

# *Department of Business Regulation*

Staff Presentation  
FY 2015 Revised and  
FY 2016 Recommended Budgets  
April 28, 2015

## *Department of Business Regulation*

- Divisions include:
  - ◆ Central Management
  - ◆ Banking Regulation
  - ◆ Securities Regulation
  - ◆ Board of Accountancy
  - ◆ Insurance Regulation
  - ◆ Office of the Health Insurance Commissioner
  - ◆ Commercial Licensing, Racing & Athletics
  - ◆ Boards for Design Professionals

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## FY 2015 Revised Recommendation

	FY 2015 Enacted	FY 2015 Rev. Req.	FY 2015 Revised	Chng./ Enacted	Chng./ Req.
Gen. Rev.	\$9.0	\$9.0	\$8.8	(\$0.2)	(\$0.2)
Fed. Funds	2.0	2.6	2.5	0.5	(0.1)
Restricted Receipts	2.0	2.5	2.5	0.6	0.1
<b>Total</b>	<b>\$13.0</b>	<b>\$14.1</b>	<b>\$13.8</b>	<b>\$0.8</b>	<b>(\$0.3)</b>

*In millions*

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## FY 2015 Revised

- Recommends \$8.8 million from general revenues
  - ◆ \$0.2 million less than enacted and requested
  - ◆ Primarily from turnover savings
    - 8.9 percent average vacancy through April 4
  - ◆ Statewide savings from medical benefits

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## *Executive Office of Commerce*

- 2013 Assembly adopted several pieces of legislation pertaining to economic dev.
- Created Executive Office of Commerce, effective February 1, 2015
  - ◆ Powers to operate functions from Department of Business Regulation
- Recommendation maintains DBR as a stand-alone department

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## *Article 20 – Professional Licenses*

	<b>End Licensure/ Certification</b>	<b>End Fee</b>	<b># of Holders</b>
Line Cleaners	X	X	20
Auctioneers & apprentices	X	X	99
Kickboxing	X	X	-

- Article hearing – April 2

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## Target Issues

- Department provided with general revenue target of \$8.8 million
  - ◆ Includes current service adjustments totaling \$0.5 million
  - ◆ 7.5 percent reduction or \$0.7 million
- Constrained request assumes \$0.5 million from leaving 7 positions vacant and \$0.7 million from eliminating 7 other positions

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## Target Issues

- Governor does not concur with proposal to eliminate positions
  - ◆ Six of the seven positions are revenue generating
- Constrained request assumes \$0.4 million in turnover savings
- Governor recommends \$0.5 million
  - ◆ \$0.1 million more than constrained request and enacted

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## FY 2016 Recommendation

	FY 2015 Enacted	FY 2016 Request	FY 2016 Gov. Rec.	Chng./ Enacted	Chng./ Req.
Gen. Rev.	\$9.0	\$9.5	\$9.3	\$0.3	(\$0.2)
Fed. Funds	2.0	2.7	2.8	0.8	0.1
Restricted Receipts	2.0	2.5	2.6	0.6	-
<b>Total</b>	<b>\$13.0</b>	<b>\$14.8</b>	<b>\$14.7</b>	<b>\$1.8</b>	<b>(\$0.1)</b>

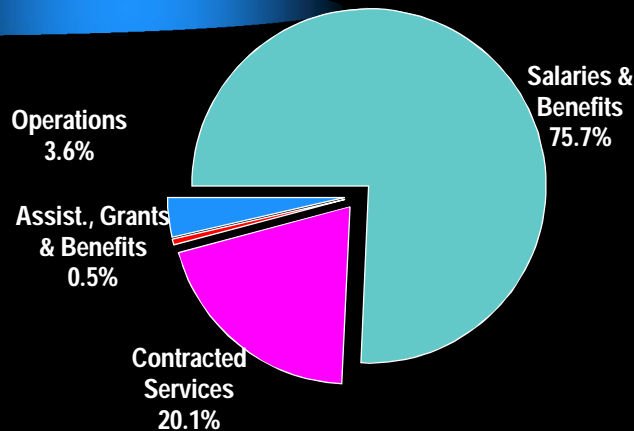
*In millions*

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## Recommendations by Program

