

# Department of Administration

Governor's FY 2018 Revised, FY 2019 Budget  
and Capital Budget Recommendations  
House Finance Committee  
April 12, 2018

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# 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
  - Central Management
  - Office of Management and Budget

# Department of Administration

- Other programs:
  - Office of Energy Resources
  - Office of Library and Information Services
  - Statewide Planning
  - Personnel Appeal Board
  - Construction Permitting, Approval & Licensing – Article 3 proposal
  - HealthSource RI
  - Office of Diversity, Equity & Opportunity

# FY 2019 Recommendation

	<b>FY 2018 Enacted</b>	<b>FY 2019 Gov.</b>	<b>Diff.</b>
Library Aid	\$11.5	\$11.5	\$-
Energy Resources	12.1	8.7	(3.4)
Debt Service	181.3	183.8	2.4
HealthSource RI	9.6	8.2	(1.3)
Central Services*	99.1	29.2	(70.0)
Undistributed Savings	(30.1)	(13.7)	16.4
All Other	75.6	70.7	(4.9)
<i>(\$ in millions)</i> <b>Total</b>	<b>\$359.2</b>	<b>\$298.5</b>	<b>\$(60.8)</b>

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

# FY 2019 Recommendation

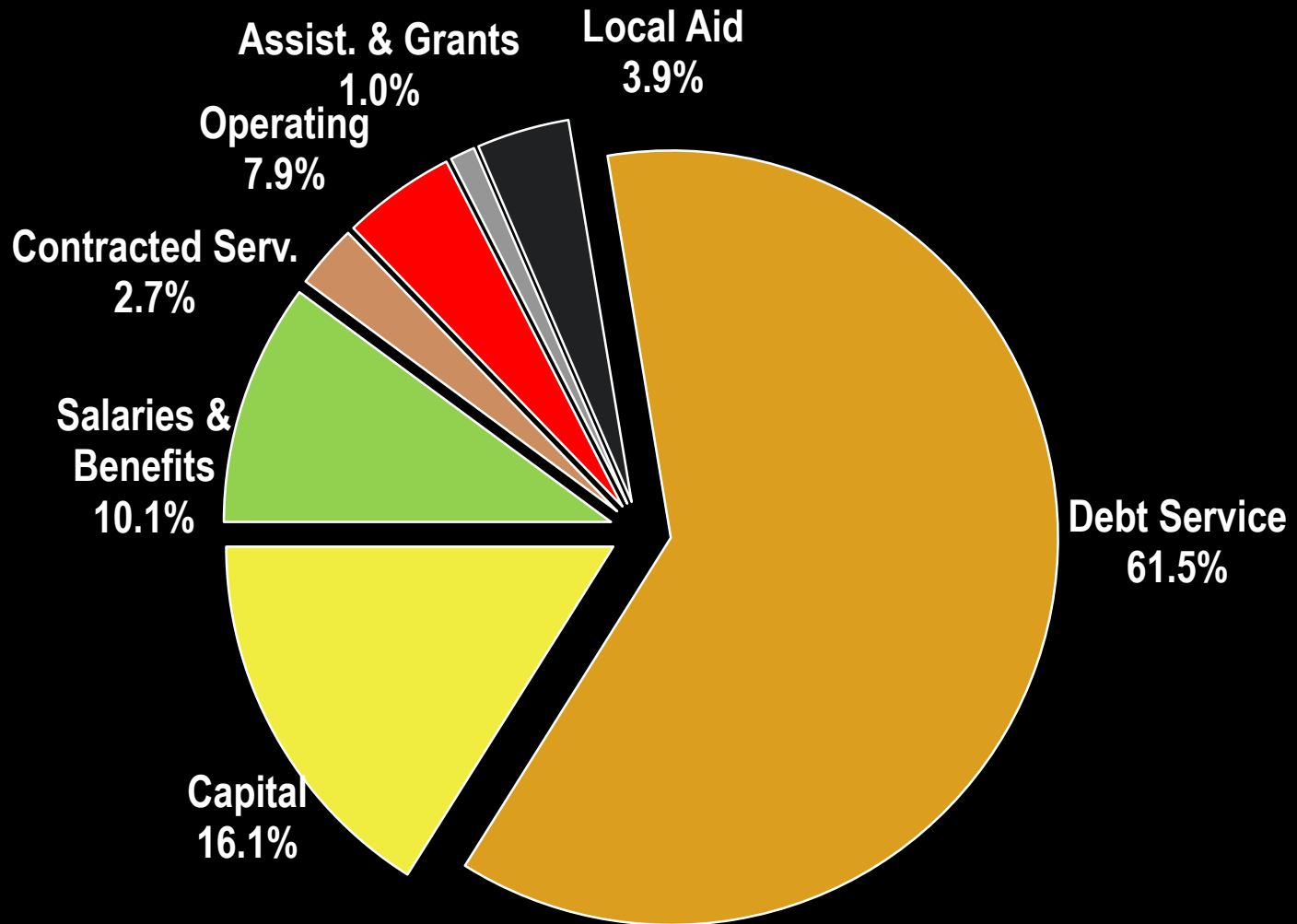
	FY 2018 Enacted	FY 2019 Gov.	Diff.
Assessed Fringe Benefit	\$41.2	\$41.4	\$0.2
Auto Fleet Fund	12.8	12.8	-
Central Mail Fund	6.8	6.5	(0.3)
Central Utilities Fund	24.9	22.9	(2.0)
Telecommunications	3.2	3.6	0.4
Human Resources	-	12.1	12.1
Information Technology	-	32.3	32.3
Facilities Management	-	39.2	39.2
<i>(\$ in millions)</i> <b>Total</b>	<b>\$89.0</b>	<b>\$170.9</b>	<b>\$81.9</b>

