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ARTICLE 14

RELATING TO STATE BUDGET

SECTION 1. Section 35-6-1 of the General Laws in Chapter 35-6 entitled “Accounts and Control” is hereby amended to read as follows:

35-6-1. Controller – Duties in general. – (a) Within the department of administration there shall be a controller who shall be appointed by the director of administration pursuant to chapter 4 of title 36. The controller shall be responsible for accounting and expenditure control and shall be required to:

(1) Administer a comprehensive accounting and recording system which will classify the transactions of the state departments and agencies in accordance with the budget plan;

(2) Maintain control accounts for all supplies, materials, and equipment for all departments and agencies except as otherwise provided by law;

(3) Prescribe a financial, accounting, and cost accounting system for state departments and agencies;

(4) Preaudit all state receipts and expenditures;

(5) Prepare financial statements required by the several departments and agencies, by the governor, or by the general assembly;

(6) Approve the orders drawn on the general treasurer; provided, that the preaudit of all expenditures under authority of the legislative department and the judicial department by the state controller shall be purely ministerial, concerned only with the legality of the expenditure and availability of the funds, and in no event shall the state controller interpose his or her judgment regarding the wisdom or expediency of any item or items of expenditure;

(7) Prepare and timely file, on behalf of the state, any and all reports required by the United States, including, but not limited to, the internal revenue service, or required by any department or agency of the state, with respect to the state payroll; and

(8) Prepare a preliminary closing statement for each fiscal year. The controller shall forward the statement to the chairpersons of the house finance committee and the senate finance committee, with copies to the house fiscal advisor and the senate fiscal and policy advisor, by September 1 following the fiscal year ending the prior June 30 or thirty (30) days after enactment of the appropriations act, whichever is later. The report shall include but is not limited to:

1 (i) A report of all revenues received by the state in the completed fiscal year, together
2 with the estimates adopted for that year as contained in the final enacted budget, and together
3 with all deviations between estimated revenues and actual collections. The report shall also
4 include cash collections and accrual adjustments;

5 (ii) A comparison of actual expenditures with each of the actual appropriations, including
6 supplemental appropriations and other adjustments provided for in the Rhode Island General
7 Laws;

8 (iii) A statement of the opening and closing surplus in the general revenue account; and

9 (iv) A statement of the opening surplus, activity, and closing surplus in the state budget
10 reserve and cash stabilization account and the state bond capital fund.

11 (b) The controller shall provide supporting information on revenues, expenditures, capital
12 projects, and debt service upon request of the house finance committee chairperson, senate
13 finance committee chairperson, house fiscal advisor, or senate fiscal and policy advisor.

14 (c) Upon issuance of the audited annual financial statement, the controller shall provide a
15 report of the differences between the preliminary financial report and the final report as contained
16 in the audited annual financial statement.

17 (d) Upon issuance of the audited financial statement and a determination by the director
18 of the office of management and budget that there is no projected deficit for the current fiscal
19 year, the controller shall transfer all general revenues received in the completed fiscal year, net of
20 transfer to the state budget reserve and cash stabilization account as required by § 35-3-20, in
21 excess of those estimates adopted for that year as contained in the final enacted budget to the
22 employees' retirement system of the state of Rhode Island as defined in § 36-8-2. There shall be
23 no transfer of excess revenues from FY 2014, as determined by the Controller's fiscal year 2014
24 final audit, to the employees' retirement system in FY 2015.

25 (e) The controller shall create a special fund not part of the general fund and shall deposit
26 amounts equivalent to all deferred contributions under this act into that fund. Any amounts
27 remaining in the fund on June 15, 2010, shall be transferred to the general treasurer who shall
28 transfer such amounts into the retirement system as appropriate.

29 (f) The controller shall implement a direct deposit payroll system for state employees.

30 (i) There shall be no service charge of any type paid by the state employee at any time
31 which shall decrease the net amount of the employee's salary deposited to the financial institution
32 of the personal choice of the employee as a result of the use of direct deposit.

33 (ii) Employees hired after September 30, 2014, shall participate in the direct deposit
34 system. At the time the employee is hired, the employee shall identify a financial institution that

1 will serve as a personal depository agent for the employee.

2 (iii) No later than June 30, 2016, each employee hired before September 30, 2014, who is
3 not a participant in the direct deposit system, shall identify a financial institution that will serve as
4 a personal depository agent for the employee.

5 (iv) The controller shall promulgate rules and regulations as necessary for
6 implementation and administration of the direct deposit system, which shall include limited
7 exceptions to required participation.

