

Department of Administration

Staff Presentation
FY 2014 Revised, FY 2015 Recommended
and Capital Budgets
March 19, 2014

Department of Administration

- Overhead – Centralized/Statewide Functions:
 - ❖ Capital Projects and Property Management
 - ❖ Debt
 - ❖ Facilities Management
 - ❖ Human Resources
 - ❖ Information Technology
 - ❖ Legal Services
 - ❖ Office of Diversity, Equity and Opportunity
 - ❖ Purchasing

Department of Administration

➤ Overhead – Other Programs:

- ❖ Accounts and Control
- ❖ Bureau of Audits
- ❖ Central Management
- ❖ Office of Energy Resources
- ❖ Office of Library Services
- ❖ Office of Management and Budget
- ❖ Planning
- ❖ Personnel Appeal Board
- ❖ Construction Permitting, Approval and Licensing
- ❖ HealthSource RI (RI Health Benefits Exchange)

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FY 2015 Recommendation

<i>(In millions)</i>	EDC/ CC	Energy	Debt	RIHBE	Central Services*	All Other	Total
Enacted	\$13.1	\$11.2	\$193.0	\$28.3	\$87.8	\$95.3	\$428.7
FY 2015 Gov.	13.2	5.8	219.6	23.4	85.3	85.2	432.5
Change	\$0.2	(\$5.4)	\$26.6	(\$4.9)	(\$2.5)	(\$9.9)	\$3.8

**Includes Human Resources, Facilities, Info. Technology, Purchasing, and Legal Services*

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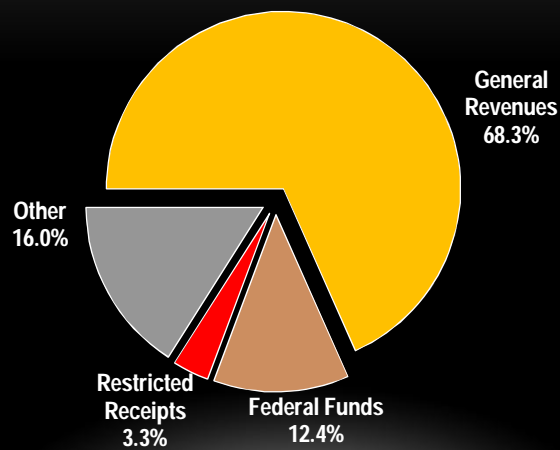
Recommendations

Fiscal Year	Gen. Rev.	Fed Funds	RR	Other	Total
14 Enacted	\$264.8	\$62.2	\$15.9	\$85.8	\$428.7
15 Request	\$306.2	\$53.9	\$14.3	\$66.7	\$441.0
Change	\$41.4	(\$8.3)	(\$1.7)	(\$19.1)	\$12.3
15 Gov. Rec.	\$295.6	\$53.5	\$14.2	\$69.3	\$432.5
Chg. Enact	\$30.8	(\$8.7)	(\$1.7)	(\$16.5)	\$3.8
Chg. Req.	(\$10.6)	(\$0.4)	(\$0.1)	\$2.6	(\$8.5)

(In millions)

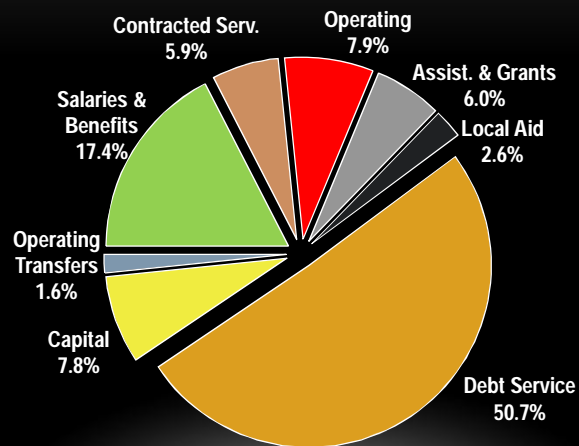
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FY 2015 Recommended by Fund Source



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FY 2015 Recommended by Category



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Target Issues

- Budget Office provided a general revenue target of \$301.8 million
 - ❖ Included current service adjustments totaling \$37.0 million
 - ❖ 7.0 percent reduction or \$6.3 million adjusted for certain exclusions
- Department's constrained request met target from implementation of several initiatives

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Target Issues

<i>(In millions)</i>	Department	Governor
Staffing Initiatives	(\$4.8)	\$-
IT Initiatives	(2.8)	-
Current Care	(0.2)	(0.2)
I-195 Commission	(0.2)	(0.2)
Lead Hazard Reduction Program	(0.3)	(0.3)
Water Allocation Program	(0.1)	(0.1)
EDC/CC Reduction	(0.3)	-
Revenue – Ins. Recovery Fund*	(0.9)	(0.9)
All Other	(1.1)	-
Total Changes	(\$10.7)	(\$1.7)

(*FY 2014 revised budget assumes the revenue)

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FY 2014 Revised Recommendation

- FY 2014 revised recommendation is \$2.7 million less general revenues than enacted
- Major general revenue changes:
 - ❖ \$0.9 million reappropriated
 - ❖ \$1.1 million to distribute statewide savings
 - ❖ \$3.2 million in debt service savings
 - ❖ \$1.5 million in utility savings
 - ❖ \$0.5 million for state job classification study
 - ❖ \$0.3 million for labor contract negotiations

