



Budget Workshop
8:30 a.m.
February 28, 2024
All-Virtual Meeting

DRAFT
Agenda

- **Call to Order** Dr. Debra McMahon, *Rector*
- **Welcome** Dr. Bret Danilowicz, *President*
- **Introduction to Budget Workshop** Mr. Tyler Lester, *Chair of Business Affairs and Audit Committee*
- **Budget Presentation** Dr. Rob Hoover, *Vice President for Finance and Administration*
- **Discussion and Next Steps**
- **Adjournment** Dr. Debra McMahon, *Rector*

BOARD MEMBERS

Dr. Debra McMahon, Rector
Mr. Marquett Smith, Vice Rector
Mr. Robert A. Archer
Ms. Jeanne S. Armentrout
Ms. Betsy D. Beamer
Dr. Jay A. Brown
Ms. Joann S. Craig
Dr. Betty Jo Foster
Mrs. Jennifer Wishon Gilbert
Mr. Tyler W. Lester
Mr. George Mendiola, Jr.
Ms. Lisa W. Pompa
Mr. David A. Smith
Ms. Georgia Anne Snyder-Falkinham
Mr. James C. Turk

FY 2025 Budget Workshop



Radford
UNIVERSITY

Business Affairs's Finance Routine Action Items

— Fall

- Approval - University Operating Budget
- Approval - Six-Year Plans

— Spring/Summer

- Certification - Compliance with University Debt Management Policy
- Approval - Tuition and Fee Rates for upcoming Academic Year

— As needed

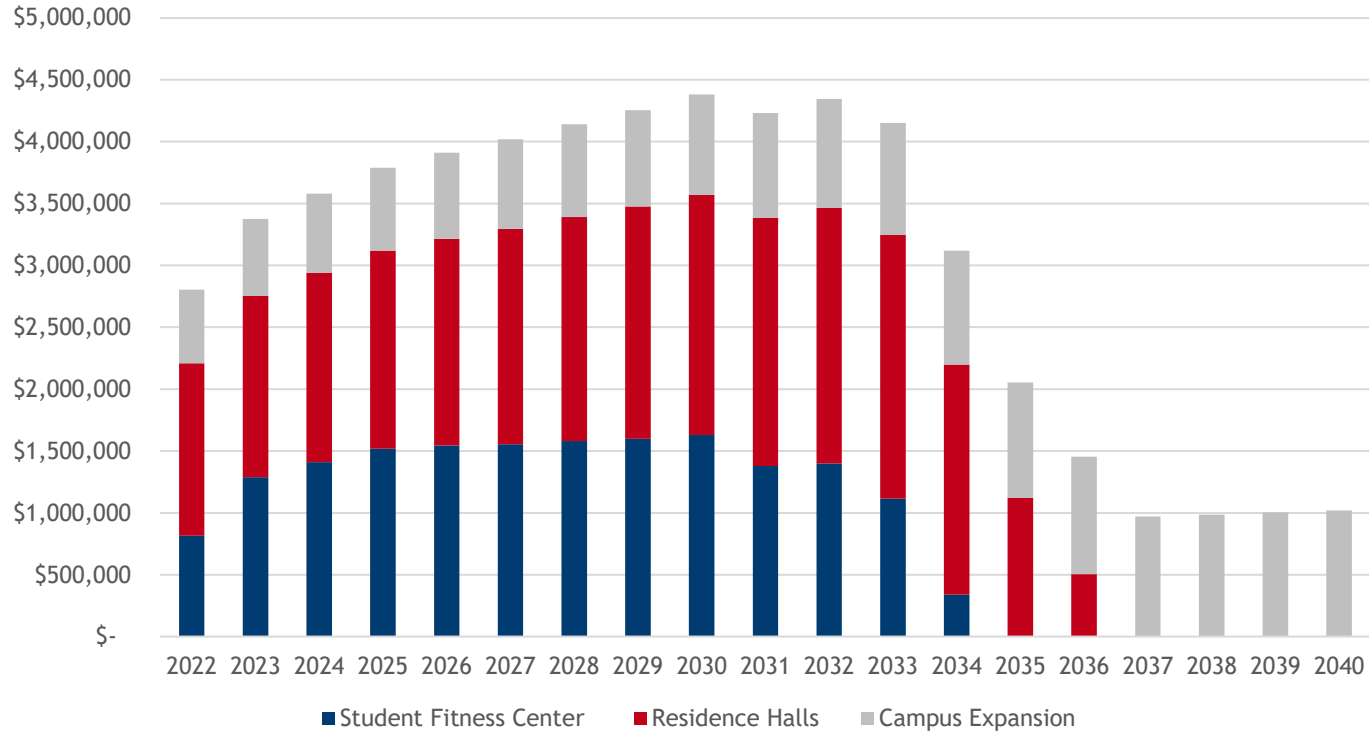
- Approval - Operating Budget Adjustments

Debt Management Compliance

Debt Management Policy

- Outlines the University's philosophy on debt and ensures that existing and proposed debt issues are strategically managed consistent with financial resources in order to maintain a strong financial profile.
- The University utilizes a long-term strategic plan to establish institutional priorities and objectives, and incorporates the issuance of debt into its strategic plan to fund critical capital initiatives.
- Analyzing debt affordability is used to assist the University in determining the level of debt to be used as a financial resource for its capital program.

