary: Raising Quality

- Resetting the Academic Calendar and Clock
- Model for Learning
- New Approach to General Education (Foundations)
- Interaction and Service Outside of the Classroom
- Infrastructure Expansion and Upgrades
The Radford Experience: *Raising Quality*

- New Advising System (Starfish)
- Creation of Learning Communities
- All Online Courses Quality Matters (QM) Certified
- Pursuing Discipline Specific Accreditation
- Extensive Opportunities for Faculty Development
- Student Evaluations
- Examining General Education and Core Curriculum
- Attention to New Facilities
- Attention to Technology Infrastructure
- Offering Cross Discipline Courses

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The Future: *Raising Quality*

- Next Phase of Advising System (Starfish)
- Faculty Review and Possible Implementation of General Education and Core Curriculum Revisions
- Expand Experiential Learning Opportunities
- Greater Focus on Interdisciplinary Programs
- Evaluate All Forms of Alternative Course Delivery

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Chapter 18
Lowering Cost

Summary: Lowering Cost

- High-Quality Online Courses
- Peer Instruction
- Interactive and Engaging Learning with Superior Cognitive Learning Outcomes
- Total Credit Hours Earned and Graduation Delays
- Creeping Major
- University Report Card
The Radford Experience: Lowering Cost

- Budget Planning Summit
  - Innovation
  - Programmatic Strategies
  - Efficiencies
  - Revenue Generation
  - Economic Development

The Future: Lowering Cost

- Competency-Based Education (IMPACT Program)
  - Flat Subscription Fee (Lower Cost)
  - All You Can Learn (Reduced Time to Degree)
- Streamlining Work Flow (Reducing Paperwork and Time by Automating Systems and Processes)
  - Research Productivity Work Group
  - Human Resources and Payroll (PeopleAdmin)
  - Purchasing
  - Travel (Chrome River)
Chapter 19
Serving More Students

Summary: Serving More Students

- Enrollment Expansion and Fishbone Analysis
- Customized Pathways
- Cost Savings
- Reciprocal Benefits
- International Pathways
The Radford Experience: Serving More Students

- Recruitment Plan
- Retention Plan
- Wintermester

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The Future: Serving More Students

- Competency-Based Education (IMPACT Program)
  - Focus on Working Adults
- Partnership Opportunities
  - In-State
  - International
- Revisit Regional Education Centers

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### Ricks College/BYU-Idaho and Radford University

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2010</th>
<th>2000</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students</td>
<td>10,160</td>
<td>18,355</td>
<td>8,837</td>
<td>9,007</td>
</tr>
<tr>
<td>Faculty Members</td>
<td>411</td>
<td>628</td>
<td>357</td>
<td>393</td>
</tr>
<tr>
<td>Building Square Feet Per Student</td>
<td>153</td>
<td>126</td>
<td>238</td>
<td>257</td>
</tr>
<tr>
<td>Face-to-Face Courses</td>
<td>879</td>
<td>1,293</td>
<td>2,141</td>
<td>1,957</td>
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<tr>
<td>Online Courses</td>
<td>20</td>
<td>104</td>
<td>0</td>
<td>39</td>
</tr>
<tr>
<td>Degree Programs</td>
<td>125</td>
<td>94</td>
<td>65</td>
<td>71</td>
</tr>
<tr>
<td>Academic Departments</td>
<td>38</td>
<td>33</td>
<td>29</td>
<td>32</td>
</tr>
<tr>
<td>Operating Cost Per Student</td>
<td>$5,771</td>
<td>$6,155</td>
<td>$7,590</td>
<td>$10,763</td>
</tr>
</tbody>
</table>

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**Discussion**
Final Reflections

"Our duty is to wholly invent ourselves. We are America's future – intellectually, socially, and culturally."

Gordon Gee (Page xxv)

"Look at your roots, in order to reclaim your future."

Ghanaian Proverb,
Quoted by Mary Sue Coleman (Page xxvi)

The Innovative University

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Board of Visitors Retreat
The Student Debt Challenge

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Lots of Attention
Student Loans Under Scrutiny

A New Look at The Lasting Consequences Of Student Debt  
Money

Why the Student Loan Crisis Is Even Worse Than People Think  
Forbes

The Scary Truth About Millennials And Student Loan Debt  
US News

Student Loan Debt:The Invisible, Incredible Drain on Investment

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Basic Facts (as of May, 2017)

- $1.4 trillion in student loan debt (exceeds credit card total debt by $620 billion.)
- 44 million borrowers
- 71% of all graduating students had some loan debt.
- Average graduating student debt varies by institutional classification:
  - $25,550 - Public College
  - $32,300 - Private, not for profit
  - $39,950 - Private for profit
- $351 average monthly payment borrowers 20-30 years old

Source: https://studentloanshero.com/student-loan-debt-statistics/

The White House Budget and Financial Aid

The future of student loans is unclear
- Perkins Loans - eliminated
- Public Service Loan Forgiveness - eliminated
- The subsidy on federal student loans - eliminated (new borrowers)
- Increased interest rates - all loans
  - Subsidized 3.76% 4.45%
  - Unsubsidized 5.31% 6.00%
  - Plus Loans 6.31% 7.00%

Source: Forbes; NAICU - White House Budget
Federal Funding in the Crosshairs

Federal Budget Blueprint Impacts Higher Ed, Directly and Indirectly

Selected Provisions from the Federal "Skinny" Budget Proposal

- **13%** cut to Department of Education (equal to $9 billion)
- **$3.9B** cut to Pell Grant program (via cancellation of carryover funding)
- **$200M** in cuts to TRIO programs for low-income students
- **18%** cut to National Institutes of Health

**32%** cut to the "Gear Up" competitive grant program

**Gear Up in Brief**
- Supports low-income middle school and high school students
- Provides 6-7 years of tutoring, mentoring, and scholarships
- Boosts postsecondary enrollment by 31.5 percentage points

