



OFFICE OF MANAGEMENT & BUDGET

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MEMORANDUM

To: Directors and Chief Financial Officers

From: Jonathan Womer
Director, Office of Management & Budget

Date: August 7, 2020

Subject: FY 2022 Budget Process

A handwritten signature in blue ink, appearing to read "Jonathan Womer".

It will come as no surprise to you and your staff that the upcoming budget cycle will be full of difficult choices. As a state and as a country, we are facing varied and overlapping challenges—including the ongoing public health emergency caused by the coronavirus pandemic, the associated economic recession and staggering jobless numbers, and the nationwide epidemic of racism and bias. Combined, these have created a difficult policy environment that may require us to fundamentally reshape the way that the State allocates funding and does business. However, they also present a significant opportunity for us to think differently, and strategically change our operations for the better in the long term. In the short term, we have significant dependency on additional federal stimulus. While there is some indication additional funds will be available in FY 2021, federal support for FY 2022 is very uncertain. At the same time, we are projecting continued revenue difficulty through FY 2022.

Given the uncertainty of federal aid and anticipated revenue shortfall, every agency is expected to submit a constrained budget equal to a 15 percent reduction for FY 2022. If circumstances change, such as federal support in FY 2022 or significant spending reductions in the FY 2021 budget that would carry forward into FY 2022 the constrained budget reduction target could be reduced. In accordance with existing statute, agency budget submissions are due on October 1st. The Governor's Budget submission to the Legislature is due on January 21, 2021.

Significant updates to this year's budget process include substantive format and content changes to the Impact Statement and Decision Package templates. We have added additional questions to the Decision Package form to request more information about agency proposals and provide you with an opportunity to report any qualitative and quantitative data relevant to the difficult choices that we anticipate this year. OMB partnered with The Policy Lab at Brown to revamp these documents through the lens of evidence-based budgeting. Policy Lab staff will be available to you as a support resource through August and September to help formulate budget requests.

The rollout of training on these changes will begin with a kickoff webinar in the next week or two, led by OMB, Policy Lab and Governor's Office staff. It will include concepts related to the evidence-based analyses and program evaluations that are now requested in the budget documents. These trainings will be augmented by a self-directed online training website developed to help staff better understand and utilize the new template. We encourage program directors and agency CFOs to attend the kick-off training.

Additionally, staff at both the leadership and middle management levels who play a role in program evaluation and/or budget initiative creation/ideation, should attend all trainings and engage with training resources.

The last several months have been a difficult and unprecedented time. We hope that many of the changes we've made this year will help put the State on a prosperous path in the years to come. We look forward to working collaboratively with you to formulate the Governor's FY 2022 Budget and to seeing you and your staff at the kickoff training. Please see the attached budget instructions for more details.

CC: OMB Budget Staff

Annual Budget Instructions



State of Rhode Island
Office of Management and Budget
August 2020

Table of Contents

Introduction	3
Budget System	4
FY 2022 Budget Targets	4
FY 2021 Revised Budget	5
Brief Outline of Budget Process	7
Budget Request Preparation	8
Letter of Transmittal	9
Agency Summary Information (BFM Reports 103 and 403)	10
Revenue Estimates	11
Program/Subprogram Information	11
Program Plans	12
Program Summary Financial Data	12
Program Budget Impact Statements	13
Agency Decision Packages	14
Natural Account Code Detail/Backup Information	23
Federal/Restricted Account Estimates	24
Performance Measures	24
Centralized Services	25
Technical Instructions	26
Personnel Supplement Data - Salaries and Benefits	26
Revenue Data	28
Form Explanations/Descriptions	28
List of Reports	29
Appendix 1: Timetable	31
Appendix 2: Quick Reference Sheet – Impact Statement vs. Decision Package Threshold	32
Appendix 3: Quick Reference Sheet – Unconstrained vs. Constrained Decision Packages	33
Appendix 4: Quick Reference Sheet – Decision Package Guiding Questions	34
Appendix 5: Rhode Island Evidence Scale	36

Introduction

One of the most important policy functions of State Government is the development of the budget. The budget is a *plan of expenditure*, a *statement of values* describing the state's priorities, and a *plan of operation* describing how the state will use its financial resources to move these priorities forward to meet the needs of the public. The budget must include realistic estimates of all proposed expenditures, proposed means of financing them, and detailed contextual information about new spending and changes to funding levels.

Six years ago, the State began a new way of doing business in Rhode Island which paid dividends for taxpayers through strong and consistent economic development. As we face a looming economic recession, our recent experience rebuilding the state's economy will be instrumental as we join together across all sectors of government to craft another economic recovery plan. With your help, we are confident that the Rhode Island economy will rebound stronger than ever, despite the devastation and uncertainty wrought by the coronavirus pandemic. In the short term, sacrifices will need to be made at every level of government so that we are able to balance our budget, provide critical services to Rhode Islanders, and set the state on a path toward future success. Pursuant to those goals, Governor Raimondo's Fiscal Year 2022 budget will prioritize continuing to respond to the coronavirus pandemic, helping our most vulnerable citizens to recover from associated negative economic and public health impacts, and aggressively pursuing innovative economic development strategies. Ultimately, her proposal will:

- Continue to invest in programs that stimulate Rhode Island's economy and create jobs;
- Promote economic recovery in the wake of the pandemic through innovative programs and workforce strategies;
- Prioritize protecting Rhode Islanders from recurrence of the coronavirus and investing in our public health infrastructure;
- Take even greater strides toward improving education and giving all students – from our early learners to our college-bound kids – the tools and equal opportunities to succeed, including virtual education opportunities; and
- Make government work better and more efficiently for taxpayers.

Budget requests should emphasize this agenda and take into account the stark economic and public health realities presented by the continued presence of the coronavirus. Each agency is expected to submit a constrained budget equal to a reduction of 15 percent from the current services level budget. In formulating their constrained requests, agencies should work to put forward strategic reductions that deprioritize low-priority programs in order to reduce the need to make cuts to agency and Governor priorities, including by:

- Eliminating duplicative and underperforming programs and/or those that lack an evidence base;
- Streamlining and consolidating programs, offices and services;
- Reducing operating funds due to service efficiencies; and/or
- Reducing layers of management and administration.

Budget System

The FY 2022 Budget will be the fourth budget developed in the budget system known as Budget Formulation and Management (BFM). Separate instructions on using the system are available on the Office of Management & Budget (OMB)/Budget Office website at www.omb.ri.gov. OMB will update these instructions as necessary as new features are added and system changes are made.

FY 2022 Budget Targets

The first phase of the FY 2022 budget process involves the preparation and announcement of budget targets, which each agency should adhere to in the preparation of its upcoming budget. The budget targets formulated by the Budget Office are based upon anticipated growth rates of both statewide and agency-specific cost parameters coupled with preliminary revenue estimates for the ensuing fiscal year. An important feature of the budget target process is that, unlike appropriations, targets are set at the agency-wide level, rather than at the individual program or sub-program level, allowing agency Directors and leadership staff to exercise a level of discretion in determining how allocations should be distributed among programs in the budget request. This process encourages agency leadership to make program adjustments that shift resources from low to high priority services.

The Governor has a constitutional mandate to submit a balanced budget to the General Assembly. In order to provide the Governor with a wide variety of options for reducing spending to meet the realities of

resource scarcity, agencies will again be required in FY 2022 to submit both a current services level (CSL, also referred to as the “target base”) budget and a constrained budget based on the targeted reduction funding level provided by the Budget Office. The current services level budget should be in line with current staffing and operations of the agency (essentially, as shown in the “FY 2022 target base” item on page one of your agency’s target sheet); in other words, the budget needed to continue operating at the same service levels as embedded in the FY 2021 enacted budget. Expansion of existing programs or requests for new programs should only be included in the agency’s FY 2022 budget submission if they are offset by decreases elsewhere in the agency budget. Expansionary requests, if submitted, should be innovative proposals that focus specifically on responding to the first or second order effects of the unprecedented crisis which we are currently facing. Agencies will have an opportunity to discuss program expansions or new programs requiring new funding with the Governor’s Office and OMB over the next few months, including at a preliminary meeting with relevant stakeholders at which agency Directors and CFOs will present and advocate for their budget requests.