# FY 2019 Recommendation

	<b>General Rev.</b>	<b>Fed. Funds</b>	<b>Restricted Receipts</b>	<b>Other</b>	<b>Total</b>
Enacted	\$216.2	\$13.2	\$33.2	\$96.6	\$359.2
Request	\$255.8	\$13.6	\$30.5	\$120.5	\$420.5
<b>Change</b>	<b>\$39.6</b>	<b>\$0.5</b>	<b>\$(2.7)</b>	<b>\$23.9</b>	<b>\$61.2</b>
Gov. Rec.	\$183.0	\$3.9	\$25.9	\$85.6	\$298.5
<b>Chng. Enact</b>	<b>\$(33.2)</b>	<b>\$(9.3)</b>	<b>\$(7.3)</b>	<b>\$(11.0)</b>	<b>\$(60.8)</b>
<b>Chg. Req.</b>	<b>\$(72.8)</b>	<b>\$(9.8)</b>	<b>\$(4.5)</b>	<b>\$(34.9)</b>	<b>\$(122.0)</b>

*(\$ in millions)*

# Recommendation by Category





# Target Issues

- Budget Office provided a general revenue target of \$248.9 million
  - Includes current service adjustments totaling \$39.8 million
    - \$14.5 million for debt service adjustments
    - \$25.0 million restore budgeted savings
  - 10.0 percent reduction of \$7.1 million adjusted for certain exclusions
- Department exceeds target by \$0.3 million

# Savings Proposals

	<b>DOA</b>	<b>Governor</b>
RI Capital Fund Assessment	\$(3.0)	\$(3.7)
Collections Unit*	(1.0)	(0.8)
Expand Prompt Payment	(0.4)	(0.4)
Contract Savings	-	(3.0)
Insurance Savings	-	(1.0)
HealthSource RI	(0.3)	(0.3)
16.0 Layoffs	(1.6)	(0.1)
Veterans' Home Operations	(0.2)	-
All Other	(0.1)	-
<i>(\$ in millions)</i> <b>Total</b>	<b>\$(6.6)</b>	<b>\$(9.3)</b>

\*Established in unit in DOR

# Department of Administration

(\$ in millions)	FY 2019 Gov. Rec.	
	Gen. Rev.	All Funds
<b>Change to Enacted</b>		
<b>Statewide Savings</b>	<b>\$16.4</b>	<b>\$16.4</b>
Centralized Services	(49.5)	(68.8)
Library Aid	-	-
Energy Resources	-	(3.4)
HealthSource RI	(0.3)	(1.3)
Debt Service	3.4	2.4
Program Transfer	(2.2)	(3.4)
All Other	(0.9)	(2.5)
<b>Total Changes</b>	<b>\$(33.2)</b>	<b>\$(60.8)</b>

# Saving Initiatives

	FY 2018 Enacted	FY 2018 Rev.	FY 2019 Rec.	Chng./ Enacted
Undistributed Savings	\$(25.0)	\$-	\$-	\$25.0
Fraud & Waste Detection	(3.5)	(8.5)	(3.5)	-
RI Capital Fund Assessment	-	-	(3.7)	(3.7)
Contract Savings	-	-	(3.0)	(3.0)
Insurance Savings	-	-	(1.0)	(1.0)
Workers' Comp.	(1.3)	(0.3)	(1.3)	-
Expand Prompt Payment	-	-	(0.4)	(0.4)
Phone Conversion	(0.3)	-	-	0.3
Unidentified	-	-	(0.9)	(0.9)
<i>(\$ in millions)</i> <b>Total</b>	<b>\$(30.1)</b>	<b>\$(8.8)</b>	<b>\$(13.7)</b>	<b>\$16.4</b>

# Undistributed Savings

- FY 2018 enacted budget includes \$25.0 million of statewide savings
  - Undistributed in DOA's budget
- Governor's revised budget has proposals that total \$25.0 million
  - Not all repeat in FY 2019
- Department of Administration
  - FY 2018 revised – \$3.5 million
  - FY 2019 - \$1.9 million

# Undistributed Savings

Item	FY 2018	FY 2019
Personnel savings*	\$1.3	\$-
Utility Savings	1.0	1.0
Planning Support to DOT Sources	0.5	0.5
Water Resources Board Transfer to PUC	0.4	0.4
Internal Service Funds Savings	0.3	-
<b>Total</b>	<b>\$3.5</b>	<b>\$1.9</b>
\$ in millions		
<i>*Some of this from voluntary retirement incentive program</i>		

