Department of Administration

Staff Presentation  
FY 2014 Revised, FY 2015 Recommended  
and Capital Budgets  
March 19, 2014

Overhead – Centralized/Statewide Functions:
- Capital Projects and Property Management
- Debt
- Facilities Management
- Human Resources
- Information Technology
- Legal Services
- Office of Diversity, Equity and Opportunity
- Purchasing
Department of Administration

- Overhead – Other Programs:
  - Accounts and Control
  - Bureau of Audits
  - Central Management
  - Office of Energy Resources
  - Office of Library Services
  - Office of Management and Budget
  - Planning
  - Personnel Appeal Board
  - Construction Permitting, Approval and Licensing
  - HealthSource RI (RI Health Benefits Exchange)

<table>
<thead>
<tr>
<th>FY 2015 Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>(In millions)</td>
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<tr>
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<tr>
<td>EDC/CC</td>
</tr>
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<tr>
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</tr>
<tr>
<td>FY 2015 Gov.</td>
</tr>
<tr>
<td>Change</td>
</tr>
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*Includes Human Resources, Facilities, Info. Technology, Purchasing, and Legal Services
## Recommendations

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gen. Rev.</th>
<th>Fed Funds</th>
<th>RR</th>
<th>Other</th>
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<td><strong>($19.1)</strong></td>
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<td><strong>Chg. Enact</strong></td>
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<td><strong>($1.7)</strong></td>
<td><strong>($16.5)</strong></td>
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<td><strong>Chg. Req.</strong></td>
<td><strong>($10.6)</strong></td>
<td><strong>($0.4)</strong></td>
<td><strong>($0.1)</strong></td>
<td><strong>$2.6</strong></td>
<td><strong>($8.5)</strong></td>
</tr>
</tbody>
</table>

*(In millions)*

## FY 2015 Recommended by Fund Source

- General Revenues: 68.3%
- Federal Funds: 12.4%
- Restricted Receipts: 3.3%
- Other: 16.0%
Target Issues

- Budget Office provided a general revenue target of $301.8 million
  - Included current service adjustments totaling $37.0 million
  - 7.0 percent reduction or $6.3 million adjusted for certain exclusions
- Department's constrained request met target from implementation of several initiatives
Target Issues

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Department</th>
<th>Governor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staffing Initiatives</td>
<td>($4.8)</td>
<td>$-</td>
</tr>
<tr>
<td>IT Initiatives</td>
<td>(2.8)</td>
<td>-</td>
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<tr>
<td>Current Care</td>
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<td>(0.2)</td>
</tr>
<tr>
<td>I-195 Commission</td>
<td>(0.2)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Lead Hazard Reduction Program</td>
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<td>(0.3)</td>
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<td>Water Allocation Program</td>
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<td>(0.1)</td>
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<td>EDC/CC Reduction</td>
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<tr>
<td>Revenue – Ins. Recovery Fund*</td>
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<td>(0.9)</td>
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<tr>
<td>All Other</td>
<td>(1.1)</td>
<td>-</td>
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<tr>
<td><strong>Total Changes</strong></td>
<td>($10.7)</td>
<td>($1.7)</td>
</tr>
</tbody>
</table>

(*FY 2014 revised budget assumes the revenue)

FY 2014 Revised Recommendation

- FY 2014 revised recommendation is $2.7 million less general revenues than enacted
- Major general revenue changes:
  - $0.9 million reappropriated
  - $1.1 million to distribute statewide savings
  - $3.2 million in debt service savings
  - $1.5 million in utility savings
  - $0.5 million for state job classification study
  - $0.3 million for labor contract negotiations
FY 2015 Recommended

- Governor’s FY 2015 recommendation is $30.8 million more general revenues than enacted
- Major general revenue changes:
  - $30.2 million more for debt service
  - $10.0 million for transportation
  - $9.8 million for 38 Studios
  - $8.3 million for Historic Structures Tax Credit
  - $2.1 million for all other

FY 2015 Recommended

- Governor’s FY 2015 recommendation is $30.8 million more general revenues than enacted
- Major general revenue changes:
  - $775,000 Volvo Ocean Race
  - $323,973 for Office of Diversity, Equity & Opportunity
  - $75,000 for a creative & cultural economy coordinator
  - $60,000 payroll system
## Staffing Recommendation

