

2019 -- H 5629

LC001922

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO PUBLIC FINANCE

Introduced By: Representatives Marszalkowski, Abney, Slater, Filippi, and Morin

Date Introduced: February 27, 2019

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 35-3-24 of the General Laws in Chapter 35-3 entitled "State
2 Budget" is hereby amended to read as follows:

3 **35-3-24. Control of state spending.**

4 (a) All department and agency heads and their employees are responsible for ensuring
5 that financial obligations and expenditures for which they have responsibility do not exceed
6 amounts appropriated and are spent in accordance with state laws.

7 (b) Persons with the authority to obligate the state contractually for goods and services
8 shall be designated in writing by department and agency heads.

9 (c) In the event of an obligation, encumbrance, or expenditure in excess of amounts
10 appropriated, the department or agency head with oversight responsibility shall make a written
11 determination of the amount and the cause of the overobligation or overexpenditure, the person(s)
12 responsible, and corrective actions taken to prevent reoccurrence. The plan of corrective actions
13 contained within the report shall detail an appropriate plan to include, but not limited to, such
14 issues as the implementation of waiting lists, pro-rata reduction in payments and changes in
15 eligibility criteria as methods to address the shortfall. The report will be filed within thirty (30)
16 days of the discovery of the overobligation or overexpenditure with the budget officer, the
17 controller, the auditor general, and the chairpersons of the house and senate finance committees.

18 (d) In the event a quarterly report demonstrates an obligation, encumbrance, or
19 expenditure in excess of amounts appropriated, the department or agency head with oversight

1 responsibility shall file monthly budget reports with the chairpersons of the house and senate
2 finance committees for the remainder of the fiscal year. The monthly budget reports shall detail
3 steps taken towards corrective actions and other measures to bring spending in line with
4 appropriations. In addition, the budget officer and controller shall ensure that the department's or
5 agency's obligations, encumbrances, and expenditures for the remainder of the fiscal year result
6 in the department or agency ending the fiscal year within amounts appropriated.

7 (e) The controller shall not authorize payments for additional staff, contracts, or
8 purchases for any department or agency not projected to end a fiscal year within amounts
9 appropriated unless necessitated by immediate health and safety reasons, provided such
10 expenditures are reported to the chairpersons of the house and senate finance committees.

11 ~~(d)~~(f) A state employee who has knowingly and willingly encumbered, obligated, or
12 authorized the expenditure of state funds in excess of amounts appropriated for those purposes or
13 entered into contracts without proper authorization, including the department or agency head, the
14 budget officer, and the controller, may be placed on disciplinary suspension without pay for up to
15 thirty (30) days in accordance with § 36-4-36.

16 ~~(e)~~(g) A state employee who knowingly, willfully, and repeatedly authorizes actions
17 resulting in encumbrances or spending of state funds in excess of amounts appropriated, including
18 the department or agency head, the budget officer, and the controller, may be fined up to ~~one~~
19 ~~thousand dollars (\$1,000)~~ two thousand dollars (\$2,000) and/or terminated from employment.

20 (h) Upon receipt of any budgetary information indicating an obligation, encumbrance, or
21 expenditure in excess of the amounts appropriated, the chairperson of the house or senate finance
22 committee may request a written report to be submitted by the director of administration within
23 ten (10) calendar days. The report shall indicate if the obligation, encumbrance, or expenditure in
24 excess of the amounts appropriated resulted in any disciplinary action or other penalty in
25 accordance with subsection (f) or (g). If not, the report shall explain why no disciplinary action or
26 other penalty was imposed in accordance subsection (f) or (g).

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would provide additional controls on state spending by enhancing reporting
2 requirements and penalties and restricting overexpenditures.

3 This act would take effect upon passage.

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