

**Fiscal Fitness
Idea Descriptions
&
Net Savings
For Implementation Planning**

March 1, 2004

FISCAL FITNESS
Net Savings: Per Idea

Administration	
Chief Financial Officer	
Establish Chief Financial Office (CFO) to oversee state finances	-\$220,000
Integrate Accounts & Control with CFO	\$0
Integrate Budget Office with CFO	\$0
Integrate Bureau of Audits with CFO	\$0
Budget, Bureau of Audits, Accounts & Controls	
Transfer-in DOT Auditors (12 FTE's) to Bureau of Audits	\$0
Improve financial management through changes in audit function at Accounts & Controls	\$235,000
Revise duties and responsibilities, Accounts & Controls administrator	\$185,000
Redesign budget performance measurement process	\$300,000
Streamline budget process to remove unnecessary approvals	\$170,000
Child Support	
Comply with federal pass through payment requirement in human service program	\$1,850,000
Create electronic fund transfer for child support payments	\$70,000
Mail initial court summons, child support enforcement	\$100,000
Use alternate process for child support order establishment, Child Support Enforcement	\$280,000
Taxation	
Charge cigarette sales tax to distributors, Div of Tax	\$1,950,000
Eliminate unfunded property tax relief rebates, Div of Tax	\$130,000
Require annual tobacco dealer's license renewal, Div of Tax	\$50,000
Increase number of field auditors to generate revenue, Div of Tax	\$2,550,000
Increase the number of revenue officers to generate income, Div of Tax	\$5,200,000
Require tax clearance for professional and drivers licenses, Div of Tax	\$6,700,000
Consolidate collection and audit functions, Div of Tax	\$1,850,000
OLIS	
Improve record retention practices	TBD
Transfer Library Services within Department of Administration (DOA)	\$0
Statewide Planning	
Elevate Streamlined Statewide Planning office within DOA	\$140,000
Transfer Geographic Information System (GIS) to Information Technology Office	\$0
Move aerial photograph unit to State Archives	\$150,000

Transfer select local planning activities into EDC from Statewide Planning	\$0
Move economic planning functions to EDC from Statewide Planning	\$340,000
Municipal Affairs	
Transfer collection of Public Service Corporation Tax to Taxation	\$0
Transfer property tax cap of 5.5% monitoring to Budget Office	\$0
Transfer vehicle tax phase out plan to Budget Office	\$0
Consolidate state aid (payment in lieu of taxes) program into Budget Office	\$0
Consolidate distressed communities relief payment function into Budget Office	\$0
Consolidate general revenue sharing process into Budget Office	\$0
Automate real estate data to streamline state aid disbursements, Municipal Affairs	\$310,000
Transfer property tax assistance to Economic Development Corporation (EDC)	\$0
Transfer local government assistance to EDC	\$0
Transfer Community Development Block Grant to EDC	\$0
Transfer emergency shelter grant program to human services	\$110,000
Purchasing	
Spend less on goods and services by taking advantage of state's purchasing power	\$4,350,000
Modify state law to allow online reverse auctions within purchasing	\$3,100,000
Facilities	
Create new Division of Property Management	\$435,000
Hire trades in lieu of using master price agreements and administrative price agreement	\$565,000
Hire architects and drafts-people in lieu of entering into contracts	\$415,000
Sell surplus properties	\$5,900,000
Move select agencies from leased space to state-owned property	\$3,800,000
Require that architectural bids contain cost quotes	\$530,000
Automate Zambarano power plant	\$355,000
Human Resources:	
Consolidate and standardize statewide Human Resources (HR) programs	\$1,900,000
Downgrade position within Personnel Appeal Board	\$40,000
Reorganize Office of Training & Development	\$320,000
Reorganize Workers' Compensation	\$1,250,000
Merge units enforcing Merit System Law within Office of Personnel Administration	\$710,000
Transfer employee services unit	\$0
Reorganize and transfer state diversity and affirmative action offices	\$0

Streamline health coverage billing procedures	\$70,000
Join preferred pharmaceutical provider network	\$860,000
Review pharmaceutical maximum allowable cost list	\$650,000
Renegotiate life insurance rates to generate employee savings	\$0
Competitively bid vision plan and strengthen subscriber network	\$250,000
Negotiate health plan design components	\$12,500,000
Negotiate health coverage cost sharing agreement	\$22,500,000
Competitively bid health coverage administrative fees	\$3,900,000
Add pharmacy rebates to health plan design	\$250,000
Streamline grievance procedure	\$300,000
Information Technology	
Consolidate computer helpdesks	\$575,000
Consolidate e-mail	\$275,000
Consolidate servers	\$320,000
Consolidate mainframe operating system	\$200,000
Improve management of master price agreement for the hiring consultant staff	\$700,000
Cut certified mailing costs	\$220,000
Mail barcode processing in-house	-\$170,000
Consolidate and improve mail delivery service	\$500,000
Standardize mail piece design	\$95,000
Merge mailrooms	\$145,000
Bid out improved telephone and network design	\$240,000
Health and Human Services:	
Create Health and Human Services Secretariat	\$4,200,000
Combine human service training and staff development activities – Secretariat	\$120,000
Ensure full federal participation in Medicaid, Human Service – Secretariat	TBD
Consolidate pharmacy purchasing, Human Service - Secretariat	\$1,800,000
Create a single contract and service procurement office, Human Service – Secretariat	\$4,500,000
Improve children's behavioral health services, DCYF	\$9,500,000
Improve discharge planning for DCYF-contracted psychiatric hospital services	\$1,000,000
Decrease overtime, DCYF	\$2,900,000
Enforce five-year maximum for Temporary Assistance to Needy Families, DHS	\$1,220,000
Reduce formal hearings through alternative resolution processes, DHS	\$390,000
Hone emergency room rates to reflect treatment cost, DHS	\$750,00
Reorganize long term care, DHS	\$12,500,000
Reorganize field operations, DHS	\$8,200,000
Improve eligibility monitoring, DHS	\$12,300,000

Centralize and strengthen estates and collections, DHS	\$3,000,000
Move a portion of disabled adults to managed care, DHS	\$3,800,000
Reduce Medicaid funded adult psychiatric hospitalization, DHS	\$1,700,000
Increase select fees, Health	\$1,000,000
Streamline Department of Health, Health	\$1,400,000
Centralize patient accounts, MHRH	\$700,000
Reduce Eleanor Slater Hospital overtime, MHRH	\$900,000
Streamline organization, MHRH	\$520,000
Public Safety	
Create a Department of Public Safety (DPS)	-\$300,000
Appoint Department of Public Safety Director	-\$200,000
Transfer Parole Board from Department of Corrections (DOC) to DPS	\$0
Transfer State Fire Marshal to DPS	\$0
Transfer Fire Safety Code Board to DPS	\$0
Transfer DOH Forensics Lab to DPS	\$0
Create unified criminal justice training academy, Dept of Public Safety	\$85,000
Transfer RISP to DPS	\$0
Transfer Sheriffs to DPS	\$0
Consolidate Capital Police with Sheriffs, Sheriffs Division	\$0
Increase use of videoconferencing in courts, Sheriffs Division	\$380,000
Revise operations of in-house legal counsel, RISP	\$155,000
Consolidate women's correctional facility, DOC	\$0
Homeland Security	
Create a Department of Homeland Security (DHLS)	
Appoint Director for DHLS	-\$120,000
Transfer emergency 911 to DHLS	\$0
Transfer Emergency Management Agency to DHLS	\$0
Transfer Rhode Island National Guard to DHLS	\$0
Education	
Revisit teacher certification fee structure	\$450,000
Create school nutrition program efficiencies	\$150,000
Department of Labor and Training (DLT)	
Reorganize DLT	\$700,000
Consolidate 2 workforce investment boards	\$2,350,000
Close underutilized NetWORKri office	\$950,000
Transfer police/fire relief fund to State Treasurer	\$0
Department of Business Regulation (DBR)	
Reorganize DBR	\$1,450,000
Merge banking and securities divisions	\$0
Consolidate the processing of professional licenses	\$0

Revisit professional licensing fee structure	\$550,000
Department of Transportation (DOT)	
Reorganize DOT	\$4,100,000
Reduce overtime costs	\$3,100,000
One-way toll/create EZ pass lane at Newport Bridge, Turnpike and Bridge Authority	\$570,000
Increase fees for physical alteration permits	\$230,000
Natural Resources	
Consolidate Water Functions	
Consolidate Coastal Resources Management Council (CRMC) into DEM	\$750,000
End legal contract, CRMC	\$100,000
Eliminate CRMC-specific technology projects	\$155,000
Move staff from environmental health to DEM	\$0
Transfer water management functions to DEM from Water Resources Board (WRB)	\$155,000
Eliminate WRB lease	\$65,000
Eliminate WRB-specific technology projects	\$25,000
Transfer water resource planning functions to Statewide Planning	\$0
Increase select permit and license fees, DEM	\$250,000
Reorganize DEM	\$1,000,000

Department of Administration
Establish Chief Financial Office (CFO) to oversee state finances

The goal is to establish a CFO to oversee all finances under the control of the executive branch of government. At present three offices have differing but inter-related responsibilities. Accounts and Control establishes and implements administrative and accounting procedures. The Budget Office formulates the state budget, conducts revenue estimating, and initiates and oversees capital development activities. Finally, the Bureau of Audits performs an auditing function and provides administration with an independent appraisal and evaluation of financial control effectiveness.