<table>
<thead>
<tr>
<th>Programs</th>
<th>FTE Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Authorized Level</strong></td>
<td><strong>720.7</strong></td>
</tr>
<tr>
<td>HealthSource RI (Benefits Exchange)</td>
<td>10.0</td>
</tr>
<tr>
<td>Mailroom</td>
<td>3.0</td>
</tr>
<tr>
<td>Statewide Planning</td>
<td>1.0</td>
</tr>
<tr>
<td>Office of Diversity, Equity &amp; Opportunity</td>
<td>3.0</td>
</tr>
<tr>
<td>Vacancy Elimination/Transfer</td>
<td>(14.0)</td>
</tr>
<tr>
<td><strong>Subtotal Changes</strong></td>
<td><strong>3.0</strong></td>
</tr>
</tbody>
</table>

**FY 2015 Recommendation** 723.7

## Staffing Recommendation

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<th>Gen. Rev.</th>
<th>All Funds</th>
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<tr>
<td>HealthSource RI</td>
<td>$-</td>
<td>$1.2</td>
</tr>
<tr>
<td>Mailroom</td>
<td>-</td>
<td>0.3</td>
</tr>
<tr>
<td>Statewide Planning</td>
<td>-</td>
<td>0.1</td>
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<tr>
<td>Off. of Diversity, Equity &amp; Opportunity</td>
<td>0.3</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$0.3</strong></td>
<td><strong>$1.9</strong></td>
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Department of Administration

<table>
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<th>All Funds</th>
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<td>Statewide Savings</td>
<td>$1.4</td>
<td>$2.6</td>
<td></td>
</tr>
<tr>
<td>Library Aid</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td></td>
</tr>
<tr>
<td>Energy Resources</td>
<td>-</td>
<td>(5.4)</td>
<td></td>
</tr>
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<td>EDC/CC</td>
<td>0.2</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>RI Health Exchange</td>
<td>-</td>
<td>(4.9)</td>
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</tr>
<tr>
<td>Debt Service</td>
<td>30.2</td>
<td>26.6</td>
<td></td>
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<tr>
<td>Overhead Functions</td>
<td>(0.8)</td>
<td>(15.0)</td>
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<tr>
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<td><strong>$3.8</strong></td>
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Statewide Initiatives

- FY 2014 enacted budget includes $2.6 million in undistributed savings in DOA for later distribution
  - FICA Alternative Plan - $0.4 million
  - Medical Coverage for Divorced Spouse - $1.4 million
  - Medicare Exchange & OPEB Rate Correction - $3.6 million
Statewide – *FICA Alternative Plan*

- Savings of $0.4 million included in DOA's budget
  - Part-time employees – works less than 20 hours/week
  - Those not eligible for state retirement system
  - Current employees may opt out
  - New employees automatically enroll
  - Delay in implementation and the savings are **not** distributed among other agencies

Statewide – *Medical Coverage for Divorced Spouse*

- FY 2014 recommended budget included savings of $1.4 million
  - Governor's proposal to terminate state sponsored health insurance provided to divorced spouses of state employees
- Assembly made this applicable for judgments entered into as of Jan. 1, 2014 and restored savings
  - Included in DOA for later distribution
  - Now reflected in all budgets medical rate
Statewide – Medicare Exchange & OPEB Rate Correction

- FY 2014 enacted $0.9 million for establishment of a Medicare Exchange post-65 retirees
  - Would offer a wider array of benefit choices to post-65 retirees
- $2.7 million to reflect a correction to the rate used for retiree health benefits
  - Included in DOA for later distribution
  - Now reflected in all budgets

Department of Administration

(In millions)      FY 2015 Recommendation

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Library Aid

- Governor recommends $8.8 million for library aid
  - Level funds total at FY 2014 amount
- Law provides 25% reimbursement of second prior year expenditures
  - $1.0 million less than current law
  - Ratable reduction to appropriation
- Distribution reflects updated data

