



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
Executive Director/State Budget Officer *RB Gallogly*

Date: October 15, 2008

Subject: Quarterly Report Requirement

Section 35-1-5 of the Rhode Island General Laws in Chapter 35-1 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. The statute requires that each quarter's report include both current actual departmental expenditures and encumbrances compared to 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 fulfill this statutory requirement, each agency and department is required to submit to the Budget Office a quarterly report. This report is used by policymakers and Budget Office staff as an early indicator of the adjustments that may have to be made to the FY 2009 revised budget. Therefore, it is critical that the report be based on sound and prudent assumptions.

The report should include data and supporting notes sufficient to demonstrate each department's fiscal condition, and should also include a concise executive summary, not to exceed two pages. Review of current year operations is integral to the day-to-day fiscal management of the state, and to the development of the upcoming fiscal year's financial plan. The majority of the effort required for this task has probably already been expended in the development of your FY 2009 revised budget request. We will utilize this first quarter analysis, along with your FY 2009 revised budget request, to review appropriation adjustments by line item. Each agency and department head should provide an explanation of deviations from the legislatively enacted programs (line items) reflected in the budget database. The submission should include:

1. Analysis of the status of funding by program including the projected annual expenditure vs. the appropriation under current trends, and the plan for a resolution of shortfalls, if any are projected. *The report should specifically address any budget reduction plans enacted by the General Assembly that are NOT being achieved by your agency, and plans to offset any unachieved savings.* Any anticipated transfers between programs should be discussed. Agencies should clearly identify assumptions in the analysis relating to adjustments from or to federal and restricted accounts, or other cost allocation adjustments which will be processed. In addition, please include approved reappropriations as an available resource and the projected expenditures from the reappropriations in the appropriate program.
2. Analysis of trends of under or over-expended programs, noting the reasons and the projected ending balances.
 - (a) With respect to personnel costs, agencies should use the payroll benefit rates and co-shares currently being charged. Therefore, you should not assume that co-shares will change for unions that have not yet ratified. You should estimate personnel costs based upon positions filled as of October 11th (paid on October 17, 2008), including the projected costs for positions approved by the Steering Committee and Budget Office.
 - (b) For the furlough day which has been negotiated, you should assume savings of 1/260th of payroll costs.
 - (c) With respect to fuel costs, agencies should reflect the estimated cost of fuel assuming prices remain at current levels.
3. Analysis of federal, restricted, and Rhode Island Capital Plan funds, noting any projected requirements for increases in cap authorizations. All ceiling increases should be included in your report.

This information must then be submitted with full documentation to the Budget Office by Friday, October 31, 2008 to allow for preparation, briefing the Governor, and timely public submission of the Budget Office's quarterly report. Your continued cooperation is appreciated.

RBG:sm09-50
cc: Departmental Chief Financial Officers
Marc Leonetti, State Controller