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Treasurer Lillard Praises Cash Flow Monitoring Law

Treasurer David H. Lillard, Jr. expressed gratitude to Rep. Curtis Johnson for sponsoring legislation that will allow better monitoring of state government's spending plans. The legislation (SB 1571/HB 1891) was recently signed into law by Gov. Bill Haslam.

"This new law will improve the State of Tennessee's financial planning," Treasurer Lillard said. "Business corporations prepare cash flow forecasts for their operations. This is a good practice in the private sector, and this new law will require state government to use this process regardless of further changes in office holders. I commend Rep. Johnson for his work in steering these common sense changes through the legislative process. Rep. Johnson led the charge to ensure that our state is a leader in financial accountability and transparency."

"This legislation was important to me because it holds state government accountable for planning the state's finances in a responsible way," Rep. Johnson said. "It also makes government spending more transparent by placing major expenditures on the Treasurer's web site. I think this law will set an example that many states will follow."

The new law establishes a cash flow committee, which will publish forecasts of state revenue and expenditures 18 months into the future. While the state routinely forecasts revenue for budget planning purposes, there has not previously been a statutorily required and published effort to monitor revenues and expenses on a month-by-month basis.

The committee will include representatives from the Treasury Department, the Comptroller of the Treasury, the Department of Revenue and the Department of Finance and Administration.

The committee will use revenue estimates provided by the Department of Finance and Administration and expected spending plans from state departments and agencies to forecast what the state's cash balance will be each month.

The cash flow projections will be available for public viewing on the Treasury Department's web site beginning in January 2012.

Rep. Curtis Johnson was the primary sponsor of the legislation in the House of Representatives, while Sen. Bill Ketron was the primary sponsor in the Senate.

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