In this year’s budget request, agencies will continue to use decision packages to provide detailed narrative information about their most complex expansionary or constrained requests. This year, the narrative component of decision packages will be filled out using an editable PDF and linked to financial information entered into BFM. Less complex changes, low dollar value changes, and simple funding transfers between line items will be detailed in Program Impact Statements. Further information about filling out Program Impact Statements and Decision Packages, as well as more detail about the types of changes that should be include in an Impact Statement vs. a Decision Package, is available in the Budget Request Preparation section below. Agencies should use Decision Packages to present the different constrained and current services level funding options available, by including all large-scale reductions in Decision Packages.

FY 2021 Revised Budget

Forms for preparing the FY 2021 Revised Budget are located under the BFM toolbar “Budget Formulation.”

Agencies are expected to operate within the current year budget as enacted, both within the bounds of the individual line items of the prevailing Appropriations Act as well as by agency “bottom-line” funding levels, particularly with respect to appropriations of general revenue and the Rhode Island Capital Plan

Fund (RICAP). Given recent legislative changes to RIGL 35-3-24 contained in Article 2, Section 5 of the FY 2020 Appropriations Act, the Budget Office is requiring that all agency budget submissions for FY 2021 revised appropriations remain at or below the enacted level *at the program (i.e. line item) level* for all general revenue and RICAP line items. As a reminder, the line item is generally designated by the first 4-digits of the seven-digit appropriation accounts (“line-sequences”) that together comprise an appropriation in Article 1. Although there are some exceptions, as general rule, a line item authorizes the legal boundary for the totality of expenditures from a specific source of funds within a specific budget program.

One exception to this rule is where a discretionary reappropriation (general revenue) has been previously approved by the Governor or an automatic RICAP balance forward from FY 2020 is operative. However, in no cases shall the requested increase extend beyond the funding afforded by either type of reappropriation.

Reallocations of appropriated funding between general revenue or RICAP line items of any agency, even if of a “zero-sum” nature, is likewise prohibited. However, through the use of the BFM base budget form and the Personnel Cost Forecasting module (PCF), agencies will maintain the ability to reallocate funding among natural accounts and between line-sequences *within* general revenue line items as necessary. Effectively, this provides agencies the latitude to realign enacted program financing in recognition of any necessary technical adjustments to the current year expenditure plan and acknowledgement of any *intra-program* surpluses and deficits that are anticipated. However, reallocations of program financing that are clearly not in keeping with the appropriation intent of the General Assembly, while strongly discouraged by OMB, should be set forth in an FY 2021 Decision Package.

If an increase to general revenue or RICAP line items in FY 2021 is deemed absolutely crucial to the continuation of effective and efficient agency operations, agencies must submit an FY 2021 Decision Package that clearly explains the underlying causes and programmatic rationale(s) for the increase. All relevant database modifications should be contained within the Decision Package itself, and not subsumed within the base budget form(s). Although some increases in general revenue appropriations may be needed due to unforeseen circumstances, including the evolving coronavirus emergency, it is expected that most of these requests will be related to federal funds, few will be related to general revenue, and very few will ultimately be submitted as part of the FY 2021 Supplemental Appropriations Act in January.

Increases to Federal Funds, Restricted Receipt, and (non-RICAP) Other Funds line items are allowable within the agency budget submission, but are subject to review and revision by OMB and the Governor's Office on a case-by-case basis. **Requests for new restricted receipt accounts will be accepted for FY 2022 only, as these generally require prior legislative authority to establish, pursuant to RIGL 35-4-22.1(b) and RIGL 35-4-22.2.**

Special consideration should also be given to any savings proposals for FY 2022 that could be implemented in FY 2021 without requiring legislative approval and could thus produce savings in the current fiscal year that could further help with the significant projected FY 2022 deficit. Given the ongoing coronavirus crisis, some changes will obviously have to be made to agency budgets; however, OMB expects that this will primarily impact federal funds and that much of this revision work will have been completed prior to the passage of the enacted FY 2021 budget by the General Assembly.

Brief Outline of Budget Process

The expenditure targets to be used for developing your budget submission will be distributed shortly after these instructions once a FY 2021 Budget is enacted. This year, the early stages of the budget process will also include, for the first time, trainings delivered by the Brown Policy Lab, the Governor's Office, and the Office of Management and Budget on topics including, but not limited to, crafting budgetary narratives, submitting decision packages, and integrating quantitative and qualitative performance data into your budget submission. These will take place between July and September, alongside BFM trainings delivered by the Budget Office. As usual, each agency will also be required to submit certain deliverables at varying intervals during August and September, as outlined in the Timetable in Appendix 1 and further detailed in these instructions. **Please note that there have been some additional deadlines added to this year's deliverable submission schedule; please review the updated timetable carefully.**

Pursuant to RIGL 35-3-4, all agencies are required to submit budget requests no later than Thursday, October 1, 2020. Adherence to this submission date is required. **Please note that if you do not submit your budget by the assigned submission date, you will not have the opportunity to participate in the October pitch meetings and present your budget to OMB leadership.**

Following agency budget submissions in October, the Budget Office will review agency budget requests for compliance with the Governor's direction, technical accuracy, responsibility to the economic and public

health crisis engendered by the coronavirus, and adherence to the agency's and the Governor's stated policies and priorities. Agency proposals will need to be brought into balance with the revised estimate of total revenues, as determined by the November Revenue Estimating Conference. Detailed preliminary budget recommendations will then be developed for each program and agency. The key elements considered as part of the development of these recommendations will include program plans and performance measures, information about program evidence base, alignment with policy guidelines and strategic priorities, agency explanations of services through narrative submissions, and any additional information provided by agencies in follow-up meetings and discussions. It is in your best interest to submit robust, detailed narratives that fully capture your agency's priorities and expected outcomes from your requests.

RIGL 35-3-7 requires the submission of both the Supplemental Budget and the New Year Budget by the Third Thursday in January, or on the First Thursday in February in the year a new Governor is elected. This year's submission date falls on January 21, 2021.

Budget Request Preparation

Agency budget requests must adhere to the format described below and will only be considered complete if all required documentation and backup information is provided. While some agencies may not require each section as described, the basic format and order of presentation should be followed in the preparation of all budget requests. Incomplete budget submissions will be returned to agency staff upon receipt by the Budget Office. The required documentation, in general order of presentation, includes all of the following:

- Letter of Transmittal *
- Table of Contents
- Agency Summary Information/Overview (BFM Reports 403 and 103)
- Agency Strategic Plan *
- Department/Agency Budget Tracking Sheets (Reports 150 and 160)
- Revenue Estimates (Report 170N)
- Program Information – FY 2021 Budget
- Program Narrative (Report 402)

- Program Summary Financial Data (Report 123)
- Program Impact Statements (Report 120)**
- Decision Packages (Report 105)**
- Purchased Services and Contract Employee Data (Report 106)
- Natural Account Backup Information (Report 151)
- Federal/Restricted Account Estimates (Report 107)
- Performance Measures (Report 401)
- Federal Award Summary

*created outside of BFM (add as attachment using Form 5400 or 5410)

**partially created outside of BFM and linked using reporting functions (add as attachment to Decision Package and/or Impact Statement financial information)

Each of these sections and the specific items that should be provided within each section are described in more detail below.

