

Governor's FY 2022 Budget: Requested Budget Amendments

Staff Presentation to the House Finance
Committee
June 8, 2021

Introduction

- Governor requested several amendments in the past week
 - Some technical

Capital & Facilities	Article 4 – Public Debt Management Act
	Article 1 – Public Safety RICAP
	New Article - Leases
Appropriations/ Staffing	Article 1 – Eleanor Slater Hospital
	Article 3 – Attorney General

Article 4 - Debt Management Act Joint Resolution

- Public Debt Management Act
 - Ensures that debt with a state tie was not issued without legislative review
 - Enacted in 1994
 - Subsequently amended to increase Assembly's approval role
 - Certain quasi-public agencies are exempt
 - Infrastructure Bank
 - RI Housing & Mortgage Finance Corporation
 - RI Health & Educational Building Corporation

Article 4 - Debt Management Act Joint Resolution

Debt Type/Project	Current Law	Art. 4	Chg.
Revenue Bonds			
<i>URI Memorial Union</i>	\$51.5	\$57.6	\$6.1
<i>URI Health & Counseling Ctr.</i>	26.9	29.0	2.1
Subtotal	\$78.4	\$86.6	\$8.2
Certificates of Participation			
Eleanor Slater - Regan Revised	\$22.0	\$10.7	\$(11.3)
Eleanor Slater - Zambarano	-	64.9	64.9
Child Welfare IT System	-	17.0	17.0
Enterprise Resource Planning (GBA)	-	49.8	49.8
DPS – Southern Barracks (GBA)	-	28.1	28.1
Subtotal	\$22.0	\$170.5	\$148.5
Total	\$100.4	\$257.1	\$156.7

\$ in millions

Art. 4, Sec. 7 – Enterprise Resource Planning IT System

- FY 2018 Single Audit Report
 - Issued April 2, 2019 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*

Art. 4, Sec. 7 – Enterprise Resource Planning IT System

- Information Technology Investment Fund
 - Created by 2011 Assembly for acquiring IT improvements
 - Hardware
 - Software
 - Maintenance
 - Designed to create pool of resources for projects instead of borrowing

Art. 4, Sec. 7 – Enterprise Resource Planning IT System

- 2011 Assembly dedicated land sale revenue to the Fund
- 2012 Assembly transferred \$9.0 million
 - Prior year surplus funds
- 2014 Assembly
 - \$26.3 million from tobacco refinancing
 - 10% of \$1 surcharge on wireless & land lines
 - Effective, July 1, 2015

Art. 4, Sec. 7 – Enterprise Resource Planning IT System

- 2017 Assembly allowed \$1.50 DMV surcharge into the Fund through FY 2022
 - For project-related payments, maintenance, & enhancements for Division's new IT system
- 2018 Assembly dedicated surcharges from certified vital records
- 2019 Assembly revised fees & distribution
 - Emergency & First Response phone charges, eff. October 1, 2019

Art. 4, Sec. 7 – Enterprise Resource Planning IT System

IT Investment Fund	FY 2020	FY 2021 Gov.	FY 2022 Gov.
Prior Year Balance	\$6.3	\$2.1	\$2.0
New Receipts	4.6	12.3	4.9
Available Resources	\$10.9	\$14.4	\$6.9
DMV System	\$1.0	\$-	\$-
UHIP	1.6	-	-
Taxation Projects	2.9	-	0.2
E-Procurement	0.2	0.7	-
E-Poll Books	0.4	0.4	0.4
Other Projects	2.6	11.3	2.0
Total Projects	\$8.8	\$12.4	\$2.6
Balance	\$2.1	\$2.0	\$4.2

\$ in millions

Art. 4, Sec. 7 – Enterprise Resource Planning IT System

- Administration hired vendor 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

Art. 4, Sec. 7 – Enterprise Resource Planning IT System

- 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
- Prior level of implementation detail not provided

Art. 4, Sec. 7 – Enterprise Resource Planning IT System

- Article authorizes new debt of \$49.8M
 - Human resources & payroll – decades old
 - Finance: RIFANS/Oracle – 2006
 - Systems nearing end useful lives
 - Grants management
 - *Alternative source of financing (pay-go?)*
 - Multiple years to implement
 - During implementation \$18.9 million in operating costs to be billed to user agencies
 - Through IT internal service fund – portion paid from non general revenues

