

DATE: September 3, 2010

TO: Ray M. DiPasquale  
Commissioner

FROM: David M. Dooley, Ph.D.  
President

SUBJECT: FY 2012 Unrestricted Target Budget Request

In accordance with the instructions from the State Budget Office, a target budget established by that office is to be used in the FY 2012 Budget Request for the University of Rhode Island. This target budget for State Appropriation is 12% or \$6.6M less than the current year State Appropriation (excluding GO Debt Service).

The Office of Higher Education has provided the target budget for each institution as directed by the State Budget Office.

The FY 2012 Target for the University of Rhode Island is \$65M including GO Debt Service and \$49M excluding the debt service. The decrease in State Appropriation is \$6.6M. The total "shortfall" is \$22M as shown on Schedule I.

In Summary:

	<u>FY2011</u>	<u>FY2012</u>	<u>\$Change</u>	<u>%Change</u>
State Appropriation	\$55,654,756	\$49,073,736	(\$6,581,020)	(-12. %)
State Appro. GO D/S	\$15,967,304	\$15,967,304	0	0
Total	\$71,622,060	\$65,041,040	(\$6,581,020)	(-9.2%)

The above when combined with the projected expenditure budget results in a potential \$22.2M shortfall for the University of Rhode Island.

Reference to the target budget from page two of the State Budget Office Instruction memorandum is shown below.

*The second level request will be a constrained budget based on a funding target assigned to each agency. As in prior years, this constrained funding target will be based on the projected resources to be available to the state in FY 2012, compared to the projected current services level of spending as calculated by the State Budget Office...As such, the target funding level will require each agency to propose substantial reductions in state funded operations..."*

Instructions from the Office of Higher Education indicate that the institutions should take the following approach:

#### Target submission

Based upon the severe target reduction of 15% from the previous year's state appropriation (allocation by institution still pending from SBO), it is anticipated that each institution will incur deficits under this scenario – if this is the case, the target budget submitted to the Governor should appropriately reflect the deficit that will be incurred due to the dramatic decrease in funding.

The Commissioner has also asked that your presidents be prepared to discuss the impact of the state appropriation reduction in terms of what it actually represents - such as the cost of salaries and benefits for an entire department, school etc., scholarship aid to so many students, utility costs etc.

The \$22.2M projected shortfall is equivalent to any one of the following:

- the compensation of over 250 employees
- the entire utilities budget at the University of Rhode Island
- the equivalent of the entire student aid awarded to all Rhode Island students from the general revenue budget
- three to four college budgets

The University of Rhode Island is an institution very much in a competitive marketplace. The academic programs we offer must be affordable and appealing to potential students and their families. Research grant proposals submitted to funding agencies by our faculty must be of the highest caliber and reflect an institutional commitment to the research activity. Mediocrity in anything we do ends up costing us in lost students, lost grants and lost donors. Anything less than the highest quality academic programs and research profiles will reduce the revenue we receive from these sources. We believe that quality begets quality; that quality generates the resources, which allow us to succeed.

The University has made strong progress, improving our undergraduate curriculum, growing our research enterprise, and expanding interdisciplinary partnerships with Rhode Island and America. In addition, we have built new academic buildings and a new dining hall, renovated dormitories and built new apartments/suites for our students, and improved the landscaping and grounds. We are committed to sustaining and growing the University as an institution of which Rhode Islanders can be proud, an institution that has been built over one hundred and ten years.

A portion of the Board of Governors' Mission Statement reads: "the Rhode Island Board of Governors for Higher Education has as its mission the promotion and operation of an excellent, efficient, affordable system of higher education .....The primary purposes of the system are to provide access to higher education..." It is important to remember that the purpose of the State Appropriation is to enable the institution to offer various programs at an acceptable level so that all qualified citizens may benefit from a college education. A reduction of the magnitude discussed here would appear to be in conflict with the mission of the Board of Governors, the mission of the institution and the very purpose of the State Appropriation.

Attachment

cc: Linda Barrett  
Robin Beaupre  
Michelle Curreri  
Don DeHayes  
Susan LaPanne  
Robert A. Weygand