A single CFO will integrate the various financial functions of state government and create a single point of accountability within administration for all financial issues. The CFO will also lead to real time tracking of state income and expenditures.

Includes:

- Integrate Accounts & Control with CFO
- Integrate Budget Office with CFO
- Integrate Bureau of Audits with CFO

Net Investment: \$220,000

Department of Administration
Budget, Bureau of Audits, Accounts and Controls
Transfer in DOT Auditors (12 FTE's) to Bureau of Audits

At the present time the Department of Transportation (DOT) performs an internal audit function, with its own auditing staff. Audits within other state agencies are usually performed by either the Auditor General's office or the DOA Bureau of Audits.

The recommendation is to move DOT auditors to the Department of Administration within the Bureau of Audits. In moving the DOT audit to DOA, an improved appraisal and evaluation of the financial and operational effectiveness of DOT is gained and consistent audit standards created.

Net Savings: \$0

Department of Administration
Budget, Bureau of Audits, Accounts and Controls
Improve financial management through changes in audit function at Accounts & Controls

At the current time Accounts and Controls conducts a pre-audit function that is time consuming and not a best-business practice. Pre-audit means that bills are held for scrutiny prior to payment. Among other inefficiencies, it does not allow the State to take advantage of early pay discounts. Over 70,000 vouchers are reviewed manually each year.

The recommendation is to change the pre-audit function to a post-audit function in order to expedite payments. The post-audit function, conducted after payment, should be performed on a higher dollar value (currently at \$500) and a statistical random sampling methodology should be applied. This will result in the staff savings. When the process is automated and quickened, the State will be able to take advantage of early-payment discounts.

Net Savings: \$235,000

Department of Administration
Budget, Bureau of Audits, Accounts and Controls
Revise duties and responsibilities of Accounts & Controls administrator

A position was created as project director for the implementation of RI State Automated Information Link (RISAIL). That system will be repaired or replaced and project oversight will be joined between the Chief Information Officer (CIO) and the Chief Financial Officer (CFO). Information technology staff will assume duties of the administrator.

Net Savings: \$185,000

Department of Administration
Budget, Bureau of Audits, Accounts and Controls
Redesign budget performance measurement process

Departments are required to submit, along with their budget requests, measures that support the department's primary mission. These measures are expected to become part of the agency's program-performance evaluation. All too often, the performance measurement process becomes a "bureaucratic add on" that does not reflect actual agency activities or results. The suggestion is to separate these measures from the budget process. Alternative methods for determining performance results should be considered, e.g., using measures during the internal audit process. Savings will result from decreasing the number of personnel required for this function.

Net Savings: \$300,000

Department of Administration
Budget, Bureau of Audits, Accounts and Controls
Streamline budget process to remove unnecessary approvals

There are over thirty separate financial transactions (e.g. purchasing) that require Budget Office approval. Often the financial thresholds for these transactions are set quite low, resulting in a large volume of work that needs to be reviewed and approved. This process can be significantly streamlined and allow for best business practices by eliminating several approval points, raising dollar limits that require budget office approval, and eliminating certain categories of approval (e.g. use of federal funds). The process can be made more efficient and result in personnel savings without sacrificing accountability.

Net Savings: \$170,000

Department of Administration
Child Support
Comply with federal pass-through payment requirement in human service program

Family Independence Program (FIP) clients are eligible to receive the first \$50 of monthly child support payments made to the State. This was established as a federal requirement that was subsequently eliminated in 1996. Approximately 3,000 of over 14,000 FIP participants receive this payment. Complying with federal rules will result in State program savings (the pass through is 100% state funded) and eliminate the disparity between FIP participants who do and who do not receive child support payments.

Net Savings: \$1,850,000

Department of Administration
Child Support
Create electronic fund transfer for child support payments

Approximately 40,000 child support payment checks are mailed monthly. This is expensive and it would save time and money if those payments were made through electronic funds transfer (EFT) directly to client-designated bank accounts. Savings would include mailing and paper check processing costs. A reinvestment of a portion of the saving would be made to implement necessary computer programming changes.

Net Savings: \$70,000

**Department of Administration
Division of Taxation
Child Support
Mail initial court summons**

All summonses to appear in court are delivered by a constable and – at thirty dollars each – the total cost for constable service is over \$500,000 annually. Guaranteed mail delivery of these summonses, for the initial court appearance attempt, would achieve an estimated 34% general revenue savings. Constable summons delivery would still occur for individuals who failed to appear for their court date.

Net Savings: \$100,000

**Department of Administration
Child Support
Use alternate process for child support order establishment**

All parties must appear in Family Court to establish a court order for child support. In a significant number of instances, both parties already voluntarily agree to the child support orders that are to be established. In non-contested cases, an administrative process can be used to replace the formal court proceedings. Improved customer service will result, as only contested cases will require a formal court appearance. Additional staff will be employed to administer this change and they will be able to increase the number of “cases” handled by the judiciary, thus attracting increased federal funds.

Net Savings: \$280,000

**Department of Administration
Division of Taxation
Charge cigarette sales tax to distributors**

This is a policy change requiring cigarette distributors and dealers to pre-pay the state sales and use tax on cigarettes at the same time that they purchase their cigarette excise tax stamps from the state.

Net Savings: \$1,950,000

**Department of Administration
Division of Taxation
Eliminate unfunded property tax relief rebates**

There are two types of taxpayers who qualify for property tax relief. Tier I are disabled persons and persons over 65 who have incomes less than \$30,000. These taxpayers are automatically approved for a \$250 relief rebate. During 2003, 23,185 claimants received \$5.3 million of the \$6 million available for tax relief rebates.

Tier II taxpayers are those who have incomes less than \$30,000 and are not disabled or over 65. During 2003, 16,684 claimants were processed for the remaining \$700,000. Each applicant received a check for \$41.61. No funding will be available during FY05 given the rate of increase for Tier I rebates, yet the state will still incur the estimated cost of \$850,000 in processing the estimated 16,000 applications.

Net Savings: \$130,000

**Department of Administration
Division of Taxation
Require annual tobacco dealer's license renewal**

Tobacco dealers hold a license that is issued for a one-time fee of \$25. Many dealers move, transfer their license or close altogether. Federal regulations require updated tobacco dealer listings. It cost the state about \$6,000 to manage the list. Requiring yearly tobacco sales license renewals will eliminate the need to update the tobacco dealer license list and will also raise additional revenue from an estimated 1,600 licenses. Both Connecticut and Massachusetts require annual renewal of dealer licenses and both charge a \$50 annual license fee.

Net Savings: \$50,000

**Department of Administration
Division of Taxation
Increase number of field auditors to generate revenue**

The Division of Taxation currently employs a staff of 34 field auditors. An eight-year analysis of average collections per agent shows that each auditor collects, on average, \$460,000 per year. A multi-state analysis demonstrates that RI is understaffed by a minimum of six field auditors. The net revenue gain is the increased revenue less the cost of the staffing (including applicable benefits and overhead).

Net Savings: \$2,550,000

**Department of Administration
Division of Taxation
Increase the number of revenue officers to generate income**

The Division of Taxation currently employs a staff of five revenue officers. Fiscal year 2003 receivables totaled an estimated \$34 million. A three-year analysis demonstrates that each officer collects an average of \$1.1 million per year. A multi-state analysis demonstrates that RI is understaffed by at least five officers. The net revenue gain is the increased revenue less the cost of the staffing (including applicable benefits and overhead).

Net Savings: \$5,200,000

**Department of Administration
Division of Taxation
Require tax clearance for professional and drivers licenses**

Automobile registrations cannot be renewed unless vehicle owners are cleared for overdue local property taxes. Liquor license renewal applications are also cleared for overdue taxes. Rhode Island should require that all taxpayers who apply for, or hold, a professional license issued by the State receive tax clearance prior to having their license issued or renewed. This process would be invisible to the applicant unless outstanding tax issues existed. It is estimated that ten percent of the State's current tax receivables would be reduced for savings of \$6.7 million. Oklahoma (revenue of \$6 billion dollars, population of 3.4 million, 500,000 licenses issued annually) implemented this change in 2000 increasing revenue by \$38 million over two years.

