

# Department of Administration

Governor's FY 2025 Revised, FY 2026 and  
Capital Budget Recommendations

*Staff Presentation to the House Finance  
Subcommittee on General Government  
March 25, 2025*

---

# Department of Administration

- Overhead – Centralized/Statewide
  - Capital Asset Mgmt. and Maintenance
    - Facilities Management and Capital Projects
  - Debt
  - Human Resources
  - Enterprise Technology Strategy & Services
    - Previously Division of Information Technology
  - Legal Services
  - Purchasing

# Department of Administration

- Overhead:
  - Accounts and Control
    - Office of Federal Grants Management
  - Central Management
  - Office of Management & Budget
    - State Budget Office
    - Office of Internal Audit and Program Integrity
    - Office of Regulatory Reform
    - Performance Management
    - Pandemic Recovery Office

# Department of Administration

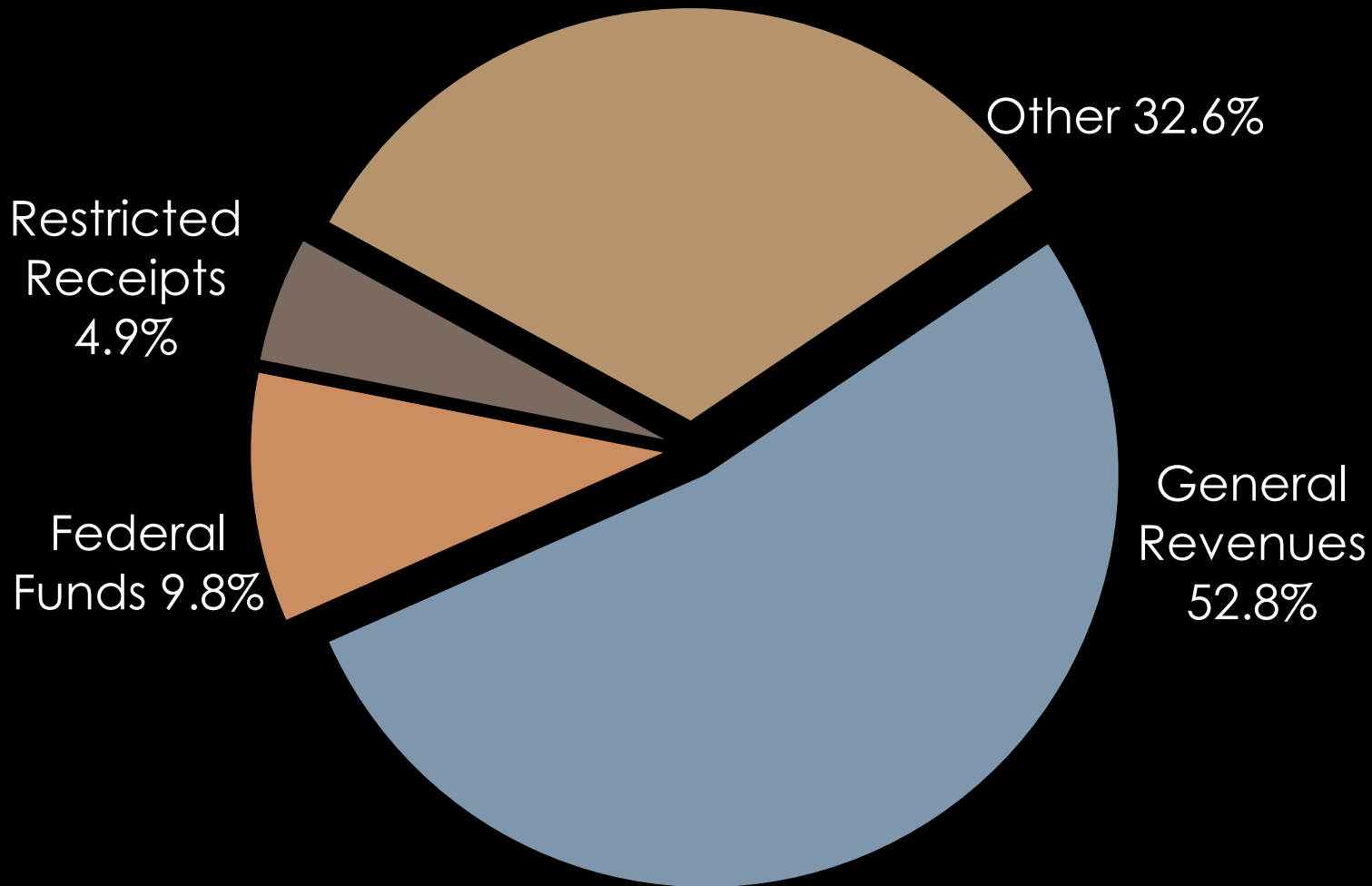
- Other programs:
  - Office of Library & Information Services
  - Statewide Planning
  - Personnel Appeal Board
  - HealthSource RI
  - Division of Equity, Diversity & Inclusion
    - Previously Office of Diversity, Equity & Opportunity
- Governor's budget reflects Office of Energy Resources as standalone agency

