Governor’s FY 2020 Budget: Articles

Staff Presentation to the House Finance Committee
March 5, 2019
Introduction

- Article 6
  - URI Memorial Union
  - URI Fraternity Circle Master Plan Implementation
  - URI Combined Health & Counseling Center
  - High Security Center – Department of Corrections
- Governor’s Capital Budget
Enacted in 1994
Subsequently amended to increase Assembly’s approval role
Ensures that debt with a state tie was not issued without legislative review
Result of Commission chaired by Rep. Linda Kushner
Public Debt Management Act

Certain quasi-public agencies are exempt:

- Infrastructure Bank
- Rhode Island Housing & Mortgage Finance Corporation
- Rhode Island Health & Educational Building Corporation
# Article 6 - Debt Management Act Joint Resolution

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
<th>Annual Debt</th>
<th>Source – Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>URI Revenue Bonds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Memorial Union</td>
<td>$51.5</td>
<td>$3.7</td>
<td>Fees, retail leases – 30 yrs., 6%</td>
</tr>
<tr>
<td>Fraternity Circle</td>
<td>2.1</td>
<td>0.2</td>
<td>General Revenues, tuition, fees – 20 yrs. 6%</td>
</tr>
<tr>
<td>Health &amp; Counseling Center</td>
<td>26.9</td>
<td>2.0</td>
<td>Fees - 30 yrs., 6%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$80.5</td>
<td>$5.9</td>
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<tr>
<td><strong>Certificates of Participation</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>High Security Center</td>
<td>$45.0</td>
<td>$4.3</td>
<td>General Revenue - 15 yrs., 5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$125.5</td>
<td>$10.2</td>
<td></td>
</tr>
</tbody>
</table>

$ in millions
**Article 6, Section 2**

- **URI Memorial Union**
  - Authorizes borrowing $51.5 million
    - Part of a new $62.5 million project
    - Renovate and expand the student union
      - Bring up to current code
      - Enhance event and collaborative spaces

<table>
<thead>
<tr>
<th>Revenue Bonds</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Bonds</td>
<td>$ -</td>
<td>$3.9</td>
<td>$17.3</td>
<td>$24.0</td>
<td>$6.3</td>
<td>$51.5</td>
</tr>
<tr>
<td>University Funds</td>
<td>3.5</td>
<td>7.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$11.0</td>
</tr>
<tr>
<td>Total</td>
<td>$3.5</td>
<td>$11.4</td>
<td>$17.3</td>
<td>$24.0</td>
<td>$6.3</td>
<td>$62.5</td>
</tr>
</tbody>
</table>

$ in millions
Article 6, Section 2

- Annual debt service of $3.7 million
  - Total cost of $112.3 million
    - Assumes 30 years and 6% interest
    - Supported by student union fees & retail leases for vendors occupying the space
  - Assumes new leases would also help defray cost of new debt
    - Specific information on assumptions not provided
URI Memorial Union

- Built in 1953, with additions in 1963 & 1991
  - Home to over 180 student groups
  - Retail space is occupied by Dunkin Donuts, RI Credit Union, Total Image Hair Salon, the Campus Store and an optometrist

- Auxiliary Enterprise – RIGL 16-59-9 requires auxiliary operations to be self-supporting
  - Operating budget of $5.6 million for FY 2020 and a staff of 32.2 FTEs
## Article 6, Section 2

<table>
<thead>
<tr>
<th>Memorial Union</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$5.5</td>
<td>$5.7</td>
<td>$5.4</td>
<td>$5.6</td>
</tr>
<tr>
<td>Personnel</td>
<td>$3.3</td>
<td>$3.4</td>
<td>$3.6</td>
<td>$3.7</td>
</tr>
<tr>
<td>Operating</td>
<td>$1.4</td>
<td>$1.5</td>
<td>$1.4</td>
<td>$1.5</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$0.3</td>
</tr>
<tr>
<td>Expenses</td>
<td>$5.0</td>
<td>$5.2</td>
<td>$5.3</td>
<td>$5.5</td>
</tr>
<tr>
<td>Operating Balance</td>
<td>$0.5</td>
<td>$0.5</td>
<td>$0.1</td>
<td>$0.1</td>
</tr>
<tr>
<td>Debt Service as % of Expenses</td>
<td>6.4%</td>
<td>5.4%</td>
<td>6.1%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