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Family Finances

Concentration of Growth in Low-Income Segment

Population Growth Weakens Pricing Power and College-Readiness

Growth of Lower Income Families Outpacing Middle & Higher Income Families

**Percent Growth, 2008-2013**

2013 College-Going Rates By Income:

- **46%** Low
- **64%** Middle
- **79%** High

**-262 pts** difference in average SAT (1600) score between students from lowest and highest income families, 2014

**Total Growth 12.6%**

<table>
<thead>
<tr>
<th>Income Range 2014 (in thousands $)</th>
<th>0-30</th>
<th>30-60</th>
<th>60-90</th>
<th>90-120</th>
<th>120+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent Growth</td>
<td>51%</td>
<td>27%</td>
<td>14%</td>
<td>5%</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Student Affluence Test**

Annular Education Loan Borrowing

Borrowing for student loans peaked in 2012

Annual Dollars Borrowed in Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Federal</th>
<th>Non Federal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$76,636</td>
<td>$71,773</td>
<td>$148,409</td>
</tr>
<tr>
<td>2007</td>
<td>$79,549</td>
<td>$75,648</td>
<td>$155,207</td>
</tr>
<tr>
<td>2008</td>
<td>$83,772</td>
<td>$76,648</td>
<td>$160,420</td>
</tr>
<tr>
<td>2009</td>
<td>$83,725</td>
<td>$76,400</td>
<td>$160,125</td>
</tr>
<tr>
<td>2010</td>
<td>$82,000</td>
<td>$75,800</td>
<td>$157,800</td>
</tr>
<tr>
<td>2011</td>
<td>$83,000</td>
<td>$76,600</td>
<td>$159,600</td>
</tr>
<tr>
<td>2012</td>
<td>$84,000</td>
<td>$77,000</td>
<td>$161,000</td>
</tr>
<tr>
<td>2013</td>
<td>$85,000</td>
<td>$77,500</td>
<td>$162,500</td>
</tr>
<tr>
<td>2014</td>
<td>$86,000</td>
<td>$78,000</td>
<td>$164,000</td>
</tr>
<tr>
<td>2015</td>
<td>$87,000</td>
<td>$78,500</td>
<td>$165,500</td>
</tr>
<tr>
<td>2016</td>
<td>$88,000</td>
<td>$79,000</td>
<td>$167,000</td>
</tr>
</tbody>
</table>

Source: The College Board, Trends in Student Financial Aid

Distribution of Debt by Borrower Level

Percent of UG Borrowers

- Less Than $5,000: 21%
- $5,000 - $9,999: 22%
- $10,000 - $19,999: 25%
- $20,000 - $39,999: 21%
- $40,000 or More: 10%

Percent of GRD Borrowers

- Less Than $5,000: 43%
- $5,000 - $9,999: 24%
- $10,000 - $19,999: 16%
- $20,000 - $39,999: 9%
- $40,000 or More: 8%

Source: The College Board, Trends in Student Financial Aid

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Loan Debt Over Time

Average Loan Debt Per Graduate
2000 – 2015 by Sector

- $10,000
- $15,000
- $20,000
- $25,000
- $30,000
- $35,000

2000
2005
2010
2015

Public
Private, NFP

Source: The College Board, Trends in Student Financial Aid

Student Debt
RADFORD UNIVERSITY

Average Debt Load by State

Average loan debt 2014 graduates

Source: CollegeInsights

Student Debt
RADFORD UNIVERSITY
Student Debt in Virginia

Average Debt, all graduates in Virginia: $27,717
Percent of graduates borrowing: 59%

<table>
<thead>
<tr>
<th>Public Institutions/Class of 2015</th>
<th>Average Loan</th>
<th>% Borrowing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia Commonwealth University</td>
<td>$32,411</td>
<td>66%</td>
</tr>
<tr>
<td>Old Dominion University</td>
<td>$30,167</td>
<td>69%</td>
</tr>
<tr>
<td>Christopher Newport University</td>
<td>$28,968</td>
<td>60%</td>
</tr>
<tr>
<td>Virginia Polytechnic University</td>
<td>$28,873</td>
<td>53%</td>
</tr>
<tr>
<td>Virginia State University</td>
<td>$28,350</td>
<td>92%</td>
</tr>
<tr>
<td>Longwood University</td>
<td>$28,047</td>
<td>66%</td>
</tr>
<tr>
<td>Radford University</td>
<td>$27,666</td>
<td>67%</td>
</tr>
<tr>
<td>George Mason University</td>
<td>$27,373</td>
<td>58%</td>
</tr>
<tr>
<td>Virginia Military Institute</td>
<td>$27,261</td>
<td>58%</td>
</tr>
<tr>
<td>College of William &amp; Mary</td>
<td>$25,733</td>
<td>38%</td>
</tr>
<tr>
<td>University of Virginia (Main)</td>
<td>$24,905</td>
<td>35%</td>
</tr>
<tr>
<td>James Madison University</td>
<td>$23,732</td>
<td>53%</td>
</tr>
<tr>
<td>University of Mary Washington</td>
<td>$18,029</td>
<td>50%</td>
</tr>
<tr>
<td>University of Virginia, Wise</td>
<td>$14,424</td>
<td>65%</td>
</tr>
<tr>
<td>Norfolk State University</td>
<td>N/A</td>
<td>N/A</td>
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</table>

Source: Institute for College Success, State by State Data, 2016

Stafford Loan Borrowing Limits

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Stafford Limit</th>
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</thead>
<tbody>
<tr>
<td>First Year</td>
<td>$5,500</td>
</tr>
<tr>
<td>Second Year</td>
<td>$6,500</td>
</tr>
<tr>
<td>Third Year</td>
<td>$7,500</td>
</tr>
<tr>
<td>Fourth Year</td>
<td>$7,500</td>
</tr>
<tr>
<td>Total Stafford Loan for 4 Years</td>
<td>$27,000</td>
</tr>
<tr>
<td>Origination Fee (approx. 1%)*</td>
<td>-$270</td>
</tr>
<tr>
<td>Total Amount to Student</td>
<td>-$26,730</td>
</tr>
</tbody>
</table>

*Origination Fees vary by year. Current fee is 1.069%.
### Gender (RU)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percent Borrowed Federal Loans</th>
<th>Median Federal Loan Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>68%</td>
<td>$26,718</td>
</tr>
<tr>
<td>Male</td>
<td>64%</td>
<td>$26,718</td>
</tr>
<tr>
<td>Total</td>
<td>67%</td>
<td>$26,718</td>
</tr>
</tbody>
</table>

