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ARTICLE 2

RELATING TO STATE FUNDS

SECTION 1. Section 16-59-9 of the General Laws in Chapter 16-59 entitled “Board of Governors for Higher Education [See Title 16 Chapter 97 – The Rhode Island Board of Education Act]” is hereby amended to read as follows:

16-59-9. Educational budget and appropriations.

(a) The general assembly shall annually appropriate any sums it deems necessary for support and maintenance of higher education in the state and the state controller is authorized and directed to draw his or her orders upon the general treasurer for the payment of the appropriations or so much of the sums that are necessary for the purposes appropriated, upon the receipt by him or her of proper vouchers as the council on postsecondary education may by rule provide. The council shall receive, review, and adjust the budget for the office of postsecondary commissioner and present the budget as part of the budget for higher education under the requirements of § 35-3-4.

(b) The office of postsecondary commissioner and the institutions of public higher education shall establish working capital accounts.

(c) Any tuition or fee increase schedules in effect for the institutions of public higher education shall be received by the council on postsecondary education for allocation for the fiscal year for which state appropriations are made to the council by the general assembly; provided that no further increases may be made by the board of education or the council on postsecondary education for the year for which appropriations are made. Except that these provisions shall not apply to the revenues of housing, dining, and other auxiliary facilities at the university of Rhode Island, Rhode Island college, and the community colleges including student fees as described in P.L. 1962, ch. 257 pledged to secure indebtedness issued at any time pursuant to P.L. 1962, ch. 257 as amended.

(d) All housing, dining, and other auxiliary facilities at all public institutions of higher learning shall be self-supporting and no funds shall be appropriated by the general assembly to pay operating expenses, including principal and interest on debt services, and overhead expenses for the facilities, with the exception of the mandatory fees covered by the Rhode Island promise scholarship program as established by § 16-107-3. Any debt-service costs on general obligation

1 bonds presented to the voters in November 2000 and November 2004 or appropriated funds from
2 the Rhode Island capital plan for the housing auxiliaries at the university of Rhode Island and
3 Rhode Island college shall not be subject to this self-supporting requirement in order to provide
4 funds for the building construction and rehabilitation program. The institutions of public higher
5 education will establish policies and procedures that enhance the opportunity for auxiliary facilities
6 to be self-supporting, including that all faculty provide timely and accurate copies of booklists for
7 required textbooks to the public higher educational institution's bookstore.

8 (e) The additional costs to achieve self-supporting status shall be by the implementation of
9 a fee schedule of all housing, dining, and other auxiliary facilities, including but not limited to,
10 operating expenses, principal, and interest on debt services, and overhead expenses.

11 (f) The board of education is authorized to establish a restricted-receipt account for the
12 ~~Westerly~~ Higher Education and Industry Centers established throughout the state ~~(also known as~~
13 ~~the Westerly Job Skills Center or Westerly Higher Education Learning Center)~~ and to collect lease
14 payments from occupying companies, and fees from room and service rentals, to support the
15 operation and maintenance of the ~~facility~~ facilities. All such revenues shall be deposited to the
16 restricted-receipt account.

17 SECTION 2. Section 35-3-15 of the General Laws in Chapter 35-3 entitled "State Budget"
18 is hereby amended to read as follows:

19 **35-3-15. Unexpended and unencumbered balances of revenue appropriations.**

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

30 (b) The governor shall submit a report of such reappropriations to the chairperson of the
31 house finance committee and the chairperson of the senate finance committee of each
32 reappropriation stating the general revenue appropriation, the unexpended or unencumbered
33 balance, the amount reappropriated, and an explanation of the reappropriation and the reason for
34 the reappropriation by ~~August 15~~ September 1 of each year.

1 SECTION 3. Sections 35-4-23 and 35-4-27 of the General Laws in Chapter 35-4 entitled
2 “State Funds” is hereby amended to read as follows:

3 **35-4-23. Rhode Island capital plan funds.**

4 (a) From the proceeds of any receipts transferred pursuant to the provisions of the Rhode
5 Island Constitution, the state controller is authorized to create an account or accounts within the
6 bond capital fund. These accounts shall be used to record expenditures from these receipts, which
7 are authorized to be spent with the approval of the governor. Certain of these funds may be allocated
8 to agencies for the purpose of completing preliminary planning studies for proposed projects. In
9 the event the project is completed with funds appropriated from another source, the preliminary
10 planning funds shall be returned to the bond capital fund and shall be placed in a revolving account
11 for future reallocation. The intended use of the Rhode Island capital plan funds shall be determined
12 through the annual capital and operating budget process.