# Funding by Source

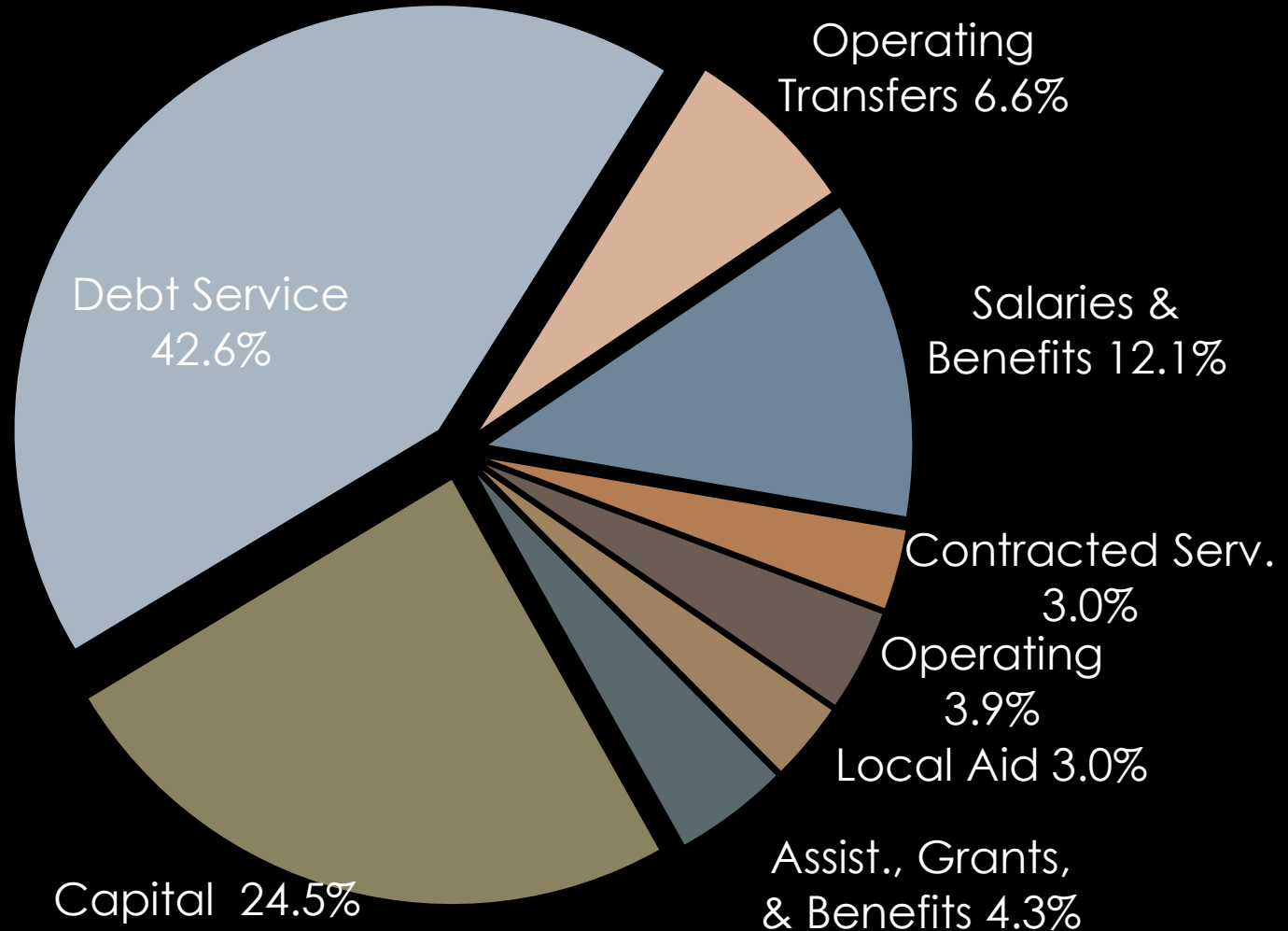
	<b>Gen. Rev.</b>	<b>Fed. Funds</b>	<b>Restr. Rec.</b>	<b>Other</b>	<b>Total</b>
FY 2025 Enacted*	\$254.5	\$63.7	\$24.8	\$165.3	\$508.3
Governor Rev.	\$239.4	\$152.0	\$34.5	\$222.4	\$648.3
<b>Change</b>	<b>\$(15.1)</b>	<b>\$88.4</b>	<b>\$9.7</b>	<b>\$57.1</b>	<b>\$140.0</b>
FY 2026 Request	\$241.8	\$60.0	\$23.1	\$158.2	\$483.2
Governor	\$262.8	\$48.5	\$24.3	\$162.1	\$497.7
<b>Gov. to Enacted</b>	<b>\$8.3</b>	<b>\$(15.1)</b>	<b>\$(0.4)</b>	<b>\$(3.2)</b>	<b>\$(10.6)</b>
<b>Gov. to Request</b>	<b>\$21.0</b>	<b>\$(11.5)</b>	<b>\$1.1</b>	<b>\$3.8</b>	<b>\$14.5</b>

\$ in millions; \*excludes Office of Energy Resources

# FY 2026 Recommendation by Source

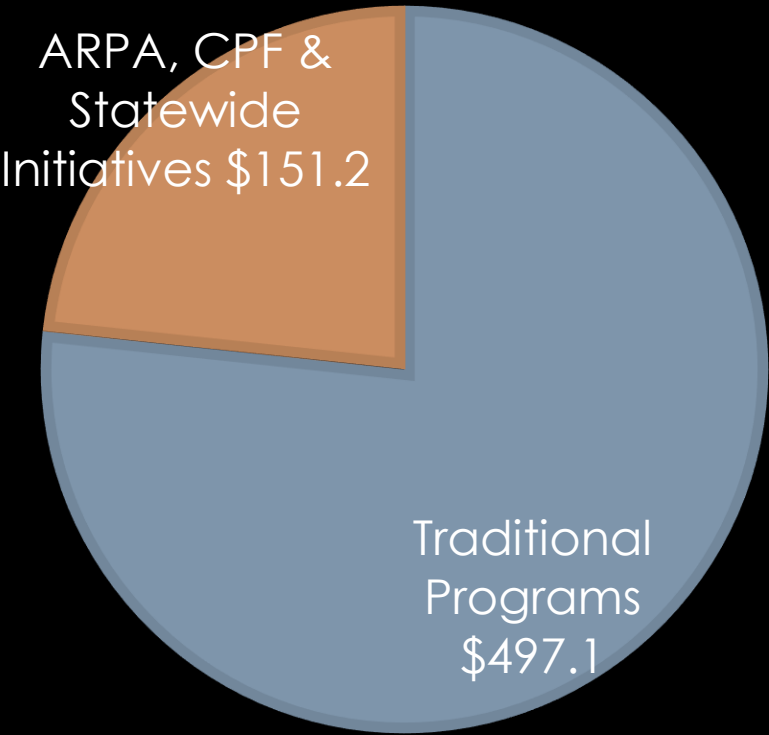


# FY 2026 Recommendation by Category



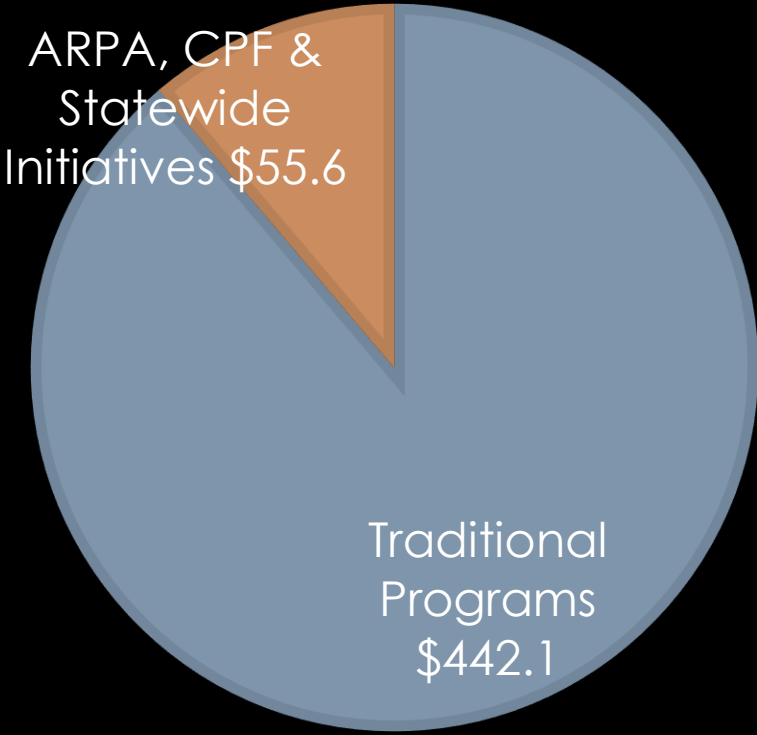
# Governor's Recommendation

**FY 2025 REVISED**



*\$ in millions*

**FY 2026**



*\$ in millions*



# 2025-H 5076

Topic	Article	Hearing Date
State Fiscal Recovery Funds Reporting & Compliance	1, Sec. 19 & 1, Sec. 6 of 5075	Feb. 6
Indirect Cost Recovery	2, Sec. 2	
State Controller – Excess Revenue Transfer FY 2024 Reversal	2, Sec. 3	
Procurement Fee	3, Sec. 14	
Risk Management	3, Sec. 17	
Office of Internal Audit & Program Integrity	3, Secs. 3, 7-13, 16, 18, 19, 21 & 22	Mar. 4
State Office Property Acquisition	1	