Net Savings: \$6,700,000

**Department of Administration
Division of Taxation
Consolidate collection and audit functions**

Within the current configuration of the Division of Taxation, seven collection officers and seven auditors in the Employer Tax section operate independently from other tax collection and auditing staff. The employer tax auditing activity is totally supported through federal funds. Combining all Tax Division collectors and auditors into a single branch would leverage federal resources and provide improved customer service to the business community by providing only one point of contact for tax issues.

A multi year review demonstrates that each of the seven collection officers would raise an estimated \$200,000 in additional revenue and seven auditors would raise an estimated

\$100,000. Only fifty percent of the funding increase has been included in this estimate, as the scope of the combined unit would exceed the payment allowable under federal payroll tax work rules.

Net Savings: \$1,850,000

**Department of Administration
Office of Library and Information Services
Improve record retention practices**

Each state agency processes information daily as a means to perform their work. Records of these processes may or may not be useful in the future. In order to be useful, however, we need to keep records and be able to easily access them. A pretty good job has been done in keeping records but the State is spending too much on storage costs and not nearly enough on accessibility. Improved records management would allow the State to dispose of records that are no longer useful and to ensure that those records that are needed remain available.

Net savings: To be determined

**Department of Administration
Office of Library and Information Services
Transfer Library Services within Department of Administration**

Library Services coordinates inter-library cooperation, maintains and develops the Rhode Island Library Network, operates the Regional Library for the Blind and Physically Handicapped, and promotes overall library development through various programs for public and institutional libraries. Transfer of this subprogram within DOA from under the Office of Library and Information Services (OLIS) will result in the strengthening of the division by refocusing on their objective of improving library services to the residents of the state and to state government.

Net savings: \$0

**Department of Administration
Statewide Planning (SWP)
Elevate Streamlined Statewide Planning office within DOA**

SWP is not a good fit under its current parent – the Office of Library and Information Systems (OLIS); as it suffers from a lack of stature when dealing with other departments. Often, SWP does not have the "clout" to mediate or refocus competing priorities. Moving SWP up in the hierarchy of the Department of Administration, and creating a "Chief Planning Officer" position, would improve coordination with the Governor's

Policy Office as well as other departments. One of SWP's roles should be to ensure that departmental planning activities are well coordinated. Consolidation of some functions would result in staff savings.

Net Savings: \$140,000

**Department of Administration
Statewide Planning (SWP)
Transfer Geographic Information System (GIS) to Information Technology Office**

RIGIS, the Rhode Island Geographic Information System, is a valuable tool for all state agencies. Some departments have had the opportunity to develop their own in house GIS capability, where others have not. The ability to visually and spatially depict demographic information can add a new dimension to data analysis. GIS is a complex, technical, computer system. Under the CIO's office, it can be more easily made available throughout the state, and provide assistance to state departments that need support. Three positions currently in SWP have a connection to the GIS system, and the recommendation is to transfer those individuals, and the hardware and software, to the Office of the CIO.

Net Savings: \$ 0

**Department of Administration
Statewide Planning (SWP)
Move aerial photograph unit to State Archives**

The Aerial Photographs Division of DOA houses 12,000 aerial photographs taken from 1938 to the present. Approximately 3,000 photographs per year are pulled for copying by developers, attorneys, and the public. It is best described as a retail operation whereby staff wait for the public to appear and request specific photos. The photos are sent out to several different copy houses in Providence. Often the staff hand carry photos to the copy center. Archival processes and storage are inadequate for long term preservation, putting irreplaceable photos in jeopardy. The collection can be managed and stored properly if it were transferred to the Secretary of State's State Archives. Archives already operates a retail operation, open to the public, for the use of historic documents. Placing the collection in State Archives care (they house thousands of other photos) would safeguard them and make them more accessible to the public. Personnel savings result.

Net Savings: \$ 150,000

**Department of Administration
Statewide Planning (SWP)
Transfer select local planning activities into EDC from Statewide Planning**

A unit with Statewide Planning reviews and approves the local comprehensive plans that are, as required by state law, submitted by each community. Cities and towns often require technical advice and support in putting together the information to be contained in their plans. Transferring two staff from Statewide Planning to EDC's Community Development unit will better help cities and towns in compiling their comprehensive plans. Cities and towns would have one place to obtain support and assistance. Approval of the plans will still rest with the Department of Administration.

Net Savings: \$ 0

**Department of Administration
Statewide Planning (SWP)
Move economic planning functions to EDC from Statewide Planning**

The majority of the economic development work currently performed in SWP is the production of the annual CEDS report. Although there is a mandated connection to EDC when state funded projects involving Quonset Point are planned, little other coordination between SWP and EDC takes place. It would seem that the best place for statewide economic development planning is within EDC, and the few activities now performed by SWP can most likely be performed at EDC with existing staff.

Net Savings: \$340,000

**Department of Administration
Municipal Affairs
Transfer collection of Public Service Corporation Tax to Budget Office**

Telecommunication companies must pay a tax on their tangible personal property. This revenue is distributed to cities and towns via formula. Administration of this state aid program involves 3 state entities – Municipal Affairs, Taxation, and Budget. This function is better located within the Division of Taxation. More time and effort should be spent on enforcement to raise additional revenue. Municipal Affairs does not have an automated system and uses an inefficient process of data collection to gather data from other departments, especially the Tax Division. The staff that performs this function should be transferred to budget and the function to tax. The Tax Division should be able to absorb this function within its other tax collection activities.

Net Savings: \$0

**Department of Administration
Municipal Affairs
Consolidate Select Functions into Budget Office**

The general revenue sharing programs disburse a portion of the taxes collected by the State to cities and towns. The Budget Office currently sets the amount to be shared. Municipal Affairs inputs data from cities and towns into a disbursement formula and then

sends this information back to the Budget Office for review and disbursement. All of the programs involving revenue sharing with local communities should reside in the Budget Office, since most of the revenue data already resides in that office. It is not an efficient process to flip-flop this process back and forth between Municipal Affairs and the Budget Office. Recommendation:

- Transfer enforcement of 5.5% Property Tax Cap to Budget Office
- Transfer administration of Vehicle Tax Phase Out program to Budget Office
- Consolidate state aid PILOT (payment in lieu of taxes) to Budget Office
- Transfer Distressed Communities Payment Function.
- Transfer General Revenue Sharing Functions to Budget Office

Net Savings: \$ 0

Department of Administration
Municipal Affairs
Automate real estate data to streamline state aid disbursements

The State Aid Program unit collects real estate data from cities and towns and calculates the community wealth portion of the state aid to education formula. The major portion of the work is performed using paper and pencil, a process that is both labor intensive and time consuming. Cities and towns report this data in a variety of formats. The current computer software used to collect the information is a proprietary system that is not user friendly. It does not allow for easy data sharing. Manual adjustments often have to be made which can affect the quality of the output. Staff computers are old and cannot take advantage of software products that could make portions of the data collection easier. The entire data collection process should be streamlined and data collection should be automated. As part of the process to automate data collection, data entering into the state aid formulas can be automated. Automation can also result in staff savings. The collection of data and its distribution is better suited to be performed by the Budget Office. The automation process would require an investment of about \$50,000 to upgrade computers, automate data collection, and write computer program interfaces.

Net Savings: \$310,000

Department of Administration
Municipal Affairs
Transfer property tax assistance to Economic Development Corporation (EDC)
Transfer local government assistance to EDC
Transfer Community Development Block Grant to EDC

Municipal Affairs provides information of various types to cities and towns including “Municipal Memos,” a five times yearly publication. The purpose of the publication is to make cities and towns aware of pending legislation that could affect them. Municipal Affairs also produces and updates a variety of publications that are helpful to cities and

towns. Examples of these publications include the City and Town Blue Book and, the annual city and town salary survey. Municipal Affairs administers a small city Community Development Block Grant and the Department of Agriculture Housing Rehabilitation grants. They also provide technical assistance to cities and towns with property tax revaluations, which are mandated by the State to be performed every three years. Cities and towns are reimbursed by the State for statistical revaluations.

Elimination of Municipal Memos would save \$2,750. The information is available from other entities, such as the League of Cities and Towns. One staff can be relocated to EDC's Community Development Program to continue production of other publications and take on added tasks that support cities and towns. Transfer the Community Development Block Grant and the Housing Rehab grants to EDC, where there would be a closer tie to Economic Development. Several staff carry out functions under Municipal Affairs including administration, clerical, and billing support. Grants are awarded to local entities via a competitive bid process. Recommend consolidating the technical assistance work with other community assistance programs and house this in EDC within a Community Development Unit. Payment approval for revaluation cost should still remain with the State within the Budget Office.

