

Business Affairs and Audit Committee

May 2018

RADFORD UNIVERSITY

Board of Visitors



BUSINESS AFFAIRS AND AUDIT COMMITTEE MEETING
1:30 PM**
MAY 3, 2018
MARY ANN JENNINGS HOVIS MEMORIAL BOARD ROOM
THIRD FLOOR, MARTIN HALL, RADFORD, VA

DRAFT
AGENDA

- **CALL TO ORDER** Mr. Robert A. Archer, *Chair*
- **APPROVAL OF AGENDA** Mr. Robert A. Archer, *Chair*
- **APPROVAL OF MINUTES** Mr. Robert A. Archer, *Chair*
 - February 15, 2018 meeting
- **REPORTS AND RECOMMENDATIONS**
 - Report from the Auditor of Public Accounts Mr. Mike Reinholtz, *Acquisitions and Contract Management Specialty Team Director and Radford Audit Project Manager, Auditor of Public Accounts*
 - University Auditor's Report Ms. Margaret McManus, *University Auditor*
 - Capital Projects Update Mr. Richard S. Alvarez, *Vice President for Finance and Administration and Chief Financial Officer*
- **ACTION ITEM**
 - Discussion and Recommendations for 2018-2019 Tuition and Fees Mr. Richard S. Alvarez, *Vice President for Finance & Administration and Chief Financial Officer*
- **OTHER BUSINESS** Mr. Robert A. Archer, *Chair*
- **ADJOURNMENT** Mr. Robert A. Archer, *Chair*

****All start times for committees are approximate only. Committees meet in the order appearing. Meetings may begin either before or after the listed approximate start time as committee members are ready to proceed.**

Business Affairs and Audit Committee:

Mr. Robert A. Archer, Chair

Dr. Jay A. Brown, Vice Chair

Mr. Gregory A. Burton

Dr. Debra "Deb" K. McMahon

Dr. Javaid Siddiqi

May 2018 Meeting Materials

RADFORD UNIVERSITY

Board of Visitors



RADFORD UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS

FOR THE YEAR ENDED

JUNE 30, 2017

Auditor of Public Accounts

Martha S. Mavredes, CPA

www.apa.virginia.gov

(804) 225-3350



- TABLE OF CONTENTS -

	<u>Pages</u>
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	1-6
SCHEDULE	
Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	7
Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	8-9
UNIVERSITY OFFICIALS	10

January 10, 2018

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Robert D. Orrock, Sr.
Chairman, Joint Legislative Audit
And Review Commission

Brian O. Hemphill
President, Radford University

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the President of **Radford University**, solely to assist the University in evaluating whether the accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs of the University is in compliance with National Collegiate Athletic Association (NCAA) Constitution 3.2.4.15.1, for the year ended June 30, 2017. University management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) and the Schedule's compliance with NCAA requirements. The sufficiency of the procedures is solely the responsibility of the University. Consequently, we make no representation regarding sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-Upon Procedures Related to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

Procedures described below were limited to material items. For the purpose of this report, and as defined in the agreed-upon procedures, items are considered material if they exceed four percent of total revenues or total expenses, as applicable. The procedures that we performed and our findings are as follows:

Internal Controls

1. We reviewed the relationship of internal control over Intercollegiate Athletics Programs to internal control reviewed in connection with our audit of the University's financial statements. In addition, we identified and reviewed those controls unique to Intercollegiate Athletics Programs, which were not reviewed in connection with our audit of the University's financial statements.
2. Intercollegiate Athletics Department management provided a current organizational chart. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, protection of records and equipment, and controls regarding information systems with the information technology department.
3. Intercollegiate Athletics Department management provided us with their process for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's Intercollegiate Athletics Programs. We tested these procedures as noted below.

Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all intercollegiate athletics-related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.
5. Intercollegiate Athletics Department management prepared and provided to us a summary of revenues and expenses for or on behalf of the intercollegiate athletics programs by affiliated and outside organizations included in the Schedule.
6. Intercollegiate Athletics Department management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. Intercollegiate Athletics Department management provided to us the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs for the year ended June 30, 2017, as prepared by the University and shown in this report. We recalculated the addition of the amounts in the Schedule, traced the amounts on the Schedule to management's trial balance worksheets, and agreed the amounts in management's trial balance worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. We noted no differences between the amounts in the Intercollegiate Athletics Department's accounting records and the amounts on the trial balance. We discussed the nature of

adjusting journal entries with management and are satisfied that the adjustments are appropriate.

8. We compared each major revenue and expense account over ten percent of total revenues or total expenses, respectively, to prior period amounts and budget estimates. No variances exceeded ten percent of prior period amounts or budget estimates.

Revenues

9. We obtained the amount of ticket sales revenue recorded in the Schedule. Revenue related to ticket sales was deemed to be immaterial for detailed testing.
10. We obtained an understanding of the institution's methodology for allocating student fees to intercollegiate athletics programs. We compared student fees reported in the Schedule to amounts reported in the accounting records and an expected amount based on fee rates and enrollment. We found these amounts to be substantially in agreement with minor differences attributed to the methodology used for projecting student fee revenue.
11. Intercollegiate Athletics Department management provided us with a listing of settlement reports and game guarantee agreements for away games during the reporting period. Game guarantee revenue for away games was deemed immaterial for detailed testing.
12. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by the Intercollegiate Athletics Programs from any affiliated or outside organization, agency or group of individuals that constitutes ten percent or more of all contributions received during the reporting period. Except for contributions received from the Radford University Foundation, Inc., an affiliated organization, we noted no individual contribution that constituted more than ten percent of total contributions received for Intercollegiate Athletics Programs. We reviewed contributions from the Radford University Foundation, Inc., which exceeded ten percent of all contributions and agreed them to supporting documentation.
13. Intercollegiate Athletics Department management provided a list of in-kind contributions during the reporting period. This amount was deemed to be immaterial for detailed testing.
14. We obtained the amount of revenue from tournaments, conference distributions, and NCAA distributions recorded in the Schedule. This amount was deemed to be immaterial for detailed testing.
15. We obtained the amount of revenue related to royalties, licensing, advertisements, and sponsorships recorded in the Schedule. This amount was deemed to be immaterial for detailed testing.

16. We obtained the amount of revenue related to other revenue recorded in the Schedule. This amount was deemed to be immaterial for detailed testing.

Expenses

17. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. Since the University used the NCAA Compliance Assistant software to prepare athletic aid detail, we selected 10 percent of individual student-athletes across all sports and obtained the students' account detail from the institution's student information system. We agreed each student's information to the information reported in the NCAA Membership Financial Reporting System. We also ensured that the total aid amount for each sport agreed to amounts reported as Financial Aid in the student accounting system.
18. Intercollegiate Athletics Department management provided us with a listing of settlement reports and game guarantee agreements for home games during the reporting period. Game guarantee expenses for home games was deemed to be immaterial for detailed testing.
19. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the University during the reporting period. We selected and tested individuals, including men's and women's basketball coaches, and compared amounts paid during the fiscal year from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and were in agreement with approved contracts or other documentation.
20. We obtained the amount of disbursements related to severance payments recorded in the Schedule. This amount was deemed to be immaterial for detailed testing.
21. We discussed the Intercollegiate Athletics Department's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies. We compared these policies to existing University and NCAA policies and noted substantial agreement of those policies.
22. We selected a sample of disbursements for team travel; sports equipment, uniforms and supplies; direct overhead and administrative expenses; and indirect cost paid to the institution by athletics. As exceptions were noted in the prior year, an additional sample of disbursements for sports equipment, uniforms and supplies was selected. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, reasonable to intercollegiate athletics, and properly recorded in the accounting records.

23. We obtained the amount of disbursements related to debt service payments, lease payments, and rental fees for athletics facilities for the reporting year recorded in the Schedule. This amount was deemed immaterial for detailed testing.
24. We obtained an understanding of the University's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Schedule.

Other Reporting Items

25. We obtained the amount for all outstanding intercollegiate athletics debt during the reporting period. This amount was deemed immaterial for detailed testwork.
26. We agreed total outstanding institutional debt to supporting debt schedules and the University's unaudited financial statements, as the audited financial statements were not yet available.
27. We agreed the fair value of athletics dedicated endowments to supporting documentation provided by the University's Foundation.
28. We agreed the fair value of institutional endowments to supporting documentation, including the audited financial statements of the University's Foundation.
29. We obtained a schedule of athletics related capital expenditures made during the period. We determined that the amount of capital expenditures was immaterial for detailed testing.

Additional Procedures

30. We compared the sports sponsored, as reported in the NCAA Membership Financial Reporting System, to the squad lists of the institution. We noted agreement of the sports reported.
31. We obtained the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports identified by the institution met the minimum requirements for number of contests and minimum number of participants as defined in NCAA Bylaw 20.9.6.3. We ensured that countable sports have been properly identified in the NCAA Membership Financial Reporting System for the purpose of revenue distribution calculations.
32. We obtained a listing of student-athletes receiving Pell Grant awards from the institution's student information system and agreed the total value of these Pell Grants to the amount reported in the NCAA Membership Financial Reporting System. We noted agreement of the amounts reported.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs or any of the accounts or items referred to above. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we conducted an audit of any financial statements of the Intercollegiate Athletics Department of Radford University in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to the University. This report relates only to the accounts and items specified above and does not extend to the financial statements of Radford University or its Intercollegiate Athletics Department taken as a whole.

This report is intended solely for the information and use of the President and the University and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

JRQ/alh

RADFORD UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2017

	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating revenues:					
Ticket sales	\$ 42,645	\$ 12,212	\$ 892	\$ -	\$ 55,749
Student fees	-	-	-	10,863,276	10,863,276
Guarantees	385,000	55,000	10,000	-	450,000
Contributions	22,427	8,108	374,799	164,828	570,162
In-Kind	5,000	-	50,508	18,857	74,365
NCAA distributions	-	-	26,475	339,398	365,873
Conference distributions (non-media or bowl)	-	-	1,750	63,953	65,703
Royalties, licensing, advertisement and sponsorships	10,000	1,365	29,454	438,849	479,668
Other operating revenue	-	500	1,064	28,407	29,971
Total operating revenues	465,072	77,185	494,942	11,917,568	12,954,767
Operating expenses:					
Athletic student aid	497,871	459,594	2,272,061	-	3,229,526
Guarantees	6,000	2,500	-	-	8,500
Coaching salaries, benefits, and bonuses paid by the University and related entities	572,971	331,137	1,637,363	-	2,541,471
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	56,862	44,381	-	2,379,866	2,481,109
Severance payments	9,828	-	-	1,744	11,572
Recruiting	46,687	37,612	80,818	-	165,117
Team travel	130,828	111,316	484,552	-	726,696
Sports equipment, uniforms, and supplies	52,162	35,973	355,214	92,555	535,904
Game expenses	46,410	24,800	81,793	27,819	180,822
Fundraising, marketing and promotion	5,660	500	13,114	103,342	122,616
Spirit groups	45,356	45,356	-	-	90,712
Athletic facility debt service	-	-	58,846	14,891	73,737
Direct overhead and administrative expenses	1,950	1,168	105,253	839,368	947,739
Indirect cost paid to the institution by athletics	-	-	-	1,042,033	1,042,033
Medical expenses and insurance	-	-	734	388,371	389,105
Memberships and dues	105	800	5,855	41,398	48,158
Student-Athlete Meals (non-travel)	14,412	13,099	43,393	-	70,904
Other operating expenses	55,029	22,413	83,899	83,324	244,665
Total operating expenses	1,542,131	1,130,649	5,222,895	5,014,711	12,910,386
Excess (deficiency) of revenues over (under) expenses	\$(1,077,059)	\$(1,053,464)	\$(4,727,953)	\$6,902,857	\$ 44,381

Other Reporting Items:

Total athletics-related debt	\$ 25,527
Total institutional debt	\$ 54,812,137
Value of athletics-dedicated endowments	\$ 3,131,675
Value of institutional endowments	\$ 50,346,509
Total athletics-related capital expenditures	\$ 195,489

The accompanying Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Schedule.

RADFORD UNIVERSTIY
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2017

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of current revenues and expenses related to the University’s Intercollegiate Athletic Programs for the year ended June 30, 2017. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the University’s athletic programs by outside organizations not under the accounting control of the University. Because the Schedule presents only a selected portion of the University’s activities, it is not intended to and does not present the financial position, changes in financial position or changes in cash flow for the year then ended. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category “Non-Program Specific.”

2. AFFILIATED ORGANIZATIONS

The schedule includes transactions of the Radford University Foundation, Inc. made on behalf of the athletics program. The Intercollegiate Athletic Program received \$570,162 from the Radford University Foundation, Inc., which are included in revenue as “contributions” in the accompanying schedule.

3. LONG-TERM DEBT

Installment Purchase Obligations

The Intercollegiate Athletic Program has future obligations under installment purchase agreement initiated in January 2009. The book value of the asset purchased under the installment purchase agreement is \$114,460 and the repayment term is ten years at an interest rate of 2.087 percent. A summary of the future obligations under these agreements as of June 30, 2017, is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
June 30, 2018	\$12,308	\$ 455
June 30, 2019	<u>12,567</u>	<u>197</u>
Total	<u>\$24,875</u>	<u>\$ 652</u>

4. UNIVERSITY ADMINISTRATIVE FEE

The Commonwealth's Appropriation Act requires that educational and general programs in institutions of higher education recover the full indirect cost of auxiliary enterprise programs. Therefore, the University assesses each auxiliary unit an "administrative fee" to recover institutional educational and general administrative costs. In fiscal year 2017, this charge to the athletics' departments amounted to \$1,042,033 and is included in the "Indirect cost paid to institution by athletics" expense line as Non-Program Specific.

5. CAPITAL ASSETS

Capital assets consisting of buildings and equipment are stated at the estimated historical cost or actual cost where determinable. Capital assets are generally defined by the University as assets with an initial cost of \$5,000 or greater and an estimated useful life of greater than one year. Donated capital assets are recorded at the estimated fair market value at the date of donation. Construction in progress expenses are capitalized at actual cost as the major capital assets and improvements are constructed. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized. Depreciation is computed using the straight-line method over the estimated useful life of the asset with no residual value. The useful life is 40 years for buildings, 20 years for site improvements, and two to 25 years for equipment.

A summary of capital asset balances for the year ending June 30, 2017, follows:

Depreciable capital assets:	
Buildings	\$31,595,010
Equipment	1,370,275
Site Improvements	<u>5,661,405</u>
Total depreciable capital assets	<u>38,626,690</u>
Less accumulated depreciation for:	
Buildings	(14,378,456)
Equipment	(747,031)
Site Improvements	<u>(3,174,078)</u>
Total accumulated depreciation	<u>(18,299,565)</u>
Total capital assets for intercollegiate athletics, net of accumulated depreciation	<u>\$20,327,125</u>

RADFORD UNIVERSITY

As of June 30, 2017

BOARD OF VISITORS

Christopher Wade, Rector

Javaid Siddiqi, Vice Rector

Mary Weeks, Secretary

Robert A. Archer	Susan Whealler Johnston
Jay A. Brown	Mark S. Lawrence
Krishna Chachra	Randolph J. Marcus
Callie M. Dalton	Debra K. McMahon
Rachel D. Fowlkes	Alethea Robinson
Mary Ann Hovis	Steve A. Robinson
Georgia Anne Snyder-Falkinham	

UNIVERSITY OFFICIALS

As of January 10, 2018

Brian O. Hemphill, President

Richard S. Alvarez, Vice President for Finance and Administration

Robert G. Lineburg, Director of Intercollegiate Athletics Programs

**RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES
FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
MAY 2018**

Audit: IT – Micros			
Business Issue	Planned Action	Action Date	Status
<p>6.0</p> <p>During our review of ID card access to data centers, we noted that there is a lack of a formal policy and procedure to govern the process and to guide those granting access to buildings.</p> <p>The lack of a formal policy and procedure results in inconsistency in approving and granting access.</p>	<p>The Division of Finance and Administration will establish a formal University Door Access policy, to address access via ID card and via key.</p>	<p>June 15, 2016 Revised to January 31, 2017 Revised to June 30, 2017 Revised to January 31, 2018 Revised to August 1, 2018</p>	<p>In process</p>
Audit: IT – PeopleAdmin			
Business Issue	Planned Action	Action Date	Status
<p>2.2</p> <p>Improvements are needed in the management of PeopleAdmin user accounts. Specifically,</p> <p>2) The Standard requires that the System Owner and the Data Owner must review all user accounts annually for the user’s continued need to access sensitive IT systems. However, a review of PeopleAdmin user accounts has not occurred because procedures have not been established for such a review.</p>	<p>Human Resources will identify, document, and implement an annual process of recertifying user accounts, followed by a review by the System Owner and Data Owner.</p>	<p>September 30, 2017 Revised to February 16, 2018 Revised to July 1, 2018</p>	<p>In Process</p>

Audit: Student Health and Counseling Services Contract Audit				
Business Issue		Planned Action	Action Date	Status
1.2	<p>The contract states that the Contractor shall ensure "that 95 percent of all entering students" have submitted a health record form with immunization history.</p> <p>b) It appears that the University was not monitoring compliance with this requirement prior to our audit. Upon our inquiry, the University obtained the data from the Contractor.</p>	<p>The University will ensure that the Contractor identifies all currently enrolled students who have not complied with the requirement, gives them appropriate notice, and then blocks class registration as needed.</p> <p>The University will monitor compliance with the requirement at least semi-annually.</p>	<p>April 1, 2017 Revised to July 1, 2017 Revised to March 15, 2018 Revised to October 31, 2018</p>	In process
3.0	<p>The language in the contract indicates that student health records will be controlled by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). However, this does not conform to joint guidance issued by the U.S. Department of Education and the U.S. Department of Health and Human Services, which indicates those records would be controlled by the Family Educational Rights and Privacy Act (FERPA).</p>	<p>The University will obtain legal guidance on this issue and update the contract language accordingly.</p> <p><u>Updated Action Plan:</u> The University obtained legal guidance from the Attorney General's Office. The guidance was that the contract should continue to state that student medical records would be controlled by HIPAA. Therefore, no contract modification was made for this issue.</p>	<p>July 1, 2017 Revised to March 15, 2018</p>	Complete
6.1	<p>The Contractor provides a toll free nurse advice line for after hours and weekends. Improvements are needed in the administration of the nurse advice line. Specifically,</p> <p>a) The contract states that the Contractor reviews the nurse advice line daily and follows up, as needed. However, the Contractor does not follow up with students who have never been seen in the Student Health Center.</p>	<p>The University will obtain legal guidance on this issue and update the contract language accordingly.</p>	<p>July 1, 2017 Revised to March 15, 2018 Revised to July 30, 2018</p>	In process
6.2	<p>The Contractor provides a toll free nurse advice line for after hours and weekends. Improvements are needed in the administration of the nurse advice line. Specifically,</p>	<p>The University will modify the contract to require the Contractor to review the nurse advice line call report each morning, follow up as</p>	<p>July 1, 2017 Revised to March 15, 2018 Revised to</p>	In process

	b) In our sample of eleven calls, two of them (18%) had no documentation that the calls were reviewed for potential follow-up.	needed, document the action taken, and maintain documentation of the review.	July 30, 2018	
9.0	The University provides utilities and other services to the Contractor. There are three references in the contract addressing these services along with the costs for which the Contractor is responsible. There are inconsistencies between the three references as well as inconsistencies between the references and the University's billing practices.	The University will determine what services are to be provided to the Contractor and for which ones the Contractor will bear the cost. The University will modify the contract language accordingly and ensure that the billing practices are consistent with that language.	July 1, 2017 Revised to March 15, 2018 Revised to July 30, 2018	In process

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
May 3, 2018

Information Item
Capital Projects Update

Item: Facilities Planning and Construction update on capital projects.

Background: Currently, the University has two active capital projects in progress. Following is an update and project summary:

1. Reed-Curie Renovation

Project Budget ----- \$33,262,000

Architect/Engineer Firm----- Cannon Design

Construction Manager----- Branch and Associates

The Reed-Curie renovation project was approved in the spring 2016 state bond package, as described in the RU six-year capital plan submission to the state. The project will completely renovate the existing Reed Hall and Curie Hall science buildings to complement the recent addition of the Center for the Sciences, ultimately providing an overall state-of-the-art facility for nearly all of RU’s Artis College of Science and Technology departments.

Occupants in the renovated building will include the Departments of Physics, Geology, Geospatial Sciences, and the Office of the Dean. The Cyber Security Center will also be housed in the renovated building, along with support spaces for the Chemistry and Biology Departments. The greenhouse will also be renovated and remain located adjacent to the renovated Reed Hall.

The state initially approved funding for detailed planning for the project, and the Architect-Engineer completed initial field work and programming meetings with the occupants. The Schematic Design package was submitted to BCOM in late February 2017 and to the state’s Art and Architectural Review Board in late March, and the Preliminary Design was submitted to BCOM in May. With approval of all of these submissions, the state approved final funding for the remainder of design and the construction on June 30, 2017. The Working Drawings were submitted to the state in December 2017, and the Final Permit documents including incorporation of BCOM review comments were submitted for approval April 6, 2018.

Construction Management-at-Risk (CM) construction delivery method approval was obtained from BCOM, and the CM preconstruction contract was awarded to Branch and Associates in March 2017. During the summer of 2017, RU completed the relocation of staff and equipment to various swing spaces on campus to render the building unoccupied. Building Permit documents and an Interim Guaranteed Maximum Price (GMP) for an Early Release Demolition Package were submitted to BCOM and the Attorney General, and were approved with a Notice-to-Proceed executed on January 5, 2018. RU also completed several tasks during winter break of 2017 to facilitate demolition/construction startup, including removal and surplus of remaining furnishings, hazardous materials abatement, and establishment of construction entrance and laydown area and fencing. The GMP amount for the full project has been received and agreed to by the University, such that the associated CM construction contract is anticipated to be awarded in late April 2018. The final completion of project construction is scheduled for December 2019 to allow classes in January 2020.

2. Renovate Residence Halls Umbrella Project

Project Budget ----- \$36,000,000

Architect/Engineer Firm (Phase 2)----- Waller, Todd, Sadler

Contractor (Phase 2)----- G&H Contracting

Phase 2 of the residence hall renovations project included the upgrade of life safety systems for Muse Hall. This project addressed the most critical life safety infrastructure needs of Muse Hall, including a new fire alarm system, new lightning protection system, replacement or upgrades to all seven elevators, and upgrades to exit stairway and exterior ramps. The project also included renovations to a number of support spaces on the first floor including a new lounge and refurbished lobby along with a new fire command center.

Phase 2 achieved substantial completion August 2017 and assimilation of final close out items continues.

This spring an additional phase for the purchase of select student dorm room furniture to furnish rooms on the first floor was added to the project. Furniture is anticipated to be delivered and installed in time for August 2018 move-in.

3. Non-Capital Item – Update on Space Utilization and Realignment Projects

Several large-scale capital projects were recently completed including: new construction of buildings for the College of Humanities and Behavioral Sciences, Center for Science and Technology, as well as the renovation of Whitt Hall totaling 255,000 new square feet and 28,692

square feet of renovated space. The completion of these capital projects provided a unique opportunity to take deliberate action to reallocate and renovate recently vacated space on campus. The Space Utilization and Realignment projects were developed in conjunction with the University's academic and administrative groups to identify adjacencies, synergies, and improvements in efficiency.