Library Construction Aid

- Recommends $2.3 million for library construction aid
  - $0.2 million less than enacted
  - Based on updated cost information and construction schedules for approved projects
- State reimburses libraries up to ½ of total cost for eligible projects on an installment basis up to 20 years
- 2011 Assembly set a 3-year moratorium on acceptance of applications
Office of Library & Information Services

<table>
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<tr>
<th></th>
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<th>FY 2014</th>
<th>FY 2015</th>
<th>Change to</th>
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<td>$1.0</td>
<td>$0.9</td>
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<td><strong>$2.4</strong></td>
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<tr>
<td>FTEs</td>
<td>13.0</td>
<td>13.0</td>
<td>13.0</td>
<td>-</td>
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</table>

- Federal funds account for more than 57% of FY 2015 recommended budget
- Turnover savings from one vacancy

Department of Administration

(In millions)

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<td>General Rev.</td>
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<td>Statewide Savings</td>
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</tr>
<tr>
<td>Library Aid</td>
<td>(0.2)</td>
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<tr>
<td><strong>Energy Resources</strong></td>
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<tr>
<td>EDC/CC</td>
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<td>RI Health Exchange</td>
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<td>Debt Service</td>
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<td>Overhead Functions</td>
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<td><strong>Total Changes</strong></td>
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Office of Energy Resources

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<td>12.0</td>
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Federal funds $5.2 million less in FY 2015

- Including $5.0 million for State Energy Plan – ARRA project
- Mainly for two initiatives:
  - Clean Residential Property Assessed Clean Energy Program
  - Energy Revolving Loan Fund Program
- The grant expired on September 30, 2013
Office of Energy Resources

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<th>Projects</th>
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<td><strong>$54.9</strong></td>
<td><strong>$54.8</strong></td>
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<tr>
<td><strong>Percentage</strong></td>
<td></td>
<td>99.8%</td>
<td>0.2%</td>
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Office of Energy Resources

- Article 7 – March 4
- Regional Greenhouse Gas Initiative
  - Currently, DEM & Energy Resources can use $300K or 5% of auction proceeds whichever is less for administration costs
  - Article increases administrative percentage to 10% or $300K, whichever is greater
    - Essentially doubles amount for administrative costs
Department of Administration

<table>
<thead>
<tr>
<th>Change to Enacted</th>
<th>General Rev.</th>
<th>All Funds</th>
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</thead>
<tbody>
<tr>
<td>Worldwide Savings</td>
<td>$1.4</td>
<td>$2.6</td>
</tr>
<tr>
<td>Library Aid</td>
<td>(0.2)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Energy Resources</td>
<td>-</td>
<td>(5.4)</td>
</tr>
<tr>
<td>EDC/CC</td>
<td>0.2</td>
<td>0.2</td>
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<td>RI Health Exchange</td>
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<td>(15.0)</td>
</tr>
<tr>
<td><strong>Total Changes</strong></td>
<td><strong>$30.8</strong></td>
<td><strong>$3.8</strong></td>
</tr>
</tbody>
</table>

Commerce Corporation

- The Corporation is organized as a quasi-public entity
- Consolidates all economic development activities into a single entity
- Formed from merger of Department of Economic Development (state agency) and the Rhode Island Port Authority (quasi-public agency) in 1995
- 2013 Assembly adopted 2013-H 6071 Sub A
  - Rhode Island Commerce Corporation
Commerce Corporation

- Executive Office of Commerce
  - Oversee & serve as the lead agency of Executive Branch
  - Manage the promotion of commerce and the state’s economy
  - Headed by a secretary of commerce, who would also oversee the Commerce Corp.
  - Effective February 1, 2015
- Governor proposes legislation to delay and change this
  - Article 19 – February 6 Hearing

- Corporation has five subsidiaries
  - Small Business Loan Fund Corporation
  - Airport Corporation
  - Quonset Development Corporation
  - I-195 Redevelopment District
  - East Providence Waterfront Commission

- Commerce Corporation Board
  - Corporation’s board of directors consists of 13 members, including the Governor, who serves as chair
  - Governor appoints all 12 members
Commerce Corporation – Revenues

- State Funds: 47.8%
- Federal Funds: 27.0%
- Corporation Sources: 12.2%
- Restricted Sources: 12.9%

