

riheaa

Rhode Island Higher Education
Assistance Authority

*Assisting Rhode Island's Students,
Investing in Rhode Island's Future.*

**Strategic Plan Presentation to House Committee on Oversight
May 1, 2014**

RIHEAA established by General Assembly in 1977



- Title 16 – Education
 - Chapter 56 – Post-secondary Education/RI Grant Program
 - Chapter 57 – RIHEAA/State Designated Guarantee Agency and *CollegeBoundfund*
- Promote equal opportunity access to higher education
- Provide a system of financial aid to enable students to attend public or private institutions of their choice
- Promote higher education through a tuition savings program

College Access Initiative

U.S. Department of Education, 2005

- The College Access Initiative formalized the role of guaranty agencies to promote access to higher education by offering programs and tools at each stage of the education lifecycle for students and families.
- These programs can be supported using guaranty agency operating revenue.
- WaytogoRI was developed in response to the initiative.



Legislative Changes Effecting the RIHEAA Federal Family Education Loan Program

- a. July 2010 – Federal government eliminated new loan Federal Family Education Loan Program originations. All new federal loans handled by the colleges.
- b. Dec 2013 – Bipartisan Budget Agreement drastically reduces revenue to guaranty agencies. Income in FY15 estimated to be \$6.0M, a decrease from \$13M in FY14.
- c. July 2014 – Bipartisan Budget Agreement revenue reduction takes effect.

RIHEAA Programs

RI Grants



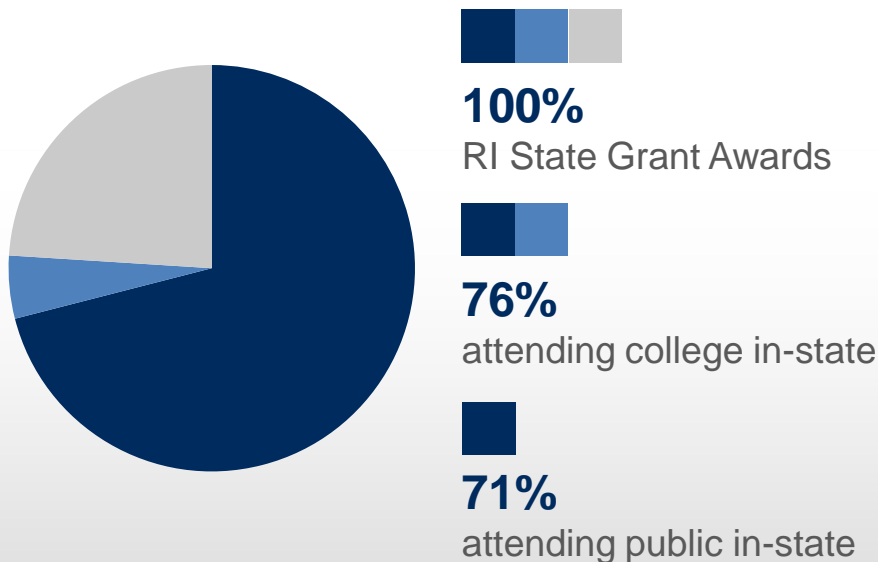
Guaranty Agency

CollegeBoundfund[®]

2013-2014 Scholarship and Grant Programs

RI State Grant Awards Estimated awards \$13.3M*

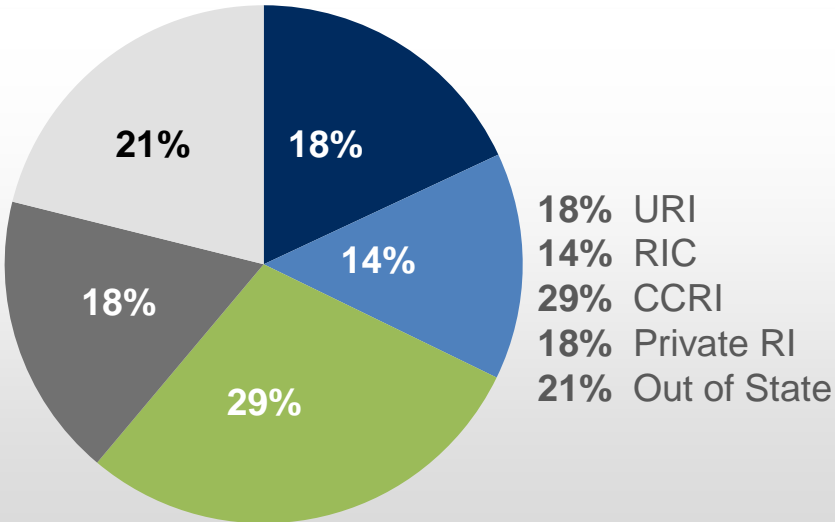
63,347 FAFSA's processed
by RIHEAA
20,717 students awarded
need-based grants



