

ANNUAL



Instructions

State of Rhode Island and Providence Plantations
State Budget Office
Office of Management and Budget
August 2017

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Introduction

One of the most important policy functions of State Government is the development of the budget. The budget is the *plan of operation* describing how the state will use its financial resources to meet the needs of the public. This plan must include an estimate of all proposed expenditures and the means of financing them.

Governor Raimondo plans to recommend a Fiscal Year 2019 budget that continues a strong emphasis on:

- Building the skills Rhode Islanders need to compete in the 21st century;
- Attracting entrepreneurs and investments in industries, including advanced manufacturing, that play to Rhode Island's strengths, to stimulate our economy and create jobs; and
- Fostering innovation to enhance accountability and deliver value to taxpayers.

Budget requests should emphasize this agenda. These investments will require further efficiency efforts. Agencies should consider:

- Eliminating duplicative and underperforming programs
- Streamlining and consolidating programs, offices and services.
- Reducing operating funds due to service efficiencies.
- Reducing layers of management and administration.

Budget Instructions Updates

This is the first year of the new budget software Budget Formulation and Management (BFM). There will be additional updates to the following budget instructions in order to take advantage of efficiencies available with the new software. Key areas that may be updated:

- Budget Tracking Sheets – BFM reports may be used to start or supplement this process
- Departmental Revenues – the offline forms may be replaced by BFM forms in late August

Budget Allocations

The first phase of the budget process involves the preparation and announcement of budget allocations, or targets, which are to be adhered to by each agency in the preparation of its upcoming budget. For the FY 2019 Budget, agencies will be asked to submit both a **current services level (unconstrained)** budget and a **constrained budget** based on a target funding level to be provided by the Budget Office. In this year's budget request, agencies will be using decision packages to identify specific areas of expansion or reduction. The decision packages will identify the constrained and unconstrained budget. Instructions on how decision packages work is described in section 14 of the BFM instructions. The intent of requesting two separate budgets is to provide the Governor an understanding of what it would cost to fully fund the various programs of state government, request additional funding for existing or new programs and to provide options for reducing spending to meet available resources. The statewide budget

allocations formulated by the Budget Office are based upon preliminary revenue estimates for the ensuing fiscal year, and the desire to prioritize all activities and programs statewide. The Governor has a constitutional mandate to submit a balanced budget to the General Assembly.

A significant feature of the allocation process is that allocations are made at the agency level, rather than at the individual program or sub-program level. The agency Director is responsible for determining how these allocations will be distributed among the agencies' programs. This process encourages agency managers to make program adjustments that shift resources from low to high priority services.

The use of a funding target reinforces the role of agency managers in the assignment of priorities among programs. Where the allocation requires a reduction or elimination of programs, agency managers are given the opportunity to specify areas of reduction through the decision package process. Conversely, when agencies are afforded opportunities for enhancements, the agency managers indicate areas where additional funding would be most effective, also identified using decision packages.

FY 2018 Revised Budget

Forms for preparing the FY 2018 Revised Budget are located under the BFM tool bar "Budget Management"

Agencies are expected to operate within the current year budget as enacted. Although there may be a need to make some adjustments between programs and line items in the FY 2018 Revised Budget, the goal is for the total general revenue budget for a given agency to not change. As supplemental requests require legislation after most of the fiscal year is over, changes should be requested in rare circumstances with no expectation that they will be granted. However, special consideration should be given to any savings proposals for FY 2019 that could be implemented in FY 2018 and thus produce savings in the current fiscal year that could further help with the projected FY 2019 deficit. This would primarily be initiatives that can be implemented without legislative approval.

Program Budget Format

The Rhode Island Budget is based on a program budget format. *A program is a collection of similar activities and services directed toward a defined purpose or goal and managed by a single identifiable authority.* These instructions provide agencies the opportunity to further align the spending of government with the units of organization and performance that are programs.

Although the program is the primary budgetary unit for appropriation purposes, agencies are asked to prepare operating plans at the sub-program level, where applicable. This provides for a more detailed examination of the activities performed within each program, and aids in the analytical process at both the agency and Budget Office level.

Brief Outline of Budget Process

The expenditure targets to be used in developing your budget submission will be distributed shortly after these instructions. Each agency is requested to submit certain items at varying intervals during August and September, as outlined on the Timetable on page 4 and further detailed in these instructions. In accordance with Section 35-3-4 of the R.I. General Laws, the full agency budget is due to the Budget Office on a date determined by the Budget Officer, but in no event shall it be later than **October 1st**.