Letter of Transmittal

A letter of transmittal from the head of the agency or department must accompany the budget submission. This letter should provide a brief overview of the budget request from the Director's perspective. The best letters of transmittal will clearly explain the problems that the agency is facing, provide a high-level overview of proposed solutions/innovations, and advocate for the agency's requested budget. The following guiding questions can be answered in the letter of transmittal:

- How does this budget meet the strategic plan, goals, objectives and policies of the department or agency?
- What major issues are of concern to the Director?
- How are the major issues of concern addressed within the budget proposal?
- What are the Director's top priority requests for the budget cycle?
- How has the agency attempted to creatively meet budget targets through strategic reductions and prioritization of programs?

The letter should be addressed to the Governor. The letter should be included in the printed submission and also attached to form 5400 – Agency Submission Attachments (under the Budget Formulation tab).

Agency Summary Information (BFM Reports 103 and 403)

This report provides a summary of the financial data for the entire agency or department. The fiscal information provided in the report includes:

- Total expenditures for each program within the agency.
- Total expenditures for each category of expenditure.
- Totals expenditures for each source of funds.
- Total number of FTE positions funded in the agency.

In this section, in addition to the summary financial data, a general narrative overview of the Department or Agency should be provided as context for OMB, Governor’s Office, and Legislature staff analyzing the budget submission. The Agency Narrative page used in the Annual Budget document should be updated regularly in BFM and used as the narrative overview page in this section. The following information should also be provided:

- **Agency Description** - This section should include a general description of the agency, its organization, programs and overall objectives. This section should provide the reader with an understanding of the agency’s operations, why the agency exists, what services it provides, and what its priorities are. (This information is entered in the BFM Strategic Planning form and report 403 – Agency Descriptions can be printed for submission)
- **Agency Expenditure Summary** - The BFM report 103 - Agency Summary Report - BR-1 should be printed to show the total expenditures by source of funds, program, and major category of expense as requested for the budget year, the enacted and revised data for the current fiscal year, and the actual expenditures for the two prior fiscal years.
- **Strategic Plan** – Agencies should include a copy of their most recent strategic plan in their printed submission and attach the plan in the BFM database using the “Agency Submission Attachment” Form 5400, under Budget Formulation. Agency strategic plans should be updated regularly and should include clear, quantifiable goals and information about agency and program performance wherever available.

Revenue Estimates

Agencies responsible for collecting general revenue departmental receipts (e.g. license fees, fines and penalties, etc.) must provide estimates of these revenues for both the current fiscal year and the budget year. All estimates should be based on current law and should not include any proposed changes to fee structures that may have an impact on revenues. If an agency believes current fee structures require review for potential adjustments, a separate analysis should be prepared and submitted with the budget request as a decision package.

In order to meet constrained budgetary targets, agencies may, in addition to proposing program reductions, propose mechanisms to increase departmental revenues as part of their budgetary submission. Like revenue fee structure changes, these proposed revenue options should be submitted to the Budget Office for consideration as part of the Agency budget request, through Decision Packages. During the review process, the Budget Office may adjust the revenue estimates put forward based on requests from the Governor.

Report 170N should be used to provide revenue estimates for each existing receipt account for both the FY 2021 revised submission and the FY 2022 submission. Historical receipt data and the adopted estimates for the current fiscal year will be available to each agency in BFM. Again, it is critical that agencies' revenue estimates are based upon current law and do not include any estimated revenue enhancements. This information will be used to prepare for the November Revenue Estimating Conference and thus must be submitted by the October 1 deadline.

Program/Subprogram Information

The narrative components of the budget are intended to provide details about agency programs and backup information to support budget requests. The narrative section consists of both program plans and budget specific impacts, including the following principal narrative sections:

- Program Plans - Title, Descriptions, Mission, and Statutory History
 - Uploaded through Report 402 - Agency and Program Descriptions
- Program Summary Financial Data
 - Uploaded through Report 123 - Program Summary BR-4
- Program Budget Impact Statements

- Uploaded through Report 120
- Agency Decision Packages
 - Uploaded through Report 105
- Purchased Services and Contract Employee Data
 - Uploaded through Report 106
- Natural Account Backup Information
 - Uploaded through Report 151
- Federal/Restricted Receipt Account Estimates
 - Uploaded through Report 107
- Performance Measures
 - Uploaded through Report 401
- Federal Award Summary

Instructions for preparing each of these narrative sections in specific are set out below.

Program Plans

The Program Plan provides, in a narrative format, a general overview of each of an agency's programs, including their history, purpose, and performance data. The plan provides an explanation of why the program exists, what its public purpose is, and why funding for the program is and/or should be provided. In BFM, the Program Description report (402) identifies the Program Mission, Program Description, and the Statutory History of the program. Each agency should review existing information auto-populated into these narratives from prior-year budget cycles and make appropriate changes in BFM (refer to section 15 in the BFM instructions). Further information about this narrative component is available in the Program Planning section above.

Program Summary Financial Data

The Program Summary Financial Data report (123) aggregates the line item sequence and natural account data by major category of expenditure (personnel, operating, etc.) and funding source (general revenue, federal, etc.).

Program Budget Impact Statements

The purpose of the Impact Statements is to describe individual lower-level and less-complex changes to the agency budgets at the program and category levels. The change items included in Impact Statements are generally those that are not appropriate for a decision package but would benefit from narrative explanation to Budget Office analysts. This category of changes could include, for example, the movement of funds between programs or categories, the filling of a previously vacant position that is included in the enacted FTE cap, or the adjustment of a contract value due to a change in scope of work. As a general rule, changes to a line sequence that are less than either \$10,000 or 10% of the line sequence value, whichever is larger, do not need to be called out in a program Impact Statement. Analysis regarding these less-significant changes can be included at agency discretion. Together with agency decision packages, Impact Statements form the basis for not only the Budget Office's review of the agency budget, but also that of the House and Senate Fiscal Staffs. As such, it is to the agency's benefit to provide as thorough and detailed an explanation of proposed changes as possible.

This year, for the first time, program Impact Statements will be constructed in a new format. Previously, Impact Statements, like Decision Packages, included multiple categories (Problem/Issue Being Addressed, Expected Outcome, IT Needs, etc.). The Budget Office has determined that this level of categorization is not appropriate or helpful for the constructing of program-level Impact Statements focused on less-complex changes, which should only a list of changes with a short accompanying explanation. Correspondingly, the Budget Office has designed a new, streamlined template for program Impact Statements. The new Impact Statement will be filled out via editable PDF and is divided into sections by category into which agency finance staff can input narrative information for all category-level changes that meet the aforementioned cost and complexity thresholds. BFM reporting functions will be used to auto-fill tables with program-level financial data.

The agency's narrative in each category section should be a description of the drivers behind a change in that particular category of expenditure. This can take the format of a bulleted or numbered list, a table, or a narrative paragraph, depending on individual agency preference. The emphasis of the information included in each section should be on *why* each change is occurring; the narrative should not simply restate the numbers included in the request. As applicable, each change item called out in the Impact Statement should include a description of the item, the problems/issues that the requested change in funding amount will address, and the anticipated outcome from the funding of the request. When relevant, the request should include information about historical actual spending, program performance metrics, and any

available quantitative data. Extenuating circumstances that have led to the request should be described in detail.

An example of a good submission in the new Impact Statement format can be found on the Budget Office website.

You must submit an Impact Statement for each program; these will be filled out using an editable PDF, available on the Budget Office website. In addition to your narrative, submitted via this form, you will upload financial information into BFM. The appropriate BFM form to upload this information remains under the Budget Formulation tab (9420), which still includes a blank Impact Statement for each agency program. You should use these Impact Statements to input relevant financial information. Once saved, the impact statement budget information will be available via Report 120 in BFM reporting. This information will be linkable with the PDF narrative via a PDF macro.