**ANALYSIS OF REVENUES AND EXPENDITURES**  
**Board of Governors FY 2012 Request**  
**UNIVERSITY of RHODE ISLAND**

**SCHEDULE I - TARGET BUDGET**

	A	B	C	D	FY2012 Target		FY2012 Target	
	FY 2009 Actual	FY 2010 Pre-Audit	FY 2011 Target	FY 2012 Target	vs. FY2010 Pre-Audit (D-B)	(D/B)	vs. FY2011 Target (D-C)	(D/C)
<b>FTE ENROLLMENT</b>								
In-State	8,127	8,500	8,623	8,648	148	1.7%	25	0.3%
Out-of-State	5,575	5,702	5,827	5,995	293	5.1%	168	2.9%
<b>TOTAL ENROLLMENT</b>	<b>13,702</b>	<b>14,202</b>	<b>14,450</b>	<b>14,643</b>	<b>441</b>	<b>3.1%</b>	<b>193</b>	<b>1.3%</b>
<b>REVENUES</b>								
Tuition and Fees	\$201,548,130	\$221,849,344	\$239,537,882	\$245,611,495	\$23,762,151	10.7%	\$6,073,613	2.5%
State Appropriation								
State Appropriation - General	\$61,898,119	\$56,489,691	\$55,285,144	\$48,704,124	(\$7,785,567)	-13.8%	(\$6,581,020)	-11.9%
GSO Jason Project Mandate	\$75,000	\$75,000	\$75,000	\$75,000	\$0	0.0%	\$0	0.0%
Legislative "Grants" (Mandates)	\$219,612	\$219,612	\$294,612	\$294,612	\$75,000	34.2%	\$0	0.0%
Sub-Total State Appropriation General	\$62,192,731	\$56,784,303	\$55,654,756	\$49,073,736	(\$7,710,567)	-13.6%	(\$6,581,020)	-11.8%
State Approp GO Debt Service *	\$12,590,080	\$14,218,741	\$15,967,304	\$15,967,304	\$1,748,563	12.3%	\$0	0.0%
Total State Appropriation	\$74,782,811	\$71,003,044	\$71,622,060	\$65,041,040	(\$5,962,004)	-8.4%	(\$6,581,020)	-9.2%
Emergency Charge	\$3,184,623	\$0	\$0	\$0	\$0	-	\$0	-
Miscellaneous	\$11,485,341	\$11,442,132	\$11,024,245	\$11,033,165	(\$408,967)	-3.6%	\$8,920	0.1%
Interdept	\$12,798,878	\$14,990,901	\$12,508,219	\$12,508,219	(\$2,482,682)	-16.6%	\$0	0.0%
<b>TOTAL REVENUES</b>	<b>\$303,799,783</b>	<b>\$319,285,421</b>	<b>\$334,692,406</b>	<b>\$334,193,919</b>	<b>\$14,908,498</b>	<b>4.7%</b>	<b>(\$498,487)</b>	<b>-0.1%</b>
<b>EXPENDITURES</b>								
Personnel Services	\$177,525,845	\$181,437,734	\$190,071,578	\$199,913,224	\$18,475,490	10.2%	\$9,841,646	5.2%
Operating Expenditures								
O/S Travel	\$385,460	\$506,963	\$503,707	\$503,707	(\$3,256)	-0.6%	\$0	0.0%
Repairs	\$1,389,555	\$2,009,901	\$1,558,476	\$1,559,826	(\$450,075)	-22.4%	\$1,350	0.1%
Utilities	\$9,406,777	\$8,727,117	\$10,418,558	\$11,649,444	\$2,922,327	33.5%	\$1,230,886	11.8%
Other Operating								
Interdepart Transfers	\$12,798,878	\$14,990,901	\$12,508,219	\$12,508,219	(\$2,482,682)	-16.6%	\$0	0.0%
Rentals	\$1,068,807	\$1,416,636	\$1,508,388	\$1,560,003	\$143,367	10.1%	\$51,615	3.4%
Supl/Operating Exp	\$16,962,917	\$18,943,399	\$16,103,181	\$16,687,380	(\$2,256,019)	-11.9%	\$584,199	3.6%
Miscellaneous	\$15,090,848	\$12,946,214	\$11,095,208	\$10,599,851	(\$2,346,363)	-18.1%	(\$495,357)	-4.5%
Subtotal Operating	\$57,103,242	\$59,541,131	\$53,695,737	\$55,068,430	(\$4,472,701)	-7.5%	\$1,372,693	2.6%
Student Aid & Claims	\$52,625,534	\$59,370,031	\$70,720,375	\$81,235,343	\$21,865,312	36.8%	\$10,514,968	14.9%
Capital Outlays	\$1,850,904	\$1,926,727	\$1,206,210	\$881,210	(\$1,045,517)	-54.3%	(\$325,000)	-26.9%
Debt Service - RIHEBC	\$2,104,178	\$2,791,057	\$3,031,202	\$3,292,622	\$501,565	18.0%	\$261,420	8.6%
Debt Service - GO **	\$12,590,080	\$14,218,741	\$15,967,304	\$15,967,304	\$1,748,563	12.3%	\$0	0.0%
<b>TOTAL EXPENDITURES</b>	<b>\$303,799,783</b>	<b>\$319,285,421</b>	<b>\$334,692,406</b>	<b>\$356,358,133</b>	<b>\$37,072,712</b>	<b>11.6%</b>	<b>\$21,665,727</b>	<b>6.5%</b>
<b>Excess/(Deficiency)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$22,164,214)</b>	<b>(\$22,164,214)</b>	<b>-</b>	<b>(\$22,164,214)</b>	<b>-</b>

\* Per State Budget Office; GO Debt reflected in URI's budget however actual expense is in DOA.

\*\* A portion of the GO Debt Service number is related to the HRL dorm renovation project.