



State of Rhode Island and Providence Plantations  
Council on Postsecondary Education  
**OFFICE OF THE POSTSECONDARY COMMISSIONER**  
560 Jefferson Boulevard Suite 100  
Warwick, Rhode Island 02886-1304

Enclosure 8g  
February 24, 2016

**Barbara S. Cottam**  
Chair

TO: Members of the Council on Postsecondary Education

**Council on Elementary and  
Secondary Education**

FROM: Jim Purcell, Ed.D, Commissioner for Postsecondary Education

**Daniel P. McConaghy**  
Chair

DATE: February 16, 2016

Amy Beretta, Esq.

RE: Privatization of Rhode Island College Bookstore

Colleen A. Callahan, Ed.D.

**BACKGROUND:**

Karin Forbes

The Rhode Island College bookstore has been losing revenue over the past several years due to changes in the bookstore industry, including on-line options to purchase and rent textbooks.

Jo Eva Gaines

Marta V. Martinez

Over the past several months the College has initiated the steps required by the Rhode Island General Laws to privatize the bookstore operation, including meeting the representatives from the Department of Administration and the unions representing the employees in the bookstore.

Lawrence Purtill

Joyce L. Stevos, Ph.D.

**Council on Postsecondary  
Education**

The College is now asking the Council to approve the privatization of the bookstore so that they can initiate the RFP for a bookstore vendor. Based upon their research, the College anticipates that they will turn their annual loss into a potential \$200,000 annual profit.

**William Foulkes**  
Chair

Michael Bernstein

If approved, the College will enter into an Agreement with the union to relocate the remaining bookstore employees to other positions on campus

Dennis Duffy, Esq.

The Honorable Thomas Izzo

**MOTION:**

Judy Ouellette

To approve Rhode Island College proceeding with the privatization of their bookstore in accordance with the provisions of the Rhode Island General Laws and applicable collective bargaining agreements

Kerry I. Rafanelli, Esq.

John J. Smith, Jr.

Dr. Jeffery A. Williams



## Memorandum

**Date:** February 11, 2016

**To:** Commissioner Jim Purcell, Ed.D  
Council on Postsecondary Education

**From:** Dr. Nancy Carriuolo *W*  
President, Rhode Island College

**Re:** Privatization of Rhode Island College bookstore

As you are aware, the bookstore industry in general, and the college bookstore industry in particular, has changed dramatically in the last ten (10) years. Students no longer have to rely on their campus bookstore to purchase textbooks as they “shop the world” for the cheapest prices through websites like Amazon, and they can choose less expensive options such as digital copies or even “rental” options. While the Rhode Island College bookstore was once a self-sustaining entity, these changes have resulted in net losses the past six (6) years. Financial reserves accumulated to account for down years have slowly been depleted to the point where the bookstore’s overall fund balance is projected to be negative in FY16.

Rhode Island College is requesting the Postsecondary Council’s approval to proceed with efforts to privatize the RIC bookstore in accordance with Rhode Island statutes, including engaging in the statutory process (see summary of requirements attached), seeking Department of Administration (DOA) approval and taking all steps necessary and appropriate to effectuate such privatization.

RIC has laid the groundwork for potential privatization in the following manner:

- a. RIC has conferred extensively with DOA and had two meetings at DOA, one of which was attended by members of Council 94 leadership regarding their bookstore employees.

- b. RIC has performed extensive cost analysis over a multi-year period documenting the declining revenues of the bookstore, including losses and projected losses (see attached).
- c. RIC has researched extensively examples of vendor agreements used in campus bookstore outsourcing which can form the basis of an RFP that is suitable for RIC and within the parameters that vendors can be expected to bid.
- d. The anticipated RFP would ensure that the bookstore not operate at a loss and would be structured to provide only the possibility of income from the bookstore, through rental income and anticipated increased royalties on branded products marketed through vendors' expertise in operating retail college bookstores, incorporating web sales and other innovations beyond the capability of an institution which is in the business of providing higher education (projected turning a \$150,000 deficit into a projected \$200,000 profit).
- e. RIC has negotiated with the unions representing bookstore employees and reached tentative agreements with the unions and potentially affected employees regarding voluntary transfers. These transfers would result in no union employees being "affected" by privatization and would, thus, avoid the 'in-house' bidding process, associated timeframes and would eliminate potential statutory appeals of any award of a bid by DOA.
- f. RIC has drafted tentative forms of agreement to effectuate transfers of the single union employee currently working in the bookstore. These forms have been approved by DOA, which will be a signatory to the agreements, if executed and which acknowledge that, upon execution, the process would not require an in-house bidding process.

