



RHODE ISLAND BOARD OF EDUCATION  
COUNCIL ON POSTSECONDARY EDUCATION  
OFFICE OF THE POSTSECONDARY COMMISSIONER  
80 WASHINGTON STREET, SUITE 524  
PROVIDENCE, RHODE ISLAND 02903

December 1, 2014

Enclosure 7d  
December 1, 2014

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TO: Members of the Board of Education

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

SUBJECT: Approval of the Unrestricted and Restricted Budget Requests, Tuition and Fee Rates and Tables of Organization for FY 2016, Budget Estimate for FY 2017 and the Unrestricted and Restricted Budget Allocations and Supplemental Request for FY 2015

*With correction to URI tuition and mandatory fees as approved by the Council on Postsecondary Education.*

**EXECUTIVE SUMMARY**

The enclosed budget request package includes summary spreadsheets of the Rhode Island Public Higher Education System's unrestricted and restricted budget requests as well as the detailed tuition and fee rate schedules and tables of organization for FY 2016, the budget estimate for FY 2017, the allocation of the revised budget for FY 2015, and the State Budget Office-mandated FY 2016 target budget submission. There are individual packets highlighting the budgets for the University of Rhode Island, Rhode Island College, the Community College of Rhode Island and the Office of the Postsecondary Commissioner.

The institutions were instructed to include three scenarios in which to model potential funding arrays for the upcoming 2016 budget:

1. A balance of increases in both the state appropriation request and tuition and mandatory fees increases.
2. A request for no increase in tuition and mandatory fees with an increased request for state appropriation to balance the required expenditure budget.
3. A request for no increase in the state appropriation request over the FY 2015 enactment with increases in tuition and fees required to balance the expenditure budget.

As you are aware, the fiscal year 2006 Appropriation Act has delineated the state appropriation funding by institution for Higher Education. However, the Council still maintains the authority and responsibility to produce a system budget request, to make funding recommendations, and to establish tuition and fee rates.

This budget was reviewed and approved by the Council on Postsecondary Education at its November 19<sup>th</sup> and is now sent to the full Board of Education for final approval.

### **FY 2015 Allocation**

The enacted budget for FY 2015 totals \$164.5 million (net of GO debt of \$27.3 million). Each of the three institutions and the Office of the Postsecondary Commissioner is required to include these allocations within the budget request in order to update the estimates for enrollment and other related revenues or to serve as a request for additional funding due to an unforeseen change or circumstance in the business of the entity.

The system of public higher education has never requested a supplemental budget increase to cover expenditures.

Within the enacted budget for FY 2015, however, the fiscal notes from the House and Senate indicated that the Office of the Postsecondary Commissioner had received a 50% cut in its current budget with the expectation that the new Commissioner would deliver a plan for the reorganization of the Office along with a supplemental budget request for the second half of the year.

Therefore, the enclosed budget includes the request for funding for the second half of the year for existing staff and a plan to increase staff at some point during the fourth quarter. These plans include a reorganized staff that will support the mission and goals of the Council and the Board and are detailed in the attachment to this memo.

### **FY 2016 Budget Request**

The unrestricted budget request for FY 2016 totals \$649.4 million, an increase of \$34.0 million or 5.5% over the current year's revised budget. As presented to the Council, state appropriations of \$177.2 million (exclusive of GO debt service of \$27.3 million) would comprise 27.3% of the total. Institutional revenues, the GO debt contribution from the State, and student paid tuition and fees would fund the remaining \$472.2 million.

The restricted budget, including the RI Capital Fund, auxiliaries, research, federal and financial aid totals \$437.5 million, a decrease of \$25.3 million.

The institutions were directed by the Commissioner to balance increases in unrestricted tuition and mandatory fee with their requests for state appropriations. This request is coming after a two-year tuition and mandatory fee freeze in FY 2014 and 2015. It is important to note that CCRI had frozen tuition in 2011 and 2012 as well. However, the institutions have also submitted two other budget scenarios: one in which tuition and mandatory fees are frozen for a third year while requesting required increases through state appropriations and the second in which no increase in state appropriations over FY 2015 with required increases in tuition and fee increases only as detailed earlier in this letter. A comparative chart of these scenarios will be discussed at the Council work session.

