

Department of Business Regulation

**FY 2013 Revised
FY 2014 Recommended
Staff Presentation
March 21, 2013**

Structure

Divisions include:

- Central Management
- Banking Regulation
- Securities Regulation
- Board of Accountancy
- Insurance Regulation
- Office of the Health Insurance Commissioner
- Commercial Licensing, Racing, and Athletics
- Boards for Design Professionals

Target Issues

Department provided with General Revenue target of \$9,176,052

- Constrained request \$137,413 less than target
 - Department proposes elimination of Securities Division
 - Elimination of 9.0 full-time positions
 - Savings of \$1,009,917 from general revenues
 - Costs for personnel and operations
 - Proposal noted that the savings would be offset by reduction of \$18.4 million in revenue
 - Proposed to meet FY 2012 target initiative

FY 2014 Governor's Recommendation

Governor rejects Department's proposal

- Recommendation \$269,826 above target
- Changes to Enacted Budget:
 - Decrease in federal funds
 - Expiration of Affordable Care Act / Health Benefits Exchange grants
 - Increase in restricted receipts
 - Reflective of historical expenditures for reimbursable operations

Summary by Source

	FY 2013 Enacted	FY 2013 Revised	FY 2014 Governor	FY 2014 Change to Enacted
General Revenues	\$ 9,362,048	\$ 9,200,512	\$ 9,445,878	\$ 83,830
Federal Funds	2,719,081	3,433,208	1,747,589	(971,492)
Restricted Receipts	1,896,180	1,960,073	1,996,413	100,233
Total	\$13,977,309	\$14,593,793	\$13,189,880	\$ (787,429)

Summary by Category

	FY 2013 Enacted	FY 2013 Revised	FY 2014 Governor	FY 2014 Change to Enacted
Salaries & Benefits	\$10,255,783	\$10,081,118	\$10,418,377	\$ 162,594
Contracted Services	2,701,770	3,471,559	1,998,135	(703,635)
Operations	661,128	681,288	679,630	18,502
Grants	344,890	344,890	80,000	(264,890)
Capital	13,738	14,938	13,738	-
Total	\$13,977,309	\$ 14,593,793	\$ 13,189,880	\$ (787,429)

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 licensees
- \$1.2 million recommended for FY 2014
 - \$0.1 million more than enacted and FY 2013 revised
- 16.0 FTE positions recommended
 - 1.0 more than authorized

Securities Regulation

- Enforces compliance with state laws for the securities industry, franchises, charities, fundraisers and time-shares
- Licenses and regulates securities professionals
- \$1.0 million recommended for FY 2014
 - \$0.1 million less than enacted and FY 2013 revised
- 9.0 FTE positions recommended
 - 1.0 less than authorized

Commercial Licensing, Racing & Athletics

- Licenses and regulates real estate agents, brokers, appraisers, auto body shops, glass installers, upholsters and liquor wholesalers
- Licenses Twin River and Newport Grand employees and vendors
- \$1.2 million recommended for FY 2014
 - Essentially consistent with enacted and FY 2013 revised
- 11.0 FTE positions recommended, same as FY 2013

Insurance Regulation

- Conducts financial examinations of domestic insurance companies
- Licenses companies, producers, adjusters and appraisers
- \$5.3 million recommended for FY 2014
 - \$0.1 million more than enacted and FY 2013 revised
- 37.0 full-time positions recommended for FY 2014
 - Consistent with authorized level
 - 38.0 full-time positions recommended for FY 2013

Office of the Health Insurance 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
- \$2.3 million recommended for FY 2014
 - \$1.0 million less than enacted
- 9.0 FTEs recommended, same as FY 2013

Board of Accountancy

- Autonomous board responsible for administration of licensing
 - Certified public accountants
 - Public accountants
 - Accountancy partnerships and corporations
- \$0.1 million recommended for FY 2014
 - Consistent with enacted
- 1.0 FTE recommended, same as FY 2013

Boards for Design Professionals

- Boards of Registration for professional engineers, professional land surveyors, landscape architects, and architects
- Examines and registers candidates, issues license renewals, proctors exams, and acts upon complaints
- \$0.2 million recommended for FY 2014
 - Consistent with enacted
- 2.0 FTEs recommended, same as FY 2013