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FY 2015 Recommended

- Governor's FY 2015 recommendation is \$30.8 million more general revenues than enacted
- Major general revenue changes:
 - ❖ \$30.2 million more for debt service
 - ❖ \$10.0 million for transportation
 - ❖ \$9.8 million for 38 Studios
 - ❖ \$8.3 million for Historic Structures Tax Credit
 - ❖ \$2.1 million for all other

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FY 2015 Recommended

- Governor's FY 2015 recommendation is \$30.8 million more general revenues than enacted
- Major general revenue changes:
 - ❖ \$775,000 Volvo Ocean Race
 - ❖ \$323,973 for Office of Diversity, Equity & Opportunity
 - ❖ \$75,000 for a creative & cultural economy coordinator
 - ❖ \$60,000 payroll system

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Staffing Recommendation

Programs	FTE Changes
Authorized Level	720.7
HealthSource RI (Benefits Exchange)	10.0
Mailroom	3.0
Statewide Planning	1.0
Office of Diversity, Equity & Opportunity	3.0
Vacancy Elimination/Transfer	(14.0)
Subtotal Changes	3.0
FY 2015 Recommendation	723.7

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Staffing Recommendation

Programs	Gen. Rev.	All Funds
HealthSource RI	\$-	\$1.2
Mailroom	-	0.3
Statewide Planning	-	0.1
Off. of Diversity, Equity & Opportunity	0.3	0.3
Total	\$0.3	\$1.9

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Department of Administration

<i>(In millions)</i>	<i>FY 2015 Recommendation</i>	
	Change to Enacted	General Rev. All Funds
<i>Statewide Savings</i>	<i>\$1.4</i>	<i>\$2.6</i>
Library Aid	(0.2)	(0.2)
Energy Resources	-	(5.4)
EDC/CC	0.2	0.2
RI Health Exchange	-	(4.9)
Debt Service	30.2	26.6
Overhead Functions	(0.8)	(15.0)
<i>Total Changes</i>	<i>\$30.8</i>	<i>\$3.8</i>

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Statewide Initiatives

- FY 2014 enacted budget includes \$2.6 million in undistributed savings in DOA for later distribution
 - ❖ FICA Alternative Plan - \$0.4 million
 - ❖ Medical Coverage for Divorced Spouse - \$1.4 million
 - ❖ Medicare Exchange & OPEB Rate Correction - \$3.6 million

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Statewide – *FICA Alternative Plan*

- Savings of \$0.4 million included in DOA's budget
 - ❖ Part-time employees – works less than 20 hours/week
 - ❖ Those not eligible for state retirement system
 - ❖ Current employees may opt out
 - ❖ New employees automatically enroll
 - ❖ Delay in implementation and the savings are not distributed among other agencies

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Statewide – *Medical Coverage for Divorced Spouse*

- FY 2014 recommended budget included savings of \$1.4 million
 - ❖ Governor's proposal to terminate state sponsored health insurance provided to divorced spouses of state employees
- Assembly made this applicable for judgments entered into as of Jan. 1, 2014 and restored savings
 - ❖ Included in DOA for later distribution
 - ❖ Now reflected in all budgets medical rate

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Statewide – Medicare Exchange & OPEB Rate Correction

- FY 2014 enacted \$0.9 million for establishment of a Medicare Exchange post-65 retirees
 - ❖ Would offer a wider array of benefit choices to post-65 retirees
- \$2.7 million to reflect a correction to the rate used for retiree health benefits
 - ❖ Included in DOA for later distribution
 - ❖ Now reflected in all budgets

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Department of Administration

<i>(In millions)</i>	<i>FY 2015 Recommendation</i>	
Change to Enacted	General Rev.	All Funds
Statewide Savings	\$1.4	\$2.6
Library Aid	(0.2)	(0.2)
Energy Resources	-	(5.4)
EDC/CC	0.2	0.2
RI Health Exchange	-	(4.9)
Debt Service	30.2	26.6
Overhead Functions	(0.8)	(15.0)
Total Changes	\$30.8	\$3.8

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Library Aid

- Governor recommends \$8.8 million for library aid
 - ❖ Level funds total at FY 2014 amount
- Law provides 25% reimbursement of second prior year expenditures
 - ❖ \$1.0 million less than current law
 - ❖ Ratable reduction to appropriation
- Distribution reflects updated data

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Library Construction Aid

- Recommends \$2.3 million for library construction aid
 - ❖ \$0.2 million less than enacted
 - ❖ Based on updated cost information and construction schedules for approved projects
- State reimburses libraries up to ½ of total cost for eligible projects on an installment basis up to 20 years
- 2011 Assembly set a 3-year moratorium on acceptance of applications

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Office of Library & Information Services

	FY 2014 Enacted	FY 2014 Gov. Rev.	FY 2015 Gov. Rec.	Change to Enacted
General Rev.	\$1.0	\$1.0	\$0.9	(\$0.1)
Federal Funds	1.2	\$1.4	\$1.2	-
Total (in millions)	\$2.2	\$2.4	\$2.1	(\$0.1)
FTEs	13.0	13.0	13.0	-

- ❖ Federal funds account for more than 57% of FY 2015 recommended budget
- ❖ Turnover savings from one vacancy

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Department of Administration

<i>(In millions)</i>	FY 2015 Recommendation	
Change to Enacted	General Rev.	All Funds
Statewide Savings	\$1.4	\$2.6
Library Aid	(0.2)	(0.2)
Energy Resources	-	(5.4)
EDC/CC	0.2	0.2
RI Health Exchange	-	(4.9)
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Office of Energy Resources

