

Governor's FY 2020 Budget: Recommendations from Efficiency Commission Report

Staff Presentation to the House Finance
Committee
May 23, 2019

Efficiency Commission

- Governor's FY 2020 budget assumes \$10 million in savings to be identified by a Statewide Efficiency Commission
 - Executive Order issued Feb. 21 established Commission to make recommendations for:
 - Re-organizing & consolidating agencies & programs
 - Making more efficient & effective use of state real estate leases, assets, & resources
 - Must convene public forums to solicit input
- Final report to Governor due by 5/3/19

Efficiency Commission

- Commission held 5 public hearings between March 4 and May 2
 - Commission submitted final report to Governor on May 3
- Governor made her recommendations to the Assembly and requested related budget amendments on May 17
 - Some changes to the items in the Commission's report
 - Refining of details and costs estimates

Efficiency Commission – Gov

#	Savings Areas	FY 2020	FY 2021
3,7, 9	Inter-departmental Consolidations	\$(340,245)	\$(403,154)
4, 6	Local Cost Shift/Recapture	(2,280,492)	(237,236)
1,2,8, 10,11	Outsourcing & Operational Efficiencies	(614,186)	(1,016,343)
5	Co-locate OPC and RIDE	(1,000,000)	(1,000,000)
	Total	\$(4,234,923)	\$(2,656,733)
12	Real Estate and Space Utilization Strategy – Land Sales	\$6 - \$10M land \$0.8M operation savings	? \$1.9M

Efficiency Commission – Governor’s Recommendation

Item	FY 20 GR
1 Housing operations consolidation	\$(91,881)
2 New State Building Office	(125,839)
3 Adult education transfer to DLT	(53,882)
4 School hearing screening cost transfer	(231,676)
5 OPC and RIDE co-location/downsize	(1,000,000)
6 DCYF group homes & residential facilities recapture	(2,048,816)
7 HealthSource RI transfer to EOHHS from DOA	(240,251)
8 Training School education staffing reduction	(233,022)
9 Children’s behavioral health regulation to BHDDH	(46,112)
10 Eleanor Slater Hospital lab testing to outside vendor	(109,000)
11 State telecom upgrade & unused line termination	(54,444)

Bolded items have accompanying legislative changes proposed

Item 1: Housing Operations Consolidation

- Housing Operations Consolidation
 - Lead Oversight
 - Enhance support for Department of Health
 - Consolidation of certain functions of OHCD with RI Housing
- Savings of \$91,811

Item 1: Housing Operations Consolidation

- Reallocate work of two staff at Office of Housing and Community Development to RI Housing
 - Retain one FTE at lower level
- Add 1.0 FTE for lead hazard mitigation for Department of Health

Item 1: Housing Operations Consolidation

- Lead Prevention Programs:
 - Housing Resources Commission
 - With support from Office of Housing & Community Development
 - Department of Health
 - Interagency Coordinating Council
 - Dept. of Health
 - Dept. of Environmental Management
 - Dept. of Human Services
 - Housing Resources Commission
 - Attorney General
 - League of Cities & Towns appointee

Item 1: Housing Operations Consolidation

Lead Hazard Mitigation Act

- Housing Resources Commission
 - Designated as lead state agency for
 - Lead hazard mitigation planning
 - Education
 - Technical assistance and coordination of state projects
 - State financial assistance to property owners for lead hazard mitigation

Item 1: Housing Operations Consolidation

Department of Health

- Environmental Lead Program
 - Children under 6 yrs. of age
 - Physicians report diagnosis of lead poisoning to DOH within 10 days
 - Inquiries about lead poisoning
 - Arranges inspections when elevated blood levels are found

Item 1: Housing Operations Consolidation

Department of Health

- Makes referrals for case management
- Provides follow up
- Licenses lead professionals
 - Conduct environmental inspections and remove lead hazards from properties
- Conduct field investigations on sites where lead material is being performed

Item 1: Housing Operations Consolidation

- Interagency Coordinating Council
 - AG, League of Cities & Towns appointee, and directors from DOH, DEM, DHS, & HRC
 - Coordinate activities with respect to:
 - Environmental lead policy
 - Development of educational materials
 - Drafting regulations to reduce or prevent lead poisoning
 - Enforcement of laws, regulations, & ordinances pertaining to lead poisoning & lead poisoning prevention

Item 1: Housing Operations Consolidation

- Staff Reallocation
 - Adds Industrial Hygienist & funding for DOH
 - Elimination of 2.0 FTE & add 1.0 FTE at OHCD
 - Positions support affordable housing bond & administrative tasks
 - OHCD handles bond funding applications; RI Housing performs underwriting & contracting
 - FY 2020 FTE savings begin October 1

General Revenues	FY 2020	FY 2021
Projected Savings	\$(91,811)	\$(122,415)