After extensive planning and construction, the Facilities Management team has completed projects in Russell Hall, Martin Hall, Fairfax Corridor, Heth Hall, Waldron Hall and is on schedule to complete work in Cook Hall in time for fall opening. These projects have provided additional space to meet a variety of University programmatic needs. The project work has improved departmental efficiency by improving adjacencies and amplifying collaboration between departments.

To date the initiative has directly affected 125,000 square feet of space and has resulted in the successful movement of 33 departments. Through this process, a total of 31,000 square feet of off-campus leased space was returned to the University's main campus footprint. The Space Utilization and Realignment projects are:

Russell Hall Renovation:

Russell Hall was vacated following the completion of the new College of Human and Behavioral Sciences building. During the planning phase, the vacation of Russell Hall presented an opportunity for the University to establish a "Front Door" for University visitors. The project impacted 45,000 square feet of the building. Space on the first floor was renovated to create a "Welcome Center" for the University's Admissions and Advancement teams. Inviting spaces for greeting and interfacing with perspective students, their families, and supporters were created. New amenities include private interview rooms, a presentation room, and lounge areas. First and second floor renovations for Advancement enabled divisional cohesiveness by bringing units housed "off campus" back to campus. The new space provides synergy between the offices of Advancement, Admissions, and Center for Career and Talent Development by providing a professional environment that can be shared by each unit for their respective needs. Additionally, the Telephone Outreach Program was relocated to the second floor.

On the third floor, space was created for the Center for Accessibility Services with adjacency to Admissions to eliminate the need for perspective students to be directed to another building for support during campus visits. A test center was also constructed within the Center's space.

The ROTC academic program was returned to main campus with the renovation of Russell Hall lower level. Moving the program back to campus provides for a more cohesive environment with the campus community with updated professional finishes in a welcoming environment.

Cook Hall:

Similar to Russell Hall, with the completion of the College of Human and Behavioral Sciences building, several spaces within Cook were vacated. The vacated space has been renovated to provide space to bring Appalachian Studies back to campus from non-traditional off-campus leased space. The department of Recreation, Parks, and Tourism was moved from Waldron Hall enabling the department to be located in a single area. The departure from the 4,000 square foot Nursing Simulation Center, currently located at RU Corporate Park, represents an exciting opportunity for the University's Nursing program. Once the new Simulation Center renovation is completed, the department will have 4,280 additional square feet which effectively doubles the size of the University's Simulation Center. The relocation of the Nursing Simulation Center to Cook Hall will provide efficiency and synergies that will benefit the entire Waldron College of Health and Human Services.

Waldron Hall:

Additional space was captured within Waldron Hall with the relocation of Recreation, Parks, and Tourism. The 4,000 square foot renovation of these spaces provided necessary clinical space for the departments of Communication Sciences and Disorders and Occupational Therapy to meet accreditation requirements. Many occupants were relocated allowing for departmental faculty to work closely together while being near clinic and research spaces.

Martin Hall:

With the relocation of Admissions and Advancement to Russell Hall, vacated spaces in Martin Hall were repurposed to house the Division of University Relations, which was previously scattered in multiple locations including the basement of the library. The entire University Relations division is now located within Martin Hall.

Vice Presidential suites were created on the second floor to support Enrollment Management and Student Affairs. Space on the second floor was also renovated for the Assistant Provost for Assessment to be relocated back to campus with other academic units. The creation of an Executive Conference room on the second floor of Martin Hall provided a professional meeting space for Vice Presidents and BOV subcommittee meetings.

Fairfax Corridor Improvements:

The additional academic space from capital construction allowed for the demolition of 702, 704, and 706 Fairfax and 307 Adams Street. This demolition allowed for the creation of a University bus stop for Transit Services as well as improved access for deliveries to Dalton and Hurlburt Halls. Additional improvements on the Fairfax corridor allowed for the construction of parking lot JJ (41 new spaces) as well as a pedestrian green space on the east side of Dalton Hall.

2018-19 Higher Education Environmental Factors

RADFORD
UNIVERSITY

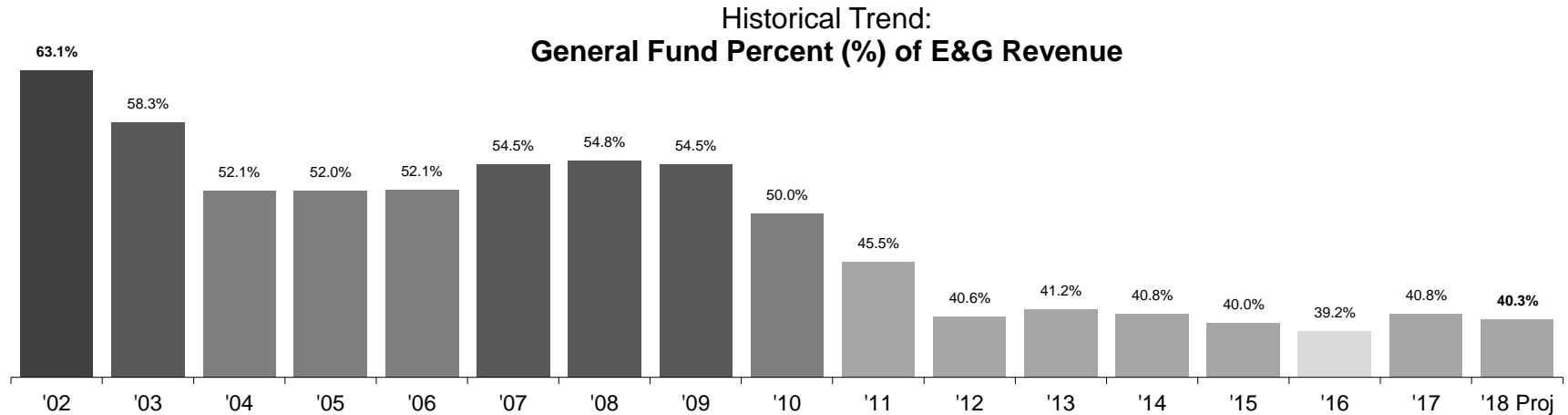
Environmental Factors

- 1) **General Fund Stability** - the university is tasked with further leveraging internal funding sources to drive institutional priorities.
** The impending 2018-20 biennial budget is without concurrence on a final fiscal plan.*
- 2) **Projected Enrollment Trends** - competition for in-state undergraduate students has become increasingly more competitive in recent years.
- 3) **Mandatory Cost Increases** - in addition to state mandated items, the University must also address mandatory cost pressures including contractual commitments, operation and maintenance of facilities, escalators, etc.
- 4) **Implementation of Strategic Plan** - budget development sought to align divisional priorities with the efforts identified in the 2018-2023 strategic plan.

1) General Fund Stability

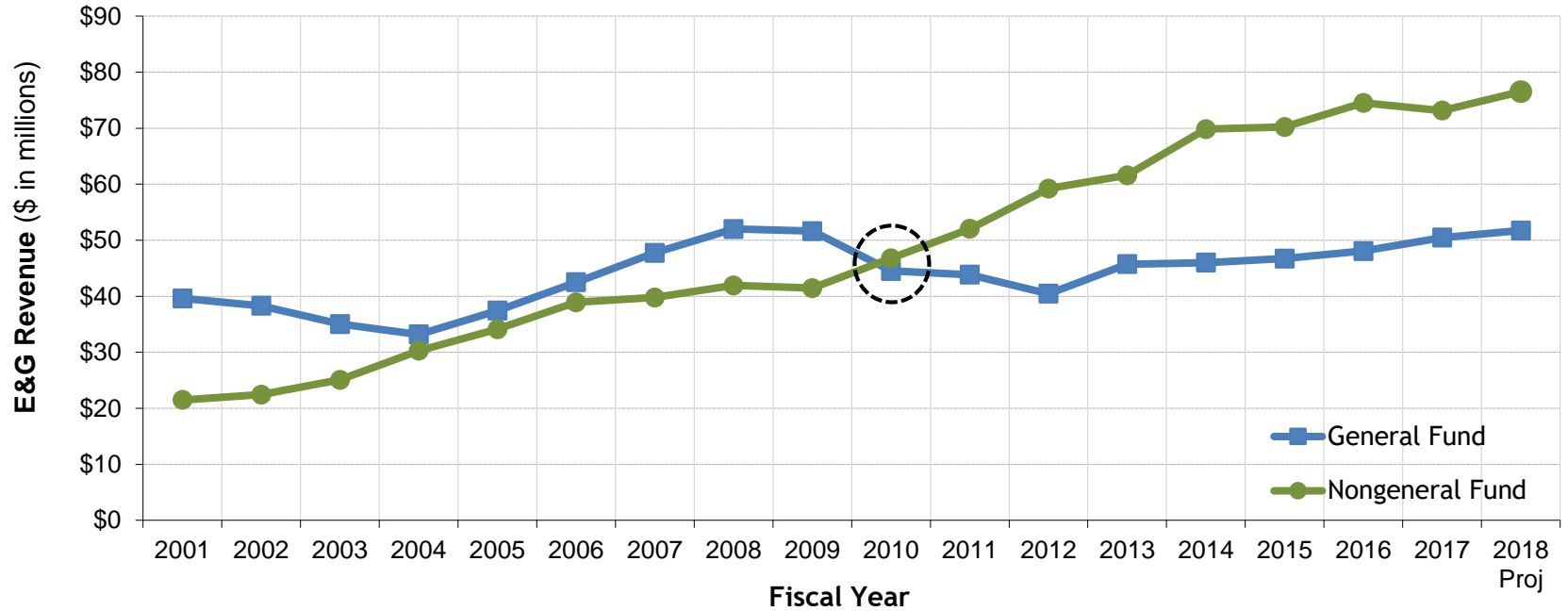
Public Higher Education utilizes a shared cost model

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



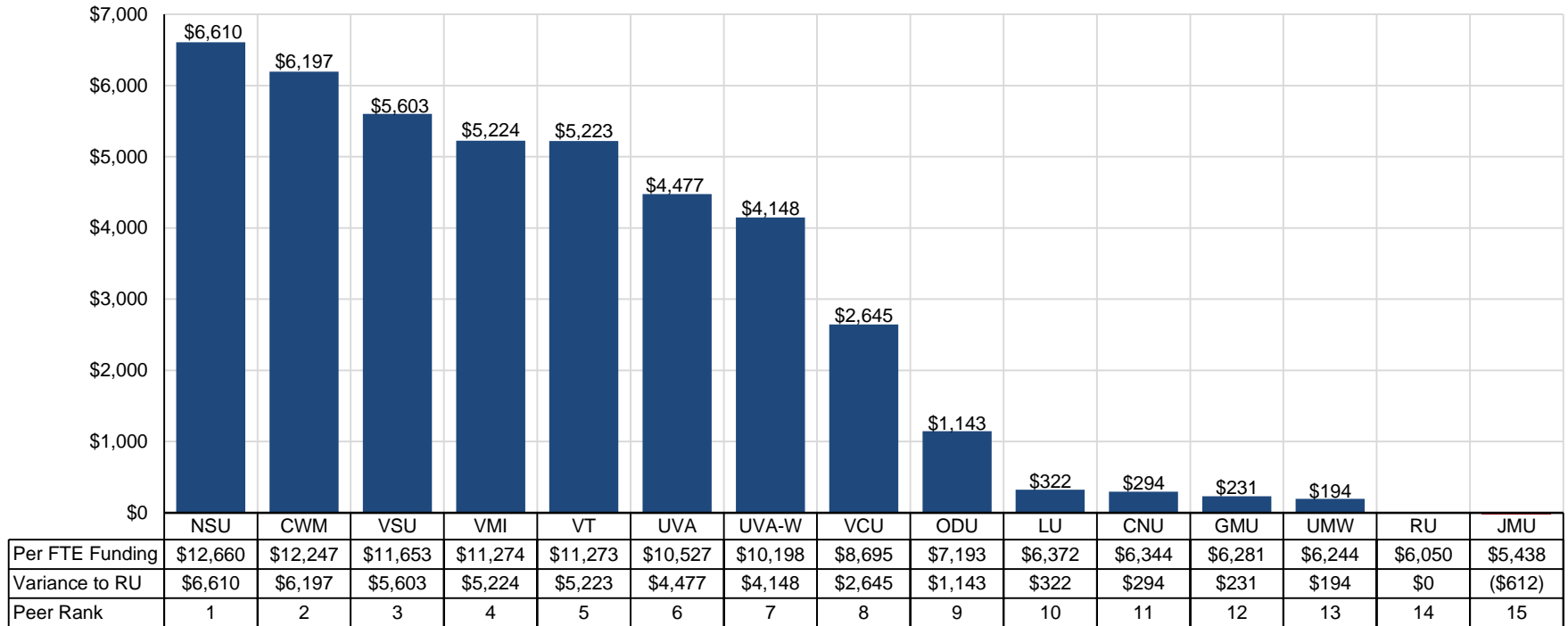
Shift in Higher Education Funding

Radford University E&G Funding Trend

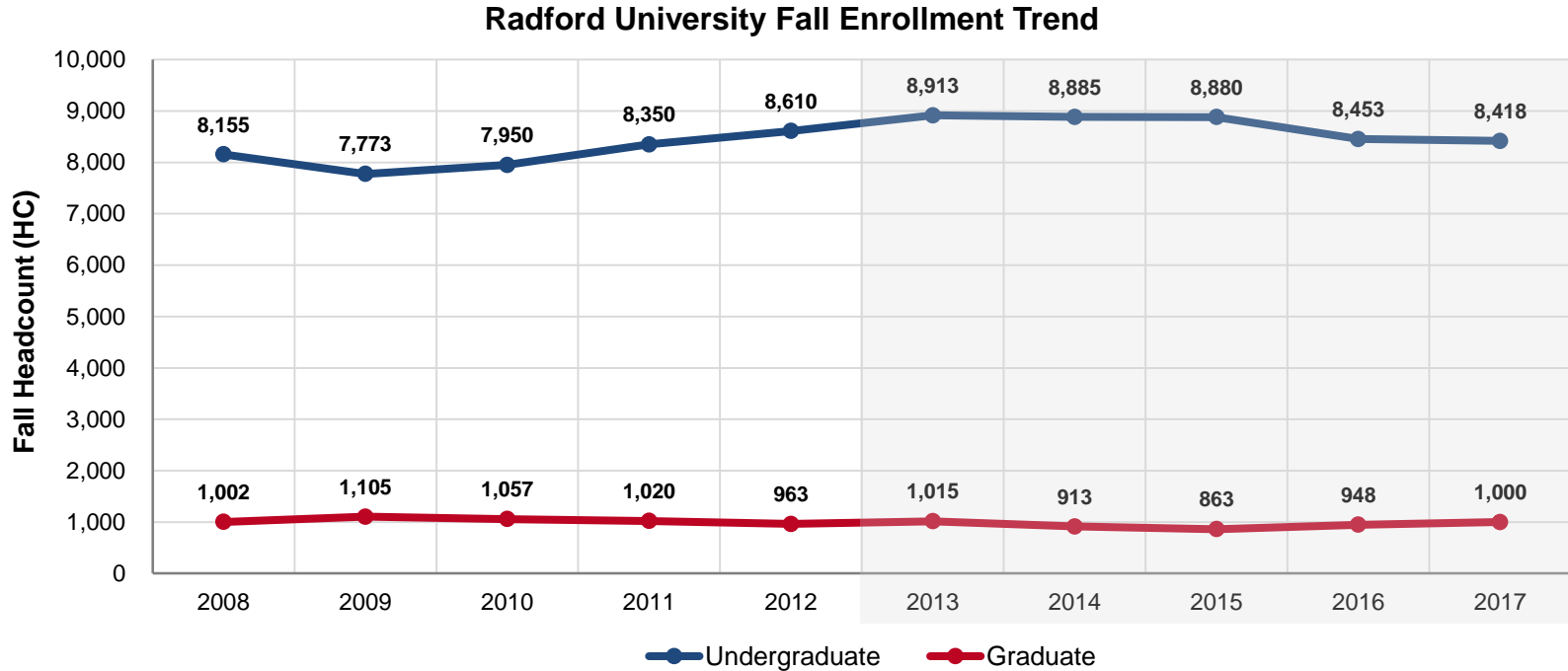


General Fund per In-State FTE: Variance to RU

Source: IPEDS (2015-16) - Four Year Publics



2) Enrollment Trends

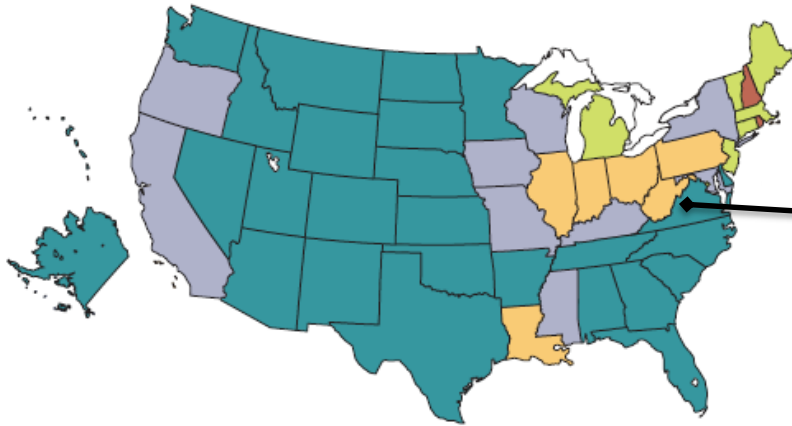


Total FTE Enrollment

FY 2017 In-State vs. Out-of-State

	2016-17 Enrollment FTE			Percent of Inst. Total		2016-17 UG Tuition	
	IS FTE	OoS FTE	Total	% IS	% OoS	\$ IS	\$ OoS
UVA - W	1,553	93	1,646	94%	6%	\$5,369	\$22,079
CNU	4,676	310	4,986	94%	6%	\$7,870	\$19,496
LU	4,407	299	4,706	94%	6%	\$7,350	\$21,780
RU	8,552	613	9,165	93%	7%	\$7,045	\$19,126
UMW	3,914	383	4,297	91%	9%	\$7,948	\$22,538
ODU	17,830	2,201	20,031	89%	11%	\$6,348	\$23,328
VCU	23,788	4,709	28,497	83%	17%	\$10,989	\$30,146
NSU	3,977	824	4,801	83%	17%	\$5,318	\$17,680
GMU	23,166	6,211	29,377	79%	21%	\$8,204	\$29,486
JMU	15,375	5,463	20,838	74%	26%	\$5,896	\$21,670
VSU	3,321	1,185	4,506	74%	26%	\$5,386	\$15,916
VT	22,109	11,566	33,675	66%	34%	\$10,941	\$28,064
CWM	5,233	3,377	8,610	61%	39%	\$15,810	\$36,850
VMI	1,180	773	1,953	60%	40%	\$8,461	\$32,770
UVA	14,028	10,301	24,329	58%	42%	\$13,515	\$42,859

High School Graduation Trends (2014-2024)



Enrollment Demographic	10-Yr. Changes	Percent Increase
Total Virginia	10,375	12.7%
White, Non-Hispanic	(778)	-1.7%
Hispanic	6,820	99.1%
Black, Non-Hispanic	1,653	10.1%
Asian/Pacific Islander	3,821	65.9%

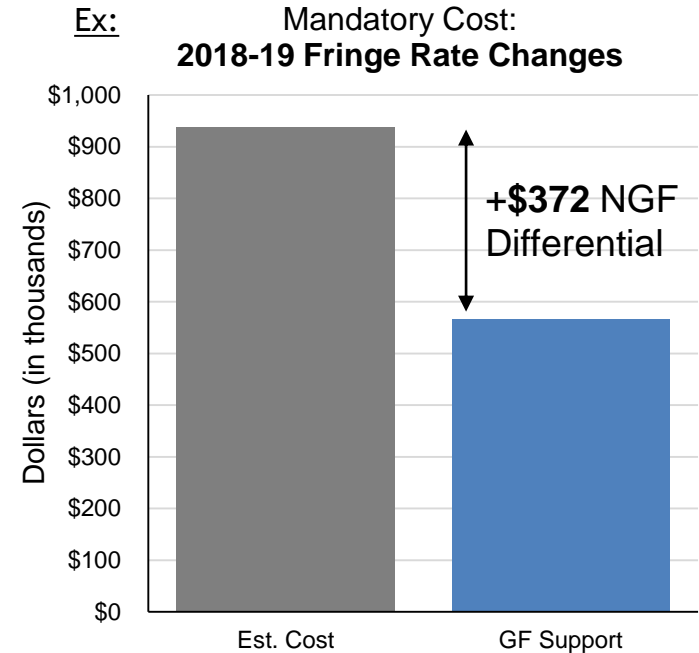
Source: Ruffalo Noel Levitz. (2014). *2014-24 projections of high school graduates by state and race/ethnicity, based primarily on data from WICHE.* Coralville, Iowa: Ruffalo Noel Levitz.

- States that will have severe overall declines in high school graduates (decreases greater than or equal to 10 percent)
- States that will have a moderate overall decrease in high school graduates (decreases between 3 and 10 percent)
- States that will have a minimal overall change in high school graduates (less than 3 percent change, up or down)
- States that will have a moderate overall increase in high school graduates (increases between 3 and 10 percent)
- States that will have large overall increases in high school graduates (increases greater than or equal to 10 percent)

3) Mandatory Cost Increases

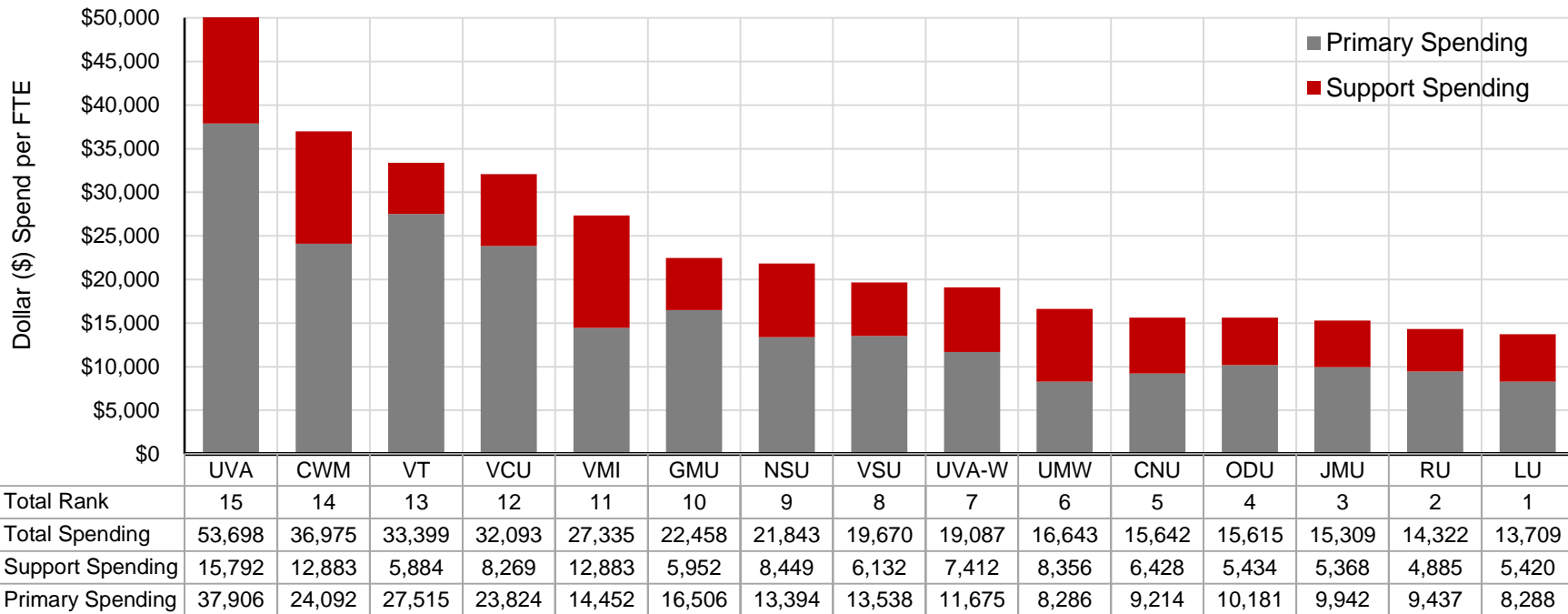
The University must address a number of state mandated items that continue to be a driving force in increasing the cost of education.

