The University of Rhode Island  
Strategic Budget and Planning Council  
April 11, 2013  
9:00 am – 10:30 am  
Thomson Board Room, Ballentine Hall

Members in Attendance:
Chair Don DeHayes, Vice Chair Bob Weygand, Faye Boudreaux-Bartels, Ray Wright, Peter Larsen, Patricia Morokoff, Tom Dougan, Mark Higgins, Ellen Reynolds, Naomi Thompson, Scott Martin, Steve D’Hondt, Ken Kermes, Kim Washor, Cheryl Foster, Ann Morrissey, Linda Barrett

Members Absent:
Peter Alfonso, Stephanie Segal, Michael Smith, Sharon Bell, Thorr Bjorn

See the complete list of member information at the Strategic Budget and Planning Council website at [http://www.uri.edu/budget/sbpc/Membership%2010-2012.pdf](http://www.uri.edu/budget/sbpc/Membership%2010-2012.pdf)

Meeting Minutes

1. Chair called meeting to order at 9:11am
   a. For the last few years our work has mostly revolved around analyzing possible investments for the University. This year our work may be different. As the University will need to make budget reductions, we may advise as to which of the University’s assets are most worth protecting. As we do this, each member of the Council must take a University-wide perspective.

2. Approval of March 21 minutes (copy attached)
   a. Minutes approved with minor modifications. Two members of Council, who were absent from the March 21st meeting, abstain from voting.

3. Continued discussion on budget reductions for FY’14
   a. The information shared in this discussion can be sensitive. This is delicate and sensitive work and it is important to have input from all the various perspectives we have serving on this council.
   b. VP Dougan (On Student Affairs’ potential contribution to erasing the General Fund budget deficit): The concept we are exploring is to contribute more to the general fund, on an annual basis, from the auxiliary enterprises. The auxiliaries currently pay $4M to the unrestricted budget for auxiliary indirect cost. They also cover about $1-1.5 million in other non-Student Affairs related expenses such as police officers and the LGBTQ center. Student Affairs could potentially give 30-40% of the division’s annual income from auxiliary enterprises, usually about $300,000-$400,000, back to the general fund. Health Services could cover Counseling Center costs. The Memorial Union could contribute about 50% of its net annual income to the general fund, which is usually about $50,000-$75,000. Student Affairs is also exploring the possibility of providing 1% or 1.5% of Residential Life income back to the general fund, this contribution would account for another $600,000-$800,000. Student Affairs has identified the lowest funded
priorities of the Division and these priorities do include professional staff. Student Affairs is not enthused about laying off professional staff. Student Affairs paid from its fund balance for the Fitness and Wellness Center construction and the Dining Services renovation and, in doing so, saved the University from using bonds to fund these projects. URI Students get great health care, but it is not integrated health care. At some point, health services and counseling will need to be located in the same facility. This type of project, whenever it should occur, will need to be paid for with bonds.

c. VP Weygand (Commenting on the Student Affairs presentation): There is a requirement that we maintain a 1.2:1 debt ratio. The safety net for the University’s assets may hurt as a result of this strategy. Bonding of the Fitness and Wellness Center would have cost about $20 million over 20 years. Paying in cash with fund balance cost the University about $11 million. Taking money out of fund balance, as Tom has proposed, makes funding projects down the road more expensive. Caution is urged with regard to the long-term financial implications of helping out the general fund with fund balance.

d. Provost: As we think about alternative programming, we often think about having to create a new piece of infrastructure to do it. I am concerned about our propensity to build new structures because of the hidden costs associated with these projects. Custodial staff and other costs related to maintenance of new buildings are annual costs which need to be funded in perpetuity after construction and can put a strain on the budget.

e. We need to be mindful of distinguishing fees from tuition. Parents do not distinguish between the two. Both come out of their pockets. We have some of the most expensive room and board fees amongst our competitors and it hurts us competitively even though we work very hard to keep our tuition down. Also, it is those expensive room and board and other fees that result in fund balances. It is also important for this committee to review all projects that require bond funding. Strategically moving forward with these projects is important. We don’t want to compete against ourselves on ballots for projects.

f. VP Weygand (on Capital Projects planned for the near future): There are smaller buildings coming offline soon. Most of our buildings, not currently in use, are under study on how to bring them up to code and make them useable again. The Capital Projects Plan has major projects: the Nursing project, we are hoping this will be mostly funded by the state; The Fine Arts Center, visually, this building needs the most work on campus. The historic quadrangle buildings: Davis, Roosevelt, Quinn, Ranger, and Washburn, all need to be renovated. This would be done with bonds and funding from the state. The Roger Williams Complex Residence Halls are in poor condition. We need to fund these renovations as well.

g. Provost (On future capital projects): There is no moratorium on new space on this campus. Instead, we are far more diligent in ensuring total costs of new buildings are identified prior to construction. This initiative was one of the first recommendations of our Council.
h. VP Weygand (on URI's efficiency of use of currently useable space): We did an inventory of all classroom space about eight years ago. We have this information as an electronic system. We have identified a huge waste of office space. The problem in solving this problem is the waste is spread out over many small pockets within many buildings where offices are vacant. It is not as though we can take a building offline and suddenly our use of space is dramatically more efficient.

