

Board of Visitors Retreat

July 10-11, 2017

RADFORD UNIVERSITY

Board of Visitors



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

APPROVED

JULY 10, 2017

BOARD MEMBERS PRESENT

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

BOARD MEMBERS ABSENT

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

OTHERS PRESENT

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

CALL TO ORDER

Mr. Mark S. Lawrence, Rector, called the meeting to order at 10:14 a.m. in the Sarnoff Room, Lansdowne Resort, Leesburg, Virginia. Rector Lawrence welcomed everyone, and introductions of all attendees were provided.

APPROVAL OF AGENDA

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

INTRODUCTION AND OVERVIEW

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

REVIEW OF PROTOCOL AND COMMUNICATION 2.0

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

EMBRACING THE TRADITION AND ENVISIONING THE FUTURE: A YEAR IN REVIEW

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

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

THE INNOVATIVE UNIVERSITY

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

THE STUDENT DEBT CHALLENGE

Ms. Kitty McCarthy, led a discussion on student debt and provided comparisons of Radford University with other state funded institutions. Data provided included the amount of debt incurred, sources of funds and borrowing levels of Radford students. The data was also broken out demographically by gender, income level, first generation and ethnicity. Ms. McCarthy also

updated the Board members on current enrollment data for fall 2017. A copy of the presentation is hereto attached as (*Attachment E*) and is made a part thereof.

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

TUESDAY, JULY 11, 2017

RECONVENED SESSION

BOARD MEMBERS PRESENT

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

BOARD MEMBERS ABSENT

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

OTHERS PRESENT

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

CALL TO ORDER

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

OVERALL BUDGET FORECAST AND RADFORD UNIVERSITY BUDGET MODEL

Mr. Richard Alvarez provided an overview of the current budget and anticipated budget forecast based on current and anticipated enrollment figures for fall 2017. Background information included: structure

of operating budgets; sources of funding and use; tuition cost; operating allocations; FTE spend comparisons with state institutions and financial aid sources. A copy of the presentation is hereto attached as (*Attachment F*) and is made a part thereof.

RESPONSIBILITY CENTERED MANAGEMENT (RCM) BUDGET MODEL

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

CLOSING REMARKS

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

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

ADJOURNMENT

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

Respectfully submitted,



Mary Weeks

Secretary to the Board of Visitors/Senior Assistant to the President

Attachment A

Board Protocol and Communication 2.0

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Board of Visitors Retreat

July 10-11, 2017

Board Protocol and Communication

- **Board Rector**
- **Board Vice Rector**
- **Board Committee Chairs**
- **Board Members**
- **One Employee Concept**
 - **President**
 - **Board Secretary (Board Liaison)**
 - **Vice Presidents**

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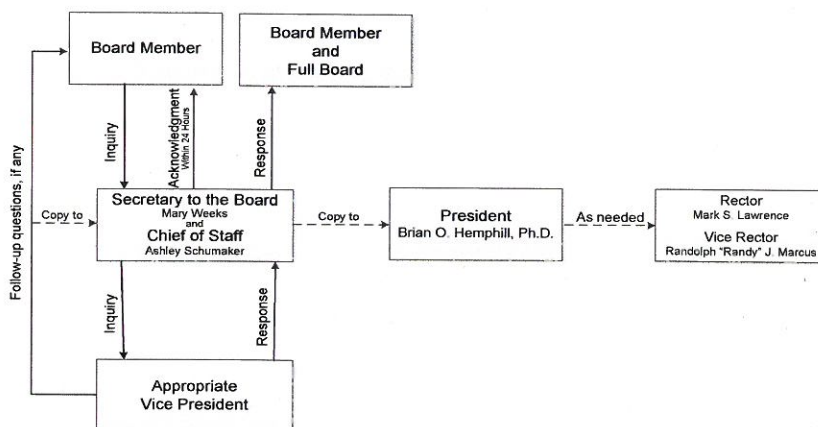
Board Protocol

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

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Flow of Communication



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Board Communication

- **Regular Communication**
 - Meetings, Retreats, New Member Orientations, Etc.
- **Three Levels of Additional Communication with Board Members**
 - High-Level/Advance Notice
 - Exploratory/Anticipation
 - Regular Campus Updates

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Board Protocol and Communication 2.0

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Board of Visitors Retreat

July 10-11, 2017

Attachment B

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

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Brian O. Hemphill, Ph.D.

July 2017 Board of Visitors Retreat

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

Phase One

*(within 45 days of
accepting the
position)*

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

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Action Plan: Phase Two (July 2016)

Phase Two

(first 30 days of active employment)

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

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Action Plan: Phase Three (September/October 2016)

Phase Three

(first 60-90 days of active employment)

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

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Commonwealth Alumni Tour



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Commonwealth Alumni Tour



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Presidential Open Forums



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College Meetings

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

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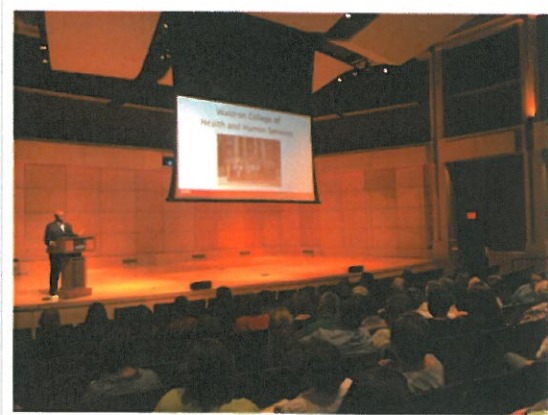
College Meetings



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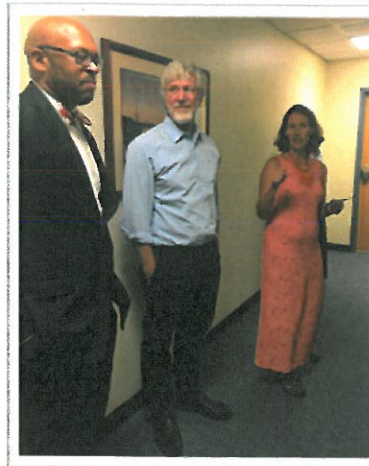
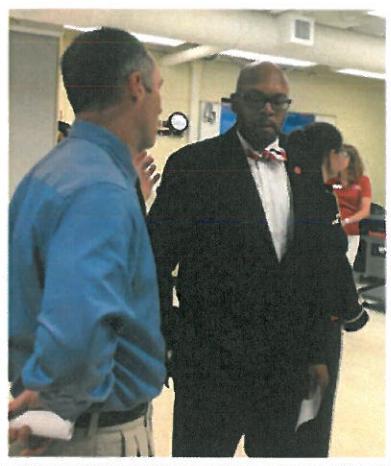
College Meetings



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College Meetings



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Department Meetings

Structure

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

Outcomes

- Strengths
- Weaknesses
- Reflections

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Budget Planning Summit



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New River Valley: Business Leaders Breakfast



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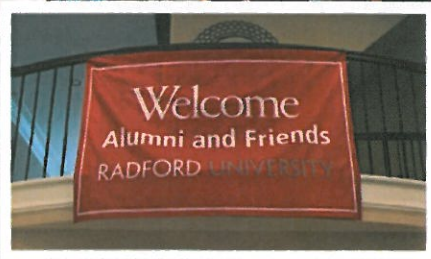
New River Valley: Quarterly Investors Meeting



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Regional Alumni Tour



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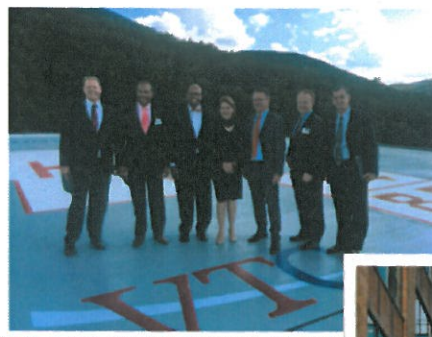
City of Radford: Town and Gown



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Roanoke Valley: Partnership Opportunities



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Southwest Virginia: Partnership Opportunities



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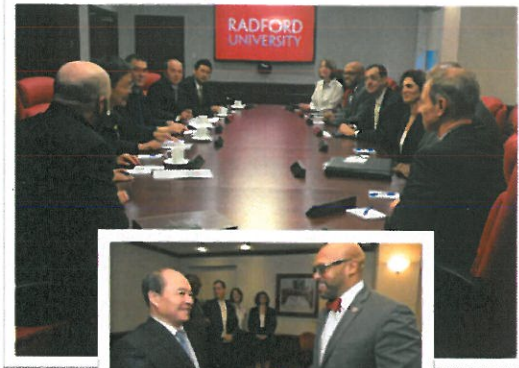
Commonwealth: Partnership Opportunities



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The World: Partnership Opportunities



MONASH
University

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College of Humanities and Behavioral Sciences



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Center for the Sciences



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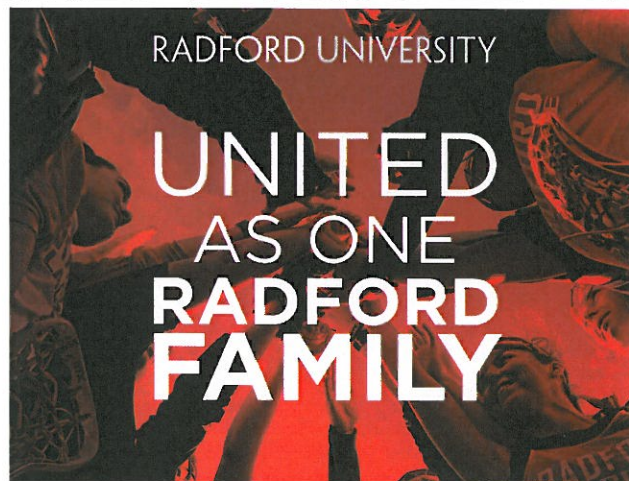
Homecoming and Family Weekend



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One Radford Family



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Highlander Pride Weekend



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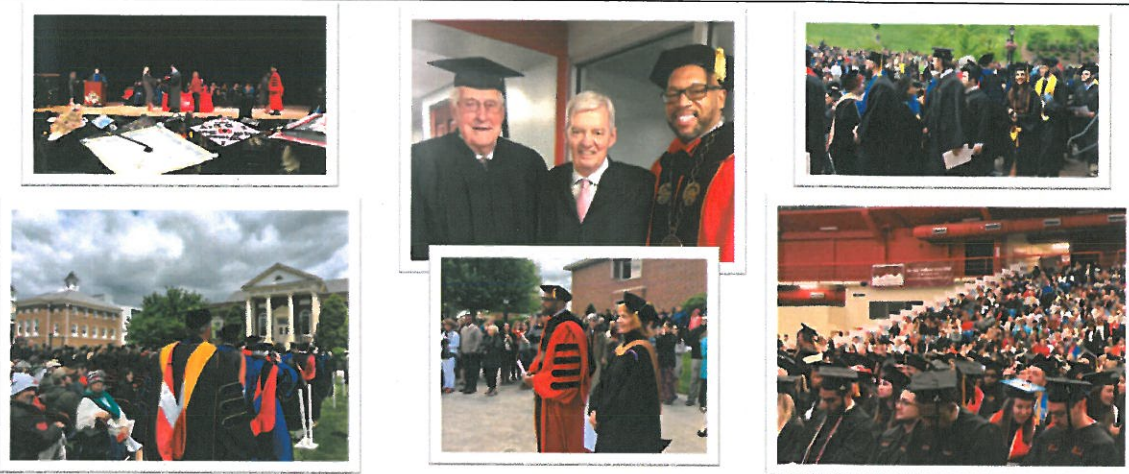
Artis College of Science and Technology



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Class of 2017



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The Future: Strategic Planning

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

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Strategic Enrollment Growth

	Freshman	International (NEW)	Transfer	Continuing Undergraduate	Graduate	CBE	Total Enrollment	Increase
Fall 2017	1,926	30	755	5,746	919	60	9,436	
Fall 2018	1,984	50	778	5,816	964	120	9,712	2.9%
Fall 2019	2,044	100	801	5,893	1,000	240	10,078	3.8%
Fall 2020	2,105	150	825	6,054	1,050	480	10,664	5.8%
Fall 2021	2,168	225	850	6,254	1,090	960	11,547	8.3%
Fall 2022	2,233	300	876	6,465	1,128	1,500	12,502	8.3%
Fall 2023	2,300	375	902	6,689	1,166	2,000	13,432	7.4%