Net Savings: \$ 0

Department of Administration
Municipal Affairs
Transfer emergency shelter grant program to human services

The shelter grant program provides money for homeless prevention and shelter operations. The administration of this program should be housed within DHS, which administers other homeless programs. Existing DHS personnel can absorb the costs of grant administration. Savings are derived from personnel.

Net Savings: \$ 110,000

**Department of Administration
Purchasing**

Spend less on goods and services by taking advantage of state's purchasing power

The functions of Purchasing Division include procurement, purchasing standards and specifications development, policy development and dissemination, and the provision of information to current and potential vendors. A private vendor, Silver Oak Solutions, has conducted an analysis of state government's past spending practices and is providing support to make cost savings improvements to the procurement function. Silver Oak is negotiating both new and existing contracts for goods and services to assure that vendors offer the State the best possible pricing.

Net Savings: \$4,350,000

**Department of Administration
Purchasing**

Modify state law to allow online reverse auctions within purchasing

A reverse auction is a real-time, online bidding process used to assure the best possible price for goods and services that may be required by the state. While a standard auction drives the price up until the highest bidder wins, a reverse auction lowers prices as bidders continuously compete for a share of the state's purchases. The result is that the State can capture the best open market pricing for the specified goods.

The estimated cost to develop an on-line reverse auction is \$125,000. Annual savings estimates are based on data from other states as well as an analysis of those purchase categories where online reverse auctions can be best used.

Net Savings: \$3,100,000

Department of Administration
Facilities
Create new Division of Facilities Management
Create new Division of Capital Projects and Property Management

Individual departments and agencies throughout State government perform facilities and maintenance functions. This leads to redundant purchasing of services and supplies, a lack of coordination and generally inefficient resource utilization. To remedy this, the state will consolidate the maintenance and development of its property into two central divisions within the Department of Administration, a Division of Facilities Management, and a Division of Capital Projects and Property Management. There will be personnel savings as a result of the consolidations.

Net Savings: \$435,000

Department of Administration
Facilities
Hire trades in lieu of using master price agreements

Savings will be realized by evaluating the State's issued master price agreements to determine where the hiring of skilled trades staff can reduce expenses. The duties of these new FTE's will be to accomplish basic repair services as well as perform routine preventative maintenance.

Net Savings: \$565,000

Department of Administration
Facilities
Hire Architects and Draftspersons in lieu of expensive vendor contracts

Annually the state spends approximately \$20 million on improving state owned buildings. The state annually contracts for architect and design services to perform routine design tasks such as roof repairs, window replacements and HVAC upgrades. Moving from contracted services to hiring three architects and two draftspersons will result in savings for with no diminished capacity.

Net Savings: \$415,000

**Department of Administration
Facilities
Sell surplus properties**

The State owns over 80,000 acres of land and more than 1,700 buildings. Periodically the State must review its inventory and determine what buildings or land have become surplus and, dispose of those properties. This will eliminate ongoing maintenance expenses and liability as well as return some properties to local tax rolls.

Recommendation: State will investigate selling identified surplus property:

Ownership	Property	Location	Size
RIDEM	Parcel on First Street	First Street, East Providence	0.33 Acres
RIDEM	Dahl-Bleachery Pond	East Greenwich	9.00 Acres
RIDEM	Port of Providence	Providence	0.76 Acres
RIDEM	Port of Providence	Providence	5.48 Acres
RIDEM	Button Hole Golf Course	Johnston	30.00 Acres
RIDEM	Surplus Escoheag Fire Tower	Escoheag Hill Rd, West Greenwich	0.00 Acres
RIDEM	Surplus Pine Fire Tower	Ten Rod Rd, Exeter	0.00 Acres
RIDEM	Surplus Buck Hill Fire Tower		0.00 Acres
RIDLT	Office Building - 3,300 sq.ft	877 Broadway, East Providence	0.23 Acres
DOA	Computer Center	1670 Hartford Avenue, Johnston	Unknown
DOA	911 Headquarters	1951 Smith St, North Providence	0.22 Acres
DOA	Board of Elections	50 Branch Ave, Providence	0.83 Acres
RIDoT	Cherry Hill Maintenance Garage	317 Cherry Hill Road, Johnston	1.67 Acres
RIDoT	Lincoln Maintenance Facility	Route 116, Lincoln	2.80 Acres
RIDoT	Salt Storage Barn Facility	Washington Highway, Smithfield	8.00 Acres

Net Savings: \$5,900,000

**Department of Administration
Facilities
Move select agencies from leased space to state-owned property**

The state has 56 office leases totaling 950,000 square feet with an annual operations and maintenance cost of approximately \$15 million. Relocating staff in 10 of the 56 leases to state owned space will result in a 38% reduction of leased square feet (360,000), and a 51% reduction in lease payments (\$7.8 million of \$15 million). The state is having architectural and engineering studies done on approximately a half-million square feet of state-owned space that is currently vacant or underutilized. Once renovated, the space will house staff located in rented buildings.

Net Savings: \$3,800,000

**Department of Administration
Facilities
Require that architectural bids contain cost quotes**

The practice has been to solicit architects and design professionals to submit technical proposals to perform discrete projects without requiring submission of cost proposals. The recommendation has been made to require cost proposal submission with letters of interest in order for a response to be considered. The goal is to foster competition in the industry on the basis of cost as well as capability.

Net Savings: \$530,000

**Department of Administration
Facilities
Automate the Zambarano Power Plant**

Introduce automated control equipment into the operation of the Zambarano Power Plant thereby enabling the state to operate the plant with decreased staff per shift. A one-time \$100,000 investment is needed and there will be an annual \$25,000 maintenance expense for the automated equipment.

Net Savings: \$355,000

**Department of Administration
Human Resources
Consolidate and standardize statewide Human Resources (HR) programs**

Currently every state agency, except for the few administered by DOA Central Management, is responsible for establishing and maintaining its own HR function. This arrangement results in inconsistent services provided to agencies, inconsistent application of rules, regulations and contract provisions, as well as high costs to the state.

The recommendation is to consolidate activities (performed currently by 149 staff within the 29 agency HR/Payroll Offices) into four shared services centers that will report to the Personnel Administrator. Each center will service a grouping of agencies. Reorganization, combined with implementation of best business practices, economies of scale, standardized practices, automation of tasks, and streamlining supervisory and support staff structures, will allow the State to save personnel costs while delivering improved employee service.

Net Savings: \$1,900,000

**Department of Administration
Human Resources
Reorganization of the Division of Personnel Administration**

Change position Supporting Personnel Appeals Board Chair

The duties of the position assigned to support the Chairman of the Personnel Appeal Board could effectively be performed by a lower paid classification with a reduced workweek.

Net Savings: \$40,000

Reorganize the Office of Training & Development

The return on investment for the training managed and performed by the Office of Training & Development (OTD) is not evaluated. In addition, there is no mechanism to identify the training needs of the state's workforce. Further, since most of the trainers are hired via contract, less staff is necessary to perform this function. OTD should be reorganized so that it manages the State's incentive credit program and coordinates a statewide training agenda, as defined by an advisory board consisting of agency representatives.

Net Savings: \$320,000

Reorganize State Employees Workers' Compensation

There is currently no statewide workforce Risk/Disability Management Program encouraging and coordinating the return to work of injured employees. Transfer the disability management program at MHRH to the Division of State Employees Workers' Compensation and expand the new division statewide. This move will result in service improvement and cost savings. A Chief of Legal Services should be hired in lieu of a Senior Legal Counsel position. Savings will result.

Net Savings: \$1,250,000

Reorganize Units Enforcing Merit System Law within Office of Personnel Administration (OPA)

Within the OPA, three separate units enforce the Personnel Rules and Merit System Law of the State: Classification & Compensation (C&C), Merit Selection (MS), and Administrative Services (AS). The work currently performed by these detached units is not coordinated. The units of Classification & Compensation (C&C), Merit Selection (MS), and Administrative Services (AS) within the OPA should merge into an Office of Classification & Examination and organize the unit so that each agency is supported by one of four teams. This organization will result in staff savings and increase efficiency through consolidation of the work currently done in separate units.

Net Savings: \$710,000

Transfer Employee Services Unit to Central Management

The Employee Services Unit within the Office of Personnel Administration performs activities that are more closely related to Central Management functions. This activity should be incorporated into the Central Management Unit.