Debt Composition

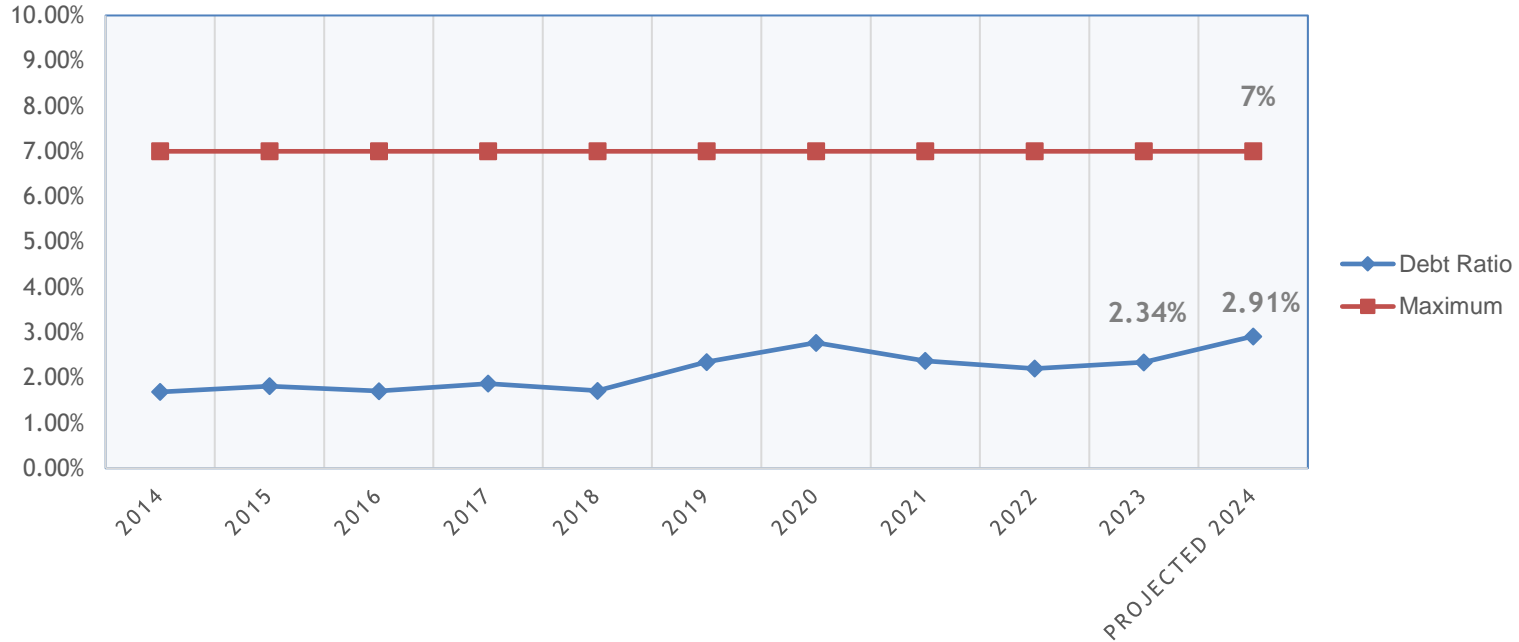


Debt Burden Ratio

- Ratio measures the University's debt service burden as a percentage of total operating expenses and identifies the maximum amount of debt that the University may have outstanding at any given time.
- The University debt burden ratio should not exceed seven (7) percent with the exception of instances where the debt obligations of revenue-producing capital projects are secured by income associated with the project. The target for this ratio is intended to maintain the University's long-term flexibility to finance existing requirements and new initiatives.

<i>Annual Debt Service:</i>	<u>\$ 6,192,894.00</u>	2.34%
<i>Total Operating Expenses:</i>	\$264,336,827.00	