Agency Decision Packages

Like program Impact Statements, Decision Packages are mechanisms for agencies to describe individual changes to their budgets; unlike Impact Statements, Decision Packages are used to present large, complex initiatives and proposals that would have a significant impact on the agency/program budget and/or operations. Decision Packages are the primary method of entering changes to the agency budget, particularly for constrained budget proposals, and are used to put forth items that the agency believes will require a Governor-level decision about whether or not to implement. While there is not a specific dollar amount threshold that triggers a Decision Package in all cases, generally, any change request greater than \$200,000 should likely be included in a Decision Package. The more important quality that agencies should use to determine whether a proposed change belongs in an Impact Statement versus a Decision Package is the level of complexity - proposals that are highly complex with many moving parts and political considerations, proposals that are intimately related to Governor and/or agency priorities, proposals that would fundamentally change the way an agency operates, and constrained proposals that would have a negative impact on agency operations should all, generally, be analyzed through a Decision Package. Some high-dollar-value change requests (such as, e.g. a \$1 million salary and benefits increase to annualize a COLA) are not complex enough to require the level of detail included in a Decision Package; conversely, some low-dollar-value change requests (such as, e.g., a \$50,000 proposal to deliver a brand new program related to a Governor priority) would benefit from further expansion through a Decision Package. Agencies should feel free to contact their assigned Budget Development analyst with

questions about whether an initiative is most appropriate for Decision Package or Impact Statement analysis. Together with Impact Statements, Decision Packages form the basis for not only the Budget Office's review of the agency budget, but also that of the House and Senate Fiscal Staffs. As such, it is to the agency's benefit to provide as thorough and detailed an explanation of each proposed change as possible.

Like the Impact Statement form, the Decision Package form has been redesigned for the FY 2022 budget cycle in order to improve user experience, eliminate non-critical narrative categories, and introduce elements of evidence-based budgeting into the Rhode Island budget process. The new Decision Package form will be submitted through an editable PDF that will use logic to prompt finance staff with appropriate questions based on earlier responses, eliminating the need for staff to respond to questions that are not relevant to a particular proposal and improving the availability of word processing and formatting functions in order to give staff more control over the narrative submission process. The Office of Management and Budget believes that the new template and web hosting platform will eliminate problems encountered by agency staff in submitting their narratives through BFM, as well as improve the quality of information that is submitted with Decision Packages. Trainings focused specifically on how to write and submit an excellent Decision Package in the new format, as well as how to navigate the fillable PDF, will be available to agencies throughout the summer months.

The new Decision Package form is split into three sections: Proposal Background & Details, Evidence Base & Performance Management, and Additional Proposal Information. While the Decision Package sections will differ slightly between constrained and unconstrained submissions and based on agency responses to certain questions, the general Decision Package layout will be the same for all proposals. A short explanation of the questions/prompts included in each of these sections and how best to respond to them follows; please note that further, more detailed instruction will be available through large-group webinars, video trainings, and one-on-one coaching sessions. The below information and guiding questions are intended to quickly introduce the new format to agency staff and serve as a reference when staff are crafting narrative submissions.

→ **Proposal Background & Details**

Overview: The Overview section of your proposal should be a brief description of the decision package, like an "elevator pitch," totaling no more than five sentences and preferably only two to three. This narrative should offer a very concise description of the proposal that would give a high-level decision-

make a good idea of the contours of the request. More details can and should be included in the subsequent Opportunity Statement and Proposed Intervention & Theory of Change sections.

Opportunity Statement: In the Opportunity Statement section, you should provide an overview of the problem to which your proposal is responsive and the opportunity which your request presents to capitalize on. The best opportunity statements thoroughly explain, with as much detail as possible: (1) where we are today; (2) where we want to be in the future; and (3) the gap that exists between the current state and ideal future state, and the reason for that gap. They also quantify key variables wherever possible. You should use the following guiding questions to structure your response for unconstrained proposals:

- Describe where we are today in the absence of your proposed initiative. Can you quantify what isn't working as well as desired (consider things such as workload, operational efficiency, service delivery effectiveness, etc.)?
- Describe and, to the extent possible, quantify, where you want to be in an improved future state. What specifically will work better in this future state? What outcome do you expect to achieve with full funding of this request?

The above guiding questions can also be useful for helping to guide narratives for strategic constrained submissions that redirect funding away from programs/services that are not evidence-based or not aligned with agency mission. This category of strategic reductions can also include constrained requests that combine reductions with expansions, increasing funding for an agency priority in order to allow for cost-cutting on layers of bureaucracy or lower-priority program areas.

For constrained proposals that are submitted to meet the target reduction amount but are not related to strategic prioritization, you should use this section to describe why you have put forward this proposed reduction rather than any of the many other reductions that might have been available to your agency in order to meet your target budget. **While it will likely not be possible for all reductions to focus on low-performing programs or eliminating unnecessary layers of bureaucracy, you should aim to submit strategic reductions for the majority of your required cut amount, recognizing that the more strategic reductions you submit, the fewer adverse reductions will be included in the Governor's budget. You should aim to submit as many strategic reductions as possible; it will not be acceptable to submit unrealistic or unattainable reductions during the FY 2022 cycle.**

Proposed Intervention & Theory of Change: You should use this section to provide a detailed description of the initiative that you are proposing to respond to the above-described problem/capitalize on the above-described opportunity. Your narrative in this section should clearly explain how your proposed initiative will close the gap between the current state and desired future state. It should be as thorough and detailed as possible, aiming to preemptively respond to all follow-up questions that you envision Governor's Office or legislative staff asking.

For unconstrained requests, the following questions can help to guide your narrative:

- What new initiative are you proposing?
- How will your proposed initiative address the above-described problem?
- Why do you believe that this is the best possible solution to the above-described problem? What outcomes do you anticipate seeing from implementation of this initiative?
- What solutions to the identified problem have already been attempted using existing resources? What were the results of those previous attempted solutions?
- For human services programs: What target population do you anticipate serving? How many people do you expect to serve?

Your Proposed Intervention narrative for constrained submissions will, necessarily, be different than the narrative that you would submit for unconstrained requests. For reductions that are intended to realign spending with your agency's strategic priorities or direct funding away from low-performing programs, use this section to identify specific activities/functions/programs that will be subject to reduction or elimination, how you identified these for reduction, and the outcome that you expect that this reduction will lead to at your agency. The following guiding questions can be instructive in helping you to shape this narrative:

- What specific activities, functions, or programs will the agency reduce, eliminate, or shift the funding source for? How were these activities identified for inclusion in the constrained submission?
- Do other existing programs in your agency or other state agencies address the program's goals/mission? Could these be redeployed or leveraged as partners to meet this need, in the absence of funding for this particular program/service?

- Who will be affected by this reduction - what are the anticipated outcomes from the proposal?

For constrained proposals that are submitted to meet the target reduction amount but are not related to strategic prioritization, you should use this space to provide more details about the reduction as applicable and to describe the adverse impacts that you expect to result from the reduction. You should make sure that you clearly articulate the harm that you expect this reduction to cause for agency staff, agency mission, and/or citizens who receive agency services. You should also detail any available strategies that could mitigate the adverse effects that you expect to result from the reduction. You should explain how your agency and the relevant program/department will continue to meet goals and deliver services if this cut is approved

Your Proposed Intervention narrative is your opportunity to advocate for your proposal. The more information that you include in your submission, the better equipped your analyst will be to accurately describe the problem that the agency is facing and your corresponding request.

FTE/Staffing Requirements: If the proposal will require the creation of new positions or elimination of existing positions, you should use this section to provide an overview of these changes, including title and salary & benefits cost information about positions that will be eliminated and/or added.

→ **Evidence Base**

This is the most significant update to the Decision Package form and is also the section about which the Office of Management and Budget will provide the most robust trainings and guidance. Using conditional logic based on the type of initiative you are proposing, the PDF Decision Package form will prompt you to respond to the appropriate questions related to program evidence base, existing performance measurement efforts and associated data, and future plans for performance measurement process implementation.