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Competency-Based Education

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



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Center for Adaptive Innovation and Creativity

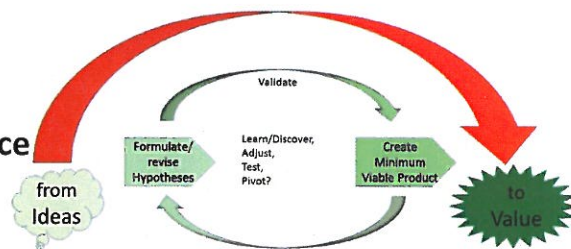


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Student Venture Lab

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



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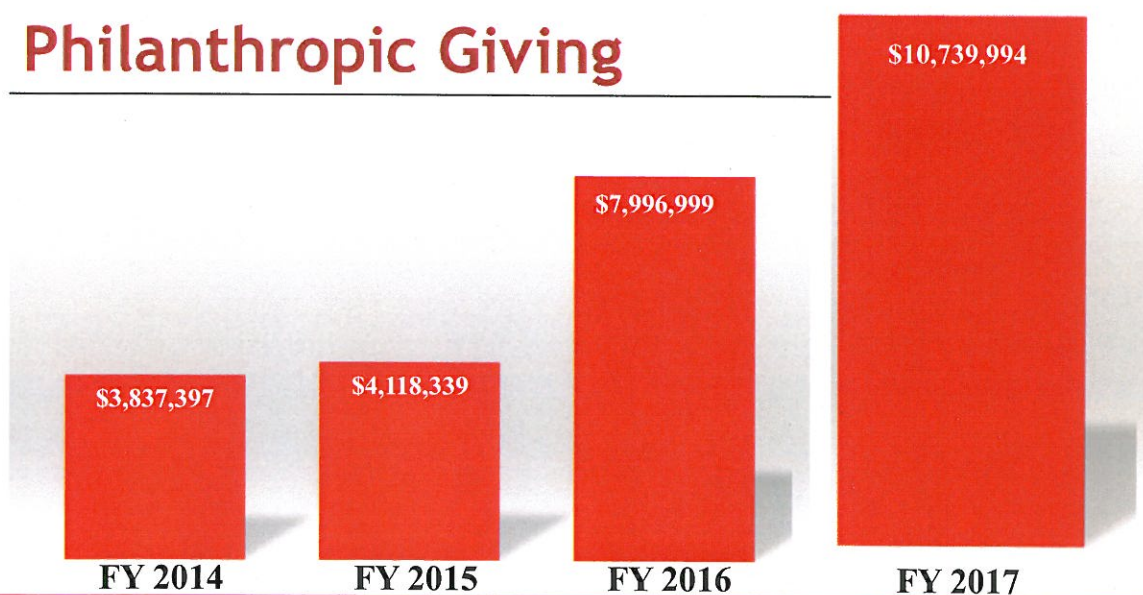
Appalachian Community Outreach Institute

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

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Philanthropic Giving



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Capital Campaign

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



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

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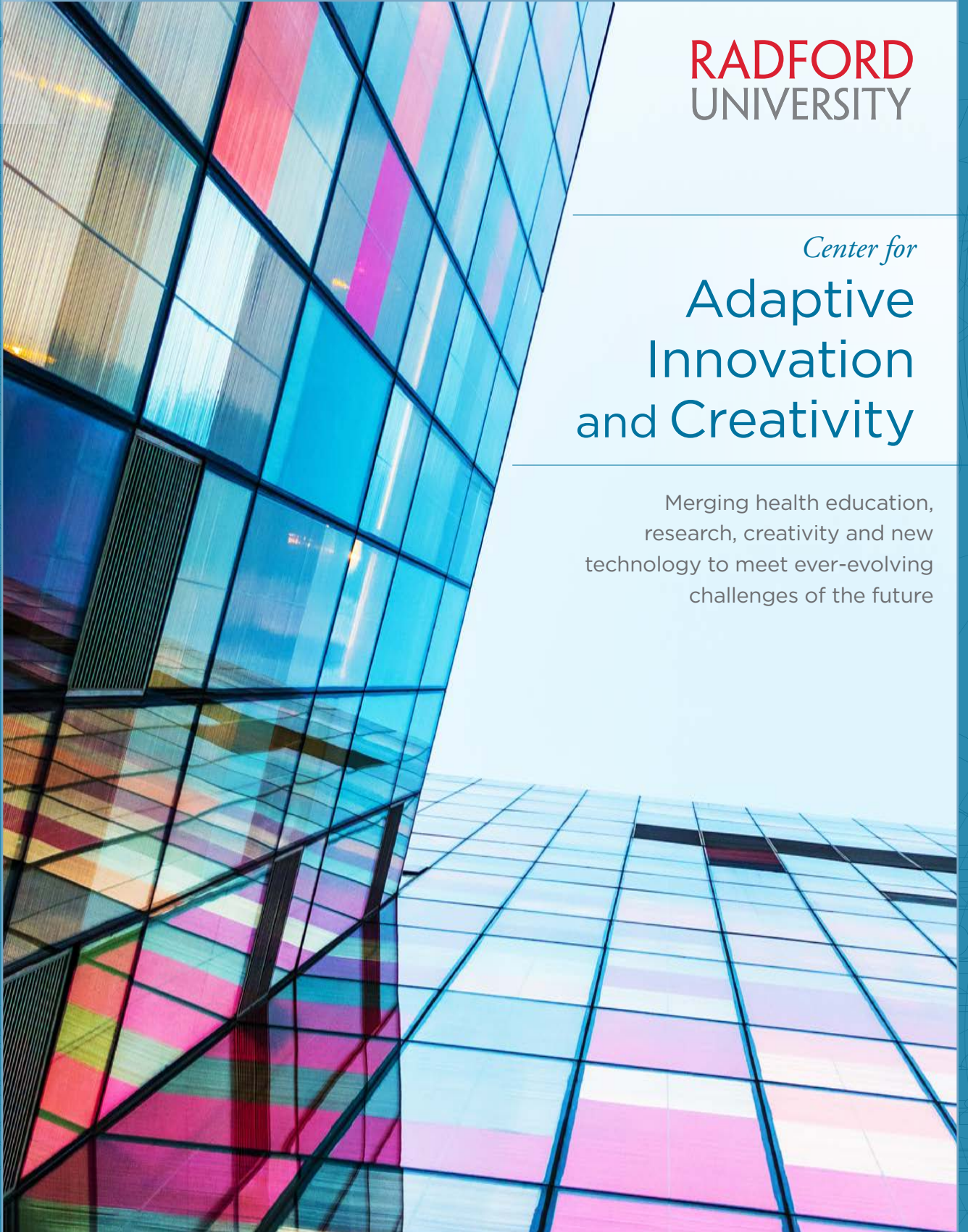
Brian O. Hemphill, Ph.D.


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Center for
**Adaptive
Innovation
and Creativity**

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





“We can’t solve problems by using the same kind of thinking we used when we created them.”

— Albert Einstein

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

The Situation

Facilities

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

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

Waldron Hall, which houses the Waldron College of Health and Human Services (WCHHS), was constructed in the late 1990s. The building is approximately 58,000 square feet and includes the dean's offices; the Departments of Communication Sciences and Disorders, Physical Therapy and Occupational Therapy; and the

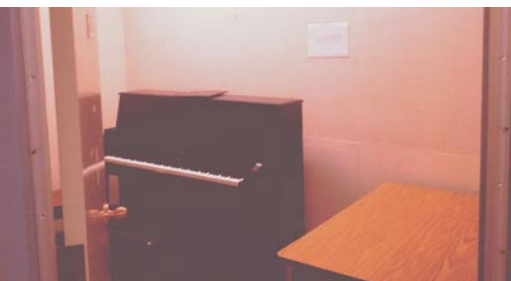




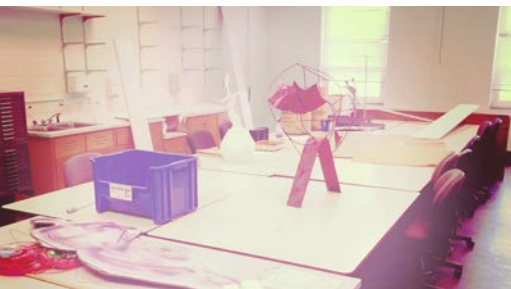
Schools of Nursing and Social Work. The facility includes a clinic, laboratories, classrooms and offices. While the facility condition is adequate, the College is faced with increasing enrollments that are overwhelming the current available footprint. Further, newer equipment and simulation environments have been developed since the building's opening, and the College needs to upgrade these areas to maintain its leadership in health care education in the Commonwealth.

Academics

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



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



A longstanding goal of the University has been to collocate all of the College of Visual and Performing Arts in the same vicinity of the campus. Currently, entire departments and programs are dispersed in multiple facilities across campus. For instance, the art studios of ceramics and sculpture have been remotely located for decades. Students spend significant time in these areas and have been deprived of synergies with other disciplines because of the physical distance between these area locations. In another significant case, the Department of Dance is located across campus in Peters Hall. In recent years, the Dance and Theatre Departments were merged to form the School of Dance and Theatre. The synergy created through this merger is limited by the physical separation of the two departments.

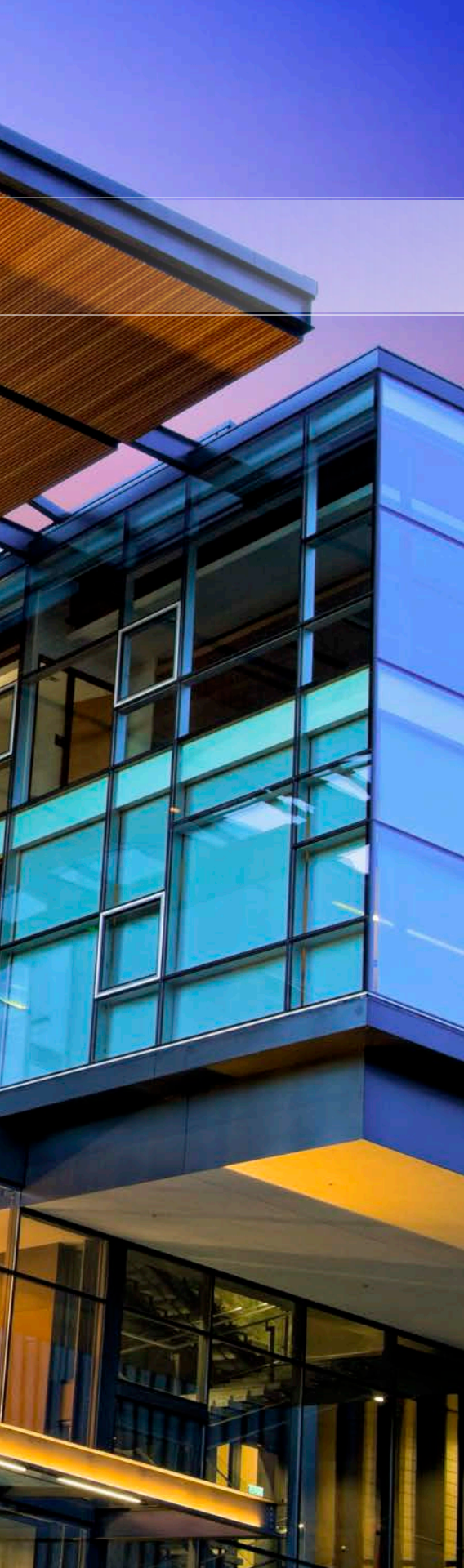


The Waldron College of Health and Human Services has a particularly pressing need for clinical practice facilities in which its students acquire hands-on simulated and live patient care experience. For example, the present Nursing Clinical Simulation Center is actually located off campus, which inhibits its ability for fully integrated use with the majority of the campus community. Outdated simulation equipment also diminishes the current available academic outcomes, as the overall health care industry has introduced many new and innovative devices and procedures. Its faculty members also need additional opportunities to obtain clinical practice hours to stay current in their fields and to stay current with these new, innovative practices and equipment.