During the fall, the Budget Office will review agency budget requests for compliance with the Governor's direction, technical accuracy and concurrence between agency proposals and the Governor's policies and priorities. Agency proposals will need to be brought into balance with the revised estimate of total revenues, as determined by the November Revenue Estimating Conference. Detailed preliminary budget recommendations will then be developed for each program and agency. The key elements considered as part of the development of these recommendations include the consensus revenue forecast, program plans and performance measures, adherence to policy guidelines, information contained in the agency budget submissions together with agency explanations of the differences in service, and information derived from discussions with agencies.

RIGL 35-3-7 requires the submission of both the Supplemental Budget and the new-year Budget by the Third Thursday in January, or on the First Thursday in February in the year a new Governor is elected. This year's date falls on January 18, 2017 for the FY 2019 budget.

The Budget Office is continuing a tiered submission schedule for this year's agency budget requests. Agencies with total FY 2018 enacted budgets of less than \$10.0 million (all funds) are required to submit budget requests no later than Friday, September 15, 2017. Agencies with total FY 2017 enacted budgets more than \$10.0 million (all funds) are required to submit their budget requests no later than Friday, September 29, 2017. Adherence to these submission dates is expected.

Timetable/Due Dates

The following table provides the due dates for various deliverables and the projected timelines for decision points during the FY 2019 budget cycle. Intermediate due dates for specific items are further described within these instructions. Any questions concerning what is required as of a specified date should be addressed to the Budget Analyst assigned to your agency.

July 21	FY 2019 - FY 2023 Capital Budget Requests Due to the Budget Office
August 15	FY 2019 Budget Instructions Distributed to Agencies
August 18	FY 2019 Funding Targets Distributed to Agencies
August 15	Expenditure Database (BFM) made available to CFO's.
August 25	Revenue Data Distributed to CFO's
August 25	Requests for Changes to Current Program Structure Submitted to the Budget Office
Sept 15	Complete Budget Requests for smaller agencies (total FY 2018 enacted funding of \$10.0 million or less) submitted – Submit two (2) hard copies to the Budget Office and one copy each <u>directly</u> to the House and Senate Fiscal Staffs.
Sept 29	Complete Budget Requests for all other agencies submitted - Submit two (2) copies to the Budget Office and one copy each <u>directly</u> to the House and Senate Fiscal Staffs.
Oct/Nov/Dec	Agency meetings with the Office of Management and Budget/Budget Office and the Governor's Office to review budget recommendations
January 4	Final Gubernatorial Decisions on FY 2018 Revised Budget and FY 2019 Budget
January 18	Statutory Date for Governor's Budget Submission to the General Assembly

Program Planning

Program Planning should be the basis for budget requests. The budget request should represent a translation of program plans into funding requests. The request should define the funding needed to carry out program activities and achieve the program's established mission and objectives. Program plans provide a major source of background information to the Governor, the Office of Management and Budget, the Governor's Policy staff and the Legislature when budget requests are evaluated.

Each agency has at least one or more missions and objectives that are generally found in the General Law statutes that created the agency or assigned a responsibility to the agency.

Changes to Program Structure

Agencies and departments are encouraged to review their program structures annually. Program structures should be revised when evidence indicates that a revision will improve agency operations, budgeting, reporting, transparency to the public, or management. Program structures should be reviewed and adjusted to align with enacted legislative changes.

In developing or revising a program structure, the following rules should be followed:

1. Programs should serve a single purpose or set of objectives
2. Sub-Programs should be delineated when doing so will improve accountability, budgeting, fiscal reporting or management.
3. Accounts are **not** programs or subprograms. Accounts are accounting devices used to reflect fund sources, cost centers, activities, etc. Accounts should be used to display the funding which comprises a program or sub-program, therefore, funding within one account should not be shared by more than one program. Note: one account may in some instances comprise one program or subprogram.

Agencies or departments may initiate a change in program structure. The OMB/Budget Office must approve all changes before they are incorporated into the budget or the accounting system. An agency proposal to change the program structure should be submitted in writing and should include the following:

1. Copies of the current and proposed program structure in the form of organizational charts.
2. An explanation of why the change is being requested. What problems have been encountered using the current structure, and/or what improvements will be gained from the new structure?

The creation of new subprograms or the deletion of existing subprograms within an existing program is considered a change in program structure, and therefore, should be approved by the Budget Office.

Written proposals concerning program structure changes must be submitted to the Budget Office by **August 25**. Agencies will be notified of the OMB/Budget Office's decision within two weeks of the date that the request is received. Therefore, the earlier the request is submitted, the sooner the agency will be informed of the OMB/Budget Office's decision. Upon approval of a program structure change, the OMB/Budget Office will work with the agency staff to update the budget database to conform to the new structure.

