



RHODE ISLAND BOARD OF GOVERNORS FOR HIGHER EDUCATION

A regular meeting of the Rhode Island Board of Governors for Higher Education was held on Monday, October 5, 2009, at the Community College of Rhode Island, Warwick, Rhode Island. Chair Frank Caprio declared a quorum present and called the meeting to order at 5:11 p.m.

Present: Frank Caprio, Michael Ryan, Kenneth Aurecchia, Brandon Brown, Solomon A. Solomon, Robert Flanders, Jr., and Thomas Rockett

Absent: Kathrin Belliveau, Joseph Hagan, Daniel Ryan, and Pierre LaPerriere

1. ACCEPTANCE OF THE AGENDA

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

VOTED: That the Board of Governors for Higher Education accept the agenda for the meeting of October 5, 2009.

Vote: 7 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Frank Caprio, Michael Ryan, Kenneth Aurecchia, Brandon Brown, Solomon A. Solomon, Robert Flanders, Jr., and Thomas Rockett

NAYS: 0

2. APPROVAL OF MINUTES

On a motion duly made by Solomon A. Solomon and seconded by Thomas Rockett it was

VOTED: That the Board of Governors for Higher Education approve the minutes of the August 17, 2009 meeting.

Vote: 7 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Frank Caprio, Michael Ryan, Kenneth Aurecchia, Brandon Brown, Solomon A. Solomon, Robert Flanders, Jr., and Thomas Rockett

NAYS: 0

3. COMMUNICATIONS/ANNOUNCEMENTS

None.

4. REPORT OF THE CHAIR

Chair Caprio thanked President DiPasquale for hosting tonight's meeting and extended a special thank you to the food service department for an outstanding dinner.

Chair Caprio shared his concerns on the outcome of Council 94's upcoming vote regarding the Governor's Memorandum of Agreement/Pay Reduction Plan and how it may affect higher education. He indicated that he, the presidents and OHE staff will continue to meet regularly and assured everyone that they are working to do what is in the best interests of Higher Education.

The Chair then introduced Professor Sandra L. Sneesby, an Assistant Professor in the Computer Studies Program at CCRI. Professor Sneesby introduced a project in the Computer Studies Program at CCRI that is not only having an impact on emergency planning in Rhode Island, but is being shared nationwide. The Federal Emergency Management Agency approached the Community College through the Rhode Island Emergency Management Agency asking for help creating a web site that would engage school children and their families in preparing them for emergencies. The project is called Student Tools for Emergency Planning ("STEP"). President DiPasquale thanked Professor Sneesby and the Computer Studies Program for their good work, and indicated that he believes they will continue to bring great honors to CCRI.

5. OPEN FORUM

Three individuals signed up for open forum.

Dr. Robert DeRobbio and Charles Drago, both of Ocean State Learning, spoke with respect to Item 7a on the Agenda, the recommendation to approve an Agreement between the Rhode Island Office of Higher Education and Gibbs College to Change the Name and Operating Status of Gibbs College, a Degree-Granting, Proprietary Institution, to Sanford-Brown Institute, a Non-Degree Granting Proprietary School.

Dr. DeRobbio introduced himself as President and CEO of Action Learning International, d/b/a Ocean State Learning. He stated that Ocean State Learning and Action Learning International have appeared before the legislature looking for approval to start a university. They have been denied at the Senate level and were told to come back to the Board of Governors for Higher Education for approval. They are in the process of completing an application for college level and also for a proprietary school.

Dr. DeRobbio added that he has done research on Sanford Brown University/ Sanford Brown College and found that their website was not user friendly and did not allow easy access to their Board of Directors or a listing of their various campus presidents. Other than information on their course work, the only way to obtain more information on Sanford Brown Institute required one to submit their name as a registered student.

Dr. DeRobbio indicated that what he was able to find was very disturbing. Under a website entitled "rippoff.com" Dr. DeRobbio found complaints about various Sanford Brown Institute locations stating:

"is misleading and fraudulent", Pittsburgh, PA
"money hungry school that does not care about your education", Bronx, NY
"is a waste of time and money – can't get a job after graduating because of the bad reputation", White Plains, NY
"does not provide a good education", PA
"lies and scams and falsely misleads", Pittsburgh, PA
"don't waste your money", Dallas, TX
"discrimination and racism exercised with impunity", Houston, TX
"this school is a fake and expensive...", Edison, NJ

A further look into Sanford Brown College by Dr. DeRobbio revealed equally as disturbing findings under the same website:

"stop the lies, no pay—no grade", Ferguson, MO
"liars, liars, liars, says what you want to hear to get your money", Cypress, TX
"fake degree", Arnold, MO
"this company passed a student after she clearly failed, a course rip-off" Southbend, IA

Dr. DeRobbio closed by asking that the Board at the minimum table the action for this evening and at the maximum refuse to grant that name change to a proprietary school.