	FY 2014 Enacted	FY 2014 Gov. Rev.	FY 2015 Gov. Rec.	Change to Enacted
Federal Funds	\$5.7	\$6.3	\$0.5	(\$5.2)
Restrict. Rec.	5.5	5.6	5.3	(0.2)
Total (in millions)	\$11.2	\$11.9	\$5.8	(\$5.4)
FTEs	12.0	12.0	12.0	-

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Office of Energy Resources

- Federal funds \$5.2 million less in FY 2015
 - ❖ Including \$5.0 million for State Energy Plan – ARRA project
 - ❖ Mainly for two initiatives:
 - ❖ Clean Residential Property Assessed Clean Energy Program
 - ❖ Energy Revolving Loan Fund Program
 - ❖ The grant expired on September 30, 2013

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Office of Energy Resources

Projects	Total Award	Spent as of 3/5/14	Balance
State Energy Program	\$24.0	\$24.0	\$-
Weatherization Asst. Program	20.1	20.0	0.1
Energy & Conservation Grant	9.6	9.6	-
Energy Appliance Rebate	1.0	1.0	-
Energy Assurance Plan	0.3	0.3	-
Total <i>(in millions)</i>	\$54.9	\$54.8	\$0.1
Percentage		99.8%	0.2%

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Office of Energy Resources

- Article 7 – March 4
- Regional Greenhouse Gas Initiative
 - ❖ Currently, DEM & Energy Resources can use \$300K or 5% of auction proceeds whichever is less for administration costs
 - ❖ Article increases administrative percentage to 10% or \$300K, whichever is greater
 - ❖ Essentially doubles amount for administrative costs

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Department of Administration

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Commerce Corporation

- The Corporation is organized as a quasi-public entity
- Consolidates all economic development activities into a single entity
- Formed from merger of Department of Economic Development (state agency) and the Rhode Island Port Authority (quasi-public agency) in 1995
- 2013 Assembly adopted 2013-H 6071 Sub A
 - ❖ Rhode Island Commerce Corporation

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Commerce Corporation

- Executive Office of Commerce
 - ❖ Oversee & serve as the lead agency of Executive Branch
 - ❖ Manage the promotion of commerce and the state's economy
 - ❖ Headed by a secretary of commerce, who would also oversee the Commerce Corp.
 - ❖ Effective February 1, 2015
- Governor proposes legislation to delay and change this
 - ❖ Article 19 – February 6 Hearing

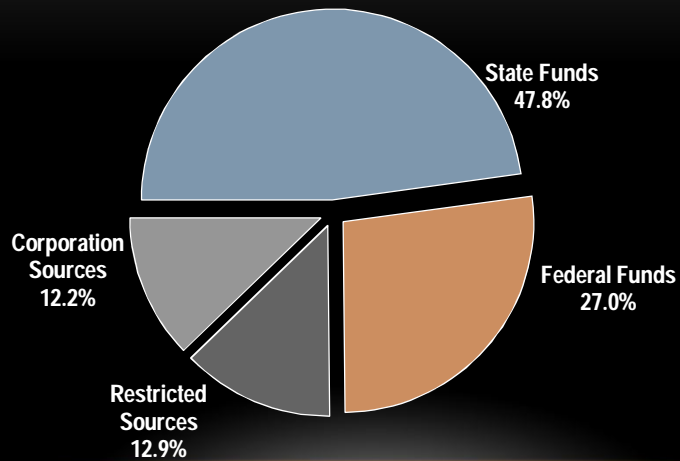
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Commerce Corporation

- Corporation has five subsidiaries
 - ❖ Small Business Loan Fund Corporation
 - ❖ Airport Corporation
 - ❖ Quonset Development Corporation
 - ❖ I-195 Redevelopment District
 - ❖ East Providence Waterfront Commission
- Commerce Corporation Board
 - ❖ Corporation's board of directors consists of 13 members, including the Governor, who serves as chair
 - ❖ Governor appoints all 12 members

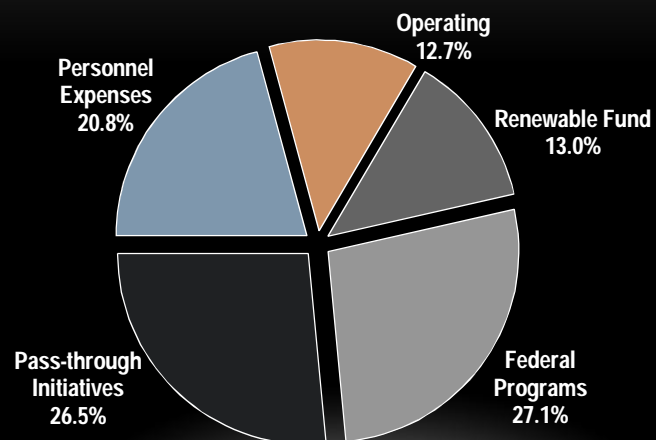
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Commerce Corporation – Revenues



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Commerce Corporation – Expenses



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Commerce Corporation

- Governor recommends expenditures of \$8.9 million in FY 2015
 - ❖ \$4.0 million for operations of the Corporation
 - \$75,000 more than enacted to fund a creative and culture economy coordinator position
 - ❖ \$4.9 million in pass-through initiatives