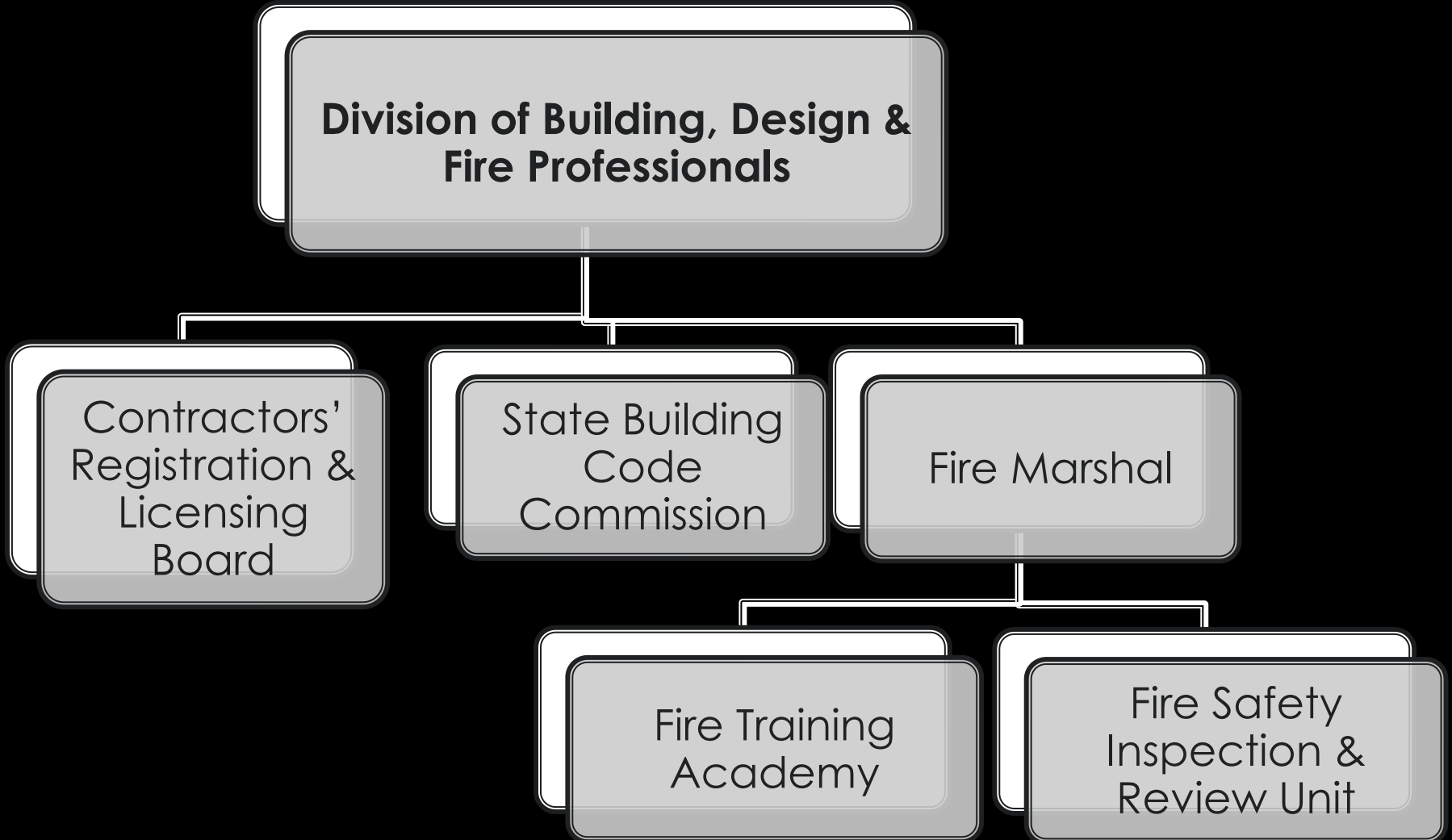
Item 2: New State Building Office

- Streamline similar functions within DBR
 - Create new State Building Office
 - Building Code Commission
 - Contractors' Registration & Licensing Board
 - Design Professionals
- Savings of \$125,839

Item 2: New State Building Office

- 2018 Assembly adopted Governor's consolidation proposal
 - Licensing & regulation of construction design, inspection, & enforcement of building & fire codes to DBR
 - Savings from charging existing expenses to Contractors' Registration Board receipts
 - FY 2020 budget converts vacant FTE to a Deputy Director & charges same funds
 - \$0.1 million annually; position filled since Sept.

Item 2: New State Building Office *Current Structure*



Item 2: New State Building Office

- Proposal would consolidate State Building Code Commission & Contractors' Registration & Licensing Board into new State Building Office
 - Correct fragmented structure with State Building Code Commissioner leading office
- E-permitting assumed to lessen the need for administrative staff

Item 2: New State Building Office

- Eliminates 4.0 position titles filled by 7.0 FTE
 - 5.0 FTE restricted receipt funded; 2.0 FTE general revenue funded
 - Proposal assumes restricted receipt positions backfilled at lower levels
 - Streamline authority; new Office overseen by Building Code Commissioner
 - Currently reports to Deputy Director

General Revenues	FY 2020	FY 2021
Eliminate 2.0 Administrative FTE	\$(125,839)	\$(257,718)

Item 2: New State Building Office *New Structure*



Item 2: New State Building Office

- Restricted receipts are anticipated to be insufficient for current staffing
 - Proposal assumes to fill positions at lower levels
 - Unclear if this addresses shortfall

Item 2: New State Building Office

CRLB Restricted Receipts	FY 2017	FY 2018	FY 2019 Estimated	FY 2020 Estimated
Balance Fwd.	\$910,743	\$705,603	\$548,103*	\$95,657
New Receipts	1,124,482	1,489,995	1,102,167	1,545,608
Indirect Cost	(112,448)	(149,000)	(110,247)	(154,561)
Available	\$1,922,777	\$2,046,599	\$1,540,323	\$1,486,705
Expenditures	1,217,174	1,203,267	1,100,999	1,809,290
Design Prof.	-	328,200	343,667	-
Balance	\$705,603	\$515,132	\$95,657	\$(322,585)

* Includes post audit adjustment

Item 2: New State Building Office

- Report identifies State Building Code Commissioner reporting to a Deputy Director as an inefficiency
 - Proposal maintains both within new Office
 - Deputy Director position is new
 - Not contemplated in FY 2019 budget
 - Requested by agency & recommended by Governor
 - Legislation allows Director of DBR to appoint head of the Office

Item 3: Adult Education

Transfer to DLT

- Move Adult Ed. to Governor's Workforce Board within DLT
 - Create Adult Ed. advisory committee in GWB
 - Include nontraditional students in adult ed. plan
 - Ensure data collected appropriately and used to guide policy
 - Requires DLT to develop data intake system
 - Allow for a six month transition period
- Based on Senate Study Commission

Item 3: Adult Education Transfer to DLT

- Removes 1.0 FTE from OPC
 - No savings associated with reduction
- Removes 3.0 FTE & all programmatic funding from RIDE
 - Not clear if staff would be laid off or repurposed
 - RIDE staff are members of a labor union
- Adds 3.0 FTE to DLT
 - Positions would be hired at lower pay grade than currently at RIDE

Item 3: Adult Education Transfer to DLT

- Assumes January 2020 implementation
 - No estimated costs associated with data system
- Senate legislative commission met 5 times from December 2018 – April 2019
 - Discussed appropriate state agency to house adult education
 - Report submitted April 5