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







The Vision

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

— John Dewey

Envision a building that never sleeps.

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

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

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



Rationale

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

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

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

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

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

— Frank Goble, aerospace engineer and founder of Jefferson Center for Character Education

The Center for Adaptive Innovation and Creativity will catapult higher education beyond the previously unimaginable to a reimagined reality.

The Concept

Overall Project Description

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

Site and Exterior Spaces

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



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

Interior Spaces

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

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

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

Throughout the 24-hour day, the spatial arrangements within the Center for Adaptive Innovation and Creativity will be flexible and adaptable, given its current use and needs and those of the future. For example, a large atrium at the heart of the building can convert to a performance space, collaborative workspace, keynote speaker venue, community forum zone, student rest pods and wellness neighborhoods — while allowing analysis of each activity through sensors and data collection.



The proposed Center for Adaptive Innovation and Creativity will include traditional classrooms, studios and laboratories, in addition to multi-use environments such as maker spaces, simulation and virtual and augmented reality laboratories, computer centers, metalworking and clay pottery laboratories and other specialty environments to support the many and varied needs of multiple programs on campus.

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



The Proposal

Building Description

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

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

Site and Utility Description

The existing utility infrastructure will be expanded and enhanced to serve the additional building footprint in this area of the main campus. It is anticipated that the main electrical service to this part of campus will need to be upgraded from the nearby City of Radford substation, while



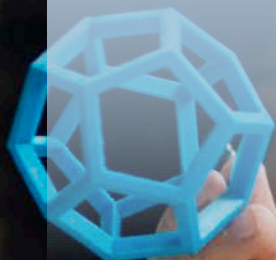
water, sanitary, stormwater, steam, chilled water and data will all need to be expanded for the demand from the new building. Existing utility corridors along Main Street and the Adams Street Pedestrian Corridor will be maintained to the maximum extent possible to reduce costs for relocation and reconstruction. Existing nearby surface parking areas will serve the Center for Adaptive Innovation and Creativity

Proposed Project Costs

Based on the pre-programming and schematic estimating performed to date, the total cost for this project is estimated at \$375 to \$450 per square foot, including all hard costs and soft costs. There are no property acquisition costs since the Center will be constructed on land currently owned by the University. Comparison to current industry information for similar academic projects confirms this range of costs, with tabulated values of \$400 to \$500 per square foot for similar academic facilities. These costs per square foot would indicate a total project cost of approximately \$75 to \$90 million dollars.

“There is no doubt that creativity is the most important human resource of all. Without creativity, there would be no progress, and we would be forever repeating the same patterns.”

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



Current industry costs for similar academic projects (per square foot)

\$400 - \$500

Total cost for this project (per square foot)

\$375 - \$450

Total project cost

\$75 - \$90 million



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

A Closing Word

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



RADFORD UNIVERSITY

Attachment D

The Innovative University

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RADFORD UNIVERSITY

Featured Case Studies: Harvard University

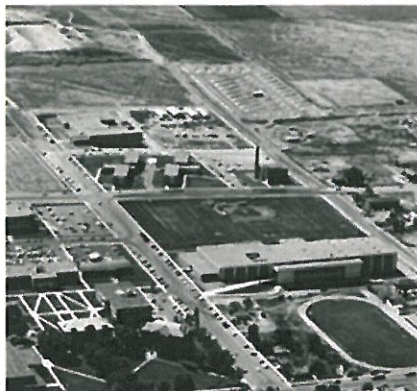


July 2017 Board of Visitors Retreat

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Featured Case Studies: BYU-Idaho

- Formerly Ricks Academy and Ricks College



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Main Book Concepts

- **Two Types of Innovation**
 - Sustaining
 - Disruptive
- **Three Vital Jobs of Universities**
 - Discovery
 - Memory
 - Mentoring

Setting the Stage: *Academic Inertia*

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

The Innovative University
Page xxii

Setting the Stage: *The Paradox*

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

The Innovative University
Page xxii

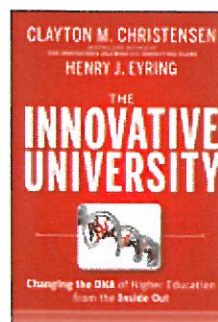
Setting the Stage: *The Value Proposition*

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

The Innovative University
Page xxii-xxiii

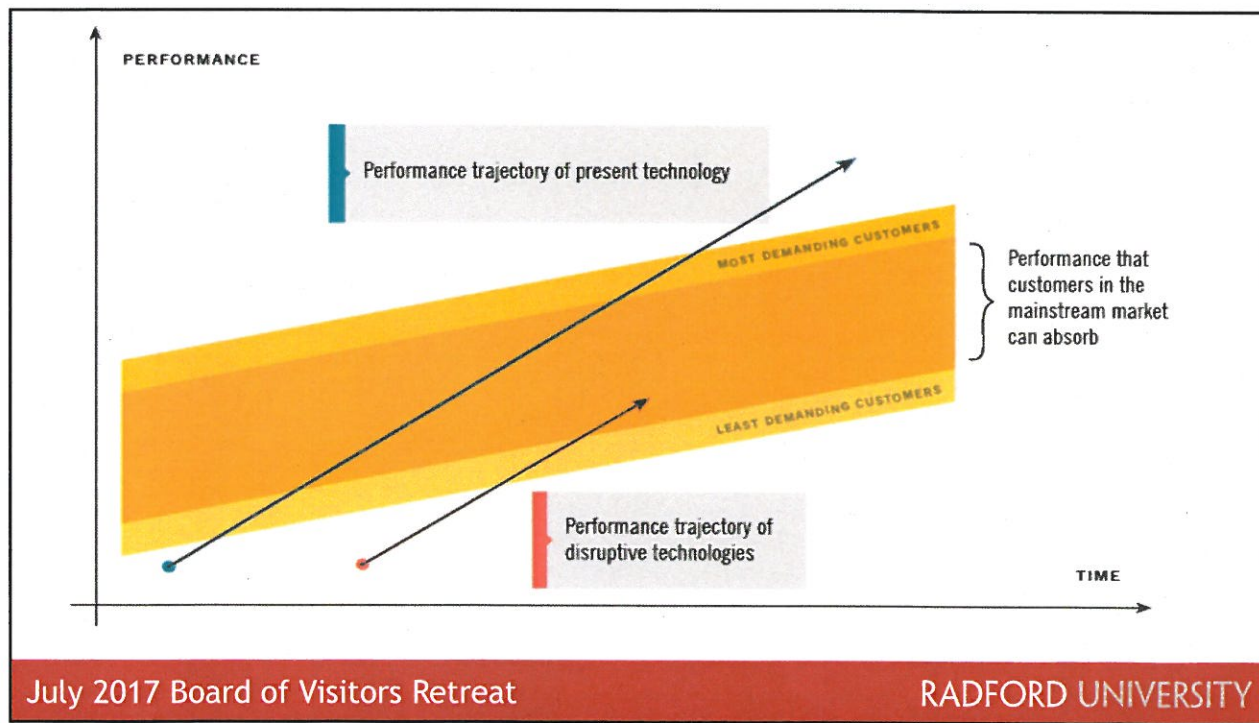
Discussion Focal Areas: Chapters 17-19

- **Raising Quality**
 - Pages 249-275
- **Lowering Cost**
 - Pages 276-300
- **Serving More Students**
 - Pages 300-324



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Chapter 17

Raising Quality

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Summary: Raising Quality

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

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The Radford Experience: *Raising Quality*

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

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The Future: Raising Quality

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

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Chapter 18 ***Lowering Cost***

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Summary: Lowering Cost

- **High-Quality Online Courses**
- **Peer Instruction**
- **Interactive and Engaging Learning with Superior Cognitive Learning Outcomes**
- **Total Credit Hours Earned and Graduation Delays**
- **Creeping Major**
- **University Report Card**

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The Radford Experience: *Lowering Cost*

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

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The Future: *Lowering Cost*

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

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Chapter 19

Serving More Students

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Summary: Serving More Students

- **Enrollment Expansion and Fishbone Analysis**
- **Customized Pathways**
- **Cost Savings**
- **Reciprocal Benefits**
- **International Pathways**

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The Radford Experience: *Serving More Students*

- **Recruitment Plan**
- **Retention Plan**
- **Wintermester**

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The Future: *Serving More Students*

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

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RADFORD UNIVERSITY

Ricks College/BYU-Idaho and Radford University

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

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Discussion

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RADFORD UNIVERSITY

Final Reflections

“Our duty is to wholly invent ourselves. We are America’s future – intellectually, socially, and culturally.”

Gordon Gee (Page xxv)

“Look at your roots, in order to reclaim your future.”

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

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The Innovative University

**RADFORD
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Attachment E

Board of Visitors Retreat The Student Debt Challenge

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Student Debt

July 10, 2017

Lots of Attention

Student Loans Under Scrutiny

A New Look at The Lasting Consequences Of Student Debt



Why the Student Loan Crisis Is Even Worse Than People Think



The Scary Truth About Millennials And Student Loan Debt



Student Loan Debt: The Invisible, Incredible Drain on Investment



Student Debt

RADFORD UNIVERSITY

Basic Facts (as of May, 2017)

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

Source <https://studentloanhero.com/student-loan-debt-statistics/>

Student Debt

RADFORD UNIVERSITY

The White House Budget and Financial Aid

The future of student loans is unclear

- Perkins Loans - eliminated
- Public Service Loan Forgiveness - eliminated
- The subsidy on federal student loans - eliminated (new borrowers)
- Increased interest rates - all loans

➢ Subsidized	3.76%	4.45%
➢ Unsubsidized	5.31%	6.00%
➢ Plus Loans	6.31%	7.00%

Source: Forbes; NAICU - White House Budget

Student Debt

RADFORD UNIVERSITY

Federal Funding in the Crosshairs

Federal Budget Blueprint Impacts Higher Ed, Directly and Indirectly

Selected Provisions from the Federal "Skinny" Budget Proposal

13%

cut to Department of Education (equal to \$9 billion)

\$3.9B

cut to Pell Grant program (via cancellation of carryover funding)

\$200M

in cuts to TRIO programs for low-income students

18%

cut to National Institutes of Health

32%

cut to the "Gear Up" competitive grant program

Gear Up in Brief

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

Sources: "What Trump's Budget Outline Would Mean for Higher Ed," The Chronicle of Higher Education, <http://www.chronicle.com/article/What-Trump-s-Budget-Outline/239511>; Mangan, K., "U. of Texas at El Paso Watches Warily as Trump's Budget Threatens Its Needy Students," The Chronicle of Higher Education, <http://www.chronicle.com/article/U-of-Texas-at-El-Paso-Watches/239544>.