13 (b) The budget officer under provisions within § 35-3-7.2. “Budget officer as capital
14 development officer” shall implement an indirect cost not to exceed 10% of the project
15 expenditures for the purpose of funding direct project management costs of state employees.

16 **35-4-27. Indirect cost recoveries on restricted receipt accounts.**

17 Indirect cost recoveries of ten percent (10%) of cash receipts shall be transferred from all
18 restricted-receipt accounts, to be recorded as general revenues in the general fund. However, there
19 shall be no transfer from cash receipts with restrictions received exclusively: (1) From contributions
20 from non-profit charitable organizations; (2) From the assessment of indirect cost-recovery rates
21 on federal grant funds; or (3) Through transfers from state agencies to the department of
22 administration for the payment of debt service. These indirect cost recoveries shall be applied to all
23 accounts, unless prohibited by federal law or regulation, court order, or court settlement. The
24 following restricted receipt accounts shall not be subject to the provisions of this section:

25 Executive Office of Health and Human Services

26 Organ Transplant Fund

27 HIV Care Grant Drug Rebates

28 Department of Human Services

29 Veterans' home – Restricted account

30 Veterans' home – Resident benefits

31 Pharmaceutical Rebates Account

32 Demand Side Management Grants

33 Veteran's Cemetery Memorial Fund

34 Donations – New Veterans' Home Construction

1 Department of Health
2 Pandemic medications and equipment account
3 Miscellaneous Donations/Grants from Non-Profits
4 State Loan Repayment Match
5 Department of Behavioral Healthcare, Developmental Disabilities and Hospitals
6 Eleanor Slater non-Medicaid third-party payor account
7 Hospital Medicare Part D Receipts
8 RICLAS Group Home Operations
9 Commission on the Deaf and Hard of Hearing
10 Emergency and public communication access account
11 Department of Environmental Management
12 National heritage revolving fund
13 Environmental response fund II
14 Underground storage tanks registration fees
15 Rhode Island Historical Preservation and Heritage Commission
16 Historic preservation revolving loan fund
17 Historic Preservation loan fund – Interest revenue
18 Department of Public Safety
19 Forfeited property – Retained
20 Forfeitures – Federal
21 Forfeited property – Gambling
22 Donation – Polygraph and Law Enforcement Training
23 Rhode Island State Firefighter's League Training Account
24 Fire Academy Training Fees Account
25 [Municipal Police Training Tuition and Fees](#)
26 Attorney General
27 Forfeiture of property
28 Federal forfeitures
29 Attorney General multi-state account
30 Forfeited property – Gambling
31 Department of Administration
32 OER Reconciliation Funding
33 RI Health Benefits Exchange
34 Information Technology Investment Fund

1 Restore and replacement – Insurance coverage
2 Convention Center Authority rental payments
3 Investment Receipts – TANS
4 OPEB System Restricted Receipt Account
5 Car Rental Tax/Surcharge-Warwick Share
6 Executive Office of Commerce
7 Housing Resources Commission Restricted Account
8 Department of Revenue
9 DMV Modernization Project
10 Jobs Tax Credit Redemption Fund
11 Legislature
12 Audit of federal assisted programs
13 Department of Children, Youth and Families
14 Children's Trust Accounts – SSI
15 Military Staff
16 RI Military Family Relief Fund
17 RI National Guard Counterdrug Program
18 Treasury
19 Admin. Expenses – State Retirement System
20 Retirement – Treasury Investment Options
21 Defined Contribution – Administration - RR
22 Violent Crimes Compensation – Refunds
23 Treasury Research Fellowship
24 Business Regulation
25 Banking Division Reimbursement Account
26 Office of the Health Insurance Commissioner Reimbursement Account
27 Securities Division Reimbursement Account
28 Commercial Licensing and Racing and Athletics Division Reimbursement Account
29 Insurance Division Reimbursement Account
30 Historic Preservation Tax Credit Account
31 Judiciary
32 Arbitration Fund Restricted Receipt Account
33 Third-Party Grants
34 RI Judiciary Technology Surcharge Account

1 Department of Elementary and Secondary Education
2 Statewide Student Transportation Services Account
3 School for the Deaf Fee-for-Service Account
4 [School for the Deaf – School Breakfast and Lunch Program](#)
5 Davies Career and Technical School Local Education Aid Account
6 Davies – National School Breakfast & Lunch Program
7 [School Construction Services](#)
8 Office of the Postsecondary Commissioner
9 ~~Westerly~~ Higher Education and Industry Centers