# Requested Amendments

Topic	Article	GBA	Date
Adjusts debt service expenses	1 of 5075	#4	Mar. 17
Adjusts capital project expenses & allocates \$10M to Zambarano Buildings & Campus	1 of 5075 & 5076	#6 & #7	Mar. 18
Updates project costs for Enterprise Resource Planning System	1 of 5075	#8	Mar. 21
Authorizes DOA director to charge agencies capitalized costs for certain IT projects	2 of 5076	#9	
Authorizes State Controller to transfer accrued interest to IT funds			
Adds 15 FTE to replace IT contract managers; DOA power to set salaries	1 & 3 of 5076	#10	

# Staffing

Full-Time Equivalent Positions		Change to Enacted
Enacted Authorization	667.6	-
FY 2025 Rev. Req.	667.6	-
FY 2025 Gov. Revised	667.6	-
FY 2026 Request	667.6	-
FY 2026 Governor	669.6	2.0
Filled as of February 22	622.6	(45.0)

*Excluding Office of Energy Resources*

# ARPA Proposals – Capital Projects Fund

Capital Projects Fund	Agency	Spent	FY 2025	FY 2026	Total
CPF Administration	Department of Administration	\$0.6	\$3.1	\$0.5	\$4.3
Community Learning Center Matching Grants		2.1	79.6	-	81.7
Last Mile Broadband	Executive Office of Commerce	-	25.8	-	25.8
<b>Total</b>		<b>\$2.7</b>	<b>\$108.5</b>	<b>\$0.5</b>	<b>\$111.8</b>

*\$ in millions*

# ARPA – Community Learning Center Support Grant

- Governor maintains \$81.7 million from CPF for matching grants to cities & towns
  - Renovate/build community learning centers
    - Comply with work, education, and health monitoring requirements
- Maintains FY 2025 enacted \$2.0M SFRF to support Learning Center operations
  - Distributed equally
  - Approved centers that do not reach substantial completion by 10/31/26 must return funds by 11/15/26 for redistribution

# State Fiscal Recovery Fund

<b>ARPA - State Fiscal Recovery Fund</b>	<b>Spent</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>Total</b>
Auto-Enrollment Program	\$1.4	\$0.2	\$-	\$1.6
Warehouse Support	2.2	1.9		4.2
Community Learning Center	-	2.0	-	2.0
Health Care Facilities	77.5	10.0	-	87.5
Admin. Pandemic Recovery Office	12.1	1.8	1.4	15.4
Municipal Public Safety Infrastructure	3.6	7.3	-	11.0
Nonprofit Assistance	20.0	-	-	20.0
Aid to the Convention Center	10.0	-	-	10.0
<b>Total</b>	<b>\$127.0</b>	<b>\$23.3</b>	<b>\$1.4</b>	<b>\$151.7</b>

*\$ in millions*

# Contract Reserve

- Administration reached agreements with majority of state employee unions
  - Includes cost-of-living adjustments: 5% for FY 2025, 4% for FY 2026, and 3% for FY 2027
- Governor includes \$12.2M for FY 2025 & \$20.6M for FY 2026 for potential costs where settlements have not yet been reached
  - DOC, DPS and RIDE
  - General revenues: \$11.2M for FY 2025 and \$19.0M for FY 2026

# Department of Administration

Traditional Programs	FY 2025 Governor		FY 2026 Governor	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
<b>Chg. to Enacted Reappropriation</b>	<b>\$0.8</b>	<b>\$0.8</b>	<b>\$-</b>	<b>\$-</b>
One-Time Expenses	(20.6)	(27.5)	(25.6)	(32.5)
Debt Service	(5.3)	(5.3)	14.0	14.1
Library Aid	-	-	(0.1)	(0.1)
HealthSource RI	(1.5)	0.2	(1.6)	(0.5)
Centralized Services*	0.2	8.8	(0.8)	(2.2)
All Other	0.1	59.6	3.5	2.7
<b>Total Changes</b>	<b>\$(26.4)</b>	<b>\$36.5</b>	<b>\$(10.7)</b>	<b>\$(18.6)</b>

\*Includes Human Resources, Purchasing, IT, Capital Asset Management & Maintenance, & Legal Services; \$ in millions



# Reappropriation

- ## Compensation & Job Classification Study
- FY 2024 final budget included \$2.0M from general revenues for compensation and job classification study
    - Delays from FY 2023
  - FY 2025 revised budget includes \$750,000 reappropriated from FY 2024
    - Administration reduced scope of the study and the number of deliverables in the contract

# Department of Administration

Traditional Programs	FY 2025 Governor		FY 2026 Governor	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
Chg. to Enacted				
Reappropriation	\$0.8	\$0.8	\$-	\$-
<b>One-Time Expenses</b>	<b>(20.6)</b>	<b>(27.5)</b>	<b>(25.6)</b>	<b>(32.5)</b>
Debt Service	(5.3)	(5.3)	14.0	14.1
Library Aid	-	-	(0.1)	(0.1)
HealthSource RI	(1.5)	0.2	(1.6)	(0.5)
Centralized Services*	0.2	8.8	(0.8)	(2.2)
All Other	0.1	59.6	3.5	2.7
<b>Total Changes</b>	<b>\$(26.4)</b>	<b>\$36.5</b>	<b>\$(10.7)</b>	<b>\$(18.6)</b>

\*Includes Human Resources, Purchasing, IT, Capital Asset Management & Maintenance, & Legal Services; \$ in millions

# One-Time Expenses – Pension Plan Revisions

- Enacted budget includes \$27.5M from all sources, \$20.6M from general revenues for pension plan revisions
  - Affecting retirees and active members
    - Cost-of-living adjustment
    - Pension benefit calculation
    - Public safety pensions
    - Post-retirement employment
  - Included in DOA for later distribution
- Recommendation reflects distribution of these funds