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Pass-Through Initiatives

<i>(in millions)</i>	FY 2014 Enacted	FY 2014 Gov. Rev.	FY 2015 Gov. Rec.	Chng. to Enacted
Airport Impact Aid	\$1.0	\$1.0	\$1.0	\$-
I-195 Commission	0.5	1.2	0.3	(0.2)
Slater Tech. Fund	1.0	1.0	0.5	(0.5)
EPSCoR	1.2	1.2	1.2	-
Innovate RI Small Business	0.5	0.5	0.5	-
Volvo Ocean Race	-	-	0.8	0.8
Comm. Service Grants	0.6	0.6	0.6	-
Total	\$4.8	\$5.5	\$4.9	\$0.1

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Pass-Through Initiatives

Airport Impact Aid - \$1.0 million

- Provides aid payments to the seven communities that host the six state airports
- Payments are made proportionally based on the number of total landings and takeoffs
- Includes \$0.6 million for 17 community service grants

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Pass-Through Initiatives

I-195 Redevelopment District Commission

- Recommends \$1.2 million for FY 2014 and \$0.3 million for FY 2015 from general revenues
 - ❖ FY 2014 revised budget included a reappropriation of \$0.7 million
 - ❖ FY 2015 is \$0.2 million less than enacted

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Pass-Through Initiatives

Slater Technology Fund - \$0.5 million, \$0.5 million less than enacted to phase-out state support

- Awarded \$9.0 million as part of federal State Small Business Credit Initiative
- A state-backed venture capital fund that invests in new ventures
 - ❖ Has a 16-year history
 - ❖ Intent that eventually it would be self-sustaining through returns on investment
 - ❖ \$46.2 million total fund to date

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Pass-Through Initiatives

EPSCoR - \$1.2 million

- In support for state's participation in National Science Foundation's Experimental Program to Stimulate Competitive Research (EPSCoR)
 - ❖ FY 2015 is level funded with FY 2014 – prior years had been \$1.5 million
 - ❖ 9th installment bringing total to \$12.8 million
 - ❖ Initially, this was a three-year commitment

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Pass-Through Initiatives

Innovate RI Small Business Program

- Adopted by the 2013 Assembly
- Administered by the Science and Technology Advisory Council
 - ❖ Innovate Rhode Island Small Business - provides eligible businesses with grants to offset costs associated with applying for research grants
 - ❖ Rhode Island-based companies with 50 or fewer employees
 - ❖ A bioscience and engineering internship program

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Pass-Through Initiatives

Volvo Ocean Race

- Recommends \$775,000 from general revenues
- City of Newport to hold race between race May 2-17, 2015
 - ❖ \$0.5 million for security services (municipal and Department of Environmental Management law enforcement officers)
 - ❖ Remaining \$0.3 million for cleaning, portable restrooms, electrical and signage
 - ❖ Same amount spent for America's Cup World Series in 2012

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Department of Administration

<i>(In millions)</i>	FY 2015 Recommendation	
	Change to Enacted	Gen. Rev. All Funds
Statewide Savings	\$1.4	\$2.6
Library Aid	(0.2)	(0.2)
Energy Resources	-	(5.4)
EDC/CC	0.2	0.2
RI Health Exchange (at rise)	-	(4.9)
Debt Service	30.2	26.6
Overhead Functions	(0.8)	(15.0)
Total Changes	\$30.8	\$3.8

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Department of Administration

<i>(In millions)</i>	FY 2015 Recommendation	
	Change to Enacted	General Rev. All Funds
Statewide Savings	\$1.4	\$2.6
Library Aid	(0.2)	(0.2)
Energy Resources	-	(5.4)
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RI Health Exchange	-	(4.9)
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Total Changes	\$30.8	\$3.8

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Debt Service

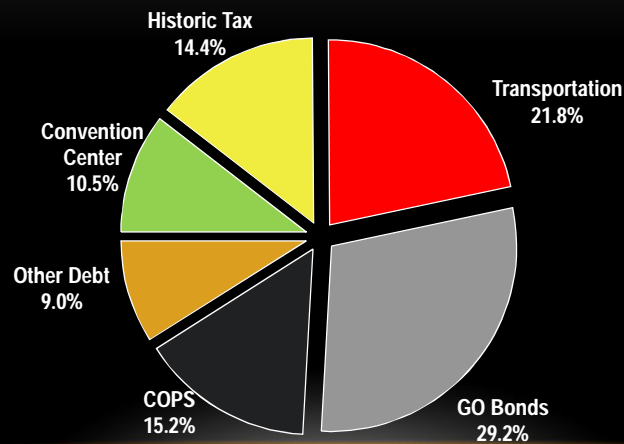
	General Revenues	Federal Funds	Restricted Receipts	Other	Total
FY 2014 Enacted	\$157.4	\$2.8	\$2.1	\$30.7	\$193.0
FY 2014 Rev.	\$154.2	\$2.7	\$2.1	\$30.7	\$189.8
FY 2015 Rec.	\$187.6	\$2.7	\$2.1	\$27.2	\$219.6
<i>Change (in millions)</i>	<i>\$30.2</i>	<i>(\$0.1)</i>	<i>\$-</i>	<i>\$3.5</i>	<i>\$26.6</i>

➤ Department of Administration's budget includes most debt service costs

❖ Excludes all for higher education and some DOT

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FY 2015 Debt Service



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Debt Service – *Convention Center*

- Recommends \$23.0 million for debt service for Convention Center Authority
 - ❖ When the Authority runs an operating deficit, the state is responsible for covering the shortfall
 - ❖ Manages and operates the Convention Center, Dunkin' Donuts Center and Veterans Memorial Auditorium
- Also recommends \$1.0 million from RI Capital Plan funds to free up operating funds for the Authority
 - ❖ This reduces the Authority's projected shortfall and lowers general revenues for debt

