

## America Counts on CPAs

Millions of Americans rely on their CPAs to provide the objective insights and trustworthy advice that keep their businesses and personal finances on track, especially in these difficult economic times. We're here for you, whenever you need us. Just as we always have been. **America counts on CPAs.**

Rhode Island Society of Certified Public Accountants



### SPECIALTY CREDENTIALS from page 6

Despite the fact that a national branding campaign was determined to be too expensive by both the Board and the Council, the AICPA has developed marketing tools on a smaller scale that will help credential holders promote the designations in their local markets. Some of the promotional materials that are available to CPAs can be personalized and may help members succeed in their specialty areas.

The resolution submitted by the Board offered funding recommendations that the Council also approved. According to the resolution, Personal Financial Planning will use \$4.6 million in excess of revenues through 2006, Information Technology will use \$5.6 million in excess of revenues through 2008 and Business Valuation/Forensic and Litigation Services will use \$5.75 million in excess of revenues through 2008.

The Council also agreed with the Board's recommendations that the three credentials must break even by achieving a minimum number of credential holders by a certain date. CITP and ABV must reach the break-even point by July 31, 2008 and be held by 1,700 and 2,700 members, respectively. PFS must break even by July 31, 2006 and reach 3,600 members. The hope is that an increase in members and a decrease in marketing efforts will result in each of the credentials breaking even.

The AICPA is expected to review the status of the credentials in another few years. ❖



www.riscpa.org

# What Counts

WINTER 2004/VOL. 2 NO. 1

Published for friends and members of the Rhode Island Society of Certified Public Accountants

## Outsourcing debate by William Pirolli, CPA

## Upcoming Events RISCPA Annual Meeting; Golf Outing

## Government Affairs RIPEC Update on Quonset

## One-on-One with Matt White CFO for the Pawtucket Red Sox

## Professional News Specialty designations remain; Auditor General appointed to AICPA Board

## Academics

Rhode Island CPA publishes  
"Centuries of Success"

## College Tuition Increases Surpass Rate of Inflation

### Parents, students and institutions grapple with ways to manage the costs

The increasingly high cost of college is an issue that parents, students and universities alike face each year.

The continuing nationwide trend of tuition hikes – along with increases in room and board – is burdening for many. While parents and students struggle to find the means to fund education, colleges and universities fight to be competitive by providing students with the best faculty members and facilities while controlling costs as much as possible.

According to the College Board, between 1980 and 2001, the cost of college tuition increased at a rate higher than inflation. Although private schools generally cost more than public institutions, both predict to see a continued increases. The national average cost of tuition, room and board and fees at private colleges for 2002 was \$22,541 compared to the average for public schools in the same year, \$8,470. A five percent increase each year over the next 15 years would put the average costs at \$51,664 and \$16,770 respectively.

### Reasons for the rises

The increases in tuition and room and board costs can be attributed to many different factors. One major



## Rhode Island Business Leaders Gather in Washington

### Senator Reed holds sixth annual Business Day

Each fall, Rhode Island business leaders have the opportunity to gather in Washington D.C. with members of Congress and the executive branch to discuss business issues and challenges. This past September marked the sixth annual Business Day, a program that was established by U.S. Senator Jack Reed.

The discussions focus on the top issues that business professionals should be aware of, how these issues will affect them and their companies, and how they can tackle such issues.

## Outsourcing: Accounting professionals' big debate

by William R. Pirolli, CPA, President of the Rhode Island Society of Certified Public Accountants

We have heard it before: the familiar cry of jobs lost to inexpensive foreign labor, U.S. goods being produced overseas and the demise of American manufacturing. But did we ever imagine this epidemic would invade the accounting profession? Outsourcing is quickly becoming the next big issue we're facing.

In some accounting firms, income tax returns are being outsourced for mass production. And while China and Japan first come to mind, the new world for outsourcing is actually India.

Why outsource? Given that the 2004 *Managing An Accounting Practice* survey again lists staffing as the number one issue affecting the profession, it's clear why outsourcing is becoming popular.

Outsourcing is not new; it's used in many professions. Banks, brokerage houses and insurance companies use offshore call centers and process millions of transactions annually overseas. It's fast, efficient and saves money. To many, however, an income tax return is considered a more personal affair.

Opponents of outsourcing argue security issues. And in return, we've been told that encryption software is very complex and security at data centers is better than what we have in our own

offices. Are the files in your office locked? Is the password to your computer "password?" To me, it seems risky to be scanning important and private documents, compressing them into computer code and transmitting them halfway around the world. Do our clients know that this is happening? What do they think? Knowing my clients well, I can predict their reaction.

Still, if the clients agree, protections are provided and ethics are maintained, why not outsource? For me, the issue has little to do with security or commerce. It would seem that we are once again selling away part of our franchise. Many people in our profession feel we have turned the audit into a commodity. Will tax returns be next? Tell anyone you are a CPA and the first thing that comes to mind is tax season. It's not the vague intricacies of an audit, rather we are known as the people who prepare tax returns. If we outsource, are we simply making ourselves the middleman in the process?