Program Evidence Base: In the first section, you will be required to identify the level of evidence supporting your proposal based on an evidence scale that has been developed for use across all sectors of Rhode Island government. Although definitions of “evidence-based program” vary from jurisdiction to jurisdiction, the concept is generally accepted to mean an intervention or activity that evaluations have shown to be effective at achieving a particular outcome. In Rhode Island, we view evidentiary support on a continuum, from programs that are virtually proven effective by multiple rigorous studies to programs that are based on strong theories and expert opinions. Evidence of program effectiveness is a critical data

point that is used when making budget and policy decisions, as programs with greater evidentiary support are generally more likely to deliver a high return on investment of public funds. The goal of considering evidence base when making budgetary decisions is to build a government that works more effectively for all Rhode Islanders. The evidence scale that will be utilized in the budget development process is as follows:

Proven Effective: A program or service that is “proven effective” has a high level of research on effectiveness for at least one outcome of interest, determined through multiple rigorous evaluations. Qualifying evaluations include studies such as randomized controlled trials and evaluations that incorporate strong comparison group designs. These programs have been tried and tested by many jurisdictions, and typically have specified procedures that allow them to be successfully replicated. We expect that very few budget requests will be “proven effective”—this is the highest evidence-based standard, and most programs have not yet been studied rigorously enough to achieve it.

Promising: A “promising” program or service has some research demonstrating effectiveness, but not as much as would be required for a “proven effective” designation. This could include, for example, a single randomized controlled trial or evaluation with a comparison group design that is not contradicted by other studies, but not confirmed by multiple such evaluations. It could also include the existence of a robust body of outcome data that your agency, or another agency that delivers a similar program, has collected and analyzed about the program over time. We expect that some, but not many, budget requests will be “promising.”

Theory-Based: A “theory-based” program or service has no qualifying evaluations on effectiveness or conclusive randomized controlled studies. Typically, theory-based programs have been tested using less rigorous research designs that do not meet the standards outlined above but have a well-constructed logic model or theory of change. Often, theory-based requests are based on anecdotal evidence or expert opinions. We expect that most expansionary budget requests will be in the “theory-based” category. The best and most compelling of these requests will include a plan for study that would theoretically allow the intervention to move up the evidence scale within a designated time period.

Evidence of Insufficient Impact or Unintended Effects: A program has “evidence of insufficient impact” if quality evaluations have measured no meaningful difference in outcomes between

program participants and those in a comparison group. A program that regularly fails to reach its outcomes targets also falls into this category. A program has “evidence of unintended effects” if quality evidence suggests that it has a negative impact on outcomes for program participants. We expect that many constrained proposals will involve programs that fall into this category.

In this section of the Decision Package, you will be asked to rank the proposed program’s current level of evidentiary support on a scale from 0-5, based on the RI Evidence Scale, with zero being Evidence of Insufficient Impact or Unintended Effects and five being Proven Effective You can use tools like the [Pew Results First Clearinghouse](#) and the [Social Programs That Work](#) database to determine whether the program you are proposing has been rigorously evaluated in other jurisdictions.

The Office of Management & Budget understands that the majority of agency requests will likely not be in the top evidence tiers at the point of submittal, and you should certainly feel free to submit requests that are “theory-based” rather than evidence based. Please note that “theory-based” submissions should include a robust and compelling measurement and evaluation plan in the Performance Measurement section. If an evaluation plan is not submitted for requests that lack an existing body of supporting research, it is unlikely that these requests will be meaningfully considered for inclusion in the Governor’s Budget.

Description of Evidence Base: To support the level of evidence that you select on the scale, you will be required to submit backup information in this section. Depending on the level of evidence base that you ultimately select, your Evidence Base Description narrative can include sources such as academic research, government studies, policy/advocacy organization studies, guidelines, etc., including both primary and secondary research and experimental and non-experimental studies. The strongest responses to this question should reference independent, verifiable sources of rigorous evidence and/or reputable sources of best practices. They can include studies of your own program if this is a request for expansion of an existing program, or research about programs similar to the one you are requesting to implement. Responses can also include information about similar programs that exist in other states (particularly New England and Delaware), even if those programs have not been robustly tested, if you feel that it is relevant to your proposal. If a constrained request is being proposed because you believe the program/activity/service is not evidence-based, you should cite the sources that have led you to this conclusion here. If applicable, feel free to provide relevant links/attachments to support the evidence tier that you have selected.

→Evaluation & Performance Measurement

Performance Measurement & Metrics: In the Performance Measurement & Metrics section, you should aim to provide a robust explanation of how your agency currently measures the performance/outcomes of an existing program and how you intend to undertake performance measurement for a new program. For strategic reduction requests based on poor performance, you should use this section to cite the data or evaluation studies on which your agency has based your decision to curtail the program/service. This section is largely made up of checkbox-style questions, and conditional logic within the PDF form will prompt you to respond to the appropriate questions based on the type of initiative you are proposing. **Please note that it is likely that, depending on the type of initiative, you will NOT be asked to answer all of the questions in the section—simply skip those questions that are greyed out when completing the form.**

For unconstrained requests for program expansions, the best responses will make the case for why this is a program/service that deserves additional resources by telling a compelling story about the program’s past performance using evaluations that show evidence of program effectiveness as well as qualitative and quantitative data. The best responses will also use concrete details about your agency’s approach to evaluation and go beyond describing compliance activities to speak to performance management (e.g. understanding performance and impact, regularly reviewing data and using it to improve performance).

For requests for new programs, the best responses will make the case for funding by detailing a robust plan for evaluation, including a timeline and budget, and will, as above, go beyond describing compliance activities to speak to performance management. They will identify quantifiable metrics and, wherever possible, propose ways to measure program outcomes (e.g. reduction in child mortality rate) as well as outputs (e.g. number of people served by a program). Where relevant, they will cite rigorous evaluations or data from other programs that speak to your agency’s commitment to performance measurement and data-driven decision-making.

Within this section, you will be asked to should describe how long the initiative will take to implement and by what date it will be fully implemented. The time estimate for “full implementation” should detail the date by which the proposed change will be operational, not by which a plan will be in place for operationalizing or by which it will achieve its goals. You will also be asked to estimate the timeline for outcomes/return on investment from a new program/service. If a program will lead to long-term savings, it is in your best interest to provide as much detailed information about the level of return on investment

and the timeline in which it will be realized as possible. You can also use this section to indicate when you believe program goals/outcomes will be fully realized.

→ **Additional Proposal Information**

The final section of the new Decision Package form largely contains yes/no questions which agencies can use to provide more information about proposals as applicable, including questions related to all of the following:

- Term Two Strategic Priority alignment
- Relationship to first- or second-order coronavirus effects
- Statutory implications
- Impact on other agencies
- Impact on revenue
- Impact on federal funds
- Impact on the DoIT ISF
- Priority rank of the proposal

Conditional logic in this section will prompt you to provide further information as applicable depending on your response to the yes/no questions. **Please note that you should only provide additional narrative if prompted; it is likely that some sections of the PDF will not be fillable, depending on your responses to the questions.** While most of these questions are self-explanatory and/or mirror questions included on the old Decision Package form, it is important to note that the form does newly ask agencies to identify initiatives' Governor Strategic Priority alignment, or lack thereof. Please note that despite the fact that this question is now included in the form, initiatives that are not strategic priority-aligned will not necessarily be deprioritized by the Budget Office. Given the Governor's-level focus of the Strategic Priorities, we expect that the majority of the work that your agency is doing will not fit into this framework. That does not mean that agency-level work is not critical or that requests for expansion of it will not receive the Governor's support; rather, it means that it is incumbent upon your agency to provide a robust explanation for the need for increased investment in work that is agency-priority-aligned rather than Governor-priority-aligned. You should support your narrative in these cases with direct references to your agency's mission and strategic plan, where applicable.