Student Debt

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Family Finances

Concentration of Growth in Low-Income Segment

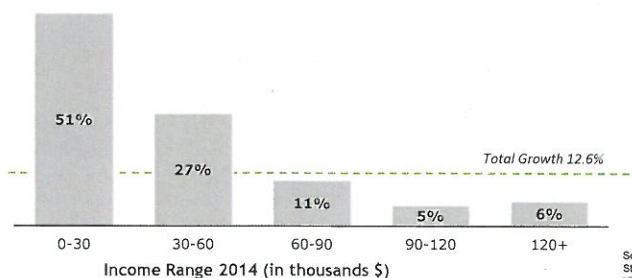
Population Growth Weakens Pricing Power and College-Readiness

Growth of Lower Income Families Outpacing Middle & Higher Income Families

Percent Growth, 2000-2013

2013 College-Going Rates By Income:

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



"Student Affluence Test"

-262 pts

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

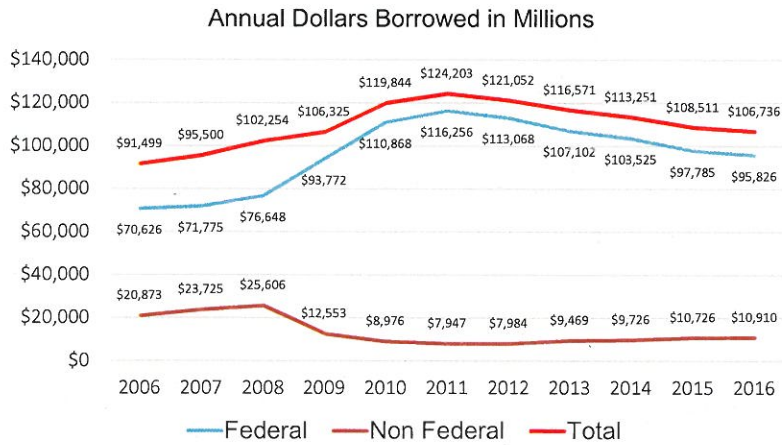
Sources: US Census Bureau, Drew DeSilver, "College Enrollment Among Low-income Students Still Trails Richer Groups," Pew Research Center, Jan. 15, 2014, Josh Zumbrun, "SAT Scores and Income Inequality: How Wealthier Kids Rank Higher," The Wall Street Journal, Oct. 7, 2014, EAB Analysis

Student Debt

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Annual Education Loan Borrowing

Borrowing for student loans peaked in 2012



Source: The College Board, Trends in Student Financial Aid

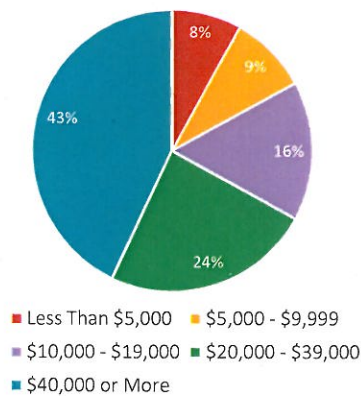
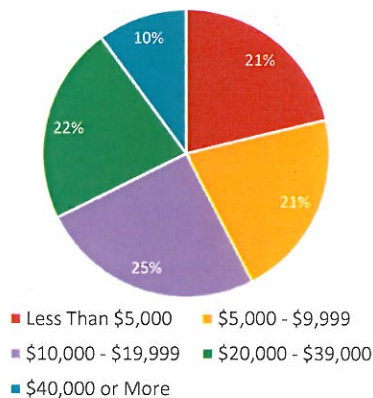
Student Debt

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Distribution of Debt by Borrower Level

Percent of UG Borrowers

Percent of GRD Borrowers

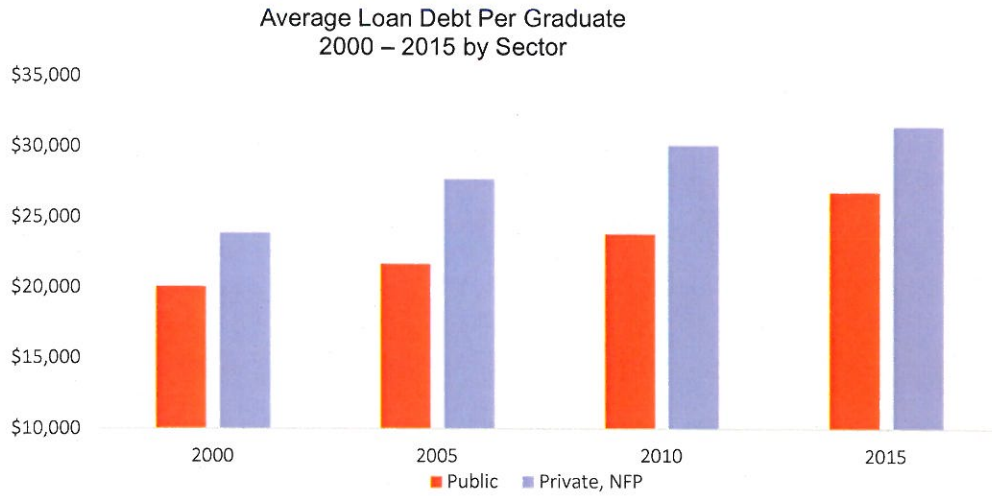


Source: The College Board, Trends in Student Financial Aid

Student Debt

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Loan Debt Over Time

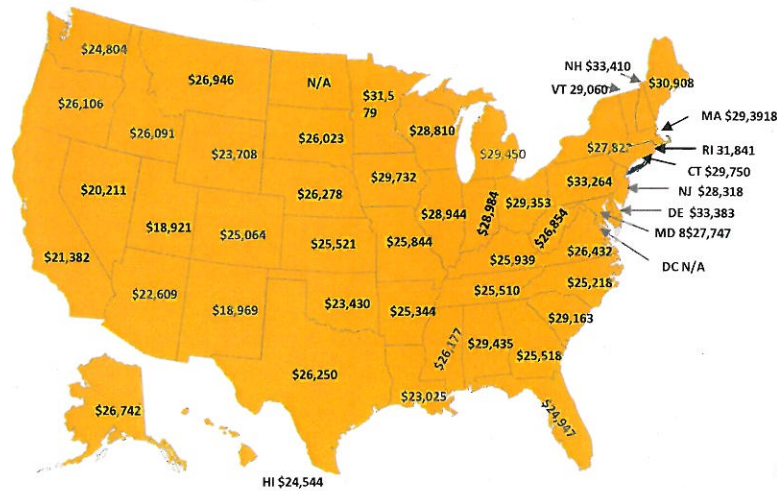


Student Debt

RADFORD UNIVERSITY

Average Debt Load by State

Average loan debt 2014 graduates



Student Debt

RADFORD UNIVERSITY

Student Debt in Virginia

Average Debt, all graduates in Virginia \$27,717

Percent of graduates borrowing 59%

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

Source: Institute for College Success,
State by State Data, 2015

Student Debt

RADFORD UNIVERSITY

Stafford Loan Borrowing Limits

Year	Annual Stafford Limit
First Year	\$5,500
Second Year	\$6,500
Third Year	\$7,500
Fourth Year	\$7,500
Total Stafford Loan for 4 Years	\$27,000
Origination Fee (approx. 1%)*	-\$270
Total Amount to Student	-\$26,730

*Origination Fees vary by year. Current fee is 1.069%.

Student Debt

RADFORD UNIVERSITY

Gender (RU)

Gender	Percent Borrowed Federal Loans	Median Federal Loan Debt
Female	68%	\$26,718
Male	64%	\$26,718
Total	67%	\$26,718

Student Debt

RADFORD UNIVERSITY

Region (RU)

Region	Percent Borrowed Federal Loans	Median Federal Loan Debt
Central Va	85%	\$26,722
Northern Va	59%	\$24,869
Peninsula	73%	\$26,724
Richmond	53%	\$26,723
Roanoke Metro	68%	\$26,724
South Central	85%	\$26,721
Southwest	68%	\$25,734
Tidewater	70%	\$26,718
Valley	81%	\$26,718
Out-of-State	65%	\$26,752
Total	67%	\$26,718

Student Debt

RADFORD UNIVERSITY

Ethnicity (RU)

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

Student Debt

RADFORD UNIVERSITY

First Generation (RU)

First Generation	Percent Borrowed Federal Loans	Median Federal Loan Debt
First Generation	81%	\$26,722
Not First Generation	61%	\$25,817
Total	67%	\$26,718

Student Debt

RADFORD UNIVERSITY

Income Level (RU)

Income Level At Graduation	Percent Borrowed Federal Loans	Median Federal Loan Debt
Low Income	91%	\$26,724
Mid Income	93%	\$26,724
High Income	96%	\$26,718
Unknown	38%	\$19,608
Total	67%	\$26,718

Student Debt

RADFORD UNIVERSITY

Pell Aid (RU)

Pell Aid (Any Time)	Percent Borrowed Federal Loans	Median Federal Loan Debt
Received Pell	91%	\$26,724
Did not receive Pell	54%	\$25,730
Total	67%	\$26,718

Student Debt

RADFORD UNIVERSITY

Academic College (RU)

Academic College	Percent Borrowed Federal Loans	Median Federal Loan Debt
Artis College of Science and Technology	60%	\$24,746
College of Business and Economics	64%	\$26,718
College of Education and Human Development	69%	\$26,718
College of Humanities and Behavioral Sciences	67%	\$25,766
College of Visual and Performing Arts	73%	\$26,721
Waldron College of Health and Human Services	66%	\$26,718
Total	67%	\$26,718

Student Debt

RADFORD UNIVERSITY

Borrowing Trends (RU)

Graduating Year	Percent Borrowed Federal Loans	Median Federal Loan Debt
2013-2014	60%	\$25,862
2014-2015	66%	\$25,764
2015-2016	67%	\$26,718

Student Debt

RADFORD UNIVERSITY

Federal Cohort Default Rates

Institution	FY2011	FY2012	FY2013
College Of William & Mary	0.9%	0.6%	0.8%
University Of Virginia	1.7%	1.7%	0.9%
Virginia Tech	2.6%	2.1%	1.6%
University Of Mary Washington	1.7%	2.3%	1.9%
George Mason University	1.8%	1.6%	2.1%
James Madison University	2.5%	2.3%	2.1%
University Of Richmond	1.7%	1.5%	2.1%
Christopher Newport University	2.7%	3.2%	2.2%
Virginia Military Institute	6.0%	2.4%	2.6%
Longwood University	3.6%	3.9%	3.1%
Virginia Commonwealth University	6.0%	4.5%	3.6%
Regent University	5.5%	5.4%	4.0%
Radford University	4.2%	4.2%	4.4%
Old Dominion University	6.8%	5.1%	4.7%
Roanoke College	4.4%	4.6%	5.1%
Hampton University	9.7%	8.6%	7.0%
Liberty University	7.9%	8.5%	9.9%
UVA Wise	12.3%	10.2%	11.6%
Norfolk State University	20.6%	14.3%	12.6%
Virginia State University	13.7%	15.1%	14.7%
National Public 4-Year Default Rate	8.9%	7.6%	7.3%

Student Debt

RADFORD UNIVERSITY

What's Next?

Radford University:

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

Other:

- Maryland home purchase program
- Repayment legislation

Student Debt

RADFORD UNIVERSITY

Discussion

Student Debt

23

RADFORD UNIVERSITY

Fall 2017 Enrollment Update

RADFORD
UNIVERSITY

Enrollment Management

July 10, 2017

New Students (July 5)

Type	Fall 2015	Fall 2016	Fall 2017
New Freshmen	1,763	1,533	1,813
New Transfers	335	388	559

Enrollment Management

RADFORD UNIVERSITY

All Students (July 5)

Level	Fall 2015	Fall 2016	Fall 2017
Undergraduate	8,120	7,685	8,104
Graduate	628	653	658
Total	8,748	8,338	8,762

Enrollment Management

RADFORD UNIVERSITY

Discussion

Attachment F

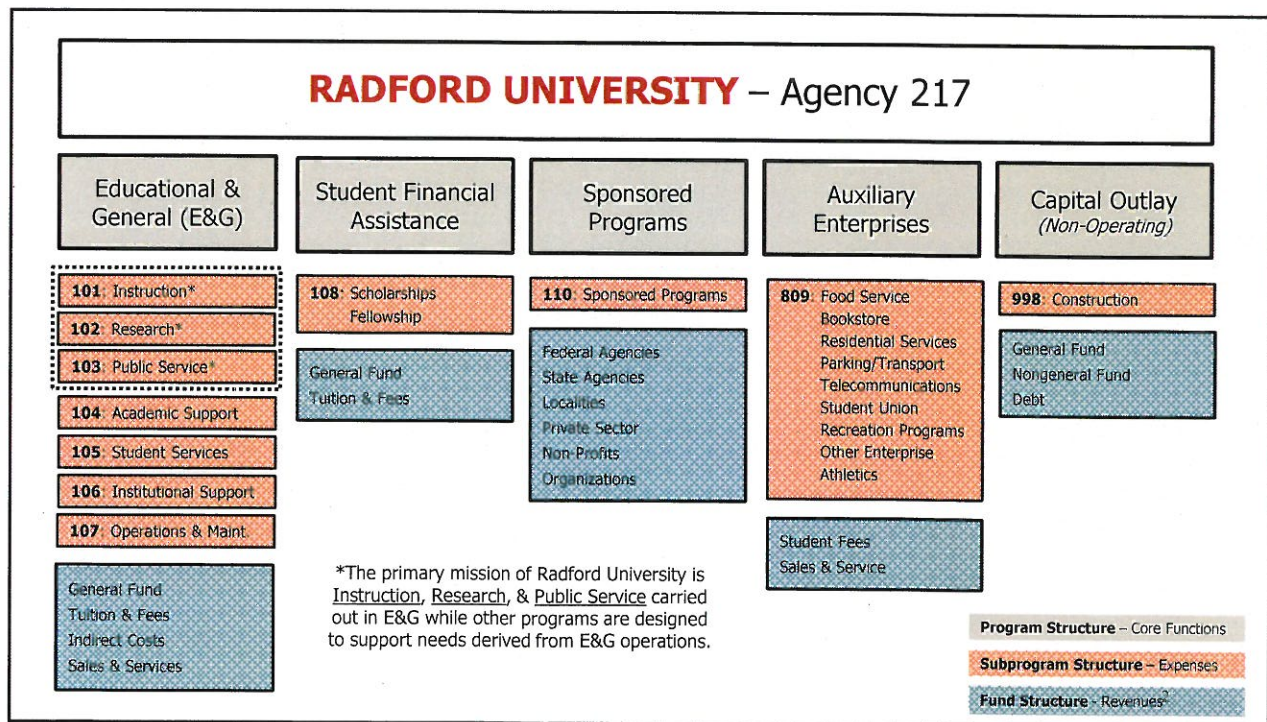
Overall Budget Forecast & the Current Budget Model

Richard S. Alvarez
Vice-President for
Finance & Administration



Board of Visitors Annual Retreat

July 11, 2017



Review of Higher Education Programs

Educational & General:

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

Student Financial Assistance:

- Activities to provide financial assistance to in-state students.