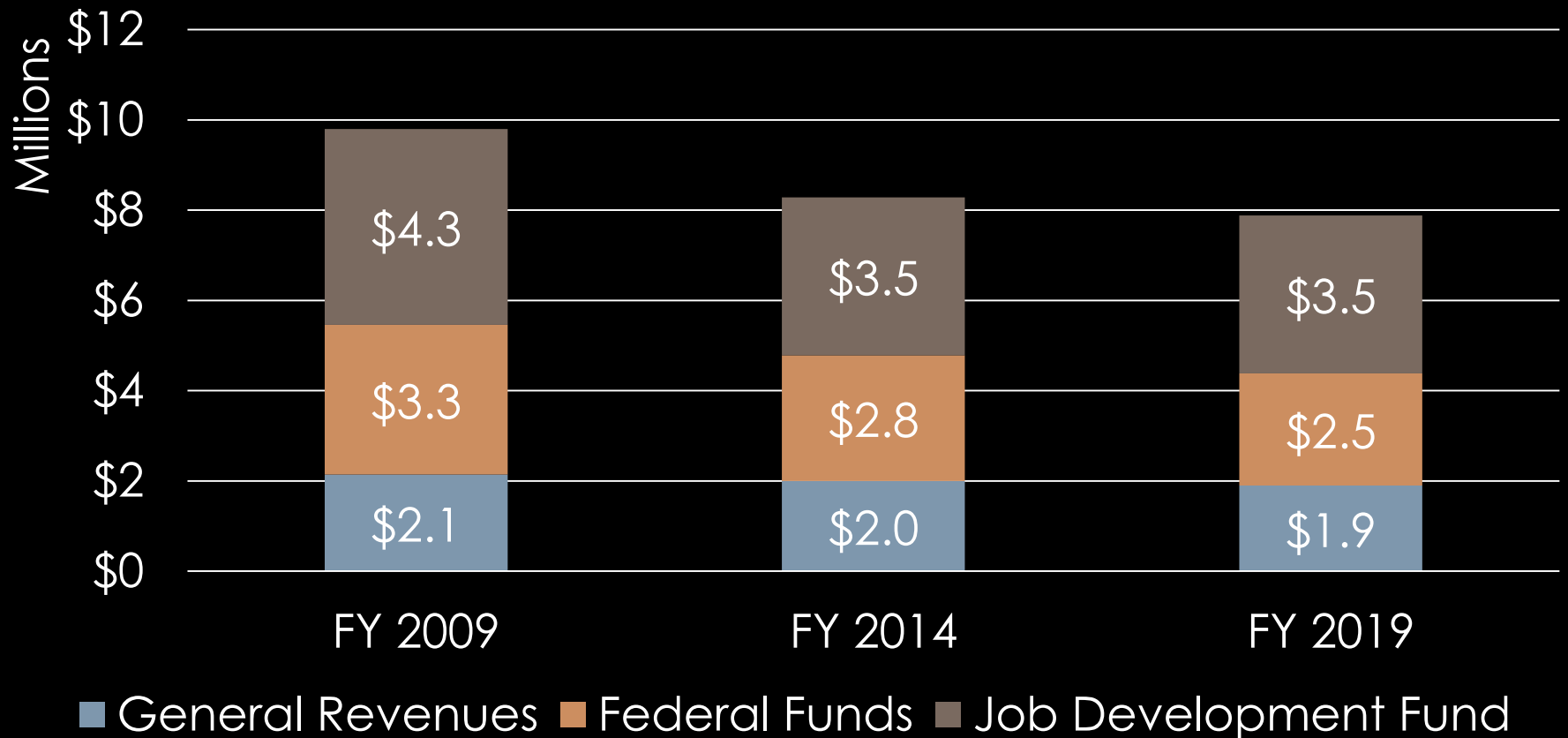
Item 3: Adult Education

Transfer to DLT

- Special legislative commission met 5 times from December 2018 – April 2019
- Discussed appropriate state agency to house adult education
 - Report submitted April 5
 - Move Adult Ed. to GWB within DLT & create advisory Committee
 - Include nontraditional students in adult ed. plan
 - Proper data collection policy & new intake system
 - Allow for 6 month transition period

Item 3: Adult Education Transfer to DLT

Adult Education Funding in RIDE's Budget



Data from addendum of Senate Commission report

Item 3: Adult Education Transfer to DLT

- New Article
 - Makes GWB responsible for administering & supervising policy and funding
 - Establishes Office of Adult Education & Literacy within GWB
 - Administer/supervise funding & policy
 - Adopt regulations to carry out chapter
 - Amends purpose of Board of Education to collaborate with appropriate state agencies to ensure a quality system of adult education
 - Current law has the Board ensuring it directly

Item 3: Adult Education Transfer to DLT

- New Article
 - Creates Adult Education & Employment Advisory Committee
 - Comprised of
 - Directors of DLT, DHS, DOC, & Adult Education Professional Development at CCRI
 - Commissioners of RIDE, Postsecondary Education
 - Others approved by Committee
 - Would meet quarterly to address issues, prepare state adult ed. plan and make recommendations to increase efficiency

Item 3: Adult Education Transfer to DLT

- New Article
 - Requires a framework to allow for assessment of 16 & 17 year olds for adult ed. programs
 - Establishes competitive grants for adult education programs
 - Selection process is not defined
 - Changes timing around state plan for adult education
 - Current law requires renewal every three years
 - Proposal would allow discretion of GWB or federal requirements for renewal

Item 3: Adult Education Transfer to DLT

- New Chapter for Adult Education
 - Requires development of a data system
 - Annual reporting requirements on this data
 - Requires annual Assembly appropriation for data system and reports
 - Amount not outlined in Governor's proposal
 - Does not appear to be reflected in savings estimate
 - Removes requirement for a direct appropriation to support “public evening schools”
 - No direct appropriation for decades

Item 4: School Hearing Screening Cost Transfer

- School for the Deaf audiology program
 - Transfer hearing screening responsibilities to locals
 - Currently allowed under Department of Health regulations
- Savings of \$231,676 for FY 2020
 - Removes general revenue funding for 3 audio test technicians
 - May be funding if districts want to pay