# Fraud and Waste Detection

- Combine data across agencies (DLT, DOR and health and human services)
  - To detect fraud and waste
  - FY 2017 budget assumes \$5.0 million in revenue from initiative
    - Net \$3.5 million impact
- Governor proposed delaying revenues to FY 2018
  - \$8.5 million in total revenues and savings assumed in FY 2018

# Fraud and Waste Detection

<i>\$ in millions</i>	<b>FY 2018</b>
Revenues to Date*	\$0.8
Anticipated receipts April-June	5.4
Cost Avoidance*	0.3
Soft Savings	0.3
<b>Total</b>	<b>\$7.3</b>
<b>Current Yr. Shortfall</b>	<b>\$(1.2)</b>

*\*Unclear how this would appear in budget*

- FY 2019 budget assumes \$3.5 million in savings



# Article 2, Section 3 – Rhode Island Capital Plan Funds

- Hearing held on February 27<sup>th</sup>
- Rhode Island Capital Fund Assessment
  - Authorizes state budget officer to impose an indirect cost up to 10%
    - Project expenditures funded with RICAP funds
      - Over \$100 million budgeted annually
    - To support direct project management costs
  - Mechanics of the process not clear
    - Would assessment occur as funds are spent?
    - Uneven spending patterns would complicate budgeting depending on process

# Article 2, Section 3 – Rhode Island Capital Plan Funds

- Budget assumes general revenue savings of \$3.7 million
  - Undistributed in DOA budget
  - Savings appears based on partial survey of state agency costs for project management
- Not clear how these savings will accrue to general revenues
  - Most of RICAP spending is for agencies funded by majority non-general revenue sources
  - Transportation accounts for about 1/3 of the total
  - Higher Education accounts for about 21%

# Contract Savings

- Recommends Administration conduct analysis of previous contracts
  - Identify opportunities
    - To enhance the state's buying power
    - Reduce costs
  - Review pricing opportunities
    - Request for proposal management
    - Contract negotiations
- Governor recommends savings of \$3.0 million from general revenues

# Insurance Savings

- Governor recommends savings of \$1.0 million from general revenues
  - Claim administration improvements
  - Reduce over-insurance for property, liability, and casualty
- Generally, DOA goes out to bid every two to three years
  - Premiums are based on number of properties

# Workers' Compensation

- Employers required to carry insurance coverage
  - Protect employees from loss of earnings and/or medical expenses for any work-related injury or illness
- State is self-insured and administers its own claims
  - Program is supported by assessment on salaries and wages paid
    - Discussed at last week's Personnel Costs & Issues hearing
  - Program is administered by 14.0 FTE positions

# State Employees Workers' Comp. – Claims Admin.

New England States	Claims Admin. By State Entity	Agency
Connecticut	Yes	Workers' Comp. Commission
Maine	Yes	Office of Workers' Comp.
Massachusetts	Yes	Workers' Comp. Unit
New Hampshire	Yes	Workers' Comp. Division
Rhode Island	Yes	State Employees Workers' Compensation
Vermont	No	Third Party Administrator

# Workers' Compensation

- DeLoitte conducted a study:
  - Reviewed and evaluated division's operations
  - Compared RI to Mass., CT and City of Prov.
  - Options for process improvements
    - Hybrid model
    - Privatization
- Department does not expect privatization to be challenged

# Workers' Compensation

- FY 2018 enacted budget assumes savings \$1.3 million from gen. revenues
  - \$2.5 million from all sources
- Collected \$0.3 million through Feb. 2018
  - From claimants and/or their attorneys
  - Deposited into Workers' Compensation Fund
    - Lower cost of managing program
- FY 2019 budget assumes enacted savings of \$1.3 million



# Expand Prompt Payment

- Current law requires all bills be paid within 30 days of receiving invoice
- 2016 pilot program
  - MPA vendors voluntarily offer state discount if payments are received upon agreed date
    - State received \$0.2 million from in FY 2017
- Recommends extending to all vendors
  - Budget assumes \$0.4 million in savings
    - Unclear how savings was calculated
    - In process of drafting policy
      - Will be reviewed by an advisory group

# Phone Conversion

- FY 2018 enacted budget included savings of \$0.3 million
  - Convert approximately 3,200 phone lines
    - Currently lease some lines from Verizon
    - Department would purchase needed hardware
- Savings are unachievable
  - Compatibility issues with current telephone system

# Department of Administration

(\$ in millions)

**FY 2019 Gov. Rec.**

<b>Change to Enacted</b>	<b>Gen. Rev.</b>	<b>All Funds</b>
Statewide Savings	\$16.4	\$16.4
<b>Centralized Services</b>	<b>(49.5)</b>	<b>(68.8)</b>
Library Aid	-	-
Energy Resources	-	(3.4)
HealthSource RI	(0.3)	(1.3)
Debt Service	3.4	2.4
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<b>Total Changes</b>	<b>\$(33.2)</b>	<b>\$(60.8)</b>

# 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
  - Methodology on distribution needs review
  - Long term impacts and transparency concerns