The second speaker, Charles Drago, also from Ocean State Learning, reiterated Dr. DeRobbio's concerns and likewise requested that the Board table this item and at best say thanks, but no thanks.

The final speaker, Courtney Schmidt, Vice President of the Graduate Assistants United, at URI, addressed the Board with respect to the proposed fee increases as well as the tuition increases mentioned in the Providence Journal on October 4th, 2009. Ms. Schmidt stated that the assistants' stipends have not kept pace with increases in the cost of living. She stated that if graduate students can no longer afford to perform their functions based on financial restraints, the University has very little hope for survival. Increasing tuition will cause students paying for themselves to re-evaluate whether or not they can attend graduate school due to financial burden. Ms. Schmidt asked that the Board re-evaluate administrative salaries or consolidation as a way to avoid increasing tuition. Ms. Schmidt thanked the Board for their time.

6. REPORT OF THE COMMISSIONER

Commissioner Maurano reported on the proposed 2011 budgets for the University, the College, the Community College, and the Office of Higher Education. At the Board's last meeting, shortly after the legislature passed the budget and it was signed into law in late June, the Office of Higher Education was asked to absorb a budget cut as their share of the approximate \$70 million in unallocated cuts which the General Assembly assigned to the Department of Administration budget. At the time, that cut was thought to be in the area of \$4.3 million. Shortfalls in revenue for the fiscal year that began in July, however, have pushed the number up to approximately \$9.4 million. The following is a breakdown:

\$3.4 million	University of Rhode Island
\$2.5 million	Rhode Island College
\$3.1 million	Community College of Rhode Island
\$400,000	Office of Higher Education

Commissioner Maurano indicated that all three institutions are struggling on how they will make those cuts in the current fiscal year to achieve those savings. Taken collectively, these are the latest in a series of cuts that have seen state support for higher education decline by over \$35 million since fiscal 2007. Commissioner Maurano stated that he recognizes the balancing act that the Board is faced with as it relates to providing and ensuring quality education at the institutional level, while maintaining tuition at affordable levels. As has been the case with the recent budget, the FY 2011 budget falls somewhere between those two goals. We are now beginning to reach levels of tuition that could ultimately shut out some of our lowest income students from a college education. Compounding the problem even further, is the fact that while state support for higher education continues to decline, so, too, does state support of student financial aid programs, making it twice as hard for students who want to attend college to be able to afford a post secondary education. The tuition and fee increases that you see in the 2011 budget are just under ten percent and are based on the state allocations to the system as they stand at present. The allocation for higher education has shifted consistently and considerably in the weeks and months after the budget has been enacted in each of the last two fiscal years. If that continues to be the case, and our allocations continue to erode, or are further reduced at mid-year, Commissioner Maurano expects that all three institutions will be back before the Board to propose additional strategies in light of those reductions.

7. NEW BUSINESS

- a. **Approval of the Agreement between the Rhode Island Office of Higher Education and Gibbs College to Change the Name and Operating Status of Gibbs College, a Degree-Granting, Proprietary Institution, to Sanford-Brown Institute, a Non-Degree Granting Proprietary School.**

Governor Michael Ryan recommended that this proposal be sent to the Academic and Student Affairs Committee for further study.

On a motion duly made by Michael Ryan and seconded by Kenneth Aurecchia and Robert Flanders, Jr. it was

VOTED: That the Rhode Island Board of Governors for Higher Education refer Item 7(a) to the Academic and Student Affairs Committee for further review and study.

Vote: 7 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Frank Caprio, Michael Ryan, Kenneth Aurecchia, Brandon Brown, Solomon A. Solomon, Robert Flanders, Jr., and Thomas Rockett

NAYS: 0

b. Approval of the Unrestricted and Restricted Budget Requests, Tuition and Fee Rates, and Tables of Organization for FY 2011s and 2012 and the Unrestricted and Restricted Budget Allocation for FY 2010

Associate Commissioner Susan LaPanne introduced the summary schedules of the Rhode Island Public Higher Education System's unrestricted and restricted budget requests for FY 2011 and the allocation of the revised budget for FY 2010.

The fiscal year 2006 Appropriation Act, according to Associate Commissioner LaPanne, has delineated the state appropriation funding by institution for higher education. The Board, however, still maintains the authority and responsibility to produce a system budget request, to make funding recommendations, and to establish tuition and fee rates.

With the approval of Commissioner Maurano and Chair Caprio, in consideration of Commissioner Maurano's discussion of the FY 2010 budget allocation and the issues involved, Associate Commissioner LaPanne proceeded directly to the FY 2011 budget.

