The University of Rhode Island
Strategic Budget and Planning Council
May 23, 2013
9:00 am – 11:00 am
Thomson Board Room, Ballentine Hall

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

Members Absent:
Peter Alfonso, Michael Smith, Thorr Bjorn, Tom Dougan, Matthew Kilduff

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

Meeting Minutes

1) Chair called meeting to order at 11:07am
2) CIP near-future priorities – presented by Tom Frisbee-Fulton and Ryan Carrillo
   a) During continuation of the Sightlines presentation and discussion from the prior week, the council was asked for input regarding proposed project prioritization. The CIP's near-future priorities have been presented to the SBPC in past years. One or more funding sources can relate to the various projects. This discussion shall focus on projects seeking support from General Obligation Bonds. The outlined plethora of impending physical improvements supports the Strategic Plan of the University.
   b) The Chair pointed out that the Council of Deans recently considered similar issues and noted the importance of enrollment trends and other pieces of data in determining space, faculty resources, and facility-related needs. Consideration should be given to projected areas for research growth, the salability of programs, opportunities for fundraising, and alignment of strategic priorities.
   c) The Vice Chair emphasized the future physical needs of the campus are extremely important strategic investments. Projects, not being discussed in this meeting have construction funded by University revenue and fees. The projects of focus for discussion are considered highest priorities and to be funded through general obligation bonds.
   d) The Kingston campus is organized into four parts: the flat, recreation space, the hillside residential area, the academic portion, and the town-grown area. The next phase of capital improvement work will be on the town-grown area. Capital decisions must take into account many factors, including the aesthetics of the campus and character. The rain garden and medicinal gardens, for example, are important spaces that contribute to the campus character, but require an allocation of funding. The support from the State has bubbled in the last seven years, with RICAP funding currently at $13.8M. The challenge is to ensure the most strategic use of the funding.
   e) The new LGBTQ building was allocated $100,000 from the unrestricted budget for advanced planning costs. The construction of this building will require a $1.4M pledge from the unrestricted budget. The relocation of the Nutrition & Food Science Lab to Fogarty Hall will require $1.5M from some funding source.
   f) A plan exists for approximately 60% of the space in Fogarty Hall Animal Research occupies the third floor. Nutrition and Food Science will use all of the first floor and a
portion of the second floor. The RI State Crime Lab will move to the West Kingston facility that currently houses some Nutrition and Food Science personnel. The CIP includes a FY15 request for renovations to the building.

g) The President appointed the Provost to lead a group to determine the most strategic use of Fogarty Hall. The one holding piece relates to the vivarium. The vivarium on the third floor supports faculty and student research. There have been discussions regarding building a new vivarium on North Campus, but that would cost $17-$19 million and is not currently viable.

h) The three GO bond projects in the presentation are: College of Engineering renovation, Fine Arts Center renovation, and the historic quadrangle buildings. The College of Engineering plan is for scholars to be grouped interdisciplinarily in buildings. The College's plan calls for 53,000 sq. ft. of new footage, about a 25% increase with an emphasis on team-based learning classrooms. The building will be a standard for the use of renewable energy. On the Bay Campus, there is a vision to further renovate the Ocean Engineering building and includes the construction of a 200 foot wave tank. Ballinger has been selected as the architectural firm. With the current condition of the buildings, it is becoming more difficult to attract new faculty and the best students.

i) Over 9,000 students, enrolled in approximately 18,000 credit hours, use the Fine Arts Center annually. It also hosts 120 performances and concerts each year. The new renovation plan calls for keeping intact the theatre and concert hall. The most poorly constructed sections of the building, receiving little sunlight, would be greatly improved.

j) The historic quadrangle buildings: Ranger Hall will be the home for the Harrington School. RICAP funds will replace windows in Roosevelt Hall as well as the windows and roofs in East and Washburn Halls. The interiors of the quadrangle buildings need substantial work. A GO bond, which captures all these buildings as a single, significant project should be seriously considered. The buildings have remained low on the CIP priority list for some time.

k) Escalations of costs are built into the budget of each project. The estimated costs of the projects are: CoE $201M, Fine Arts $66.2M Historic Quadrangle Buildings $50.8M. The CoE project would be funded in three phases as follows: $115.1M $45.1M and $40.1M. We have the ability to request RICAP funds for advanced planning of the projects. The use of RICAP funds could potentially reduce some of the escalation costs.

l) If CoE project was implemented, the student capacity could increase from 1,200 to 1,450 students - a 21% increase. Increased research space should increase overhead revenue.

