The University of Rhode Island  
Strategic Budget and Planning Council  
May 16, 2013  
11:00 am – 1:00 pm  
Thomson Board Room, Ballentine Hall

Members in Attendance:  
Chair Don DeHayes, Vice Chair Bob Weygand, Faye Boudreaux-Bartels, Ray Wright, Peter Larsen, Patricia Morokoff, Ann Morrissey, Tom Dougan, Mark Higgins, Ellen Reynolds, Ken Kermes, Kim Washor, Cheryl Foster, Thorr Bjorn, Michael Smith, Sharon Bell

Members Absent:  
Peter Alfonso, Matt Kilduff, Steve D’Hondt, Scott Martin, Naomi Thompson

See the complete list of member information at the Strategic Budget and Planning Council website at http://www.uri.edu/budget/sbpc/Membership%205-2013.pdf

Meeting Minutes

1) Chair called meeting to order at 11:07am
2) Minutes of the April 11th and April 18th meetings were approved unanimously
3) AMRC Update with Ann Marie Coleman, Chairperson
   a) The President appointed the committee in October. Five subcommittees were created to facilitate the work of the AMRC: University Revenue, IT, Administrative Process, Academic and Research.
   b) Academic Strategies Partners conducted a two-day assessment and offered some metrics for evaluating aspects of university performance. They may be consulted with in the future when a report is prepared to the community and President.
   c) The AMRC had two open forums with the University community: one on the Kingston campus and one at CCE. About 55 people attended each. There was a great deal of faculty participation at each meeting, which led to two lively discussions. Most of the discussion was geared toward academics.
   d) The IT subcommittee and the administrative processes subcommittee meet monthly due to overlap in the issues.
   e) Purchasing issues were explored. The University never implemented the e-campus procurement module.
   f) Four sections of processes are being scrutinized: statutory, Board of Governors, policy, and "folklore" within the URI culture.
   g) The research group has primarily worked with research faculty. The subcommittee has also worked with peer institutions to develop benchmark data.
   h) The revenue subcommittee has met with each auxiliary and departments that generate revenue. The revenue subcommittee will be contacting the Budget Office.
   i) Full day workshops have been added to consolidate subcommittee work.
   j) The President was recently updated on the committee's progress. Professor Hales of the College of Business has worked extensively with the AMRC committee and has provided valuable insight. He has a great deal of experience working with both the private and public sectors in Rhode Island. The Committee plans to submit a report to the President in August on issues that require further exploration. This may be only a preliminary report.
k) (On "Folklore" in policy and how it is has come to be a part of the URI culture): Many policies are included in the University manual, but they are not all in one place. Discussion ensued about which policies should be part of the Faculty Senate manual and the Senate approval process. Those seem to be mainly academically related. There is no central directory for all policies. Many departments have policies listed on their website and these processes have been in place for decades. The AMRC could review this as they review processes on campus. A policy on policies exists. Those of a non-academic nature are more commonly referred to as "procedures." Many of these are based on best business practices and accounting standards and related to state approved regulations the University is subject to abiding by.

l) The Chair provided a brief summary of the SBPC year's focus for Ms. Coleman as Chair of the AMRC. The Council reviews requests based on how they relate to the URI Strategic Plan and other benefits, both tangible and intangible. Last year several requests were submitted to the President for priority budget allocation. Some of these investments were committed for FY14. The desire of the Council is to have a multi-year view. Due to this year's lean budget the focus has been on the process for determining investments and disinvestments and the hope is that we can get beyond the standard practice of not filling vacant positions as a go-to method for balancing the budget. Regardless of where we end up with the FY14 budget, we may want to capture, in writing, some of the processes for budget analysis, which were discussed by this council. The council does not believe that it should be mandating cuts to any division, but it has developed a set of universal budget principles that a division can turn to when tough budgetary decisions need to be made.

m) Chair: It is important to remember that the AMRC is also working to identify greater efficiencies in business practices which may allow for increased revenue generation and better funneling of resources into URI's two greatest priorities: Student Affairs and Academic Affairs, as stipulated by the President.