	FY 2015 Enacted	FY 2015 Gov. Rev.	FY 2016 Gov.	Chng./ Enacted
Central Mgmt.	\$1.2	\$1.2	\$1.4	\$0.2
Banking Reg.	1.6	1.7	1.7	0.1
Securities Reg.	1.0	0.9	1.0	-
Comm. Licensing	1.2	1.2	1.2	0.1
Insurance Reg.	5.2	5.6	5.8	0.6
OHIC	2.5	2.9	3.3	0.8
Board of Acct.	0.01	0.01	0.01	-
Design Professionals	0.3	0.3	0.3	0.01
<b>Total</b>	<b>\$13.0</b>	<b>\$13.8</b>	<b>\$14.7</b>	<b>\$1.8<sub>10</sub></b>

## *FY 2016 Recommendation by Category*



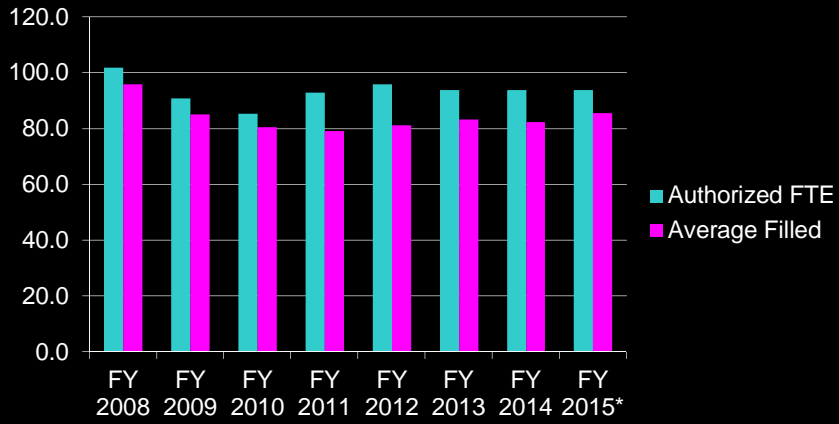
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## *Full-Time Equivalent Positions*

- Recommends staffing of 98.0 positions for FY 2015 and 99.0 for FY 2016
  - ◆ Adds 4.0 positions in both years
  - ◆ Does not fund them
- FY 2016 recommendation transfer ombudsman position from DOA
- Department had 12 vacancies on pay period ending April 4

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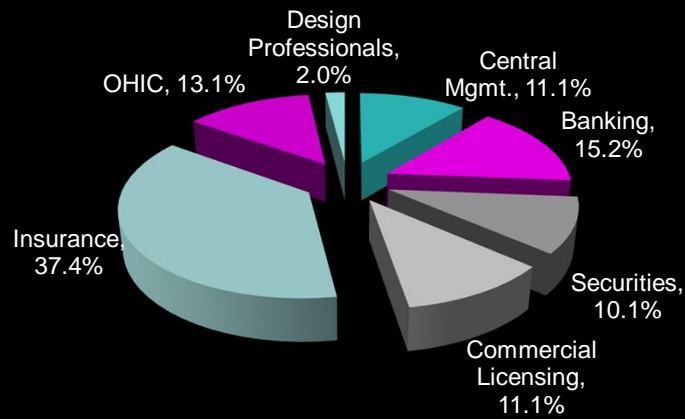
## FTE History



\*Through April 4

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## FTEs by Program FY 2016



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## Central Management

- Administers and oversees the statutory functions of the department
- Provides support services in the areas of budgeting, accounting, personnel, legal and computer service
- Recommends \$1.4 million and staffing of 11.0 positions

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## Central Management

- Recommendation is \$0.2 million more than enacted
  - ◆ \$0.1 million for staffing
    - Transferred ombudsman position from DOA
  - ◆ \$0.1 million for software maintenance
    - 2006 Assembly approved \$1.0 million for an integrated web-based licensing system
    - System is completed and individuals/ businesses now have access to register or renew licenses electronically

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## *Banking Regulation*

- Required by statute to conduct annual examinations of banks and credit unions
- Monitors, regulates and examines 32 state-chartered financial institutions and credit unions and approximately 1,100 licenses
- Recommends \$1.7 million for FY 2016 and staffing of 15.0 full-time positions
  - ◆ \$0.1 million more than enacted
  - ◆ Staffing is consistent with enacted