Each fiscal year the State Budget Office provides a budget target that specifies the amount of state appropriation funding for each institution. In the past, it has been the practice of the State Budget Office to provide a target budget level that was considerably less than what was required by the institutions and OHE to maintain a current service level of operations. Although the Board has always provided a target level budget scenario as requested, it has always approved a current service level budget as the formal budget request. For FY 2011, the State Budget Office has provided a current service level budget target alone, as opposed to a budget target that significantly reduced the amounts from the prior year state appropriation. This CSL budget is being presented to the Board for approval and submission to the Governor.

The CSL budget target for FY 2011 is \$176.7 million including general obligation debt service of \$17.1 million yielding a net state appropriation of \$159.6 million. This is a \$12.8 million or 9% increase over the current year.

The proposed tuition and fee increases for FY 2011 for in-state undergraduate students are proposed at \$948 or 9.9% at the University, \$578 or 9% at the College and \$276 or 8.2 % at the Community College. For out-of-state undergraduate students, the increases are \$1,156 or 4.4% at the University, \$1,390 or 9% at the College and \$784 or 8.7% at the Community College.

With regard to enrollment, the institutions are projecting that they will enroll a total of 31,358 full-time equivalent students for FY 2011. This number represents an increase of 22 students or 0.1% over our current year and 1.9% over 2009. The University is projecting a decrease of 124 in-state and an increase of 116 out-of-state students; the College is projecting an increase of 30 in-state students and no change in out-of-state enrollment. The Community College anticipates no change in enrollment from FY 2010 to FY 2011.

Associate Commissioner LaPanne noted that the full-time equivalent student count at the Community College of Rhode Island for this year is 11,134, the highest full-time equivalent in the history of the Community College.

The 2012 budget estimates provided to the Board, are based upon a fully funded FY 2011 request. The other assumptions that were built into that projection for 2012 include a modest enrollment increase and personnel assumptions based upon State Budget Office guidelines and contractual obligations and a very moderate level of inflation. The result for the 2012 projection for unrestricted operations of \$583.8 million is an increase of \$25.1 million over the FY 2011 request.

Associate Commissioner LaPanne broke down the budget by institution:

The University is requesting a total unrestricted budget of \$336.9 million for FY 2011. The budget would be supported by \$62.7 million in state appropriations, \$236.2 million in tuition revenue, and \$23.7 million in other institutional resources. This amount is \$20.3 million or 6.4% greater than the current year.

As the President's letter noted, the University's budget is being driven by its core missions, undergraduate and graduate education, research and outreach activities.

The University's budget highlights include:

- enrollment is essentially level from 2010 with a decrease of 8 students, however, in-state enrollment has declined by 124 students
- funding for new items linked to the implementation of the strategic priorities from the Academic Affairs Initiative to enhance quality and revenue
- \$4.7 million in additional funding for student aid
- expansion of the Graduate Research Tuition Differential Fellowship Program established in FY 2010 to foster greater support for graduate assistantships
- additional funding for branding and advertising
- new funds are requested for Athletics and Administration Departments
- funding of five janitorial positions to meet minimum American Physical Plant Association standards
- 3% COLA increases in accordance with instructions from the State Budget Office
- Shepard Building facility budget of \$2.8 million

On the restricted side, the University is requesting a total of \$321 million toward non-state supported activities in fiscal 2011. The RICAP request includes \$9.2 million for asset protection and various other projects listed in the enclosed summary of RICAP funding analysis.

Sponsored research programs for both federal and state funds are budgeted at \$75 million. All auxiliary and enterprise funds are projected to break even in this current year.

Scholarships/fellowships are budgeted at \$106 million which is an increase of \$8.1 million from FY 2010.

In regard to tuition and fees, the University is requesting that student paid tuition and fees be increased by 9.9% for in-state students for a total of \$10,476, and an increase of 4.4% or a total of \$27,182 for out-of-state students. The University is also requesting an increase of \$924 which represents a 9.3% in student-paid tuition and fees for in-state graduate students for a total tuition of \$10,870. Out-of-state graduate students would experience a total increase of \$1,032, for a total tuition of \$24,250 annually. Student-paid fees will increase as follows:

Fee	FY 2010	FY 2011 (proposed)	Increase
Housing (average)	\$6,840	\$7,223	5.6%
Dining (average)	\$3,710	\$3,860	4.0%
Unrestricted Mandatory	\$156	\$174	11.5%
Transportation	\$80	\$84	5.0%
Building	\$288	\$418	45.1%
Health Services	\$460	\$480	4.3%

Other fee increases include:

- PharmD Curriculum Professional Fee increase of \$500
- Bachelor Degree PharmSci Practicum Fee of \$50
- Summer Session rate increases ranging up to \$35 per credit hour
- Document fee increase of \$15

Rhode Island College is requesting a total unrestricted budget of \$111.7 million for FY 2011. This budget will be supported by \$41.8 million in state appropriations, \$62.4 million in tuition revenues, and \$6.1 million in other institutional resources totaling the \$111.7 million budget. This amount is \$9.7 million or 9.5% greater than the FY 2010 budget.