4) Chair welcomes David Byrd, new Chair of the Faculty Senate, who will now sit on SBPC. He replaces Peter Larsen, outgoing Chair of the Faculty Senate.

5) Foundation Budgetary Overview and Presentation by Michael Smith
a) The Foundation is attempting to make a shift, even with our volunteers, with documenting planned gifts, donations, etc.

b) Cash gifts, from FY06 through FY11, saw a steady growth in incoming gifts. In FY12, gifting dropped off. This was mostly due to a $4 million gift being fully paid off at the end of FY11. Coming off a campaign, the young fundraising staff was not able to keep the momentum going.

c) A certain percentage of cash gifts went to endowed gifting, which means the principal of this gift cannot be spent.

d) (On peer institution comparison): Schools similar to URI typically sees Athletic giving making up around 20% of total donations, so URI is a little low in comparison. Annual giving numbers are, in the "average" range. The percentage of breakdown between endowed and non-endowed is typically around 30%/70%. Part of the reason URI has this ratio is due to a Rhode Island policy in place, which does not promote endowed giving. The Foundation is looking to alter this policy.

e) The "market value" of URI's endowment is up to $99.7 million.

f) (On actual spending out of the foundation): It is not equal to what is coming in. The amount available for spending is not always spent. Most of the available "distribution" in a given fiscal year is fully spent. These funds are mostly related to scholarships. Some gifts are reserved for a "rainy day" at URI.

g) The distribution is all of the money that comes from all endowed funds for scholarships goes to URI as income derived from endowed funds for scholarships.
h) On cash received, if money was received for capital projects related to Athletics that would be categorized as Athletics or Capital giving and deemed an Athletic gift.

i) The revenue from the management fee for an endowed gift goes to the operations of the Foundation.

j) Endowed funds were not always managed as a consolidated endowment, so when the funds came to the Foundation they affected the return on the principle endowed. There was a change in the definition of the fiscal year for the URI Foundation beginning in FY2012. Thus, FY 2012 included fifteen (15) months (April 2011 through June 2012); however, Mike indicated that the charts distributed normalized for that and included only twelve (12) months.

k) The Foundation is working to increase Alumni giving. Data is being analyzed relative to the factors which appeal to certain demographics of URI alumni and strategies are being developed towards this goal. A suggestion was made for a mini-campaign to spur alumni to start giving small amounts towards scholarships in the hope that participation will lead to future giving. The challenge is involving alumni with high net-worth. The Foundation is working towards greater alumni engagement this summer and then, as a result, using this a springboard for a specific campaign.

l) (On how FY13 is shaping up): The next six weeks are critical in terms of forthcoming realized gifts. There are some good prospects, but if they do not come to fruition it will result in a year similar to FY12. Pledges need to continue to grow.

i) (On spending to generate gifts): Fundraising FY12 expenses include development and management expenses. A considerable portion of the budget is received from the University.

ii) When many employees were switched from University employees to Foundation employees (the staff grew from about five to over twenty), the State agreed to cover costs related to the salaries of the transferred employees. There are now thirty-eight (38) staff members at Foundation.

iii) The Foundation essentially operates as a consultant to the University. $3.5 million annually is paid to the URI Foundation per contract. Foundation employees are not URI employees. The URI Foundation is a separate 501(c)(3) entity. The performance-based contract between URI and the Foundation is coming up for renewal at the end of FY 2014. Initiatives (i.e., Appleseed Contract, Lobbyist) are being funded from the amount remaining from the fundraising contract.

iv) A question was asked about the money that URI pays to the URI Foundation based on a contract and how funding might be impacted if The Foundation does not meet the deliverables of the contract. Because it is a performance based contract, the level of funding from the University to the Foundation could be impacted if deliverables are not realized.