# One-Time Expenses – FEMA Contingency Reserve

- Enacted budget includes \$5.0 million from general revenues as a contingency reserve
  - In event FEMA reimbursements for COVID-19 differ from budgeted assumptions
- FY 2026 recommended budget removes one-time expense
- State is no longer incurring COVID-related FEMA reimbursable emergency expenses

# Department of Administration

Traditional Programs	FY 2025 Governor		FY 2026 Governor	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
Chg. to Enacted				
Reappropriation	\$0.8	\$0.8	\$-	\$-
One-Time Expenses	(20.6)	(27.5)	(25.6)	(32.5)
<b>Debt Service</b>	<b>(5.3)</b>	<b>(5.3)</b>	<b>14.0</b>	<b>14.1</b>
Library Aid	-	-	(0.1)	(0.1)
HealthSource RI	(1.5)	0.2	(1.6)	(0.5)
Centralized Services*	0.2	8.8	(0.8)	(2.2)
All Other	0.1	59.6	3.5	2.7
<b>Total Changes</b>	<b>\$(26.4)</b>	<b>\$36.5</b>	<b>\$(10.7)</b>	<b>\$(18.6)</b>

\*Includes Human Resources, Purchasing, IT, Capital Asset Management & Maintenance, & Legal Services; \$ in millions

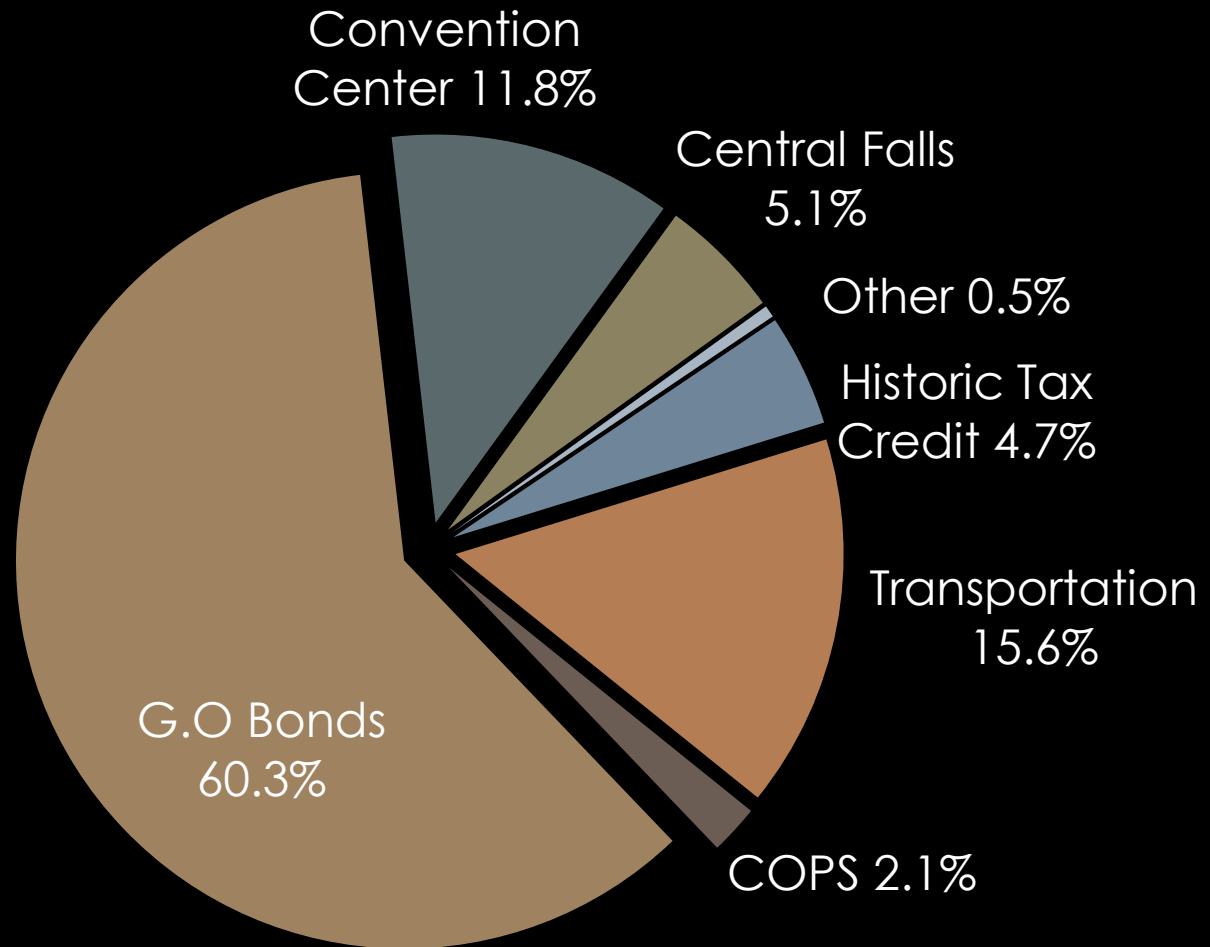
# Debt Service

<b>Debt Service</b>	<b>General Revenues</b>	<b>Other</b>	<b>Total</b>
FY 2025 Enacted	\$164.8	\$33.0	\$197.8
Governor Revised	\$159.5	\$33.0	\$192.5
<b>Rev. Change</b>	<b>\$(5.3)</b>	<b>\$-</b>	<b>\$(5.3)</b>
FY 2026 Governor	\$178.8	\$33.1	\$211.9
<b>Gov. Change</b>	<b>\$14.0</b>	<b>\$0.1</b>	<b>\$14.1</b>

*\$ in millions*

- DOA's budget includes most debt service costs
  - Excludes all for higher education & some DOT
  - GBA #4 adds \$55K from other funds for arbitrage yield payment

# FY 2026 Debt



# Debt – Convention Center

- CC Authority oversees operations
  - Third Party Managers for most facilities
    - Oak View Group
      - Convention Center & Civic Center (AMP)
  - Professional Facilities Management
    - Veterans Auditorium
  - Garrahy Courthouse Garage
  - State must cover CCA operating shortfalls
- Governor recommends \$24.5M for FY 2025 and FY 2026
  - Essentially as enacted



# Debt – Garrahy Garage Project

- 2016 Assembly amended original 2014 authorization for CCA debt
  - \$45M in borrowing if Authority has 3 purchase and sale agreements or
  - Wexford agrees to no less than 400 spaces
- Garage opened in March 2020
  - Annual debt is \$3.0M
    - Gov. recommends \$0.5 M from GR for FY 2025 & FY 2026
    - Garage revenues to cover \$2.5M & \$1.1M cost to operate
    - Revenues were \$4.0M in FY 2024; less in prior years
    - No state support assumed beyond FY 2026

# Debt – Central Falls

- 2021 Assembly authorized RIHEBC to issue revenue bonds to construct new high school for Central Falls
  - \$144.0 million total project cost
    - \$138.2 million state; \$5.8 million City
- Governor recommends \$10.7 million in FY 2026
  - \$3.5 million more than enacted for FY 2025
    - Reflects full issuance
      - \$93.5M issued in FY 2024; \$50.5M will be issued in FY 2026

