

**The University of Rhode Island
Strategic Budget & Planning Council
September 26, 2011
10:00 am – 12:00 pm
Galanti Lounge, Carothers Library**

Members/Staff in Attendance:

Chair Don DeHayes, Peter Alfonso, Thorr Bjorn, Faye Boudreau-Bartels, Winnie Brownell, Wendy Bucci, Patricia Casey, David Coates, Steve D'Hondt, Tom Dougan, Nancy Eaton, Cheryl Foster, Jeff Johnson, Ron Jordan, Ken Kermes, Scott Martin, Trish Morokoff, Ray Wright, Linda Barrett, Ann Morrissey

Members Absent:

Robert Weygand, Abu Bakr, Robert Beagle

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>

Presentation:

FY 2013 Budget Highlights by President David Dooley

Rubric Subcommittee Report: The Chair had requested the subcommittee draft a mechanism to guide the Council's recommendations & decisions. In particular, the Chair had asked that the subcommittee not only re-examine the rubric used to evaluate funding proposals, but also to develop a recommendation as to how the data from the rubric would be best used to provide an overall assessment of institutional priorities. Specifically, the Chair emphasized that we should never again be modifying how the assessment data will be used in establishing priorities when we have a set of proposals under consideration.

On behalf of the subcommittee, Trish Morokoff provided the Council with an overview of the new draft rubric and a new proposed process for divisional budget submissions. The new recommended process is modeled after the grant proposal process. The data will be utilized to make data-informed decisions as opposed to data-driven decisions. There will be ample time for deliberations. The process will not be cumbersome. The process and the rubric are still being tweaked. A draft rubric was disseminated to the Council members along with a discussion of a proposed new process.

Draft Process:

- Continue with written proposals
- Earlier timeline
- More structural format for the proposal
- Budget & Financial Planning Office will provide related data (i.e. proposal's % of the unit budget, related data)

- All Council members will receive all proposals
- Assign a review team from the Council for each proposal (i.e. three council members would review one proposal in depth)
- One of the reviewers would make the presentation to the Council on behalf of the requestor; similar to the grant review process
- Division/area head will have a few minutes to make comments
- There will be an opportunity for critique, other data to emerge, and questions from the Council
- Additional information and other requests can be made; written response will be sent to all council members
- Rubric will then be utilized
- Another meeting will be held to review data
- Voting will again occur; it will not be anonymous
- Final meeting to review the results

Discussion followed: In the new draft rubric, items under strategic planning and benefits were made more explicit. This is intended to allow for clearer interpretation among individual members. It was re-emphasized that individual rankings by Council members are according to criteria on the rubric and a summary of those data would be presented. The vote by Council members will take into account the data summary of rubric results and the discussion that will have taken place will help to further inform members' perspectives. The process could begin as early as January 2012.

The subcommittee is also reviewing the formulas (i.e., the average of the max/ or the max of the average or the max of the max, etc..). The ratings assist the Council in seeing data relative to the particular established criteria. In summary, first, items will be ranked; second there will be discussion of the data produced from the rankings and lastly, the vote on priorities.

Submissions will be driven by the new process and the revised rubric. Everything will be provided to the Council in written form.

The Chair mentioned that the Council might have to spend some time on the upcoming years budget (FY2013) like they did on FY 2012 and fit that in with the new timeline and process for new requests. The Council indicated their encouragement for the direction the subcommittee was pursuing relative to the new process. The subcommittee will finalize drafts of the rubric, process, and an accompanying timeline to present to the Council at the next meeting.

Reinvestment, Contingency, Capital Budget Subcommittee update: Steve D'Hondt provided the Council with an overview of the subcommittee meetings along with a written summary. The subcommittee discussed how to create a reserve to fund major strategic priorities and support a contingency fund.

