

June 21, 2006

TO: Members of the Board of Governors for Higher Education

FROM: Members of the Facilities and Finance and Management Committees and Commissioner Jack Warner

RE: Recommendation for Approval of Tuition and Fee Rates for the University of Rhode Island, Rhode Island College and the Community College of Rhode Island for FY 2007

As you know, the Facilities and Finance and Management Committees had directed that the institutions produce a budget request for FY 07 based upon their needs, projected enrollment growth and a limited rate of tuition and fee growth. For the University, tuition and fee growth was capped at 6%; for Rhode Island College the cap was 5% and for the Community College the cap was 3%.

**Previously Approved Tuition and Fee Increases**

Based upon the budgets submitted by the institutions, the Board of Governors approved instate tuition and fee increases of 6% at the University, 4.7% at Rhode Island College and 3.0% at the Community College, and out of state increases of 7.1% at URI, 4.9% at RIC, and 3.3% at CCRI.

**General Revenue Cuts – FY 2006 and 2007**

The Governor's general revenue budget recommendation for FY 2007 was \$3.5 million less than the Board approved request. The reductions in FY 2007 have been compounded by the further cuts to the budget base of \$3.4 million in FY 2006 as recommended by the Governor. This yields a combined general revenue reduction of \$6.9 million.

**RICAP/Asset Protection and Reduction in Force**

In addition to these reductions, the Governor also eliminated our \$11.5 million request for Asset Protection/ RI Capital Funds and included a \$5.6 million Reduction in Force (RIF) cut for Higher Education. This RIF also included a reduction of 63.9 FTEs. As depicted below, the total cuts from the Board's request for FY 2007 are \$12.5 million in operating funds. The House Finance Committee substituted turnover at 5.2% for the Governor's RIF program and restored the asset protection funds.

### **System Reductions (Including OHE)**

	in millions
<i>Operating</i>	
General Revenue Operating Cut FY 2006	\$3.40
General Revenue Operating Cut FY 2007	<u>\$3.50</u>
Total Operating Reductions prior to Turnover	\$6.90
<i>Turnover at 5.2%</i>	<u>\$5.60</u>
Total Impact on Operations	<u>\$12.50</u>

The Facilities and Finance and Management Committees asked the institutions to prepare impact statements to provide the committees and the Board sufficient notice if recommendations were necessary to change the Board approved tuition and fee rates for FY 2007.

### **University of Rhode Island**

The University has a projected shortfall of \$6.6 million for FY 2007 that is comprised of the general revenue cut of \$2 million in FY 2006 and \$1.8 million in FY 2007, along with \$2.8 million for the recommended turnover.

	in millions
<i>Operating</i>	
General Revenue Operating Cut FY 2006	\$2.00
General Revenue Operating Cut FY 2007	<u>\$1.80</u>
Total Operating Reductions prior to turnover	\$3.80
<i>Turnover at 5.2%</i>	<u>\$2.80</u>
Total Impact on Operations	<u>\$6.60</u>

In an attempt to close the shortfall in operations, the recommendation is to increase tuition and fees for out of state students by \$1,498 over the current rates. This translates into a 7.5% increase (see attached schedule). Graduate in-state and out of state tuition and fees will also increase by 7.5%. This would mean an increase of \$550 for instate graduate students and \$1,336 for out of state graduate students.

**Rhode Island College**

The College has a projected shortfall of \$3.1 million for FY 2007 that is comprised of the general revenue cut of \$.9 million in FY 2006 and \$.8 million in FY 2007, along with \$1.4 million for the recommended turnover.

	in millions
<i>Operating</i>	
General Revenue Operating Cut FY 2006	\$0.90
General Revenue Operating Cut FY 2007	<u>\$0.80</u>
Total Operating Reductions prior to turnover	\$1.70
<i>Turnover at 5.2%</i>	<u>\$1.40</u>
Total Impact on Operations	<u>\$3.10</u>

In an attempt to close the shortfall in operations, the recommendation is to increase tuition and fees by \$282 over the current rates for in-state students. This translates into a 6.0% increase (see attached schedule). Tuition and fees would increase by 7.5% for out of state undergraduates and increase by 7.5% for graduate students. This would mean an increase of \$900 for out of state students and an increase of \$336 for instate graduate students and an increase of \$670 for out of state graduate students.

**Community College of Rhode Island**

The Community College has a projected shortfall of \$2.5 million for FY 2007 that is comprised of the general revenue cut of \$.3 million in FY 2006 and \$.8 million in FY 2007, along with \$1.4 million for the recommended turnover.

	in millions
<i>Operating</i>	
General Revenue Operating Cut FY 2006	\$0.30
General Revenue Operating Cut FY 2007	<u>\$0.80</u>
Total Operating Reductions prior to RIF	\$1.10
<i>Turnover at 5.2%</i>	<u>\$1.40</u>
Total Impact on Operations	<u>\$2.50</u>

Enrollment projections included in the FY 07 Budget Request were overly optimistic. When these enrollment figures are adjusted to more accurately represent the institution's enrollment level for the coming year, tuition and fee budgets would be short an additional \$2.6 million.

In an attempt to close the shortfall in operations, the recommendation is to increase tuition and fees by \$216 over the current rates for full time in-state students. This

translates into a 8.7% increase (see attached schedule). Tuition and fees for out of state students would increase by \$596 or 8.9%.

**Recommend changes in tuition and fees for FY 2007**

Based upon the above, the Board of Governors approved instate tuition and fee increases are 6.0% at the University, 6.0% at Rhode Island College and 8.7% at the Community College, and out of state increases of 7.5% at URI, 7.5% at RIC, and 8.9% at CCRI.

Also included in your packet are excerpts from the “Selected Institutional Indicators Presented to the Rhode Island Board of Governors for Higher Education-October 24, 2005”. These excerpts demonstrate that both Rhode Island College and the Community College of Rhode Island are well below the tuition and fee peer averages and the University is slightly above the peer averages.

The Facilities and Finance and Management Committees and I recommend:

**THAT** the Board of Governors approve the recommended tuition and fee increases for FY 2007 as presented.

Attachments