# Debt – Certificates of Participation

Projects	FY 2026 Payment	Last Payment Date
School for the Deaf	\$2.5	FY 2029
Hospital Reorganization	1.9	FY 2034
<b>Total</b>	<b>\$4.4</b>	

*\$ in millions*

- Recommendation is \$11.2 million less than enacted
  - Debt completed for Training School, Traffic Tribunal, energy conservation and information technology projects

# Department of Administration

Traditional Programs	FY 2025 Governor		FY 2026 Governor	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
Chg. to Enacted				
Reappropriation	\$0.8	\$0.8	\$-	\$-
One-Time Expenses	(20.6)	(27.5)	(25.6)	(32.5)
Debt Service	(5.3)	(5.3)	14.0	14.1
<b>Library Aid</b>	-	-	<b>(0.1)</b>	<b>(0.1)</b>
HealthSource RI	(1.5)	0.2	(1.6)	(0.5)
Centralized Services*	0.2	8.8	(0.8)	(2.2)
All Other	0.1	59.6	3.5	2.7
<b>Total Changes</b>	<b>\$(26.4)</b>	<b>\$36.5</b>	<b>\$(10.7)</b>	<b>\$(18.6)</b>

\*Includes Human Resources, Purchasing, IT, Capital Asset Management & Maintenance, & Legal Services; \$ in millions

# Library & Information Services

- Oversee 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 education for RI library community
    - Literacy

# Library & Information Services

	<b>FY 2025 Enacted</b>	<b>FY 2025 Governor</b>	<b>FY 2026 Governor</b>	<b>Chg./ Enact.</b>	<b>Chg./ Req.</b>
Sal. & Ben.	\$1.8	\$1.8	\$2.0	\$0.2	\$0.2
Operating	1.6	1.6	1.6	0.0	0.0
Asst., & Grants	0.2	0.2	0.2	-	-
<b>Total</b>	<b>\$3.6</b>	<b>\$3.6</b>	<b>\$3.8</b>	<b>\$0.2</b>	<b>\$0.2</b>
<b>FTE</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>-</b>	<b>-</b>

*\$ in millions*

- \$1.6M of expenses is supported by federal funds – Institute of Museum and Library Services
  - Delivery services, talking books for the blind, summer reading, local library support and salaries and benefits
  - Grant status – is uncertain

# Library Aid

- Law provides up to 25% reimbursement of 2<sup>nd</sup> prior year operating expenditures
  - Gov. recommends \$11.9M for FY 2026 aid
    - Consistent with FY 2025 total
  - Funds aid at 24.5% reimbursement
- State also reimburses libraries up to ½ of total construction costs - installment basis
  - \$2.1 million for library construction in FY 2026
    - \$0.1 million less than enacted

# Department of Administration

Traditional Programs	FY 2025 Governor		FY 2026 Governor	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
Chg. to Enacted				
Reappropriation	\$0.8	\$0.8	\$-	\$-
One-Time Expenses	(20.6)	(27.5)	(25.6)	(32.5)
Debt Service	(5.3)	(5.3)	14.0	14.1
Library Aid	-	-	(0.1)	(0.1)
<b>HealthSource RI</b>	<b>(1.5)</b>	<b>0.2</b>	<b>(1.6)</b>	<b>(0.5)</b>
Centralized Services*	0.2	8.8	(0.8)	(2.2)
All Other	0.1	59.6	3.5	2.7
<b>Total Changes</b>	<b>\$(26.4)</b>	<b>\$36.5</b>	<b>\$(10.7)</b>	<b>\$(18.6)</b>

\*Includes Human Resources, Purchasing, IT, Capital Asset Management & Maintenance, & Legal Services; \$ in millions



# HealthSource RI

- HealthSource RI state-based exchange
  - Individual/family market
  - Small business market (SHOP)
- ACA requires exchanges be self-sustaining
  - 2015 Assembly - health premium assessment
    - Based on premiums sold on exchange
    - Limited to amount that would be raised through federally facilitated marketplace

# HealthSource RI

- Recommendations assume receipts of \$11.8M for FY 2025 and \$11.1M for FY 2026
  - \$0.3 million more than enacted for FY 2025
    - Receipts higher based on projected enrollments
  - \$0.4 million less than enacted for FY 2026
    - Federal enhanced subsidies for premium assistance expiring Dec. 2025

Calendar Year Enrollment	2021	2022	2023	2024	2025*	Feb. 2025
Individual Market	31,533	29,450	32,637	42,258	39,392	41,370
Small Business	6,660	7,366	7,737	8,448	9,005	8,530
<b>Total Enrollments</b>	<b>38,193</b>	<b>36,816</b>	<b>40,374</b>	<b>50,706</b>	<b>48,397</b>	<b>49,900</b>

*\*Projections*

# HealthSource RI

Individual Market	# Enrolled	% Enrolled
No Financial Assistance	4,964	12%
Enrolled w/ Advanced Premium Tax Credit	21,513	52%
Enrolled w/ APTC & Cost-Sharing Reductions (138-250% FPL) or CSR only	14,893	36%
<b>Total</b>	<b>41,370</b>	<b>100%</b>

- Average/person full premium: \$572.79
- Average/person APTC: \$474.48
- Average monthly payment: \$98.31
- Reported fed. tax credit
  - \$128.6M in 2023 & \$187.6M in 2024
- Projected tax credit
  - \$184.3M in 2025 & \$120.9M in 2026

# HealthSource RI

- FY 2025 revised budget shifts gen. revenue expenses of \$1.5M to available receipts
  - HealthSource RI had \$0.9M more in restricted receipts than FY 2024 final budget projected

- Projecting additional revenues for FY 2025

## Unified Health Infrastructure Project

- FY 2026 recommendation shifts \$0.7M of gen. revenue expenses to EOHHS
  - HealthSource RI's share of project cost
    - Reflects an updated plan for costs shared

# Auto-Enrollment Program

- Governor recommends \$0.2 million from SFRF for FY 2025
  - HSRI to automatically enroll qualified individuals transitioning off Medicaid
    - Support 2 months of premium and operating costs
  - Unspent funds from FY 2024
- \$1.6 million total is consistent with allocation
  - \$1.4 million prior year expenses

# Health Insurance Market Stability

- Gov. recommends \$16.5 million from all sources for reinsurance program in FY 2026
  - \$15.8 million to make reinsurance payments to health insurance carriers
  - \$0.6 million for program administration

	<b>FY 2025 Enacted</b>	<b>FY 2025 Governor</b>	<b>FY 2026 Governor</b>
Federal Funds	\$10.8	\$10.8	\$10.8
Restricted Receipts	5.7	5.7	5.7
<b>Total</b>	<b>\$16.4</b>	<b>\$16.5</b>	<b>\$16.5</b>