i. The Health Services Fee needs to be reconsidered strategically to encompass the true costs for Health Services, as well as for parking. We need to do a better job of aligning fee related expenses and their revenues.

j. A question was asked about the justification for overcharging for housing? The true cost to run that auxiliary should be the budget for that auxiliary and a strategy for auxiliaries financial planning should be developed.

k. Some salaries are funded on the general fund, yet significant portions of time are spent on auxiliary or enterprise activities. VP Weygand noted that his division is looking at allocating costs, such as the VP salary, to the enterprises actually associated with those costs. Last year $250K of $490K was moved to parking services. This coming year, FY14, we are hoping to remove the remainder of that expense to parking services. This would put the funding of all of faculty and staff parking registration fees in Parking Services. We just received board approval of some revenue bonds which we could refund at much lower interest rates, roughly five issuances, where we are now refunding them at a lower interest rate which will save the University about $350,000-$400,000 on an annual basis, mostly in the auxiliary combined for Student Affairs in the general fund and Auxiliaries. The North District positions came in about $80,000 under budget. We are hoping to use this money on one-time costs this fiscal year so that we don't need to pay for certain things next year. Alton Jones runs at a deficit of about $400,000 a year. We continue to examine running Alton Jones in different ways and we have multiple CPAs and the President working on this. We are trying to wean Alton Jones off the almost $1 million subsidy it receives from the general fund. The negative fund balance for Alton Jones is $4.2 million. We are looking at major changes to that campus. Alton Jones is used for conferences, which has been a nice source of revenue for about 10 years, and also for environmental education and faculty research. There is a full analysis of where we are losing money and why we are losing. $1M is contributed to WAJ from general fund on an annual basis. We are hoping to change this by FY15, FY16, FY17.

l. Over the past six years, URI has been scrubbing its budget. There is not much more reducing we can do. It is more now about being innovative in finding new sources of revenue.

m. The Ryan Center is 10 years old. It has a positive fund balance. Properly managing years 10, 11 and 12 of a structure of this size is crucial in maintaining long-term financial viability of the building's operations. Renovations can be
made now at a moderate cost, or put it off 8-10 years and let the infrastructure deteriorate to the point when large sums of money will be required.

n. Provost (on budgeting for building operation costs on campus): Sightlines, the consulting firm which came on campus, recommended budgeting per square foot, about $10 per square foot should be set aside annually to operate the building. This does not include renovation costs.

o. Provost (on Academic Affairs’ potential contribution to erasing the General Fund budget deficit): We need to take advantage of the need for budget reduction to operate better. External forces are mounting against the University and we need to learn to do business more efficiently and in the near time frame. New strategic investments in FY14, at this point, are going to be protected. At a University, there is nothing less strategic in slashing budgets than eliminating unfilled positions. Is there a way to make moderate investments while also making reductions? Academic Affairs will try to do this. Our goal is to protect revenue streams and abide by the AA budget reduction principles. We are going to reduce budgets in two steps: 1. reduce expenses on Fund 100. Avoid trimming the Admission and Honors budgets. Applying a cut to Admission could put us in a precarious position. Reduce expenses while maintaining faculty lines. He noted that a 1% +/- in retention is worth $1.2 million. Internally, the AA division’s approach to budget review is as follows: each Dean is asked to identify the lowest funded priority within their College. If the college can stop funding it, the Provost’s Office will match the amount saved and the College can put the total of the cut and the match towards the highest unfunded priority of the College. In the Academic Affairs budget hearings colleges have identified about $200,000 in reduction with the hope to match that amount. There is also $65,000 worth of items identified within Academic Affairs, which can go unfunded in FY14. The student aid budget will be reduced by $500,000. This reduction must be made without compromising student yield. Fund 101 has a fund balance of about $9-$10 million. We are seeking to find ways to fund faculty and staff working on Fund 101 to have the respective portion of their salaries funded from the 101. Our sense is $250,000-300,000 worth of salary could be moved from Fund 100 to Fund 101. This is better accounting and eases the strain on Fund 100. We also seek to create a model to incentivize departments to refrain from spending out a portion of its budget with a funding bridge to a future budget reduction. One reason we take vacant positions is because we have six weeks to cut the budget by the time we have a firm grasp of our upcoming budgets. We want to give Colleges a year to see if it is possible to move to a new revenue stream or cut a program. If we give them the money up front and the time to make a budget cut, the model can work. Streamlining curriculum is another budget reduction possibility. We need to decrease the 1,500 courses offered now to a more reasonable number of offerings. Faculty release time is also being carefully scrutinized. We are also proposing to use RICAP funds to cover technology infrastructure of "switches," which impacts all network technology (about $2 million over 4-5 years). RICAP received an extra $2 million in funding
for the coming fiscal year from the Governor. Colleges that cannot implement these budget reduction ideas will be faced with a hard budget cut of possibly 1%
. The fear is a hard cut will merely lead to vacant positions going unfunded. The hope is to create something different and provide the Deans with some options to be more innovative in their approaches.

p. The Honors Colloquium, which draws together a large community may be an opportunity for naming and endowment.

4. Meeting adjourned at 10:40am