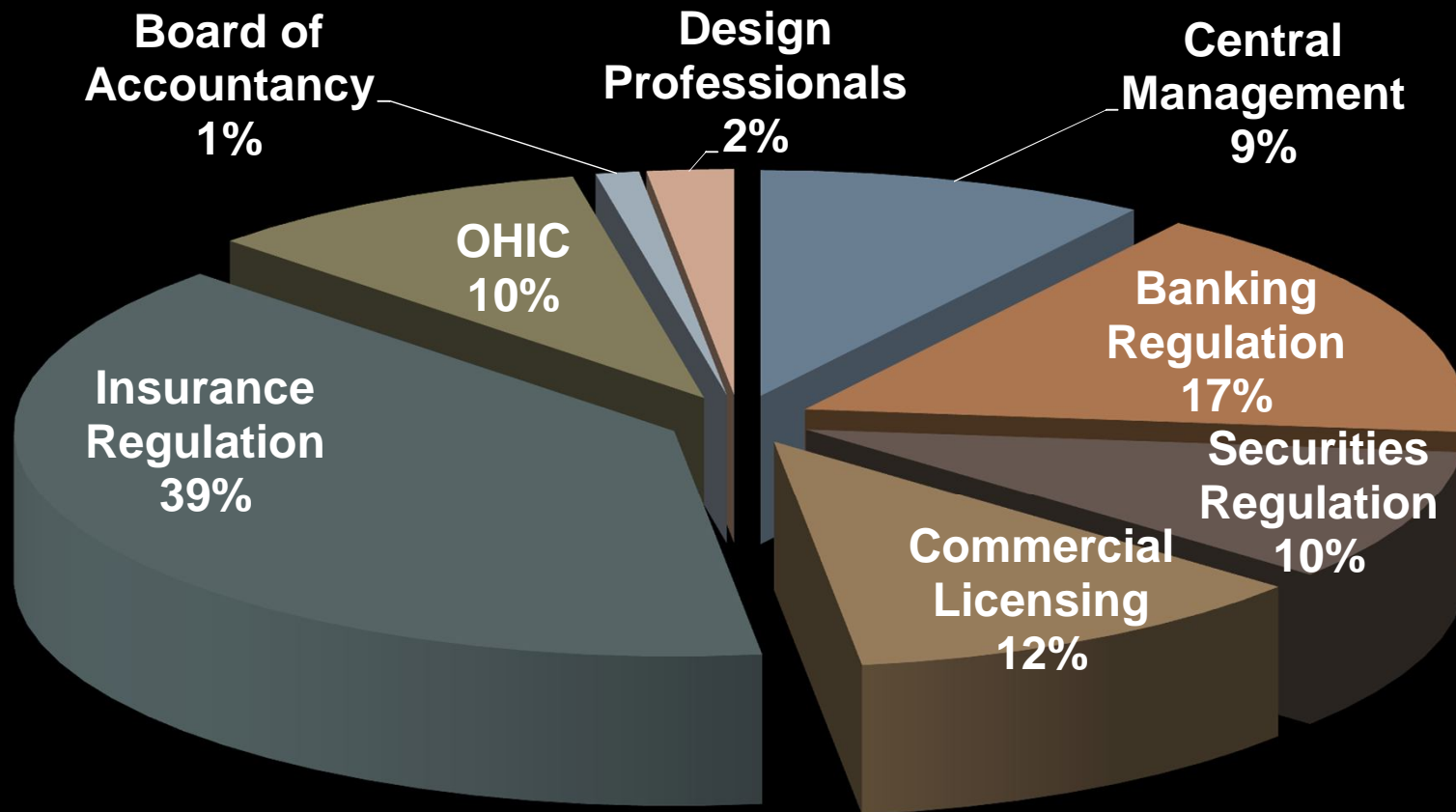
Summary by Program

(in millions)	FY 2013 Enacted	FY 2013 Revised	FY 2014 Governor	FY 2014 Change to Enacted
Central Mgmt	\$ 1.1	\$ 1.1	\$ 1.2	\$ 0.1
Banking Reg.	1.8	1.9	1.9	0.1
Securities Reg.	1.1	0.9	1.0	(0.1)
Commercial Licensing	1.2	1.2	1.2	-
Insurance Reg.	5.2	5.2	5.3	0.1
OHIC	3.3	4.0	2.3	(1.0)
Board of Accountancy	0.1	0.1	0.1	-
Design Professionals	0.2	0.2	0.2	-
Total	\$ 14.0	\$ 14.6	\$ 13.2	\$ (0.8)

