

**The University of Rhode Island
Strategic Budget & Planning Council
December 12, 2011
9:00 am – 11:00 am
Thomson Boardroom, Ballentine Hall**

Members/Staff in Attendance:

Chair Don DeHayes, Vice Chair Robert A. Weygand, Thorr Bjorn, Nancy Eaton, Abu Bakr, Winnie Brownell, Trish Casey, David Coates, Steve D'Hondt, Tom Dougan, Ron Jordan, Ken Kermes, Patricia Morokoff, Mike Smith, Scott Martin, Ray Wright, Linda Barrett, Ann Morrissey

Members absent:

Peter Alfonso, Bob Beagle, Faye Boudreaux-Bartels, Cheryl Foster, Jeff Johnson

See the complete list of member information at the Strategic Budget and Planning Council website at <http://www.uri.edu/budget/sbpc/Membership%201--11.pdf>

Presentations:

FY 2012 Tentative Mid Year Review by Linda Barrett
Capital Improvement Plan by Vern Wyman and Team

Guests:

Vern Wyman, Tom Frisbie-Fulton, Ryan Carillo

Meeting Minutes:

1. Meeting was called to order by Chair DeHayes at 9:10 am
2. Chair DeHayes opened the meeting by welcoming Mike Smith, the new President of the URI Foundation.
3. Mid Year Budget Review

Linda Barrett reviewed mid year budget projections with the President's team on December 8, 2011. With their feedback, she presented the projections for revenue and expense as well as the June 30, 2011 fund balance.

Highlights of presentation and discussion:

- a. Vice Provost for Enrollment Management Dean Libutti provided the following information relative to undergraduate enrollment:
 - o He noted that the information he is reviewing in the context of budget issues and enrollment is nearly the same enrollment information that was presented in an enrollment overview at the last SBPC meeting.
 - o 16,562 Total enrollment is 2nd largest in URI history
 - o Steady increase in first-year retention rates and graduation rates over the past four years.

- o The 2008 cohort remains challenging – URI was absorbing \$17M budget reduction and accepted more students; students that probably should not have been accepted; retention rates are low with this class. Only 55% of that class remains; a 7.1% lower rate than the previous year's class. This cohort will also negatively impact graduation rates in the future; they also received much lower financial aid than was offered to classes beginning in 2009 to the present. We expect to see strong frosh and sophomore to junior retention rates, but this cohort will continue to negatively impact retention junior to senior rates.
- b. Linda reviewed the Mid Year Budget calendar which included an estimated due date of January 27, 2012 and revenue and expense projections as indicated below.
- c. Comparison of Undergraduate Enrollment against:
- d. Last year – net increase of 145 FFTE; out of state & regional frosh reflect an increase of 433
- e. Target – slightly under
- f. July 1, 2011 Allocation – close with the frosh and sophomore class; greater attrition than expected with the upper-class
- g. URI lost 237 OS students; including a shortfall of 71 from what was projected; Dean explained that 491 students with 60 or more earned credits (360 IS and 131 OS) who were enrolled in spring 2011 did not return this fall. He provided information of this attrition by academic colleges. About 10% have a GPA below 2.0; 191 have an overall sanction or block. The overriding issue does not appear to be financial. 156 students owe an average of \$2,226. Smaller numbers have advisor holds or student life sanctions.
- h. The University's action plan is to target the 361 students with the 91+ earned credits that are in good standing. Research thus far has revealed that some students had incompletes and will be graduating in December 2011. Others have some curricula roadblocks or advising issues; and other issues. The Deans are working with those students to determine how they can encourage them to return to complete their credits for graduation.
- i. The Offices of the Provost and Budget have established a target (and included it in the mid year projections) of the number of students they hope to yield with the new information they have from the deans' efforts in the colleges to return students.
- j. Linda mentioned that graduate enrollment is down 26 in state students from the projection. Also down in part-time. The plan is that the Dean of the Graduate School will work with the targeted population to attempt to increase the spring enrollment.

