



# OFFICE OF MANAGEMENT & BUDGET

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## MEMORANDUM

**To:** Directors and Chief Financial Officers  
**From:** Brian Daniels  
Director, Office of Management and Budget  
**Date:** August 4, 2022  
**Subject:** FY 2024 Budget Process

A handwritten signature in black ink, appearing to read "Brian M. Daniels".

As we kick off the FY 2024 budget development season, I would like to thank all agency leadership for your hard work during the FY 2023 budget process. Your support throughout the budget development and legislative review processes contributed to a final product that will improve the lives of the people we serve. The enacted budget responsibly invests in initiatives that will improve our state's economy, support Rhode Island families, address long-standing needs in state infrastructure and facilities, and encourage state government to be more effective and efficient.

Our primary goal now is to deliver on the promises we made – implementing and administering the dozens of new programs and initiatives that were funded in the FY 2023 budget with federal and surplus dollars. At the same time, however, the state and nation still face economic headwinds, requiring us to take a conservative and cautious approach to budgeting in the coming years.

For these reasons, in FY 2024 we are asking agencies focus on delivering results – managing new and ongoing initiatives effectively and demonstrating their impact on the public. Any requests for additional resources and staff should be limited and focused on certain objectives, discussed below. Also, while the out-year deficit forecast has improved, we still face persistent deficits, requiring agencies to submit constrained budgets.

### **FY 2024 Development Timelines and Process – Ongoing Engagement**

OMB is again using a tiered submission schedule for agency budget requests.

- Agencies with total FY 2023 enacted budgets of less than \$15.0 million (all funds) are required to submit their requests no later than September 23, 2022.
- Agencies with total FY 2023 enacted budgets of greater than \$15.0 million (all funds) are required to submit their requests no later than September 30, 2022.

Agencies will again input base budget changes and corresponding justifications directly into the Budget Formulation and Management (BFM) system through Decision Packages. Agencies will continue five-year expenditure estimates and revenue generating proposals as part of Decision Packages, thereby allowing us to evaluate the impact on the five-year forecast.

We encourage agencies to work with their budget analysts throughout the FY 2024 development process. In July, budget analysts sent agencies summary memos with relevant provisions of the FY 2023 Budget as Enacted, including new programs and possible fiscal program implementation challenges in the coming year. Ongoing consultation between agencies and analysts can help avoid technical challenges with budget submission and ensure that agency budgets are consistent with instructions.

### **FY 2024 Constrained and Unconstrained Budget Requests – Looking Long-Term**

Given the uncertainty with respect to available resources in FY 2024, and consistent with historical practice, this year each agency will make a three-part budget request:

- A current services level base budget request;
- A constrained budget equal to a 5 percent reduction for FY 2024; and,
- An unconstrained budget request including expansionary proposals should additional resources be available.

Constrained budget requests should be reasonable and realistic; budget requests that propose unrealistic or unattainable savings (i.e., “selling the Washington Monument”) may be returned to the agency as incomplete. Ideally, constrained budget proposals should address areas of cost growth or eliminate unnecessary, inefficient or duplicative programs. Further, if an agency proposes reasonable savings initiatives, OMB will look more favorably on reinvesting some of those savings into its unconstrained budget initiatives.

OMB welcomes agencies to submit unconstrained requests that are in line with the highest agency priorities and strategic direction. Agencies should minimize the number of unconstrained requests and instead focus developing a small number (3 – 5) well-developed and data-driven requests that closely align with the Governor’s strategic priorities. Agencies should focus requests in the following areas:

- Addressing immediate health and safety needs or mitigating risk
- Complying with new statutory or regulatory mandates
- Addressing cost drivers and reducing out-year costs
- Improving the efficiency or outcomes of agency programs, as demonstrated through performance data

Agency target sheets may include areas of cost growth or program risk; we encourage agencies to address those concerns through constrained and unconstrained budget proposals. Further, agencies will need to quantify both cost and performance data impact of unconstrained proposals to assist with OMB evaluation.

### **FY 2023 Revised – Focus on Cost Containment and Program Implementation**

Like all Rhode Islanders, state government faces inflationary pressures. We ask all agencies to contain operating costs to the greatest extent possible by managing to the FY 2023 enacted budget and limiting requests for adjustments. OMB will not be able to accommodate numerous upward adjustments in the revised budget; agencies that request increases in one area should also recommend reductions elsewhere.

### **Performance Measures – Focusing on Outcomes**

OMB is placing renewed focus on program performance management as part of the budget development process and throughout the year. As part of the FY 2024 budget process, agencies will be asked to:

- Review performance measures for consistency with agency mission and priorities. Agencies should add/revise performance measures as necessary, with the expectation that they will have a higher profile in budget documents and online.
- Justify any unconstrained budget proposals by expected measurable improvements in program efficiency and/or outcomes, similar to the requirements for projects funded by the American Rescue Plan Act's State Fiscal Recovery Fund.
- Report program performance data as part of the quarterly budget-to actual reports.

We appreciate your efforts to ensure that state government provides quality services to Rhode Islanders while using taxpayer dollars efficiently and effectively. We look forward to work with you in the FY 2024 budget development process. If you have technical questions, please contact your budget analyst. If you have other thoughts, recommendations or concerns, please feel free to reach out to me ([brian.daniels@omb.ri.gov](mailto:brian.daniels@omb.ri.gov)) and/or State Budget Officer Joe Codega ([joseph.codega@omb.ri.gov](mailto:joseph.codega@omb.ri.gov)).