

Department of Administration

Governor's FY 2017 Revised, FY 2018 Budget and
Capital Budget Recommendations
House Finance Committee
April 4, 2017

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
 - HealthSource RI
 - Office of Diversity, Equity & Opportunity

FY 2018 Recommendation

	FY 2017 Enacted	FY 2018 Gov.	Diff.
Library Aid	\$11.6	\$11.7	\$0.1
Energy Resources	12.9	12.5	(0.4)
Debt Service	179.0	185.7	6.6
HealthSource RI	12.4	9.6	(2.8)
Central Services*	98.0	100.5	2.5
Undistributed Savings	(2.0)	(5.4)	(3.4)
All Other	80.1	76.6	(3.5)
Total	\$392.0	\$391.2	\$(0.8)

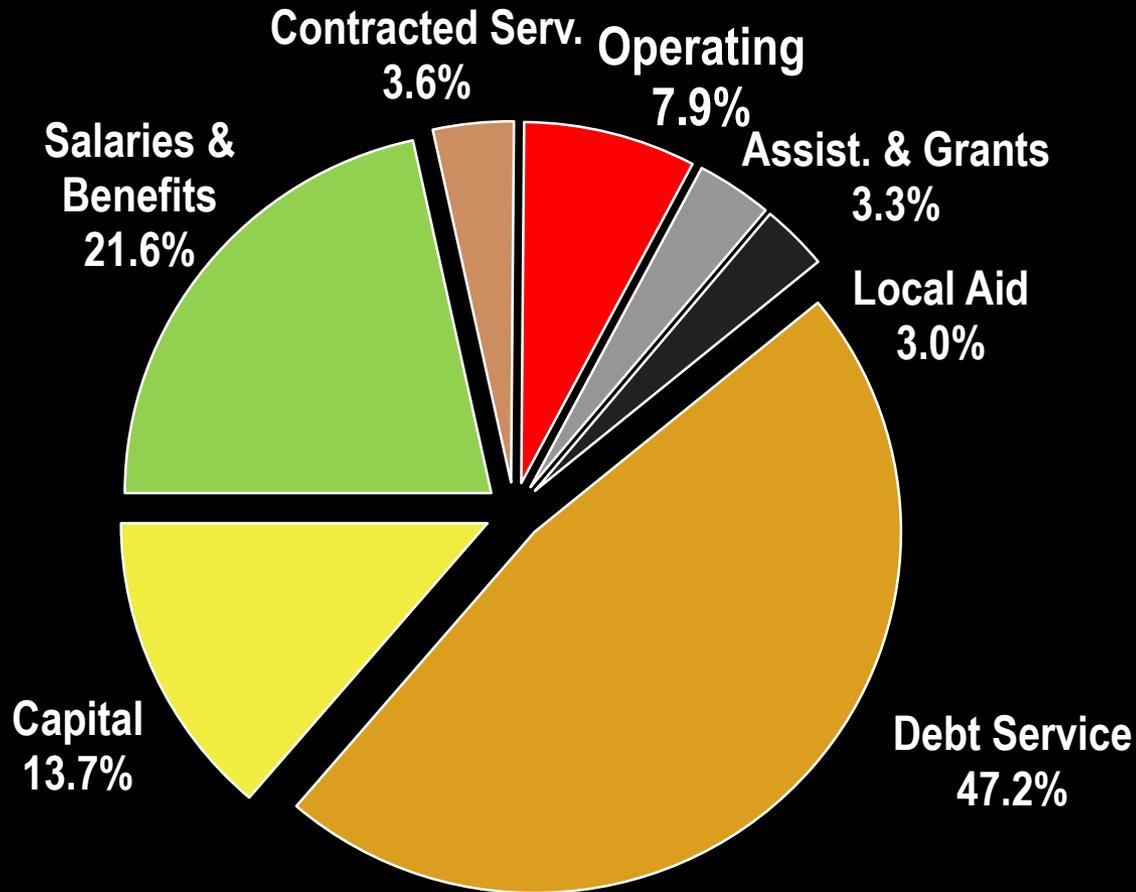
**Includes Human Resources, Enterprise Technology Strategy & Services, Purchasing, Capital Asset Management & Maintenance, & Legal Services*