Debt Burden Ratio Trend

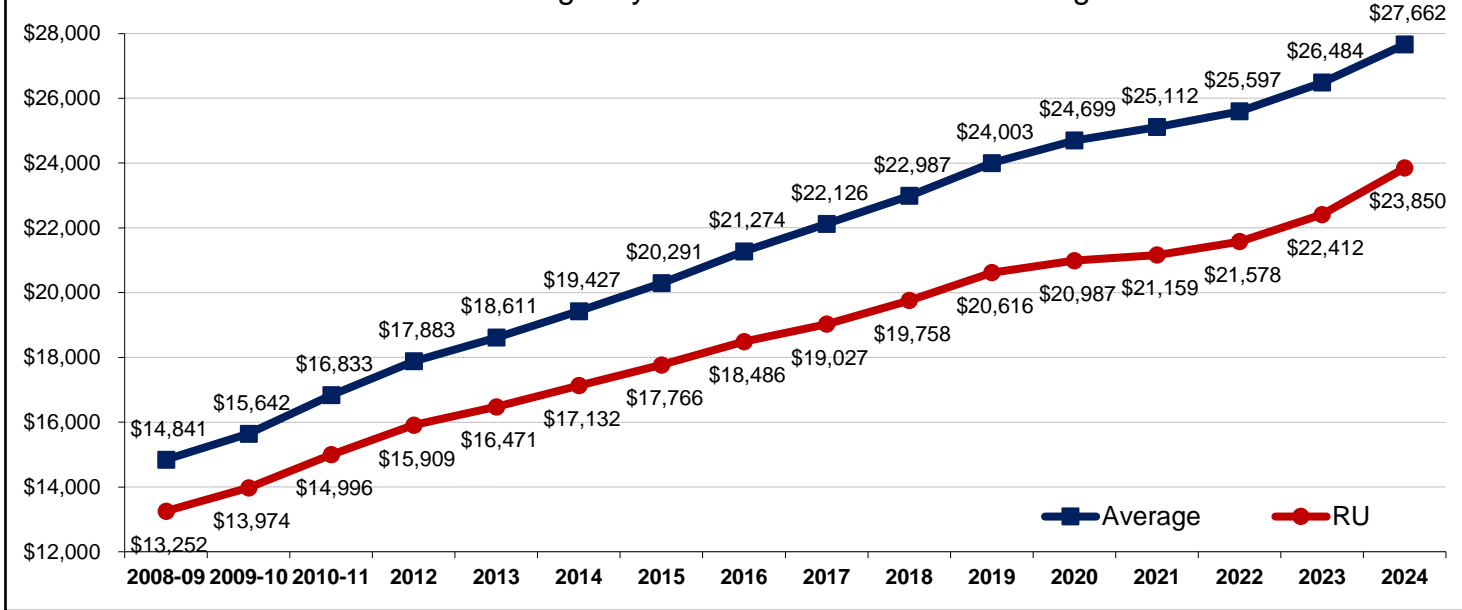


Discussion

Budget Overview

Radford University Total Cost: Affordable Provider

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

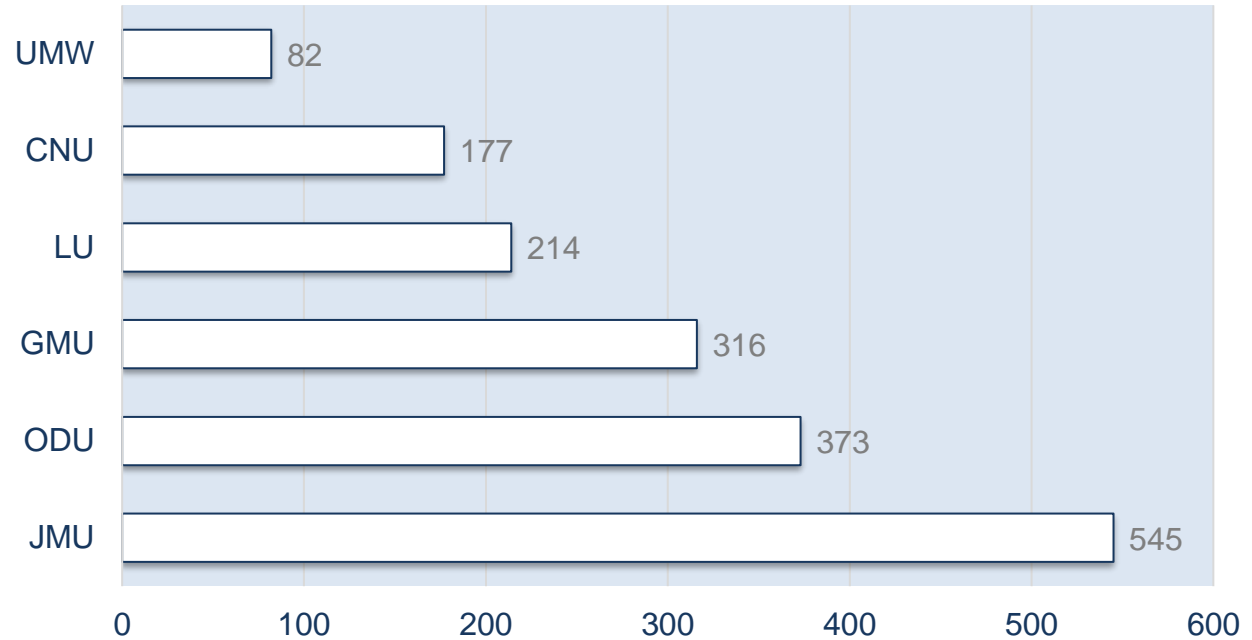


Rank	Inst.	2023-24
1	CWM	\$ 39,900
2	UVA	\$ 32,464
3	VMI	\$ 31,474
4	VCU	\$ 29,516
5	LU	\$ 28,798
6	CNU	\$ 28,711
7	GMU	\$ 27,335
8	VT	\$ 27,222
9	UMW	\$ 26,735
10	ODU	\$ 26,417
11	JMU	\$ 26,080
12	RU	\$ 23,850
13	UVA-W	\$ 23,698
14	VSU	\$ 21,645
15	NSU	\$ 21,080