8 SECTION 2. Sections 35-16-1 and 35-16-2 of the General Laws in Chapter 35-17
9 entitled "Revenue Estimating Conferences" are hereby amended to read as follows:

10 **35-16-1. Purpose and membership.** – (a) In order to provide for a more stable and
11 accurate method of financial planning and budgeting and to facilitate the adoption of a balanced
12 budget wherein appropriations and expenditures do not exceed anticipated revenues, as is
13 required by the statutes and constitution of Rhode Island, it is hereby declared the intention of the
14 legislature that there be a procedure for the determination of an official estimate of anticipated
15 state revenues upon which the executive budget shall be based and beyond which appropriations
16 by the legislature and expenditures by the state shall not exceed.

17 (b) The budget office, the house fiscal advisor, and the senate fiscal advisor shall meet in
18 regularly scheduled consensus revenue estimating conferences (R.E.C.). These conferences shall
19 be open public meetings.

20 (c) The chairpersonship of each regularly scheduled R.E.C. will rotate among the state
21 budget officer, the house fiscal advisor, and the senate fiscal advisor, hereinafter referred to as
22 principals. The schedule shall be arranged so that no chairperson shall preside over two (2)
23 successive regularly scheduled conferences on the same subject.

24 ~~(d) Representatives of all state agencies, including by way of illustration, and not by way~~
25 ~~of limitation, the division of taxation, department of transportation, department of business~~
26 ~~regulation, department of health, and the office of general treasurer and any other state agency or~~
27 ~~board responsible for a revenue source under consideration by the R.E.C., are to participate in all~~
28 ~~conferences for which their input is germane.~~ The department of revenue and legislative
29 economist shall provide estimates for state revenues at each R.E.C with associated methodology.
30 The department of revenue and legislative economist shall develop or obtain an economic
31 forecast upon which to base revenue estimates. The economic forecast shall be available to each
32 principal in a timely fashion for each principal to review before meetings.

33 **35-16-2. Meetings.** – (a) The principals of the R.E.C. shall meet within the first ten (10)
34 days of February, May and November of each year.

1 (b) The primary purpose of regularly scheduled conferences is to ~~prepare~~ reconcile
2 economic forecasts and forecast revenue estimates between the department of revenue and
3 legislative economist, and review current revenue collections under current tax law. The
4 conference principals can agree, however, to address special legislation or special topics.

5 (c) Prior to each R.E.C., the principals will determine the documentation and information
6 necessary to support that conference.

7 (d) No votes will be taken in the revenue estimating conferences. These are truly
8 consensus conferences and all principals must agree and are bound to the conference
9 recommendations.

10 SECTION 3. Sections 35-16-5 and 35-16-7 of the General Laws in Chapter 35-16
11 entitled "Revenue Estimating Conferences" are hereby repealed.

12 ~~**35-16-5. Staff support for meetings.** (a) The R.E.C. chairperson and his or her staff~~
13 ~~will be responsible for preparing and distributing work papers before each conference. Each~~
14 ~~participant and principal will be responsible for providing the chairperson with the appropriate~~
15 ~~materials for the work papers on a schedule determined by the chairperson. Failure to meet this~~
16 ~~schedule shall be grounds, at the chairperson's option, to delay the conference.~~

17 ~~(b) Work papers will include a side by side comparison of the revenue scenarios~~
18 ~~advocated by each of the principals. This analysis and its side by side presentation will be~~
19 ~~completed in time to distribute to each R.E.C. party at least one full day prior to the scheduled~~
20 ~~meeting date.~~

21 ~~(c) The principals may request each participant to provide the R.E.C. chairperson and the~~
22 ~~remaining principals an independent revenue estimate and supporting information for each~~
23 ~~revenue source under the responsibility of the participant's agency. This information should be~~
24 ~~provided on a schedule provided by the conference chairperson and will be included in the~~
25 ~~conference comparison report.~~

26 ~~(d) The principals may request that each participant shall notify the R.E.C. chairperson of~~
27 ~~any prospective administrative changes contemplated by their respective agency which will affect~~
28 ~~the cash flow of any revenue source under consideration.~~

29 ~~(e) For general revenue conferences, the principals shall adopt a consensus economic~~
30 ~~forecast upon which to base revenue estimates. The principals shall obtain the services of~~
31 ~~economists and economic forecast services as required for this purpose. The consensus economic~~
32 ~~forecast shall be available to each principal in a timely fashion for each principal to prepare~~
33 ~~revenue estimates.~~

34 ~~**35-16-7. Two year budget cycle study.** The budget office, the house fiscal advisor,~~

1 ~~and the senate fiscal advisor along with the house and senate fiscal staff and legal counsel shall~~
2 ~~study the feasibility and benefits of adopting a two (2) year budget cycle, and shall report in~~
3 ~~writing to the governor, the speaker of the house of representatives, and the president of the~~
4 ~~senate on or before January 2, 1994. The report shall address not only the benefits, if any, but also~~
5 ~~any disadvantages and/or legal impediments, constitutional and/or statutory, to adopting such a~~
6 ~~budget cycle.~~

7 SECTION 4. Chapter 35-17 of the General Laws entitled "Medical Assistance and Public
8 Assistance Caseload Estimating Conferences" is hereby renamed "Medical Assistance Caseload
9 Estimating Conferences".