$ in millions
URI Memorial Union
- Supported primarily by student fees and retail leases
- Total FY 2020 revenues of $5.6 million
  - FY 2020 budget assumes $350 student fee
    - Up $12 from FY 2019
    - Every $10 increase equates to ~ $130,000 in revenue

<table>
<thead>
<tr>
<th>Revenues</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Fees</td>
<td>$4.5</td>
<td>$4.6</td>
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<tr>
<td>Leases/Other</td>
<td>0.9</td>
<td>0.9</td>
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<tr>
<td>Total</td>
<td>$5.4</td>
<td>$5.6</td>
</tr>
</tbody>
</table>

$ in millions
Issues
- How will debt service costs be covered?
  - How much would come from fees?
    - Current fee yield suggests an increase of $285 or 81% if there are no other revenues assumed
  - What info does RIHEBC require regarding this?
- What other revenues are assumed?
  - How many new leases?
- What are operating costs for new building?
- Assumes $11.0 million from auxiliary funds
  - Are balances sufficient for schedule presented?
Article 6, Section 3

- URI Fraternity Circle Master Plan Implementation
  - Authorizes borrowing $2.1 million
  - Improvements to fraternity & sorority houses
    - Walkways; site lighting; recreational amenities
  - Annual debt service of $0.2 million
    - Total cost of $3.7 million
      - Assumes 20 years and 6% interest
      - Supported by general revenues, tuition & fees
  - 2nd phase of improvements to Fraternity Circle
Article 6, Section 3

- First phase authorized by 2015 Assembly
  - Utilities, storm water mgmt. systems, street/parking lot improvements
  - $5.4 million from revenue bonds supported by general revenues, tuition & fees
    - Annual debt service of $0.4 million
    - Final terms were 20 years and 2.6% interest
  - Planned completion in FY 2020
URI is planning a new fee for fraternities & sororities with houses on campus

- Difference would be from general revenues, tuition & fees
- At least 16 houses would be assessed
  - Suggests need for approx. $10,000 assessment
    - Could be lower if debt service is lower or if fee is spread among more entities
Article 6, Section 4

- URI Combined Health & Counseling Center
  - Authorizes borrowing $26.9 million
    - Part of a $32.9 million project
    - Construct new 49,000 sq. ft. centralized location for physical, mental, & emotional health

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Revenue Bonds</td>
<td>$-</td>
<td>$7.8</td>
<td>$19.1</td>
<td>$26.9</td>
</tr>
<tr>
<td>University Funds</td>
<td>2.2</td>
<td>3.8</td>
<td>-</td>
<td>$6.0</td>
</tr>
<tr>
<td>Total</td>
<td>$2.2</td>
<td>$11.7</td>
<td>$19.1</td>
<td>$32.9</td>
</tr>
</tbody>
</table>

$ in millions
Annual debt service of $2.0 million

- Total cost of $58.7 million
  - Assumes 30 years and 6% interest
  - To be paid from student fees and billings to insurances
  - FY 2020 budget assumes $542 student health fee
    - Up $18 from FY 2019
    - Every $10 increase equates to ~ $130,000 in revenue

### Health Services Revenue

<table>
<thead>
<tr>
<th>Health Services Revenue</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Fees</td>
<td>$6.9</td>
<td>$7.1</td>
</tr>
<tr>
<td>Insurance Billing</td>
<td>1.2</td>
<td>1.8</td>
</tr>
<tr>
<td>Other</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Total</td>
<td>$8.2</td>
<td>$9.1</td>
</tr>
</tbody>
</table>

$ in millions
Article 6, Section 4

- University Health Services
  - Currently in Potter Building
  - Primary care, emergency services, health education and wellness programs

- Counseling Center
  - Currently in Roosevelt Hall
  - Emergency & referral services, group counseling and outreach
Both operations have staffing & medical record responsibilities
- Operating budget of $9.1 million for FY 2020 with a staff of 51.3 FTE
- Efficiencies across operations expected
  - Anticipated completion in FY 2021
- Value of these efficiencies not known
  - Will this help defray debt service?
## Article 6, Section 4