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Debt Service – *Dept. of Transportation*

Department of Transportation

- Recommends \$46.1 million in FY 2015, including \$19.3 million from general revenues
 - ❖ Consistent with proposal to increase state support for transportation debt
- Recommends \$1.8 million from general revenues for RIPTA debt service in lieu of Authority sources
 - ❖ Initially, state support was for two years (FY 2013 and FY 2014)
 - ❖ Help reduce the Authority operation shortfalls

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Debt Service – *Historic Tax Credit*

- 2008 Assembly adopted legislation to significantly modify the program
 - ❖ Placed a moratorium on new projects
 - ❖ Required upfront processing fees, reducing overall effective credit from 27.75% to 22.0% and
 - ❖ Authorized borrowing to cash out all credits

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Debt Service – *Historic Tax Credit*

- 2013 Assembly adopted legislation to allow new projects to replace those projects that did not progress
- Recommends \$31.7 million from general revenues in FY 2015 for Historic Tax Credit debt service
 - ❖ \$8.3 million more than enacted
 - ❖ Outyear debt: \$31.7M in FY 2015 to \$42.3M in FY 2018

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38 Studios Debt Analysis

- 2013 Assembly provided \$50,000
 - ❖ To perform a market analysis to further explore the implications of the state not repaying the authorized debt
 - ❖ A request for proposals was issued in October 2013
 - ❖ No bids were received

- Administration explored other options:
 - ❖ Under contract with SJ Advisors

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Debt Service – *38 Studios*

- Job Creation Guaranty Program – allowed guaranteed loans not to exceed \$125.0 million
- Used \$80.5 million
- 2013 Assembly repealed program
 - ❖ 38 Studios - \$75.0 million - Defaulted
 - ❖ Includes \$12.3 million from general revenues for debt service
 - ❖ \$9.8 million more than enacted

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Debt Service – I-195

➤ I-195 Land Purchase

- ❖ 2011 Assembly's debt authorization stipulated that proceeds from eventual sale of the land parcels would be used for debt service costs
 - ❖ Legislation assumed \$42 million of revenue bonds would be issued by EDC to purchase land made available through the relocation of Interstate 195 from DOT
- Recommends \$0.5 million in FY 2014 and FY 2015 general revenues for debt service

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I-195 Redevelopment Commission

I-195 Redevelopment Commission

- 2012 Assembly provided \$3.9 million for a one-time expense for the completion of land sales, including \$0.9 million to support 2-3 years staffing & operating
- ❖ \$0.7 million reappropriation in FY 2014
- Commission submitted a budget requesting \$1.3 million for FY 2015
- Recommends \$0.3 million each from general revenues and RI Capital Plan funds

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Department of Administration

<i>(In millions)</i>	<i>FY 2015 Recommendation</i>	
Change to Enacted	General Rev.	All Funds
Statewide Savings	\$1.4	\$2.6
Library Aid	(0.2)	(0.2)
Energy Resources	-	(5.4)
EDC/CC	0.2	0.2
RI Health Exchange	-	(4.9)
Debt Service	30.2	26.6
<i>Overhead Functions</i>	<i>(0.8)</i>	<i>(15.0)</i>
<i>Total Changes</i>	<i>\$30.8</i>	<i>\$3.8</i>

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Department of Administration

➤ Items of Interest:

- ❖ Office of Digital Excellence
- ❖ Division of Information Technology
- ❖ Office of Regulatory Reform
- ❖ Division of Human Resources
- ❖ Purchasing
- ❖ Office of Diversity, Equity and Opportunity
- ❖ Statewide Planning
- ❖ Facilities Management
- ❖ Capital Projects

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Office of Digital Excellence

- 2012 Assembly created Office of Digital Excellence to ensure projects are well coordinated and properly implemented
 - ❖ Authorized 2.0 positions, including a chief digital officer
 - ❖ 2013 Assembly provided an additional 5.0 positions
- Governor recommends \$0.9 million and 7.0 positions
 - ❖ Three positions are filled
 - ❖ Department is in the hiring process

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Division of Information Technology

Division of Information Technology

- Executive Order 04-06 created the new division to improve efficiency, effectiveness and security of computer operations and management under the control of a Chief Information Officer
- Responsible for oversight, coordination and development of all computer resources within the Executive Branch

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Division of Information Technology

➤ Services provided:

- ❖ Desk Support
- ❖ Network Support
- ❖ Telecommunications
- ❖ Central Mail

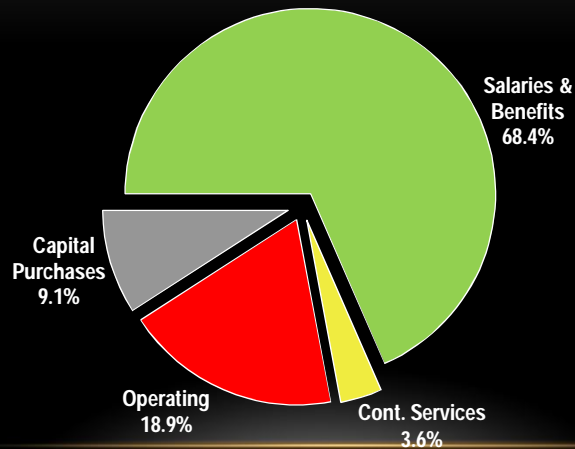
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Division of Information Technology

