Members in Attendance:
Chair Don DeHayes, Vice Chair Christina Valentino, Patricia Morokoff, Ann Morrissey, Kim Washor, Sharon Bell, Linda Barrett, David Byrd, Tom Dougan, Naomi Thompson, Gerald Sonnenfeld, Annu Matthew, Ray Wright

Members Absent:
Michael Smith, Ken Kermes, Matt Kilduff, Steve D'Hondt, Faye Boudreaux-Bartels, Scott Martin, Mark Higgins, Ellen Reynolds, Thorr Bjorn

1. Approval of Minutes - December 11, 2013
   a. Minutes approved unanimously

2. Announcement: The December 11, 2013 meeting included the review of four proposals that would be funded from Fund 100 fund balance: planning and research related to an Admissions Visitor, Welcome and Presentation Center, an active learning classroom in the library, construction of an LGBTQ building, and an investment in campus-wide IT security. Presentations were made outlining the potential costs and benefits associated with each item and council-wide discussion followed the presentations. At the conclusion of the meeting, Council members indicated a need for further review and comments; it was decided that if anyone had further comments, they would email all members and those comments would be incorporated into the communication to the President. There were no further comments via email; thus, in accordance with the Fund 100 Fund Balance Policy (The projects recommended by the President are then forwarded to SBPC for their information, review, and commentary, which are shared with the President.) the review and commentary from SBPC will be forwarded to the President. The next step in the policy is: The President approves use of the fund balance for selected strategic one-time investments that support the Academic Plan and the President’s Transformational Goals. The budgets for the approved projects are reflected in the Mid-Year budget submission to the Board of Education or in the post Mid-Year budget. The Chair thanked the Council members for their work in vetting and discussing these items.

3. At our next meeting, the Council will review the AMRC report. Other committees on campus, including the Council of Deans, are also reviewing the report. The Council, with its knowledge of URI budgeting and planning is in a unique position to comment on the findings and recommendations of the report.

4. Governor's budget update and discussion of implications
a. The Governor gave his State of the State address recently. There are implications for how URI will do business in FY15, if the General Assembly follows the Governor’s recommendation.

b. FY2014 Governor’s Budget
   i. State Appropriation reduced by $100K; offset by technical fringe adjustment per State Budget Office. Legislative mandated programs, totaling $781,077 remained unchanged from the FY2014 Allocation. When these programs were first initiated, and the State Appropriation was increased to fund these programs. Since then, the State Appropriation to URI has been cut by millions of dollars. These programs were also reduced during that period and continue to be mandated at the current levels. Two of these programs are “pass-throughs” for which URI assumes the administrative costs. General Obligation Debt Service (GO D/S) was reduced by $200K with an offset reduction in the correlating expense category.
   ii. RI Capital Program (RICAP) budget remained at the $20M Allocation; however, reallocation of projects was recommended. Asset Protection remained at $7.4M, and Fire Safety Upgrades at $10.1M. Nursing and Associated Health Building Advanced Planning was reduced from $2.5M to $1.8M while $700K was added for Advanced Planning for the new Chemistry building and $55K for Fine Arts Center Advanced Planning.
   iii. RI State Crime Lab (RISCL) State Appropriation essentially level with the FY2014 Allocation.
   iv.

d. FY2015 Governor’s Budget
   i. State Appropriation reduced by $4.9M from $74.4M to $69.6M. Legislative mandated programs reflected at $800K, no change from Request. GO D/S increased by $300K with corresponding increase to expenditure category.
   ii. RICAP budget recommended at $11.5M, $17.6M less than requested. The $3.3M request to complete the Fire Safety upgrades was the only category to remain unchanged. Asset Protection was reduced from $12M to $7.5M, Advanced Planning for the new Chemistry building was reduced by $22K; Advanced Planning for the Nursing and Associated Health building was reduced from $3.9M to $700K; all other projects were recommended at $0 (Fine Arts Center Renovation and Addition $3.5M; Classroom and Instructional Lab Improvements $1.5M; GSO Campus building renovation advanced planning $300K, Public Safety Building $300K and Fogarty, Morrill, Pastore Advanced Planning $300K). RISCL State Appropriation essentially at Request level;
Backlog of 450-550 cases depending upon category. RICAP funds of $700K requested for renovation of building at Liberty Lane recommended at $0. Plan to include in the next CIP.