- k. Total enrollment reflects an increase of 138 FFTE vs last year, and reflects a decrease of 485 FFTE from the July 1, 2011 Allocation.
- l. When the tuition discount is taken into consideration as well as the \$1.5M offset that was reserved for enrollment, the net shortfall in enrollment revenues is \$3.6M.
- m. Linda presented a slide depicting the various revenues and expenses that have been adjusted given mid year projections. Revenue and Expense were shown to decrease by the same amount resulting in a tentatively balanced budget for FY 2012.
- n. At this time, there is no indication of what, if any amount the State Appropriation may change in FY 2012. Also, the Board of Governors' guidelines relative to the mid year budget are expected sometime within the next month, which could impact the projections.
- o. Fund Balances as of the June 30, 2011 financial statements reflect \$67M in total "unrestricted". "Unrestricted" in accounting terms does not necessarily mean it can be used; "restricted" is \$4m (Perkins loans, etc). The Fund 100 fund balance is \$6.2M. When prior commitments are removed (\$1.4M Mackal Flooring; \$100K A&E GLBT Building; \$500K accounting adjustments), the balance is \$4.2M, which the President has indicated would be held in reserve at this time. It is slightly more than 1% of the unrestricted budget.
- p. Year End Analysis reflects each division spending most of their allocation. The total amount unspent vs the allocation was \$3.3M, including \$1M from utility savings. In addition, an accounting adjustment of \$2.4M at year end, and additional revenue of \$600K, result in the \$6.2M fund balance before the commitments stated above.
- q. President had previously stipulated to Council that he wanted them to review the fund balances and make recommendations. Only 1% of our fund balance exists, so for now, President recommends holding that amount, since it is so small.
- r. Mid year process/SBPC Recommendations: Mid year Process: Any items recommended by SBPC to the President for the Budget Request that were not reflected in that request for financial reasons could be brought forward to the President's Team for consideration at the mid year review if resources are available. Any items not recommended by SBPC to the President during the Budget Request process will not be brought forward at mid year. Division heads may elect to fund above items within their existing resources (i.e. reallocation, grant funds, etc.) Reviewed Capital Budgets including RICAP, Asset Protection, GO Bonds

- s. Abu Bakr noted the importance of the new and continuing attention to enrollment and action planning; he asks whether attention is being given to race and gender cohorts relative to retention? Dean noted that there is a Retention Steering Committee that meets regularly and part of their discussion is dedicated to this issue. The one remaining issue that has not been examined in the past is the super senior issue that has been recently noted.
 - t. Bob Weygand asks whether advising should take an active role in trying to avoid attrition of juniors and seniors; - Don DeHayes explains that a new College-wide Advising Committee is aware of these retention issues and working actively on them.
4. Recommendations from the Subcommittee on Budget Reinvestment
- a. The President had addressed the council and asked them to develop a model to review requests for fund balance and make recommendations to the President's Team. The subcommittee's draft recommendation can be found [here](#)
 - b. Don DeHayes provided an overall context for the work of the Subcommittee. He reminded the Council that they previously created two subcommittees, one to address projected potential budget shortfalls and budget reduction efforts, and the second to address entrepreneurial opportunities.
 - c. Last year there was also a need to fund capital items. In order to address the important and emerging priorities and needs, the Council wanted to proactively address these issues and created the two subcommittees. The subcommittee had previously looked at taxing budgets, but that strategy was abandoned. On September 26, 2011, the President asked the Council to develop a process on how fund balance should be utilized
 - d. Steve D'Hondt presented a draft in hard copy and summary of the subcommittee's work. The first part addresses the overall purposes and principles that the subcommittee developed. (See handout: [Draft Recommendations Proposed by SBPC Subcommittee: Model for Budget Reinvestment, Contingency Fund, and Capital Expenditures](#) (for specifics))
 - e. Highlights - Principles for Capital Budget Requests – section has essentially not changed since last presented to SBPC in September. Steve noted that there is a long list of projects on the CIP list; Capital Planning staff are already working to attempt to manage budgets and projects, but notes the importance of managing any cost overruns should come from re-visiting the projects and managed within the CIP budget as opposed to tapping the general operating fund (unrestricted budget and/or fund balance Fund 100) for any over runs.

- f. Discussion: Reserve/contingency fund is important and the University should maintain a minimum reserve. Should be flexible enough to allow for both a reserve and for reinvestment. The President stated at the September 26, 2011 SBPC meeting that the Council should review the request for fund balances once the final numbers and the mid-year projections are completed.
- g. The PCB crisis in Chafee was ultimately funded by the state via RICAP funds to URI. RICAP projects were reordered as a result of \$1.8M required for Taft Hall remediation.
- h. IPEDS “and other data “should be used in evaluating reinvestment projects.
- i. Concern with using one time only money and dedicating it over several years; Bob indicated that GLBT Center is being funded from Fund 100 fund balances over 3 years; (Note: only commitment for GLBT at this time is \$100K for A&E).
- j. The language is intended to allow for multi-year base budget investments as opposed to a one time project that takes more than one year. It should be flexible enough to apply to both capital non base investments but may also allow for other new transformative ideas that segue to base funds for important new projects. The concern was allocating those funds in multi years. Should not plan on having that fund balance for multiple years and wanted to minimize encumbering multi year projects that could bridge into base budget planning from a division. This will allow for strategic division request to jump start it, but would need to be funded within the division in the future. Agreed in rare and exceptional circumstances to consider multi year requests with the knowledge that if it is done routinely, annual budget is hampered.
- k. Don – financial aid principle, points out SBPC already decided to protect it, it was the second part of that clause that is the important one – saying because we are already protecting it, it should be separated from the remaining budget for how we would distribute cuts – the percentage of that cut would not include Student Aid. Student aid is a revenue discount and should not be included with other expenditure requests.
- l. Vice Chair Weygand noted that the total RICAP budget is \$12.9M, while the Asset Protection portion is \$7.9M.
- m. Set of recommendations that Council will forward to President – will be revised slightly to address discussion today.

