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Senate Committee on Finance

February 4, 2025

Articles 1 and 2

Agenda

1. RISLA Transfers
2. UST Transfer
3. RIIB Transfer
4. Forgo Transfer to Budget Reserve and ERSRI

RISLA Transfers for Dual and Concurrent Enrollment

The recommended budget transfers \$2.7 million in Fiscal Year 2025 and \$2.9 million in Fiscal Year 2026 from Rhode Island Student Loan Authority (RISLA) reserves to fully fund dual and concurrent enrollment.

- Dual enrollment is when a student is enrolled in a high school while simultaneously enrolled part time or full time at a postsecondary institution. Concurrent enrollment is when a student is enrolled in a dual enrollment course that is offered at the high school and taught by a high school teacher who is approved by the postsecondary institutions. Dual and concurrent enrollment are also collectively known as Early College.
- Dual and concurrent enrollment programs began in Fiscal Year 2016. They were funded out of the Division of Higher Education Assistance (DHEA) reserves through Fiscal Year 2024, at which point the fund source was exhausted. Beginning in the current fiscal year, the programs were fully general revenue funded.
- The programs have been budgeted at \$2.3 million each year since it began. Actual expenditures have grown steadily from \$1.7 million in Fiscal Year 2019 to \$2.4 million in Fiscal Year 2024.
- RISLA's unrestricted balance as of June 30, 2024, stood at \$81.3 million.

Higher Education Affordability Study

The Office of the Postsecondary Commissioner is conducting an evaluation of the State's investments in public postsecondary affordability mechanisms intended to promote and expand postsecondary attainment. Study findings are anticipated in time to inform the Fiscal Year 2027 budget process.

- Affordability Mechanisms Evaluated
 - Scholarships
 - ✓ Dual and Concurrent Enrollment Programs
 - ✓ Rhode Island Promise Program – Community College of Rhode Island
 - ✓ Rhode Island Fresh Start Scholarship – Community College of Rhode Island
 - ✓ Rhode Island Hope Scholarship – Rhode Island College
 - ✓ Rhode Island Foster Care Youth Scholarship – Rhode Island College
 - ✓ Needs-based Grants (Last Dollar/Promise 1.0)
 - ✓ Onward We Learn
 - Loan Forgiveness
 - ✓ Rhode Island Wavemaker Fellowship
 - Support Services
 - ✓ Rhode Island Reconnect Program

UST Fund Transfer

The Fiscal Year 2025 revised proposal transfers \$3.0 million in excess reserves from the Underground Storage Tank (UST) Fund.

- The UST Fund is funded from a fee on motor fuel that consists of 1 cent per gallon collected by distributors when they sell fuel to owners/operators of USTs.
- Collections are evenly split between the Intermodal Surface Transportation Fund and the UST Fund.
- The UST Fund balance as of January 30, 2025, was \$6.1 million, which is net of \$1.0 million in Fiscal Year 2025 receipts and \$0.9 million in expenditures.

RIIB Transfer

The Fiscal Year 2025 revised proposal transfers \$2.0 million in excess reserves from the Rhode Island Infrastructure Bank (RIIB).

- The Fiscal Year 2022 and 2023 enacted budgets provided RIIB with a total of \$50.4 million of general revenue surpluses for state match requirements on federal clean water and drinking water funds.
- Historically, general obligation bonds have served as a source for fulfilling state match needs.
- RIIB has also been a recipient of \$4.3 million in State Fiscal Recovery Funds for housing-related infrastructure.
- RIIB's unrestricted fund balance as of June 30, 2024, was \$32.6 million. Previous balances for Fiscal Year 2023 and Fiscal Year 2022 were \$29.8 million and \$27.2 million, respectively.

Pause Supplemental Rainy Day Fund and ERSRI Contributions

The Fiscal Year 2025 revised proposal pauses the transfers of excess general revenue in Fiscal Year 2024 to the Supplemental Rainy Day Fund and the Employees' Retirement System of the State of Rhode Island (ERSRI).

- The Fiscal Year 2024 enacted budget required that if audited general revenues exceed the fiscal year estimates generated by the May Revenue Estimating Conference (REC):
 - 50% of that excess is transferred to ERSRI
 - 50% of that excess is transferred to the Supplemental Rainy Day Fund
- The proposal pauses the transfer of excess general revenue resulting from the Fiscal Year 2024 close, which results in the Fiscal Year 2025 surplus increasing by \$43.3 million.
- FY 2024 revenue estimates were particularly uncertain as a result of the IRS tax deadline extension granted because of the December 2023 floods.
- While estimates attempted to capture the impact of the deadline extension, the State ultimately received about \$45 million in tax payments in July 2024 related to the extension which were accrued to the prior year. Without this uncertainty, it is possible that more accurate estimates would have captured this revenue in FY 2024.
- The state continues to make the full actuarially determined employer contribution to the pension fund as well as a \$6.5 million supplemental contribution in FY 2024 and a \$61.9 million supplemental contribution in FY 2022.

Appendix

Dual and Concurrent Enrollment Supplemental Information

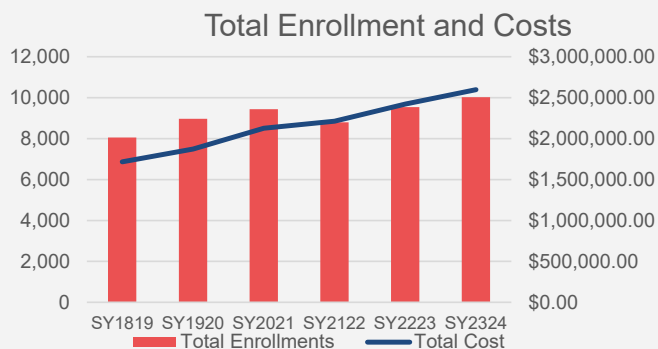
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RI Early College – Proven Affordability for RI Families

Early College program allow high school students to get a head start on college at CCRI, RIC, and URI. It is part of the overall college affordability plan for the state (with Hope, Promise, Running Start, GEAR UP, TRIO, Summer Bridge, Joint Admissions, CTE pathways, RISLA, and AP).

Growth in Popularity and Cost

- 24.4% increase in enrollments since 2018.
- Demand for new courses improves benefits but incurs costs.
- Higher enrollment leads to higher costs.
- Exceeded baseline budget of \$2.3 million in 2022-23 school year. In 2023-24, program costs approached \$2.6 million.
- Projected costs of \$2.7 million (FY25) and \$2.9 million (FY26).



Program Benefits

Early College Participants Are More Likely to

- Graduate high school on time
- Enroll in college within one year of graduation
- Be enrolled in college two years after high school

Rhode Island Economy

- College graduation leads to quantifiable increases in projected lifetime earnings. Four-year college grads earn, on average, almost \$25k more per year than high school grads.

Family Savings

- Fewer semesters in college = reduced college expenses
- Based on a part-time tuition rate of \$500/credit, Rhode Island families saved more than \$15 million in college costs in school year 2023-24.
- 10,020 courses at three credits each x \$500 = \$15.03 million.