# Centralized Services – IT

- Division is headed by chief digital officer
  - Appointed by DOA director
  - Position created by 2012 Assembly
- 2016 restructured & established in statute
  - Oversee operations of the Off. of Library and Information Services
- Division is tasked with:
  - Managing technology infrastructure projects and upgrades
  - Large scale technology projects

# Centralized Services – DCAMM

- Division of Capital Asset Management and Maintenance
- Created by 2016 legislation & assumed responsibilities:
  - Facilities Management
    - Oversees 140 buildings under DOA jurisdiction
    - Responsible for maintenance and snow removal
  - Capital Projects and Property Management
    - Inventory of state properties
    - Construction management of capital projects

# Centralized Services – DCAMM

- Division headed by a division director
  - Appointed by DOA director
  - Reviews agency capital budget request to ensure consistent with strategic and master plans
- Division is tasked with:
  - Overseeing new construction
  - Inventory of state buildings and properties
  - Responding to facilities emergencies

# Centralized Services – HR

- Prior to 2007, each agency handles its own human resources functions
  - Consolidated to eliminate redundant activities
  - Consistent personnel policies
  - Created Service Centers
    - General Government
    - Human Services
    - Public Safety
    - DEM/DOT
  - 2017 statewide centralization of human resources



# Centralized Services

- Governor's budget allocates costs to user agencies
  - Of \$82.6 million, DOA is charged \$13.7 million
    - Mostly from general revenues
    - Services directly related to its functions

Expenditures Converted	Gen. Rev.	All Funds
Information Technology	\$(22,146,644)	\$(32,585,136)
Facilities	(32,714,968)	(38,730,021)
Human Resources	(8,057,188)	(11,274,775)
<b>Total</b>	<b>\$(62,918,800)</b>	<b>\$(82,589,932)</b>

# Centralized Services

- Governor's budget allocates costs to user agencies

All Sources	FY 2018	FY 2019
Information Technology	\$4,143,353	\$3,993,798
Facilities	7,911,329	8,443,332
Human Resources	1,194,773	1,297,187
<b>Total</b>	<b>\$13,249,455</b>	<b>\$13,734,317</b>



General Revenues	FY 2018	FY 2019
Information Technology	\$3,650,566	\$3,678,692
Facilities	7,704,535	8,298,575
Human Resources	1,149,427	1,264,497
<b>Total</b>	<b>\$12,504,528</b>	<b>\$13,241,764</b>

# Staffing

## *Full-Time Equivalent Positions*

Full-Time Positions	FTEs	Chg. to Enacted
Enacted Authorized	696.7	-
FY 2018 Gov. Rev.	696.7	-
FY 2019 Request	696.7	-
FY 2019 Governor	667.7	(29.0)
FY 2019 Funded FTE	631.5	(65.2)
Filled as of March 31	656.3	(40.2)
FY 2017 Average Filled	653.3	(43.4)

# Staffing

FY 2019 Governor Recommendation		
	DOA	Statewide
Gross Salaries (in millions)	\$56.8	\$1,117.1
Turnover (in millions)	(3.1)	(42.9)
Turnover %	5.4%	3.8%
Turnover FTE	36.2	592.2
FY 2019 FTE recommended	667.7	15,426.5
Funded FTE	631.5	14,843.3
Filled as of March 31*	634.3	13,849.4
Funded but not filled	2.8	984.9

*\*Adjusted for WRB, and Construction Permitting, Approvals and Licensing*

# Staffing

- Transparency issues
  - A total of 61.0 unidentified reductions shown in the personnel supplement
    - All in the Internal Service Programs
    - Appears to occur when new positions are added
      - unidentified reductions offset the new FTE
    - Dilutes usefulness of the personnel supplement
  - Makes it difficult to track changes and adherence to enacted budget assumptions

# Department of Administration

(\$ in millions)

**FY 2019 Gov. Rec.**

<b>Change to Enacted</b>	<b>Gen. Rev.</b>	<b>All Funds</b>
Statewide Savings	\$16.4	\$16.4
Centralized Services	(49.5)	(68.8)
<b>Library Aid</b>	-	-
Energy Resources	-	(3.4)
HealthSource RI	(0.3)	(1.3)
Debt Service	3.4	2.4
Program Transfer	(2.2)	(3.4)
All Other	(0.9)	(2.5)
<b>Total Changes</b>	<b>\$(33.2)</b>	<b>\$(60.8)</b>

# Library Aid

- Governor recommends \$9.4 million for library aid
  - Level funds total at FY 2018 enacted 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

# Library Construction Aid

- \$2.2 million for library construction aid
  - 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
  - As of January 2018, received letters of intent
    - Providence and Narragansett



# Library & Information Services

- Oversee the development and admin. 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 & Information Services

	18 Enact.	18 Gov. Rev.	19 Gov. Rec.	Chng./ Enact	Chng. / Req.
Gen. Rev.	\$1.5	\$1.5	\$1.4	\$(0.1)	\$-
Fed. Funds	1.2	1.3	1.2	0.1	-
<i>(\$ in millions)</i> <b>Total</b>	<b>\$2.6</b>	<b>\$2.8</b>	<b>\$2.5</b>	<b>\$-</b>	<b>\$-</b>
<b>FTEs</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>-</b>	<b>-</b>

