



RHODE ISLAND BOARD OF GOVERNORS FOR HIGHER EDUCATION

A regular meeting of the Board of Governors for Higher Education was held on Monday, September 29, 2008 at Rhode Island College, 600 Mt. Pleasant Avenue, Providence, Rhode Island. Chair Frank Caprio declared a quorum present and called the meeting to order at 5:06 p.m.

Present: Kenneth Aurecchia, Kathrin Belliveau, Brandon Brown, Frank Caprio, Robert Flanders, Jr., Thomas Rockett, Daniel Ryan, Solomon A. Solomon, Brenda Dann-Messier, and Pierre LaPerriere

Absent: Joseph Hagan and Michael Ryan

1. ACCEPTANCE OF THE AGENDA

Chair Caprio indicated that a revised agenda has been distributed to reflect the removal of Item 7b under New Business.

On a motion duly made by Dan Ryan and seconded by Brenda Dann-Messier it was

VOTED: THAT the Board of Governors for Higher Education accepts the revised agenda for the meeting of September 29, 2008.

Vote: 10 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Kenneth Aurecchia, Kathrin Belliveau, Brandon Brown, Frank Caprio, Robert Flanders, Jr., Thomas Rockett, Daniel Ryan, Solomon A. Solomon, Brenda Dann-Messier and Pierre LaPerriere

NAYS: 0

2. APPROVAL OF THE MINUTES

On a motion duly made by Robert Flanders, Jr. and seconded by Brandon Brown it was

VOTED: THAT the Board of Governors for Higher Education approves the minutes of the August 18, 2008 meeting.

Vote: 10 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Kenneth Aurecchia, Kathrin Belliveau, Brandon Brown, Frank Caprio, Robert Flanders, Jr., Thomas Rockett, Daniel Ryan, Solomon A. Solomon, Brenda Dann-Messier and Pierre LaPerriere

NAYS: 0

3. COMMUNICATIONS/ANNOUNCEMENTS

Commissioner Warner introduced Deborah Grossman-Garber. Deborah is joining the Office of Higher Education staff as the Assistant Commissioner for Policy and Planning. Deborah has played a leadership role in Higher Education, particularly at the University for many years. Her last two positions were, most recently, the Director of the Office of Student Learning Outcomes Assessment and Accreditation and before that, she was Director of the Undergraduate Programs in Academic Outreach College for the College of Environment and Life Sciences. Most importantly, Deborah has been at the front line of major Board initiatives to introduce student learning outcomes and assessments into all programs of study and has taken the leadership for the University of Rhode Island on that subject. Deborah's advanced degree is from the University of California at Berkley.

Chair Caprio announced that both President Carothers and President DePasquale are both travelling out-of-state and unable to be in attendance at tonight's meeting. In their absence, the presidents' reports will be omitted from this meeting.

In addition, Chair Caprio thanked President Carriuolo for the hospitality to the members of the Board and particularly to the food services department for the wonderful buffet that they have prepared.

4. REPORT OF THE CHAIR

Chair Caprio began his report by calling upon President Carriuolo to welcome the board members, inviting President Carriuolo to fill the Board in on current events at Rhode Island College.

President Carriuolo welcomed everyone to Rhode Island College. She began her presentation by stating that in light of all the bad news we have had lately in the state, she would like to comment on some good news about RIC that has been noted in the newspaper and on television in the last week. Last Friday night RIC partnered with the National Commission on Presidential Debates to hold the only statewide Debate Watch in the country. Over 400 citizens, including students, participated. The cost of the event was largely supported by AARP, a new partner for the college.

President Carriuolo went on to further elaborate on an announcement made by the Governor during a press conference this week. The Rhode Island Technology Enhanced Science (RITES) program is the first large grant obtained under the auspices of RIC's new STEM Center opening in January. At \$12 million dollars, it may be the largest NSF grant in the history of Rhode Island. The two institutions co-leading the grant are URI and RIC, with several other partners, including Johnston High School. The purpose of the grant is to have scientists and education faculty in institutions of higher education work with K-12 teachers to improve science education, mostly using an inquiry-based computer model.

She concluded by stating that RIC was pleased to host the Board's meeting in recognition of the fact that the leadership of Chair Caprio and members of the Board of Governors is especially important to RIC in these difficult financial times, and she thanked the Board for their presence and their continued support of the College.

5. OPEN FORUM

None.