Commerce Corporation – Expenses

- Personnel Expenses: 20.8%
- Operating: 12.7%
- Renewable Fund: 13.0%
- Pass-through Initiatives: 26.5%
- Federal Programs: 27.1%
Commerce Corporation

- Governor recommends expenditures of $8.9 million in FY 2015
  - $4.0 million for operations of the Corporation
    - $75,000 more than enacted to fund a creative and culture economy coordinator position
  - $4.9 million in pass-through initiatives

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<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Airport Impact Aid</td>
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<td>$1.0</td>
<td>$1.0</td>
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<td>I-195 Commission</td>
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<td>1.2</td>
<td>1.2</td>
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<tr>
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<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
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<tr>
<td>Volvo Ocean Race</td>
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<tr>
<td>Comm. Service Grants</td>
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<td>0.6</td>
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</tr>
<tr>
<td>Total</td>
<td>$4.8</td>
<td>$5.5</td>
<td>$4.9</td>
<td>$0.1</td>
</tr>
</tbody>
</table>
Pass-Through Initiatives

Airport Impact Aid - $1.0 million
➢ Provides aid payments to the seven communities that host the six state airports
➢ Payments are made proportionally based on the number of total landings and takeoffs
➢ Includes $0.6 million for 17 community service grants

Pass-Through Initiatives

I-195 Redevelopment District Commission
➢ Recommends $1.2 million for FY 2014 and $0.3 million for FY 2015 from general revenues
   ✔ FY 2014 revised budget included a reappropriation of $0.7 million
   ✔ FY 2015 is $0.2 million less than enacted
Pass-Through Initiatives

Slater Technology Fund - $0.5 million, $0.5 million less than enacted to phase-out state support

- Awarded $9.0 million as part of federal State Small Business Credit Initiative
- A state-backed venture capital fund that invests in new ventures
  - Has a 16-year history
  - Intent that eventually it would be self-sustaining through returns on investment
  - $46.2 million total fund to date

EPSCoR - $1.2 million

- In support for state’s participation in National Science Foundation’s Experimental Program to Stimulate Competitive Research (EPSCoR)
  - FY 2015 is level funded with FY 2014 – prior years had been $1.5 million
  - 9th installment bringing total to $12.8 million
  - Initially, this was a three-year commitment
Pass-Through Initiatives

Innovate RI Small Business Program

➢ Adopted by the 2013 Assembly
➢ Administered by the Science and Technology Advisory Council
  ❖ Innovate Rhode Island Small Business - provides eligible businesses with grants to offset costs associated with applying for research grants
  ❖ Rhode Island-based companies with 50 or fewer employees
  ❖ A bioscience and engineering internship program

Pass-Through Initiatives

Volvo Ocean Race

➢ Recommends $775,000 from general revenues
➢ City of Newport to hold race between race May 2-17, 2015
  ❖ $0.5 million for security services (municipal and Department of Environmental Management law enforcement officers)
  ❖ Remaining $0.3 million for cleaning, portable restrooms, electrical and signage
  ❖ Same amount spent for America’s Cup World Series in 2012
### Department of Administration

#### FY 2015 Recommendation

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<td><strong>RI Health Exchange (at rise)</strong></td>
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<td><strong>(4.9)</strong></td>
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<td>(15.0)</td>
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Debt Service

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</table>

Change (in millions) | $30.2            | ($0.1)        | $-                   | $3.5  | $26.6    |

➤ Department of Administration’s budget includes most debt service costs

❖ Excludes all for higher education and some DOT

FY 2015 Debt Service

- Transportation 21.8%
- GO Bonds 29.2%
- COPS 15.2%
- Other Debt 9.0%
- Convention Center 10.5%
- Historic Tax 14.4%
Debt Service – *Convention Center*

- Recommends $23.0 million for debt service for Convention Center Authority
  - When the Authority runs an operating deficit, the state is responsible for covering the shortfall
  - Manages and operates the Convention Center, Dunkin’ Donuts Center and Veterans Memorial Auditorium
- Also recommends $1.0 million from RI Capital Plan funds to free up operating funds for the Authority
  - This reduces the Authority’s projected shortfall and lowers general revenues for debt