*\$ in millions*

# Department of Administration

Traditional Programs	FY 2025 Governor		FY 2026 Governor	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
Chg. to Enacted				
Reappropriation	\$0.8	\$0.8	\$-	\$-
One-Time Expenses	(20.6)	(27.5)	(25.6)	(32.5)
Debt Service	(5.3)	(5.3)	14.0	14.1
Library Aid	-	-	(0.1)	(0.1)
HealthSource RI	(1.5)	0.2	(1.6)	(0.5)
<b>Centralized Services*</b>	<b>0.2</b>	<b>8.8</b>	<b>(0.8)</b>	<b>(2.2)</b>
All Other	0.1	59.6	3.5	2.7
<b>Total Changes</b>	<b>\$(26.4)</b>	<b>\$36.5</b>	<b>\$(10.7)</b>	<b>\$(18.6)</b>

*\*Includes Human Resources, Purchasing, IT, Capital Asset Management & Maintenance, & Legal Services; \$ in millions*

# Enterprise Technology Strategy and Services

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



# Large Systems Initiatives Fund

- 2023 Assembly established a Large Systems Initiatives Fund
  - Supported by direct appropriations
  - Managed by DOA chief information officer
    - Or his/her designee
  - For bigger information technology projects to facilitate capture of federal participation

# IT Investment Fund (FY 2024)

<b>Nine Largest Projects – FY 2023 and after</b>	<b>Planned</b>
Enterprise Resource Planning System	\$53.0
RI Children's Information System	16.7
Hospital Medical Records	22.4
DLT Mainframe Replacement	19.4
RI Bridges Mobile Access & Child Care Tracking	6.7
DEM Permit & Licensing System	5.4
Wi-Fi & Tech at the ACI	3.3
DBR e-Licensing & Blockchain	2.5
DOR Tax Modernization	2.3
<b>Total</b>	<b>\$131.6</b>

# IT Investment Fund (FY 2024)

Projects	FY 2023 and after
Nine Projects	\$131.6
FY 2022 ITIF Balance	\$153.1
Remaining Funds	\$21.4

*\$ in millions*

- Remaining funds support various smaller projects
  - E-procurement system
  - Match for vital records system
- All project subject to governance

# Enterprise Technology Strategy and Services

Governor requested amendments

- Article 1 of 2025-H 5076 - DOA
  - Adds 15.0 “Specialized IT positions”
    - Support maintenance operations and security of state information technology systems
- Article 3 of 2025-H 5076
  - Specialized IT positions = specific ETSS positions
  - Gives personnel administrator authority to change classifications & pay grades
    - Without public hearing or Governor approval
    - Report to Governor & Assembly within 30 days

# Enterprise Technology Strategy and Services

Governor requested amendments

- Article 2 of 2025-H 5076
  - Authorizes DOA director to charge agencies capitalized costs for certain IT projects
  - Authorizes State Controller to transfer excess interest accrued from LSI Fund to ITRR
    - Support Enterprise Source Planning system project cost increase
- Article 1 of 2025-H 5075
  - Updates ERP project cost

# Information Technology – Enterprise Resource Planning

- FY 2019 Single Audit Report
  - Issued by Auditor General reported major deficiencies around information technology
- Administration hired vendor in 2019 to examine options & strategy to replace
  - Report identified reasons for modernization
- Contracts were awarded in Nov. 2022
  - Expected completion dates
    - Human Resources & Payroll = Q3 CY 2025 - in testing
    - Finance = Q2 CY 2025 – in progress
    - System stabilization = Q2 CY 2028

# Information Technology – Enterprise Resource Planning

System Development	LSIF Fund	ITRR	Total	ISF – Agency Charges M&O	Av. Annual
FY 2022 Approved	\$50.0	\$-	<b>\$50.0</b>	\$18.7	\$3.1
FY 2026 Updated Project Cost	\$50.0	\$19.6	<b>\$69.6</b>	\$38.8	\$6.5
<b>GBA #8</b>	<b>\$14.9</b>	<b>\$19.6</b>	<b>\$84.5</b>		
<b>Chg. to Appr. % Chg.</b>	<b>\$14.9</b>	<b>\$19.6</b>	<b>\$34.5 69.0%</b>	<b>\$20.1 107.5%</b>	<b>\$3.4 109.7%</b>

*\$ in millions*

- Annual operating expenses of \$7 million
  - Agencies will be charged cost to maintain system based on their staffing levels

# IT Restricted Receipt

- 2023 legislation changed ITIF treatment as restricted account
  - Sources deposited into account
    - Land/building sales, excludes group homes
    - First response surcharge
- Governor recommends \$11.6M for FY 2025
  - \$8.2 million more than enacted
    - Unspent funds from FY 2024 – allocated to ERP
- Governor includes \$1.2M for FY 2026
  - Primarily reflecting available resources



# Information Technology – Cybersecurity Federal Grant

- IJA authorized \$1 billion from FFY 2022 to FFY 2025 for new program
  - States and local governments to enhance cybersecurity
  - RI's allocation is \$11M and match is required
    - Starting with 10% increasing to 40% by FY 2026
    - 80% of funds must go to local governments
  - Governor recommends
    - \$2.2M from general rev. over FY 2025 & FY 2026 to cover match
    - \$1.3M remains for FY 2027 and beyond

# Division of Purchases

- State purchasing program comprises five major functions
  - Procurement
  - Operational support services
    - Purchase order production and record keeping
  - Standards & specification development
    - Goods and services to be solicited
  - Issuance of specifications
  - Vendor information

# Art. 3, Sec. 14 – Procurement Fee (HFC 2/6/25)

- 2017 Assembly authorized assessment on Master Price Agreement vendors
  - Not to exceed 1.0%
  - Support e-procurement system
    - Implemented in February 2022
  - Deposited as restricted receipts
  - Required annual reporting by January 15
    - Collections
    - Expenses
    - Account balance

# Art. 3, Sec. 14 – Procurement Fee (HFC 2/6/25)

- Section 14 lowers fee cap to 0.33%
  - Expands to all contracts
  - Expands allowable uses
  - Effective January 1, 2026
    - Staggered rollout; full implementation in FY 2027
- Governor's recommendation includes general revenue savings of \$0.5 million
  - Shifts additional Division of Purchases expenses to currently available restricted receipts

# Art. 3, Sec. 14 – Procurement Fee (HFC 2/6/25)

- Purchasing budget is \$5.9 million for FY 2026
  - \$4.0 million remains funded from general revenues

<b>Fiscal Year</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Prior Yr. Balance	\$0.9	\$2.4	\$3.7	\$4.0
New Receipts	2.0	2.0	1.6	?
<b>Available</b>	<b>\$2.9</b>	<b>\$4.4</b>	<b>\$5.3</b>	<b>?</b>
Expenses	\$0.5	\$0.7	\$1.3	?
<b>Ending Balance</b>	<b>\$2.4</b>	<b>\$3.7</b>	<b>\$4.0</b>	

