

Department of Administration

Governor's FY 2021 Revised, FY 2022 Budget
and Capital Budget Recommendations
House Finance Committee
May 12, 2021

Department of Administration

- Overhead – Centralized/Statewide Functions:
 - Capital Asset Mgmt. & Maintenance
 - Previous functions of Facilities Management & Capital Projects
 - Debt
 - Human Resources
 - Enterprise Technology Strategy & Services
 - Previously Division of Information Technology
 - Legal Services
 - Purchasing

Department of Administration

- Overhead:
 - Accounts and Control
 - Office of Federal Grants Management
 - Central Management
 - Office of Management and Budget
 - State Budget Office
 - Office of Internal Audit
 - Office of Regulatory Reform

Department of Administration

- Other programs:
 - Office of Energy Resources
 - Office of Library and Information Services
 - Statewide Planning
 - Personnel Appeal Board
 - HealthSource RI
 - Office of Diversity, Equity & Opportunity

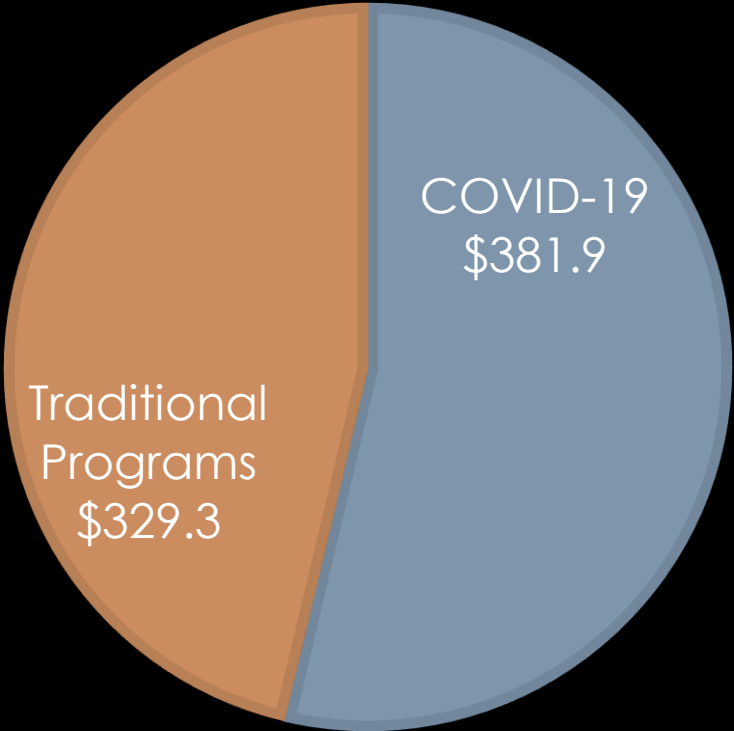
Funding by Source

	Gen. Rev.	Federal Funds	Restr. Rec.	Other	Total
FY 2021 Enacted	\$313.0	\$205.9	\$38.8	\$65.3	\$623.0
Governor Rev.	\$216.7	\$382.3	\$47.0	\$65.2	\$711.1
Change	\$(96.3)	\$176.5	\$8.1	\$(0.2)	\$88.1
FY 2022 Request	\$200.0	\$3.9	\$39.3	\$84.1	\$327.3
Governor	\$243.2	\$149.6	\$30.0	\$76.1	\$498.9
Gov. to Enacted	\$(69.8)	\$(56.3)	\$(8.8)	\$10.8	\$(124.1)
Gov. to Request	\$43.2	\$145.7	\$(9.3)	\$(7.9)	\$171.6

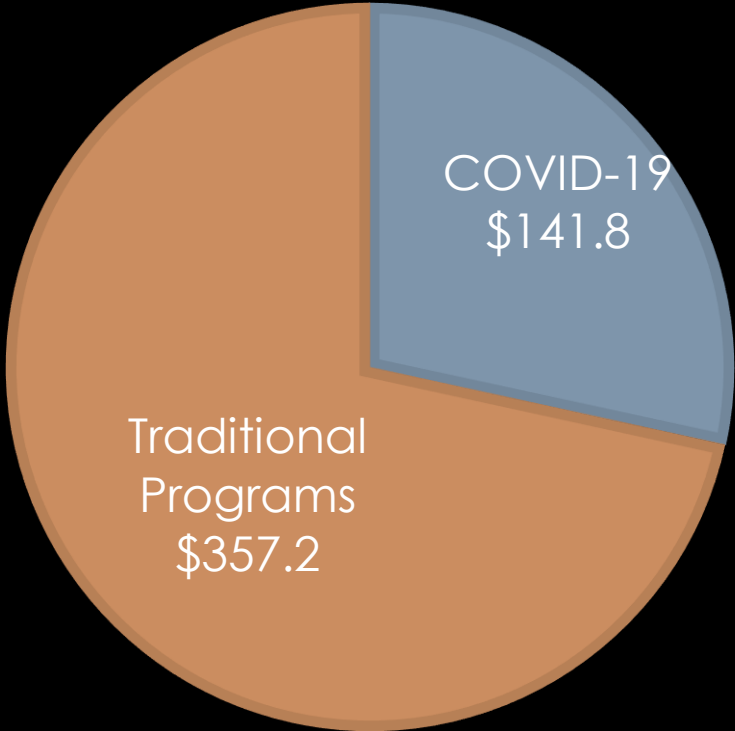
\$ in millions

Governor's Recommendation

FY 2021 REVISED



FY 2022



\$ in millions

COVID-19

General Revenues	FY 2021 Enacted	FY 2021 Governor	Chg. to Enacted
Surge Hospital Operations and Deconstruction*	\$11.4	\$8.2	\$(3.2)
Government Readiness	1.9	2.0	0.1
Individual Support	2.6	-	(2.6)
Legal	0.3	0.3	-
Total (in millions)	\$16.2	\$10.5	\$(5.7)