Debt Service – *Dept. of Transportation*

Department of Transportation

- Recommends $46.1 million in FY 2015, including $19.3 million from general revenues
  - Consistent with proposal to increase state support for transportation debt
- Recommends $1.8 million from general revenues for RIPTA debt service in lieu of Authority sources
  - Initially, state support was for two years (FY 2013 and FY 2014)
  - Help reduce the Authority operation shortfalls
Debt Service – Historic Tax Credit

- 2008 Assembly adopted legislation to significantly modify the program
  - Placed a moratorium on new projects
  - Required upfront processing fees, reducing overall effective credit from 27.75% to 22.0% and
  - Authorized borrowing to cash out all credits

- 2013 Assembly adopted legislation to allow new projects to replace those projects that did not progress
  - Recommends $31.7 million from general revenues in FY 2015 for Historic Tax Credit debt service
    - $8.3 million more than enacted
    - Outyear debt: $31.7M in FY 2015 to $42.3M in FY 2018
38 Studios Debt Analysis

- 2013 Assembly provided $50,000
  - To perform a market analysis to further explore the implications of the state not repaying the authorized debt
  - A request for proposals was issued in October 2013
  - No bids were received

- Administration explored other options:
  - Under contract with SJ Advisors

Debt Service – 38 Studios

- Job Creation Guaranty Program – allowed guaranteed loans not to exceed $125.0 million
- Used $80.5 million
- 2013 Assembly repealed program
  - 38 Studios - $75.0 million - Defaulted
  - Includes $12.3 million from general revenues for debt service
    - $9.8 million more than enacted
Debt Service – I-195

➢ I-195 Land Purchase
   ❖ 2011 Assembly’s debt authorization stipulated that proceeds from eventual sale of the land parcels would be used for debt service costs
   ❖ Legislation assumed $42 million of revenue bonds would be issued by EDC to purchase land made available through the relocation of Interstate 195 from DOT

➢ Recommends $0.5 million in FY 2014 and FY 2015 general revenues for debt service

I-195 Redevelopment Commission

I-195 Redevelopment Commission

➢ 2012 Assembly provided $3.9 million for a one-time expense for the completion of land sales, including $0.9 million to support 2-3 years staffing & operating
   ❖ $0.7 million reappropriation in FY 2014

➢ Commission submitted a budget requesting $1.3 million for FY 2015

➢ Recommends $0.3 million each from general revenues and RI Capital Plan funds
## Department of Administration

### FY 2015 Recommendation

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<th>Change to Enacted</th>
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<td>Debt Service</td>
<td>30.2</td>
<td>26.6</td>
</tr>
<tr>
<td><strong>Overhead Functions</strong></td>
<td><strong>(0.8)</strong></td>
<td><strong>(15.0)</strong></td>
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<tr>
<td><strong>Total Changes</strong></td>
<td><strong>$30.8</strong></td>
<td><strong>$3.8</strong></td>
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### Items of Interest:
- Office of Digital Excellence
- Division of Information Technology
- Office of Regulatory Reform
- Division of Human Resources
- Purchasing
- Office of Diversity, Equity and Opportunity
- Statewide Planning
- Facilities Management
- Capital Projects
Office of Digital Excellence

- 2012 Assembly created Office of Digital Excellence to ensure projects are well coordinated and properly implemented
  - Authorized 2.0 positions, including a chief digital officer
  - 2013 Assembly provided an additional 5.0 positions
- Governor recommends $0.9 million and 7.0 positions
  - Three positions are filled
  - Department is in the hiring process

Division of Information Technology

Division of Information Technology

- Executive Order 04-06 created the new division to improve efficiency, effectiveness and security of computer operations and management under the control of a Chief Information Officer
- Responsible for oversight, coordination and development of all computer resources within the Executive Branch
Division of Information Technology

➢ Services provided:
  - Desk Support
  - Network Support
  - Telecommunications
  - Central Mail