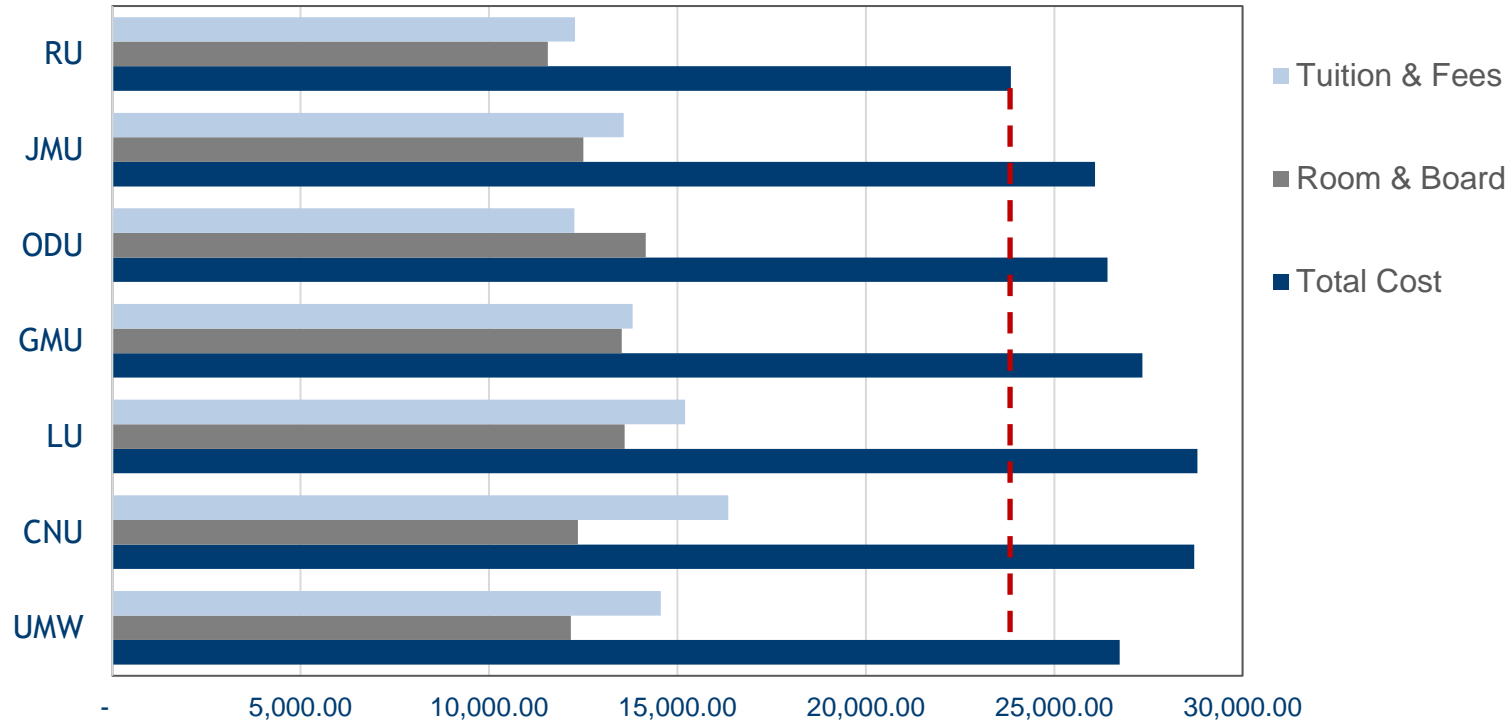
Average - \$ 27,662

In-State Competitive Institutions

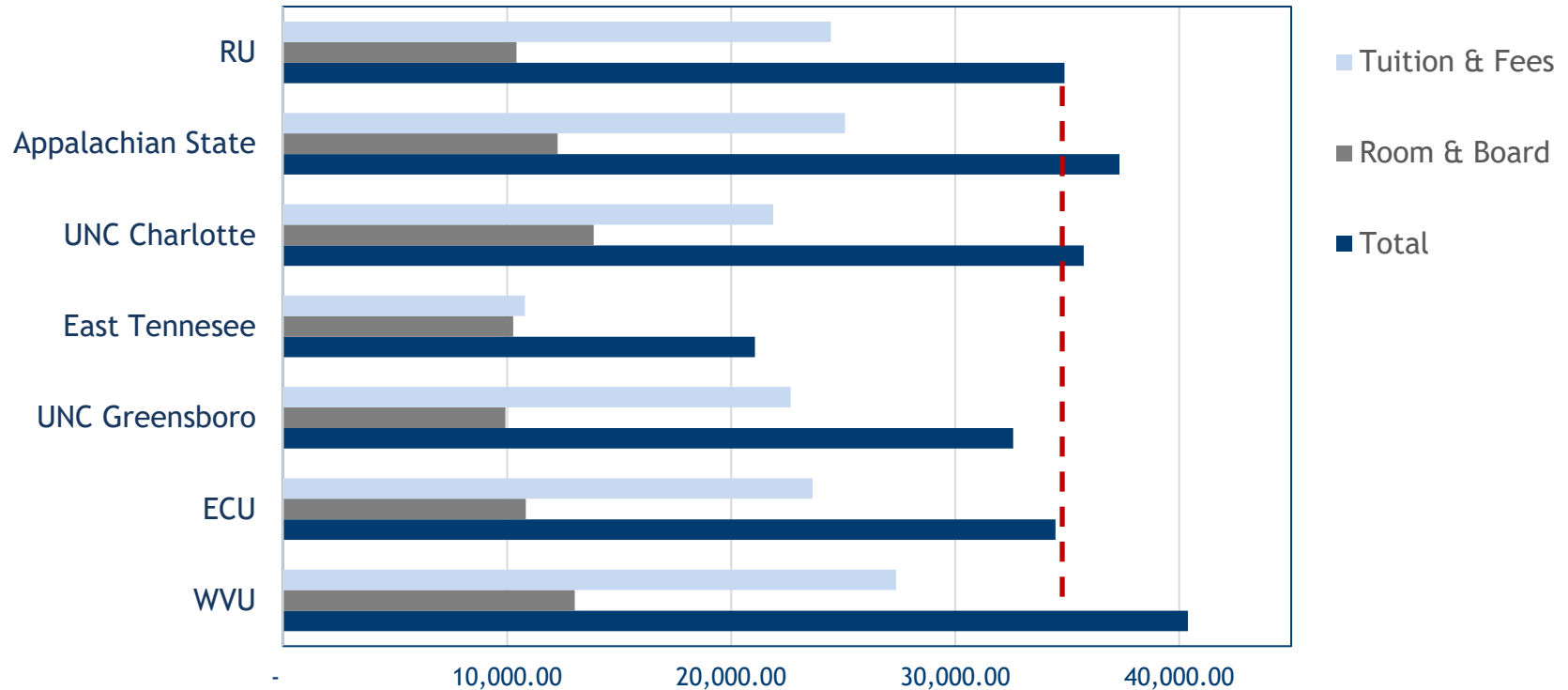
Of approximately
1,700 students
admitted to RU



In-State Competitive Institutions: Total Cost



Out-of-State Competitive Institutions: Total Cost



2023-24 University Operating Budget Update

2023-24 Original Budget Summary

	Revenue			Expense		
	Base	One-Time	Total	Base	One-Time	Total
University Operating						
Education & General	\$150,973	\$8,462	\$159,435	(\$150,973)	(\$8,462)	(\$159,435)
Student Financial Assistance	26,115		26,115	(26,115)		(26,115)
Sponsored Programs	8,962		8,962	(8,962)		(8,962)
Auxiliary Enterprise	63,216		63,216	(64,215)		(64,215)
Total University	\$249,266	\$8,462	\$257,728	(\$250,265)	(\$8,462)	(\$258,727)

\$ in Thousands

Current Year Fiscal Factors and Fluctuations

General Fund

- Routine mid-year financial aid allocations, central appropriations and re-appropriations