Last year, our profession was outraged by a series of commercials aired by H&R Block showing a taxpayer wandering an empty street full of faceless CPA firms in search of help. In his letter to H&R Block, Barry Melancon, President of the

AICPA, stated "The work CPAs do is still considered the benchmark against which all tax services are measured." How does outsourcing to India uphold that benchmark?

For our part, RISCOPA will continue to monitor the issue, discuss it at our Board of Directors meetings and perhaps hold an educational session to better inform our members. I'm very interested to hear what you think and encourage members to email me at [wpirolli@cpaadvice.com](mailto:wpirolli@cpaadvice.com) with your thoughts.

This is hardly the last we'll hear of the issue. But for me, for now, my firm's returns will continue to be "Made in America."

Sincerely,



William R. Pirolli  
President, Rhode Island Society of CPAs



**Bill Pirolli, CPA**  
President, Rhode Island Society of CPAs

## Government Affairs

### RIPEC Weighs in on Rhode Island's Financial Position Studies point to the need for a fairer, more competitive tax system

This February, on the *What Counts* television program, Gary Sasse of Rhode Island Public Expenditure Council discussed our state's finances and some of the Council's key programs. As a follow up, we wished to bring our readers what's happened with RIPEC since the show was taped.

Rhode Island citizens can rest assured that there is an established organization working on their behalf to protect the state's investments and to encourage productive and efficient government through education and work with public officials. Rhode Island Public Expenditure Council (RIPEC), an independent nonprofit organization, that conducts public policy research, is constantly working to ensure that taxes remain fair and competitive and that government responds to the needs of Rhode Island citizens. The organization is currently working on several programs, including Cities Count.

#### Four-tier program for financial improvement

Cities Count was established with a distinct agenda revolving around the economic prosperity of the state. The program has several set goals including describing urban conditions and offering suggestions to build an urban agenda. To do this, the program hopes to protect investments in both public and private sectors of cities.

"The need for the program stems from the fact that Rhode Island is the second most urban state in the country," said Gary Sasse, RIPEC's executive director. "The economic health of a state is determined by the economic health of its cities."

Along with gathering data and statistics about Rhode Island's urban conditions, Cities Count has established a tool to measure how well it is achieving its agenda.

Cities Count was designed with four different divisions in mind. The first is to increase economic opportunities. It is believed these opportunities need to be created in school finance, adult basic education and transportation. Increasing opportunities and the value of school finance as well as adult education will allow Rhode Island to have individuals who are educated and better prepared to join the workforce. With increased transportation into urban areas available, more individuals will have access to work in highly-populated and developed areas.

The competitiveness of Rhode Island cities is the second area of interest for the Cities Count program. To make cities more attractive and inviting to potential businesses, the program has suggested a \$1 million renaissance fund to deal with vacant land and decaying infrastructure.

The basis for this proposal is that more visually appealing cities will drive businesses to move to Rhode Island's cities.

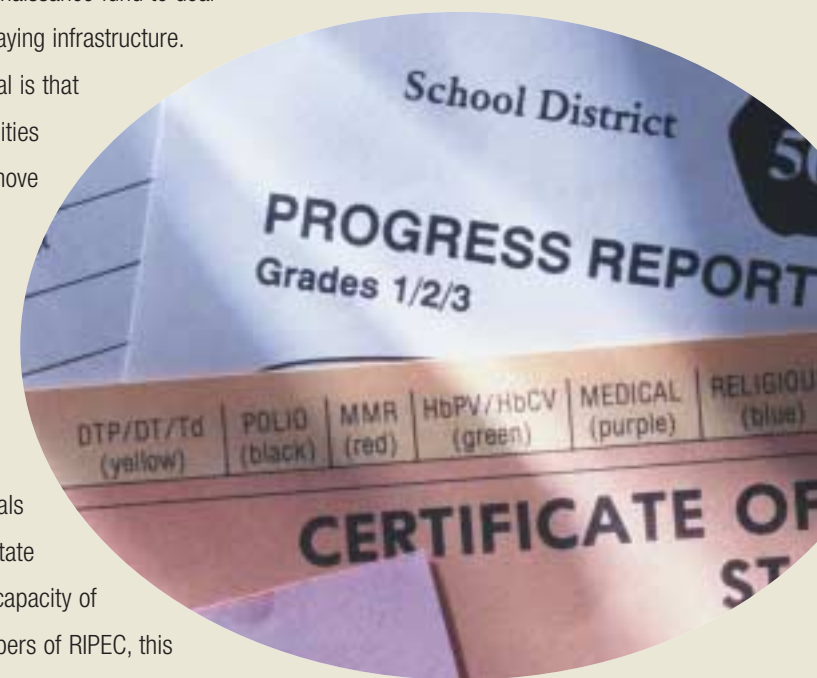
Competitiveness is not the only area in which Cities Count has proposed government involvement. The third sector of the program deals with suggestions to the state government to build the capacity of cities. According to members of RIPEC, this

would allow the State to address economic development issues. Along with these suggestions, Cities Count has also outlined cooperative arrangements between Rhode Island towns and cities and state government.