Sponsored Programs:

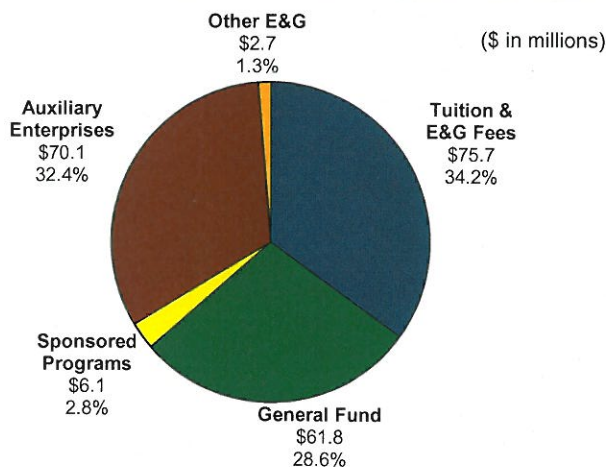
- Activities to provide additional resources for educational and general services through third-party grants, contracts, and research.

Auxiliary Enterprises:

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

2017-18 Projected Total Operating Revenue

Using projected revenues, Radford University's proposed total annual operating revenue budget is **\$216.5 million**.



Program Structure - Core Functions

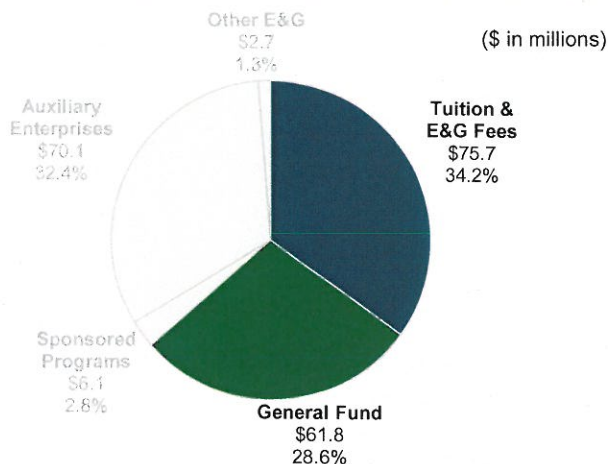
Fund Structure - Revenues

2017-18 Projected Total Operating Revenue

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

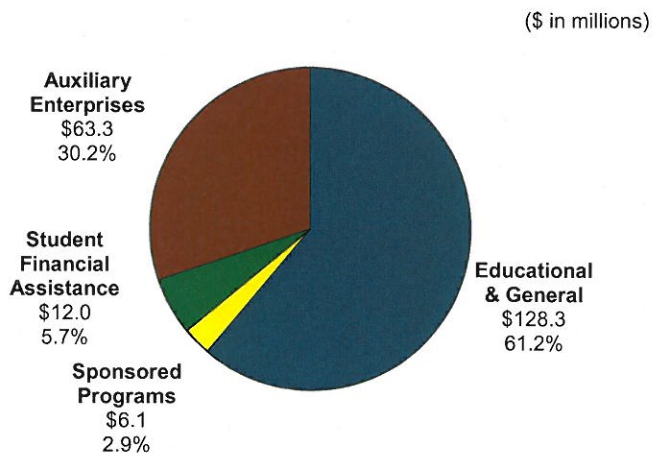
Therefore, operating revenue is heavily reliant on the following:

1. State Funding
2. Enrollment Projections
3. BOV Approved Tuition Rates



2017-18 Projected Total Operating Expenditures

Using projected expenditures, Radford University's proposed **total annual operating expenditure budget is \$209.7 million.**



Program Structure – Core Functions

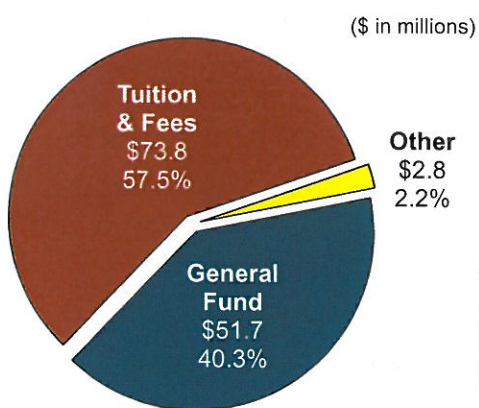
Expenditures

Educational & General (E&G) Program



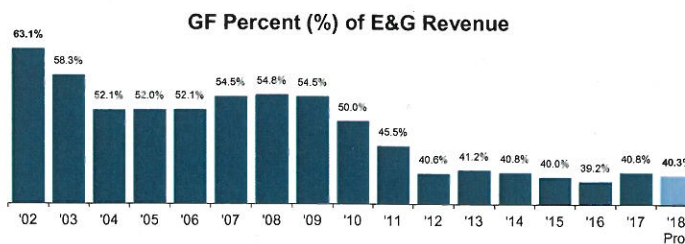
Board of Visitors Annual Retreat

2017-18 Projected E&G Revenue by Fund Source



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

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



Fund Structure - Revenues

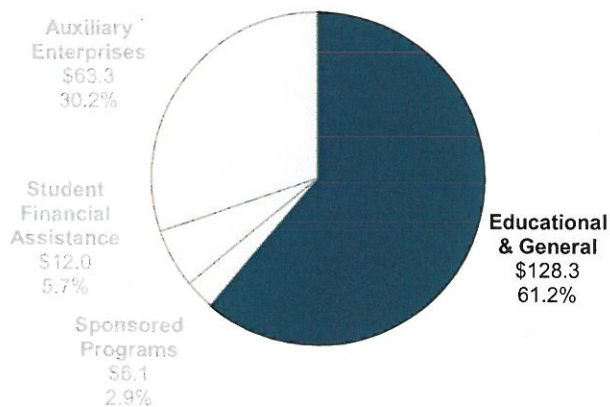
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RADFORD UNIVERSITY

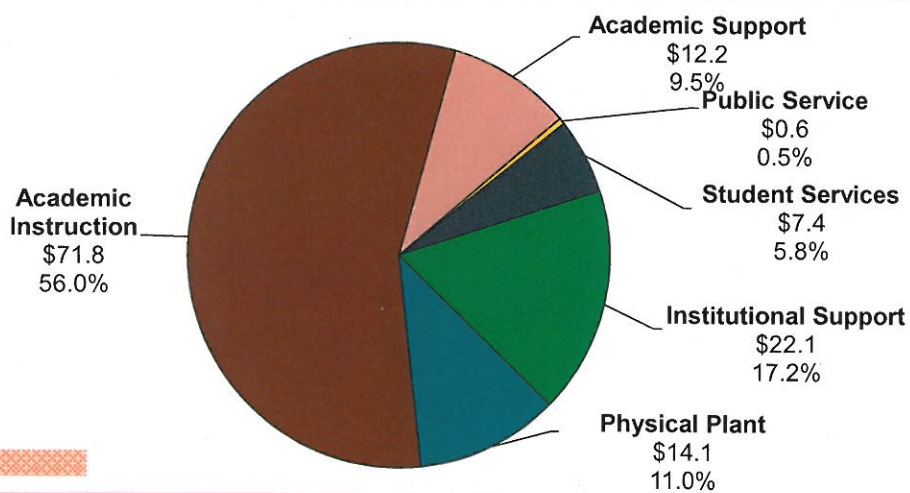
2017-18 Projected E&G Expenditures

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

(\$ in millions)



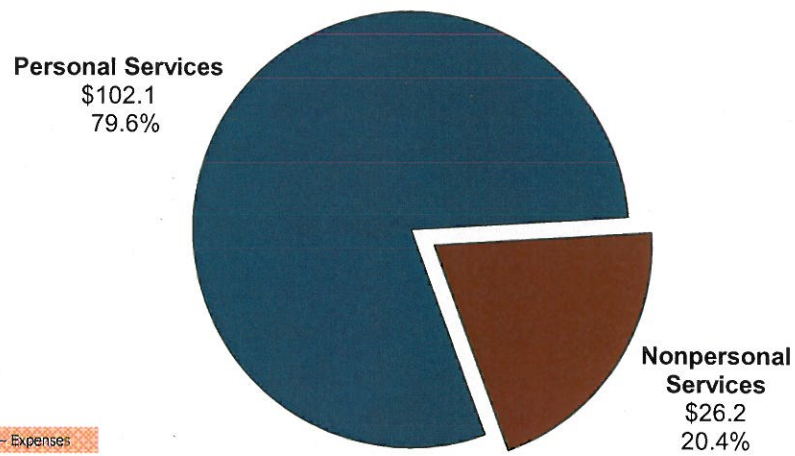
2017-18 Projected E&G Expenditures by Subprogram



Expenditures

2017-18 Projected E&G Expenditures by Category

(\$ in millions)

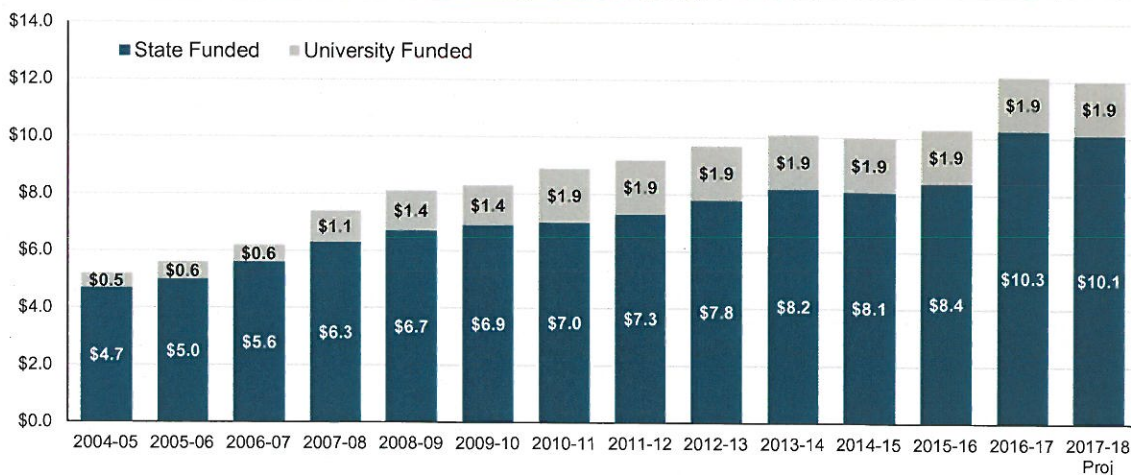


Subprogram Structure - Expenses

Student Financial Assistance (SFA)



