

The University of Rhode Island
Kingston, Rhode Island

Fall 2010 Report to:

The Commission on Institutions of Higher Education
of the New England Association of Schools and Colleges

September 10, 2010

This report addresses the issues identified by the Commission on Institutions of Higher Education of the New England Association of Schools and Colleges in its April 3, 2008 letter regarding continued accreditation for the University of Rhode Island. Areas of interest include: 1) financial planning, 2) academic program review, and 3) planning and governance.

Introduction

Following an extensive self-study, the University of Rhode Island underwent an onsite NEASC team evaluation in October 2007. In its letter from the Commission on Institutions of Higher Education of the New England Association of Schools and Colleges dated April 3, 2008, the University of Rhode Island was informed that it was continued in its accreditation. In that letter, the University was instructed to provide a progress report for consideration in the fall of 2010. Three areas were identified by the Commission for emphasis:

1. Developing and implementing a comprehensive, integrated financial planning process that provides clear and robust links to academic and capital priorities
2. Implementing a systematic process of academic program review
3. Analyzing the implications for planning and governance of possible changes to the relationship between the University and the State of Rhode Island

The purpose of this report is to address these three concerns in detail. Over the past two years appropriate departments, committees and individuals have worked to address these issues and to provide needed information, forming the substance of the report. Under the direction of the Provost and Vice President for Academic Affairs, the report was created as a joint effort of faculty, administrators and administrative staff.

Institutional Overview

Chartered in 1892, the University of Rhode Island is a land-grant, sea-grant and urban-grant institution. With three campuses located in Kingston (main), Providence, and Narragansett, Rhode Island, the University offers bachelor's, professional doctorate, master's and doctor of philosophy degrees. The University has 195 degree programs and, as of the fall of 2009, the full-time student population consists of 11,776 undergraduate and 1,631 graduate/ professional doctorate degree students. In addition, a total of 2867 students attend the University on a part-time basis (www.uri.edu/ir/uriinfobank/enrollment.html). The University currently has 614.2 FTE full-time tenure track and clinical faculty members, 70 FTE full-time lecturers, and an additional 148.8 FTE part-time faculty who teach at the Kingston and/or Providence campuses. At the end of FY 2010, URI's student-to-faculty ratio was 15.3:1. URI is a Carnegie classified RU/H (Research Universities, high research activity) institution that envisions itself as a learning-centered research university. In FY2009, the University received \$86 million in total sponsored program research awards. In FY 2010, total sponsored program awards grew to \$105 million – representing the highest in URI history and substantial growth over the \$69.1 million in total sponsored program awards in FY 08 (<http://www.uri.edu/research/tro/reports2/annual/FY2010/FY10awards.pdf>).

The University of Rhode Island has undergone two major changes in administrative leadership since its site visit and reaccreditation by the Commission in 2007/2008. Dr. Donald H. DeHayes joined the University in April 2008, replacing the retiring Dr. Beverly M. Swan, as Provost and Vice President for Academic Affairs. In July 2009, Dr. David M. Dooley became the 11th President of the University, succeeding Dr. Robert A. Carothers who had held the position for 18 years. These changes as well as other current administrative appointments are represented in the University of Rhode Island Organizational Chart

(<http://www.uri.edu/budget/assets/FY11%20Allocation%20-%20Org%20Chart.pdf>).

Under the leadership of the President and Provost, the University is focusing its efforts on improving the academic quality of the institution, adding value to the URI student experience, growing the scholarly enterprise, and emphasizing the critical link between strategic priorities and financial investments in an open and transparent manner. The Academic Plan 2010-2015 "*Charting Our Path to the Future: Toward a Renewed Culture of Achievement*" is the core of the University's strategic planning (bound copy enclosed with this report, http://www.uri.edu/provost/documents/academic_plan_handbook.pdf). In concert with these changes, there has been a renewed emphasis on effective shared governance through the development of open, inclusive, and transparent budget processes in Academic Affairs and University-wide, restructuring of critical committees, utilization of Academic Summits and Task Forces in planning, and a revitalized role of Academic Deans in decision-making processes.

Areas of Focus

Focus Area 1:

Developing and implementing a comprehensive, integrated financial planning process that provides clear and robust links to academic and capital priorities

Commission's request:

"The Commission concurs with the visiting team that the University of Rhode Island would benefit from 'a much better integration of financial, academic and strategic planning'. We are gratified to learn that the recently hired Provost has begun a strategic planning process that will be more transparent, involve the school's Deans in the development of a set of goals and priorities for the Division of Academic Affairs, and provide greater integration with financial planning. The report submitted in the fall of 2010 will provide an opportunity for the University to describe its success in undertaking an approach to planning that is consistent with our standards on *Planning and Evaluation, The Academic Program* and *Financial Resources*:

Planning and evaluation are systematic, comprehensive, broad-based, integrated, and appropriate to the institution. They involve the participation of individuals and

groups responsible for the achievement of institutional purposes. Results of planning and evaluation are regularly communicated to appropriate institutional constituencies. The institution allocates sufficient resources for its planning and evaluation efforts (2.1).

The institution undertakes academic planning and evaluation as part of its overall planning and evaluation to enhance the achievement of institutional mission and program objectives. These activities are realistic and take into account stated goals and available resources (4.9).

The institution's multi-year financial planning is realistic and reflects the capacity of the institution to depend on identified sources of revenue and ensure the advancement of educational quality and services for students. The governing board reviews and approves the institution's financial plans (9.3).

The institution establishes and implements its budget after appropriate consultation with relevant constituencies in accord with realistic overall planning that provides for the appropriate integration of academic, student service, fiscal, development, information and technology and physical resource priorities to advance its educational objectives (9.7)."

Response:

Planning

Great effort has been made since the last NEASC visit in the fall of 2007 with regard to improving the integration of financial, academic and strategic planning processes. The following principles were developed during the spring of 2010 by the Strategic Budget and Planning Council:

- The Academic Plan coupled with divisional/athletics plans that directly link to the Academic Plan collectively constitutes the University's overall strategic plan.
- All University planning and evaluation should be systematic, comprehensive, broad-based, integrated, and appropriate to the Mission of the University.
- The Strategic Budget and Planning Council ensures that the University's strategic plan guides resource allocations and investments.

Developing a Strategic Plan

Shortly after his arrival in the spring of 2008, Provost DeHayes led an initiative to define a new academic vision to guide the University's future. The original ideas for the vision emerged from a retreat with the Council of Deans during the summer of 2008 and were subsequently discussed, debated, and reformulated with input from over 200 faculty during the fall semester 2008. All faculty were invited to participate and provide feedback. The final version, entitled "*Defining the Future of the University of Rhode Island: An Academic Vision*" (bound copy enclosed with this report, <http://www.uri.edu/provost/documents/visionJan09.pdf>), was released in December 2008 and became a springboard for academic planning that engaged the University community. The ideas put forth in the Academic Vision were informed

by intensive dialogue and debate among the Deans and Vice Provosts and reflect dialogue with the Faculty Senate Executive Committee and Joint Strategic Planning Committee. Ideas were reshaped and reconsidered based on extensive and thoughtful commentary and conversations with hundreds of URI faculty representing departments, colleges, and councils from throughout the University, as well as the Faculty Senate. Shortly thereafter, the University embarked on creating an academic plan designed to align with the Vision and to guide our path and progress into the future.

In December of 2008, the Provost convened a planning committee, comprised mainly of faculty and a few key administrators, to plan and facilitate an Academic Summit intended to be a starting point in the development of an academic plan. The daylong Summit was held in January 2009. All faculty, Deans, Vice Provosts, Vice Presidents, and other key administrators from different University areas were invited to participate. Elements of the Academic Vision were segmented and discussed in terms of planning priorities for a five-year horizon. More than 165 faculty participated in the Summit and, towards ensuring transparency and communication, all group sessions were documented in note summaries and posted to the Provost's website (<http://www.uri.edu/provost/apsummit.html>). A similar Student Planning Summit was held in March 2009, with approximately 50 student leaders in attendance.

The results and recommendations from both Summits formed the foundation for the first draft of the new Academic Plan 2010-2015: *Charting our Path to the Future: Toward a Renewed Culture of Achievement*. Further discussions were held with the Council of Deans, the Faculty Senate Executive Committee, the co-Chairs of the University's Equity Council, the Vice Presidents and President, and other key administrators to elicit additional feedback for the Plan. An evolved draft Plan was then edited and modified further by the Faculty Senate Executive Committee from June 2009 until the beginning of the following September. The near-final draft was then posted on the Provost's website, presented to the full Faculty Senate, and circulated once again University-wide to all faculty and the Vice Presidents requesting any additional comment and feedback. That feedback was considered for incorporation into the Plan, which became final in November 2009. The Academic Plan was then disseminated broadly across the University community, and to the Board of Governors, Office of Higher Education, alumni groups, the Foundation board, and other key constituencies.

The main goals of the Academic Plan are to:

- I. Enhance Academic Quality and Value
- II. Prepare Students for a Changing World
- III. Advance Research and Innovation
- IV. Ready Students for Global Citizenry
- V. Ensure an Equitable and Inclusive Campus Community
- VI. Improve Institutional Effectiveness

Crosscutting themes that relate to the pursuit of these goals involve advancing efforts in the following areas: enhancing value for students and faculty; international opportunities; experiential learning; interdisciplinary solutions; online learning; innovation and partnerships; and institutional self-reliance.

Implementing the Plan

The process of implementing the Academic Plan involves three key steps aimed at further emphasis on collaboration and shared governance: first, college-wide planning led by the Deans and second, the formation of nine different task forces to address areas that span across college lines. The Faculty Senate Executive Committee together with the Provost's Office jointly created the task force charges and their membership composition. Task forces include: *Global Education, Advancing General Education, Interdisciplinary Solutions, Research, Scholarship, and Innovation, Graduate Education, Diversity and Equity, Online and Distance Learning, Process Streamlining, and Enrollment Management and Retention*. The third step is the creation of a new Joint Committee on Academic Planning (JCAP), a joint committee of the Provost's Office and Faculty Senate, as described below.

Recommendations from most of the task forces were received during the summer of 2010. Details about the task forces, their missions, composition, and progress can be found at: www.uri.edu/provost/planning.htm. Recommendations from the task forces will be used by the JCAP to help guide the prioritizing of actions and financial and human resource investments to be made in order to move the Plan forward.

Evaluation and Progress of the Plan

The JCAP committee has replaced the previous Joint Strategic Planning Committee (JSPC). The Faculty Senate endorsed JCAP at the end of the spring 2010 semester and the committee commenced its work in August 2010. The committee's charge is to promote ongoing efforts in collaboration between administration and faculty in monitoring progress of the University's Academic Plan, suggesting modifications, additions, and deletions to the Plan as well as creating and coordinating task forces. In its review of the Academic Plan, the committee will ensure that it continues to reflect the needs of the University in light of new opportunities and challenges. Additionally, it is responsible for periodic and systematic review of various aspects of the institution as required by NEASC and shall ensure that the results of these reviews are used for continuing improvement. The committee charge is described in Section 5.70.10 in the University Manual (Appendix A, *Recommendation of the Faculty Senate Executive Committee To Replace the Joint Strategic Planning Committee (JSPC) With the Joint Committee on Academic Planning (JCAP)*, http://www.uri.edu/facsen/CHAPTER_509.html).

In order to measure progress on the Academic Plan, a set of comprehensive metrics (or "key indicators of success") is currently being developed. The Joint Committee

on Academic Planning is tasked with refining this set of metrics, which will be integrated with the metrics being established by the Academic Program Review Committee (APRC), which also correspond to the Academic Plan. These metrics will serve to monitor progress on a variety of indicators related to each of the goals of the Plan. Once the Academic Plan metrics have been established and baseline data have been gathered, yearly progress in accordance with these metrics will be reported University-wide.

Linking Academic Planning with Budgeting

Linking academic planning and budgeting has been a focus for the Division of Academic Affairs since the arrival of the new Provost, who developed a new academic budget process in consultation with the Deans. Key elements of the Academic Affairs budget process include emphasis on strategic investments, an open and transparent process, data informed measures of productivity and cost effectiveness, and encouragement of innovation. The first step in this process was to articulate a set of budget principles for the Division of Academic Affairs, which would guide resource allocations (Appendix B, *Principles for a Strategic and Sustainable Budget Process*, http://www.uri.edu/provost/fin_per.html)

The development of general revenue budgets and resource allocations for all major units/colleges within the Division of Academic Affairs is expected to be consistent with these budget principles. The planning and allocation process includes annual budget planning that is reflected in each unit's budget narrative, public presentation, and budget hearings. The overall goal is to provide an understandable and defensible budget allocation to each unit that reflects the unit's goals in the context of the University's strategic priorities as articulated in the Academic Plan. The process also shapes the budget allocation for the subsequent years (e.g., FY2010 budget hearing for the FY2011 budget allocation) extending two additional years to ensure a multi-year budget horizon for both the unit and institution. The Provost also shared the details of the Academic Affairs budget process with department Chairs to ensure clear communication and understanding among all constituents and to encourage college-based budget discussions and prioritization. The Provost has established once per semester meetings with all department Chairs as a group as both a communication mechanism and a means of seeking input and ideas about emerging issues or concerns.

Resource allocation within the Division of Academic Affairs is not conducted by formula, but rather by a reasoned, balanced, and objective analysis of unit performance, priorities, and needs. Such analyses are guided by the Academic Plan and institutional strategic priorities as well as by unit productivity, cost effectiveness, and efforts to promote innovation and quality with careful consideration of the context of the discipline and mission of each unit. Resource allocation guidelines are explicit in writing and posted on the Provost's website (Appendix C, *Guidelines for the Allocation of Resources*, http://www.uri.edu/provost/fin_per.html.) Budget submission guidelines were

also developed for colleges to submit their new budget requests in a standardized and strategic manner (Appendix D, *Unit Budget Planning and Allocation Process*, http://www.uri.edu/provost/fin_per.html.)

Using the new budget process, the Deans of each college developed prospective budgets for submission to the Provost. In an open meeting, the Deans share their program mission, strengths, priorities, and needs. Individual college budget hearings were held in January and February 2009 and 2010 in which all Deans presented their college budget submissions to the leadership team. Following the budget hearings and submission of all budget materials by the Deans, the Provost makes his recommendations for budget investments and informs the Deans of each college in writing as to those budget investments. In addition, the Provost's Office staff makes a presentation of all allocation recommendations to the Council of Deans so that all Deans and unit leaders understand the details of the resource allocation recommendations. (Appendix E, *Sample Resource Allocation Letter to Deans*).

The newly designed Academic Program Review process at the University will support the college budgeting and request process by assessing the strengths and weaknesses of individual departments/programs, and in developing and evaluating program-level strategic plans. The colleges (Deans, department Chairs, faculty) will use academic program review results for planning as well as resource decisions including investments or potential disinvestments and reorganizational efforts.

The Academic Program Review process encompasses aspects of data on the productivity and quality of research, scholarship and creative activity; curricular and teaching quality and innovation; the extent and nature of public engagement; data on post-graduation placement and alumni satisfaction; and financial (e.g., tuition and grant dollars) and enrollment (e.g., student credit hours, number of majors) metrics. The organizing framework for the metrics considered in the program review process encompasses three components of the University Mission, teaching, research and public engagement, as well as aspects of the Academic Plan (e.g., interdisciplinary work, global impact and diversity, etc.). The academic program review process is described in detail in Focus area #2 of this report.

Linking University-wide Budgeting with Strategic Planning

To further link planning and budgeting, President Dooley implemented a new University-wide Strategic Budgeting and Planning Council (SBPC) in January 2010. The Council's charge is to provide a new, transparent and inclusive process in the planning, budgeting and assessment of University strategic directions, investments, and facilities (Appendix F, *The Strategic Budget and Planning Council Charge*, <http://www.uri.edu/budget/sbpc/SBPC%20charge%20-final1.pdf>). The Council is advisory to the President and ensures that the University's Strategic Plan and Mission guides resource allocations and investments. Provost Donald DeHayes chairs the Council; Vice President for Administration and Finance, Robert Weygand, serves as Vice Chair. The Presidentially-appointed committee members

include: the Chair of the Faculty Senate, several additional faculty and Deans, all Vice Presidents, Presidents of the Student Senate and Graduate Student Association, and staff representatives. The Council meets approximately every three weeks during the academic year and all meetings are open to the University community.

The first accomplishment of the Council was to develop a set of guiding budget principles, which the Council worked on during the first few meetings (Appendix G, *Principles for a Strategic and Sustainable Budget Process at the University of Rhode Island*, <http://www.uri.edu/budget/sbpcdocs.html>). The Council also adopted a set of budget request materials. These documents distinctly highlight that any new budget requests made by divisions must be articulated as to how they directly support the goals of the Academic Plan and the missions and strategic priorities of their divisions. Integrated into that submission process is the request for the division's strategic plan and a summary of their planning goals and new funding priorities (Appendix H, *SBPC Guide for Divisions/Unit Budget Planning Request*, <http://www.uri.edu/budget/sbpcdocs.html>).

Each of the Vice Presidents of the five divisions, the President, and the Athletic Director utilize the budget submission templates and guidelines developed by the SBPC to make all new funding requests for their divisions. To advance the Council's charge for University-wide transparency, its charge, set of principles, all budget templates and materials, including meeting minutes, agendas, and divisional budget submission to the Council are posted on the SBPC website (<http://www.uri.edu/budget/sbpc.html>).