If the privatization process goes forward, RIC is confident that all affected unions and union members will be in agreement with the privatization of the bookstore, that DOA will be in a position to evaluate the anticipated cost-saving and issue an RFP on an expedited basis.

RHODE ISLAND COLLEGE BOOKSTORE  
PROPOSED PRIVATIZATION  
SUMMARY OF STATUTORY REQUIREMENTS

Privatization of state services is subject to the provisions of Rhode Island General Laws, Title 42, Chapter 148. That statute provides a mechanism to ensure that privatization is economically beneficial and further provides protections to union members affected by a potential privatization. Such privatization must follow a series of steps, as prescribed by statute, as overseen by the Department of Administration (“DOA”).

The process includes the following general steps:

- a. Not less than six months notice to unions representing any member employees who would be affected by the privatization.
- b. Detailed analysis and backup documentation to establish savings to be achieved, with consideration of overhead and other continuing costs post-privatization.
- c. Detailed specification of work and performance standards for privatized work in the form of a Request for Proposals (“RFP”).
- d. Prior to RFP being issued, any union is permitted to submit an “in-house bid” to compete with the proposed privatization.
- e. DOA elects whether to proceed with the RFP or accept the in-house bid (if any).
- f. DOA’s cost comparison must include, in addition to the cost savings, comparative benefits for employees, transition costs, conversion costs, expected overruns, and whether the performance standards can be met at the projected cost saving.
- g. DOA can only award a bid to an outside vendor if the savings to the State are “substantial” and if the standards will be met or exceeded.

**Rhode Island College - Bookstore**  
**Financial Report FY 2010 to FY 2015**

Last Updated: 2/10/2016

Bookstore

FY 2010

FY 2011

FY 2012

FY 2013

FY 2014

FY 2015

		<b>Revenue</b>						
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	
42200	Sales - Apparel	\$ 206,733	\$ 212,042	\$ 210,322	\$ 231,200	\$ 244,220	\$ 222,119	
42203	Sales - Computer	\$ 755	\$ 1,558	\$ 5,376	\$ 10,154	\$ 26,566	\$ 3,704	
42204	Sales - Discounts							
42205	Sales - Sundries	\$ 53,509	\$ 58,291	\$ 67,805	\$ 91,426	\$ 74,427	\$ 67,402	
42206	Sales - Supplies	\$ 287,096	\$ 310,820	\$ 359,104	\$ 314,260	\$ 312,916	\$ 324,162	
42207	Sales - Text	\$ 1,922,757	\$ 1,554,010	\$ 1,576,527	\$ 1,363,089	\$ 1,111,597	\$ 1,194,407	
42208	Sales - Trade	\$ 29,920	\$ 13,677	\$ 13,455	\$ 6,806	\$ 3,858	\$ 6,941	
42209	Sales - Used Books	\$ 759,364	\$ 628,881	\$ 557,622	\$ 494,310	\$ 422,370	\$ 313,391	
42212	Sales - Rental of Text					\$ 25,736	\$ 139,938	
43002	Interest Income - Citizens	\$ 1,432	\$ 532	\$ 249	\$ 133	\$ 4	\$ -	
43003	Interest Income - Fleet							
43301	Misc Inc - Bad Check Fee	\$ 135	\$ 255	\$ 105	\$ 105	\$ 60	\$ 15	
43310	Misc Inc - Income	\$ 2,743	\$ 1,188	\$ 91	\$ 859	\$ 654	\$ 18	
43323	Misc Inc - Cash Over/Short	\$ (883)	\$ (275)	\$ (356)	\$ (639)	\$ (86)	\$ 271	
43501	Transfer - NonMandatory							
43600	Commissions	\$ 14,817	\$ 9,760	\$ 11,055	\$ 45,471	\$ 14,613	\$ 16,037	
45001	Receipts					\$ 20	\$ -	
	<b>Total Revenue</b>	<b>\$ 3,278,379</b>	<b>\$ 2,790,739</b>	<b>\$ 2,801,356</b>	<b>\$ 2,557,174</b>	<b>\$ 2,233,955</b>	<b>\$ 2,288,406</b>	