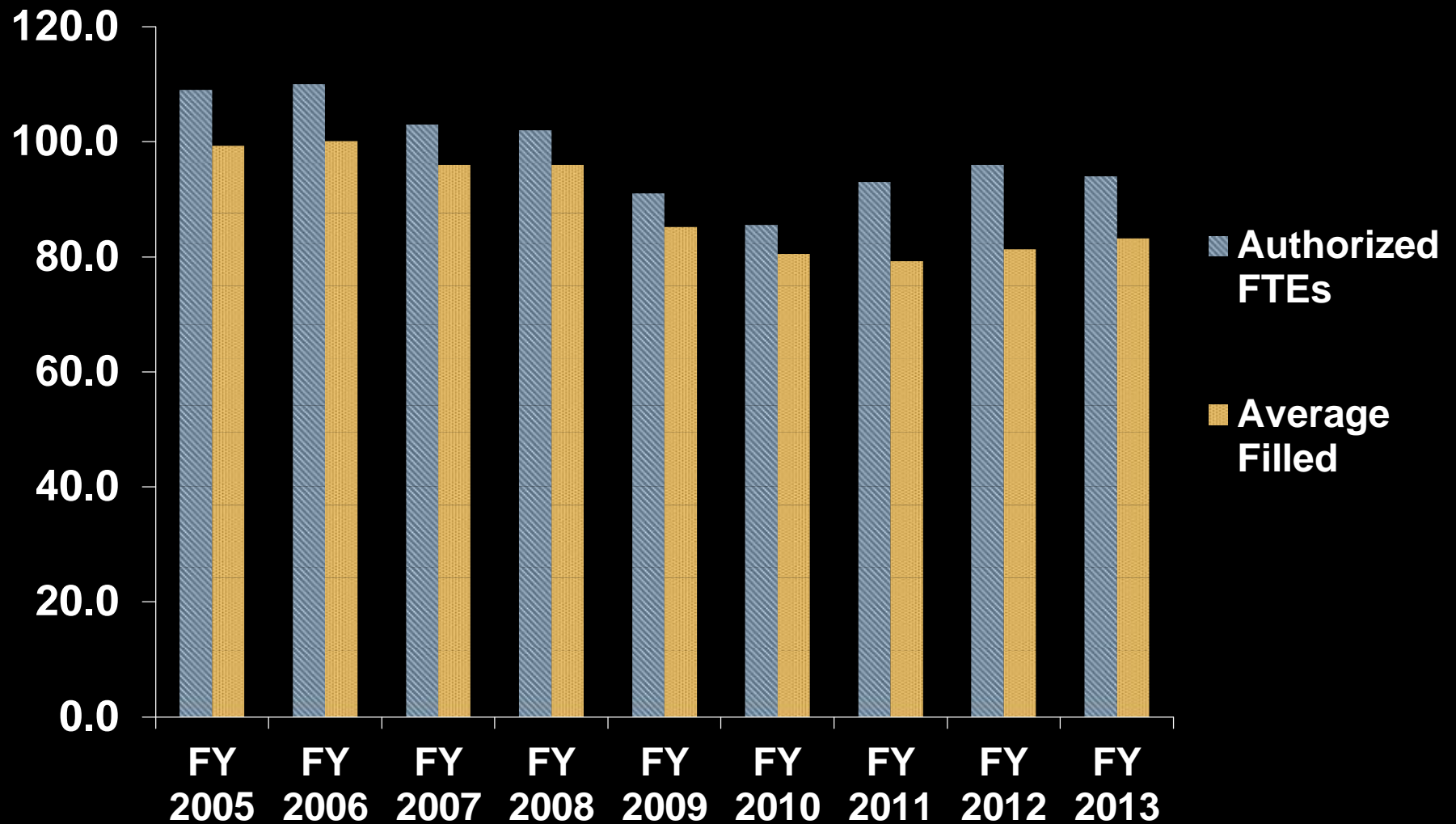
Personnel

Full-Time Positions	FTEs	Change to Enacted
Enacted Authorized	94.0	-
FY 2013 Request	95.0	1.0
FY 2014 Request	94.0	-
FY 2014 Governor	94.0	-
FY 2012 Average Filled	81.3	(12.7)
Filled as of March 9 th	85.0	(9.0)

FTEs by Program FY 2014



FTE History



Personnel

- Includes requested personnel shifts between programs
 - Response to reported staffing needs
- Does not include requested upgrades for several staff
- Total of \$10.0 million from all funds for FY 2013 revised
 - \$174,665 less than enacted
- Total of \$10.4 million from all funds for FY 2014
 - \$162,594 more than enacted
- Increased turnover savings for both fiscal years