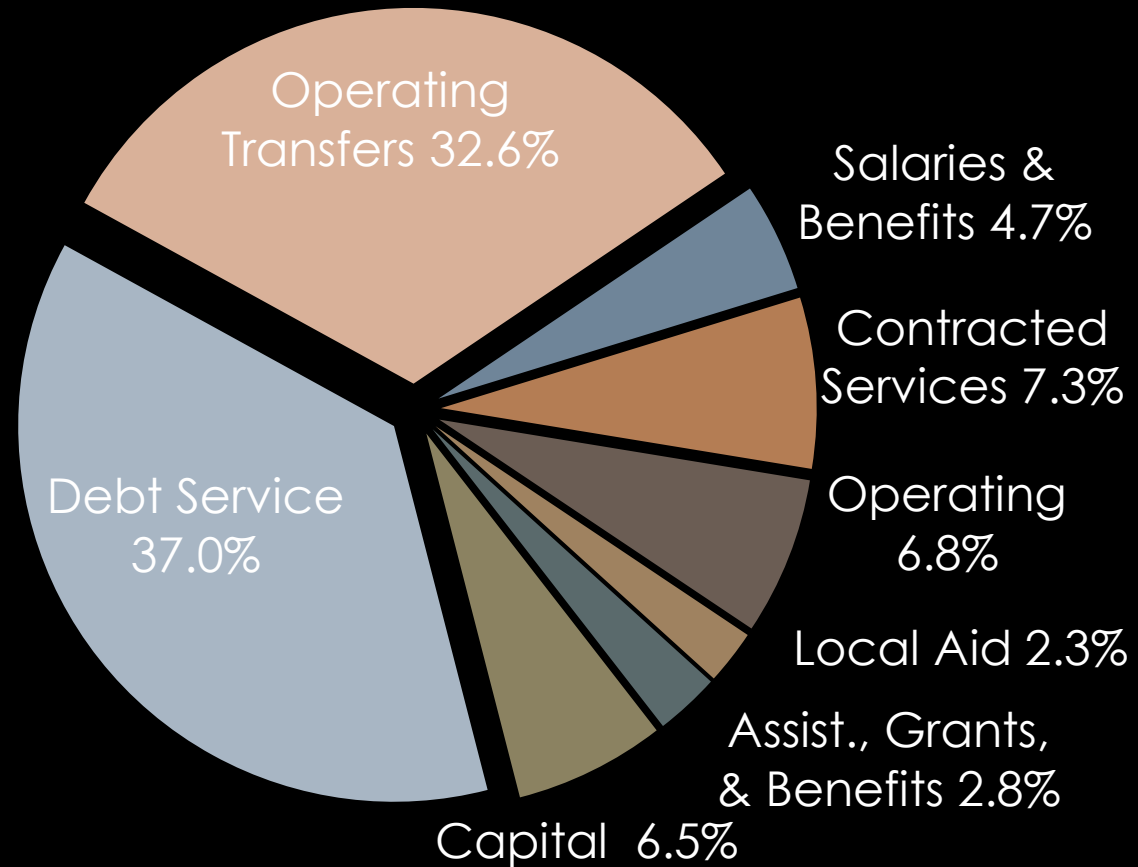
*FY 2021 revised amount is included in Department of Health's budget

Governor's Recommendation

	FY 2021 Enacted	FY 2021 Gov.	Diff.	FY 2022 Gov.	Diff.
COVID-19	\$219.5	\$381.9	\$162.4	\$141.8	\$(77.8)
Statewide	90.0	7.5	(82.5)	45.7	(44.2)
Debt Service	194.0	193.8	(0.2)	184.7	(9.3)
Library Aid	12.3	12.3	-	11.7	(0.6)
HealthSource RI	21.5	21.9	0.4	24.9	3.4
Energy Resources	8.5	13.9	5.4	9.6	1.1
Central Services*	28.7	31.0	2.3	21.4	(7.4)
All Other	48.5	48.8	0.3	59.1	10.6
(\$ in millions) Total	\$623.0	\$711.1	\$88.1	\$498.9	\$(124.1)

**Includes Human Resources, Enterprise Technology Strategy & Services, Purchasing, Capital Asset Management & Maintenance, & Legal Services*

Recommendation by Category



Staffing

FY 2022 Governor		
	DOA	Statewide
Gross Salaries (in millions)	\$55.3	\$1,153.8
Turnover (in millions)	(1.9)	(55.4)
Turnover %	3.4%	4.8%
Turnover FTE	21.8	724.9
FY 2022 FTE recommended	649.7	15,089.2
Funded FTE	627.9	14,364.3
Filled as of April 10	614.1	13,817.9
Funded but not filled	13.8	546.4

Staffing

- Governor includes 649.7 FTE for FY 2022
 - Recommendation is 2.0 more than enacted
 - 1.0 FTE to support Office of Risk Management
 - 1.0 FTE support Division of Human Resources internal service fund
 - 421.5 FTE for internal service programs
 - 4.5 more than enacted
 - 228.2 FTE for other programs
 - 2.5 FTE less than enacted

Department of Administration

Chg. to Enacted	FY 2021 Governor		FY 2022 Governor	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
COVID-19	\$(13.9)	\$162.3	\$(16.2)	\$(77.8)
Statewide	(82.5)	(82.5)	(44.2)	(44.2)
Debt Service	(0.2)	(0.2)	(10.6)	(9.3)
Library Aid	-	-	(0.6)	(0.6)
HealthSource RI	-	-	1.5	3.4
Energy Resources	-	5.4	-	1.1
Other	0.3	3.1	0.3	3.2
Total Changes	\$(96.3)	\$88.1	\$(69.8)	\$(124.1)

In millions

COVID-19

	FY 2021 Governor	FY 2022 Governor	Total
Hospital Assistance Partnership	\$125.1	\$-	\$125.1
Restore RI Grants	87.4	-	87.4
Rent & Utilities Assistance	81.7	120.0	201.7
Higher Education	23.0	-	23.0
Surge Hospital Operations & Deconstruction	30.2	12.0	42.2
Government Readiness	21.9	0.9	22.8
Stimulus Reserve	-	5.3	5.3
Other Expenses	12.6	3.6	16.2
Total	\$381.9	\$141.8	\$523.7