The final sector of the program is to build and retain a middle class in the state. Sasse says the members of this class should make up a core of individuals in the state and this class is essential to the state's economic prosperity.

Cities Count has already published an abundance of findings and statistics regarding state demographic profiles, conditions of the state, as well as indicator reports that evaluate investment policies. For more information and details on the program's findings visit RIPEC's web site at [www.RIPEC.org](http://www.RIPEC.org).

*RIPEC continued on page 7*



### Upcoming Events

APRIL 27, 2004

#### Rhode Island Society of CPAs Annual Meeting

Providence Marriott. Call 331-5720 for more information.

JULY 13, 2004

#### Rhode Island Society of CPAs and Bankers Association 12th Annual Golf Outing

Agawam Hunt Country Club. Call 331-5720 for more information.

*Watch What Counts on RI Interconnect Channel 13 every Friday at 8:00 p.m. EST.*

FEBRUARY

#### State Finances

A discussion with Gary Sasse of the Rhode Island Public Expenditure Council (RIPEC).

#### Officers of the Rhode Island Society of Certified Public Accountants

William R. Pirolli, CPA, president  
[wpirolli@cpaadvice.com](mailto:wpirolli@cpaadvice.com)

Gregory A. Porcaro, CPA, president-elect  
[gporcaro@oppgcpa.com](mailto:gporcaro@oppgcpa.com)

Michael A. DeCataldo, CPA, vice president  
[mdeca@sansiveri.com](mailto:mdeca@sansiveri.com)

Ernest A. Almonte, CPA, secretary  
[ealmonte@oag.state.ri.us](mailto:ealmonte@oag.state.ri.us)

Mary F. Bernard, CPA, treasurer  
[mbernard@kahnlitwin.com](mailto:mbernard@kahnlitwin.com)

Raymond C. Church, executive director  
[rchurch@riscpa.org](mailto:rchurch@riscpa.org)

## One-on-One With Matt White



What Counts recently caught up with Matt White, CFO for the Pawtucket Red Sox. From flipping burgers to budget planning, Matt's done just about everything for the organization and is passionate about his job. Here's what he had to say:

**What Counts:** What is your background that allowed you to become the CFO of the PawSox?

**Matt White:** I worked with the PawSox as an undergraduate in the barbecue area during summers. Later, I interned with the organization. I then pursued my masters degree in accounting at URI, followed by a job with a CPA firm in Boston. I loved working here and was fortunate to return as the comptroller. In December, 2000, I became CFO.

**WC:** What are some skills or qualities that you believe one needs to succeed in this position?

**MW:** Certainly a person needs to want to work and be a team player. It's not just a job where you sit behind a desk and crunch numbers. Because it's a sports organization, you need to have the willingness to get your hands dirty and do whatever it takes to help the organization succeed. You need to be involved in all aspects of the business. And, at the end of the day, that helps you understand and control the organization's finances. The financials become more than just numbers on a page.

**WC:** What made you want to take the leap from the financial world into the world of sports?

**MW:** For me, I wasn't as comfortable working in a firm, going to different clients and spending a little time with each. I have a high comfort level in the private industry where I can get my arms around an organization. I know the sales and marketing, as well as the operations aspects of the business. And I enjoy being in a company of a smaller size.

**WC:** What is the best part of your job?

**MW:** On a game night, when I'm standing in the entry tower and watching families come up and I get to see their reaction when they see the field for the first time. It's nice knowing that you spend your time to entertain families and the hard work you do pays off.

**WC:** What is an average day like for you as the CFO?

**MW:** I'm called on to do a little bit of everything most days. There's the standard payroll, accounts payables and receivables. On game nights, it's monitoring concessions and operations. Typically, we have 20 fulltime employees, but in the summer months, our payroll increases to 300 employees so monitoring labor and making sure there's enough staff to handle crowds becomes an issue. I also handle ordering food, paper and drinks.

The toughest part of that is having my day planned with a list of financial duties in place, then having a loop thrown into that plan. For example, last year it snowed on opening night and from 9:15a.m. to 5:15p.m., the whole staff was shoveling snow off the field. So managing the unexpected is always a big piece of my work.

**WC:** How has the organization been performing since the last major renovation?

**MW:** With the renovation in 1999, seating capacity increased to 10,000. Since then, we've drawn much bigger crowds and the scope of the business has grown. We also invested in a new point of sale system for concessions.

**WC:** Do you typically have a full crowd at the stadium?

**MW:** The season runs from April to August. Since it's a family-driven operation, June, July and August are our biggest months and we average close to 9,000 each game.