Highlights from their discussions include:

- Any significant budget reduction should be assigned to Divisions by following a strategy informed by both strategic priority and comparative position based on quantitative data (e.g., IPEDS data, other data); thus, eliminating the assignment by division as a starting point. That is, budget reductions should not be across the board and are expected to be applied disproportionately to budget distributions.
- Because financial aid is to be held harmless in budget reductions according to our budget principles, the financial aid component of the budget should be separated from analyses related to the total GF budget when addressing budget reduction strategies.
- Reserve 1% of its general fund budget (unrestricted net assets) for contingency needs if the overall unrestricted net assets are positive.
- Use positive general fund balances for a reinvestment strategy to fund major strategic priorities and support a contingency fund. The strategic allocation of fund balance resources should include review of requests by the SBPC in early fall following full budget reconciliation.
- An outline of principles and a process for allocation of reinvestment funds was also discussed.
- Information was also presented and discussed relative to capital budget requests. Highlights are as follows:
 - Fund major capital asset protection projects outside of the general fund budget
 - Reevaluate asset protection spending priorities annually with careful consideration of new & emerging priorities
 - Routine general fund allocation should not be a standard mechanism for supporting asset protection items
 - General fund should be protected
 - Principles for Capital Budget Request
 - major capital projects need to include a full cost analysis at inception

The subcommittee will bring forward a draft proposal to the Council for their future endorsement.

The Chair mentioned that, at one time, the subcommittee was looking to tax different categories of the budget, but this does not appear to be a viable option. The University has a cumulative fund balance (unrestricted net assets is the term for Fund 100 fund balance). Requests to use the fund balance would be brought forward in the fall each year. Decisions by senior management would be made after the mid year projection is completed. (Later in the meeting, the President indicated that the requests to use fund balance should be brought to the Council for their assessment and recommendation to him). One time only funds from fund balance can be used to create a bridge or used for one time only items.

Discussion ensued about departments being told in the past to spend down and use all funds. It was noted that the University is now allowed to carry forward funds (law changed in 2006 to allow for this). If this was more widely known, departments might instead be willing not to expend all funds at year-end, so that those funds be used for the common good. Perhaps URI should provide an incentive for departments that do not spend all of their allocation. A concern is that the allocation is based on the previous mid-year budget and then reviewed by the division heads for strategic reallocations. Instead, it may be wise to allow departments to retain a certain percentage of year-end balances and use the remaining funds strategically for the University as a whole. A challenge would be that the fund balance is sometimes utilized for important unanticipated items. This would have to be taken into consideration. Other schools also employ a reduction to the upcoming budget in cases of unit overruns.

The Capital Planning Group has developed a more robust rubric for new capital item requests. The timing of the capital request process should be reviewed to align closely with the overall SPBC budget submission process.

Vice President Alfonso questioned if the charge of the council was and should be limited to fund 100. (President's charge to the council can be found at

<http://www.uri.edu/budget/sbpc/SBPC%20charge%20-final1.pdf>

The minutes of the February 24, 2010 meeting where President Dooley addressed the council and explained his charge can be found at:

<http://www.uri.edu/budget/sbpc/SBPC%20Minutes%202-24-10%20Meeting%20as%20Amended%20and%20Approved.pdf>

(The direction by President Dooley was not limiting and in fact at one point, indicated that the Council could take the lead and decide how to proceed and what process to use.)

A suggestion was made for a "craigslist" type process to be considered for disseminating gently used or not needed items among departments.

President Dooley addressed the Council. He mentioned that the FY 2013 Budget Request was submitted to the Board of Governors and is still considered a work in process. The Board of Governors intends to include a letter to the Governor with the submission that expresses the disappointment of the requirement that State funding be essentially level with FY 2012 in the FY 2013 request; thereby, resulting in having to pass the cost along to the students. They are resolved that more funding needs to flow into higher education.

There is a significant collective bargaining process underway. It is uncertain where that will conclude soon. The State Appropriation is level and the State has required the University to fund significant expense items like ERS (employer contribution for State retirement system for classified civil service employees). Tuition and fee revenue is reflected as an increase in the FY 2013 Budget Request. Student aid has been budgeted at \$88.3M. Admissions and Enrollment

Services worked diligently to improve yield, freshman enrollment, quality, retention and student quality this fall.