\$ in millions

COVID-19

- Hospital Assistance Partnership Program
 - Provides financial assistance to hospitals
 - Maintain a responsive hospital system
- Governor recommends \$125.1 million in FY 2021
 - \$0.1 million more than enacted
 - Spent as of December 30
- \$95.4 million was also included in FY 2020
 - Brings total funding to \$220.5 million

COVID-19

- Restore RI - Governor includes \$87.4 million in FY 2021
 - Commerce Corp. authorized vendor-operated small business grant program
 - Grants up to \$30,000
 - For restaurants, caterers, child care providers, non-profits, & small businesses, including sole proprietors
 - Launched w/ limited eligibility, expanded over time
 - Requires 30% revenue loss for at least 1 mo. of pandemic
 - Includes funding for implementation, technical assistance, & outreach

COVID-19

- Rent & Utilities Assistance - Dec. 27, 2020 Consolidated Appropriations Act
 - \$200 million small state minimum
 - ARP extended use of funds through September 2022
 - Covers rent & utilities assistance up to 12 months
 - In arrears or prospectively; 15 months in limited circumstances
 - Eligibility requires recipient a rent, meet income thresholds ($\leq 80\%$ AMI), show income reduction, & be housing instable
 - No more than 10% for program administration
 - Operated by RI Housing
 - RentReliefRI launched March 31, 2021

COVID-19

- Higher Education
 - Refunds for housing, testing costs, classroom upgrades, personal protective equipment, and training for remote learning, computer equipment and supplies
 - \$23.0 million for COVID-related expenses
 - \$14.0 million for URI
 - \$4.0 million for RIC
 - \$5.0 million for CCRI
 - Consistent with enacted budget
- Spent \$22.3 million as of May 10

COVID-19

- Surge - operate alternative site hospitals
 - Convention Center, Cranston & N. Kingstown
 - 1,000 beds capacity
 - Deconstruction
- Budget recommends \$67.9 million for both FY 2021 & FY 2022
 - \$14.8 M more than enacted assumed
 - Uses \$8.2M of \$11.4M from general revenues
 - Contracts with Kent and RI Hospitals
 - CRF and CDC grants fully allocated
 - Not eligible FEMA expenses

COVID-19

- Government Readiness
 - Screening, information technology projects, janitorial and reconfiguration of lobby and cubicle areas in the state
- Governor recommends \$31.2 million in FY 2021 and \$5.5 million in FY 2022
 - \$2.9 million more than enacted
 - Includes \$2.4 million from gen. revenues
 - \$0.2 million more than enacted
 - Expenses are in various state agencies

COVID-19

State Agencies	FY 2021 Gov.	FY 2022 Gov.
Administration	\$21.7	\$2.4
Business Regulation	0.1	-
Corrections	1.5	0.2
Environmental Management	2.3	0.3
Health	2.0	2.4
Revenue	1.2	-
Transportation	1.0	0.1
Commerce	0.5	0.1
Legislature	0.8	-
Public Defender	0.1	-
Total <i>(in millions)</i>	\$31.2	\$5.5

COVID-19

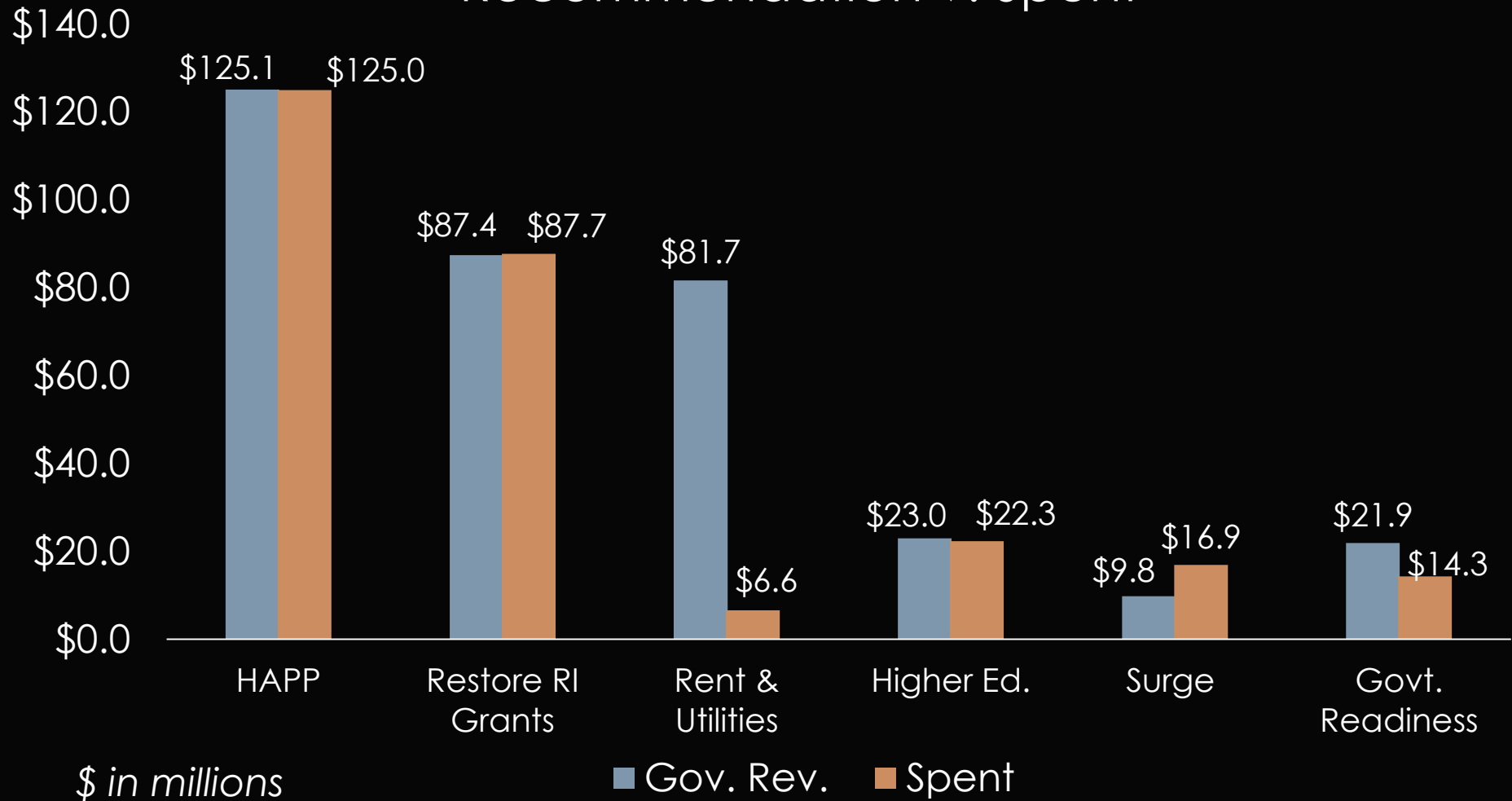
- Government Readiness
 - Information technology projects
 - \$2.0 million for federal grants management system
 - \$1.8 million to upgrade telephone lines
 - \$1.6 million data security project
 - \$0.9 million for short-term borrowing
 - Line of credit obtained in March 2020
 - \$0.4 million for marketing & communication expenses for HealthSource RI's extended enrollment period
 - \$7.4 million for emergency spending