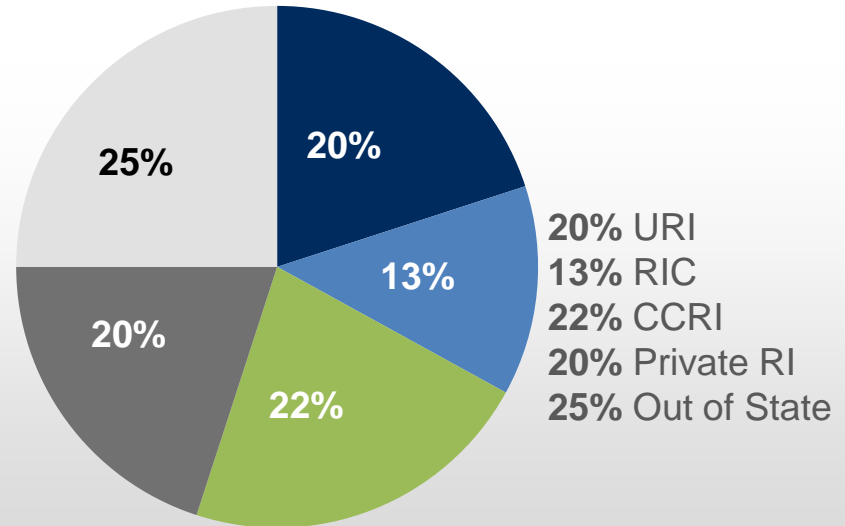
*2013-2014 academic year still active-total awards pending

RI Grant Awards Apportionment

Breakdown of the **20,717** grant awards headcount by school choice/type. **61% attend public colleges/universities in RI.**



Breakdown of the **\$13.3M** grant awards by school choice/type.



RI Grant Awards: Current Breakdown*



63,347 RI FAFSA's
processed by RIHEAA



20,717 Students
awarded needs-based
grants



16,315 Eligible
for needs-based
grants not funded



26,315 Ineligible
for needs-based
grants

2013-2014 Scholarship and Grant Programs

Academic Promise Scholarship

Since inception in 2003:

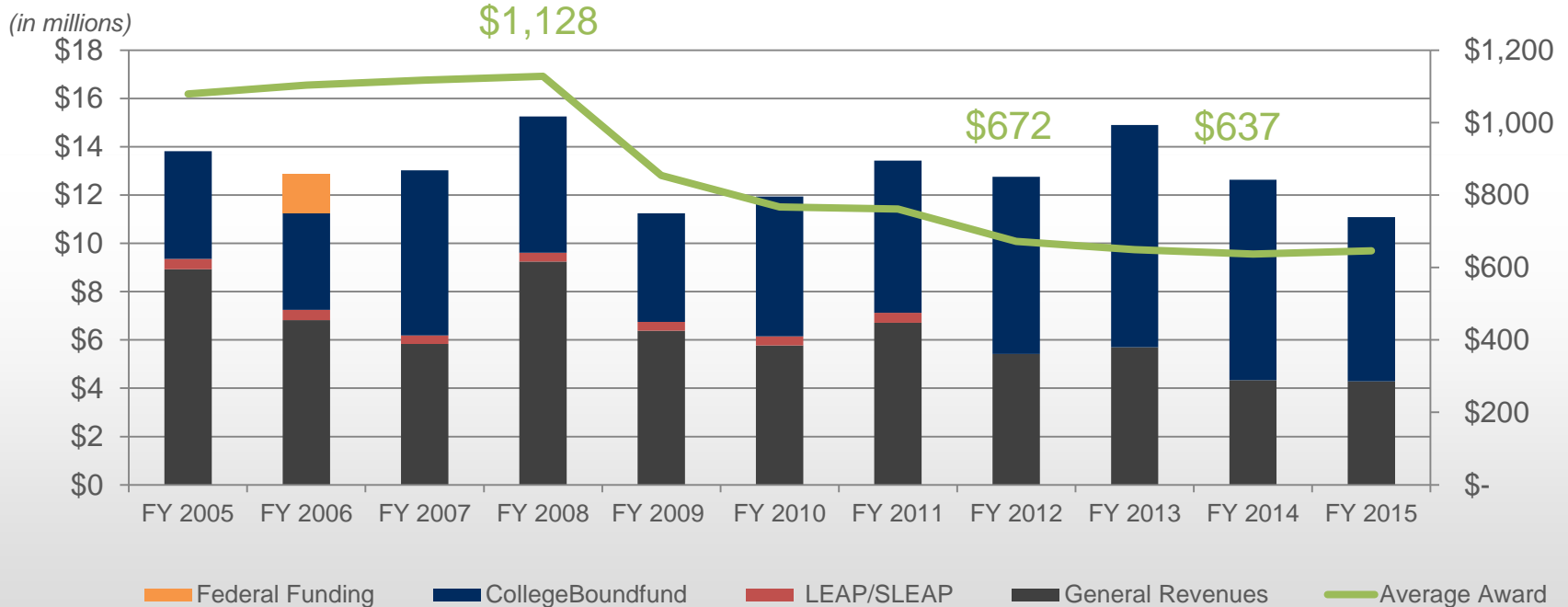
\$9.6 M funded **1,320** students

RIHEAA provides annual administrative support, awarding and disbursement services on the Scholarship and Grant platform to the following programs:

Rhode Island College Crusade

DCYF – Post-secondary Tuition Assistance Program

Need-Based Scholarships: Fund Source and Average Award



What do you get for a \$750 RI State Grant?



4 years of \$750 = **\$3,000**



Save \$3,668
in student loans

RI average student loan debt is \$31,156
(U.S. average \$29,400)



Covers **62.5%**
of average cost of books



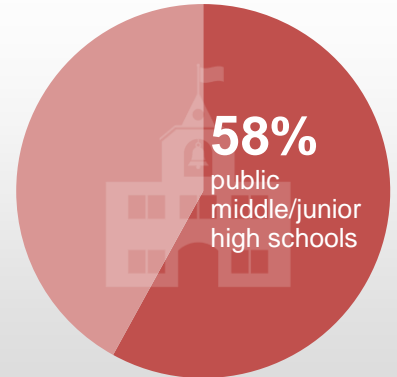
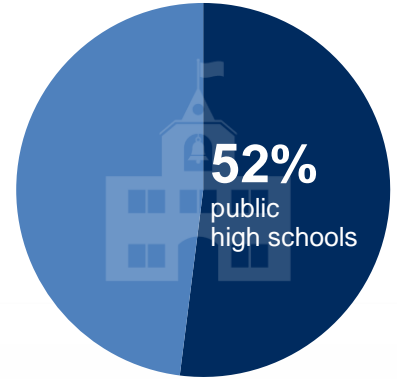
Almost **100 fewer hours**
working at minimum wage annually



19% of tuition and fees annually



- a. 179,000 visits/sessions in 2013
- b. 33,000 hours student time on-site 2013
- c. 21,000+ new K-12 accounts established in 2013
- d. 100,000+ K-12 students accounts on system
- e. More than 50% of public schools are using the customized Individual Learning Plan
- f. Contractually committed through 2016



CollegeBound*fund*[®]

- a. \$7.7B in assets under management with AllianceBernstein
 - 2nd largest advisor sold program in US
 - 4.5% or \$347M RI Assets
 - 6% or 25,000+ RI accounts
- b. CollegeBound*baby* program
- c. CollegeBound*fund* Matching Grant Program
 - No New Applicants
 - Since FY02: \$2.3M funding 900 matching contributions
- d. Contractually committed through June 2015