Art. 4, Sec. 7 – Enterprise Resource Planning IT System

- Total project cost of \$68.7 million
 - \$18.9 million to be charged to user agencies
- \$49.8 million to be issued through COPS
 - \$33.8 million may be issued in FY 2022
 - \$16.0 million may be issued in FY 2023
- Total debt not to exceed \$55.5 million
- Annual debt service ranges from \$2.5 million to \$7.9 million
 - Supported with general revenues
 - Assuming 2.75% interest & 7-yr. term
 - Beginning in FY 2023

Art. 4, Sec. 8 – State Police Southern Barracks

- Department of Public Safety
 - Divisions include
 - Central Management
 - E-911
 - Capitol Police
 - Sheriffs
 - Municipal Police Training Academy
 - State Police

Art. 4, Sec. 8 – State Police Southern Barracks

- State Police Headquarters
 - Scituate – also houses other DPS operations
 - Completed in 2011
 - \$26.3 million from RICAP
 - 2002 voters approved \$48.1 million bond for division-wide consolidation of facilities
 - Bond language required “more centrally located”
 - \$7.4 million spent but concept abandoned after multiple delays, cost escalation
 - Was over 100k square feet proposal

Art. 4, Sec. 8 – State Police Southern Barracks

- State Police Facilities Master Plan
 - 2019 Assembly provided \$0.8 million from RICAP - completed in FY 2020
 - Findings include
 - Hope Valley, Wickford & Portsmouth facilities are not feasible for continued use
 - No longer sited along main thoroughfares
 - Environmental health issues
 - Not ADA compliant
 - Inadequate security & technology infrastructure
 - Expensive to maintain

Art. 4, Sec. 8 – State Police Southern Barracks

- Governor's original proposal
 - \$35 million from new GO Bond to go before voters in November 2022
 - Assumes a start date of FY 2023
 - Estimated total cost \$43.2 million
 - Annual debt service \$2.9 million
 - Assumes interest rate of 2.75 % & 15-year term
 - Final payment occurring in FY 2038
 - Same cost & location as FY 2021 proposal
 - Funded from certificates of participation
 - Assumed a FY 2021 start
 - No updated cost estimates

Art. 4, Sec. 8 – State Police Southern Barracks

- Current State Police Locations
 - Scituate - HQ
 - Lincoln
 - Hope Valley
 - Wickford
 - Portsmouth
 - Closed since 2012



Art. 4, Sec. 8 – State Police Southern Barracks

- Proposed new location
 - Route 95 Exit 7
 - New London Turnpike
 - Near the Park and Ride
 - Approved by DOT and FHWA
 - Wickford & Hope Valley stay open during construction only



Art. 4, Sec. 8 – State Police Southern Barracks

- June 4 GBA changes the proposal
 - \$28.1 million from Certificates of Participation
 - Beginning FY 2022
 - Estimated total cost \$34.7 million
 - Annual debt service \$1.8 million
 - Assumes interest rate of 2.75 % & 15-year term
 - First payment in FY 2023
 - Final payment occurring in FY 2037
 - Separate proposal to open Portsmouth Barracks allows this project to be downsized

Art. 4, Sec. 8 – State Police Southern Barracks

Governor's Proposals	FY 2021	FY 2022	GBA
Fund Source	COPS	GO Bond	COPS
Project Cost	\$35.0	\$35.0	\$28.1
Total w/ 2.75 % Interest	\$43.2	\$43.2	\$34.7
Annual Debt Service	\$2.9	\$2.9	\$1.8
Square Ft.	38,000	38,000	30,000
Sworn Members	80	80	50
Portsmouth Site Active?	No	No	Yes

\$ in millions

Art. 4, Sec. 8 – State Police Southern Barracks

- Portsmouth Barracks closed in 2012
 - Budget savings initiative
- Master Plan related findings:
 - Not operational - personnel constraints
 - No longer a main state thoroughfare
 - Environmental health issues
 - Not ADA compliant
 - Inadequate security & technology infrastructure
 - Expensive to maintain

State Police Portsmouth Barracks – GBA 11

- GBA adds \$2.0 million from RICAP to reopen Portsmouth Barracks
 - \$350,000 in FY 2022 & \$1.7 million in FY 2023
 - Total project costs estimate informed by master plan
 - Assumes 2020 construction costs
- GBA includes a like reduction to asset protection funding from FY 2023 through FY 2026

