

Governor's FY 2020 Budget: Articles

Staff Presentation to the House Finance
Committee
February 13, 2019

Introduction

- Article 2 – State Funds
- Article 4 – Government Reorganization

Article 2 – State Funds

- Article creates six new restricted receipt accounts
 - All revenues are general revenues unless authorized
 - Some have existed without authority
 - Budget still has others not addressed here
- Exempts 21 accounts from state's indirect cost recovery charge
 - 17 relate to proposed changes to regulation of hemp and cannabis
 - The policy issue is the subject of Article 20

Article 2, Sec. 1 & 2 – Real Estate Appraisers

- Real Estate Appraisers
 - Establishes authority for 2 restricted receipt accounts
 - Appraisers & Management Companies
 - Existing accounts never requested or authorized
 - Fees required by & paid to Federal Reserve's Federal Financial Institutions Examination Council Appraisal Subcommittee
 - Consistent with federal financial reform legislation in 1989 and 2010

Article 2, Sec. 3, SARA

Membership Fees

- Office of Postsecondary Commissioner
 - Creates State Authorization Reciprocity Agreement account
 - Inter-state agreement between membership states & higher ed. institutions for distance based learning
 - Provides policy framework for academic standards for online degree programs
 - \$71,000 assumed in FY 2019 revised & FY 2020 budgets

Article 2, Sec. 4, Compliance Order

- Center for Health Facilities Regulation
 - Monitors healthcare facilities
 - Manages & coordinates licensing of healthcare facilities
 - Investigates complaints

Article 2, Sec. 4, Compliance Order

- Section 4 establishes Compliance Order restricted receipt account
 - Administrative fees & penalty imposed
 - Legislation does not specify uses of funds
 - Budgets assume \$0.2M for FY 2019 & \$0.5M for FY 2020
 - Supports 3.0 new positions
 - Enhance current staff who conduct inspections of state facilities & investigate complaints
 - \$500k received in FY 2018 and NOT deposited as general revenues

Article 2, Sec. 5, Healthcare Information Technology

- Healthcare Information Technology
 - Created by 2004 Assembly as a Fund
 - Supported by grants or donations
 - Must be used for projects that support healthcare information technology
 - Requires director of DOH to submit annual report – status of projects
 - 2018 is first yr. Department has received funding
 - Submitted report on Feb. 11

Article 2, Sec. 5, Healthcare Information Technology

- Healthcare Information Technology
 - Article 2 converts fund into a restricted receipt account
 - FY 2019 revised & FY 2020 recommended budgets assume \$175K in receipts
 - Donations from Lifespan and Care New England
 - Support RI Quality Institute

Art. 2, Sec. 7, Health System Transformation Project

- Health System Transformation Project Restricted Receipts
 - Executive Office of Health & Human Services received approval for \$129.7 million federal Medicaid grant
 - Support projects including
 - Hospital and nursing home incentive programs
 - Accountable Entities initiative
 - Separate project with URI, RIC and CCRI

Art. 2, Sec. 7, Health System Transformation Project

- Healthcare Workforce Transformation Initiative
 - Multi-year project with URI, RIC & CCRI
 - New restricted receipt account will allow state to draw down the funds and spend as needed
 - For accounting purposes only

Article 2, Sec. 6 – Indirect Cost Recovery

- All revenues = general revenue, unless otherwise noted – RIGL 35-3-14 (a)
- 10% indirect charge unless:
 - Prohibited (federal or other)
 - Charitable
 - Specifically listed as exempt
- Represents overhead charges similar to those allowed on federal grants
 - For infrastructure and administration

Article 2 – Section 6, Indirect Cost Recovery

- Adds 21 accounts to list to be exempt from 10% charge:
 - 17 exemptions relate to proposed changes to regulation of hemp & cannabis – subject of Article 20
 - Medical Marijuana Licensing
 - Adult Use Marijuana Licensing
 - Industrial Hemp Licensing
 - Marijuana Cash Use Surcharge