10 SECTION 5. Sections 35-17-1 and 35-17-2 of the General Laws in Chapter 35-17
11 entitled "Medical Assistance and Public Assistance Caseload Estimating Conferences" are hereby
12 amended to read as follows:

13 **35-17-1 Purpose and membership.** – (a) In order to provide for a more stable and
14 accurate method of financial planning and budgeting, it is hereby declared the intention of the
15 legislature that there be a procedure for the determination of official estimates of anticipated
16 medical assistance expenditures ~~and public assistance caseloads~~, upon which the executive budget
17 shall be based and for which appropriations by the general assembly shall be made.

18 (b) The state budget officer, the house fiscal advisor, and the senate fiscal advisor shall
19 meet in regularly scheduled caseload estimating conferences (C.E.C.). These conferences shall be
20 open public meetings.

21 (c) The chairpersonship of each regularly scheduled C.E.C. will rotate among the state
22 budget officer, the house fiscal advisor, and the senate fiscal advisor, hereinafter referred to as
23 principals. The schedule shall be arranged so that no chairperson shall preside over two (2)
24 successive regularly scheduled conferences on the same subject.

25 (d) Representatives of all state agencies are to participate in all conferences for which
26 their input is germane.

27 (e) The ~~department of human services~~ executive office of health and human services shall
28 provide monthly data to the members of the caseload estimating conference by the fifteenth day
29 of the following month. ~~Monthly data shall include, but is not limited to, actual caseloads and~~
30 ~~expenditures for the following case assistance programs: Rhode Island Works, SSI state program,~~
31 ~~general public assistance, and child care.~~ The executive office of health and human services shall
32 report relevant caseload information and expenditures for the following medical assistance
33 categories: hospitals, long-term care, managed care, pharmacy, ~~and~~ other medical services,
34 integrated care, and medicaid expansion. In the category of managed care, caseload information

1 and expenditures for the following populations shall be separately identified and reported:
2 children with disabilities, children in foster care, and children receiving adoption assistance. The
3 information shall include the number of Medicaid recipients whose estate may be subject to a
4 recovery, the anticipated recoveries from the estate and the total recoveries collected each month.

5 **35-17-2. Meetings.** – (a) The principles of the C.E.C. shall meet within the first ten (10)
6 days of February, May, and November of each year.

7 (b) The primary purpose of regularly scheduled conferences is to forecast medical
8 assistance ~~and public assistance~~ caseloads and associated expenditures for the medical assistance
9 program administered by the executive office of health and human services, financing for which
10 is appropriated within the budget of the executive of health and human services. The conference
11 principals can agree, however, to address special legislation or special topics.

12 (c) Prior to each caseload estimating conference, the principals will determine the
13 documentation and information necessary to support that conference.

14 (d) No votes will be taken in the caseload estimating conferences. These are truly
15 consensus conferences and all principals must agree and are bound to the conference
16 recommendations.

17 (e) In the interim period between departmental testimony and the day designated for the
18 adoption of consensus estimates, the principals and /or representatives of the state budget office,
19 the house fiscal advisory staff, and the senate fiscal advisory staff may meet with officials of the
20 executive office of health and human services to further review material presented at testimony,
21 propose modifications to estimates contained therein, and ultimately to reach provisional
22 consensus estimates. These estimates will be presented at the caseload estimating conference and
23 will become the officially adopted estimates provided they are unanimously ratified by the
24 principals of the C.E.C. The executive office of health and human services will be granted the
25 opportunity to rebut these estimates in the event of disagreement, and the principals will take
26 these objections into account prior to adopting final estimates.

27 SECTION 6. Section 35-17-4 of the General Laws in Chapter 35-17 entitled “Medical
28 Assistance and Public Assistance Caseload Estimating Conferences” is hereby repealed.