State Police Portsmouth Barracks – GBA 11

- GBA assumes 14 members will be placed at the barracks
 - Wickford/Hope Valley have 29 & 32 members
 - East Bay coverage & population density is smaller than other barracks
 - Higher local police support
- Personnel constraints still an issue
 - 49 members eligible for retirement
 - 19 mandatory retirements as of June 30, 2022

New Article – State Leases

- Joint Resolution requesting General Assembly approval for the state to enter into 8 long-term property leases
 - Department of Revenues
 - Department of Corrections
 - Human Rights Commission
 - Ethics Commission
 - Department of Human Services
 - 4 leases

State Leases

- RIGL 37-6-2 requires departments to obtain legislative approval before entering into
 - Leases that are five years or longer and in excess of \$0.5 million
- Requirement adopted by 2006 Assembly

State Leases

- Required information
 - Purpose of the lease or rental agreement
 - Current lease or rental costs
 - Expiration date of any present agreement
 - Range of costs of new agreement
 - Proposed term
 - Location and owner of the desired property

New Article – State Leases

Agency	Location	Square Ft.*	Term/ Years	Total Cost*
DOR	238 E. Main – Middletown	4,200	5	\$0.3
DOC	49 Pavilion Avenue, Prov.	5,086	1.5	0.2
HRC	180 Westminster St. Prov.	9,912	5	0.9
Ethics	38-40 Fountain St, Prov.	4,535	10	1.1
DHS	40 Fountain Street, Prov.	27,680	10	7.2
DHS	40 Fountain Street, Prov.	16,024	10	4.1
DHS	249 Roosevelt – Pawt.	24,400	10	4.5
DHS	77 Dorrance Street, Prov.	25,812	5	2.1
Total				\$20.4

\$ in millions; * max value used

State Leases



State
Properties
approves
request from
agency

Agency goes
through RFP
process

Assembly
approval
(if required)

State
Properties
executes
lease

New Article – State Leases

Agency	Location	State Properties Initial Approval
DOR	238 E. Main – Middletown	November 1, 2016
DOC	49 Pavilion Avenue, Prov.	February 1, 2017
HRC	180 Westminster St, Prov.	September 1, 2016
Ethics	38-40 Fountain St, Prov.	November 1, 2011
DHS - ORS	40 Fountain Street, Prov.	November 1, 2011
DHS - ODDS	40 Fountain Street, Prov.	November 1, 2011
DHS	249 Roosevelt – Pawt.	January 1, 2019
DHS	77 Dorrance Street, Prov.	September 1, 2015

New Article – Section 2

- Department of Revenue
 - Middletown Registry of Motor Vehicles
 - 238 E. Main Rd., Middletown
 - Current lease expires October 31, 2021
 - FY 2018 - FY 2021 lease expenses averaged \$57,974
 - Entered into 5-year lease November 2016
 - Includes option to extend another 5 years
 - FY 2022 budget includes \$63,522 from general revenues
 - Would not trigger requirement for Assembly approval

New Article – Section 3

- Department of Corrections
 - Providence Felony Unit
 - 49 Pavilion Avenue, Providence
 - Current lease expires July 31, 2021
 - Lease renewal for same space
 - 1.5 year term for 5,086 square feet
 - Total amount not to exceed \$163,035
 - FY 2022 budget includes \$108,690 from general revenues
 - Would not trigger requirement for Assembly approval

New Article – Section 4

- Commission for Human Rights
 - 180 Westminster St. Providence
 - Current lease expires August 31, 2021
 - Lease renewal for same space
 - 5 year term for 9,912 square feet
 - Total amount not to exceed \$929,250
 - Annual cost \$185,850
 - Parking is not included
 - \$18,000/year to the Convention Center
 - FY 2022 budget includes \$180,439 from all sources

New Article – Section 5

- Ethics Commission
 - 38-40 Fountain Street, Providence
 - Current lease expires on November 30, 2021
 - Lease renewal for same space
 - 10 year term for 4,535 square feet
 - Total amount not to exceed \$1.1 million
 - Includes \$0.9 million for rent & \$0.3 million for parking
 - FY 2022 budget includes \$117,000 from general revenues