*\$ in millions*

# Department of Administration

Traditional Programs	FY 2025 Governor		FY 2026 Governor	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
Chg. to Enacted				
Reappropriation	\$0.8	\$0.8	\$-	\$-
One-Time Expenses	(20.6)	(27.5)	(25.6)	(32.5)
Debt Service	(5.3)	(5.3)	14.0	14.1
Library Aid	-	-	(0.1)	(0.1)
HealthSource RI	(1.5)	0.2	(1.6)	(0.5)
Centralized Services*	0.2	8.8	(0.8)	(2.2)
<b>All Other</b>	<b>0.1</b>	<b>59.6</b>	<b>3.5</b>	<b>2.7</b>
<b>Total Changes</b>	<b>\$(26.4)</b>	<b>\$36.5</b>	<b>\$(10.7)</b>	<b>\$(18.6)</b>

\*Includes Human Resources, Purchasing, IT, Capital Asset Management & Maintenance, & Legal Services; \$ in millions

# Office of Management and Budget

<b>Entities</b>	<b>FY 2025 Enacted</b>	<b>FY 2025 Gov.</b>	<b>FY 2026 Gov.</b>	<b>Chg./ Enact.</b>	<b>Chg./ Req.</b>
Off. Director	\$0.8	\$0.9	\$1.0	\$0.2	\$0.0
Budget Office	4.6	4.5	4.8	0.2	0.4
Regulatory Reform	0.7	0.8	0.9	0.1	0.1
Internal Audit & Program Integrity	4.1	4.5	5.0	0.9	0.7
Performance Mgmt.	0.7	0.9	1.0	0.3	0.1
Pandemic Recovery Office	1.8	5.0	2.0	0.1	0.2
<b>Total</b>	<b>\$12.8</b>	<b>\$16.7</b>	<b>\$14.7</b>	<b>\$1.9</b>	<b>\$1.4</b>
<b>FTE</b>	<b>65.0</b>	<b>66.0</b>	<b>68.0</b>	<b>3.0</b>	<b>2.0</b>

*\$ in millions*

# Pandemic Recovery Office

- 2022 Assembly established Pandemic Recovery Office in public law
  - Ensure compliance w/ rules, regulations & guidance & submission of all required reports
    - State Fiscal Recovery & Capital Projects Funds

	<b>FY 2025 Enacted</b>	<b>FY 2025 Governor</b>	<b>Chg./ Enact.</b>	<b>FY 2026 Governor</b>	<b>Chg./ Enact.</b>
CPF	\$0.4	\$3.1	\$2.6	\$0.5	\$0.0
SFRF	1.3	1.8	0.5	1.4	0.1
<b>Total</b>	<b>\$1.8</b>	<b>\$5.0</b>	<b>\$3.1</b>	<b>\$2.0</b>	<b>\$0.1</b>

*\$ in millions*



# Office of Internal Audit

- Produces annual public reports
  - Summarizes activities of Office
- 2016 Assembly consolidated functions
  - Increase efficiency
  - Decrease fraud and waste
  - Staff and funding were transferred from:
    - Departments of Transportation, Human Services
    - Office of Postsecondary Commissioner
    - University of Rhode Island

# Art. 3 – Office of Internal Audit & Prog. Integrity (HFC 3/4/25)

- Article renames entity
  - Office of Internal Audit and Program Integrity
- Expands Chief's duties & authority
  - Grant administrative subpoena powers
    - Prior approval from DOA director
  - Investigate reports of individuals who may have committed fraud to obtain assistance
  - Work to recover federal and state funds
  - Collaborate w/ local law enforcement, State Police & others to conduct investigations

# Office of Accounts & Control

- 2019 Assembly transferred functions of federal grants management from OMB to Accounts and Control
  - Improves efficiency of operations, internal controls, & oversight of federal expense
- 2021 Assembly authorized assessment on federal funds received
  - State controller to determine % annually
    - Deposited as restricted receipts
    - Support Office of Federal Grants Management

# Risk Management - Art. 2, Sec. 3 & Art. 3, Sec. 17 (HFC 2/6/25)

- Current law authorizes
  - DOA director to enter into agreements for comprehensive insurance on state property
    - Protect state against loss from fire and other risks
  - Division of Capital Asset Management and Maintenance manages and maintains state facilities
- Articles transfer functions of Office of Risk Management from DCAMM to Controller
  - Asset/risk functions more than maintenance

# Equity, Diversity & Inclusion

- 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

# Equity, Diversity & Inclusion

- 2023 Assembly increased threshold to 15% from 10%
  - Separate 7.5% minimums for minority-owned and women-owned business enterprises
    - Effective FY 2024
  - Annual report: October 2024 Report
    - 5.2% each MBE and WBE = 10.4%
- Revised budget maintains enacted amount of \$0.5M from gen. revenues for disparity study
  - Conduct every 5 years, beginning in FY 2025<sub>62</sub>

# Other Expenses

- Tort Courts Settlements
  - Legal costs of DOJ consent decree
  - Settlements
  - Governor recommends enacted amount of \$1.5M for FY 2025 and \$1.8M for FY 2026
    - FY 2026 is \$0.4M more than enacted and \$0.8M more than Budget Office current service est.
    - Expenses fluctuate, reflecting settlements
    - \$0.5 million to \$1.0 million from FY 2020 through FY 2024

# Other Expenses

- 2021 Assembly adopted legislation to compensate individuals
  - Wrongful convicted of crimes/ incarcerated
  - Total award is determined by court
    - Up to \$50,000 per year
    - Attorney fees
  - \$1.2M in payments made through FY 2024
- Governor recommends \$0.8M for FY 2025 and \$1.0M for FY 2026
  - Updated estimates provided by Office of the Attorney General



# Capital Asset Management & Maintenance

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

# Capital Asset Management & Maintenance

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

# Capital Asset Management & Maintenance

- Governor's recommendation allocates \$2.0M staff expenses for project managers to RICAP
  - Project costs were not updated to reflect staffing expenses
- Assembly rejected this proposal last year
- **GBA #5 restores \$50K for admin. position**

	<b>FY 2025 Enacted</b>	<b>FY 2025 Governor</b>	<b>FY 2026 Governor</b>	<b>Chg./ Enact.</b>
Salaries & Benefits	\$2.0	\$1.9	\$-	\$(2.0)
Operating	7.9	8.0	9.0	1.1
<b>Total</b>	<b>\$9.9</b>	<b>\$9.9</b>	<b>\$9.0</b>	<b>\$(0.9)</b>

*\$ in millions*

# Capital Projects

- Governor recommends 49 projects with total costs of \$1,234.4 million
  - \$591.0 million from FY 2026 - FY 2030
  - Pastore Center – \$110.4 million
  - Other State Facilities – \$413.8 million
  - Other projects – \$66.8 million
- Major changes
  - \$31.0M – State Office Property Acquisition
  - \$90.0M – Zambarano Long Term Care
  - \$11.5M – Pastore Center Infrastructure