In addition to the narrative that will be filled in via editable PDF, agencies will continue to submit financial information for each package in BFM. In BFM, Decision Packages continue to be entered under the Budget Formulation tab (9230 or 9430). Section 14 of the BFM instructions explains how to enter data into the Decision Package form, which now includes only financial and personnel fields. You should attach your completed Decision Package narrative to the BFM Decision Package that you create. To print out this information, agencies can run a Report 105 for budget year decision packages or report 105R for current year revised decision packages in BFM reporting. These reports will be linkable with the narrative PDFs via a PDF macro. In addition to attaching the narrative components to each individual Decision Package in BFM, agency staff should email one PDF file that includes all Decision Package narratives to their assigned analyst when they submit their final budget.

Natural Account Code Detail/Backup Information

Some natural account codes by their nature or by the level of funding requested often require additional explanation. These justifications will be entered in BFM as agency budgets are updated. It is important to note that agencies should not submit expenditure code detail pages for each account - this data is available to the Budget Office and Legislative Fiscal Office staffs in the budget database - but that all consultant/contracted professional services naturals (63000s) should have backup detail. A template will be provided to track contract detail; this data in specific will be available via Report 106. Report 151 lists all justifications for changes made to any line sequence in the budget. If you have any additional questions about the proper way to complete the template, or the information required, please contact your assigned Budget Analyst. This template should be uploaded directly into BFM by agency fiscal staff.

As a general rule, if a natural account is increasing or decreasing by more than 20 percent from the enacted FY 2020 budget, or if a particular natural account has a significant amount of funding in comparison to others within the same account, some explanation will benefit the reader of the budget request. This information should be included in the natural account justification and expanded upon in the program Impact Statement (see above). Agencies should use their best judgment to determine if a natural account warrants further justification within BFM. ***One rule of thumb: you can never provide too much backup information.*** The more information that you provide, the more equipped your assigned analyst will be to thoughtfully present your budget request with all relevant context.

Federal/Restricted Account Estimates

Restricted receipt funds and federal funds are appropriated at the program level. This provides flexibility when there is more than one restricted and/or federal grant account per program. If needed, the budget ceiling (but not cash resources) from one account can be shifted to another account within the same program (line item) without the need to request an overall cap increase.

To avoid the need for multiple requests for cap increases to federal and/or restricted receipt accounts during the fiscal year, agencies are asked to provide a detailed explanation as to how funding estimates have been determined using the 9270 form referenced in section 14 of the BFM instructions.

Agencies should carefully develop realistic estimates of funding for all federal and restricted receipt accounts. Using historical data, plus known carry forward amounts, and estimated new grants or receipts, agencies should be able to develop relatively accurate estimates of resources for both the revised budget and the new year budget.

Performance Measures

As part of the FY 2022 budget process, the Office of Management and Budget is continuing the use of performance measures and data in budget development, this year by integrating questions about performance measurement directly into Decision Package submission documents for the first time (see Decision Package section above for more details). Performance measures provide greater transparency and accountability for government operations and allow Rhode Islanders to understand how their tax dollars are being used. They also help state government leaders allocate resources toward high-value, high-performing services.

The performance measures included in the budget are meant to be a summary of strategic plans and performance management measures. These are public-facing metrics that will be printed in the state budget books and the transparency portal. They should be reflective of each agency's mission, vision, goals, and values, and on a larger scale, of the Governor's Term Two priorities, matching the measures developed through strategic planning and internal performance management processes. Ideally, metrics should be provided for each budget program. The best metrics will track outcomes (the results that come from the program - e.g. the percent of people who become employed after enrolling in a job training program) and, to the extent possible, impact (the degree to which observed outcomes are attributable to the program), in addition to outputs (what the program does - e.g. the number of clients served by a job training program), providing information about program efficiency and effectiveness. They should also

be within the agency's control to influence and easily understandable for a public audience. All prior performance measures are available for review in BFM (report 401).

During the leadup to the FY 2022 budget submission, the Budget Office and the Governor's Office will work with each agency to refine their strategic priorities and set appropriate measures and assign targets. Any updates or new measures should be entered into BFM using the process referred to in section 15 in the BFM Instructions using the Performance Measures – Agency Form 9260 or Performance Measures – Program Form 9460. The following information must be provided for each new or updated performance measure:

- Agency Code & Name
- Program Code & Name
- Measure Name – A short title for the performance measure
- Measure Description – A brief description of measure and its value to the public
- Frequency of Measure – How frequently data are collected (e.g., annually, semi- annually, quarterly, monthly)
- Reporting Period – The time period used to define goals and evaluate attainment (e.g., state fiscal year, federal fiscal year, calendar year)
- Performance Targets and Data – Actual performance data for FY 2020, or partial- year actual performance data for CY 2020 or FFY 2020, with a note in the measure description indicating the data is current through; and the annual target for 2022. Do not submit partial-year actual performance data for FY 2021. Do not revise an existing 2021 target unless there has been a significant change in the program; note any revisions to 2021 targets in the measure description. If data is not available, please leave fields blank and include a note in the measure description.

Performance data must be numeric and cannot contain text. Targets set for new and updated measures for FYs 2021 and 2022 should be ambitious but realistic and attainable.

Centralized Services

The FY 2019 Enacted Budget transferred funding from the Department of Administration to respective agency budgets as part of the reestablishment of internal service funds for certain centralized services,

including Information Technology (IT), Human Resources (HR), and Facilities Management (FM). The reason behind this move was to eliminate the use of “mirror accounts” in DOA that required agencies to monitor multiple accounts outside of its own agency to get a true picture of total spending. These funds were held harmless in the FY 2022 target development and as such, a reduction in total funding for these services should not be used to achieve your savings target. Agencies are encouraged to identify non-general revenue sources that can be used to support HR, IT, or FM services and can use such shifts towards the savings target, as long as total funding for these services across the agency remains at least at the enacted level.

Technical Instructions

Personnel Supplement Data - Salaries and Benefits

Personnel expenditures constitute a significant portion of program expenditures in most agencies. Sound budgeting practice dictates that personnel expenditures should receive additional attention. Section 35-3-7 (a) of the R.I. General Laws requires the Governor to submit “a personnel supplement detailing the number and titles of positions of each agency and the estimates of personnel costs for the next fiscal year.”

The mechanism used to forecast personnel costs in BFM is the Personnel Cost Forecasting (PCF) system, which uses the fringe benefit rates as shown in the FY 2022 Planning Values (Table 1). Fringe and related benefits for any new positions or vacant positions not shown in the system will be computed using the rates built into PCF, including using the weighted average for health care benefits for vacant positions. Personnel projections will be run on an hourly basis throughout the budget process to update the salary and benefit costs and FTE counts.

The Budget Office has loaded employee records (including vacant positions identified by agencies), benefits, and payroll allocations from various HR and payroll files into BFM. The BFM Projection engine projects salary and benefits costs based on these valid employee records. The Funding Dates on the employee records determine when the employee’s projection begins. The salary amount is determined by the Salary Table and Step/Grade entered for the employee or the Salary Override Amount. The Step Duration in conjunction with the Step Increase Date determines when the employee gets a step increase/pay raise. Benefit codes have been established with appropriate rates and calculation frequencies to determine benefit costs.

Each agency will be responsible for making the appropriate salary, benefit, and allocation updates, including to vacant position records, to ensure that employee records are accurate. A Turnover Expectancy record has also been loaded for each Line Sequence that has salary costs; agencies should update salary amounts in this record to project vacancy-related negative salary and benefits costs for each line sequence (refer to section 16.3 in the BFM instructions). When agencies enter a turnover expectancy amount, all related benefit calculations will be completed by PCF. There are two kinds of turnover expectancy—the first is the normal savings which occur from employees leaving state service and new employees being hired, usually after a modest delay and at a lower cost than the departing employee; the second is managed turnover where the department, by design, leaves positions vacant to achieve a certain level of savings. Increasing turnover savings to unrealistic levels is not an acceptable reduction to meet target funding levels. Specific personnel/program reductions must be proposed to achieve required levels of savings.

Agencies should adhere to the following guidelines regarding salaries and wages and FTE counts.