New Article – Section 6

- DHS - Office of Rehabilitative Services
 - 40 Fountain Street, Providence
 - Current lease expires November 30, 2021
 - Lease renewal for same space
 - 10 year term for 27,680 square feet
 - Total amount not to exceed \$7.2 million
 - Includes \$5.3 million for rent & \$2.0 million for parking
 - FY 2022 budget includes \$1.1 million from federal funds

New Article – Section 8

- DHS – Office of Disability Determinations
 - 40 Fountain Street, Providence
 - Current lease expires November 30, 2021
 - Lease renewal for same space
 - 10 year term for 16,024 square feet
 - Total amount not to exceed \$4.1 million
 - Includes \$3.0 million for rent & \$1.1 million for parking
 - FY 2022 budget includes \$0.5 million from federal funds

New Article – Section 9

- DHS – Pawtucket Field Office
 - 249 Roosevelt Avenue, Pawtucket
 - Current lease expires on July 31, 2021
 - FY 2022 budget includes \$0.5 million
 - \$0.2 million general revenues
- Lease renewal
 - 10 year term for 24,400 square feet
 - Total amount not to exceed \$4.5 million

New Article – Section 10

- DHS – Child Support Enforcement
 - 77 Dorrance St, Providence
 - Current lease expires on August 31, 2021
 - FY 2022 budget includes \$0.5 million from federal funds
- Lease renewal
 - 5 year term for 25,812 square feet
 - Total amount not to exceed \$2.1 million

New Article – State Leases

All Sources	FY 2021 Enacted	FY 2022 Governor	New Article
DOR - 238 E. Main –Middletown	\$0.1	\$0.1	\$0.1
DOC - 49 Pavilion Avenue, Prov.	0.1	0.1	0.1
HRC – 180 Westminster St, Prov.	0.2	0.2	0.2
Ethics – 38-40 Fountain St, Prov.	0.1	0.1	0.1
DHS – ORS - 40 Fountain St, Prov.	0.7	1.1	0.7
DHS – DDU - 40 Fountain St, Prov.	0.5	0.5	0.4
DHS - 249 Roosevelt – Pawt.	0.5	0.5	0.5
DHS – 77 Dorrance St, Prov.	0.3	0.5	0.4
Total All Sources	\$2.5	\$3.0	\$2.5

\$ in millions

New Article – State Leases

General Revenues	FY 2021 Enacted	FY 2022 Governor	New Article
DOR - 238 E. Main –Middletown	\$0.1	\$0.1	\$0.1
DOC - 49 Pavilion Avenue, Prov.	0.1	0.1	0.1
HRC – 180 Westminster St, Prov.	0.1	0.1	0.1
Ethics – 38-40 Fountain St, Prov.	0.1	0.1	0.1
DHS – ORS - 40 Fountain St, Prov.	-	-	-
DHS – DDU - 40 Fountain St, Prov.	-	-	-
DHS - 249 Roosevelt – Pawt.	0.2	0.2	0.2
DHS – 77 Dorrance St, Prov.	-	-	-
Total All Sources	\$0.6	\$0.6	\$0.6

\$ in millions

Efficiency Commission

- Long Term Real Estate and Space Utilization Strategy
 - Moving certain operations out of inefficient buildings
 - Move employees from leased space
 - Ensure efficient space utilization
 - Re-stacking/consolidating staff into state owned space
 - Sell surplus properties
 - Not expected to be needed in long term

Efficiency Commission

- Report outlined leases that are up for renewal over the next seven years
 - 33 leases
 - Annual rent of \$11.2 million
 - 610,900 sq. ft.
 - At least 4 leases have not been renewed
 - 2 DMV locations were not renewed by owner
 - Leases no longer needed for 560 Jefferson Blvd

Article 1 GBA - Eleanor Slater Hospital Reorganization

- Governor's FY 2022 recommendation
 - Assumes savings from hospital reorganization
 - Reduces staffing by 100 positions
 - Did not initially include any Medicaid funds
 - Corrected in April GBA
 - Includes about \$15 million to support transfer of patients to other community based placements
 - Cost of proposals not fully reflect in original budget
 - Corrected in April GBA
 - Modified as part of caseload data updates

