

# Department of Administration

Governor's FY 2019 Revised, FY 2020 Budget  
and Capital Budget Recommendations  
House Finance Committee  
April 11, 2019

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# Department of Administration

- Overhead – Centralized/Statewide Functions:
  - Capital Asset Mgmt. & Maintenance
    - Previous functions of Facilities Management & Capital Projects
  - Debt
  - Human Resources
  - Enterprise Technology Strategy & Services
    - Previously Division of Information Technology
  - Legal Services
  - Purchasing

# Department of Administration

- Overhead:
  - Accounts and Control
  - Central Management
  - Office of Management and Budget

# Department of Administration

- Other programs:
  - Office of Energy Resources
  - Office of Library and Information Services
  - Statewide Planning
  - Personnel Appeal Board
  - HealthSource RI
  - Office of Diversity, Equity & Opportunity

# FY 2020 Recommendation

	<b>FY 2019 Enacted</b>	<b>FY 2020 Gov.</b>	<b>Diff.</b>
Undistributed Savings	\$(20.1)	\$(16.9)	\$3.2
Debt Service	182.7	202.0	19.3
Library Aid	11.5	11.3	(0.2)
Energy Resources	8.7	8.6	(0.1)
HealthSource RI	8.9	10.2	1.3
Central Services*	30.1	25.9	(4.2)
All Other	62.8	82.8	20.0
<i>(\$ in millions)</i> <b>Total</b>	<b>\$284.7</b>	<b>\$324.0</b>	<b>\$39.3</b>

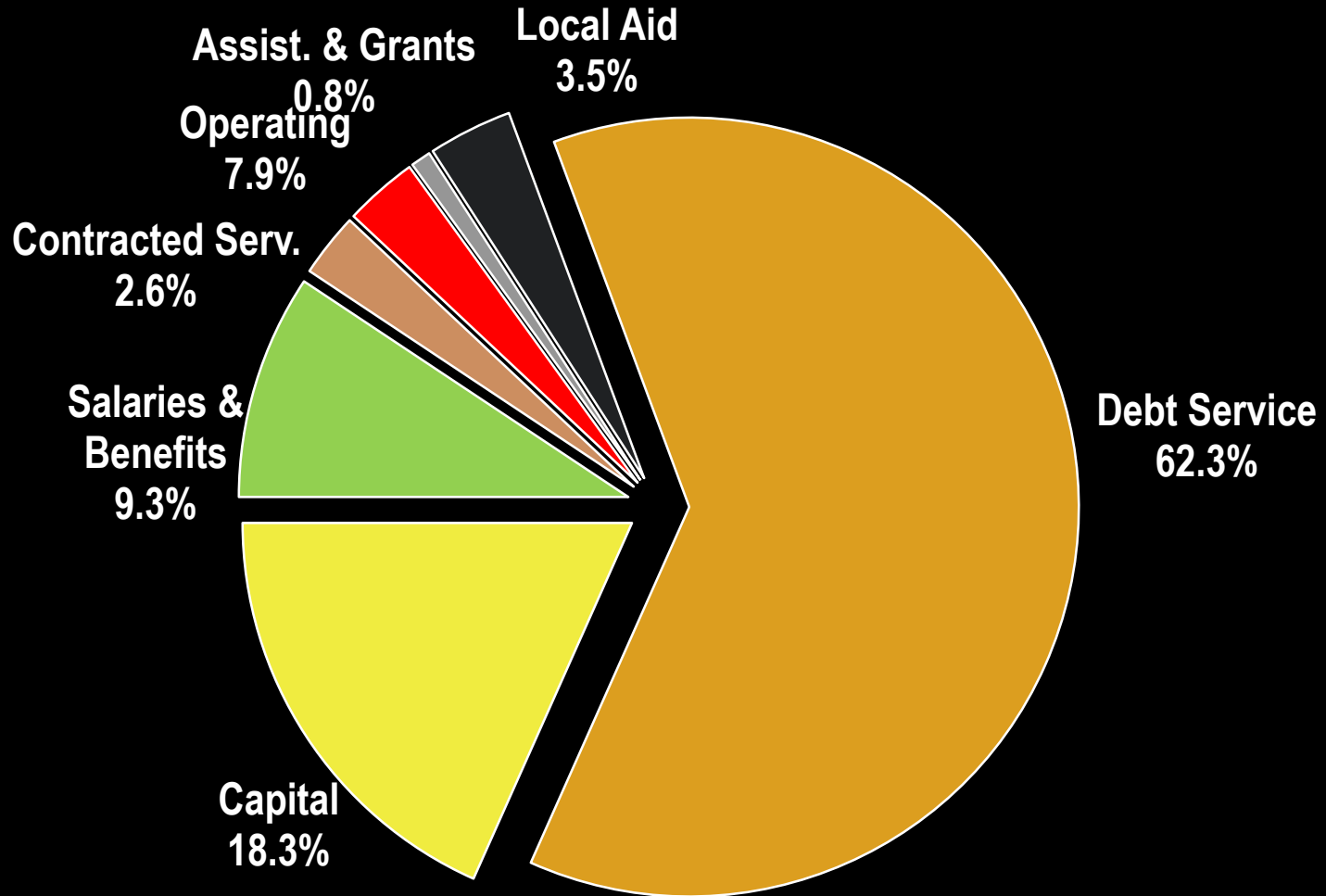
*\*Includes Human Resources, Enterprise Technology Strategy & Services, Purchasing, Capital Asset Management & Maintenance, & Legal Services*

# FY 2020 Recommendation

	<b>General Rev.</b>	<b>Fed. Funds</b>	<b>Restricted Receipts</b>	<b>Other</b>	<b>Total</b>
Enacted	\$177.1	\$3.9	\$26.6	\$77.1	\$284.7
Request	\$204.2	\$3.9	\$24.3	\$93.3	\$325.7
<b>Change</b>	<b>\$27.1</b>	<b>\$0.1</b>	<b>\$(2.3)</b>	<b>\$16.2</b>	<b>\$41.1</b>
Gov. Rec.	\$199.5	\$4.0	\$23.5	\$96.9	\$324.0
<b>Chng. Enact</b>	<b>\$22.4</b>	<b>\$0.2</b>	<b>\$(3.1)</b>	<b>\$19.8</b>	<b>\$39.3</b>
<b>Chg. Req.</b>	<b>\$(4.8)</b>	<b>\$0.1</b>	<b>\$(0.8)</b>	<b>\$3.6</b>	<b>\$(1.8)</b>

*(\$ in millions)*

# Recommendation by Category



# Target Issues

- Budget Office provided a general revenue target of \$204.9 million
  - Includes current service adjustments totaling \$29.0 million
    - \$26.0 million for debt service adjustments
    - \$4.6 million to restore budgeted savings
  - 5.0 percent reduction of \$1.2 million
    - Adjusted for certain exclusions
- Department met target
  - Assumed additional savings from Workers' Compensation privatization initiative