Item 4: School Hearing Screening Cost Transfer

	FY 2019 Enacted	FY 2019 Gov. Rev.	FY 2020 Governor	Gov. Chg. To Enacted
General Revenues	\$6.5	\$6.6	\$6.7	\$0.2
Federal Funds	0.6	0.5	0.5	(0.0)
Restricted Receipts	0.8	0.8	0.8	-
Other Funds	0.1	0.1	0.1	-
Total	\$8.0	\$7.9	\$8.2	\$0.2
FTE	60.0	60.0	60.0	-

\$ in millions

- Currently 84 students
 - 79 from Rhode Island
 - 5 from out of state – tuition charged

Item 4: School Hearing Screening Cost Transfer

- School for the Deaf provides free, comprehensive audiological testing to all children in RI
 - 5.0 FTE: 2 licensed audiologist & 3 support staff
 - Staff travels to every school throughout the state to screen children & provides in-office testing
 - Screens approximately 50,000 school children annually
 - Children ages 6 months through high school may be screened in-office

Item 4: School Hearing Screening Cost Transfer

- School provides consultations to school districts on a fee-for-service basis for:
 - Staff training
 - Procurement and proper use of FM system
 - Recommending acoustical accommodations to maximize learning
 - Troubleshooting devices
 - Classroom strategies

Item 4: School Hearing Screening Cost Transfer

- Proposal makes districts responsible for audiological testing
 - Directly perform tests
 - Assumes some districts will use school nurses to test
 - Pay the School for the Deaf for services
 - Article authorizes School to enter into fee-for-service agreements with LEAs
 - Establishes new restricted receipt account to collect funds
 - No specific fee proposed

Item 5: OPC & RIDE

Co-location/ Downsize

- Co-locate Office of Postsecondary Commissioner and Department of Elementary and Secondary Education
 - Encourage shared administrative support
 - Allow for closer collaboration
- \$1.0 million in savings beginning in FY 2020
 - Assumes funding for several positions is eliminated

Item 5: OPC & RIDE

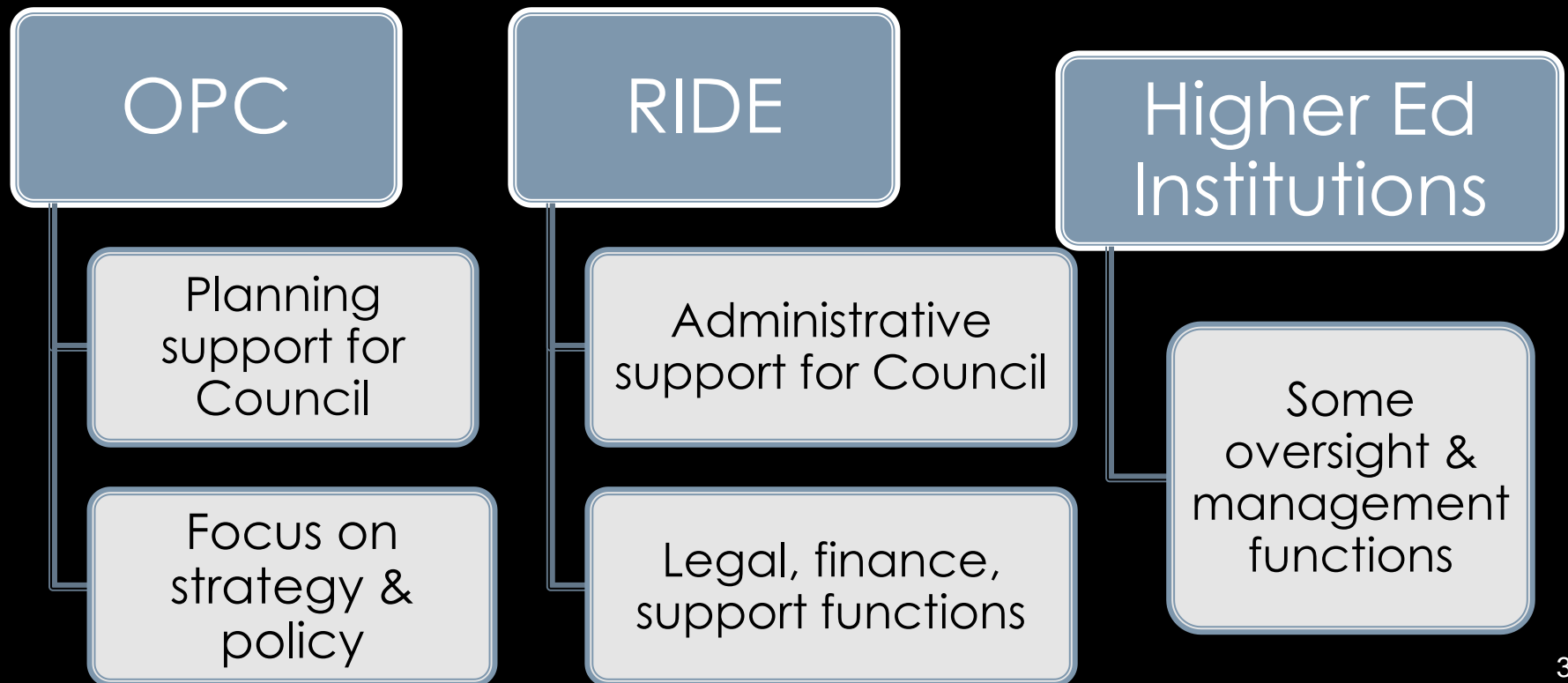
Co-location/ Downsize

- 2014 Assembly restructured Board of Education
 - 17 members who also serve on one of two councils
 - Elementary and Secondary Education
 - Postsecondary Education
- Councils have most of the statutory authority & responsibility previously held by Board of Education