Eleanor Slater Hospital -6/2

Subcommittee Hearing

- Governor's initiatives appear to assume 139 ESH patients transition to other community based living arrangements

Enhanced Rates (Article 12)	Patients	Total	Start Date
NH –ventilated patients	7	\$1.2	11/1/2021
NH- patients w/behavioral issues	12	1.5	8/1/2021
MH Residences –Daily rate	13	2.3	8/1/2021
Total*	32	\$5.0	
<i>General Revenues</i>		\$2.2	

**ESH patients only/proposals total \$12.0 million in EOHHS budget
\$ in millions*

Eleanor Slater Hospital -6/2 Subcommittee Hearing

- Other repurposed funding - 139 patients total

Funding for transfer of patients	Patients	Total	Start Date
Nursing Home (EOHHS)	49	\$0.9	4/1/2022
Mental Health Res. Facility (EOHHS)	9	0.5	9/1/2021
Traumatic Brain Injury to NH (EOHHS)	13	0.5	1/1/2022
HCBS (no setting identified) (EOHHS)	2	0.1	8/1/2021
I/DD to Group Home (BHDDH)	17	1.2	10/1/2021
Others (BHDDH)	7	0.08	4/1/2022
Forensic/Civils (BHDDH)	10	0.1	4/1/2022
Total	107	\$3.3	
<i>General Revenues</i>		<i>\$1.4</i>	

\$ in millions

Article 1 GBA - Eleanor Slater Hospital Reorganization

- June 6th GBA – rescinds the savings
 - Adds \$38.7 million from general revenues
 - Restore the savings
 - Restores 100 positions
 - Reverses placement funding in the April GBA
 - \$6.9 million from EOHHS
 - \$2.9 million from general revenues
 - \$1.3 million from BHDDH
 - \$0.7 million from general revenues
 - Makes several adjustments for Medicaid funds
 - GBA #13 & #14

Article 1 GBA - Eleanor Slater Hospital Reorganization

- June 6th GBA #13 & #14 – Medicaid
 - Adjustments made for FY 2021 & FY 2022
 - Medicaid allowable for patients under age 22 & 65 or older or the “non IMD exclusion population”

FY 2021	Medicaid
FY 2021 Enacted Assumption	\$10,000,000
Governor Change to Enacted (technical error?)	1,599,242
GBA #13 – Reverse Medicaid	(10,000,000)
GBA #13 – Assume allowable for some	2,190,365

Article 1 GBA - Eleanor Slater Hospital Reorganization

- June 6th GBA – Medicaid
 - Adjustments made for FY 2021 & FY 2022
 - Medicaid allowable for patients under age 22 & 65 or older or the “non IMD exclusion population”

FY 2022	Medicaid
FY 2021 Enacted Assumption	\$10,000,000
Governor FY 2022 Budget change to enacted	(10,000,000)
GBA #3 – Add Medicaid for downsized Census	5,673,418
GBA #14 – Reverse Medicaid Add	(5,673,418)
GBA #14– Assume allowable for some	2,003,522

Article 3 – New Section

Multi-state Litigation

- Multi-State Litigation Efforts
 - Current law allows the Attorney General to retain 10% of settlements received
 - Capped at \$65,000 in any fiscal year
 - Retained funds held in restricted receipt account for associated expenses
 - New section of Article 3 eliminates 10% and caps the amount at \$600,000
 - Balance in excess of \$600,000 at the end of each fiscal year will be transferred to the general fund
 - GBA adds four more new positions

Article 3 – New Section Multi-state Litigation

- Office requested 8 new FTE for FY 2022
 - Civil Division – 2 attorneys & 2 paralegal
 - Criminal Division – 3 attorney & 1 paralegals
- Governor's original budget - 4.0 new FTE
 - Civil Division - 1 attorney & 1 paralegal
 - Activities related to unfair and deceptive trade practices
 - Criminal Division – 1 attorney & 1 paralegal
 - Support Diversion and Intake Units
 - Includes \$0.4 million from general revenues

Article 3 – New Section

Multi-state Litigation

- Amended recommendation consistent with the AG's request
- Assumes \$0.4 million from new restricted receipts
 - 2 attorneys & 2 paralegals in Civil Division
 - Support multi-state litigation efforts
- Adds \$38,687 from general revenues to original recommendation
 - Fully funds the 4 new staff in Criminal Division

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