- Prior to pursuing any programmatic opportunities, the institution must first account for all unavoidable cost increases for the upcoming fiscal year.
- There is a growing reliance on making institutional strategic investments.



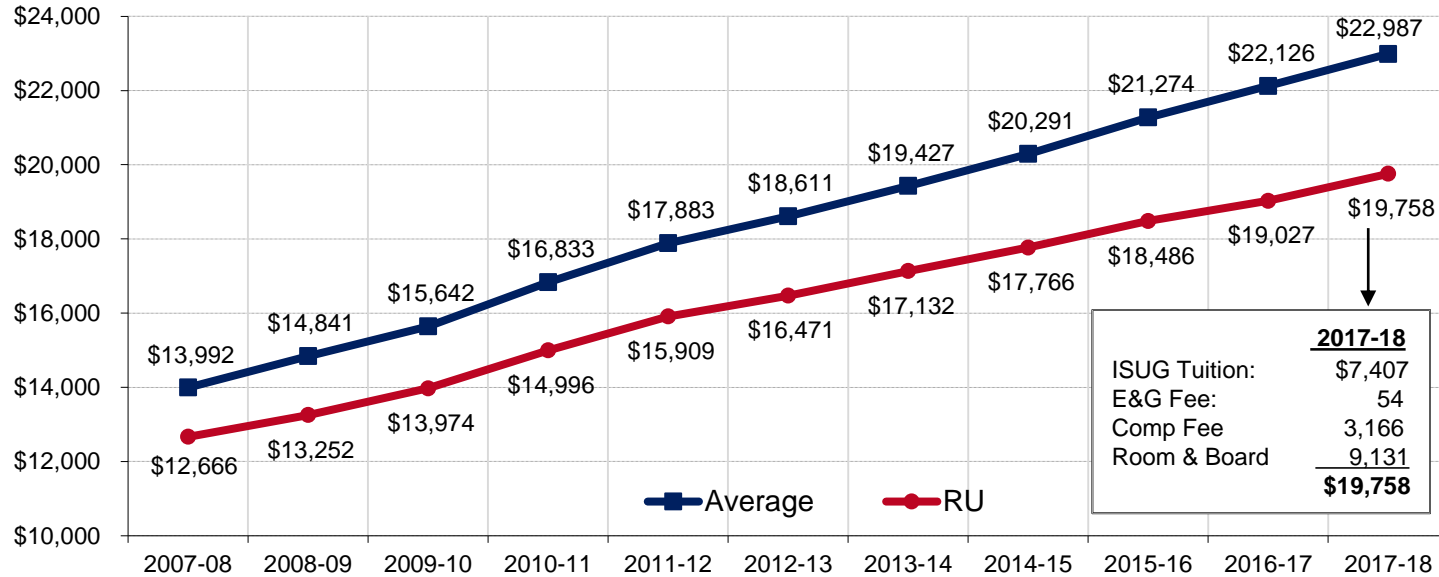
VA Institutions Functional Spend per FTE:

Source: IPEDS (2015-16) - Four Year Publics



Total Cost: 3rd lowest cost provider

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



Rank	Inst.	2017-18
1	CWM	\$33,843
2	VMI	\$27,450
3	UVA	\$27,060
4	CNU	\$24,878
5	VCU	\$23,811
6	LU	\$23,138
7	GMU	\$23,014
8	UMW	\$22,344
9	VT	\$21,920
10	JMU	\$20,990
11	ODU	\$20,472
12	UVA-W	\$20,139
13	RU	\$19,758
14	VSU	\$19,606
15	NSU	\$18,902

Average = \$22,987

4) Implement Strategic Plan

It is imperative the University is focused on the future. Where we want to be as an institution, not where we are, should drive our strategic focus.

2018-2023 Strategic Plan:

“Embracing the Tradition and Envisioning the Future”

- Reflects the involvement of a diverse group of campus representatives, community members, and other University stakeholders.
- The new plan contains a total of 6 areas of focus, 22 goals, and countless strategies for achieving the University’s mission; *past and present*.

Focal Areas:

1. Academic Excellence & Research (4)
2. Brand Identity (2)
3. Economic Development & Community Partnership (2)
4. Philanthropic Giving & Alumni Engagement (3)
5. Strategic Enrollment Growth (8)
6. Student Success (3)

() = Denotes the number of goals for each area

2018-19 Tuition & Fee Recommendations

RADFORD
UNIVERSITY

2018-19 Proposed Resource Allocation - Revenue

	2018-19 Assumptions
REVENUE	
General Fund Changes	
2017-18 Central Fund Alignment	\$118,006
2018-19 Interest Earnings & CC Rebates	180,000
2018-19 Fringe Rate Changes	566,064
2018-19 Central Systems & Other Changes	38,152
Total General Fund Changes	\$902,222
Nongeneral Fund Changes	
Tuition & Fees	\$3,999,840
Sales & Services	(60,000)
Private Support	201,653
VRS Recoveries	344,731
Need Based Scholarships	(472,225)
Total Nongeneral Fund Changes	\$4,013,999
Total Revenue Changes	\$4,916,221

Limited available resources. The General Assembly continues to remain focused on strengthening the overall fiscal position of the Commonwealth.

Giving full consideration to legislative actions, economic outlook, and enrollment related factors for the upcoming 2018-19 fiscal year, a **tuition increase** has been proposed for both in-state and out-of-state students.

2018-19 Proposed Resource Allocation - Expense

	2018-19 Assumptions
EXPENSES	
Non-Discretionary Cost Increases	
Mandatory Costs	
2018-19 Fringe Rate Changes	\$938,101
Central Cost Commitments	
AA Promotion & Tenure	220,670
Contracts & Compliance	337,421
Contract Payouts	100,000
One-Time Operating Restoration	344,731
Recovery Rate Changes	202,981
Sub-Total Central Commitments	\$2,143,904
Division Recurring Requirements	
Academic Affairs	\$612,775
Finance & Administration	29,778
Information Technology	35,000
Central Administration	8,147
Student Affairs	13,441
University Relations	14,915
University Advancement	435,663
Enrollment Management	178,339
General Strategic Plan Implementation	1,444,260
Sub-Total Division Requirements	\$2,772,317
Total Non-Discretionary Cost Increases	\$4,916,221
SURPLUS / (DEFICIT)	\$0

Estimated general fund support for health and other fringe benefit rate changes is **\$566,064**. This will assist in defraying a portion of the cost; however, the University must address the remaining **\$372,037** to fund the state mandate.

Each funded item is required to align with the goals and objectives of the **2018-23 strategic plan**. Resources are to fund the absolute highest priorities across each division.

2018-19 Tuition & Fee Rate Proposals

RADFORD
UNIVERSITY

Proposed In-State Undergraduate Rates

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Undergraduate				
<u>In-state Undergraduate (full-time) –</u>				
Tuition	\$7,407	\$7,922	\$515	
Mandatory Technology Fee	54	58	4	
Mandatory Comprehensive Fee	3,166	3,230	64	
Total In-state Undergraduate	\$10,627	\$11,210	\$583	
Room - Standard Double	5,127	5,281	154	
Board - 19 Meal Plan	4,105	4,229	124	
Total In-state Undergraduate Living in University Housing	\$19,859	\$20,720	\$861	4.34%

Proposed Out-of-State Undergraduate Rates

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Undergraduate				
<u>Out-of-state Undergraduate (full-time) –</u>				
Tuition	\$19,042	\$19,557	\$515	
Mandatory Capital Fee	447	447	0	
Mandatory Technology Fee	54	58	4	
Mandatory Comprehensive Fee	3,166	3,230	64	
Total Out-of-state Undergraduate	\$22,709	\$23,292	\$583	
Room - Standard Double	5,127	\$5,281	154	
Board - 19 Meal Plan	4,105	\$4,229	124	
Total Out-of-state Undergraduate Living in University Housing	\$31,941	\$32,802	\$861	2.70%

Proposed Traditional Graduate Program Rates

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Undergraduate				
<u>In-state Graduate (full-time) –</u>				
Tuition	\$8,336	\$8,915	\$579	
Mandatory Technology Fee	54	58	4	
Mandatory Comprehensive Fee	3,166	3,230	64	
Total In-state Graduate	\$11,556	\$12,203	\$647	5.60%
<u>Out-of-State Graduate (full-time) –</u>				
Tuition	\$16,862	\$17,441	\$579	
Mandatory Capital Fee	447	447	0	
Mandatory Technology Fee	54	58	4	
Mandatory Comprehensive Fee	3,166	3,230	64	
Total Out-of-state Graduate	\$20,529	\$21,176	\$647	3.15%

Questions?



RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
May 3, 2018

Action Item
Recommendation for 2018-19 Tuition and Fees

Executive Summary:

At the spring meeting of the Board of Visitors, tuition and fee recommendations are considered for the upcoming fiscal year. Many factors are reviewed when preparing the proposed tuition and fee rates including: legislative actions by the General Assembly, enrollment projections, mandatory cost increases, the Virginia Plan for Higher Education, the University's strategic plan, critical programmatic needs, institutional priorities, and the economic outlook. The proposed resolution covers undergraduate and graduate tuition rates, required fees, and room and board charges for the upcoming 2018-19 academic year.

As required, the University must first address all unavoidable cost increases for the next fiscal year prior to pursuing programmatic opportunities. This includes fringe benefit and health insurance changes, promotion and tenure compensation adjustments, safety and security, contractual escalators, technology infrastructure support, and the operating and maintenance of new facilities coming online. Therefore, the proposed tuition and fee recommendations are not only necessary to cover the aforementioned increases, but also to maintain essential levels of instructional support and student support services.

The State's financial outlook has improved significantly since the beginning of the current 2016-18 biennium, and this year's legislative session continues to remain focused on strengthening the overall fiscal position of the Commonwealth. Recommended contributions to this effort include the establishment of a Revenue Cash Reserve which would serve in aggregate of the Revenue Stabilization Fund, also known as the *Rainy Day Fund*, and would seek to maintain the broader fiscal integrity of the Commonwealth.

At this time, however, the impending 2018-20 biennial budget remains at a legislative stalemate. The initial session officially concluded on March 10, 2018 without a concurrence on the final fiscal plan. Although both the Executive and House budget proposals contain similar funding allocations, the Senate provides an alternative approach to provide a different path toward the long-term financial health of the Commonwealth. Central to the dispute remains funding associated with Medicaid expansion. In an effort to reach an agreement, legislators are expected to return to Richmond on April 11, 2018.

The University's total enrollment is anticipated to improve over the next four years. While the University continues to do well in recruiting, in spite of flat high school graduation rates, competition for in-state undergraduate students has become progressively more competitive. Projections will continue to be monitored over the summer as potential students finalize their selections, and actual enrollments will not be confirmed until the Fall 2018 census.

Based on the aforementioned legislative, economic, and enrollment related factors for the 2018-19 fiscal year, tuition, mandatory fees, and room and board charges are in aggregate recommended to increase \$861 (or 4.34 percent) for full-time in-state undergraduates and \$861 (or 2.70 percent) for full-time out-of-state undergraduates. This recommendation represents a conservative, sufficient, and prudent funding approach for the University in 2018-19.

Authority for Setting Tuition and Fees:

The current tuition policies identified in the 2017 Acts of Assembly, Chapter 836, Section 4-2.01.b (Higher Education Tuition and Fees) state:

2. a) The Boards of Visitors or other governing bodies of institutions of higher education may set tuition and fee charges at levels they deem to be appropriate for all resident student groups based on, but not limited to, competitive market rates, provided that the total revenue generated by the collection of tuition and fees from all students is within the nongeneral fund appropriation for educational and general programs provided in this act.

b) The Boards of Visitors or other governing bodies of institutions of higher education may set tuition and fee charges at levels they deem to be appropriate for all nonresident student groups based on, but not limited to, competitive market rates, provided that: i) the tuition and mandatory educational and general fee rates for nonresident undergraduate and graduate students cover at least 100 percent of the average cost of their education, as calculated through base adequacy guidelines adopted, and periodically amended, by the Joint Subcommittee Studying Higher Education Funding Policies, and ii) the total revenue generated by the collection of tuition and fees from all students is within the nongeneral fund appropriation for educational and general programs provided in this act.

8. a) Except as provided in Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly, mandatory fees for purposes other than educational and general programs shall not be increased for Virginia undergraduates beyond five percent annually, excluding requirements for wage, salary, and fringe benefit increases, authorized by the General Assembly. Fee increases required to carry out actions that respond to mandates of federal agencies are also exempt from this provision, provided that a report on the purposes of the amount of the fee increase is submitted to the Chairmen of the House Appropriations and Senate Finance Committees by the institution of higher education at least 30 days prior to the effective date of the fee increase.

b) This restriction shall not apply in the following instances: fee increases directly related to capital projects authorized by the General Assembly; fee increases to support student health services; and other fee increases specifically authorized by the General Assembly.

The 2016-18 Biennial Budget contains additional language in Item 185-1c related to the Board approval of tuition rates during the 2016-18 biennium. Specifically, the language states:

C. Out of this appropriation, \$1,482,976 the first year and \$2,163,111 the second year from the general fund is designated to support the goals of access, affordability, quality, and increased degrees. Given the increased investment from the general fund during this biennium, it is the expression of the General Assembly that the institution seeks to minimize tuition and fee increases for in-state undergraduate students. This language shall be in effect for the 2016-18 biennium only. The Board of Visitors shall set the tuition rates for the institution, and forward their action to the State Council of Higher Education for Virginia within three business days of such action. The Council shall analyze the Board's actions and report such analysis to the Chairmen of House Appropriations and Senate Finance Committees within three days of receipt, at which point, the Board's action shall be final. The Director of the Council shall report the final Board actions to the Chairmen by August 1, 2016 and August 1, 2017.

Additionally, in accordance with Section 23.1 – 307 (D) public institutions of higher education are required to give at least 30 days advanced public notice of any vote by the Board to increase undergraduate tuition or mandatory fees:

D. No governing board of any public institution of higher education shall approve an increase in undergraduate tuition or mandatory fees without providing students and the public a projected range of the planned increase, an explanation of the need for the increase, and notice of the date and location of any vote on such increase at least 30 days prior to such vote.

As an additional reference, a historical summary of tuition and fee policy trends is outlined in the State Council of Higher Education for Virginia's (SCHEV) 2017-18 Tuition and Fees at Virginia's State-Supported Colleges and Universities annual report dated July 2017.

<http://www.schev.edu/docs/default-source/Reports-and-Studies/2017/tuition-and-fees-report-2017-18d557ba50bece61aeb256ff000079de01.pdf>

Development of Proposed Tuition and Fee Rates:

The proposed tuition and fee recommendations consider the legislative requirements outlined above, the University's Strategic Plan: *Embracing the Tradition and Envisioning the Future*, projected enrollment, the 2018-20 biennial budget proposals, mandatory cost drivers, programmatic directives, and the overall economic outlook.

On April 3, 2018, in accordance with Section 23.1 – 307(D) of the Code of Virginia, a 30-day public notification was issued for undergraduate tuition and mandatory fee increase ranging between 3.95 and 7.95 percent. It is recommended that full consideration be given to the potential tuition and fee assessments for the upcoming 2018-19 academic year. If approved, the revenue generated from the increase, in combination with state appropriations, will be used to address personnel costs, state mandated items, health benefit changes, student financial assistance, and select institutional initiatives.

The following depicts the process used to derive the 2018-19 tuition and fee recommendations and outlines the impact of each variable as it relates to the specific recommendation. Please refer to Schedule A for a summary of the necessary resource outlay for 2018-19.

Educational & General (E&G) Program:

University Strategic Plan: “*Embracing the Tradition and Envisioning the Future*”

Following a year-long intensive planning process and recent adoption by the Board of Visitors, Radford University has a renewed strategic direction for 2018–2023: *Embracing the Tradition and Envisioning the Future*. The goals identified within the five-year plan reflect not only the institution of Radford University but those it proudly serves; including our students, faculty, staff, alumni, and community. The plan is expected to chart the course for ongoing strategic action and will focus its efforts on serving both current and future generations of Highlanders.

The 2018-19 budget development cycle seeks to align divisional priorities with the efforts identified in the strategic plan. This included a comprehensive list of strategic goals within focus areas such as: Academic Excellence & Research, Brand Identity, Economic Development & Community Partnerships, Philanthropic Giving & Alumni Engagement, Strategic Enrollment Growth, and Student Success. Only those initiatives that aligned were considered during the current budget cycle. This will continue to be a point of fiscal relevance through the coming years.

Six-Year Planning Processes and 2017-18 Budget Development

The Virginia Higher Education Opportunity Act of 2011 (TJ21) was passed by the 2011 General Assembly and is based on recommendations from the Governor’s Commission on Higher Education Reform, Innovation and Investment formed through Executive Order No. 9 issued in March 2010. The TJ21 legislation requires institutions of higher education to prepare and submit a “Six-Year Plan” by July 1st each year in accordance with criteria outlined by the Higher Education Advisory Committee (HEAC). This landmark legislation also codifies a funding framework for higher education and identifies specific goals such as 100,000 new undergraduate degrees by 2025, increased retention and degree completion, optimal year-round utilization of resources, and investments in STEM-H programs.

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

The University submitted the 2018-20 Six-Year Plan to SCHEV this fiscal year. The University will be required to submit any updates to the 2018-20 plan to SCHEV by July 1, 2018. The University’s Six-Year Plan identifies the targeted objectives and strategies to achieve both state and institutional goals and provides a foundation for preparing tuition and mandatory fee recommendations for consideration by the Board of Visitors.

Enrollment Trend

In recent history, Radford University has experienced enrollment gains in total student population. Between 2009-10 and 2013-14 the University increased 1,144 full-time equivalent (FTE) students; however, since 2014-15 total enrollment has stabilized. Enrollment for 2018-19 is conservatively projected to be aligned with prior year levels. Considering Fall 2017 census data, guidance from SCHEV on enrollment trends, and demographic changes in the high school student pipeline, the 2018-19 proposed tuition and fees rates are based on a conservative enrollment target at this point in the year. These projections are closely aligned with prior year budget expectations; a prudent decision given the challenges of the current recruitment landscape. Actual enrollments will not, however, be confirmed until the Fall 2018 census.

While increases in tuition and fee revenue, whether receipted from enrollment growth or rate increases, reflect a significant portion of the resources needed to support a student's cost of education, general fund support is also needed to cover the remaining portion. In the past, as enrollments have grown specifically from in-state undergraduates, state general fund support for "new in-state seats" has not been allocated at the same proportion. This constrains the institution's ability to fully fund the needs of the institution. While enrollment is a significant part of the discussion, so too is state general fund support.

Radford University is very reliant upon state general fund support due to the significant number of in-state undergraduate students served (93.6 percent as of Fall 2017). SCHEV's calculation identifies that the University's E&G program should be funded 62 percent from state general fund support and 38 percent through institutional nongeneral fund sources (i.e. tuition, E&G fees, etc.). However, SCHEV's most recent calculation reflects an inversion with Radford University funding 61 percent from institutional nongeneral fund sources and 39 percent from state general funds.

Mandatory Cost Increases

2018 General Assembly Session Action –

As previously mentioned, the 2018 General Assembly Session was largely focused on strengthening the fiscal position of the Commonwealth. With some variation, the Governor, House of Delegates, and Senate all proposed creating safeguard reserves to protect against future hardship and maintain broader fiscal integrity. Unfortunately, the 2018-20 biennial budget remains unsigned. The initial legislative session concluded without an approved fiscal plan. The House and Senate budget proposals remained at odds with funding associated with Federal Medicaid program expansion. While both the Executive and House budget proposal have significant overlap, the Senate remains hesitant with regard to expansion efforts and requests an alternative approach to spending in lieu of accepting additional funding.

Contrary to prior years, the federal funds awarded from Medicaid expansion were ingrained into the framework of the Executive budget proposal. While institutional differences manifest between the competing budget proposals, the most significant impact to Radford University in 2018-19 is the uncertainty associated with funding the increase in undergraduate financial aid. This appropriation is critical in assisting a public mission of making undergraduate higher education more affordable for all Virginians. In an effort to reach an agreement, legislators will return to

Richmond to address a bipartisan compromise. Additional information will be known in the coming weeks; however, regardless of the outcome, Radford University is expected to remain prudent in tempering its ongoing fiscal outlook.

Minimal variation exists in the first year of the biennium related to direct funding allocations to Radford University. In 2018-19 employer contributions for health insurance benefits are expected to increase by 6.1 percent, or \$938,101. The estimated incremental general fund support to be received for health and other fringe benefit rate changes is \$566,064. This will assist in defraying a portion of the cost; however, the University must address the remaining \$372,037 to fully fund the mandated changes. In addition, each of the budget proposals called for the restoration of interest earnings and credit card rebates. It is estimated this would provide an additional \$180,000 in support for programmatic initiatives.

The House budget proposal included funding to increase degree production in data science, technology, science, engineering, healthcare, and education. The expectation is to increase 1,320 degree awards in these fields, across all institutions, over the next biennium. If the proposal is included in the Conference budget, it would provide \$514,230 in 2018-19 and \$1,028,460 in 2019-20 to Radford University for such purposes. All funding associated with this proposal would be directed to support the increased degree production as requested.

There are no base salary adjustments proposed in any of the three budget proposals for 2018-19; however, the House proposal does call for a 2 percent bonus for classified employees only. This proposal is based on the expectation of nongeneral fund savings at the State level and would have no recurring impact on future fiscal budgets.

Undergraduate student financial assistance, under both the Executive and House budget proposals, is planned to increase by \$807,335 in 2018-19 and \$1,375,857 in 2019-20. The Senate budget proposal redirected 50 percent of the allocations in each of the biennium years. This allocation of financial aid resources is important for the University and will assist in lowering the cost of higher education for students of deserving need.

The following schedule reflects the anticipated funding from the 2018 General Assembly Session providing additional general fund support for the University in 2018-19:

2018 General Assembly Funding Summary:

	Proposed 2018-19 Funding
E&G - Educational & General	
2017-18 Central Fund Alignment	\$118,006
2018-19 Interest Earnings/CC Rebates	180,000
2018-19 Fringe Rate Changes (*)	566,064
2018-19 Central System & Other Charges	38,152
Total E&G General Fund Recommendations	\$902,222
SFA - Student Financial Assistance	
2018-19 In-State Undergraduate Financial Aid	807,335
Total E&G and SFA (combined) General Fund	\$1,709,557

Notes:

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

Other Mandatory Costs

In addition to the state mandated items, the University must also address teaching and research faculty promotion and tenure contractual commitments, operation and maintenance of new and existing facilities, contractual escalators for technology and maintenance contracts, escalating utilities, and committed costs for previously approved projects. These initiatives, referred to as central cost commitments, combine to total \$2,143,598. For additional details, Schedule A provides a breakdown of the mandatory cost requirements.

