Department of Business Regulation

Staff Presentation
FY 2014 Revised and
FY 2015 Recommended Budgets
March 18, 2014

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
FY 2014 Revised Recommendation

<table>
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FY 2014 Revised

- Recommends $8.8 million from general revenues, $0.4 million less than enacted and requested
  - Primarily from turnover savings
  - 12.4 percent average vacancy through February
- Recommendation reflects a new federal award for rate review
Executive Office of Commerce

- 2013 Assembly adopted several pieces of legislation pertaining to economic development
- Created Executive Office of Commerce, effective February 1, 2015
  - Powers to operate functions from Department of Business Regulation
- Governor proposes delay to July 1, 2015 (Article 19 – February 6)

Annual Reporting Requirement

- 2013 legislation requires OMB director to prepare a comprehensive review and inventory of all reports
  - Presented to Assembly as part of budget submission on an annual basis
- Department has 10 reports
  - Submitted annually to General Assembly, Governor and one is filed with Sec. of State
  - Department is in compliance
Quick Start Program

- Secretary of State – online master application where applicants can enter business and contract information just once
  - Information will be automatically entered on all forms the applicant needs to submit
- Application is up and running
  - DBR & DOH still in non-compliance
  - Lack of integration between system leads to user having to leave the site

Target Issues

- Department provided with general revenue target of $9.3 million
  - Included current service adjustments totaling $0.1 million
  - 7.0 percent reduction or $0.7 million
- Constrained request assumes $0.5 million from leaving six positions vacant and $0.7 million from eliminating seven others
**Target Issues**

- Governor does not concur with proposal to eliminate positions
  - Six of the seven positions are revenue generating
- Constrained request assumes $0.7 million in turnover savings
- Governor recommends $0.4 million
  - $0.3 million less than constrained request and $9,285 more than enacted

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**FY 2015 Recommendation**

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## Recommendations by Program

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<td><strong>$13.0</strong></td>
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## Recommendation by Category

- **Contracted Serv.**, 15.2%
- **Salaries and Benefits**, 80.8%
- **Grants**, 0.6%
- **Operations**, 3.4%
Full-Time Equivalent Positions

- Recommends staffing of 94.0 positions for both years
- Consistent with authorized level
  - Reflects elimination of four unidentified vacancies and adds four federally funded positions in OHIC
  - Department had 13 vacancies on pay period ending March 8

FTE History

![FTE History Chart]

- Authorized FTE
- Average Filled
FTEs by Program FY 2015

- Banking, 15.3%
- Securities, 10.2%
- Commercial Licensing, 12.2%
- Insurance, 37.8%
- OHIC, 13.3%
- Design Professionals, 2.0%
- Central Mgmt., 9.2%

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 $1.2 million and staffing of 9.0 positions
  - $37,278 more than enacted and staffing consistent with authorized level
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 $1.6 million for FY 2015 and staffing of 15.0 full-time positions
  - $0.3 million and 1.0 position less than enacted

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
  - $18,061 and 1.0 position more than enacted
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 12 positions
  - $38,211 less and 1.0 position more than enacted

Insurance Regulation

- Conducts financial examinations of domestic insurance companies
- Licenses companies, producers, adjusters and appraisers
- Recommends $5.2 million and staffing of 37 positions
  - $0.1 million more and staffing consistent with revised and authorized level
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

Office of the Health Ins. Commissioner

- Recommends $2.6 million and staffing of 13.0 positions
  - $0.2 million and 4.0 positions more than enacted, primarily from federal funds
  - Office received a $2.7 million Rate Review Cycle III grant from CMS
- Governor adds positions to administer new grant
**Board of Accountancy**

- Autonomous board responsible for administration of licensing
  - Certified public accountants
  - Public accountants
  - Accountancy partnerships & corporations
- Recommends $16,654 and eliminates funding for administrative assist. position
  - Upgraded an existing position to assume the responsibilities

**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
  - $6,781 more than enacted to reflect position upgraded
Revenues

- Department generates revenues through:
  - Applications, exams, license renewals, late penalties and miscellaneous fees
- Funds collected are deposited as general revenues and restricted receipts
- Restricted receipts reimburse department for relation expenses (personnel and operations)

Revenues and Expenditures