



# OFFICE OF MANAGEMENT & BUDGET

## STATE BUDGET OFFICE

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### MEMORANDUM

**To:** Department Directors and Agency Heads  
**From:** Joseph M. Codega, Jr. *JMCjr.*  
Deputy Budget Officer  
**Date:** January 11, 2021  
**Subject:** **Second Quarter Financial Statement Requirement**

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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 assist in fulfilling this statutory requirement and in accordance with RIGL 35-3-17.1 (shown below), each agency and department is required to submit financial statements to the Budget Office and House and Senate Fiscal Offices within 30 days of the end of each quarter. These statements are used by policymakers and Budget Office staff as an indicator of the adjustments that may be needed in the FY 2021 final budget. Therefore, it is critical that the report be based on sound and prudent assumptions.

Agency financial statements should include data and supporting notes sufficient to demonstrate each department's fiscal condition and should also include a concise executive summary. Review of current year operations is integral to day-to-day fiscal management, and to the development of the upcoming fiscal year's financial plan. Most of the effort required for this task has already been dedicated during the development of your FY 2021 revised budget request. Each agency and department head should provide an explanation of projected deviations from the legislatively enacted programs (line items) reflected in the budget database.

#### BFM Quarterly Report Tool

Last year, the Budget Office developed a new Quarterly Report tool within BFM to assist agencies in the development of their quarterly financial statements. This report provides year-to-date expenditure data. Because the January 8 payroll was for the pay period ending January 2, we have included payroll expenditure data through January 8 in the new Quarterly Report form (all other expenditure data is through December 31). This tool will enable agencies to export data to Excel, enter projections through year-end, re-import the data to BFM and run several summary reports that can be used as part of your report submission. Accompanying this memo are instructions on how to access this feature in BFM. One additional benefit of using BFM for development of your quarterly report is that it can be accessed via the internet without the need for VPN in case you are working remotely. The updated form and BFM report should be live and available for use by COB Tuesday, January 12. If you have any questions about using this feature, please contact Lisa Henriques ([lisa.henriques@budget.ri.gov](mailto:lisa.henriques@budget.ri.gov)).

The FY 2021 quarterly financial statement submission should include:

1. Analysis of the status of funding by program including the projected annual expenditure vs. the FY 2021 enacted appropriation under current trends, and the plan for a resolution of shortfalls, if any are projected. 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 have not yet been processed. The statement should specifically address any budget reduction plans and other initiatives enacted by the General Assembly and their current status. If projected savings are NOT being achieved by your agency, you should identify plans to offset any unachieved savings.
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 (as shown on the Planning Values distributed with the FY 2021 Budget Instructions). Please note that health benefit rates for medical, dental, and vision coverage for all state employee plan levels changed on January 1, 2021, in accordance with the attached schedule.
  - (b) You should estimate personnel costs based upon positions filled as of January 2, 2021 (pay period 14, paid on January 8, 2021). Please be sure to identify your assumptions relating to filling of currently vacant positions through year-end. As part of your second quarter financial statement estimates, please include all payroll reallocations to the Coronavirus Relief Fund (CRF) that were processed pursuant to the *Policy for Charging Public Employee Payroll To the Coronavirus Relief Fund* and in accordance with the guidelines set forth in the OMB memorandum of December 7, 2020, entitled *Coronavirus Relief Fund (CRF) Deadline Guidance for State Agencies*. **Note: Personnel expenses (mainly overtime) anticipated to be eligible for 75 percent reimbursement from FEMA should be accounted for in your financial statement, but the 25 percent match must not be allocated to the Coronavirus Relief Fund for post-12/30/2020 costs, but rather to general revenue sources.**
  - (c) If, by the time of preparation of your financial statement, you have received DOA COVID-19 Governance Committee approval to utilize general revenue for COVID-19 pandemic response activities under the 47XX2XX.01 appropriation account codes, please include these amounts in your expenditure estimates.
  - (d) With respect to Internal Service Funds, agencies should reflect the enacted funding level for HR, DOIT and DCAMM charges (for natural accounts in the 647xxx series).
1. In accordance with the DOA Enterprise OMB Quarterly Report and Corrective Action Plan Policy, if the Budget Office is projecting a general revenue deficit for an agency in the quarterly report issued on February 15, 2021, a corrective action plan must be filed within 30 days of the quarterly report's publication. A draft plan that lists the activities the agency can and/or will pursue to eliminate the projected deficit needs to be submitted to the Budget Office for review and approval prior to submitting to the House and Senate.
2. In accordance with the DOA Enterprise OMB Budgetary Control Policy, agencies projecting a deficit will be held to more stringent controls in RIFANS and the PAR system. Only expenditures related to immediate health and safety will be approved.
3. Analysis of federal funds receipts and Rhode Island Capital Plan funds, noting any projected requirements for increases in cap authorizations. All ceiling increases known at this time should be included in your statement. Federal Funds must include any COVID-19 direct grants under: (1) The Coronavirus Preparedness and Response Supplemental Appropriations Act; (2) The Families First Coronavirus

