

Governor's FY 2020 Budget: Articles

Staff Presentation to the House Finance
Committee
March 12, 2019

Introduction

- Article 11 – Rhode Island Promise
 - Need-based scholarships
 - Eliminates restrictions on use
 - Current CCRI program
 - Removes sunset
 - Excludes some funds from last dollar requirement
 - Expansion
 - CCRI adult learners
 - Rhode Island College
 - Juniors & seniors retroactive to fall 2017 enrollment
 - Related changes

Last Dollar Scholarship

- Helps students already receiving financial aid with additional costs
- Funding to all three public institutions
 - \$2.6 million to URI
 - \$2.2 million to RIC
 - \$3.4 million to CCRI
 - Lesser of 20% or \$2.0 million to non-profit private higher education institutions
- \$10.1 million enacted for FY 2019
 - Governor reduces to \$8.0 million for FY 2020

Last Dollar Scholarship

FY 2018	URI	RIC	CCRI
Eligibility Criteria	*EFC ≤ \$12,000, enrolled full or part-time	Pell-eligible, full-time enrolled, complete first year of study, 2.74 cumulative GPA	Pell-eligible, *EFC ≤ \$5,198, minimum 6 credit enrollment, minimum 2.0 cumulative GPA
Number of Recipients	3,300	473	3,210
Average Award per Student	\$777	\$4,571	\$1,040

*Expected family contribution—measure used to determine need-based financial aid eligibility

Article 11 – RI Promise

- Article 11 eliminates set aside for non-profit private higher education institutions
 - Makes funding at discretion of Commissioner
 - Phase out that support along with the funding going to Rhode Island College

Last Dollar Scholarship	FY 2019	FY 2020	FY 2021
URI	\$2.6	\$2.6	\$2.6
RIC	2.2	0.6	-
CCRI	3.3	3.3	3.3
Privates	2.0	1.5	1.0
Total	\$10.1	\$8.0	\$6.9

\$ in millions

Article 11 – RI Promise

- Need-based scholarships funded from CollegeBound fees & federal guaranty loan reserves
 - No new federal funds and reserves declining

Last Dollar Scholarship	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
URI	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6
RIC	0.6	-	-	-	-
CCRI	3.3	3.3	3.3	3.3	3.3
Privates	1.5	1.0	0.5	-	-
Total	\$8.0	\$6.9	\$6.4	\$5.9	\$5.9

\$ in millions

Article 11 – RI Promise

	FY 2018	FY 2019	FY 2020	FY 2021
Opening Surplus	\$21.6	\$17.7	\$11.4	\$1.4
Guaranty Reserves	6.8	-	-	-
CollegeBoundfund Fees	6.6	6.0	6.0	6.0
Total Revenue	\$35.0	23.7	17.4	7.4
Guaranty/OPC Admin	\$5.6	\$0.4	\$0.4	\$ -
Last Dollar Scholarship	10.0	10.1	8.0	6.9
Dual Enrollment	1.7	1.8	2.3	2.3
RI Promise Expansion	-	-	5.3	-
Total Expenses	\$17.2	\$12.3	\$16.1	\$9.2
Closing Balance	\$17.7	\$11.4	\$1.4	(\$1.9)

\$ in millions

Article 11 – RI Promise

- Expansion relies on use of reserves to start programs
 - Will need general revenues to sustain in future
 - Other programs will also be short

Changes	FY 2020
Privates	\$(0.5)
RIC - Base	(1.6)
RIC - Implement	0.9
RIC – New Scholarships	2.4
CCRI - Adults	2.0
Total	\$3.2

\$ in millions

RI Promise

- 2017 Assembly authorized Promise at CCRI
 - 2 years of free tuition & mandatory fees at CCRI for qualifying Rhode Island students
 - “Last dollar scholarship” model
 - After a student exhausts all other aid sources the program covers remainder of tuition bill
 - Other non-mandatory fees not covered
 - Recipients are required to:
 - Maintain a 2.5 grade point average
 - Commit to remaining in RI after graduation
 - Remain on track to graduate

Article 11 – RI Promise

- Exceptions to eligibility criteria for:
 - “Recipient - student” with approved medical or personal leave of absence
 - Includes students on deferral/deferment
 - “Recipient – student” who is a member of the National Guard or reserve unit of a branch of the U.S. military
 - Leaves of absence may be approved for up to one year

Article 11 – RI Promise

- 4 cohorts of students starting in fall 2017
 - Last cohort entering in the fall of 2020
- Program evaluation by July 1, 2020
 - After 2nd cohort finishes
- FY 2018 enacted budget = \$2.8 million
 - Assumed FY 2019 impact of \$5.9 million
 - Actual costs have fluctuated from original estimates because of higher initial enrollment offset by attrition

RI Promise

- CCRI Promise
 - Article 11 removes sunset – makes program permanent
 - “Last dollar scholarship” model
 - Covers tuition remaining after all other sources of aid are exhausted – not loans
 - Article 11 changes this to exclude DCYF scholarships and College Crusade

Article 11 – RI Promise

- Current reporting requirements
 - On or before 10th of November & May CCRI must report to
 - Legislative and Executive Fiscal Officers
 - Commissioner of Postsecondary Education
 - Chair of Council on Postsecondary Education

Article 11 – RI Promise

- Report must include
 - Number of students eligible to participate
 - Amount of federal & institutional financial aid anticipated to be received by students
 - Aggregate tuition & mandatory fee costs attributable to recipient students
 - Total cost of scholarship program
- For current fiscal year & forecast for following fiscal year
- Divided by student-year cohort

Article 11 – RI Promise

- CCRI and Commissioner must submit an evaluation of the program on or before July 1, 2020 to
 - Governor
 - Speaker of the House
 - President of the Senate
- Article 11 would require this report to be done annually thereafter

Article 11 – RI Promise

- Current stated purpose
 - Make educational opportunities beyond high school available for all students
 - Increase # of on-time degrees
- Article 11
 - Align degrees & certificates w/ workforce demands
 - Reduce and eliminate achievement gaps for underrepresented groups
 - Increase # of graduates who live, work in RI

Article 11 – RI Promise

- Underrepresented groups described:
 - Students from low-income families
 - Underrepresented races & ethnicities
 - Adults
 - Current or former foster youth
 - Individuals with disabilities
 - Formerly incarcerated
 - Undocumented immigrants
 - Veterans

Article 11 – RI Promise

- 1,584 first-time, full-time students began
 - 45% fully funded by the Promise Scholarship
 - 57.1% still enrolled for Spring 2019
 - 36.6% of full promise still enrolled & Promise eligible representing 29.2 % of remaining students
 - 285 or 18% expected to graduate by summer

Cohort 1	Fall 2017	Spring 2018	Fall 2018	Spring 2019
Enrollment	1,584	1,319	993	905
Promise \$ Only	721	603	310	264
% Promise \$ Only	45.4%	45.7%	31.2%	29.2%

Article 11 – RI Promise

Cohort 1 - Retention	Fall 2017	Spring 2018	Fall 2018	Spring 2019	Graduates
Enrollment	1,584	1,319	993	905	285
Promise \$ Only	721	603	310	264	
Enrollment	100%	83.3%	62.7%	57.1%	18%
Promise \$ Only	100%	83.6%	43.0%	36.6%	

Promise only in Cohort 1: Total Spend		
FY 2018 & 19	264 Remaining	Difference
\$4,387,416	\$2,409,792	\$1,997,624

Article 11 – RI Promise

- Second cohort included 2,321 first-time, full-time students
 - ~44% students fully funded by the Promise Scholarship

Cohort 2	Fall 2018	Spring 2019	Fall 2019*	Spring 2020*
Enrollment	2,321	1,977	1,209	1,028
Promise \$ Only	1,023	870	532	452
% Promise \$ Only	44.1%	44.0%	44.0%	44.0%

* estimated

Article 11 – RI Promise

- Third cohort funded only from Promise Scholarship expected to be 20% larger than second

Promise \$ Only	Fall 1	Spring 1	Fall 2	Spring 2
Cohort 1	721	603	310	264
Cohort 2	1,023	870	532	452
Change to prior	41.9%	44.3%	71.6%	71.2%
Cohort 3 est.	1,228	1,044	?	?
Change to prior	20.0%	20.0%		

Article 11 – RI Promise

- Third cohort funded only from Promise Scholarship expected to be 20% larger than second

Promise \$ Only	Fall 1	Spring 1	Fall 2	Spring 2	Total
Cohort 1	\$1.6	\$1.4	\$0.7	\$0.6	\$4.4
Cohort 2	\$2.2	\$2.0	\$1.3	\$1.1	\$6.7
Change to prior	36.2%	45.4%	83.7%	76.6%	52.4%
Cohort 3 est.	\$3.0	\$2.5	?	?	
Change to prior	31.5%	23.5%			

\$ in millions

Article 11 – RI Promise

- Fiscal year funding includes 2 cohorts per year after first year

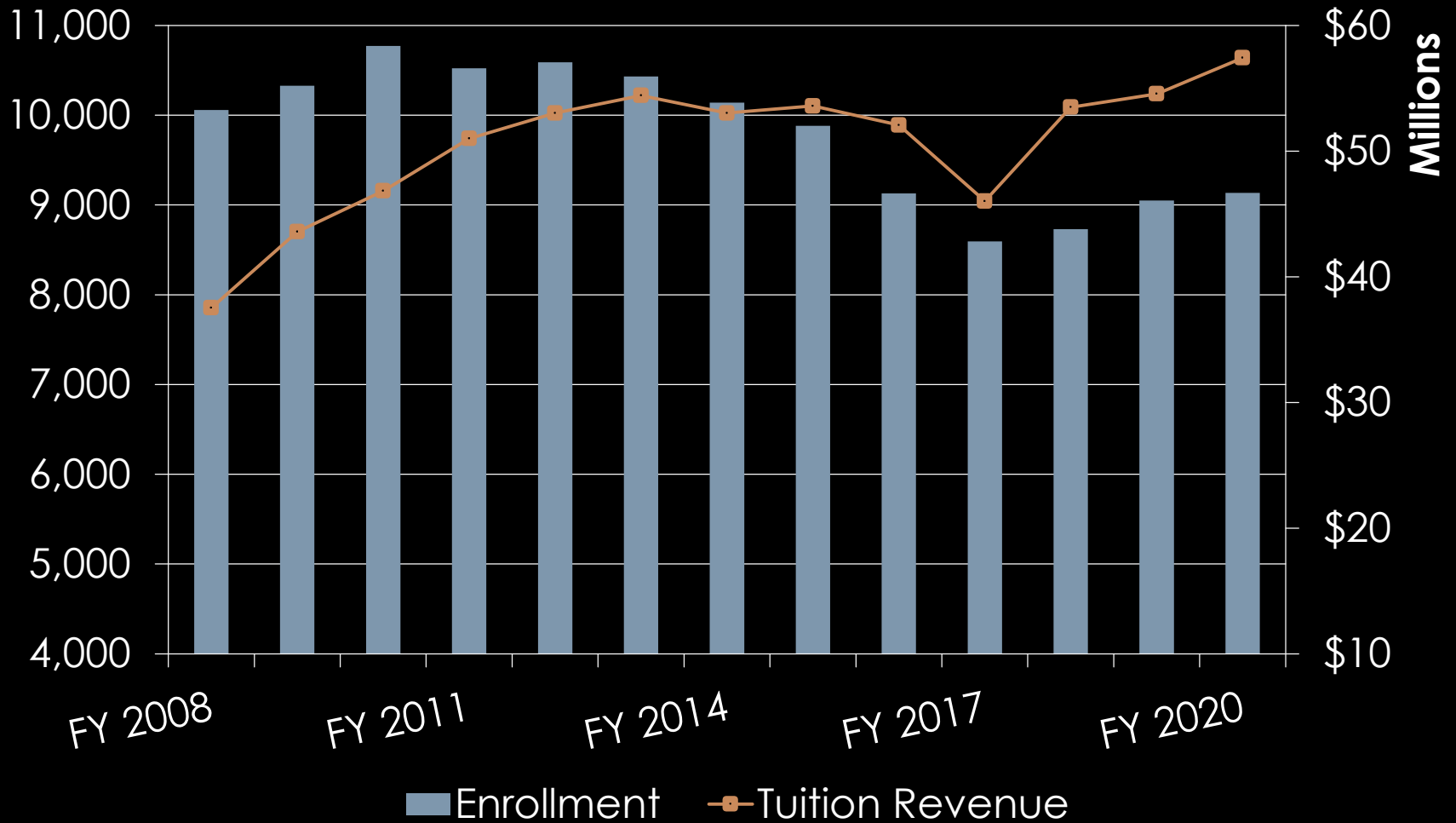
Promise \$ Only	FY 2018	FY 2019	FY 2020
Cohort 1	\$3.1	\$1.3	\$ -
Cohort 2	-	4.3	2.4
Cohort 3 est.	-	-	5.5
Total	\$3.1	\$5.6	\$7.9

\$ in millions

Article 11 – RI Promise

- Article 11 extends promise to full & part time adult learners at CCRI
 - Must be 25 and older
 - Qualify for in-state tuition and fees
 - Complete the FAFSA
 - Minimum GPA of 2.5
 - Remain on track to graduate on time
 - Annual credit accumulation of 18.0
 - Maximum 60.0 credit hours over a 4 year period

CCRI Enrollment/Tuition Revenue



Article 11 – RI Promise

- 2,496 adult students aged 25 and older currently enrolled in 9-15 credit hours
- Budget projects need for \$2.0 million for scholarship support
 - Based on 16% increase in eligible enrollment
 - Assumes \$100,000 would be recovered from employers providing tuition reimbursement

Article 11 – RI Promise

Adult Promise Projection	Current	Estimated	Change
Annual Tuition	\$4,700	\$4,700	-
Adult Enrollments (9-15 Credit Hours)	2,496	2,895	399
Total Tuition	\$5.2	\$6.1	\$0.8
Pell Funding	(2.5)	(2.9)	(0.4)
Other Aid	(0.9)	(1.0)	(0.1)
Tuition Reimbursement	(0.1)	(0.1)	-
Estimated Promise	\$1.8	\$2.0	\$0.3

\$ in millions except “Annual Tuition”

Article 11 – RI Promise

FY 2020 Growth Scenarios				
	FY 2020	20%	25%	30%
Students	2,496	2,995	3,120	3,245
Annual Tuition	\$4,700	\$4,700	\$4,700	\$4,700
Total Tuition	\$5.2	\$6.3	\$6.5	\$6.8
Pell Awards	(2.5)	(3.0)	(3.1)	(3.3)
Other Aid	(0.9)	(1.1)	(1.1)	(1.2)
Tuition Reimbursement	(0.1)	(0.1)	(0.1)	(0.1)
Estimated Promise	\$1.8	\$2.1	\$2.2	\$2.3

\$ in millions except “Annual Tuition”

Article 11 – RI Promise

FY 2021 Growth Scenarios with Potential Tuition Increase				
	FY 2021	20%	25%	30%
Students	2,895	2,995	3,120	3,245
Annual Tuition	\$4,869	\$4,869	\$4,869	\$4,869
Total Tuition	\$6.3	\$7.5	\$7.8	\$8.1
Pell Awards	(3.0)	(3.6)	(3.8)	(3.9)
Other Aid	(1.1)	(1.3)	(1.3)	(1.4)
Tuition Reimbursement	(0.1)	(0.1)	(0.1)	(0.1)
Estimated Promise	\$2.1	\$2.5	\$2.6	\$2.8

\$ in millions except “Annual Tuition”

Article 11 – RI Promise

- Initial funding supported by guaranty agency reserve funds
 - Future funding from general revenues
 - Includes overall 16% increase in enrollment
 - Potential increase from $\frac{1}{2}$ time to $\frac{3}{4}$ time
 - Unclear how behavior will change with scholarship availability

Article 11 – RI Promise

- Tennessee Reconnect
 - Similar target population
 - TN includes minimum of 6 credit hours
 - Applicants must be in good financial standing with current student loans, or prior higher education institutions
 - Maintain a GPA of 2.0
 - Must participate in the Reconnect Success Plan

Article 11 – RI Promise

- With Article 11 expansion, who is excluded from Promise funding?
 - Adults under age 25 that graduated before 2017
 - Adults enrolled for less than 9 credit hours
 - Those with GPAs less than 2.5
 - Any students unwilling or unable to complete FAFSA

Article 11 – RI Promise

- Article 11 extends promise to full time juniors and seniors at RIC
 - 2017 proposal that was not adopted
 - Must have graduated and enrolled at RIC during the fall semester of 2017 or after
 - Must have completed 60.0 credit hours in a declared major
 - Other requirements same as CCRI
 - Minimum GPA of 2.5 and remain on track to graduate on time

Article 11 – RI Promise

RIC Promise projections	Current Eligible Sophomores	FY 2020	FY 2021
Eligible Students	247	309	618
Annual Tuition	\$9,578	\$9,578	\$9,578
Total Tuition	\$2.4	\$3.0	\$6.0
Pell Funding	(0.4)	(0.5)	(1.1)
Other Aid	(0.0)	(0.0)	(0.1)
Estimated Promise	\$1.9	\$2.4	\$4.8

\$ in millions except “Annual Tuition”

Article 11 – RI Promise

FY 2020 Rhode Island College Growth Scenarios

	Gov.	30%	35%	40%
Students	309	321	333	346
Annual Tuition	\$9,578	\$9,578	\$9,578	\$9,578
Total Tuition	\$3.0	\$3.1	\$3.2	\$3.3
Pell Awards	(0.5)	(0.6)	(0.6)	(0.6)
Other Aid	(0.0)	(0.0)	(0.0)	(0.0)
Estimated Promise	\$2.4	\$2.5	\$2.6	\$2.7

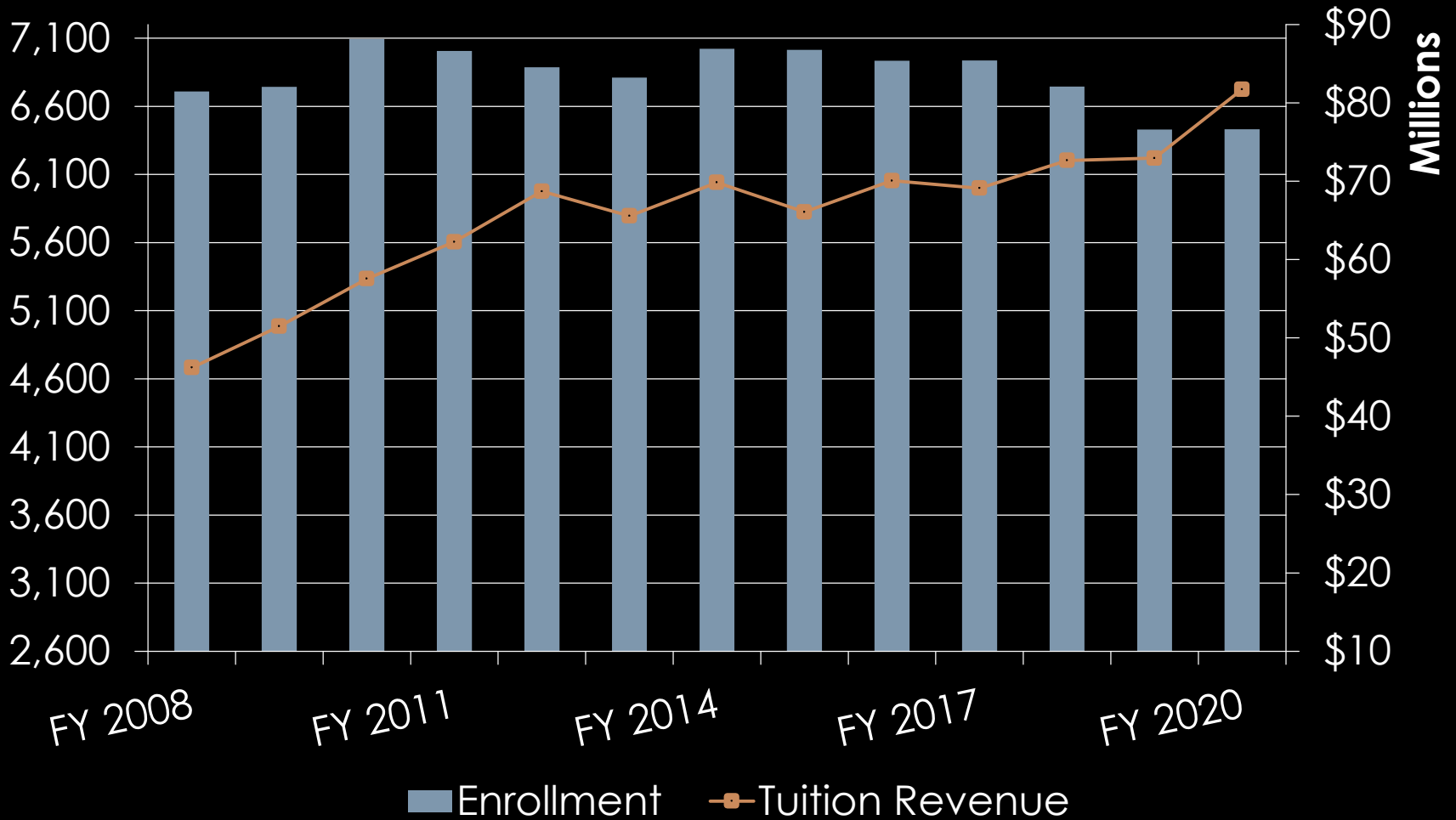
\$ in millions except “Annual Tuition”

Article 11 – RI Promise

- FY 2021 impact also includes \$0.9 million for operating
- Total increase to RIC in FY 2020 is \$1.3 million
 - \$3.0 million less than requested
 - Does budget assume uptick in enrollment of freshmen-sophomores?
 - Does this impact CCRI estimates?

In-state FTE enrollment	
FY 2015	5,917
FY 2016	5,860
FY 2017	5,855
FY 2018	5,705
FY 2019	5,416
FY 2020	5,358
FY 2020 Gov	?

RIC Enrollment/Tuition Revenue



Article 11 – RI Promise

- Tuition & fees have increased intermittently
 - Art 11 cost assumptions hold them flat
 - Enrollment growth may be a proxy for enrollment and cost

FY	URI	RIC	CCRI
2014	0.0%	0.0%	0.0%
2015	0.0%	0.0%	0.0%
2016	2.8%	7.8%	8.0%
2017	0.0%	0.0%	0.0%
2018	7.0%	6.9%	7.0%
2019	0.0%	0.0%	0.0%
2020	3.0%	7.0%	3.0%
7-yr avg.	1.8%	3.1%	2.6%
5-yr avg.	2.6%	4.3%	3.6%
3-yr avg.	3.3%	4.6%	3.3%

Article 11 – RI Promise

FY 2021 Growth Scenarios with 4.3% Tuition Increase

	FY 2021	30%	35%	40%
Students	618	642	667	692
Annual Tuition	\$9,990	\$9,990	\$9,990	\$9,990
Total Tuition	\$6.2	\$6.4	\$6.7	\$6.9
Pell Awards	(1.1)	(1.2)	(1.2)	(1.3)
Other Aid	(0.1)	(0.1)	(0.1)	(0.1)
Estimated Promise	\$4.9	\$5.1	\$5.3	\$5.5

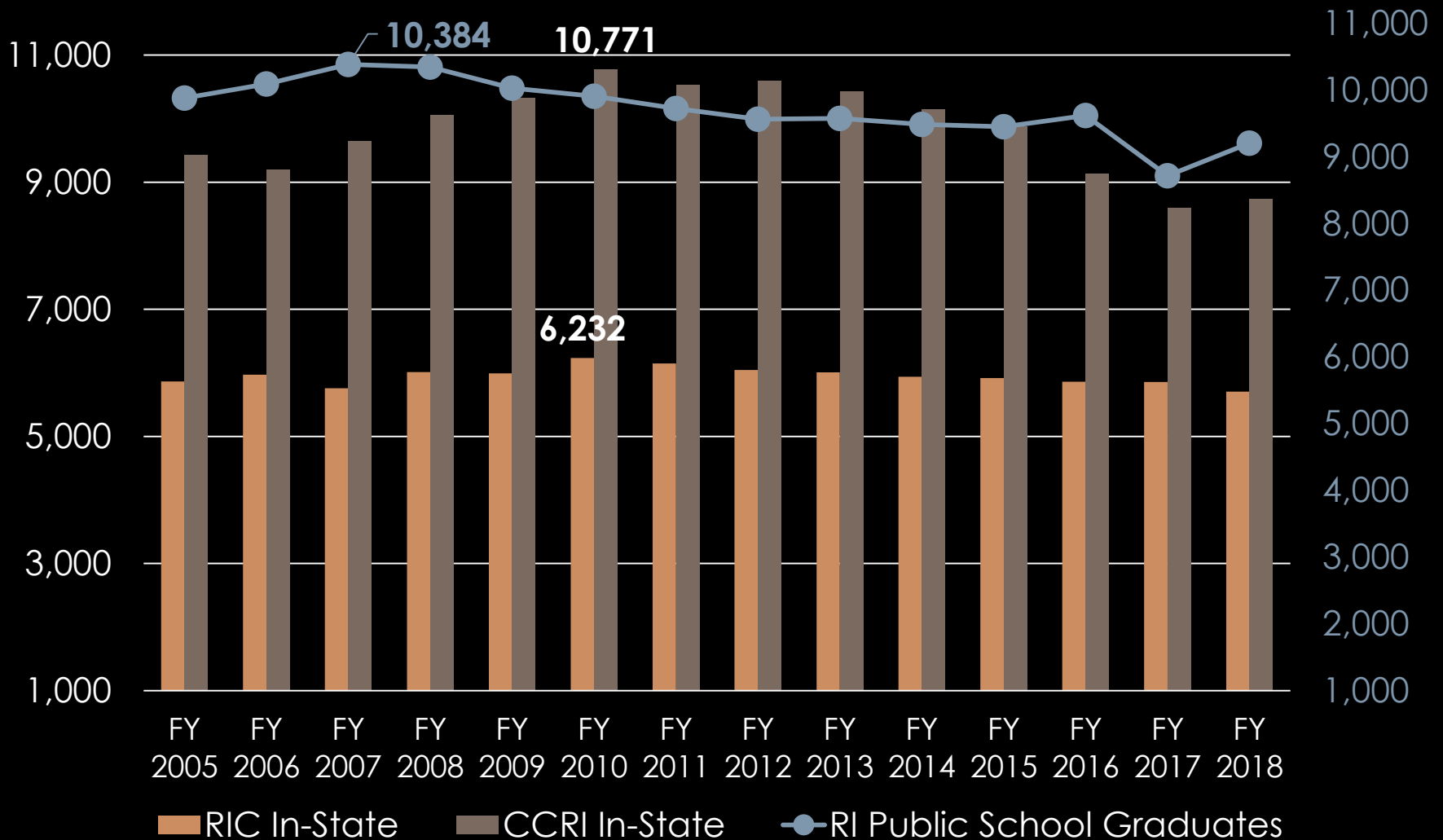
\$ in millions except “Annual Tuition”

Article 11 – RI Promise

- Promise growth assumptions
 - Enrollment growth may be a proxy for enrollment and costs
- Declining enrollments a statewide population issue

FY	URI	RIC	CCRI
2014	-0.8%	3.1%	-2.8%
2015	2.1%	-0.1%	-2.6%
2016	0.3%	-1.1%	-7.6%
2017	0.1%	0.0%	-5.9%
2018	0.8%	-2.8%	1.6%
2019	-0.8%	-4.7%	3.7%
2020	-0.8%	0.0%	0.9%
7-yr avg.	0.2%	-0.8%	-1.8%
5-yr avg.	-0.1%	-1.7%	-1.5%
3-yr avg.	-0.7%	-2.5%	2.1%

Article 11 – RI Promise



Article 11 – RI Promise

- Degree completion initiatives
 - Series of requirements for Council and “Promise” institutions
 - Codification of some current Council policies
 - Establishment of other new requirements
 - Some of which would be implemented by Council
 - Some extended to URI with nature of the change
 - Articulation issues

Article 11 – RI Promise

- Degree Completion Initiatives
 - Colleges must offer credit-earning courses in summer & winter sessions by January 1, 2020
 - RIC – 3 current sessions
 - December 31 – January 18
 - May 13 – June 21
 - June 24 – August 2
 - CCRI – 3 current sessions
 - January 2 – January 17
 - May 21 – June 29
 - July 2 – August 10

Article 11 – RI Promise

- Transfer Policies
 - Unified transfer agreement by Jan. 1, 2020
 - Common curriculum for all general education coursework by 2020-2021 academic year
 - Eliminate need for students to duplicate courses
 - Common course numbering by July 1, 2021

Article 11 – RI Promise

- Prior Learning Assessments
 - Requires institutions to submit policies for students to earn credits for prior learning to Council by July 1, 2021
 - Must identify acceptable documentation & dates for which prior learning will be accepted for credit
 - Must include appeal process

Article 11 – RI Promise

- Institutions must establish guided pathway program by September 1, 2020
 - To improve student outcomes & reduce time to attain degrees
- Institutions must complete academic prioritization process by Sept. 1, 2021
 - Analyze workforce needs
 - Plan for program expansion, consolidation, & closure

Article 11 – RI Promise

- Article requires Council to adopt policy to reduce “performance incentive funding” by January 1, 2020
 - Discourages earning credits that do not count towards the degree
 - People completing 15 more credits than needed for degree
- Governor’s FY 2020 budget includes
 - \$2.3 million for RIC; \$2.7 million for CCRI
 - Practically speaking operating money

Board of Education

- 2014 Assembly restructured the Board of Education
 - 17 members
 - Members also serve on one of two councils
- Councils have most of the statutory authority & responsibility previously held by Board of Education
 - Eight members on each council appointed by the Governor

Board of Education

- Full Board
 - Advice and consent on hiring commissioners
 - Elementary and Secondary Education
 - Postsecondary Education
 - Budget review and consent
 - Develop a performance funding formula for public higher education

Article 11 – RI Promise

- Proposed revisions under Promise Chapter 16-107 may raise issues of governance structure and overlap with Chapter 16-59 covering powers of presidents and Council
 - Which changes could be adopted by Council at any time?
 - Absent Promise expansion, is there broader value to some of these proposals?

Article 11 – RI Promise

- Related changes – other scholarships
 - Excludes scholarship awards from the College Crusade Scholarship Program and DCYF's Higher Education Opportunity Grant when considering Promise eligibility
 - None of the budget estimates appear to account for the need to replace this funding with state sources
 - Unclear exact impact

Article 11 – RI Promise

- College Crusade
 - Nonprofit founded in 1989 to reduce high school drop out rates & increase educational & career success for low-income urban youth
 - Receives \$3.9 million through state for operations and scholarships
 - \$3.5 million from federal GEAR-UP grant
 - \$0.4 million from general revenues

FY 2019 Estimated	# of Students	Total Funding
CCRI	284	\$353,796
RIC	199	\$553,877

Article 11 – RI Promise

- DCYF - Higher Education Opportunity Grant
 - Provides financial assistance to former foster care youth to attend state higher education institutions
 - Eligibility:
 - In DCYF foster care on 16th birthday (must apply by age 21)
 - Spent at least 2 years in DCYF foster care
 - Graduated from high school; enrolled full-time; remain in good academic standing
 - \$200,000 from general revenues

FY 2019 Est.	# of Students	Total Funding
CCRI	10	\$43,767
RIC	11	\$115,241

Article 11 – RI Promise

- Child Care
 - Article 11 references that eligible students may qualify for child care assistance
 - Related to Article 15
- Article 15 would allow families enrolled at higher education institutions to receive subsidized child care
 - Still must meet 180% income threshold
 - Similar to prior year proposal
 - Prior proposal limited to state schools & appropriation

Article 11 – RI Promise

Out years	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Governor	\$7.9	\$15.0	\$15.3	\$15.6	\$15.9
HFAS					
CCRI	\$7.9	\$7.9	\$7.9	\$7.9	\$7.9
CCRI Adults	[2.0]	2.5	3.0	3.5	4.0
RIC	[3.3]	4.8	4.8	4.8	4.8
Total	\$7.9	\$15.2	\$15.7	\$16.2	\$16.7
Chg. to Gov.	\$ -	\$0.2	\$0.4	\$0.6	\$0.8

\$ in millions

Article 11 – RI Promise

Out years	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Governor	\$7.9	\$15.0	\$15.3	\$15.6	\$15.9
HFAS	\$7.9	\$15.2	\$15.7	\$16.2	\$16.7
Chg to Gov	\$ -	\$0.2	\$0.4	\$0.6	\$0.8

\$ in millions

- Missing from out year estimate
 - Impact of exempting grants received from
 - DCYF Higher Education Opportunity Incentive
 - College Crusade Scholarship
 - Last Dollar Scholarship and related funding

Article 11 – RI Promise

FY 2020 General Revenue Request			
	Req. Chg. To Enacted	Gov. Chg. To Enacted	Gov. Chg. To Request
URI	\$9.8	\$3.4	(\$6.4)
RIC	\$4.2	\$1.3	(\$3.0)
CCRI	\$2.4	\$1.7	(\$0.6)

\$ in millions; does not include debt service or value of statewide savings

Article 11 – RI Promise

- Issues to consider
 - How does adult Promise interface with existing programs?
 - Stated purpose is to “align (students’) postsecondary degrees and certificates with emerging workforce demands”
 - Program implementation does not limit
 - How does state payment policy impact institution behavior?
 - Withdrawals

Governor's FY 2020 Budget: Articles

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