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>General Revenues</th>
<th>Federal Funds</th>
<th>Restricted Receipts</th>
<th>Other</th>
<th>Total</th>
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<td><strong>($0.6)</strong></td>
<td><strong>($0.2)</strong></td>
<td><strong>$0.6</strong></td>
<td><strong>($0.5)</strong></td>
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<tr>
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<td><strong>15 Change</strong></td>
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<td><strong>($0.5)</strong></td>
<td><strong>($1.3)</strong></td>
<td><strong>$1.5</strong></td>
<td><strong>($0.2)</strong></td>
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</table>
Division of Information Technology

- Governor recommends funding of $22.9 million in FY 2014 and $23.2 million in FY 2015
  - FY 2014 is $0.5 million and FY 2015 is $0.2 million less than enacted
  - The recommendations reflect additional turnover and statewide medical benefit savings
- Recommends staffing of 190.5 positions in both years
  - Consistent with authorized level
  - 12.5 positions vacant as on March 1, 2014
Technology Investment Fund

- 2011 Assembly enacted legislation to create an Information Technology Investment Fund
  - To be supported from land sales proceeds
  - 2012 Assembly also transferred $9.0 million from general revenues
  - Funds would be use for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance
- Budgets assume use of $7.2 million, including $3.2 million in FY 2015

Information Technology Improvements

- Section 2 of Article 4 would authorize $30.0 million for information technology projects
- Legislation cites projects in the following areas:
  - “budget & grant management & HR information systems, emergency notification system upgrades, RI Veterans Home – automated pharmacy services, content management system, DOH electronic birth records, DEM enterprise permit system, & record digitization upgrades”
- Hearing – February 26
RI Financial Accounting System

RI Financial Accounting Network System:
➢ Involves installation of a series of modules for each particular service that will form the integrated system
  ➢ Modules were purchased in 2007 – not all have been implemented
  ➢ $12.4 million to implement remaining modules (HR, projects and grants, cash management and asset management
➢ Recommends $1.6 million in both years
  ➢ For maintenance contracts and salaries

Office of Regulatory Reform

➢ Office of Regulatory Reform created by 2010 Assembly
  ➢ Aims to improve the state’s business climate
  ➢ Help businesses to navigate through state and municipal permitting and regulatory affairs
➢ 2012 Assembly transferred from the EDC to Office of Management and Budget
➢ 2013 Assembly adopted legislation to transfer the Office to the Executive Office of Commerce
➢ Governor includes legislation to maintain Office in DOA
Office of Regulatory Reform

- 2012 legislation requires agencies to periodically evaluate of all existing regulation for adverse impact on small business
  - 25% each year – beginning 2012 for a total of four years (Governor requested regulatory agencies to speed up process)
  - Office is tasked with assisting and coordinating the agency review process
  - Three regulatory review reports have been released: August 2013, November 2013 and March 2014

Office of Regulatory Reform

- Governor recommends $1.1 million in FY 2014 and $0.9 million in FY 2015
  - $0.5 million in both years for salaries and benefits to support four positions
  - $0.6 million in FY 2014 and $0.3 million in FY 2015 for the Electronic Local Permitting Initiative
Electronic Local Permitting

- 2012 Assembly provided $0.3 million for the purchase or lease and operation of a web-accessible plan review management and inspection software system
- Create a standardized system available to the State Building Code Commission and all municipalities
- Legislation requires State Building Commissioner to report the status and any recommendations for improving the system on April 1

Electronic Local Permitting

- Staff from the Building Code Commission investigated other similar systems around the country and is working on how it would like the software system to work for impacted agencies
- Develop standard for statewide process for electronic plan review, permit management and inspection – July 2013
- Request for Proposals – issued on February 28
  - Implement – approximately April 2014
Division of Human Resources

- Executive Order 05-11 centralized human resources functions statewide
- Created four service centers
  - DEM/DOT
  - General Government
  - Public Safety
  - Health and Human Services

### Division of Human Resources

<table>
<thead>
<tr>
<th></th>
<th>General Revenues</th>
<th>Federal Funds</th>
<th>Restricted Receipts</th>
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<td>($0.1)</td>
<td>($0.1)</td>
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<td><strong>15 Change</strong></td>
<td>$-</td>
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<td>$-</td>
<td>$-</td>
<td>($0.1)</td>
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*Adjusted to exclude Outreach and Diversity Office
Division of Human Resources