**Rhode Island College - Bookstore**  
**Financial Report FY 2010 to FY 2015**

Last Updated: 2/10/2016

Bookstore	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
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Expenditures	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Personnel &amp; Benefits</b>						
60205 Pers Serv - Classified Hol OT	\$ -	\$ 745	\$ -	\$ -	\$ -	\$ -
60210 Pers Serv - Class Perm	\$ 107,493	\$ 105,678	\$ 86,967	\$ 87,526	\$ 87,023	\$ 79,692
60215 Pers Serv - Class Perm Ot	\$ 23,436	\$ 17,471	\$ 18,102	\$ 13,269	\$ 5,719	\$ 5,292
60218 Pers Serv - Fam Med Ins Waiver				\$ 2,002	\$ 2,002	\$ 2,002
60240 Pers Serv - Student Help	\$ 70,705	\$ 101,685	\$ 539	\$ 85,738	\$ 48,569	\$ 52,081
60250 Pers Serv - Nonclass Perm	\$ 112,180	\$ 111,651	\$ 108,791	\$ 148,982	\$ 148,730	\$ 144,520
60255 Pers Serv - Nonclass PT	\$ 41,009	\$ 51,852	\$ 145,915	\$ 43,973	\$ 35,755	\$ 17,716
60263 Spec Pers Serv - Lecturers	\$ 7,376	\$ 7,052	\$ 53,346	\$ 7,155	\$ 7,692	\$ 6,856
60265 Spec Pers Serv - Security	\$ 3,841	\$ 8,945	\$ 6,956	\$ 8,781	\$ 6,994	\$ 6,820
60267 Spec Pers Serv - Audit						
60269 Spec Pers Serv - Other						
60274 Benefits - Pay/Benefit Accrual	\$ -	\$ -	\$ 7,594	\$ -	\$ -	\$ -
60280 Benefits - Employees' Retire	\$ 31,705	\$ 29,537	\$ 28,701	\$ 27,173	\$ 29,170	\$ 28,038
60281 Benefits - FICA	\$ 20,692	\$ 20,910	\$ 22,336	\$ 21,885	\$ 20,675	\$ 18,523
60283 W/C Self Ins Employer Assistanc	\$ 8,610	\$ 8,540	\$ 8,499	\$ 8,647	\$ 9,938	\$ 10,271
60285 Benefits - TIAA-401A (P/R#249)				\$ 1,261	\$ 1,266	\$ 1,201
60286 Benefits - TIAA-Retirement	\$ 6,557	\$ 6,526	\$ 6,922	\$ 6,580	\$ 9,411	\$ 9,365
60287 Benefits - Disability Insur	\$ 483	\$ 488	\$ 488	\$ 653	\$ 685	\$ 669
60292 BOG Retiree Hlth - (P/R# 290)						\$ 2,350
60293 Benefits - Retiree Med NCL						
60294 Benefits - Ret Medical Insur	\$ 8,219	\$ 1,825	\$ 2,691	\$ 2,771	\$ 8,927	\$ 8,125
60295 Benefits - Medical Insurance	\$ 56,324	\$ 9,909	\$ 8,571	\$ 8,736	\$ 45,670	\$ 45,534
60296 Benefits - Health Care Settlement						
60297 Benefits - Dental Care	\$ 3,585	\$ 54,966	\$ 41,547	\$ 42,779	\$ 2,534	\$ 2,575
60298 Benefits - Vision	\$ 689	\$ 3,056	\$ 2,372	\$ 2,367	\$ 429	\$ 415
60299 Payroll Default	\$ -	\$ 578	\$ 516	\$ 443	\$ -	\$ -
<b>Personnel &amp; Benefits</b>	<b>\$ 502,905</b>	<b>\$ 541,415</b>	<b>\$ 550,851</b>	<b>\$ 520,718</b>	<b>\$ 473,678</b>	<b>\$ 442,044</b>