# Library & Information Services

- Recommends \$0.7 million for interlibrary loan delivery and talking book services
  - \$92,364 or 11.4% less than enacted
    - Spent: \$758K in FY 2017 & \$728K in FY 2016
  - Current contract eff. May 2015
    - Negotiating a new contract
- Delivery of books, audio/visual materials and other resources
- Shared among more than 180 public libraries

# Department of Administration

(\$ in millions)

**FY 2019 Gov. Rec.**

<b>Change to Enacted</b>	<b>Gen. Rev.</b>	<b>All Funds</b>
Statewide Savings	\$16.4	\$16.4
Centralized Services	(49.5)	(68.8)
Library Aid	-	-
<b>Energy Resources</b>	<b>-</b>	<b>(3.4)</b>
HealthSource RI	(0.3)	(1.3)
Debt Service	3.4	2.4
Program Transfer	(2.2)	(3.4)
All Other	(0.9)	(2.5)
<b>Total Changes</b>	<b>\$(33.2)</b>	<b>\$(60.8)</b>

# Office of Energy Resources

	18 Enact.	18 Gov. Rev.	19 Gov. Rec.	Chng./ Enact	Chng. / Req.
Fed. Funds	\$0.7	\$0.8	\$0.5	\$(0.2)	\$-
Restrict. Rec.	11.4	9.8	8.2	(3.2)	-
<i>(\$ in millions)</i> <b>Total</b>	<b>\$12.1</b>	<b>\$10.6</b>	<b>\$8.7</b>	<b>\$(3.4)</b>	<b>\$-</b>
<b>FTEs</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>-</b>	<b>-</b>

# 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
  - 39 auctions through March 2018
  - \$60.5 million in revenues, deposited as restricted receipts
  - Used to invest in projects that reduce long-term energy demands and costs

# Department of Administration

(\$ in millions)	FY 2019 Gov. Rec.	
	Gen. Rev.	All Funds
<b>Change to Enacted</b>		
Statewide Savings	\$16.4	\$16.4
Centralized Services	(49.5)	(68.8)
Library Aid	-	-
Energy Resources	-	(3.4)
<b>HealthSource RI</b>	<b>(0.3)</b>	<b>(1.3)</b>
Debt Service	3.4	2.4
Program Transfer	(2.2)	(3.4)
All Other	(0.9)	(2.5)
<b>Total Changes</b>	<b>\$(33.2)</b>	<b>\$(60.8)</b>

# 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

	18 Enact.	18 Gov. Rev.	19 Gov. Rec.	Chng./ Enact	Chng. / Req.
Gen. Rev.	\$2.6	\$2.6	\$2.4	\$(0.3)	\$(0.3)
Fed. Funds	0.1	4.3	0.1	-	-
Restrict. Rec.	6.8	6.0	5.8	(1.1)	(0.7)
<i>(\$ in millions)</i> <b>Total</b>	<b>\$9.6</b>	<b>\$12.9</b>	<b>\$8.3</b>	<b>\$(1.3)</b>	<b>\$(0.9)</b>
<b>FTEs</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>	-	-

# HealthSource RI

- Governor recommends \$6.4 million in FY in both years
  - \$0.4 million less than enacted
    - Receipts are less based on projected enrollments
    - Updated data suggest increase to current estimate

	CY 2015	CY 2016	CY 2017	CY 2018*	<b>Feb. 2018</b>	CY 2019*
Individual Market	32,203	32,063	34,817	28,534	<b>31,299</b>	28,180
Small Business	3,431	4,749	5,585	5,654	<b>5,227</b>	6,121
<b>Total Enrollments</b>	<b>35,634</b>	<b>36,812</b>	<b>40,402</b>	<b>34,188</b>	<b>36,526</b>	34,301

