

# Governor's FY 2019 Budget: Articles

Staff Presentation to the House Finance  
Committee  
March 1, 2018

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# Introduction

- Article 3 – Government Reform
  - Transfers
    - Creates Division of Building, Design & Fire Professionals with functions transferred from Departments of Administration & Public Safety to Business Regulation
    - Water Resources Board to PUC
  - Other changes
    - Injured on Duty Reform
    - Tobacco Settlement Financing Corp member
    - State Aid

# Sec. 1-9, Division of Building, Design & Fire Professionals

- Consolidates licensing and regulation relating to building and construction design, inspection, and enforcement of building and fire codes
- Establishes Division of Building, Design and Fire Professionals in Department of Business Regulation

# Sec. 1-9, Division of Building, Design & Fire Professionals

- From Dept. of Administration
  - Contractors' Registration and Licensing Board
  - State Building Code Commission
  - Fire Safety Board of Appeal and Review
- From Public Safety
  - Division of State Fire Marshal

# Sec. 1-9, Division of Building, Design & Fire Professionals

- Contractors' Registration & Licensing Board
  - Responsible for registering building contractors, licensing home inspectors and commercial roofers
  - Board investigates complaints and conducts consumer protection activities
    - Mediates disputes between property owners and contractors

# Sec. 1-9, Division of Building, Design & Fire Professionals

- Contractors' Registration & Licensing Board
  - Operating costs are supported by restricted receipts
    - Registration fees paid by contractors and commercial roofers
  - Governor proposes to fund Boards for Design Professionals with these receipts

# Sec. 1-9, Division of Building, Design & Fire Professionals

	FY 2016	FY 2017	FY 2018 Rev.	FY 2019 Gov.
Balance Fwd.	\$603,016	\$910,743	\$705,603	\$110,557
New Receipts	1,549,681	1,124,482	1,511,000	1,012,034
Indirect Cost	(154,968)	(112,448)	(151,100)	(101,203)
<b>Available</b>	<b>\$1,997,728</b>	<b>\$1,922,777</b>	<b>\$2,065,503</b>	<b>\$1,021,388</b>
Expenditures	1,086,985	1,217,174	1,631,243	1,327,490
Design Prof.	-	-	323,703	335,643
<b>Balance</b>	<b>\$910,743</b>	<b>\$705,603</b>	<b>\$110,557</b>	<b>(\$641,745)</b>

# Sec. 1-9, Division of Building, Design & Fire Professionals

- State Building Code Commission
  - Oversees approval of:
    - State projects
    - Accessibility programs
    - Building code standards
  - Monitors for compliance applicable structures
  - Operating budget of \$1.5 million; funded with general revenues
  - Staffed with 11.0 full-time positions; all filled

# Sec. 1-9, Division of Building, Design & Fire Professionals

- Fire Safety Board of Appeal and Review
  - Provides interpretations of fire codes and hears all variance requests
  - Staffed by 3.0 full-time equivalent positions
    - All positions are filled
  - Operating budget of \$0.3 million
    - Supported with general revenues

# Sec. 1-9, Division of Building, Design & Fire Professionals

- Division of State Fire Marshal
  - Responsible for enforcement of duties required by RI Fire Safety Code including
    - Prevention, Protection, Investigation, Education
  - Article establishes it as an office within DBR
    - Current law requires it to be in DPS
    - State Fire Marshal would still be appointed by Governor

# Sec. 1-9, Division of Building, Design & Fire Professionals

- Component of \$25M savings target
  - \$0.3 million savings for FY 2018 & FY 2019
  - MOU signed on 1/12/18
    - DOA, DBR and Public Safety
    - Retroactive to July 1, 2017
    - Renames Div. of Design Professionals as Div. of Construction & Design Professionals
    - Outlines agreements on duties and controls of grant funds and other services and support

# Sec. 1-9, Division of Building, Design & Fire Professionals

- Business Regulation Hierarchy
  - Makes technical corrections to titles and references to be consistent with other sections and current practice
    - Statute contains references to a Director, Administrator, Commissioners, Superintendents
    - Multiple terms confusing
  - Gives Insurance & Banking superintendents powers previously reserved for the Director
    - Makes Director's powers less specific
  - Changes posting requirements - rescinded

# Sec. 12-15, Water Resources Board

- Transfers Water Resources Board from Division of Planning to PUC
  - Department of Administration retains oversight of Big River Management Area
    - Must be maintained for future development of groundwater wells
- Additional changes would be required
  - Article calls for those changes to be submitted to the 2019 Assembly
- Strikes other language in error

# Sec. 12-15, Water Resources Board

- 2011 Assembly merged Board into Division of Planning
  - More closely aligns water planning aspects with statewide planning process
- Water Resources Board has 3.0 positions
  - General manager – vacant almost 2 years
  - Staff director
  - Civil engineer

# Sec. 12-15, Water Resources Board

- Operating cost of Board charged to 7 regulated water suppliers
  - Currently assessed ~ \$1.0 million annually
  - Top payers:
    - Narragansett Bay Commission
    - Providence Water Supply Board