The College is also requesting a 9.1% increase in state support exclusive of GO debt or \$3.5 million more than the FY 2010 budget. Student enrollment is projected to increase by 30 students over the FY 2010 academic year, which is 338 students or a 5% increase as compared to FY 2009 budget.

Among Rhode Island College's budget highlights to FY 2011 are:

- contractual wage increases along with steps and longevity for classified and non-classified staff
- personnel services increase of \$6.8 million or 9.2% over FY 2010
- Operating expenditure increases relative to the two new buildings on the East Campus that were brought on-line in FY 2010
- increases in the costs of computer software maintenance agreements
- re-establishment of funds for computer purchases that will allow the College to restore a regular schedule for the replacement of PC desktop units

On the restricted side of the budget, Rhode Island College is requesting a total of \$41.4 million for non-state supported activities in FY 2011. This restricted budget is \$2.6 million more than the current year. The new residence facility has provided for an increased number of students living on campus which has a direct impact on other auxiliary operations as well.

Some of the highlights of the restricted budget for FY 2011 include:

- room rate increase ranging from \$298 to \$348
- meal plan increase ranging from \$146 to \$162
- Donovan Dining Center Fee increase of \$6.
- the College is unable to increase the amount of revenue from state and federal funds due to the limit on third party funded FTE cap. Therefore, in this budget, the College is requesting an increase of 20 FTE to the 3rd Party Funded FTE cap from 82 to 102.

The College tuition and fees revenue for FY 2011 is \$62.4 million which represents an increase of \$5.7 million or 10%. These revenues are based upon 0.4% enrollment growth. RIC is requesting a \$578 or 9% increase in student paid tuition and fees for in-state undergraduate students for a total of \$6,986. Non-resident undergraduate tuition and fee rates are increasing by \$1,390 or 9.0% for a total of \$16,878. Resident graduate student per credit rates will increase by \$32 per credit or 10.3% while out-of-state graduate student credit rates would rise by \$54 per credit or 8.5%.

Fees paid by students will increase by the following:

Fee	FY 2010	FY2011 Request	Increase
Housing (average)	\$5,242	\$5,554	6.0%
Dining (average)	\$3,812	\$3,965	4.0%
Student Union Fee	\$ 248	\$ 252	1.6%
Dining Center Fee	\$ 150	\$ 156	4.0%
Registration Fee (graduate)	\$ 140	\$ 144	2.9%

The College is estimating a total unrestricted budget of \$115 million in 2012. This budget would be supported by \$43 million in anticipated state appropriations, \$64.3 million in tuition revenue and \$6.2 million in other institutional resources.

The Community College of Rhode Island is requesting a total unrestricted budget for academic year 2011 of \$102.8 million. This budget will be supported by \$47.7 million in state appropriations, \$49 million in tuition and fee revenue and \$4.7 million from other institutional resources. This amount is \$7.7 million or 8.1% greater than the FY 2010 budget allocation.

The Community College is requesting an increase of 9.8% in state support, or \$4.3 million more than in FY 2010.

Student enrollment is projected to remain flat for FY 2011 versus FY 2010, although the full-time equivalency number for this current enrollment semester is the highest that it has been in the history of CCRI.

The Community College's budget request highlights for FY 2011 include:

- Need to reduce the turnover expectancy to address the needs of areas where faculty is in demand such as in
 - remedial courses where 70% of the student body is affected
 - student advising and academic support services that are key to student retention.
- Maximization of faculty contractual workload and combination of under-enrolled sections.

- Technology for managing classroom utilization and scheduling as well as aligning the equipment needs and teaching needs of the faculty. A major initiative is the implementation of a redundant IT system to ensure continuity should the primary system fail for any reason.
- The formalization of a plan to address the deferred maintenance issue by addressing major budgetary items through the annual RICAP funding level. The four campuses have a combined deferral maintenance list of approximately \$40 million.
- Capital campaign donations which have enabled the total renovation of the Lincoln Campus Dental Assisting Lab as well as the Warwick Library.

On the restricted side, the Community College is requesting a total of \$30 million for non-state supported activities in fiscal 2011 which include Rhode Island capital funds of \$1.3 million.

