



## MEMORANDUM

Date: June 25, 2008  
To: University Community  
From: Robert L. Carothers  
President  
Subject: Update

With the State budget now law and the General Assembly adjourned, it is time to take another look at where the University stands going into the new fiscal year. As has been well publicized, the state appropriation for higher education in FY09 has been reduced by \$17M. URI's share of this is \$13M, and with other program reductions and higher assessed health care costs, our required reductions from the budget we submitted last fall reached \$17M. On the positive side of the ledger, it appears that we will meet our goals for new students and that the projected revenue from tuition and fees will be realized (although we will not know for certain our retention numbers until about mid-October). The Board of Governors will not raise tuition and fee charges to URI students beyond the rate of increases authorized earlier: 6% for residents and 7.5% for non-residents. Despite the recession into which the state and nation have slipped, we are also meeting our fundraising goals, albeit unevenly across the divisions and colleges of the University.

As anticipated, we have also experienced increased expenses. These include compensation, health care, and energy. In order to bring in and retain a strong enrollment base, we have also had to increase our institutional financial aid. This area is the most rapidly growing institutional expense, although our rate of discount, 27%, is consistent with our competitors. Among the most important initiatives undertaken by the Provost is developing a more scientific basis for the distribution of those funds, in order to achieve maximum positive results in enrollment and retention.

In order to bring our budget into balance, as required by law, we have employed various strategies to reduce our expenses. The most dramatic of these was a retirement incentive. Eighty-four employees retired from the University this past Friday, and a good estimate of retirements over the next three months would be at least fifty more. These retirements have reduced our payroll by some \$7M, net of the retirement incentives. In addition, a number of individual personnel contracts have not been renewed. The remainder of the reductions has come from program reductions -- academic, athletic and other areas -- and in operating accounts. We also had some small, offsetting increases in revenue in several miscellaneous accounts.

It is only natural for people to ask about the various decisions made in program and personnel reductions. Each of the vice presidents articulated the principles to be used in program reductions within their divisions. In Academic Affairs, the top priority was providing the credit-bearing courses necessary to fulfill our commitment to our students, consistent with our contractual obligations to them, so that they can matriculate and graduate. In Business and Finance, the principle was providing necessary services to the community, while eliminating positions and reassigning personnel. In Student Affairs, the priorities were maintaining federally mandated programs and those related to the safety and security of our students. In Advancement, the top priorities were maintaining alumni communication and implementing the branding initiative we

have worked on for the past two years. In Athletics, the priority was maintaining the competitiveness of the high profile sports programs, while assuring continuing compliance with Title IX. These principles also informed the decisions of those reporting to the provost and vice presidents: deans, directors and other managers.

In the interests of candor, I must tell you that the state of Rhode Island is not yet out of the woods. Many people believe that some of the state's budgeted reductions are not achievable in FY09. This means that there may be more reductions of state funding at the mid-year, when those shortfalls become apparent. At URI, we will do everything possible to achieve our own planned reductions and to avoid further cuts within this next year.

It is now more important than ever to remember that the University of Rhode Island is funded by tuition and fees. When the dust settles, the state of Rhode Island will be providing about 12.3% of our total budget, and reasonable projections suggest that this percentage will continue to decrease for at least the next several years. The measured growth of student enrollment is paramount for us. While we cannot do the full range of options and services we have done in the past, what we do offer to our students must be of the highest quality possible.

Despite the bumpy road we are experiencing in this transition from one kind of university to another, the basics of quality are in place at URI: an outstanding faculty, a committed staff, improved facilities, and a loyal and generous alumni base. More than ever, we must call on the creativity and imagination that lies within the community. Our new provost, Don DeHayes, talks about the power of being hopeful and the power to inspire others that comes with it. In the state whose motto is "Hope," this is an important reminder that while change is almost always hard, we can build a better future together. In a phrase so popular this election season, "Yes we can."

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