#### **FY 2016 Budget Target**

The State Budget Office (SBO) has provided state appropriation targets for FY 2016. System-wide the total appropriation is \$159.2 million (exclusive of GO debt service of \$27.3 million). The enclosed FY 2016 target budget is \$18.3 million less than the current service level budget request of \$177.2 million (exclusive of GO debt service) in state appropriation. *The Budget target is included for your information but not for budget approval.* The FY 2016 current service level budget is included for your approval.

#### **Enrollment**

The Institutions are projecting that they will enroll a total of 31,345 full-time equivalent (FTE) students in FY 2016. This represents a decrease of 175 students or 0.6% less than the current year but an increase of 0.1% (36 FTEs) from FY 2014. The University is projecting a decrease of 79 in-state students and an increase of 91 out-of-state students reflecting a total increase of 12 students. The College is projecting an increase of 150 FTEs (2.6%) for in-state students or an increase of 20 FTEs (2.4%) for out-of-state students. The Community College is projecting a decrease of 361 full-time students and an increase of 4 part-time students.

#### **FY 2017 Budget Estimate**

The FY 2017 budget estimates are based upon a fully funded FY 2016 request. Other assumptions reflect enrollment level with FY 2016, personnel assumptions based upon SBO guidelines, contractual obligations, and moderate inflation. The result is a system-wide FY 2017 request for unrestricted operations of \$672.9 million, an increase of \$23.5 million or 3.6% over the FY 2016 request.

### **UNIVERSITY OF RHODE ISLAND**

#### **FY 2015 Allocation**

The University is requesting a total unrestricted budget allocation of \$388.4 million for FY 2015. This budget would be supported by \$69.1 million in state appropriations (exclusive of

\$20.9 million in GO debt service), \$268.5 million in tuition revenue and \$24.1 million in other Institutional resources.

On the restricted side, the University is requesting a total of \$351.2 million for non-state supported activities in FY 2015.

### **FY 2016 Request**

The University is requesting a total unrestricted budget of \$400.9 million for FY 2016. This budget would be supported by \$75.4 million in state appropriations (exclusive of \$21.0 million in GO debt service), \$279.4 million in tuition revenue, and \$24.4 million in other Institutional resources. This amount is \$17.4 million or 4.6% greater than that of the current year.

On the restricted side, the University is requesting a total of \$334.0 million for non-state supported activities in FY 2016. With RI Capital accounts of \$25.2 million, this restricted budget is \$450K or 1.8% less than that of the current year. The RI Capital request includes \$12.5 million for asset protection and \$12.7 million in various other projects listed in the enclosed summary of RICAP funding analysis.

Sponsored research programs for both federal and state funds are budgeted at \$64.7 million, which is \$13.4 million less than FY 2015. Overhead is budgeted at \$11.3 million which is \$2.5 million less than the current year. Auxiliary balances are detailed in the enclosed budget package. Scholarships/fellowships are budgeted at \$118.8 million which is \$3.2 million less than FY 2015.

The President's letter included in the university's budget package provides further detail regarding the FY 2015 budget submission.

### **Tuition and Fees**

The tuition and mandatory fees are proposed at \$12,862 for in-state students which represents an increase of 2.8% and \$28,852 for out-of-state students which represents an increase of 2.8%.

Revenue projections are based upon an overall enrollment increase of 0.1% which is comprised of a mix of a decrease in in-state students of 79 FTEs and an increase of 91 FTEs in out-of-state students. Although in-state enrollment is projected to decrease 2.0%, out of state enrollment is projected to increase by 1.2%.

### **Tables of Organization**

Although the Board has the authority to set its own Tables of Organization, legislation exists limiting the number of those positions that may be filled.

### **RHODE ISLAND STATE CRIME LABORATORY**

During the 2011 legislative session the funding for the Rhode Island State Crime Laboratory (RISCL) was moved to the Public Higher Education budget appropriation. Separate budget request schedules are included in the URI budget packet. The state appropriation for the RISCL is appropriated as a separate line item.