The Council held its first yearly budget hearings in June 2010 where each Vice President, as well as the President and Athletic Director, requested new funding for three subsequent fiscal years through their budget submission materials and presentation to the SBPC. Deliberations occurred during the month of June immediately following the budget presentations. The Council provided budget recommendations for new strategic requests to the President in early August. The President will report back to the Council his final budget investment decisions at their first fall meeting.

Capital Planning

The University is in the process of establishing an open process and set of criteria for the submission, consideration, and prioritization of new capital requests that will work in conjunction with the SBPC. This process will include a standard capital request rubric to be submitted by the program, unit, or office making the request. The rubric is to include a description of the project, its strategic importance to the program, division, and University, its alignment with the University's Strategic Plan (i.e., Academic Plan and supporting division plan), its potential impacts across the University, and the potential for both public and private funding of the project. Submissions will be incorporated into the budget process utilized within each division of the University. Following vetting of the various potential projects within

the divisions, Vice Presidents of each of the divisions will be asked to submit their highest priority new capital improvement requests as part of their strategic budget requests to the SBPC. To facilitate the development of information regarding future capital projects and investments from unit heads, a schedule of capital planning work sessions is being formed. These sessions will be timed to coordinate with the budget planning cycle and the capital improvement planning cycle and will permit capital investment proposals to be refined prior to their presentation to the SBPC. The SBPC will recommend to the President a prioritization of new capital projects based on University importance and urgency, recognizing that external factors such as funding potential might reshape priorities. The SBPC would consider new projects proposed by academic and nonacademic units, assess their relative importance to University objectives, and ultimately recommend their exclusion or inclusion, funding strategy, and relative priority.

Any capital improvement projects recommended by the SBPC and the President will be submitted to the Office of Capital Planning in the Division of Administration, which oversees the Capital Improvement Plan (CIP). The programs/units proposing the capital projects will work closely with the capital planning office to ensure the planning and design of facilities meet programmatic needs. The prioritization assigned by the President will then be reflected in the university's submission of the CIP to the Office of Higher education and the Board of Governors, which typically occurs around July 1st of each year.

The CIP is revisited and updated annually and priorities may change over time as institutional needs and funding opportunities change. Changes in code requirements as well as the relative efficiency and condition of existing facilities and infrastructure are also taken into consideration in each year's planning. The CIP provides a status report for capital projects previously approved and funded as well as a description and source and use of funds projection for new capital projects in a combined sequential priority format. A project will emerge as a target for investment and ultimately receive approval for funding through the State process two to four years later followed by the design and construction phases of the project. There has been steady progress on multiple fronts in the targeted improvement of University facilities and infrastructure serving the needs of academic programs, research, and the student body fueled by a balanced flow of capital financing from multiple sources and annual budgetary appropriations.

Linking University Budgeting to the State Budget Process

The President reviews all budgetary recommendations from the SBPC in concert with State budget cycles. This review typically occurs during the months of July and August. The President makes final budgetary allocations and communicates them back to the SBPC in late August/early September. He submits the University's initial budget request for the subsequent year to the Board of Governors in late August or September of each year (i.e., September 2010 submission for FY 12 beginning in July 2011). The Board's fiscal staff confers with the University's fiscal staff regarding any

questions or further information needed at that point. The Commissioner can require the institutions to make changes at this time. The budget undergoes modification and transformation throughout the year as the legislature and governor take actions on statewide priorities and needs.

The Board's fiscal staff summarizes the three institutions' (Rhode Island College, Community College of RI, and University of Rhode Island) request along with the Office of Higher Education's request and prepares various schedules. The Commissioner reviews the budget submissions and makes a recommendation to the Board for approval. The budget is reviewed by the Board's Facilities and Finance Committee and subsequently reviewed and approved by the Board at the September meeting. It is then forwarded to the Governor by October 1st per RIGL 35-3-4 (www.rillin.state.ri.us/Statutes/TITLE35/35-3/35-3-4.htm). The Governor presents his/her budget to the Legislature in January/February. At this time, the URI Budget Office begins to build the Allocation by utilizing the state appropriation as recommended by the Governor. By June 30th, the budget is usually finalized by the Legislature and the Office of Higher Education confirms the state appropriation.

**Focus Area 2:
Implementing a systematic process of academic program review**

Commission's Request:

"The Commission commends the University of Rhode Island for its development of the Academic Investment and Improvement Model (AIIM), a program review process that was designed to overcome identified shortcomings of the institution's prior approach to the review of academic programs. However, as noted in the team report, this approach does not incorporate an external perspective into the review process, nor has the University implemented a systematic approach to academic program review. We anticipate being apprized in Fall 2010, of the institution's success as it 'develops, approves, administers, and, on a regular cycle, reviews its degree programs under effective institutional policies that are implemented by designated bodies with established channels of communication and control' (4.8). We remind you of the Commission's expectation that the evaluation of academic programs 'includes an external perspective and assessment of their effectiveness' (4.9)."

The relevant standards for this evaluation are listed below.

4.8 The institution develops, approves, administers, and on a regular cycle reviews its degree programs under effective institutional policies that are implemented by designated bodies with established channels of communication and control. Faculty have a substantive voice in these matters.

4.9 The institution undertakes academic planning and evaluation as part of its overall planning and evaluation to enhance the achievement of institutional mission

and program objectives. These activities are realistic and take into account stated goals and available resources. The evaluation of existing programs includes an external perspective and assessment of their effectiveness. Additions and deletions of programs are consistent with institutional mission and capacity, faculty expertise, student needs, and the availability of sufficient resources required for the development and improvement of academic programs. The institution allocates resources on the basis of its academic planning, needs, and objectives.

Response:

The primary purpose of academic program review is to assess both the academic quality and the financial aspects of a program leading to improved program focus and quality. In addition, program review is intended to help the University improve efficiency and effectiveness in the relevance, organization, and delivery of the academic program. The Academic Program Review Committee (APRC) is a joint committee of the Faculty Senate and the President charged with coordinating the administration of academic program review, overseeing the collection of data, and compiling and disseminating information resulting from the review. It also is responsible for continuing to modify previous instrument versions or develop new instruments to accommodate the changing needs of the faculty and administration. (Appendix I, *University Manual, Section 5.86.10, The Academic Program Review Committee*, http://www.uri.edu/facsen/CHAPTER_509.html).

In academic year 2007-2008, the APRC met to review, revise, and prepare for the next administration of the Academic Investment and Improvement Model (AIIM) instrument. The committee was concerned about criticism from faculty and Deans regarding the usefulness of the instrument in its then present form. Issues centered on the method of summing scores on variables, developing factors representing academic value and success, presenting results in a format that was understandable and transparent to constituents, the use of compound questions on the survey, and the potentially invalid blending of quantitative, semi-quantitative and subjective data in the reporting model. Given these concerns, the APRC decided to undertake a thorough revision of the AIIM instrument prior to its next administration. A subcommittee of APRC was assigned to “deconstruct” the entire AIIM instrument in the spring of 2008.

At the time of his appointment, Provost DeHayes was briefed regarding the academic program review process and asked to provide input into the proposed revisions. While the process had many useful and meritorious aspects, it may not have been sufficiently focused to provide guidance on program improvement. The Provost emphasized the need for the development of a common agreed-upon set of programmatic metrics and an emphasis on the incorporation of program review into college-level planning and the Academic Affairs budget process. In May 2008, the APRC recommended to the Provost and President that the academic program review process be considered an integral part of strategic planning initiatives within colleges, providing input from the program level.

During the development of the Academic Plan, the APRC temporarily halted its work on the program review instrument, while the goals and strategies in the Academic Plan were being created. The APRC's aim was to incorporate metrics associated with the newly-established goals, strategies, and action steps of the Academic Plan into the program review process. Given the new Academic Vision and Plan, the Division of Academic Affairs budget allocation process, and the SBPC process of resource allocation, the APRC initiated a complete revision of the academic program review process in the fall of 2009. With membership including faculty representation across the colleges, as well as an academic Dean and a Vice Provost, it has been the intent of the committee to connect the needs of departments, colleges, and the University as a whole in the design of the program review process.

Overview of the New Academic Program Review Plan

The new model of program review builds on the primary strengths of the AIIM, particularly with respect to collecting data housed within departments on a relatively frequent basis and also incorporates elements similar to those of other research institutions. The APRC anticipates supporting program improvement resulting from program-level actions and strategic planning consistent with the Academic Plan. Communication between Deans and faculty within departments regarding program review outcomes will play a much needed and essential role in guiding college-level planning and strategic investment decisions so that unique departmental strengths are linked to college- and University-wide goals.

The new model involves a three-level program review protocol. The first two elements, defined by the APRC, consist of an annual central data report produced by Institutional Research and a biennial program data report generated by individual departments. These data reports will allow programs to track progress against goals and benchmarks identified during their intensive planning and review and to take necessary action. These data will also enable Deans to engage in more effective management, helping departments with internal improvements, allocating college resources, and advocating for resources at higher levels on an ongoing basis.

The third and cornerstone activity of program review is the intensive self-study that will be subject to external review through evaluation by a visiting team of reviewers from the same disciplines at peer universities and benchmarking of data from peer institutions. The self-study, conducted every six years, will provide a narrative explaining how the program's activities in research, teaching, and public engagement support the Mission and Academic Plan of the University, integrating longitudinal trends from the annual and biennial reports.

This new three-level program review model was presented at the Faculty Senate meeting in May 2010 (Appendix J, *Report of the Academic Program Review Committee, 2009-2010*) and shared with the Council of Deans shortly thereafter. The following sections describe in detail the plan for each element of the program

review process.

Annual Central Data Report

The Annual Central Data Report will provide detailed information, including student credit hours, faculty measures, and grant proposal and award activity, collected and maintained by central administration through Institutional Research. The annual reports will give departments a dynamic picture of their standing on key metrics for monitoring progress toward strategic goals. An important element being developed for the Annual Central Data Report is program-level external benchmarking of key indicators, available through participation in the Delaware Study (<http://www.udel.edu/IR/cost/>).

As part of the Annual Central Data Report effort, the Chair of the APRC is helping to facilitate the organization and consolidation of key data assembled by different units within the University by Institutional Research. A draft version of the report is being produced for distribution to Deans, program Chairs, and other University bodies so that indicators may be finalized. Planned follow-up steps include refining the report mechanism to reduce burden and implementing routine annual reporting.

Biennial Program Data Report

The Biennial Program Data Report is designed to solicit information that is available only at the program level and provides programs with a uniform mechanism for monitoring progress on these metrics. Many of the data elements in this report are consistent with those solicited by the prior AIIM survey including productivity and quality of research, scholarship and creative activity; curricular and teaching quality and innovation; the extent and nature of public engagement; and existing data on placement and alumni satisfaction (currently collected by only a few accredited programs). In some cases these indicators address aspects of quality that may directly relate to program-level strategic plans as well as demonstrate contributions to University-wide goals. The qualitative information in this report will also provide the University with important information that can be used in promoting the institution and its programs broadly.

The biennial timeframe for the report is intended to strike a balance between the work required on the part of program Chairs to assemble and report the data, and the reliability of data and benefits of frequent tracking, including progress on research output and public engagement benchmarks. The Biennial Program Data Report will be administered electronically and programs will use the reported data in conjunction with those in the Central Data Report. Deans will play a key role in tracking the performance of their departments and using the data for effective management and planning, including prioritizing resource needs and requests at the college level to be incorporated into the Academic Affairs budget process.

A pilot administration of the Biennial Program Data Report will be held during the fall of 2010. In this pilot test, department Chairs, Deans, and University

administrators will assess the scope, validity, reliability, and feasibility of the data collected through the report.

Six-year Self-Study and External Review

While the Annual Central Data Report and Biennial Program Data Report are designed to help programs track progress against strategic planning goals and benchmarks on a timely basis, the six-year self-study is more in-depth, and supports strategic plan alignment across levels of the institution. The self-study is therefore both a retrospective and a prospective activity. Retrospectively, it allows programs to examine how their past activities support their strategic plan and the University Mission, and to use the information provided through the central and program data reports over the previous six years to document progress on performance goals and benchmarks. Prospectively, it allows programs to articulate response strategies to the opportunities and challenges of their field, and to establish forward-looking goals and benchmarks to be pursued during the next planning cycle. Demonstrating success against past benchmarks is critical for establishing the credibility of programs' prospective goals and making their case for additional resources through the college planning and prioritization process.

The APRC has deemed the self-study essential to successful program review because contributions of faculty are complex and vary widely across disciplines. Programs must be able to fully explain how their range of activities contributes to the University Mission. Additionally, the University's new budgeting process places significant burden on the colleges, including the Deans and the faculty, to articulate and defend excellence within the norms of their programs' fields. This is particularly true for colleges with heterogeneous disciplines. A narrative process will assist in translating the goals and benchmarks for outputs and quality appropriate to each discipline to the broader goals for the college and University. Finally, for an external review to have the most value, a program-developed narrative serves as an essential orientation to the roles, goals, strengths, and weaknesses of the program. In addition to external benchmarking of peer institutions, external perspective will be sought during the self-study through the use of an external review team of faculty with experience from similar programs at peer institutions. Accredited programs will obtain external perspective through their pre-determined accreditation teams.

Once the self-study is produced and following external review, the program leader(s) (e.g., department Chair) will meet with the Dean to develop a set of response actions and refine benchmarks to accomplish identified goals. Needs of programs will also be discussed. The Dean will prepare a letter to the program Chair articulating performance goals and areas of strength and improvement for the program. The Dean and the program leader will meet with the Provost to discuss future directions of the program. Resource-related issues that may emerge will be incorporated into college-level planning and prioritization activities involving the Deans, Chairs, and faculty of each college.

The self-study process will be initiated in the spring of 2012, after annual and biennial reports are stabilized. Programs will undertake this review in six-year cycles so that one sixth of all programs participates in self-studies in any given year.

Focus Area 3:

Analyzing the implications for planning and governance of possible changes to the relationship between the University and the State of Rhode Island

Commission's Request:

“The Commission understands that the University has experienced several years of declining financial support from the State of Rhode Island and has initiated discussions about possible changes to its relationship with the state. We look forward to learning, through the Fall 2010 report, of the outcome of these discussions, with emphasis on the implications of such changes for the governance and financing of the institution. Relevant here are our standard on *Organization and Governance* and *Financial Resources*:

The institution has a system of governance that facilitates the accomplishment of its mission and purposes and supports institutional effectiveness and integrity (*Organization and Governance*, statement of the Standard).

The institution is financially stable. Ostensible financial stability is not achieved at the expense of educational quality. Its stability and viability are not unduly dependent upon vulnerable financial resources or and historically narrow base of support. The institution's governing board retains appropriate autonomy in all budget and finance matters; this includes institutions that depend on financial support from an external agency (state, church, or other private or public entity)(9.2).”

Response:

At the time of the re-accreditation site visit in October 2007, Dr. Carothers, President *emeritus* of the University, had begun preliminary conversations to assess the feasibility of an altered relationship with the State, moving towards a privatized model. There was no formal action taken with the Rhode Island Board of Governors for Higher Education. President Dooley is a firm supporter of the current governance model and relationship with the Board of Governors and the State of Rhode Island. Hence, there are no longer any discussions or proposals to change the governance structure between the state, the Board of Governors for Higher Education and the University.

The global economic recession has had a significant impact on Rhode Island. State revenues have continued to decrease over the last three fiscal years, although revenue projections for the spring of 2010 showed a slight positive gain. Financial

support from the State for the University of Rhode Island's general operating budget over the last four years has declined and the balance has been generated through tuition and enrollment increases. The University of Rhode Island is making investments in quality – with regard to students, faculty, facilities, and programs. Quality programs will ensure the steady flow of good students and resources to the University. Efforts to enhance quality and relevance are well underway and already paying dividends [Appendix K, *Finance & Enrollment (F&E) Data Forms*].

For example, the University has been able to improve its financial position by continually balancing its budget annually and, in recent years, strategically reinvesting resources in institutional priorities through the aforementioned new budget allocation processes. As such, the University has been able to add and/or replace departed faculty, invest in graduate education and research through a new Graduate Tuition Differential Fellowship Program, create a Visiting International Scholars Program as part of a global initiative, create undergraduate and graduate research funds, establish a new Office of Online Teaching and Learning, upgrade the teaching technology in all academic classrooms, and sponsor an array of interdisciplinary courses aimed at first-year students.

In addition, with regard to capital projects and asset protection, the State has continued to provide increases in its support of the University. This support has greatly improved the physical assets of the University and the net assets within our financial reports. The University has received positive audited financial reports and improved its bond rating. The University is audited by an independent (external) auditor annually and our reports have steadily improved. The independent auditors (FY 08 – KPMG, FY 09 - O'Conner and Drew) have provided unqualified financial reports for the University and have cited that 'the results of our (the auditor) tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards' (http://www.uri.edu/controller/forms/financial_reporting/2009_URI_FS.pdf).

The net assets of the University have continued to grow: \$213.06 million in 2007, \$261.79 million in 2008 and \$314.30 million in 2009. In addition, total sponsored program research awards have increased substantially from 2007 to 2010: \$68.1 million in 2007, \$69.1 million in 2008, \$86 million in 2009, and \$105 million in 2010.