FY 2018 Recommendation

	General Rev.	Federal Funds	Restricted Receipts	Other	Total
Enacted	\$237.1	\$14.9	\$34.3	\$105.7	\$392.0
Request	\$275.4	\$13.3	\$32.5	\$99.7	\$420.9
Change	\$38.4	\$(1.6)	\$(1.7)	\$(6.1)	\$29.0
Gov. Rec.	\$248.1	\$13.2	\$33.1	\$96.8	\$391.2
Chg. Enact	\$11.0	\$(1.7)	\$(1.2)	\$(8.9)	\$(0.8)
Chg. Req.	\$(27.4)	\$(0.1)	\$0.6	\$(2.9)	\$(29.8)

(in millions)

Recommendation by Category



Target Issues

- Budget Office provided a general revenue target of \$272.8 million
 - Includes current service adjustments totaling \$42.4 million
 - \$41.7 million for debt service adjustments
 - 8.0 percent reduction of \$6.7 million adjusted for certain exclusions
- Department's constrained request met target from implementation of several initiatives

Savings Proposals

	DOA	Governor
Fraud & Waste Detection	\$(3.5)	\$(3.5)
Workers' Compensation Privatization	(1.3)	(1.3)
Building Code – Additional Revenues	(0.6)	-
Purchasing E-Procurement	(0.4)	(0.4)
Additional Turnover Savings	(0.9)	-
Phone Line Conversion	(0.2)	(0.2)
Lean Initiatives & Transition Employment	(0.2)	(0.2)
Software Maintenance to IT Fund	(0.4)	(0.4)
Natural Gas Savings	(0.1)	(0.1)
All Other	(0.4)	-
Total <i>(in millions)</i>	\$(8.0)	\$(6.1)

Statewide Savings

- Assessment to salaries that funds workers' comp., unemployment & unused leave
 - Lowered from enacted based on experience
 - Savings of \$1.2 million in FY 2017
 - Savings of \$1.5 million in FY 2018
- Medical benefit cost growth
 - Lower than initial estimates
 - Savings of \$2.6 million in FY 2018
- Total impact to Department
 - \$88,885 in FY 2017; \$308,758 in FY 2018

FY 2017 Governor Revised

- FY 2017 revised budget is \$7.4 million less general revenues than enacted
- Major general revenue changes:
 - \$8.4 million less in debt service
 - \$0.7 million reappropriated from FY 2016
 - \$1.0 million undistributed operational savings
 - \$1.2 million less for utilities and building maintenance costs
 - \$0.5 million more all other
 - Labor contract negotiations, water management program and lean initiatives

FY 2018 Recommended

- FY 2018 recommendation is \$11.0 million more gen. rev. than enacted
- Major changes:
 - \$13.8 million more for debt service
 - \$3.5 million more in statewide savings
 - \$0.5 million more for various initiatives
 - Electric Vehicle Rebate Program, disparity study, labor contract negotiations

City Year

- Governor recommends enacted amount of \$50,000 from general revenues to City Year
 - Support Whole School Whole Child Program
 - Provides individualized support to at-risk students
- Formerly community service grant

Full-Time Equivalent Positions

Full-Time Positions	FTEs	Chg to Enacted
Enacted Authorization	708.7	-
FY 2017 Rev. Req./ Gov.	708.7	-
FY 2018 Request	707.7	(1.0)
FY 2018 Gov. Rec.	713.7	5.0
FY 2016 Average filled	631.2	(77.5)
FY 2017 YTD average filled	651.1	(57.6)
Filled as of April 1, 2017	655.7	(53.0)

Staffing Recommendation

- 2016 Assembly did not authorize several positions that were requested and recommend
 - Positions have been filled

Division	#of FTE	Titles
Office of Energy Resources	1.0	Chief program development
Capital Asset Management & Maintenance	4.0	Chief: engineer, planner, integrated facilities mngt. & strategic planning, monitoring & evaluation
Off. of Mngt. & Budget	3.0	Senior economic & policy analysts
Purchasing	1.0	Administrator

Recommended – New Positions

Division	New FTE	General Revenues	Total Costs
Human Resources	4.0	\$515,385	\$622,962
Building Code Commission*	2.0	364,728	364,728
Internal Audit	2.0	-	284,521
Total	8.0	\$880,113	\$1,272,211