Net Savings: \$0

Merge State Diversity and Affirmative Action Offices

Within OPA, three separate units perform functions relating to equal opportunity and workforce diversity: the Equal Opportunity Office (EOO), the Office of Outreach and Diversity (O&D), and the Minority Business Enterprise (MBE) Program. The work currently performed by these separate units is not coordinated, and does not address the needs of the agencies. EOO and MBE also perform contract compliance/approval functions that directly relate to the work performed by Central Purchasing. EOO and the Outreach and Diversity Office (O&D) should be added to an OPA Office of Equal Opportunity & Diversity. Consolidation and automation of reporting processes will allow the State to increase the quality of service. Also, transfer MBE and the EOO contract approval function to Central Purchasing for increased efficiency and consistency of service.

Net Savings: \$0

**Department of Administration
Human Resources
Benefits (Health, Group Life, & Vision) Coverage Improvements**

Streamline Health Coverage Billing Procedures

In some cases, benefits coverage for separated employees have not been not promptly terminated. The state will revise the billing reconciliation process to (1) identify promptly those separated employees whose benefit coverage was terminated before payment is made and, (2) identify those separated employees whose benefit coverage was not terminated at the proper time.

Net Savings: \$70,000

Enter a Pharmacy Preferred Provider Network

The State, would achieve savings in benefit costs by moving to a pharmacy preferred provider network. In the long term, the State can return to an open network with every vendor providing the discounted price.

Net Savings: \$860,000

Review Pharmaceutical Maximum Allowable Cost List

The state will mandate a quarterly review of the maximum allowable cost list to ensure that the state is paying a competitive price for pharmaceutical products. In many instances, the state was paying higher prices for pharmaceuticals.

Net Savings: \$650,000

**Renegotiate Group Life Premiums
(Employee Savings)**

A review of the premium charged to employees has indicated that these rates are not competitive. Review claims experience with the insurance carrier to revise the premiums charged to employees. The reductions in premiums negotiated with the current carrier have already yielded the workforce a savings of \$651,000 per year. In addition, the competitive RFP process may yield an insurance carrier with further reduced costs.

Net Savings: \$0

Competitively Bid Vision Coverage Administrative Fees

The carrier calculates the administrative fee charged to the State as 12% of the claims experience. This arrangement subjects the state to increases in administrative costs due to inflation and is not competitive with rates offered to other employers or rates offered by other vendors. Through the competitive RFP process, require calculation of the administrative fee using a 'per subscriber' rate. This action would result in cost savings and may also yield a vendor with a stronger network with steeper discounts.

Net Savings: \$250,000

Negotiate Health Plan Design Components

A study of the State's current health plan revealed that making several changes to the design of the plan would result in substantial cost savings. Negotiate a new health plan design with the unions; e.g. update co-pay, medical procedures covered by the plan, and encourage the use of generic prescriptions. The figure quoted represents the reduction in costs resulting from recommended plan changes.

Net Savings: \$12,500,000

Negotiate Health Coverage Cost Sharing Agreement

With skyrocketing health coverage costs, most employers require a health coverage cost sharing agreement with their employees. Given the State's growing costs in this area, a health coverage cost sharing agreement is now necessary. Negotiate a health coverage cost-sharing agreement with the unions where employees contribute 15% of health coverage costs.

Net Savings: \$22,500,000

Competitively Bid Health Coverage Administrative Fees

The health carrier calculates the administrative fee charged to the State for health coverage as 7.3% of the claims experience. This arrangement subjects the state to increases in administrative costs due to medical inflation and is not competitive with rates offered to other employers or rates offered by other vendors. Require calculation of the administrative fee using a 'per subscriber' rate. This change results in a substantial cost savings: the current administrative fee paid by the State, translated to a per subscriber rate, amounts to \$53 per employee per month, whereas the competitive RFP process should deliver a lower cost. A per subscriber rate would also control administrative costs in the long run as there would be no annual increases in the administrative fees due to medical inflation.

Net Savings: \$3,900,000

Add Pharmaceutical Rebates to Health Plan Design

A rebate program would allow the state to collect a portion of pharmaceutical costs. Modify the health plan contract through the competitive RFP process so that the State can participate in the pharmaceutical rebate program.

Net Savings: \$250,000

Department of Administration Human Resources Elimination of the Level 3 Grievance Hearing Step

Currently union contract provisions provide three opportunities to grieve an alleged contract violation prior to arbitration. The 'Level 2 Grievance' is a hearing before the agency's appointing authority. The 'Level 3 Grievance' is a hearing in the same format

before a Hearing Officer from the DOA Office of Labor Relations. In almost all cases, the Labor Relations Hearing Officer upholds the decision of the Department's hearing officer. The state should collaborate with union representatives to revise the grievance procedure in master contracts, eliminating one of the hearings from the process. This proposal will accelerate the dispute resolution process, and reduce employee and management time spent in the grievance process.

Net Savings: \$300,000

**Department of Administration
Information Technology
Reorganize statewide information technology operations**

Information Technology Consolidation

Information Technology (IT) management is dispersed throughout executive branch departments and agencies. There is little consistency or coordination in management processes or technology use. This results in a technology infrastructure which is duplicative, expensive to support and, difficult to integrate. Service levels and project outcomes are inconsistent and often of poor quality. IT applications support many of the core business processes of state government and it is essential that services and infrastructure improve significantly. By reorganizing and integrating IT, proper technology management principals can be developed and applied across government. Technology management processes include: planning, maintaining technology standards, application development & support, infrastructure support and project management.

Consolidate computer helpdesks

Individual agencies have their own computer support help desks. Many utilize contractors to perform PC and desktop support functions. By consolidating all PC support functions under a single agency, these resources can be better managed, duplication can be eliminated and service levels improved. In addition, the use of modern technology and tools will enable a central helpdesk to resolve remotely many of the issues that currently require helpdesk staff to physically go to a workstation for support.

Net Savings: \$575,000

Consolidate e-mail

Individual agencies maintain and operate their own E-mail servers. There is no consistency in technology. In consolidating E-mail servers, the state will realize savings from reduced hardware, software, maintenance and replacement costs. Many of the people assigned to support these servers can be redeployed to higher-value services. In addition, service levels, disaster recovery planning, and integration between E-mail platforms would be expected to improve.

Net Savings: \$275,000

Consolidate servers

Individual agencies purchase, maintain and support their own application servers. This has resulted in a hodgepodge of different technologies that are expensive and difficult to maintain and support. By consolidating servers and server management, the State can realize significant savings through the elimination of redundant hardware, software, maintenance and support services. In addition, service levels are expected to improve based upon common practices, skills, back up and recovery, and the use of proper operations management tools.

Net Savings: \$320,000

Consolidate mainframe operating system

The state's mainframe computer system currently runs two operating systems. By migrating existing applications, the state will save annual software maintenance costs. This idea is being executed as a component of an overall mainframe strategy. The new mainframe has been installed and applications are being migrated to the single operating system.

Net Savings: \$200,000

Improve management of master price agreement for the hiring consultant staff

The state currently hires a number of consultants under Master Price Agreements (MPA's). By re-bidding and better managing these contracts, the State can realize a reduction of the rate it currently pays for consultants. In addition, there are at least 29 consultants who have been engaged full time by the State for over two years. The cost of an MPA consultant is over \$40,000 per year more expensive than the equivalent cost of a salaried full time state employee. By converting long-term consultants to State employees, the State will realize significant savings.

Net Savings: \$700,000

Cut certified mailing costs

Certified Mail, return receipt requested, currently costs the state \$4.05 per item. By using alternative delivery confirmation options, the State can save at least \$1.75 per piece of mail requiring special service.

Net Savings: \$220,000

Mail barcode processing in-house

The State currently contracts out bar-coding of US Mail at a cost of \$300,000 annually. By purchasing a bar-coding machine, the State can process this mail in-house more efficiently in the long run.

Investment: \$170,000

Consolidate and improve mail delivery service

Multiple state agencies have staff and/or private contractors who provide inter-office mail delivery services. By consolidating and centrally managing mail delivery services redundant routes, the need for outside private contractor delivery services can be eliminated.

Net Savings: \$500,000

Standardize mail piece design

State agencies use a variety of different envelopes and address formats. Enforcing standard address formats which comply with USPS bulk rate requirements will allow the state to realize a \$0.05 savings per piece of mail on approximately 2.5 million pieces of mail annually. There is also a risk of losing discounts if mail is not compliant with the “move update requirement” of the USPS.

Net Savings: \$95,000

Merge mailrooms

The Department of Human Services (DHS) currently operates its own mail facility. In merging the DHS mail facility with the central State facility, the State will realize equipment, maintenance, facilities and staff savings.

Net Savings: \$145,000

Bid out improved telephone and network design

The State spends millions of dollars a year on telecommunications services. Through improved network design, billing audits, and improved procurement, the State can realize significant telecommunications savings.