#### **FY 2015 Allocation**

The State Crime Lab is requesting a total unrestricted budget allocation of \$1.1 million for FY 2015 which is \$75K more than the prior fiscal year.

#### **FY 2016 Budget Request**

The RISCL is requesting a total unrestricted budget of \$1.2 million for FY 2016. This budget would be fully supported by state appropriations. The FY 2016 state appropriation request is \$68K million more than the current fiscal year.

Further detail is provided in the URI packet enclosed.

#### **FY 2017 Budget Estimate**

The RISCL is estimating a total unrestricted budget of \$1.2 million in FY 2017. This budget would be fully supported by state appropriations.

### **RHODE ISLAND COLLEGE**

#### **FY 2015 Allocation**

Rhode Island College is requesting a total unrestricted budget allocation of \$118.6 million for FY 2015. This budget would be supported by \$42.9 million in state appropriations (exclusive of \$4.5 million in GO debt service), \$65.5 million in tuition revenue, and \$5.7 million in other Institutional resources.

On the restricted side, the College is requesting a total of \$57.8 million for non-state supported activities in FY 2015.

#### **FY 2016 Budget Request**

Rhode Island College is requesting a total unrestricted budget of \$128.8 million for FY 2016. This budget would be supported by \$46.0 million in state appropriations, (exclusive of \$4.5 million in GO debt service), \$70.2 million in tuition revenues, and \$8.0 million in other Institutional resources. This amount is \$10.2 million or 8.6% greater than the FY 2015 enacted budget. Student enrollment is projected to increase by 150 FTE in-state students and 20 FTE out of state students.

On the restricted side of the budget, Rhode Island College is requesting a total of \$49.8 million for non-state supported activities in FY 2016. This restricted budget is \$8.0 million less than that of the current year.

The President's letter included in the College's budget package provides further detail regarding the FY 2016 budget submission and details the specifics of the decision to return the Henry Barnard School to unrestricted funds.

#### **Tuition and Fees**

The College's tuition and fee revenue for FY 2016 is \$70.2 million which represents an increase of \$4.8 million over FY 2015. Enrollment is expected to increase by 150 FTE in-state students and 20 FTE out-of-state students. The tuition and mandatory fees are proposed at \$8,197 for in-state students which represents an increase of 7.8% and \$19,858 for out-of-state students which represents an increase of 8.5%.

Detailed information regarding tuition and fees can be found in the Tuition and Fee section of the enclosed Rhode Island College budget package.

#### **FY 2017 Budget Estimate**

Rhode Island College is estimating a total unrestricted budget of \$132.6 million in FY 2017. This budget would be supported by \$49.9 million in state appropriations (exclusive of \$4.5 million in GO debt service), \$70.3 million in tuition revenue and \$8.0 million in other institutional resources.

#### **Tables of Organization**

Although the Council has the authority to set its own Tables of Organization, legislation exists limiting the number of those positions that may be filled.

#### **COMMUNITY COLLEGE OF RHODE ISLAND**

### **FY 2015 Allocation**

The Community College is requesting a total unrestricted budget allocation of \$107.5 million for FY 2015. This budget would be supported by \$45.9 million in state appropriations (exclusive of \$1.9 million in GO debt service), \$55.1 million in tuition revenue, and \$4.6 million in other Institutional resources.

On the restricted side, the College is requesting a total of \$48.8 million for non-state supported activities in FY 2015.

### **FY 2016 Budget Request**

The Community College is requesting an unrestricted budget of \$113.2 million for FY 2016. This budget would be supported by \$48.5 million in state appropriations (exclusive of \$1.9 million in GO debt service), \$58.2 million in tuition revenue, and \$4.6 million in other Institutional resources. This amount is \$5.8 million or 5.4% greater than the FY 2015 budget allocation. Student enrollment is projected to decrease by 357 (a net of full time decrease of 361 FTE and part time increase of 4 FTE) students or -3.4% as compared to FY 2015.

