Budget cuts likely on horizon for Rice
Closing dorms for season signals hard decisions ahead

By JEANNIE KEVER
HOUSTON CHRONICLE
Dec. 20, 2009, 4:48PM

The residential colleges at Rice University — that’s Rice-speak for dormitories — have gone dark for the holidays, closing over the winter break for the first time in more than a dozen years.

The goal? Saving as much as $100,000, mainly on utility costs, at a time when the school is seeking to shave millions of dollars from its operating budget.

Decisions made over the next few months may be more difficult. Rice President David Leebron set the stage for the coming year in an address to faculty this fall, warning that coping with endowment losses is one of the most critical issues facing the school.

University officials say no decisions have been made about next year’s budget, or even how deeply to cut.

“There are way too many variables in the planning process,” said B.J. Almond, the school’s chief spokesman. The final budget must be approved by trustees.

But several faculty members have said they fear that decisions made over the next few months could lead to cuts in both staff and programs.

Rice isn’t alone. Many private universities around the nation are cutting their budgets because of endowment losses tied to last year’s stock market meltdown.

Private schools generally depend more upon their endowments than their public counterparts, which receive funding from the state. Rice draws about 46 percent of its operating budget from its endowment, which lost $838 million during the year that ended June 30.

When money drawn from the endowment to bolster school operations is added in, the total drop was close to $1 billion. The endowment was reported at $36 billion in June.

By then, university leaders already had begun dealing with the fallout. The operating budget for the current fiscal year was cut by 5 percent, a brief hiring freeze was imposed and most pay increases were limited to people earning less than $50,000.

Another round of cuts will be made for the fiscal year that starts July 1.

Almond said no target has been set for the additional cuts, but initial talk has suggested another 5 percent.

“The first 5 percent is hard,” said Moshe Vardi, an engineering professor who has opposed a potential merger with the Baylor College of Medicine. “The next 5 percent is very painful.”

The proposed merger with Baylor surfaced more than a year ago, a final decision is expected early next year.

Some faculty members, including Vardi, have raised concerns on several points, including fears that Baylor’s financial problems will hurt Rice, a small and historically stable school renowned for the quality of its academic offerings.

Almond said the two issues aren’t connected.

“The (proposed) Baylor merger has no impact on the regular budget,” he said.

Many universities close school housing over the winter break, but Rice hasn’t for at least 15 years, said Mark Ditman, associate vice president for housing and dining.

This year, faced with the need to save money, it did. The nine residential colleges, home to 2,344 students, closed Thursday and will reopen Jan. 10, Ditman said.

Classes resume Jan. 11.

Ditman said about 100 students will be affected, mostly international students and student-athletes competing during the holidays — members of the men’s and women’s basketball and swim teams.

Ditman said Rice negotiated a discounted rate with a nearby hotel and will share the cost with students.

He declined to identify the hotel or the total cost but said students will pay $275 for their share.

Athletes’ cost will be covered by either the university or the athletic department since they are required to be at school for part of the break, said Michael Dean, an assistant athletic director.

Ditman said savings from closing the residential colleges will depend, in part, on the weather.

“Some years it’s snowing, and some years you have the air conditioning on” during the winter break, he said.

The savings could top $100,000, he said.

Two additional residential colleges are being renovated, which will allow Rice to offer more on-campus housing. But it also means Ditman expects to add staff, even in the midst of the budget pressures.

“Everybody on campus is working to be as efficient as possible,” he said. “We’re looking under every stone.”

Deans and department heads made most of the decisions about the earlier round of budget cuts, and Almond said he expects the next round will be driven at that level as well.