# Savings Proposals

	<b>FY 2019 Enacted</b>	<b>FY 2020 Curr. Ser.</b>	<b>FY 2020 Request</b>	<b>Chng./ Curr. Ser.</b>
Fraud & Waste	\$(9.6)	\$(9.6)	\$(9.6)	\$-
Efficiency Savings	(4.6)	-	-	-
Contract Savings	(3.0)	(3.0)	(3.0)	-
Workers' Compensation	(1.5)	(1.5)	(2.6)	(1.1)
Insurance Savings	(1.0)	(1.0)	(0.5)	0.5
Expand Prompt Payment	(0.4)	(0.4)	(0.4)	-
<b>Total</b>	<b>\$(20.1)</b>	<b>\$(15.5)</b>	<b>\$(16.1)</b>	<b>\$(0.6)</b>

*\$ in millions*

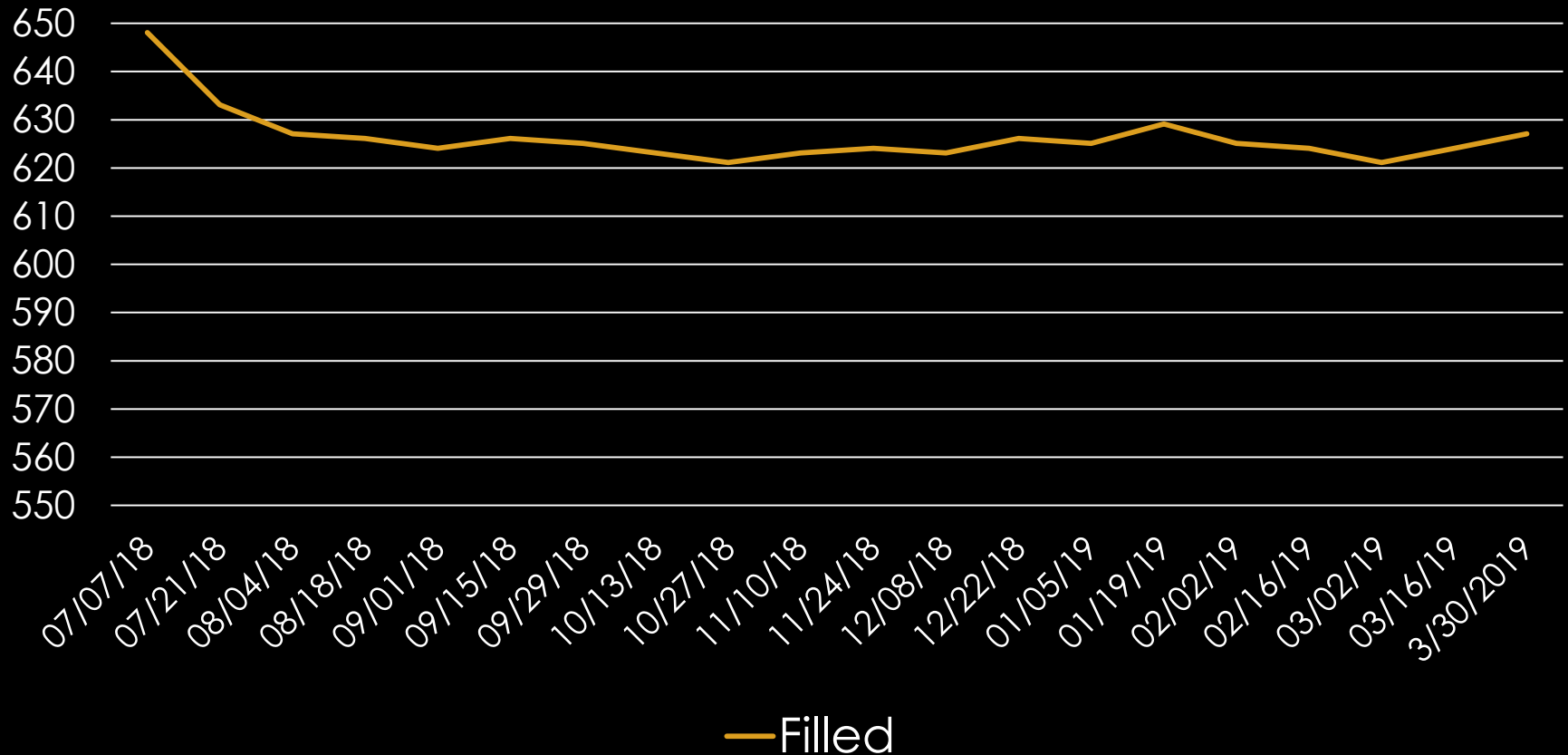
# Staffing

## *Full-Time Equivalent Positions*

Full-Time Positions	FTE	Chng. to Enacted
Enacted Authorized	655.7	-
FY 2019 Gov. Rev.	657.7	2.0
FY 2020 Request	655.7	-
FY 2020 Governor	670.1	14.4
FY 2020 Funded FTE	657.5	1.8
Filled as of March 30	627.1	(28.6)
FY 2018 Average Filled*	629.3	26.4

*\*Adjusted for transfer of Construction Permitting, Approvals and Licensing to Department of Business Regulation*

# Staffing – Current Year



July 7, 2018	March 30, 2019	Average
648.1	627.1	626.3

# Staffing – Current Year

- Recently filled positions
  - Office of Library & Information Services
    - 1.0 Library specialist
  - Division of Capital Asset Management & Maintenance
    - 1.0 Maintenance technician
    - 3.0 Senior maintenance technician
  - Division of Information Technology
    - Information technology administrator

# Staffing

<b>FY 2020 Governor Recommendation</b>		
	DOA	Statewide
Gross Salaries (in millions)	\$59.2	\$1,249.1
Turnover (in millions)	(1.1)	(42.9)
Turnover %	1.9%	3.4%
Turnover FTE	12.6	529.0
FY 2020 FTE recommended	670.1	15,413.1
Funded FTE	657.5	14,884.2
Filled as of March 30	627.1	14,131.4
Funded but not filled	30.4	752.8

# Staffing Changes

<b>Recommended Staffing Changes</b>	<b>FTE</b>
New Positions	21.0
Water Resources Board Transfer to PUC	(3.0)
Ombudsman Transfer to DBR	(1.0)
Cybersecurity	(2.0)
Division of Municipal Finance Transfer	1.0
Other Program Changes	(1.6)
<b>Total Changes</b>	<b>14.4</b>

# Staffing – New Positions

<b>FY 2020 Governor Recommendation</b>			
<b>Program</b>	<b>FTE</b>	<b>Gen. Rev.</b>	<b>All Funds</b>
Information Technology	12.0	\$-	\$1.6
Human Resources	3.0	-	0.3
Employee Benefits	1.0	-	0.1
Facilities Management	2.0	-	0.3
Purchasing	1.0	0.1	0.1
Litigation Unit	2.0	0.1	0.2
<b>Total</b>	<b>21.0</b>	<b>\$0.2</b>	<b>\$2.6</b>

*\$ in millions*

# Department of Administration

(\$ in millions)	FY 2020 Gov. Rec.		
	Change to Enacted	Gen. Rev.	All Funds
<b>Undistributed Savings</b>		<b>\$3.2</b>	<b>\$3.2</b>
Debt Service		23.0	19.3
Centralized Services		(0.6)	(4.2)
Library Aid		(0.2)	(0.2)
Energy Resources		-	(0.1)
HealthSource RI		0.4	1.3
Program Transfer		(0.5)	(0.5)
All Other		(2.9)	20.5
<b>Total Changes</b>		<b>\$22.4</b>	<b>\$39.3</b>