The Bookstore/Bond Fund continues to be strong and a budget surplus of \$0.4 million is projected. Drivers' Education funding is also projected to increase in 2011 by 7.5%. Research has decreased by \$0.2 million or 5.7%, while scholarships have increased by that same amount.

Tuition and fees at CCRI for FY 2011 will be \$49 million, which represents an increase of \$3.4 million or 7.5%. For in-state students, the tuition and fees increase represents \$276 or 8.2% over last year, which equates to \$3,652 per year. For out-of-state students, tuition and fees will increase \$784 or 8.7% which equates to \$9,792.

The Community College is requesting two new fees. A Health Program Fee of \$200 (\$100 per semester) for Nursing and Dental Health students is due to the costliness of these programs. Many community colleges have found the need to assess this fee to students for these high expense programs. The Summer Session Registration Fee of \$10 will be assessed in lieu of the \$17.00 per semester registration fee.

With regard to its 2012 projection, the Community College is estimating a total unrestricted budget of \$106.2 in 2012, which will be supported by \$49.2 million in state appropriations, \$50.9 million in tuition and fee revenue and \$4.7 million in other institutional resources.

Dr. LaPanne added that the Tables of Organization for all three institutions were included in the budget packet that was sent to the Board under separate cover.

As enumerated in Enclosure 7(b) in the packet provided to Board members, the Office of Higher Education is requesting a total unrestricted budget allocation of \$6.9 million for FY 2010. This budget would be supported by \$2.6 million for operations, \$3.5 million in pass-through accounts and \$0.8 million in legislative grants. On the restricted side, OHE is requesting a total of \$3.5 million for federal and private grant activity.

For FY 2011, a total of \$7.5 million is requested for OHE's unrestricted budget. This amount reflects an increase of \$0.5 million or a 7.2% increase over the current year. The unrestricted budget is comprised of \$3.0 million in operations. Also included is \$3.7 million in pass-through accounts which consist of funding for PeopleSoft Implementation (\$1 million), Shepard Building operations and parking (\$2.3 million), a Dual Enrollment Grant (\$0.4 million) and \$0.8 million in legislative grants.

OHE's restricted budget for FY 2011 is estimated at \$3.5 million, and includes Veterans' Training, Title II, and the Early Intervention Gear-Up programs. For FY 2012, OHE's unrestricted budget is estimated at \$7.6 million. This amount is \$169,508 or 2.28% greater than requested in FY 2011.

Chair Caprio expressed his true concerns on asking the Board to vote on the requested tuition and fee increases. Nevertheless, he added that this responsibility is thrust upon the Board every year. Chair Caprio indicated that this is not a new situation for the Board. Since 2004, the Board has raised tuition at the University by 69.4%, at Rhode Island College by 74.9% and at the Community College by 72.3%. In the last four years, higher education's budget has been cut \$36 million. At the beginning of the current budget year, due to the budget situation, it was indicated to Chair Caprio that higher education would be assessed \$4.4 million. As a result of lower revenue estimates, the figure was raised to \$9.4 million, an additional \$5 million for higher education. Chair Caprio stated he is extremely confident that the three institutions have effectuated as many savings as they can. The three institutions are at a tipping point where there is no other recourse than to raise tuition. Chair Caprio expressed his concern about this very difficult situation and asked whether anyone would like to speak on the issue.

Vice Chair Michael Ryan added that this diminution of state support for higher education and the percentage of increase in tuition is not something that is born of this latest crisis. There has been a steady decline in support on the part of the state for public higher education in Rhode Island. That has had an obvious impact not only on the institutions, the faculty, and administration of each of those institutions, but on each of the families, particularly the in-state families, and the students that have to pay the freight. It is getting to the point where we are going to price ourselves right out of the market. We are raising tuition beyond the price that most Rhode Islanders can pay. We are going to lose people as a result and this will diminish revenue and add pressure to the institutions to cut programs, campuses, faculty, etc. At some point, Vice Chair Ryan noted we are going to have to get a grasp of the situation, adding that he does not know that there is any particular remedy beyond what has been offered tonight, at least in the short term.

Chair Caprio reminded everyone of the Board's stated goal to make education affordable and accessible particularly for less advantaged youngsters and stated that by raising tuition and fees, we are making it less affordable and less accessible. Fortunately, the three institutions have made provisions to help underprivileged youngsters.

On a motion duly made by Michael Ryan and seconded by Kenneth Aurecchia it was

- VOTED:**
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| That | the Board of Governors approves the Public Higher Education System's budget request for the 2010-2011 fiscal year as presented and as set forth in Enclosure 7(b), and further |
| That | the Board of Governors approves the Public Higher Education System's tuition, mandatory fees, and auxiliary enterprise fees for the 2010-2011 fiscal year as presented and as set forth in Enclosure 7(b), and further |
| That | the Board of Governors approves the Public Higher Education System's Tables of Organization for the 2010-2011 fiscal year as presented and as set forth in Enclosure 7(b), and further |

That the Board of Governors approves the Public Higher Education System's budget allocation for the FY 2009-2010 fiscal year as presented and as set forth in Enclosure 7(b).