Item 5: OPC & RIDE

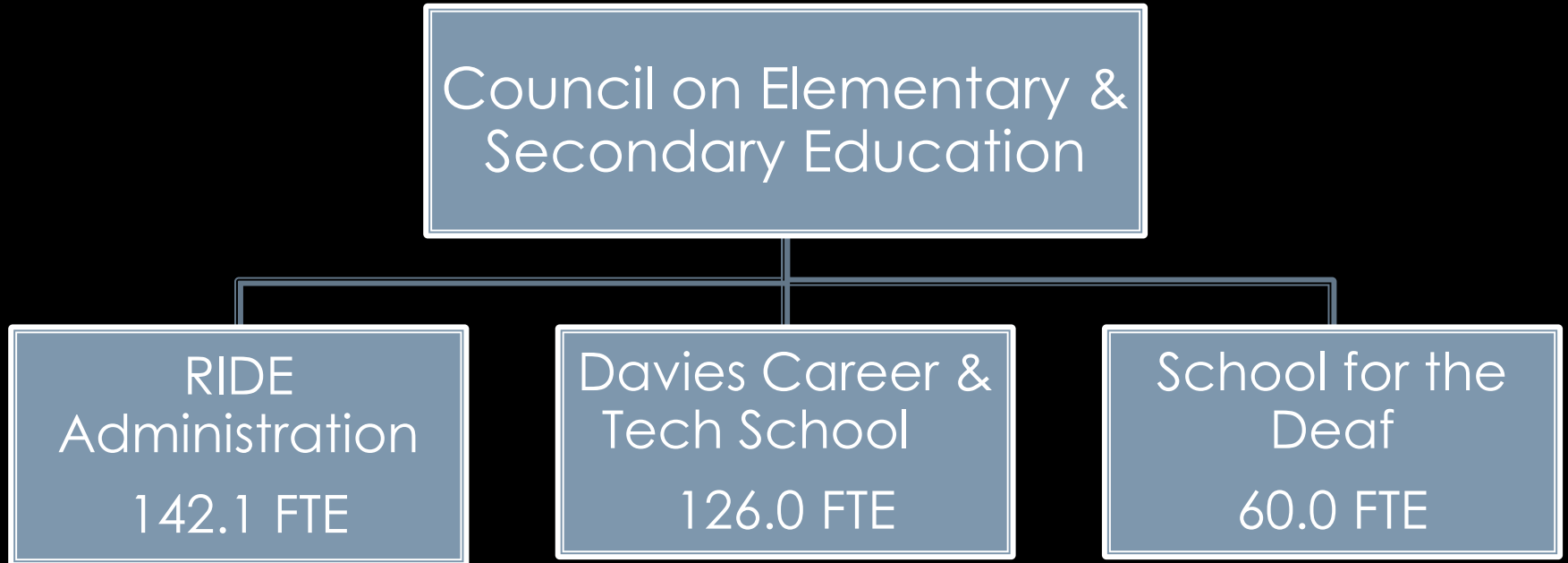
Co-location/ Downsize

- Co-locate OPC with ELSEC
 - Savings from shared administrative support
 - Promotes closer collaboration



Item 5: OPC & RIDE

Co-location/ Downsize



Item 5: OPC & RIDE

Co-location/ Downsize

Council on Postsecondary Education

```
graph TD; A[Council on Postsecondary Education] --> B[OPC  
19.0 FTE]; B --> C[Higher Ed. Jobs Skills Centers  
Westerly & Woonsocket  
9.0 FTE]; B --> D[Nursing Education Center  
10.0 FTE];
```

OPC
19.0 FTE

Higher Ed. Jobs Skills Centers
Westerly & Woonsocket
9.0 FTE

Nursing Education Center
10.0 FTE

Item 5: OPC & RIDE

Co-location/ Downsize

Gov FY 2020	RIDE	Higher Ed
General Revenues	\$1,235.8	\$244.3
Federal Aid	213.6	14.9
Restricted Receipts	37.6	3.4
Other	1.8	987.8
Total	\$1,488.8	\$1,250.3

\$ in millions

General Revenue Admin Cost	
RIDE	\$21,629,338
OPC	\$2,304,270

Item 5: OPC & RIDE

Co-location/ Downsize

- Effective July 1, 2019 for FY 2020
- General revenue savings equates to about half of total staff cost
 - Duplicative responsibilities/salary downgrades
 - No FTE reduction recommended

Commissioner's Office: FY 2020 Governor	
Salaries and Benefits	\$1,962,797
Contracted Services	229,000
Operating	112,473
Total	\$2,304,270

Item 5: OPC & RIDE

Co-location/ Downsize

- Commission had proposed one-time use of \$200,000 from guaranty agency reserve funds for FY 2020 only
 - Funding currently being used to support staff would be redirected to
 - Additional state scholarships or
 - Reallocate some of the costs for remaining staff from general revenues
- Governor's proposal silent on use of reserve funds but her budget removes restrictions on these funds

Item 5: OPC & RIDE

Co-location/ Downsize

	FY 2018	FY 2019	FY 2020	FY 2021
Opening Surplus	\$21.6	\$17.7	\$11.4	\$1.4
Guaranty Reserves	6.8	-	-	-
CollegeBoundfund Fees	6.6	6.0	6.0	6.0
Total Revenue	\$35.0	\$23.7	\$17.4	\$7.4
Guaranty/OPC Admin	\$5.6	\$0.4	\$0.4	\$ -
Last Dollar Scholarship	10.0	10.1	8.0	6.9
Dual Enrollment	1.7	1.8	2.3	2.3
RI Promise Expansion	-	-	5.3	-
Total Expenses	\$17.2	\$12.3	\$16.1	\$9.2
Closing Balance	\$17.7	\$11.4	\$1.4	(\$1.9)

\$ in millions

Item 5: OPC & RIDE

Co-location/ Downsize

- Timeline – is July 1
 - How does that impact personnel savings?
 - How many times will office move in one year?
 - Are moving expenses considered?
 - Future of OPC's building on Jefferson Blvd.?
 - Current home to
 - Office of Veterans Affairs
 - RI Contractors' Registration & Licensing Board
 - RI Building Code Commission

Item 6: DCYF Group Homes & Residential Facilities

- Allow withholding of education aid from LEAs for costs for students in group homes & residential facilities
 - Receiving education provided by the facility
 - Would also withhold outstanding amounts due
 - Assumes 3 years worth of appeals are adjudicated by end of FY 2020
- Savings of \$2.0 million from back payment in FY 2020
 - Not all cases have worked through appeals

Item 6: DCYF Group Homes & Residential Facilities

- Savings of \$2.0 million from back payments in FY 2020
 - Going forward this will replace billings that now occur under current law
- Connected to Article 15 proposal which expands the facilities for which locals are responsible to cover costs to include training school
 - Appears to include necessary language to effectuate intent of original article and how funds are budgeted