*\*Estimates*

# Department of Administration

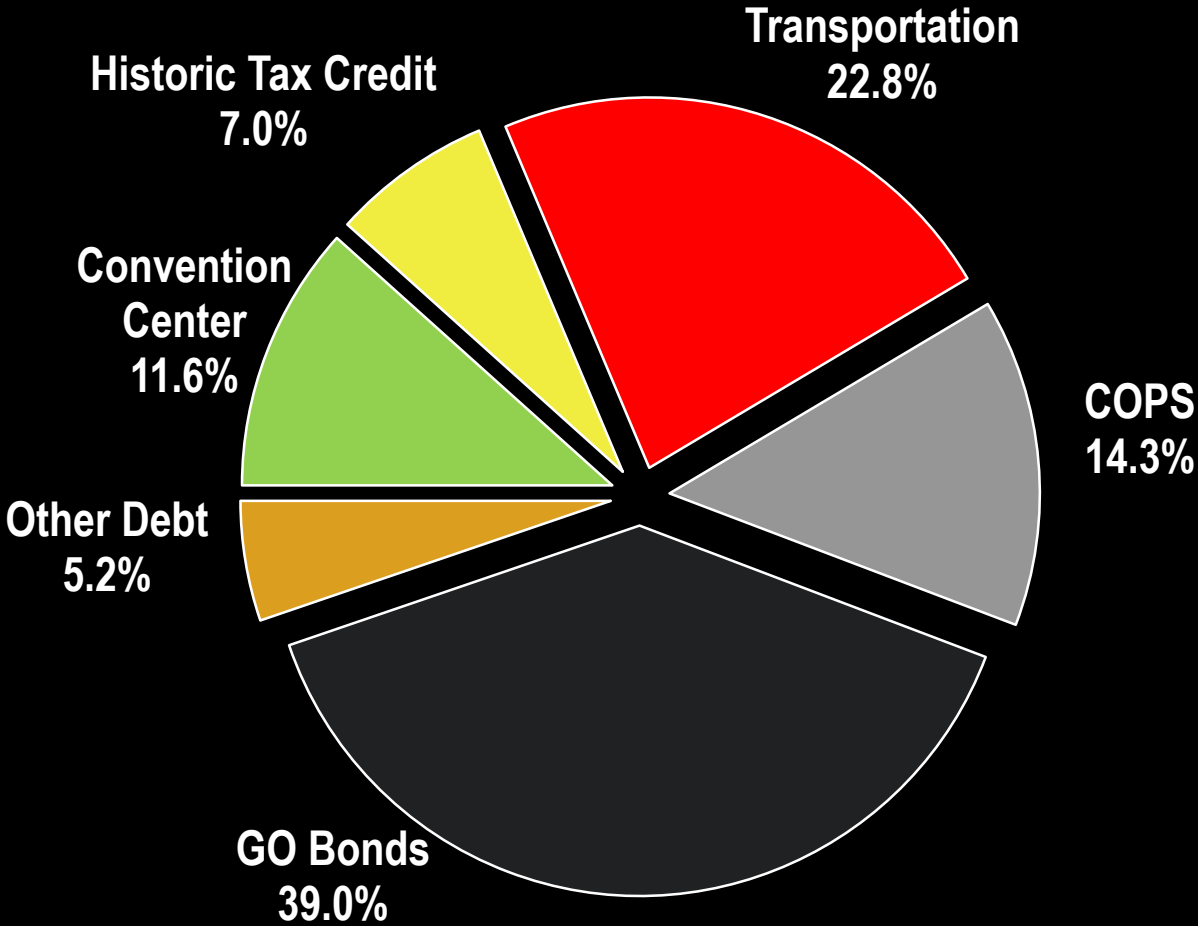
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Program Transfer	(2.2)	(3.4)
All Other	(0.9)	(2.5)
<b>Total Changes</b>	<b>\$(33.2)</b>	<b>\$(60.8)</b>

# Debt Service

(\$ in millions)	Gen. Rev.	Fed. Funds	Other	Total
19 Enacted	\$138.4	\$1.9	\$41.1	\$181.3
18 Revised	\$137.2	\$1.9	\$40.9	\$180.0
<b>Change</b>	<b>\$(1.2)</b>	<b>\$-</b>	<b>\$(0.1)</b>	<b>\$(1.4)</b>
19 Gov.	\$141.8	\$1.9	40.1	\$183.8
<b>Change</b>	<b>\$3.4</b>	<b>\$-</b>	<b>\$(0.9)</b>	<b>\$2.4</b>

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

# FY 2019 Debt Service



# 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
- Governor recommends \$2.5 million from general revenues to cover 1<sup>st</sup> yr. debt
  - Revenues are expected to lower debt service in FY 2020 and beyond

# Debt – Convention Center

- When Authority runs an operating deficit, state is responsible for covering shortfall
  - Manages and operates Convention Center, Dunkin' Donuts Center and Veterans Aud.
- FY 2018 enacted assumed savings of \$2.0 million from anticipated refunding
  - Governor recommends \$19.4 million in FY 2018
    - Savings of \$0.2 million in the current year
  - Recommends \$18.9 million in FY 2019
    - Savings of \$0.7 million

# Department of Administration

(\$ in millions)

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# Art. 3, Sec. 1-9, Div. of Building, Design & Fire Professionals

- Article hearing held March 1<sup>st</sup>
- Consolidates licensing and regulation relating to building and construction design, inspection, and enforcement of building and fire codes
- Establishes Division of Building, Design and Fire Professionals in Department of Business Regulation

# Art. 3, Sec. 1-9, Div. of Building, Design & Fire Professionals

- From Department of Administration
  - Contractors' Registration and Licensing Board
  - State Building Code Commission
  - Fire Safety Board of Appeal and Review
- From Public Safety
  - Division of State Fire Marshal

# Art. 3, Sec. 1-9, Div. of Building, Design & Fire Professionals

- Contractors' Registration & Licensing Board
  - Responsible for registering building contractors, licensing home inspectors and commercial roofers
  - Board investigates complaints and conducts consumer protection activities
    - Mediates disputes between property owners and contractors

# Art. 3, Sec. 1-9, Div. of Building, Design & Fire Professionals

- Contractors' Registration & Licensing Board
  - Operating costs are supported by restricted receipts
    - Registration fees paid by contractors and commercial roofers
  - Governor proposes to fund Boards for Design Professionals with these receipts