Net Savings: \$240,000

**Health and Human Services
Secretariat
Create Health and Human Services Secretariat**

The five state health and human services departments serve more than 284,000 Rhode Islanders at a cost of \$2.3 billion per year. There is a lack of centralized planning, budgeting, policy-making, communications and coordination between the departments. This results in many inefficiencies, impairment of service delivery and inability of the system to adequately respond to the increasingly complex needs of the populations served. A Health and Human Services (HHS) Secretariat should be established to coordinate the delivery of public health and human services in Rhode Island. The Secretariat will include the Departments of Children, Youth and Families; Elderly Affairs; Health; Human Services; and Mental Health, Retardation and Hospitals. Savings would result from a reduction in staff through the consolidation.

Net Savings: \$4,200,000

**Health and Human Services
Secretariat
Combine human service training and staff development activities**

Training and staff development activities occur at each of the five health and human service agencies. Departmental staff provides some training while other training is provided under contract through outside organizations. There is inconsistency in the quality and availability of staff development resources. Some departments use the same provider agencies for their training resource. In consolidating staff development within Secretariat agencies, resources can be more accurately applied and agencies can benefit from each other's expertise.

Net Savings: \$120,000

**Health and Human Services
Secretariat
Ensure full federal participation in Medicaid**

A variety of state and private agencies, as well as many local school districts bill for Medicaid; a joint federal-state health care program that reimburses medically necessary services to eligible populations. The breakout of federal versus state revenue is approximately 47% state to 53% federal. There is a clear advantage to making sure that we bill Medicaid, and receive federal reimbursement for all eligible services Rhode Islanders receive. The State should enter into a contingency-based contract with one or more organizations that specialize in analyzing state Medicaid programs. These organizations can provide technical assistance in creating mechanisms to garner federal

reimbursement using mechanisms that have secured payment in other states for similar services. An RFP for this purpose was issued in the fall of 2003. The responses have been analyzed and specific contracts will be issued based on input from various Departments within the secretariat.

Net Savings: To be determined

**Health and Human Services
Secretariat
Consolidate pharmacy purchasing**

There are currently 11 separate state run pharmacy programs, spending approximately \$180,000,000 annually. These programs range in size, serving anywhere from 500 clients to over 176,000 clients, for a total population served in excess of 291,000. The number of prescriptions from these programs is over three million annually. Some of the programs purchase and distribute prescriptions while others purchase and directly manage prescription programs. A review of pharmacy practice has begun in order to determine the best method to create a single management structure for the coordination of purchasing, distribution, and claims processing. Combining purchasing power and streamlining program management is expected to result in at least a one percent savings.

Net Savings: \$1,800,000

**Health and Human Services
Secretariat
Create a single contract and service procurement office**

Each of the five human service agencies purchases services without any consistent coordination. Contracts vary in content, scope, cost setting methodology, deliverables, reporting and, actual cost. There are clear inefficiencies in this practice both in product quality and client outcomes. Sometimes very differing contracts actually target the same clients or client groups, creating confusion and inconsistency for provider groups. Sometimes several different departments will use the same provider and the contract language, reporting mechanisms and service cost will differ. The procurement office will be charged with standardizing prices, vendor qualifications, deliverables and client group descriptions. Through combining efforts, the State's ability to negotiate and coordinate the scope of service, budget and performance measures will improve. Better client service will occur at a reduced price to the State. Experienced service purchasing experts were asked to estimate the potential savings from centralizing and managing procurement based on their experience. Savings ranged from 3.6% to 15%. Based on this the net savings is projected to be a conservative one percent.

Net Savings: \$4,500,000

Health and Human Services
DCYF
Improve children's behavioral health services

The cost of children's mental health and substance abuse services is one of the fastest growing costs in the state budget. Sufficient management tools are not in place that can help assure improved client outcomes and overall service system quality. Staff from various health and human service agencies who are responsible for child health and welfare could be refocused on improving the public system of children's behavior health. Groups under consideration include staff from the Department of Health's Division of Family Health and from the Center for Children and Family Health at the Department of Human Services. This staff contingent will provide a needed focus on psychiatric hospitalization and alternative care for high need children and youth. Savings will be achieved through a reduction in the costs of psychiatric hospitalization through expanded community based treatment options, and redesign of Children's Intensive Services.

Net Savings: \$9,500,000

Health and Human Services
DCYF
Improve discharge planning for DCYF-contracted psychiatric hospital services

Children who require acute psychiatric hospital level care are, in several instances, remaining in the hospital much longer than they need to. This is costly and oftentimes not the best service for the child. Improved discharge planning is needed. Contract monitoring protocol should be developed, better utilization monitoring should occur and improved quality assurance mechanism should be instituted. This will mean that children who require non-hospital level care will get the level of care that they need, and inpatient resources will be freed up to improve community care.

Net Savings: \$1,000,000

Health and Human Services
DCYF
Decrease overtime

There are high overtime costs at DCYF. Three program areas of the agency contribute to this situation: The RI Training School (\$1,527,880); Child Welfare (\$1,599,243); and Child Protective Services (\$1,068,980.). Overtime can be reduced in each of these areas through: (1) Adding full time staff (on a provisional /limited basis) to the training school; (2) Child Protective Services should develop flexible work rules and, if possible, off hours staffing alternatives, and, (3) Child Welfare/Social Workers need to be able to flex their schedules.

Net Savings: \$2,900,000

**Health and Human Services
DHS**

Enforce five-year maximum for Temporary Assistance to Needy Families

RI has eligibility rules for determining cash assistance payments as part of the Temporary Assistance to Needy Families (TANF) federal law. The TANF law allows for five years cash assistance. RI law also allows for five years, but does not count benefits received in other jurisdictions. A beneficiary could move from another state after exhausting their five years of TANF and be guaranteed five added years in RI. Most states (39) count the benefits received in other states but RI does not. RI should count benefits earned outside of the State and duplicate rules followed by the majority of states.

Net Savings: \$1,220,000

**Health and Human Services
DHS**

Reduce formal hearings through alternative resolution processes

Beneficiaries of DHS programs can request a hearing if their benefits are denied or terminated. Benefits are continued pending appeal. The number of hearings held annually increased 65% over the last 4 years. DHS prevails in 95% of hearings. There are options DHS can take to reduce the number of hearings. These include clarifying the benefits decision in the closing and denial letter to beneficiaries, scheduling field adjustment conferences for all Medical Assistance denials and alternatives such as mediation can be used at the local office. The state will save resources by reducing the duration of time that clients continue to receive benefits while awaiting their appeal.

Net Savings: \$390,000

**Health and Human Services
DHS**

Hone emergency room rates to reflect treatment cost

Medicaid funds are spent on primary care for clients in Emergency Rooms, at set emergency room rates. ER rates are nearly four times higher than office visits for similar non-urgent diagnoses. DHS should institute a policy to pay for ER services based upon diagnoses. Also, DHS can provide an incentive for ER's and hospitals to refer clients to more appropriate settings or, DHS can work with clients to offer alternative settings for urgent care.

Net Savings: \$750,000

**Health and Human Services
DHS
Reorganize long-term care (LTC)**

At present DHS maintains several LTC locations. Staff can be merged to a central office in Cranston and Department of Elderly Affairs-funded community centers can be used to offer long term care candidates and their families the outreach, eligibility and support services they need. A federal grant has been awarded to assist with this effort.

Centralizing staff will allow for better caseload management and improved eligibility verification. Additionally, policies and rules that effect LTC eligibility can be tightened through controlling liens, annuities, out-of-state property and transfers and to increase opportunities to recoup payments for LTC costs. Based upon trends in the caseload, and practices in other states, substantial savings can be achieved through monitoring Medicaid eligibility and asset recovery.

Net Savings: \$12,500,000

Health and Human Services
DHS
Reorganize field operations

DHS operates six regional offices for low-income families to access various public benefits. The Department also operates five satellite offices. Caseloads for eligibility screening staff are quite high. Staff report that they are unable to monitor eligibility. In addition, DHS hires interpreters and pays an interpreter service rather than assertively recruiting multi-lingual staff. Field operations could be modified and improved by closing two regional offices and referring clients to the remaining offices. In addition, DHS operates five satellite offices that are labor intensive and not cost effective. These should be closed, and better community partnerships explored. Staff would be reassigned to the remaining offices allowing more time to monitor DHS program eligibility. DHS currently hires 15 interpreters and pays for an interpreter service rather than hiring multilingual staff. Savings would be realized by creating alternate assignments for five interpreters and a one percent reduction in the caseload due to more timely and consistent eligibility monitoring.

Net Savings: \$8,200,000

**Health and Human Services
DHS
Improve eligibility monitoring, DHS**

Currently DHS has no mechanism to monitor recipient fraud or abuse for Medical Assistance or Child Care programs. The fraud and abuse efforts of the DHS could be expanded to include review of both programs. Savings will result from assuring that clients are actually eligible for benefits and are entitled to continue with their services. Comparisons with other states indicate that enacting more stringent review will result in a reduction of about one percent of Medical Assistance and five percent of childcare beneficiaries.