When the University issues revenue bonds for various capital projects on its campuses, rating agencies (Moody's and Standard & Poor's) evaluate our financial standing. Our ratings have remained positive and were recently re-affirmed and recalibrated upward. Moody's Ratings Service re-affirmed the 'A1' long-term ratings with a *stable outlook* for the Auxiliary Enterprise revenue bonds and 'Aa3' long-term ratings on the University's outstanding Educational and General bonding (Appendix L, *Moody's Investors Service Report on the*

University of Rhode Island). Standard & Poor's Ratings Services assigned its 'A+' long-term rating to Auxiliary Enterprise revenue bonds and affirmed its 'A+' long-term rating and underlying rating (SPUR) on the University's outstanding debt. They also assigned a *stable outlook* (Appendix M, *Standard & Poor's Global Credit Portal on the University of Rhode Island*). In difficult economic times, these ratings are a positive indicator of the University financial status.

Summary Appraisal and Plans

The University has instituted numerous processes since the last NEASC visit in the focus area of planning and budgeting as described in this report. We will continue to emphasize shared governance and transparency in these processes as we move forward and evolve planning and budgeting processes. We will continue to refine and improve upon efforts to integrate budgeting and planning. Specifically, the new Joint Committee on Academic Planning (JCAP) is meeting monthly, with subcommittees meeting at a greater frequency. The committee's focus will involve developing key indicators for the Academic Plan, monitoring and reporting on progress of the Plan, studying and weighing priorities for academic planning that emerged from the faculty task forces, recommending necessary changes to the Academic Plan, and monitoring and ensuring progress in the areas relative to NEASC standards.

Given the Strategic Budget and Planning Council's recent start in January 2010, and the required work to meet the budget cycle for FY 2012, early efforts were to develop foundational principles for decision-making and gathering initial benchmarking and relevant institutional data in articulating budgetary recommendations. The SBPC will evolve and expand its work in the coming year to better meet its stated mission, including the consideration of funding sources beyond general revenues. In addition, budgeting processes within the various divisions will be further developed so that it is better integrated with the SBPC budget process involving divisional budget submissions. The Deans will consider the results of academic program review, as it becomes institutionalized, as well as their individual college's strategic priorities in budgetary decisions and recommendations, which they will put forward in the current academic budgeting process.

The Capital Improvement Planning process will evolve, as mentioned earlier in this report, to identify new specific criteria by working collaboratively with Deans and Vice Presidents. Deans and Vice Presidents will utilize these criteria in forming new capital budgetary requests. These requests, if determined to be a strategic priority of the division in support of the University's Academic Plan, will be forwarded through each of the Vice Presidents as part of their strategically aligned SBPC budget submissions. The SBPC will expand their budgetary investment recommendations to the President including the prioritizing of capital improvement items relative to facilities planning (part of the SBPC charge). All of these evolutions

will serve to better integrate budgeting and strategic planning across the University and further emphasize shared governance and ensure strategic investment.

With regard to focus area 2 on academic program review, the proposed plan and process, including the draft central data report, draft program data collection survey, and self-study guidelines, will be shared widely with the University Community for review and refinement in the fall 2010 semester. The goal is to obtain feedback from the community in the selection of indicators for program and University goals represented in the Academic Plan and incorporated into each of the three stages of program review. Specifically, in the fall of 2010, the APRC will finalize the program review process and begin refinement of the measures in both the Annual Central Data Report and Biennial Program Data Report. It will be important for participants in the program review process to ensure that the data gathered within these reports are useful, feasible to collect in an accurate way, and are reliable indicators. In addition, drafts of the central data report and the survey to collect program-level data for the Biennial Report will be pilot tested in the fall semester. Further, the APRC will gather feedback on the proposed self-study guidelines from the Provost, Deans, Chairs, and faculty over the fall 2010 semester.

In the spring of 2011, it is anticipated that the Academic Program Review Plan will be presented to the Faculty Senate and Provost for final review and approval. Upon this approval, data collection for the Biennial Program Report will commence, and the Annual Central Data Report will be formatted for routine reporting. The Annual Central Data Report will be generated in the summer of 2011 for the 2010-2011 academic year and provided to Deans and programs. In the spring of 2012, the first sixth of programs will initiate self-study and external review.

Aligning academic program review with college-level strategic planning, investment prioritization, and resource allocation is a shift from practices of the past. With the emphasis on shared governance within the new administration, academic program review has the potential to contribute essential information to the evolving planning and budgeting processes within the University, as well as ensure that programs are vibrant and financially viable. The APRC will help facilitate the process of integrating program review with ongoing assessment efforts, the strategic planning process within programs, colleges, and the University, and resource allocation.

With regard to focus area 3, analyzing the implications for planning and governance of possible changes to the relationship between the University and the State of Rhode Island, we foresee no changes in the current governance structure and within the relationship of the University to the State. We will continue to closely monitor the financial status of the University and adjust resources and expenses accordingly.

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Appendix A

Recommendation of the Faculty Senate Executive Committee To Replace the Joint Strategic Planning Committee (JSPC) With the Joint Committee on Academic Planning (JCAP)

April 22, 2010

As amended by the Faculty Senate on April 29, 2010

Background

At their September 18, 2009 meeting, President Dooley and the Faculty Senate Executive Committee discussed the establishment of the Strategic Budget and Planning Council (SBPC), which was to assume some, but not all, of the responsibilities of the Joint Strategic Planning Committee (JSPC).

As President Dooley's proposal for the SBPC developed during the fall semester it became clear to President Dooley, Provost DeHayes and the members of the Faculty Senate Executive Committee that a new joint committee with an emphasis on academic planning was needed to complement the President's Strategic Budget and Planning Council. From the beginning of the spring semester the FSEC discussed with the President and Provost the establishment of a Joint Committee on Academic Planning to replace the Joint Strategic Planning Committee (sections 5.70.10-12 of the UNIVERSITY MANUAL). The evolution of the proposal is detailed in Minutes of the FSEC from September 18, 2009 through April 5, 2010 which are available on the web at [http://www.uri.edu/facsen/Commtgs_09-10.html # FSEC](http://www.uri.edu/facsen/Commtgs_09-10.html#FSEC)

Recommendation

That the Faculty Senate replace the Joint Strategic Planning (JSPC) Committee with the Joint Committee on Academic Planning (JCAP) by amending existing sections 5.70.10-12 of the UNIVERSITY MANUAL as follows:

5.70.10 The Joint Committee on Academic Planning (JCAP) shall address academic planning and accreditation of the University. The recommendations of the Committee are advisory to the Office of the Provost and the Faculty Senate. It shall assist in monitoring progress of the University's Academic Plan by suggesting modifications, additions, and deletions to the Plan as well as creating and coordinating task forces. The Committee shall be responsible for the regular review of the Academic Plan and ensure that it continues to reflect the needs of the University in light of new opportunities and challenges. It shall be responsible for periodic and systematic review of various aspects of the institution as required by the New England Association of Schools and Colleges and shall ensure that the results of these reviews are used for continuing improvement. The Committee

shall be provided, upon request, with necessary data and information by University colleagues across all Divisions and by representatives of Academic Plan task forces.

5.70.11 The Joint Committee on Academic Planning shall be chaired by the Provost and Vice President for Academic Affairs with the Vice Chair of the Faculty Senate serving as JCAP vice chair. Members of the Committee shall include the Vice Provost for Faculty Affairs; Special Assistant to the Provost for Academic Planning; Dean of Students in Student Affairs; Assistant Vice President for Business Services; Vice President for Research and Economic Development; Dean of the Graduate School; a Dean appointed by the Provost; an academic representative from the Feinstein Providence Campus appointed by the Vice Provost for Urban Programs; four members of the Faculty Senate Executive Committee; chairs of the following Faculty Senate committees: Curricular Affairs, Academic Program Review, and University College and General Education; and the Presidents of the Student Senate and Graduate Student Association or their designees. Other individuals from the URI community may be called upon to participate and contribute.

5.70.12 The Joint Committee on Academic Planning shall meet on a regular basis as needed, typically monthly, and shall submit recommendations to the Provost, the Faculty Senate, and committees of the University, as it deems appropriate. The Chair and Vice Chair of the Committee shall report to the Faculty Senate at least once each academic year, typically at a Senate meeting prior to April, and to the university community as appropriate.

Appendix B

Principles for a Strategic and Sustainable Budget Process

Division of Academic Affairs at The University of Rhode Island

The principles outlined below apply to the management, allocation, and investment of general revenue funds generated through the state, including funds derived from tuition and fees. These principles apply to budget increments and decrements. While there may be occasional justifiable exceptions relative to the management, allocation, and investment of non-general fund revenues, these principles should also apply to all university and unit budgeting and fund allocations.

Fundamental Budget Principles

- 1.** For a budgeting process to be strategic institutional strategic priorities must influence resource allocation and resource allocations must represent investments in priorities and essential programs. As such, the budget becomes a visible manifestation of academic priorities and strategic plan.
- 2.** For budgets to be sustainable revenue potential and costs over time must coincide and mechanisms are needed to insure budget stability, despite annual increases in costs associated with salaries and benefits of personnel. That is, centralized budget recovery mechanisms need to be established to adjust budgets and create potential for reallocation. Capturing funds associated with vacated positions is one such mechanism and is preferable to annual budget recovery (usually 1, 3, or 5% recovery) approaches.
- 3.** Funds and lines associated with vacated positions (retirements and departures) will be recaptured centrally and strategically allocated, in most cases, at entry-level salaries. Lines vacated because of denied tenure decisions will remain in the college/unit, but should be used to fill priority needs in concert with the strategic plan of the college.
- 4.** Investments in new initiatives within units should include non-central resources from the units or internal reallocations. Central co-investment reflects mutual support of programs.
- 5.** Resource allocations, including new and replacement positions and both increments and decrements, will be guided by unit performance, which will consider unit productivity, cost-effectiveness, and innovation as well as strategic priority and the specific role of the position. Across-the-board budget alterations will usually be avoided. Indicator metrics for these variables will be defined and unit targets may need to be established because different units may have different productivity measures.

6. The budget process needs to be relatively simple (i.e., based on just a few understandable metrics), consistent, and transparent and should ensure an open mechanism of communication between the responsible unit (e.g., colleges), budget managers, and departments and faculty within units.
7. An effective budget process encourages innovation and efficiency, and aligns incentives for behavior in support of strategic priorities, productivity, and cost effectiveness.
8. A formalized budget process, including annual submission of a budget document and a budget hearing, will ensure that budget needs and requests from all units reflect unit priorities broadly, are considered at the same time, and reflect a multi-year budget planning horizon within units.
9. Once allocations are made, units are expected to operate within the framework and constraints of their annual budget, unless emergency situations (e.g., mid year state appropriations reductions, sudden dramatic enrollment shifts, etc.) occur during the year.
10. If possible within financial constraints, the Provost should maintain a contingency fund to be used for budget protection and/or for short-term strategic investment.

Appendix C

Guidelines for the Allocation of Resources

Division of Academic Affairs The University of Rhode Island

Resource allocation within the Division of Academic Affairs will not be done by formula, but rather by a reasoned, balanced, and subjective analysis of unit performance. Such analyses will be guided by the Academic Plan and institutional strategic priorities as well as by unit productivity, cost effectiveness, and efforts to promote innovation and quality with careful consideration of the context of the discipline and mission of each unit. Ultimately, the potential of units to most effectively deliver the curriculum and programs of research and scholarship congruent with our academic plan will be an important aspect.

To ensure transparency, unit leaders should develop appropriate mechanisms to share college and departmental data and gather input on resource needs and strategic directions from departments and/or faculty. Further, it is the unit/college's responsibility to ensure that internal budget resource allocations are continually re-examined and shifted to best meet changing demands in accordance with strategic priorities and unit performance. Student learning outcomes are an essential aspect of measuring the quality and effectiveness of the learning experience that units should consider in their budgeting process.

Guidelines emerge from fundamental institutional premises:

- Effective academic units make excellent use of and fully engage the faculty resource in support of student learning through vibrant courses, experiences, and majors, active programs of faculty scholarship, and service contributions vital to the institution, community, and professions.
- The university values multiple forms of faculty pedagogy and scholarship and recognizes that there are different modes of scholarly pursuit across disciplines, departments, and colleges.
- Extramural funding is also important to the university; however, the expectation for success in this arena depends heavily on discipline and the differential availability of external funding by program area.

Guidelines considered for the allocation of resources:

Institutional Strategic Priority – cross-cutting institutional priorities include enhancing interdisciplinary learning and discovery, global perspectives, sustaining coastal ecosystems and communities, and develop meaningful

partnerships within and outside the university. Furthermore, the University community recognizes opportunities for the institution in the following broad areas: liberal learning and scholarship, health, environment, and science and technology.

Productivity – considers the balance of the academic unit’s critical contributions to educational delivery and the active and successful pursuit of extramural funds, while being mindful of educational quality and distinctive aspects of unit mission, pedagogy, and opportunity for external funding.

Cost Effectiveness – addresses the efficiency of resource utilization by academic units and the effectiveness of the unit in generating resources by attracting students, teaching, and generating external funding in comparison to the level of institutional investment and in recognition of differential learning goals.

Innovation and Quality – the institution encourages creative new approaches that promote learning and discovery and an interdisciplinary context, enhance the first-year student experience, and establish effective partnerships that can advance the university; meritorious innovative ideas and approaches that further productivity, quality, and cost effectiveness will be seriously considered for support.

Appendix D

Unit Budget Planning and Allocation Process

Division of Academic Affairs The University of Rhode Island

Budget Planning and Allocation Process

The development of general revenue budgets and resource allocations for all major units within the Division of Academic Affairs will be consistent with the attached budget principles (entitled *Principles for a Strategic and Sustainable Budget Process*) and will be derived from an annual Budget Planning and Allocation Process. The process will include annual budget planning that is reflected in each unit's budget narrative, public presentation, and budget hearing. The overall goal is provide an understandable and defensible budget allocation to each unit that reflects the unit's goals in the context of the university's strategic priorities. The process will shape the budget allocation for the subsequent year (e.g., FY2010 budget hearing for the FY2011 budget allocation). An approximate budget planning projection extending two additional years will also be produced by each unit to ensure a multi-year budget horizon for both the unit and institution.

Resource allocation decisions within the Division will be made by the Provost with input from the Budget & Financial Planning Office, Vice Provosts, and Vice President for Research and Economic Development, and will be guided by strategic priorities and an analysis of unit productivity, cost effectiveness, and innovation. Indicators for assessing productivity and cost effectiveness will be described in a separate attachment. Data to be considered in the process will be gathered and analyzed by the Office of Institutional Research and provided to the units and the Provost Office. Annual budget increments or decrements will depend on resource availability, the Provost Office analysis and synthesis of each unit's performance, and additional unit planning information provided in their budget narrative. Resource allocation will not be done by formula, but rather by a reasoned and subjective assessment of unit performance information. To ensure transparency within units, Deans and Directors should develop appropriate mechanisms to gather input on resource needs and strategic directions from departments and/or faculty.

The overall Academic Affairs budget process will follow a timetable coordinated with the Budget & Financial Planning Office annual process and ensure that decisions on unit allocations are tied to overall institutional budgeting across all Divisions. The approximate FY2011 budgeting timeline is attached for illustrative purposes.

Budget Narrative

The budget narrative is first and foremost a planning document for each unit. The budget narrative should not exceed five single spaced pages and should briefly address the following items:

- A brief statement of unit mission.
- Description of interconnection between unit plans and priorities, and the academic vision and academic plan.
- Briefly describe the progress made in your unit over the last 12-15 months in addressing the quality, efficiency and/or effectiveness initiatives critical to the University such as exploring towards a 4 credit curriculum, consolidation of low enrollment majors, enhancing the first year experience and increasing student success and retention.
- A discussion of “quality” and “diversity” initiatives and accomplishments that augment other performance measures.
- A description and justification of highest priority new resource needs for the unit for FY11, including a clear indication of whether the request is for base or variable funds.
- A brief synopsis of anticipatory budgetary needs built upon unit performance and possible new initiatives for FY12 and FY13.
- Completion of the attached template Budget Request Spreadsheet that outlines financial requests for FY11 for permanent and one-time only funds including salary and fringe benefit calculations if appropriate. Similarly, anticipatory requests for FY12 and FY13 should also be completed in the appropriate section of the template Budget Request Spreadsheet. (Please note that the template spreadsheet includes a fringe benefit calculator for FY10. Given that we do not have information on future fringe benefit premiums at this time, fringe benefit costs will ultimately have to be adjusted for FY11, FY12 and FY13.)

We anticipate requests for major capital investments, such as major renovations or proposed new construction, will be addressed in a separate addendum to the budget narrative in future cycles. Plans and priorities for capital projects are determined by the President with input as needed and/or desired from the Vice President of Administration and other senior administrators. A set of factors to be considered in reviewing and prioritizing potential capital projects will be developed and distributed.

Council of Deans Presentation

Each unit head (Dean, Vice Provost, Director, etc.) will be expected to make a presentation at the Council of Deans that highlights the unit’s mission, relationship between its plan and overall university priorities, and summarizes unit performance information. The 15 minute presentation may include a general summary of unit

needs and overall directions, but need not include detailed budget or personnel information. The purpose of the presentation at the Council of Deans phase of the process is to insure transparency across units and to provide an informational basis that might encourage cross-unit collaboration in education, research, outreach, or administrative functions.

Budget Hearing

The budget hearing is a closed meeting involving the Dean (or Vice Provost or Director) and one or two others from the unit (usually the Financial Manager) and the Provost, Director of Budget & Financial Planning, Vice Provosts, Vice President for Research and Economic Development, and other senior leaders. These meetings, which will typically last approximately 60 minutes, are designed to explore issues related to budget in further detail and for follow up questions. The budget hearing may also provide an opportunity for discussion of unique challenges or opportunities confronting the university and/or the specific unit.