<i>(In millions)</i>	General Revenues	Federal Funds	Restricted Receipts	Other	Total
FY 2014 Enacted	\$19.3	\$7.1	\$5.4	\$2.2	\$34.0
FY 2014 Rev.	\$19.1	\$6.5	\$5.1	\$2.8	\$33.5
14 Change	(\$0.2)	(\$0.6)	(\$0.2)	\$0.6	(\$0.5)
FY 2015 Rec.	\$19.4	\$6.6	\$4.1	\$3.7	\$33.8
15 Change	\$0.1	(\$0.5)	(\$1.3)	\$1.5	(\$0.2)

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Division of Information Technology



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Division of Information Technology

- Governor recommends funding of \$22.9 million in FY 2014 and \$23.2 million in FY 2015
 - FY 2014 is \$0.5 million and FY 2015 is \$0.2 million less than enacted
 - The recommendations reflect additional turnover and statewide medical benefit savings
- Recommends staffing of 190.5 positions in both years
 - ❖ Consistent with authorized level
 - ❖ 12.5 positions vacant as on March 1, 2014

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Technology Investment Fund

- 2011 Assembly enacted legislation to create an Information Technology Investment Fund
 - ❖ To be supported from land sales proceeds
 - ❖ 2012 Assembly also transferred \$9.0 million from general revenues
 - ❖ Funds would be use for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance
- Budgets assume use of \$7.2 million, including \$3.2 million in FY 2015

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Information Technology Improvements

- Section 2 of Article 4 would authorize \$30.0 million for information technology projects
- Legislation cites projects in the following areas:
 - ❖ "budget & grant management & HR information systems, emergency notification system upgrades, RI Veterans Home – automated pharmacy services, content management system, DOH electronic birth records, DEM enterprise permit system, & record digitization upgrades"
- Hearing – February 26

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RI Financial Accounting System

RI Financial Accounting Network System:

- Involves installation of a series of modules for each particular service that will form the integrated system
 - ❖ Modules were purchased in 2007 – not all have been implemented
 - ❖ \$12.4 million to implement remaining modules (HR, projects and grants, cash management and asset management)
- Recommends \$1.6 million in both years
 - ❖ For maintenance contracts and salaries

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Office of Regulatory Reform

- Office of Regulatory Reform created by 2010 Assembly
 - ❖ Aims to improve the state's business climate
 - ❖ Help businesses to navigate through state and municipal permitting and regulatory affairs
- 2012 Assembly transferred from the EDC to Office of Management and Budget
- 2013 Assembly adopted legislation to transfer the Office to the Executive Office of Commerce
- Governor includes legislation to maintain Office in DOA

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Office of Regulatory Reform

- 2012 legislation requires agencies to periodically evaluate of all existing regulation for adverse impact on small business
 - ❖ 25% each year – beginning 2012 for a total of four years (Governor requested regulatory agencies to speed up process)
 - ❖ Office is tasked with assisting and coordinating the agency review process
 - ❖ Three regulatory review reports have been released: August 2013, November 2013 and March 2014

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Office of Regulatory Reform

- Governor recommends \$1.1 million in FY 2014 and \$0.9 million in FY 2015
 - ❖ \$0.5 million in both years for salaries and benefits to support four positions
 - ❖ \$0.6 million in FY 2014 and \$0.3 million in FY 2015 for the Electronic Local Permitting Initiative

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Electronic Local Permitting

- 2012 Assembly provided \$0.3 million for the purchase or lease and operation of a web-accessible plan review management and inspection software system
- Create a standardized system available to the State Building Code Commission and all municipalities
- Legislation requires State Building Commissioner to report the status and any recommendations for improving the system on April 1

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Electronic Local Permitting

- Staff from the Building Code Commission investigated other similar systems around the country and is working on how it would like the software system to work for impacted agencies
- Develop standard for statewide process for electronic plan review, permit management and inspection – July 2013
- Request for Proposals – issued on February 28
 - ❖ Implement – approximately April 2014

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Division of Human Resources

- Executive Order 05-11 centralized human resources functions statewide
- Created four service centers
 - ❖ DEM/DOT
 - ❖ General Government
 - ❖ Public Safety
 - ❖ Health and Human Services

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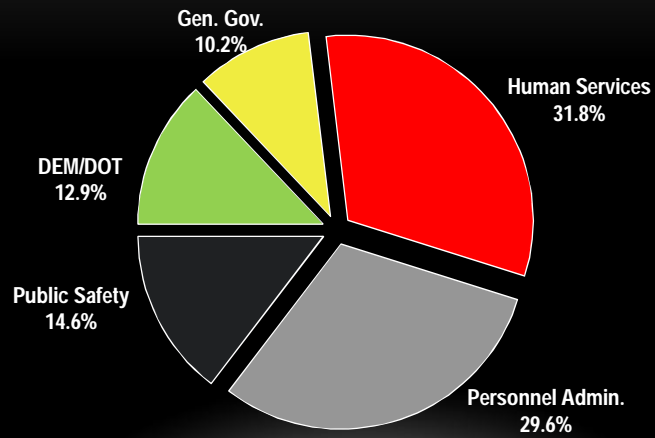
Division of Human Resources

