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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO PUBLIC FINANCE -- STATE BUDGET

Introduced By: Senators Kettle, Cote, Shibley, Moura, and Maher

Date Introduced: February 16, 2011

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 35-3-4, 35-3-7 and 35-3-9 of the General Laws in Chapter 35-3
2 entitled "State Budget" are hereby amended to read as follows:

3 **35-3-4. Estimates submitted by department heads.** -- (a) On dates determined by the
4 budget officer, but not later than the first day of October in each year, each head of a department
5 of the state government, not including the general assembly or the judiciary, shall assemble,
6 correlate, and revise, with power to increase or decrease, the estimates for expenditures and
7 requests for appropriations for the next ensuing fiscal year of each of the divisions, boards,
8 commissions, officers, bureaus, institutions, or agencies of the state included within his or her
9 department, and, after this revision, shall prepare an itemized departmental estimate of the
10 appropriations necessary to meet the financial needs of the department, including a statement in
11 detail of all moneys for which any general or special appropriation is desired at the ensuing
12 session of the general assembly. The estimate shall be in such form, and in such number of
13 copies, and with such explanation as the budget officer may require, and, on dates determined by
14 the budget officer, but not later than the first day of October in each year, shall be submitted to
15 the governor through the budget officer. The budget officer shall provide copies to the house
16 fiscal advisor and senate fiscal advisor.

17 (b) The estimates shall also include a supplemental presentation of estimates of
18 expenditures for information resources and information technologies as defined in section 29-8-2,
19 regardless of source of financing. The estimate shall include a detailed listing and explanation of

1 expenses and the source of funds and shall be in such form, and in such number of copies, and
2 with such explanation as the budget officer may require. Copies shall be provided directly to the
3 house fiscal advisor, the senate fiscal advisor, and the Rhode Island Information Resources
4 Management Board.

5 (c) Commencing with the fiscal year beginning on July 1, 2011, and in accordance with
6 the schedule provided herein, the estimates for expenditures and requests for appropriations shall
7 be based upon a justification by each department head of the budget of the department from a
8 zero base. The budget request shall be accompanied by a statement giving facts and explanations
9 of reasons for each item requested. It shall include a brief explanation of the functions of each of
10 the divisions, boards, commissions, officers, bureaus, institutions or agencies of the state included
11 within the department and comments on its policies and plans, with such descriptive, quantitative,
12 comparative and other data as to work done and other information as is considered necessary or
13 desirable. "Zero based budget" requests so-called, requests for appropriations based upon a
14 justification of a department from a zero base as if the budget for the department was being
15 initiated for the first time shall be required based upon the following schedule:

16 (1) Beginning with the fiscal year July 1, 2011, zero based budgets shall be submitted by
17 twenty percent (20%) of state departments, being those departments which submitted the lowest
18 budget request for the fiscal year beginning July 1, 2010;

19 (2) Beginning with the next fiscal year, zero based budgets shall be submitted by twenty
20 percent (20%) of state departments, being those submitting the lowest budget request for the
21 fiscal year beginning July 1, 2010, except for those departments included in subsection (1) above;

22 (3) Beginning with the next fiscal year, zero based budget requests shall be submitted by
23 twenty percent (20%) of state departments submitting the lowest budget requests for the fiscal
24 year beginning July 1, 2010, except for those departments included in subsections (1) and (2);

25 (4) Beginning with the next fiscal year, zero based budget requests shall be submitted by
26 twenty percent (20%) of state departments submitting the lowest budget requests for the fiscal
27 year beginning July 1, 2010, except for those departments included in subsections (1), (2) and (3)
28 herein;

29 (d) For the fiscal year beginning July 1, 2015, and thereafter, zero based budgets shall be
30 submitted by all remaining state departments.

31 The budget officer shall provide copies to the house fiscal advisor and senate fiscal
32 advisor.

33 **35-3-7. Submission of budget to general assembly -- Contents.** -- (a) On or before the
34 third Thursday in January in each year of each January session of the general assembly, the

1 governor shall submit to the general assembly a budget containing a complete plan of estimated
2 revenues and proposed expenditures, with a personnel supplement detailing the number and titles
3 of positions of each agency and the estimates of personnel costs for the next fiscal year. Provided,
4 however, in those years that a new governor is inaugurated, the new governor shall submit the
5 budget on or before the first Thursday in February. Beginning with the fiscal year beginning July
6 1, 2011, and in accordance with the schedule set forth in section 35-3-4, the budget submitted by
7 the governor shall be a “zero based budget,” a budget based upon a justification of each
8 department’s estimate of expenditures and requests for appropriations from a zero base. In
9 accordance with the schedule set forth in section 35-3-4 the entire budget for the fiscal year
10 beginning July 1, 2015, shall be a zero based budget.

11 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
13 existing at the time the budget is transmitted and also under the revenue proposals, if any,
14 contained in the budget, and comparisons with the estimated receipts of the state during the
15 current fiscal year, as well as actual receipts of the state for the last two (2) completed fiscal
16 years.

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

21 (3) Financial statements of the

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

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

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

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

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

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

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

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

6 (c) Notwithstanding the provisions of subsection 35-3-7(a), the governor shall submit to
7 the general assembly a budget for the fiscal year ending June 30, 2006 not later than the fourth
8 (4th) Thursday in January 2005.

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

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

15 **35-3-9. Action on bills by house committee -- Hearings.** -- The budget plan and bill or
16 bills for proposed appropriations, when sent by the governor to the general assembly, shall be
17 referred as soon as practicable to an appropriate committee of the house of representatives, ~~and~~
18 ~~the committee shall forthwith proceed to the consideration of the bill~~ and upon receipt of the
19 budget plan the committee shall refer it to a budget panel consisting of three (3) persons: one of
20 whom shall be appointed by the speaker of the house; one of whom shall be appointed by the
21 house minority leader; and one of whom shall be appointed by the senate majority leader. The
22 members of the panel shall be persons with expertise and experience in the areas of finance or
23 accounting. The panel shall review the budget plan and shall consider the objectives, operations,
24 and costs of all activities of each department; explore alternative means of conducting the
25 activities of each department; evaluate alternative budget amounts for various levels of effort for
26 each activity of each department. The panel shall report its findings and make its
27 recommendations as to the needs of each department, the programs and activities of each
28 department and all other recommendations and information that it deems appropriate, to the
29 committee, within thirty (30) days after the budget plan as referred to it.

30 The committee shall proceed to the consideration of the bill upon receipt of this
31 recommendation of the panel. The committee shall hear the budget officer upon the bill as a
32 whole or upon any item thereof or any proposed amendment thereto as each may elect, and the
33 committee may summon the budget officer to appear before it and to furnish such information
34 relative to the bill or any item therein, or any proposed amendment thereto, as it may require, and

1 the committee may in its discretion hear the proper person representing any department or agency
2 desiring to be heard with respect to any item or amendment in the bill relating to the department
3 or agency; provided, that nothing contained in this section shall be construed to limit the right of
4 the committee to hold public hearings upon the bill as a whole or upon any item therein, or to
5 summon any person for examination regarding any item contained therein, or for the purpose of
6 obtaining information necessary for a full and proper consideration of the bill. The committee,
7 after the consideration of the bill, shall report the bill with its recommendation endorsed thereon
8 to the house of representatives.

9 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO PUBLIC FINANCE -- STATE BUDGET

1 This act would require that the governor submit a zero based budget to the general
2 assembly. The zero based budget would be phased in over a five (5) year period.

3 This act would take effect upon passage.

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