6) Sightlines Study Overview (deferred maintenance issues and planning: VP Weygand Presented)

a) All land-grant institutions are a part of this database. 200 different metrics are considered and divided into four areas: annual stewardship (keep-up costs), asset reinvestment (catch-up costs), operational effectiveness, and service. Paying to "keep up" has four times the value of waiting and then paying to "catch up." Sightlines conducts independent walkthroughs and inspections of college campuses.

b) The Foundation benchmarks URI against Cornell (just the state section), Rutgers, Maine, Maryland, UMass-Amherst, UNH, Vermont, and West Virginia. URI is a very densely populated campus (users/100,000 square feet is the metric used to come up with this determination), relative to this group, while the "tech rating" is average (tech rating determined by energy consumption, maintenance staffing, stewardship targets,
and operational demand). This is an important factor. Square footage, for this purpose, is strictly limited to buildings.

c) URI has a number of buildings at critical stages of the building life cycle. 25-50 years is an important age range for buildings. There are also buildings going into the 50+ timeframe and this represents some risk for the University. A lot of the money spent at URI has contributed to protecting new buildings, and this is also very important. There is, however, now a need for one-time capital investment to renovate older buildings.

d) Peers of URI tend to have more academic buildings and less residential square footage in comparison with URI.

e) URI is a more crowded campus in comparison with peer institutions. Sightlines groups buildings into four categories, based on age: Under 10 years, between 10-25 years, between 25-50 years, and over 50 years. 38% of URI buildings will be over 50 years, in terms of life cycle, by FY17, without reinvestment. Investing in a building does restart the lifecycle. Swan, for example, is over fifty years old but does not fit into the "over 50" life cycle because of renovation.

f) URI spends over $9/square foot to maintain campus. This is the highest in New England and this derives mostly from the benefits package offered to URI employees. URI does get great productivity from facilities employees. URI scores very high in the ratings. The ratings were determined by an independent assessment of campus inspection by Sightlines employees.

g) URI has made great strides in energy consumption. URI investment in energy consumption reduction has saved the University over $4 million in consumption since 2008. This is the product of 17% reduction in energy consumption over that time span.

h) Between 2006 and 2011, URI invested a great deal in project spending. URI was well below the peer average prior to this and has settled around peer average since 2012.

i) The cost of building URI to its current state, from scratch, today is about $2 billion. Funding the depreciation value of this would cost $58.8 million. "Keep up costs" for URI, as projected by sightlines model, are currently $26.9 million.

j) URI has traditionally spent enough to maintain the campus; many institutions have not been able to commit to this level of spending.

k) VP Weygandt: The model used for the Ryan Center for reinvestment into stewardship should be considered for URI buildings. The Ryan center is reinvesting $2 million this year and it is turning 10 years old. It was mentioned that the Ryan Center receives most of its revenue from the $418 annual student fee. Student Affairs regularly pays attention to stewardship and asset protection. The fear is that URI may revert back to where we were 15 years ago, where we are scrambling to catch up in investing in maintaining our appearance.

l) Dean Higgins: By FY17 we could be facing a situation where our keep up costs exceed our replacement costs and that is a disturbing prospect.

m) Project selection does play a part in keeping "keep up costs" below replacement costs.

n) URI is entering a window of opportunity. The rate of deterioration can be halted. The campus appearance of URI has improved, but future priorities need to be set and a strategy for investment needs to be documented.

o) (One of our challenges consists of historic buildings on the quad, which are signature buildings and require renovation. Strategic priorities have the quad buildings as a high priority. All the roofs of these buildings have been repaired and windows replaced in East and Washburn. Roosevelt is the building with the poorest quality ratings right now. We have plans to replace all windows in the building in FY2014.

p) (On URI's Net Asset Value rating relative to peers): URI is about average, a little below average. The problem will be in five years.
7) Meeting adjourned at 1:03pm.