FY2011 Budget Process and Allocation Timeline

October 26	Provost notifies Deans to prepare budget narrative as specified on page 2 of this document for the following year(s). Budget principles and budget template spreadsheet are attached to the memorandum.
December 15	Deans return budget narrative to the Office of the Provost.
December-January	2010 budget reconciled by college/unit and Budget Office at mid-year.
January 13	Deans make presentation at the Council of Deans based on submitted budget narrative.
January 27	Academic Affairs budget hearings commence for each college/unit with the Office of the Provost and Vice President for Academic Affairs, Office of Budget and Financial Planning, and the Office of Research and Economic Development.
February 2-18	Budget Office solicits allocation revenue/expense information.
February 9-27	Budget Office review of revenues and expenses to determine tentative amounts for upcoming year (these dates are

dependent upon the date that the Governors recommendation is released and upon information from Andrea Hopkins about Legislative intent).

February 27	Information due back to Budget Office.
March- April	Academic Affairs identify retirement/resignations for potential re-investment.
May 13	Presentation to Senior Management Team (SMT) regarding estimated revenues and expenses for the upcoming year with recommended division expenditure budgets.
May 14-19	If required, SMT meetings held to further discuss tentative allocation.
May 20	College/unit budgets for Allocation announced. Division Heads working with Budget Office provide college/area bottom lines.
June 2	Budget Office distributes guidelines and worksheets for completion by department (Chartfield String) and account code.
June 17	Department returns due in the Budget Office.
June 17-24	Returns reviewed by Budget Office.
June 25-26	Allocation prepared for upload to Financial System.
June 29-30	Allocation budget loaded into Financial System – possible only if all returns are returned in accordance with instructions and by the deadline.

Appendix E

Sample Resource Allocation Letter to Deans

MEMORANDUM

TO: Raymond Wright, Dean
College of Engineering

FROM: Donald H. DeHayes
Provost and Vice President for Academic Affairs

DATE: April 9, 2010

SUBJECT: Strategic Investments

I want to thank you for your participation in our academic strategic planning and budget process for FY2011. We found the discussions that focused on the opportunities and challenges of the college, and requests for strategic investments in your unit to be important and informative. The budget narratives, Council of Deans presentation and budget hearings provided a framework for transparent communication among units as well as provided an understandable and defensible budget allocation that reflects each unit's goals and future directions in the context of the University's strategic priorities. These conversations also allowed for an analysis of unit productivity, cost effectiveness, and innovation.

Across all units, we received requests for about \$9.1 million and we are projecting approximately \$3.0 million to allocate at this time based on the Governors recommended budget, estimated freshman admissions and fall 2010 enrollments. While not an extensive amount of funds within the overall context of the University's expenditures, it is a unique and significant investment in terms of the comparable current national higher education financial landscape at this time. I am pleased that we could do so and view this, in part, as recognition of the extraordinary work being done by faculty and staff across the University during these economically constrained times. While we are not able to meet all of your requests, we hope this commitment of resources is seen by you and your college as a positive symbol of our commitment to the work of the faculty, the learning experience of students, and to the University more broadly.

The attached spreadsheet summarizes the strategic investments we are able to make in your unit at this time. Per your request, these strategic investments are dependent on the two new faculty hires in Electrical and Civil Engineering contributing to the curriculum, research and outreach in renewable energy. In

addition, the college will deliver one additional grand challenges course and continue to increase its student:faculty ratio and research awards. The salaries for the two faculty positions will be provided in the college FY2011 allocation.

During the budget hearing process, we also began to put together a strategy with each of you about ways we may enhance productivity of each unit. In particular, I ask that you pay close attention to the student to faculty ratio targets that were discussed, enhance retention and the first-year student experience, increase teaching and research productivity where appropriate, and increase the effectiveness of our operations.

While we certainly expect that you will proceed with searches as appropriate to fill positions as noted above, I do need to emphasize that our financial stability is contingent upon on the FY 2011 state appropriation remaining at its current projection and our yield success in enrolling the fall 2010 freshman class, including hitting our IS-OS targets. If these variables change dramatically, it is conceivable we may have to revisit some of the investments we have made this far. Let's work together to ensure that doesn't happen.

Thanks again for your patience and efforts. Given the larger challenges facing us all today, I hope you agree that we seem to making some modest progress at making positive steps forward.

Attachment

Appendix E – Continued

Sample Resource Allocation Letter to Deans

CONFIDENTIAL

CONFIDENTIAL

MEMORANDUM

TO: Raymond Wright, Dean
College of Engineering

FROM: Donald DeHayes
Provost and Vice President for Academic Affairs

DATE: April 12, 2010

SUBJECT: FY2011 Budget

Over the past year, the Academic Affairs community has made significant progress and enhancements in creating a more robust environment for learning, discovery and outreach at the institution. These efforts included creating a living academic plan; developing and implementing a more comprehensive budget process that invests in strategic areas that we value; initiating changes in the curriculum that will lead to a more dynamic general education experience and improve the quality of the overall student learning environment; and, in conjunction with the Office of Research and Economic Development, we are on pace to having another outstanding research award year. In addition, we have had the highest number of undergraduate applications ever (e.g., >19,000) and graduate applications are up 10%. This dramatic increased interest in the University will hopefully lead to a continued improvement in the quality of our students. Further, we have launched a number of initiatives that will foster greater participation of our undergraduate and graduate students in cutting edge research; provide students with courses that explore the grand challenges facing our society; and support seminars and workshops with distinguished international researchers and scholars.

As we proceed with the budget allocation for FY2011, I want to thank you for your contributions of last year and encourage you to continue to find innovative ways to find efficiencies and improve quality in your college as well as focus on approaches to increase the retention of our freshman and returning students. These efforts will play a critical role in making the University more attractive to students across the region and nation, enhancing the effectiveness of our

research and outreach activities, and improving the revenue environment for our institution.

As we have discussed at the Council of Deans, the Governor has recommended a FY2011 state appropriation that is \$2 million less than the amount of funds received by the University in FY2010. As the state appropriation continues to decline, it is increasingly clear that our time and future is dependent on enrollment, wise and efficient use of all our resources, and careful strategic allocation of resources at the university, college and departmental level. Given the recommended state appropriation reductions that are projected in other states, we may be in relatively more stable financial environment than many other institutions in the nation. Please be advised that to date, however, the General Assembly has not finalized its budget deliberations for the next fiscal year and tax revenues shortfalls are projected. Further, we continue to monitor projected freshman enrollments and the number of returning upper-class students. There is a high probability that we will ultimately admit a slightly smaller freshman class and our retention continues to be a major concern, especially for out-of-state students. To be successful, we, and I do me the collective “we”, must work to increase the yield of high potential students and retention rates.

Although there continues to be some uncertainty in the Higher Education appropriation and in student enrollments, we are proceeding with the budget allocation due to our need to manage and plan for the 2010-2011 academic year. Based on our best current projections, the tentative budget allocation for Academic Affairs in FY2011 is projected to be \$118.6M without associated fringe.

I will keep you informed about any modifications to the Governor’s recommended budget or any changes in the financial conditions of the state. We will need to remain somewhat flexible so that we can react to any changes in student enrollments and the associated tuition revenues, or changes in our state appropriation that may occur by the beginning of or during the fiscal year.

The number below is the FY2011 budget allocation for your college. This number includes:

- ❖ \$160,000 in strategic salary funds for the searches approved on April 9, 2010 following our budget hearing process. These salary funds have been added to the college base allocation below and the associated fringe benefits (approximate annualized fringe cost of \$72,000) will be provided upon the appointment of the faculty or staff member; and
- ❖ the projected changes in the Engineering fee (see Appendix A).

For FY2011, the allocation for the College of Engineering is \$9,115,144 without the associated fringe benefits (see Appendix A).

- The Office of Budget and Financial Planning management summary spreadsheet will provide an estimate of the college's fringe benefits following your entry of all personnel data.
- Please note that resignations and retirements that occurred after March 7, 2010 will revert back to the Office of the Provost for future re-investment per our budget principles. **You will need to identify these funds in order that the total funds from late resignations and retirements can be transferred to the Office of the Provost in early July.** Note that if it is absolutely necessary to backfill retirements and resignations, please use the one-time only funds in your college FY2011 budget allocation. **You, as Dean, will be responsible for tracking these funds and utilizing the funds for their original intent in the next fiscal year.**
- Faculty development funds are not part of the number above, but will be distributed to the college at the start of the new fiscal year.

As you proceed with implementation of the FY2011 allocation within your academic unit, it is essential that you make decisions based on the budget principles that I have attached (Appendix B). It is also critical that you find ways to continue to improve the quality of our programs and the learning experience of our students. This means reviewing and changing the delivery of our curriculum to freshman by engaging more full-time faculty in general education courses, by providing more interdisciplinary courses at this level and by aligning our use of technology with how this generation of students learn. These changes are intended to engage students and improve our retention rates that will subsequently result in improved finances that will benefit the research and learning activities of our faculty and students. Also, please be mindful that the Academic Plan will guide our efforts, investments and future program directions.

Please share with Vice Provost Clifford Katz and I a copy of your balanced budget for FY2011 no later than May 3, 2010. The goal is for your college and all other academic units to live within your budget for the year, unless there are significant emergencies. If you have questions concerning the completion of the e-mailed budget forms from the Office of Budget and Financial Planning, please contact Linda Barrett or Cheryl Hinkson.

I want to thank you for your hard work, effort and cooperation.

C: David Dooley
Clifford Katz
Linda Barrett

(Excel Spreadsheet – Separate Electronic Attachment)

Appendix F

The Strategic Budget and Planning Council CHARGE

The University Budget and Planning Council shall provide a new, transparent and inclusive process for the planning, budgeting and assessment of university strategic directions, investments, and facilities. The Council shall be advisory to the President. It will ensure that the University's strategic plan and mission guide resource allocations and investments.

Guiding principles:

- An open, understandable, transparent system is important to the process of defining strategic priorities and allocating the resources of the University.
- A strong linkage must exist between the budget and the strategic priorities of URI.
- Budget recommendations shall be guided by the university's mission and strategic plan and connect financial investments, strategic priorities, and expected outcomes.
- Shared governance entails shared responsibility for the health and vitality of the institution.
- Council members operate from a university-wide perspective and must have the capacity to both inform analyses and understand the implications of the Council's recommendations.
- Annual evaluation of plans and budgeting allocations is an important component of the planning and budgeting process.

In regard to Budgeting, the Council will:

- Expect that each Division and Athletics institute a process for planning and budgeting that ensures collaboration, most effective use of resources, funding of priorities, and transparency. Internal priorities are identified through divisional planning aligned with the overall University strategic plan and the academic plan. Potential resource allocations and reallocations within the Division's are recommended using a set of budget guidelines, principles, and procedures; these processes lead to a set of priorities from each major unit (e.g., divisions) that are forwarded to the university-wide Council.
- Review budget proposals by divisions, including Athletics, of the University, make budgetary recommendations for developing the University's annual budgets that address strategic priorities, obligations, and other important initiatives deemed important to the University's success and future.

- Develop and implement a budget planning cycle for decision-making that corresponds with Board of Governors' and State budget cycles.
- Conduct evidence-based analysis of the priorities and allocations emerging from the divisions and Athletics; effectively, this vetting process examines internal priorities within units through the lens of institutional needs and directions and establishes indicators to assess outcomes.
- Recommend to the President a proposed university budget including potential institutional investments, funding recommendations (allocations and re-allocations) and rationale for proposed actions.

Process and Functions:

In regard to Strategic Planning, the Council will:

- Oversee the development of university-wide strategic priorities through a collaborative planning process
- Devise and report Key Performance Indicators to facilitate the evaluation of progress and the accomplishment of URI's goals

In regard to Assessment, the Council will:

- Conduct an annual retrospective assessment of previous investments in the context of the strategic plan and make related recommendations for modification for future budgeting and planning.
- Make recommendations as appropriate for modifications of the strategic plan that reflect emerging priorities and opportunities.

Council Membership:

The Council shall have balanced representation from the University community, while maintaining a size that is workable and ensures functionality. Composition is as follows:

(See enclosed membership list)

Appendix G

Principles for a Strategic and Sustainable Budget Process at the University of Rhode Island

The principles outlined below apply to the management, allocation, and investment of general revenue funds generated through the state, including funds derived from tuition and fees. These principles apply to budget increments and decrements. While there may be occasional justifiable exceptions relative to the management, allocation, and investment of non-general fund revenues, these principles should also apply to all university and unit budgeting and fund allocations.

Fundamental Budget Principles

1. The budget process will be relatively simple – based on a few understandable metrics, consistent, and transparent.

- It should ensure an open mechanism of communication between the divisions/unit and the SBPC.

2. The budget will be strategic.

- Institutional strategic priorities will guide and influence resource allocation and will be reflected in budget investments in priorities and programs leading to the development of a strategic budget on an annual basis.
- The Academic Plan along with the divisional/unit plans should lead the overall process and serve as the foundation for the philosophy and concepts that guide the process for budget planning and resource allocation for every department/unit, college or division. As such, the budget becomes a visible manifestation of academic priorities and strategic plans.
- Funds associated with vacated positions (retirements and departures) will be subject to review, recapture, and/or strategic reallocation as appropriate. Consideration will be given to productivity and efficient use of resources.

3. The budget will be sustainable and developed to support a sustainable mission.

- Budget recovery mechanisms will be established to adjust budgets and create potential for reallocation.
- Investments in new initiatives within units should include resources from both the units and/or institutional allocations and reallocations.

4. The budget will encourage innovation and efficiency.

- It will align incentives towards strategic initiatives and priorities, productivity, and cost effectiveness, and innovative and collaborative approaches.

5. The formalized budget process will include annual submission of a budget document and a presentation/discussion with the SBPC.

- Budget needs and requests from all divisions should reflect university-wide and

division priorities broadly.

- Once allocations are made, divisions are expected to operate within the framework and constraints of their annual budget, unless emergency situations (e.g., mid year state appropriations reductions, sudden dramatic enrollment shifts, etc.) occur during the year.

6. A University contingency fund (when possible) will be used to ensure budget protection and/or for short-term strategic investment.

Financial Efficiency Procedures & Process

- 1.** All divisions (including the Provost Office) should conduct an annual internal audit of processes, programs, and procedures for the purpose of enhancing efficiency and effectiveness and be ready to provide information to the SBPC.
- 2.** The Council will use consensus as a preferable form for decision-making.
 - Voting will be used only when necessary, majority rules, the Chair will have the tie breaking vote.
- 3.** Divisions should conduct a formalized budget process.
- 4.** The budget process needs to be relatively simple (i.e., based on just a few understandable metrics), consistent, and transparent. It should ensure an open mechanism of communication between the responsible unit (e.g., colleges), budget managers, and departments and faculty within units.
- 5.** Efforts should be made to benchmark productivity and expenditures with peer institutions.
- 6.** The development of new buildings and programs, and/or initiatives should be based on full and realistic costs, including the allocation of personnel and space needed for delivery and administration. They must also be in concert with the University's strategic priorities.
- 7.** Centralization of support services within the University should be explored where efficiencies can be gained and effectiveness sustained.
- 8.** Off-loading of expenses or charges to other areas is, in most cases, not a viable way to enhance efficiency and reduce costs.
- 9.** All units and members of the URI community should make energy conservation a priority.
- 10.** Collaboration, partnerships, and consolidation, including shared functions and services, should be explored as a means of enhancing both efficiency and effectiveness.
- 11.** Where appropriate, outsourcing should be examined for both administrative and academic functions, and implemented if cost-savings can be gained and effectiveness maintained or improved.

Appendix H

The University of Rhode Island Strategic Budget and Planning Council (SBPC) Guide for Divisions/Unit Budget Planning Request

The Strategic Budgeting and Planning Council (SBPC) will make its budgetary recommendations based on a set of guiding principles (see attached). Each division/unit of the University will articulate its strategic priorities and major budget and funding requests using the following guidelines and process. The process will include annual budget planning that is reflected in each division/unit's budget written request (no more than 4 pages) and an opportunity for presentation and discussion with the SBPC. The overall goal is to arrive at an understandable and defensible budget request for each division/unit which reflects its mission and strategic priorities/goals and respective of its contributions to the University's Academic Plan. The process will shape the budget request and, subsequently the budget allocation, in conjunction with the budgeting time frames as presented by the URI Budget & Financial Planning Office and accepted by the Council.

To ensure transparency, division/unit leaders should develop appropriate mechanisms to share important and relative divisional and departmental data. Further, it is the division/unit's responsibility to ensure that internal budget resource allocations are continually re-examined and shifted to best meet changing demands in accordance with strategic priorities and unit performance.

Guidelines considered for the allocation of resources:

Strategic Priority – crosscutting institutional priorities include enhancing the mission and divisional strategic priorities, including the support for advancing the Academic Plan goals.

Productivity & Cost Effectiveness – considers the balance of the division/unit's efficiency and effectiveness in the utilization of resources and in delivering upon its mission and goals. Consideration is also given to the active and successful pursuit of extramural funds, where feasible.

Innovation and Quality – the institution encourages creative new approaches that advance the university; meritorious innovative ideas and approaches that further productivity, quality, and cost effectiveness will be seriously considered for support.