Division Program Requirements

After an extensive review of division programmatic requirements and requests that were submitted by each Vice President, the total amount of funding needed across all operating divisions for programmatic needs in 2018-19 totals \$1,328,057. While many requests were submitted to further operational priorities in support of implementing the strategic plan, only a handful of critical items were able to be addressed. Each funded item is required to align with the goals and objectives of the 2018-23 strategic plan. Therefore, the allocation of these resources are deemed necessary to fund the absolute highest priorities across each division and address the most critical of needs.

Out-of-State Tuition Outlook

For the last several years, out-of-state tuition rate increases have varied from the in-state increases because it was believed that the University was reaching a point of diminishing returns relative to out-of-state tuition rates exceeding 150 percent of actual cost of education. For 2018-19, the University proposes to increase out-of-state undergraduate and graduate tuitions by \$515 (or 2.70 percent) and \$579 (or 3.43 percent), respectively. This equitable approach will ensure a comparable dollar differential between in-state and out-of-state tuition when compared to the prior year. Out-of-state students are required to cover 100 percent of the calculated cost of education. The University's rates are within and exceed this requirement. The most recent SCHEV calculation (2017-18) indicated out-of-state students (undergraduate and graduates) were covering 144 percent of the average cost at Radford University (SCHEV July 2017 Agenda Book, page 89).

Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for further details on the proposed rates.

E&G Summary

Taking all of the above into consideration, the following represents the major factors considered in the proposed 2018-19 tuition rates by respective full-time student classification. The proposed recommendation considers (1) state guidelines outlined in the six-year plan, (2) mandatory cost increases such as salary, fringe benefit and health insurance adjustments, (3) the implantation of the University's strategic plan, and (4) essential programmatic needs of the University to sustain critical instructional support and student services, especially given projected enrollment.

Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for the proposed rates. Part-time tuition rates are derived from the respective full-time tuition rate and can also be referenced in the Summary of Tuition and Fees for 2018-19.

Virginia Educator Tuition:

The Virginia Educator rate is a reduced tuition rate for Virginia elementary and secondary school personnel, regardless of residency status, and assists with maintaining certification and supporting continued improvement in the quality of education provided to the citizens of the Commonwealth. This policy was implemented by the University in recognition of the importance for Virginia educators to enhance their professional knowledge and skills through recertification.

To be eligible for the reduced tuition rate, educators (including teachers, administrators, counselors, librarians, coaches, and other instructional support staff) must be a full-time contractual employee in a K-12 public or private school in the Commonwealth of Virginia. The courses must be for professional development (e.g. graduate degree, additional endorsements, or for re-licensure), not for planned career changes outside of education. Students pay approximately 77 percent of the approved standard in-state graduate per credit hour tuition rate.

Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for the proposed rate.

Differential Tuition:

Differential tuition is recommended for specialized, high-demand, and/or costly programs. The current programs approved to charge differential tuition rates include: Master of Occupational Therapy (MOT), Doctor of Nursing Practice (DNP), Doctor of Physical Therapy (DPT), and Master of Fine Arts (MFA) in Design Thinking. Differential tuition was identified in the proposals submitted to the State Council for Higher Education (SCHEV) to support these programs.

Consistent with the traditional tuition rate changes proposed for 2018-19, a tuition increase is proposed for each differential tuition program. The comprehensive and other applicable fees will be in addition to the per-credit-hour fee unless otherwise noted. Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for the proposed rate.

Competency Based Education:

During the 2017-18 academic year, Radford University piloted two certificate programs based on the competency-based education model: Cybersecurity and Geospatial Intelligence. The asynchronous curriculum of these programs grant students more control in completing requirements beyond the scope of the standard credit hour measurement. Students are required to achieve certain skills or competencies in a designated subject matter, regardless of time, before they can complete the program. Therefore, it is an outcome, or competency, driven model that allows students the flexibility to manage program workloads at their desired pace.

Tuition rates are recommended to remain unchanged from prior year. While tuition is proposed at an annual rate, students will receive a pro-rated assessment on an ongoing six-month basis for as long as they are enrolled in the program. Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for the proposed rates.

Technology Fee:

A technology fee was first approved in 2010-11 to assist with covering increasing costs associated with supporting technology services provided to students. This fee facilitates standardized student software requirements, such as Microsoft Office and antivirus protection. It also supports the increased demand on the campus network infrastructure, incremental cost for the student enterprise system, and emerging classroom technologies.

To cover the increasing costs associated with maintaining these technology requirements the fee is recommended to increase \$4 (or 7.41 percent) in 2018-19. Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for the proposed rate.

Online Program Fee:

In the fall of 2010, the University offered its first, fully online degree program with the Doctor of Nursing Practice (DNP). Programs offered wholly online require specialized technology support and infrastructure. The online program fee is used to assist with supporting hardware, software, network infrastructure, and technical personnel costs associated with administering online

programs. In 2012-13, the Master of Fine Arts (MFA) in Design Thinking became the second program authorized to require the online program fee.

The online program fee is recommended to remain at \$25 per credit hour in 2018-19. As both the DNP and MFA degree programs are assessed the online program fee, they do not receive a comprehensive fee assessment. Additionally, this fee is not intended to be assessed to individual courses taught through distance education or other online channels. Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for the proposed rate.

Out-of-State Capital Fee:

The 2003 General Assembly required the establishment of a capital fee to be assessed to all out-of-state students at institutions of higher education in Virginia. This is required to pay a portion of the debt service on bonds issued under the 21st Century Program. The out-of-state capital fee is proposed to remain unchanged. The General Assembly previously increased the per credit hour fee in 2007, 2009, 2010, 2012, and 2017. Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document for the proposed rate.

Auxiliary Enterprises Program:

Comprehensive Fee

The comprehensive fee is used to support certain student services and programs and is paid by all enrolled students, except select fully online programs of study identified as exclusions. These auxiliary enterprise activities are required to be self-supporting and, as such, do not receive any state support. Therefore, they must also maintain sufficient fund balances to provide their own operating support, renewal and replacement of equipment, and capital reserves.

The recommended 2.02 percent increase in the comprehensive fee is necessary to fund required increases in state mandated salary increases, fringe benefit and health insurance rate adjustments, maintenance and operating expenses, contract escalators, transit services, programmatic requirements, scholarships, and all associated indirect cost charges. The proposed increase also considers enrollment projections for the coming year and is below the 5.00 percent limit allowed in the state appropriations act.

Following is a description of each component of the comprehensive fee:

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 Express/I.D. office, technology support, photocopying services, and student wages.

Debt Service: The student fee supports debt service payments for auxiliary construction and renovation projects 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.

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 Substance Abuse and Violence Education Support (SAVES) 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. Smart Way Bus, Blacksburg Transit, etc.) may have separate user fees.

Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for the proposed rate.

Room Rates

During the previous academic year, Radford University realigned room charges to better account for the diverse array of housing options available. Standard occupancy accommodations were split into three different categories: **Phase I** consisting of the seven standard halls that have not been recently renovated, **Phase II** consisting of the seven residence halls that have been recently renovated, and **Super Suites** which are upgraded Phase II accommodations providing a shared kitchen space for the occupants. This change eliminated the ‘one-size-fits-all’ approach to the standard room type, and the cost of the facilities are aligned with students who occupy those respective rooms.

As a result of the aforementioned phased approach, the proposed 2018-19 room rates are recommended to increase a proportional 3.00 percent across all categories. This will alleviate any disparity in the already tiered pricing structure. The increase is necessary to cover increased costs associated with scholarships, maintenance and operations, programmatic requirements, debt service payments, fringe benefit and health insurance rate adjustments, student support services, and all associated indirect cost charges.

Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for further details on the proposed rates.

Board/Off-Campus Meal Plans

The proposed average 2018-19 board and off-campus meal plan rate increase of 3.02 percent is necessary to cover costs associated with the annual dining services contractual agreement and indirect cost charges. Students living on campus must select one of the residential board plans as part of their housing agreement. Off-campus students may elect to participate in any of the approved meal plan options.

To support the increase in apartment housing options offered by the University, a new Apartment Block meal plan is recommended at a rate of \$2,160 for the 2018-19 academic year (or \$1,080 per semester). The dining option will be required, at minimum, for those living in University apartment style housing. Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for further details on the proposed rates.

Reference Material:

For reference, Schedule C is an excerpt from the 2017-18 Operating Budget Plan and Financial Overview which includes comparative charts and graphs of tuition and fees at Virginia's public four-year institutions of higher education. Radford University is a best value as the third lowest total cost (tuition, fees, room and board) provider among Virginia's four-year public institutions.

Schedule A:
2018-19 Resource Allocation Analysis

	2018-19 Assumptions		2018-19 Assumptions
REVENUE		EXPENSES	
General Fund Changes		Non-Discretionary Cost Increases	
2017-18 Central Fund Alignment	\$118,006	Mandatory Costs	
2018-19 Interest Earnings & CC Rebates	180,000	2018-19 Fringe Rate Changes	\$938,101
2018-19 Fringe Rate Changes	566,064	Central Cost Commitments	
2018-19 Central Systems & Other Changes	38,152	AA Promotion & Tenure	220,670
Total General Fund Changes	\$902,222	Contracts & Compliance	337,421
Nongeneral Fund Changes		Contract Payouts	100,000
Tuition & Fees	\$3,999,840	One-Time Operating Restoration	344,731
Sales & Services	(60,000)	Recovery Rate Changes	202,981
Private Support	201,653	Sub-Total Central Commitments	\$2,143,904
VRS Recoveries	344,731	Division Recurring Requirements	
Need Based Scholarships	(472,225)	Academic Affairs	\$612,775
Total Nongeneral Fund Changes	\$4,013,999	Finance & Administration	29,778
Total Revenue Changes	\$4,916,221	Information Technology	35,000
		Central Administration	8,147
		Student Affairs	13,441
		University Relations	14,915
		University Advancement	435,663
		Enrollment Management	178,339
		General Strategic Plan Implementation	1,444,260
		Sub-Total Division Requirements	\$2,772,317
		Total Non-Discretionary Cost Increases	\$4,916,221
		SURPLUS / (DEFICIT)	\$0

Schedule B:
Summary of Proposed 2018-19 Tuition and Fees

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Undergraduate				
<u>In-state Undergraduate (full-time) –</u>				
Tuition	\$7,407	\$7,922	\$515	6.95%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total In-state Undergraduate	\$10,627	\$11,210	\$583	5.49%
Room - Standard Double	5,127	5,281	154	3.00%
Board - 19 Meal Plan	4,105	4,229	124	3.02%
Total In-state Undergraduate Living in University Housing	\$19,859	\$20,720	\$861	4.34%
<u>Out-of-state Undergraduate (full-time) –</u>				
Tuition	\$19,042	\$19,557	\$515	2.70%
Mandatory Capital Fee	447	447	0	0.00%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total Out-of-state Undergraduate	\$22,709	\$23,292	\$583	2.57%
Room - Standard Double	5,127	\$5,281	154	3.00%
Board - 19 Meal Plan	4,105	\$4,229	124	3.02%
Total Out-of-state Undergraduate Living in University Housing	\$31,941	\$32,802	\$861	2.70%

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Graduate				
<u>In-state Graduate (full-time) –</u>				
Tuition	\$8,336	\$8,915	\$579	6.95%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total In-state Graduate	\$11,556	\$12,203	\$647	5.60%

<u>Out-of-State Graduate (full-time) –</u>				
Tuition	\$16,862	\$17,441	\$579	3.43%
Mandatory Capital Fee	447	447	0	0.00%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total Out-of-state Graduate	\$20,529	\$21,176	\$647	3.15%

Differential Tuition & Fees

Master of Occupational Therapy (MOT) In-State (per credit hour)

Tuition	\$352	\$376	\$24	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total In-state Graduate MOT	\$487	\$514	\$27	5.63%

Master of Occupational Therapy (MOT) Out-of-State (per credit hour)

Tuition	\$943	\$967	\$24	2.59%
Mandatory Capital Fee ¹	19	19	0	0.00%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total Out-of-state Graduate	\$1,097	\$1,124	\$27	2.50%

¹ For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of \$1,615 per semester for the mandatory comprehensive fee, \$27 per semester for the technology fee, and \$223.50 per semester for the Out-of-State Capital Fee.

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
<u>Doctor of Nursing Practice (DNP) In-State (per credit hour)</u>				
Tuition	\$471	\$504	\$33	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Online Program Fee ²	25	25	0	0.00%
Total In-state Graduate DNP	\$499	\$532	\$33	6.56%

<u>Doctor of Nursing Practice (DNP) Out-of-State (per credit hour)</u>				
Tuition	\$964	\$997	\$33	3.40%
Mandatory Capital Fee ¹	19	19	0	0.00%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Online Program Fee ²	25	25	0	0.00%
Total Out-of-state Graduate DNP	\$1,011	\$1,044	\$33	3.24%

<u>Doctor of Physical Therapy (DPT) In-State (per credit hour)</u>				
Tuition	\$449	\$480	\$31	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total In-state Graduate DPT	\$584	\$618	\$34	5.85%

<u>Doctor of Physical Therapy (DPT) Out-of-State (per credit hour)</u>				
Tuition	\$935	\$966	\$31	3.34%
Mandatory Capital Fee ¹	19	19	0	0.00%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total Out-of-state Graduate DPT	\$1,089	\$1,123	\$34	3.14%

¹ For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of \$1,615 per semester for the mandatory comprehensive fee, \$27 per semester for the technology fee, and \$223.50 per semester for the Out-of-State Capital Fee.

² The online program fee applies to select differential tuition programs that are offered fully online. This fee is assessed on a per credit hour basis in lieu of the comprehensive fee.

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
<u>Master of Fine Arts in Design Thinking In-State (per credit hour)</u>				
Tuition	\$696	\$744	48	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Online Program Fee ²	25	25	0	0.00%
Total In-state Graduate DNP	\$724	\$772	\$48	6.68%

Master of Fine Arts in Design Thinking Out-of-State (per credit hour)

Tuition	\$696	\$744	48	6.95%
Mandatory Capital Fee ¹	19	19	0	0.00%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Online Program Fee ²	25	25	0	0.00%
Total Out-of-state Graduate DNP	\$743	\$791	\$48	6.51%

Competency Based Certificate Program (per year)

Tuition	\$6,000	\$6,000	\$0	0.00%
Mandatory Capital Fee ¹	0	0	0	0.00%
Mandatory Technology Fee ¹	0	0	0	0.00%
Total Competency Certificate	\$6,000	\$6,000	\$0	0.00%

¹ For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of \$1,615 per semester for the mandatory comprehensive fee, \$27 per semester for the technology fee, and \$223.50 per semester for the Out-of-State Capital Fee.

² The online program fee applies to select differential tuition programs that are offered fully online. This fee is assessed on a per credit hour basis in lieu of the comprehensive fee.

Part-time, 2018 Wintermester and Summer³ Rates

<u>Tuition</u>	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
<i>Undergraduate</i>				
In-state	\$308	\$329	\$21	6.95%
Out-of-state	793	814	21	2.70%
<i>Graduate</i>				
In-state	347	371	24	6.95%
Out-of-state	702	726	24	3.43%
In-state MOT	352	376	24	6.95%
Out-of-state MOT	943	967	24	2.59%
In-state DPT	449	480	31	6.95%
Out-of-state DPT	935	966	31	3.34%
In-state DNP	471	504	33	6.95%
Out-of-state DNP	964	997	33	3.40%
In-state MFA	696	744	48	6.95%
Out-of-state MFA	696	744	48	6.95%
Virginia Educator	266	284	18	6.95%
<u>Other Mandatory Fees</u>				
Technology Fee	\$3	\$3	\$0	0.00%
Out-of-state Capital Fee	19	19	0	0.00%
Online Program Fee ²	25	25	0	0.00%
Comprehensive Fee	132	135	3	2.26%

²The online program fee applies to select differential tuition programs that are offered fully online. This fee is assessed on a per credit hour basis in lieu of the comprehensive fee.

³Summer III only - full-time students taking 12 to 18 credit hours are charged the annualized rate schedule instead of the per credit hour rate schedule.

Comprehensive Fee

	Approved 2017-18	Proposed 2018-19	Dollar Increase	Percent Increase
Mandatory Comprehensive Fee				
Athletics	\$1,180	\$1,180	\$0	0.00%
Auxiliary Building/Facilities	258	263	5	1.94%
Auxiliary Support	209	216	7	3.35%
Debt Service	299	299	0	0.00%
Recreation	282	287	5	1.77%
Student Activities	127	127	0	0.00%
Student Health	322	342	20	6.21%
Student Services	75	90	15	20.00%
Student Union	286	296	10	3.50%
Transit	128	130	2	1.56%
Total Comprehensive Fee	\$3,166	\$3,230	\$64	2.02%

Fall & Spring Annual Room Rates⁴

	Approved 2017-18	Proposed 2018-19	Dollar Increase	Percent Increase
Room				
Traditional Double	\$4,540	\$4,676	\$136	3.00%
Standard Double - Phase I	5,127	5,281	154	3.00%
Standard Double - Phase II	5,281	5,439	158	2.99%
Traditional Single	6,627	6,826	199	3.00%
Standard Single - Phase I	7,294	7,513	219	3.00%
Standard Single - Phase II	7,513	7,738	225	2.99%
Standard - Super Suite	5,545	5,711	166	2.99%
University Managed Apartments	5,909	6,086	177	3.00%

⁴ Notes:

a) Double occupancy rooms which remain tripled after the census date will receive a weekly 25 percent prorated credit on their respective room rate.

b) Summer rates are prorated based on the approved annualized rate for a standard room.

Fall & Spring Annual Board & Meal Plan Rates⁵

	Approved 2017-18	Proposed 2018-19	Dollar Increase	Percent Increase
Residential Board Plan				
Flex Plan	\$3,982	\$4,102	\$120	3.01%
19 Meal Plan	4,105	4,229	124	3.02%
15 Meal Plan	3,994	4,114	120	3.00%
Apt Block	---	2,160	---	---
Non-Residential Meal Plan (<i>optional</i>)				
Flex Jr. Plan	\$2,012	\$2,074	\$62	3.08%
65 Meal Plan	1,003	1,034	31	3.09%
90 Meal Plan	1,389	1,431	42	3.02%

⁵ Notes:

- a) Summer rates are prorated on the approved annualized rate.
- b) Select board and meal plans may not be available each term.

Schedule C:
2017-18 Operating Budget Plan and Financial Overview

2017-18 Tuition and Fees Overview

Source: 2017-18 Operating Budget Plan and Financial Overview

Students are charged tuition that supports the Educational & General (E&G) program and comprehensive, room, and board fees that support the Auxiliary Enterprises program.

Tuition: Radford University's tuition, approved annually by the Radford University Board of Visitors, is divided into the following four major classifications:

- **In-state undergraduate**
- **Out-of-state undergraduate**
- **In-state graduate**
- **Out-of-state graduate**

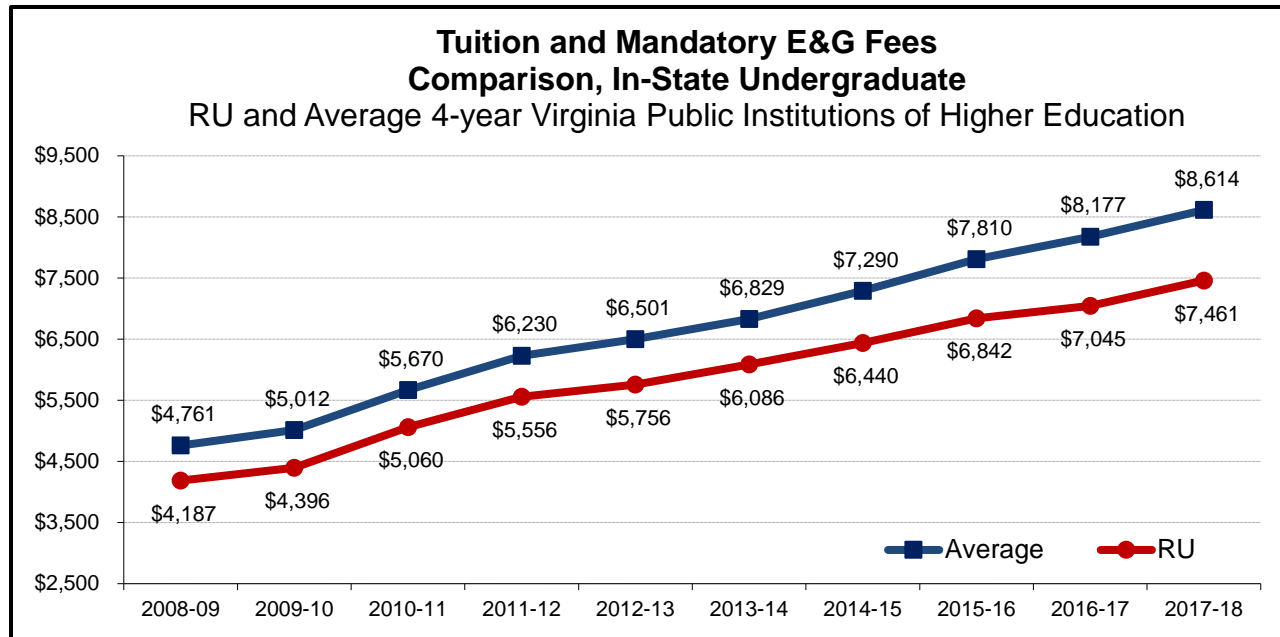
Radford University's Tuition and Mandatory Fee rates from fiscal years 2014 through 2018 are as follows:

Total Tuition and Mandatory Fees								
In-State, Undergraduate Students								
Rank	Institution	FY14	FY15	FY16	FY17	FY18	\$ Change From FY17	% Change From FY17
1	College of William & Mary ¹	\$10,531	\$12,564	\$14,114	\$15,810	\$16,506	\$696	4.4%
2	University of Virginia	\$10,460	\$10,932	\$12,347	\$13,515	\$13,810	\$295	2.2%
3	Virginia Commonwealth University ¹	\$9,960	\$10,356	\$10,719	\$10,989	\$11,483	\$494	4.5%
4	Virginia Tech	\$9,703	\$10,197	\$10,628	\$10,941	\$11,263	\$322	2.9%
5	Virginia Military Institute	\$7,080	\$7,498	\$8,136	\$8,461	\$8,884	\$423	5.0%
6	George Mason University	\$7,220	\$7,562	\$7,976	\$8,204	\$8,672	\$468	5.7%
7	University of Mary Washington	\$6,758	\$7,146	\$7,716	\$7,948	\$8,306	\$358	4.5%
8	Christopher Newport University	\$6,554	\$6,962	\$7,642	\$7,870	\$8,270	\$400	5.1%
9	Longwood University	\$6,450	\$6,930	\$7,170	\$7,350	\$7,620	\$270	3.7%
10	Radford University	\$6,086	\$6,440	\$6,842	\$7,045	\$7,461	\$416	5.9%
11	Old Dominion University	\$5,492	\$5,813	\$6,193	\$6,348	\$6,648	\$300	4.7%
12	James Madison University	\$5,104	\$5,406	\$5,724	\$5,896	\$6,250	\$354	6.0%
13	Virginia State University	\$4,906	\$5,078	\$5,230	\$5,386	\$5,547	\$161	3.0%
14	University of Virginia at Wise	\$4,801	\$5,012	\$5,210	\$5,369	\$5,529	\$160	3.0%
15	Norfolk State University	\$3,810	\$4,536	\$5,162	\$5,318	\$5,478	\$160	3.0%
Average²		\$6,829	\$7,290	\$7,810	\$8,177	\$8,614	\$437	5.3%

¹ The institution adopted a new guaranteed tuition plan for incoming in-state undergraduates in 2013-14. The tuition charged in their freshman year is frozen for all four years of their undergraduate attendance.