Item 6: DCYF Group Homes & Residential Facilities

- Assumption is that 90% of overdue payments would be collected in FY 2020
 - Based on \$2.6 million owed
 - Adds \$100,000 for RIDE legal staff for hearing costs
- No FY 2021 savings assumed

Item 6: DCYF Group Homes & Residential Facilities

- Current law: districts pay education costs for students in group homes with education programs
 - Groden Center, St. Mary's, Harmony Hill
 - LEAs are billed based on district special education costs & state pays difference, if any
 - Family Court determines residency
 - For homes that contract with DCYF for predetermined number of placements, state pays whole cost
 - Ocean Tides only provider still in this category

Item 6: DCYF Group Homes & Residential Facilities

- Article 15 removes exemption & adds the Training School
 - It appears the same principle applies
 - District would pay based on their average per pupil special education cost
 - Applies to duration of the child's stay
 - Budget assumes a \$1.3 million deduction from education aid
 - Adds \$250k to DCYF for lost federal funds from change in designation of training school

Item 6: DCYF Group Homes & Residential Facilities to Locals

Calculation of Article 15 Proposal	
Training School/Ocean Tides census on or about August 6	61
Central Falls & unknown residence	(7)
Governor's budget assumed # of students	54
Include in funding formula = 54 x 40% poverty status of \$13,819	\$746,226
Apply state share ratio = state aid	\$559,017
\$35,000 x per student (weighted avg. of special ed. costs)	(1,890,000)
Impact to Education Aid	(\$1,330,983)

Item 7: HealthSource RI to EOHHS from DOA

- Current proposal
 - Moving HealthSource RI from DOA to EOHHS
- Other pending articles
 - Article 14 of 2019-H 5151
 - Health Market Stability
 - New Article
 - Decouples RI Health Benefit Exchange's premium assessment from rate charged for federally facilitated marketplaces

Item 7: HealthSource RI to EOHHS from DOA

- There are currently 12 state-based exchanges, including DC

Structure	State
Independent State Agency	California
Quasi-Governmental Entity	Connecticut, Maryland, Massachusetts, Washington, Minnesota
Independent Entity	Colorado, DC and Idaho
Health Services Entity	New York and Vermont
Administrative Department	Rhode Island

Item 7: HealthSource RI to EOHHS from DOA

- 2015 Assembly adopted legislation authorizing DOA to administer a health benefit exchange
 - Established HealthSource RI in statute
 - Prior to legislation, operated under executive order
 - Meet requirement of Patient Protection and Affordable Care Act

Item 7: HealthSource RI to EOHHS from DOA

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Rec.	Chng./ Enact	Chng./ Req.
Gen. Rev.	\$2.4	\$2.4	\$2.8	\$0.4	\$0.4
Fed. Funds	0.1	0.1	-	(0.1)	-
Restrict. Rec.	6.4	8.1	7.4	1.0	(1.0)
Total	\$8.9	\$10.6	\$10.2	\$1.3	\$(0.6)
FTE	16.0	16.0	16.0	-	-

\$ in millions

Item 7: HealthSource RI to EOHHS from DOA

- FY 2020 budget includes \$400K from general revenues for implementation
- Healthcare Market Stability – Article 14 of 2019-H 5151
 - Awareness campaign
 - Actuarial analyses
 - May be needed for Division of Taxation

Item 7: HealthSource RI to EOHHS from DOA

- FY 2020 recommended budget fully funds all positions
 - 3.0 positions are vacant as of May 11
 - Director of Finance
 - Chief of Strategic Planning
 - Legal counsel
- Proposal shifts all FTE to EOHHS
 - Savings of \$0.2 million from current vacancies
 - Commission's recommendation proposed eliminating two positions

Item 8: Training School Education Staffing Reduction

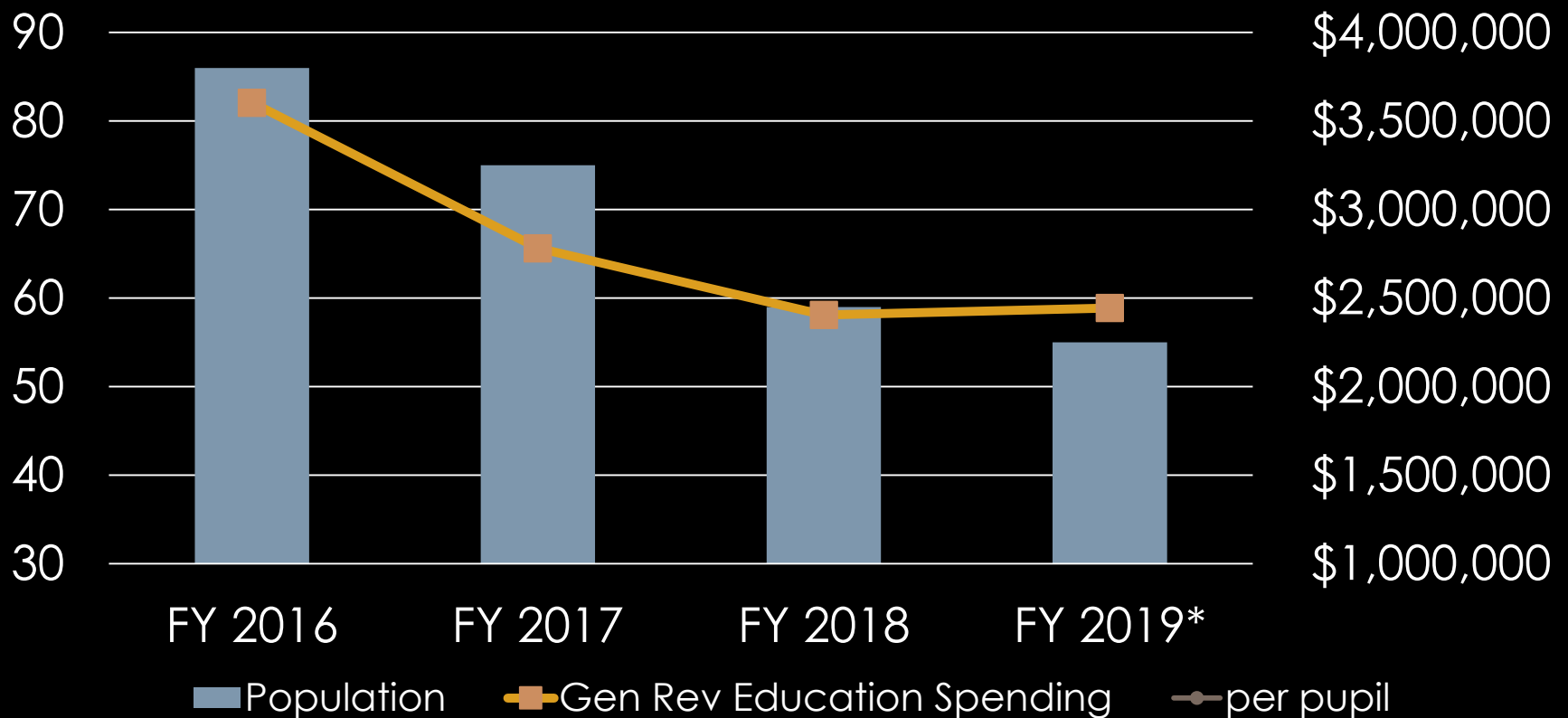
- Eliminate funding for 2.0 education FTE
 - Savings of \$0.2 million for FY 2020
 - Governor's FY 2020 recommendation already eliminated funding for 3.0 other FTE but did not lower FTE cap
- Reduce subjects with 2 teachers to 1
 - All four core subjects, one culinary teacher