Federal Family Education Loan Program (FFELP)

- a. \$1.1B active paying loans in portfolio
- b. Estimated 3-5 years of active management required for FFELP portfolio wind down
- c. Services Provided
 - a. Default Aversion/Default Prevention
 - b. Rehabilitation of Defaulted Loans
 - c. Ombudsman

RIHEAA Strategic Plan

- Negotiate contract with Sallie Mae for student loan full-service platform
- Reduce staffing level commensurate with full-service platform
- Modify agency reserves investment objective while maintaining federal compliance
- Pursue endowment of agency reserves consistent with intent to provide increased financial assistance to Rhode Island students

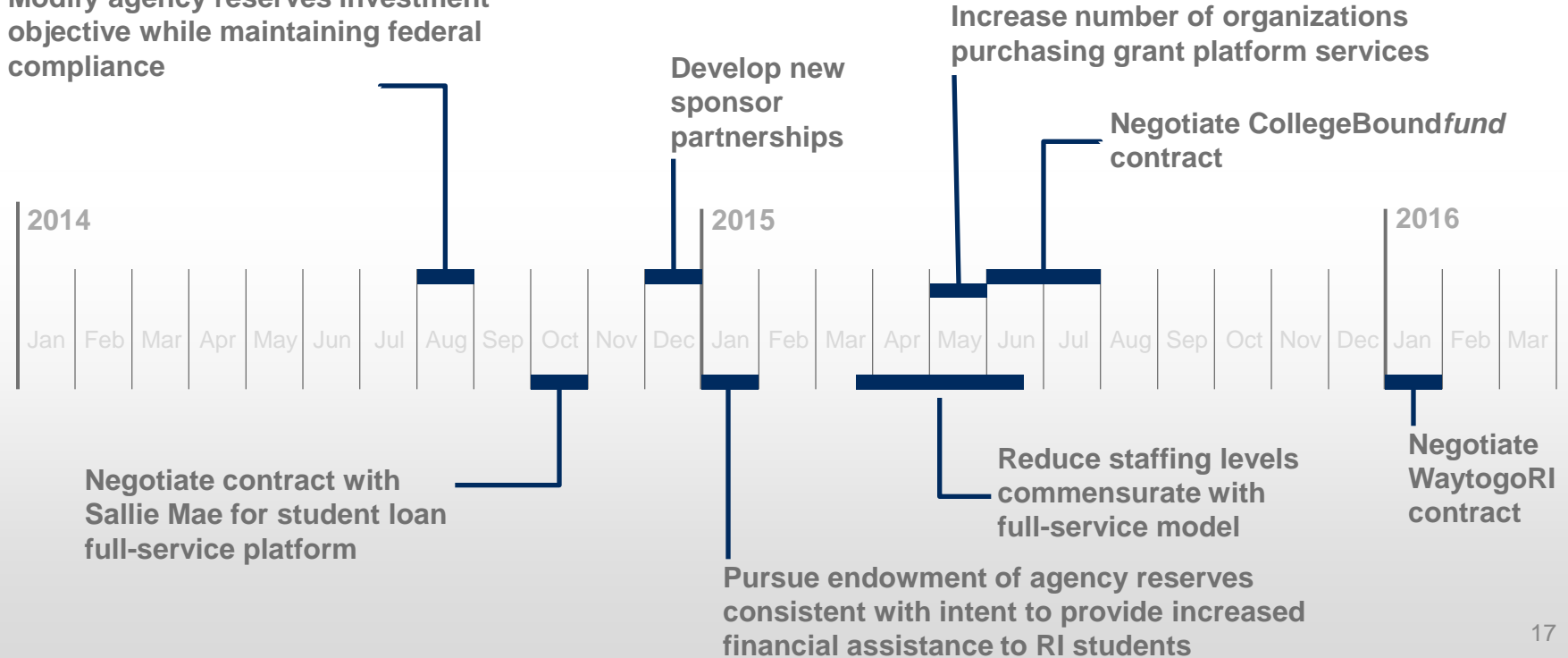
RIHEAA Strategic Plan (cont'd)