<table>
<thead>
<tr>
<th>Health &amp; Counseling</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
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</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>$8.2</td>
<td>$8.8</td>
<td>$8.2</td>
<td>$9.1</td>
</tr>
<tr>
<td>Personnel</td>
<td>$6.0</td>
<td>$6.0</td>
<td>$6.5</td>
<td>$6.6</td>
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<tr>
<td>Operations</td>
<td>$1.4</td>
<td>$1.3</td>
<td>$1.6</td>
<td>$1.7</td>
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<tr>
<td>Debt Service</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.8</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>$7.4</td>
<td>$7.4</td>
<td>$8.2</td>
<td>$9.1</td>
</tr>
<tr>
<td>Operating Balance</td>
<td>$0.7</td>
<td>$1.4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt Service as % of Expenses</td>
<td>1.4%</td>
<td>1.5%</td>
<td>1.2%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

$ in millions
Article 6, Sections 4

- Issues

  - How will debt service costs be covered?
    - How much would come from fees?
      - Current fee yield suggests an increase of $154 or 28%
  
  - Are other revenues assumed?
    - What info does RIHEBC require regarding this?
  
  - What are operating costs for new building?
  
  - Assumes $6.0 million from pay-go aux sources
    - Are balances sufficient for schedule presented?
## Article 6, Sections 2-4

<table>
<thead>
<tr>
<th>URI Unrestricted Debt Service</th>
<th>GO</th>
<th>RIHEBC</th>
<th>ESCO</th>
<th>Total</th>
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<tbody>
<tr>
<td>FY 2014</td>
<td>$20.2</td>
<td>$3.2</td>
<td>$2.4</td>
<td>$25.8</td>
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<tr>
<td>FY 2015</td>
<td>$19.2</td>
<td>$3.2</td>
<td>$1.7</td>
<td>$24.0</td>
</tr>
<tr>
<td>FY 2016</td>
<td>$8.5</td>
<td>$3.0</td>
<td>$1.7</td>
<td>$13.3</td>
</tr>
<tr>
<td>FY 2017</td>
<td>$15.5</td>
<td>$3.4</td>
<td>$2.0</td>
<td>$20.9</td>
</tr>
<tr>
<td>FY 2018</td>
<td>$22.8</td>
<td>$3.0</td>
<td>$1.8</td>
<td>$27.6</td>
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<tr>
<td>FY 2019 Rev.</td>
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<td>$3.9</td>
<td>$2.0</td>
<td>$34.9</td>
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<tr>
<td>FY 2020 Gov.</td>
<td>$30.5</td>
<td>$4.9</td>
<td>$2.1</td>
<td>$37.6</td>
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</table>

$ in millions
## Article 6, Sections 2-4

<table>
<thead>
<tr>
<th>URI Aux Debt Service</th>
<th>Dorms</th>
<th>Ryan/Boss</th>
<th>Dining</th>
<th>Parking</th>
<th>Other</th>
<th>Total</th>
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<tbody>
<tr>
<td>FY 2014</td>
<td>$10.9</td>
<td>$2.8</td>
<td>$1.1</td>
<td>$1.0</td>
<td>$0.6</td>
<td>$16.4</td>
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<tr>
<td>FY 2015</td>
<td>$10.6</td>
<td>$2.8</td>
<td>$1.1</td>
<td>$0.9</td>
<td>$1.4</td>
<td>$16.8</td>
</tr>
<tr>
<td>FY 2016</td>
<td>$10.6</td>
<td>$2.8</td>
<td>$1.1</td>
<td>$0.9</td>
<td>$1.4</td>
<td>$16.8</td>
</tr>
<tr>
<td>FY 2017</td>
<td>$10.8</td>
<td>$2.7</td>
<td>$1.1</td>
<td>$0.9</td>
<td>$1.2</td>
<td>$16.7</td>
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<tr>
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<td>$7.9</td>
<td>$2.0</td>
<td>$0.8</td>
<td>$0.9</td>
<td>$1.0</td>
<td>$12.6</td>
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<tr>
<td>FY 2019</td>
<td>$9.6</td>
<td>$2.4</td>
<td>$1.0</td>
<td>$1.1</td>
<td>$1.1</td>
<td>$15.1</td>
</tr>
<tr>
<td>FY 2020</td>
<td>$12.9</td>
<td>$2.4</td>
<td>$1.1</td>
<td>$1.1</td>
<td>$1.7</td>
<td>$19.2</td>
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$ in millions
## Article 6 - Debt Management Act Joint Resolution

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</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$80.5</td>
<td>$5.9</td>
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<tr>
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<td></td>
<td></td>
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<td>High Security Center</td>
<td>$45.0</td>
<td>$4.3</td>
<td>General Revenue - 15 yrs., 5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$125.5</td>
<td>$10.2</td>
<td></td>
</tr>
</tbody>
</table>