Response Act; (3) The Coronavirus Aid, Relief, and Economic Security (CARES) Act; (4) The Paycheck Protection Program and Health Care Enhancement Act; (5) The Consolidated Appropriations Act, 2021 (if known at this time); and (6) Any forecasted reimbursements from the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

4. In accordance with the DOA Overtime Policy issued on June 5, 2019 (copy attached), agencies are also asked to provide a separate report on overtime. This report shall include information on the amount of overtime paid in the previous quarter by type. This report shall include a comparison of paid overtime with budgeted amounts and justifications for any significant deviations.

This information must then be submitted with full documentation to the Budget Office, House and Senate Fiscal Offices by Friday, January 29, 2021 to allow for preparation, briefing the Governor, and timely public submission of the Budget Office's quarterly report.

Your continued cooperation is appreciated.

**§ 35-3-17.1 Financial statements required from state departments, agencies, and instrumentalities. –**

The several state departments, agencies, and public authorities and corporations shall submit to the fiscal advisors of the house and senate, statements of financial conditions and operations within thirty (30) days of the close of each of the first three (3) fiscal quarters of each year. The statements shall include, at a minimum:

- (1) Account numbers;
- (2) Allotments;
- (3) Expenditures to-date;
- (4) Estimated expenditures to complete the fiscal year; and
- (5) Surplus or deficiency projections.

cc: Departmental Chief Financial Officers



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
**DEPARTMENT OF ADMINISTRATION**  
**Enterprise Policy**

**DEPARTMENT OF ADMINISTRATION-OVERTIME POLICY-2019**

**DEPARTMENT OF ADMINISTRATION**

**Office of Management and Budget**

Office: (401) 574-8430

**Overtime Policy**

Last Revised: June 5, 2019

**1. Purpose**

The purpose of this policy is to establish overtime approval processes and procedures to ensure that the use of overtime work is kept to a minimum consistent with the needs and requirements of sound and orderly administration of State government.

**2. Applicability**

The overtime policy applies to non-exempt employees in all agencies under the Governor's jurisdiction. If the terms of an approved labor agreement conflict with the provisions of this policy, the terms of the labor agreement will apply to employees covered by that agreement. If a labor agreement is silent on overtime, this policy applies to the employees covered by that labor agreement.

**3. Definitions**

**Appointing authority.** Pursuant to R.I. Gen. Laws § 36-3-3, the person or group of persons having the power by virtue of the constitution, a state statute, or lawfully delegated authority to make appointments.

**Authorized designee.** Person who is authorized by the appointing authority of the agency to approve overtime requests.

**Blanket approval.** The ability to authorize multiple individuals' overtime requests without going through the process set forth in Section 9 of this policy.

**Exempt employee.** Employees primarily performing duties that are not subject to overtime provisions of the Fair Labor Standards Act (FLSA) and are ineligible to earn overtime pay.

**Fair Labor Standards Act (FLSA).** The Fair Labor Standards Act of 1938, as amended 29 U.S.C. 201, et seq., is a federal law which establishes overtime compensation

eligibility. The FLSA requires that employees be paid at least one and one-half times their regular rate of pay for all hours worked over 40 hours in a workweek, unless they are excluded or exempt from overtime provisions.

**Hours worked.** Total hours worked in an employee's standard workweek. Pursuant to R.I. Gen. Laws § 36-4-63, planned vacation days, personal days, jury duty, and leave for death in the employee's immediate family shall be counted as hours worked for the purpose of calculating overtime.

**Non-exempt employee.** An employee covered by the Fair Labor Standards Act and all of the overtime provisions under the Act.

**Overtime.** Pursuant to R.I. Gen. Laws § 36-4-63, overtime shall mean the performance of hours of work in any workweek which are in excess of an employee's standard workweek schedule.

**Regular rate of pay.** The equivalent of the hourly rate actually paid to the employee for the normal, non-overtime workweek which includes all remuneration for employment paid to, or on behalf of, the employee, in accordance with 29 C.F.R. § 778.108-9.

**Workweek.** In accordance with 29 CFR § 778.105, an employee's workweek is a fixed and regularly recurring period of 168 hours—seven consecutive 24-hour periods. It need not coincide with the calendar week but may begin on any day and at any hour of the day. Different workweeks may be established for different employees or groups of employees. Averaging of hours over two or more weeks is not permitted.