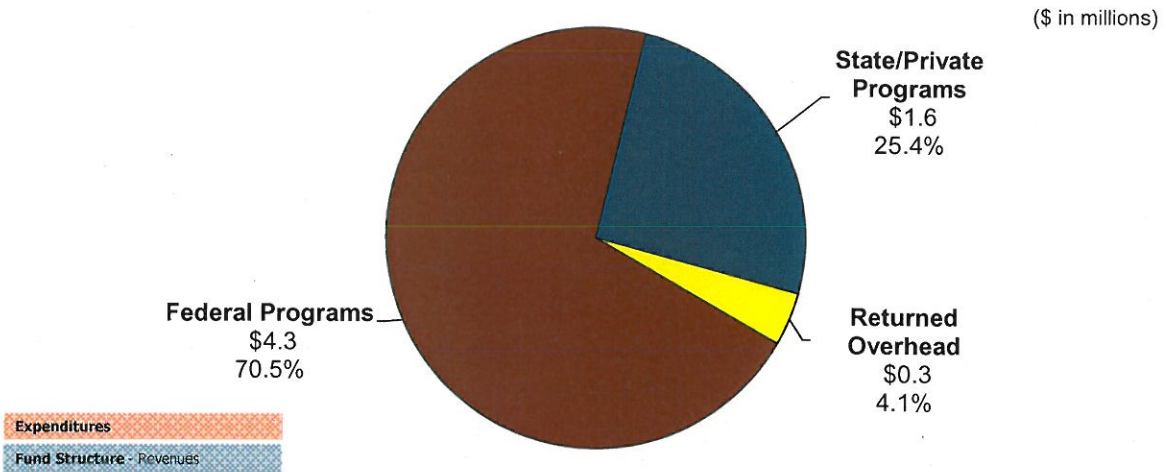
2017-18 Need Based Financial Assistance Fund Split



Sponsored Programs and Grant Management (Financial Assistance for E&G Programs)



2017-18 Projected Sponsored Programs by Fund Source

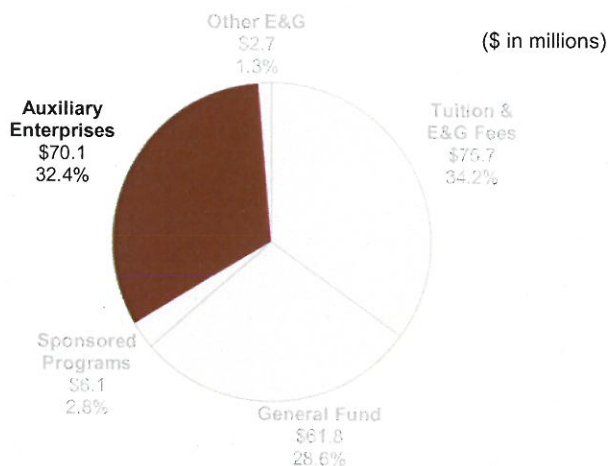


Auxiliary Enterprise Program



2017-18 Projected Total Auxiliary Revenue

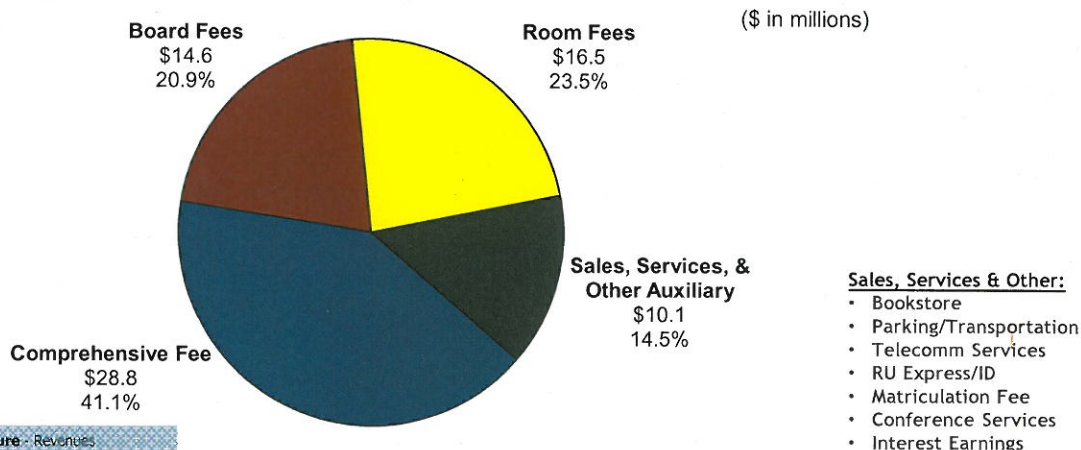
Using projected revenues, Radford University's proposed total annual auxiliary revenue budget is **\$70.1 million.**



Program Structure - Core Functions

Fund Structure - Revenues

2017-18 Projected Auxiliary Revenue



Fund Structure - Revenues

Auxiliary Mandatory Comprehensive Fee - Breakdown

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

Auxiliary Mandatory Comprehensive Fee - Descriptions

- **Athletics:** The student fee supports the intercollegiate athletic program which includes athletic administration, intercollegiate varsity sports teams, travel, scholarships, operation and maintenance of facilities, auxiliary indirect cost, and equipment. This fee entitles students to free admission into all sporting events.
- **Auxiliary Building/Facilities:** The student fee supports auxiliary operation and maintenance of facilities, facilities staff, maintenance reserve projects, leased properties, insurance, auxiliary indirect cost, and equipment.
- **Auxiliary Support:** The student fee supports auxiliary support personnel, operations and direct student cost associated with the student RU 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 projections such as the Student Recreation and Wellness Center.
- **Recreation:** The student fee supports the personnel, operations, maintenance, and equipment of all student recreation and intramural facilities and fields.

Auxiliary Mandatory Comprehensive Fee - Descriptions

- **Student Activities:** The student fee supports student programs, clubs, organizations, activities, and events for groups such as R-Space, Student Government Association, Greek Life, Student Organization Assistance and Resources (SOAR), LEAD Scholars Program, etc. Students can attend most events free of charge or at greatly reduced rates depending on the type of event.
- **Student Health:** The student fee supports general medical services provided by the Radford University Student Health Center, normal counseling services provided by Radford University Student Counseling Center, the Disability Resource Office (DRO) and educational and support services provided by the RU SAVES (Substance Abuse and Violence Education Support) Office.
- **Student Services:** The student fee supports student professional development through career, advising, and other resource services.
- **Student Union:** The student fee supports administrative and student personnel, operations, maintenance, programmatic events, and equipment for the Bonnie Hurlburt Student Center and Heth Hall meeting rooms.
- **Transportation:** The student fee supports unlimited access to the Radford Transit bus service for enrolled Radford University students. Connections to other transit services (e.g. Megabus, Smart Way Bus, Blacksburg Transit, etc.) may have separate user fees.

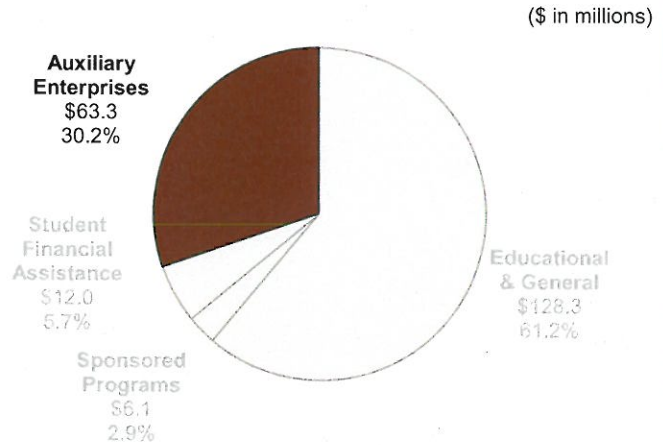
Auxiliary User Fees and Other Sources - Descriptions

- **Room:** Room charges are assessed to those students living on campus only. The fees support the operation, maintenance, and programming of all residential services. A portion of the fee is also dedicated to debt service and future capital projects.
- **Board:** Board Fees are assessed to those students with a meal plan only. The fees support the dining operation through the University's partnership with Chartwells.
- **Sales, Services, & Other Auxiliary Income:** All other auxiliary revenue is included in this section.
 - **Sales & Services** – includes new student matriculation fee, parking fees/fines, Athletics ticket sales, student newspaper advertisement, etc.
 - **Commissions** – includes proceeds from University contracts such as Chartwells (Dinning and Vending Services), Barnes & Noble (Bookstore), Beverage (Coke), etc.
 - **Other** – includes auxiliary interest earnings, Athletics game guarantees, Conference Services activities, etc.

2017-18 Projected Auxiliary Enterprise Expenditures

Projected Auxiliary expenditures of **\$63.3 million** for 2017-18

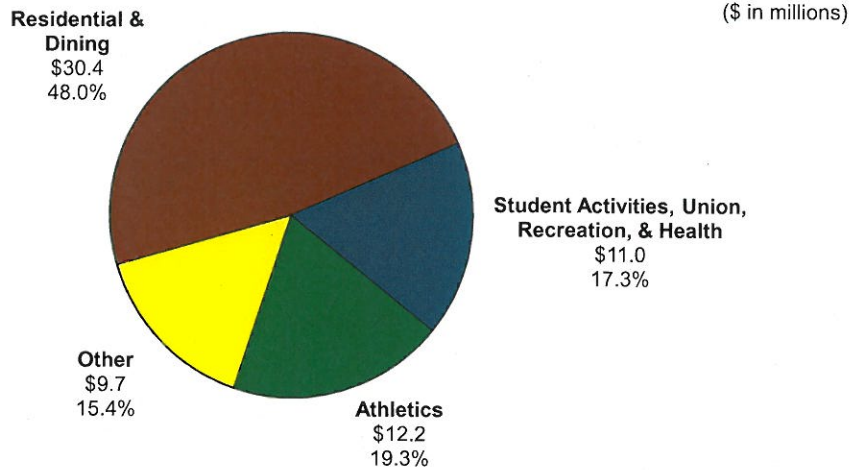
Self-sustaining operations supporting student service activities such as residence life, dining, athletics, etc.



2017-18 Projected Auxiliary Enterprise Expenditures

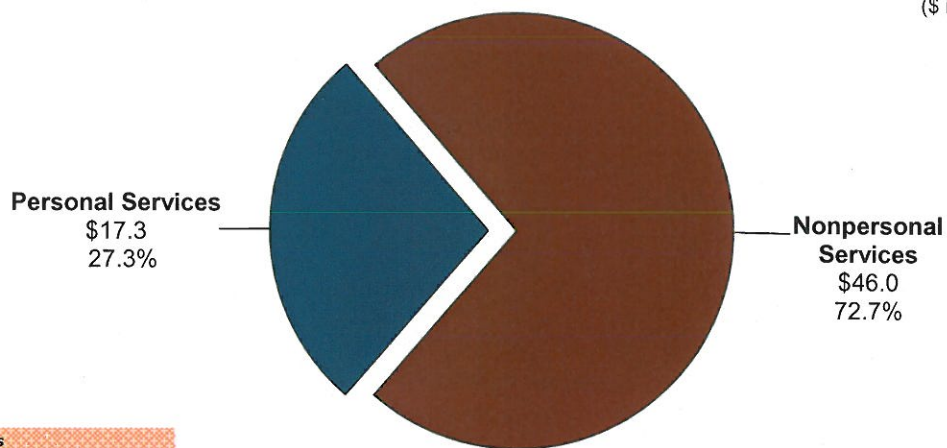
Other includes:

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



2017-18 Projected Auxiliary Expenditures by Category

(\$ in millions)