BUDGET REQUEST

The budget request is first and foremost a planning document for each Division/unit. Areas can use the *new* SPBC Template (enclosed) to articulate their requests. No more than 4 pages should briefly address the following items:

1. A brief statement of division/unit mission.
2. Description of the division/unit's plans and priorities, including a summary of specific goals/initiatives for supporting the Academic Plan.
3. Briefly describe the progress made in your division/unit over the last 12-15

months in addressing strategic priorities or attach as an Appendix a brief annual report summary.

4. A description and justification of highest priority new resource needs for the unit for FY12, including a clear indication of whether the request is for base (permanent) or variable (one-time-only) funds. (complete excel spreadsheet found at www.uri.edu/budget/sbpcdocs.html)

5. Provide any benchmark or comparison data relative to the request to help justify the budget request (peer comparison data, data that helps to clarify the current request and need, etc)

6. Indicate any requests and rationale for major capital investments, such as new buildings or major renovations or proposed new construction with estimated costs to the unrestricted budget. (complete excel spreadsheet found at www.uri.edu/budget/sbpcdocs.html)

7. A brief synopsis/projection of anticipatory budgetary needs and possible new initiatives for FY13 and FY14.(complete excel spreadsheet found at www.uri.edu/budget/sbpcdocs.html) Note: A new item in FY12 should not be restated in FY13. For example, if a new position is added in FY12, only the anticipated salary increase and associated fringe benefit increase should be reflected in future years. The anticipated fringe increase can be calculated by entering the anticipated salary in the fringe benefit calculator.

Note: Completion of the templates, as referenced in #4, 6, and 7 above for the Budget Request, will outline financial requests for FY12 for permanent and one-time only funds including salary and fringe benefit calculations if appropriate. Similarly, anticipatory requests for FY13 and FY14 should also be completed in the appropriate section of the template Budget Request spreadsheet. (Please note that the template spreadsheet includes a fringe benefit calculator for FY11. Given that we do not have information on future fringe benefit premiums at this time, fringe benefit costs will ultimately have to be adjusted for FY12, FY13, and FY14).

Council Presentation

Each unit head, including President or representative for President's division, Vice President/Director of Athletics) will be expected to submit in advance their budget request proposal to the Council to be followed by a presentation and discussion that highlights the division/unit's mission, relationship between its budget request and its plan and the Academic Plan. Also relevant will be a summary of the area's recent past productivity and effectiveness in meeting its mission/goals. These presentation/discussions for each division/unit will typically last approximately 30 minutes and are intended to explore issues related to budget in further detail and for follow up questions. The discussion may also provide an occasion to address unique challenges or opportunities confronting the university and/or the specific division/unit.

Deadline for Council to receive written Divisional budgetary requests as per outline above – June 1st
Dates for Budget Presentations to the Council:

(Each division will have 30 minutes presentation followed by 30 minutes for questions)

- **Tuesday, June 8, 8:00 a.m. – 11:00 a.m.**
 - **Research**
 - **Academic Affairs**
 - **Advancement**

- **Wednesday, June 16, 9:00 a.m. - 12:00 p.m.**
 - **Administration**
 - **Student Affairs**
 - **Athletics**

- **Tuesday, June 22, 1:00 p.m. – 4:00 p.m.**
 - **Discussion and shaping recommendations**

- **Friday, June 25, 9:00 a.m. – 12:00 p.m.**
 - **President**
 - **Discussion and shaping recommendations**

Appendix I

University Manual, Section 5.86.10, The Academic Program Review Committee

5.86.10 The Academic Program Review Committee (APRC) shall develop and maintain the academic program review instrument. The committee shall coordinate the administration of the review, oversee the collection of data, and compile and disseminate information resulting from the review as outlined in sections 8.86.10-14. When academic program reviews are conducted, the committee shall serve as a resource to departments and programs being reviewed. The committee shall receive and respond to comments regarding the program review process, including, but not limited to, the academic program review instrument. [#05-06--22](#)

5.86.11 The committee shall be comprised of at least four faculty members appointed by the Faculty Senate, two representatives of the Provost and a representative of the President. Faculty members shall serve three-year terms, shall be appointed on a staggered basis and may succeed themselves for one additional three-year term. [#05-06--22](#)

Appendix J

Report of the Academic Program Review Committee, 2009-2010

Committee

Christopher Anderson (Chair), Marilyn Barbour, Laura Beauvais, Ronald Jordon, Dana Kovarsky, Scott McWilliams, Henry Schwarzbach, David Smith, John Stevenson, Leon Thiem

Context

The charge of the Academic Program Review Committee is "to develop and maintain the academic program review instrument" and to "coordinate the administration of the review, oversee the collection of data, and compile and disseminate information resulting from the review" (section 5.86.10 of the University Manual). The reviews have the potential to support programs in monitoring and self-improvement, to facilitate strategic plan alignment across levels of the university, and to provide data and narrative to administrators for use in strategic budgeting. In 2009-10, the APRC operated in a context defined primarily by a need to address shortcomings in the university's academic program review process identified by NEASC, in advance of their follow-up visit in October 2010. Chief among these is compliance with the standard that "the evaluation of academic programs 'includes an external perspective and assessment of their effectiveness' (4.9)." In addition, the data identified for collection and analysis through program evaluation provides faculty input into the factual bases for the new administration's performance-based budgeting and strategic planning initiatives, also consistent with NEASC expectations. Finally, in the absence of a faculty-administrator consensus review process, the university has been subject to Board of Governors direction to focus review on enrollment criteria, rather than operate with a process and guidelines that more completely recognizes all elements of the University's mission.

Process

The APRC began its year by revisiting the Academic Investment and Improvement Model (AIIM), the survey-based instrument that served as the basis for the last significant APRC activity. The updated AIIM instrument provides a well laid-out model for inputs, outputs and processes to be incorporated into the review of the university's academic programs, and an instrument for collecting program-specific data.

As a step toward understanding and addressing NEASC's concern about external evaluation, the APRC studied the program review processes at other, reference universities. The reference universities span a range of sizes, regional accreditation bodies, and quality rankings. Across all universities examined (roughly 10 in detail, more in generality), there is remarkable similarity in their processes: program reviews operate on a rolling 5-7 year cycle, and when in review, each program (typically a department) uses centrally collected data on program resources and productivity; engages in a year-long self-study explaining how the data (and

supplemental data from the department) reflect how the program is advancing the university's mission and strategic plan; and produces a report that is evaluated by a team of 2-3 visiting external reviewers from the same discipline at peer institutions who issue a brief analysis to the APRC or Provost. We did not locate any university that used only a survey-based instrument.

The administrations and faculty senates of the reference universities offer a variety of rationales for their self-study and external review processes. The primary benefit is that self-study facilitates alignment of departmental strategic plans with college and university plans; self-study instruments often instruct departments to interpret how the data support their efforts to advance the university mission. Faculty and programs, whose activities vary widely with discipline and other factors, see the opportunity for narrative explanation and interpretation as superior to a common scoring system that under-appreciates the complexities of universities. Both faculty and administrators see advantages in having a common, accurate, public data set on key aspects of programs (typically much broader than currently used at URI), as it reduces department data costs, unifies the bases on which arguments for resources are established, and provides transparency in budgeting. External review teams help align departments with standards within their discipline, which are more relevant for improvement than internal scoring across often incomparable disciplines. Many universities' processes include an action stage where programs, deans and provosts negotiate specific response goals and benchmarks, and the allocation of resources to execute them.

Direction

To achieve the benefits identified by other universities, and to align URI's academic program review process with NEASC's expectations for external review, the APRC is embarking on a process that will lead to a cyclical self-study and external review model like that used at all other universities examined. Our program is envisioned to have three components:

1. *University-provided data*: A more comprehensive common dataset from Institutional Research, following examples from our reference universities. These will be reported annually to programs so they may verify data and track their progress relative to goals laid out in their strategic plans.
2. *Program-generated data*: A simple instrument and process for collecting key programmatic data, especially those data addressing components of the mission known only to programs (e.g., levels of scholarship activity and the nature of external interactions). This will likely draw heavily on components of the AIIM.
3. *Self study report*: A narrative self-study report that interprets the common data (and supplementing it as needed to support arguments) in the context of program and university missions and strategic plans. Following our reference institutions, this report will be evaluated by external reviewers from the same discipline at peer universities, and will form the basis upon which program faculty, deans and the Provost develop a plan for improvement and resource allocation.

We anticipate evaluating alternative models from other universities and drafting the key components of this process in advance of the NEASC site visit in October. During Fall 2010, this draft will be circulated among the URI community, with opportunities for feedback and revision. During Spring 2011, the APRC will work with Institutional Research to prepare program evaluation data reports, survey programs in the first round of programmatic data collection, and initiate self studies.

Considerations

Aligning URI's academic program review with contemporary standards requires a dramatic shift from practices of the recent past. The APRC is committed to facilitating this process for faculty, and ensuring the results both improve programs and feed into university-level planning and performance-based budgeting. The following issues are being actively discussed among the committee:

1. The academic program review process needs to be tightly integrated with other ongoing assessment efforts, with the strategic planning process, and with resource allocation and budget priorities.
2. It is essential to incorporate direct feedback between program faculty and administrators. For example, some universities mandate a meeting with the program and Dean/Provost to discuss goals and the resources to execute them; others use review information to explicitly categorize programs by investment priority.
3. We need to facilitate data collection from programs by providing faculty the tools to set their own contribution goals and track their accomplishments related to them. To this end, we are evaluating Sedona (a software package currently being used in the College of Business Administration) for broader use in tracking faculty activity, and we are carefully considering how to leverage AIIM to gather program-level data.
4. The self-study process needs to avoid duplication of effort for accredited programs (who already do external review), but also ensure all elements of the program's mission are evaluated.
5. Once a complete process is outlined in greater specificity, there is a need for broader faculty and university community discussion.

Appendix K

Finance & Enrollment (F&E) Data Forms



**New England Association of Schools and Colleges
 Commission on Institutions of Higher Education
 209 Burlington Road, Suite 201 • Bedford, MA 01730
 phone: (781) 541-5414 • fax: (781) 271-0950
 http://cihe.neasc.org**

FINANCE AND ENROLLMENT (F&E) DATA FORMS 2/5/09

This Excel workbook contains data forms to supplement reports on finance and enrollment. Much of the information requested is readily available on institutional audited financial statements, yearly IPEDS reports, and other institutional reports and publications. When entering financial data, please round to the nearest thousand.

Instructions are contained in embedded comments in each form. Move the cursor on top of the red boxes with a "?" to see the comments. This workbook has been formatted so that all comments will be printed out at the end of each data form. If you do not wish to print the instructions, you can change this on the "Sheet" tab of the "Page Setup" menu. Some forms contain cells that will automatically calculate totals. These cells have "0s" in them and are locked so that you cannot enter data into them or inadvertently change the formula. To add rows or adjust column widths, unprotect the sheet by selecting the "Protection" option from the "Tools" menu. You will be prompted for a password, which is ark. The password is case sensitive.

Commission staff members are always willing to assist institutions with reporting requirements. Please call the Commission office (781-541-5414) if any questions arise regarding the Finance and Enrollment (F&E) Data Forms.

INSTITUTIONAL INFORMATION

Institution Name: University of Rhode Island

OPE ID: ? 003414

Carnegie Classification: ? Bal/SGC - CompDoc/Nmed Vet - HU - FT4/MS/LTI - L4/R - RU/H

		Annual Audit	
		Certified:	Qualified
		Yes/No	Unqualified
Financial Results for Year Ending:	?		
Most Recent Year	2009	Yes	Qualified
1 Year Prior	2008	Yes	Unqualified
2 Years Prior	2007	Yes	Unqualified

Budget / Plans

Current Year	-
Next Year	-

Contact Person: ? Gary Boden

Title: Senior Information Technologist

Telephone No: 401-874-4465

E-mail address

qboden@uri.edu

Carnegie Classification description:

Balanced arts & sciences/professions, some graduate coexistence
Comprehensive doctoral (no medical/veterinary)
High undergraduate
Full-time four-year, more selective, lower transfer-in
Large four-year, primarily residential
Research Universities (high research activity)

F&E Data Forms - Financial Position/Statement of Net Assets

FISCAL YEAR ENDS month & day: (/)		2 YEARS PRIOR (FY 2007)	1 YEAR PRIOR (FY 2008)	MOST RECENT YEAR (FY 2009)	Percent Change	
					2 yrs-1 yr prior	1 yr-most recent
ASSETS						
?	CASH AND SHORT TERM INVESTMENTS	\$49,220,542	\$49,654,028	\$69,574,823	0.9%	40.1%
?	CASH HELD BY STATE TREASURER	\$5,786,989	\$956,676	\$7,303,131	-83.5%	663.4%
?	DEPOSITS HELD BY STATE TREASURER	\$0	\$0	\$0	-	-
?	ACCOUNTS RECEIVABLE, NET	\$17,748,548	\$30,162,333	\$25,043,609	69.9%	-17.0%
?	CONTRIBUTIONS RECEIVABLE, NET	\$0	\$0	\$0	-	-
?	INVENTORY AND PREPAID EXPENSES	\$4,213,817	\$3,905,871	\$3,383,797	-7.3%	-13.4%
?	LONG-TERM INVESTMENTS	\$0	\$0	\$0	-	-
?	LOANS TO STUDENTS	\$13,338,259	\$13,694,311	\$13,379,303	2.7%	-2.3%
?	FUNDS HELD UNDER BOND AGREEMENT	\$11,101,349	\$5,824,838	\$31,535,935	-47.5%	441.4%
?	PLANT, PROPERTY AND EQUIPMENT, NET	\$372,372,688	\$417,781,001	\$449,149,410	12.2%	7.5%
?	OTHER ASSETS	\$5,002,474	\$4,790,743	\$9,500,927	-4.2%	98.3%
	TOTAL ASSETS	\$478,784,666	\$526,769,801	\$608,870,935	10.0%	15.6%
LIABILITIES						
?	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$24,975,721	\$24,977,271	\$28,583,218	0.0%	14.4%
?	DEFERRED REVENUE & REFUNDABLE ADVANCES	\$12,315,807	\$13,585,963	\$12,891,835	10.3%	-5.1%
?	DUE TO STATE	\$0	\$1,143,917	\$1,065,470	-	-6.9%
?	DUE TO AFFILIATES	\$0	\$0	\$0	-	-
?	ANNUITY AND LIFE INCOME OBLIGATIONS	\$0	\$0	\$0	-	-
?	AMOUNTS HELD ON BEHALF OF OTHERS	\$563,602	\$737,128	\$1,026,205	30.8%	39.2%
?	LONG TERM DEBT	\$198,394,680	\$194,060,898	\$220,775,178	-2.2%	13.8%
?	REFUNDABLE GOVERNMENT ADVANCES	\$11,198,313	\$11,366,715	\$11,905,468	1.5%	4.7%
?	OTHER LONG-TERM LIABILITIES	\$18,274,668	\$19,103,792	\$18,322,253	4.5%	-4.1%
	TOTAL LIABILITIES	\$265,722,791	\$264,975,684	\$294,569,627	-0.3%	11.2%
NET ASSETS						
UNRESTRICTED NET ASSETS						
	INSITTUTIONAL	\$19,991,399	\$22,252,257	\$37,146,694	11.3%	66.9%
?	FOUNDATION				-	-
	TOTAL	\$19,991,399	\$22,252,257	\$37,146,694	11.3%	66.9%
TEMPORARILY RESTRICTED NET ASSETS						
	INSITTUTIONAL	\$187,620,905	\$234,897,475	\$266,694,628	25.2%	13.5%
?	FOUNDATION				-	-
	TOTAL	\$187,620,905	\$234,897,475	\$266,694,628	25.2%	13.5%
PERMANENTLY RESTRICTED NET ASSETS						
	INSITTUTIONAL	\$5,449,571	\$4,644,385	\$10,459,986	-14.8%	125.2%
?	FOUNDATION				-	-
	TOTAL	\$5,449,571	\$4,644,385	\$10,459,986	-14.8%	125.2%
	TOTAL NET ASSETS	\$213,061,875	\$261,794,117	\$314,301,308	22.9%	20.1%
	TOTAL LIABILITIES AND NET ASSETS	\$478,784,666	\$526,769,801	\$608,870,935	10.0%	15.6%

Cell: B4

Comment: Include cash on hand, demand deposits and short-term investments - not considered a part of long-term investments or endowment. Include on this line, cash and short-term investments available to meet current obligations. If the institution invests working capital cash with their long-term investments to meet accrued liabilities of a longer-term nature, contingent liabilities or reserve funds for designated purposes, please identify with a footnote the component of long-term investments, designated for these purposes.

Cell: B5

Comment: This item is for public institutions only and represents cash sent to the state generally to be used to pay for non-state salaries. It can be found on the statement of net assets in the asset section.

Cell: B6

Comment: This item is for public institutions only. This item represents accrued accounts payable and accrued salaries that will be paid from state appropriation. It can be found on the statement of net assets in the asset section.

Cell: B7

Comment: Include student receivables, auxiliary enterprises, education and general, hospital, independent operations, advances to employees and other trade receivables. All amounts should be net of allowance for doubtful accounts.

Cell: B8

Comment: Record here pledges from donors and benefactors, net of allowance for doubtful accounts.

Cell: B9

Comment: Include supplies and materials held for internal use, goods held for resale in revenue producing activities, prepaid amounts and deferred revenue that relates to future periods.