- Count each authorized full-time equivalent position as one position, notwithstanding the period within a fiscal year that the position is expected to be filled. For example, a full-time position filled for six months of a fiscal year should still be shown as 1.0 FTE, not .5 FTE. Salaries for such a position should be shown at the full annual cost, and any savings resulting from the vacancy period should be taken as turnover.
- Positions should be reflected under the program they are assigned to (i.e. the program where their parent payroll account resides), regardless of whether a portion of their costs are allocated to other programs. In rare circumstances, a position may be cost allocated to another agency. In these situations, you can allocate the position to the other agency and BFM will allocate the personnel costs. Please be certain that the agency receiving the costs is fully aware of the incoming charge.
- Savings and FTE reductions resulting from program reductions or eliminations should be included in a decision package. However, program reductions that were included in the enacted budget may not be shown in this way for the current fiscal year, since it is expected that any such reductions would be implemented or in process by this time, and therefore specific positions should already have been identified for elimination (where applicable). Where layoffs are proposed, unemployment costs should be budgeted in expenditure classification 626200 in accordance with the Rhode Island Department of Labor and Training Unemployment Insurance “Quick Reference” Table, [click here to view these instructions](#).

Revenue Data

The Budget Office will upload data to BFM for the general revenue receipt accounts for which the agency is responsible. For each receipt account, the following information will be available:

- FY 2017 Actual Receipts
- FY 2018 Actual Receipts
- FY 2019 Actual Receipts
- FY 2020 Actual Receipts
- FY 2021 Enacted Revenue Estimates

The receipt information will be made available in BFM once final receipts and accruals for FY 2020 are recorded.

The agency will be responsible for providing a revised estimate of revenues for FY 2021 and an initial estimate for FY 2022. These estimates should be based upon current law and should not include any estimated revenue enhancements.

Form Explanations/Descriptions

Following are brief descriptions of each form used in the development of your budget submission. Most forms are now provided directly in BFM; **notably, this year, a portion of the construction of Decision Package and Impact Statement narratives has been moved out of BFM, but agencies will still utilize the existing BFM forms to provide financial data.** If you have any additional questions about the proper way to complete a form, or the information required, please contact your assigned Budget Analyst.

Menu	Form Name	Description/Purpose
	Base Budget Form - Agency (9200)	Use the Base form to make any adjustments to your base budget that do not impact services . This form will not include: Contracts and PCF (Salary and Benefit) Naturals.
	Base Budget Form – Program (9210)	
	Decision Package Agency	Use the Decision Packages form to enter a group of specific line sequences and naturals that together comprise a specific change

Budget Formulation	(9230)	to your current services. In many cases these may be reductions in order to meet targets but expansionary increase packages for new or expanded services may be requested.
	Decision Package Program (9430)	
	Budget Review	This form displays all of the 2020 Decision Packages and allows ranking and, in later stages, OMB recommendations.
	Strategic Planning	Use this form to request new performance measures, update existing performance measure descriptions, or update Agency/Program text that prints in Volumes 1-4 of the budget documents.
	Performance Measures Agency (9260)	Enter performance measurement measures data in this form, adjusting metrics to reflect agency and Governor priorities as appropriate. .
	Performance Measures - Program (9460)	
	Estimated Departmental Revenues – Agency (9410)	Agencies responsible for collecting general revenue departmental receipts (e.g. license fees, fines and penalties, etc.) must use this form to provide updated estimates of these revenues for the 2021 budget year.
	Federal / Restricted Receipts - Agency BR-7 (9270)	Use this form to make updates to prior year balance forward and new revenues / grant awards. This form is used for BOTH 2021 Revised and 2022 Budget since the BR-7 report shows the relationship of the two years.
	Federal / Restricted Receipts - Program BR-7 (9470)	
Agency Submission Attachments (5400)	This form is used to submit, as attachments, any supplemental documents to OMB. There is one form per agency.	

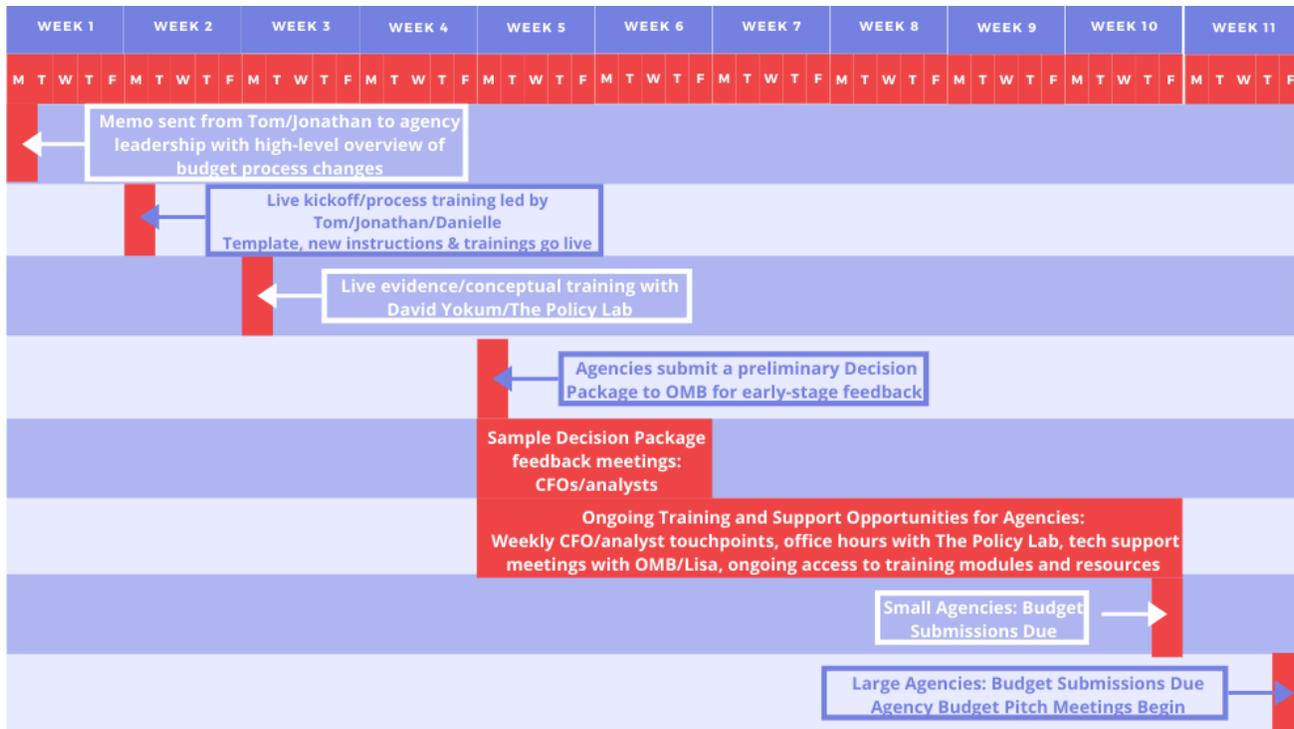
List of Reports

Legislation passed in the 2013 session of the General Assembly requires the Office of Management & Budget to compile an inventory of all reports filed by executive branch agencies with the General Assembly. The inventory is to include the following information:

- Type of Report
- Title of Report
- Author(s)/Preparer(s) of Report
- Audience of Report
- Schedule of Report's Release (Publication Date/Time Period)

As part of this year's budget request submission, each agency is again requested to update the list of any reports provided with last year's budget submission. The OMB will distribute the report filed by your agency last year (if applicable) to be updated.