Vote: 6 members voted in the affirmative and 1 member voted in the negative as follows:

YEAS: Frank Caprio, Michael Ryan, Kenneth Aurecchia, Solomon A. Solomon, Robert Flanders, Jr., and Thomas Rockett

NAYS: Brandon Brown

c. Acceptance of the Audited Financial Statements for URI, RIC and CCRI for the Fiscal Year Ended June 30, 2009

Commissioner Maurano commended Associate Commissioner Susan LaPanne as well as the Business Vice Presidents, the Controllers and their staffs at the three institutions, in addition to O'Connor and Drew, the Board's new auditing firm. O'Connor and Drew provided superior service for the task at hand and they produced an excellent audit.

Associate Commissioner LaPanne reported that audits were completed for all three institutions under the accelerated time table required by the State. As of Fiscal 2006, all state entities are required to submit audited financial statements by September 30th. An audit is a huge undertaking for organizations as large as our schools. This year was a particular challenge as it was the first audit for all three institutions with a new audit firm who succeeded a firm with a significant tenure with the system.

All three institutions not only completed all audit requirements on time but each of the three received an unqualified opinion from our external auditors, O'Connor and Drew, which is the most positive outcome for any audit.

Also significant to this year's findings are the inclusion of the required Government Accounting Standards #43 and #45 which require the calculation and reporting of institutional liabilities for other post retirement benefits which would include the health care insurance option in which system employees may choose to participate. This reporting required a significant effort in both the assessment of the potential liabilities for the state and the Board of Governors plans respectively and the appropriate interfund reporting of these liabilities.

In addition to the completed financial audits, O'Connor and Drew are in the process of completing the A-133 audits which have a deadline of 11/30 and will provide Management Letters for the three institutions. These will then be presented to the Board for approval at a later date.

Associate Commissioner LaPanne acknowledged the enormous effort expended by each of our Controllers and their teams throughout the summer months to accomplish the audit task. Their expertise and dedication to the task allowed the system to deliver the required reports to the State on time and with the best outcome possible. Associate Commissioner

LaPanne thanked the three Controllers as well as their staffs for all of the effort they put into the audit: Sharon Bell, University of Rhode Island; Paul Forte, Rhode Island College and Carl Toft, Community College of Rhode Island.

This Controllershship group, Associate Commissioner LaPanne reported, has indicated that this year's audit was not only more thorough but also more efficient because of the professionalism of the new external auditing group, O'Connor and Drew. First year audits are notoriously onerous and generally unpleasant experiences. From the group's perspective, this year's audit was neither – and, in fact, the expertise of those in the field made it an excellent and reflective review.

Associate Commissioner LaPanne introduced David Dilulis and Christopher Stenmon, principals with O'Connor and Drew, who were present that evening to review their findings and to answer any questions that the Board may have.

Mr. Dilulis, Senior Partner with O'Connor and Drew, thanked the Board for giving them the opportunity to conduct the audits. He expressed his appreciation for the cooperation O'Connor and Drew received from the staff of all three institutions across the board. Mr. Dilulis delivered a brief accounting of the audit reports as required by government auditing standards. In accordance with the auditing standards, O'Connor and Drew provided the Board with two audit reports, one on the financial statements themselves, and the other on the internal control environment. As Dr. LaPanne alluded, an unqualified opinion was issued on the financial statements. An internal control report was also issued. The report included but is not limited to the following:

- no significant deficiencies or material weaknesses
- no changes to policy this year
- no adjusting entries (clean set of records)
- no disagreements with management
- O'Connor & Drew represented themselves as independent and are in the process of preparing management letters
- no fraudulent transactions uncovered

On a motion duly made by Robert Flanders, Jr. and seconded by Kenneth Aurecchia it was

VOTED: That the Board of Governors for Higher Education accept the Audited Financial Statements for the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island for the fiscal year ended June 30, 2009.