New items in the Budget Request include student aid and new faculty lines to ensure that the faculty composition is appropriate. This faculty position item is comprised of \$1M of new funding and \$460K of reallocation. Funded with new overhead funding is the Institutional Review Board position. In addition, the Graduate Assistant Differential Program is reflected at \$150K with equal portions from fund 100 and overhead funds; both from reallocation. A Senior Auditor is also included in the Budget Request, but is to be funded from reallocation. The President mentioned that the University has to gain efficiencies to afford these investments given the limited new revenue.

The President updated the Council on the following capital projects:

- Joint Nursing Building: pursuing parallel tracks; working to include in the budget and on the November 12th bond issues; goal is to expedite the process
- Fire Safety: upgrades will continue
- Roger Williams Wellness Center: hoped that this project will soon proceed in a timely manner

After the new joint Nursing building the following is being considered for future bond referendums as we focus on renovating, rehabbing and transforming existing legacy buildings:

- Historic Buildings around the quad
- East, Washburn, Davis and Roosevelt Engineering Complex
- Fine Arts (noted as not historical)
- Narragansett Bay Campus

The President updated the Council on the overall financial position of the institution:

- The fund balance is a key measure; The University has gone from a negative \$7M in 2008 to a positive estimated \$7M in 2011 (refers to unrestricted net assets or fund 100 fund balance). The President mentioned that we will not be rushing to spend the \$7M. It could be used for emergencies. \$1.4M has already been designated from the estimated fund 100 fund balance for the Mackal Floor and \$100K for A&E work related to the GLBT program space. Woodward is another important small project estimated at \$1M that needs to be completed.
- The University is in sound financial condition as a result of thoughtful management practices.
- URI will continue to make strategic investments
- The President commented considerably, as follows, relative to the University's fund balance:
 - SBPC should review the policy, guidelines and process related to the use of the University's fund balance. President Dooley indicated that, ideally, 2-3% of our budget should be reserved. The Council should recommend to the President a process for fund balance expenditures. In accordance such a process, the mid year review results should also be known prior to designating significant portions

of the fund balance. He stressed the importance of judiciously using fund balance for one time only and/or bridging items.

- The President indicated that fund balance financial reports should be made available to the SBPC
- Fund balance in auxiliaries and enterprises are usually used for major renovations, replacements, etc. Balances must also meet bond counsel requirements. URI must manage the overall finances of the institution to protect the balances of the auxiliaries and enterprises.
- Fund balance in deans' overhead is usually used for start-ups, research-related- renovations, other research support, etc.
- Summary: continue with auxiliary and enterprise funds for auxiliary and enterprise projects; build a fund balance of 2-3% of the budget; reserve some and use some for one time only items; do not undermine our ability to maintain a positive cash balance.

In response to a question, the President provided the following information regarding the status of the President's Venture Fund:

- The priority for the new URI Foundation President, Michael Smith will be to generate \$10-\$20M over the next three years for this fund. At the end of the three years, have a pool that can be accessed for investments.

Research and Overhead had increased substantially. URI experienced 2-3 years of active grants, which is now declining. A thorough review of overhead is needed. We must ensure that funds allocated to Sponsored Projects Administration (SPA) are appropriate. We will need to review our commitments. A budget principle notes that overhead funds should be used for critical functions and must be adequate or we risk loss of funding if critical functions are not funded properly. The research enterprise is an important priority for the University.

No long-term commitments should be made, but rather short-term commitments, such as start-up and matches.

An important question to examine is how to grow research dollars and increase commitments for URI? At the appropriate time, the Council might examine all the pieces, i.e. Building funds, SPA.

The September 29, 2011 incident in the residence complex was brought up as an issue of concern. It appeared to contradict the image of the university that is being portrayed via the venture capital initiative. The President responded that it was an isolated incident that lasted a few hours and with 5,000 18-22 year olds living on campus, sometimes it will happen. If it were a systemic issue, we would need look further at it.

Next Meeting Date:

TBD

Required Action from June meeting:

Vice Chair Weygand to facilitate scheduling a meeting prior to the end of summer for presentation on capital funds.

President noted that financial reports will be provided to the Council