### Region (RU)

<table>
<thead>
<tr>
<th>Region</th>
<th>Percent Borrowed Federal Loans</th>
<th>Median Federal Loan Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Va</td>
<td>85%</td>
<td>$26,722</td>
</tr>
<tr>
<td>Northern Va</td>
<td>59%</td>
<td>$24,869</td>
</tr>
<tr>
<td>Peninsula</td>
<td>73%</td>
<td>$26,724</td>
</tr>
<tr>
<td>Richmond</td>
<td>53%</td>
<td>$26,723</td>
</tr>
<tr>
<td>Roanoke Metro</td>
<td>68%</td>
<td>$26,724</td>
</tr>
<tr>
<td>South Central</td>
<td>85%</td>
<td>$26,721</td>
</tr>
<tr>
<td>Southwest</td>
<td>68%</td>
<td>$25,734</td>
</tr>
<tr>
<td>Tidewater</td>
<td>70%</td>
<td>$26,718</td>
</tr>
<tr>
<td>Valley</td>
<td>81%</td>
<td>$26,718</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>65%</td>
<td>$26,752</td>
</tr>
<tr>
<td>Total</td>
<td>67%</td>
<td>$26,718</td>
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</table>
### Ethnicity (RU)

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Percent Borrowed Federal Loans</th>
<th>Median Federal Loan Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>38%</td>
<td>$22,937</td>
</tr>
<tr>
<td>Black or African American</td>
<td>89%</td>
<td>$26,863</td>
</tr>
<tr>
<td>Hispanic</td>
<td>76%</td>
<td>$26,724</td>
</tr>
<tr>
<td>White</td>
<td>64%</td>
<td>$25,734</td>
</tr>
<tr>
<td>Two or more races</td>
<td>81%</td>
<td>$24,762</td>
</tr>
<tr>
<td>Race and Ethnicity Unknown</td>
<td>63%</td>
<td>$21,748</td>
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<tr>
<td>Total</td>
<td>67%</td>
<td>$26,718</td>
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</tbody>
</table>

### First Generation (RU)

<table>
<thead>
<tr>
<th>First Generation</th>
<th>Percent Borrowed Federal Loans</th>
<th>Median Federal Loan Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Generation</td>
<td>81%</td>
<td>$26,722</td>
</tr>
<tr>
<td>Not First Generation</td>
<td>61%</td>
<td>$25,817</td>
</tr>
<tr>
<td>Total</td>
<td>67%</td>
<td>$26,718</td>
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</table>
### Income Level (RU)

<table>
<thead>
<tr>
<th>Income Level At Graduation</th>
<th>Percent Borrowed Federal Loans</th>
<th>Median Federal Loan Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income</td>
<td>91%</td>
<td>$26,724</td>
</tr>
<tr>
<td>Mid Income</td>
<td>93%</td>
<td>$26,724</td>
</tr>
<tr>
<td>High Income</td>
<td>96%</td>
<td>$26,718</td>
</tr>
<tr>
<td>Unknown</td>
<td>38%</td>
<td>$19,608</td>
</tr>
<tr>
<td>Total</td>
<td>67%</td>
<td>$26,718</td>
</tr>
</tbody>
</table>

---

### Pell Aid (RU)

<table>
<thead>
<tr>
<th>Pell Aid (Any Time)</th>
<th>Percent Borrowed Federal Loans</th>
<th>Median Federal Loan Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received Pell</td>
<td>91%</td>
<td>$26,724</td>
</tr>
<tr>
<td>Did not receive Pell</td>
<td>54%</td>
<td>$25,730</td>
</tr>
<tr>
<td>Total</td>
<td>67%</td>
<td>$26,718</td>
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</tbody>
</table>
## Academic College (RU)

<table>
<thead>
<tr>
<th>Academic College</th>
<th>Percent Borrowed Federal Loans</th>
<th>Median Federal Loan Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts College of Science and Technology</td>
<td>60%</td>
<td>$24,746</td>
</tr>
<tr>
<td>College of Business and Economics</td>
<td>64%</td>
<td>$26,718</td>
</tr>
<tr>
<td>College of Education and Human Development</td>
<td>69%</td>
<td>$26,718</td>
</tr>
<tr>
<td>College of Humanities and Behavioral Sciences</td>
<td>67%</td>
<td>$25,766</td>
</tr>
<tr>
<td>College of Visual and Performing Arts</td>
<td>73%</td>
<td>$26,721</td>
</tr>
<tr>
<td>Waldron College of Health and Human Services</td>
<td>66%</td>
<td>$26,718</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>67%</strong></td>
<td><strong>$26,718</strong></td>
</tr>
</tbody>
</table>

## Borrowing Trends (RU)

<table>
<thead>
<tr>
<th>Graduating Year</th>
<th>Percent Borrowed Federal Loans</th>
<th>Median Federal Loan Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-2014</td>
<td>60%</td>
<td>$25,862</td>
</tr>
<tr>
<td>2014-2015</td>
<td>66%</td>
<td>$25,764</td>
</tr>
<tr>
<td>2015-2016</td>
<td>67%</td>
<td>$26,718</td>
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</tbody>
</table>
Federal Cohort Default Rates