Business Level

- Fall and Spring final enrollment levels

Miscellaneous

- Relief Funds

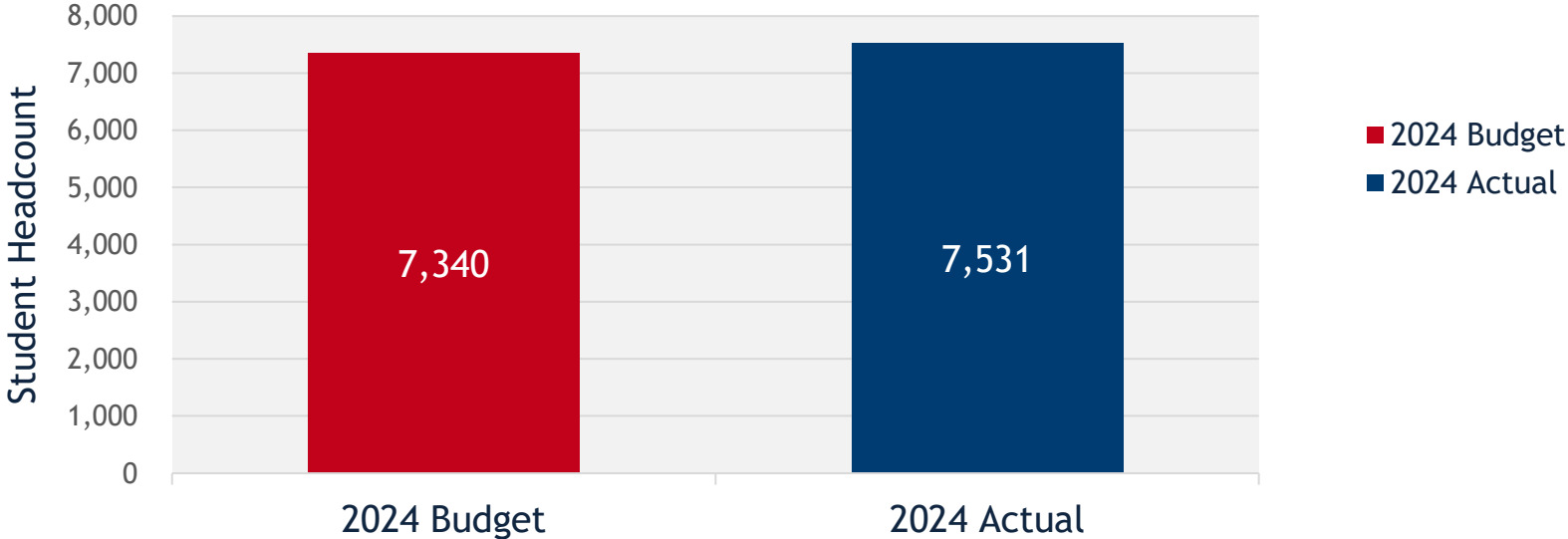
General Fund



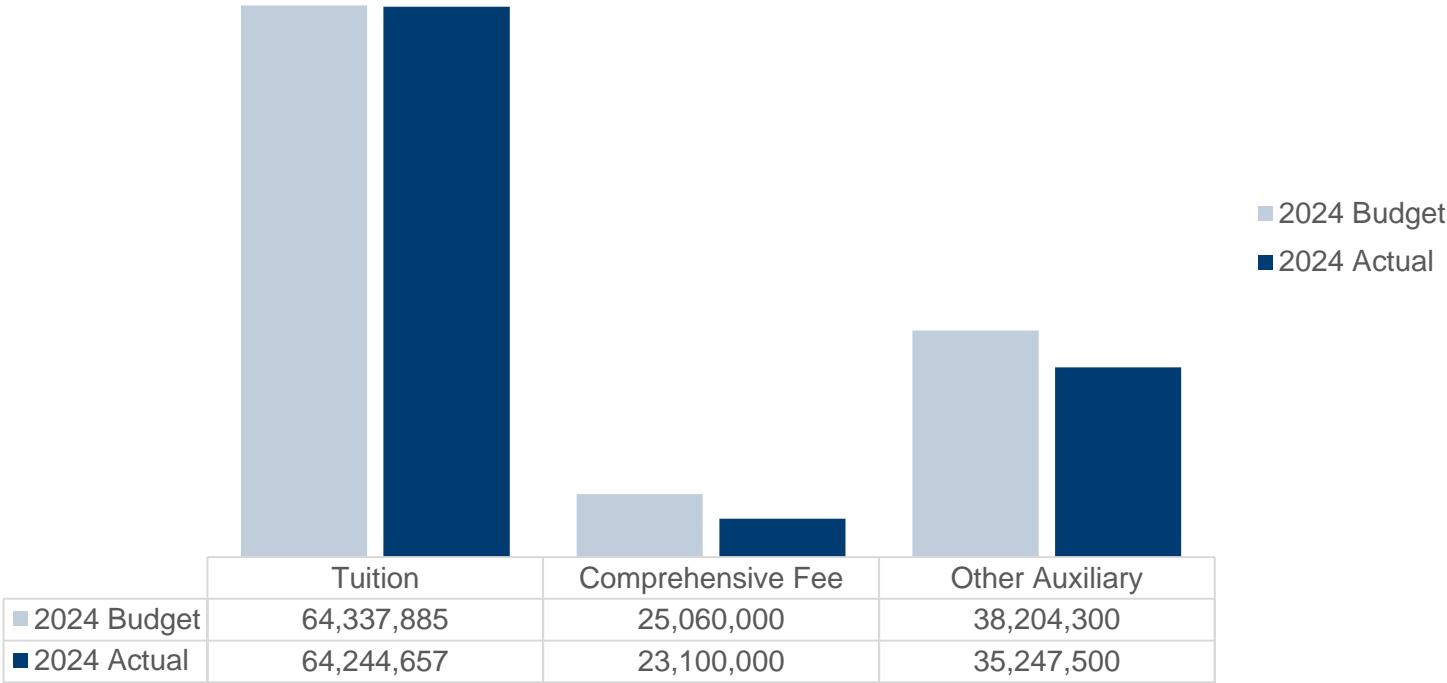
- Central appropriation adjustment
 - Virtual Library of Virginia
 - Affordable Access - Includes Nursing Designation
 - Re-appropriations
- Student Financial Assistance increase
 - Re-appropriations
 - Virginia Military Survivors and Dependent Education Program
 - College Transfer Grant
 - Affordable Access
 - Pell Grant Initiative
- Sponsored project funding
 - Collegiate Recovery Program
 - Education Teacher Support Grant
 - Mental Health Workforce Pilot Program

Business Level

Fall Enrollment 2023 Budget vs Actual



Business Level



Miscellaneous

Relief Funds

- ARPA
- GEERF
- HEERF III
- GEAR UP

2023-24 Total Adjusted Budget Summary

	Revenue			Expense		
	Original	Adjustments	Total	Original	Adjustments	Total
University Operating						
Education & General	\$159,435	\$3,355	\$162,791	(\$159,435)	(\$3,355)	(\$162,791)
Student Financial Assistance	26,115	12,101	38,215	(26,115)	(12,101)	(38,215)
Sponsored Programs	8,962	263	9,225	(8,962)	(263)	(9,225)
Auxiliary Enterprise	63,216	0	63,216	(64,215)	0	(64,215)
Total University	\$257,728	\$15,719	\$273,446	(\$258,727)	(\$15,719)	(\$274,445)

\$ in Thousands

2023-24 Operating Budget Comparison

	Budget			Actual through January 31, 2023		
	Revenue	Expense	Surplus/(Deficit)	Revenue	Expense	Surplus/(Deficit)
University Operating						
Education & General	\$162,791	(\$162,791)	(\$0)	\$94,649	(\$80,882)	\$13,767
Student Financial Assistance	38,215	(38,215)	0	32,616	(25,765)	6,851
Sponsored Programs	9,225	(9,225)	0	3,784	(3,737)	47
Auxiliary Enterprise	63,216	(64,215)	(999)	48,759	(35,915)	12,844
Total University	\$273,446	(\$274,445)	(\$999)	\$179,807	(\$146,299)	\$33,508

\$ in Thousands

2024-25 Fiscal Outlook

2024-25 Budgeting Considerations



Economic Outlook



Mandatory Cost Increases



Legislative Actions



Enrollment

Economic Outlook

- Virginia economy continues to remain stable
- Revenues collected remain in-line with official forecast
- Cautionary outlook

Legislative Actions

Item	Executive Budget Proposal	House Amendments	Senate Amendments
Base Operation and Student Financial Aid - Institution Specific			
Affordable Access	\$2.9M in FY25 and \$0 in FY26	\$2.9M in FY25 and \$2.9M in FY26 Additional \$3.5M in FY25 and \$3.5M in FY26	\$2.9M in FY25 and \$2.9M in FY26 Additional \$480k in FY25 and \$700k in FY26
Undergraduate Financial Aid	No change	No change	\$1.9M in FY25 and \$1.6M in FY26
Graduate Student Financial Assistance	No change	No change	\$115k in FY25 and \$175k in FY26
Other Operating Budget - All Institutions			
Salary Increases	1% salary increase effective June 10, 2025	3% salary increase in FY25 and 3% increase in FY26	2.5% salary increase in FY25 and 2.5% salary increase in FY26
Bonus -Full-Time Employees	1% bonus effective December 1, 2024	Redirected	Redirected
Minimum Wage Increase		\$13.50/hr in FY25 and \$15/hr in FY26	\$13.50/hr and \$15/hr in FY26
Employer Health Insurance Premiums	TBD	TBD	TBD
Fringe Benefit Employer Contribution	TBD	TBD	TBD
Other Central System Charges	TBD	TBD	TBD
Other Operating Budget - Institution Specific			
Campus Safety & Security	\$526,350 in FY25	Redirected	Redirected
RUC Budget Language	Included	Included	Included
Capital Outlay- Institution Specific			
Maintenance Reserve - E&G	\$4.45M	Maintained \$2.2M in FY25 and \$2.2M in FY26	\$3.94M in FY25 and \$3.55M in FY26
Deferred Maintenance	\$8M	\$8M	Redirected

