



COMMUNITY COLLEGE  
OF RHODE ISLAND  
Office of the President

March 26, 2024

The Honorable Lou DiPalma  
Chairman, Senate Committee on Finance  
State House  
Providence, RI 02903

Dear Chairman DiPalma,

In advance of the Senate Finance Committee meeting on Thursday, in which the Community College of Rhode Island will present its request for the FY 25 budget, I am writing to share the college's request for funding in excess of the Governor's proposed budget. We have shared this request with the Administration as well.

With the end of federal COVID dollars flowing into the college and slower-than-hoped-for enrollment increases, I would characterize our FY 24, 25, and 26 budgets as that of recalibrating and rightsizing.

CCRI's traditional student enrollments decreased by 15.7% during the pandemic, which resulted in an estimated \$5.2M decrease in the annual operating margin available to support the operating costs to run the college - this gap was covered by federal COVID relief dollars that are no longer available and by management of open positions. While enrollments are growing they are doing so at a slower pace than anticipated.

Adding to this slow enrollment recovery, the college is experiencing higher levels of uncollectible student debt than pre-pandemic. Colleges and universities across the country are experiencing this trend as well. This year, the college is forecasting close to \$1.5 million in exposure for writing off uncollectible student debt.

To counter the decline in enrollment and increased uncollectible student debt, the college left 53 full-time funded positions vacant during the pandemic and continues to be to be very judicious in filling positions. A position is approved to be filled only after an analysis to determine if it is critical to the operation of the college or if it will drive enrollment revenue.

CCRI's current service level budget request to the Governor totaled unrestricted revenues of \$129 million for FY 25, an increase of \$4.8M, or 3.9%, over the FY 24 Revised Budget. In order to cover the increase in expenses, the college proposed increases in revenues as follows:

- \$2.26 million (4.1%) in tuition and fee revenue
- \$2.43 million (4.2%) in state appropriations
- And, \$100,000 from other sources

Of the \$2.43 million we requested from state appropriations, the Governor's FY 25 proposed budget increased by only \$1.5 million, leaving us with a gap of \$900,000 less than we need to cover our current service level, primarily COLAs grounded in the collective bargaining agreements with our labor unions.

In addition, there are a number of non-controllable expenses that are driving the request for resources which are not addressed in the Governor's budget.

These include:

- A significant increase in corporate insurance costs. CCRI's insurance expenses have increased by almost one million dollars in the past five years. In FY 24 alone, the college's commercial property insurance increased from \$202,000 to \$652,000, a 222% increase in one year.
- Second, there are the significant increases in the cost of the college's janitorial services under the State Master Price Agreements. In spring 2023, State Purchasing required that the janitorial vendors needed to be paying their employees a prevailing wage. We wholeheartedly agree this was the right thing to do, but as a result, the cost has increased by an unanticipated \$832,000 annually.
- Next, we have seen a significant increase in health insurance costs - the rate increased by 10% which was in excess of the 5% planning value, an additional unbudgeted increase of approximately \$470k, which we expect will carry forward into FY 25.
- In addition, we have identified a number of time-sensitive IT-related projects that will require attention and funding in the near future, for which no funding was included to initiate the projects.

## Increased Expenses Driving the Need for Additional Resources

Increases to CSL	Cost (In millions)	Overview
Insurance Costs	1.00	Cost Increases from \$0.67M to \$1.67M from FY 19 - FY 24
COLA/Contractual	0.90	CBAs in place through FY 25 for most CCRI unions ( excluded from state funding target for FY 25)
Janitorial Service Contracts	0.83	DoA required vendors to pay prevailing wage
Student Receivables - Bad debt	0.50	Based on Fall 2023 experience
Medical Insurance Increase over Planning Values	0.47	January 2024 rate increase 10% vs. 5% in SBO planning values
Information Technology Critical Needs	0.30	Small Investment to begin critical IT infrastructure projects
<b>Total</b>	<b>\$ 4.00</b>	

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For the next academic year, CCRI's tuition and fees are increasing by 4.2% - nearly identical to the percent increase of our state appropriations request. If we are to remain affordable, accessible, and competitive, we cannot ask our students and their families to pay more to cover the shortfall in state funding to support our basic operating expenses.

To do so, we are asking this committee to support an increase in funding of \$4 million more than the Governor's FY 25 budget proposal to fund CCRI's current service level needs – including COLAs for our employees and the increased operating expenses of insurance, janitorial services, and medical, as well as partial funding to get started on our critical IT projects, without having to put the additional burden on our students.

In closing, I want to express my sincere gratitude for your attention to the Community College of Rhode Island's funding needs as we navigate the challenges of the post-pandemic landscape. We understand the complexities involved in budgetary decisions and appreciate the thoughtful consideration given by both the Governor and the General Assembly. As stewards of higher education, we remain committed to providing affordable, accessible, and high-quality educational opportunities for our students. Your support in bridging the gap between our current needs and the proposed budget would not only ensure the continued success of our institution but also reaffirm Rhode Island's dedication to fostering a strong educational system for all.

Sincerely,

A handwritten signature in cursive script, reading "Rosemary A. Costigan". The signature is written in black ink and is positioned above the printed name and title.

Rosemary A. Costigan, Ph.D., RN  
Interim President

cc: Steve Whitney, Senate Fiscal Staff