**Rhode Island College - Bookstore**  
**Financial Report FY 2010 to FY 2015**

Last Updated: 2/10/2016

Bookstore	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Operating &amp; Other Expenditures</b>						
60321	Postage	\$ -	\$ -	\$ -	\$ 1,885	\$ -
60322	Telephone	\$ -	\$ -	\$ -	\$ -	\$ -
60323	Office Supplies	\$ 87	\$ 108	\$ 395	\$ 345	\$ 219
60324	Dues & Subscriptions	\$ 975	\$ -	\$ 1,025	\$ -	\$ 650
60325	Freight	\$ 84,282	\$ 78,410	\$ 72,316	\$ 81,373	\$ 67,905
60331	Printing And Binding	\$ 16,682	\$ 18,148	\$ 12,773	\$ 12,791	\$ 18,673
60342	Travel - Out Of State	\$ -	\$ -	\$ -	\$ -	\$ -
60363	Repairs - Other	\$ -	\$ -	\$ -	\$ -	\$ -
60364	Maint/Repr Sftware&Maint Agree	\$ 2,694	\$ 2,851	\$ 2,897	\$ 2,921	\$ 2,882
60381	Rental - Outside	\$ 63,000	\$ 63,000	\$ 63,000	\$ 63,000	\$ 63,000
60382	Rental - Equipment	\$ -	\$ -	\$ -	\$ 320	\$ -
60390	Food					
60391	Purchases - Text	\$ 1,392,875	\$ 1,109,359	\$ 1,123,414	\$ 1,038,327	\$ 809,916
60392	Purchases - Supplies	\$ 281,463	\$ 223,361	\$ 275,956	\$ 243,992	\$ 246,553
60393	Purchases - Apparel	\$ 140,217	\$ 154,083	\$ 150,199	\$ 162,665	\$ 160,326
60394	Purchases - Trade	\$ 175,843	\$ 64,245	\$ 57,390	\$ 43,065	\$ 36,368
60395	Purchases - Sundries	\$ 34,195	\$ 36,063	\$ 32,572	\$ 50,464	\$ 39,189
60397	Purchases - Used Books	\$ 543,687	\$ 395,500	\$ 327,594	\$ 359,190	\$ 275,637
60399	Purchases - Computer	\$ 1,293	\$ 3,482	\$ (12,018)	\$ 13,758	\$ 5,607
60432	Educ. & Rec. Supplies					
60433	Cleaning Supplies					
60442	Computer Supplies	\$ 2,028	\$ -	\$ -	\$ -	\$ -
60445	Computer Software	\$ 999	\$ -	\$ -	\$ -	\$ -
60453	Credit Card Fees	\$ 52,054	\$ 47,589	\$ 51,403	\$ 57,055	\$ 45,407
60455	Misc Supplies & Expenses	\$ 42,279	\$ 33,608	\$ 43,542	\$ 28,280	\$ 29,574
60456	Bank Service Charges	\$ -	\$ -	\$ -	\$ -	\$ -
60582	Scholarships	\$ 4,292	\$ 12,604	\$ 29,900	\$ 9,795	\$ 12,479
60896	Indirect Cost	\$ 60,044	\$ 54,464	\$ 56,863	\$ 62,106	\$ 58,975
	<b>Operating &amp; Other Expenditures</b>	<b>\$ 2,898,990</b>	<b>\$ 2,296,876</b>	<b>\$ 2,289,222</b>	<b>\$ 2,231,331</b>	<b>\$ 1,873,358</b>
	<b>Total Expenditures</b>	<b>\$ 3,401,895</b>	<b>\$ 2,838,291</b>	<b>\$ 2,840,073</b>	<b>\$ 2,752,050</b>	<b>\$ 2,347,036</b>
						<b>\$ 2,430,795</b>

**Rhode Island College - Bookstore**  
**Financial Report FY 2010 to FY 2015**

Bookstore

Last Updated: 2/10/2016  
 FY 2010      FY 2011      FY 2012      FY 2013      FY 2014      FY 2015

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Profit/ Loss	\$ (123,516)	\$ (47,552)	\$ (38,718)	\$ (194,876)	\$ (113,081)	\$ (142,389)
Ending Fund Balance	\$ 556,442	\$ 508,890	\$ 470,172	\$ 275,297	\$ 162,215	\$ 19,826