Personnel

FY 2013 Revised:

- Adds Director of Consumer Protection position to Insurance Regulation Division
 - Unfunded for FY 2013 and eliminated for FY 2014
 - Requested from federal funds for Office of the Health Insurance Commissioner
 - Grant expired in September, 2012

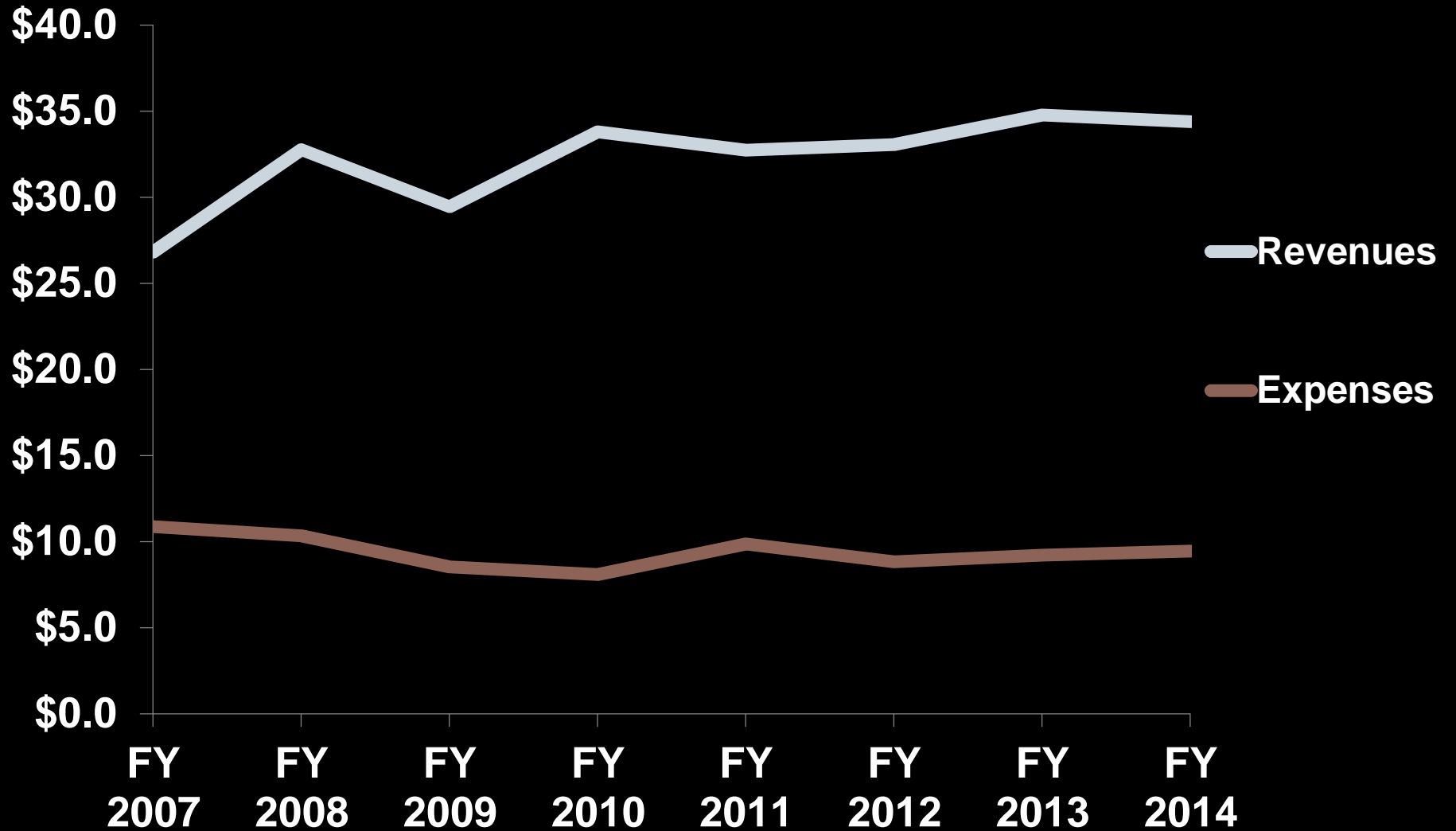
Revenues

- Department generates revenues through:
 - Applications
 - Exams
 - License renewals
 - Late penalties
 - Miscellaneous fees
- Funds collected deposited as general revenues and restricted receipts
 - Restricted receipts reimburse department for regulation expenses (personnel and operations)