Mandatory Cost Increases

In addition to state mandated items, the University must also address mandatory cost pressures including:

- Contractual operating commitments
- State central cost allocations
- Operation and maintenance of new and existing facilities
- Contractual escalators for technology and maintenance contracts
- Escalating utilities
- Committed cost for previously approved projects
- Teaching and Research Faculty promotion and tenure contractual commitments

Enrollment Projections

As Non-General Fund support becomes a larger portion of the University budget, enrollment projections greatly impact the fiscal plan. The following student composition factors are critical when projecting enrollment:

- In-State
- Main Campus
- Undergraduate
- On-Campus
- Online
- Out-of-State
- Radford University Carilion
- Graduate
- Off-Campus
- Seat-Based

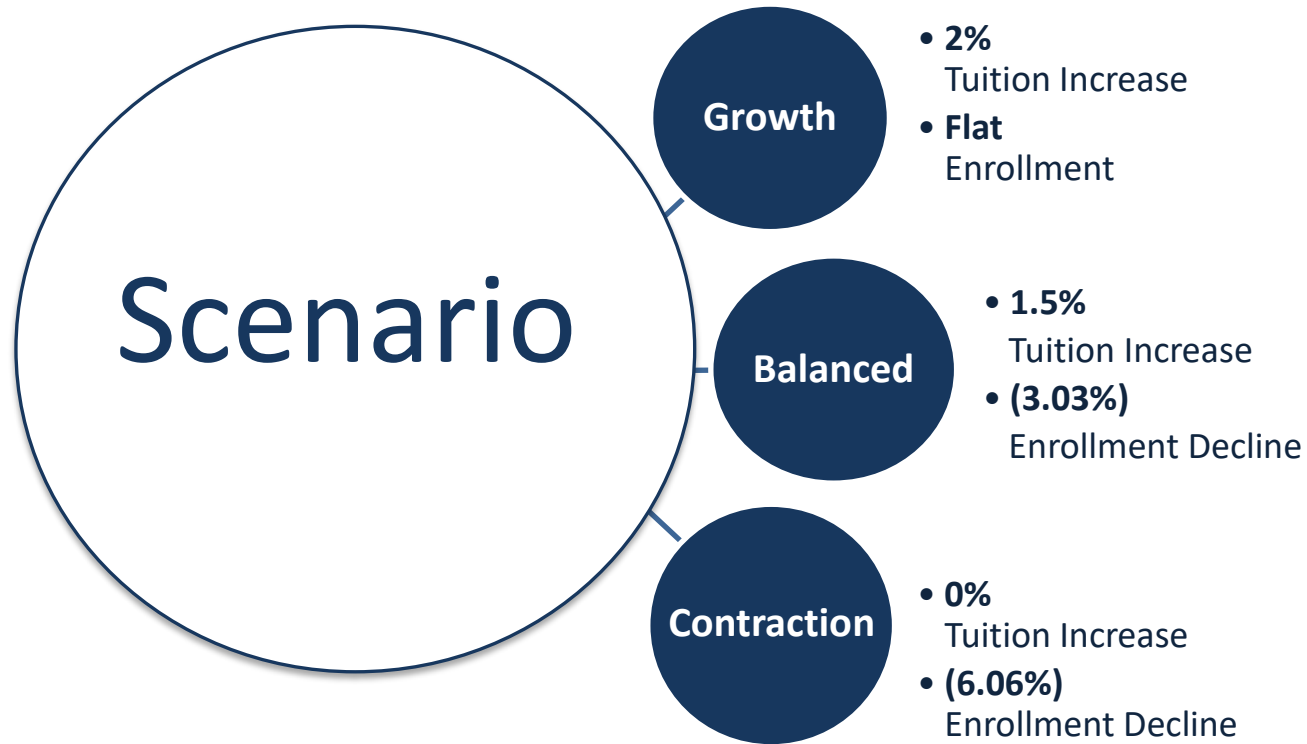
Tuition and Fees Realignment

Guiding Principles

- Provide a pricing structure that is clear and understandable for all students
- Align tuition and fees for undergrads and grads on main campus and Roanoke locations
- Align grad programs where similarities exist
- Align graduate fast-track tuition and fees
- Offer the same in-state and out-of-state tuition for 100% online programs