**WC:** What has been the biggest surprise for you about the job?

**MW:** There weren't a lot of surprises. Since I put in seven seasons in college and out of school, I had a good sense of how it worked.

**WC:** How does the organization decide on its annual budget?

**MW:** There are two aspects to the budget: line items and improvements. Line items are costs such as repair, maintenance and utilities, which we compare to last year and establish a budget based on those numbers. Then we hold meetings with all departments to determine what we can do to make the fans' experience better. Once we have everyone's input, we create a budget. The biggest budget items are typically labor, utilities, maintenance and team travel. Our advertising and promotion is largely the same each year, however, we're using the internet now as much as possible for activities such as direct mail and ticket promotions.

**WC:** What are the major issues you'll face this year with the PawSox?

**MW:** We're hosting the 2004 all-star game for Triple A baseball on July 12, 13, 14th. The best players and managers from coast to coast will be here. So on top of our regular season of 72 home games, we'll have this spectacular event. We're looking forward to showing off Rhode Island to the rest of Triple A baseball.

**WC:** How is the organization's charitable budget and contributions decided?

**MW:** Through the club, the Pawtucket Red Sox Charitable Foundation was set up, which targets helping children and families. We hold an enormous barbecue every summer for the foundation with

the proceeds supporting the Providence Journal Summertime Fund. We also make donations to area organizations involving children and families such as the Pawtucket Boys & Girls Club, the Boy Scouts and for specific events such as the recent mill fire in Pawtucket

**WC:** Is the actual season a more hectic time of the year for you or is it the off-season when the planning and budgeting takes place for the upcoming season?

**MW:** Planning and budgeting during off season is the more challenging time. However longer hours are required during the season. On game days, we're at the ballpark from 9:00 a.m. until game end during the season for game-related operational issues. It's more hours vs. more hectic.

**WC:** How are the financial matters of the PawSox different from the Boston Red Sox or the major league teams? How do the organizations' financial legs interact?

**MW:** Both organizations are selling tickets. We're both running concession operations. And we both advertise. It's obviously much bigger in scope for majors. The major difference is that we're a concession operation with tickets and advertising. The Red Sox have the players to deal with and their contracts. From Pedro Martinez to the single A player, all players are actually property of the Boston Red Sox.

**WC:** In your opinion, why have the PawSox been so successful in this region of New England?

**MW:** It's the value. In the age where pro sports have become so expensive, we offer a clean, safe facility and affordable entertainment. Our prices are \$6 for adults and \$4 for kids and seniors. You can't even go to the movies anymore for that. Fathers and mothers that came to McCoy Stadium as children bring their kids, and so on. The parents find enjoyment in telling them who they saw when they were younger.

**WC:** Do you notice an increase in attendance when you do have headline players here?

**MW:** When Red Sox players are here for rehab, there is increased activity. The media exposure is great, as well, especially when we have the Boston media coming to see how the players are doing.

**WC:** How do you reconcile your philosophy of how to manage the organization's finances with the ideas of those who have been a part of the organization for decades?

**MW:** Ben Mondor is the owner of the club and still has an incredible day to day presence. I started when I was 18 and he really mentored me as far as financial philosophy. I still learn something new from him every day. Everything I know about running a business has come from him.

**WC:** Are there any new and upcoming events that will markedly change the PawSox in your opinion?

**MW:** We're making the experience a little bit different every year. Next season, we're focusing on the fan services area, where people can go to get info for upcoming events. The point place will be right on the concourse so that our information is right behind home plate and fans encounter it quickly and easily.

Over the past couple of years, we've replaced the seats


and, in the upcoming season, we're replacing the entire outfield and infield. We also continue to computerize our operations to make it easier for fans to contact us and get the information they need.

**WC:** So did you get into this job for love of sports or did that come from being here?

**MW:** I was always a big sports fan; especially baseball and football. I'm a huge Sox and Patriots fan. ❖


For information on:

- Season Tickets
- Field Level Suites
- Corporate Outings



Call 401-724-7300

or  
www.pawsox.com



The 2004 Triple-A All Star Game & Festival  
is coming to McCoy Stadium  
& Downtown Providence  
July 12-14, 2004.

For Tickets Call 401-724-7300  
or visit www.pawsox.com

Professional News

CPA Specialty Designations Remain Intact

The governing council of the American Institute of Certified Public Accountants (AICPA) approved a resolution submitted by its Board of Directors to retain the Institute's three specialty credentials. The Council decided that support of the three credentials – Personal Financial Specialists (PFS), Certified Information Technology Professions (CITP) and Accredited in Business Valuation (ABV) – would benefit all AICPA members who practice, or have interest in, these areas.

The decision came on the final day of the fall Council meeting after a six-month exploration of the need to retain the credentials. The Council determined that the credentials are important both to CPAs and the AICPA. AICPA benefits financially from events held for and dues paid by the credential members. At the same time, CPAs themselves are recognized for the work they do

to earn the title and this helps them in their day to day business.