<i>(In millions)</i>	General Revenues	Federal Funds	Restricted Receipts	Other	Total
FY 2014 Enacted*	\$7.7	\$0.8	\$0.5	\$1.6	\$10.6
FY 2014 Rev.	\$7.7	\$0.7	\$0.4	\$1.5	\$10.7
14 Change	\$-	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.2)
FY 2015 Rec.	\$7.8	\$0.8	\$0.5	\$1.5	\$10.5
15 Change	\$-	\$-	\$-	\$-	(\$0.1)

*Adjusted to exclude Outreach and Diversity Office

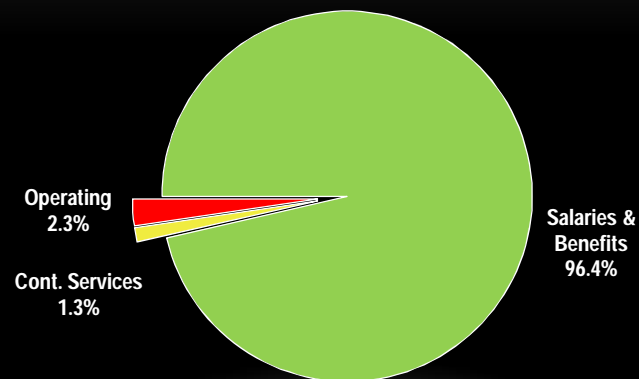
72

Division of Human Resources



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Division of Human Resources



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Division of Human Resources

- Governor recommends \$9.9 million in FY 2014 and \$10.2 million in FY 2015 for salaries and benefits
 - ❖ FY 2014 is \$0.3 million less than enacted
 - ❖ FY 2015 is \$40,778 less than enacted

- Recommends staffing 105.5 positions in both years
 - ❖ Consistent with the authorized level
 - ❖ 9.0 positions vacant as of pay period ending March 1

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Personnel Classification Study

- Current system was designed and implemented more than 50 years ago
 - ❖ Few amendments have been made to it since
 - ❖ Has over 1,000 position classifications

- 2012 Assembly provided \$250,000 from general revenues for a study and review of the state's personnel system
 - ❖ Study completed in January 2013

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Personnel Classification Study

Study found that:

- Current structure, organization and staffing of HR division is not sufficient to support the state's need
- Recruiting process is highly paper-based
 - ❖ Filling a position can take up to six months from the time it is requested
- Job classification structures do not reflect qualifications to deliver the services
- Compensation structures are non-competitive

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Personnel Classification Study

A total of 16 actions were recommended, including

- Restructure - headed by a new chief of human resources, which will be dedicated to establishing strategic direction, developing policies
 - ❖ Filled in December 2013
- Online application system
- Update position classifications
- Eliminate public hearing process, when making changes to classification structure

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Personnel Classification Study

- Recommends \$0.5 million in FY 2014 to redesign the state's classification and compensation systems
- The four goals of the study:
 - ❖ Increase state's ability to attract & maintain a high quality workforce;
 - ❖ Increase flexibility within the classification & compensation systems;
 - ❖ Increase HR system efficiency and effectiveness; and
 - ❖ Provide a system that is easy to understand
- Issued RFP and received 3 bids

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Purchasing

	FY 2014 Enacted*	FY 2014 Gov. Rev.	FY 2015 Gov. Rec.	Change to Enacted
General Rev.	\$2.4	\$2.6	\$2.7	\$0.3
Federal Funds	0.1	-	-	(0.1)
Other	0.4	0.3	0.3	(0.1)
Total (in millions)	\$2.9	\$2.9	\$3.0	\$0.1
FTEs	33.0	33.0	33.0	-

*Adjusted to exclude Minority Business Enterprise

- Staffing costs account for more than 95% of the recommended budget

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Purchasing

- Website Expansion and Procedural Examination
 - ❖ Enhance the website for the Division to allow all public works bid result projects be posted on the Purchasing website
 - ❖ Legal services to examine the Division's procedures and regulations
- Governor recommends \$160K in FY 2014 and \$65K in FY 2015 for the initiatives

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Direct Deposit

- Requires the controller to implement a direct deposit payroll system for state employees
 - ❖ Automatic for employees hired after Sept. 30, 2014
 - ❖ Employees hired before Sept. 30, 2014, must do so by June 30, 2016
- Article 17, Section 1 – March 4

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Payroll Viewing

- Administration in process of implementing a new payroll system
- April 1, 2014
 - ❖ Employees can obtain payroll stubs online
 - ❖ Subsequent phase will allow employees to obtain W-2 forms online as well

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Office of Diversity, Equity & Opportunity

- May 2013, Governor issued Executive Order 13-05 entitled "Promotion of Diversity, Equal Opportunity & Minority Business Enterprises in Rhode Island"
- DOA to reviews all divisions and offices within the Department that are charged with facilitating equal opportunity employment
- Make recommendations to improve collaboration between these offices

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Office of Diversity, Equity & Opportunity

- Department requests the creation of the Office of Diversity, Equity & Opportunity
- Transferred:
 - ❖ Minority Business Enterprise from Purchasing
 - ❖ Outreach & Diversity Office from Human Resources
- Adds 3 new positions: a chief diversity and equity officer and two senior equal opportunity officers
- Governor recommends \$1.3 million, \$0.3 million to fund the new positions

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Statewide Planning

	FY 2014 Enacted	FY 2014 Gov. Rev.	FY 2015 Gov. Rec.	Change to Enacted
General Rev.	\$4.7	\$4.7	\$4.4	(\$0.3)
Federal Funds	10.9	15.0	12.7	1.7
Other	5.0	3.8	3.0	(2.0)
Total (in millions)	\$20.7	\$23.5	\$20.1	(\$0.6)
FTEs	38.0	38.0	38.0	-

