Governor’s FY 2019 Budget: Articles

Staff Presentation to the House Finance Committee
February 7, 2018
Introduction

- Article 1, Section 15 – Resource Recovery Transfer FY 2019
- Article 10, Section 7 – Resource Recovery Transfer FY 2018
- Article 10, Section 8 – RITBA Transfer
- Article 10, Section 9 – Student Loan Authority Transfer
Article 1 &10 Transfers

- Require payments to the General Fund
  - Various amounts from quasi-state agencies
  - Similar to last three year’s proposals
  - Totals $35.1 million in FY 2018
  - Totals $8.0 million in FY 2019

- Budgets for quasi-publics are shown in the budget publication program supplements
  - Data shown do not reflect these transfers
Article 1 & 10 Transfers

- No alternative proposals provided
  - Requirement for these to be submitted along with transfer recommendations was added as part of last year’s budget
- Governor’s budget cover letter expresses hope that revenues improve and these transfers can be avoided
  - Recurring feature of cover letters
  - Last year’s legislation was aimed at soliciting more concrete proposals for public hearing
## Article 1 & 10 Transfers

<table>
<thead>
<tr>
<th>Quasi Transfers</th>
<th>FY 18</th>
<th>FY 18 R</th>
<th>Chg.</th>
<th>FY 19</th>
<th>2Yr Chg.</th>
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</thead>
<tbody>
<tr>
<td>Resource Recovery</td>
<td>$ -</td>
<td>$ 3.0</td>
<td>$3.0</td>
<td>$3.0</td>
<td>$6.0</td>
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<tr>
<td>RI Housing</td>
<td>1.0</td>
<td>6.0</td>
<td>5.0</td>
<td>5.0</td>
<td>10.0</td>
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<tr>
<td>Infrastructure Bank</td>
<td>3.5</td>
<td>8.5</td>
<td>5.0</td>
<td>-</td>
<td>5.0</td>
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<tr>
<td>Turnpike &amp; Bridge</td>
<td>-</td>
<td>1.5</td>
<td>1.5</td>
<td>-</td>
<td>1.5</td>
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<tr>
<td>RISLA</td>
<td>-</td>
<td>3.0</td>
<td>3.0</td>
<td>-</td>
<td>3.0</td>
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<tr>
<td>WR Board Corp.</td>
<td>-</td>
<td>1.1</td>
<td>1.1</td>
<td>-</td>
<td>1.1</td>
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<tr>
<td>NBC</td>
<td>5.0</td>
<td>5.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>QDC</td>
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<td>1.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>RIHEBC</td>
<td>6.0</td>
<td>6.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Total</strong></td>
<td>$16.5</td>
<td>$35.1</td>
<td>$18.6</td>
<td>$8.0</td>
<td>$26.6</td>
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</tbody>
</table>
Article 1, Sec. 15 & Article 10, Sec. 7 – Resource Recovery

- Requires transfer of $3.0 million by June 30, 2018 & $3.0 million by June 30, 2019
  - RRC had approximate unrestricted cash assets of $35.2 million as of June 30, 2017
  - Unclear how the amount of the scoop was determined
- Governor’s prior transfer proposals
  - $6.0 million FY 2018; $1.5 million FY 2017
  - Neither enacted by Assembly
### History of Transfers

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Transfer</th>
<th>Fiscal Year</th>
<th>Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>$(6,000,000)*</td>
<td>2003</td>
<td>6,000,000</td>
</tr>
<tr>
<td>1995</td>
<td>6,000,000</td>
<td>2005</td>
<td>4,300,000</td>
</tr>
<tr>
<td>1996</td>
<td>15,000,000</td>
<td>2006</td>
<td>7,500,000</td>
</tr>
<tr>
<td>1998</td>
<td>2,000,000</td>
<td>2007</td>
<td>3,300,000</td>
</tr>
<tr>
<td>1999</td>
<td>4,000,000</td>
<td>2008</td>
<td>5,000,000</td>
</tr>
<tr>
<td>2001</td>
<td>3,115,000</td>
<td>2009</td>
<td>7,500,000</td>
</tr>
<tr>
<td>2002</td>
<td>3,000,000</td>
<td>2012</td>
<td>3,500,000</td>
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</tbody>
</table>