Revenues by Program

(in millions)	FY 2013 Enacted	FY 2013 Revised	FY 2014 Governor	FY 2014 Change to Enacted
Central Mgmt.	\$ 0.2	\$ 0.3	\$ 0.2	\$ -
Banking Reg.	1.4	1.4	1.4	-
Securities Reg.	17.8	18.3	18.4	0.6
Commercial Licensing	2.4	2.5	2.5	0.1
Insurance Reg.	10.3	10.8	11.2	0.9
Board of Accountancy	0.2	0.2	0.2	-
Design Professionals	1.2	1.2	0.4	(0.8)
Total	\$ 33.5	\$ 34.7	\$ 34.3	\$ 0.8

Revenues and Expenditures



Operations

FY 2013:

- Total of \$4.5 million from all funds
 - \$791,149 more than enacted
 - Increase in contracted management services associated with Affordable Care Act grants

FY 2014:

- Total of \$2.8 million from all funds
 - \$950,023 less than enacted
 - Affordable Care Act grant expiration

OHIC

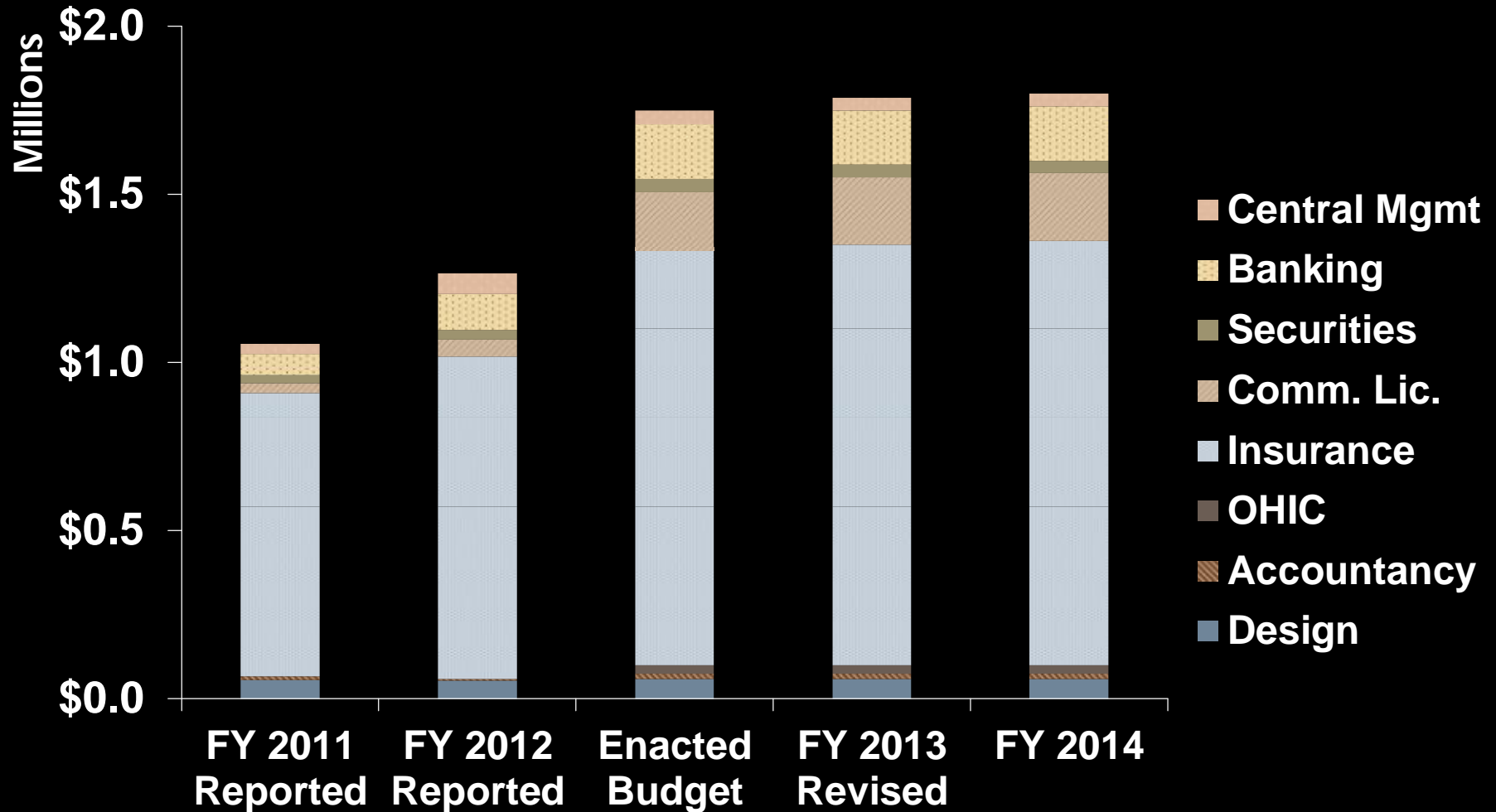
Affordable Care Act Grants

- Rate Review: Develop policies and operations for premium and rate review of health insurance companies operating within RI's borders
- Benefits Exchange: Aid the establishment of the RI Health Benefits Exchange by January 1, 2014
