



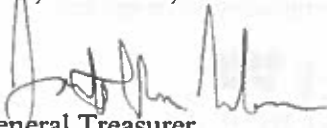
OFFICE OF MANAGEMENT & BUDGET

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To: The Honorable Nicholas J. Mattiello, Speaker of the House of Representatives
The Honorable Dominick J. Ruggiero, President of the Senate
The Honorable Chairman Marvin L. Abney, Chairman, House Finance Committee
The Honorable William J. Conley, Jr., Chairman, Senate Finance Committee

From: Jonathan Womer, Director
Office of Management & Budget 

cc: The Honorable Seth Magaziner, General Treasurer

Date: March 24, 2020

Subject: Cashflow and Revenue Analysis

Cash Flow Analysis

The Office of the General Treasurer, working with the Department of Revenue and the Office of Management and Budget (OMB), has estimated the weekly cash flow impacts resulting from the COVID-19 pandemic in a conservative scenario using current information. There is a lot of uncertainty with these projections, especially in the later months. **In addition, this forecast is changing daily as new information becomes available.**

The Treasurer's target is to maintain a general fund balance of at least \$40 million. The forecast projects a balance of less than \$40 million first occurring the week ending April 3rd due to the following:

- Tax receipts are relatively light at the end/beginning of months.
- Early effects of the delay of the April 15 income tax filing deadline to July 15.
- Reduction of income tax withholding.

Week Ending On	Weekly Low Balance (millions)
20-Mar	\$70
27-Mar	\$110
3-Apr	\$14
10-Apr	\$14
17-Apr	\$(19)
24-Apr	\$0
1-May	\$(196)
8-May	\$(181)
15-May	\$(203)
22-May	\$(193)
29-May	\$(231)
5-Jun	\$(220)
12-Jun	\$(187)
19-Jun	\$(180)
26-Jun	\$(159)
Until FY End	\$(206)

However, interfund borrowing from other state and quasi-public accounts could provide enough cushion to keep the cash +\$40 million through mid-April.

Revenue Impacts

The primary cause of the cash shortfall in the current year is the delay in the federal tax filing deadline to July 15, 2020, and its corresponding effect on RI filing deadlines. This change will push collection of over \$300 million of FY 2020 revenue during FY 2021. In addition, it will ensure the state has a negative cash balance for the rest of the fiscal year. Other impacts include:

- Withholding payments and sales tax receipts may decline in the short-term if emergency measures to promote social distancing continue; and
- A partial lottery transfer is expected in March. The availability of future lottery transfers is uncertain due to the closure of the casinos.

Expenditure Impacts

We will see an increase in COVID-19-related expenditures during the remainder of the fiscal year. These will be at least partially offset by:

- An increase in the Medicaid FMAP reimbursement that is expected to bring in \$55 million; and
- Other federal funds related to COVID-19, beginning with an anticipated \$5 million in federal reimbursement.

Remainder of CY 2020

Even assuming income tax payments come in as expected in July 2020, cash flow may remain challenged intermittently from August through December depending on the lasting effects of the pandemic.