# Capital Projects – GBA 6 and 7

- Reduces some project costs to fund Zambarano Buildings and Campus

	Governor's Capital Budget	GBA 6 & 7
Cannon Building	\$18.9	\$(1.5)
Washington County Govt. Center	3.9	(1.2)
Chapin Health Lab.	3.4	(0.4)
Pastore Center Bldgs. Demolition	12.9	(1.0)
Pastore Center Infrastructure	129.8	(6.1)
<b>Total</b>	<b>\$168.8</b>	<b>\$(10.1)</b>
<b>Zambarano Buildings &amp; Campus</b>	<b>\$33.7</b>	<b>\$10.1</b>

*\$ in millions*

# Capital Projects – *Pastore Center*

- Pastore Center
  - Approximately 325 acres of land
  - BHDDH
    - Eleanor Slater Hospital
    - RI Psychiatric Hospital
  - Business Regulation
  - Corrections
  - Labor and Training
  - Executive Offices of Health & Human Services
  - Office of Attorney General
  - Division of Motor Vehicles
  - Traffic Tribunal

# Capital Projects

## Pastore Center

- \$110.4 million from FY 2026 – FY 2030
  - Projects include:
    - Roof replacement
    - Window replacement
    - Utilities upgrade
    - Hospital Reorganization

# Capital Projects – *Pastore Center Infrastructure*

- Pastore Center Infrastructure
  - Underground electrical wiring 40+ yrs. old
  - Deficiencies with water supply & distribution
  - Project to be done in phases
    - Design build project to replace steam line on Power Road and southern part of the campus
    - Tie-in existing buildings to upgraded utility distribution networks
  - Project delays



# Capital Projects – Pastore Center Infrastructure

	Plan	Total Project	Chg.	Notes
<b>Approved</b>	FY 2023-FY 2027	\$120.8		
	FY 2024-FY 2028	\$115.0	\$(5.8)	Funds shifted to Pastore Demo.
	FY 2025-FY 2029	\$108.3	\$(6.7)	Delays – timeline was in development
<b>Governor</b>	FY 2026-FY 2030	\$129.8	\$21.5	\$17.8M for Regan
	GBA#7	\$123.7	\$(6.1)	Funds shifted to Zambarano

\$ in millions

- Delays and shifts will impact future costs

# Capital Projects – Regan (Hospital Reorg.) Bldg.

- Recommendation includes \$61.9M, including \$42.8M from RICAP to renovate Regan Building
  - \$17.8 million more than approved plan
  - Address ligature risk
  - Mechanical infrastructure

	<b>FY 2025</b>
<b>Infrastructure - RICAP</b>	<b>\$17.8</b>
Hospital Reorganization	44.1
RICAP	25.0
Approved COPS	19.1
<b>Total</b>	<b>\$61.9</b>

*\$ in millions*

# Capital Projects

- Other State Facilities Projects: \$413.8 million from FY 2026 – FY 2030
  - State Office Property Acquisition
  - Zambarano Long-Term Care Facility
  - Capitol Hill Center (Chapin, Cannon, William Powers & Old State House)
  - Convention Center Facility Renovations
  - Civic Center
  - Group Home Replacement
  - Shepard Building

# Article 1 – State Office Property Acquisition (3/4/25)

- Governor adds \$31.0 million from Rhode Island Capital Plan funds for FY 2026
  - Acquire & renovate 115 Tripps Lane in E.P.
  - Offset costs by terminating state leases
- Property features
  - 25 acres of land
  - 210,000 square ft. single story
    - 129,000 square ft. of office space
    - 60,000 square ft. data center
  - 800+ parking spaces

# Article 1 – State Office Property Acquisition (3/4/25)

- Similar to Spring 2024 proposal
  - Pay-go vs Debt
- New facility would house operations
  - Department of Environmental Management
  - Department of Human Services
  - Division of Information Technology
  - Office of Energy Resources
  - State Police (3 units)

# Capital Projects – *Zambarano Bldgs. & Campus*

- Zambarano Campus includes 460 acres
  - 33 buildings
    - Includes utility buildings
  - Has steam-producing plant, water treatment plant, & sewage treatment plant
- Houses Eleanor Slater Hospital
  - Beazley Building - 240,000 sq. feet

# Capital Projects – Zambarano Bldgs. & Campus

	FY 2024 – FY 2029 Approv.	FY 2024 – FY 2030 Gov.	Chg.	Gov. GBA	Gov. Total
WW Treatment Facility	\$2.9	<b>\$4.0</b>	\$1.1	<b>\$7.0</b>	\$11.0
Buildings Demolition	6.7	<b>2.6</b>	(4.1)	<b>5.4</b>	8.0
Elevator Repairs	2.8	<b>3.6</b>	0.7	-	3.6
Beazley – Renovation	1.8	<b>1.4</b>	(0.4)	-	1.4
Asset Protection	0.9	<b>1.2</b>	0.4	-	1.2
Other Projects	7.8	<b>10.2</b>	2.4	<b>(2.3)</b>	7.9
<b>Total</b>	<b>\$22.9</b>	<b>\$23.0</b>	<b>\$0.1</b>	<b>\$10.1</b>	<b>\$33.1</b>

*\$ in millions*

# Capital Projects – *Zambarano Long-Term Care*

- Governor recommends \$107.0 million from RICAP funds from FY 2025 - FY 2029
  - \$8.6 M for FY 2025 & \$26.1 M for FY 2026
  - Construct 100-patient long-term care facility Zambarano Campus
    - Replacing Beazley building
- Capital budget assumes \$90M in new debt to supplement current pay-go
  - With use starting in FY 2027
- Assembly consideration???
- Nothing presented for approval
- How can project proceed without funding?



# Capital Projects – Zambarano Long-Term Care

	Project Costs	# Beds	Costs/Bed	Sources	Note
FY 2026	\$197.1	100	\$2.0M	RICAP & COPS	Debt approval not presented
FY 2025	\$107.1	100	\$1.1M	RICAP	
FY 2024	\$108.2	110	\$1.0M	RICAP	
FY 2023	\$108.2	110	\$1.0M	RICAP	
FY 2022	\$64.9	85	\$0.8M	COPS	Governor paused reorganization plan

*\$ in millions*

- Scope changes?

# Capital Projects

- Other Projects: \$66.8 million from FY 2026 – FY 2030
  - Hospital Electronic Medical Records System
  - Enterprise Resource Planning System
  - State Office Reorganization & Relocation
  - Environmental Compliance
  - Energy Efficiency
  - Replacement of Fueling Tanks
  - Vehicle Replacements

# Department of Administration

Governor's FY 2025 Revised, FY 2026 and  
Capital Budget Recommendations

*Staff Presentation to the House Finance  
Subcommittee on General Government  
March 25, 2025*

---