

SAM - BUDGETING

ADMINISTRATION

6140

(Revised 9/2010)

The Budget Act is the primary source for appropriations. The Constitution and special legislation also provide expenditure authority.

Departments have the primary responsibility to operate within budgeted levels and to comply with any restrictions or limitations enacted by the Legislature. Further, the general expectation is that state agencies comply with the legislative intent. Although the general expectation is to conform to the enacted budget, the Legislature has recognized a need to establish some flexibility to adjust budgets. For example, the statutes provide a continuous appropriation for allocations by the Director of Finance to meet expenditures resulting from natural disasters for any emergency proclaimed by the Governor. The Legislature has also included provisions in the Budget Act to allow for budget adjustments. Generally, such authority requires Director of Finance approval; many require a formal notice to the Legislature and a waiting period to provide the opportunity for legislative review and response before final approval. Budget Act provisions to allow adjustments include authorizations for:

1. Changes to federal funding levels
2. Deficiencies (shortage of expenditure authority)
3. Changes to reimbursements
4. Intra-item transfers

Finance approves budget changes using Budget Revisions, Executive Orders and letters. These changes are transmitted to the State Controller's Office (SCO), which maintains the statewide appropriation control accounts.

The Governor has certain powers to adjust expenditures. Although these powers do not permit for adjustment of appropriations, the expenditure plan may be changed. For example, past Governors have issued executive orders to implement hiring and equipment purchase freezes and to delay capital expenditures. Under emergency conditions, the Governor is also authorized to redirect state resources to meet emergency needs.