m) A conversation ensued about the need for URI to reach out to Foundations with a primary focus and track record in the Arts. It was noted that these Foundations typically award funding to private institutions, however, it was also noted that government entities are listed under eligible organizations on the Kresge Foundation website and so it could potentially be a relevant source of new funding for the URI that could be explored. See: http://kresge.org/funding/types-of-funding#sthash.iAusNO1m.dpuf

n) The Chair commented that the need to raise resources in support of these projects is going to be real and, as such, the capacity to do so must also be real. We have had private fundraising promised to the University by individuals in the past, only to have it fall through.

o) Dean Brownell reminded the Council that it has been two decades of waiting for this renovation to be realized. Over 50,000 people visit this building each year, and many see URI for the first time when they visit this building for an event. As such, it is a true gateway building. The College of Arts & Sciences will pursue foundations for funding, but this bond is of utmost importance.
p) Chair (on the role of the council in recommending GO Bond priorities): Before July 1, the
President will need to decide the priority order of these projects. There are economic
and political dimensions to this, aside from the strategic dimension. This committee
should comment on the strategic dimension of these projects in order to determine what
is best for the University. These referendums would go to voters in November 2014.
The efforts to get the referendums approved by the legislature needs to start January
2014.

q) The Vice Chair conveyed that it is optimal for URI to choose the projects to be placed on
each ballot in 2014, 2016, and 2018. There are many advantages, political and
otherwise, to sequencing the bonds on the ballots. Ideally, each project would be phased
in, as the Engineering project is, but the political and economic climate may not allow for
this. The University has numerous projects ready to pursue, and each one is vital to the
Strategic Plan. If the President and this committee agree, the Governor could do
something which the State of Connecticut did in 2000 and put $1B on the ballot for 10
years worth of use and capture all of these projects.

r) The Chair affirmed the importance of growing in-demand programs, such as the
Engineering program. He also noted the urgent need for an Admissions facility, and the
University Inn project may not solve this problem in a timely enough fashion. Discussion
ensued about the University Inn as a place where Admissions could conduct welcome
sessions and host meetings. There would also be a restaurant and hotel, which would
be available to perspective students and their parents. This project is more feasible than
a full-scale renovation of Newman Hall. The Chair added that a consultant assessed the
admissions experience at URI and determined that perspective students go through
multiple steps. Although URI Admissions experiences a great deal of success, the
model may not be sustainable without proper visitor facilities.

s) "Phase 1" of the Engineering project covers the most radical changes of the Engineering
space and allows for the transformation of the nature of the program to the more
interdisciplinary focus of the College’s vision for its new facilities. When Capital Projects
receives funding, ground is not broken immediately. There is much preparation work
before construction can begin. In the past, URI’s focus has been to work with the
legislature to secure that bonds be placed on the ballot. Typically, voters have approved
URI projects.

t) The Engineering project should have some corporate potential given URI’s relationship
with Raytheon and other large companies. All fundraising options should be assessed.

3) Financial implications for recommendations related to future emergency management
related issues - Bob Weygand

a) The Vice Chair indicated that the costs of improving emergency management are being
explored. It will have an impact in Fiscal years 14, 15, and 16. Data on the financial
impact of these improvements is not available yet, but it will be coming before the
Council in the near future. The arming issue, related to whether URI police officers
should carry firearms, has an impact on all of this. The earliest arming implementation
would be January 2014. Both the AAUP and Faculty Senate have voted against arming.
Another issue which needs resolving is that a "9-1-1" call from campus can get kicked to
three different locations around campus, depending on how many calls are coming in at
any given time. This is all being explored and a report is forthcoming.

4) Budget updates - Linda Barrett

5) Presentation of FY14 Allocation. Enrollment goals include: enhance selectivity; expand
diverse student community; enhance yield of high-achieving students; provide access;
enhance net revenue. Freshmen class highlights show an expected class of 3,100.
Applications approached 21,000 and the acceptance rate has improved considerably from
Fall 2009 to Fall 2013. There is a desperate need for a better admission and visitor facility/experience. Admission is the major driver of the revenue budget. Highest head count in URI history on October 12, 2012: 16,668. The number of underrepresented students has increased by about 1% per year in each of the past four years. Over the past decade, enrollment has grown by 2,221 students; during that time, the number of full-time faculty has remained essentially constant.

6) It was noted that there is a risk in the FY14 projected revenue as it assumes the Governor’s recommended $6.1M increase in State Appropriation. Also, there is no additional funding related to arming of campus police or emergency response. In addition, sequestration could impact FY14.