<table>
<thead>
<tr>
<th>Institution</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>College Of William &amp; Mary</td>
<td>0.9%</td>
<td>0.6%</td>
<td>0.8%</td>
</tr>
<tr>
<td>University Of Virginia</td>
<td>1.7%</td>
<td>1.7%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Virginia Tech</td>
<td>2.6%</td>
<td>2.1%</td>
<td>1.6%</td>
</tr>
<tr>
<td>University Of Mary Washington</td>
<td>1.7%</td>
<td>2.3%</td>
<td>1.9%</td>
</tr>
<tr>
<td>George Mason University</td>
<td>1.8%</td>
<td>1.6%</td>
<td>2.1%</td>
</tr>
<tr>
<td>James Madison University</td>
<td>2.5%</td>
<td>2.1%</td>
<td>2.1%</td>
</tr>
<tr>
<td>University Of Richmond</td>
<td>1.7%</td>
<td>1.5%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Christopher Newport University</td>
<td>2.7%</td>
<td>2.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Virginia Military Institute</td>
<td>6.0%</td>
<td>2.4%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Longwood University</td>
<td>3.6%</td>
<td>3.9%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Virginia Commonwealth University</td>
<td>6.0%</td>
<td>4.5%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Regent University</td>
<td>5.5%</td>
<td>5.4%</td>
<td>4.0%</td>
</tr>
<tr>
<td><strong>Radford University</strong></td>
<td>4.2%</td>
<td>4.2%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Old Dominion University</td>
<td>6.8%</td>
<td>5.1%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Roanoke College</td>
<td>4.4%</td>
<td>4.6%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Hampton University</td>
<td>9.7%</td>
<td>8.6%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Liberty University</td>
<td>7.9%</td>
<td>8.5%</td>
<td>9.9%</td>
</tr>
<tr>
<td>UVA Wise</td>
<td>12.3%</td>
<td>10.2%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Norfolk State University</td>
<td>20.6%</td>
<td>14.3%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Virginia State University</td>
<td>13.7%</td>
<td>15.1%</td>
<td>14.7%</td>
</tr>
<tr>
<td><strong>National Public 4-Year Default Rate</strong></td>
<td>8.9%</td>
<td>7.6%</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

What’s Next?

**Radford University:**
- Financial literacy
- Enhanced utilization of iGrad
- Website
- Communication with students and families

**Other:**
- Maryland home purchase program
- Repayment legislation
Discussion

Fall 2017 Enrollment Update

Enrollment Management
### New Students (July 5)

<table>
<thead>
<tr>
<th>Type</th>
<th>Fall 2015</th>
<th>Fall 2016</th>
<th>Fall 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Freshmen</td>
<td>1,763</td>
<td>1,533</td>
<td>1,813</td>
</tr>
<tr>
<td>New Transfers</td>
<td>335</td>
<td>386</td>
<td>599</td>
</tr>
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</table>

### All Students (July 5)

<table>
<thead>
<tr>
<th>Level</th>
<th>Fall 2015</th>
<th>Fall 2016</th>
<th>Fall 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>8,120</td>
<td>7,685</td>
<td>8,104</td>
</tr>
<tr>
<td>Graduate</td>
<td>626</td>
<td>653</td>
<td>658</td>
</tr>
<tr>
<td>Total</td>
<td>8,748</td>
<td>8,338</td>
<td>8,762</td>
</tr>
</tbody>
</table>
Discussion
Attachment F

Overall Budget Forecast & the Current Budget Model
Richard S. Alvarez
Vice-President for
Finance & Administration
RADFORD
UNIVERSITY

Board of Visitors Annual Retreat July 11, 2017

RADFORD UNIVERSITY – Agency 217

Educational & General (E&G)

Student Financial Assistance

Sponsored Programs

Auxiliary Enterprises

Capital Outlay (Non-Operating)

101: Instruction*
102: Research*
103: Public Service*
104: Academic Support
105: Student Services
106: Institutional Support
107: Operations & Maint.

General Fund
Tuition & Fees
Indirect Costs
Sales & Services

106: Scholarships Fellowship
110: Sponsored Programs

Federal Agencies
State Agencies
Localities
Institute Sector
Non-Profit Organizations

809: Food Service
Bookstore
Residential Services
Parking/Transport
Telecommunications
Student Union
Recreation Programs
Other Enterprise Athletics

998: Construction
General Fund
Nongeneral Fund
Debt

Student Fees
Sales & Service

*The primary mission of Radford University is Instruction, Research, & Public Service carried out in E&G while other programs are designed to support needs derived from E&G operations.
Review of Higher Education Programs

Educational & General:
- Activities to provide instruction, public service, academic support (e.g., library, deans), student services (e.g., admissions, financial aid, registrar), and program support (e.g., administration, physical plant) services.

Student Financial Assistance:
- Activities to provide financial assistance to in-state students.

Sponsored Programs:
- Activities to provide additional resources for educational and general services through third-party grants, contracts, and research.

Auxiliary Enterprises:
- Activities to provide essentially self-supporting goods or services to students, faculty, and staff (e.g., residence halls, dining services, bookstore, athletics, student activities).

2017-18 Projected Total Operating Revenue

Using projected revenues, Radford University's proposed total annual operating revenue budget is $216.5 million.
2017-18 Projected Total Operating Revenue

Approximately 63.5% of the $216.5 million operating revenue is received from either student tuition (and fees) or state appropriations dollars.

Therefore, operating revenue is heavily reliant on the following:
1. State Funding
2. Enrollment Projections
3. BOV Approved Tuition Rates

2017-18 Projected Total Operating Expenditures

Using projected expenditures, Radford University’s proposed total annual operating expenditure budget is $209.7 million.
Educational & General (E&G) Program

RADFORD UNIVERSITY

Board of Visitors Annual Retreat

2017-18 Projected E&G Revenue by Fund Source

Tuition & Fees
$73.8
57.5%

General Fund
$51.7
40.3%

Other
$2.8
2.2%

Public Higher Education utilizes a shared cost model where both the state and student contribute.

Higher Education is not a mandated state budget item, but state policy seeks to contribute 67% share of the cost of education.