# Savings Proposals

	<b>FY 2019 Enacted</b>	<b>FY 2019 Rev.</b>	<b>FY 2020 Gov.</b>	<b>Chng./ Enacted</b>
Statewide Savings Initiatives	\$(4.4)	-	-	\$4.4
Efficiency Savings	(4.6)	-	-	4.6
Fraud & Waste Detection	(9.6)	(3.2)	(4.2)	5.4
Workers' Compensation	(1.5)	-	-	1.5
Overtime	-	-	(1.0)	(1.0)
Efficiency Commission	-	-	(10.0)	(10.0)
Injured on Duty	-	-	(1.7)	(1.7)
<b>Total</b>	<b>\$(20.1)</b>	<b>\$(3.2)</b>	<b>\$(16.9)</b>	<b>\$3.2</b>

*\$ in millions*

# Statewide Savings Initiatives

- Governor distributes statewide general revenue savings enacted for FY 2019 in the Department of Administration
  - Prompt Payment - \$0.4 million
    - Vendors voluntarily offer a discount if payments are received within an agreed upon date
  - Contracts - \$3.0 million
    - Effort to reduce costs of certain commodities
      - Food, maintenance, office equipment, telecommunications
  - Insurance - \$0.5 million
    - Reductions in policies for property & crime

# Statewide Savings Initiatives

<i>Savings Initiatives</i>	<i>FY 2019 Revised</i>	<i>FY 2020 Gov. Rec.</i>
Prompt Payment	\$(5,945)	\$(5,945)
Contract	(328,072)	(289,782)
Insurance	(333)	(333)
<b>Total</b>	<b>\$(334,350)</b>	<b>\$(296,060)</b>

- Non general revenue savings are not reflected

# Fraud and Waste Detection

- Combine data across agencies (DLT, DOR and health and human services)
  - To detect fraud and waste
  - FY 2017 budget assumed \$5.0 million in revenue from initiative
    - Net \$3.5 million impact
- Governor proposed delaying revenues to FY 2018
  - \$8.5 million in total revenues and savings assumed in FY 2018

# Fraud and Waste Savings

<b>Governor's Fraud &amp; Waste Detection Initiative</b>	
Original FY 2017 Plan: Delayed to FY 2018	\$5.0
Governor's Enhancement: FY 2018 Enacted	3.5
<b>Total FY 2018 Enacted Savings</b>	<b>\$8.5</b>
Death File Match Savings in CEC estimate	(0.4)
Additional Death File Savings not in CEC	(2.0)
<b>Subtotal: Direct Savings to Date</b>	<b>\$(2.4)</b>
Remaining Savings to be achieved shifted to FY 2019	\$6.1
Governor's Enhancement: FY 2019	3.5
<b>Total FY 2019 Enacted Savings</b>	<b>\$9.6</b>

\$ in millions

# Fraud and Waste Savings

<b>Governor's Fraud &amp; Waste Detection Initiative</b>	
Total FY 2019 Enacted Savings	\$9.6
Revised Saving Deemed to be Achieved	(6.4)
<b><i>FY 2019 Revised Balance to be Achieved</i></b>	<b>\$3.2</b>
FY 2020 Rec. Saving Deemed to be Achieved	(5.4)
<b><i>FY 2020 Rec. Balance to be Achieved</i></b>	<b>\$4.2</b>

*\$ in millions*

# Workers' Compensation

- Employers required to carry insurance coverage
  - Protect employees from loss of earnings and/or medical expenses for any work-related injury or illness
- State is self-insured and administers its own claims
  - Program is supported by assessment on salaries and wages paid

# Workers' Compensation

- Deloitte conducted a study:
  - Reviewed & evaluated division's operations
  - Compared RI to Mass., CT and City of Prov.
- Department signed contract with 3rd party administrator
  - Beacon Mutual Insurance
  - In process of transferring data & anticipates an implementation date by May 1
    - Final data migration report for review due before implementation occurs



# Overtime – General Revenues

- Governor recommends \$1.0 million from general revenues savings from overtime
- Budgeted in DOA for later distribution
  - Plan has not been provided

Department	FY 2020 Gov.	Share
Corrections	\$20.4	51.8%
BHDDH	6.1	15.5%
Public Safety	5.9	14.9%
DCYF	2.7	6.9%
All Other	4.3	10.9%
<b>Total</b>	<b>\$39.4</b>	<b>100%</b>

*\$ in millions*

# Efficiency Commission

- Includes \$10.0 million in savings from Statewide Efficiency Commission
  - Executive Order 19-04 issued on Feb. 21 established commission
  - Goals
    - Re-organization and consolidation of agencies, divisions, and programs
    - Efficient and more effective use of state real estate leases, assets, and resources
  - Must convene public forums to solicit input
- Final report to Governor due by 5/3/19

# 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

# Article 3, Sec. 27 - Injured on Duty

Hearing held on March 7

- Article allows an independent medical examiner to certify that maximum medical improvement reached
  - Triggers 60 - day clock to apply for accidental disability benefits
  - Applies to all who are receiving benefits under this statute
  - Subsequent amendment requested limits to state employees only

# Article 3, Sec. 27 - Injured on Duty

- Effective July 1, 2019 - current recipients would have 90 days to apply for accidental disability benefits
  - Including those injured prior to 2011
- Except individuals who have been injured less than 18 months
  - Those individuals will have at least 90 days to apply and no later than 18 months

# Article 3, Sec. 27 - Injured on Duty

- Benefits will terminate if
  - Current recipients fail to apply for accidental disability within the proposed timeframes
  - Upon final ruling of State Retirement Board
  - Current recipients have previously been denied or approved for ordinary or accidental disability benefits

# Article 3, Sec. 27 - Injured on Duty

- Budget assumes \$1.7 million of general revenues savings from the proposed changes as they apply to state employees
  - Budgeted centrally in DOA budget
  - Additional details attribute them to
    - \$1.4 million – DPS for Sheriffs & Capitol Police
    - \$0.2 million – Military Staff for Quonset firefighters
    - \$0.1 million – DEM Environmental Police Officers



# Article 3, Sec. 27 - Injured on Duty

- Of the current 28 recipients – as of July 1, 2019
  - 24 will be receiving benefits longer than 18 months
  - Of those, 6 have been receiving benefits since prior to 2011

<b>Agency</b>	<b>Individuals</b>	<b>Estimated FY 2019 Costs</b>	<b>Average</b>
Public Safety	24	\$2,776,533	\$115,693
Military Staff	3	408,259	136,087
DEM	1	129,343	129,343
<b>Total</b>	<b>28</b>	<b>\$3,314,135</b>	<b>\$118,365</b>

# Department of Administration

(\$ in millions)	FY 2020 Gov. Rec.	
	Gen. Rev.	All Funds
Undistributed Savings	\$3.2	\$3.2
<b>Debt Service</b>	<b>23.0</b>	<b>19.3</b>
Centralized Services	(0.6)	(4.2)
Library Aid	(0.2)	(0.2)
Energy Resources	-	(0.1)
HealthSource RI	0.4	1.3
Program Transfer	(0.5)	(0.5)
All Other	(2.9)	20.5
<b>Total Changes</b>	<b>\$22.4</b>	<b>\$39.3</b>