On the restricted side, the Community College is requesting a total of \$49.5 million for non-state supported activities in FY 2016 including RI Capital funds of \$4.2 million. Bookstore/Bond Fund operations continue to be strong and a budget surplus of \$0.4 million is projected.

The President's letter included in the Community College's budget package provides further detail regarding the FY 2016 budget submission.

### **Tuition and Fees**

The Community College's tuition and fee revenue for FY 2016 is \$58.2 million which represents an increase of \$3.1 million or 5.7% over the current year.

The tuition and mandatory fees are proposed at \$4,266 for in-state students which represents an increase of 8.0% and \$11,496 for out-of-state students which represents an increase of 8.6%.

Detailed information regarding tuition and fees can be found in the Tuition and Fee section of the enclosed Community College of Rhode Island budget package.

### **FY 2017 Budget Estimate**

The Community College is estimating a total unrestricted budget of \$116.9 million in FY

2017. This budget would be supported by \$50.4 million in state appropriations (exclusive of GO debt service of \$1.9 million), \$60.0 million in tuition and fee revenue and \$4.6 million in other Institutional resources.

### **Tables of Organization**

Although the Board has the authority to set its own Tables of Organization, legislation exists limiting the number of those positions that may be filled.

## **THE OFFICE OF THE POSTSECONDARY COMMISSIONER**

### **FY 2015 Budget Allocation and Supplemental Request**

The Office of the Postsecondary Commissioner is requesting a total unrestricted budget allocation of \$5.5 million for FY 2015. This is reflective of the original \$0.5 million reduction in state funding enacted by the legislature in June. However, this instruction came with the requirement that the new Commissioner submits a supplemental budget request that would be his plan for the reorganization of the office in support of the Council's mission. This budget would be supported by \$1.4 million for operations, \$3.3 million in pass-through accounts, \$0.1 million in institutional grants and initiatives and \$0.7 million in legislative grants. On the restricted side, the Office is requesting a total of \$5.0 million for federal grant activity.

### **FY 2016 Budget Request**

A total of \$6.1 million is requested for the Office's unrestricted budget. This amount reflects an increase of approximately \$0.6 million or a 10.6% increase over the current year's revised budget. Included in this budget request is \$3.3 million in pass-through accounts which consists of funding for administrative implementation (\$0.9 million) and Shepard Building operations and parking (\$2.4 million). There is an additional line for legislative grants (\$0.7 million). The remaining portion or \$2.0 million is for the operation of the Office of the Postsecondary Commissioner.

The Office's restricted budget for FY 2016 is estimated at \$4.2 million, and includes Veterans' Training and Administration, Title II, Early Intervention Gear Up programs, and the College Access Challenge Grant.

The Associate Commissioner's letter is included in the Office's budget package providing further detail regarding the FY 2016 budget submission. Included in this attachment is a chart of organization indicating the plan for the restructure of the Office per the instructions of the state legislature.

**FY 2017 Budget Estimate**

The Office's unrestricted budget is estimated at \$6.1 million. This amount includes \$2.1 million for the Office operations, \$.7 million for legislative grants, and \$3.3 million for pass through funding for such items as Shepard Building operations and parking and administrative implementation funds.

This amount is approximately \$42k greater than requested for FY 2016.

**Table of Organization**

Although the Board has the authority to set its own Tables of Organizations, legislation exists limiting the number of those positions that may be filled.

***Additional information on the significant features of each budget can be found in the attached schedules and transmittals.***

**Recommendation:**

I recommend:

THAT the Board of Education approves the Public Higher Education System's budget request for the 2016 fiscal year as presented, and further

THAT the Board of Education approves the Public Higher Education System's tuition, mandatory fees, and auxiliary enterprise fees for the 2016 fiscal year as presented, but reserving the right to readjust tuition and fees as needed upon notification of the Governor's recommendation and, later, upon the action of the legislature and further

THAT the Board of Education approves the Public Higher Education System's Tables of Organization for the 2016 fiscal year as presented, and further

THAT the Board of Education approves the Public Higher Education System's budget allocation for the FY 2015 fiscal year as presented.