



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUDGET OFFICE
One Capitol Hill
Providence, R.I. 02908-5886

Memorandum

To: Department Directors and Agency Heads

From: Rosemary Booth Gallogly *R. Gallogly*
Executive Director/State Budget Officer

Date: April 2, 2008

Subject: Quarterly Report

Section 35-1-5 of the Rhode Island General Laws requires that the Budget Office prepare and release to the public within 45 days of the close of each quarter a consolidated quarterly report incorporating the cumulative current and year-end status of revenues and expenditures. To allow sufficient time to prepare this consolidated report, agencies are required to submit to the Budget Office a quarterly report within 30 days of the close of the quarter. We ask each department director and agency head to make this a priority to ensure the April 30, 2008 deadline for submission of quarterly reports to the Budget Office is met. We will utilize the third quarter analysis to determine whether any adjustments are required to agencies' budgets. Please make every effort to achieve this deadline, as the budget process is likely to develop very quickly after May 1.

The RIGL requires that each quarter's report include both current actual departmental expenditures and encumbrances compared to enacted appropriations, and the anticipated year end balance assuming current trends continue and that typical cyclical expenditure patterns prevail over the course of the year. To determine the expenditures to date and project future expenditures for the fourth quarter, agencies should utilize the RIFANS Statements 1, 2, and 3, ensuring that the FY 2008 Working Budget field (entitled RI FY 2008 WRK BUDGET) is selected as the budget parameter. All budget comparisons should be made to the FY 2008 Working Budget and not to the FY 2008 Enacted or Supplemental Budgets. Agencies were asked to use the Working Budget field when they prepared their 2nd quarter Report. The RIFANS monthly allotments should not be used because these reflect the FY 2008 Governor's Recommended Revised Budget. Please

contact your assigned budget analyst if you are uncertain about the categorical or line item distribution of appropriations.

Each agency and department head should provide an explanation of deviations to the Budget Office including:

1. Analysis of the status of funding by program and by fund, including the projected annual expenditure vs. the Working Budget appropriation under current trends, *and the plan for a resolution of shortfalls, if any are projected*. Agencies should clearly identify assumptions in the analysis relating to adjustments from or to federal and restricted accounts, or other cost allocation adjustments which must be processed. In projecting expenditures, agencies should reflect the following:

Payroll – Medical Holidays: Agencies will NOT be charged medical costs for the last three pay periods—pay periods 24, 25 or 26—and payroll encumbrances have been reduced to reflect these savings. Agencies will continue to be charged for vision and dental benefits during this period.

The medical benefit holiday for the three pay periods was reflected in the Governor's FY 2008 Revised budget, but would be reduced from that amount by any turnover savings recognized separately.

Quarterly reports should explicitly state the projected payout amounts for unpaid retros and COLA adjustments. The Governor's revised budget recommendations included funds for all settled and unsettled union wage/co-share arrangements, with the exception of RIBCO. The RIBCO amounts are reflected in FY 2008.

2. Your quarterly report should reflect any savings you are able to achieve on the prescribed 2.7% reduction included in the supplemental budget. You should make any necessary adjustments between line items to record where the actual savings will occur.
3. Your quarterly report should not assume any savings will be realized from the furlough days, which are still under negotiation.
4. Your narrative should specifically identify expenditure assumptions that will change based upon passage of the Supplemental Budget, which is scheduled to be heard by the House Finance Committee on Tuesday, April 8th. (For example, Article 18 includes a proposal to reduce general revenue sharing state aid by \$10.0 million. Based on the enacted budget and current law, the Department of Administration would project that the full required distributions will occur, but would note in their narrative that passage of this Article would result in savings of \$10.0 million.)
5. Analysis of trends of under or over expended programs and accounts, noting the reasons and the projected ending condition.

6. Analysis of federal and restricted revenue funds, noting any projected over or under spending. This will help determine whether any expenditure ceilings need to be increased or reduced in the current year.

This information must then be submitted with full documentation to the Budget Office by Wednesday, April 30, 2008 to allow for preparation and timely submission of the quarterly report. Your continued cooperation is appreciated.

RBG:sm08-98

Enclosures

cc: Chief Financial Officers