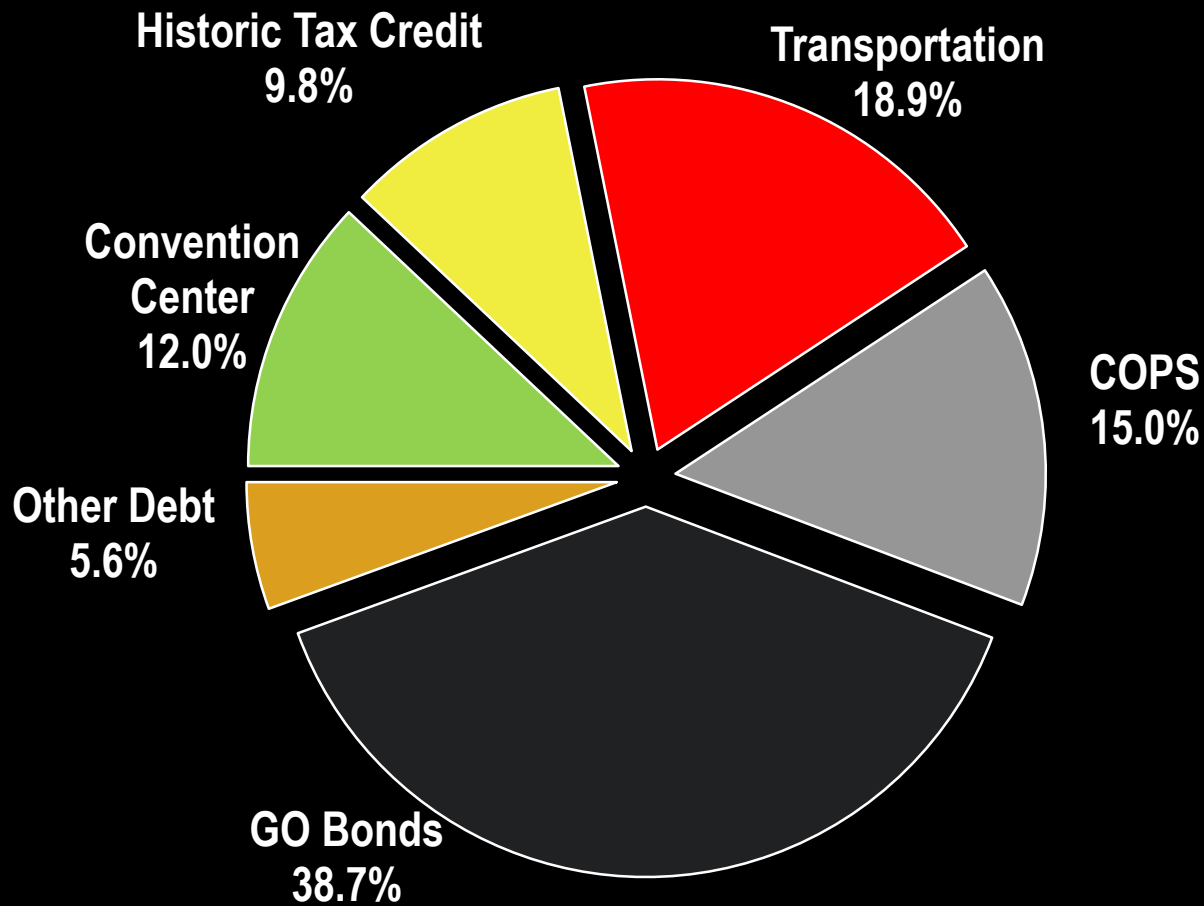
# FY 2020 Debt Service

	General Revenues	Federal Funds	Other	Total
19 Enacted	\$140.7	\$1.9	\$40.1	\$182.7
Revised	\$124.0	\$1.9	\$39.8	\$165.7
<b>Rev. Change</b>	<b>\$(16.7)</b>	<b>\$-</b>	<b>\$(0.3)</b>	<b>\$(17.0)</b>
20 Gov. Rec.	\$163.7	\$1.9	\$36.4	\$202.0
<b>Rec. Change</b>	<b>\$23.0</b>	<b>\$-</b>	<b>\$(3.7)</b>	<b>\$19.3</b>

*\$ in millions*

- Administration's budget includes most debt service costs
  - Excludes all for higher education and some DOT

# FY 2020 Debt Service



# Debt – Garrahy Garage Project

- 2014 Assembly
  - Authorized Convention Center Authority to issue up to \$45 million to construct garage
- 2016 Assembly amended authorization
  - Borrowing to occur if Authority has 3 purchase and sale agreements or
  - Wexford agrees to no less than 400 spaces
- Bonds were issued in March 2018
- Construction started in June 2018
- Expected completion is January 2020

# Debt – *Garrahy Garage Project*

- Governor recommends \$3.1 million from general revenues for second year of debt
  - \$1.5 million more than enacted
  - Fully funds debt service
- Revenues are expected to lower debt service in FY 2020 and beyond
  - Recommendation does not reflect that

# Debt – Convention Center

- When Authority runs an operating deficit, state is responsible for covering shortfall
  - Manages and operates Convention Center, Dunkin' Donuts Center and Veterans Aud.
- Governor recommends \$18.7 million for FY 2019 and \$21.2 million for FY 2020
  - FY 2020 recommendation is \$2.5 million more than enacted
  - \$0.5 million more than current service estimate
    - Does not assume savings from completed energy efficiency projects

# Debt – *Job Creation Guaranty*

- Allowed guaranty of loans not to exceed \$125.0 million
  - \$75.0 million was issued for 38 Studios
  - Annual debt service of \$12.4 million from FY 2019 to \$12.3 million for FY 2021 (last year)
- Corporation received settlements
  - Totaled \$51.9 million from 10/2016 & 02/2017
    - Net of legal fees
  - Settlements are used to cover debt



# Debt – Job Creation Guaranty

<b>Fiscal Year</b>	<b>Total Debt Service</b>	<b>Offset</b>	<b>Net Debt Service</b>
2014	\$2.4	\$-	\$2.4
2015	12.5	(3.9)	8.6
2016	12.6	-	12.5
2017	12.4	(12.4)	-
2018	12.4	(12.4)	-
2019	12.4	(12.4)	-
2020	12.3	(10.8)	1.5
2021	12.3	-	12.3
<b>Total</b>	<b>\$89.2</b>	<b>\$(51.9)</b>	<b>\$37.4</b>

*\$ in millions*

# Department of Administration

(\$ in millions)	FY 2020 Gov. Rec.	
	Gen. Rev.	All Funds
Undistributed Savings	\$3.2	\$3.2
Debt Service	23.0	19.3
<b>Centralized Services</b>	<b>(0.6)</b>	<b>(4.2)</b>
Library Aid	(0.2)	(0.2)
Energy Resources	-	(0.1)
HealthSource RI	0.4	1.3
Program Transfer	(0.5)	(0.5)
All Other	(2.9)	20.5
<b>Total Changes</b>	<b>\$22.4</b>	<b>\$39.3</b>

# Centralized Services

- 2017 Assembly authorized establishment of internal service funds for centralized services
  - Information technology, capital asset management & maintenance, & HR
- Costs previously budgeted in DOA
  - 2018 Assembly included costs in user agency budgets
  - Final FY 2018 & FY 2019 budget

