Department of Business Regulation

Staff Presentation
FY 2015 Revised and
FY 2016 Recommended Budgets
April 28, 2015

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 2015 Revised Recommendation

<table>
<thead>
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In millions

FY 2015 Revised

- Recommends $8.8 million from general revenues
  - $0.2 million less than enacted and requested
  - Primarily from turnover savings
    - 8.9 percent average vacancy through April 4
  - Statewide savings from medical benefits
Executive Office of Commerce

- 2013 Assembly adopted several pieces of legislation pertaining to economic dev.
- Created Executive Office of Commerce, effective February 1, 2015
  - Powers to operate functions from Department of Business Regulation
- Recommendation maintains DBR as a stand-alone department

Article 20 – Professional Licenses

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<th>End Licensure/Certification</th>
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<td>Auctioneers &amp; apprentices</td>
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<td>99</td>
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<td>Kickboxing</td>
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- Article hearing – April 2
Target Issues

- Department provided with general revenue target of $8.8 million
  - Includes current service adjustments totaling $0.5 million
  - 7.5 percent reduction or $0.7 million
- Constrained request assumes $0.5 million from leaving 7 positions vacant and $0.7 million from eliminating 7 other positions

Target Issues

- Governor does not concur with proposal to eliminate positions
  - Six of the seven positions are revenue generating
- Constrained request assumes $0.4 million in turnover savings
- Governor recommends $0.5 million
  - $0.1 million more than constrained request and enacted
## FY 2016 Recommendation

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*In millions*

## Recommendations by Program

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<tr>
<td><strong>Total</strong></td>
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</table>
FY 2016 Recommendation by Category

- Salaries & Benefits: 75.7%
- Contracted Services: 20.1%
- Assist., Grants & Benefits: 0.5%
- Operations: 3.6%

Full-Time Equivalent Positions

- Recommends staffing of 98.0 positions for FY 2015 and 99.0 for FY 2016
  - Adds 4.0 positions in both years
  - Does not fund them
- FY 2016 recommendation transfer ombudsman position from DOA
- Department had 12 vacancies on pay period ending April 4
**FTE History**

*Through April 4*

**FTEs by Program FY 2016**

- OHIC, 13.1%
- Banking, 15.2%
- Securities, 10.1%
- Commercial Licensing, 11.1%
- Central Mgmt., 11.1%
- Insurance, 37.4%
- Design Professionals, 2.0%
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 $1.4 million and staffing of 11.0 positions

Central Management

- Recommendation is $0.2 million more than enacted
  - $0.1 million for staffing
    - Transferred ombudsman position from DOA
  - $0.1 million for software maintenance
    - 2006 Assembly approved $1.0 million for an integrated web-based licensing system
    - System is completed and individuals/businesses now have access to register or renew licenses electronically
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 $1.7 million for FY 2016 and staffing of 15.0 full-time positions
  - $0.1 million more than enacted
  - Staffing is consistent with 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
  - $46,954 less and staffing consistent with 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 11.0 positions
  - $50,821 more than enacted

Insurance Regulation

- Conducts financial examinations of domestic insurance companies
- Licenses companies, producers, adjusters and appraisers
- Recommends $5.8 million and staffing of 37 positions
  - $0.6 million more and staffing consistent with authorized level
Insurance Regulation

- Actuarial Services for Rate Review Filings
- Governor recommends $1.5 million each in both years
  - Firms are employed to assist in preparation of insurance rate filings
    - Contracts with 5 firms
  - Complex analysis of loss and premium data gathered by insurers over a period of years
    - Expenditure of $0.7 million average last five years

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 $3.3 million and staffing of 13.0 positions
  - $0.8 million more and staffing consistent with enacted
  - Primarily from federal funds
    - Rate Review grants from CMS
    - State Innovation Models Initiative

Board of Accountancy

- Autonomous board responsible for administration of licensing
  - Certified public accountants
  - Public accountants
  - Accountancy partnerships & corporations
- Recommends $16,654
  - Consistent with enacted budget
  - Operating costs
**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
  - $12,374 more than enacted and staffing is consistent with authorized level

**Revenues**

- Department generates revenues through:
  - Applications, exams, license renewals, late penalties and miscellaneous fees
- Funds collected are deposited as general revenues
Revenues and Expenditures

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