**Provided funding for 3.0 FTE, 3rd position will be filled from current authorization*

Staffing Recommendation

- Governor's recommendation includes \$0.1 million from general revenues in Department of Administration
- Partially fund a deputy chief of staff position in the Office of the Governor
 - Provides direction and works on various initiatives in DOA

Department of Administration

<i>(in millions)</i>	FY 2018 Gov. Rec.	
Change to Enacted	Gen. Rev.	All Funds
<i>Statewide Savings</i>	<i>\$(3.5)</i>	<i>\$(3.5)</i>
One-Time Items	(1.9)	(1.9)
Library Aid	0.1	0.1
Energy Resources	0.3	(0.4)
HealthSource RI	-	(2.8)
Debt Service	13.8	6.6
All Other	2.0	0.9
<i>Total Changes</i>	<i>\$11.0</i>	<i>\$(0.8)</i>

Statewide – Operational Savings

- FY 2017 enacted budget includes \$1.9 million in operational gen. rev. savings
 - Purchasing and Office of Internal Audit
 - Reviewing recent state commodity and deliverable based contracts to ensure that the state has achieved all attainable savings
 - Initiative was originally part of FY 2016 enacted budget
- 2016 Assembly concurred with requested amendment to delay to FY 2017

Fraud and Waste Revenue Enhancement

- 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 this initiative
 - Net \$3.5 million impact
 - RFP has been issued
 - Bids are due in late April
 - Under contract by June 1st estimate
- Amendment to delay to FY 2018

Statewide – Waste and Fraud Detection

Waste and Fraud Detection Initiative

- FY 2018 recommended budget assumes savings of \$3.5 million
- Delay in implementation
 - Administration believes these savings assumed in FY 2018 will occur

Statewide – State Fleet Vehicles

- FY 2017 enacted budget includes \$1.0 million in revenues
 - Sale of 250 light-duty passenger vehicles
 - Used by employees in numerous departments
- Governor requested amendment to delay revenues to FY 2018
- Department is still working on request for proposals

Statewide – Workers' Comp. Privatization

- Requires employers 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 administered by 14.0 FTE positions
 - Program is supported by assessment on salaries and wages paid

Statewide – Workers' Comp. Privatization

- Governor recommends savings of \$1.3 million from general revenues
 - \$2.5 million from all from all sources
- 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

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

Statewide – *E-Procurement*

- Governor recommends general revenue savings of \$350K
 - Implementation of an e-procurement system
 - Available to quasi-public agencies, institutions of higher ed. and municipalities
 - Issued RFP and bids are currently under evaluation
 - To be determined:
 - Cost of system
 - Funding/financing

Statewide – Phone Conversion

- Convert approx. 3,200 phone lines
 - Currently lease some lines from Verizon
 - Department purchased required hardware
 - Used funds from Information Technology Investment Fund
- Governor recommends FY 2018 savings of \$0.3 million
 - FY 2017 enacted budget assumes \$100K
 - Request for proposals has not been issued

Department of Administration

<i>(in millions)</i>	FY 2018 Gov. Rec.	
Change to Enacted	Gen. Rev.	All Funds
Statewide Savings	\$(3.5)	(\$3.5)
One-Time Items	(1.9)	(1.9)
Library Aid	0.1	0.1
Energy Resources	0.3	(0.4)
HealthSource RI	-	(2.8)
Debt Service	13.8	6.6
All Other	2.0	0.9
Total Changes	\$11.0	\$(0.8)

One-Time Items

- 2016 Assembly provided \$1.9 million from general revenues for one-time expenditures
- FY 2018 recommendation excludes these items
 - \$1.0 million for data tools for fraud and waste detection
 - \$0.9 million for operating support for RI Public Transit Authority

Department of Administration

<i>(in millions)</i>	FY 2018 Gov. Rec.	
Change to Enacted	Gen. Rev.	All Funds
Statewide Savings	\$(3.5)	(\$3.5)
One-Time Items	(1.9)	(1.9)
<i>Library Aid</i>	0.1	0.1
Energy Resources	0.3	(0.4)
HealthSource RI	-	(2.8)
Debt Service	13.8	6.6
All Other	2.0	0.9
Total Changes	\$11.0	\$(0.8)

Library Aid

- Governor recommends \$9.4 million for library aid
 - Level funds total at FY 2017 amount
- Law provides 25% reimbursement of second prior year expenditures
 - \$0.8 million less than current law
 - Ratable reduction to appropriation
- Distribution reflects updated data