COVID-19

- Recommended budget includes \$5.3 million from federal funds
 - Specific source not identified at time of budget submission “stimulus reserve”
 - Likely require American Rescue Plan funds
- Recommendation budgets as follows
 - \$0.2 million for salaries & benefits
 - \$3.6 million for contracted services
 - \$0.6 million for lease space
 - \$0.9 million other expenses

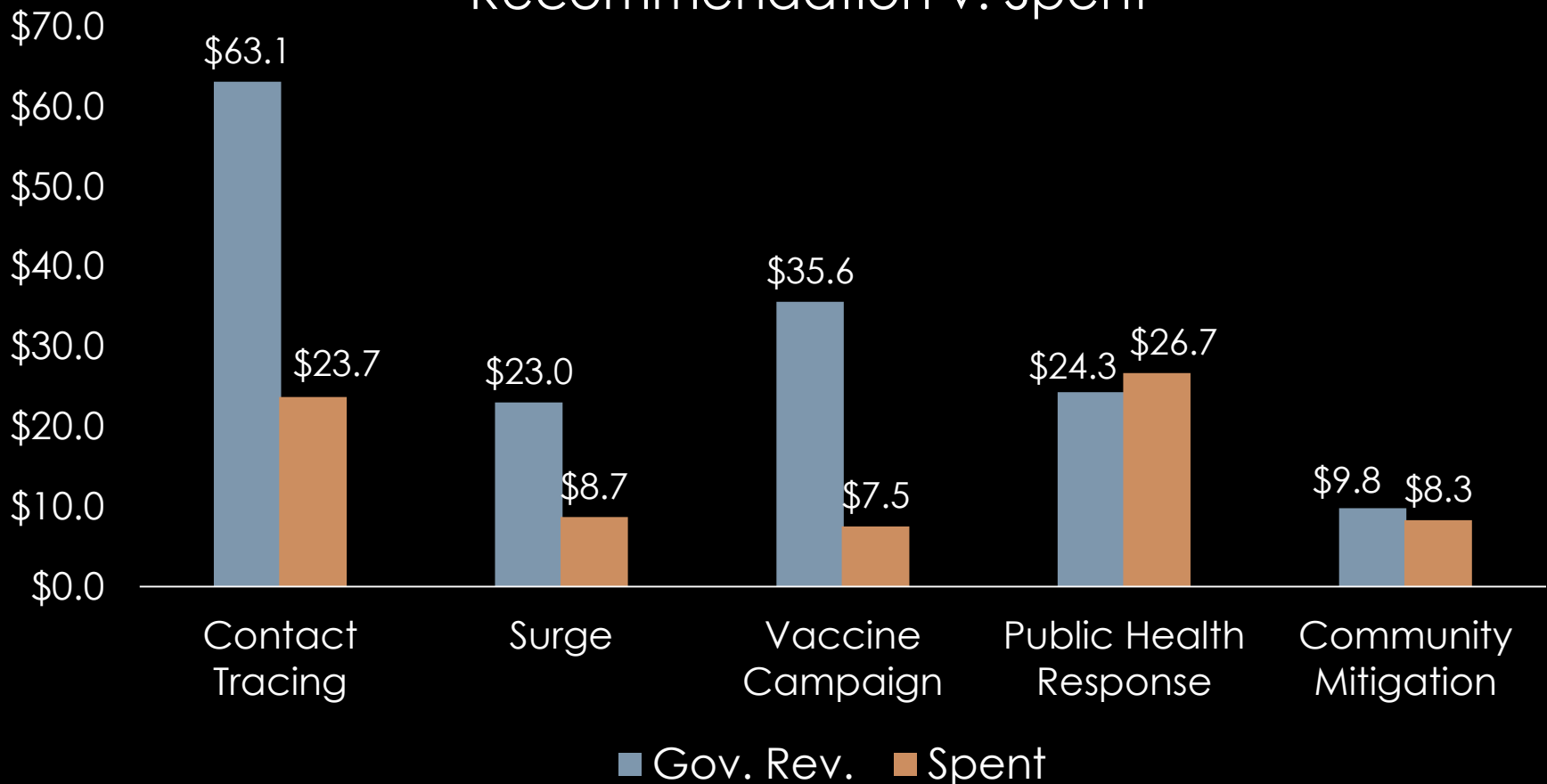
COVID-19 - DOA

Recommendation v. Spent



COVID-19 – DOH

Recommendation v. Spent



\$In millions

Department of Administration

Chg. to Enacted	FY 2021 Governor		FY 2022 Governor	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
COVID-19	\$(13.9)	\$162.3	\$(16.2)	\$(77.8)
Statewide	(82.5)	(82.5)	(44.2)	(44.2)
Debt Service	(0.2)	(0.2)	(10.6)	(9.3)
Library Aid	-	-	(0.6)	(0.6)
HealthSource RI	-	-	1.5	3.4
Energy Resources	-	5.4	-	1.1
Other	0.3	3.1	0.3	3.2
Total Changes	\$(96.3)	\$88.1	\$(69.8)	\$(124.1)