Vote: 7 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Frank Caprio, Michael Ryan, Kenneth Aurecchia, Brandon Brown, Solomon A. Solomon, Robert Flanders, Jr., and Thomas Rockett

NAYS: 0

d. Discussion and Recommendation for Acceptance of the Modified Land Exchange Proposal between the Board of Governors/URI and Habitat for Humanity

Chair Caprio indicated that in 2008 the Board of Governors approved a University of Rhode Island proposal to execute an exchange of two properties on Old North Road in Kingston, Rhode Island with Habitat for Humanity of Rhode Island. This exchange was submitted to the State Properties Committee; however, Committee members expressed concern over the methodology and conclusion of the two appraisals. As a result, a new appraisal was obtained. Upon the reappraisal and with an additional appraisal commissioned by Habitat for Humanity, the parties ultimately agreed that since Habitat for Humanity owned a nine acre wooded parcel valued at \$182,500 while the Board of Governors and the University owed a 1.4 acre parcel in the village that was valued at \$190,000, the Board of Governors/University of Rhode Island will therefore receive the difference of \$7,500 at the time of the closing of the property exchange transaction.

A Land Exchange Agreement was developed in support of the execution of this land exchange transaction. Both parties have deemed the agreement acceptable. The final form of the Agreement will be subject to the University's and the Board's General Counsel review and acceptance prior to execution by the parties. Approval by the State Properties Committee will also be required.

On a motion duly made by Solomon A. Solomon and seconded by Thomas Rockett it was

VOTED: That the Board of Governors approves the Land Exchange Agreement between the Board/University of Rhode Island and the Habitat for Humanity of Rhode Island, South County, Inc. in its revised form subject to review by the Board's General Counsel and approval of the State Properties Committee.

Vote: 7 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Frank Caprio, Michael Ryan, Kenneth Aurecchia, Brandon Brown, Solomon A. Solomon, Robert Flanders, Jr., and Thomas Rockett

NAYS: 0

8. COMMITTEE REPORTS

a. Academic and Student Affairs

No report was given.

b. Finance Committee

No report was given.

9. ADDITIONAL CONSENT AGENDA

None.

10. PRESIDENTS' REPORTS

a. Rhode Island College

President Carriuolo reported on many of RIC's current activities:

- The Budget Review Committee meeting was held on September 23, 2009. It was an open meeting on campus to report on savings that were generated through the work of the Budget Review Committee. RIC had issued a campus wide call for ideas on saving money and generating new sources of income. They received a total of 387 specific ideas and suggestions from people on campus. As a result of these ideas, the College saved \$750,000.
- President Carriuolo was inducted as a fellow by the National College Learning Center Association at their annual meeting in Denver in regard to lifelong achievement and assistance working with non-traditional students.
- The College has an FTE enrollment of 7,266 students, an all time high for RIC, an increase of 4.7% over last year. The current head count is 9,271, the highest level in 16 years – the fifth highest ever for the College.
- A New Green Business Certificate Program is going into place to help businesses and industry become more environmentally responsible.
- RIC's homecoming was held on October 2nd and 3rd. Despite the rain, attendance was in the thousands at 40 different events.
- President Carriuolo proudly announced that Alice Gibney, a member of the Class of 1969, has been sworn in as Presiding Justice of the Rhode Island Supreme Court.
- One of the College's current students, Nicholas Urban, will be one of eight recipients of the 2009 Undergraduate Scholars Award to be presented at the Annual Meeting of the New England Psychological Association.
- President Carriuolo extended an invitation to a ribbon cutting for the latest of the former DCYF buildings to be rebuilt. Funded by a bond issue approved in 2006, the Sherlock Center founded at RIC in 1993 is the College's center of excellence on developmental disabilities, education research and service. The ribbon cutting is scheduled for Tuesday, October 20th at 4:00 p.m.

- A noted education activist, Jonathan Kozol will be at the College on October 22nd. He will address the topic *Joy and Justice: An Invitation to the Young to Serve the Children of the Poor*. The event is free and open to the public. Everyone is welcome to attend.

b. Community College of Rhode Island

President DiPasquale reported on the current enrollment at the College. The current head count is 17,760, the second largest in the college's history. The FTE at 11,134 is the largest in the college's history. Distance learning enrollment increased by 39 percent this fall and is anticipated to continue growing. There continues to be growth in Training and Development in the Center for Workforce and Community Education, and in the number of minority students. Full-time enrollment is now higher than part-time enrollment. President DiPasquale noted that there are currently 130 positions frozen at the Community College. He thanked his staff and faculty for all the great work that they are doing.

President DiPasquale enumerated some of CCRI's newest highlights:

- The 2009 Golf Classic tournament on September 21st raised more than \$30,000 for student scholarship assistance.
- The CCRI page on Facebook has developed into an online community with an explosion of growth and now boasts the highest number of "fans" of any community college in the nation.
- President DiPasquale was pleased to report that CCRI's women's soccer team is currently ranked No. 4 in the nation among the community colleges.

c. University of Rhode Island

President Dooley revisited tonight's earlier conversation on state appropriations. He added that if one looks at the cost of educating a Rhode Island student and compares that to the State appropriation provided the University of Rhode Island at this moment, they are provided sufficient funding to educate 4,850 full time Rhode Islanders. On the other hand URI enrolls 7,250 full time Rhode Islanders. In essence, nearly 2,500 Rhode Islanders are attending the University without any real state support. The cost of these individuals is made up by tuition. This speaks to the discomfort discussed earlier this evening regarding the current fiscal climate that we are facing. Dr. Dooley added that Rhode Island is not alone; across the country states everywhere are facing very similar situations. This is a very serious problem and it is not clear that we can continue on this road much longer.