iii. The Governor’s recommended Appropriation Act, Article I indicates FY 2015 tuition rates level with FY 2014 rates and that FY 2015 student aid would not be below the level of FY2014 student aid. Article 5 recommends $125M for construction of a state –of-the-art College of Engineering building and for support of renovations and demolition of outdated engineering buildings at the Kingston Campus. Article 20 reflects the recommendation on the Board of Education organizational structure and the formation of a seven (7) member council on Postsecondary Education.

iv. The new strategic initiatives originally recommended by SBPC and approved for inclusion in the FY 2015 Budget Request remain in the FY 2015 budget at this time.

v. The timeline of the FY 2015 Budget Allocation calls for the internal cycle from February through June with final decisions by the senior team in early May 2014. The budget is planned to be uploaded to the financial system in early July 2014.

vi. Summary: Governor’s budget provides $4.9M less than requested; request was based on FY 2014 Allocation; since then $1M decline in Graduate Enrollment as reflected in the FY 2014 Mid-Year budget; all revenue and expense for FY 2015 being reviewed during internal cycle for FY 2015 Allocation; will incorporate BOE guidelines; if projected expenses exceed projected revenues, shortfall must be addressed prior to July 1, 2014; meetings with senior team are planned during internal cycle.

e. Discussion:

i. The General Assembly rarely adds to the state appropriation. There is some history of the General Assembly recommending even less than the Governor. With an outgoing Governor, the Assembly may have no commitment to his agenda. The Engineering building construction bond is being recommended at $125 million. The approval of the bond is the first step in getting the project funded. The second will be the Assembly keeping the bond in the final budget. The third is that a majority of the public vote for the bond. There was a great deal of support from local businesses for the Engineering project. Many CEOs of RI companies urged the Governor to consider the positive economic impact the project will have on the State of Rhode Island.

ii. URI Academic Deans have been asked to focus on increasing graduate enrollment. The FY2014 midyear review reflected a $1M shortfall in graduate tuition.
iii. The University also needs to be prepared for a decrease in overhead funding (110 Funds). The sequestration and Federal Government shutdown had negative impacts for URI. URI is waiting to hear back on many grants that could impact overhead funding. The national competition for sources of grant funding is more intense. The likelihood of URI increasing overhead funding is low. The goal right now is to secure grants so as to maintain the current level of overhead funds.

iv. Question as to whether or not the Student Aid base budget could be decreased in light of the FY 2013 actuals in that category. Chair: URI was so far behind in granting Financial Aid to incoming freshmen classes that the University was increasing aid for a very long time to catch up to peer universities. The model URI is following for becoming competitive in terms of financial aid packages calls for FY 2015 to be the last year of this kind of increase to the financial aid budget. At some point the financial aid allocation should essentially level off from having significant increases. There are many external factors that can affect enrollment and student aid.

v. URI is consistently making the case to the Board and others that tuition increases must be discussed in conjunction with student aid. For example, while URI tuition has increased 40%+ over the past several years, the financial aid budget has increased 90%+ during that same period. The average annual tuition increased over that span, per in-state student, is about $250; and for many $0.

vi. URI is working to become competitive in offering online graduate programs and certificate programs. There is a market for these programs and an opportunity for URI to be competitive in this market. The decline in total number of high school graduates in the northeast region has begun and is projected to continue into the future. Many forecasts saw this coming and URI has been preparing for it. Increasing graduate enrollment will be an instrumental aspect of the evolving business model needed to offset this decline. An observation was made that a discount may be needed in this very competitive and fast evolving market.