Budget Request Preparation

Agency budget requests must adhere to the format as described below and will only be considered complete if all required documentation and backup is provided. Some agencies may not require each section as described, but the basic format and order of presentation should be followed in the preparation of your budget request. The general order of presentation is:

- Letter of Transmittal
- Table of Contents
- Agency Summary Information/Overview
- Agency Strategic Plan
- Department/Agency Budget Tracking Sheets
- Revenue Estimates
- Program Information – FY 2019 Budget
 - Program Plans
 - Program Summary Financial Data
 - Prioritization of programs and subprograms
 - Budget Impact Statements
 - Purchased Services and Contract Employee Data
 - Natural Account Backup Information
 - Federal/Restricted Account Estimates
 - Performance Measures
- List of Reports required of the Agency by Rhode Island General Laws

Each of these sections and the specific items that should be provided within each section, are described in more detail below. The order and format of the budget submission is shown in more detail in the *Technical Instructions* section of these instructions.

Letter of Transmittal

A letter of transmittal from the head of the agency or department must accompany the budget submission. This letter should provide a brief overview of the budget request from the Director's perspective. How does this budget meet the strategic plan, goals, objectives and policies of the department or agency? What major issues are of concern to the Director, and how are they addressed within the budget proposal? **The letter should be addressed to the Governor. In addition to the printed submission, please attached this letter to form 5400 – Agency Submission Attachments.**

Agency Summary Information

A general narrative overview of the Department or Agency should be provided as a starting point. Summary financial data displayed on the Agency Summary form (report **103 - Agency Summary Report - BR-1**) is also required in this section. The Agency Narrative page used in the Annual Budget document should be updated as needed in BFM and used as the narrative overview page in this section. The following information should be provided:

1. **Agency Description** - A general description of the agency, its organization, programs and overall objectives should be provided. This section should provide the reader with an understanding of the agency's operations, why the agency exists, what services it provides, etc. (This information is entered in the BFM Strategic Planning form and report **403 - Agency Descriptions** can be printed for submission)
2. **Agency Expenditure Summary** - The BFM report **103 - Agency Summary Report - BR-1** should be printed to show the total expenditures by fund, program, and major category of expense as requested for the budget year, the enacted and revised data for the current fiscal year, and the actual expenditures for the two prior fiscal years. (Include a copy of the agency's most recent strategic plan in your printed submission. Also, attach the plan to the BFM database using the "Agency Submission Attachment" Form 5400, under Budget Formulation.)

FY 2018 Tracking Sheet - Expenditure Plan Adjustments/Supplemental Request

As part of the submission of the FY 2019 Budget Request, agencies are required to update their current year (FY 2018) expenditure plans to better reflect the most current and realistic estimate of expected costs. Any changes to appropriations, including reallocations, increases to federal or restricted caps, requests for additional general revenue funding, including approved reappropriations from FY 2017, and/or adjustments to the agency's FTE cap, must be included in the revised budget request.

Section 2 of Article 1 of the FY 2018 Appropriations Act establishes that "each line appearing in section 1 of this article shall constitute an appropriation." This language strictly limits expenditures to the appropriation in each line item. Departments and agencies are not permitted to use funds in one line item to offset costs attributable to another line item. Any such reallocation of funds must be requested as part of the FY 2018 Revised Budget and approved by the Legislature in the Supplemental Appropriations Act.

In general, funds may be reallocated within each subprogram without explanation (e.g. shifting of funds between object codes). Major changes between subprograms or programs, however, should be done utilizing the decision package functionality described in section 12 of the BFM instructions. This includes changes to restricted and federal account appropriations. The general laws mandate that all changes to appropriation lines

be incorporated in the supplemental appropriations bill, which must be submitted to the Legislature by the third Thursday in January (January 18, 2018).

Agencies must print report 150/160 which will replace the *agency tracking sheets* for the current fiscal year. Updates to this process may be forthcoming sent as Budget Instructions Addenda.

Accompanying this will be any decision packages that are created. Minor changes between accounts which are being done to better reflect where expenditures are going to occur, but have no significant effect on program operations, do not require a decision package. However, if funding adjustments will alter a program's current operations, a decision package must be completed. Any major supplemental funding requests must also be accompanied with a decision package. Information on restricted receipt and other fund sources should be shown separately by running report 107 which replaces the BR-7 form.

Revenue Estimates

Agencies responsible for collecting general revenue departmental receipts (e.g. license fees, fines and penalties, etc.) must provide updated estimates of these revenues for both the current fiscal year and the budget year. All estimates should be based on current law, and should not include any proposed changes to fee structures that may have an impact on revenues. If an agency believes current fee structures require review for potential adjustments, a separate analysis should be prepared and included under the "Additional Information" section of the budget request document.

In addition to implementing program reductions to achieve the constrained budget target funding level, increases to departmental revenues may be proposed for consideration. Any such revenue options should be submitted to the Budget Office for consideration as part of the Agency budget request. All options will be reviewed primarily to determine their viability. If determined to be acceptable, the Budget Office will make any adjustments to the budget recommendations requested by the Governor.

