



OFFICE OF MANAGEMENT & BUDGET

STATE BUDGET OFFICE

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300
Fax: (401) 222-6410

MEMORANDUM

To: James Thorsen
Director, Department of Administration

From: Joseph Codega Jr.
Deputy Budget Officer

Date: August 20, 2021

Subject: **Reappropriations to FY 2022**

This memorandum summarizes the recommended reappropriations from FY 2021 to FY 2022. The authority for reappropriation of unexpended balances is contained in RIGL §35-3-15 as follows:

§35-3-15. Unexpended and unencumbered balances of revenue appropriations. —

(a) All unexpended or unencumbered balances of general revenue appropriations, whether regular or special appropriations, at the end of any fiscal year, shall revert to the surplus account in the general fund, and may be reappropriated by the governor to the ensuing fiscal year and made immediately available for the same purposes as the former appropriations; provided, that the disposition of unexpended or unencumbered appropriations for the general assembly and legislative agencies shall be determined by the joint committee on legislative affairs, and written notification given thereof to the state controller within twenty (20) days after the end of the fiscal year; and furthermore that the disposition of unexpended or unencumbered appropriations for the judiciary, shall be determined by the state court administrator, and written notification given thereof to the state controller within twenty (20) days after the end of the fiscal year.

(b) The governor shall submit a report of such reappropriations to the chairperson of the house finance committee and the chairperson of the senate finance committee of each reappropriation stating the general revenue appropriation, the unexpended or unencumbered balance, the amount reappropriated, and an explanation of the reappropriation and the reason for the reappropriation by August 20 of each year.

As of this date, my recommendation includes \$5,612,589 in reappropriations for the General Assembly and \$2,833,776 for the Judiciary, which are required by statute as shown above, and no discretionary reappropriations. While the final FY 2021 closing balance remains subject to adjustments by the State Controller and publication of the FY 2021 preliminary closing report, Budget Office analysis of expenditure data from the State's RIFANS accounting system indicates that general revenue expenditures currently exceed general revenue appropriations by a significant margin. Given preliminary indications of an unfavorable variance of statewide expenditures to the final enacted FY 2021 budget, there are no opportunities to pursue discretionary reappropriations for any state agency, regardless of that agency's specific closing balance.

It must be noted that the general revenue deficit anticipated for FY 2021 **is not the cumulative result of systemic overspending by state agencies in FY 2021**. Rather, it is wholly attributable to a year-end accounting procedure undertaken by the Department of Administration (DOA) Office of Accounts and Control (in consultation with the Office of the Auditor General) wherein Federal Emergency Management

Agency (FEMA) reimbursement eligible expenses incurred in FY 2021, but not officially approved by FEMA on or prior to June 30, 2021, must be recognized as FY 2021 general revenue expenses. Since these adjustments were not budgeted in FY 2021 final appropriations, a net deficit will be reported in the Controller's preliminary FY 2021 budget-to-actual report. However, upon FEMA approval/reimbursement of these expenses in FY 2022, a corresponding upward adjustment to general revenue fund balance will be recognized in FY 2022, yielding an anticipated net-zero general revenue impact between the two years.

For informational purposes, it should be noted that the final FY 2020 general revenue closing position was likewise adversely affected by these inter-year adjustments, in the amount of \$110.9 million. Based on preliminary data available in the State's RIFANS accounting system to date, associated FEMA collections and other adjustments totaling approximately \$110.7 million have been recorded, which represents a 99.8 percent rate of successful resolution of the inter-year FEMA charges between FY 2020 and FY 2021. Based on this precedent, the Budget Office assumes a similar pattern of successful resolution will hold with respect to FEMA inter-year adjustments between FY 2021 and FY 2022 and does not view this as a matter of substantive concern.

Please do not hesitate to contact me or my staff with any questions or concerns regarding the status of reappropriations to FY 2022.

JMC:mo21-reapprop

cc: Dorothy Pascale, State Controller
Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor