

Governor's FY 2022 Budget: Articles

Staff Presentation to the House Finance
Committee
April 6, 2021

Introduction

- Article 1, Section 15: Rhode Island Promise
- Article 4: Public Debt Management
 - Section 2: URI Memorial Union
 - Section 3: URI Combined Health & Counseling Center
- Also hearing 2021 – H 5224

RI Promise – Current Program

- 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

RI Promise – Current Program

- Exceptions to eligibility criteria for
 - Approved medical/personal leave of absence
 - Includes students on deferral/deferment
 - Member of National Guard or reserve unit of a U.S. military branch
 - Leaves of absence may be for up to one year
 - Students w/ disabilities remain eligible taking less than 12 credits per semester for 2 years
 - CCRI updating policy to be based on # of credits not years

RI Promise – Current Program

- 4 cohorts of students starting in fall 2017
- Last cohort was originally those entering in fall 2020
- Extended to an additional cohort by 2020 Assembly

Fiscal Year	General Revenues	% Change
2018	\$3.0	NA
2019	\$5.6	85.5%
2020	\$6.8	22.4%
2021	\$7.2	5.9%
2022 Rec	\$7.7	6.2%

\$ in millions

Article 1 Section 15 - RI Promise

- Section 15 removes sunset to make program permanent
- Program currently includes 5 cohorts with last cohort entering in the fall of 2021
 - Governor Raimondo proposed removing sunset as part of her FY 2021 budget
 - 2020 Assembly extended sunset one year
- 2021 – H 5224 identical to Section 15

RI Promise Experience

- 1,584 first-time, full-time students began
 - 45.6% fully funded by the Promise Scholarship
 - 306 or ~19% graduated in summer 2019

Cohort 1	Fall 2017	Spring 2018	Fall 2018	Spring 2019
Enrollment	1,584	1,333	994	871
Promise \$ Only	722	623	320	306
% Promise \$ Only	45.6%	46.7%	32.2%	35.2%
Cohort 2	Fall 2018	Spring 2019	Fall 2019	Spring 2020
Enrollment	2,337	1,906	1,398	1,232
Promise \$ Only	981	828	472	441
% Promise \$ Only	42.0%	43.4%	33.8%	35.8%

RI Promise Experience

- Third cohort started with 2,599 first-time, full-time students
 - 42.1% students fully funded by the Promise Scholarship

Cohort 3	Fall 2019	Spring 2020	Fall 2020	Spring 2021
Enrollment	2,599	2,313	1,481	1,300
Promise \$ Only	1,095	979	526	489
% Promise \$ Only	42.1%	42.3%	35.5%	37.6%

From November 2020 report

RI Promise Experience

- CCRI provided updated enrollment data in April 2021 from November 2020 report
 - Spring 2020 lower than expected
 - Next 2 semesters' estimates suggest improved retention from Nov projections

Cohort 3	Fall 2019	Spring 2020	Fall 2020	Spring 2021
Enrollment	2,599	2,060	1,469	1,225
Promise \$ Only	1,095	893	533	469
% Promise \$ Only	42.1%	43.3%	36.3%	38.3%
Diff from Nov Total	-	(253)	(12)	(75)
Diff from Nov Promise	-	(86)	7	(20)

RI Promise Experience

- Fourth Promise-only cohort estimated similar to cohorts 2 and 3

Promise \$ Only	Fall 1	Spring 1	Fall 2	Spring 2
Cohort 1	722	623	320	307
Cohort 2	981	828	472	441
<i>Change to prior</i>	35.9%	32.9%	47.5%	43.6%
Cohort 3	1,095	893	533	469*
<i>Change to prior</i>	11.6%	7.9%	12.9%	6.3%*
Cohort 4	1,092	850*	550*	500*
<i>Change to prior</i>	-0.3%	-4.8%	3.2%	6.6%

*estimated

RI Promise Experience

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

Promise \$ Only	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Cohort 1	\$3.0	\$1.3	\$ -	\$ -	\$ -
Cohort 2	-	4.3	2.1	-	-
Cohort 3	-	-	4.8	2.5	-
Cohort 4	-	-	-	4.7	2.5
Cohort 5	-	-	-	-	5.1
Total	\$3.0	\$5.6	\$6.9	\$7.2	\$7.6

\$ in millions

RI Promise Out-Years

Out -years	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Governor	\$7.7	\$7.8	\$8.0	\$8.1	\$8.3