FY 2025 Scenario Modeling - UG Tuition Assumptions



FY 2025 Tuition Pricing Scenario Model

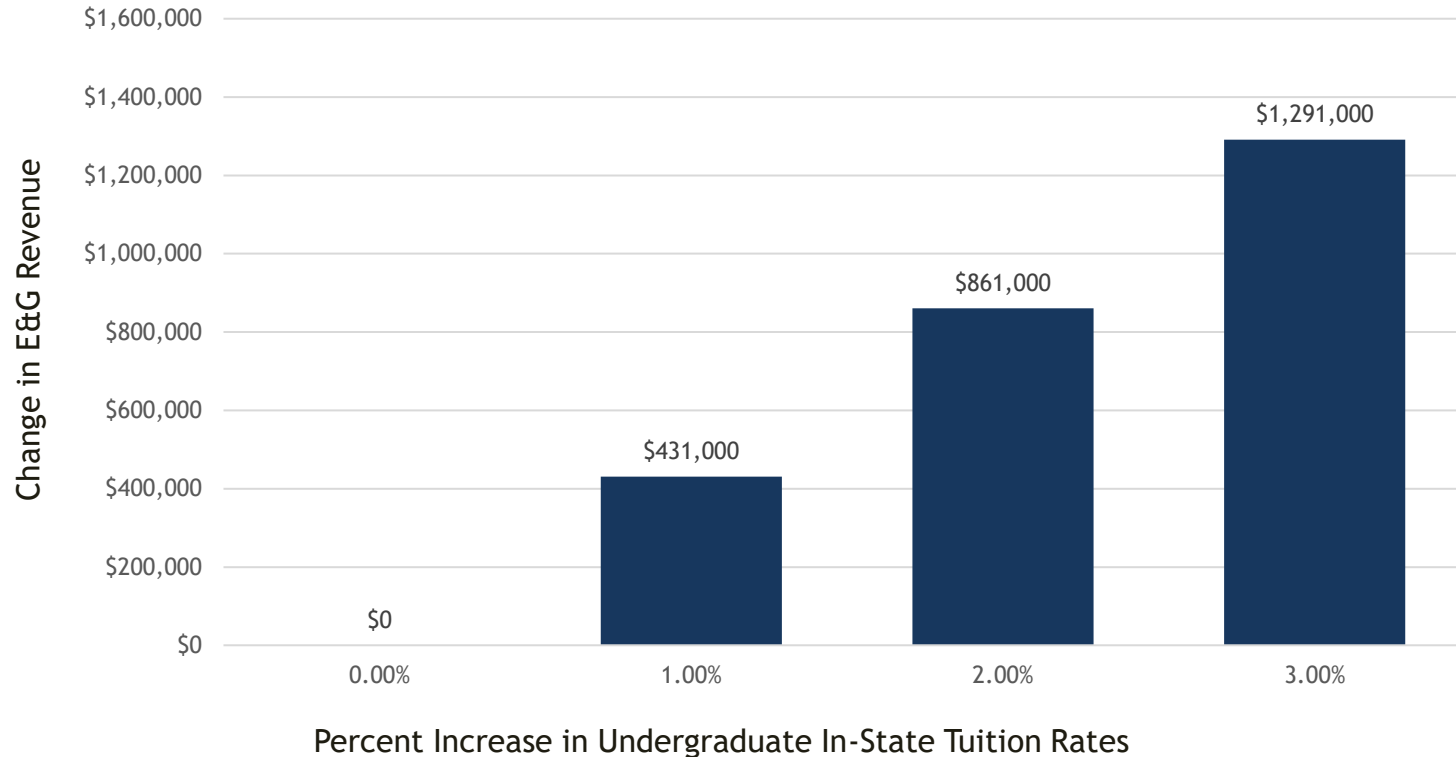
	Growth	Semi-Growth	Balanced	Semi-Contraction	Contraction
<i>Enrollment Level</i>	7,531	7,303	7,303	7,303	7,074
<i>Enrollment Variance %</i>	0.00%	-3.03%	-3.03%	-3.03%	-6.06%
<i>Tuition & Fee Variance %</i>	2.00%	2.00%	1.50%	0.00%	0.00%
Tuition & Fees (Including Waivers)	64,434,000	62,848,000	62,539,000	61,752,000	59,894,000
State Appropriations	91,293,000	91,293,000	91,293,000	91,293,000	91,293,000
Other Revenues	3,546,000	3,546,000	3,546,000	3,546,000	3,546,000
FY25 Adjusted State Revenue Target	\$ 159,273,000	\$ 157,687,000	\$ 157,378,000	\$ 156,591,000	\$ 154,733,000
FY24 E&G Base Expense Budget	150,974,000	150,974,000	150,974,000	150,974,000	150,974,000
FY24 Fringe Increases	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000
FY25 Mandatory Costs (State Funded)	4,607,647	4,607,647	4,607,647	4,607,647	4,607,647
FY25 Mandatory Costs (Radford University Funded)	3,592,000	3,592,000	3,592,000	3,592,000	3,592,000
FY25 Strategic Commitments	4,854,000	4,854,000	4,854,000	4,854,000	4,854,000
FY25 Divisional 1% Operating Request	1,065,000	1,065,000	1,065,000	1,065,000	1,065,000
FY25 Divisional Savings Strategies	(3,193,000)	(3,193,000)	(3,193,000)	(3,193,000)	(3,193,000)
Contingency - Unallocated	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Salary Variance Forecast	(1,882,000)	(1,882,000)	(1,882,000)	(1,882,000)	(1,882,000)
FY25 Adjusted Expense Budget	\$ 157,368,647	\$ 157,368,647	\$ 157,368,647	\$ 157,368,647	\$ 157,368,647
FY25 Adjusted Net	\$ 1,904,353	\$ 318,353	\$ 9,353	\$ (777,647)	\$ (2,635,647)

Proposed Rates: Undergraduate Tuition

	<u>Approved 2023-24</u>	<u>Proposed 2024-25</u>	<u>1.5%</u>		<u>Proposed 2024-25</u>	<u>2.0%</u>	
			<u>Dollar Change</u>	<u>Percent Change</u>		<u>Dollar Change</u>	<u>Percent Change</u>
Full-time¹							
<u>In-state Undergraduate</u>							
Tuition	\$8,401	\$8,527	\$126	1.50%	\$8,569	\$168	2.00%
<u>Out-of-state Undergraduate</u>							
Tuition	\$20,853	\$21,166	\$313	1.50%	\$21,270	\$417	2.00%
Part-time							
<u>In-state Undergraduate</u>							
Tuition	\$349	\$354	\$5	1.43%	\$356	\$7	2.01%
<u>Out-of-state Undergraduate</u>							
Tuition	\$868	\$881	\$13	1.50%	\$885	\$17	2.00%

¹ Full-time tuition rates are based on 12-16 credit hours.