Article 2, Sec. 6, Indirect Cost Recovery

- Adds 21 accounts to list to be exempt from 10% charge:
 - 4 other exemptions
 - Healthcare Information Technology
 - De Coppett Estate Fund
 - State Authorization Reciprocity Agreement
 - Health System Transformation Project

Article 4 – Government Reorganization

- Employer Tax Unit
- Veterans' Affairs
- Elderly Affairs
- Motor Vehicle Inspection Commission
- Federal Grants Management
- Water Resources Board
- Day Care Licensing

Article 4, Sec. 1, 2 & 31, Employer Tax Unit

- Employer Tax Unit
 - Transfers employer tax collection responsibilities from DOR to DLT
 - Temporary Disability/Caregiver's Insurance
 - Employment Security
 - Job Development Fund
 - Effective October 1, 2019
 - Gives broad authority for law revision office of the General Assembly to make changes to the statutes to effectuate the transfer

Article 4, Sec. 1, 2 & 31, Employer Tax Unit

- Employer Tax Unit
 - Budget transfers 37.0 FTE associated with these collections to DLT from DOR
 - Average of 35.0 filled FTE for FY 2019
 - Recommendation transfers related funding for the full fiscal year
 - Intent is to align unit with source of funds
 - TDI/UI/JDF

Article 4, Sec. 3-8,14 & 16, Office of Veterans' Affairs

- Transfers Office of Veterans' Affairs to EOHHS
 - Created by 2016 Assembly
 - Director reports to the Governor
 - Included in DHS for Administrative purposes
- Article also removes obsolete language

Article 4, Sec. 9 & 10 – Motor Vehicle Inspection Commission

- Repeals statutory requirement for the Motor Vehicle Inspection Commission
 - Commission was never appointed
 - Originally enacted by 1977 Assembly
 - Statutory report on its activities never produced
- Transfers oversight & administrative hearings responsibility to the Director of the Department of Revenue

Article 4, Sec. 11 & 12, Federal Grants Management

- Office of Management and Budget created by 2012 Assembly
 - Serves as principal agency of executive branch to manage
 - Budgetary functions
 - Performance management
 - Federal grants management
- Section 11 adds regulatory review functions under OBM
 - Aligns with current duties

Article 4, Sec. 11 & 12, Federal Grants Management

- Transfer functions of federal grants management from OMB to Accounts and Control
 - Improves efficiency of operations, internal controls, & oversight of federal fund expenditures
 - FY 2020 budget includes \$0.3M from general revenues to support Office
 - \$0.2M - support 1.0 FTE position
 - \$0.1M – contracted financial services

Article 4, Sec. 13, 17, 18, & 30, 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
 - Proposal recommended last year
 - Assembly did not concur

Article 4, Sec. 13, 17, 18, & 30, 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 3 years
 - Recommendation maintains position vacant
 - Staff director
 - Civil engineer

Article 4, Sec. 13, 17, 18, & 30, Water Resources Board

- Water Resources Board was physically located in Administration's building
 - Relocated to Public Utilities Commission building in Warwick
 - April 2018 based on Governor's prior pending proposal
- Budget assumes general revenue savings of \$0.4 million FY 2020
 - Operating costs for Water Resources Board would be charged to regulated utilities

Article 4, Sec. 14-16, 19, 22-23 & 29, Elderly Affairs

- Transfers Division of Elderly Affairs from DHS to EOHHS
 - Renames Office of Elder Affairs
 - Director appointed by & reports to Governor
 - No longer a cabinet level position
 - Retains current staffing level of 31.0 positions
 - 2011 Assembly eliminated stand alone Department
 - Created Division within DHS

Article 4, Sec. 20-21 & 24-28, Child Care Licensing

- Transfers Child Care Licensing Unit from DCYF to DHS
 - Statutory responsibility of licensing and monitoring child care providers
 - Grandfathers previously issued, unexpired licenses prior to January 1, 2020
 - Transfers funding of \$0.8 million and staffing 8.0 FTE in FY 2020

Sec. 20-21 & 24-28, Child Care Licensing

- DCYF still responsible for
 - Licensing child caring agencies
 - Foster and adoptive homes
 - Children's behavioral health programs

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