The *Estimated Departmental Revenues* spreadsheet should be used to provide the estimates for each receipt account. **Note: this process may be performed in BFM; supplemental instructions will be sent as needed.** Historical receipt data and the Budget Office's official estimates for the current fiscal year will be provided to each agency in electronic format in an Excel spreadsheet. Agencies are to include revised estimates for FY 2018 revised and FY 2019. It is critical that this information be based upon current law, and should not include any estimated revenue enhancements. This information will be used to prepare for the November Revenue Estimating Conference and thus must be submitted by October 1st. The *Receipt Account Information* form (Form BR-9) should be used to provide backup information about each receipt account and any additional information that may clarify how the revenue estimates were derived.

Program/Subprogram Information

Narrative information is intended to provide program-planning information and to explain budget requests. It consists of both program plans and budget specific impacts. The information requested under “Program Plans” below may be updated in BFM's Strategic Planning form and provided by printing report **404 – Program Descriptions**. Summary financial data is provided by printing report **123 - Program Summary BR-4**. The principal components of this section of the budget request document are:

- Program Plans
 - Program Title
 - Program Descriptions
 - Program Mission
 - Statutory History
- Program/Subprogram Summary Financial Data (report in SABRS)
- Budget Impact Statements for the respective program
- Federal/Restricted Account Estimates

Program Plans

The Program Plan provides, in a narrative format, a general overview of the program, its history, purpose, etc. The plan is intended to provide the reader with an understanding of why the program exists, what its public purpose is, why funding is and/or should be provided. In BFM, report **404 – Program Descriptions** should be run. This report will identify the Program Mission, Program Description and the Statutory History of the program. Please review these narrative and make appropriate changes in BFM (refer to section 17 in the BFM instructions)

Program Summary Financial Data

Each program submission should contain a *Program Summary* report from BFM report **123 - Program Summary BR-4**. This report aggregates the line item sequence and natural account data by major category of expenditure (personnel, operating, etc.) and funding source (general revenue, federal, etc.).

Personnel Supplement Data

Personnel expenditures constitute a significant portion of program expenditures in most agencies. Sound budgeting practice dictates that personnel expenditures receive additional attention. Section 35-3-7 (a) of the R.I. General Laws requires the Governor to submit “a personnel supplement detailing the number and titles of positions of each agency and the estimates of personnel costs for the next fiscal year.”

The PCF data within the BFM database uses the fringe benefit rates as shown in the attached Planning Values. Fringe and related benefits for any new positions or vacant positions not shown in the system will be computed using the rates built into PCF, including using the weighted average for health care benefits for vacant positions.

Agencies should determine turnover expectancy, where appropriate and apply the value to each line sequence effected by entering that amount. Refer to section 18.3 in the BFM instructions. By entering this amount all benefit calculations will be completed by PCF. There are two kinds of turnover expectancy. The first is the normal savings which occur

from employees leaving state service and new employees being hired, usually after a modest delay and at a lower cost than the departing employee. The second kind of turnover expectancy is managed turnover where the department, by design, leaves positions vacant to achieve a certain level of savings. **Note: increasing turnover savings to unrealistic levels is not an acceptable reduction to meet target funding levels. Specific personnel/program reductions should be proposed to achieve savings.**

Agencies should adhere to the following guidelines regarding salaries and wages, and FTE counts.

1. Count each authorized full-time equivalent position as one position notwithstanding the period within a fiscal year that the position is expected to be filled. For example, a full-time position filled for six months of a fiscal year should still be shown as 1.0 FTE, not .5 FTE. Salaries for such a position should be shown at the full annual cost, and any savings resulting from the vacancy period should be taken as turnover.
2. Positions should be reflected under the program they are assigned to (i.e. the program where their parent payroll account resides), regardless of whether a portion of their costs are allocated to other programs. Cost allocations should be shown on a line entitled “cost allocations to other programs”. In rare circumstances, a position may be cost allocated to another agency. In these situations, the cost allocations should be shown on a line entitled “Interdepartmental Transfer”. Please be certain that the agency receiving the costs is using the exact same allocation amount; these lines must net out between programs and between agencies. Note: the cost allocation lines should only reflect the salary portion of an employee’s costs. All benefits costs should be added to or netted out of the appropriate benefit line.
3. A *Program Reduction* line should be used in the budget year (FY 2019) to identify savings and FTE reductions resulting from program reductions or eliminations. However, program reductions may not be shown in this way for the current fiscal year, since it is expected that any such reductions would be implemented or in process by this time, and therefore specific positions should already have been identified for elimination (where applicable). Where layoffs are proposed, unemployment costs should be budgeted in expenditure classification 626200 in accordance with the Rhode Island Department of Labor and Training Unemployment Insurance “Quick Reference” Table, which is included with these instructions.

