Governor’s FY 2019 Budget: Articles

Staff Presentation to the House Finance Committee
March 1, 2018
Introduction

- Article 3 – Government Reform
  - Transfers
    - Creates Division of Building, Design & Fire Professionals with functions transferred from Departments of Administration & Public Safety to Business Regulation
    - Water Resources Board to PUC
  - Other changes
    - Injured on Duty Reform
    - Tobacco Settlement Financing Corp member
    - State Aid
Sec. 1-9, Division of Building, Design & Fire Professionals

- Consolidates licensing and regulation relating to building and construction design, inspection, and enforcement of building and fire codes

- Establishes Division of Building, Design and Fire Professionals in Department of Business Regulation
Sec. 1-9, Division of Building, Design & Fire Professionals

- From Dept. of Administration
  - Contractors’ Registration and Licensing Board
  - State Building Code Commission
  - Fire Safety Board of Appeal and Review
- From Public Safety
  - Division of State Fire Marshal
Sec. 1-9, Division of Building, Design & Fire Professionals

- Contractors’ Registration & Licensing Board
  - Responsible for registering building contractors, licensing home inspectors and commercial roofers
  - Board investigates complaints and conducts consumer protection activities
    - Mediates disputes between property owners and contractors
Section 1-9, Division of Building, Design & Fire Professionals

- Contractors’ Registration & Licensing Board
  - Operating costs are supported by restricted receipts
    - Registration fees paid by contractors and commercial roofers
  - Governor proposes to fund Boards for Design Professionals with these receipts
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Balance Fwd.</td>
<td>$603,016</td>
<td>$910,743</td>
<td>$705,603</td>
<td>$110,557</td>
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<td>New Receipts</td>
<td>1,549,681</td>
<td>1,124,482</td>
<td>1,511,000</td>
<td>1,012,034</td>
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<tr>
<td>Indirect Cost</td>
<td>(154,968)</td>
<td>(112,448)</td>
<td>(151,100)</td>
<td>(101,203)</td>
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<td><strong>Available</strong></td>
<td><strong>$1,997,728</strong></td>
<td><strong>$1,922,777</strong></td>
<td><strong>$2,065,503</strong></td>
<td><strong>$1,021,388</strong></td>
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<td>Expenditures</td>
<td>1,086,985</td>
<td>1,217,174</td>
<td>1,631,243</td>
<td>1,327,490</td>
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<tr>
<td>Design Prof.</td>
<td>-</td>
<td>-</td>
<td>323,703</td>
<td>335,643</td>
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<tr>
<td><strong>Balance</strong></td>
<td><strong>$910,743</strong></td>
<td><strong>$705,603</strong></td>
<td><strong>$110,557</strong></td>
<td>($641,745)</td>
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</tbody>
</table>
State Building Code Commission

- Oversees approval of:
  - State projects
  - Accessibility programs
  - Building code standards

- Monitors for compliance applicable structures

- Operating budget of $1.5 million; funded with general revenues

- Staffed with 11.0 full-time positions; all filled
Sec. 1-9, Division of Building, Design & Fire Professionals

- Fire Safety Board of Appeal and Review
  - Provides interpretations of fire codes and hears all variance requests
  - Staffed by 3.0 full-time equivalent positions
    - All positions are filled
  - Operating budget of $0.3 million
    - Supported with general revenues
Section 1-9, Division of Building, Design & Fire Professionals

- Division of State Fire Marshal
  - Responsible for enforcement of duties required by RI Fire Safety Code including
    - Prevention, Protection, Investigation, Education
  - Article establishes it as an office within DBR
    - Current law requires it to be in DPS
    - State Fire Marshal would still be appointed by Governor
Component of $25M savings target

- $0.3 million savings for FY 2018 & FY 2019
- MOU signed on 1/12/18
  - DOA, DBR and Public Safety
  - Retroactive to July 1, 2017
  - Renames Div. of Design Professionals as Div. of Construction & Design Professionals
  - Outlines agreements on duties and controls of grant funds and other services and support
Sec. 1-9, Division of Building, Design & Fire Professionals

- Business Regulation Hierarchy
  - Makes technical corrections to titles and references to be consistent with other sections and current practice
    - Statute contains references to a Director, Administrator, Commissioners, Superintendents
    - Multiple terms confusing
  - Gives Insurance & Banking superintendents powers previously reserved for the Director
    - Makes Director’s powers less specific
  - Changes posting requirements - rescinded
Sec. 12-15, Water Resources Board

- 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
- Additional changes would be required
  - Article calls for those changes to be submitted to the 2019 Assembly
- Strikes other language in error
Sec. 12-15, 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 2 years
  - Staff director
  - Civil engineer
Operating cost of Board charged to 7 regulated water suppliers
- Currently assessed ~ $1.0 million annually
- Top payers:
  - Narragansett Bay Commission
  - Providence Water Supply Board
Sec. 12-15, Water Resources Board