*$ in millions*
DOC High Security Center
- Authorizes borrowing $45.0 million
  - Authorization describes a $60.0 million project
    - Identifies $15.0 million coming from RICAP
      - No specific enumeration of that support in budget
      - Single asset protection project for whole Department
- Conflicting information on out-year savings
  - Original out-year estimates suggest short timeframe now noted as incorrect & timeline is 3yrs
  - Other details provided suggest RICAP is for $5 million per year from FY 2021-FY 2023
DOC High Security Center

- Annual debt service of $4.3 million
  - Total cost of $66.2 million supported by general revenues
    - Assumes 15 years and 5% interest
- Approved plan includes $250,000 for feasibility study of all DOC facilities that has not been completed
  - Expected completion April 2019
  - FY 2019 budget included $1.5 million in OT savings assuming study would produce cost savings
Article 6, Section 5

- Article identifies “age and poor design” as reason for significant upgrades to achieve
  - New housing with operational improvements
  - Potential expansion
  - Improved program space
  - Reduced correctional officer/inmate ratios
  - Energy/maintenance efficiencies
  - Increased officer security
Article 6, Section 5

- DOC High Security Center
  - Built in 1981
  - For inmates that require close security
    - Pose a threat to safety, security & orderly operation of other facilities
    - Inmates in protective custody are housed at Intake Center
  - Inmate to staff ratio of 0.85 to 1
- Consistently offered for closure in DOC budget to meet target reductions
High Security demographics on March 4

- 84 sentenced offenders; 1 awaiting trial
  - 54 are in a security risk group
    - 40 gang affiliation
    - 8 management problem
      - 7 of these are in the Residential Treatment Unit
    - 4 escape risk
- 42 (50%) w/ sentences between 5 & 10 years
- Average time at High Security is 370 days
  - Range between 11 days and 17 ½ years
Article 6, Section 5

High Security Costs: FY 2019 Enacted

- Staff, $12,155,714, 99%
- Operations, $108,819, 1%
## Article 6, Section 5

<table>
<thead>
<tr>
<th>Facility</th>
<th>Capacity Total/Operating</th>
<th>Avg. Pop.</th>
<th>% of Total Cap.</th>
<th>Annual Cost/Inmate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>710</td>
<td>708</td>
<td>278</td>
<td>39%</td>
</tr>
<tr>
<td>Medium</td>
<td>1186</td>
<td>1126</td>
<td>1,024</td>
<td>86%</td>
</tr>
<tr>
<td>Intake</td>
<td>1148</td>
<td>1118</td>
<td>842</td>
<td>73%</td>
</tr>
<tr>
<td>Maximum</td>
<td>466</td>
<td>411</td>
<td>412</td>
<td>88%</td>
</tr>
<tr>
<td>High Security</td>
<td>166</td>
<td>138</td>
<td>88</td>
<td>53%</td>
</tr>
<tr>
<td>Women’s*</td>
<td>213</td>
<td>173</td>
<td>144</td>
<td>45%</td>
</tr>
</tbody>
</table>

Based on FY 2018 data from DOC; *Excludes empty 100 bed facility
Article 6, Section 5

- High Security can have up to 166 inmates
  - Per inmate costs include direct costs of staffing facility as well as a inmate related costs budgeted elsewhere
    - Food, medical, utilities, maintenance, programs, support staff
  - Does not include top admin staff or capital expenses
  - Published references to $240k costs inaccurate
    - Underlying DOC calculations have been corrected

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Cost</th>
<th>Number of Inmates</th>
<th>Cost Per Inmate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$14,700,834</td>
<td>96</td>
<td>$153,134</td>
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<tr>
<td>2017</td>
<td>$15,645,235</td>
<td>93</td>
<td>$168,228</td>
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<tr>
<td>2018</td>
<td>$16,140,137</td>
<td>88</td>
<td>$183,411</td>
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</table>
## High Security direct costs

- These are the costs that are variable by facility and impacted by design and staffing patterns.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Cost</th>
<th>Number of Inmates</th>
<th>Cost Per Inmate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$11,844,295</td>
<td>96</td>
<td>$123,378</td>
</tr>
<tr>
<td>2017</td>
<td>$13,601,210</td>
<td>93</td>
<td>$146,250</td>
</tr>
<tr>
<td>2018</td>
<td>$13,719,697</td>
<td>88</td>
<td>$155,906</td>
</tr>
<tr>
<td>2019 E</td>
<td>$12,264,533</td>
<td>85*</td>
<td>$142,611</td>
</tr>
<tr>
<td>2019 R</td>
<td>$14,196,047</td>
<td>85*</td>
<td>$165,070</td>
</tr>
</tbody>
</table>