² Weighted average as calculated by SCHEV in order to account for variable increases at CWM and VCU

Tuition and Mandatory Fees: The charts and graphs shown reflect a multi-year comparison of tuition and mandatory fees for in-state undergraduate students among the 15 four-year public institutions in Virginia. Radford University’s tuition and mandatory E&G fees for 2017-18 is **13.4 percent (\$1,153)** lower than the average tuition and mandatory E&G fees at the other Virginia four-year public institutions of higher education.

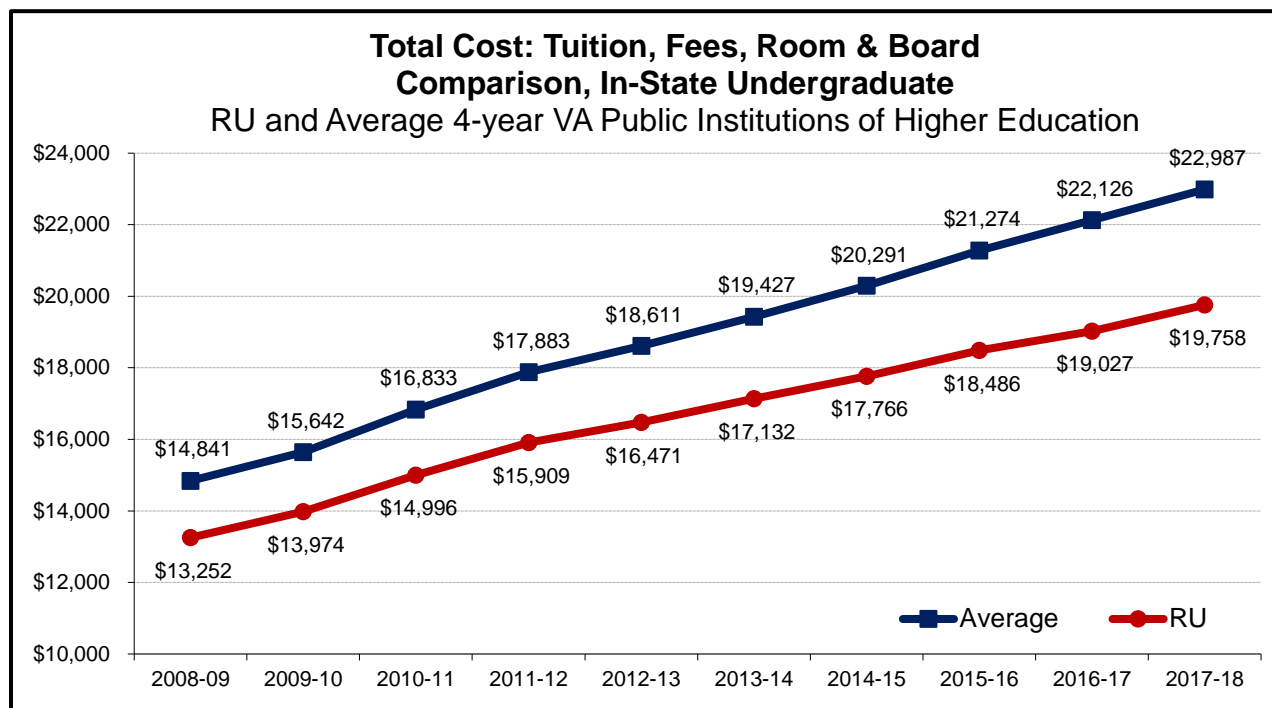


TOTAL PRICE (TUITION, MANDATORY FEES, ROOM AND BOARD)

The charts, graphs, and tables below display the total price for in-state undergraduate students compared to the state average and other Virginia four-year public colleges and universities.

For the 2017-18 academic year, Radford University’s total cost (tuition, mandatory fees, room and board) is **14.0 percent (or \$3,229)** lower than the average total cost at the other Virginia public four-year institutions of higher education.

In-State, Undergraduate Students	2017-18 State Average	2017-18 RU Total Cost	\$ RU Below Average	% RU Below Average
Tuition and Mandatory E&G Fees	\$8,614	\$7,461	(\$1,153)	-13.4%
Comprehensive Fee	\$4,088	\$3,166	(\$922)	-22.6%
Room & Board	\$10,285	\$9,131	(\$1,154)	-11.2%
Total	\$22,987	\$19,758	(\$3,229)	-14.0%



Total Tuition, Comprehensive Fees, Room & Board Fees In-State, Undergraduate Students								
Rank	Institution	FY14	FY15	FY16	FY17	FY18	\$ Change From FY17	% Change From FY17
1	College of William & Mary ¹	\$25,279	\$28,000	\$30,350	\$32,616	\$33,843	\$1,227	3.8%
2	Virginia Military Institute	\$22,492	\$23,890	\$25,202	\$26,460	\$27,450	\$990	3.7%
3	University of Virginia	\$22,175	\$23,050	\$24,869	\$26,440	\$27,060	\$620	2.3%
4	Christopher Newport University	\$21,050	\$21,960	\$23,140	\$23,968	\$24,878	\$910	3.8%
5	Virginia Commonwealth University ¹	\$21,084	\$21,716	\$22,358	\$23,049	\$23,811	\$762	3.3%
6	Longwood University	\$20,216	\$20,836	\$21,468	\$22,184	\$23,138	\$954	4.3%
7	George Mason University	\$18,898	\$19,814	\$21,462	\$22,030	\$23,014	\$984	4.5%
8	University of Mary Washington	\$18,782	\$19,682	\$20,764	\$21,508	\$22,344	\$836	3.9%
9	Virginia Tech	\$19,105	\$19,941	\$20,711	\$21,276	\$21,920	\$644	3.0%
10	James Madison University	\$18,049	\$18,858	\$19,462	\$20,118	\$20,990	\$872	4.3%
11	Old Dominion University	\$17,732	\$18,518	\$19,214	\$19,870	\$20,472	\$602	3.0%
12	University of Virginia at Wise	\$18,499	\$19,208	\$19,476	\$19,885	\$20,139	\$254	1.3%
13	Radford University	\$17,132	\$17,766	\$18,486	\$19,027	\$19,758	\$731	3.8%
14	Virginia State University	\$17,792	\$18,130	\$18,478	\$19,034	\$19,606	\$572	3.0%
15	Norfolk State University	\$15,600	\$16,176	\$17,336	\$18,228	\$18,902	\$674	3.7%
Average²		\$19,427	\$20,291	\$21,274	\$22,126	\$22,987	\$861	

¹ The institution adopted a new guaranteed tuition plan for incoming in-state undergraduates in 2013-14. The tuition charged in their freshman year is frozen for all four years of their undergraduate attendance.

² Weighted average as calculated by SCHEV in order to account for variable increases at C.M and VCU

RADFORD UNIVERSITY BOARD OF VISITORS

**Resolution
May 3, 2018**

Approval of 2018-19 Tuition and Fees

NOW, THEREFORE, BE IT RESOLVED that the Radford University Board of Visitors approves tuition and fees for the 2018-19 academic year as reflected in the Summary of Proposed 2018-19 Tuition and Fees beginning with the Fall 2018 semester and thereafter until otherwise adjusted by the Board of Visitors.

Summary of Proposed 2018-19 Tuition and Fees

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Undergraduate				
<u>In-state Undergraduate (full-time) -</u>				
Tuition	\$7,407	\$7,922	\$515	6.95%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total In-state Undergraduate	\$10,627	\$11,210	\$583	5.49%
Room - Standard Double	5,127	5,281	154	3.00%
Board - 19 Meal Plan	4,105	4,229	124	3.02%
Total In-state Undergraduate Living in University Housing	\$19,859	\$20,720	\$861	4.34%
<u>Out-of-state Undergraduate (full-time) -</u>				
Tuition	\$19,042	\$19,557	\$515	2.70%
Mandatory Capital Fee	447	447	0	0.00%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total Out-of-state Undergraduate	\$22,709	\$23,292	\$583	2.57%
Room - Standard Double	5,127	\$5,281	154	3.00%
Board - 19 Meal Plan	4,105	\$4,229	124	3.02%
Total Out-of-state Undergraduate Living in University Housing	\$31,941	\$32,802	\$861	2.70%

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Graduate				
<u>In-state Graduate (full-time) -</u>				
Tuition	\$8,336	\$8,915	\$579	6.95%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total In-state Graduate	\$11,556	\$12,203	\$647	5.60%

<u>Out-of-State Graduate (full-time) -</u>				
Tuition	\$16,862	\$17,441	\$579	3.43%
Mandatory Capital Fee	447	447	0	0.00%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total Out-of-state Graduate	\$20,529	\$21,176	\$647	3.15%

Differential Tuition & Fees

Master of Occupational Therapy (MOT) In-State (per credit hour)

Tuition	\$352	\$376	\$24	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total In-state Graduate MOT	\$487	\$514	\$27	5.63%

Master of Occupational Therapy (MOT) Out-of-State (per credit hour)

Tuition	\$943	\$967	\$24	2.59%
Mandatory Capital Fee ¹	19	19	0	0.00%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total Out-of-state Graduate	\$1,097	\$1,124	\$27	2.50%

¹ For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of \$1,615 per semester for the mandatory comprehensive fee, \$27 per semester for the technology fee, and \$223.50 per semester for the Out-of-State Capital Fee.

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
<u>Doctor of Nursing Practice (DNP) In-State (per credit hour)</u>				
Tuition	\$471	\$504	\$33	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Online Program Fee ²	25	25	0	0.00%
Total In-state Graduate DNP	\$499	\$532	\$33	6.56%

<u>Doctor of Nursing Practice (DNP) Out-of-State (per credit hour)</u>				
Tuition	\$964	\$997	\$33	3.40%
Mandatory Capital Fee ¹	19	19	0	0.00%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Online Program Fee ²	25	25	0	0.00%
Total Out-of-state Graduate DNP	\$1,011	\$1,044	\$33	3.24%

<u>Doctor of Physical Therapy (DPT) In-State (per credit hour)</u>				
Tuition	\$449	\$480	\$31	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total In-state Graduate DPT	\$584	\$618	\$34	5.85%

<u>Doctor of Physical Therapy (DPT) Out-of-State (per credit hour)</u>				
Tuition	\$935	\$966	\$31	3.34%
Mandatory Capital Fee ¹	19	19	0	0.00%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total Out-of-state Graduate DPT	\$1,089	\$1,123	\$34	3.14%

¹ For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of \$1,615 per semester for the mandatory comprehensive fee, \$27 per semester for the technology fee, and \$223.50 per semester for the Out-of-State Capital Fee.

² The online program fee applies to select differential tuition programs that are offered fully online. This fee is assessed on a per credit hour basis in lieu of the comprehensive fee.

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
<u>Master of Fine Arts in Design Thinking In-State (per credit hour)</u>				
Tuition	\$696	\$744	48	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Online Program Fee ²	25	25	0	0.00%
Total In-state Graduate DNP	\$724	\$772	\$48	6.68%

Master of Fine Arts in Design Thinking Out-of-State (per credit hour)

Tuition	\$696	\$744	48	6.95%
Mandatory Capital Fee ¹	19	19	0	0.00%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Online Program Fee ²	25	25	0	0.00%
Total Out-of-state Graduate DNP	\$743	\$791	\$48	6.51%

Competency Based Certificate Program (per year)

Tuition	\$6,000	\$6,000	\$0	0.00%
Mandatory Capital Fee ¹	0	0	0	0.00%
Mandatory Technology Fee ¹	0	0	0	0.00%
Total Competency Certificate	\$6,000	\$6,000	\$0	0.00%

¹ For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of \$1,615 per semester for the mandatory comprehensive fee, \$27 per semester for the technology fee, and \$223.50 per semester for the Out-of-State Capital Fee.

² The online program fee applies to select differential tuition programs that are offered fully online. This fee is assessed on a per credit hour basis in lieu of the comprehensive fee.

Part-time, 2018 Wintermester and Summer³ Rates

<u>Tuition</u>	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
<i>Undergraduate</i>				
In-state	\$308	\$329	\$21	6.95%
Out-of-state	793	814	21	2.70%
<i>Graduate</i>				
In-state	347	371	24	6.95%
Out-of-state	702	726	24	3.43%
In-state MOT	352	376	24	6.95%
Out-of-state MOT	943	967	24	2.59%
In-state DPT	449	480	31	6.95%
Out-of-state DPT	935	966	31	3.34%
In-state DNP	471	504	33	6.95%
Out-of-state DNP	964	997	33	3.40%
In-state MFA	696	744	48	6.95%
Out-of-state MFA	696	744	48	6.95%
Virginia Educator	266	284	18	6.95%
<u>Other Mandatory Fees</u>				
Technology Fee	\$3	\$3	\$0	0.00%
Out-of-state Capital Fee	19	19	0	0.00%
Online Program Fee ²	25	25	0	0.00%
Comprehensive Fee	132	135	3	2.26%

²The online program fee applies to select differential tuition programs that are offered fully online. This fee is assessed on a per credit hour basis in lieu of the comprehensive fee.

³Summer III only - full-time students taking 12 to 18 credit hours are charged the annualized rate schedule instead of the per credit hour rate schedule.

Comprehensive Fee

	Approved 2017-18	Proposed 2018-19	Dollar Increase	Percent Increase
Mandatory Comprehensive Fee				
Athletics	\$1,180	\$1,180	\$0	0.00%
Auxiliary Building/Facilities	258	263	5	1.94%
Auxiliary Support	209	216	7	3.35%
Debt Service	299	299	0	0.00%
Recreation	282	287	5	1.77%
Student Activities	127	127	0	0.00%
Student Health	322	342	20	6.21%
Student Services	75	90	15	20.00%
Student Union	286	296	10	3.50%
Transit	128	130	2	1.56%
Total Comprehensive Fee	\$3,166	\$3,230	\$64	2.02%

Fall & Spring Annual Room Rates⁴

	Approved 2017-18	Proposed 2018-19	Dollar Increase	Percent Increase
Room				
Traditional Double	\$4,540	\$4,676	\$136	3.00%
Standard Double - Phase I	5,127	5,281	154	3.00%
Standard Double - Phase II	5,281	5,439	158	2.99%
Traditional Single	6,627	6,826	199	3.00%
Standard Single - Phase I	7,294	7,513	219	3.00%
Standard Single - Phase II	7,513	7,738	225	2.99%
Standard - Super Suite	5,545	5,711	166	2.99%
University Managed Apartments	5,909	6,086	177	3.00%

⁴Notes:

a) Double occupancy rooms which remain tripled after the census date will receive a weekly 25 percent prorated credit on their respective room rate.

b) Summer rates are prorated based on the approved annualized rate for a standard room.

Fall & Spring Annual Board & Meal Plan Rates⁵

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Residential Board Plan				
Flex Plan	\$3,982	\$4,102	\$120	3.01%
19 Meal Plan	4,105	4,229	124	3.02%
15 Meal Plan	3,994	4,114	120	3.00%
Apt Block	---	2,160	---	---
 Non-Residential Meal Plan (<i>optional</i>)				
Flex Jr. Plan	\$2,012	\$2,074	\$62	3.08%
65 Meal Plan	1,003	1,034	31	3.09%
90 Meal Plan	1,389	1,431	42	3.02%

⁵Notes:

- a) Summer rates are prorated on the approved annualized rate.
- b) Select board and meal plans may not be available each term.

February 2018 Meeting Minutes

RADFORD UNIVERSITY

Board of Visitors



Board of Visitors

**BUSINESS AFFAIRS AND AUDIT COMMITTEE MEETING
1:30 P.M.
FEBRUARY 15, 2018
MARY ANN JENNINGS HOVIS MEMORIAL BOARD ROOM
THIRD FLOOR, MARTIN HALL, RADFORD, VA**

**DRAFT
MINUTES**

COMMITTEE MEMBERS PRESENT

Mr. Robert A. Archer, Chair
Mr. Gregory A. Burton
Dr. Debra K. McMahan

COMMITTEE MEMBERS ABSENT

Dr. Jay A. Brown, Vice Chair
Dr. Javaid Siddiqi

BOARD MEMBERS PRESENT

Mr. Mark S. Lawrence, Rector
Mr. Randy J. Marcus, Vice Rector
Dr. Rachel D. Fowlkes
Dr. Susan Whealler Johnston
Ms. Georgia Anne Snyder-Falkinham
Ms. Krisha Chachra
Ms. Lisa Throckmorton
Dr. Jason Fox, Faculty Representative (Non-voting Advisory Member)
Ms. Jessica Wollman, Student Representative (Non-voting Advisory Member)

OTHERS PRESENT:

President Brian O. Hemphill
Mr. Richard S. Alvarez, Vice President for Finance and Administration and Chief Financial Officer
Mr. Mike Biscotte, Director of Facilities Planning and Construction
Mr. Joe Carpenter, Vice President for University Relations and Chief Communications Officer
Ms. Karen Castele, Secretary to the Board of Visitors/Special Assistant to the President
Ms. Meghan Finney, Auditor of Public Accounts
Ms. Stephanie Jennelle, Associate Vice President for Finance and University Controller
Mr. Danny M. Kemp, Vice President for Information Technology and Chief Information Officer
Ms. Ann Marie Klotz, Vice President for Student Affairs
Ms. Margaret McManus, University Auditor
Mr. Chad Reed, Associate Vice President for Budget and Financial Planning
Mr. Mike Reinholtz, Auditor of Public Accounts

Ms. Ashley Schumaker, Chief of Staff, Office of the President
Dr. Dietra Trent, Former Secretary of Education, Commonwealth of Virginia
Mr. Allen Wilson, Senior Assistant Attorney General, Commonwealth of Virginia
Other Radford University Faculty and Staff

CALL TO ORDER

Mr. Robert A. Archer, Chair, formally called the meeting to order at 1:28 p.m. in the Mary Ann Jennings Hovis Board Room, Second Floor, Martin Hall, Radford University, Radford, Virginia.

APPROVAL OF AGENDA

Mr. Archer requested a motion to approve the February 15, 2018 meeting agenda, as published. Dr. McMahon so moved, Mr. Burton seconded and the agenda was unanimously approved, as published.

APPROVAL OF MINUTES

Mr. Archer requested a motion to approve the December 7, 2017 minutes, as published. Mr. Burton so moved, Dr. McMahon seconded the motion and the minutes were unanimously approved, as published.

REPORTS AND RECOMMENDATIONS

Report from the Auditor of Public Accounts

Mr. Mike Reinholtz, Project Manager, with the Auditor of Public Accounts, presented information regarding the upcoming audit of the University's financial statements for the fiscal year ending June 30, 2017. He discussed the responsibilities of the auditors and management, as well as the planned scope and timeline of this year's audit. A copy of the APA Engagement Memorandum is attached hereto as *Attachment A* and is made a part hereof.

Report from the University Auditor

Ms. Margaret McManus, University Auditor, presented an oral report on the University Discretionary Fund review for the quarter ending December 31, 2017. One hundred percent of University Discretionary Fund expenditures were reviewed, and all were found in compliance with the Board of Visitors' guidelines. Ms. McManus also updated the Committee on the department's Quality Assurance and Improvement Program.

Capital Projects Update

Mr. Richard S. Alvarez, Chief Financial Officer and Vice President for Finance and Administration, provided an update on capital projects currently in progress. A copy of the report is attached hereto as *Attachment B* and is made a part hereof.

Governor's Budget Update

Mr. Alvarez presented an overview of the incremental funding included for Radford University in the Governor's 2018-2020 Executive Budget Proposal. He reported the Governor's proposed budget included contributions to increase need-based student financial aid and maintenance reserve. The Biennial Budget proposal also includes a two percent salary increase for state employees effective November 10, 2019. A copy of the Information Items regarding the Governor's Amended 2016-2018 Biennial Budget Proposal & Budget Update is attached hereto as *Attachment C* and is made a part hereof. The outcome of the proposed 2018-2020 budget will not be known until the completion of the 2018 General Assembly session. An update will be provided at the May Board of Visitors meeting.

ACTION ITEMS

Recommendation to Board to Approve Updated Delegation of Authority for Approval of Fees

Mr. Alvarez, explained the background for the delegation of authority for approval of certain fees and discounts to the Chief Financial Officer and Vice President for Finance and Administration. Following discussion, Mr. Archer asked for a motion to recommend that the Board of Visitors approve the Resolution delegating authority for approval of fees to the Chief Financial Officer and Vice President for Finance and Administration. Mr. Burton so moved, Dr. McMahon seconded the motion and the motion carried unanimously. A copy of the report together with the proposed Resolution is attached hereto as *Attachment D* and is made a part hereof.

Recommendation to Board to Approve Resolution Certifying Compliance with the Radford University Debt Management Policy

Ms. Stephanie Jennelle, Associate Vice President for Finance and University Controller, explained that this certification is required annually by the Secretary of Finance for the Commonwealth of Virginia as part of Institutional Performance Standards reporting. She provided documentation of the required ratio calculation that demonstrates that the University is in compliance with its Debt Management Policy. Mr. Archer asked for a motion to recommend that the Board of Visitors approve the Resolution certifying that the University is in compliance with its Debt Management Policy. Dr. McMahon so moved, Mr. Burton seconded the motion, and the motion carried unanimously. A copy of the report together with the proposed Resolution is attached hereto as *Attachment E* and is made a part hereof.

Recommendation to Board to Approve Internal Control Policy

Ms. Jennelle presented the proposed Internal Control Policy for Radford University to the committee. This Internal Control Policy replaces and expands upon the Policy Statement on Internal Control adopted by the Business Affairs Committee of the Board of Visitors on February 17, 1999. The Internal Control Policy was submitted to and approved by the President's Cabinet on January 8, 2018. Mr. Archer asked for a motion to recommend that the Board of Visitors approve the Resolution to approve the Internal Control Policy. Dr. McMahon so moved, Mr. Burton seconded the motion, and the motion carried unanimously. A copy of the policy together with the proposed Resolution is attached hereto as *Attachment F* and is made a part hereof.

Recommendation to Board to Approve Internal Audit Charter

Ms. McManus explained the background of the Internal Audit Charter, which was established in 1985, and last revised in September 2014. Ms. McManus discussed the revisions that were being made to the current Internal Audit Charter. The revised Internal Audit Charter was submitted to and approved by the President's Cabinet on January 8, 2018. Mr. Archer asked for a motion to recommend that the Board of Visitors approve the Resolution for the revised Internal Audit Charter. Dr. McMahon so moved, Mr. Burton seconded the motion, and the motion carried unanimously. A copy of the charter together with the proposed Resolution is attached hereto as *Attachment G* and is made a part hereof.

ADJOURNMENT

With no further business before the committee, Mr. Archer asked for a motion to adjourn the session. Dr. McMahon so moved and Mr. Burton seconded. The motion carried unanimously. The meeting adjourned at 2:12 pm.

