

Governor's FY 2016 Budget: Articles

Staff Presentation to the House Finance
Committee
May 6, 2015

Introduction

- Article 14, Section 1
- New Article – State Leases

Art. 14, Sec. 1 – State Budget

- Removes requirement that any surplus revenue be transferred to the Retirement System to pay down unfunded liability for FY 2015
- This requirement adopted as part of the FY 2008 budget by 2007 Assembly

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Art. 14, Sec. 1 – State Budget

- Revised FY 2015 budget includes \$13.8 million based on FY 2014 audited closing
 - Revenues were \$14.2 million more than assumed in final budget
 - 3% transfer of \$0.4 million to “rainy day” fund
 - \$13.8 million remaining for transfer to Retirement System

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Art. 14, Sec. 1 – State Budget

Audited Closing	Transfer to Retirement System
FY 2012*	\$12.9 million
FY 2013	\$0.2 million

** Governor Chafee proposed repealing requirement for this transfer; Assembly did not concur and transfer was made*

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Art. 14, Sec. 1 – State Budget

- One of two laws that force savings into System to improve funding
- Other requires that for any fiscal year in which contribution rates are lower than the prior year, 20% of rate reduction be transferred to System
 - Adopted by 2005 Assembly
 - Governor Chafee proposed removing requirement in FY 2013; Assembly did not concur

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Art. 14, Sec. 1 – State Budget

- Both provisions retained by Assembly when it enacted pension reform in 2011
- This would be 3rd time a Governor proposed legislation to repeal a requirement for funds to go to System to pay down unfunded liability

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Art. 14, Sec. 1 – State Budget

- Gives OMB Director authority to determine if excess funds can be transferred to Retirement System in other years
 - Determination to be based on current and future deficits
 - Parameters are not defined

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New Article – State Leases

- Joint Resolution requesting General Assembly approval for the state to enter into six long-term property leases
 - Department of Environmental Management
 - Department of Children, Youth and Families
 - Public Defender
 - Secretary of State
 - Department of Human Services

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State Leases

- 27 state leases are in effect:
 - 3 are on a month-to-month basis
 - 5 set to expire in FY 2015
 - 6 set to expire in FY 2016
- All current leases total \$10.3 million annually
 - Range from \$1 to \$2.2 million

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State Leases

- Current law requires departments to obtain legislative approval before entering into:
 - Long-term lease; five years or more
 - Lease agreements in excess of \$0.5 million
- Requirement adopted by 2006 Assembly

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New Article – State Leases

Department	Location	Square Ft.	Length	Total Costs
DHS	197-211 Buttonwoods	10,380	5 yrs.	\$0.5
	77 Dorrance St.	25,812	5 yrs.	2.0
DEM	235 Promenade St.	126,184	10 yrs.	25.2
DCYF	101 Friendship St.	99,500	10 yrs.	24.0
Pub. Defender	160 Pine St.	19,777	10 yrs.	4.7
Sec. of State	TDB	12,152	10 yrs.	2.7
Total				\$59.1

in millions

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New Article – Section 2

- Department of Human Services
 - 197-211 Buttonwoods Avenue, Warwick
 - Used as one of Department's field office
 - Current lease expires on June 30, 2015
- Lease renewal
 - 5 yr. term for 10,380 square feet
 - Total amount not to exceed \$540,901.80
 - Year 1 cost not to exceed \$104,941.80 and years 2-5 not to exceed \$108,990.00 annually

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New Article – Section 3

- Department of Human Services
 - 77 Dorrance Street, Providence
 - Houses Child Support program operations
 - Current lease expires on August 31, 2015
- Lease Renewal
 - 5 yr. term for 25,812 square feet
 - Total amount not to exceed \$2.0 million
 - Costs not to exceed \$362,658.60 in yr. 1 and yrs. 2-5 not to exceed \$401,376.60 annually

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New Article – Section 4

- Department of Environmental Management
 - 235 Promenade Street, Providence
 - Department's headquarters
 - Expires on July 7, 2016
- Lease renewal
 - 10-year term for 126,184 square feet
 - Total amount not to exceed \$25.2 million
 - Not to exceed \$2,447,969.60 first 5 yrs. and yrs. 6-10 costs not to exceed \$2,586,772 annually

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New Article – Section 5

- Department of Children, Youth & Families
 - 101 Friendship Street, Providence
 - Headquarters/office space
 - Current lease expires on November 30, 2015
- Lease renewal
 - 10-yr. term for 99,500 square feet
 - Total costs not to exceed \$24.0 million
 - Costs not to exceed \$2,349,116 in yrs. 1-5 and \$2,418,616 in yrs. 6-10
 - Janitorial services & parking

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New Article – Section 6

- Office of the Public Defender
 - 160 Pine Street, Providence
 - Headquarters/office space
 - Current lease expires on March 31, 2016
- Lease renewal
 - 10-year term for 19,777
 - Total cost not to exceed \$4.7 million
 - Costs not to exceed \$454,374.5 yrs. 1-5 and \$481,666.76 yrs. 6-10
 - Includes janitorial services and parking

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New Article – Section 7

- Secretary of State
 - Currently occupies 12,152 square feet at 148 West River Ave.
 - Lease expires on December 31, 2015
 - Intends to seek requests for proposal
- Lease renewal
 - Providence – site to be determined
 - 10-year term
 - Total cost not to exceed \$2.7 million

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New Article – State Leases

Department	FY 2016 Gov. Rec.	New Article	Difference
DEM	\$2,455,360	\$2,447,970	(\$7,390)
DCYF	2,349,116	2,349,116	-
Pub. Defender	440,563	454,375	13,812
Sec. of State	364,679	270,000	(94,679)
DHS	439,356	467,601	38,625
Total	\$6,049,074	\$5,989,062	(\$60,012)

- Article takes effect upon passage

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New Article – State Leases

- Administration and DCYF are considering relocation some staff to state-owned property
 - Pastore Center in Cranston
 - Would lower costs from requested authorization
 - Authorization is maximum amount requested
 - Expects to have issue resolved before lease expires in November 2015

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