GF Percent (%) of E&G Revenue

Board of Visitors Annual Retreat
RADFORD UNIVERSITY
2017-18 Projected E&G Expenditures

Projected E&G expenditures of $128.3 million for 2017-18

- Educational & General: $128.3 million (61.2%)
- Auxiliary Enterprises: $63.3 million (30.2%)
- Student Financial Assistance: $12.0 million (5.7%)
- Sponsored Programs: $5.1 million (2.9%)

2017-18 Projected E&G Expenditures by Subprogram

- Academic Instruction: $71.8 million (56.0%)
- Academic Support: $12.2 million (9.5%)
- Public Service: $0.6 million (0.5%)
- Student Services: $7.4 million (5.8%)
- Institutional Support: $22.1 million (17.2%)
- Physical Plant: $14.1 million (11.0%)
2017-18 Projected E&G Expenditures by Category

Personal Services
$102.1
79.6%

Nonpersonal Services
$26.2
20.4%

Student Financial Assistance (SFA)
2017-18 Need Based Financial Assistance Fund Split

<table>
<thead>
<tr>
<th>Year</th>
<th>State Funded</th>
<th>University Funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>$4.7</td>
<td>$0.6</td>
</tr>
<tr>
<td>2005-06</td>
<td>$5.0</td>
<td>$0.6</td>
</tr>
<tr>
<td>2006-07</td>
<td>$5.6</td>
<td>$0.8</td>
</tr>
<tr>
<td>2007-08</td>
<td>$6.3</td>
<td>$1.1</td>
</tr>
<tr>
<td>2008-09</td>
<td>$6.7</td>
<td>$1.4</td>
</tr>
<tr>
<td>2009-10</td>
<td>$6.9</td>
<td>$1.4</td>
</tr>
<tr>
<td>2010-11</td>
<td>$7.0</td>
<td>$1.0</td>
</tr>
<tr>
<td>2011-12</td>
<td>$7.3</td>
<td>$1.9</td>
</tr>
<tr>
<td>2012-13</td>
<td>$8.0</td>
<td>$1.9</td>
</tr>
<tr>
<td>2013-14</td>
<td>$8.2</td>
<td>$1.9</td>
</tr>
<tr>
<td>2014-15</td>
<td>$8.1</td>
<td>$1.9</td>
</tr>
<tr>
<td>2015-16</td>
<td>$8.4</td>
<td>$1.9</td>
</tr>
<tr>
<td>2016-17</td>
<td>$10.3</td>
<td>$1.9</td>
</tr>
<tr>
<td>2017-18</td>
<td>$10.1</td>
<td>$1.9</td>
</tr>
</tbody>
</table>

Sponsored Programs and Grant Management
(Financial Assistance for E&G Programs)
2017-18 Projected Sponsored Programs by Fund Source

- Federal Programs: $4.3 million (70.5%)
- State/Private Programs: $1.6 million (25.4%)
- Returned Overhead: $0.3 million (4.1%)

Auxiliary Enterprise Program
2017-18 Projected Total Auxiliary Revenue

Using projected revenues, Radford University's proposed total annual auxiliary revenue budget is $70.1 million.

Board of Visitors Annual Retreat

2017-18 Projected Auxiliary Revenue

($ in millions)

- Board Fees: $14.6 (20.9%)
- Room Fees: $16.5 (23.5%)
- Sales, Services, & Other Auxiliary: $10.1 (14.5%)
- Comprehensive Fee: $28.8 (41.1%)

Sales, Services & Other:
- Bookstore
- Parking/Transportation
- Telecom Services
- RU Express/ID
- Matriculation Fee
- Conference Services
- Interest Earnings

Board of Visitors Annual Retreat
Auxiliary Mandatory Comprehensive Fee - Breakdown

<table>
<thead>
<tr>
<th>Mandatory Comprehensive Fee</th>
<th>2017-18 Rates</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletics</td>
<td>$1,180</td>
<td>37.3%</td>
</tr>
<tr>
<td>Auxiliary Building/Facilities</td>
<td>258</td>
<td>8.1%</td>
</tr>
<tr>
<td>Auxiliary Support</td>
<td>209</td>
<td>6.6%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>299</td>
<td>9.4%</td>
</tr>
<tr>
<td>Recreation</td>
<td>282</td>
<td>8.9%</td>
</tr>
<tr>
<td>Student Activities</td>
<td>127</td>
<td>4.0%</td>
</tr>
<tr>
<td>Student Health</td>
<td>322</td>
<td>10.2%</td>
</tr>
<tr>
<td>Student Services</td>
<td>75</td>
<td>2.4%</td>
</tr>
<tr>
<td>Student Union</td>
<td>286</td>
<td>9.0%</td>
</tr>
<tr>
<td>Transit</td>
<td>128</td>
<td>4.0%</td>
</tr>
<tr>
<td><strong>Total Comprehensive Fee</strong></td>
<td><strong>$3,166</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Auxiliary Mandatory Comprehensive Fee - Descriptions

- **Athletics**: The student fee supports the intercollegiate athletic program which includes athletic administration, intercollegiate varsity sports teams, travel, scholarships, operation and maintenance of facilities, auxiliary indirect cost, and equipment. This fee entitles students to free admission into all sporting events.

- **Auxiliary Building/Facilities**: The student fee supports auxiliary operation and maintenance of facilities, facilities staff, maintenance reserve projects, leased properties, insurance, auxiliary indirect cost, and equipment.

- **Auxiliary Support**: The student fee supports auxiliary support personnel, operations and direct student cost associated with the student RU ExpressM.I.D. office, technology support, photocopying services, and student wages.

- **Debt Service**: The student fee supports debt service payments for auxiliary construction and renovation projections such as the Student Recreation and Wellness Center.

- **Recreation**: The student fee supports the personnel, operations, maintenance, and equipment of all student recreation and intramural facilities and fields.
Auxiliary Mandatory Comprehensive Fee - Descriptions

- **Student Activities**: The student fee supports student programs, clubs, organizations, activities, and events for groups such as R-Space, Student Government Association, Greek Life, Student Organization Assistance and Resources (SOAR), LEAD Scholars Program, etc. Students can attend most events free of charge or at greatly reduced rates depending on the type of event.

- **Student Health**: The student fee supports general medical services provided by the Radford University Student Health Center, normal counseling services provided by Radford University Student Counseling Center, the Disability Resource Office (DRO) and educational and support services provided by the RU SAVES (Substance Abuse and Violence Education Support) Office.

- **Student Services**: The student fee supports student professional development through career, advising, and other resource services.

- **Student Union**: The student fee supports administrative and student personnel, operations, maintenance, programmatic events, and equipment for the Bonnie Hurlburt Student Center and Heth Hall meeting rooms.

- **Transportation**: The student fee supports unlimited access to the Radford Transit bus service for enrolled Radford University students. Connections to other transit services (e.g., Megabus, Smart Way Bus, Blacksburg Transit, etc.) may have separate user fees.