Library Construction Aid

- \$2.3 million for library construction aid
 - \$0.1 million more than enacted
 - 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 2017, received letters of intent
 - Providence, Jamestown and Narragansett

Library & Information Services

- Oversee the development & 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 ed. for RI library community
 - Literacy

Library & Information Services

	17 Enact.	17 Gov. Rev.	18 Gov. Rec.	Chng./ Enact	Chng. / Req.
Gen. Rev.	\$1.3	\$1.3	\$1.5	\$0.1	\$-
Fed. Funds	1.2	1.2	1.2	-	-
Total <i>(in millions)</i>	\$2.5	\$2.6	\$2.6	\$0.1	\$-
FTEs	13.0	13.0	13.0	-	-

Library & Information Services

- Recommendation includes \$0.8 million for interlibrary loan delivery
 - \$53,088 or 7.0% more than enacted
 - New contract eff. May 2015
- Delivery of books, audio/visual materials and other resources
- Shared among more than 180 public libraries

Department of Administration

<i>(in millions)</i>	FY 2018 Gov. Rec.	
Change to Enacted	Gen. Rev.	All Funds
Statewide Savings	\$(3.5)	(\$3.5)
One-Time Items	(1.9)	(1.9)
Library Aid	0.1	0.1
Energy Resources	0.3	(0.4)
HealthSource RI	-	(2.8)
Debt Service	13.8	6.6
All Other	2.0	0.9
Total Changes	\$11.0	\$(0.8)

Office of Energy Resources

	17 Enact.	17 Gov. Rev.	18 Gov. Rec.	Chng./ Enact	Chng. / Req.
Gen. Rev.	\$-	\$-	\$0.3	\$0.3	\$0.3
Fed. Funds	0.4	0.6	0.7	0.3	0.3
Restrict. Rec.	12.5	16.1	11.5	(1.0)	-
Total (in millions)	\$12.9	\$16.7	\$12.5	\$(0.4)	\$0.5
FTEs	12.0	13.0	13.0	1.0	-

Electric Vehicle Rebate Program

- Article 19 creates Electric Vehicle Rebate Program in law
 - Provide incentives for purchase/lease of electric vehicle
 - Promote reduction of greenhouse gas emissions
 - FY 2018 through FY 2022
 - FY 2018 budget includes \$250,000 from general revenues
- Hearing held on March 1st

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
 - 35 auctions through March 2017
 - \$56.9 million in revenues, deposited as restricted receipts
 - Use - invest in projects that reduce long-term energy demands and costs

Office of Energy Resources

Reconciliation Funding

- Adopted by 2014 Assembly
- Authorized Distributed Generation Board to submit its request to PUC to review and approve through a docket proceeding
- Depending on PUC's determination
 - Impact to National Grid customers can be a surcharge of \$0.10 to \$1.00 annually
 - Grid submit payments to Office on behalf of Board
- Recommendation includes total of \$0.5 million in both years
- Article 7 – Hearing held on February 28th

Department of Administration

<i>(in millions)</i>	FY 2018 Gov. Rec.	
Change to Enacted	Gen. Rev.	All Funds
Statewide Savings	\$(3.5)	(\$3.5)
One-Time Items	(1.9)	(1.9)
Library Aid	0.1	0.1
Energy Resources	0.3	(0.4)
HealthSource RI	-	(2.8)
Debt Service	13.8	6.6
All Other	2.0	0.9
Total Changes	\$11.0	\$(0.8)

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

	17 Enact.	17 Gov. Rev.	18 Gov. Rec.	Chng./ Enact	Chng. / Req.
Gen. Rev.	\$2.6	\$2.6	\$2.6	\$-	\$-
Fed. Funds	1.2	7.9	0.1	(1.0)	-
Restrict. Rec.	8.6	6.0	6.8	(1.8)	-
Total <i>(in millions)</i>	\$12.4	\$16.6	\$9.6	\$(2.8)	-
FTEs	16.0	16.0	16.0	-	-

HealthSource RI

- Governor recommends \$6.0 million in FY 2017 and \$6.8 million in FY 2018 from the assessment
 - Receipts are less based on projected enrollments