In millions

Statewide – Rainy Day Fund Repayment

- Article delays repayment to RI Capital Fund

	2020-H 7171, Sub. A	2021-H 6121	Change
FY 2021	\$90.0	\$7.5	\$(82.5)
FY 2022	\$30.0	\$42.5	\$12.5
FY 2023	-	\$70.0	\$70.0

\$ in millions

Statewide – *LIUNA Settlement*

- Recommended budget reserves \$4.3 million from general revenues
 - In anticipation of an agreement with Laborers' International Union of North America
 - Back pay for longevity and overtime payments
 - Methodology used to make payments understated state's contribution
- Base adjustment for costs going forward has not been determined

Statewide – Voluntary Retirement Incentive

- Voluntary Retirement Incentive
 - Same as FY 2018 program
 - State employees eligible to retire on/ before December 31, 2020
 - ~ 900 eligible employees
 - Incentive is 2 times employee's longevity
 - Capped at \$40,000
 - Net savings of \$6.0 million
 - Delay in refilling positions; filled at 80% of incumbent's cost
 - Less cost of payouts

Statewide – Retirement Incentive

FY 2021 Savings Assumptions

1-3 months savings from retirees	\$47.3
Cost to refill 100% at reduced cost	\$(28.4)
Gross Savings	\$19.0
Gross GR Savings	\$8.2

Assessed Fringe Benefit Fund

Opening balance	\$4.7
Base collections	39.6
Base payouts	(37.0)
VRI severance	(3.9)
VRI longevity payout	(7.1)
Balance	\$(3.8)
GR Share	\$(2.2)

- Governor's budget increases AFB rate charged in FY 2021 to cover difference
- Net general revenue savings assumed at \$6.0 million

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\$ In millions

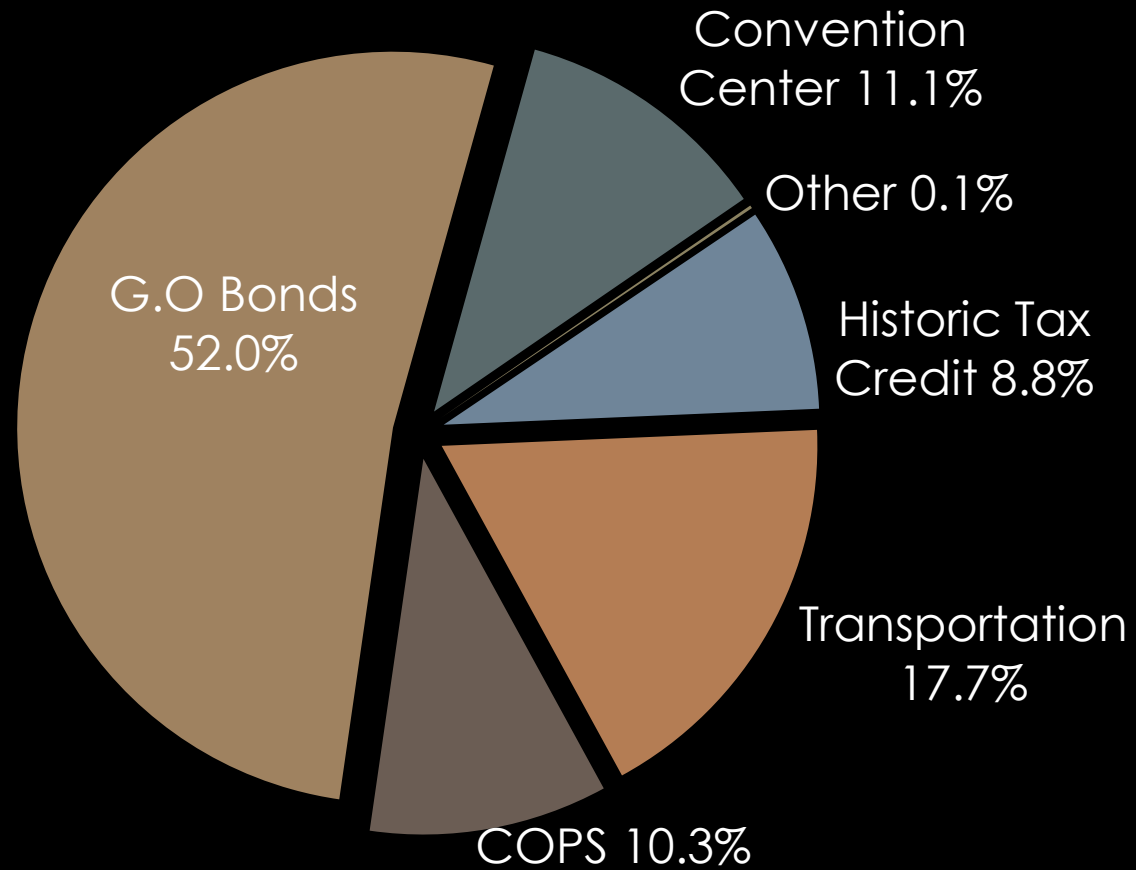
Debt Service

	General Revenues	Other	Total
21 Enacted	\$156.0	\$38.0	\$194.0
Revised	\$155.8	\$38.0	\$193.8
Rev. Change	\$(0.2)	\$-	\$(0.2)
22 Gov. Rec.	\$145.4	\$39.3	\$184.7
Rec. Change	\$(10.6)	\$1.3	\$(9.3)

\$ in millions

- Administration's budget includes most debt service costs
 - Excludes all for higher education and some DOT

FY 2022 Debt



Debt – Convention Center

- When Authority runs an operating deficit, state is responsible for covering shortfall
 - Manages operations of
 - Convention Center
 - Dunkin' Donuts Center
 - Veterans Auditorium
 - Garrahy Courthouse Garage
- Recommends \$22.9 million for both FY 2021 and FY 2022
 - Essentially as enacted