\$ in millions

- Out-years assume ~ 2% annual growth
 - Historic tuition growth is 3%
- For local education aid, out-years estimates assume decline in K-12 population

Article 4 - Debt Management Act Joint Resolution

- Public Debt Management Act
 - Ensures that debt with a state tie was not issued without legislative review
 - Enacted in 1994
 - Subsequently amended to increase Assembly's approval role
 - Certain quasi-public agencies are exempt
 - Infrastructure Bank
 - RI Housing & Mortgage Finance Corporation
 - RI Health & Educational Building Corporation

Article 4 - Debt Management Act Joint Resolution

Debt Type/Project	Current Authority	Article 4	Change
Revenue Bonds			
<i>URI Memorial Union</i>	\$51.5	\$57.6	\$6.1
<i>URI Health & Counseling Ctr.</i>	26.9	29.0	2.1
Subtotal	\$78.4	\$86.6	\$8.2
Certificates of Participation			
Eleanor Slater - Regan Revised	\$22.0	\$10.7	\$(11.3)
Eleanor Slater - Zambarano	-	64.9	64.9
Child Welfare IT System	-	17.0	17.0
Subtotal	\$22.0	\$92.6	\$70.6
Total	\$100.4	\$179.2	\$78.8

\$ in millions

Article 4, Section 2

- URI Memorial Union Renovation
 - 2019 Assembly authorized borrowing \$51.5 million from revenue bonds
 - Part of a new \$62.5 million project
 - Renovate and expand the student union
 - Bring up to current code
 - Enhance event and collaborative spaces
 - Approved at the same time as new health center project
 - Plan was to proceed on both at the same time

Article 4, Section 2

- FY 2021 capital budget submitted unchanged
 - URI then indicated it was going to delay project one year but that was not reflected in Gov. Plan
 - Delay was to stagger debt issuances for this & health center project
 - Avoid raising student fees for both at once
 - COVID delayed health center project further delaying start of Memorial Union project

Gov. Capital Plan	Project Start	Project End
FY 2020	FY 2020	FY 2024
FY 2021	FY 2020	FY 2024
FY 2022	FY 2022	Post-FY 2026

Article 4, Section 2

- Article 4 increases authorization by \$6.1 million to \$57.6 million
 - Debt service increase would be \$0.4 million annually; \$13.5 million over 30 years
 - Supported by student fees & retail lease payments
 - 29 month delay reflected in 9.8% cost escalation

	Student Fee	Chg. to Prior Year
FY 2020	\$350	\$12
FY 2021	\$360	\$10
FY 2022	\$360	\$ -

Article 4, Section 2

- Annual debt service for full amount = \$4.2 million
 - Total cost of \$125.6 million
 - Assumes 30 years and 6% interest – same as 2019 approval
 - Supported by student union fees & retail leases for vendors occupying the space
 - Assumes new leases would also help defray cost of new debt

Governor Capital Budget	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Post – FY 2026	Total
Revenue Bonds	\$ -	\$5.3	\$19.1	\$24.4	\$3.9	\$4.9	\$57.6
University Funds	3.2	7.8	-	-	-	-	\$11.0
Total	\$3.2	\$13.1	\$19.1	\$24.4	\$3.9	\$4.9	\$68.6

\$ in millions

Article 4, Section 2

- URI Memorial Union
 - Built in 1953, with additions in 1963 & 1991
 - Home to over 180 student groups
 - Retail space: Dunkin Donuts, RI Credit Union, Total Image Hair Salon, Campus Store and optometrist
 - Auxiliary Enterprise – RIGL 16-59-9 requires auxiliary operations to be self-supporting
 - Operating budget of \$5.4 million & staff of 29.8 FTEs
 - Supported by \$360 student fee
 - Up \$10 from FY 2020
 - Every \$10 increase equates to ~ \$150,000 in revenue

Article 4, Section 2

Memorial Union	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$5.6	\$5.6	\$5.4	\$5.4
Personnel	\$3.3	\$3.2	\$3.6	\$3.5
Operating	\$1.2	\$1.1	\$1.6	\$1.5
Debt Service	\$0.3	\$0.3	\$0.3	\$0.3
Expenses	\$4.8	\$4.5	\$5.6	\$5.4
Operating Balance	\$0.7	\$1.0	\$(0.1)	\$0.1
Debt Service as % of Expenses	6.6%	7.0%	5.7%	6.0%