Natural Account Code Detail/Backup Information

Agencies should not submit expenditure code detail pages for each account. This data will be available to the Budget Office and Legislative Fiscal Office staffs from the budget database.

Some natural codes by their nature or by the level of funding requested often require additional explanation. These justifications will be entered in BFM as you are updating your budget. Once all justifications are in you should run report *151 – Natural Account Detail with Justification*, which lists all **justifications** for changes made to any line sequence in the budget. All consultant/contracted professional services natural 63000's should have backup detail. This is done in the BFM contracts forms and supported by report *106 - Contracts Detail*. Note: If a particular natural account is increasing or decreasing by more than 20 percent from the enacted FY 2018 budget, or if a particular natural account has a significant amount of funding in comparison to others within the same account, some explanation would probably benefit the reader of the budget request. “Major changes” or “significant funding” are relative terms, which are dependent upon the size of the total budget and the budget for a particular account. Agencies should use their best judgment to determine if a natural account warrants further justification within BFM. One rule of thumb: *you can never provide too much backup information.*

Federal/Restricted Account Estimates

Restricted receipt appropriations and federal funds are appropriated at the program level. This provides flexibility when there is more than one restricted and/or federal grant account per program. If needed, the budget ceiling (but not cash resources) from one account could be shifted to another account within the same program (line item) without the need to request an overall cap increase.

In an attempt to avoid the need for multiple requests for cap increases to federal and/or restricted receipt accounts during the fiscal year, agencies are asked to provide a detailed explanation as to how funding estimates have been determined. For federal grants, the spreadsheet provided by the Office of Grants Management will be used to provide the necessary data. You will utilize the BR-7 form referenced in section 16 of the BFM instructions. However, if an agency is anticipating new federal grant awards that are not included in the Summary provided by the Office of Grants Management, these projected awards will need to be added. For restricted receipt accounts, the *Restricted Account Estimates Form* (Form BR-7) should be used.

Agencies should carefully develop realistic estimates of funding for all federal and restricted receipt accounts. Using historical data, plus known carry forward amounts, and estimated new grants or receipts, agencies should be able to develop relatively accurate estimates of resources for both the revised budget and the new year budget.

Centralized Services

The FY 2018 Budget included language authorizing the Department of Administration to reestablish the use of internal service funds for centralized services, including Information Technology, Human Resources, and Capital Management. The intent is to effectuate this change in FY 2018 and eliminate the use of “mirror accounts”. Because of late passage of the budget, the Budget Office was not able to account for this change in the agency’s targets, but will make the necessary adjustments as part of the recommended FY 2018 Supplemental Budget and the FY 2019 Budget. Because of this change, agencies will no longer need to account for federal, restricted or other funds being transferred to the Department of Administration. All such funds should be budgeted in the respective agency accounts and billings will be processed against these accounts by the Department of Administration each month.

Performance Measures

As part of the FY 2019 budget process, the Office of Management and Budget continues the use of performance measures and data in budget development. Performance measures provide greater transparency and accountability of government operations and allow Rhode Islanders to understand how their tax dollars are being used.

Performance measures included in the budget are meant to be a summary of strategic plans and performance management measures. The Office of Performance Management will work with each agency on refining strategic priorities, setting measures and assigning targets. The measures reported in the budget should match those developed through strategic planning and performance management.

All prior performance measures have been loaded into BFM and can be reviewed by running report **401 - Performance Measures - Budget Book View** in BFM reporting. In addition, any updates or new measures can be done by referring to section 17 in the BFM Instructions.

Departments and agencies are to provide performance measures for each budget program. As a reminder, good measures should demonstrate program efficiency, effectiveness and/or improvement of outcomes, not simply count activities. Additionally, they should be:

- Aligned with the department or agency’s strategic plan and/or be consistent with the main purpose of the program;
- Within the control of the department to influence, within some degree; and
- Easily understood by the public.

In FY 2019, performance measure information and data will be collected in BFM so performance information may be printed in the budget document and be accessible on the state’s transparency portal. The following information is requested for each measure and is built into BFM:

- Agency Code & Name
- Program Code & Name

- Measure Name – A short title for the performance measure
- Measure Description – A brief description of measure and its value to the public
- Frequency of Measure – How frequently data are collected (e.g., annually, semi-annually, quarterly, monthly)
- Reporting Period – The time period used to define goals and evaluate attainment (e.g., state fiscal year, federal fiscal year, calendar year)
- Performance Targets and Data – The annual targets from FY 2016 to FY 2019 and actual performance data from July 1, 2017 to September 30, 2017 (or the latest available prior to your budget submission date), if available. If data are not available, please leave fields blank.
 - NOTE: Performance data must be numeric and cannot contain text.
 - REMINDER: FY 2018 and FY 2019 targets should be ambitious, but realistic.