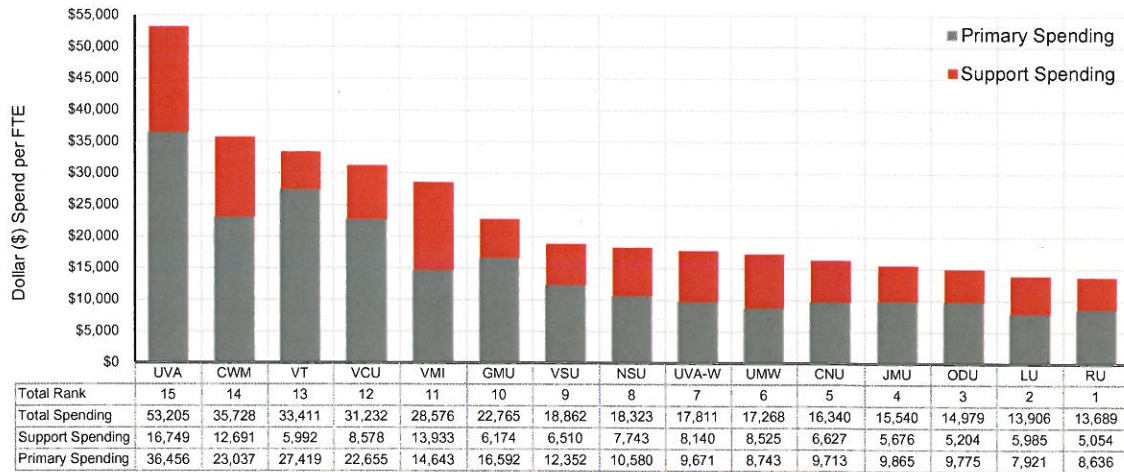


Expenditures

Current Budget Model

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



Incremental Budgeting

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

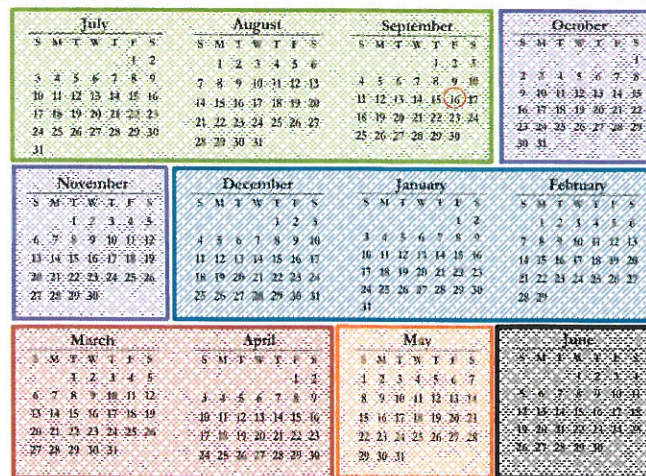
- Revenue is centrally managed and incrementally distributed
- An integral component of this process is to ensure all funding priorities for the ensuing fiscal year are identified and aligned with projected revenue levels.

Incremental Budgeting - Continued

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

Budget Development Timeline

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



Centralized Resources

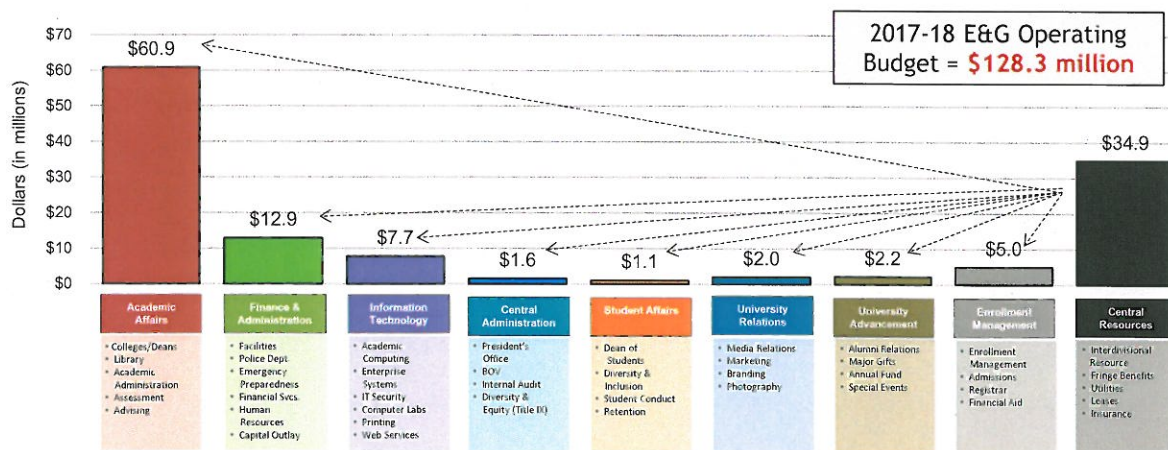
A traditional approach to managing institutional resources that grants central administration the ability to allocate funds as necessary.

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

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



2017-18 E&G Operating Allocations

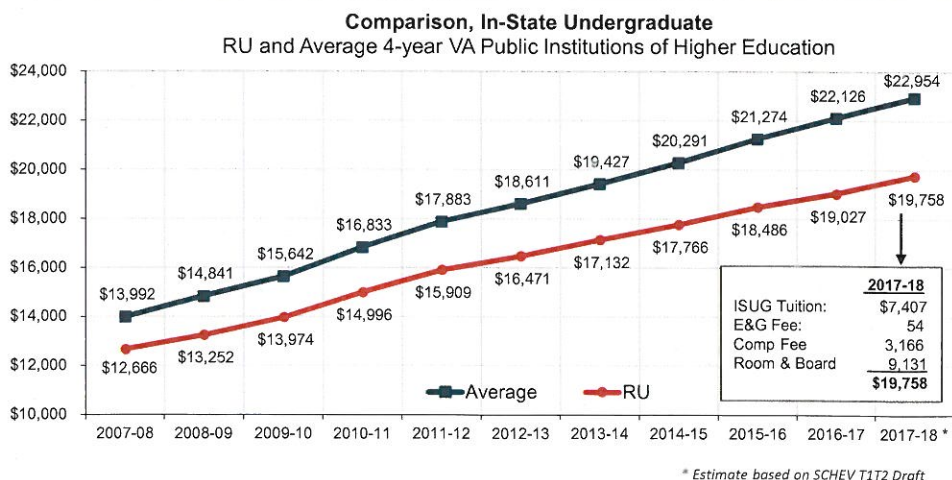


Budget Elasticity

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

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

Total Cost: Tuition, Fees, Room & Board

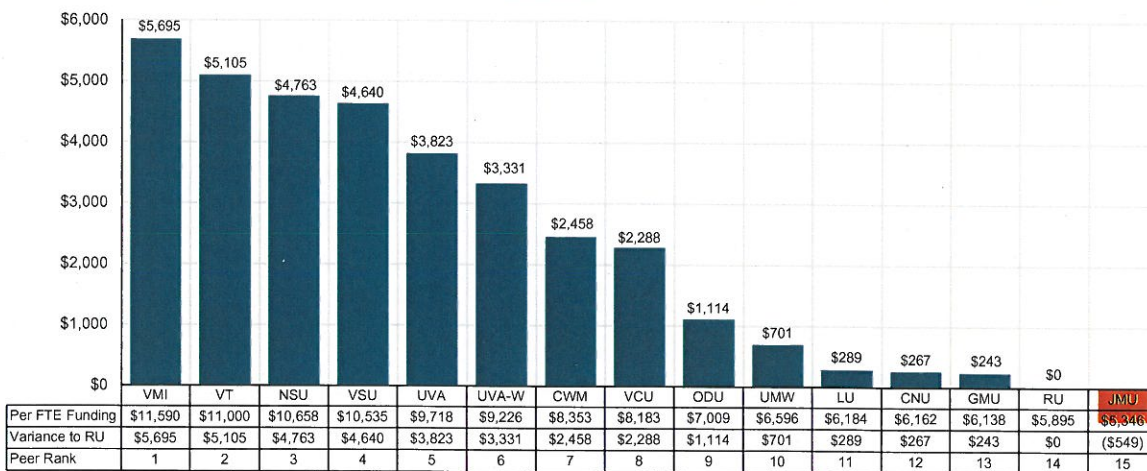


Rank	Inst.	2017-18*
1	CWM	\$ 33,843
2	VMI	\$ 27,450
3	UVA	\$ 26,794
4	CNU	\$ 24,878
5	VCU	\$ 23,811
6	LU	\$ 23,138
7	GMU	\$ 23,014
8	UMW	\$ 22,344
9	VT	\$ 21,920
10	JMU	\$ 20,990
11	ODU	\$ 20,472
12	UVA-W	\$ 20,139
13	RU	\$ 19,758
14	VSU	\$ 19,433
15	NSU	\$ 18,902

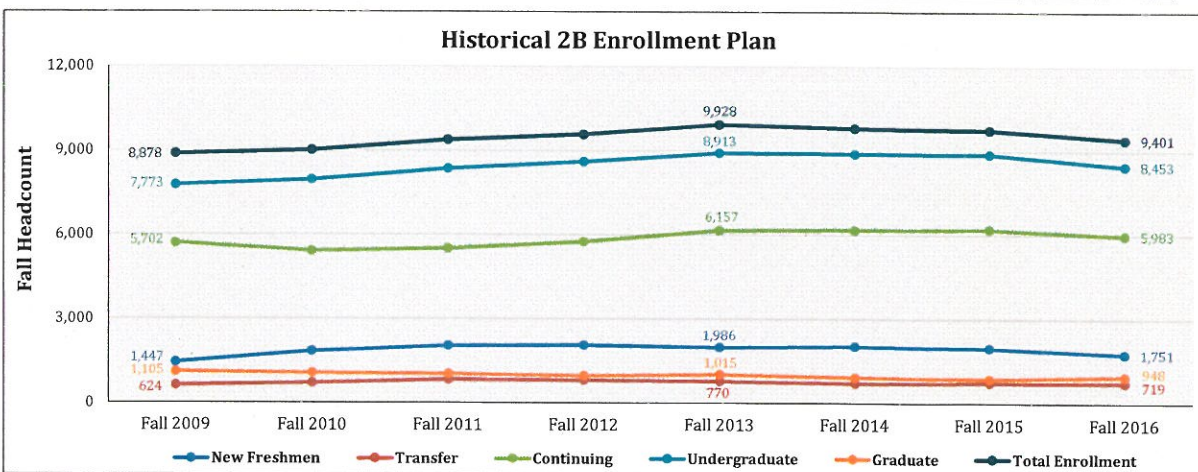
Average = \$22,954

General Fund per In-State FTE: Variance to RU

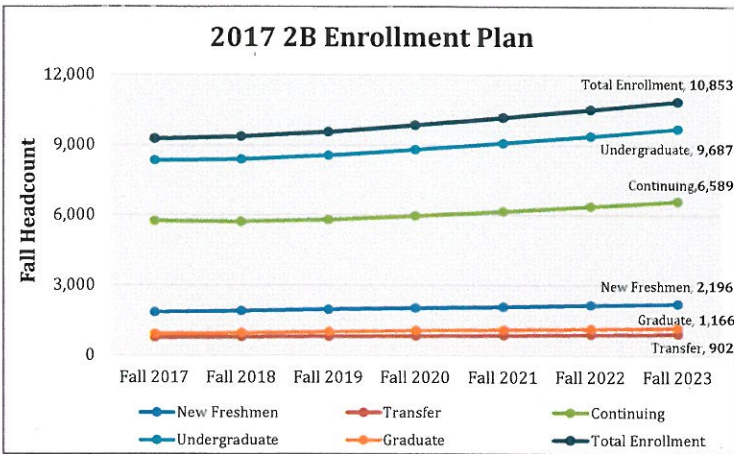
Source: IPEDS (2014-15) - Four Year Publics



Historical Enrollment Trend



Strategic Enrollment Planning



- The recently submitted 2B enrollment plan demonstrates modest growth in all categories.
- An integral component of the University’s ongoing strategic planning effort is related to “right sizing” the institution.
- Student success and retention are key factors in this process.

Questions (?)