- Human Services: 31.8%
- Personnel Admin.: 29.6%
- Public Safety: 14.6%
- DEM/DOT: 12.9%
- Gen. Gov.: 10.2%

Division of Human Resources

- Salaries & Benefits: 96.4%
- Cont. Services: 1.3%
- Operating: 2.3%
Division of Human Resources

- Governor recommends $9.9 million in FY 2014 and $10.2 million in FY 2015 for salaries and benefits
  - FY 2014 is $0.3 million less than enacted
  - FY 2015 is $40,778 less than enacted

- Recommends staffing 105.5 positions in both years
  - Consistent with the authorized level
  - 9.0 positions vacant as of pay period ending March 1

Personnel Classification Study

- Current system was designed and implemented more than 50 years ago
  - Few amendments have been made to it since
  - Has over 1,000 position classifications

- 2012 Assembly provided $250,000 from general revenues for a study and review of the state's personnel system
  - Study completed in January 2013
Personnel Classification Study

Study found that:

- Current structure, organization and staffing of HR division is not sufficient to support the state’s need
- Recruiting process is highly paper-based
  - Filling a position can take up to six months from the time it is requested
- Job classification structures do not reflect qualifications to deliver the services
- Compensation structures are non-competitive

A total of 16 actions were recommended, including

- Restructure - headed by a new chief of human resources, which will be dedicated to establishing strategic direction, developing policies
  - Filled in December 2013
- Online application system
- Update position classifications
- Eliminate public hearing process, when making changes to classification structure
Personnel Classification Study

- Recommends $0.5 million in FY 2014 to redesign the state’s classification and compensation systems
- The four goals of the study:
  - Increase state's ability to attract & maintain a high quality workforce;
  - Increase flexibility within the classification & compensation systems;
  - Increase HR system efficiency and effectiveness; and
  - Provide a system that is easy to understand
- Issued RFP and received 3 bids

Purchasing

<table>
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<td>33.0</td>
<td>33.0</td>
<td>33.0</td>
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*Adjusted to exclude Minority Business Enterprise

- Staffing costs account for more than 95% of the recommended budget
Purchasing

➢ Website Expansion and Procedural Examination
  ▶ Enhance the website for the Division to allow all public works bid result projects be posted on the Purchasing website
  ▶ Legal services to examine the Division’s procedures and regulations

➢ Governor recommends $160K in FY 2014 and $65K in FY 2015 for the initiatives

Direct Deposit

➢ Requires the controller to implement a direct deposit payroll system for state employees
  ▶ Automatic for employees hired after Sept. 30, 2014
  ▶ Employees hired before Sept. 30, 2014, must do so by June 30, 2016

• Article 17, Section 1 – March 4
Payroll Viewing

➢ Administration in process of implementing a new payroll system
➢ April 1, 2014
  ❖ Employees can obtain payroll stubs online
  ❖ Subsequent phase will allow employees to obtain W-2 forms online as well

Office of Diversity, Equity & Opportunity

➢ May 2013, Governor issued Executive Order 13-05 entitled “Promotion of Diversity, Equal Opportunity & Minority Business Enterprises in Rhode Island”
➢ DOA to reviews all divisions and offices within the Department that are charged with facilitating equal opportunity employment
➢ Make recommendations to improve collaboration between these offices
Office of Diversity, Equity & Opportunity

- Department requests the creation of the Office of Diversity, Equity & Opportunity
- Transferred:
  - Minority Business Enterprise from Purchasing
  - Outreach & Diversity Office from Human Resources
- Adds 3 new positions: a chief diversity and equity officer and two senior equal opportunity officers
- Governor recommends $1.3 million, $0.3 million to fund the new positions

Statewide Planning

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<td>38.0</td>
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</table>

- Federal funds account for more than 63% of FY 2014 recommended budget
Lead Hazard Reduction Program

- Provides loans and grants to income eligible property owners for lead abatement
  - Program provides 35-55 households annually
  - Since inception, 1,500 units have been made lead safe
- Enacted budget included $0.6 million