# Centralized Services

All Sources	FY 2019 Enacted	FY 2019 Rev.	Chng./ Enacted	FY 2020 Gov.	Chng./ Enacted
IT	\$3.9	\$3.7	\$(0.2)	\$4.8	\$0.9
Facilities	8.5	7.8	(0.7)	7.8	(0.7)
HR	1.3	0.8	(0.5)	0.8	(0.5)
<b>Total</b>	<b>\$13.7</b>	<b>\$12.3</b>	<b>\$(1.4)</b>	<b>\$13.4</b>	<b>\$(0.4)</b>

*\$ in millions*

- There appears to be some disconnect with amounts showing as spent and budget expectation

# Centralized Services – *Human Resources*

- Prior to 2007, each agency handles its own human resources functions
  - Consolidated to eliminate redundant activities
  - Consistent personnel policies
  - Created Service Centers
    - General Government
    - Human Services
    - Public Safety
    - DEM/DOT
  - 2017 statewide centralization of human resources

# Centralized Services – DCAMM

- Division of Capital Asset Management and Maintenance
- Created by 2016 legislation & assumed responsibilities:
  - Facilities Management
    - Oversees 140 buildings under DOA jurisdiction
    - Responsible for maintenance and snow removal
  - Capital Projects and Property Management
    - Inventory of state properties
    - Construction management of capital projects

# Centralized Services – DCAMM

- Division headed by a division director
  - Appointed by DOA director
  - Reviews agency capital budget request to ensure consistent with strategic and master plans
- Division is tasked with:
  - Overseeing new construction
  - Inventory of state buildings and properties
  - Responding to facilities emergencies

# Centralized Services – *Information Technology*

- Division is headed by chief digital officer
  - Appointed by DOA director
  - Position created by 2012 Assembly
- 2016 restructured & established in statute
  - Oversee operations of the Off. of Library and Information Services
- Division is tasked with
  - Managing technology infrastructure projects and upgrades
  - Large scale technology projects



# IT Investment Fund

- Information Technology Investment Fund
  - Created by 2011 Assembly for acquiring IT improvements
    - Hardware
    - Software
    - Maintenance
  - Designed to create pool of resources for projects instead of borrowing

# IT Investment Fund

- 2011 Assembly dedicated land sale revenue to fund
- 2012 Assembly transferred \$9.0 million
- 2014 Assembly
  - Transferred no less than \$10.0 million from tobacco refinancing
    - \$26.3 million was actual yield
  - 10% of \$1 surcharge on wireless & land lines
    - Effective, July 1, 2015

# IT Investment Fund

- 2017 Assembly allowed \$1.50 DMV surcharge into the Fund through FY 2022
  - For project-related payments, maintenance, and enhancements for Division's new IT system
- 2018 Assembly dedicated surcharges from certified vital records to Fund
- Governor recommends \$17.7 million for FY 2019 revised and \$6.6 million for FY 2020

# IT Investment Fund

- FY 2019 revised budget assumes land sale receipts of \$7.2 million
  - Department of Corrections' Price building
  - Ace Building on Howard Avenue
- Subsequently, Department indicates that sales will not occur in current year
  - FY 2020 remains uncertain
- Department will revise expenditures to reflect available resources
  - Unclear what will be impacted

# IT Fund Investment Fund

	<b>FY 2019 Rev.</b>	<b>FY 2020 Gov.</b>
DMV System	\$2.1	\$0.4
Unified Health Infrastructure Project	0.6	-
Taxation	1.2	-
Real ID Development	2.3	-
Vital Records System	0.5	2.3
E-Poll Books	0.4	0.4
E-Procurement	1.8	0.2
Probation & Parole Case Mgmt.	0.4	0.4
Budget System	1.3	0.1
All Other	7.0	2.8
<b>Total</b>	<b>\$17.7</b>	<b>\$6.6</b>

*\$ in millions*

# Information Technology

- FY 2018 Single Audit Report
- Issued April 2, 2019 by Auditor General
  - Reported major deficiencies around information technology
    - State has not sufficiently addressed IT security risks
    - State does not follow uniform enterprise-wide program change control procedures for the various information technology applications
    - Administration should propose an additional dedicated funding source for the Information Technology Investment Fund

# Centralized Services – *Legal Services*

- Executive Order 04-09 created Division of Legal Services
  - Centralize & coordinate executive department's legal services for policy
  - Provide efficient use of legal resources
- Recommends \$2.5 million from all sources
  - \$0.2 million to fund 2.0 FTE to support new Litigation Unit
    - Oversee litigation across state agencies
    - Track hours worked on cases

# Department of Administration

(\$ in millions)	FY 2020 Gov. Rec.		
	Change to Enacted	Gen. Rev.	All Funds
Undistributed Savings		\$3.2	\$3.2
Debt Service		23.0	19.3
Centralized Services		(0.6)	(4.2)
<b>Library Aid</b>		<b>(0.2)</b>	<b>(0.2)</b>
Energy Resources		-	(0.1)
HealthSource RI		0.4	1.3
Program Transfer		(0.5)	(0.5)
All Other		(2.9)	20.5
<b>Total Changes</b>		<b>\$22.4</b>	<b>\$39.3</b>



# Library Aid

- Governor recommends \$9.4 million for library aid
  - Level funds total at FY 2018 enacted amount
- Law provides 25% reimbursement of second prior year expenditures
  - \$1.3 million less than current law
  - Ratable reduction to appropriation
- Distribution reflects updated data

# Library Construction Aid

- \$2.0 million for library construction aid
  - \$0.2 million less than enacted amount
  - Based on updated cost and construction schedules for approved projects
- State reimburses libraries up to ½ of total cost on an installment basis up to 20 yrs.
  - 3-year moratorium on acceptance of applications ended July 1, 2014
  - As of January 2019, received letters of intent
    - Providence and Narragansett

# Library & Information Services

- Oversee development & administration of state laws relating to libraries
- Administer state aid for public libraries
- Administer federal funding for libraries, including funding for library programs
- Areas of support include:
  - Children's and young adult services
  - Continuing education for RI library community
  - Literacy

# Library & Information Services

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Rec.	Chng./ Enact	Chng./ Req.
Gen. Rev.	\$1.4	\$1.4	\$1.5	\$-	\$-
Fed. Funds	1.2	1.1	1.2	(0.1)	-
<b>Total</b>	<b>\$2.7</b>	<b>\$2.5</b>	<b>\$2.6</b>	<b>\$-</b>	<b>\$-</b>
<b>FTE</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>-</b>	<b>-</b>

*\$ in millions*

# Library & Information Services

- Recommends \$0.6 million for interlibrary loan delivery and talking book services
  - \$85,994 or 15.4% more than enacted
    - Spent: \$520K in FY 2018 & \$584K in FY 2017
  - Current contract eff. July 2018 – June 2021
    - Negotiated new contract in May 2018
- Delivery of books, audio/visual materials and other resources
- Shared among more than 180 public libraries

# Department of Administration

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<b>Energy Resources</b>		-	<b>(0.1)</b>
HealthSource RI		0.4	1.3
Program Transfer		(0.5)	(0.5)
All Other		(2.9)	20.5
<b>Total Changes</b>		<b>\$22.4</b>	<b>\$39.3</b>