*Avg. through Feb.; current number is 86;
Article 6, Section 5

High Security Population vs Total Population over FY 2008 to FY 2018

- FY 2008: 3,860
- FY 2018: 2,784

Graph showing population trends from FY 2008 to FY 2018.
DOC High Security Center

Governor’s budget includes savings of $5.1 million which assumes:

- Moving 50 inmates to out-of-state facilities
  - Price based on MA equivalent of High Security
    - $65,506
- Moving 36 inmates to buildings with lower security classifications within DOC
- Transferring High Security staff among those other buildings
  - Reduced overtime costs in other facilities
## Article 6, Section 5

<table>
<thead>
<tr>
<th>Budget Assumptions</th>
<th>Value</th>
<th># of Inmates</th>
<th>Cost per Inmate</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Security FY 2020 Request</td>
<td>$14,971,585</td>
<td>86</td>
<td>$174,088</td>
</tr>
<tr>
<td><strong>Transfers and Placements</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transferred Staff OT Savings</td>
<td>($9,822,937)</td>
<td>36</td>
<td>n/a</td>
</tr>
<tr>
<td>Out of State Placements</td>
<td>3,275,300</td>
<td>50</td>
<td>$60,179</td>
</tr>
<tr>
<td>Per Diem Savings</td>
<td>(266,350)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Savings</td>
<td>($6,813,987)</td>
<td>86</td>
<td>($79,232)</td>
</tr>
<tr>
<td>Oct. 1 Savings Gov.’s Budget</td>
<td>($5,110,491)</td>
<td>86</td>
<td>($59,424)</td>
</tr>
</tbody>
</table>
Article 6, Section 5

- RIGL 12-19-23
  - Unless otherwise provided, every person... sentenced to imprisonment shall be... imprisoned in the [ACI]

- RIGL 13-11-2
  - New England Interstate Corrections Compact
    - States may cooperatively use facilities & programs for programmatic and economic outcomes

- RIGL 13-11-3
  - Allows DOC director to contract with other states to secure similar transfer agreements
Interstate transfer agreements are usually reciprocal

- Currently 43 RI inmates are in other states & ACI houses 35 inmates from other states
  - If 1 for 1 exchange, no payments are made
  - Payment only occurs when not a 1 for 1 exchange
    - Generally per inmate/ per day charge set by receiving facility based on the cost to house the offender
- There is precedent for other states negotiating similar arrangements
### Article 6, Section 5

<table>
<thead>
<tr>
<th>Facility</th>
<th>Feb. 2019 Pop.</th>
<th>% of Total Capacity</th>
<th>Empty Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>948</td>
<td>80%</td>
<td>238</td>
</tr>
<tr>
<td>Maximum</td>
<td>390</td>
<td>84%</td>
<td>76</td>
</tr>
<tr>
<td>High Security</td>
<td>86</td>
<td>52%</td>
<td>80</td>
</tr>
<tr>
<td>Minimum</td>
<td>213</td>
<td>30%</td>
<td>297</td>
</tr>
<tr>
<td>Intake</td>
<td>820</td>
<td>71%</td>
<td>328</td>
</tr>
</tbody>
</table>
Issues - changing assumptions

- Capital budget programs most $$ in FY 2020 with smaller amounts through FY 2023
  - Out-year estimates originally suggested shorter time frame
    - Newer info suggest 36 months
    - How does this tie in with feasibility study?

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Spend</td>
<td>$45.0</td>
<td>$5.0</td>
<td>$5.0</td>
<td>$5.0</td>
<td>-</td>
</tr>
<tr>
<td>Operating Impact - Out Year Forecast*</td>
<td>$(5.1)</td>
<td>$(6.8)</td>
<td>$(6.8)</td>
<td>$(1.7)</td>
<td>-</td>
</tr>
</tbody>
</table>

* changed from earlier data

$ in millions
Issues – changing assumptions

- Drop in FY 2024 operating savings not clear
- Debt service payments begin in FY 2020
  - Savings only exceed payments for 4 years?
  - Other info suggests breakeven savings over long term