6. REPORT OF THE COMMISSIONER

Commissioner Warner presented a brief update on the status of the URI presidential search. As the Commissioner stated, President Carothers made a formal announcement a few weeks ago that he would not seek to renew his employment contract. At the same time, Tom Ryan, who was chosen to chair the search committee, was introduced to the URI community. The search committee will consist of board members, faculty, alumni, student representative, members of the foundation and members of the URI administration and staff. A request for proposals soliciting a search firm has been initiated. The search firm will be helpful to us in recruiting candidates who may not necessarily be looking for a job.

Later in October we will have an organizational meeting of the search committee. On September 30th, the Commissioner will post at URI a draft presidential profile that will outline in more specific terms the types of qualifications required and the desired characteristics that we are looking for in the next president of the University. The URI community will be given an opportunity to comment on that profile. All comments will be taken into consideration and a final profile will be produced to be used in the recruitment process. Once a pool has been put together, the search committee will begin narrowing the pool with the help of the search firm. We will move on towards the spring with a set of semi-finalists and then finalists who will then interview with the larger University of Rhode Island community.

Chair Caprio echoed the Commissioner's comments with respect to the search committee. He reiterated that the Board had thought long and hard about the composition of the search committee and certainly wanted to make sure that the University community was well represented and that their wishes would be reflected during the deliberations. Chair Caprio stated the Board would be kept informed during the search. Anyone with any questions may call either the Commissioner or the Chair directly or any other member of the board who are on the search committee: Thomas Rockett, Brenda Dann-Messier, or Dan Ryan.

7. NEW BUSINESS

Chair Caprio introduced Item 7a, requesting the Board's approval of an Amended Easement for West Kingston Property at URI.

Associate Commissioner for Finance & Management, Dr. Susan LaPanne, stated that in 1984 the Board of Governors acquired property including land and buildings at 430 Liberty Lane in Kingston. At that time, there were two adjacent industrial properties that had utility easements across the University lot for pedestrian and vehicular access and for water, electrical and phone service. At the present time, the University and those two industrial properties have linked into the Kingston Water District for direct service; however, one of the buildings that was on that property was sold to South County Post & Beam Co., which is now requesting to tie into the municipal sewer and local gas services that are in place along Liberty Lane. They are asking for an easement across the Board's property at Liberty Lane. While the present easement speaks to water and electrical services, it does not consider sewer or gas services. An amendment is therefore required to permit such an installation with this easement.

Commissioner Warner reminded everyone of the paths that the Board has not chosen. There have been no closing of facilities and no reduction in enrollments; in fact, enrollments continue to grow. The Commissioner reiterated that the long term solution to Rhode Island's economic difficulties is to educate more Rhode Islanders. The Office of Higher Education has been very reluctant to respond to this crisis by saying we need to close a campus, close a college within the university, close a facility down or reduce the ability of Rhode Islanders to attend one of our institutions. We have kept our tuition increases under the national average in comparison to institutions in New England and the northeast, but as state support dries up, we have very little choice to maintain the course between affordability and maintaining quality.

Commissioner Warner gave a brief overview of the three components included in the package. The current service level (CSL Scenario One) is what is believed at minimum it will take to operate our institutions, staying on the path that we've chosen. This path has modest enrollment growth, accommodates students who want to attend, encourages their attendance and supports them to graduate. This is going to be based on a supplemental request for fiscal 2009, which may be an unlikely scenario.

The difference between CSL Scenario One and CSL Scenario Two is that one recommends a supplemental request that would generate about \$4.5 million of state revenue for FY 2009, while the second scenario recommends a mid-year tuition and fee increase for FY 2009 spring semester that would generate the same amount of revenue to try to close the gap that we anticipate for this fiscal year.

The third budget in the packet is called a target level budget. That was based on instructions from the State to take another 8% off the general revenue for fiscal 2010. That budget has dire consequences for higher education, especially given the base of cuts that have already been established.

The Commissioner continued with a review of the context of each scenario. He indicated that the Board knew last year they were going to suffer roughly a \$17.8 million cut from the previous year. In addition, a \$3.7 million cut was taken at mid-year. The Office of Higher Education was the only entity in the state (there may have been one other small one), that despite taking the mid-year adjustment, finished the year in the black. The Commissioner indicated that not every state agency did that, and in fact, the entire state finished at \$33.5 million in the red. The Office of Higher Education has taken pride in finishing each year in a positive balance. As the Commissioner has reported separately, the institutions do not have reserves due to the state frequently sweeping balances from various entities around the state.