The need for the credentials came under scrutiny when the AICPA wasn't receiving the high numbers of people applying for and obtaining these credentials that they had expected. It was believed that the additional dues paid of up to \$500 per year would support the endeavor and those funds would be earmarked for targeted marketing and promotional materials. And while the national seminars draw a high number of attendees, the AICPA hasn't seen the high membership numbers. In fact, in Rhode Island alone there are only thirteen CPAs who have the ABV credential.

Rhode Island Society of CPAs member and Business Valuation Committee Chair John Barrett holds an ABV and thinks that others who hold one of the three credentials were the reason that the

AICPA decided to retain them.

"People worked hard to achieve these credentials and they do see benefits as a result," said Barrett. "For business valuation work, it frequently requires dealing with the IRS and court systems and they look at your credentials when you're working with them. Having an ABV shows that you've demonstrated to a professional organization that you're qualified and lends to your credibility."

Credential holders support the decision largely due to the time and effort that went into obtaining the credentials. For example, for an ABV, you must be a CPA and take a challenging eight-hour test. Most choose to go through a three-day review course. In addition, it is required that the person complete ten valuation reports. Going forward, CPAs with an ABV must meet certain CPE requirements to maintain their status.

*CREREDENTIALS continued on back cover*

AICPA Names RI Auditor General Almonte to Board of Directors

Rhode Island Auditor General and the Rhode Society of CPA Secretary Ernest Almonte was named to the AICPA Board of Directors at the October Council meeting. The board serves as an executive committee of the Council, the governing body of the national organization.

"Being appointed to the board is a great honor and I look forward to contributing to the organization over the next several years," said Almonte. "I have always enjoyed being part of this reputable group that strives to create quality programs and policies to build our profession. And, as a member of the board, I look forward to the opportunity to weigh in on our profession's top issues."

Almonte will serve a three-year term as a board member. Once appointed, he was also placed on the Audit Committee. As a member of this committee, Almonte will assist the AICPA independent auditors, the CFO and the CEO with the audit scope and findings. Almonte will also serve as the board liaison to Rhode Island, Maine and New York.

Prior to his appointment to the board, Almonte had been very active in the AICPA. He previously served as a member of the Council at Large as well as chairperson for the Members in Government Committee.

Committed to the betterment of the profession, Almonte was recently reappointed to the Yellow Book Advisory Committee by the Comptroller General of the United States, David Walker. Mr. Walker also named him to the Domestic Working Group of the General Accounting Office.

Almonte has served as Rhode Island's Auditor General since 1994, during which time he has been responsible for the audit of the state's financial statements, federal audits of grants and appropriations and the oversight of quasi-public agencies and municipalities. ❖



RIPEC from page 3

Educational costs rise along with taxpayer's responsibility

Along with Cities Count's active role in the prosperity of Rhode Island, RIPEC is also working to develop and improve other areas of interest in the state. One of their major focuses is the quality and finance of education.

Since 1998 there has been a 53 percent increase in Rhode Island education expenditures. This amounted to \$630 million on new education spending. Sasse says that two thirds of this money was allocated for salaries and benefits while the final third was used for non-personnel costs such as special services and special education. He believes that the increase can be attributed to the constant and rapid growth in specialized education and enrollment.

"Education is a fundamental dilemma facing Rhode Island state and local government officials who need to control spending without compromising educational progress that we have made to date," says Sasse. "We need to strike a balance between adequate financial support and student performance."

Currently a large portion of education funding comes from property taxes. Sasse says that although this dependence is the norm throughout the country, since Rhode Island's property tax burden is 47 percent above the national average, making it the fifth highest in the country, the state is too dependent on this revenue source to finance

education. RIPEC is working to change this by suggesting the state look at three different areas to redesign school financing. The areas RIPEC would like the government to consider in developing a new funding system are student needs, taxpayer capacity and accountability for controlling spending.

**If we are going to compete, the most critical resource is our people. We need skilled and educated people. Education is the most critical part of the job creation strategy.**

Public awareness key to opening the doors to a new tax system

Another possible step for the future could be a public education campaign. According to RIPEC, this would allow everyone in the state to be aware of what is happening in the schools and how Rhode Island students compare to others in the state. They believe this public campaign would in turn hold all of Rhode Island citizens responsible for the results.