Item 8: Training School Education Staffing Reduction

- Rhode Island Training School for Youth
 - Secure facility for youth placed by order of the Family Court
 - Finding of waywardness or delinquency
 - Consolidated from two facilities in FY 2018
 - RI General Law sets population cap at 160
 - Capacity: 148 boys and 12 girls
 - Average for FY 2019 as of March 1: 55
 - 24 hour/365 day residential school providing housing, food services, clothing, medical care, education and assessments

Item 8: Training School Education Staffing Reduction

Rhode Island Training School



*Avg. Pop through May 1

Item 8: Training School Education Staffing Reduction

- As of April 27, 14 Teachers employed at the Training School
 - Each of the four core subjects (Math, History, English, Science) and culinary have two teachers
 - Remaining four teachers teach electives/special education

Item 8: Training School Education Staffing Reduction

- In response to the declining population, Governor FY 2020 budget recommendation reduces education staff from 14 to 11
 - Reduce three of the five subjects with two teachers
 - Two core subject teachers, one culinary teacher
 - Includes general revenue savings of \$0.4 million
 - Savings of \$146,000 per position

Item 8: Training School Education Staffing Reduction

- The FY 2020 recommended budget assumes 11 teaching staff
 - Eight subject periods a day
 - Average class size of seven
- Commission proposal would require schedule and class size changes because of less staff
 - Six subject periods a day
 - Average class size of 11

Item 9: Children's Behavioral Health Regulation to BHDDH

- Departments of BHDDH/DCYF
 - BHDDH is licensing authority for adult behavioral health organizations (BHO)
 - RIGL 40.1-24
 - 4 staff in the licensing unit/33 facilities
 - DCYF does not license children's BHO
 - License child care providers & child placing agencies
 - 6 FTE in licensing unit/ 2 positions are vacant
 - Governor's budget includes Section in Article 4 to license these entities

Item 9: Children's Behavioral Health Regulation to BHDDH

- Recommendation expands licensing authority for behavioral health orgs.
 - Many same providers in both systems
 - Example: The Providence Center
 - Licensed by BHDDH as a facility
 - DCYF – oversight of the children's programs
- DCYF savings of \$74,374
 - \$46,112 from general revenues
 - Eliminates a vacant licensing position
 - Does not reduce Dept.'s staffing authorization

Item 10: Eleanor Slater Hospital Lab Testing to Outside Vendor

- Dept. of BHDDH: Eleanor Slater Hospital Laboratory Services
 - Savings from reducing staff to a level that can provide medically necessary onsite functions
 - Contract with an outside vendor to perform a significant portion of routine testing
 - Cost not identified

Item 10: Eleanor Slater Hospital Lab Testing to Outside Vendor

- ESH Laboratory Services
 - FY 2018 costs were \$1.3 million
 - \$0.9 million for staffing
 - \$0.4 million for expenses
 - 34,000 tests were done
 - April 2019 census is 128 at Pastore & 97 at Zambarano
- Currently 781 employees
 - 7 FTE and a part-time lab director providing lab services

Item 10: Eleanor Slater Hospital Lab Testing to Outside Vendor

- Change would take effect Jan. 1, 2020
 - FY 2020 savings: \$0.2 million, including \$0.1 million from general revenues
 - FY 2021: \$0.4 million/including \$0.2 million from general revenues
 - Recommendations note that FTE reductions depend on ESH management decisions

Item 11: State Telecom Upgrade & Line Termination

- Transition state's telecommunication system from phone systems to Voice over Internet Protocol (VoIP)
 - Approximately 11,000 lines
 - Over 18-month period
 - October 2019 through March 2021
- Deactivate unused phone & conference lines
 - Occur in FY 2020

Item 11: State Telecom Upgrade & Line Termination

- Statewide savings
 - \$126,008 from all sources for FY 2020
 - \$55,444 from general revenues
 - \$268,523 for FY 2021
 - \$118,150 is from general revenues
- Will impact all state agencies

Item 11: State Telecom Upgrade & Line Termination

- Governor previously recommended conversion of leased lines to state lines
 - FY 2018 budget assumed savings of \$0.3 million
 - Savings were not achieved
 - Administration indicated that it was no longer pursuing initiative because of compatibility issues

Item 12: Real Estate & Space Utilization Strategy – Land Sales

Item 12: Real Estate & Space Utilization Strategy

- Long Term Real Estate and Space Utilization Strategy
 - Moving certain operations out of inefficient buildings
 - Move employees from leased space
 - Ensure efficient space utilization
 - Sell surplus properties
 - Not expected to be needed in long term
 - \$6-10 million in FY 2020 from land sales
 - \$0.8 million general revenue operating savings

Item 12: Real Estate & Space Utilization Strategy

- Property Sales
 - Commission's real estate working group worked with consultant assessments
- Report notes properties included in assumptions
 - Does not identify specific values of each