**Standard workweek.** The standard workweek is thirty-five (35) or forty (40) hours, whichever is specified in the pay plan.

#### 4. Procedures for Compliance

The appointing authority shall limit hours worked by the employee to the State's established standard workweek except in those cases where additional hours of work have been deemed necessary. Each appointing authority shall develop and submit to the Division of Human Resources and the Office of Management and Budget detailed overtime authorization and approval procedures that incorporate the requirements of Section 9 of this policy. Agencies shall submit their established procedures by October 15, 2019 and upon any modification thereafter. Beginning in fiscal year 2020, each agency shall produce and submit to the Office of Management and Budget quarterly reports of overtime expenditures pursuant to Section 10 of this policy with their quarterly financial reports. The Office of Internal Audit shall be able to access records of overtime approvals and payments and have the power to audit compliance with this policy.

## **5. Repercussions for Noncompliance**

A continued pattern of noncompliance with this policy may result in a rescission of the agency's authority to approve overtime pay.

## **6. Authority**

This policy is promulgated by the Office of the Personnel Administrator pursuant to the authority granted in R.I. Gen. Laws § 36-4-43. The State Budget Officer has the authority to exercise budgetary control over all state departments and agencies pursuant to R.I. Gen. Laws § 35-3-1.

## **7. Eligibility**

Determinations on FLSA exemption status shall be made by the Division of Human Resources/Office of the Personnel Administrator at the time a new job title/classification is established or when there are changes to the job title/classification and/or compensation that may affect their FLSA status.

## **8. Computation of Overtime Hours**

Overtime shall mean the performance of hours of work, as defined in 29 C.F.R. § 785, in any workweek which are in excess of a non-exempt employee's standard workweek schedule or when requested by the employer.

- A. Hours which are paid for but not actually worked except planned vacation days, personal days, jury duty, and leave for death in the employee's immediate family shall not be counted as hours worked nor shall they otherwise be used in computing overtime compensation.
- B. Sick time and other unscheduled time off should not count as hours worked and cannot be reclassified to hours worked for purposes of computing earned overtime.
- C. For pay rules that apply to non-exempt employees when traveling on State business, please refer to the Non-Exempt Travel Policy.

## **9. Authorization and Approval of Overtime Work**

Each agency shall develop a clear written procedure for requesting and approving overtime consistent with the following requirements:

- A. Employees are not authorized to work overtime unless the overtime is approved by their supervisor or manager. When a supervisor deems it necessary for an employee or employees to work overtime for the good of the operations, they must submit an overtime work request to the appointing authority or authorized designee at the agency. All overtime work requests shall contain a clear justification for and a type of overtime, and they must be authorized in advance by the appointing authority or authorized designee. When overtime work is authorized by an authorized designee, the appointing authority must be notified.
  - 1. In case of operational emergency or instances where obtaining pre-approval for overtime use is not possible or is impractical, retroactive approvals by the appointing authority or authorized designee are allowed. However, retroactive approvals shall be submitted within three (3) business days, or as soon as operationally possible, whichever is the shorter period.
- B. Each instance of overtime work must be approved individually – blanket approvals are not permitted.
- C. If overtime spending exceeds the quarterly budgeted amount for that period, an agency’s Chief Financial Officer (CFO) or designee sign off on the approved overtime in the subsequent quarter is required to ensure that the overtime is necessary for continued operation of the agency.
- D. No employee should be authorized or required to work more than 16 consecutive hours, unless special authorization is obtained with a detailed justification for approved overtime. Employees must take breaks as required by R.I. Gen. Laws §28-3-14.

## 10. Overtime Reporting

- A. Each agency shall track the overtime by type and produce quarterly reports that will contain the following information:
  - 1. Approved and paid overtime by the type:
    - a. Planned
    - b. Leave backfill
    - c. Emergency (not State closure)
    - d. Seasonal activity
    - e. Miscellaneous

2. Approved and paid overtime by job classification and base pay.


- B. Each agency shall produce and provide to the Office of Management and Budget quarterly reports of overtime expenditures with comparisons to the budgeted amount and justifications for significant deviations. Overtime reports shall be submitted along with the quarterly financial reports that are prepared in accordance with R.I. Gen. Laws § 35-1-5.

## 11. Overtime Recordkeeping

Records of overtime approvals and payments are required to be kept for each employee in accordance with the State's records retention schedule. The appointing authority is responsible for making such records available for review to the Office of Internal Audit. Pursuant to R.I. Gen. Laws § 35-7.1-6, the Office of Internal Audit shall be able to access overtime reports and have the power to audit compliance with this policy, including review of overtime requests and approvals at any time.