The \$17.8 million cut was known and adjustments to tuition on fees were made in June based on the assumption that that was the budget number. However, we learned shortly after July 1st of this year, that there were quite a few other cuts in store for the OHE. The first hit took place in the form of a \$6.1 million holdback that was contained in the Department of Administration's budget for leaving positions vacant. Commissioner Warner argued that the distribution to Higher Education was too high. He believed the distribution was calculated based on the size of personnel, but Higher Education's personnel is supported not just by general revenue, but also by tuition and fees. Whenever cuts are made based on personnel, Higher Education will suffer disproportionately. He argued that a fair number would have been \$2.7 million, but he lost the argument. A total of 95.8 FTE's were also lost in that distribution, along with the \$6.1 million.

The second hit occurred due to the increase in the assessed fringe benefit rate. The State assesses all state entities a percentage of their payroll to bank funds to pay out any workers' compensation and also to pay out for accrued vacation and sick leave upon retirement. Because of the extensive retirements that the State has experienced, that rate went from a planning value of 3.8% that we were told to build into the budget to 6.3%, nearly doubling. This represents a \$5.9 million impact. At the present time we are negotiating the details to remove our faculty from that base because our faculty does not accrue vacation and sick time. We may get some relief from the \$5.9 million, but it may not be more than \$1 million to \$1.5 million.

The third reduction was another \$.8 million for a proposed furlough day for June of 2009, a furlough day that we cannot enforce because our institutions are in session. All of this totals over \$30 million of reductions, over \$12 million of which was unanticipated at the time we approved our last tuition and fee increases.

Both of the budgets in fiscal '09 result in the same request for fiscal 2010. In fact, the tuition and fees that are recommended for fiscal year 2010 are the same in each case. What we are requesting in terms of either a supplement or a tuition and fee increase in mid-year is a one time event. When using the fall charges as a base, the tuition and fee increases for 2010 would be in the 9.5% range. If the mid-year increase is enacted, we would enact the same dollar amounts that are proposed in scenario one for the fall, and the percentage increase would be lower because that base would be higher.

The third scenario is based on the State budget office instruction to cut an additional 8% from the budget. At that point the general revenue that we would experience from the state would be about what we received in 1995/1996, when costs of a variety of kinds were far lower than they are today. To come close to functioning in that scenario, we may have to look at closing down certain major functions of our enterprise and even in doing that, we'd be looking at a 15-25% tuition and fee increases.

If this trend continues, we may be looking at the privatization of higher education, with tuition and fee charges, without state support. Rhode Island as a state is about 45th out of the 50 states in its public support of higher education to begin with.

The Commissioner ended his overview and opened the meeting to questions or comments.

Governor Brenda Dann-Messier inquired whether the Commissioner had a final figure on the retirement numbers and whether they met estimations more than expected and what the impact may be on the budget?

The Commissioner indicated he did not have the numbers and suggested an answer be requested from the institutions. He believed the numbers were coming in as high as they anticipated and one of the major strategies to coping with the current situation is to keep the positions vacant. The retirements have prevented large-scale layoffs because they have presented enough turnover to be able to keep positions vacant. The institutions have been asked to present a reorganization plan to the Commissioner, enumerating how the institution is delivering what needs to be delivered considering all the downsizing that has taken place.

Governor LaPerriere stated that the picture for Higher Education continues to look pretty bleak and has so for the past few years while only short-term measures are taken to address them. He asked what the long-term vision or plan is to cope with these issues, especially if they are not going to get any better.

Commissioner Warner responded by explaining that the first set of strategies he has thought about along with the presidents is that as we become increasingly privatized, it becomes more important to separate higher education from the business of the state. Not only do we receive a much diminished set of support from the state, if we look at the possibility of the 2010 target budget going forward, where higher education will get \$145 million from the state, against an \$860 million total budget. One of the requests that would be made of the state would be to operate as a quasi-entity, not so heavily regulated by the state. This would allow for Higher Education investment of public revenues without fear of having them be swept at any time the state runs into financial difficulties. The Commissioner continued by expressing that if the State wants viable quasi-public higher education institutions, he believes a legitimate tradeoff for much diminished state support is much greater freedom for higher education to be entrepreneurial, generate their own sources of revenue, diversify those sources of revenue and have much more authority to use them without having to go through state bureaucracy. State bureaucracy continues to add greatly to our expenses. The amount of duplicate effort that we experience between our own purchasing system and the state's purchasing system is astounding. As our first step, we have discussions under way to operate our own purchasing under significant delegated authority. The Commissioner is looking to go further and operate a number of functions, including payroll, to separate OHE. Higher Education, as stated, has proven to be responsible managers, finishing in the black despite tremendous handicaps.