*state subsidy

**Total**  $64,215,000
Current Prices:
- Municipal: $39.50 per ton
  - Two-year increases to $47.00 by July 1, 2018
    - Was $32.00 prior to July 1, 2017
  - First increase in 25 years
  - Previously frozen by annual legislative action
  - Mechanism in place to calculate future increases
- Commercial: $67/ton
  - Multiple recent increases
  - Driven by both market and capacity
Cash reduction impacts planned capital work or fees or both
- Some capital work time sensitive
- Municipal fee increase has generated approximately $1.7 million in new revenue for the first six months of FY 2018
## Cash Position

<table>
<thead>
<tr>
<th>Cash Position</th>
<th>FY 2018*</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
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</thead>
<tbody>
<tr>
<td>Beginning Cash</td>
<td>$35.2</td>
<td>$29.8</td>
<td>$28.6</td>
<td>$(1.6)</td>
<td>$(13.3)</td>
<td>$(18.9)</td>
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<tr>
<td>Cash from Operations</td>
<td>23.1</td>
<td>25.4</td>
<td>20.3</td>
<td>22.5</td>
<td>21.7</td>
<td>21.2</td>
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<tr>
<td>Debt Service</td>
<td>(4.8)</td>
<td>(4.8)</td>
<td>(4.8)</td>
<td>(4.8)</td>
<td>(4.8)</td>
<td>(4.8)</td>
</tr>
<tr>
<td>Capital Spending</td>
<td>(19.7)</td>
<td>(17.8)</td>
<td>(41.7)</td>
<td>(25.4)</td>
<td>(18.5)</td>
<td>(12.6)</td>
</tr>
<tr>
<td>Sinking Fund: MRF</td>
<td>(4.0)</td>
<td>(4.0)</td>
<td>(4.0)</td>
<td>(4.0)</td>
<td>(4.0)</td>
<td>(4.0)</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>(5.4)</td>
<td>(1.2)</td>
<td>(30.2)</td>
<td>(11.7)</td>
<td>(5.6)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Ending Cash</td>
<td>$29.8</td>
<td>$28.6</td>
<td>$(1.6)</td>
<td>$(13.3)</td>
<td>$(18.9)</td>
<td>$(19.1)</td>
</tr>
<tr>
<td>Proposed Transfer</td>
<td>(3.0)</td>
<td>(3.0)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ending Cash w/Transfer</td>
<td>$26.8</td>
<td>$22.6</td>
<td>$(7.6)</td>
<td>$(19.3)</td>
<td>$(24.9)</td>
<td>$(25.1)</td>
</tr>
</tbody>
</table>

*Preliminary

$in millions
$1.5 million from Rhode Island Turnpike and Bridge Authority by June 30, 2018

RITBA operates & maintains 4 bridges:
- Mount Hope
- Jamestown Verrazzano
- Newport Pell, and
- Sakonnet River

Governor proposed $2.6 million transfer for FY 2018 – not enacted
Primary source of revenue is tolls on Newport Bridge
2014 Assembly allocated 3.5 cents of the gasoline tax to the Authority
- No toll on Sakonnet River Bridge
- No state support prior to this
Receipts from gasoline tax
- $15.4 million in FY 2015
- $15.7 million in FY 2016
- $15.5 million in FY 2017
$3.0 million from Rhode Island Student Loan Authority by June 30, 2018

RISLA issues tax-exempt bonds to fund its programs

- Private, fixed-rate student loans
- Refinancing of private or federal loans
- Loan forgiveness
  - Primary care physicians, nurse practitioners, & physicians assistants

Runs the College Planning Center
Article 10, Section 9 – Student Loan Authority

- For FY 2017, RISLA originated $52 million in fixed rate student loans
  - Will originate $55 million for FY 2018
- Unclear how the amount of the scoop was determined
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