Attachment G Responsibility Centered Management (RCM) Budget Model

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

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Board of Visitors Annual Retreat

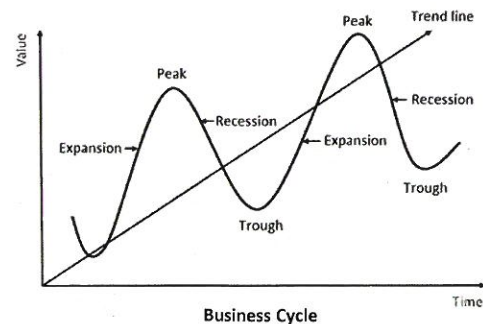
July 11, 2017

Environmental Factors Promulgate Budget Change

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

These factors include:

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

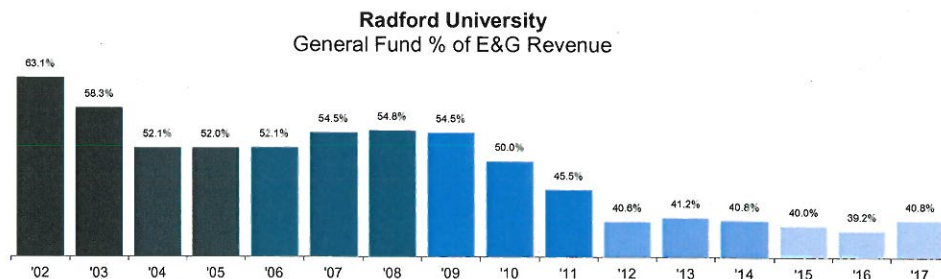


Board of Visitors Annual Retreat

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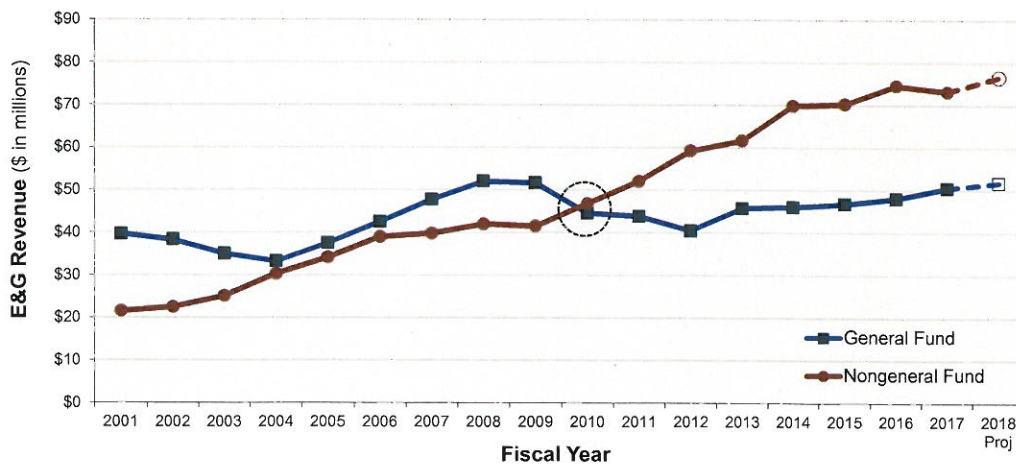
Internal Challenges

Radford University has been confronted by these same factors:



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

Shift in Funding



General Alternative Budget Models

1. **Incremental Budgeting** focuses primarily on changes to the base rather than on analysis of the activities being supported. It assumes the base has been rationalized in previous budget cycles.
2. **Zero-Based Budgeting** examines all programs and activities during each budget cycle to ensure each contributes to organizational success and consumes an appropriate level of resources.
3. **Performance-Based Budgeting** relies on quantitative measures to distribute resources. It involves allocating resources based on achievement of those specific measures and/or targets.
4. **Responsibility Centered Management** classifies individual programs and units as either revenue or cost centers. Revenue centers control the revenues they generate and are responsible for financing. Cost centers are funded from central revenues or taxes assessed on revenue.

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

Control v. Accountability

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

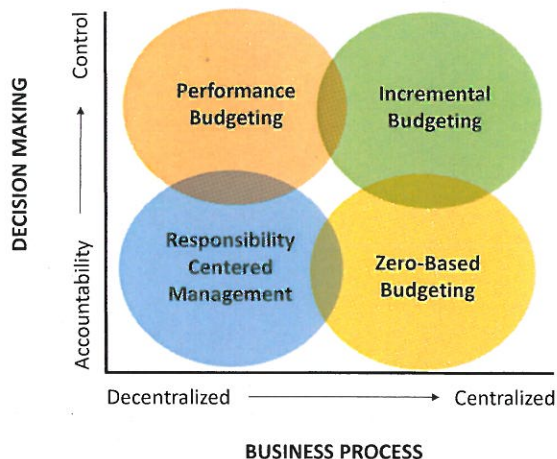
Theoretically, with 100% Control there is no need for Accountability (*vice versa*)

NACUBO Budget Maxim:

Accountability (a) and Control (c) are complementary along a continuum and add to 100 percent; therefore $a = 100\% - c$



Opportunity Cost



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

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In-State Peer Institutions

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

The exceptions:

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

"[At Virginia Tech the previous] budget approach was one where money follows legacy, with only marginal changes from year-to-year."

- Ken Smith, Vice Provost for Resource Management and Institutional Planning

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Other Out-of-State Peer Institutions



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



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



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

Responsibility Center Management (RCM)

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

It has evolved conceptually since then and has taken on many aliases including:

- Incentive Based Budgeting (IBB)
- Revenue Responsibility Budgeting (RRB)
- Value Centered Management (VCM)
- Responsibility Centered Budgeting (RCB)

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

RCM History

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

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

Shortly thereafter, other large institutions began to follow suit;



RCM Modeling

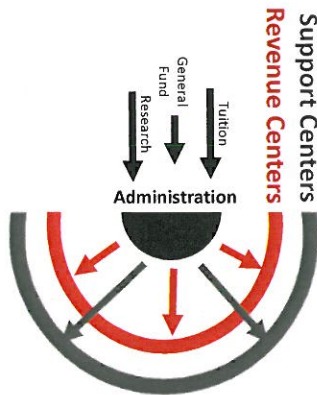
RCM recognizes two broad categories of activity modeling. This includes **Responsibility (“Revenue”) Centers**, characterized by their resource generation and **Cost (“Support”) Centers**, by their resource consumption.

- Revenue Centers include academic units, research units, and central auxiliary units (i.e. housing, dining, bookstore).
- Support Centers include academic support units (i.e. library, registrar) and administrative support units (i.e. human resources, finance) functions.

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

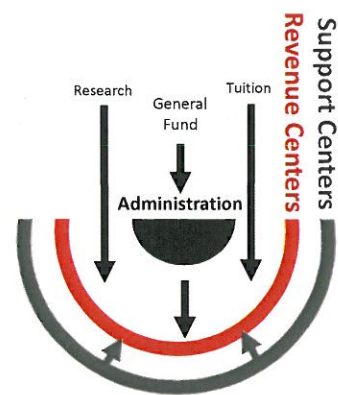
Operating Resource Distribution

Centralized Allocation



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

Decentralized Allocation



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Basic Principles

1. **Centers are responsible for their overall fiscal performance.**
 - Develop financial plans that fit within the overall university's plan.
2. **RCM works as a mechanism of intra-management reporting, introducing the concept of indirect cost allocations.**
 - Direct expense of one unit becomes the indirect expense of another.
3. **A central budget pool is used to prioritize strategic initiatives.**
 - The goal is not to retain all revenue, rather to maintain central leverage and remain a viable advocate for institutional success.

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Key Concepts

Fundamental to RCM are the concepts of Subvention and Participation:

Subvention represents an allocation of 'general' institutional resources; such as state appropriations, unrestricted endowment, and investment income.

- This can manifest as a centralized funding pool often used to help address academic priorities.

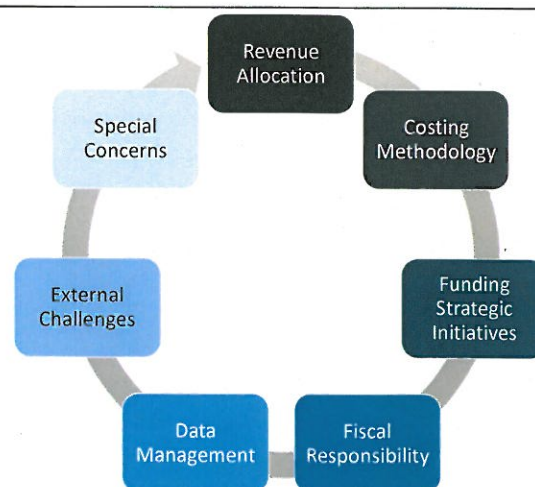
Participation is used as an institutional tax or a *cost of doing business*. It is applied to revenue units as a charge for services of general benefit.

- These are services bestowed upon the unit simply for being a part of the institution; including payroll, utilities, safety, finance functions, etc.

RCM Decisions

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

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



RCM Strengths

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

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

- | | | |
|--|---|--|
| <ol style="list-style-type: none"> 1. Enhanced transparency 2. Increased financial awareness 3. Improved decision making 4. Heightened accountability 5. Increased entrepreneurial efforts 6. Empowered stakeholders | } | <p>Fewer barriers to
institutional success</p> |
|--|---|--|

RCM Opportunities

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

- Overemphasis on bottom-line performance
 - Concern that financial considerations may supersede academics
- Localized decisions having institutional-wide impact
 - Maximizing unit benefits at the expense of other institutional units
- Lack of fiscal management expertise at the unit level
 - Constrained by recruiting, training, and organizational structure

RCM Opportunities (cont.)

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

RCM in Summary

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

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

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

- John R. Curry, USC

RCM - Radford University

Revenue Centers

Academic Colleges
Public Services Outreach
Grants & Contracts
Auxiliary Enterprises

Student Support Centers

Registrar
Financial Aid
Admissions
Dean of Student's Office

Academic Support Centers

Graduate College
Academic Administration
Library
Student Advising

Non-Academic Support Centers

Finance Operation
Information Technology
University Relations
University Advancement

RCM Revenue - Example

	Revenue Center COBE	CHBS	Support Library	Central Admin	Total
DIRECT REVENUES					
Tuition & EG Fees	120	80	0	0	200
Financial Aid	(20)	(10)	0	0	(30)
Other Student Fees	0	0	10	0	10
Research & Grants					
Restricted	100	200	0	0	300
F&A Recovery	60	120	0	0	180
General Fund	0	0	0	105	105
INDIRECT REVENUES					
Subvention					
State Appropriation	40	60	5	(105)	0
Participation (@20% Unrestricted)					
Utilities	(4)	(4)	0	8	0
Public Safety	(16)	(17)	(1)	34	0
Maintenance	(12)	(13)	(1)	26	0
Total Revenues	\$268	\$416	\$13	\$68	\$765

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

Distinction between direct and indirect revenues.

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

RCM Expense - Example

	Revenue Center		Support	Central	Total
	COBE	CHBS	Library	Admin	
DIRECT EXPENSE					
Instruction	50	60	0	0	110
Research	100	200	0	0	300
Library	0	0	100	0	100
Administration	0	0	0	150	150
INDIRECT EXPENSE					
Library	37	50	(87)	0	0
Administration	81	106	0	(82)	105
Total Expense	\$268	\$416	\$13	\$68	\$765

Total Revenue - Total Expense = **\$0.00**

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

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

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

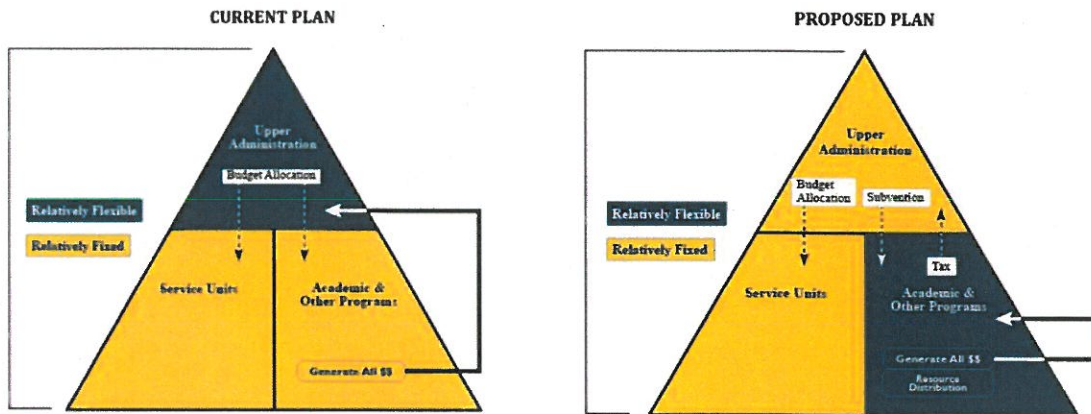
ETSU: Base to Base Budget

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

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

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

ETSU: Base to Base Budget (cont.)



Source: <https://www.etsu.edu/senate/documents/Budget%20Redesign%20-%204-18-16.pdf>

Best Practices

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

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

Committee,
Committee,
Committee.

Questions (?)

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End of Materials