Item 12: Real Estate & Space Utilization Strategy

- Report outlines leases that are up for renewal over the next seven years
 - 33 leases
 - Annual rent of \$11.2 million
 - 610,900 sq. ft.
 - Lease renewals over a certain value require General Assembly approval
 - Some may need to be addressed this session

Item 12: Vacant Group Homes (6)

- Reduce state's portfolio by 30%
 - Sell all vacant group homes & community facilities that are no longer functionally useful
 - Sell functioning useful group homes to private providers
- Savings
 - \$318,908 from deferred maintenance
 - \$10,000 from operating expenses

Item 12: Vacant Group Homes (6)

- State owns
 - 100 properties used by private providers for adults with developmental disabilities
 - Residential and community based day programs
 - 40 properties used by behavioral health care community based providers
 - Residential and outpatient programs

Item 12: 50 Branch Ave

- Office space and warehouse facility close to Capitol Hill
 - 25,572 square feet
 - Current tenant is Board of Elections
 - 13.0 authorized FTEs
 - Also uses space at Cranston Street Armory for storage of voting equipment

Item 12: 50 Branch Ave

- Sell 50 Branch Ave
- Move Board employees to leased location
 - \$0.1 million in operating cost avoidance
 - Board viewed 6 properties in May 2019
- No lease costs contemplated

Item 12: Ace Residential Building

- Located on New London Ave - Cranston
 - 14,206 square feet
 - 57 Year – old building
 - Reportedly in bad condition
 - Significant renovations would be needed to restore Information technology FY 2019 budget assumes sale of \$2.3 million
 - No operating savings as building is vacant

Item 12: Chapin Health Lab

- Constructed in 1976 and has 70,000 square feet
 - Occupied by Office of State Medical Examiners
 - State laboratories
 - Performs chemical, physical and microbiologic analyses, and forensic evidence
- Issues or concerns previously expressed
 - Cross contamination in the workplace
 - Odor migration from autopsy suite and testing labs

Item 12: Chapin Health Lab

- 2013 Assembly provided \$0.2 million from RI Capital Plan funds to conduct a feasibility study for a new facility
 - Also looked at possibility of renovating Chapin
 - Study projected it would cost more than \$80 million to renovate Chapin
 - Would not provide room for build out space

Item 12: Price Correctional Facility

- Located on Goddard Road - Cranston
 - 81,640 square feet
 - Age - 92 Years
- Closed in 2011 by General Assembly
 - Originally designed and first used to house youthful offenders
 - Closed for fiscal efficiency and inmates moved primarily to Medium Security Facility
 - Building used for minimal storage, but vacated

Item 12: Price Correctional Facility

- Sell Price Correctional Facility
 - Information technology FY 2019 budget assumes sale for \$4.8 million
 - Operating Savings of \$0.5 million
 - Steam Supply Line
 - Line would need to be disconnected to eliminate associated utility costs
 - Storage
 - Current storage materials will need to be relocated into a state-owned space

Item 12: Shepard Building

- 6 story building in downtown Providence
 - 285,767 square feet
- Current tenants are URI and RIDE
 - RIDE's administrative staff – 135 FTE on 3 floors
 - URI's Providence Campus – 3 floors
- Annual cost to operate building - \$1.4 million

Current employee capacity	214
Occupied seats	169
Vacant seats	45

Item 12: Shepard Building

- Move RIDE & OPC employees to Powers
 - Powers Building is assumed to have 182 vacant seats
 - Would have to be reconfigured to make room
 - URI would lease space for Providence Campus
 - \$1.4 million in operating cost avoidance
 - New lease cost not estimated

Item 12: 160 Beechwood Ave

- Office space and medical facility in Pawtucket
- Housed BH Link until recently
 - Agreement with Horizon Health Partners to lease the space for 1 year which ended March 2019
- Assumes savings of \$104,342 from deferred maintenance

Item 12: Colorado Avenue

- 55 Colorado Avenue in Warwick
 - DOT purchased in 2013 for \$1.5 million
 - To build material laboratory testing facility
 - FY 2019 capital budget request included \$15.0 million
 - \$10.5 million from RI Capital Plan funds
 - Not recommended by Governor or approved by Assembly
- Land sale receipts must be used for projects approved by FHWA

Item 12: 662 Hartford Ave.

- 662 Hartford Ave in Providence
 - Commercial building in Currently occupied by Advocates in Action Rhode Island
 - A non-profit organization to help those with developmental disabilities to advocate on their own behalf

Item 12: 16 Mapledale St.

- 16 Mapledale St. in Coventry
- Owned by DOT
 - Land area of 1.1 acre
 - Building on property is used for storage and is used by maintenance staff
 - Maintenance staff will be relocated elsewhere
 - May have restrictions depending on original source for acquisition

Item 12: IT Investment Fund

- Information Technology Investment Fund
 - Created in 2011 for IT improvements
 - Hardware
 - Software
 - Maintenance
 - Designed to create pool of resources for projects instead of borrowing
 - Assembly dedicated land sale revenue to fund

Item 12: IT Investment Fund

- FY 2019 revised budget assumes land sale receipts of \$7.2 million
 - Department of Corrections' Price building
 - Ace Building on Howard Avenue
- Later information was that sales will not occur in current year
 - FY 2020 remains uncertain
- Expenditures need revision to reflect available resources
 - Unclear what will be impacted

Item 12: IT Investment Fund

	FY 2019 Rev.	FY 2020 Gov.
DMV System	\$2.1	\$0.4
Unified Health Infrastructure Project	0.6	-
Taxation	1.2	-
Real ID Development	2.3	-
Vital Records System	0.5	2.3
E-Poll Books	0.4	0.4
E-Procurement	1.8	0.2
Probation & Parole Case Mgmt.	0.4	0.4
Budget System	1.3	0.1
All Other	7.0	2.8
Total	\$17.7	\$6.6

\$ in millions

Item 12: Issues to Consider

- IT Fund already assumes some of this land sale revenue
- Governor does not request change to current law on disposition of land sale proceeds
 - Will recommend substituting IT funds for general revenues already budgeted for eligible expenses to achieve the savings

Governor's FY 2020 Budget: Requested Budget Amendment & Recommendations from Efficiency Commission Report

Staff Presentation to the House Finance
Committee
May 23, 2019