\$ in millions

Article 4, Section 3

- URI Combined Health & Counseling Center
 - 2019 authorized borrowing \$26.9 million
 - Part of a \$32.9 million project
 - Included \$6.0 million from auxiliary balances
 - Construct new 49,000 sq. ft. centralized location for physical, mental, & emotional health
 - Approved at the same time as Memorial Union project
 - Plan was to proceed on both at the same time

Article 4, Section 3

- FY 2021 capital budget request delays 1-year
- FY 2022 delays another year
 - Related to COVID-19 emergency
 - Design also impacted by COVID
 - Smaller waiting areas
 - Need for additional isolation rooms

Capital Budget	Project Start	Project End
FY 2020	FY 2019	FY 2021
FY 2021	FY 2020	FY 2023
FY 2022	FY 2022	FY 2025

Article 4, Section 3

- Article 4 increases authorization by \$2.1 million to \$29.0 million
 - Debt service increase would be \$0.2 million annually; \$4.7 million in total
 - Supported by student fees
 - 19 month delay reflected in 6.0% cost escalation

	Student Fee	Chg. To Prior Year
FY 2020	\$542	\$18
FY 2021	\$608	\$33
FY 2022	\$608	\$ -

Article 4, Section 3

- Annual debt service for full amount: \$2.1 million
 - Total cost of \$63.3 million
 - Assumes 30 years and 6% interest
 - Supported by student health fees
 - FY 2022 budget has \$608 student health fee
 - Up \$33 from FY 2020
 - Every \$10 increase equates to ~ \$150,000 in revenue

Governor Capital	Pre-FY 2021	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Revenue Bonds	\$ -	\$ -	\$ -	\$5.2	\$20.5	\$3.3	\$29.0
University Funds	2.2	-	2.0	5.8	-	-	8.0
Total	\$2.2	\$ -	\$2.0	\$11.0	\$20.5	\$3.3	\$37.0

\$ in millions

Article 4, Section 3

- University Health Services
 - Currently in Potter Building
 - Primary care, emergency services, health education and wellness programs
- Counseling Center
 - Currently in Roosevelt Hall
 - Emergency & referral services, group counseling and outreach

Article 4, Section 3

- Both operations have staffing & medical record responsibilities
 - Operating budget of \$9.3 million for FY 2022 with a staff of 44.3 FTE
- Efficiencies across operations expected
 - Anticipated completion in FY 2025

Article 4, Section 3

Health & Counseling	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$8.9	\$8.9	\$9.4	\$9.4
Personnel	\$6.1	\$6.1	\$6.5	\$6.7
Operations	1.8	1.9	2.2	2.5
Debt Service	0.1	0.1	0.1	0.1
Expenses	\$8.0	\$8.1	\$8.9	\$9.3
Operating Balance	1.0	0.8	0.5	0.0
Debt Service as % of Expenses	1.5%	1.5%	1.3%	1.3%

\$ in millions

Article 4, Sections 2-3

URI Unrestricted Debt Service	GO	RIHEBC	ESCO	Total
FY 2016	\$8.5	\$3.0	\$1.7	\$13.3
FY 2017	\$15.5	\$3.4	\$2.0	\$20.9
FY 2018	\$22.8	\$3.0	\$1.8	\$27.6
FY 2019	\$29.0	\$3.8	\$2.0	\$34.8
FY 2020	\$33.6	\$4.6	\$2.9	\$41.0
FY 2021 Rev.	\$31.4	\$4.9	\$3.3	\$39.6
FY 2022 Gov.	\$29.8	\$4.8	\$2.0	\$36.7

\$ in millions

Article 4, Sections 2-3

URI Aux Debt Service	Dorms	Ryan/ Boss	Dining	Parking	Other	Total
FY 2016	\$10.6	\$2.8	\$1.1	\$0.9	\$1.4	\$16.8
FY 2017	\$10.8	\$2.7	\$1.1	\$0.9	\$1.2	\$16.7
FY 2018	\$7.9	\$2.0	\$0.8	\$0.9	\$1.0	\$12.7
FY 2019	\$9.6	\$2.4	\$1.0	\$1.0	\$1.2	\$15.1
FY 2020	\$11.3	\$2.4	\$1.0	\$1.2	\$1.1	\$16.9
FY 2021	\$12.8	\$2.4	\$1.0	\$1.1	\$2.1	\$19.3
FY 2022	\$12.8	\$2.7	\$1.1	\$1.3	\$1.1	\$18.9

\$ in millions

Governor's FY 2022 Budget: Articles

Staff Presentation to the House Finance
Committee
April 6, 2021