29 ~~**35-17-4. Impact meetings.** – (a) The caseload estimating conference principals, along~~
30 ~~with the appropriate participants, will meet from time to time to compare current caseload data~~
31 ~~with the most recent financial projections as required by § 35-3-1(6). Any principal can call an~~
32 ~~impact meeting at any time.~~

33 ~~(b) Following each legislative session, the principals, along with the appropriate~~
34 ~~participants, shall meet and review all changes in legislation affecting caseloads and shall amend~~

1 ~~the official recommendations of the caseload estimating conference accordingly.~~

2 SECTION 7. Section 35-3-7 of the General Laws in Chapter 35-3 entitled "State Budget"
3 is hereby amended to read as follows:

4 **35-3-7. Submission of budget to general assembly – Contents.** – (a) On or before the
5 third Thursday in ~~January~~ February in each year of each January session of the general assembly,
6 the governor shall submit to the general assembly a budget containing a complete plan of
7 estimated revenues and proposed expenditures, with a personnel supplement detailing the number
8 and titles of positions of each agency and the estimates of personnel costs for the next fiscal year,
9 and with the inventory required by § 35-1.1-3(b)(4). Provided, however, in those years that a new
10 governor is inaugurated, the new governor shall submit the budget on or before the ~~first~~ second
11 Thursday in March ~~February~~. In the budget the governor may set forth in summary and detail:

12 (1) Estimates of the receipts of the state during the ensuing fiscal year under laws existing
13 at the time the budget is transmitted and also under the revenue proposals, if any, contained in the
14 budget, and comparisons with the estimated receipts of the state during the current fiscal year, as
15 well as actual receipts of the state for the last two (2) completed fiscal years.

16 (2) Estimates of the expenditures and appropriations necessary in the governor's
17 judgment for the support of the state government for the ensuing fiscal year, and comparisons
18 with appropriations for expenditures during the current fiscal year, as well as actual expenditures
19 of the state for the last two (2) complete fiscal years.

20 (3) Financial statements of the:

21 (i) Condition of the treasury at the end of the last completed fiscal year;

22 (ii) The estimated condition of the treasury at the end of the current fiscal year; and

23 (iii) Estimated condition of the treasury at the end of the ensuing fiscal year if the
24 financial proposals contained in the budget are adopted.

25 (4) All essential facts regarding the bonded and other indebtedness of the state.

26 (5) A report indicating those program revenues and expenditures whose funding source is
27 proposed to be changed from state appropriations to restricted receipts, or from restricted receipts
28 to other funding sources.

29 (6) Such other financial statements and data as in the governor's opinion are necessary or
30 desirable.

31 (b) Any other provision of the general laws to the contrary notwithstanding, the proposed
32 appropriations submitted by the governor to the general assembly for the next ensuing fiscal year
33 should not be more than five and one-half percent (5.5%) in excess of total state appropriations,
34 excluding any estimated supplemental appropriations, enacted by the general assembly for the

1 fiscal year previous to that for which the proposed appropriations are being submitted; provided
2 that the increased state-share provisions required to achieve fifty percent (50%) state financing of
3 local school operations as provided for in P.L. 1985, ch. 182, shall be excluded from the
4 definition of total appropriations.

5 ~~(c) Notwithstanding the provisions of § 35-3-7(a), the governor shall submit to the~~
6 ~~general assembly a budget for the fiscal year ending June 30, 2006, not later than the fourth (4th)~~
7 ~~Thursday in January 2005.~~

8 ~~(d) Notwithstanding the provisions of § 35-3-7(a), the governor shall submit to the~~
9 ~~general assembly a supplemental budget for the fiscal year ending June 30, 2006, and/or a budget~~
10 ~~for the fiscal year ending June 30, 2007, not later than Thursday, January 26, 2006.~~

11 ~~(e) Notwithstanding the provisions of § 35-3-7(a), the governor shall submit to the~~
12 ~~general assembly a supplemental budget for the fiscal year ending June 30, 2007, and/or a budget~~
13 ~~for the fiscal year ending June 30, 2008, not later than Wednesday, January 31, 2007.~~

14 ~~(f) Notwithstanding the provisions of § 35-3-7(a), the governor shall submit to the~~
15 ~~general assembly a budget for the fiscal year ending June 30, 2012, not later than Thursday,~~
16 ~~March 10, 2011.~~

17 ~~(g) Notwithstanding the provisions of § 35-3-7(a), the governor shall submit to the~~
18 ~~general assembly a budget for the fiscal year ending June 30, 2013, not later than Tuesday,~~
19 ~~January 31, 2012.~~

20 SECTION 8. Section 1 of this article shall take effect as of July 1, 2014; all other sections
21 shall take effect upon passage.

22