---

Auxiliary User Fees and Other Sources - Descriptions

- **Room**: Room charges are assessed to those students living on campus only. The fees support the operation, maintenance, and programming of all residential services. A portion of the fee is also dedicated to debt service and future capital projects.

- **Board**: Board Fees are assessed to those students with a meal plan only. The fees support the dining operation through the University’s partnership with Chartwells.

- **Sales, Services, & Other Auxiliary Income**: All other auxiliary revenue is included in this section.
  - **Sales & Services** – includes new student matriculation fee, parking fees/fines, Athletics ticket sales, student newspaper advertisement, etc.
  - **Commissions** – includes proceeds from University contracts such as Chartwells (Dinning and Vending Services), Barnes & Noble (Bookstore), Beverage (Coke), etc.
  - **Other** – includes auxiliary interest earnings, Athletics game guarantees, Conference Services activities, etc.
2017-18 Projected Auxiliary Enterprise Expenditures

Projected Auxiliary expenditures of $63.3 million for 2017-18

Self-sustaining operations supporting student service activities such as residence life, dining, athletics, etc.

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RADFORD UNIVERSITY

2017-18 Projected Auxiliary Enterprise Expenditures

Residential & Dining
$30.4
48.0%

Student Activities, Union, Recreation, & Health
$11.0
17.3%

Athletics
$12.2
19.3%

Other
$9.7
15.4%

Other Includes:
- Parking/Transportation
- RU Express/ID
- Telecommunications
- Buildings/Facilities
- Conference Services
- Bookstore
- Scholarships
- New Student Programs
- Selu Conservancy

($ in millions)

Board of Visitors Annual Retreat

RADFORD UNIVERSITY
2017-18 Projected Auxiliary Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenditure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Services</td>
<td>$17.3</td>
<td>27.3%</td>
</tr>
<tr>
<td>Nonpersonal Services</td>
<td>$46.0</td>
<td>72.7%</td>
</tr>
</tbody>
</table>

Current Budget Model
VA Institutions Functional Spend per FTE:
Source: IPEDS (2014-15) - Four Year Publics

Incremental Budgeting

Currently, Radford University employs an incremental approach to budgeting. Operating units (divisions and departments) identify funding priorities that require additional support and request funds through the annual budget process.

- Revenue is centrally managed and incrementally distributed
- An integral component of this process is to ensure all funding priorities for the ensuing fiscal year are identified and aligned with projected revenue levels.
**Incremental Budgeting - Continued**

- The budget process focused primarily on increases or decreases to the base rather than on analysis of the activities being supported.
- The implicit assumption in the incremental model is that the base - in whole or in part - has been rationalized in previous budget cycles.
- The model puts budget responsibility in the hands of senior leadership.
- Over time an operating division’s relative share (%) of total expenditures remains proportionate to the size of the institution; with few expectations.

--

**Budget Development Timeline**

1. Environment Scan
2. Budget Call
3. Budget Review
4. Budget Hearing
5. Tuition & Fee Approval
6. Budget Finalization
   - ✓ Board Approval (September)

---

Board of Visitors Annual Retreat

RADFORD UNIVERSITY
Centralized Resources

A traditional approach to managing institutional resources that grants central administration the ability to allocate funds as necessary.

This process is considered a ‘tried-and-true’ method and has withstood the test of time.

Centralizing resources and distributing them top-down ensures a strong and consistent focus on institution-wide objectives.

2017-18 E&G Operating Allocations

Budget = $128.3 million

Board of Visitors Annual Retreat

RADFORD UNIVERSITY

16
Budget Elasticity

Most importantly, a centralized, incremental budget model allows the administration to absorb and equitably distribute the impact of fiscal hardship associated with economic cycles.

- The annual budget is prepared at 103% of salaries and fringes for the allocation of a one-time operating fund which affords the administration the ability to manage one-time needs such as:
  - Downturns in enrollment and/or general fund appropriations
  - Renovations
  - Equipment needs
  - Salary alignment
  - Personnel concerns

Total Cost: Tuition, Fees, Room & Board

Comparison, In-State Undergraduate
RU and Average 4-year VA Public Institutions of Higher Education

<table>
<thead>
<tr>
<th>Rank</th>
<th>Inst.</th>
<th>2017-18*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CWU</td>
<td>$33,843</td>
</tr>
<tr>
<td>2</td>
<td>VMI</td>
<td>$27,754</td>
</tr>
<tr>
<td>3</td>
<td>UVA</td>
<td>$26,754</td>
</tr>
<tr>
<td>4</td>
<td>GMU</td>
<td>$24,872</td>
</tr>
<tr>
<td>5</td>
<td>VCU</td>
<td>$23,811</td>
</tr>
<tr>
<td>6</td>
<td>LU</td>
<td>$23,138</td>
</tr>
<tr>
<td>7</td>
<td>GMU</td>
<td>$23,014</td>
</tr>
<tr>
<td>8</td>
<td>UMW</td>
<td>$22,344</td>
</tr>
<tr>
<td>9</td>
<td>VT</td>
<td>$21,920</td>
</tr>
<tr>
<td>10</td>
<td>JMU</td>
<td>$20,990</td>
</tr>
<tr>
<td>11</td>
<td>ODU</td>
<td>$20,742</td>
</tr>
<tr>
<td>12</td>
<td>UVA-WV</td>
<td>$20,158</td>
</tr>
<tr>
<td>13</td>
<td>RU</td>
<td>$19,758</td>
</tr>
<tr>
<td>14</td>
<td>VCU</td>
<td>$19,433</td>
</tr>
<tr>
<td>15</td>
<td>NSU</td>
<td>$18,902</td>
</tr>
</tbody>
</table>

Average = $22,354

* Estimate based on SOHEV 7172 Draft
General Fund per In-State FTE: Variance to RU
Source: IPEDS (2014-15) - Four Year Publics

Historical Enrollment Trend

Historical 2B Enrollment Plan
The recently submitted 2B enrollment plan demonstrates modest growth in all categories.

An integral component of the University's ongoing strategic planning effort is related to "right sizing" the institution.