- Budget assumes general revenue savings of $0.4 million FY 2018 & FY 2019
  - Component of $25 million savings target
  - MOU signed on October 1, 2017
    - DOA & PUC
    - Retro to July 1, 2017
  - Governor’s budget also shifts 3.0 FTE for FY 2018
- Funding WRB limited to current FTE cap cost
  - Non-staff costs subject to Administrator approval
- WRB to provide monthly expenditure report
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
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
Sec. 10-11, Injured on Duty

- Article requires use of application & processing rules for IOD benefits for state employees that qualify for them
- Instead of separate accidental disability procedure
  - Board or any court with jurisdiction allows accidental disability benefits, IOD benefits will terminate
  - Current law – only Workers’ Comp. Court can make this ruling
Sec. 10-11, Injured on Duty

• Article allows independent medical examiner to certify that maximum medical improvement reached
  ▪ State employees only
  ▪ Triggers 60-day clock to apply for accidental disability benefits
• Retains current law provisions not to conflict with collective bargaining agreements regarding independent medical examinations
Proposed changes intended to apply only to state employees

- As submitted it would have broader application
- Governor requested an amendment to rework proposed language to clarify this
Budget assumes $0.6 million from general revenues savings from IOD reform:

- $0.3 million each for DPS and Military Staff
- Savings assume 4 Sheriffs & 3 Firefighters will no longer be on IOD after the benefits for first quarter of FY 2019

All are funded from general revenues:
- Federal funds not allowed for IOD
## Sec. 10-11, Injured on Duty

<table>
<thead>
<tr>
<th>FY 2019 Estimated Costs</th>
<th>Sheriffs</th>
<th>Firefighters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Cost</td>
<td>$110,662</td>
<td>$128,075</td>
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<tr>
<td>Annual Cost</td>
<td>$442,648</td>
<td>$384,225</td>
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<tr>
<td>4 Sheriffs/3 FF</td>
<td>$331,986</td>
<td>$288,169</td>
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<tr>
<td>Savings – 3 quarters</td>
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<td></td>
</tr>
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Sec. 10-11, Injured on Duty

- Fall 2017
  - 18 Sheriffs
    - 6 pre July 1, 2011
  - 6 Firefighters
    - 1 pre July 1, 2011

- Currently
  - 21 Sheriffs
  - 6 Firefighters
Sec. 16, Tobacco Settlement Financing Corporation

- Corporation
  - Created in 2002 as a public corporation empowered to:
    - Acquire tobacco receipts from the state that the state is authorized to sell
    - Authorize the sale by the state of all or a portion of the state's tobacco receipts
  - Does not have any employees
    - Administrative support is provided by State Budget Office
Changes composition of Board
- Address quorum issues with board meetings
- Currently consists of 5 members
  - Two from State Investment Commission
  - Three from public
- Proposed Structure
  - State budget officer as chairperson
  - Director of Revenue or designee
  - General Treasurer or designee
  - Two from public
Sec. 17, Council on the Arts

- 2015 Assembly transferred the RI Film and Television Office from Department of Administration
- Section 17 makes technical correction to statutory reference missed in prior law change
Sec. 18-21, State Aid

- Adds more options for the state to withhold funds from municipalities that owe to state agencies or entities
  - Current options not large enough or do not capture all municipalities
  - Exeter expected to pay $0.3 million for State Police service
- Shortens the delinquency period from 180 days after invoicing to 90 days
Sec. 18-21, State Aid

- Current law allows withholding from certain direct aid programs
  - Distressed and PILOT
  - Other unfunded programs
- Article adds items “passed through”
  - Public Service Corporation Tax - $13 million
  - 1% Meals and Beverage - $26 million
  - Local Share of Hotel Tax – drafting issues
## Article 3

<table>
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<tbody>
<tr>
<td></td>
<td>$(323,703)</td>
<td>$(335,643)</td>
<td>$(659,346)</td>
</tr>
<tr>
<td>Water Resources Board</td>
<td>(410,170)</td>
<td>(410,170)</td>
<td>(820,340)</td>
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<tr>
<td>Injured on Duty Reform</td>
<td>-</td>
<td>(622,304)</td>
<td>(622,304)</td>
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<tr>
<td>State Police Reimbursement</td>
<td>-</td>
<td>(296,002)</td>
<td>(296,002)</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$(733,873)</strong></td>
<td><strong>$(1,664,119)</strong></td>
<td><strong>$(2,397,992)</strong></td>
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Governor requested 3 amendments

1\textsuperscript{st} - restores current law for Division of Statewide Planning and Council

2\textsuperscript{nd} – restores current law language regarding publication in a newspaper

3\textsuperscript{rd} – clarifies new accidental disability benefits pertain only to state employees
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