10 Department of Labor and Training
11 Job Development Fund

12 SECTION 4. Section 42-27-6 of the General Laws in Chapter 42-27 entitled “Atomic
13 Energy Commission” is hereby amended to read as follows:

14 **42-27-6. Reactor usage charges.**

15 [\(a\) Effective July 1, 2018, ~~At~~](#) all fees collected by the atomic energy commission for use
16 of the reactor facilities [and related services](#) shall be deposited ~~as general revenues.~~ [in a restricted](#)
17 [receipt account to support the technical operation and maintenance of the agency’s equipment.](#)

18 [\(b\) All revenues remaining in the restricted receipt account, after expenditures authorized](#)
19 [in subdivision \(a\) of this section, above two hundred thousand dollars \(\\$200,000\) shall be paid into](#)
20 [the state’s general fund. These payments shall be made annually on the last business day of the](#)
21 [fiscal year.](#)

22 [\(c\) A charge of up to forty percent \(40%\), adjusted annually as of July 1, shall be assessed](#)
23 [against all University of Rhode Island \(URI\) sponsored research activity allocations. The charge](#)
24 [shall be applied to the existing URI sponsored research expenditures within the atomic energy](#)
25 [commission.](#)

26 SECTION 5. Title 35 of the General Laws entitled “Public Finance” is hereby amended by
27 adding thereto the following chapter:

28 [CHAPTER 35-4.1](#)

29 [PERFORMANCE IMPROVEMENT FUND ACT](#)

30 **35-4.1-1. Legislative findings.**

31 [The general assembly finds and recognizes:](#)

32 [\(a\) The importance of pursuing data-driven approaches to improving service delivery, and](#)
33 [that limited state resources should be allocated based on proven results, not inputs or promised](#)
34 [successes.](#)

1 (b) That pay for success contracts provide an opportunity for the state to address the
2 challenges of improving service delivery with limited resources as these contracts both:

3 (1) Create incentives for improved performance and reduced costs, allow for more rapid
4 learning about which programs work and which do not, and accelerate the adoption of new, more
5 effective solutions, and

6 (2) Provide a mechanism to bring upfront financial support from the private and nonprofit
7 sectors to innovative social programs that the state only repays if contractual performance targets
8 are achieved, thereby reducing the state’s financial risk in supporting innovative initiatives.

9 **35-4.1-2. Definitions.**

10 For the purpose of this chapter:

11 (a) “Performance targets” means the level of performance, as measured by an independent
12 evaluator, which represent success. Success is defined in the pay for success contract.

13 (b) “Independent evaluator” means an independent entity selected by the state whose role
14 includes assessing and reporting on the achievement of performance targets at the frequency
15 required in the pay for success contract.

16 (c) “Success payments” refer to the payments that the state will make only if contractual
17 performance targets are achieved as determined by the independent evaluator and approved by the
18 office of management and budget.

19 (d) “Pay for success contracts” are contracts designed to improve outcomes and lower costs
20 for contracted government services that are subject to the following requirements:

21 (1) A determination that the contract will result in significant performance improvements
22 and budgetary savings across all impacted agencies if the performance targets are achieved;

23 (2) A requirement that a substantial portion of any payment be conditioned on the
24 achievement of specific outcomes based on defined performance targets;

25 (3) An objective process by which an independent evaluator will determine whether the
26 performance targets have been achieved;

27 (4) A calculation of the amount and timing of payments that would be earned by the service
28 provider during each year of the agreement if performance targets are achieved as determined by
29 the independent evaluator; and

30 (5) Payments shall only be made if performance targets are achieved.

31 **35-4.1-3. Creation of the Government Performance Improvement Fund.**

32 (a) There is hereby created and established in the state treasury a fund to be known as the
33 “government performance improvement fund” to which shall be deposited appropriations as may
34 be made from time to time by the general assembly. All money now or hereafter in the government

1 performance improvement fund are hereby dedicated for the purpose of funding pay for success
2 contracts.

3 (b) By signing the pay for success contract, the authorizing department or agency is
4 confirming that the contract has met the requirements established in this chapter.

5 (c) The department of administration is charged with, and may promulgate regulations as
6 necessary for, the administration of this fund for the purposes specified in this section, and may
7 make payments from the fund only in accordance with the terms and conditions of pay for success
8 contracts and upon approval of the director of the office of management and budget. All claims
9 against the fund shall be examined, audited, and allowed in the manner now or hereafter provided
10 by law for claims against the state.

11 (d) The department of administration shall provide an annual status report for the prior
12 fiscal year on all contracts not later than December 31 of each year to the office of the governor,
13 house and senate finance committees.

14 SECTION 6. This Article shall take effect upon passage.