



DEPARTMENT OF ADMINISTRATION

Enterprise Policy

OMB-BUDGETARY CONTROL-2026

OFFICE OF MANAGEMENT AND BUDGET

Budgetary Control Policy

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1. Purpose

- a. The purpose of this policy is to establish budgetary rules and guidelines for agencies in the Enterprise Resource Planning (ERP) Finance and Human Capital Management (HCM) systems. These budgetary controls exist to restrict agency spending when agency spending has not kept within or is projected to exceed appropriations authority, or when the Budget Officer determines that revenue shortfalls are significant. In addition, the rules enable the Budget Office to monitor agency spending to ensure spending stays within appropriated levels.

RIGL Chapter 35-3 entitled "State Budget" requires the Budget Officer to exercise budgetary control over all state departments and agencies, including the approval or disapproval of requests for new personnel, requisitions for other expenditures, as well as restrictions on allotments of funding to state agencies. If a department or agency is projected to end a fiscal year with expenditures in excess of the amounts appropriated, spending for *additional* staff, contracts, or purchases is prohibited unless necessitated by immediate health and safety reasons.

2. Applicability

- a. This Policy applies to all departments and agencies of state government.

3. Definitions

- a. "**Allotment**" means the distribution of enacted budgeted amounts to agencies, thereby making funds available for obligation. Distribution of funds occurs by time period -- yearly, quarterly or monthly -- to achieve an effective and orderly use of budget authority and to reduce the need for supplemental appropriations.
- b. "**Immediate Health and Safety Expenditure**" refers to state program spending that, without which would exist a reasonable likelihood that the safety of human life would be compromised. Examples include:
 - (i.) Direct staffing levels that fall below benchmarks for health and safety that are readily demonstrable by the affected agency.
 - (ii.) Support and supervisory staff necessary for continuity of critical operations that would impact health and safety.
 - (iii.) Capital asset repairs or maintenance needed to maintain safety standards.
 - (iv.) Contracts required to provide services to maintain health and safety.

- c. **“Corrective action plan”** means a set of actions being undertaken by a department or agency to bring spending in line with appropriations as described in RIGL § 35-3-24. The plan must be filed within 30 days of the publication of the Budget Office’s quarterly report revealing the deficit, and progress toward attainment of corrective measures must be reported monthly to the Chairs of the House and Senate Finance Committees.
- d. **“Personnel Requisition”** encompasses the three main types of personnel related actions over which the Budget Officer or designee has approval authority within the Enterprise Resource Planning Human Capital Management (ERP HCM) system. These include: (1) “Job Requisitions” (requests to fill pre-existing positions); (2) “Edit Position Restrictions” (requests to modify and fill pre-existing positions); and (3) “Create Position” (requests to create a new position).
- e. **“Full-time Equivalent Positions” (FTE positions)** are a numerical measurement of staffing levels, with one (1.0) FTE position equating to (1.0) full-time employee. To illustrate, an employee working full-time is counted as 1.0 full time equivalent position while an employee working half-time would be counted as a 0.5 full time equivalent position. FTE positions are authorized (or “capped”) for each state agency on an annual basis as part of the state appropriations act.
- f. **“Caseload Estimating Conference”** means the biannual consensus estimating conference as set forth in RIGL Chapter 35-17 entitled “Medical Assistance and Public Assistance Caseload Estimating Conferences.”
- g. **“Purchase Requisition”** means a request to encumber funds within the ERP Finance system for the purpose of establishing a purchase order for the acquisition of goods and/or services.
- h. **“Personnel Expenditures”** include all state costs incurred for the payment of state employee compensation. This includes salaries, benefits, and any overtime or additional incentive or stipend pay earned by a state employee.

4. Procedures for Compliance

- a. **Balanced Agencies:** Agencies projecting a balanced budget for the current fiscal year based on the Budget Office’s most recently published quarterly report are usually exempt from some oversight but are required to follow the parameters below:
 - (i.) Budget Office approval is required for Purchase Requisitions:
 - Involving capital funds (Bonds, Certificates of Participation , Rhode Island Capital Plan Funds, etc.).
 - Submitted with zero-dollar value.
 - (ii.) Personnel Requisition approval is required from the Budget Office to ensure agency personnel actions stay within approved Full Time Equivalent (FTE) position caps, meet the authorized policy and programmatic purpose as set forth in the Personnel Requisition, and have a valid funding source.

If a significant statewide shortfall to enacted revenue or deficit to enacted appropriations occurs, balanced agencies will be subject to the parameters in section B, below.

- b. **Deficit Agencies:** Agencies projecting a deficit in the current fiscal year based on the Budget Office’s most recently published quarterly report, unless said deficit is driven by those programs subject to estimation by the Caseload Estimating Conference, are

required to follow the parameters below:

- (i.) Corrective action plans must be filed with and approved by the Budget Office before they are filed with the House and the Senate Finance Committee Chairs.
- (ii.) Agencies may only make additional expenditures to the extent they are necessitated by immediate health and safety reasons, are part of a corrective action plan, or are expenditures to prevent an increase to the deficit. The Budget Office will monitor expenditure patterns at deficit agencies to ensure compliance, at the discretion of the Budget Officer.
- (iii.) Personnel Requisition approval is required from the Budget Office to ensure agency personnel actions:
 - Stay within approved FTE position caps;
 - Meet the authorized policy and programmatic purpose as set forth in the Personnel Requisition;
 - Have a valid funding source; and
 - Are necessitated by immediate health and safety reasons, are part of a corrective action plan or are expenditures, if not incurred, that would increase the deficit.
- (iv.) Agencies may be required to operate within allotments that will be granted quarterly. If the deficit is severe, agencies may be required to operate under monthly allotments.

If a statewide deficit to revenue or appropriation occurs, agencies may be subject to more restrictive policies.

5. Payroll Allocations and Encumbrance

- a. Agencies are encouraged to allocate personnel costs based on the enacted budget using the Enterprise Resource Planning Human Capital Management's (ERP HCM) payroll cost allocation system on a timely basis. Adjustments for actual time and effort should be made at least quarterly, but preferably monthly.
- b. Agencies are advised that Personnel Expenditures are programmed to be paid regardless of the amount of budget authority remaining. The Budget Office may require the encumbrance of remaining budgeted Personnel Expenditures in instances in which the agency is in a deficit position in the current fiscal year based on the Budget Office's most recently published quarterly report, or in other circumstances in which the Budget Officer deems necessary or appropriate for maintaining budget control.

6. Repercussions for Noncompliance

- a. Noncompliance by any agency with these rules and guidelines as outlined herein will result in the Budget Officer or his/her staff designee rejecting Purchase Requisitions or Personnel Requisitions.

7. Signatures

B. M. Duff

5/11/2026

Division Director

Date

Tom H. Keck

05/11/2026

Director of Administration

Date