Technical Instructions

Salaries and Benefits

The BFM Project Team has loaded employee records, benefits, and payroll allocations from various SWP, HR and payroll files. The BFM Projection engine projects salary and benefits costs based on these valid Employee records. The Funding Dates on the employee records determine when the Employee's projection begins. The salary amount is determined by the Salary Table and Step/Grade entered on the employee or the Salary Override Amount. The Step Duration in conjunction with the Step Increase Date determines when the employee gets a step increase/pay raise. Benefit codes have been established with appropriate rates and calculation frequencies to determine benefit costs. The following calculations determine an employee's salary, benefit, and FTE amounts:

Salary Calculation= Pay Rate x Salary Percentage x Employee Count

Benefit Calculation= Benefit Rate x Benefit Percentage x Employee Count

FTE Calculation= Authorized FTE = Employee FTE x Allocation %

The agency will be responsible for making the appropriate salary, benefit, and allocation updates ensuring the employee records are accurate. Vacant position/employee records identified by the agencies were also added and can also be updated as needed. A Turnover Expectancy record has also been loaded for each Line Sequence that has salary costs. Agencies can update the salary amounts of these records to project negative salary and benefit costs for calculating vacancy factor credits. Projections will be run on an hourly basis throughout the budget time process to update the salary and benefit costs and FTE counts.

Revenue Data

The Budget Office will supply a spreadsheet file for each agency containing the general revenue receipt accounts for which the agency is responsible. For each receipt account, the following information will be provided:

- FY 2015 Actual Receipts
- FY 2016 Actual Receipts
- FY 2017 Actual Receipts
- FY 2018 Enacted Revenue Estimates

The receipt information file will be distributed once final receipts and accruals for FY 2017 are recorded.

The agency will be responsible for providing a revised estimate of revenues for FY 2018 and an initial estimate for FY 2019. These estimates should be based upon current law and should not include any estimated revenue enhancements.

Form Explanations/Descriptions

Following are brief descriptions of each of the forms required in your budget submission. Most forms are now provided directly in BFM. If you have any additional questions about the proper way to complete a form, or the information required, please contact your assigned Budget Analyst.

Menu	Form Name	Description/Purpose
Budget Formulation	Line Sequence Request	Use this form to request any new Line Sequences as part of the process.
	Base Budget Form - Agency (9200)	Use the Base form to make any adjustments to your base budget that do not impact services . This form will not include: Contracts and PCF (Salary and Benefit) Naturals.
	Base Budget Form – Program (9210)	
	Personnel Adjustment Agency (9280)	Use this form to make any overall adjustments to your salary and benefit budget to account for any issues with the PCF projection or to adjust allocations at a higher level. Enter specific justification if making increases to your budget.
	Personnel Adjustment Form - Program (9290)	
	Contracts Form Agency (9300)	Use the Contracts form to enter any 63XXXX Natural account entries with the required detail.
	Contracts Form Program (9310)	
	Decision Package Agency (9230)	Use the Decision Packages form to enter a group of specific line sequences and naturals that together comprise a specific change to your current services. In many cases these may be reductions in order to meet targets, but increase packages for new or expanded services may be requested.
	Decision Package Program (9430)	
	Budget Review	This form displays all of the 2019 Decision Packages and allows ranking and, in later stages, OMB recommendations.
	Strategic Planning	Use this form to request new performance measures, update existing performance measure descriptions, or update Agency/Program text that prints in Volumes 1-4 of the budget book.
	Performance Measures Agency (9260)	Enter performance measures data in this form.
	Performance Measures - Program (9460)	
	Departmental Receipts – Agency (9410)	Agencies responsible for collecting general revenue departmental receipts (e.g. license fees, fines and penalties, etc.) must use this form to provide updated estimates of these revenues for the 2019 budget year.
	Departmental Receipts – Program (9420)	
	Federal / Restricted Receipts - Agency BR-7 (9270)	Use this form to make updates to prior year balance forward and new revenues / grant awards. This form is used for BOTH 2018 Revised and 2019 Budget since the BR-7 report shows the relationship of the two years.
	Federal / Restricted Receipts - Program BR-7 (9470)	
Agency Submission Attachments (5400)	This form is used to submit any supplemental documents to OMB. There is one form per agency.	
Budget	2018 Revised Budget – Agency (9220)	This form is used to reallocated budget lines with no budgetary net impact. These forms must net to