- Consumer Assistance Planning: Establish state insurance consumer assistance and data collection program

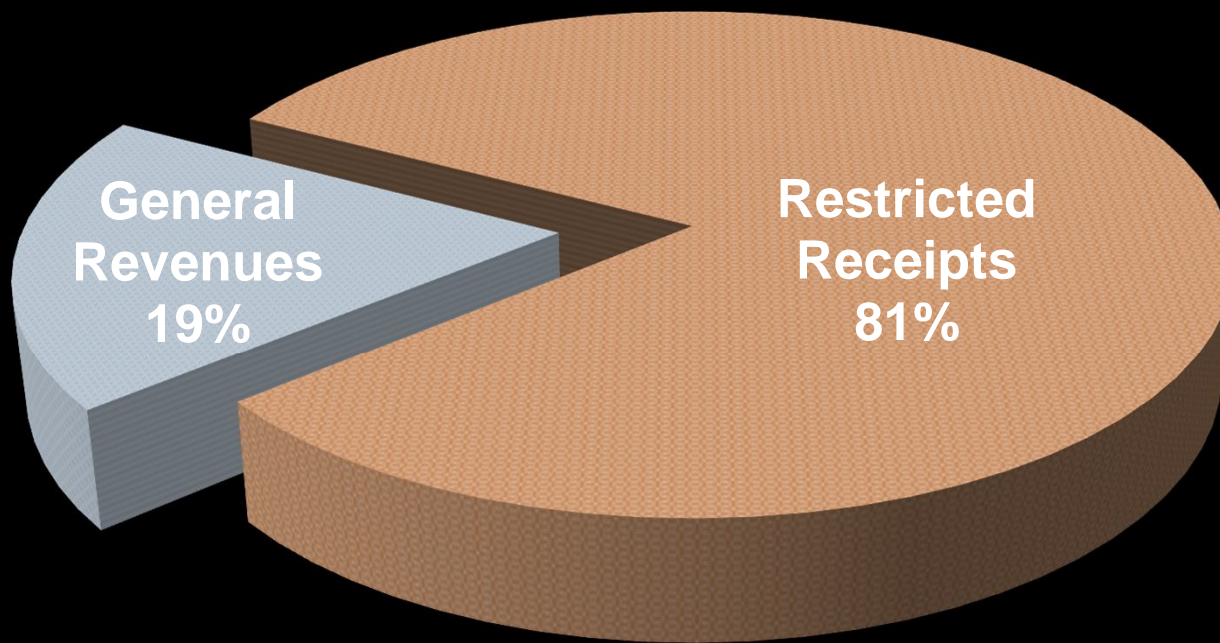
Affordable Care Act Grant Adjustments

	FY 2013 Enacted	FY 2013 Revised	FY 2014 Governor	FY 2014 Change to Enacted
Rate Review	\$1,042,620	\$ 1,227,503	\$ 921,001	\$ (121,619)
Benefits Exchange	931,009	1,348,286	1,379	(929,630)
Consumer Assistance Planning	-	150,000	50,000	50,000
Total	\$1,973,629	\$2,725,789	\$ 972,380	\$(1,001,249)

Other Operations by Division



FY 2014 Other Operations by Source



Other Operations

- Includes general office expenses
 - Office supplies
 - Printing costs
 - Professional subscriptions
 - Travel costs
 - Essentially consistent with enacted budget
- Includes \$1.0 million for Insurance Regulation Contracted Services
 - \$30,500 more than enacted
 - Actuarial and financial services required for inspections

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