Respectfully submitted,

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

**APA Audit Engagement Memorandum
Radford University
Business Affairs and Audit Committee
February 15, 2018**

- APA Audit Team:
 - J. Michael Reinholtz, Project Manager (mike.reinholtz@apa.virginia.gov)
 - Meghan Finney, Auditor In-Charge (meghan.finney@apa.virginia.gov)

- Audit Period – July 1, 2016 through June 30, 2017

- Audit Deadline – May 2018

- Audit Objectives, to ensure:
 - The financial statements present fairly the financial position, the changes in financial position, and the cash flows for the 2017 fiscal year in conformity with accounting principles generally accepted in the United States of America.
 - Disclosures in the financial statements are adequate and fairly stated.
 - Management has appropriately reviewed the financial statements, accruals, adjustments and disclosures.
 - Adequate internal controls exist over material account balances and transactions.
 - The University is in compliance with applicable laws, regulations, and provisions of contracts or grant agreements.

- Discussion of Risk
 - The APA encourages the Board of Visitors to provide input regarding the risks they perceive to the University in completing its mission. The Board members can direct their comments to the Audit Committee Chair, the Internal Audit Director, or the APA Project Manager.

Terms of the Engagement

The Auditor's (APA) Responsibilities

Overall Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards for financial audits contained in the *Government Auditing Standards*. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable, rather than absolute assurance, about whether the financial statements are free of material misstatement whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*.

Audit Procedures-Internal Control and Compliance

Our audit will include obtaining an understanding of internal controls, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate in writing to management and those charged with governance any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Also, as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants

Those charged with governance

We are responsible for communicating significant matters related to the financial statement audit that are, in the auditor's professional judgment, relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. GAAS do not require the auditor to design procedures for the purpose of identifying other matters to communicate with those charged with governance.

Management's Responsibilities

Our audit will be conducted on the basis that Management acknowledge and understand that they have the following responsibilities:

- Preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America
- Design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- Identify and ensure compliance with applicable laws, regulations, contracts, and grant agreements
- Informing the APA about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements
- Informing the APA (and others as required by the Code of Virginia § 30-138) of knowledge of any allegations of fraud or suspected fraud affecting the University received in communications from employees, former employees, regulators, or others
- As received, forward copies of each federal audit performed on agency or institution programs or activities to the Auditor of Public Accounts as required by Chapter 836 § 4-8.02 a. of the 2017 Virginia Acts of Assembly. To forward these reports to the Auditor of Public Accounts, use APAFederal@apa.virginia.gov. If the federal report is only available in hardcopy or contains FOIA exempt information, DO NOT email the report, use this same email account to notify the Auditor of Public Accounts of the federal report and provide the contact information of the individual with the report.
- Informing the APA of any potential documents that are FOIA exempt
- Ensuring that management is reliable and financial information is reliable and properly recorded
- Making all financial records and related information available to the APA
- Providing the APA with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence
- Responding to audit findings and recommendations, as well as providing your planned corrective actions and the timing and format for providing that information
- Providing the APA at the end of the audit with a written letter confirming certain representations made during the audit
- Adjusting the financial statements to correct material misstatements and providing the APA with a representation that the effects of any uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
- Preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Audit Committee Responsibilities

- Communicate with APA about audit scope

- Communicate with management and internal audit regarding progress
- Receive reports and findings from management and external audit

Other Elements of the audit process:

Overall planned scope of the audit

Approach to internal control – We review internal controls to identify those areas where we can replace substantive testing with transactional testing. We look for management to have written formal policies and procedures and check for the implementation of those procedures.

Concept of materiality – We do not review all transactions or accounts in detail. We use materiality to focus our work on those financial statement line items and those transactions that are material or significant to the University.

Identification of potential fraud risks

Approach to fraud – Most of our audit is focused on our opinion on the financial statements and materiality. Our primary interest related to fraud would be in how it may affect the financial statements and those controls that the financial statements rely upon. The audit is not designed to detect error or fraud that is immaterial to the financial statements. However, we review policies and procedures for fraud risk and may direct our testwork towards addressing fraud risk.

Responsibility for identifying fraud risks and fraud – Auditing standards require us to assess fraud risk, interview management and staff about their knowledge of fraud and fraud risk, and review exceptions for indications of possible fraudulent transactions. Auditors should be looking for red flag fraud indicators. Even though government entities are not always profit oriented, the auditors remain vigilant about financial statement fraud.

Report fraudulent transactions as required by Code of Virginia § 30-138 Agencies are responsible for reporting circumstances that suggest a reasonable possibility that a fraudulent transaction has occurred involving funds or property under their control, where an officer or employee of the state or local government may be involved. Items should be reported to the Auditor of Public Accounts, the State Inspector General, and the Superintendent of State Police.

Audit Reporting

We will issue a written report upon completion of our audit of the University's financial statements. We will make reference to the Component Auditor's audit of the Radford University Foundation in our report on the University's financial statements. Our report will be addressed to the Board of Visitors of the University. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph(s). If our opinions on the financial statements are other than unqualified (unmodified), we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or

on compliance. This report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
February 15, 2018**

**Information Item
Capital Projects Update**

Item: Facilities Planning and Construction update on capital projects.

Background: Currently, the University has **two active capital projects** in progress. Following is an update and project summary for each:

1. Renovate Residence Halls Umbrella Project

Project Budget-----\$36,000,000
9c Bond

Architect/Engineer Firm (Phase 1) -----VMDO
Charlottesville, VA

Contractor (Phase 1) -----G&H Contracting
Salem, VA

Architect/Engineer Firm (Phase 2) -----Waller, Todd, Sadler
Virginia Beach, VA

Contractor (Phase 2) -----G&H Contracting
Salem, VA

Multiple residence hall renovations have been funded through a \$36,000,000 blanket umbrella project authorization.

Phase 1 of the umbrella project included renovations of Pocahontas, Bolling, and Draper Halls and the new Moffett Quad chilled water loop, and is complete and has been closed out.

Phase 2 of the residence hall renovations project includes the upgrade of life safety systems for Muse Hall. This project addresses the most critical life safety infrastructure needs of Muse Hall, including a new fire alarm system, new lightning protection system, replacement or refurbishment of all seven elevators, and upgrades to exit stairways and exterior ramps. The project also includes renovations to a number of support spaces on the first floor, including a new lounge and refurbished lobby along with a new fire command center.

The project was broken into an early demolition and electrical service package, which was awarded to G&H Contracting in May 2016 and completed in August 2016, and a complete project construction package, awarded also to G&H in September 2016. The total of both awards is \$6,661,109.

Fire alarm and elevator installation activities occurred throughout fall of 2016 and spring of 2017 for public area fire alarm components and connections, along with the replacement of two of the tower high-rise elevators. The remaining project work, including replacement of the other two tower high-rise elevators and the freight elevator, refurbishment of the two wing low-rise elevators, and fire alarm components in student rooms occurred during the summer of 2017 while the entire building was vacated. The project achieved substantial completion in time for August 2017 move-in, with final completion of remaining punch list items and selected additional scope items during winter break of 2017.

2. Reed-Curie Renovation

Project Budget ----- \$33,262,000

Architect/Engineer Firm----- Cannon Design

Construction Manager----- Branch and Associates

The Reed-Curie renovation project was approved in the spring 2016 state bond package, as described in the RU six-year capital plan submission to the state. The project will completely renovate the existing Reed Hall and Curie Hall science buildings to complement the recent addition of the Center for the Sciences, ultimately providing an overall state-of-the-art facility for nearly all of RU’s Artis College of Science and Technology departments.

Occupants in the renovated building will include the Departments of Physics, Geology, Geospatial Sciences, and the Office of the Dean. The Cyber Security Center will also be housed in the renovated building, along with support spaces for the Chemistry and Biology Departments. The Green House will also remain adjacent to the renovated building.

The state initially approved funding for detailed planning for the project, and the Architect-Engineer completed initial field work and programming meetings with the occupants. The Schematic Design package was submitted to BCOM in late February 2017 and to the state’s Art and Architectural Review Board in late March, and the Preliminary Design was submitted to BCOM in May. With approval of all of these submissions, the state approved final funding for the remainder of design and the construction on June 30 2017. The Working Drawings have been submitted to the state, and incorporation of comments for final permit approval is scheduled for February.

CM-at-Risk construction delivery method approval was obtained from BCOM, and the CM pre-construction contract was awarded to Branch and Associates in March 2017. During the summer of 2017, RU completed the relocation of staff and equipment to various swing spaces on campus to render the building unoccupied. Permit documents and an Interim GMP for an Early Release Demolition Package were submitted to BCOM and the AG for approval, with an NTP executed on January 5 2018. RU completed several tasks during winter break to facilitate demolition/construction startup, including removal and surplus of remaining furnishings, hazardous materials abatement, and establishment of construction entrance and laydown area and fencing. The GMP and associated CM construction contract for the full renovation project are scheduled to be awarded in March 2018, with project construction final completion in December 2019 for classes in January 2020.

Additional Projects: Currently, the University is also engaged in a project that has been appropriated to the Roanoke Higher Education Authority.

1. Nursing Simulation Center Expansion at RHEC

Project Budget-----\$1,882,000

Architect/Engineer Firm-----SFCS
Roanoke, VA

Contractor -----Avis Construction Company
Roanoke, VA

The existing Nursing Clinical Simulation Center (CSC) operated by Radford University at the Roanoke Higher Education Center (RHEC) will be expanded by this project. Capacity will be expanded by increasing hospital and examination simulation rooms from six to twelve, adding student debriefing and video review spaces, adding separate space for standardized patients, adding a computer classroom, and reconfiguring administrative space for overall effectiveness. The expansion will allow the student population served to increase by more than 50 percent.

SFCS was awarded the design contract in early 2017. The AE completed initial field work and schematic design, including meetings with the CSC occupants, and the Preliminary Design package was submitted to BCOM in February. Final project funding was approved by the state in March. The design was completed and construction awarded to Avis Construction in May, with construction underway throughout the summer of 2017. Final construction completion and a ribbon-cutting ceremony was held in November 2017, with final simulation equipment fitout and testing such that classes can commence a full schedule in Spring 2018.

Action: None; informational only.

**Radford University Board of Visitors
Business Affairs & Audit Committee
February 15, 2018**

**Information Item
Governor's Amended 2018-2020 Biennial Budget Proposal & Budget Update**

Item:

Overview of the Governor's Executive Budget Proposal for the 2018-2020 biennium.

Background:

On Monday, December 18, 2017, Governor McAuliffe presented his Executive Budget Proposal for the upcoming 2018-20 biennium to the General Assembly Joint Money Committee. Joining him for the announcement was Governor-elect Ralph Northam and Lieutenant Governor-elect Justin Fairfax. Both newly elected officials took office in January 2018 and have begun working to build upon the state's budget set forth in Governor McAuliffe's proposal.

As was initially expected, the Governor's proposal was largely focused on strengthening the overall fiscal position of the Commonwealth, while making investments in mandated services. The proposed budget includes planned contributions to building the Commonwealth's cash reserves through the creation of a Revenue Cash Reserve at two percent of the Commonwealth's operating appropriations. This reserve will be in addition to the Revenue Stabilization Fund, also known as the *Rainy Day Fund*, and will serve to maintain the fiscal integrity of the Commonwealth.

The following is an overview of the funding changes proposed for Radford University's operating budget. Attachment A is the financial summary of these recommendations while Attachment B is the State Council of Higher Education for Virginia's (SCHEV) summary analysis for all institutions of higher education.

Operating Items:

- **Undergraduate Student Financial Assistance:** The Governor's proposed budget includes increased general fund support for need-based, in-state undergraduate student financial aid of \$807,335 in 2018-19 and \$1,375,857 in 2019-20. The contributions seek to make undergraduate higher education more affordable for all Virginians.
- **Incentive Funding:** The Governor's proposed budget seeks to restore institutional performance funding, including proceeds from interest earnings and credit card rebates. This contributes an estimated \$180,000 in support of E&G operations in each year of the biennium.
- **Faculty and Staff Salaries:** The Governor's proposed budget includes a two percent salary increase for state employees effective November 10, 2019. The preliminary amount of general fund support for the salary increase is estimated at \$569,425 for 2019-20.

- **Central Appropriations and Central Systems Adjustments (Fringe Benefit Rates, Workers Compensation, Insurance Premiums, etc.):** Language in the Executive Budget Proposal, as per item 474 and 475, indicated changes in central distribution funding with an estimated impact of \$604,216 in 2018-19 and \$1,554,932 in 2019-20. The largest contributor to the increase is changes in health insurance premiums of 6.1 percent in 2018-19 and 8.5 percent in 2019-20. Other nominal increases are expected to cover changes in workers compensation, system charges, and the distribution of other centrally funded items.

Capital Items:

- **Maintenance Reserve:** The Governor’s proposed budget includes a strategic investment in the Maintenance Reserve program for the 2018-20 biennium of \$50.0 million across all institutions. This provides an additional \$672,107 in each year of the biennium for Radford University to address infrastructure and improvement requirements.
- **Renovation of Curie and Reed Halls:** The Governor’s proposed budget also included \$3,375,000 for Facilities, Furniture, and Equipment (FF&E) in support of the ongoing \$33.2 million renovation to Reed and Curie Halls, which houses a portion of the Artis College of Science and Technology.

Language:

- **Mandatory Non-E&G Fee:** The Governor’s proposed budget includes language that would change the limit on annual mandatory fee increases for non-E&G activity from five percent to three percent.
- **Reserve Fund:** The Governor’s proposed budget includes language for institutions of higher education to establish an institutional reserve fund. The institution specific funds would be supported by unexpended E&G appropriations that remain at the end of the fiscal year. The fund would be limited to a contribution of three percent of current E&G general fund appropriations and would require appropriate BOV approval on any draw of fund balances.

The final outcome of the 2018-20 Executive Budget will not be known until the completion of the General Assembly session during the spring of 2018. The General Assembly convened on January 10, 2018, and has begun the process of considering the Governor’s budget proposals. Updates will be provided throughout the session as additional information is known.

Action:

None. Information item only.

2018-20 Biennium Budget
Governor's Executive Budget Proposal
Radford University Summary

December 18, 2017

	2018-19			2019-20		
	General Fund	Nongeneral Fund	Total	General Fund	Nongeneral Fund	Total
Operating Budget						
University Division						
Educational and General (E&G)						
Interest Earnings & CC Rebate *	180,000	0	180,000	180,000	0	180,000
Central Appropriation Adjustments *	604,216	0	604,216	1,554,932	0	1,554,932
State Employee 2.0% Salary Increase *	0	0	0	569,425	0	569,425
Subtotal E&G	\$784,216	\$0	\$784,216	\$2,304,357	\$0	\$2,304,357
Student Financial Aid (SFA)						
Undergraduate SFA	807,335	0	807,335	1,375,857	0	1,375,857
Subtotal SFA	\$807,335	\$0	\$807,335	\$1,375,857	\$0	\$1,375,857
Subtotal University Division	\$1,591,551	\$0	\$1,591,551	\$3,680,214	\$0	\$3,680,214
Capital Budget						
E&G Maintenance Reserve	672,107	0	672,107	672,107	0	672,107
Total Capital Support	\$672,107	\$0	\$672,107	\$672,107	\$0	\$672,107
Total Operating & Capital Support	\$2,263,658	\$0	\$2,263,658	\$4,352,321	\$0	\$4,352,321

* Indicates estimated funding which is based on language provided in the Governor's Executive Budget Proposal

Governor's 2018-20 Biennial Budget Proposal

**Preliminary Summary of
Major Items in the Governor's Introduced Budget Amendments
for Higher Education in the 2018-20 Biennium**

Item	2018-20 Budget for Operations
<i>(A) Base Operation and Student Financial Aid</i>	
Increase undergraduate financial aid	\$16.2 million in FY2019 and 29.3 million in FY2020.
Increase base funding for operational costs	\$5.3 million in FY2019 and \$10.7 million in FY2020. Provide funding to bring the following institutions to full funding by FY2020. <ul style="list-style-type: none"> ▪ ODU -- \$5 million in FY19 and \$10.1 in FY20 ▪ VMI - \$269,721 in FY19 and \$539,422 in FY20 ▪ RBC - \$128,143 in FY20 ▪ EVMS - \$1.7 million in FY19 and \$3.4 million in FY20
Salary Increase in FY2020	Provide a 2% salary increase for T&R faculty and state classified employees in FY2020. The raise will be effective November 10, 2019.
Restore financial benefits (interest earnings and credit card rebates)	\$6.5 million per year.
Virtual Library of Virginia (VIVA)	\$300,000 in FY19 and \$600,000 in FY20 to sustain VIVA collections for public institutions.
Virginia Research Investment	Level funding at \$8 million per year in 2018-20 biennium.
HEETF	Level funding at \$80 million per year in 2018-2020 biennium. Allocation is the same as FY2018.
<i>(B) Institution-Specific Operating Budget</i>	
CWM	\$160,050 in FY19 and \$287,850 in FY2020 to establish specialized programs for counseling veterans.
GMU	\$4 million in FY19 and \$10 million in FY20 for base operation due to enrollment growth
NSU	\$501,410 in FYFY19 and \$782,420 in FY20 for research in cybersecurity/cyber psychology/ and eco-friendly biofuel production
UVA	<ul style="list-style-type: none"> ▪ \$100,000 per year for Foundation Humanities ▪ \$115,000 in FY19 for Weldon Cooper Center participation in the federal Local Update of Census Addresses (LUCA) ▪ \$175,000 per year for Weldon Cooper Center for the production of population projects.
UVAW	<ul style="list-style-type: none"> ▪ \$2 million per year to enhance academic programs ▪ \$892,880 in FY19 and \$832,069 in FY20 to enhance and expand the college network and security systems.
VSU	<ul style="list-style-type: none"> ▪ \$737,063 in FY19 and \$617,176 in FY20 to modernize network communications

Governor's 2018-20 Biennial Budget Proposal

	<ul style="list-style-type: none"> ▪ \$259,243 in FY19 and \$104,022 in FY20 to upgrade police radio system
RBC	\$256,070 in FY19 and \$279,350 in FY20 to fill essential positions to address audit findings. This funding is part of reaching RBC full base funding by FY2020.
VCCS	<ul style="list-style-type: none"> ▪ \$550,000 per year to move teacher computer science training appropriations from Direct Aid for public institutions at Virginia Department of Education to VCCS. ▪ \$200,000 in FY19 to plan an initiative for Virginia students to obtain a workforce credential or associate degree in targeted fields at no cost.
VIMS	<ul style="list-style-type: none"> ▪ \$605,210 in FY19 and \$202,869 in FY20 to upgrade the institute's information technology infrastructure ▪ \$378,486 in FY19 and \$490,753 in FY20 to utilize advanced modeling and assessment technologies to monitor the water quality in the Chesapeake Bay.
SCHEV Budget	<ul style="list-style-type: none"> ▪ \$2 million per year for New Economy Workforce Credential Grant program. ▪ \$335,589 in FY20 for Two-Year Transfer Grant to address anticipated enrollment increase. ▪ \$225,000 in FY20 to provide additional \$500 award for students pursuing teacher degrees in addition to \$3,350 award to undergraduate students participating in TAG. ▪ \$1.6 million in FY2020 to increase individual award to \$3,350 for undergraduate students in TAG. ▪ \$115,333 in FY19 and \$124,000 in FY20 to establish a student loan ombudsman position ▪ \$232,647 in FY19 and \$252,652 in FY20 to increase funding to support the Virginia Research Investment Committee (VRIC) ▪ Restore funding of \$500,000 per year for cyber security scholarships.
Central Budget Items Impacting Higher Education	<p>The following items are proposed for general fund adjustments with no specific allocation:</p> <ul style="list-style-type: none"> ▪ Changes in state employer's share of health benefit plans (Item 474, paragraph G) ▪ Savings in the cost of state employee retirement contributions (Item 474, paragraph H.4) ▪ Employee share of health insurance premium increase (Item 474, paragraph J.4) ▪ Line of Duty Act premiums to reflect new rates (Item 474, paragraph Q) ▪ Worker's compensation premiums (Item 474, paragraph R) ▪ Information technology costs (Item 474, paragraph G) ▪ Changes in the cost of rent (Item 475, paragraph J) ▪ Information technology auditors and security officers (Item 475, paragraph K)

Governor's 2018-20 Biennial Budget Proposal

	<ul style="list-style-type: none"> ▪ Cardinal charges (Item 475, paragraph L) ▪ Personnel Budgeting System charges (Item 475, paragraph M) ▪ Executive branch agencies to fund agency charges for the state payroll system (Item 475, paragraph N) ▪ Costs of the Personnel Management Information System (Item 475, paragraph O)
(C) Language	
Reserve fund for higher education institutions (§4-1.05, paragraph 1.b)	<ul style="list-style-type: none"> ▪ Provide authority for institutions of higher education to establish an institutional reserve fund supported by any unexpended education and general appropriations of the institution at the end of the fiscal year. The establishment of such a fund is designed to foster more long-term planning, promote efficient resource utilization and reduce the need for substantial year-to-year increase in tuition, thereby increasing affordability for Virginians. ▪ Independent of the provision §23.1-1001, institutions are authorized to carry over education and general unexpended balances to establish and maintain a reserve fund in an amount not to exceed three percent of their general fund appropriation for educational and general programs in the most recently-completed fiscal year. ▪ Any use of the reserve fund shall be approved by the Board of Visitors of the affected institution, and the institution shall immediately report the details of the approved plan for use of the reserve fund to the Governor, the Secretary of Education, the Secretary of Finance and the Chairmen of the House Appropriations and Senate Finance Committees.
Mandatory non-E&G fee increase ((§4-2.01b, paragraph 8.a)	Change the limit on mandatory fees for other than educational and general programs from five to three percent.
Performance measures (§4-9.02)	Additional educational measure for Level II institutions will no longer be used by SCHEV for certification of meeting performance measures.
Item	2018-20 Budget for Capital Outlay
Maintenance Reserve	Additional \$50 million in 2018-20 biennium
Equipment funding	Provides equipment funding related to previously authorized capital projects (\$49.8 million for higher education institutions)
Supplemental VCBA/VPBA funding	<ul style="list-style-type: none"> ▪ GMU – Construct Bull Run IIIB Addition (\$21.1 million) ▪ SWVHEC – Service Corridor, Storage Area, Replace Generator (\$833,000)
Funding for new project	<ul style="list-style-type: none"> ▪ SWVHEC – Replace HVAC system (\$3.4 million)

Governor's 2018-20 Biennial Budget Proposal

**Summary of the Governor's Introduced Budget for 2018-19
(General Fund Only)**

Educational and General Programs										
Inst	Base Adequacy	Institution-specific	2% T&R Faculty Salary	Central Appropriations (CA)*	Total E&G	% Increase (excl CA) over FY2018 E&G	% Increase over FY2018 E&G	Undergraduate Financial Aid	Other Inst-Specifics	Total Additions
CNU				\$1,471,971	\$1,471,971	0.0%	5.3%	\$149,430		\$1,621,401
CWM		\$160,050		\$2,300,686	\$2,460,736	0.4%	5.9%	\$104,510		\$2,565,246
GMU		\$4,000,000		\$5,755,050	\$9,755,050	3.0%	7.4%	\$6,520,989		\$16,276,039
JMU				\$4,515,491	\$4,515,491	0.0%	5.7%	\$1,363,345		\$5,878,836
LU				\$1,291,604	\$1,291,604	0.0%	4.8%	\$585,017		\$1,876,621
NSU		\$501,410		\$1,474,439	\$1,975,849	1.1%	4.3%	\$289,250		\$2,265,099
ODU	\$5,034,057			\$4,366,573	\$9,400,630	4.3%	8.0%	\$666,561		\$10,067,191
RU				\$2,675,593	\$2,675,593	0.0%	5.4%	\$807,335		\$3,482,928
UMW				\$1,144,915	\$1,144,915	0.0%	4.4%	\$104,051		\$1,248,966
UVA		\$390,000		\$3,614,493	\$4,004,493	0.3%	3.2%	\$190,389		\$4,194,882
UVAW		\$2,892,880		\$215,574	\$3,108,454	18.6%	20.0%	\$218,252		\$3,326,706
VCU				\$8,753,580	\$8,753,580	0.0%	5.1%	\$2,663,480		\$11,417,060
VMI	\$269,721			\$564,760	\$834,481	2.9%	8.8%	\$31,762		\$866,243
VSU		\$996,306		\$1,122,397	\$2,118,703	2.9%	6.2%	\$248,243		\$2,366,946
VT				\$6,748,068	\$6,748,068	0.0%	4.3%	\$474,238		\$7,222,306
RBC		\$256,070		\$292,139	\$548,209	3.9%	8.4%	\$543,966		\$1,092,175
VCCS		\$750,000		\$13,776,388	\$14,526,388	0.2%	3.9%	\$1,266,737		\$15,793,125
Interest earnings										\$6,543,416
Inst Total	\$5,303,778	\$9,946,716	\$0	\$60,083,721	\$75,334,215	1.1%	5.3%	\$16,227,555	\$0	\$98,105,186
VIMS		\$983,696			\$983,696					\$983,696
EVMS	\$1,684,573				\$1,684,573					\$1,684,573
Jeff Lab									\$500,000	\$500,000
IALR									\$300,000	\$300,000
SVHEC									\$416,497	\$416,497
RHEC									\$86,000	\$86,000
SCHEV										
TAG										\$0
VIVA									\$300,000	\$300,000
Workforce Credential								\$2,000,000		\$2,000,000
Student Loan								\$115,333		\$115,333
Support research									\$232,647	\$232,647
Grand Total	\$6,988,351	\$10,930,412	\$0	\$60,083,721	\$78,002,484			\$18,342,888	\$1,835,144	\$104,723,932

Note: *The major component of the central appropriations is the adjustments for various benefit rate increases.