	CY 2015	CY 2016	CY 2017	CY 2018	Feb. 2017
Individual Market	32,203	32,063	34,817	34,914	28,718
Small Business (SHOP)	3,431	4,749	5,585	5,985	5,092
Total Enrollments	35,634	36,812	40,402	40,899	33,810

Department of Administration

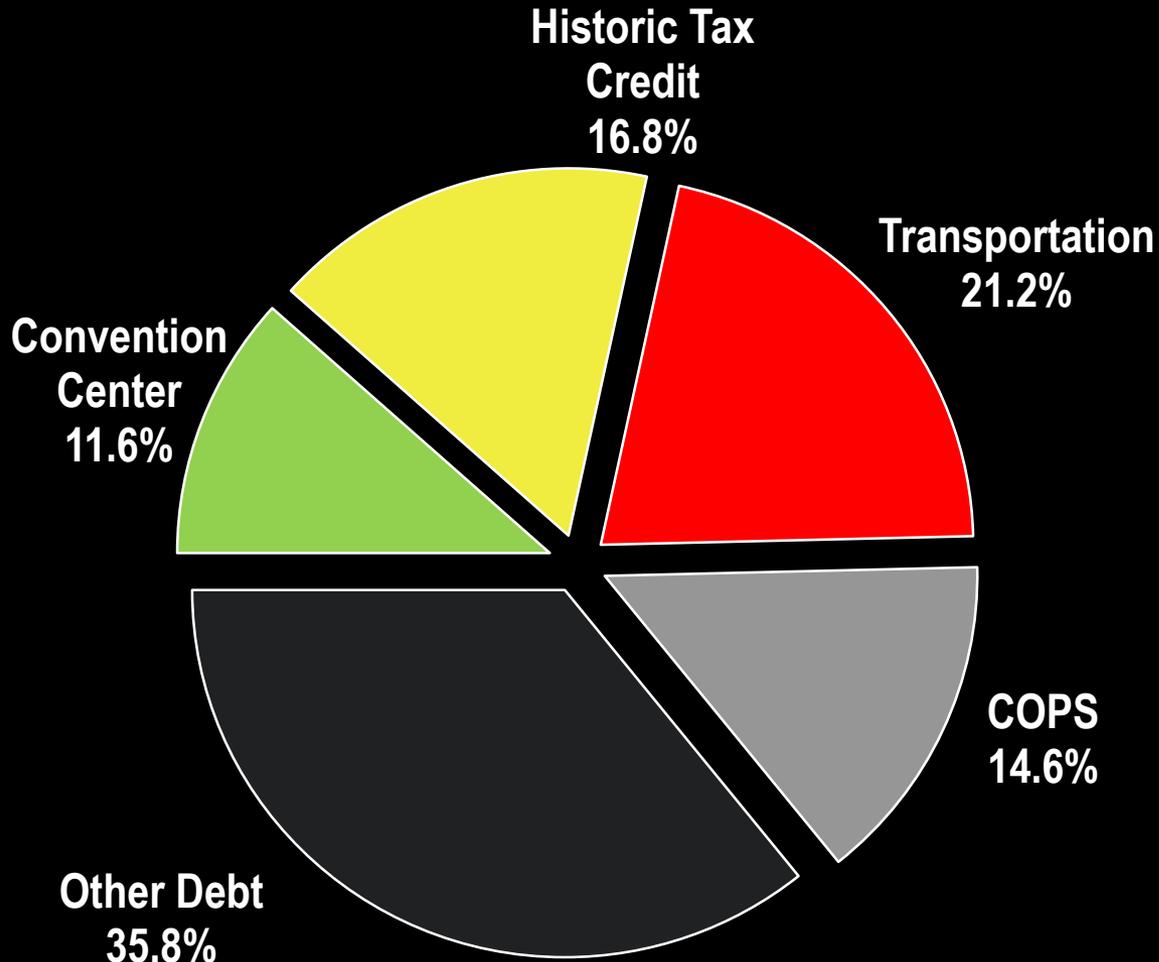
<i>(in millions)</i>	FY 2018 Gov. Rec.	
Change to Enacted	Gen. Rev.	All Funds
Statewide Savings	\$(3.5)	(\$3.5)
One-Time Items	(1.9)	(1.9)
Library Aid	0.1	0.1
Energy Resources	0.3	(0.4)
HealthSource RI	-	(2.8)
Debt Service	13.8	6.6
All Other	2.0	0.9
Total Changes	\$11.0	\$(0.8)