How we can maintain access and affordability while still protecting the quality of education that we offer to students should be a matter of concern to everyone. Access and affordability is only meaningful as long as the education that is provided actually helps students succeed. President Dooley expressed his appreciation for the difficulty that this situation places on the Board and everyone at a time when funding for our enrollments is declining at a significant rate.

President Dooley shared his experiences on his first "move-in" weekend. One of the most amazing things was to meet the students and their families moving in and to see the enthusiasm

and excitement that they had. There were a number of families from outside Rhode Island who universally were extremely happy to be moving in to the University of Rhode Island for the very simple reason that they perceived the institution to be providing extraordinary value. They recognized it was going to be expensive, but they felt that it was a worthwhile investment in their son or daughter and they were happy to be there because they felt they were going to get an excellent return on their investment.

Lastly, President Dooley noted that today has been a terrific day at URI with the groundbreaking ceremony for its new pharmacy building. This represents a significant investment on the part of the people of the State of Rhode Island and the many public and private partners to build a \$75 million state of the art facility for education and for research in the pharmaceutical and biomedical sciences. This is a facility that has the potential to help turn around Rhode Island.

11. UNFINISHED BUSINESS

None.

12. EXECUTIVE SESSION

Chair Caprio indicated that he would entertain a motion to enter into executive session to discuss an update on pending litigation and collective bargaining, pursuant to R.I.G.L. §42-46-5(a)(2).

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

VOTED: That the Board of Governors for Higher Education convene in Executive session pursuant to R.I.G.L. §42-46-5(a)(2) for the reasons set forth above.

Vote: 7 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Frank Caprio, Michael Ryan, Kenneth Aurecchia, Brandon Brown, Solomon A. Solomon, Robert Flanders, Jr., and Thomas Rockett

NAYS: 0

After a short break, the Board convened in Executive Session at 7:02 p.m.

All non-Board members in the audience were excused with the exception of Ronald Cavallaro, General Counsel for the Board; Anne Marie Coleman, Director of Labor Relations; Louis Saccoccio, General Counsel for the University, University of Rhode Island President David M. Dooley, Rhode Island College President Nancy Carriuolo; Community College of Rhode Island President Ray Di Pasquale; Steven Maurano, Interim Commissioner, Susan LaPanne, Associate Commissioner for Finance & Management and Deborah Grossman-Garber, Associate Commissioner for Planning and Policy.

The Board reconvened in open session at 7:11 p.m.

Chair Caprio indicated that he would entertain a motion with respect to item 12. (a) on tonight's agenda, the Tentative Collective Bargaining Agreement for RIC Adjunct Faculty pursuant to RIGL §42-46-5(a)(2)

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

VOTED: That the Board of Governors for Higher Education approve the Tentative Collective Bargaining Agreement for RIC Adjunct Faculty pursuant to RIGL §42-46-5(a)(2).

Vote: 7 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Frank Caprio, Michael Ryan, Kenneth Aurecchia, Brandon Brown, Solomon A. Solomon, Robert Flanders, Jr., and Thomas Rockett

NAYS: 0

and further,

On a motion duly made by Solomon A. Solomon and seconded by Thomas Rockett it was

VOTED: That the Board of Governors for Higher Education seal the minutes of the executive session held this evening.

Vote: 7 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Frank Caprio, Michael Ryan, Kenneth Aurecchia, Brandon Brown, Solomon A. Solomon, Robert Flanders, Jr., and Thomas Rockett

NAYS: 0

13. NEXT MEETINGS

Monday, November 9, 2009, 5:00 p.m. at Rhode Island College, Alger Hall, Providence, Rhode Island.

Monday, December 7, 2009, 5:00 p.m. at the Office of Higher Education, Providence, Rhode Island

14. ADJOURNMENT:

On a motion duly made by Solomon A. Solomon and seconded by Thomas Rockett it was

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

Vote: 7 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Frank Caprio, Michael Ryan, Kenneth Aurecchia, Brandon Brown, Solomon A. Solomon, Robert Flanders, Jr., and Thomas Rockett

NAYS: 0

The meeting was adjourned at 7:12 p.m.

Respectfully submitted,

Kenneth Aurecchia, Secretary