## 12. Signature

  
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Director of Administration

  
\_\_\_\_\_  
Date



**FY 2021/FY 2022 Health Benefit Rates**

	<b>FY 2021</b> <b>7/20 - 12/20</b> Calendar 2020	<b>FY 2021</b> <b>1/21 - 6/21</b>	<b>FY 2021</b> <b>Average</b>	<b>FY 2021</b> <b>7/20 - 12/20</b>	<b>FY 2021</b> <b>1/21 - 6/21</b>	<b>FY 2021</b> <b>Average</b>	<b>FY 2021</b> <b>7/20 - 12/20</b>	<b>FY 2021</b> <b>1/21 - 6/21</b>	<b>FY 2021</b> <b>Average</b>
	<i>Anchor</i>	<i>Anchor</i>	<i>Anchor</i>	<i>Anchor Plus</i>	<i>Anchor Plus</i>	<i>Anchor Plus</i>	<i>Anchor Choice</i>	<i>Anchor Choice</i>	<i>Anchor Choice</i>
<b>Health Benefit Costs</b>									
Medical	\$ 7,185	\$ 7,616	\$ 7,401	\$ 7,688	\$ 8,149	\$ 7,919	\$ 7,133	\$ 7,561	\$ 7,347
Vision*	60	64	62	60	64	62	60	64	62
Dental*	410	440	425	410	440	425	410	440	425
<b>Individual</b>	<b>\$ 7,655</b>	<b>\$ 8,120</b>	<b>\$ 7,888</b>	<b>\$ 8,158</b>	<b>\$ 8,653</b>	<b>\$ 8,406</b>	<b>\$ 7,603</b>	<b>\$ 8,065</b>	<b>\$ 7,834</b>
Medical	\$ 20,143	\$ 21,352	\$ 20,748	\$ 21,552	\$ 22,845	\$ 22,199	\$ 19,998	\$ 21,198	\$ 20,598
Vision*	167	178	173	167	178	173	167	178	173
Dental*	1,061	1,140	1,101	1,061	1,140	1,101	1,061	1,140	1,101
<b>Family</b>	<b>\$ 21,371</b>	<b>\$ 22,670</b>	<b>\$ 22,021</b>	<b>\$ 22,780</b>	<b>\$ 24,163</b>	<b>\$ 23,472</b>	<b>\$ 21,226</b>	<b>\$ 22,516</b>	<b>\$ 21,871</b>

	<b>FY 2022</b> <b>7/21 - 12/21</b>	<b>FY 2022</b> <b>1/22 - 6/22</b>	<b>FY 2022</b> <b>Average</b>	<b>FY 2022</b> <b>7/21 - 12/21</b>	<b>FY 2022</b> <b>1/22 - 6/22</b>	<b>FY 2022</b> <b>Average</b>	<b>FY 2022</b> <b>7/21 - 12/21</b>	<b>FY 2022</b> <b>1/22 - 6/22</b>	<b>FY 2022</b> <b>Average</b>
	<i>Anchor</i>	<i>Anchor</i>	<i>Anchor</i>	<i>Anchor Plus</i>	<i>Anchor Plus</i>	<i>Anchor Plus</i>	<i>Anchor Choice</i>	<i>Anchor Choice</i>	<i>Anchor Choice</i>
<b>Health Benefit Costs</b>									
Medical	\$ 7,616	\$ 8,073	\$ 7,845	\$ 8,149	\$ 8,638	\$ 8,394	\$ 7,561	\$ 8,015	\$ 7,788
Vision*	64	68	66	64	68	66	64	68	66
Dental*	440	466	453	440	466	453	440	466	453
<b>Individual</b>	<b>\$ 8,120</b>	<b>\$ 8,607</b>	<b>\$ 8,364</b>	<b>\$ 8,653</b>	<b>\$ 9,172</b>	<b>\$ 8,913</b>	<b>\$ 8,065</b>	<b>\$ 8,549</b>	<b>\$ 8,307</b>
Medical	\$ 21,352	\$ 22,953	\$ 22,153	\$ 22,845	\$ 24,558	\$ 23,702	\$ 21,198	\$ 22,788	\$ 21,993
Vision*	178	189	184	178	189	184	178	189	184
Dental*	1,140	1,208	1,174	1,140	1,208	1,174	1,140	1,208	1,174
<b>Family</b>	<b>\$ 22,670</b>	<b>\$ 24,350</b>	<b>\$ 23,510</b>	<b>\$ 24,163</b>	<b>\$ 25,955</b>	<b>\$ 25,059</b>	<b>\$ 22,516</b>	<b>\$ 24,185</b>	<b>\$ 23,351</b>

\* Only the base vision and dental plans are financed by the State; incremental cost of higher cost plans are solely the employee's responsibility