7) Competitive financial aid packages, condition of the campus, new residence halls and other investments has shown positive results in enrollment. Enrollment is projected at 117 FFTE (financial full-time equivalent) more than the current year. Student Aid is a revenue stream to the auxiliary and enterprise units. For example, Housing and Dining revenue is projected to increase approximately $10M over 4 years.

8) The new positions that were approved by the President for inclusion in the FY14 Request, which included a portion of those recommended by the SBPC, are included in the FY14 Allocation. They include one Legal Counsel, three TT Faculty, two Lecturers, two RWWC Coordinators, and Liaisons for Experiential Learning, a Disability Coordinator and funding for the Graduate Tuition Differential program.

9) The FY14 revenue and expense budget is projected at $375M. Personnel expenses are expected to increase from FY13 by $5M as a result of: Health benefits, promotions and plan A, payroll accrual, graduate assistant salary increases, fundraising contract, new positions, new building requirements, curriculum needs, and J-Session. Originally, a $4.9M shortfall was projected; however, as a result of increased enrollment and several other adjustments, the shortfall was reduced to $2M. The shortfall was addressed by increased revenue and expenditure reductions as follows: President’s Area: $100K; Administration & Finance: $600K; Athletics: $200K; Student Affairs: $500K and Academic Affairs $600K. It was noted that the budget reduction principles and the additional budget principles adopted by SBPC and approved by the President were used as a guide in addressing the shortfall. FY2011 IPEDS data was used that showed URI spent $7,593 per FTE on instruction, the lowest amount the New England Land Grant institutions. The next lowest was U Maine at $9,461. Thus, reductions were not assigned based on the size of divisional budgets.

10) A new fee for RWWC was mentioned. Any new fee could minimize or eliminate a possible tuition increase. It was noted that if reductions are implemented in a fee area, the fee must be reduced.

11) Research awards and expenses were shown for FY11 to projected FY14. When ARRA and Fiscal Stabilization funds are eliminated, expenses are $79.4M in FY11 to $81.9 in FY13; Overhead during the same period is $14.6M to $14.4M.

12) The last budget items noted the WAJones $4.2M deficit as of June 30, 2012; the possibility of phasing out the $1M Fund 100 subsidy. There is a new process for overhead, which requires review and recommendations by January 14 for inclusion in the FY15 Allocation. This process is to be facilitated by the VP Research.

a) The Chair noted the recent improvement to SAT scores as indicative of a flagship research institution and acknowledged the Admissions Office efforts. There is a significant improvement of the average SAT score at URI in the last four years. As well, student diversity has increased steadily. These goals have been accomplished in the face of the Pell eligible population in Rhode Island rising from 31% to nearly 40% over the past year. URI continues to exceed enrollments of prior years. This is not a viable budget balancing strategy with the number of RI high schools graduates shrinking. There are 30 new international students in the incoming freshman class. Twelve
Brazilian students coming in Fy14 in non-degree status and approximately 30
International students with conditional enrollment for next year (in addition there are
typically 30-40 study abroad students who come each year). This total includes
representatives from over 15 countries. URI has several exchange agreements with
other institutions of higher learning around the world, specifically in China. In addition to
revenue enhancements, this also creates a much more diverse experience for all URI
students.

b) This completes the Council's work for the fiscal year. The council will discuss the
associated implications next fall of increases or no increases in tuition and fees.

c) Chair: Our newer members of the committee could meet for a primer on some of the
past issues the council has discussed at length, including student aid. Student aid is
complex, while having the potential to realize net revenue, which is crucial in balancing
the budget. Strategically, all sections of student aid are important, but the roughly $50
million which does not include Athletics, Talent Development, or Children's Crusade, is
the most important in terms of financial return on investment.

d) The role of this council has been the allocation of new funds and we have decided not to
micromanage existing budgets. There are still reallocation strategies, which can be
developed by the SBPC, such as contemplating the implications of the SBPC developing
a "carry forward" policy for departmental budgets. As of right now, a department loses
unspent funds at the end of each fiscal year. There are dangers to this policy. It would
take an institutional-wide perspective to fully vet this type of policy. The SBPC can play
that role. It is important to remember that parents of our students do not see a
difference between tuition increases and fee increases. The short-term solution of
moving expenses from the general fund to auxiliaries cannot go on forever without fee
increases. This is essentially a backdoor tuition increase.

e) Important trends to which the University must continue to give emphasis pertain to
majors with increasing or decreasing enrollments. Some are down 25% or more in
recent years and other up by a similar percentage, over the same period of time. There
are implications of these trends and the council and the Council of Deans will need to be
mindful of them in making future financial decisions.

f) Meeting adjourned at 11:19am