# Office of Energy Resources

	<b>FY 2019 Enacted</b>	<b>FY 2019 Revised</b>	<b>FY 2020 Rec.</b>	<b>Chng./ Enact</b>	<b>Chng./ Req.</b>
Fed. Funds	\$0.5	\$1.1	\$0.8	\$0.3	\$-
Restrict. Rec.	8.2	8.3	7.8	(0.4)	-
<b>Total</b>	<b>\$8.7</b>	<b>\$9.4</b>	<b>\$8.6</b>	<b>\$(0.1)</b>	<b>\$-</b>
<b>FTE</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>-</b>	<b>-</b>

*\$ in millions*

# Office of Energy Resources

- Regional Greenhouse Gas Initiative
  - A cooperative effort by Northeastern and Mid-Atlantic states to reduce carbon dioxide emissions
  - Fund is supported by receipts from the sale of emission allowances
    - 43 auctions through March 2019
    - \$65.8 million in revenues, deposited as restricted receipts
    - Used to invest in projects that reduce long-term energy demands and costs



# Department of Administration

(\$ in millions)	FY 2020 Gov. Rec.		
	Change to Enacted	Gen. Rev.	All Funds
Undistributed Savings		\$3.2	\$3.2
Debt Service		23.0	19.3
Centralized Services		(0.6)	(4.2)
Library Aid		(0.2)	(0.2)
Energy Resources		-	(0.1)
<b>HealthSource RI</b>		<b>0.4</b>	<b>1.3</b>
Program Transfer		(0.5)	(0.5)
All Other		(2.9)	20.5
<b>Total Changes</b>		<b>\$22.4</b>	<b>\$39.3</b>

# HealthSource RI

- HealthSource RI received a total of \$152 million in federal funds
  - FY 2018 - federal grants expired
- Affordable Care Act requires exchanges be self-sustaining
- 2015 Assembly adopted health premium assessment
  - Based on premiums sold on exchange
  - Limited to amount that would be raised through federally facilitated marketplace

# HealthSource RI

	<b>FY 2019 Enacted</b>	<b>FY 2019 Revised</b>	<b>FY 2020 Rec.</b>	<b>Chng./ Enact</b>	<b>Chng./ Req.</b>
Gen. Rev.	\$2.4	\$2.4	\$2.8	\$0.4	\$0.4
Fed. Funds	0.1	0.1	-	(0.1)	-
Restrict. Rec.	6.4	8.1	7.4	1.0	(1.0)
<b>Total</b>	<b>\$8.9</b>	<b>\$10.6</b>	<b>\$10.2</b>	<b>\$1.3</b>	<b>\$(0.6)</b>
<b>FTE</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>	<b>-</b>	<b>-</b>

*\$ in millions*

# HealthSource RI

- Recommendations assume HRA receipts of \$6.8M for FY 2019 and \$6.9M for FY 2020
  - \$0.5M and \$0.6M more than enacted for FY 2019 and FY 2020, respectively
    - Receipts are more based on projected enrollments
    - Updated data suggest increase to current estimate

	<b>CY 2016</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>	<b>Feb. 2019</b>	<b>CY 2019*</b>
Individual Market	32,063	34,817	31,574	28,180	32,674	31,630
Small Business	4,749	5,585	5,307	6,121	5,446	5,672
<b>Total Enrollments</b>	<b>36,812</b>	<b>40,402</b>	<b>36,881</b>	<b>34,301</b>	<b>38,120</b>	<b>37,302</b>

*\*2019 revised projections*

# HealthSource RI

- FY 2020 budget includes \$400K from general revenues for implementation
- Healthcare Market Stability
  - Awareness campaign
  - Actuarial analyses
  - May be needed for Division of Taxation
- Article hearing held March 19

# Article 14 – Healthcare Market Stability

- Imposes Shared Responsibility Payment Penalty
  - Individuals without health insurance coverage, effective Jan. 1, 2020
    - Certain exemptions
  - Payment to be collected by Taxation
  - Restrict uses:
    - Reinsurance or payments to health insurance carriers
    - Administrative costs
    - Residual funds – preventative health care programs

# Article 14 – Healthcare Market Stability

- Federal Individual Shared Responsibility Payment was phased-in over 3-yrs.
  - Capped at value of bronze plan

<b>Year</b>	<b>Penalty</b>	<b>At least</b>	<b>Or % of Income</b>
2014	\$95/adult & \$47.50/child	\$285	1.0%
2015	\$325/adult & \$162.50/child	\$975	2.0%
2016	\$695/adult & \$347.50/child	\$2,085	2.5%
2016+	Increase annually by COLA		

# Article 14 – Healthcare Market Stability

- RI Shared Responsibility Payment Penalty
  - Modeled after fully phased in ACA penalty, except
  - Penalty is capped at statewide avg. premium for bronze plans offered through Exchange

	2017		2018		2019*	
	Average Annual Bronze Premium					
	U.S.	RI	U.S.	RI	U.S.	RI
Individual	\$3,264	\$2,052	\$3,396	\$2,220	\$	\$2,388
Fam. of 4	\$13,056	\$8,208	\$13,584	\$8,880	\$	\$9,552

\*2019 national data not yet available



# Department of Administration

(\$ in millions)	FY 2020 Gov. Rec.		
	Change to Enacted	Gen. Rev.	All Funds
Undistributed Savings		\$3.2	\$3.2
Debt Service		23.0	19.3
Centralized Services		(0.6)	(4.2)
Library Aid		(0.2)	(0.2)
Energy Resources		-	(0.1)
HealthSource RI		0.4	1.3
<b>Program Transfer</b>		<b>(0.5)</b>	<b>(0.5)</b>
All Other		(2.9)	20.5
<b>Total Changes</b>		<b>\$22.4</b>	<b>\$39.3</b>

# Program Transfers

	<b>FTE Changes</b>	<b>General Revenues</b>	<b>All Funds</b>
Water Resources Board Transfer	(3.0)	\$(574,757)	\$(574,757)
Ombudsman Position	(1.0)	-	-
Complete Count Initiative	1.0	123,717	123,717
<b>Total</b>	<b>(3.0)</b>	<b>\$(451,040)</b>	<b>\$(451,040)</b>

# Article 4, Sec. 13, 17, 18, & 30, Water Resources Board

- Article hearing held February 13
- 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
  - Proposal recommended last year
    - Assembly did not concur

# Article 4, Sec. 13, 17, 18, & 30, 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 3 years
    - Recommendation maintains position vacant
  - Staff director
  - Civil engineer

# Article 4, Sec. 13, 17, 18, & 30, Water Resources Board

- Water Resources Board was physically located in Administration's building
  - Relocated to PUC building in Warwick
    - April 2018 based on Governor's prior pending proposal
  - New MOU signed after budget was enacted
    - In effect for FY 2019
- Budget assumes general revenue savings of \$0.4 million for FY 2020
  - Operating costs for Water Resources Board would be charged to regulated utilities

# H 5151

## Article 3, Section 21

Article hearing held February 26

- Section 21 transfers ombudsman position from DOA Office of Regulatory Reform to DBR
- Governor recommended transfer of position as part of FY 2016 budget
  - Assembly maintained it in DOA
- Position was created by 2010 Assembly
  - Help small business navigate through state and local permitting