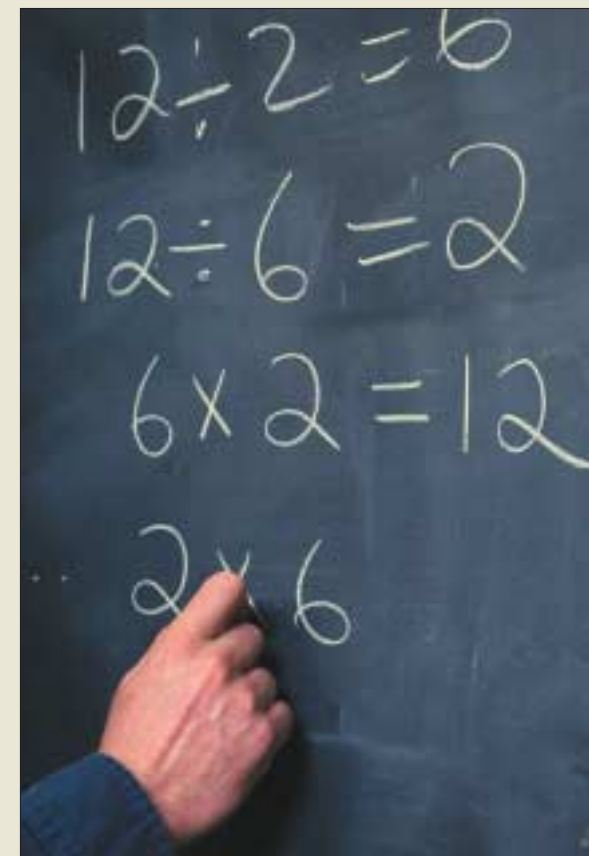
Today's students are tomorrow's skilled workforce

According to statistics collected by RIPEC, although Rhode Island students are currently achieving above average scores on aptitude tests such as the SATs, their scores are below those of students in neighboring Massachusetts and Connecticut. Results such as this have RIPEC concerned and looking for an improvement in the state's education programs. The importance of this improvement lies in the fact that these students will eventually become the workforce of Rhode Island.

"If we are going to compete, the most

critical resource is our people. We need skilled and educated people. Education is the most critical part of the job creation strategy," said Sasse.

Overall, RIPEC is working to improve the quality of the state. It believes improvements in education finances will eventually provide a foundation for a more productive state as the students grow and become the state's workforce. This would complete the cycle and improve the financial quality of the state and its cities. ❖



Academics

Bill O'Hara Arms Family-owned Business with Valuable Tool

William O'Hara, a family business historian and educator, has recently taken his interest in the area of family business to a new level with his latest book, *Centuries of Success: Lessons from the World's Most Enduring Family Businesses*. His book chronicles the success stories and lessons learned by some of the world's oldest family businesses including Kong Gumi, Japanese temple builders; Bixler's Jewelers, American jewelers; Hugel & Fils, French winemakers; and Freiherr Von Poschinger Glamanufaktur, German glass manufacturer.

O'Hara traveled across the world to collect these stories and inside tips from 20 different family-owned businesses, all of which have been in existence for more than 200 years. The book gives a historical retrospect of each business and includes how they came to be, the obstacles each faced and how the people managing the business overcame these obstacles. The purpose of the book was to give future business owners a guide

to use when they open their own businesses and a source of reference during critical points when they are faced with similar obstacles.

"The book provides some insight on how these long lasting companies have been managed and how they've made it past difficult times," said O'Hara. "It assures them that even the most successful businesses have problems and they can cope with them."

O'Hara was driven to write *Centuries of Success* by a desire to determine whether there was a blueprint for family business survival. He believed that there were common themes in the businesses and the family values that resulted in the business lasting throughout many generations. Through his extensive research, he found several consistent factors. All 20 of the businesses profiled in his book trade in products and services that satisfy basic human needs such as food, clothing or shelter. More importantly, he says they all have strong values and are very focused.

"Individuals in these businesses are very committed to the quality of their products and the satisfaction of their customers. They also work hard to get through both the good and the bad periods," said O'Hara. "And, there's always the notion of good luck and timing."

*Centuries of Success* was not O'Hara's first contribution to family business. After a 13-year tenure as president of Bryant College, O'Hara was consumed with the desire to return to teaching. He was named Bryant's Henry Loeb Jacobs Trustee Professor and was simultaneously encouraged to establish a public service institute on behalf of the college.



His background in the history and inner workings of family businesses led him to examine Bryant's preexisting Small Business Development Center (SBDC). He realized that the center saw many family businesses coming to this program for guidance, but did not have adequate resources to fully assist them. This led to O'Hara's development of the Institute for Family Enterprise (IFE). The IFE is staffed with professionals who offer consulting and advising sessions, topic seminars and conflict resolution.

"The IFE staff is able to sit down with family business owners and bring in a new perspective," O'Hara said. "We create communication bridges, help people figure what the true problems are and then get them talking and working towards the solution."

O'Hara's other works include *John F. Kennedy on Education* and *The Student/The College/The Law*. He has also conducted extensive groundbreaking research on the oldest company in each of the 50 states.

For more information or to purchase a copy of *Centuries of Success* visit [www.adamsmedia.com](http://www.adamsmedia.com).

BUSINESS DAY from page 1

According to Gregg McCarthy, Senator Reed's press secretary, the purpose of the program is to give Rhode Island business leaders an opportunity to spend time in Washington and hear discussions led by national decision makers.