# Art. 3, Sec. 1-9, Div. of Building, Design & Fire Professionals

	FY 2016	FY 2017	FY 2018 Rev.	FY 2019 Gov.
Balance Fwd.	\$603,016	\$910,743	\$705,603	\$110,557
New Receipts	1,549,681	1,124,482	1,511,000	1,012,034
Indirect Cost	(154,968)	(112,448)	(151,100)	(101,203)
<b>Available</b>	<b>\$1,997,728</b>	<b>\$1,922,777</b>	<b>\$2,065,503</b>	<b>\$1,021,388</b>
Expenditures	1,086,985	1,217,174	1,631,243	1,327,490
Design Prof.	-	-	323,703	335,643
<b>Balance</b>	<b>\$910,743</b>	<b>\$705,603</b>	<b>\$110,557</b>	<b>(\$641,745)</b>

# Art. 3, Sec. 1-9, Div. of Building, Design & Fire Professionals

- State Building Code Commission
  - Oversees approval of:
    - State projects
    - Accessibility programs
    - Building code standards
  - Monitors for compliance applicable structures
  - Operating budget of \$1.5 million; funded with general revenues
  - Staffed with 11.0 full-time positions; all filled

# Art. 3, Sec. 1-9, Div. of Building, Design & Fire Professionals

- Fire Safety Board of Appeal and Review
  - Provides interpretations of fire codes and hears all variance requests
  - Staffed by 3.0 full-time equivalent positions
    - All positions are filled
  - Operating budget of \$0.3 million
    - Supported with general revenues

# Article 3, Sec. 12-15, Water Resources Board

- Transfers Water Resources Board from Division of Planning to PUC
  - Department of Administration retains oversight of Big River Management Area
    - Must be maintained for future development of groundwater wells
- Additional changes would be required
  - Article calls for those changes to be submitted to the 2019 Assembly



# Article 3, Sec. 12-15, Water Resources Board

- 2011 Assembly merged Board into Division of Planning
  - More closely aligns water planning aspects with statewide planning process
- Water Resources Board has 3.0 positions
  - General manager – vacant almost 2 years
  - Staff director
  - Civil engineer

# Department of Administration

(\$ in millions)	FY 2019 Gov. Rec.	
	Gen. Rev.	All Funds
<b>Change to Enacted</b>		
Statewide Savings	\$16.4	\$16.4
Centralized Services	(49.5)	(68.8)
Library Aid	-	-
Energy Resources	-	(3.4)
HealthSource RI	(0.3)	(1.3)
Debt Service	3.4	2.4
Program Transfer	(2.2)	(3.4)
<b>All Other</b>	<b>(0.9)</b>	<b>(2.5)</b>
<b>Total Changes</b>	<b>\$(33.2)</b>	<b>\$(60.8)</b>

# Department of Administration

<b>All Other</b>	<b>Gen. Rev.</b>	<b>All Funds</b>
IT Investment Fund	\$-	\$0.4
Statewide Planning	(0.5)	-
Diversity, Equity & Opportunity	(0.1)	(0.1)
Office of Management & Budget	(0.2)	(0.7)
Purchasing	-	0.2
Capital Projects	-	(2.3)
All Other Adjustments	<b>(0.1)</b>	<b>(0.1)</b>
<i>(\$ in millions)</i> <b>Total Changes</b>	<b>\$(0.9)</b>	<b>\$(2.5)</b>

# Technology Investment Fund

- 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

# Technology Investment Fund

- 2011 Assembly dedicated land sale revenue to fund
- 2012 Assembly transferred \$9.0 million
- 2014 Assembly
  - Transferred no less than \$10.0 million from tobacco refinancing
    - \$26.3 million was actual yield
  - 10% of \$1 surcharge on wireless & land lines to Fund
    - Effective, July 1, 2015

# Technology Investment Fund

- Governor assumes use of \$20.2 million in both FY 2018 revised & FY 2019 budgets
  - Total of \$18.0 million for projects:
    - \$4.9 million – Unified Health Infrastructure Project
    - \$0.8 million – Probation and Parole Case Management
    - \$4.0 million – Time, Attendance, Leave & Scheduling
    - \$2.5 million – Integrated Budget System
    - \$4.4 million – DMV system

# Technology Investment Fund

- Projecting negative fund balance
- Assuming salary and benefit costs
  - Ongoing and not one time in nature
- Supporting documents indicates some projects are funded and they do not appear to be
  - Vital Records System
    - Amendment requested on April 11<sup>th</sup>
  - Corrections Electronic Medical Records

# Information Technology

- FY 2017 Single Audit Report
- Issued on April 2 by Auditor General
  - Reported major deficiencies around information technology
    - State has not sufficiently addressed IT security risks
    - State did not perform tests of its disaster recovery in last three fiscal years
    - State does not follow uniform enterprise-wide program change control procedures for the various information technology applications



# Statewide Planning

- Recommendation shifts staffing costs of \$0.5 million from general revenues to gasoline tax
  - Staff time associated with development of Transportation Improvement Plan
  - Supports 4.3 Full-time equivalent positions
- Savings are included in both years