Appendix 1: Timetable



Appendix 2: Quick Reference Sheet – Impact Statement vs. Decision Package Threshold

Impact Statement	Decision Package
<ul style="list-style-type: none"> ● Lower level, less complex changes ● Changes that are indirectly connected, or unconnected, to agency/Governor-level priorities ● Changes to a line item greater than the larger of +/- \$10,000 or 10% of the line item value but less than \$200,000 ● Changes less than the larger of \$10,000 or 10% of the line item value that the agency believes require narrative explanation ● Changes greater than +/- \$200,000 that are not complex (e.g. personnel funding changes that don't involve changes to the FTE cap) ● Types of change could include: <ul style="list-style-type: none"> ○ Movement of funds between programs or categories ○ Filling of a previously-vacant position already included in the enacted FTE cap ○ Minor adjustment of contract value due to change in scope of work 	<ul style="list-style-type: none"> ● Highly complex changes ● Changes that will involve multiple moving parts, political implications, and/or fundamental changes to agency operations ● Hybrid reduction/expansion (divest/invest) proposals ● Constrained proposals that will have an adverse impact on agency operations ● Changes that are directly connected to agency/Governor-level priorities ● Most changes greater than +/- \$200,000 ● Changes less than +/- \$200,000 that meet the complexity threshold ● Types of changes could include: <ul style="list-style-type: none"> ○ Proposals for new programs directly related to a Governor priority ○ Proposals for new FTEs to staff an existing program ○ Proposals for elimination of a low-performing or not evidence-based program

Appendix 3: Quick Reference Sheet – Unconstrained vs. Constrained Decision Packages

The *unconstrained* budget that your agency submits in FY 2022 should reflect the current services level budget, plus any requested increases to all sources of funds included in Decision Packages. The *constrained* budget should reflect the target cut that your agency is expected to attain from the current services level budget, and should include only those Decision Packages that would result in net reductions. Below is a quick primer to help you determine whether a Decision Package proposal should be classified as constrained or unconstrained.

Unconstrained Decision Package	Constrained Decision Package
<ul style="list-style-type: none"> • Any request for an <i>increase</i> to the current services level budget in a particular program/line item, <i>even if</i> that change is offset by <i>unrelated</i> decreases to other programs/line items • Any request for a <i>new program/service</i> that is not offset by the <i>related elimination</i> of an existing program/service • Any hybrid or divest/invest proposal that includes <i>related</i> increase/decrease requests and will lead to a <i>net increase</i> to the bottom-line current services level budget for the agency 	<ul style="list-style-type: none"> • Any request for a <i>decrease</i> to the current services level budget for a particular program/line item, <i>even if</i> that changes is offset by <i>unrelated</i> increases to other programs/line items • Any request for the <i>elimination</i> of a program/service that is not offset by a <i>related new program/service</i> • Any hybrid or divest/invest proposal that includes <i>related</i> increase/decrease requests and will lead to a <i>net decrease</i> to the bottom-line current services level budget for the agency

Appendix 4: Quick Reference Sheet – Decision Package Guiding Questions

Proposal Background

- **Overview:**
 - How would you describe this proposal to the Governor in a couple of sentences if you ended up in an elevator with her?
 - What are the most important pieces of information to know about this proposal, beyond just the total cost or savings?
- **Opportunity Statement:**
 - Describe where we are today in the absence of your proposed initiative. Can you quantify what isn't working as well as desired (consider things such as workload, operational efficiency, service delivery effectiveness, etc.)?
 - Describe and, to the extent possible, quantify, where you want to be in an improved future state. What specifically will work better in this future state? What outcome do you expect to achieve with full funding of this request?
 - Constrained Submissions Only: Why have you put forward this particular proposal to meet your target cut?
- **Proposed Intervention & Theory of Change:**
 - What new initiative are you proposing?
 - How will your proposed initiative address the above-described problem?
 - Why do you believe that this is the best possible solution to the above-described problem? What outcomes do you anticipate seeing from implementation of this initiative?
 - What solutions to the identified problem have already been attempted using existing resources? What were the results of those previous attempted solutions?
 - For human services programs: What target population do you anticipate serving? How many people do you expect to serve?
 - Constrained Submissions Only: What specific activities, functions, or programs will the agency reduce, eliminate, or shift the funding source for? How were these activities identified for inclusion in the constrained submission?
 - Constrained Submissions Only: Do other existing programs in your agency or other state agencies address the program's goals/mission? Could these be redeployed or leveraged as

- partners to meet this need, in the absence of funding for this particular program/service?
- Constrained Submissions Only: Who will be affected by this reduction - what are the anticipated outcomes from the proposal?
 - Constrained Submissions Only: Do you expect to see any adverse outcomes from this proposal? If so, describe those.

Evidence Base

- **Evidence Description:**
 - How did you determine the level of evidence that you selected for this initiative?
 - Where did you find the data that led you to select the appropriate evidence tier? What did that data say?
 - If your proposal is theory-based, whose theory is it based on? What is the logic model that led you to select theory-based?
 - Do similar initiatives exist in other states? Have these been evaluated?
 - If you're requesting to eliminate a program because it's not evidence-based, what data/sources led you to that conclusion?
 - Was your selection of evidence tier based on data that your agency has collected? Can you reference that data here?

Evaluation & Performance Measurement

- What does agency data show about the past successes and failures of this program?
- How does your agency approach performance management, both in this particular program and as a general rule?
- Unconstrained Submissions Only: How do you plan to evaluate this initiative in the future? When will evaluation data be available for review? How much of the program budget will you allocate to evaluation?
- Unconstrained Submissions Only: What output metrics will you track? What outcome metrics will you track? Will you attempt to measure program impact?
- Do you expect this initiative to lead to future savings/return on investment? If so, when do you expect that you will begin to see ROI?

Appendix 5: Rhode Island Evidence Scale

Although definitions of “evidence-based programming” vary from jurisdiction to jurisdiction, the concept is generally accepted to mean an intervention or activity that evaluations have shown to be effective at achieving a particular outcome. In Rhode Island, we view evidentiary support on a continuum, from programs that are virtually proven effective by multiple rigorous studies to programs that are based on strong theories and expert opinions. Evidence of program effectiveness is a critical data point that is used when making budget and policy decisions, as programs with greater evidentiary support are generally more likely to deliver a high return on investment of public funds. The goal of considering evidence base when making budgetary decisions is to build a government that works more effectively for all Rhode Islanders. The evidence scale that will be utilized in the budget development process is as follows:

Proven Effective: A program or service that is “proven effective” has a high level of research on effectiveness for at least one outcome of interest, determined through multiple rigorous evaluations. Qualifying evaluations include studies such as randomized controlled trials and evaluations that incorporate strong comparison group designs. These programs have been tried and tested by many jurisdictions, and typically have specified procedures that allow them to be successfully replicated. We expect that very few budget requests will be “proven effective”—this is the highest evidence-based standard, and most programs have not yet been studied rigorously enough to achieve it.

Promising: A “promising” program or service has some research demonstrating effectiveness, but not as much as would be required for a “proven effective” designation. This could include, for example, a single randomized controlled trial or evaluation with a comparison group design that is not contradicted by other studies, but not confirmed by multiple such evaluations. It could also include the existence of a robust body of outcome data that your agency, or another agency that delivers a similar program, has collected and analyzed about the program over time. We expect that some, but not many, budget requests will be “promising.”

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be in the “theory-based” category. The best and most compelling of these requests will include a plan for study that would theoretically allow the intervention to move up the evidence scale within a designated time period.

Evidence of Insufficient Impact or Unintended Effects: A program has “evidence of insufficient impact” if quality evaluations have measured no meaningful difference in outcomes between program participants and those in a comparison group. A program that regularly fails to reach its outcomes targets also falls into this category. A program has “evidence of unintended effects” if quality evidence suggests that it has a negative impact on outcomes for program participants. We expect that many constrained proposals will involve programs that fall into this category.

The Office of Management & Budget understands that the majority of agency requests will likely not be in the top evidence tiers at the point of submittal, and you should certainly feel free to submit requests that are “theory-based” rather than evidence based. Please note that “theory-based” submissions should include a robust and compelling measurement and evaluation plan in the Performance Measurement section. If an evaluation plan is not submitted for requests that lack an existing body of supporting research, it is unlikely that these requests will be meaningfully considered for inclusion in the Governor’s Budget.