"Our sixth conference was to date the most well attended and I believe it was seen as a success all around," said Senator Reed. "The focus and aim was to give businesses the tools and resources they need to continue to grow and prosper in the current economy."

Typically, the program includes a wide range of topics to help the attendees gain information in several areas. This year, topics included the economy, small business assistance, homeland security, export trade, social security and healthcare reform, transportation and access to capital. Speakers included representatives from the U.S. Departments of Labor, Commerce, Homeland Security and the Small Business Administration as well as members of Congress.



Because the program gives business professionals the unique opportunity to have informal and personal discussions with officials from Senator Reed's office, the day becomes a learning experience for the senator as well.

According to the senator's office, this is one of the few times officials have the opportunity to discuss the concerns of business professionals in this manner. The business people voice their concerns on issues they believe are highest priority and point out where they need guidance. These issues are then brought to the senator's attention for him to address and take to the next level.

In the past, topics have included legislation being considered by Congress, administration plans and how politics affect business leaders in Rhode Island. Media and consulting firms are also often invited and encouraged to speak to the group and present their views on the most current and important business trends, giving attendees the opportunity to hear about the same issues from a different perspective.

Preparations for the day's activities take place throughout the summer and invitations are sent out to Rhode Island business leaders from Senator Reed's office in collaboration with the Rhode Island Chamber of Commerce. For more information on Business Day 2004, contact your local Chamber of Commerce. ❖

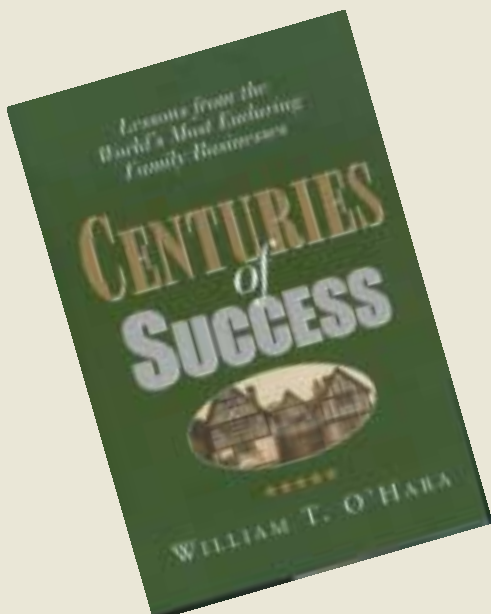
*Rhode Island Society of Certified Public Accountants celebrates 100th anniversary*

A centennial committee is currently working on the planning and implementation of the 100th anniversary of the Rhode Island Society of CPAs in 2005.

A yearlong celebration of the 100 years of service to the accounting profession will include a black tie gala, golf outing and awards ceremony to honor distinguished CPAs in the public and private sectors.

Watch for more information on the events and your chance to provide input for award nominations.

**RISCPA**  
rhode island society of certified public accountants



TUITION from page 1

**Funding tuition can be taxing: save time and money with help from these sites**

**FinAid**  
[www.finaid.org](http://www.finaid.org)  
 (Smart Student Guide to Financial Aid)  
 Offers financial aid information helpful to both parents and students

**Fast Web**  
[www.fastweb.com](http://www.fastweb.com)  
 Informative site for searching all types of scholarships

**College Board**  
[www.collegeboard.com](http://www.collegeboard.com)  
 Aids students in all aspects of the college process

**US News**  
[www.USNews.com/usnews/edu/college/cohome.htm](http://www.USNews.com/usnews/edu/college/cohome.htm)  
 Ranks US Colleges from around the country

**Smart Money**  
[www.smartmoney.com](http://www.smartmoney.com)  
 Personal finance, college planning, investing

**The College Financial Guide**  
[www.collegefinancialguide.com](http://www.collegefinancialguide.com)  
 Tax breaks for college education

**Loans for Students**  
[www.loans4students.org](http://www.loans4students.org)  
 Parents: tax benefits

factor includes greater demands and needs from parents and students.

Factors driving the rising costs at private schools are often associated with the three "Fs" – facilities, faculty services and financial aid. Colleges need to meet the rising expectations of students' amenities in these areas to remain competitive.

Rising costs due to campus maintenance is certainly a factor here in Rhode Island. Bryant College's Vice President of Business Affairs and Treasurer Barry Morrison says that rising tuition can be attributed to many factors.

"Facilities management is a significant portion of the college's increasing costs," said Morrison. "Schools are constantly trying to adapt to what students want to be an attractive choice, and with new buildings and facilities come new and increased utility costs as well."

Morrison also attributes the rise to the continued competition between campuses to bring in the best and the brightest students. "Every school is in constant competition to bring in not only more, but the right students," said Morrison. "And to attract these students, colleges need to offer competitive financial aid packages."

**Keeping costs affordable**

Colleges and universities are constantly planning and evaluating their budgets to enable students to afford tuition. Cost-cutting strategies range from negotiating sensible, low-cost vendor contracts, to limiting campus sponsored activities that do not add value to the institution, to monitoring salaries.