Debt – Garrahy Garage Project

- 2014 Assembly
 - Authorized Convention Center Authority to issue up to \$45 million to construct garage
- 2016 Assembly amended authorization
 - Borrowing to occur if Authority has 3 purchase and sale agreements or
 - Wexford agrees to no less than 400 spaces
- Bonds were issued in March 2018
- Construction started in June 2018
- Garage opened in March 2020

Debt – *Garrahy Garage Project*

- Authority in process of refinancing debt
 - Savings of \$8.0 million would be achieved in FY 2021 and FY 2022
 - \$3.9 million would be used for Garrahy project cost overruns
 - Costs would be incurred from FY 2023 – FY2026
- Gov. includes \$1.7 million for debt service
 - Assumes \$1.3 million in revenues would lower state's debt service obligation
 - No state support beyond FY 2023

Debt – Job Creation Guaranty

- Allowed guaranty of loans not to exceed \$125.0 million
 - \$75.0 million was issued for 38 Studios
 - Annual debt service of \$12.4 million from FY 2019 to \$12.3 million for FY 2021 (last year)
 - Includes \$0.5 million from interest earned & settlement funds
- Corporation received settlements
 - Totaled \$51.9 million from 10/2016 & 02/2017
 - Net of legal fees
 - Settlements were used to cover debt

Debt – Job Creation Guaranty

Fiscal Year	Total Debt Service	Offset	Net Debt Service
2014	\$2.4	\$-	\$2.4
2015	12.5	(3.9)	8.6
2016	12.6	-	12.5
2017	12.4	(12.4)	-
2018	12.4	(12.4)	-
2019	12.4	(12.4)	-
2020	12.3	(11.9)	0.4
2021	12.3	(0.5)	11.8
Total	\$89.2	\$(53.4)	\$35.8

\$ in millions

Debt – Certificates of Participation

Projects	FY 2022 Payment	Last Payment Date
Kent County Courthouse	\$4.6	FY 2024
DCYF Training School	4.2	FY 2025
Energy Conservation	4.1	FY 2025
Innovative Technology	3.7	FY 2025
Traffic Tribunal	1.7	FY 2025
School for the Deaf	2.5	FY 2029
Hospital Consolidation	1.9	FY 2034
Total	\$22.7	

\$ in millions

Department of Administration

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Other	0.3	3.1	0.3	3.2
Total Changes	\$(96.3)	\$88.1	\$(69.8)	\$(124.1)

In millions

Library & Information Services

- Oversee development & administration of state laws relating to libraries
- Administer state aid for public libraries
- Administer federal funding for libraries, including funding for library programs
- Areas of support include:
 - Children's and young adult services
 - Continuing education for RI library community
 - Literacy

Library Aid

- Governor recommends \$9.6 million in FY 2022 for library aid
 - Consistent with enacted amount
 - Funds laid at 21.8%
- Law provides 25% reimbursement of second prior year expenditures
 - \$1.3 million less than current law
 - Ratable reduction to appropriation
- Distribution reflects updated data

Library Construction Aid

- \$2.1 million for library construction aid
 - \$0.6 million less than enacted amount
 - Based on updated cost and construction schedules for approved projects
- State reimburses libraries up to ½ of total cost on an installment basis up to 20 yrs.
 - 3-year moratorium on acceptance of applications ended July 1, 2014
 - Received letters of intent from Narragansett

Department of Administration

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\$ In millions

HealthSource RI

- HealthSource RI received a total of \$152 million in federal funds
 - FY 2018 - federal grants expired
- Affordable Care Act requires exchanges be self-sustaining
- 2015 Assembly adopted health premium assessment
 - Based on premiums sold on exchange
 - Limited to amount that would be raised through federally facilitated marketplace

HealthSource RI

	FY 2021 Enacted	FY 2021 Revised	FY 2022 Governor	Chg./ Enact	Chg./ Req.
Gen. Rev.	\$1.4	\$1.4	\$2.8	\$1.5	\$(0.2)
Federal Funds	-	-	5.2	5.2	5.2
Restrict. Rec.	20.2	20.2	16.8	(3.3)	(0.1)
Total	\$21.5	\$21.5	\$24.9	\$3.4	\$5.0
FTE	12.0	12.0	14.0	2.0	-

\$ in millions

Health Insurance Market Stability

- Imposes Shared Responsibility Payment Penalty
 - Individuals without health insurance coverage, effective Jan. 1, 2020
 - Certain exemptions
 - Payment to be collected by Taxation
 - Restrict uses:
 - Reinsurance or payments to health insurance carriers
 - Administrative costs
 - Residual funds – preventative health care programs

Health Insurance Market Stability

- Recommended budget includes \$14.9 million
 - \$8.9 million from penalty payment
 - \$5.2 million from federal funds
- \$13.6 million to make payments to health insurance carriers
- \$0.5 million for operating expenses
 - Operating expenses HealthSource RI
 - Funds operating expenses in Taxation for collection activities

HealthSource RI

- Recommendations assume receipts of \$7.6M for FY 2021 & \$8.1M for FY 2022
 - \$0.5M more than enacted for FY 2022
 - Receipts higher based on projected enrollments
 - Updated data suggest estimate is too high

Calendar Year Enrollment	2017	2018	2019	2020	2021*	March 2021
Individual Market	29,651	31,574	32,119	30,656	33,018	31,075
Small Business	5,195	5,307	5,735	6,231	6,894	6,241
Total Enrollments	34,846	36,881	37,854	36,887	39,912	37,316

**Projections*

Department of Administration

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In millions

Volkswagen Settlement

- Volkswagen agreed to settle allegations of Federal Clean Air Act violations
 - State awarded \$18.5 million
 - \$4.1 million to Attorney General
 - Allocated for environmentally beneficial projects
 - \$14.4 million to DEM
 - Allocated \$2.0 million to Office of Energy Resources
 - Provide incentives to purchase and install electric vehicle charging station equipment
 - Incentives are based upon applicant type, state agencies, quasi, local government