Governor's 2018-20 Biennial Budget Proposal

**Summary of the Governor's Introduced Budget for 2019-20
(General Fund Only)**

Educational and General Programs											
Inst	Base Adequacy	Institution-specific	2% T&R Faculty Salary	Central Appropriations (CA)*	Total E&G	% Increase (excl CA) over FY2018 E&G	% Increase over FY2018 E&G	Undergraduate Financial Aid	Other Inst-Specifics	Total Additions	
CNU			no allocation	\$1,471,971	\$1,471,971	0.0%	5.3%	\$649,994		\$2,121,965	
CWM		\$287,850		\$2,300,686	\$2,588,536	0.7%	6.2%	\$649,191		\$3,237,727	
GMU		\$10,000,000		\$5,755,050	\$15,755,050	7.6%	12.0%	\$8,192,542		\$23,947,592	
JMU				\$4,515,491	\$4,515,491	0.0%	5.7%	\$2,386,599		\$6,902,090	
LU				\$1,291,604	\$1,291,604	0.0%	4.8%	\$908,839		\$2,200,443	
NSU		\$782,420		\$1,474,439	\$2,256,859	1.7%	5.0%	\$907,505		\$3,164,364	
ODU	\$10,068,114			\$4,366,573	\$14,434,687	8.6%	12.3%	\$1,675,412		\$16,110,099	
RU				\$2,675,593	\$2,675,593	0.0%	5.4%	\$1,375,857		\$4,051,450	
UMW				\$1,144,915	\$1,144,915	0.0%	4.4%	\$376,241		\$1,521,156	
UVA		\$275,000		\$3,614,493	\$3,889,493	0.2%	3.1%	\$978,180		\$4,867,673	
UVAW		\$2,582,069		\$215,574	\$2,797,643	16.6%	18.0%	\$373,304		\$3,170,947	
VCU				\$8,753,580	\$8,753,580	0.0%	5.1%	\$4,550,404		\$13,303,984	
VMU	\$539,422			\$564,760	\$1,104,182	5.7%	11.7%	\$141,263		\$1,245,445	
VSU		\$721,198		\$1,122,397	\$1,843,595	2.1%	5.4%	\$637,814		\$2,481,409	
VT				\$6,748,068	\$6,748,068	0.0%	4.3%	\$1,571,790		\$8,319,858	
RBC	\$128,143	\$279,350		\$292,139	\$699,632	6.2%	10.7%	\$669,162		\$1,368,794	
VCCS		\$550,000		\$13,776,388	\$14,326,388	0.1%	3.9%	\$3,251,313		\$17,577,701	
Central Account				\$17,000,000		\$17,000,000					\$17,000,000
Interest earnings											\$6,543,416
Inst Total	\$10,735,679	\$15,477,887		\$17,000,000	\$60,083,721	\$103,297,287	3.0%	7.2%	\$29,295,410	\$0	\$139,136,113
VIMS		\$693,622			\$693,622					\$693,622	
EVMS	\$3,369,145				\$3,369,145					\$3,369,145	
Jeff Lab										\$0	
IALR									\$300,000	\$300,000	
SVHEC									\$591,180	\$591,180	
RHEC									\$86,000	\$86,000	
HEETF (debt service)										\$12,994,400	
SCHEV											
TAG								\$1,560,638		\$1,560,638	
TAG teacher training								\$225,000		\$225,000	
Two-Year Transfer								\$335,589		\$335,589	
VIVA									\$600,000	\$600,000	
Workforce Credential								\$2,000,000		\$2,000,000	
Student Loan								\$124,000		\$124,000	
Support research									\$252,652	\$252,652	
Grand Total	\$14,104,824	\$16,171,509	\$17,000,000	\$60,083,721	\$107,360,054			\$33,540,637	\$1,829,832	\$162,268,339	

Note: *The major component of the central appropriations is the adjustments for various benefit rate increases.

Governor's 2018-20 Biennial Budget Proposal

Comparison of SCHEV and Governor's Budget Recommendations for 2018-20 Biennium (General Fund Only) (in millions)

Item	2018-19		2019-20		Biennial Total	
	SCHEV	Governor	SCHEV	Governor	SCHEV	Governor
(A) Educational and General Programs						
(A.1) Base Operations Funding						
Cost of education	\$7.2	\$7.0	\$14.4	\$14.1	\$21.6	\$21.1
Faculty recruitment and retention	\$27.7		\$56.6	\$17.0	\$84.3	\$17.0
Operation and maintenance of new facilities	\$8.6		\$17.2		\$25.8	\$0.0
Higher Education Equipment Trust Fund (debt service)			\$16.2	\$13.0	\$16.2	\$13.0
Subtotal	\$43.5	\$7.0	\$104.4	\$44.1	\$147.9	\$51.1
(A.2) Virginia Plan Initiatives -- student success	\$6.5	\$6.7	\$8.5	\$12.6	\$15.0	\$19.3
(A.3) Other E&G Operations		\$4.2		\$3.6		\$7.8
Total for Operating Budget	\$50.0	\$17.9	\$112.9	\$60.3	\$162.9	\$78.2
% Increase over FY2018 E&G appropriations	3.5%	1.3%	7.9%	4.2%		
(B) Student Financial Aid						
(B.1) Institution-based financial aid						
Undergraduate financial aid	\$16.2	\$16.2	\$29.3	\$29.3	\$45.5	\$45.5
Graduate financial aid	\$3.0		\$6.0		\$9.0	\$0.0
Subtotal	\$19.2	\$16.2	\$35.3	\$29.3	\$54.5	\$45.5
(B.2) Systemic financial aid with the SCHEV Budget						
Two-year college transfer grant	\$0.3		\$0.8	\$0.3	\$1.1	\$0.3
New economy workforce credential grant	\$1.0	\$2.0	\$1.0	\$2.0	\$2.0	\$4.0
Tuition Assistance Grant (TAG)	\$1.4		\$7.7	\$1.8	\$9.1	\$1.8
Subtotal	\$2.7	\$2.0	\$9.5	\$4.1	\$12.2	\$6.1
Total for Financial Aid	\$21.9	\$18.2	\$44.8	\$33.4	\$66.7	\$51.6
% Increase over FY2018 financial aid appropriations	7.5%	6.2%	15.3%	11.4%		
Total E&G and Student Financial Aid	\$71.9	\$36.1	\$157.7	\$93.7	\$229.6	\$129.8
(C) Systemic Budget Items within the SCHEV Budget						
Restoration of Financial Benefits	\$4.0	\$6.5	\$4.0	\$6.5	\$8.0	\$13.0
Fund for Excellence and Innovation	\$0.3		\$0.3		\$0.6	\$0.0
Virtual Library of Virginia (VIVA)	\$0.9	\$0.3	\$1.3	\$0.6	\$2.2	\$0.9
Staffing for Virginia Research Investment	\$0.4	\$0.2	\$0.5	\$0.3	\$0.8	\$0.5
Student Loan Ombudsman		\$0.1		\$0.1		\$0.2
Subtotal	\$5.6	\$7.1	\$6.0	\$7.5	\$11.6	\$14.6
Grand Total	\$77.5	\$43.3	\$163.7	\$101.1	\$241.1	\$144.4

Governor's 2018-20 Biennial Budget Proposal

Funding for Maintenance Reserve Program in 2018-20

Inst.	2017-18	2018-19	2019-20	Change
				FY18-FY19
CNU	\$655,906	\$1,015,859	\$1,015,859	\$359,953
CWM	\$2,452,332	\$3,666,752	\$3,666,752	\$1,214,420
GMU	\$4,011,694	\$5,837,877	\$5,837,877	\$1,826,183
JMU	\$3,472,317	\$4,957,041	\$4,957,041	\$1,484,724
LU	\$1,343,291	\$1,878,865	\$1,878,865	\$535,574
NSU	\$3,442,384	\$4,118,167	\$4,118,167	\$675,783
ODU	\$2,443,093	\$3,629,749	\$3,629,749	\$1,186,656
RU	\$1,541,335	\$2,213,442	\$2,213,442	\$672,107
UMW	\$1,231,951	\$1,653,087	\$1,653,087	\$421,136
UVA	\$8,961,551	\$12,916,383	\$12,916,383	\$3,954,832
UVAW	\$516,913	\$772,776	\$772,776	\$255,863
VCU	\$7,880,564	\$7,073,267	\$7,073,267	(\$807,297)
VMI	\$1,337,439	\$1,714,724	\$1,714,724	\$377,285
VSU	\$3,225,429	\$3,769,199	\$3,769,199	\$543,770
VT	\$9,719,156	\$13,574,211	\$13,574,211	\$3,855,055
RBC	\$421,134	\$515,756	\$515,756	\$94,622
VCCS	\$7,983,097	\$13,158,441	\$13,158,441	\$5,175,344
VIMS	\$578,436	\$802,315	\$802,315	\$223,879
Total	\$61,218,022	\$83,267,911	\$83,267,911	\$22,049,889

Education Equipment Funding

Institution	Project Title	Amount
University of Virginia	Renovate Gilmer Hall and Chemistry	\$ 12,357,000
University of Virginia	Renovate Space for the Center for Human Therapeutics	\$ 525,000
Longwood University	Construct New Academic Building	\$ 2,488,000
University of Mary Washington	Construct Jepson Science Center Addition	\$ 4,000,000
James Madison University	Construct New College of Business	\$ 13,126,000
James Madison University	Renovate Wilson Hall	\$ 3,180,000
Radford University	Renovate Curie and Reed Halls	\$ 3,375,000
Virginia Commonwealth University	Construct School of Allied Health Professions	\$ 7,409,000
Virginia Community Colleges	Construct Bioscience Building, Blue Ridge	\$ 1,500,000
Virginia Community Colleges	Construct Academic Building, Fauquier Campus, Lord Fairfax	\$ 1,600,000
School of the Deaf and Blind	Renovate Bradford Hall	\$ 211,000
Total		\$ 49,771,000

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
February 15, 2018

Action Item

Approval of Updated Delegation of Authority for Approval of Fees

Item:

Board of Visitors approval of delegation of authority for approval of certain fees and discounts to the Chief Financial Officer & Vice President for Finance and Administration.

Background:

Code of Virginia § 23.1-1301.A.5. states, “the board of visitors of each baccalaureate public institution of higher education or its designee may fix the rates charged to students for tuition, mandatory fees, and other necessary charges. The Board has historically exercised this power by approving undergraduate and graduate tuition rates, required fees, and room and board charges for each upcoming academic year.

At its February 27, 1992, meeting, the Board approved “the proposal to delegate to the administration the authority for approving minor fees, and changes thereto”. This action was taken to document the Board’s position relative to the rates for minor fees, such as parking fines, returned check charges, and fees associated with Continuing Education courses, which had been traditionally approved by the administration.

Procedures related to the establishment, modification, or waiver of fees were developed and distributed annually via memorandum beginning in July 2006 and continuing until March 2013. In 2013, the University’s *Fee Policy* was developed. This policy was approved by the President’s Cabinet and signed by the President on October 16, 2013. The *Fee Policy* and earlier procedures centralized the administration’s delegated authority for approval and modification of fees to the Chief Financial Officer & Vice President for Finance and Administration.

The *Fee Policy* defines **fee** as “any rate charged by the University other than tuition, mandatory educational and general (E&G), comprehensive, room, and board fees”. The University continues to have a need for delegated authority for the establishment, modification, and waiver of such “miscellaneous fees”.

As the University embarks into the realm of competency based education directed toward businesses and organizations (business to business model), it is important for the University to be able to respond quickly to changes in the market and to offer volume discounts in order to maintain competitiveness. Accordingly, the University requests that the Board delegate authority to the Chief Financial Officer & Vice President for Finance and Administration to establish and negotiate rates for competency based education programs including offering volume discounts to businesses and organizations as may be appropriate.

Action:

Radford University Board of Visitors approval of delegated authority to the Chief Financial Officer & Vice President for Finance and Administration to approve the establishment, modification, or waiver of any and all fees other than tuition, mandatory educational and general (E&G), comprehensive, room, and board fees charged to all students. Further, the delegated authority includes the establishment and negotiation of rates, including the offering of volume discounts to businesses and organizations, for limited educational programs.

RADFORD UNIVERSITY BOARD OF VISITORS

**RESOLUTION
February 15, 2018**

Approval of Updated Delegation of Authority for Approval of Fees

WHEREAS, Code of Virginia § 23.1-1301.A.5. Code of Virginia § 23.1-1301.A.5. states, “the board of visitors of each baccalaureate public institution of higher education or its designee may fix the rates charged to students for tuition, mandatory fees, and other necessary charges; and

WHEREAS, the Radford University Board of Visitors has historically exercised this power by approving undergraduate and graduate tuition rates, required fees, and room and board charges for each upcoming academic year; and

WHEREAS, at its February 27, 1992, meeting, the Radford University Board of Visitors approved “the proposal to delegate to the administration the authority for approving minor fees, and changes thereto”. This action having been taken to document the Board’s position relative to the rates for minor fees, such as parking fines, returned check charges, and fees associated with Continuing Education courses; and

WHEREAS, effective October 16, 2013, Radford University instituted the University’s *Fee Policy*, which centralized the administration’s delegated authority for approval and modification of fees to the Chief Financial Officer & Vice President for Finance and Administration; and

WHEREAS, Radford University needs greater flexibility in regards to establishing and negotiating rates to respond to market conditions regarding the development and implementation of competency based education programs;

NOW THEREFORE BE IT RESOLVED, the Radford University Board of Visitors approves the delegation of authority to the Chief Financial Officer & Vice President for Finance and Administration to approve the establishment, modification, or waiver of any and all fees other than tuition, mandatory educational and general (E&G), comprehensive, room, and board fees charged to all students.

BE IT FURTHER RESOLVED, the delegation of authority by the Radford University Board of Visitors to the Chief Financial Officer & Vice President for Finance and Administration includes the establishment and negotiation of rates, including the offering of volume discounts to businesses and organizations, for limited educational programs.

**Radford University Board of Visitors
Business Affairs & Audit Committee
February 15, 2018**

**Action Item
Compliance with Debt Management Policy**

Item:

Adoption of a Resolution certifying that Radford University is in compliance with its Debt Management Policy. In addition, this certification is required annually by the Secretary of Finance for the Commonwealth of Virginia as part of Institutional Performance reporting.

Background:

The 2005 Session of the General Assembly adopted, and the Governor signed, legislation that provides Radford University and all other public colleges and universities in the Commonwealth the opportunity to attain certain authority and autonomy to manage its academic and administrative affairs more efficiently and effectively through implementation of the Restructured Higher Education Financial and Administrative Operations Act. At its meeting on June 30, 2005, the Radford University Board of Visitors approved a Resolution of Commitment allowing the University to exercise restructured financial and operational authority as identified in the Restructuring Act.

The 2015 Virginia Acts of Assembly, Chapter 665 includes a requirement in the General Provisions related to Higher Education Restructuring. §4-9.01 requires, in part, that: *“Consistent with § 23-9.6:1.01, Code of Virginia, the following education-related and financial and administrative management measures shall be the basis on which the State Council of Higher Education shall annually assess and certify institutional performance. Such certification shall be completed and forwarded in writing to the Governor and the General Assembly no later than October 1 of each even-numbered year. Institutional performance on measures set forth in paragraph D of this section shall be evaluated year-to-date by the Secretaries of Finance, Administration, and Technology as appropriate, and communicated to the State Council of Higher Education before October 1 of each even-numbered year. Financial benefits provided to each institution in accordance with § 2.2-5005 will be evaluated in light of that institution’s performance.”*

The Secretary of Finance collects information to fulfill the reporting requirements as they relate to paragraph D-Financial and Administrative Standards, specifically §4-9.01 d.2. which states: *“Institution complies with a debt management policy approved by its governing board that defines the maximum percent of institutional resources that can be used to pay debt service in a fiscal year, and the maximum amount of debt that can be prudently issued within a specified period.”* To assess this measure, the Secretary of Finance is seeking a statement from the Board of Visitors certifying Radford University’s compliance with said policy and the effective date of that policy.

Schedule A below provides the required ratio calculation and demonstrates the University is in compliance with its Debt Management Policy. Currently, as disclosed in the 2017 unaudited annual financial statements, the University's debt obligations including affiliated foundations total \$55,573,633 which is mainly attributable to the Student Recreation and Wellness Center and Renovations of four Residence Halls projects.

Schedule A				
RADFORD UNIVERSITY				
DEBT MANAGEMENT POLICY RATIO				
The calculation reflects June 30, 2017 unaudited Financial Statements for Total Operating Expenses (as defined in the University's Debt Management Policy); however, Annual Debt Service reflects expected payments as of June 30, 2018.				
Board Approved Ratios	Range	Formula	Unaudited Financial Statements as of 6/30/2017	
<u>Debt Burden Ratio</u>				
Max Annual Debt Service as % of Operating Expenses	< 7%	$\frac{\text{Annual Debt Service}^*}{\text{Total Operating Expenses}^*}$	\$4,343,793	1.87%
			\$232,430,206	

* Ratio includes Radford University Foundation

The Debt Management Policy also identifies that an annual report shall be prepared for review by the Board of Visitors. The notes to the annual financial statements provide the required elements to comply with the Debt Management Policy. Below are the Financial Statement Notes related to outstanding obligations that were prepared for the year-ending June 30, 2017 (unaudited):

NOTE 6: Long-Term Debt

Notes Payable—Pooled Bonds

The University issued 9(d) bonds by participating in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the Virginia College Building Authority (VCBA) issues 9(d) bonds and uses the proceeds to purchase debt obligations (notes) of the University and various other institutions of higher education. The University's general revenue secures these notes.

The composition of notes payable at June 30, 2017, is summarized as follows:

<u>Notes Payable - Pooled Bonds:</u>	<u>Interest Rates</u>	<u>Final Maturity</u>
Student Fitness Center		
Series 2009B, \$3.720 million par amount	2.00% - 5.00%	September 1, 2029
Series 2016A, \$2.285 million par amount – partial refunding of Series 2009B	3.00% - 5.00%	September 1, 2029
Series 2011A, \$4.235 million par amount	3.00% - 5.00%	September 1, 2031

Series 2012B, \$11.155 million par amount	3.00% - 5.00%	September 1, 2032
Series 2013A, \$4.865 million par amount	2.00% - 5.00%	September 1, 2033

Bonds Payable—9c

The University has issued bonds pursuant to section 9(c) of Article X of the Constitution of Virginia. Section 9(c) bonds are general obligation bonds issued by the Commonwealth of Virginia on behalf of the University. They are secured by the net revenues of the completed project and the full faith, credit, and taxing power of the Commonwealth of Virginia.

The composition of bonds payable at June 30, 2017, is summarized as follows:

<u>Bonds Payable - 9c:</u>	<u>Interest Rates</u>	<u>Final Maturity</u>
Renovation of Washington Hall (residence hall)		
Series 2013A, \$5.040 million par amount	2.00% - 5.00%	June 1, 2033
Renovation of Pocahontas, Bolling, Draper (residence halls)		
Series 2014A, \$11.080 million par amount	2.00% - 5.00%	June 1, 2034
Series 2015A, \$8.820 million par amount	2.00% - 5.00%	June 1, 2035
Series 2016B, \$7.160 million par amount	3.00% - 5.00%	June 1, 2036

Installment Purchase Obligations

The University has future obligations under an installment purchase agreement initiated in January 2009. The capitalized value of the asset purchased under this installment purchase agreement is \$114,460 and the repayment term is 10 years at an interest rate of 2.087 percent.

A summary of changes in long-term debt for the year ending June 30, 2017, is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>
Long-term debt:						
Notes payable - pooled bonds	\$22,992,685	\$2,755,852	\$3,506,575	\$22,241,962	\$935,000	\$21,306,962
Bonds payable - 9c	25,669,880	8,025,374	1,149,954	32,545,300	1,145,000	31,400,300
Installment purchase obligations	36,930	-	12,055	24,875	12,308	12,567
Total long-term debt	<u>\$48,699,495</u>	<u>\$10,781,226</u>	<u>\$4,668,584</u>	<u>\$54,812,137</u>	<u>\$2,092,308</u>	<u>\$52,719,829</u>

Future principal payments on long-term debt are as follows:

<u>Fiscal Year Ending</u>	<u>Notes Payable Pooled Bonds</u>	<u>Bonds Payable - 9c</u>	<u>Installment Purchase</u>
June 30, 2018	\$935,000	\$1,145,000	\$12,308
June 30, 2019	980,000	1,200,000	12,567
June 30, 2020	1,030,000	1,260,000	-
June 30, 2021	1,085,000	1,320,000	-
June 30, 2022	1,135,000	1,395,000	-
2023-2027	6,465,000	8,005,000	-
2028-2032	7,200,000	9,695,000	-

2033-2036	1,445,000	5,615,000	-
Unamortized Premium	1,966,962	2,910,300	-
Total	<u>\$22,241,962</u>	<u>\$32,545,300</u>	<u>\$24,875</u>

Future interest payments on long-term debt are as follows:

Fiscal Year Ending	Notes Payable Pooled Bonds	Bonds Payable - 9c	Installment Purchase
June 30, 2018	\$789,231	\$1,176,750	\$455
June 30, 2019	743,306	1,119,500	197
June 30, 2020	698,006	1,059,500	-
June 30, 2021	650,181	996,500	-
June 30, 2022	596,731	930,500	-
2023-2027	2,185,622	3,603,150	-
2028-2032	882,200	1,913,163	-
2033-2036	38,625	359,850	-
Total	<u>\$6,583,902</u>	<u>\$11,158,913</u>	<u>\$652</u>

NOTE 19F: Component Unit Financial Information

The following is a summary of the outstanding notes payable at June 30, 2017:

Note payable in monthly installments on a ten year amortization with a balloon payment of remaining amount in May 2020 with interest payable at LIBOR plus 1 .48 percent (2.53 percent at June 30, 2017), outstanding principal due upon maturity, unsecured	\$431,851
Note payable in monthly installments of \$17,532 through July 2018, with interest payable at 2 .01 percent, unsecured	226,054
Note payable in monthly installments of \$2,601 through November 2020, with interest payable at 1.54 percent. Secured by deposit accounts maintained by and investment property held with the institution.	<u>103,591</u>
	<u>\$761,496</u>

Future principal payments on notes payable for years ending June 30 are as follows:

2018	\$285,049
2019	97,411
2020	366,261
2021	<u>12,775</u>
Total long-term debt	<u>\$761,496</u>

Action:

Board of Visitors adoption of a Resolution of Compliance with the Radford University Debt Management Policy.