Debt Service

	Gen. Rev.	Fed. Funds	RR	Other	Total
17 Enacted	\$130.5	\$2.2	\$0.1	\$46.2	\$179.0
17 Revised	\$122.2	\$2.2	\$0.1	\$46.2	\$170.7
Change	\$(8.4)	\$-	\$-	\$-	\$(8.4)
18 Gov.	\$144.4	\$1.9	\$-	\$39.5	\$185.7
Change	\$13.8	\$(0.4)	\$(0.1)	\$(6.7)	\$6.6

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

FY 2018 Debt Service



Debt – *Job Creation Guaranty*

- Allowed guaranty of loans not to exceed \$125.0 million
 - \$75.0 million was issued for 38 Studios
 - Annual debt service of \$12.5 million from FY 2018 to FY 2021 (\$12.3 million in last year)
- Corporation received settlements
 - Totaled \$36.7 million from 10/2016 & 02/2017
 - Net of legal fees
 - Settlements will be used to cover debt
 - Next three fiscal years

Department of Administration

<i>(in millions)</i>	FY 2018 Gov. Rec.	
Change to Enacted	Gen. Rev.	All Funds
Statewide Savings	\$(3.5)	(\$3.5)
One-Time Items	(1.9)	(1.9)
Library Aid	0.1	0.1
Energy Resources	0.3	(0.4)
HealthSource RI	-	(2.8)
Debt Service	13.8	6.6
All Other	2.0	0.9
Total Changes	\$11.0	\$(0.8)

Department of Administration

All Other	Gen. Rev.	All Funds
Enterprise Tech. Strategy & Services	\$0.8	\$1.5
Cybersecurity Transfer	(0.8)	(0.8)
Human Resources	0.8	1.4
Diversity, Equity & Opportunity	0.1	0.1
Office of Management & Budget	0.6	0.8
Construction, Permitting, Approvals & Licensing	0.3	0.3
Capital Asset Mngt. & Maint.	(0.2)	(0.2)
Capital Projects	-	(3.3)
All Other Adjustments	0.4	1.1
Total Changes <i>(in millions)</i>	\$2.0	\$0.9

Enterprise Technology Strategy and Services

- 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

Enterprise Technology Strategy and Services

	17 Enact.	17 Gov. Rev.	18 Gov. Rec.	Chng./ Enact	Chng./ Req.
Gen. Rev.	\$21.3	\$21.8	\$22.1	\$0.8	\$0.1
Fed. Funds	6.8	6.8	6.7	(0.1)	-
Rest. Rec.	9.9	16.2	10.8	0.9	0.6
Other	2.8	2.7	2.7	(0.1)	-
Total <i>(in millions)</i>	\$40.8	\$47.6	\$42.3	\$1.5	\$0.6
FTE	194.5	193.0	194.0	(0.5)	1.0

Technology Investment Fund

- Info. 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 \$24.5 million in both FY 2017 revised and FY 2018 budgets
 - Projects include:
 - EOHHs/DHS – Unified Health Infrastructure Project
 - DOA – Integrated Budget Development System
 - DOA – Time, Attendance, Leave & Scheduling
 - DLT – Unemployment System
- FY 2018 projected Fund balance \$7 million

Cybersecurity Transfer

- Governor issued ex. order in May 2015
- Established 15-member Cybersecurity Commission
- Tasked with:
 - Creating framework for coordinated response
 - Simulation testing

Cybersecurity Transfer

- FY 2017 enacted budget includes \$0.8 million from general revenues in DOA
 - Fund a cybersecurity director
 - Software and training expenses
- Governor transfers expenditures and staffing to Department of Public Safety:
 - FY 2017 rev. budget includes \$0.4 million
 - FY 2018 rec. budget includes \$0.8 million
 - Position has not been filled

Human Resources

	17 Enact.	17 Gov. Rev.	18 Gov. Rec.	Chng./ Enact	Chng./ Req.
Gen. Rev.	\$7.8	\$8.0	\$8.6	\$0.8	\$0.2
Fed. Funds	0.8	1.0	1.1	0.3	-
Rest. Rec.	0.5	0.6	0.6	0.2	-
Other	1.5	1.6	1.6	0.1	(0.1)
Total <i>(in millions)</i>	\$10.5	\$11.2	\$11.9	\$1.4	\$0.1
FTE	95.8	99.8	99.8	4.0	-