Net Savings: \$12,300,000

**Health and Human Services
DHS
Centralize and strengthen estates and collections, DHS**

Rhode Island should begin a policy now used in surrounding states to pursue the assets of the surviving spouse of a Medicaid funded nursing home recipient. The surviving spouse could not transfer the home to a relative or sell the home without returning the cost of care of the deceased spouse to the state. The surviving spouse would not be required to pay the state back until he/she decided to sell their home. Based on caseload trends, RI would recoup substantial savings.

Net Savings: \$3,000,000

**Health and Human Services
DHS
Move a portion of disabled adults to managed care, DHS**

There are currently 23,116 Medicaid funded disabled adults. This population accounts for 37% of all Medicaid expenditures, and their costs increase substantially each year. Using managed care to provide health services for disabled adults would save money for RI, and improve their health services. DHS has already shown cost savings using a disease management model and many other states have shown cost savings with managed care for this population. This estimate is based upon a four percent reduction in medical costs if 20% of the caseload were entered into a managed care model.

Net Savings: \$3,800,000

Health and Human Services
MHRH
Reduce Medicaid funded adult psychiatric hospitalization

Adults covered by Medicaid fee for service utilize approximately 30 psychiatric beds per day at an average cost of approximately \$750 each representing a total annual cost of \$8,212,500. The state cost for this care is about \$3 Million. There are no effective utilization review mechanisms or program incentives to provided lower cost and higher quality care. Other states have developed acute psychiatric care hospital alternatives and utilization review mechanisms that have reduced utilization by as much as 40%. Fiscal Fitness suggests the development of three care options for adults who require psychiatric hospitalization including: (1) Crisis beds; (2) Crisis management teams and, (3) Utilization review (UR) mechanisms. These options will produce better client outcomes at a lower cost to the state.

Net Savings: \$1,700,000

Health and Human Services
DOH
Increase select fees

DOH licenses over 60 different professions (doctors, nurses, etc.) and 260 facilities (hospitals, nursing care, assisted living, etc.). Many types of professions and several facilities pay no fee for the licensing function. This means that the State subsidizes these groups. Based upon cost to administer and monitor these individuals and groups, it was determined that some fees need to be adjusted. Increasing fees to reflect the relative value of the license and/or the cost to the State would increase revenue. Further, combining select licensing functions across human service agencies can increase efficiency and improve customer service.

Net Savings: \$1,000,000

Health and Human Services
DOH
Streamline Department of Health

An array of changes within the organizational structure and function of the Department of Health are suggested. This will create an atmosphere where expertise is more commonly shared across the department, such as in media and public relations. The department can accomplish its mission with a streamlined organization and fewer consultant staff.

Savings: \$1,400,000.

**Health and Human Services
MHRH
Centralize Patient Accounts**

Patient Benefits and Accounts are presently dispersed within three MHRH Divisions: The Office of Operations, the Eleanor Slater Hospital and the Division of Developmental Disabilities. This is inefficient and contributes to a lack of uniformity and varying levels of benefit and entitlement expertise. Patient benefits and accounts could be consolidated and operations standardized. The number of benefits staff per client will be more evenly spread across the department and improved access to full benefits and entitlements will be assured. Savings will result from improved staffing patterns and better capture of benefits.

Net Savings: \$700,000

**Health and Human Services
MHRH
Reduce Eleanor Slater Hospital overtime, MHRH**

The Eleanor Slater Hospital (ESH) is projected to incur overtime cost for FY '04 of over \$9 Million. Through better management of overtime it is believed projected cost can be reduced by at least ten percent. The Acting MHRH Director already instituted steps in an effort to address overtime at ESH. Reductions in overtime can occur without compromising staff safety or putting client care at risk.

Net Savings: \$900,000

**Health and Human Services
MHRH
Streamline organization, MHRH**

Two Divisions within MHRH: The Eleanor Slater Hospital (ESH) and the Division of Behavioral Health Care (DBH) each have two direct lines of 1:1 reporting at the senior level. This is not best management practice and places an unnecessary distance between top-level managers and staff. There are also some service units that can be combined, resulting in improved and more standardized services as well as better management. Two community service divisions at MHRH share similar missions and service delivery mechanisms. Changes include: (1) Decrease top-level management staff and do away with 1:1 staff reports at ESH, (2) Combine the Division of Behavioral Healthcare with the Division of Developmental Disabilities and reduce senior management staffing and, (3) Combine two of several overlapping units within community service divisions.

Net Savings: \$520,000

Public Safety
Create a Department of Public Safety (DPS)

The following public safety agencies will come under the umbrella of Department of Public safety: State Police, Sheriffs (including Capitol Police), State Fire Marshal (Includes the State Fire Academy), Fire Safety Code Board of Appeal and Review, Municipal Police Training Academy.

A DPS will provide better inter-agency communications through a single public safety reporting structure. DPS will promote and provide consistency and uniformity in policies and procedures, improve training of all new and incumbent public safety personnel and, provide the opportunity to maximize the state's available public safety resources and equipment in an efficient and cost effective manner. The State and Municipal Police as well as the corrections and Sheriffs Training Academies should be unified into a single criminal justice training academy.

Includes:

- Create a Department of Public Safety (DPS)
- Appoint Department of Public Safety Director
- Transfer Parole Board from Department of Corrections (DOC) to DPS
- Transfer State Fire Marshal to DPS
- Transfer Fire Safety Code Board to DPS
- Transfer DOH Forensics Lab to DPS
- Create unified criminal justice training academy, Dept of Public Safety
- Transfer RISP to DPS
- Transfer Sheriffs to DPS
- Consolidate Capital Police with Sheriffs, Sheriffs Division

Investment: \$415,000

Public Safety
Sheriffs
Increase use of videoconferencing in courts

Transportation costs of incarcerated prisoners are continually rising. Advances in video conferencing technology makes it possible for prisoners to communicate with the court and legal council while upholding the individual's right to competent, effective representation. Courts always retain the authority and responsibility to insure that an individual's legal rights are not compromised. Through use of video conferencing in the judicial process, savings can be gained and public safety improved.

Net Savings: \$380,000

Public Safety
State Police

Revise operations of in-house legal counsel

The Rhode Island State Police (RISP) full time legal council primarily conducts legislative research and assists in contract negotiations. The RISP routinely contracts out legal work to vendors instead of full time legal counsel handling various cases. This function could be addressed through continued contracting and reliance upon members of the force who are members of the RI Bar Association.

Net Savings: \$155,000

Public Safety Corrections Consolidate women's correctional facility, DOC

The Department of Corrections (DOC) operates two correctional facilities for female offenders. The Gloria McDonald Building houses detainees awaiting trial and medium security female offenders. The building capacity is 195. The Dix Building currently houses a work release program, minimum-security offenders and the Discovery Program (a contractual substance abuse program). The building also has a capacity of 195. As of August 2003, the Gloria McDonald building was at 91% capacity (140 inmates) and the Dix Building was at 31% capacity (60 inmates). The per annum cost of incarceration for all inmates is \$36,854. The per annum cost for incarcerated female offenders is \$50,970. The two facilities should be combined into the Dix building and the building improved and expanded using capital and asset protection funds.

Net Savings: To be determined.

Public Safety Create a Department of Homeland Security (DHLS)

The following security agencies will come under the umbrella of Department of homeland Security: National Guard, E-911 and the Emergency Management Agency.

A single, unified homeland security structure is needed to better address disaster response and relief efforts of the various entities now responsible for those functions. Additionally, with increased resources and responsibility, the EMA needs to be elevated to a stand alone entity separate and apart from the National Guard.

Investment: \$120,000

**Department of Elementary and Secondary Education
Revisit teacher certification fee structure**

The Board of Regents for Elementary and Secondary Education last increased Rhode Island's teacher certification fees three years ago. An analysis of the fee structure was completed and comparisons were made with nearby states. Rhode Island charges less than other Northeastern states for certification and fees have not kept up with actual certification costs. The changes proposed reflect a fee certification structure comparable with other Northeastern states.

Net Savings: \$450,000

**Department of Elementary and Secondary Education
Create school nutrition program efficiencies**

The Department of Elementary and Secondary Education (RIDE) reimburses school districts for costs associated with the supervision of students during school breakfast. The hourly reimbursement rates vary significantly by community with a high of \$52.79/hr in one community to a low of \$7.18 in another jurisdiction. It is recommended that a cap of \$10.00/hr. be enacted for the school breakfast supervision program saving over \$50,000.

RIDE uses computer consultants for the school nutrition program. This cost can be reduced through working cooperatively with Department of Administration IT staff to resolve billing and accounting system conflicts. It is recommended that RIDE reduce computer consultant costs for the school nutrition program.