Office of Energy Resources

- Regional Greenhouse Gas Initiative
 - A cooperative effort by Northeastern and Mid-Atlantic states to reduce carbon dioxide emissions
 - Fund is supported by receipts from the sale of emission allowances
 - 51 auctions through March 2021
 - \$87.7 million in revenues, deposited as restricted receipts
 - Used to invest in projects that reduce long-term energy demands and costs

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\$ In millions

Other – *Division of Statewide Planning*

- Statewide Planning Council
 - Provides guidance to staff in coordinating planning activities
 - Approves all elements State Guide Plan
- Transportation planning funds
 - Used for scheduling, budgeting, and monitoring planning activities
 - Department of Transportation
 - RI Public Transit Authority
 - Department of Environmental Management

Other – Office of Management and Budget

- Consists of the following:
 - Office of the Director of OMB
 - Budget Office
 - Performance Management
 - Regulatory Reform
 - Internal Audit

Other – Office of Internal Audit

- 2016 Assembly adopted legislation
- Established Office of Internal Audit within the Office of Management and Budget
 - Headed by a chief of audits
 - DOA director appointee
- Office is tasked with
 - Evaluating efficiency of operations & internal controls, preventing and detecting fraud, waste, abuse or mismanagement of funds

Other – Office of Diversity, Equity and Opportunity

- Coordinates and works with:
 - Minority Business Enterprise Compliance Off.
 - Outreach and Diversity Office
 - Office of Supplier Diversity
- Office is tasked with:
 - Providing leadership in development and coordination of activities to promote diversity
 - Building and maintaining effective outreach programs

Other – Office of Diversity, Equity and Opportunity

- State Purchasing Act
 - Award at least 10% of its purchasing and construction contract to women and minority owned businesses
- Minority Business Enterprise
 - Responsible for supporting policies to ensure minority participation in state funded const. programs and projects

Other – Capital Projects

- Governor recommends total project costs of \$645.6 million
- \$337.8 million will be used from FY 2022 - FY 2026
 - Pastore Campus – \$32.5 million
 - Other State Facilities – \$187.5 million
 - Other projects – \$117.7 million

Other – Capital Projects

Pastore Campus Projects

- \$32.5 million will be used from FY 2022 – FY 2026
- Projects include:
 - Roof replacement
 - Window replacement
 - Utilities upgrade
 - Buildings demolition

Other – Capital Projects

Other State Facilities Projects

- \$187.5 million will be used from FY 2022 – FY 2026
- Projects include:
 - Capitol Hill Center (Chapin, Cannon, William Powers & Old State House)
 - Eleanor Slater Hospital
 - Convention Center Facility Renovations
 - Dunkin' Donuts Center
 - Shepard Building

Zambarano Long-Term Care

- Governor recommends \$64.9 million to construct a new 85-patient long term care facility on Zambarano Campus
 - \$53.6 million through new Certificates of Participation
 - \$11.3 million from previously approved Certificates of Participation
- Annual debt service on new issuance would be \$4.4 million for a 15-yr. term
- ***Hearing not yet scheduled***

Office of State Medical Examiners – New Facility

- Governor includes \$3.4 million from fed. funds new Medical Examiners Facility
 - \$2.5 million to purchase 20,280 square ft. building in Cumberland
 - Building was purchased in November 2020
 - Some personnel moved in December
 - Phase I - additional decedent capacity to address COVID-19 surge
 - \$0.9 million for vehicles and equipment
- Phase II - \$5.0M from RICAP funds budgeted in DOA

Other – Capital Projects

Other Projects

- \$117.7 million will be used from FY 2022 – FY 2026
- Projects include:
 - Enterprise System Modernization
 - Statewide Facility Master Plan
 - Environmental Compliance
 - Energy Efficiency
 - Replacement of Fueling Tanks
 - IT Investment Fund

Enterprise System Modernization

- FY 2019 Single Audit Report
 - Issued May 29, 2020 by Auditor General
 - Reported major deficiencies around information technology
 - *State has not sufficiently addressed IT security risks*
 - *State does not follow uniform enterprise-wide program change control procedures for the various information technology applications*
 - *Administration should propose an additional dedicated funding source for the Information Technology Investment Fund*

IT Investment Fund

<i>\$ in millions</i>	FY 2020	FY 2021 Gov.	FY 2022 Gov.
Balance	\$6.3	\$2.1	\$2.0
New Receipts	4.6	12.3	4.8
Available Resources	\$10.9	\$14.4	\$6.8
UHIP	\$1.6	\$-	\$-
Taxation Projects	2.9	-	0.2
Security Services	-	1.5	-
Network Server	-	3.3	-
E-Poll Books	0.4	0.4	0.4
Vital Records	-	-	0.5
Other Projects	3.8	7.2	1.5
Total Projects	\$8.8	\$12.4	\$2.6
Balance	\$2.1	\$2.0	\$4.2

Enterprise System Modernization

- Administration hired vendor in 2019 to examine options & strategy for replacing systems
 - Report issued identifies reasons for modernization
 - Errors are occurring from non-integrated systems
 - Decision makers are unable to receive accurate information in a timely manner
 - Maintenance is becoming an issue
 - Employees familiar with systems are eligible or will retire

Enterprise System Modernization

- Replacement is planned as cloud - based system
 - Not a system designed specifically for RI
 - State would purchase a service
 - Conform its business processes to use the system selected
 - Different components will be implemented over time

Enterprise System Modernization

- Capital budget assumes new debt of \$54.8 million to be approved by 2022 Assembly
 - Human resources & payroll – decades old
 - Finance: RIFANS/Oracle – 2006
 - Systems nearing end useful lives
 - Multiple years to implement
 - During implementation operating costs includes \$18.9 million to be billed to user agencies
 - Through IT internal service fund – portion paid from non general revenues

Internal Service Funds

- State uses internal service funds to reimburse one agency for services provided to another
- Funds to cover expenditures are budgeted as an operating expenditure in agency receiving services
- Appropriations Act lists 16 separate funds
 - In some cases, service provided is more administrative
 - Human resources support