Initial discussions have begun on the delegated purchasing authority. There has been a workgroup operating since February that has redesigned all of the regulations. Currently, the OHE is in the final stages of negotiating with the Department of Administration to get that delegated authority. The next step will be payroll.

President Carriuolo shared an example of how not having delegated purchasing authority in some cases effects our ability to raise funds. She discussed The Champlin Foundation, which has supported the College for a variety of different projects on campus and explained that the College had been slow in spending those monies because of the State purchasing office. Their staff has dwindled and consequently purchasing items under the grant cannot always be done because it takes so long to get through State purchasing.

Governor Brenda Dann-Messier stated she was disheartened by the current situation where opportunities for the students are being limited when they should be expanding. She suggested the Board be proactive and meet with the members of the General Assembly before the figures come out in November and make a case for the \$4.5 million supplemental.

The Commissioner indicated he would seek meetings and stated he would be meeting with some of the leaders of the House on September 30th and will certainly raise the issue.

On a motion moved by Solomon A. Solomon and seconded by Daniel Ryan, it was

VOTED: THAT the Board of Governors for Higher Education approves the system
(Item 7c) of public higher education budget request for the 2009-2010 fiscal year as recommended in **Scenario One** for FY 2010 current services and a supplemental request for FY 2009, and further

THAT the Board of Governors approves the system of public higher education budget request for the 2009-2010 fiscal year as recommended in **Scenario Two** for FY 2010 current services with a mid-year tuition increase request for FY 2009. This increase will be implemented only if

determined by the chairman, the vice chairman and the commissioner that the granting of a state supplemental request is unlikely based upon information available after the November Revenue conference, and further

THAT the Board of Governors approves the tuition, mandatory fees, and auxiliary enterprise fees for the 2009-2010 fiscal year as presented for current services as recommended in **Scenario One**, and further

THAT the Board of Governors approves the tuition, mandatory fees, and auxiliary enterprise fees for the 2009-2010 fiscal year as recommended in **Scenario Two** for FY 2010 current services with a mid-year tuition increase request for FY 2009. This increase will be implemented only if determined by the chairman, the vice chairman and the commissioner that the granting of a state supplemental request is unlikely based upon information available after the November Revenue Conference, and further

THAT the Board of Governors approves the system of public higher education Tables of Organization for the 2009-2010 fiscal year as presented.

Vote: 10 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Kenneth Aurecchia, Kathrin Belliveau, Brandon Brown, Frank Caprio, Robert Flanders, Jr., Thomas Rockett, Daniel Ryan, Solomon A. Solomon, Brenda Dann-Messier and Pierre LaPerriere

NAYS: 0

8. COMMITTEE REPORTS

None.

9. ADDITIONAL CONSENT AGENDA

Chair Caprio introduced the only item on the Consent Agenda, item 9(a), recommendations of the Personnel Review Committee.

On a motion made by Pierre LaPerriere and seconded by Brandon Brown, it was

VOTED:
(Item 9a) THAT the Board of Governors for Higher Education approves the recommendations of the Personnel Review Committee

Vote: 10 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Kenneth Aurecchia, Kathrin Belliveau, Brandon Brown,
Frank Caprio, Robert Flanders, Jr., Thomas Rockett,
Daniel Ryan, Solomon A. Solomon, Brenda Dann-Messier
and Pierre LaPerriere

NAYS: 0

10. UNFINISHED BUSINESS

None.

11. EXECUTIVE SESSION

The Board of Governors did not enter into executive session.

12. NEXT MEETINGS

Monday, October 27, 2008, 5:00 p.m. at the Community College of Rhode Island, Board Room 4090, Warwick, Rhode Island.

Monday, December 8, 2008, 5:00 p.m., at a location to be announced.

13. ADJOURNMENT:

On a motion duly made by Kathrin Belliveau and seconded by Thomas Rockett it was

VOTED: THAT the Board of Governors for Higher Education adjourn.

Vote: 0 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Kenneth Aurecchia, Kathrin Belliveau, Brandon Brown,
Frank Caprio, Robert Flanders, Jr., Thomas Rockett,
Daniel Ryan, Solomon A. Solomon, Brenda Dann-Messier
and Pierre LaPerriere

NAYS: 0

The meeting was adjourned at 5:57 p.m.

Respectfully submitted,

Kenneth Aurecchia, Secretary