vii. The Winter J Term realized net revenue of roughly $200K. There were approximately 400+ students enrolled. The Winter J Term was positively received by both students and faculty. There is potential to grow this program. The weather did cause some issues at the beginning of the term and this is something the University will be better prepared for in the future. The University needs more programs that are good for the students, good for the faculty, good for the institution and at least pay for themselves, if not generate some revenue. The goals for the Winter J Term are to provide students with an
additional opportunity to earn credit and allow students to retake courses to stay on track in their programs. There may be other goals that emerge after the J Term recap meeting with faculty and staff. As these goals emerge, the opportunities to grow the term could certainly increase.

viii. A 1% increase in student retention equates to an additional $1.2M in the general fund budget. Many issues related to retention are outside of the University's control and mainly relate to financial situations facing the families of students. The four-year graduation rates for URI could be much better. There are many URI students double majoring. URI has an access mission it believes in and this has an impact on our graduation rates. The Pharmacy program does not count toward URI four-year graduation rates. These quirks do explain, to a degree, the low four-year graduation rates. The first-year experience of students goes a long way toward predicting student retention and graduate rates. URI has beautiful new residence halls and a state-of-the-art fitness center. Hopefully students are attracted to and enjoy these facilities. A new Admissions Welcome, Visitor and Presentation Center has the potential to significantly impact yield which will be critical given the demographic decline in high school graduates in RI and the Northeast. URI is still mainly a residential campus and maximizing the academic and social experience of our students needs to be the primary goal of the institution.

ix. The focal point of the Business Engagement Center is not as a revenue generator and there is no plan for that to change. The Research Foundation could be a primary revenue generator. The patents being filed through the Research Foundation are steady and increasing. The RI Manufacturing Extension Program and the RI Small Business Development Center are now associated with the Research Foundation. This should increase research dollars generated by the institution.

5. Divisional budget request sample calendar for FY 2016
   a. In the past, all members of the council evaluated all divisional budget request proposals. Each year, the members of the Council are asked to evaluate each proposal strictly on how the proposal impacts the current and future well-being of the Institution. Vice Presidents have never been excluded from this evaluation process. Excluding the VPs would prevent any potential conflicts of interest. This does not imply that there were ever conflicts of interest in the past. Excluding the VPs would shrink the voting pool and this could be a potential concern. Another potential concern of VP exclusion is the VPs being less engaged in other proposals. The original charge of the Council was to have members act on the behalf of the University, not any particular constituent group.
      i. After the discussion it was decided that all Vice Presidents would continue to take part in the evaluation process as voting members of the Council.
   b. Chair: To make the voting as fair as possible, the divisional budget presentations should be close together. Two three-hour meetings may be best. Asking faculty to find six
hours in a week during May is a real challenge. In the past, these presentations were
held in June and/or July and this was too late in the year. The Council felt the process
was too rushed. Finding a full day for the entire committee to be present may also
prove difficult. A couple of models will be produced for scheduling the presentations
and the council will decide which one works best. In future years, the presentations
could be scheduled for the week of spring break, so as to not burden faculty. The
Division requests will be due to the council in late March, rather than February 28th.
The sequence of the presentations may be more strategic going forward. The Division
of Business and Administration is charged to be in support of the academic mission and
as such, it may be useful to have the Administration presentation follow the Academic
Affairs presentation. Division heads should communicate with each other prior to
finalizing their presentation to review duplicative requests and/or the opportunity to
make joint requests.

c. There was a discussion regarding the need for faculty to discuss budget requests with
colleagues and building time in between presentation days into the SBPC meeting
schedule to accommodate this need. There was concern that encouraging colleague
discussions prior to the voting on budget requests could turn the exercise into a
lobbying process, with groups of constituents trying to get behind a certain request or
proposal.

d. Meeting adjourned at 11:46am.