# H 5151

## Article 3, Section 21

- MOU between DOA & Executive Office of Commerce
  - Effective Sept. 2017 - Sept. 2019
  - Cost of position to EOC
  - Maintain staffing authorization in DOA
- FY 2019 enacted assumes Commerce Corp will fund
  - FY 2019 rev. & FY 2020 rec. assume same
  - Transparency issues persist

# Complete Count Initiative

- Executive Order 18-09 creates RI Complete Count Committee
  - Develop, recommend & assist in census outreach strategy
    - Encourage full participation in 2020 census
    - Multi-lingual media campaign
    - Coordinate with Statewide Planning
- Governor recommends \$0.3 million from general revenues
  - Transfers funding of \$123k from Division of Municipal Finance and 1.0 FTE
  - \$150,000 for outreach



# Department of Administration

(\$ in millions)	FY 2020 Gov. Rec.	
	Gen. Rev.	All Funds
Undistributed Savings	\$3.2	\$3.2
Debt Service	23.0	19.3
Centralized Services	(0.6)	(4.2)
Library Aid	(0.2)	(0.2)
Energy Resources	-	(0.1)
HealthSource RI	0.4	1.3
Program Transfer	(0.5)	(0.5)
<b>All Other</b>	<b>(2.9)</b>	<b>20.5</b>
<b>Total Changes</b>	<b>\$22.4</b>	<b>\$39.3</b>

# Department of Administration

<b>All Other</b>	<b>Gen. Rev.</b>	<b>All Funds</b>
Cybersecurity	\$(0.4)	\$(0.4)
Teachers' Retiree Health Subsidy	(2.3)	(2.3)
Disparity Study	0.3	0.3
DCYF Data Analytics	(0.3)	(0.3)
Office of Management & Budget	(0.2)	(0.1)
Capital Projects	-	23.3
All Other Adjustments	(0.1)	-
<b>Total Changes</b>	<b>\$(2.9)</b>	<b>\$20.5</b>

*\$ in millions*

# Cybersecurity

- Governor issued ex. order in May 2015
- Established 15-member Cybersecurity Commission
- Tasked with:
  - Creating framework for coordinated response
  - Simulation testing
- FY 2018 recommendation transferred to Department of Public Safety
- Assembly did not concur

# Cybersecurity

- FY 2019 enacted budget includes \$0.8 million from general revenues
  - Fund a cybersecurity director position
    - Established in unclassified service
    - Programming services officer
  - Software and training expenses
- Recommendation eliminates positions and includes \$0.4 million in savings
  - Cybersecurity director position remains in statute

# Teachers' Retiree Health Subsidy

- State provides funds to cover cost for teachers who retired on/before 09/30/08
  - Purchase health insurance at active employee rate
    - Lower than the retiree rate
- Actuarial valuation conducted in 2017
  - Projected unfunded liability would be zero if state makes appropriations through FY 2019
- Governor recommends general revenue savings of \$2.3 million
  - May be required if investment returns are not consistent with assumptions

# Office of Diversity, Equity and Opportunity

- Coordinates and works with:
  - Minority Business Enterprise Compliance Off.
  - Outreach and Diversity Office
  - Office of Supplier Diversity
- Office is tasked with:
  - Providing leadership in development and coordination of activities to promote diversity
  - Building and maintaining effective outreach programs

# Office of Diversity, Equity and Opportunity

- State Purchasing Act
  - Award at least 10% of its purchasing and construction contract to women and minority owned businesses
- Minority Business Enterprise
  - Responsible for supporting policies to ensure minority participation in state funded const. programs and projects

# Disparity Study

- Governor recommends \$0.5 million from general revenues to conduct a study
  - \$219K for FY 2019 and \$280K for FY 2020
  - Examine procurement practices of state agencies
  - Enhance participation in state contracts of business enterprises owned by women and minorities
  - Contract with vendor has been signed and study is underway



# DCYF Data Analytics

- FY 2019 enacted budget includes \$0.3 million from general revenues to fund a data analytics pilot
  - Support mission of Department of Children, Youth and Families
- Administration is reviewing options for best method to implement program
- Recommendation reflects removal of one-time funding

# Office of Management and Budget

- Consists of the following:
  - Office of the Director of OMB
  - Budget Office
  - Grants Management
  - Performance Management
  - Regulatory Reform
  - Internal Audit

# Article 4, Sec. 11 & 12, Federal Grants Management

Article hearing held February 13

- Office of Management and Budget created by 2012 Assembly
  - Serves as principal agency of executive branch to manage
    - Budgetary functions
    - Performance management
    - Federal grants management
- Section 11 adds regulatory review functions under OBM
  - Aligns with current duties

# Article 4, Sec. 11 & 12, Federal Grants Management

- Transfer functions of federal grants management from OMB to Accounts and Control
  - Improves efficiency of operations, internal controls, & oversight of federal fund expenditures
  - FY 2020 budget includes \$0.3M from general revenues to support Office
    - \$0.2M - support 1.0 FTE position
    - \$0.1M – contracted financial services

# Office of Management and Budget

- Single Audit Report released April 1, 2019
- Responsibilities, related to oversight of federal grants have not been fully addressed
  - Little statewide oversight of federal grant activities
- Report recommendation
  - Enhance operational activities of OMB to comply with statutes

# OMB – Office of Internal Audit

- 2016 Assembly adopted legislation
- Established Office of Internal Audit within the Office of Management and Budget
  - Headed by a chief of audits
    - DOA director appointee
- Office is tasked with
  - Evaluating efficiency of operations & internal controls, preventing and detecting fraud, waste, abuse or mismanagement of funds

# OMB – Office of Regulatory Reform

- Created by 2010 Assembly
  - Aims to improve the state's business climate
  - Helps businesses to navigate through state and municipal permitting and regulatory affairs
- 2012 Assembly transferred to OMB from EDC/Commerce Corporation

# OMB – Office of Regulatory Reform

- 2012 legislation requires agencies to periodically evaluate all existing regs. for adverse impact on small businesses
- Office assisted and coordinated the agency review process
  - Completed review & issued 4 reports
- 2016 Assembly amended Administrative Procedures Act
  - Office to coordinate with agencies to establish RI Code of Regulations by 12/31/18



# Capital Projects

- Recommends consolidation of certain projects funded with RICAP under oversight of DCAMM
  - Transfers projects from Departments of Labor and Training and Behavioral Healthcare, Developmental Disabilities and Hospitals
  - Creates asset protection projects for Pastore Center Campus, Capitol Hill and others
    - Flexibility to manage statewide projects
- Prior Appropriation Acts
  - Listed each project by its own line and cost

# Capital Projects

- Recommends total project costs of \$512.1 million
- \$203.1 million will be used from FY 2020 - FY 2024
  - Pastore Campus – \$36.8 million
  - Other State Facilities – \$129.8 million
  - Other projects – \$36.5 million

# Capital Projects

## Pastore Campus Projects

- \$36.8 million will be used from FY 2020 – FY 2024
- Projects include:
  - Roof replacement
  - Window replacement
  - Utilities upgrade
  - Buildings demolition