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service</td>
<td>$1.1</td>
<td>$4.3</td>
<td>$4.3</td>
<td>$4.3</td>
<td>$4.3</td>
</tr>
<tr>
<td>Operating</td>
<td>($5.1)</td>
<td>($6.8)</td>
<td>($6.8)</td>
<td>($1.7)</td>
<td>-</td>
</tr>
<tr>
<td>Impact - Out</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year Forecast*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$ in millions - * changed from earlier data
Article 6, Section 5

- Issues - logistics
  - How long is process to empty the facility?
    - Are the out-of-state placements available?
    - Have inmates been assessed for suitability for lower classification?
  - What will staffing be like during that process?
- Transportation
  - How will inmates get to out of state facilities?
  - Budget does not account for staff costs to accompany inmates during transfers
Project Considerations

- Does the project need to be done?
- Is the project ready to be done?
  - When will it start?
  - Is it well thought through and ready for funding/financing?
    - What will the operating budget impacts be?
      - Maintenance costs, staff savings?
  - When will it be complete?
Funding Considerations

- Should a project be financed or pay-as-you-go?
  - Rhode Island Capital Plan funds available as pay-go for all or part of project
  - More pay-go equals less future debt service
Funding Considerations

- State’s overall debt structure
  - Net tax supported debt would decrease by $231.6 million to $1,686.2 million
  - Had dropped to $1.3 billion in FY 2003 after use of tobacco bonds to defease debt
  - Past practice indicates it will be higher as more projects are added
Debt as a percent of personal income would decrease from 3.1% in FY 2018 to 2.3% into FY 2024

Likely to be higher based on projects being added
### Funding Considerations – Debt Service

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net Tax Supported Debt Service*</th>
<th>Pct. of Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$212.7</td>
<td>5.3%</td>
</tr>
<tr>
<td>2020</td>
<td>$250.7</td>
<td>5.9%</td>
</tr>
<tr>
<td>2021</td>
<td>$270.1</td>
<td>6.3%</td>
</tr>
<tr>
<td>2022</td>
<td>$257.1</td>
<td>5.8%</td>
</tr>
<tr>
<td>2023</td>
<td>$256.4</td>
<td>5.7%</td>
</tr>
<tr>
<td>2024</td>
<td>$262.3</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

*Millions
Capital

- FY 2020 – FY 2024
- $5.3 billion outlays
  - Average $1,064.2 million per year
  - $1,297.0 million from financing
  - $4,024.2 million from current revenue
Assembly Role

- Appropriate Pay-Go
- Approve General Obligation Bond Referenda
  - Voters approve or reject
  - Debt service automatic
- Other Financing (Kushner)
  - Approve or reject resolution
  - Generally appropriate debt service
Rhode Island Capital Plan Funds

- 1990 Assembly set up the “rainy day” fund to ensure adequate cash and budget reserves
- Voter referendum in November 1992
- Largest source of state funded pay-go
- State spending limited to 97.0% of general revenues
  - FY 2013 was end of 5-year move from 98.0%
Rhode Island Capital Plan Funds

- Remainder goes to Budget Stabilization & Cash Reserve Account
- When that reaches 5.0%, excess flows to the capital account
- Previously used mostly to pay debt
- Voters amended constitution in 2006 to limit use for projects only
- Dedication of pay-go sources to capital lessens need to issue debt
Rhode Island Capital Plan Funds

- Projects
- Debt Service

FY 2006: $50
FY 2008: $0
FY 2010: $50
FY 2012: $0
FY 2014: $100
FY 2016: $100
FY 2018: $200
FY 2020: $225
FY 2022: $150
FY 2024: $100
Rhode Island Capital Plan Funds

- Resources in the Fund have grown over time
- Being used for its intended purpose: lowering the state’s borrowing needs
  - Annual $27.2 million is being used in lieu of borrowing to match federal transportation funds
Rhode Island Capital Plan Funds

- $658.5 million for FY 2020 – FY 2024
- Approximately $132 million annually
  - 27% for Transportation
  - 20% for Higher Education
- Improvements for state buildings
  - Courts, prisons, hospitals
- State facilities
  - Dams, piers, parks
- Designed to extend the life of facilities
  - Prevent the need for costly replacements
Debt Service as Percent of Useable Revenues

 FY 2019  FY 2020  FY 2021  FY 2022  FY 2023  FY 2024

Current Debt Service | New Debt Service
Governor’s FY 2020 Budget: Articles

Staff Presentation to the House Finance Committee
March 5, 2019