Cell: B10

Comment: Include cash, short-term investments, money market funds, marketable securities, fixed income, real estate, private equity and venture capital funds held for long-term investments. Typically, this line is considered the institution's endowment. Some institutions may include operating and plant reserves on this line. If such amounts are included, please specify the amount with a footnote.

Cell: B11

Comment: Include the amount of all institutional and government-funded long-term students loans, net of allowance for doubtful accounts.

Cell: B12

Comment: Include cash and temporary investment held under bond indentures to acquire or construct permanent assets for the institution.

Cell: B13

Comment: Include the combined balances for land, buildings and equipment, net of accumulated depreciation.

Cell: B14

Comment: Include assets not recorded in any of the categories above.

Cell: B17

Comment: Include trade accounts payable and amounts owed to suppliers and service providers as of the reporting date. Also include on this line accrued interest payable, salary and benefit accruals and accruals for goods and services received.

Cell: B18

Comment: Include all advance deposits from students, advances from customers, government agencies, foundations, corporations and others for activities not yet taken place. Includes all activities defined as exchange transactions under FASB 116.

Cell: B19

Comment: This item is for public institutions only and represents state tuition billed to students but not yet collected.

Cell: B20

Comment: This item is primarily for public institutions and represents any amount owed to the affiliate foundation.

Cell: B21

Comment: Include the present value of beneficiary interests in assets held by the institution subject to trust agreements, annuity obligations and life income funds.

Cell: B22

Comment: Include agency funds, deferred compensation and other funds held on behalf of others.

Cell: B23

Comment: Include amount for all long-term debt obligations including mortgages, bonds payable and long-term notes payable. Include all capital leases.

Cell: B24

Comment: Include funds advanced to the institution by the federal government for student loans.

Cell: B25

Comment: Record here any liabilities not included in the categories above.

Cell: B30

Comment: This item is for public institutions only and shows the distinction between the college and foundation net assets.

Cell: B34

Comment: This item is for public institutions only and shows the distinction between the college and foundation net assets.

Cell: B38

Comment: This item is for public institutions only and shows the distinction between the college and foundation net assets

F&E Data Forms - Revenues and Expenses

FISCAL YEAR ENDS month & day: (/)		2 YEARS PRIOR (FY 2008)	MOST RECENTLY COMPLETED YEAR (FY2009)	CURRENT BUDGET (FY 2010)	NEXT YEAR FORWARD (FY 2011)	TWO YEARS FORWARD (FY 2012)
OPERATING REVENUES						
<input type="checkbox"/>	TUITION & FEES	\$186,114,637	\$205,232,428	\$221,745,000	\$239,535,000	\$254,000,000
<input type="checkbox"/>	ROOM AND BOARD	\$54,873,396	\$58,562,267	\$59,844,781	\$62,418,106	\$64,290,649
<input type="checkbox"/>	LESS: FINANCIAL AID	(\$43,346,807)	(\$49,205,565)	(\$59,290,000)	(\$60,475,800)	(\$61,685,316)
<input type="checkbox"/>	NET STUDENT FEES	\$197,641,226	\$214,589,130	\$222,299,781	\$241,477,306	\$256,605,333
<input type="checkbox"/>	GOVERNMENT GRANTS & CONTRACTS	\$74,548,864	\$80,899,598	\$88,989,558	\$92,549,140	\$96,251,106
<input type="checkbox"/>	PRIVATE GIFTS, GRANTS & CONTRACTS					
<input type="checkbox"/>	OTHER AUXILIARY ENTERPRISES	\$25,152,124	\$24,506,889	\$26,467,440	\$29,114,184	\$31,501,547
<input type="checkbox"/>	ENDOWMENT INCOME USED IN OPERATIONS	\$8,007,593	\$8,375,009	\$7,500,000	\$8,000,000	\$8,000,000
<input type="checkbox"/>	OTHER REVENUE (specify):	\$18,738,495	\$19,492,673	\$19,882,526	\$20,280,177	\$20,685,781
<input type="checkbox"/>	OTHER REVENUE (specify):					
<input type="checkbox"/>	NET ASSETS RELEASED FROM RESTRICTIONS					
<input type="checkbox"/>	TOTAL OPERATING REVENUES	\$324,088,302	\$347,863,299	\$365,139,305	\$391,420,807	\$413,043,767
OPERATING EXPENSES						
<input type="checkbox"/>	INSTRUCTION	\$95,998,846	\$94,337,934	\$96,224,693	\$100,073,680	\$104,076,628
<input type="checkbox"/>	RESEARCH	\$61,204,054	\$65,013,694	\$66,964,105	\$69,642,669	\$72,428,376
<input type="checkbox"/>	PUBLIC SERVICE	\$7,282,571	\$6,904,056	\$7,042,137	\$7,323,823	\$7,616,776
<input type="checkbox"/>	ACADEMIC SUPPORT	\$35,755,884	\$35,081,587	\$36,134,035	\$37,579,396	\$39,082,572
<input type="checkbox"/>	STUDENT SERVICES	\$26,848,700	\$26,998,583	\$27,538,555	\$28,640,097	\$29,785,701
<input type="checkbox"/>	INSTITUTIONAL SUPPORT	\$46,195,208	\$41,702,952	\$42,537,011	\$44,258,491	\$46,008,031
<input type="checkbox"/>	FUNDRAISING AND ALUMNI RELATIONS					
<input type="checkbox"/>	OPERATION, MAINTENANCE OF PLANT (if not allocated)	\$34,726,362	\$33,800,454	\$34,476,463	\$35,855,522	\$37,289,742
<input type="checkbox"/>	SCHOLARSHIPS & FELLOWSHIPS (Cash refunded by public institutions)	\$12,818,002	\$12,720,947	\$17,400,000	\$17,748,000	\$18,102,960
<input type="checkbox"/>	AUXILIARY ENTERPRISES	\$62,381,924	\$62,754,938	\$64,010,037	\$66,570,438	\$69,233,256
<input type="checkbox"/>	DEPRECIATION (if not allocated)	\$20,296,296	\$21,115,299	\$21,537,605	\$22,399,109	\$23,295,074
<input type="checkbox"/>	OTHER EXPENSES (specify):					
<input type="checkbox"/>	OTHER EXPENSES (specify):					
<input type="checkbox"/>	TOTAL OPERATING EXPENDITURES	\$403,507,847	\$400,430,444	\$413,864,641	\$430,091,225	\$446,919,116
<input type="checkbox"/>	CHANGE IN NET ASSETS FROM OPERATIONS	(\$79,419,545)	(\$52,567,145)	(\$48,725,336)	(\$38,670,418)	(\$33,875,349)
NON OPERATING REVENUES						
<input type="checkbox"/>	STATE APPROPRIATIONS (NET)	\$75,389,594	\$62,319,257	\$57,679,093	\$57,000,000	\$57,000,000
<input type="checkbox"/>	INVESTMENT RETURN	\$3,453,133	\$1,348,031	\$1,500,000	\$1,500,000	\$1,750,000
<input type="checkbox"/>	INTEREST EXPENSE (public institutions)	(\$8,392,507)	(\$8,936,396)	(\$10,271,107)	(\$13,542,619)	(\$13,203,767)
<input type="checkbox"/>	GIFTS, BEQUESTS & CONTRIBUTIONS NOT USED IN OPERATIONS	\$1,539,091	\$2,084,620	\$650,000	\$750,000	\$850,000
<input type="checkbox"/>	OTHER (specify):					
<input type="checkbox"/>	OTHER (specify):					
<input type="checkbox"/>	OTHER (specify):					
<input type="checkbox"/>	NET NON OPERATING REVENUES	\$71,989,311	\$56,815,512	\$49,557,986	\$45,707,381	\$46,396,233
<input type="checkbox"/>	INCOME BEFORE OTHER REVENUES EXPENSES, GAINS, OR LOSSES	(\$7,430,234)	\$4,248,367	\$832,650	\$7,036,963	\$12,520,884
<input type="checkbox"/>	CAPITAL APPROPRIATIONS (public institutions)	\$56,162,476	\$48,258,824	\$8,000,000	\$48,000,000	\$62,000,000
<input type="checkbox"/>	OTHER					
<input type="checkbox"/>	TOTAL INCREASE/DECREASE IN NET ASSETS	\$48,732,242	\$52,507,191	\$8,832,650	\$55,036,963	\$74,520,884

Cell: B4

Comment: Include tuition and fees from students for courses and special fees. Do not include room, board and other auxiliary service revenues.

Cell: B5

Comment: If your scholarship allowances include room and board waivers, enter your revenue from those auxiliary enterprises here. Otherwise, enter revenue from all auxiliary enterprises on line 9 below.

Cell: B6

Comment: Student financial aid is treated as a "discount" from tuition and fee revenues. Included in this "discount" are institutionally-funded scholarships and waivers. Enter this amount as a negative number.

Cell: B8

Comment: Report revenues from governmental agencies that are for specific research projects or other types of programs and that are classified as operating revenues.

Cell: B9

Comment: Report revenues from non-governmental agencies and organizations that are for specific research projects or other types of programs and that are classified as operating revenues.

Cell: B10

Comment: Include income from essentially self-supporting auxiliary enterprises, such as room, board, dining operations, bookstore and other fee-for-service activities that exist to serve students, faculty and staff. If you do not include room and board waivers in your scholarship allowances, enter all revenue from auxiliary enterprises here.

Cell: B12

Comment: Identify any revenue sources not included in categories above.

Cell: B17

Comment: Include all expenditures for the colleges, schools, departments and other instructional divisions of the institution.

Cell: B18

Comment: Include expenses for externally-funded research programs, both governmental and private.

Cell: B19

Comment: Include expenses for activities budgeted specifically for public service and for activities established primarily to provide noninstructional services beneficial to groups external to the institution.

Cell: B20

Comment: Include expenditures for departments which directly support instruction (i.e., library, academic computing, audio visual, art gallery, academic deans, etc.)

Cell: B21

Comment: Include expenditures for admissions, registrar, financial aid and other activities whose primary purpose is to contribute to the intellectual, cultural and social development outside the context of formal instruction. (i.e., student activities, athletics, career services, health services and counseling, etc.)

Cell: B22

Comment: Report expenses for the day-to-day operational support of the institution, excluding expenses for physical plant operations. Include expenses for general administrative services, executive direction, planning, legal and fiscal operations, and public relations/development.

Cell: B24

Comment: Report expenses for operations established to provide service and maintenance related to grounds and facilities. Include expenses for utilities, fire protection, property insurance and similar items.

Cell: B25

Comment: Report scholarship and fellowship expenses in the form of outright grants to students selected by the institution. Report only amounts that exceed charges assessed to students and that have not been recorded as discounts or allowances. Do not include loans to students.

Cell: B26

Comment: Report expenses of essentially self-supporting, fee-for-service operations of the institution (e.g., residence halls, food services, health services, college stores). Include costs associated with athletic programs that produce revenue for the institution.

Cell: B27

Comment: Report the current year's depreciation expense on capital assets.

Cell: B28

Comment: Specify any other expenses not included in the categories above.

Cell: B33

Comment: Report all amounts received by the institution through acts of a state legislative body, except grants and contracts and amounts reportable on line 33. Funds reported in this category are for meeting current operating expenses, not for specific projects or programs.

Cell: B34

Comment: Report all revenues from investments held by the institution. Do not include income received by a foundation associated with the institution.

Cell: B35

Comment: Interest expense is not classified as an operating expense item. Please include on this line.

Cell: B37

Comment: Specify any other non-operating revenues not included in the categories above.

Cell: B42

Comment: Report amounts provided by government appropriations intended primarily for acquisition or construction of capital assets for the institution.

Cell: B43

Comment: Record any other revenues, expenses, gains or losses

F&E Data Forms - Debt

FISCAL YEAR ENDS month & day (/)		2 YEARS PRIOR (FY 2008)	MOST RECENTLY COMPLETED YEAR (FY2009)	CURRENT BUDGET (FY 2010)	NEXT YEAR FORWARD (FY 2011)	TWO YEARS FORWARD (FY 2012)
DEBT						
	BEGINNING BALANCE	\$198,394,680	\$194,060,898	\$240,061,851	\$289,397,004	\$281,924,569
	ADDITIONS	\$1,213,127	\$66,553,915	\$56,420,000	\$10,000,000	\$7,700,000
?	REDUCTIONS	(\$5,546,909)	(\$39,839,635)	(\$7,084,847)	(\$7,472,435)	(\$7,897,022)
↑	ENDING BALANCE	\$194,060,898	\$220,775,178	\$289,397,004	\$291,924,569	\$281,727,547
	INTEREST PAID DURING FISCAL YEAR	\$8,392,507	\$8,936,396	\$10,271,107	\$13,142,619	\$12,803,767
	CURRENT PORTION	\$6,836,753	\$7,084,847	\$6,160,303	\$6,715,620	\$6,962,806
BOND RATING						
DEBT COVENANTS (PLEASE DESCRIBE INTEREST RATE, SCHEDULE AND STRUCTURE OF PAYMENTS):						
		Interest rates on bonds range between 2% - 8%. The terms on these same bonds range between 10 - 25 years.				

FUTURE BORROWING PLANS (PLEASE DESCRIBE)

FY2010 - \$13,725,138 (Repaving Projects) and \$42,695,000 (Hillside Residence Hall)
 FY2011 - \$10,000,000 (Utility Infrastructure Upgrade)
 FY2012 - \$7,700,000,(Facility Services Sector Upgrade)

Enter as a negative number

F&E Data Forms - Supplemental Data

FISCAL YEAR ENDS month & day (/)	2 YEARS PRIOR (FY 2008)	MOST RECENTLY COMPLETED YEAR (FY2009)	CURRENT BUDGET (FY 2010)	NEXT YEAR FORWARD (FY 2011)	TWO YEARS FORWARD (FY 2012)
NET ASSETS					
NET ASSETS BEGINNING OF YEAR	\$213,061,875	\$261,794,117	\$314,301,308	\$323,133,958	\$378,170,921
TOTAL INCREASE/DECREASE IN NET ASSETS	\$48,732,242	\$52,507,191	\$8,832,650	\$55,036,963	\$74,520,884
NET ASSETS END OF YEAR	\$261,794,117	\$314,301,308	\$323,133,958	\$378,170,921	\$452,691,805
FINANCIAL AID					
SOURCE OF FUNDS					
UNRESTRICTED INSTITUTIONAL	\$45,505,438	\$49,312,833	\$61,069,177	\$62,290,561	\$63,536,372
FEDERAL, STATE & PRIVATE GRANTS	\$8,656,603	\$10,288,469	\$12,741,275	\$12,996,100	\$13,256,022
RESTRICTED FUNDS	\$2,002,768	\$2,325,210	\$2,879,548	\$2,937,139	\$2,995,882
TOTAL	\$56,164,809	\$61,926,512	\$76,690,000	\$78,223,800	\$79,788,276
% DISCOUNT OF TUITION & FEES	23.3%	24.0%	26.7%	25.2%	24.2%
% UNRESTRICTED DISCOUNT	23.3%	24.0%	26.7%	25.2%	24.2%
PLEASE INDICATE YOUR INSTITUTION'S ENDOWMENT SPENDING POLICY:					

F&E Data Forms - Admissions

Student Admissions Data (Fall Term)

?

Credit Seeking Students Only - Including Continuing Education

	2 Years Prior (FY 2008)	1 Year Prior (FY 2009)	Current Year (FY 2010)	Next Year Forward (FY 2011)	2 Years Forward (FY 2012)
Freshmen - Undergraduate	?				
Completed Applications	13,261	14,732	15,176	18,436	18,990
Applications Accepted	11,191	12,526	12,948	14,944	15,192
Applicants Enrolled	3,005	2,999	2,904	2,787	2,931
% Accepted of Applied	84.4%	85.0%	85.3%	81.1%	80.0%
% Enrolled of Accepted	26.9%	23.9%	22.4%	18.6%	19.3%
Percent Change Year over Year					
Completed Applications	n.a.	11.1%	3.0%	21.5%	3.0%
Applications Accepted	n.a.	11.9%	3.4%	15.4%	1.7%
Applicants Enrolled	n.a.	-0.2%	-3.2%	-4.0%	5.2%
Average of Statistical Indicator of Aptitude of Enrollees: (Define Below)	?				
SAT (Mathematics & Critical Reading) Composite	1094	1077	1078	1081	1084
Transfers - Undergraduate	?				
Completed Applications	1,659	1,444	1,344	1,272	1,335
Applications Accepted	1,082	982	952	892	935
Applications Enrolled	553	479	562	575	565
% Accepted of Applied	65.2%	68.0%	70.8%	70.1%	70.0%
% Enrolled of Accepted	51.1%	48.8%	59.0%	64.5%	60.4%
Master's Degree	?				
Completed Applications	1,265	1,206	1,216	1,534	
Applications Accepted	643	633	687	717	
Applications Enrolled	436	399	452	440	
% Accepted of Applied	50.8%	52.5%	56.5%	46.7%	-
% Enrolled of Accepted	67.8%	63.0%	65.8%	61.4%	-
First Professional Degree - All Programs	?				
Completed Applications	1,104	1,155	950	1,128	1,100
Applications Accepted	176	198	292	261	253
Applications Enrolled	101	93	132	110	115
% Accepted of Applied	15.9%	17.1%	30.7%	23.1%	23.0%
% Enrolled of Accepted	57.4%	47.0%	45.2%	42.1%	45.5%
Doctoral Degree	?				
Completed Applications	763	704	784	865	
Applications Accepted	213	171	232	234	
Applications Enrolled	122	95	97	110	
% Accepted of Applied	27.9%	24.3%	29.6%	27.1%	-
% Enrolled of Accepted	57.3%	55.6%	41.8%	47.0%	-

Notes:

1. Degree-seeking undergraduate only (non-degree and PharmD students not included).
2. Sources: Undergraduate Admissions and OIR enrollment reports
3. FY2011 estimated on preliminary data as of 09/01/2010. FY2012 graduate student estimates not available.