# Capital Projects

## Other State Facilities Projects

- \$129.8 million will be used from FY 2020 – FY 2024
- Projects include:
  - Capitol Hill Center (Chapin, Cannon, William Powers & Old State House)
  - Eleanor Slater Hospital Reorganization
  - Convention Center Facility Renovations
  - Dunkin Donuts Center
  - Shepard Building

# Capital Projects – Board of Elections Bldg. Renovations

- Approved plan: \$15.7 million from RI Capital Plan funds
  - \$0.5 million in FY 2018 for engineering work
- Project includes:
  - Masonry
  - Roof
  - Replacing HVAC
- Building will be occupied by Office of State Medical Examiners

# Capital Projects – Board of Elections Bldg. Renovations

- Recommendation removes funding for the approved project
- Governor recommends \$0.7 million in FY 2019 for a feasibility study
  - Determine if building is suitable for Office of State Medical Examiners

# Capital Projects – *Hospital Reorganization*

## Eleanor Slater Hospital Reorganization

- Governor recommends \$49.9 million from RI Capital Plan funds & approved Certificates of Participation
  - Reorganize hospital operations for BHDDH
  - Renovations
    - Roosevelt Benton
    - Regan

# Capital Projects

## Other Projects

- \$36.4 million will be used from FY 2020 – FY 2024
- Projects include:
  - Environmental Compliance
  - Energy Efficiency
  - Replacement of Fueling Tanks
  - IT Investment Fund



# Internal Service Funds

- State uses internal service funds to reimburse one agency for services provided to another
- Funds to cover expenditures are budgeted as an operating expenditure in agency receiving services
- Appropriations Act lists 16 separate funds
  - In some cases, service provided is more administrative
    - Human resources support

# Internal Service Funds

- 2017 Assembly authorized establishment of internal service funds for centralized services
  - Information technology, capital asset management & maintenance, & HR
    - Comply with recommendation issued by Auditor General
    - Maximize available non-general revenue sources
  - Requires DOA to report fund activities
    - Breakdown by department and agency on a quarterly basis

# Internal Service Funds

- No funds are appropriated to the internal service fund
- Each fund is supported differently
  - Methodology on distribution needs review
- Long term impacts and transparency concerns continue
  - Proper distribution to all sources available
  - Review of budgeted activities and staffing

# Internal Service Funds

Programs	FY 2019 Enacted	FY 2019 Gov. Rev.	FY 2020 Gov. Rec.	Rec./ Enacted
Assessed Fringe Ben.	\$41.4	\$40.9	\$31.4	\$(10.0)
Human Resources	12.1	13.4	15.2	3.1
Facilities Mgmt.	39.2	38.7	40.4	1.2
Information Tech.	32.3	39.1	40.6	8.3
Central Mailroom	6.5	6.3	6.3	(0.2)
State Fleet	12.5	12.7	12.7	0.2
Telecommunications	3.6	3.4	3.5	(0.2)
<b>Total</b>	<b>\$147.7</b>	<b>\$154.4</b>	<b>\$150.1</b>	<b>\$2.4</b>

*\$ in millions*

# Internal Service Funds – Staffing

<b>Programs</b>	<b>FY 2019 Gov. Rev.</b>	<b>FY 2020 Gov. Rec.</b>
Assessed Fringe Ben. – Workers' Compensation	12.0	7.0
Human Resources	99.0	106.0
Facilities Mgmt.	107.5	109.5
Information Tech.	191.0	202.0
Central Mailroom	10.0	10.0
State Fleet	7.0	7.0
Telecommunications	8.0	8.0
Employee Benefits	9.0	9.0
<b>Total</b>	<b>443.5</b>	<b>458.5</b>

# Internal Service Funds – *Assessed Fringe Benefits*

- Assessed Fringe Benefits provides funding
  - State employee workers' compensation
  - Severance pay
  - Unemployment pay
- Biweekly assessment to wages paid
- Governor recommends \$31.4 million and 7.0 positions for FY 2020
  - \$10.0 million less than enacted
    - Excludes \$6.5 million for usual severance
    - \$4.5 million less for worker's compensation

# Internal Service Funds – *Human Resources*

- Human Resources
  - Agencies charged based on filled positions
- Governor recommends \$15.2 million and 106.0 FTE for FY 2020
  - \$3.1 million more than enacted
    - \$2.0 million for salaries and benefits
      - \$0.4 million for 3.0 new positions
      - Assumes \$0.7 million for employees that supported workers' compensation – statutory status
  - \$1.1 million for labor contract negotiations, information technology charges and software costs

# Internal Service Funds – *Facilities Management*

- Facilities Management is responsible for 140 state buildings
- Agencies billed based on square foot of building space occupied
- Governor recommends \$40.4 million 109.5 FTE for FY 2020
  - Staffing, utilities, janitorial services, snow removal and building maintenance
  - \$1.2 million more than enacted
    - \$0.3 million for 2.0 new positions



# Internal Service Funds – *Information Technology*

- Information Technology
  - Agencies are billed based on system support, printing, server charges & others
- Governor recommends \$40.6 million and 202.0 FTE for FY 2020
  - \$8.3 million more than enacted
    - \$1.6 million for 12.0 new positions
    - \$1.0 million for facilities, HR and IT services
    - \$1.6 million for software maintenance agreements
    - \$2.5 million for enterprise services

# Internal Service Funds – *Central Mailroom*

- Central Mailroom
  - Provides for inter-agency mail delivery and processing of mail for most state agencies
- Agencies billed based on mail processed on their behalf
- Governor recommends \$6.3 million and staffing of 10.0 FTE for FY 2020
  - \$0.2 million less than enacted
- Primarily for courier services

# Internal Service Funds – *State Fleet*

- State Fleet
  - Administration and fiscal management of state-owned vehicles
  - Operates fuel depots throughout state
- Agencies billed based on fuel used, maintenance provided, insurance costs, and number of vehicles owned
- Governor recommends \$12.7 million and staffing of 7.0 FTE for FY 2020
  - \$0.2 million than enacted

# Internal Service Funds – *Telecommunications*

- Telecommunications
  - Manages all telephone line installations, service changes and billings
- Agencies are billed based on number of lines they have & requested maintenance
- Governor recommends \$3.5 million and staffing of 8.0 FTE for FY 2020
  - \$0.2 million less than enacted
    - Reflective of FY 2018 expenses

# Annual Reporting Requirements

- 2013 Assembly required OMB to prepare, review and inventory all reports filed with Assembly
- Report to be presented to Assembly as part of budget submission annually
- DOA is required to submit 23 reports
  - State Fleet
  - Outside Legal Services
  - Closing Statements - Preliminary and Final
  - Technology Infrastructure Projects Status

# Annual Reporting Requirements

Areas of Reporting	Number of Reports	Compliance
Consultant/Privatization	7	7
Financial/Audit	5	4
Regulatory	2	2
Energy	2	2
All Other	7	7
<b>Total</b>	<b>23</b>	<b>22</b>

- Missing report:
  - MPA Vendor Assessment due Jan. 1, 2019
    - Not yet implemented

# Department of Administration

Governor's FY 2019 Revised, FY 2020 Budget  
and Capital Budget Recommendations  
House Finance Committee  
April 11, 2019

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