Internal Service Funds

- 2017 Assembly authorized establishment of internal service funds for centralized services
 - Information technology, capital asset management & maintenance, & HR
 - Comply with recommendation issued by Auditor General
 - Maximize available non-general revenue sources
 - Requires DOA to report fund activities
 - Breakdown by department and agency on a quarterly basis

Internal Service Funds

- No funds are appropriated to the internal service fund
- Each fund is supported differently
 - Methodology on distribution needs review
- Long term impacts and transparency concerns continue
 - Proper distribution to all sources available
 - Review of budgeted activities and staffing

Internal Service Funds

Programs	FY 2021 Enacted	FY 2021 Governor	FY 2022 Governor	Rec./ Enacted
Assessed Fringe Ben.	\$37.5	\$37.5	\$37.6	\$0.1
Human Resources	14.2	14.3	14.0	(0.3)
Facilities Mgmt.	42.8	42.9	43.6	0.7
Information Tech.	49.5	49.6	49.0	(0.5)
Central Mailroom	6.6	6.6	6.7	0.2
State Fleet	12.7	12.7	12.7	(0.1)
Telecommunications	3.6	3.6	3.1	(0.5)
Total	\$167.0	\$167.2	\$166.6	\$(0.4)

\$ In millions

Internal Service Funds – Staffing

Programs	Filled April 10	FY 2022 Gov.
Assessed Fringe Ben. – Workers' Compensation	8.0	9.0
Human Resources	90.0	97.0
Facilities Management	101.5	104.5
Information Technology	167.0	180.0
Central Mailroom	7.0	9.0
State Fleet	6.0	6.0
Telecommunications	8.0	8.0
Employee Benefits	8.0	8.0
Total	395.5	421.5

Internal Service Funds – *Assessed Fringe Benefits*

- Assessed Fringe Benefits provides funding
 - State employee workers' compensation
 - Severance pay
 - Unemployment pay
- Biweekly assessment to wages paid
- Recommends \$37.6 million and 9.0 positions for FY 2022
 - \$0.1 million more and 0.9 FTE less than enacted

Internal Service Funds – *Human Resources*

- Human Resources
 - Agencies charged based on filled positions
- Governor recommends \$14.0 million and 97.0 FTE for FY 2022
 - \$0.3 million less than enacted
 - Primarily from salaries and benefits
 - \$1.3 million more than FY 2020 spent
 - Recommendation allocates \$0.7 million for cost of 6.0 FTE associated with payroll processing from Accounts & Control

Internal Service Funds – *Facilities Management*

- Facilities Management is responsible for 140 state buildings
- Agencies billed based on square foot of building space occupied
- Recommends \$43.6 million and 104.5 FTE for FY 2022
 - \$0.7 million more than enacted
 - \$0.4 million cost shift of two positions
 - Staffing, utilities, janitorial services, snow removal and building maintenance
 - New contract for janitorial services
 - Additional security services

Internal Service Funds – *Information Technology*

- Information Technology
 - Agencies are billed based on system support, printing, server charges & others
- Governor recommends \$49.0 million and 180.0 FTE for FY 2022
 - \$0.5 million less than enacted
 - \$0.2 million turnover savings
- Enterprise Resource Planning System
 - Project cost of \$73.7 million
 - To be submitted to Assembly for approval in FY 2023

Internal Service Funds – *Central Mailroom*

- Central Mailroom
 - Provides for inter-agency mail delivery and processing of mail for most state agencies
- Agencies billed based on mail processed on their behalf
- Governor recommends \$6.7 million and staffing of 9.0 FTE for FY 2022
 - \$0.2 million more than enacted
- Primarily for software maintenance expenses

Internal Service Funds – *State Fleet*

- State Fleet
 - Administration and fiscal management of state-owned vehicles
 - Operates fuel depots throughout state
- Agencies billed based on fuel used, maintenance provided, insurance costs, and number of vehicles owned
- Governor recommends \$12.7 million and staffing of 7.0 FTE for FY 2022
 - \$0.1 million less than enacted

Internal Service Funds – *Telecommunications*

- Telecommunications
 - Manages all telephone line installations, service changes and billings
- Agencies are billed based on number of lines they have & requested maintenance
- Governor recommends \$3.1 million and staffing of 7.0 FTE for FY 2022
 - \$0.5 million less than enacted
 - \$0.4 million savings from upgrading telephone line

Centralized Services

- 2017 Assembly authorized establishment of internal service funds for centralized services
 - Information technology, capital asset management & maintenance, & HR
- Costs previously budgeted in DOA
 - 2018 Assembly included costs in user agency budgets

Centralized Services

All Sources	FY 2021 Enacted	FY 2021 Gov.	Chg./ Enacted	FY 2022 Gov.	Chg./ Enacted
IT	\$5.0	\$4.1	\$(0.8)	\$6.0	\$1.1
Facilities	8.6	8.6	-	12.7	4.1
HR	0.4	0.4	-	1.1	0.7
Total	\$14.0	\$13.1	\$(0.8)	\$19.8	\$5.9

\$ in millions

- Recommends \$5.9 million more than enacted
 - \$7.1 million in DOA to be distributed to agencies
 - Inconsistent with idea of internal service funds
 - \$1.2 million less for Department's share of services
 - \$0.9 million less from restricted sources based on available resources

Centralized Services

- There appears to be some disconnect with amounts showing as spent and budget expectation

ISF Budgets	FY 2021 Enacted	FY 2021 Gov.	Chg./ Enacted	FY 2022 Gov.	Chg./ Enacted
IT	\$49.5	\$49.6	\$0.1	\$49.0	\$(0.5)
Facilities	42.8	42.9	0.1	43.6	0.7
HR	14.2	14.3	-	14.0	(0.3)
Total	\$106.6	\$106.8	\$0.2	\$106.5	\$(0.1)
Agency Budgets	\$93.0	\$91.3	\$(1.7)	\$95.8	\$2.9
Diff.	\$(13.6)	\$(15.4)	\$(1.8)	\$(10.7)	\$2.9

\$ in millions

Department of Administration

Governor's FY 2021 Revised, FY 2022 Budget
and Capital Budget Recommendations
House Finance Committee
May 12, 2021