Cell: L3

Comment: This form is intended to capture admissions data on entering students. Complete all applicable categories. For the Statistical Indicator of Aptitude, please enter the indicators used by your institution and associated scores for each year requested.

Cell: C10

Comment: Students entering who have never attended any college before. Includes students enrolled in the fall term who attended college for the first time in the prior summer term. Also includes students who entered with advanced standing.

Cell: C11

Comment: Number of individuals formally requesting admission to the institution.

Cell: C12

Comment: Number of formal notifications of acceptance.

Cell: C13

Comment: Students who actually enroll after being accepted.

Cell: C22

Comment: Provide describe below the statistical indicator used to measure the aptitude of freshman enrollees (e.g., average combined SAT, average rank in high school graduating class, etc.)

Cell: C25

Comment: An entering student who has attended another institution.

Cell: C32

Comment: Any program where the earned academic degree carries the title "master".

Cell: C39

Comment: May included programs in Chiropractic, Dentistry, Law, Medicine, Optometry, Osteopathic Medicine, Pharmacy, Podiatry, Theology, Veterinary Medicine.

Cell: C46

Comment: Any program where the earned academic degree carries the title "doctor" such as Doctor of Education, Doctor of Public Health, and the Ph.D. in any field.

F&E Data Forms - Enrollment Summary

FTE and Headcount Enrollments by location and modality

For Fall term*, as of census date

Degree Level/ Location & Modality	Main campus FTE	Other Campus FTE	Branches FTE	Other Locations FTE	Overseas locations FTE	On-Line FTE	Total FTE	Unduplicated Headcount Total	Degrees Awarded, last year
Associate							0	0	0
Bachelor							12,218	13,075	2,276
Master							829	1,292	509
Clinical doctorate (e.g., Pharm.D., DPI)							602	603	90
Prof. doctorate (e.g., Ed.D., Psy.D., D.B.A.)							0	0	
M.D., J.D., DDS							0	0	0
Ph.D.							480	637	93
Total Degree- Seeking	0	0	0	0	0	0	14,129	15,607	2,968
Non-matriculated students							371	872	n.a.
Visiting Students							53	53	n.a.

Certificates
awarded, last
year

Students seeking certificates**							54	93	0
------------------------------------	--	--	--	--	--	--	----	----	---

Note: Enrollment numbers should include all students in the named categories, including students in continuing education and students enrolled through any contractual relationship.

*For programs that are not taught in the fall, select another term for reporting and use the institution's census date.

**Include only Title-IV eligible certificates. In column J indicate the number of certificates awarded last year.

Undergraduate retention and graduation rates

	Reported 2 Years Prior	Reported 1 Year Prior	Reported In Most Recent Year	Goal Next Year	Goal 2 Years Forward
IPEDS retention rate cohort	2006	2007	2008	2009	2010
Full-Time Associate's degree students	0	0	0	0	0
Part-Time Associate's degree students	0	0	0	0	0
Full-Time Bachelor's degree students	81	80.1	78.5	80	82
Part-Time Bachelor's degree students	47.7	47.0	49.3	49	49
IPEDS graduation rate cohort	2000	2001	2002	2003	2004
Associate's degree students	0	0	0	0	0
Bachelor's degree students	56.9	57.8	58.1	59	60

Notes:

1. Student enrollments are not counted by campus affiliation.
2. FTE equals total full-time plus 1/3 part-time.
3. Degrees awarded combine December, May, and August conferrals.
4. Graduation rates calculated for 150% of normal time (i.e., six years from initial fall term).
5. Source: OIR count of first majors - Fall semester as of October 15th.

F&E Data Forms - Enrollment Breakdown

Student Enrollment Data (Fall term, census date)

?

Credit-Seeking Students Only - Including Continuing Education

		2 Years Prior (FY 2008)	1 Year Prior (FY 2009)	Current Year (FY 2010)	Next Year Forward (FY 2011)	2 Years Forward (FY 2012)
UNDERGRADUATE						
First Year	Full-Time Headcount	4,086	4,008	4,060	3,850	
	Part-Time Headcount	177	169	158	150	
	Total Headcount	4,263	4,177	4,218	4,000	-
	Total FTE	4,145	4,064	4,113	3,900	-
Second Year	Full-Time Headcount	2,599	2,892	2,813	2,887	
	Part-Time Headcount	263	233	214	250	
	Total Headcount	2,862	3,125	3,027	3,137	-
	Total FTE	2,687	2,970	2,884	2,970	-
Third Year	Full-Time Headcount	2,139	2,364	2,615	2,472	
	Part-Time Headcount	367	340	306	340	
	Total Headcount	2,506	2,704	2,921	2,812	-
	Total FTE	2,261	2,477	2,717	2,585	-
Fourth Year	Full-Time Headcount	2,150	2,040	2,355	2,264	
	Part-Time Headcount	667	654	607	680	
	Total Headcount	2,817	2,694	2,962	2,944	-
	Total FTE	2,372	2,258	2,557	2,491	-
Unclassified	Full-Time Headcount	67	88	92	80	
	Part-Time Headcount	287	233	241	220	
	Total Headcount	354	321	333	300	-
	Total FTE	163	166	172	153	-
Total Undergraduate Students						
	Full-Time Headcount	11,041	11,392	11,935	11,553	-
	Part-Time Headcount	1,761	1,629	1,526	1,640	-
	Total Headcount	12,802	13,021	13,461	13,193	-
	Total FTE	11,628	11,935	12,444	12,100	-
	% Change FTE Undergraduate	n.a.	2.6%	4.3%	-2.8%	-100.0%
GRADUATE						
	Full-Time Headcount	987	1,008	1,061	1,050	
	Part-Time Headcount	1,577	1,527	1,500	1,490	
	Total Headcount	2,564	2,535	2,561	2,540	-
	Total FTE	1,513	1,517	1,561	1,547	-
	% Change FTE Graduate	n.a.	0.3%	2.9%	-0.9%	-100.0%
GRAND TOTAL						
	Grand Total Headcount	15,366	15,556	16,022	15,733	-
	Grand Total FTE	13,141	13,452	14,005	13,646	-
	% Change Grand Total FTE	n.a.	2.4%	4.1%	-2.6%	-100.0%

Notes:

1. FTE equals total full-time plus 1/3 part-time.
2. Graduate includes Certificate and Non-degree students.
3. FY2011 estimated on preliminary data as of 09/07/2010.
4. Pharmacy PMD first professional (reclassified as Doctoral Degree - Professional Practice in 2009) students excluded above are enrolled as follows:

	FY2008	FY2009	FY2010	FY2011
PHARMACY PMD				
Full-Time Headcount	568	575	602	622
Part-Time Headcount	2	1	1	6
Total Headcount	570	576	603	628
Total FTE	569	575	602	624

Appendix L

Moody's Investors Service Report on the University of Rhode Island



New Issue: MOODY'S ASSIGNS A1 RATING TO UNIVERSITY OF RHODE ISLAND'S \$42.7 MILLION SERIES 2010B AUXILIARY ENTERPRISE REVENUE BONDS; OUTLOOK REMAINS NEGATIVE

Global Credit Research - 12 May 2010

UNIVERSITY WILL HAVE \$264 MILLION OF PRO-FORMA RATED DEBT

Rhode Island Health & Educational Bldg Corp
Higher Education
RI

Moody's Rating

ISSUE	RATING
Auxiliary Enterprise Revenue Bond, Series 2010B	A1
Sale Amount \$42,695,000	
Expected Sale Date 05/13/10	
Rating Description Public University Revenue Bonds	

Moody's Outlook Stable

Opinion

NEW YORK, May 12, 2010 -- Moody's Investors Service has assigned an A1 rating to the University of Rhode Island's (URI) \$42.7 million of Series 2010B Auxiliary Enterprise Revenue bonds. The bonds will be issued on behalf of URI by the Board of Governors for Higher Education (RIBGHE) through the Rhode Island Health and Educational Building Corporation (RIHEBC). At this time, we have also affirmed the Aa3 and A1 long-term ratings on the University's outstanding parity Educational and General and Auxiliary Enterprise Revenue debt, as detailed at the end of this report. The rating outlook on the Educational and General Revenue Bonds and Auxiliary Bonds remains negative.

USE OF PROCEEDS: The Series 2010B bond proceeds will be used to finance the construction of a new 429 bed residence hall on URI's campus, \$4.6 million of capitalized interest, and to pay costs of issuance.

LEGAL SECURITY: Payment on the Auxiliary Enterprise Revenue bonds is secured by a lien on all housing, dining and other auxiliary gross revenues derived from the University of Rhode Island. Available funds under this pledge were \$76.0 million for FY 2009 and are expected to be \$75 million for FY 2010 compared to \$13.4 million of pro-forma maximum annual debt service on Auxiliary Bonds in 2025. There is no debt service reserve fund for the Series 2010B bonds.

Payment on the E&G bonds is a special limited obligation of the Board of Governors acting on behalf of the University. Payment is secured by a lien on all legally available revenues of the Board of Governors derived from the University, including tuition, fees, and state appropriations, but excluding auxiliary revenues. The Board of Governors is partially dependent on appropriations by the General Assembly of the State to make payment on the bonds. The Board has covenanted to properly request and pursue funds for appropriation by the General Assembly. Given the prominent educational role of URI in the State and the essentially of the projects financed under this structure, Moody's believes the risk of non-appropriation is minimal.

DEBT-RELATED INTEREST RATE DERIVATIVES: None.

CHALLENGES

*High leverage and limited financial resources compared to other flagship public institutions further reduced by investment losses incurred during FY 2009. In FY 2009, URI and its foundation had a combined \$56 million of expendable financial resources providing a thin 0.14 times cushion for operating expenses.

*Dependent upon out-of-state enrollment in a competitive market with challenging demographic forecasts for the number of high school graduates in the northeast over the next decade. The University currently draws approximately 40% of its student body from out of state and faces significant competition from other prominent flagship institutions (competition reflected in 82% freshmen selectivity rate and 24% freshmen matriculation ratio in fall 2009).

*Significant cuts in state operating support (17% cut in FY 2009 as calculated by Moody's and according to university management a 7.3% decrease in FY 2010 and 1.9% decrease in FY 2011), with the State experiencing its own credit challenges).

*Limited debt capacity at the Aa3 rating with expectation of additional future borrowing plans of \$10 million to be issued within the next 24 months for utility system improvements, however, the current borrowing comes as the end of a period of significant investment in campus plant.

STRENGTHS

*Flagship public university in the State of Rhode Island with four years of full-time equivalent (FTE) enrollment growth (14,062 FTE students enrolled in fall 2009 representing a 9.2% increase over fall 2005) and healthy growth of net tuition per student (\$12,126 in FY 2009, growing at average rate of 10% over the past 5 years).

*Distinct research niche as a land and sea grant institution, known in particular for marine and environmental research activity, driving growth of research funding. Grant and contract revenue has grown in each of the past four years, with research expenditures representing 16.4% of expenses in FY 2009.

*Strong state capital support in recent years, with the State providing significant levels of funding for URI projects, such as the Center for Biotechnology and Life Sciences (completed in December 2008, \$60 million total project cost) and recently approved funding for a new College of Pharmacy building, as well as possible future funding for a chemistry building and renovation of the fine arts facility.

*Exposure to calls upon University's liquidity is limited due to the University's fixed rate debt structure and lack of debt-related derivatives. The University's level projected debt service also provides comfort that debt service coverage will remain sound.

MARKET/COMPETITIVE PROFILE: FLAGSHIP PUBLIC INSTITUTION WITH GROWING ENROLLMENT IN RECENT YEARS, ALTHOUGH FUTURE DEMOGRAPHIC TRENDS MAY PRESENT CHALLENGES

Moody's expects that URI will maintain a healthy student market position as the State of Rhode Island's flagship public university. The University's niche as a land and sea grant institution has driven growth of research grants in recent years and helps URI distinguish itself from its competitors. URI, which has its main campus located in Kingston, RI (approximately 30 miles south of Providence), has distinctive programs, including oceanography, pharmacy, and nursing. URI is the largest and most selective of the three public institutions within the State. The Rhode Island Board of Governors for Higher Education serves as the governing board for all of the public institutions in the State, including Rhode Island College and Community College of Rhode Island.

The University has benefited from enrollment growth over the past four years, with 14,062 FTE students enrolled in fall 2009, approximately 84% of whom are undergraduates. FTE enrollment in fall 2009 represents an 9.2% increase over fall 2005. As this period of growth comes to a close, the University seeks to maintain current enrollment levels, while facing challenging demographic forecasts over the next decade as the number of high school graduates in the northeast is expected to decline. URI currently draws approximately 40% of its student body from out of state, and management expects to target larger numbers of out of state freshmen in the near-term. URI is not restricted by any statutory limitations on the proportion of out-of-state students it can enroll annually. However, the University faces strong in and out of state competition, including other flagship public institutions in New England, as reflected in its 82% freshmen selectivity in fall 2009 and 24% freshmen matriculation ratio. The University plans to enroll an incoming freshman class of 2,900 students in fall 2010 compared to 3,200 in fall 2009 to maintain the quality of the student experience.

The University's research activity, although smaller than many other large flagship public universities, has demonstrated growth over the past five years and provides revenue diversity, with \$71.3 million of grant and contract revenue (excluding Pell grants) in FY 2009. Research expenditures represent 16.4% of expenses in FY 2009. The University is known for its niche in marine and environmental research and operates a graduate school of oceanography at its Narragansett Bay campus. Although grant and contract revenue has grown in recent years, URI is heavily dependent on federal research funding (80% of grants and awards), which could remain pressured and increasingly competitive to secure.

OPERATING PERFORMANCE: SIZEABLE CUTS IN STATE OPERATING SUPPORT, COUNTERBALANCED BY HEALTHY GROWTH OF NET TUITION AND AUXILIARY REVENUE STREAMS

Moody's expects that URI's operating performance may remain tight (-0.9% three-year average operating deficit by Moody's calculation in FY 2007-2009), in light of cuts in state operating support in fiscal years 2009 and 2010 with further cuts anticipated in 2011. Although the University's state operating appropriations were relatively flat between FY 2004 and 2007, URI has sustained significant cuts in recent years (9.6% in FY 2008, 17% in FY 2009, 7.3% expected in FY 2010). Management reports that the University has been able to adjust to the State funding cuts by implementing a hiring freeze and other cost containment measures, as well as focusing on growth of alternative revenue streams, including implementation of tuition increases and increased recruitment of out of state students who are charged higher tuition than in-state students. Federal stimulus funds were used for fire safety improvements.

State operating appropriations represent a declining share of the University's revenue mix, falling to 15.8% in FY 2009 from 25% in FY 2005 due to a combination of reduced state support and healthy growth of student generated revenue. Recent cuts in State funding reflect the ongoing credit challenges of the State, which has a Aa2 General Obligation rating with a stable outlook. The Aa2 general obligation rating incorporates Rhode Island's institutionalized governance practices; maintenance of modest but positive general fund balances, including a fully funded budget reserve fund (BRF); narrow liquidity; and a weakened economy whose recovery is likely to lag the nation and thereby create continuing financial challenges for the State. Since fiscal 2007, before the current recession took hold, Rhode Island has faced persistent revenue under-performance and spending challenges. As a result, Rhode Island had to address increasingly larger budget gaps at a time when many other states were revising revenue estimates upward and rebuilding reserves as they recovered from the 2001 recession. In the past several years, Rhode Island has balanced its budgets with one-time solutions and increased its short-term borrowings for cash flow purposes. This raises concern regarding the state's likelihood of achieving structural budget balance in the near term, especially given the identified budget gaps for fiscal 2010 and forecast for fiscal 2011 as the state's economy remains weak. For more detail on the state's credit profile, please read our last report published on May 7, 2010.

The University's ability to continue to grow net tuition and auxiliary revenue in light of its increasing dependence on student charges will be a critical credit factor going forward. URI's reliance on student-driven revenue streams continues to grow, with student charges comprising 59.7% of operating revenue in FY 2009. Net tuition per student increased 13.6% to \$12,126 in FY 2009. The University's budget calls for an 18% increase in financial aid and tuition increases 9.5% for in-state students and 4.5% for out-of-state students in FY 2011. For the FY 2010 year, in-state tuition was \$8,238 and out of state was \$24,736. The University likely has limited pricing flexibility relative to peers, particularly for out-of-state charges. The University generated a breakeven operating performance in FY 2009 by Moody's calculation, an improvement over FY 2008's performance as management reported that approximately \$5 million of URI's nearly \$400 million expense base in FY 2008 was one-time expenses.

BALANCE SHEET POSITION: HIGH LEVERAGE AND LIMITED FINANCIAL RESOURCES RELATIVE TO SIMILARLY RATED INSTITUTIONS

Moody's believes that URI's balance sheet is highly leveraged, with a relatively small financial resource base and modest levels of fundraising, particularly when compared to other flagship universities (\$134 million of total financial resources in FY 2009 including foundation resources). Investment losses in FY 2009 further pressured the University's limited balance sheet cushion. Expendable financial resources cushioned pro-forma debt and annual operations a thin 0.20 and 0.14 times, respectively in FY 2009.