- Governor provides $0.3 million
  - $0.3 million less than enacted

Rental Housing Subsidy

- 2013 Assembly initiative
- Provided $750,000 to provide rental housing subsidies for eligible homeless individuals & families
- Housing Resources Commission issued a competitive request for proposals
  - Received 8 applicants, selected 5 vendors: Crossroads, House of Hope, The Providence Center, Riverwood Mental Health Services and Amos House
- Governor recommends enacted amount
Facilities Management

- Responsible for 140 state buildings
- Funding in Division supports building operations, maintenance and repairs for state properties, including the Pastore Campus
- Recommends expenditures of $35.3 million in FY 2014 and $35.8 million in FY 2015 from all funds
  - $18.1 million or 50.5% is for utility expenses

Facilities Management

- Recommends FY 2015 expenditures of $10.3 million for staffing of 114.5 positions, $0.1 million more than enacted
- Represents 28.8% of recommendation
- Includes turnover savings of $0.5 million in FY 2014 and $0.4 million in FY 2015
  - 13.0 vacancies on March 1
Capital Projects

- Recommends total project costs of $364.3 million
- $178.2 million will be used from FY 2015-FY 2019

- Total 43 projects
  - Pastore Campus – 11
  - Other State Facilities – 21
  - Other Projects – 11

<table>
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<tr>
<th>By Category</th>
<th>5 Year Total</th>
<th>Project Total</th>
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<td><strong>Total</strong></td>
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<td><strong>$364.3</strong></td>
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</table>
Capital Projects

Pastore Campus Projects

➢ $38.3 million will be used from FY 2015 – FY 2019

➢ Projects include:
  ❖ Fire code compliance
  ❖ Utilities upgrade
  ❖ Buildings demolition
  ❖ Parking

Capital Projects – Virks Building

➢ Authorizes $13.0 million from COPS to renovate Virks building in the Pastore Center
  ❖ Structure is four stories with 54,000 sq. ft.
  ❖ Including electrical system, HVAC, roof and fire code
  ❖ Can accommodate 200 – 225 employees
  ❖ Would be occupied by the EOHHS

➢ Annual debt service $1.3 million for 15 years
  ❖ Half would be supported by federal funds

➢ Hearing – February 26
Capital Projects

Other State Facilities Projects
➢ $58.8 million will be used from FY 2015 – FY 2019
➢ Projects include:
  ❖ State House Renovations
  ❖ Cranston Street Armory
  ❖ Ladd Center Buildings Demolition
  ❖ Convention Center Facility Renovations
  ❖ Big River Management Area

Capital Projects
➢ Includes $4.2 million in FY 2014 to purchase the property adjacent to the Veterans Auditorium, including $1.0 million for site improvement costs
➢ Closing occurred in October 2013
➢ Administration in process of developing a plan for a surface parking lot
➢ Informal agreement with Convention Center Authority to manage
Capital Projects

All Other Projects

- $81.0 million will be used from FY 2015 – FY 2019
- Projects include:
  - Energy Conservation
  - Affordable Housing
  - Health Lab Feasibility Study
  - Water Facilities Assistance Program

Capital Projects – Water Facilities Assistance Program

- $15.0 million from new general obligation bonds for Water Facilities Assistance
- Grants to local water suppliers to implement water resource programs
- If this question is approved, Budget also authorizes construction of interconnections between water supplies:
  - Pawtucket, East Providence and Bristol County
- Hearing February 27
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 25 reports
  - Submitted to General Assembly, Governor, Chairpersons of House & Senate Finance Committees, public and one is filed with Sec. of State

### Areas of Reporting

<table>
<thead>
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<th>Areas of Reporting</th>
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<tr>
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<td><strong>21</strong></td>
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</tbody>
</table>
Annual Reporting Requirement

- Currently, agencies are required to report contracted services in excess of $100K to Secretary of State on an annual basis.
- Adopted by 2006 Assembly.

Annual Reporting Requirement

- Article 17 alters requirements so that agencies provide actual information for the prior fiscal year and projected costs for the current and fiscal years:
  - List will be published annually.
  - Using the state’s transparency portal or an equivalent website.
  - No later than Dec. 1 of each year.
Department of Administration

Staff Presentation
FY 2014 Revised, FY 2015 Recommended
and Capital Budgets
March 19, 2014