# Sec. 12-15, Water Resources Board

- Budget assumes general revenue savings of \$0.4 million FY 2018 & FY 2019
  - Component of \$25 million savings target
  - MOU signed on October 1, 2017
    - DOA & PUC
    - Retro to July 1, 2017
    - Governor's budget also shifts 3.0 FTE for FY 2018
  - Funding WRB limited to current FTE cap cost
    - Non-staff costs subject to Administrator approval
  - WRB to provide monthly expenditure report

# Injured on Duty – Current Law

- Injured on Duty provision applies to certain state and local public safety personnel
  - Police officers, firefighters, fire marshals
    - Police officers specifically include Capitol Police, Sheriffs, Environmental & Airport Police
  - If one suffers injury or illness while on duty or off-duty, if responding to an emergency
    - Full salaries and benefits
      - Exempt from personal income tax

# Injured on Duty – Current Law

- Employees injured after July 1, 2011 must return to work or apply for disability pension after the later of:
  - 18 months
  - 60 days from when treating physician declares maximum medical recovery has been reached
    - Without this declaration, employee may remain on IOD status

# Sec. 10-11, Injured on Duty

- Article requires use of application & processing rules for IOD benefits for state employees that qualify for them
- Instead of separate accidental disability procedure
  - Board or any court with jurisdiction allows accidental disability benefits, IOD benefits will terminate
  - Current law – only Workers' Comp. Court can make this ruling

# Sec.10-11, Injured on Duty

- Article allows independent medical examiner to certify that maximum medical improvement reached
  - State employees only
  - Triggers 60-day clock to apply for accidental disability benefits
- Retains current law provisions not to conflict with collective bargaining agreements regarding independent medical examinations

# Sec.10-11, Injured on Duty

- Proposed changes intended to apply only to state employees
  - As submitted it would have broader application
  - Governor requested an amendment to rework proposed language to clarify this

# Sec. 10-11, Injured on Duty

- Budget assumes \$0.6 million from general revenues savings from IOD reform -
  - \$0.3 million each for DPS and Military Staff
  - Savings assume 4 Sheriffs & 3 Firefighters will no longer be on IOD after the benefits for first quarter of FY 2019
- All are funded from general revenues
  - Federal funds not allowed for IOD

# Sec. 10-11, Injured on Duty

FY 2019 Estimated Costs	Sheriffs	Firefighters
Average Cost	\$110,662	\$128,075
Annual Cost 4 Sheriffs/3 FF	\$442,648	\$384,225
Savings – 3 quarters	\$331,986	\$288,169

# Sec. 10-11, Injured on Duty

- Fa11 2017
  - 18 Sheriffs
    - 6 pre July 1, 2011
  - 6 Firefighters
    - 1 pre July 1, 2011
- Currently
  - 21 Sheriffs
  - 6 Firefighters

# Sec. 16, Tobacco Settlement Financing Corporation

- Corporation
  - Created in 2002 as a public corporation empowered to:
    - Acquire tobacco receipts from the state that the state is authorized to sell
    - Authorize the sale by the state of all or a portion of the state's tobacco receipts
  - Does not have any employees
    - Administrative support is provided by State Budget Office

# Sec. 16, Tobacco Settlement Financing Corporation

- Changes composition of Board
  - Address quorum issues with board meetings
  - Currently consists of 5 members
    - Two from State Investment Commission
    - Three from public
  - Proposed Structure
    - State budget officer as chairperson
    - Director of Revenue or designee
    - General Treasurer or designee
    - Two from public

# Sec. 17, Council on the Arts

- 2015 Assembly transferred the RI Film and Television Office from Department of Administration
- Section 17 makes technical correction to statutory reference missed in prior law change

# Sec. 18-21, State Aid

- Adds more options for the state to withhold funds from municipalities that owe to state agencies or entities
  - Current options not large enough or do not capture all municipalities
  - Exeter expected to pay \$0.3 million for State Police service
- Shortens the delinquency period from 180 days after invoicing to 90 days

# Sec. 18-21, State Aid

- Current law allows withholding from certain direct aid programs
  - Distressed and PILOT
  - Other unfunded programs
- Article adds items “passed through”
  - Public Service Corporation Tax - \$13 million
  - 1% Meals and Beverage - \$26 million
  - Local Share of Hotel Tax – drafting issues

# Article 3

	FY 2018 Gov. Rev.	FY 2019 Gov. Rec.	Combined Impact
Boards for Design Professionals	\$(323,703)	\$(335,643)	\$(659,346)
Water Resources Board	(410,170)	(410,170)	(820,340)
Injured on Duty Reform	-	(622,304)	(622,304)
State Police Reimbursement	-	(296,002)	(296,002)
<b>Total</b>	<b>\$(733,873)</b>	<b>\$(1,664,119)</b>	<b>\$(2,397,992)</b>

# Article 3 – Amendments

- Governor requested 3 amendments
  - 1<sup>st</sup> - restores current law for Division of Statewide Planning and Council
  - 2<sup>nd</sup> – restores current law language regarding publication in a newspaper
  - 3<sup>rd</sup> – clarifies new accidental disability benefits pertain only to state employees

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