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## *Securities Regulation*

- Enforces compliance with state laws for the securities industry, franchises, charities, fundraisers and time-shares
- Licenses and regulates securities professionals
- Recommends \$1.0 million and staffing of 10.0 positions
  - ◆ \$46,954 less and staffing consistent with enacted

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## *Commercial Licensing, Racing & Athletics*

- Licenses & regulates real estate agents, brokers, appraisers, auto body shops, glass installers, upholsters & liquor wholesalers
- Licenses Twin River & Newport Grand employees and vendors
- \$1.2 million and staffing of 11.0 positions
  - ◆ \$50,821 more than enacted

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## *Insurance Regulation*

- Conducts financial examinations of domestic insurance companies
- Licenses companies, producers, adjusters and appraisers
- Recommends \$5.8 million and staffing of 37 positions
  - ◆ \$0.6 million more and staffing consistent with authorized level

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## *Insurance Regulation*

- Actuarial Services for Rate Review Filings
- Governor recommends \$1.5 million each in both years
  - ◆ Firms are employed to assist in preparation of insurance rate filings
    - Contracts with 5 firms
  - ◆ Complex analysis of loss and premium data gathered by insurers over a period of years
    - Expenditure of \$0.7 million average last five years

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## *Office of the Health Ins. Commissioner*

- Created by 2004 Assembly within Insurance Regulation
- Established as a departmental program in FY 2012
- Oversees the activities of health insurers
  - ◆ Guards solvency
  - ◆ Protects interest of consumers
  - ◆ Encourages fair treatment of health care providers

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## *Office of the Health Ins. Commissioner*

- Recommends \$3.3 million and staffing of 13.0 positions
  - ◆ \$0.8 million more and staffing consistent with enacted
  - ◆ Primarily from federal funds
    - Rate Review grants from CMS
    - State Innovation Models Initiative

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## *Board of Accountancy*

- Autonomous board responsible for administration of licensing
  - ◆ Certified public accountants
  - ◆ Public accountants
  - ◆ Accountancy partnerships & corporations
- Recommends \$16,654
  - ◆ Consistent with enacted budget
  - ◆ Operating costs

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## *Boards for Design Professionals*

- Boards of Registration for professional engineers, land surveyors, landscape architects, and architects
- Examines and registers candidates, issues license renewals, proctors exams, and acts upon complaints
- Recommends \$0.3 million and 2.0 position
  - ◆ \$12,374 more than enacted and staffing is consistent with authorized level

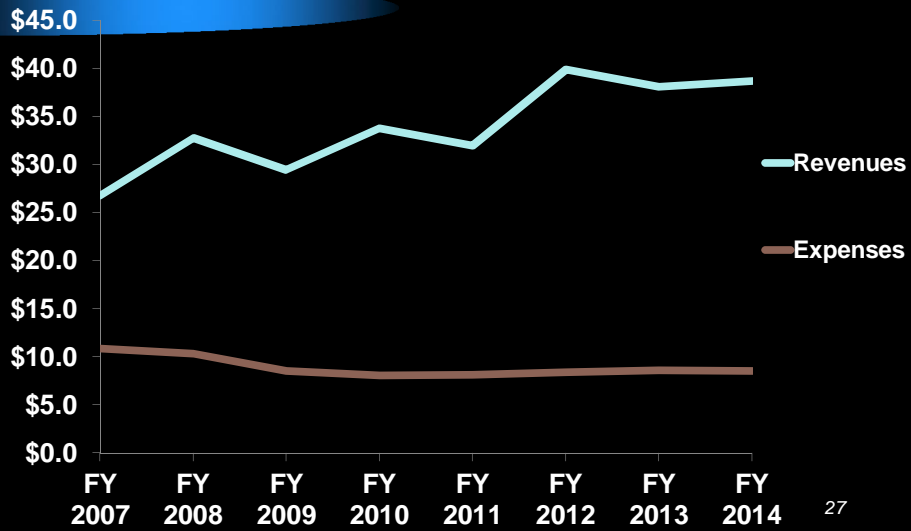
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## *Revenues*

- Department generates revenues through:
  - ◆ Applications, exams, license renewals, late penalties and miscellaneous fees
- Funds collected are deposited as general revenues

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## Revenues and Expenditures



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