Human Resources

- Governor recommends \$0.3 million and \$0.6 million in FY 2017 and in FY 2018
- 4.0 new positions
 - Executive director:
 - To provide strategic leadership to division
 - Director of recruitment
 - Administrative officer
 - Human resources analyst

Human Resources

- Personnel Reform 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
 - In 2012, Administration hired Segal to conduct a comprehensive personnel study
- Completed in January 2013

Human Resources

- 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 6 months from the time it is requested
 - Provided a total of 16 recommendations
 - Restructure HR – ongoing
 - Online application system - implemented
 - Update position classifications – study in process

Human Resources

Redesign state's classification and compensation systems

- Governor recommends \$0.9 million in both years
 - Total funding through FY 2018 - \$1.5 million
- Goals:
 - Increase flexibility within the classification and compensation systems
 - Increase the state's ability to attract and maintain workforce
 - Expected completion in spring 2017?

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 ensure minority participation in state funded const. programs & projects

Office of Diversity, Equity and Opportunity

- Governor recommends \$0.1 million from gen. rev. to conduct a disparity study
 - Examine procurement practices of state agencies
 - Enhance participation in state contracts of business enterprises owned by women and minorities
 - Time period for study: 7/1/11 - 6/30/16
 - Issued request for proposals and bids are under review
 - Estimated completion – 2 years

Office of Management and Budget

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

Office of Management and Budget

	17 Enact.	17 Gov. Rev.	18 Gov. Rec.	Chng./ Enact	Chng./ Req.
Gen. Rev.	\$7.5	\$8.0	\$8.1	\$0.6	\$0.1
Rest. Rec.	0.4	0.5	0.3	(0.1)	
Other	1.4	1.5	1.7	0.3	
Total <i>(in millions)</i>	\$9.3	\$9.9	\$10.1	\$0.8	\$0.1
FTE	65.0	67.6	67.6	2.6	-

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 OBM 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 and 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 and
 - Reduce recidivism of formerly incarcerated
 - Provide skills development and access to transitional jobs and permanent employment
- Governor recommends \$0.5 million in FY 2017 and \$0.4 million in FY 2018
 - Grant payments to service providers after outcomes have been achieved

Article 7, Section 3 –

Performance Improvement Fund

- 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
- Fund intended for use with current Pay for Success Program
- Hearing held on February 28th

Construction Permitting, Approvals and Licensing

- Contractors' Registration and Licensing Board
- Fire Safety Board of Appeal & Review
- State Building Code Commission

Construction Permitting, Approvals and Licensing

	17 Enact.	17 Gov. Rev.	18 Gov. Rec.	Chng./ Enact	Chng. / Req.
Gen. Rev.	\$1.8	\$2.1	\$2.2	\$0.3	\$-
Rest. Rec.	1.4	1.4	1.4	-	
Total <i>(in millions)</i>	\$3.3	\$3.5	\$3.6	\$0.3	\$-
FTE	26.0	28.0	28.0	2.0	(1.0)

Capital Asset Management and Maintenance

- Division of Capital Asset Management and Maintenance (DCAMM)
 - 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

Capital Asset Management and Maintenance

	17 Enacted	17 Gov. Rev.	18 Gov. Rec.	Chng./ Enact	Chng./ Req.
Gen. Rev.	\$34.7	\$33.8	\$34.5	\$(0.2)	\$(0.1)
Fed. Funds	1.3	1.6	1.6	0.3	-
Rest. Rec.	0.4	0.6	0.7	0.2	-
Other	4.4	3.8	3.9	(0.5)	-
Total <i>(in millions)</i>	\$40.9	\$39.8	\$40.7	\$(0.2)	\$(0.1)
FTE	132.5	136.5	136.5	4.0	-

Capital Asset Management and Maintenance

- Responsible for 140 state buildings
 - Funding in division supports building operations, maintenance, and repairs for state properties, including Pastore Campus
- Recommends \$4.1 million in each year years for building repairs & maintenance
 - General repairs, elevators, HVAC and waste disposal
 - \$0.4 million more general revenues than enacted and is consistent with request
 - Performing maintenance of group homes previously under purview of DCYF and BHDDH

