

# Governor's FY 2019 Budget: Articles

Staff Presentation to the House Finance  
Committee  
February 7, 2018

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# 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

Quasi Transfers	FY 18	FY 18 R	Chg.	FY 19	2Yr Chg.
<b>Resource Recovery</b>	\$ -	\$ 3.0	\$3.0	\$3.0	\$6.0
RI Housing	1.0	6.0	5.0	5.0	10.0
Infrastructure Bank	3.5	8.5	5.0	-	5.0
<b>Turnpike &amp; Bridge</b>	-	<b>1.5</b>	<b>1.5</b>	-	<b>1.5</b>
<b>RISLA</b>	-	<b>3.0</b>	<b>3.0</b>	-	<b>3.0</b>
WR Board Corp.	-	1.1	1.1	-	1.1
NBC	5.0	5.0	-	-	-
QDC	1.0	1.0	-	-	-
RIHEBC	6.0	6.0	-	-	-
<b>Total</b>	<b>\$16.5</b>	<b>\$35.1</b>	<b>\$18.6</b>	<b>\$8.0</b>	<b>\$26.6</b>

# 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

# Article 1, Sec. 15 & Article 10, Sec. 7 – Resource Recovery

## History of Transfers

Fiscal Year	Transfer	Fiscal Year	Transfer
1994	\$(6,000,000)*	2003	6,000,000
1995	6,000,000	2005	4,300,000
1996	15,000,000	2006	7,500,000
1998	2,000,000	2007	3,300,000
1999	4,000,000	2008	5,000,000
2001	3,115,000	2009	7,500,000
2002	3,000,000	2012	3,500,000
<i>*state subsidy</i>		<b>Total \$ 64,215,000</b>	

# Article 1, Sec. 15 & Article 10, Sec. 7 – Resource Recovery

- 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



# Article 1, Sec. 15 & Article 10, Sec. 7 – Resource Recovery

- 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

# Article 1, Sec. 15 & Article 10, Sec. 7 – Resource Recovery

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

*\$in millions \*Preliminary*

# Article 10, Section 8 – RITBA

- \$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

# Article 10, Section 8 – RITBA

- 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

# Article 10, Section 9 – Student Loan Authority

- \$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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