

ADMINISTRATION

6140

(Revised 10/2017)

The annual Budget Act is the primary source for appropriations that provide legal authority to expend. The Constitution and other legislation also provide expenditure authority.

Departments have the primary responsibility to operate within budgeted levels and to comply with any restrictions or limitations required by law. Further, the general expectation is that state departments 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, statute provides 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's 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. Unanticipated costs (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, which maintains the statewide appropriation control accounts for accounting.

The Governor has certain powers to adjust expenditures; but these powers do not permit adjustment of appropriations. For example, past Governors have issued executive orders to implement hiring and equipment purchase freezes and to delay capital expenditures. The Governor is also authorized to declare an emergency and may redirect state resources to meet emergency needs, or ask the Legislature to appropriate funds from the Budget Stabilization Account ("rainy day fund").