- Federal funds account for more than 63% of FY 2014 recommended budget

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Lead Hazard Reduction Program

- Provides loans and grants to income eligible property owners for lead abatement
 - ❖ Program provides 35-55 households annually
 - ❖ Since inception, 1,500 units have been made lead safe
- Enacted budget included \$0.6 million
- Governor provides \$0.3 million
 - ❖ \$0.3 million less than enacted

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Rental Housing Subsidy

- 2013 Assembly initiative
- Provided \$750,000 to provide rental housing subsidies for eligible homeless individuals & families
- Housing Resources Commission issued a competitive request for proposals
 - ❖ Received 8 applicants, selected 5 vendors: Crossroads, House of Hope, The Providence Center, Riverwood Mental Health Services and Amos House
- Governor recommends enacted amount

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Facilities Management

- Responsible for 140 state buildings
- Funding in Division supports building operations, maintenance and repairs for state properties, including the Pastore Campus
- Recommends expenditures of \$35.3 million in FY 2014 and \$35.8 million in FY 2015 from all funds
 - ❖ \$18.1 million or 50.5% is for utility expenses

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Facilities Management

- Recommends FY 2015 expenditures of \$10.3 million for staffing of 114.5 positions, \$0.1 million more than enacted
- Represents 28.8% of recommendation
- Includes turnover savings of \$0.5 million in FY 2014 and \$0.4 million in FY 2015
 - ❖ 13.0 vacancies on March 1

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Capital Projects

- Recommends total project costs of \$364.3 million
- \$178.2 million will be used from FY 2015-FY 2019

- Total 43 projects
 - ❖ Pastore Campus – 11
 - ❖ Other State Facilities – 21
 - ❖ Other Projects – 11

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Capital Projects

By Category	5 Year Total	Project Total
Pastore Center	\$38.3	\$92.1
Other State Facilities	58.8	122.5
Other Projects	81.0	149.6
Total	\$178.2	\$364.3
By Sources		
Certificates of Participation	\$48.0	\$96.1
GO Bonds	27.9	44.9
GO Bonds – New	15.0	15.0
RI Capital Plan Funds	87.3	208.3
Total	\$178.2	\$364.3

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Capital Projects

Pastore Campus Projects

- \$38.3 million will be used from FY 2015 – FY 2019
- Projects include:
 - ❖ Fire code compliance
 - ❖ Utilities upgrade
 - ❖ Buildings demolition
 - ❖ Parking

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Capital Projects – Virks Building

- Authorizes \$13.0 million from COPS to renovate Virks building in the Pastore Center
 - ❖ Structure is four stories with 54,000 sq. ft.
 - ❖ Including electrical system, HVAC, roof and fire code
 - ❖ Can accommodate 200 – 225 employees
 - ❖ Would be occupied by the EOHHS
- Annual debt service \$1.3 million for 15 years
 - ❖ Half would be supported by federal funds
- Hearing – February 26

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Capital Projects

Other State Facilities Projects

- \$58.8 million will be used from FY 2015 – FY 2019
- Projects include:
 - ❖ State House Renovations
 - ❖ Cranston Street Armory
 - ❖ Ladd Center Buildings Demolition
 - ❖ Convention Center Facility Renovations
 - ❖ Big River Management Area

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Capital Projects

- Includes \$4.2 million in FY 2014 to purchase the property adjacent to the Veterans Auditorium, including \$1.0 million for site improvement costs
- Closing occurred in October 2013
- Administration in process of developing a plan for a surface parking lot
- Informal agreement with Convention Center Authority to manage

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Capital Projects

All Other Projects

- \$81.0 million will be used from FY 2015 – FY 2019
- Projects include:
 - ❖ Energy Conservation
 - ❖ Affordable Housing
 - ❖ Health Lab Feasibility Study
 - ❖ Water Facilities Assistance Program

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Capital Projects – Water Facilities Assistance Program

- \$15.0 million from new general obligation bonds for Water Facilities Assistance
- Grants to local water suppliers to implement water resource programs
- If this question is approved, Budget also authorizes construction of interconnections between water supplies:
 - ❖ Pawtucket, East Providence and Bristol County
- Hearing February 27

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Annual Reporting Requirement

- 2013 legislation requires OMB director to prepare a comprehensive review and inventory of all reports
 - ❖ Presented to Assembly as part of budget submission on an annual basis
- Department has 25 reports
 - ❖ Submitted to General Assembly, Governor, Chairpersons of House & Senate Finance Committees, public and and one is filed with Sec. of State

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Annual Reporting Requirement

Areas of Reporting	Number of Reports	Compliance
Consultant/Privatization	5	4
Financial/Audit	4	4
Planning	4	3
Regulatory	3	3
Energy	3	3
All Other	6	4
Total	25	21

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Annual Reporting Requirement

- Currently, agencies are required to report contracted services in excess of \$100K to Secretary of State on a annual basis
- Adopted by 2006 Assembly

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Annual Reporting Requirement

- Article 17 alters requirements so that agencies provide actual information for the prior fiscal year and projected costs for the current and fiscal years
 - ❖ List will be published annually
 - ❖ Using the state's transparency portal or an equivalent website
 - ❖ No later than Dec. 1 of each year

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Department of Administration

Staff Presentation
FY 2014 Revised, FY 2015 Recommended
and Capital Budgets
March 19, 2014