Menu	Form Name	Description/Purpose
Management	2018 Revised Budget – Program (9250)	zero. Enter all Natural accounts in this form; there are not separate forms for Contracts or Personnel Naturals changes.
	Revised Decision Package Agency (9450)	Use the Revised Decision Packages form to enter a group of specific line sequences and naturals that together comprise a specific change to your current services, such as a new initiative. In many cases these may be reduction Decision Packages in order to meet targets, but increase packages for new or expanded services may be requested. Note that this form is available to Agency or Program-level budget agencies since some packages may cross programs.
	Revised Decision Package Program (9440)	
	2018 Revised Budget ARB	Create Authorized Red Balance (ARB) entries; these will be approved and sent to the financial system apart from the rest of the budget process. Submit the ARB to your OMB Analyst, who will route through approvals and initiate the process to load the data to RIFANS.
	Revised Departmental Receipts – Agency (9480)	Agencies responsible for collecting general revenue departmental receipts (e.g. license fees, fines and penalties, etc.) must use this form to provide updated estimates of these revenues for the current fiscal year.
Revised Departmental Receipts – Program (9490)		

Reports Required for Submission

Agency Summary Report 103 - Agency Summary Report - BR-1

This report provides a summary of the financial data for the entire agency or department. The information required for each fiscal year is:

1. Totals for each program within the agency.
2. Totals for each category of expenditure.
3. Totals for each source of funds.
4. Total number of FTE positions funded in the agency.

Budget Tracking Sheets Report 150/160

The purpose of this report is to give agencies a way of more clearly delineating the changes requested in their budget. This form should be completed by each agency and submitted with their budget request. One tracking sheet will be completed for the FY 2017-revised budget and one for the FY 2018 budget. Agencies will be responsible for completing the ‘Department Request’ column.

BR-4 – Program Summary (report 123 - Program Summary BR-4)

This report provides a summary of the financial data for an individual program. The information required for each fiscal year is:

1. Totals for each subprogram within the program.
2. Totals for each category of expenditure with the program.
3. Totals for each source of funds.
4. Total number of FTE positions funded within the program.

Natural Account Detail

(Report 151 – Natural Account Detail with Justification - should NOT be printed and included in budget submission; data will be available from BFM)

This report provides the lowest level of detail by natural account.

Budget Impact Statements – In BFM reporting, run either report 105 for new year budget impact statements or report 205 for Revised budget impact statements.

The purpose of the Impact Statements is to describe individual changes to the agency budgets. These documents form the basis for not only the Budget Office's review of the agency budget, but also that of the House and Senate Fiscal Staffs. As such, it is to the agency's benefit to provide as thorough and detailed an explanation of proposed changes as possible. Each Impact Statement is directly associated with a discrete item on the Tracking Sheet. The Item Number from the Tracking Sheet should be carried over to the Impact Statement to identify the item.

The Impact Statement contains several sections that require completion by the agency.

1. Item Name – use the same description as shown on the Tracking sheet.
2. Amount – This is the amount of the change, increase or decrease, proposed for this item in FY 2017 and/or FY 2018. The first line is for the general revenue dollar change. The second line is for the total dollar change including all funds. This would be different from the first line, primarily if the general revenue change would have an impact on other sources of funds, such as a federal matching grant. The amount on the second line should be the total funding change, inclusive of the general revenue change.
3. Item Description – This is the section where the agency should provide a detailed description of the funding change being requested, what impact it will have on the agency, etc.
4. Problem(s)/Issue(s) Being Addressed – the request should identify the issues, why they constitute a problem, and why it is appropriate at the current time to address the problem.
5. Anticipated Outcome/Impact after Implementation of Changes – Discuss how the option will address the identified problem and the expected result. Use quantified statements as necessary.
6. Relationship to Agency mission, goals and agency key indicators - Discuss how any expansion request relates to the agency's mission and goals and how it will influence key performance indicators. Identify connections to the agency's strategic plan as necessary. This section should also describe how the request relates to the Governor's agenda.
7. Interagency Impact – Describe any anticipated impact the requested change in your agency budget may have on other agencies in state government. For example, an agency proposes to close a residential center, the clients could spill over into another agencies' caseload.

8. Timetable – If an option is accepted by the Governor, how long will it take to implement? Also, explain what tasks will be required to implement this option in the stated timeframe.
9. FTE Change – If the idea presented has an impact on the number of positions in your agency, explain this impact here. Will additional FTE positions be required to carry out this idea or will this option result in fewer staff? If fewer, will the reduction be achieved through attrition or will layoffs be required?
10. Revenue Impact – If the idea presented will have an impact, positive or negative, on state revenues, an explanation of the impact should be provided here. Also, an estimate of the projected change in revenues and how this estimate was determined should be provided.
11. Federal Change Impact – If this option will have an impact on federal funds, such as a loss of federal matching funds due to lower state funding, this should be explained in this section.
12. Information Technology – If the option includes an information technology change this section should provide an overview of the change. Any estimates regarding cost components and timeframes should be provided. These include IT projects or projects where there is an IT component, regardless of funding source. IT is the application of computers and telecommunications equipment to store, retrieve, transmit and manipulate data.