- Develop new sponsor partnerships
- Increase number of organizations purchasing grant platform services
- Negotiate CollegeBound*fund* contract
- Negotiate WaytogoRI contract
- Analyze best use of agency building

Future of the Authority

Agency Strategic Plan Timeline

Modify agency reserves investment objective while maintaining federal compliance

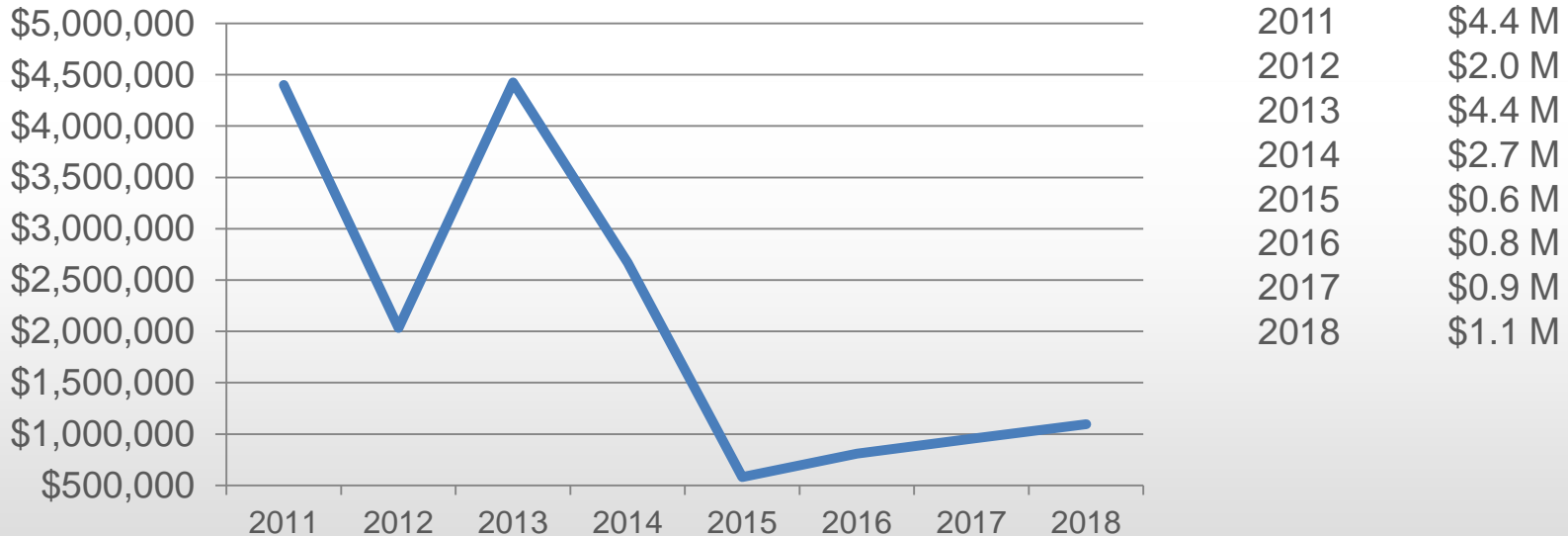


Agency Net Income FY 2011-2018

	2011	2012	2013	2014	2015	2016	2017	2018
Revenue	\$28.3 M	\$28.3 M	\$29.8 M	\$26.3 M	\$19.6 M	\$19.0 M	\$18.9 M	\$18.6 M
Expenses	(\$23.9 M)	(\$26.3 M)	(\$25.3 M)	(\$23.6 M)	(\$19.0 M)	(\$18.2 M)	(\$18.0 M)	(\$17.5 M)
Net Income	\$4.4 M	\$2.0M	\$4.4 M	\$2.7 M	\$0.6 M	\$0.8 M	\$0.9 M	\$1.1 M

Net Income Projections Under Strategic Plan

Net Income will be used to supplement RI Grant and/or increase agency reserves.