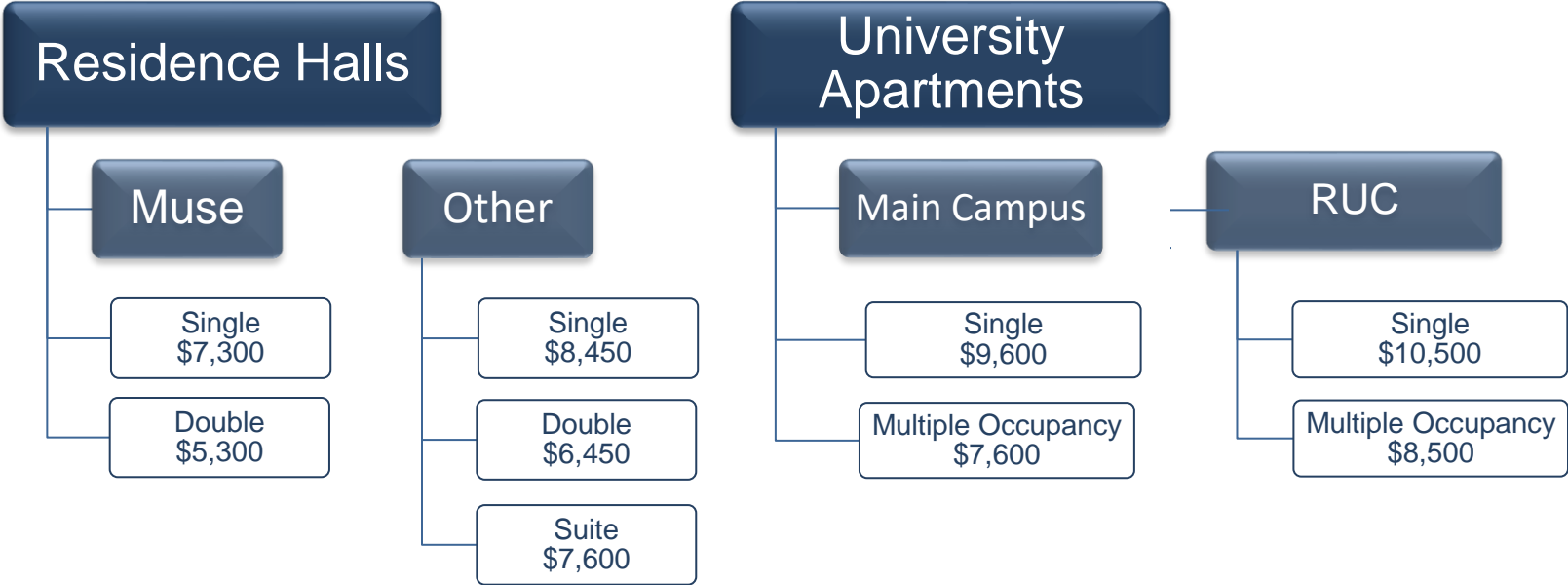
Impact of Tuition Changes



FY 2025 Scenario Modeling - Operational Impact @ 0.0% Tuition Variance and 3% Salary Increase

- Delay Faculty and Staff Salary Compensation Study Implementation
 - \$1.5M
 - Loss of current Faculty and Staff
 - Competitive Hiring of New Faculty and Staff becomes Challenging
 - Decreased Job Satisfaction
- Decline in Student Programming, and Student Experience and Amenities
 - *Requested \$1M from the State as Part of the 6-Year Plan*
 - Well-Being Internships - \$275K
 - Student Engagement and Peer Mentoring Program - \$350K
 - First-Gen Center - \$375K

Current Room Rates



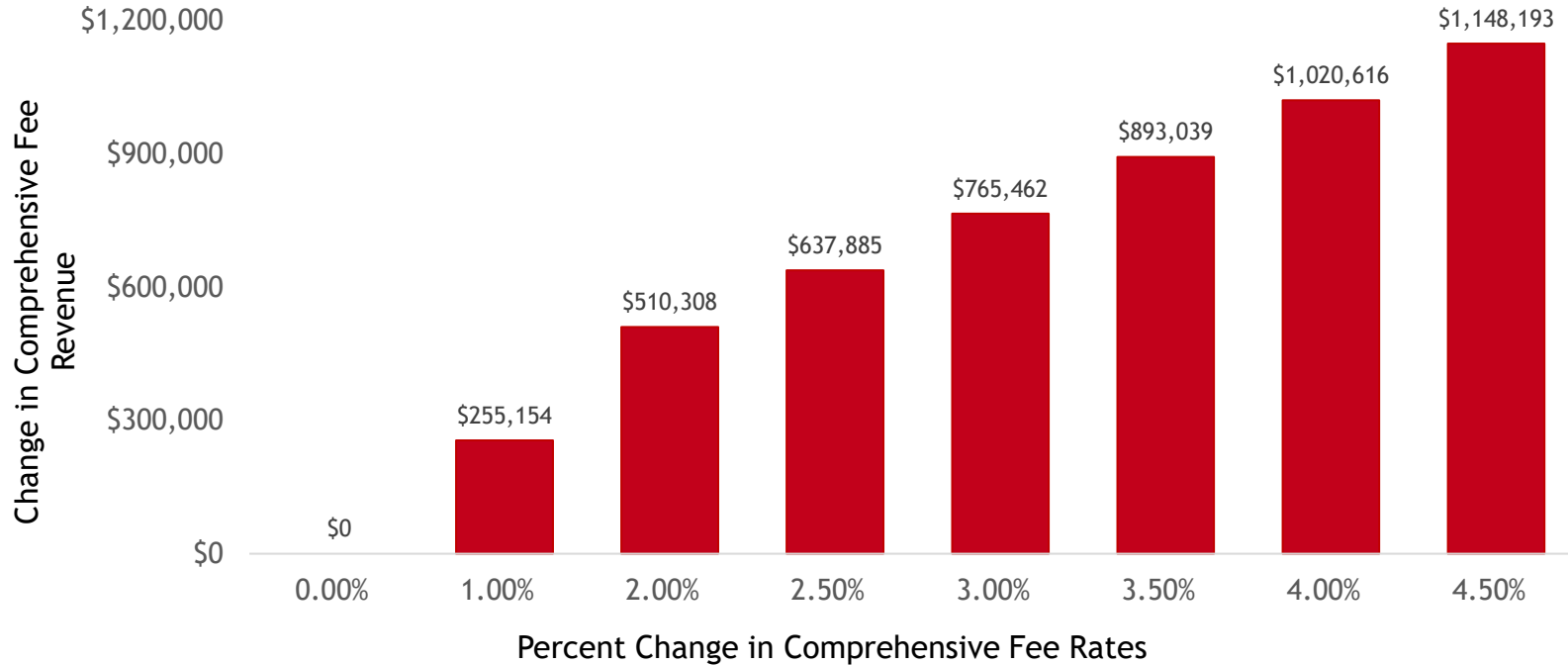
Possible Increase 3% - 7%

Current Board Rates

Highlander Residential	\$5,114	<ul style="list-style-type: none">• 2 meals per day<ul style="list-style-type: none">• Dining Hall or Retail (\$9.25)• \$300 Food Dollars• \$30 Vending Dollars
Highlander All Access	\$5,538	<ul style="list-style-type: none">• Unlimited meals per week – Dining Hall<ul style="list-style-type: none">• 2 per day at Retail (\$9.25)• \$250 Food Dollars
Highlander Junior	\$2,962	<ul style="list-style-type: none">• 105 meals per semester– Dining Hall or Retail (\$9.25)• \$400 Food Dollars – Retail
Highlander Commuter	\$1,100	Buy-In plan – Starts with: <ul style="list-style-type: none">• 25 meals per term – Dining Hall• \$250 Food Dollars

Possible Increase 3% - 7%

Impact of Comprehensive Fee Changes



Discussion

End of Board of Visitors Materials