Student success and retention are key factors in this process.

Questions (?)

RADFORD UNIVERSITY
Attachment G

Responsibility Centered Management (RCM) Budget Model

Chad A. Reed
Associate Vice-President for Budget & Financial Planning
RADFORD UNIVERSITY

Environmental Factors Promulgate Budget Change

On college campuses across the country environmental factors have caused administrators to revisit the traditional incremental and centralized budgeting approach.

These factors include:
1. Declining state appropriations
2. Increasing student debt
3. Shifts in governmental control
4. Heightened pressure from tax payers
5. Calls for increased autonomy

RADFORD UNIVERSITY
Internal Challenges

Radford University has been confronted by these same factors:

Within the Commonwealth, Higher Education is not a mandated state budget item, but state policy seeks to contribute 67% share of the cost of education.

Shift in Funding

Board of Visitors Annual Retreat
General Alternative Budget Models

1. **Incremental Budgeting** focuses primarily on changes to the base rather than on analysis of the activities being supported. It assumes the base has been rationalized in previous budget cycles.

2. **Zero-Based Budgeting** examines all programs and activities during each budget cycle to ensure each contributes to organizational success and consumes an appropriate level of resources.

3. **Performance-Based Budgeting** relies on quantitative measures to distribute resources. It involves allocating resources based on achievement of specific measures and/or targets.

4. **Responsibility Centered Management** classifies individual programs and units as either revenue or cost centers. Revenue centers control the revenues they generate and are responsible for financing. Cost centers are funded from central revenues or taxes assessed on revenue.

Source: "A Guide to College & University Budgeting: Foundations for Institutional Effectiveness"

---

Control v. Accountability

The fundamental difference in the alternative budget models is the relationship between control and accountability.

Theoretically, with 100% Control there is no need for Accountability (**vice versa**)

**NACUBO Budget Maxim:**
Accountability (a) and Control (c) are complementary along a continuum and add to 100 percent; therefore a = 100% - c
Opportunity Cost

- Ultimately, the question of who should have ownership of resources is at the root of what budget model is used.
- The key to finding budgetary ‘harmony’ is identifying the point on the axis where institutional mission meets fiscal responsibility.
- Each institution treats its model distinct to its own values and objectives, so even within the same category of budget model institutions could have very different approach’s.

In-State Peer Institutions

Of the 15 Virginia 4-year public institutions (including RU), 11 currently employ some form of an incremental budget process.

The exceptions:
- University of Virginia - RCM (2014)
- George Mason University - Performance Based (2015)
- Virginia Commonwealth University - RCM (2016)
- Virginia Tech - Performance Based (2016)

"[At Virginia Tech the previous] budget approach was one where money follows legacy, with only marginal changes from year-to-year."
- Ken Smith, Vice Provost for Resource Management and Institutional Planning
Other Out-of-State Peer Institutions

Appalachian State University - Operates an incremental budget model with base budget allocated each fiscal year, generally the same as prior fiscal year.

Western Carolina University - Operates an incremental base budget model with annual requests for one-time and recurring funding.

East Tennessee State University - New proposal, as of February 2017, to implement a redesigned "Base to Base" budget model. Previously operated an incremental based budget.

Responsibility Center Management (RCM)

Responsibility Center Management, or RCM as it is better known, has roots in the concept that "each tub has its own bottom". This was first used in academics by Harvard President John T. Kirkland in early 19th century.

It has evolved conceptually since then and has taken on many aliases including:
- Incentive Based Budgeting (IBB)
- Value Centered Management (VCM)
- Revenue Responsibility Budgeting (RRB)
- Responsibility Centered Budgeting (RCB)

...regardless of the acronym, the objective of the model largely remains the same; decentralization of management decision making.
RCM History

Jon C. Strauss, known today as the father of RCM, is credited with first initiating RCM at the University of Pennsylvania in the early 1970’s.

With early success, Strauss then teamed up with John Curry at the University of Southern California; ultimately stretching RCM’s influence coast-to-coast.

Shortly thereafter, other large institutions began to follow suit;

RCM Modeling

RCM recognizes two broad categories of activity modeling. This includes Responsibility ("Revenue") Centers, characterized by their resource generation and Cost ("Support") Centers, by their resource consumption.

- Revenue Centers include academic units, research units, and central auxiliary units (i.e. housing, dining, bookstore).

- Support Centers include academic support units (i.e. library, registrar) and administrative support units (i.e. human resources, finance) functions.

Centers may be self-sufficient, partially subsidized, or fully subsidized. This is often determined by the ability to generate revenue and at what level.
Operating Resource Distribution

**Centralized Allocation**
- Support Centers
- Revenue Centers
- Administration
- General
- Tuition

**Decentralized Allocation**
- Support Centers
- Revenue Centers
- Administration
- Research
- General Fund
- Tuition

RCM is a decentralized ownership of institutional revenues; aligning academic and administrative decision making with financial responsibility.

---

**Basic Principles**

1. Centers are responsible for their overall fiscal performance.
   - Develop financial plans that fit within the overall university's plan.

2. RCM works as a mechanism of intra-management reporting, introducing the concept of indirect cost allocations.
   - Direct expense of one unit becomes the indirect expense of another.

3. A central budget pool is used to prioritize strategic initiatives.
   - The goal is not to retain all revenue, rather to maintain central leverage and remain a viable advocate for institutional success.
Key Concepts

Fundamental to RCM are the concepts of Subvention and Participation:

Subvention represents an allocation of ‘general’ institutional resources; such as state appropriations, unrestricted endowment, and investment income.
- This can manifest as a centralized funding pool often used to help address academic priorities.

Participation is used as an institutional tax or a cost of doing business. It is applied to revenue units as a charge for services of general benefit.
- These are services bestowed upon the unit simply for being a part of the institution; including payroll, utilities, safety, finance functions, etc.

RCM Decisions

A number of significant decisions are needed to be made before an institution can adopt an RCM budget model.

The accompanying chart shows the relative dependency these decisions have on one another.
RCM Strengths

Each institution is challenged to achieve its mission differently so, above all else, it requires the model to be **simple, transparent, and flexible**.