Food program sponsors must currently work with two state agencies, the Department of Correction and RIDE, when billing or receiving state funds. Creating an expenditure credit system between the two departments would save time and money.

Net Savings: \$150,000

**Department of Labor and Training (DLT)
Reorganize Department**

Over the years, DLT has developed a multi-layered management structure with a relatively low supervisory staff ratio. Reduction of 1:1 reports (managers who only supervise one person) at the executive level and decreasing the number of management layers will produce savings as well as increase organizational efficiencies. Responsibilities of six senior program executives can be divided into two senior executive divisional assignments.

Net Savings: \$700,000

**Department of Labor and Training
Consolidate Two Workforce Investment Boards**

Two "local" workforce investment boards provide training for Rhode Island workers under the federally funded Workforce Investment Act (WIA). Both local agencies receive funds from the federal Department of Labor through the State's DLT. By combining these into a single statewide workforce investment area that provides training to Rhode Islanders under WIA, administrative overhead spending can be reduced and funds made available to increase training opportunities. The result will be 67% of available local dollars spent on training or a net of \$2 Million redeployed from administrative overhead for that purpose. Staff savings can be also be achieved.

Net Savings: \$2,350,000

**Department of Labor and Training (DLT)
Close underutilized NetWORKri office**

There are six NetWORKri "one-stop" employment centers across the state offering employment and training services to RI workers. DLT is the lead agency and major funder of the "one-stops" and works cooperatively with DHS and the local workforce investment boards. The six centers are located in Bristol/Warren, Providence, Pawtucket, Woonsocket, Warwick and South County. The centers in Providence and Pawtucket have, by far, the most traffic with Pawtucket averaging 218 new clients per month and Providence averaging 358. The Bristol/Warren office has markedly less traffic than the others averaging less than two new clients per day. Additionally, public transportation is not available to this site. The average cost per new client for this site, based on 2002 expenditures, was more than twice that of the other five sites. Closure of this underutilized office and sale of the building would yield substantial federal savings, which could then be reallocated for improved and increased services to clients in high-traffic areas.

Net Savings: \$950,000

Department of Labor and Training (DLT)
Transfer police/fire relief fund to State Treasurer

The Police Officers' and Fire Fighters' Relief Funds (fund total \$2,564,485) are administered by two autonomous boards comprised of current and former policemen and firefighters. DLT houses and provides administrative support for this fund for police and fire widows as well as educational benefits for disabled policemen and firemen and their children. Organizationally, this program is a poor fit for DLT. It should be noted, in the last two fiscal years, it has been necessary to request supplemental general revenue appropriations to provide statutory benefits. Administration of the Police and Fire Relief funds should be transferred to the General Treasurer's Office where the Employee's Retirement System of RI (ERSRI) already administers pension plans (currently 21 different benefit structures defined in RI state law) for many RI public employees including state employees, teachers, a number of municipal employees and many police and fire departments. Already, 51,000 people are members of ERSRI and the 15 member Board (with broad representation and public members) that oversees it could absorb the task of administering benefits for the 275 police widows, 475 fire widows, and 71 tuitions that constitute the current caseload of the program.

Net Savings: \$0

**Department of Business Regulation (DBR)
Reorganize Department**

Within the Department of Business Regulation, span of control can be increased by reducing 1:1 reports and redeploying staff. The Banking and Securities Divisions perform similar functions and can be combined. The management structure and functions of DBR can be streamlined.

Net Savings: \$ 1,450,000.

**Department of Business Regulation (DBR)
Consolidate the processing of professional licenses**

Commercial licensing within DBR is responsible for occupational licensing and enforcement. Examples of regulated professions include: real estate agents, alarm installers, upholsterers, auctioneers, travel agents, etc. The Department of Labor and Training (DLT) also conducts trade licensing and enforcement. Examples of DLT professional regulation responsibility include electricians, plumbers, hoisting engineers, pipe fitter/refrigeration specialists and telecommunication technicians. The Department of Environmental Management issues professional licenses throughout its entire department and is responsible for, among others, arborists, nursery stock dealers and commercial applicators. Further, the Board of Accountancy is an autonomous board whose responsibility includes processing applications and issuing licenses to CPA's and public accountants. Processes among the various licensing entities are essentially the same and should be moved to DBR's commercial licensing unit. A single statewide occupational licensing and enforcement agency (excluding health care occupations) will allow several divergent processes to be standardized, allow for increased technological enhancements and simplify service delivery with a single stop for most professionals.

Net Savings: Savings are included in "streamline organization" calculation

**Department of Business Regulation (DBR)
Revisit professional licensing fee structure**

In most instances, licensing fees have not been revised in recent fiscal years and do not match the current fee structure charged by most states or do not reflect the cost or value of the license. Changes to existing fee structures were based on date of last increase, amount of prior increase, and research on fees charged by other states.

Net Savings: \$550,000

**Department Of Transportation (DOT)
Reorganization**

Several steps could be taken to improve DOT's efficiency. Three DOT divisions are separately responsible for administrative functions of the department. The ratio of supervisors and managers to workers is very low for some sections of the department. Several divisions duplicate functions that could be centralized. Work can be reassigned to lower payroll and consultant costs.

Net Savings: \$4,100,000

**Department Of Transportation (DOT)
Reduce overtime costs**

DOT had approximately \$4.5 million in overtime cost during FY 03. Through better scheduling and more monitoring by managers, overtime can be significantly reduced. For example, seasonal work shifts can be created for certain functions. Temporary staff assignments from other agency sections could be made. Revised overtime guidelines, consistent across DOT, should be enacted.

Net Savings: \$3,100,000

**Department Of Transportation
Rhode Island Turnpike and Bridge Authority
One-way toll/create EZ pass lane at Newport Bridge**

The Rhode Island Bridge and Turnpike Authority (RITBA) maintains the Newport and Mt. Hope Bridges. Tolls are collected in both directions on the Newport Bridge. Other states are or have moved to collect tolls in one direction on bridges. Tolls are doubled for the one direction to make up for the loss of collections on the other side. The EZ Pass lane can be installed at the toll plaza to enable traveler time savings at the toll plaza. These savings accrue to the RITBA.

Net Savings: \$570,000

**Department Of Transportation
Increase fees for physical alteration permits**

Physical Alteration Permits (PAPs) are issued by RIDOT for access to State highways. The fee has not changed in many years and fees not cover RIDOT costs. In 2002, 279 PAPs were issued. Fees charged were \$25 for residential access and \$100 for commercial access. A total of \$16,800 was generated while RIDOT review costs were \$213,200.

Net Savings: \$230,000

Natural Resources
Department of Environmental Management (DEM)
Consolidate Water Quality Functions

Currently four agencies – DEM, Coastal Resources Management Council (CRMC), the Water Resources Board (WRB), and Environmental Health at the Department of Health (DOH) – provide the following water resource functions: permitting, compliance monitoring and evaluation, enforcement, planning, emergency response, and administration. In many cases, these agencies provide similar and overlapping versions of the same functions. Moreover, emerging water issues, such as the reuse of treated wastewater, involve each of the four agencies. Each agency provides stand-alone administration and data-management systems, with often-inefficient coordination.

All permitting, land management, infrastructure design-review, compliance monitoring, enforcement and administration can be combined within the existing DEM water programs. Planning functions can be split with DEM and the Office of Statewide Planning, which will house administration of the Water Resources Board. Savings from consolidation will include staff reductions, data-management systems and ending a CRMC legal contract.

Includes:

- Consolidate Coastal Resources Management Council (CRMC) into DEM
- End legal contract, CRMC
- Eliminate CRMC-specific technology projects
- Move staff from environmental health to DEM
- Transfer land-management and design-review functions to DEM from Water Resources Board (WRB)
- Eliminate WRB lease
- Eliminate WRB-specific technology projects
- Transfer into Statewide Planning the administration of the Water Resource Board and its long-term planning functions.

Net Savings: \$1,250,000

Natural resources
Department of Environmental Management (DEM)
Increase select permit and license fees, DEM

Upon review of the current fees charged, it was determined that either fees were inappropriate or fee adjustments have not been made in recent fiscal years. Increase certain specific fees related to their relative cost and value.

Net Savings: \$250,000

**Natural Resources
Department of Environmental Management (DEM)
Reorganize Department**

The current organizational structure at the DEM does not support accountability along functional lines (such as permit issuance), yet it supports many separate programs with similar missions, goals, and management structures. Many management structures can be streamlined and reorganized including functions relating to permitting and natural resource. Savings will come primarily from streamlining duties and resulting program consolidation will allow for improved coordination among environmental programs and improved customer service.

Net Savings: \$1,000,000