# 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

# Office of Diversity, Equity and Opportunity

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

# Office of Management and Budget

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

# Office of Management and Budget

	18 Enact.	18 Gov. Rev.	19 Gov. Rec.	Chng./ Enact	Chng. / Req.
Gen. Rev.	\$8.9	\$9.7	\$9.0	\$0.2	\$(1.0)
Rest. Rec.	0.3	0.4	0.3	-	
Other	1.7	1.0	1.2	(0.5)	
<i>(\$ in millions)</i> <b>Total</b>	<b>\$10.9</b>	<b>\$11.1</b>	<b>\$10.6</b>	<b>\$(0.3)</b>	<b>\$(1.0)</b>
<b>FTE</b>	<b>64.6</b>	<b>72.6</b>	<b>72.6</b>	<b>8.0</b>	<b>-</b>

# OMB – 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

# OMB – Office of Regulatory Reform

- Created by 2010 Assembly
  - Aims to improve the state's business climate
  - Helps businesses to navigate through state and municipal permitting and regulatory affairs
- 2012 Assembly transferred to OMB from EDC/Commerce Corporation

# OMB – Office of Regulatory Reform

- 2012 legislation requires agencies to periodically evaluate all existing regs. for adverse impact on small businesses
- Office assisted and coordinated the agency review process
  - Completed review & issued 4 reports
- 2016 Assembly amended Administrative Procedures Act
  - Office to coordinate with agencies to establish RI Code of Regulations by 12/31/18



# Office of Management and Budget

## Transition Employment Grant

- Pay for Success Pilot Program
  - Intended to increase employment
  - Reduce recidivism of formerly incarcerated
  - Provide skills development and access to transitional jobs and permanent employment
- Governor recommends \$0.3 million in both years
  - Grant payments to service providers after outcomes have been achieved

# Article 2, Section 5 – Performance Improvement Fund

- Hearing held on February 27<sup>th</sup>
- Establishes Government Performance Improvement Fund
  - Provide incentives in support of innovative initiatives
  - Payments made only if performance targets are achieved
    - Determined by an independent evaluator

# Article 2, Section 5 – Performance Improvement Fund

- Legislation also requested last year intended for use with current Pay for Success Program
  - Assembly provided \$0.3 million from general revenues for FY 2018
  - FY 2019 Budget includes \$0.3 million
  - Would transfer those funds to the Performance Improvement Fund
    - Current mechanism to avoid lapse to surplus is reappropriation language

# City Year

- Governor recommends enacted amount of \$100,000 from general revenues to City Year
  - Support Whole School Whole Child Program
  - Provides individualized support to at-risk students
- Formerly community service grant

# Capital Projects

- Recommends total project costs of \$321.5 million
- \$143.0 million will be used from FY 2019 - FY 2023
- Total 34 projects
  - Pastore Campus – 8
  - Other State Facilities – 21
  - Other projects – 5

# Capital Projects

## Pastore Campus Projects

- \$22.3 million will be used from FY 2019 – FY 2023
- Projects include:
  - Roof replacement
  - Window replacement
  - Utilities upgrade
  - Parking improvements
  - Buildings demolition

# Capital Projects

## Other State Facilities Projects

- \$111.3 million will be used from FY 2019 – FY 2023
- Projects include:
  - Board of Elections Building Renovations/Medical Examiners Office
  - Eleanor Slater Hospital Reorganization
  - Convention Center Facility Renovations
  - Dunkin Donuts Center
  - Shepard Building

# Capital Projects

- Board of Elections Building Renovations
  - \$15.7 million from RI Capital Plan funds
    - \$0.5 million in FY 2018 for engineering work
  - Project include:
    - Masonry
    - Roof
    - Replacing HVAC
  - Building will be occupied by Office of State Medical Examiners



# Capital Projects

## Eleanor Slater Hospital Reorganization

- Governor recommends \$23.8 million from RI Capital Plan funds
  - \$7.9 million in FY 2018, \$11.8 million in FY 2019 and \$4.1 million in FY 2020
  - Reorganize hospital operations for BHDDH
  - Renovations
    - Roosevelt Benton
    - Regan

# Capital Projects

## Other Projects

- \$9.3 million will be used from FY 2019 – FY 2023
- Projects include:
  - Environmental Compliance
  - Energy Efficiency
  - Replacement of Fueling Tanks

# Annual Reporting Requirements

- 2013 Assembly required OMB to prepare, review and inventory all reports filed with Assembly
- Report to be presented to Assembly as part of budget submission annually
- DOA is required to submit 27 reports
  - State Fleet
  - Outside Legal Services
  - Closing Statements - Preliminary and Final
  - Technology Infrastructure Projects Status

# Annual Reporting Requirements

Areas of Reporting	Number of Reports	Compliance
Consultant/Privatization	7	4
Financial/Audit	7	7
Regulatory	3	3
Energy	2	2
All Other	8	8
<b>Total</b>	<b>27</b>	<b>24</b>

- Budget did not include required compilation of reports

# Department of Administration

Governor's FY 2018 Revised, FY 2019 Budget and  
Capital Budget Recommendations  
House Finance Committee  
April 12, 2018

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