Capital Asset Management and Maintenance

Other Major Expenditures:

- Utilities
 - \$16.5 million in FY 2017 & \$16.4 million in FY 2018
- Snow removal
 - \$0.6 million each in both years
- Central Power Plant Operations
 - \$2.7 million in FY 2017 & \$2.8 million in FY 2018

Capital Projects

- Recommends consolidation of certain projects funded with RICAP under oversight of DCAMM into 5 categories:
 - Capitol Hill Campus, Environmental projects, State Facility, Pastore Center Campus, and State House Asset Protection
 - Flexibility to manage statewide projects
- Prior Appropriation Acts
 - Listed each project by its own line
 - Its own cost

Capital Projects

- Recommends total project costs of \$329.1 million
- \$162.7 million will be used from FY 2018 - FY 2022
- Total 38 projects
 - Pastore Campus – 11
 - Other State Facilities – 20
 - Other projects – 7

Capital Projects

Pastore Campus Projects

- \$37.3 million will be used from FY 2018 – FY 2022
- Projects include:
 - Roof replacement
 - Window replacement
 - Utilities upgrade
 - Parking improvements
 - Buildings demolition

Capital Projects

Virks Building Renovations

- Total project costs of \$22.7 million from Capital Plan funds
- Interior renovations, including HVAC and roof replacement
- Once renovated, building could accommodate 200 to 225 employees
- Office of Health and Human Services staff
 - Billing Medicaid – recover half through lease

Capital Projects

Other State Facilities Projects

- \$87.9 million will be used from FY 2018 – FY 2022
- Projects include:
 - State House Renovations
 - Chapin Health Laboratory
 - Convention Center Facility Renovations
 - Dunkin Donuts Center
 - William Powers – Administration Building
 - Shepard Building

Capital Projects

Shepard Building

- \$5.0 million from Capital Plan funds
- Project include:
 - Renovate Westminster Street entrance
 - Roof replacement,
 - Structural facade repair,
 - Replacement of all restroom floors
- Transferred to DOA
 - Previously under oversight of URI

Capital Projects

Other Projects

- \$37.6 million will be used from FY 2018 – FY 2022
- Projects include:
 - Environmental Compliance
 - Information Technology – Article 16, Sec. 2
 - Energy Efficiency – Article 16, Sec. 3

Article 16, Section 2 – Information Technology

- Issuance of \$16.2 million through Certificates of Participation for information technology projects
 - Annual debt service \$2.1 million
 - Assuming 5.0 percent interest rate and 10 years
- Legislation identifies the specific components to be funded

Article 16, Section 2 – Information Technology

Project	Cost
Integrated Tax System – Phase II	\$2.0
Health Vital Records	2.5
New Hospital System	8.1
Statewide Payroll System	3.5
Financing Cost	0.1
Total (in million)	\$16.2

- Hearing was held on February 28th

Article 16, Section 3 – State Energy Improvements

- Borrow \$12.0 million
 - Use of Certificates of Participation (COPS)
- Use to leverage other funds
 - RGGI, RICAP & funds from National Grid
- Make energy improvements (lighting & HVAC) in state facilities:
 - Group homes
 - Cannon building
 - State House
 - Other facilities

Article 16, Section 3 – State Energy Improvements

- Debt service = \$1.7 million annually
 - Assuming 5.0% and 10 years
 - Supported with “energy efficiency savings”
- Budget also includes \$5.0 million RICAP
 - \$1.0 million annually from FY 2018 – FY 2022
 - Shovel ready projects:
 - Numerous state buildings
 - Few group homes
- Prior projects like this used 3rd party risk

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 24 reports
 - State Fleet
 - Outside Legal Services
 - Closing Statements - Preliminary & Final
 - Technology Infrastructure Projects Status

Annual Reporting Requirements

Areas of Reporting	Number of Reports	Compliance
Consultant/Privatization	7	Unclear
Financial/Audit	4	4
Regulatory	3	1
Energy	2	2
All Other	8	Unclear
Total	24	?

- Budget did not include required compilation of the reports
 - Unclear how many are in compliance

Department of Administration

Governor's FY 2017 Revised, FY 2018 Budget and
Capital Budget Recommendations
House Finance Committee
April 4, 2017