RADFORD UNIVERSITY BOARD OF VISITORS

**RESOLUTION
February 15, 2018**

Compliance with Debt Management Policy

WHEREAS, the 2005 Session of the General Assembly adopted, and the Governor signed, legislation that provides Radford University and all other public colleges and universities in the Commonwealth the opportunity to attain certain authority and autonomy to manage its academic and administrative affairs more efficiently and effectively through implementation of the Restructured Higher Education Financial and Administrative Operations Act, and

WHEREAS, on June 30, 2005, the Radford University Board of Visitors approved a Resolution of Commitment allowing the University to exercise restructured financial and operational authority as identified in the Restructuring Act, and

WHEREAS, the Governor has established financial and management measures on which annual assessment and certification of institutional performance will be evaluated, and

WHEREAS, the financial and management measures require the Radford University Board of Visitors to approve a Debt Management Policy, and

WHEREAS, the Radford University Board of Visitors approved such Debt Management Policy at its March 30, 2007, meeting; revisions to this policy were approved by the Board of Visitors at its August 23, 2007, November 12, 2010, and February 8, 2012 meetings, and

WHEREAS, Schedule A demonstrates that the University meets the requirements outlined in the Debt Management Policy; and

WHEREAS, the Board of Visitors must annually certify Radford University's compliance with the approved Debt Management Policy to the Secretary of Finance for the Commonwealth of Virginia;

NOW, THEREFORE, BE IT RESOLVED, this resolution approved by the Radford University Board of Visitors certifies that the University is in compliance with its Debt Management Policy.

Policy Title: Internal Control Policy	Effective Date:
Policy Number: GEN-PO-1006	Date of Last Review: NEW
Oversight Department: Office of the President	Next Review Date:

1. PURPOSE

The *Internal Control Policy* for Radford University (University) provides for the implementation of a system of internal control for the University.

2. APPLICABILITY

The *Internal Control Policy* applies to all University employees.

3. DEFINITIONS

Business Affairs and Audit Committee: Per the Radford University Board of Visitors Bylaws, a standing committee of the Board of Visitors that is generally responsible for reviewing and recommending action to the Board regarding the financial and business affairs of the University, including but not limited to, capital projects, grants, contracts, and the naming of facilities. This committee also oversees the internal audit function of the University, receives the annual financial audit report of the Auditor of Public Accounts, and performs studies of financial matters as directed by the Board.

Division Head: President, Provost, or applicable Vice President.

Internal Control: Based on the Internal Control – Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission, internal control is an ongoing process, effected by the Board of Visitors, management, and other University personnel designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. Internal control consists of five major components: control environment, risk assessment, control activities, information and communication, and monitoring.

Management: The collective body of those who have the authority and responsibility to make decisions in order to manage or direct the various operations and business processes of the University. Management encompasses various levels of the organization including division heads, deans, directors, managers, and supervisors.

Significant Fiscal Process: A component or unit of financial operations that has been identified by the University as significant to the overall institution based on one or more of the following characteristics:

- Consumes a proportionally large share of University resources
- Has a high degree of public visibility
- Represents areas of concern and high risk to mission-critical business processes for University managers and stakeholders
- Has a significant effect on general ledger account balances

University Employee: Any person employed as a teaching faculty, administrative or professional faculty, classified employee, part-time or wage employee, student employee, work/study employee, or any other person paid through the University's payroll process.

4. POLICY

- A. The University's Board of Visitors and the President are dedicated to maintaining an effective "tone-at-the-top" through their commitment to competence, integrity, and ethical values as communicated in the Radford University [Code of Ethics](#). This same commitment is an expectation for all University employees.
- B. Accordingly, the University's Board of Visitors and the President recognize the need for, and the value of, a strong system of internal control, and are therefore committed to maintaining a strong system of internal control.
- C. Failure to adhere to this policy and/or related University policies and procedures may be considered misconduct and will be evaluated based on the severity and/or frequency of the offense. Where appropriate, disciplinary action may be taken up to and including termination of employment.

5. PROCEDURES

A. Implementing the System of Internal Control

1. As head of the University, the President is ultimately responsible for ensuring the University establishes and maintains a strong system of internal control including meeting any requirements of the Commonwealth of Virginia.
2. Division heads are responsible for ensuring that management within their respective areas of responsibility implement and maintain a strong system of internal control.
3. All management is responsible for ensuring that employees are sufficiently informed of their internal control responsibilities and for monitoring the design and operating effectiveness of internal controls on an ongoing basis. All management is responsible for prompt corrective action on all internal control findings and recommendations made during internal or external reviews and/or audits.
4. All University employees must perform their duties and conduct University activities in accordance with proper internal control as prescribed in University policies, procedures, and memoranda.

B. Reviewing the System of Internal Control

1. General

- a. Internal Audit** - The Office of Audit & Advisory Services, as the internal audit function for the University, is charged by the Board of Visitors (see [Charter](#)) with independently ascertaining that the internal control processes designed by management are adequate and functioning in an effective manner. The Office of Audit and Advisory Services is also responsible for reporting to management and the Business Affairs and Audit Committee of the Board of Visitors on the adequacy and effectiveness of the University's system of internal control including any ideas, counsel, and/or recommendations for improvement.
- b. External Audit** - All levels of internal control may be subject to examination by external auditors, including the Auditor of Public Accounts.

2. Financial Operations

- a.** As required by Commonwealth Accounting Policies and Procedures (CAPP) Manual, Section 10300, Internal Control Guidance, the President is responsible for having management document the University's assessment of internal control for the following:
 - i.** Recording of financial transactions in the general ledger
 - ii.** Compliance with the University's financial reporting requirements
 - iii.** Compliance with laws and regulations
 - iv.** Stewardship over the University's assets
- b.** Annually, the Associate Vice President for Finance & University Controller will oversee an internal control assessment of significant fiscal processes, in accordance with the Comptroller of Virginia's Agency Risk Management and Internal Control Standards (ARMICS), to ensure internal controls are operating effectively and as intended. Documentation will be maintained to support the design, implementation, and operating effectiveness of the system of internal control for significant fiscal processes.
- c.** The President, Chief Financial Officer & Vice President for Finance and Administration, and Associate Vice President for Finance & University Controller will sign an annual certification to the Comptroller of Virginia and the Auditor of Public Accounts that the University has established, maintained, and evaluated its system of internal control for significant fiscal processes.

6. EXCLUSIONS

None

7. APPENDICES

None

8. REFERENCES

[Code of Virginia, § 2.2-800](#), “Department of Accounts created; appointment of Comptroller; oath.”

[Code of Virginia, § 2.2-803](#), “Financial accounting and control.”

[Commonwealth of Virginia Accounting Policies and Procedures \(CAPP\) Manual, Topic 10305, “Internal Control Guidance”](#)

[Agency Risk Management and Internal Control Standards \(ARMICS\)](#)

[Internal Control – Integrated Framework \(2013\)](#), Committee of Sponsoring Organizations of the Treadway Commission

9. INTERPRETATION

The authority to interpret this policy rests with the President of the University and the President’s Cabinet.

10. APPROVAL AND REVISIONS

The *Internal Control Policy* replaces and expands upon the Policy Statement on Internal Control adopted by the Business Affairs Committee of the Board of Visitors on February 17, 1999. The newly developed *Internal Control Policy* was developed in the University Policy Template, and was submitted to and approved by the President’s Cabinet at the meeting held on January 8, 2018. The policy was then submitted to and approved by the Radford University Board of Visitors at the meeting held on _____, 2018.

DATE: _____

Brian O. Hemphill, Ph.D., President (*signature*)

For general information concerning University policies, contact the [Office of Policy Compliance](#) – (540) 831-5794. For questions or guidance on a specific policy, contact the Oversight Department referenced in the policy.

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
February 15, 2018

Action Item
Approval of Internal Control Policy

Item:

Board of Visitors approval of the Internal Control Policy for Radford University.

Background:

The Policy Statement on Internal Control was approved by the Board in February 1999. The Policy Statement establishes the framework for control and the various oversight roles within the University's governance structure. The Policy Statement serves as the foundation for the Internal Audit Charter and sets forth the responsibilities as it relates to control of the University including responsibilities of the Board, management, and the internal audit function.

The proposed Internal Control Policy will replace and update the Policy Statement. The Internal Control Policy establishes the "tone-at-the-top" and incorporates concepts of the Internal Control Framework published by the Committee on Sponsoring Organizations of the Treadway Commission. Also encompassed within the Internal Control Policy are the requirements of the State Comptroller's Agency Risk Management and Internal Control Standard (ARMICS) to ensure compliance with the State Comptroller's directive and the Commonwealth Accounting Policies and Procedure (CAPP) Manual, Topic 10305, Internal Control. These documents require the President and Agency Fiscal Officer to certify the adequacy of the University's system of internal control as documented in accordance with ARMICS requirements.

The University now has a framework for establishing, approving, and communicating University Policies to the campus community, including policies approved by the Board of Visitors. As a University Policy, the Internal Control Policy, was approved by the President's Cabinet on January 8, 2018. Replacing the Policy Statement on Internal Control with the Internal Control Policy will increase the visibility of the Policy Statement and assist in ensuring the campus community understands the requirements, principles, and responsibilities involved in ensuring an adequate system of internal control is maintained for the University.

Action:

Radford University Board of Visitors approval of the Internal Control Policy (University Policy GEN-PO-1006), which will supersede the Policy Statement on Internal Control (Adopted February 17, 1999).

RADFORD UNIVERSITY BOARD OF VISITORS

**RESOLUTION
February 15, 2018**

Approval of Internal Control Policy

WHEREAS, the Radford University Board of Visitors approved the Policy Statement on Internal Control in February 1999; and

WHEREAS, the Policy Statement on Internal Control for Radford University served as the foundation for the Internal Audit Charter and set forth the responsibilities as it relates to control of Radford University, including responsibilities of the Board, management, and the internal audit function; and

WHEREAS, the proposed Internal Control Policy, which replaces the Policy Statement on Internal Control, establishes the “tone-at-the-top” and incorporates concepts of the Internal Control Framework published by the Committee on Sponsoring Organizations of the Treadway Commission; and

WHEREAS, the proposed Internal Control Policy also encompasses the requirements of the State Comptroller’s Agency Risk Management and Internal Control Standard (ARMICS) to ensure compliance with the State Comptroller’s directive and the Commonwealth Accounting Policies and Procedure (CAPP) Manual, Topic 10305, Internal Control; and

WHEREAS, Radford University now has a standard framework for establishing, approving, and communicating University Policies to the campus community; and

WHEREAS, the proposed Internal Control Policy has been integrated into the University Policy template, which will increase the visibility of the Internal Control Policy and assist in ensuring the campus community understands the requirements, principles, and responsibilities involved in ensuring an adequate system of internal control is maintained for Radford University;

NOW THEREFORE BE IT RESOLVED, the Radford University Board of Visitors approves the Internal Control Policy (University Policy GEN-PO-1006) as presented.

Policy Title: Internal Audit Charter	Effective Date:
Policy Number: GEN-PO-1005	Date of Last Review: NEW
Oversight Department: Office of Audit and Advisory Services	Next Review Date:

1. PURPOSE

The Office of Audit and Advisory Services, serving as the internal audit function for Radford University (University), was established by the Board of Visitors (Board) and the President as an integral part of the overall internal control structure of the University. The *Internal Audit Charter* describes the general purpose, authority, and responsibility of the Office of Audit and Advisory Services.

2. APPLICABILITY

The *Internal Audit Charter* applies to all University employees, departments, and activities.

3. DEFINITIONS

Business Affairs and Audit Committee: Per the Radford University Board of Visitors Bylaws, a standing committee of the Board of Visitors that is generally responsible for reviewing and recommending action to the Board regarding the financial and business affairs of the University, including but not limited to, capital projects, grants, contracts, and the naming of facilities. This committee also oversees the internal audit function of the University, receives the annual financial audit report of the Auditor of Public Accounts, and performs studies of financial matters as directed by the Board.

Internal Auditing: An independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of an organization. Its mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

Internal Control: Based on the Internal Control – Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission, internal control is an ongoing process, effected by the Board of Visitors, management, and other University personnel designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. Internal control consists of five major components: control environment, risk assessment, control activities, information and communication, and monitoring.

Management: The collective body of those who have the authority and responsibility to make decisions in order to manage or direct the various operations and business processes of the University. Management encompasses various levels of the organization including division heads, deans, directors, managers, and supervisors.

University Auditor: The senior position that is responsible for effectively managing the University's internal audit function in accordance with the *Internal Audit Charter* and the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework. The University Auditor is the Chief Audit Executive.

University Employee: Any person employed as a teaching faculty, administrative or professional faculty, classified employee, part-time or wage employee, student employee, work/study employee, or any other person paid through the University's payroll process.

4. POLICY

- A. The University's Board of Visitors and the President are dedicated to supporting the internal audit function (i.e. the Office of Audit and Advisory Services), an integral part of the overall internal control structure of the University (see *Internal Control Policy*).
- B. As the University's internal audit function, the Office of Audit and Advisory Services must be independent from the University's management to operate effectively. In order to provide for the independence of the Office of Audit and Advisory Services:
 - 1. The Office of Audit and Advisory Services staff will report to the University Auditor who will be administratively responsible to the President and functionally accountable to the Business Affairs and Audit Committee of the Board of Visitors.
 - 2. The University Auditor will be provided unrestricted access to communicate and interact directly with the Business Affairs and Audit Committee.
 - 3. The University Auditor will confirm to the Business Affairs and Audit Committee, at least annually, the organizational independence of the Office of Audit and Advisory Services.
 - 4. Any decision to remove the University Auditor must be approved by the Business Affairs and Audit Committee.
- C. As its mission, the Office of Audit and Advisory Services will assist the Board of Visitors, the President, and senior management in accomplishing the University's strategic objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes.
- D. The Office of Audit and Advisory Services will be authorized to:
 - 1. have full, free, and unrestricted access to all functions, records, property, and personnel of the University.
 - 2. allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives and issue reports.
 - 3. obtain assistance from the necessary personnel of the University, as well as other specialized services from within or outside the University, in order to complete their work.
- E. University employees must cooperate with the Office of Audit and Advisory Services in accordance with its authority.

- F. The Office of Audit and Advisory Services will not be authorized to:
1. perform any operational duties for the University or its affiliates.
 2. initiate or approve transactions external to the Office of Audit and Advisory Services.
 3. direct the activities of any University employee not employed by the Office of Audit and Advisory Services, except to the extent that such employees have been appropriately assigned to auditing teams, or to otherwise assist the audit team.
 4. develop or write policies or procedures that they may later be called upon to evaluate. Draft materials developed by management may be reviewed for propriety or completeness; however, ownership of, and responsibility for, these materials remains with management.

5. PROCEDURES

A. Scope of Work

1. The scope of work for the Office of Audit and Advisory Services will be to ascertain that the system of internal control (see *Internal Control Policy*), as designed and represented by management, is adequate and functioning in a manner to provide reasonable assurance regarding the following:
 - a. Achievement of the University's strategic objectives
 - b. Effectiveness and efficiency of operations and programs
 - c. Reliability and integrity of financial and operational information
 - d. Safeguarding of assets
 - e. Compliance with policies, standards, procedures, contracts, and applicable laws and regulations
2. Reviews and evaluations of internal control by the Office of Audit and Advisory Services will be advisory in nature. The University's management will continue to be responsible for establishing and maintaining an adequate internal control system.
3. The Office of Audit and Advisory Services may also perform advisory and consulting services, provided the Office of Audit and Advisory Services does not assume management responsibility.

B. Objectivity

1. All work performed by the Office of Audit and Advisory Services will be conducted in an objective manner.
2. The University Auditor will ensure that the Office of Audit and Advisory Services remains free from all conditions that threaten to impair the ability of audit staff to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content.
3. If such an impairment, either in fact or in appearance, is detected, the University Auditor will take the appropriate action to address and, if necessary, disclose the information to the appropriate parties.

4. The Office of Audit and Advisory Services staff will maintain an unbiased mental attitude that allows them to perform their work objectively and in such a manner that they will believe in their work product, that no quality compromises will be made, and that they will not subordinate their judgment on audit matters to others.
5. The Office of Audit and Advisory Services staff will have no direct operational responsibility or authority over any of the activities that they audit, nor will they have had any within the previous year.

C. Responsibility

The University Auditor and the Office of Audit and Advisory Services staff will have responsibility to:

1. develop a flexible annual audit plan, considering the input of senior management and the Business Affairs and Audit Committee. The plan will be developed using an appropriate risk-based methodology and presented to senior management and the Business Affairs and Audit Committee.
2. implement the annual audit plan, reviewing and adjusting it as necessary in response to changes in the University's business, risks, operations, programs, systems, and controls.
3. report to appropriate levels of management significant issues related to the processes for controlling the activities of the University, including potential improvements to those processes.
4. follow up with management to verify that corrective actions are taken on findings and recommendations, and report the results periodically to senior management and the Business Affairs and Audit Committee.
5. evaluate and assess significant merging/consolidating functions and new or changing systems, services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
6. perform special studies, reviews, or investigations requested by management.
7. perform consulting and advisory services related to governance, risk management, internal controls, or other areas of interest and concern.
8. conduct investigations of fraud, waste, and abuse, including those referred by the Office of the State Inspector General related to State Fraud, Waste, and Abuse Hotline cases. Results of these investigations will be communicated to management and the Business Affairs and Audit Committee, as appropriate.
9. coordinate with other control and monitoring functions and consider the scope of work of external auditors, as appropriate, to provide optimal audit coverage to the University at a reasonable overall cost.
10. periodically provide to the Business Affairs and Audit Committee information on the status and results of the annual audit plan and the results of activities and operations reviewed. Reports from "special request" audits may have more limited distribution.
11. ensure trends and emerging issues that could affect the University are considered and communicated to senior management and the Business Affairs and Audit Committee, as appropriate.

12. maintain a professional audit staff with sufficient knowledge, skills, and experience to meet the requirements of this *Internal Audit Charter*, and ensure that the principles of integrity, objectivity, confidentiality, and competency are applied and upheld. The impact of any resource limitations will be communicated to senior management and the Business Affairs and Audit Committee, as appropriate.
13. ensure emerging trends and successful practices in internal auditing are considered.
14. establish and ensure adherence to policies and procedures designed to guide the Office of Audit and Advisory Services.
15. ensure adherence to the University's relevant policies and procedures, unless such policies and procedures conflict with this *Internal Audit Charter*. Any such conflicts will be resolved or otherwise communicated to senior management and the Business Affairs and Audit Committee, as appropriate.

D. Standards of Practice

The Office of Audit and Advisory Services will conform to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (Standards), and the Definition of Internal Auditing.

E. Quality Assurance and Improvement Program

1. The Office of Audit and Advisory Services will maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include an evaluation of conformance with the Standards and application of the IIA's Code of Ethics.
2. The quality assurance and improvement program will include both internal and external assessments. Internal assessments will include ongoing monitoring and periodic assessments of the internal audit function. An external assessment will be performed at least once every five years by a qualified, independent assessor or assessment team.
3. The University Auditor will communicate results of the assessments to senior management and the Business Affairs and Audit Committee.

6. EXCLUSIONS

None

7. APPENDICES

None

8. REFERENCES

[State Fraud, Waste, and Abuse Hotline](#)

[The Institute of Internal Auditors International Professional Practices Framework \(IPPF\)](#)

[Internal Control – Integrated Framework \(2013\)](#), Committee of Sponsoring Organizations of the Treadway Commission

9. INTERPRETATION

The authority to interpret this policy rests with the President of the University and is generally delegated to the University Auditor.

10. APPROVAL AND REVISIONS

The *Internal Audit Charter* replaces and expands upon the *Charter* last adopted by the Board of Visitors on September 19, 2014. The newly developed *Internal Audit Charter* was developed in the University Policy Template, and was submitted to and approved by the President's Cabinet at the meeting held on January 8, 2018. The *Internal Audit Charter* was then submitted to and approved by the Radford University Board of Visitors at the meeting held on _____, 2018.

DATE: _____

Brian O. Hemphill, Ph.D., President (*signature*)

For general information concerning University policies, contact the [Office of Policy Compliance](#) – (540) 831-5794. For questions or guidance on a specific policy, contact the Oversight Department referenced in the policy.

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
February 15, 2018

Action Item
Approval of Revised Internal Audit Charter

Item:

Board of Visitors approval of revision to the Internal Audit Charter and its inclusion as a University Policy.

Background:

The Internal Audit Charter was first approved by the Board during the establishment of the internal audit function (now called the Office of Audit & Advisory Services) for Radford University, which was established in 1985. The Internal Audit Charter has been revised several times, most recently in September 2014.

The Internal Audit Charter describes the general purpose, authority, and responsibility of the Office of Audit and Advisory Services. The Charter also acts as a foundational guide to assist with conforming to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

As the University now has a framework for establishing, approving, and communicating University Policies to the campus community, including policies approved by the Board of Visitors, the revised Internal Audit Charter has been integrated into the University Policy template, which was approved by the President's Cabinet on January 8, 2018. The inclusion of the Internal Audit Charter as a University Policy will increase the visibility of the Charter and assist in ensuring the campus community understands the authority, role, and responsibilities of the Office of Audit & Advisory Services as well as each employee's responsibility to cooperate with the Office in accordance with its authority.

Action:

Radford University Board of Visitors approval of revised Internal Audit Charter (University Policy GEN-PO-1005).

RADFORD UNIVERSITY BOARD OF VISITORS

RESOLUTION
February 15, 2018

Approval of Revised Internal Audit Charter

WHEREAS, the Internal Audit Charter for Radford University was first approved by the Radford University Board of Visitors in 1985 with the initial establishment of the internal audit function, which is now known as the Office of Audit and Advisory Services; and

WHEREAS, the Internal Audit Charter describes the general purpose, authority, and responsibility of the Office of Audit and Advisory Services; and

WHEREAS, the Internal Audit Charter also acts as a foundational guide to assist the Office of Audit and Advisory Services with conforming to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing; and

WHEREAS, Radford University now has a standard framework for establishing, approving, and communicating University Policies to the campus community; and

WHEREAS, the revised Internal Audit Charter has been integrated into the University Policy template, which will increase the visibility of the Internal Audit Charter and assist in ensuring the campus community understands the authority, role, and responsibilities of the Office of Audit & Advisory Services as well as each employee's responsibility to cooperate with the Office in accordance with its authority;

NOW THEREFORE BE IT RESOLVED, the Radford University Board of Visitors approves the revised Internal Audit Charter (University Policy GEN-PO-1005) as presented.

End of Board of Visitors Materials

