

# *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

2

## *FY 2014 Revised Recommendation*

|                        | <b>FY 2014<br/>Enacted</b> | <b>FY 2014<br/>Rev. Req.</b> | <b>FY 2014<br/>Revised</b> | <b>Chng. to<br/>Enacted</b> |
|------------------------|----------------------------|------------------------------|----------------------------|-----------------------------|
| Gen. Rev.              | \$9.2                      | 9.2                          | \$8.8                      | (\$0.4)                     |
| Fed. Funds             | 1.7                        | 1.6                          | 4.0                        | 2.2                         |
| Restricted<br>Receipts | 2.0                        | 2.1                          | 1.9                        | (0.1)                       |
| <b>Total</b>           | <b>\$13.0</b>              | <b>\$13.0</b>                | <b>\$14.7</b>              | <b>\$1.7</b>                |

3

## *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

4

## *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)*

5

## *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

6

## *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

7

## *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

8

## 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

9

## FY 2015 Recommendation

|                        | FY 2014<br>Enacted | FY 2015<br>Request | FY 2015<br>Rec. | Chng. to<br>Enacted |
|------------------------|--------------------|--------------------|-----------------|---------------------|
| Gen. Rev.              | \$9.2              | \$9.3              | \$9.0           | (\$0.2)             |
| Fed. Funds             | 1.7                | 1.1                | 2.0             | 0.3                 |
| Restricted<br>Receipts | 2.0                | 2.1                | 1.9             | (0.1)               |
| <b>Total</b>           | <b>\$13.0</b>      | <b>\$12.5</b>      | <b>\$13.0</b>   | <b>\$-</b>          |

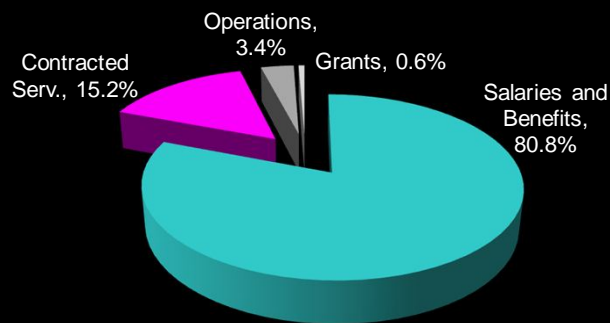
10

## Recommendations by Program

|                      | FY 2014<br>Enacted | FY 2014<br>Revised | FY 2015<br>Gov. | Chng/<br>Enacted |
|----------------------|--------------------|--------------------|-----------------|------------------|
| Central Mgmt.        | \$1.2              | \$1.2              | \$1.2           | \$-              |
| Banking Reg.         | 1.8                | 1.6                | 1.6             | (0.3)            |
| Securities Reg.      | 1.0                | 0.9                | 1.0             | 0.0              |
| Commercial Licensing | 1.2                | 1.1                | 1.2             | 0.0              |
| Insurance Reg.       | 5.1                | 5.1                | 5.2             | 0.0              |
| OHIC                 | 2.3                | 4.5                | 2.5             | 0.1              |
| Board of Accountancy | 0.1                | 0.0                | 0.0             | 0.2              |
| Design Professionals | 0.3                | 0.3                | 0.3             | -                |
| <b>Total</b>         | <b>\$13.0</b>      | <b>\$14.7</b>      | <b>\$13.0</b>   | <b>\$-</b>       |

11

## Recommendation by Category



12

## 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

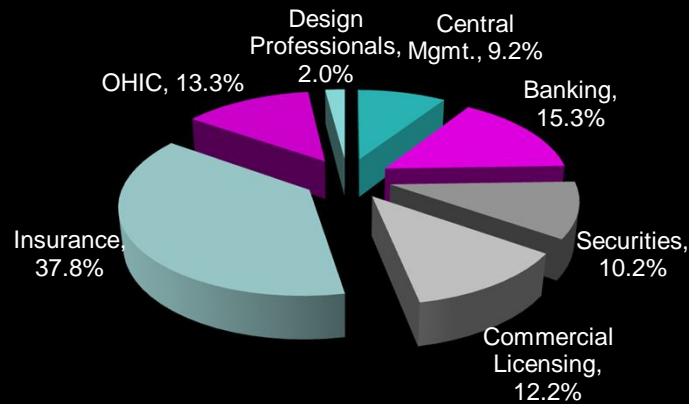
13

## FTE History



14

## FTEs by Program FY 2015



15

## 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

16



## *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

17

## *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

18

## *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

19

## *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

20

## *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

21

## *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

22

## *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

23

## *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

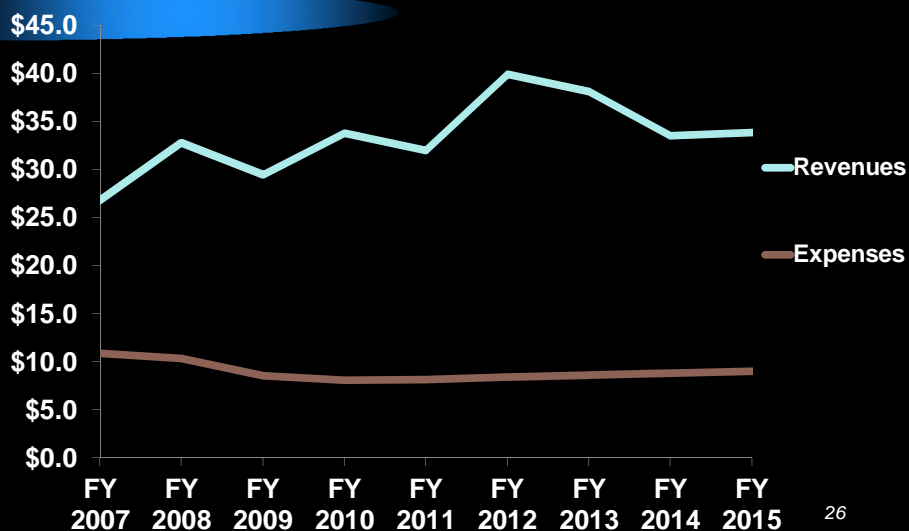
24

## 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)

25

## Revenues and Expenditures



26

# *Department of Business Regulation*



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