Management reports plans to issue another \$10 million of fixed rate debt in the next 24 months. We believe that the University has limited additional debt capacity at the current rating level without commensurate growth of financial resources and strengthened operating performance. Moody's believes that the inability to grow revenue to cover increased debt service could place pressure on the University's ratings. By Moody's calculations, revenues available for debt service in FY 2009 cover projected maximum annual debt service after the Series 2010B borrowing (aggregate MADS of \$20.4 million in 2025) roughly 1.3 times.

Investment losses in FY 2009 pressured URI's modest balance sheet, with an investment return of negative 15% for FY 2009 with a rebound of 16% experienced for FY 2010 through May 1, 2010. The University's investments are allocated as follows: allocation of 26% to domestic equity, 16% to global equity, 9% to emerging markets equity, 21% to marketable alternatives, 10% to inflation hedging and 17% deflation hedging. The two largest allocations to any one manager within the portfolio are 12.7% and 11.2% respectively; both are publicly traded hedge funds. The University Foundation had \$21.7 million in cash outside of the endowment as of December, 2009. Exposure to calls upon the University's liquidity is limited due to the University's fixed rate debt structure. The University's level projected debt service also provides comfort that debt service coverage will remain sound.

The University's liquidity profile is adequate relative to its needs, based on Moody's methodology for analyzing monthly liquidity. URI held over \$69.6 million in monthly liquidity at FYE 2009. This liquidity profile translates into 68 "monthly days cash on hand" (days cash on hand from investments liquid within one-month).

The University reached its \$100 million capital campaign goal ahead of its 2011 goal (with \$106 million raised as of May 2010). The URI Foundation is relatively small (reflecting investment losses the Foundation had \$89 million as of FY 2009) and the majority of its assets were permanently restricted by donors as of FY 2009. A new president assumed leadership in August 2009 and the next campaign is under discussion at this time.

Beyond the \$10 million of additional debt planned over the next 24 months for utility system upgrades, URI has not outlined any additional concrete borrowing plans. Although state operating support has declined significantly, State capital support has been generous in recent years, with the State providing significant support for a new Center for Biotechnology and Life Sciences (completed in December 2008) and funding for a new College of Pharmacy building (recently approved \$70 million estimated project cost). URI is seeking State capital support for future projects, including a chemistry and nursing academic facility as well as renovation of a fine arts building.

Other possible large-scale projects on or near campus include a research park on the north campus which will be constructed by a private developer (URI will likely lease some space there). This project is in the early stages of planning and development and Moody's will continue to monitor URI's strategic and financial ties with the project to assess the credit impact on the University. The student residence hall being financed with the Series 2010B bonds is expected to be completed for fall 2012. The land for this housing project is already owned by the University and is located on the north part of URI's core campus. The current housing project will help the University reach its goal of 52% of students living on campus.

URI recognizes an other post employment benefits (OPEB) liability in accordance with GASB Statement No. 45 (URI's unfunded actuarial accrued liability was \$53 million as of the date of its last valuation, June 30, 2007). URI plans to amortize this liability over 30 years. In FY 2009, the University's annual required contribution was \$1.6 million and an expense of \$1.2 million related the OPEB liability was recognized (pension expense is expected to be approximately the same in FY 2010). Effective July 1, 2008 certain OPEB benefits for pre-65 retirees were eliminated. Due to these changes in structure URI expects its OPEB liability to decline in the future.

Outlook

The negative outlook reflects Moody's concerns about URI's high leverage and thin financial resource base, competitive student market position within a demographically challenging primary recruitment area. Moody's believes the University's capacity for additional debt is limited at the current rating level.

What Could Change the Rating - UP

Unlikely at this time given the negative outlook. Over the longer-term a significant improvement in fundraising coupled with improved operating performance, resulting in growth of financial resources, combined with the strengthened credit profile of the State could contribute to improvement in URI's rating.

What Could Change the Rating - DOWN

Inability to grow revenue available to cover escalating debt service responsibilities; further credit challenges of the State including downgrade of the State's rating, pressure on the student market including enrollment declines or inability to sustain growth of net tuition per student.

KEY INDICATORS (fall 2009 enrollment data, FY 2009 financials)

Total Enrollment: 14,062 full-time equivalent students

Pro-Forma Debt: \$277 million

Expendable Financial Resources to Pro-Forma Debt: 0.20 times

Expendable Financial Resources to Operations: 0.14 times

Percent of Revenues from State Appropriations: 15.8%

Percent of Revenues from Net Tuition, Fees, and Auxiliary Revenue: 59.7%

Monthly Liquidity: \$69.6 million

Monthly Days Cash on Hand (unrestricted funds available within 1 month divided by operating expenses excluding depreciation, divided by 365 days): 68 days

Three-Year Average Annual Operating Margin (FY 2006-2008): -0.9%

Three-Year Average Annual Debt Service Coverage: 1.9 times

State of Rhode Island: Aa2, stable

RATED DEBT

Educational and General Revenue Bonds, Series 1997: Aa3 rating, National Public Finance Guarantee Corp insured (National Public Finance Guarantee Corp's current financial strength rating is Baa1 with outlook developing)

Educational and General Revenue Bonds, Series 2002, 2003A, 2005A, 2005B, 2005F, 2005G: A1 rating, insured by Ambac (Ambac is rated Caa2 with rating under review for possible upgrade)

Educational and General Revenue Bonds, Series 2003C and Auxiliary Enterprise Revenue Bonds, Series 2003B: National Public Finance Guarantee Corp insured (National Public Finance Guarantee Corp's current financial strength rating is Baa1 with outlook developing)

Auxiliary Enterprise Revenue Bonds, Series 2004 A: A1 rating, insured by Ambac (Ambac is rated Caa2 with rating under review for possible upgrade)

Auxiliary Enterprise Revenue Bonds, Series 2005C and 2005D: A1 rating, National Public Finance Guarantee Corp insured (National Public Finance Guarantee Corp's current financial strength rating is Baa1 with outlook developing)

Auxiliary Enterprise Revenue Bonds, Series 2008A, 2008B, Series 2009B: A1 rating

Educational and General Revenue Bonds, Series 2009A: Aa3 rating

Board of Governors for Higher Education General Revenue Bonds, Series 2010A: A1

CONTACTS

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Financial Advisor: Steve Maceroni, First Southwest Company, 401-334-4963

The rating assigned to University of Rhode Island was issued on Moody's global rating scale. Market participants should not view the recalibration of municipal ratings as rating upgrades, but rather as a recalibration of the ratings to a different rating scale. This recalibration does not reflect an improvement in credit quality or a change in our credit opinion for rated municipal debt issuers. For further details regarding the recalibration of Moody's U.S. municipal ratings to its global scale please visit <http://www.moodys.com/gsr>

The principal methodology used in rating University of Rhode Island was the Public University Rating Methodology, which can be found at www.moodys.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

The last rating action with respect to University of Rhode Island was on June 12, 2009 when the A1 rating and negative outlook were affirmed.

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Appendix M

Standard & Poor's Global Credit Portal on the University of Rhode Island

Rhode Island Health and Educational Building Corp. University of Rhode Island; Auxiliary - Stand Alone; Public Coll/Univ - Unlimited Student Fees

Primary Credit Analyst:

Blake Cullimore, Boston (1) 617-530-8312; blake_cullimore@standardandpoors.com

Secondary Credit Analyst:

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Rhode Island Health and Educational Building Corp.

University of Rhode Island; Auxiliary - Stand Alone; Public Coll/Univ - Unlimited Student Fees

Credit Profile		
US\$42.695 mil auxiliary enterprise rev bnds (University Of Rhode Island) ser 2010B due 06/30/2041		
<i>Long Term Rating</i>	A+/Stable	New
Rhode Island Hlth & Educl Bldg Corp, Rhode Island		
University of Rhode Island, Rhode Island		
Rhode Island Hlth & Ed Bldg Corp (Univ of Rhode Island) various hgr ed fac rev bnds		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'A+' long-term rating to Rhode Island Health and Educational Building Corp.'s series 2010B auxiliary revenue bonds issued for the University of Rhode Island (URI). In addition, Standard & Poor's affirmed its 'A+' long-term rating and underlying rating (SPUR) on the university's outstanding debt. The outlook is stable.

The rating reflects URI's:

- Position as the state's flagship public higher education institution, with enrollment of 16,000 students;
- History of good debt service coverage and a manageable debt burden at 5% of operating expenses;
- Declining operational support from the State of Rhode Island (AA/Negative), but consistent maintenance of capital support;
- Balanced financial operations on a full accrual basis in 2009 and expectation of same in fiscal 2010, as well as stable enrollment and demand trends; and
- Housing and auxiliary facilities to which the student body remains fully subscribed.

Offsetting factors include:

- A significant decrease in state appropriations over the past few years and continued challenging environment for state funding;
- Low financial resources for the rating category, with fiscal year-end June 30, 2009, adjusted unrestricted net assets of \$26 million, or 6% of adjusted operating expenses and 10% of pro forma debt;
- Strong competition from other public schools in New England; and
- A relatively low endowment at \$77 million as of Oct. 31, 2009.

The university is issuing its series 2010B bonds in a fixed-rate mode in the approximate amount of \$42.7 million.

The bonds will have a 30-year maturity. Approximately \$18 million of bonds will be structured as serial bonds and approximately \$25 million will be structured as term bonds with maturity dates of 2035 (roughly \$8 million) and 2040 (roughly \$17 million). The bonds are on parity with the series 2004A, C, and D; 2008A, and B; and 2009B bonds. They will be on alternate parity with the series 2003B and series 2005E bonds. Management reports the series 2010A bonds, issued in the amount of \$24 million, were issued under a separate indenture and security and are not rated by Standard & Poor's. URI will use the series 2010B bond proceeds to finance the design, construction, and furnishing of a new residence hall, which will have approximately 430 beds. The residence hall is on the university's Kingston campus. Securing the series 2010B bonds is a lien on all auxiliary enterprises derived from the university, including housing, dining, and other auxiliary revenues of the board of governors, excluding tuition and state appropriations. Management reports that housing is developed and priced to be self-funding. Standard & Poor's views the auxiliary enterprise pledge as an unlimited student-fee pledge because of the broad nature of the pledge, the strength of demand, and the inclusion of certain student fees charged to all students.

Management reports that operating performance for the auxiliary-enterprise system remains stable, generating for fiscal 2009 adequate annual debt service coverage of 2.32x on revenues of \$76 million, expenses of \$59 million, and debt service of \$7.4 million. Management projects fiscal 2010 coverage to include capitalized interest for the series 2010B bonds and generate coverage of 1.27x, which management expects will increase incrementally over successive years. University finances were balanced in fiscal 2009 despite continued declines in state appropriations, and management expects balanced operations for fiscal 2010.

Outlook

The stable outlook reflects our expectations that the university will maintain its enrollment levels, demand profile, and financial resources as well as generate a balanced budget despite a challenging state appropriation environment. Conversely, should the demand and enrollment profile weaken, or should operations result in deficits, the rating could come under significant pressure.

Background

URI is the only publicly supported research institution in the State of Rhode Island, and serves as the state's land-, urban-, and sea-grant university. URI had a combined graduate and undergraduate headcount enrollment of nearly 16,000 students as of fall 2009. Although management reports that demand remains solid for fall 2010, the university's goal is to reduce the freshman class size to approximately 2,900 from the current 3,174 because the university has reached capacity in its academic space and residence halls. Fall 2009 freshman applications, acceptance, and matriculation rates remained consistent with those of prior years. The university has, and expects to have for 2010-2011, full occupancy in its on-campus housing. Approximately 50% of students will live on campus when the proposed residence hall, built with the 2010 bonds, is completed and occupied.

Demand And Enrollment

Fall 2009 headcount was 15,789 students, of which 13,234 were undergraduates and 2,555 were graduates. This was 3% growth over the prior year; the majority of the growth was in the full-time undergraduate contingent. URI received 16,126 applications in fall 2009, of which it accepted 82%, up from the five-year average of 79% but

reasonable in our opinion given the economy and uncertainty in the state appropriations. The matriculation rate is 24%, as compared with the five-year average of 25.7%, which we consider stable. Student quality, as measured by Scholastic Aptitude Test scores, remains above the national average. URI maintains a diverse student draw, with 49% of students coming from out of state. Tuition and fees are competitive within the New England market. Transfer student applications, acceptance, and matriculation rates have varied somewhat over the past five years, but URI maintains a positive flow of transfer students, averaging more than 567 transfer student matriculations annually. Tuition, fees, and room and board increased 7.5% for in-state students to \$20,166 and 5.2% for out-of-state students to \$36,664 for the 2009-2010 academic year.

Solid Financial Operations Offset by Declining State Appropriations

Operations have been generally balanced on a full accrual basis. Operating revenues continue to diversify toward a higher percentage of student-derived revenues, as the state continues to reduce the state operating appropriation. We view this shift as necessary and positive for the university because tuition remains competitive for out-of-state and in-state students. Student-generated revenues are 58%, an increase from 48% five years ago. Correspondingly, state appropriations are 15% of revenues, a decline from 24% five years ago. For fiscal 2009, the university generated net income, including state appropriations, investment income, and interest expense, of \$2 million on an expense base of \$400 million. When including the additional capital funding from the state for ongoing capital repairs and maintenance, the surplus grows to \$6.5 million. This compares with an operating loss in the prior year of \$5 million, which was primarily a result of midyear state appropriations reductions. Conservative management, in our opinion, has resulted in the university's maintenance of adequate growth in operating revenues alongside level expenditures for fiscal 2009. State appropriations, in our opinion, continue to exert pressure on revenues and remain an operational challenge. They declined again for fiscal 2010 to \$58 million, as compared with \$62 million the prior year and \$81 million in fiscal 2005. However, management reports that the state expects to level-fund URI at \$58 million for fiscal 2011.

Very Low Financial Resources For a Flagship

Financial resources are very weak for a state flagship. In fiscal 2009, cash and investments of \$77 million represented 19% of operations and 29% of pro forma debt. The system is further supported by the component units -- including the University of Rhode Island Foundation, which has net assets of \$89 million -- but its unrestricted net assets were negative \$11 million as of fiscal 2009. In fiscal 2009, the university had a low \$26 million in unrestricted funds (including the university's unrestricted net assets and the URI's foundation unrestricted net assets) representing 6% of operations and 10% of pro forma debt.

The university recently completed a \$100 million capital campaign, The campaign will continue to receive pledges through Dec. 31, 2010. The campaign's major priority is the endowment. In addition, annual giving has improved and continues to generate \$15 million annually.

Auxiliary Enterprise

The URI auxiliary system is diverse. It includes 20 traditional residence halls, four theme living houses, and three undergraduate apartment facilities. In total, the university houses 5,796 students, or approximately 44% of the

full-time undergraduate population. It also includes two dining centers, two cash restaurants, a convenience store, a bakery, and a warehouse shopping center that offers a variety of food items. Furthermore, the system includes a health system fee and a memorial union fee that are charged to all students attending the university. Demand for student housing has been very strong, and the university's housing system has operated at a more-than-100% occupancy rate since fall 2004.

Research

The university has more than 1,000 ongoing research, educational, and creative projects, for which it annually receives more than \$82 million in research funding from foundations, commercial firms, the federal government, and the state government. Management indicates that the university ranks in the top five in the nation annually in funding for ocean and coastal research.

Debt

The bonds do not have a debt service reserve fund, but there is an additional bonds test covenant of 1.2x maximum annual debt service (MADS) on parity debt. After the issuance, the university will have \$263 million in debt, including both the educational and general revenue bonds and auxiliary enterprise bonds; approximately \$173 million of this debt is supported by auxiliary revenues, of which \$152 million are housing revenues.

Future debt plans include a \$10 million bond for utility system improvements expected in 2011. Other plans include a nursing building and a chemistry building expected to cost almost \$130 million. The two facilities are expected to be financed by the state, and will be voted on at the general election in November 2010. Given the support from the state's general obligation bond program, the university's debt levels remain manageable. URI's pro forma debt and capital leases stand at approximately \$263 million. URI's general revenue bonds are also rated 'A+' based on an unlimited student-fee pledge, which includes tuition and state appropriation but excludes auxiliary enterprises.

Government-Related Entity Profile

In accordance with our criteria for government-related entities, our view of a low likelihood of extraordinary government support is based on our assessment of the URI's "limited" link with the state government, given the state's limited legal capacity and ability to provide extraordinary support in a timely manner. However, the provision and availability of higher education and its "important" role is reflected in URI's history of regular, ongoing operating and capital support.

Related Criteria And Research

USPF Criteria: Higher Education, June 19, 2007

Ratings Detail (As Of May 12, 2010)		
Rhode Island Hlth & Educl Bldg Corp, Rhode Island		
University of Rhode Island, Rhode Island		
Rhode Island Hlth & Educl Bldg Corp (University of Rhode Island) ser 2009A&B (ASSURED GTY)		
Unenhanced Rating	A+(SPUR)/Stable	Affirmed

Ratings Detail (As Of May 12, 2010) (cont.)

Rhode Island Hlth & Educl Bldg Corp (Univ of Rhode Island) auxil enterprise rev rfdg ser 2008A

Long Term Rating

A+/Stable

Affirmed

Many issues are enhanced by bond insurance.

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