Federal Award Summary – provided by the Office of Grants Management (if applicable)

List of Required Reports

Legislation passed in the 2013 session of the General Assembly requires the Office of Management and Budget to compile an inventory of all reports filed by executive branch agencies with the General Assembly. The inventory is to include the following information:

1. type of report
2. the title of the report
3. the authors of the report (who prepares it)
4. the specific audience of the report
5. a schedule of the reports' release (when it is published).

As part of this year's budget request submission, each agency is requested to update the list of any reports provided with last year's budget submission. The Office of Management and Budget will distribute the report filed by your agency (if applicable) last year to be updated.

Format of Budget Submission

The following is the order of presentation for the Budget submission. As mentioned earlier, the budget submission should be numbered either sequentially or by section. For ease of use, we suggest that each major section (e.g. General Agency Information,

Revenue Data, etc.) and each program separated into individual sections with separate tabs. The reports to be used or associated with each section are shown in parentheses.

Budget request submissions should be in a bound format, preferably a three-ring binder, and should be labeled.

- Letter of Transmittal
- Table of Contents
- General Agency Information
 - Agency Narrative Report 403
 - Agency Summary Report (BR-1) Report 103
 - Budget Tracking Sheets Report 150 for 2019 & report 160 for revised
- Revenue Estimates and Data
 - Estimated Departmental Revenues Spreadsheet Report TBD
 - Receipt Account Information Forms (BR-9) Report TBD
- Program 1 Information Reports
 - Program Narrative (Report 404)
 - Program Summary Form (Report 123)
 - Purchased Services/Contract Employees (BR-3b /TBD)
 - Budget Impact Statements (Report 105)
 - Federal Award Summary
 - Restricted Account Estimates (BR-7)
- Program 2, etc.
- Performance Measures report 401
- Miscellaneous Information
- List of Reports required of the Agency by Rhode Island General Laws

Planning Values

Listed on Table 1 are the planning values loaded into BFM for various budget object codes that will be used by the system in PCF

All **debt service**-related values will be budgeted centrally (within the Department of Administration) for both FY 2017 and FY 2018, with the exception of Higher Education. The Budget Office will make any required adjustments at a later date.

The FY 2019 budget will be prepared in a manner consistent with the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR 200) that identifies the principles for allowable costs for federal programs. There will be an **assessed fringe benefit** that will include several components in order to capture charges through a cost allocation system. OMB A-87 stipulates that payments for unused leave, unemployment and worker's compensation for current or former employees be allocated as a general administrative expense to all activities of the government unit. Therefore, individual agencies will not be charged for the actual costs attributable to their employees for unused leave, worker's compensation, or unemployment, but rather charged a statewide benefit assessment that is charged as a percentage of payroll. Funds for worker's compensation or unemployment should not be budgeted separately; they will be funded from the statewide benefit assessment. Note: unemployment compensation costs should be included in your FY 2018 budget request if you are proposing a reduction in staffing that will result in layoffs.

Also, section 28-31-8 of the Rhode Island General Laws requires that the state pay a share of the assessment levied by the Department of Labor and Training for the Worker's Compensation Administrative Fund. This assessment is used to fund services provided by the Donley Center, the Worker's Compensation Court, and to fund certain administrative costs relating to Workers' Compensation. This charge became effective with the fiscal year 2000 budget year and, consistent with OMB A-87, will also be a general administrative expense.

If you have any questions about any of these planning values, or need additional information about an object code not listed, please contact your assigned Budget Analyst for assistance.

FTE Cap

Article 1, Section 10 of the FY 2018 Appropriations Act establishes the FTE caps for each agency in state government which total **15,160.2** Full Time Equivalent positions statewide. The enclosed FTE chart reflects the allocation of FTE by agency.

Article 1, Section 10 of the FY 2018 Appropriations Act also defines the procedure for obtaining an adjustment to a full time equivalent authorization level. Similar to the procedure for obtaining increases in federal and restricted receipt account appropriations, any adjustments to FTE authorizations must be approved, at the recommendation of the State Budget Office, by the Governor, the Speaker of the House and the Senate President.

Agencies or departments that require an increase to their current FTE authorization limit, as established in the FY 2018 Appropriations Act (see Table 2), should include such a request in their FY 2018 Revised Budget request. Within each program where additional FTE positions are being requested, the following questions should be answered.

- What is the critical need for the position(s)?
- What will the position(s) be doing?
- Why can't present staff perform the function(s)?
- If additional FTE's are not provided, how will the program be impacted?

If an increase to the current FTE authorization is required subsequent to the submission of the budget in October, agencies may submit a separate request, at any time during the fiscal year, which provides the same information as requested above. This request should be addressed to the Budget Officer. If approved, the appropriate paperwork will be submitted to the Governor, the Speaker of the House, and the Senate President for their signature.