A model that shares in these three traits may be able to offer an institution:

1. Enhanced transparency
2. Increased financial awareness
3. Improved decision making
4. Heightened accountability
5. Increased entrepreneurial efforts
6. Empowered stakeholders

Fewer barriers to institutional success

RCM Opportunities

A model like RCM must be taken into a broader context of institutional architecture; so only individually can institutions pass judgement.

- Overemphasis on bottom-line performance
  - Concern that financial considerations may supersede academics

- Localized decisions having institutional-wide impact
  - Maximizing unit benefits at the expense of other institutional units

- Lack of fiscal management expertise at the unit level
  - Constrained by recruiting, training, and organizational structure
RCM Opportunities (cont.)

- Increased reliance on tuition and fees
  - Most institutions do not have the ability to set rates at market value
- Lack of coherency between planning and budget
  - Units structuring their budgets on a different set of assumptions
- Duplication of efforts
  - Units will replicate revenue generating activities internally
- Increased cost of data systems and IT support
  - Heightened need for adequate information systems

RCM in Summary

Overall, RCM can be a very rewarding system but will require more resources and coordination as the budget model, as a whole, becomes more complex.

- Increasing the number of control points within an institution requires a significant amount of trust and fiduciary responsibility.

"[RCM] requires a strong center and strong schools. If you have a weak center and strong schools, a university can lose the capacity to act when it needs to. If you have a strong center and weak [schools], it typically will not create dynamism and entrepreneurship that it's designed to produce."

- John R. Curry, USC
RCM - Radford University

Revenue Centers
- Academic Colleges
- Public Services Outreach
- Grants & Contracts
- Auxiliary Enterprises

Student Support Centers
- Registrar
- Financial Aid
- Admissions
- Dean of Student’s Office

Academic Support Centers
- Graduate College
- Academic Administration
- Library
- Student Advising

Non-Academic Support Centers
- Finance Operation
- Information Technology
- University Relations
- University Advancement

Board of Visitors Annual Retreat

RCM Revenue - Example

<table>
<thead>
<tr>
<th></th>
<th>Revenue Center</th>
<th>Support</th>
<th>Central</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CORE</td>
<td>CHRS</td>
<td>Library</td>
<td>Admin</td>
</tr>
<tr>
<td><strong>DIRECT REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition &amp; MG Fees</td>
<td>120</td>
<td>60</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>(20)</td>
<td>(10)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other Student Fees</td>
<td>0</td>
<td>0</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Restricted</td>
<td>100</td>
<td>200</td>
<td>0</td>
<td>300</td>
</tr>
<tr>
<td>F&amp;A Recovery</td>
<td>60</td>
<td>120</td>
<td>0</td>
<td>180</td>
</tr>
<tr>
<td>General Fund</td>
<td>0</td>
<td>0</td>
<td>105</td>
<td>105</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Revenue Center</th>
<th>Support</th>
<th>Central</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INDIRECT REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subvention</td>
<td>40</td>
<td>60</td>
<td>5</td>
<td>(115)</td>
</tr>
<tr>
<td>State Appropriation</td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Participation (state)</td>
<td>(4)</td>
<td>(4)</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Utilities</td>
<td>(16)</td>
<td>(17)</td>
<td>(1)</td>
<td>34</td>
</tr>
<tr>
<td>Public Safety</td>
<td>(12)</td>
<td>(13)</td>
<td>(1)</td>
<td>26</td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$268</td>
<td>$416</td>
<td>$11</td>
<td>$685</td>
</tr>
</tbody>
</table>

Schools receive the revenue they directly generate; including tuition, fees, research dollars, and grant monies collected on behalf of those students enrolled.

Distinction between direct and indirect revenues.

One cannot appreciate the merit of RCM without acknowledging the role Subvention and Participation play in the model.
RCM Expense - Example

<table>
<thead>
<tr>
<th>Revenue Center</th>
<th>Direct</th>
<th>Support</th>
<th>Central</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Style</td>
<td>GBES</td>
<td>Library</td>
<td>Admin</td>
</tr>
<tr>
<td><strong>DIREC EXPENSE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>50</td>
<td>60</td>
<td>0</td>
<td>110</td>
</tr>
<tr>
<td>Research</td>
<td>100</td>
<td>200</td>
<td>0</td>
<td>300</td>
</tr>
<tr>
<td>Library</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>150</td>
</tr>
<tr>
<td>Administration</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>150</td>
</tr>
<tr>
<td><strong>INDIRECT EXPENSE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>57</td>
<td>50</td>
<td>(87)</td>
<td>0</td>
</tr>
<tr>
<td>Administration</td>
<td>61</td>
<td>100</td>
<td>0</td>
<td>(82)</td>
</tr>
<tr>
<td><strong>Total Expense</strong></td>
<td>$768</td>
<td>$416</td>
<td>$13</td>
<td>$68</td>
</tr>
</tbody>
</table>

Total Revenue - Total Expense = $0.00

The model of RCM works as a mechanism of intra-management reporting and introduces a concept of indirect expenses.

i.e. the direct expenses of the Admin Center become the indirect expenses of the Schools

Revenue centers can better understand total cost of operations, inclusive of the cost of activities outside the scope of responsibility.

ETSU: Base to Base Budget

Starting in fiscal year 2017-18, the institution will operate a "hybrid", or variant, RCM budget model.

Conceptually, the budget will begin with base (previous October budget), but delegate authority of revenue to the College level. Therefore, decision of new initiative funding will reside with localized decision makers.

- Mechanism for distributing unallocated ‘new’ revenue based on each college’s credit hour (70%) and degree production (30%)
- Adjustment of FY budget will result from significant changes in student credit hour production in each college
ETSU: Base to Base Budget (cont.)

Best Practices

The reality of a model like RCM is that it must be taken into a broader context of the institutional architecture. It may be guided by industry norms, but its rooted in institutional individuality.

- Strong and consistent leadership
- Commitment to training and recruiting
- Communication and transparency
- Tuition setting authority or flexibility
- Competitive administrative services

Committee, Committee, Committee.
Questions (?)

RADFORD UNIVERSITY

Board of Visitors Annual Retreat
End of Materials