Current/Projected Personnel FTE

Program Type	Current	Proposed
Guaranty Agency	11.15	4.15
RI Grants	4.40	3.95
CollegeBound <i>fund</i>	2.65	2.00
WaytogoRI	3.80	4.90
Total	22.00	15.00

Program numbers include individuals who support the organization within the areas of information technology, administration, finance and human resources.

Questions & Answers

Appendix

- Options for Agency Building
- Agency Projected Net Income FY 2015-2018
- Agency Projected Revenue/Expenses FY 2015-2018
- CollegeBound*fund* Only Projected Income vs. Expenses 2015-2018
- CollegeBound*fund* Only Income and Expenses 2011-2014
- Guaranty Agency Only Projected Income vs. Expenses 2015-2018
- RI Grant Program Only Projected Income vs. Expenses 2015-2018
- WaytogoRI Only Projected Income vs. Expenses 2015-2018

Options for Agency Building

- a. Purchased by RIHEAA in 1986
- b. Total 22,000 sq. ft.
 - Owner occupied and leased 20,600 sq. ft.
 - Currently available for lease 1,400 sq. ft.
- c. Once staff reduction complete, additional 2970 sq. ft. available
 - Projected new space: \$77,000 net income
- d. Sale of building with lease back option for RIHEAA
 - Proceeds from sale estimated at \$1.7 M; proceeds deposited into reserves, estimated return \$68,000
 - Projected RIHEAA lease expense estimated \$100,000 annually

Agency Projected Net Income FY 2015-2018

Net Income	2015	2016	2017	2018
Guaranty Agency	\$0.5 M	\$0.5 M	\$0.3 M	\$0.2 M
Scholarship and Grant	(\$0.4 M)	(\$0.5 M)	(\$0.5 M)	(\$0.6 M)
CollegeBound <i>fund</i>	\$1.5 M	\$1.8 M	\$2.2 M	\$2.6 M
WaytogoRI	(\$1.1 M)	(\$1.1 M)	(\$1.1 M)	(\$1.1 M)
Other revenue	\$0.1 M	\$0.09 M	\$0.09 M	\$0.09
Total	\$0.6 M	\$0.8 M	\$0.9 M	\$1.1 M

Agency Projected Revenue/Expenses FY 2015

2015	Guaranty Agency	Scholarship and Grant	CollegeBoundfund	WaytogoRI	Other	Total
Revenue	\$6.0 M	\$4.1 M	\$9.2 M	\$0	\$.21 M	\$19.5 M
Direct Expenses	(\$5.0 M)	(\$4.3 M)	(\$7.6 M)	(\$1.0 M)	\$0	(\$17.9 M)
Indirect Expenses	(\$0.5 M)	(\$0.2 M)	(\$0.1 M)	(\$0.1 M)	(\$0.1 M)	(\$1.0 M)
Net Income	\$0.5 M	(\$0.4 M)	\$1.5 M	(\$1.1 M)	\$0.11 M	\$0.6 M

Agency Projected Revenue/Expenses FY 2016

2016	Guaranty Agency	Scholarship and Grant	CollegeBoundfund	WaytogoRI	Other	Total
Revenue	\$5.1 M	\$4.1 M	\$9.6 M	\$0	\$0.2 M	\$18.8M
Direct Expenses	(\$4.1 M)	(\$4.4 M)	(\$7.6 M)	(\$1.0 M)	\$0	(\$17.1 M)
Indirect Expenses	(\$0.5 M)	(\$0.2 M)	(\$0.1 M)	(\$0.1 M)	(\$0.1 M)	(\$0.9 M)
Net Income	\$0.5 M	(\$0.5 M)	\$1.8 M	(\$1.1 M)	\$0.09 M	\$0.8 M

Agency Projected Revenue/Expenses FY 2017

2017	Guaranty Agency	Scholarship and Grant	CollegeBoundfund	WaytogoRI	Other	Total
Revenue	\$4.5 M	\$4.1 M	\$9.9 M	\$0	\$0.2 M	\$18.6 M
Direct Expenses	(\$3.6 M)	(\$4.4 M)	(\$7.6 M)	(\$1.1 M)	\$0	(\$16.7 M)
Indirect Expenses	(\$0.5 M)	(\$0.2 M)	(\$0.1 M)	(\$0.1 M)	(\$0.1 M)	(\$1.0 M)
Net Income	\$0.4 M	(\$0.5 M)	\$2.2 M	(\$1.2 M)	\$0.09 M	\$0.9 M