According to Morrison, faculty and staff salaries represent 45 to 50 percent of tuition costs and administrators have to keep a close eye on these expenses.

"We use thousands of techniques to keep costs down including regularly looking at salary and benefits," said Morrison. "Hiring quality staff members is extremely competitive so we keep a close watch on positions, staffing and especially healthcare benefits."

Schools such as Bryant College closely monitor contribution margins on revenue producing programs.

Such programs include education and graduate programs. These schools must also implement creative ways to generate revenue through auxiliary enterprises.

**Preparing parents for the financial aid process**

When it comes to financing a college education, parents bear most of the burden. Financial aid is one avenue for helping to fund tuition.

To receive financial aid from the U.S. government, families must fill out the Free Application for Federal Student Aid (FAFSA). Many schools require this form be filed and use it to determine how much assistance a student will receive from that institution. The FAFSA web site, [www.fafsa.ed.gov](http://www.fafsa.ed.gov), posts deadlines, answers common questions and can help during the filing process.

Parents often have to overcome first-time frustrations when filling out financial aid forms for their soon-to-be first-year students. But with guidance, the process is often made easier. Talking to financial aid representatives at the schools to which their child is applying can often help. These experts can help parents fill out forms and inform them of deadlines, and they also have information specific to that institution. The financial aid office has information on how that school allocates its aid and its financial aid criteria and policies.

All families are eligible for some level of federal assistance, and many state-funded schools offer additional state aid. As a result of colleges competing to attract top students, merit-based aid is also available and the schools with the highest tuition often have more funds available to give out.

"There are so many financial aid programs available," says Morrison. "The best way for parents to seek out these programs is to keep communication lines with financial aid officers open and listen to their advice."

Increased amounts of financial aid available often enable students to choose the best college or university instead of the one they can most easily afford. To reap this financial aid benefit parents should begin the financial aid process early. According to Morrison, financial aid research should begin as soon as students



begin to research colleges.

"Research should begin well before the application process. Parents need to have a financial plan in place before hand so that they know what their budget is," Morrison said.

**Planning for the future**

A desire to free themselves and their children of the loan repaying burden has resulted in more and more parents turning to savings plans that allow them to cover their child's tuition balance that is not paid by scholarships and financial aid.

One group of plans that are becoming popular is the 529 prepaid tuition plan, or qualified tuition programs. There are two types of plans under this category, prepaid tuition plans and college savings plans.

Prepaid tuition plans are guaranteed to increase in value at the same rate as college tuition and allow parents to lock in tuition at current rates. According to [www.finaid.org](http://www.finaid.org), these plans do not involve risk to principal and are often fully guaranteed by state governments. College savings plans allow parents to have more flexibility and control over their investments and planning, but they do not usually offer a guarantee.

According to [collegesavings.org](http://collegesavings.org) each state has developed individual savings programs and all have at least one of the two types of 529 plans

available to residents. These plans are designed to meet the specific needs of that state's citizens.

They typically promote planning and saving for educational expenses and reliance on available family resources. Specific information about the state programs can be found at [www.collegesavings.org](http://www.collegesavings.org).

To further assist parents

who are trying to save for the future, the Economic Growth and Tax Relief Plan, signed into law in July, 2001 by President Bush, grants federal tax exemption on earnings from state plans when used to pay for qualified higher education expenses. According to College Saving Plan Network, the tax-free money in these accounts can be used to pay for tuition as well as room and board, books and fees and any other expense that students must pay in order to attend an accredited college or university in the United States.

**How students can help**

The burden of finding resources to fund college tuition does not fall solely on the shoulders of parents. Now more than ever, students are taking a more active role in pursuing education funds by doing the legwork and finding ways to defray the increasing cost of tuition.








When financial aid packages do not completely cover the cost of tuition students often turn to other sources such as work-study programs, part-time jobs and scholarships.

Scholarships, a financial award that students do not have to pay back, are an excellent way for students to fund their education without having to worry about a repayment plan. Both academic and athletic scholarships are available and many are renewable for all four years. Students with interests and talents in specific areas should

seek out local and campus organizations for additional information on funds that may be available.

The rising costs of college are being propelled by a number of factors and while universities struggle to maintain costs at a reasonable level, both parents and students alike can be armed with tools to keep a college education an affordable and viable option. ❖

**Financial aid know how**

-  **Don't wait to apply for financial aid until your child is admitted.**
-  **Don't assume you have to wait until you get current tax information to begin applying for financial aid.**
-  **Don't assume you'll be penalized because you've saved for college tuition.**
-  **Don't start the process of seeking aid without your financial documents in order.**
-  **Do make sure the information you will be using to apply for aid reflects the parental status.**
-  **Do have an organized plan in place to keep track of applications, note deadlines and follow-up dates.**
-  **Do be candid with your child about the financial aid process; keep them involved with making important family decisions.**

*Source: Petersons.com-Financing Education*