3. CIP Plan

- a. Vice Chair Weygand mentioned that the unmet capital needs of the University currently total \$425M. He also noted that many projects on the list still required approval from the General Assembly and thus are “hoped” for projects in planning. Vern Wyman presented:
 - 1. Overview of the infrastructure

2. CIP Funding Sources
3. Capital Investments & Funding Sources 1991-2011
4. Historic development of University (square footage)
5. State Level Review and Approval Process
6. Flow Chart for New Buildings or Major Capital Projects
7. CIP Evaluation Criteria and Utility Cost Analysis
8. CIP FY 2013 – FY 2017

- b. One of the goals is to better integrate capital planning and academic planning; Historic development of Univ Square Footage – 1956-1968 – huge growth and for past 30 plus years – invested tremendous amount in maintaining and renovation as well as supporting new construction. In last 30 years, \$831M has been invested with \$83M from RIHEBC and General Fund.
- c. Sightlines study shows deferred maintenance needs to stabilize back log; looking at three tiers of mechanical, space, and asset renovation. Except for FY 2006, URI has not attained the recommended minimal investment for deferred maintenance.
- d. Tom Frisbee-Fulton presented handouts providing an overview of an improved process relative to NEASC expectations for integrating capital planning and financial planning through the SBPC.
- e. The new CIP Project Evaluation Criteria – allows for a numbering/ranking system.
- f. David Coates mentioned that student “end user” satisfaction should be included; Ryan indicated it was considered in the review of the requesters narratives; i.e. improvement in the program environment speaks to how well the space serves the user; suggestions that surveys be done.
- g. Discussion: Adding capacity versus current capacity and needs. Rickes Associates previously did a classroom study for capacity; now about to embark on new study to assess classroom capacity needs and projected enrollment needs. But, have not done a campus wide office space assessment.
- h. Letter to deans in February; SBPC will need to be involved in the March/April timeframe. (not sure how current projects on list will go through rubric evaluation process?)
- i. Deans need communication back about the status of the requests that they submit; Tom Frisbee-Fulton mentioned that there is an issue between large scale requests and smaller scale. Asset protection funds typically fund those projects.
- j. GO Bonds typically require a project that is > \$1M and simple for voters to understand. RICAP has supported buildings; Asset Protection has supported smaller projects. Fund Balance also has supported capital projects in the past; noted in presentation on the URI CIP FY 2012- FY2017 chart that the Student Athletic Development Center and GLBT

has fund balance support. (Note, at this time no commitment from fund balance has been made for these projects other than \$100K for the A&E for the GLBT building).

- k. Question about graduate housing and needs and how that can get onto list.
- l. Need SBPC to look at the longer-term priorities to help inform the decision process
- m. Linda: Challenge of lining up the budget process with the CIP process and this Council's work is significant with different state deadlines and other deadlines. i.e. CIP is submitted prior to Budget Request and items in CIP could impact the Request or future budget years. The capital commitments that are made may affect the unrestricted budget in future years; when the commitment is made to fund a major capital endeavor (no matter what the source – GO, RIHEBC, etc), if there is a future expense associated with the project that will be funded from the unrestricted budget, it must be discussed and a placeholder should be established for that future years budget.
- n. Questions from Council: Does this list mean residence halls won't be updated in next five years, except for Roger Williams Complex? Will historic quad projects include Ranger addition? Roosevelt is included in the historic building renovations and could be on this coming year's ballot.
- o. Rodos Building status: they are in violation of their agreement with the university.
- p. Process related to CIP and the SBPC – SBPC will review and recommend projects for inclusion in the CIP to the President's Team.
- q. Any further questions – please email them to Tom Frisbee-Fulton
- r. CIP PPT will be emailed to Council members along with a copy of the various handouts.

Meeting Adjourned was adjourned at 11:25am

Next Meeting date:

TBA