Agency Projected Revenue/Expenses FY 2018

2018	Guaranty Agency	Scholarship and Grant	CollegeBoundfund	WaytogoRI	Other	Total
Revenue	\$3.9 M	\$4.1 M	\$10.3 M	\$0	\$0.2 M	\$18.4 M
Direct Expenses	(\$3.2 M)	(\$4.4 M)	(\$7.6 M)	(\$1.0 M)	\$0	(\$16.4 M)
Indirect Expenses	(\$0.5 M)	(\$0.2 M)	(\$0.2 M)	(\$0.2 M)	(\$0.1 M)	(\$1.0 M)
Net Income	\$0.2 M	(\$0.5 M)	\$2.5 M	(\$1.2 M)	\$0.1 M	\$1.1 M

CollegeBoundfund Only

Projected Income vs. Expenses 2015-2018

CollegeBoundfund	2015	2016	2017	2018
Income	\$9.2 M	\$9.6 M	\$10.0 M	\$10.3 M
Academic Promise Scholarship & RI Grant Supplement	(\$7.6 M)	(\$7.6 M)	(\$7.6 M)	(\$7.6 M)
Expenses	(\$0.1 M)	(\$0.1 M)	(\$0.1 M)	(\$0.1 M)
Net Income	\$1.5 M	\$1.9 M	\$2.2 M	\$2.6 M

CollegeBoundfund Only

Income and Expenses 2011-2014

CollegeBoundfund	2011	2012	2013	2014
Income	\$8.2 M	\$8.0 M	\$8.0 M	\$8.1 M
Academic Promise Scholarship & RI Grant Supplement	(\$6.3 M)	(\$8.3 M)	(\$8.2 M)	(\$8.8 M)
Expenses	(\$0.3 M)	(\$0.2 M)	(\$0.1 M)	(\$0.3 M)
Net Income	\$1.6 M	(\$0.5 M)	(\$0.3 M)	(\$1.0 M)
Balance of CBf Reserve	\$2.3 M	\$1.7 M	\$1.5 M	\$0.5 M

*APS – Academic Promise Scholarship \$1 million per year
Accumulated CollegeBoundfund Reserve fund drawn down to cover negative net income

Guaranty Agency Only

Projected Income vs. Expenses 2015-2018

Guaranty Agency	2015	2016	2017	2018
Income	\$5.9 M	\$5.1 M	\$4.5 M	\$3.9 M
Direct Expenses	(\$4.9 M)	(\$4.1 M)	(\$3.6 M)	(\$3.2 M)
Indirect Expenses	(\$0.5 M)	(\$0.5 M)	(\$0.5 M)	(\$0.5 M)
Net Income	\$0.6 M	\$0.6 M	\$0.4 M	\$0.2 M

RI Grant Program Only

Projected Income vs. Expenses 2015-2018

Scholarship and Grant	2015	2016	2017	2018
Income	\$4.1 M	\$4.1 M	\$4.1 M	\$4.1 M
Direct Expenses	(\$4.4 M)	(\$4.4 M)	(\$4.4 M)	(\$4.5 M)
Indirect Expenses	(\$0.2 M)	(\$0.2 M)	(\$0.2 M)	(\$0.2 M)
Net Income	(\$0.5 M)	(\$0.5 M)	(\$0.5 M)	(\$0.6 M)

WaytogoRI Only

Projected Income vs. Expenses 2015-2018

WaytogoRI	2015	2016	2017	2018
Income	\$0	\$0	\$0	\$0
Direct Expenses	(\$1.0 M)	(\$1.0 M)	(\$1.1 M)	(\$1.1 M)
Indirect Expenses	(\$0.1 M)	(\$0.1 M)	(\$0.1 M)	(\$0.1 M)
Net Income	(\$1.1 M)	(\$1.1 M)	(\$1.2 M)	(\$1.2 M)